



MARKET ANNOUNCEMENT

HT&E 2019 FULL YEAR RESULTS

ARN growing market share from ratings wins

- ARN #1 metropolitan network in Australia 2019
- Winning market share in challenging cyclical advertising market
- Strong, predictable cash flows drives industry leading EBITDA margin of 31%
- Resilience of radio highlighted, maintaining audience and share of ad spend
- Clear digital strategy for growth in expanding and complementary audio sector
- Strongest balance sheet in media sector – \$111m net cash and \$250m undrawn debt
- Declared fully franked final dividend of 4.6cps, with a payout ratio of 70% of underlying NPAT
- Ongoing strong cost management
- Exited non-core investments with potential significant value still to be realised from interests in Soprano and Lux Group

Financial Performance

A\$ million ³	2019 Reported	2019 Pre AASB 16	2018 ¹
Revenue before finance income	252.7	252.7	271.8
Other income	6.7	6.3	7.4
Share of associate profits	2.5	2.5	0.5
Costs	(186.2)	(201.6)	(207.9)
Underlying EBITDA²	75.6	59.9	71.8
Depreciation and amortisation	(18.8)	(4.8)	(4.6)
Underlying EBIT²	56.9	55.2	67.2
Net interest income / (expense)	(2.3)	0.1	(6.0)
Net profit before tax²	54.6	55.2	61.2
Taxation on net profit	(16.1)	(16.2)	(19.0)
Net profit after tax (NPAT)²	38.5	39.1	42.2
Less non-controlling interest	(4.3)	(4.3)	(5.5)
NPAT attributable to HT&E shareholders²	34.2	34.7	36.7
Exceptional items net of tax	(48.4)	(48.4)	0.9
NPAT from discontinued operations	-	-	188.0
NPAT attributable to HT&E shareholders	(14.2)	(13.7)	225.5
Underlying EPS (cps) ²	12.0	12.2	11.9
Final dividend per share (cps)	4.6	4.6	4.0

(1) 2018 not restated for transition to AASB 16 Leases
(2) Before exceptional items and discontinued operations
(3) Totals may not add due to rounding



SYDNEY, 24 February 2020 – HT&E Limited (ASX: HT1) today released its results for the 12 months ending 31 December 2019.

ARN has reaffirmed its position as the #1 rating metropolitan radio network in Australia, growing commercial market share in the final quarter as a result of strong ratings wins.

This result was achieved in a challenging media market affecting revenue and earnings with the Australian metro radio sector down 6.2% on the prior year.

Chairman, Hamish McLennan, said, “HT&E is in a very strong position delivering great results and winning market share in a tough cyclical advertising market.

“The Company is highly profitable, cash generative with a new lean corporate structure that leaves it poised to capture upside in any recovering ad market.

“We have made some difficult but correct decisions regarding selling non-core assets and on top of this the potential sales process for Soprano and Lux Group could deliver substantial uplift for shareholders.

“We have increased our dividend and are now paying between 60% and 80% of our profit to shareholders, with the continuation of our on-market buyback which is earnings accretive for shareholders. We also have the flexibility to explore the right strategic opportunities in a market that may consolidate further.

“The balance sheet remains very strong with cash of \$111 million and \$250 million undrawn debt as at 31 December 2019.

“The Board has declared a final dividend of 4.6 cents per share for 2019, payable in March 2020.

“Regarding the New Zealand Branch ATO matter, we remain confident in our position and are prepared to pursue the matter fully through litigation. As a result of recent accounting standards interpretation on uncertain tax matters, \$30 million is now reflected on the balance sheet. This figure is only an estimate derived from a wide range of potential outcomes and may or may not reflect the final outcome. Litigation, and any resolution, may take several years.”

CEO & Managing Director, Ciaran Davis, said, “ARN finished the year as the #1 metropolitan network in Australia. In a difficult market we have the highest audience reach in the history of ARN with 5.3 million listeners every week, and our commercial offering is winning share.

“This result reflects the success of our investment in talent and locking in the early extension of key long-term contracts across breakfast slots in Sydney and Melbourne provides assurance for our advertisers and great content for our listeners.

“We are also delivering a clear and unique digital strategy providing radio, music streaming and podcasts all on the one platform, iHeartRadio. This licence, extended to 2036 on an exclusive basis, gives us an incredible competitive edge that simply cannot be replicated, and augments our investment in data and technology to grow our share of the digital audio advertising markets. The future of podcasting is particularly exciting, and we are well placed in this growing market as a result of launching iHeart Podcast Australia, now offering the most comprehensive podcast content offerings for listeners and advertisers that is currently delivering 30 million download impressions a month.



“Our focus for 2020 is on strengthening our position as a leader in audio entertainment and I am confident we have all the building blocks in place to grow audiences, expand distribution and gain market share.”

Australian Radio Network

- Extension of iHeartRadio licence to 2036 – complementary digital strategy to deliver meaningful growth over the next three years
- ARN’s highest reach in history – 5.3 million listeners every week
- Multi-year contract extensions secured for Kyle & Jackie O, Jonesy & Amanda, Christian O’Connell and Jase & PJ
- Ongoing dominance of Sydney duopoly, KIIS and WSFM complemented by significantly improved ratings in the key focus markets of Melbourne and Perth

Ratings momentum from 2018 continued throughout the year, with ARN regaining the #1 national 10+ radio network position, ARN held this position from Survey 5 to Survey 8, 2019 and finished the year with not only the #1 share position but also had the highest reach in its history at 5.3 million.

Multi-year contract extensions were secured for Kyle & Jackie O, Jonesy & Amanda and Christian O’Connell, providing our business with a solid platform and certainty for future investment and commercialisation. During the year we further increased our data capabilities, establishing a dedicated Data and Analytics team and data management platform. While the revenue from iHeartRadio remains small relative to that of traditional broadcast radio, we are confident of delivering meaningful growth over the next three years. ARN commenced integrating the platform with our traditional on-air broadcast assets, which saw a 33% growth in registered users of the iHeart app, and over 2.2 million downloads (22% growth).

Leveraging podcasting has significant potential for ARN, providing advertisers with the opportunity to amplify campaigns using broadcast to podcast strategies powered by enhanced data and targeting capabilities. Podcasting is currently a small contributor to total advertising revenues in Australia however with high levels of awareness and uptake by Australians, its significance will grow relatively quickly.

During the year ARN entered into an agreement with iHeartMedia that gives ARN exclusive commercial rights across podcasting inventory available from the iHeart Podcast Network, the #1 commercial podcast publisher in the United States.

Trading Update

In radio, market trading conditions in January were consistent with H2 2019. ARN remain ahead of market with mid-single digit declines. Strong cost management is being maintained as we continue to assess market conditions. Overall cost growth limited to CPI as savings in core operations are offset by incremental investments in digital audio content, audiences and revenue growth strategies.

In Hong Kong, trading at the start of the year, against strong comps, saw some recovery from declines in H2 due to the easing of protests. No bookings have been cancelled to date due to Coronavirus. Clients non-committal for Q2 as the impact of the outbreak is still being assessed.

ENDS



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