

MARKET ANNOUNCEMENT

HT&E 2020 Full Year Results: Leadership position enhanced and well placed for growth in market recovery

- ARN #1 metropolitan network in Australia for 9th consecutive survey
- Growth in total listening across the year despite disruption to daily routines
- Record audience reach of 5.3 million listeners a week
- ARN winning commercial share – exceeded market each quarter in 2020
- Momentum building in digital audio transformation
- +19% growth in iHeartRadio registered users to 1.9 million
- #1 podcast publisher in Australia with over 16 million downloads a month
- Balance sheet strength maintained – net cash reserves \$112 million
- \$13 million one-off savings delivered
- Eligible for the initial round of JobKeeper, receiving \$10.3 million
- Strategic minority stake acquired in oOh!media
- HT&E appointed Macquarie Capital to explore liquidity options for Soprano stake
- Final dividend not declared

FY Financial Performance

A\$ million ¹	2020	2019
Revenue	197.3	252.7
Other income	2.1	6.7
Share of associate profits	6.0	2.5
Costs	(156.0)	(186.2)
Underlying EBITDA²	49.3	75.6
Depreciation and amortisation	(4.2)	(4.8)
Depreciation – Leases	(12.6)	(14.0)
Underlying EBIT²	32.5	56.9
Net interest income / (expense)	(1.5)	0.1
Finance cost – Leases	(2.3)	(2.3)
Net profit before tax²	28.7	54.6
Taxation on net profit	(10.3)	(16.1)
Net profit after tax (NPAT)²	18.5	38.5
Less non-controlling interest	(3.1)	(4.3)
NPAT attributable to HT&E shareholders²	15.4	34.2
Exceptional items net of tax	(57.9)	(48.4)
NPAT attributable to HT&E shareholders	(42.5)	(14.2)
Underlying EPS (cps) ²	5.5	12.0
Final dividend per share (cps)	-	4.6

(1) Totals may not add due to rounding

(2) Before exceptional items



SYDNEY, 24 February 2021 – HT&E Limited [ASX: HT1] today released its results for the 12 months ending 31 December 2020.

HT&E has emerged from 2020 a stronger business by strengthening its core radio operations, investing in digital audio growth, and maintaining balance sheet strength with net cash of \$112 million.

ARN enhanced its position as the #1 metropolitan radio network in Australia reaching a record 5.3 million listeners a week and continuing to win commercial share that has seen the radio group exceed market performance each quarter in 2020.

During the year ARN saw strong growth in digital listening with +19% increase in iHeartRadio registered users, and also launched the iHeartRadio Podcast Network which is now the #1 podcast publisher in the country with over 16 million downloads a month.

This result was achieved in a year where the global pandemic changed consumer behaviour, disrupted business models overnight, created significant advertiser uncertainty and resulted in widespread falls in global and local advertising revenues.

HT&E Chairman, Hamish McLennan, said, “HT&E navigated the period well and has maintained its strategic focus during the year, strengthening our core Australian radio operations, further investing in digital audio, as well as building further balance sheet strength, providing optionality in a consolidating market.

“ARN remains the best performing audio company in Australia, both commercially and in ratings, delivering advertisers integrated, unique and engaging content from some of the world’s best talent across radio, music streaming and podcasting.

“HT&E’s investment in oOh!media is already delivering value for shareholders, as we paid \$18.1 million for a 4.7% stake at the height of the pandemic in the first half, and at year end it was valued at more than double our initial investment.

“Our investment in Soprano has the potential to provide significant value beyond current book value and is non-core to the Company’s strategy. We have appointed Macquarie Capital to explore options to maximise our 25% shareholding.

“Cost control measures were taken early, with \$13.0 million in one off savings in 2020.

“The Company was eligible for the initial round of JobKeeper, receiving \$10.3 million. The role of JobKeeper was critical in supporting our employees and maintaining momentum through the June quarter, where revenues were back over 46% on the prior corresponding period, and we have been able to steadily build from there. Our response to COVID-19 was such that the Company did not qualify for JobKeeper in the September quarter.



“HT&E remains well capitalised, however the Board took the decision not to declare a final dividend, recognising the level of inherent economic uncertainty attributable to the ongoing COVID-19 pandemic. We remain committed to reinstating our dividend policy in 2021 if market conditions and performance allows.

“The Company remains confident with regard to its position in the ATO Branch matter and are prepared to pursue the matter fully through litigation.”

HT&E CEO & Managing Director, Ciaran Davis, said, “Despite the extraordinary disruption to our business due to the pandemic, ARN maintained its position as the #1 metropolitan network in Australia, and continued to take commercial market share. We are building momentum in our digital audio transformation as extraordinary growth of digital listening saw a 14% growth in iHeartRadio app downloads, and a 19% growth in registered users to 1.9m.

“What we achieved in 2020 demonstrates HT&E’s leadership in the Australian audio market. In a year that has rewritten history, Australian audiences have made ARN and iHeartRadio podcast brands the number one choice for audio content, delivering consistency and certainty for our commercial clients. I am confident that the momentum that we have built will continue in 2021 as we focus on creating the leading audio entertainment business in Australia.

“Coming out of the pandemic we are in an excellent position to drive shareholder value. We have protected earnings and cash reserves providing a very strong balance sheet and maximum optionality regarding our growth opportunities.”

Australian Radio Network

- Growth in total listening across COVID-19, with ARN commercial radio now reaching 5.3 million people weekly from breakfast to drive
- Streaming of ARN radio stations experienced an increase of 14% in total listening
- KIIS 1065’s Kyle & Jackie O continue to dominate Sydney breakfast radio, finishing the year where they started at #1FM
- GOLD 104.3 in Melbourne now established as the clear #1FM, along with The Christian O’Connell Breakfast Show
- ARN #1 podcast publisher in the country after iHeartRadio Podcast Network Australia launched in February 2020
- Podcast downloads reaching new listening highs, increasing by 124%

Despite disruption to daily routines, ARN experienced growth in total listening across COVID-19, with ARN commercial radio now reaching 5.3 million people weekly. During the pandemic radio remained the ultimate companion medium with listening increasing across all day parts. With the easing of restrictions across the nation, listening behaviour has now reverted to normal.

Increasing smartphone and smart speaker penetration continued to drive digital listening, and streaming of ARN radio stations experienced an increase of 14% in total listening across the year.



New technologies are offering exciting ways for radio content to be consumed, including smart speakers which saw a 60% uplift since the start of COVID-19.

ARN is uniquely placed to continue to build listenership given iHeartRadio is the only platform in Australia to deliver live radio, music streaming and podcasts all in the one place. We are in advanced discussions regarding several significant partnership opportunities for iHeart.

ARN's strategy of recruiting and retaining the best talent continues to pay off, delivering ARN its ninth consecutive #1 ratings position. The Sydney duopoly strategy with KIIS and WSFM drives growth with KIIS 1065's Kyle & Jackie O continuing to dominate Sydney breakfast radio, finishing the year where they started at #1FM. GOLD 104.3 in Melbourne is now established as the clear #1FM, along with The Christian O'Connell Breakfast Show.

ARN is now the #1 podcast publisher in the country after launching the iHeartRadio Podcast Network Australia in February 2020. Driven by our content strategy and a growing consumer appetite, in December we published five of the top 10 podcasts in the country with podcast downloads reaching new listening highs, increasing 124% since the beginning of the year.

Soprano

Soprano, an independent software vendor in which HT&E has held a 25% stake since 2001, had record revenue, gross margin and earnings growth.

Strong revenue and gross profit trajectory built over the past two to three years were maintained across COVID-19, with improvement in key customer metrics, including net revenue retention, message volumes, and failure rates. Soprano has the potential to provide significant value beyond current book value and is non-core to the Company's strategy.

HT&E has appointed Macquarie Capital to explore liquidity options in Soprano to maximise value for shareholders.

Hong Kong Outdoor (Cody)

Our outdoor business Cody has had a challenging 18 months, with social unrest impacting advertiser confidence in the second half of 2019. While protests in Hong Kong largely abated at the start of 2020, advertising markets did not have an opportunity to recover before the onset of COVID-19. In line with other markets around the globe, advertiser demand for outdoor advertising was significantly impacted by reduced footfall and commuter volumes caused by government enacted lockdowns to contain the virus and Cody revenues were significantly impacted.



Trading Update

ARN

Q1 revenue outlook continues to strengthen with current pacing for March indicating total revenues could finish flat on prior year. Revenue for January finished back 6.9% with pacing improving on this result for February, assisted by continued improvements in our broadcast radio performance and growth across our digital assets.

We are encouraged by early briefing activity for April and Q2 campaigns.

In respect of costs, we are reinvesting to drive growth by improving our digital and data capability, digital audio and podcast development, and the marketing of our brands. Subject to the advertising market recovery continuing, we anticipate total people and operating costs to be in line with 2019.⁽¹⁾

Hong Kong Outdoor - Cody

Q1 revenue trend consistent with H220. Reduced infections and the easing of restrictions in recent weeks is seeing parts of the economy open up and talk of mainland China tourism recommencing.

(1) Before costs associated with disposed businesses (iNC & The Roar) in 2019 (\$3.6m)

ENDS

This and today's other full year results announcements have been authorised for release by the Board of HT&E Limited.

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