

ASX Announcement

APN Outdoor FY17 Financial Results

20 February 2018, Sydney: APN Outdoor Group Limited (ASX: APO) announces its results for year ended 31 December 2017 (FY17).

FY17 financial highlights

- Revenue up 4% to \$342.9 million
 - Digital revenue up 13%
 - Classic revenues stable
- Underlying¹ EBITDA up 4% to \$90.3 million
- Underlying¹ NPATA up 2% to \$53.0 million
- Statutory NPAT down 9% to \$44.0 million (after \$6.0 million of non-recurring items post tax)
- Strong balance sheet - leverage ratio of 1.1x underlying LTM EBITDA
- Final dividend of 12.5 cents per share, fully franked bringing the full year dividend to 19.2 cents per share fully franked, up from 19.0 cents per share in FY16

FY17 operational highlights

- Successfully renewed many significant contracts, reducing subsequent years' renewal exposure for FY18 & FY19 to single digits, including:
 - Sydney Buses on improved financial terms
 - the Tullamarine Freeway contract including a number of digitisation opportunities
 - the Adelaide Metro contract of approximately 5,000 panels
 - multi-year extension of the PTA contract (Perth rail and billboards)
 - Metro Trains Melbourne (MTM) with over 200 cross track and roadside billboards with opportunities for digital conversion
- Ground breaking neuroscience research for transit which has supported a turnaround in the transit business
- Important digital campaign post analysis reporting introduced, providing transparency to customers
- Delivery of the Calibre audience measurement and campaign planning tool launched in New Zealand – offering unmatched visibility and transparency into audiences of our assets
- Finalisation of a \$200 million senior debt facility to support future growth investment
- New leadership - James Warburton appointed as CEO, commenced 22 January 2018

FY17 delivered continued growth in revenue and underlying earnings

Commenting on the FY17 results and his appointment, APN Outdoor's new Chief Executive Officer James Warburton said:

"I am absolutely delighted to be back in the media industry, an industry that I love and enjoy and I thank the APN Outdoor Board for the opportunity they have given me to run the company.

The FY17 result was a credible outcome in a challenging environment. Underlying EBITDA of \$90.3m was within our guidance range provided in August, albeit at the lower end of the range.

¹ Underlying results before non-recurring items of \$6.0m post tax

At only circa 6% of the overall advertising industry the Out-of-Home industry has untapped potential. In addition, our contract renewal exposure for 2018 and 2019 has reduced to single digits given the recent renewals won including Sydney Trains just last week.

APN Outdoor has a clear strategy going forward, focused on the evolution of APN Outdoor as we shift to become an audience-led, sales centric media business."

Comfortable gearing and growing dividend

At 31 December 2017 net debt was 1.1 times last 12 months' EBITDA (December 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.

Reflecting the Group's strong balance sheet, cash flows and earnings, the Board has declared a fully franked final dividend of 12.5 cents per share bringing the full year dividend declared to 19.2 cents per share, fully franked.

Management restructure

Subsequent to the year-end the business has moved to both streamline and strengthen the management team. The Company now has a flatter structure with seven direct reports to the CEO, all with clear accountabilities.

We expect to announce a new CFO shortly.

In addition to the CFO search, we are also conducting a search for a new and important position of Chief Innovation and Strategy Officer, enabling the Company to fast track its ambitions for their products and transformation into data intelligence, location based targeting and enhanced capabilities.

FY18 Outlook

The Company is mitigating the \$7 million EBITDA Yarra Trams contract impact.

Year-to-date trading at 20 February 2018 is in line with the Company's expectations.

Versus the prior corresponding period:

- 1H18 is up low single digits on early indications

Excluding Yarra Trams:

- 1Q18 is up low single digits with good visibility
- 1H18 is up mid single digits on early indications

Revenue and EBITDA is skewed to the second half of the year.

APN Outdoor will be investing ~\$2 million during FY18 in innovation and new systems to support an audience and customer led go-to-market sales strategy.

Overhead growth for FY18 is expected to be 6% - 8% reflecting a one off cost base reset to support growth.

Digital billboard conversion rollout continues with 20 to 25 new digital (Elite) screens to be commissioned in FY18. Capital expenditure for FY18 is expected to be in the range of \$25 million to \$30 million.

Following the successful retention of a number of key contracts, APN Outdoor has low contract renewal exposure in the single digits in FY18 and FY19.

Conference call

James Warburton (CEO and Managing Director) and David Watkins (Acting CFO) will host a conference call today at 9.30am Sydney time.

Details for the call are provided as an attachment to this release. The live link to the webcast is as follows.

<http://webcasting.boardroom.media/broadcast/5a52bea2dcb03733b3f8b2fe>

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Event Conference details

Dear Attendee,

Meeting Title: APN Outdoor APO FY17 Results

Date:	20 February 2018
Start Time:	9:30am (AEDT)
Conference ID:	877516

Audio Access Dial in numbers:

Australia Toll Free	1 800 558 698		
Alternate Australia Toll Free	1 800 809 971		
Australia Local Number	+612 9007 3187	New Zealand	0800 453 055
China Wide	4001 200 659	Norway	800 69 950
Belgium	0800 72 111	Philippines	1800 1110 1462
Canada	1855 8811 339	Singapore	800 101 2785
France	0800 913 848	South Korea	00 798 142 063 275
Germany	0800 182 7617	Sweden	020 791 959
Hong Kong	800 966 806	South Africa	800999976
India	0008 0010 08443	Switzerland	800820030
Indonesia	001 803 019 3275	Taiwan	008 0112 7397
Ireland	1800 948 625	Thailand	001800 156 206 3275
Italy	800 793 500	UAE	8000 3570 2705
Japan	0053 116 1281	United Kingdom	0800 051 8245
Malaysia	1800 816 294	United States	1855 8811 339

In Order to ask a question during the Live Question and Answer Session, Please press * then 1 on your telephone keypad in order to enter the Q&A queue. To withdraw your question simply key * then 2