



2020 Annual General Meeting

7th May 2020

HT&E Limited
ABN 95 008 637 643



Chairman's Address

Strong position during unprecedented times

Strengthen core business

- ARN delivered a market leading ratings performance in 2019 and was the overall #1 metropolitan network in the country
- Derisked the business by extending key talent contracts in Sydney and Melbourne
- Developing unique digital and data capabilities for listener and advertiser benefit

Driving shareholder value

- Exiting smaller, non-core investments
- Increased dividend policy (60-80%)
- Accretive share buy-back optionality maintained
- ATO Branch matter – we remain confident in our position and are prepared to pursue the matter fully through litigation

Strong balance sheet

- \$111 million net cash
- Undrawn debt facilities of \$250 million
- Good cash conversion in radio business
- Maintaining optionality in a consolidating sector including acquiring a stake in OML.

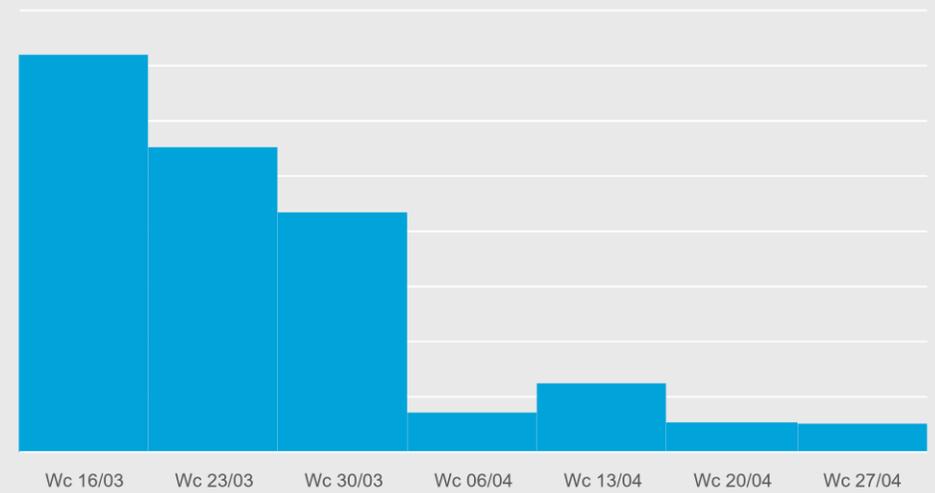
CEO's Address

Response to COVID-19

- Health and well being of staff is our top priority
- Business Continuity Plans working well
 - Broadcasts unaffected
 - All staff able to work remotely
 - Developing project plan for staged return to work
- Cost control measures taken to date amount to largely 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
 - All staff are being asked to work reduced hours, use up excess annual leave and in some instances take short term pay-cuts, for at least the next 3 months
 - Non-repeat savings include the expected net cost benefit of the JobKeeper package announced by the Government
- Commercial teams implementing 'Combatting Corona' trade engagement activity
- Client cancellations have largely abated

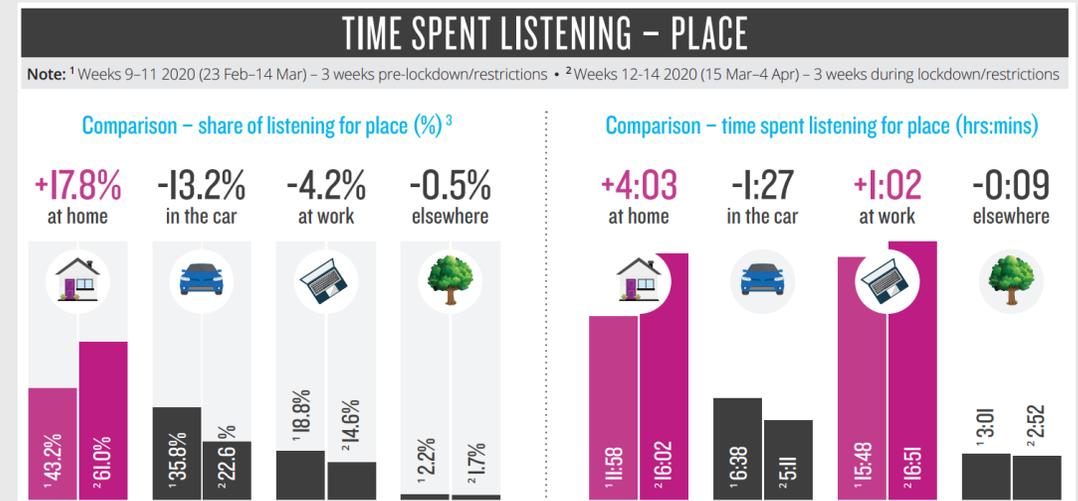
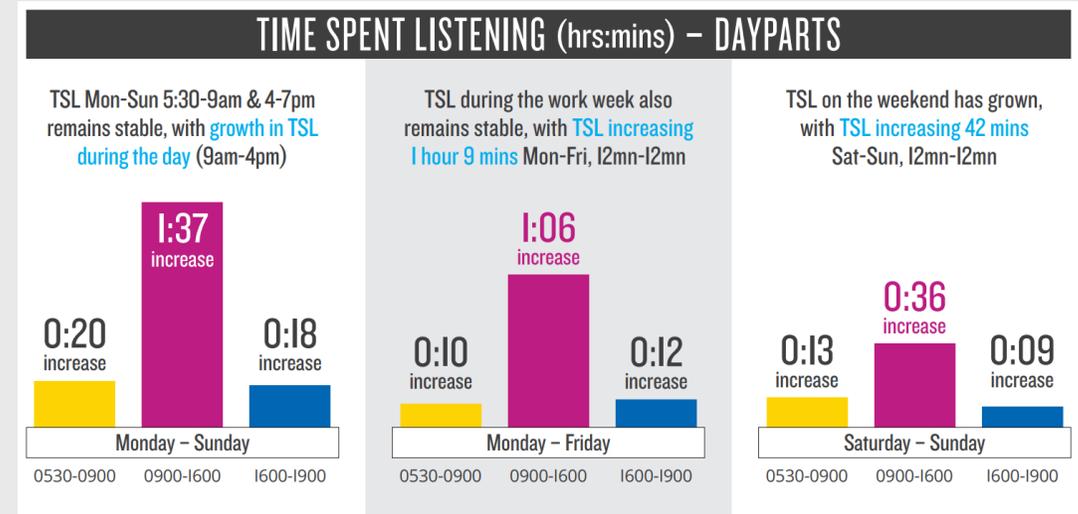


Cancellations



Radio listening since outbreak of COVID-19

- Radio listeners are spending more time with radio throughout COVID-19 lockdown restrictions
 - Breakfast up 20 mins
 - Workday up 1 hr 37 mins
 - Drive up 18 mins
- Increased listening extending across 7 day week
 - +1 hr 6 mins Mon-Fri
 - + 36 mins Sat-Sun
- The decline of the commute having no negative impact on listening
- At Home listening growth (+4 hr 3 mins) exceeds In Car decline (-1 hr 27 mins)



Deliver on strategy during COVID-19



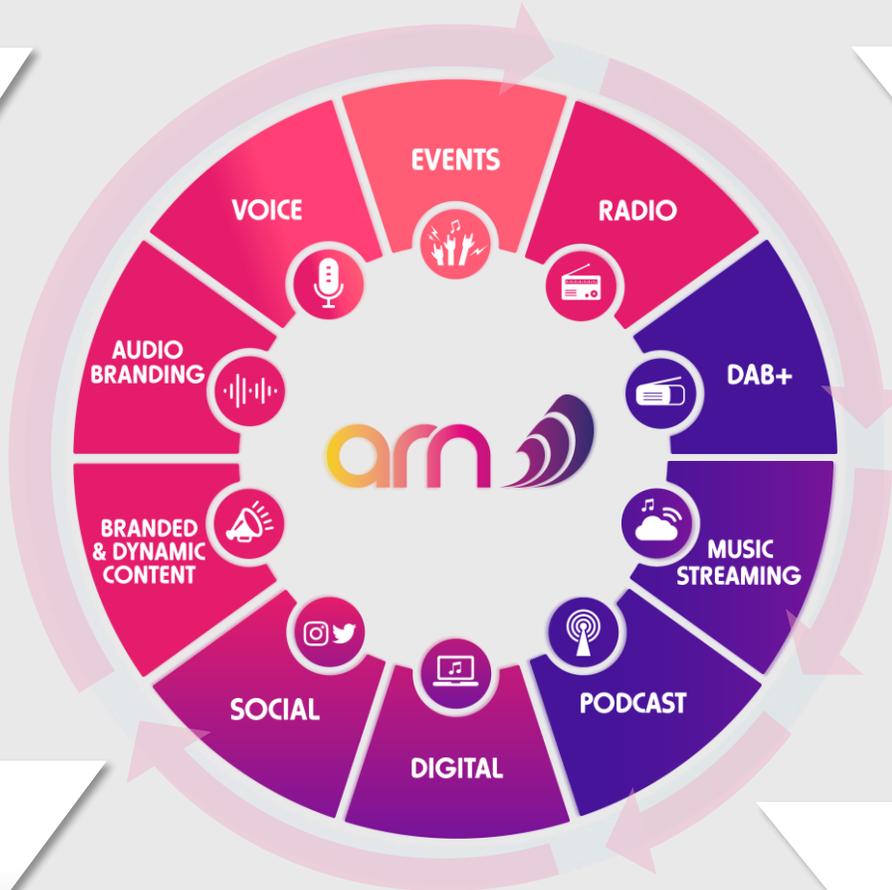
ARN Dynamic Audio launched

SHAKE ME™

Shake-Me Interactive Audio launched



- 4.5m website users in April 2020
- 115% growth v 2019
- 7m+ social followers each month in 2020
- 114% growth in Facebook
- 12% growth in Instagram



THE 80s THE 90s

#1 National Network in Surveys 1 and 2, 2020



- March 2020 – highest ever month on record:
- 1.2m Monthly Active Users (+24%)
 - Over 3m hours listening to ARN stations
 - Avg. 1,200 daily registrations (+34%)
 - 7.6m music stream starts (+10%)



- Launched Feb 2020
- #1 Podcast Network in Australia
 - 40M+ monthly impressions
 - 10x increase compared to 2019

Launch of digital products to strengthen commercial offering



- ARN has launched a world-first dynamic advertising technology that delivers more personalised and measurable campaigns for advertisers – on Radio.
- ARN successfully implemented this dynamic technology across the iHeartRadio Australia app, and is now the first and only media business in the world to have the capability to provide dynamically targeted, real-time advertising on AM, FM and DAB+ radio.
- Never before has a media company been able to automatically deliver real-time, personalised advertising to radio audiences but ARN can now send real-time messages to people based on their gender, age, location, interests and even the weather.
- This is attractive to advertisers as research has shown that compared to non-targeted messaging, this new technology delivers a 52% uplift in advertisement recall, a 49% increase in engagement and a 240% increase in customer conversions.

The logo for 'SHAKE ME™' consists of the words 'SHAKE ME' in a white, uppercase, sans-serif font, followed by a trademark symbol (™). The text is centered within a solid purple rectangular background.

- The next evolution in audio advertising – interactive ‘Shake Me’ technology.
- ARN gives advertisers the unique ability to empower listeners to connect with their ad by responding immediately to a call to action by either shaking their mobile phone or using a voice command.
- A person listening to an ad for a new car can now simply shake their phone or give a voice command to open a website, get directions to their nearest dealership or even call the dealership directly – making it easier than ever for our advertisers to ‘close the loop’. A listener doesn’t even have to unlock their phone or look at their screen to access an advertiser’s offer.
- 12x weekly uplift in ad responses.

Statutory Results

- Revenue from continuing operations down 7%
- Challenging, cyclical ad market in Australia; Political unrest in Hong Kong
- Reported EBITDA up 5%; *down 17% before transition to AASB 16 Lease*
- Reported EBIT down 15%; *down 18% before transition to AASB 16 Leases*
- NPAT down 7%
- Underlying EPS up 1%
- Fully franked full year dividend of 8.6 cents per share

HT&E Reported Result (excluding Adshel in 2018)

A\$ million	2019	2018 ¹	% change reported	% change ex AASB 16
Revenue from continuing operations	252.7	271.8	(7%)	(7%)
EBITDA ²	75.6	71.8	5%	(17%)
EBIT ²	56.9	67.2	(15%)	(18%)
NPAT attributable to HT&E shareholders ²	34.2	36.7	(7%)	(5%)
Underlying EPS ²	12.0	11.9	1%	

(1) 2018 not restated for transition to AASB 16 Leases

(2) Before exceptional items and discontinued operations

ARN

- First year total ad market decline since 2012; radio share unchanged at 8.6%
- ARN Radio revenue down 6% in line with Radio market decline for 2019
- Radio market back 2.4% in H1 and 9.8% in H2
- ARN winning share in Q4
- Total costs down 1%; *up 1% pre transition to AASB 16*
 - Staff and talent costs up 4% on contracted talent increases, ratings bonuses (not paid in 2018) and enhanced Commercial team capability
 - Operating costs include the benefit of reduced rental expense (\$3.0m) on adoption of AASB 16; *opex costs flat pre transition*
- Margin of 33% down on last year (36%); *31% pre transition*
- EBITDA down 13% on last year; *down 17% pre transition*

A\$ million	2019	2018 ^{1,2}	% change
Radio	208.4	222.3	(6%)
Digital & Other	14.9	13.2	13%
Total revenue	223.3	235.5	(5%)
Cost of sales	(40.9)	(41.9)	(2%)
Staff and talent	(80.9)	(77.9)	4%
Operating costs ³	(28.2)	(31.0)	(9%)
Total costs	(150.0)	(150.9)	(1%)
EBITDA	73.3	84.6	(13%)
D&A	(4.4)	(4.1)	7%
Depreciation – AASB 16	(2.4)	-	-
EBIT	66.5	80.5	(17%)
EBITDA margin	33%	36%	

(1) 2018 not restated for transition to AASB 16 *Leases*

(2) 2018 revenue and costs restated for impact of integration of Conversant Media

(3) Operating costs include \$3.0m of reduced rental expense on adoption of AASB 16 (2018: nil)

Focus on core business



CONTENT

- Radio listening continues to grow (+22% last 10 years)
- ARN highest reach ever in 2020 – 5.4m
- Key talent contracts extended – limited overall cost increase
- Largest library of content – all in one place
 - 1,800 radio stations
 - 20m+ songs
 - 300,000 podcast episodes



DISTRIBUTION

- iHeartRadio licence extended to 2036
- Integration and cross-promotion across platforms
- 21% digital listening via smart speakers
- 'Catch Up' podcasts launched – over 2m downloads a month



COMMERCIALISATION

- New commercial strategy launched in H2
- Winning share
- iHeartRadio building rich set of 1st party data and new DMP launched in H2
- 6m listening hours a month delivering new in-stream digital revenue

Radio talent key to ratings success



#1 Reach Sydney
1,048,000

Momentum
building with record
Reach
in 2019*

#1 Share
Brisbane

#1 Breakfast Show
(Share)

#1 Share
Adelaide

#1 FM Breakfast
Show (Share)

#1 Share 25-54
Perth

31% growth in 2019**

#2 Share
FM breakfast show
in Sydney

#1 Reach Melbourne
1,085,000

#1 Reach in the country

#1 Share AM
Brisbane

#1 Reach AM
Adelaide

WILL & WOODY FOR THE DRIVE HOME

Reaching 1.3 million listeners nationally each week

Sydney's #1 Drive Show



DAB+



**ARN's DAB+ STATIONS
REACHING 581,000 LISTENERS
EACH WEEK**

SYDNEY'S #1 DAB+ STATION AND BREAKFAST SHOW



Hong Kong Outdoor - Cody

- Strong first half; well ahead of PY
- H2 revenues materially impacted by protests
 - Tram shelters down 24%
 - Western Harbour Tunnel up 7%, minimal impact from protests
 - Eastern Harbour Tunnel down 8% on lower H2 spend in key segments
 - Roadside revenue down 5% on a like basis
- Costs down 61% (local currency); *down 22% pre transition*
- EBITDA (local currency) break even for the year
- COVID-19
 - Government recently announced subsidies of HK\$9k per employee per month for 6 months
 - Quarantine measures extended and restrictions in place - max. group of 4 people in public
 - Small number of protests have resumed

A\$ million	2019	2018 ^{1,2}	% change	Local currency % change
Roadside ²	16.6	20.7	(20%)	(26%)
Transit	8.3	10.1	(19%)	(24%)
Total revenue	24.8	30.9	(20%)	(25%)
Total costs ³	(12.4)	(29.6)	(58%)	(61%)
EBITDA	12.4	1.2	>100%	>100%
D&A	(0.1)	(0.3)	(66%)	(68%)
Depreciation – AASB 16	(11.3)	-	-	-
EBIT	1.0	0.9	7%	(2%)
EBIT margin	4%	3%		

(1) 2018 not restated for transition to AASB 16 *Leases*

(2) 2018 includes Hung Hing Road decommissioned in December 2018

(3) Total costs include \$12.4m of reduced rental expense on adoption of AASB 16 (2018: nil)

Corporate Costs

- FY cost savings driven by post-Adshel team restructure and office downsizing during 2019.
- Lower incentive costs reflect FY19 performance; majority of cost attributable to FY18 scheme.
- Compliance and advisor costs up associated with non-audio portfolio review (\$0.4m) and final transaction fees attributable to Adshel sale (\$0.4m).
- Cost base right-sized to achieve \$10m target in 2020 (before costs of running ATO Branch dispute).

A\$ million	2019	2018	% change
Salary and wages	4.1	5.0	(18%)
Incentives provided for	1.0	3.0	(65%)
Board costs	0.8	0.8	0%
Compliance and advisor costs	3.0	1.9	59%
Tax dispute costs	1.8	1.8	1%
Overheads (rent, office, other) ¹	2.1	2.9	(25%)
Total Corporate costs	12.8	15.2	(16%)

(1) Overheads include \$0.2m of reduced rental expense on adoption of AASB 16 (2018: nil)

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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