

oOh!media Limited
ABN 69 602 195 380

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ASX Announcement



oOh!media delivers double digit revenue and earnings growth – reaffirms guidance

oOh!media Limited (ASX:OML)(**oOh!**) today announced double-digit gains in revenue (+18.0%) and underlying EBITDA¹ (+27.0%), further margin expansion, and a 4.5c interim dividend (+12.5%) for the half year ended 30 June 2017 (**HY17**).

For the first time, more than half of group revenue is derived from digital assets. During HY17, oOh! introduced a further 40 large format, premium-located digital screens across all products, taking the total of such screens to 230, and more than 1,800 retail small format screens.

oOh! continues to invest in its end-to-end digital strategy and its digital revenue penetration leads the market. As well as further digitisation of assets, initiatives during the period included investing in proprietary trading systems to harness its exclusive Quantum insights, which were recently launched to major advertisers in a successful pilot. These investments are necessary to ensure continued revenue and earnings growth.

The three acquisitions made during the second half of 2016² were successfully integrated during HY17, and contributed almost half of group revenue and operating cost growth.

Financial highlights included:

- Revenue of \$173.0m (HY16: \$146.6m), up 18.0%
- A diversified portfolio delivering growth across all divisions except Fly
- Gross profit of \$75.3m (HY16: \$60.1m), up 25.1%
- Gross profit margin expansion to 43.5% (HY16: 41.0%)
- Underlying EBITDA¹ of \$34.0m (HY16: \$26.8m), up 27.0%
- Underlying EBITDA¹ margin expansion to 19.7% (HY16: 18.3%)
- Underlying adjusted earnings per share¹ of 5.3 cents per share (HY16: 4.0 cps), up 31.0%
- Net profit after tax of \$7.1m (HY16: \$6.0m), up 18.3%
- Interim fully franked dividend of 4.5 cents per share (HY16: 4.0 cps), up 12.5%

Operational highlights included:

- Digital revenue as a percentage of total revenue increased to 52.1% (HY16: 44.5%)
- 40 new large format digital screens in premium locations across Road (17) and Retail (23)
- Leading Out Of Home industry position maintained with 8,000 digital panels across Australia and New Zealand (including 230 large format), 13,000 classic panels and 8 online platforms
- Digital investments leading to an increase in campaigns that combined Out Of Home advertising with native content running across mobile, online and social platforms
- Pilot program utilising unique Quantum insights successfully launched
- Cactus Imaging provided improved production and supply chain efficiencies and strengthened the core classic signs business
- Executive Channel Network (ECN) and Junkee Media expanded the Company's audiences across CBD environments and Millennials
- Junkee Media provided oOh! video production and content creation capabilities, which will increasingly be strategically important to advertisers and property owners

¹ Underlying EBITDA and earnings per share excludes \$2.1m of non-operating items that mainly consist of costs attached to the proposed merger with APN Outdoor

² Executive Channel Network, Junkee Media and Cactus Imaging were acquired in the second half of 2016

According to the Standard Media Index Trends report for June, the Out Of Home sector recorded stronger growth during the half than any other segment of the advertising industry. Out Of Home revenue grew 8.5% for the half compared to a 1.6% decline for the overall media industry.

oOh!media's CEO, Brendon Cook, said: "oOh!'s strong performance reflects both the sector's strength and further market share gains by oOh! in its key product categories. We offer advertisers a portfolio of products whose complementarity and diversity enables us to deliver strong group revenue and profit growth."

Divisional highlights included:

- Road and Retail delivered strong double-digit growth
- Fly grew its customer base but was unable to completely offset reduced spending by some major advertisers
- Locate delivered double-digit growth, despite the revenue growth from ECN (acquired in November 2016) being slower than anticipated. Revenue in Q3 is strengthening as all sales, product plans and new structures are in place
- New Zealand grew revenue by 41% on a like-for-like basis, after adjusting for Westfield in-housing its media footprint³
- Junkee Media is one of Australia's fastest growing and most innovative Millennial-focused new media companies whose online publications and native content platforms attract more than 1.6m Australian unique visitors a month, an increase in the audience by 42% in the first half.

"We are executing our end-to-end digital strategy, investing to maintain our market leadership position, and continuing to deliver innovative and effective solutions for advertisers. We will also continue to explore opportunities to further strengthen and develop our new media strategy and enhance shareholder value through organic growth and acquisitions," Mr Cook said.

Financial Position, Outlook & Dividend

oOh! remains well positioned to capitalise on growth opportunities, with net debt / underlying EBITDA at 1.7x and well within the financial covenants of its debt facility agreements, providing headroom to continue investing for further growth. Higher EBITDA and improved working capital management resulted in net cash flow from operating activities increasing from \$3.5m to \$11.5m.

Full year 2017 guidance reaffirmed with EBITDA of \$88-\$92m and capex spend of \$35-40m.

The Board has declared a fully franked interim dividend of 4.5 cents per share (cps), which is 0.5c (12.5%) up on the prior year. The interim dividend will be paid on 4 September 2017.

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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 static and 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.

³ The New Zealand Out of Home market grew 29% in the first half according to the OMANZ.