oOh!media Limited
ACN 602 195 380

19 February 2018

ASX & Media Announcement

oOh!media delivers strong revenue and earnings growth with increased margins

oOh!media Limited (ASX:OML) (**oOh!media**) today announced continued double-digit growth in revenue (up 13.1%) and Underlying EBITDA (up 22.5%), while delivering significantly improved operating margins for the year ended 31 December 2017 (**CY17**).

Digital revenue as a percentage of total revenue increased to a record 59.8% for the full year, extending the strong first half gains in revenue from oOh!media's digital network of 8,000 screens.

By leveraging the scale of its diverse product portfolio and investment in data and content, oOh!media grew earnings and profitability faster than revenue. The Company increased its market share in the Out Of Home advertising sector, which, according to the Standard Media Index, grew at 7.3% in 2017 compared to the overall media sector growth of 0.7%.

Financial highlights included:

- Revenue of $380.3m, up 13.1% from the year ended 31 December 2016 (**CY16**), from strong organic growth and acquisitions made in CY16
- Gross profit of $175.5m, up 21.1% on CY16
- Gross profit margin of 46.2%, up from 43.1% in CY16
- Underlying[1] EBITDA of $90.1m, up 22.5% on CY16 and within guidance reaffirmed at the half year result
- Underlying EBITDA[1] margin expansion to 23.7% from 21.9% in CY16
- Capex of $33.9m - continued disciplined and focused approach to capex, down 13.0% on CY16
- Underlying NPATA[1, 2,3] of $47.2m, an increase of 22.5% on CY16
- NPAT of $33.1m, up 35.5% from CY16
- Earnings per share of 20.2 cents per share, up 26.4% from prior year
- Fully franked final dividend of 10.5 cents per share, bringing full year dividend for CY17 to [15.0] cents per share fully franked, up 7.1% on CY16

Operational highlights included:

- Leading Out Of Home industry position maintained with 8,000 digital panels across Australia/New Zealand, 12,000 classic panels and 8 online platforms
- Balanced and diverse lease maturity profile maintained with only 12.1% of revenue attached to contracts up for renewal in CY18, and the cumulative percentage of revenues attached to leases expiring more than three years from the reporting date increased from 50.0% to 65.5% following several key concession extensions
- Acquisitions integrated with cost synergies achieved
- Ground-breaking campaigns conducted in CY17, integrating content, data and a combination of offline (Out Of Home and experiential) and online (Junkee Media and social media) platforms

oOh!media's CEO, Brendon Cook, said: "oOh! has delivered a quality financial result which continues the strong performance since our listing in 2014. The Company has increased revenue by 46.0% and more than doubled Underlying EBITDA to $90.1m since 2014.

"While the Out Of Home sector has performed strongly, we're growing our business faster than the Out Of Home market by continuing to lead the market in delivering innovative solutions for clients to integrate data and content as part of our audience-led strategy across our network.

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[1] Underlying EBITDA and NPATA reflect adjustments for certain non-operating items including impairment and acquisition-related expenses. Non-operating items of $2.1m consist of due diligence costs associated with the terminated APN Outdoor merger. Management believes Underlying provides a better representation of financial performance in the ordinary course of business.

[2] Net profit after tax before acquired amortisation (after tax) and non-cash items such as impairments. The Directors believe Underlying NPATA is an important measure of the underlying earnings of the business due to the number of acquisitions undertaken during historical periods which resulted in higher than normal amortisation, which represents a non-cash charge.

[3] The CY16 accounts have been restated for a change in policy relating to the tax treatment of intangibles on acquisitions.

"Over the course of the year we have worked with clients to deliver ground-breaking campaigns, leveraging our investment in data and audience insights, to deliver outstanding results for advertisers.

"The diversity and scale of our product offering across our physical assets, combined with engaging content and the ability to provide growing connections through online, mobile and social media provides a compelling opportunity to advertisers to connect with their desired audiences.

"We are confident that our investments in our portfolio, data capability, systems and people provide us further opportunity to leverage the scale of our platform to deliver the next phase of revenue growth and sustainable value creation for shareholders," Mr Cook said.

Product highlights include:

- **Road and Retail** continued to deliver double-digit revenue growth, with Road up 10.0% to $137.1m and Retail increasing by 15.7% to $126.3m. 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 extensive digital capital investments in the prior two years
- **Fly** revenue was impacted by reduced spend by three major advertisers, with revenue down 1.8% on the prior year to $55.0m. However, the business improved significantly late in the second half of the year as advertisers returned to the segment, with revenue in the fourth quarter up 15.0%, creating a stronger platform into CY18
- **Locate** revenue increased by 17.4% to $34.0m, with a stronger performance in the second half of the year led by further development of the sales packaging and team development driving an improved market understanding of the Office product
- **New Zealand** revenue grew by 28.0% on an Underlying basis excluding the Westfield concession, which in-housed its advertising at the beginning of the year as had been expected. On a reported basis, revenue in this market declined modestly by 2.2%
- Revenue from **Junkee Media** and **Cactus Imaging** more than doubled to $18.3m

Financial Position, Guidance and Dividend

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 Company continues to generate strong cash flow, with free cash flow generated, excluding acquisitions, increasing by 45.0% to $16.6m.

Capital expenditure of $33.9m declined by 13.0% on the prior year, reflecting the Company's ongoing disciplined approach to the digitisation of assets across the portfolio.

The Board declared a final, fully franked dividend of 10.5 cents per share, payable on 16 March 2018, bringing the full year dividend to 15.0 cents per share fully franked. This is in accordance with the 40-60% of Underlying NPATA payout ratio adopted by the Board. The final dividend for FY16 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 which was terminated on 19 May 2017.

Outlook and Guidance for CY18

oOh!media is confident of continued growth in the Out Of Home sector for 2018.

The Board of Directors takes the opportunity to provide guidance for CY18 EBITDA of $94m-$99m. In providing this guidance, the Board continues its disciplined approach to capital expenditure and intends to spend between $30m-$40m in capex, primarily focused on the conversion of signs to digital and further development of business systems to continue oOh!media's digital strategy.

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About oOh!media Limited: 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 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 (via Junkee Media) to provide clients with greater connections with consumers.