

oOh!media Limited  
ABN 69 602 195 380



3 May 2016

## **ASX Announcement**

### **Chairman's and CEO's Address to Shareholders at AGM – 3 May 2016**

oOh!media Limited (ASX: OML) presents the Chairman's and CEO's address to the Company's Annual General Meeting held on Tuesday 3 May 2016.

#### **Chairman's Address – Michael Anderson**

This past year has been one of great success for oOh!media in terms of achieving a strong financial performance and leading the development of the Out Of Home industry.

Our company has delivered significant profit growth and margin expansion and has surpassed Prospectus forecasts.

Globally, Out Of Home is benefiting from the disruption and pace of change in the advertising sector.

The Out Of Home industry in Australia is reflecting that momentum with its market share growing steadily, and reaching 5.8% of total advertising expenditure in 2015. This is up from 5.2% in 2014 and 4.8% in 2013.

Out Of Home provides advertisers:

- an incredibly flexible approach
- strong overall audience reach and;
- the capability to engage with specific audiences by time of day, lifestyle and geographic location.

oOh!media was at the forefront of the industry in 2015, introducing world-leading innovation such as multi-capability digital panels in shopping centres in Australia and New Zealand and this leadership will continue well in to the future.

Highlights of the year included:

- Our industry-leading digital revenue growth which reflected our business strategy of investing heavily to increase our digital capabilities, skills and digital asset rollout; and
- Organic growth through core products and the completion of strategic contracts and value-adding acquisitions.

Our company's 2015 year results, released in February, exceeded the previous corresponding period and the Prospectus forecasts on all key financial metrics of revenue, EBITDA and adjusted NPAT.

I am happy to advise that we are on track to deliver against 2016 guidance and I can confirm the Board's intent to again declare a dividend of between 40% and 60% of adjusted NPAT for 2016.

Our confidence in the business is based on a clear growth strategy that is:

- Creating opportunities to integrate our physical assets and content with mobile, online and social channels
- Enabling deeper two-way connection between audiences and advertisers; and,
- Driving the evolution of the dynamic world of Out Of Home.

The strategy is underpinned by the strength of our leadership team and supported by the Board's commitment to good governance.

Our Board and management has the diverse range of skills and experience required for us to ensure our company can realise the tremendous opportunities it has in front of it.

Our Board members are engaged in Board and sub-committees, including the Remuneration & Nomination, and Audit & Risk Committees.

We have embedded and applied the practices and processes recommended by the third edition of the ASX Corporate Governance Council Principles and Recommendations, as reported in our Corporate Governance Statement.

We have sought independent external advice as appropriate, for example, on our review of remuneration structures to ensure engagement of management and stakeholder alignment.

Our annual report incorporates additional disclosures on our remuneration framework and environmental, social and governance practices.

In conclusion, I would like to thank my fellow Board members, our CEO Brendon Cook, and all our management and staff for their commitment and efforts throughout 2015.

I also would like to thank you for your support as investors in oOh! and for your attendance today.

I would now like to introduce you to our CEO who will provide greater content and detail around our 2015 results, including an update on 2016.

## **CEO's Address – Brendon Cook**

Good morning and thank you for joining us here today. I am pleased to be back in front of investors to present our company's results.

As the first full year since relisting on the ASX, 2015 was an impressive year of strong financial and operational performance for oOh!media.

We met our strategic objectives, delivered stronger revenue and earnings growth and built our capacity to deliver on advertisers' current and future needs.

Our company's achievements were highlighted by significant inventory growth with the Inlink acquisition, the fast track rollout of our digital assets and innovation in customer-engaging, location-based assets.

oOh!media is a leading Out Of Home media company in Australia and New Zealand offering advertisers the ability to create deep engagement between people and brands across our network of Unmissable location based media.

We have delivered 11 years of consecutive revenue growth which is testament to our commitment to a strategy aimed at sustainable growth and to managing both our top line and bottom line.

Out Of Home is all about audiences and environments and we are everywhere. We are in drive-by, walk-by and stand-by environments with our inventory across shopping centres, airports, roadsides, universities, cafes, gymnasiums, office towers and online through our five content platforms.

Re-listing in 2014 allowed us to capitalise on the strong growth in Out Of Home and invest more in the conversion and rollout of our digital inventory.

Together with our data strategy, our investments are building our capabilities to stay at the forefront of the Out Of Home industry's growth and evolution and deliver audiences for advertisers in ways that are innovative and ground-breaking for Out Of Home.

Looking at our financial highlights, we ended 2015 strongly with year on year revenue up 7.3% and ahead of the Prospectus forecast by 5.0%.

Pro Forma EBITDA rose by \$15.6m or 37.1% to \$57.7m, ahead of the Prospectus forecast by 18.8%.

We achieved growth in our adjusted Pro Forma Net Profit After Tax of 56.8% to \$28.5m, also above the Prospectus forecast by 28.5%.

Our Pro Forma EBITDA margin was 20.6%, up from 16.1%.

These results enabled the Board to declare a final dividend of 6.7 cents per share giving a full year dividend of 9.5 cents per share.

oOh!media's total revenue grew by 7.3% to \$279.8 million compared to CY2014. After removing the revenue contribution from the contracts that were not renewed at the end of CY2014, our 2015 revenue grew in line with the industry.

We are particularly pleased to report to you the surge in our digital revenue growth. It rose by 47.6% year on year, exceeding the Prospectus forecast for 2015 of 40.4%.

Our total digital media revenue reached 31.9% of total group revenue in 2015.

This exceeded both our previous year's result of 23% and the Out Of Home industry's media only digital revenue in 2015 of 28%.

Our investment in product, combined with our extensive reach, sophisticated data and industry leading insights are driving our growth strategy.

Last year we delivered major initiatives against all five pillars of our strategy which are:

- Offering the most comprehensive product mix to enable advertisers to reach diverse audiences;
- Maintaining a strong concession base;
- An end-to-end digital strategy that drives ROI for advertisers;
- Driving the business through inspirational leadership and investing in our people to ensure they are the best in the business; and
- Creating value for all of our stakeholders by growing revenue and improving margin.

We have the broadest access to audiences through our portfolio of products - the most diverse in the Australian Out Of Home market – meaning more eyes in more locations.

In 2015 we strengthened our lease maturity profile.

We secured 145 new tenders and extended contracts with more than 485 landowners, including a new long-term contract with leading retail asset management group Vicinity that includes a major digital rollout in their centres.

We were pleased to acquire the premium digital Out Of Home company, Inlink Group, which added more than 2,800 digital screens in CBD locations to our inventory.

By delivering more audiences, more locations and more innovation, we are attracting more briefs from more advertisers and that equals more revenue.

Our digital revenue performance in 2015 was driven by significant operational highlights that accelerated our digital expansion, including:

- Delivering 17 new roadside digital billboards including Australia's largest full-motion digital billboard in Melbourne's Bourke Street Mall;
- Installing almost 900 new digital retail panels;
- Launching the next generation of interactive retail screens with EXCITE - a world-first in Out Of Home engagement; and
- Extending connection with audiences, by launching ShortPress, our integrated content platform in cafes.

Collectively, and with the acquisition of Inlink, this represents a massive leap forward in our digital offering.

Embracing technology was at the forefront of our success in 2015 as oOh!media progressed beyond the screen and led the industry into richer and engaging online content.

Our digital strategy is more than just digitisation of assets – it's about building foundations for the future, concentrating on diversifying our mix of assets to bring ever-increasing value to the business and importantly to advertisers as they engage with consumers.

As I indicated earlier, 2015 was a very strong year for oOh!media. Our comprehensive business strategy ensured we converted organic growth into strong profit expansion.

As well as Inlink, we completed acquisitions of Homemaker's retail assets across [x] retail centres, iOM large format signs in Melbourne and Fox Media's road signs across South Australia.

We upgraded our guidance twice in 2015 and delivered an EBITDA of \$57.7m - at the top end of our revised guidance.

Our results demonstrated a clear ability to leverage our operating infrastructure and grow margins faster than revenue with 82% of the incremental revenue flowing through to EBITDA and resulting in the EBITDA margin expanding from 16% to almost 21%.

Our digital revenues reached 38.3% of total group revenue in the fourth quarter of 2015 and that momentum that is continuing in 2016.

All our Australian divisions made a strong contribution. Road revenues grew by 8.4% with revenue from our large format digital roadside billboards up 241%.

Retail grew by 11.2%, with 37% of all revenue from digital activity, up 60%, and pushed by the launch of our large format digital atrium banners and interactive touch panels.

Fly and Place also contributed strongly with growth of 7.1% and 11.4% respectively. Digital revenue in Fly was up 10.7%, while Place grew 12.2%.

oOh!media's strong investment in digitising assets in New Zealand saw digital revenue grow by 19%.

Our free cash flow increased by almost 50% allowing us to fund capital growth and dividend payments to our shareholders.

Over the past 11 years oOh!media has led the evolution of the industry, introducing many firsts such as:

- Time of day advertising and recognition prompted advertising
- Content platforms to integrate our physical assets with online environment
- Development of our EXCITE panels that place retail consumers at the heart of advertising or enable them to control what's on the screen through gesture.

Our commitment to innovation and industry evolution was demonstrated by the national roll out in March this year of Tap Payment-enabled screens in shopping centres, which we launched with a campaign to attract donations for Walking Wounded.

This campaign was the result of a major trade initiative we undertook in 2015 called The Million Dollar Pitch, which achieved strong industry engagement and built new relationships.

We invited professionals in media and creative agencies and their clients to pitch for the chance to win a prize that included a \$1 million Out Of Home advertising campaign.

Looking ahead, oOh!media has a strong balance sheet for growth and we see a bright future as we increase our capabilities.

We will continue to digitise strategic locations. Already this year we have increased our digital roadside billboards to 27 and we expect to continue to increase during 2016.

We're on track for continuing digital revenue growth with a target of 45-50% of total group revenue in the medium term.

Our data strategy is about securing and using big data analytics for advertisers to get better ROI from their Out Of Home campaigns.

Our exclusive partnership with leading data analytics and insights company Quantum, announced in March this year, will provide Out Of Home advertisers with an Australian Out Of Home first in audience transaction and behaviour-targeting capabilities.

The deal will complement our leading combination of data, insights and audience-profiling tools.

While the 2015 results are great, our management and Board continue remain focused on innovation, leadership and revenue growth to drive even greater profitability for 2016 and our a long-term sustainability.

Our guidance for 2016 is for EBITDA growth of between 17-25% bringing our EBITDA to \$68-\$72 million.

We expect to spend \$20m to \$25m on capital expenditure in 2016.

In conclusion, I wish to thank the oOh!media team for such a successful 2015. Without their dedication and hard work, we would not be standing here providing such a positive result or outlook.

I would also like to thank my executive team, a very capable group of executives who continually look for ways to improve the business and keep us as the leaders of an industry that is going through rapid transformation.

And to the Chairman and fellow Board members, I cannot thank you enough for your support and guidance in 2015.

I am looking forward to an even more exciting 2016 and beyond as we continue to develop oOh! into a market-leading new media platform to ensure you, our shareholders, realise true value.

\*\*\*

**Media enquiries:** John Hanrahan, Lighthouse Communications Group - 0411 212 965

**Investor enquiries:** Wendy Collins, Corporate Administrator oOh!media Limited – 02 9927 5527

**About oOh!media Limited:** oOh! is a leading operator in Australia and New Zealand's fast-growing Out Of Home advertising industry. We create deep engagement between people and brands through Unmissable location-based media solutions. Our network is unparalleled, with a diverse portfolio of static and digital signs across roadside, retail, airport and place based media offering in CBD office towers, cafés, fitness venues, bars and universities. We combine this extensive reach with sophisticated data, industry leading insights and world leading digital innovation, integrating our physical inventory with social and mobile online channels to provide clients with greater connections with consumers.