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Pittman: iHeart Poised To Benefit From Shifting Consumer Behaviors.

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With high growth companies like Facebook, Amazon and Apple unveiling new audio initiatives, Bob Pittman made the case Thursday that iHeartMedia is tops in consumer reach among all profitable audio platforms, cranking out more audio content and employing more ad sellers than anyone else. Speaking to investors during the company's quarterly results call, the CEO rattled off a litany of stats that underscore how just about everything in audio is growing. "Over the past two years, streaming audio users are up 21%,

smart speaker ownership is up 50%, voice assistant users are up 23%, earbud/headphone sales are up 90% and podcast weekly listeners are up 42%," Pittman said. Thanks to numerous investments made in the past few years, iHeart is well positioned to benefit from these trends, he added.

As the country continues to emerge from the biggest health crisis in more than a century, the first quarter showed more signs the radio business, and iHeart in particular, is bouncing back.

"Our business continues its sequential revenue and profit improvement, month by month from the low point of second quarter 2020," Pittman said.

Here's the 12-month trajectory: Consolidated company revenues were down 47% year over year in Q2 2020, down 25% in Q3 and down 17% in Q4. First quarter closed with \$707 million in total revenue for iHeartMedia, a 9.5% decline year over year. Excluding the impact of political advertising, iHeart says first quarter was down 7% reflecting the continued quarterly sequential improvement.

Digital was the growth driver but broadcast radio provided the bulk of the dollars and it, too, is improving. The recently formed Multiplatform Group, which houses iHeart's broadcast radio stations, radio networks and events business, continues to show sequential growth with broadcast revenues down 22% YoY in Q1. Yet ad sales of the same broadcast inventory, purchased programmatically through the company's Smart Audio system, fell only 11% which management said highlights the value of investments made in data and ad tech.

"As we continue to add new technologies and data capabilities, our multiplatform group and broadcast stations will be able to grow in the fast growing digital TAM [Total Addressable Market]," said Pittman.

Digital Revenues Soar 70%

The Digital Audio Group, the focus of much of the company's investments in the last few years, saw revenue soar 70% during the quarter, led by a 142% year over year gain in podcast revenue which totaled \$38.4 million. Excluding podcasts, iHeart says its digital revenue was up a still-strong 55% compared to a year earlier. The unit delivered 22% of revenue and 39% of earnings during the quarter, all while increasing its profit margin to 25% from 18% one year ago. Pittman called this a "validation of our multiplatform product and revenue strategy, our unique scale, the cost discipline we exercised in 2020 and strategic investments we made in our new growth areas like podcasting, ad tech and the continued expansion of broadcast radio on digital devices."

Elaborating on the company's growth strategy for investors, Pittman said iHeart "built a high growth profitable digital business on top of our large and scaled stable multiplatform business by leveraging our unique position in audio and taking advantage of shifting consumer behaviors." In doing so the company aims to tap into much larger revenue pools than just broadcast radio, like the \$160 billion advertisers spend on digital media, which is ten times greater than what is invested in broadcast radio.

Return Of Live Events

The loss of much of its events revenue was one of the contributors behind 2020's revenue declines. But as more Americans get vaccinated and the country continues to slowly reopen, the company is planning to bring back live events. "We're excited that we have begun to bring back in-person events," Pittman continued. "As COVID-19 restrictions are being lifted, we have started to plan for in-person events on a case by case basis. The consumer demand is as strong as ever and we expect the iHeartRadio Music Festival in September and the iHeartRadio Jingle Ball tour to be live and in person this year."

In March, iHeartRadio became the first podcast publisher to surpass 30 million unique monthly listeners. That chart-topping audience is one reason it was able to attract the NFL to an exclusive, multi-year podcasting deal. The deal includes the distribution of seven series already launched by the league, as well as the co-production and distribution of two dozen new original podcasts. "The NFL gives us the access, iHeart brings the audience and together we'll tell some of the greatest sports stories of all time," Pittman pledged.