

A WORLD OF UNMISSABLE



oOh!media Limited
ABN 69 602 195 380

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ASX Release

Annual General Meeting – Addresses by the Chairman and CEO

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

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About oOh!media: oOh!media is a leading media company across Australia and New Zealand that creates deep engagement between people and brands through Unmissable Out of Home advertising solutions. Our connected offline and online ecosystem makes brands Unmissable across our diverse network of over 30,000+ locations across Australia and New Zealand helping brands connect with their audiences through powerful and integrated, cross format campaigns. Our unparalleled reach combined with industry best data, insights, media planning tools and technological innovation gives advertisers an added layer of campaign intelligence. oOh! delivers the reach, optimisation, engagement and impact to connect and influence audiences anytime and anywhere.

Chairman's Address – Tony Faure

Ladies and Gentlemen 2018 was a transformational year for oOh!media.

We continued to implement our strategy to build the most diverse and integrated Out Of Home company to connect audiences, advertisers and citizens.

The most significant component of that strategy was the acquisition of Adshel (which has since been rebranded as Commute).

As a result of this transaction, we have now entered the highly complementary segments of street furniture and rail which further diversifies and improves oOh!'s network reach and frequency in key metropolitan and some regional areas.

The acquisition positions oOh! as the largest Out Of Home company across both Australia and New Zealand, providing our clients with an unrivalled trans-Tasman offering.

It also aligns with our digital strategy and we believe there are significant opportunities to digitise the Commute network to drive improvements in both revenue and yield.

The integration of the business has progressed well and Brendon will provide further details of the significant opportunity we see to leverage Commute as part of our overall growth strategy.

Financial Results

In 2018 oOh! continued to deliver revenue growth while maintaining our ongoing investment in products, people and infrastructure for future earnings growth.

Total revenue increased by 27 per cent to \$482.6 million. This increase reflects organic growth across the oOh! business and also three months' revenue contribution from the Commute business.

Total Underlying EBITDA was \$112.5 million. Underlying EBITDA (ex-Commute) increased by 5 per cent to \$94.2 million, which was at the low end of the guidance range we provided to the market at the half year result.

Total Underlying NPATA increased by 18 per cent to \$51.1 million, reflecting organic growth and three months' profit contribution from the Commute business, partially offset by our continued investment in our people and systems as part of our strategy to deliver sustainable growth for the future.

Your Board declared a fully franked final dividend of 7.5 cents per share, bringing the full year dividend to 11.0 cents per share fully franked. This is in line with the Board's policy to pay 40-60 per cent of Underlying NPATA as dividends. The dividend per share also reflects the increased number of shares on issue following the successful equity raising we completed in July 2018 to part fund the acquisition of Commute.

The Board also implemented a dividend reinvestment plan (DRP) which operated for the final dividend. This is part of our ongoing commitment to reduce the Company's leverage, following additional debt associated with the acquisition of Commute and also recognising additional short-term cash commitments in relation to certain contract renewals within the Commute business in 2018.

Board and Governance

I would like to make some brief comments about changes to the Board and our ongoing commitment to good corporate governance.

First, I want to acknowledge the significant contribution of Michael Anderson, who resigned from the Board in September 2018.

Secondly, I also want to acknowledge and thank two of our Directors who will be leaving the Board this year.

Geoff Wild is retiring from the Board at the conclusion of this AGM. Geoff has been a Director for 12 years and has made an outstanding contribution to oOh!. The Board and Management team have all benefited from Geoff's extensive marketing and advertising experience and we wish him every future success.

Debbie Goodin has also announced her intention to retire from the Board by the end of 2019.

Debbie has been a Director of the Company for over 4 years, and has made an enormous contribution to the business, particularly as Chair of the Audit, Risk and Compliance Committee and also as Lead Independent Director.

I want to personally thank Debbie for her wise counsel and I am very pleased that she will remain on the Board until we have identified her replacement to allow for an orderly succession.

The Board is well advanced on the search for additional independent Non-executive Directors.

I am pleased to announce today that Tim Miles has been appointed as the first of these and joins us effective today. Tim is here with us and has extensive global technology experience in senior executive roles with a number of leading companies, including Vodafone, Spark, IBM and others.

He is based in Auckland, which is especially pleasing given the leading position we now have in the New Zealand market.

We have identified the particular skill sets we believe will further strengthen the Board and I look forward to updating you on this process over the coming months.

Conclusion

In a transformational year for our Company, oOh! continues to lead the Out Of Home industry while building an unrivalled 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 2018.



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, 2018 certainly was a transformational year for oOh!media.

Today, I would like to provide details about our financial results for 2018 and also some further context around our strategy and how we are transforming our business and building a sustainable and growing Out Of Home company for the future. I will finish with an outlook for the current year.

Let me start with our operational highlights in 2018.

First, we continued to grow our Road Large Format revenue base, and pleasingly that was across both digital and classic formats.

Second, we delivered significant growth in our Fly and Locate businesses. Fly continued its strong momentum from the first half of the year, with revenue lifting by 23 per cent, including the revenue contribution from our innovative QANTAS In-Flight product. Locate delivered strong double-digit growth following the consolidation and integration we completed in the prior year with revenue up by 25 per cent.

Third, we extended a number of key contracts during the year. 60% of our media revenue base is contracted on sites which have leasehold maturities extending beyond the end of 2021.

Finally, we have made significant progress in the integration of the Commute business we acquired in September. During the transaction and due diligence, we had completed the work to understand the opportunity and benefits of bringing the two businesses together and I am pleased to say we are realising those benefits already.

We have moved our people to one team structure and location, implemented a new structure centred on serving our customers, appointed a new executive leadership team, and together this talented leadership team will drive our business for future growth.

We are also on track to capture the cost synergies which we outlined at the time of the acquisition and capital raising.

Turning to our financial results for the year.

oOh!media delivered a strong full year result for 2018.

We reported 10 per cent revenue growth on an organic basis and delivered a 5 per cent increase in Underlying EBITDA, also on an organic basis.

As Tony has outlined, we acquired the Commute business effective 29 September 2018. When the results of Commute are included, oOh! reported a revenue increase of 27 per cent and an increase in Underlying EBITDA of 25 per cent.

Total Underlying NPATA increased by 18 per cent to \$51.1 million. The Company reported NPAT of \$31.6 million compared to \$33.1 million in the prior year.

Our financial results 2018 demonstrate our ability to drive top line revenue growth from the value we provide advertisers and concession partners. We anticipate revenue growth will flow through to earnings more strongly in future years as a result of the full integration of

Commute and as we leverage the additional strategic capabilities, like the oOh! Data Suite and operating platform across the Commute assets.

The Out Of Home market grew steadily during CY2018, however weaker total advertising spend in July and October 2018 impacted overall revenue growth in the second half of the year compared to the prior corresponding period.

Total revenue increased by 27 per cent, including three months' contribution of the Commute business in CY2018.

The Road division in particular performed strongly, delivering 13 per cent growth as outlined on the table on the left. As the pie chart in the middle indicates, Road contributed over 30 per cent of group revenue in FY2018.

The pie chart on the right illustrates what the relative contributions of our formats would have approximated had oOh! owned Commute for a full year. You will note that from 2019 onwards Commute will be the largest format across Australia and New Zealand for oOh!media.

oOh! remains at the forefront of digital transformation in the Out Of Home industry, while maintaining a disciplined approach to digitisation of assets in premium locations across the Company's network.

Digital revenue increased to \$288.1 million, an increase of 27 per cent on the prior period. Digital revenue as a percentage of total revenue was flat at 60 per cent, with the organic growth during the year being offset through Commute having a lower digital base than the existing oOh! business.

As Out Of Home transforms into a priority advertising medium, its importance in captivating, connecting and informing Australia and New Zealand's citizens is increasingly being recognised by advertisers, landlords, governments and consumers.

Our strategy continues to build all elements to deliver our goal as the industry leader to achieve 10 per cent of the total media pie for Out Of Home.

oOh! now has ownership of all the required components to lead the market and drive continued category growth – multiple formats and reach, digital capability, creative and content, and audience data.

To deliver this capability at speed and scale to capture additional advertiser revenue – we need to use technology to produce data-informed responses to briefs at speed, to increase our ability to deliver and capture those advertising revenues that require fast campaign deployment, and to deliver the rapidly increasing volumes of display advertising that underpins revenue growth cost efficiently.

The investment we are making in building our technology platform ensures that oOh! is ahead of the curve of an industry that is changing rapidly.

Let me explain what this pace of change means to our industry.

We are entering the next phase of technological transformation which is revolutionising the way media is transacted. Increasingly that means that the way media is booked and placed, created and contextualised, will become fully automated and driven by data.

One media expert, Jack Myers founder of Media Village in New York, predicts that within the next five years up to 95 per cent of all media transactions will be informed by machine intelligence and 65 per cent of all transactions will be completely automated¹.

Another industry commentator, Andy Lark from Group Lark, believes that estimate of media automation is actually conservative. He suggests this technological change could impact half to three-quarters of jobs in media and digital media buying teams².

This pace of technological change clearly has significant implications for the Out Of Home sector.

At oOh! we saw this change coming which is why we started the process two years ago to build an operating platform to ensure we're equipped to respond to and lead this changed environment.

We will complete our ERP System in 2019 including Commute, that will lead to an online planning, buying and placement platform which combines oOh!'s audience environments and our extensive audience data sets (such as Quantum) with machine learning models to determine the best inventory to use and when to reach and engage with the desired audience.

We recognise this is a significant investment.

However, it's an investment we believe is necessary as we build a sustainable Out Of Home company for the future.

I and the management team are excited about delivering the key benefits of this investment including:

- Greater efficiency of the staff to revenue ratio
- Greater flexibility to client needs without increasing our cost base
- More capabilities for client teams to create new opportunities
- World leading real time yield management
- Leading Business Intelligence to allow our teams to deliver better cost and client outcomes, and;
- More flexible ways for our clients to engage with our products and audiences to deliver better client results leading to stronger returns for clients and oOh!.

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

We treat this issue very seriously and we remain committed to operating in an environmentally and socially responsible manner across our business.

oOh! has a strong set of values which is fundamental to the way we behave as an organisation.

That is reflected in the strong culture we have created at oOh! demonstrated by our high net promoter score where our employees strongly recommend oOh! as a great place to work.

¹ Paul McIntyre - Executive Editor, Mi3, 6 May 2019

² Paul McIntyre - Executive Editor, Mi3, 6 May 2019

We are committed to a diverse and inclusive workplace and we continue to make good progress in increasing the number of women who are now in leadership roles in our company.

I am particularly proud of oOh!'s ongoing commitment to the community where we operate.

Through our dedicated Not for Profit program – oOh! Community – we continue to support numerous charitable and community organisations, and over the past year we donated 21 media packages at a value of \$800,000 and provided over \$23.8 million in media space to charity and community causes.

Let me conclude with a summary and outlook for this current year – CY19.

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

Our guidance in February outlined an expected Underlying EBITDA of between \$152m and \$162m excluding any integration costs incurred during 2019 and the impact from the change in accounting standards to AASB16 and took into consideration the expected market softening in Q2. I note that the preliminary SMI results released yesterday indicated a double digit decline for Australian media revenues in April, following a 6.4 per cent decline for Q1. However, since Easter oOh! has seen increased activity for post election campaigns across multiple oOh! formats.

We reconfirm our guidance.

We have also targeted underlying growth in 2019 operational expenditure of no more than a 5-7 per cent range.

We continue our disciplined approach to capital expenditure with forecast capital expenditure in the range of \$55-\$70 million for CY19. This is broadly in line with capital expenditure on a pro-forma basis in 2018 and noting that the business is committed to rolling out screen and infrastructure upgrades in both the Brisbane City Council precinct and Brisbane airport which were both retained.

The integration of Commute is a major focus for us in 2019. Our integration plan is a full functional integration – with Commute becoming one format on a shared operating structure, along with Road, Fly, Retail and Locate.

We are also focused on reducing the debt leverage taken on to partially fund the Commute acquisition, as outlined in the capital raising documentation in 2018

I am excited to lead oOh!media in bringing to life our shared vision of re-defining Out Of Home as a public space media captivating, connecting and informing citizens. The investments made in 2018 complete the required elements to deliver our vision. Our focus in 2019 will be executing on it.

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