



APN

OUTDOOR

Your new centre of attention.

2014 Results

27 February 2015

Richard Herring, CEO

Wayne Castle, CFO

Agenda

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Executive summary

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Growth strategy

2015 outlook

Q&A



APN

About APN Outdoor | Most progressive Trans-Tasman Outdoor business

Portfolio of premium, high-traffic metro sites across specific categories:

- › Billboards – Large format static and digital
- › Transit network across Australia – 90%+ coverage of Australian capital city bus and tram networks
- › Airports across Australia and New Zealand, including internal and external digital sites
- › Rail – including roadside locations and XtrackTV

APN Outdoor's strategy is characterised by:

- › Leadership positions in our chosen categories
- › Digital conversion and development
- › Premium quality and metro-centric focus
- › Consistent track record of contract renewals
- › Consumer led marketing focus



TRANSIT



AIRPORTS



BILLBOARDS



RAIL

Executive summary

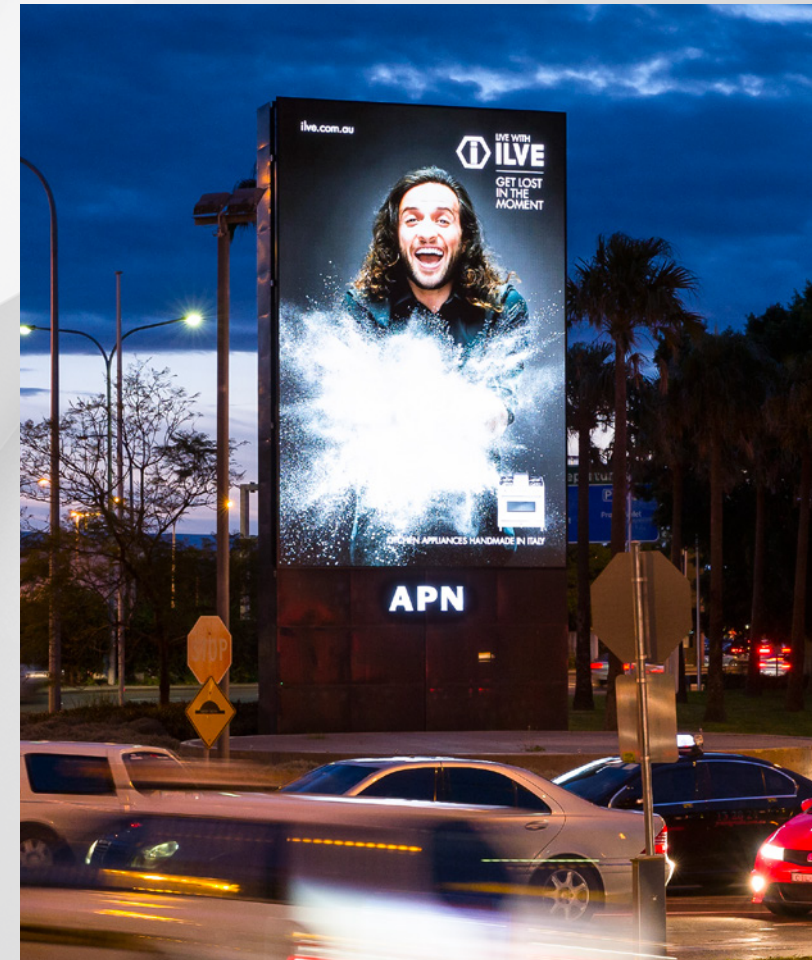
2014 highlights – all key financial metrics ahead of Prospectus estimates

- › Revenue of \$250.6m – 2.1% above Prospectus and 11% ahead of pcp
- › Pro-forma EBITDA of \$45.3m – 4.5% above Prospectus and 34% ahead of pcp
- › Pro-forma NPATA of \$23.7m – 7.3% above Prospectus and 45% ahead of pcp
- › Dividend of 1 cps (fully franked) as indicated in Prospectus

Digital roll-out on track

- › Delivered target of 34 Large Format digital screens at December 2014
- › 2015 program progressing well
- › 66 XtrackTV digital screens delivered – revenue ahead of expectation

Reaffirm 2015 Prospectus forecasts



The background of the slide is an abstract composition of vertical, textured stripes. The colors transition from a deep purple on the left, through a vibrant red in the center, to a bright blue on the right. The stripes have a slightly irregular, hand-painted appearance with some darker and lighter variations within each color band.

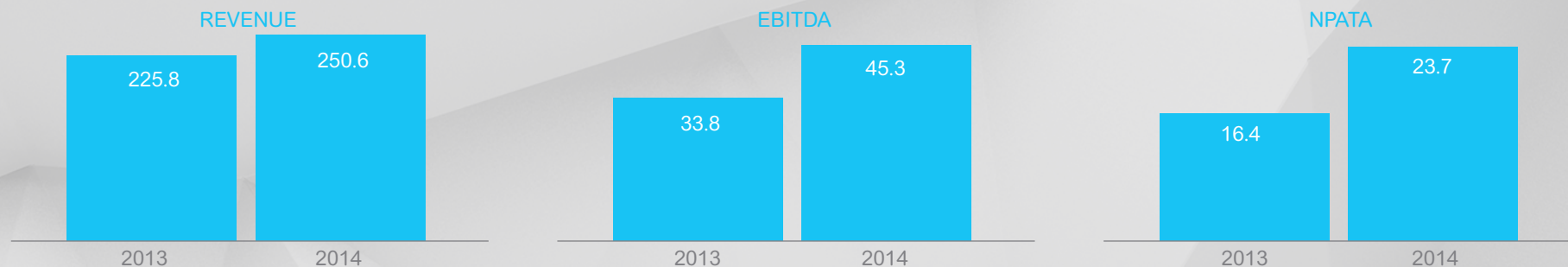
2014 results highlights

2014 results overview | Pro-forma

YE DECEMBER \$ MILLIONS	2014 ACTUAL	2014 PROSPECTUS	2013 ACTUAL	2014 VERSUS		
				PROSPECTUS \$	PROSPECTUS %	2013 %
Revenue	250.6	245.5	225.8	5.1	2.1%	11.0%
Expenses	(205.4)	(202.2)	(192.0)	(3.2)	1.6%	7.0%
EBITDA	45.3	43.3	33.8	2.0	4.5%	33.7%
<i>EBITDA margin</i>	18.1%	17.6%	15.0%			
EBIT	35.3	33.1	24.1	2.2	6.7%	46.4%
NPATA	23.7	22.1	16.4	1.6	7.3%	44.8%
EPS – diluted (cents)	14.1		9.8			

Based on NPATA

- › Revenue up 11% and ahead of market growth
- › EBITDA \$2.0m ahead of Prospectus and \$11.5m up on prior year
- › Product innovation has driven margin expansion



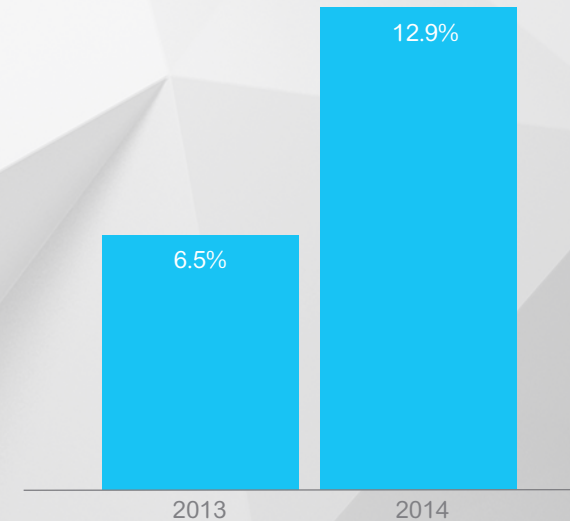
Revenue by category | Growth across all categories

YE DECEMBER \$ MILLIONS	2014 ACTUAL	2013 ACTUAL	GROWTH VS 2013
Billboards	122.9	110.2	11.5%
Transit	91.7	82.4	11.2%
Rail	16.2	14.6	10.8%
Airport	19.8	18.6	6.6%
TOTAL	250.6	225.8	11.0%

YE DECEMBER \$ MILLIONS	2014 ACTUAL	2013 ACTUAL	GROWTH VS 2013
Static	218.3	211.0	3.5%
Digital	32.3	14.8	118.2%
TOTAL	250.6	225.8	11.0%

Digital % total	12.9%	6.5%
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DIGITAL REVENUE AS % TOTAL REVENUE



Note – Digital revenues shown above reflect total revenues not incremental

- › All outdoor categories contributed to revenue growth
- › Static revenue continued to increase year on year despite focus on digital conversion programme
- › Digital revenue grew significantly in H2, with substantial upside opportunity

Revenue by country | Growth on both sides of the Tasman

YE DECEMBER \$ MILLIONS	2014 ACTUAL	2013 ACTUAL	GROWTH VS 2013
Australia	230.1	209.7	9.7%
New Zealand	20.5	16.1	27.3%
TOTAL	250.6	225.8	11.0%

Market shares

YE DECEMBER %	2014 ACTUAL	2013 ACTUAL
Australia	26.8%	26.6%
New Zealand	25.5%	22.4%

FY13 AU share restated by OMA for new entrants

- > Outdoor market up 10% in AU and 7.2% in NZ in 2014
- > Australian share up 0.2% for the full year though Q4 share up almost 0.5% due to roll-out of digital assets.
- > Increase in NZ market share due to part year impact of Auckland Digital Network and two months of the new Auckland Airport contract. Full year impact of both of these is expected to generate significant share growth in 2015



2014 pro-forma results | All key metrics exceed Prospectus

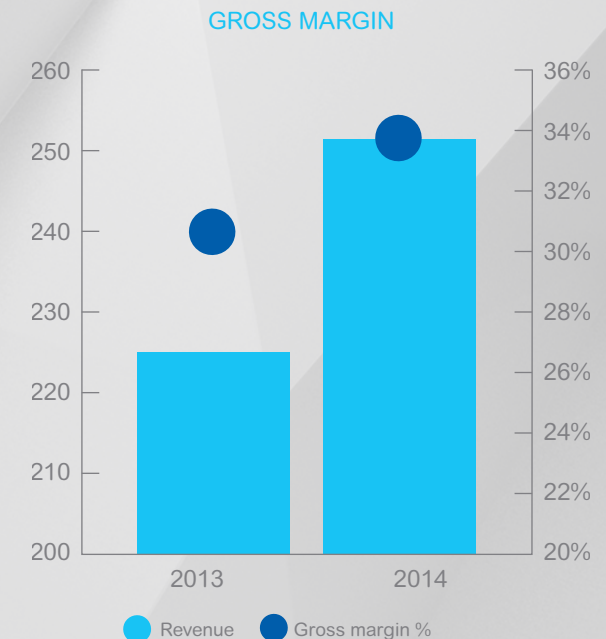
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Expenses	(205.4)	(202.2)	(192.0)	(3.2)	1.6%	7.0%
EBITDA	45.3	43.3	33.8	2.0	4.5%	33.7%
<i>EBITDA margin</i>	18.1%	17.6%	15.0%			
Depreciation	(7.1)	(7.3)	(6.8)	0.2	(2.9%)	4.9%
EBITA	38.1	35.9	27.0	2.2	6.1%	40.9%
Amortisation	(2.8)	(2.9)	(2.9)	0.1	(2.3%)	(3.6%)
EBIT	35.3	33.1	24.1	2.2	6.7%	46.4%
Net interest expense	(4.1)	(4.1)	(3.4)	0.0	(0.7%)	19.7%
Profit before tax	31.3	29.0	20.7	2.3	7.8%	50.8%
Tax expense	(9.6)	(9.0)	(6.5)	(0.6)	7.0%	49.1%
NPAT	21.6	20.0	14.3	1.6	8.1%	51.6%
NPATA	23.7	22.1	16.4	1.6	7.3%	44.8%
<i>NPATA margin</i>	9.5%	9.0%	7.2%			

- › Revenues 2.1% above Prospectus
- › Expenses 1.6% over Prospectus and includes revenue related costs (0.8%) and additional STIs paid out on earnings over-performance
- › Items below EBITDA in line with Prospectus expectations
- › NPATA \$1.6m (7%) above Prospectus expectation

Gross margin | Increased margin on higher revenues

YE DECEMBER \$ MILLIONS	2014 ACTUAL	2013 ACTUAL	2014 VERSUS 2013 %
Revenue	250.6	225.8	11.0%
Direct costs	(166.3)	(156.4)	6.4%
Gross margin	84.3	69.4	21.5%
Gross margin %	33.6%	30.7%	

- › Strong result in 2014 with gross margin up \$15m from a combination of higher revenues and 3% margin expansion
- › Significant Q4 revenues from XTrackTV at lower margin but offset by high margins from large format digital screens
- › Margin uplift of 3% on pcp due to improved margins on inventory upgrades... in particular digital screens and LUX
- › Metrics on digital conversions to date in-line with Prospectus expectations



Operating cash flow | Strong cash conversion

YE DECEMBER OPERATING CASH FLOWS (\$ MILLIONS)	2014 ACTUAL	2014 PROSPECTUS	2013 ACTUAL	2012 ACTUAL	2014 VERSUS	
					PROSPECTUS \$	2013 \$
EBITDA	45.3	43.3	33.8	27.8	2.0	11.4
Non-cash items	0.8	(0.1)	(1.1)	(0.8)	0.9	1.9
Change in working capital	(1.2)	(1.0)	(3.4)	1.3	(0.2)	2.2
OCF before capex	44.9	42.2	29.3	28.4	2.7	15.6
Capital expenditure	(20.9)	(22.3)	(16.2)	(9.7)	1.4	(4.7)
OCF after capex	24.0	19.9	13.0	18.7	4.1	11.0
<i>Cash conversion ratio</i>	<i>99%</i>	<i>98%</i>	<i>86%</i>	<i>102%</i>		

YE DECEMBER CAPITAL EXPENDITURE (\$ MILLIONS)	2014 ACTUAL	2014 PROSPECTUS	2013 ACTUAL	2012 ACTUAL	2014 VERSUS	
					PROSPECTUS \$	2013 \$
Growth – Large format digital	9.6	9.3	6.2	3.1	0.3	3.4
Growth – Other digital	4.7	4.1	0.3	0.2	0.6	4.4
Growth – Other	3.9	5.7	7.6	3.9	(1.8)	(3.7)
Maintenance	2.7	3.2	2.1	2.5	(0.5)	0.6
Capex per cash flow	20.9	22.3	16.2	9.7	(1.4)	4.7

- › Cash flow \$4m above expectation from a combination of trading and capex timing
- › Working capital higher than Prospectus due to stronger Q4 revenues
- › Cash conversion inline with Prospectus and strong at 99%
- › Solid cash conversion over last 3 years
- › Capex \$1.4m lower than Prospectus due to timing. No impact on expected 2015 revenues

Debt | Net debt lower at year end

\$ MILLIONS	DECEMBER 2014 ACTUAL	JUNE 2014 PRO FORMA
Borrowings		
Senior	80.0	80.0
Working capital	6.0	
Gross debt	86.0	80.0
Cash	(9.9)	(0.6)
Borrowing costs	(0.9)	(0.7)
Net debt	75.3	78.8
Leverage – Net debt vs FY14 pro forma EBITDA	1.7x	1.8x

- › \$86m debt drawn at December 2014 with \$6m working capital facility expected to be largely repaid 1Q2015
- › December 2014 net debt \$75m
- › Leverage of 1.7x below June pro-forma
- › Working capital facility available to fund bank guarantees and transactional facilities. \$30m undrawn at December 2014

Growth strategy | Continued execution of digital roll-out

Industry dynamics remain positive

- › Further fragmentation of other media
- › Increasing Outdoor audiences
- › Product development including digital screens and technology
- › Outdoor market up 10.0% in AU and 7.2% in NZ in 2014

Product innovation to upgrade quality

- › Planned roll-out of 17 new large format digital screens in 2015 to a total of 51
- › Additional XtrackTV opportunities
- › Upgraded Auckland Airport
- › Improved advertiser interaction using technology to connect Outdoor with personal devices

Contract wins

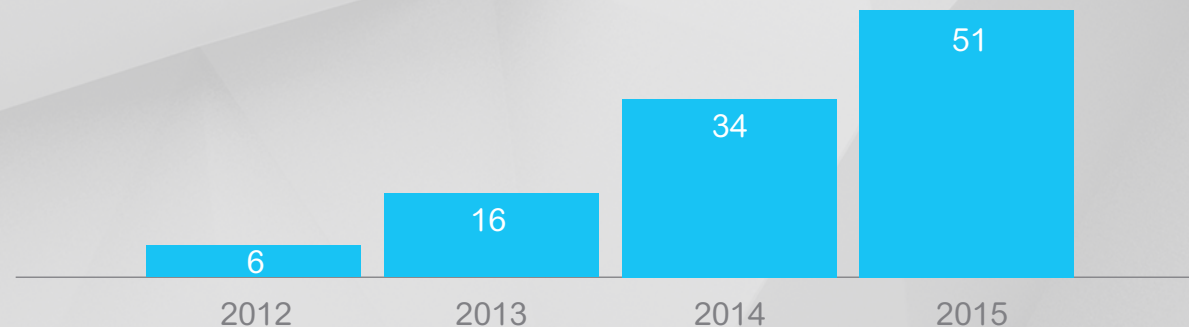
- › Portfolio expansion through strategic contract wins
- › Sydney Airport tender decision expected end of Q1

Acquisitions

- › Opportunities continue to be explored



ROLLOUT OF LARGE FORMAT DIGITAL SCREENS



2015 outlook | Prospectus forecasts reaffirmed

- › Encouraging start to 2015
- › All categories performing well and contributing as expected
- › Digital roll-out on track
- › 2015 Prospectus forecasts reaffirmed





Q&A

The background of the slide is a vibrant, high-quality photograph of water taken from an underwater perspective. The water is a deep, clear blue, and the surface is visible at the top, showing ripples and a layer of fine, shimmering bubbles. Numerous larger, distinct bubbles are scattered throughout the water column, some appearing as bright white highlights against the blue background. The lighting is soft and diffused, creating a serene and clean atmosphere.

Appendix

Reconciliation | Statutory to pro forma results

YE DECEMBER \$ MILLIONS	2014 ACTUAL	2014 PROSPECTUS	2014 VERSUS PROSPECTUS
Statutory EBITDA	24.2	23.0	1.2
Onerous lease	4.5	4.4	0.1
Other one-off adjustments	3.6	3.3	0.3
Strategic realignment	1.3	0.4	0.9
Listed company costs	(0.9)	(0.9)	(0.0)
Offer costs	11.9	12.4	(0.5)
Management Equity Plan	0.8	0.8	(0.0)
Pro forma EBITDA	45.3	43.3	2.0
Statutory NPAT	(12.2)	(13.7)	1.5
Onerous lease	4.5	4.4	0.1
Other one-off adjustments	3.6	3.3	0.3
Strategic realignment	1.3	0.4	0.9
Listed company costs	(0.9)	(0.9)	(0.0)
Offer costs	11.9	12.4	(0.5)
Management Equity Plan	0.8	0.8	(0.0)
Net interest adjustments	26.2	27.1	(0.9)
Tax effect of adjustments	(13.6)	(13.8)	0.2
Pro forma NPAT	21.6	20.0	1.6

- › Statutory EBITDA and NPAT both above Prospectus
- › Strategic realignment includes \$0.7m write-off of static billboard spares
- › Offer costs lower than expected
- › Interest hedge break costs lower than anticipated



Pro-forma expenses

YE DECEMBER \$ MILLIONS	2014 ACTUAL	2014 PROSPECTUS	2013 ACTUAL	2014 VERSUS		
				PROSPECTUS \$	PROSPECTUS %	2013 %
Direct costs	(166.3)	(164.8)	(156.4)	(1.5)	0.9%	6.4%
Overheads	(39.1)	(37.4)	(35.6)	(1.6)	4.4%	9.8%
Total expenses	(205.4)	(202.2)	(192.0)	(3.2)	1.6%	7.0%
Rental of ad space	(108.2)	(108.1)	(104.4)	(0.1)	0.1%	3.7%
Employee expenses	(29.3)	(27.9)	(26.7)	(1.4)	5.1%	9.7%
Sales and marketing	(25.1)	(24.3)	(20.3)	(0.8)	3.5%	23.9%
Other expenses	(42.7)	(41.9)	(40.6)	(0.8)	1.8%	5.2%
Total expenses	(205.4)	(202.2)	(192.0)	(3.2)	1.6%	7.0%

- › Expenses \$3.2m above Prospectus with increase equally split between direct and overhead costs
- › Increased overheads includes additional STIs paid out on earnings over-performance
- › Employee expenses includes sales commissions
- › Costs up \$12m on prior year comprising direct costs +\$10m (40% of revenue increase) and overheads +\$3.5m

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