



22 August 2016

APN Outdoor earnings growth continues

APN Outdoor Group Limited (ASX:APO) today reported its financial performance for the half-year ending 30 June 2016.

Financial highlights include:

- Revenue up 10% on last year to \$150.6m
- EBITDA up 31% on last year to \$34.8m
- NPATA up 46% on last year to \$20.5m
- NPAT up 49% on last year to \$19.5m
- Interim dividend of 6.5 cents per share (fully franked) up 44% on last year

Operational highlights include:

- Positive market growth continued, driven by increased audiences and digitisation
- Continued strong earnings growth and margin expansion
- Digital rollout on track to deliver full year target of 20 to 25 Elite Screens
- Asset acquisition of iOM complete, complementing existing Victorian portfolio

Financial Summary

6 months to June	2016	2015	Growth \$	
			\$	%
\$ millions	1H	1H		
Revenue	150.6	136.3	14.3	10%
EBITDA	34.8	26.6	8.2	31%
EBITDA margin	23.1%	19.5%		
EBIT	29.4	21.0	8.4	40%
NPAT	19.5	13.1	6.4	49%
NPATA	20.5	14.0	6.5	46%
EPS – diluted (cents)	12.3	8.4	3.9	46%
Net Debt / LTM EBITDA	0.6x	0.9x		

EPS based on NPATA

1H15 presented on a pro-forma basis

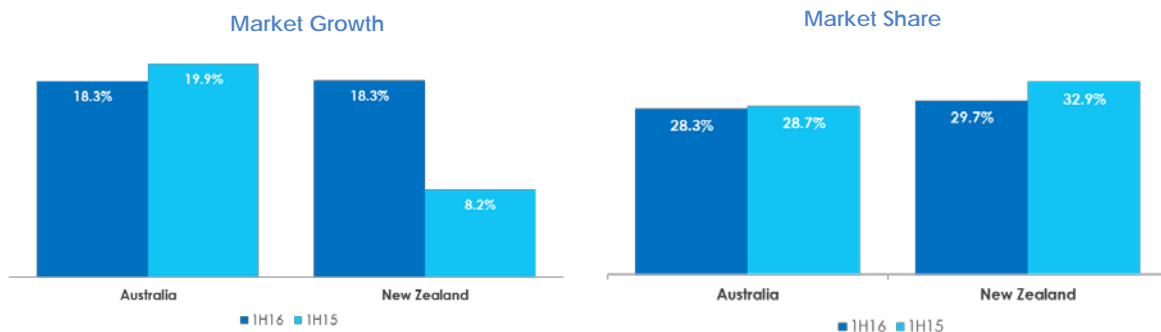
APN Outdoor Group Limited is a publicly listed company on the Australian Stock Exchange. As the most progressive leaders in Outdoor advertising across Australia and New Zealand, APN Outdoor boasts 36,000 high-impact sites in attention-grabbing locations. APN Outdoor is committed to driving the Outdoor industry forward and is constantly investing in research, innovation and cutting-edge digital developments to produce improved results for its advertisers.

For more information, images or interviews please contact: **Janine Wood** General Manager – Marketing janine.wood@apnoutdoor.com.au
Telephone +61 2 8569 3120

Web: www.apnoutdoor.com.au Facebook: facebook.com/APNOutdoor LinkedIn: linkedin.com/company/apn-outdoor Twitter: twitter.com/APNOutdoorAU
YouTube youtube.com/apnoutdoor

The first half of 2016 has seen further strong earnings growth and a continuation of our leadership position in large format digital screens. We remain on track to deliver 20 to 25 new Elite Screens in prime metro locations and have commissioned 16 so far this year across Australia and New Zealand.

Total group revenues were up 10% for the period. This growth is consistent with our previous market guidance of 8% to 11% for 2016. Total group revenues comprise media revenue and ancillary production and installation revenues across Australia and New Zealand. Total group revenue growth is lower than the Australian Outdoor media market due to lower revenue growth in New Zealand and non-media growth related drivers of production and installation revenue.



Source: OMA and OMANZ
Prior year market data has been restated

The Australian Outdoor media market continued to exhibit superior growth and was up 18% on the prior corresponding period. Australian media revenues were broadly in line with market growth. Continued market strength was fuelled by further digitisation by APO and other key Outdoor operators as well as declining audiences in many traditional media.

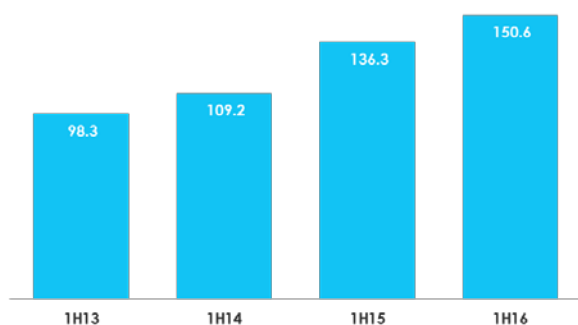
Australian revenues grew 11% during the period. This is lower than the independently reported market growth of 18% which relates only to media revenues. Our production and installation revenues continue to grow, although at a lower rate than media revenues as (i) they are driven by physical volumes and therefore don't benefit from the same strong yields exhibited by our media revenues and (ii) the increased digitisation of our inventory reduces the volumes of static advertising campaigns which attract these revenues.

The New Zealand business lost market share after a 7% share increase in 2015. We have already effected a number of changes in our New Zealand sales structure and appointed an experienced General Manager to the business to improve performance.

Financial Performance

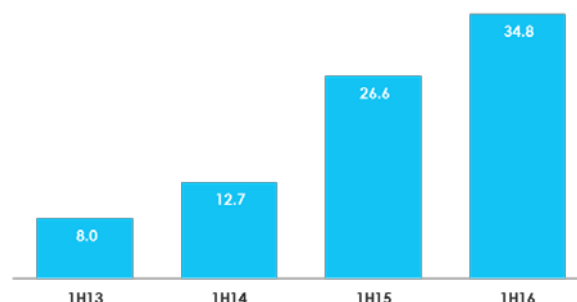
Revenue Growth

- up 10% (\$14.3m) on prior year
- 4 year CAGR 11%



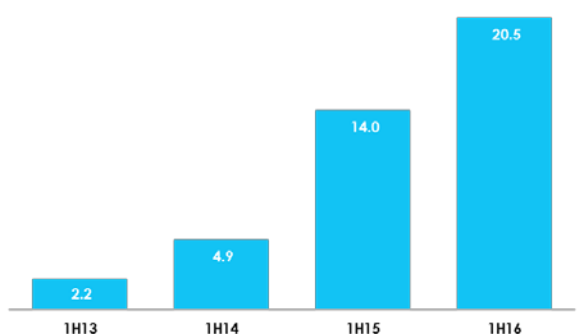
EBITDA Growth

- up 31% (\$8.2m) on prior year
- 4 year CAGR 45%



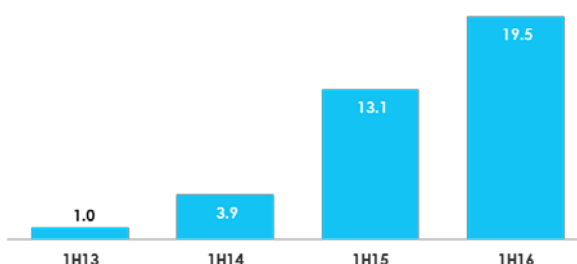
NPATA Growth

- up 46% (\$6.5m) on prior year
- 4 year CAGR 75%



NPAT Growth

- up 49% (\$6.4m) on prior year
- 4 year CAGR 104%



Previous financial years are presented on a pro-forma basis

Capital Management

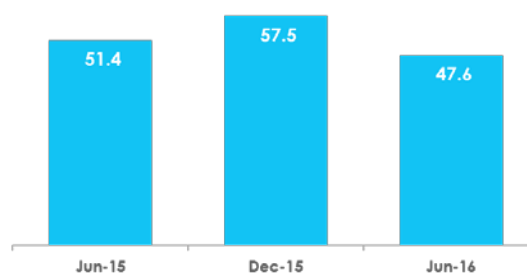
Our business model generates strong cash flows. Operating cash flows for the half year were used to fund investment activities, dividends and debt reduction. Cash conversion for the half was 152%.

During the half year net debt was reduced by a further \$9.9m to \$47.6m. Net debt to EBITDA reduced from 0.8x at December 2015 to 0.6x during the period. At 30 June 2016, we had \$65m of funding available from undrawn banking facilities and cash, of which \$37m has been subsequently committed to fund the acquisitions of MetroSpace and iOM.

An increase of \$20m to our debt facilities was recently approved.

Net Debt (\$m)

excludes unamortised borrowing costs

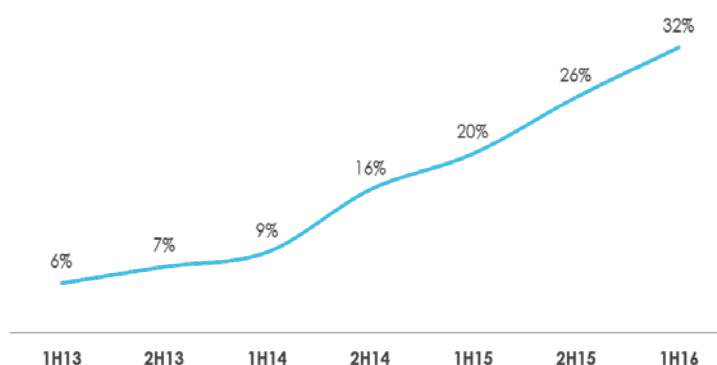


Business Review

Growth in Digital

- Maintained a clear leadership position in large format digital billboards (Elite Screens)
- An additional 16 Elite Screens added so far this year across Australia and New Zealand and on track to deliver 20-25 this year
- 68 Elite Screens active
- Digital revenues generated 32% of all revenues in the first half of 2016

Digital proportion of revenue

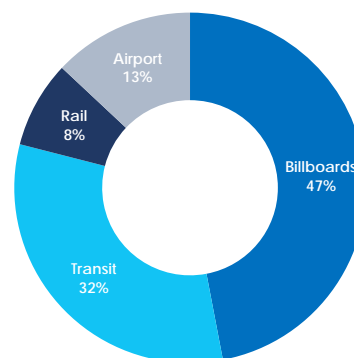


Outdoor Category Leadership

APO operates in four of the primary Outdoor advertising categories being Billboards, Transit, Airport and Rail. Our aim is to achieve and maintain the leadership position in all of these categories.

Revenue by category – 1H 2016

\$ millions	1H16	1H15	Growth \$	Growth %
Billboards	70.3	65.1	5.2	8%
Transit	48.2	47.1	1.1	2%
Rail	12.8	10.1	2.7	27%
Airport	19.3	14.0	5.3	38%
TOTAL	150.6	136.3	14.3	10%



Overall revenue growth is being assisted by our digitisation program. Billboards and Transit remain our largest revenue formats but Rail and Airport represent an increasing proportion of revenues, driven by asset upgrades. Transit revenues were up 2% after 10% growth in 2015 – the Transit category currently does not include any digital revenues.

Outlook

Outdoor advertising momentum continued into the first half of 2016. However, our revenues and earnings are weighted to the second half of the year. We have seen a significant reduction in market activity in recent weeks for the September to November period which has arisen, at least in part, from a combination of an extended national election process closely followed by the Olympics. Assuming this market softening stabilises, and including the impact of the recently completed iOM acquisition, we expect a revenue increase for 2016 in the range of 6% to 8% and full year EBITDA to be in the range of \$79m to \$84m (reflecting EBITDA growth of 7% to 14% on the prior comparative period). This compares to previous EBITDA guidance of \$84m to \$88m.

As previously advised, in response to strong demand from advertisers and agencies we have accelerated our large format digital rollout programme in 2016 and are targeting 20 to 25 new digital Elite Screens. To date we have commissioned 16 new Elite Screens in 2016 with a further 8 approved and at various stages of construction.

For more information

Investors:
Jolanta Masojada
Investor Relations Consultant
Telephone: 0417 261 367

Media:
Janine Wood
GM of Marketing
Telephone: 0413 870 287

Conference call

Richard Herring, Chief Executive Officer and Wayne Castle, Chief Financial Officer, will host a conference call today at 9.30am (Sydney time).

The call will be webcast live at <http://investors.apnoutdoorcorporate.com/Investor-Centre/>

Analysts and investors who wish to participate in the conference call should dial 1800 558 698 and quote conference ID 317431.

About APN Outdoor

APN Outdoor Group Limited is a publicly listed company on the Australian Stock Exchange. As the most progressive leaders in Outdoor advertising across Australia and New Zealand, **APN Outdoor** boasts 36,000 high-impact sites in attention-grabbing locations. **APN Outdoor** is committed to driving the Outdoor industry forward and is constantly investing in research, innovation and cutting-edge digital developments to produce improved results for its advertisers.