ASX Announcement

APN Outdoor exceeds guidance and delivers record full year results

22 February 2017, Sydney: APN Outdoor Group Limited (ASX: APO) is pleased to announce its results for the 12 months ended 31 December 2016 (FY16), that saw the company exceed its guidance (provided to the market on 14 December 2016) and achieve a record full year result.

FY16 financial highlights (vs FY15):

- Revenue up 10% to $330.9 million, above guidance of 8.5% to 9.0% revenue growth
- Digital revenues comprise 34% of total revenues (up from 23% in FY15)
- Statutory NPAT up 18% to $48.4 million
- Underlying[1] EBITDA up 18% to $86.7 million, above guidance range of $84 million to $86 million
- Underlying NPATA up 20% to $51.8 million
- Low debt levels - leverage ratio of 1.0x underlying EBITDA
- Final dividend up 14% to 12.5 cents per share (fully franked); total FY16 dividend up 23% to 19.0 cents per share (fully franked)

FY16 operational highlights

- 35 new Large Format Digital (Elite) screens installed, of which 31 were in the second half
- Successfully integrated acquisitions of iOM and Metrospace
- Announced transformational merger with oOh!media (ASX: OML) to create a leading diversified out-of-home and online media group, expected to complete in May 2017

Record results with revenue and EBITDA above top end of guidance range

Commenting on the FY16 results, APN Outdoor Chief Executive Officer Richard Herring said:

"We are very pleased with the performance of APN Outdoor over the past year. The Company has today announced another record result that was above the most recent guidance provided to the market. Statutory net profit was up 18% to $48.4 million, and importantly operating cash flow was up 19% to $66.3 million.

"The strong growth in the business over the past 12 months was due to the continued roll-out of digital screens within APN Outdoor's Australian and New Zealand footprints. Digital screen revenues now represent over one-third of Group revenues, and will continue to grow in line with the Company's focused growth strategy."

Revenue over FY16 was up 10% to $330.9 million, surpassing the most recent guidance given to the market of revenue growth in the range of 8.5% to 9.0% for the year. This result was achieved despite a slowdown in bookings earlier in the second half. A targeted improvement to sales

[1] Underlying results before non-recurring items which reflect transaction costs related to the proposed merger with oOh!media incurred up to 31 December 2016

performance and execution later in the half enabled a positive return to bookings momentum and resulted in the achievement of this record result.

A total of 35 Large Format Digital (Elite) screens were installed during the year, with 31 of those commissioned in the second half. This rollout drove a rapid increase in digital revenues given the greater yield that can be generated from a digital site. Concurrently, it reduced Classic billboard revenue as sites transitioned to digital. The underlying performance for production and installation was solid. Trial of our CATCH commuter offering is now in market on 50 buses in Sydney with positive initial results.

Underlying earnings before interest, tax, depreciation and amortisation (EBITDA) also exceeded guidance, achieving an 18% increase on FY15 to reach $86.7 million. Earnings grew faster than revenue as the business scaled with extra digital screens.

Update on proposed APN Outdoor/oOh!media merger

On 14 December 2016, a proposed merger between APN Outdoor and oOh!media was announced to the market. The proposed merger combines two complementary portfolios, to create a leading, diversified out-of-home and online media group with value accretion to be shared by both companies' shareholders.

The merged group is expected to generate value accretion for both sets of shareholders, driven in part by cost synergies of at least $20 million to be realised on a run-rate basis within two years following implementation of the merger.

As outlined to shareholders, the two companies propose to merge via an all scrip Scheme of Arrangement, with OML shareholders receiving 0.83 APO shares for every one OML share they own. The merged group will have a pro forma market capitalisation of approximately $1.8 billion.

Furthermore, a $400m debt facility has been confirmed to support future growth for the merged group.

oOh!media shareholders are expected to vote on the proposed merger in April 2017, with the merger expected to be implemented in May 2017 should OML shareholders vote in favour.

Outlook

Commenting on the outlook for APN Outdoor, Mr Herring said:

"Having delivered strong growth over 2016, APN Outdoor is well positioned to continue to grow in 2017.

"The out-of-home sector in Australia and New Zealand remains robust. We believe it will continue to grow, underpinned by the sector's digital investment and ongoing audience growth as share is taken from other traditional media.

"The ongoing shift to digital will drive revenue growth. The conversion of APN Outdoor's Classic sites to large format Elite digital screens is attracting greater revenues. However, this growth in revenue will be partially offset by the resultant reduction in Classic format revenue and associated production and installation services.

"We are accelerating the Company's capital investment in new digital screens. As part of this, we are rolling out new smaller Elite digital screens in both metropolitan and regional locations to further grow APN Outdoor's digital asset portfolio.

"Having successfully integrated the acquisitions of iOM and Metrospace, 2017 will include the full year impact of those businesses' earnings. With year to date trading in line with internal expectations, APN Outdoor is well placed to continue its revenue and earnings growth in the 2017 financial year."

- ENDS -

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Conference call

Richard Herring, Chief Executive Officer and Wayne Castle, Chief Financial Officer, will host a conference call today at 11.00am (Sydney time).

The call will be webcast live at
http://webcasting.boardroom.media/broadcast/587eb11c1aa7170e402f3aae

Analysts and investors who wish to participate in the teleconference should dial 1800 558 698 (alternate: +612 9007 3187) and quote conference ID 618762.