

Out of Home Media – Where Are We Headed and M&A Review

Mark Boidman

Managing Director, PJ Solomon

mboidman@pjsc.com

 *@Mboidman*



Disclaimer

This document is a marketing presentation. It has been prepared by personnel of Peter J. Solomon Company or its or affiliates (collectively “PJSC”) and not by Natixis’ research department. It is not investment research or a research recommendation and is not intended to constitute a sufficient basis upon which to make an investment decision. This material is provided for information purposes, is intended for your use only and does not constitute an invitation or offer to subscribe for or purchase any of the products or services mentioned. Any pricing information provided is indicative only and does not represent a level at which an actual trade could be executed. [Natixis may trade as principal or have proprietary positions in securities or other financial instruments that are the subject of this material. It is intended only to provide observations and views of the said personnel, which may be different from, or inconsistent with, the observations and views of Natixis analysts or other Natixis sales and/or trading personnel, or the proprietary positions of Natixis.] Observations and views of the writer may change at any time without notice.

This presentation may contain forward-looking statements and comments relating to the objectives and strategy of PJSC. Any such projections inherently depend on assumptions, project considerations, objectives and expectations linked to future events, transactions, products and services as well as on suppositions regarding future performance and synergies.

Certain information in this presentation relating to parties other than PJSC or taken from external sources has not been subject to independent verification, and PJSC makes no warranty as to the accuracy, fairness or completeness of the information or opinions in this presentation. Neither PJSC nor its representatives shall be liable for any errors or omissions or for any harm resulting from the use of this presentation, the content of this presentation, or any document or information referred to in this presentation.

Nothing in this presentation constitutes investment, legal, accounting or tax advice, or a representation that any investment or strategy is suitable or appropriate to your individual circumstances. Each individual or entity who receives this document or participates in any future transaction shall be responsible for obtaining all such advice as it thinks appropriate on such matters and shall be responsible for making its own independent investigation and appraisal of the risks, benefits and suitability of the transactions as to itself. Any discussions of past performance should not be taken as an indication of future results, and no representation, expressed or implied, is made regarding future results. No person shall have any liability whatsoever (in negligence or otherwise) for any loss arising from any use of this document or its contents or otherwise arising in connection with this document or any other written or oral communications transmitted to the recipient in relation hereto.

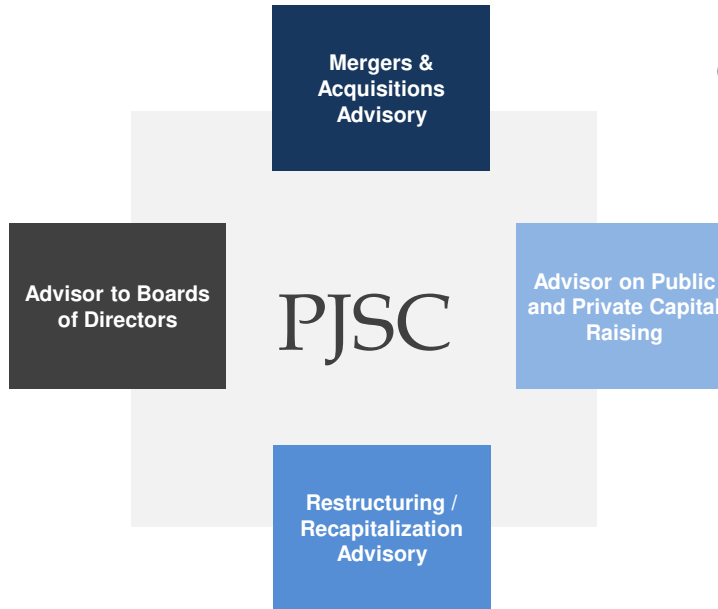
PJSC and/or its affiliates, officers, directors and employees, including persons involved in the preparation or issuance of this material, may, from time to time, have long or short positions in, and buy or sell, the securities or derivatives mentioned in this material.

The information contained herein may be based in part on hypothetical assumptions and for certain models, past performance. These assumptions have certain inherent limitations, and will be affected by any changes in the structure or assets for this transaction. This material is confidential and any redistribution is prohibited. PJSC is not responsible for any unauthorized redistribution.

PJ Solomon Providing Advice to Clients for ~30 Years

We are an independently-run affiliate of Natixis, part of Groupe BPCE, a top European bank

We are known as an investment bank that can tackle the most complex transactions, yet provide the most creative, value enhancing customized solutions



Our chairman Peter J. Solomon founded one of the first independent investment banks on the concept that financial advice should be free of conflicts

We live and breathe the sectors we advise on – we believe nobody knows the industries we cover better than we do

Assignments in OOH and Retail Tech have included*:



*Assignments of PJS and / or Mark Boidman.

Global M&A and Financing Platform

In June 2016, Natixis, a leading European bank, made a majority investment in PJ Solomon to expand its global investment banking platform

PETER J SOLOMON COMPANY



**M&A
Expertise**

**Capital Markets
Expertise**

Global Platform

Americas

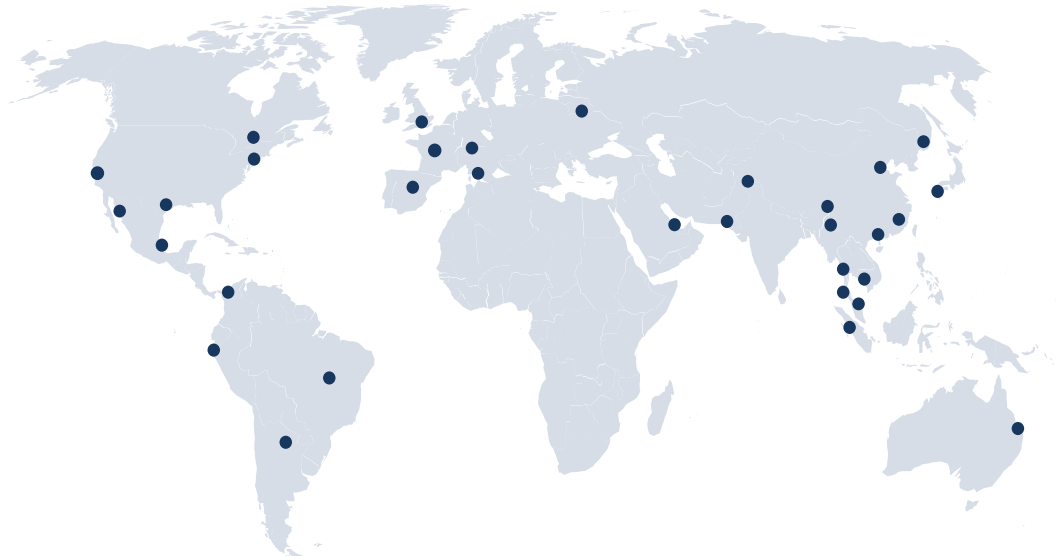
- 2,600 Employees across the platform

EMEA

- 13,200 Employees across the platform

Asia Pacific

- 500 Employees across the platform



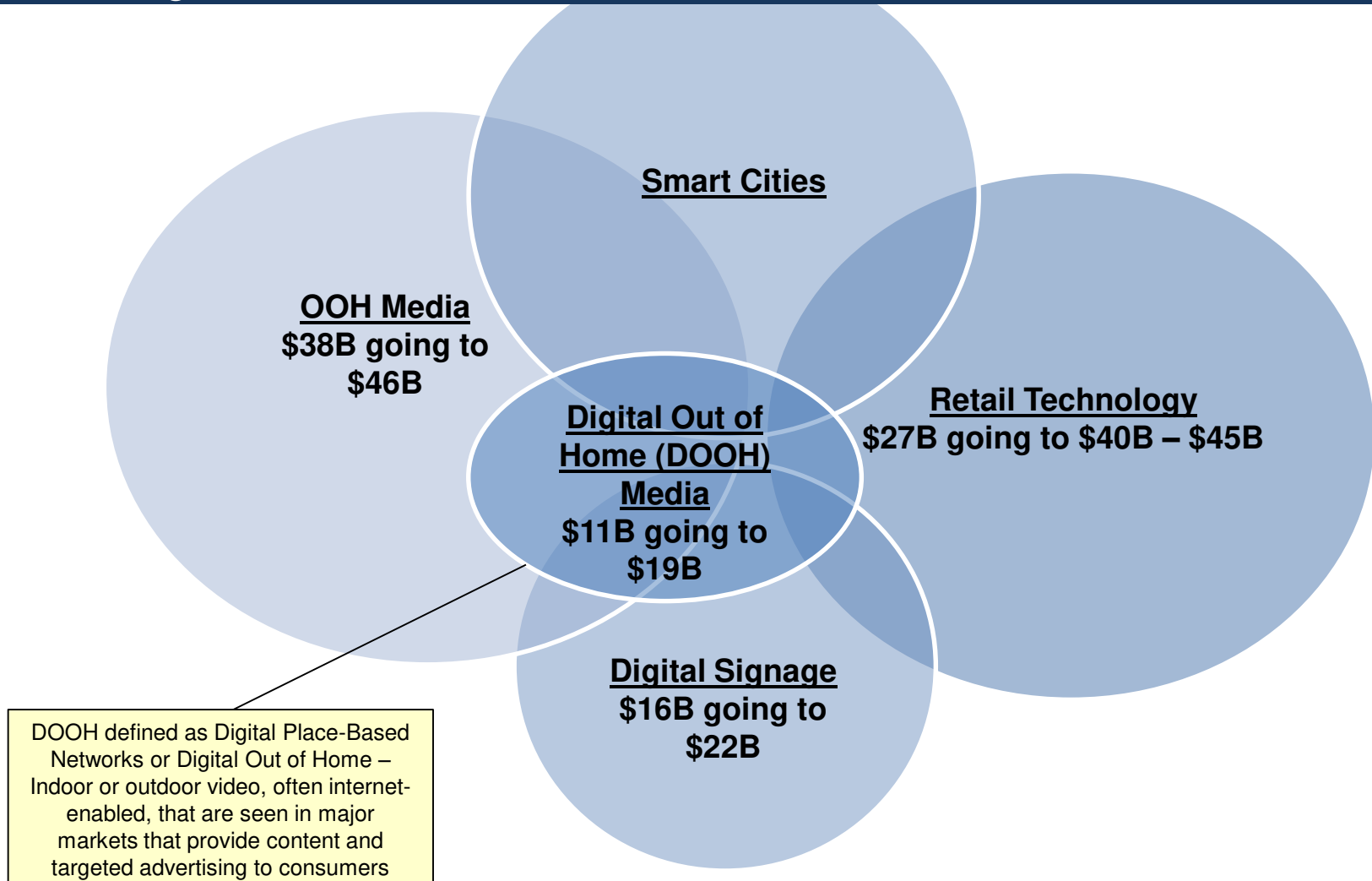
Out of Home (OOH) Continues to Blur With Retail Tech

- **Outlook for OOH is positive and Retail Tech / Smart Cities is new opportunity**
 - Actual pace of growth driven by economy, continued digitization with mobile and developments making OOH easier to buy
- Recent growth was largely driven by **digitization** of advertising platforms
- 2018 will see continued rollout of new location-based measurement tools, providing buyers with data on **audience reach** and **attribution**
- Common perception that OOH platform is difficult to buy, an issue that will be mitigated with **programmatic buying**
- Trouble: more sophisticated property owners / municipalities aware of values to be extracted from OOH operators



Defining the OOH Media and Retail Tech Industries 2015 – 2019

Global Intelligent Visual Communications



Source: PJS estimates. Amounts in USD.

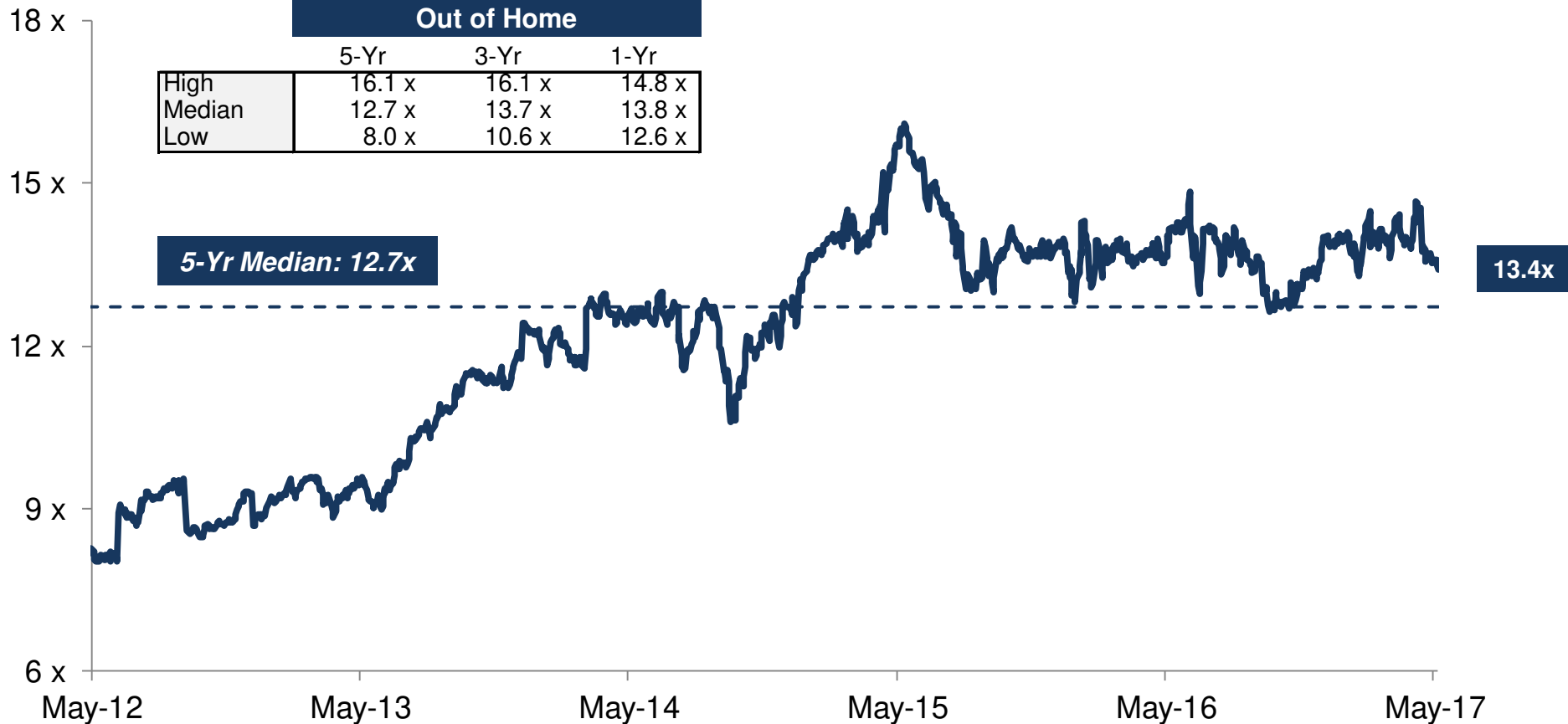
EV / LTM EBITDA Multiples Over Time

Out of Home median of 12.7x EV / LTM EBITDA

- Median forward multiple of ~11.0x – 11.25x over last 5 years

Median 5-Year EV / LTM EBITDA Multiple

Out of Home			
	5-Yr	3-Yr	1-Yr
High	16.1 x	16.1 x	14.8 x
Median	12.7 x	13.7 x	13.8 x
Low	8.0 x	10.6 x	12.6 x

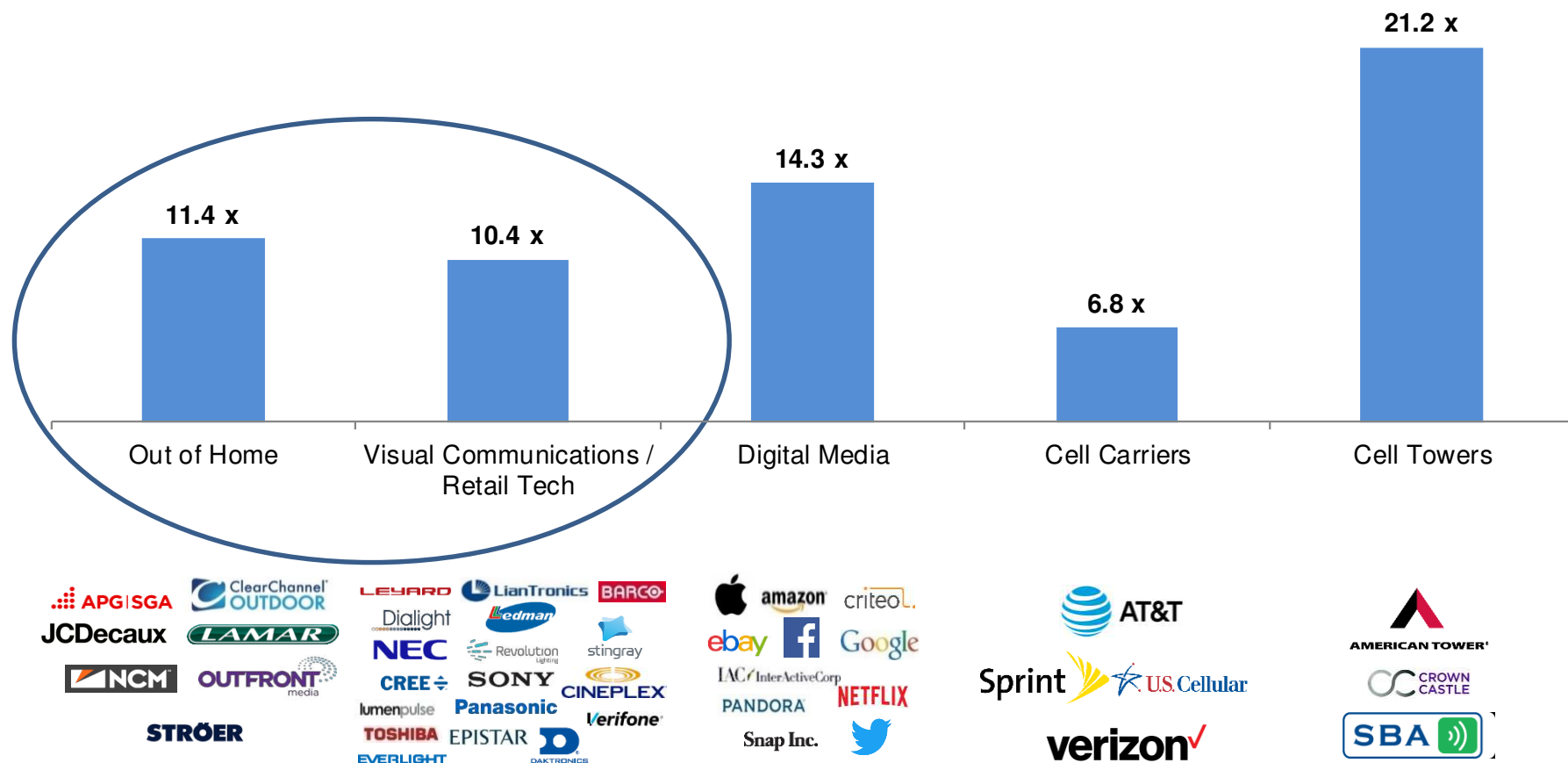


Source: Capital IQ as of May 26, 2017.

Note: Line represents median of OOH companies, which includes APG / SGA, Clear Channel Outdoor, JCDecaux, Lamar Advertising, National CineMedia, OUTFRONT Media (data available since March 28, 2014) and Ströer.

Comparable Companies Universe – 2017 Forward Multiples

■ EV / 2017E EBITDA Median



2017E Median
EBITDA YoY
Growth:

7%

41%

54%

4%

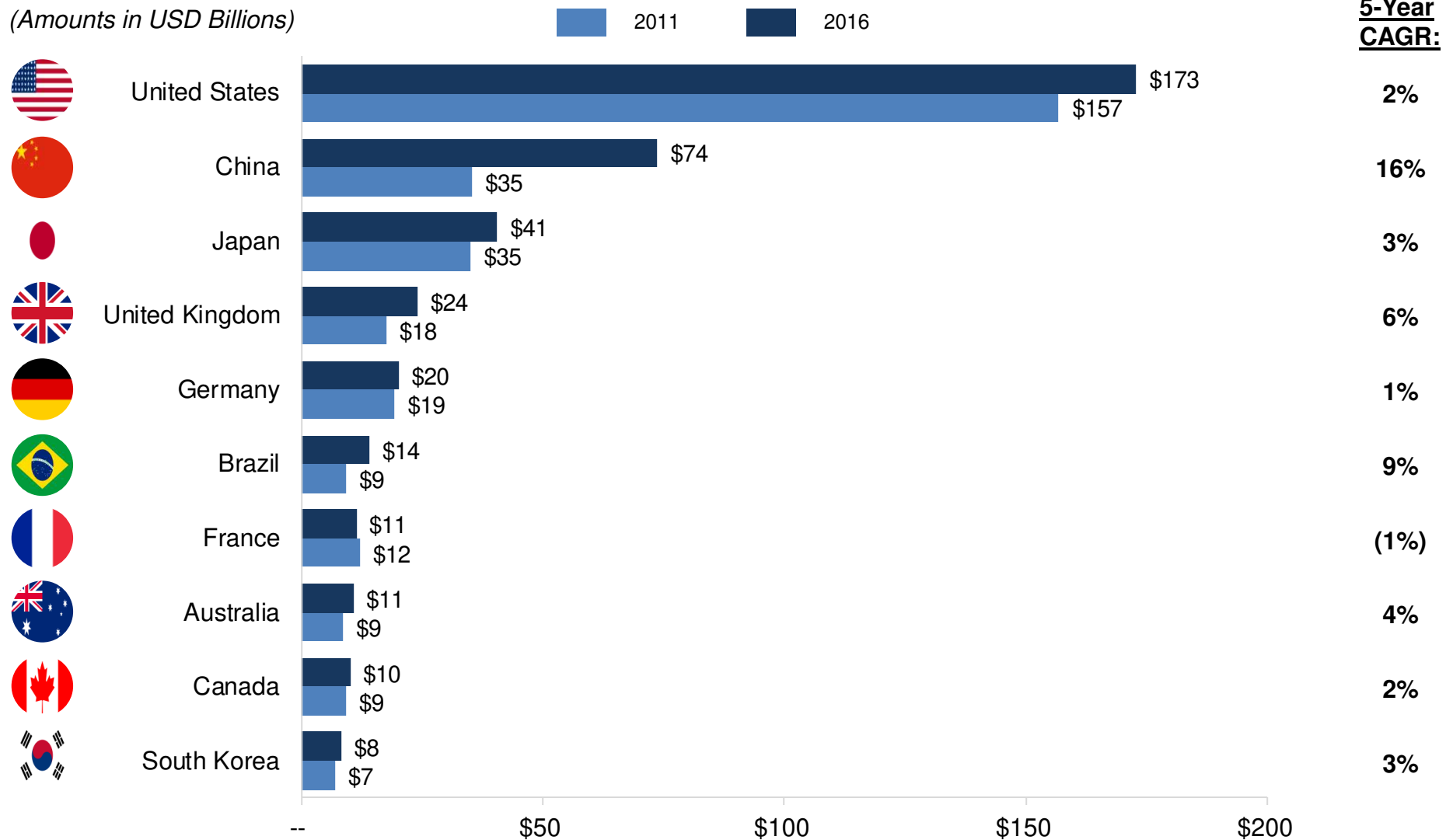
15%

Source: Capital IQ as of May 24, 2017.

Advertising Market Overview

Total Expenditure

(Amounts in USD Billions)

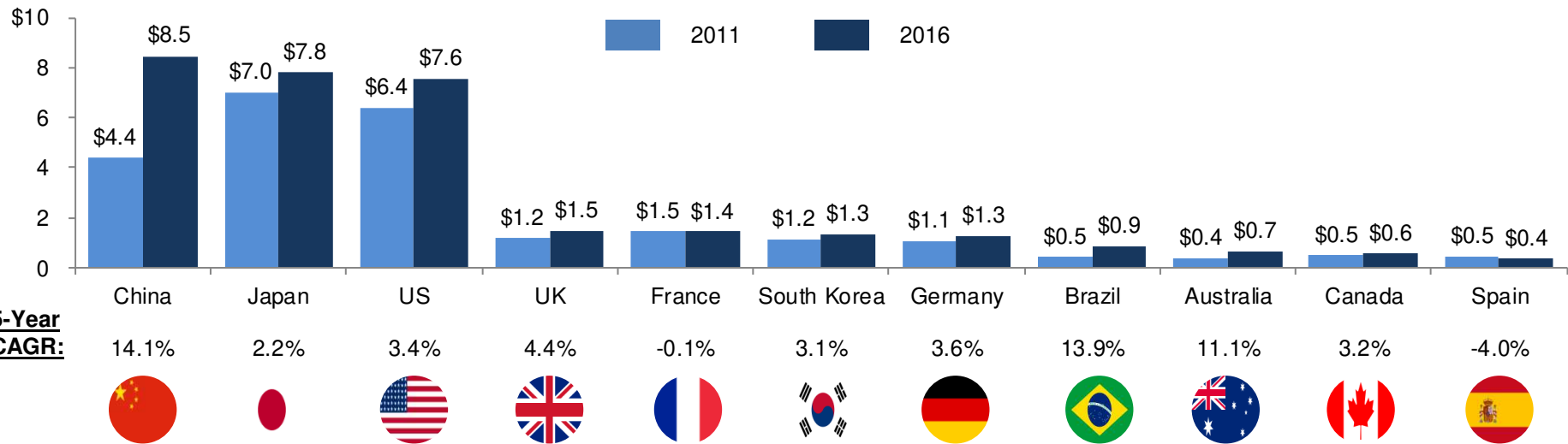


Source: PJS Wall Street research.

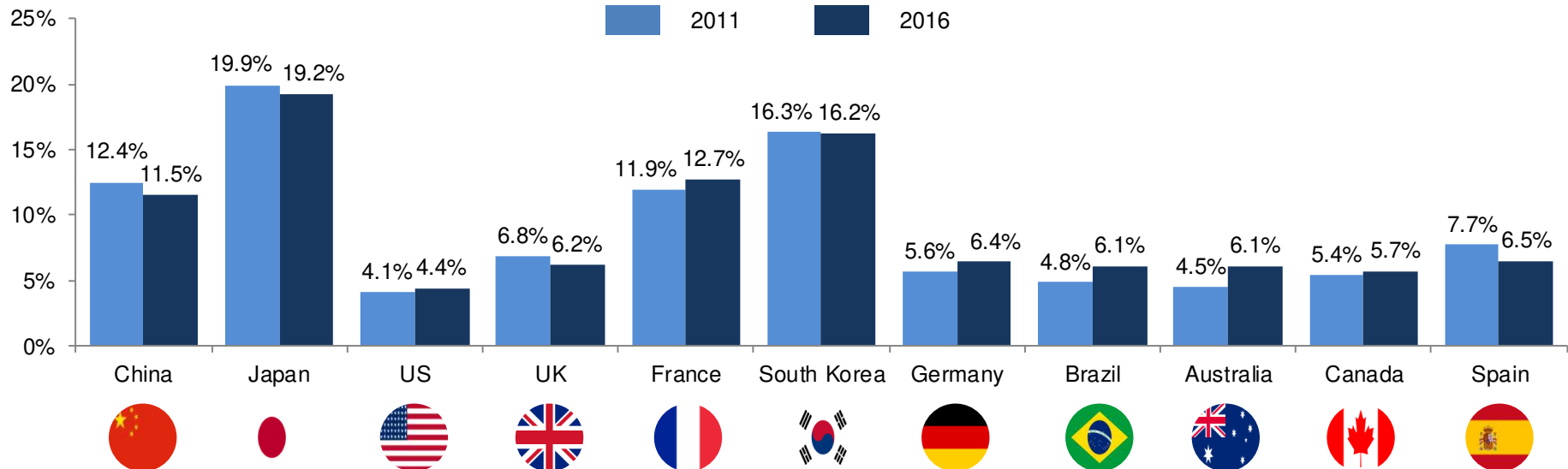
Global OOH Media Spending

OOH Main Markets Spending

(Amounts in USD Billions)



OOH Share of Total Advertising in Main Markets

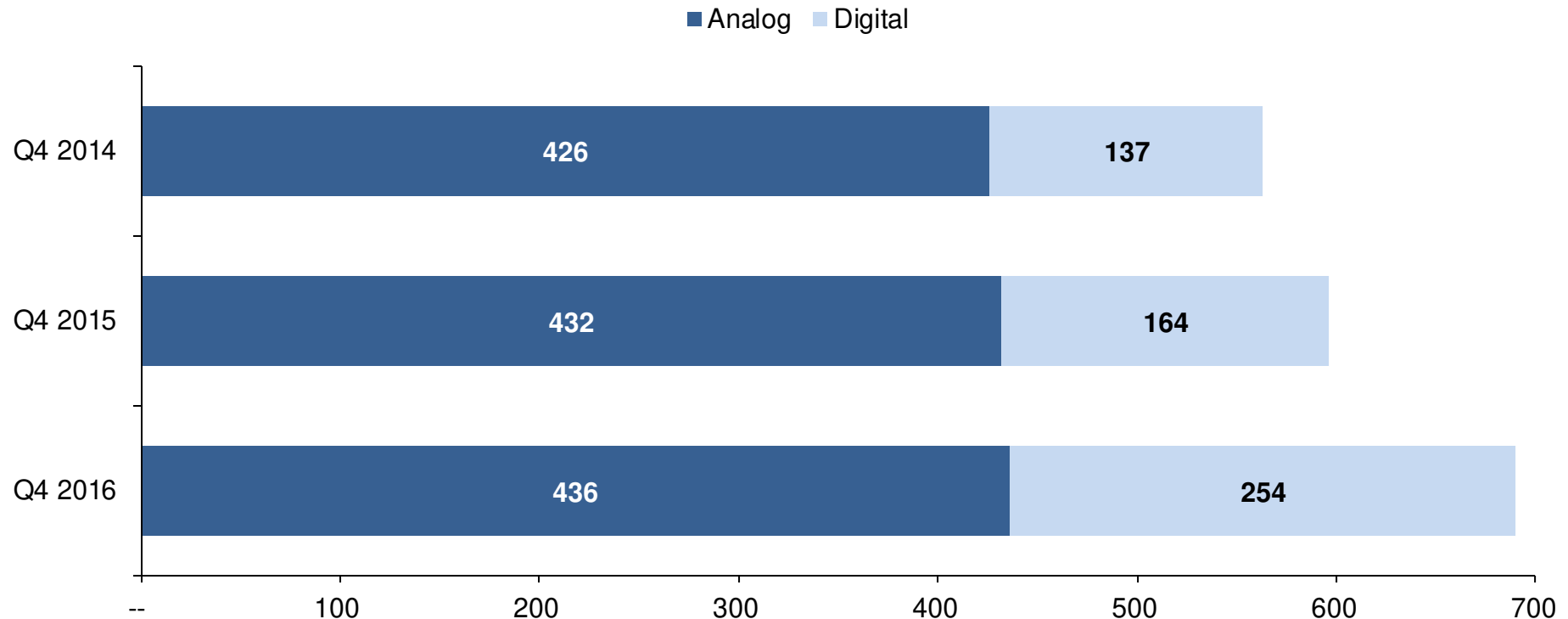


Source: PJS Wall Street research.

Time Spent With Digital Media Rapidly Increasing

- As time spent with analog media has remained flat over the last two years, time spent with digital media has nearly doubled in the same time frame

Daily Time Spent by Media (In Minutes)



Digital and mobile media continue to increase in usage, representing a significant opportunity for OOH

Source: Nielsen Total Audience Report Q4 2016.

Note: "Analog" includes live / DVR / time-shifted TV, AM / FM radio, DVD / Blu-ray, and game consoles. "Digital" includes multimedia devices (e.g., Apple TV, Roku, Chromecast), internet on PC, video on PC, app / web on smartphone / tablet, and video on smartphone.

Continued OOH Innovation within Media Landscape

- Growing variety of formats, sizes and environments leading to “WOW” creative
- Combination of digital signage with location-based mobile technology
 - Consumers more likely online via mobile device for social media, searching and shopping within 30 minutes of seeing OOH ad
 - Advertisers recognizing flexibility and relevance that digital platforms provide

Step 1



Consumer sees OOH advertisement, while traveling through a geo-fenced area



Step 2



If located in geofence, consumer sees a similar ad appear on phone

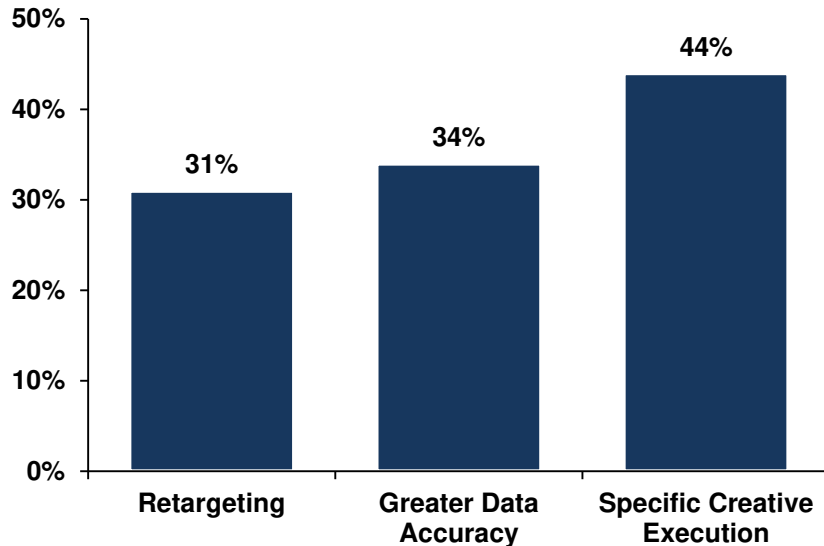
Combining placement and timing has the potential to amplify and extend brand engagement to unprecedented levels

The Growing Role of Mobile in DOOH

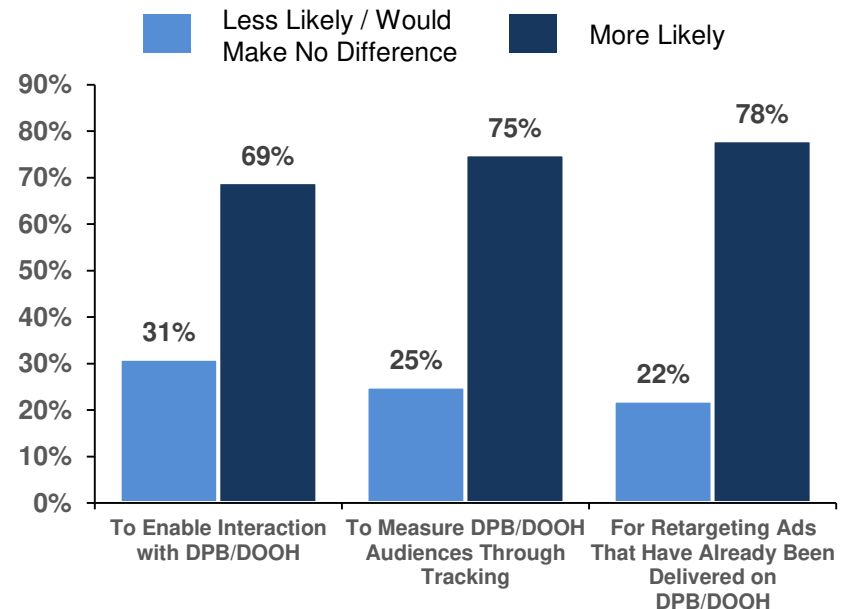
Rise of Mobile as An Advertising Medium is Benefitting DOOH Media

- Planners more likely to recommend DOOH media in the future if:
 - Combine mobile with DOOH to enhance creative execution
 - Use mobile devices for retargeting the DOOH ads
 - Measure DOOH audiences through tracking mobile device IDs
 - Enable interaction

Reason For Combining Mobile With DPN / DOOH



Likelihood to Recommend DPN if Using Mobile



Source: Digital Place-based Advertising Association.

Location-Based Data is Changing OOH

- Mobile marketers are using location-based data to reach audiences on the go and measure the effectiveness / return on ad spending
- OOH industry is trending towards utilizing geotemporal data to reach consumers at more points throughout their days, focusing on the **journey** rather than the **location**
 - Location-based mobile providers are able to triangulate smartphone locations within specific radius (i.e., within a geofence), and push content and promotions to active users

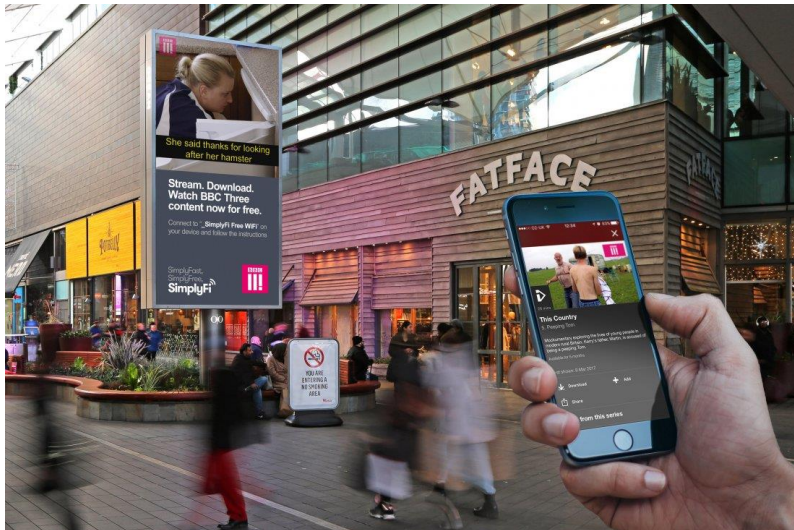


Brands have demonstrated increased engagement of up to 60% when geotemporal data was used in cross-platform solutions

Countries Leading the Charge in Mobile Integration of OOH



- Ocean Outdoor and BBC Three signed a deal which will see content from the TV channel made accessible via Ocean's premium city center WiFi enabled screens



- APN Outdoor offers free Wi-Fi on buses across Sydney with the launch of 'Catch'
- 'Catch' technology includes travel info, news, sports and entertainment content accessed on passengers' smartphones complements larger digital screens on buses



Source: Outsmart, OMA.

Cell Site Leasing: Major Industry Opportunity

Most large outdoor operators are now in the process of leasing billboard space to wireless carriers for small-cell technology^(a)

- ✓ Recurring, monthly rent under long-term leases
- ✓ No capital expenditures
- ✓ Small-scale equipment
- ✓ Carriers responsible for providing backhaul
- ✓ **Multi-Billion Dollar Opportunity**

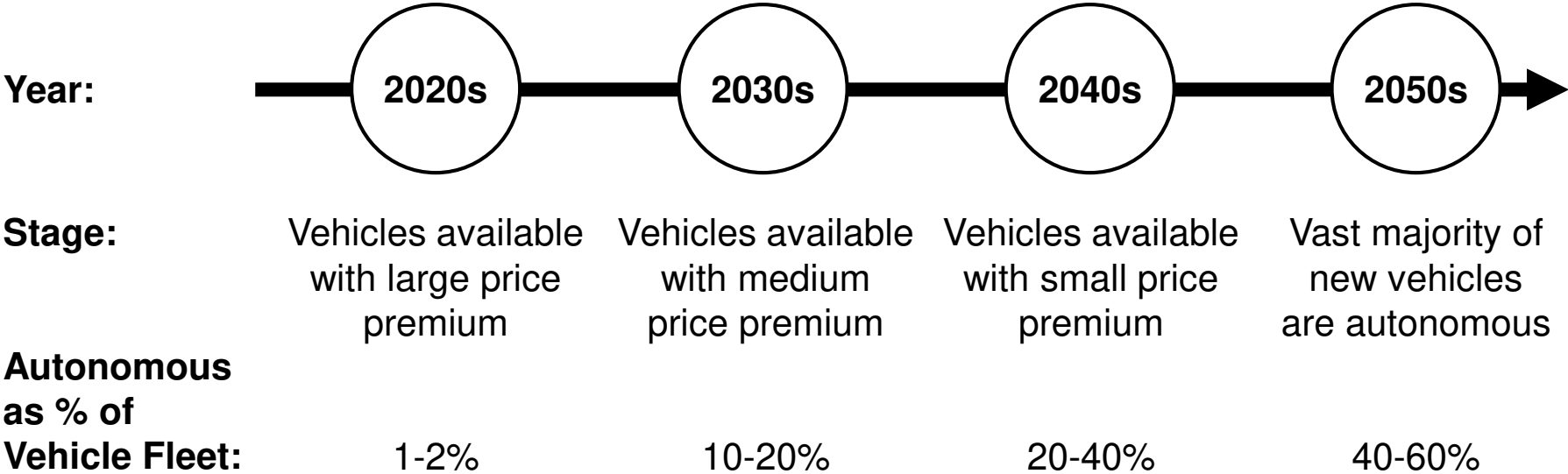
Leasing billboard space for cell sites is a significant, under-developed potential revenue stream for OOH operators

Source: PJS Wall Street Research and OUTFRONT Investor Presentation.

(a) Low-powered cellular radio access nodes that operate in licensed and unlicensed spectrum with a range from 10 meters to multiple kilometers.

More Mobile with Autonomous Cars: Not an Impending OOH Industry Headwind

Hypothetical Autonomous Vehicle Timeline



Autonomous vehicles will not gain truly significant traction until 25+ years from now

Source: Transport Policy Institute Study.

Company Transformations: CIVIQ Smartscapes Case Study



CIVIQ Smartscapes is the leading provider of high-performance, full-solution infrastructure for interactive smart cities

- Works with urban planners and transit agencies to transform urban infrastructure – from telephone booths and bus shelters to street lights and parking meters – into connected, interactive communications and data structures
- Provides hardware, software and ancillary services for connected communication structures and serves as a gateway for all internet-of-things (“IOT”)-enabled services
- Exclusive supplier for LinkNYC, the largest municipal Wi-Fi network in the world supporting gigabit Wi-Fi, digital advertisements, smart sensor technology, way finding, city services and public announcements; in March 2016, CIVIQ was named the exclusive supplier for LinkUK
- Potential pipeline of \$500M+

Successfully built a management team and software team to transform from a hardware company to a software company integrated with OOH

Source: PJS estimates.

Company Transformations: DEFI Case Study

DEFI



DEFI Group is a European OOH media company with assets across top European and Asian markets

- In the last five years, DEFI pivoted its strategy and developed its Spectacular Outdoor Advertising business (**Skysign, Banners, Mass Premium**), while decreasing its reliance on its stable, long-term contracts “skysigns” business
- DEFI has begun its next frontier of transformation by developing and/or converting its existing assets into **digital screens**, significantly boosting revenue at these sites, and by highlighting **Spectacular OOH** as a true segment of OOH

Skysign



Spectacular OOH

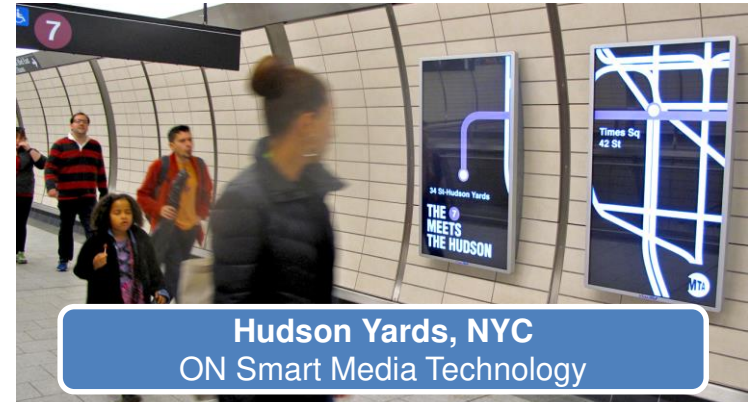


DEFI has shifted its “skysign” business to a more diverse, multi-product entity with spectacular and digital assets

Company Transformations: OUTFRONT Media Case Study



- OUTFRONT Media's ON Smart Media new advanced digital technology platform combines the visual impact of outdoor with digital smart billboards
 - Transforms the way OUTFRONT delivers content to consumers
- ON Smart Media platform is a cloud-based, app-driven ecosystem that integrates hardware, software, content, and data to deliver engaging messages at a scale never before seen in out of home
- Has also introduced the OUTFRONT Mobile Network, which provides an array of custom solutions including geofencing, Wi-Fi, and beacons



OUTFRONT
mobile network

SOURCE: Cress & Neurotlight, Beyond Out of Home, 2015

OUTFRONT Media has successfully adapted itself to the changing media landscape, driving innovation through ON Smart Media and OUTFRONT Mobile

Source: OUTFRONT Media.

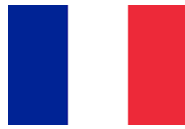


- Leading Healthcare OOH company that develops and deploys patient engagement solutions and award-winning media content in primary and specialty care offices and hospitals across the United States
- PatientPoint is at an inflection point today with the ongoing digitization of the print-based portion of the Company's network
 - Continued growth of its digital exam room, waiting room and digital physician-facing products are expected to provide significant growth



PatientPoint is in the process of transforming its entire operations through the digitization of its print-based network

Company Transformations: Exterior Media Case Study



- Underwent successful operational turnaround after acquisition by Platinum Equity, first restructuring the company before moving to future growth and expansion opportunities
 - Streamlined organizational structure, renegotiated key supply contracts, and addressed non-core markets
- Company well-positioned to bridge physical and digital worlds and win new franchise contracts with its data-driven business model



Created new platform for growth through new franchise opportunities, bolt-on acquisitions and digital expansion underpinned by a data-driven business model that sells audiences, not panels

Recent Highlights: Bell Media / Cieslok Media

In January 2017, Bell Media announced the acquisition of Cieslok Media from Canadian private equity firm Clairvest Group

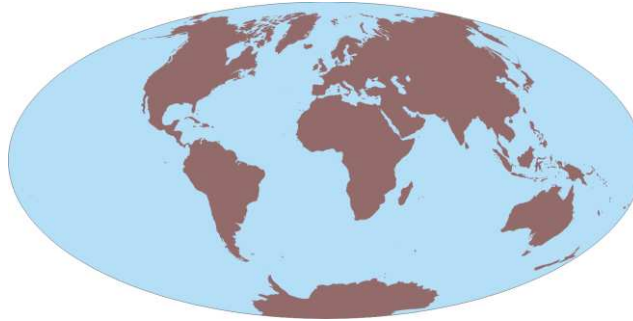


Acquisition will contribute to growing and strengthening Astral's digital presence in the industry, especially in Toronto, while expanding Astral's selection of premium, high-end digital assets

Recent Highlights: TouchTunes / Play Network

In May 2017, TouchTunes and PlayNetwork, leading global provider of music and branded entertainment media, merged

TouchTunes



Creates market leader for music and branded entertainment with the global scale and resources to expand licensed music libraries, accelerate innovation and impact customer success

Recent Highlights: Verifone / GSTV

In April 2017, Gas Station TV (GSTV) and Verifone announced a joint venture that combines the assets of Verifone's Pump Media with GSTV



Combined network offers businesses a highly effective platform for engaging with 75 million unique viewers every month, including one-in-three adults 18 years and older

Recent Highlights: APN Outdoor / oOh!media

In December 2016, APN Outdoor and oOh!media announced a merger of equals, which was subsequently terminated in May 2017



Merger of the two businesses would have enhanced the development of OOH in Australia by having the scale and reach to better compete with other media channels for advertising dollars

Recent Highlights: Snap / Placed

In June 2017, Snap announced the acquisition of location-tracking start-up Placed for \$200 million dollars

Snap Inc.



Placed.

Acquisition gives Snap a huge advantage on geofiltered ads delivered to bigger audience with deeper analytics, providing the company with real physical attribution modeling

Mark Boidman

Managing Director, PJ Solomon

mboidman@pjsc.com

 *[@Mboidman](https://twitter.com/Mboidman)*

