



## GTN Limited Results for the 12 months ending 30 June 2017

### Highlights:

- Revenue \$213.6 million, +29% on FY 2016 (\$178.5 million ex United States, +1% on statutory Prospectus Forecast of \$177.4 million)
- Statutory NPAT<sup>1</sup> \$6.2 million (\$28.2 million ex United States, exceeds FY 2016 and statutory Prospectus Forecast of \$21.1 million)
- Statutory NPATA<sup>1, 2</sup> \$12.3 million (\$32.5 million ex United States, exceeds FY 2016 and statutory Prospectus Forecast of \$25.7 million)
- Statutory EBITDA<sup>3</sup> \$20.0 million (\$40.2 million ex United States, exceeds FY 2016 and statutory Prospectus Forecast of \$37.2 million)
- Adjusted EBITDA<sup>4</sup> of \$28.9 million (\$48.9 million ex United States, exceeds FY 2016 and statutory Prospectus Forecast of \$45.6 million)
- Final dividend declared of \$0.048 to holders of record on 7 September 2017 (fully franked)
- Strong liquidity position with net cash (after debt) of \$0.7 million including cash balances of \$100.7 million
- FY17 revenue result underpinned by solid operating results across four original geographies

**Sydney, 31 August 2017 – GTN Limited (ASX: GTN)**, one of the largest broadcast media advertising platforms by audience reach in Australia, Canada and the United Kingdom today announced its results for the year ended 30 June 2017.

### Overview of FY17 results

(m) <sup>5</sup>	FY17 Actual	United States	FY17 Actual Ex United States	Statutory FY17 Prospectus	% Difference
Revenue	213.6	35.1	178.5	177.4	+0.7%
EBITDA <sup>3</sup>	20.0	(20.1)	40.2	37.2	+8.0%
Adjusted EBITDA <sup>4</sup>	28.9	(19.9)	48.9	45.6	+7.0%
NPAT	6.2	(22.0)	28.2	21.1	+33.4%
NPATA <sup>2</sup>	12.3	(20.2)	32.5	25.7	+26.3%
NPATA per share (cents) <sup>6</sup>	\$0.06	\$(0.09)	\$0.16	\$0.13	+26.3%

<sup>1</sup> NPAT and NPATA include \$5.0 million of tax benefit from the Canadian operations related to recognition of previously unrecognized tax assets that was not forecast.

<sup>2</sup> NPATA is defined as net profit after tax adjusted for the tax effected amortization arising from acquisition related intangible assets.

<sup>3</sup> EBITDA is defined as net profit after tax (earnings) before the deduction of interest expense/income, income taxes, depreciation and amortization.

<sup>4</sup> 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 and foreign exchange gains/losses.

<sup>5</sup> Amounts in tables may not add due to rounding

<sup>6</sup> FY17 ex United States based on IPO shares issued of 201.2 million assuming shares were outstanding for the entire period and excludes the additional shares issued under the non-renounceable entitlement offer or the dividend reinvestment plan since these shares were issued to raise capital to enter the United States. In addition, excluding these shares from the calculation of NPATA per share allows for greater comparability to the Prospectus Forecast which did not include United States operations or additional capital raising related to the United States.

## 1) FY17 Revenue (+1% on statutory Prospectus Forecast ex United States)

Revenue exceeded forecast for the Australian (ATN), Brazilian (BTN) and Canadian (CTN) business while the United Kingdom business (UKTN) exceeded forecast revenue in local currency but was impacted by unfavorable foreign exchange differences. The United States contributed revenue of \$35.1 million for the seven months it was operated by the Group.

### FY17 revenue by geographic segment

(m) <sup>4</sup>	FY17 Actual	Statutory FY17 Prospectus	% Difference
Australia (ATN)	98.7	91.8	+7.5%
Canada (CTN)	28.0	26.0	+7.6%
United Kingdom (UKTN)	40.9	51.0	(19.8%)
Brazil (BTN)	11.0	8.6	+28.2%
	<b>178.5</b>	<b>177.4</b>	<b>+0.7%</b>
United States (USTN)	35.1	-	-
<b>Total</b>	<b>213.6</b>	<b>177.4</b>	<b>+20.5%</b>

*Note: Further detail on exchange rates is provided in the Annual Report lodged on 31 August 2017.*

Group revenue was up \$47.5 million (+29%) from FY 2016 (+\$12.4 million ex United States +7.5%) with all four forecast operating segments exceeding the previous year's revenue in local currency.

## 2) Adjusted EBITDA of \$28.9 million (\$48.9 million ex United States, +7% on statutory Prospectus Forecast)

(m) <sup>4</sup>	FY17			
	Actual	United States	Actual Ex United States	Statutory Prospectus
Revenues	<b>213.6</b>	<b>35.1</b>	<b>178.5</b>	<b>177.4</b>
Network operations and station compensation expenses	(145.5)	(43.9)	(101.6)	(106.9)
Selling, general and administrative expenses	(47.6)	(11.1)	(36.4)	(33.1)
Equity based compensation expense	(0.1)	-	(0.1)	(0.2)
Transaction costs	(0.2)	(0.2)	-	-
Net F/X losses on borrowings	(0.2)	-	(0.2)	-
<b>Operating expenses</b>	<b>(193.6)</b>	<b>(55.2)</b>	<b>(138.4)</b>	<b>(140.2)</b>
EBITDA	20.0	(20.1)	40.2	37.2
Interest income on Southern Cross Austereo Affiliate Contract	8.5	-	8.5	8.5
Transaction costs	0.2	0.2	-	-
Net F/X losses on borrowings	0.2	-	0.2	-
<b>Adjusted EBITDA</b>	<b>28.9</b>	<b>(19.9)</b>	<b>48.9</b>	<b>45.6</b>

### 3) NPATA of \$12.3 million (\$32.5 million ex United States, +26% on statutory Prospectus Forecast)

The stronger than forecast NPATA (ex United States) result was driven primarily by lower operating expenses due to differences in forecast and actual foreign exchange rates as well as a \$5.0 million tax benefit related to the recognition of previously unrecognized CTN tax assets, primarily net operating losses from previous periods. These tax assets were recognized in the current period due to Canada's stronger than forecast operating results.

### 4) Strong liquidity position with net cash after debt of \$0.7 million

The Group reported strong cash flow from operations. GTN's strong liquidity position is underpinned by the positive cash impact of the long-term affiliate agreement signed with the Southern Cross Austereo Group in February 2016.

#### FY17 Cash Flow

(m) <sup>(4)</sup>	FY17 Results			
	Actual	USTN	Actual Ex USTN	Statutory FY17 Prospectus
<b>Adjusted EBITDA</b>	<b>28.9</b>	<b>(19.9)</b>	<b>48.9</b>	<b>45.6</b>
Non-cash items in Adjusted EBITDA	0.1	-	0.1	0.2
Change in working capital	10.3	11.5	(1.2)	(1.4)
Impact of new Southern Cross Austereo Affiliate Contract	3.5	-	3.5	3.5
<b>Operating free cash flow before capital expenditure</b>	<b>42.9</b>	<b>(8.4)</b>	<b>51.3</b>	<b>48.0</b>
Capital expenditure	(3.5)	(0.2)	(3.3)	(2.5)
<b>Net free cash flow before financing, tax and dividends</b>	<b>39.4</b>	<b>(8.6)</b>	<b>48.0</b>	<b>45.5</b>

Due to GTN's 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.

As a result of GTN's strong cash generation, entitlement offering and dividend reinvestment plan and the cash balance carried forward from FY 2016, the Group's cash balance was \$100.7 million at 30 June 2017. The Group also has a \$15 million unused bank facility as of 30 June 2017. A portion of this cash balance is earmarked to fund additional operating losses in the United States during our start-up phase of operations.

The Group has outstanding debt principal at 30 June 2017 of \$100 million and net debt (principal less cash balances) of \$(0.7) million. The ratio of net debt to Pro Forma Adjusted EBITDA is not meaningful at 30 June 2017 due to the negative net debt.

An interim dividend of \$0.056 per share was declared and paid in March 2017. A fully franked final dividend of \$0.048 was declared 31 August 2017 to holders of record as of 7 September 2017.

## 5) Key operating metrics

GTN's FY17 revenue result was underpinned by solid operating results across its four forecast geographies.

### Key operating metrics by market (local currency)

		FY2017	
	Notes	Actual	Prospectus Forecast
Australia			
Radio spots inventory ('000s)	1	866	761
Radio sell-out rate (%)	2	81%	82%
Average radio spot rate (AUD)	3	134	142
Canada			
Radio spots inventory ('000s)	1	598	582
Radio sell-out rate (%)	2	67%	62%
Average radio spot rate (CAD)	3	66	62
United Kingdom			
Total radio impacts available ('000)	4	19,055	19,090
Radio sell-out rate (%)	5	99%	94%
Average radio net impact rate (GBP)	6	1.3	1.3
Brazil			
Radio spots inventory ('000s)	1	151	143
Radio sell-out rate (%)	2	64%	61%
Average radio spot rate (BRL)	3	277	280
United States			
Radio spots inventory ('000s)	1,7	1,689	N/A
Radio sell-out rate (%)	2,7	74%	N/A
Average radio spot rate (USD)	3,7	17	N/A

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. Only includes period under GTN ownership (December 2016 – June 2017).

## CEO Comment

Commenting on the results, William L. Yde III Chief Executive Officer of GTN said “We are very pleased with our first full year performance as a public company. Excluding the United States, which we acquired in December 2016 and was not included in the statutory Prospectus Forecast, the Group exceeded statutory Prospectus Forecast revenue, EBITDA, Adjusted EBITDA, NPAT and NPATA. The

FY2017 results also exceeded statutory and pro forma FY2016 performance by a considerable margin. I commend our local management who delivered such outstanding results.”

Mr. Yde continued, “In December, we exercised our option to acquire Radiate Media and began operations in the United States. We have since won a number of station affiliation agreements and commenced the CBS Radio contract in April. Our initial losses were roughly where we anticipated and we look forward to our first full year of operations in the United States. Our weekly audience in the United States is in excess of 150 million people and we are working diligently to speed up the process of monetizing this large audience. We look forward to a strong FY 2018 in our other markets as well.

We have recently renewed affiliate agreements with Global Radio in the UK, Corus Radio and Global TV in Canada and ARN in Australia under multiple year agreements.

In July, we opened Porto Alegre, our fourth market in Brazil. Although smaller than our other operations, Brazil was our fastest growing segment in FY 2017 and we continue to expect big things out of the market.

Both Australia and Canada exceeded their goals for fiscal 2017 and we expect to see continued revenue and EBITDA growth in both markets. Canada is currently seeing the benefits of the past couple of years, in which we have focused on completing our affiliate line-up in most of our key Canadian markets while Australia continues to achieve strong organic growth with its unequaled station line-up and highly seasoned sales team.

Our UK operations, while more mature than our other markets, continue to provide significant cash flow to the Group.”

### **About GTN Limited**

GTN Limited (ASX: GTN) began operations in Australia in 1997, and has grown to become the largest supplier of traffic information reports to radio stations in Australia, United Kingdom, Canada and Brazil (four of the 10 largest advertising markets in the world) and one of the largest broadcast media advertising platforms by audience reach in these operating geographies. In December 2016, GTN commenced operations in the United States, the largest media market in the world, via its acquisition of Radiate Media.

In exchange for providing traffic and information reports, and in certain cases monetary compensation, GTN receives commercial advertising spots adjacent to traffic, news and information reports from its large network of affiliates. These spots are bundled together by GTN and sold to advertisers on a national, regional or specific market basis.

GTN's advertising spots are short in duration, adjacent to engaging information reports and are often read live on the air by well-known radio and television personalities during peak audience hours. GTN's broad audience means it is able to deliver effective radio advertisements with high frequency and expansive reach, enabling advertisers to communicate with high-value demographics cost effectively.

For more information, visit the Company's website at [www.gtnetwork.com.au](http://www.gtnetwork.com.au).

### **Conference Call**

GTN Limited will host a conference call at 10:30 a.m. Australia Standard time on Thursday, 31 August 2017 to discuss its fiscal year 2017 results.

Participant PIN Code: 5975 9708

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 31 August 2017.

Replay PIN Code: 5975 9708

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

### **CONTACT:**

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## Appendix A

### Reconciliation of non-IFRS disclosures

(\$m)<sup>(4)</sup>

	Actual FY17	United States	Actual FY17 ex United States	Statutory Prospectus FY17
<b>Reconciliation of EBITDA and Adjusted EBITDA to Profit before income tax</b>				
Profit/(loss) before income tax	12.6	(22.0)	34.6	31.1
Depreciation and amortization	(11.2)	(1.8)	(9.3)	(9.1)
Finance costs	(5.2)	-	(5.2)	(5.7)
Interest on bank deposits	0.5	-	0.5	0.3
Interest income on long-term prepaid affiliate contract	8.5	-	8.5	8.5
<b>EBITDA</b>	<b>20.0</b>	<b>(20.1)</b>	<b>40.2</b>	<b>37.2</b>
Interest income on long-term prepaid affiliate contract	8.5	-	8.5	8.5
Transaction costs	(0.2)	(0.2)	-	-
Foreign currency transaction loss	(0.2)	-	(0.2)	-
<b>Adjusted EBITDA</b>	<b>28.9</b>	<b>(19.9)</b>	<b>48.9</b>	<b>45.6</b>
<b>Reconciliation of Net profit after tax (NPAT) to NPATA</b>				
Profit for the year (NPAT)	6.2	(22.0)	28.2	21.1
Amortization of intangible assets (tax effected)	6.1	1.8	4.3	4.6
<b>NPATA</b>	<b>12.3</b>	<b>(20.2)</b>	<b>32.5</b>	<b>25.7</b>