

'Better Together'

Acquisition of Grant Broadcasters

12 November 2021



A transformative transaction for HT&E, bringing two great businesses together to create a truly national broadcast radio network of scale

An acquisition unlocking new growth markets and audiences, with the potential for significant digital audio expansion.

This acquisition is highly accretive to HT&E shareholders with future revenue synergies as we build a footprint across every state and territory in Australia.

The combined network will be made up of 58 stations, across 33 markets, delivering innovative, digitallyenabled commercial solutions at the scale advertisers seek.

With an unwavering commitment to live, local and multi-platform content, across an 8 million strong broadcast and digital distribution network, this acquisition presents an appealing proposition for our clients, listeners, staff and shareholders.

Transaction Summary

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Transaction summary

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Acquisition of Grant Broadcasters	 HT&E Limited (HT&E) has entered into a binding agreement to acquire the legal entities and certain assets owned by Grant Broadcasters Pty Limited (Grant Broadcasters or the Acquisition) for \$307.5 million on a cash and debt free basis (Consideration) Consideration is payable as 77.5% in cash and 22.5% in new ordinary HT&E shares to the Grant Broadcasters vendors Funded through existing cash reserves, undrawn financing facilities and the issuance of HT&E shares Acquisition multiple of 8.7x⁽¹⁾ LTM June 21 pro forma EBITDA and 10.3x⁽¹⁾ LTM June 21 pro forma EBIT Expected to deliver 20%+ EPS accretion on a LTM June 21 pro forma basis, before synergies and one-off integration costs Grant Broadcasters to nominate one representative to join the HT&E Board
Overview of Grant Broadcasters	 Family-owned business, founded in the 1940s and has expanded through organic growth and acquisitions Leading provider of regional radio in Australia, with a national presence across more than 26 markets Scale network with a portfolio of 46 stations, including 38 FM stations and 8 AM stations LTM June 21 pro forma revenue of \$100.7 million and EBITDA of \$35.5 million and strong cashflow generation Focus on providing live and local content to the communities it serves
Strategic Rationale	 High quality footprint across regional Australia where HT&E does not have a scale presence Provides incremental scale through 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 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 p.a. within three years

. 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.

Transaction summary

Funding	 The Consideration to be funded by: c.\$238 million of cash and debt from HT&E's cash reserves and existing facilities, including proceeds from disposal of oOh!media stake HT&E shares issued to the Grant Broadcasters vendors at \$1.93 per share⁽¹⁾ at completion of the Acquisition Pro forma leverage at completion of the Acquisition is expected to be ~1.4x⁽²⁾ Provides HT&E with ongoing balance sheet flexibility to support continued investment in organic and inorganic growth initiatives 						
Transaction structure	 HT&E will acquire the radio and digital operations owned by Grant Broadcasters, including 43 legal entities and certain relevant assets. Geelong Broadcasters Pty Limited (Geelong) and certain joint ventures are excluded from the transaction perimeter Transaction includes the acquisition of The Radio Sales Network (TRSN) Acquired assets will include land and buildings, transmitter and translator sites valued in excess of \$10 million 						
Timing and conditions precedent	 Completion of the Acquisition is expected in on 30 November 2021 and is subject to customary conditions precedent, including: Relevant ACMA consents, including approval of temporary breach and proposed divestment of 4KQ (Brisbane) licence The novation of certain employee contracts into the transaction perimeter Novation and consents for certain contracts on a change of control 						
Image: Sector of the sector							

HT&E

Grant Broadcasters



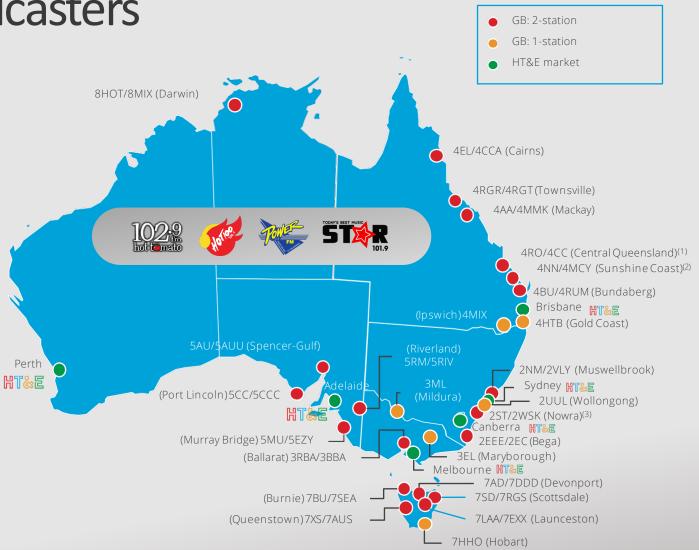
Galey, Emily Jade & Christo | Gold Coast

Overview of Grant Broadcasters

Founded in 1942, Grant Broadcasters is a family-owned and operated regional radio broadcaster

Portfolio includes 46 radio stations, across 26 Markets

- 38 FM stations, 8 AM stations
- 4 additional stations in DAB+ in Hobart and Darwin, with Gold Coast expected to go live in early 2022
- Of these markets, 15 are non-competitive and 11 are competitive
- Grant Broadcasters has c.700 employees across its four key regions, including the national sales team (TRSN) and centralised supporting teams
- LTM June 21 pro forma revenue \$101m; EBITDA \$36m

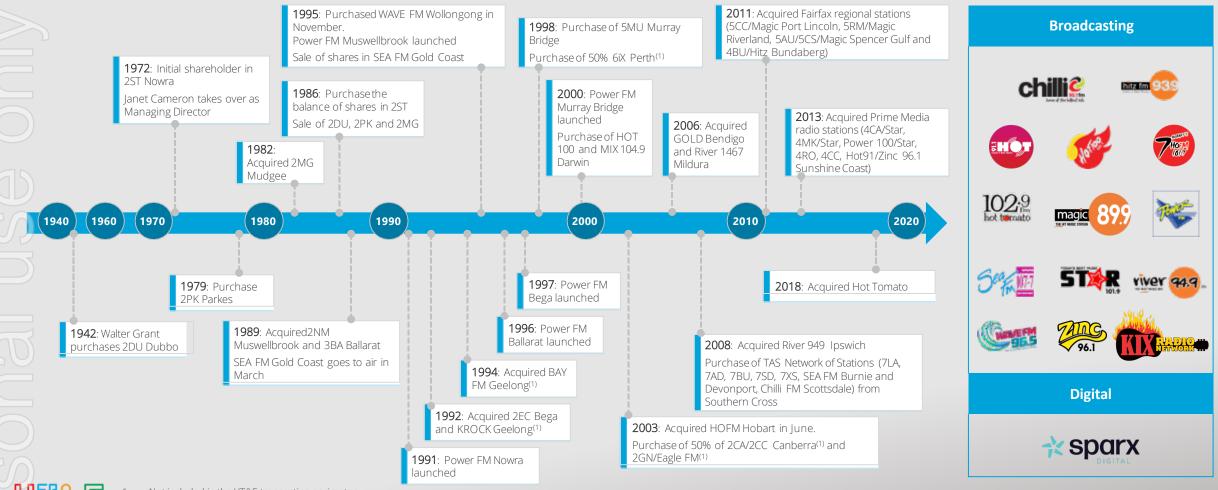


. 2 markets Gladstone and Rockhampton combined, both in Rockhampton LAP.

2. 1 market over two LAPs Nambour and Gympie.

History of Grant Broadcasters

Grant Broadcasters has expanded through acquisitions since the late 1980s



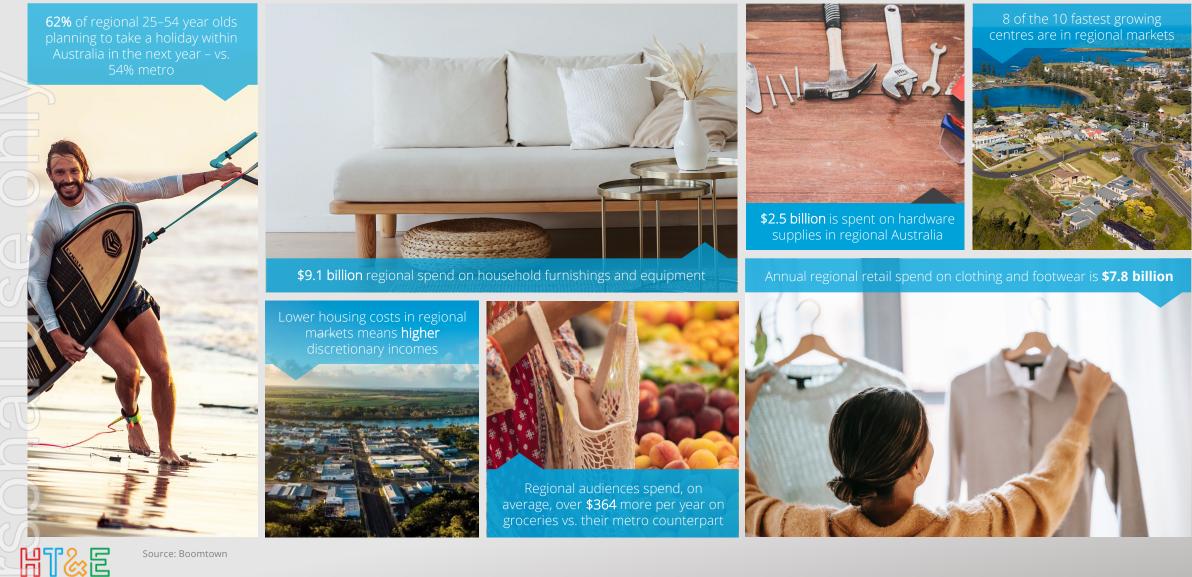
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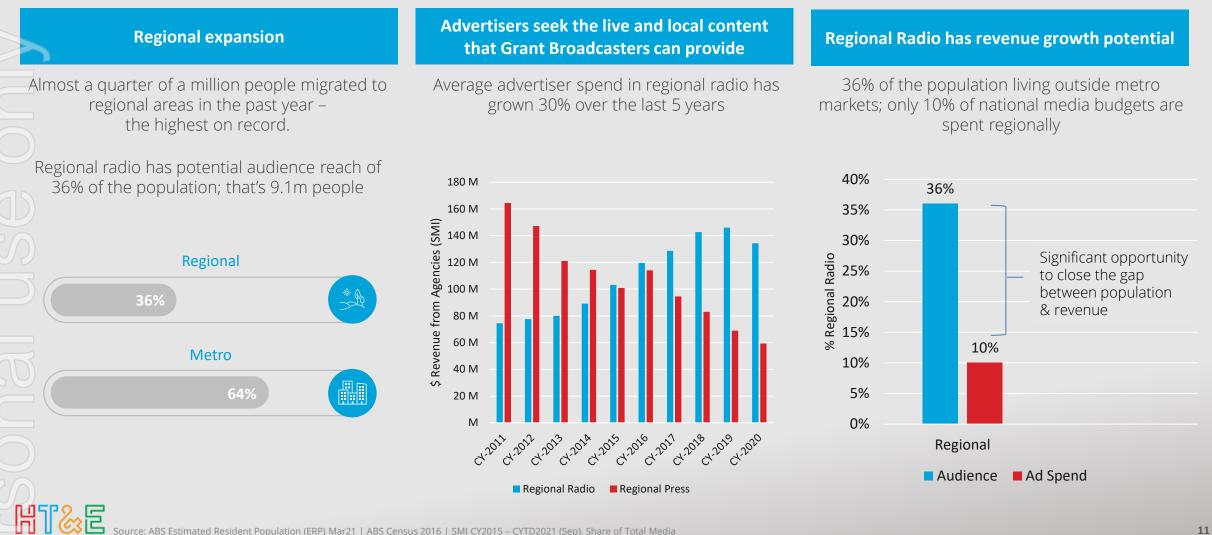
Regional Australia Opportunity



Regional Australia is a powerful market for advertisers



Regional Radio offers increasing advertising opportunities



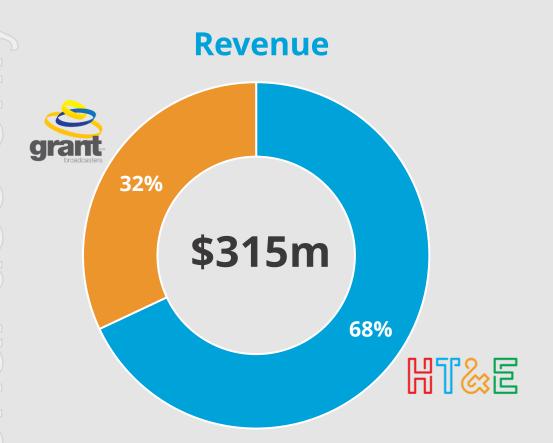
Financial Overview

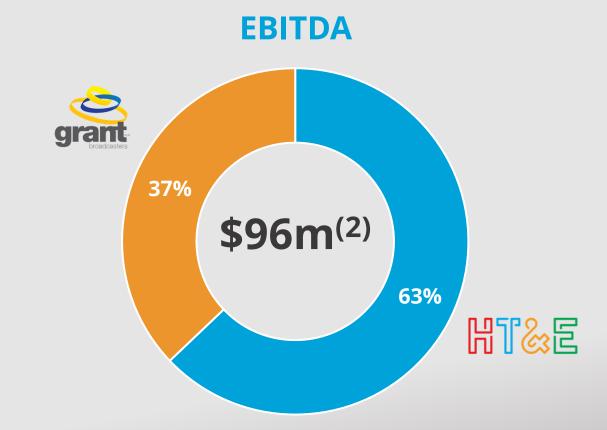


Acquisition delivers material scale

PF financial profile – LTM June $2021^{(1,2)}$

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2. Reflects reporting on a post-AASB 16 basis, in line with HT&E's reporting disclosure.

Highly accretive transaction <u>before</u> revenue synergies



2. LTM June 21 pro forma prepared on a post-AASB 16 basis, in line with HT&E's disclosure.

Strong underlying earnings and a conservative capital structure

Pro forma financial profile – LTM 30 June 2021⁽¹⁾ (Post-AASB 16)

A\$ million	HT&E	grant	出て&E Pro forma	
Revenue	214	101	315	
EBITDA	60	36	96	
EBITDA margin	28%	35%	30%	
EBIT	46	30	76	
EBIT margin	22%	30%	24%	

Pro forma leverage – 30 June 2021⁽²⁾ (Pre-AASB 16)

A\$ million, 30 June 2021	Net Debt		
HT&E standalone net debt / (cash)	(122.4)		
H121 interim dividend	9.7		
Cash consideration	238.3		
Transaction costs	7.0		
Tax liability settlement ⁽³⁾	29.9		
Exit from oOh!media investment	(49.0)		
PF Net Debt	113.5		
CombineCo LTM PF EBITDA (Pre-AASB 16)	80		
Pro forma leverage	1.4x		

HT&E LTM 30 June 2021 calculated as 2HCY20 plus 1HCY21. Grant Broadcasters reports on a 30 June financial year end.

. Leverage calculated using pro forma LTM June 21numbers prepared on a pre-AASB 16 basis, in-line with HT&E debt covenants

3. Reflects additional \$20.3m payment due under the settlement agreement with ATO dated 29 October 2021, and the approximate impact of adjustments to future tax returns for interest deductions claimed under previously lodged tax returns

5

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Strategic Rationale



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Compelling acquisition for audiences, advertisers, our people and shareholders

DEFINING AUDIO

Increased scale

Materially enhances ARN's existing audience reach into new markets with significant opportunity to expand digital audio footprint

High growth regions

Australian regional population currently comprises c.35% of total population and is growing; a trend accelerated by COVID

Material synergies

Significant revenue synergy benefits likely achievable within three years post acquisition

Attractive financial metrics

Expected to deliver +20% LTM June 21 pro forma EPS accretion⁽¹⁾ and strong cashflow generation

EHO:

STAR

High quality brands and footprint

High-quality portfolio of established 'heritage brands' with presence in key regional markets across Australia

Complementary advertising base

Opportunity to leverage existing ARN advertiser relationships across regional network, with increased adoption of digital audio aiding addressability and accountability

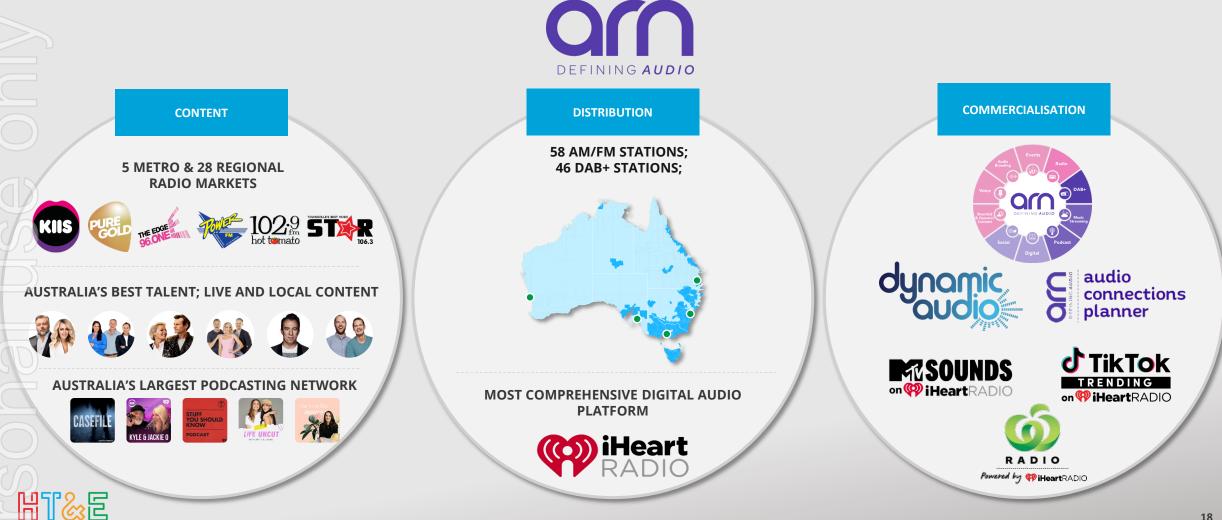
Strong cultural fit

Highly experienced radio and digital audio management teams, with strong connections to their local markets

<u>Conservative capital structure</u> Pro forma leverage of $\sim 1.4x^{(2)}$

Delivering the future needs of audiences and advertising partners

Best-in-class broadcast radio and digital audio business



HT&E

Trading Update



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19

Trading Update

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.

Full year cost outlook remains unchanged with total people and operating costs expected to finish c.\$2-\$3m above 2019 levels⁽¹⁾.

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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Appendices

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HT&E Profit and Loss Statement – Pro forma (30 June 2021)

A\$ million, Last 12 months to 30 June	Statutory	Exceptional items	Reported	Grant Broadcasters acquisition	Pro forma
Revenue before finance income	214.1	-	214.1	100.7	314.8
Other income	7.0	(5.8)	1.2	1.0	2.2
Share of associate profits	7.9	-	7.9	-	7.9
Costs	(160.0)	(3.0)	(163.0)	(66.2)	(229.2)
EBITDA	69.0	(8.8)	60.2	35.5	95.7
Depreciation and amortisation	(3.9)	-	(3.9)	(2.8) ⁽¹⁾	(6.8)
Depreciation – Leases	(9.9)	-	(9.9)	(2.9)	(12.8)
EBIT	55.1	(8.8)	46.3	29.8	76.1

1. Does not reflect any additional depreciation or amortisation that may eventuate from the recognition of intangibles under purchase price accounting principles

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HT&E Balance sheet – Pro forma (30 June 2021)

	Reported	Pro forma impact	Pro forma impact	Pro forma impact	Pro forma impact	Pro forma
A\$ million	Jun 2021	Tax liability settlement	Exit of oOh!media stake and H121 dividend	Grant Broadcasters contribution ⁽³⁾	Grant Broadcasters acquisition ⁽⁴⁾	Jun 2021
Cash and cash equivalents (incl deposits)	126.7	(29.9) ⁽¹⁾	39.3 ⁽²⁾	-	(136.1)	-
Receivables	49.1	-	-	14.6	-	63.6
Income tax receivable	3.3	(3.3)	-	-	-	-
Other current assets	2.9	-	-	0.0	-	2.9
Asset held for sale	22.2	-	-	-	-	22.2
Property, plant & equipment	18.9	-	-	24.5	-	43.4
Right-of-use assets	26.4	-	-	7.3	-	33.7
Intangible assets	373.1	-	-	279.7	-	652.8
Deposit of tax in dispute, net of provision	1.8	(1.8)	-	-	-	-
Other non-current assets	83.4	-	(48.4)	-	-	35.0
Total assets	707.9	(35.1)	(9.1)	326.1	(136.1)	853.8
Payables	24.4	-	-	3.7	-	28.1
Other current liabilities	16.6	2.4	-	6.6	-	25.7
Bank loans	4.3	-	-	-	109.2	113.5
Lease liabilities	36.8	-	-	7.7	-	44.5
Deferred tax liabilities	120.8	-	(9.1)	-	-	111.7
Other non-current liabilities	3.8	-	-	0.7	-	4.5
Total liabilities	206.7	2.4	(9.1)	18.6	109.2	327.9
Net assets	501.2	(37.5)	0.0	307.5	(245.3)	525.9

Reflects additional \$20.3m payment due under the settlement agreement with ATO dated 29 October 2021, and the approximate impact of adjustments to future tax returns for interest deductions claimed under previously lodged tax returns, and pro forma impacts to balance sheet accounts

2. Includes H121 interim dividend payment of \$9.7m (Sept 2021) and proceeds from exit of oOh!media stake on 2 November 2021 of \$49m

3. Based on 30 June 2021 balance sheet of transaction perimeter with all consideration in excess of purchased net assets disclosed as intangibles. This value will be subject to a formal purchase price accounting process that will be completed within 12 months of acquisition

4. Inclusive of \$7m estimated acquisition related transaction costs

Disclaimer

HT&E Limited (HT&E) does not accept any liability to any person, organisation or company for any loss or damage suffered as a result of reliance on this document. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements, and are subject to variation. All forward-looking statements in this document reflect the current expectations of HT&E concerning future results and events.

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HT&E uses certain measures to manage and report on its business that are not recognised under Australian Accounting Standards. These measures are collectively referred to as "non-IFRS financial measures" and include EBITDA before exceptional items, EBIT before exceptional items and net profit before exceptional items.

Figures, amounts, percentages, prices, estimates, calculations of value and fractions in this presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this presentation.

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This presentation along with today's market announcement have been authorised for release on the ASX by the Board of HT&E Limited.

26