



GTN Limited Results for the half year ending 31 December 2017

Highlights:

- Revenue of \$129.9 million, +40% on 1H FY2017 (\$92.5 million) (Revenue ex-U.S. operations, \$93.2 million (+5%))
- NPAT of \$(36.4) million due to U.S. losses, including impairment charge of \$21.7 million (NPAT ex-U.S. operations, \$13.6 million (+9.5%))
- Impairment charge of \$21.7 million related to write down of goodwill and intangible assets of U.S. operations
- NPATA¹ of \$(11.0) million due to U.S. losses (NPATA ex-U.S. operations, \$15.8 million (+7%))
- EBITDA² of \$(6.3) million due to U.S. losses (EBITDA ex-U.S. operations, \$20.4 million ((1)%))
- Adjusted EBITDA³ of \$(2.0) million due to U.S. losses (Adjusted EBITDA ex-U.S. operations \$24.7 million ((1)%))
- Strong liquidity position with net debt of \$18.7 million including cash balances of \$81.3 million
- FY18 revenue result underpinned by solid operating results across Australia, Brazil and Canada markets.

Sydney, 28 February 2018 – GTN Limited (ASX: GTN), one of the largest broadcast media advertising platforms by audience reach in Australia, Brazil, Canada, the United Kingdom and the United States today announced its results for the half year ended 31 December 2017.

Overview of 1H FY2018 results

(m) ⁴	1H FY2018			1H FY2017	
	Actual	Actual	% Difference	Actual (excl. USTN)	% Difference
Revenue	129.9	92.5	+40.4%	93.2	+5.1%
EBITDA	(6.3)	19.5	(132.4)%	20.4	(1.0)%
Adjusted EBITDA	(2.0)	23.9	(108.5)%	24.7	(0.5)%
NPAT	(36.4)	11.1	(428.0)%	13.6	+9.5%

¹ NPATA is defined as net profit after tax adjusted for the tax effected amortization and impairment charges arising from acquisition related intangible assets and goodwill.

² EBITDA is defined as net profit after tax (earnings) before the deduction of interest expense/income, income taxes, depreciation, amortization and non-cash impairment charges.

³ Adjusted EBITDA is defined as EBITDA adding back the non-cash interest income related to the long term prepaid affiliation agreement with Southern Cross Austereo which is treated as a financing transaction, transaction costs related to acquisitions and capital raising and foreign exchange gains or losses.

⁴ Amounts in tables may not add due to rounding.

⁵ Includes only one month of United States operations since Radiate Media was acquired effective 1 December 2016.

NPATA	(11.0)	13.6	(180.9)%	15.8	+6.6%
NPATA per share (cents) ⁶	\$(0.049)	\$0.066	(174.3)%	\$0.070	(2.1)%

1) 1H FY2018 Revenue +\$37.4m (+40.4% on 1H FY2017)

Revenue exceeded 1H FY2017 for the Australian (ATN), Brazilian (BTN) and Canadian (CTN) businesses in both local currency and AUD while the United Kingdom business (UKTN) was down due to soft demand in the early part of the period. In addition, GTN's United States business (USTN) contributed \$36.8 million of revenue (compared to \$3.9 million of revenue (one month of operations in the period) in 1H17). Revenue excluding the contribution from USTN increased 5.1% to \$93.2 million

1H FY2018 revenue by geographic segment

(m) ⁴	1H FY2018 Actual	1H FY2017 ⁵ Actual	% Difference
Australia (ATN)	50.1	47.8	+4.9%
Canada (CTN)	15.3	14.7	+4.2%
United Kingdom (UKTN)	19.9	21.1	(5.4)%
Brazil (BTN)	7.8	5.1	+53.7%
Total (excluding USTN)	93.2	88.6	+5.1%
United States (USTN)	36.8	3.9	842.7%
Total	129.9	92.5	+40.4%

1H FY2018 revenue by geographic segment (local currency)

(m) ⁴	1H FY2018 Actual	1H FY2017 ⁵ Actual	% Difference
Australia (ATN) (AUD)	50.1	47.8	+4.9%
Canada (CTN) (CAD)	15.1	14.7	+2.9%
United Kingdom (UKTN) (GBP)	11.8	12.4	(5.3)%
Brazil (BTN) (BRL)	19.5	12.5	+56.0%
United States (USTN) (USD)	28.6	2.9	+874.6%

Revenue growth in local currencies roughly mirrored revenue in AUD as foreign currency rate changes did not have a significant impact on revenue for the period. The revenue increase was driven primarily by an increase in commercial inventory in all regions. Revenue was favorably impacted by an increase in spot rate in Australia and Canada and an increase in sell-out in Brazil.

2) Adjusted EBITDA of \$(2.0) million

Adjusted EBITDA excluding USTN of \$24.7 million ((0.5)% on 1H FY2017)

Actual 1H FY2018 and Actual 1H FY2017 results

Ex-USTN Ex-USTN

⁶ Based on the weighted shares outstanding for the period.

(m) ⁴	Actual 1H FY2018	Actual 1H FY2017 ⁵	% Difference	Actual 1H FY2018	% Difference
Revenue	129.9	92.5	40.4%	93.2	5.1%
Network operations and station compensation expenses	(106.8)	(54.1)	97.6%	(53.9)	6.3%
Selling, general and administrative expenses	(29.4)	(18.8)	56.4%	(18.8)	8.2%
Transaction expenses	-	(0.3)	(100.0%)	-	N/A
Net F/X gain (losses)	(0.1)	0.1	N/A	(0.1)	N/A
Operating expenses	(136.2)	(73.0)	86.5%	(72.8)	7.0%
EBITDA	(6.3)	19.5	(132.4)%	20.4	(1.0)%
Interest income on Southern Cross Austereo Affiliate Contract	4.2	4.3	(0.8)%	4.2	(0.8)%
Transaction expenses	-	(0.3)	(100.0%)	-	N/A
Net F/X gain (losses)	(0.1)	0.1	N/A	(0.1)	N/A
Adjusted EBITDA	(2.0)	23.9	(108.5)%	24.7	(0.5)%

3) NPATA of \$(11.0) million

NPATA of \$15.8 million excluding USTN (+7% on 1H FY2017)

The increase in NPATA (ex-USTN) was driven primarily by a 5% increase in revenue (ex-USTN) on 1H FY2017 and lower tax expenses related primarily to the lowering of tax rates in the United States which reduces income tax on the portion of Australia sourced income that is subject to U.S. taxes.

4) Strong liquidity position with net debt of \$18.7 million including cash balances of \$81.3 million

The Group reported strong cash flow from its original operations. A portion of the Group's cash balances have been invested in the early stage operations in the United States, primarily via the funding of operating losses for the period.

5) Dividend suspended to provide additional funding for USTN if required

The Directors have decided to suspend the 1H18 dividend to provide flexibility to provide additional financing to USTN. However, the Directors do not intend to suspend future dividends nor raise additional debt or equity capital to fund USTN.

6) Key operating metrics

GTN's 1H FY2018 revenue result was underpinned by solid operating results across Australia, Brazil and Canada. The United States information for 1H FY2017 includes only one month as the Radiate Media acquisition closed in December 2016.

Key operating metrics by jurisdiction (local currency)

Notes	1H FY2018 Actual	1H FY2017 Actual
Australia		

Radio spots inventory ('000s)	1	472	416
Radio sell-out rate (%)	2	73%	80%
Average radio spot rate (AUD)	3	138	135
Canada			
Radio spots inventory ('000s)	1	325	295
Radio sell-out rate (%)	2	67%	72%
Average radio spot rate (CAD)	3	68	66
United Kingdom			
Total radio impacts available ('000)	4	9,721	9,558
Radio sell-out rate (%)	5	95%	99%
Average radio net impact rate (GBP)	6	1.3	1.3
Brazil			
Radio spots inventory ('000s)	1	98	76
Radio sell-out rate (%)	2	74%	61%
Average radio spot rate (BRL)	3	274	274
United States			
Radio spots inventory ('000s)	1,7	1,741	196
Radio sell-out rate (%)	2,7	85%	88%
Average radio spot rate (USD)	3,7	17	13

1. Available radio advertising spots adjacent to traffic, news and information reports.
2. The number of radio spots sold as a percentage of the number of radio spots available.
3. Average price per radio spot sold net of agency commission.
4. The UK market measures inventory and units sold based on impacts instead of spots. An impact is a thousand listener impressions.
5. The number of impressions sold as a percentage of the number of impressions available.
6. Average price per radio impact sold net of agency commission
7. Information is for the period of GTN's ownership only (December 2016 – December 2017).

CEO Comment

Commenting on the results, William L. Yde III, Chief Executive Officer, of GTN said “We are pleased with our half year 2018 performance with the Group (excluding our recently acquired United States operations) showing growth in revenue, NPAT and NPATA when compared to the first half year of fiscal 2017. We were able to generate growth in all these areas despite a very strong 1H 2017. EBITDA and Adjusted EBITDA were down approximately one percent (ex-United States) on higher station compensation on several key multi-year renewals. I commend our local management who worked hard to deliver continued growth in results.”

Mr. Yde continued, “We look forward to a continuing this momentum into the second half of FY 2018 as well. We expect to see continued revenue and EBITDA growth in Canada as we are currently enjoying the benefits of tight cost controls combined with organic revenue growth. Australia continues to achieve strong organic revenue growth with virtually every radio station in the metro markets as part of its network and a highly experienced and well-trained sales team. While ATN's EBITDA slipped due to increased station compensation, these new affiliate deals will help bring cost certainty for a number of years. Although our UK operations revenue decreased during the period it continues to provide meaningful cash flow to the Group. Our Brazil business continues to rapidly ramp up revenue and generate large increases in EBITDA and is currently our fastest growing market. To further this growth, we opened Salvador, our fifth Brazilian market, in February 2018 and we are hoping for big things from Brazil in the future.”

Update of United States Operations

“While the revenue of our United States operations has increased significantly compared to the results of Radiate Media, we continue to generate large losses, primarily due to the large increase in radio station compensation. Due to these large losses and slower than anticipated revenue increases, we have taken an impairment charge related to the goodwill and intangibles of USTN during the period. While most of the work related to building the network has been completed, as we have approximately 3.5 million radio commercials per year and a radio audience in excess of 160 million weekly listeners, we are in the process of reevaluating our U.S. investment due to the large continuing losses. Among other options, we are attempting to renegotiate certain station agreements, including the CBS Radio agreement, and exploring reorganization or liquidation of our U.S. operations should there not be sufficient progress in increasing revenue and reducing the cash burn. While we continue to explore ways to increase revenue and attempt to negotiate lower costs, we may cease operations in the United States.” concluded Mr. Yde.

Conference Call

GTN Limited will host a conference call at 10:30 a.m. Australia Eastern Daylight time on Wednesday, 28 February 2018, to discuss its fiscal half year 2018 results.

Participant PIN Code: 4787078

Dial-in numbers:

- Australia (toll free): 1800 123 296
- Australia (toll): +61 2 8038 5221
- New Zealand: 0800 452 782
- Hong Kong: 800 908 865
- Singapore: 800 616 2288

Conference Call Replay

A replay of the call will be made available after the call until 5 March 2018.

Replay PIN Code: 4787078

Dial-in numbers:

- Australia: 1800 153 898
- Australia toll: +61 2 9003 4221
- New Zealand: 0800 453 213
- Hong Kong: 800 963 117
- Singapore: 8006 162 305

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Appendix A

Reconciliation of non-IFRS disclosures

(\$m)⁴

	1H FY2018 Actual	1H FY2017 Actual
Reconciliation of EBITDA and Adjusted EBITDA to Profit/(loss) before income tax		
Profit/(loss) before income tax	(32.4)	16.5
Impairment charge	(21.7)	-
Depreciation and amortization	(6.2)	(4.7)
Finance costs	(2.6)	(2.7)
Interest on bank deposits	0.2	0.2
Interest income on long-term prepaid affiliate contract	4.2	4.3
EBITDA	(6.3)	19.5
Interest income on long-term prepaid affiliate contract	4.2	4.3
Transaction expenses	-	(0.3)
Net F/X gain (losses)	(0.1)	0.1
Adjusted EBITDA	(2.0)	23.9
Reconciliation of Net profit after tax (NPAT) to NPATA		
Profit/(loss) (NPAT)	(36.4)	11.1
Amortization of intangible assets (tax effected)	3.6	2.5
Impairment charge	21.7	-
NPATA	(11.0)	13.6

Appendix B

P&L Foreign Exchange Rates

	1H FY2018 Actual	1H FY2017 Actual
AUD:USD	0.78	0.75
AUD:CAD	0.98	0.99
AUD:GBP	0.59	0.59
AUD:BRL	2.50	2.46