



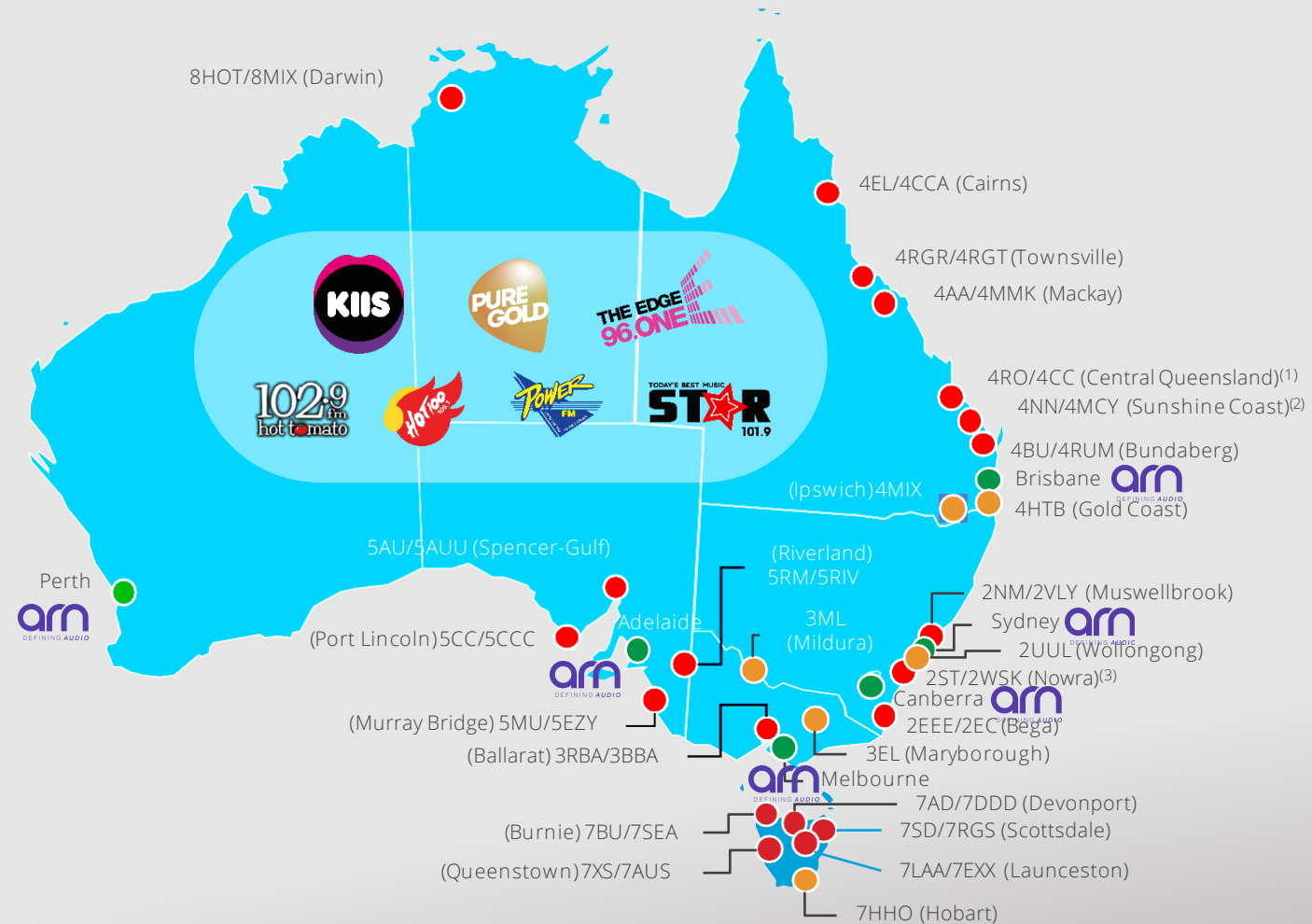
# Australia's leading broadcast radio and digital audio network

UBS Australasia Conference  
15 November 2021




# Strategic acquisition fast-tracking growth opportunities

- Combined network of 58 AM/FM stations across; 46 DAB+ stations; 33 markets
- 8 million broadcast and digital audience network
- Digital audio expansion into regional areas
- Unlocking new growth markets for Australia's No. 1 podcast network
- Delivering innovative, integrated and digitally enabled advertising solutions at scale
- Ability for advertisers to access more than a third of Australian consumers in one easy transaction
- Opportunity to drive increased national revenue synergies -
  - Increased metropolitan share for ARN
  - Increased national revenue written onto Grant Broadcasting
  - Accelerating digital audio growth



# Strong underlying earnings and a conservative capital structure

## Pro forma financial profile – LTM 30 June 2021<sup>(1)</sup> (Post-AASB 16)

A\$ million	HT&E	 grant broadcasters	HT&E Pro forma
Revenue	214	101	315
EBITDA	60	36	96
EBITDA margin	28%	35%	30%
EBIT	46	30	76
EBIT margin	22%	30%	24%

## Pro forma leverage – 30 June 2021<sup>(2)</sup> (Pre-AASB 16)

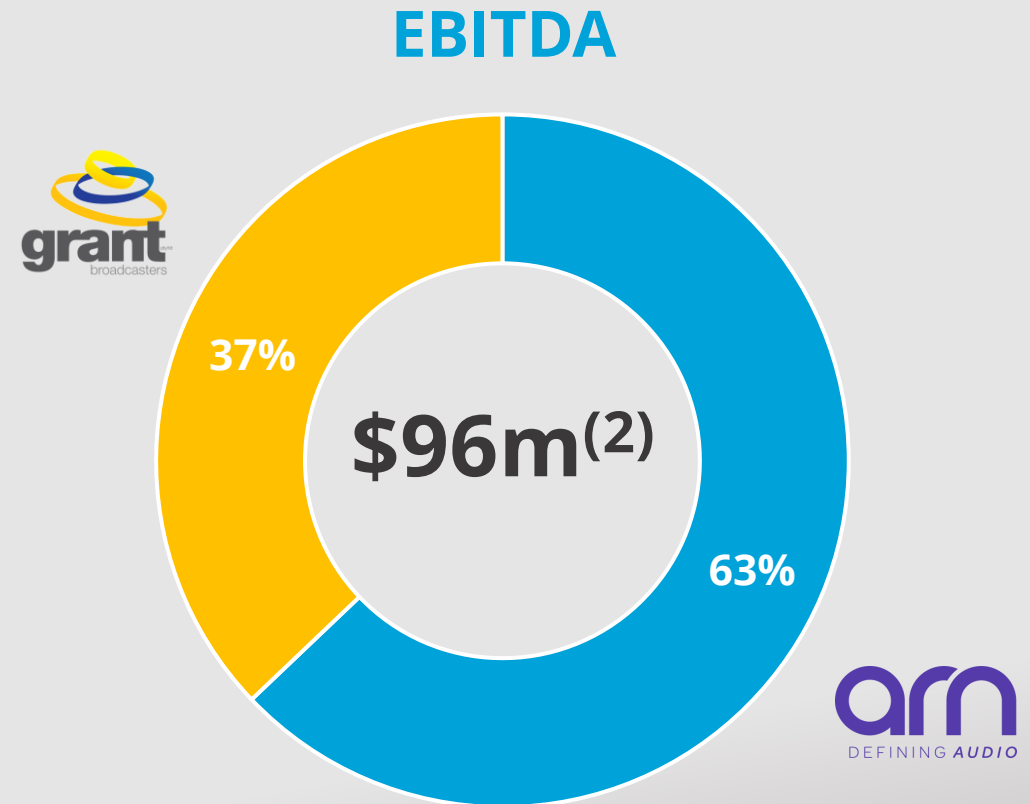
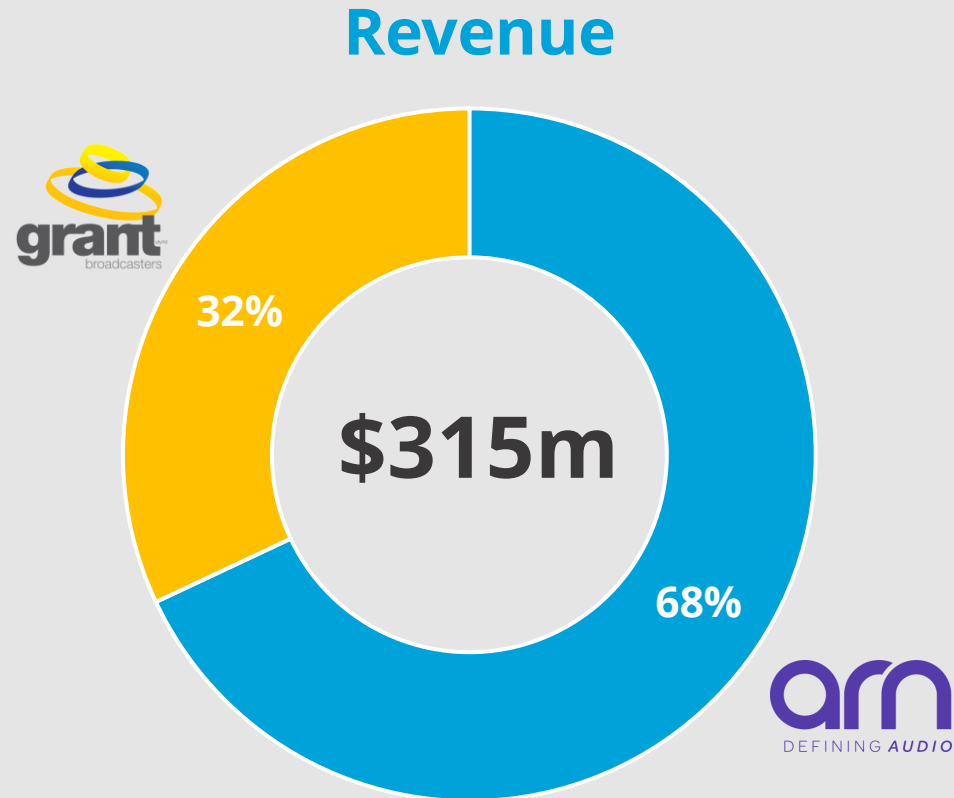
A\$ million, 30 June 2021	Net Debt
HT&E standalone net debt / (cash)	(122.4)
H121 interim dividend	9.7
Cash consideration	238.3
Transaction costs	7.0
Tax liability settlement <sup>(3)</sup>	29.9
Exit from oOh!media investment	(49.0)
<b>PF Net Debt</b>	<b>113.5</b>
CombineCo LTM PF EBITDA (Pre-AASB 16)	80
<b>Pro forma leverage</b>	<b>1.4x</b>



1. HT&E LTM 30 June 2021 calculated as 2HCY20 plus 1HCY21. Grant Broadcasters reports on a 30 June financial year end.
2. Leverage calculated using pro forma LTM June 21 financial information prepared on a pre-AASB 16 basis, in-line with HT&E debt covenants
3. Reflects additional \$20.3m payment due under the settlement agreement with ATO dated 29 October 2021, and the approximate impact of adjustments to future tax returns for interest deductions claimed under previously lodged tax returns

# Acquisition delivers material scale

PF financial profile – LTM June 2021<sup>(1,2)</sup>



# Highly accretive transaction before revenue synergies

## Highly accretive

Before synergies and one-off integration costs

June 21PF<sup>(1)</sup> c.20%+

## Disciplined Valuation

Acquisition multiple reflective of comparable recent transactions

June 21PF EBITDA<sup>(2)</sup> 8.7x  
June 21PF EBIT<sup>(2)</sup> 10.3x

## Revenue Synergies

Ability to leverage client relationships across metro and regional networks

More than \$20m p.a., delivered within three years

# Good standalone growth potential in FY22 before revenue synergies

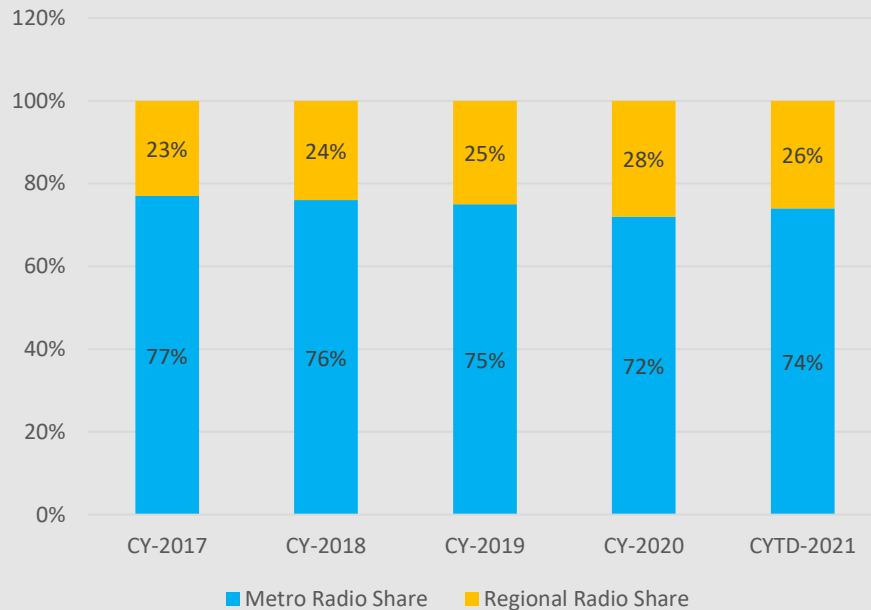
- FY21 revenue ~5% below pre-COVID FY19 pro forma revenue, incorporating 12 months of Hot Tomato (Gold Coast) ownership.
- FY22 local revenue growth with recommencement of outside broadcasts as a key activation strategy
- FY22 national / agency revenue growth potential with state and international border reopening, ongoing Covid related government spending (vaccination booster) and FY22 Federal Election
- Onboarding Grant Broadcasters current digital stations to iHeartRadio platform will provide increased scale and incremental digital revenue growth opportunity, particularly with national advertisers

## Grant Broadcasters PF revenue profile – June financial year

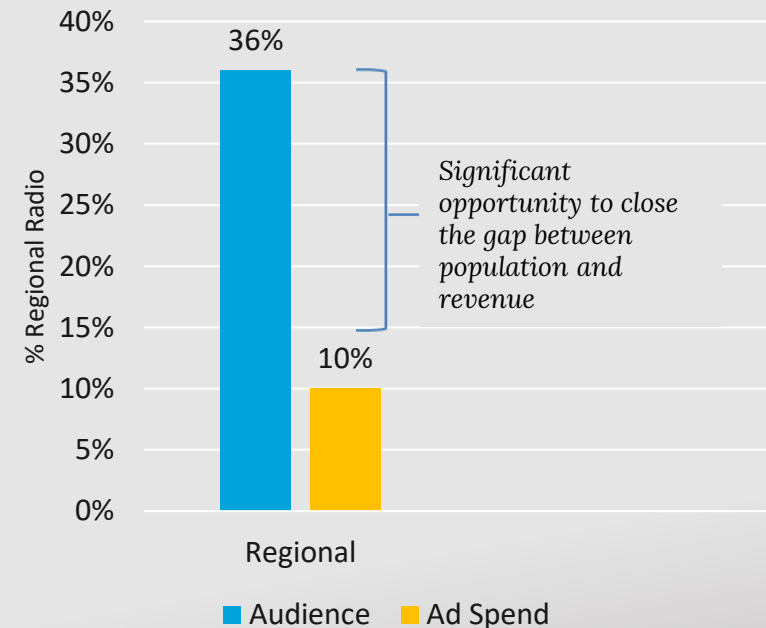
A\$ million	FY19	FY20	FY21
Local	69	65	67
National	27	27	30
Digital	3	4	4
<b>Revenue</b>	<b>99</b>	<b>96</b>	<b>101</b>
<b>Pro forma Revenue <sup>(1)</sup></b>	<b>105</b>	<b>96</b>	<b>101</b>
<b>% change</b>			
Local		-5%	3%
National		-1%	10%
Digital		8%	0%
Revenue		-4%	5%
Pro forma Revenue		-9%	5%

# Regional Radio key role to play as regional markets expand

**Regional Radio share of Total Radio revenue has grown since Covid**



**Further growth potential for Regional Radio**



1. EPS accretion on a LTM June 21 pro forma basis before synergies and one-off integration costs
2. LTM June 21 pro forma prepared on a post-AASB 16 basis, in line with HT&E's disclosure.



# TRSN will benefit from ARN alignment

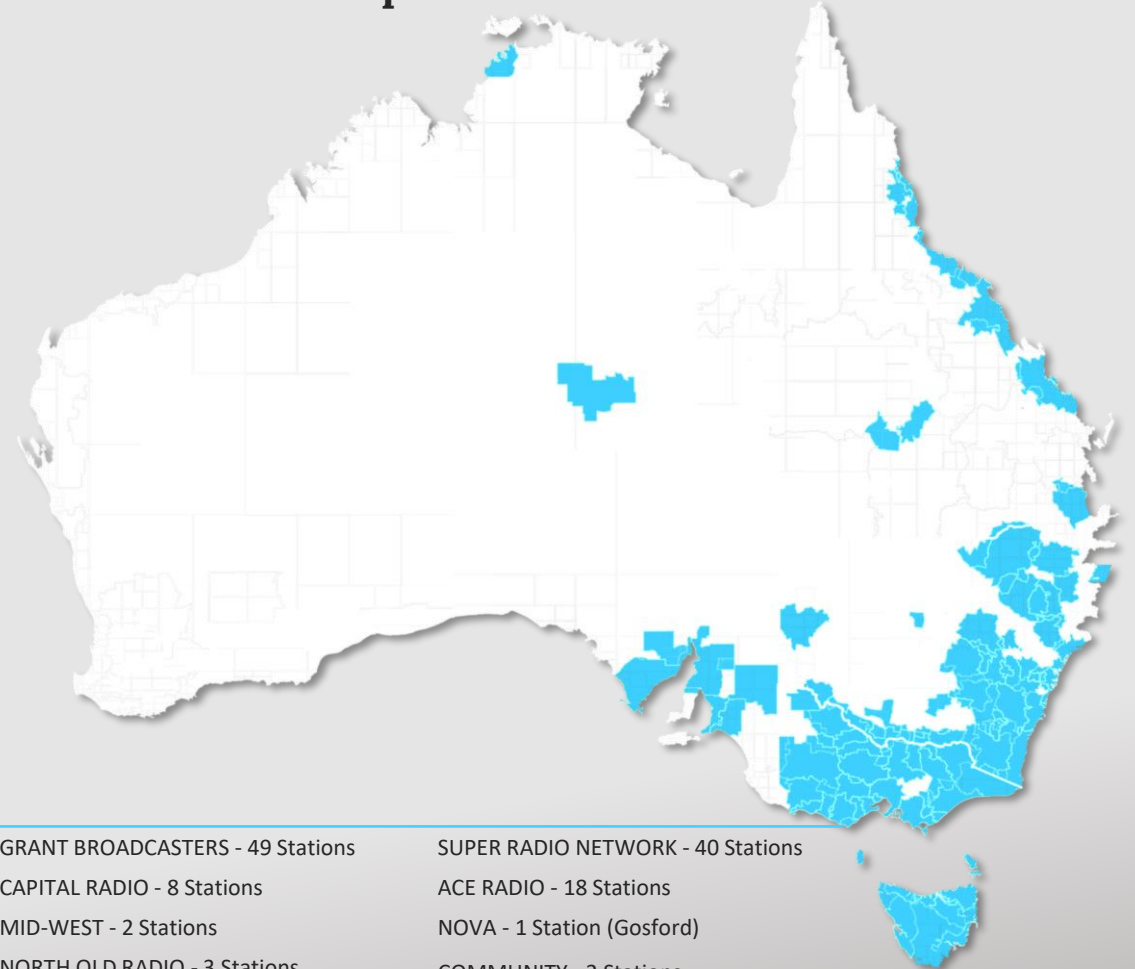
- TRSN is the national agency sales house for Grant Broadcasters
- It also has sales representation agreements with other regional operators
- In total, it represents 122 stations
- Historical performance has been hampered due to lack of access and partnership with metro operator
- Acquisition allows ARN and TRSN to offer national commercial solutions and integration

	CY'17	CY'18	CY'19	CY20	CYTD '21
SCA	\$73m	\$82m	\$80m	\$73m	\$55m
TRSN	\$44m	\$46m	\$52m	\$49m	\$39m
Difference	-\$29m	-\$36m	-\$28m	-\$24m	-\$16m

Source Regional Radio SMI



## TRSN represents 122 radio stations





# Uniquely positioned to delivering the future needs of advertisers

Scale; Multi-platform content; Ease of transaction; Digital targeting capabilities



## CONTENT

5 METRO & 28 REGIONAL  
RADIO MARKETS



AUSTRALIA'S BEST TALENT; LIVE AND LOCAL CONTENT

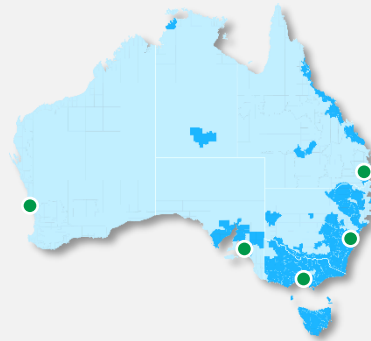


AUSTRALIA'S LARGEST PODCASTING NETWORK



## DISTRIBUTION

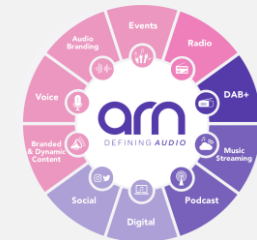
58 AM/FM STATIONS;  
46 DAB+ STATIONS;



MOST COMPREHENSIVE DIGITAL AUDIO  
PLATFORM



## COMMERCIALISATION



Powered by iHeartRadio

# Appendices



Galey, Emily Jade & Christo | Gold Coast

# Trading Update

## ARN

Revenues for the September quarter grew 17% on the prior comparative period, with consistent ratings and a strong commercial offering driving increased yield on certain key stations. October radio revenues finished up 8.1%, ahead of the broader radio market, up 6.1%. Forward bookings are pacing well ahead of same time last year, and radio revenues are expected to finish 5-10% up for the quarter on a strong comparative period in 2020. Digital audio revenues continue to gain strong traction and now average c.\$1.5 million per month, up from c.\$1 million in the previous quarter.

Full year cost outlook remains unchanged with total people and operating costs expected to finish c.\$2-3 million above 2019 levels<sup>(1)</sup>.

## Soprano

Soprano maintained its recent strong financial performance for the year ended 30 June 2021, with total revenues up 25% to \$93.9 million, gross profits up 12% to \$52.5 million, and underlying EBITDA up 23% to \$27.2 million, driven by organic growth and the successful integration of the Silverstreet acquisition.

Performance in September '21 quarter achieved budgeted growth and the business remains on track to meet forecasts for the December '21 quarter.

## Cody Outdoor

Full year revenues expected to finish between HKD120-125 million, up c.40% on 2020, as the post COVID recovery continues. The business has returned to being cashflow positive on a monthly basis.



1. Before costs associated with disposed businesses (iNC & The Roar) in 2019 (\$3.6 million)

# Transaction summary

## Acquisition of Grant Broadcasters

- HT&E Limited (HT&E) has entered into a binding agreement to acquire the legal entities and certain assets owned by Grant Broadcasters Pty Limited (**Grant Broadcasters** or the **Acquisition**) for \$307.5 million on a cash and debt free basis (**Consideration**)
- Consideration is payable as 77.5% in cash and 22.5% in new ordinary HT&E shares to the Grant Broadcasters vendors
- Funded through existing cash reserves, undrawn financing facilities and the issuance of HT&E shares
- Acquisition multiple of 8.7x<sup>(1)</sup> LTM June 21 pro forma EBITDA and 10.3x<sup>(1)</sup> LTM June 21 pro forma EBIT
- Expected to deliver 20%+ EPS accretion on a LTM June 21 pro forma basis, before synergies and one-off integration costs
- Grant Broadcasters to nominate one representative to join the HT&E Board

## Overview of Grant Broadcasters

- Family-owned business, founded in the 1940s and has expanded through organic growth and acquisitions
- Leading provider of regional radio in Australia, with a national presence across more than 26 markets
- Scale network with a portfolio of 46 stations, including 38 FM stations and 8 AM stations
- LTM June 21 pro forma revenue of \$100.7 million and EBITDA of \$35.5 million and strong cashflow generation
- Focus on providing live and local content to the communities it serves

## Strategic Rationale

- High quality footprint across regional Australia where HT&E does not have a scale presence
- Provides incremental scale through access to growing regional audiences, with a population of 9.1 million people
- Enhances HT&E's ability to deliver content across multiple platforms and capitalises on the shift towards digital audio consumption
- Supports ease of transacting for media agencies and clients through expansion of reach and touchpoints
- Attractive financial metrics, with potential to generate material revenue synergies in excess of \$20 million p.a. within three years



1. Reflects LTM June 21 pro forma financials, based on Consideration of \$307.5m and post-AASB 16 EBITDA and EBIT of \$35.5m and \$29.8m, respectively. Pro forma EBITDA adjusted to exclude non-recurring items such as government incentives and reflect the transaction perimeter. Presented on a post-AASB 16 basis, in line with HT&E's disclosure.

# Transaction summary

## Funding

- The Consideration to be funded by:
  - c.\$238 million of cash and debt from HT&E's cash reserves and existing facilities, including proceeds from disposal of oOh!media stake
  - HT&E shares issued to the Grant Broadcasters vendors at \$1.93 per share<sup>(1)</sup> at completion of the Acquisition
- Pro forma leverage at completion of the Acquisition is expected to be ~1.4x<sup>(2)</sup>
  - Provides HT&E with ongoing balance sheet flexibility to support continued investment in organic and inorganic growth initiatives

## Transaction structure

- HT&E will acquire the radio and digital operations owned by Grant Broadcasters, including 43 legal entities and certain relevant assets. Geelong Broadcasters Pty Limited (**Geelong**) and certain joint ventures are excluded from the transaction perimeter
- Transaction includes the acquisition of The Radio Sales Network (**TRSN**) national agency
- Acquired assets will include land and buildings, transmitter and translator sites valued in excess of \$10 million

## Timing and conditions precedent

- Completion of the Acquisition is expected by January 2022 and is subject to customary conditions precedent, including:
  - Relevant ACMA consents, including approval of temporary breach and proposed divestment of 4KQ (**Brisbane**) licence
  - The novation of certain employee contracts into the transaction perimeter
  - Novation and consents for certain contracts on a change of control

# HT&E Profit and Loss Statement – Pro forma (30 June 2021)

A\$ million, Last 12 months to 30 June	Statutory	Exceptional items	Reported	Grant Broadcasters acquisition	Pro forma
Revenue before finance income	214.1	-	214.1	100.7	314.8
Other income	7.0	(5.8)	1.2	1.0	2.2
Share of associate profits	7.9	-	7.9	-	7.9
Costs	(160.0)	(3.0)	(163.0)	(66.2)	(229.2)
<b>EBITDA</b>	<b>69.0</b>	<b>(8.8)</b>	<b>60.2</b>	<b>35.5</b>	<b>95.7</b>
Depreciation and amortisation	(3.9)	-	(3.9)	(2.8) <sup>(1)</sup>	(6.7)
Depreciation – Leases	(9.9)	-	(9.9)	(2.9)	(12.8)
<b>EBIT</b>	<b>55.2</b>	<b>(8.8)</b>	<b>46.4</b>	<b>29.8</b>	<b>76.2</b>

# HT&E Balance sheet – Pro forma (30 June 2021)

	Reported	Pro forma impact	Pro forma impact	Pro forma impact	Pro forma impact	Pro forma
A\$ million	Jun 2021	Tax liability settlement	Exit of oOh!media stake and H121 dividend	Grant Broadcasters contribution <sup>(3)</sup>	Grant Broadcasters acquisition <sup>(4)</sup>	Jun 2021
Cash and cash equivalents (incl deposits)	126.7	(29.9) <sup>(1)</sup>	39.3 <sup>(2)</sup>	-	(136.1)	-
Receivables	49.1	-	-	14.6	-	63.7
Income tax receivable	3.3	(3.3)	-	-	-	-
Other current assets	2.9	-	-	0.0	-	2.9
Asset held for sale	22.2	-	-	-	-	22.2
Property, plant & equipment	18.9	-	-	24.5	-	43.4
Right-of-use assets	26.4	-	-	7.3	-	33.7
Intangible assets	373.1	-	-	279.7	-	652.8
Deposit of tax in dispute, net of provision	1.8	(1.8)	-	-	-	-
Other non-current assets	83.4	-	(48.4)	-	-	35.0
<b>Total assets</b>	<b>707.9</b>	<b>(35.0)</b>	<b>(9.1)</b>	<b>326.1</b>	<b>(136.1)</b>	<b>853.7</b>
Payables	24.4	-	-	3.7	-	28.1
Other current liabilities	16.6	2.4	-	6.6	-	25.6
Bank loans	4.3	-	-	-	109.2	113.5
Lease liabilities	36.8	-	-	7.7	-	44.5
Deferred tax liabilities	120.8	-	(9.1)	-	-	111.7
Other non-current liabilities	3.8	-	-	0.7	-	4.5
<b>Total liabilities</b>	<b>206.7</b>	<b>2.4</b>	<b>(9.1)</b>	<b>18.7</b>	<b>109.2</b>	<b>327.9</b>
<b>Net assets</b>	<b>501.2</b>	<b>(37.4)</b>	<b>0.0</b>	<b>307.4</b>	<b>(245.3)</b>	<b>525.8</b>



1. Reflects additional \$20.3m payment due under the settlement agreement with ATO dated 29 October 2021, and the approximate impact of adjustments to future tax returns for interest deductions claimed under previously lodged tax returns, and pro forma impacts to balance sheet accounts

2. Includes H121 interim dividend payment of \$9.7m (Sept 2021) and proceeds from exit of oOh!media stake on 2 November 2021 of \$49m

3. Based on 30 June 2021 balance sheet of transaction perimeter with all consideration in excess of purchased net assets disclosed as intangibles. This value will be subject to a formal purchase price accounting process that will be completed within 12 months of acquisition

4. Inclusive of \$7m estimated acquisition related transaction costs





HT&E

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HT&E uses certain measures to manage and report on its business that are not recognised under Australian Accounting Standards. These measures are collectively referred to as "non-IFRS financial measures" and include EBITDA before exceptional items, EBIT before exceptional items and net profit before exceptional items.

Figures, amounts, percentages, prices, estimates, calculations of value and fractions in this presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this presentation.

\* \* \* \*

*This presentation along with today's market announcement have been authorised for release on the ASX by the Board of HT&E Limited.*