



GTN Limited

FY19 Results Presentation

29 August 2019

Today's presenters



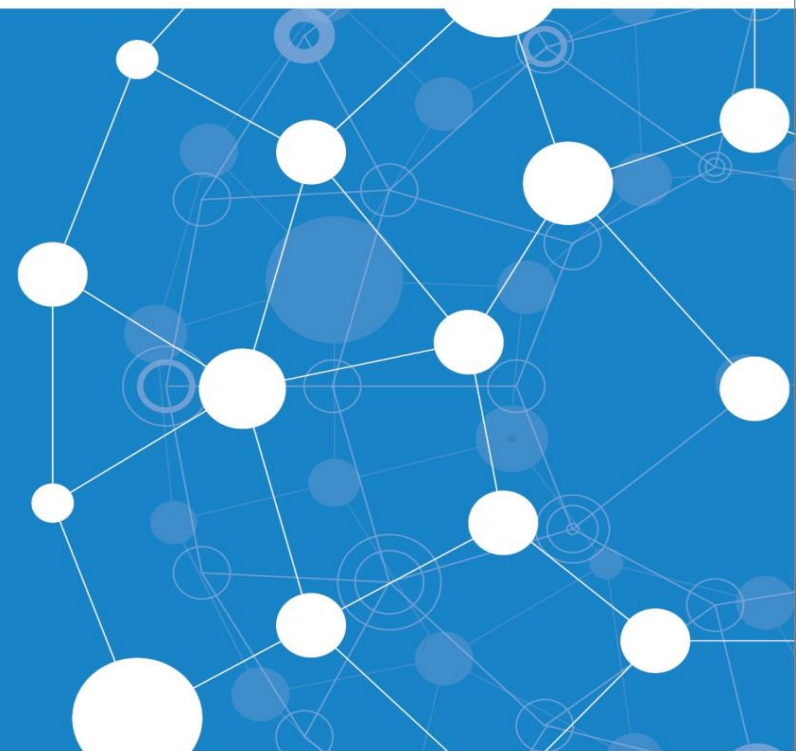
Bill Yde (CEO and founder)



Scott Cody (CFO and COO)

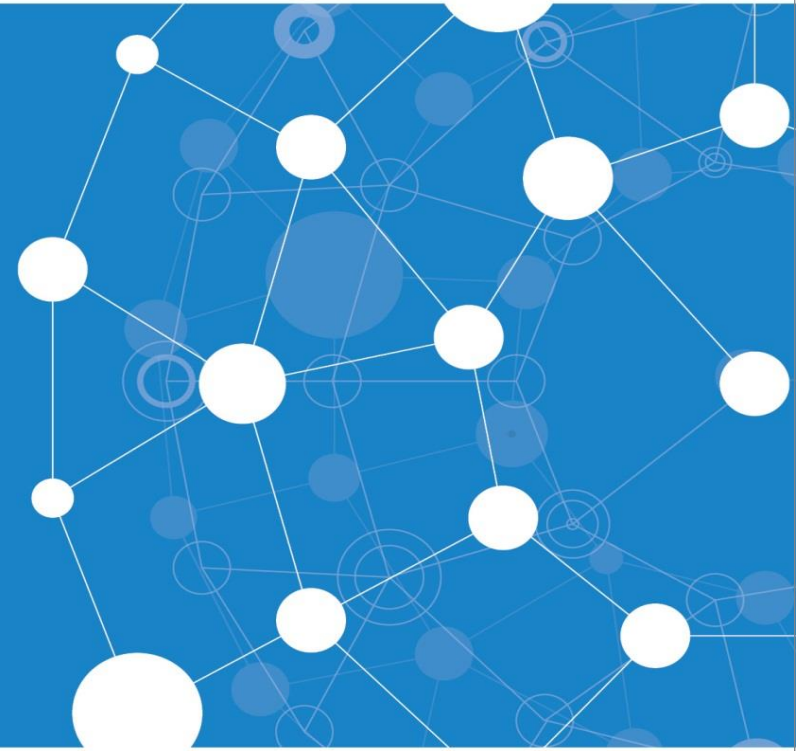
Contents

01	Overview	3
02	Group financial performance	6
03	Financial performance by operating segment	9
04	Update on growth strategy	14
A	Additional financial information	17



Section 01

Overview



Overview

GTN's FY19 revenue from continuing operations unchanged compared to FY18

Key Highlights



FY19 revenue underpinned by growth in all non-Australian markets

- All non-Australian markets reported revenue increase over FY19 in local currencies and AUD
- Australia revenue impacted by difficult market conditions



FY19 profitability declined due to higher expenses

- Adjusted EBITDA of \$37.5 million (-22% on 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.
- Sales, G&A expenses increased primarily due to increased employee costs outside of Australia, including commissions and bonuses related to increased revenue in those markets, contractual increases to executive management and severance payments, as well as foreign exchange increases related to the weakening AUD.



Strong liquidity position with net debt (after cash) of \$12.8 million

- Final FY19 dividend declared of 3.2cps (70% franked)
- TGR (net debt) 0.34X at 30 June 2019

A\$m ⁽⁵⁾	FY19 ⁽¹⁾	FY18 ⁽¹⁾	% Difference
Revenue	185.0	185.0	-%
EBITDA ⁽²⁾	29.2	39.7	(26.4)%
Adjusted EBITDA ⁽³⁾	37.5	48.1	(22.0)%
NPAT	15.7	24.8	(36.6)%
NPATA ⁽⁴⁾	20.3	29.2	(30.6)%
NPATA ⁽⁴⁾ per share (\$)	\$0.09	\$0.13	(30.6)%

Notes: (1) All amounts are from continuing operations unless otherwise noted. (2) EBITDA is defined as net profit after tax from continuing operations before the deduction of interest expense/income, income taxes, depreciation and amortization. (3) 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. (4) NPATA is defined as net profit after tax from continuing operations adjusted for the tax effected amortization arising from acquisition related intangible assets. (5) 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
FY2019 Revenue	A\$m	93.9	33.2	45.2	12.6
FY2018 Revenue	A\$m	100.8	29.8	42.2	12.2
FY19 vs FY18		(6.8)%	+11.2%	+7.2%	+3.7%
Number of Radio Affiliates	#	148	115	237	81
Number of TV Affiliates	#	13	6	-	-
GTN Radio Audience	m	11.4 ⁽³⁾	14.7	28.4	21.7 ⁽²⁾
GTN TV Audience	m	4.7	9.4	-	-
FY2019 radio spots inventory	m	1,032	655	19,435 ⁽¹⁾	315
FY2019 sell-out rate (radio)	%	64%	66%	99% ⁽¹⁾	50%
FY2019 average spot rate (radio)	Local ccy	A\$137	C\$69	£1.3 ⁽¹⁾	BRL 258

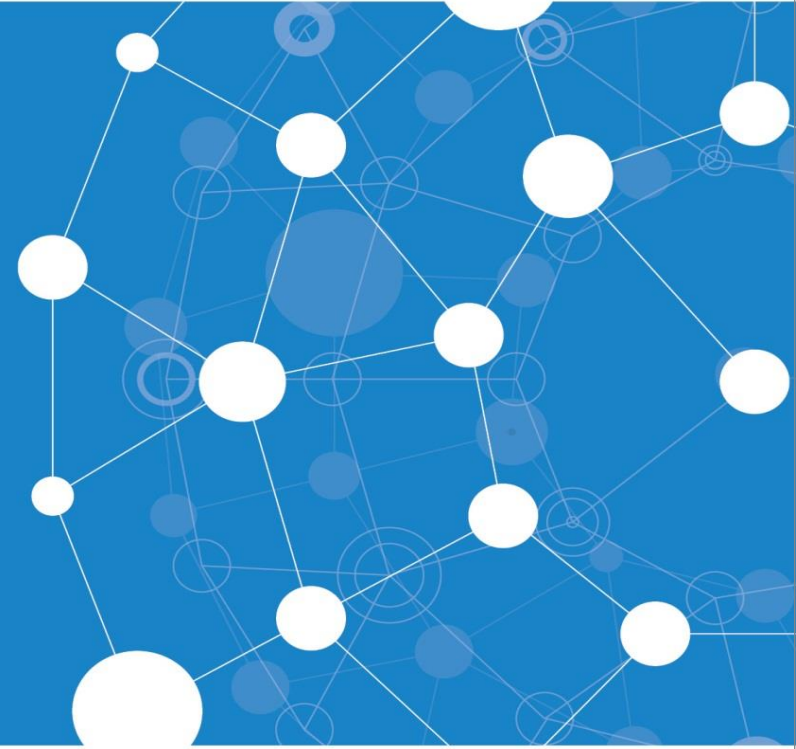
(1) See page 12 for explanation of UKTN metrics

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

(3) Excludes non-rated regional markets

Section 02

Group financial performance



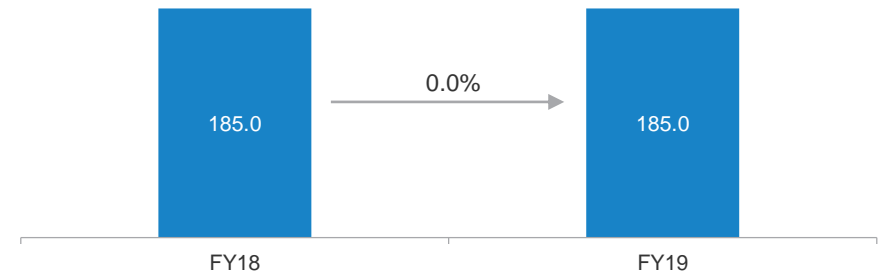
Key drivers of financial performance

GTN revenue from continuing operations unchanged while earnings declined on higher costs

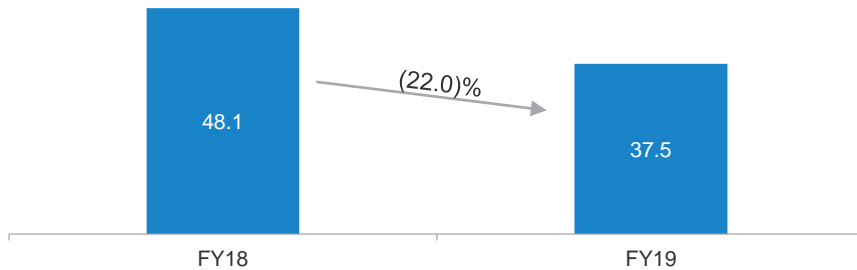
Commentary

- Revenue driven by:
 - Organic growth in all non-Australian markets in both local currency and AUD (+8%)
 - Overall revenue growth offset by 7% decrease in Australian market (51% of consolidated revenue)
- EBITDA and Adjusted EBITDA decreased due to higher expenses.
 - Station compensation largest component of increase.
 - 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 (in addition to Adjusted EBITDA decrease) by additional depreciation expense from adoption of AASB 16 – Leases (~\$1.3m pre-tax impact)

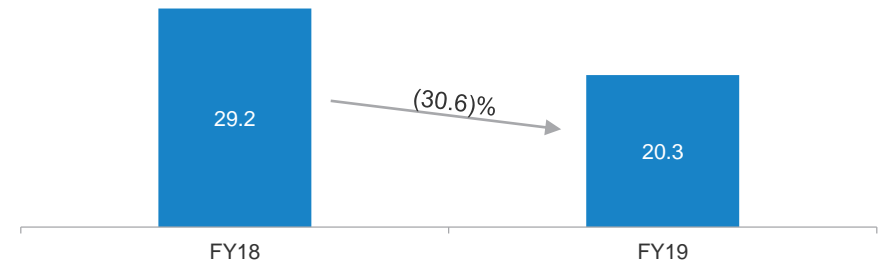
GTN Group revenue⁽¹⁾



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 \$12.8 million. Total Gearing to Adjusted EBITDA of 0.34x

Historical balance sheet

	30 June 2019	30 June 2018
	\$'000	\$'000
Current Assets		
Cash and cash equivalents	50,728	52,232
Trade and other receivables	38,091	38,681
Current tax assets	2,479	957
Other current assets	3,481	1,827
Current assets	94,779	93,697
Non-current Assets		
Property, plant and equipment	10,459	6,335
Intangible assets	52,172	58,009
Goodwill	96,179	96,193
Deferred tax assets	2,975	3,916
Other assets	96,139	97,215
Non-current assets	257,924	261,668
Total assets	352,703	355,365
Current Liabilities		
Trade and other payables	32,596	28,346
Deferred revenue	534	450
Current tax liabilities	306	338
Financial liabilities	1,155	-
Provisions	939	1,341
Current liabilities	35,530	30,475
Non-current Liabilities		
Trade and other payables	73	69
Financial liabilities	61,393	58,294
Deferred tax liabilities	18,997	17,443
Other liabilities	-	37
Provisions	454	349
Non-current liabilities	80,917	76,192
Total liabilities	116,447	106,667
Net assets	236,256	248,698
Equity		
Share capital	444,041	444,981
Reserves	9,418	6,540
Accumulated losses	(217,203)	(202,823)
Total equity	236,256	248,698

Summary cash flow ⁽¹⁾

\$Am	FY19	FY18
Adjusted EBITDA	37.5	48.1
Non-cash items in Adjusted EBITDA	0.6	0.7
Change in working capital	4.8	(2.8)
Impact of Southern Cross Austereo Affiliate Contract	2.0	2.0
Operating free cash flow before capital expenditure	44.9	48.0
Capital expenditure	(3.9)	(3.3)
Net free cash flow before financing, tax and dividends	41.0	44.6

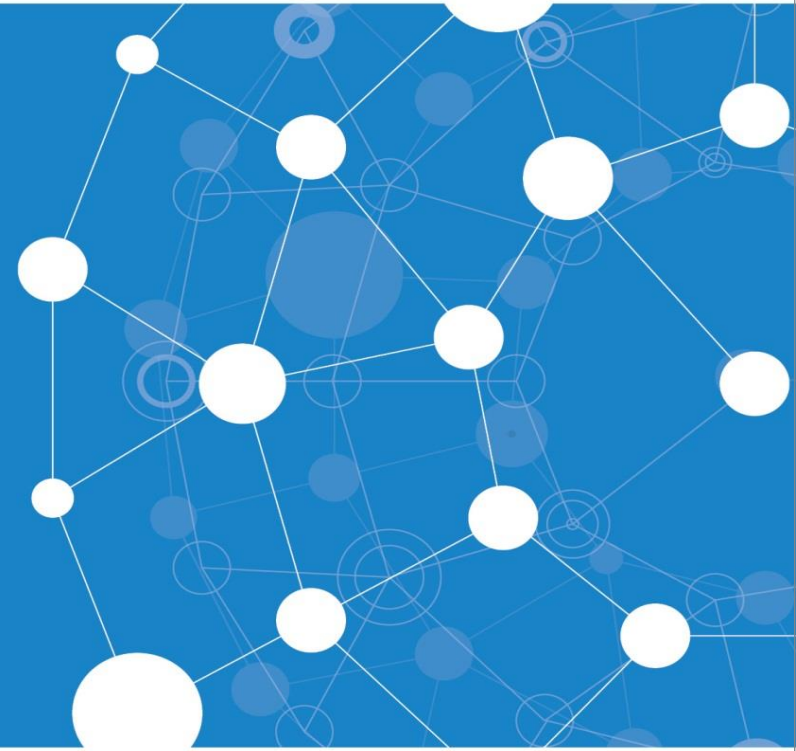
Commentary

- Strong liquidity position with net debt after cash of \$12.8m
 - \$50.7m cash and \$63.6m of drawn debt (including \$3.6m of capital leases)
 - \$15m unutilized debt line available
 - TGR net debt to Adjusted EBITDA 0.34x at 30 June 2019
- Final FY19 dividend of 3.2 cps declared 29 August 2019 (70% franked)

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

Section 03

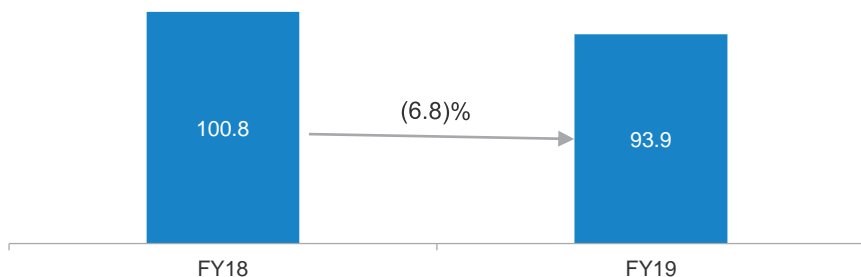
Financial performance by operating segment



ATN

ATN revenue decreased in a challenging macro environment

ATN revenue performance



ATN KPIs

	FY19	FY18	% chg
Radio spots inventory ('000s) ¹	1,032	958	7.7%
Radio sell-out rate (%) ²	64%	73%	(9)% points
Average radio spot rate (AUD) ³	137	138	(0.7)%

Commentary

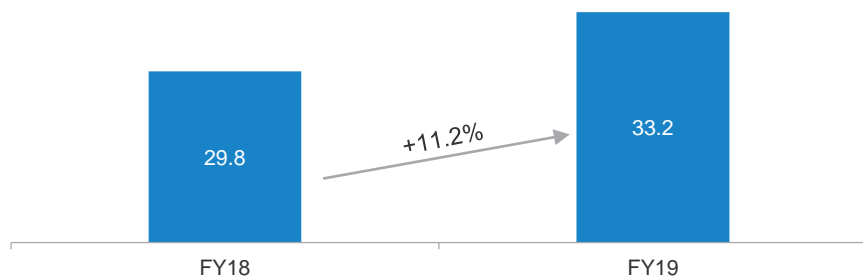
- ATN revenue declined by 6.8% due to weak second to fourth quarter performance
 - Difficult macro market in Australia combined with key account losses
- Significant increase in radio spots inventory driven by expansion in regional markets
 - Current and future revenue opportunity for the Company
- NOVA 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.

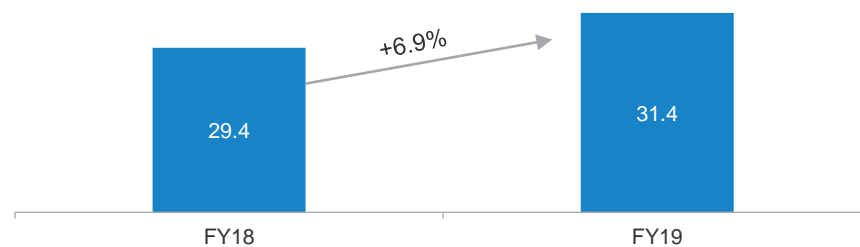
CTN

CTN showed accelerating revenue growth in CAD and AUD

CTN revenue performance (AUD)



CTN revenue performance (CAD)



CTN KPIs

	FY19	FY18	% chg
Radio spots inventory ('000s) ¹	655	630	4.0%
Radio sell-out rate (%) ²	66%	63%	+3% points
Average radio spot rate (CAD) ³	69	69	-%

Commentary

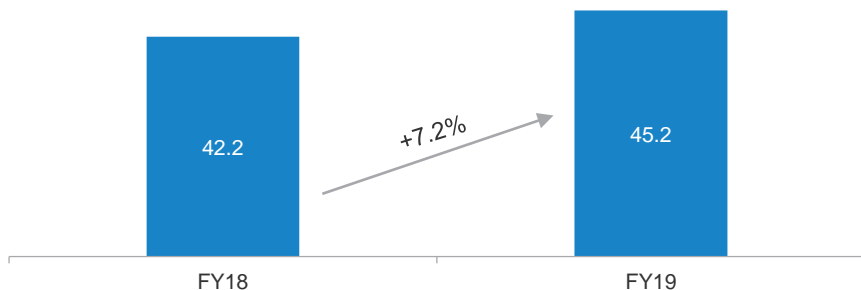
- CTN achieved FY19 revenue growth in both CAD and AUD
 - 2H19 revenue up 16% (+10% in CAD)
 - Currency fluctuations had positive impact on reported revenue
- Continued improvement made to station affiliate network
 - Added Rogers Toronto in November 2018
 - Selectively expanded relationship with Bell 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.

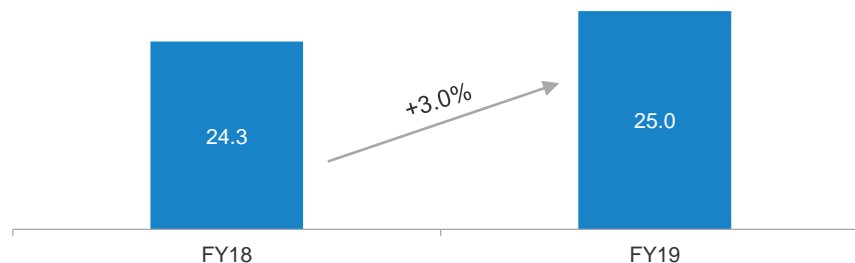
UKTN

UKTN demonstrated solid revenue growth in both GBP and AUD

UKTN revenue performance (AUD)



UKTN revenue performance (GBP)



UKTN KPIs

	FY19	FY18	% chg
Total radio impacts available ('000s) ¹	19,435	19,307	0.7%
Radio sell-out rate (%) ²	99%	97%	+2% points
Average radio net impact rate (GBP) ³	1.3	1.3	-%

Commentary

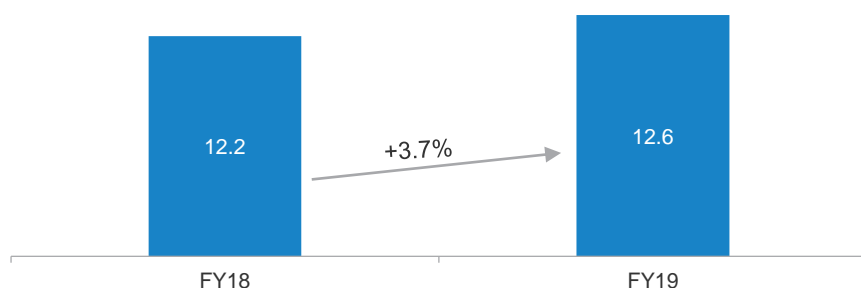
- UKTN revenue increased primarily due to higher sell through of existing inventory.
 - Currency fluctuations had positive impact on reported revenue
- Bauer Media station affiliation agreements renewed effective 1 January 2019 for two years.

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

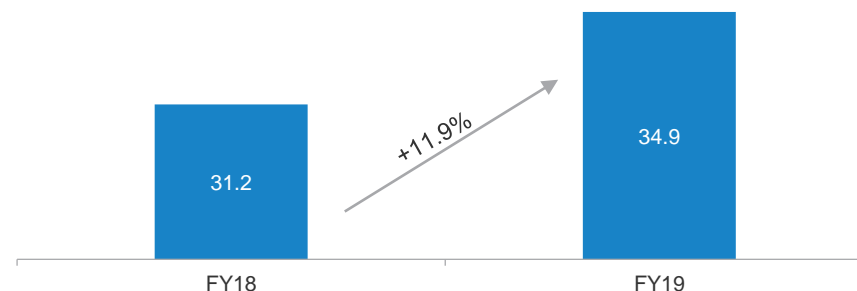
BTN

BTN achieved strong revenue growth of 12% in local currency which was negatively impacted by unfavourable currency fluctuations

BTN revenue performance (AUD)



BTN revenue performance (BRL)



BTN KPIs

	FY19	FY18	% chg
Radio spots inventory ('000s) ¹	315	216	45.8%
Radio sell-out rate (%) ²	50%	60%	(10)% points
Average radio spot rate (BRL) ³	258	275	(6.2)%

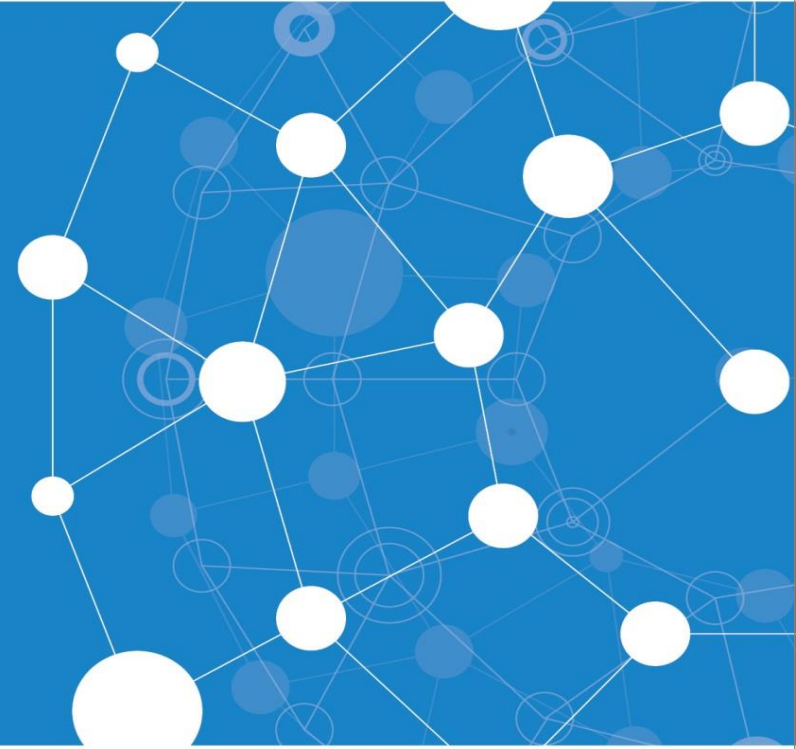
Commentary

- 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
 - Average spot rate declined due to smaller markets and influx of inventory which tend to lower spot rates
- Revenue growth driven primarily by organic growth
 - Campinas commenced operations in October 2018
 - Brasilia commenced operations in February 2019
 - Seventh Brazilian market
 - Recent markets not significant contributors to FY19 revenue which was not unexpected (approximately 3% of FY19 revenue)

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 in 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
- Promoted new market manager and added management focused on television sales and non-ATN advertisers

→ 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)
 - Expect Curitiba to be next market in Brazil

→ 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

On-market share buyback continues

➔ On-market share buyback as part of ongoing capital management

- Up to 10% of outstanding shares (up to \$20 million) from 25 February 2019 should the GTN stock price trade at a significant discount to the Board's view of its underlying value
- Intend to re-start buyback after FY 2019 earnings release
 - Repurchased 721 thousand shares (\$940 thousand dollars) to date
 - No target share price or minimum repurchase amount has been set
 - Macquarie Securities Australia Limited is the broker for the Company

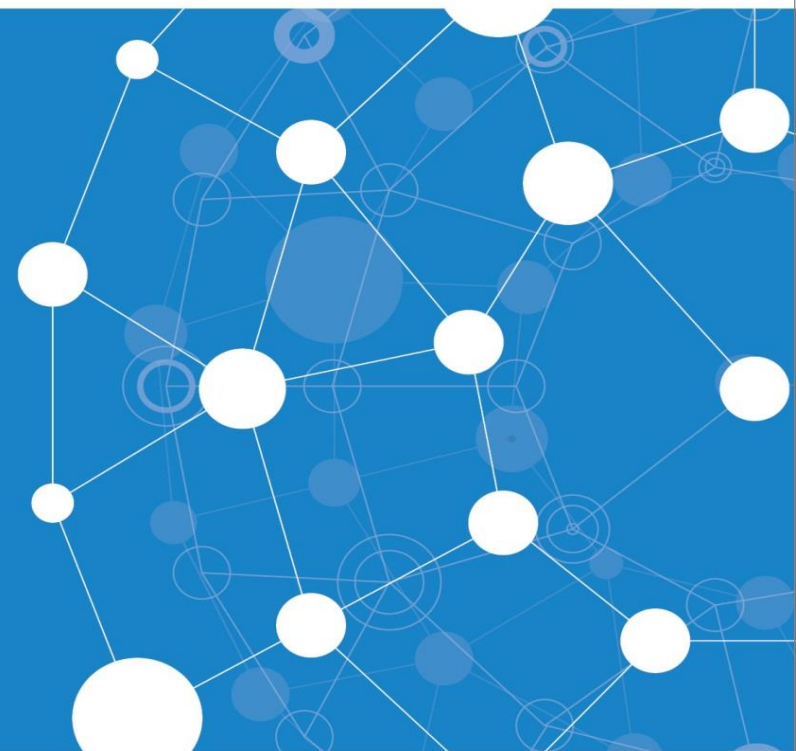
➔ Current dividend policy unaffected by share buyback

- 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 via the buyback

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⁾	FY2019	FY2018
Profit before income tax from continuing operations	22.9	34.2
Depreciation and amortization	(11.2)	(9.5)
Finance costs	(3.6)	(4.8)
Interest on bank deposits	0.3	0.4
Interest income on long-term prepaid affiliate contract	8.3	8.4
EBITDA	29.2	39.7
Interest income on long-term prepaid affiliate contract	8.3	8.4
Foreign currency transaction loss	-	(0.1)
Adjusted EBITDA	37.5	48.1

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

Profit for the year from continuing operations (NPAT)	15.7	24.8
Amortization of intangible assets (tax effected)	4.5	4.4
NPATA	20.3	29.2

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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All amounts are in Australian dollars unless otherwise indicated.

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Forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of the Company and which may cause actual results to differ materially from those expressed or implied in such statements. Readers are cautioned not to place undue reliance on any forward-looking statements. Actual results or performance may vary from those expressed in, or implied by, any forward-looking statements. Past performance is not necessarily a guide to future performance and no representation or warranty is made by any person as to the likelihood of achievement or reasonableness of any forward-looking statements. The Company does not undertake to update any forward-looking statements contained in this document, to the maximum extent permitted by law.

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