

UBS CONFERENCE

18th November 2019

defining
audio

HT&E

HT&E ... key take outs

- Leading Radio and Audio company in Australia
 - ARN – No. 1 rating metropolitan radio network in Australia⁽¹⁾
 - Exceptional EBITDA margins (>33%)
 - Key talent contracts extended to 2022 and beyond
 - Exclusive iHeartRadio licence extended to 2036
 - Early stages of digital streaming and podcasts provide incremental listening and offering new advertising opportunities
 - Refreshed commercial proposition developed and in market
- Strong balance sheet – over \$100m net cash
- Cash generative – ~95% cash conversion
- 60-80% dividend policy
- Share buyback on-going
- Management and corporate structure simplification will achieve \$10m target run rate by end 2019 (excluding cost of ATO litigation preparation)

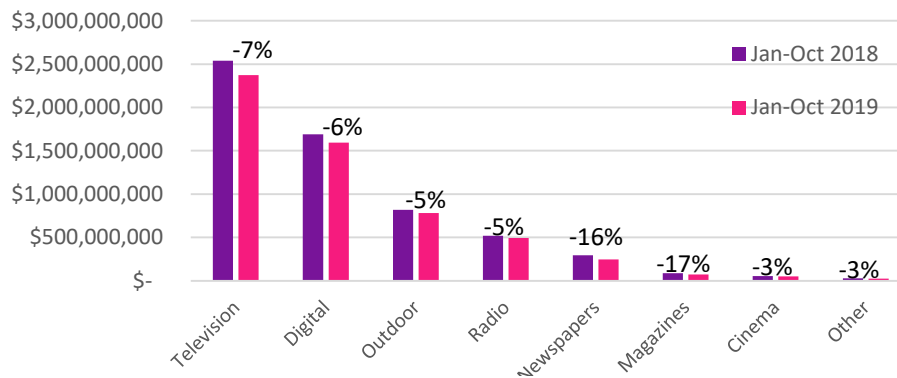


Advertising Market Update

- Macro-economic data and consumer sentiment impacting total advertising market
 - Consumer Sentiment soft (below 100 index)
 - Credit growth at record lows
 - Retail sales flat
 - Car sales have seen the longest fall on record
 - Home building approval at six year low
 - Wages growth down to 2.2%

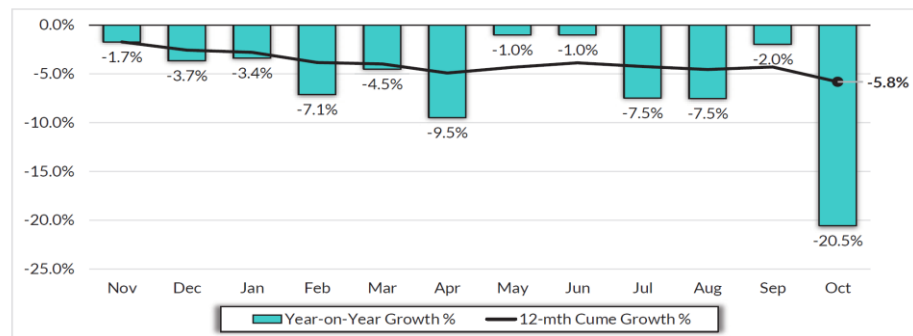
- All media facing challenging conditions
- Weaker October resulted in total market decline of -6.5% (-\$392m) YTD (Jan-Oct 19 v Jan-Oct 18) spread across the vast majority of categories (31 of 41 categories down)

SMI SPEND - CHG YOY



MONTHLY TRENDS :

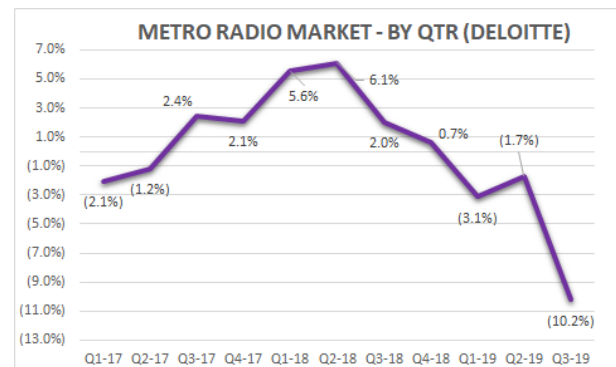
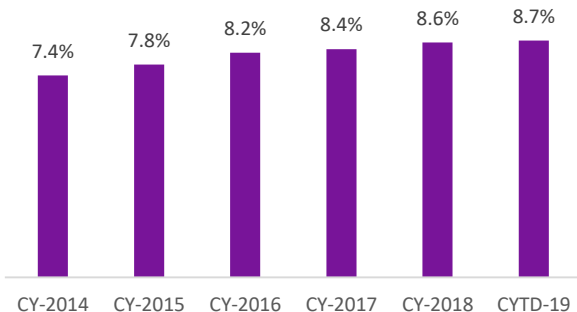
EARLY AGENCY OCTOBER DEMAND (EX DIGITAL THE OCTOBER DECLINE IS 12.4%)



HT&E Trading Update

- Radio's share of advertising market is consistent and stable (8.7% CYTD '19)
- Radio market down -5% (-\$30m) YTD driven by September quarter (down -10%)
- Top 15 categories of 2018 are down \$31 million YOY (Government contributing \$12m of this)
- ARN in line with September quarter for Radio
- ARN revenues in October declined year-on-year but improved on September '19 quarter with ratings performance helping to underpin commercial share position
- Late trading will be key driver of 2019 outcome as November and December pacing behind last year with limited visibility
- Cost efficiency review being undertaken to assist FY20 cost base

RADIO SHARE OF MEDIA SPEND (SMI)



Radio – remains relevant for listeners

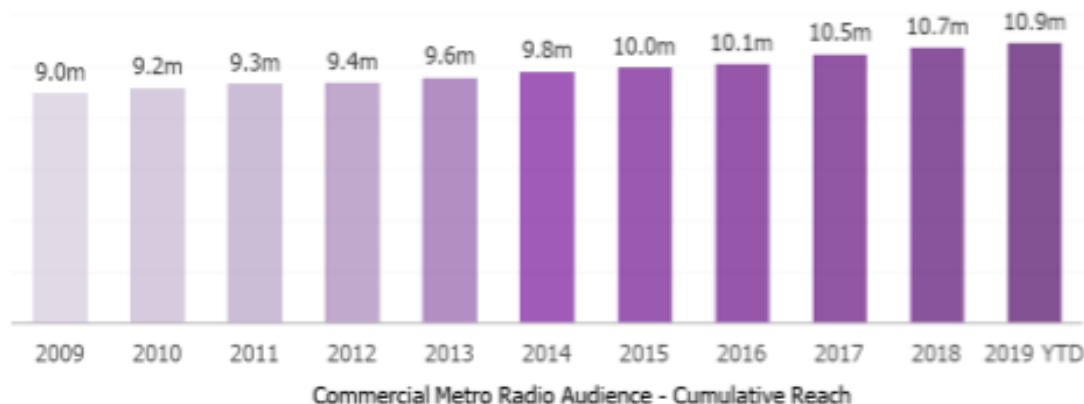
11m people in Australia listen to commercial radio

Year-on-year growth; **+23%** over a 10 year period

+1m more people listening to commercial radio since 2015

Breakfast listening (7.8m) and Drive (7.0m) also at record highs

COMMERCIAL RADIO GROWTH **+23%** 10 years consecutive YOY increases

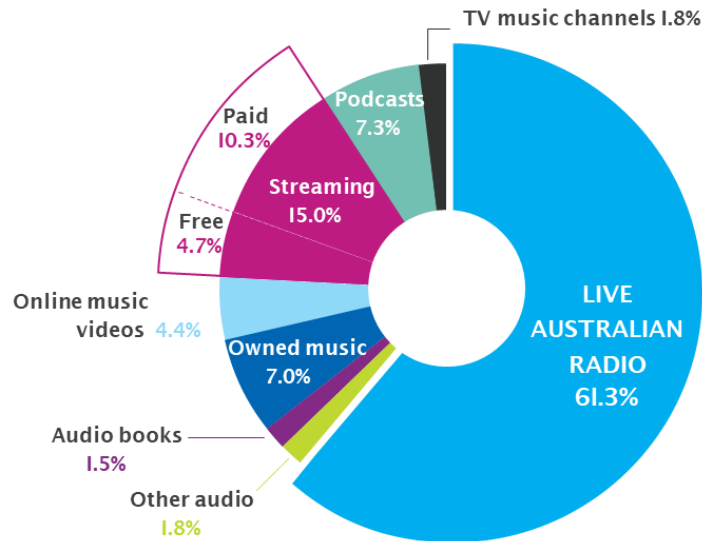


Source: GfK ERAM FUSION 2009-2018 (S1-S8), 2019 (YTD S1-S7) Commercial Radio Metro Markets SMBAP: M-S 0000-2400, Cumulative Figures: P10+

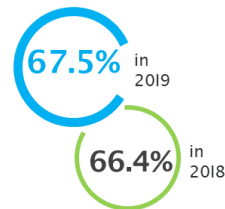
Radio Dominant Form of Audio

- Australians spend 3 hours and 28 minutes listening to audio every day, 7 minutes more than last year.
- Creating more commercial inventory available to be monetised.
- Live Australian radio remains the most popular choice of audio, accounting for a dominant 61.3% share of all audio listening.
- Consumers listen to live Australian radio for an average of 2 hours and 7 minutes every day, an increase of 2 minutes from last year.
- For the first time, Australians are spending more time listening to podcasts than their own music collections.
- Consumers creating their own audio stacks containing an average of 1.3 formats(*)

Live Australian radio accounts for a dominant 61.3% of all audio listening



DAILY CUME (REACH)
has increased 1.1 percentage points



DAILY TIME SPENT LISTENING is up



ARN – Australia's No. 1 Metro Radio Broadcaster

	Network Share	Total No. of Metro Broadcast Licenses	FM	AM	DAB+
ARN	18.40%	32	7	2	23
SCA	17.40%	49	10	0	39
Nova Ent	16.80%	16	7	1	8

Sydney

- KIIS 1065 - #1FM Breakfast show
- KIIS 1065 - #1FM Drive show
- WSFM - #2FM Breakfast show

Melbourne

- GOLD104.3 - #1FM Station
- GOLD104.3 - #1FM Breakfast Show
- GOLD104.3 - #1FM Drive

Adelaide

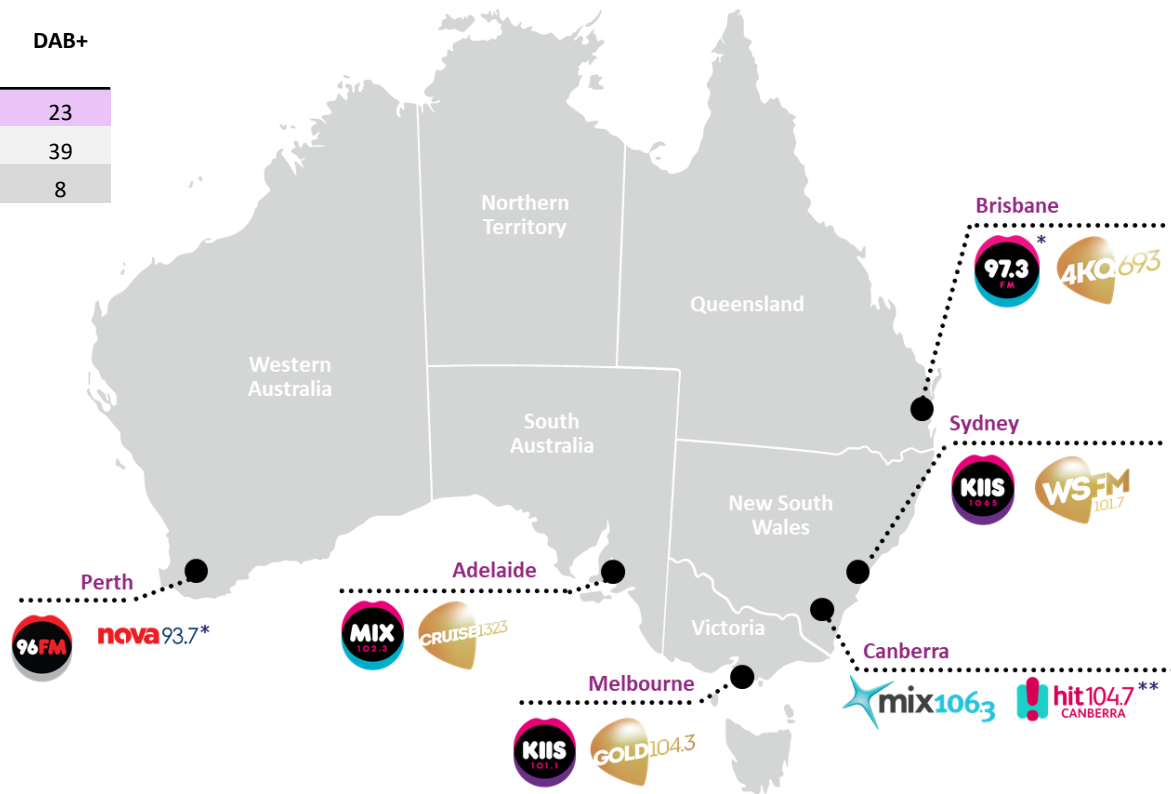
- Mix 102.3 - #2 Station overall
- Mix 102.3 - #1FM Breakfast show

Perth

- 96FM - #2 Station overall

Brisbane

- 97.3FM - Equal #3 Station
- 4KQ - #1AM Station



* Joint Venture ARN / Nova Entertainment

** Joint Venture ARN / SCA

Talent Wins Ratings in Radio

**Ratings drive
revenue**

**Breakfast
Ratings key
driver in Radio**

**ARN – No 1
network and
No.1 at
Breakfast**

**Key Breakfast
talent contracts
extended**



iHeartRadio licence extended to 2036

- App Installs: **2.1m**
- Registered Users: **1.5m**
- Monthly Listening Hours: **5.5m** (up **38%** YOY)
- User Growth: **+47%** for September
- Monthly Active Users: **706k** for September
- All-in-one listening platform
- Radio. Music. Podcasts.

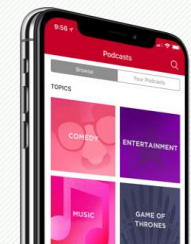


RADIO



MUSIC

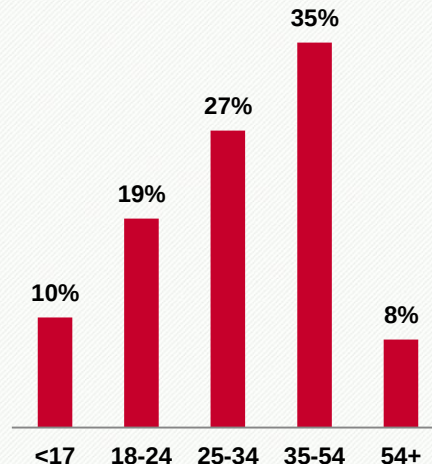
Over **850K** Artists &
20 Million Songs



PODCASTS

Over **250K** Podcasts &
14 Million Episodes

Age Breakdown of Registered Users





**Broadcast
Radio**



**On-demand
Audio**

ARN is uniquely placed to deliver broadcast solutions across both linear and digital platforms and to take advantage of the significant increase in appetite for audio

ARN UNIQUELY POSITIONED

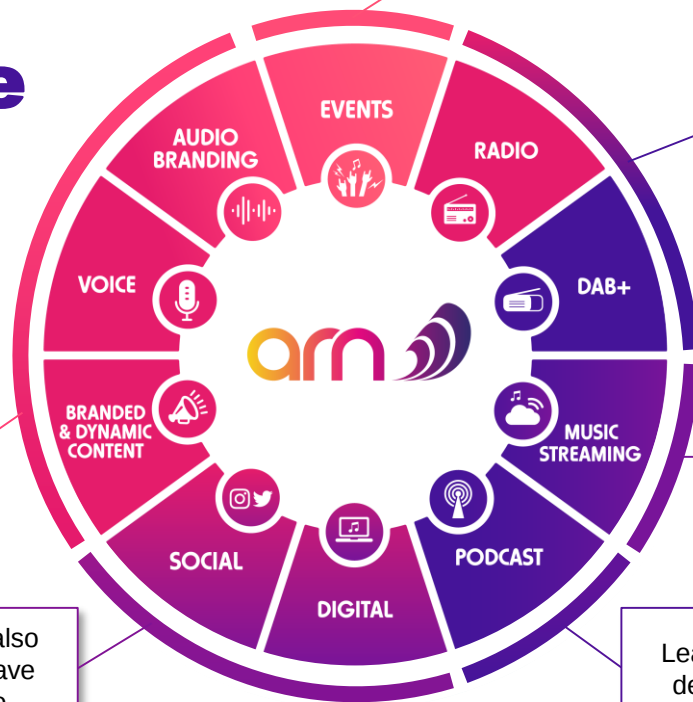
Australia's most complete audio offering.

Bespoke and branded events that make the audio connection tangible

The convenient companion engaging over 5 million people with trusted talent every week.

The ultimate mood enhancer – allowing brands to connect with people on their terms.

Lean in, enriching experiences that provide deep contextually relevant environments.

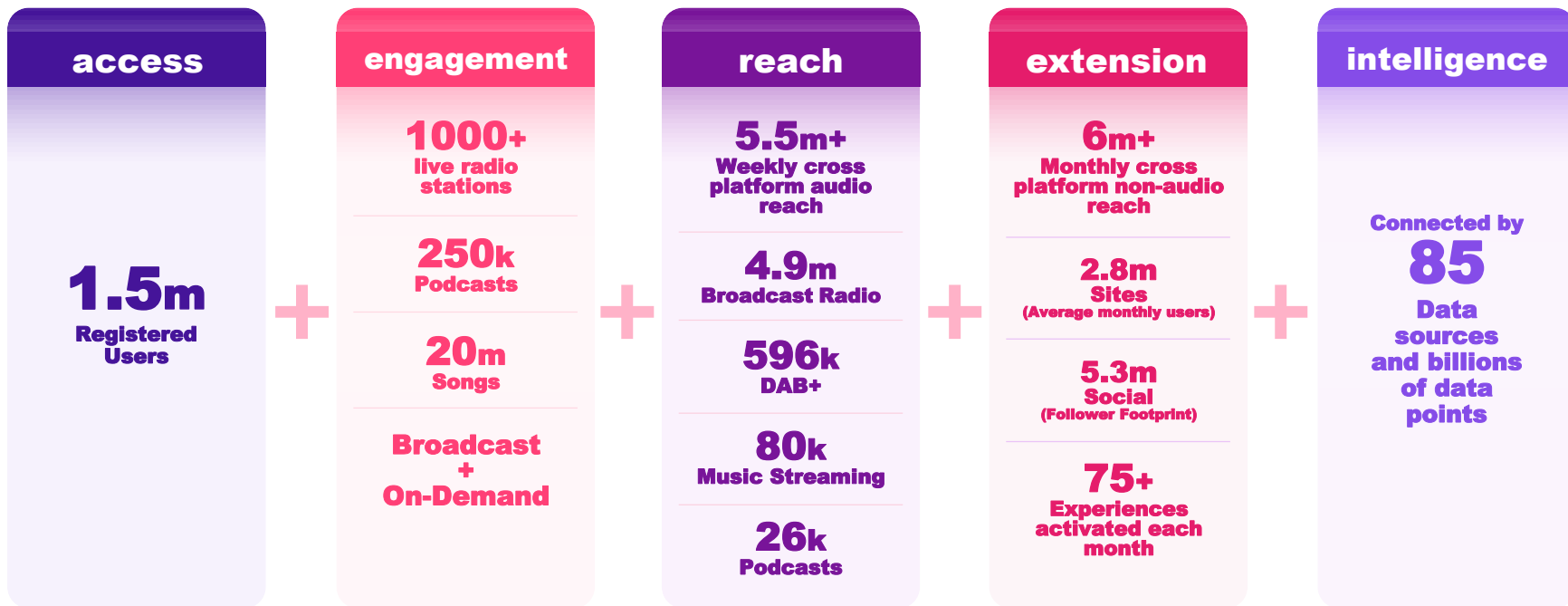


Sonic Services: Enabling brands to leverage the full 360 of audio through customised content.

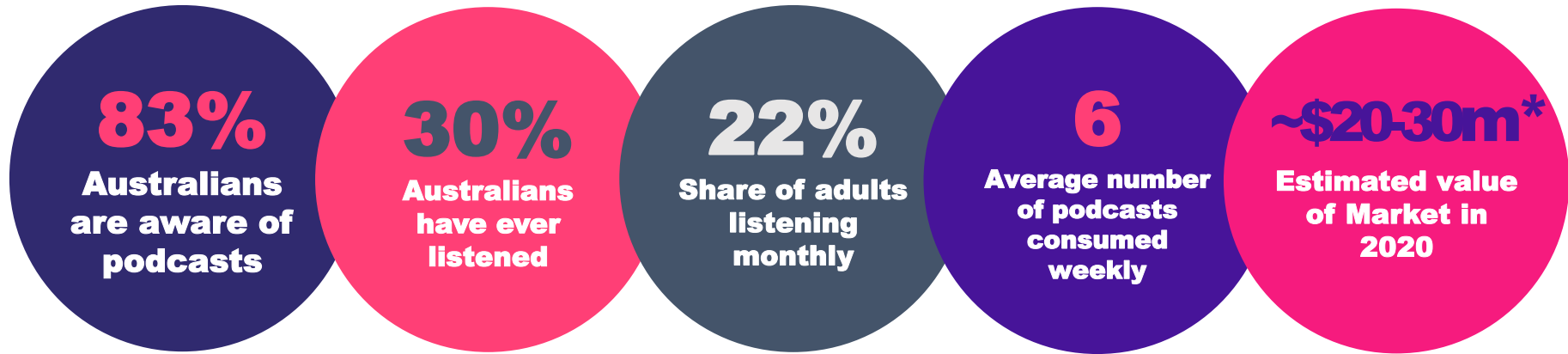
A point of discovery for our content whilst also extending the experiences that listeners have with our talent and brands through audio

The greatest depth & breadth of audio experiences.

Delivered through broadcast reach and digital integration



Australia's Podcast Pie



Podcast Strategy

- iHeart Podcast Australia launching
- Acquired sales representation of all iHeartRadio US podcast titles – over 3.5m downloads in Australia per month
- People are overwhelmed with choice of platform and content
- iHeartRadio provides the all-in-one platform using AI to help listeners discover content designed for them
- Our single customer viewpoint ensures we are better informed across the types of content



A simple commercial growth strategy

Win ratings and listeners to drive revenue

- Recruit and retain the best on-air talent to drive ratings success in broadcast radio
- Use iHeartRadio to build new brands and audiences
- Build 1st party data set of listener insights for commercialisation

Bring data, targeting and technology into our media planning capability

- Evolve our sales process to be more competitive with digital players
- Provide audio technology and branding services to support the marketing needs of clients

Grow share of radio market and grow total audio share of ad market

- Deliver the most comprehensive audio offering in Australia
- Employ our expertise to enable clients to capitalise upon it



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Thank You