



GTN Limited

FY20 Results Presentation

27 August 2020

Today's presenters



Bill Yde (CEO and founder)



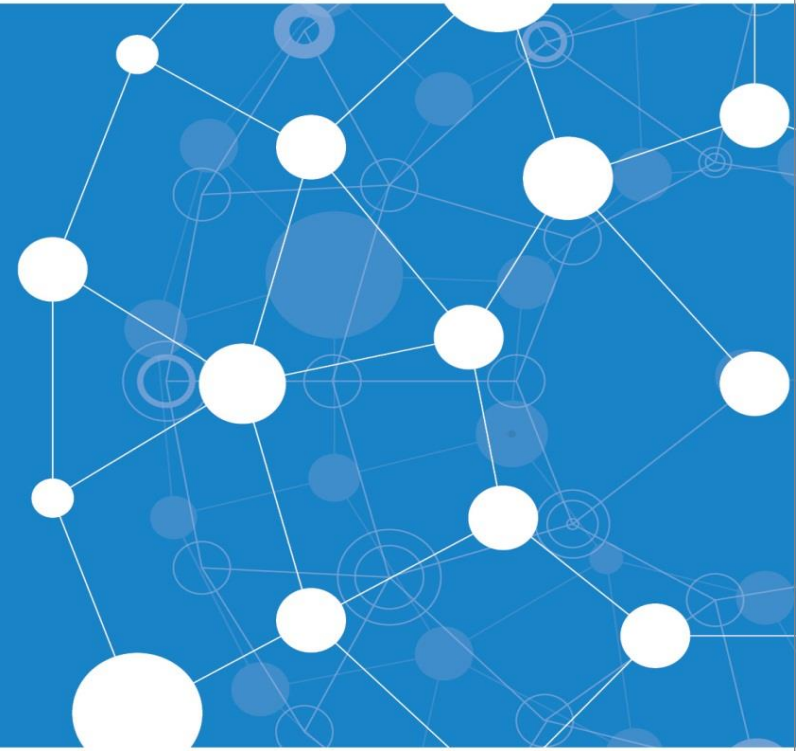
Scott Cody (CFO and COO)

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Section 01

Overview



Overview

GTN's FY20 revenue decreased 13% compared to FY19 due to COVID-19 pandemic which had significant impact on profitability due to the Group's fixed cost structure

Key Highlights



FY20 revenue decreased across all markets due to COVID-19 pandemic

- Revenue to date through 3Q FY20 up 2% despite COVID-19 pandemic impact on March 2020 revenue
- Brazil revenue increased 6% in local currency but impacted by unfavorable foreign currency fluctuations



FY20 profitability declined due to revenue shortfall as operating expenses were lower compared to FY19

- Adjusted EBITDA of \$14.2 million (-62% on FY19)
 - Network operations expenses decreased 2% due to cost savings implemented due to COVID-19 pandemic
 - Station compensation increased 3%
 - Station compensation increased due to a full year of Rogers/Toronto, expansion of relationship with key affiliate group in Australia and additional stations in Brazil due to expansion of markets served
 - Sales, G&A expenses decreased 9% primarily due to reduced commissions and bonuses on the lower revenue
 - Expenses are primarily fixed especially in short run and difficult to reduce even with reductions in revenue



Strong liquidity position with net debt (after cash) of \$7.4 million

- No final dividend declared for FY20
- TGR (net debt) 0.52X at 30 June 2020
- Extended bank facility until 30 September 2023 with no scheduled principal repayments

A\$m ⁽⁴⁾	FY20	FY19	% Difference
Revenue	160.9	185.0	(13.0)%
EBITDA ⁽¹⁾	5.5	29.2	(81.0)%
Adjusted EBITDA ⁽²⁾	14.2	37.5	(62.1)%
NPAT	0.3	15.7	(98.0)%
NPATA ⁽³⁾	4.9	20.3	(75.8)%
NPATA ⁽³⁾ per share (\$)	\$0.02	\$0.09	(75.4)%

Notes: (1) EBITDA is defined as net profit after tax before the deduction of interest expense/income, income taxes, depreciation and amortization. (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, foreign exchange gains/losses, gains on lease forgiveness and losses on refinancing. (3) NPATA is defined as net profit after tax adjusted for the tax effected amortization arising from acquisition related intangible assets. (4) 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
FY2020 Revenue	A\$m	79.0	27.0	42.6	12.4
FY2019 Revenue	A\$m	93.9	33.2	45.2	12.6
FY20 vs FY19		(15.9)%	(18.8)%	(5.9)%	(1.6)%
Number of Radio Affiliates	#	145	117	227	90
Number of TV Affiliates	#	13	6	-	-
GTN Radio Audience	m	9.9 ⁽³⁾	16.4	27.3	23.6 ⁽²⁾
GTN TV Audience	m	5.5	10.8	-	-
FY2020 radio spots inventory	m	1,077	686	19,448 ⁽¹⁾	418
FY2020 sell-out rate (radio)	%	54%	51%	89% ⁽¹⁾	46%
FY2020 average spot rate (radio)	Local ccy	A\$128	C\$64	£1.3 ⁽¹⁾	BRL 216

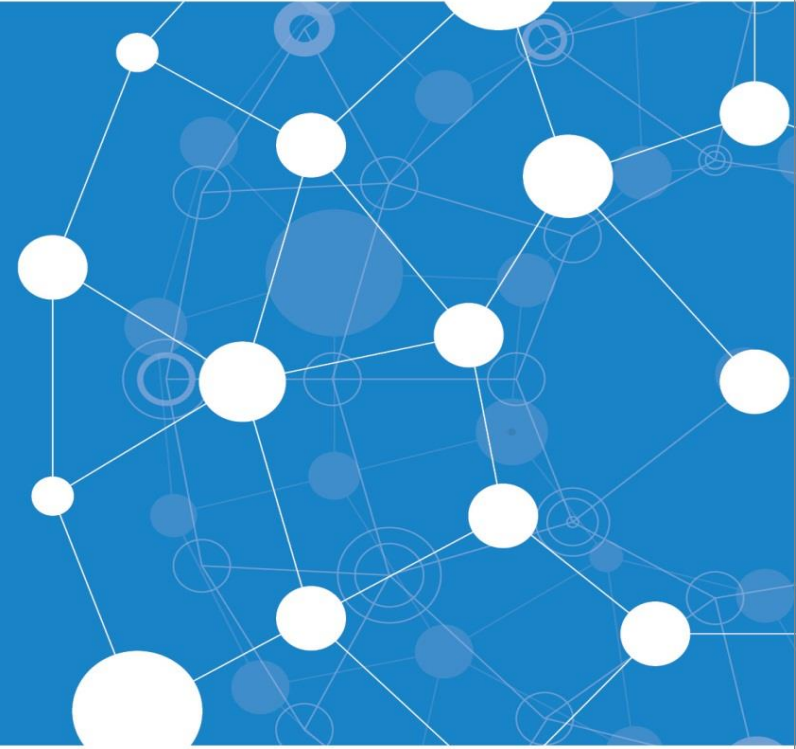
(1) See page 12 for explanation of UKTN metrics

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

(3) Excludes non-rated regional markets

Section 02

Group financial performance



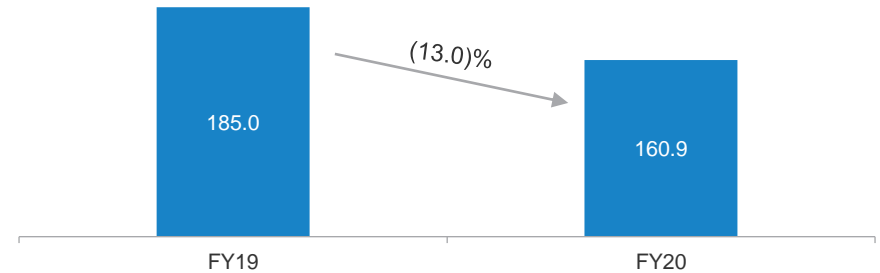
Key drivers of financial performance

GTN revenue declined 13% due to COVID-19 pandemic. While operating expenses were lower the reduction was not sufficient to maintain Adjusted EBITDA and NPATA.

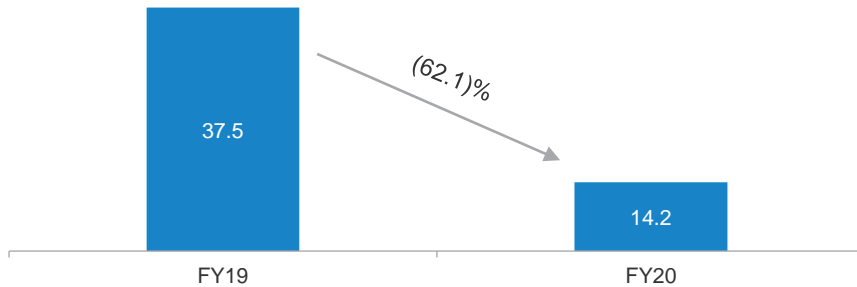
Commentary

- Revenue decrease driven primarily by impact of COVID-19 pandemic
 - YTD revenue through 3Q FY20 increased 2% compared to YTD 3Q FY19
 - 4Q FY20 revenue decreased 57% compared to 4Q FY19
- EBITDA and Adjusted EBITDA decreased due to revenue decrease
 - Operating expenses decreased \$0.8 million compared to FY19
 - Sales, G&A expenses decreased 9% primarily due to reduced commissions and bonuses on the lower revenue
- NPAT and NPATA was positively impacted by \$1.6 million in U.S. tax benefit due to the carry back provisions of the CARES Act which was enacted during FY20

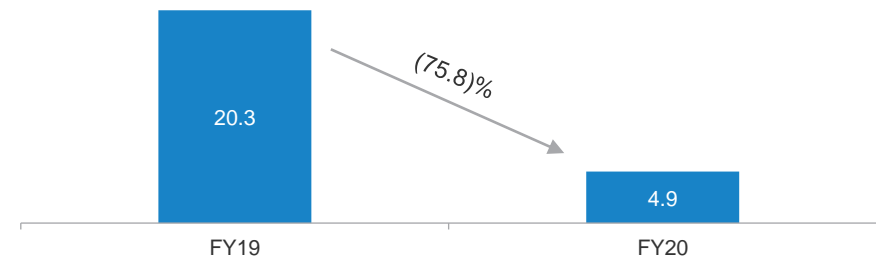
GTN Group revenue



GTN Group Adjusted EBITDA



GTN Group NPATA



Strong liquidity position

Net debt (debt less cash balances) of \$7.4 million. Total Gearing to Adjusted EBITDA of 0.52x.

Historical balance sheet

	30 June 2020	30 June 2019
Current Assets	\$'000	\$'000
Cash and cash equivalents	57,040	50,728
Trade and other receivables	19,910	38,091
Current tax assets	6,700	2,479
Other current assets	2,856	3,481
Current assets	86,506	94,779
Non-current Assets		
Property, plant and equipment	9,858	10,459
Intangible assets	45,686	52,172
Goodwill	95,998	96,179
Deferred tax assets	4,269	2,975
Other assets	94,988	96,139
Non-current assets	250,799	257,924
Total assets	337,305	352,703
Current Liabilities		
Trade and other payables	30,874	32,596
Contract liabilities	1,266	534
Current tax liabilities	-	306
Financial liabilities	1,525	1,155
Provisions	932	939
Current liabilities	34,597	35,530
Non-current Liabilities		
Trade and other payables	74	73
Financial liabilities	62,768	61,393
Deferred tax liabilities	20,344	18,997
Provisions	416	454
Non-current liabilities	83,602	80,917
Total liabilities	118,199	116,447
Net assets	219,106	236,256
Equity		
Share capital	437,508	444,041
Reserves	8,464	9,218
Accumulated losses	(226,866)	(217,003)
Total equity	219,106	236,256

Summary cash flow

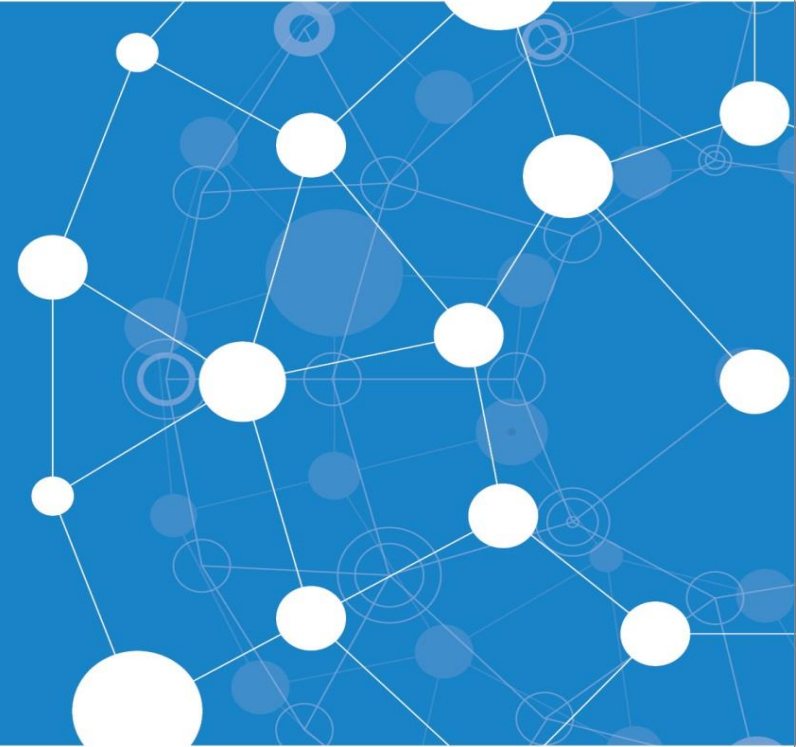
\$Am	FY20	FY19
Adjusted EBITDA	14.2	37.5
Non-cash items in Adjusted EBITDA	0.9	0.6
Change in working capital	16.5	4.8
Impact of Southern Cross Austereo Affiliate Contract	2.0	2.0
Operating free cash flow before capital expenditure	33.5	44.9
Capital expenditure	(3.1)	(3.9)
Net free cash flow before financing, tax and dividends	30.4	41.0

Commentary

- Strong liquidity position with net debt after cash of \$7.4m
 - \$57.0m cash and \$64.5m of debt (including \$4.5m of leases)
 - TGR net debt to Adjusted EBITDA 0.52x at 30 June 2020
- Extended bank facility to 30 September 2023
 - No scheduled principal amortization prior to repayment date
 - Current interest rate BBSY + 2.50%
- No final dividend declared to further conserve cash
 - Returned \$16.7m to shareholders in form of dividends and share buyback during FY20

Section 03

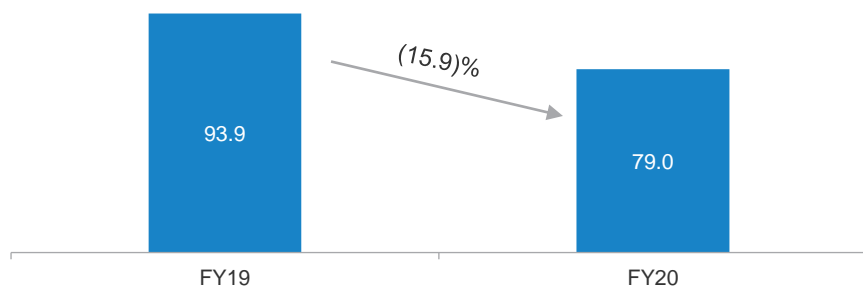
Financial performance by operating segment



ATN

ATN revenue decreased in a challenging macro environment including impact of COVID-19 pandemic

ATN revenue performance



ATN KPIs

	FY20	FY19	% chg
Radio spots inventory ('000s) ¹	1,077	1,032	4.4%
Radio sell-out rate (%) ²	54%	64%	(10)% points
Average radio spot rate (AUD) ³	128	137	(6.6)%

Commentary

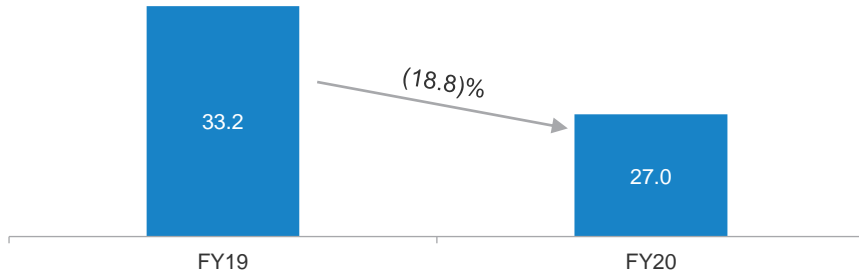
- ATN revenue declined by 15.9% primarily due to weak fourth quarter performance related to COVID-19 pandemic
 - Revenue to date through 3Q FY20 down 4% related to difficult macro market in Australia
 - 4Q FY20 revenue decreased 51% compared to 4Q FY19
- Market disruption has led to decrease in both radio sell-out and average spot rate for FY20
- Nine Radio group affiliation agreements discontinued effective July 2020
 - Expected savings in excess of \$6m per annum
 - Not reflected in operating results since occurred in FY21
 - Three most important radio affiliate groups contracted until end of FY21 or beyond

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.

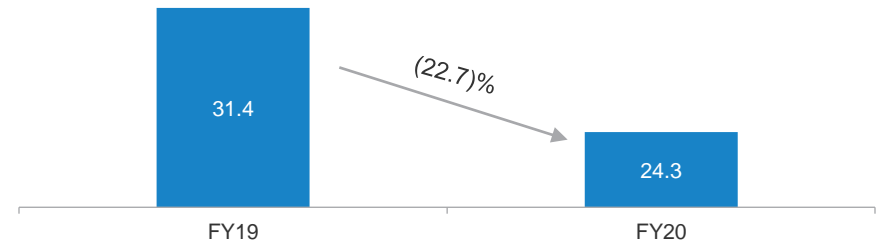
CTN

CTN revenue very soft for beginning of fiscal year and 4Q FY20 while showing solid growth in between

CTN revenue performance (AUD)



CTN revenue performance (CAD)



CTN KPIs

	FY20	FY19	% chg
Radio spots inventory ('000s) ¹	686	655	4.7%
Radio sell-out rate (%) ²	51%	66%	(15)% points
Average radio spot rate (CAD) ³	64	69	(7.2)%

Commentary

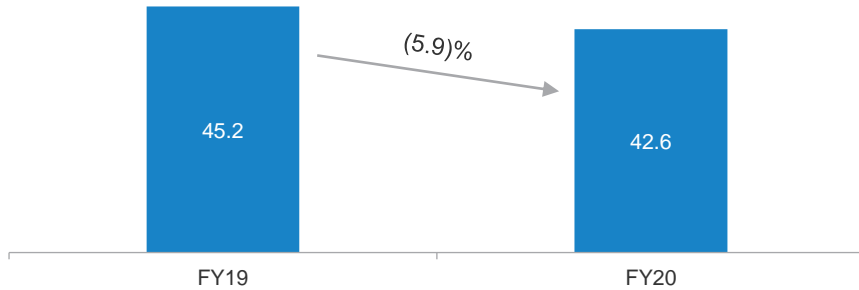
- CTN revenue decreased in both AUD and CAD due to COVID-19 pandemic
 - YTD revenue to date for 3Q FY20 increased 5% (flat in CAD)
 - 3Q FY20 revenue increased 14% (+6% in CAD)
 - 4Q FY20 revenue decreased 77% (-77% in CAD)
 - Currency fluctuations had positive impact on reported revenue
- Market disruption led to decrease in both radio sell-out and average spot rate for FY20

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.

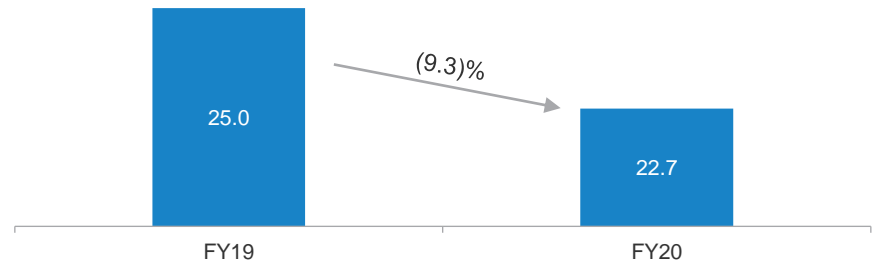
UKTN

UKTN solid revenue performance in both GBP and AUD prior to COVID-19 pandemic

UKTN revenue performance (AUD)



UKTN revenue performance (GBP)



UKTN KPIs

	FY20	FY19	% chg
Total radio impacts available ('000s) ¹	19,448	19,435	0.1%
Radio sell-out rate (%) ²	89%	99%	(10)% points
Average radio net impact rate (GBP) ³	1.3	1.3	-%

Commentary

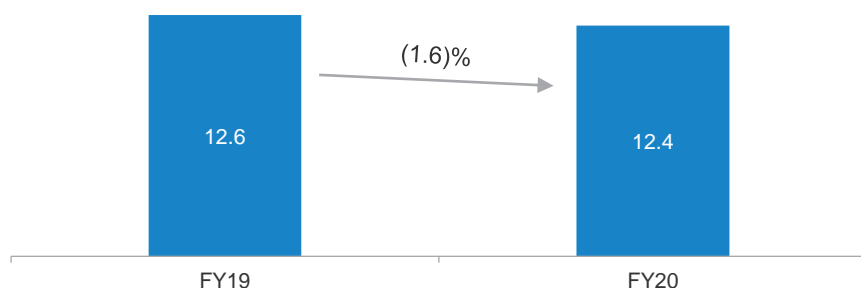
- UKTN revenue decreased primarily due to COVID-19 pandemic
 - YTD 3Q FY20 revenue increased 5% (+1% in GBP)
 - 4Q FY20 revenue decreased 40% (-42% in GBP)
 - Currency fluctuations had positive impact on reported revenue
- Market disruption impacted radio sell-out rate while pricing held firm

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

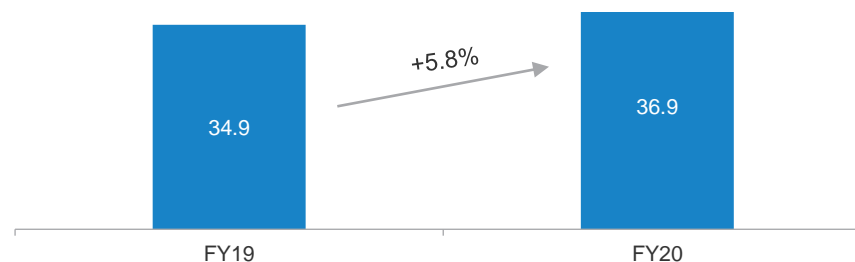
BTN

BTN managed revenue growth of 6% in local currency which was more than offset by unfavourable currency fluctuations

BTN revenue performance (AUD)



BTN revenue performance (BRL)



BTN KPIs

	FY20	FY19	% chg
Radio spots inventory ('000s) ¹	418	315	32.7%
Radio sell-out rate (%) ²	46%	50%	(4)% points
Average radio spot rate (BRL) ³	216	258	(16.3)%

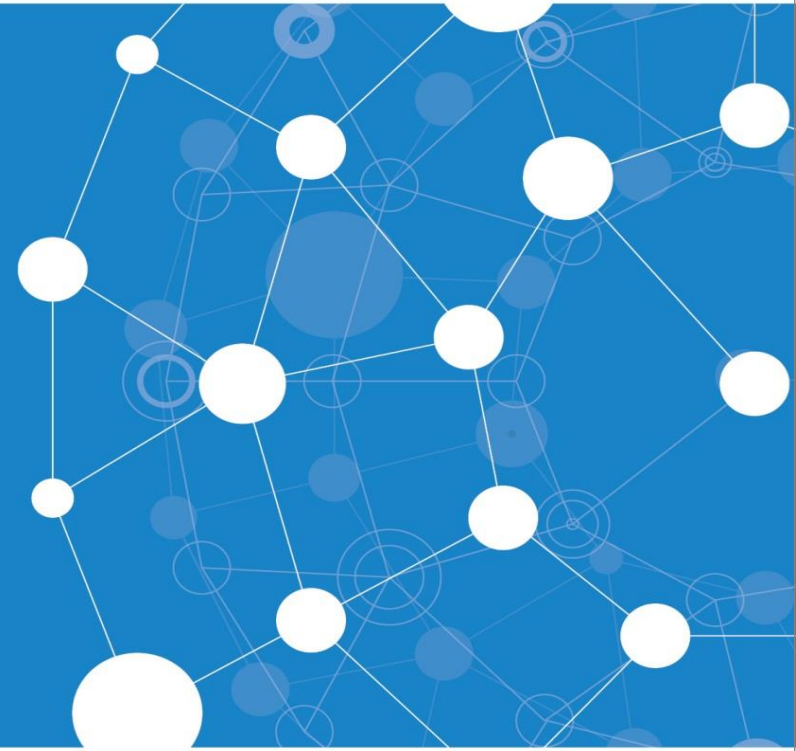
Commentary

- Revenue performance driven by outstanding first nine months of FY 2020
 - 3Q20 YTD revenue +28% (+31% in BRL)
 - 4Q20 revenue decreased 94% (-72% in BRL)
 - Currency fluctuations had negative impact on reported revenue
 - FY20 revenue growth in local currency (+6%) while down 2% in AUD
- Spot rate impacted by number of factors
 - New markets are smaller than original markets (Sao Paulo & Rio) and command lower spot rate
 - COVID-19 pandemic has had significant impact on advertiser demand
- Significant increase in spots due to new markets in FY20 and FY19
- Curitiba commenced operations in September 2019
 - Eighth market in Brazil

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

Section 04

Update on growth strategy



GTN growth strategy

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Management is focused on reducing expenses and conserving cash while maintaining business infrastructure

➔ **Maintain affiliate networks and sales management and staffs**

- We believe that continuing to have a strong product is key to maximizing revenue in current environment
 - Also is best positioning for generating revenue in a normalized market in the future
- Group’s sales personnel are talented and experienced and will be a key element in capturing revenue

➔ **Reduce expenses where possible without causing long-term damage**

- Difficult to reduce expenses in short run since majority of expenses are fixed
 - Largest expense is station compensation to obtain the advertising spots that are our only revenue source
 - Station compensation is fixed (except certain UK affiliates), contractual and generally multi-year

➔ **Conserve cash**

- Since it is unclear when the market will recover from the impact of the COVID-19 pandemic, the Company is conserving cash in order to “ride out the storm”
 - No final dividend declared for FY20
 - Extended bank facility until 30 September 2023
 - Originally set to expire February 2021
 - No scheduled principal repayments prior to repayment date of the facility

Capital Management

Primary focus is to conserve cash as it is not possible to predict when the COVID-19 pandemic will end nor when revenue will return to pre-COVID-19 pandemic levels

➔ **On-market share buyback limited by both cash conservation and bank facility**

- While share buyback is still in place to maintain maximum flexibility, share repurchases limited by bank facility
 - Distributions (which include dividends and share buybacks) limited to 100% of NPATA
 - Earliest that share buyback can restart (absent a waiver) would be after 1H FY21 earnings release (~Feb 2021)
- Repurchased 8.7 million shares for \$6.5 million in FY20
 - Repurchased 9.4 million shares (\$7.5 million) to date
- No target share price or minimum repurchase amount has been set

➔ **Dividend also impacted by both cash management and debt facility**

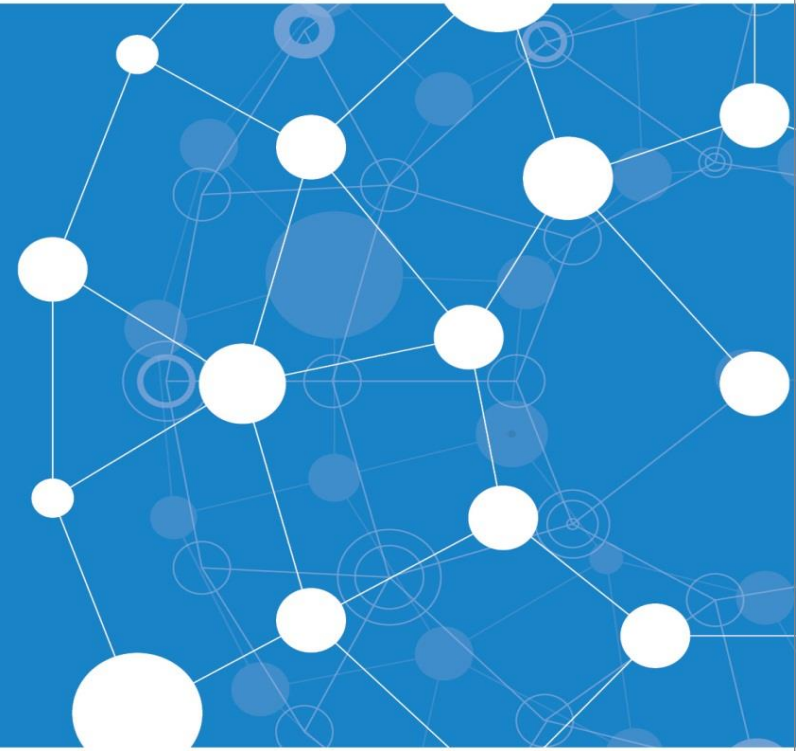
- Target annual dividend pay-out 70% - 90% of NPAT with 50% NPAT to be paid as interim dividend
 - Exceeded target for FY20 as interim dividend greater than annual NPAT
 - Distributions under bank facility limited to 100% NPATA (previously based on Australia and UK only)

➔ **Likely to make reductions in outstanding bank debt in FY 2022**

- Total gearing (“TGR”) calculation changes from net TGR (debt less cash balances) to gross TGR (cash balances excluded from calculation)

Section 05

Update on trading



GTN Trading Update – July & August 2020

To date, revenue for July and August have out performed 4Q FY20 performance

➔ July 2020 revenue decreased sharply compared to July 2019

- However, July 2020 revenue on a percentage basis was an improvement over 4Q FY20 (which decreased 57%)
- While revenue decreased in July 2020 in all the Group's operating segments, each region out performed 4Q FY20 results on a percentage basis

➔ July 2020 NPAT and Adjusted EBITDA both negative

- Due to the Group's fixed cost structure, the negative Adjusted EBITDA was significantly reduced compared to the monthly average negative Adjusted EBITDA in 4Q FY20

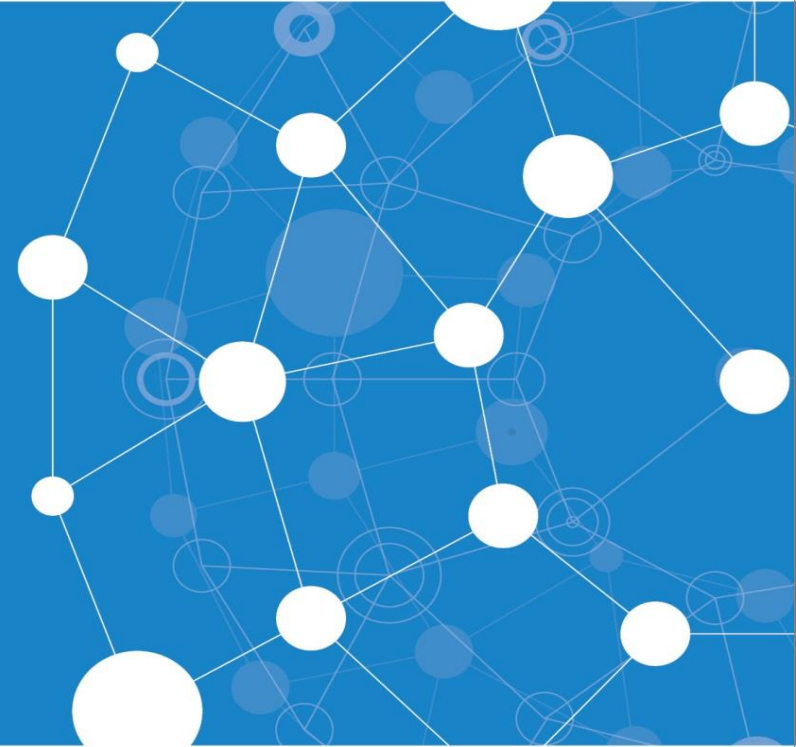
➔ Expect August 2020 revenue to also be an improvement over 4Q FY20 on a percentage basis

➔ Advertising market continues to be volatile and difficult to predict

- Future results likely to be highly dependent on COVID-19 impact on the markets in which we operate. It is too early to offer any outlook for the rest of the fiscal year, but the trends for July and August are favourable compared to 4Q FY20.

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 (loss) before income tax

(\$m) ⁽¹⁾	FY2020	FY2019
Profit (loss) before income tax	(0.6)	22.9
Depreciation and amortization	11.8	11.2
Finance costs	2.9	3.6
Interest on bank deposits	(0.3)	(0.3)
Interest income on long-term prepaid affiliate contract	(8.2)	(8.3)
EBITDA	5.5	29.2
Interest income on long-term prepaid affiliate contract	8.2	8.3
Foreign currency transaction loss	0.1	-
Gain on lease forgiveness	(0.1)	-
Loss on refinancing	0.4	-
Adjusted EBITDA	14.2	37.5

Reconciliation of Net profit after tax (NPAT) to NPATA

Profit for the year (NPAT)	0.3	15.7
Amortization of intangible assets (tax effected)	4.6	4.5
NPATA	4.9	20.3

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

Disclaimer and important information



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All amounts are in Australian dollars unless otherwise indicated.

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