

MARKET ANNOUNCEMENT

ADSHEL SALE FOR \$570M PROVIDES FLEXIBILITY FOR FULLY FRANKED SPECIAL DIVIDEND AND CAPITAL MANAGEMENT

SYDNEY, 25 June 2018 – HT&E Limited (ASX: HT1) today announces that it has entered into binding documentation to sell its out of home business, Adshel, to oOh!media Limited (ASX: OML) for an implied enterprise value of A\$570 million. The divestment is subject to Australian Competition and Consumer Commission (ACCC) approval. Completion is expected to occur in 2018.

The Offer by oOh!media to acquire Adshel comes after a highly competitive process that has achieved a sale price of 12.6x LTM pro-forma EBITDA¹ of A\$45.4 million. The Board believes this offer delivers compelling value for HT&E shareholders in a consolidating out of home industry, assessed against fundamental value and having had regard to transaction costs and any potential dissynergies from separating Adshel from the remainder of the HT&E business. This represents significant value uplift of over A\$340 million compared to HT&E's approximately A\$230 million net cash investment in Adshel. It is also a premium to the \$268 million paid for the second half of Adshel in October 2016.

The Chairman of HT&E, Mr. Peter Cosgrove, said the divestment price was a good result for HT&E and delivered compelling value for shareholders. The sale provides the Board with the opportunity to pursue significant capital management initiatives while underpinning the platform for the company's growth, focusing on the country's leading national radio network.

"A competitive sale process has delivered the best outcome for shareholders, lifting the offer for Adshel by more than \$100 million from the initial unsolicited approach in April this year, securing for HT&E shareholders a share of synergies likely to be achieved by oOh!media. The sale proceeds will allow HT&E, amongst other things, to strengthen its balance sheet via the pay down of existing debt. Shareholders will also benefit via a capital return to be conducted by way of an on-market share buyback and a fully franked special dividend once the sale of Adshel completes."

CEO of HT&E, Mr. Ciaran Davis, said the company was now ideally placed to continue to drive success with Australia's #1 Radio Network.

"Radio is a highly cash generative business and we have a great management team with the country's best radio talent to cement our market leading positions nationally. I am also excited by the digital and audio positioning the business is taking to grow new audiences and commercial opportunities."

¹ LTM Pro-forma EBITDA to May 2018 removes the direct EBITDA contribution of the Yarra Trams contract for the period from June to November 2017 and does not include normalisations or pro-forma adjustments for the full year run rate of the impact of renewals, certain new contracts secured and associated digitization.



Use of proceeds and capital management

After paying associated transaction costs and any completion adjustments, net proceeds on completion will be used to:

- Pay-down existing debt. HT&E's drawn debt at 31 May 2018 was approximately A\$195 million;
- Capital management of approximately A\$275 million (approximately the same amount HT&E raised in October 2016 when it moved to 100% ownership of Adshel); and
- The balance will be retained as cash to fund further capital management and growth initiatives in radio and HT&E's digital assets.

The total applied to capital management of approximately A\$275 million (representing A\$0.89/share) will be conducted by way of a fully franked special dividend of circa \$220 million with the remainder to fund an on-market buyback (up to the 10% threshold).

In determining the quantum and structure of the capital return to shareholders, HT&E has had regard to:

- Rewarding shareholders with a return of surplus capital by way of the on-market buyback and special dividend;
- An ability to efficiently distribute existing franking credits to shareholders; and
- Providing the post-sale HT&E with balance sheet flexibility to pursue future growth opportunities (via debt pay-down and surplus cash to hand).

HT&E expects to provide further details of its capital management plans either on completion or as part of its half year results, scheduled to be released on 15 August 2018.

HT&E post sale of Adshel

Post-sale, the Board remains highly confident HT&E will continue to maximise shareholder value via its remaining businesses, including:

- Australia's #1 national radio network, Australian Radio Network, which operates at best in class EBITDA margins and for the first half of 2018 will deliver revenue and pro-forma EBITDA growth of 7%; and
- the digital and audio portfolio, including iHeartRadio.

The company has also commenced a review of its corporate cost base to identify potential savings given the focus on radio post the Adshel sale.

HT&E's financial advisers on the transaction were CLSA and Credit Suisse, legal advisers were Baker McKenzie and Clayton Utz, with support from KPMG and PWC.

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