



# GTN Limited

## AGM Presentation

November 2020

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## Today's presenters

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**Robert Loewenthal (Chairman)**



**Bill Yde (Managing Director and CEO)**

# Our Board of Directors



**Robert Loewenthal**  
Chairman

- Over 15 years of experience in the radio industry
- Currently operates private corporate advisory and consulting business, Free Trade Hall and is the founder of Whooshkaa Podcasting Platform
- Previously held the role of Managing Director of Macquarie Radio Network, where he also acted as Chief Operating Officer and company secretary



**William Yde III ("Bill")**  
Managing Director and CEO

- Over 35 years of experience in the radio and media industry
- Co-founded ATN in 1997 and later co-founded Global Traffic Network and served as Chairman, CEO and President since its inception in 2005
- Previously founded Wisconsin Information Systems
- Previously owned and operated radio and television stations in major markets in the United States



**David Ryan AO**  
Director

- Over 40 years of experience in commercial banking, investment banking and operational business management
- Currently Chairman of Visit Sunshine Coast Limited, a Director of First American Title Insurance Company of Australia, First Mortgage Services, Sunshine Coast Airport, and a board member of Sunshine Coast Events
- Previously held positions as Director of GetSwift Limited, Lendlease Corporation, Aston Resources and Transurban Holdings



**Corinna Keller**  
Director

- Vice President, Advertising Sales for Latin America & Global Sports Partnerships for CNN International Commercial. Currently oversees the pan-regional ad sales business for CNN International, CNN en Español, CNN.com /international and CNN Español.com for Latin American clients and global sports federations & partnerships who want to target international consumers.
- From 1999 to 2015, was with Viacom in various roles, her last as Vice President, International Marketing Partnerships and Pan-regional Ad Sales.

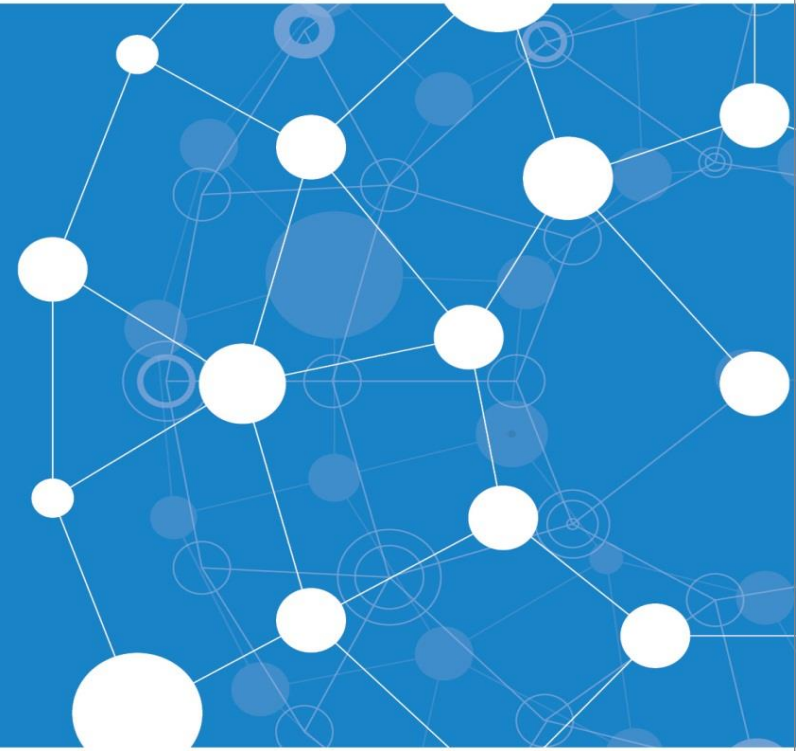


**Peter Tonagh**  
Director

- Experience as a C-suite executive in large Australian media companies, including as CEO of Foxtel and News Corp Australia, interim-CEO of REA Group and Chairman of MCN.
- Currently lead Independent Director of Village Roadshow Limited and Non-Executive Chairman of Quantum
- Formerly a partner at The Boston Consulting Group where he led the Asia Pacific Organisation Practice and worked across media, consumer and financial services businesses.

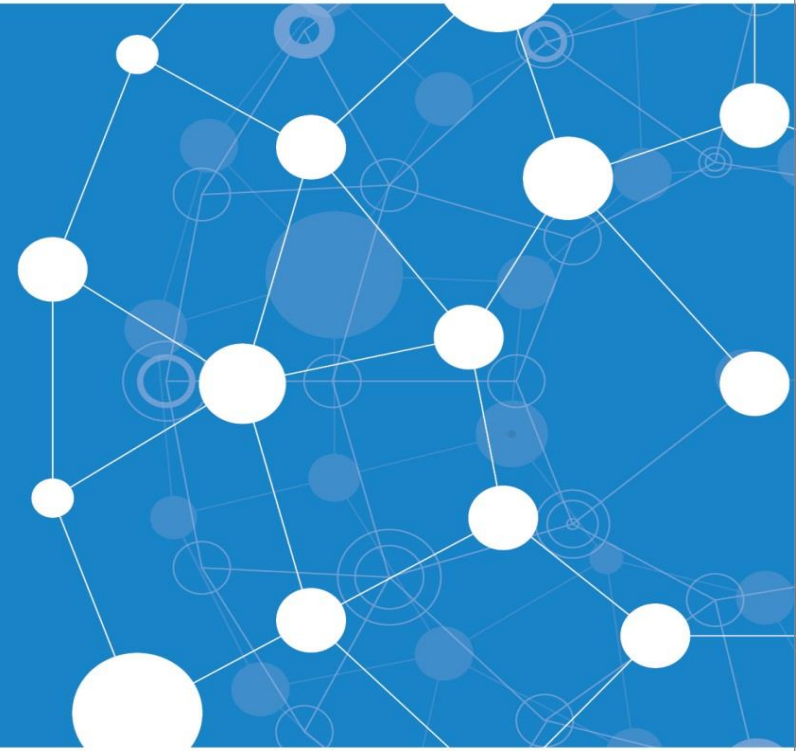
# Section 01

Chairman's Address – Robert Loewenthal



# Section 02

CEO's address – Bill Yde



# FY2020 recap – Results Overview

GTN's FY20 revenue decreased 13% compared to FY19 due to the COVID-19 pandemic which had significant impact on profitability due to the Group's fixed cost structure

## Key Highlights



### FY20 revenue decreased across all markets due to COVID-19 pandemic

- Revenue through 3Q FY20 up 2% despite COVID-19 pandemic impact on March 2020 revenue
- Brazil FY20 revenue increased 6% in local currency but impacted by unfavorable foreign currency fluctuations



### FY20 profitability declined due to revenue shortfall offset partly by lower operating expenses

- Adjusted EBITDA of \$14.2 million (-62% on FY19)
  - Network operations expenses decreased 2% due to cost savings implemented due to COVID-19 pandemic
  - Station compensation increased 3%
    - Station compensation increased due to a full year of Rogers/Toronto, expansion of relationship with key affiliate group in Australia and additional stations in Brazil due to expansion of markets served
- Sales, G&A expenses decreased 9% primarily due to reduced commissions and bonuses on the lower revenue
- Expenses are primarily fixed especially in short run and difficult to reduce even with reductions in revenue



### Strong liquidity position with net debt (after cash) of \$7.4 million

- No final dividend declared for FY20
- TGR (net debt) 0.52X at 30 June 2020
- Extended bank facility until 30 September 2023 with no scheduled principal repayments

| A\$m <sup>(4)</sup>                 | FY20   | FY19   | % Difference |
|-------------------------------------|--------|--------|--------------|
| Revenue                             | 160.9  | 185.0  | (13.0)%      |
| EBITDA <sup>(1)</sup>               | 5.5    | 29.2   | (81.0)%      |
| Adjusted EBITDA <sup>(2)</sup>      | 14.2   | 37.5   | (62.1)%      |
| NPAT                                | 0.3    | 15.7   | (98.0)%      |
| NPATA <sup>(3)</sup>                | 4.9    | 20.3   | (75.8)%      |
| NPATA <sup>(3)</sup> per share (\$) | \$0.02 | \$0.09 | (75.4)%      |

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



# FY2020 recap – Financial Position

Net debt (debt less cash balances) of \$7.4 million. Total Gearing to Adjusted EBITDA of 0.52x.

## Historical balance sheet

|                                | 30 June 2020   | 30 June 2019   |
|--------------------------------|----------------|----------------|
|                                | \$'000         | \$'000         |
| <b>Current Assets</b>          |                |                |
| Cash and cash equivalents      | 57,040         | 50,728         |
| Trade and other receivables    | 19,910         | 38,091         |
| Current tax assets             | 6,700          | 2,479          |
| Other current assets           | 2,856          | 3,481          |
| <b>Current assets</b>          | <b>86,506</b>  | <b>94,779</b>  |
| <b>Non-current Assets</b>      |                |                |
| Property, plant and equipment  | 9,858          | 10,459         |
| Intangible assets              | 45,686         | 52,172         |
| Goodwill                       | 95,998         | 96,179         |
| Deferred tax assets            | 4,269          | 2,975          |
| Other assets                   | 94,988         | 96,139         |
| <b>Non-current assets</b>      | <b>250,799</b> | <b>257,924</b> |
| <b>Total assets</b>            | <b>337,305</b> | <b>352,703</b> |
| <b>Current Liabilities</b>     |                |                |
| Trade and other payables       | 30,874         | 32,596         |
| Contract liabilities           | 1,266          | 534            |
| Current tax liabilities        | -              | 306            |
| Financial liabilities          | 1,525          | 1,155          |
| Provisions                     | 932            | 939            |
| <b>Current liabilities</b>     | <b>34,597</b>  | <b>35,530</b>  |
| <b>Non-current Liabilities</b> |                |                |
| Trade and other payables       | 74             | 73             |
| Financial liabilities          | 62,768         | 61,393         |
| Deferred tax liabilities       | 20,344         | 18,997         |
| Provisions                     | 416            | 454            |
| <b>Non-current liabilities</b> | <b>83,602</b>  | <b>80,917</b>  |
| <b>Total liabilities</b>       | <b>118,199</b> | <b>116,447</b> |
| <b>Net assets</b>              | <b>219,106</b> | <b>236,256</b> |
| <b>Equity</b>                  |                |                |
| Share capital                  | 437,508        | 444,041        |
| Reserves                       | 8,464          | 9,218          |
| Accumulated losses             | (226,866)      | (217,003)      |
| <b>Total equity</b>            | <b>219,106</b> | <b>236,256</b> |

## Summary cash flow

| \$Am                                                          | FY20        | FY19        |
|---------------------------------------------------------------|-------------|-------------|
| Adjusted EBITDA                                               | 14.2        | 37.5        |
| Non-cash items in Adjusted EBITDA                             | 0.9         | 0.6         |
| Change in working capital                                     | 16.5        | 4.8         |
| Impact of Southern Cross Austereo Affiliate Contract          | 2.0         | 2.0         |
| <b>Operating free cash flow before capital expenditure</b>    | <b>33.5</b> | <b>44.9</b> |
| Capital expenditure                                           | (3.1)       | (3.9)       |
| <b>Net free cash flow before financing, tax and dividends</b> | <b>30.4</b> | <b>41.0</b> |

## Commentary

- Strong liquidity position with net debt after cash of \$7.4m
  - \$57.0m cash and \$64.5m of debt (including \$4.5m of leases)
  - TGR net debt to Adjusted EBITDA 0.52x at 30 June 2020
- Extended bank facility to 30 September 2023
  - No scheduled principal amortization prior to repayment date
  - Interest rate of BBSY + 2.50% to 3.25%
- No final dividend declared to further conserve cash
  - Returned \$16.7m to shareholders in form of dividends and share buyback during FY20



# FY2020 recap – KPIs

GTN's FY20 revenue result was underpinned by continued solid inventory acquisition across its four operating geographies with sell-out rate and spot rate being adversely impacted by the COVID-19 pandemic.

## GTN operational KPIs (by geographic segment)

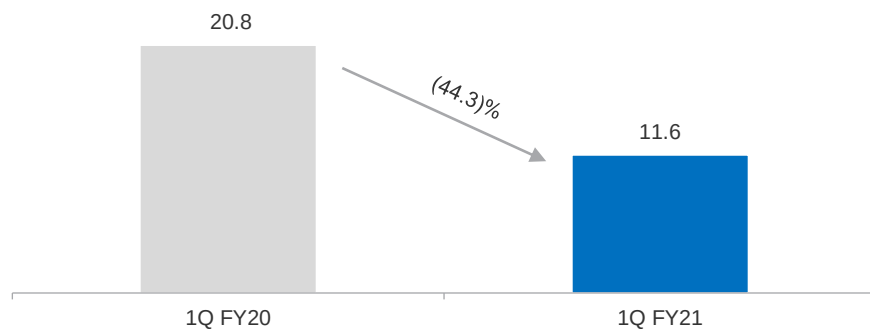
|                                                                    | FY2020 Actual | FY2019 Actual | vs. FY2019 |
|--------------------------------------------------------------------|---------------|---------------|------------|
| <b>Australia (ATN)</b>                                             |               |               |            |
| Radio spots inventory ('000s) <sup>(1)</sup>                       | 1,077         | 1,032         | 4.4%       |
| Radio sell-out rate (%) <sup>(2)</sup>                             | 54%           | 64%           | (10)% pts  |
| Average radio spot rate (AUD) <sup>(3)</sup>                       | 128           | 137           | (6.6)%     |
| <b>Canada (CTN)</b>                                                |               |               |            |
| Radio spots inventory ('000s) <sup>(1)</sup>                       | 686           | 655           | 4.7%       |
| Radio sell-out rate (%) <sup>(2)</sup>                             | 51%           | 66%           | (15)% pts  |
| Average radio spot rate (CAD) <sup>(3)</sup>                       | 64            | 69            | (7.2)%     |
| <b>United Kingdom (UKTN)</b>                                       |               |               |            |
| Total radio Impacts <sup>(4)</sup> available ('000) <sup>(5)</sup> | 19,448        | 19,435        | 0.1%       |
| Radio sell-out rate (%) <sup>(6)</sup>                             | 89%           | 99%           | (10)% pts  |
| Average radio net Impact rate (GBP) <sup>(7)</sup>                 | 1.3           | 1.3           | -%         |
| <b>Brazil (BTN)</b>                                                |               |               |            |
| Radio spots inventory ('000s) <sup>(1)</sup>                       | 418           | 315           | 32.7%      |
| Radio sell-out rate (%) <sup>(2)</sup>                             | 46%           | 50%           | (4)% pts   |
| Average radio spot rate (BRL) <sup>(3)(8)</sup>                    | 216           | 258           | (16.3)%    |

(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) An Impact is a thousand listener impressions; (5) The UK market measures inventory and volumes based on Impacts instead of spots; (6) The number of Impacts sold as a percentage of the number of Impacts available; (7) Average price per radio Impact sold net of agency commission; (8) Not adjusted for taxes or advertising agency incentives that are deducted from net revenue.

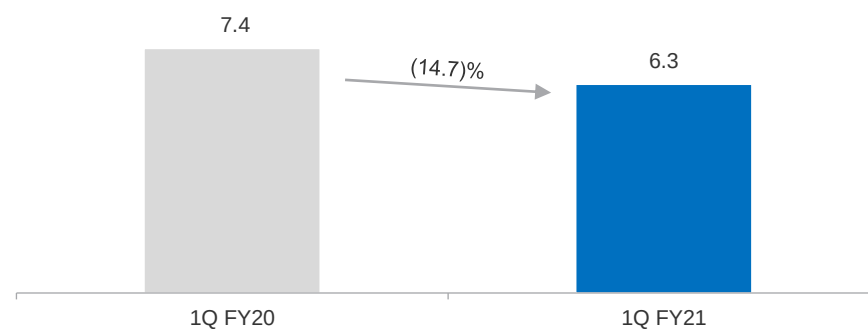
# Trading update – Revenue performance by segment through 1Q FY21

Revenue decreased 33%, primarily due to the continuing impact of the COVID-19 pandemic on the Group's markets.

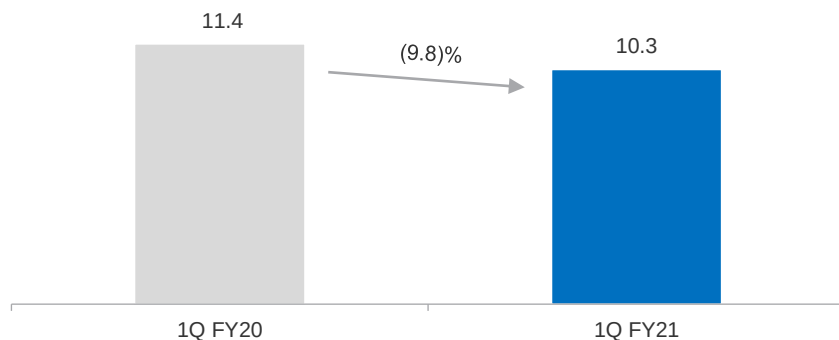
## ATN revenue (A\$m)



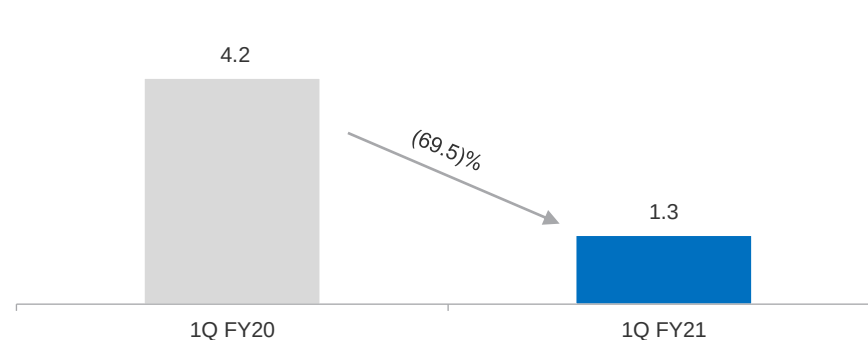
## CTN revenue (A\$m)



## UKTN revenue (A\$m)



## BTN revenue (A\$m)

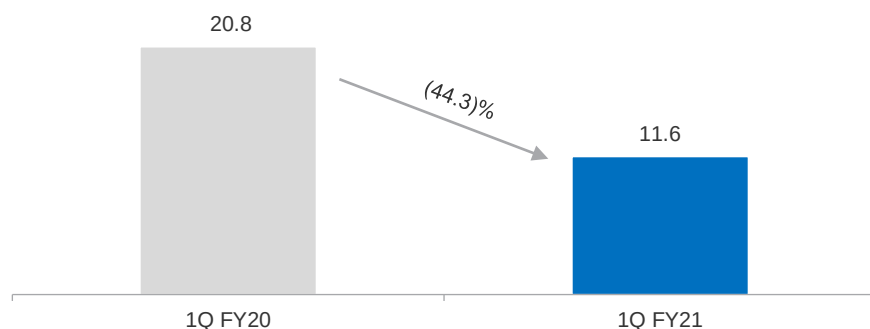


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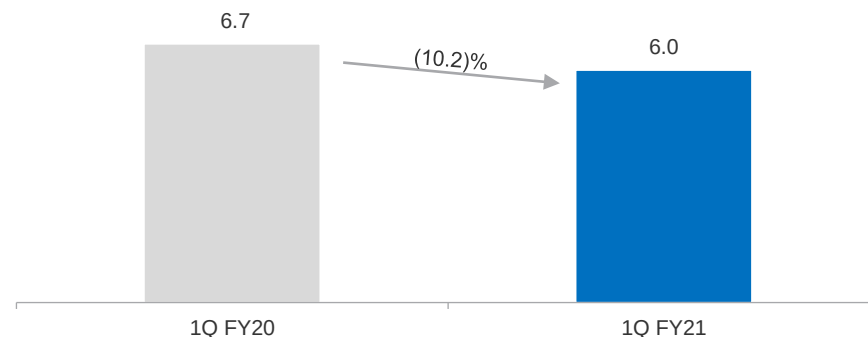
## Trading update – Revenue performance by segment through 1Q FY21 in local currency

All markets negatively impacted by the COVID-19 pandemic. Australian performance negatively impacted by Melbourne shutdown during the quarter.

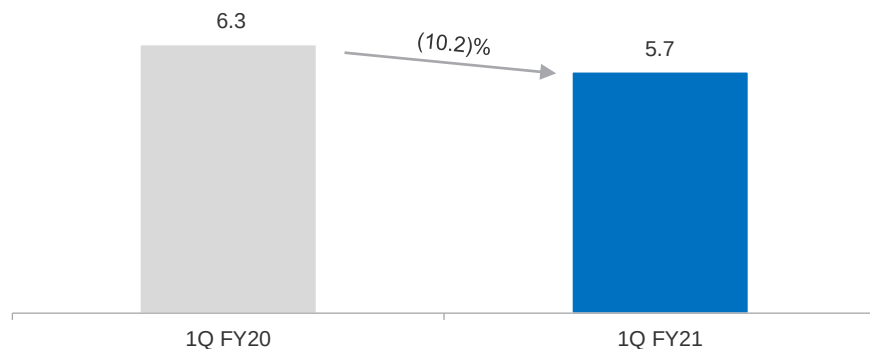
**ATN revenue (A\$m)**



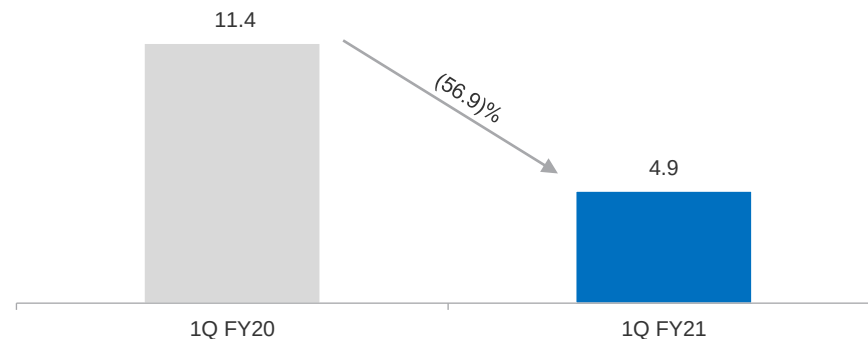
**CTN revenue (CAD\$m)**



**UKTN revenue (GBP£m)**



**BTN revenue (BRL\$m)**



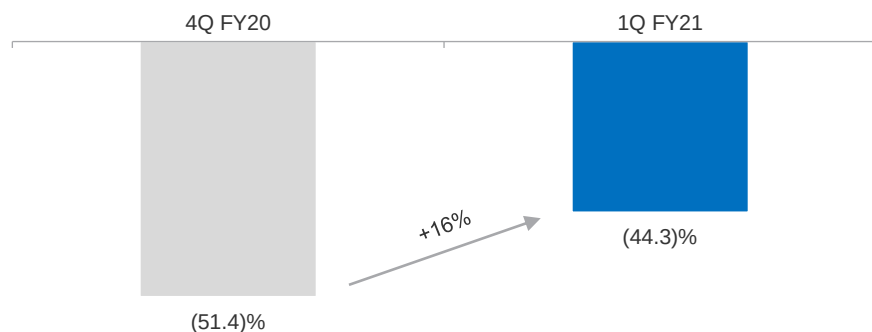
# All markets showed marked improvement in 1Q FY21 compared to 4Q FY20

Revenue decrease improved from (57)% in 4Q FY20 to (33)% in 1Q FY21

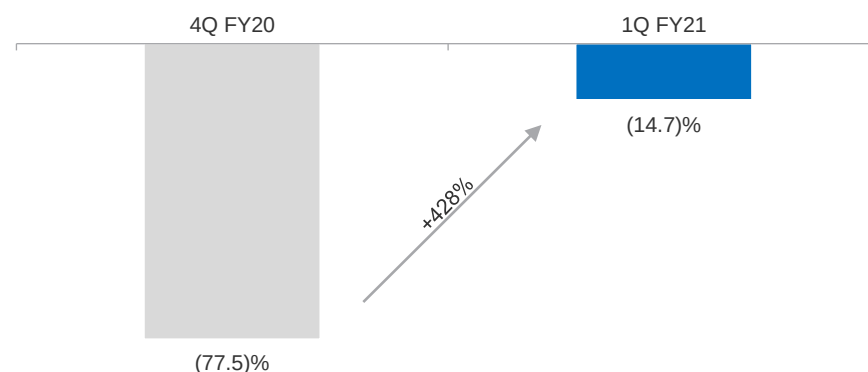


All markets are still being impacted by the COVID-19 pandemic. Australian performance was negatively impacted by Melbourne shutdown during quarter.

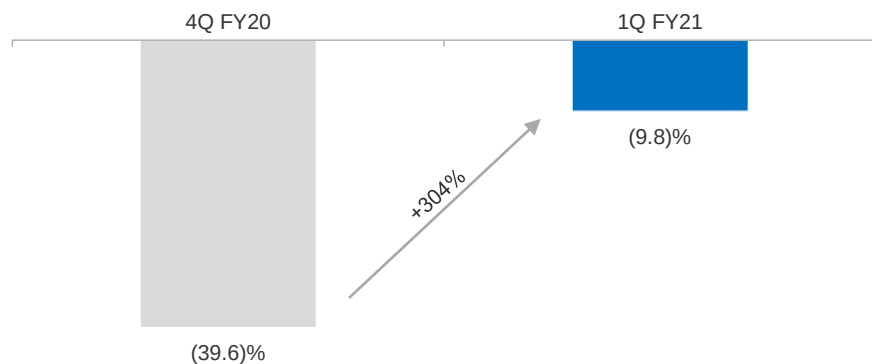
## ATN revenue (A\$m)



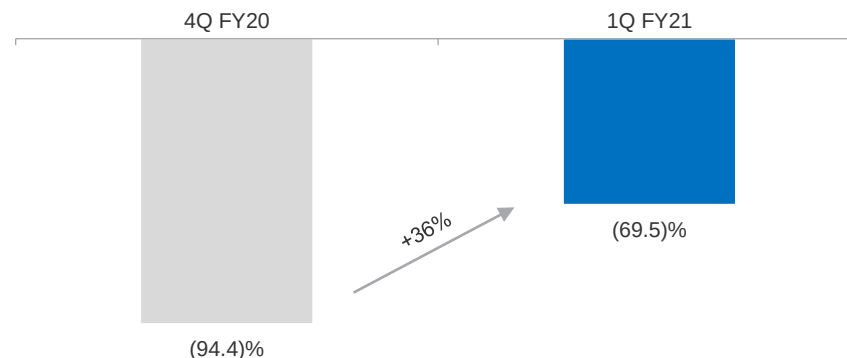
## CTN revenue (A\$m)



## UKTN revenue (A\$m)



## BTN revenue (A\$m)



# Financial position continues to be strong despite challenging environment

.....  
Solid balance sheet positions Company to ride out the downturn

- ➔ Cash balance at 30 September 2020 of \$56.5 million
  - Net debt of \$7.6 million including leases of \$4.1 million
  - Total Gearing Ratio (net debt) of 1.06x at 30 September 2020
    - In compliance with bank loan covenants as of 30 September 2020
  
- ➔ Conditional approval from lender to modify loan covenants for remainder of FY 2021
  - Modifications mean that there is a reasonable expectation that Company will continue to be in compliance for FY 2021
  - Approval subject to final documentation and execution of an amending deed
  
- ➔ Adjusted EBITDA<sup>(1)</sup> nearing breakeven (~\$(1.1) million YTD September 2020)
  - September 2020 consolidated monthly Adjusted EBITDA <sup>(1)</sup> positive
  
- ➔ Revenue performance to date significantly better than at the onset of the COVID-19 pandemic

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# GTN outlook for 1H FY2021

Expect trading environment to continue to be similar to 1Q FY21

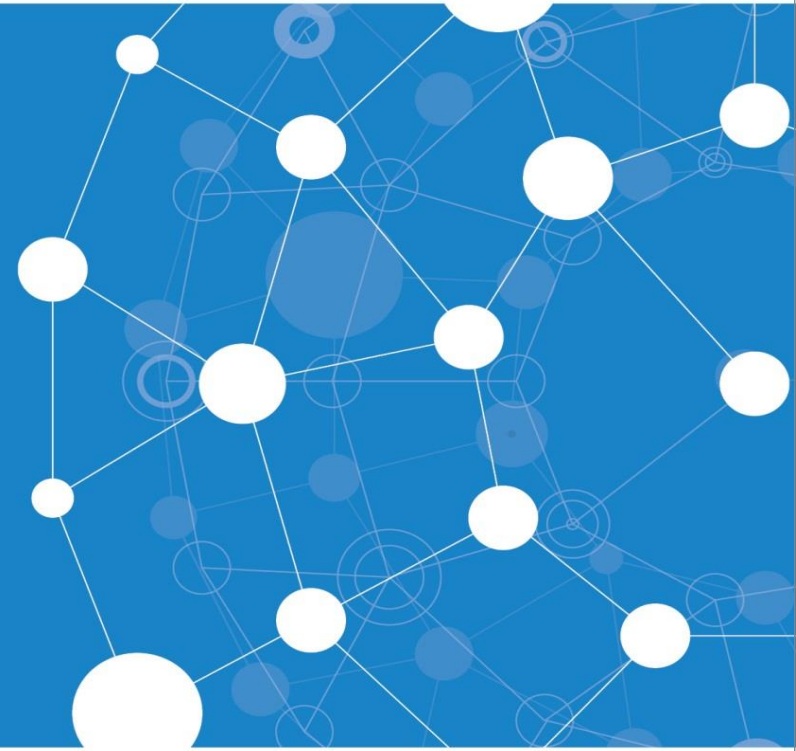
- ➔ Revenue continues to improve steadily, decreasing only 33% in 1Q FY21 compared to 1Q FY20.
  - Significant improvement when compared to 57% decrease 4Q FY19 to 4Q FY20
- ➔ To date turnaround continues to be positive as 2Q FY21 bookings tracking similar to 1Q FY21 performance.
  - October 2020 revenue finished ~30% behind October 2019
  - Expect to be EBITDA <sup>(1)</sup> and Adjusted EBITDA <sup>(1)</sup> positive for 2Q FY21
- ➔ However, it is too early to predict final 2Q FY21 revenue and the resulting Adjusted EBITDA.
  - Results likely to be highly dependent on the impact of COVID-19 pandemic on Group's markets

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# Section 03

Formal Business – Robert Loewenthal





## Consideration of Reports



To receive and consider the Financial Report, the Directors' Report and the Independent Auditor's Report of the Company for the financial year ended 30 June 2020.

## Questions and Comments



# Resolution 1 – Issue of Options under the GTN Long Term Incentive Plan: William Yde

To consider and, if thought fit, pass the following as an ordinary resolution of the Company:

*“That Shareholders approve and authorise for the purposes of ASX Listing Rule 6.23.2, ASX Listing Rule 10.14, and for all other purposes, the cancellation of 5,506,621 Options held by William Yde, the issuance of 1,000,000 Options to Mr. Yde, and the payment of A\$260,000 to Mr. Yde, on the terms described in the Explanatory Memorandum accompanying and forming part of this Notice of Meeting.”*

 Proxies have been received in respect of the resolution as follows:

| For                   | Against            | Abstain     | Proxy's Discretion |
|-----------------------|--------------------|-------------|--------------------|
| 189,426,916<br>96.35% | 7,152,175<br>3.64% | 4,600<br>-% | 10,314<br>0.01%    |

# Resolution 2 – Remuneration Report

To consider and, if thought fit, pass the following as a non-binding ordinary resolution of the Company:

“That the Company’s Remuneration Report for the financial year ended 30 June 2020, as set out in the Directors’ Report, is adopted.”

 Proxies have been received in respect of the resolution as follows:

| For                   | Against              | Abstain          | Proxy’s Discretion |
|-----------------------|----------------------|------------------|--------------------|
| 103,199,075<br>52.54% | 93,042,855<br>47.37% | 175,516<br>0.09% | 9,142<br>-%        |

# Resolution 3 – Spill Resolution (Conditional)

To consider and, if thought fit, to pass the following as an ordinary resolution:

*“That, subject to and conditional on at least 25% of the votes validly cast on Resolution 2 being cast against adoption of the Company’s Remuneration Report for the year ended 30 June 2020:*

- a) an extraordinary general meeting of the Company (Spill Meeting) be held within 90 days of the passing of this resolution;*
- b) all the non-executive directors in office when the Directors’ Report for the year ended 30 June 2020 was approved and who remain in office at the time of the Spill Meeting, cease to hold office immediately before the end of the Spill Meeting; and*
- c) resolutions to appoint persons to offices that will be vacated immediately before the end of the Spill Meeting are put to the vote at the Spill Meeting.”*

 Proxies have been received in respect of the resolution as follows:

| For                  | Against               | Abstain         | Proxy’s Discretion |
|----------------------|-----------------------|-----------------|--------------------|
| 93,257,073<br>47.48% | 103,075,485<br>52.48% | 84,888<br>0.04% | 9,142<br>-%        |

# Resolution 4 – Election of Director – Peter Tonagh

To consider and, if thought fit, pass the following as an ordinary resolution of the Company:

“That Peter Tonagh, who retires in accordance with clause 10.3b(ii) of the Company’s Constitution and being eligible for election, is elected as a Director of the Company.”

 Proxies have been received in respect of the resolution as follows:

| For                   | Against         | Abstain          | Proxy’s Discretion |
|-----------------------|-----------------|------------------|--------------------|
| 198,772,990<br>99.69% | 45,306<br>0.02% | 567,267<br>0.28% | 11,840<br>0.01%    |

# Resolution 5 – Election of Director – David Ryan AO

To consider and, if thought fit, pass the following as an ordinary resolution of the Company:

“That David Ryan AO, who retires in accordance with clause 10.3b(iii) of the Company’s Constitution and being eligible for election, is elected as a Director of the Company.”



Proxies have been received in respect of the resolution as follows:

| For                   | Against              | Abstain  | Proxy’s Discretion |
|-----------------------|----------------------|----------|--------------------|
| 122,296,656<br>61.33% | 77,088,927<br>38.66% | -<br>-0% | 11,840<br>0.01%    |

# Resolution 6 – Appointment of Grant Thornton as Auditor

To consider and, if thought fit, pass the following as an ordinary resolution of the Company:

*“That, in accordance with section 327C(2) of the Corporations Act 2001 and for all other purposes, Grant Thornton Audit Pty Ltd, having been nominated by a shareholder and consented in writing to act in the capacity of Auditor, be appointed as the Auditor of the Company.”*



Proxies have been received in respect of the resolution as follows:

| For                   | Against         | Abstain     | Proxy’s Discretion |
|-----------------------|-----------------|-------------|--------------------|
| 198,462,921<br>99.53% | 35,644<br>0.02% | 1,550<br>-% | 897,408<br>0.45%   |

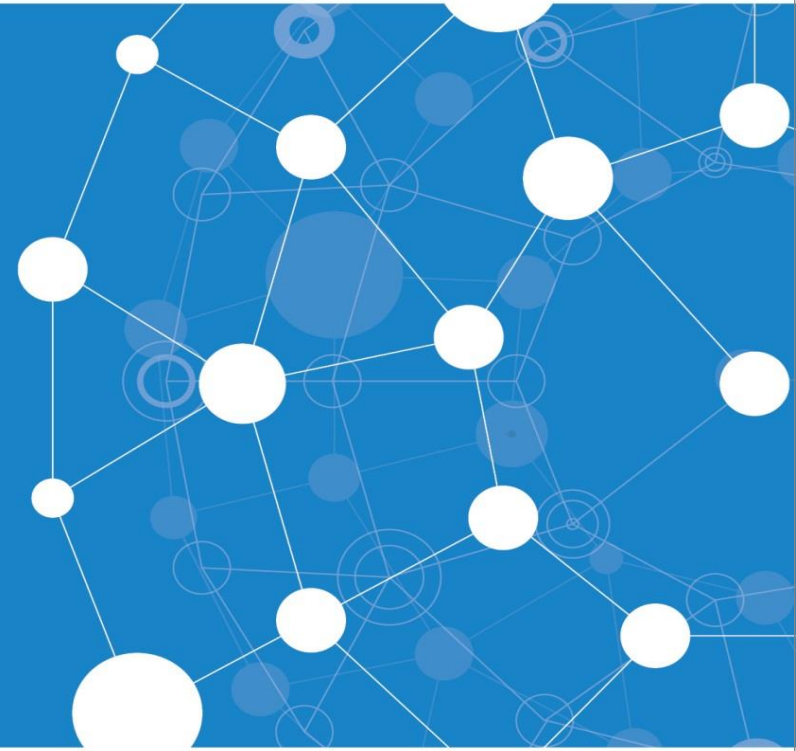


## Questions and Comments



# Appendix A

Reconciliation of financial information



# Reconciliation of non-IFRS measurements back to IFRS

## EBITDA, Adjusted EBITDA & NPATA

### Reconciliation of EBITDA and Adjusted EBITDA to Profit (loss) before income tax

| (\$m) <sup>(1)</sup>                                    | FY2020      | FY2019      |
|---------------------------------------------------------|-------------|-------------|
| Profit (loss) before income tax                         | (0.6)       | 22.9        |
| Depreciation and amortization                           | 11.8        | 11.2        |
| Finance costs                                           | 2.9         | 3.6         |
| Interest on bank deposits                               | (0.3)       | (0.3)       |
| Interest income on long-term prepaid affiliate contract | (8.2)       | (8.3)       |
| <b>EBITDA</b>                                           | <b>5.5</b>  | <b>29.2</b> |
| Interest income on long-term prepaid affiliate contract | 8.2         | 8.3         |
| Foreign currency transaction loss                       | 0.1         | -           |
| Gain on lease forgiveness                               | (0.1)       | -           |
| Loss on refinancing                                     | 0.4         | -           |
| <b>Adjusted EBITDA</b>                                  | <b>14.2</b> | <b>37.5</b> |

### Reconciliation of Net profit after tax (NPAT) to NPATA

|                                                     |            |             |
|-----------------------------------------------------|------------|-------------|
| Profit for the year (NPAT)                          | 0.3        | 15.7        |
| Amortization of intangible assets<br>(tax effected) | 4.6        | 4.5         |
| <b>NPATA</b>                                        | <b>4.9</b> | <b>20.3</b> |

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.

The information contained in this document may include information derived from publicly available sources that has not been independently verified. No representation or warranty is made as to the accuracy, completeness or reliability of the information in this document or any assumptions on which it is based.

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.

Certain financial information in this document is prepared on a different basis to the Company’s Annual Financial Report, which is prepared in accordance with Australian Accounting Standards. Where financial information presented within this document does not comply with Australian Accounting Standards, a reconciliation to the statutory information is provided.

This presentation may contain certain unaudited financial information in relation to the Company. As such, it has not been subject to an audit or an audit process or otherwise independently verified.