

oOh!media Limited and its Controlled Entities
ACN 602 195 380
Appendix 4E
Preliminary Final Report

Results for announcement to the market

Details of the reporting period and the previous corresponding reporting period

Reporting period: For the year ended 31 December 2019

Previous period: For the year ended 31 December 2018

Results for announcement to the market

In accordance with the ASX Listing Rule 4.3A, the Board and management of oOh!media Limited have enclosed an Appendix 4E for the year ended 31 December 2019.

		Change	2019	2018 Restated ⁽⁵⁾
		%	\$'000	\$'000
Revenues from ordinary activities ⁽¹⁾	Increased	35%	649,606	482,647
Profit from ordinary activities after income tax attributable to members ⁽¹⁾	Decreased	-54%	13,453	29,124
Net profit for the period attributable to members ⁽¹⁾	Decreased	-54%	13,453	29,124
EBITDA - Statutory ⁽¹⁾⁽²⁾	Increased	210%	313,646	101,037
EBITDA - Underlying ⁽¹⁾⁽²⁾⁽³⁾	Increased	191%	327,313	112,525
Underlying EBITDA Pre AASB16 ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	Increased	24%	138,987	112,525

⁽¹⁾ All of the above comparisons are on a statutory basis unless stated, with percentage variances throughout the Annual Financial Report based on the actual dollar values, rather than the rounded amounts disclosed herein.

⁽²⁾ Earnings before interest, tax, depreciation and amortisation (EBITDA) is a non-IFRS measure. This is included in management reports reviewed by the Group's chief operating decision maker (the Board).

⁽³⁾ The Directors believe that the underlying presentation of results is a better indicator of performance and differs from the statutory presentation. The underlying results exclude the impact of integration related expenses and non-cash impairment expenses in the current year, and acquisition and integration expenses in the prior year. Underlying EBITDA is disclosed in Note 4 'Segment information' of the Annual Financial Report. Refer to the same Note 4 for a reconciliation between information on reportable segments to IFRS measures.

⁽⁴⁾ AASB16 became effective for the Group on 1 January 2019. AASB16 establishes the principles for the recognition and measurement of leasing arrangement. The Underlying EBITDA for the year ended 31 December 2019 does not include fixed rent costs due to the implementation of AASB16. These are now accounted for as depreciation of the right-of-use assets and interest expense on lease liabilities. The Board and executive management monitor the Underlying EBITDA Pre AASB16.

⁽⁵⁾ 2018 balances have been restated due to the finalisation of the valuation of assets acquired in the Adshel acquisition.

Refer to Operating and Financial Review in the Directors' Report for discussion of the results.

Dividend information

	Amount per share cents	Franked amount per share cents	Tax rate for franking credit
Current period			
Final 2019 dividend (declared after balance date)	7.5	7.5	30%
Interim 2019 dividend (paid 30 September 2019)	3.5	3.5	30%
Previous period			
Final 2018 dividend (paid 26 March 2019)	7.5	7.5	30%
Interim 2018 dividend (paid 21 September 2018)	3.5	3.5	30%

Final 2019 dividend dates

Ex-dividend date	28 February 2020
Record date	2 March 2020
Payment date	27 March 2020

The oOh!media Dividend Reinvestment Plan (DRP) will operate in respect of the final 2019 dividend. The DRP election deadline is 3 March 2020. The DRP will be fully underwritten.

Earnings per share	2019	2018 Restated⁽¹⁾
Basic earnings per share (cents)	6	14
Diluted earnings per share (cents)	6	14
Net tangible assets		
	2019	2018 Restated⁽¹⁾
	\$	\$
Net tangible assets per security (dollars) ^{(2) (4)}	(0.520)	(0.568)
Net assets per security (dollars) ⁽³⁾	2.747	2.867

⁽¹⁾ 2018 balances have been restated due to the finalisation of the valuation of assets acquired in the Adshel acquisition.

⁽²⁾ Derived by dividing the net assets less intangible assets, calculated on total issued shares of 242,385,958 (2018: 236,640,789 shares).

⁽³⁾ Derived by dividing the net assets, calculated on total issued shares of 242,385,958 (2018: 236,640,789 shares).

⁽⁴⁾ Net tangible assets per share is negative in both the prior and current periods as a result of historical acquisitions. At the time of these acquisitions a significant percentage of the purchase prices were allocated to intangible assets.

Commentary on results for the period

Commentary in relation to operating performance, earnings per share, segment results, returns to shareholders and trends in performance can be found in the Directors' Report (predominately the Operating and Financial Review Section) and Annual Financial Report.

Details of associates and joint venture entities

The Group acquired a 50% interest in oOh!edge Pty Limited in March 2014 and as at the date of this report, retains its original interest.

Audit qualification or review

The financial statements have been audited and an unqualified opinion has been issued which is included in the Annual Financial Report.

Additional information

For additional information required under ASX Listing Rule 4.3A, please refer to the Directors' Report and the Annual Financial Report for the year ended 31 December 2019 of oOh!media Limited and its controlled entities.

2019

ANNUAL FINANCIAL REPORT



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The Annual Financial Report was authorised for issue, in accordance with a resolution of the Directors. The Directors have the power to amend and reissue the Annual Financial Report.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete and available globally at minimum cost to the Company. All media releases, financial reports and other information are available at the Investors section on our website: www.oohmedia.com.au.

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OPERATING AND FINANCIAL REVIEW 2019

OVERVIEW

Challenging media market conditions in FY19 but structural drivers continue to benefit Out Of Home

Out Of Home (OOH) continues to outperform the overall media market and grew its share during 2019¹. This is due to structural changes in the media market including the ability to make 'one to many' advertising geographically and contextually relevant further enabled by data and digitisation. These structural growth factors have helped mitigate against an overall media market in 2019 which was challenging, impacted by weaker economic growth and declining business and consumer confidence. Overall advertising expenditure (as measured by Standard Media Index SMI²) demonstrated a decline of 5% for 2019.

oOh!media (oOh!) continued to implement its strategy to lead the industry to achieving 10% of total media expenditure in OOH in the next few years.

In 2019, the Company's focus was to successfully integrate Adshel and deliver on the synergies committed to during the acquisition process. In addition the company remained disciplined on operating and capital expenditure to ensure the business was appropriately positioned to manage through the short term challenging environment while continuing to invest in its people, data and systems to deliver sustainable revenue and earnings growth over the medium to longer term.

Within this challenging external environment, oOh! delivered a 1% increase in pro forma³ revenue for FY19 in line with the broader ANZ OOH market⁴, achieved its stated objective of

\$16 million in synergy run rate savings from the Adshel acquisition, and generated stronger cash flows in the second half consistent with the Company's objective to reduce leverage towards a gearing ratio of 2 times by the end of 2020.

BASIS OF PREPARATION

Consistent with the presentation of the interim results for FY19, the full year statutory results are reported in accordance with the new leasing standard AASB16 which has resulted in a change to the Company's reported FY19 statutory result. There is no change to the fundamental economic performance and cash generation of the business.

The table below **excludes** AASB16 reporting as the company provided FY19 EBITDA guidance on this basis. The business measures its performance on this basis.

GROUP FINANCIAL RESULTS – Pre adoption of AASB16

A\$m unless specified	FY19 Pre AASB16	FY18 PF	Variance (\$)	Variance (%)
Revenue	649.6	640.1	9.5	1
Gross Profit	283.3	289.8	(6.5)	(2)
Gross Profit Margin (%)	43.6%	45.3%	-1.7ppts	-
Total operating expenditure ⁵	(144.3)	(144.1)	(0.2)	(0)
Underlying EBITDA	139.0	145.7	(6.7)	(5)
Underlying EBITDA Margin (%)	21.4%	22.8%	-1.4ppts	-
Non-Operating Items	(13.7)	(11.5)	(2.2)	(19)
EBITDA	125.3	134.2	(8.9)	(7)
Depreciation and Amortisation	(64.1)	(56.1)	(8.0)	(14)
EBIT	61.2	78.1	(16.9)	(22)
Net finance costs	(18.4)	(20.3)	1.9	9
Profit Before Tax	42.9	57.5	(14.6)	(25)
Income Tax Expense	(15.7)	(17.3)	1.7	10
Net Profit After Tax	27.2	40.2	(12.9)	(32)
Underlying NPATA	52.4	58.0	(5.6)	(10)
EPS (cps)	11.4	19.8	(8.4)	(43)
Full Year Dividend fully franked (cps)	11.0	11.0	-	-

1 Per the SMI for 2019 issued on 3 February 2020

2 The Standard Media Index captures payment information for media spend from the bulk of agencies in Australia and New Zealand other than IPG MEDIABRANDS. It also does not capture direct advertising spend

3 Pro Forma results include Adshel's FY18 results while under ownership of HT&E

4 As reported by the OMA and OMANZ and assuming oOh!'s country revenue mix is identical with the total OMA/OMANZ population. The OMA reported 1% gross media revenue growth and the OMANZ 14% gross media revenue growth

5 This includes \$8.4m in synergies which benefited in year FY19's operating costs versus the pro-forma FY18 result. Total operating expenditure excluding the in year synergies achieved grew by 6%

OPERATING AND FINANCIAL REVIEW 2019

CONTINUED

IMPACT OF ADOPTION OF AASB16 ON THE PROFIT AND LOSS STATEMENT

The adoption of AASB16 has significantly increased the gross margin and EBITDA operating margin for the year compared to prior reporting periods. This is due to fixed lease costs now being excluded from gross profit and operating expenditure under the new standard. Fixed lease costs are incorporated into a right of use lease asset and lease liability which reduce over the remaining lease period.

Adopting the standard has driven a significant corresponding increase in depreciation and finance charges. The net result of these movements is a \$14 million decline in NPAT and underlying NPATA, as outlined in the table below.

This decrease in reported earnings is non-cash and is a temporary timing difference which will reverse over the weighted average life of the lease portfolio. The company has applied its dividend policy range to pre AASB16 earnings.

A\$m unless specified	FY19 Pre AASB16	FY19 Post AASB16	Variance (\$)	Variance (%)
Revenue	649.6	649.6	–	–
Gross Profit	283.3	464.8	181.5	64
Gross Profit Margin (%)	43.6%	71.6%	27.9ppts	–
Total operating expenditure	(144.3)	(137.5)	6.8	5
Underlying EBITDA	139.0	327.3	188.3	135
Underlying EBITDA Margin (%)	21.4%	50.4%	29.0ppts	–
Non-Operating Items	(13.7)	(13.7)	–	–
EBITDA	125.3	313.6	188.3	150
Depreciation and Amortisation	(64.1)	(232.1)	(168.1)	(262)
EBIT	61.2	81.5	20.3	33
Net finance costs	(18.4)	(58.3)	(39.9)	(216)
Profit Before Tax	42.9	23.2	(19.7)	(46)
Income Tax Expense	(15.7)	(9.7)	5.9	38
Net Profit After Tax	27.2	13.4	(13.8)	(51)
Underlying NPATA	52.4	38.6	(13.8)	(26)
EPS (cps)	11.4	5.6	(5.8)	(51)
Full Year Dividend fully franked (cps)	11.0	11.0	–	–

REVENUE – Revenue up 1% despite challenging market conditions

In a challenging market, total revenue increased by 1% to \$649.6 million on a pro forma basis, in a year of two contrasting halves.

Revenue was impacted in the first half by the May federal election and the accompanying weaker macroeconomic environment which negatively affected the performance of the Company's Road segment in particular. The earlier anticipated recovery in the economy and media markets following the general election did not eventuate with both oOh! and the OMA⁶ reporting revenue declines in the second half. While FY19 revenue growth is below the medium to long term growth aspirations of oOh! and its prior organic growth CAGR of 10%⁷, the 1% lift in revenue in FY19 demonstrates the resilience from the scale and diversity of the Company's product portfolio in a challenging media environment.

On a statutory basis, revenue grew by 35%, noting the prior year's result includes only three months' revenue contribution from Commute.

⁶ The OMA reported a gross revenue decline of -2% in H2

⁷ Organic growth from 2016 to 2018

A\$m unless specified	FY19	FY18 PF	FY Variance (\$)	FY Variance (%)	1H Variance %	2H Variance %
Commute	234.8	223.3	11.6	5	13	(1)
Road	146.6	154.8	(8.2)	(5)	(9)	(2)
Retail	139.1	132.9	6.2	5	6	4
Fly	65.9	67.8	(1.9)	(3)	12	(14)
Locate	44.3	42.8	1.4	3	10	(4)
Other	18.9	18.5	0.4	2	(11)	15
Total	649.6	640.1	9.5	1	5	(1)



COMMUTE

Commute continued to grow its revenues by more than the broader OOH sector with revenue increasing by 5% on a pro forma basis. The rail assets in particular benefitted from the Melbourne/Sydney package offering subsequent to the Metro Trains Melbourne contract win – effective April 2018 which generated the strong first half growth. Commute's revenues declined in the second half but at a slightly lower rate than the broader OOH industry. The Commute business in New Zealand has continued to innovate and lead the market. The Commute result demonstrates its significant contribution to the Company's diversified asset portfolio and supports the acquisition business case.



ROAD

Road revenue declined by 5% for the full year. The prior year grew strongly with revenue up 13%. The first half of FY19 was impacted by the Federal election in May which caused a reduction in big-brand advertising while the third quarter was adversely impacted by the weaker macro environment and unprecedented reduction in advertising spend. However, an improvement in bookings in the fourth quarter resulted in positive pacing for that quarter with the second half pacing down by 2% versus 9% in the first half.



RETAIL

Retail revenue grew by 5%, consistent with the improved performance from the prior year despite a challenging retail environment. The retail environment has seen a decline in consumer expenditure over the crucial fourth quarter and a change in media spend patterns with October and November becoming increasingly important due to the uptake of Black Friday and Cyber Monday as opposed to traditional spend in December.



FLY

Fly revenue declined by 3% and was impacted by the reversion of the Sydney Airport Qantas Terminal to the Airport, over which a competitor had the rights effective from 1 July 2019, and the soft Billboard market which flowed onto Fly's external road assets. The second half also saw the division measured against a much stronger half in the prior comparative period following the introduction of the In Flight media product in June 2018.



LOCATE

Locate grew revenues by 3% for the full year. The second half revenues declined by 4% compared to 10% growth in the first half. Locate, as a smaller and less traditional medium than the Commute, Road, Retail and Fly, was adversely impacted by the tougher media conditions in the second half which saw a concentration of spend on the larger formats. The office product has performed extremely well over the years, ahead of broader OOH growth and we expect that this medium will continue to show solid growth potential despite its more recent performance.

oOh!media continues to maintain a balanced and diverse lease maturity profile with 65% of 2019 revenue by concession (including Commute) attached to contracts that expire beyond 2022. Approximately 23% of its revenue base is either rolling or due for renewal in 2020. This short term quantum of concession based revenue for renewal is higher than has been the case over the past two years⁸. This is because the Sydney Trains, Melbourne Airport and a number of street furniture contracts are either currently in or about to be in tender processes. In the following two years (2021 and 2022) it is projected that the % of revenue attached to current contracts with a twelve month or less expiry profile will decline to at or below the longer term average.

There are additionally material tenders underway or expected during the year for concessions which oOh! does not currently hold, which oOh! will compete for in the normal course of business.

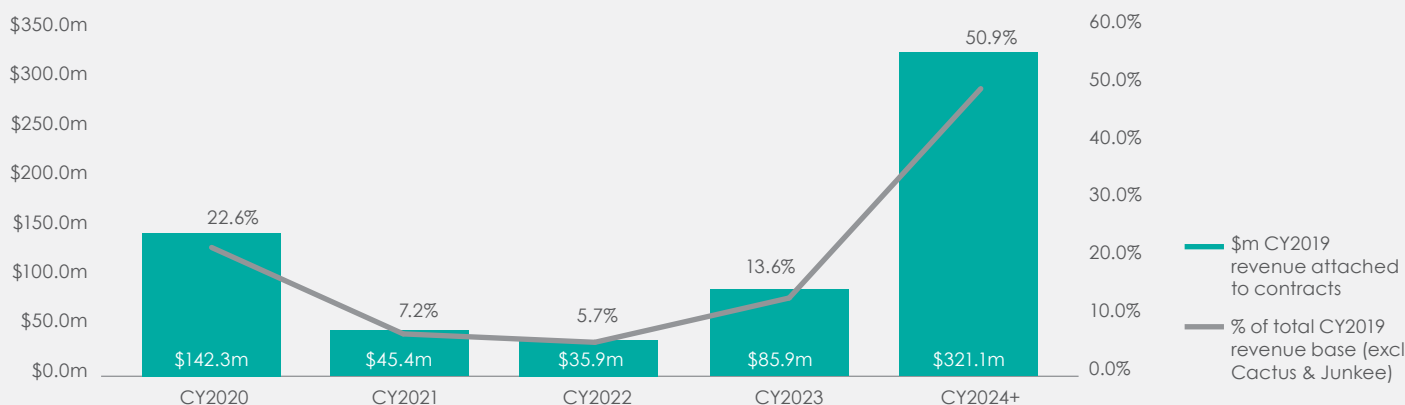
oOh! remains at the forefront of digital and data-led transformation in the Out Of Home industry, while maintaining a disciplined approach to digitisation of its assets in premium locations across its network. Digital revenue as a percentage of total revenue was 61% for the year, compared to 60% in the prior year.

⁸ The current % of revenues expiring was 12% in FY17 and 17% in FY18

OPERATING AND FINANCIAL REVIEW 2019

CONTINUED

Revenue maturity profile



Earnings – Decline in Road impacts product mix but improvement in fourth quarter

The 1% increase in pro forma revenue translated to a pre AASB16 gross profit of \$283.3 million, down 2% on the prior year. The decline reflected a combination of a mix change within the Commute and Fly portfolios and an increase in fixed rent for the Brisbane Airport and Brisbane City Council contracts which were renewed with effect from the beginning of the year. These two key contracts were renewed with an increase in fixed rent commensurate with the revenues oOh! believes it can write over the length of the contracts taking into account a medium to longer term view of overall economic performance and structural OOH growth.

Gross margin was 44% compared to 45% for the prior year, as a result of the factors described above.

The Company remains disciplined on operating expenditure and is focused on balancing the ongoing requirement to invest in the business with sustainable returns for shareholders. Operating expenditure excluding synergy realisation growth was 6% and within the 5-7% target range as previously communicated to the market.

The Company has achieved its targeted run-rate cost synergy of \$16m from the Commute acquisition, of which \$9m benefitted 2019 across both operating expenditure and COGS with the balance impacting the 2020 operating cost base.

Underlying EBITDA declined by 5% on a pro forma basis to \$139.0 million, reflecting the decline in gross profit. Pro forma EBITDA margin was 21% compared to 23% for the prior year.

On a statutory basis, after accounting for the adoption of AASB16, EBITDA increased by 210% to \$313.6 million. This includes fixed rents being captured as

depreciation and interest expense under the new accounting standard.

Depreciation and amortisation pre-adoption of AASB16 increased by 14% on a pro forma basis. During the second half of FY19 the purchase price accounting for the Adshel acquisition was completed and this period included a full year of concession contract amortisation charge as well as the charge relating to the last quarter of 2018.

Non-operating items of \$13.7 million (pre-tax) are excluded from underlying trading results and relate to integration costs resulting from the acquisition of Commute in addition to a non cash \$3.5m impairment charge against the investment in Junkee Media. The costs related to the Commute acquisition include termination expenses, integration related consulting expenses and a \$3m non-cash charge of a third party technology platform which was previously in development pre acquisition by oOh!.

Net finance costs pre AASB16 were slightly improved on a pro forma basis which assumes that the pro forma period had a similar capital structure.

Excluding the pro forma adjustment, net finance costs increased by \$10 million to \$18 million which relates to the increased debt associated with the acquisition of Commute. Post adoption of AASB16 results in a further increase in non-cash interest of \$40 million to \$58 million for FY19.

On a pro forma basis, Net Profit After Tax pre AASB16 declined by 32% to \$27 million. The decline primarily reflects adverse product mix and rental increases.

Post adoption of the new standard, Net Profit After Tax fell by 57% to \$13 million.

Underlying NPATA on a pre AASB16 pro forma basis decreased by 10% to \$52 million. This is because the amortisation of Adshel acquired contracts are excluded

when calculating NPATA. Underlying NPATA declined by 24% when accounting for the new standard. The adoption of AASB16 results in a decline in profit after tax of \$14 million which is related to the maturity profile of the company's leases.

The business proactively seeks to maintain a mature leasing profile ensuring the appropriate diversification of its revenue generating asset base. This AASB16 related decrease in reported earnings is non-cash and is a temporary timing difference which will reverse over the weighted average life of the lease portfolio.

DIVIDEND – Dividend consistent with the prior year

The Company declared a fully franked final dividend of 7.5 cents per share, bringing the full year dividend to 11.0 cents per share fully franked.

The Company's dividend reinvestment plan (DRP) will operate for the final dividend and will be fully underwritten and therefore has no cash impact.

The record date for entitlement to receive the final dividend is Monday 2 March with a scheduled payment date of Friday 27 March. The final day for DRP elections is Tuesday 3 March.

This capital management initiative reflects the Company's ongoing commitment to reduce leverage, whilst continuing dividend payments to shareholders.

oOh!media remains focused on delivering on its gearing target (net debt/pro forma Underlying EBITDA) of approaching 2.0x by the end of 2020. At 31 December, gearing was 2.6 times and continues to be comfortably within the Company's banking covenant of 3.5 times. After accounting for the run rate of synergies achieved at the end of 2019 gearing would have been 2.4X.

CASH FLOW GENERATION – Significant improvement in cash flow in second half

A\$m unless specified	FY19	FY18	Variance (\$)	Variance (%)
EBITDA (pre AASB16)	125.3	101.0	24.3	24
Net change in working capital	(6.9)	0.7	(7.6)	(1031)
Interest and Income Tax (included in net cash from operating activities)	(27.8)	(30.6)	2.8	(9)
Net cash from operating activities	90.6	71.2	19.5	27
Capital expenditure	(56.2)	(40.8)	(15.4)	38
Other	0.3	0.7	(0.4)	(56)
Net cash flow before financing and acquisitions	34.8	31.1	3.7	12

Net Cash from operating activities (pre AASB16) was \$90.6 million, representing 72% of EBITDA.

As indicated at interim result, first half cashflows were impacted by the one-off payments relating to the cessation of the 7-Eleven petro-convenience sites contract and integration costs. The first half was also impacted by the timing of tax payments which were largely refunded in the second half with the balance to be received in 2020.

Operating cashflow improved significantly in the second half reflecting the traditional weighting of earnings to the second half and also a reversal in the timing tax payments referred above.

The business continues to generate strong cash conversion and expects this to continue in future years.

The Company remains disciplined on capital expenditure. On a reported basis, capital expenditure was \$56 million which is consistent with the guidance for capital expenditure to be at the lower end of the \$55-70 million range.

The main components of capital expenditure include digitisation of the Commute network, the roll out of new assets associated with the Brisbane airport contract and continued investment in digitisation of the group's asset base.

AASB16 has not had an impact on the cash flow of the business and will not have an impact in the future. However it does change the presentation of the allocation on the cash flow statement.

FINANCIAL POSITION – Focus on approaching gearing of 2 times by end 2020

A\$m unless specified	FY19	FY18	Variance (\$)	Variance (%)
Borrowings	415.7	405.5	10.2	3
Cash and Cash equivalents	(61.2)	(33.0)	28.2	85
Net Debt	354.5	372.5	(17.9)	(5)
Leverage Ratio (Net Debt/Underlying EBITDA)	2.6x	2.6x	0.0x	0

The Company's gearing ratio (net debt/pro forma Underlying EBITDA) was 2.6 times as at 31 December 2019 which was steady on the prior year, with the lower EBITDA being offset by improved cash flow. Gearing improved by 0.1x from June 2019. This level of gearing remains comfortably within the Company's banking covenants. Including the full run rate of synergies the gearing would have been 2.4X.

The adoption of AASB16 results in a significant increase in both the long-term liabilities of the company and non-current assets. The liabilities represent the present value of fixed rent contracts that the business has across its concession portfolio and its administration offices. The assets represent the right of use of these assets. The adoption of this standard has no impact on the gearing calculation applied by the Company's lending banks nor implies a changed risk profile from what would otherwise be the case. The length of tenure on concessions increases the size of the right of use assets and associated liabilities and is an outcome of oOh!media managing the risk of short term losses of key contracts.

FUTURE BUSINESS PROSPECTS

Out Of Home is expected to continue to grow its share of media for the reasons outlined earlier notwithstanding short term economic cycles. Our business strategy to redefine Out Of Home in ANZ as a public space media captivating, connecting and informing citizens is aimed at capturing this structural growth opportunity.

BOARD OF DIRECTORS

TONY FAURE

Chair and Non-executive Director

Tony Faure has been a Director of the parent company of the oOh!media group since February 2014, was appointed to oOh!media Limited on 28 November 2014, and appointed Chair on 22 September 2017.

Skills and experience:

Tony has deep experience in traditional and digital media and marketing, having run both small and large companies. Tony is passionate about ideas that use technology to push limits and create new experiences for consumers. Tony has held the positions of Chief Executive Officer of ninemsn and Chief Executive Officer and Founder of Home Screen Entertainment, and positions at Yahoo! including Regional Vice President, South Asia and Managing Director of Yahoo! Australia and New Zealand. Tony was also an advisor to the Board of seek.com.

Other directorships (current and recent):

Chair of Predict HQ Limited (New Zealand) from 7 November 2016, and Chair of ReadyTech Holdings (ASX listed) from April 2019.

BRENDON COOK

Chief Executive Officer and Managing Director

Brendon founded oOh!media in 1989 and was appointed to oOh!media Limited on 7 October 2014 immediately prior to oOh!media's listing in December 2014.

Skills and experience:

Brendon Cook founded oOh!media in 1989. With over 40 years' experience in outdoor advertising, Brendon has been at the forefront of the Out Of Home advertising business in Australia and New Zealand, creating a multi-award winning company and being actively involved in pioneering the industry's move into digital.

Under Brendon's leadership, the business continues to deliver strong organic growth, strategic acquisitions and the development and introduction of several new environments to capitalise on the growth in digital and people's media habits away from home.

Brendon is a founding and current board member of the Outdoor Media Association and was instrumental in the development of the MOVE (Measurement of Outdoor Visibility and Exposure) project, a system that allowed for improved accuracy in reporting measurable outcomes to clients using Out Of Home media.

Brendon is the International Vice President of The World Out of Home Organization (previously FEPE International, established in 1959). WOO is the Global Out of Home industry body, that now champions the connection of country industry bodies and OOH leaders around the world, to develop learnings and strategies that assist OOH to become a world leading new media. Brendon is the first Australian to sit on the Board in the organization's nearly 60 year history.



Board of Directors as at 24 February 2020 from left to right:

David Wiadrowski , Darren Smorgon , Debra Goodin, Brendon Cook , Tony Faure , Joanne Crewes, Philippa Kelly and Timothy Miles

Other directorships (current and recent):

International Vice President of The World Out of Home Organization (previously FEPE International, established in 1959) (since June 2015), Non-executive Director of Outdoor Media Association.

JOANNE CREWES**Independent Non-executive Director**

Joanne was appointed to the Board of oOh!media on 22 September 2017.

Skills and experience:

Joanne is the former President of Procter & Gamble's Global Prestige business unit, having held various senior leadership roles globally with Procter & Gamble over her 27-year career with the company. Joanne brings deep experience and insights across consumer value propositions, data-driven insights, brand positioning and client-side marketing perspectives. Joanne is, among other roles, a strategic adviser to the LVMH-backed private equity firm L Catterton and a mentor and coach to various senior executives and C-suite leaders. Joanne is a graduate of the Australian Institute of Company Directors.

Other directorships (current and recent):

Board Member of University of Technology Sydney Industry Advisory and was previously a Director of Global Advance Australia and Non-executive Director of the Dulux Group Limited (February 2018 – August 2019).

DEBRA GOODIN**Independent Non-executive Director and Lead Independent Director, Chair of Audit, Risk & Compliance Committee**

Debra Goodin (Debbie) has been a Director of oOh!media and Chair of the Audit, Risk & Compliance Committee since 28 November 2014 and was appointed Lead Independent Director on 22 September 2017. At the Company's

2019 Annual General Meeting Debbie announced she would retire as a director once a suitable replacement was identified to allow for an orderly succession. Upon the appointment of David Wiadrowski to the Board, Debbie announced that she will retire as a director of the Company with effect from 25 February 2020.

Skills and experience:

Debbie has more than 20 years' senior management experience with professional services firms, government authorities and ASX-listed companies across a broad range of industries and service areas. Debbie is an experienced Non-executive Director and Audit Committee Chair.

Debbie has executive experience in finance, operations, corporate strategy and mergers and acquisitions. Her experience includes service as Chief Operating Officer for an Australian and New Zealand subsidiary of Downer EDI Limited, as Acting Chief Financial Officer and Head of Mergers and Acquisitions, and also Global Head of Operations at Coffey International Limited. Debra holds a Bachelor of Economics from the University of Adelaide and is a Fellow Chartered Accountant.

Other listed directorships (current and recent):

Non-executive Director of Atlas Arteria Limited (formerly Macquarie Atlas Roads Limited) (since 1 September 2017), Non-executive Director of APA Group (since 1 September 2015), Non-executive Director of Senex Energy Limited (since 26 May 2014), Non-executive Director of TEN Network Limited (17 August 2016 to 16 November 2017).

PHILIPPA KELLY**Independent Non-executive Director**

Philippa was appointed to the Board of oOh!media on 18 September 2019.

Skills and experience:

Philippa has a background in law and investment banking, specialising in IPOs and mergers and acquisitions. She has extensive experience across governance and risk management, property and finance.

Philippa has over 20 years' experience in senior operational and leadership roles within the property sector. Most recently she was Chief Operating Officer of Juilliard Group (a private property group which owns and manages a commercial, retail and industrial portfolio). Previously she was Head of Institutional Funds Management of Centro Properties Group (now Vicinity Centres) and Corporate Advisor-Investment Banking at JBWere. Philippa holds a Bachelor of Laws from University of Western Australia and a Graduate Diploma of Applied Finance & Investment from Finsia. She is a fellow of the Australian Institute of Company Directors and Finsia.

Other directorships (current and recent):

Philippa is currently Chair of ASX listed Lifestyle Communities Limited (a company focused on affordable retirement living in residential land lease communities) and was Chair of the Audit Committee for the past six years. Philippa is a Deputy Chancellor of Deakin University and Chair of its Finance and Business Committee.

TIMOTHY MILES**Independent Non-executive Director and Chair of Technology Committee**

Timothy was appointed to the Board of oOh!media on 16 May 2019.

Skills and experience:

Based in Auckland, Timothy has significant experience, both internationally and in New Zealand, notably in technology and digital development.

BOARD OF DIRECTORS

CONTINUED

Timothy has held senior leadership roles including as Chief Executive Officer of Spark Digital, Managing Director of listed agricultural services group PGG Wrightson, Chief Executive Officer of Vodafone New Zealand and Chief Executive of Vodafone UK and Group Chief Technology Officer of Vodafone plc. Timothy has also held senior roles at IBM, Data General Corporation and Unisys Corp. Timothy holds a Bachelor of Arts from Victoria University of Wellington.

Other directorships (current and recent):

Timothy is currently a Non-Executive Director of New Zealand listed Genesis, Nyrriad (a software enabled data storage tech business) and UDC finance (New Zealand's largest Finance business) and is Chair of the Gut Cancer Foundation.

DARREN SMORGON

Independent Non-executive Director and Chair of Remuneration & Nomination Committee

Darren has been a Director of the parent company of the oOh!media group since March 2012 and was appointed to the Board of oOh!media Limited on 7 October 2014.

Skills and experience:

Darren is the Managing Director of Sandbar Investments, a private investment company. Darren was previously a Director of CHAMP Private Equity where he spent 16 years. While at CHAMP he oversaw the oOh!media privatisation and relisting on the ASX. Darren holds a Bachelor of Economics (with Merit) and Master of Commerce (with Merit) from the University of New South Wales, and a Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia.

Other directorships (current and recent):

Managing Director of Sandbar Investments (since 20 May 2016) and Director of Swift Media Limited (since 15 February 2019) and its non-executive Chair since 26 June 2019.

DAVID WIADROWSKI

Independent Non-executive Director

David was appointed to the Board of oOh!media on 29 November 2019.

Skills and experience:

David was a partner of PwC for 25 years, including five years as Chief Operating Officer of the PwC Assurance business, during which he was responsible for the day to day operations of the firm's largest business consisting 160 partners and 1,800 staff.

During his time at PwC, David had a focus on technology, entertainment and media and was the lead audit partner for a number of the firm's major clients including Network Ten, Seven West Media, APN News & Media and APN Outdoor.

David holds a Bachelor of Commerce from the University of New South Wales, is a Graduate of the Australian Institute of Company Directors' Company Directors Course and is a Fellow of the Chartered Accountants of Australia and New Zealand

Other directorships (current and recent):

David is currently a Non-Executive Director and Chair of the Audit and Risk Committees of ASX listed Vocus Group Limited, and Life360 Inc and Non-Executive Director and Chair of the Audit Committee of carsales.com Limited. David is also an Advisory Board member of the Cambodian Children's Fund.

GEOFFREY WILD AM

Non-executive Director (retired 16 May 2019)

Geoff was a Director of oOh!media Limited from 7 October 2014, immediately prior to oOh!media's listing, until 16 May 2019 when he retired as a Director of the Company. Geoff was also a Director of the parent company of the oOh!media group from July 2007.

Skills and experience:

Geoff has enjoyed a long and distinguished career in marketing and advertising, originally with the Clemenger Group where he helped establish their Sydney operation and went onto become Deputy Chairman of the Group in ANZ.

Upon Clemenger Group's merger with the US-based BBDO Group, Geoff oversaw the Pan-Asian expansion strategy through acquisition and start-up, joining the BBDO International Board and was subsequently appointed as Chairman of ASIA/Pacific operations.

Geoff was appointed Chairman of the NSW Tourism Commission and also became a Vice President and Director of the successful Sydney 2000 Olympic Bid Committee. He was awarded the Order of Australia (AM) in the Queen's Birthday Honours Listing 2000, is a Fellow of the Advertising Institute of Australia (by examination), a Fellow of the Australian Institute of Company Directors and a Fellow of the Royal Society of the Arts.

Other directorships (current and recent):

Non-executive Director of WPP AUNZ Limited (since 8 April 2016), Chairman and Director of Arab Bank Australia Limited (Director since 2 November 1995, Chairman since 19 July 2011).

DIRECTORS' REPORT

INTRODUCTION

The Directors of oOh!media Limited (oOh!media or the Company) present their report of the consolidated entity consisting of oOh!media Limited and the entities it controlled (the Group) at the end of, or during, the year ended 31 December 2019 and the Auditor's Report thereon.

The Directors and Company Secretaries who held office at any time during or since the end of the financial year ended 31 December 2019, together with their qualifications, experience and further details, are set out on the previous pages (for the Directors) and in the Corporate Governance Statement (for the Company Secretaries).

The Directors' Report has been prepared in accordance with the requirements of the Corporations Act 2001 (Cth). The information below forms part of this Directors' Report.

CORPORATE STRUCTURE

oOh!media Limited is a company limited by shares that is incorporated and domiciled in Australia.

PRINCIPAL ACTIVITIES

oOh!media is a leading Out Of Home media company, offering advertisers the ability to create deep engagement between people and brands across one of the largest and most diverse Out Of Home location-based portfolios in Australia and New Zealand. oOh!media's portfolio includes:

- large format classic and digital roadside screens;
- large and small format classic and digital signs located in retail precincts such as shopping centres;
- large and small format classic and digital signs in airport terminals and lounges;

- classic and digital signs in high dwell time environments such as cafés, pubs, universities, office buildings and gyms;
- classic and digital street furniture signs;
- classic and digital rail and classic format advertising in public transport corridors including rail; and
- online sites for millennials, students, flyers and small businesses and city-based audiences.

oOh!media also owns a leading native content production company and digital printing operations.

OPERATING & FINANCIAL REVIEW

The consolidated profit attributable to the owners of the parent entity for the financial year ended 31 December 2019 was \$13,453,000 (2018: \$29,124,000).

A review of operations and results of the Group for the year ended 31 December 2019 is set out in the Operating and Financial Review, which forms part of this Report.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There has been no significant changes in the state of affairs of the Company during 2019.

LIKELY DEVELOPMENTS & EXPECTED RESULTS

The Group's prospects and strategic direction are discussed in various sections of this Report. Further information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in prejudice to the Group.

RISK MANAGEMENT

The Company takes a proactive approach to risk management and actively manages risks such as strategic risk, contract risk, governance and compliance risk and financial risk. The Board of oOh!media (the Board) has mechanisms in place to ensure management's objectives and activities are in line with those determined by the Board including:

- Board approval of:
 - the Group's strategic plan and objectives;
 - the Group's policies with regard to governance, conduct and other risks;
 - the Group's annual financial forecasts and operating budgets;
 - all contracts and agreements which exceed the level of delegation to management in the Delegation of Authority policy approved by the Board; and
 - all project developments which exceed the level of delegation to management in the Delegation of Authority policy approved by the Board;
- regular review by the Board of the Group's adherence to and performance against the above items; and
- regular review by the Audit, Risk and Compliance Committee of the Group's risk management process, with improvements introduced where appropriate.

The Company has identified the following as being the most relevant risks to the business achieving its operational and financial targets:

DIRECTORS' REPORT

CONTINUED

Business Element	Description of risk and the Company's mitigation
Adapting to change	Growth in outdoor advertising will be dependent on continued ability to adapt to changes in the media landscape, including meeting evolving customer advertising requirements, competitive and legislative changes. Further, a general disruption to or downturn in either economic conditions or the broader media industry in the geographic regions in which oOh!media operates may reduce revenues. This may have a significant impact on operating profit as a large proportion of oOh!media's costs have a fixed component. The Board oversees key changes in the media landscape and the appropriateness of Management's response to such changes. oOh!media has developed a diversified portfolio to mitigate this risk, with diversity and scale across a number of different environments that produce quality Out Of Home margins and return on investment for advertisers. oOh!media has also invested in audience data, scalable systems and operating models to manage this risk in the future.
Business partners	oOh!media is dependent on relationships with concession holders to manage its lease and licence portfolio, media agencies to represent this portfolio to their advertiser clients, and customers who desire the portfolio to advertise their goods and services. Many concession contracts require oOh!media to participate in competitive processes ahead of or at each renewal. Loss of relationships with media agencies, a change in the size or structure of the media agency market, or loss of relationships with key customers could impact the Group's future operating and business performance. oOh!media has developed a diversified portfolio of relationships with numerous individual concession holders and with different contract maturity dates to mitigate the impact of loss of individual concession relationships, and has invested in data and insights to give agencies and customers more focus and reach for their desired audience using oOh!media's unique portfolio.
Acquisitions & integration	Acquisitions may not deliver projected benefits or value, and integrations may not be successful, resulting in interruptions to the achievement of business strategy. oOh!media has deep experience managing business integrations and where appropriate, appoints full time project managers to assist with the management and delivery of integration programs. oOh!media regularly reports against the performance of the integration and the new business to the Board.

Regulatory & Governance	Description of risk and the Company's mitigation
Regulatory	The Group operates in an industry which is subject to specific regulatory risk, planning development regulations for deployment of the Group's assets and regulatory changes with respect to advertising content on the group's assets. oOh!media engages proactively with regulatory and industry bodies regarding development of regulation and in ensuring compliance by the Group's activities.
Governance	The Group recognises stakeholder expectations regarding governance for an enterprise of its scales and operating as a publicly listed entity. A significant failure to meet expected standards of governance would impact the reputation and business outcomes for the Group. oOh!media engages professional in-house and where required, external, governance experts across its corporate, finance, legal and operations functions to provide advice and support, and to manage and review governance systems.

IT & Cybersecurity	Description of risk and the Company's mitigation
IT security & resilience	Failure to appropriately address security risks around external threats to the digital network, IT systems and data (including personal information) could result in system suspension or failure, the potential loss of intellectual property or a personal information data breach. oOh!media has developed a Cyber Security Strategy and processes, policies and activities in relation to managing Cyber Security in the implementation of that strategy are overseen by executive technology and business leaders in the Group.

People & Capability	Description of risk and the Company's mitigation
WHSE&Q	Work, health, safety, environmental and quality (WHSE&Q) risks could occur causing physical injury or death to employees or others, damage to property or the environment, damage to reputation and involve regulatory breach. oOh!media has a dedicated WHSE&Q function, complemented by a WHSE&Q management system that is rigorously enforced. This team conducts Quality Assurance on providers to ensure compliance with policies, induction, licensing requirements, insurance and WHS policies. oOh!media has a Group-wide training program for WHSE&Q, including specific training on bullying and harassment. oOh!media conducts third party independent audits of its WHSE&Q system to identify any areas for continuous improvement, and reports to the CEO and Board at least monthly on WHSE&Q – related matters.
Employee retention & succession	Employee retention and succession planning is critical to the Group's delivery of its strategy and competitive success. oOh!media has short-term and long-term succession and organisational structure plans for key roles. oOh!media provides competitive remuneration, career development and on-the-job training. Retention and succession activities and outcomes are regularly reviewed by the Board.
Structure, capability & culture	Business structure and staff capability may not continue to evolve to meet the growing changes and complexity in the products, market, agencies and emerging digital environment. This failure may negatively impact the innovative and entrepreneurial culture of the organisation and the ongoing relevance and performance of oOh!media within the market. oOh!media has a three-year people and culture plan. Before any major initiative, structure, culture and capability is carefully assessed to ensure the best of the culture and capability is maintained, whilst adapting to new favourable opportunities. oOh!media has Group-wide induction and continuous training programs, a mentoring program, recognition programs beyond remuneration, and a Head of Talent to focus on finding and retaining the right talent for oOh!media.

MATTERS SUBSEQUENT TO REPORTING DATE

Except as disclosed in Note 29 to the financial statements within this Annual Financial Report, no other matter or circumstance at the date of this Report has arisen since 31 December 2019 that has significantly affected or may affect:

- the operations of the Group;
- the results of those operations in future financial years; or
- the Group's state of affairs in future financial years.

ENVIRONMENTAL & WHS REGULATION

The Directors recognise the importance of environmental and workplace health and safety issues. The Directors are committed to compliance with all relevant laws and regulations to ensure the protection of the environment, the community and the health and safety of employees, contractors and the community. The operations of the consolidated entity are not subject to any particular or significant environmental regulation under the law of the Commonwealth of Australia or any of its states or territories, or New Zealand. The Group has not incurred any significant environmental liabilities.

PROCEEDINGS ON BEHALF OF THE COMPANY

No proceedings have been brought on behalf of the Group, nor have any applications been made in respect of the Group under section 237 of the Corporations Act 2001 (Cth).

ROUNDING OF AMOUNTS

The Company is a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 (Instrument) issued by the Australian Securities and Investments Commission (ASIC), relating to the "rounding off" of amounts in the Directors' Report.

Amounts in the Directors' Report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar, unless otherwise stated.

DIRECTORS' REPORT

CONTINUED

DIRECTORS' MEETINGS

The record below shows the number of directors' meetings held during the year, the number of meetings the directors were eligible to attend and the number of meetings attended.

Name of Director	Board	Audit, Risk & Compliance Committee	Remuneration & Nomination Committee
Number of meetings held	16	5	4

	Attended	Chair/Member	Attended	Chair/Member	Attended
Brendon Cook	15/16				
Joanne Crewes	16/16			Member	4/4
Tony Faure	16/16			Member	4/4
Debra Goodin	15/16	Chair	5/5		
Philippa Kelly [^]	7/7				
Timothy Miles [#]	12/12	Member	3/3		
Darren Smorgon	15/16	Member	5/5	Chair	4/4
David Wiadrowski ^{**}	3/3	Member			
Geoffrey Wild AM [*]	4/4	Member	2/2		

* Geoffrey Wild AM retired, effective 16 May 2019, following the conclusion of the Annual General Meeting. Two Audit, Risk And Compliance Committee (ARCC) meetings were held prior to Mr Wild retiring from the Board and ARCC.

Timothy Miles was appointed as a Non-Executive Director, effective 16 May 2019, following the conclusion of the Annual General Meeting. Three ARCC meetings were held after Mr Miles was appointed as a member of the ARCC.

[^] Philippa Kelly was appointed as a Non-Executive Director, effective 18 September 2019.

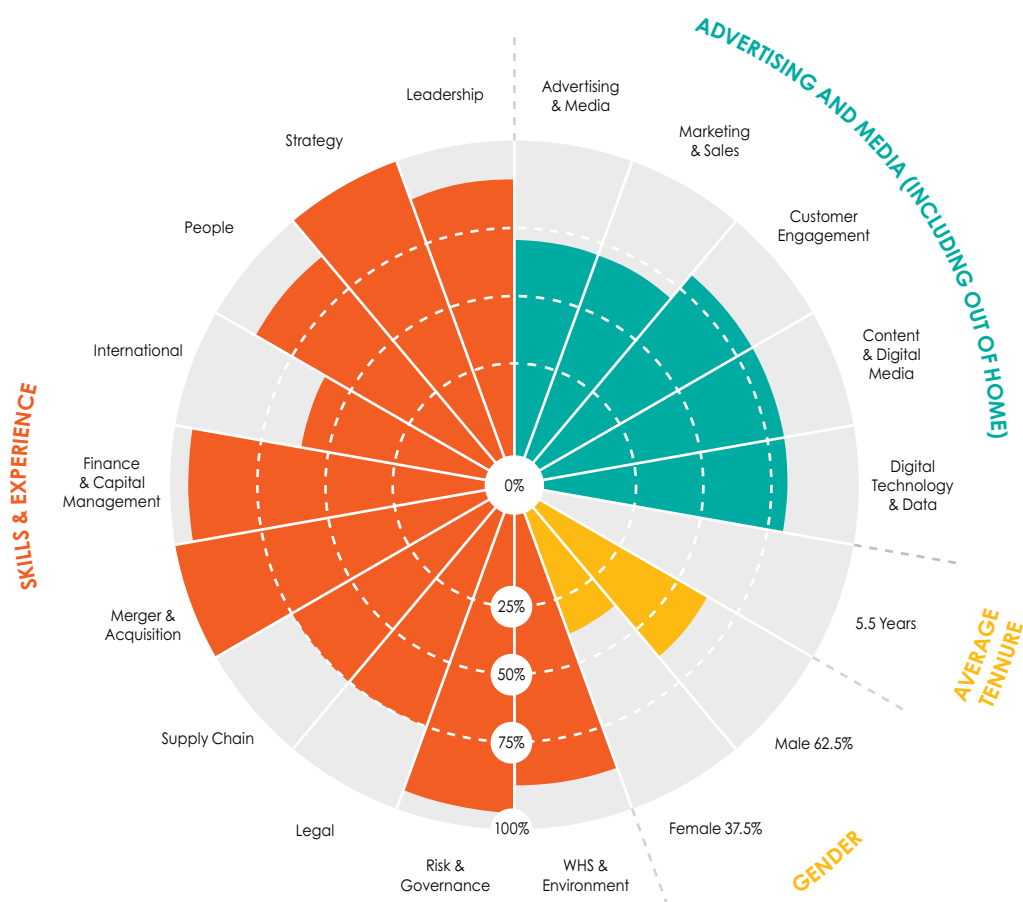
^{**} David Wiadrowski was appointed as a Non-Executive Director, effective 29 November 2019.

In addition, Board sub-committees were convened from time to time during the period to support the Board in execution of its responsibilities.

BOARD SKILLS, EXPERIENCE & DIVERSITY

The Board, together with the Remuneration & Nomination Committee, review the skills, experience and diversity represented by Directors on the Board and determine whether the composition and mix of these factors remain appropriate for the Company's strategy, subject to limits imposed by the Constitution and the terms served by existing Non-executive Directors.

We are confident the current Board composition provides a strong combination of skills, experience and diversity to allow oOh!media to execute its long-term strategy to drive sustainable growth and maximise shareholder value.



CORPORATE GOVERNANCE

oOh!media's Corporate Governance Statement is available on oOh!media's website under <https://investors.oohmedia.com.au/investor-centre/?page=governance>.

SHARES ISSUED & EXERCISE OF RIGHTS

Ordinary shares of oOh!media Limited

At 31 December 2019, there were 2,829,236 performance rights on issue (2018: 2,112,730). In 2019, 843,816 fully paid ordinary shares were issued on vesting of performance rights under the Long-Term Incentive Plan. The total number of fully paid shares on issue at 31 December 2019 is 242,385,958 (2018: 236,640,789).

DIRECTORS' REPORT

CONTINUED

DIRECTORS' INTERESTS IN SHARES, RIGHTS AND OPTIONS OF THE COMPANY

The relevant interests of each Director in the equity of the Company and related bodies corporate as at the date of this Directors' Report are disclosed in the Remuneration Report.

SHAREHOLDER RETURNS

	2019	2018 ¹	2017	2016 ²	2015
Profit attributable to the owners of the Company (\$'000)	13,453	29,124	33,206	24,481	21,046
Basic earnings per share (cents)	6	14	19	16	12
Dividends – interim paid and final declared (\$'000)	26,566	26,094	24,704	22,420	14,239
Dividends per share – interim paid and final declared (cents)	11.0	11.0	15.0	14.0	9.5
Share price – closing at balance date (\$)	3.64	3.42	4.50	4.57	4.72

1. Prior year comparative basic earnings per share have been adjusted to reflect the effect of the PPA accounting for Adshel which was completed in 2019. Refer to Note 25 of the Financial Statements.
2. The CY2016 accounts have been restated for a change in policy relating to the tax treatment of intangibles on acquisitions.

Shareholder returns per share reflect the issuance of 71,709,994 additional fully paid ordinary shares issued in July 2018 to assist in financing the acquisition of the share capital of Adshel on 28 September 2018.

Net profit amounts have been calculated in accordance with the Australian Accounting Standards. Dividends for 2019 were fully franked and it is expected that dividends in future years will continue to be fully franked.

Prior year comparative basic earnings per share have been adjusted to reflect the effect of the bonus element of the July 2019 rights issue. Refer to Note 30 of the Financial Statements.

DIVIDENDS

The following fully franked dividends have been paid to date:

Dividends paid during 2019	Amount per share (cents)	Total paid (\$)
Final 2018 dividend (paid 26 March 2019)	7.5	17,811,345
Interim 2019 dividend (paid 30 September 2019)	3.5	8,387,010
		26,198,355

Dividends paid during 2018	Amount per share (cents)	Total paid (\$)
Final 2017 dividend (paid 16 March 2018)	10.5	17,317,732
Interim 2018 dividend (paid 21 September 2018)	3.5	8,282,424
		25,600,156

After the reporting date, the Board has declared a fully franked final dividend of 7.5 cents per ordinary share amounting to 11 cents in respect of the year ended 31 December 2019. This dividend is payable on 27 March 2020 and is subject to the Company's dividend reinvestment plan (**DRP**), which is available on the investor website. The March 2020 **DRP** offer will be fully underwritten. The financial effect of this dividend has not been brought to account in the consolidated Financial Statements for the year ended 31 December 2019 and will be recognised in subsequent financial reports. The 2019 dividends were also subject to the **DRP**, with the September 2019 **DRP** offer fully underwritten. The financial effect of these dividends is out in Note 21 of the Financial Statements.

INDEMNIFICATION & INSURANCE OF DIRECTORS AND OFFICERS

The Company, to the extent permitted by law, indemnifies each Director, alternate Director and Executive Officer of the Company on a full indemnity basis against all losses, liabilities, costs, charges and expenses incurred by that person as an Officer of the Company or one of its related bodies corporate.

The Company, to the extent permitted by law, may purchase and maintain insurance, or pay, or agree to pay, a premium for insurance for each Director, alternate Director and Executive Officer of the Company against any liability incurred by that person as an Officer of the Company or its related bodies corporate, including a liability for negligence or for reasonable costs and expenses incurred in defending or responding to proceedings, whether civil or criminal and whatever their outcome.

The Company may enter into contracts with a Director or former Director agreeing to provide continuing access to board papers, books, records and documents of the Company that relate to the period during which the Director or former Director was a director. The Company may arrange that its related bodies corporate provide similar access to board papers, books, records or documents.

INSURANCE PREMIUMS

The Company has paid insurance premiums in respect of Directors' and Officers' Liability insurance for the year ended 31 December 2019 and since the end of the financial year. Such insurance contracts insure against certain liability (subject to specific exclusions) persons who are or have been Directors, alternate Directors or Executive Officers of the Company or in that capacity to the extent allowed by the *Corporations Act 2001* (Cth). The terms of the policies prohibit disclosure of the liability and premium paid.

NON-AUDIT SERVICES

During the year, KPMG, the Company's auditor, performed certain other services in addition to its statutory duties.

The Board has considered the non-audit services provided during the year by the auditor, and, in accordance with the advice received from the Audit, Risk & Compliance Committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirement of the *Corporations Act 2001* (Cth) for the following reasons:

- all non-audit services are subject to corporate governance procedures adopted by the Group and have been reviewed by those charged with the governance of the Group throughout the year to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants as they did not involve the auditor reviewing or auditing its own work, acting in a management or decision-making capacity for the Group, acting as an advocate to the Group or jointly sharing the risks and rewards.

DIRECTORS' REPORT

CONTINUED

Details of the audit and non-audit service fees paid or payable to the company's auditor during the year are disclosed in Note 32 of the financial statements:

	2019 \$	2018 \$
Audit and assurance services		
<i>KPMG Australia</i>		
Audit and review of Financial Statements	535,534	585,780
Audit of subsidiary's Financial Statements	75,645	–
Other assurance services	165,189	85,339
Total audit and assurance services	776,368	671,119
Other services	2019 \$	2018 \$
<i>KPMG Australia</i>		
Taxation compliance and advisory services	107,514	253,483
Acquisition-related services	–	641,161
Total other services	107,514	894,644
Total auditor's remuneration	883,882	1,565,763

OTHER INFORMATION

The following information, contained in this Annual Financial Report, forms part of this Directors' Report:

- Operating and Financial Review
- Board of Directors
- Audited Remuneration Report
- Lead Auditor's Independence Declaration

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001 (Cth).

Signed on behalf of the Directors.

A handwritten signature in black ink, appearing to read 'Tony Faure', with a stylized, cursive script.

Tony Faure
Chair

24 February 2020, Sydney

DIRECTORS' REPORT

CONTINUED



LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

To the Directors of oOh!media Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of oOh!media Limited for the financial year ended 31 December 2019 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'KPMG'.

KPMG
Sydney

A handwritten signature in black ink, appearing to read 'Trent Duvall'.

Trent Duvall
Partner
Sydney
24 February 2020

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

REMUNERATION REPORT

The Directors are pleased to present the 2019 Remuneration Report which outlines remuneration information for Non-executive Directors, Executive Directors and other key management personnel (together KMP).

The information in this Report has been audited as required by section 308(3C) of the *Corporations Act 2001* (Cth).

INTRODUCTION

Dear shareholder,

On behalf of the Board and as Chair of the Remuneration & Nomination Committee, I am supportive of the principles and practices applied to remuneration at oOh!media.

We have been focused on creating a performance driven culture that delivers for shareholders, customers and employees alike, with executive short and long-term rewards tied to financial results as well as long-term contribution to the business.

Our philosophy and approach to remuneration has been consistent over the last five years, which in turn provides consistency and transparency for shareholders. Changes have been made only when they are viewed to provide greater transparency, drive more aligned management focus or align to greater long-term shareholder value. In 2019 we recommended and have adopted some changes for the 2020 year in relation to our Short-term incentives (STI) and Long-term incentives (LTI). In particular, an additional Return on Equity (ROE) measure is proposed for LTI and the Board intends to give itself some discretion in relation to payment of 2020 STI in light of unexpected or variable circumstances.

As with past years, we set challenging targets for short-term and long-term incentives with stretch goals for exceptional performance, relating to both financial and non-financial objectives. A significantly challenged media market led to a result short of our initial expectations. This has impacted payment of both STI for 2019 and the 2017 LTI scheduled to vest in February 2020. 2019 bonuses for KMP did not meet the minimum payment threshold and the 2017 LTI program has not met the minimum hurdle for payment on either measure.

Having said that, I am proud of the response from the business and the full year result achieved post the profit downgrade announced in August 2019. A stronger Q4 allowed us to do a subsequent upgrade in November, with our end result falling within the revised guidance.

REPORTING PRINCIPLES

The Remuneration Report refers to a range of non-IFRS (International Financial Reporting Standards) financial information including Underlying EBITDA¹. oOh!media believes this non-IFRS financial information provides useful insight to users of this report in measuring the financial performance and condition of oOh!media.

1. Underlying EBITDA is the equivalent of Underlying EBITDA pre AASB16 referred to in Note 4 of the Financial Statements.

KEY MANAGEMENT PERSONNEL

The key management personnel (KMP) for 2019 are the eight Non-executive Directors and two Executives who have specific responsibility for planning, directing and controlling the material activities of oOh!media. There is also an Executive Leadership Team that supports the KMP. There were four changes to the KMP during 2019:

- Geoff Wild retired from the Board effective 16 May 2019
- Timothy Miles was appointed as an independent Non-executive Director effective 16 May 2019
- Philippa Kelly was appointed as an independent Non-executive Director effective 18 September 2019
- David Wiadrowski was appointed as an independent Non-executive Director effective 29 November 2019

In addition, Debra Goodin has announced her intention to retire from the Board on 25 February 2020.

The Remuneration Report has been prepared on a basis consistent with the Financial Statements and accordingly includes total remuneration details for the year ended 31 December 2019. oOh!media's remuneration framework is structured to ensure it is market competitive, and supports and motivates the Senior Executive and the broader team to work toward both short and long-term strategic objectives that align to sustainable value creation for shareholders.



Darren Smorgon
Chair, Remuneration & Nomination
Committee

Sydney

REMUNERATION REPORT

AUDITED

LIST OF KMP

Non-executive Directors

Tony Faure ⁽¹⁾	Chair and Non-executive Director
Debra Goodin ⁽²⁾	Independent Non-executive Director and Lead Independent Director
Darren Smorgon	Independent Non-executive Director
Geoffrey Wild AM ⁽³⁾	Non-executive Director
Joanne Crewes	Independent Non-executive Director
Timothy Miles ⁽⁴⁾	Independent Non-executive Director
Philippa Kelly ⁽⁵⁾	Independent Non-executive Director
David Wiadrowski ⁽⁶⁾	Independent Non-executive Director

Executives

Brendon Cook	Chief Executive Officer and Managing Director
Sheila Lines	Chief Financial Officer

1. Tony Faure was appointed as a consultant to Junkee Media following the acquisition by oOh!media in July 2016. As a consequence, the Board determined Tony Faure was not considered to be an Independent Director of oOh!media.
2. Debra Goodin will retire on 25 February 2020
3. Geoffrey Wild retired on 16 May 2019
4. Timothy Miles was appointed on 16 May 2019
5. Philippa Kelly was appointed on 18 September 2019
6. David Wiadrowski was appointed on 29 November 2019

REMUNERATION PHILOSOPHY

This Remuneration Report explains the Board's approach to executive remuneration, and to performance and remuneration outcomes for oOh!media and its KMP.

Remuneration principles and strategy

The success of oOh!media can be attributed to attracting and retaining talented individuals. oOh!media's remuneration framework focuses on a competitive fixed annual remuneration (FAR) combined with short-term incentives (STI) and long-term incentives (LTI).

All incentives are "at-risk" and reward achievement of oOh!media's annual financial outcomes and individual goals as well as long-term growth in shareholder value.

ATTRACT AND RETAIN	REWARD ACHIEVEMENT OF GOALS	LONG-TERM ALIGNMENT TO SHAREHOLDERS
		
Cash		Equity
- Benchmarked against comparable independent remuneration data and advice - Set competitively to relevant industry peer groups	- STI outcomes based on earnings performance and achievement on individual goals - Set each year and linked to individual and group performance against organisation strategy	- Based on Compound Annual Growth Rate of oOh!media's Earnings per Share and Relative Total Shareholder Return - Three year performance period - Board retains right to alter target or clawback as necessary
Market competitive fixed annual remuneration		Set challenging short and long term incentives linked to the creation of sustainable shareholder returns

oOh!media's remuneration principles guide practices that are:

- market competitive;
- performance related;
- fair;
- consistent across all levels of the Group; and
- easily understood.

Remuneration is linked to achievement of business outcomes through interlinked goals.

These are set at an all-of business level, with subsequent goals developed for each Senior Executive. All employees are then engaged in setting their own goals in agreement with management and in alignment with the overall strategic priorities. These goals are reviewed and measured quarterly to ensure employees are rewarded for overall company achievement as well as their individual contribution to oOh!media's success.

The Board reviews all remuneration principles, practices, strategies and approaches to ensure they support the long-term business strategy and are appropriate for a listed company of oOh!media's size.

REMUNERATION REPORT

AUDITED – CONTINUED

COMPONENTS OF REMUNERATION

Component	Performance measures	Link to strategy and performance
Fixed Annual Remuneration (FAR) Salary and other benefits including superannuation.	Multiple measures are used to determine yearly fixed remuneration changes including individual performance and contributions during the previous year.	oOh!media ensures employees are rewarded fairly for their contribution to the success of the Company by benchmarking against comparable independent remuneration data and advice. Fixed remuneration is set competitively relative to industry peers and similarly sized publicly listed companies to attract and retain the right talent and considers the factors of: • core responsibilities; • business and individual performance; • internal and external relativities; and • contribution to the organisation.
Annual Bonus Short Term Incentive (STI) Most employees are eligible to participate in the Annual Bonus Program. Participants must be employed by 1 October in the year to be eligible for a bonus that year.	STI performance targets are: • 70% on achievement of full year Underlying EBITDA (derived from oOh!media's audited results); and • 30% on achievement of individual goals. A threshold hurdle of 90% of budgeted Underlying EBITDA must be achieved before any entitlement to an STI payment occurs. All Executive KMP and Senior Executives have an STI mix of 70% Underlying EBITDA and 30% individual goals.	Full year Underlying EBITDA was chosen as the key measure as it aligns to key reporting metrics and the internal financial measures that guide our efforts and management focus. The performance target is based on budget expectations as set by the Board for 2019. The Board retains the right to alter the target during the performance period to account for significant acquisitions, divestments or other relevant events. Goals are set each year and linked to the organisational strategy and are cascaded through the organisation to ensure alignment of all employees to the strategy. Performance against these goals forms the basis of the individual component of the STI and allows us to distinguish and reward performance at the individual level. In the case of over achievement on either Underlying EBITDA or individual goals, there is the opportunity for greater than a 100% STI payment. In the case of under achievement on either Underlying EBITDA or individual goals, the STI payable will be less than 100%.
Long-Term Incentive (LTI) An allocation of performance rights granted, by invitation, to a defined set of senior leaders as approved by the Board and aligned to long-term shareholder value creation.	There are two LTI performance hurdles. The first is based on the Compound Annual Growth Rate (CAGR) of oOh!media's Earnings Per Share (EPS) over a three-year performance period (as per the full year audited financial results), and represents 75% of the award. The second hurdle based on Relative Total Shareholder Return (TSR) over a three-year performance period assessed against the ASX200 index (excluding Financials, Industrials and Materials), representing 25% of the award.	Aligns the interests of executives and shareholders by focusing on long-term growth. The purpose of oOh!media's Equity Incentive Plan is to provide incentive to attract, retain and motivate eligible employees whose present and potential contributions are important to the success of oOh!media by offering them a chance to participate in the future performance of the Company. CAGR of EPS was chosen as the most relevant long-term measure as it aligns to our key reporting metrics and internal metrics for Senior Executives. Relative TSR is seen as having objectivity and transparency with a multi-year measurement of performance. These hurdles are agreed by the Board prior to the performance period and communicated with the LTI invitation. The Board retains the right to alter the target during the performance period to account for significant acquisitions or divestments or to clawback or adjust any or all allocated LTI in relevant circumstances. The number of rights that vest is a percentage of those allocated, based on the CAGR of oOh!media's EPS and Relative TSR over the performance period.

REMUNERATION GOVERNANCE

Remuneration & Nomination Committee and Board oversight

A Remuneration & Nomination Committee (RNC) was established in 2014 with a clear charter and set of responsibilities.

The RNC has been delegated responsibility to review and make recommendations to the Board, with the Board maintaining overall responsibility as outlined below.

oOh!media Board

The Board maintains overall responsibility for oversight of the Company's remuneration policy and the principles and processes which give effect to that policy. The Board approves, having regard to the recommendations of the Remuneration & Nomination Committee, the:

- Size, composition and criteria for membership of the Board, including review of Board succession plans, performance evaluation and the succession of the Chair, CEO and CFO, as well as Senior Executive performance assessment processes and results;
- Company's remuneration, recruitment, retention and termination policies and procedures for senior management;
- Short-term incentive strategy, performance targets and bonus payments, including major changes and developments to the Company's LTI plans; and
- Effectiveness of the Board Diversity & Inclusion Policy.

Remuneration & Nomination Committee (RNC)

The RNC has delegated authority to assist the Board and make recommendations on matters relating to the operation, nomination and remuneration of the Board, KMP and Senior Executives.

The key responsibilities of the committee in relation to remuneration and nomination activities are to:

- Develop a board skills matrix setting out the mix of skills and diversity that is required by the business, and compare and assess this against what the Board currently has or is looking to achieve in its membership;

- Review and recommend remuneration arrangements for Non-executive Directors and Executive Directors including the CEO, and approve the remuneration of the other Senior Executives;
- Review major changes to the overall remuneration strategy or practices, including short-term and long-term incentive participation, performance targets and hurdles, and participation in the LTI Plan;
- Approve annual salary review budget and spend;
- Review major changes and developments in remuneration policy and people practices for the Group;
- Review and make recommendations on gender pay strategies;
- Approve the appointment of remuneration consultants for the purposes of the Corporations Act 2001 (Cth); and
- Review and recommend to the Board the Remuneration Report for inclusion in the annual Directors' Report.

External Advisors

- The RNC has rights of access to management and to external auditors/resources without management present, and rights to seek explanations and additional information from management, advisers and auditors.
- The RNC may seek the advice of the Company's auditor, solicitor or other independent advisers (including external consultants and specialists) as to any matter pertaining to the powers or duties of the RNC or the responsibilities of the committee, as the RNC may require.

Use of advisers

Since 2016, oOh!media has engaged Aon Hewitt to provide benchmarking data on an ongoing basis. oOh!media subscribes to Aon Hewitt's Media and General Industry Salary Surveys, as well as participating in its Policy and Practice reviews. This allows oOh!media to access insight, expertise and benchmarking data as they relate to both individual positions and overall remuneration within oOh!media.

During 2019, oOh!media engaged Aon Hewitt to provide benchmarking data for Sales Incentives, Short and Long term Incentive Plans, Senior Executive and Non-executive Director remuneration.

Share trading

In 2014, oOh!media adopted a Policy for Dealing in Securities, the purpose of which is to explain the types of conduct in dealings in securities that are prohibited under the Corporations Act 2001 (Cth). This policy was reviewed by the Board and management in 2019 with amendments adopted by the Board in February and December 2019.

The policy is designed to establish best practice procedures for the buying and selling of securities that protect oOh!media, Directors and employees against the misuse of unpublished information that could materially affect the value of securities. The policy applies to all Directors, Officers, Senior Executives and employees of the Group and their connected persons. The policy provides that relevant persons must not deal in oOh!media's securities:

- where they are in possession of material price-sensitive information;
- on a short-term basis (within a three-month window of purchase); and
- during trading blackout periods (except if approved in exceptional circumstances).

Outside trading windows dealing in oOh!media's securities is not permitted by directors, senior staff or finance and legal staff without prior approval. This must be obtained:

- by Directors, from the Chair of the Board;
- by the Chair of the Board, from the Chair of the Audit, Risk & Compliance Committee; and
- by others, from the CEO.

The policy can be found under Corporate Governance in the Investors section of the oOh!media website – www.oohmedia.com.au/investors.

REMUNERATION REPORT

AUDITED – CONTINUED

Diversity & remuneration

oOh!media recognises the value of a diverse and inclusive workforce reflective of the markets where we operate.

Accordingly, the Board and management of oOh!media are focused on diversity, inclusion and belonging as key business goals. oOh!media is committed to addressing and promoting gender equality. Gender pay analysis commenced in 2016 and continues annually, to identify any underlying disparity between male and female pay. The pay gap within oOh!media has consistently and significantly reduced since 2016, such that the current pay gap within oOh!media is below industry comparisons for both "All Industries" and Information Media and Telecommunications (source: WGEA 2019 pay gaps).

Remuneration linked to performance and shareholder wealth

The Remuneration & Nomination Committee considers Underlying EBITDA to be the most relevant measure of short-term performance to link executive remuneration. Management believes the Underlying measure provides a better representation of financial performance in the ordinary course of business.

In 2019 the Remuneration & Nomination Committee approved a LTI program comprising a combination of CAGR of EPS and Relative TSR. For LTI purposes as a listed company, CAGR of EPS is seen as an appropriate measure by linking remuneration to the impact on long-term shareholder value, and Relative TSR is seen as having objectivity and transparency with multi-year measurement of performance. Relative TSR is measured against the ASX200 index (excluding Financials, Industrials and Materials). TSR and CAGR of EPS are reliable, well tested and commonly applied LTI hurdles in the Australian market.

Information on the Company's performance is shown below:

	2019	2018 ¹	2017	2016 ²	2015
Underlying EBITDA (\$'000)	138,987	112,525	90,070	73,500	57,700
Profit/(loss) attributable to the owners of the Company (\$'000)	13,453	29,124	33,206	24,481	21,046
Basic earnings/(loss) per share (cents)	6	14	19	16	12
Dividends – interim paid and final declared (\$'000)	26,566	26,094	24,704	22,420	14,239
Dividends per share – interim paid and final declared (cents)	11.0	11.0	15.0	14.0	9.5
Share price – closing at balance date (\$)	3.64	3.42	4.50	4.57	4.72
Change in share price over the year (\$)	0.22	-1.08	-0.07	-0.15	2.72

1. Prior year comparative basic earnings per share have been adjusted to reflect the effect of the PPA accounting for Adshel which was completed in 2019. Refer to Note 25 of the Financial Statements.
2. The CY2016 accounts have been restated for a change in policy relating to the tax treatment of intangibles on acquisitions.

EXECUTIVE KMP REMUNERATION

Executive KMP	FAR for 2019
Brendon Cook	\$888,993
Sheila Lines	\$502,615

2019 STI outcomes

The Board set an STI scheme target for 2019, aligned to a 9 per cent increase in Underlying EBITDA from ProForma CY2018. Pro-forma CY2018 includes Adshel's results while under the ownership of HT&E. Both the CY2018 ProForma results and target exclude the impact of AASB16.

The business did not meet this target which resulted in the company component of the STI not being awarded to employees of the Australian business.

Target STI for 2019

The table below outlines the Target STI for the Executive KMP for CY2019.

Executive KMP	Min STI	Target STI opportunity ¹	As a % of FAR	Max STI opportunity ²	Max as a % of FAR
Brendon Cook	\$0	\$400,000	46%	\$800,000	91%
Sheila Lines	\$0	\$204,000	41%	\$408,000	81%

1. Target STI represents the amount payable at 100 per cent of Underlying EBITDA plus 100 per cent on personal goals.

2. Maximum STI is available on achievement of 125 per cent of Underlying EBITDA and 200 per cent on personal goals.

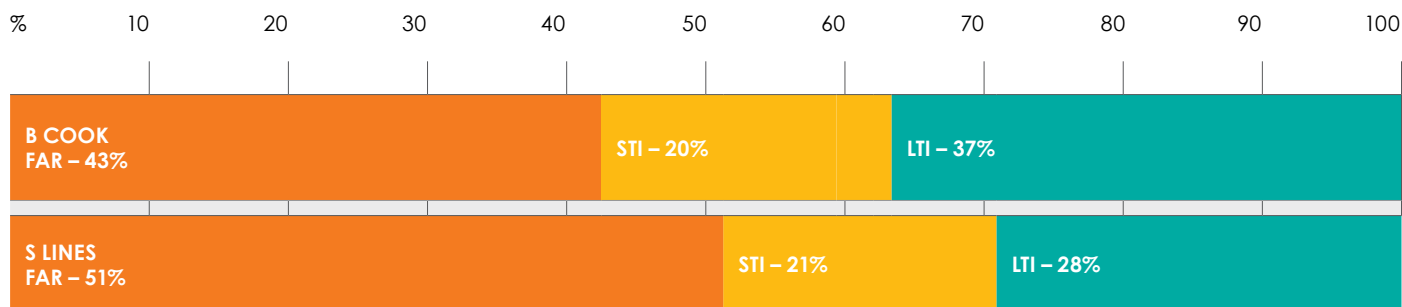
Final 2019 STI payments

The STI payments to the Executive KMP for the calendar year ended 31 December 2019, based on the 2019 STI Plan and including the STI payment as a percentage of the FAR, are explained in the following table:

Executive KMP	Target opportunity as a % of FAR	Actual payment as a % of FAR	Amount paid (inclusive of superannuation)
Brendon Cook	46%	0%	\$0
Sheila Lines	41%	0%	\$0

Components of remuneration

The following table shows the target remuneration mix as a percentage of total remuneration for each of the Executive KMP in 2019. The STI amount reflects the Target STI opportunity and the LTI amount is based on the total face value of the number of performance rights granted in February 2019 for S Lines and May 2019 for B Cook related to the 2019 LTI program.



REMUNERATION REPORT

AUDITED – CONTINUED

CEO STI Performance Scorecard

Goal	Weight	% STI payable	% Total STI payable	\$ Total STI payable
Ensure long-term, profitable business growth	30%			
Build our reputation as market leader				
Transform our culture, capability, systems and processes for the future				
Drive practices and efficiencies to ensure our business operates at its highest potential				
Ensure the safety and integrity of our brand and people				
Ensure acquisitions are effectively integrated to deliver against the business case				
Deliver Underlying EBITDA	70%	0%	0%	\$0

CFO STI Performance Scorecard

Goal	Weight	% STI payable	% Total STI payable	\$ Total STI payable
Deliver revenue and gross margin through commercially sound investment	30%			
Build our reputation as market leader, delivering financial outcomes with integrity				
Align the organisation's efforts to transform culture, capability, systems and processes with financial outcomes				
Drive practices and efficiencies to ensure our business operates at its highest potential				
Protect the business through good corporate governance and management of operational and statutory risk				
Support effective integration of acquired businesses to deliver against the business case				
Deliver Underlying EBITDA	70%	0%	0%	\$0

The rights over ordinary shares granted in the period were:

Executive KMP and Officers	Plan	Number of rights granted during 2019	Vesting condition	Grant Date	Face Value at grant date	Fair value at grant date	Vesting date
Brendon Cook	LTI Plan	192,940	CAGR EPS and TSR	May 2019	\$750,000	\$600,000	February 2022
Sheila Lines	LTI Plan	70,745	CAGR EPS and TSR	March 2019	\$275,000	\$220,000	February 2022
Maria Polczynski	LTI Plan	30,870	CAGR EPS and TSR	March 2019	\$120,000	\$96,000	February 2022

The table below sets out the details of each tranche of rights issued or approved to be issued to Executive KMP and Officers over the last three years, together with their respective vesting dates.

MAR 2017	FEB 2018	MAR 2018	FEB 2019	MAR 2019	FEB 2020	MAR 2020	FEB 2021	MAR 2021	FEB 2022
B COOK – 110,485 March 2017 – February 2020									
		B COOK – 112,933 March 2018 – February 2021				S LINES – 45,173			
				B COOK – 192,940 May 2019 – February 2022		S LINES – 70,745 March 2019 – February 2022		M POLCZYNSKI – 30,870 March 2019 – February 2022	

Maria Polczynski is the Company Secretary.

The 2017 grant did not vest as the vesting conditions for both the CAGR EPS growth and Relative TSR were not met. The Board did not exercise its rights to alter the performance targets, as it believed that this outcome aligned with shareholder interests.

For 2019, CAGR EPS was measured before the impact of AASB16 in its entirety, as it was not included when those targets were set.

NON-EXECUTIVE DIRECTOR REMUNERATION

Overview & arrangements

The Board aims to set Non-executive Directors' remuneration at a level that attracts and retains high calibre and talented Non-executive Directors.

Changes to Board fees were made in 2019 to remain competitive with market benchmarks. The changes were recommended after a review was undertaken in 2017, 2018 and 2019 using benchmarking data of non-executive directors' remuneration from a range of comparable companies. The total fee pool available to meet Board fees following these changes was approved by shareholders at the 2019 Annual General Meeting.

The total amount provided to all Non-executive Directors for their services as Directors, as fixed by oOh!media, must not exceed \$1,300,000 in aggregate in any financial year.

Non-executive Director fees

From 1 January 2019, the Directors' annual fee structure is as below:

	Chair fee ¹	Member fee ¹
Board	\$245,000 ²	\$135,000
Audit, Risk & Compliance Committee	\$25,000	\$12,500
Remuneration & Nomination Committee	\$20,000	\$10,000
Per diem fee ³		\$1,750

1. Inclusive of superannuation.

2. The Chair of the Board receives no extra member fees in addition to Chair fee.

3. To recognise excessive additional responsibility or time commitments, where relevant. Application of per diem is subject to oOh!media Board Chair and RNC Chair approval.

REMUNERATION REPORT

AUDITED – CONTINUED

STATUTORY DISCLOSURE

Statutory remuneration tables

The following table of KMP remuneration has been prepared in accordance with accounting standards and the *Corporations Act 2001* (Cth) requirements.

The amounts shown relating to share-based remuneration are equal to the accounting expense recognised in oOh!media's Financial Statements in respect of the LTI grant. The amounts disclosed do not reflect the actual cash amount received this year or in future years.

Remuneration Report Disclosures FY 2019

Name	Short Term			Post Employment		Share based	Total	
	Salary	Cash Bonus	Non-monetary	Super	LTI		Total	Performance related %
Brendon Cook	767,636	–	48,433	72,925	194,361		1,083,354	18%
Tony Faure	313,748	–	–	21,256	–		335,004	–
Debbie Goodin	157,536	–	–	14,966	–		172,502	–
Geoffrey Wild	50,758	–	–	4,822	–		55,580	–
Darren Smorgon	152,970	–	–	14,532	–		167,502	–
Sheila Lines	459,009	–	–	43,606	24,760		527,375	5%
Joanne Crewes	132,422	–	–	12,580	–		145,002	–
Philippa Kelly	35,226	–	–	3,346	–		38,572	–
David Wiadrowski	10,748	–	–	1,021	–		11,769	–
Timothy Miles	104,214	–	–	–	–		104,214	–

1. Fair value of performance rights related to the LTI grants scheduled to vest in 2020, 2021 and 2022 respectively. The fair value of non-market hurdles has been assessed and adjusted for probability in accordance with accounting standards.
2. Performance-related % is calculated by adding cash bonus and share-based remuneration amounts (all of which have performance hurdles that determine payment) and dividing by total remuneration.
3. Tony Faure, Chairman of oOh!media, was engaged as a consultant by Junkee Media Pty Limited for \$90,000 from the period 1 January to 31 December 2019. Junkee Media Pty Limited is a subsidiary of the Company.
4. Debra Goodin was appointed Lead Independent Director on 22 September 2017. There is no additional remuneration for this role.

Shares

The following table sets out the movement during the reporting period in the number of ordinary shares in oOh!media held directly, indirectly or beneficially by KMP including their related parties. These changes are also reflective as at the date of this report. The board has a minimum shareholding policy for the Non-executive Directors requiring them to reach a minimum shareholding of one times the base fee that is paid to Non-executive Directors within three years following the date of their appointment or the adoption of the policy (February 2019).

Name of Director	Held at 1 January 2019	Granted as remuneration	Vesting of rights	Net change other	Held at 31 December 2019	Met minimum shareholding requirement ¹	Required to meet minimum shareholding (year)
Brendon Cook	985,947	–	109,170	159,388	1,145,335	Yes	2022
Joanne Crewes	Nil	–	–	33,375	33,375	No	2023
Tony Faure ²	110,628	–	–	32,560	143,188	Yes	2022
Debra Goodin	21,133	–	–	19,287	40,420	Yes	2022
Philippa Kelly	–	–	–	–	Nil	No	2023
Sheila Lines	Nil	–	–	8,570	8,570	n/a	n/a
Timothy Miles	–	–	–	36,000	36,000	No	2023
Darren Smorgon	65,583	–	–	22,333	87,916	Yes	2022
David Wiadrowski	–	–	–	–	Nil	No	2023
Geoffrey Wild AM ³	Nil	–	–	–	–	–	–

- Based on 31 December 2019 closing share price
- In addition to the above shares in oOh!media, Tony Faure held 13,098 shares (5 per cent of total shares) in Junkee Media Pty Limited (a subsidiary of the Company acquired on 1 July 2016). These shares were subject to an option which was exercised by the Company in 2019 resulting in a \$600,000 payment to Mr Faure.
- Geoff Wild resigned as a Non-Executive Director of the Company on 16 May 2019. Shareholding reflects holdings at that date.

The following table sets out the movement during the reporting period in the number of rights over ordinary shares in oOh!media held directly, indirectly or beneficially, by KMP or officers in oOh!media, including their related parties.

Executive KMP and Officers	Number held at 1 Jan 2019	Number granted as remuneration	Vesting condition	Number and value – vested and exercised	Held at 31 December 2019	Not vested
Brendon Cook	332,588	192,940	CAGR EPS and Relative TSR	109,170 (159,388 shares allocated) \$624,864	416,358	416,358
Sheila Lines	45,173	70,745	CAGR EPS and Relative TSR	–	115,918	115,918
Maria Polczynski	Nil	30,870	CAGR EPS and Relative TSR	–	30,870	30,870

FURTHER INFORMATION

Service agreements

oOh!media has entered into service contracts with each Senior Executive. The Group retains the right to terminate a contract immediately by making payment equal to the agreed number of months' fixed annual remuneration in lieu of notice, including superannuation plus any statutory entitlements of accrued annual and long service leave.

The service contracts outline the components of compensation but do not prescribe how compensation levels are modified year-to-year. The Remuneration & Nomination Committee reviews compensation each year to take into account any changes in scope or nature of role or agreed objectives to determine and recommend any changes in line with the remuneration strategy and principles.

The key conditions of the service agreements of the Executive KMP are set out in the following table.

Name	Notice of termination				Termination payments under the contract
	Agreement commenced	Agreement expires	By Company	By Employee	
Brendon Cook	1 Oct 2014	No expiry	12 months	12 months	12 Months FAR
Sheila Lines	1 Mar 2018	No expiry	6 months	6 months	6 Months FAR

Non-executive Directors' terms of appointment have no fixed end date, no fixed notice of termination period, nor any agreed termination payments.

All Non-executive Directors may not hold office without re-election beyond the third Annual General Meeting following the meeting at which they were last elected.

REMUNERATION REPORT

AUDITED – CONTINUED

Detailed information on STI and LTI granted in CY2019

	Annual bonus short-term incentive	Long-term incentive																						
Description	Annual Incentive plan delivered in cash with a Company Underlying EBITDA payment threshold	Award of performance rights with a three-year performance period.																						
Conditions	Individual goals are set at the beginning of the performance period and are aligned to business level strategic priorities. For 2019, these included: • growing Underlying EBITDA; • transforming the online capabilities systems and processes of the organisation; • effective integration • driving efficiency • managing risk, governance and reputation	A combination of CAGR of EPS and Relative TSR as performance measures were chosen to encourage continual year-on-year growth. The threshold and stretch targets for the performance period are determined by the Board and specified to the participant at the time of grant of the performance rights. The specific rates are advised in the Remuneration Report of oOh!media in the year in which vesting is scheduled to occur.																						
Performance period	Calendar year.	Three calendar years i.e. 1 January 2019 to 31 December 2021. period																						
Amount that can be earned	Underlying EBITDA component: <table><tr><th>Underlying EBITDA achieved</th><th>STI payable % target</th></tr><tr><td><90%</td><td>0%</td></tr><tr><td>90%-100%</td><td>30% plus 7% for every 1% achievement above 90%</td></tr><tr><td>100%-125%</td><td>100% plus 4% for every 1% achievement above 100%</td></tr><tr><td>Greater than 125%</td><td>200% (capped)</td></tr></table>	Underlying EBITDA achieved	STI payable % target	<90%	0%	90%-100%	30% plus 7% for every 1% achievement above 90%	100%-125%	100% plus 4% for every 1% achievement above 100%	Greater than 125%	200% (capped)	The number of performance rights granted was a fixed dollar amount determined by reference to the face value of the shares on the date of grant. The number of performance rights granted to each executive was the LTI value attributable to the individual divided by the 20 trading day VWAP price as at 31 December 2018 (\$3.8872). Rights were granted for nil consideration. The number of performance rights granted to each of the KMP was: <table><tr><th>KMP</th><th>No.</th><th>Face Value</th><th>Date of grant</th></tr><tr><td>Brendon Cook</td><td>192,940</td><td>\$750,000</td><td>May 2019</td></tr><tr><td>Sheila Lines</td><td>70,745</td><td>\$275,000</td><td>March 2019</td></tr></table>	KMP	No.	Face Value	Date of grant	Brendon Cook	192,940	\$750,000	May 2019	Sheila Lines	70,745	\$275,000	March 2019
Underlying EBITDA achieved	STI payable % target																							
<90%	0%																							
90%-100%	30% plus 7% for every 1% achievement above 90%																							
100%-125%	100% plus 4% for every 1% achievement above 100%																							
Greater than 125%	200% (capped)																							
KMP	No.	Face Value	Date of grant																					
Brendon Cook	192,940	\$750,000	May 2019																					
Sheila Lines	70,745	\$275,000	March 2019																					

Individual component

The percentage awarded for the individual component of the STI is determined by the individual's performance against achievement of their goals as recommended by the individual's direct manager (or the Chair for the CEO). and approved by the Remuneration & Nomination Committee for the Executive KMP and by Senior Executives for all other employees in line with agreed performance and budgets.

Annual bonus short-term incentive		Long-term incentive																								
Vesting	n/a	For the 2019 LTI, granted in 2019, the performance rights will vest, or not, following the publication of the 31 December 2021 audited Financial Statements to the Australian Securities Exchange. The percentage of performance rights that vest, if any, will be determined at the end of the performance period by reference to the following vesting schedule. 75% of rights vest subject to achieving the EPS hurdle, and 25% of rights vest subject to achieving the TSR hurdle. <table><tr><th>Company's CAGR of EPS over the performance period</th><th>% of rights that vest</th></tr><tr><td>Less than 6% CAGR</td><td>Nil</td></tr><tr><td>6% CAGR (threshold performance target)</td><td>50%</td></tr><tr><td>Between 6% and 10% CAGR</td><td>Straight line pro rata vesting between 50% and 100%</td></tr><tr><td>10% CAGR (stretch performance target)</td><td>100%</td></tr><tr><td>Between 10% and 14% CAGR</td><td>Straight line pro rata vesting between 100% and 150%</td></tr><tr><td>14% CAGR or above (exceptional performance target)</td><td>150%</td></tr></table> <table><tr><th>Company's Relative TSR over the performance period</th><th>% of rights that vest</th></tr><tr><td>Less than 50% Relative TSR</td><td>Nil</td></tr><tr><td>50% Relative TSR (threshold performance target)</td><td>50%</td></tr><tr><td>Between 50% and 75% Relative TSR</td><td>Straight line pro rata vesting between 50% and 100%</td></tr><tr><td>At or above 75% Relative TSR</td><td>100%</td></tr></table> The threshold and stretch targets for oOh!media's CAGR of EPS and Relative TSR over the performance period are determined by the Board and specified to the participant at the time of grant of the performance rights. Following testing, any rights that do not vest, lapse.	Company's CAGR of EPS over the performance period	% of rights that vest	Less than 6% CAGR	Nil	6% CAGR (threshold performance target)	50%	Between 6% and 10% CAGR	Straight line pro rata vesting between 50% and 100%	10% CAGR (stretch performance target)	100%	Between 10% and 14% CAGR	Straight line pro rata vesting between 100% and 150%	14% CAGR or above (exceptional performance target)	150%	Company's Relative TSR over the performance period	% of rights that vest	Less than 50% Relative TSR	Nil	50% Relative TSR (threshold performance target)	50%	Between 50% and 75% Relative TSR	Straight line pro rata vesting between 50% and 100%	At or above 75% Relative TSR	100%
Company's CAGR of EPS over the performance period	% of rights that vest																									
Less than 6% CAGR	Nil																									
6% CAGR (threshold performance target)	50%																									
Between 6% and 10% CAGR	Straight line pro rata vesting between 50% and 100%																									
10% CAGR (stretch performance target)	100%																									
Between 10% and 14% CAGR	Straight line pro rata vesting between 100% and 150%																									
14% CAGR or above (exceptional performance target)	150%																									
Company's Relative TSR over the performance period	% of rights that vest																									
Less than 50% Relative TSR	Nil																									
50% Relative TSR (threshold performance target)	50%																									
Between 50% and 75% Relative TSR	Straight line pro rata vesting between 50% and 100%																									
At or above 75% Relative TSR	100%																									
Restrictions	Participants must be employed and not under notice of resignation or termination at the completion of the performance period (calendar year) to be eligible for an STI award. The Board retains discretion to settle partial or complete payment in the case of good leavers.	Shares allocated on the vesting of rights after the three-year performance period are not subject to any additional trading restrictions. If an executive ceases employment with oOh!media before the end of the performance period, their entitlement to rights (if any) will depend on the circumstances of cessation. All rights will lapse in the event of termination for cause. A full or pro rata number of rights may be approved by the Board if an executive ceases employment by reason of redundancy, ill health, death, or other circumstances approved by the Board including resignation with good leaver status.																								
Clawback	n/a	To ensure integrity within the LTI Plan, the Board retains the authority to clawback or adjust LTI awards in circumstances such as fraudulent or dishonest behaviour, gross misconduct, and breach of obligations or material financial misstatement.																								

FINANCIAL REPORT

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GENERAL INFORMATION

This report covers oOh!media Limited (the Company) and its controlled entities. The financial statements are presented in Australian currency.

oOh!media Limited is a listed company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 2, 76 Berry Street
North Sydney, New South Wales 2060

The Annual Financial Report was authorised for issue, in accordance with a resolution of the Directors. The Directors have the power to amend and reissue the Annual Financial Report.

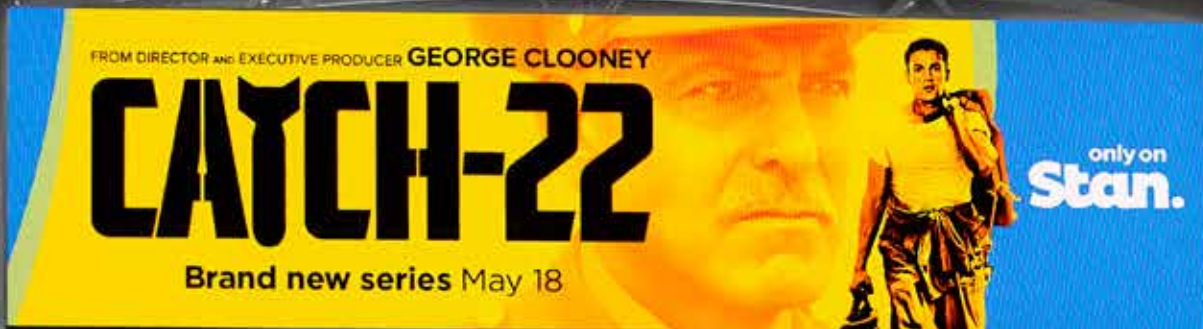
Through the use of the internet, we have ensured that our corporate reporting is timely, complete and available globally at minimum cost to the Company. All media releases, financial reports and other information are available at the Investors section on our website: www.oohmedia.com.au.

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Consolidated statement of profit or loss and other comprehensive income

for the year ended 31 December 2019

	Notes	Consolidated	
		2019 ⁽¹⁾ \$'000	2018 restated ⁽²⁾ \$'000
Revenue from continuing operations	5	649,606	482,647
Cost of media sites and production		(184,785)	(256,948)
Gross profit		464,821	225,699
Operating expenditure			
Employee benefits expense		(98,609)	(79,950)
Depreciation and amortisation expense	11,12, 13	(232,147)	(46,450)
Legal and professional fees		(5,296)	(3,477)
Office rent expenses		-	(4,399)
Advertising and marketing expenses		(9,705)	(7,594)
Acquisition and integration related expenses		(10,167)	(11,488)
Impairment expense	14	(3,500)	-
Other expenses	6	(23,898)	(17,754)
Total operating expenditure		(383,322)	(171,112)
Operating profit		81,499	54,587
Finance income		1,350	1,039
Finance costs		(59,777)	(9,327)
Net finance costs	7	(58,427)	(8,288)
Share of profit/(loss) of equity-accounted investees, net of tax		105	(310)
Profit before income tax		23,177	45,989
Income tax expense	9	(9,739)	(16,845)
Profit after income tax		13,438	29,144
Attributable to:			
Owners of the Company		13,453	29,124
Non-controlling interest		(15)	20
Profit		13,438	29,144
Other comprehensive income/(loss)			
Profit		13,438	29,144
Items that may be subsequently classified to profit or loss:			
Effective portion of changes in fair value of cash flow hedges, net of tax		(7,936)	(1,397)
Foreign currency translation differences		1,086	214
Fair value movement in put option, net of tax		-	(1,080)
Total comprehensive income		6,588	26,881
Attributable to:			
Owners of the Company		6,603	26,861
Non-controlling interest	21(c)	(15)	20
Total comprehensive income		6,588	26,881
Earnings per share attributable to the ordinary equity holders of the Company			
		2019	2018 restated ⁽²⁾
Basic earnings per share (cents)	30	6	14
Diluted earnings per share (cents)	30	6	14

⁽¹⁾ AASB16 became effective for the group on 1 January 2019. AASB16 establishes principles for the recognition and measurement of leasing arrangements. Refer to Note 2 Basis of accounting for further details.

⁽²⁾ 2018 balances have been restated due to the finalisation of the valuation of the identifiable assets acquired in the Adshel acquisition. Refer to Note 25 Business combinations for further details.

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

as at 31 December 2019

		Consolidated 2019 ⁽¹⁾	2018 restated ⁽²⁾
	Notes	\$'000	\$'000
Current assets			
Cash and cash equivalents		61,208	33,027
Trade and other receivables	10	133,519	124,814
Inventories	15	4,025	5,739
Other assets	16	32,417	30,069
Income tax asset		2,784	-
Total current assets		233,953	193,649
Non-current assets			
Property, plant and equipment	11	248,271	245,067
Right-of-use asset	12	807,608	-
Intangible assets	13	791,961	812,794
Other assets	16	1,988	21,893
Total non-current assets		1,849,828	1,079,754
Total assets		2,083,781	1,273,403
Current liabilities			
Trade and other payables	18	79,450	93,073
Finance lease liabilities	17	-	59
Deferred consideration		-	120
Interest bearing lease liabilities	17	170,025	-
Provisions	19	661	9,903
Employee benefits		7,173	6,779
Income tax payable		-	10,726
Total current liabilities		257,309	120,660
Non-current liabilities			
Loans and borrowings	17	415,697	405,511
Provisions	19	15,170	25,093
Employee benefits		3,931	3,553
Interest bearing lease liabilities	17	681,748	-
Derivative liabilities	20	13,094	3,882
Deferred tax liability	9	30,984	36,270
Total non-current liabilities		1,160,624	474,309
Total liabilities		1,417,933	594,969
Net assets		665,848	678,434
Equity			
Share capital	21(a)	694,913	675,371
Reserves	21(b)	17,305	26,686
Accumulated losses		(45,465)	(22,839)
Equity attributable to the owners of the Company		666,753	679,218
Non-controlling interest	21(c)	(905)	(784)
Total equity		665,848	678,434

⁽¹⁾ AASB16 became effective for the group on 1 January 2019. AASB16 establishes principles for the recognition and measurement of leasing arrangements. Refer to Note 2 Basis of accounting for further details.

⁽²⁾ 2018 balances have been restated due to the finalisation of the valuation of the identifiable assets acquired in the Adshel acquisition. Refer to Note 25 Business combinations for further details.

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

for the year ended 31 December 2019

	Note	Consolidated	
		2019 ⁽¹⁾	2018
		\$'000	\$'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		701,185	524,685
Payments to suppliers and employees (inclusive of goods and services tax)		(396,180)	(422,909)
Cash generated from operations		305,005	101,776
Interest paid ⁽¹⁾		(57,870)	(7,637)
Interest received		986	1,032
Income tax paid		(10,890)	(24,018)
Net cash from operating activities	31	237,231	71,153
Cash flows from investing activities			
Acquisition of property, plant and equipment	11	(47,754)	(28,103)
Acquisition of intangible assets	13	(8,460)	(12,717)
Acquisition of subsidiaries, net of cash acquired		(2,413)	(564,495)
Disposal of subsidiary		-	400
Transaction costs related to acquisitions		-	(9,800)
Proceeds from sale of property, plant and equipment		321	323
Net cash used in investing activities		(58,306)	(614,392)
Cash flows from financing activities			
Proceeds from issue of shares		-	329,866
Transaction costs related to issue of shares		-	(7,630)
Proceeds from loans and borrowings		60,000	482,000
Repayment of loans and borrowings		(51,000)	(211,000)
Payment of transaction costs related to borrowings and derivatives		(1,858)	(7,224)
Payment of lease liabilities ⁽¹⁾		(146,584)	(65)
Dividends paid in cash		(14,781)	(25,600)
Proceeds from underwriters for DRP		3,479	-
Net cash from/(used in) financing activities		(150,744)	560,347
Net increase in cash and cash equivalents		28,181	17,108
Cash and cash equivalents at 1 January		33,027	15,919
Cash and cash equivalents at 31 December		61,208	33,027

⁽¹⁾ AASB16 became effective for the group on 1 January 2019. AASB16 establishes principles for the recognition and measurement of leasing arrangements. Following the implementation of AASB16, fixed rent is excluded from Payments to suppliers and employees and included within Interest paid (\$39,986,000) and Payment of lease liabilities. Refer to Note 2 Basis of accounting for further details.

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

for the year ended 31 December 2019

	Contributed equity \$'000	Foreign currency translation reserve \$'000	Other equity reserve \$'000	Cash flow hedge reserve \$'000	Share-based payments reserve \$'000	Accumulated losses ⁽²⁾ \$'000	Non-controlling interest \$'000	Total equity \$'000
Consolidated								
Balance at 1 January 2018	349,510	70	17,688	39	10,154	(26,363)	(804)	350,294
Total comprehensive income for the period:								
Profit/(loss) for the period after income tax	-	-	-	-	-	29,124	20	29,144
Other comprehensive income/(loss):								
Effective portion of changes in fair value of cash flow hedges	-	-	-	(1,397)	-	-	-	(1,397)
Exchange differences on translation of foreign operations	-	214	-	-	-	-	-	214
Fair value movement in put option	-	-	(1,080)	-	-	-	-	(1,080)
Total comprehensive income/(loss) for the period	-	214	(1,080)	(1,397)	-	29,124	20	26,881
Transactions with owners, recorded directly in equity:								
Contributions and distributions								
Issue of ordinary shares	331,241	-	-	-	(1,375)	-	-	329,866
Share issue costs, net of tax	(5,380)	-	-	-	-	-	-	(5,380)
Dividends paid	-	-	-	-	-	(25,600)	-	(25,600)
Equity-settled share-based payment transactions	-	-	-	-	2,373	-	-	2,373
Total transactions with owners of the Company	325,861	-	-	-	998	(25,600)	-	301,259
Restated balance at 31 December 2018⁽²⁾	675,371	284	16,608	(1,358)	11,152	(22,839)	(784)	678,434
AASB16 transitional impact on Retained Earnings ⁽¹⁾	-	-	-	-	-	(9,877)	-	(9,877)
Restated balance at 1 January 2019	675,371	284	16,608	(1,358)	11,152	(32,716)	(784)	668,557
Total comprehensive income for the period:								
Profit for the period after income tax	-	-	-	-	-	13,453	(15)	13,438
Other comprehensive income/(loss):								
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	(7,936)	-	-	-	(7,936)
Exchange differences on translation of foreign operations	-	1,086	-	-	-	-	-	1,086
Total comprehensive income/(loss) for the period	-	1,086	-	(7,936)	-	13,453	(15)	6,588
Transactions with owners, recorded directly in equity:								
Contributions and distributions								
Issue of ordinary shares (Employee Performance Rights)	3,569	-	-	-	(3,569)	-	-	-
Issue of ordinary shares (Dividend Reinvestment Plan)	14,896	-	-	-	-	(14,896)	-	-
Other performance rights issued	1,077	-	-	-	(1,077)	-	-	-
Dividends paid	-	-	-	-	-	(11,302)	-	(11,302)
Equity-settled share-based payment transactions	-	-	-	-	2,115	-	-	2,115
Change to non-controlling interest	-	-	-	-	-	(4)	(106)	(110)
Total transactions with owners of the Company	19,542	-	-	-	(2,531)	(26,202)	(106)	(9,297)
Balance at 31 December 2019	694,913	1,370	16,608	(9,294)	8,621	(45,465)	(905)	665,848

⁽¹⁾ AASB16 became effective for the group on 1 January 2019. AASB16 establishes principles for the recognition and measurement of leasing arrangements. Refer to Note 2 Basis of accounting for further details.

⁽²⁾ 2018 balances have been restated due to the finalisation of the valuation of the identifiable assets acquired in the Adshel acquisition. Refer to Note 25 Business combinations for further details.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Note 1. Reporting entity

oOh!media Limited is a company domiciled in Australia. The Company was incorporated on 7 October 2014 and listed on the Australian Securities Exchange (ASX) on 17 December 2014. The Company's registered office and principal place of business is at Level 2, 76 Berry Street, North Sydney NSW 2060.

The Group is a for-profit entity and primarily involved in outdoor media, production and advertising in Australia and New Zealand.

Note 2. Basis of accounting

(a) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001 (Cth)*. The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Standards Board (IASB).

Full disclosure notes are included to explain events and transactions that are significant to gain an understanding of the changes in financial position and performance of the Group since the last consolidated financial statements as at and for the year ended 31 December 2018.

These consolidated financial statements were approved and authorised for issue by the Board of Directors on 24 February 2020.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items in the consolidated statement of financial position:

- Derivative financial instruments are measured at fair value; and
- Business combinations are measured at fair value.

(c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency. The Company is of a kind referred to in ASIC Corporations Instrument 2016/191 dated 1 April 2016 and in accordance with the instrument, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

(d) Going concern

The consolidated financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business. The Group has, as a result of adopting AASB16 in the current year, an excess of current liabilities over current assets totalling \$23,356,000. The Group is generating positive operating cash flows and there is no indication that the Group will not be able to meet its obligations.

(e) Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets and liabilities, income and

expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2018, except for the new significant judgements related to lessee accounting under AASB16. The Group has applied judgement to determine the lease term for some lease contracts in which it is the lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised. Refer to Note 12 Right-of-use assets and Note 17 Loans and borrowings.

i) Judgements

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 3(a)(iv) and Note 25 Business combinations;
- Note 12 Right-of-use assets;
- Note 14 Impairment of non-current assets; and
- Note 17 Loans and borrowings.

ii) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the year ending 31 December 2019 are included in the following notes:

- Note 14 Impairment of non-current assets: key assumptions underlying recoverable amounts for impairment testing;
- Note 17 Loans and borrowings: incremental borrowing rate and lease terms; and
- Note 25 Business combinations.

iii) Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a finance team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and which reports directly to the Chief Financial Officer.

The finance team reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the finance team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified. Significant valuation issues are reported to the Group's Audit, Risk & Compliance Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as much as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Further information about the assumptions made in measuring fair values is included Note 22 Fair values.

(f) Changes in accounting policies

The accounting policies adopted in this report have been consistently applied by each entity in the Group and are consistent with those of the previous year, with the exception of new standard AASB16 discussed below.

(g) New standards and interpretations

The Group has adopted all relevant new, revised, or amended Accounting Standards and interpretations issued by the AASB that are mandatory for the current reporting period. The transitional impact on adoption is explained below.

i) AASB 16 Leases

The Group adopted AASB16 Leases from 1 January 2019. AASB16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

The Group has applied AASB16 using the modified retrospective approach. Accordingly, the comparative information presented for 2018 has not been restated.

The details of the changes in accounting policies are disclosed below.

2.1 Definition of a lease

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Upon transition, the standard allows companies to utilise a number of 'practical expedients'. The Group has chosen to utilise the following:

- a) The same discount rate (incremental borrowing rate – see footnote (1)) has been applied to leases with similar characteristics (e.g. similar lease term);
- b) All contracts which have previously been classified as a lease/licence will continue to be treated as a lease.

In addition, AASB16 has been applied to all contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease and non-lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

2.2 The Group as a lessee

The Group leases many assets including and predominantly related to property leases for advertising sites. As a lessee, the Group recognises a right-of-use asset and a lease liability at the lease commencement date for most leases.

At transition, for leases classified as operating leases under AASB117, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's relevant incremental borrowing rate as at 1 January 2019. Right-of-use assets were measured at either:

- a) Their carrying amount as if AASB16 had been applied since the commencement of the lease, discounted using the lessee's incremental borrowing rate at the date of initial application – the Group applied this approach to a number of its largest leases where the group was lessee at lease inception; or
- b) An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payment – the Group applied this approach to all other leases.

The Group presents right-of-use assets within its own line in non-current assets and presents lease liabilities as Interest bearing lease liabilities in the Statement of financial position.

Impact on the financial statements

Impacts on transition – 1 January 2019

On transition to AASB16, the Group recognised additional right-of-use assets and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below:

	01-Jan-19
	\$'000
Right-of-use assets	645,595
Deferred tax asset	4,236
Lease liabilities	(673,542)
Retained earnings	9,877
Reclassified from provisions (straight lining)	11,191
Reclassified from accrued rent	13,886
Reclassified from prepaid rent	(11,243)

The impact of adopting AASB16 on the consolidated balance as at 31 December 2018 was presented in the Interim Financial Report for the half year ending 30 June 2019. Subsequent to this, the Group identified a further adjustment relating to lease term. This has decreased both the right-of-use asset and right-of-use liability on adoption of AASB16.

<i>Impact on lease liabilities</i>	01-Jan-19
	\$'000
Operating leases commitment at 31 December 2018 disclosed in the Group's consolidated financial statements	(643,453)
Discounted using the incremental borrowing rate at 1 January 2019 ⁽¹⁾	80,360
Extension options reasonably to be exercised and other contract changes ⁽¹⁾	(138,064)
Additional leases identified upon transition ⁽²⁾	(23,213)
Commitment for leases not yet commenced	50,828
Lease liabilities recognised at 1 January 2019	(673,542)

⁽¹⁾ Lease terms range from 1 to 24 years. The weighted average incremental borrowing rate applied is 4.8%.

⁽²⁾ This line also includes non-contractual periods that management are reasonably certain will be continued.

2.3 The Group as a lessor

The Group was not required to make any adjustments on transition to AASB16 for leases in which it acts as a lessor. The impact of sub-lease contracts on transition to AASB16 was not material to the Group.

Note 3. Significant accounting policies

Accounting policies can be found throughout the notes to these financial statements, beneath the appropriate note disclosure. For changes in the accounting policy in the period refer to Note 2(f) Changes in accounting policies.

a) Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of oOh!media Limited and the results of subsidiaries. oOh!media Limited and its subsidiaries together are referred to in this Annual Financial Report as 'the Group'.

i) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

ii) Investments in equity-accounted investees

The Group's interest in equity-accounted investees represents its interest in a joint venture. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. The Group's interest in associates and the joint venture are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in that investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

iv) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. All payments to purchase a business are recorded at fair value at the acquisition date. Any non-controlling interest in the acquiree is either measured at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition and merger related costs are expensed. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the business acquired, the difference is recognised directly in the consolidated statement of profit or loss and other comprehensive income, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of the acquisition. The discount rate used is the rate at which a similar borrowing could be obtained under comparable terms and conditions.

A liability for restructuring costs is recognised as at the date of acquisition of an entity or part thereof when there is a demonstrable commitment by the acquiree to restructure the acquired entity and a reliable estimate of the amount of the liability can be made.

When control is lost, any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss.

v) **Non-controlling interests (NCI)**

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(b) **Income tax** – refer to Note 9 Income tax

(c) **Receivables and revenue recognition** – refer to Note 10 Trade and other receivables and Note 5 Revenue

(d) **Plant and equipment** – refer to Note 11 Property, plant and equipment

(e) **Right-of-use assets** – refer to Note 12 Right-of-use assets

(f) **Intangibles** – refer to Note 13 Intangible assets and goodwill

(g) **Inventories** – refer to Note 15 Inventories

(h) **Financial instruments** – refer to Note 23 Financial risk management

(i) **Leases** – refer to Note 17 Loans and borrowings

(j) **Trade and other payables** – refer to Note 18 Trade and other payables

(k) **Employee benefits** – refer to Note 8 Share-based payments

(l) **Cash and cash equivalents** – refer to Note 31 Reconciliation of cash flows from operating activities

(m) **Impairment of assets** – refer to Note 14 Impairment of non-current assets

(n) **Foreign currency translation**

i) **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

ii) **Foreign operations**

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- Income and expenses for each statement of comprehensive income are translated at average exchange rates unless this is not a reasonable approximation of the:
 - Cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions;
 - All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign operations, and of borrowings and other financial instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, ceases operation or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the statement of comprehensive income, as part of the gain or loss on sale where applicable. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

- (o) **Borrowings** – refer to Note 17 Loans and borrowings
- (p) **Finance income and finance costs** – refer to Note 7 Net finance costs
- (q) **Maintenance and repairs** – refer to Note 11 Property, plant and equipment
- (r) **Provisions** – refer to Note 19 Provisions
- (s) **Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. Operating cash flows are recognised inclusive of the associated GST. In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

- (t) **Share capital** – refer to Note 21 Capital and reserves
- (u) **Glossary** – refer to glossary of defined terms

Note 4. Segment information

(a) Basis for segmentation

The Group operates as a single segment providing a range of Out-of-Home advertising solutions.

(b) Reconciliation of information on reportable segments to statutory measures

The Board and executive management review the Underlying Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) pre AASB16 to monitor business performance because they believe that it provides a better representation of financial performance in the ordinary course of business.

	2019	2018
	Total	Restated ⁽¹⁾
	\$'000	\$'000
Underlying EBITDA pre AASB16	138,987	112,525
Fixed rent adjustment AASB16 ⁽²⁾	188,326	-
Underlying EBITDA	327,313	112,525
Acquisition and integration related expenses	(10,167)	(11,488)
Goodwill impairment loss ⁽³⁾	(3,500)	-
Statutory EBITDA	313,646	101,037
Share of profit/(loss) of equity-accounted investees, net of tax	105	(310)
Amortisation	(22,685)	(17,813)
Depreciation	(209,462)	(28,637)
Net finance costs	(58,427)	(8,288)
Profit before income tax	23,177	45,989

⁽¹⁾ 2018 comparatives include Adshel from the date of acquisition – 28 Sept 2018. Reportable segments revenue, assets and liabilities are the same as those reported in the Consolidated statement of profit or loss and other comprehensive income and the Consolidated statement of financial position. Now that the Commute business has been integrated into the oOh! Business, it has become part of the Group segment. Refer to Note 25 Business combinations.

⁽²⁾ Refer to Note 2.2 for further information on the adoption of AASB16.

⁽³⁾ Refer to Note 14 Impairment of non-current assets.

Note 5. Revenue

Revenue by product

Key information relating to the Group's financial performance is detailed below. This is also included in management reports reviewed by the Group's chief operating decision maker (the Board).

	2019 \$'000	2018 \$'000
Commute ⁽¹⁾	234,825	65,862
Road	146,422	154,819
Retail	139,290	132,910
Fly	65,890	67,785
Locate	44,281	42,813
Other ⁽²⁾	18,898	18,458
External Revenues Group	649,606	482,647

⁽¹⁾ Commute revenue includes advertising, production, sale of street furniture, and cleaning and maintenance revenue.

⁽²⁾ Other revenues include Cactus and Junkee Media.

Accounting policy: Revenue recognition

Revenue is recognised at the fair value of the consideration received or receivable, net of the amount of goods and services tax. Revenue from core operating activities consists of Out Of Home advertising revenues. Revenue from Out Of Home advertising is recognised equally on a pro rata basis over the period in which the advertising is on display. Revenue for media production work is recognised on completion of the assignment. Revenue is recognised on a gross basis with commissions payable to advertising and media agencies recognised as expenses in 'Cost of media sites and production'.

The Group has applied the exemption not to disclose revenue from unfulfilled performance obligations, as performance obligations form part of a contract that has an original term of one year or less in accordance with AASB15.

Contract balances

The timing of revenue recognition, invoicing and cash collections results in accounts receivable, uninvoiced receivables (contract assets), and customer advances (contract liabilities) on the consolidated statement of financial position. Media contracts are billed in accordance with agreed-upon contractual terms, either upfront, at periodic intervals (e.g. lunar period) or upon achievement of contractual milestones. These assets and liabilities are reported on the consolidated statement of financial position on a contract-by-contract basis at the end of each reporting period. Changes in the contract asset and liability balances were not materially impacted by any other factors during the year ended 31 December 2019.

Revenue recognised in 2019 that was included in the contract liability balance at the beginning of the year was \$9,712,000.

Note 6. Other expenses

Other expenses

	2019	2018
	\$'000	\$'000
Office expenses	3,687	2,913
Information technology and communications expenses	8,639	5,444
Taxes and charges	5,299	3,643
(Profit)/Loss on sale of assets	(48)	100
Other expenses	6,321	5,654
	23,898	17,754

Note 7. Net finance costs

	2019	2018
	\$'000	\$'000
Finance income	(1,350)	(1,039)
Interest expense on bank borrowings	17,884	7,785
Amortisation of debt facility establishment costs	1,907	899
Finance leases	-	9
Interest expense under lease liabilities AASB16 leases	39,986	-
Other finance costs	-	634
Finance costs	59,777	9,327
Net finance costs	58,427	8,288

Accounting policy: Finance income and finance costs

i) Finance income

Finance income is recognised as income in the period in which it is earned. Finance income includes interest income, which is recognised on a time proportion basis using the effective interest method.

ii) Finance costs

Finance costs are recognised as expenses in the period in which they are incurred using the effective interest method. Finance costs include interest on bank borrowings, finance lease charges, short-term and long-term borrowings and ancillary costs incurred in connection with arrangement of borrowings, and interest expense on lease liabilities recognised on application of AASB16 Leases. Refer to Note 17 Loans and borrowings.

Note 8. Share based payments

Description of the share-based payment arrangements

As at 31 December 2019 the Group had the following share-based payment arrangements:

Long-term incentive plan - performance rights

A total of 843,816 Tranche #3 performance rights vested in February 2019, with vesting conditions satisfied. The performance rights for Tranche #3 vested at greater than 100% based upon the Board's determination of the achievement for the CAGR Earnings per Share growth exceeding the 100% target. The share price on the vesting date was \$3.55. The Company issued a further 1,338,975 performance rights that entitle senior executives and managers to receive shares in the Company. Details in relation to grants issued in the year ended 31 December 2019 and in respect of grants of performance rights to employees in prior periods, are detailed in the table below. As the performance right entitles the holder of the right to receive a share for no consideration at a future date, the exercise price is considered to be nil.

The key terms of these grants and assumptions in the calculation of the grant date fair value are outlined below.

i) Performance rights granted to senior executives are as follows:

	Grant date	Vesting date	Number granted
Tranche #3	01-Feb-16	28-Feb-19	610,714
Tranche #4	01-Mar-17	15-Feb-20	712,615
Tranche #5	01-Feb-18	15-Feb-21	822,152
Tranche #6a	04-Mar-19	15-Feb-22	1,146,035
Tranche #6b	16-May-19	15-Feb-22	192,940
Total performance rights			3,484,456

Vesting conditions for the performance rights are as follows:

Tranche #3 - 3 years' service from grant date and 14% CAGR EPS.

Tranche #4 - 3 years' service from grant date and (i) 75% of rights subject to 12% CAGR EPS and (ii) 25% subject to achieving a Relative Total Shareholder Return (TSR) performance hurdle. ⁽¹⁾

Tranche #5 - 3 years' service from grant date and (i) 75% of rights subject to EPS achieving 10% CAGR EPS and (ii) 25% subject to achieving a Total Shareholder Return (TSR) performance hurdle. ⁽¹⁾

Tranche #6a & #6b - 3 years' service from grant date and (i) 75% of rights subject to EPS achieving 10% CAGR EPS and (ii) 25% subject to achieving a Total Shareholder Return (TSR) performance hurdle. ⁽¹⁾

⁽¹⁾ Relative Total Shareholder Return (TSR) over a three-year performance period assessed against the ASX200 index (excluding Financials and Industrials), representing 25% of the award.

ii) Reconciliation of performance rights

The number of performance rights on issue during the year is illustrated below:

	Number of rights	Face value
	#	\$'000
Outstanding at 1 January 2019	2,112,730	8,841
Exercised during the period ⁽¹⁾	(843,816)	(3,569)
Granted during the period	1,572,077	4,810
Forfeited	(11,755)	(50)
Outstanding at 31 December 2019	2,829,236	10,032
Exercisable at 31 December 2019	-	-

⁽¹⁾Tranche #3 vested at greater than 100%.

A share-based payment expense of \$2,115,000 relating to the performance rights was expensed in the year to 31 December 2019 (2018: \$2,373,000) and is included in the 'Employee benefits' expense line in the consolidated statement of profit or loss and other comprehensive income.

iii) Measurement of fair values

The fair value of the share-based payment plans was measured based on the Monte Carlo and Binomial models. The inputs used in the measurement of the fair values at grant date were as follows:

<i>Fair value of performance rights and assumptions</i>	Tranche #3	Tranche #4	Tranche #5	Tranche #6a	Tranche #6b
Share price at grant date	\$4.58	\$4.29	\$4.58	\$3.49	\$3.75
5-day VWAP at grant date	\$4.55	\$4.54	\$4.54	\$3.58	\$3.63
Fair value at grant date (EPS hurdle)	\$4.23	\$3.91	\$4.15	\$3.17	\$3.43
Fair value at grant date (TSR hurdle)	-	\$2.20	\$2.80	\$1.76	\$2.07
Exercise price	Nil	Nil	Nil	Nil	Nil
Expected volatility	33.9%	36.3%	33.0%	32.2%	31.5%
Expected life	3 years	3 years	3 years	3 years	3 years
Expected dividends	2.50%	3.31%	3.40%	3.40%	3.40%
Risk-free interest rate (based on government bonds)	1.90%	1.99%	2.13%	1.69%	1.19%

Accounting policy: Employee benefits

i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows. Benefits falling more than 12 months after the end of the reporting period are classified as non-current.

iii) Shared-based payment transactions

The Group currently engages in the practise of allocating its employees equity share-based payments as part of their remuneration packages.

The grant date fair value of share-based payment arrangements granted to employees is recognised as a share-based payment expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount is ultimately recognised as an expense for the strategic milestone. Expense related to the TSR is measured on grant and is not subsequently adjusted based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

iv) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or to providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value and classified as non-current.

v) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent a cash refund or reduction of future payments is available.

Employee benefits expense includes contributions to defined contribution plans of \$7,301,133 for the current reporting period (2018: \$5,535,000).

Note 9. Income tax

(a) Tax recognised in profit or loss

	2019 \$'000	2018 Restated ⁽¹⁾ \$'000
Current tax expense		
Current tax expense	6,842	26,587
Adjustment for prior periods	564	(652)
Total current income tax expense	7,406	25,935
Deferred tax expense		
Origination and reversal of temporary differences	2,333	(9,090)
Total deferred income tax expense	2,333	(9,090)
Total tax expense	9,739	16,845

⁽¹⁾ 2018 balances have been restated due to the finalisation of the valuation of identifiable assets acquired in the Adshel acquisition. Refer to Note 25 Business combinations

The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

(b) Tax recognised directly in other comprehensive income (OCI)

	2019			2018		
	Before tax \$'000	Tax (expense)/ benefit \$'000	Net of tax \$'000	Before tax \$'000	Tax (expense)/ benefit \$'000	Net of tax \$'000
Changes in fair value of cash flow hedges	(11,319)	3,383	(7,936)	(1,996)	599	(1,397)

(c) Reconciliation between income tax expense and pre-tax profit

	2019 \$'000	2018 ⁽¹⁾ \$'000
Profit after income tax for the year	13,438	29,144
Total tax expense	9,739	16,845
Profit/(loss) before income tax	23,177	45,989
Tax using the Company's domestic tax rate 30% (2018: 30%)	6,953	13,797
Effect of tax rates in foreign jurisdictions	(162)	(91)
Non-deductible expenses	2,415	3,698
Effect of share of loss/(profit) of equity-accounted investees	(31)	93
Current year losses for which no deferred tax asset was recognised	-	-
Under / (over) provided in prior years	564	(652)
Total tax expense	9,739	16,845

⁽¹⁾ 2018 balances have been restated due to the finalisation of the valuation of identifiable assets acquired in the Adshel acquisition. Refer to Note 25 Business combinations.

The effective tax rate is calculated as company income tax expense divided by profit before income tax, adjusted for post-tax share of results of equity-accounted investees.

	2019 \$'000	2018 ⁽¹⁾ \$'000
Profit from ordinary activities before income tax expense	23,177	45,989
Add/(Less): Post-tax share of results of equity-accounted investees	(105)	310
Adjusted profit before income tax expense	23,072	46,299
Income tax expense	9,739	16,845
Effective tax rate	42.2%	36.4%

⁽¹⁾ 2018 balances have been restated due to the finalisation of the valuation of identifiable assets acquired in the Adshel acquisition. Refer to Note 25 Business combinations.

(d) Recognised deferred tax assets and liabilities

Movement in deferred tax balances during the year

	2019					
	Balance 1 January 2019	Restatement for AASB16	Restated 1 Jan 2019	Recognised in profit or loss	Recognised in OCI	Balance 31 December 2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Plant, property and equipment	(6,164)	-	(6,164)	2,652	-	(3,512)
Right-of-use Asset	-	(195,550)	(195,550)	(42,875)	-	(238,425)
Transaction costs related to acquisitions	1,957	-	1,957	(824)	-	1,133
Cash flow hedges	669	-	669	101	3,383	4,153
Capital costs deductible over 5 years	960	-	960	1,303	-	2,263
Accrued expenses	3,926	-	3,926	(2,781)	-	1,145
Provisions	16,097	(3,358)	12,739	(7,745)	-	4,994
Employee benefits provision	2,858	-	2,858	339	-	3,197
Licences acquired	(54,653)	-	(54,653)	5,284	-	(49,369)
Other intangibles	(1,423)	-	(1,423)	(1,144)	-	(2,567)
Unearned revenue	702	-	702	150	-	852
Lease liabilities	-	202,063	202,063	42,999	-	245,062
Other	(1,199)	1,081	(118)	208	-	90
Total tax assets/(liabilities)	(36,270)	4,236	(32,034)	(2,333)	3,383	(30,984)

	2018 ⁽¹⁾					
	Balance 1 January 2018	Recognised in profit or loss	Recognised on acquisition	Recognised in OCI	Recognised directly in equity	Balance 31 December 2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Plant, property and equipment	(1,620)	309	(4,853)	-	-	(6,164)
IPO transaction costs	147	(147)	-	-	-	-
Transaction costs related to acquisitions	1,125	(1,457)	-	-	2,289	1,957
Cash flow hedges	(12)	82	-	599	-	669
Capital costs deductible over 5 years	492	468	-	-	-	960
Accrued expenses	1,926	1,537	463	-	-	3,926
Provisions	6,390	5,310	4,397	-	-	16,097
Employee benefits provision	1,788	426	644	-	-	2,858
Licences acquired	(31,906)	3,683	(26,430)	-	-	(54,653)
Other intangibles	-	(1,134)	(289)	-	-	(1,423)
Unearned revenue	-	102	600	-	-	702
Other	-	(89)	(1,110)	-	-	(1,199)
Total tax assets/(liabilities)	(21,670)	9,090	(26,578)	599	2,289	(36,270)

⁽¹⁾ 2018 balances have been restated due to the finalisation of the valuation of identifiable assets acquired in the Adshel acquisition. Refer to Note 25 Business combinations.

Accounting policy: Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or in other comprehensive income (OCI).

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered, or liabilities are settled, based on those tax rates which are enacted or substantially enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

With regards to measuring deferred tax consequences on licences, management considers the tax consequences of recovery through use and then disposal separately. Under this approach the tax base from use (nil as the licences are not depreciable for tax) is considered separate from the tax base from disposal (capital gains tax value). This results in a taxable temporary difference (deferred tax liability) on revenue account and a deductible temporary difference (deferred tax asset) on capital account. As it is not currently probable that future capital gains will be made, the deferred tax asset has not been recognised.

Tax consolidation legislation

oOh!media Limited and its wholly-owned Australian controlled subsidiaries apply the tax consolidation legislation.

The deferred tax balances recognised by the parent entity and the consolidated entity in relation to wholly-owned entities joining the tax consolidated group are initially measured and remeasured based on the carrying amounts of the assets and liabilities of those entities at the level of the tax consolidated group and their tax values, as applicable under the tax consolidation legislation.

oOh!media Limited, as the head entity in the tax consolidated group, recognises current and deferred tax amounts relating to transactions, events and balances of the controlled entities in this group as if those transactions, events and balances were its own, in addition to the current and deferred tax amounts arising in relation to its own transactions, events and balances. Amounts receivable or payable under a tax sharing agreement with the tax consolidated entities are recognised as tax-related amounts receivable or payable. Expenses and revenues arising under the tax sharing agreement are recognised as a component of income tax (expense)/benefit.

In accordance with Urgent Issues Group Interpretation 1052 "Tax Consolidation Accounting", the controlled entities in the tax consolidated group account for their own deferred tax balances, except for those relating to tax losses.

Note 10. Trade and other receivables

	2019	2018
	\$'000	\$'000
Trade receivables	131,744	123,315
Allowance for impairment of receivables	(1,449)	(1,109)
	130,295	122,206
Other receivables	3,224	2,608
Total trade and other receivables	133,519	124,814

Information on the Group's exposure to credit and market risks and impairment losses for trade and other receivables are included in Note 23 Financial risk management.

Accounting policy: Trade receivables

All trade debtors are recognised at the amount receivable as they are due for settlement no more than 45 days from the date of recognition. Recoverability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is calculated using an expected credit losses provision matrix. The provision matrix is based on the Group's historical observed default rates, adjusted for forward looking estimates. The historical observed default rates are updated to reflect current and forecast credit conditions on each reporting date. Provisions for specific receivables are recognised in addition to the general provision originating from the expected credit losses matrix.

The amount of the provision is recognised in the consolidated statement of financial position with a corresponding charge recognised in the consolidated statement of profit or loss and other comprehensive income.

Note 11. Property, plant and equipment

Reconciliation of carrying amount

Consolidated

2019

	Leasehold improvements \$'000	Plant & equipment \$'000	Leased plant & equipment \$'000	Total \$'000
Cost				
Balance as at 31 December 2018	9,705	339,694	10,571	359,970
Impact of AASB16 ⁽²⁾	-	-	(10,571)	(10,571)
Restated balance as at 1 January 2019	9,705	339,694	-	349,399
Additions	323	47,431	-	47,754
Disposals	(17)	(1,425)	-	(1,442)
Effects of movements in exchange rates	6	291	-	297
At 31 December 2019	10,017	385,991	-	396,008
Accumulated depreciation				
Balance as at 31 December 2018	(4,697)	(100,650)	(9,556)	(114,903)
Impact of AASB16	-	-	9,556	9,556
Restated balance as at 1 January 2019	(4,697)	(100,650)	-	(105,347)
Depreciation for the year	(2,062)	(41,396)	-	(43,458)
Disposals	-	1,169	-	1,169
Effects of movements in exchange rates	-	(101)	-	(101)
At 31 December 2019	(6,759)	(140,978)	-	(147,737)
Carrying amount at 31 December 2019	3,258	245,013	-	248,271

Consolidated
2018⁽¹⁾

	Leasehold improvements \$'000	Plant & equipment \$'000	Leased plant & equipment \$'000	Total \$'000
Cost				
Balance at 1 January 2018	8,045	186,271	10,571	204,887
Business Combinations	1,445	136,897	-	138,342
Additions	215	27,888	-	28,103
Disposals	-	(12,113)	-	(12,113)
Effects of movements in exchange rates	-	751	-	751
At 31 December 2018	9,705	339,694	10,571	359,970
Accumulated depreciation				
Balance at 1 January 2018	(3,322)	(84,865)	(9,094)	(97,281)
Depreciation for the year	(1,465)	(26,710)	(462)	(28,637)
Disposals	-	11,543	-	11,543
Reclassifications	90	(233)	-	(143)
Effects of movements in exchange rates	-	(385)	-	(385)
At 31 December 2018	(4,697)	(100,650)	(9,556)	(114,903)
Carrying amount at 31 December 2018	5,008	239,044	1,015	245,067

⁽¹⁾ 2018 balances have been restated due to the finalisation of the valuation of identifiable assets acquired in the Adshel acquisition. Refer to Note 25 Business combinations.

⁽²⁾ On adoption of AASB16 the balance has been transferred to the right-of-use asset

Accounting policy: Plant and equipment

Plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items, except as noted above.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Within the Group, depreciation is calculated on a straight-line basis to write-off the cost of each item of plant and equipment over its estimated remaining useful life (less the estimated residual value). Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items. The expected useful lives are as follows:

- Leasehold improvements 2-10 years; and
- Plant and equipment 2-20 years.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the statement of comprehensive income.

Accounting policy: Maintenance and repairs

Certain plant and equipment are required to be overhauled on a regular basis. This is managed as part of an ongoing major cyclical maintenance program. The costs of this maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated over their useful lives. Other routine operating maintenance, repair costs and minor renewals are charged as expenses as incurred.

Note 12. Right-of-use assets

	2019
	\$'000
Balance at January 1 2019	645,595
Depreciation for the year	(166,004)
Additions to right-of-use assets ⁽¹⁾	328,017
Disposals of right-of-use assets	-
Balance at December 31 2019	807,608

⁽¹⁾ Additions to right-of-use assets also includes remeasurements and modifications of existing leases.

Impact for the period – 31 December 2019

	2019
	\$'000
Impact on profit before tax:	
Reduction in rent charges	188,326
Depreciation relating to AASB16 leases	(166,004)
Interest charge relating to AASB16 leases	(39,986)
Net impact on profit before tax:	(17,664)

The Group adopted AASB16 on 1 January 2019, refer to Note 2 for the transition impact and Note 17 Loans and borrowings.

Accounting policy: Right-of-use asset

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. The right-of-use assets are depreciated over the lease term using the straight-line method.

Note 13. Intangible assets and goodwill

Reconciliation of carrying amount

Consolidated	2019				
	Brands \$'000	Goodwill \$'000	Licences \$'000	Software ⁽¹⁾ \$'000	Total \$'000
Cost					
At 1 January 2019	9,783	598,388	254,279	34,109	896,559
Additions	-	495	9	7,956	8,460
Disposals	-	-	-	(3,420)	(3,420)
Exchange differences	-	-	359	-	359
At 31 December 2019	9,783	598,883	254,647	38,645	901,958
Accumulated amortisation and impairment					
At 1 January 2019	(4,882)	(2,638)	(66,968)	(9,277)	(83,765)
Amortisation for the year	(717)	-	(19,993)	(1,975)	(22,685)
Impairment	-	(3,500)	-	-	(3,500)
Exchange differences	-	-	(47)	-	(47)
At 31 December 2019	(5,599)	(6,138)	(87,008)	(11,252)	(109,997)
Carrying amount at 31 December 2019	4,184	592,745	167,639	27,393	791,961

Consolidated	2018 ⁽²⁾				
	Brands \$'000	Goodwill \$'000	Licences \$'000	Software \$'000	Total \$'000
Cost					
Balance at 1 January 2018	9,783	249,645	161,425	17,880	438,733
Acquisitions through business combinations	-	349,103	91,902	4,435	445,440
Additions	-	-	484	12,233	12,717
Disposals	-	(360)	(2)	(439)	(801)
Reclassification	-	-	470	-	470
At 31 December 2018	9,783	598,388	254,279	34,109	896,559
Accumulated amortisation and impairment					
Balance at 1 January 2018	(4,102)	(2,638)	(52,966)	(6,824)	(66,530)
Amortisation for the year	(780)	-	(14,145)	(2,888)	(17,813)
Disposals	-	-	-	435	435
Reclassification	-	-	143	-	143
At 31 December 2018	(4,882)	(2,638)	(66,968)	(9,277)	(83,765)
Carrying amount at 31 December 2018	4,901	595,750	187,311	24,832	812,794

⁽¹⁾ 2019 software includes work-in-progress of \$0 (2018: \$15,500,000).

⁽²⁾ 2018 balances have been restated due to finalisation of the valuation of identifiable assets acquired in the Adshel acquisition. Refer to Note 25 Business combinations.

Accounting policy: Intangible assets

i) Goodwill

Goodwill represents the excess of the purchase consideration plus incidental costs over the fair value of the identifiable net assets acquired. Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment annually, or more frequently, if events or changes in circumstances indicate that it might be impaired and is carried at cost

less accumulated impairment losses. Goodwill is allocated to cash generating units for impairment testing. Refer to Note 14 Impairment of non-current assets for further information.

ii) Licences

Licences represent the rights and relationships associated with acquired site leases and the associated new business revenue streams. Licences are amortised over their expected useful life.

iii) Software

Software that is acquired by the Group and has a finite useful life is measured at cost less accumulated amortisation and any accumulated impairment losses.

iv) Amortisation

Amortisation is calculated to write-off the cost of intangible assets less estimated residual values using the straight-line method over their estimated useful lives, and is recognised in the consolidated statement of profit or loss and comprehensive income. The estimated useful lives are as follows:

- Licences 11-15 years;
- Brands 2-15 years; and
- Software 3-7 years.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Other than noted above there has been no change to the useful life or residual value of assets held in the current year.

Note 14. Impairment of non-current assets

Cash generating units (CGUs) for the purpose of goodwill impairment testing have been identified as follows for the year ended 31 December 2019: Australia, New Zealand, Cactus and Junkee Media. The independence of cash inflows is assessed in identifying CGU's. Goodwill is allocated to CGUs as shown below:

	Australia ⁽¹⁾	Cactus	Junkee	New Zealand	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Goodwill ⁽²⁾	512,266	2,561	1,041	76,877	592,745

⁽¹⁾Following the integration of Adshel, the acquired business forms part of the CGU's that benefit from the synergies, namely Australia and New Zealand. This is a change that took place in the financial year ending December 2019. Refer to Note 25 Business Combinations.

⁽²⁾Purchase Price Allocation accounting on the Adshel acquisition was completed in 2019. The outcome of this has impacted the carrying values of goodwill for Australia and New Zealand by \$51,876,000 and \$76,877,000 respectively.

The recoverable amount of the goodwill allocated to Group's CGUs was based on value in use. Value in use was determined by discounting the future cash flows expected to be generated from the continuing use of the units. Value in use as at 31 December 2019 was determined similarly to the 31 December 2018 impairment test, other than changes required due to the adoption of AASB16, and was based on the following key assumptions:

- Annual earnings before interest, tax, depreciation and amortisation growth (EBITDA) - Latest management forecast for next twelve months, plus 3% EBITDA growth in the subsequent 4 years with the exception of Junkee Media (see below).
- Terminal growth rate - 3.0%
- Discount rate post-tax - Australia 9.04% (2018: 10.1%) and New Zealand 10.22% (2018: 11.2%), Cactus 11.53% (2018: 12.7%) and Junkee Media 14.00% (2018: 15.0%).

The values assigned to the key assumptions represent management's assessment of future trends in the media industry and are based on historical data from both external and internal sources. As noted above, impairment testing has been adjusted to include consideration for the impact of AASB16, including testing of the recoverable value of the right-of-use assets (ROU).

Following the adoption of AASB16, there is an expectation that the discount rates will reduce due to the impact of certain market based assumptions on the discount rate computation such as higher leverage rates (a higher proportion of debt which has a lower cost relative to the cost of equity will reduce discount rates) and related changes to Beta's. The impact on these changes to market assumptions is not yet readily observable. In preparing the 2019 impairment analysis the Group has continued to use prior period rates, adjusted for the business specific changes. A lower discount rate would further increase the impairment computation headroom. The discount rate will be revised in future reporting periods as market-based inputs become more observable.

As a result of Junkee Media's revenue projections for 2020, future projections of revenue growth beyond 2020 of 4.7% per year. Application of this revised estimate has given rise to an impairment loss of \$3,500,000 shown as Goodwill impairment expense on the Consolidated statement of profit and loss and other comprehensive income. The carrying value of the Junkee Media assets, including goodwill, after the impairment is \$1,174,000. There is no other reasonably possible change to assumptions that would indicate a further material impairment of the goodwill carrying value as at 31 December 2019.

Accounting policy: Impairment of assets

Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

The carrying value of assets allocated to each CGU is supported by their recoverable amount.

Note 15. Inventories

	2019	2018
	\$'000	\$'000
Gross value of inventories	4,665	6,379
Provision for obsolescent stock	(640)	(640)
Total inventories	4,025	5,739

Accounting policy: Inventories

Inventories are measured at the lower of original cost and replacement cost. The cost of inventories are based on first in first out methodology.

Note 16. Other assets

	2019	2018
	\$'000	\$'000
Current		
Prepaid site rent ⁽¹⁾	-	11,339
Other prepayments	5,476	4,517
Contract assets	21,342	11,595
Other assets	5,599	2,618
Total current other assets	32,417	30,069
Non-current		
Prepaid site rent ⁽¹⁾	-	19,904
Other non-current assets	1,988	1,989
Total non-current other assets	1,988	21,893
Total other assets	34,405	51,962

⁽¹⁾For certain lease agreements an upfront rental payment has been made, which is amortised straight line over the term of the lease. On adoption of AASB16 on 1 January 2019 rent prepayments are included in the right-of-use asset. Refer to Note 2 Basis of accounting and 12 Right-of-use asset.

Note 17. Loans and borrowings

	2019	2018
	\$'000	\$'000
Current		
Finance lease liabilities	-	59
Interest bearing lease liabilities	170,025	-
Total current borrowings	170,025	59
Non-current		
Bank loan	419,000	410,000
Unamortised borrowing costs	(3,303)	(4,592)
Finance lease liabilities	-	103
Interest bearing lease liabilities	681,748	-
Total non-current borrowings	1,097,445	405,511
Total loans and borrowings	1,267,470	405,570

Bank loans represent debt facilities from a syndicate of lending banks, with a facility limit of \$520,000,000. The banking syndicate has security over the assets of the Company and its subsidiaries. The debt facilities have an expiry date 28 September 2021.

Information about the Group's exposure to interest rate, foreign currency and liquidity risks is included in Note 23 Financial risk management.

Accounting Policy: Borrowings and interest-bearing lease liabilities

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are derecognised when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Lease liabilities	2019
	\$'000
Within one year	180,771
Later than one year but not later than five years	503,045
Later than five years	368,414
Total undiscounted lease liabilities at 31 December 2019	1,052,230
Lease liabilities included in the statement of financial position at 31 December 2019⁽¹⁾	851,773
Current	170,025
Non current	681,748

⁽¹⁾ Lease terms range from 1 to 24 years. The weighted average incremental borrowing rate applied is 4.8%.

Variable rent payments not included in the measurement of the lease liabilities listed above was \$44,329,000 for the year ended 31 December 2019.

Accounting policy: Leases

The Group recognises a right-of-use asset and a lease liability at the lease commencement date.

The lease liability is initially measured at the present value of the lease payments at the commencement date, discounted using the Group's incremental borrowing rate.

The lease liability is subsequently increased by the interest cost on the lease liability (recognised in Finance costs in the income statement) and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has applied judgement to determine whether it is reasonably certain to exercise an extension option.

Refer to Note 12 for Accounting Policy: Right-of-use assets.

Note 18. Trade and other payables

	2019	2018
	\$'000	\$'000
Trade payables	27,071	5,506
Accrued expenses	38,648	74,169
Contract liability	7,786	9,858
Other payables	5,945	3,540
Total trade and other payables	79,450	93,073

Information about the Group's exposure to currency and liquidity risks is included in Note 23 Financial risk management.

Accounting policy: Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year, which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Contract liabilities are recognised within trade payables where invoices are issued in advance of the period in which the revenue is earned.

Note 19. Provisions

Reconciliation of movements in provisions	2019			
	Onerous contracts	Make good	Straight-lining of site rents	Total
	\$'000	\$'000	\$'000	\$'000
Balance as at 31 December 2018	7,169	16,636	11,191	34,996
Impact of AASB16	-	-	(11,191)	(11,191)
Restated balance at 1 January 2019	7,169	16,636	-	23,805
Provisions used during the year	-	(1,091)	-	(1,091)
Provisions made during the year	-	2,355	-	2,355
Provisions released during the year	(169)	(2,078)	-	(2,247)
Cash payments during the year	(7,000)	-	-	(7,000)
Effects of movements in exchange rates	-	9	-	9
Balance at 31 December 2019	-	15,831	-	15,831
2019				
Current provisions	-	661	-	661
Non-current provisions	-	15,170	-	15,170
	-	15,831	-	15,831
2018				
Current provisions	7,169	677	2,057	9,903
Non-current provisions	-	15,959	9,134	25,093
	7,169	16,636	11,191	34,996

Accounting policy: Provisions

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

i) Make good

A make good provision is recognised for the costs of restoration or removal in relation to plant and equipment and site leases where there is a legal or constructive obligation. The provision is initially recorded when a reliable estimate can be determined and discounted to present value. The unwinding of the effect of discounting on the provision is recognised as a finance cost. At the time of initial recognition of the make good provision, a corresponding asset is recognised as part of plant and equipment.

ii) Onerous contracts

Prior to the adoption of AASB16 the Group assessed the provision that represents the present value of the estimated costs that will be incurred until the end of the lease terms where the obligation is expected to exceed the economic benefit to be received. A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

Note 20. Derivative liabilities

	2019	2018
	\$'000	\$'000
Interest rate derivatives liability	13,094	2,082
Put option liability on NCI	-	1,800
Total derivative liabilities	13,094	3,882

During the year the company negotiated the purchase of the remaining 15% minority interest in Junkee Media. As a result the put option on NCI previously reported has been extinguished. Refer to Note 28 Related parties.

Information about the fair value of derivative instruments is included in Note 22 Fair values.

Accounting policy: Written put options on NCI

Written put options entered into with non-controlling shareholders in an acquiree as part of a business combination are accounted for in accordance with the present access method. The fair value of the Level 3 option is recognised as a financial liability and in other equity as a component of the non-controlling interest. Subsequent changes in the fair value of the financial liability are recognised directly in other equity.

Note 21. Capital and reserves

(a) Contributed Equity

	2019	2018	2019	2018
	number of shares	number of shares	\$'000	\$'000
Balance at 31 December	242,385,958	236,640,789	694,913	675,371

	2019	2018
	number of shares	number of shares
Fully paid ordinary shares	242,385,958	236,640,789
Number of shares as at 31 December	242,385,958	236,640,789

Movements in contributed equity

	2019	2018	2019	2018
	number of shares	number of shares	\$'000	\$'000
Balance at 1 January	236,640,789	164,138,049	675,371	349,510
Transaction costs arising from issue of shares	-	-	-	(5,380)
Issuance of performance rights - Tranche #1	-	792,746	-	1,375
Issuance of performance rights - Tranche #3	843,816	-	3,569	-
Capital raising - shares issued	-	71,709,994	-	329,866
Other shares issued	308,704	-	1,077	-
Shares issued under dividend reinvestment plan (DRP)	4,592,649	-	14,896	-
Balance at 31 December	242,385,958	236,640,789	694,913	675,371

Ordinary shares

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. The holders of these shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

(b) Reserves

	2019	2018
Reserves	\$'000	\$'000
Foreign currency translation reserve	1,370	284
Other equity reserve	16,608	16,608
Cash flow hedge reserve	(9,294)	(1,358)
Share-based payments reserve	8,621	11,152
Total reserves	17,305	26,686

Nature and purpose of reserves

Foreign currency translation reserve - The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations in New Zealand. Refer to Note 3(n) Significant accounting policies.

Other equity reserve - The other equity reserve mostly represents the difference between the issued capital in Outdoor Media Investments Limited (OMI) and the consideration paid to acquire OMI on 18 December 2014. The transaction was accounted for as a common control transaction as disclosed in the annual financial statements for the year ended 31 December 2014. The other equity reserve reflects the share price movements for former OMI owners who remained as oOh!media Limited (OML) owners.

Cash flow hedge reserve - The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows affect profit or loss. Refer to Note 22 Fair values.

Share-based payments reserve - The share-based payments reserve is used to record the value of share-based payments provided to employees as part of their remuneration and the expense relating to cancelled shares under the legacy share-based payments plan. The current balance relates to unexercised rights issued to senior executives and managers. A portion of this reserve may be reversed against contributed equity if the underlying rights are exercised and results in shares being issued.

(c) Non-controlling interest (NCI)

	2019	2018
	\$'000	\$'000
Balance at beginning of the year	(784)	(804)
Change of non-controlling interest	(106)	-
Share of operating profit/(loss) for the period after income tax	(15)	20
Balance at end of the year	(905)	(784)

During 2019, the Group purchased the remaining equity interest in Junkee Media. The equity interest in Closebuys Pty Limited remained the same as in the previous reporting period.

(d) Equity – dividends

Dividends

The following fully franked dividends have been paid to date:

	Amount per share cents	Total value (\$)
Dividends paid during 2019		
Final 2018 dividend (paid 26 March 2019) ⁽¹⁾	7.5	17,811,345
Interim 2019 dividend (paid 30 September 2019) ⁽¹⁾	3.5	8,387,010
		26,198,355
Dividends paid during 2018		
Final 2017 dividend (paid 16 March 2018)	10.5	17,317,732
Interim 2018 dividend (paid 21 September 2018)	3.5	8,282,424
		25,600,156

⁽¹⁾ The Board activated the dividend reinvestment plan (DRP) with respect to the 2018 Final dividend and the 2019 Interim dividend. As a result 3,448,949 shares were issued and 1,143,700 shares were cash settled. For the 2019 interim dividend, the DRP was fully underwritten.

After the reporting date, a final dividend of 7.5 cents per qualifying ordinary share amounting to \$18,178,947 has been declared by the Board of Directors. The dividends have not been recognised as liabilities and there are no tax consequences in 2019.

Dividend franking account

	2019	2018
	\$'000	\$'000
Franking account balance	49,807	56,982
Impact on franking account balance of dividends proposed after the reporting date but not recognised as a liability	(7,791)	(7,625)
Franking credits available to shareholders of the Company for subsequent financial years based on a tax rate of 30%	42,016	49,357

The ability to utilise franking credits is dependent upon the ability to declare dividends. In accordance with the tax consolidation legislation, the Company, as the head entity in the tax-consolidated group, has assumed the benefit of the \$42,016,000 (2018: \$49,357,000) franking credits.

(e) Capital management policy

The Board's policy is to retain a strong capital base to maintain investor and creditor confidence and to sustain future development of the business. Capital consists of share capital, retained earnings and the non-controlling interest of the Group.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a capital position.

Accounting policy: Share capital

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction are accounted for in accordance with AASB 112 Income Taxes.

Note 22. Fair values

Accounting classifications and fair values

(a) Fair values vs carrying amounts

The fair values of financial assets and liabilities equals the carrying amounts shown in the statement of financial position. The fair value of interest rate derivatives is determined as the present value of future contracted cash flows and credit adjustments.

(b) Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, where applicable, are based on the government yield curve at the end of the reporting period plus an appropriate credit spread, and were as follows:

	2019	2018
Interest rate derivatives	1.8% - 2.8%	1.8% - 2.8%
Bank loan	2.7% - 3.9%	3.1% - 3.9%
Leases	3.3% - 7.3%	N/A

(c) Fair value hierarchy

The table below analyses financial instruments carried at fair value, by the levels in the fair value hierarchy referred to in Note 2(e) Use of judgements and estimates. The different levels have been defined as follows. The table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Consolidated

	31 December 2019		31 December 2018		
	Carrying Value	Fair Value	Carrying Value	Fair value	
	Hedging Instruments	Level 2	Hedging Instruments	Level 2	Level 3
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets measured at fair value					
Interest rate derivatives used for hedging	-	-	614	614	-
Total	-	-	614	614	-
Financial liabilities measured at fair value					
Interest rate derivatives used for hedging	(13,094)	(13,094)	(2,696)	(2,696)	-
Put option liability on NCI	-	-	(1,800)	-	(1,800)
Interest rate derivatives (liability)/asset	(13,094)	(13,094)	(4,496)	(2,696)	(1,800)

(a) Valuation techniques

The fair value of Level 2 interest rate derivatives is determined as the present value of future contracted cash flows and credit adjustments. Cash flows are discounted using standard valuation techniques at the applicable market yield, having regard to the timing of the cash flows.

Note 23. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as interest rate swaps to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rates, foreign exchange and other price risks and aging analysis for credit risk.

(a) Credit risk

Credit risk is the financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers.

i) Management of credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks, as well as credit exposures to agency and direct clients, including outstanding receivables and committed transactions. The interest rate derivative financial instruments are contracted with credit worthy counterparties that are large banks, primarily members of the Group's syndicated debt facility.

The Group has no significant concentrations of credit risk. The Group has policies in place to ensure that sales of media and services are made to customers with appropriate credit histories based on enquires through the Group's credit department. Ongoing customer credit performance is monitored on a regular basis.

Credit risk further arises in relation to financial guarantees given to certain parties. Such guarantees are provided under the Group's banking facilities.

ii) Cash and cash equivalents

The Group held cash and cash equivalents of \$61,208,000 at 31 December 2019 (31 December 2018: \$33,027,000). The cash and cash equivalents are held with credit worthy counterparties that are large banks, primarily members of the Group's syndicated debt facility.

Interest rate derivatives are subject to credit risk in relation to the relevant counterparties, which are large banks and members of the Group's syndicated debt facility. The credit risk on derivative contracts is limited to the net amount to be received from counterparties on contracts that are favourable to the consolidated entity.

iii) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2019 \$'000	2018 \$'000
Financial assets		
Cash and cash equivalents	61,208	33,027
Trade receivables	131,744	123,315
Contract assets	21,342	11,595
Other receivables	1,775	1,499
Total financial assets	216,069	169,436

iv) Receivables

The aging of trade receivables at the end of the reporting date that were not impaired was as follows:

	2019 \$'000	2018 \$'000
Neither past due nor impaired	118,432	113,524
Past due 0-30 days	7,964	5,096
Past due 31-60 days	2,184	1,627
Past due 61-90 days	674	1,568
Past due 91 days	2,490	1,500
	131,744	123,315

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2019	2018
	\$'000	\$'000
Balance at 1 January	1,109	991
Doubtful debts on acquisition	-	155
Impairment loss recognised	427	249
Amounts written off	(87)	(286)
Balance at 31 December	1,449	1,109

Other than those receivables specifically considered in the above allowance for impairment, the Group does not believe there is a material credit quality issue with the remaining trade receivables balance.

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure that, as far as possible, it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

i) Management of liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

ii) Financing arrangements

The Group had access to the following undrawn borrowing facilities at the end of the reporting date:

	2019	2018
	\$'000	\$'000
Revolving facility including bank guarantees	65,174	3,854

iii) Maturities of financial liabilities

The table below analyses the Group's financial liabilities, net and gross settled derivative financial instruments in relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. For interest rate derivatives, the cash flows have been estimated using forward interest rates applicable at the reporting date.

Consolidated**31 December 2019**

	Carrying amount	Contractual cash flows	12 months or less	Greater than 1 year
	\$'000	\$'000	\$'000	\$'000
Non-derivatives				
Bank debt	419,000	(453,455)	(12,529)	(440,926)
Lease liabilities	851,773	(1,052,230)	(180,771)	(871,459)
Trade and other payables	79,450	(79,450)	(79,450)	-
Total non-derivatives	1,350,223	(1,585,135)	(272,750)	(1,312,385)
Derivatives				
Interest rate derivatives used for hedging	(13,094)	13,094	3,462	9,632

Consolidated**31 December 2018**

	Carrying amount	Contractual cash flows	12 months or less	Greater than 1 year
	\$'000	\$'000	\$'000	\$'000
Non-derivatives				
Bank debt	410,000	(455,336)	(16,486)	(438,850)
Lease liabilities	162	(175)	(61)	(114)
Trade and other payables	93,073	(93,073)	(93,073)	-
Deferred acquisition consideration	120	(120)	(120)	-
Total non-derivatives	503,355	(548,704)	(109,740)	(438,964)
Derivatives				
Interest rate derivatives used for hedging	(2,082)	2,082	297	1,785
Put option liability on NCI	1,800	(1,800)	(1,800)	-

The Group's banking facilities loan agreement includes a change of control clause that triggers a review in the event of a change of control. The banking syndicate could cancel the facility as a result of such review. As at 31 December 2019 balance date, no change of control event is anticipated and therefore the bank debt is assessed as non-current in line with the existing maturity dates of the facility.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

i) Management of currency risk

The Group operates in New Zealand and therefore is exposed to foreign exchange transaction risks with respect to the New Zealand dollar. Foreign exchange transaction risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency and through net investments in foreign operations. The risk is measured using cash flow forecasting. The Group has an accounting exposure to movements in the AUD/NZD exchange rate in consolidating the NZD net assets of oOh!media Street Furniture New Zealand, and its subsidiaries at each balance date. The current Australian Accounting Standards require that any such movements be booked to the Group's foreign currency translation reserve (FCTR).

Based on the exposure, the Group has not deemed it necessary to hedge this exposure in the period or the prior period.

ii) Interest rate risk

The Group's main interest rate risk arises from long-term borrowings. Borrowings issued at variable interest rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

The Group's interest rate policy is to fix estimated interest rate risk exposure at a minimum of 50% for a period of at least 12 months or as otherwise determined by the Board.

The Group manages its cash flow interest rate risk by using floating to fixed interest rate derivatives. Such interest rate derivatives have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the Group raises long-term borrowings at floating rates and hedges them into fixed rates using a mixture of swaps and options. Under the interest rate derivatives, the Group agrees with other parties to exchange, monthly or quarterly, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group was as follows:

	2019 \$'000	2018 \$'000
Fixed rate instruments		
Financial liabilities	(851,773)	(162)
Variable rate instruments		
Financial assets	61,208	33,027
Financial liabilities	(419,000)	(410,000)

Cash flow hedges

The amounts at the reporting date relating to items designated as hedged items were as follows:

	Change in value used for calculating hedge ineffectiveness \$'000
Interest rate risk	
Variable-rate instruments	(11,012)

In 2018, the Group entered into interest rate derivative transactions totalling \$280,000,000. The amounts relating to items designated as hedging instruments and hedge ineffectiveness were as follows:

	31 December 2019			During the period - 2019	
	Carrying amount			Changes in the value of the hedging instrument recognised in OCI	Hedge ineffectiveness recognised in profit and loss
	Nominal amount	Assets	Liabilities		
Interest rate risk	\$'000	\$'000	\$'000	\$'000	\$'000
Interest rate derivatives	280,000	-	(13,094)	11,319	(307)

iii) Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis was performed on the same basis as 2018.

	31 December 2019			
	Profit or loss		Equity	
	100 BP increase	100 BP decrease	100 BP increase	100 BP decrease
	\$'000	\$'000	\$'000	\$'000
Variable rate instruments	(4,190)	4,190	(4,190)	4,190
Interest rate derivatives	-	-	2,800	(2,800)
Cash flow sensitivity (net)	(4,190)	4,190	(1,390)	1,390

	31 December 2018			
	Profit or loss		Equity	
	100 BP increase	100 BP decrease	100 BP increase	100 BP decrease
	\$'000	\$'000	\$'000	\$'000
Variable rate instruments	(4,100)	4,100	(4,100)	4,100
Interest rate derivatives	-	-	2,800	(2,800)
Cash flow sensitivity (net)	(4,100)	4,100	(1,300)	1,300

Accounting policy: Financial instruments

(a) Initial recognition and measurement

Trade receivables and debt securities are initially recognised when they are originated. Other financial assets/liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Trade receivables are initially measured at the transaction price. Financial assets/liabilities are initially measured at fair value (together with any transaction costs which are directly attributable to the acquisition of the asset, or cost of the liability).

(b) Classification and subsequent remeasurement

Three principal classification categories for financial assets exist:

- i) measured at amortised cost;
- ii) fair value other comprehensive income (FVOCI); and
- iii) fair value to the consolidated statement of profit or loss (FVTPL).

Financial assets are classified according to the business model in which the asset is managed and according to its contractual cash flow characteristics. They will not subsequently be reclassified unless the Group changes its business model for managing financial assets. If the business model changes, all financial assets would be reclassified on the first day of the reporting period after which the change took place.

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold assets to collect contractual cash flows and contractual terms give rise to cash flows of principal and interest on specific dates. When assessing whether cash flows represent solely principal and interest, the Group considers factors which may affect the timing and amount of the cash flows, such as contingent events, contractual terms and prepayment or extensions features.

All derivative financial assets are measured as FVTPL. At inception, the Group may also irrevocably designate that a financial asset be measured as FVTPL, even though it would otherwise be measured as amortised cost or FVOCI, if such an election eliminates (or significantly reduces) an accounting mismatch which would otherwise occur.

Subsequent remeasurement of	Remeasured at	Gains/losses	Other considerations
Financial assets at FVTPL	Fair value	Profit or loss	Does not apply to hedging instruments (refer to 'e.' below)
Financial assets at amortised cost	Amortised cost using the effective interest method	Profit or loss	Amortised cost is reduced by any impairment losses
Financial liabilities at FVTPL	Fair value	Profit or loss	Does not apply to hedging instruments (refer to 'e.' below)
Financial liabilities at amortised cost	Amortised cost using the effective interest method	Profit or loss	-

(c) Derecognition

Financial assets

The Group will de-recognise a financial asset when any of the following occur:

- expiration of the contractual right to receive cash flow from the asset; or
- a transaction occurs which results in the Group transferring substantially all of the risks and rewards of ownership of the asset and therefore it also transfers the right to receive cash flows from the asset; or
- although the Group does not transfer the risks and rewards of ownership, it no longer retains control of the asset.

Financial liabilities

The Group will derecognise a financial liability when any of the following occur:

- contractual obligations are discharged, cancelled or expire; or
- the terms are modified, such that the cash flows are also modified. In this situation, a new financial liability would be recognised, at fair value, based on the modified terms.

(d) Offsetting

The Group may only offset financial assets and liabilities (or present them on a net basis) in circumstances where there is a legally enforceable right to do so and the Group intends to settle the asset and liability on a net basis, or simultaneously.

(e) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its interest rate risk exposure. Derivatives are initially measured at fair value. Subsequent changes in fair value are recognised in OCI.

The Group designates certain instruments as cash flow hedges to minimise the variability in cash flows associated with highly probable forecast transactions arising from changes in interest rates.

The risk management objective and strategy for undertaking a hedge, are documented at the inception of the hedging relationship. The Group also documents the economic relationship between the hedged item and the hedging instrument (including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset).

The accounting policy for cash flow hedges is as follows:

- When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.
- The amount accumulated in equity is retained in OCI and reclassified to profit or loss in the same period or periods during which the hedged item affects profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

Note 24. List of subsidiaries and equity-accounted investees

(a) Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 3(a):

Name of entity	Country of incorporation	Consolidated entity	
		2019	2018
Outdoor Media Operations Pty Limited	Australia	100%	100%
oOh!media Group Pty Limited	Australia	100%	100%
oOh!media Street Furniture Pty Ltd	Australia	100%	100%
oOh!media Street Furniture New Zealand Limited	New Zealand	100%	100%
oOh!media Operations Pty Limited	Australia	100%	100%
oOh!media Produce Pty Limited	Australia	100%	100%
oOh!media Assets Pty Limited	Australia	100%	100%
oOh!media Factor Pty Limited	Australia	100%	100%
oOh!media Digital Pty Limited	Australia	100%	100%
oOh!media Retail Pty Limited	Australia	100%	100%
oOh!media Lifestyle Pty Limited	Australia	100%	100%
oOh!media Shop Pty Limited	Australia	100%	100%
oOh!media Roadside Pty Limited	Australia	100%	100%
oOh!media MEP Pty Limited	Australia	100%	100%
oOh!media Regional Pty Ltd	Australia	100%	100%
Red Outdoor Pty Ltd	Australia	100%	100%
Closebuys Pty Limited	Australia	83%	83%
oOh!media Café Screen Pty Limited	Australia	100%	100%

Eye Corp Pty Limited	Australia	100%	100%
Eye Corp Australia Pty Limited	Australia	100%	100%
oOh!media Fly Pty Limited	Australia	100%	100%
Eye Drive Sydney Pty Limited	Australia	100%	100%
Eye Outdoor Pty Limited	Australia	100%	100%
Eye Mall Media Pty Limited	Australia	100%	100%
Eye Drive Melbourne Pty Limited	Australia	100%	100%
oOh!media Study Pty Limited	Australia	100%	100%
Outdoor Plus Pty Limited	Australia	100%	100%
Eye Shop Pty Limited	Australia	100%	100%
Homemaker Media Pty Limited	Australia	100%	100%
oOh!media Office Pty Limited	Australia	100%	100%
Inlink Office Pty Ltd	Australia	100%	100%
Inlink Café Pty Ltd	Australia	100%	100%
Inlink Fitness Pty Ltd	Australia	100%	100%
Executive Channel International Pty Ltd	Australia	100%	100%
Executive Channel Pty Ltd	Australia	100%	100%
Junkee Media Pty Limited	Australia	100%	85%
InTheMix dot com dot au Pty Ltd	Australia	100%	85%
Thought By Them Pty Ltd	Australia	100%	85%
Qjump Australia Pty Limited	Australia	100%	85%
Faster Louder Pty Ltd	Australia	100%	85%
Sound Alliance Nominees Pty Ltd	Australia	100%	85%
Cactus Imaging Pty Limited	Australia	100%	100%
Cactus Holdings Pty Limited	Australia	100%	100%
oOh!media Locate Pty Ltd	Australia	100%	100%
oOh!edge Pty Limited	Australia	50%	50%
oOh!media New Zealand Holdings Limited ⁽¹⁾	New Zealand	-	100%
oOh!media New Zealand Limited	New Zealand	100%	100%
oOh!media Retail New Zealand Limited	New Zealand	100%	100%
oOh!media Study New Zealand Limited	New Zealand	100%	100%

⁽¹⁾ oOh!media New Zealand Holdings Limited was amalgamated into oOh!media Street Furniture New Zealand Limited on 31 December 2019

(b) Equity-accounted investees

During 2014, oOh!media Factor Pty Limited (a wholly-owned subsidiary of oOh!media Limited) entered into a joint venture agreement with Driving Edge Marketing Pty Limited to establish a joint venture for the purposes of engaging in activities similar to that of the Group (provision of Out Of Home advertising solutions). This resulted in the incorporation of a new legal entity (oOh!edge Pty Limited), of which both joint venture partners hold a 50% interest. Based on the operating results of the joint venture since inception, the carrying value of the Group's investment is \$105,000 (31 December 2018: \$0). The Group made no initial monetary investment in the joint venture.

Note 25. Business Combinations

On 28 September 2018, the Group acquired Out of Home street furniture specialist Adshel from HT&E Limited (HT&E) for cash consideration of \$572,754,000 (the acquisition). The acquisition was funded through a combination of debt and equity. In July 2018, the Group completed a fully underwritten 1 for 2.3 pro rata accelerated non-renounceable capital raise for \$329,900,000. The remaining consideration was funded through the Group's \$450,000,000 syndicated debt facility secured in June 2018.

Details of the purchase consideration, the net assets acquired, and goodwill attributed to the acquisition are summarised in the table below:

(i) Summary of business combinations for the current and prior year:

	Final 2018 \$'000	Provisional 2018 \$'000
Purchase consideration		
Cash paid during the year ended 31 December 2018	578,612	578,612
Working capital adjustment received	(5,858)	(5,858)
	572,754	572,754

The fair values of the identifiable assets and liabilities acquired by the Company are as follows:

	Final 2018 \$'000	Acquisition Adjustment \$'000	Provisional 2018 \$'000
Cash and bank balances	8,259	-	8,259
Trade and other receivables	46,977	-	46,977
Inventories	5,736	-	5,736
Property, plant and equipment	138,342	67,220	71,122
Deferred tax assets / (liabilities)	(26,578)	(29,579)	3,001
Identified intangible assets	96,337	90,546	5,791
Trade creditors and accruals	(33,458)	152	(33,610)
Provisions	(11,964)	414	(12,378)
Net identifiable assets acquired	223,651	128,753	94,898
Goodwill acquired ⁽¹⁾	349,103	(128,753)	477,856
Net assets acquired	572,754	-	572,754

⁽¹⁾ Goodwill represents the value attributed to the commercial relationships, market reputation and business acumen acquired as part of the business combination. Given the timing of the acquisition, Purchase Price Allocation accounting had yet to be completed by 31 December 2018, and was finalised before 28 September 2019.

During 2019 the Group finalised an independent valuation of the identifiable tangible assets acquired. Contract intangible assets acquired were valued utilising the Multi Period Excess Earnings Method. The valuations have determined that the fair value of identifiable tangible and intangible assets acquired was \$67,220,000 and \$90,546,000 higher than the provisional reported values in 2018, respectively. The Group has reset the tax cost of Australian assets acquired in accordance with tax consolidation legislation. No adjustment has been made to the tax bases of NZ assets. The deferred tax liability has increased by \$29,579,000 as a result of the changes in fair values of assets. As a consequence, the goodwill acquired as part of the acquisition has decreased by the net amount, resulting in the previously reported Adshel goodwill of \$477,856,000 decreasing to \$349,103,000.

The comparative information shown in the consolidated statement of financial position has been restated to include the adjusted fair values.

The comparative information in the Consolidated statement of profit or loss and other comprehensive income has been restated for the impact of the above changes, with an increase to depreciation and amortisation expense of \$3,518,000 and a decrease in income tax expense of \$1,042,000.

Note 26. Capital Commitments

The Group entered into contracts to purchase plant and equipment in 2019 for \$8,474,000 (2018: \$10,440,000).

Note 27. Contingencies

Details and estimates of maximum amounts of contingent liabilities are as follows:

	2019	2018
	\$'000	\$'000
Bank guarantees	35,826	36,146

Note 28. Related Parties

(a) Parent entity and ultimate controlling party

As at 31 December 2019, the parent entity of the Group is oOh!media Limited.

(b) Subsidiaries

Interest in subsidiaries is set out in Note 24 List of subsidiaries.

(c) Transactions with the shareholder-related parties

WPP ceased to be a related party on 29 August 2018.

	Transaction value for the 12 months ended 2018	Balance outstanding 2018
	\$	\$
Sale of media and services		
<u>WPP</u>		
Revenue ⁽¹⁾	50,972,202	-
Receivables ⁽¹⁾	-	17,764,942

Notes to transactions with shareholder-related parties

⁽¹⁾ All sales with related parties are on an arm's length basis and are subject to commercial trading terms and conditions. Outstanding balances with these related parties are to be settled in cash within two months of the end of the reporting period. None of the balances are secured.

Transactions with Key Management Personnel

i) Key Management Personnel compensation

The Key Management Personnel compensation comprised:

	2019	2018
	\$	\$
Short-term employee benefits	1,275,077	1,646,708
Post-employment benefits	116,531	148,126
Share-based payments	219,121	407,291
	1,610,729	2,202,125

Key Management Personnel also participate in the Group's share plans, details of which are discussed in Note 8 Share-based payments.

In addition to the above, Non-executive Director compensation included short-term employee benefits of \$957,622 (2018: \$876,319) and post-employment benefits of \$72,524 (2018: \$74,700).

ii) Directors' related party transactions

Directorships and shareholdings held by oOh!media Limited's Chair Tony Faure and non-executive director Geoffrey Wild have given rise to two related party conflicts in the current and prior period. Geoffrey Wild ceased to be a director of the company on 16 May 2019.

As at 31 December 2018, Tony Faure held a 5.0% interest in Junkee Media until March 2019 when it was bought by oOh!media for consideration of \$600,000. He received \$90,000 in consulting fees from Junkee Media in 2019. Given his ongoing consultancy support, the Board has appointed Debra Goodin as Lead Independent Director, effective from 22 September 2017. The Lead Independent Director can assume the role of Chair when the Chair is unable to act in that capacity due to unavailability or lack of independence. The position also offers an alternative point of contact for shareholders.

Geoffrey Wild holds the position of Chairman at WPP Australia. Prior to 29 August 2018 WPP Australia was a significant shareholder in the Group.

To mitigate any potential conflicts arising, there is a Board protocol in place whereby the aforementioned Board member is asked to exit a Board meeting should any matters arise that may impact their independence.

(d) Transactions with equity-accounted investees

oOh!ledge Pty Limited

	Transaction value for the 12 months ended		Balance outstanding	
	2019	2018	2019	2018
	\$	\$	\$	\$
Receivables	-	-	180,510	(15,600)
Management fees	156,000	98,800	-	-

Note 29. Subsequent events

Since the end of the financial year, and after approval of these consolidated financial statements, the Board has declared a fully franked final dividend of 7.5 cents per ordinary share, amounting to \$18,178,947 in respect of the year ended 31 December 2019 (31 December 2018: \$17,748,059). This dividend is payable on 27 March 2020. The Board has elected to activate the DRP and it will be fully underwritten for the final 2019 dividend. The financial effect of this dividend has not been brought to account in the consolidated financial statements for the year ended 31 December 2019 and will be recognised in subsequent financial reports.

On 29 January Brendon Cook announced his intention to step down as Managing Director and Chief Executive Officer (CEO) at a date yet to be determined. Mr. Cook will remain in his current roles until completion of a global executive search and will then work with the Board to ensure an orderly and seamless transition to a new CEO. As the final terms and timing of Mr. Cook's departure is uncertain no adjustments to the measurement of any employment entitlements have been made in these financial statements.

Apart from the matters referred to above, no other matter or circumstance at the date of this report has arisen since 31 December 2019 that has significantly affected or may affect:

- i) the operations of the Group;
- ii) the results of those operations in future financial years; and
- iii) the Group's state of affairs in future financial years.

Note 30. Earnings per share

The table below shows the calculation of basic and diluted earnings per share for 2019 and 2018.

	2019 \$'000	2018 Restated ⁽¹⁾ \$'000
Profit attributable to ordinary shareholders	13,453	29,124
Net profit after income tax attributable to equity holders of the parent	13,453	29,124

	2019 # of shares	2018 # of shares
Weighted average number of shares outstanding - basic		
Opening issued ordinary shares balance	236,640,789	164,138,049
Effect of allotment and issuances	815,451	31,932,295
Effect of bonus issue from 2018 share capital raising	-	7,316,139
Effect of dividend reinvestment scheme	2,115,630	-
Weighted average number of ordinary shares at 31 December	239,571,870	203,386,483

Weighted average number of shares outstanding - diluted		
Weighted average number of ordinary shares - basic	239,571,870	203,386,483
Effect of performance rights on issue	1,974,256	1,634,639
Weighted average number of ordinary shares at 31 December	241,546,126	205,021,122

Earnings per share	2019	2018
Basic profit earnings per share (cents)	6	14
Diluted profit earnings per share (cents)	6	14

⁽¹⁾ 2018 balances have been restated due to the finalisation of the valuation of identifiable assets acquired in the Adshel acquisition. Refer to Note 25 Business combinations.

Note 31. Reconciliation of cash flows from operating activities

	2019	2018
	\$'000	\$'000
Cash flows from operating activities		
Profit after income tax for the year	13,438	29,144
Adjustments for:		
Depreciation	209,462	26,991
Amortisation	22,685	15,941
Transaction costs related to acquisitions	-	9,800
Borrowing costs	1,759	1,156
Share of profit of equity-accounted investees, net of tax	(105)	(310)
Net loss on sale of non-current assets	-	100
Impairment expense	3,500	-
Written off capitalised intangible software	3,420	-
Net exchange differences	(216)	341
Equity-settled share-based payment transactions	2,115	2,373
	256,058	85,536
Changes in:		
Trade receivables	(8,705)	(11,115)
Deferred tax balances	(1,050)	(10,936)
Other operating assets	8,028	(22,559)
Trade payables	262	12,882
Other provisions	(7,972)	11,620
Provision for income taxes payable	(13,510)	2,712
Other operating liabilities	4,120	3,013
Cash generated from operating activities	237,231	71,153

Accounting policy: Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other highly liquid investments with original maturities of three months or less that are readily convertible to cash on hand and are subject to an insignificant risk of change in value, net of outstanding bank overdrafts.

Note 32. Auditor's remuneration

	2019	2018
	\$	\$
Audit and assurance services		
<i>KPMG Australia</i>		
Audit and review of financial statements	535,534	585,780
Audit of NZ subsidiary's financial statements	75,645	-
Other assurance services	165,189	85,339
Total audit and assurance services	776,368	671,119
Other services		
<i>KPMG Australia</i>		
Taxation compliance and advisory services	107,514	253,483
Acquisition-related services	-	641,161
Total other services	107,514	894,644
Total auditor's remuneration	883,882	1,565,763

Note 33. Parent entity disclosures

As at and throughout the financial year ended 31 December 2019 the parent entity of the Group was oOh!media Limited (2018: oOh!media Limited).

	2019	2018
	\$'000	\$'000
(a) Financial position		
Financial position of parent entity at year end		
Current assets	448,761	428,491
Non-current assets	718,949	699,407
Total assets	1,167,710	1,127,898
Current liabilities	-	10,726
Non-current liabilities	463,078	419,815
Total liabilities	463,078	430,541
Net assets	704,632	697,357

Total equity of parent entity comprising of:

Contributed equity	694,913	675,372
Reserves	9,719	21,985
Retained earnings	-	-
Total equity	704,632	697,357

(b) Comprehensive income**Result of parent entity**

Profit for the year:

Dividends received from subsidiary	26,198	25,600
Other comprehensive (loss)	(7,936)	(1,397)
Total comprehensive income for the year	18,262	24,203

(c) Parent entity capital commitments for acquisition of property, plant and equipment

The parent entity did not have any capital commitments for the acquisition of property, plant or equipment as at 31 December 2019 (2018: Nil).

(d) Guarantees and contingent liabilities

Please refer to Note 27 for information on the guarantees and contingent liabilities of the parent entity.

Note 34. Deed of cross guarantee

On 20 April 2018, the wholly-owned subsidiaries listed below entered into a Deed of Cross Guarantee with oOh!media Limited in accordance with ASIC Corporations (Wholly Owned Companies) Instrument 2016/785 thereby relieving them from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports, and Directors' reports.

The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt of the others.

The subsidiaries subject to the Deed are:

Outdoor Media Operations Pty Limited
oOh!media Group Pty Limited
oOh!media Operations Pty Limited
oOh!media Produce Pty Limited
oOh!media Assets Pty Limited
oOh!media Factor Pty Limited
oOh!media Digital Pty Limited
oOh!media Locate Pty Limited
oOh!media Retail Pty Limited
oOh!media Lifestyle Pty Limited
oOh!media Shop Pty Limited
oOh!media Roadside Pty Limited
oOh!media MEP Pty Limited
oOh!media Regional Pty Limited
Red Outdoor Pty Ltd
Eye Corp Pty Limited
Eye Corp Australia Pty Limited
oOh!media Fly Pty Limited
Eye Drive Sydney Pty Limited
Eye Outdoor Pty Limited
Eye Mall Media Pty Limited
Eye Drive Melbourne Pty Limited

oOh!media Study Pty Limited
 Outdoor Plus Pty Limited
 Eye Shop Pty Limited
 Homemaker Media Pty Limited
 oOh!media Office Pty Limited
 Inlink Office Pty Ltd
 Inlink Café Pty Ltd
 Inlink Fitness Pty Ltd
 Executive Channel International Pty Ltd
 Executive Channel Pty Ltd
 Cactus Imaging Holdings Pty Limited
 Cactus Imaging Pty Limited
 oOh!media Café Screen Pty Limited
 oOh!media Street Furniture Limited
 Junkee Media Pty Ltd
 Faster Louder Pty Limited
 Thought By Them Pty Ltd
 QJump Australia Pty Limited
 Sound Alliance Nominees Pty Ltd
 Inthemix dot com dot au Pty Ltd

oOh!media Social Sports Pty Limited, Social Sports Media Pty Ltd, In 2 Indoor Pty Ltd and World Indoor Soccer Federation Pty Ltd exited the deed on 7 September 2018, by virtue of a Notice of Disposal.

oOh!media Street Furniture Pty Limited became a party to the Deed on 27 November 2018, by virtue of a Deed of Assumption.

Junkee Media Pty Ltd, FasterLouder Pty Ltd, Thought By Them Pty Ltd, QJump Australia Pty Ltd, Sound Alliance Nominees Pty Ltd and InTheMix dot com dot au Pty Ltd became a party to the Deed on 28 June 2019, by virtue of a Deed of Assumption.

A consolidated statement of comprehensive income and consolidated statement of financial position, comprising the Company and controlled entities which are a party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, for the year ended 31 Dec 2019 is set out as follows:

Statement of profit or loss and other comprehensive income and retained earnings

	2019 \$'000	2018 \$'000
Revenue	593,197	379,483
Cost of sales	(160,082)	(195,488)
Gross profit	433,115	183,995
Operating expenses, depreciation and amortisation	(360,023)	(144,796)
Finance income	1,214	1,015
Finance costs and foreign exchange costs	(57,874)	(7,844)
Share of profit of equity-accounted investees	104	(310)
Profit before tax	16,536	32,060
Tax expense	(6,245)	(9,618)
Profit after tax	10,291	22,442
Fair value movement in put option, net of tax	-	(1,080)
Effective portion of changes in fair value of cash flow hedges, net of tax	(7,936)	(1,397)
Other comprehensive income for the period, net of tax	(7,936)	(2,477)
Total comprehensive income for the period, net of tax	2,355	19,965

Statement of financial position

	2019	2018
	\$'000	\$'000
Assets		
Cash and cash equivalents	53,489	26,395
Trade and other receivables	129,087	118,725
Inventories	3,339	5,207
Other current assets	30,249	29,705
Income tax assets	4,048	-
Current assets	220,212	180,032
Property, plant and equipment	217,595	215,014
Right of use asset	791,198	-
Intangible assets	128,722	701,006
Investments	693,032	138,722
Other non-current assets	1,989	21,893
Non-current assets	1,832,536	1,076,635
Total assets	2,052,748	1,256,667
Liabilities		
Trade and other payables	100,004	93,578
Finance lease liabilities	-	59
Deferred consideration	-	120
Interest bearing lease liabilities	166,964	-
Provisions	570	9,219
Employee benefits	6,874	6,621
Income tax payable	-	10,101
Current liabilities	274,412	119,698
Loans and borrowings	415,697	405,511
Provisions	14,195	23,799
Employee benefits	3,931	3,201
Interest bearing lease liabilities	665,457	-
Derivative liabilities	13,094	3,882
Deferred tax liabilities	21,712	39,612
Non-current liabilities	1,134,086	476,005
Total liabilities	1,408,498	595,703
Net assets	644,250	660,964
Equity		
Share capital	694,913	675,371
Reserves	15,935	26,402
Retained earnings	(66,598)	(40,809)
Total equity	644,250	660,964

Glossary

Term	Meaning/Definition
AASB	Australian Accounting Standards Board
AGM	Annual General Meeting
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange, as operated by ASX Limited ABN 98 008 624 691
AUD, A\$, \$ or Australian dollar	The lawful currency of the Commonwealth of Australia
Auditor	KPMG
Australian Accounting Standards	Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board and Urgent Issues Group Interpretations
Board or Board of Directors	The board of Directors of oOh!media Limited
CAGR	Compound Annual Growth Rate
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGU	Cash Generating Unit
Company	oOh!media Limited ACN 602 195 380
Company Secretary	The Company Secretary of oOh!media as appointed from time-to-time
Constitution	The constitution of the Company
Corporations Act	Corporations Act 2001 (Cth)
CY2015	Financial year ended 31 December 2015
CY2016	Financial year ended 31 December 2016
CY2017	Financial year ended 31 December 2017
CY2018	Financial year ended 31 December 2018
CY2019	Financial year ended 31 December 2019
Digital revenue	Revenue from digital advertising display panels
Director	Each of the Directors of oOh!media as appointed to the position from time-to-time
EBIT	Earnings before interest and taxation
EBITDA	Earnings before interest, taxation, depreciation and amortisation
EPS	Earnings Per Share
Escrow	An 'escrow' is a restriction on sale, disposal or encumbering of, or certain other dealings in respect of, the shares concerned for the period of the escrow, subject to exceptions set out in the escrow arrangement
FAR	Fixed annual remuneration
FCTR	Foreign Currency Translation Reserve
FMCG	Fast moving consumer goods
Group	oOh!media Limited and its subsidiaries
GST	Goods and services or similar tax imposed in Australia and New Zealand
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
KMP	Key Management Personal
KPI	Key Performance Indicator
KPMG	KPMG ABN 51 194 660 183
Listing	The admission of oOh!media to the Official List of the ASX
Listing Rules	The Official Listing Rules of ASX
LTI	Long term incentive as payable under the LTI Plan
LTI Plan	oOh!media's long-term incentive plan, as amended by oOh!media from time-to-time
Management	The management of oOh!media

MD	Managing Director
MOVE	Measurement of Outdoor Visibility and Exposure, Australia's national Out of Home audience measurement system
n/a	Not applicable
NCI	Non-controlling Interest
NED	Non-executive Director
NPAT	Net profit after tax
NPATA	Net profit after tax before amortisation of acquired intangibles
NZD	New Zealand Dollars
OCI	Other Comprehensive Income
OFR	Operating and Financial Review
OMA	Outdoor Media Association, the peak national industry body that represents most of Australia's traditional and digital outdoor media display companies and production facilities, as well as some media display asset owners.
Officer	An Officer of the Company
OMI	Outdoor Media Investments Limited ABN 32 156 446 187
OML	oOh!media Limited ACN 602 195 380
oOh!media	oOh!media Limited ACN 602 195 380
Out Of Home	Out Of Home, also commonly referred to as out of home or outdoor advertising, represents the media sector of the advertising industry that communicates with people when they are out of their home
Registry	Link Market Services Limited ABN 54 083 214 537
Rights	Rights to shares granted pursuant to the LTI Plan
Senior Executive	The senior executive management of oOh!media
Share of security	A fully paid ordinary share in oOh!media
Share registry	Link Market Services Limited ABN 54 083 214 537
Shareholder	The registered holder of a Share
SMI	Standard Media Index
STI	oOh!medi's short term incentive plan, as amended by oOh!media from time-to-time
STI Plan	Short term incentive payable under the STI Plan
TSR	Total Shareholder Return
VWAP	Volume weighted average price
WHS	Workplace health & safety
WHSE&Q	Work, health, safety, environment & quality
WPP	Cavendish Square Holding BV

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of oOh!media Limited (the Company), we state that:

1. In the Directors' opinion:
 - a. the consolidated financial statements and notes of the Group that are set out on pages 34 to 87 of this Annual Financial Report and the Remuneration Report on pages 21 to 33 in the Directors' Report within the Annual Financial Report, are in accordance with the Corporations Act 2001 (Cth), including:
 - i. giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the financial year ended on that date; and
 - ii. complying with Australian Accounting Standards and the Corporations Regulations 2001 (Cth); and
 - b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The Directors have been given the declarations required by section 295A of the Corporations Act 2001 (Cth) from the Chief Executive Officer and Chief Financial Officer for the financial year ended 31 December 2019.
3. The Directors draw attention to Note 2(a) to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Signed on behalf of the Board



Tony Faure
Chair

24 February 2020, Sydney

INDEPENDENT AUDITOR'S REPORT



To the shareholders of oOh!media Limited

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the **Financial Report** of oOh!media Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2019 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards and the Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated statement of financial position as at 31 December 2019
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

The **Key Audit Matters** we identified are:

- Impact of AASB 16 Leases
- Finalisation of Purchase Price Accounting for Adshel acquisition
- Recoverable amount of goodwill and intangible assets

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

CONTINUED



Impact of AASB 16 Leases

Refer to Notes 2, 12 and 17 to the Financial Report

The key audit matter

Accounting for leases using AASB 16 Leases ("AASB 16") is inherently complex, where specific and individualised lease-features drive different accounting outcomes, increasing the need for interpretation and judgement. This is a key audit matter for us, focusing on the judgements, along with other factors driving additional audit effort, such as:

- First time adoption – the Group were required to determine interpretations for these new and complex accounting requirements for the first time in the year, including new accounting policies. Interpreting and applying a new standard to existing businesses and practices is more challenging with an untested standard and little precedent. This necessitated the involvement of our accounting specialists. The Group also had to build new processes and controls to apply the requirements, which we had not tested before.
- High volume of leases – the Group has a high volume of individualised lease agreements used to estimate the lease liability and right-of-use asset. A focus for us was the completeness of the lease population and the accuracy of multiple and varied inputs which may drive different accounting outcomes, including key terms of the lease agreements, such as key dates, fixed and variable rent payments, renewal options and incentives.
- Complex modelling process – the Group developed an AASB 16 lease calculation model, which is largely manual and complex, and therefore is at greater risk for potential error and inconsistent application.
- Relative magnitude – the size of balances has a significant financial impact on the Group's financial position and performance.

The most significant areas of judgement we focus on was in assessing the Group's:

- Incremental borrowing rates used – these are meant to reflect the Group's entity specific credit risk and vary based on each lease term. The Group engaged an external expert to assist with determining each of the Group's incremental borrowing rates. The Group's AASB 16 lease calculation model is highly sensitive to small changes in the incremental borrowing rates.
- Lease terms where leases have renewal options – assessing the determination of whether it is reasonably certain renewal options will be exercised impacts the measurement of the lease, therefore is critical to the accuracy of the accounting.

We involved our senior audit team members in assessing these areas, along with our accounting specialists, debt advisory specialists and modelling specialists.

How the matter was addressed in our audit

Our procedures included:

- Working together with our accounting specialists, we considered the appropriateness of the Group's new accounting policies against the requirements of the accounting standard and our understanding of the business and industry practice.
- We obtained an understanding of the Group's new processes used to calculate the lease liability, right-of-use asset, deferred tax asset, depreciation and interest expense, and retained earnings adjustment.
- We assessed the completeness of the Group's leases taking into consideration the modified retrospective transition approach and practical expedients adopted by the Group by:
 - Inspecting a sample of lease agreements entered into by the Group and comparing these to the Group's listing of leases;
 - Checking the Group's listing of leases to the items included in the operating lease commitments disclosure in the prior year's financial report; and
 - Inspecting relevant expense accounts for routine payments during the year to identify the existence of leases not included in the Group's listing of leases.
- We compared the Group's inputs in the AASB 16 lease calculation model, such as, key dates, fixed and variable rent payments, renewal options and incentives, for consistency to the relevant terms of a sample of underlying signed lease agreements.
- We assessed the Group's assessment of whether it is reasonably certain to exercise lease renewal options. This included considering the Group's assessment of the forecast future contribution to a sample of lease contracts.
- Working together with our debt advisory specialists, we independently developed a series of point estimates for the incremental borrowing rates applied to the leases using the corporate yield curve, adjusted by risk factors specific to the Group, the industry it operates in, and each lease term. We compared it to the incremental borrowing rates used by the Group.
- We assessed the scope, competency and objectivity of the external expert engaged by the Group to assist determining the Group's incremental borrowing rates.
- Working together with our modelling specialists, we assessed the integrity of the Group's AASB 16 lease calculation model used, including the accuracy of the underlying calculation formulas. Additionally we have independently recalculated the lease liability, right of use asset and retained earnings adjustment for a sample of leases using the evidence we obtained from our procedures above. We compared the recalculated amounts against the amounts recorded by the Group.
- We assessed the disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standard.



Finalisation of Purchase Price Accounting for Adshel acquisition (\$573 million)

Refer to Note 25 to the financial report

The key audit matter	How the matter was addressed in our audit
The acquisition of Adshel for consideration of \$573m is considered a Key Audit Matter due to the: • size of the acquisition. The transaction had a pervasive impact on the financial statements and consequently was a significant part of our audit; and • level of judgement and audit effort required in assessing the Group's estimation process in the final purchase price allocation, including the determination of the fair value of acquired assets and liabilities. The allocation of the purchase consideration to goodwill and determination of fair value of identifiable assets, is judgemental and specific to the Group. We focused on the key assumptions in the Group's tangible asset valuation including the replacement cost and useful life, and the key assumptions in the value in use models used to determine the fair value of intangible assets, being customer contracts: • Weighted average cost of capital (WACC); • Growth rates used in the cash flow forecasts; • Contributory asset charge; and • Useful life of the customer contracts. Our assessment of these assumptions was complex as Adshel had a large number of customer contracts. We involved corporate finance specialists to supplement our senior audit team members in assessing this Key Audit Matter.	Our procedures included: • Working together with our corporate finance specialists, examining the report issued by the external expert engaged by the Group for the tangible asset valuation and useful life, assessing for consistency with our knowledge of the acquired business. We also assessed the scope, competence and objectivity of the external expert engaged by the Group; • Working together with our corporate finance specialists, examining the forecast cash flow assumptions used by the Group to determine the fair value of customer contracts. Specific assumptions we focused on included the growth rate, useful life and the contributory asset charge attributable to individual customer contracts. We assessed these by: • challenging the cash flow growth rates for customer contracts by comparing to the Group's deal valuation model, assessing the feasibility of these growth rate assumptions and consistency of application to the Group's 2019 Board approved budget; and • examining the contributory asset charge and useful life of customer contracts, and assessing for consistency with our knowledge of the acquired business. • Working with our corporate finance specialists, we used our knowledge of the acquired businesses, their industry and publicly available information for comparable entities to assess the WACC rates used by the Group, to determine the value of customer contracts. • Working with our tax specialists, assessing management's calculation of the Allocable Cost Amount (ACA) and subsequent acquisition deferred tax balances. • Assessing the allocation of purchase price consideration to goodwill following the fair value adjustments to identifiable assets. • Assessing the Group's disclosures in respect of business combinations with reference to the requirements of the accounting standards.

INDEPENDENT AUDITOR'S REPORT

CONTINUED



Recoverable amount of goodwill and intangible assets (\$793 million)

Refer to Note 13 to the financial report

The key audit matter	How the matter was addressed in our audit
A key audit matter for us was the Group's annual testing of goodwill and intangible assets for impairment, given the size of the balance (being 38% of total assets). We focussed on the significant forward-looking assumptions the Group applied in their value in use models, including: • forecast cash flows – specific attention has been paid to Cash Generating Units (CGUs) with high growth assumptions due to the risk of inaccurate forecasts or a wider range of possible outcomes for us to consider. The Junkee CGU in the Group did not meet prior forecasts, raising our concern for reliability of current forecasts. This drives additional audit effort specific to the Group's strategy. • discount rate – these are complicated in nature and vary according to the conditions and environment the specific Cash Generating Unit (CGU) is subject to from time to time, and the models approach to incorporating risks into the cash flows or discount rates. We involve our valuations specialists with the assessment. In addition to the above, the Group recorded an impairment charge of \$3.5 million against goodwill, resulting from a reduction in forecast revenue growth rates for the Junkee CGU. This further increased our audit effort in this key audit area.	Our procedures included: • We considered the appropriateness of the value in use method applied by the Group to perform the annual test of goodwill for impairment against the requirements of the accounting standards. • We assessed the integrity of the value in use models used, including the accuracy of the underlying calculation formulas. • We compared the forecast cash flows contained in the value in use models to Board approved forecasts. • We challenged the Group's significant forecast cash flows for CGUs with high growth forecasts. We compared key events to the Board approved plan and strategy. We assessed the accuracy of previous Group forecasts to inform our evaluation of forecasts incorporated in the models. We applied increased scepticism to forecasts in the areas where previous forecasts were not achieved. We compared forecast growth rates to published studies of industry trends and expectations of forecast advertising spend, and considered differences for the Group's operations. We used our knowledge of the Group, their past performance, business and customers, and our industry experience. • Working with our valuation specialists we independently developed a discount rate range considered comparable using publicly available market data for comparable entities, adjusted for risk factors in certain CGUs relating to achievement of forecasts and concentration of revenue. • We considered the sensitivity of the models by varying key assumptions, such as forecast growth rates and discount rates, within a reasonably possible range. We did this to identify any CGU at higher risk of impairment and to focus our further procedures. • We recalculated the impairment charge against the recorded amount disclosed. • We assessed the disclosures in the financial report using our understanding of the issue obtained from our testing and against the requirements of the accounting standards.

Other Information

Other Information is financial and non-financial information in oOh!media's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors Report, including the Operating and Financial Review and Remuneration Report, and the Investor Presentation. The Corporate Governance Statement, Sustainability Report and Chair and CEO reviews are expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.



Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf This description forms part of our Auditor's Report.

REPORT ON THE REMUNERATION REPORT

Opinion

In our opinion, the Remuneration Report of oOh!media Limited for the year ended 31 December 2019, complies with Section 300A of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 22 to 33 of the Directors' report for the year ended 31 December 2019.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

Trent Duvall
Partner

Sydney
24 February 2020

CORPORATE DIRECTORY

OOH!MEDIA LIMITED ACN 602 195 380

Directors

Tony Faure

Chair and Non-executive Director

Brendon Cook

Chief Executive Officer and Managing Director

Joanne Crewes

Independent Non-executive Director

Debra Goodin

Independent Non-executive Director and Lead Independent Director

Philippa Kelly

Independent Non-executive Director

Tim Miles

Independent Non-executive Director

Darren Smorgon

Independent Non-executive Director

David Wiadrowski

Independent Non-executive Director

Company Secretary

Maria Polczynski

Principal registered office

Level 2, 76 Berry Street
North Sydney NSW 2060
Ph: +61 2 9927 5555

Share register

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000
Ph: 1300 554 474

Auditors

KPMG

Tower Three
International Towers Sydney
300 Barangaroo Avenue
Sydney NSW 2000

Bankers

Commonwealth Bank of Australia
Westpac Banking Corporation
National Australia Bank
ING Bank (Australia) Limited
Sumitomo Mitsui Banking Corporation
Bank of China Limited
Agricultural Bank of China Limited

Stock exchange listing

The shares of oOh!media Limited are listed by ASX Ltd on the Australian Securities Exchange trading under the ASX Listing Code "OML".

Website

www.oohmedia.com.au

**The Wrangler
you've always
wanted.**



All-new Wrangler **Jeep**

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