



oOh!media Limited
ABN 69 602 195 380

4 June 2020

ASX Release

Annual General Meeting – Addresses by the Chair and CEO

oOh!media Limited (ASX: OML) (oOh!) attaches a copy of the addresses to be given by the Chair and CEO at oOh!'s Annual General Meeting being held virtually today.

This announcement has been authorised for release to the ASX by the Company Secretary.

Investor Relations contact:

Martin Cole
0403 332 977
investors@oohmedia.com.au

Media contact:

Peter Laidlaw
0419 210 306
peter@lighthousecomms.com.au

About oOh!media

oOh!media is a leading media company across Australia and New Zealand that creates deep engagement between people and brands through Unmissable Out of Home advertising solutions. Our connected offline and online ecosystem makes brands Unmissable across our diverse network of over 30,000+ locations across Australia and New Zealand helping brands connect with their audiences through powerful and integrated, cross format campaigns. Our unparalleled reach combined with industry best data, insights, media planning tools and technological innovation gives advertisers an added layer of campaign intelligence. oOh! delivers the reach, optimisation, engagement and impact to connect and influence audiences anytime and anywhere.



Chair's Address – Tony Faure

Given the circumstances surrounding today's address I propose to discuss the situation now rather than our FY19 financial results – the details of which are readily available on our investor website.

So I will concentrate on current events, including our response to the COVID-19 pandemic, capital management initiatives we have taken to strengthen our balance sheet through this period and changes we are making to our Board.

Response to COVID-19

Like many businesses, oOh! has been impacted by the COVID-19 pandemic. While this has clearly had a major impact on advertising spend, and on Out Of Home in particular, it has also changed the way we work and impacted our organisation overall.

Our absolute priority is for the ongoing health and safety of our people. oOh!'s office-based teams continue to work from home, and we have initiated specific hygiene and enhanced protective measures for those staff who are required to work in external environments. We are also ensuring that appropriate mental health support is available where needed.

The impact of COVID-19 on our revenue means we have had to adjust our cost base rapidly.

We have reduced discretionary spend, negotiated fixed rent expense savings with property partners and reduced our planned capital expenditure to manage our cashflow in this uncertain environment.

Brendon will provide an update on these initiatives in his CEO address.

We have also reduced costs by asking all staff – including the executive team and board – to agree to work a 4 day week – effectively a 20% reduction in salary for a period of three months. This has been overwhelmingly agreed to. We are grateful to our people for this.

Capital Management

Given the significant uncertainty caused by COVID-19, the Board's focus is to ensure the Company is equipped to manage through the short term volatility whilst remaining in a strong competitive position for the medium term.

On 26 March, we took the prudent decision to strengthen the Company's balance sheet with a \$167 million equity raising.

Our priority in undertaking this was to protect the rights of existing shareholders to the fullest extent possible. The raising comprised an institutional and retail entitlement offer to raise \$128 million, together with an institutional placement to raise \$39 million.

I would like to thank shareholders for participating in the raising and for your continued support of the company.

Board Changes

Another focus over the past year has been Board renewal: ensuring the Board continues to appoint directors with the requisite skills and experience to assist management in continuing to drive the company's strategy.



With the retirements of Geoff Wild and Debbie Goodin, we welcomed three new appointments during 2019.

Tim Miles joined in May 2019. He has significant experience, both internationally and in New Zealand, specifically in technology and digital development which is very helpful in the context of our digital strategy. Tim has been appointed Chair of the Technology Committee.

Philippa Kelly was appointed in September 2019. Philippa has wide-ranging property management and finance experience in listed ASX companies and helps the board focus on our commercial partners.

David Wiadrowski joined in November 2019. David has extensive audit, risk and finance experience in ASX listed companies and has been appointed Chair of the Audit, Risk and Compliance Committee.

More recently, Mick Hellman joined in April. Mick is the founder and Managing Partner of HMI Capital which is the largest shareholder in oOh!. HMI have been a long-time supporter of the Company having first entered our share register in March 2017. Mick brings extensive experience as an investor in global out of home companies and in finance and M&A.

Tim, Philippa, David and Mick are all standing for election at today's AGM, and subject to shareholders' support, we look forward to their continued contribution to the Board.

I would like to acknowledge Darren Smorgon.

Darren was appointed a director of oOh! in October 2014 and has made a huge contribution over that time.

Given our constitution only allows for seven directors, Darren agreed to temporarily resign from the Board in April and assume the position as Board Observer to enable Mick Hellman to join.

We are asking shareholders today to approve a resolution to increase the number of Directors on our Board from seven to nine. Should this resolution be passed, we are also asking shareholders to approve the reappointment of Darren to the Board. Subject to your support of that resolution, we look forward to welcoming Darren back to the Board where he will continue to make an important contribution.

Update on CEO succession

Many of you will recall that in January 2020, Brendon Cook indicated his intention to step down as Managing Director & CEO and from the Board during 2020.

Brendon founded oOh! in 1989 and he has been an innovator and passionate industry leader for the past 30 years.

With the unprecedented uncertainty caused by COVID-19, the Board determined that in the interests of stability through such a challenging period, it would be best for Brendon to remain as CEO at least until the end of this year and we announced this at the time of the equity raising.

We are grateful that Brendon has agreed to this, and he continues to be as energised and passionate about the business as he has consistently over the past 30 years.

Thankfully, Brendon has also agreed to remain in a non-executive consulting role once a new CEO appointment has been made, which means oOh! will continue to benefit from his unparalleled knowledge and insights of the industry.

On behalf of the company, I want to personally thank Brendon for his enormous commitment and dedication to building and leading our business over the past 30 years.



We are continuing the search for a successor to Brendon and we will update shareholders once that process has been completed.

In closing, I'd like to thank all our shareholders for your continued support.

While it continues to be a challenging time for the media sector, over the medium and longer term we remain confident that Out of Home will continue to benefit from structural growth. As the market leader, oOh! has the assets, network and scale to capitalise on that growth to maximise returns for shareholders over the medium to longer term.



CEO's Address – Brendon Cook

Ladies and Gentlemen,

As Tony said, given our FY19 results were released some four months ago and the world has changed significantly since then, I will focus my comments today on our response to the current market conditions and ensuring our business emerges from this pandemic in a strong and competitive position.

Market conditions

Let me start with some commentary on the overall market.

For the first quarter of 2020, our revenue was steady with the prior corresponding quarter in 2019 (which had increased 6% on Q1 FY18). However, as the COVID-19 restrictions started to be implemented from the middle of March, we started to see a significant decline in revenue.

As you would expect, Out Of Home has been impacted more proportionately than other forms of media, given the audience decline as a direct result of the movement restrictions in relation to COVID-19.

This has been particularly pronounced in specific areas such as airports. As a result, our Fly and Rail segments have been impacted significantly.

Combined with a slowdown in advertising generally, this has resulted in a challenging Q2 for the business.

Of our original bookings in April/May that advertisers will no longer run campaigns in Q2, around 85% have been deferred to the second half of the year.

We are starting to see a significant uplift in client briefing activity for late Q2/Q3 as advertisers begin looking for opportunities as movement restrictions are eased further.

Indeed, we already seeing increases in road and retail foot traffic in metropolitan and regional areas.

Our inventories have a strong suburban skew which provides more advertiser options as they return to spending. With our Quantum data, this allows us to see the buying location behaviour and schedule campaigns to where the audience is.

Our response

We have implemented a company-wide response to COVID-19 and as Tony just said, our number one priority remains on the health and safety of our people at oOh!.

I want to pay particular tribute to our people – all of whom have stood up to meet this challenge head on.

We have had to make some difficult decisions, including asking our people to volunteer to work a 4-day week for a 3 month period.

The vast majority of our staff, including all Board and management, have agreed to this measure, excluding those we need for essential safety and operational services.



We have reduced discretionary spend across the business with a focus to try and preserve jobs for our people for the longer term.

The JobKeeper measure is also assisting us in that regard.

We have identified three specific areas where we have implemented specific measures to reduce our costs and preserve cash during this pandemic.

- **Operating expenditure savings.** At the equity raising in March, we outlined a target of \$10-15 million in cost savings from reductions in travel, entertainment, marketing and other items. We remain on track to deliver at the higher end of this target range, with JobKeeper adding a further ~\$7 million per quarter for the period that the business qualifies.
- **Fixed Rent Expense savings.** We have rent abatements built into some of our leases. We continue to have constructive discussions with our commercial partners, with significant progress being made with several key landlords. As outlined previously, we have agreed over \$20 million of fixed rent savings at this point. We have not let go of any material sites to date.
- **Capital Expenditure savings.** At the time of the capital raising we outlined targeted capex reductions in the range of \$25-\$35 million and we remain on track to achieve the higher end of this reduction.

We continue to be prudent on all cost and planning related to economic conditions created by COVID-19. When the market recovers, some of these cost control measures may be reversed to ensure the business is best positioned to capitalise on both near and long-term revenue opportunities which I will discuss later.

Outlook

While Q2 has been challenging, we have seen the strategy areas of agencies planning for increased activity as COVID-19 restrictions are eased further into Q3 and Q4.

As COVID-19 restrictions ease, we expect to get further clarity in June/July regarding client planning for campaign activity for the second half of the year.

We are seeing an upward trend in audiences in line with restriction easing and therefore we are confident we will be able to compete strongly as audiences return to Out Of Home environments in the successful manner we have over the last 6 years for a larger share of the total media pie.

Longer term, we remain convinced of the ability for Out Of Home to grow its share of overall media spend.

Out Of Home audience has consistently outpaced the growth in total population base over the last ten years. This increase in audience has been further enhanced by structural growth through changing consumer behaviour brought about from the impact of technology.

Digitisation has significantly and adversely impacted traditional media through the fragmentation of audiences and provided competition to delivering advertising media.

However, digitisation has significantly benefitted Out Of Home through the digitisation of billboard and other site locations and provided significantly enhanced audience analytics which were not previously available to Out Of Home in a cost effective manner. This has delivered a national platform which advertisers can use to rapidly reach their audiences in a targeted manner and using contextually relevant creative content – all of which was not feasible pre digitisation.



Out Of Home's market share has grown from around 5.5% of media spend in 2014 to around 7% at the end of 2019. The large sophisticated global media agencies have an even higher allocation to Out Of Home – at around 14% per the Standard Media Index 2019 report.

While most people who follow the industry acknowledge that Covid-19 will certainly impact audiences in 2020, the view is very much that the structural drivers delivering this audience growth will continue unabated once movement restrictions ease.

Our strategy to redefine Out Of Home across Australia/New Zealand remains consistent. It's a strategy focused on providing advertisers with the broadest and most audience-targeted Out Of Home network.

We achieve this through being the market leader in data and insights in Out Of Home, and through the strength of our relationships with key agencies and clients and property partners.

Of course, all of this is built on the incredibly strong culture we have at oOh!

Conclusion

Ladies and Gentlemen, I expect this to be my final AGM as CEO of oOh!

As you may know, I announced my intention in February to step down as CEO during the year.

Given the uncertainty caused by COVID-19, I will remain in the role until at least the end of 2020 and until a new CEO is appointed.

But I won't be leaving oOh! completely. I will continue to act in a non-executive consulting role provide ongoing strategic advice to the business.

It has been my privilege to lead this great company.

I have worked with a great team of people over the past 30 years. And I am looking forward to continuing to be part of oOh! to ensure the business is well set up for the next stage of our growth.

I want to thank everyone at oOh!, the Board and management for their dedication and contribution to the business, particularly over the past few months which have been incredibly challenging for everyone.

I also want to thank shareholders for your support of the business and trust everyone remains safe and well during this time.