



## GTN Limited Results for the 12 months ending 30 June 2016

### Highlights:

- Revenue \$166.1 million, +8% on FY 2015 (+1% on Prospectus Forecast of \$164.1 million)
- Statutory NPAT (\$17.2) million (exceeds FY 2015 and Prospectus Forecast of (\$23.9) million)
- Statutory NPATA<sup>1</sup> (\$4.2) million (exceeds Prospectus Forecast of (\$11.3) million)
- Statutory EBITDA<sup>2</sup> \$12.0 million +34% on FY 2015 (+97% on Prospectus Forecast of \$6.1 million)
- Pro Forma Adjusted EBITDA<sup>3,4</sup> of \$34.6 million, +21% on FY 2015 (+7% on Prospectus Forecast of \$32.3 million)
- Pro Forma NPATA of \$18.8 million, +50% on FY 2015 (+19% on Prospectus Forecast of \$15.8 million)
- No dividend declared (as per Prospectus Forecast)
- Strong liquidity position with net debt of \$50.9 million including cash balances of \$49.1 million
- FY16 revenue result underpinned by solid operating results across four geographies
- GTN reaffirms FY17 Prospectus Forecast provided in the IPO prospectus

**Sydney, 31 August 2016 – 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 2016.

### Overview of FY16 results

(m) <sup>5</sup>	Pro Forma FY16 Actual	Pro Forma FY16 Prospectus	% Difference
Revenue	166.1	164.1	+1.2%
EBITDA	31.1	28.8	+7.9%
Adjusted EBITDA	34.6	32.3	+7.1%
NPAT	5.8	3.3	+74.7%
NPATA	18.8	15.8	+18.7%
NPATA per share (cents) <sup>6</sup>	\$0.09	\$0.08	+18.7%

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

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

<sup>3</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.

<sup>4</sup> Pro Forma Adjusted EBITDA is defined as Adjusted EBITDA adjusted to reflect the impact of the initial public offering and related restructuring ("IPO"). Certain pro forma expenses are prospective in nature and had not fully occurred as of 30 June 2016. These expenses, which are not material in nature, are assumed to be at forecast for comparability. Foreign exchange gains and losses relate primarily to inter-group loans that the lender and borrower had different functional currencies which led to foreign exchange differences upon translation. These loans were eliminated as part of the restructure undertaken as part of the initial public offering and these foreign exchange gains and losses will not occur on a go forward basis and accordingly are considered a pro forma adjustment.

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

## 1) FY16 Revenue \$2.0m (+1% on Prospectus Forecast)

Revenue exceeded forecast for the Australian (ATN) and Canadian (CTN) business while the United Kingdom business (UKTN) reached forecast revenue in local currency but was impacted by unfavorable foreign exchange differences.

### FY16 revenue by geographic segment

(m)	FY16 Actual	FY16 Prospectus	% Difference
Australia (ATN)	89.8	86.4	+4.0%
Canada (CTN)	23.6	22.8	+3.7%
United Kingdom (UKTN)	47.5	49.4	(3.7%)
Brazil (BTN)	5.2	5.6	(8.2%)
<b>Total</b>	<b>166.1</b>	<b>164.1</b>	<b>+1.2%</b>

*Note: further detail on exchange rates is provided in the Appendix 4E lodged on 31 August 2016.*

Group revenue was up \$12.6 million (8%) from FY 2015 with all four operating segments exceeding the previous year's revenue in local currency.

## 2) Pro Forma Adjusted EBITDA of \$34.6 million (+7% on Prospectus Forecast)

Pro Forma Adjusted EBITDA for FY16 was \$34.6 million, exceeding Prospectus Forecast by \$2.3 million (+7%).

### Pro forma results

(m)	Pro-forma FY16	
	Actual	Prospectus
Revenues	<b>166.1</b>	<b>164.1</b>
Network operations and station compensation expenses	(101.9)	(102.7)
Selling, general and administrative expenses	(33.2)	(32.7)
Net F/X losses on borrowings	-	-
<b>Operating expenses</b>	<b>(135.1)</b>	<b>(135.3)</b>
EBITDA	31.1	28.8
Interest income on Southern Cross Austereo Affiliate Contract	3.6	3.5
<b>Adjusted EBITDA</b>	<b>34.6</b>	<b>32.3</b>

Pro forma EBITDA adjustments primarily pertain to costs incurred related to the initial public offering and restructure, 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.

<sup>6</sup> Based on IPO shares issued of 201.2 million assuming shares were outstanding for the entire period.

### 3) Pro Forma NPATA of \$18.8 million (+19% on Prospectus Forecast)

The Group reported Pro Forma NPATA of \$18.8 million, exceeding Prospectus Forecast by 19%.

The stronger than forecast Pro Forma NPATA result was driven primarily by the combination of the higher than forecast revenue result 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 \$50.9 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.

#### FY16 Pro forma Cash Flow

(m)	Pro-forma Results FY16	
	Actual	Prospectus
<b>Adjusted EBITDA</b>	34.6	32.3
Non-cash items in Adjusted EBITDA	0.2	0.2
Change in working capital	(4.8)	(4.7)
Impact of new Southern Cross Austereo Affiliate Contract	2.0	1.9
<b>Operating free cash flow before capital expenditure</b>	<b>32.0</b>	<b>29.8</b>
Capital expenditure	(2.3)	(1.7)
<b>Net free cash flow before financing, tax and dividends</b>	<b>29.7</b>	<b>28.1</b>

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.

As a result of GTN's strong cash generation and the IPO offering proceeds, the Group's cash balance was \$49.1 million at 30 June 2016. The Group also has a \$15 million unused bank facility as of 30 June 2016.

The Group has outstanding debt principal at 30 June 2016 of \$100 million and net debt (principal less cash balances) of \$50.9 million. The ratio of net debt to Pro Forma Adjusted EBITDA is 1.5x at 30 June 2016.

No dividend has been declared for the period in line with prospectus guidance.

## 5) Key operating metrics

GTN's FY16 revenue result was underpinned by solid operating results across its four geographies.

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

	Notes	FY2016	
		Actual	Prospectus
<b>Australia</b>			
Radio spots inventory ('000s)	1	789	750
Radio sell-out rate (%)	2	81%	80%
Average radio spot rate (AUD)	3	133	138
<b>Canada</b>			
Radio spots inventory ('000s)	1	558	550
Radio sell-out rate (%)	2	59%	58%
Average radio spot rate (CAD)	3	64	61
<b>United Kingdom</b>			
Total radio impacts available ('000)	4	18,885	18,658
Radio sell-out rate (%)	5	94%	93%
Average radio net impact rate (GBP)	6	1.3	1.3
<b>Brazil</b>			
Radio spots inventory ('000s)	1	110	92
Radio sell-out rate (%)	2	45%	60%
Average radio spot rate (BRL)	3	273	281

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

## 6) FY2017 forecast

GTN reaffirms the FY17 Forecast provided in the Prospectus lodged in relation to its initial public offering. The FY17 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 initial performance as a public company with the Group exceeding both Prospectus Forecast revenue and Pro Forma Adjusted EBITDA. These results also exceeded FY2015 performance by a significant margin. I commend our local management who delivered such outstanding results."

Mr. Yde continued, "We look forward to a strong FY 2017 as well. In July, we added Rogers radio in Calgary to our line-up, filling one of the few holes we had in Canada. We expect to see continued revenue and EBITDA growth in Canada as we are 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."

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. Although we don't expect Brazil to be a significant contributor to the Group in FY 2017, we continue to be pleased with the progress we are making."

### **Radiate Media Option**

"We continue due diligence on our potential acquisition of Radiate Media which operates a leading broadcast traffic advertising network in the United States. Radiate provides a clear opportunity for GTN as Radiate already has an affiliate arrangement with the second largest broadcaster in the United States while a number of other non-Radiate affiliated station group contracts are expected to come up for renewal over the next several years. The United States is the largest media market in the world and Radiate already has a national footprint. We believe there is an opportunity to expand and strengthen this foot print as new affiliate contracts become available. However, we won't make any final determination on whether to proceed with the acquisition until completion of a thorough due diligence process." concluded Mr. Yde.

### **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 its core operating geographies.

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 Wednesday, 31 August 2016 to discuss its fiscal year 2016 results.

Participant PIN Code: 5601902

Dial-in numbers:

- Australia (toll free): 1800 554 798
- Australia (toll): + 61 2 8113 1400
- New Zealand: 0800 450 585
- Hong Kong: 800 901 587
- Singapore: 800 6163 105

## **Conference Call Replay**

A replay of the call will be available from 11:30 a.m. on 31 August 2016.

Replay PIN Code: 5601902

Dial-in numbers:

- Australia: 1800 008 585
- New Zealand: 0800 444 310
- Hong Kong: 800 966 697
- Singapore: 800 616 2127

## **CONTACT:**

Scott Cody,  
Chief Financial Officer & Chief Operating Officer  
612 9963-6760  
[scott.cody@globaltrafficnet.com](mailto:scott.cody@globaltrafficnet.com)

## Appendix A

### Reconciliation of non-IFRS disclosures

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	Actual FY16 Pro Forma	Prospectus FY16 Pro Forma
<b>Reconciliation of EBITDA and Adjusted EBITDA to Profit before income tax</b>		
Profit before income tax	9.8	7.1
Depreciation and amortization	(19.9)	(20.0)
Finance costs	(5.2)	(5.5)
Interest on bank deposits	0.2	0.3
Interest income on long-term prepaid affiliate contract	3.6	3.5
<b>EBITDA</b>	<b>31.1</b>	<b>28.8</b>
Interest income on long-term prepaid affiliate contract	3.6	3.5
<b>Adjusted EBITDA</b>	<b>34.6</b>	<b>32.3</b>
<b>Reconciliation of Net profit after tax (NPAT) to NPATA</b>		
Profit for the year (NPAT)	5.8	3.3
Amortization of intangible assets (tax effected)	13.0	12.5
<b>NPATA</b>	<b>18.8</b>	<b>15.8</b>