

11 October 2016

ASX Announcement



NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

oOh! to acquire Executive Channel Network and launch capital raising

oOh!media Limited (**ASX: OML**) announced that it has entered into an agreement to acquire 100% of the share capital of Executive Channel International Pty Ltd (**ECN**) for \$68.5 million through oOh!'s wholly owned subsidiary, Inlink Group Pty Ltd.

oOh! Chief Executive Brendon Cook said the acquisition of ECN is an exciting opportunity for oOh! to expand its digital presence, particularly targeting the premium CBD audience that is highly valuable to advertisers.

"The acquisition will consolidate oOh!'s market leading position in the highly valuable CBD office segment. It is in line with oOh!'s strategy of driving engagement with audiences through a diversified portfolio of digital and classic screens in unmissable locations and will further enhance our digital market leadership. The combination of the businesses will deliver significant cost synergies and value creation opportunities," Mr Cook said.

TRANSACTION SUMMARY

- Acquisition of ECN – for all operations in Australia – for \$68.5 million through oOh!'s wholly owned subsidiary, Inlink Group Pty Ltd (**Acquisition**).
- ECN is a leading digital Out Of Home media operator in CBD office and car park environments.
- The acquisition further consolidates oOh!'s number 1 position in CBD office and expands oOh!'s exposure to the premium CBD audience.
- Acquisition creates combined network of over 3,500 displays reaching premium business audience of over 1.8 million per week.
- Acquisition is expected to be approximately 3% EPS accretive in CY2017 including identified cost synergies¹, but before revenue synergies, one off integration costs and transaction costs.
- Acquisition and associated transaction costs and integration costs will be funded by a combination of debt and equity including:
 - \$60.0 million raised via a fully underwritten institutional placement (**Placement**);
 - up to \$4.5 million of oOh! shares to be issued to such vendors who elect to receive scrip at an issue price of \$4.75²; and
 - approximately \$10.1 million from existing debt facility.
- Placement price of \$4.75 per New Share represents
 - ~2.9% discount to last close of \$4.89 on 10 October 2016; and
 - ~4.5% discount to 5 day VWAP to close of trade on 10 October 2016, of \$4.98.
- A share purchase plan (**SPP**) will be undertaken to allow all eligible shareholders, in Australia and New Zealand, the opportunity to acquire up to \$15,000 of new shares
- Forecast post transaction net debt / CY2016 pro forma EBITDA ratio of ~1.7x³.

¹ Cost synergies are estimated by oOh!'s management. To the extent that the actual results are materially different to underlying assumptions, the quantum of synergies will vary.

² Shares issued to select shareholders will be subject to escrow restrictions until after the release of oOh!'s CY2016 Full Year results in February 2017.

³ Pro forma to include forecast full year ECN EBITDA, excluding any synergies or integration costs.

The ECN group was founded in Australia over 10 years ago. ECN operates a leading network of digital displays in CBD office towers and car park environments across Australia. The company has installations in over 280 different venues delivering real time content and advertising, and is underpinned by strong relationships with more than 110 property owners.

Mr Cook said the acquisition is highly complementary to oOh!'s existing portfolio of products and audiences. The acquisition will further expand oOh!'s inventory, bringing the number of buildings under management between ECN and Inlink to over 630 and more than 3,500 displays across Australia.

"The acquisition further enhances our position as Australia's largest reaching digital sign network and consolidates our number 1 position in the CBD office segment. This offering increases the value we can deliver to advertisers through greater reach and more efficient targeting of audiences.

"Combining ECN with oOh!'s existing product offering represents a valuable opportunity to leverage the strengths of the respective businesses and realise significant cost synergies. This will allow oOh! to build the most effective digital CBD platform to complement our existing diversified portfolio of assets to generate long term sustainable growth for our shareholders," Mr Cook said.

ECN is forecast to contribute over \$8 million of EBITDA to oOh! in CY2017 including approximately \$3.2 million of estimated cost synergies¹ forecast to be realised in CY2017, but before any revenue synergies, one off integration costs and transaction costs. The acquisition is forecast to be approximately 3% EPS accretive in CY2017.

Completion of the acquisition is conditional on certain matters which are considered by oOh! to be largely customary working capital adjustments and conditions precedent for a transaction of this size and nature, including that 100% of ECN shareholders sign up to a sale agreement. Shareholders holding a majority of shares have executed a sale agreement, with the balance expected to sign or alternately be dragged pursuant to the ECN Shareholders Deed. ECN shareholders have pre-emptive rights under the Shareholders Deed and it is a condition precedent to the transaction that no shareholder exercise their pre-emptive rights between signing and completion. All of the conditions precedent are expected to be satisfied by the end of October 2016. Additionally, a component of the consideration is subject to certain conditions customary for a transaction of this nature.

Capital raising

oOh! is undertaking a fully underwritten placement (the **Placement**) to eligible institutional investors, of approximately 12.6 million fully paid ordinary shares (**New Shares**) to raise \$60 million to partially fund the acquisition of ECN.

The Placement price of \$4.75 per share represents a 2.9% discount to the last closing price on 10 October 2016. The Placement bookbuild is expected to be completed today. The Placement is expected to settle on 14 October 2016 and the New Shares issued under the Placement will be allotted on the following business day 17 October 2016. New Shares issued under the Placement will rank equally with oOh!'s existing shares.

No shareholder approval is required for the placement, as the company will utilise a portion of its existing placement capacity under ASX Listing Rule 7.1.

oOh!'s shares will remain in trading halt today while the Placement is conducted. Normal trading in oOh! shares is expected to recommence on 12 October 2016 or such other time as the completion of the Placement is announced to the market.

Share purchase plan

A share purchase plan (**SPP**) will accompany the Placement with eligible oOh! shareholders in Australia and New Zealand offered the opportunity to acquire additional shares in oOh!. The SPP will not be underwritten and participation in the SPP will be optional.

Shareholders on the oOh! share register at 7.00pm on 10 October 2016 (**Record Date**), with a registered address in Australia or New Zealand will be entitled to subscribe for up to \$15,000 worth of oOh! shares through the SPP, subject to the eligibility criteria and other terms and conditions of the SPP which will be set out in the SPP booklet and dispatched to eligible shareholders in due course. Shares issued under the SPP will rank equally with existing shares of oOh!.

Trading commentary

oOh! reconfirms CY2016 guidance provided on 23 August 2016 of EBITDA of between \$68.0 - \$72.0 million. Guidance excludes the impact of the Acquisition that is expected to complete by the end of October 2016.

Investor contact:

Wendy Collins
02 9927 5527
wendy.collins@oohmedia.com.au

Media contact:

Michael Grealy
02 8262 8903
mgrealy@lighthousecomms.com.au

About oOh!media Limited: oOh! is a leading operator in Australia and New Zealand's fast-growing Out Of Home advertising industry. We create deep engagement between people and brands through Unmissable location-based media solutions. Our network is unparalleled, with a diverse portfolio of classic digital signs across roadside, retail, airport and place based media offering in CBD office towers, cafes, fitness venues, bars and universities. We combine this extensive reach with sophisticated data, industry leading insights and world leading digital innovation, integrating our physical inventory with social and mobile online channels to provide clients with greater connections with consumers.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

This announcement does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to persons acting for the account or benefit of persons in the United States. The New Shares have not been, and will not be, registered under the United States Securities Act of 1933 (the "U.S. Securities Act"), or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares may not be offered or sold to persons in the United States or to persons who are acting for the account or benefit of persons in the United States, unless they have been registered under the U.S. Securities Act, or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws.

This presentation contains certain "forward-looking statements" including statements regarding oOh!'s intent, belief or current expectations with respect to oOh!'s business and operations, market conditions, results of operations, financial condition, and risk management practices. The words "likely", "expect", "aim", "should", "could", "may", "anticipate", "predict", "believe", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Forward-looking statements in this announcement include statements regarding the completion and timing of the acquisition of ECN, the timing and outcome of oOh's financing activities, including the capital raising and statements regarding oOh!'s future financial performance and results.

Forward-looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. This announcement contains such statements that are subject to risk factors associated with an investment in oOh!.

Forward-looking statements involve known and unknown risks, uncertainties and assumptions and other important factors that could cause the actual results, performances or achievements of oOh! to be materially different from future results, performances or achievements expressed or implied by such statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this announcement.

Investors should be aware that financial data in this announcement include "non-IFRS financial information" under ASIC Regulatory Guide 230 Disclosing non-IFRS financial information published by ASIC and also "non-GAAP financial measures" within the meaning of Regulation G under the U.S. Securities Exchange Act of 1934.

Non-IFRS/non-GAAP measures in this announcement include earnings before interest, tax, depreciation and amortisation, or EBITDA, and ratios based on EBITDA. oOh! believes this non-IFRS/non-GAAP financial information provides useful information to users in measuring the financial performance and conditions of oOh!, however such measures do not have a standardised meaning prescribed by Australian Accounting Standards and, therefore, may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards. Investors are cautioned, therefore, not to place undue reliance on any non-IFRS/non-GAAP financial information and ratios included in this announcement.

The pro forma financial information included in this announcement is for illustrative purposes and does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the U.S. Securities and Exchange Commission.

Financial data for ECN contained in this announcement has been derived from financial statements and other financial information made available by ECN in connection with the proposed acquisition. Such information is unaudited.