2019
ANNUAL REPORT

oOh!
unmissable

CONTENTS

The Annual Report was authorised for issue, in accordance with a resolution of the Directors. The Directors have the power to amend and reissue the Annual Report.

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COMPANY OVERVIEW

oOh! is a pioneering media company changing the face of the Out of Home industry in Australia and New Zealand. Through our commitment to market leading data, ideas and driving 1+ reach, we make brands powerfully unmissable.

We invest in sophisticated data to ensure we know audiences at location better than anyone else and deliver quality insight and ROI for our clients. We commit to original ideas and the highest quality network to provide unrivalled reach across capital cities and regional areas.

oOh!'s extensive network of 37,000 locations include Billboards, Retail, Fly, Rail, Street Furniture, and Place-Based environments (universities, venues, cafes, offices, and healthcare centres). We also own and operate digital publisher Junkee Media, printing business Cactus, and experiential provider Edge, providing unrivalled solutions for Advertisers.

oOh!media has been making brands unmissable for over 30 years. Find out more at oohmedia.com.au

BILLBOARDS

Billboards deliver impact, dominance and scale across 3,850 classic and digital sites in all metro and regional markets, including the most sought-after sites in the country. Billboards are the original Unmissable format for product launches, creating brand fame, call to actions, directional and informative messaging, path to purchase and proximity.

RETAIL

Retail is the largest retail advertising network in Australia with multi formats in over 500+ shopping centres, reaching 12 million unique shoppers each month. Including local, medium and large shopping centre types, with 2.2 billion shopper visits each year equating to over $82 billion in spend, Retail can reach a breadth of shoppers that no-one else can.

RAIL

Rail connects with 14.5 million commuter journeys each week in 41 CBD and inner city stations in Sydney and Melbourne, across the largest digital rail offering in Australia. With full digital animation across portrait, large format and WOW walls, as well as station domination and experiential opportunities, Rail ensures brands connect with professional affluent commuters on their daily journeys.

OFFICE

Office has over 3,500 digital advertising displays in over 640 prominent Australian office towers, which house 4,900 different organisations. Office reaches 3 million professionals, enabling brands to target CBD professionals while they are at work.

CAFÉ

Café is Australia's only digital café media portfolio, connecting with over 800,000 of the metro workforce during their daily routine and 'me time'. Available in over 400 Australian city and urban cafés, brands are able to connect with café audiences through digital displays, brand experiences, branded coffee cups, mobile activations and Wi-Fi products.

STUDY

Study is the most powerful and simplest way to connect and engage with students across Australia at scale. With over 100 Uni and TAFE campuses, Study reaches over 1.2 million students with 220 digital screens and 120 static panels located in student hubs on campus.

FLY

Fly spans 16 cities, 20 terminals, 16 Qantas Lounges and Qantas Inflight Entertainment. With a combination of digital, static, video pre-rolls, WIFI and activations, Fly engages affluent business professionals on their end to end journeys throughout all major Australian airports.

STREET

Street Furniture provides advertising on bus shelters and roadside locations Australia-wide. With 12,700 classic poster-format sites, and over 400 digital sites, Street Furniture has the flexibility and scale to provide precision targeting to the right audience at the right location during their daily journeys.

VENUE

Venue is the original social network, with 220 national metro venues where screens are positioned behind, above or next to the bar area showcasing entertaining Bite TV content. A place where Australians gather to eat, drink and socialise, allowing brands to connect with a relaxed and receptive audience.


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2019 HIGHLIGHTS

FINANCIAL HIGHLIGHTS

Despite a challenging market, oOh!media delivered a 1% increase in revenue, in line with the broader Out of Home market, from leveraging our diversified portfolio.

GROUP FINANCIAL RESULTS[1] – Pre-adoption of AASB16

REVENUE

$649.6
MILLION
∧ 1%

GROSS PROFIT

$283.3
MILLION
∨ 2%

UNDERLYING[2] EBITDA

$139.0
MILLION
∨ 5%

UNDERLYING[2] NPATA[3]

$52.4
MILLION
∨ 10%

NPAT

$27.2
MILLION
∨ 32%

FY DIVIDEND

11.0
CENTS
steady

1. All pro forma figures refer to oOh!'s results for FY19 compared to the FY18 results combined with the management accounts for Commute for the period in FY18 when it was not under OML ownership
2. Underlying results exclude the impact of integration related expenses and non-cash impairment expenses in the current year, and acquisition and integration expenses in the prior year. Underlying EBITDA is disclosed in Note 4 'Segment information' of the Annual Report. Refer to the same Note 4 for a reconciliation between information on reportable segments to IFRS measures. Underlying also excludes the impact of AASB16
3. NPATA is NPAT excluding the after tax impact of acquisition related amortisation charges.

OPERATIONAL HIGHLIGHTS

During 2019 oOh! continued to implement its strategy to build the most diverse and integrated Out of Home network to connect audiences and advertisers. We continue to capitalise on the key structural drivers of growth in Out of Home and leverage our diverse product portfolio, backed by data, to deliver results for advertisers.

SUCCESSFULLY INTEGRATING COMMUTE

The integration of the Commute business remains on track with the Company meeting all of the key milestones for the integration, including cost synergies as previously announced. Commute continued to grow its revenue by more than the broader Out of Home sector demonstrating its significant contribution to the Company's diversified asset portfolio and supporting the acquisition business case.

LAUNCH OF SMART REACH

Smart Reach is our data science tool that combines the most robust anonymised data sets available, enabling advertisers to maximise their media spend and reach 25 per cent more buyer audiences through unmatched targeting across the media landscape.

Smart Reach ensures brands are targeting the right audience and provides access to more than 500 specific audience segments based on buyergraphics, demographics, psychographics and consumer behaviours.

BALANCED, DIVERSE AND LONG TERM LEASE MATURITY PROFILE

oOh! continues to maintain a balanced and diverse lease maturity profile with 65 per cent of 2019 revenue by concession (including Commute) attached to contracts that expire beyond 2022. During CY2019, oOh! continued to implement its strategy of building the most diverse portfolio backed by data-led innovation in the Out of Home industry.

GROUND-BREAKING CAMPAIGNS

oOh! delivered a number ground-breaking campaigns during 2019, using different levels of creative content and data across multiple formats which demonstrates the diversity, reach and effectiveness of our portfolio. In FY19 70 per cent of our revenue included more than one of our products.

CHAIR REVIEW

2019 was a challenging year for the overall media sector and for the Company, however we enter 2020 feeling well positioned for future growth.

Declining business and consumer confidence and weaker economic conditions resulted in a decrease in overall advertising spend.

The Out of Home sector continued to perform better than most other forms of media but the decline in advertising spend, particularly in the third quarter of 2019, impacted the Company's expected earnings for the full year. As a result, in August, we were disappointed to downgrade our earnings guidance for FY19 Underlying EBITDA from $152-$162 million to $125-$135 million.

However, following an improved performance by the Company in the fourth quarter, this level of expected earnings was upgraded in December and oOh! delivered Underlying EBITDA of $139.0 million for 2019.

While the year was challenging, we remain very confident in Out of Home's ability to continue to grow its share of total advertising spend. The structural drivers of growth in Out of Home remain compelling and we continued to implement our strategy to ensure oOh! can capitalise on this growth and leverage the scale and diversity of our market-leading inventory supported by our data insights to drive sustainable growth over the medium term.

OVERVIEW OF FINANCIAL RESULTS

Despite the difficult market conditions, oOh! delivered a 1% increase in revenue on a pro forma basis which was in line with the broader Out of Home market. Our Commute business delivered a strong contribution with 5% revenue growth, ahead of the broader market, demonstrating its importance to enhancing the diversity of our portfolio and supporting our acquisition business case.

The integration of Commute has progressed well, with cost synergies being delivered in line with our expectations.

The 1% increase in pro forma revenue translated to 2% decline in gross profit to $283.3 million. This decline reflects the impact of an adverse revenue mix change, with a lower revenue contribution from the higher-margin Road segment and an increase in renewal rents for some concessions.

On a pro forma basis, Net Profit After Tax before the adoption of the new accounting standard AASB16, declined by 32% to 27.2 million.

On a reported basis, including the new accounting standard, Net Profit was $13.4 million.

CAPITAL MANAGEMENT AND DIVIDENDS

Capital management remains a continuing focus for the Board to ensure the Company remains in a strong financial position, while maintaining our ongoing investment in growth initiatives and providing returns to shareholders.

The Company declared a fully franked final dividend of 7.5 cents per share, bringing the full year dividend to 11 cents per share, fully franked. This was in line with the Board's policy to pay 40-60 per cent of Underlying NPATA as dividends.

As with the interim dividend, the dividend reinvestment plan (DRP) will operate for the final dividend payable on 27 March 2020. The DRP will be fully underwritten and therefore has no cash impact. This reflects our ongoing commitment to reduce the Company's leverage, while continuing to pay dividends to shareholders.

The Company continues to target a leverage ratio (net debt/Underlying EBITDA) approaching 2 times by end 2020.

BOARD RENEWAL

Another focus during 2019 was Board renewal; ensuring the Board continues to appoint Directors with the requisite skills and experience to assist management in continuing to drive the Company's strategy.

Geoff Wild retired from the Board in February 2019. During the year, Debbie Goodin also announced her intention to retire from the Board once a suitable replacement was identified to allow for an orderly succession as Chair of the Company's Audit, Risk and Compliance Committee.

I want to acknowledge and thank both Geoff and Debbie for their contribution to the Board and to oOh! more broadly. Geoff enjoyed a long and valuable involvement with the Company for over 12 years and the Board and management team benefited from his extensive marketing and advertising experience in that time.

As lead Independent Director and also as Chair of the Audit, Risk and Compliance Committee, Debbie has made a significant contribution and been an important source of wise counsel to both Board and management. Debbie retired from the Board on 25 February 2020 and leaves with the Company's best wishes.

As part of the Board renewal process, we were pleased to appoint three new Non-Executive Directors during the year.

Tim Miles joined the Board in May 2019. He has significant experience, both internationally and in New Zealand, specifically in technology and digital development which is very helpful in the context of our digital strategy. Tim is based in Auckland, which is also very positive given the leading position we now have in the New Zealand market, following the acquisition of Commute.

Philippa Kelly joined the Board as an independent Non-Executive Director in September 2019. Philippa has wide-ranging property management and finance experience in listed ASX companies which will be a valuable addition to the Board.

Finally, David Wiadrowski was appointed in November 2019. He has extensive audit, risk and finance experience and will be appointed as the Chair of the Company's Audit, Risk and Compliance Committee.

MANAGING DIRECTOR AND CEO TO STEP DOWN DURING 2020

In January 2020, the Company announced that Brendon Cook, had indicated his intention to step down as Managing Director & CEO and from the Board during 2020.

Brendon will remain as MD and CEO and on the Board until the completion of a global executive search and will then work with the Board to ensure an orderly and seamless transition to a new CEO.

As many shareholders will know, Brendon founded oOh! in 1989 and he has been an innovator and passionate industry leader for the past 30 years.

He had the foresight to recognise the growth potential of digital and has been a powerful advocate for the development of new outdoor environments to capitalise on the rapid growth in media consumption habits away from home.

He has successfully led oOh!'s diversification strategy to build a data-centric, scalable multiformat business which leads the Australian and New Zealand markets.

On behalf of the Board and the entire team at oOh!, I want to thank Brendon for his enormous commitment and dedication to building and leading our business over the past 30 years.

While Brendon is stepping down, we will continue to benefit from his vast experience and insight as he will take up a non-executive consulting role to provide ongoing strategic advice after the successful transition to a new CEO.

SUMMARY

In a challenging year for the media industry, the Company remained focused on the implementation of its strategy and disciplined on cost and capital management.

We remain confident of the continued growth in the Out of Home segment, and as the market leader across Australia/New Zealand, oOh! remains well placed to capitalise on this growth to deliver sustainable value to shareholders.

Tony Faure
Chair

While the year was challenging, we remain very confident in Out of Home's ability to continue to grow its share of total advertising spend. The structural drivers of growth in Out of Home remain compelling and we continued to implement our strategy to ensure oOh! can capitalise on this growth and leverage the scale and diversity of our market-leading inventory supported by our data insights to drive sustainable growth over the medium term.

CEO'S REVIEW

Q 2019 WAS A TOUGH YEAR FOR MEDIA IN GENERAL – HOW HAS OOH! RESPONDED TO THE CHALLENGING ENVIRONMENT?

A In an overall sense the media market has had a number of very challenging months in 2019, followed by normal expected expenditure months. While we had anticipated the federal election in May would impact spend from big brand advertisers, market conditions remained weak into most of the third quarter and December which affected all media, including Out of Home.

In that context we have worked hard to meet the market, attract client spending and make sure we can integrate our different products through the right combination of formats to deliver solutions to our clients.

Our focus on that strategy resulted in an improvement in our results for the fourth quarter.

It also meant that we held our market share for the year, growing revenue by 1%, in line with the Out of Home market.

Importantly, we do not believe the challenging market in 2019 is a structural issue for Out of Home.

The fundamentals for Out of Home have not changed; it is still a growing medium and it continues to out-perform most other media categories and we believe it will continue to do so.

So our strategy remains consistent, which is to capitalise on the key structural drivers of growth in Out of Home and leverage our diverse product portfolio, backed by data, to deliver results for advertisers.

As a business we have only just reached the point where we are able to become sales operational efficient at growing direct revenue across our inventory in Australia. We now have the inventory that delivers for more local businesses in more environments and in more geographies. For FY19 direct revenue in Australia increased by 6.1 per cent and we are continuing to grow that element of our business.

Q NOTWITHSTANDING THE DIFFICULT CLIMATE DURING 2019, WHAT WERE THE HIGHLIGHTS FOR OOH! DURING THE YEAR?

A While the market has been challenging, we have delivered some specific highlights during the year.

- In a tough market we have grown revenue in line with the Out of Home market and maintained our market share in both Australia and New Zealand. I am particularly pleased with the Company's response to the very weak third quarter which unfortunately led to the downgrade in full year earnings expectations.

  We were able to deliver a stronger than expected result in the fourth quarter which led to an upwards revision of earnings guidance towards the end of the year.

- The integration of the Commute business across Australia and New Zealand has progressed well and I am pleased with the performance of Commute for the year. Commute continued to grow revenue ahead of the broader Out of Home market with revenue increasing by 5% on a pro forma basis. That is a solid performance in the context of the overall challenging market but also in terms of the size and complexity of the integration programme we are completing.

The fundamentals for Out of Home have not changed; it is still a growing medium and it continues to out-perform most other media categories and we believe it will continue to do so.

- The October launch of Smart Reach and its strong reception by the market is another highlight. The introduction of Smart Reach is a significant milestone in our ongoing commitment and investment in our data and insights strategy to enable advertisers to plan, optimise, buy and create campaigns that engage more of their target audiences better than ever before. We have had over 80 Smart Reach bookings since October and the number of clients now using the platform is growing at 20% per month.
- Another highlight was the alignment within the Out of Home industry on the future of a new reach and frequency approach that will update the current MOVE system, to world leading practice.

Q HOW HAS OUT OF HOME PERFORMED VS TOTAL MEDIA DURING THE YEAR AND WHAT'S DRIVING THAT?

A Out of Home continued to out-perform the broader media market in 2019.

While the broader media market declined by an estimated 5% for the year, Out of Home increased by 1%.

The independent study by Analytic Partners demonstrates the effectiveness of using Out of Home as part of an audience-led multi-media approach to campaigns. The three media that provide the highest synergy and return on investment for advertisers are a combined Digital, TV and Out of Home Campaign.

The study by Analytics Partners also demonstrates that the more investment a campaign puts into Out of Home the higher the campaign ROI will be.

Meanwhile, the fragmentation in other media and changes in consumer behaviour are further supporting factors to drive growth in Out of Home.

As we continue to prove the capability of the medium, we remain confident of Out of Home's ability to grow to 10% of the total media pie within the next three to five years.

Google multi-app campaigns brings together the trinity of audience, data and tech with digitally led multi-format campaign serving over 66,233 dynamic creatives. The campaign went on to win the Outdoor Media Association's Best use of Digital in Q3 2019.

Q 2019 WAS THE FIRST FULL YEAR OF COMMUTE UNDER OOH!'S OWNERSHIP – HOW HAS THE BUSINESS PERFORMED COMPARED TO YOUR EXPECTATIONS AND HOW HAS THE INTEGRATION PROGRESSED?

A Commute performed well during the year and was in line with our expectations. The business continued to grow revenue greater than the broader Out of Home sector with revenue increasing by 5% on a pro forma basis.

More specifically, the rail assets benefitted from the Melbourne/Sydney package offering subsequent to winning the Metro Trains Melbourne contract in April 2018.

Commute New Zealand continues to innovate and lead the market.

The integration is progressing well, and we achieved our targeted cost synergies from the acquisition with an exit run-rate of $16 million in cost synergies at the end of 2019.

Commute is now our largest business in terms of revenue and demonstrates, not only the importance of the street furniture segment but also the enhanced diversity Commute brings to the wider company. Its performance in FY19 demonstrates its significant contribution to our asset portfolio and supporting our acquisition business case.

CEO'S REVIEW

CONTINUED

Q WHAT CONTRACTS WERE SUCCESSFULLY RENEWED IN 2019?

A We have successfully renewed and also won a range of contracts in 2019. Any lost or deliberately not renewed contracts are a normal part of network planning, given we also build new organic activity every year. Typically, all these renewals were smaller in size but is consistent with our approach to network management; identifying which contracts are important to retain at an audience level and continuing our disciplined approach to renewals is an advantage of our scale and new audience data on all our physical assets.

One of our key competitive advantages is the thousands of commercial arrangements we have in place and the diversity of our portfolio. We continue to maintain a balanced and diverse lease maturity profile with over 60% of 2019 revenue by concession (including Commute) attached to contracts that expire beyond 2022.

Q HOW ARE YOU BALANCING ADVERTISER NEEDS TO BALANCE BIG BRAND CAMPAIGNS WITH SHORTER TERM PERFORMANCE RESULTS?

A While Out of Home has traditionally been regarded as a longer-term brand building platform, we are now seeing advances in technology and digital sign development providing opportunities to deliver shorter term results, and other consumer engagement.

For example, in Retail with path to purchase, our digital EXCITE panels can now enable brands to personally connect and interact with shoppers. These panels use touch screen webcam, kinetic camera speakers and microphones to create a 1:1 immersive brand experience. For example an advertiser can use EXCITE panels to host games and run competitions to help drive conversion. It's a good example of how we are using the medium to deliver tactical and brand growth opportunities.

Q HOW HAVE YOU INTEGRATED YOUR DIFFERENT PRODUCTS TO DELIVER SOLUTIONS FOR CLIENTS?

A We know from research that using an appropriate mix of formats will deliver greater return on investment for advertisers. An effective use of oOh!'s different formats will ensure advertisers get more 'one-plus reach', which according to Analytic Partners' research, drives significantly more return on investment. Campaigns that use multi-formats across the audience journey, with the combination of TV, Digital and Out of Home can deliver a 27% increase on top of the return on investment delivered by each medium separately.

We are continuing to deliver integrated campaigns for clients that use different levels of creative content and data across multiple formats which is a strong testament to the diversity and reach of our portfolio.

We have seen an increase in campaigns using multiple formats, and 70% of our revenue in FY19 includes more than one of our products.

NRMA Using large format, high impact sites on regional NSW roads, The First Nations Out of Home initiative has been designed to help create awareness for First Nations Communities.

Q YOU LAUNCHED SMART REACH DURING THE YEAR. WHAT IS IT AND HOW DOES IT WORK? WHAT HAS BEEN THE RESPONSE FROM CLIENTS?

A Smart Reach is our DataScience tool that combines the most robust anonymised data sets available, enabling advertisers to maximise their media spend and reach 25% more buyer audience through unmatched targeting across the media landscape.

Smart Reach ensures brands are targeting the right audience and provides access to more than 500 specific audience segments based on buyergraphics, demographics, psychographics and consumer behaviours.

Our data partners and data scientists have combined trillions of data points including 2.5 billion banking and purchase transactions annually and more than 3 billion geo-signals from mobile devices to tell a powerful story of who Australians are based on what they buy, and where they go and spend time, in addition to where they live.

The granular level of data enables razor sharp targeting to audiences who are more likely to buy – delivering on average 25% more buyers for advertisers putting their message in front of more of the right people.

Smart Reach means brands can have their campaigns optimised and delivered across our 37,000 strong network based on actual consumer journeys. It enables brands to find the most powerful combination of oOh!'s network of assets and formats to maximise campaign performance.

At oOh! we can now provide advertisers with the optionality to get to their audiences at the right mix of locations more effectively than ever possible previously in Out of Home and that will play an important role in growing the Out of Home sector over the next few years.

Modibodi's first integrated Out of Home campaign used a bespoke consumer segment and oOh!'s Smart Reach tool to design an optimised advertising schedule reaching 74% of the new segment in Sydney. The data also enabled oOh! to index and rank shopping centres, enabling the selection of the three specific centres for Modibodi pop-up stores.

Q CAN YOU PROVIDE AN EXAMPLE OF A CAMPAIGN USING SMART REACH?

A The apparel brand, Modibodi used Smart Reach to plan its first integrated Out of Home campaign. Our DataScience capability was used by our internal campaign planning specialists to plan and implement the integrated campaign, while our data specialists developed a bespoke consumer segment built from transactional data and based on the brand's specific objective for the campaign. We used Smart Reach to design an optimised advertising schedule to reach 74% of the new segment in Sydney. The campaign used oOh! formats such as Road static and digital, Retail (both portrait and Evoke) TV, Junkee, bus shelters, train stations and Edge. In addition, by harnessing this data, we could index and rank shopping centres, enabling us to select three specific centres used for Modibodi's pop-ups with support for the stores provided by our experiential team which managed their activation. The campaign was additionally supported by tailored activity on the Junkee online audience platform to further reinforce the brand messaging.

Q YOU ANNOUNCED YOUR INTENTION TO STEP DOWN AS MANAGING DIRECTOR AND CEO DURING 2020. WHAT'S PROMPTED THAT DECISION AND WHAT ARE YOU MOST PROUD OF DURING YOUR TIME AT OOH!?

A I have been running the business for the past 31 years. In thinking about my future long term commitment, I wanted to ensure the Board had an appropriate amount of time to be able to transition to a new CEO. The business is in good shape, we have a strong management team in place and we have the right strategy and products to deliver our priorities.

I remain energised and committed to the business to assist in the transition to new leadership and I am also looking forward to continuing my involvement with oOh! as a consultant to the business once the new CEO appointment has been made.

I am immensely proud of the business we have built over the past 30 years. More specifically, I am proud of the culture we have developed at oOh! and the great team of people who come to work each day to do great work for our advertiser clients, property partners and maintain our extensive network of public infrastructure. We are also a business that has a strong focus on supporting our community and that is a great testament to everyone in our business and will continue to be so for the future.


Disney PIXAR
TOY STORY 4
IN CINEMAS
JUNE 20
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OPERATING AND FINANCIAL REVIEW 2019

OVERVIEW

Challenging media market conditions in FY19 but structural drivers continue to benefit Out of Home

Out of Home continues to out-perform the overall media market and grew its share during 2019[1]. This is due to structural changes in the media market including the ability to make 'one to many' advertising geographically and contextually relevant further enabled by data and digitisation. These structural growth factors have helped mitigate against an overall media market in 2019 which was challenging, impacted by weaker economic growth and declining business and consumer confidence. Overall advertising expenditure (as measured by Standard Media Index SMI[2]) demonstrated a decline of 5% for 2019.

oOh!media (oOh!) continued to implement its strategy to lead the industry to achieving 10% of total media expenditure in Out of Home in the next few years.

In 2019, the Company's focus was to successfully integrate Adshel and deliver on the synergies committed to during the acquisition process. In addition the company remained disciplined on operating and capital expenditure to ensure the business was appropriately positioned to manage through the short term challenging environment while continuing to invest in its people, data and systems to deliver sustainable revenue and earnings growth over the medium to longer term.

Within this challenging external environment, oOh! delivered a 1% increase in pro forma[3] revenue for FY19 in line with the broader ANZ Out of Home market[4], achieved its stated objective of $16 million in synergy run rate savings from the Adshel acquisition, and generated stronger cash flows in the second half consistent with the Company's objective to reduce leverage towards a gearing ratio of 2 times by the end of 2020.

BASIS OF PREPARATION

Consistent with the presentation of the interim results for FY19, the full year statutory results are reported in accordance with the new leasing standard AASB16 which has resulted in a change to the Company's reported FY19 statutory result. There is no change to the fundamental economic performance and cash generation of the business.

The table below **excludes** AASB16 reporting as the company provided FY19 EBITDA guidance on this basis. The business measures its performance on this basis.

GROUP FINANCIAL RESULTS – Pre adoption of AASB16

A$m unless specified	FY19 Pre AASB16	FY18 PF	Variance ($)	Variance (%)
Revenue	649.6	640.1	9.5	1
Gross Profit	283.3	289.8	(6.5)	(2)
Gross Profit Margin (%)	*43.6%*	*45.3%*	*-1.7ppts*	–
Total operating expenditure[5]	(144.3)	(144.1)	(0.2)	(0)
Underlying EBITDA	139.0	145.7	(6.7)	(5)
Underlying EBITDA Margin (%)	*21.4%*	*22.8%*	*-1.4ppts*	–
Non-Operating Items	(13.7)	(11.5)	(2.2)	(19)
EBITDA	125.3	134.2	(8.9)	(7)
Depreciation and Amortisation	(64.1)	(56.1)	(8.0)	(14)
EBIT	61.2	78.1	(16.9)	(22)
Net finance costs	(18.4)	(20.3)	1.9	9
Profit Before Tax	42.9	57.5	(14.6)	(25)
Income Tax Expense	(15.7)	(17.3)	1.7	10
Net Profit After Tax	27.2	40.2	(12.9)	(32)
Underlying NPATA	52.4	58.0	(5.6)	(10)
EPS (cps)	11.4	19.8	(8.4)	(43)
Full Year Dividend fully franked (cps)	11.0	11.0	–	–

1 Per the SMI for 2019 issued on 3 February 2020

2 The Standard Media Index captures payment information for media spend from the bulk of agencies in Australia and New Zealand other than IPG MEDIABRANDS. It also does not capture direct advertising spend

3 Pro Forma results include Adshel's FY18 results while under ownership of HT&E

4 As reported by the OMA and OMANZ and assuming oOh!'s country revenue mix is identical with the total OMA/OMANZ population. The OMA reported 1% gross media revenue growth and the OMANZ 14% gross media revenue growth

5 This includes $8.4m in synergies which benefited in year FY19's operating costs versus the pro-forma FY18 result. Total operating expenditure excluding the in year synergies achieved grew by 6%

IMPACT OF ADOPTION OF AASB16 ON THE PROFIT AND LOSS STATEMENT

The adoption of AASB16 has significantly increased the gross margin and EBITDA operating margin for the year compared to prior reporting periods. This is due to fixed lease costs now being excluded from gross profit and operating expenditure under the new standard. Fixed lease costs are incorporated into a right of use lease asset and lease liability which reduce over the remaining lease period.

Adopting the standard has driven a significant corresponding increase in depreciation and finance charges. The net result of these movements is a $14 million decline in NPAT and underlying NPATA, as outlined in the table below.

This decrease in reported earnings is non-cash and is a temporary timing difference which will reverse over the weighted average life of the lease portfolio. The company has applied its dividend policy range to pre AASB16 earnings.

A$m unless specified	FY19 Pre AASB16	FY19 Post AASB16	Variance ($)	Variance (%)
Revenue	649.6	649.6	–	–
Gross Profit	283.3	464.8	181.5	64
Gross Profit Margin (%)	*43.6%*	*71.6%*	*27.9ppts*	–
Total operating expenditure	(144.3)	(137.5)	6.8	5
Underlying EBITDA	139.0	327.3	188.3	135
Underlying EBITDA Margin (%)	*21.4%*	*50.4%*	*29.0ppts*	–
Non-Operating Items	(13.7)	(13.7)	–	–
EBITDA	125.3	313.6	188.3	150
Depreciation and Amortisation	(64.1)	(232.1)	(168.1)	(262)
EBIT	61.2	81.5	20.3	33
Net finance costs	(18.4)	(58.3)	(39.9)	(216)
Profit Before Tax	42.9	23.2	(19.7)	(46)
Income Tax Expense	(15.7)	(9.7)	5.9	38
Net Profit After Tax	27.2	13.4	(13.8)	(51)
Underlying NPATA	52.4	38.6	(13.8)	(26)
EPS (cps)	11.4	5.6	(5.8)	(51)
Full Year Dividend fully franked (cps)	11.0	11.0	–	–

REVENUE – Revenue up 1% despite challenging market conditions

In a challenging market, total revenue increased by 1% to $649.6 million on a pro forma basis, in a year of two contrasting halves.

Revenue was impacted in the first half by the May federal election and the accompanying weaker macroeconomic environment which negatively affected the performance of the Company's Road segment in particular. The earlier anticipated recovery in the economy and media markets following the general election did not eventuate with both oOh! and the OMA[6] reporting revenue declines in the second half. While FY19 revenue growth is below the medium to long term growth aspirations of oOh! and its prior organic growth CAGR of 10%[7], the 1% lift in revenue in FY19 demonstrates the resilience from the scale and diversity of the Company's product portfolio in a challenging media environment.

On a statutory basis, revenue grew by 35%, noting the prior year's result includes only three months' revenue contribution from Commute.

6 The OMA reported a gross revenue decline of -2% in H2

7 Organic growth from 2016 to 2018

A$m unless specified	FY19	FY18 PF	FY Variance ($)	FY Variance (%)	1H Variance %	2H Variance %
Commute	234.8	223.3	11.6	5	13	(1)
Road	146.6	154.8	(8.2)	(5)	(9)	(2)
Retail	139.1	132.9	6.2	5	6	4
Fly	65.9	67.8	(1.9)	(3)	12	(14)
Locate	44.3	42.8	1.4	3	10	(4)
Other	18.9	18.5	0.4	2	(11)	15
Total	**649.6**	**640.1**	**9.5**	**1**	**5**	**(1)**

COMMUTE

Commute continued to grow its revenues by more than the broader Out of Home sector with revenue increasing by 5% on a pro forma basis. The rail assets in particular benefitted from the Melbourne/Sydney package offering subsequent to the Metro Trains Melbourne contract win – effective April 2018 which generated the strong first half growth. Commute's revenues declined in the second half but at a slightly lower rate than the broader Out of Home industry. The Commute business in New Zealand has continued to innovate and lead the market. The Commute result demonstrates its significant contribution to the Company's diversified asset portfolio and supports the acquisition business case.

ROAD

Road revenue declined by 5% for the full year. The prior year grew strongly with revenue up 13%. The first half of FY19 was impacted by the Federal election in May which caused a reduction in big-brand advertising while the third quarter was adversely impacted by the weaker macro environment and unprecedented reduction in advertising spend. However, an improvement in bookings in the fourth quarter resulted in positive pacing for that quarter with the second half pacing down by 2% versus 9% in the first half.

RETAIL

Retail revenue grew by 5%, consistent with the improved performance from the prior year despite a challenging retail environment. The retail environment has seen a decline in consumer expenditure over the crucial fourth quarter and a change in media spend patterns with October and November becoming increasingly important due to the uptake of Black Friday and Cyber Monday as opposed to traditional spend in December.

FLY

Fly revenue declined by 3% and was impacted by the reversion of the Sydney Airport Qantas Terminal to the Airport, over which a competitor had the rights effective from 1 July 2019, and the soft Billboard market which flowed onto Fly's external road assets. The second half also saw the division measured against a much stronger half in the prior comparative period following the introduction of the In Flight media product in June 2018.

LOCATE

Locate grew revenues by 3% for the full year. The second half revenues declined by 4% compared to 10% growth in the first half. Locate, as a smaller and less traditional medium than the Commute, Road, Retail and Fly, was adversely impacted by the tougher media conditions in the second half which saw a concentration of spend on the larger formats. The office product has performed extremely well over the years, ahead of broader Out of Home growth and we expect that this medium will continue to show solid growth potential despite its more recent performance.

oOh!media continues to maintain a balanced and diverse lease maturity profile with 65% of 2019 revenue by concession (including Commute) attached to contracts that expire beyond 2022. Approximately 23% of its revenue base is either rolling or due for renewal in 2020. This short term quantum of concession based revenue for renewal is higher than has been the case over the past two years[8]. This is because the Sydney Trains, Melbourne Airport and a number of street furniture contracts are either currently in or about to be in tender processes. In the following two years (2021 and 2022) it is projected that the % of revenue attached to current contracts with a twelve month or less expiry profile will decline to at or below the longer term average.

There are additionally material tenders underway or expected during the year for concessions which oOh! does not currently hold, which oOh! will compete for in the normal course of business.

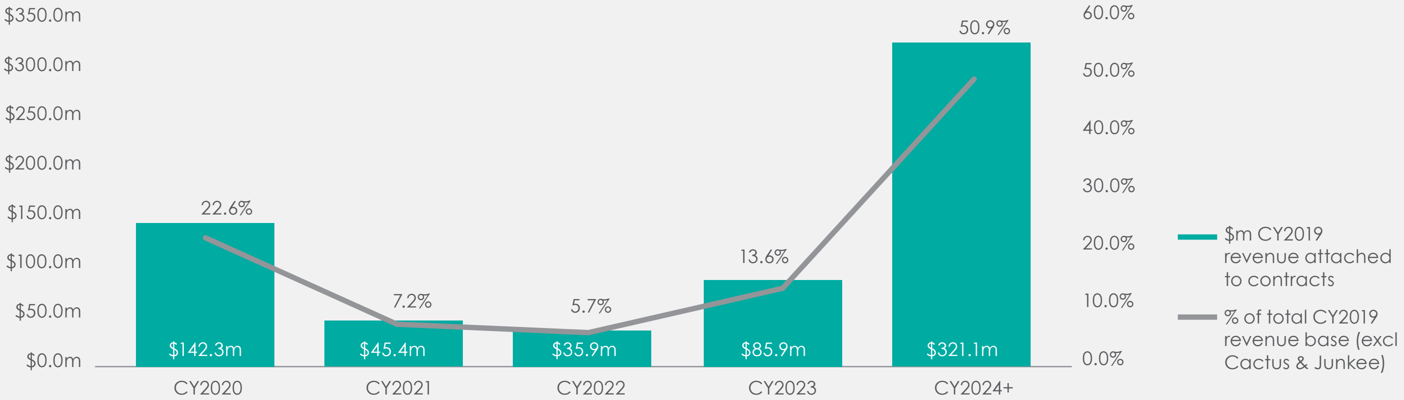
oOh! remains at the forefront of digital and data-led transformation in the Out of Home industry, while maintaining a disciplined approach to digitisation of its assets in premium locations across its network. Digital revenue as a percentage of total revenue was 61% for the year, compared to 60% in the prior year.

8 The current % of revenues expiring was 12% in FY17 and 17% in FY18

OPERATING AND FINANCIAL REVIEW 2019

CONTINUED

Revenue maturity profile



Earnings – Decline in Road impacts product mix but improvement in fourth quarter

The 1% increase in pro forma revenue translated to a pre AASB16 gross profit of $283.3 million, down 2% on the prior year. The decline reflected a combination of a mix change within the Commute and Fly portfolios and an increase in fixed rent for the Brisbane Airport and Brisbane City Council contracts which were renewed with effect from the beginning of the year. These two key contracts were renewed with an increase in fixed rent commensurate with the revenues oOh! believes it can write over the length of the contracts taking into account a medium to longer term view of overall economic performance and structural Out of Home growth.

Gross margin was 44% compared to 45% for the prior year, as a result of the factors described above.

The Company remains disciplined on operating expenditure and is focused on balancing the ongoing requirement to invest in the business with sustainable returns for shareholders. Operating expenditure excluding synergy realisation growth was 6% and within the 5-7% target range as previously communicated to the market.

The Company has achieved its targeted run-rate cost synergy of $16m from the Commute acquisition, of which $9m benefitted 2019 across both operating expenditure and COGS with the balance impacting the 2020 operating cost base.

Underlying EBITDA declined by 5% on a pro forma basis to $139.0 million, reflecting the decline in gross profit. Pro forma EBITDA margin was 21% compared to 23% for the prior year.

On a statutory basis, after accounting for the adoption of AASB16, EBITDA increased by 210% to $313.6 million. This includes fixed rents being captured as depreciation and interest expense under the new accounting standard.

Depreciation and amortisation pre-adoption of AASB16 increased by 14% on a pro forma basis. During the second half of FY19 the purchase price accounting for the Adshel acquisition was completed and this period included a full year of concession contract amortisation charge as well as the charge relating to the last quarter of 2018.

Non-operating items of $13.7 million (pre-tax) are excluded from underlying trading results and relate to integration costs resulting from the acquisition of Commute in addition to a non cash $3.5m impairment charge against the investment in Junkee Media. The costs related to the Commute acquisition include termination expenses, integration related consulting expenses and a $3m non-cash charge of a third party technology platform which was previously in development pre acquisition by oOh!.

Net finance costs pre AASB16 were slightly improved on a pro forma basis which assumes that the pro forma period had a similar capital structure.

Excluding the pro forma adjustment, net finance costs increased by $10 million to $18 million which relates to the increased debt associated with the acquisition of Commute. Post adoption of AASB16 results in a further increase in non-cash interest of $40 million to $58 million for FY19.

On a pro forma basis, Net Profit After Tax pre AASB16 declined by 32% to $27 million. The decline primarily reflects adverse product mix and rental increases.

Post adoption of the new standard, Net Profit After Tax fell by 57% to $13 million.

Underlying NPATA on a pre AASB16 pro forma basis decreased by 10% to $52 million. This is because the amortisation of Adshel acquired contracts are excluded when calculating NPATA. Underlying NPATA declined by 24% when accounting for the new standard. The adoption of AASB16 results in a decline in profit after tax of $14 million which is related to the maturity profile of the company's leases.

The business proactively seeks to maintain a mature leasing profile ensuring the appropriate diversification of its revenue generating asset base. This AASB16 related decrease in reported earnings is non-cash and is a temporary timing difference which will reverse over the weighted average life of the lease portfolio.

DIVIDEND – Dividend consistent with the prior year

The Company 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.

The Company's dividend reinvestment plan (DRP) will operate for the final dividend and will be fully underwritten and therefore has no cash impact.

The record date for entitlement to receive the final dividend is Monday 2 March with a scheduled payment date of Friday 27 March. The final day for DRP elections is Tuesday 3 March.

This capital management initiative reflects the Company's ongoing commitment to reduce leverage, whilst continuing dividend payments to shareholders.

oOh!media remains focused on delivering on its gearing target (net debt/pro forma Underlying EBITDA) of approaching 2.0x by the end of 2020. At 31 December, gearing was 2.6 times and continues to be comfortably within the Company's banking covenant of 3.5 times. After accounting for the run rate of synergies achieved at the end of 2019 gearing would have been 2.4X.

CASH FLOW GENERATION – Significant improvement in cash flow in second half

A$m unless specified	FY19	FY18	Variance ($)	Variance (%)
EBITDA (pre AASB16)	125.3	101.0	24.3	24
Net change in working capital	(6.9)	0.7	(7.6)	(1031)
Interest and Income Tax (included in net cash from operating activities)	(27.8)	(30.6)	2.8	(9)
Net cash from operating activities	**90.6**	**71.2**	**19.5**	**27**
Capital expenditure	(56.2)	(40.8)	(15.4)	38
Other	0.3	0.7	(0.4)	(56)
Net cash flow before financing and acquisitions	**34.8**	**31.1**	**3.7**	**12**

Net Cash from operating activities (pre AASB16) was $90.6 million, representing 72% of EBITDA.

As indicated at interim result, first half cashflows were impacted by the one-off payments relating to the cessation of the 7-Eleven petro-convenience sites contract and integration costs. The first half was also impacted by the timing of tax payments which were largely refunded in the second half with the balance to be received in 2020.

Operating cashflow improved significantly in the second half reflecting the traditional weighting of earnings to the second half and also a reversal in the timing tax payments referred above.

The business continues to generate strong cash conversion and expects this to continue in future years.

The Company remains disciplined on capital expenditure. On a reported basis, capital expenditure was $56 million which is consistent with the guidance for capital expenditure to be at the lower end of the $55-70 million range.

The main components of capital expenditure include digitisation of the Commute network, the roll out of new assets associated with the Brisbane airport contract and continued investment in digitisation of the group's asset base.

AASB16 has not had an impact on the cash flow of the business and will not have an impact in the future. However it does change the presentation of the allocation on the cash flow statement.

FINANCIAL POSITION – Focus on approaching gearing of 2 times by end 2020

A$m unless specified	FY19	FY18	Variance ($)	Variance (%)
Borrowings	415.7	405.5	10.2	3
Cash and Cash equivalents	(61.2)	(33.0)	28.2	85
Net Debt	354.5	372.5	(17.9)	(5)
Leverage Ratio (Net Debt/Underlying EBITDA)	2.6x	2.6x	0.0x	0

The Company's gearing ratio (net debt/pro forma Underlying EBITDA) was 2.6 times as at 31 December 2019 which was steady on the prior year, with the lower EBITDA being offset by improved cash flow. Gearing improved by 0.1x from June 2019. This level of gearing remains comfortably within the Company's banking covenants. Including the full run rate of synergies the gearing would have been 2.4X.

The adoption of AASB16 results in a significant increase in both the long-term liabilities of the company and non-current assets. The liabilities represent the present value of fixed rent contracts that the business has across its concession portfolio and its administration offices. The assets represent the right of use of these assets. The adoption of this standard has no impact on the gearing calculation applied by the Company's lending banks nor implies a changed risk profile from what would otherwise be the case. The length of tenure on concessions increases the size of the right of use assets and associated liabilities and is an outcome of oOh!media managing the risk of short term losses of key contracts.

FUTURE BUSINESS PROSPECTS

Out of Home is expected to continue to grow its share of media for the reasons outlined earlier notwithstanding short term economic cycles. Our business strategy to redefine Out of Home in ANZ as a public space media captivating, connecting and informing citizens is aimed at capturing this structural growth opportunity.

BOARD OF DIRECTORS

TONY FAURE

Chair and Non-executive Director

Tony Faure has been a Director of the parent company of the oOh!media group since February 2014, was appointed to oOh!media Limited on 28 November 2014, and appointed Chair on 22 September 2017.

Skills and experience:
Tony has deep experience in traditional and digital media and marketing, having run both small and large companies. Tony is passionate about ideas that use technology to push limits and create new experiences for consumers. Tony has held the positions of Chief Executive Officer of ninemsn and Chief Executive Officer and Founder of Home Screen Entertainment, and positions at Yahoo! including Regional Vice President, South Asia and Managing Director of Yahoo! Australia and New Zealand. Tony was also an advisor to the Board of seek.com.

Other directorships (current and recent):
Chair of Predict HQ Limited (New Zealand) from 7 November 2016, and Chair of ReadyTech Holdings (ASX listed) from April 2019.

BRENDON COOK

Chief Executive Officer and Managing Director

Brendon founded oOh!media in 1989 and was appointed to oOh!media Limited on 7 October 2014 immediately prior to oOh!media's listing in December 2014.

Skills and experience:
Brendon Cook founded oOh!media in 1989. With over 40 years' experience in outdoor advertising, Brendon has been at the forefront of the Out of Home advertising business in Australia and New Zealand, creating a multi-award winning company and being actively involved in pioneering the industry's move into digital.

Under Brendon's leadership, the business continues to deliver strong organic growth, strategic acquisitions and the development and introduction of several new environments to capitalise on the growth in digital and people's media habits away from home.

Brendon is a founding and current board member of the Outdoor Media Association and was instrumental in the development of the MOVE (Measurement of Outdoor Visibility and Exposure) project, a system that allowed for improved accuracy in reporting measurable outcomes to clients using Out Of Home media.

Brendon is the International Vice President of The World Out of Home Organization (previously FEPE International, established in 1959). WOO is the Global Out of Home industry body, that now champions the connection of country industry bodies and Out of Home leaders around the world, to develop learnings and strategies that assist Out of Home to become a world leading new media. Brendon is the first Australian to sit on the Board in the organization's nearly 60 year history.

Board of Directors as at 24 February 2020 from left to right:
David Wiadrowski , Darren Smorgon , Debra Goodin, Brendon Cook , Tony Faure , Joanne Crewes, Philippa Kelly and Timothy Miles

Other directorships (current and recent):
International Vice President of The World Out of Home Organization (previously FEPE International, established in 1959) (since June 2015), Non-executive Director of Outdoor Media Association.

JOANNE CREWES

Independent Non-executive Director

Joanne was appointed to the Board of oOh!media on 22 September 2017.

Skills and experience:
Joanne is the former President of Procter & Gamble's Global Prestige business unit, having held various senior leadership roles globally with Procter & Gamble over her 27-year career with the company. Joanne brings deep experience and insights across consumer value propositions, data-driven insights, brand positioning and client-side marketing perspectives. Joanne is, among other roles, a strategic adviser to the LVMH-backed private equity firm L Catterton and a mentor and coach to various senior executives and C-suite leaders. Joanne is a graduate of the Australian Institute of Company Directors.

Other directorships (current and recent):
Board Member of University of Technology Sydney Industry Advisory and was previously a Director of Global Advance Australia and Non-executive Director of the Dulux Group Limited (February 2018 – August 2019).

DEBRA GOODIN

Independent Non-executive Director and Lead Independent Director, Chair of Audit, Risk & Compliance Committee

Debra Goodin (Debbie) has been a Director of oOh!media and Chair of the Audit, Risk & Compliance Committee since 28 November 2014 and was appointed Lead Independent Director on 22 September 2017. At the Company's 2019 Annual General Meeting Debbie announced she would retire as a director once a suitable replacement was identified to allow for an orderly succession. Upon the appointment of David Wiadrowski to the Board, Debbie announced that she will retire as a director of the Company with effect from 25 February 2020.

Skills and experience:
Debbie has more than 20 years' senior management experience with professional services firms, government authorities and ASX-listed companies across a broad range of industries and service areas. Debbie is an experienced Non-executive Director and Audit Committee Chair.

Debbie has executive experience in finance, operations, corporate strategy and mergers and acquisitions. Her experience includes service as Chief Operating Officer for an Australian and New Zealand subsidiary of Downer EDI Limited, as Acting Chief Financial Officer and Head of Mergers and Acquisitions, and also Global Head of Operations at Coffey International Limited. Debra holds a Bachelor of Economics from the University of Adelaide and is a Fellow Chartered Accountant.

Other listed directorships (current and recent):
Non-executive Director of Atlas Arteria Limited (formerly Macquarie Atlas Roads Limited) (since 1 September 2017), Non-executive Director of APA Group (since 1 September 2015), Non-executive Director of Senex Energy Limited (since 26 May 2014), Non-executive Director of TEN Network Limited (17 August 2016 to 16 November 2017).

PHILIPPA KELLY

Independent Non-executive Director

Philippa was appointed to the Board of oOh!media on 18 September 2019.

Skills and experience:
Philippa has a background in law and investment banking, specialising in IPOs and mergers and acquisitions. She has extensive experience across governance and risk management, property and finance.

Philippa has over 20 years' experience in senior operational and leadership roles within the property sector. Most recently she was Chief Operating Officer of Juilliard Group (a private property group which owns and manages a commercial, retail and industrial portfolio). Previously she was Head of Institutional Funds Management of Centro Properties Group (now Vicinity Centres) and Corporate Advisor-Investment Banking at JBWere. Philippa holds a Bachelor of Laws from University of Western Australia and a Graduate Diploma of Applied Finance & Investment from Finsia. She is a fellow of the Australian Institute of Company Directors and Finsia.

Other directorships (current and recent):
Philippa is currently Chair of ASX listed Lifestyle Communities Limited (a company focused on affordable retirement living in residential land lease communities) and was Chair of the Audit Committee for the past six years. Philippa is a Deputy Chancellor of Deakin University and Chair of its Finance and Business Committee.

TIMOTHY MILES

Independent Non-executive Director and Chair of Technology Committee

Timothy was appointed to the Board of oOh!media on 16 May 2019.

Skills and experience:
Based in Auckland, Timothy has significant experience, both internationally and in New Zealand, notably in technology and digital development.

BOARD OF DIRECTORS

CONTINUED

Timothy has held senior leadership roles including as Chief Executive Officer of Spark Digital, Managing Director of listed agricultural services group PGG Wrightson, Chief Executive Officer of Vodafone New Zealand and Chief Executive of Vodafone UK and Group Chief Technology Officer of Vodafone plc. Timothy has also held senior roles at IBM, Data General Corporation and Unisys Corp. Timothy holds a Bachelor of Arts from Victoria University of Wellington.

Other directorships (current and recent):
Timothy is currently a Non-Executive Director of New Zealand listed Genesis, Nyriad (a software enabled data storage tech business) and UDC finance (New Zealand's largest Finance business) and is Chair of the Gut Cancer Foundation.

DARREN SMORGON

Independent Non-executive Director and Chair of Remuneration & Nomination Committee

Darren has been a Director of the parent company of the oOh!media group since March 2012 and was appointed to the Board of oOh!media Limited on 7 October 2014.

Skills and experience:
Darren is the Managing Director of Sandbar Investments, a private investment company. Darren was previously a Director of CHAMP Private Equity where he spent 16 years. While at CHAMP he oversaw the oOh!media privatisation and relisting on the ASX. Darren holds a Bachelor of Economics (with Merit) and Master of Commerce (with Merit) from the University of New South Wales, and a Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia.

Other directorships (current and recent):
Managing Director of Sandbar Investments (since 20 May 2016) and Director of Swift Media Limited (since 15 February 2019) and its non-executive Chair since 26 June 2019.

DAVID WIADROWSKI

Independent Non-executive Director

David was appointed to the Board of oOh!media on 29 November 2019.

Skills and experience:
David was a partner of PwC for 25 years, including five years as Chief Operating Officer of the PwC Assurance business, during which he was responsible for the day to day operations of the firm's largest business consisting 160 partners and 1,800 staff.

During his time at PwC, David had a focus on technology, entertainment and media and was the lead audit partner for a number of the firm's major clients including Network Ten, Seven West Media, APN News & Media and APN Outdoor.

David holds a Bachelor of Commence from the University of New South Wales, is a Graduate of the Australian Institute of Company Directors' Company Directors Course and is a Fellow of the Chartered Accountants of Australia and New Zealand

Other directorships (current and recent):
David is currently a Non-Executive Director and Chair of the Audit and Risk Committees of ASX listed Vocus Group Limited, and Life360 Inc and Non-Executive Director and Chair of the Audit Committee of carsales.com Limited. David is also an Advisory Board member of the Cambodian Children's Fund.

GEOFFREY WILD AM

Non-executive Director (retired 16 May 2019)

Geoff was a Director of oOh!media Limited from 7 October 2014, immediately prior to oOh!media's listing, until 16 May 2019 when he retired as a Director of the Company. Geoff was also a Director of the parent company of the oOh!media group from July 2007.

Skills and experience:
Geoff has enjoyed a long and distinguished career in marketing and advertising, originally with the Clemenger Group where he helped establish their Sydney operation and went onto become Deputy Chairman of the Group in ANZ.

Upon Clemenger Group's merger with the US-based BBDO Group, Geoff oversaw the Pan-Asian expansion strategy through acquisition and start-up, joining the BBDO International Board and was subsequently appointed as Chairman of ASIA/Pacific operations.

Geoff was appointed Chairman of the NSW Tourism Commission and also became a Vice President and Director of the successful Sydney 2000 Olympic Bid Committee. He was awarded the Order of Australia (AM) in the Queen's Birthday Honours Listing 2000, is a Fellow of the Advertising Institute of Australia (by examination), a Fellow of the Australian Institute of Company Directors and a Fellow of the Royal Society of the Arts.

Other directorships (current and recent):
Non-executive Director of WPP AUNZ Limited (since 8 April 2016), Chairman and Director of Arab Bank Australia Limited (Director since 2 November 1995, Chairman since 19 July 2011).

DIRECTORS' REPORT

INTRODUCTION

The Directors of oOh!media Limited (oOh!media or the Company) present their report of the consolidated entity consisting of oOh!media Limited and the entities it controlled (the Group) at the end of, or during, the year ended 31 December 2019 and the Auditor's Report thereon.

The Directors and Company Secretaries who held office at any time during or since the end of the financial year ended 31 December 2019, together with their qualifications, experience and further details, are set out on the previous pages (for the Directors) and in the Corporate Governance Statement (for the Company Secretaries).

The Directors' Report has been prepared in accordance with the requirements of the Corporations Act 2001 (Cth). The information below forms part of this Directors' Report.

CORPORATE STRUCTURE

oOh!media Limited is a company limited by shares that is incorporated and domiciled in Australia.

PRINCIPAL ACTIVITIES

oOh!media is a leading Out of Home media company, offering advertisers the ability to create deep engagement between people and brands across one of the largest and most diverse Out of Home location-based portfolios in Australia and New Zealand. oOh!media's portfolio includes:

- large format classic and digital roadside screens;
- large and small format classic and digital signs located in retail precincts such as shopping centres;
- large and small format classic and digital signs in airport terminals and lounges;
- classic and digital signs in high dwell time environments such as cafés, pubs, universities, office buildings and gyms;
- classic and digital street furniture signs;
- classic and digital rail and classic format advertising in public transport corridors including rail; and
- online sites for millennials, students, flyers and small businesses and city-based audiences.

oOh!media also owns a leading native content production company and digital printing operations.

OPERATING & FINANCIAL REVIEW

The consolidated profit attributable to the owners of the parent entity for the financial year ended 31 December 2019 was $13,453,000 (2018: $29,124,000).

A review of operations and results of the Group for the year ended 31 December 2019 is set out in the Operating and Financial Review, which forms part of this Report.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There has been no significant changes in the state of affairs of the Company during 2019.

LIKELY DEVELOPMENTS & EXPECTED RESULTS

The Group's prospects and strategic direction are discussed in various sections of this Report. Further information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in prejudice to the Group.

RISK MANAGEMENT

The Company takes a proactive approach to risk management and actively manages risks such as strategic risk, contract risk, governance and compliance risk and financial risk.
The Board of oOh!media (the Board) has mechanisms in place to ensure management's objectives and activities are in line with those determined by the Board including:

- Board approval of:
  - the Group's strategic plan and objectives;
  - the Group's policies with regard to governance, conduct and other risks;
  - the Group's annual financial forecasts and operating budgets;
  - all contracts and agreements which exceed the level of delegation to management in the Delegation of Authority policy approved by the Board; and
  - all project developments which exceed the level of delegation to management in the Delegation of Authority policy approved by the Board;
- regular review by the Board of the Group's adherence to and performance against the above items; and
- regular review by the Audit, Risk and Compliance Committee of the Group's risk management process, with improvements introduced where appropriate.

The Company has identified the following as being the most relevant risks to the business achieving its operational and financial targets:

DIRECTORS' REPORT

CONTINUED

Business Element	Description of risk and the Company's mitigation
Adapting to change	Growth in outdoor advertising will be dependent on continued ability to adapt to changes in the media landscape, including meeting evolving customer advertising requirements, competitive and legislative changes. Further, a general disruption to or downturn in either economic conditions or the broader media industry in the geographic regions in which oOh!media operates may reduce revenues. This may have a significant impact on operating profit as a large proportion of oOh!media's costs have a fixed component. The Board oversees key changes in the media landscape and the appropriateness of Management's response to such changes. oOh!media has developed a diversified portfolio to mitigate this risk, with diversity and scale across a number of different environments that produce quality Out of Home margins and return on investment for advertisers. oOh!media has also invested in audience data, scalable systems and operating models to manage this risk in the future.
Business partners	oOh!media is dependent on relationships with concession holders to manage its lease and licence portfolio, media agencies to represent this portfolio to their advertiser clients, and customers who desire the portfolio to advertise their goods and services. Many concession contracts require oOh!media to participate in competitive processes ahead of or at each renewal. Loss of relationships with media agencies, a change in the size or structure of the media agency market, or loss of relationships with key customers could impact the Group's future operating and business performance. oOh!media has developed a diversified portfolio of relationships with numerous individual concession holders and with different contract maturity dates to mitigate the impact of loss of individual concession relationships, and has invested in data and insights to give agencies and customers more focus and reach for their desired audience using oOh!media's unique portfolio.
Acquisitions & integration	Acquisitions may not deliver projected benefits or value, and integrations may not be successful, resulting in interruptions to the achievement of business strategy. oOh!media has deep experience managing business integrations and where appropriate, appoints full time project managers to assist with the management and delivery of integration programs. oOh!media regularly reports against the performance of the integration and the new business to the Board.

Regulatory & Governance	Description of risk and the Company's mitigation
Regulatory	The Group operates in an industry which is subject to specific regulatory risk, planning development regulations for deployment of the Group's assets and regulatory changes with respect to advertising content on the group's assets. oOh!media engages proactively with regulatory and industry bodies regarding development of regulation and in ensuring compliance by the Group's activities.
Governance	The Group recognises stakeholder expectations regarding governance for an enterprise of its scales and operating as a publicly listed entity. A significant failure to meet expected standards of governance would impact the reputation and business outcomes for the Group. oOh!media engages professional in-house and where required, external, governance experts across its corporate, finance, legal and operations functions to provide advice and support, and to manage and review governance systems.

IT & Cybersecurity	Description of risk and the Company's mitigation
IT security & resilience	Failure to appropriately address security risks around external threats to the digital network, IT systems and data (including personal information) could result in system suspension or failure, the potential loss of intellectual property or a personal information data breach. oOh!media has developed a Cyber Security Strategy and processes, policies and activities in relation to managing Cyber Security in the implementation of that strategy are overseen by executive technology and business leaders in the Group.

People & Capability	Description of risk and the Company's mitigation
WHSE&Q	Work, health, safety, environmental and quality (WHSE&Q) risks could occur causing physical injury or death to employees or others, damage to property or the environment, damage to reputation and involve regulatory breach. oOh!media has a dedicated WHSE&Q function, complemented by a WHSE&Q management system that is rigorously enforced. This team conducts Quality Assurance on providers to ensure compliance with policies, induction, licensing requirements, insurance and WHS policies. oOh!media has a Group-wide training program for WHSE&Q, including specific training on bullying and harassment. oOh!media conducts third party independent audits of its WHSE&Q system to identify any areas for continuous improvement, and reports to the CEO and Board at least monthly on WHSE&Q – related matters.
Employee retention & succession	Employee retention and succession planning is critical to the Group's delivery of its strategy and competitive success. oOh!media has short-term and long-term succession and organisational structure plans for key roles. oOh!media provides competitive remuneration, career development and on-the-job training. Retention and succession activities and outcomes are regularly reviewed by the Board.
Structure, capability & culture	Business structure and staff capability may not continue to evolve to meet the growing changes and complexity in the products, market, agencies and emerging digital environment. This failure may negatively impact the innovative and entrepreneurial culture of the organisation and the ongoing relevance and performance of oOh!media within the market. oOh!media has a three-year people and culture plan. Before any major initiative, structure, culture and capability is carefully assessed to ensure the best of the culture and capability is maintained, whilst adapting to new favourable opportunities. oOh!media has Group-wide induction and continuous training programs, a mentoring program, recognition programs beyond remuneration, and a Head of Talent to focus on finding and retaining the right talent for oOh!media.

MATTERS SUBSEQUENT TO REPORTING DATE

Except as disclosed in Note 29 to the financial statements within this Annual Report, no other matter or circumstance at the date of this Report has arisen since 31 December 2019 that has significantly affected or may affect:

- the operations of the Group;
- the results of those operations in future financial years; or
- the Group's state of affairs in future financial years.

ENVIRONMENTAL & WHS REGULATION

The Directors recognise the importance of environmental and workplace health and safety issues. The Directors are committed to compliance with all relevant laws and regulations to ensure the protection of the environment, the community and the health and safety of employees, contractors and the community. The operations of the consolidated entity are not subject to any particular or significant environmental regulation under the law of the Commonwealth of Australia or any of its states or territories, or New Zealand. The Group has not incurred any significant environmental liabilities.

PROCEEDINGS ON BEHALF OF THE COMPANY

No proceedings have been brought on behalf of the Group, nor have any applications been made in respect of the Group under section 237 of the Corporations Act 2001 (Cth).

ROUNDING OF AMOUNTS

The Company is a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 (Instrument) issued by the Australian Securities and Investments Commission (ASIC), relating to the "rounding off" of amounts in the Directors' Report.

Amounts in the Directors' Report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar, unless otherwise stated.

DIRECTORS' REPORT

CONTINUED

DIRECTORS' MEETINGS

The record below shows the number of directors' meetings held during the year, the number of meetings the directors were eligible to attend and the number of meetings attended.

Name of Director	Board	Audit, Risk & Compliance Committee		Remuneration & Nomination Committee	
Number of meetings held	16	5		4	
	Attended	Chair/Member	Attended	Chair/Member	Attended
Brendon Cook	15/16				
Joanne Crewes	16/16			Member	4/4
Tony Faure	16/16			Member	4/4
Debra Goodin	15/16	Chair	5/5		
Philippa Kelly^	7/7				
Timothy Miles#	12/12	Member	3/3		
Darren Smorgon	15/16	Member	5/5	Chair	4/4
David Wiadrowski**	3/3	Member			
Geoffrey Wild AM*	4/4	Member	2/2		

* Geoffrey Wild AM retired, effective 16 May 2019, following the conclusion of the Annual General Meeting. Two Audit, Risk And Compliance Committee (ARCC) meetings were held prior to Mr Wild retiring from the Board and ARCC.

\# Timothy Miles was appointed as a Non-Executive Director, effective 16 May 2019, following the conclusion of the Annual General Meeting. Three ARCC meetings were held after Mr Miles was appointed as a member of the ARCC.

^ Philippa Kelly was appointed as a Non-Executive Director, effective 18 September 2019.

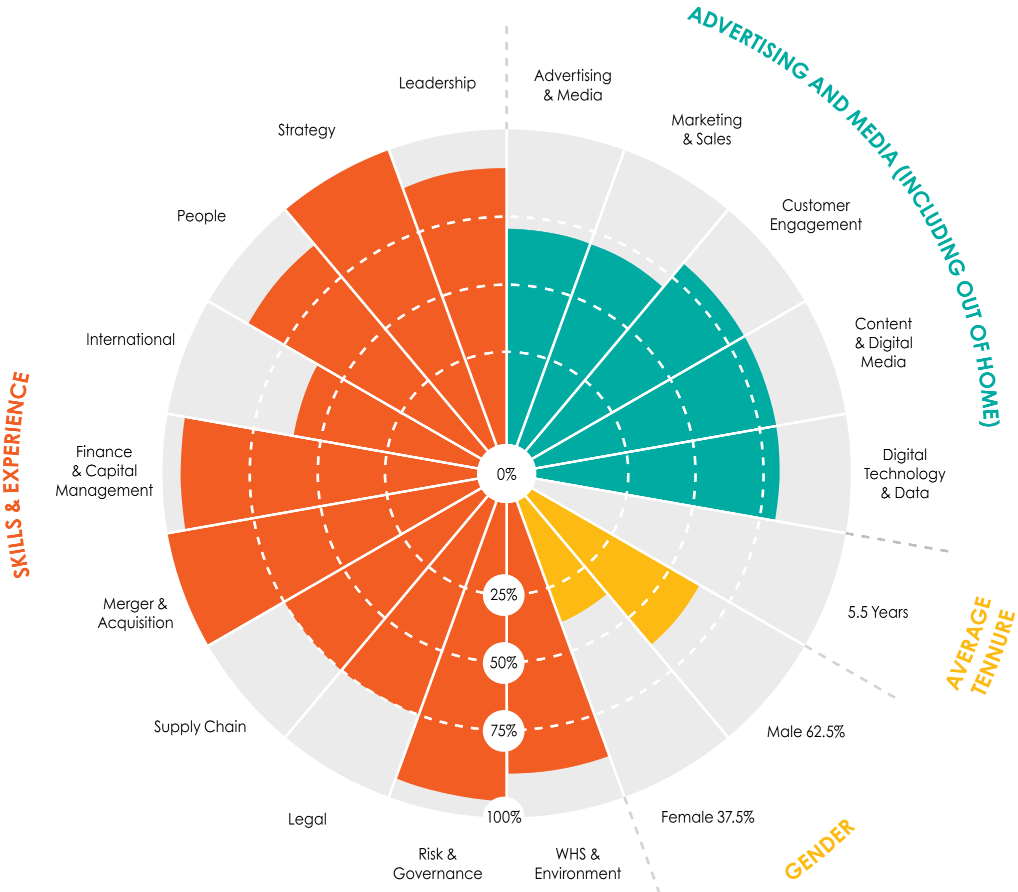
** David Wiadrowski was appointed as a Non-Executive Director, effective 29 November 2019.

In addition, Board sub-committees were convened from time to time during the period to support the Board in execution of its responsibilities.

BOARD SKILLS, EXPERIENCE & DIVERSITY

The Board, together with the Remuneration & Nomination Committee, review the skills, experience and diversity represented by Directors on the Board and determine whether the composition and mix of these factors remain appropriate for the Company's strategy, subject to limits imposed by the Constitution and the terms served by existing Non-executive Directors.

We are confident the current Board composition provides a strong combination of skills, experience and diversity to allow oOh!media to execute its long-term strategy to drive sustainable growth and maximise shareholder value.



CORPORATE GOVERNANCE

oOh!media's Corporate Governance Statement is available on oOh!media's website under https://investors.oohmedia.com.au/investor-centre/?page=governance.

SHARES ISSUED & EXERCISE OF RIGHTS

Ordinary shares of oOh!media Limited

At 31 December 2019, there were 2,829,236 performance rights on issue (2018: 2,112,730). In 2019, 843,816 fully paid ordinary shares were issued on vesting of performance rights under the Long-Term Incentive Plan. The total number of fully paid shares on issue at 31 December 2019 is 242,385,958 (2018: 236,640,789).

DIRECTORS' REPORT

CONTINUED

DIRECTORS' INTERESTS IN SHARES, RIGHTS AND OPTIONS OF THE COMPANY

The relevant interests of each Director in the equity of the Company and related bodies corporate as at the date of this Directors' Report are disclosed in the Remuneration Report.

SHAREHOLDER RETURNS

	2019	2018[1]	2017	2016[2]	2015
Profit attributable to the owners of the Company ($'000)	13,453	29,124	33,206	24,481	21,046
Basic earnings per share (cents)	6	14	19	16	12
Dividends – interim paid and final declared ($'000)	26,566	26,094	24,704	22,420	14,239
Dividends per share – interim paid and final declared (cents)	11.0	11.0	15.0	14.0	9.5
Share price – closing at balance date ($)	3.64	3.42	4.50	4.57	4.72

1. Prior year comparative basic earnings per share have been adjusted to reflect the effect of the PPA accounting for Adshel which was completed in 2019. Refer to Note 25 of the Financial Statements.
2. The CY2016 accounts have been restated for a change in policy relating to the tax treatment of intangibles on acquisitions.

Shareholder returns per share reflect the issuance of 71,709,994 additional fully paid ordinary shares issued in July 2018 to assist in financing the acquisition of the share capital of Adshel on 28 September 2018.

Net profit amounts have been calculated in accordance with the Australian Accounting Standards. Dividends for 2019 were fully franked and it is expected that dividends in future years will continue to be fully franked.

Prior year comparative basic earnings per share have been adjusted to reflect the effect of the bonus element of the July 2019 rights issue. Refer to Note 30 of the Financial Statements.

DIVIDENDS

The following fully franked dividends have been paid to date:

Dividends paid during 2019	Amount per share (cents)	Total paid ($)
Final 2018 dividend (paid 26 March 2019)	7.5	17,811,345
Interim 2019 dividend (paid 30 September 2019)	3.5	8,387,010
		26,198,355

Dividends paid during 2018	Amount per share (cents)	Total paid ($)
Final 2017 dividend (paid 16 March 2018)	10.5	17,317,732
Interim 2018 dividend (paid 21 September 2018)	3.5	8,282,424
		25,600,156

After the reporting date, the Board has declared a fully franked final dividend of 7.5 cents per ordinary share amounting to 11 cents in respect of the year ended 31 December 2019. This dividend is payable on 27 March 2020 and is subject the Company's dividend reinvestment plan (**DRP**), which is available on the investor website. The March 2020 DRP offer will be fully underwritten. The financial effect of this dividend has not been brought to account in the consolidated Financial Statements for the year ended 31 December 2019 and will be recognised in subsequent financial reports. The 2019 dividends were also subject to the DRP, with the September 2019 DRP offer fully underwritten. The financial effect of these dividends is out in Note 21 of the Financial Statements.

INDEMNIFICATION & INSURANCE OF DIRECTORS AND OFFICERS

The Company, to the extent permitted by law, indemnifies each Director, alternate Director and Executive Officer of the Company on a full indemnity basis against all losses, liabilities, costs, charges and expenses incurred by that person as an Officer of the Company or one of its related bodies corporate.

The Company, to the extent permitted by law, may purchase and maintain insurance, or pay, or agree to pay, a premium for insurance for each Director, alternate Director and Executive Officer of the Company against any liability incurred by that person as an Officer of the Company or its related bodies corporate, including a liability for negligence or for reasonable costs and expenses incurred in defending or responding to proceedings, whether civil or criminal and whatever their outcome.

The Company may enter into contracts with a Director or former Director agreeing to provide continuing access to board papers, books, records and documents of the Company that relate to the period during which the Director or former Director was a director. The Company may arrange that its related bodies corporate provide similar access to board papers, books, records or documents.

INSURANCE PREMIUMS

The Company has paid insurance premiums in respect of Directors' and Officers' Liability insurance for the year ended 31 December 2019 and since the end of the financial year. Such insurance contracts insure against certain liability (subject to specific exclusions) persons who are or have been Directors, alternate Directors or Executive Officers of the Company or in that capacity to the extent allowed by the *Corporations Act 2001* (Cth). The terms of the policies prohibit disclosure of the liability and premium paid.

NON-AUDIT SERVICES

During the year, KPMG, the Company's auditor, performed certain other services in addition to its statutory duties.

The Board has considered the non-audit services provided during the year by the auditor, and, in accordance with the advice received from the Audit, Risk & Compliance Committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirement of the *Corporations Act 2001* (Cth) for the following reasons:

- all non-audit services are subject to corporate governance procedures adopted by the Group and have been reviewed by those charged with the governance of the Group throughout the year to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants as they did not involve the auditor reviewing or auditing its own work, acting in a management or decision-making capacity for the Group, acting as an advocate to the Group or jointly sharing the risks and rewards.

DIRECTORS' REPORT

CONTINUED

Details of the audit and non-audit service fees paid or payable to the company's auditor during the year are disclosed in Note 32 of the financial statements:

Audit and assurance services	2019 $	2018 $
KPMG Australia		
Audit and review of Financial Statements	535,534	585,780
Audit of subsidiary's Financial Statements	75,645	–
Other assurance services	165,189	85,339
Total audit and assurance services	776,368	671,119

Other services	2019 $	2018 $
KPMG Australia		
Taxation compliance and advisory services	107,514	253,483
Acquisition-related services	–	641,161
Total other services	107,514	894,644
Total auditor's remuneration	883,882	1,565,763

OTHER INFORMATION

The following information, contained in this Annual Report, forms part of this Directors' Report:

- Operating and Financial Review
- Board of Directors
- Audited Remuneration Report
- Lead Auditor's Independence Declaration

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001 (Cth).

Signed on behalf of the Directors.

Tony Faure
Chair

24 February 2020, Sydney

KPMG

LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

To the Directors of oOh!media Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of oOh!media Limited for the financial year ended 31 December 2019 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG Sydney	**Trent Duvall** Partner Sydney 24 February 2020

REMUNERATION REPORT

The Directors are pleased to present the 2019 Remuneration Report which outlines remuneration information for Non-executive Directors, Executive Directors and other key management personnel (together KMP).

The information in this Report has been audited as required by section 308(3C) of the *Corporations Act 2001* (Cth).

INTRODUCTION

Dear shareholder,

On behalf of the Board and as Chair of the Remuneration & Nomination Committee, I am supportive of the principles and practices applied to remuneration at oOh!media.

We have been focused on creating a performance driven culture that delivers for shareholders, customers and employees alike, with executive short and long-term rewards tied to financial results as well as long-term contribution to the business.

Our philosophy and approach to remuneration has been consistent over the last five years, which in turn provides consistency and transparency for shareholders. Changes have been made only when they are viewed to provide greater transparency, drive more aligned management focus or align to greater long-term shareholder value. In 2019 we recommended and have adopted some changes for the 2020 year in relation to our Short-term incentives (STI) and Long-term incentives (LTI). In particular, an additional Return on Equity (ROE) measure is proposed for LTI and the Board intends to give itself some discretion in relation to payment of 2020 STI in light of unexpected or variable circumstances.

As with past years, we set challenging targets for short-term and long-term incentives with stretch goals for exceptional performance, relating to both financial and non-financial objectives. A significantly challenged media market led to a result short of our initial expectations. This has impacted payment of both STI for 2019 and the 2017 LTI scheduled to vest in February 2020. 2019 bonuses for KMP did not meet the minimum payment threshold and the 2017 LTI program has not met the minimum hurdle for payment on either measure.

Having said that, I am proud of the response from the business and the full year result achieved post the profit downgrade announced in August 2019. A stronger Q4 allowed us to do a subsequent upgrade in November, with our end result falling within the revised guidance.

REPORTING PRINCIPLES

The Remuneration Report refers to a range of non-IFRS (International Financial Reporting Standards) financial information including Underlying EBITDA[1]. oOh!media believes this non-IFRS financial information provides useful insight to users of this report in measuring the financial performance and condition of oOh!media.

1. Underlying EBITDA is the equivalent of Underlying EBITDA pre AASB16 referred to in Note 4 of the Financial Statements.

KEY MANAGEMENT PERSONNEL

The key management personnel (KMP) for 2019 are the eight Non-executive Directors and two Executives who have specific responsibility for planning, directing and controlling the material activities of oOh!media. There is also an Executive Leadership Team that supports the KMP. There were four changes to the KMP during 2019:

- Geoff Wild retired from the Board effective 16 May 2019
- Timothy Miles was appointed as an independent Non-executive Director effective 16 May 2019
- Philippa Kelly was appointed as an independent Non-executive Director effective 18 September 2019
- David Wiadrowski was appointed as an independent Non-executive Director effective 29 November 2019

In addition, Debra Goodin has announced her intention to retire from the Board on 25 February 2020.

The Remuneration Report has been prepared on a basis consistent with the Financial Statements and accordingly includes total remuneration details for the year ended 31 December 2019. oOh!media's remuneration framework is structured to ensure it is market competitive, and supports and motivates the Senior Executive and the broader team to work toward both short and long-term strategic objectives that align to sustainable value creation for shareholders.

Darren Smorgon
Chair, Remuneration & Nomination Committee

Sydney

REMUNERATION REPORT

AUDITED

LIST OF KMP

Non-executive Directors

Tony Faure[(1)]	Chair and Non-executive Director
Debra Goodin[(2)]	Independent Non-executive Director and Lead Independent Director
Darren Smorgon	Independent Non-executive Director
Geoffrey Wild AM[(3)]	Non-executive Director
Joanne Crewes	Independent Non-executive Director
Timothy Miles[(4)]	Independent Non-executive Director
Philippa Kelly[(5)]	Independent Non-executive Director
David Wiadrowski[(6)]	Independent Non-executive Director

Executives

Brendon Cook	Chief Executive Officer and Managing Director
Sheila Lines	Chief Financial Officer

1. Tony Faure was appointed as a consultant to Junkee Media following the acquisition by oOh!media in July 2016. As a consequence, the Board determined Tony Faure was not considered to be an Independent Director of oOh!media.
2. Debra Goodin will retire on 25 February 2020
3. Geoffrey Wild retired on 16 May 2019
4. Timothy Miles was appointed on 16 May 2019
5. Philippa Kelly was appointed on 18 September 2019
6. David Wiadrowski was appointed on 29 November 2019

REMUNERATION PHILOSOPHY

This Remuneration Report explains the Board's approach to executive remuneration, and to performance and remuneration outcomes for oOh!media and its KMP.

Remuneration principles and strategy

The success of oOh!media can be attributed to attracting and retaining talented individuals. oOh!media's remuneration framework focuses on a competitive fixed annual remuneration (FAR) combined with short-term incentives (STI) and long-term incentives (LTI).

All incentives are "at-risk" and reward achievement of oOh!media's annual financial outcomes and individual goals as well as long-term growth in shareholder value.

ATTRACT AND RETAIN	REWARD ACHIEVEMENT OF GOALS	LONG-TERM ALIGNMENT TO SHAREHOLDERS
FAR	STI	LTI
Cash		Equity
• Benchmarked against comparable independent remuneration data and advice • Set competitively to relevant industry peer groups	• STI outcomes based on earnings performance and achievement on individual goals • Set each year and linked to individual and group performance against organisation strategy	• Based on Compound Annual Growth Rate of oOh!media's Earnings per Share and Relative Total Shareholder Return • Three year performance period • Board retains right to alter target or clawback as necessary
Market competitive fixed annual remuneration	Set challenging short and long term incentives linked to the creation of sustainable shareholder returns	

oOh!media's remuneration principles guide practices that are:

- market competitive;
- performance related;
- fair;
- consistent across all levels of the Group; and
- easily understood.

Remuneration is linked to achievement of business outcomes through interlinked goals.

These are set at an all-of business level, with subsequent goals developed for each Senior Executive. All employees are then engaged in setting their own goals in agreement with management and in alignment with the overall strategic priorities. These goals are reviewed and measured quarterly to ensure employees are rewarded for overall company achievement as well as their individual contribution to oOh!media's success.

The Board reviews all remuneration principles, practices, strategies and approaches to ensure they support the long-term business strategy and are appropriate for a listed company of oOh!media's size.

REMUNERATION REPORT

AUDITED – CONTINUED

COMPONENTS OF REMUNERATION

Component	Performance measures	Link to strategy and performance
Fixed Annual Remuneration (FAR) Salary and other benefits including superannuation.	Multiple measures are used to determine yearly fixed remuneration changes including individual performance and contributions during the previous year.	oOh!media ensures employees are rewarded fairly for their contribution to the success of the Company by benchmarking against comparable independent remuneration data and advice. Fixed remuneration is set competitively relative to industry peers and similarly sized publicly listed companies to attract and retain the right talent and considers the factors of: • core responsibilities; • business and individual performance; • internal and external relativities; and • contribution to the organisation.
Annual Bonus Short Term Incentive (STI) Most employees are eligible to participate in the Annual Bonus Program. Participants must be employed by 1 October in the year to be eligible for a bonus that year.	STI performance targets are: • 70% on achievement of full year Underlying EBITDA (derived from oOh!media's audited results); and • 30% on achievement of individual goals. A threshold hurdle of 90% of budgeted Underlying EBITDA must be achieved before any entitlement to an STI payment occurs. All Executive KMP and Senior Executives have an STI mix of 70% Underlying EBITDA and 30% individual goals.	Full year Underlying EBITDA was chosen as the key measure as it aligns to key reporting metrics and the internal financial measures that guide our efforts and management focus. The performance target is based on budget expectations as set by the Board for 2019. The Board retains the right to alter the target during the performance period to account for significant acquisitions, divestments or other relevant events. Goals are set each year and linked to the organisational strategy and are cascaded through the organisation to ensure alignment of all employees to the strategy. Performance against these goals forms the basis of the individual component of the STI and allows us to distinguish and reward performance at the individual level. In the case of over achievement on either Underlying EBITDA or individual goals, there is the opportunity for greater than a 100% STI payment. In the case of under achievement on either Underlying EBITDA or individual goals, the STI payable will be less than 100%.
Long-Term Incentive (LTI) An allocation of performance rights granted, by invitation, to a defined set of senior leaders as approved by the Board and aligned to long-term shareholder value creation.	There are two LTI performance hurdles. The first is based on the Compound Annual Growth Rate (CAGR) of oOh!media's Earnings Per Share (EPS) over a three-year performance period (as per the full year audited financial results), and represents 75% of the award. The second hurdle based on Relative Total Shareholder Return (TSR) over a three-year performance period assessed against the ASX200 index (excluding Financials, Industrials and Materials), representing 25% of the award.	Aligns the interests of executives and shareholders by focusing on long-term growth. The purpose of oOh!media's Equity Incentive Plan is to provide incentive to attract, retain and motivate eligible employees whose present and potential contributions are important to the success of oOh!media by offering them a chance to participate in the future performance of the Company. CAGR of EPS was chosen as the most relevant long-term measure as it aligns to our key reporting metrics and internal metrics for Senior Executives. Relative TSR is seen as having objectivity and transparency with a multi-year measurement of performance. These hurdles are agreed by the Board prior to the performance period and communicated with the LTI invitation. The Board retains the right to alter the target during the performance period to account for significant acquisitions or divestments or to clawback or adjust any or all allocated LTI in relevant circumstances. The number of rights that vest is a percentage of those allocated, based on the CAGR of oOh!media's EPS and Relative TSR over the performance period.

REMUNERATION GOVERNANCE

Remuneration & Nomination Committee and Board oversight

A Remuneration & Nomination Committee (RNC) was established in 2014 with a clear charter and set of responsibilities.

The RNC has been delegated responsibility to review and make recommendations to the Board, with the Board maintaining overall responsibility as outlined below.

oOh!media Board

The Board maintains overall responsibility for oversight of the Company's remuneration policy and the principles and processes which give effect to that policy. The Board approves, having regard to the recommendations of the Remuneration & Nomination Committee, the:

- Size, composition and criteria for membership of the Board, including review of Board succession plans, performance evaluation and the succession of the Chair, CEO and CFO, as well as Senior Executive performance assessment processes and results;
- Company's remuneration, recruitment, retention and termination policies and procedures for senior management;
- Short-term incentive strategy, performance targets and bonus payments, including major changes and developments to the Company's LTI plans; and
- Effectiveness of the Board Diversity & Inclusion Policy.

Remuneration & Nomination Committee (RNC)

The RNC has delegated authority to assist the Board and make recommendations on matters relating to the operation, nomination and remuneration of the Board, KMP and Senior Executives.

The key responsibilities of the committee in relation to remuneration and nomination activities are to:

- Develop a board skills matrix setting out the mix of skills and diversity that is required by the business, and compare and assess this against what the Board currently has or is looking to achieve in its membership;
- Review and recommend remuneration arrangements for Non-executive Directors and Executive Directors including the CEO, and approve the remuneration of the other Senior Executives;
- Review major changes to the overall remuneration strategy or practices, including short-term and long-term incentive participation, performance targets and hurdles, and participation in the LTI Plan;
- Approve annual salary review budget and spend;
- Review major changes and developments in remuneration policy and people practices for the Group;
- Review and make recommendations on gender pay strategies;
- Approve the appointment of remuneration consultants for the purposes of the Corporations Act 2001 (Cth); and
- Review and recommend to the Board the Remuneration Report for inclusion in the annual Directors' Report.

External Advisors

- The RNC has rights of access to management and to external auditors/resources without management present, and rights to seek explanations and additional information from management, advisers and auditors.
- The RNC may seek the advice of the Company's auditor, solicitor or other independent advisers (including external consultants and specialists) as to any matter pertaining to the powers or duties of the RNC or the responsibilities of the committee, as the RNC may require.

Use of advisers

Since 2016, oOh!media has engaged Aon Hewitt to provide benchmarking data on an ongoing basis. oOh!media subscribes to Aon Hewitt's Media and General Industry Salary Surveys, as well as participating in its Policy and Practice reviews. This allows oOh!media to access insight, expertise and benchmarking data as they relate to both individual positions and overall remuneration within oOh!media.

During 2019, oOh!media engaged Aon Hewitt to provide benchmarking data for Sales Incentives, Short and Long term Incentive Plans, Senior Executive and Non-executive Director remuneration.

Share trading

In 2014, oOh!media adopted a Policy for Dealing in Securities, the purpose of which is to explain the types of conduct in dealings in securities that are prohibited under the Corporations Act 2001 (Cth). This policy was reviewed by the Board and management in 2019 with amendments adopted by the Board in February and December 2019.

The policy is designed to establish best practice procedures for the buying and selling of securities that protect oOh!media, Directors and employees against the misuse of unpublished information that could materially affect the value of securities. The policy applies to all Directors, Officers, Senior Executives and employees of the Group and their connected persons. The policy provides that relevant persons must not deal in oOh!media's securities:

- where they are in possession of material price-sensitive information;
- on a short-term basis (within a three-month window of purchase); and
- during trading blackout periods (except if approved in exceptional circumstances).

Outside trading windows dealing in oOh!media's securities is not permitted by directors, senior staff or finance and legal staff without prior approval. This must be obtained:

- by Directors, from the Chair of the Board;
- by the Chair of the Board, from the Chair of the Audit, Risk & Compliance Committee; and
- by others, from the CEO.

The policy can be found under Corporate Governance in the Investors section of the oOh!media website – www.oohmedia.com.au/investors.

Diversity & remuneration

oOh!media recognises the value of a diverse and inclusive workforce reflective of the markets where we operate.

Accordingly, the Board and management of oOh!media are focused on diversity, inclusion and belonging as key business goals. oOh!media is committed to addressing and promoting gender equality. Gender pay analysis commenced in 2016 and continues annually, to identify any underlying disparity between male and female pay. The pay gap within oOh!media has consistently and significantly reduced since 2016, such that the current pay gap within oOh!media is below industry comparisons for both "All Industries" and Information Media and Telecommunications (source: WGEA 2019 pay gaps).

Remuneration linked to performance and shareholder wealth

The Remuneration & Nomination Committee considers Underlying EBITDA to be the most relevant measure of short-term performance to link executive remuneration. Management believes the Underlying measure provides a better representation of financial performance in the ordinary course of business.

In 2019 the Remuneration & Nomination Committee approved a LTI program comprising a combination of CAGR of EPS and Relative TSR. For LTI purposes as a listed company, CAGR of EPS is seen as an appropriate measure by linking remuneration to the impact on long-term shareholder value, and Relative TSR is seen as having objectivity and transparency with multi-year measurement of performance. Relative TSR is measured against the ASX200 index (excluding Financials, Industrials and Materials). TSR and CAGR of EPS are reliable, well tested and commonly applied LTI hurdles in the Australian market.

Information on the Company's performance is shown below:

	2019	2018[1]	2017	2016[2]	2015
Underlying EBITDA ($'000)	138,987	112,525	90,070	73,500	57,700
Profit/(loss) attributable to the owners of the Company ($'000)	13,453	29,124	33,206	24,481	21,046
Basic earnings/(loss) per share (cents)	6	14	19	16	12
Dividends – interim paid and final declared ($'000)	26,566	26,094	24,704	22,420	14,239
Dividends per share – interim paid and final declared (cents)	11.0	11.0	15.0	14.0	9.5
Share price – closing at balance date ($)	3.64	3.42	4.50	4.57	4.72
Change in share price over the year ($)	0.22	-1.08	-0.07	-0.15	2.72

1. Prior year comparative basic earnings per share have been adjusted to reflect the effect of the PPA accounting for Adshel which was completed in 2019. Refer to Note 25 of the Financial Statements.
2. The CY2016 accounts have been restated for a change in policy relating to the tax treatment of intangibles on acquisitions.

EXECUTIVE KMP REMUNERATION

Executive KMP	FAR for 2019
Brendon Cook	$888,993
Sheila Lines	$502,615

2019 STI outcomes

The Board set an STI scheme target for 2019, aligned to a 9 per cent increase in Underlying EBITDA from ProForma CY2018. Pro-forma CY2018 includes Adshel's results while under the ownership of HT&E. Both the CY2018 ProForma results and target exclude the impact of AASB16.

The business did not meet this target which resulted in the company component of the STI not being awarded to employees of the Australian business.

Target STI for 2019

The table below outlines the Target STI for the Executive KMP for CY2019.

Executive KMP	Min STI	Target STI opportunity[1]	As a % of FAR	Max STI opportunity[2]	Max as a % of FAR
Brendon Cook	$0	$400,000	46%	$800,000	91%
Sheila Lines	$0	$204,000	41%	$408,000	81%

1. Target STI represents the amount payable at 100 per cent of Underlying EBITDA plus 100 per cent on personal goals.
2. Maximum STI is available on achievement of 125 per cent of Underlying EBITDA and 200 per cent on personal goals.

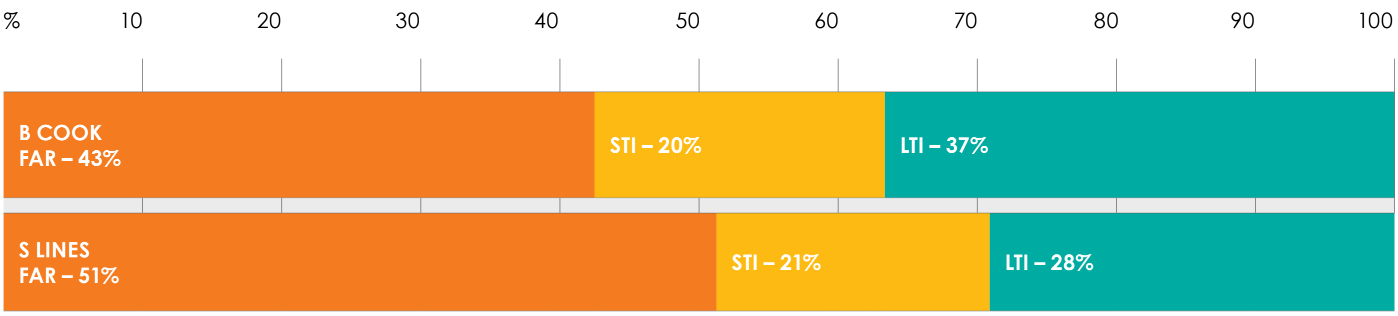
Final 2019 STI payments

The STI payments to the Executive KMP for the calendar year ended 31 December 2019, based on the 2019 STI Plan and including the STI payment as a percentage of the FAR, are explained in the following table:

Executive KMP	Target opportunity as a % of FAR	Actual payment as a % of FAR	Amount paid (inclusive of superannuation)
Brendon Cook	46%	0%	$0
Sheila Lines	41%	0%	$0

Components of remuneration

The following table shows the target remuneration mix as a percentage of total remuneration for each of the Executive KMP in 2019. The STI amount reflects the Target STI opportunity and the LTI amount is based on the total face value of the number of performance rights granted in February 2019 for S Lines and May 2019 for B Cook related to the 2019 LTI program.



CEO STI Performance Scorecard

Goal	Weight	% STI payable	% Total STI payable	$ Total STI payable
Ensure long-term, profitable business growth	30%	Given the EBITDA hurdle of 90% was not reached, the Board, in conjunction with Management, agreed that the Executive Leadership Team including CEO and CFO, would receive no STI payment for 2019 regardless of personal performance.		
Build our reputation as market leader				
Transform our culture, capability, systems and processes for the future				
Drive practices and efficiencies to ensure our business operates at its highest potential				
Ensure the safety and integrity of our brand and people				
Ensure acquisitions are effectively integrated to deliver against the business case				
Deliver Underlying EBITDA	70%	0%	0%	$0

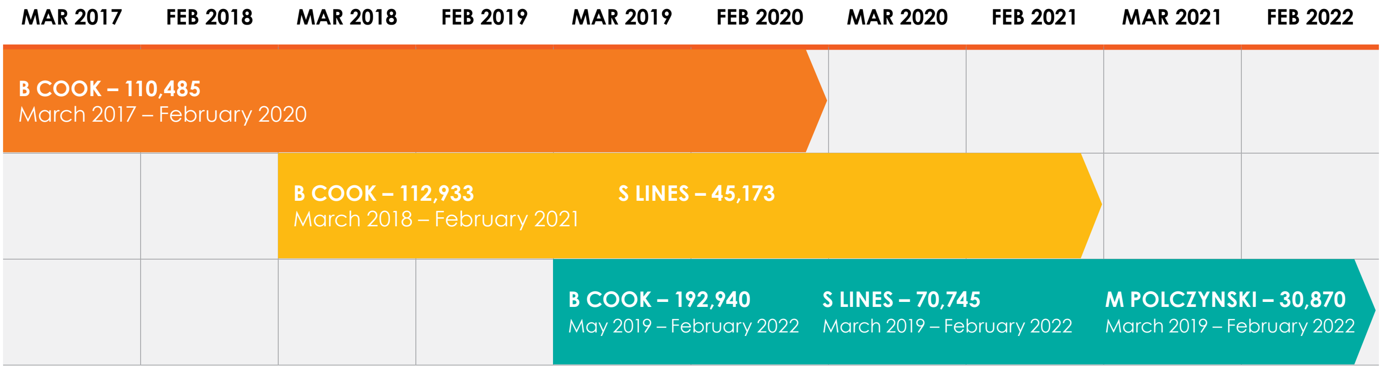
CFO STI Performance Scorecard

Goal	Weight	% STI payable	% Total STI payable	$ Total STI payable
Deliver revenue and gross margin through commercially sound investment	30%	Given the EBITDA hurdle of 90% was not reached, the Board, in conjunction with Management, agreed that the Executive Leadership Team including CEO and CFO, would receive no STI payment for 2019 regardless of personal performance.		
Build our reputation as market leader, delivering financial outcomes with integrity				
Align the organisation's efforts to transform culture, capability, systems and processes with financial outcomes				
Drive practices and efficiencies to ensure our business operates at its highest potential				
Protect the business through good corporate governance and management of operational and statutory risk				
Support effective integration of acquired businesses to deliver against the business case				
Deliver Underlying EBITDA	70%	0%	0%	$0

The rights over ordinary shares granted in the period were:

Executive KMP and Officers	Plan	Number of rights granted during 2019	Vesting condition	Grant Date	Face Value at grant date	Fair value at grant date	Vesting date
Brendon Cook	LTI Plan	192,940	CAGR EPS and TSR	May 2019	$750,000	$600,000	February 2022
Sheila Lines	LTI Plan	70,745	CAGR EPS and TSR	March 2019	$275,000	$220,000	February 2022
Maria Polczynski	LTI Plan	30,870	CAGR EPS and TSR	March 2019	$120,000	$96,000	February 2022

The table below sets out the details of each tranche of rights issued or approved to be issued to Executive KMP and Officers over the last three years, together with their respective vesting dates.



Maria Polczynski is the Company Secretary.

The 2017 grant did not vest as the vesting conditions for both the CAGR EPS growth and Relative TSR were not met. The Board did not exercise its rights to alter the performance targets, as it believed that this outcome aligned with shareholder interests.

For 2019, CAGR EPS was measured before the impact of AASB16 in its entirety, as it was not included when those targets were set.

NON-EXECUTIVE DIRECTOR REMUNERATION

Overview & arrangements

The Board aims to set Non-executive Directors' remuneration at a level that attracts and retains high calibre and talented Non-executive Directors.

Changes to Board fees were made in 2019 to remain competitive with market benchmarks. The changes were recommended after a review was undertaken in 2017, 2018 and 2019 using benchmarking data of non-executive directors' remuneration from a range of comparable companies. The total fee pool available to meet Board fees following these changes was approved by shareholders at the 2019 Annual General Meeting.

The total amount provided to all Non-executive Directors for their services as Directors, as fixed by oOh!media, must not exceed $1,300,000 in aggregate in any financial year.

Non-executive Director fees

From 1 January 2019, the Directors' annual fee structure is as below:

	Chair fee[1]	Member fee[1]
Board	$245,000[2]	$135,000
Audit, Risk & Compliance Committee	$25,000	$12,500
Remuneration & Nomination Committee	$20,000	$10,000
Per diem fee[3]		$1,750

1. Inclusive of superannuation.
2. The Chair of the Board receives no extra member fees in addition to Chair fee.
3. To recognise excessive additional responsibility or time commitments, where relevant. Application of per diem is subject to oOh!media Board Chair and RNC Chair approval.

REMUNERATION REPORT

AUDITED – CONTINUED

STATUTORY DISCLOSURE

Statutory remuneration tables

The following table of KMP remuneration has been prepared in accordance with accounting standards and the *Corporations Act 2001* (Cth) requirements.

The amounts shown relating to share-based remuneration are equal to the accounting expense recognised in oOh!media's Financial Statements in respect of the LTI grant. The amounts disclosed do not reflect the actual cash amount received this year or in future years.

Remuneration Report Disclosures FY 2019

	Short Term			Post Employment	Share based	Total	
Name	Salary	Cash Bonus	Non-monetary	Super	LTI	Total	Performance related %
Brendon Cook	767,636	–	48,433	72,925	194,361	**1,083,354**	18%
Tony Faure	313,748	–	–	21,256	–	**335,004**	–
Debbie Goodin	157,536	–	–	14,966	–	**172,502**	–
Geoffrey Wild	50,758	–	–	4,822	–	**55,580**	–
Darren Smorgon	152,970	–	–	14,532	–	**167,502**	–
Sheila Lines	459,009	–	–	43,606	24,760	**527,375**	5%
Joanne Crewes	132,422	–	–	12,580	–	**145,002**	–
Philippa Kelly	35,226	–	–	3,346	–	**38,572**	–
David Wiadrowski	10,748	–	–	1,021	–	**11,769**	–
Timothy Miles	104,214	–	–	–	–	**104,214**	–

1. Fair value of performance rights related to the LTI grants scheduled to vest in 2020, 2021 and 2022 respectively. The fair value of non-market hurdles has been assessed and adjusted for probability in accordance with accounting standards.
2. Performance-related % is calculated by adding cash bonus and share-based remuneration amounts (all of which have performance hurdles that determine payment) and dividing by total remuneration.
3. Tony Faure, Chairman of oOh!media, was engaged as a consultant by Junkee Media Pty Limited for $90,000 from the period 1 January to 31 December 2019. Junkee Media Pty Limited is a subsidiary of the Company.
4. Debra Goodin was appointed Lead Independent Director on 22 September 2017. There is no additional remuneration for this role.

Shares

The following table sets out the movement during the reporting period in the number of ordinary shares in oOh!media held directly, indirectly or beneficially by KMP including their related parties. These changes are also reflective as at the date of this report. The board has a minimum shareholding policy for the Non-executive Directors requiring them to reach a minimum shareholding of one times the base fee that is paid to Non-executive Directors within three years following the date of their appointment or the adoption of the policy (February 2019).

Name of Director	Held at 1 January 2019	Granted as remuneration	Vesting of rights	Net change other	Held at 31 December 2019	Met minimum shareholding requirement[1]	Required to meet minimum shareholding (year)
Brendon Cook	985,947	–	109,170	159,388	1,145,335	Yes	2022
Joanne Crewes	Nil	–	–	33,375	33,375	No	2023
Tony Faure[2]	110,628	–	–	32,560	143,188	Yes	2022
Debra Goodin	21,133	–	–	19,287	40,420	Yes	2022
Philippa Kelly	–	–	–	–	Nil	No	2023
Sheila Lines	Nil	–	–	8,570	8,570	n/a	n/a
Timothy Miles	–	–	–	36,000	36,000	No	2023
Darren Smorgon	65,583	–	–	22,333	87,916	Yes	2022
David Wiadrowski	–	–	–	–	Nil	No	2023
Geoffrey Wild AM[3]	Nil	–	–	–	–	–	–

1. Based on 31 December 2019 closing share price
2. In addition to the above shares in oOh!media, Tony Faure held 13,098 shares (5 per cent of total shares) in Junkee Media Pty Limited (a subsidiary of the Company acquired on 1 July 2016). These shares were subject to an option which was exercised by the Company in 2019 resulting in a $600,000 payment to Mr Faure.
3. Geoff Wild resigned as a Non-Executive Director of the Company on 16 May 2019. Shareholding reflects holdings at that date.

The following table sets out the movement during the reporting period in the number of rights over ordinary shares in oOh!media held directly, indirectly or beneficially, by KMP or officers in oOh!media, including their related parties.

Executive KMP and Officers	Number held at 1 Jan 2019	Number granted as remuneration	Vesting condition	Number and value – vested and exercised	Held at 31 December 2019	Not vested
Brendon Cook	332,588	192,940	CAGR EPS and Relative TSR	109,170 (159,388 shares allocated) $624,864	416,358	416,358
Sheila Lines	45,173	70,745	CAGR EPS and Relative TSR	–	115,918	115,918
Maria Polczynski	Nil	30,870	CAGR EPS and Relative TSR	–	30,870	30,870

FURTHER INFORMATION

Service agreements

oOh!media has entered into service contracts with each Senior Executive. The Group retains the right to terminate a contract immediately by making payment equal to the agreed number of months' fixed annual remuneration in lieu of notice, including superannuation plus any statutory entitlements of accrued annual and long service leave.

The service contracts outline the components of compensation but do not prescribe how compensation levels are modified year-to-year. The Remuneration & Nomination Committee reviews compensation each year to take into account any changes in scope or nature of role or agreed objectives to determine and recommend any changes in line with the remuneration strategy and principles.

The key conditions of the service agreements of the Executive KMP are set out in the following table.

	Notice of termination				
Name	Agreement commenced	Agreement expires	By Company	By Employee	Termination payments under the contract
Brendon Cook	1 Oct 2014	No expiry	12 months	12 months	12 Months FAR
Sheila Lines	1 Mar 2018	No expiry	6 months	6 months	6 Months FAR

Non-executive Directors' terms of appointment have no fixed end date, no fixed notice of termination period, nor any agreed termination payments.

All Non-executive Directors may not hold office without re-election beyond the third Annual General Meeting following the meeting at which they were last elected.

REMUNERATION REPORT

AUDITED – CONTINUED

Detailed information on STI and LTI granted in CY2019

<table>
<tr><th></th><th>Annual bonus short-term incentive</th><th>Long-term incentive</th></tr>
<tr><td>Description</td><td>Annual Incentive plan delivered in cash with a Company Underlying EBITDA payment threshold</td><td>Award of performance rights with a three-year performance period.</td></tr>
<tr><td>Conditions</td><td>Individual goals are set at the beginning of the performance period and are aligned to business level strategic priorities. For 2019, these included:
• growing Underlying EBITDA;
• transforming the online capabilities systems and processes of the organisation;
• effective integration
• driving efficiency
• managing risk, governance and reputation</td><td>A combination of CAGR of EPS and Relative TSR as performance measures were chosen to encourage continual year-on-year growth.
The threshold and stretch targets for the performance period are determined by the Board and specified to the participant at the time of grant of the performance rights. The specific rates are advised in the Remuneration Report of oOh!media in the year in which vesting is scheduled to occur.</td></tr>
<tr><td>Performance period</td><td>Calendar year.</td><td>Three calendar years i.e. 1 January 2019 to 31 December 2021. period</td></tr>
<tr><td>Amount that can be earned</td><td>Underlying EBITDA component:
<table>
<tr><th>Underlying EBITDA achieved</th><th>STI payable % target</th></tr>
<tr><td><90%</td><td>0%</td></tr>
<tr><td>90%-100%</td><td>30% plus 7% for every 1% achievement above 90%</td></tr>
<tr><td>100%-125%</td><td>100% plus 4% for every 1% achievement above 100%</td></tr>
<tr><td>Greater than 125%</td><td>200% (capped)</td></tr>
</table>
Individual component
The percentage awarded for the individual component of the STI is determined by the individual's performance against achievement of their goals as recommended by the individual's direct manager (or the Chair for the CEO). and approved by the Remuneration & Nomination Committee for the Executive KMP and by Senior Executives for all other employees in line with agreed performance and budgets.</td><td>The number of performance rights granted was a fixed dollar amount determined by reference to the face value of the shares on the date of grant. The number of performance rights granted to each executive was the LTI value attributable to the individual divided by the 20 trading day VWAP price as at 31 December 2018 ($3.8872). Rights were granted for nil consideration.
The number of performance rights granted to each of the KMP was:
<table>
<tr><th>KMP</th><th>No.</th><th>Face Value</th><th>Date of grant</th></tr>
<tr><td>Brendon Cook</td><td>192,940</td><td>$750,000</td><td>May 2019</td></tr>
<tr><td>Sheila Lines</td><td>70,745</td><td>$275,000</td><td>March 2019</td></tr>
</table></td></tr>
</table>

	Annual bonus short-term incentive	Long-term incentive
Vesting	n/a	For the 2019 LTI, granted in 2019, the performance rights will vest, or not, following the publication of the 31 December 2021 audited Financial Statements to the Australian Securities Exchange. The percentage of performance rights that vest, if any, will be determined at the end of the performance period by reference to the following vesting schedule. 75% of rights vest subject to achieving the EPS hurdle, and 25% of rights vest subject to achieving the TSR hurdle.

Company's CAGR of EPS over the performance period	% of rights that vest
Less than 6% CAGR	Nil
6% CAGR (threshold performance target)	50%
Between 6% and 10% CAGR	Straight line pro rata vesting between 50% and 100%
10% CAGR (stretch performance target)	100%
Between 10% and 14% CAGR	Straight line pro rata vesting between 100% and 150%
14% CAGR or above (exceptional performance target)	150%

Company's Relative TSR over the performance period	% of rights that vest
Less than 50% Relative TSR	Nil
50% Relative TSR (threshold performance target)	50%
Between 50% and 75% Relative TSR	Straight line pro rata vesting between 50% and 100%
At or above 75% Relative TSR	100%

		The threshold and stretch targets for oOh!media's CAGR of EPS and Relative TSR over the performance period are determined by the Board and specified to the participant at the time of grant of the performance rights. Following testing, any rights that do not vest, lapse.
Restrictions	Participants must be employed and not under notice of resignation or termination at the completion of the performance period (calendar year) to be eligible for an STI award. The Board retains discretion to settle partial or complete payment in the case of good leavers.	Shares allocated on the vesting of rights after the three-year performance period are not subject to any additional trading restrictions. If an executive ceases employment with oOh!media before the end of the performance period, their entitlement to rights (if any) will depend on the circumstances of cessation. All rights will lapse in the event of termination for cause. A full or pro rata number of rights may be approved by the Board if an executive ceases employment by reason of redundancy, ill health, death, or other circumstances approved by the Board including resignation with good leaver status.
Clawback	n/a	To ensure integrity within the LTI Plan, the Board retains the authority to clawback or adjust LTI awards in circumstances such as fraudulent or dishonest behaviour, gross misconduct, and breach of obligations or material financial misstatement.

SUSTAINABILITY REPORT

INTRODUCTION

I am pleased to present the 2019 Sustainability Report.

The outcomes of conscious and responsible corporate behaviour are inextricably linked to financial performance and lead to long-term sustainable growth. oOh!media has created a framework for overseeing long-term sustainable growth and the reporting of the same. That framework includes:

- operational and governance policies and practices;
- risk management processes; and
- internal controls.

The framework is considered appropriate for oOh!media's business and designed to promote sustainable and ethical behaviour.

This Sustainability Report outlines oOh!media's core sustainability activities between 1 January 2019 and 31 December 2019 (the reporting period).

Tony Faure
Chair

March 13th, 2020, Sydney

CURRENCY AND QUESTIONS

This Sustainability Report is current as at 13 March 2020 (except as specified otherwise) and has been approved by the Board. Any questions regarding this report can be directed to the Company Secretary of oOh!media Limited.

ORGANISATIONAL PROFILE

oOh!media Limited, a publicly listed company on the Australia Securities Exchange (ASX), operates across Australia and New Zealand, with headquarters located in North Sydney, NSW, Australia.

oOh!media provides its products and services for the benefit of both media agencies and clients wishing to advertise their own products and services.

As at 31 December 2019, oOh!media has 814 permanent employees and 32 casual employees working across Australia and New Zealand. Most of oOh!media's activities are performed by employees of oOh!media. Of these employees, none are covered by collective bargaining agreements.

In more detail:

Total number of employees by contract and gender

Contract type	Female	Male	Total
Permanent	376	438	814
Casual	13	19	32
Fixed Term Contractors	17	26	43
Board	3	4	7
Total	**409**	**487**	**896**

Number of permanent employees by employment type and gender

Employment type	Female	Male	Total
Full time	333	432	765
Part time	43	6	49
Total	**376**	**438**	**814**

Total workforce by region and gender

Location	Female	Male	Total
New South Wales	265	287	552
Australian Capital Territory	0	4	4
Victoria	78	106	184
Queensland	22	35	57
South Australia	11	13	24
Western Australia	5	17	22
New Zealand	28	25	53
Total	**409**	**487**	**896**

SUSTAINABILITY REPORT

CONTINUED

The ratio of annual compensation for the highest paid individual against the median annual total compensation is 14.3:1. The ratio of percentage increase in annual total compensation for the highest paid individual against the median percentage increase in annual total compensation is 1.13:1.

oOh!media's supply chain can be broken down into the following categories:

Commercial: oOh!media engages with commercial partners to secure properties, generally by exclusive rights under lease or licence, on which oOh!media can in turn install advertising media (and associated infrastructure) for sale to third parties. This involves all parties referred to in the overview of principal activities on page 21 of the Directors' Report. The majority of these activities are operated from within oOh!media.

Operations: oOh!media's operations include the procurement, installation, monitoring and maintenance of manufactured goods including digital screens and classic faces and the supporting structures, the printing of classic skins, creation and procurement of content, data and insights, the development and maintenance of information technology systems and processes and the management of all workplace health, safety and environmental elements associated with same. The majority of these activities are led by oOh!media employees with support from specialist manufacturers, installers and service providers.

Customer: oOh!media has a dedicated customer team to assist media agencies and advertisers source the most effective locations for their advertising and engagement needs.

The majority of these activities are operated by oOh!media employees.

Support services: oOh!media operates a suite of support services to ensure quality management and effective governance. These include human resources, finance and legal functions. The majority of these activities are undertaken by oOh!media employees.

No significant changes to the supply chain have occurred during the reporting period.

oOh!media was also a member of the following associations and organisations in the reporting period:

- Outdoor Media Association (Australia);
- Outdoor Media Association of New Zealand;
- Founding member and shareholder of Measurement of Outdoor Visibility and Exposure (MOVE);
- Media Federation of Australia (MFA) and Next Generation (ngen);
- Association for Data-driven Marketing and Advertising (ADMA);
- Australian Association of National Advertisers (AANA);
- Property Council of Australia (PCA); and
- The World Out of Home Organization (previously FEPE). oOh!media's CEO, Brendon Cook, holds the role of Vice President.

STAKEHOLDERS

oOh!media's stakeholders are an essential part of oOh!media's operations, and planning and engagement with stakeholders is a key element of effective risk management and opportunity development. The following is a list of stakeholders that oOh!media believes have the greatest potential impact on sustainability risks.

Investors: oOh!media communicates important information regularly to investors through a range of forums and publications in accordance with oOh!media's Continuous Disclosure Policy and Communication Strategy as further detailed in the Investor Relations section of the Corporate Governance Statement. An overview of oOh!media's profile, businesses and corporate governance framework is also available on oOh!media's website at http://www.oohmedia.com.au. oOh!media's investor relations program is led by the CEO and CFO with support from an external investor relations consultant.

The Chair and the Chair of the Remuneration & Nomination Committee also make themselves available for meetings with investors, analysts and proxy advisers over the year to ensure two-way engagement.

Employees: oOh!media's people are our greatest asset and our culture is a distinct competitive advantage. Our cultural aim is to create a thriving workplace where people find meaning and belonging and can contribute to something bigger and better. We want to build an organisation of talented people who implicitly do the right thing for the Company and its customers, and ensure our values, processes, systems, symbols and our leaders support and reward the right behaviours.

Our People and Culture team partners with the business to provide strategic and operational people support, with specialised resources ensuring we have the right initiatives in place to attract, engage, retain, develop, recognise, reward and communicate to, our talent.

An employee's experience with oOh!media begins with our mobile based onboarding and induction program, which ensures new employees are well equipped when they start with us. We measure their ongoing experience through regular feedback at multiple stages during their first 12 months.

All employees set goals with their managers which are linked to the Company's strategic priorities and aspiration and reviewed quarterly. Regular conversations between managers and employees enables ongoing feedback to ensure effective delivery against goals with 360° feedback encouraged twice yearly through our Impact & Growth platform. Beyond their goals, employees are also managed on their contribution to their team and the wider business, both in terms of their outputs, influence and core behaviours aligned to our values.

Through aligning employees' efforts, creating an exceptional experience and continuing to evolve our culture to meet our long-term strategy, we are building a successful and sustainable business.

Commercial partners: oOh!media is dependent on relationships with concession holders to manage its lease and licence portfolio. oOh!media has deep experience working with commercial partners, with dedicated account managers to facilitate meaningful and successful relationship outcomes, particularly when managing risks in the portfolio environment such as safety, data protection and advertising regulatory compliance.

Commercial partners can be private landlords, government bodies, local councils and regulatory authorities.

Service providers: oOh!media selectively secures the services of specialists where required. Service providers are required to enter into and comply with oOh!media's standard WHSE Agreement to ensure oOh!media's standards are maintained across all environments. Safety management plans are required by service providers, bespoke to the services provided. oOh!media and the respective service providers review performance during the relationship and at times of contract review.

Media agencies: oOh!media is dependent on relationships with media agencies to represent oOh!media's products and services to their advertiser clients. oOh!media has invested in data and insights to give agencies a greater understanding of the performance of advertiser client campaigns using oOh!media's unique portfolio, and the opportunities presented with technological advancements. Each agency has a dedicated oOh!media relationship manager to ensure feedback is received and distributed across the business.

Advertisers: oOh!media is also dependent on relationships with customers who advertise their goods and services. Whilst a smaller proportion of revenue than that sourced through media agencies, oOh!media's digital footprint and operational support has allowed advertisers to engage direct for bespoke campaigns.

Government and local councils: Planning laws continue to develop alongside commercial property opportunities and technological advancements. Similarly, federal, state and local safety regulations and advertising standards develop alongside community expectations. oOh!media will continue to engage directly and through industry with regulatory bodies to ensure Out of Home advertising activity is of high quality, conducted with safety as an absolute priority for all stakeholders.

Communities: oOh!media is passionate about our community and our ability to operate in a way that benefits the wider population. Where required, oOh!media engages with individuals, business alliances and resident groups to seek feedback on proposed development activities. oOh!media also regularly engages specialists to provide assessments of the impact of its proposed activities on local community environments, particularly regarding any potential heritage, lighting or traffic issues.

ETHICS & INTEGRITY

oOh!media has 3 core values:

- **Bold Dreams:** We dream big and inspire others with our ideas and passion. We are bold and push boundaries to create Unmissable moments.
- **Big Impact:** We bring our best selves to work, operating ethically and responsibly, to make everything we do meaningful for our audiences.
- **Deep Connection:** We align as one team with shared goals and always look after our work mates like family.

oOh!media's Values Statement is available on its investors website.

The values include actionable behaviours that sit below each to ensure clarity on what is required to live them day to day. The values are also represented in oOh!media's policies, including the Code of Conduct.

The Code of Conduct is designed to ensure that oOh!media and all people employed, contracted by, associated with, or acting on behalf of oOh!media, maintain a reputation for the highest standards of business conduct, professionalism and integrity. The key components of the Code of Conduct include:

- Our actions must be governed by the highest standards of integrity and fairness;
- Our decisions must be made in accordance with the spirit and letter of applicable law; and
- Our business must be conducted honestly and ethically, with our best skills and judgment, and for the benefit of customers, employees, shareholders and oOh!media alike.

oOh!media supports these policies with a Whistleblower Policy, most recently updated in December 2019. This together with the Code of Conduct, sets out the process for seeking advice on ethical and lawful behaviour, and for reporting concerns about unethical or unlawful behaviour. Employees have access to an in-house legal team comprising qualified solicitors to facilitate understanding of legal requirements. Concerns can be reported to key management including the CEO, CFO, Chief People and Culture Officer or General Counsel, the Audit, Risk & Compliance Committee, or where required, to an independent external whistleblower service at no cost and with the guarantee of anonymity.

KEY IMPACTS, RISKS & OPPORTUNITIES

The most relevant risks to the business achieving its operational and financial targets are captured under risk management on pages 22 and 23 of the Annual Report. The summary below describes the key sustainability risks and associated challenges and opportunities, together with mitigation strategies and actions undertaken by the Company.

SUSTAINABILITY REPORT

CONTINUED

There continues to be change with technological advancement, regulatory development and innovation in our competitive environment. oOh!media implements strategies that allow it to take advantage of these challenges for long-term business growth. It is this approach that has resulted in sustained growth and allowed the Company to transform from an Out of Home media property business to a location-based digitally-enabled public space media business delivering industry leading insights and technological advancements.

oOh!media has collated the risks that reflect oOh!media's significant economic, environmental and social impacts or those elements that substantively influence the assessments and decisions of oOh!media's stakeholders. In this Sustainability Report, these have been captured under four headings:

- People: maintaining an innovative, engaged and safe workforce is essential for oOh!media's continued performance;
- Operations, economic impacts and governance: oOh!media is committed to acting professionally, fairly and with integrity in all activities and with all stakeholders;
- Environment and sustainability: managing the business in an environmentally responsible manner, considering, protecting and caring for the environment, now and for the future; and
- Community: consulting with local communities as part of our everyday business activities, and working with community partners to invest time, resources and money where we can make a positive difference.

There are a number of governance mechanisms in place to manage these risks:

- Capable people: Senior management and dedicated teams trained in relevant regulatory and legal requirements, to specialist internal and external advisers across the areas of finance, law, WHSE and supply chain management;
- Systems and processes: a framework of policies, systems, process and training to guide the business; and
- Documentation: standard template contracts to ensure compliance to standards and allocate risk appropriately amongst parties.

PEOPLE

oOh!media is committed to being an employer of choice through our exceptional culture and leading people practices. Beyond the foundation of providing a safe working environment for all people across our business, we aim to engage, develop and support our people to be their best self and to contribute fully in their careers and life. As innovation leaders, we recognise that our differences as individuals are key to our success and promote diversity, inclusion and belonging as a core operating principle.

Safety: oOh!media strives to create a safe and healthy workplace for all employees, contractors and visitors. This includes psychological safety as much as physical safety.

oOh!media maintains high standards in WHS for its outdoor operations, warehouse, printing and office environments and has a comprehensive WHS management framework and strategic plan in place.

- The Board engaged PWC to conduct a review of oOh!media's WHS framework and reporting processes. The report found the WHS management system to be appropriately designed and fit for purpose, with no non-compliances with the AS/NZS 4801 identified. Opportunities for improvement were identified and are being implemented. A Head of Wellbeing, Safety & Environment has since commenced with oOh!media in September 2019 to prioritise and co-ordinate the improvement opportunities identified.
- Ongoing commitment to a comprehensive policy and framework for WHS supported by our WHS Management System.
- A WHS Committee with representatives from across the business that meets monthly to review the WHS framework, initiatives, incidents, learnings, communication and training programs.
- Accreditation has been upgraded from the AS/NZS 4801:2015 standard, to ISO 45001-2018 Occupational Health and Safety Management Systems. Certification to the system has been maintained since 2015.
- Regular reporting of WHS initiatives, issues and opportunities to the Senior Executive, the Audit, Risk & Compliance Committee and the Board.

oOh!media did not receive any fines for non-compliance with safety laws and regulations over the reporting period.

Psychological safety

oOh!media recognises the increasing impact of mental health issues in the workplace and strives to create an environment where all employees see the workplace as contributing positively to their mental health, rather than negatively. Support is available to employees and families through an independently run Employee Assistance Program (EAP) which is proactively and reactively communicated to employees regularly, particularly during times of major change or potentially stressful events.

In 2019, an employee led initiative called TLC was started to help drive awareness of mental health, destigmatise mental health issues and support people to talk about their mental health with trusted colleagues or leaders. Volunteers were called for to be trained as Mental Health First Aiders, with over 10% of the organisation registering their interest. From this list, employees from various locations and areas of the business were chosen to participate in training in early 2020.

At an industry level, oOh!media was a founding member of the Mentally Healthy Change Group, a group of industry leaders who, in 2019, introduced the first ever minimum standards for mental health in the media industry.

Talent acquisition, management & retention: oOh!media has a formal talent acquisition and management process to maximise our ability to attract and retain the best talent for the benefit of oOh!media and its stakeholders.

oOh!media supports new employees with a mobile onboarding experience. This experience commences 30 days prior to a new employee commencing and continues until the end of their first 12 months. During this time, the Company measures its Employee Net Promoter Score – how likely the new employee is to recommend oOh!media as a great place to work. At the end of the reporting period, oOh!media's average Employee Net Promoter Score (for new employees) was 84 and for all hiring managers was 77 (World class is considered 70+).

oOh!media has an external careers website and talent community where existing and potential employees can submit their profiles and be considered for future opportunities. In 2019 our top sources of hire were directly sourced through job sites, internal candidates and employee referrals. Candidate experience continues to be a huge focus, ensuring we communicate, engage and excite our candidates throughout the recruitment experience as evidenced by being a multi-year winner of the APAC Candidate Experience Awards as voted by our candidates.

During the reporting year, overall employee turnover was 20 per cent, with voluntary turnover at 12 per cent, well below industry benchmarks. These retention results are a positive confirmation of oOh!media's investment in this area.

oOh!media also has a long-term incentive plan (LTI Plan) (share ownership) for senior leaders and talented individuals to further promote retention of key people. Further details on the LTI Plan is set out on pages 33 to 36 of the Remuneration Report.

People development: oOh!media has a comprehensive people development agenda, and over the reporting period related activities included culture and engagement, leadership, employee development and performance.

- Supporting the innovative culture of the Company through the physical environment by continuing a multi-year facilities refresh, introducing collaborative, flexible and future-focused workplaces aligned with the principles of activity-based working.
- Facilitating the refresh and relaunch of the oOh! aspiration and strategy, with a variety of methods (workshops, goals setting, communications) used to increase alignment, collaboration and results orientation.
- Continuing our "LEAD" leadership development program, which includes all people leaders at oOh!media. The program builds inspirational leaders and includes face-to-face workshops, online content and learning cohorts. It builds from a core of self-awareness and personal effectiveness through to skills and mindsets for leading teams and culture, and a focus on building personal and organisational capabilities for the future of oOh!media.
- Maintaining a talent management program, ensuring we have the right people to meet our longer-term strategy and that we deploy our best people into roles that can maximise their contribution to the business.

Diversity, inclusion & belonging: oOh!media is committed to unlocking the innovative potential of the Company by creating and supporting an environment where all ideas are heard, inspiring our people to harness their creativity to generate value and growth in an inclusive and diverse culture. Further details of oOh!media's diversity, inclusion and belonging framework is set out on pages 32, 44 and below.

Over the reporting period, oOh!media undertook a review and refresh of the Diversity, Inclusion and Belonging strategy. The Acquisition of Adshel added 80 new people into our top talent pool, diluting somewhat the percentage of females in this pool from 50 percent to 40 percent. As at the end of 2019:

- Women in leadership roles were up 1% to 43%.
- 94% of oOh!media employees returned from parental leave in 2019.
- Women represented 43% of Non-executive Directors on the Board[1].

Given the refresh of the Diversity, Inclusion and Belonging strategy in 2019, measurable objectives have been updated to ensure continued focus and progress.

These objectives are designed as goals for the period 2019-2021, with activities and outcomes to be paced through that period.

Focus	Objectives	Outcomes
Balanced Teams	Increase the percentage of women in leadership roles	Overall manager representation increased to 43%
	Provide Opportunity for underrepresented groups	Senior leadership representation is over 35%
	Continue targeted leadership development for women	No movement in executive roles for 2019
		Diverse interviewers included in every hiring process
		Female candidates required for key leadership and team roles

1 As at the date of this Sustainability Report, women represent 33% of Non-executive Directors, following the retirement of Debra Goodin on 25 February 2020.

SUSTAINABILITY REPORT

CONTINUED

Focus	Objectives	Outcomes
Inclusion and Belonging	Demonstrate commitment to inclusive behavioural practices Demonstrate appreciation for all employees regardless of gender, cultural identity, age, sexual orientation, disability, work style or approach Create an environment to ensure all employees can thrive	Unconscious bias training included in all relevant people processes Celebrated the diversity of the company and showcased contributions from diverse employee base at internal events and customer events (e.g. Annual conference) Flexible working practices are in place for all roles where flexible working is operationally feasible
Process and Policies	Ensure robust measurement, benchmarking and visibility of Diversity, Inclusion and Belonging	Annual gender pay equity reviews continued, and analysis of performance outcomes by gender to ensure no unconscious bias Included questions focussed on belonging and psychological safety in the oOh! culture survey, allowing these to be benchmarked and improved over time. Maintained competitive parental leave and flexible working policies Increased equity in parental leave: maintained and improved robust stay in touch programs, ensured return to meaningful roles, eligibility for all employees to primary carer leave for birth, adoption, permanent foster placement and stillbirth.

oOh!media did not receive any fines or grievances for non-compliance with discrimination laws and regulations over the reporting period.

Flexible working & parental leave: All employees have access to flexible working arrangements, either on an ad hoc basis or through a formal arrangement. The introduction of activity-based working in many of our offices, combined with technology improvements, has made flexible working a normal workplace activity. Primary caregivers can access 16 weeks' parental leave as a combination of upfront payments, return to work bonuses and additional leave, and receive $1,000 worth of vouchers to put towards essential services upon commencing parental leave. Combined with "keep in touch" and "return to work" programs, this helped ensure high rates of employees returning from Parental leave.

OPERATIONS, ECONOMIC IMPACTS & GOVERNANCE

oOh!media conducts its business operations in an honest and ethical manner. We believe corporate governance helps build an environment of trust, transparency and accountability. Not only does this align with our strategy to build a sustainable business, but it also delivers long-term value for our shareholders,

Suppliers: In selecting suppliers, oOh!media considers as appropriate issues of capability, quality, innovation, good governance and ethical behaviour and regulatory compliant work practices. Depending on the scope of works being undertaken, local suppliers may be required to provide a detailed safety management plan or agree to oOh!media's WHS Agreement stipulating the minimum safety standards. Further to this, following a risk assessment of the works being completed, the supplier may be audited to provide an additional element of assurance with their work practices. Offshore suppliers may be subjected to additional due diligence, whether requiring compliance with Australian standards, demonstrating good governance regarding privacy and people management, or hosting oOh!media for site inspections of manufacturing and distribution facilities. No negative labour or environmental practices have been identified with any current suppliers in oOh!media's domestic or international supply chains. With the introduction of specific anti-modern slavery laws in Australia which apply to oOh!media from 1 January 2020, oOh!media is further enhancing its supply chain due diligence and requirements, with a focus on high risk products and countries of origin.

Data protection & privacy management: A core feature of oOh!media's strategy is the use of data to develop insights for the benefit of advertisers. The bulk of data used is de-identified and anonymous, however we also manage limited personal information from time-to-time. In all cases, oOh!media takes data and privacy management obligations seriously and has an established governance and data management framework to ensure application of proper industry practices in ingesting, processing, storing and purging data, including:

- "Acceptable Encryption" Policies, being industry standard encryption policies;
- data protection policies mandating standards for encryption in transit and at rest;
- extensive monitoring of all critical systems;
- offsite encrypted backups;
- implementation of multiple audit points to cover full stages of data lifecycles;
- privacy policies for oOh!media's general operations, and co-operative policies where collecting information on behalf of an advertiser or commercial partner;
- privacy management plans with suppliers of data;
- review of disclosures on personal information collection by the oOh!media legal team; and
- a structured mandatory data breach reporting process.

Compliance with regulations & standards: oOh!media operates within a number of regulatory and industry self-regulatory frameworks. In addition to those applied to most businesses, all content displayed via oOh!media assets is governed in Australia by the standards set by the Ad Standards, AANA, and in New Zealand by the Advertising Standards Authority. oOh!media is diligent in adhering to these standards, providing clients and employees with Advertising Standard Guidelines as well as having developed its own Copy Advice Committee for the review of creative content. In 2019, in response to existing and anticipated increasing complexity in this regulation, oOh!media has created a new role to engage more closely with regulators and to oversee compliance with these regulations and standards.

oOh!media is a foundation member of the Out of Home industry body, the Outdoor Media Association (OMA), which is a self-regulating body to whose standards oOh!media adheres.

Corporate governance framework: oOh!media has a corporate governance framework approved by the Board, supported by core functions and registers across the business. oOh!media has a program to review and audit sections of the corporate governance framework from time-to-time to ensure currency with best practice.

Corporate Governance Statement: oOh!media has prepared a Corporate Governance Statement for the reporting period, following the third edition of the ASX Corporate Governance Council (ASX CGC) Principles & Recommendations. oOh!media's Corporate Governance Statement is available on oOh!media's website.

ENVIRONMENT & SUSTAINABILITY

oOh!media is committed to managing its business in an environmentally responsible manner and believes that caring for and considering the environment, now and for the future, is crucial to our continued success.

Management: In late 2019, a manager was appointed with environment a key portion of their portfolio for the Australian and New Zealand operations.

Carbon emissions: oOh!media has minimal carbon or energy intensive business activities and is a relatively low emitter of greenhouse gas emissions compared to other activities or other industries. In general, oOh!media's activities and geographic distribution present limited exposure to potential costs associated with carbon pricing or regulatory caps, and oOh!media is not considered to be exposed to environmental or climate-related risks that could materially affect its operations or stakeholders. Regardless, oOh!media does have a continuous improvement objective to reduce carbon emissions from activities.

The rollout of replacement vehicles continued in 2019 with approximately 60% of the Commute fleet now utilising Adblue, a product that reduces CO_2 emissions. These new vehicles include telematics that allow for monitoring of vehicle use (e.g. speed, handling, maintenance) that provide opportunity to improve vehicle wear and tear, which in turn reduces CO_2 emissions. In addition, work commenced in 2019 to review the way routes are planned within the Commute business to potentially reduce kilometres travelled and, in turn, result in fuel reductions and CO_2 emissions.

SUSTAINABILITY REPORT

CONTINUED

Commercial development: All of our new commercial developments and digitisation projects comply with environmental and planning legislation of the relevant state or council jurisdiction, supported by a Statement of Environmental Effects (or equivalent), which sets out the current operational state of our assets and/or details any planning or environmental consequences of the proposed future development. This process ensures the consent authority can fully consider any impact/s attributable to the development proposal prior to making its determination.

We aim to incorporate environmentally friendly or sustainable products into all our commercial developments. This includes LED lighting on classic billboards, being more environmentally friendly than traditional lighting practices, as well as ensuring our digital billboards are equipped so their brightness adjusts to ambient lighting levels, meaning that power reductions occur automatically as the operational need for energy reduces.

Recycling & waste: oOh!media's intent remains to recycle, reuse, refurbish or repurpose our assets, posting materials and waste.

Depot and warehouse facilities across the country have strong waste segregation practices in place, providing numerous opportunities to limit the type or volume of materials sent to landfill. Waste streams identified for recycling include batteries, fluorescent tubes, glass, steel, aluminium, copper, PVC cabling, e-waste and of course cardboard/posters. In some locations, specialist providers have been identified for targeted recycling initiatives e.g. posters recycled into corflute/ packaging materials, safety glass into road base. Where possible, former or salvaged bus shelters and sign housings are broken down with reusable parts stored on site or refurbished for future use before recycling or disposal at landfill is considered.

We work with our clients and contract installers to see billboard skins either reused or repurposed as often as possible. Contract installers have a variety of solutions in place for skins at the end of their display-life including supply to charities for overseas disaster relief, repurposed in farming, painting or maintenance industries, sent overseas for use in housing, or donated to schools or volunteer associations e.g. local Scout units. Additionally, we have started working with clients who are considering their billboard sign messaging to provide an opportunity to safe keep and reuse on future billboards.

oOh!media has started working with building management in their head office locations to encourage recycling activities wherever possible. Waste bins are placed in central locations that allow employees to choose the most appropriate bin for the waste material (paper/cardboard, co-mingled plastics and general waste). The waste then remains segregated during collection which in turn minimises the volume of waste being sent to landfill.

Energy: oOh!media is continuing to replace lighting throughout both our facilities and across the network of advertising formats with LED lights.

We are focused on growing our solar connections, especially where it provides an opportunity to advertise in locations where mains power is not available or unaffordable. Several research and design projects were implemented in 2019 providing oOh!media with opportunities to improve off-grid power solutions across the network of bus shelters. These solar-power initiatives include:

- More compact and efficient battery solutions, including a lithium battery that is more powerful, safer and longer lasting than previous solutions;
- Smarter charge controllers providing telemetry for improved monitoring of performance and preventative maintenance activities; and
- Use of solar panels with a smaller surface area yet more efficient in their ability to harness increased volume of energy from the sun compared with other units.

Sustainable printing: oOh!media operates a printing company – Cactus Imaging. The business is continually looking for opportunities to align with suppliers that are reducing their environmental impact with innovative and sustainable product offerings. An increase in the use of PVC-free and recycled printing and laminating materials across a broader range of applications, combined with latex (water-based) and UV-based printing technologies makes up a key part of our environmental plans.

Posters for use in the oOh!media Street Furniture business are printed on 100% recyclable materials. Cactus continues to offer a light weight vinyl option for billboard skins of which accounted for 75% of all skins printed through 2019.

Certification: oOh!media is certified to the ISO 14001:2015 Environmental Management System as part of an integrated management system with ISO 45001:2018 (occupational health & safety) and ISO 9001:2015 (quality). A surveillance audit conducted by an independent third party in late 2019 concluded that oOh!media retain this certification.

Regulatory compliance: Throughout 2019, oOh!media had several unannounced inspections at depots and the Cactus Imaging print facility from local Councils, water authorities and state environmental regulators; no non-compliance issues were raised.

oOh!media did not receive any fines or grievances for non-compliance with environmental laws and regulations over the reporting period.

COMMUNITY

oOh!media continued its strong history of community support in 2019. During the reporting period, oOh!media further developed its oOh! Community program, including a renewed vision 'to shine a light on important community issues and organisations to help generate positive change for our Australian and New Zealand communities'.

AUSTRALIA

oOh!media's contribution: oOh!media supports a number of charities by providing free of charge advertising space to amplify their campaigns through oOh!media's network and donating media packages to auction for charity events. Over the reporting period, oOh!media responded to over 80 requests for support, donated 30 media packages at a value of $965,000, and provided over $20 million in media space to charity and community causes.

Charities and causes we actively support include:

- Make-A-Wish Australia;
- Pink Hope;
- Taronga Conservation Society Australia;
- Two Good;
- SANE Australia;
- Humpty Dumpty Foundation;
- Ovarian Cancer Research Foundation;
- Shake It Up Australia;
- Jean Hailes for Women's Health;
- Sony Foundation;
- UnLtd;
- Australian Children's Music Foundation;
- Tour de Cure;
- CureCancer Australia;
- Lifeline; and
- Cerebral Palsy Alliance.

In response to the devastating bushfires in late 2019, in early 2020 oOh!media introduced an additional day of annual leave in 2020 and 2021 for all employees who holiday in those fire affected communities to support local tourism and assist in the long term economic recovery efforts.

Industry support: Through the OMA oOh!media also supported:

- National Missing Persons Week – In conjunction with other OMA members, approximately $600,000 in advertising space was donated to highlight the profiles of missing persons cases; and
- DrinkWise – In 2019 OMA members, including oOh!media, supported two bursts of this campaign that encouraged parents to reflect on the way they consume alcohol in front of their children. This was another industry-wide initiative that featured on more than 500 signs nationally with a campaign value of approximately $2.3 million.

Employee contribution: oOh!media offers employees a paid work day a year to volunteer for a registered charity. Employees volunteered for a variety of causes in 2019 including Two Good Co, The Smith Family, Animal Welfare League QLD and Whitelion.

Late in 2019 oOh!media introduced a new community partnership with Orange Sky which will provide further volunteering opportunities for employees.

In addition, we support various fundraising initiatives for causes that are close to employees' hearts. In 2019 this included Pink Hope Bright Pink Lipstick Day, HeartKids Sweetheart Day, Humpty Dumpty Foundation, Women's Health Week and Red Cross Bushire Relief Appeal.

NEW ZEALAND

In New Zealand oOh!media closely supports not-for-profit organisations Youthline, Keep New Zealand Beautiful and Urban Art by donating free of charge media for advertising campaigns. In 2019 other charities supported include Breast Cancer Foundation New Zealand, Eat My Lunch, Tim Bray Theatre Company and Step Up.

Employees volunteered for the Keep New Zealand Beautiful Clean Up Day and with Eat My Lunch, preparing meals for disadvantaged school children.

FINANCIAL REPORT

CONTENTS

GENERAL INFORMATION

This report covers oOh!media Limited (the Company) and its controlled entities. The financial statements are presented in Australian currency.

oOh!media Limited is a listed company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 2, 76 Berry Street
North Sydney, New South Wales 2060

The Annual Report was authorised for issue, in accordance with a resolution of the Directors. The Directors have the power to amend and reissue the Annual Report.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete and available globally at minimum cost to the Company. All media releases, financial reports and other information are available at the Investors section on our website: www.oohmedia.com.au.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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Consolidated 2019[1] $'000	Consolidated 2018 restated[2] $'000
Revenue from continuing operations	5	649,606	482,647
Cost of media sites and production		(184,785)	(256,948)
Gross profit		**464,821**	**225,699**
Operating expenditure			
Employee benefits expense		(98,609)	(79,950)
Depreciation and amortisation expense	11,12,13	(232,147)	(46,450)
Legal and professional fees		(5,296)	(3,477)
Office rent expenses		–	(4,399)
Advertising and marketing expenses		(9,705)	(7,594)
Acquisition and integration related expenses		(10,167)	(11,488)
Impairment expense	14	(3,500)	–
Other expenses	6	(23,898)	(17,754)
Total operating expenditure		**(383,322)**	**(171,112)**
Operating profit		**81,499**	**54,587**
Finance income		1,350	1,039
Finance costs		(59,777)	(9,327)
Net finance costs	7	**(58,427)**	**(8,288)**
Share of profit/(loss) of equity-accounted investees, net of tax		105	(310)
Profit before income tax		**23,177**	**45,989**
Income tax expense	9	(9,739)	(16,845)
Profit after income tax		**13,438**	**29,144**
Attributable to:			
Owners of the Company		13,453	29,124
Non-controlling interest		(15)	20
Profit		**13,438**	**29,144**
Other comprehensive income/(loss)			
Profit		**13,438**	**29,144**
Items that may be subsequently classified to profit or loss:			
Effective portion of changes in fair value of cash flow hedges, net of tax		(7,936)	(1,397)
Foreign currency translation differences		1,086	214
Fair value movement in put option, net of tax		–	(1,080)
Total comprehensive income		**6,588**	**26,881**
Attributable to:			
Owners of the Company		6,603	26,861
Non-controlling interest	21(c)	(15)	20
Total comprehensive income		**6,588**	**26,881**

Earnings per share attributable to the ordinary equity holders of the Company		2019	2018 restated[2]
Basic earnings per share (cents)	30	6	14
Diluted earnings per share (cents)	30	6	14

(1) AASB16 became effective for the group on 1 January 2019. AASB16 establishes principles for the recognition and measurement of leasing arrangements. Refer to Note 2 Basis of accounting for further details.

(2) 2018 balances have been restated due to the finalisation of the valuation of identifiable assets acquired in the Adshel acquisition. Refer to Note 25 Business combinations for further details.

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	Consolidated 2019[1] $'000	Consolidated 2018 restated[2] $'000
Current assets			
Cash and cash equivalents		61,208	33,027
Trade and other receivables	10	133,519	124,814
Inventories	15	4,025	5,739
Other assets	16	32,417	30,069
Income tax asset		2,784	–
Total current assets		**233,953**	**193,649**
Non-current assets			
Property, plant and equipment	11	248,271	245,067
Right-of-use asset	12	807,608	–
Intangible assets	13	791,961	812,794
Other assets	16	1,988	21,893
Total non-current assets		**1,949,828**	**1,079,754**
Total assets		**2,083,781**	**1,273,403**
Current liabilities			
Trade and other payables	18	79,450	93,073
Finance lease liabilities	17	–	59
Deferred consideration		–	120
Interest bearing lease liabilities	17	170,025	–
Provisions	19	661	9,903
Employee benefits		7,173	6,779
Income tax payable		–	10,726
Total current liabilities		**257,309**	**120,660**
Non-current liabilities			
Loans and borrowings	17	415,697	405,511
Provisions	19	15,170	25,093
Employee benefits		3,931	3,553
Interest bearing lease liabilities	17	681,748	–
Derivative liabilities	20	13,094	3,882
Deferred tax liability	9	30,984	36,270
Total non-current liabilities		**1,160,624**	**474,309**
Total liabilities		**1,417,933**	**594,969**
Net assets		**665,848**	**678,434**
Equity			
Share capital	21(a)	694,913	675,371
Reserves	21(b)	17,305	26,686
Accumulated losses		(45,465)	(22,839)
Equity attributable to the owners of the Company		**666,753**	**679,218**
Non-controlling interest	21(c)	(905)	(784)
Total equity		**665,848**	**678,434**

(1) AASB16 became effective for the group on 1 January 2019. AASB16 establishes principles for the recognition and measurement of leasing arrangements. Refer to Note 2 Basis of accounting for further details.

(2) 2018 balances have been restated due to the finalisation of the valuation of identifiable assets acquired in the Adshel acquisition. Refer to Note 25 Business combnations for further details.

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Consolidated 2019[1] $'000	Consolidated 2018 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		701,185	524,685
Payments to suppliers and employees (inclusive of goods and services tax)		(396,180)	(422,909)
Cash generated from operations		**305,005**	**101,776**
Interest paid[1]		(57,870)	(7,637)
Interest received		986	1,032
Income tax paid		(10,890)	(24,018)
Net cash from operating activities	31	**237,231**	**71,153**
Cash flows from investing activities			
Acquisition of property, plant and equipment	11	(47,754)	(28,103)
Acquisition of intangible assets	13	(8,460)	(12,717)
Acquisition of subsidiaries, net of cash acquired		(2,413)	(564,495)
Disposal of subsidiary		–	400
Transaction costs related to acquisitions		–	(9,800)
Proceeds from sale of property, plant and equipment		321	323
Net cash used in investing activities		**(58,306)**	**(614,392)**
Cash flows from financing activities			
Proceeds from issue of shares		–	329,866
Transaction costs related to issue of shares		–	(7,630)
Proceeds from loans and borrowings		60,000	482,000
Repayment of loans and borrowings		(51,000)	(211,000)
Payment of transaction costs related to borrowings and derivatives		(1,858)	(7,224)
Payment of finance lease liabilities[1]		(146,584)	(65)
Dividends paid in cash		(14,781)	(25,600)
Proceeds from underwriters for DRP		3,479	–
Net cash from/(used in) financing activities		**(150,744)**	**560,347**
Net increase in cash and cash equivalents		**28,181**	**17,108**
Cash and cash equivalents at 1 January		33,027	15,919
Cash and cash equivalents at 31 December		**61,208**	**33,027**

(1) AASB16 became effective for the group on 1 January 2019. AASB16 establishes principles for the recognition and measurement of leasing arrangements. Following the implementation of AASB16, fixed rent is excluded from Payments to suppliers and employees and included within Interest paid ($39,986,000) and Payment of lease liabilities. Refer to Note 2 Basis of accounting for further details.

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Consolidated	Contributed equity $'000	Foreign currency translation reserve $'000	Other equity reserve $'000	Cash flow hedge reserve $'000	Share-based payments reserve $'000	Accumulated losses[2] $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 January 2018	**349,510**	**70**	**17,688**	**39**	**10,154**	**(26,363)**	**(804)**	**350,294**
Total comprehensive income for the period:								
Profit/(loss) for the period after income tax	–	–	–	–	–	29,124	20	29,144
Other comprehensive income/ (loss):								
Effective portion of changes in fair value of cash flow hedges	–	–	–	(1,397)	–	–	–	(1,397)
Exchange differences on translation of foreign operations	–	214	–	–	–	–	–	214
Fair value movement in put option	–	–	(1,080)	–	–	–	–	(1,080)
Total comprehensive income/ (loss) for the period	**–**	**214**	**(1,080)**	**(1,397)**	**–**	**29,124**	**20**	**26,881**
Transactions with owners, recorded directly in equity:								
Contributions and distributions								
Issue of ordinary shares	331,241	–	–	–	(1,375)	–	–	329,866
Share issue costs, net of tax	(5,380)	–	–	–	–	–	–	(5,380)
Dividends paid	–	–	–	–	–	(25,600)	–	(25,600)
Equity-settled share-based payment transactions	–	–	–	–	2,373	–	–	2,373
Total transactions with owners of the Company	**325,861**	**–**	**–**	**–**	**998**	**(25,600)**	**–**	**301,259**
Restated balance at 31 December 2018[2]	**675,371**	**284**	**16,608**	**(1,358)**	**11,152**	**(22,839)**	**(784)**	**678,434**
AASB16 transitional impact on Retained Earnings[1]						(9,877)		(9,877)
Restated balance at 1 January 2019	**675,371**	**284**	**16,608**	**(1,358)**	**11,152**	**(32,716)**	**(784)**	**668,557**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONTINUED

Consolidated	Contributed equity $'000	Foreign currency translation reserve $'000	Other equity reserve $'000	Cash flow hedge reserve $'000	Share-based payments reserve $'000	Accumulated losses[2] $'000	Non-controlling interest $'000	Total equity $'000
Restated balance at 1 January 2019	675,371	284	16,608	(1,358)	11,152	(32,716)	(784)	668,357
Total comprehensive income for the period:								
Profit for the period after income tax	–	–	–	–	–	13,453	(15)	13,438
Other comprehensive income/(loss):								
Effective portion of changes in fair value of cash flow hedges, net of tax	–	–	–	(7,936)	–	–	–	(7,936)
Exchange differences on translation of foreign operations	–	1,086	–	–	–	–	–	1,086
Total comprehensive income/(loss) for the period	**–**	**1,086**	**–**	**(7,936)**	**–**	**13,453**	**(15)**	**6,588**
Transactions with owners, recorded directly in equity:								
Contributions and distributions								
Issue of ordinary shares (Employee Performance Rights)	3,569	–	–	–	(3,569)	–	–	–
Issue of ordinary shares (Dividend Reinvestment Plan)	14,896	–	–	–	–	(14,896)	–	–
Other performance rights issued	1,077	–	–	–	(1,077)	–	–	–
Dividends paid	–	–	–	–	–	(11,302)	–	(11,302)
Equity-settled share-based payment transactions	–	–	–	–	2,115	–	–	2,115
Change to non-controlling interest						(4)	(106)	(110)
Total transactions with owners of the Company	**19,542**	**–**	**–**	**–**	**(2,531)**	**(26,202)**	**(106)**	**(9,297)**
Balance at 31 December 2019	**694,913**	**1,370**	**16,608**	**(9,294)**	**8,621**	**(45,465)**	**(905)**	**665,848**

(1) AASB16 became effective for the group on 1 January 2019. AASB16 establishes principles for the recognition and measurement of leasing arrangements. Refer to Note 2 Basis of accounting for further details.

(2) 2018 balances have been restated due to the finalisation of the valuation of identifiable assets acquired in the Adshel acquisition. Refer to Note 25 Business combinations for further details.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. REPORTING ENTITY

oOh!media Limited is a company domiciled in Australia. The Company was incorporated on 7 October 2014 and listed on the Australian Securities Exchange (ASX) on 17 December 2014. The Company's registered office and principal place of business is at Level 2, 76 Berry Street, North Sydney NSW 2060.

The Group is a for-profit entity and primarily involved in outdoor media, production and advertising in Australia and New Zealand.

NOTE 2. BASIS OF ACCOUNTING

(a) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001 (Cth)*. The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Standards Board (IASB).

Full disclosure notes are included to explain events and transactions that are significant to gain an understanding of the changes in financial position and performance of the Group since the last consolidated financial statements as at and for the year ended 31 December 2018.

These consolidated financial statements were approved and authorised for issue by the Board of Directors on 24 February 2020.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items in the consolidated statement of financial position:

- Derivative financial instruments are measured at fair value; and
- Business combinations are measured at fair value.

(c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency. The Company is of a kind referred to in ASIC Corporations Instrument 2016/191 dated 1 April 2016 and in accordance with the instrument, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

(d) Going concern

The consolidated financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business. The Group has, as a result of adopting AASB16 in the current year, an excess of current liabilities over current assets totalling $23,356,000. The Group is generating positive operating cash flows and there is no indication that the Group will not be able to meet its obligations.

(e) Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2018, except for the new significant judgements related to lessee accounting under AASB16. The Group has applied judgement to determine the lease term for some lease contracts in which it is the lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised. Refer to Note 12 Right-of-use assets and Note 17 Loans and borrowings.

i) Judgements

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 3(a)(iv) and Note 25 Business combinations;
- Note 12 Right-of-use assets;
- Note 14 Impairment of non-current assets; and
- Note 17 Loans and borrowings.

ii) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the year ending 31 December 2019 are included in the following notes:

- Note 14 Impairment of non-current assets: key assumptions underlying recoverable amounts for impairment testing;
- Note 17 Loans and borrowings: incremental borrowing rate and lease terms; and
- Note 25 Business combinations.

iii) Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a finance team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and which reports directly to the Chief Financial Officer.

The finance team reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the finance team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified. Significant valuation issues are reported to the Group's Audit, Risk & Compliance Committee.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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When measuring the fair value of an asset or a liability, the Group uses observable market data as much as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Further information about the assumptions made in measuring fair values is included Note 22 Fair values.

(f) Changes in accounting policies
The accounting policies adopted in this report have been consistently applied by each entity in the Group and are consistent with those of the previous year, with the exception of new standard AASB16 discussed below.

(g) New standards and interpretations
The Group has adopted all relevant new, revised, or amended Accounting Standards and interpretations issued by the AASB that are mandatory for the current reporting period. The transitional impact on adoption is explained below.

i) AASB 16 Leases
The Group adopted AASB16 Leases from 1 January 2019. AASB16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

The Group has applied AASB16 using the modified retrospective approach. Accordingly, the comparative information presented for 2018 has not been restated.

The details of the changes in accounting policies are disclosed below.

2.1 Definition of a lease
At the inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Upon transition, the standard allows companies to utilise a number of 'practical expedients'. The Group has chosen to utilise the following:

a) The same discount rate (incremental borrowing rate – see footnote (1)) has been applied to leases with similar characteristics (e.g. similar lease term);
b) All contracts which have previously been classified as a lease/licence will continue to be treated as a lease.

In addition, AASB16 has been applied to all contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease and non-lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

2.2 The Group as a lessee
The Group leases many assets including and predominantly related to property leases for advertising sites. As a lessee, the Group recognises a right-of-use asset and a lease liability at the lease commencement date for most leases.

At transition, for leases classified as operating leases under AASB117, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's relevant incremental borrowing rate as at 1 January 2019. Right-of-use assets were measured at either:

a) Their carrying amount as if AASB16 had been applied since the commencement of the lease, discounted using the lessee's incremental borrowing rate at the date of initial application – the Group applied this approach to a number of its largest leases where the group was lessee at lease inception; or
b) An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payment – the Group applied this approach to all other leases.

The Group presents right-of-use assets within its own line in non-current assets and presents lease liabilities as Interest bearing lease liabilities in the Statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Impact on the financial statements

Impacts on transition – 1 January 2019

On transition to AASB16, the Group recognised additional right-of-use assets and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below:

	01-Jan-19 $'000
Right-of-use assets	645,595
Deferred tax asset	4,236
Lease liabilities	(673,542)
Retained earnings	9,877
Reclassified from provisions (straight lining)	11,191
Reclassified from accrued rent	13,886
Reclassified from prepaid rent	(11,243)

The impact of adopting AASB16 on the consolidated balance as at 31 December 2018 was presented in the Interim Financial Report for the half year ending 30 June 2019. Subsequent to this, the Group identified a further adjustment relating to lease term. This has decreased both the right-of-use asset and right-of-use liability on adoption of AASB16.

Impact on lease liabilities	01-Jan-19 $'000
Operating leases commitment at 31 December 2018 disclosed in the Groups consolidated financial statements	(643,453)
Discounted using the incremental borrowing rate at 1 January 2019(1)	80,360
Extension options reasonably to be exercised and other contract changes(1)	(138,064)
Additional leases identified upon transition(2)	(23,213)
Commitment for leases not yet commenced	50,828
Lease liabilities recognised at 1 January 2019	**(673,542)**

(1) Lease terms range from 1 to 24 years. The weighted average incremental borrowing rate applied is 4.8%.

(2) This line also includes non-contractual periods that management are reasonably certain will be continued.

2.3 The Group as a lessor

The Group was not required to make any adjustments on transition to AASB16 for leases in which it acts as a lessor. The impact of sub-lease contracts on transition to AASB16 was not material to the Group.

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES

Accounting policies can be found throughout the notes to these financial statements, beneath the appropriate note disclosure. For changes in the accounting policy in the period refer to Note 2(f) Changes in accounting policies.

(a) Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of oOh!media Limited and the results of subsidiaries. oOh!media Limited and its subsidiaries together are referred to in this Annual Report as 'the Group'.

i) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

ii) Investments in equity-accounted investees

The Group's interest in equity-accounted investees represents its interest in a joint venture. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. The Group's interest in associates and the joint venture are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in that investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

iv) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. All payments to purchase a business are recorded at fair value at the acquisition date. Any non-controlling interest in the acquiree is either measured at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition and merger related costs are expensed. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the business acquired, the difference is recognised directly in the consolidated statement of profit or loss and other comprehensive income, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of the acquisition. The discount rate used is the rate at which a similar borrowing could be obtained under comparable terms and conditions.

A liability for restructuring costs is recognised as at the date of acquisition of an entity or part thereof when there is a demonstrable commitment by the acquiree to restructure the acquired entity and a reliable estimate of the amount of the liability can be made.

When control is lost, any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss.

v) Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(b) Income tax – refer to Note 9 Income tax

(c) Receivables and revenue recognition – refer to Note 10 Trade and other receivables and Note 5 Revenue

(d) Plant and equipment – refer to Note 11 Property, plant and equipment

(e) Right-of-use assets – refer to Note 12 Right-of-use assets

(f) Intangibles – refer to Note 13 Intangible assets and goodwill

(g) Inventories – refer to Note 15 Inventories

(h) Financial instruments – refer to Note 23 Financial risk management

(i) Leases – refer to Note 17 Loans and borrowings

(j) Trade and other payables – refer to Note 18 Trade and other payables

(k) Employee benefits – refer to Note 8 Share-based payments

(l) Cash and cash equivalents – refer to Note 31 Reconciliation of cash flows from operating activities

(m) Impairment of assets – refer to Note 14 Impairment of non-current assets

(n) Foreign currency translation

i) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

ii) Foreign operations

The results and financial position of foreign operations (none of which have the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- Income and expenses for each statement of comprehensive income are translated at average exchange rates unless this is not a reasonable approximation of the:
  - Cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions;
  - All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign operations, and of borrowings and other financial instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, ceases operation or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the statement of comprehensive income, as part of the gain or loss on sale where applicable. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(o) Borrowings – refer to Note 17 Loans and borrowings

(p) Finance income and finance costs – refer to Note 7 Net finance costs

(q) Maintenance and repairs – refer to Note 11 Property, plant and equipment

(r) Provisions – refer to Note 19 Provisions

(s) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. Operating cash flows are recognised inclusive of the associated GST. In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

(t) Share capital – refer to Note 21 Capital and reserves

(u) Glossary – refer to page 110 for glossary of defined terms

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

NOTE 4. SEGMENT INFORMATION

(a) Basis for segmentation

The Group operates as a single segment providing a range of Out-of-Home advertising solutions.

(b) Reconciliation of information on reportable segments to statutory measures

The Board and executive management review the Underlying Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) pre AASB16 to monitor business performance because they believe that it provides a better representation of financial performance in the ordinary course of business.

	2019 Total $'000	2018 Restated[1] Total $'000
Underlying EBITDA pre AASB16	**138,987**	**112,525**
Fixed rent adjustment AASB16[2]	188,326	–
Underlying EBITDA	**327,313**	**112,525**
Acquisition and integration related expenses	(10,167)	(11,488)
Goodwill impairment loss[3]	(3,500)	–
Statutory EBITDA	**313,646**	**101,037**
Share of profit/(loss) of equity-accounted investees, net of tax	105	(310)
Amortisation	(22,685)	(17,813)
Depreciation	(209,462)	(28,637)
Net finance costs	(58,427)	(8,288)
Profit before income tax	**23,177**	**45,989**

(1) 2018 comparatives include Adshel from the date of acquisition – 28 Sept 2018. Reportable segments revenue, assets and liabilities are the same as those reported in the Consolidated statement of profit or loss and other comprehensive income and the Consolidated statement of financial position. Now that the Commute business has been integrated into the oOh! Business, it has become part of the Group segment. Refer to Note 25 Business combinations.

(2) Refer to Note 2.2 for further information on the adoption of AASB16.

(3) Refer to Note 14 Impairment of non-current assets.

NOTE 5. REVENUE

Revenue by product

Key information relating to the Group's financial performance is detailed below. This is also included in management reports reviewed by the Group's chief operating decision maker (the Board).

	2019 $'000	2018 $'000
Commute[1]	234,825	65,862
Road	146,422	154,819
Retail	139,290	132,910
Fly	65,890	67,785
Locate	44,281	42,813
Other[2]	18,898	18,458
External Revenues for OML Group	**649,606**	**482,647**

(1) Commute revenue includes advertising, production, sale of street furniture, and cleaning and maintenance revenue.

(2) Other revenues include Cactus and Junkee Media.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Accounting policy: Revenue recognition

Revenue is recognised at the fair value of the consideration received or receivable, net of the amount of goods and services tax. Revenue from core operating activities consists of Out of Home advertising revenues. Revenue from Out of Home advertising is recognised equally on a pro rata basis over the period in which the advertising is on display. Revenue for media production work is recognised on completion of the assignment. Revenue is recognised on a gross basis with commissions payable to advertising and media agencies recognised as expenses in 'Cost of media sites and production'.

The Group has applied the exemption not to disclose revenue from unfulfilled performance obligations, as performance obligations, form part of a contract that has an original term of one year or less in accordance with AASB15.

Contract balances

The timing of revenue recognition, invoicing and cash collections results in accounts receivable, uninvoiced receivables (contract assets), and customer advances (contract liabilities) on the consolidated statement of financial position. Media contracts are billed in accordance with agreed-upon contractual terms, either upfront, at periodic intervals (e.g. lunar period) or upon achievement of contractual milestones. These assets and liabilities are reported on the consolidated statement of financial position on a contract-by-contract basis at the end of each reporting period. Changes in the contract asset and liability balances were not materially impacted by any other factors during the year ended 31 December 2019.

Revenue recognised in 2019 that was included in the contract liability balance at the beginning of the year was $9,712,000.

NOTE 6. OTHER EXPENSES

	2019 $'000	2018 $'000
Office expenses	3,687	2,913
Information technology and communications expenses	8,639	5,444
Taxes and charges	5,299	3,643
(Profit)/Loss on sale of assets	(48)	100
Other expenses	6,321	5,654
	23,898	**17,754**

NOTE 7. NET FINANCE COSTS

	2019 $'000	2018 $'000
Finance income	**(1,350)**	**(1,039)**
Interest expense on bank borrowings	17,884	7,785
Amortisation of debt facility establishment costs	1,907	899
Finance leases	–	9
Interest expense under lease liabilities AASB16 leases	39,986	–
Other finance costs	–	634
Finance costs	**59,777**	**9,327**
Net finance costs	**58,427**	**8,288**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

Accounting policy: Finance income and finance costs

i) Finance income

Finance income is recognised as income in the period in which it is earned. Finance income includes interest income, which is recognised on a time proportion basis using the effective interest method.

ii) Finance costs

Finance costs are recognised as expenses in the period in which they are incurred using the effective interest method. Finance costs include interest on bank borrowings, finance lease charges, short-term and long-term borrowings and ancillary costs incurred in connection with arrangement of borrowings, and interest expense on lease liabilities recognised on application of AASB16 Leases. Refer to Note 17 Loans and borrowings.

NOTE 8. SHARE BASED PAYMENTS

Description of the share-based payment arrangements

As at 31 December 2019 the Group had the following share-based payment arrangements:

Long-term incentive plan – performance rights

A total of 843,816 Tranche #3 performance rights vested in February 2019, with vesting conditions satisfied. The performance rights for Tranche #3 vested at greater than 100% based upon the Board's determination of the achievement for the CAGR Earnings per Share growth exceeding the 100% target. The share price on the vesting date was $3.55. The Company issued a further 1,338,975 performance rights that entitle senior executives and managers to receive shares in the Company. Details in relation to grants issued in the year ended 31 December 2019 and in respect of grants of performance rights to employees in prior periods, are detailed in the table below. As the performance right entitles the holder of the right to receive a share for no consideration at a future date, the exercise price is considered to be nil.

The key terms of these grants and assumptions in the calculation of the grant date fair value are outlined below.

i) Performance rights granted to senior executives are as follows:

	Grant date	Vesting date	Number granted
Tranche #3	01-Feb-16	28-Feb-19	610,714
Tranche #4	01-Mar-17	15-Feb-20	712,615
Tranche #5	01-Feb-18	15-Feb-21	822,152
Tranche #6a	04-Mar-19	15-Feb-22	1,146,035
Tranche #6b	16-May-19	15-Feb-22	192,940
Total performance rights			**3,484,456**

Vesting conditions for the performance rights are as follows:

Tranche #3 – 3 years' service from grant date and 14% CAGR EPS.

Tranche #4 – 3 years' service from grant date and (i) 75% of rights subject to 12% CAGR EPS and (ii) 25% subject to achieving a Relative Total Shareholder Return (TSR) performance hurdle.[1]

Tranche #5 – 3 years' service from grant date and (i) 75% of rights subject to EPS achieving 10% CAGR EPS and (ii) 25% subject to achieving a Total Shareholder Return (TSR) performance hurdle.[1]

Tranche #6a & #6b – 3 years' service from grant date and (i) 75% of rights subject to EPS achieving 10% CAGR EPS and (ii) 25% subject to achieving a Total Shareholder Return (TSR) performance hurdle.[1]

(1) Relative Total Shareholder Return (TSR) over a three-year performance period assessed against the ASX200 index (excluding Financials and Industrials), representing 25% of the award.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

ii) Reconciliation of performance rights

The number of performance rights on issue during the year is illustrated below:

	Number of rights #	Face value $'000
Outstanding at 1 January 2019	2,112,730	8,841
Exercised during the period[(1)]	(843,816)	(3,569)
Granted during the period	1,572,077	4,810
Forfeited	(11,755)	(50)
Outstanding at 31 December 2019	**2,829,236**	**10,032**
Exercisable at 31 December 2019	**–**	**–**

(1) Tranche #3 vested at greater than 100%.

A share-based payment expense of $2,115,000 relating to the performance rights was expensed in the year to 31 December 2019 (2018: $2,373,000) and is included in the 'Employee benefits' expense line in the consolidated statement of profit or loss and other comprehensive income.

iii) Measurement of fair values

The fair value of the share-based payment plans was measured based on the Monte Carlo and Binomial models. The inputs used in the measurement of the fair values at grant date were as follows:

Fair value of performance rights and assumptions	Tranche #3	Tranche #4	Tranche #5	Tranche #6a	Tranche #6b
Share price at grant date	$4.58	$4.29	$4.58	$3.49	$3.75
5-day VWAP at grant date	$4.55	$4.54	$4.54	$3.58	$3.63
Fair value at grant date (EPS hurdle)	$4.23	$3.91	$4.15	$3.17	$3.43
Fair value at grant date (TSR hurdle)	-	$2.20	$2.80	$1.76	$2.07
Exercise price	Nil	Nil	Nil	Nil	Nil
Expected volatility	33.9%	36.3%	33.0%	32.2%	31.5%
Expected life	3 years	3 years	3 years	3 years	3 years
Expected dividends	2.50%	3.31%	3.40%	3.40%	3.40%
Risk-free interest rate (based on government bonds)	1.90%	1.99%	2.13%	1.69%	1.19%

Accounting policy: Employee benefits

i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows. Benefits falling more than 12 months after the end of the reporting period are classified as non-current.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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iii) Shared-based payment transactions

The Group currently engages in the practise of allocating its employees equity share-based payments as part of their remuneration packages.

The grant date fair value of share-based payment arrangements granted to employees is recognised as a share-based payment expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount is ultimately recognised as an expense for the strategic milestone. Expense related to the TSR is measured on grant and is not subsequently adjusted based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

iv) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or to providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value and classified as non-current.

v) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent a cash refund or reduction of future payments is available.

Employee benefits expense includes contributions to defined contribution plans of $7,301,133 for the current reporting period (2018: $5,535,000).

NOTE 9. INCOME TAX

(a) Tax recognised in profit or loss

	2019 $'000	2018 Restated[1] $'000
Current tax expense		
Current tax expense	6,842	26,587
Adjustment for prior periods	564	(652)
Total current income tax expense	**7,406**	**25,935**
Deferred tax expense		
Origination and reversal of temporary differences	2,333	(9,090)
Total deferred income tax expense	**2,333**	**(9,090)**
Total tax expense	**9,739**	**16,845**

(1) 2018 balances have been restated due to the finalisation of the valuation of identifiable assets acquired in the Adshel acquisition. Refer to Note 25 Business combinations

The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(b) Tax recognised directly in other comprehensive income (OCI)

	2019			2018		
	Before tax $'000	Tax (expense)/ benefit $'000	Net of tax $'000	Before tax $'000	Tax (expense)/ benefit $'000	Net of tax $'000
Changes in fair value of cash flow hedges	(11,319)	3,383	(7,936)	(1,996)	599	(1,397)

(c) Reconciliation between income tax expense and pre-tax profit

	2019 $'000	2018[1] $'000
Profit after income tax for the year	13,438	29,144
Total tax expense	9,739	16,845
Profit/(loss) before income tax	**23,177**	**45,989**
Tax using the Company's domestic tax rate 30% (2018: 30%)	6,953	13,797
Effect of tax rates in foreign jurisdictions	(162)	(91)
Non-deductible expenses	2,415	3,698
Effect of share of loss/(profit) of equity-accounted investees	(31)	93
Current year losses for which no deferred tax asset was recognised	–	–
Under/(over) provided in prior years	564	(652)
Total tax expense	**9,739**	**16,845**

(1) 2018 balances have been restated due to the finalisation of the valuation of identifiable assets acquired in the Adshel acquisition. Refer to Note 25 Business combinations.

The effective tax rate is calculated as company income tax expense divided by profit before income tax, adjusted for post-tax share of results of equity-accounted investees.

	2019 $'000	2018[1] $'000
Profit from ordinary activities before income tax expense	23,177	45,989
Add/(Less): Post-tax share of results of equity-accounted investees	(105)	310
Adjusted profit before income tax expense	**23,072**	**46,299**
Income tax expense	9,739	16,845
Effective tax rate	**42.2%**	**36.4%**

(1) 2018 balances have been restated due to the finalisation of the valuation of identifiable assets acquired in the Adshel acquisition. Refer to Note 25 Business combinations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(d) Recognised deferred tax assets and liabilities

Movement in deferred tax balances during the year

	2019					
	Balance 1 January 2019 $'000	Restatement for AASB16 $'000	Restated 1 Jan 2019 $'000	Recognised in profit or loss $'000	Recognised in OCI $'000	Balance 31 December 2019 $'000
Plant, property and equipment	(6,164)	–	(6,164)	6,252	–	(3,512)
Right-of-use Asset	–	(195,550)	(195,550)	(42,875)	–	(238,425)
Transaction costs related to acquisitions	1,957	–	1,957	(824)	–	1,133
Cash flow hedges	669	–	669	101	3,383	4,153
Capital costs deductible over 5 years	960	–	960	1,303	–	2,263
Accrued expenses	3,926	–	3,926	(2,781)	–	1,145
Provisions	16,097	(3,358)	12,739	(7,745)	–	4,994
Employee benefits provision	2,858	–	2,858	339	–	3,197
Licences acquired	(54,653)	–	(54,653)	5,284	–	(49,369)
Other intangibles	(1,423)	–	(1,423)	(1,144)	–	(2,567)
Unearned revenue	702	–	702	150	–	852
Leases	–	202,063	202,063	42,999	–	245,062
Other	(1,199)	1,081	(118)	208	–	90
Total tax assets/(liabilities)	**(36,270)**	**4,236**	**(32,034)**	**(2,333)**	**3,383**	**(30,984)**

	2018[1]					
	Balance 1 January 2018 $'000	Recognised in profit or loss $'000	Recognised on acquisitions $'000	Recognised in OCI $'000	Recognised directly in equity $'000	Balance 31 December 2018 $'000
Plant, property and equipment	(1,620)	309	(4,853)	–	–	(6,164)
IPO transaction costs	147	(147)	–	–	–	–
Transaction costs related to acquisitions	1,125	(1,457)	–	–	2,289	1,957
Cash flow hedges	(12)	82	–	599	–	669
Capital costs deductible over 5 years	492	468	–	–	–	960
Accrued expenses	1,926	1,537	463	–	–	3,926
Provisions	6,390	5,310	4,397	–	–	16,097
Employee benefits provision	1,788	426	644	–	–	2,858
Licences acquired	(31,906)	3,683	(26,430)	–	–	(54,653)
Other intangibles	–	(1,134)	(289)	–	–	(1,423)
Unearned revenue	–	102	600	–	–	702
Other	–	(89)	(1,110)	–	–	(1,199)
Total tax assets/(liabilities)	**(21,670)**	**9,090**	**(26,578)**	**599**	**2,289**	**(36,270)**

(1) 2018 balances have been restated due to the finalisation of the valuation of identifiable assets acquired in the Adshel acquisition. Refer to Note 25 Business combinations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Accounting policy: Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or in other comprehensive income (OCI).

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered, or liabilities are settled, based on those tax rates which are enacted or substantially enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

With regards to measuring deferred tax consequences on licences, management considers the tax consequences of recovery through use and then disposal separately. Under this approach the tax base from use (nil as the licences are not depreciable for tax) is considered separate from the tax base from disposal (capital gains tax value). This results in a taxable temporary difference (deferred tax liability) on revenue account and a deductible temporary difference (deferred tax asset) on capital account. As it is not currently probable that future capital gains will be made, the deferred tax asset has not been recognised.

Tax consolidation legislation

oOh!media Limited and its wholly-owned Australian controlled subsidiaries apply the tax consolidation legislation.

The deferred tax balances recognised by the parent entity and the consolidated entity in relation to wholly-owned entities joining the tax consolidated group are initially measured and remeasured based on the carrying amounts of the assets and liabilities of those entities at the level of the tax consolidated group and their tax values, as applicable under the tax consolidation legislation.

oOh!media Limited, as the head entity in the tax consolidated group, recognises current and deferred tax amounts relating to transactions, events and balances of the controlled entities in this group as if those transactions, events and balances were its own, in addition to the current and deferred tax amounts arising in relation to its own transactions, events and balances. Amounts receivable or payable under a tax sharing agreement with the tax consolidated entities are recognised as tax-related amounts receivable or payable. Expenses and revenues arising under the tax sharing agreement are recognised as a component of income tax (expense)/benefit.

In accordance with Urgent Issues Group Interpretation 1052 "Tax Consolidation Accounting", the controlled entities in the tax consolidated group account for their own deferred tax balances, except for those relating to tax losses.

NOTE 10. TRADE AND OTHER RECEIVABLES

	2019 $'000	2018 $'000
Trade receivables	131,744	123,315
Allowance for impairment of receivables	(1,449)	(1,109)
	130,295	**122,206**
Other receivables	3,224	2,608
Total trade and other receivables	**133,519**	**124,814**

Information on the Group's exposure to credit and market risks and impairment losses for trade and other receivables are included in Note 23 Financial risk management.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Accounting policy: Trade receivables

All trade debtors are recognised at the amount receivable as they are due for settlement no more than 45 days from the date of recognition. Recoverability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is calculated using an expected credit losses provision matrix. The provision matrix is based on the Group's historical observed default rates, adjusted for forward looking estimates. The historical observed default rates are updated to reflect current and forecast credit conditions on each reporting date. Provisions for specific receivables are recognised in addition to the general provision originating from the expected credit losses matrix.

The amount of the provision is recognised in the consolidated statement of financial position with a corresponding charge recognised in the consolidated statement of profit or loss and other comprehensive income.

NOTE 11. PROPERTY, PLANT AND EQUIPMENT

Reconciliation of carrying amount

	2019			
Consolidated	Leasehold improvements $'000	Plant & equipment $'000	Leased plant & equipment $'000	Total $'000
Cost				
Balance as at 31 December 2018	9,705	339,694	10,571	359,970
Impact of AASB16[2]	--	--	(10,571)	(10,571)
Restated balance as at 1 January 2019	9,705	339,694	--	349,399
Additions	323	47,431	–	47,754
Disposals	(17)	(1,425)	–	(1,442)
Reclassification	-	-	(10,571)	(10,571)
Effects of movements in exchange rates	6	291	–	297
At 31 December 2019	**10,017**	**385,991**	**–**	**396,008**
Accumulated depreciation				
Balance as at 31 December 2018	(4,697)	(100,650)	(9,556)	114,903
Impact of AASB16	–	–	9,556	9,556
Restated balance as at 1 January 2019	(4,697)	(100,650)	–	105,347
Depreciation for the year	(2,062)	(41,396)	–	(43,458)
Disposals	–	1,169	–	1,169
Effects of movements in exchange rates	–	(101)	–	(101)
At 31 December 2019	**(6,759)**	**(140,978)**	**–**	**(147,737)**
Carrying amount at 31 December 2019	**3,258**	**245,013**	**–**	**248,271**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	2018(1)			
Consolidated	Leasehold improvements $'000	Plant & equipment $'000	Leased plant & equipment $'000	Total $'000
Cost				
Balance at 1 January 2018	8,045	186,271	10,571	204,887
Business combinations	1,445	136,897	–	138,342
Additions	215	27,888	–	28,103
Disposals	–	(12,113)	–	(12,113)
Effects of movements in exchange rates	–	751	–	751
Balance at 31 December 2018	**9,705**	**339,694**	**10,571**	**359,970**
Accumulated depreciation				
Balance at 1 January 2018	(3,322)	(84,865)	(9,094)	(97,281)
Depreciation for the year	(1,465)	(26,710)	(462)	(28,637)
Disposals	–	11,543	–	11,543
Reclassifications	90	(233)	–	(143)
Effects of movements in exchange rates	(0)	(385)	–	(385)
Balance at 31 December 2018	**(4,697)**	**(100,650)**	**(9,556)**	**(114,903)**
Carrying amount at 31 December 2018	**5,008**	**239,044**	**1,015**	**245,067**

(1) 2018 balances have been restated due to the finalisation of the valuation of identifiable assets acquired in the Adshel acquisition. Refer to Note 25 Business combinations.

(2) On adoption of AASB16 the balance has been transferred to the right-of-use asset

Accounting policy: Plant and equipment

Plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items, except as noted above.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Within the Group, depreciation is calculated on a straight-line basis to write-off the cost of each item of plant and equipment over its estimated remaining useful life (less the estimated residual value). Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items. The expected useful lives are as follows:

- Leasehold improvements 2-10 years; and
- Plant and equipment 2-20 years.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the statement of comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Accounting policy: Maintenance and repairs
Certain plant and equipment are required to be overhauled on a regular basis. This is managed as part of an ongoing major cyclical maintenance program. The costs of this maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated over their useful lives. Other routine operating maintenance, repair costs and minor renewals are charged as expenses as incurred.

NOTE 12. RIGHT-OF-USE ASSETS

	2019 $'000
Balance at January 1 2019	645,595
Depreciation for the year	(166,004)
Additions to right-of-use assets[1]	328,017
Disposals of right-of-use assets	–
Balance at December 31 2019	**807,608**

(1) Additions to right-of-use assets also includes remeasurements and modifications of existing leases.

Impact for the period – 31 December 2019

Impact on profit before tax:	2019 $'000
Reduction in rent charges	188,326
Depreciation relating to AASB16 leases	(166,004)
Interest charge relating to AASB16 leases	(39,986)
Net impact on profit before tax:	**(17,664)**

The Group adopted AASB16 on 1 January 2019, refer to Note 2 for the transition impact and Note 17 Loans and borrowings.

Accounting policy: Right-of-use asset
The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. The right-of-use assets are depreciated over the lease term using the straight-line method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 13. INTANGIBLE ASSETS AND GOODWILL

Reconciliation of carrying amount

	2019[1]				
Consolidated	Brands $'000	Goodwill $'000	Licences $'000	Software[1] $'000	Total $'000
Cost					
Balance at 1 January 2019	9,783	598,388	254,279	34,109	896,559
Additions	–	495	9	7,956	8,460
Disposals	–	–	–	(3,420)	(3,420)
Exchange differences	–	–	359	–	359
Balance at 31 December 2019	**9,783**	**598,883**	**254,647**	**38,645**	**901,958**
Accumulated amortisation and impairment					
Balance at 1 January 2019	(4,882)	(2,638)	(66,968)	(9,277)	(83,765)
Amortisation for the year	(717)	–	(19,993)	(1,975)	(22,685)
Impairment	–	(3,500)	–	–	(3,500)
Exchange differences	–	–	(47)	–	(47)
Balance at 31 December 2019	**(5,599)**	**(6,138)**	**(87,008)**	**(11,252)**	**(109,997)**
Carrying amount at 31 December 2019	**4,184**	**592,745**	**167,639**	**27,393**	**791,961**

	2018[2]				
Consolidated	Brands $'000	Goodwill $'000	Licences $'000	Software $'000	Total $'000
Cost					
Balance at 1 January 2018	9,783	249,645	161,425	17,880	438,733
Acquisitions through business combinations	–	349,103	91,902	4,435	445,440
Additions	–	–	484	12,233	12,717
Disposals	–	(360)	(2)	(439)	(801)
Reclassification	–	–	470	–	470
Balance at 31 December 2018	**9,783**	**598,388**	**254,279**	**34,109**	**896,559**
Accumulated amortisation and impairment					
Balance at 1 January 2018	(4,102)	(2,638)	(52,966)	(6,824)	(66,530)
Amortisation for the year	(780)	–	(14,145)	(2,888)	(17,813)
Disposals	–	–	–	435	435
Reclassification	–	–	143	–	143
Balance at 31 December 2018	**(4,882)**	**(2,638)**	**(66,968)**	**(9,277)**	**(83,765)**
Carrying amount at 31 December 2018	**4,901**	**595,750**	**187,311**	**24,832**	**812,794**

(1) 2019 software includes work-in-progress of $0 (2018: $15,500,000).

(2) 2018 balances have been restated due to finalisation of the valuation of identifiable assets acquired in the Adshel acquisition. Refer to Note 25 Business combinations.

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Accounting policy: Intangible assets

i) Goodwill

Goodwill represents the excess of the purchase consideration plus incidental costs over the fair value of the identifiable net assets acquired. Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment annually, or more frequently, if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Goodwill is allocated to cash generating units for impairment testing. Refer to Note 14 Impairment of non-current assets for further information.

ii) Licences

Licences represent the rights and relationships associated with acquired site leases and the associated new business revenue streams. Licences are amortised over their expected useful life.

iii) Software

Software that is acquired by the Group and has a finite useful life is measured at cost less accumulated amortisation and any accumulated impairment losses.

iv) Amortisation

Amortisation is calculated to write-off the cost of intangible assets less estimated residual values using the straight-line method over their estimated useful lives, and is recognised in the consolidated statement of profit or loss and comprehensive income. The estimated useful lives are as follows:

- Licences 11-15 years;
- Brands 2-15 years; and
- Software 3-7 years.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Other than noted above there has been no change to the useful life or residual value of assets held in the current year.

NOTE 14. IMPAIRMENT OF NON-CURRENT ASSETS

Cash generating units (CGUs) for the purpose of goodwill impairment testing have been identified as follows for the year ended 31 December 2019: Australia, New Zealand, Cactus and Junkee Media. The independence of cash inflows is assessed in identifying CGU's. Goodwill is allocated to CGUs as shown below:

	Australia(1) $'000	Cactus $'000	Junkee $'000	New Zealand $'000	Total $'000
Goodwill(2)	512,266	2,561	1,041	76,877	592,745

(1) Following the integration of Adshel, the acquired business forms part of the CGU's that benefit from the synergies, namely Australia and New Zealand. This is a change that took place in the financial year ending December 2019. Refer to Note 25 Business Combinations.

(2) Purchase Price Allocation accounting on the Adshel acquisition was completed in 2019. The outcome of this has impacted the carrying values of goodwill for Australia and New Zealand by $51,876,000 and $76,877,000 respectively.

The recoverable amount of the goodwill allocated to Group's CGUs was based on value in use. Value in use was determined by discounting the future cash flows expected to be generated from the continuing use of the units. Value in use as at 31 December 2019 was determined similarly to the 31 December 2018 impairment test, other than changes required due to the adoption of AASB16 and was based on the following key assumptions:

- Annual earnings before interest, tax, depreciation and amortisation growth (EBITDA) – Latest management forecast for next twelve months, plus 3% EBITDA growth in the subsequent 4 years with the exception of Junkee Media (see below).
- Terminal growth rate – 3.0%
- Discount rate post-tax – Australia 9.04% (2018: 10.1%) and New Zealand 10.22% (2018: 11.2%), Cactus 11.53% (2018: 12.7%) and Junkee Media 14.00% (2018: 15.0%).

The values assigned to the key assumptions represent management's assessment of future trends in the media industry and are based on historical data from both external and internal sources. As noted above, impairment testing has been adjusted to include consideration for the impact of AASB16, including testing of the recoverable value of the right-of-use assets (ROU).

Following the adoption of AASB16, there is an expectation that the discount rates will reduce due to the impact of certain market based assumptions on the discount rate computation such as higher leverage rates (a higher proportion of debt which has a lower cost relative to the cost of equity will reduce discount rates) and related changes to Beta's. The impact on these changes to market assumptions is not yet readily observable. In preparing the 2019 impairment analysis the Group has continued to use prior period rates, adjusted for the business specific changes. A lower discount rate would further increase the impairment computation headroom. The discount rate will be revised in future reporting periods as market-based inputs become more observable.

As a result of Junkee Media's revenue projections for 2020, future projections of revenue growth beyond 2020 of 4.7% per year. Application of this revised estimate has given rise to an impairment loss of $3,500,000 shown as Goodwill impairment expense on the Consolidated statement of profit and loss and other comprehensive income. The carrying value of the Junkee Media assets, including goodwill, after the impairment is $1,174,000. There is no other reasonably possible change to assumptions that would indicate a further material impairment of the goodwill carrying value as at 31 December 2019.

Accounting policy: Impairment of assets

Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

The carrying value of assets allocated to each CGU is supported by their recoverable amount.

NOTE 15. INVENTORIES

	2019 $'000	2018 $'000
Gross value of inventories	**4,665**	**6,379**
Provision for obsolescent stock	(640)	(640)
Total inventories	**4,025**	**5,739**

Accounting policy: Inventories

Inventories are measured at the lower of original cost and replacement cost. The cost of inventories are based on first in first out methodology.

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NOTE 16. OTHER ASSETS

	2019 $'000	2018 $'000
Current		
Prepaid site rent[1]	–	11,339
Other prepayments	5,476	4,517
Contract assets	21,342	11,595
Other assets	5,599	2,618
Total current other assets	**32,417**	**30,069**
Non-current		
Prepaid site rent[(1)]	–	19,904
Other non-current assets	1,988	1,989
Total non-current other assets	**1,988**	**21,893**
Total other assets	**34,405**	**51,962**

(1) For certain lease agreements an upfront rental payment has been made, which is amortised straight line over the term of the lease. On adoption of AASB16 on 1 January 2019 rent prepayments are included in the right-of-use asset. Refer to Note 2 Basis of accounting and Note 12 Right-of-use asset.

NOTE 17. LOANS AND BORROWINGS

	2019 $'000	2018 $'000
Current		
Finance lease liabilities	–	59
Interest bearing lease liabilities	170,025	–
Total current borrowings	**170,025**	**59**
Non-current		
Bank loan	419,000	410,000
Unamortised borrowing costs	(3,303)	(4,592)
Finance lease liabilities	–	103
Interest bearing lease liabilities	681,748	–
Total non-current borrowings	**1,097,445**	**405,511**
Total loans and borrowings	**1,267,470**	**405,570**

Bank loans represent debt facilities from a syndicate of lending banks, with a facility limit of $520,000,000. The banking syndicate has security over the assets of the Company and its subsidiaries. The debt facilities have an expiry date 28 September 2021.

Information about the Group's exposure to interest rate, foreign currency and liquidity risks is included in Note 23 Financial risk management.

Accounting Policy: Borrowings and interest-bearing lease liabilities
Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are derecognised when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Lease liabilities

	2019 $'000
Within one year	180,771
Later than one year but not later than five years	503,045
Later than five years	368,414
Total undiscounted lease liabilities at 31 December 2019	**1,052,230**
Lease liabilities included in the statement of financial position at 31 December 2019[(1)]	**851,773**
Current	170,025
Non current	681,748

(1) Lease terms range from 1 to 24 years. The weighted average incremental borrowing rate applied is 4.8%

Variable rent payments not included in the measurement of the lease liabilities listed above was $44,329,000 for the year ended 31 December 2019.

Accounting policy: Leases
The Group recognises a right-of-use asset and a lease liability at the lease commencement date.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate.

The lease liability is subsequently increased by the interest cost on the lease liability (recognised in Finance costs in the income statement) and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has applied judgement to determine whether it is reasonably certain to exercise an extension option.

Refer to Note 12 for Accounting Policy: Right-of-use assets.

NOTE 18. TRADE AND OTHER PAYABLES

	2019 $'000	2018 $'000
Trade payables	27,071	5,506
Accrued expenses	38,648	74,169
Contract liability	7,786	9,858
Other payables	5,945	3,540
Total trade and other payables	**79,450**	**93,073**

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Information about the Group's exposure to currency and liquidity risks is included in Note 23 Financial risk management.

Accounting policy: Trade and other payables
These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year, which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Contract liabilities are recognised within trade payables where invoices are issued in advance of the period in which the revenue is earned.

NOTE 19. PROVISIONS

	2019			
	Onerous contracts $'000	Make good $'000	Straight-lining of site rents $'000	Total $'000
Balance as at 31 December 2019	**7,169**	**16,636**	**11,191**	**34,996**
Impact of AASB16	–	–	(11,191)	(11,191)
Restated balance at 1 January 2019	**7,169**	**16,636**	**–**	**23,805**
Provisions used during the year	–	(1,091)	–	(1,091)
Provisions made during the year	–	2,355	–	2,355
Provisions released during the year	(169)	(2,078)	–	(2,247)
Cash payments during the year	(7,000)	–	–	(7,000)
Effects of movements in exchange rates	–	9	–	9
Balance at 31 December 2019	**–**	**15,831**	**–**	**15,831**
2019				
Current provisions	–	661	–	661
Non-current provisions	–	15,170	–	15,170
	–	**15,831**	**–**	**15,831**
2018				
Current provisions	7,169	677	2,057	9,903
Non-current provisions	–	15,959	9,134	25,093
	7,169	**16,636**	**11,191**	**34,996**

Accounting policy: Provisions
Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

i) Make good
A make good provision is recognised for the costs of restoration or removal in relation to plant and equipment and site leases where there is a legal or constructive obligation. The provision is initially recorded when a reliable estimate can be determined and discounted to present value. The unwinding of the effect of discounting on the provision is recognised as a finance cost. At the time of initial recognition of the make good provision, a corresponding asset is recognised as part of plant and equipment.

ii) Onerous contracts
Prior to the adoption of AASB16 the Group assessed the provision that represents the present value of the estimated costs that will be incurred until the end of the lease terms where the obligation is expected to exceed the economic benefit to be received. A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 20. DERIVATIVE LIABILITIES

	2019 $'000	2018 $'000
Interest rate derivatives liability	13,094	2,082
Put option liability on NCI	–	1,800
Total derivative liabilities	**13,094**	**3,882**

During the year the company negotiated the purchase of the remaining 15% minority interest in Junkee Media. As a result the put option on NCI previously reported has been extinguished. Refer to Note 28 Related parties.

Information about the fair value of derivative instruments is included in Note 22 Fair values.

Accounting policy: Written put options on NCI
Written put options entered into with non-controlling shareholders in an acquiree as part of a business combination are accounted for in accordance with the present access method. The fair value of the Level 3 option is recognised as a financial liability and in other equity as a component of the non-controlling interest. Subsequent changes in the fair value of the financial liability are recognised directly in other equity.

NOTE 21. CAPITAL AND RESERVES

(a) Contributed Equity

	2019 number of shares	2018 number of shares	2019 $'000	2018 $'000
Balance at 31 December 2019	**242,385,958**	**236,640,789**	**694,913**	**675,371**

	2019 number of shares	2018 number of shares
Fully paid ordinary shares	242,385,958	236,640,789
Number of shares as at 31 December 2018	**242,385,958**	**236,640,789**

Movements in contributed equity

	2019 number of shares	2018 number of shares	2019 $'000	2018 $'000
Balance at 1 January	236,640,789	164,138,049	675,371	349,510
Transaction costs arising from issue of shares	–	–	–	(5,380)
Issuance of performance rights – Tranche #1	–	792,746	–	1,375
Issuance of performance rights – Tranche #3	843,816	–	3,569	–
Capital raising – shares issued	–	71,709,994	–	329,866
Other shares issued	308,704	–	1,077	–
Shares issued under dividend reinvestment plan (DRP)	4,592,649	–	14,896	–
Balance at 31 December	**242,385,958**	**236,640,789**	**694,913**	**675,371**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Ordinary shares

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. The holders of these shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

(b) Reserves

	2019 $'000	2018 $'000
Reserves		
Foreign currency translation reserve	1,370	284
Other equity reserve	16,608	16,608
Cash flow hedge reserve	(9,294)	(1,358)
Share-based payments reserve	8,621	11,152
Total reserves	**17,305**	**26,686**

Nature and purpose of reserves

Foreign currency translation reserve – The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations in New Zealand. Refer to Note 3(n) Significant accounting policies.

Other equity reserve – The other equity reserve mostly represents the difference between the issued capital in Outdoor Media Investments Limited (OMI) and the consideration paid to acquire OMI on 18 December 2014. The transaction was accounted for as a common control transaction as disclosed in the annual financial statements for the year ended 31 December 2014. The other equity reserve reflects the share price movements for former OMI owners who remained as oOh!media Limited (OML) owners.

Cash flow hedge reserve – The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows affect profit or loss. Refer to Note 22 Fair values.

Share-based payments reserve – The share-based payments reserve is used to record the value of share-based payments provided to employees as part of their remuneration and the expense relating to cancelled shares under the legacy share-based payments plan. The current balance relates to unexercised rights issued to senior executives and managers. A portion of this reserve may be reversed against contributed equity if the underlying rights are exercised and results in shares being issued.

(c) Non-controlling interest (NCI)

	2019 $'000	2018 $'000
Balance at beginning of the year	(784)	(804)
Change of non-controlling interest	(106)	–
Share of operating profit/(loss) for the period after income tax	(15)	20
Balance at end of the year	**(905)**	**(784)**

During 2019, the Group purchased the remaining equity interest in Junkee Media. The equity interest in Closebuys Pty Limited remained the same as in the previous reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(d) Equity – dividends

Dividends

The following fully franked dividends have been paid to date:

	Amount per share cents	Total paid ($)
Dividends paid during 2019		
Dividend (paid 26 March 2019)[1]	7.5	17,811,345
Interim 2019 dividend (paid 30 September 2019)[1]	3.5	8,387,010
		26,198,355
Dividends paid during 2018		
Final 2017 dividend (paid 16 March 2018)	10.5	17,317,732
Interim 2018 dividend (paid 21 September 2018)	3.5	8,282,424
		25,600,156

(1) The Board activated the dividend reinvestment plan (DRP) with respect to the 2018 Final dividend and the 2019 Interim dividend. As a result 3,448,949 shares were issued and 1,143,700 shares were cash settled. For the 2019 interim dividend the, DRP was fully underwritten.

After the reporting date, a final dividend of 7.5 cents per qualifying ordinary share amounting to $18,178,947 has been declared by the Board of Directors. The dividends have not been recognised as liabilities and there are no tax consequences in 2019.

Dividend franking account

	2019 $'000	2018 $'000
Franking account balance	49,807	56,982
Impact on franking account balance of dividends proposed after the reporting date but not recognised as a liability	(7,791)	(7,625)
Franking credits available to shareholders of the Company for subsequent financial years based on a tax rate of 30%	**42,016**	**49,357**

The ability to utilise franking credits is dependent upon the ability to declare dividends. In accordance with the tax consolidation legislation, the Company, as the head entity in the tax-consolidated group, has assumed the benefit of the $42,016,000 (2018: $49,357,000) franking credits.

(e) Capital management policy

The Board's policy is to retain a strong capital base to maintain investor and creditor confidence and to sustain future development of the business. Capital consists of share capital, retained earnings and the non-controlling interest of the Group.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a capital position.

Accounting policy: Share capital

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction are accounted for in accordance with AASB 112 Income Taxes.

NOTE 22. FAIR VALUES

Accounting classifications and fair values

(a) Fair values vs carrying amounts

The fair values of financial assets and liabilities equals the carrying amounts shown in the statement of financial position. The fair value of interest rate derivatives is determined as the present value of future contracted cash flows and credit adjustments.

(b) Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, where applicable, are based on the government yield curve at the end of the reporting period plus an appropriate credit spread, and were as follows:

	2019	2018
Interest rate derivatives	1.8% – 2.8%	1.8% – 2.8%
Bank loan	2.7% – 3.9%	3.1% – 3.9%
Leases	3.3% – 7.3%	N/A

(c) Fair value hierarchy

The table below analyses financial instruments carried at fair value, by the levels in the fair value hierarchy referred to in Note 2(e) Use of judgements and estimates. The different levels have been defined as follows. The table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Consolidated

	31 December 2019		31 December 2018		
	Carrying Value	Fair Value	Carrying Value	Fair value	
	Hedging Instruments $'000	Level 2 $'000	Hedging Instruments $'000	Level 2 $'000	Level 3 $'000
Financial assets measured at fair value					
Interest rate derivatives used for hedging	–	–	614	614	–
Total	**–**	**–**	**614**	**614**	**–**
Financial liabilities measured at fair value					
Interest rate derivatives used for hedging	(13,094)	(13,094)	(2,696)	(2,696)	–
Put option liability on NCI	–	–	(1,800)	–	(1,800)
Interest rate derivatives (liability)/asset	**(13,094)**	**(13,094)**	**(4,496)**	**(2,696)**	**(1,800)**

(a) Valuation techniques

The fair value of Level 2 interest rate derivatives is determined as the present value of future contracted cash flows and credit adjustments. Cash flows are discounted using standard valuation techniques at the applicable market yield, having regard to the timing of the cash flows.

NOTE 23. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as interest rate swaps to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rates, foreign exchange and other price risks and aging analysis for credit risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(a) Credit risk

Credit risk is the financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers.

i) Management of credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks, as well as credit exposures to agency and direct clients, including outstanding receivables and committed transactions. The interest rate derivative financial instruments are contracted with credit worthy counterparties that are large banks, primarily members of the Group's syndicated debt facility.

The Group has no significant concentrations of credit risk. The Group has policies in place to ensure that sales of media and services are made to customers with appropriate credit histories based on enquires through the Group's credit department. Ongoing customer credit performance is monitored on a regular basis.

Credit risk further arises in relation to financial guarantees given to certain parties. Such guarantees are provided under the Group's banking facilities.

ii) Cash and cash equivalents

The Group held cash and cash equivalents of $61,208,000 at 31 December 2019 (31 December 2018: $33,027,000). The cash and cash equivalents are held with credit worthy counterparties that are large banks, primarily members of the Group's syndicated debt facility.

Interest rate derivatives are subject to credit risk in relation to the relevant counterparties, which are large banks and members of the Group's syndicated debt facility. The credit risk on derivative contracts is limited to the net amount to be received from counterparties on contracts that are favourable to the consolidated entity.

iii) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2019 $'000	2018 $'000
Financial assets		
Cash and cash equivalents	61,208	33,027
Trade receivables	131,744	123,315
Contract assets	21,342	11,595
Other receivables	1,775	1,499
Total financial assets	**216,069**	**169,436**

iv) Receivables

The aging of trade receivables at the end of the reporting date that were not impaired was as follows:

	2019 $'000	2018 $'000
Neither past due nor impaired	118,432	113,524
Past due 0-30 days	7,964	5,096
Past due 31-60 days	2,184	1,627
Past due 61-90 days	674	1,568
Past due 91 days	2,490	1,500
	131,744	**123,315**

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2019 $'000	2018 $'000
Balance at 1 January	1,109	991
Doubtful debts on acquisition	–	155
Impairment loss recognised	427	249
Amounts written off	(87)	(286)
Balance at 31 December	**1,449**	**1,109**

Other than those receivables specifically considered in the above allowance for impairment, the Group does not believe there is a material credit quality issue with the remaining trade receivables balance.

(b) Liquidity risk
Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure that, as far as possible, it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

i) Management of liquidity risk
Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

ii) Financing arrangements
The Group had access to the following undrawn borrowing facilities at the end of the reporting date:

	2019 $'000	2018 $'000
Revolving facility including bank guarantees	**65,174**	**3,854**

iii) Maturities of financial liabilities
The table below analyses the Group's financial liabilities, net and gross settled derivative financial instruments in relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. For interest rate derivatives, the cash flows have been estimated using forward interest rates applicable at the reporting date.

	31 December 2019			
Consolidated	Carrying amount $'000	Contractual cash flows $'000	12 months or less $'000	Greater than 1 year $'000
Non-derivatives				
Bank debt	419,000	(453,455)	(12,529)	(440,926)
Lease liabilities	851,773	(1,052,230)	(180,771)	(871,459)
Trade and other payables	79,450	(79,450)	(79,450)	–
Total non-derivatives	**1,350,223**	**(1,585,135)**	**(272,750)**	**(1,312,385)**
Derivatives				
Interest rate derivatives used for hedging	(13,094)	13,094	3,462	9,632

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	31 December 2018			
Consolidated	Carrying amount $'000	Contractual cash flows $'000	12 months or less $'000	Greater than 1 year $'000
Non-derivatives				
Bank debt	410,000	(455,336)	(16,486)	(438,850)
Lease liabilities	162	(175)	(61)	(114)
Trade and other payables	93,073	(93,073)	(93,073)	–
Deferred acquisition consideration	120	(120)	(120)	–
Total non-derivatives	**503,355**	**(548,704)**	**(109,740)**	**(438,964)**
Derivatives				
Interest rate derivatives used for hedging	(2,082)	2,082	297	1,785
Put option liability on NCI	1,800	(1,800)	(1,800)	–

The Group's banking facilities loan agreement includes a change of control clause that triggers a review in the event of a change of control. The banking syndicate could cancel the facility as a result of such review. As at 31 December 2019 balance date, no change of control event is anticipated and therefore the bank debt is assessed as non-current in line with the existing maturity dates of the facility.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

i) Management of currency risk

The Group operates in New Zealand and therefore is exposed to foreign exchange transaction risks with respect to the New Zealand dollar. Foreign exchange transaction risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency and through net investments in foreign operations. The risk is measured using cash flow forecasting. The Group has an accounting exposure to movements in the AUD/NZD exchange rate in consolidating the NZD net assets of oOh!media Street Furniture New Zealand, and its subsidiaries at each balance date. The current Australian Accounting Standards require that any such movements be booked to the Group's foreign currency translation reserve (FCTR).

Based on the exposure, the Group has not deemed it necessary to hedge this exposure in the period or the prior period.

ii) Interest rate risk

The Group's main interest rate risk arises from long-term borrowings. Borrowings issued at variable interest rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

The Group's interest rate policy is to fix estimated interest rate risk exposure at a minimum of 50% for a period of at least 12 months or as otherwise determined by the Board.

The Group manages its cash flow interest rate risk by using floating to fixed interest rate derivatives. Such interest rate derivatives have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the Group raises long-term borrowings at floating rates and hedges them into fixed rates using a mixture of swaps and options. Under the interest rate derivatives, the Group agrees with other parties to exchange, monthly or quarterly, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

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At the reporting date the interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group was as follows:

	2019 $'000	2018 $'000
Fixed rate instruments		
Financial liabilities	(851,773)	(162)
Variable rate instruments		
Financial assets	61,208	33,027
Financial liabilities	(419,000)	(410,000)

Cash flow hedges

The amounts at the reporting date relating to items designated as hedged items were as follows:

Interest rate risk	Change in value used for calculating hedge ineffectiveness $'000
Variable-rate instruments	(11,012)

In 2018, the Group entered into interest rate derivative transactions totalling $280,000,000. The amounts relating to items designated as hedging instruments and hedge ineffectiveness were as follows:

	31 December 2019			During the period – 2019	
	Carrying amount				
Interest rate risk	Nominal amount $'000	Assets $'000	Liabilities $'000	Changes in the value of the hedging instrument recognised in OCI $'000	Hedge ineffectiveness recognised in profit and loss $'000
Interest rate derivatives	280,000	–	(13,094)	11,319	(307)

iii) Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis was performed on the same basis as 2018.

	31 December 2019			
	Profit or loss		Equity	
	100 BP increase $'000	100 BP decrease $'000	100 BP increase $'000	100 BP decrease $'000
Variable rate instruments	(4,190)	4,190	(4,190)	4,190
Interest rate derivatives	–	–	2,800	(2,800)
Cash flow sensitivity (net)	**(4,190)**	**4,190**	**(1,390)**	**1,390**

	31 December 2018			
	Profit or loss		Equity	
	100 BP increase $'000	100 BP decrease $'000	100 BP increase $'000	100 BP decrease $'000
Variable rate instruments	(4,100)	4,100	(4,100)	4,100
Interest rate derivatives	–	–	2,800	(2,800)
Cash flow sensitivity (net)	**(4,100)**	**4,100**	**(1,300)**	**1,300**

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Accounting policy: Financial instruments

(a) Initial recognition and measurement

Trade receivables and debt securities are initially recognised when they are originated. Other financial assets/liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Trade receivables are initially measured at the transaction price. Financial assets/liabilities are initially measured at fair value (together with any transaction costs which are directly attributable to the acquisition of the asset, or cost of the liability).

(b) Classification and subsequent remeasurement

Three principal classification categories for financial assets exist:

i) measured at amortised cost
ii) fair value other comprehensive income (FVOCI); and
iii) fair value to the consolidated statement of profit or loss (FVTPL)

Financial assets are classified according to the business model in which the asset is managed and according to its contractual cash flow characteristics. They will not subsequently be reclassified unless the Group changes its business model for managing financial assets. If the business model changes, all financial assets would be reclassified on the first day of the reporting period after which the change took place.

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold assets to collect contractual cash flows and contractual terms give rise to cash flows of principal and interest on specific dates. When assessing whether cash flows represent solely principal and interest, the Group considers factors which may affect the timing and amount of the cash flows, such as contingent events, contractual terms and prepayment or extensions features.

All derivative financial assets are measured as FVTPL. At inception, the Group may also irrevocably designate that a financial asset be measured as FVTPL, even though it would otherwise be measured as amortised cost or FVOCI, if such an election eliminates (or significantly reduces) an accounting mismatch which would otherwise occur.

Subsequent remeasurement of	Remeasured at	Gains/losses	Other considerations
Financial assets at FVTPL	Fair value	Profit or loss	Does not apply to hedging instruments (refer to 'e.' below)
Financial assets at amortised cost	Amortised cost using the effective interest method	Profit or loss	Amortised cost is reduced by any impairment losses
Financial liabilities at FVTPL	Fair value	Profit or loss	Does not apply to hedging instruments (refer to 'e.' below)
Financial liabilities at amortised cost	Amortised cost using the effective interest method	Profit or loss	–

(c) Derecognition

Financial assets

The Group will de-recognise a financial asset when any of the following occur:

- expiration of the contractual right to receive cash flow from the asset; or
- a transaction occurs which results in the Group transferring substantially all of the risks and rewards of ownership of the asset and therefore it also transfers the right to receive cash flows from the asset; or
- although the Group does not transfer the risks and rewards of ownership, it no longer retains control of the asset.

Financial liabilities

The Group will derecognise a financial liability when any of the following occur:

- contractual obligations are discharged, cancelled or expire; or
- the terms are modified, such that the cash flows are also modified. In this situation, a new financial liability would be recognised, at fair value, based on the modified terms.

(d) Offsetting

The Group may only offset financial assets and liabilities (or present them on a net basis) in circumstances where there is a legally enforceable right to do so and the Group intends to settle the asset and liability on a net basis, or simultaneously.

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(e) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its interest rate risk exposure. Derivatives are initially measured at fair value. Subsequent changes in fair value are recognised in OCI.

The Group designates certain instruments as cash flow hedges to minimise the variability in cash flows associated with highly probable forecast transactions arising from changes in interest rates.

The risk management objective and strategy for undertaking a hedge, are documented at the inception of the hedging relationship. The Group also documents the economic relationship between the hedged item and the hedging instrument (including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset).

The accounting policy for cash flow hedges is as follows:

- When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.
- The amount accumulated in equity is retained in OCI and reclassified to profit or loss in the same period or periods during which the hedged item affects profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

NOTE 24. LIST OF SUBSIDIARIES AND EQUITY-ACCOUNTED INVESTEES

(a) Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 3(a):

		Consolidated entity	
Name of entity	Country of incorporation	2019	2018
Outdoor Media Operations Pty Limited	Australia	100%	100%
oOh!media Group Pty Limited	Australia	100%	100%
oOh!media Street Furniture Pty Ltd	Australia	100%	100%
oOh!media Street Furniture New Zealand Limited	New Zealand	100%	100%
oOh!media Operations Pty Limited	Australia	100%	100%
oOh!media Produce Pty Limited	Australia	100%	100%
oOh!media Assets Pty Limited	Australia	100%	100%
oOh!media Factor Pty Limited	Australia	100%	100%
oOh!media Digital Pty Limited	Australia	100%	100%
oOh!media Retail Pty Limited	Australia	100%	100%
oOh!media Lifestyle Pty Limited	Australia	100%	100%
oOh!media Shop Pty Limited	Australia	100%	100%
oOh!media Roadside Pty Limited	Australia	100%	100%
oOh!media MEP Pty Limited	Australia	100%	100%
oOh!media Regional Pty Ltd	Australia	100%	100%
Red Outdoor Pty Ltd	Australia	100%	100%
Closebuys Pty Limited	Australia	83%	83%

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Name of entity	Country of incorporation	Consolidated entity 2019	Consolidated entity 2018
oOh!media Café Screen Pty Limited	Australia	100%	100%
Eye Corp Pty Limited	Australia	100%	100%
Eye Corp Australia Pty Limited	Australia	100%	100%
oOh!media Fly Pty Limited	Australia	100%	100%
Eye Drive Sydney Pty Limited	Australia	100%	100%
Eye Outdoor Pty Limited	Australia	100%	100%
Eye Mall Media Pty Limited	Australia	100%	100%
Eye Drive Melbourne Pty Limited	Australia	100%	100%
oOh!media Study Pty Limited	Australia	100%	100%
Outdoor Plus Pty Limited	Australia	100%	100%
Eye Shop Pty Limited	Australia	100%	100%
Homemaker Media Pty Limited	Australia	100%	100%
oOh!media Office Pty Limited	Australia	100%	100%
Inlink Office Pty Ltd	Australia	100%	100%
Inlink Café Pty Ltd	Australia	100%	100%
Inlink Fitness Pty Ltd	Australia	100%	100%
Executive Channel International Pty Ltd	Australia	100%	100%
Executive Channel Pty Ltd	Australia	100%	100%
Junkee Media Pty Limited	Australia	100%	85%
InTheMix dot com dot au Pty Ltd	Australia	100%	85%
Thought By Them Pty Ltd	Australia	100%	85%
Qjump Australia Pty Limited	Australia	100%	85%
Faster Louder Pty Ltd	Australia	100%	85%
Sound Alliance Nominees Pty Ltd	Australia	100%	85%
Cactus Imaging Pty Limited	Australia	100%	100%
Cactus Holdings Pty Limited	Australia	100%	100%
oOh!media Locate Pty Ltd	Australia	100%	100%
oOh!edge Pty Limited	Australia	50%	50%
oOh!media New Zealand Holdings Limited[(1)]	New Zealand	–	100%
oOh!media New Zealand Limited	New Zealand	100%	100%
oOh!media Retail New Zealand Limited	New Zealand	100%	100%
oOh!media Study New Zealand Limited	New Zealand	100%	100%

(1) oOh!media New Zealand Holdings Limited was amalgamated into oOh!media Street Furniture New Zealand Limited on 31 December 2019.

(b) Equity-accounted investees

During 2014, oOh!media Factor Pty Limited (a wholly-owned subsidiary of oOh!media Limited) entered into a joint venture agreement with Driving Edge Marketing Pty Limited to establish a joint venture for the purposes of engaging in activities similar to that of the Group (provision of Out of Home advertising solutions). This resulted in the incorporation of a new legal entity (oOh!edge Pty Limited), of which both joint venture partners hold a 50% interest. Based on the operating results of the joint venture since inception, the carrying value of the Group's investment is $105,000 (31 December 2018: $0). The Group made no initial monetary investment in the joint venture.

NOTE 25. BUSINESS COMBINATIONS

On 28 September 2018, the Group acquired Out of Home street furniture specialist Adshel from HT&E Limited (HT&E) for cash consideration of $572,754,000 (the acquisition). The acquisition was funded through a combination of debt and equity. In July 2018, the Group completed a fully underwritten 1 for 2.3 pro rata accelerated non-renounceable capital raise for $329,900,000. The remaining consideration was funded through the Group's $450,000,000 syndicated debt facility secured in June 2018.

Details of the purchase consideration, the net assets acquired, and goodwill attributed to the acquisition are summarised in the table below:

(i) Summary of business combinations for the current and prior year:

	Final 2018 $'000	Provisional 2018 $'000
Purchase consideration		
Cash paid during the year ended 31 December 2018	578,612	578,612
Working capital adjustment received	(5,858)	(5,858)
	572,754	**572,754**

The fair values of the identifiable assets and liabilities acquired by the Company are as follows:

	Final 2018 $'000	Acquisition Adjustment $'000	Provisional 2018 $'000
Cash and bank balances	8,259	–	8,259
Trade and other receivables	46,977	–	46,977
Inventories	5,736	–	5,736
Property, plant and equipment	138,342	67,220	71,122
Deferred tax assets/(liabilities)	(26,578)	(29,579)	3,001
Identified intangible assets	96,337	90,546	5,791
Trade creditors and accruals	(33,458)	152	(33,610)
Provisions	(11,964)	414	(12,378)
Net identifiable assets acquired	**223,651**	**128,753**	**94,898**
Goodwill acquired[1]	349,103	(128,753)	477,856
Net assets acquired	**572,754**	**–**	**572,754**

(1) Goodwill represents the value attributed to the commercial relationships, market reputation and business acumen acquired as part of the business combination. Given the timing of the acquisition, Purchase Price Allocation accounting had yet to be completed by 31 December 2018, and was finalised before 28 September 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

During 2019 the Group finalised an independent valuation of the identifiable tangible assets acquired. Contract intangible assets acquired were valued utilising the Multi Period Excess Earnings Method. The valuations have determined that the fair value of identifiable tangible and intangible assets acquired was $67,220,000 and $90,546,000 higher than the provisional reported values in 2018, respectively. The Group has reset the tax cost of Australian assets acquired in accordance with tax consolidation legislation. No adjustment has been made to the tax bases of NZ assets. The deferred tax liability has increased by $29,579,000 as a result of the changes in fair values of assets. As a consequence, the goodwill acquired as part of the acquisition has decreased by the net amount, resulting in the previously reported Adshel goodwill of $477,856,000 decreasing to $349,103,000.

The comparative information shown in the consolidated statement of financial position has been restated to include the adjusted fair values.

The comparative information in the Consolidated statement of profit or loss and other comprehensive income has been restated for the impact of the above changes, with an increase to depreciation and amortisation expense of $3,518,000 and a decrease in income tax expense of $1,042,000.

NOTE 26. CAPITAL COMMITMENTS

The Group entered into contracts to purchase plant and equipment in 2019 for $8,474,000 (2018: $10,440,000).

NOTE 27. CONTINGENCIES

Details and estimates of maximum amounts of contingent liabilities are as follows:

	2019 $'000	2018 $'000
Bank guarantees	35,826	36,146

NOTE 28. RELATED PARTIES

(a) Parent entity and ultimate controlling party
As at 31 December 2019, the parent entity of the Group is oOh!media Limited.

(b) Subsidiaries
Interest in subsidiaries is set out in Note 24 List of subsidiaries.

(c) Transactions with the shareholder-related parties
WPP ceased to be a related party on 29 August 2018

Sale of media and services	Transaction value for the 12 months ended 2018 $	Balance outstanding 2018 $
WPP		
Revenue[1]	50,972,202	–
Receivables[1]	–	17,764,942

Notes to transactions with shareholder-related parties

(1) All sales with related parties are on an arm's length basis and are subject to commercial trading terms and conditions. Outstanding balances with these related parties are to be settled in cash within two months of the end of the reporting period. None of the balances are secured.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

Transactions with Key Management Personnel

i) Key Management Personnel compensation

The Key Management Personnel compensation comprised:

	2019 $	2018 $
Short-term employee benefits	1,275,0779	1,646,708
Post-employment benefits	116,531	148,126
Share-based payments	219,121	407,291
	1,610,729	**2,202,125**

Key Management Personnel also participate in the Group's share plans, details of which are discussed in Note 8 Share-based payments.

In addition to the above, Non-executive Director compensation included short-term employee benefits of $957,622 (2018: $876,319) and post-employment benefits of $72,524 (2018: $74,700).

ii) Directors' related party transactions

Directorships and shareholdings held by oOh!media Limited's Chair Tony Faure and non-executive director Geoffrey Wild have given rise to two related party conflicts in the current and prior period. Geoffrey Wild ceased to be a director of the company on 16 May 2019.

As at 31 December 2018, Tony Faure held a 5.0% interest in Junkee Media until March 2019 when it was bought by oOh!media for consideration of $600,000. He received $90,000 in consulting fees from Junkee Media in 2019. Given his ongoing consultancy support, the Board has appointed Debra Goodin as Lead Independent Director, effective from 22 September 2017. The Lead Independent Director can assume the role of Chair when the Chair is unable to act in that capacity due to unavailability or lack of independence. The position also offers an alternative point of contact for shareholders.

Geoffrey Wild holds the position of Chairman at WPP Australia. Prior to 29 August 2018 WPP Australia was a significant shareholder in the Group.

To mitigate any potential conflicts arising, there is a Board protocol in place whereby the aforementioned Board member is asked to exit a Board meeting should any matters arise that may impact their independence.

(d) Transactions with equity-accounted investees

oOh!edge Pty Limited

	Transaction value for the 12 months ended		Balance outstanding	
	2019 $	2018 $	2019 $	2018 $
Receivables	–	–	180,510	(15,600)
Management fees	156,000	98,800	–	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

NOTE 29. SUBSEQUENT EVENTS

Since the end of the financial year, and after approval of these consolidated financial statements, the Board has declared a fully franked final dividend of 7.5 cents per ordinary share, amounting to $18,178,947 in respect of the year ended 31 December 2019 (31 December 2018: $17,748,059). This dividend is payable on 27 March 2020. The Board has elected to activate the DRP and it will be fully underwritten for the final 2019 dividend. The financial effect of this dividend has not been brought to account in the consolidated financial statements for the year ended 31 December 2019 and will be recognised in subsequent financial reports.

On 29 January Brendon Cook announced his intention to step down as Managing Director and Chief Executive Officer (CEO) at a date yet to be determined. Mr. Cook will remain in his current roles until completion of a global executive search and will then work with the Board to ensure an orderly and seamless transition to a new CEO. As the final terms and timing of Mr. Cook's departure is uncertain no adjustments to the measurement of any employment entitlements have been made in these financial statements.

Apart from the matters referred to above, no other matter or circumstance at the date of this report has arisen since 31 December 2019 that has significantly affected or may affect:

i) the operations of the Group;

ii) the results of those operations in future financial years; and

iii) the Group's state of affairs in future financial years.

NOTE 30. EARNINGS PER SHARE

The table below shows the calculation of basic and diluted earnings per share for 2019 and 2018.

	2019 $'000	2018 Restated[1] $'000
Profit attributable to ordinary shareholders	13,453	29,124
Net profit after income tax attributable to equity holders of the parent	**13,453**	**29,124**

Weighted average number of shares outstanding – basic	Number of shares	Number of shares
Opening issued ordinary shares balance	236,640,789	164,138,049
Effect of allotment and issuances	815,451	31,932,295
Effect of bonus issue from 2018 share capital raising	–	7,316,139
Effect of dividend reinvestment scheme	2,115,630	–
Weighted average number of ordinary shares at 31 December	**239,571,870**	**203,386,483**

Weighted average number of shares outstanding – diluted		
Weighted average number of ordinary shares – basic	239,571,870	203,386,483
Effect of performance rights on issue	1,974,256	1,634,639
Weighted average number of ordinary shares at 31 December	**241,546,126**	**205,021,122**

Earnings per share	2019	2018
Basic profit earnings per share (cents)	6	14
Diluted profit earnings per share (cents)	6	14

(1) 2018 balances have been restated due to the finalisation of the valuation of identifiable assets acquired in the Adshel acquisition. Refer to Note 25 Business combinations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

NOTE 31. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	2019 $'000	2018 $'000
Cash flows from operating activities		
Profit after income tax for the year	13,438	29,144
Adjustments for:		
Depreciation	209,462	26,991
Amortisation	22,685	15,941
Transaction costs related to acquisitions	–	9,800
Borrowing costs	1,759	1,156
Share of profit of equity-accounted investees, net of tax	(105)	(310)
Net loss on sale of non-current assets	–	100
Impairment expense	3,500	–
Written off capitalised intangible software	3,420	–
Net exchange differences	(216)	341
Equity-settled share-based payment transactions	2,115	2,373
	256,058	**85,536**
Changes in:		
Trade receivables	(8,705)	(11,115)
Deferred tax balances	(1,050)	(10,936)
Other operating assets	8,028	(22,559)
Trade payables	262	12,882
Other provisions	(7,972)	11,620
Provision for income taxes payable	(13,510)	2,712
Other operating liabilities	4,120	3,013
Cash generated from operating activities	**237,231**	**71,153**

Accounting policy: Cash and cash equivalents
For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other highly liquid investments with original maturities of three months or less that are readily convertible to cash on hand and are subject to an insignificant risk of change in value, net of outstanding bank overdrafts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

NOTE 32. AUDITOR'S REMUNERATION

	2019 $	2018 $
Audit and assurance services		
KPMG Australia		
Audit and review of financial statements	535,534	585,780
Audit of subsidiary's financial statements	75,645	–
Other assurance services	165,189	85,339
Total audit and assurance services	**776,368**	**671,119**
Other services		
KPMG Australia		
Taxation compliance and advisory services	107,514	253,483
Acquisition-related services	–	641,161
Total other services	**107,514**	**894,644**
Total auditor's remuneration	**883,882**	**1,565,763**

NOTE 33. PARENT ENTITY DISCLOSURES

As at and throughout the financial year ended 31 December 2019 the parent entity of the Group was oOh!media Limited (2018: oOh!media Limited).

	2019 $'000	2018 $'000
(a) Financial position		
Financial position of parent entity at year end		
Current assets	448,761	428,491
Non-current assets	718,949	699,407
Total assets	**1,167,710**	**1,127,898**
Current liabilities	–	10,726
Non-current liabilities	463,078	419,815
Total liabilities	**463,078**	**430,541**
Net assets	**704,632**	**697,357**
Total equity of parent entity comprising of:		
Contributed equity	694,913	675,372
Reserves	9,719	21,985
Retained earnings	–	–
Total equity	**704,632**	**697,357**
(b) Comprehensive income		
Result of parent entity		
Profit for the year:		
Dividends received from subsidiary	26,198	25,600
Other comprehensive (loss)/profit	(7,936)	(1,397)
Total comprehensive income for the year	**18,262**	**24,203**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

(c) Parent entity capital commitments for acquisition of property, plant and equipment

The parent entity did not have any capital commitments for the acquisition of property, plant or equipment as at 31 December 2019 (2018: Nil).

(d) Guarantees and contingent liabilities

Please refer to Note 27 for information on the guarantees and contingent liabilities of the parent entity.

NOTE 34. DEED OF CROSS GUARANTEE

On 20 April 2018, the wholly-owned subsidiaries listed below entered into a Deed of Cross Guarantee with oOh!media Limited in accordance with ASIC Corporations (Wholly Owned Companies) Instrument 2016/785 thereby relieving them from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports, and Directors' reports.

The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt of the others.

The subsidiaries subject to the Deed are:

Outdoor Media Operations Pty Limited
oOh!media Group Pty Limited
oOh!media Operations Pty Limited
oOh!media Produce Pty Limited
oOh!media Assets Pty Limited
oOh!media Factor Pty Limited
oOh!media Digital Pty Limited
oOh!media Locate Pty Limited
oOh!media Retail Pty Limited
oOh!media Lifestyle Pty Limited
oOh!media Shop Pty Limited
oOh!media Roadside Pty Limited
oOh!media MEP Pty Limited
oOh!media Regional Pty Limited
Red Outdoor Pty Ltd
Eye Corp Pty Limited
Eye Corp Australia Pty Limited
oOh!media Fly Pty Limited
Eye Drive Sydney Pty Limited
Eye Outdoor Pty Limited
Eye Mall Media Pty Limited
Eye Drive Melbourne Pty Limited
oOh!media Study Pty Limited
Outdoor Plus Pty Limited
Eye Shop Pty Limited
Homemaker Media Pty Limited
oOh!media Office Pty Limited
Inlink Office Pty Ltd
Inlink Café Pty Ltd
Inlink Fitness Pty Ltd
Executive Channel International Pty Ltd
Executive Channel Pty Ltd
Cactus Imaging Holdings Pty Limited
Cactus Imaging Pty Limited
oOh!media Café Screen Pty Limited
oOh!media Street Furniture Limited
Junkee Media Pty Ltd
Faster Louder Pty Limited
Thought By Them Pty Ltd
QJump Australia Pty Limited
Sound Alliance Nominees Pty Ltd
Inthemix dot com dot au Pty Ltd

oOh!media Social Sports Pty Limited, Social Sports Media Pty Ltd, In 2 Indoor Pty Ltd and World Indoor Soccer Federation Pty Ltd exited the deed on 7 September 2018, by virtue of a Notice of Disposal.

oOh!media Street Furniture Pty Limited became a party to the Deed on 27 November 2018, by virtue of a Deed of Assumption.

Junkee Media Pty Ltd, FasterLouder Pty Ltd, Thought By Them Pty Ltd, QJump Australia Pty Ltd, Sound Alliance Nominees Pty Ltd and InTheMix dot com dot au Pty Ltd became a party to the Deed on 28 June 2019, by virtue of a Deed of Assumption.

A consolidated statement of comprehensive income and consolidated statement of financial position, comprising the Company and controlled entities which are a party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, for the year ended 31 Dec 2019 is set out as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

Statement of profit or loss and other comprehensive income and retained earnings

	2019 $'000	2018 $'000
Revenue	593,197	379,483
Cost of sales	(160,082)	(195,488)
Gross profit	**433,115**	**183,995**
Operating expenses, depreciation and amortisation	(360,023)	(144,796)
Finance income	1,214	1,015
Finance costs and foreign exchange costs	(57,874)	(7,844)
Share of profit of equity-accounted investees	104	(310)
Profit before tax	**16,536**	**32,060**
Tax expense	(6,245)	(9,618)
Profit after tax	**10,291**	**22,442**
Fair value movement in put option, net of tax	–	(1,080)
Effective portion of changes in fair value of cash flow hedges, net of tax	(7,936)	(1,397)
Other comprehensive income for the period, net of tax	**(7,936)**	**(2,477)**
Total comprehensive income for the period, net of tax	**2,355**	**19,965**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

Statement of financial position

	2019[1] $'000	2018 $'000
Assets		
Cash and cash equivalents	53,489	26,395
Trade and other receivables	129,087	118,725
Inventories	3,339	5,207
Other current assets	30,249	29,705
Income tax assets	4,048	–
Current assets	**220,212**	**180,032**
Property, plant and equipment	217,595	215,014
Right-of-use asset	791,198	–
Intangible assets	128,722	701,006
Investments	693,032	138,722
Other non-current assets	1,989	21,893
Non-current assets	**1,832,536**	**1,076,635**
Total assets	**2,052,748**	**1,256,667**
Liabilities		
Trade and other payables	100,004	93,578
Finance lease liabilities	–	59
Deferred consideration	–	120
Interest bearing lease liabilities	166,964	–
Provisions	570	9,219
Employee benefits	6,874	6,621
Income tax payable	–	10,101
Current liabilities	**274,412**	**119,698**
Loans and borrowings	415,697	405,511
Provisions	14,195	23,799
Employee benefits	3,931	3,201
Interest bearing lease liabilities	665,457	–
Derivative liabilities	13,094	3,882
Deferred tax liabilities	21,712	39,612
Non-current liabilities	**1,134,086**	**476,005**
Total liabilities	**1,408,498**	**595,703**
Net assets	**644,250**	**660,964**
Equity		
Share capital	614,913	675,371
Reserves	15,935	26,402
Retained earnings	(66,598)	(40,809)
Total equity	**644,250**	**660,964**

1. The statement excludes the effects of AASB 16 for comparative purposes which came into effect 1 Jan 2019

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of oOh!media Limited (the Company), we state that:

1. In the Directors' opinion:
    a. the consolidated financial statements and notes of the Group that are set out on pages 56 to 101 of this Annual Report and the Remuneration Report on pages 31 to 43 in the Directors' Report within the Annual Report, are in accordance with the Corporations Act 2001 (Cth), including:
        i. giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the financial year ended on that date; and
        ii. complying with Australian Accounting Standards and the Corporations Regulations 2001 (Cth); and
    b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The Directors have been given the declarations required by section 295A of the Corporations Act 2001 (Cth) from the Chief Executive Officer and Chief Financial Officer for the financial year ended 31 December 2019.
3. The Directors draw attention to Note 2(a) to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Signed on behalf of the Board

Tony Faure
Chair

24 February 2020, Sydney

INDEPENDENT AUDITOR'S REPORT

To the shareholders of oOh!media Limited

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the **Financial Report** of oOh!media Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2019 and of its financial performance for the year ended on that date; and
- complying with Australian *Accounting Standards and the Corporations Regulations 2001.*

The **Financial Report** comprises:

- Consolidated statement of financial position as at 31 December 2019
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

The **Key Audit Matters** we identified are:

- Impact of AASB 16 *Leases*
- Finalisation of Purchase Price Accounting for Adshel acquisition
- Recoverable amount of goodwill and intangible assets

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG

Impact of AASB 16 Leases

Refer to Notes 2, 12 and 17 to the Financial Report

The key audit matter	How the matter was addressed in our audit

Accounting for leases using AASB 16 Leases ("AASB 16") is inherently complex, where specific and individualised lease-features drive different accounting outcomes, increasing the need for interpretation and judgement. This is a key audit matter for us, focusing on the judgements, along with other factors driving additional audit effort, such as:
 	
• First time adoption – the Group were required to determine interpretations for these new and complex accounting requirements for the first time in the year, including new accounting policies. Interpreting and applying a new standard to existing businesses and practices is more challenging with an untested standard and little precedent. This necessitated the involvement of our accounting specialists. The Group also had to build new processes and controls to apply the requirements, which we had not tested before.
• High volume of leases – the Group has a high volume of individualised lease agreements used to estimate the lease liability and right-of-use asset. A focus for us was the completeness of the lease population and the accuracy of multiple and varied inputs which may drive different accounting outcomes, including key terms of the lease agreements, such as key dates, fixed and variable rent payments, renewal options and incentives.
• Complex modelling process – the Group developed an AASB 16 lease calculation model, which is largely manual and complex, and therefore is at greater risk for potential error and inconsistent application.
• Relative magnitude – the size of balances has a significant financial impact on the Group's financial position and performance.
 	
The most significant areas of judgement we focus on was in assessing the Group's:
 	
• Incremental borrowing rates used – these are meant to reflect the Group's entity specific credit risk and vary based on each lease term. The Group engaged an external expert to assist with determining each of the Group's incremental borrowing rates. The Group's AASB 16 lease calculation model is highly sensitive to small changes in the incremental borrowing rates.
• Lease terms where leases have renewal options – assessing the determination of whether it is reasonably certain renewal options will be exercised impacts the measurement of the lease, therefore is critical to the accuracy of the accounting.
 	
We involved our senior audit team members in assessing these areas, along with our accounting specialists, debt advisory specialists and modelling specialists.
	Our procedures included:
	
	• Working together with our accounting specialists, we considered the appropriateness of the Group's new accounting policies against the requirements of the accounting standard and our understanding of the business and industry practice.
	• We obtained an understanding of the Group's new processes used to calculate the lease liability, right-of-use asset, deferred tax asset, depreciation and interest expense, and retained earnings adjustment.
	• We assessed the completeness of the Group's leases taking into consideration the modified retrospective transition approach and practical expedients adopted by the Group by:
	  • Inspecting a sample of lease agreements entered into by the Group and comparing these to the Group's listing of leases;
	  • Checking the Group's listing of leases to the items included in the operating lease commitments disclosure in the prior year's financial report; and
	  • Inspecting relevant expense accounts for routine payments during the year to identify the existence of leases not included in the Group's listing of leases.
	• We compared the Group's inputs in the AASB 16 lease calculation model, such as, key dates, fixed and variable rent payments, renewal options and incentives, for consistency to the relevant terms of a sample of underlying signed lease agreements.
	• We assessed the Group's assessment of whether it is reasonably certain to exercise lease renewal options. This included considering the Group's assessment of the forecast future contribution to a sample of lease contracts.
	• Working together with our debt advisory specialists, we independently developed a series of point estimates for the incremental borrowing rates applied to the leases using the corporate yield curve, adjusted by risk factors specific to the Group, the industry it operates in, and each lease term. We compared it to the incremental borrowing rates used by the Group.
	• We assessed the scope, competency and objectivity of the external expert engaged by the Group to assist determining the Group's incremental borrowing rates.
	• Working together with our modelling specialists, we assessed the integrity of the Group's AASB 16 lease calculation model used, including the accuracy of the underlying calculation formulas. Additionally we have independently recalculated the lease liability, right of use asset and retained earnings adjustment for a sample of leases using the evidence we obtained from our procedures above. We compared the recalculated amounts against the amounts recorded by the Group.
	• We assessed the disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standard.

KPMG

Finalisation of Purchase Price Accounting for Adshel acquisition ($573 million)

Refer to Note 25 to the financial report

The key audit matter	How the matter was addressed in our audit

The acquisition of Adshel for consideration of $573m is considered a Key Audit Matter due to the:
• size of the acquisition. The transaction had a pervasive impact on the financial statements and consequently was a significant part of our audit; and
• level of judgement and audit effort required in assessing the Group's estimation process in the final purchase price allocation, including the determination of the fair value of acquired assets and liabilities.
The allocation of the purchase consideration to goodwill and determination of fair value of identifiable assets, is judgemental and specific to the Group.
We focused on the key assumptions in the Group's tangible asset valuation including the replacement cost and useful life, and the key assumptions in the value in use models used to determine the fair value of intangible assets, being customer contracts:
• Weighted average cost of capital (WACC);
• Growth rates used in the cash flow forecasts;
• Contributory asset charge; and
• Useful life of the customer contracts.
Our assessment of these assumptions was complex as Adshel had a large number of customer contracts.
We involved corporate finance specialists to supplement our senior audit team members in assessing this Key Audit Matter.
	Our procedures included:
	• Working together with our corporate finance specialists, examining the report issued by the external expert engaged by the Group for the tangible asset valuation and useful life, assessing for consistency with our knowledge of the acquired business. We also assessed the scope, competence and objectivity of the external expert engaged by the Group;
	• Working together with our corporate finance specialists, examining the forecast cash flow assumptions used by the Group to determine the fair value of customer contracts. Specific assumptions we focused on included the growth rate, useful life and the contributory asset charge attributable to individual customer contracts. We assessed these by:
	  • challenging the cash flow growth rates for customer contracts by comparing to the Group's deal valuation model, assessing the feasibility of these growth rate assumptions and consistency of application to the Group's 2019 Board approved budget; and
	  • examining the contributory asset charge and useful life of customer contracts, and assessing for consistency with our knowledge of the acquired business.
	• Working with our corporate finance specialists, we used our knowledge of the acquired businesses, their industry and publicly available information for comparable entities to assess the WACC rates used by the Group, to determine the value of customer contracts.
	• Working with our tax specialists, assessing management's calculation of the Allocable Cost Amount (ACA) and subsequent acquisition deferred tax balances.
	• Assessing the allocation of purchase price consideration to goodwill following the fair value adjustments to identifiable assets.
	• Assessing the Group's disclosures in respect of business combinations with reference to the requirements of the accounting standards.

KPMG

Recoverable amount of goodwill and intangible assets ($793 million)

Refer to Note 13 to the financial report

The key audit matter	How the matter was addressed in our audit
A key audit matter for us was the Group's annual testing of goodwill and intangible assets for impairment, given the size of the balance (being 38% of total assets). We focussed on the significant forward-looking assumptions the Group applied in their value in use models, including: • forecast cash flows – specific attention has been paid to Cash Generating Units (CGUs) with high growth assumptions due to the risk of inaccurate forecasts or a wider range of possible outcomes for us to consider. The Junkee CGU in the Group did not meet prior forecasts, raising our concern for reliability of current forecasts. This drives additional audit effort specific to the Group's strategy. • discount rate – these are complicated in nature and vary according to the conditions and environment the specific Cash Generating Unit (CGU) is subject to from time to time, and the models approach to incorporating risks into the cash flows or discount rates. We involve our valuations specialists with the assessment. In addition to the above, the Group recorded an impairment charge of $3.5 million against goodwill, resulting from a reduction in forecast revenue growth rates for the Junkee CGU. This further increased our audit effort in this key audit area.	Our procedures included: • We considered the appropriateness of the value in use method applied by the Group to perform the annual test of goodwill for impairment against the requirements of the accounting standards. • We assessed the integrity of the value in use models used, including the accuracy of the underlying calculation formulas. • We compared the forecast cash flows contained in the value in use models to Board approved forecasts. • We challenged the Group's significant forecast cash flows for CGUs with high growth forecasts. We compared key events to the Board approved plan and strategy. We assessed the accuracy of previous Group forecasts to inform our evaluation of forecasts incorporated in the models. We applied increased scepticism to forecasts in the areas where previous forecasts were not achieved. We compared forecast growth rates to published studies of industry trends and expectations of forecast advertising spend, and considered differences for the Group's operations. We used our knowledge of the Group, their past performance, business and customers, and our industry experience. • Working with our valuation specialists we independently developed a discount rate range considered comparable using publicly available market data for comparable entities, adjusted for risk factors in certain CGUs relating to achievement of forecasts and concentration of revenue. • We considered the sensitivity of the models by varying key assumptions, such as forecast growth rates and discount rates, within a reasonably possible range. We did this to identify any CGU at higher risk of impairment and to focus our further procedures. • We recalculated the impairment charge against the recorded amount disclosed. • We assessed the disclosures in the financial report using our understanding of the issue obtained from our testing and against the requirements of the accounting standards.

Other Information

Other Information is financial and non-financial information in oOh!media's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors Report, including the Operating and Financial Review and Remuneration Report, and the Investor Presentation. The Corporate Governance Statement, Sustainability Report and Chair and CEO reviews are expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf This description forms part of our Auditor's Report.

REPORT ON THE REMUNERATION REPORT

Opinion

In our opinion, the Remuneration Report of oOh!media Limited for the year ended 31 December 2019, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 32 to 43 of the Directors' report for the year ended 31 December 2019.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

KPMG

Trent Duvall
Partner

Sydney
24 February 2020

SHAREHOLDER INFORMATION

VOTING RIGHTS

The voting rights attaching to each class of equity securities are set out below:

Ordinary shares: On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote. There are no other classes of equity securities.

Share rights: Share rights holders do not have any voting rights on the share rights held by them.

The shareholder information set out below is current at 20 January 2020.

DISTRIBUTION OF EQUITY SECURITIES

Analysis of number of equity security holders by size of holding:

Range	Number of holders	% of holders	Number of shares	% of shares
1 – 1,000	1,383	40.05	575,720	0.24
1,001 – 5,000	1,362	39.44	3,436,909	1.42
5,001 – 10,000	402	11.64	2,904,779	1.20
10,001 – 100,000	282	8.17	6,854,791	2.83
100,001 and over	24	0.70	228,613,759	94.31
Total number of security holders	**3,453**	**100.00**	**242,385,958**	**100.00**
Holders holding less than a marketable parcel of shares (being a parcel of 137 shares based on a closing price of $3.650 on 20 January 2020)	321	9.30	11,819	–

RESTRICTED SECURITIES

There are currently no restricted securities on issue.

ON-MARKET BUY BACK

There is no current on-market buy back.

UNQUOTED EQUITY SECURITIES

Range	Number of share rights holders	Number of share rights	% of share rights
1 – 1,000	0	0	0
1,001 – 5,000	0	0	0
5,001 – 10,000	15	115,755	4.09
10,001 – 100,000	40	1,366,858	48.31
100,001 and over	9	1,346,623	47.60
Total	**64**	**2,829,236**	**100.00**

TOTAL OF QUOTED AND RESTRICTED SECURITIES

Ordinary shares not subject to voluntary escrow (quoted securities)	242,385,958
Ordinary shares subject to voluntary escrow (restricted securities)	0
Total Number of Shares	242,385,958

TWENTY LARGEST QUOTED EQUITY SECURITY HOLDERS

Range	Number of ordinary shares held	Percentage of ordinary shares %
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	109,564,892	45.20
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	70,062,405	28.90
NATIONAL NOMINEES LIMITED	19,634,886	8.10
CITICORP NOMINEES PTY LIMITED	13,237,119	5.46
BNP PARIBAS NOMINEES PTY LTD	3,600,465	1.49
BNP PARIBAS NOMS PTY LTD	2,404,142	0.99
CITICORP NOMINEES PTY LIMITED	1,678,181	0.69
HSBC CUSTODY NOMINEES (AUSTRALIA) LTD – A/C 2	1,654,752	0.68
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,056,229	0.44
WARBONT NOMINEES PTY LTD	840,630	0.35
AUSTRALIAN EXECUTOR TRUSTEES LIMITED	585,300	0.24
DEBRA COOK	500,000	0.21
INVESTMENT CUSTODIAL SERVICES LIMITED	454,041	0.19
CS FOURTH NOMINEES PTY LIMITED	390,536	0.16
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	373,817	0.15
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	352,950	0.15
MR BARRY MARTIN LAMBERT + MRS JOY WILMA LILLIAN LAMBERT	350,000	0.14
OUTDOOR NOMINEES PTY LIMITED	255,072	0.11
BNP PARIBAS NOMINEES PTY LTD – HUB 24 CUSTODIAL SERV LTD DRP	144,548	0.06
FAURTUNE INVESTMENTS PTY LTD	143,188	0.06
Total held by top 20 largest holders	**227,283,153**	**93.77**
Other	**15,102,805**	**6.23**
Total	**242,385,958**	**100.00**

SUBSTANTIAL HOLDERS (AS DISCLOSED IN SUBSTANTIAL HOLDING NOTICES GIVEN TO THE COMPANY IN ACCORDANCE WITH THE CORPORATIONS ACT)

Range	Number of ordinary shares held	Percentage of ordinary shares %
HMI CAPITAL LLC	39,615,285	16.34
T. ROWE PRICE ASSOCIATES INC	18,419,255	7.59
VANGUARD GROUP	14,282,464	5.968
PERENNIAL VALUE MANAGEMENT LIMITED	12,846,705	5.30
HARRIS ASSOCIATES LP	12,726,283	5.25
AUSTRALIAN SUPER PTY LTD	11,986,477	5.01

GLOSSARY

Term	Meaning/definition
AASB	Australian Accounting Standards Board
AGM	Annual General Meeting
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange, as operated by ASX Limited ABN 98 008 624 691
AUD, A$, $ or Australian dollar	The lawful currency of the Commonwealth of Australia
Auditor	KPMG
Australian Accounting Standards	Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board and Urgent Issues Group Interpretations
Board or Board of Directors	The board of Directors of oOh!media Limited
CAGR	Compound Annual Growth Rate
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGU	Cash Generating Unit
Company	oOh!media Limited ACN 602 195 380
Company Secretary	The Company Secretary of oOh!media as appointed from time-to-time
Constitution	The constitution of the Company
Corporations Act	Corporations Act 2001 (Cth)
CY2015	Financial year ended 31 December 2015
CY2016	Financial year ended 31 December 2016
CY2017	Financial year ended 31 December 2017
CY2018	Financial year ended 31 December 2018
CY2019	Financial year ended 31 December 2019
Digital revenue	Revenue from digital advertising display panels
Director	Each of the Directors of oOh!media as appointed to the position from time-to-time
EBIT	Earnings before interest and taxation
EBITDA	Earnings before interest, taxation, depreciation and amortisation
EPS	Earnings Per Share
Escrow	An 'escrow' is a restriction on sale, disposal or encumbering of, or certain other dealings in respect of, the shares concerned for the period of the escrow, subject to exceptions set out in the escrow arrangement
FAR	Fixed annual remuneration
FCTR	Foreign Currency Translation Reserve
FMCG	Fast moving consumer goods
Group	oOh!media Limited and its subsidiaries
GST	Goods and services or similar tax imposed in Australia and New Zealand
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
KMP	Key Management Personal
KPI	Key Performance Indicator
KPMG	KPMG ABN 51 194 660 183

Term	Meaning/definition
Listing	The admission of oOh!media to the Official List of the ASX
Listing Rules	The Official Listing Rules of ASX
LTI	Long term incentive as payable under the LTI Plan
LTI Plan	oOh!media's long-term incentive plan, as amended by oOh!media from time-to-time
Management	The management of oOh!media
MD	Managing Director
MOVE	Measurement of Outdoor Visibility and Exposure, Australia's national Out of Home audience measurement system
n/a	Not applicable
NCI	Non-controlling Interest
NED	Non-executive Director
NPAT	Net profit after tax
NPATA	Net profit after tax before amortisation of acquired intangibles
NZD	New Zealand Dollars
OCI	Other Comprehensive Income
OFR	Operating and Financial Review
OMA	Outdoor Media Association, the peak national industry body that represents most of Australia's traditional and digital outdoor media display companies and production facilities, as well as some media display asset owners.
Officer	An Officer of the Company
OMI	Outdoor Media Investments Limited ABN 32 156 446 187
OML	oOh!media Limited ACN 602 195 380
oOh!media	oOh!media Limited ACN 602 195 380
Out of Home	Out of Home, also commonly referred to as out of home or outdoor advertising, represents the media sector of the advertising industry that communicates with people when they are out of their home
Registry	Link Market Services Limited ABN 54 083 214 537
Rights	Rights to shares granted pursuant to the LTI Plan
Senior Executive	The senior executive management of oOh!media
Share of security	A fully paid ordinary share in oOh!media
Share registry	Link Market Services Limited ABN 54 083 214 537
Shareholder	The registered holder of a Share
SMI	Standard Media Index
STI	oOh!medi's short term incentive plan, as amended by oOh!media from time-to-time
STI Plan	Short term incentive payable under the STI Plan
TSR	Total Shareholder Return
VWAP	Volume weighted average price
WHS	Workplace health & safety
WHSE&Q	Work, health, safety, environment & quality
WPP	Cavendish Square Holding BV

CORPORATE DIRECTORY

OOH!MEDIA LIMITED ACN 602 195 380

Directors	**Tony Faure** Chair and Non-executive Director **Brendon Cook** Chief Executive Officer and Managing Director **Joanne Crewes** Independent Non-executive Director **Debra Goodin** Independent Non-executive Director and Lead Independent Director **Philippa Kelly** Independent Non-executive Director **Tim Miles** Independent Non-executive Director **Darren Smorgon** Independent Non-executive Director **David Wiadrowski** Independent Non-executive Director
Company Secretary	**Maria Polczynski**
Principal registered office	Level 2, 76 Berry Street North Sydney NSW 2060 Ph: +61 2 9927 5555
Share register	Link Market Services Limited Level 12, 680 George Street Sydney NSW 2000 Ph: 1300 554 474
Auditors	**KPMG** Tower Three International Towers Sydney 300 Barangaroo Avenue Sydney NSW 2000
Bankers	Commonwealth Bank of Australia Westpac Banking Corporation National Australia Bank ING Bank (Australia) Limited Sumitomo Mitsui Banking Corporation Bank of China Limited Agricultural Bank of China Limited
Stock exchange listing	The shares of oOh!media Limited are listed by ASX Ltd on the Australian Securities Exchange trading under the ASX Listing Code "OML".
Website	www.oohmedia.com.au


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