



27 April 2016

ASX Announcement

Annual General Meeting – Addresses

In accordance with Listing Rule 3.13, attached are the Chairman's and CEO's addresses which will be delivered at the Annual General Meeting being held in Sydney today, commencing 11:00am (Sydney time).

-Ends

For more information

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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.

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CHAIRMAN'S ADDRESS – DOUG FLYNN

I would like to take this opportunity to make some opening remarks before I hand you over to Richard Herring, our CEO, who will provide a business update, after which we will get to the formal proceedings of this meeting.

This AGM marks the first full year of APN Outdoor as an ASX listed entity and our results have exceeded those outlined in the 2014 Prospectus.

We ended 2015 with significant momentum, delivering a 20% increase in revenue and a 62% increase in EBITDA from the previous corresponding year. Since our IPO the company has delivered a total shareholder return of 162% as at 22 April 2016.

Our results are underpinned by strong market growth in the out-of-home advertising sector but are also due to the execution of the Company's strategy delivered by our dedicated leadership team. In a fragmenting media landscape, out-of-home has continued to deliver growing and reliable audiences to our advertising partners. We continue to innovate in the way we engage with both our consumers and advertising clients. In particular, through the way we work with digital as a cornerstone of the future.

Operational highlights for 2015 include the digital transformation of several sites across prime locations with large format digital screens through our Elite screen product, adding 18 further prestigious locations across Australia.

We have expanded our XtrackTV network into the Brisbane and Adelaide markets. We have also acquired strategic asset portfolios in both Australia and New Zealand. Digital transformation will continue to remain a focus for the business in the coming year and we are well placed to play a leading role in defining the digital future of out-of-home advertising in both Australia and New Zealand. Your Board members have been diligent in establishing an appropriate corporate governance framework, reward and incentive structures and a sound, engaged and open relationship with Management. The Board is very encouraged by the capabilities demonstrated by Management to execute the strategy and by the results they have achieved.

The past twelve months has seen our business build on its leadership during its first year of listing. The management team and Directors are committed to building on the strong financial results and market performance of 2015 as we move through 2016.

I will now invite Richard Herring, our CEO to address the meeting to provide a business update and plans for the coming year.

CEO PRESENTATION – RICHARD HERRING

I am Richard Herring and as CEO of APN Outdoor, it gives me great pleasure to present an overview of the business, some detail around our 2015 performance and 2016 plans.

We are a leading Outdoor advertising business operating in the metropolitan markets of Australia and New Zealand with leading positions in Billboard, Rail, Transit and Airport categories.

Our assets are characterised by premium quality presentation and location. This carries through into our unique position of providing not just the highest number of digital billboards, but more importantly the best locations and using the best available technology.

Prior to going through the 2015 results it is important to understand the growth drivers behind the industry.

The out of home advertising industry is delivering larger audiences than ever before in an environment where audience fragmentation continues to challenge traditional media formats.

Digital outdoor advertising is attracting larger budgets due to the characteristics of immediate and flexible outdoor communication. As scale increases, advertiser's budgets have increased accordingly.

We achieved healthy growth across our entire portfolio during the year.

In the billboard segment, which equates to 48% of our total revenue, we have holdings in prime roadside locations in both countries and have forged a leadership position in each market with the development of a further 18 Elite digital screens in 2015. We now offer advertiser's 55 large format digital billboards, which are delivering highly attractive returns.

Whilst digitisation supported growth in Billboards, Rail and Airports, our Transit revenue grew over 10%, which is representative of strong advertiser support of this unique category. In the Transit category we have over 90% coverage of Australia's capital cities and provide advertising formats on buses and trams.

The business has contracts with most major rail operators in both Australia and New Zealand. The introduction of our XtrackTV product, which provides the benefits of full video and audio transmission, assisted growth in the Rail category during the year with revenue up over 40%.

High profile static sites and digital screens dominate the airport precincts in Sydney, Brisbane, Perth, Canberra, Auckland and Christchurch. The launch of 'The Aviator' at the entrance to Sydney Airport's domestic terminal signalled a new benchmark in size, location and quality. The pleasing performance of the Airport category in 2015 is a result of digitisation, new contracts and improved operational performance.

Digital revenues represented 23% of total revenues in 2015 and 26% of revenues in the second half of 2015.

Turning to our financial highlights, revenues for 2015 were up 20% on the previous year and this increase has led to a 62% increase in EBITDA and a 91% increase in NPAT. This result demonstrates the scalability of the business.

2015 earnings benefited from an increase in operating margins with full year gross margins of 38% which was 4.6 percentage points above the previous year. Margin expansion was driven by digital upgrades as well as strong demand for our static products.

Outdoor markets remained strong in 2015 with market revenues in Australia growing by over 17% and New Zealand by 12%.

APN Outdoor achieved share growth in both markets during the year with Australian market share up 0.9 percentage points and 7.2 percentage points in New Zealand. Our NZ share result was assisted by a full year of the Auckland Airport contract as well as the acquisition of Roadside Attractions assets in the latter part of the year.

All 2015 strategic objectives were achieved.

The Elite screen roll out program has been met with strong demand from advertisers and lead the market in terms of quality and location.

XtrackTV was extended into the Brisbane and Adelaide markets. The XTrackTV audience is very attractive to advertisers due to not only its unique demographic and socioeconomic profile but also the captive environment in which they can deliver their message.

Following around 20 NFC activations in 2015, we are now piloting a consumer interface using digital screens, Wi-Fi and App technology on Sydney buses. This is an exciting first for our business.

We're proud to say the strong performance of our sales team was recognised with the award of Media I's National Sales team of the Year.

Several asset acquisitions were also completed this year and have increased capacity and reach for our advertisers. Each has been integrated into our business seamlessly and are already providing positive financial contributions.

The industry growth dynamics are positive and sustainable. Our strategic plan is well defined, and presents multiple opportunities to leverage the growth across the industry and our audiences.

Digital screens are broadening our engagement with advertisers and creating opportunities to target new revenue streams. Given strong advertiser demand, we are accelerating our rollout plans and are targeting over 20 additional elite screens in 2016.

Winning and retaining contracts is one of our core competencies and is an area that we have a demonstrated strong track record. The Sydney Airport contract was retained and expanded and the WA Buses contract was renewed. We maintain a disciplined approach to all contract negotiations and have consistently delivered attractive returns for all stakeholders.

We have no major renewals on the horizon this year, but will assess opportunities for new contracts as they become available.

We have seen a solid start to 2016 on the back of good market growth.

An additional 16 Elite screens have been approved for development, of which 4 have already been built.

We have reached agreement to expand XtrackTV into the Perth market, completing our National Network.

We reaffirm our 2016 full year guidance provided as part of our results announcement in February where we indicated revenue growth of between 8% to 11% and resultant EBITDA in the range of \$84 million to \$88 million.

On behalf of the Management Team at APN Outdoor, I thank you for your support and look forward to updating you on the growth of our business in the coming year.

I will now hand back to Doug to conduct the formal proceedings of the meeting.