



**HT&E Limited**  
**2018 Annual General Meeting**  
**SYDNEY, 7 May 2018**

## **Chairman's Address to Shareholders**

The structural transformation at HT&E is now finalised. We have completely exited publishing. Our focus is on the two pillars of Radio and Outdoor, strong operating performance and growth. We will continue to make bolt-on acquisitions and equip our business to thrive in the “new economy” Digital era.

First, let me address recent market commentary:

- Your Board and management team are absolutely clear that the best interests of the Company as a whole, is at the centre of everything we do.
- After a number of years of transformation, our focus is on operating the Company and driving synergy benefits between the divisions.
- We have a number of highly attractive media assets in Radio and Outdoor. Adshel is a very valuable asset – both as a standalone and as part of the HT&E Group.
- We have appointed advisers. We are willing to engage on any proposal that offers compelling value for shareholders – on any asset.

### **The Power of HT&E's combined assets**

In 2017, we were able to focus on Radio and Outdoor, which for the first time were 100 per cent owned businesses.

These two growth pillars make HT&E a unique media company in Australia.

There are growing synergies and benefits in having strong Radio and Outdoor assets in the one company, including cross-promotion, cross-selling and product development, and the ability to leverage the effective combination of sight and sound working together.

Our CEO, Ciaran Davis, will discuss this in more detail.

### **Turning to the 2017 Financial Results**

In 2017, looking at the statutory results on a pro-forma basis, from continuing operations, revenue would have risen by 3 per cent, to \$472.3 million, and EBITDA before exceptional items would have increased by 1 per cent to \$118 million compared to 2016.

Results were below expectations, and actions have been taken to deliver a stronger performance in 2018.

The Board believes the right strategy is in place now, and with our experienced management team, HT&E is committed to delivering improved results for shareholders over the long term.



Dividend payments recommenced in 2017, with 7 cents per share paid during the year. Our dividend policy has a payout ratio of 40-60 per cent of underlying NPATA when leverage is less than 2.0 times. In February this year, the Board declared a fully franked final dividend of 4 cents per share.

Our balance sheet position is strong, with net debt less than 1 times EBITDA at the end of the 2017 financial year.

We have sufficient capacity to cover any potential negative outcome on the tax dispute. The Board remains confident in our position and we will continue to pursue all avenues to achieve the best possible outcome for the Company and its shareholders.

### **Board Renewal**

Peter Cullinane has recently taken on the role as Chairman of NZME. It's an appropriate time for him to step down from the HT&E Board. Peter was appointed to the Company's Board in November 2013 and has served as Chair of the Remuneration Committee. He also played a key role throughout and following the demerger of NZME, remaining on both Boards to ensure a smooth transition.

On behalf of the Board and management team, I would like to thank Peter for his significant contribution to the Company.

In late 2017, we commenced a search for new Board members.

I would like to take this opportunity to welcome our newly appointed Director, Robert Kaye, who joined the Board in February. Robert has extensive Board experience and a strong legal background as a Senior Counsel. His skill-set is a welcome addition to the Board. Subject to his election today, Robert will Chair the Remuneration Committee.

In further changes, Paul Connolly has been appointed Chair of the Nomination and Governance Committee. We are currently conducting both a Board Review and the search for an additional Director and have engaged advisors on both.

### **Our Focus**

HT&E's focus is to create shareholder value, with four objectives:

- to grow our audience base;
- diversify revenues;
- expand digital and data capabilities; and
- optimise integration.

The media segments in which we operate continue to see audience growth, at a time when there is significant disruption in the media industry, and where social media and search companies are dominating advertising spend.



Our radio business, ARN, is a consistent performer, it is very cash generative. We have used that cash to invest in the digitisation of Adshel, pay dividends to shareholders, and make investments in growth sectors such as eSports. At an appropriate time, we will consider a share buy back. In our view, radio deserves higher value multiples than currently being applied across the sector.

Outdoor is in a very dynamic phase. Street furniture in particular is an exciting segment. As digitisation and data capabilities improve, advertisers will benefit from more flexibility and innovation. We have recently launched time/ day/ location trading across Adshel's digital network, which has significant growth potential.

### **HT&E in 2018**

HT&E is well-positioned with its current businesses. 2018 is all about operational focus and good capital management, which will drive shareholder value.

2018 will be our first "Clean Year" since the transformation and will provide a better picture of maintainable earnings going forward. We are in attractive sectors, selected for their growth potential, we have a strong balance sheet and an experienced management team.

### **Thank you**

On behalf of the Board, I would like to express my gratitude to everyone at HT&E for their efforts over the past 12 months. I also wish to thank my fellow Directors and the management team for their hard work and contribution in 2017 and in particular, for completing the transformation.

Finally, and above all, I would like to thank you, our shareholders, for your continuing support.

*Ends.*

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