



GTN Limited

1H FY23 Results Presentation

24 February 2023

Today's presenters



Bill Yde (CEO and founder)



Scott Cody (CFO and COO)

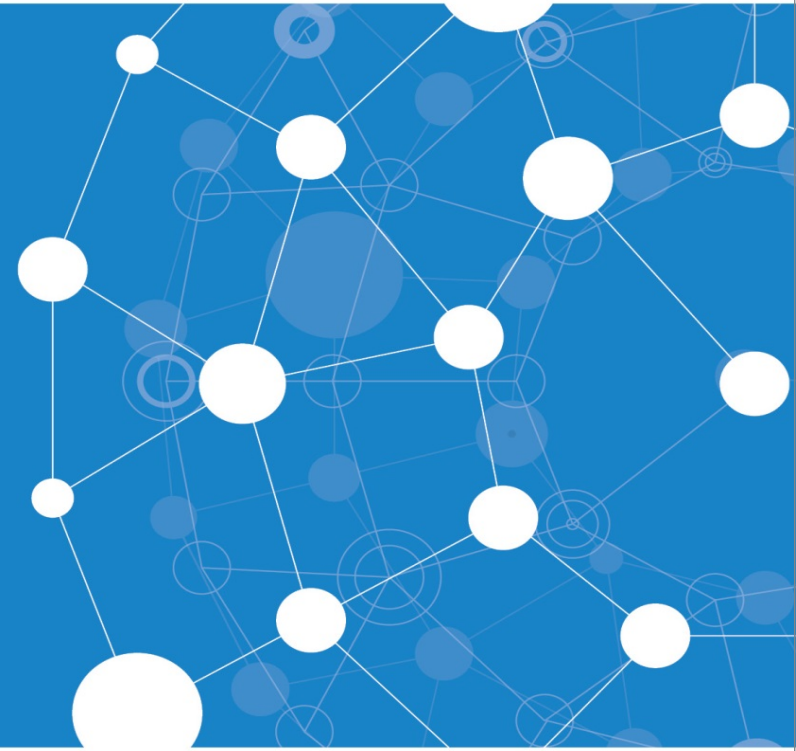
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Section **01**

Overview



Overview

GTN's 1H FY23 Adjusted EBITDA increased 18% compared to 1H FY22 due to an 11% increase in Group revenue

Key Highlights



1H FY23 revenue increased 11% compared to 1H FY22

- Revenue increased in all the Group's markets except U.K.
- Strong revenue increases in both Canada (+26%) and Australia (+21%)



1H FY23 Adjusted EBITDA increased 18% due to revenue increase

- Adjusted EBITDA of \$12.0 million (+18% on 1H FY22)
 - Adjusted EBITDA increased 26% ex-Jobkeeper/CEWS
 - Network operations and station compensation expenses increased 5%
 - Station compensation increased 2%
 - Sales, G&A expenses increased 30%
 - Sales costs increased \$3.0 million, Jobkeeper/CEWS benefit reduced \$0.7 million and G&A costs increased \$1.2 million (primarily accrued bonuses & currency impact)



Strong liquidity position with net debt (after cash) of \$2.8 million

- Declared interim FY23 dividend of \$0.014 per share (unfranked)
- Share buyback announced 25 August 2022
 - Repurchased 1.95 million shares for \$0.8 million during period
- Repaid \$30 million of bank debt during FY22 & FY21

A\$m ⁽⁴⁾	1H FY23	1H FY22	% Difference
Revenue	90.3	81.0	11.4%
EBITDA ⁽¹⁾	8.0	6.1	30.3%
Adjusted EBITDA ⁽²⁾	12.0	10.2	17.8%
NPAT	3.0	2.7	11.8%
NPATA ⁽³⁾	5.3	5.0	6.2%
NPATA ⁽³⁾ per share (\$)	\$0.025	\$0.023	6.6%

Notes: (1) EBITDA is defined as net profit after tax before the deduction of interest expense/income, income taxes, depreciation and amortisation. (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 amortisation 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 newer market opportunities



		ATN	CTN	UKTN	BTN
1H FY2023 Revenue	A\$m	45.8	17.7	21.4	5.4
1H FY2022 Revenue	A\$m	37.9	14.1	24.1	4.9
1H FY23 vs 1H FY22		20.8%	25.8%	(11.3)%	9.6%
Number of Radio Affiliates	#	145	115	232	93
Number of TV Affiliates	#	8	6	-	-
GTN Radio Audience	m	11.7 ⁽³⁾	14.6	28.2	26.6 ⁽²⁾
GTN TV Audience	m	3.0	11.2	-	-
1H FY2023 radio spots inventory⁽⁴⁾	'000	543	339	10,034 ⁽¹⁾	247
1H FY2023 sell-out rate (radio)⁽⁴⁾	%	55%	59%	88% ⁽¹⁾	42%
1H FY2023 average spot rate (radio)⁽⁴⁾	Local ccy	A\$137	C\$76	£1.4 ⁽¹⁾	BRL 210

(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

(4) The Company does not intend to continue to provide this information in the future

Section 02

Group financial performance



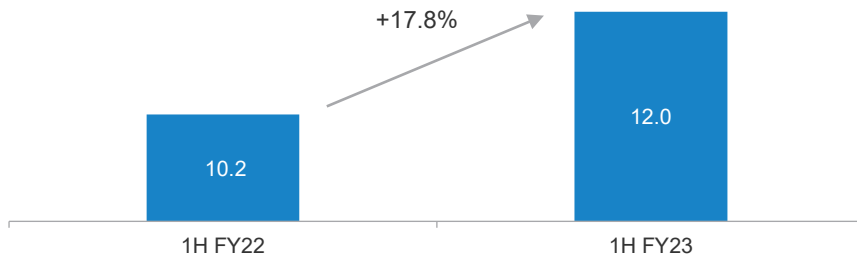
Key drivers of financial performance

Adjusted EBITDA increased 18% to \$12.0m due to 11% revenue increase

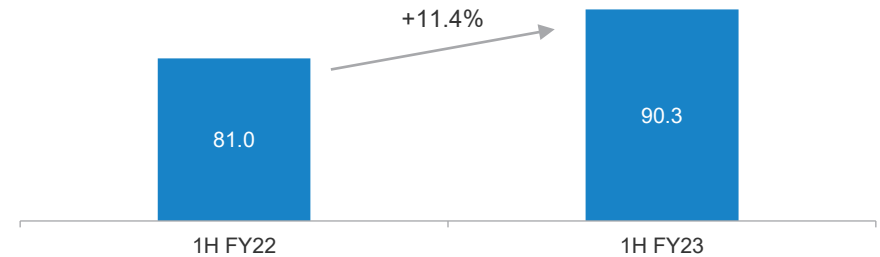
Commentary

- Revenue increased 11% compared to 1H FY22
 - Revenue increase driven by strong performance in Canada and Australia
 - Revenue increased in all markets but U.K.
- Adjusted EBITDA increased 18% due to an 11% revenue increase
 - Network operations and station compensation expenses increased 5% (station compensation +2%)
 - Sales and G&A expenses increased 30%
 - Sales costs increased \$3.0 million, Jobkeeper/CEWS benefit reduced \$0.7 million and G&A costs increased \$1.2 million (primarily accrued bonuses & currency impact)
- NPAT and NPATA increased \$0.3 million and \$0.3 million, respectively, primarily due to increased EBITDA partially offset by higher depreciation and income tax expense

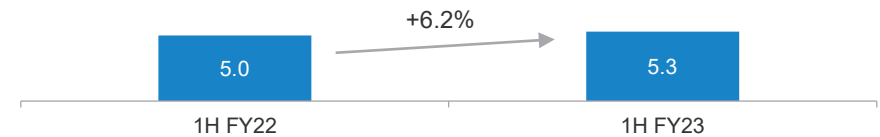
GTN Group Adjusted EBITDA



GTN Group revenue



GTN Group NPATA



Strong liquidity position

Net debt (debt less cash balances) of \$2.8 million

Historical balance sheet

	31 December 2022	30 June 2022
Current Assets	\$'000	\$'000
Cash and cash equivalents	30,756	34,844
Trade and other receivables	41,980	37,751
Current tax assets	6,087	4,086
Other current assets	6,007	3,714
Current assets	84,830	80,395
Non-current Assets		
Property, plant and equipment	10,954	9,735
Intangible assets	29,893	33,212
Goodwill	95,867	95,998
Deferred tax assets	4,793	5,501
Other assets	91,658	92,373
Non-current assets	233,165	236,819
Total assets	317,995	317,214
Current Liabilities		
Trade and other payables	36,488	35,148
Contract liabilities	440	987
Current tax liabilities	177	91
Financial liabilities	1,357	1,376
Provisions	1,148	1,090
Current liabilities	39,610	38,692
Non-current Liabilities		
Trade and other payables	76	75
Financial liabilities	32,133	32,142
Deferred tax liabilities	23,571	22,406
Provisions	353	330
Non-current liabilities	56,133	54,953
Total liabilities	95,743	93,645
Net assets	222,252	223,569
Equity		
Share capital	436,699	437,508
Reserves	9,511	10,214
Accumulated losses	(223,958)	(224,153)
Total equity	222,252	223,569

Summary cash flow

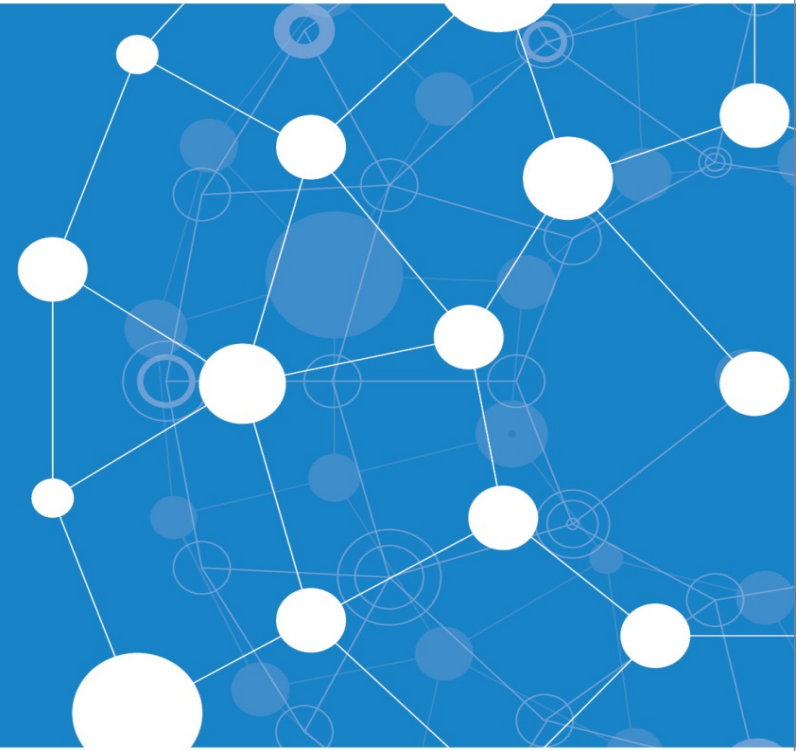
\$Am	1H FY23	1H FY22
Adjusted EBITDA	12.0	10.2
Non-cash items in Adjusted EBITDA	0.3	0.4
Change in working capital	(2.9)	(6.1)
Impact of Southern Cross Austereo Affiliate Contract	1.0	1.0
Operating free cash flow before capital expenditure	10.4	5.6
Capital expenditure	(3.2)	(1.4)
Net free cash flow before financing, tax and dividends	7.2	4.1

Commentary

- Strong liquidity position with net debt after cash of \$2.8m
 - \$30.8m cash and \$33.6m of debt (including \$3.6m of lease liabilities)
 - Repaid \$30m of bank debt during FY22 & FY21
- Bank facility extended to 22 December 2025
 - In compliance with covenants by a wide margin
- Declared interim FY23 dividend of \$0.014 per share (unfranked)
- Repurchased 1.95 million shares for \$0.8 million under on-market share buyback
- Change in working capital primarily related to accounts receivable consistent with increased revenue

Section 03

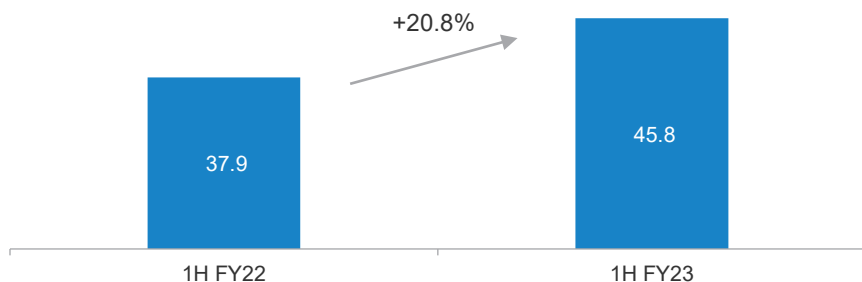
Financial performance by operating segment



ATN

ATN posted strong revenue increase (+21%) for 1H FY 2023

ATN revenue performance



ATN Operating Metrics

	1H FY22	1H FY23	% chg
Radio spots inventory ('000s) ^{1,4}	498	543	+9.0%
Radio sell-out rate (%) ^{2,4}	53%	55%	+2% points
Average radio spot rate (AUD) ^{3,4}	132	137	3.4%

Commentary

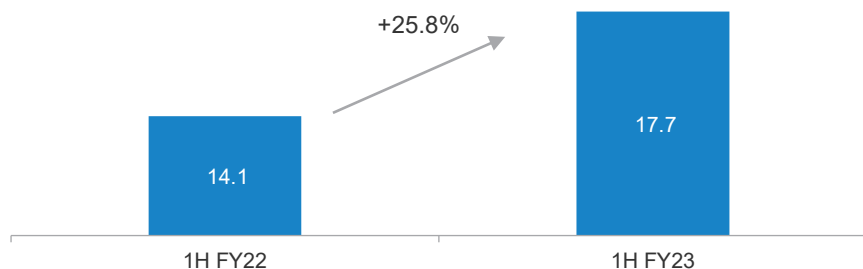
- ATN revenue increased by 21% as business continues to rebound from the impact of the COVID-19 pandemic
- Radio spots inventory, average spot rate and number of spots sold all increased compared to 1H FY22
 - Despite strong revenue growth, sell-out rate remains well below pre-pandemic levels allowing for significant future upside
- Introduced aerial drone light shows during 2H FY22
 - Revenue opportunities from both advertising supported shows as well as cash fees
- Results to date not material
 - 1H FY23 revenue \$0.4M, EBITDA & Adjusted EBITDA \$(0.4)M

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. Note 4: The Company does not intend to continue to provide this information in the future.

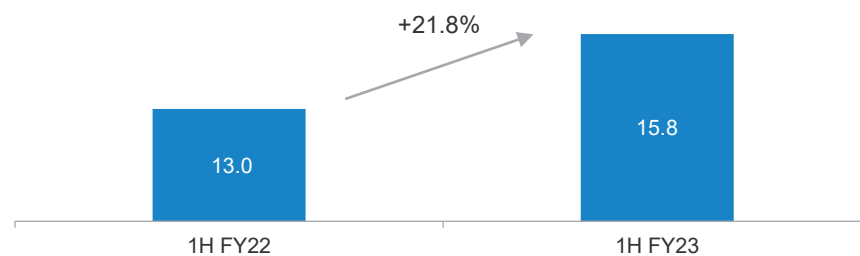
CTN

CTN fastest growing segment in 1H FY23 with revenue increasing 26% in AUD and 22% in local currency compared to 1H FY22

CTN revenue performance (AUD)



CTN revenue performance (CAD)



CTN Operating Metrics

	1H FY22	1H FY23	% chg
Radio spots inventory ('000s) ^{1,4}	340	339	(0.4)%
Radio sell-out rate (%) ^{2,4}	50%	59%	+9% points
Average radio spot rate (CAD) ^{3,4}	71	76	6.0%

Commentary

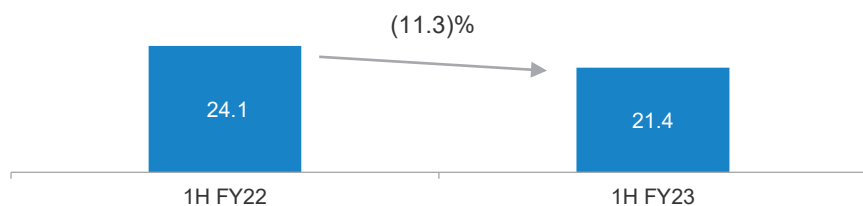
- CTN revenue increased strongly in both AUD and CAD
 - 1H FY23 revenue increased 26% compared to 1H FY22
 - In CAD, 1H FY23 revenue increased 22% compared to 1H FY22
- 1H FY23 continued strong revenue growth that commenced in 2H FY22
 - 2H FY22 increased 26% (20% in CAD)
- Currency fluctuations had a positive impact on reported 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. Note 4: The Company does not intend to continue to provide this information in the future.

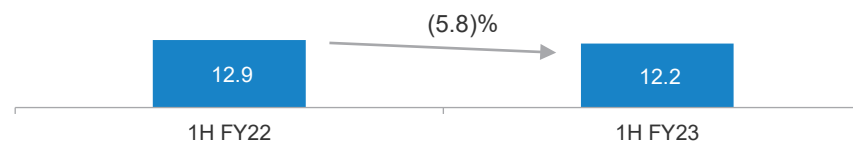
UKTN

UK revenue decreased for the period primarily due to a weak July/August

UKTN revenue performance (AUD)



UKTN revenue performance (GBP)



UKTN Operating Metrics

	1H FY22	1H FY23	% chg
Total radio impacts available ('000s) ^{1,4}	9,758	10,034	+2.8%
Radio sell-out rate (%) ^{2,4}	100%	88%	(12)% points
Average radio net impact rate (GBP) ^{3,4}	1.3	1.4	+4.1%

Commentary

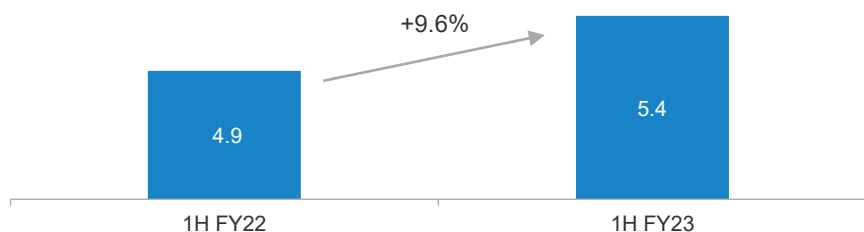
- UKTN revenue decreased 11% compared to 1H FY22
 - 1H FY23 revenue decreased 6% in GBP compared to 1H FY22
 - Revenue has rebounded after a slow start to 1H FY23
 - Currency fluctuations had a negative impact on reported revenue

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 Note 4: The Company does not intend to continue to provide this information in the future.

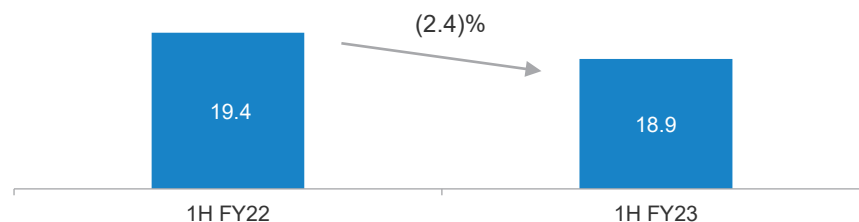
BTN

BTN revenue increased 10% due to significant strengthening of BRL to AUD F/X rates

BTN revenue performance (AUD)



BTN revenue performance (BRL)



BTN Operating Metrics

	1H FY22	1H FY23	% chg
Radio spots inventory ('000s) ^{1,4}	240	247	+3.0%
Radio sell-out rate (%) ^{2,4}	44%	42%	(2)% points
Average radio spot rate (BRL) ^{3,4}	208	210	+0.8%

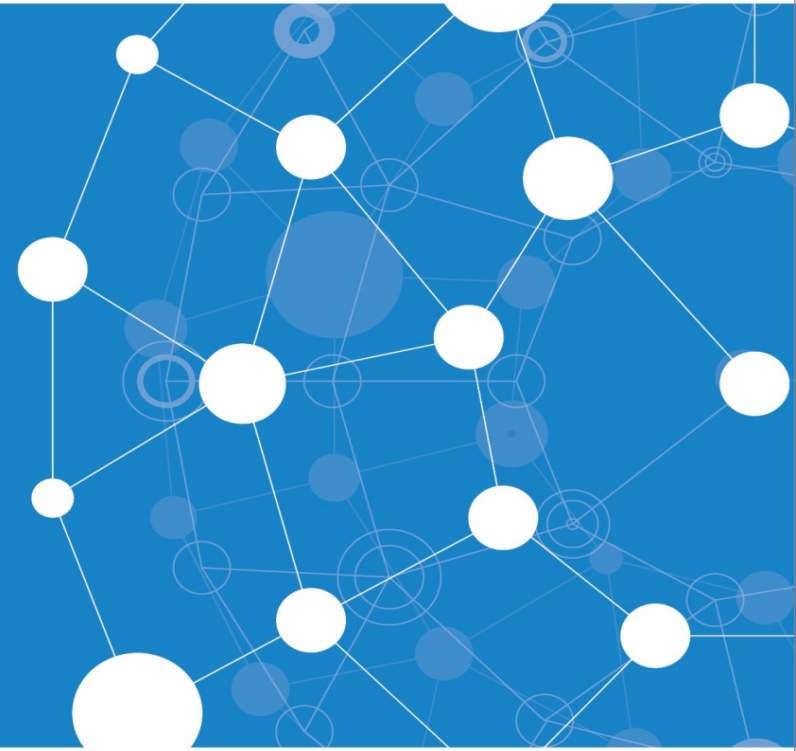
Commentary

- 1H FY23 revenue increased 10% compared to 1H FY22
 - Increase in revenue was due to currency fluctuations as revenue decreased 2% in BRL
 - Significant capacity to grow revenue from existing inventory
- Currency fluctuations had a positive impact on reported 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. Not adjusted for taxes or advertising agency incentives that are deducted from net revenue. Note 4: The Company does not intend to continue to provide this information in the future.

Section 04

Update on operating strategy and capital management



GTN Operating Strategy

Management continues to be focused on maintaining business infrastructure, maximising revenue and effectively managing operating expenses while exploring additional growth opportunities

Maintain affiliate networks

- We believe that a continued focus on strong products is key to maximizing revenue now as well as in the future
 - We have been successful at maintaining our radio affiliate networks at comparable to pre-pandemic levels
 - Our affiliate relationships are key to maintaining our robust networks

Retain sales management and staff

- Group's sales personnel are talented, experienced, and vital to retaining existing client base as well as generating new revenue

Balance long term growth and short term performance

- While operating performance continued to improve in 1H FY23, the Company's focus is also on investments designed to drive revenue and profitability beyond FY23
 - Maintain a large supply of premium advertising inventory in all our operating regions
 - By maintaining excess capacity beyond current demand there is meaningful revenue upside associated with current operations
 - Tight control of operating expenses that do not contribute to future growth
 - 1H FY23 operating expenses \$82.3 million v. \$81.9 million in 1H FY20 (+0.6%)

GTN Operating Strategy (continued)

New business opportunity - Aerial drone light shows

➔ Commenced operating aerial drone light shows during 2H FY22

- Drone light shows involve the operation of many drones simultaneously to create images that are viewed by audiences in a manner similar to traditional fireworks shows
 - In many instances drone light shows may replace fireworks in future since they are considered more environmentally friendly

➔ GTN's aerial drone revenue model consists of both advertising-supported shows (where the sponsor's logo is incorporated into the display) and cash fees

- We believe the ability to offer an advertising-supported solution will give GTN an advantage over competitors that must charge large cash fees for the shows

➔ Existing relationship with CASA and large radio advertisers is a competitive advantage

- ATN's long term operation of helicopters in Australia market (over 20 years) has provided credibility and expedited approvals from CASA
- Current connections with large radio and television advertisers provide natural opening to sell drone show sponsorships
 - Ability to sell to current and new advertisers via existing, talented sales staff

➔ Financial results to date are not material to the Group's profit and loss

- 1H FY23 EBITDA and Adjusted EBITDA \$(0.4)m
 - Revenue \$0.4 million
 - Operating expenses of \$0.9m

GTN Aerial Drone Lightshow

Recent Shows

https://www.youtube.com/watch?v=IWe_d5rtlUc



Chemist Warehouse



Versace



NRL Grand Final Winners



Australian Open



Capital Management

Company intends to continue to return capital to shareholders in form of dividends and share buybacks while maintaining low leverage

➔ **At 31 December 2022, GTN held cash balances of \$30.8m with net debt after cash of \$2.8M**

➔ **Debt facility extended to 22 December 2025**

- Distributions of 100% of NPATA allowed for dividends and/or share buybacks
- Group in compliance with all financial covenants by a wide margin
- Group has repaid \$30 million of outstanding bank debt during FY22 & FY21

➔ **Board declared \$0.014 per share interim dividend for 1H FY23 (unfranked)**

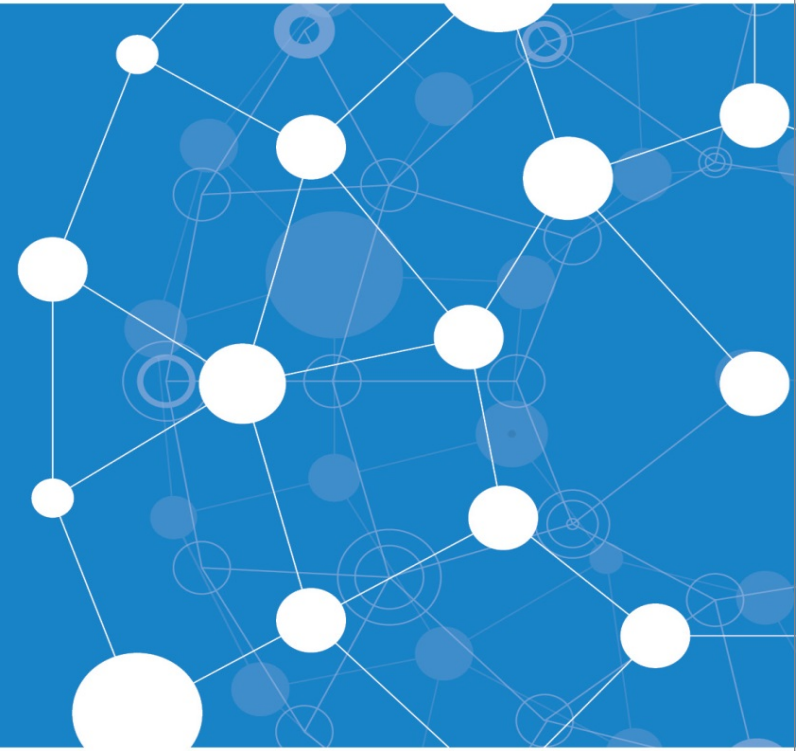
- Record date set at 10 March 2023 with payment date of 31 March 2023
- Previously paid \$0.013 per share FY22 final dividend (unfranked) on 30 September 2022
- Board has instituted a target dividend policy of 100% of NPAT
 - FY22 final and FY23 interim dividends are consistent with policy

➔ **Company announced share buyback on 25 August 2022 for up to 10% of outstanding shares for up to twelve months**

- No minimum share repurchase or target purchase price has been set
- To date, Company has repurchased 1.95 million shares for \$0.8 million

Section 05

Update on trading



GTN Trading Update – January & February 2023

Revenue for January and February has continued the strong performance seen in 1H FY23

➔ **January 2023 revenue increased over 20% compared to January 2022**

- Increase led by Canada and Brazil segments
- Revenue increased in all four operating regions for the month

➔ **February 2023 revenue is also expected to increase compared to last year**

- Revenue forecast to increase comparable to January 2023 increase vis a vis February 2022
- Revenue expected to increase significantly across all four operating regions for the month

➔ **Unable to forecast future revenue due to the generally short lead time of the Group's sales cycle**

- Results beyond February 2023 are likely to be highly dependent on market conditions
- It is too early to offer any outlook for the remainder of the fiscal year, but the trends for January and February are favourable compared to FY22
- Early 2H FY23 results are consistent with strong 1H FY23 performance

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

(\$m) ⁽¹⁾	1H FY2023	1H FY2022
Profit before income tax	5.4	4.1
Depreciation and amortisation	5.8	5.3
Finance costs	0.8	0.8
Interest on bank deposits	(0.1)	-
Interest income on long-term prepaid affiliate contract	(4.0)	(4.0)
EBITDA	8.0	6.1
Interest income on long-term prepaid affiliate contract	4.0	4.0
Foreign currency transaction loss	0.0	0.0
Adjusted EBITDA	12.0	10.2

Reconciliation of Net profit (loss) after tax (NPAT) to NPATA

Profit for the year (NPAT)	3.0	2.7
Amortisation of intangible assets (tax effected)	2.3	2.3
NPATA	5.3	5.0

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

Disclaimer and important information



The information contained in this document is general background information about GTN Limited (ACN 606 841 801) (the “**Company**”) and its activities as at the date of this document. It is in summary form and does not purport to be complete. It should be read in conjunction with the Company’s other periodic and continuous disclosure announcements. It is not financial product advice and does not take into account the investment objectives, financial situation or particular needs of individual investors. These should be considered, with or without professional advice, before deciding if an investment in the Company is appropriate.

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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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