



## MARKET ANNOUNCEMENT

# HT&E create national radio network by acquiring Grant Broadcasters for \$307.5 million

**SYDNEY, 12 November 2021** – HT&E Limited [ASX: HT1] today announced a binding agreement to acquire Grant Broadcasters radio and digital operations for \$307.5 million (**Grant Broadcasters**).

### HIGHLIGHTS

- Australian Radio Network Pty Ltd (**ARN**), a wholly owned subsidiary of HT&E Limited (**HT&E**) has entered into an agreement to acquire Grant Broadcasters for consideration of \$307.5 million on a cash and debt free basis
- Transaction will see the creation of a national radio broadcast network with 58 stations, 46 DAB+ stations, across 33 markets
- Potential for significant digital audio expansion through the unlocking of new growth markets and audiences
- Attractive transaction metrics, with the acquisition price representing c.8.7x LTM June 21 pro forma EBITDA<sup>(1)</sup> and c.10.3x LTM June 21 pro forma EBIT<sup>(1)</sup>
- HT&E will fund the acquisition through its existing cash reserves, financing facilities and the issuance of HT&E shares
- The Grant Broadcasters acquisition is expected to deliver 20%+ EPS accretion on a LTM June 21 pro forma basis before synergies and one-off integration costs
- Grant Broadcasters will nominate one representative, Alison Cameron (current CEO, Grant Broadcasters), to join the HT&E Board
- HT&E's trading update guided to +17% revenue growth for the September quarter with radio revenue forecasts tracking +5-10% on the prior comparative period for the December quarter

### ACQUISITION OF GRANT BROADCASTERS

ARN, a wholly owned subsidiary of HT&E has entered into binding agreements to acquire Grant Broadcasters (the **Acquisition**). This includes the acquisition of the radio and digital operations owned by Grant Broadcasters Pty Ltd, including 43 legal entities and certain relevant assets. Geelong Broadcasters Pty Limited and certain joint ventures are excluded from the transaction.

Grant Broadcasters is family-owned and the leading regional radio broadcaster in Australia. ARN is the No.1 metropolitan radio broadcaster in the country. The combined businesses will create a truly national broadcast network of scale made up of 58 radio stations, 46 DAB+ stations across 33 markets resulting in a presence in every state and territory in Australia. Unlocking new growth markets, the acquisition also provides the potential for significant digital audio expansion by accelerating the rollout of ARN's established iHeartRadio digital audio platform into regional areas.



With LTM June 21 pro forma revenues of \$100.7 million, EBITDA of \$35.5 million and strong cashflow generation, this transaction values Grant Broadcasters at \$307.5 million, implying a c.8.7x LTM June 21 pro forma EBITDA<sup>(1)</sup> and c.10.3x LTM June 21 pro forma EBIT<sup>(1)</sup> multiple.

**HT&E Chairman, Hamish McLennan, said**

“We are delighted to be announcing this transaction today with Grant Broadcasters – a broadcasting business of the highest quality and a fantastic, family-owned Australian success story that Janet Cameron and her family should be incredibly proud of. The station brands they have created have served their local communities with great commitment for decades, playing a pivotal role in the lives of their audiences, and we look forward to continuing that tradition.

“The recent successful resolution of the tax matter with the ATO for \$71 million and a \$31 million gain on the divestment of our OML stake, significantly strengthened our balance sheet as we prepared for this transaction. Our disciplined approach to capital management and creation of shareholder value is further demonstrated by the accretive nature of this transaction that is being funded through existing cash reserves, financing facilities and the issuance of new shares to Grant Broadcasters”.

**HT&E CEO and Managing Director, Ciaran Davis, said**

“It is rare that an asset of this quality and strategic fit to our existing portfolio becomes available and we are excited by the opportunities presented by the coming together of these two great businesses.

“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 Australia. The combined network will be made up of 58 stations, across 33 markets, delivering innovative, digitally enabled commercial solutions at the scale that our advertising partners seek. It will also enable us to provide nationally integrated commercial partnerships for clients, giving them the ability to access more than a third of Australian consumers in one transaction.

“The leading metropolitan audio network and the leading regional radio network will have an unwavering commitment to live, local and multi-platform content, across an 8 million strong broadcast and digital distribution network, and presents an appealing proposition for our clients, listeners, employees and shareholders.

**Grant Broadcasters CEO, Alison Cameron, said**

“Grant Broadcasters are delighted to be partnering with HT&E, who we consider to be the leading provider of radio and digital audio in Australia.

“For 80 years Walter Grant, his daughter Janet Cameron and her family have been operating regional radio stations that serve local communities in regional Australia. We are so very proud of the connection the stations have with those communities and with our staff for continuing that commitment.

“There is a strong cultural similarity between the two businesses with both ARN and Grant committed to expertly creating great local content for the communities we serve. Together we’ll be an elevated team of dedicated audio professionals who live and breathe our local audiences.

“Both our companies are profitable enterprises in their own rights, but this partnership will deliver scale, digital acceleration, and ensures our future profitability.”

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*(1) Reflects LTM June 21 pro forma financials, based on Consideration of \$307.5m and post-AASB 16 EBITDA and EBIT of \$35.5m and \$29.8m, respectively. Pro forma EBITDA adjusted to exclude non-recurring items such as government incentives and reflect the transaction perimeter. Presented on a post-AASB 16 basis, in line with HT&E’s disclosure.*



## STRATEGIC RATIONALE

Grant Broadcasters is a highly synergistic acquisition and a strong cultural fit with HT&E. The acquisition is strategically compelling and complementary for HT&E.

- High quality footprint across regional Australia where HT&E does not have a scale presence
- Provides access to growing regional audiences, with a population of 9.1 million people
- Enhances HT&E's ability to deliver content across multiple platforms and capitalises on the shift towards digital audio consumption
- Strong national agency opportunities are expected to be created that will provide incremental revenue opportunities for the enlarged business to leverage
- Supports ease of transacting for media agencies and clients through expansion of reach and touchpoints
- Attractive financial metrics, with potential to generate material revenue synergies in excess of \$20 million per annum within three years

## ACQUISITION FUNDING

HT&E has agreed to acquire Grant Broadcasters for \$307.5 million (Consideration) payable 77.5% in cash and 22.5% in new ordinary HT1 shares.

The Consideration to be funded by:

- c.\$238 million of cash and debt from HT&E's cash reserves and existing facilities
- HT&E shares issued to the Grant Broadcasters vendors at \$1.93 per share<sup>(2)</sup> at completion of the Acquisition

The Acquisition is expected to deliver 20%+ EPS accretion on a LTM June 21 pro forma basis before synergies and one-off integration costs

HT&E's net debt / June 21 pro forma adjusted LTM EBITDA ratio at completion of the Acquisition is expected to be c.1.4x, which provides HT&E with ongoing balance sheet flexibility to support continued investments in organic and inorganic growth initiatives.

## COMPLETION TIMING

The acquisition is expected to complete by January 2022, subject to the satisfaction of conditions precedent, which include relevant ACMA consents, the transfer of certain employees and the novation and consents for certain contacts.

## ADVISERS

HT&E is being advised by Jefferies Australia, Hogan Lovells, King & Wood Mallesons, KPMG, Gilbert & Tobin and Holding Redlich. Grants Broadcasters is being advised by KPMG, CML Lawyers and William Buck.

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<sup>(2)</sup> Calculated as the 5-day VWAP up to and including 11 November 2021.



## OUTLOOK

### ARN

Revenues for the September quarter grew 17% on the prior comparative period, with consistent ratings and a strong commercial offering driving increased yield on certain key stations. October radio revenues finished up 8.1%, ahead of the broader radio market, up 6.1%.

Forward bookings are pacing well ahead of same time last year, and radio revenues are expected to finish 5-10% up for the quarter on a strong comparative period in 2020.

Digital audio revenues continue to gain strong traction and now average c.\$1.5 million per month, up from c.\$1 million in the previous quarter.

The full year cost outlook remains unchanged with total people and operating costs expected to finish c.\$2-3 million above 2019 levels.<sup>(3)</sup>

### Soprano

Soprano maintained its recent strong financial performance for the year ended 30 June 2021, with total revenues up 25% to \$93.9 million, gross profits up 12% to \$52.5 million, and underlying EBITDA up 23% to \$27.2 million, driven by organic growth and the successful integration of the Silverstreet acquisition. Performance in September '21 quarter achieved budgeted growth and the business remains on track to meet forecasts for the December '21 quarter.

### Cody Outdoor

Full year revenues expected to finish between HKD120-125 million, up c.40% on 2020, as the post COVID recovery continues. The business has returned to being cashflow positive on a monthly basis.

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<sup>(3)</sup> Before costs associated with disposed businesses (iNC & The Roar) in 2019 (\$3.6 million).



### **INVESTOR BRIEFING AT 11AM (AEST)**

HT&E will host an investor and analyst briefing commencing at **11.00am (AEST) today**.

- The live webcast registration link is: <https://edge.media-server.com/mmc/p/8fmgok2p>
- If you would like to join via teleconference, please register at the following link prior to the event: <https://apac.directeventreg.com/registration/event/1534708>
- The material will also be archived and available for replay later on the HT&E Investor Relations page: <http://investorcentre.htande.com.au/>

### **UBS CONFERENCE 15 NOVEMBER 2021**

In addition to the investor briefing at 11:00am today, HT&E will be presenting this same material at the UBS Australasia Conference on Monday, 15 November 2021.

Please also refer to the Investor Presentation released to the ASX today for further detail.

ENDS

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This announcement and the investor presentation also released today have been authorised for release by the Board of HT&E Limited. For further information, please contact:

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