



GTN Limited

FY18 Results Presentation

30 August 2018

Today's presenters



Bill Yde (CEO and founder)



Scott Cody (CFO and COO)

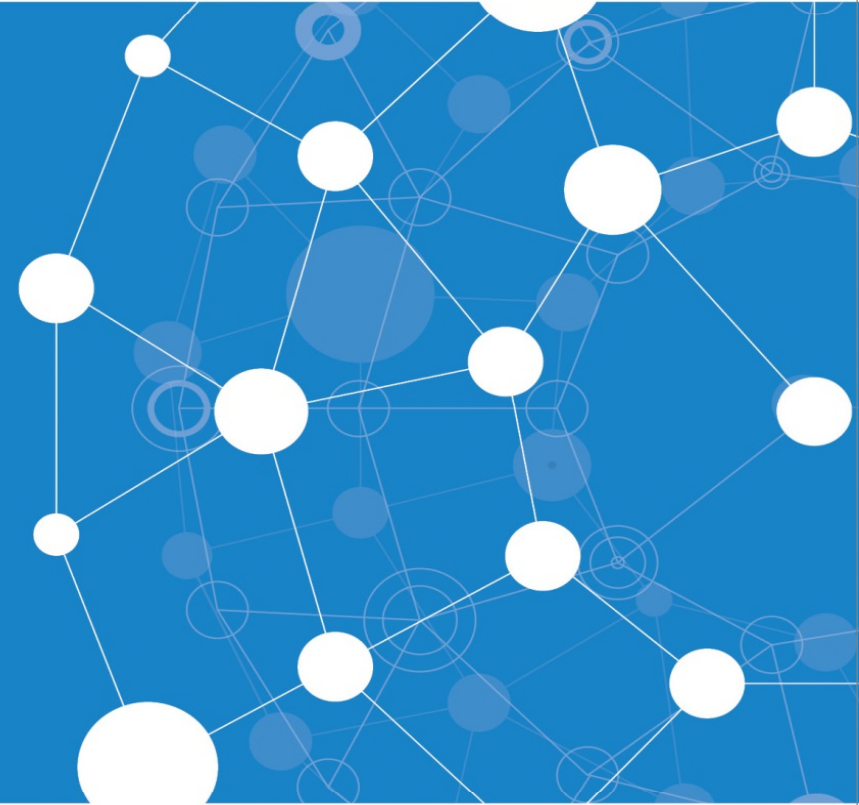
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Section 01

Overview



Key Highlights

GTN's FY2018 results showed strong Adjusted EBITDA on 4.4% revenue increase from continuing operations

Key Highlights



FY18 results from continuing operations

- Adjusted EBITDA of \$48.1 million (-1% on FY17)
- NPATA of \$29.2 million (-10% on FY17)
 - NPAT & NPATA impacted by higher tax expense. FY17 included \$5.0 million tax benefit from recognition of CTN deferred tax assets that had previously not been recognized



FY18 revenue underpinned by positive operating results across all four geographies

- All regions reported revenue increase over FY17 in AUD



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

- Final dividend declared of 11.0cps (70% franked)



Exited United States market in March 2018

- Concluded that revenue opportunity in the short and medium term was unlikely to support the significant operating costs

A\$m ⁽³⁾	FY18 ⁽¹⁾	FY17 ⁽¹⁾	% Difference
Revenue	185.0	177.3	4.4%
EBITDA	39.7	40.2	(1.2)%
Adjusted EBITDA ⁽²⁾	48.1	48.9	(1.5)%
NPAT	24.8	28.2	(11.9)%
NPATA	29.2	32.5	(10.2)%
NPATA per share (\$)	\$0.13	\$0.15	(14.6)%

Notes: (1) All amounts are from continuing operations unless otherwise noted. (2) Adjusted EBITDA is EBITDA adjusted to include the non-cash interest income arising from the Southern Cross Austereo Affiliate Contract and exclude transaction costs and foreign exchange gains/losses. (3) All figures in A\$m unless otherwise stated. Amounts in tables may not add due to rounding. Percentage changes are based on actual amounts prior to rounding.

GTN's global advertising platform

GTN's global advertising platform is a combination of established, market leading businesses and large new market opportunities



		ATN	CTN	UKTN	BTN
FY 2017 Revenue	A\$m	98.7	28.0	40.9	9.7
FY 2018 Revenue	A\$m	100.8	29.8	42.2	12.2
FY 2018 vs FY 2017		+2.1%	+6.5%	+3.3%	+25.6%
Number of Radio Affiliates	#	137	108	234	59
Number of TV Affiliates	#	13	5	-	-
GTN Radio Audience	m	11.2	14.5	28.0	14.6
GTN TV Audience	m	5.0	7.5	-	-
FY 2018 spots inventory	m	958	630	19,307 ⁽¹⁾	216
FY 2018 sell-out rate	%	73%	63%	97% ⁽¹⁾	60%
FY 2018 average spot rate	Local ccy	A\$138	C\$69	£1.3 ⁽¹⁾	BRL 275

(1) See page 13 for explanation of UKTN metrics.

Section 02

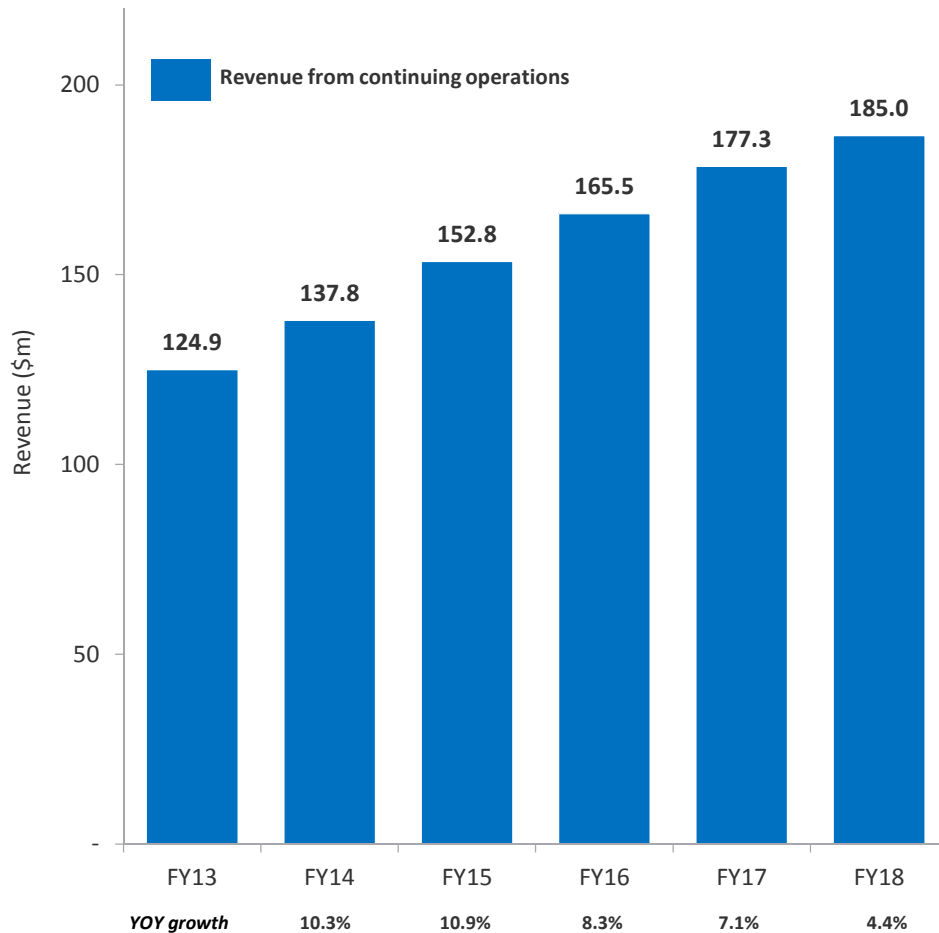
Group financial performance



Key revenue drivers

GTN group revenue from continuing operations grew by +4.4% on FY17

GTN revenue profile



Commentary

- Revenue result driven by growth across all four of GTN's markets.
 - United Kingdom (0.2)% in GBP but grew in AUD due to favourable exchange rate movements
- Revenue adjusted to reflect treatment of Brazilian taxes based on revenue as a reduction of revenue rather than sales, general and administrative expenses

FY18 revenue result by jurisdiction

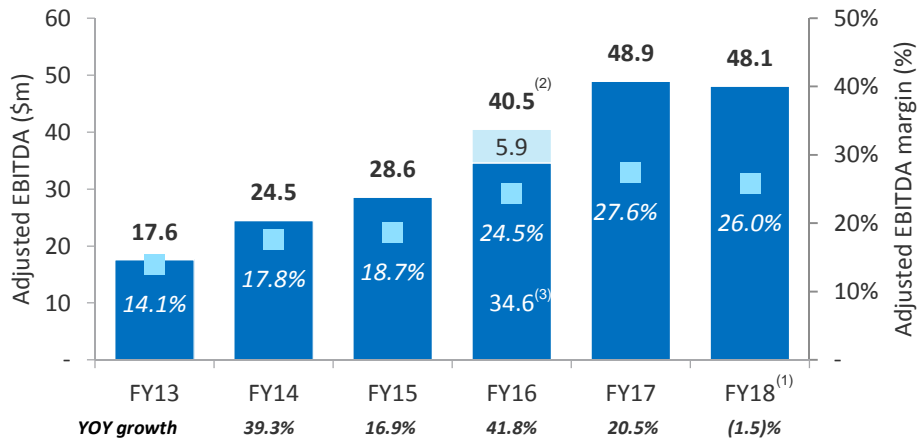
A\$m	FY18	FY17	% Difference
Australia (ATN)	100.8	98.7	+2.1%
Canada (CTN)	29.8	28.0	+6.5%
U.K (UKTN)	42.2	40.9	+3.3%
Brazil (BTN)	12.2	9.7	+25.6%
Total	185.0	177.3	+4.4%

Key earnings drivers

GTN group Adjusted EBITDA \$48.1m (-1.5% on FY17)

NPATA \$29.2m, (-10.2% on FY17 primarily due to higher tax expense)

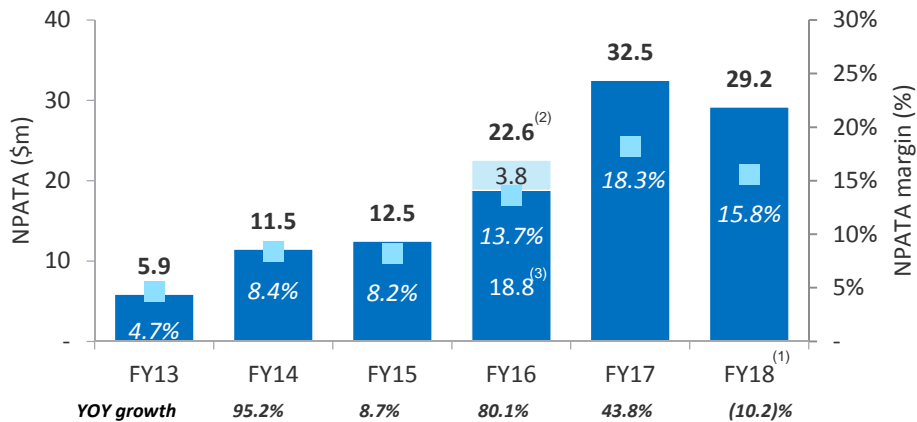
GTN Adjusted EBITDA profile (1)



Commentary

- Higher station compensation compared to FY17 negatively impacted Adjusted EBITDA
 - Majority of increase related to multi-year renewals which expense should remain consistent for FY19 and beyond
- Non-cash compensation increased \$0.5 million. No stock options exercised during FY18.
- FY13 – FY16 information pro forma

GTN NPATA profile (1)



Commentary

- NPATA negatively impacted by higher income tax expense
 - \$5.0 million tax benefit from recognition of Canada deferred tax assets in FY2017
- FY13 – FY16 information pro forma

Additional 7-month Impact of SCA contract

(1) From continuing operations only. (2) Includes a full year adjustment for the Southern Cross Austereo Affiliate Contract (i.e. impact for the additional 7 months) (3) Includes only 5 months impact of Southern Cross Austereo Affiliate Contract.

Strong liquidity position

Net debt (debt less cash balances) of \$7.8 million. Total Gearing to Adjusted EBITDA of 0.16x

Historical balance sheet (30 June 2018)

	2018	2017
	\$'000	\$'000
Current Assets		
Cash and cash equivalents	52,232	100,727
Trade and other receivables	38,681	53,678
Current tax assets	957	-
Other current assets	1,827	4,842
Current assets	93,697	159,247
Non-current Assets		
Property, plant and equipment	6,335	6,768
Intangible assets	58,009	85,221
Goodwill	96,193	97,997
Deferred tax assets	3,916	4,679
Other assets	97,215	98,244
Non-current assets	261,668	292,909
Total assets	355,365	452,156
Current Liabilities		
Trade and other payables	28,346	57,613
Deferred revenue	450	5,430
Current tax liabilities	338	683
Provisions	1,341	1,167
Current liabilities	30,475	64,893
Non-current Liabilities		
Trade and other payables	69	66
Financial liabilities	58,294	97,569
Deferred tax liabilities	17,443	16,796
Derivatives	-	5
Other liabilities	37	77
Provisions	349	409
Non-current liabilities	76,192	114,922
Total liabilities	106,667	179,815
Equity		
Share capital	444,981	444,981
Reserves	6,540	4,295
Accumulated losses	(202,823)	(176,935)
Total equity	248,698	272,341

Summary cash flow (1)

\$Am	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

Commentary

- Strong liquidity position with net debt of \$7.8m
 - \$52.2m cash and \$60m of drawn debt
 - \$15m unutilized debt line available
- Final dividend of 11.0 cps declared (70% fully franked) (100% of NPAT from continuing operations)

(1) From continuing operations only

Section 03

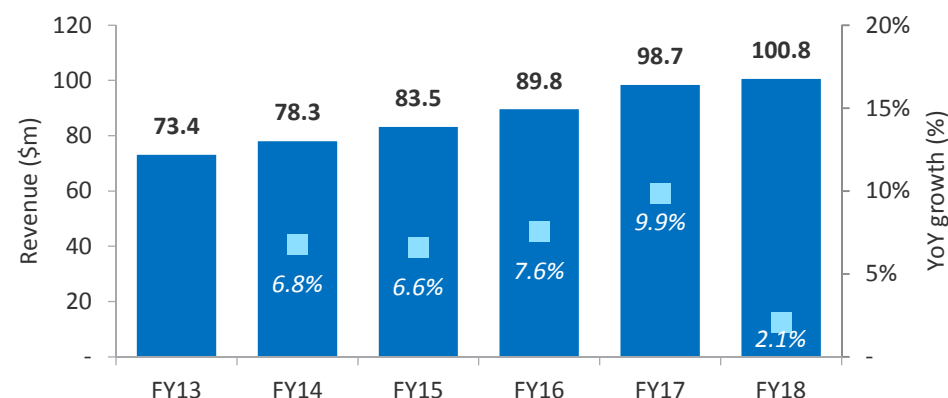
Financial performance by operating segment



Australia (ATN)

Australia revenue continues to grow after 20+ years in operation

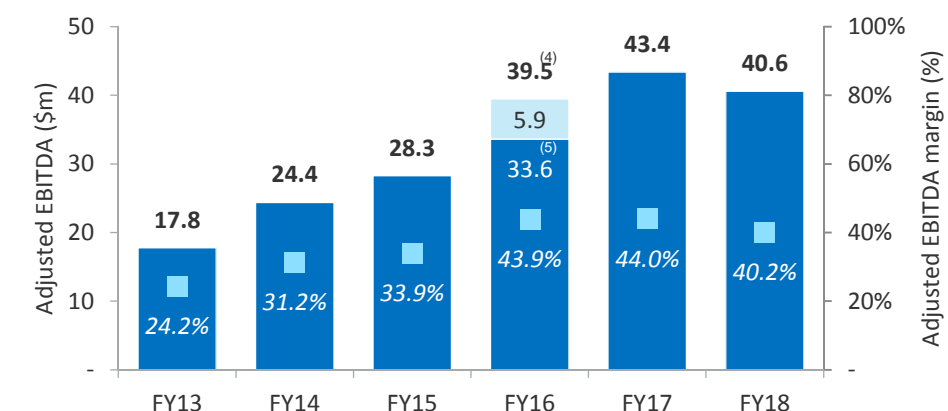
Revenue profile



Commentary

- Australia continues to generate revenue growth
 - Primarily driven by growing spots inventory
 - Lower sell-out rate due to higher spots inventory
- Adjusted EBITDA of \$40.6m
 - Negatively impacted by increased station compensation primarily related to multi-year agreements
 - Expense under these agreements to be consistent in FY2019 and beyond

Adjusted EBITDA profile⁽⁶⁾



Operational KPIs

	FY2018	FY2017	% Difference
Radio spots inventory ('000s) ⁽¹⁾	958	866	10.7%
Radio sell-out rate (%) ⁽²⁾	73%	81%	(8) pts
Average radio spot rate (AUD) ⁽³⁾	138	134	+2.8%

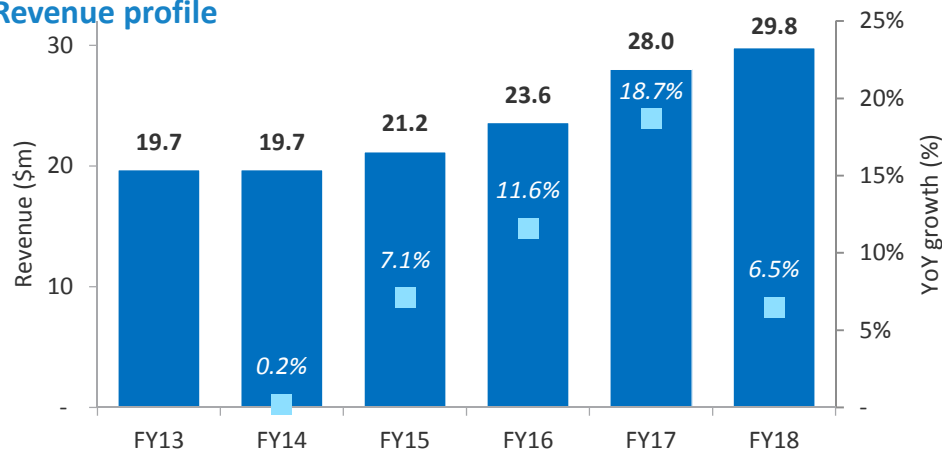
Additional 7-month Impact of SCA contract

(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) Including a full year adjustment for the Southern Cross Austereo Affiliate Contract (i.e. impact for the additional 7 months). (5) Includes only 5 months impact of Southern Cross Austereo Affiliate Contract. (6) Adjusted EBITDA excludes management fees paid to related parties.

Canada (CTN)

Revenue grew 6.5% (4.9% in CAD) exceeding the Canadian radio market performance for the year

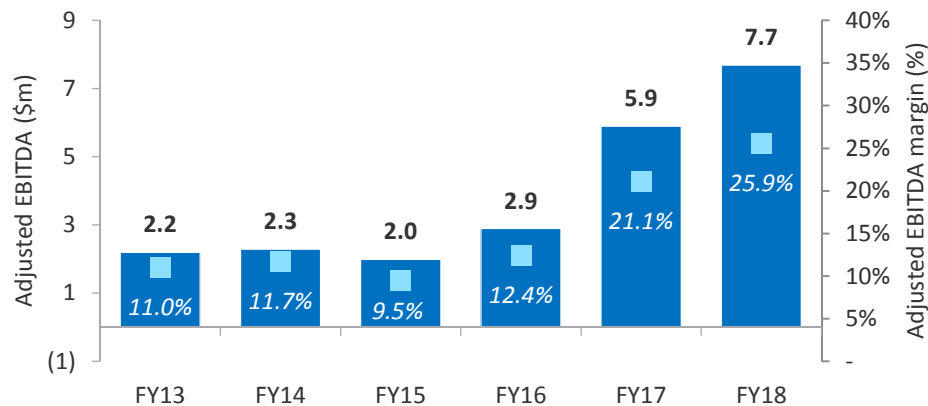
Revenue profile



Commentary

- Canada posted solid 6.5% revenue increase
 - Continue to grow spot inventory
- Tight expense control led to large Adjusted EBITDA increase
 - +30.5% on FY2017 after 96.5% increase on FY2016 in FY2017

Adjusted EBITDA profile⁽⁴⁾



Operational KPIs

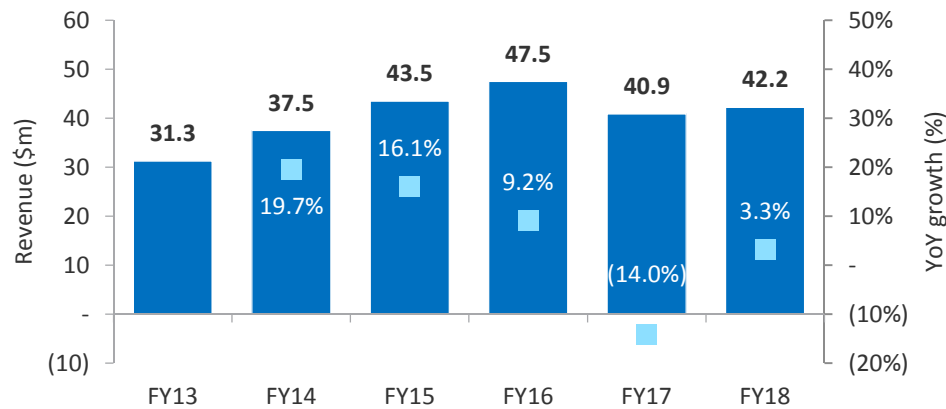
	FY2018	FY2017	% Difference
Radio spots inventory ('000s) ⁽¹⁾	630	598	5.4%
Radio sell-out rate (%) ⁽²⁾	63%	67%	(4)% pts
Average radio spot rate (CAD) ⁽³⁾	69	66	4.0%

(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) Adjusted EBITDA excludes management fees paid to related parties.

United Kingdom (UKTN)

UK performance suffered due to flat revenue growth in GBP combined with higher station compensation

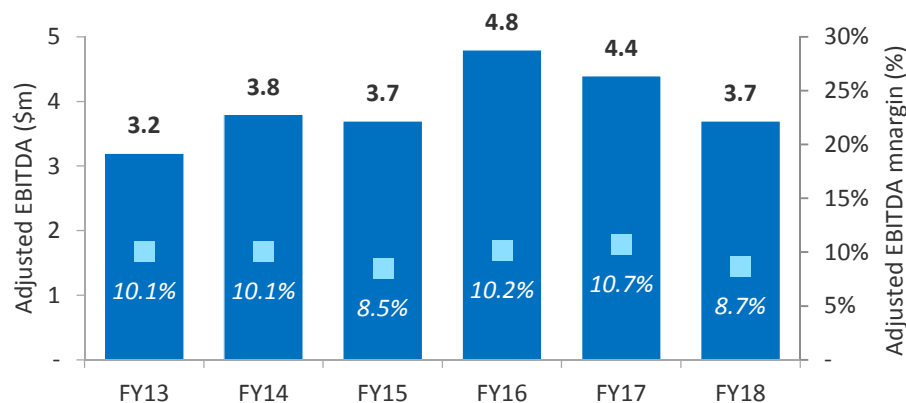
Revenue profile



Commentary

- UKTN continues to be a good contributor to group EBITDA and cash
- Revenue +3.3% due to favourable exchange rate movements
- Revenue (0.2)% in GBP compared to FY2017

Adjusted EBITDA profile⁽⁴⁾



Operational KPIs

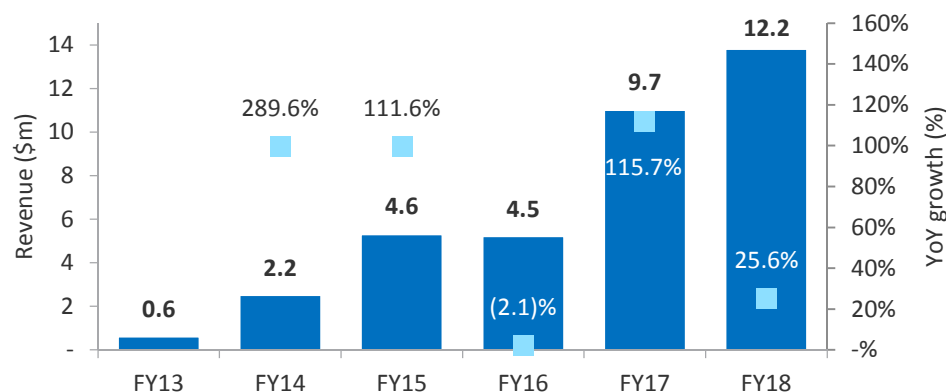
	FY2018	FY2017	% Difference
Total radio Impacts ⁽¹⁾ available ('000)	19,307	19,055	1.3%
Radio sell-out rate (%) ⁽²⁾	97%	99%	(2)% pts
Average radio net Impact rate (GBP) ⁽³⁾	1.3	1.3	-%

(1) The UK market measures inventory and units sold based on impacts instead of spots. An impact is a thousand listener impressions. (2) The number of impressions sold as a percentage of the number of impressions available. (3) Average price per radio impact sold net of agency commission. (4) Adjusted EBITDA excludes management fees paid to related parties.

Brazil (BTN)

Brazil continues to be the Group's fastest growing segment with revenue increase of 26% in FY2018

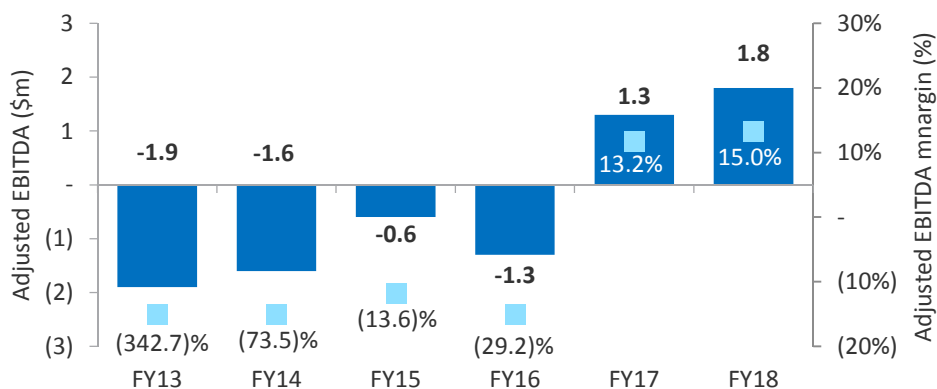
Revenue profile



Commentary

- 26% increase in revenue led to 43% increase in EBITDA for FY2018
 - Continue to reinvest revenue growth into Brazil operations
 - Opened Porto Alegre and Salvador during FY2018
- Management focused on investing to expand BTN's affiliate network in current markets
- Expect to open additional markets during FY2019
- Revenue and Adjusted EBITDA margin adjusted to reflect treatment of Brazilian taxes based on revenue as a reduction of revenue rather than sales, general and administrative expenses

Adjusted EBITDA profile⁽⁴⁾



Operational KPI's

	FY2018	FY2017	% Difference
Radio spots inventory ('000s) ⁽¹⁾	216	151	43.3%
Radio sell-out rate (%) ⁽²⁾	60%	64%	(4)% pts
Average radio spot rate (BRL) ⁽³⁾	275	277	(0.8)%

(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. Not adjusted for taxes or advertising agency incentives deducted from net revenue. (4) Adjusted EBITDA excludes management fees paid to related parties.


Section 04


Update on growth strategy





GTN growth strategy

Management is focused on capitalising on the strong growth outlook for Brazil and Canada

 **Australia**
— Focus on continuing to grow revenue by continually educating advertisers as to the value of GTN's broad reach and effectiveness

 **Brazil**
— Local management continue to focus on investing in BTN's affiliate network to strengthen the product offering and drive continued growth in revenue and EBITDA
— Continue to explore opportunities to open additional markets and expect to open additional markets in FY 2019

 **Canada**
— Exploring opportunities to fill any holes in existing affiliate line-up
— Management are focused on monetising the network by increasing sell-out and spot rate

 **Renewed affiliate agreements**
— GTN recently signed a new station affiliate agreement with Wireless Group in the UK and is in process of documenting several other key agreements with current affiliate groups
— Local management teams across all jurisdictions are focused on maintaining strong relationships with our key affiliates

Dividend Policy

Board expects to alter dividend policy to continue to reduce debt outstanding, maximize franking of dividends while still maintaining a high pay-out ratio of NPAT.

➔ Current target policy has been to pay a dividend equal to 100% of NPAT

—Interim dividend (except when suspended to fund USTN) has been equal to 100% of 1H NPAT

➔ Dividend policy expected to be revised going forward (starting with 1H19 dividend)

—**Reduce annual dividend pay-out to 70% - 90% of NPAT**

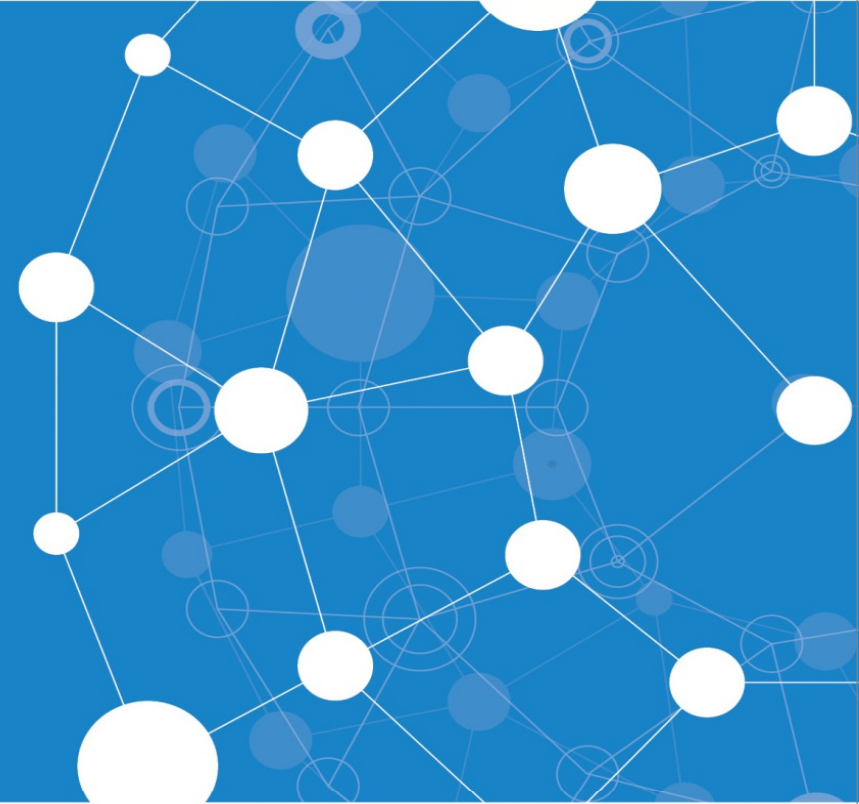
—Remaining funds to be used to reduce outstanding net debt of the Group

—**Interim dividend (based on 1H NPAT) to be targeted at 50% of NPAT with remainder to be paid as part of final dividend**

—By reducing the interim dividend the Company expects to be able to maximize the franking percentage based on projection of when franking credits will be earned.

Appendix A

Additional financial information



Reconciliation of Non-IFRS Disclosures

(A\$m)	FY2018	FY2017
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

Disclaimer and important information



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