

MARKET ANNOUNCEMENT

HT&E 2020 HALF YEAR RESULTS

Growing market share and well positioned for COVID-19 recovery

- ARN winning market share in COVID-19 challenged advertising market
- Radio listenership increased during COVID-19
- Record iHeartRadio growth; leading podcast publisher with revenues building
- HT&E cash reserves remain strong at \$90 million
- Strategic investment in oOh!media provides optionality
- Soprano EBITDA up 55% to \$22.2 million
- Ongoing strong cost management focus
- Impairment write-downs of \$64.3 million reflect COVID-19 impacts
- Interim dividend suspended to preserve capital in period of uncertainty
- Accretive share buyback facility maintained

H1 Financial Performance

A\$ million ²	2020	2019
Revenue	93.0	130.9
Other income	1.3	2.2
Share of associate profits	2.6	0.8
Costs	(77.4)	(95.8)
Underlying EBITDA¹	19.5	38.1
Depreciation and amortisation	(2.2)	(2.2)
Depreciation – Leases	(7.4)	(6.7)
Underlying EBIT¹	9.9	29.2
Net interest income / (expense)	(0.7)	0.2
Finance cost – Leases	(1.2)	(1.1)
Net profit before tax¹	8.1	28.3
Taxation on net profit	(4.5)	(8.2)
Net profit after tax (NPAT)¹	3.6	20.1
Less: non-controlling interest	(1.2)	(2.0)
NPAT attributable to HT&E shareholders¹	2.4	18.1
Exceptional items net of tax	(61.7)	(4.8)
NPAT attributable to HT&E shareholders	(59.3)	13.3
Underlying EPS (cps) ¹	0.9	6.3
Interim dividend per share (cps)	-	4.0

(1) Before exceptional items and discontinued operations

(2) Totals may not add due to rounding



SYDNEY, August 20th 2020 – HT&E Limited [ASX: HT1] today released its results for the six months ending 30 June 2020.

Against the backdrop of an extremely challenging period with widespread falls in global marketing and advertising activity across all sectors as advertisers withdrew due to the impacts of the COVID-19 pandemic, ARN has cemented its position as the strongest metropolitan radio network in Australia, winning commercial market share and maintaining its position as the #1 metropolitan radio network during the first half.

HT&E Chairman, Hamish McLennan, said, “The fundamentals remain strong with the underlying business making a profit for the half and maintaining an industry leading balance sheet with \$90 million of cash reserves and \$251 million of undrawn debt, providing HT&E with flexibility and alternatives for growth.

“ARN is weathering the storm, with overall radio listenership increasing, and streaming and digital audio consumption growing. Our clear commercial strategy, together with great talent integration, is winning share and our Q3 and forward bookings are showing improved momentum.

“We made a strategic investment in oOh!media, providing us with optionality in what we believe will be a consolidating market that will require scale, deeper consumer engagement and multi-platform delivery in the future.

“Our 25% investment in Soprano has the potential to deliver significant value for shareholders. The Company’s performance has gone from strength to strength, with EBITDA up 55% to \$22.2 million, and all key metrics are trending positively for continued growth.”

“The Company moved early to deal with the impacts of COVID-19, implementing a range of cost control measures, including six-month salary reductions for executive management and the Board, reduced work hours program for remaining staff and a freeze on marketing, travel, entertainment and discretionary costs. This helped to protect our earnings and cash reserves, with advertising spend significantly affected in both Australia and Hong Kong.”

The recoverability of intangible assets was assessed in the period and resulted in non-cash impairment charges of \$64.3 million being recorded. These pertained largely to historical goodwill balances within ARN.

Given the uncertainty in the current operating environment and the need to maintain a strong balance sheet, no interim dividend has been declared. The Company will consider payment of any final dividend at the time of end of year results.

The optionality of the company’s on-market buyback, which is accretive for shareholders has been maintained.

There has been no material update to the New Zealand ATO branch matter. HT&E remains confident in its position and is prepared to pursue the matter fully through litigation.

HT&E CEO and Managing Director, Ciaran Davis, said, “ARN is the #1 commercial metro radio network, is the #1 podcast publisher, has one of the largest libraries of digital audio content in the world, and we have a clear strategy to transition from a linear radio business to an audience centric, digital audio and content business.

“Radio will continue to play a very important role in consumer consumption of audio, and maximising returns from our core business operations remains the priority. We are looking to build more engaged audiences



through data and personalisation, using enhanced digital audio formats and delivering new products for advertisers with greater targeting capabilities.

“ARN is in a very strong position to utilise the power of its brands and personalities, as well as its exclusive iHeartRadio licence, to help make this transition. Our iHeartRadio registered users now stands at 1.7 million; listening to live radio on the platform grew 9%, podcasting increased 33% and music streaming was up 31%.

“Our focus for the next six months is building on our sector leadership position in audio entertainment and while remaining vigilant around costs, investing in the skills and capability we need to deliver on our strategy.

“COVID-19 has provided key insights around audio, and our audiences are now more engaged with audio than ever before. We are committed to growing market share and are incredibly well positioned to benefit as advertising markets recover.”

Australian Radio Network

- No.1 metropolitan network
- No.1 podcast publisher
- Winning commercial share
- Launching new advertising products
- Record iHeartRadio numbers
- Digital audio revenues building

The radio sector was impacted by widespread falls in global marketing and advertising activity with all advertising sectors materially affected. The radio industry moved quickly in March to prove that radio listening was not negatively impacted during the lockdown

ARN's strategy of recruiting and retaining the best on-air talent is not only paying off from a ratings perspective, but leading broadcasters, like Kyle & Jackie O, Christian O'Connell and Jonesy & Amanda are increasingly delivering more integrated client campaigns, going above and beyond to ensure these campaigns are as successful as possible by providing authentic and native content across broadcast, digital, video and social touchpoints.

A key growth driver is the potential of digital audio where there are new audiences and commercial opportunities. ARN is well placed given its unique audio and digital strategy, that is supported by our long-term iHeartRadio licence which extends out to 2036. We continue to drive usage of the platform through on-air content and integration.

iHeartPodcast Network Australia was launched during the period, and ARN is now the leading podcast publisher in the country with over 13 million downloads per month, and revenues are building.

Hong Kong Outdoor

Cody Outdoor revenues were heavily impacted by COVID-19 with tram shelter revenues worst affected due to significant declines in commuter volumes. Roadside revenues were less impacted, assisted by a number of pre-booked long-term contracts. Total costs were reduced by 40%, with a range of cost control measures implemented mid-Q1.



Soprano

Software company, Soprano Design, in which HT&E holds a ~25% interest, has had its best operating performance in the history of the company, with revenue and gross profit increasing 20% and 28% respectively on the previous corresponding period. There is potential to provide significant value to shareholders beyond the current book value of \$19.7 million.

Trading Update

Australian Radio Network

Trading in July has improved and finished -27% for the month compared to -46% for the June quarter as certain categories of clients recommenced advertising as lockdown restrictions eased. At this stage, August and September are tracking similar to July. Early pacing suggests this trend could improve further into Q4 if current COVID-19 restrictions in Melbourne moderate and are not tightened elsewhere.

Hong Kong Outdoor

In Hong Kong the impact of COVID-19 is continuing into Q3. However, should restrictions improve and with the absence of protest activity, we expect to see some categories recommencing spend in H2.

Cost controls

We remain on track to deliver total temporary operating cost savings in 2020 of between \$11-\$14 million, before the current JobKeeper subsidy benefit of approximately \$9 million.

ENDS

For further information, please contact:

Peter Brookes, Citadel-MAGNUS, +61 407 911 389, pbrookes@citadelmagnus.com

Helen McCombie, Citadel-MAGNUS, +61 411 756 248, hmccombie@citadelmagnus.com

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