



MARKET ANNOUNCEMENT

## HT&E AGM Market Update

### Highlights

- Rating success delivering consistent commercial share gains.
- Radio audiences spending more time listening throughout COVID period
- iHeart Radio best month on record in March – 24% growth in active users to 1.2 million
- Exceptional balance sheet with \$111 million cash and no undrawn debt
- Maintains optionality through strategic investment in oOh!media
- Operational cost savings in 2020 of between \$20m-\$23m

**SYDNEY, May 7<sup>th</sup>, 2020** – HT&E Limited [ASX: HT1] today provided the following market update on business operations at the company's Annual General Meeting (AGM).

ARN remains the #1 metropolitan radio network in Australia, with ratings success in 2019 and the first two surveys of 2020 delivering consistent commercial share gains.

Chairman of HT&E Hamish McLennan, made the following comments at the company's AGM in Sydney today:

"HT&E is in a very strong and stable position during these unprecedented times and thanks to a number of strategic steps taken last year, our business is one of the better placed media companies in Australia currently facing this crisis.

"Although revenues and earnings in 2019 were impacted by market conditions, the business backed up its ratings success by growing commercial market share, and remains highly profitable and cash generative.

"Audio consumption is expanding among consumers and ARN uniquely offers Australia's most complete audio offering to audiences, based on their own choices and interests, across radio, music streaming and podcasting.

"Today HT&E has one of the strongest balance sheets in Australia media. While some businesses are struggling with their capital structures, the company has \$111 million net cash at the end of 2019, no undrawn debt and a radio business delivering strong cash conversion.

"This is a very healthy position for HT&E to be in at this time giving us the potential to explore the right strategic opportunities for the business should they arise.

"We recently maintained our optionality in what we believe will be a consolidating sector by acquiring an equity interest in oOh!media. Having sold Adshel for \$570 million, it is a business we know well, we believe in the emerging strengths of a combined Radio and Out of Home offering and we look forward to being a constructive long-term shareholder in the business."

CEO of HT&E Ciaran Davis said a huge amount of work had taken place across ARN to ensure broadcasting remained in place and interrupted across all our metro markets during COVID-19.

"As an industry, we have actively managed any misconception that COVID-19 was going to have a negative impact on Radio listenership – particularly any decline to in-car listenership. It was critical that advertisers were provided evidence to the contrary and retained confidence in the strengths of the medium.



“Radio consumption is growing and we have been on the front foot informing the market of the reality that radio listeners are spending more time listening .... over 1 hour 30 minutes longer per week compared to the weeks prior to the lockdown.

“The performance of the iHeartRadio platform has been particularly impressive recording its best month ever in March. Active users grew 24% to 1.2m and the number of new registrations is running at approx. 1,200 per day. We recorded over 3m listening hours to ARN stations in the month which is a lead indicator for us confirming that the cross promotion activity we carry out between our FM brands and iHeartRadio is driving people to listen more on the platform..”

## Trading Update

### ARN

- ARN remains the #1 metropolitan radio network in Australia, with ratings success in 2019 and the first two surveys of 2020 now delivering consistent commercial share gains.
- During Q1 ARN (-7.2%) outperformed the broader metro radio market (-12.4%) and gained market share.
- Q2 bookings have been adversely impacted by COVID-19, with April revenue declines over 40%, with Direct Clients, normally comprising ~30% of total revenues, particularly impacted.
- The high level of client cancellations experienced in the weeks immediately following the national pandemic lock-down, have abated.
- Forward bookings for May remain broadly in line with April.
- Briefing activity levels improving across specific sectors, including financial services, government and supermarkets.

### Hong Kong

- Following the political unrest experienced in H219, trading performance of Cody Outdoor has been further impacted by COVID-19, with Q1 revenues down more than 45%.
- Forward bookings for May have deteriorated slightly with HK Trams being most affected on reduced commuter volumes.
- Cost reduction activity, where possible has been implemented, and remains a priority.

### Cost Controls

- Cost control measures taken to date amount to predominantly non-repeat operational savings in 2020 of between \$20m-\$23m.
- The Board, CEO and management team are taking a 20% pay cut and will forego all incentive payments for 2020.
- Staff are on reduced hours, utilising annual leave and in some instances taking salary cuts for at least 3 months.
- Non-repeat savings include the expected net cost benefits of the JobKeeper package.



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The release of this announcement and associated AGM materials released today is authorised by the Board of HT&E Limited.