GTN Limited Results for the 12 months ending 30 June 2018

Highlights:

- Revenue from continuing operations $185.0 million, +4% on FY 2017
- NPAT[1] from continuing operations $24.8 million, (12)% on FY 2017
- NPATA[1 2] from continuing operations, $29.2 million, (10)% on FY 2017
- EBITDA[3] from continuing operations $39.7 million, (1)% on FY 2017
- Adjusted EBITDA[4] from continuing operations of $48.1 million, (1)% on FY 2017
- Final dividend declared of $0.110 to holders of record on 7 September 2018 (70% franked)
- Strong liquidity position with net debt (after cash) of $7.8 million including cash balances of $52.2 million
- FY18 revenue result underpinned by solid operating results across all four current geographies

Sydney, 30 August 2018 – GTN Limited (ASX: GTN), one of the largest broadcast media advertising platforms by audience reach in Australia, Canada and the United Kingdom today announced its results for the year ended 30 June 2018.

Overview of FY18 results

(m)[5]	FY18	FY17	% Difference
Revenue[6]	185.0	177.3	+4.4%
EBITDA[3]	39.7	40.2	(1.2)%
Adjusted EBITDA[4]	48.1	48.9	(1.5)%
NPAT[6]	24.8	28.2	(11.9)%
NPATA[2]	29.2	32.5	(10.2)%
NPATA per share (cents)	$0.13	$0.15	(14.6)%

1) FY18 Revenue from continuing operations (+4% on FY17)

Revenue exceeded FY17 in all four of the Company's markets (Australia, Brazil, Canada and United Kingdom).

FY18 revenue by geographic segment

[1] FY 2017 NPAT and NPATA include $5.0 million of one-time tax benefit from the Canadian operations related to recognition of previously unrecognized tax assets.
[2] NPATA is defined as net profit after tax from continuing operations adjusted for the tax effected amortization arising from acquisition related intangible assets.
[3] EBITDA is defined as net profit after tax from continuing operations (earnings) before the deduction of interest expense/income, income taxes, depreciation and amortization.
[4] 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 and foreign exchange gains/losses.
[5] Amounts in tables may not add due to rounding. Percentage change based on actual amounts prior to rounding.
[6] Results are for continuing operations only

(m) [5]	FY18	FY17	% Difference
Australia (ATN)	100.8	98.7	+2.1%
Canada (CTN)	29.8	28.0	+6.5%
United Kingdom (UKTN)	42.2	40.9	+3.3%
Brazil (BTN)	12.2	9.7	+25.6%
	185.0	**177.3**	**+4.4%**

Note: Further detail on exchange rates is provided in the Annual Report lodged on 30 August 2018.

When measured in local currency, Brazil and Canada revenue was up while United Kingdom was down slightly compared to FY17. Currency had a positive impact on Canada and United Kingdom reported revenue while acting as a headwind on Brazil revenues.

(m) [5]	FY18	FY17	% Difference
Australia (ATN)	100.8	98.7	+2.1%
Canada (CTN)	29.4	28.1	+4.9%
United Kingdom (UKTN)	24.3	24.3	(0.2)%
Brazil (BTN)	31.2	23.6	+31.9%

2) Adjusted EBITDA of $48.1 million (-1% on FY17)

(m)[5]	FY18	FY17
Revenues	**185.0**	**177.3**
Network operations and station compensation expenses	(109.8)	(101.6)
Selling, general and administrative expenses	(34.8)	(35.2)
Equity based compensation expense	(0.7)	(0.1)
Net F/X losses on borrowings	(0.1)	(0.2)
Operating expenses	**(145.4)**	**(137.1)**
EBITDA	39.7	40.2
Interest income on Southern Cross Austereo Affiliate Contract	8.4	8.5
Net F/X losses on borrowings	0.1	0.2
Adjusted EBITDA	**48.1**	**48.9**

EBITDA and Adjusted EBITDA were impacted by an additional $0.5 million of non-cash compensation expense in FY 2018 when compared to FY 2017. There was no cash outlay or additional shares issued under the Company's stock option plan during FY 2018.

3) NPATA of $29.2 million (-10% on FY17)

Comparative NPATA was negatively impacted a $5.0 million non-cash tax benefit in FY 2017 related to the recognition of previously unrecognized CTN tax assets, primarily net operating losses from previous periods.

4) Strong liquidity position with net debt after cash of $7.8 million

The Group reported strong cash flow from continuing operations as virtually 100% of Adjusted EBITDA became operating free cash flow before capital expenditure.

FY18 Cash Flow[6]

(m)[5]	FY18	FY17
Adjusted EBITDA	**48.1**	**48.9**
Non-cash items in Adjusted EBITDA	0.7	0.1
Change in working capital	(2.8)	(1.2)
Impact of Southern Cross Austereo Affiliate Contract	2.0	3.5
Operating free cash flow before capital expenditure	**48.0**	**51.3**
Capital expenditure	(3.3)	(3.3)
Net free cash flow before financing, tax and dividends	**44.6**	**48.0**

Due to the modest working capital requirements, positive cash impact of the Southern Cross Austereo prepayment and low capital expenditures, a significant portion of Adjusted EBITDA is converted into net free cash flow before financing, tax and dividends. As a result of GTN's strong cash generation, large cash balance at 30 June 2017 and the discontinuance of funding the United States operating losses and cash requirements, the Group was able to repay $40 million of its outstanding debt during FY 2018. The Group's cash balance was $52.2 million at 30 June 2018. The Group also has a $15 million bank facility which is undrawn as of 30 June 2018.

The Group has outstanding debt principal at 30 June 2018 of $60 million and net debt (principal less cash balances) of $7.8 million. The ratio of net debt to Adjusted EBITDA was 0.16x at 30 June 2018.

A final dividend of $0.110 was declared 30 August 2018 to holders of record as of 7 September 2018. The final dividend was 70% franked.

5) Key operating metrics

GTN's FY18 revenue result was underpinned by solid operating results across its four current operating geographies.

Key operating metrics by market (local currency)

	Notes	FY18	FY17
Australia			
Radio spots inventory ('000s)	1	958	866
Radio sell-out rate (%)	2	73%	81%
Average radio spot rate (AUD)	3	138	134

Canada			
Radio spots inventory ('000s)	1	630	598
Radio sell-out rate (%)	2	63%	67%
Average radio spot rate (CAD)	3	69	66
United Kingdom			
Total radio impacts available ('000)	4	19,307	19,055
Radio sell-out rate (%)	5	97%	99%
Average radio net impact rate (GBP)	6	1.3	1.3
Brazil			
Radio spots inventory ('000s)	1	216	151
Radio sell-out rate (%)	2	60%	64%
Average radio spot rate (BRL)	3,7	275	277

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. Not adjusted for taxes or advertising agency incentives that are deducted from net revenue.

CEO Comment

Commenting on the results, William L. Yde III, Chief Executive Officer of GTN, said “While the big story of the past fiscal year was our exit from the United States market, our remaining markets continue to generate significant cash flow for the Company. Revenue was up in all of our markets and Adjusted EBITDA continued to be strong.”

Mr. Yde continued, “With regards to the United States market, we are disappointed that we were unable to make our investment work. While the United States is the largest advertising market in the world, the costs of operating there along with the significant competition led us to the conclusion that we would not be able to generate sufficient revenue to make the market profitable. Fortunately, there continues to be many positives in our remaining markets.

Australia increased revenue for the 20th time in its 21 years of operation. While EBITDA dropped from the all-time high of FY 2017, this was primarily due to station compensation related to multi-year contracts where the costs are fixed over the life of the contract other than minor increases due to inflation. We are confident that we can continue to grow revenue over the life of these contracts which we expect will lead to EBITDA increases in the future.

Canada showed a significant increase in EBITDA for the year as solid revenue growth along with tight expense control led to outsize increases in the bottom line. We continue to work to fill the few remaining holes in our station line-up and expand our sales staff in order to accelerate revenue growth.

Brazil once again was our fastest growing market with a 32% revenue increase in local currency in fiscal 2018. During the past fiscal year, we opened two additional markets, Porto Alegre and Salvador, bringing our Brazilian markets to five. We believe there is significant growth in Brazil from signing additional radio station affiliates in our existing markets, opening new markets as well as increased utilization of our current inventory. We expect to open additional markets in Brazil in fiscal 2019 although nothing is currently finalized.

Although United Kingdom posted flat revenue in local currency and a disappointing decrease in EBITDA due primarily to higher radio station compensation costs, the market continues to be a significant source of cash flow to the Company."

Future Dividend Policy

Previously the Company has targeted a dividend payout ratio of 100% of NPAT (adjusted for unusual non-cash items). Under this policy, the interim dividend target (except when suspended as part of the USTN financing) was equal to 100% of the half-year NPAT. Going forward, the Company anticipates reducing the annual dividend to 70%-90% of NPAT, with the remaining funds being targeted for reduction of the Company's net debt. In addition, the Company expects that the total dividend to be weighted toward the final dividend and expects to pay approximately 50% of half-year NPAT as an interim dividend in order to maximize the available franking credits. While the Company expects to be able to continue to frank a large percentage of dividends going forward, it is unable to fix a franking percentage target at this time.

About GTN Limited

GTN Limited (ASX: GTN) began operations in Australia in 1997 and has grown to become the largest supplier of traffic information reports to radio stations in Australia, United Kingdom, Canada and Brazil (four of the 10 largest advertising markets in the world) and one of the largest broadcast media advertising platforms by audience reach in these operating geographies.

In exchange for providing traffic and information reports, and in certain cases monetary compensation, GTN receives commercial advertising spots adjacent to traffic, news and information reports from its large network of affiliates. These spots are bundled together by GTN and sold to advertisers on a national, regional or specific market basis.

GTN's advertising spots are short in duration, adjacent to engaging information reports and are often read live on the air by well-known radio and television personalities during peak audience hours. GTN's broad audience means it is able to deliver effective radio advertisements with high frequency and expansive reach, enabling advertisers to communicate with high-value demographics cost effectively.

For more information, visit the Company's website at www.gtnetwork.com.au.

Conference Call

GTN Limited will host a conference call at 10:30 a.m. Australia Eastern Standard time on Thursday, 30 August 2018 to discuss its fiscal year 2018 results.

Conference ID Code: 3875578

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 available from 11:30 a.m. Australian Eastern Standard time on 30 August 2018 until 6 September 2018.

Replay PIN Code: 3875578

Dial-in numbers:

- Australia (toll free): 1800 153 898
- Australia (toll): +61 2 9003 4211
- New Zealand: 0800 453 213
- Hong Kong: 800 963 117
- Singapore: 800 616 2305

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Appendix A

Reconciliation of non-IFRS disclosures

($m)[5]	**FY18**	**FY17**
Reconciliation of EBITDA and Adjusted EBITDA to Profit before income tax from continuing operations		
Profit before income tax from continuing operations	34.2	34.6
Depreciation and amortization	(9.5)	(9.3)
Finance costs	(4.8)	(5.2)
Interest on bank deposits	0.4	0.5
Interest income on long-term prepaid affiliate contract	8.4	8.5
EBITDA	**39.7**	**40.2**
Interest income on long-term prepaid affiliate contract	8.4	8.5
Foreign currency transaction loss	(0.1)	(0.2)
Adjusted EBITDA	**48.1**	**48.9**
Profit for the year from continuing operations (NPAT)	24.8	28.2
Amortization of intangible assets (tax effected)	4.4	4.3
NPATA	**29.2**	**32.5**