A WORLD OF UNMISSABLE

oOh!media Limited
ACN 602 195 380

20 August 2018

ASX & Media Announcement

oOh!media delivers continued double-digit revenue growth

oOh!media Limited (ASX:OML) (**oOh!media**) today announced continued double-digit revenue growth (up 11%) with improved gross margin and underlying earnings for the half-year ended 30 June 2018 (1H18).

Underlying EBITDA increased by 11% to $37.9 million with Underlying NPATA lifting by 2% to $14.9 million.

oOh! continues to benefit from above-market revenue growth in Road with ongoing significant improvements in its Fly and Locate businesses from the second half of last year.

Meanwhile, oOh! leads the industry in driving digital transformation across its portfolio with digital revenue as a percentage of total sales climbing to 64% for the period.

The Company reported a strong first half result and remains on track to deliver its full year guidance for the year ended 31 December 2018 (FY18).

Financial highlights included:

- Revenue of $192.0m, up 11% from the half year ended 30 June 2017 (1H17)
- Gross profit of $87.6m, up 16% on 1H17
- Gross profit margin of 46% compared to 44% in 1H17
- Operational expenditure increased by 20%, reflecting increased employee expenses associated with technology, creative and sales teams and related commissions to drive revenue growth
- Underlying[1] EBITDA of $37.9m, up 11% with Underlying EBITDA[1] margin steady on the prior corresponding period at 20% despite increased operating expenditure
- Strong cashflow generation – Operating cashflow more than doubled to $29.1m
- Capex of $14.5m - continued disciplined and focused approach to capex, down 19% on 1H17
- Underlying NPATA[1, 2,3] of $14.9m compared to $14.6m in 1H17
- NPAT of $9.2m, up 3% from 1H17
- Fully franked interim dividend of 3.5 cents per share vs 4.5 cents in prior period. The 1H18 dividend reflects the 71.7m increase in the number of shares issued under the Entitlement Offer in July 2018. On a like for like basis – dividend per share up 12%

Operational highlights included:

- Out Of Home industry position maintained with 8,000 digital panels across Australia/New Zealand, 12,000 classic panels and 8 online platforms
- Extending its Fly offering beyond Qantas Domestic terminals, clubs and business lounges to also include International and Domestic Inflight Entertainment to help advertisers engage more than 28 million travelers annually

[1] Underlying EBITDA and NPATA reflect adjustments for certain non-operating items including impairment and acquisition-related expenses. Non-operating items of $1.6m (pre-tax) relate predominantly to legal and advisory costs associated with the proposed acquisition of Adshel. Management believes Underlying provides a better representation of financial performance in the ordinary course of business.
[2] Net profit after tax before acquired amortization (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 1H17 accounts have been restated for a change in policy relating to the tax treatment of intangibles on acquisitions.

- Building an Organisational Transformation Platform to enable clients to plan, buy and place campaigns across oOh!'s digital and classic inventory to revolutionise the industry and accelerate the Out Of Home share of total media spend and to deliver an advanced business operating platform
- Delivering ground-breaking campaigns 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 another strong result with solid revenue growth demonstrating the value proposition of our product offering across the most diversified portfolio in the industry.

"That diversity provides exposure to the broadest range of Out Of Home segments and underlying lease contracts enabling us to deliver sustainable revenue growth while also mitigating periodic fluctuations in advertiser spend in specific categories and products.

"We are also successfully driving gross margin improvement in both percentage and absolute dollar terms.

"At the same time, we are implementing our strategy to invest for future growth. As we have said consistently, this year marks a transformation in our business as we build our platform to the next level.

"We are leading the industry in creating a new media business that is driven by data, content and innovation, connecting advertisers to more audiences with the right message, at the right moment and in the right location.

"We are supporting this with an Organisational Transformation Platform that harnesses the power of machine learning to enable clients to engage with audiences through our extensive network of signs more easily, effectively and efficiently.

"The investments we are making in our people, our systems and our network ensure that oOh! is at the forefront of the Out Of Home sector in creating a unique platform that delivers the next phase of revenue growth and sustainable value creation for shareholders through delivering results to our clients," Mr. Cook said.

Product highlights:

- **Road** delivered strong double-digit sales growth (up 16%) through its portfolio of high quality digital and classic assets. While oOh! continues to digitise assets in premium locations, classic metro sites also delivered a strong increase in revenue for the period.
- **Retail** revenue was impacted (down 5%) by reduced spend across the category from some major advertisers. The business is confident in the future performance of the Retail business with oOh!'s national presence of full motion Shopalive and Evoke network.
- **Fly** continued the strong momentum from the last quarter of FY17 with strong bookings leading to an 18% increase in revenue.
- **Locate** increased revenue significantly (up 31%) from the successful integration of the ECN business and initiatives last year to restructure the sales team and re-position the go-to-market proposition.
- **New Zealand** posted a strong turnaround in revenue from the prior corresponding period (up 19%) despite the NZ market being nearly flat in the first half.
- **Junkee Media** and **Cactus Imaging** revenue continued to grow, demonstrating their value to the group.

Financial Position and Dividend

oOh!media's balance sheet remains strong with the net debt / Underlying EBITDA ratio at 1.3 times compared to 1.4 times at 31 December 2017 and 1.7 times at 30 June 2017. This level of gearing is well within the Company's banking covenants and has temporarily been reduced to nil from July 2018 because of the entitlement issue proceeds being received in advance of the Adshel acquisition completing.

Meanwhile, oOh!media continues to generate strong cash flow with operating cash flow more than doubling on the prior half to $29.1 million.

Capital expenditure declined by 19% to $14.5 million, reflecting the Company's ongoing disciplined approach to capital investment and digitisation.

The Board declared a fully franked interim dividend of 3.5 cents per share compared to 4.5 cents for the prior corresponding period. The Record date for entitlement to receive the interim dividend is 24 August 2018 with a schedule dividend payment date of 21 September 2018. The 1H18 dividend reflects the 71.7 million increase in the number of shares on issue post the entitlement offer concluded in July 2018. On a like for like basis, dividend per share increased by 12% on the prior corresponding half.

Outlook - Guidance Reaffirmed for FY18

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

The Board of Directors reaffirms guidance for CY18 Underlying EBITDA of $94m-$99m and for capital expenditure between $30-$40m. Guidance excludes the impact of the proposed acquisition of Adshel, including costs incurred to date.

Update on Proposed Adshel Acquisition

On 25 June 2018, oOh!media announced it had entered into a binding agreement to acquire 100% of the share capital in Adshel from HT&E Limited for cash consideration of $570 million. The Acquisition purchase price has been funded with a combination of new debt and an equity capital raising.

The Company has arranged fully underwritten new debt facilities in connection with the Acquisition, with a total facility limit of $450 million.

The Company successfully completed a fully underwritten 1 for 2.3 pro rata accelerated non-renounceable entitlement offer which raised $329.9 million.

Adshel is complementary to oOh!media's existing portfolio providing an opportunity to enter the new segments of street furniture and rail. The digitisation opportunity in the Adshel business is also expected to provide a significant avenue for further growth beyond what has been achieved to date.

Completion of the Acquisition is expected in 2018 and is subject to ACCC approval.

***

Investor Relations contact:
Martin Cole
+61 2 9927 5273
investors@oohmedia.com.au

Media contact:
Peter Laidlaw
0419 210 306
plaidlaw@lighthousecomms.com.au

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.