



GTN Limited

1H19 Results Presentation

25 February 2019

Today's presenters



Bill Yde (CEO and founder)



Scott Cody (CFO and COO)

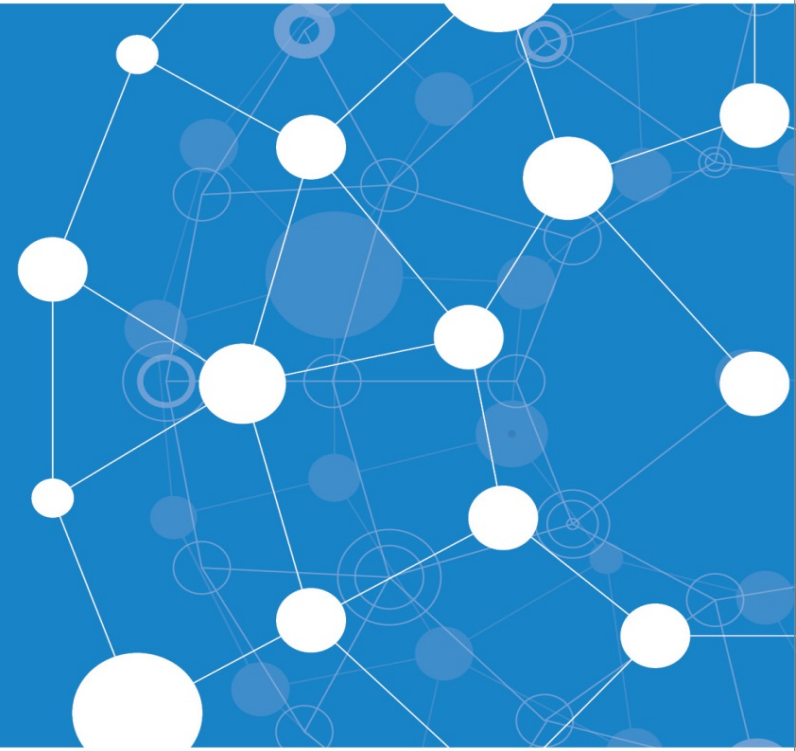
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Section 01

Overview



Overview

GTN's 1H FY19 results showed 2.3% revenue increase from continuing operations

Key Highlights



1H19 revenue underpinned by growth in all non-Australian markets

- All non-Australian markets reported revenue increase over 1H FY18 in local currencies and AUD
- Australia revenue declined primarily due to difficult market conditions



1H19 profitability declined due to higher expenses

- Adjusted EBITDA of \$22.3 million (-9% on 1H FY18)
 - Impacted by higher operating expenses, primarily station compensation.
 - Station compensation increased due to variable compensation on UK revenue increase, key affiliate renewal in Australia and expansion of Canadian network, including adding Rogers in Toronto.



Strong liquidity position with net debt (after cash) of \$24.6 million

- Final FY18 dividend paid of 11.0cps (70% franked)
- Interim FY19 dividend declared of 2.4cps (100% franked)
- TGR (net debt) 0.54X at 31 December 2018

A\$m ⁽³⁾	1H19 ⁽¹⁾	1H18 ⁽¹⁾	% Difference
Revenue	94.4	92.2	+2.3%
EBITDA	18.1	20.4	(11.1)%
Adjusted EBITDA ⁽²⁾	22.3	24.7	(9.4)%
NPAT	10.7	13.6	(21.9)%
NPATA	12.9	15.8	(18.1)%
NPATA per share (\$)	\$0.06	\$0.07	(18.1)%

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
1H FY2019 Revenue	A\$m	48.6	16.4	22.5	6.9
1H FY2018 Revenue	A\$m	50.1	15.3	19.9	6.9
1HFY19 vs 1HFY18		(3.0)%	+7.0%	+12.7%	+1.1%
Number of Radio Affiliates	#	155	114	231	74
Number of TV Affiliates	#	13	6	-	-
GTN Radio Audience	m	11.1 ⁽³⁾	16.1	28.0	14.8 ⁽²⁾
GTN TV Audience	m	5.2	9.4	-	-
1H FY2019 spots inventory	m	531	335	9,717 ⁽¹⁾	139
1H FY2019 sell-out rate	%	65%	68%	99% ⁽¹⁾	60%
1H FY2019 average spot rate	Local ccy	A\$138	C\$67	£1.3 ⁽¹⁾	BRL 272

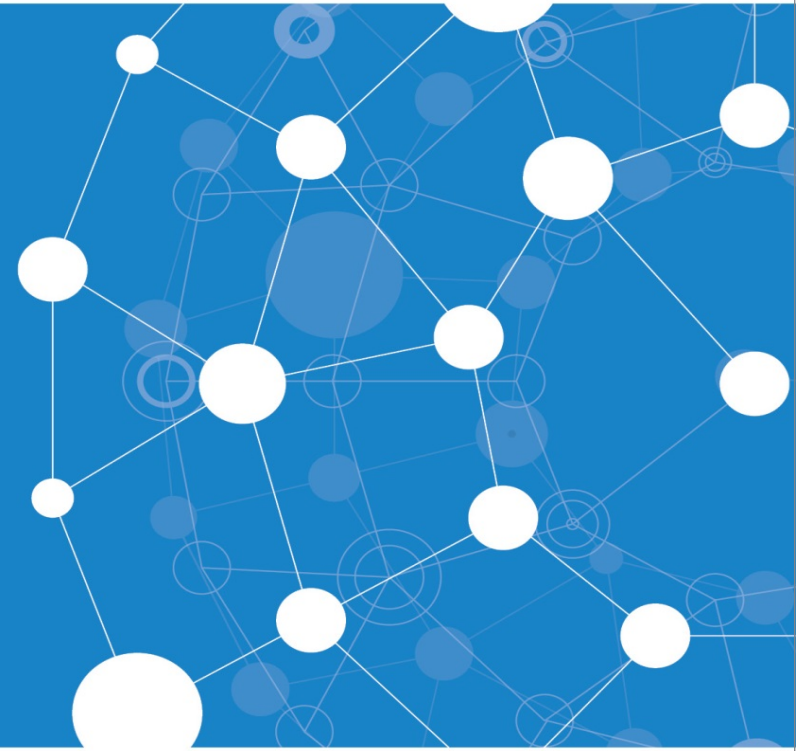
(1) See page 12 for explanation of UKTN metrics

(2) Campinas market not rated by Ipsos so audience not included in total.

(3) Excludes non-rated regional markets

Section 02

Group financial performance



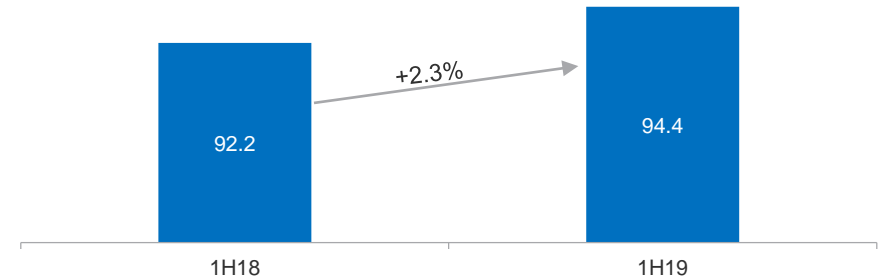
Key drivers of financial performance

GTN achieved growth in revenue from continuing operations while earnings declined on higher costs

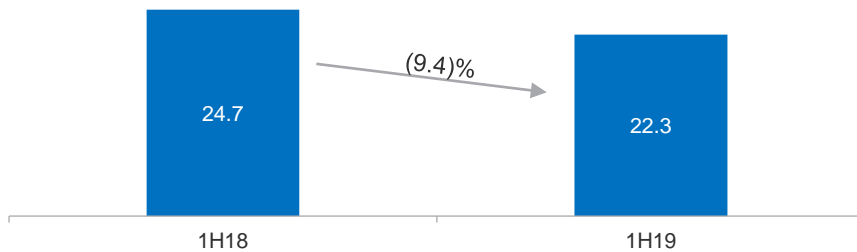
Commentary

- Revenue growth of 2.3% driven by:
 - Organic growth in all non-Australian markets in both local currency and AUD
 - Overall revenue growth partially offset by 3% decrease in Australian market
- EBITDA and Adjusted EBITDA decreased primarily due to station compensation
 - Variable station compensation on UK revenue increase, multi-year renewal of key Australia affiliate and expansion of Canadian network (including Rogers Toronto)
- NPAT and NPATA also impacted by additional depreciation expense from adoption of AASB 16 – Leases (~\$500K pre-tax impact)

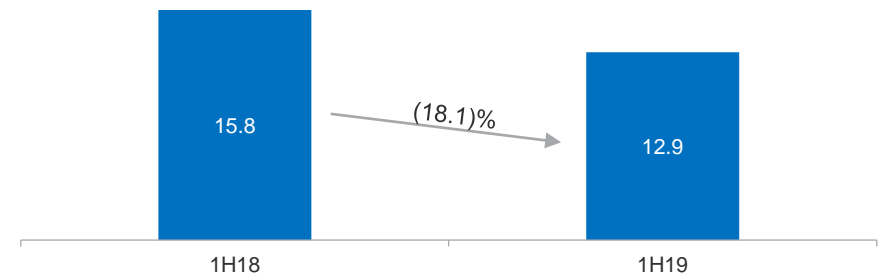
GTN Group revenue⁽¹⁾



GTN Group Adjusted EBITDA⁽¹⁾



GTN Group NPATA⁽¹⁾



(1) From continuing operations only. Excludes United States segment that was disposed in March 2018.

Strong liquidity position

Net debt (debt less cash balances) of \$24.6 million. Total Gearing to Adjusted EBITDA of 0.54x

Historical balance sheet (31 December 2018 & 30 June 2018)

	31 December 2018	30 June 2018
Current Assets	\$'000	\$'000
Cash and cash equivalents	38,616	52,232
Trade and other receivables	38,555	38,681
Current tax assets	2,048	957
Other current assets	5,166	1,827
Current assets	84,385	93,697
Non-current Assets		
Property, plant and equipment	10,089	6,335
Intangible assets	55,055	58,009
Goodwill	96,098	96,193
Deferred tax assets	3,413	3,916
Other assets	96,685	97,215
Non-current assets	261,340	261,668
Total assets	345,725	355,365
Current Liabilities		
Trade and other payables	27,333	28,346
Deferred revenue	370	450
Current tax liabilities	401	338
Financial liabilities	1,082	-
Provisions	1,283	1,341
Current liabilities	30,469	30,475
Non-current Liabilities		
Trade and other payables	72	69
Financial liabilities	60,748	58,294
Deferred tax liabilities	18,130	17,443
Other liabilities	-	37
Provisions	379	349
Non-current liabilities	79,329	76,192
Total liabilities	109,798	106,667
Equity		
Share capital	444,981	444,981
Reserves	7,836	6,540
Accumulated losses	(216,890)	(202,823)
Total equity	235,927	248,698

Summary cash flow ⁽¹⁾

\$Am	1H FY19	1H FY18
Adjusted EBITDA	22.3	24.7
Non-cash items in Adjusted EBITDA	0.3	0.3
Change in working capital	(0.9)	(3.9)
Impact of Southern Cross Austereo Affiliate Contract	1.0	1.0
Operating free cash flow before capital expenditure	22.7	22.0
Capital expenditure	(2.3)	(1.6)
Net free cash flow before financing, tax and dividends	20.4	20.5

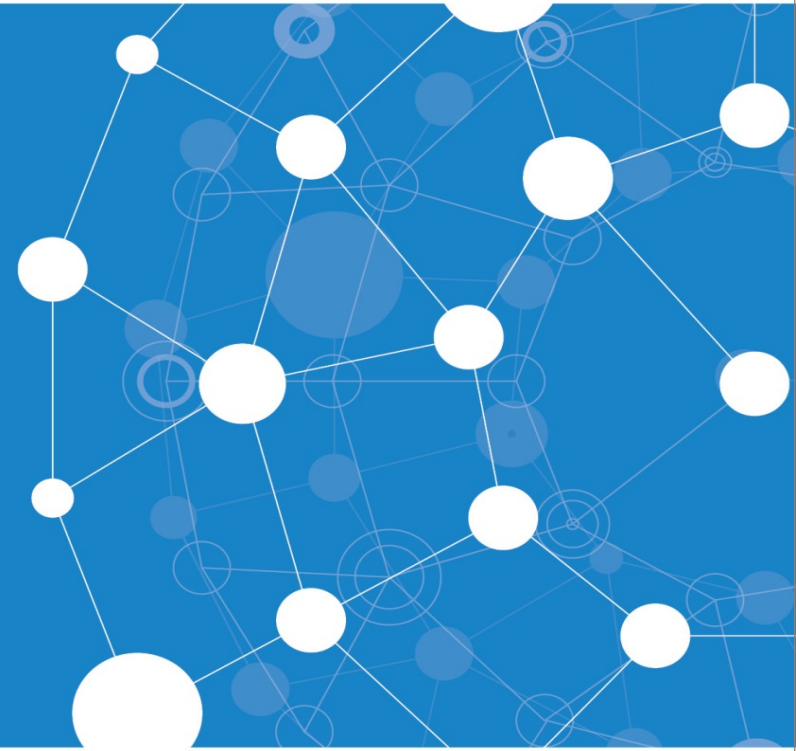
Commentary

- Strong liquidity position with net debt of \$24.6m
 - \$38.6m cash and \$63.2m of drawn debt (including \$3.2m of capital leases)
 - \$15m unutilized debt line available
 - TGR to Adjusted EBITDA 0.54x at 31 December 2018
- Final FY18 dividend of 11.0 cps paid September 2018 (70% franked)
- Interim FY19 dividend of 2.4 cps declared 25 February 2019 (100% franked)

(1) From continuing operations only. Excludes United States segment that was disposed in March 2018.

Section 03

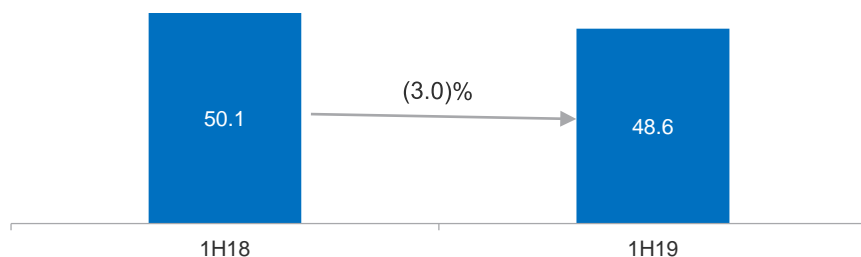
Financial performance by operating segment



ATN

ATN revenue decreased in a challenging macro environment

ATN revenue performance



ATN KPIs

	1H19	1H18	% chg
Radio spots inventory ('000s) ¹	531	472	12.5%
Radio sell-out rate (%) ²	65%	73%	(8)% points
Average radio spot rate (AUD) ³	138	138	-%

Commentary

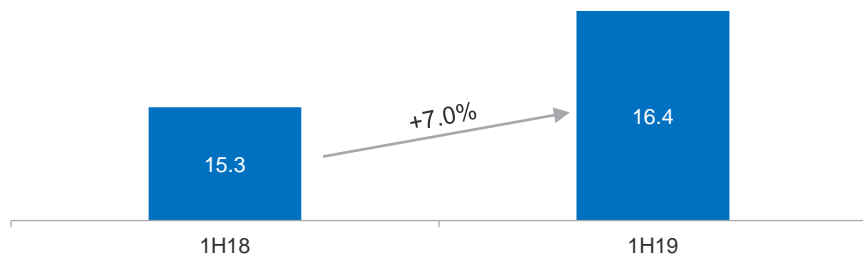
- ATN revenue declined by 3.0% due to weak second quarter performance
 - Difficult macro market in Australia combined with key account losses
- Significant increase in radio spots inventory driven by expansion in regional markets
 - Current and future revenue opportunity for the Company
- NOVA radio affiliation agreement successfully renewed
 - Long term agreement provides cost certainty
 - Three most important radio affiliate groups locked into long-term contracts

Note 1: Available radio advertising spots adjacent to traffic, news and information reports. Note 2: The number of radio spots sold as a percentage of the number of radio spots available. Note 3: Average price per radio spot sold net of agency commission.

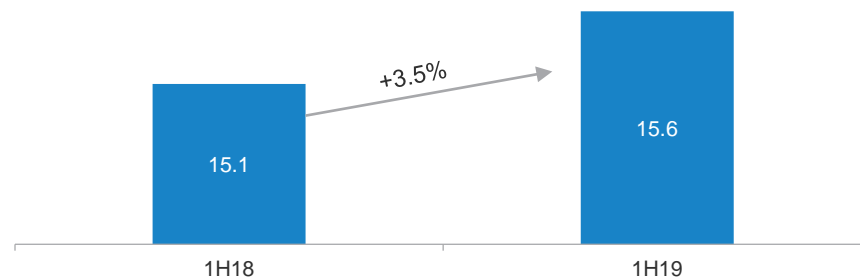
CTN

CTN showed solid 1H19 revenue growth in CAD and AUD

CTN revenue performance (AUD)



CTN revenue performance (CAD)



CTN KPIs

	1H19	1H18	% chg
Radio spots inventory ('000s) ¹	335	325	3.1%
Radio sell-out rate (%) ²	68%	67%	+1% points
Average radio spot rate (CAD) ³	67	68	(1.5)%

Commentary

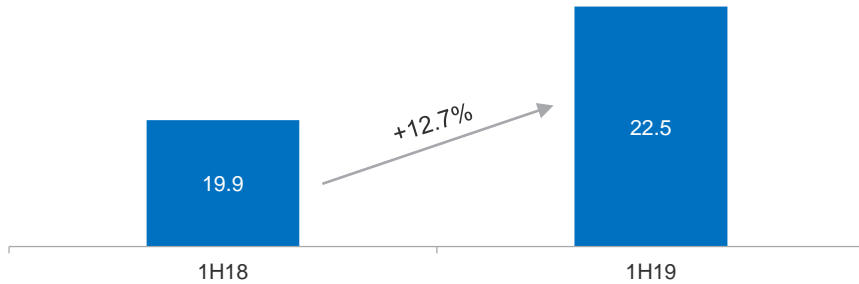
- CTN achieved 1H19 revenue growth in both CAD and AUD
 - Currency fluctuations had positive impact on reported revenue
- Continued improvement made to station affiliate network
 - Added Rogers Toronto in November 2018
 - Selectively expanded relationship with Bell Media and Stingray Digital (formerly Newcap)
 - New affiliations in Quebec City, Ottawa and Calgary

Note 1: Available radio advertising spots adjacent to traffic, news and information reports. Note 2: The number of radio spots sold as a percentage of the number of radio spots available. Note 3: Average price per radio spot sold net of agency commission.

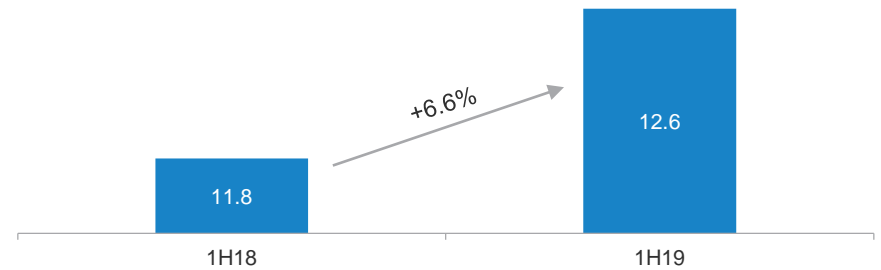
UKTN

UKTN revenue rebounded from 1H18 with significant growth in both GBP and AUD

UKTN revenue performance (AUD)



UKTN revenue performance (GBP)



UKTN KPIs

	1H19	1H18	% chg
Total radio impacts available ('000s) ¹	9,717	9,721	-%
Radio sell-out rate (%) ²	99%	95%	+4% points
Average radio net impact rate (GBP) ³	1.3	1.3	-%

Commentary

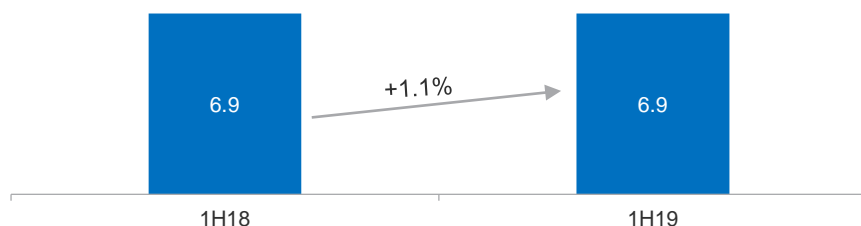
- UKTN revenue increased due to high sell through of existing inventory.
- Currency fluctuations had positive impact on reported revenue
- Bauer Media station affiliation agreements renewed effective 1 January 2019 for two years.

Note 1: The UK market measures inventory and units sold based on impacts instead of spots. An impact is a thousand listener impressions. Note 2: The number of impressions sold as a percentage of the number of impressions available. Note 3: Average price per radio impact sold net of agency commission

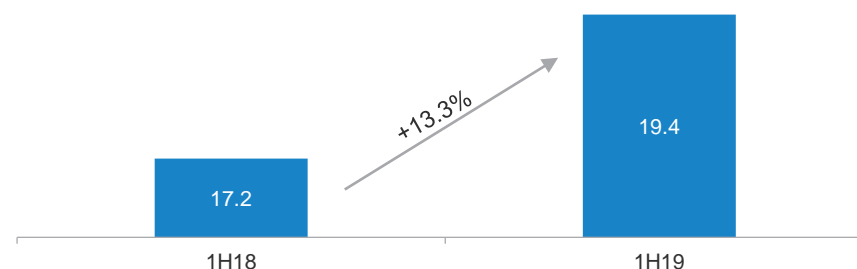
BTN

BTN achieved strong revenue growth of 13% in local currency which was almost completely offset by unfavourable currency fluctuations

BTN revenue performance (AUD)



BTN revenue performance (BRL)



BTN KPIs

	1H19	1H18	% chg
Radio spots inventory ('000s) ¹	139	98	41.8%
Radio sell-out rate (%) ²	60%	74%	(14)% points
Average radio spot rate (BRL) ³	272	274	(0.7)%

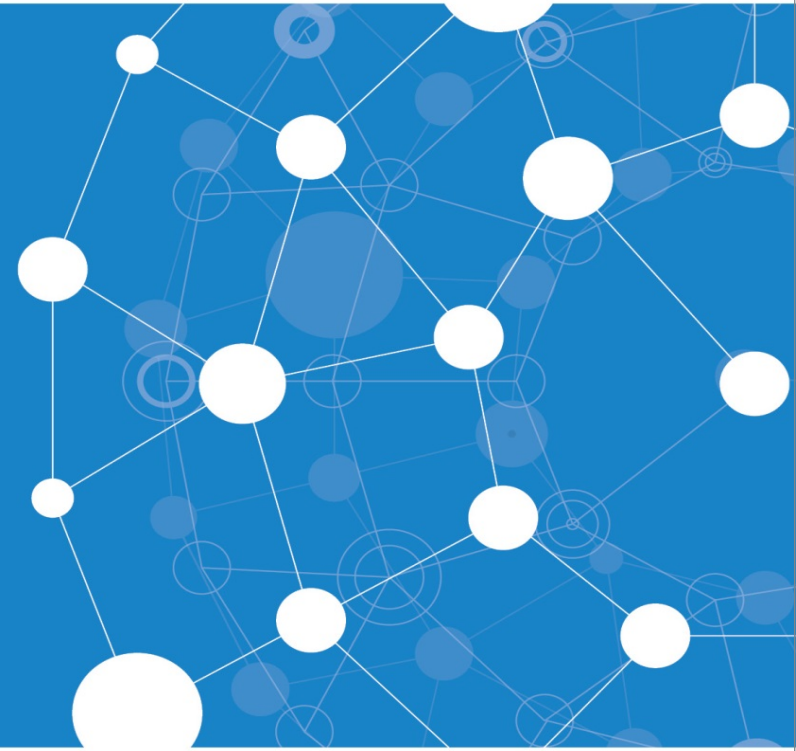
Commentary

- Strong revenue growth in Brazil driven by:
 - Significant increase in available spots inventory
 - Sell-out rate lower due to increase in inventory associated with new markets
 - Successfully maintained average spot rate despite smaller markets and influx of inventory which tend to lower spot rates
- Revenue growth driven primarily by organic growth
 - Salvador commenced operations in February 2018
 - Campinas commenced operations in October 2018
 - None of the recent markets are significant contributors to 1H19 revenue which was not unexpected
- Brasilia commenced operations in February 2019
 - Seventh Brazilian market

Note 1: Available radio advertising spots adjacent to traffic, news and information reports. Note 2: The number of radio spots sold as a percentage of the number of radio spots available. Note 3: Average price per radio spot sold net of agency commission.

Section 04

Update on growth strategy



GTN growth strategy

Management is focused on accelerating revenue growth from all markets

→ Australia

—Commitment to managing sales staff and process to ensure ATN maximizes revenue in a difficult market and is well positioned when market conditions improve

→ Brazil

—Local management continue to focus on investing in BTN's affiliate network in its existing markets to strengthen the product offering and drive continued growth in revenue and EBITDA

—Continue to explore opportunities to open additional markets and expect to continue to commence operations in new markets in the future

—Brasilia opened February 2019 (seventh market)

→ Canada

—Management are focused on monetising the network by increasing sell-out and spot rate given recent improvements in networks (including Rogers Toronto)

—Will continue to enhance networks in individual markets when opportunities arise.

→ United Kingdom

—Attempt to maintain profits from mature market by increasing revenue where possible by maximizing inventory utilization

Capital Management

The Board announced on-market share buy-back on 25 February 2019

➔ Initiating on-market share buy back as part of ongoing capital management

- Up to 10% of outstanding shares (up to \$20 million) for up to the next twelve months should the GTN stock price trade at a significant discount to its underlying value
 - No target share price or minimum repurchase amount has been set
- Macquarie has been appointed by the Company to act as its broker

➔ Current dividend policy unaffected by share buy back

- Annual dividend pay-out 70% - 90% of NPAT
- Interim dividend (based on 1H NPAT) to be targeted at 50% of NPAT with remainder to be paid as part of final dividend
 - By lowering the interim dividend in relation to the final dividend, the Company expects to be able to maximize the franking percentage based on projection of when franking credits will be earned.

➔ Unlikely to make reductions to outstanding bank debt should significant amount of shares be repurchased

Outlook

Revenue for the beginning of 2H FY2019 is anticipated to be slightly up for January & February 2019 compared to last year

➔ Australia revenue anticipated to be flat for January/February 2019

- Reverses trend of 2Q FY2019 which was significantly down
- 1H 2019 Australia revenue down 3%

➔ Revenue for other markets mixed but anticipated to be slightly up for Jan/Feb 19

- Canada and Brazil anticipated to be up for January/February 2019
- United Kingdom revenue anticipated to be lower for period

➔ Company has relatively short sales cycle and thus low visibility over future sales and resulting EBITDA beyond January/February 2019

Appendix A

Additional financial information



Reconciliation of non-IFRS measurements back to IFRS

EBITDA, Adjusted EBITDA & NPATA

Reconciliation of EBITDA and Adjusted EBITDA to Profit before income tax from continuing operations⁽²⁾

(\$m) ¹	1H FY2019	1H FY2018
Profit before income tax from continuing operations	15.1	17.6
Depreciation and amortization	(5.5)	(4.7)
Finance costs	(1.8)	(2.6)
Interest on bank deposits	0.1	0.2
Interest income on long-term prepaid affiliate contract	4.2	4.2
EBITDA	18.1	20.4
Interest income on long-term prepaid affiliate contract	4.2	4.2
Foreign currency transaction loss	-	(0.1)
Adjusted EBITDA	22.3	24.7

Reconciliation of Net profit after tax from continuing operations (NPAT) to NPATA

Net profit from continuing operations (NPAT)	10.7	13.6
Amortization of intangible assets (tax effected)	2.3	2.1
NPATA	12.9	15.8

Note 1: Amounts in tables may not add due to rounding.

Note 2: Excludes Company's United States segment which was disposed of in March 2018.

Disclaimer and important information



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