

MARKET ANNOUNCEMENT

## HT&E 2021 HALF YEAR RESULTS

### Strong recovery and investing for growth

- Improved consumer sentiment and advertiser confidence contributed to materially higher revenues of \$109.9 million, up 21% on the previous corresponding period (on a like basis)
- Market leading audience ratings performance continued, with ARN holding the #1 network position in Australia for thirteen consecutive surveys
- Advertising markets strengthening in Australia and Hong Kong
- Commercial strategy winning share with the most comprehensive audio solutions for advertisers
- Digital revenues ahead of expectations (+149%)
- Investing in digital and data capability in content, distribution and commercialisation to drive future growth
- Sale of stake in Soprano provides opportunity to realise approximately \$139 million, payment in cash and shares
- Balance sheet robust with net cash of over \$122.4 million
- Half year dividend reinstated: 3.5 cents per share declared (fully franked)

### H1 Financial Performance

A\$ million <sup>2</sup>	2021	2020
Revenue	109.9	93.0
Other income	0.4	1.3
Share of associate profits	4.4	2.6
Costs	(84.4)	(77.4)
<b>Underlying EBITDA<sup>1</sup></b>	<b>30.4</b>	<b>19.5</b>
Depreciation and amortisation	(2.0)	(2.2)
Depreciation – Leases	(4.7)	(7.4)
<b>Underlying EBIT<sup>1</sup></b>	<b>23.7</b>	<b>9.9</b>
Net interest income / (expense)	(1.0)	(0.7)
Finance cost – Leases	(0.8)	(1.2)
<b>Net profit before tax<sup>1</sup></b>	<b>21.9</b>	<b>8.1</b>
Taxation on net profit	(5.6)	(4.5)
<b>Net profit after tax (NPAT)<sup>1</sup></b>	<b>16.3</b>	<b>3.6</b>
Less non-controlling interest	(1.8)	(1.2)
<b>NPAT attributable to HT&amp;E shareholders<sup>1</sup></b>	<b>14.5</b>	<b>2.4</b>
Exceptional items, net of tax	(0.4)	(61.7)
Provisions for uncertain tax treatments	(4.0)	
<b>NPAT attributable to HT&amp;E shareholders</b>	<b>10.2</b>	<b>(59.3)</b>
Underlying EPS (cps) <sup>1</sup>	5.2	0.9
Interim dividend per share (cps)	3.5	-

(1) Before exceptional items

(2) Totals may not add due to rounding



**SYDNEY, 19 August 2021** – HT&E Limited [ASX: HT1] today released its results for the six months ending 30 June 2021

HT&E recovered strongly in the half, as ARN continued its dominance of the metropolitan audio market, holding the #1 radio network position in Australia for thirteen consecutive surveys, with its unprecedented ratings performance delivering strong commercial share during the first half.

Radio fundamentals remain robust with radio listenership experiencing continued growth and increasing migration to digital live streaming, with digital revenues ahead of expectation.

Group revenues from ordinary activities of \$109.9 million were materially higher, with an increase of \$16.9 million on last year, with consumer confidence and advertising spend in Australia and Hong Kong recovering from the severe economic impacts of COVID-19 experienced in 2020.

EBITDA increased 55% on the previous corresponding period to \$30.4 million.

The statutory gain attributable to HT&E shareholders of \$10.2 million represented a \$69.4 million increase from last year, impacted by exceptional items in 2020.

HT&E Chairman, Hamish McLennan said, “The business has performed strongly, delivering materially higher revenues, with the balance sheet providing significant optionality with net cash of over \$122.4 million at 30 June 2021, and debt facilities with undrawn limits of \$251.0 million.

“With advertising markets strengthening in Australia and Hong Kong, HT&E’s results have given us the confidence to invest in strengthening our core broadcast radio and digital audio business to accelerate growth. We see opportunities to build real scale across multi-platform content creation expanding our digital and data capabilities. The Australian media sector is expected to consolidate further and our current capital structure puts HT&E in a real position of strength to explore opportunities to become a multi-platform media organisation of scale, with digital content and commercialisation at its core.

“The sale of Soprano is progressing well and we expect a binding Share Sale Agreement to be executed shortly. This will deliver significant shareholder value and provide fire power to accelerate our growth agenda.”

In consideration of the trading result for the period, and in line with the Board’s commitment to reinstate dividends on improving economic outlook in our markets of operation, the Company declared a half year dividend of 3.5 cents per share (fully franked).

HT&E CEO and Managing Director, Ciaran Davis said, “What ARN’s network has achieved in terms of ratings performance is nothing short of exceptional and confirms our strategy of investing in the right talent, both on and off air, to drive performance. We are indisputably the dominant player in Australian radio, holding the #1 network position in Australia for thirteen consecutive surveys.

“We are also a leader in digital audio, making strategic investments in original content across our platforms to generate market-leading opportunities for our commercial partners. Our digital revenues are up 149%, well ahead of expectations, as we build a richer, smarter and more powerful audio business.

“As Australia’s #1 podcast publisher, we are delivering consistent growth for the iHeartPodcast Network Australia across our diverse content offering. The impressive numbers tell the story, with year-on-year, national total downloads on the iHeartPodcast Network Australia for June up 58%.

“We will continue to invest to deliver scale, multi-platform content, digital and data capabilities and in technology that makes it easier to plan and book with our assets.”

## AUSTRALIAN RADIO NETWORK (ARN)

- #1 metropolitan radio network in the country reaching over 5.25 million people a week
- #1 network for all key demographics, including the important 25-54 category
- Strategy to recruit and retain the best talent, both on and off air, continued to pay dividends
- Kyle and Jackie O in survey 4 secure an impressive 15.5% audience share
- Christian O'Connell GOLD 104.3 continued to acquire new audiences and ninth consecutive survey as #1
- Will and Woody resonating with audiences and brands, #1 position in Sydney and #2 position in both Brisbane and Adelaide
- National total downloads on the iHeartPodcast Network Australia for June were up 58%

ARN is the #1 metropolitan radio network in the country reaching over 5.25 million people a week, the #1 podcast publisher in the country averaging over 17 million downloads a month, and the leading provider of integrated radio, music and podcasts digital audio content in one place with over 2 million registered users on iHeartRadio.

Our strategy to recruit and retain the best talent, both on and off air, continued to pay dividends during the first half of 2021, with unprecedented audience ratings performance delivering strong commercial share in a recovering local advertising market.

We have seen ratings stability and positive momentum across all stations in the ARN network, and in a highly competitive Australian audio market, this is an outstanding result.

The performance of Kyle and Jackie O in survey 4 to secure an impressive 15.5% audience share, and claim the #1 Breakfast Overall, across both AM and FM for the first time, was a huge achievement for KIIS1065. In Melbourne, The Christian O'Connell Show on GOLD 104.3 continued to acquire new audiences and notched up their ninth consecutive survey as #1. Will and Woody, our national drive show on the KIIS network is resonating with audiences and brands across the country, securing the #1 position in Sydney and #2 position in both Brisbane and Adelaide.

Our commitment to digital audio continues to deliver consistent growth for the iHeartPodcast Network Australia across our diverse content offering. As Australia's #1 Podcast Publisher, we further expanded our offering in the period, adding exciting new content for audiences and compelling commercial opportunities for brands.

Year-on-year, national total downloads on the iHeartPodcast Network Australia for June were up 58%, for June, with consistent growth realised across popular podcast categories including True Crime (up 366%), Comedy (up 44%), Sport (up 178%), and Business (up 43%).

## CODY (HK OUTDOOR)

After a challenging 18 months of trading impacted by civilian protests in Hong Kong immediately before COVID lockdowns, Cody revenues rose 28% (on a local currency basis) to \$8.5 million in the current period, the result of improved consumer confidence and the return of advertising spend from key categories including luxury brands and finance.

The business successfully tendered for and retained a number of smaller tunnel contracts in the period, including Tate Cairns and Tai Lam Tunnels.

## SALE OF SOPRANO

On 18 May 2021, HT&E announced that the shareholders in Soprano Design Limited, in which HT&E Limited holds a ~25% stake, signed a non-binding term sheet to sell 100% of shares in Soprano to Link Mobility Group Holdings AS (Link), a global CPaaS provider listed on the Oslo stock exchange.

The transaction will create a global, market leading CPaaS player of scale, with complementary geographic and client coverage, best-in-class products and technology and the potential for material revenue and cost synergies.

The terms of the agreement value Soprano at NOK 3,590 million, representing approximately \$560 million, with HT&E's stake valued at approximately \$139 million. HT&E will receive \$6.2 million cash up front (before transaction costs) and a shareholding of approximately 5.8% in the combined Link/Soprano business.

Link shares will be held in escrow for a period of 6 months following completion of the sale, after which HT&E is permitted to dispose of all or a portion of the shares via an off-market block trade or sell down a maximum of 3 million shares per month on market. The escrow period concludes 18 months following completion of the sale.

The sale process is progressing well, and it is expected that a binding Share Sale Agreement will be executed shortly.

Completion of the sale is subject to certain regulatory approvals and customary completion practices. There is no certainty that this transaction will occur.

## OUTLOOK

### ARN

In July, ARN revenues grew +19% on the prior comparative period. August has seen a slight easing of bookings, but pacing suggests a similar result for the month.

Extended lockdowns, particularly in Sydney and Melbourne, may impact FY21 performance mainly due to some uncertainty of the SME market however, forward bookings for the remainder of the year are currently tracking well ahead of the same time last year with briefing activity remaining positive.

Recent digital revenue performance has continued into Q3, with average monthly revenues for the quarter pacing to finish in excess of \$1 million per month.

Investments in the launch of a new breakfast show in Melbourne; the implementation of original podcast content creation strategy, increased digital commercial capability and a relaunch of 'The Edge' will see total people and operating costs for FY21 now expected to finish ~\$2-3 million above FY19 levels.<sup>(1)</sup>

### Cody

Improved mobility levels, low infection rates and a strong vaccination program are driving consumer confidence and a return of advertising spend in Hong Kong.

Trading conditions continue to improve with July revenues finishing +56% on the prior comparative period. Should current COVID settings be maintained, forward bookings suggest a continuation of this trend for the remainder of Q3.

(1) Before costs associated with disposed businesses (iNC & The Roar) in 2019 (\$3.6m)