



MARKET ANNOUNCEMENT

## HT&E 2021 FULL YEAR RESULTS

### A year of significant milestones; well positioned to drive continued shareholder returns in 2022 and beyond

- Strong revenue and earnings performance in recovering radio advertising market
- Delivered a number of key strategic priorities accelerating future growth opportunities
- #1 metropolitan network position for over two years
- Growth in total listening continued, reaching 5.4 million people weekly
- #1 podcast network with 4.9 million monthly listeners, leadership position held for 20 consecutive months
- Strategic acquisition of a portfolio of radio stations from Grant Broadcasters creates a national broadcast network of scale with 58 stations
- ATO settlement for \$70.7 million removes potential liability from balance sheet
- Sale of oOh!media stake delivered before tax gain of \$31.1 million
- Dividends reinstated, full year dividend of 7.4cps

#### FY Financial Performance

A\$ million <sup>2</sup>	2021	2020
Revenue	225.0	196.1
Other income	0.7	2.1
Share of associate profits	9.1	6.0
Costs	(175.0)	(154.8)
<b>Underlying EBITDA<sup>1</sup></b>	<b>59.8</b>	<b>49.3</b>
Depreciation and amortisation	(3.9)	(4.2)
Depreciation - Leases	(9.9)	(12.6)
<b>Underlying EBIT<sup>1</sup></b>	<b>45.9</b>	<b>32.5</b>
Net interest expense	(2.0)	(1.5)
Finance cost - Leases	(1.5)	(2.3)
<b>Net profit before tax<sup>1</sup></b>	<b>42.4</b>	<b>28.7</b>
Taxation on net profit	(9.9)	(10.3)
<b>Net profit after tax (NPAT)<sup>1</sup></b>	<b>32.6</b>	<b>18.5</b>
Less non-controlling interest	(3.8)	(3.1)
<b>NPAT attributable to HT&amp;E shareholders<sup>1</sup></b>	<b>28.8</b>	<b>15.4</b>
Exceptional items, net of tax	(13.9)	(57.9)
<b>NPAT attributable to HT&amp;E shareholders</b>	<b>14.8</b>	<b>(42.5)</b>
Underlying EPS (cps) <sup>1</sup>	10.4	5.5
Full year dividend per share (cps)	7.4	-

(1) Before exceptional items

(2) Totals may not add due to rounding



**SYDNEY, 23 February 2022** – HT&E Limited [ASX: HT1] today released its results for the 12 months ending 31 December 2021.

HT&E full year results were ahead of expectations, with the business in a very strong position to deliver continued growth in 2022 and beyond.

Despite the uncertain environment and the impact of extended lockdowns, statutory revenue from continuing operations rose 16% to \$225.0 million, rebounding strongly from the previous year and despite extended lockdowns in Sydney and Melbourne.

ARN's commercial and ratings success continued in the 12 months and excellent progress was made executing the strategy to build Australia's leading broadcast radio and digital audio company.

It continued to deliver strong audience survey results across its metropolitan network throughout 2021 and has maintained the #1 network position for over two years. There was audience growth across all key markets, including 97.3FM Brisbane and KIIS101.1 Melbourne which were areas of focus for the business during the year.

The Sydney duopoly of KIIS 1065 and WSFM continues to deliver, with WSFM finishing #1FM station, closely followed by KIIS 1065 at #2FM in the final survey of 2021. The two powerhouse breakfast shows, The Kyle & Jackie O Show, and Jonesy & Amanda vied for top position, with Kyle & Jackie O finishing the year clear leaders in the Sydney market achieving 24 consecutive surveys as #1.

In Melbourne, Gold 104.3FM, spear headed by the successful Christian O'Connell Breakfast Show maintained #1FM station throughout the year, holding that position for sixteen consecutive surveys, with more listeners than any other Melbourne station.

ARN remains the country's #1 podcast publisher in 2021 after launching the iHeartRadio Podcast Network Australia at the start of 2020, a leadership position now held for 20 consecutive months. Of the top five podcast titles in 2021, ARN represented four, with in-excess of 4.9 million combined monthly listeners and close to 20 million downloads per month.

**HT&E Chairman, Hamish McLennan**, said, "Whilst the COVID-19 pandemic dramatically impacted our way of life and disrupted business models, HT&E navigated the period well delivering a number of key strategic objectives, strengthening the core Australian radio operations and continuing to invest in its digital audio growth strategy.

"We resolved a long running taxation dispute and removed a significant potential balance sheet liability. Whilst we remain satisfied that its treatment of the branch matter was consistent with relevant taxation legislation, the Board viewed the settlement arrangement reached as being in the best interests of shareholders. The settlement of \$70.7 million was considered a fair and reasonable outcome for the company allowing HT&E to look forward with certainty.



“Thanks to disciplined capital management throughout the pandemic, HT&E continues to have one of the strongest balance sheets in the Australian media sector, and therefore in a position to complete the accretive acquisition from Grant Broadcasters of a portfolio of 46 regional radio stations (“ARN Regional”), thereby accelerating future growth to maximise shareholder value.

“Strategically, this transaction fits very well with the growth ambitions we have for HT&E, allowing us to expand our audience base and fast-track the delivery of our digital audio content and advertising opportunities across the country. Successful implementation of the integration plan is one of the key priorities for the business and we are already seeing positive early signs.

“As part of establishing an appropriate capital structure post the acquisition of ARN Regional from Grant Broadcasters, HT&E exited its interest in oOh!media, realising a before tax gain of \$31.1 million on its initial investment. We maintain the ability and flexibility to support continued investments in organic and inorganic growth initiatives.

“The Board also reinstated dividends in June 21 and have declared a full year dividend of 7.4cps.

“Net cash at 31 December 2021 was \$189.1 million, including \$68.0 million drawn debt which was utilised to complete the acquisition of ARN Regional from Grant Broadcasters on 4 January 2022. We expect leverage at the end of 2022 to be under 1x EBITDA which is a very healthy level of gearing thanks to the cash generating nature of our business and gives us the flexibility to pursue future growth opportunities as they arise”.

**HT&E CEO & Managing Director, Ciaran Davis**, said, “We have made excellent progress in executing our strategy to build Australia’s best broadcast radio and digital audio company.

“The investments in our strategic priorities are delivering as we continue to build a media business offering scale of audience, multi-platform content, increasing data targeting capabilities and ease of transaction for our partners.

“Our ratings success across our metropolitan network were outstanding throughout 2021, driven by commitment to recruiting and retaining the best Australian talent, with ARN maintaining its dominant market position as the #1 network for over two years.

“The acquisition of 46 radio stations from Grant Broadcasters is strategically compelling, creating a high-quality footprint across the whole of Australia and will accelerate future growth to maximise shareholder value. It provides access to increasingly important and growing regional audiences, enhances ARN’s ability to deliver content across multiple platforms and capitalises on the shift towards digital audio consumption.

“We have always taken a strategic approach to investing and with the growth of digital audio accelerating, in particular podcasting, we will continue to focus on our capability and content to retain our leadership position and meet the increasing advertiser demand. We are also investing in the creation of a new national youth brand as we believe youth culture is an under-served genre in commercial radio.



“As we move into 2022, we have good momentum as we integrate our leading metropolitan and regional radio businesses to create a truly national radio broadcast network of significant scale.

“2022 will see us invest further in our digital audio expansion to capitalise on our already strong market position. The investment is being undertaken now against the backdrop of a returning radio market, and a conservatively geared balance sheet and while continuing to deliver a strong dividend stream to shareholders”

### **Australian Radio Network**

- #1 broadcast ratings position maintained
- Audience growth delivered across all key markets
- Sydney duopoly of KIIS and WSFM continues to deliver, WSFM finishing #1FM, closely followed by KIIS at #2FM in the final survey of 2021
- ARN remains the #1 podcast publisher, leadership position held for 20 consecutive months
- Consumer appetite for podcasts continues to accelerate, with more than half a billion podcasts downloaded in 2021
- Increasing advertiser demand delivering consistent monthly podcast billings to customers approaching \$1 million
- Investment in podcasting capability and content, ARN to launch original shows anchored back to audio brands
- Relaunch and accelerate The Edge as a national youth brand reflecting under-served genre of youth culture in commercial radio
- “Australian Radio Network” brand evolved, replaced with “ARN”.

Strength in audience survey results across our metropolitan network continued throughout 2021, with ARN having maintained the #1 network position for over two years. Pleasingly, we delivered audience growth across all key markets, including 97.3FM Brisbane and KIIS101.1 Melbourne which were both areas of focus for the business during the year.

The Sydney duopoly of KIIS and WSFM continues to deliver for ARN, with WSFM finishing #1FM, closely followed by KIIS at #2FM in the final survey of 2021. Our two powerhouse breakfast shows, The Kyle & Jackie O Show, and Jonesy & Amanda vied for top position, with both shows finishing the year clear leaders in the Sydney market.

In Melbourne, Gold 104.3FM, spear headed by the successful Christian O’Connell Breakfast Show maintained #1FM station throughout the year, holding that position for sixteen consecutive surveys, with more listeners than any other Melbourne station.

Consumer appetite for listening to podcasts continues to accelerate, with Australians downloading more than half a billion podcasts in 2021, an increase of 28% on the previous year. ARN remains the #1 podcast publisher in Australia after launching the iHeartRadio Podcast Network Australia at the start of 2020, a leadership position we have now held for 20 consecutive months to the end of



December 2021. Of the top 10 most listened to podcast titles, ARN represented four, with in-excess of 4.9 million combined monthly listeners and close to 20 million monthly downloads. The Kyle & Jackie O Show podcast remains the #1 radio catch-up podcast in the country with close to 17 million downloads across the whole of 2021.

With increasing advertiser demand delivering consistent monthly podcast billings to customers approaching close \$1 million, in 2022 we will launch several ARN original shows, anchored back to our highly successful audio brands.

ARN will relaunch and accelerate The Edge as a national youth brand distributed on iHeartRadio, broadcast radio and DAB+, anchored in hip hop and RnB, driven by content, and reflective of an under-served genre of youth culture in commercial radio.

In 2021 our branding evolved, with the business officially farewelling the “Australian Radio Network” brand after many years, replacing it with “ARN”.

## **Soprano**

Soprano, an independent software vendor in which HT&E has held a 25% stake since 2001, again delivered revenue and earnings growth, up 22% and 11% on a pro forma basis respectively. The Company provides CPaaS (Communications Platform as a Service) to enterprise customers through long term strategic partnerships with MNO’s (Mobile Network Operators) and direct to clients. This investment remains non-core to our operation and with Soprano shareholders terminating negotiations to complete the sale of Soprano to Link Mobility Group Holdings AS (“Link Mobility”) in September 2021, we continue to work with our advisors, Macquarie Capital and the founder of Soprano to secure an exit for HT&E.

## **Hong Kong Outdoor (Cody Outdoor)**

Cody Outdoor experienced significantly improved trading conditions in 2021, following two years of subdued economic activity after a period of social unrest in late 2019 and the impacts of COVID-19 in 2020. Full year revenues for the business increased 44% on a local currency basis to \$21.9 million, back only 12.0% on 2019 performance. Cody was unsuccessful in its bid to retain the HK Tramways contract, an asset it has operated successfully in partnership with HK Tramways over the past five years. While the contracted accounted for approximately 30% of total revenues, it contained a high fixed rent structure and had recorded cash losses since 2019.



## **Trading Update**

### **ARN**

Q1 revenues are forecasted to grow 3-4% based on current market visibility. February market has been transitory with bookings shifting to March as advertisers deal with the lingering effects of Covid such as staff shortages. The easing of restrictions and opening of borders is having a positive effect on bookings and briefing activity for March and April especially for key radio categories such as hospitality, and travel & tourism.

Q1 ARN Regional revenues and forward bookings have been less impacted, with the quarter pacing to finish up 5-6% on same time last year.

We are targeting \$6-8m of revenue synergies in 2022 with the ARN Regional acquisition.

People and operating costs across ARN Metro and Regional radio operations are expected to grow 3-4% driven by investment in people and marketing.

Longer term investments in digital audio, with a path to profitability over the next 3 years, to build new audiences and incremental revenue models, will see increased investment of \$8-9m in 2022 as we relaunch The Edge and accelerate original podcast content creation.

### **Cody Outdoor**

Recent momentum for Cody Outdoor has continued into Q1 with revenues and forward bookings on Roadside contracts for the quarter pacing up 15% on same time last year. The HK Trams contract ends in April and contributed ~30% of revenues in FY21. The contract recorded cash losses in FY21.

ENDS

\*\*\*

This and today's other full year results announcements have been authorised for release by the Board of HT&E Limited.

For further information, please contact:

Peter Brookes, Citadel-MAGNUS, +61 407 911 389, [pbrookes@citadelmagnus.com](mailto:pbrookes@citadelmagnus.com)

Helen McCombie, Citadel-MAGNUS, +61 411 756 248, [hmccombie@citadelmagnus.com](mailto:hmccombie@citadelmagnus.com)