



22 May 2020

GTN Limited announces successful debt refinancing with Commonwealth Bank of Australia

GTN Limited (ACN 606 841 801) (**ASX: GTN**) advises that it has refinanced its existing bank facility that was set to expire 21 February 2021.

Key Provisions:

Commitment: \$60,000,000

Interest Rate: BBSY +2.50% to 3.25% (+2.50% at closing)

Mandatory scheduled principal repayments: None prior to term date

Term date: 30 September 2023

While many of the terms and conditions of the new loan are identical to the previous loan (including a current interest rate of BBSY +2.5%), there are some key changes to the facility.

▶ The total commitment has been reduced from \$75 million to \$60 million. This is consistent with the amount of debt that has been outstanding for more than the past two years.

▶ The entire \$60 million facility (broken into tranches of \$50 million and \$10 million) can be repaid and redrawn during the term of the facility as revolving commitments. Previously, only the untapped \$15 million line of credit was available as a revolving commitment while any repayments on the \$60 million facility cancelled the commitment. There are no scheduled mandatory principal repayments prior to 30 September 2023.

▶ The new facility is secured by GTN Limited, and its Australia, Canada, United Kingdom and United States subsidiaries. Previously, the facility was only secured by the Company's Australia and United Kingdom operating subsidiaries and their immediate holding companies. The Company believes this structure will allow for a more free flow of funds throughout the Company as previously cash movement from the Australia and United Kingdom subsidiaries to the remainder of the Company was restricted by the loan agreement.

▶ Distributions (dividends and share buybacks) are limited to 100% of Adjusted Net Profit After Tax ("NPATA"). This is consistent with the previous loan facility however previously this limitation only applied to the Australia and United Kingdom subsidiaries.

▶ Consistent with the previous facility, a Change of Control (defined as one party controlling more than 19.9% of the outstanding stock of the Company) is a Review Event

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under the loan facility. In acknowledgement of Viburnum Funds Pty Limited acquisition of greater than 19.9% of the outstanding shares while the old facility was in place, the new facility allows Viburnum or its affiliates to acquire up to 30% of the Company's outstanding shares prior to triggering a Review Event provided they do not possess the power to appoint a director or directors to the Board of GTN Limited.

► The Total Gearing Ratio covenant will transition from a net TGR (after cash) to a gross TGR test beginning in fiscal year 2022.

Due to the refinancing and the Company's strong balance sheet (including \$59 million of cash at 30 April 2020), the Company does not expect to undertake any other capital raising in the foreseeable future.

Trading Update

Despite significant revenue losses in the last two weeks of March 2020 (both from orders that were cancelled and expected bookings that did not materialize), the Company had a solid performance for the 3Q FY20. Had the Company not suffered the COVID-19 related cancellations at the end of March 2020, it was on track to deliver increased NPAT, NPATA, EBITDA and Adjusted EBITDA compared to 3Q FY19.

Summary Profit and Loss Statement (unaudited) ¹ (in '000's)				
		3Q FY20	3Q FY19	
Revenue		44,561	42,761	
NPAT		997	1,147	
EBITDA ¹		3,129	3,687	
Adjusted EBITDA ²		5,473	5,770	
NPATA ³		2,149	2,281	
<p>(1) EBITDA is defined as net profit after tax (earnings) before the deduction of interest expense/income, income taxes, depreciation and amortization.</p> <p>(2) 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.</p> <p>(3) NPATA is defined as net profit after tax adjusted for the tax effected amortization arising from acquisition related intangible assets.</p>				

¹ This trading update has been provided to advise the impact of COVID-19 on the Company's performance. The Company does not intend to provide unaudited quarterly financial information going forward. The figures in this table have not been audited or reviewed by the Company's external auditors.



As expected and consistent with global developments, the impact on the Company's revenue from the COVID-19 pandemic in fourth quarter FY20 has been substantial. The Company has reduced costs across all its operating subsidiaries. However, since much of the savings are related to variable costs such as commissions and sales bonuses, it is not able to quantify the total savings absent a knowledge of what revenue will be. Also, since the Company's largest single expense (generally in excess of 50% of revenue prior to the COVID-19 revenue reductions) is station compensation, and these amounts are contractually fixed (except in the United Kingdom where much of the station compensation is variable based on a revenue share formula) and generally subject to multi-year agreements, the Company does not believe it will be able to reduce expenses sufficiently to maintain profitability or positive Adjusted EBITDA during the remainder of the fiscal year.

The Company's consolidated revenue for April 2020 was down approximately 55% to \$6.8 million when compared to April 2019. Due to the sharp decrease in revenue, the Company's Adjusted EBITDA and NPAT for the month was \$(3.3) million and \$(3.4) million, respectively. All of the Company's operating segments generated losses for the period.

Due to the fluid and uncertain nature of this situation, we are not in position to forecast FY20 results at this time.

Conference Call

GTN Limited will host a conference call at 8:30 a.m. Australian Eastern Standard time on Wednesday, 27 May 2020 to discuss its bank refinancing and trading update.

To register to participate in the conference call, please click on the following link and follow the instructions:

<https://s1.c-conf.com/DiamondPass/10007214-invite.html>

Conference Call Replay

The conference call will be archived following the call. It will be available to be heard at www.openbriefing.com.au

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Announcement authorised by:

Board of Directors

This document contains 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 a guarantee 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.