



GTN Limited Results for the half year ending 31 December 2016

Highlights:

- Revenue of \$92.5 million, +12% on 1H FY2016 (\$82.4 million) (Revenue ex-U.S. operations, \$88.6 million (+8%))
- NPAT of \$11.1 million exceeding 1H FY2016 ((\$7.0) million) by \$18.1 million (NPAT ex-U.S. operations, \$12.5 million)
- NPATA¹ of \$13.6 million exceeding 1H FY2016 (\$919 thousand) (NPATA ex-U.S. operations, \$14.8 million)
- EBITDA² of \$19.5 million exceeding 1H FY2016 (\$7.1 million) (EBITDA ex-U.S. operations, \$20.6 million)
- Adjusted EBITDA³ of \$23.9 million, +52% on 1H FY2016 (\$15.7 million), (Adjusted EBITDA ex-U.S. operations \$24.8 million (+58% on 1HFY2016))
- Successfully completed entitlement offer in December 2016 which raised \$58.6 million (net of expenses) at \$2.90 per share
- Completed acquisition of Radiate Media in December 2016 and commenced operations in the United States
- Interim dividend declared for the 6 months ending 31 December 2016 of \$0.056 per share (fully franked)
- Strong liquidity position with net debt of \$3.4 million including cash balances of \$96.6 million
- FY17 revenue result underpinned by solid operating results across original four geographies
- GTN reaffirms FY2017 full-year forecast provided in the IPO prospectus (excluding impact of United States acquisition and operations)

Sydney, 28 February 2017 – GTN Limited (ASX: GTN), one of the largest broadcast media advertising platforms by audience reach in Australia, Brazil, Canada, the United Kingdom and the United States today announced its results for the half year ended 31 December 2016.

¹ NPATA is defined as net profit after tax adjusted for the tax effected amortization arising from acquisition related intangible assets.

² EBITDA is defined as net profit after tax (earnings) before the deduction of interest expense/income, income taxes, depreciation and amortization.

³ Adjusted EBITDA is defined as EBITDA adding back the non-cash interest income related to the long term prepaid affiliation agreement with Southern Cross Austereo which is treated as a financing transaction, transaction costs related to acquisitions and capital raising and foreign exchange gains or losses.

Overview of 1H FY2017 results

(m) ⁴	1H FY2017				
	1H FY2017 Actual	1H FY2016 Actual	% Difference	1H FY2017 Actual (excl. USTN)	% Difference
Revenue	92.5	82.4	+12.3%	88.6	+7.5%
EBITDA	19.5	7.1	+174.8%	20.6	+190.9%
Adjusted EBITDA	23.9	15.7	+52.3%	24.8	+57.8%
NPAT	11.1	(7.0)	N/A	12.5	N/A
NPATA	13.6	0.9	+1,382.0%	14.8	+1,509.0%
NPATA per share (cents) ⁵	\$0.066	\$0.006	+1,037.9%	\$0.072	+1,135.4%

(m) ⁴	1H FY2017				
	1H FY2017 Actual	Pro Forma 1H FY2016 ⁶	% Difference	1H FY2017 Actual (excl. USTN)	% Difference
Revenue	92.5	82.4	+12.3%	88.6	+7.5%
EBITDA	19.5	15.4	+26.1%	20.6	+33.5%
Adjusted EBITDA	23.9	15.4	+55.0%	24.8	+60.6%
NPAT	11.1	0.7	+1585.0%	12.5	+1,793.5%
NPATA	13.6	8.6	+58.0%	14.8	+71.5%
NPATA per share (cents) ⁵	\$0.066	\$0.054	+21.3%	\$0.072	+31.7%

1) 1H FY2017 Revenue +\$10.1m (+12.3% on 1H FY2016 Actual and Pro Forma)

Revenue exceeded 1H FY2016 for the Australian (ATN), Brazilian (BTN) and Canadian (CTN) businesses while the United Kingdom business (UKTN) exceeded 1H FY2016 revenue in local currency but was impacted by unfavorable foreign exchange differences. In addition, GTN's newly acquired United States business (USTN) contributed \$3.9 million of revenue to the results (one month of operations in the period). Revenue excluding the contribution from USTN increased 7.5% to \$88.6 million.

1H FY2017 revenue by geographic segment

(m) ⁴	1H FY2017 Actual	1H FY2016 Actual	% Difference
Australia (ATN)	47.8	44.2	+8.2%
Canada (CTN)	14.7	10.9	+35.6%
United Kingdom (UKTN)	21.1	24.7	(14.8%)
Brazil (BTN)	5.1	2.7	+90.2%
Total (excluding USTN)	88.6	82.4	+7.5%
United States (USTN)	3.9	-	-
Total	92.5	82.4	+12.3%

⁴ Amounts in tables may not add due to rounding.

⁵ Based on weighted shares outstanding for the period.

⁶ See Section 4.3.1 of GTN Limited's Prospectus for its initial public offer of ordinary shares for explanation of pro forma adjustments to the 1H FY2016 actual historical results.

1H FY2017 revenue by geographic segment (local currency)

(m) ⁴	1H FY2017 Actual	1H FY2016 Actual	% Difference
Australia (ATN)	47.8	44.1	+8.2%
Canada (CTN)	14.7	10.4	+41.1%
United Kingdom (UKTN)	12.4	11.7	+6.6%
Brazil (BTN)	12.5	7.1	+76.0%
United States (USTN)	2.9	-	-

Revenue was up in local currency across all four geographies that were operated in the previous year period. This revenue increase was driven by an increase in commercial inventory in all regions as well as an increase in revenue per commercial unit available for sale. Revenue per commercial unit in each region was driven by either an increase in sell-out rate or spot rate/impact rate, or in the case of Brazil and Canada, both.

2) Adjusted EBITDA of \$23.9 million (+55% on 1H FY2016 Pro Forma Adjusted EBITDA) Adjusted EBITDA of \$24.8 million (+61% on 1H FY2016) excluding USTN

Actual 1H FY2017 and Actual and Pro forma 1H FY2016 results

(m) ⁴				Ex-USTN	Ex-USTN
	Actual 1H FY2017	Actual 1H FY2016	% Difference	Actual 1H FY2017	% Difference
Revenue	92.5	82.4	12.3%	88.6	7.5%
Network operations and station compensation expenses	(54.1)	(51.3)	5.4%	(50.7)	(1.2)%
Selling, general and administrative expenses	(18.8)	(15.4)	21.9%	(17.4)	12.8%
Transaction expenses	(0.3)	(1.1)	(74.8%)	-	(100.0%)
Net F/X gain (losses)	0.1	(7.5)	(100.8%)	0.1	(100.8%)
Operating expenses	(73.0)	(75.3)	(3.0)%	(68.0)	(9.7)%
EBITDA	19.5	7.1	174.8%	20.6	190.9%
Interest income on Southern Cross Austereo Affiliate Contract	4.3	-	N/A	4.3	N/A
Transaction expenses	(0.3)	(1.1)	(74.8%)	-	(100.0%)
Net F/X gain (losses)	0.1	(7.5)-	(100.8%)	0.1	(100.8%)
Adjusted EBITDA	23.9	15.7	52.3%	24.8	57.8%

(m) ⁴				Ex-USTN	Ex-USTN
	Actual 1H FY2017	Pro Forma 1H FY2016	% Difference	Actual 1H FY2017	% Difference
Revenue	92.5	82.4	12.3%	88.6	7.5%
Network operations and station compensation expenses	(54.1)	(51.3)	5.4%	(50.7)	(1.2)%
Selling, general and administrative expenses	(18.8)	(15.7)	19.7%	(17.4)	10.8%
Transaction expenses	(0.3)	-	-	-	-
Net F/X gain (losses)	0.1	-	-	0.1	-
Operating expenses	(73.0)	(67.0)	9.1%	(68.0)	-
EBITDA	19.5	15.4	26.1%	20.6	33.5%
Interest income on Southern Cross Austereo Affiliate Contract	4.3	-	-	4.3	-
Transaction expenses	(0.3)	-	-	-	-
Net F/X gain (losses)	0.1	-	-	0.1	-
Adjusted EBITDA	23.9	15.4	55.0%	24.8	60.6%

Pro forma EBITDA adjustments made to the 1H FY2016 results primarily pertain to costs incurred related to the initial public offering and restructure in FY2016, foreign exchange gains and losses incurred upon translation of inter-group loans that were capitalized and costs that will either be incurred on a go forward basis (e.g. public company costs) or historical costs related to the operation of the Group as a private entity that will no longer be incurred. The long-term affiliate contract with Southern Cross Austereo was entered into effective 1 February 2016 so there is no interest income from this contract reflected in the 1H FY2016 results.

**3) NPATA of \$13.6 million (+58% on Pro Forma 1H FY2016 (\$8.6 million))
NPATA of \$14.8 million (+72% on Pro Forma 1H FY2016) excluding USTN**

The increase in NPATA was driven primarily by a 12% increase in revenue (on 1H FY2016) and the high level of operational leverage which the Group has due to its largely fixed cost base.

4) Strong liquidity position with net debt of \$3.4 million including cash balances of \$96.6 million

The Group reported strong cash flow from operations. Operating free cash flow was driven primarily by strong Adjusted EBITDA which was partially offset by working capital needs related primarily to an increase in accounts receivable attributable to the growth in revenue.

Actual 1H FY2017 and Pro forma 1H FY2016 Cash Flow

(m) ⁴

	1H FY2017 Actual	1H FY2016 Pro Forma
Adjusted EBITDA	23.9	15.4
Non-cash items in Adjusted EBITDA	-	0.1
Change in working capital	(3.4)	(9.8)
Impact of Southern Cross Austereo Affiliate Contract	1.2	-
Operating free cash flow before capital expenditure	21.7	5.8
Capital expenditure	(2.2)	(0.9)
Net free cash flow before financing, tax, dividends and acquisition of businesses	19.5	4.9
Acquisition of Radiate Media	(22.0)	-
Net free cash flow before financing, tax and dividends	(2.5)	4.9

Due to the modest working capital requirements, positive cash impact of the Southern Cross Austereo prepayment and low capital expenditures, a large portion of Adjusted EBITDA is converted into net free cash flow before financing, tax and dividends (excluding business acquisitions).

The increase in capital expenditures during 1H FY2017 was primarily driven by the timing of helicopter rebuilds, with 1H17 being higher than usual and 1H16 being lower than average (FY2016 total capital expenditures were \$2.3 million).

As a result of GTN's strong cash generation and \$58.6 million net proceeds from the entitlement offer completed in December 2016, the Group has net debt of \$3.4m (including cash balances of \$96.6m) as at 31 December 2016.

5) Dividend

A fully franked interim dividend of \$0.056 per share has been declared for the half year period holders of record on 13 March 2016. This equates to 100% of NPAT for the period excluding the negative earnings generated from operations in the United States.

The board has determined that the Dividend Reinvestment Plan ("DRP") will operate in respect to the 1H FY2017 distribution. DRP will be calculated by reference to the arithmetic average of the daily volume weighted average market price of GTN ordinary shares sold through a normal trade on the ASX automated trading system during the period of 10 trading days, commencing on 15 March 2017 discounted by 2.5% and then rounded to the nearest whole cent. It is anticipated that the DRP will be underwritten.

6) Key operating metrics

GTN's 1H FY2017 revenue result was underpinned by solid operating results across its four original geographies. The United States was only operating for one month of the half year period as the Radiate Media acquisition closed in December 2016.

Key operating metrics by jurisdiction (local currency)

	Notes	1H FY2017 Actual	1H FY2016 Actual
Australia			
Radio spots inventory ('000s)	1	416	386
Radio sell-out rate (%)	2	80%	81%
Average radio spot rate (AUD)	3	135	133
Canada			
Radio spots inventory ('000s)	1	295	272
Radio sell-out rate (%)	2	72%	55%
Average radio spot rate (CAD)	3	66	64
United Kingdom			
Total radio impacts available ('000)	4	9,558	9,470
Radio sell-out rate (%)	5	99%	93%
Average radio net impact rate (GBP)	6	1.3	1.3
Brazil			
Radio spots inventory ('000s)	1	76	45
Radio sell-out rate (%)	2	61%	53%
Average radio spot rate (BRL)	3	274	294
United States			
Radio spots inventory ('000s)	1,7	196	-
Radio sell-out rate (%)	2,7	88%	-
Average radio spot rate (USD)	3,7	13	-

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. The UK market measures inventory and units sold based on impacts instead of spots. An impact is a thousand listener impressions.
5. The number of impressions sold as a percentage of the number of impressions available.
6. Average price per radio impact sold net of agency commission
7. Information is for the period of GTN's ownership only (December 2016).

7) FY2017 forecast

GTN reaffirms the FY2017 forecast provided in the Prospectus lodged in relation to its initial public offer, excluding any impact of the Radiate Media acquisition and its United States operations, which are anticipated to generate a net loss during the forecast period.

The FY2017 forecast assumes continuation of current market conditions as well foreign exchange rates between AUD and the currencies of the jurisdictions in which the Group operates remaining at approximately current levels.

CEO Comment

Commenting on the results, William L. Yde III Chief Executive Officer of GTN said “We are very pleased with our half year 2017 performance with the Group showing significant growth in revenue, EBITDA, Adjusted EBITDA, NPAT and NPATA when compared to Pro Forma half year 2016. The strong first half year results put us in excellent position to achieve the FY2017 forecast included in the Prospectus for our initial public offering excluding the Radiate Media acquisition. I commend our local management who delivered such outstanding results.”

Mr. Yde continued, “We look forward to continuing this momentum into the second half of FY 2017 as well. We expect to see continued revenue and EBITDA growth in Canada as we are currently enjoying the benefits of strengthening our networks over the past couple of years. Australia continues to achieve strong organic growth with virtually every radio station in the metro markets as part of its network and a highly experienced and well-trained sales team. Our UK operations continue to increase revenue in local currency while providing significant cash flow to the Group. Although Brazil is a small portion of Group revenue and EBITDA, it currently is our fastest growing market and we are hoping for big things in the future.”

Radiate Media Acquisition

“In December we completed the acquisition of Radiate Media, the second largest provider of traffic reporting services to radio and television stations in the United States. We have now relaunched the company as United States Traffic Network (USTN). As part of the acquisition, we were able to agree to a multi-year extension with Cumulus Media, one of the largest radio network’s in the U.S. In addition, we have a multi-year agreement with the CBS radio stations that commences on 1 April 2017. CBS is the second largest radio group in the United States in terms of both revenue and audience. With these two groups, we have two of the top three radio broadcasters in the United States and the largest station groups independent of Total Traffic and Weather Network. In addition, we have added a number of other affiliates to the station line-up since closing and continue to attempt to further enhance the network. Although we anticipate negative earnings during the initial launch of USTN, we are confident that the large audience we are building will lead to significant revenue in the future.” concluded Mr. Yde.

Conference Call

GTN Limited will host a conference call at 10:30 a.m. Australia Eastern Daylight time on Tuesday, 28 February 2017 to discuss its fiscal half year 2017 results.

Participant PIN Code: 7134 7249

Dial-in numbers:

- Australia (toll free): 1800 123 296
- Australia (toll): +61 2 8038 5221
- New Zealand: 0800 452 782
- Hong Kong: 800 908 865
- Singapore: 800 616 2288

Conference Call Replay

A replay of the call will be available from 11:30 a.m. on 28 February 2017.

Replay PIN Code: 7134 7249

Dial-in numbers:

- Australia (toll free): 1800 153 898
- Australia (toll): +61 2 9003 4211
- New Zealand: 0800 453 213
- Hong Kong: 800 963 117
- Singapore: 800 616 2305

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Appendix A

Reconciliation of non-IFRS disclosures

(\$m) ⁴

	1H FY2017 Actual	1H FY2016 Actual	1H FY2016 Pro Forma
Reconciliation of EBITDA and Adjusted EBITDA to Profit/(loss) before income tax			
Profit/(loss) before income tax	16.5	(7.6)	1.7
Depreciation and amortization	(4.7)	(11.9)	(11.9)
Finance costs	(2.7)	(2.9)	(2.0)
Interest on bank deposits	0.2	0.1	0.1
Interest income on long-term prepaid affiliate contract	4.3	-	-
EBITDA	19.5	7.1	15.4
Interest income on long-term prepaid affiliate contract	4.3	-	-
Transaction expenses	(0.3)	(1.1)	-
Net F/X gain (losses)	0.1	(7.5)	-
Adjusted EBITDA	23.9	15.7	15.4
Reconciliation of Net profit after tax (NPAT) to NPATA			
Profit/(loss) (NPAT)	11.1	(7.0)	0.7
Amortization of intangible assets (tax effected)	2.5	8.0	8.0
NPATA	13.6	0.9	8.6

Appendix B

P&L Foreign Exchange Rates

	1H FY2017 Actual	1H FY2016 Actual	1H FY2017 Forecast
AUD:USD	0.75	0.72	0.70
AUD:CAD	0.99	0.96	0.93
AUD:GBP	0.59	0.47	0.47
AUD:BRL	2.46	2.66	2.80