



GTN Limited

1H21 Results Presentation

25 February 2021

Today's presenters



Bill Yde (CEO and founder)



Scott Cody (CFO and COO)

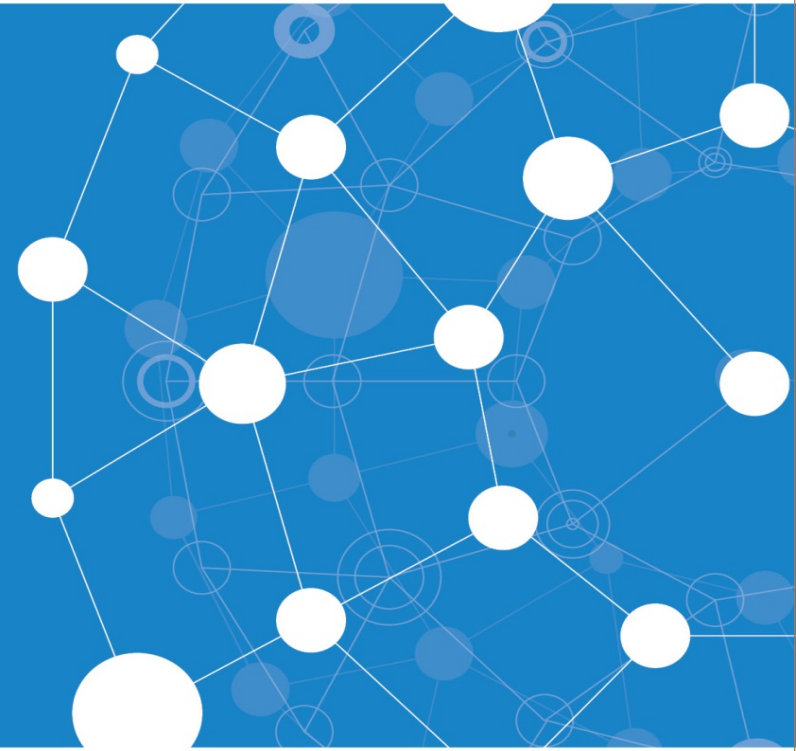
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Section 01

Overview



Overview

GTN's 1H FY21 results showed 26% revenue decrease due to the continued impact of the COVID-19 pandemic
Sequential improvement as 2Q FY21 revenue decline (-20%) lower than 1Q FY21 (-33%) and 4Q FY20 (-57%)

Key Highlights

➔ 1H21 revenue negatively impacted by ongoing COVID-19 pandemic

All markets reported revenue decrease when compared to 1H FY20

- UK and Canada performed best when compared to 1H FY20
- Brazil had the largest revenue decrease but showed significant improvement through the period despite continued increases in COVID cases

Australia revenue declined 35% compared to 1H FY20

- Australia impacted by Melbourne shutdown for most of period but rebounded in December 2020

A\$m ⁽²⁾	1H21	1H20	% Difference
Revenue	70.8	95.7	(26.0)%
EBITDA ⁽⁴⁾	3.1	13.8	(77.4)%
Adjusted EBITDA ⁽¹⁾	7.1	18.0	(60.4)%
NPAT	0.4	7.6	(95.2)%
NPATA ⁽³⁾	2.6	9.9	(73.4)%
NPATA per share (\$)	\$0.012	\$0.044	(72.4)%

➔ 1H21 profitability declined due to lower revenue

Adjusted EBITDA of \$7.1 million (-60% on 1H FY20)

- Network operations and station compensation decreased \$6.0 million (10%)
 - Terminated Nine Radio affiliation agreement in July 2020 at significant savings
- Selling, G&A decreased \$8.3 million (40%)
 - Decrease primarily due to lower commissions/bonuses due to lower revenue

➔ Strong liquidity position with net debt (after cash) of \$15.3 million

Cash balances of \$48.5 million at 31 December 2020

- Amended debt facility in December 2020 to provide covenant relief
 - Likely to remain in covenant compliance based on current projections
- No final FY20 or interim FY21 dividend declared
 - Terminated share buy-back and filed Appendix 3F effective 25 February 2021

Notes: (1) Adjusted EBITDA is defined as EBITDA adjusted to include the non-cash interest income arising from the Southern Cross Austereo Affiliate Contract which is treated as a financing transaction and exclude transaction costs, foreign exchange gains/losses, gains on lease forgiveness and losses on refinancing. (2) 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. (3) NPATA is defined as net profit after tax adjusted for the tax effected amortization arising from acquisition related intangible assets. (4) EBITDA is defined as net profit after tax (earnings) before the deduction of interest expense/income, income taxes, depreciation and amortization.

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



1H FY2021 Revenue	A\$m	30.6	14.2	22.5	3.6
1H FY2020 Revenue	A\$m	46.8	16.7	23.3	8.8
1HFY21 vs 1HFY20	%	(34.6)%	(15.4)%	(3.8)%	(59.6)%
Number of Radio Affiliates	#	144	117	228	87
Number of TV Affiliates	#	13	6	-	-
GTN Radio Audience	m	10.4 ⁽³⁾	15.6	28.6	24.1 ⁽²⁾
GTN TV Audience	m	5.3	11.6	-	-
1H FY2021 spots inventory	'000	472	344	9,807 ⁽¹⁾	221
1H FY2021 sell-out rate	%	49%	52%	94% ⁽¹⁾	40%
1H FY2021 average spot rate	Local ccy	A\$121	C\$71	£1.3 ⁽¹⁾	BRL 177

⁽¹⁾ See page 14 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



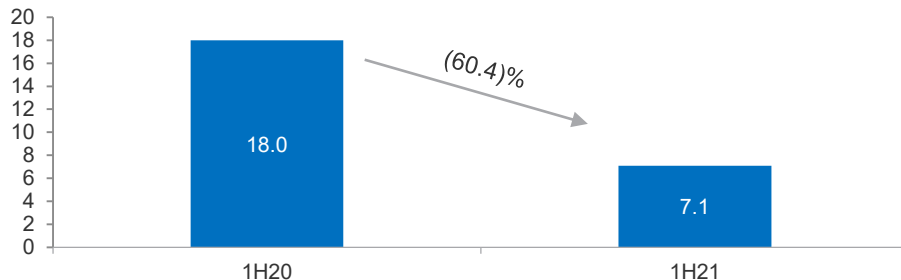
Key drivers of financial performance

Despite significant savings from expense reductions, GTN profitability declined due to a 26% drop in revenue from the ongoing impact of COVID-19 pandemic

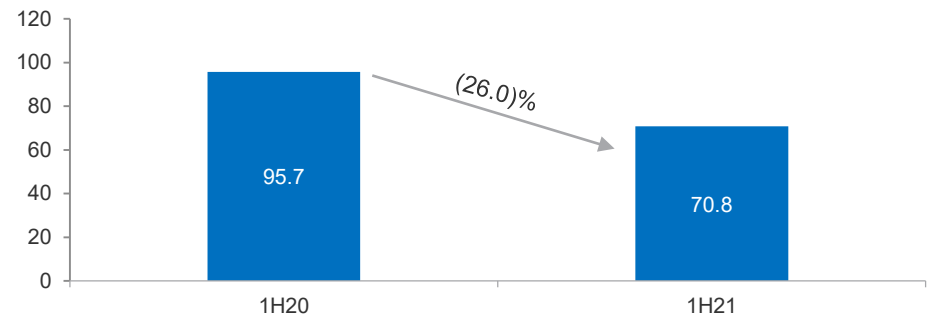
Commentary

- Revenue decrease of 26% across all markets:
 - Revenue performance continues to improve when compared to 4Q20 which was down 57%
 - UK strongest performer for the period down 4% compared to 1H20 (-2% in GBP)
 - Canada also had a relatively strong performance down 15% (-11% in CAD)
 - Australia revenue (-35%) lagged due to Melbourne market shutdown
 - Revenue rebounded nicely in December 2020 (~\$8 million revenue for month)
 - While Brazil was the weakest market compared to 1H20 (-60% (-43% in BRL)) it showed steady improvement throughout the period
- EBITDA and Adjusted EBITDA decreased on lower revenues despite expense savings
 - Operating expenses decreased \$14.1 million (-17%)

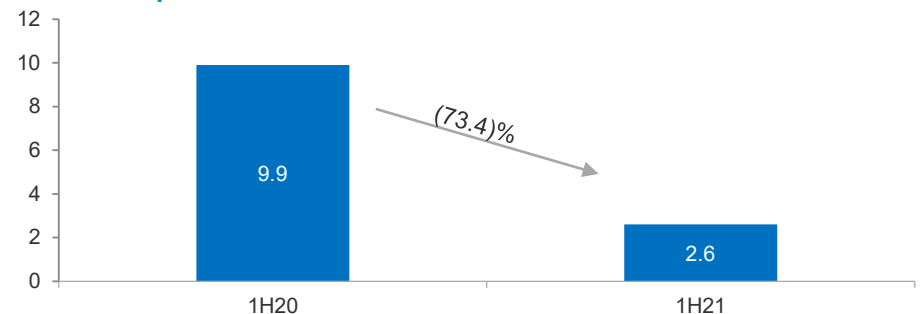
GTN Group Adjusted EBITDA



GTN Group revenue



GTN Group NPATA



Strong liquidity position

Net debt (debt less cash balances) of \$15.3 million.

Historical balance sheet (31 December 2020 & 30 June 2020)

	31 December 2020	30 June 2020
	\$'000	\$'000
Current Assets		
Cash and cash equivalents	48,527	57,040
Trade and other receivables	32,688	19,910
Current tax assets	6,588	6,700
Other current assets	5,303	2,856
Current assets	93,106	86,506
Non-current Assets		
Property, plant and equipment	7,988	9,858
Intangible assets	42,247	45,686
Goodwill	96,325	95,998
Deferred tax assets	3,854	4,269
Other assets	94,380	94,988
Non-current assets	244,794	250,799
Total assets	337,900	337,305
Current Liabilities		
Trade and other payables	33,165	30,874
Deferred revenue	707	1,266
Current tax liabilities	205	-
Financial liabilities	1,366	1,525
Provisions	1,037	932
Current liabilities	36,480	34,597
Non-current Liabilities		
Trade and other payables	66	74
Financial liabilities	62,260	62,768
Deferred tax liabilities	20,717	20,344
Provisions	409	416
Non-current liabilities	83,452	83,602
Total liabilities	119,932	118,199
Net assets	217,968	219,106
Equity		
Share capital	437,508	437,508
Reserves	6,959	8,464
Accumulated losses	(226,499)	(226,866)
Total equity	217,968	219,106

Summary cash flow

\$Am	1H FY21	1H FY20
Adjusted EBITDA	7.1	18.0
Non-cash items in Adjusted EBITDA	0.5	0.3
Change in working capital	(10.4)	(2.4)
Impact of Southern Cross Austereo Affiliate Contract	1.0	1.0
Operating free cash flow before capital expenditure	(1.8)	16.9
Capital expenditure	(0.5)	(1.7)
Net free cash flow before financing, tax and dividends	(2.3)	15.2

Commentary

- Strong liquidity position with net debt of \$15.3m
 - \$48.5m cash and \$63.8m of debt (including \$3.8m of leases)
 - Modified debt facility covenants in December 2020
 - Expect to continue to be in compliance with bank loan
- No final FY20 or interim FY21 dividend declared consistent with strategy of conserving cash
 - Dividends and share buybacks prohibited until expiration of loan modifications
 - Terminated share buy-back and filed Appendix 3F (*Final share buy-back notice*) effective 25 February 2021

Section 03

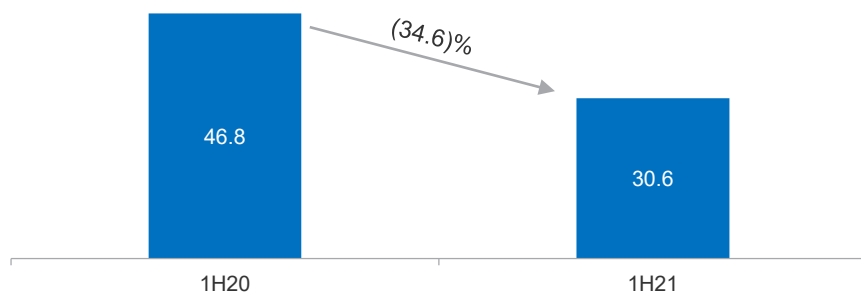
Financial performance by operating segment



ATN

COVID-19 related lockdown of Melbourne market for the majority of the half-year period negatively impacted revenue

ATN revenue performance



ATN KPIs

	1H21	1H20	% chg
Radio spots inventory ('000s) ¹	472	540	(12.6)%
Radio sell-out rate (%) ²	49%	62%	(13)% points
Average radio spot rate (AUD) ³	121	135	(10.0)%

Commentary

- ATN revenue declined by 35% due to weak performance during Melbourne lockdown
 - Significant improvement over 4Q20 (down 51% compared to 4Q19)
 - Sequential improvement over the past three quarters
 - 1Q21 down 44% compared to 1Q20
 - 2Q21 down 27% compared to 2Q20
 - Melbourne lockdown lifted 28 October 2020

ATN (continued)

ATN revenue rebounded sharply in December 2020 despite continued challenging market

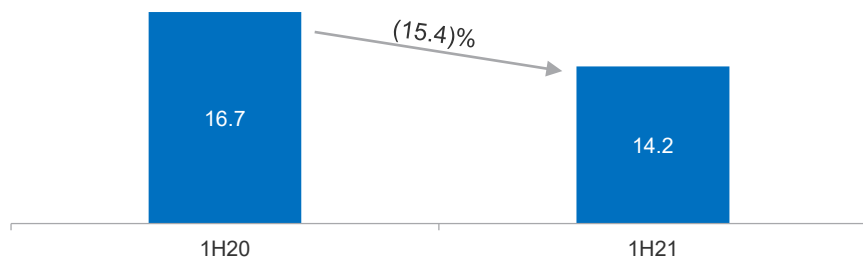
ATN revenue performance



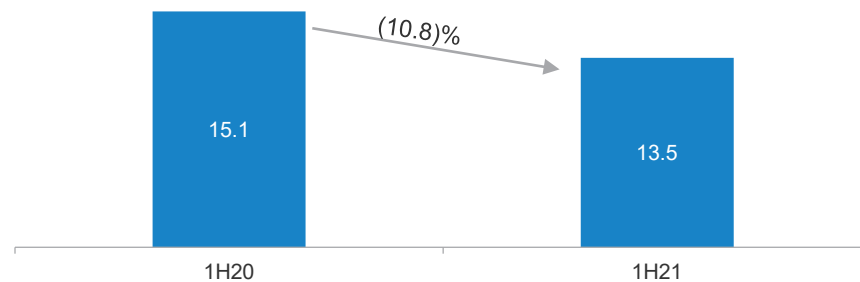
CTN

CTN posted a steady revenue recovery in both 1Q21 and 2Q21 resulting in a revenue decrease of only 11% in local currency during 1H21 compared to a 77% decrease in 4Q20

CTN revenue performance (AUD)



CTN revenue performance (CAD)



CTN KPIs

	1H21	1H20	% chg
Radio spots inventory ('000s) ¹	344	342	0.6%
Radio sell-out rate (%) ²	52%	61%	(9)% points
Average radio spot rate (CAD) ³	71	68	4.0%

Commentary

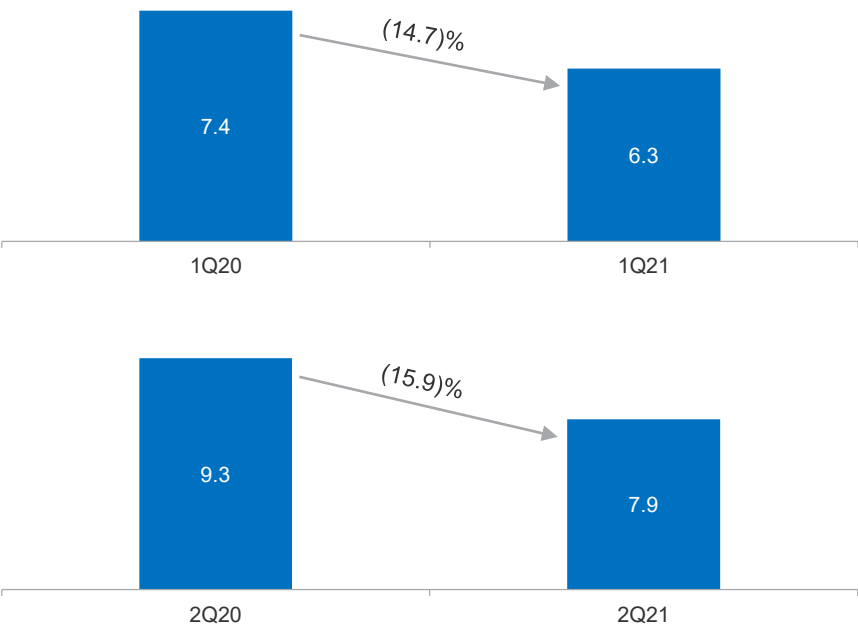
- CTN revenue rebounded dramatically when compared to 4Q20 which dropped 77% in local currency compared to 4Q19
 - COVID-19 related lockdowns (stay at home order) re-instituted 26 December 2020 (retail closures instituted 11 December 2020)
 - Currency fluctuations had a negative impact on reported revenue
- EBITDA increased in 1H21 compared to 1H20 (+\$0.4 million/+22%)
 - Only market to increase EBITDA for the period

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.

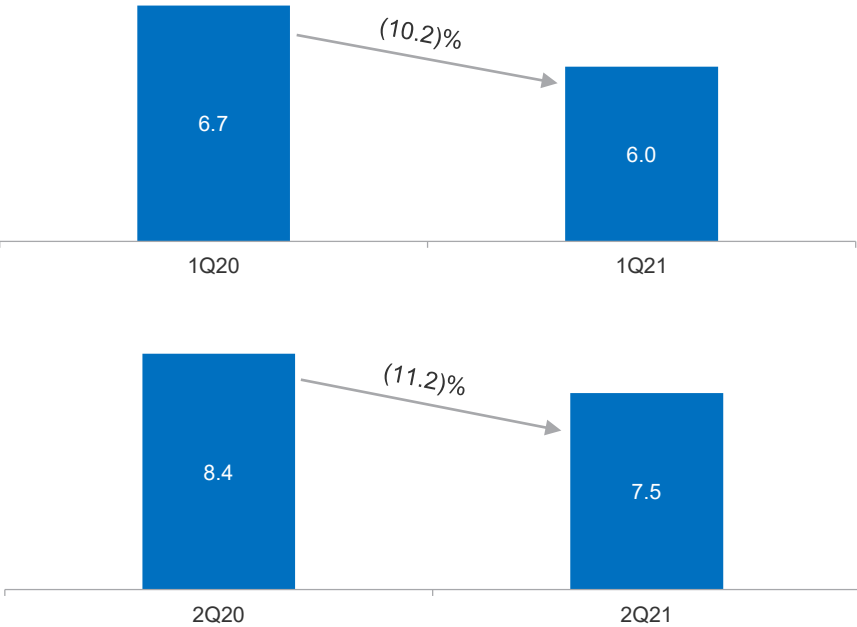
CTN (continued)

Canada revenue for the half-year period consistent across the quarters despite impact of retail closures 11 December and stay at home order being enacted 26 December 2020

CTN revenue performance (AUD)



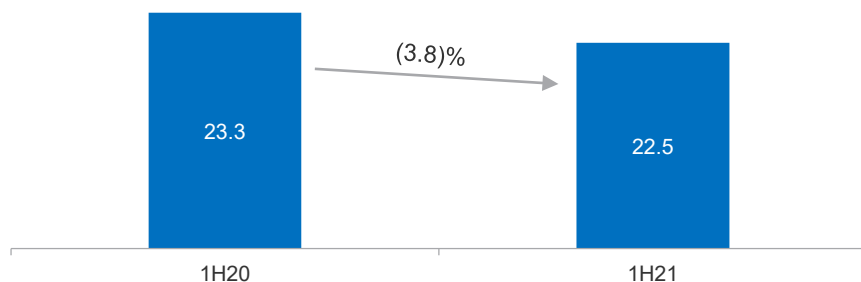
CTN revenue performance (CAD)



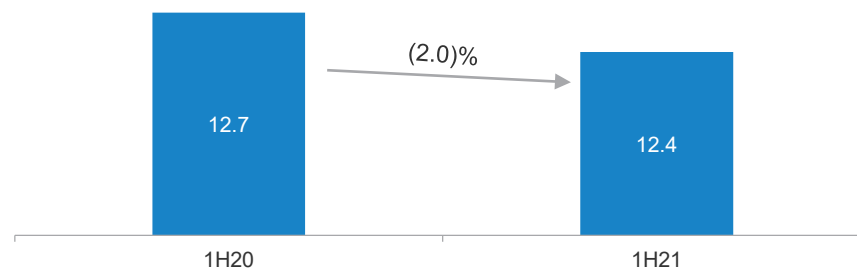
UKTN

UKTN top producing segment by revenue for period with revenue decreasing only 2% in GBP (4% in AUD)

UKTN revenue performance (AUD)



UKTN revenue performance (GBP)



UKTN KPIs

	1H21	1H20	% chg
Total radio impacts available ('000s) ¹	9,807	9,806	-%
Radio sell-out rate (%) ²	94%	99%	(5)% points
Average radio net impact rate (GBP) ³	1.3	1.3	-%

Commentary

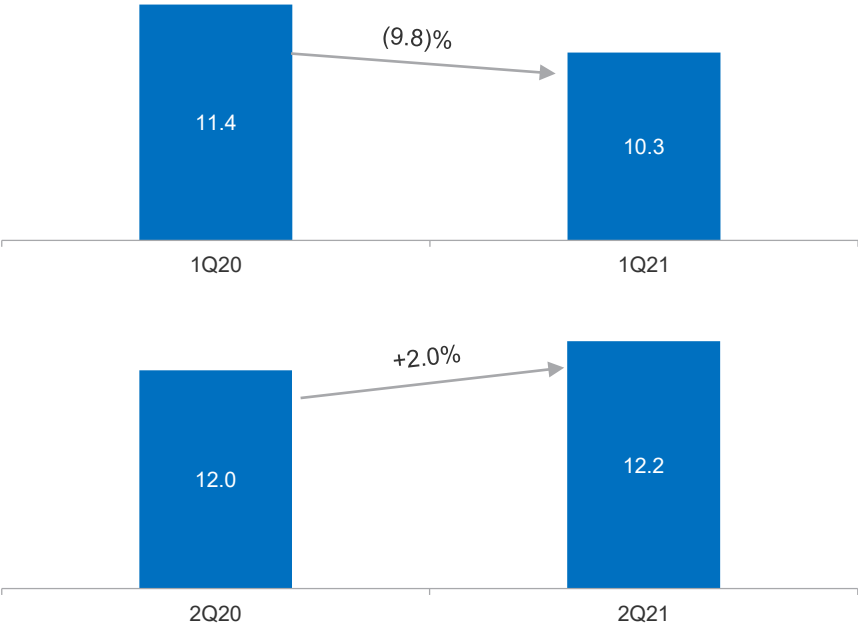
- UKTN revenue performance a significant improvement over 4Q20
 - 4Q20 revenue decreased 40% compared to 4Q19 (-42% in GBP)
 - 2Q21 revenue increased 2% compared to 2Q20 (+6% in GBP)
 - Currency fluctuations had negative impact on reported revenue

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.

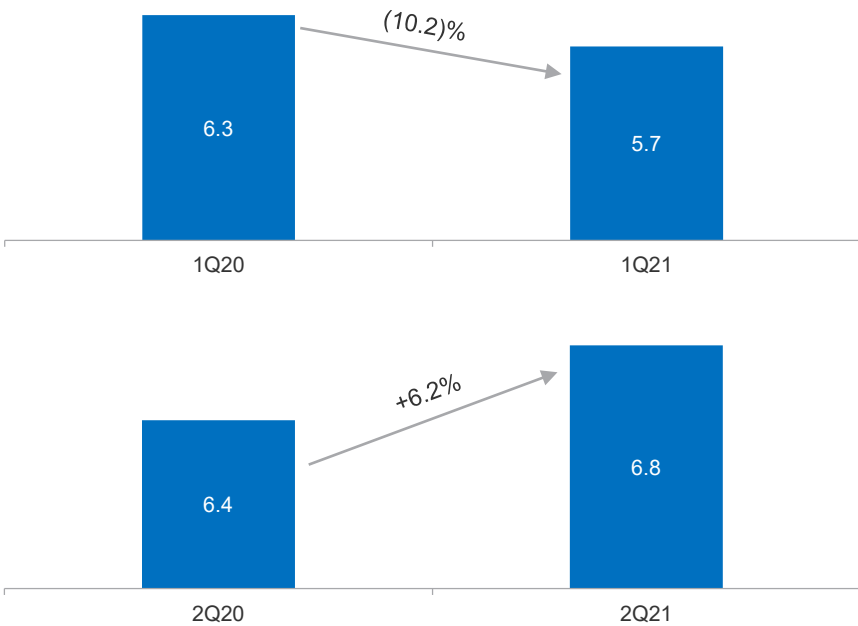
UKTN (continued)

Continued sequential revenue improvement with 2Q FY21 revenue higher than 2Q FY20

UKTN revenue performance (AUD)



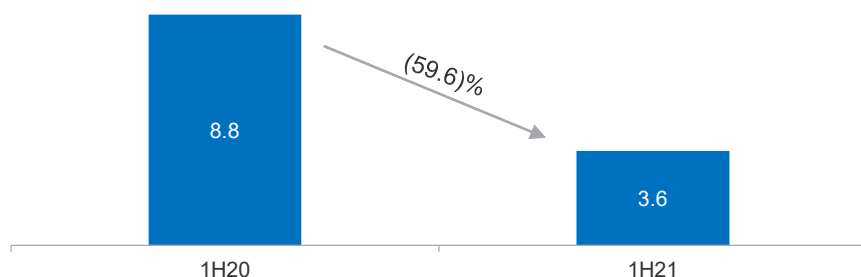
UKTN revenue performance (GBP)



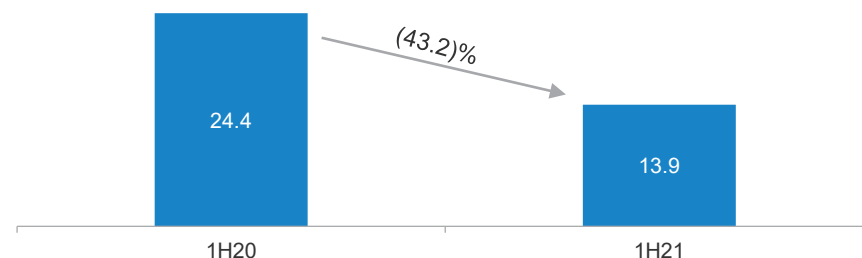
BTN

BTN revenue improved significantly over half-year period when compared to 4Q20 decrease of 72% in local currency

BTN revenue performance (AUD)



BTN revenue performance (BRL)



BTN KPIs

	1H21	1H20	% chg
Radio spots inventory ('000s) ¹	221	209	5.9%
Radio sell-out rate (%) ²	40%	60%	(20)% points
Average radio spot rate (BRL) ^{3,4}	177	224	(21.2)%

Commentary

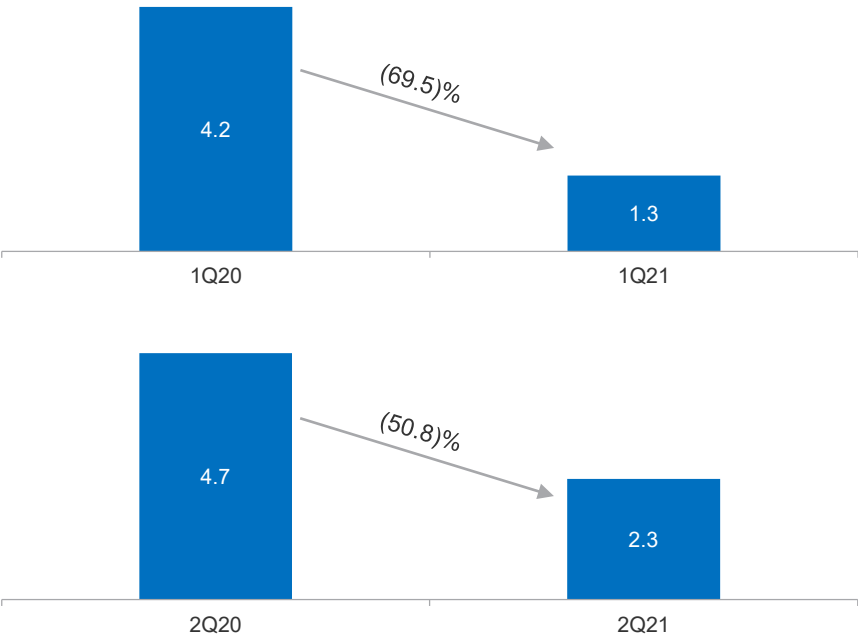
- Although revenue was significantly down for the period there was strong sequential improvement for the majority of the period
 - Revenue decreased 94% in 4Q20 (72% in BRL)
 - Revenue decrease improved to 51% by 2Q21
 - 2Q21 decrease 31% in BRL
 - Currency fluctuations had negative impact on reported 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: Not adjusted for taxes or advertising agency incentives that are deducted from net revenue.

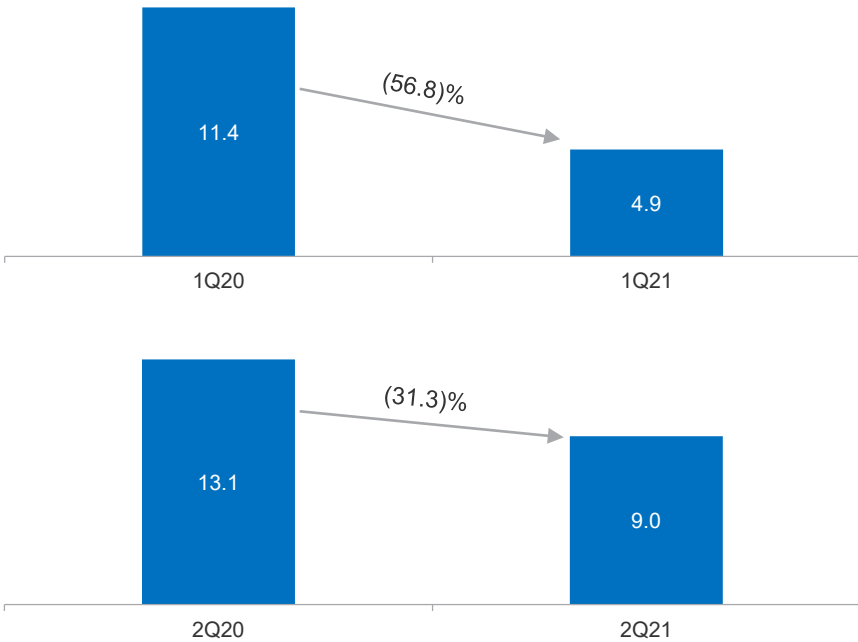
BTN (continued)

Revenue performance improved sequentially from 4Q FY20 through 2Q FY21

BTN revenue performance (AUD)

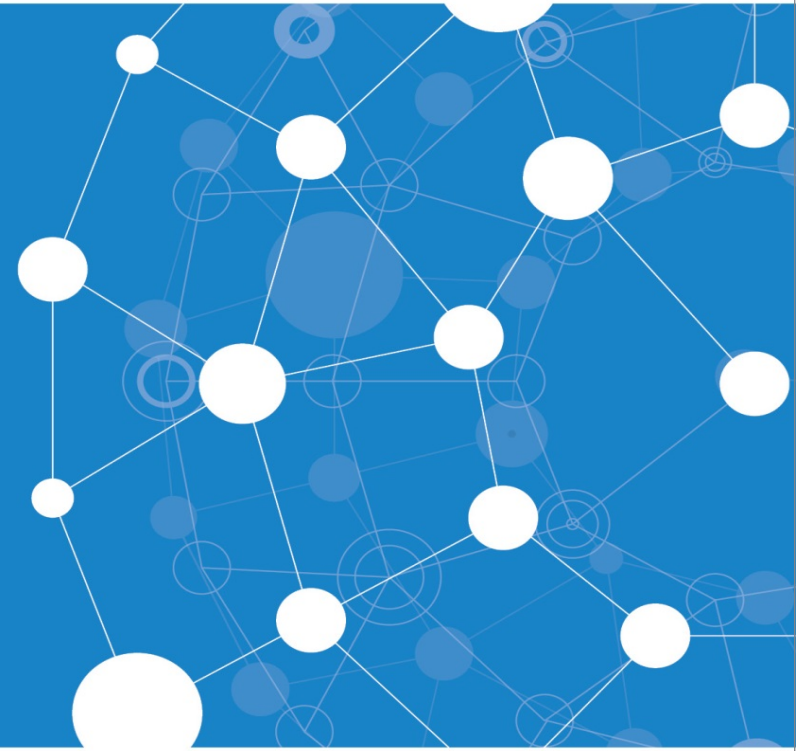


BTN revenue performance (BRL)



Section 04

Updated Outlook for 2H FY21



Capital Management

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Company conserving cash due to uncertainty surrounding COVID-19 pandemic

➔ Completed amendment to debt facility in December 2020

- Financial covenants revised to reflect impact of pandemic on Group's operations
- Anticipate that the Group will continue to remain in compliance with all financial covenants

➔ Dividends and share buybacks prohibited during modification period of the debt facility

- Would not have been able to make distributions if in default of loan agreement
 - Previously distributions limited to 100% of NPATA
- Terminated share buy-back and filed Appendix 3F (Final share buy-back notice) effective 25 February 2021

➔ Suspending dividends and share buybacks consistent with Company strategy to conserve cash during the uncertainty related to COVID-19 pandemic

- Flare-ups in COVID-19 cases and government reactions (such as lockdowns) continue to be unpredictable

Outlook

Revenue continues to be negatively impacted by COVID-19 pandemic

- ➔ Australia revenue anticipated to be lower in January/February 2021 than previous year period due to the continued impact of the COVID-19 pandemic
 - Despite slowdown, revenue decline still expected to be less than the 2Q21 revenue decline
- ➔ Revenue in other markets for Jan/Feb 2021 expected to decline further in local currencies when compared to 1H21 performance versus previous year
 - United Kingdom, Canada and Brazil markets have all entered into various forms of lockdown
 - Lockdowns have tended to increase the negative impact of the pandemic on performance
 - Impact to date has been felt greatest in the Canadian market which instituted a stay at home order 26 December
- ➔ Company has relatively short sales cycle and thus low visibility over future sales beyond February 2021

COVID restrictions by market

Extraordinary actions taken by governments in our international markets continue to have additional negative impact on the Group's revenue

➔ Canada

- Stay at home order effective 26 December 2020 until 16 February (Ontario) and 23 February (Quebec)
- Toronto area extended until at least 8 March 2021

➔ United Kingdom

- Nationwide lockdown effective 4 January 2021
- “Work from home” order unless essential worker
- Non-essential retail closed

➔ Brazil

- COVID-19 cases started to surge in November 2020
- Various orders (retail closures, stay at home/work from home, etc.) implemented at state level

➔ Australia

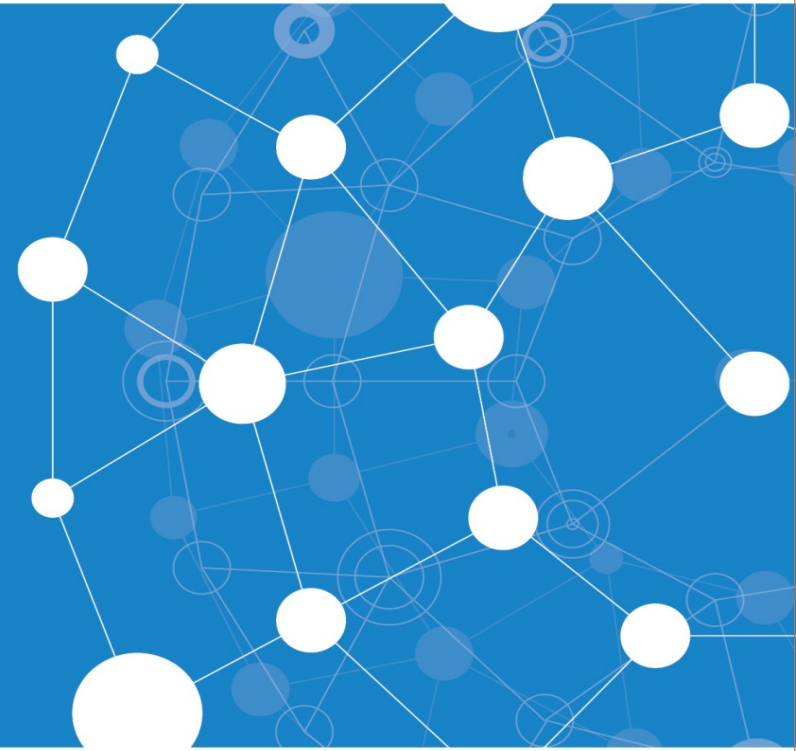
- Primarily “ad-hoc” responses to isolated cases as COVID-19 currently well controlled
- Significant travel restrictions remain in place



GTN

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 FY2021	1H FY2020
Profit before income tax	0.9	10.7
Depreciation and amortization	5.5	5.9
Finance costs	0.9	1.6
Interest on bank deposits	(0.1)	(0.1)
Interest income on long-term prepaid affiliate contract	(4.1)	(4.1)
EBITDA	3.1	13.8
Interest income on long-term prepaid affiliate contract	4.1	4.1
Foreign currency transaction gain	-	-
Adjusted EBITDA	7.1	18.0

Reconciliation of Profit (NPAT) to NPATA

Profit (NPAT)	0.4	7.6
Amortization of intangible assets (tax effected)	2.3	2.3
NPATA	2.6	9.9

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.

This document may contain forward-looking statements, including the Company’s expectations about the performance of its business. These forward-looking statements may be identified by the use of forward-looking terminology, including the terms “believe”, “estimate”, “plan”, “project”, “anticipate”, “expect”, “intend”, “likely”, “may”, “will”, “could” or “should” or, in each case, their negative or other variations or other similar expressions, or by discussions of strategy, plans, objectives, targets, goals, future events or intentions. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements.

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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Approved by the Board of Directors of GTN Limited

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