



GTN Limited

Macquarie Australia
Conference Presentation



May 2019

Today's presenter

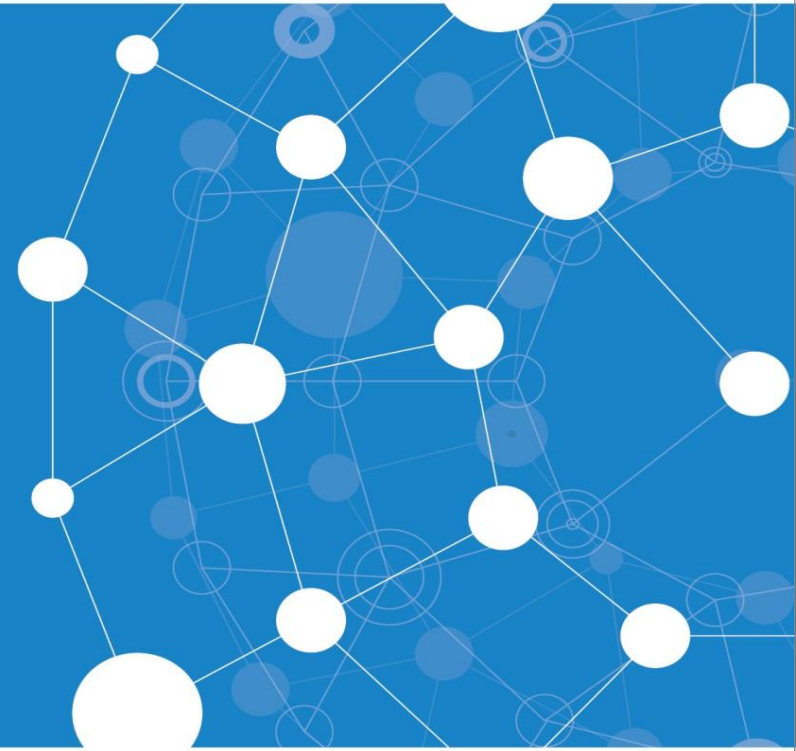


Bill Yde (Managing Director and CEO)

- Over 35 years of experience in the radio and media industry
- Co-founded The Australia Traffic Network (“ATN”) in 1997, later co-founding GTN and has served as Chief Executive Officer and President since its inception in 2005.
- Prior to forming ATN founded Wisconsin Information Systems, Inc. (trading as the Milwaukee Traffic Network) in 1994, and expanded its operations to create traffic networks in Milwaukee, Oklahoma City, Omaha and Albuquerque before the business was sold to Metro Networks, Inc. (now part of iHeartMedia, Inc.).

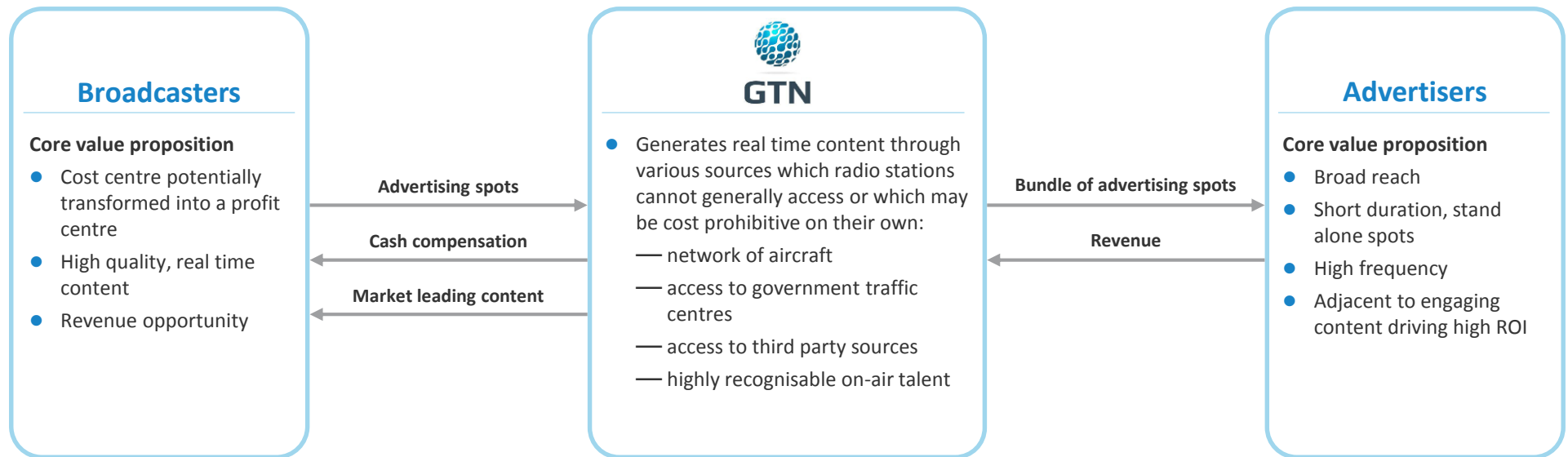
Section 01

Overview of GTN



A unique business model

GTN's unique business model seeks to provide value for both broadcasters and advertisers. GTN has successfully replicated this model in all of its current operating jurisdictions



- Provide high-quality reports to broadcasters with accurate and timely information
- Advertising spots are obtained in exchange for information reports and in certain cases, cash compensation
- Advertising is sold on a network basis – spots are bundled together and sold on national, regional or specific-market basis
- GTN's bundled sale across the Affiliate network enables GTN to sell spots at a higher rate than many individual broadcaster could sell the spots themselves

Value for advertisers

Platform enables advertisers to make a single, cost effective, high impact advertising buy with broad reach

Large platform and effective format designed to maximise advertisers' ROI

1

Broad reach, covering a large number of high value demographics

- Reach large number of high value demographics
- Audience consistency – less exposed to ratings swings
- Primarily aired during morning and afternoon commute period (peak audience)
- Spots sold on a national, regional or specific market basis

2

High audience engagement

- Stand alone advertisements
- Adjacent to engaging reports
- Short duration (typically 10 seconds)
- Read live by well-known personalities

3

Delivers high ROI for advertisers

- Reach, frequency and engagement combine to maximise efficacy of ads
 - Enhance recall
 - Minimise switching

Embedded within broadcasters' business models

GTN becomes embedded in broadcasters' operations, particularly by converting a cost centre into a profit centre, demonstrated by long-standing relationships with a large number of Affiliates

Strong value proposition to broadcasters

- Cost centre potentially transformed into profit centre
 - Elimination of non-core operating cost
 - Stable, recurring cash flow through station compensation
- GTN can sell spots at a higher rate than many individual broadcasters
- High quality reports
- Tailored content

Established positions within the operations of Affiliates

- Multi-year affiliate contracts covering all Affiliate stations in the relevant market
- Staggered contract expiries impede prospective competitors from building out a national network to compete

Large Affiliate network

- Consistently grown Affiliate network across its operating geographies
 - ~575 radio Affiliates (~+50 YoY)
 - ~19 TV Affiliates (+1 YoY)

Long term relationships with Affiliates

- Some contracts date back to 1997 and have been renewed multiple times
- Long track record of renewing contracts

Affiliate contract tenure

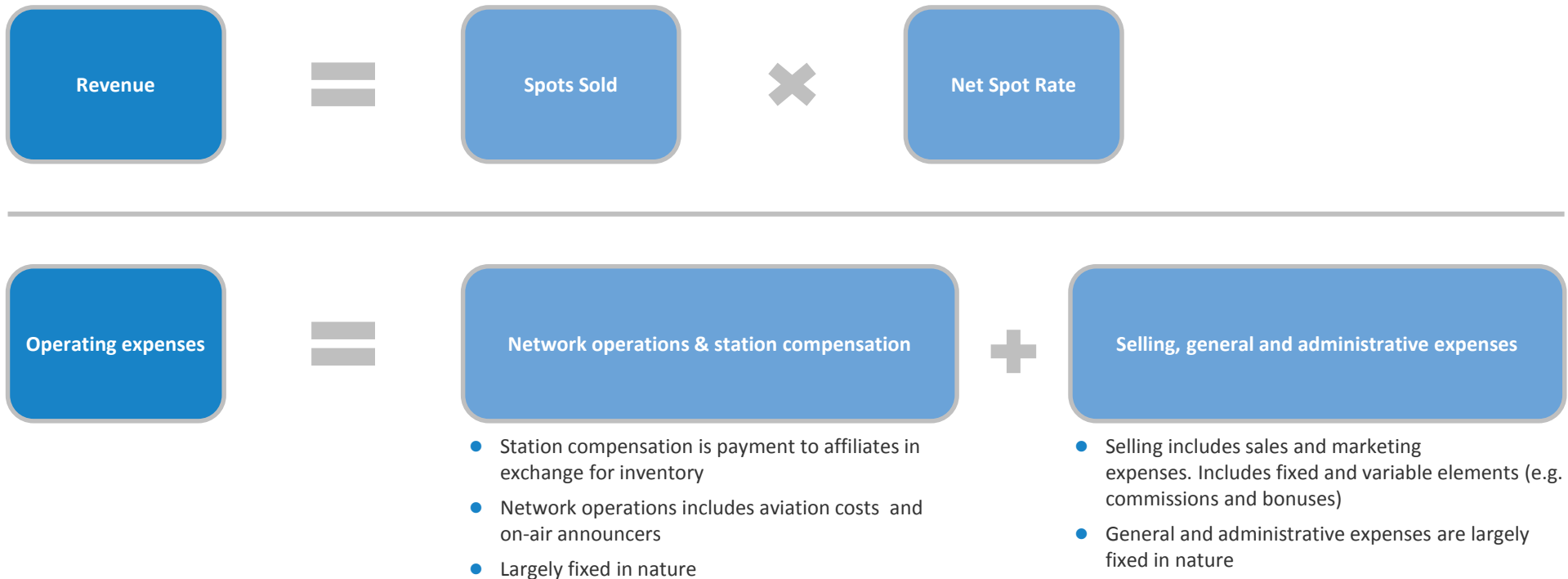
(seven major radio broadcasters globally)

Austereo	10+ years
ARN	10+ years
DMG/Nova	10+ years
Fairfax	10+ years
Global	10+ years
Bauer	10+ years
Corus	10+ years

- Secured 30 year affiliate contract with Southern Cross Austereo in 2016

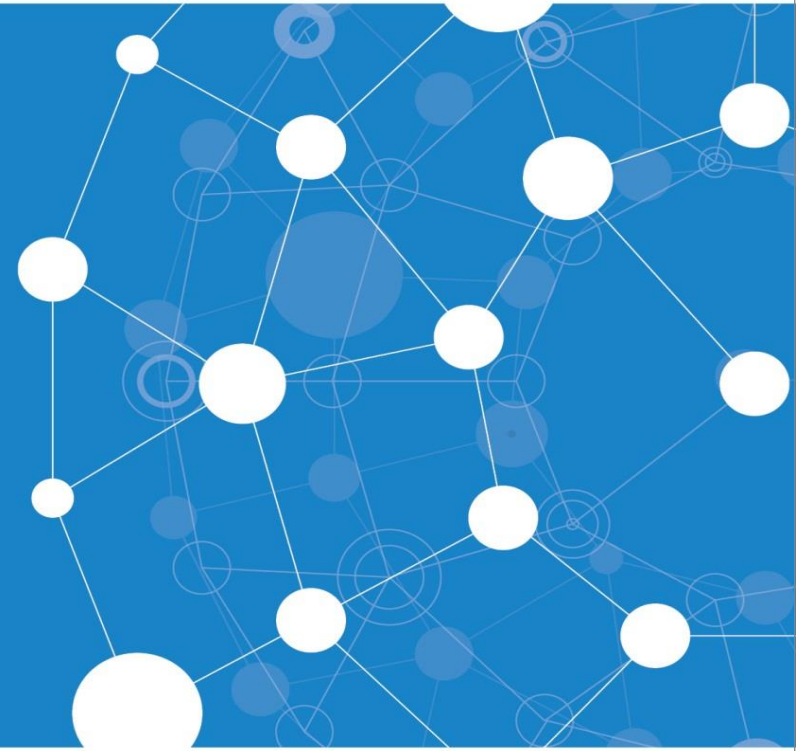
GTN business model

GTN has demonstrated (in multiple geographies) the ability to achieve revenue growth and margin improvement once a national platform is established, whilst maintaining a relatively constant cost base



Section 02

Recap on the 1H19 Result



Key highlights – 1H FY19

GTN's 1H FY19 results showed 2.3% revenue increase from continuing operations

Key Highlights

- ➔ All non-Australian markets reported revenue increase over 1H FY18 in local currencies and AUD
- ➔ Strong liquidity position with net debt (after cash) of \$24.6 million including cash of \$38.6 million as of 31 December 2018
- ➔ Total Gearing Ratio of 0.54x as of 31 December 2018
- ➔ Interim FY19 dividend of 2.4cps paid 31 March 2019 (100% franked)
- ➔ On-market share buy-back commenced March 2019 (up to 10% of outstanding shares or \$20 million)

1H19 results¹

(m)	1H FY19	1H FY18	% chg
Revenue	94.4	92.2	+2.3%
EBITDA	18.1	20.4	(11.1)%
Adjusted EBITDA ²	22.3	24.7	(9.4)%
NPAT	10.7	13.6	(21.9)%
NPATA	12.9	15.8	(18.1)%
NPATA per share	\$0.057	\$0.070	(18.1)%

Notes: (1) Continuing operations exclude GTN's United States operations which were sold in March 2018. (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 related to acquisitions and capital raising and foreign exchange gains or losses.

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 FY2019 Revenue	A\$m	48.6	16.4	22.5	6.9
1H FY2018 Revenue	A\$m	50.1	15.3	19.9	6.9
1HFY19 vs 1HFY18		(3.0)%	+7.0%	+12.7%	+1.1%
Number of Radio Affiliates	#	155	114	231	74
Number of TV Affiliates	#	13	6	-	-
GTN Radio Audience	m	11.1 ⁽³⁾	16.1	28.0	14.8 ⁽²⁾
GTN TV Audience	m	5.2	9.4	-	-
1H FY2019 spots inventory	m	531	335	9,717 ⁽¹⁾	139
1H FY2019 sell-out rate	%	65%	68%	99% ⁽¹⁾	60%
1H FY2019 average spot rate	Local ccy	A\$138	C\$67	£1.3 ⁽¹⁾	BRL 272

(1) See page 13 for explanation of UKTN metrics

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

(3) Excludes non-rated regional markets

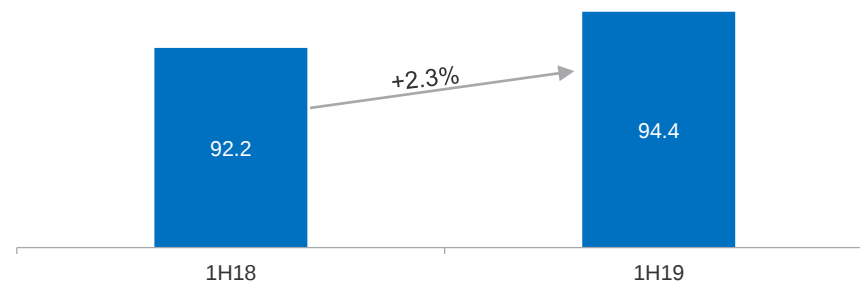
Overview of 1H19 financial performance

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

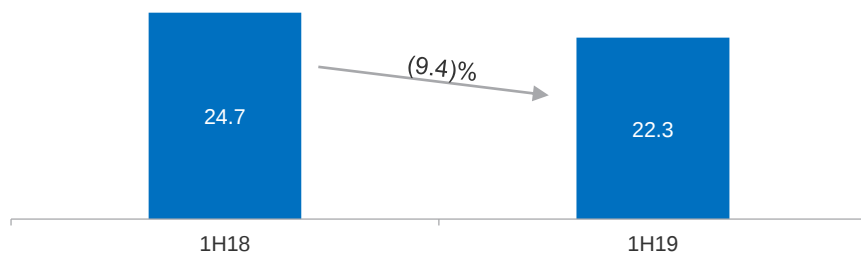
Commentary

- Revenue growth of 2.3% driven by:
 - Organic growth in all non-Australian markets in both local currency and AUD
 - Overall revenue growth partially offset by 3% decrease in Australian market
- EBITDA and Adjusted EBITDA decreased primarily due to station compensation
 - Variable station compensation on UK revenue increase, multi-year renewal of key Australia affiliate and expansion of Canadian network (including Rogers Toronto)
- NPAT and NPATA also impacted by additional depreciation expense from adoption of AASB 16 – Leases (~\$500K pre-tax impact)

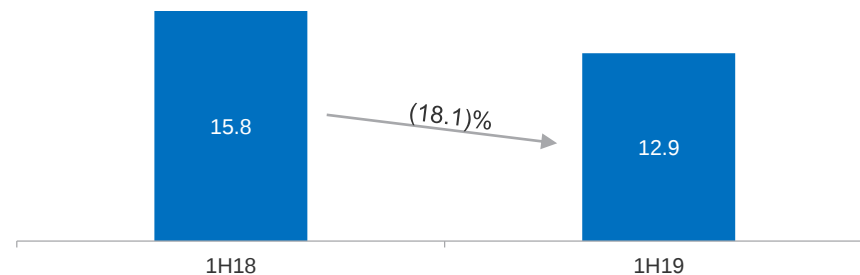
GTN Group revenue⁽¹⁾



GTN Group Adjusted EBITDA⁽¹⁾



GTN Group NPATA⁽¹⁾

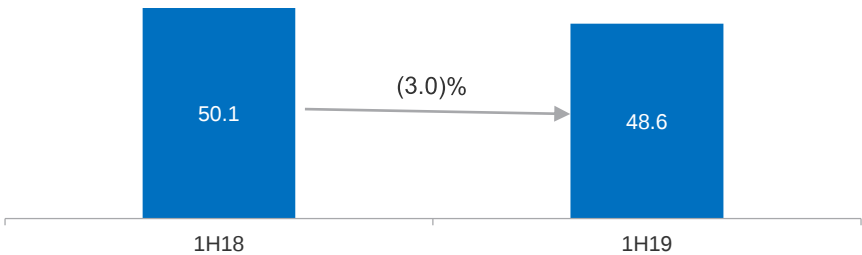


(1) From continuing operations only. Excludes United States segment that was disposed in March 2018.

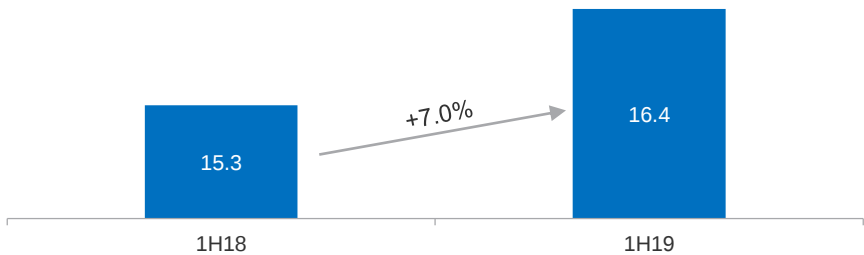
Drivers of 1H19 financial performance - Revenue

Revenue growth across all non-Australia markets

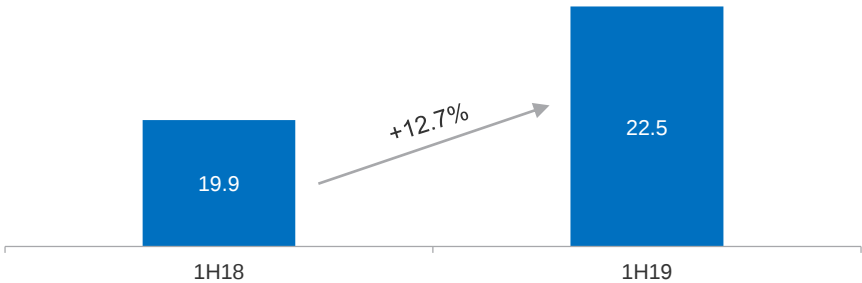
ATN revenue performance



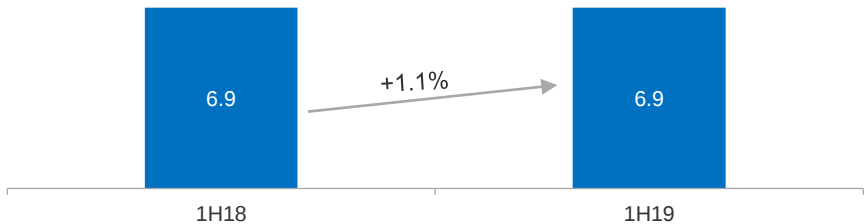
CTN revenue performance



UKTN revenue performance



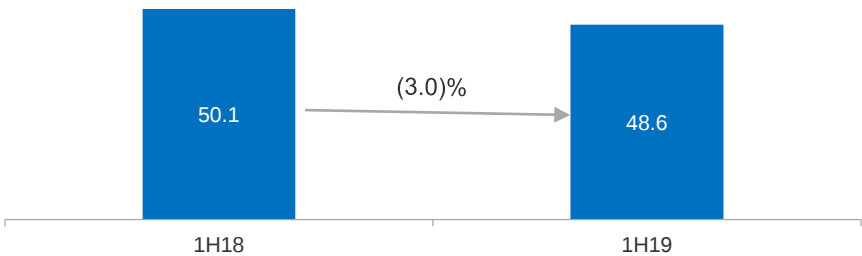
BTN revenue performance



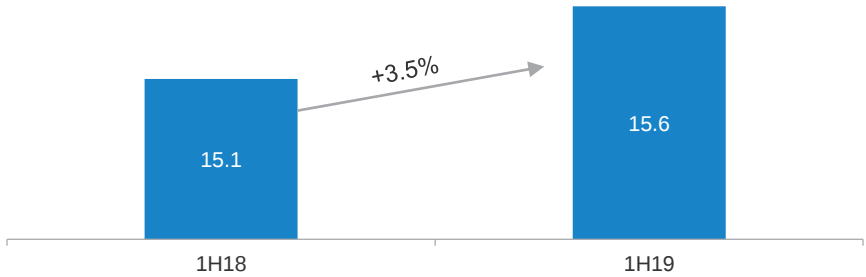
Drivers of 1H19 financial performance – Revenue (continued)

Revenue growth across all non-Australia markets in local currencies

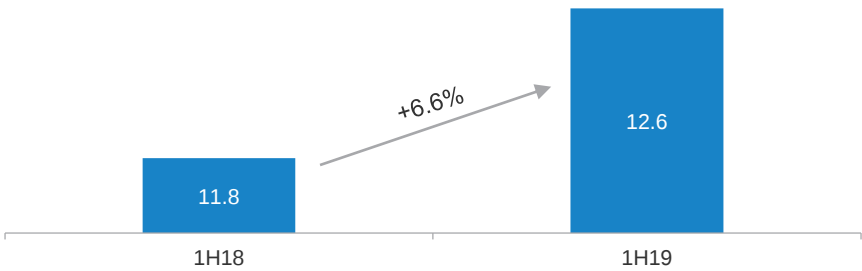
ATN revenue performance



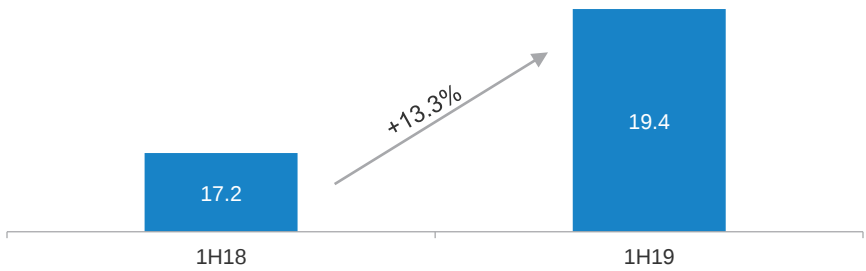
CTN revenue performance



UKTN revenue performance



BTN revenue performance



Drivers of financial performance - KPIs

1H19 revenue underpinned by solid inventory acquisition across the four current operating geographies

ATN KPIs

	1H19	1H18	% chg
Radio spots inventory ('000s) ¹	531	472	12.5%
Radio sell-out rate (%) ²	65%	73%	(8)% points
Average radio spot rate (AUD) ³	138	138	-%

CTN KPIs

	1H19	1H18	% chg
Radio spots inventory ('000s) ¹	335	325	3.1%
Radio sell-out rate (%) ²	68%	67%	+1% points
Average radio spot rate (CAD) ³	67	68	(1.5)%

UKTN KPIs

	1H19	1H18	% chg
Total radio impacts available ('000s) ⁴	9,717	9,721	-%
Radio sell-out rate (%) ⁵	99%	95%	+4% points
Average radio net impact rate (GBP) ⁶	1.3	1.3	-%

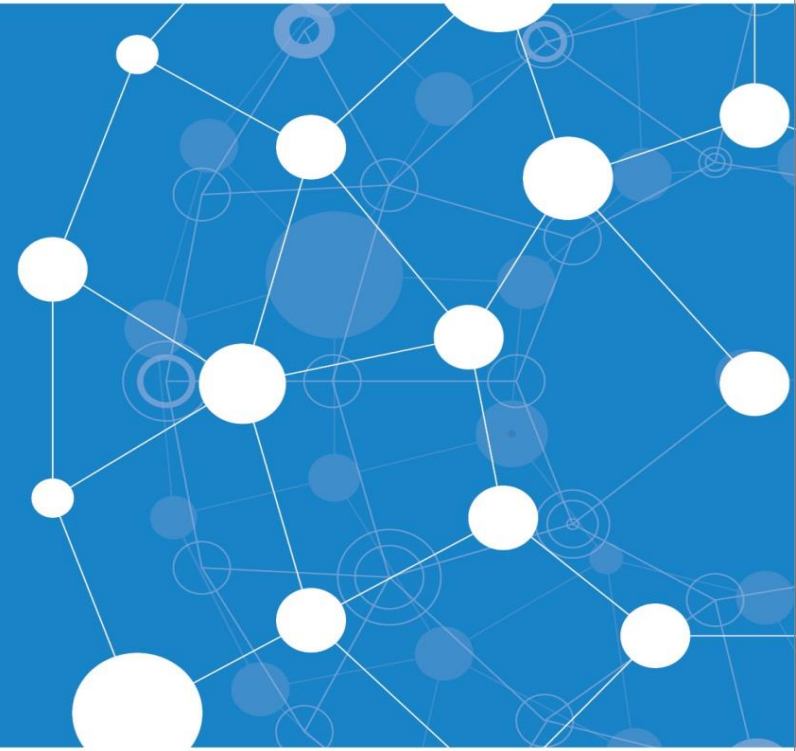
BTN KPIs

	1H19	1H18	% chg
Radio spots inventory ('000s) ¹	139	98	41.8%
Radio sell-out rate (%) ²	60%	74%	(14)% points
Average radio spot rate (BRL) ³	272	274	(0.7)%

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: The UK market measures inventory and units sold based on impacts instead of spots. An impact is a thousand listener impressions. Note 5: The number of impressions sold as a percentage of the number of impressions available. Note 6: Average price per radio impact sold net of agency commission.

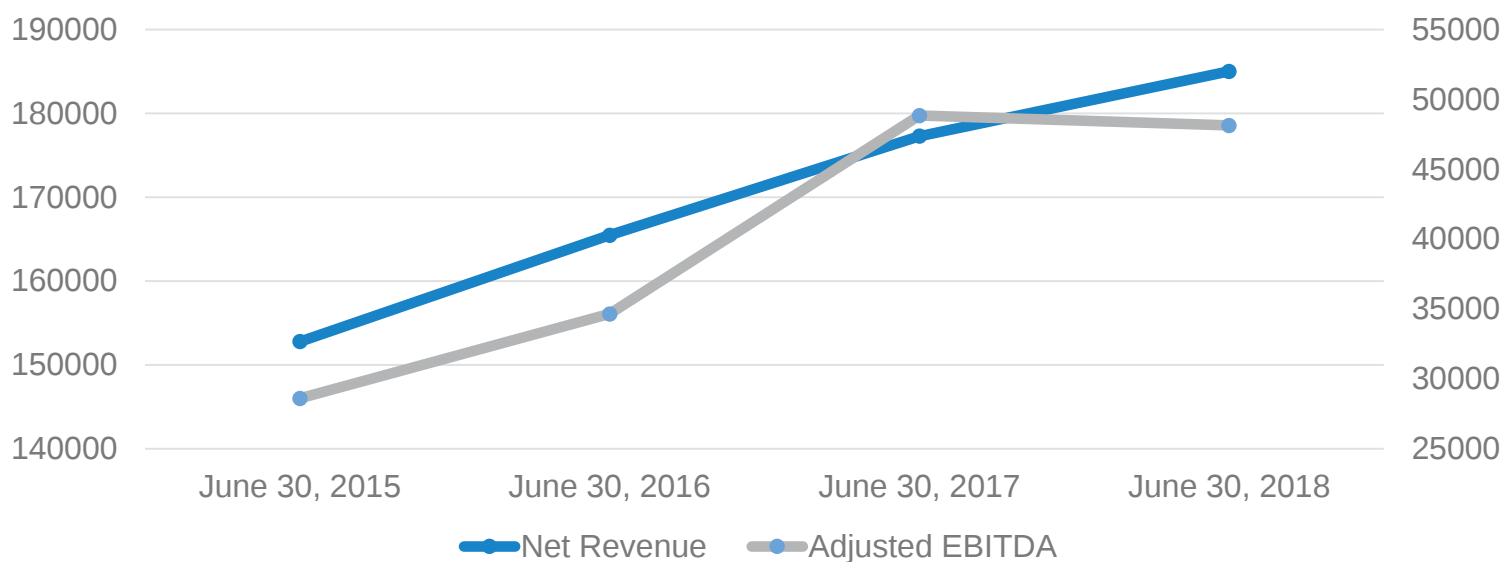
Section 03

Update on growth strategy and outlook



GTN has generated consistently high growth in revenue and Adjusted EBITDA⁽¹⁾

	Year ended June 30, 2015	Year ended June 30, 2016	Year ended June 30, 2017	Year ended June 30, 2018	CAGR
Net revenue	152,778	165,472	177,289	185,013	6.6%
Adjusted EBITDA ⁽²⁾⁽³⁾	28,598	34,646	48,856	48,140	19.0%



(1) Results based on continuing operations

(2) June 30, 2015 and June 30, 2016 results are pro forma. See Appendix A for reconciliation to statutory results

(3) Adjusted EBITDA is defined as EBITDA from continuing operations 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 related to acquisitions and capital raising and foreign exchange gains or losses.

GTN growth cycle: Revenue follows audience

Additional affiliates typically result in a net cost to the business until additional inventory is monetised

Phase 1: Expand affiliate network & audience

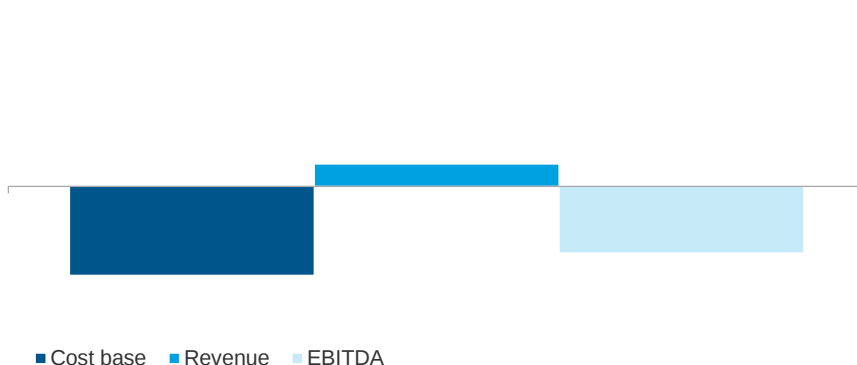
- Sign new affiliate
- Receive additional inventory
- Increase audience reach
- Station compensation payable

Phase 2: Monetise network

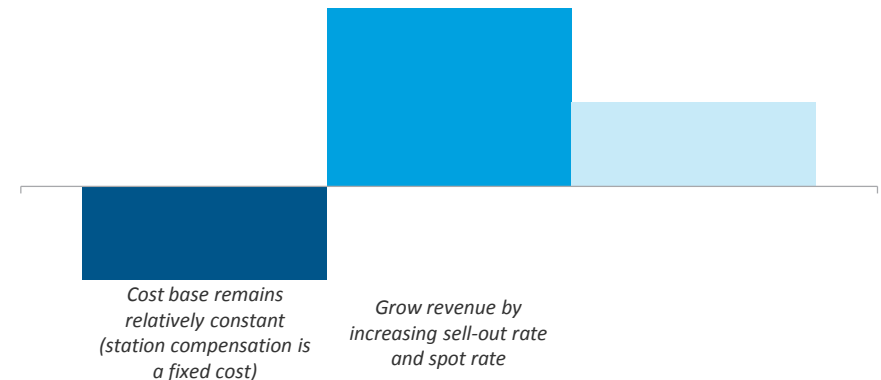
- Sell additional inventory
- Increase yield by leveraging broader audience
- Improve margins
- Length of time between Phase 1 and Phase 2 varies and is impacted by:
 - Size of expansion
 - Sales staff experience
 - Maturity of market

Illustrative financial profiles

Phase 1: Expand affiliate network (station compensation payable)



Phase 2: Monetise network (sell inventory and increase yield)



GTN growth strategy

Management is focused on accelerating revenue growth from all markets



Australia

- 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
- Brasilia opened February 2019 (seventh market)



Canada

- Management are focused on monetising the network by increasing sell-out and spot rate given recent improvements in networks (including Rogers Toronto)
- 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

Key drivers of growth

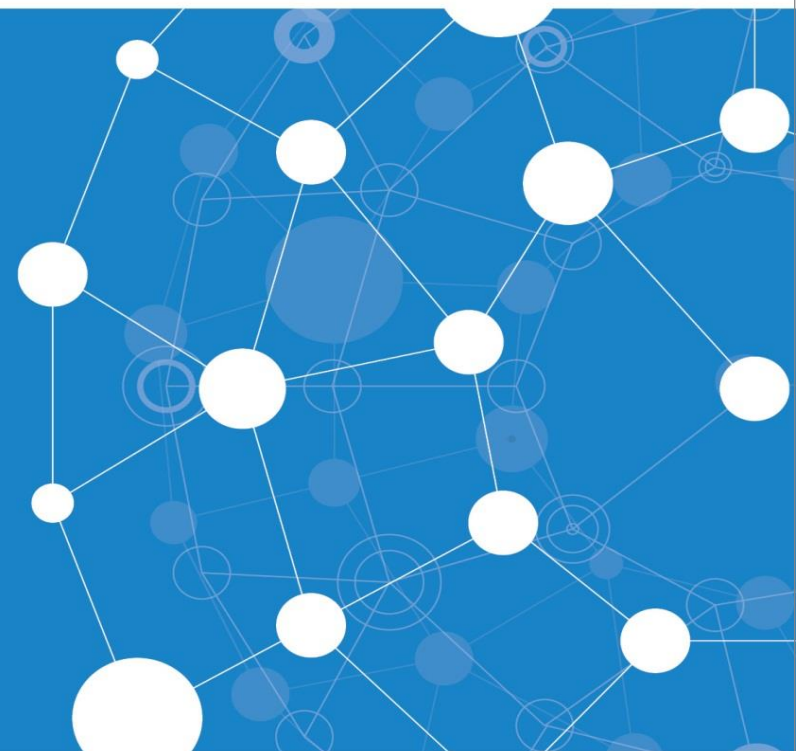
Recent success in Canada and Brazil has validated the GTN model in offshore jurisdictions. Canada and Brazil represent substantial growth opportunities for GTN going forward



Years of operation	#	13	7
Radio Audience¹	m	16.1	14.8
Growth stage		• Established network • Significant audience penetration across key population centres	• Developing network • Low geographic penetration • Growing audience penetration in highly fragmented core markets
Growth focus		• Add remaining unaffiliated radio stations in current markets • Monetise existing network • Increase sales and advertiser base • Increase both sell-out and spot yield	• Complete networks in current markets • Open additional markets • Grow network of affiliates to establish national/regional network • Grow advertiser base
Revenue growth (1H19 vs 1H18)²		7.0%	1.1%
Revenue growth - local currency (1H19 vs 1H18)		3.5%	13.3%
Key recent developments		Multi-year agreement with Rogers in Toronto	Opened Brasilia and Campinas markets in FY19
Key KPIs (1H19 vs 1H18)		Spots inventory of 335k (+3%)	Spots inventory of 139k (+42%)

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 from continuing operations⁽²⁾

(\$m) ¹	1H FY2019	1H FY2018
Profit before income tax from continuing operations	15.1	17.6
Depreciation and amortization	(5.5)	(4.7)
Finance costs	(1.8)	(2.6)
Interest on bank deposits	0.1	0.2
Interest income on long-term prepaid affiliate contract	4.2	4.2
EBITDA	18.1	20.4
Interest income on long-term prepaid affiliate contract	4.2	4.2
Foreign currency transaction loss	-	(0.1)
Adjusted EBITDA	22.3	24.7

Reconciliation of Net profit after tax from continuing operations (NPAT) to NPATA

Net profit from continuing operations (NPAT)	10.7	13.6
Amortization of intangible assets (tax effected)	2.3	2.1
NPATA	12.9	15.8

Note 1: Amounts in tables may not add due to rounding.

Note 2: Excludes Company's United States segment which was disposed of in March 2018.

Annual Pro Forma Income Statement FY2013-FY2018A

Pro Forma Historical Results for FY2013 – FY2018

Pro Forma Historical Results						
A\$'000s	Year ending June 30, 2013	Year ending June 30, 2014	Year ending June 30, 2015	Year ending June 30, 2016	Year ending June 30, 2017 ¹	Year ending June 30, 2018 ¹
Revenues	124,941	137,761	152,778	165,472	177,289	185,013
Network operations and station compensation	(82,391)	(85,916)	(93,950)	(101,919)	(101,571)	(34,807)
Selling, general and administrative expenses	(24,987)	(27,378)	(30,230)	(32,488)	(35,333)	(110,467)
Net FX losses on borrowings	-	-	-	-	(228)	(79)
Operating expenses	(107,378)	(113,294)	(124,180)	(134,407)	(137,132)	(145,353)
EBITDA	17,563	24,467	28,598	31,065	40,157	39,660
Interest income on SCA Supply Agreement	-	-	-	3,581	8,471	8,401
Transaction costs	-	-	-	-	-	-
Net FX gain/(losses) on borrowings	-	-	-	-	228	(79)
Adjusted EBITDA	17,563	24,467	28,598	34,646	48,856	48,140
Depreciation	(2,645)	(2,485)	(2,494)	(2,549)	(3,112)	(3,222)
Amortisation	(20,353)	(20,743)	(20,897)	(17,382)	(6,217)	(6,254)
Adjusted EBIT	(5,435)	1,239	5,207	14,715	39,527	38,664
Other interest income	358	463	514	244	487	403
Interest expense	(6,827)	(5,822)	(5,162)	(5,164)	(5,235)	(4,784)
Net profit/(loss) before tax	(11,904)	(4,120)	559	9,795	34,551	34,204
Tax (expense)/benefit	2,742	755	(3,523)	(4,043)	(6,379)	(9,373)
NPAT	(9,162)	(3,365)	(2,964)	5,753	28,172	24,831
Amortisation (tax effected)	15,075	14,907	15,511	13,013	4,320	4,361
NPATA	5,913	11,542	12,547	18,766	32,492	29,192

Note 1: Continuing operations exclude GTN's United States operations which were sold in March 2018.

Reconciliation of pro forma to statutory results

Pro forma adjustments to the Actual Statutory Historical Results

A\$'000s	Year ending June 30, 2013	Year ending June 30, 2014	Year ending June 30, 2015	Year ending June 30, 2016	Year ending June 30, 2017 ¹	Year ending June 30, 2018 ¹
Statutory NPAT	(19,606)	(1,464)	(18,169)	(17,234)	28,172	24,831
1 Pro forma impact of historical divestment	3,085	-	-	-	-	-
2 IPO transaction costs expensed	-	-	583	6,755	-	-
3 Public company costs	(782)	(782)	(782)	(717)	-	-
4 Net interest adjustment	-	-	-	2,996	-	-
5 Unrealised foreign exchange (gains)/losses	9,825	(3,234)	17,287	5,461	-	-
6 Offer related remuneration adjustments	423	189	627	6,901	-	-
7 Other adjustments	1,057	1,182	1,880	635	-	-
8 Tax effect of pro forma adjustments	(3,164)	744	(4,390)	956	-	-
Pro forma NPAT	(9,162)	(3,365)	(2,964)	5,753	28,172	24,831

Note 1: Continuing operations exclude GTN's United States operations which were sold in March 2018

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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.

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