GTN Limited results for the half-year ended 31 December 2020

Overview:

- Revenue $70.8 million, (26)% on 1H FY20
- NPAT $0.4 million, (95)% on 1H FY20
- Adjusted EBITDA[1] $7.1 million, (60)% on 1H FY20
- Strong liquidity position with net debt (after cash) of $15.3 million including cash balances of $48.5 million

Sydney, 25 February 2021 – GTN Limited (ASX: GTN) (Company or **GTN),** one of the largest broadcast media advertising platforms by audience reach in Australia, Brazil, Canada and the United Kingdom today announced its results for the half-year ended 31 December 2020.

Overview of 1H FY21 results

(m)[2]	1H FY21	1H FY20	% Difference
Revenue	70.8	95.7	(26.0) %
EBITDA[4]	3.1	13.8	(77.4) %
Adjusted EBITDA[1]	7.1	18.0	(60.4) %
NPAT	0.4	7.6	(95.2) %
NPATA[3]	2.6	9.9	(73.4) %
NPATA per share	$0.012	$0.044	(72.4) %

CEO Comment

Commenting on the results, William L. Yde III, Managing Director and Chief Executive Officer of GTN, said “While revenue remains impacted by the ongoing COVID-19 pandemic, all of our markets performed much better in 1H FY21 when compared to the start of the pandemic in 4Q FY20. All four markets were EBITDA positive in 1H FY 21 and all four markets showed substantial revenue increases from Q1 to Q2 FY21. It was encouraging to see consecutive quarters of sequential improvement.

Revenue from our Australian operations had been lagging the overall Group during much of the COVID period, which we attribute to the related lockdown of the Melbourne market for the majority of the half-year period. Melbourne is one of our key markets for revenue generation. Australian revenue increased

[1] Adjusted EBITDA is defined as EBITDA adjusted to include the non-cash interest income related to the long-term prepaid affiliation agreement with Southern Cross Austereo which is treated as a financing transaction, and exclude transaction costs, foreign exchange gains/losses, gains on lease forgiveness and losses on refinancing.
[2] Amounts in tables may not add due to rounding. Percentage change 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.

significantly after the lifting of the lockdown generating almost $8 million of revenue in December 2020 alone. Between Q1 and Q2 of FY21, Australian revenue grew 64%, Brazil revenue grew 80%, Canada revenue grew 24% and the UK grew 19%.

We are pleased with the performance of our Canadian market given the circumstances. Revenue decreased 11% in local currency (15% in AUD) for the half-year period. However, due to expense reductions, we were still able to increase EBITDA compared to last year.

The United Kingdom was our best revenue performing market as revenue only decreased 2% in local currency (4% in AUD). Given the market conditions, including the tightening of COVID-19 related restrictions in December 2020, we feel this is a fantastic result.

Brazil was our lowest performing market when compared to the previous year. We attribute this to the fact that it suffered the most in 4Q FY20 with revenue decreasing 94% compared to 4Q FY19. Revenue from our Brazil operations steadily improved over the course of 1H FY21, as revenue as a percentage of the previous year improved every month from July to November with December being roughly similar to November. We find this consistent improvement to be very encouraging. While the market has been especially hard hit by the COVID-19 pandemic, we look forward to a return to normalcy as Brazil was consistently our fastest growing market prior to the onset of the pandemic.

Despite the continued difficult trading environment, the Company was able to generate positive NPAT, NPATA, EBITDA and Adjusted EBITDA for the half-year period. Our balance sheet remains strong, with $48.5 million of cash and net debt of $15.3 million as of 31 December 2020. The modifications we made to our bank debt facility in December 2020 should allow us to remain in compliance with our bank obligations as we ride out the COVID-19 pandemic."

Trading Update

Due to a resurgence of COVID-19 infections, new strains and additional lockdowns imposed in Canada, UK and Brazil, 3Q FY21 revenue to date has been weaker than the results of 2Q FY21 and more comparable to 1Q FY21. While Australia continues to perform better than it had in the first part of the half-year period ending 31 December 2020, our other markets have all been negatively impacted by these imposed lockdowns and restrictions related to attempts to curtail the COVID-19 pandemic. To date, the revenue decreases have been greatest in the Group's Canadian market.

It is not possible to predict at this time when these restrictions will be lifted or what the impact on revenue will be during the lockdowns or thereafter.

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 these operating geographies.

In exchange for providing traffic and information reports, and monetary compensation in most instances, 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

Conference Call

GTN Limited will host a conference call at 10:30 a.m. Australian Eastern Daylight time on Thursday, 25 February 2021 to discuss its 1H fiscal 2021 results.

Conference ID Code: 8274945

Dial-in numbers:

- Australia (toll free): 1800 123 296
- Australia (toll): +61 2 8038 5221
- New Zealand: 0800 452 782
- Hong Kong: 3008 2034
- Singapore: 800 616 2288

Conference Call Replay

The conference call will be archived following the call. It will be available to be heard at http://www.openbriefing.com/OB/4169.aspx

CONTACT:

Scott Cody
Chief Financial Officer & Chief Operating Officer
Ph: +61 2 9963 6760
scott.cody@globaltrafficnet.com

GTN Limited
Level 42, Northpoint
100 Miller Street
North Sydney, NSW 2060

This statement was approved by the Board of Directors of GTN Limited

Additional Financial and Operating Information

1) 1H FY21 revenue of $70.8 million (-26% on 1H FY20)

Revenue continued to be negatively impacted by the COVID-19 pandemic. Australian revenue was especially impacted as the Melbourne market was in lockdown for the majority of the half-year period. The Melbourne lockdown ended 28 October 2020 and Australia had its best revenue performance of the half-year period (when measured against the previous year month) in December 2020.

1H FY21 revenue by geographic segment

(m) [2]	1H FY21	1H FY20	% Difference
Australia (ATN)	30.6	46.8	(34.6) %
Canada (CTN)	14.2	16.7	(15.4) %
United Kingdom (UKTN)	22.5	23.3	(3.8) %
Brazil (BTN)	3.6	8.8	(59.6) %
	70.8	**95.7**	**(26.0) %**

Note: Further detail on exchange rates is provided in the Half-Year Report lodged on 25 February 2021.

Changes in foreign exchange rates had a negative impact on reported revenue from the United Kingdom, Canada and Brazil.

(m) [2]	1H FY21	1H FY20	% Difference
Australia (ATN) (AUD)	30.6	46.8	(34.6) %
Canada (CTN) (CAD)	13.5	15.1	(10.8) %
United Kingdom (UKTN) (GBP)	12.4	12.7	(2.0) %
Brazil (BTN) (BRL)	13.9	24.4	(43.2) %

2) Adjusted EBITDA of $7.1 million (-60% on 1H FY20)

(m)[2]	1H FY21	1H FY20
Revenues	**70.8**	**95.7**
Network operations and station compensation expenses	(55.0)	(61.0)
Selling, general and administrative expenses	(12.2)	(20.5)
Equity based compensation expense	(0.5)	(0.3)
Gains on lease forgiveness	0.1	-
Foreign currency transaction gain	-	-
EBITDA	**3.1**	**13.8**
Interest income on Southern Cross Austereo Affiliate Contract	4.1	4.1
Gains on lease forgiveness	(0.1)	-
Foreign currency transaction gain	-	-

(m)[2]	1H FY21	1H FY20
Adjusted EBITDA	**7.1**	**18.0**

EBITDA and Adjusted EBITDA were negatively impacted by the revenue decrease as combined network operations and station compensation expenses, non-cash compensation and selling and general and administrative expenses decreased 17.2% ($14.1 million). The decrease in expenses was due to targeted expense reductions (including the termination of the Nine Radio station affiliation agreements), Jobkeeper/Canada Emergency Wage Subsidy ("CEWS") benefits and lower variable costs (primarily sales commissions and bonuses) due to the reduced revenue for the period.

3) NPATA of $2.6 million (-73% on 1H FY20)

Comparative NPATA was negatively impacted by the shortfall in EBITDA for the period less the tax benefit associated with the lower pre-tax profit. This was partially mitigated by a reduction in finance costs due to a decrease in interest rates which had a positive impact on NPATA for the period.

4) Strong liquidity position with net debt after cash of $15.3 million

Operating free cash flow before capital expenditure was impacted by a $12.8 million increase in accounts receivable related to the higher revenue during the period when compared to 4Q FY20. The additional revenue was weighted to the latter part of the half-year period. Capital expenditures were lower due to decreased flying of the Group's helicopters.

1H FY21 Cash Flow

(m)[2]	1H FY21	1H FY20
Adjusted EBITDA	**7.1**	**18.0**
Non-cash items in Adjusted EBITDA	0.5	0.3
Change in working capital	(10.4)	(2.4)
Impact of Southern Cross Austereo Affiliate Contract	1.0	1.0
Operating free cash flow before capital expenditure	**(1.8)**	**16.9**
Cash capital expenditures	(0.5)	(1.7)
Net free cash flow before financing, tax and dividends	**(2.3)**	**15.2**

The Group's cash balance was $48.5 million at 31 December 2020.

The Group has outstanding debt principal at 31 December 2020 of $63.8 million (including $3.8 million of leases from the adoption of AASB 16) and net debt (principal less cash balances) of $15.3 million.

In December 2020, the Group and its lender agreed to modify certain covenants and other terms of its debt facility. The purpose of these modifications was to allow the Group to remain in compliance with the terms of the debt facility given the ongoing impact of the COVID-19 pandemic on its financial results.

The Group is currently in compliance with the revised covenants by a wide margin and expects to continue to be in compliance in the future should the impact of the COVID-19 pandemic remain roughly comparable to what it has been for 1H FY21.

The Company did not declare a final dividend for FY 2020 or an interim dividend for 1H FY 2021 consistent with its strategy to conserve cash during the COVID-19 pandemic. The Company is prohibited from paying dividends (or repurchasing its shares) while the modifications to its debt facility are in place. Consistent with these restrictions, the Board terminated the share buy-back and the Company filed an Appendix 3F (*Final share buy-back notice*) on 25 February 2021.

5) Key operating metrics

Radio sell-out and spot rate were generally negatively impacted by the lower advertising demand related to the impact of the COVID-19 pandemic. Australia radio spots inventory was lower than the previous year period primarily due to the termination of the Nine Radio group affiliation agreements in July 2020. The termination of Nine Radio resulted in a considerable savings to the Group.

Key operating metrics by market (local currency)

	Notes	1H FY21	1H FY20
Australia			
Radio spots inventory ('000s)	1	472	540
Radio sell-out rate (%)	2	49%	62%
Average radio spot rate (AUD)	3	121	135
Canada			
Radio spots inventory ('000s)	1	344	342
Radio sell-out rate (%)	2	52%	61%
Average radio spot rate (CAD)	3	71	68
United Kingdom			
Total radio impacts available ('000)	4	9,807	9,806
Radio sell-out rate (%)	5	94%	99%
Average radio net impact rate (GBP)	6	1.3	1.3
Brazil			
Radio spots inventory ('000s)	1	221	209
Radio sell-out rate (%)	2	40%	60%
Average radio spot rate (BRL)	3,7	177	224

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.
7. Not adjusted for taxes or advertising agency incentives that are deducted from net revenue.

Appendix A

Reconciliation of non-IFRS disclosures

($m)[2]	1H FY21	1H FY20
Reconciliation of EBITDA and Adjusted EBITDA to Profit before income tax		
Profit before income tax	0.9	10.7
Depreciation and amortization	5.5	5.9
Finance costs	0.9	1.6
Interest on bank deposits and tax refunds	(0.1)	(0.1)
Interest income on long-term prepaid affiliate contract	(4.1)	(4.1)
EBITDA	**3.1**	**13.8**
Interest income on long-term prepaid affiliate contract	4.1	4.1
Gains on lease forgiveness	(0.1)	-
Foreign currency transaction gain	-	-
Adjusted EBITDA	**7.1**	**18.0**
Reconciliation of Profit (NPAT) to NPATA		
Profit (**NPAT**)	0.4	7.6
Amortization of intangible assets (tax effected)	2.3	2.3
NPATA	**2.6**	**9.9**