

HT&E AGM CEO's Address, Thursday 5 May 2022

[SLIDE 5]

Good morning everyone.

[SLIDE 6]

I am pleased to report that 2021 was a strong year for HT&E.

Group revenues were up 16% to \$225m with returning advertiser confidence leading to improved ad spend, despite extended lockdowns in the second half.

Strong cost management contributed to underlying EBITDA of \$59.8 million, up 21%, with EBIT up 41% to \$45.9 million.

NPAT nearly doubled to \$28.8 million with the effective tax rate on underlying Australian operations remaining stable at just over 30%.

Underlying EPS was 10.4 cents per share, up 89%.

Our radio operation is an incredibly strong cash generating business with cash flow from operating activities of \$34.2 million, and the sale of our interests in OML and Luxury Escapes further improved our cash position as we prepared to close the acquisition of Grant Broadcasters.

The Group's dividend policy, with a payout ratio of between 60% and 80%, reflects the highly profitable and cash generative nature of the Group and a final dividend of 3.9 cents per share was declared taking full year fully franked dividends to 7.4 cents.

[SLIDE 7]

Before I talk in more detail about ARN, it is worth noting the strong performance of our other investments.

Cody Outdoor improved substantially in the year with fewer lockdowns and a successful government vaccination program in the second half. Revenues were up 44% to \$22 million and EBITDA up 49% to \$10.5 million.

Although we were unsuccessful in retaining the HK Tramways contract, the high fixed rent structure and losses generated over the past 2 years meant we were not particularly upset with the loss. Our focus is now on right-sizing the business to ensure Cody remains cashflow positive in 2022.

Briefly looking at Soprano, where despite the increased investment in R&D and portfolio diversification to drive customer acquisition, pro forma revenues grew 22% to \$119.5 million and EBITDA increased 11% to \$30.2 million.

Although operating in an attractive market sector, our investment in Soprano remains non-core and we continue to work with Macquarie capital to secure an exit.

[SLIDE 8]

Looking at ARN, where total revenue was up 12% to \$196 million and EBITDA up 16% to \$53.8 million.

Radio listenership continues to grow and the resilience and relevance of the medium has been strengthened during the Covid pandemic. Broadcast radio revenues were up 13% to \$186 million thanks to market leading ratings results and the solidifying of significant share gains we have made since the start of 2019.

Exponential growth in consumer demand for digital audio and growing advertiser propensity to engage, saw digital revenues grow 48% to just over \$9 million with podcasting the key contributor. I will touch on the growing importance of digital audio to our business later in the presentation, but in 2022, we expect that number to increase by over 50%.

Total costs rose 14% on a like basis driven by higher cost of sales on improved total revenues and people and opex cost growth.

Resulting EBITDA was up 17% to \$58.4 million on a like basis, with an improving margin, up 1 percentage point to 27%.

ARN delivers Australia's most complete audio offering and the business is exceptionally well positioned to take advantage of future audio opportunities and improving advertising sentiment. Our goal is to build the best broadcast radio and digital audio business in Australia, offering our audiences and advertisers a gateway to develop deeper connections in the booming world of audio.

[VIDEO PLAYS]

[SLIDE 10]

Our strategy is to provide the best in audio content, distribution and commercial innovation providing the most comprehensive audio experience for our listeners and the most comprehensive audio solutions for our advertising partners.

We are a content business with radio being the foundation for our continued growth. Our quality content is delivered by Australia's best talent and supported by brands our listeners know and trust right across Australia.

Our increasing distribution footprint is across a national network of broadcast stations and backed by our leading digital audio platform – iHeartRadio.

All of this is complimented by a suite of innovative data and technology-led commercial products and partnerships that work together to meet the needs of our audiences and advertisers, offering scale, multi-platform content, digital data and targeting capabilities, and increasing the ease of commercial transaction.

[SLIDE 11]

2021 was another year dominated by consistent, leading ratings performances across our network.

In broadcast radio, we again finished the year as the number 1 metropolitan network. Reaching over 5.4 million people, we are very proud that we recruit and retain the best of Australia’s on-air talent who continue to perform.

Kyle & Jackie O are now 26 surveys as No. 1 in the Sydney market.

Jonesy & Amanda are a strong No. 2 breakfast show.

Gold in Melbourne is the No. 1 FM station, with Christian O’Connell No. 1 breakfast show for 13 consecutive surveys.

Mix in Adelaide and 97.3 in Brisbane continue to perform exceptionally well.

And Will & Woody, our KIIS drive show, is No. 2 nationally.

I am pleased to say that this market leading performance has continued into 2022 with Number 1 positions being once again secured in surveys 1 and 2 this year.

[SLIDE 12]

Momentum is also building in the world of digital audio – particularly podcasting.

Australia is one of the world’s leading consumers of podcasting content with 37% of the population listening on a monthly basis. Last year alone, over 540 million podcasts were downloaded.

ARN has been the number 1 publisher network for 24 consecutive surveys but more importantly from an advertiser perspective, we held 7 of the Top 20 Podcasts – including Casefile, Life Uncut and Stuff You Should Know.

Like broadcast radio, we have made a strong start to 2022 and maintain our leading position. We are investing in the creation of new podcast content and our broadcast to podcast strategy is growing audiences and providing new commercial opportunities

[SLIDE 13]

As Hamish has mentioned, we are very excited by the opportunity the acquisition of Grant Broadcasters presents.

Regional Australia is a booming consumer market with 8 of the 10 fastest growing centres being in regional markets. Last year, over 250,000 people moved to regional locations driven in part by the change to work practices brought about by Covid.

Lower housing costs in regional markets means higher discretionary incomes. \$9.1b is spent on household furnishing and equipment; \$2.5b on hardware supplies; and \$7.8b on clothing and footwear – all key categories for radio advertisers.

With 36% of the population living in regional Australia, yet only 10% of national advertising allocated to these markets, we see the opportunity to grow national revenues by over \$20 million per annum within the next 3 years.

[SLIDE 14]

The acquisition creates a truly national network of 58 stations, 46 DAB stations across 33 markets, and we have more than doubled our broadcast and digital audience footprint to over 8 million.

In 2021, our ARN Regional business had pro-forma revenues of \$105 million driven by exceptionally robust local revenues of \$71 million.

When combined with our existing operations, the HT&E Group had consolidated pro-forma revenues at the end of 2021 of \$330 million and EBITDA of \$96 million.

After completing the purchase in January, we immediately commenced our integration plan with 3 clear priorities for the year –

- Firstly - to ensure the regional broadcasting business continues to perform strongly

- Secondly, to grow ARN's share of national revenue

- and thirdly, to rollout out iHeartRadio across the regions, growing our digital footprint

[SLIDE 15]

The integration programme is on schedule and we are beginning to see early signs of benefits coming through.

All regional stations have been ingested into the iHeartRadio platform and rolled out across the network with an immediate uplift in streaming and user sessions.

We have commenced the syndication of our top performing shows such as Kyle & Jackie O, Christian O'Connell, Jonesy & Amanda, and Will & Woody which will help provide national and local sponsorship opportunities.

We have taken our new commercial offering to clients and advertising partners and the full integration of TRSN – the national sales team - is on track to be completed by the end of June.

Lots of systems integration is already underway and on track to be completed by the end of June

Pleasingly, today we announced we have signed a contract to sell 4KQ – the Brisbane radio station - to a subsidiary of Sports Entertainment Group Limited. The sale of 4KQ was required by the Australian Communications and Media Authority (ACMA) following HT&E's acquisition of Grant Broadcasters.

The contract is for the sale of the 4KQ assets for a headline price of \$12m payable in cash, reflecting a transaction multiple of 11.9x normalised EBIT.

The sale is subject to various conditions being satisfied or waived, including among others, consent by ACMA to the proposed purchaser.

[SLIDE 16]

In addition to the integration of ARN Regional, we are also determined to capitalise on our already strong market position and realise future returns for shareholders through our investments in the booming world of digital audio.

These investments are being undertaken now against the backdrop of a returning radio market and a conservatively geared balance sheet, while continuing to deliver a strong dividend stream to shareholders

In 2022, we are investing an additional \$8-9 million and are confident our digital audio strategy will be profitable in 3 years.

In podcasting, we will be investing to increase our slate of original content and build a commercial offering capable of driving meaningful revenue growth.

Live streaming of radio on digital platforms has accelerated during Covid with 66% of the population now listening on the device of their choice. We will be investing in the iHeartRadio brand, building our 1st party data, and encouraging our audiences to listen live on the platform.

And finally, we have recently relaunched our Sydney station, The Edge, as new national youth culture brand called Cada.

Targeting the 3.4 million lucrative, but elusive, 15-29 year old Australian demographic, Cada is building a new model for digital audio and content creation.

Championing one of the most popular genres of music in Australia – Hip Hop and R and B - a space untouched by other commercial media, Cada will build an audience on the platforms in which these audiences are engaged – social media, YouTube, podcasts etc and generate revenues via advertising and partnerships. It will also act as an incubator for new talent and the building of valuable new digital media formats.

[SLIDE 17]

We have recruited a team of experienced digital content creators with an existing digital distribution footprint and reach of 3.5 million.

They are trusted voices in youth culture in Australia, TikTok superstars, singers & songwriters, Hip Hop artists, DJ's & producers, comedians, authors & journalists, ARIA nominees and artist managers and fashion designers.

And from a commercial perspective, we are building a team with a really good understanding of brand partnerships targeted at this demographic.

Cada was launched in March and the reaction so far has been positive as we look to work with a set of advertisers and brands new to ARN and keen to engage with this audience.

Before I move to a trading update, I'd like to take this opportunity to again thank all of our staff for their continued commitment. We are lucky to have team of people who give everything day in and day out to produce their best for listeners, advertisers and ultimately shareholders.

I'd like to thank the Board for their support and guidance and finally, thank you to all of our shareholders. I look forward to working with you in 2022.

[SLIDE 18]

ARN

Total radio revenues for Q1 improved month on month and finished up 5% driven by strong growth in regional (up 9%), with metro revenue in line with market (up 3%).

Total radio revenues for Q2 are pacing well with April finishing ahead 9% and May pacing to achieve double digit increases, as metro markets return to strong growth.

Encouragingly, Q2 national revenues onto regional are pacing to exceed 10% growth, providing a level of confidence around revenue synergy targets of \$6-\$8m identified for 2022, subject to market conditions.

Q1 digital billings finished up 50%. Against strengthening comparatives, Q2 digital billings are pacing to finish ~60% ahead of the prior comparative period.

Cody Outdoor

Cody Outdoor has had a good start to the year, with revenues to the end of April finishing up over 10% on the prior comparative period

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