

# ooh!<sup>®</sup> ANNUAL REVIEW 2017

oOh!media Limited ACN 602 195 380 ASX:OML



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This 2017 Annual Review for oOh!media Limited has been prepared as at 19 February 2018. The 2017 Annual Review provides a summary of oOh!media's main operating activities and performance for the year ended 31 December 2017. For further information about oOh!media's results and performance in 2017, please refer to the 2017 Annual Report (and the 2017 Financial Report, which forms part of the 2017 Annual Report). These and other reports are available from the Investors section of our website: [www.oohmedia.com.au](http://www.oohmedia.com.au).

This 2017 Annual Review is not a Concise Report prepared under section 314(2) of the *Corporations Act 2001* (Cth). The Company has not prepared a Concise Report for the financial year ended 31 December 2017.

## Company Overview

oOh!media 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 classic and digital signs across roadside, retail, airport and place-based media offerings 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.

**12,000**  
CLASSIC

**8,000**  
DIGITAL

**8 ONLINE**  
PLATFORMS



**20,000  
SIGNS**

**DIVERSE  
PORTFOLIO,  
NATIONAL REACH**

**Retail**  
**Locate**  
**Road**  
**Fly**

**LONG-  
TERM  
CLIENTS**

**DIVERSE  
LONG-TERM SITE  
PORTFOLIO**

**BALANCED  
REVENUE  
MATURITY  
PROFILE**

**8,000  
DIGITAL  
SCREENS**

**DIGITAL / DATA  
PRESENCE**

**8  
ONLINE  
PLATFORMS**

# CY2017 Highlights

oOh!media's financial results for the year ended 31 December 2017 included strong revenue and profit growth together with continued margin expansion and increased dividend payments to shareholders.

## Financial

### REVENUE



**\$380.3  
MILLION**



**13.1%  
GROWTH**

### DIGITAL REVENUE



**\$227.4  
MILLION**



**48.3%  
GROWTH**

### UNDERLYING EBITDA<sup>1,3</sup>



**\$90.1  
MILLION**



**22.5%  
GROWTH**



**\$47.2  
MILLION**



**22.5%  
GROWTH**

### NPAT



**\$33.1  
MILLION**



**35.5%  
GROWTH**

### DIVIDEND



**15.0  
CENTS**



**7.1%  
GROWTH**

1. Earnings before interest, tax, depreciation and amortisation is a non-IFRS measure. This is included in management reports reviewed by the Group's chief operating decision maker (the Board).
2. Net profit after tax before acquired amortisation (after tax) and non-cash items such as impairments. The Directors believe NPATA is an important measure of the earnings of the business due to the number of acquisitions undertaken during historical periods that resulted in higher than normal amortisation, which represents a non-cash charge.
3. The Directors believe Underlying is an important measure of the underlying earnings of the business due to a number of non-operating items including impairment, acquisition-related expenses and merger costs, as detailed on pages 16 and 18 of this Annual Review.

Our strategy continues to deliver a strong competitive platform for the Company. We have built the broadest and most defined audience and geographic reach across a balanced and diversified portfolio of 20,000 classic and digital signs covering Australia and New Zealand.

## Operational



Digital delivers 60% total revenue



Fly and Locate improved H2 results with strong 2018 bookings



Balanced, diverse and long-term lease maturity profile



Exclusive client wins with first transactional data-led campaigns

**oOh!media delivered the first transactional data-led campaigns, including exclusive client wins and new oOh!media category advertising clients.**



## Chair Review

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### Tony Faure

On behalf of the Board of Directors, I am pleased to present the CY2017 Annual Review – my first as Chair of oOh!media Limited. I am privileged to serve as Chair of the leading Out Of Home media company in Australia and New Zealand.

Over the past year, we have further developed that leadership position and we continue to be at the forefront of the industry in providing an unrivalled and integrated network, connecting audiences and advertisers to deliver results.

#### Overview of financial results

During CY2017, the Company delivered another strong set of financial results while continuing to build the best strategic platform for future growth.

At the top line, revenue increased 13.1 per cent to \$380.3 million, reflecting robust organic growth across our diversified product portfolio combined with the revenue contribution from the three businesses we acquired in CY2016.

We continue to have strong operating leverage within our business, with earnings (Underlying EBITDA) increasing by 22.5 per cent to \$90.1 million. This is within the guidance range we provided to the market at our half year result.

Underlying NPATA increased by 22.5 per cent to \$47.2 million, which demonstrates our ability to leverage the scale of our operations to grow profits faster than revenue, while continuing to invest in order to deliver sustainable growth for the future.

The Company declared a fully franked final dividend of 10.5 cents per share, bringing the full year dividend to 15.0 cents per share fully franked, compared to 14.0 cents per share for the prior year.

A more detailed discussion of the Company's financial results is contained within the Operating and Financial

Review within this Annual Review and the 2017 Annual Report.

#### Termination of merger agreement with APN Outdoor

In May 2017, the Company advised that the proposed merger with APN Outdoor had been terminated, due to competition issues raised by the Australian Competition and Consumer Commission (ACCC) regarding the supply of Out Of Home advertising services.

While both oOh!media and APN Outdoor disagreed with the findings of the ACCC, we believed the material concessions the ACCC was likely to require for the transaction to proceed would adversely compromise the merits of the merger and therefore would not be in the best interests of shareholders.

Notwithstanding this, oOh!media remains in a very strong competitive position to implement our strategy to maximise value for shareholders.

#### Strategy

Our strategy has been consistent over a number of years and executing it continues to deliver a strong competitive platform for the Company.

We have a business that reaches multiple audiences and our focus has been to build those audiences across our three distinct environments of drive-by, walk-by and stand-by.

A key part of this strategy has been our program to convert selected assets from classic to digital. As a result, we have built one of the largest digital networks in the country, with 8,000 screens.

This allows us to provide compelling content and engagement opportunities that are highly relevant to audiences. It also delivers an audience platform for unique advertiser content for Out Of Home screens and mobile screens.



Meanwhile, we maintain our strong classic Out Of Home offering, continuing to provide brands with a big, impactful presence for their campaigns.

**“The next phase of our strategy is to leverage our investment in data to provide our clients with unique and meaningful audience analytics to maximise targeted audience reach.”**

Our exclusive relationship with Quantum, Australia’s largest independent data analytics company, combined with oOh!media’s own data sets, means we can provide our clients with unique and powerful audience insights to enable them to maximise the return on their advertising spend through enhanced utility of our signs.

We have continued to extend our audience reach beyond physical screens into a number of online environments. The success of that strategy is reflected in the number of our clients who have created impactful and effective campaigns across the oOh!media network. We have provided further detail on these campaigns in this Annual Review.

**Board and governance**

The Board has established a strong corporate governance framework which underpins our business.

Equally, the Board maintains a highly complementary set of skills and experience across a wide variety of backgrounds to support the management team in executing the Company’s strategy to create sustainable value for shareholders.

This collective experience includes audit and compliance, strategy, M&A, traditional and digital media, disruptive innovation and technology, and advertising and marketing.

There were two changes to the Board during the year. Michael Anderson stood down as Chair following his acceptance of the Chief Executive role of MediaWorks in New Zealand. On behalf of my fellow Directors, I would like to personally acknowledge the significant contribution Michael made as Chair since our Company’s listing in 2014. Michael provided outstanding leadership and counsel and we are fortunate that he will remain on the Board as an Independent Non-executive Director.

We were pleased to welcome Joanne Crewes to the Board as an Independent Non-executive Director in September 2017. Joanne has wide-ranging experience across various senior leadership roles globally over her 27-year career with Procter & Gamble. Joanne brings valuable insights into consumer value propositions, data-driven insights, brand positioning and client-side marketing perspectives to our Company.

My ongoing shareholding in, and consultancy support to, Junkee Media means that I am not classified as an Independent Director. As part of our corporate governance procedures, the Board has appointed Debbie Goodin as Lead Independent Director. In this role, Debbie can assume the role of Chair as required and we have prepared a Non-Independent Chair Protocol. This is available on the Investor section of our website.

**Conclusion**

The implementation of our strategy delivered another strong financial result in CY2017 and continues to provide us with the platform to create sustainable growth opportunities across our business.

On behalf of the Board, I want to thank Brendon and his management team and all our employees across Australia and New Zealand for their hard work in delivering these results.

I would also like to acknowledge the ongoing support of our shareholders and assure you of the Board’s ongoing commitment to maximise sustainable value creation over the longer term.





## CEO Report

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### Brendon Cook

#### Q. What are your reflections on 2017?

A. It was a great year overall – great results, continued delivery against strategy and a capable, engaged and high performing team.

#### Q. What have been the key highlights of the result in CY2017?

A. I'm pleased with the Company's overall progress last year which continues the strong performance since our listing in late 2014. During that time, we have more than doubled our earnings with Underlying EBITDA of \$90.1 million for CY2017.

While the Out Of Home sector continues to grow (and outperform the total advertising market), we're continuing to grow our business faster than the market, which is reflected in our total revenue growth of 13.1 per cent, including organic sales growth of 8.0 per cent.

We're also continuing to successfully leverage the scale of our operations to drive margin improvement in both percentage and absolute dollar terms. That leverage means we're continuing to grow profits faster than revenue, which demonstrates the strong earnings capacity our product mix delivers for the business.

Numbers aside, I think we've also made significant progress on our strategy. We're leading the market in delivering innovative solutions for clients to integrate data and content as part of our audience-led strategy across our network.

Some of the campaigns we have developed for clients are truly ground-breaking in terms of how we're changing the value equation for advertisers. The campaigns are delivering larger audiences and greater impact for our clients which, in turn, is creating more compelling reasons for advertisers to spend with us.

We continue to operate the most diversified portfolio in the industry and renewing leases and maintaining a balanced lease expiry profile remains a core strength of our business. During the year, the business successfully renewed or extended a number of key concession agreements. The cumulative percentage of revenue attached to leases expiring more than three years from the reporting date increased from 50.0 per cent to 65.5 per cent.

#### Q. What is the strategic rationale for having a broad portfolio of products?

A. In simple terms, advertisers want to buy audiences that meet their product objectives. Our strategy therefore has been consistent over many years. We have built the broadest and most defined audience and geographic reach across a balanced and diversified portfolio of 20,000 classic and digital signs covering Australia and New Zealand.

Equally, it's about ensuring we can build and execute around data and interlock more connections between how online and offline elements work more effectively together. We're the only Out Of Home operator with online platforms who can deliver that capability for advertisers across a variety of environments. We're successfully integrating our offline products with our online platforms and utilising our social media and experiential expertise to deliver results for clients.

The campaign we developed for Qantas Assure last year was a very good example of how we're combining these elements. We successfully integrated native content and creative campaign execution from Junkee Media, with our digital signs and our on-street experiential teams, to reach audiences in a multitude of environments to drive awareness and results for Qantas Frequent Flyer's wellness program.

The campaign resulted in oOh!media dramatically outperforming the download targets of the Qantas Assure app and an increase in website traffic of over 3 times month on month.

The success of that campaign demonstrates the power that can be delivered by integrating content, data and a combination of offline (Out Of Home and experiential) and online (Junkee Media and social media) platforms.

**Q. What has been the level of activity in asset conversion from classic to digital over the year and how do you think about the next stage of growth?**

**A.** We're continuing to implement the digitisation of our asset base in a consistent and disciplined way.

Across the portfolio, digital revenue increased by 48.3 per cent to \$227.4 million for 59.8 per cent of total revenue. This is a strong result and well ahead of the industry average.

We now operate around 8,000 digital signs, delivering the most effective impact and reach on the best Out Of Home platforms in Australia.

We continue to see opportunities for selective investment in digital conversion across all our environments.

Our focus remains on ensuring the quality of impact and the quality of delivery to advertisers and how that distribution matches to our audience plays. During the year we converted 21 classic signs to digital across our metropolitan areas. This brings the total number of digital metropolitan billboards to 64.

The important part of our digital conversion strategy is maximising and leveraging the scale of our network. It's not just about the number of digital signs.

Our disciplined approach to capital expenditure means we will only invest where that investment delivers greater audiences. We will continue to be disciplined about capital spend to deliver the largest audience scale across our categories.

**Q. How have you progressed your regional strategy over the past year?**

**A.** We're continuing to expand our regional footprint and invest in the right locations to deliver the largest regional footprint in Australia. Regional is unique to oOh!media and we're able to leverage that network in a targeted and audience-led way across our Road, Retail and Fly products.

**Q. You've said digital is more than sign conversions and talked a lot about data – what data is good data?**

**A.** Good data is data that meets clients' objectives such as planning data or data that provides unique insights into the audiences being targeted by the advertiser. We have invested in a number of data sets to provide our business with this unique capability.

Our exclusive partnership with Quantum is one example where we can enhance our data insights and audience profiling with data based on actual consumer spending. This is one of the most extensive data sets available and, importantly, is compiled at a location level which can be overlaid with our sign locations to give unique audience insights. This enables our clients to maximise the geographic location of our platform in a targeted manner not previously available in Out Of Home. This ultimately improves the return-on-investment opportunity for our clients.

A good example here is the baby products category. Traditional planning would use demographic data to target main grocery buyers to reach the potential target audience. However, with our data capability, we're able to use buyergraphic information and use our inventories to target the specific buyers of baby products as opposed to wider demographic information. We were also able to identify an additional audience of 400,000 buyers of baby products who did not identify as main grocery buyers.

**Q. How do you monetise this investment and how will this increased use of digital platforms and data impact yields?**

**A.** Essentially, it boils down to maximising total revenue across our inventory, which will drive improved yields.

The link to data here is important. The more data and the more effective data we have means more clients wanting to spend on our platforms. We're changing the value equation for advertisers, giving them more reasons to spend with us.

However, it's not just about volume. It's also about ensuring we're effectively using other levers such as occupancy and rate to drive total revenue and leveraging our fixed/variable cost structure to maximise yield across the portfolio.

That is how we will monetise the investment.



**Q. Why is content so important to oOh!media's strategy?**

**A.** We believe digital signage in certain locations should play more than just ads – it's about relevant context. With content and targeted advertising, we deliver better results to advertisers.

A relevant example here is what we've achieved in universities. As a location, a university provides an opportunity to target a specific audience for advertisers. We launched a campaign that included customised creative running on our digital screens across 99 university campuses nationally, coupled with a three-part native content series on our online platform, Uni Junkee, that was amplified on our panels and also through social media. That campaign delivered a 300 per cent increase in university student bookings and a significant increase in brand metrics, including 924,000 campaign impressions, a campaign footfall of 2.6 million via the Study screens, and social reach of more than 420,000.

Our Out Of Home suite of data, when combined with online and social media, gives advertisers deep audience insights, and we're now delivering a better way of combining Out Of Home locations with the strength of online and social media at location.

**Q. How are you investing in and developing your people to support the growth of the business?**

**A.** The successful growth of our business over the past 4 years is reflected in the growth and development of our people. While we have added new roles across the Company since 2014, our focus has been on securing and retaining the right mix of talent and skills to drive our future success.

For example, as we build our data, systems and analytics capability further, it's been important for us to have the right skills and capabilities to maintain our leadership position in the market.

We now have 15 people working across data science, data architecture and machine learning in our business.

We're also focused on leadership development and diversity across the business, including best practice HR initiatives to ensure that we continue to attract and retain the best and brightest people in the industry.

I'm pleased to say that this has been reflected by our industry award wins, such as the Sir Ken Robinson Innovation & Creativity Award at the Australian HR Institute Awards and being recognised by HRD magazine as one of the Innovative HR teams of 2017.

**Q. How have the recent acquisitions performed in CY2017 relative to your expectations?**

**A.** In an overall sense, I'm pleased with the performance of our acquired businesses. Strategically, the businesses we acquired in CY2016 enhance our digital and product capability, provide synergies across the portfolio and deliver significant revenue opportunities, particularly in targeting high value audiences such as office workers and millennials.

In Office, we indicated at the first half result that while the integration of Inlink and ECN had successfully delivered cost synergies, growth at the top line was below our expectations. Our focus in the second half of the year to develop the sales team and improve the market's understanding of our Office product has resulted in a significant improvement in revenue in the fourth quarter which is creating solid momentum for CY2018.





The content value proposition of Junkee Media is meeting our expectations and this business contributes a new audience specialty in targeting millennials and further builds our online capability. Junkee Media's traffic across its online brands increased by 30.0 per cent since acquisition. We're also seeing increased responses to advertiser briefs where the combination of oOh!media's physical assets and our online audience reach is winning new advertising revenue. Cactus Imaging is also performing to our expectations in providing us with supply chain efficiencies in the delivery of classic print outdoor advertising across our network.

**Q. How important is oOh!media's systems development and how is this progressing?**

**A.** It's critical. From the day we created this business, we said the future would look very different and we have been ahead of the curve through investment in systems delivery and building our internal capability.

Phase one was focused on converting classic signs to digital to increase the capacity in our key locations. This network scale, enhanced functionality and new creative capability has been very successful.

Phase two is about changing the value equation for advertisers through more audience insights and our unique data and systems capabilities to allow better targeting to improve advertiser return on investment.

We're implementing a machine learning driven cloud-native platform and systems architecture to provide our clients with enhanced flexibility to drive this strategy, which will be rolled out in the first half of CY2018.

**Q. What is the longer-term outlook for the sector and how are you positioning the Company to compete?**


**A.** I think the future for the sector is bright. The industry is targeting an increase in Out Of Home's share of the total advertising spend from around 6.0 per cent to 8-10 per cent. That represents an overall increase in potential spend of \$260 million to \$520 million. Advertisers continue to direct more of their advertiser spend to Out Of Home, with the sector growing by (7.3 per cent per the Standard Media Index Trends Report for December 2017) in the past 12 months while the total advertising sector grew only 0.7 per cent.

We know from independent research<sup>1</sup> that Out Of Home advertising provides advertisers with a higher return on their investment and that in combination with digital and TVCs provides strong returns on investment in Australia and globally.

As audiences shift increasingly to mobile environments, we have created the systems and platforms to deliver those audiences to our clients.

In the mobile environment, it's about location and relevance and we now have unique capability in both of those areas. This gives me great confidence that we have built the strongest Out Of Home platform, which combined with our mobile first online platforms and social media expertise, will drive our future success.

1. Analytics Partners ROI Study (July 2017).



**“The more data and the more we have means more spend on our platform for the value equation for them more reasons.”**



**the more effective data  
the clients wanting to  
use. We're changing  
for advertisers, giving  
to spend with us."**

# Operating and Financial Overview

## Introduction

oOh!media continued to successfully implement its strategy, which was reflected in strong revenue growth in CY2017.

The Company also improved its operating margins by continuing to leverage the scale of its diverse product portfolio in the Out Of Home media sector.

As a result, earnings and profitability continued to grow faster than revenue and increased significantly on the prior year.

Meanwhile, oOh!media continues to generate increased free cash flow and remains strongly capitalised with improved credit metrics and significant headroom within its funding facilities.

## Group Financial Results

A\$m unless specified	CY2017	CY2016 <sup>1</sup>	Variance (\$)	Variance (%)
<b>Revenue</b>	<b>380.3</b>	336.1	44.1	13.1
Gross profit	<b>175.5</b>	144.9	30.6	21.1
Gross profit margin (%)	<b>46.2%</b>	43.1%	n/a	+3.0ppts
Total operating expenditure	<b>(85.5)</b>	(71.4)	14.1	19.7
<b>Underlying EBITDA</b>	<b>90.1</b>	73.5	16.5	22.5
Underlying EBITDA margin (%)	<b>23.7%</b>	21.9%	n/a	+1.8ppts
Non-operating Items	<b>(2.1)</b>	(3.3)	(1.2)	(34.1)
EBITDA	<b>87.9</b>	70.3	17.6	25.1
Depreciation and amortisation	<b>(33.5)</b>	(27.7)	5.8	20.9
EBIT	<b>54.5</b>	42.6	11.8	27.8
Net finance costs	<b>(5.5)</b>	(5.0)	0.6	11.3
Profit before tax	<b>49.0</b>	37.6	11.4	30.2
Income tax expense	<b>(16.0)</b>	(13.2)	2.7	20.4
Net profit after tax	<b>33.1</b>	24.4	8.7	35.5
<b>Underlying NPATA</b>	<b>47.2</b>	38.5	8.7	22.5
EPS (cps)	<b>20.2</b>	16.0	4.2	26.4
Full year dividend fully franked (cps)	<b>15.0</b>	14.0	1.0	7.1

Differences in values due to rounding, ppts means percentage points, cps means cents per share.

### Revenue increase reflects the benefits of diverse product portfolio for sustainable growth

Revenue increased by 13.1 per cent to \$380.3 million, driven by solid top line growth across Road and Retail, an uplift from digital conversions during the year and contributions from the three acquisitions completed in CY2016.

The growth in revenue also reflects oOh!media's continuing increase in market share in the Out Of Home advertising sector.

According to the Standard Media Index Trends report for December 2017, the Out Of Home sector continued to record strong growth during 2017. Out Of Home revenue grew 7.3 per cent for the year compared to a 0.7 per cent increase for the overall media industry.

Organic growth of 8.0 per cent contributed \$26.0 million to the \$44.1 million uplift in revenue with acquisitions generating the remainder of revenue growth.

oOh!media remains at the forefront of digital disruption in the sector with continued digitisation of assets in premium locations across the Company's network. As a result, digital revenue increased to \$227.4 million, an increase of 48.3 per cent on the prior year. Digital revenue as a percentage of total revenue increased to a record 59.8 per cent for CY2017, compared to 45.6 per cent in CY2016.

oOh!media's diversified asset portfolio provides exposure to a broad range of Out Of Home segments and underlying lease contracts. This scale and diversity enables the Company to deliver sustainable growth while also mitigating the fluctuations in advertiser spend in specific categories.

1. Certain CY2016 account balances have been restated for a change in policy relating to the tax treatment of intangibles on acquisitions. More details are provided when discussing the tax expense on page 18 of this Annual Review.



A\$m unless specified	CY2017	CY2016	Variance (%)
Road	137.1	124.6	10.0
Retail	126.3	109.2	15.7
Fly	55.0	56.0	(1.8)
Locate	34.0	28.9	17.4
New Zealand	9.6	9.8	(2.2)
Other	18.3	7.6	140.0
<b>Total</b>	<b>380.3</b>	<b>336.1</b>	<b>13.1</b>

Road and Retail continued to deliver double digit revenue growth, with Road up 10.0 per cent to \$137.1 million and Retail increasing by 15.7 per cent to \$126.3 million.

Within Road, 21 premium screens were converted to digital during the year, bringing the total of metropolitan owned large format digital screens to 64. The Retail business has benefited from the digital capital investments of the prior two years.

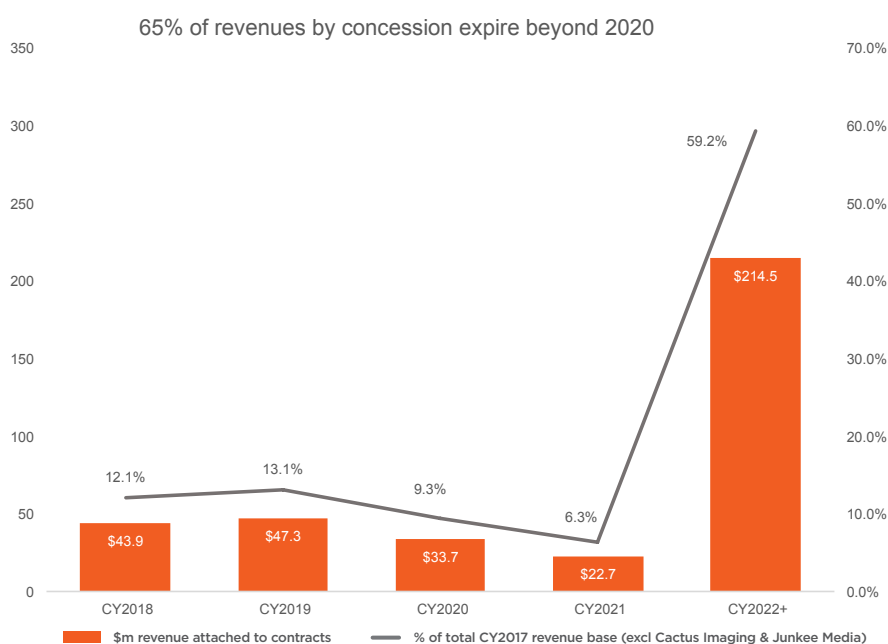
As indicated at the half year result, despite an increased customer base, revenue in the Fly business was impacted by reduced spend by three major advertisers with revenue down 1.8 per cent on the prior year. However, the business improved significantly in the later part of the second half of the year as advertisers returned to the segment. Revenue in the fourth quarter was up 15.0 per cent, creating a stronger platform into CY2018.

Locate generated a 17.4 per cent lift in revenue, with a stronger performance in the second half of the year. Having successfully integrated the ECN business with cost synergies realised, the focus in the second half of the year was to restructure the sales team and re-position the go-to-market proposition of the business. These initiatives have resulted in an improvement in revenue in the fourth quarter and with Q1 2018 forward bookings significantly stronger than in the same period of the prior year.

New Zealand grew revenue by 28.0 per cent on an underlying basis excluding the Westfield concession, which in-housed its advertising at the beginning of CY2017 as had been expected. On a reported basis, revenue in this market declined modestly by 2.2 per cent.

Revenue from Junkee Media and Cactus Imaging more than doubled to \$18.3 million, reflecting the full year impact of these businesses acquired part way through CY2016.

oOh!media continues to maintain a balanced and diverse lease maturity profile with only 12.1 per cent of revenues attached to contracts up for renewal in CY2018. Meanwhile, no more than 13.4 per cent of contracts are due for renewal in any one year before the end of 2022.<sup>1</sup>



1. Calculated by dividing the CY2017 revenue achieved per concession grouping by the total CY2017 revenue base (excluding Junkee Media and Cactus Imaging). This result is represented in the year in which the current lease expires with no extension option at the control of oOh!media. Where there are extension options under oOh!media's control, the end of this option period is reflected.

## Improvement in margins demonstrates continued ability to drive operating leverage

Increased revenue translated to gross profit of \$175.5 million, an increase of 21.1 per cent on the prior year.

Gross profit continues to grow at a faster rate than revenue. Similarly, gross profit margin improved by 3.0 percentage points to 46.2 per cent reflecting the Company's continued ability to leverage the scale of its operations to drive margin improvement.

Operating expenditure excluding depreciation, amortisation and non-operating items of \$85.5 million increased by 19.7 per cent on the prior year. Approximately 55.0 per cent of this increase related to the three businesses acquired in CY2016, with the remaining increase relating to continued investment in marketing and research as the Company implements its digital and audience-led strategy.

Notwithstanding the increase in operating expenditure, underlying EBITDA improved by 22.5 per cent to \$90.1 million. Underlying EBITDA margin also continued to improve, up 1.8 percentage points to 23.7 per cent.

Non-operating items of \$2.1 million (pre-tax) are excluded from underlying trading results and relate predominantly to costs associated with the proposed merger with APN Outdoor that was terminated on 19 May 2017.

Depreciation and amortisation increased by 20.9 per cent to \$33.5 million due to the increased level of capital expenditure incurred over the previous years relating to the expansion of the Company's digital footprint and acquisitions made in the prior year.

Net finance costs increased by 11.3 per cent due primarily to an increase in drawn debt to fund the acquisitions completed in CY2016.

During the year, the Company changed its accounting policy regarding the recognition of deferred tax liabilities on acquisition-related intangible assets. The profit and loss impact of this change was a decrease in the tax expense of \$3.6 million (the CY2016 impact would have been \$2.9 million). The Group believes the new policy provides improved financial performance clarity as it more closely aligns the effective tax rate with the corporate tax rate, and moves the accounting for deferred tax liabilities in line with other comparative companies. This change in policy has no impact on tax payments made.

Underlying NPATA increased by 22.5 per cent to \$47.2 million, and oOh!media reported a 35.5 per cent increase in NPAT to \$33.1 million.

## Full year dividend consistent with dividend policy

The Company declared a fully franked final dividend of 10.5 cents per share, bringing the full year dividend to 15.0 cents per share, fully franked, compared to 14.0 cents per share for the prior year. The final dividend for CY2016 of 10.0 cents per share included a special dividend component of 3.0 cents per share related to the proposed merger with APN Outdoor.

The full year dividend for CY2017 is consistent with the Board's dividend policy to pay dividends in the range of 40-60 per cent of Underlying NPATA.

## Continued strong cash flow generation

A\$m unless specified	CY2017	CY2016	Variance (\$)
EBITDA	87.9	70.3	17.6
Net change in working capital	(4.2)	(0.8)	(3.4)
Interest and income tax (included in net cash from operating activities)	(33.3)	(15.4)	(17.9)
<b>Net cash from operating activities</b>	<b>50.4</b>	54.1	(3.7)
Capital expenditure	(33.9)	(39.0)	5.1
Concession development advances/(payments)	0.1	(3.7)	3.8
<b>Net cash flow before acquisitions and financing</b>	<b>16.6</b>	11.4	5.2
Acquisitions	(1.0)	(84.2)	83.2
<b>Net cash flow before financing</b>	<b>15.5</b>	(72.8)	88.4

The Company continues to generate strong cash flow with free cash flow generated, excluding acquisitions, increasing by 45.0 per cent to \$16.6 million. Net cash flow from operations in CY2017 was impacted by a significant increase in tax paid during the year as the Company transitioned to paying tax on an instalment basis in addition to a payment of \$14.5 million related to the 2016 tax year.

The Company continues to adopt a disciplined approach to capital expenditure with total capital expenditure of \$33.9 million compared to \$39.0 million in the prior year. Capital expenditure in CY2017 reflects the digital strategy to convert signs from classic to digital and includes \$6.2 million of investment in technology, systems and infrastructure to underpin the future growth of the business.

## Robust balance sheet and strong credit metrics providing financial flexibility

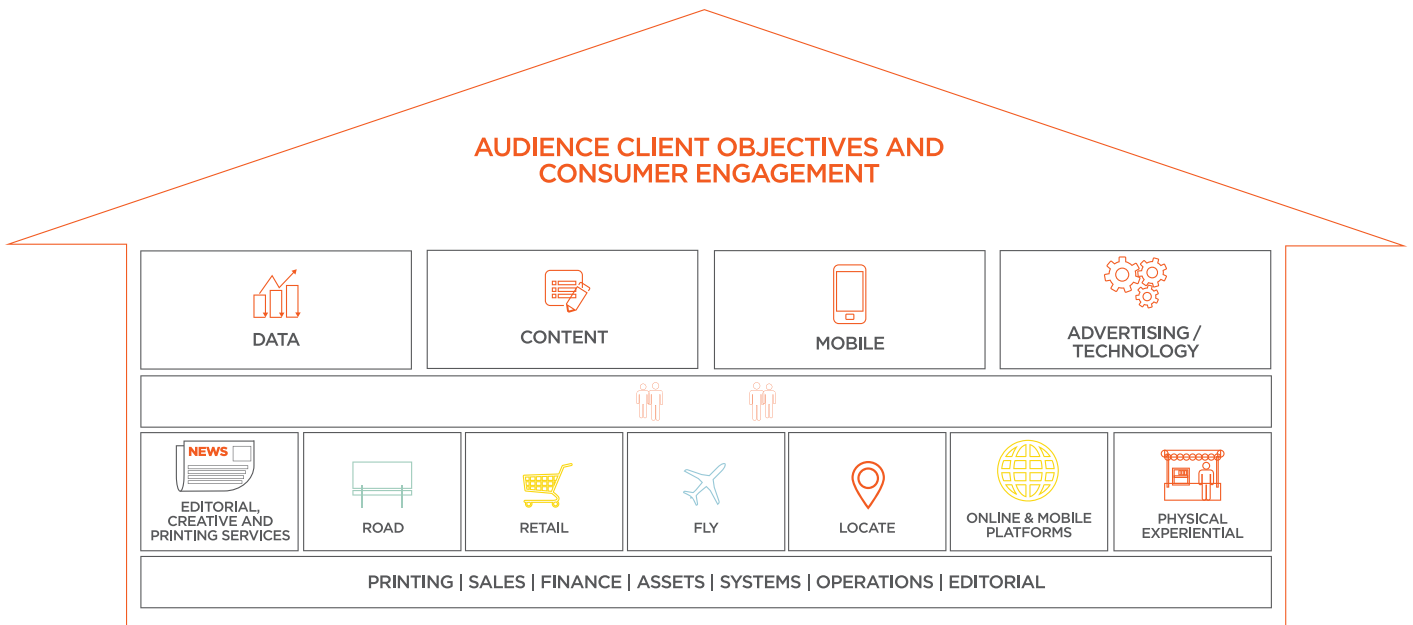
A\$m unless specified	CY2017	CY2016	Variance (\$)
Borrowings	138.8	122.4	16.4
Cash and cash equivalents	(15.9)	(8.2)	7.7
Net debt	122.8	114.2	8.6
<b>Leverage ratio (net debt/Underlying EBITDA)</b>	<b>1.4x</b>	1.6x	(0.2)x

The Company's balance sheet remains strong with the net debt / Underlying EBITDA ratio at 1.4 times compared to 1.6 times for the prior year and remaining well within the Company's banking covenants.

The increase in net debt to \$122.8 million relates to acquisition funding, capital expenditure related to the Company's strategic growth initiatives and the increase in tax paid during the year.



# Our Strategy in Action



oOh!media’s strategy is illustrated by the oOh!media House, which has underpinned the Company’s strategic approach since 2012.

In that time, oOh!media has created a business that is scalable across multiple audiences and locations to deliver the consumer engagement objectives of clients.

Consistent with this strategy, oOh!media has built one of the largest digital screen portfolios in the country, with over 8,000 digital screens, delivering an audience platform for unique, contextually relevant content.

More recently, oOh!media’s strategy has been to leverage our investment in data to provide our clients with unique and meaningful audience analytics to maximise audience reach and impact.

Our strategy is focused on enhancing the value equation for advertisers through effective audience insights, using oOh!media’s unique data capabilities and infrastructure to enable better targeting of advertising and content to improve clients’ return on their investment.

Over the past year, the Company has worked with a number of clients to create ground-breaking campaigns across the oOh!media portfolio.



## Case Studies

### Qantas

*oOh!media's content and creative services offering, when integrated with our digital panels, experiential activations, online content platforms and social media continues to exceed expectations for clients.*

The Qantas Frequent Flyer campaign is a demonstration of the power of partner collaboration and results that can be delivered through integration of content, data and the combination of offline and online platforms.

Using digital signs across Road, Fly and Locate by oOh!, oOh!'s experiential agency EDGE, Junkee Media platforms and unique Qantas assets, the campaign was designed to drive awareness of the Qantas Frequent Flyer 30 million points giveaway. Members were rewarded with Qantas Points for downloading the Qantas Assure App and meeting daily activity goals.

The partnership leveraged the unique combination of Junkee Media's original content creation capabilities and platforms, Qantas sponsorship, database and technical assets and oOh!media's ability to reach Australian consumers in a multitude of environments.

For Qantas Frequent Flyer, the comprehensive campaign demonstrated a clear understanding of the audiences and how to truly engage them through contextually relevant content and the right mix of oOh!media channels.

The campaign exceeded initial expectations by dramatically outperforming the download targets of the Qantas Assure App and traffic to qantasassure.com tripled month on month.



**3X INCREASE IN  
WEBSITE TRAFFIC  
MONTH ON MONTH**

**“Our focus on expanding our content capabilities and footprint in the market has facilitated our ability to create these incredibly in-depth campaigns that generate huge reach and cut through in a cohesive and centralised way.”**

**Brendon Cook  
CEO - oOh!media**



## Contiki

*oOh!media's extensive suite of data, when combined with online and social media, provides advertisers with deep audience insights. In one example, oOh!media successfully integrated Out Of Home advertising with native content to deliver a 300 per cent increase in holiday bookings for Contiki.*

The campaign to promote Contiki's 2018 European packages included customised creative based on time of day running on Locate by oOh!'s Study digital screens across 99 university campuses nationally, coupled with a three-part native content series on Uni Junkee that was amplified on the panels and through social media.

The blend of the communications channels successfully targeted university students in a contextually relevant way.

The combination of time of day with creative on screens in environments where students congregate for a significant amount of time and the content on Uni Junkee generated 300 per cent more student bookings for Contiki compared to the previous month.

In addition to sales, the campaign also generated a significant increase in brand metrics, including 924,000 campaign impressions, a campaign footfall of 2.6 million via the Study screens and social reach of more than 420,000.

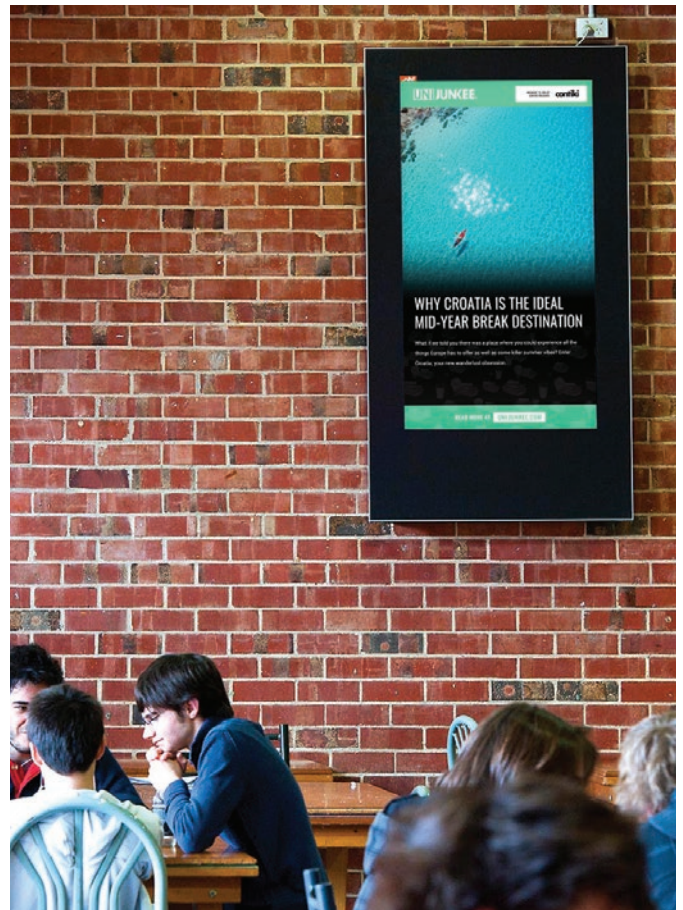
The campaign exceeded Contiki's expectations, driving engagement to conversion and delivering strong commercial results.



**300%**  
**INCREASE IN**  
**HOLIDAY**  
**BOOKINGS**

**“This campaign exceeded our expectations. While we knew the activity would get us in front of our core customer, we were also pleased to see it deliver such strong commercial results driving from engagement to conversion.”**

**Vanessa Stavrou**  
Head of Marketing - Contiki



**Since its launch over 2 years ago the EXCITE network has engaged with over half a million people and we continue to find new ways in how to use technology, data and content to drive deeper engagement between brands and audiences.**

**Brendon Cook  
CEO - oOh!media**





## Board of Directors

### Tony Faure

#### Chair and Non-executive Director

*Tony Faure has been a Director of oOh!media since February 2014, appointed to oOh!media Limited on 28 November 2014, and appointed Chair on 22 September 2017.*

#### Skills and experience:

Tony has deep experience in traditional and digital media and marketing, having run both small and large companies. Tony is passionate about ideas that use technology to push limits and create new experiences for consumers.

Tony has held the positions of Chief Executive Officer of ninemsn and Chief Executive Officer and Founder of Home Screen Entertainment, and positions at Yahoo! including Regional Vice President, South Asia and Managing Director of Yahoo! Australia and New Zealand. Tony was also an advisor to the Board of seek.com.

#### Other directorships (current and recent):

Non-executive Director, Stackla Pty Ltd (since 6 November 2014), Non-executive Director Medical Media Group Pty Ltd (since 9 September 2015), Non-executive Director biNu Pty Ltd (23 April 2013 to 5 September 2016), Non-executive Director Dealised Pty Ltd (10 December 2011 to 12 August 2016), Chairman Junkee Media Pty Ltd (12 December 2012 to 1 July 2016).

### Brendon Cook

#### Chief Executive Officer and Managing Director

*Brendon founded oOh!media in 1989 and was appointed to oOh!media Limited on 7 October 2014 immediately prior to oOh!media's listing in December 2014.*

#### Skills and experience:

With over 38 years' experience in outdoor advertising, Brendon has been at the forefront of the Out Of Home advertising business in Australia and New Zealand, creating a multi-award winning company and being actively involved in pioneering the industry's move into digital.

Under Brendon's leadership, the business has delivered strong organic growth, strategic acquisitions and the development and introduction of several new environments to capitalise on the growth in digital and people's media habits away from home.

Brendon is a founding and current board member of the Outdoor Media Association and was instrumental in the development of the MOVE (Measurement of Outdoor Visibility and Exposure) project, a system that allowed for improved accuracy in reporting measurable outcomes to clients using Out Of Home media. Brendon is also the International Vice President of the Federation European Publicite Extérieur (FEPE), a global Out Of Home industry body, the first Australian to sit on the Board in the organisation's 50-year history.

#### Other directorships (current and recent):

International Vice President Federation European Publicite Extérieur (FEPE) (since June 2015), Non-executive Director Measurement of Outdoor Visibility and Exposure (MOVE) Pty Ltd (since 22 February 2007), Non-executive Director Outdoor Media Association (since 27 November 2003).

### Debra Goodin

#### Independent Non-executive Director and Lead Independent Director, Chair of Audit, Risk & Compliance Committee

*Debra has been a Director of oOh!media and Chair of the Audit, Risk & Compliance Committee since 28 November 2014 and was appointed Lead Independent Director on 22 September 2017.*

#### Skills and experience:

Debra has more than 20 years' senior management experience with professional services firms, government authorities and ASX-listed companies across a broad range of industries and service areas. Debra is an experienced Non-executive Director and Audit Committee Chair.

Debra has executive experience in finance, operations, corporate strategy and mergers and acquisitions. Her experience includes service as Chief Operating Officer for an Australian and New Zealand subsidiary of Downer EDI Limited, as Acting Chief Financial Officer and Head of Mergers and Acquisitions, and also Global Head of Operations at Coffey International Limited. Debra holds a Bachelor of Economics from the University of Adelaide and is University, and is a Fellow Chartered Accountant.



### **Other directorships (current and recent):**

Non-executive Director Macquarie Atlas Roads Limited (since 1 September 2017), Non-executive Director APA Group (since 1 September 2015), Non-executive Director Senex Energy Limited (since 26 May 2014), Non-executive Director TEN Network Limited (17 August 2016 to 16 November 2017).

## **Michael Anderson**

### **Independent Non-executive Director**

*Michael has been a Director of oOh!media since July 2013 and was appointed as the first Chair of oOhmedia Limited on 7 October 2014 immediately prior to oOh!media's listing. He stepped down as Chair in September 2017.*

### **Skills and experience:**

Michael has more than 30 years' experience in the media industry including as Chief Executive Officer of MediaWorks NZ Limited and Austereo Limited. Michael began at Austereo in sales in 1990 and moved through various senior executive roles before becoming CEO from 2003 to 2010. Michael was appointed as CEO of MediaWorks in August 2016.

As CEO of Austereo, Michael demonstrated strong leadership and strategic skills successfully transitioning Austereo to a digital broadcaster, maintaining market leadership and establishing leadership across all metrics. Michael has further enhanced his breadth of exposure to the media industry in the past five years through his current directorships.

### **Other directorships (current and recent):**

CEO MediaWorks NZ (since 1 August 2016), Non-executive Director Lux Group (25 April 2016 to December 2017), Non-executive Chairman Urban Mobility Media (8 December 2015 to September 2017), Non-executive Chairman Oztam Pty Limited (24 February 2011 to December 2017), Non-executive Director SVH (22 September 2016 to 14 December 2016), Non-executive Director Fairfax Media (2 September 2010 to 5 August 2016).

## **Geoffrey Wild AM**

### **Non-executive Director**

*Geoff has been a Director of oOh!media since July 2007 and was appointed to oOh!media Limited on 7 October 2014 immediately prior to oOh!media's listing in December 2014.*

### **Skills and experience:**

Geoff has enjoyed a long and distinguished career in marketing and advertising, originally with the Clemenger Group where he helped establish their Sydney operation and went on to become Deputy Chairman of the Group in ANZ.

Upon Clemenger Group's merger with the US-based BBDO Group, Geoff oversaw the Pan-Asian expansion strategy through acquisition and start-up, joining the BBDO International Board and was subsequently appointed as Chairman of ASIA/Pacific operations.

Geoff was appointed Chairman of the NSW Tourism Commission and also became a Vice President and Director of the successful Sydney 2000 Olympic Bid Committee. He was awarded the Order of Australia (AM) in the Queen's Birthday Honours List in 2000, is a Fellow of the Advertising Institute of Australia (by examination), a Fellow of the Australian Institute of Company Directors and a Fellow of the Royal Society of the Arts.

### **Other directorships (current and recent):**

Non-executive Director of WPP Holdings (Australia) Pty Ltd (since 6 February 2002), Non-executive Director WPP AUNZ Limited (since 8 April 2016), Chairman and Director of Arab Bank Australia Limited (since 2 November 1995, Chairman since 19 July 2011), Non-executive Director Ibisworld Pty Ltd (since 19 December 1991).

## **Darren Smorgon**

### **Independent Non-executive Director Chair of Remuneration & Nomination Committee**

*Darren has been a Director of oOh!media since March 2012 and was appointed to the Board of oOh!media Limited on 7 October 2014.*

### **Skills and experience:**

Darren is the Managing Director of Sandbar Investments, a private investment company. Darren was previously a Director of CHAMP Private Equity where he spent 16 years. While at CHAMP he project managed the oOh!media privatisation and relisting on the ASX, using his strong finance, operations and strategic skills.

Darren holds a Bachelor of Economics (with Merit) and Master of Commerce (with Merit) from the University of New South Wales, and a Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia.

### **Other directorships (current and recent):**

Managing Director Sandbar Investments (since 20 May 2016), Non-executive Chairman Hub Australia Pty Ltd (since 31 October 2017), Non-executive Director Total Drains Group Pty Ltd (since 10 October 2017), Non-executive Director Medical Media Group Pty Ltd (since 21 September 2016), Director of CHAMP Private Equity (1 October 2011 to 25 August 2015).

## **Joanne Crewes**

### **Independent Non-executive Director**

*Joanne was appointed to the Board of oOh!media on 22 September 2017.*

### **Skills and experience:**

Joanne is the former President of Procter & Gamble's Global Prestige business unit, having held various senior leadership roles globally with Procter & Gamble over her 27-year-career with the company. Joanne brings deep experience and insights across consumer value propositions, data-driven insights, brand positioning and client-side marketing perspectives.

Joanne is a strategic adviser to the LVMH-backed private equity firm L Catterton, a Director on the University of Technology Sydney Industry Advisory Board, a Director on the Global Advance Australia Board, and a mentor and coach to various senior executives and C-suite leaders.

### **Other directorships (current and recent):**

Non-executive Director Dulux Group Limited (since 1 February 2018).

# Glossary

Term	Meaning/definition
ASX	Australian Securities Exchange, as operated by ASX Limited ABN 98 008 624 691
AUD, A\$, \$ or Australian dollar	The lawful currency of the Commonwealth of Australia
Board or Board of Directors	The board of Directors of oOh!media
CEO	Chief Executive Officer
CFO	Chief Financial Officer
Company	oOh!media Limited ACN 602 195 380
Corporations Act	Corporations Act 2001 (Cth)
Digital revenue	Revenue from digital advertising display panels
Director	Each of the Directors of oOh!media as appointed to the position from time-to-time
EBIT	Earnings before interest and taxation
EBITDA	Earnings before interest, taxation, depreciation and amortisation
EPS	Earnings Per Share
Group	oOh!media Limited and its subsidiaries
IFRS	International Financial Reporting Standards
Inlink	Inlink Group Pty Ltd ABN 98 089 615 814
Listing	The admission of oOh!media to the Official List of the ASX
Management	The management of oOh!media
n/a	Not applicable
NED	Non-executive Director
NPAT	Net profit after tax
NPATA	Net profit after tax before amortisation of acquired intangibles (after tax)
OFR	Operating and Financial Review
OML	oOh!media Limited ACN 602 195 380
oOh!media	oOh!media Limited ACN 602 195 380
Out Of Home	Out Of Home, also commonly referred to as Out of Home or outdoor advertising, represents the media sector of the advertising industry that communicates with people when they are out of their home
Registry	Link Market Services Limited ABN 54 083 214 537
Senior executive	The senior executive management of oOh!media
Shareholder	The registered holder of a Share

# Corporate Directory

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## Directors

### Michael Anderson

Independent Non-executive Director

### Brendon Cook

Chief Executive Officer and Managing Director

### Joanne Crewes

Independent Non-executive Director

### Tony Faure

Chairman and Non-executive Director

### Debra Goodin

Independent Non-executive Director and Lead Independent Director

### Darren Smorgon

Independent Non-executive Director

### Geoffrey Wild AM

Non-executive Director

## Company Secretary

### Katrina Eastoe

## Principal registered office

Level 2, 76 Berry Street  
North Sydney NSW 2060  
Ph: +61 2 9927 5555

## Share register

Link Market Services Limited  
Level 12, 680 George Street  
Sydney NSW 2000  
Ph: 1300 554 474

## Auditor

KPMG  
Tower Three  
International Towers Sydney  
300 Barangaroo Avenue  
Sydney NSW 2000

## Bankers

Commonwealth Bank of Australia  
Westpac Banking Corporation  
National Australia Bank

## Stock exchange listing

The shares of oOh!media Limited are listed by ASX Ltd on the Australian Securities Exchange trading under the ASX Listing Code "OML".

## Website

[www.oohmedia.com.au](http://www.oohmedia.com.au)

**oh!**<sup>®</sup>  
*Unmissable*