



HT&E Limited
2021 Annual General Meeting
SYDNEY, 6 May 2021 at 9am

CEO'S ADDRESS TO SHAREHOLDERS

Thank you Hamish, and good morning everyone.

2020 was an extraordinary year, challenging and uncertain as the economy and media sector were significantly impacted by lockdowns.

However, thanks to the huge efforts of all of our staff, HT&E has emerged a stronger and better company, so I'd like to take this opportunity early in today's address to thank all of our people for their commitment and fortitude and to reiterate to them the thanks of the Board and on your behalf, the shareholders.

We asked an awful lot of people who took a 20% pay cut for 5 months working longer hours for less, while many juggled additional personal and family responsibilities.

Their innovation and desire to do their best work in a challenging and at times insecure environment is to be commended and I'm very proud of how our team responded and grateful for the dedication and enthusiasm shown by everyone.

Looking at our full year results and against the backdrop of significant revenue declines, statutory revenue from continuing operations was down 22% to \$197.3 million.

The company acted quickly in April to identify and realise one-off cost savings of \$13 million which contributed to reducing total costs by 16% to \$156.0 million.

HT&E was able to access Federal Government funding for the first round of the JobKeeper stimulus program with a total benefit of \$10.3 million, which we have excluded from our underlying results.

This funding helped protect against deeper jobs cuts that would otherwise have to be made during this volatile period and thanks to our improving business performance as the year progressed, the Company was not eligible for the extended JobKeeper program.

All Board members and staff took pay cuts and no incentives awarded to KMP's with the result that EBITDA was down 35% to \$49.3 million with NPAT down 55% to \$18.5 million.

Our outdoor business in Hong Kong, Cody has had a challenging 18 months with the political environment impacting advertiser confidence in the second half of 2019 and into early 2020, and although protests had largely abated towards the end of February, advertising markets did not have an opportunity to recover before the onset of COVID-19.



Advertiser demand for outdoor advertising was significantly impacted by reduced footfall and commuter volumes caused by the lockdowns.

Total revenue was down 35% to \$16.5 million with our tram shelter network the most impacted down 46% with Roadside revenues fairs slightly better back 29%.

Cost measures, plus the benefit of reduced variable rent payments saw total costs lower by 30% resulting in a 39% drop in EBITDA to \$7.7 million.

Hamish has already spoken about our intentions regarding our 25% Soprano shareholding, but to reiterate, the business recorded strong revenue and gross profit growth in 2020 delivering an impressive 63% margin, up 3 percentage points from 2019.

Resulting underlying EBITDA for the 12 months grew 45% to \$25.5m, driving a 29% increase to HT&E's share of NPAT, to \$3.3m.

Soprano completed the acquisition of Silverstreet, a Singapore based CPAAS business in December. This acquisition provides a further platform into Asia and bolsters Soprano's cloud communications capability and bulk messaging SMS system.

We continue to work with Macquarie Capital regarding the sale of our 25% shareholding in the business and have had strong initial interest.

Turning now to ARN's performance where radio revenues, although out-performing the broader radio market were down 21% to \$165 million.

Pleasingly, our consistent ratings success together with a clearly articulated commercial go-to-market approach saw us gain commercial share in the second half of the year.

Our broadcast radio revenues have now exceeded the market growth in all but 1 quarter over the past 2 years and importantly, we have not relied on price discounting to win share setting us up for a faster recovery in 2021.

Digital audio revenues grew 122% on a like basis. The momentum in podcasting and streaming outlined at the half continued with monthly revenues exceeding the \$1 million mark for the first time in November.

Strong cost management and swift cost control measures were taken to reduce total costs by 10%.

EBITDA for the year dropped 37% to \$46m, a better than expected result given the challenging environment we faced.

With 2020 behind us, I'm pleased to say that ARN has emerged in stronger operational and strategic shape with a clear focus on how to drive long term growth for the company.



We are fortunate that our core broadcast radio assets continue to perform strongly, are best in market and the advertising sentiment for radio remains incredibly resilient.

Looking to the future, we are building a business that will become Australia's destination of choice for audio content and commercial innovation.

We are implementing a strategy that is delivering results today and setting the business up to capitalise on the exciting opportunities presenting themselves in the world of audio.

The first of our 6 pillars for growth is to maximise the value of our radio content and to continue delivering ROI on the great talent and brands we have at our disposal.

Secondly, we are looking to increasingly leverage our exclusive iHeartRadio licence to expand our audience base and provide new commercial opportunities.

We will grow our premium addressable and 1st party data to meet the future media buying needs of our commercial partners and continue to build a technology trading stack capable of delivering real insights and programmatic solutions for clients.

As we have seen during COVID in particular, the core of our business is our people and we are investing in the structures, systems and processes to build a culture that enables them to do their best work, drive greater career opportunities and ultimately, stronger business success.

We are developing new and innovative products particularly digital focused to take to market in order to exceed client expectations.

And over time we will look to diversify our revenue beyond a pure advertising model and into new monetisation opportunities.

Our strategy is already delivering results and we're very pleased with the momentum being built so far in 2021.

We are very focused on driving ratings success and are delivering continued dominance this year. In the most recent survey results.

ARN is the #1 network with 17.5% share - 2.5% points clear of nearest rival.

We are #1 network for 11 surveys in a row.

We are #1 network for the key breakfast daypart.

We now reach 5.3 million listeners a week; just short of a record audience for the network.

In Sydney, Kyle & Jackie O are the #1 rating breakfast show for 18 surveys in a row.



KIIS 1065 is #1 among 25-54 year olds for 14 surveys in a row and reaches over 1 million listeners each week.

Gold in Melbourne is the #1 FM station for 10 surveys in a row and now records the highest audience in its history.

Christian O'Connell is the #1 FM breakfast show for 7 surveys in a row.

97.3FM had its best share since mid-2020 and 4KQ is the #1 breakfast show in the market.

In Adelaide, Mix 102.3 is the #1 station for 8 surveys in a row with the #1 breakfast show.

While in Perth, 96FM is building on the great results achieved in 2020 and continues to grow amidst all the market changes happening in the market. The new breakfast show has settled exceptionally well and is up to a 10.4% share.

We're also the No. 1 podcast publisher in the country.

Since the Australian Podcast Publisher rankings began in May 2020, the iHeartPodcast Network Australia has dominated holding the #1 position with over 19 million Australian downloads in the month; 2.5 times more than our nearest competitor.

We hold the #1 and #2 podcasts as well as the #4, #6 and #8. Kyle & Jackie O are at #4 podcast in the country, the #1 On-demand radio show podcast and we have a further 4 shows in the top 20.

This momentum is set to continue as we invest in the on-boarding of new podcast partners that will consolidate our leading position.

We have commenced the production of localised content with new shows to come in H2.

We will be launching new products that cross pollinate podcasts across our entire platform of audio assets and we continue to set the standard for podcast advertising measurement and attribution via our Podsights partnership.

Today, the podcast commercial market is relatively immature but we see brand investment in the platform growing exponentially over the coming years and ARN is on track to deliver significant YOY growth more than doubling last years' revenues.

We were also incredibly excited to extend our exclusive licence for iHeartRadio until 2036 delivering a platform for all audio formats allowing our listeners to consume content however and whenever they choose.

This digital audio ecosystem provides us with the best of both worlds, complete control over local content creation, monetisation and data capability with global scale and a roadmap supported by significant investment in IP, infrastructure and AI development.



Our experience and learnings operating iHeartRadio over the past 6 years continues to gain us momentum and scale, we're hiring digital expertise, bringing new skills into the business and we have implemented a revitalised brand positioning driving growth in brand awareness and registered listeners.

Connecting our listeners with more of the radio, music & podcasts they love and delivering personalised recommendations is driving active unique audiences a month to close to 1 million with total registered users now close to 2 million.

And with time spent listening, our radio streaming is up 13% YOY and 187% over the last 2 years. You can expect to see a lot more from iHeartRadio in 2021 and beyond.

This year has also seen us move quickly to bring to market new and innovative products and partnerships.

Our successful Dynamic Audio product launch brought the personalisation of digital advertising to the scale of broadcast radio delivering more effective advertising and re-engaging new clients who have been inactive on radio for over 5 years.

We have recently upgraded the product to include sponsorships and other audio products.

We have also launched the Australian-first neurolab to optimise the power of audio delivering a better understanding of content creation, audience connection and commercial investment which our commercial partners are benefitting from.

And in a world first in partnership with TikTok, we launched a new radio station on iHeartRadio opening up to new audiences and showcasing the unique audio content iHeartRadio offers to a massive community of TikTok users in Australia.

If you haven't already tried, I'd encourage you to check it out on iHeartRadio. I think you'll be surprised what music is actually trending on TikTok.

And now that our audiences are increasingly accessing our content via iHeartRadio, we are creating millions of first party data signals through this interaction.

This allows us to build quality segmentation options for advertisers giving them a highly targeted, efficient and effective way to connect and influence consumers.

We have invested in highly skilled personnel across marketing, ad operations, technology and analytics to grow our digital audience and data bank while building a technology stack that allows for monetisation of that data.

This data will be used to provide demographic, interest driven, and behavioural based segmentation that advances our one-to-many relationship in broadcast to one-to-one in digital.



Further, ARN can now provide creative solutions for advertisers where a single creative strategy can be delivered with thousands of messaging variations enhanced with sophisticated targeting through first party data segmentation and personalised messaging, the benefits of which we are starting to realise.

And finally, our trading update is seeing continued improvement in the market and our performance.

At ARN in an improving advertising market, total revenues for Q1 were back ~2.5% on the prior period, with March finishing ahead of March 2020

- Cycling COVID comparatives, Q2 is tracking well ahead of FY20 with April revenues finishing +53% on the prior period
- Forward bookings and briefing activity for the remainder of Q2 continue to strengthen underpinned by strong ratings performance and business confidence
- Growth in consumer demand for podcasts listening saw Q1 digital audio revenues grow over 180% on the prior period; we anticipate this level of growth to continue in Q2
- In respect of costs, subject to current trading conditions continuing, we expect total people and operating costs to be in-line with 2019 ⁽¹⁾

Hong Kong

- Advertising revenues in Q1 finished marginally ahead of the prior comparative period, impacted by COVID mobility restrictions in December / January
- Improved April revenues, Q2 forward bookings and briefing activity suggest a return of consumer confidence and an improving advertising market.

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

ENDS

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The release of this announcement was authorised by the Board of HT&E Limited.