



GTN Limited

1H20 Results Presentation

27 February 2020

Today's presenters



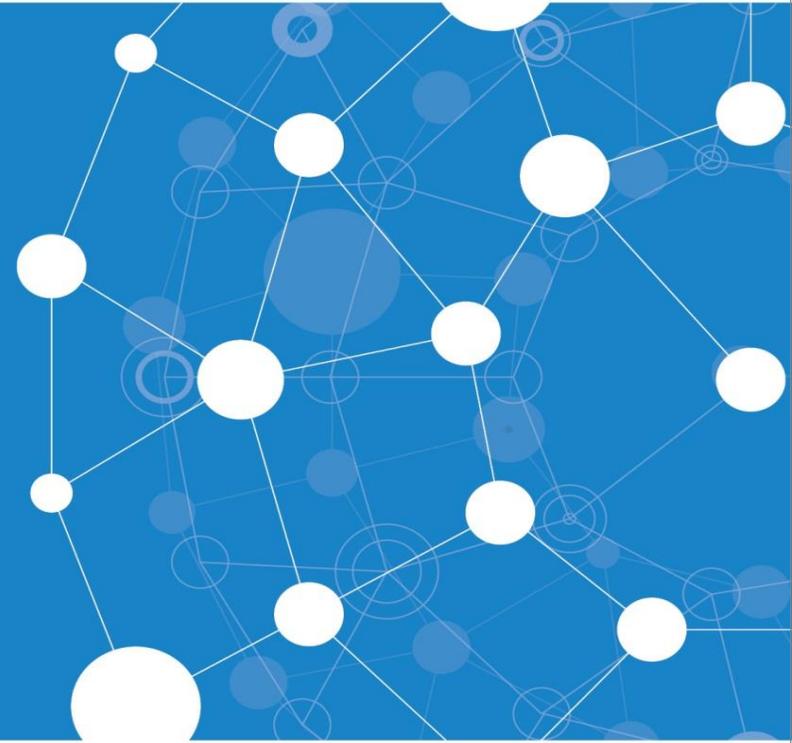
Bill Yde (CEO and founder)



Scott Cody (CFO and COO)

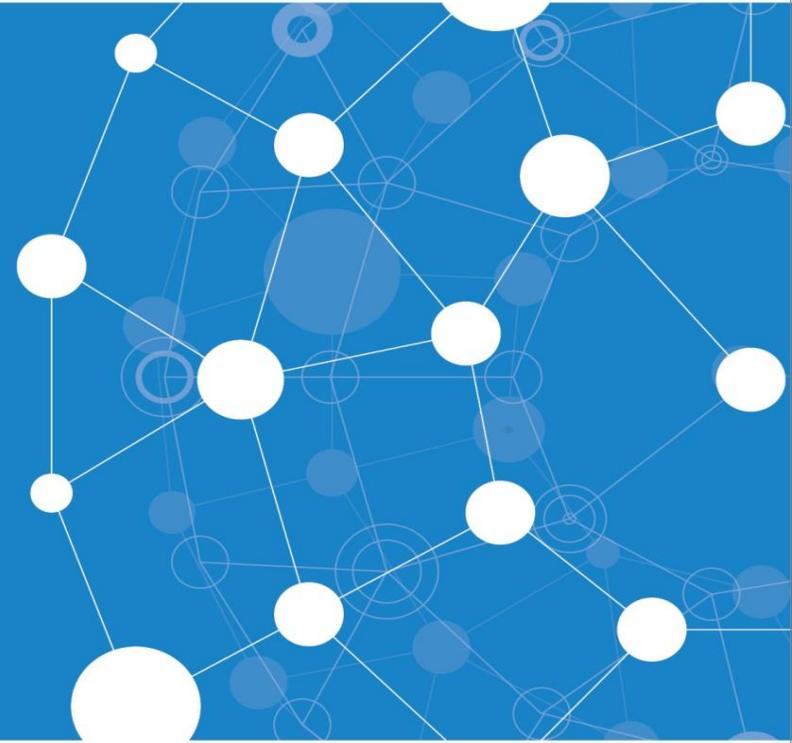
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Section 01

Overview



Overview

GTN's 1H FY20 results showed 1.4% revenue increase
2Q FY20 revenue growth (+7%) much stronger than 1Q FY20 (-5%)

Key Highlights



1H20 revenue underpinned by growth in all non-Australian markets

- All non-Australian markets reported revenue increase over 1H FY19
 - Non-Australian revenue increased from 49% to 51% of total revenue
- Australia revenue declined 4% primarily due to difficult market conditions
 - 2Q FY20 revenue in Australia increased 6%



1H20 profitability declined due to higher expenses

- Adjusted EBITDA of \$18.0 million (-20% on 1H FY19)
 - Expenses impacted by weaker AUD compared to BRL, CAD and GBP
 - Network operations and station compensation impacted by full half year costs of Rogers Toronto in Canada and additional markets and station compensation in Brazil
 - Selling, G&A impacted by higher sales costs in Brazil, Canada and Australia



Strong liquidity position with net debt (after cash) of \$14.0 million

- Final FY19 dividend paid of 3.2cps (70% franked)
- Interim FY20 dividend declared of 1.4cps (70% franked)
- Share repurchase to date ~1.6 million shares (~\$1.6 million)
- TGR (net debt to Adjusted EBITDA) 0.42X at 31 December 2019
 - Cash balances of \$50.7 million at 31 December 2019

| A\$m ⁽²⁾ | 1H20 | 1H19 | % Difference |
|--------------------------------|---------|---------|--------------|
| Revenue | 95.7 | 94.4 | +1.4% |
| EBITDA ⁽⁴⁾ | 13.8 | 18.1 | (23.8)% |
| Adjusted EBITDA ⁽¹⁾ | 18.0 | 22.3 | (19.6)% |
| NPAT | 7.6 | 10.7 | (28.5)% |
| NPATA ⁽³⁾ | 9.9 | 12.9 | (23.4)% |
| NPATA per share (\$) | \$0.044 | \$0.057 | (23.1)% |

Notes: (1) Adjusted EBITDA is EBITDA adjusted to include the non-cash interest income arising from the Southern Cross Austereo Affiliate Contract and exclude transaction costs and foreign exchange gains/losses. (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 FY2020 Revenue | A\$m | 46.8 | 16.7 | 23.3 | 8.8 |
| 1H FY2019 Revenue | A\$m | 48.6 | 16.4 | 22.5 | 6.9 |
| 1HFY20 vs 1HFY19 | | (3.7)% | +1.9% | +3.9% | +27.5% |
| Number of Radio Affiliates | # | 151 | 115 | 238 | 87 |
| Number of TV Affiliates | # | 13 | 6 | - | - |
| GTN Radio Audience | m | 11.2 ⁽³⁾ | 16.1 | 28.5 | 22.2 ⁽²⁾ |
| GTN TV Audience | m | 4.3 | 8.5 | - | - |
| 1H FY2020 spots inventory | '000 | 540 | 342 | 9,806 ⁽¹⁾ | 209 |
| 1H FY2020 sell-out rate | % | 62% | 61% | 99% ⁽¹⁾ | 60% |
| 1H FY2020 average spot rate | Local ccy | A\$135 | C\$68 | £1.3 ⁽¹⁾ | BRL 224 |

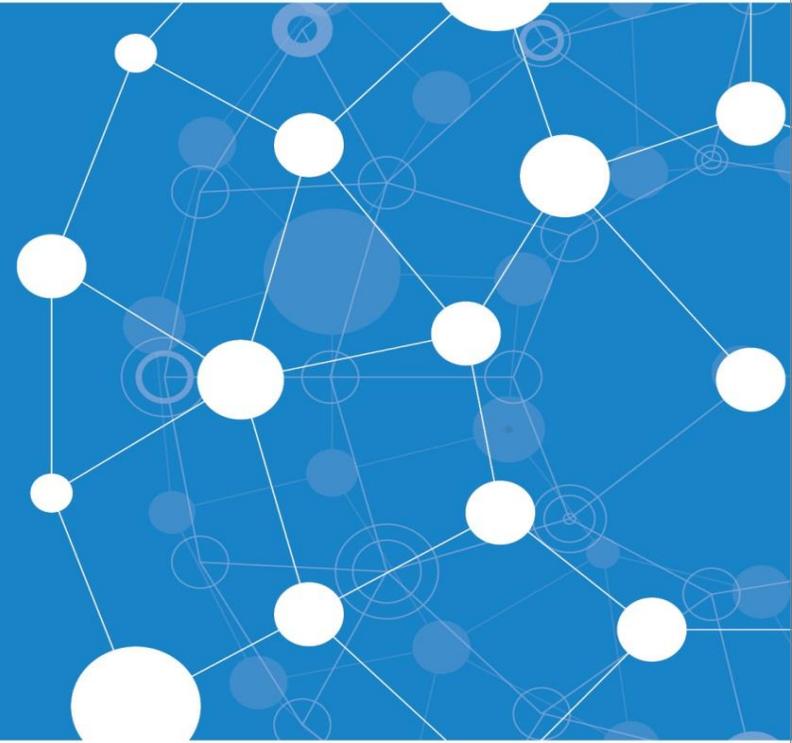
(1) See page 14 for explanation of UKTN metrics

(2) Campinas market not rated by Ipsos so audience not included in total.

(3) Excludes non-rated regional markets

Section 02

Group financial performance



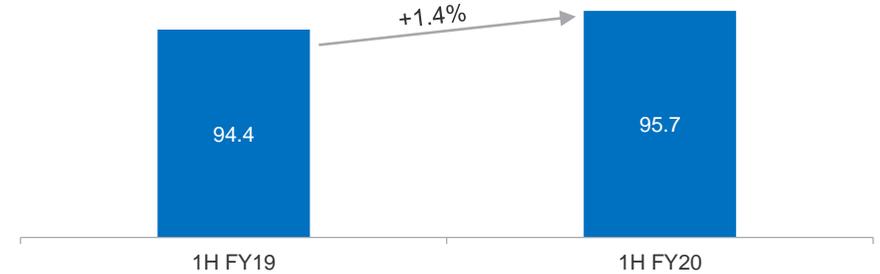
Key drivers of financial performance

GTN achieved growth in revenue from while earnings declined on higher costs

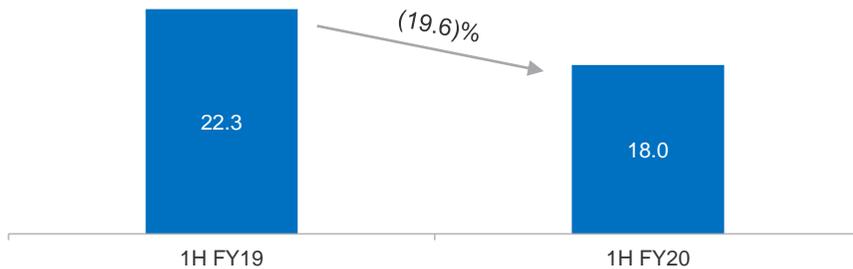
Commentary

- Revenue growth of 1.4% driven by:
 - Organic growth in Brazil and UK in local currency
 - Favourable currency movements in all non-Australian markets
 - Overall revenue growth partially offset by 4% decrease in Australian market
- EBITDA and Adjusted EBITDA decreased on higher costs
 - Full half year costs of Rogers Toronto in Toronto and additional markets and station compensation in Brazil
 - Increased sales costs in Australia and Canada related to increased staffing to attempt to increase revenue and Brazil related to additional representatives and incentive pay due to revenue performance

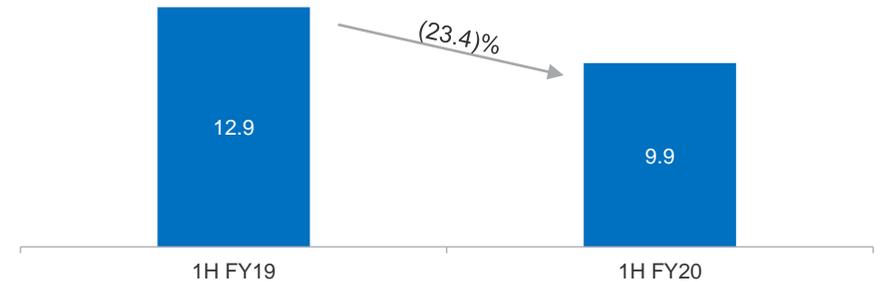
GTN Group revenue



GTN Group Adjusted EBITDA



GTN Group NPATA



Strong liquidity position

Net debt (debt less cash balances) of \$14.0 million. Total Gearing to Adjusted EBITDA of 0.42x

Historical balance sheet (31 December 2019 & 30 June 2019)

| | 31 December 2019 | 30 June 2019 |
|--------------------------------|------------------|----------------|
| | \$'000 | \$'000 |
| Current Assets | | |
| Cash and cash equivalents | 50,705 | 50,728 |
| Trade and other receivables | 40,053 | 38,091 |
| Current tax assets | 4,058 | 2,479 |
| Other current assets | 5,569 | 3,481 |
| Current assets | 100,385 | 94,779 |
| Non-current Assets | | |
| Property, plant and equipment | 11,329 | 10,459 |
| Intangible assets | 49,292 | 52,172 |
| Goodwill | 96,531 | 96,179 |
| Deferred tax assets | 2,869 | 2,975 |
| Other assets | 95,585 | 96,139 |
| Non-current assets | 255,606 | 257,924 |
| Total assets | 355,991 | 352,703 |
| Current Liabilities | | |
| Trade and other payables | 32,188 | 32,596 |
| Deferred revenue | 593 | 534 |
| Current tax liabilities | 256 | 306 |
| Financial liabilities | 1,394 | 1,155 |
| Provisions | 1,010 | 939 |
| Current liabilities | 35,441 | 35,530 |
| Non-current Liabilities | | |
| Trade and other payables | 73 | 73 |
| Financial liabilities | 62,605 | 61,393 |
| Deferred tax liabilities | 19,675 | 18,997 |
| Provisions | 447 | 454 |
| Non-current liabilities | 82,800 | 80,917 |
| Total liabilities | 118,241 | 116,447 |
| Net assets | 237,750 | 236,256 |
| Equity | | |
| Share capital | 443,367 | 444,041 |
| Reserves | 10,942 | 9,218 |
| Accumulated losses | (216,559) | (217,003) |
| Total equity | 237,750 | 236,256 |

Summary cash flow

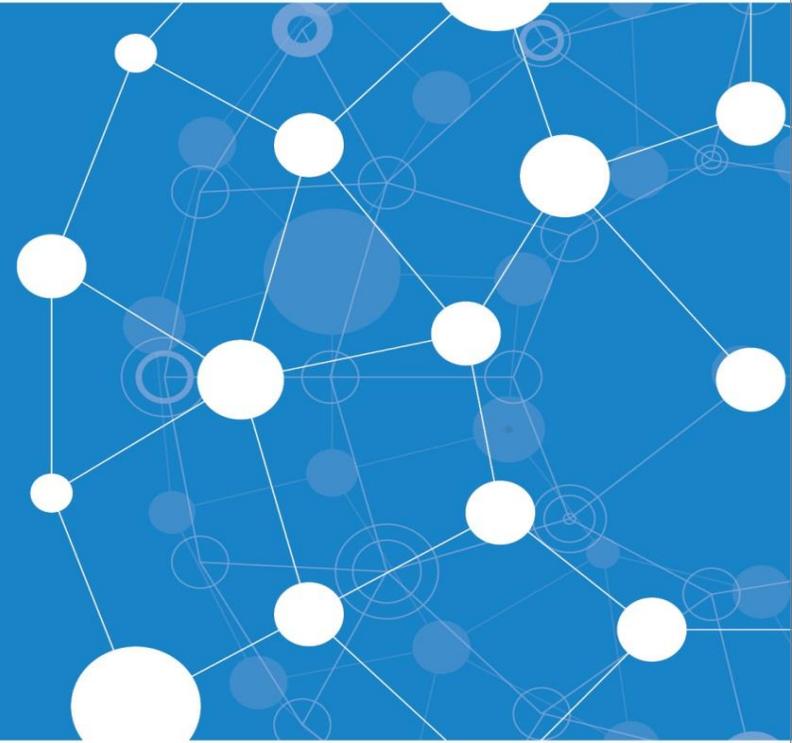
| \$Am | 1H FY20 | 1H FY19 |
|---|-------------|-------------|
| Adjusted EBITDA | 18.0 | 22.3 |
| Non-cash items in Adjusted EBITDA | 0.3 | 0.3 |
| Change in working capital | (2.4) | (0.9) |
| Impact of Southern Cross Austereo Affiliate Contract | 1.0 | 1.0 |
| Operating free cash flow before capital expenditure | 16.9 | 22.7 |
| Capital expenditure | (1.7) | (2.3) |
| Net free cash flow before financing, tax and dividends | 15.2 | 20.4 |

Commentary

- Strong liquidity position with net debt of \$14.0m
 - \$50.7m cash and \$64.7m of debt (including \$4.7m of capital leases)
 - \$15m unutilized debt line available
 - TGR to Adjusted EBITDA 0.42x at 31 December 2019
- Final FY19 dividend of 3.2 cps paid September 2019 (70% franked)
- Interim FY20 dividend of 1.4 cps declared 27 February 2020 (70% franked)

Section 03

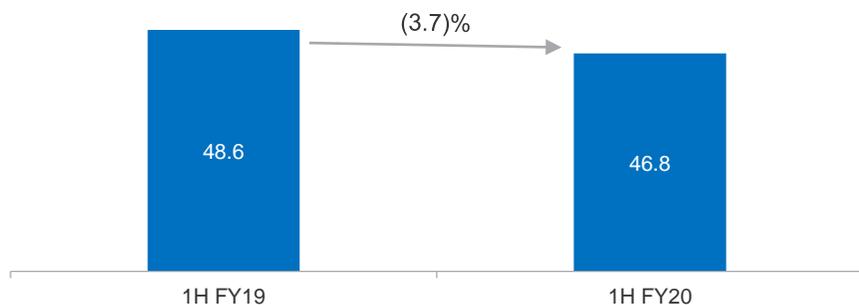
Financial performance by operating segment



ATN

ATN revenue decreased in a challenging Australian advertising market

ATN revenue performance



Commentary

- ATN revenue declined by 3.7% due to weak first quarter performance
 - Difficult macro advertising market in Australia
 - 1Q FY20 had difficult comparison as 1Q FY19 was up 8.5% compared to 1Q FY18
 - 2Q FY20 revenue increased 6.2% compared to 2Q FY19

ATN KPIs

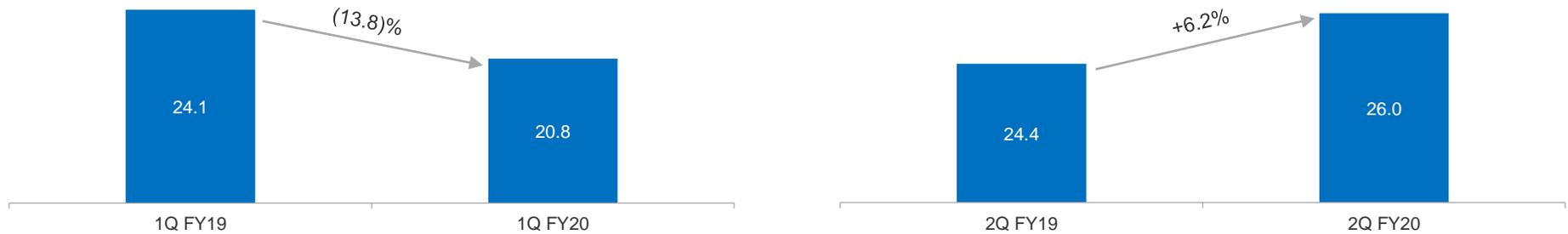
| | 1H20 | 1H19 | % chg |
|--|------|------|-------------|
| Radio spots inventory ('000s) ¹ | 540 | 531 | 1.8% |
| Radio sell-out rate (%) ² | 62% | 65% | (3)% points |
| Average radio spot rate (AUD) ³ | 135 | 138 | (2.5)% |

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.

ATN (continued)

ATN revenue rebounded sharply in 2Q20 despite continued challenging market

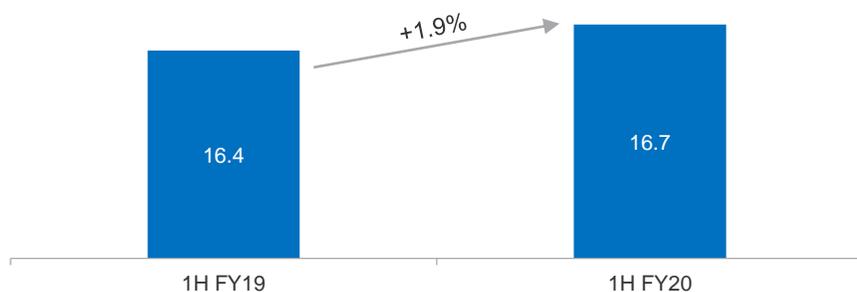
ATN revenue performance



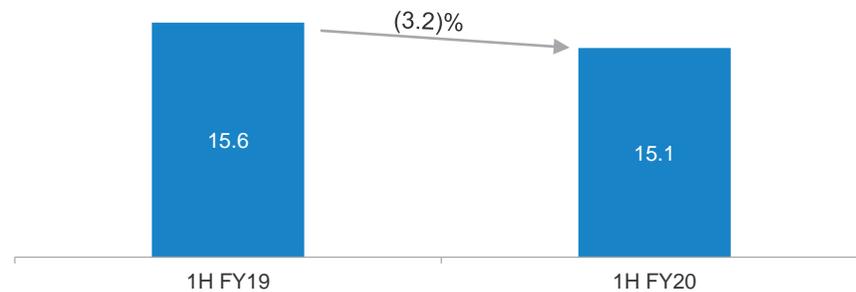
CTN

CTN revenue softer than expected, primarily due to very weak July/August 2019

CTN revenue performance (AUD)



CTN revenue performance (CAD)



CTN KPIs

| | 1H20 | 1H19 | % chg |
|--|------|------|-------------|
| Radio spots inventory ('000s) ¹ | 342 | 335 | 2.0% |
| Radio sell-out rate (%) ² | 61% | 68% | (7)% points |
| Average radio spot rate (CAD) ³ | 68 | 67 | 1.8% |

Commentary

- CTN revenue decreased in local currency but increased in AUD
 - Currency fluctuations had positive impact on reported revenue
- Management and sales staffing changes during 1H 20
 - Hired sales manager September 2019
 - Additional sales staff brought onboard during period
 - Impact of changes likely to impact future periods more so than current period

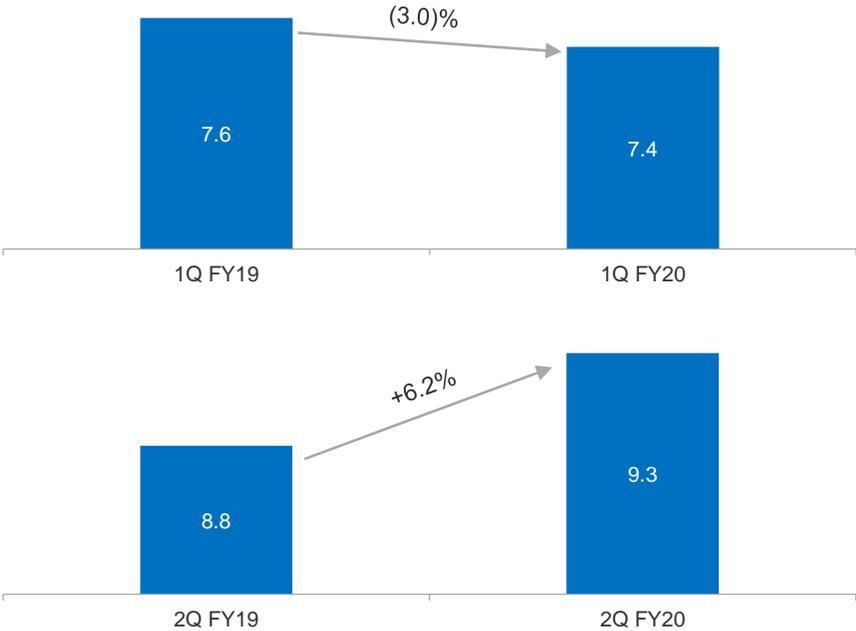
Note 1: Available radio advertising spots adjacent to traffic, news and information reports. Note 2: The number of radio spots sold as a percentage of the number of radio spots available. Note 3: Average price per radio spot sold net of agency commission.

CTN (continued)

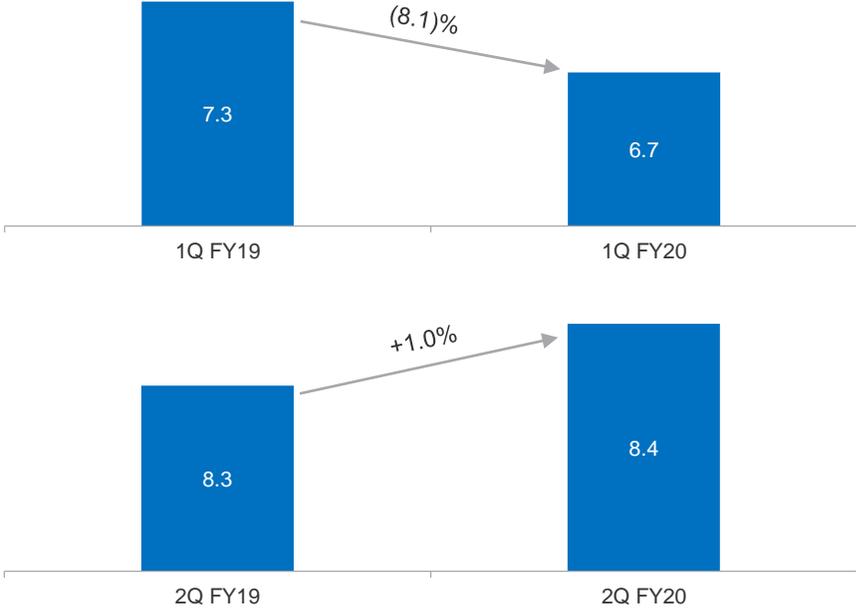


Canada recovered from a soft summer to increase revenue in CAD and AUD in 2Q FY20

CTN revenue performance (AUD)



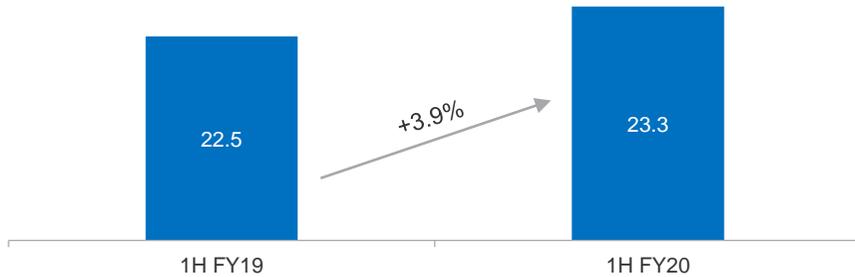
CTN revenue performance (CAD)



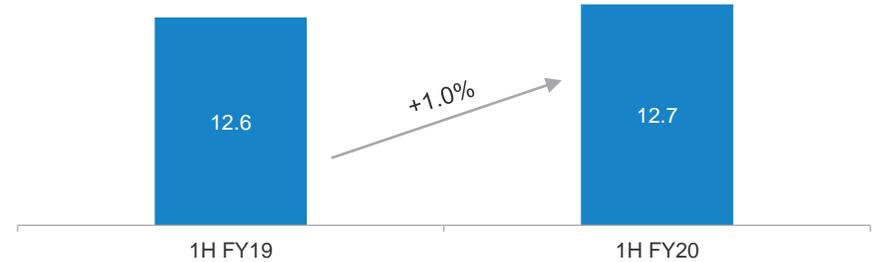
UKTN

UKTN produced solid revenue performance in both AUD and GBP for the period

UKTN revenue performance (AUD)



UKTN revenue performance (GBP)



UKTN KPIs

| | 1H20 | 1H19 | % chg |
|--|-------|-------|-----------|
| Total radio impacts available ('000s) ¹ | 9,806 | 9,717 | 0.9% |
| Radio sell-out rate (%) ² | 99% | 99% | -% points |
| Average radio net impact rate (GBP) ³ | 1.3 | 1.3 | -% |

Commentary

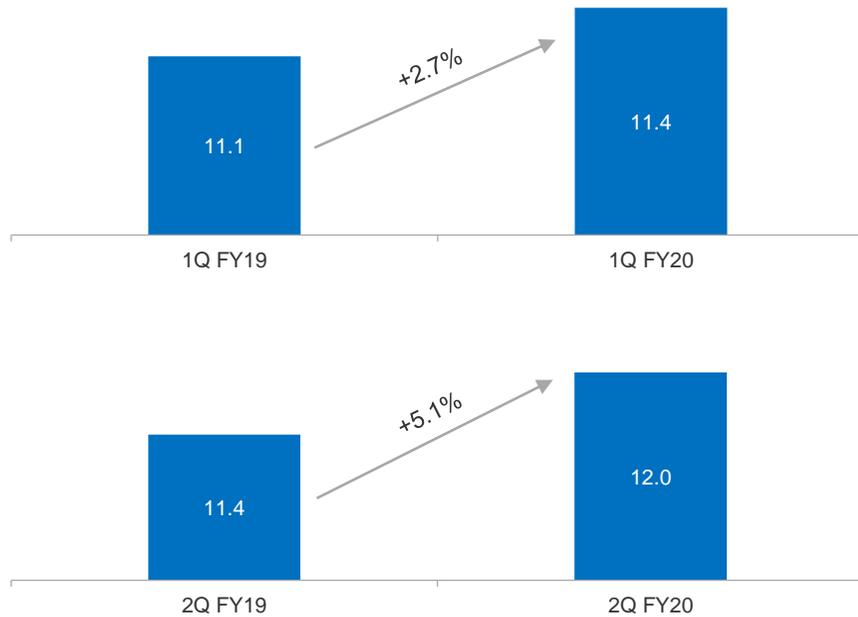
- UKTN revenue increased in GBP primarily due to increase in available impacts
- Currency fluctuations had positive impact on reported revenue

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.

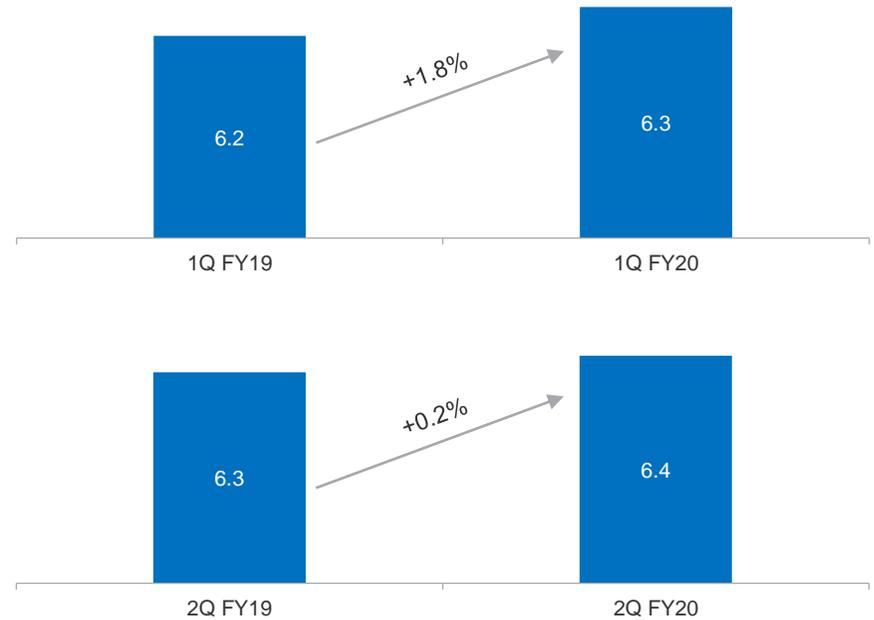
UKTN (continued)

Solid revenue performance across both quarters of 1H FY20

UKTN revenue performance (AUD)



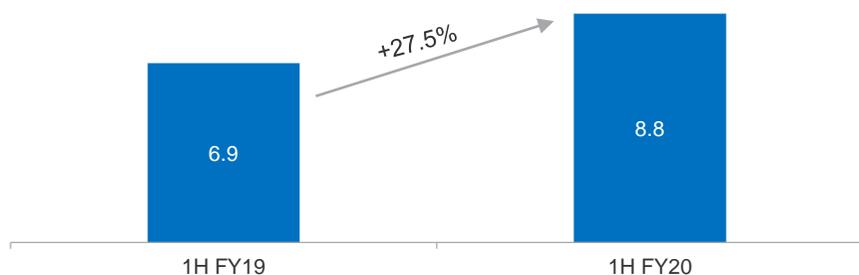
UKTN revenue performance (GBP)



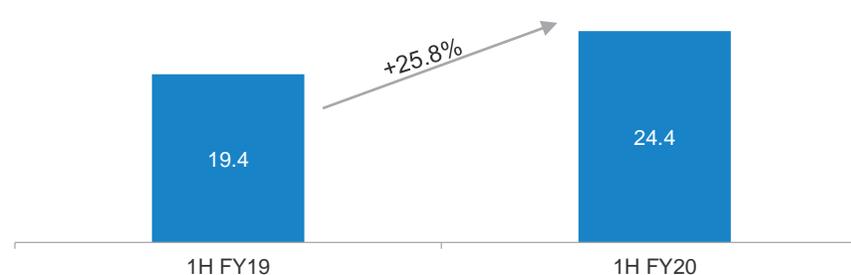
BTN

BTN achieved strong revenue growth of greater than 25% in both AUD and local currency

BTN revenue performance (AUD)



BTN revenue performance (BRL)



BTN KPIs

| | 1H20 | 1H19 | % chg |
|--|------|------|-----------|
| Radio spots inventory ('000s) ¹ | 209 | 139 | 50.1% |
| Radio sell-out rate (%) ² | 60% | 60% | -% points |
| Average radio spot rate (BRL) ³ | 224 | 272 | (17.5)% |

Commentary

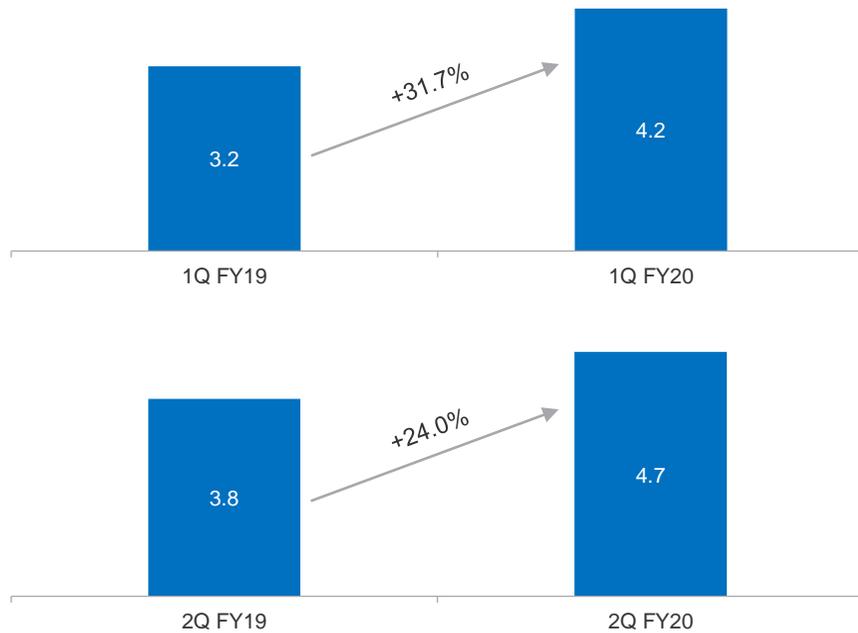
- Strong revenue growth in Brazil driven by:
 - Significant increase in available spots inventory
 - Spot rate has decreased as smaller markets have increased revenue
- Revenue growth driven by recent and established markets
 - Salvador commenced operations in February 2018
 - Campinas commenced operations in October 2018
 - Brasilia commenced operations in February 2019
- Curitiba commenced operations in September 2019
 - Eighth Brazilian market

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.

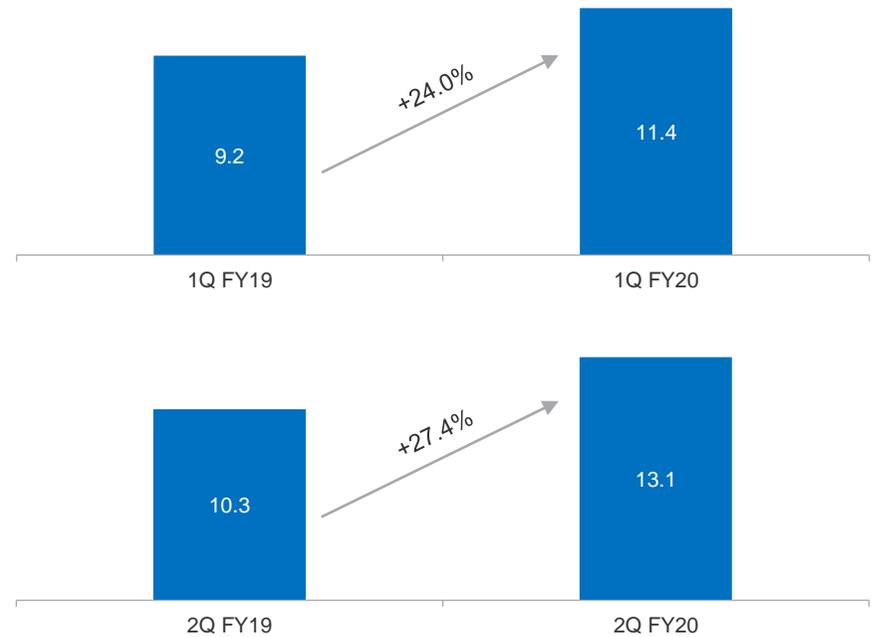
BTN (continued)

Outstanding revenue performance across both quarters of 1H FY20

BTN revenue performance (AUD)

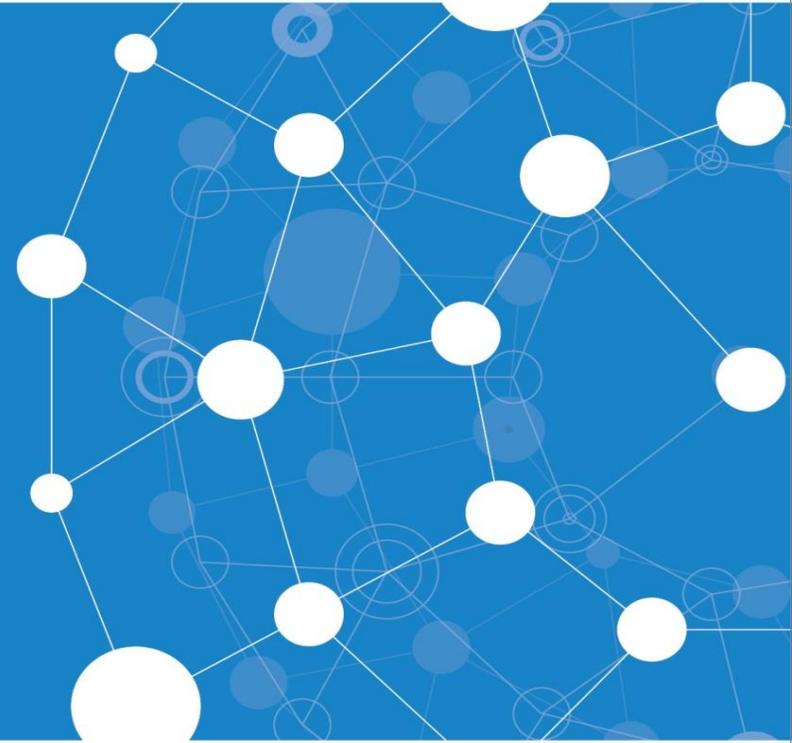


BTN revenue performance (BRL)



Section 04

Update on growth strategy



GTN growth strategy

Management is focused on accelerating revenue growth from all markets

→ Australia

—Continued commitment to managing sales staff and process to ensure ATN maximizes revenue in a difficult market and is well positioned when market conditions improve

→ Brazil

—Local management continue to focus on investing in BTN's affiliate network in its existing markets to strengthen the product offering and drive continued growth in revenue and EBITDA

—Continue to explore opportunities to open additional markets and expect to continue to commence operations in new markets in the future

—Curitiba opened September 2019 (eighth market)

→ Canada

—Management is focused on increasing sell-out and spot rate given recent improvements in networks (including Rogers Toronto in November 2018) via expansion and improvement of sales staff and management

—Will continue to enhance networks in individual markets when opportunities arise

→ United Kingdom

—Attempt to maintain profits from mature market by increasing revenue where possible by maximizing inventory utilization

Capital Management

The Board announced extension of on-market share buy-back that was originally announced 25 February 2019

➔ Continuing on-market share buy-back as part of ongoing capital management

- Up to 10% of outstanding shares for up to the next twelve months should the GTN stock price trade at a significant discount to its underlying value
 - No target share price or minimum repurchase amount has been set
- Macquarie will continue to act as Company's broker
- Share repurchases to date: ~1.6 million shares/~\$1.6 million

➔ Current dividend policy unaffected by share buy back

- Annual dividend pay-out 70% - 90% of NPAT
- Interim dividend (based on 1H NPAT) to be targeted at 50% of NPAT with remainder to be paid as part of final dividend
 - By lowering the interim dividend in relation to the final dividend, the Company expects to be able to maximize the franking percentage based on projection of when franking credits will be earned.

➔ Preliminary agreement with lenders to extend debt facility to February 2025

- Anticipate agreement to be finalized prior to 30 June 2020

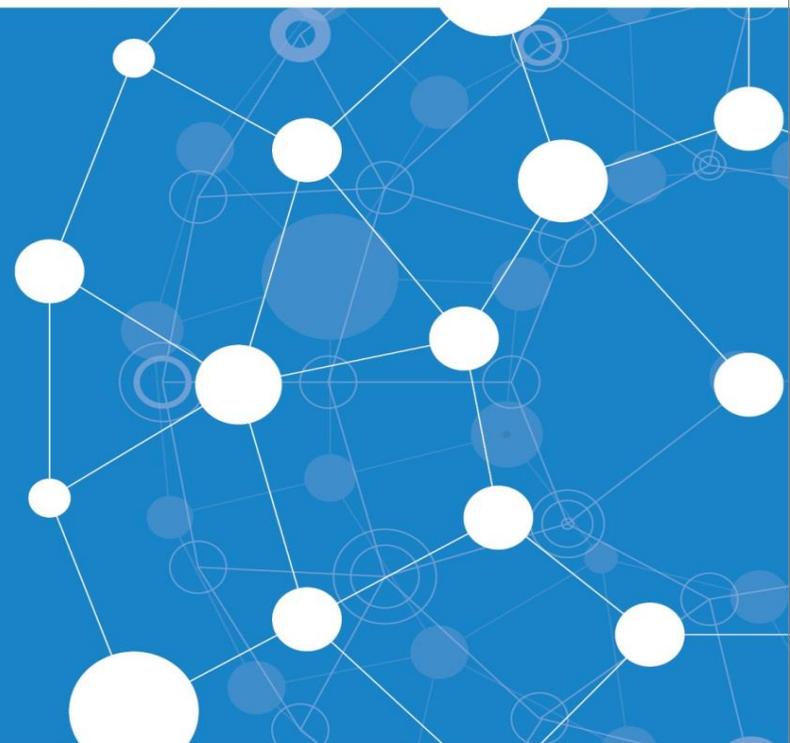
Outlook

Revenue for the beginning of 2H FY2020 is anticipated to be up mid-single digits for January & February 2020 compared to last year

- ➔ Australia revenue anticipated to be approximately down low single digits for January/February 2020
 - Broader advertising market in Australia continues to be challenged
- ➔ Revenue for other markets anticipated to be up for Jan/Feb 2020 in local currencies
 - Canada and Brazil anticipated to be up significantly for January/February 2020
 - United Kingdom revenue anticipated to be slightly up for period
- ➔ Company has relatively short sales cycle and thus low visibility over future sales beyond January/February 2020

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 FY2020 | 1H FY2019 |
|---|-------------|-------------|
| Profit before income tax | 10.7 | 15.1 |
| Depreciation and amortization | (5.9) | (5.5) |
| Finance costs | (1.6) | (1.8) |
| Interest on bank deposits | 0.1 | 0.1 |
| Interest income on long-term prepaid affiliate contract | 4.1 | 4.2 |
| EBITDA | 13.8 | 18.1 |
| Interest income on long-term prepaid affiliate contract | 4.1 | 4.2 |
| Foreign currency transaction loss | - | - |
| Adjusted EBITDA | 18.0 | 22.3 |

Reconciliation of Profit (NPAT) to NPATA

| | | |
|---|------------|-------------|
| Profit (NPAT) | 7.6 | 10.7 |
| Amortization of intangible assets (tax effected) | 2.3 | 2.3 |
| NPATA | 9.9 | 12.9 |

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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