

## HT&E AGM Chairman's Address, Thursday 5 May 2022

### [Slide 1]

Good morning and welcome to the Annual General Meeting of HT&E.

My name is Hamish McLennan and with me in the room are my fellow directors Belinda Rowe, Roger Amos, Paul Connolly, and Alison Cameron who is a recent appointment.

Also joining us are our CEO and Managing Director, Ciaran Davis, our CFO Andrew Nye, Company Secretary Jeremy Child and Louise King, our auditor from PwC.

I am informed there is a quorum present and accordingly declare the meeting open.

This is the third year we have held our AGM online. Since the advent of COVID, we have become familiar with using videoconferencing for meetings, and online is now a common format for AGMs. I will however provide instructions for raising questions and voting prior to the formal part of the meeting.

### [Slide 2]

2021 was a year of significant milestones for HT&E, delivering a number of key strategic priorities and placing the business in a very strong position to drive continued growth in 2022 and beyond.

The Radio industry bounced back strongly in 2021, with the role the medium plays for both audiences and advertisers enhancing further. ARN's ratings and commercial success has continued, and the Company remains the best performing audio business in Australia with total listening with our stations now reaching 5.4 million people weekly. We also maintained our place as the #1 podcast publishing network in the country.

This market leading ratings performance, combined with a strong commercial offering, resulted in an improved revenue and earnings performance compared to 2020, despite lengthy lockdowns in the key Sydney and Melbourne markets.

The long running taxation dispute with the Australian Taxation Office was settled in October 2021 for \$70.7 million. The settlement was considered a fair and reasonable outcome for the company. The dispute had been protracted with assessments first issued in 2018 and as part of assessing the best outcome,

the Board considered the length of any ongoing dispute, potentially costly litigation and the overall level of ongoing uncertainty. Whilst HT&E has always remained satisfied that its treatment of the branch matter was consistent with relevant taxation legislation, the Board viewed the settlement arrangement as being in the best interests of shareholders as it removed potential liability on our balance sheet for a substantial amount of tax, interest and penalties

The Board has always focused on identifying the right opportunities to drive shareholder value and in November, we announced the acquisition of 46 regional radio stations from Grant Broadcasters the leading regional radio broadcaster in Australia, for \$307.5 million.

Strategically, this transaction fits very well with HT&E's growth ambitions. It allows us to expand our audience base and fast-track the delivery of digital audio content and advertising opportunities across the country.

The combined businesses will create a truly national broadcast network of scale, made up of 58 stations, across 33 markets. There is potential for significant digital audio expansion to new audiences by accelerating the rollout of ARN's established iHeartRadio platform into regional areas. It will also enable us to provide nationally integrated commercial partnerships for clients, giving them access to more than a third of Australian consumers in one transaction.

As part of the transaction, Grant Broadcasters became a substantial shareholder in HT&E and we welcomed its former CEO, Alison Cameron, to the HT&E Board. At this point I would like to acknowledge the value Alison brings as a director. She has a wealth of regional and radio expertise and is providing critical continuity of knowledge as we bring these two businesses together.

HT&E continues to be in a great financial position with one of the strongest balance sheets in the Australian media sector. As of 31 December, the Group was well capitalised with \$189.1 million net cash and access to undrawn debt facilities. We expect to maintain debt levels going forward equivalent to around one to one and a half times EBITDA, an appropriate level of gearing that will provide sufficient flexibility for HT&E to pursue future growth opportunities.

As part of establishing an appropriate capital structure post the acquisition, we exited our interest in oOh!media, realising a before tax gain of \$31.1 million on our initial investment. The Board reinstated dividends in June 2021 with an interim dividend 3.5 cents and we have now also declared an additional final dividend of 3.9 cents, together amounting to full year total dividends of 7.4 cents.

The accretive share buyback continued through the year, with over 3.0m shares (1.1%) bought at an average price of \$1.66.

Soprano, an independent software business in which HT&E holds a 25% stake, continues to perform well and delivered record revenue, gross margin and earnings growth. We continue to work with Macquarie Capital exploring liquidity options for HT&E's stake in Soprano.

**[Slide 3]**

Against the backdrop of these achievements, I believe the company is exceptionally well positioned to take advantage of future audio opportunities and provides an extremely attractive investor proposition for shareholders

Firstly, we have a track record as the leading radio broadcaster in the country with a number 1 ratings performance for the past 19 surveys. Our focus is to increasingly leverage the investment we are making in our talent and content across all our distribution channels, growing new audiences and providing more commercial opportunities.

We look forward to the continued re-opening of the economy post Covid which will benefit key radio categories like hospitality, events and tourism and we are determined to grow our commercial share in this improving advertising market.

Secondly, our expansion into lucrative regional markets will deliver a national network for ARN of 58 stations across 33 markets. The Grant Broadcasters acquisition is in a sector of media we know well, and provides pro-forma HT&E Group revenues of \$330m and \$96 million EBITDA from which to build from, enabling further margin expansion in core radio operations in FY22

Our digital audio offering is gaining momentum and now that we have greater visibility on the audience and revenue opportunities, we are determined to capitalise on our already strong market and financial position to drive future return for shareholders. We will be investing \$8-9 million in FY22 to grow our content slate, expand our audience and distribution network, hire more sales people, further improve of digital data and targeting capabilities, and investing in our technology stack to deliver to our commercial partners expectations. We also just launched a new digital audio youth brand, CADA, in March of this year targeting 15-29 year olds - a segment of the market that we currently do not target with our KIIS and Pure Gold brands.

And finally, we continue to have one of the strongest balance sheets in Australian media. We deliver very strong cash flow from operations given the limited cap ex requirements we have and expect our leverage to be less than one times by end of FY22 with further opportunities to realise value from noncore assets such as Soprano and through the sale of 4KQ in Brisbane (which was also announced this morning). The Board remain committed to a dividend

payout ratio of between 60-80% of NPAT, subject to market conditions, and we maintain optionality in what we continue to believe will be a consolidating market.

Before handing over to Ciaran, I would like to thank all of our people for their commitment and dedication, particularly given the challenging conditions faced during 2021.

I also wish to thank to my fellow Board members for their contribution and dedication. Our Board is a great team, having a good mix of skills and experience and it continues to be a pleasure to work together on ensuring the best for the company.

Finally, thanks to you, our shareholders, for your continued support. This Board and management team remain aligned and determined to achieve the best possible returns on your investment over the long term. We look forward to your continued support.

I will now ask Ciaran Davis, our CEO and Managing Director, to make his address to shareholders.

Thank you

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