oOh!media Limited
ABN 69 602 195 380

17 May 2018

ASX Announcement

Annual General Meeting – Addresses by the Chairman and CEO

oOh!media Limited (ASX: **OML**) attaches a copy of the addresses to be given by the Chairman and CEO at OML's Annual General Meeting being held in Sydney today.

Ends:

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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.

Chairman’s Address – Tony Faure

Ladies and Gentlemen, I am pleased to report that over the past year, oOh!media strengthened its position as the leading Out Of Home advertising media company in Australia/New Zealand.

We continue to be at the forefront of our industry in providing an unrivalled and integrated network that connects audiences and advertisers to deliver great results.

This is reflected in our financial result for 2017, where we delivered strong improvements across our business.

In summary:

- Revenue increased by 13.1 per cent to $380.3 million from solid organic sales growth across our diversified product portfolio combined with new revenue from the three businesses we acquired in 2016;
- Underlying EBITDA increased by 22.5 per cent to $90.1 million, reflecting the strong operating leverage within our business;
- Underlying NPATA increased by 22.5 per cent to $47.2 million, which demonstrates our ability to leverage the breadth and scale of our operations to grow profits faster than revenue at the same time as continue to invest in our business so that we can deliver sustainable growth for the future; and
- Your Board declared a fully franked final dividend of 10.5 cents per share, bringing the full-year dividend to 15 cents per share, fully franked, up from 14 cents per share for the prior year.

Brendon will discuss our financial results in greater detail shortly.

In addition to delivering a strong set of numbers, it’s especially pleasing to see the company continue to create a stronger strategic platform for further growth.

That strategy includes our ongoing disciplined approach to digitising our asset portfolio.

As a result, we have built a network of over 8,000 digital screens, one of the largest in the country, This network allows us to deliver the most effective impact and reach on the best Out Of Home platform in Australia.

However, we also maintain our strong classic Out Of Home offering which continues to provide brands with a big, impactful presence for their campaigns.

As Brendon will explain to you shortly, we have also made significant progress in implementing the next phase of our strategy.

We are leading the industry in using data to provide our clients with unique analytics to help them understand how to reach their target audiences more efficiently.

This investment gives us an unrivalled capacity to provide them with the most powerful and unique insights so that they can maximise the return of their advertising investment through enhanced utility of our signs.

We are also using our data to integrate our on-line platforms, our social media and our experiential expertise in new integrated ways to deliver outstanding results for clients.

We are the only Out Of Home operator who can deliver this capability for advertisers across such a variety of environments and this creates a compelling reason for clients to use our network.

Ladies and Gentlemen, I would like to make some brief comments about your Board and our ongoing commitment to good corporate governance.

First, I want to acknowledge the significant contribution of Michael Anderson, who stepped down as Chairman in September 2017 to take up the role as Chief Executive of MediaWorks in New Zealand. As Chairman, Michael provided outstanding leadership and counsel and we are fortunate that he remains on the Board as an independent non-executive Director.

Secondly, I want to formally welcome Joanne Crewes to the Board as an independent non-executive Director. Joanne was appointed in September 2017 and brings wide-ranging experience across various senior leadership roles to our company. Shareholders will have the opportunity to elect Joanne to the Board a little later today.

With Joanne's appointment, we have a majority of independent non-executive Directors on the Board.

As we disclosed to shareholders in September and again in the Annual Report, my ongoing shareholding 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. Debbie can assume the role of Chair as required and we have prepared a Non-Independent Chair Protocol which you can find on our website.

On behalf of the Board, I want to thank Brendon, his management team and all our employees across Australia and New Zealand for their hard work in delivering another strong financial result last year.

This was especially pleasing given the potential distraction of the proposed merger with APN Outdoor. We advised in May 2017 that this was terminated, due to competition issues raised by the Australian Competition and Consumer Commission (ACCC).

Our team remained focused and disciplined during this process which is a strong testament to the positive culture we have throughout the company.

In closing, I want to acknowledge the ongoing support of our shareholders and let me assure you of your Board's ongoing commitment to maximise sustainable value creation over the longer term.

CEO's Address – Brendon Cook

Ladies and Gentlemen, as Tony just said, we had another very successful year and first up, I want to acknowledge the great team we have at oOh!media who continue to deliver outstanding results for our clients.

We operate in an exciting industry and I remain very confident about the continued growth prospects of Out of Home advertising.

Data from the Outdoor Media Association (OMA) shows overall Out Of Home growth of 6.1 per cent in 2017, while the Standard Media Index reported Out Of Home growth of 7.3 per cent versus the overall media sector growth of 0.7 per cent.

Our organic revenue growth last year was 8.0 per cent and that demonstrates that we continue to grow ahead of the market and extract strong returns from our existing assets.

Tony has already provided you a summary of our financial results.

I would like to provide some context around the result but also some further explanation of our strategy and how we're continuing to build our platform for further growth.

Firstly, on the result. We made great progress last year and that's reflected in four key areas.

- We continued to implement our digital strategy and we are now generating nearly 60 per cent of our revenue from digital – an excellent result which is well ahead of the industry average.
- We renewed a number of key concession lease arrangements to maintain a balanced lease profile. The per cent of revenue expiring more than three years out has increased to 65 per cent compared to 50 per cent a year ago. Only 12 per cent of our revenue attached to contracts is up for renewal this calendar year.
- We started commercialising our unique buyergraphic data insights model during the year with ground-breaking, data-led campaigns for our clients.
- Finally, we saw a significant improvement in performance in our Locate and Fly products in the second half of the year, following the management actions we completed in the first half.

In terms of our product portfolio – we continue to have the scale and diversity to deliver sustainable growth while also mitigating fluctuations in advertiser spend in specific categories.

In Road and Retail, we 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, we converted 21 premium screens to digital during the year, bringing the total of metropolitan-owned large format digital screens to 64. Our Retail business has benefited from extensive digital capital investments in the prior two years

Revenue in our 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 second half of the year as advertisers returned to the segment with revenue in the fourth quarter of the year up 15 per cent.

Our Locate business generated a 17.4 per cent lift in revenue, with a stronger performance in the second half of the year.

Revenue in our New Zealand business grew by 28.0 per cent on an underlying basis, excluding the Westfield concession which in-housed its advertising in the beginning of the year as expected. On a reported basis, revenue declined modestly by 2 per cent.

Meanwhile, we successfully completed the integration of the companies we acquired in the second half of CY2016. Revenue from Junkee Media and Cactus Imaging more than doubled to $18.3m.

Let me quickly show you how the increase in our top line growth is translating into higher earnings in the business and improved returns to shareholders.

We are continuing to grow earnings faster than revenue and that demonstrates the operating leverage we have in the business.

The 13.1 per cent revenue growth translated to a 22.5 per cent increase in underlying EBITDA to $90.1m. Our Underlying EBITDA margin increased by 1.8 percentage points to 23.7 per cent and this is the highest EBITDA margin we have reported since listing.

Underlying NPATA increased by 22.5 per cent to $47.2 million with NPAT of $33.1m, up 35.5 per cent from the prior year.

Earnings per share increased by 26.4 per cent to 20.2 cents per share.

The Board declared a final, fully franked dividend of 10.5 cents per share, bringing the full year dividend to 15.0 cents per share fully franked. This is in accordance with the 40-60 per cent of Underlying NPATA payout ratio adopted by the Board.

Our strategy has been consistent over a number of years and is based on driving sustainable earnings growth over the medium to longer term.

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.

The businesses we acquired in CY2016 enhance our digital and product capability, provide synergies across our portfolio and deliver significant revenue opportunities, particularly in targeting high value audiences such as business travellers, office workers and hard-to reach millennials.

We're continuing to implement the digitisation of our asset base in a consistent and disciplined way and we are leading the industry in this regard.

The next phase of our strategy is to leverage our investment in data, content and systems to provide our clients with unique and meaningful audience analytics to maximise audience reach.

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

We are now implementing phase two of our strategy. This 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 have invested in a number of data sets to provide our business with this unique capability.

Our exclusive OOH partnership with leading data and analytics company Quantium allows us to enhance our existing suite of data insights and audience profiling tools with Quantium's extensive data set developed from actual consumer spending behaviour. This is a significant advancement on the traditional media industry implied data approach of statistical sampling and demographic profiling.

Simply put - the more data and the more effective data we have means more clients wanting to spend on our platforms. We are changing the value equation for advertisers giving them more reasons to spend with us.

The investment we are making in technology positions oOh!media at the forefront of the industry with best in class native cloud deployment and best in class machine learning aimed at delivering optimised client campaigns.

This is a truly exciting time in our company's development and I look forward to sharing more details with shareholders as we continue to progress our data strategy.

Before concluding with a summary for this year, I want to make some brief comments about our ongoing commitment to Environment and Social Governance.

Our company has a strong set of values which drives the way we work and the way we behave as an organisation.

That starts with our people and the very strong culture we have created at oOh!media.

You can see that reflected in the very high net promoter score where our employees strongly recommend oOh!media as a place to work.

We are committed to a diverse and inclusive workplace and I am pleased to say we have made great progress in increasing the number of women who are now in leadership roles in our company.

Equally, its about our commitment to the community where we operate. We have established a dedicated Not for Profit program – oOh! Community – with a dedicated manager to implement our community partnerships.

Over the past year, we have supported numerous charitable and community organisations, helping them create a deeper engagement between not-for-profit initiatives and the community through our diverse network of location-based media.

Let me conclude with a summary for this year.

We continue to see growth in the Out Of Home sector in 2018 and are confident that we will benefit from this growth.

Our balance sheet and financial flexibility remains strong and we continue to invest in leading the industry through data, scalable systems, content and technology.

We expect to deliver EBITDA between $94m to $99m and expect to invest between $30m to $40m in capital expenditure.

Ladies and Gentlemen that concludes my address today. Thank you for your ongoing support of oOh!media.

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