

oOh!media Limited
ABN 69 602 195 380

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ASX Announcement



Chairman's and CEO's address to Shareholders at AGM – 28 April 2017

In accordance with Listing Rule 3.13, oOh!media Limited (ASX: OML) presents the Chairman's and CEO's addresses for the Annual General Meeting being held in Sydney today, Friday 28 April 2017, commencing 11:00am (Sydney time).

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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, cafes, 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.

Chairman's Address – Michael Anderson

Good morning Ladies and Gentlemen, my name is Michael Anderson, and as Chairman of your Company I am pleased to welcome you to the third Annual General Meeting of oOh!media Limited. I advise that the recording of this meeting by video, photos or audio is not permitted.

I will open by introducing the Directors of oOh!media.

- Tony Faure, who has deep experience in traditional and digital media and marketing, and extensive board experience;
- Debbie Goodin, the chair of our Audit Risk and Compliance Committee, who brings more than 20 years senior management experience in finance, operations, corporate strategy, M&A activity and corporate governance;
- Geoff Wild AM, who has had a distinguished career in advertising and marketing, co-founding Clemenger advertising agency and later merging it with the US BBDO group, and now Chairman of WPP Holdings (Australia);
- Darren Smorgon, the chair of our Remuneration and Nomination Committee, a former Director of CHAMP Private Equity, has extensive merger and acquisition experience where he was responsible for all aspects of the investment and portfolio company management processes, including specifically for oOh!media;
- Brendon Cook, our CEO and Managing Director, who founded the company in 1989 and since then has been at the forefront of the growth of the Out Of Home advertising industry and pioneering its move into digital; and
- I've been chairman of oOh!media since its listing in 2014. I'm also CEO and Managing Director of MediaWorks. I have over 25 years' experience in the media industry, including seven years as Chief Executive of Austereo Limited.

I also welcome our Company officers - Peter McClelland, our Chief Financial and Operating Officer, and Kate Eastoe, our General Counsel and Company Secretary; and the representatives of our auditors, KPMG, to the meeting - Mr John Wigglesworth and Mr Trent Duvall, the Company's audit partners.

Once again, I am delighted to report another year of excellent success for oOh!media. We continue to deliver strong financial performance as we execute our strategy of offering advertisers a platform to create deep engagement with audiences through our diverse portfolio of physical assets, linked to online, mobile and social media.

Our company has again delivered significant profit growth and margin expansion, and continues to exceed expectations by arriving at proscribed mileposts ahead of schedule.

Our Chief Executive Officer Brendon Cook will provide a more detailed financial and operational report shortly but please allow me to share some highlights:

- Revenue up 20.1% to \$336.1 million
- Digital revenue up 71.7% to \$153.3 million
- Underlying EBITDA up 27.4% and underlying NPAT up 16.8%
- Total dividends up 47.4% to 14.0c per share.

We should all be particularly proud of the rapid progress of our digital strategy. oOh!media achieved its initial target of having digital contribute 45-50% of total revenue more than two years ahead of schedule, and continues to set the benchmark in this critical space. Our constant growth in digital revenue is a direct result of the pace at which we are strategically digitising assets and the focus on growing environments that offer opportunities to leverage our content, data analytics, online and Wi-Fi capabilities.

oOh!media finished CY2016 in a strong position, with the highlights I just mentioned, demonstrating our ability to continue to benefit from greater operating leverage and achieve ongoing margin expansion.

oOh!media provides more than 14,000 classic panels, more than 8,000 digital screens and eight online platforms across Australia and New Zealand. This portfolio of premium assets across classic, digital and online formats allows our clients to command audience attention in a variety of metropolitan and regional locations. This ensures we remain at the forefront of an evolving industry. We are likely to be with you wherever you go. You can see us in airports, shopping centres, office buildings and at universities. You drive by us, you walk by us, and you even frequently stand next to us. We are with you in cafes, gymnasiums, and at entertainment and sporting venues.

A significant factor in our strong position is our capacity to recognise and act swiftly to secure opportunities that continue to drive our growth. One manifestation of this is our ability to continue to innovate by pursuing market-leading advertising initiatives, such as the “Halo” cylindrical digital screen at Melbourne Airport. Another is through the acquisition and speedy integration of synergistic and complementary organisations. As well as organic growth coming from our digital strategy, we continue to build our audience reach and/or build our capabilities through strategic acquisitions.

We made three strategic acquisitions during the year, and we are confident that each represents another growth lever by furthering our capabilities across content, production and audiences. Through 2016 we integrated the Inlink business into oOh! and further consolidated our position through the acquisition of ECN in November 2016. This significantly enhances the strong position we have held in the CBD office market since acquiring Inlink in CY2015 by adding another 1,020 signs across 280 buildings to our existing portfolio of CBD office towers and car parks. Junkee will play an important role in our digital strategy and Cactus in our Road strategy. The integration of these two businesses is a key focus for H1 2017 and all plans are on track.

In December last year we undertook a significant strategic initiative by entering into a Scheme Implementation Deed to merge with APN Outdoor Group. The benefits will be seen by shareholders of both companies as well as by advertisers as we compete across the broader advertising market. Pleasingly for shareholders, the merger is expected to deliver significant value accretion, including pre-tax cost synergies of at least \$20 million per annum on a run rate basis within two years of implementation, excluding one-off transaction and integration costs.

We remain very focused on progressing this merger. The Board of oOh!media believes the merger rationale that we have outlined is extremely compelling and the combination of these complementary businesses will create a leading Australian media group. The Board will recommend that shareholders vote in favour of the Scheme, in the absence of a superior proposal and subject to the Independent Expert concluding that the Scheme is in the best interests of oOh!media shareholders. From a timing perspective, we expect the Scheme

Meeting to be held in June, where shareholders will be given an opportunity to vote, with the Scheme implemented in July.

On a personal note, this will be my last opportunity to stand before you as your Chairman and as a Director. I announced my resignation last August, although I have agreed with the Board to delay my departure until the implementation date of the proposed merger. I would like to formally express my gratitude to my fellow Directors, whose counsel, strategic oversight, guidance and support has been of tremendous value. Thank you also to Brendon Cook, his extremely talented management team, to all of our wonderful employees, and to our customers and counterparties, all of whom have contributed to the success of oOh!media. I have been privileged and delighted to have been able to participate in the development of this fantastic company.

I will now ask Brendon to take you through his detailed financial and operational report.

CEO's Address – Brendon Cook

Thank you Michael, and good morning everyone.

On the outset, on behalf of the Board, I would like to acknowledge, appreciate and thank our Chairman, Michael for his valuable contribution to our brand and company. He will definitely be missed by the directors and me personally. I have valued and trusted his input and wish him all the very best.

CY2016 was another significant year for oOh!media. I would like to echo the Chairman's comments and acknowledge up front my gratitude for the hard work and dedication of all our staff throughout Australia and New Zealand who have made this possible, and to our customers and suppliers for their continued support.

I don't propose to say more about the proposed merger with APN Outdoor, other than to reiterate the Chairman's comments and express my excitement about the potential of a merged group. I am proud to be asked to lead this group and am very confident that our shared vision for the future of Out of Home advertising will continue to generate sustainable long-term benefits for shareholders.

We have now extended to 12 the run of successive years in which oOh!media has recorded growth in revenue. This underscores our commitment to, and successful execution of, a strategy to generate sustainable growth. Coupled with prudent financial management, this allows us to deliver for shareholders at both the top and bottom lines.

The Chairman has already noted total revenue growth of 20.1%, which was inclusive of acquisitions. Importantly, this strong aggregate performance is also built upon achieving strong organic growth across each product category:

- Revenue was up 12.3% to \$124.6 million in oOh! Road, our largest business;
- oOh! Retail grew revenue 10.2% to \$109.2 million;
- oOh! Fly increased revenue 2.8% to \$56.0 million;
- Locate by oOh! saw revenue growth jump 196.4% to \$28.9 million; and last but by no means least
- oOh! NZ enjoyed good growth, with revenue up 75.2% to \$9.8 million.

The acquisitions of Inlink in CY2015 and ECN in October 2016 provide Locate by oOh! with significant additional critical mass with which to augment the strong organic revenue growth of 13.0% achieved by the incumbent business in CY2016. With a network now comprising over 3,500 signs, of which 90% are digital, we have firmly consolidated our position in the premium CBD office environment.

Our investment in New Zealand also continues to generate strong results. Our Retail footprint covers 35 shopping centres and provides the broadest national coverage of any Out Of Home operator in the retail environment. We now reach more than 1.7 million people each week and remain excited about the opportunity to leverage our investment in New Zealand to build NZ revenues to the levels achieved in Australia.

You may have previously heard me explain that all of our business initiatives stem from a clear strategy based on five key pillars. We strive to:

- Deliver greater audiences and audience engagement, insights and a world-leading approach to audience-based connections for our clients;
- We achieve this by having a diverse product portfolio for advertisers;
- Implement a clearly defined end-to-end digital strategy linking the geo-specific nature of our assets with enhanced audience data and analytics and engaging content to drive return on investment for our clients;
- Provide inspirational leadership and continue to invest in our people to ensure they are the best in the business; and
- Create value for our stakeholders by growing revenue with improved margin opportunities.

oOh!media's end-to-end digital strategy goes beyond the conversion of classic panels to digital or growing inventory. Our mission is to utilise our diverse portfolio of digital assets to facilitate two-way interaction between brands and people. The strategy is built around:

- Progressively digitising our existing asset base, with a focus on converting screens in premium locations;
- Leveraging digital capabilities such as interactivity to deliver better audience engagement;
- Linking physical screens to mobile, online and social environments; and
- Collecting, analysing and generating insights from data to create better audience targeting, measurement and ROI outcomes.

The strong performance of oOh! Road is a direct manifestation of our continued digital rollout as demand for time-of-day and location-based advertising continues to rise. We converted 29 premium screens in Road to digital, taking the number of large format digital screens to 54. This saw us reach a prospectus target of 50 such screens two years ahead of schedule. We also pushed our digital expansion into regional locations, and undertook a successful cross-sell of Road campaigns across Retail, Fly and Locate by oOh!.

The rollout of both large format and interactive digital screens, as well as a number of major contract wins and renewals enabled oOh! Retail to also make a strong contribution. Retail's digital inventory rollout included 39 new EVOKE large format digital screens and an extra 200+ digital screens pushing the total to beyond 1,600. We expect a full year run rate of installations

in CY2016 to drive further revenue growth in CY2017.

oOh! Fly enjoyed strong underlying organic growth from a number of major contract wins and extensions in Melbourne and Brisbane which helped offset the loss of the Sydney Airport T2 contract. The strength of this business is not reflected in the small revenue growth reported. In respect to data, we continue to work with our strategic partner Quantum to develop unique and exclusive data and insights on audience profiles surrounding our signs. We will roll these insights out to advertisers in 2017.

Through the acquisition of Junkee Media, one of Australia's leading online publishers targeting Millennials, we took the number of proprietary online products to eight. This is a key part of being able to offer a 360 degree opportunity for advertisers to reach audiences, both in a physical sense through our signs, as well as through online, mobile and social environments.

We outlined a major goal in the 2015 Annual Report of having digital revenue representing more than 45.0% of total revenue by CY2018. I am delighted to report the 45.6% digital contribution to total revenue in CY2016 not only saw us achieve this milestone two years ahead of schedule, but it also firmly placed oOh!media as a market leader in this space. And that's not the only overachievement in CY2016.

Underlying EBITDA of \$73.5 million exceeded guidance of \$68-72 million set early last year, and also came in at the high end of the revised range of \$72-74 million announced in our December 2016 trading update. Underlying EBITDA reflects adjustments for certain non-operating items including impairment and acquisition-related expenses. We believe using underlying profit provides a better representation of financial performance in the ordinary course of business. These items are explained in more detail in the 2016 Annual Report that you should have already received. Copies are also available here today if you have not received one. This EBITDA result represents a margin of 21.9%, which expanded by 1.3 percentage points from CY2016 and a clear indication of our ability to continue driving operating leverage while concurrently investing in our people, data and systems.

These results enabled the Board to declare a final and fully franked dividend of 10.0 cents per share (increased by 3.3 cents per share). Together with the interim dividend of 4.0 cents per share, this provided a total dividend for 2016 of 14.0 cents per share, up 4.5 cents per share, or 47.4%.

We also continue to manage our balance sheet and capital wisely. We invested \$123 million in 2016 through capex on asset conversions and business systems, and acquisitions, and we managed our debt to EBITDA position to 1.6x, similar to the prior year.

oOh!media is a growth company and we operate in a growth industry. Out Of Home continues to grow, locally and globally, as advertisers leverage the growth in audiences and exploit new digital capabilities. Our year-to-date trading is in line with our revenue and EBITDA growth expectations, and strength in Road and Retail/Lifestyle is more than offsetting some softness in Fly. Continued Digital conversion – 9 Road signs, 14 new Evokes, and 200 Shopalive Retail panels. As previously indicated, due to the proposed merger, we are not currently in a position to provide detailed financial guidance.

I would like to thank the oOh!media team and Board without whose diligent enterprise and endeavour we would not be standing here celebrating another year of extraordinary success. Our future is bright and I'm looking forward to more innovation, more excellence and more success as we continue to expand the boundaries of the Out Of Home advertising experience. We will continue to create exciting opportunities for our customers, we will continue to provide

an engaging and enjoyable workplace for our employees, and we will continue to strive to generate rich and sustainable benefits for our shareholders.

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