



ASX Announcement

APN Outdoor continues growth trajectory

21 August 2017, Sydney: APN Outdoor Group Limited (ASX: APO) is pleased to announce its results for the six months ended 30 June 2017 (1H17) that saw continued growth in revenue and underlying earnings, with investments in roles to drive the Company's longer-term growth.

1H17 financial highlights (vs 1H16)

- Revenue up 8% to \$162.3 million
 - Digital revenue up 27%
 - Classic revenues stable
- Underlying¹ EBITDA up 7% to \$37.2 million
- Underlying¹ NPATA up 4% to \$21.4 million
- Statutory NPAT down 19% to \$15.8 million (after \$4.1 million of non-recurring items after tax)
- Low debt levels - leverage ratio of 1.1x underlying LTM EBITDA
- Interim dividend up 3% to 6.7 cents per share fully franked

1H17 operational highlights

- 16 Elite Screens added, bringing total to 103 at 30 June 2017
- Successfully renewed the Tullamarine Freeway contract, and subsequent to 30 June, also renewed the Sydney Buses and Adelaide Metro contracts as well as agreeing a multi-year extension of the PTA contract (Perth rail and billboards)
- Transit initiatives implemented following an intensive marketing project
- National XTrack TV network completed late 1H17
- Credit approved term sheets for new \$200 million senior debt facility

1H17 delivered continued growth in revenue and underlying earnings

Commenting on the 1H17 results, APN Outdoor Chief Executive Officer Richard Herring said:

"The first half of this year saw the Company continue to grow revenue through the combination of additional digital screens and overall market growth. Underlying EBITDA grew slightly less than revenue, as the business invested further in staff to underpin longer-term growth.

With 16 new screens added to APN Outdoor's portfolio over the first half, the Company now has 103 Elite Screens across Australia and New Zealand. This high-quality portfolio of large format digital screens is the most comprehensive in the market.

Digital screen revenues continue to represent over one-third of Group revenues, and will continue to grow in line with demand and the Company's focused growth strategy. Over the longer-term, we see digital sites continuing to deliver greater yields. Notwithstanding the increase in digital screens and associated revenue, Classic billboard revenue was resilient and performed better than expected in the first half.

¹ Underlying results before non-recurring items of \$5.6m pre tax

So far this year we have successfully renewed three key contracts; the Tullamarine Freeway, the Sydney State Transit contract for Sydney Buses and the Adelaide Metro contract. The Sydney Buses contract was renewed on improved financial terms to the Company and continues to be a valuable asset in our Transit portfolio."

Comfortable gearing and growing dividend

At 30 June 2017 net debt was 1.1 times last 12 months' EBITDA (30 June 2016: 1.0x). This comfortable gearing level, combined with the new \$200 million senior debt facility, supports the Company's future expansion and product development opportunities. The new senior debt facilities include both three and five year maturities. We anticipate full execution of documentation within the coming weeks.

Reflecting the Company's strong balance sheet, cashflows and earnings, the Board has declared a fully franked interim dividend of 6.7 cents per share, up 3% on the 2016 interim dividend.

CEO succession

On 2 August 2017, it was announced that Richard Herring was retiring from his role as CEO on 30 September 2017. The Board is progressing a formal process to appoint a new CEO, and an announcement will be made once this process is complete.

Outlook

Based on the first half results, the performance of the business over the first seven weeks of the second half, and assuming current market conditions continue, we expect 2017 Underlying EBITDA to be in the range of \$90m to \$95m and plan to invest between \$30m and \$35m of capex in 2017.

Conference call

Richard Herring (CEO and Executive Director) and Wayne Castle (CFO) will host a conference call today at 9.30am Sydney time.

The call will be webcast live at:

<http://webcasting.boardroom.media/broadcast/598a95908882101d4d693b5b>

Analysts and investors who wish to participate in the call should dial 1800 558 698 (alternate international no.:+ 612 9007 3187 and quote conference ID 506503

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