ECONOMIC TRENDS FORUM

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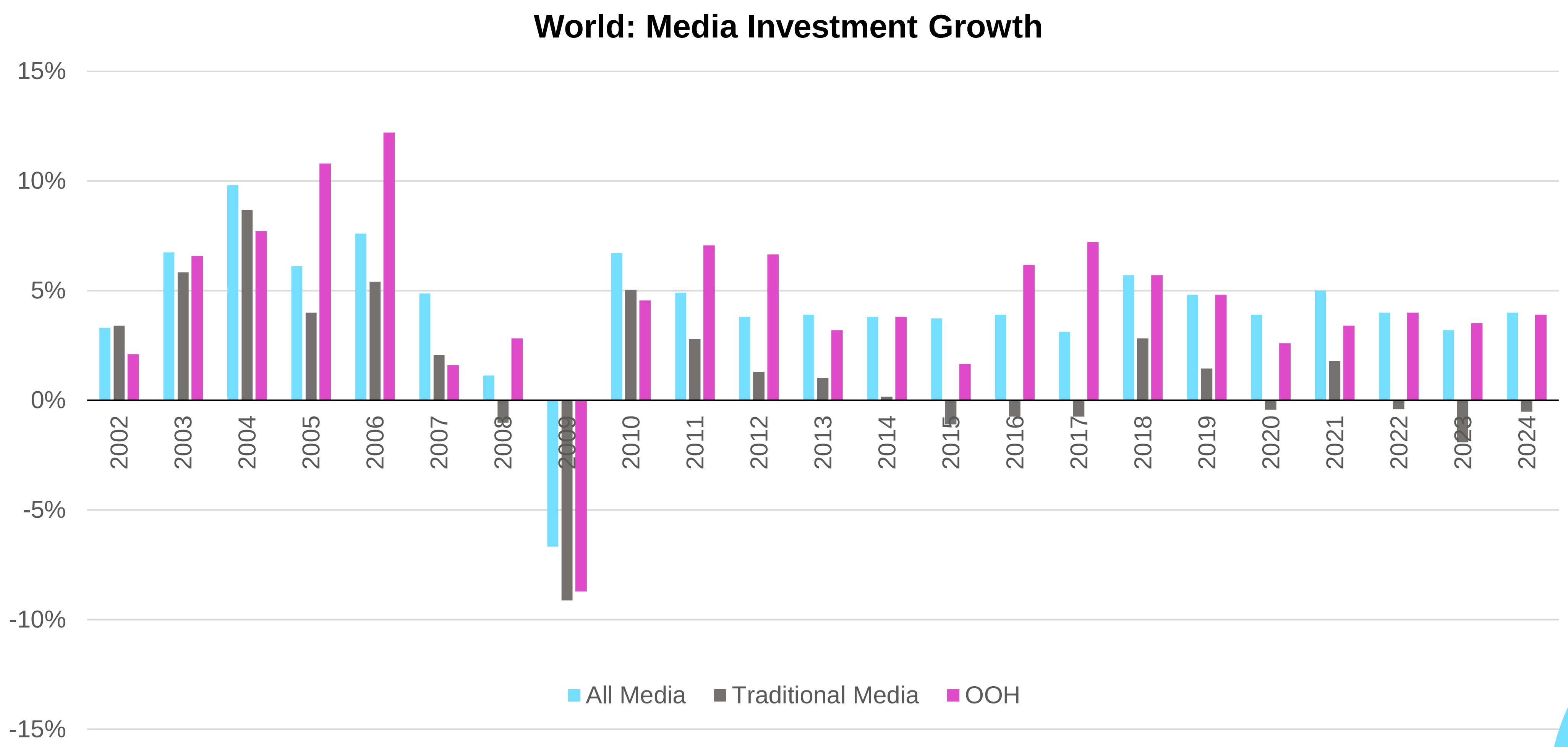
25th February 2020

(D)OOH Market Overview

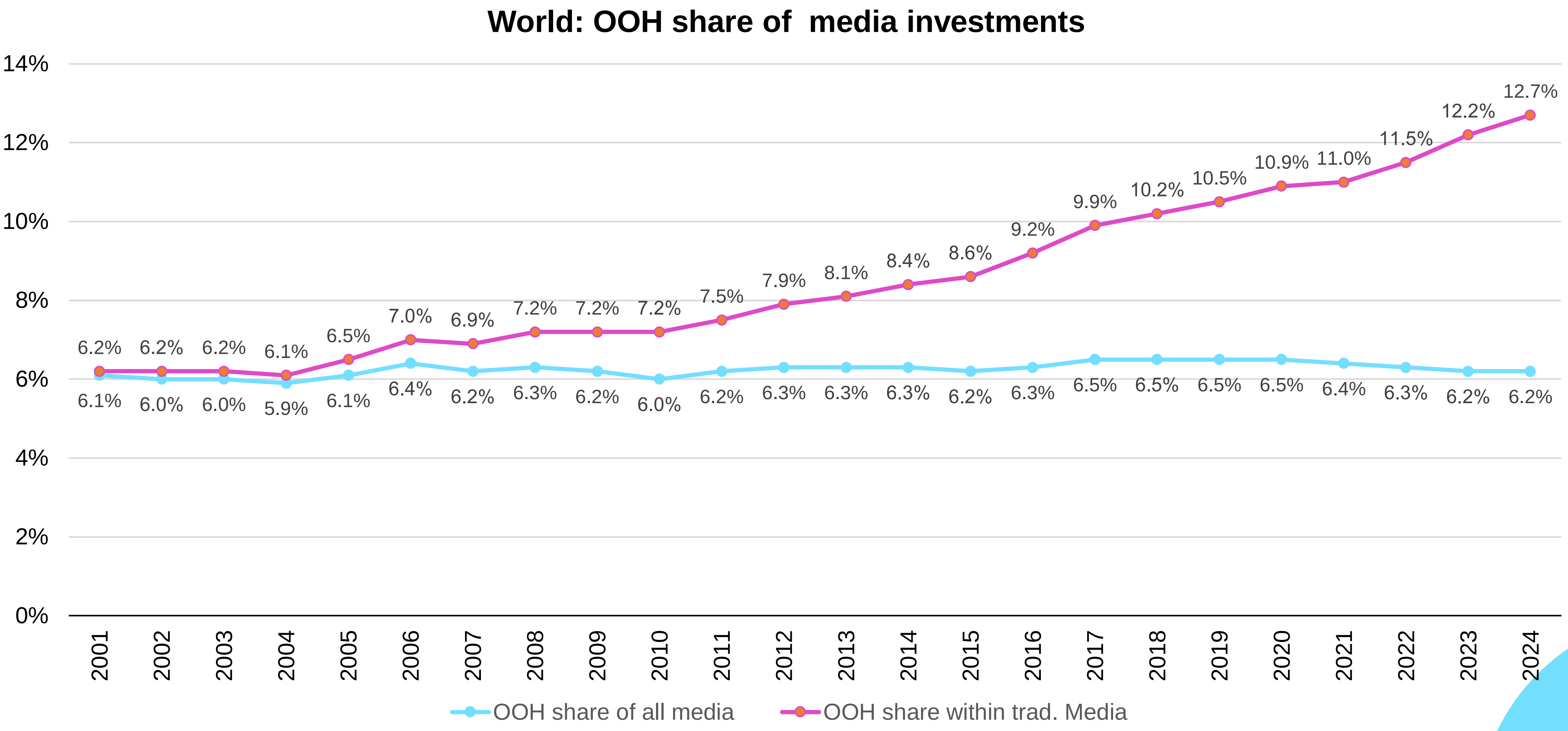
1. The global view

As traditional media are dislocated, OOH bucks the trend



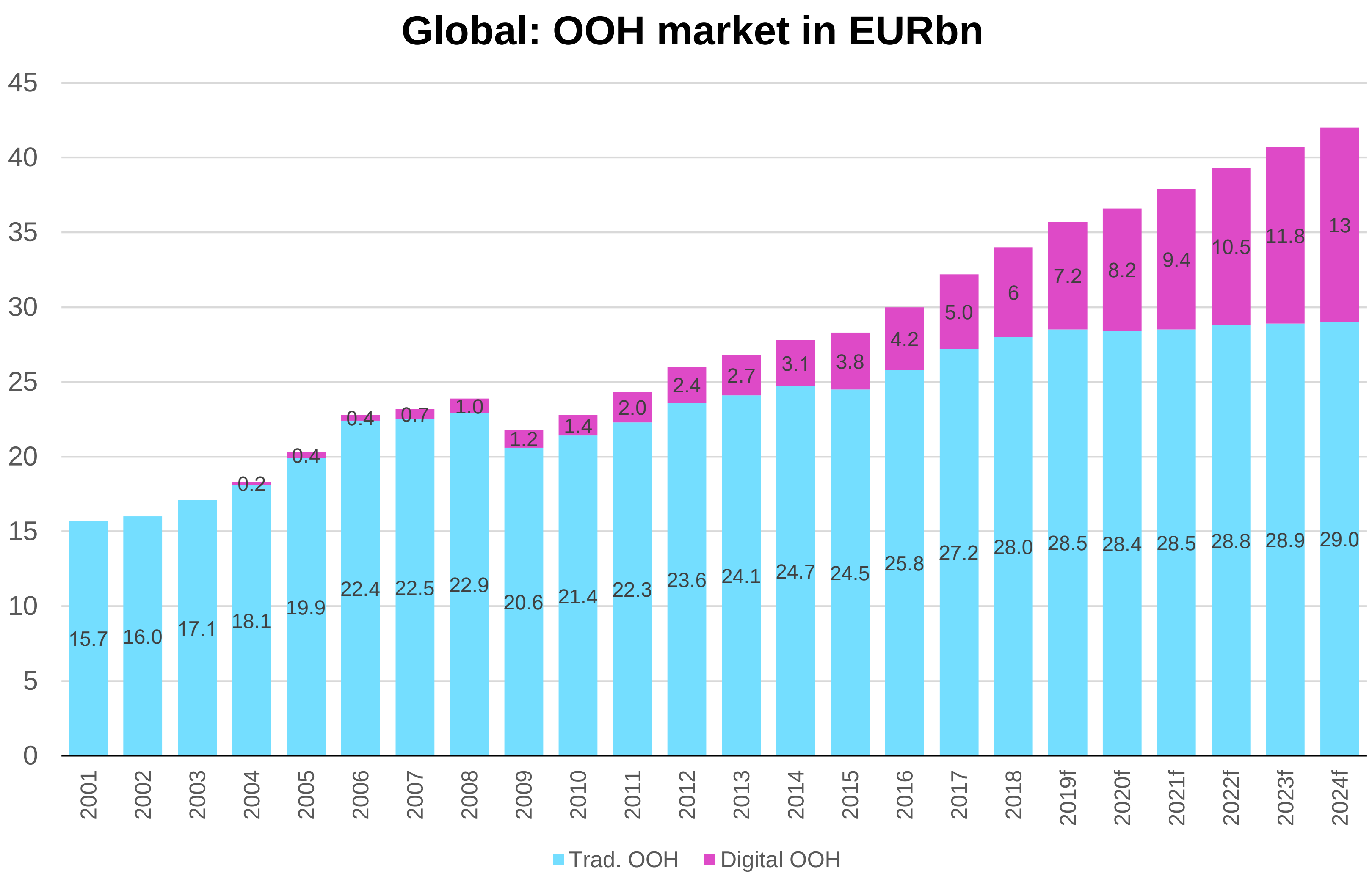
Source: IAB Europe, GroupM, local industry bodies, own extapolations

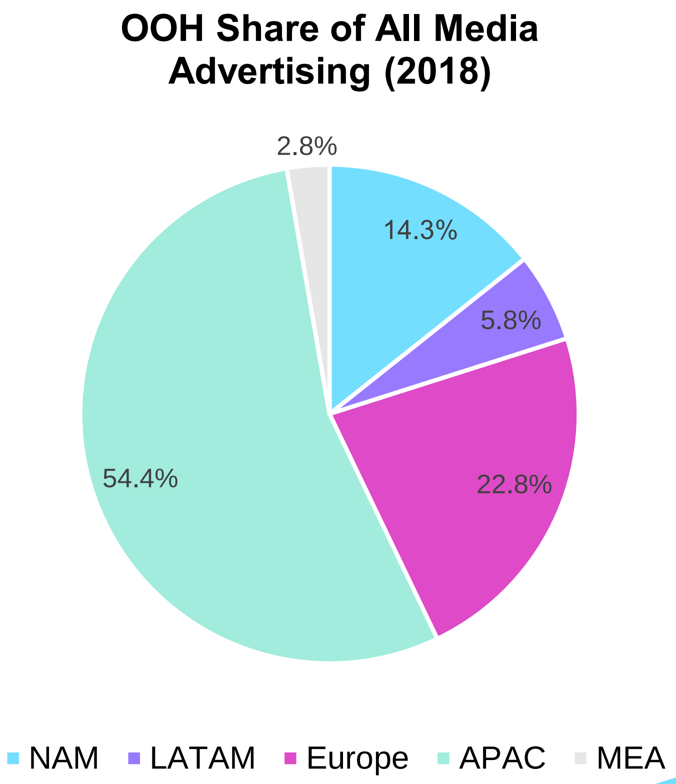
OOH: Stable share of all media, rising share within traditional media



Source: IAB Europe, GroupM, local industry bodies, own extapolations

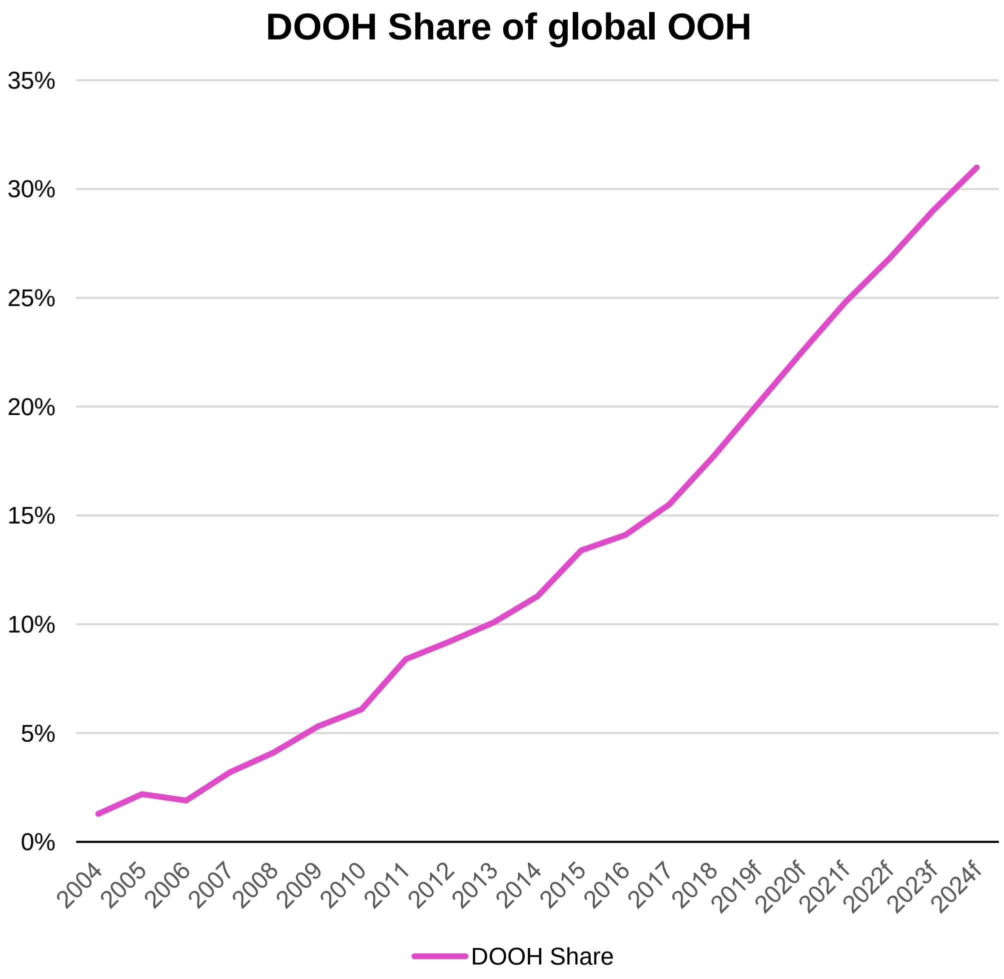
OOH growing continuously since 2010, digital now EUR 7.2bn

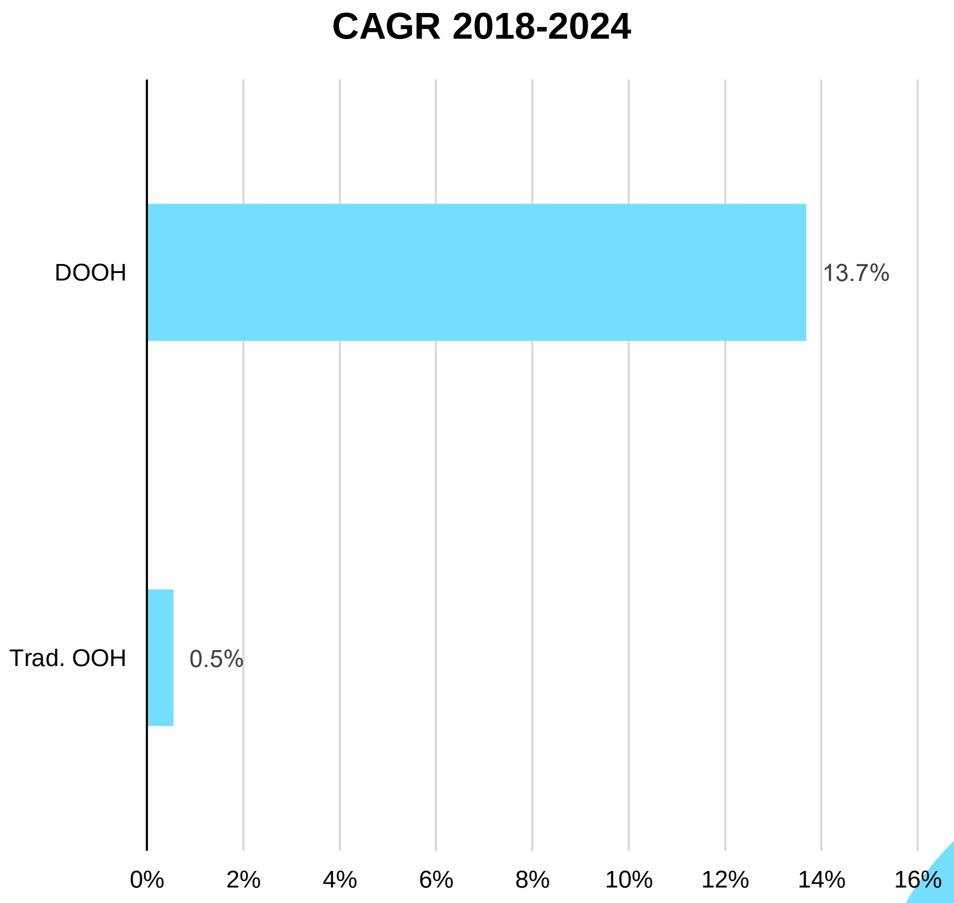




Source: IAB Europe, Magna, GroupM, local industry bodies, own extrapolations

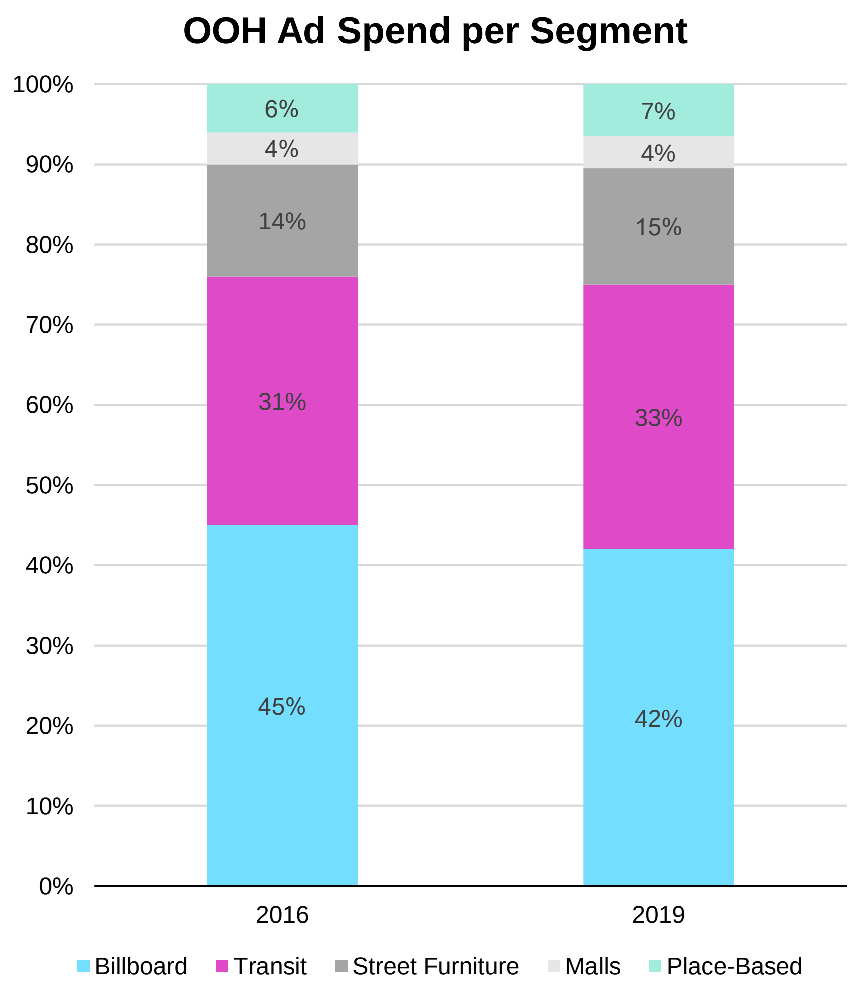
DOOH to reach >30% of OOH by 2024, growing double-digit





Source: GroupM, local industry bodies, own extrapolations

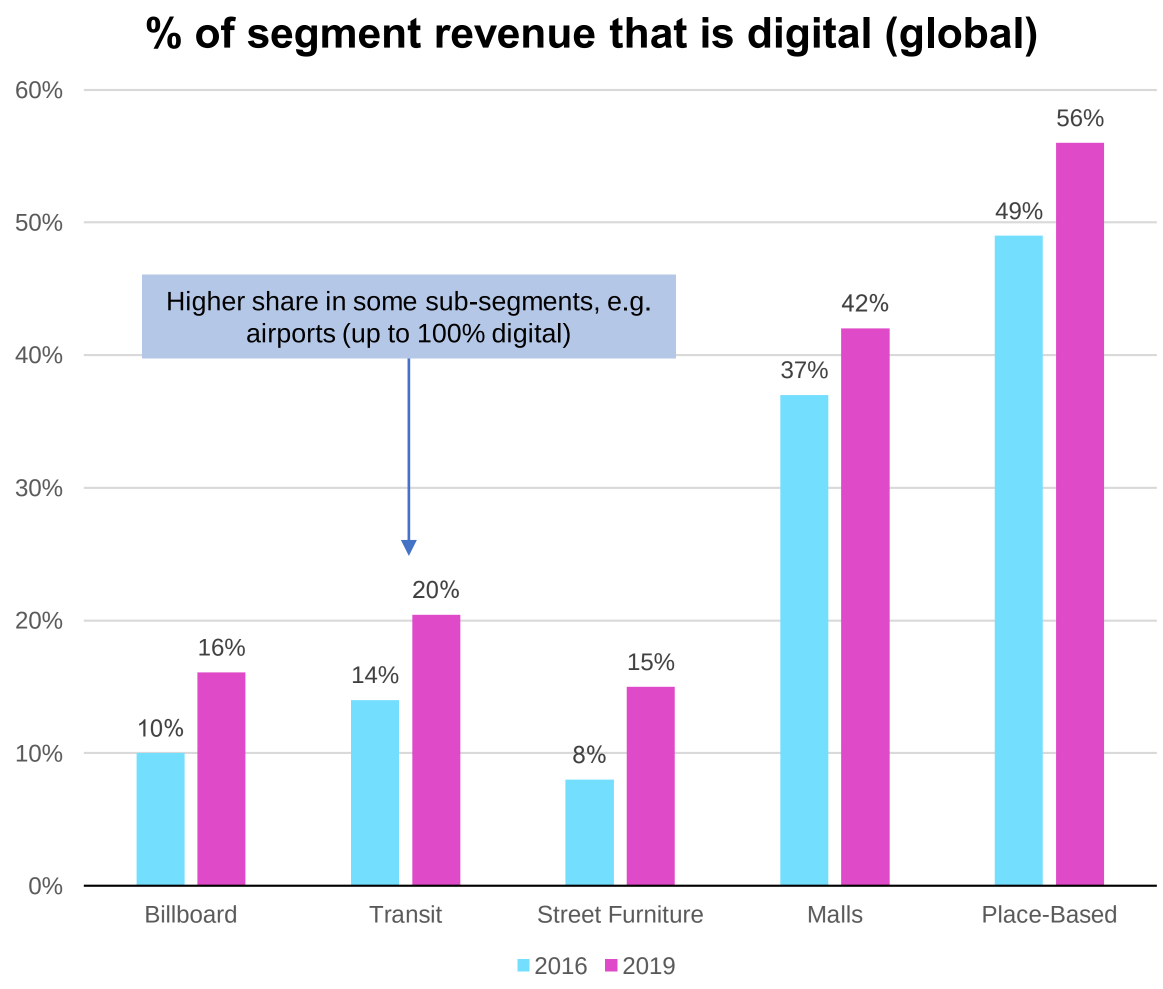
Global & local distribution of segments varies



Source: Magna, own extrapolations for 2019 based on company reports. Text based on Magna with additions.

- Segment shares are highly varied locally, depending on advertising history, political systems, geography, and regulation.
- Large format roadside billboards are the number one segment in most markets (dominant in the US where driving is the primary commuting mode, as well as Russia and India).
- Street furniture generates a large share of ad sales in France and neighbouring markets Germany and Spain.
- Transit is dominant in China and Japan where public transportation carries huge numbers of workers daily. Strong investment in digital transit in Germany and UK (with emphasis on London thus far).
- Segment shares are influenced by dominant media owners' preference (top player typically has +50% market share). For instance, street furniture was invented by JCDecaux in France.

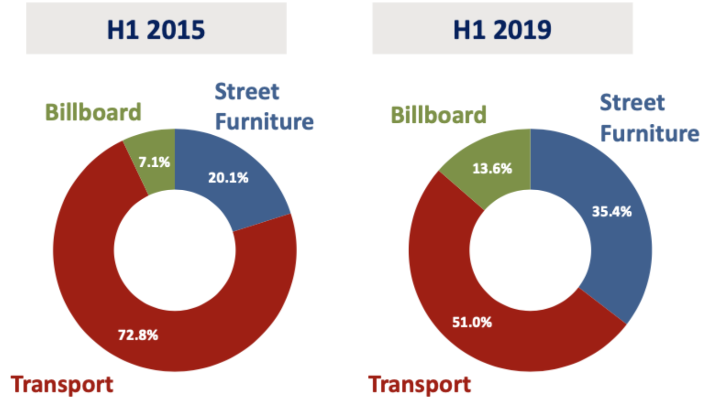
DOOH segment revenue



Source: Magna, company reports, screen manufacturer websites, industry reports

- Digitisation of segments varies by country and company
- Local market specifics (like overall OOH)
- Legacy focus & strategic development of companies
- Company geographic footprint

Example: DOOH revenue JCDecaux



Source: JCDecaux H1 2019 investor presentation

Strong investment and M&A activity to scale OOH offerings

Convergence of DOOH with Retail Strategy

Media Convergence & Consolidation

Access to Brand Building On-Demand

Local Market Consolidation

Lamar: $57.5m of 141m capex in fiscal 2019 spend on digital technology

Source: Ocean Outdoor Investor Presentation, November 2018; Lamar FY 2019 10K

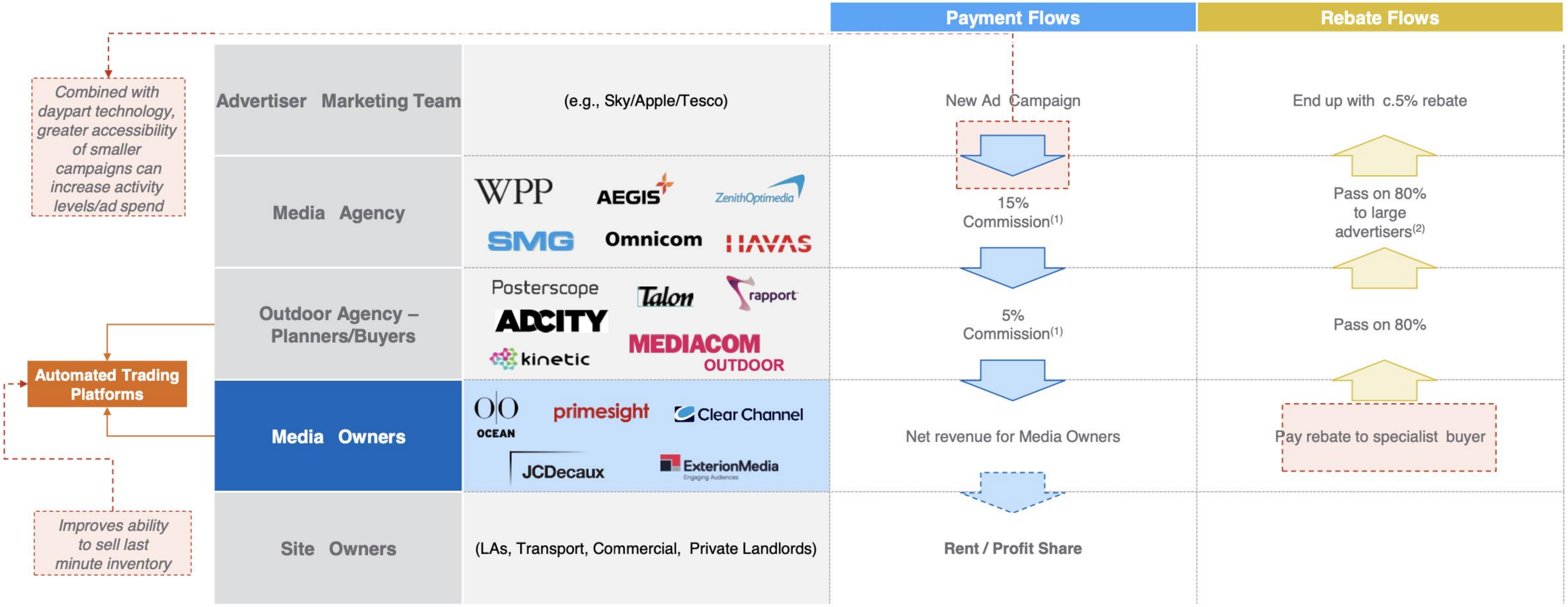
2. (D)OOH value chain

Value chain differs from other media

Advertiser Marketing Team	(e.g., Sky/Apple/Tesco)
Media Agency	WPP, AEGIS, ZenithOptimedia, SMG, Omnicom, HAVAS
Outdoor Agency – Planners/Buyers	Posterscope, Talon, rapport, ADCITY, MEDIACOM OUTDOOR, kinetic
Media Owners	OCEAN, primesight, Clear Channel, JCDecaux, ExterionMedia
Site Owners	(LAs, Transport, Commercial, Private Landlords)

Source: Ocean Outdoor Investor Presentation, November 2018

Value chain differs from other media



Source: Ocean Outdoor Investor Presentation, November 2018

Site economics: typical models

Media Owner = Long-Term Lease/ Site Owner	no additional deals required
Profit Share with Minimum Guarantee	a sharing of the upside and protection to landlords on a downside
Profit Share	a sharing of all upside and downside
Fixed Rent	maximum opportunity to realize profits coupled with risk on a downturn
Pay on Display	a fixed rental amount payable only when the location is sold

Source: based on Ocean Outdoor Investor Presentation, November 2018

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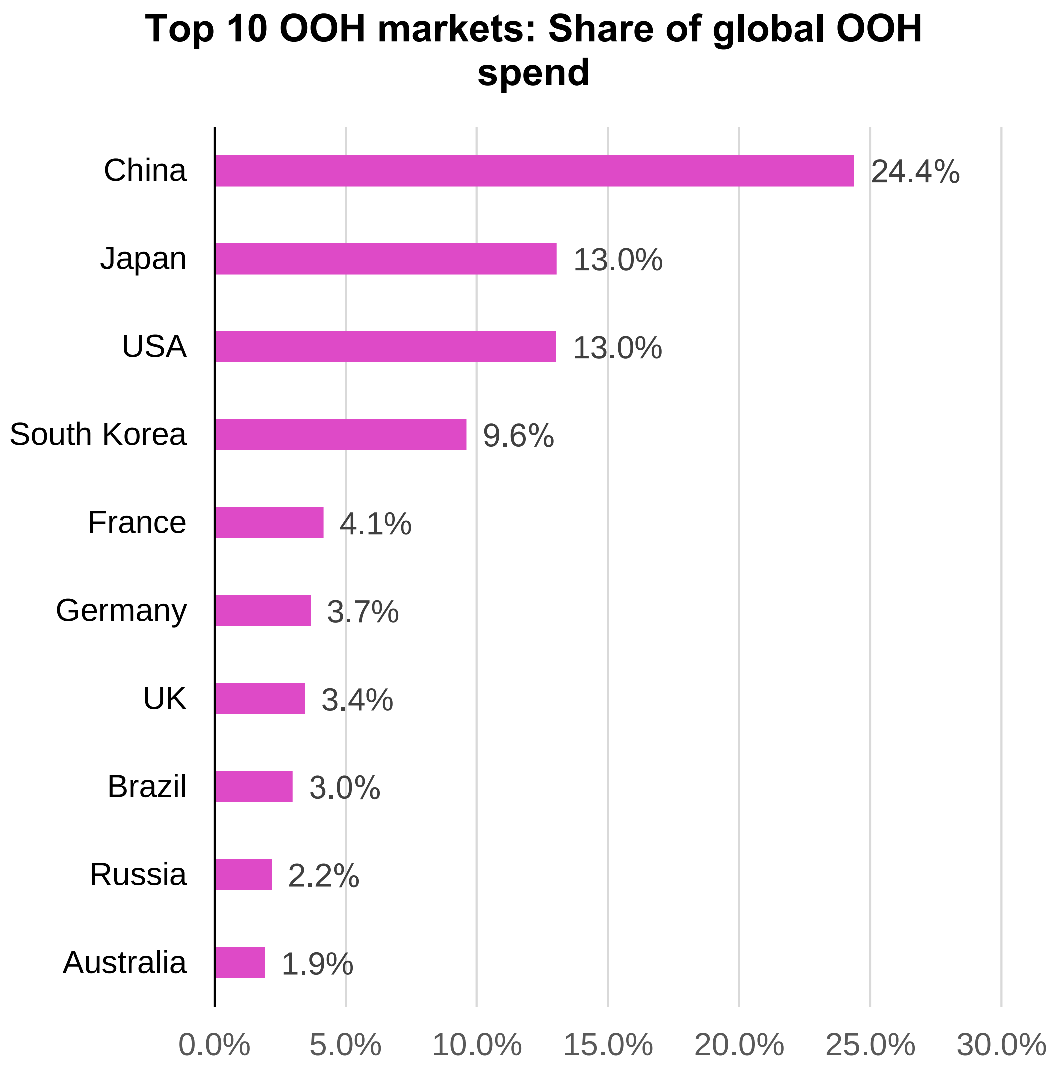
3. Local and global levers for growth

Strong local difference in OOH penetration



Source: GroupM, local industry bodies, own calculations

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ML Models highlight driving factors behind local share differences of OOH

SGD — ✔ Done 12 minutes ago (2020-02-23 17:46:22)

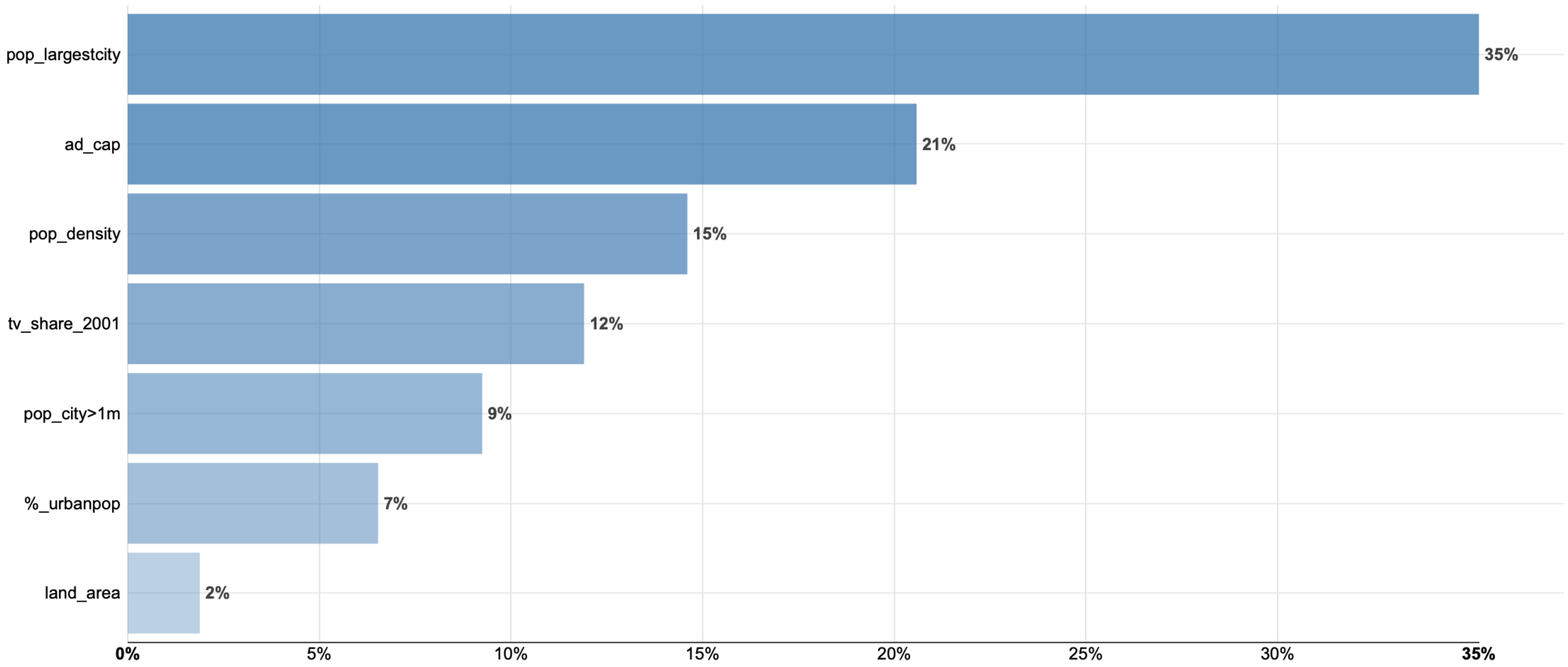
Top coefficients	
cat_flagpresence:hist_media_free:not_missing	↗
cat_flagpresence:dummy_emerg:not_missing	↗
pop_largestcity	↗
ad_cap	↘
tv_share_2001	↘
%_urbanpop	↗

Decision Tree — ✔ Done 13 minutes ago (2020-02-23 17:46:25)

Most important variables
pop_largestcity
ad_cap
pop_density
tv_share_2001
pop_city>1m
%_urbanpop

Source: own model

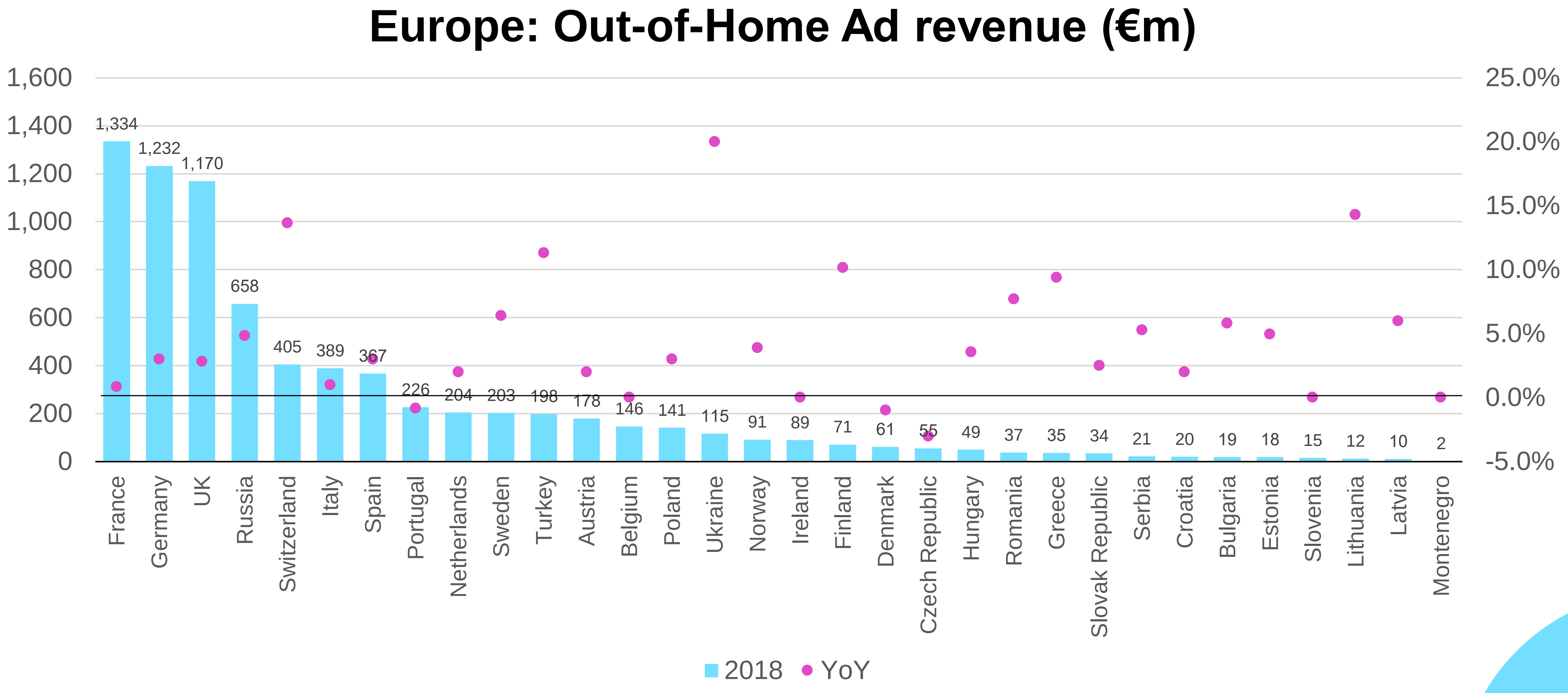
Deep Dive: Decision Tree Model



Source: own model

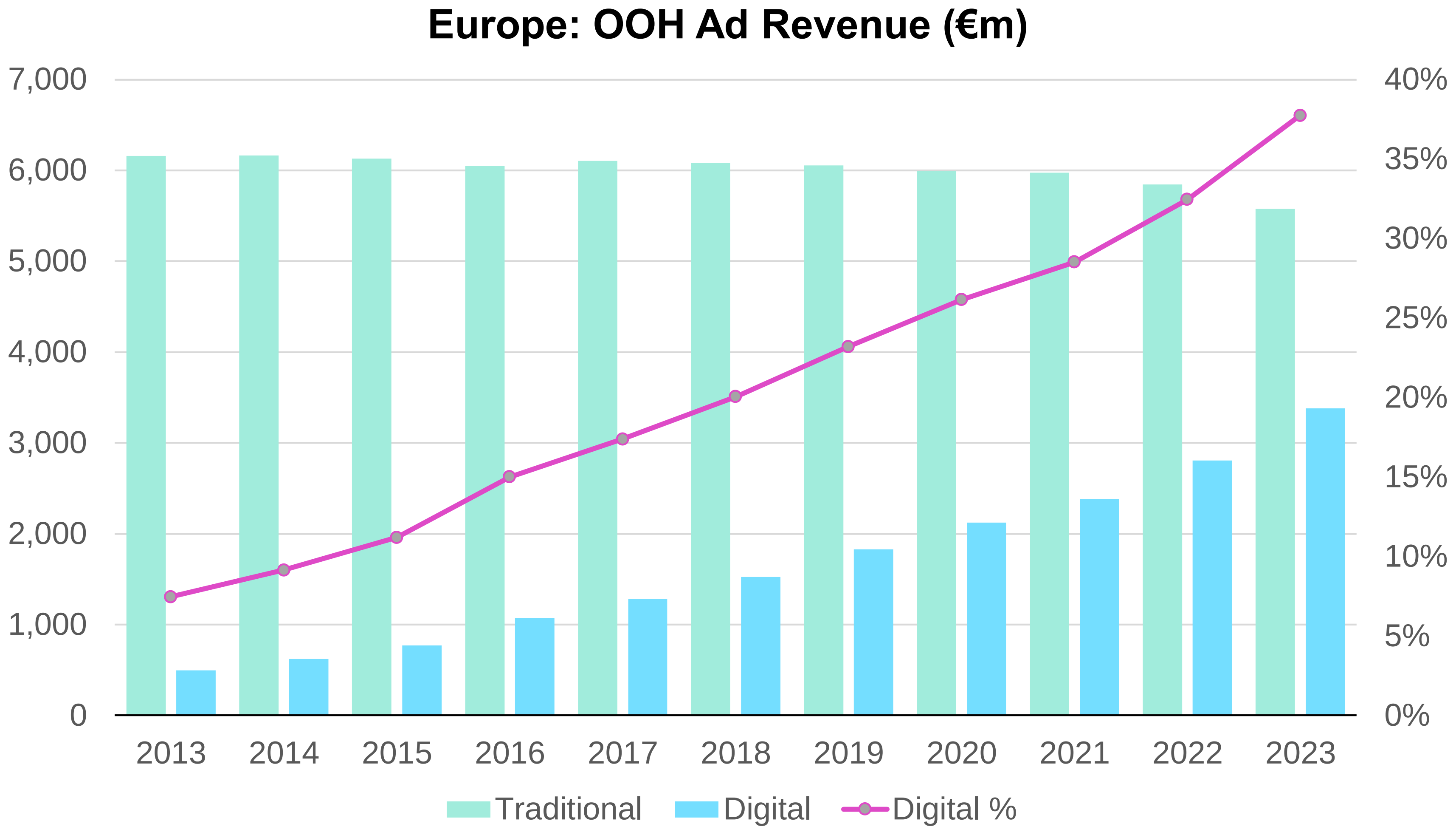
4. Focus on Europe

OOH has different leader markets than online



Source: local trade bodies, GroupM, company filings

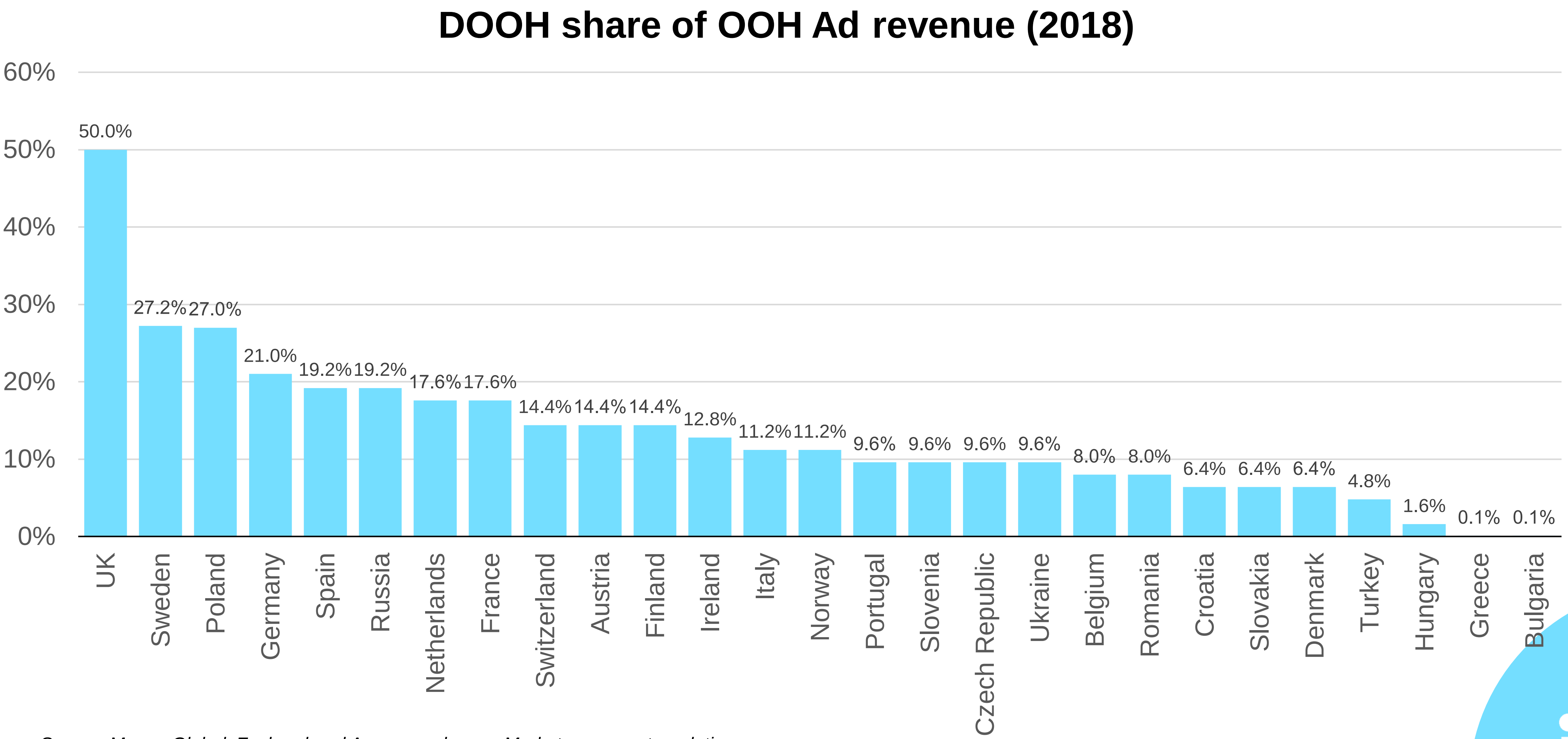
Out-of-Home is digitizing rapidly: €3.2bn by 2023



- Largely not cannibalistic
- Urban concentration key development factor
- Street furniture in metropolitan areas & rail dominate premium segment
- In-Store often ignored, strong growth potential due to cheap deployment

Source: local trade bodies, GroupM, company filings, PwC, own model

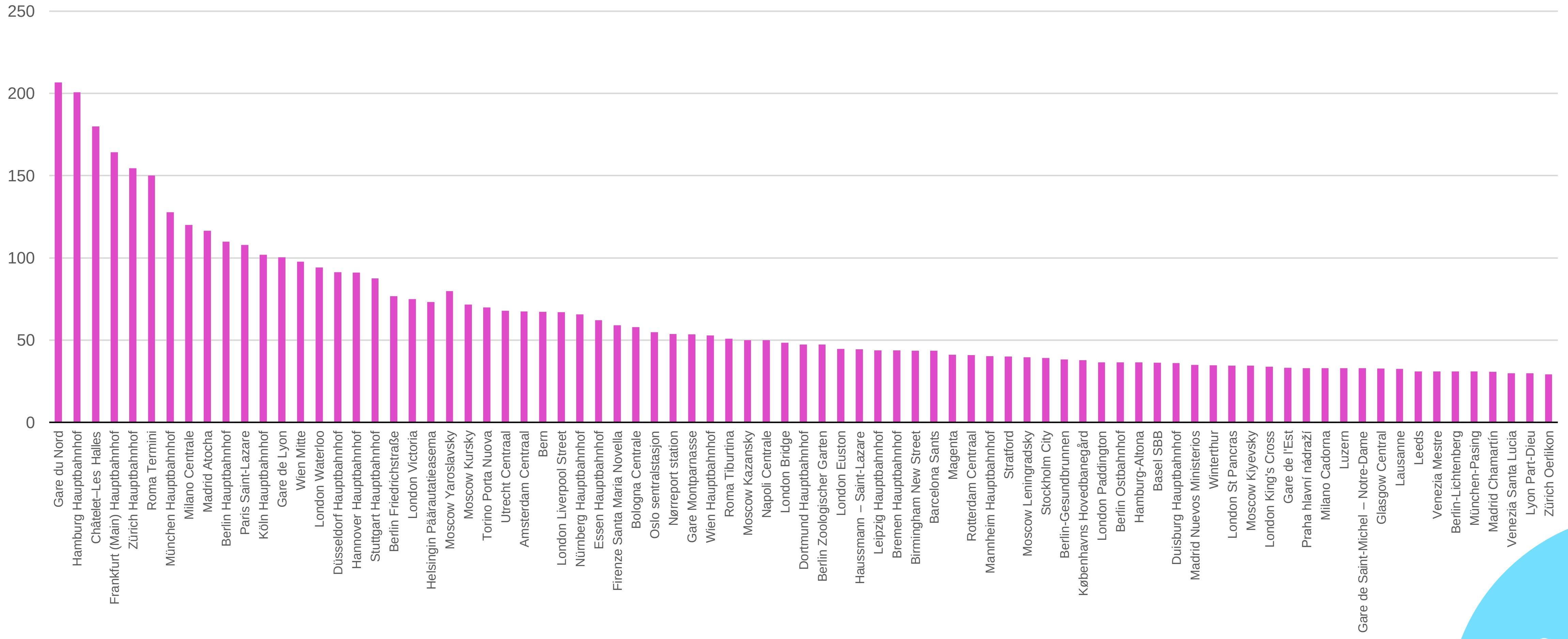
DOOH share now double-digit in most markets



Source: Magna Global, Fachverband Aussenwerbung, eMarketer, own extrapolations

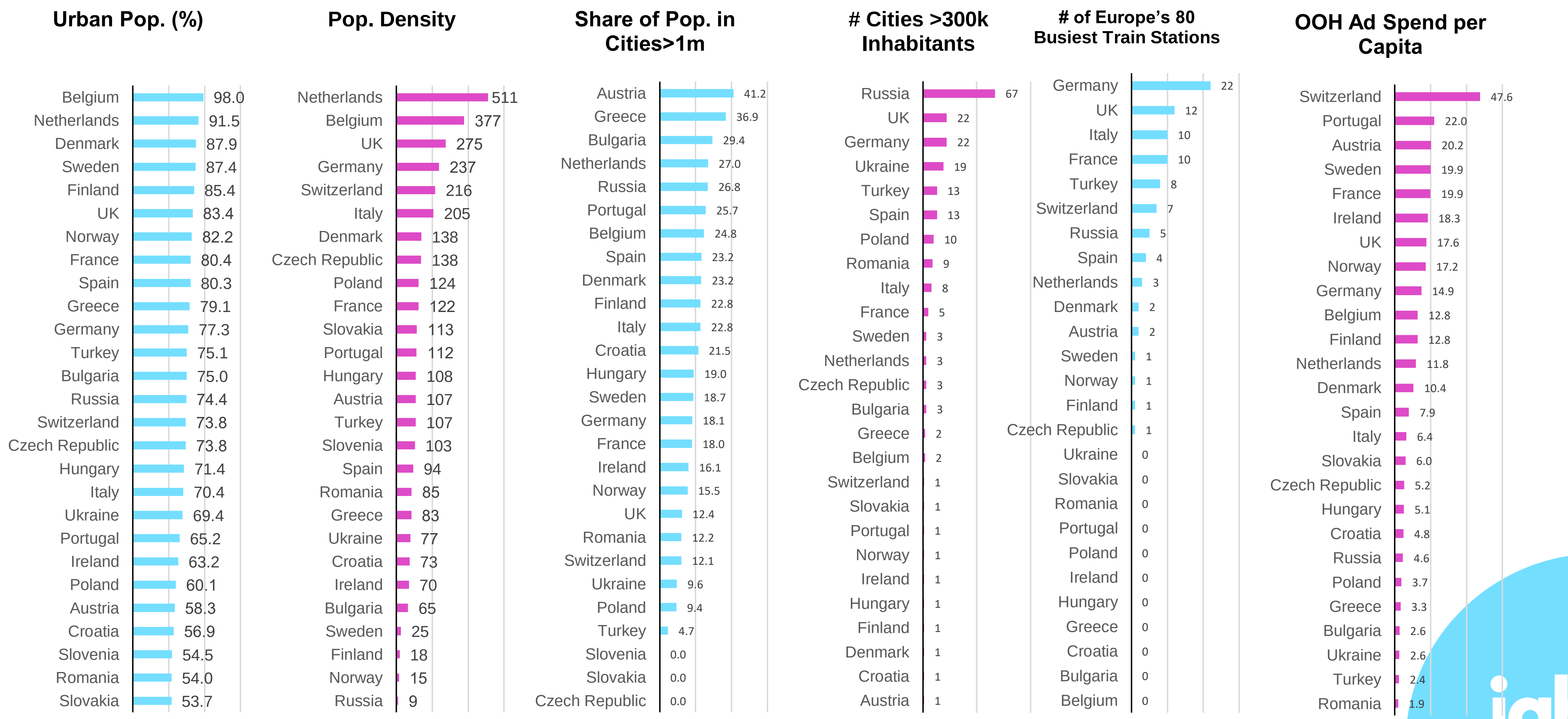
Transit: Key segment to reach increasingly mobile consumers

Busiest Railway Stations in Europe: >30m Passengers per Year



Source: Wikipedia. Note different methodology between countries, e.g. in the UK only figures from the National Rail network are included, whereas Paris data includes both SNCF mainline service and RER (but not Metro). Excludes Turkey.

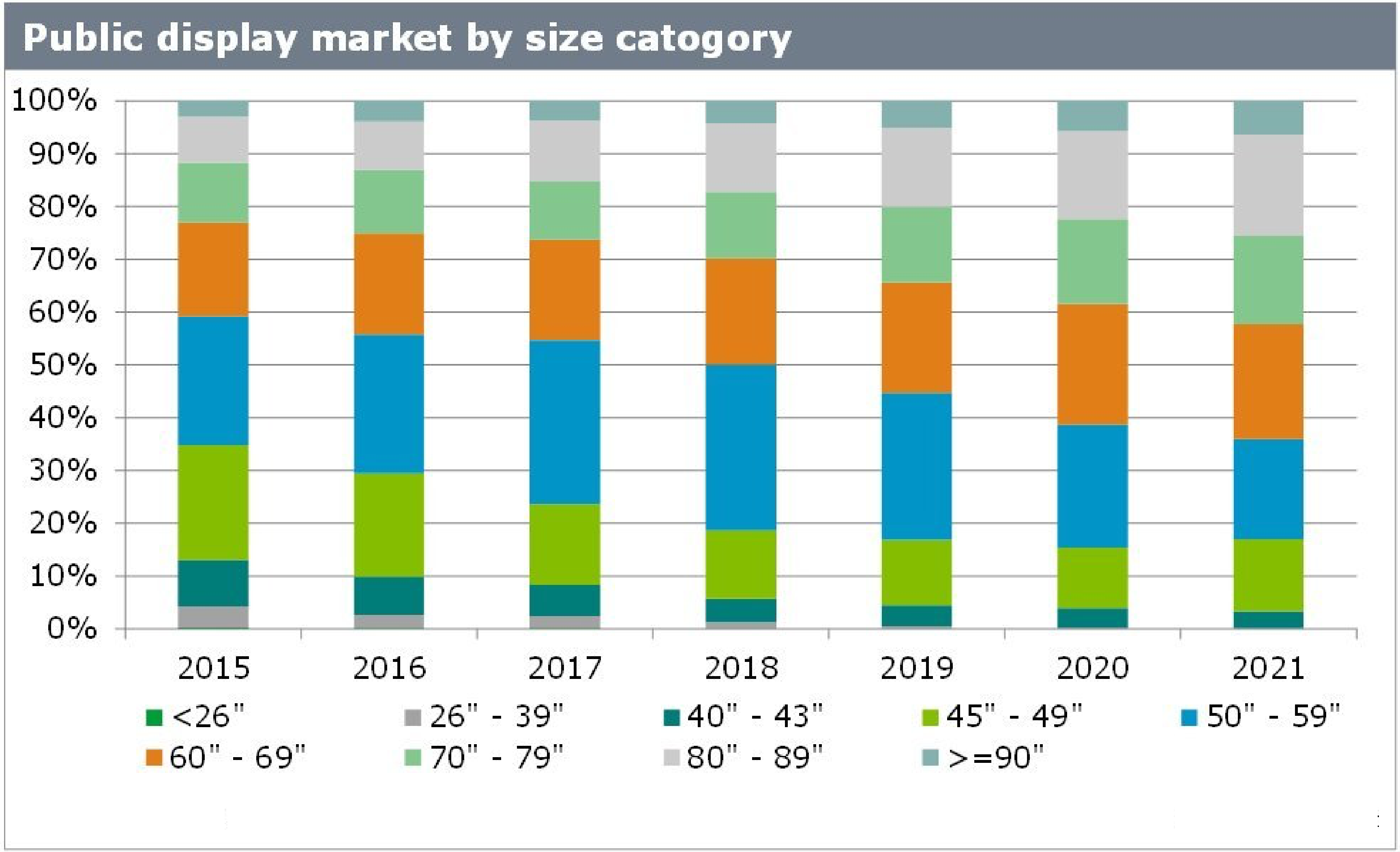
Country ranking on key DOOH development metrics



Source: World Bank, Eurostat

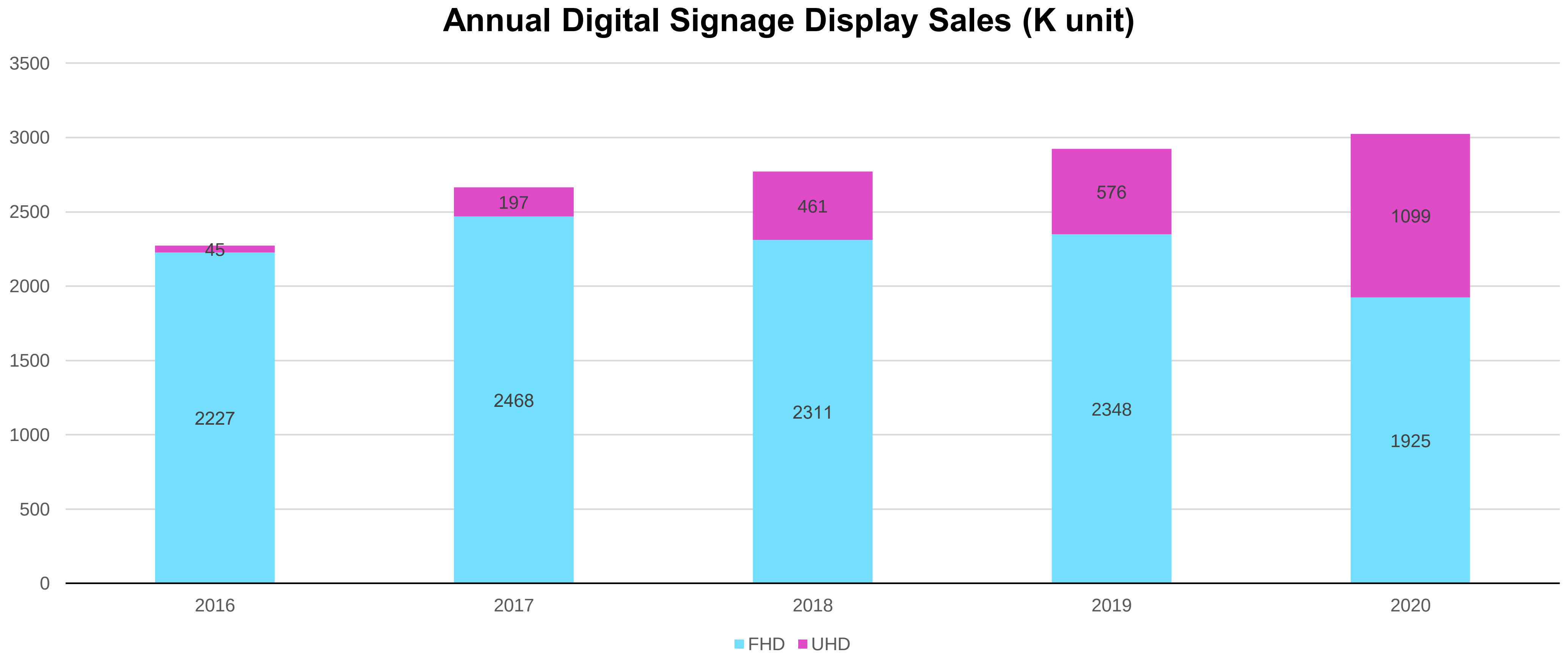
5. Screens

Digital Signage screens are becoming larger…



Source: IHS Markit

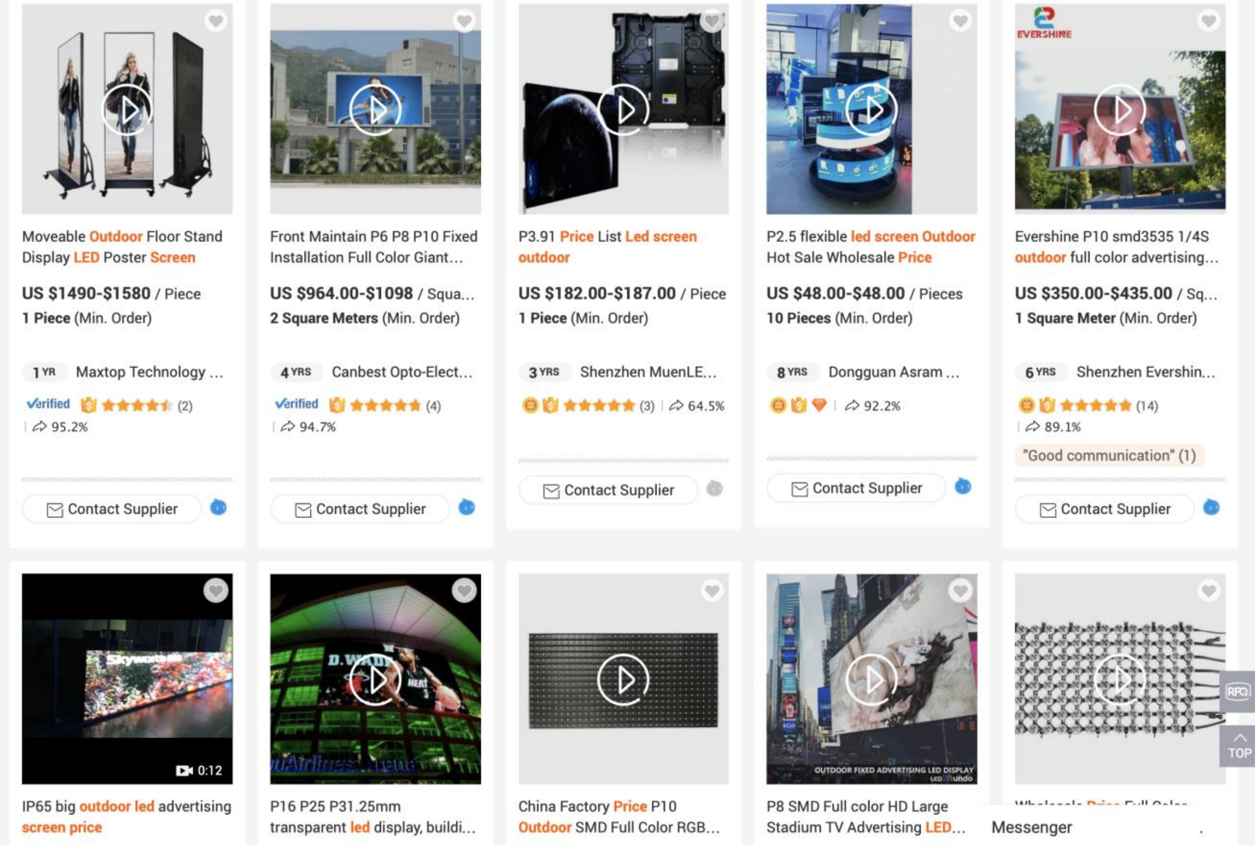
…and screen resolution is increasing



Source: IHS Markit

Standalone Digital Signage only. Consumer TVs, along with Commerical Lite and Hospitality TVs, not included.

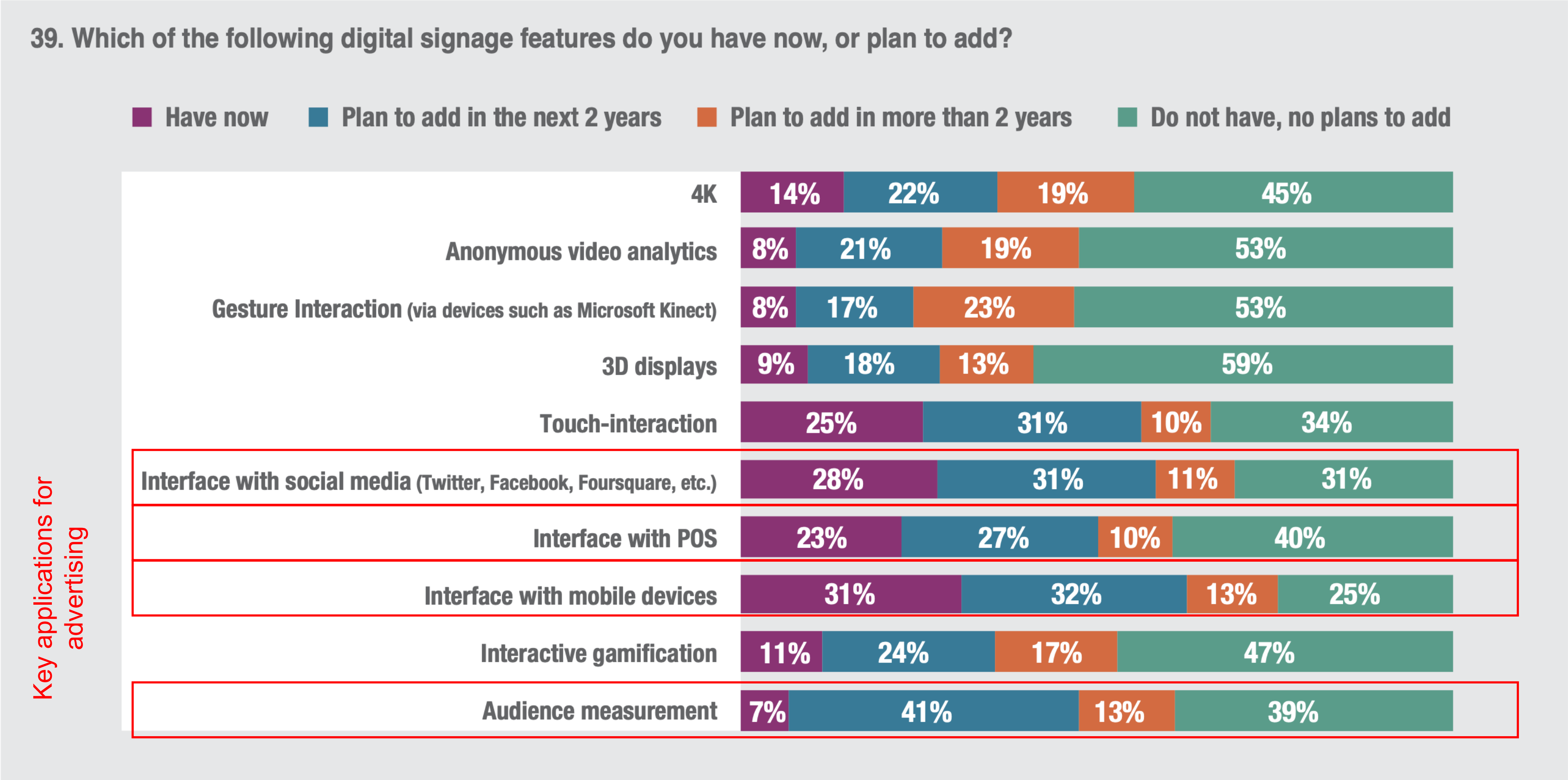
Digital Signage screens available in all ranges of custom configurations



Source: Alibaba

- Range of screen sizes and curved displays for indoor and outdoor usage available
- By piece or square meter
- Manufacturing centers on China (ca. 70% of all Digital Signage screens produced globally)
- Some OOH vendors have their own factories
- Wuhan is center for LED technology, supply chain temporarily impacted due to Corona Virus

Buyers are looking to add feature to their screen deployments

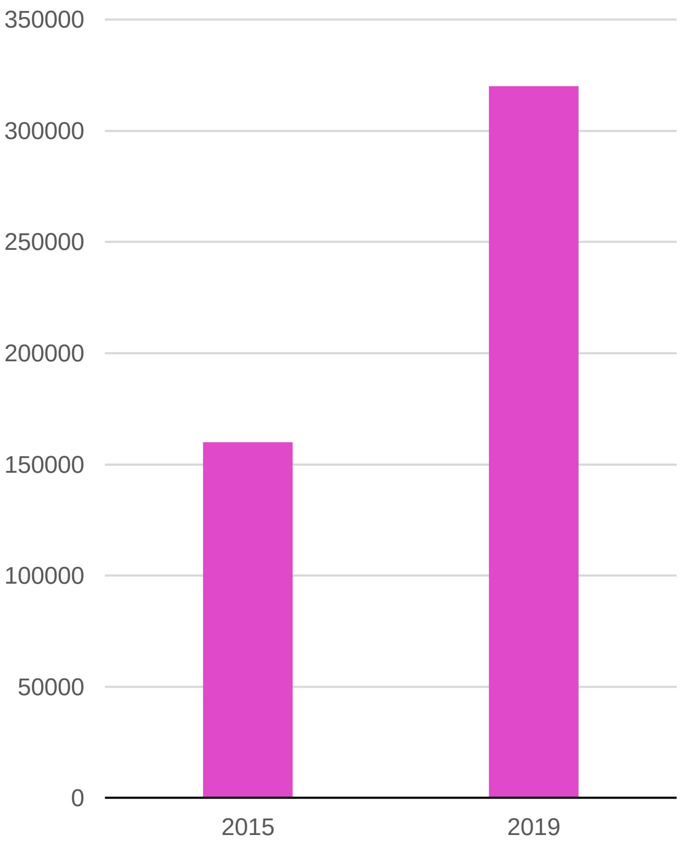


Source: NEC Displays

Determining number of advertising screens

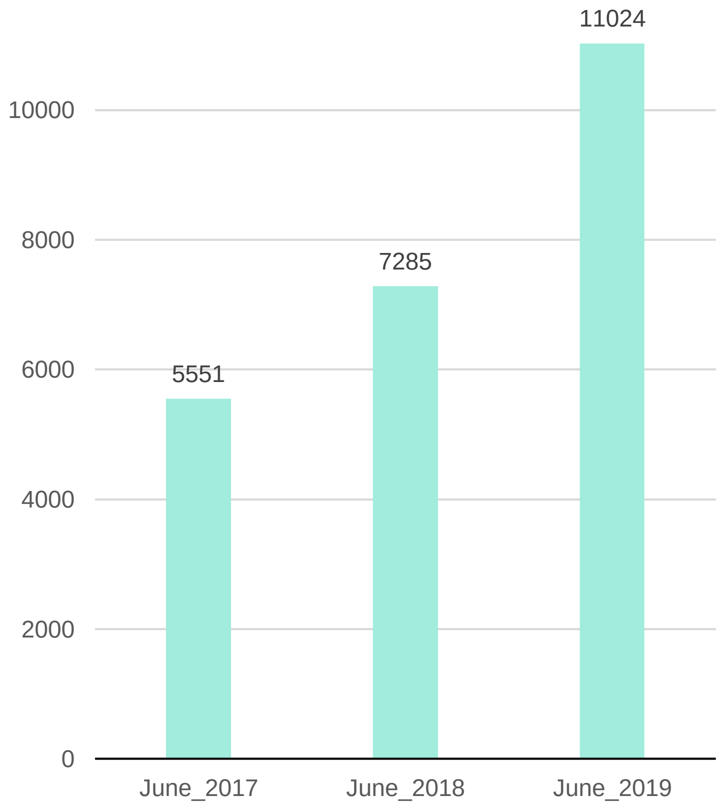
Definitions and methods not standardized, but several proxies for size of deployments

Global: DOOH Screens



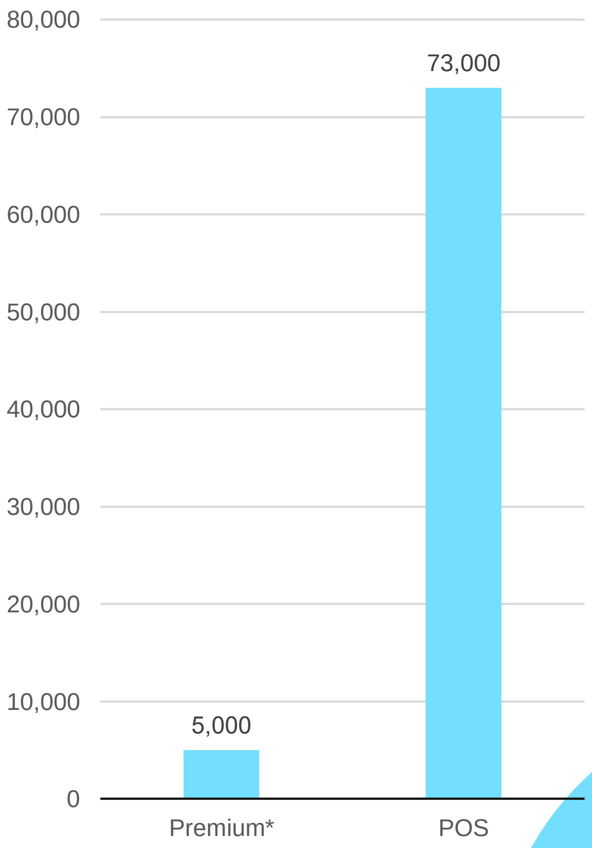
Source: Magna

UK: DOOH Screens



Source: Statista

Stroer

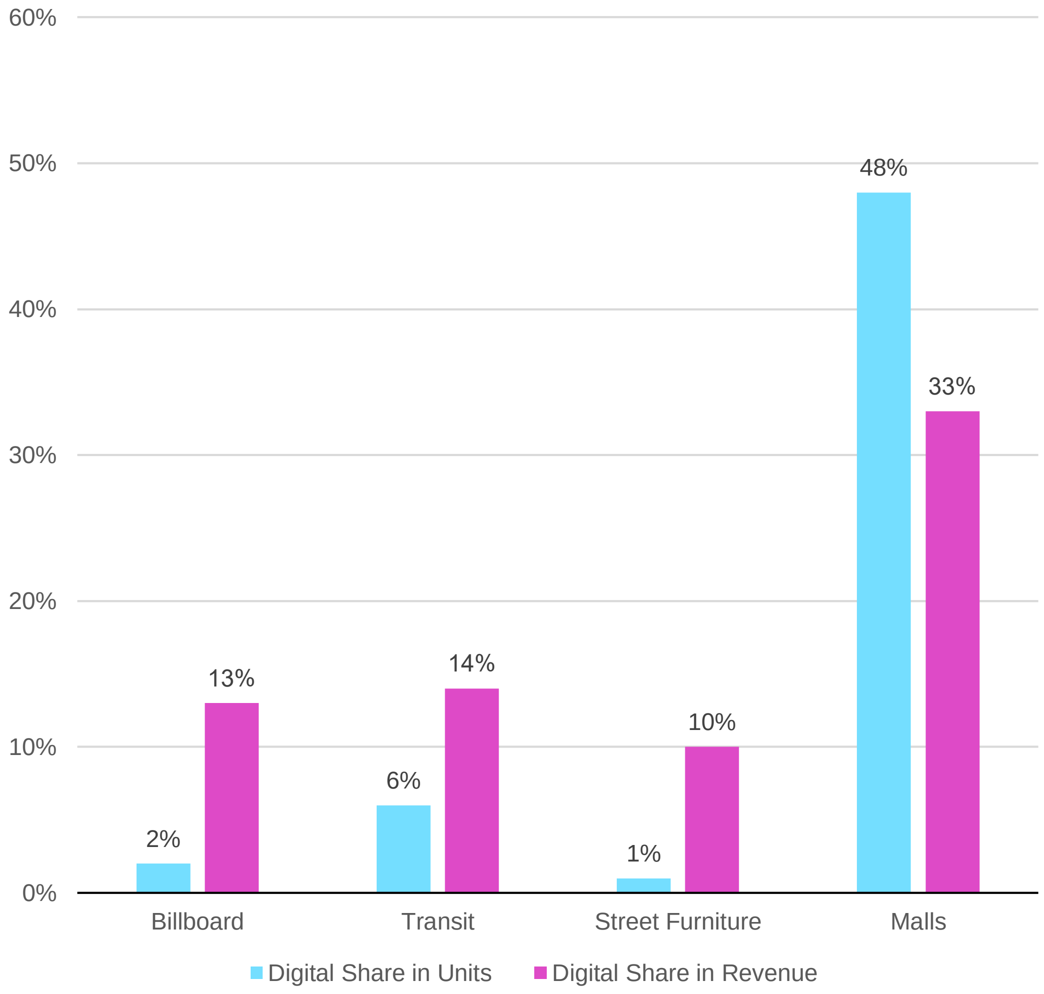


**"more than 5,000"*

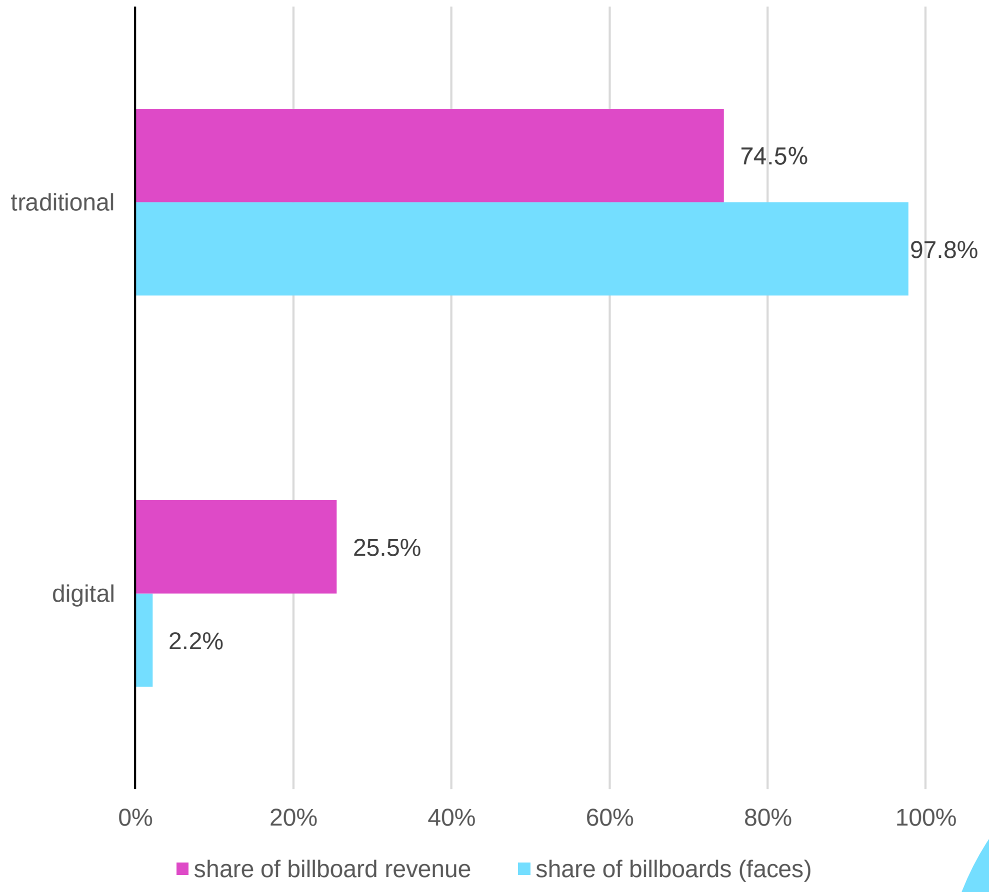
Source: Stroer 'Deep Dive' Investor Presentation, November 2019

DOOH sites monetise at multiples vs trad. OOH

Global: Share of Units vs Share of Revenue



Lamar: Digital Billboard Economics (FY 2019)



Revenue per site: $7k

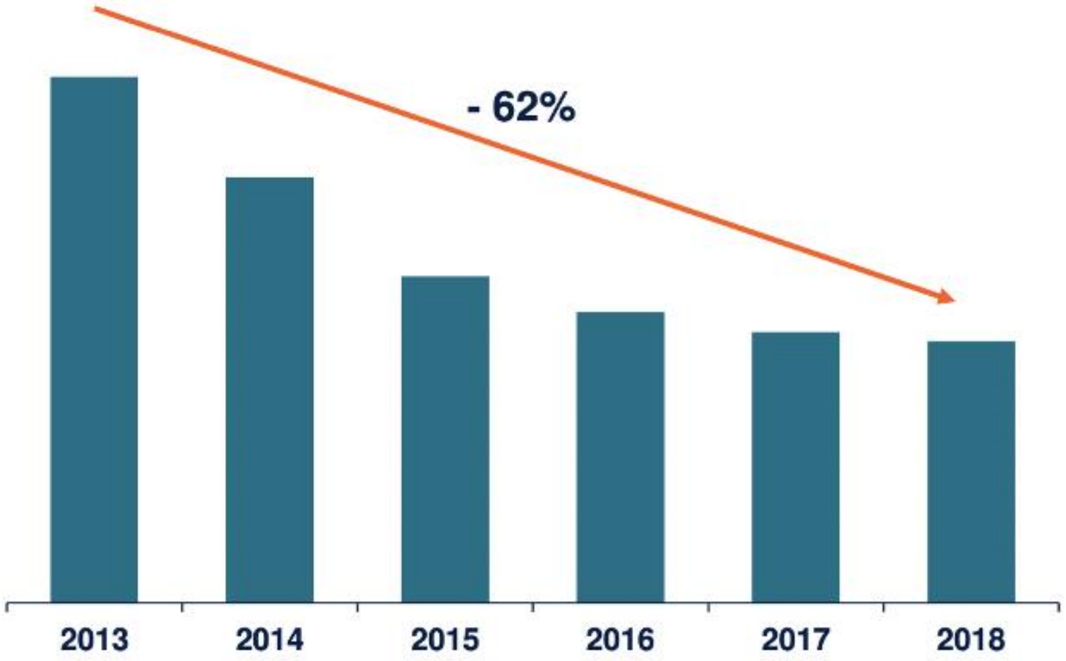
15x

Revenue per site: $112k

Source: Lamar, Magna

Lower costs and increased features improve ROI of screen deployments

Panel Price Development



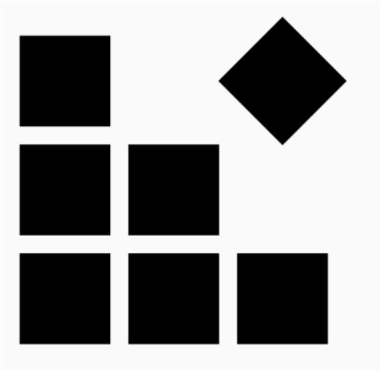
- DOOH deployment becomes more economical as panel prices decrease
- Higher quality reduces maintenance costs
- Automatic brightness adjustments help curb roadside regulation
- Integration of panels with beacons and internet increases dynamic sales & creative
- While 5G mostly hard to identify as a driver for advertising, use case on DOOH enhances ability to play & orchestrate sites

Source: Stroer 'Deep Dive' Investor Presentation, November 2019

6. Programmatic & Data-Driven Innovation

What about DOOH programmatic?

Fragmentation

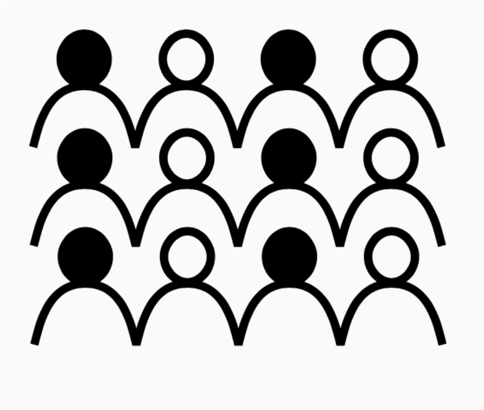


Explosion of vendors and value chain, DSP & SSP buying saw strong uptick in 2018

Pricing

Premium inventory focused on programmatic guaranteed, RTB mostly in-store

Targeting

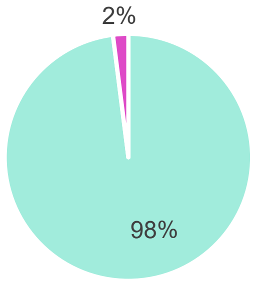


Not a one-to-one medium, requires different approach & close collaboration programmatic & OOH teams

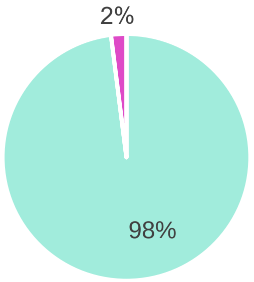
Programmatic in test & learn phase, but differences between vendors & models

DOOH programmatic: infancy & company-specific differences

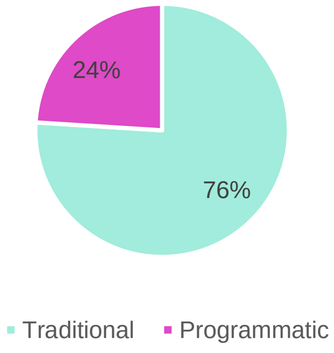
Global*



Germany excl. Stroer*



Stroer**



*Source: *Zenith Programmatic Marketing Forecast 2019; **Ströer data*

Increase in programmatic metrics

+ 30% of campaigns were proximity-based, leveraging the opportunity for smart cross-channel campaigns.

+ 85% were based on triggers, with many advertisers taking contextual advantage of events and situational triggers such as the weather, times throughout the day, occasions and locations.

- Bid requests sent for 1.9bn available impressions
- 100+ deals have been traded via the platform.

Source: VIOOH, State of the Nation Report 2019, data refers to last 6 months prior to data of publication

Cautious deployment to 'get it right'

"We need to figure out whether it works for clients and agencies before just jumping in."

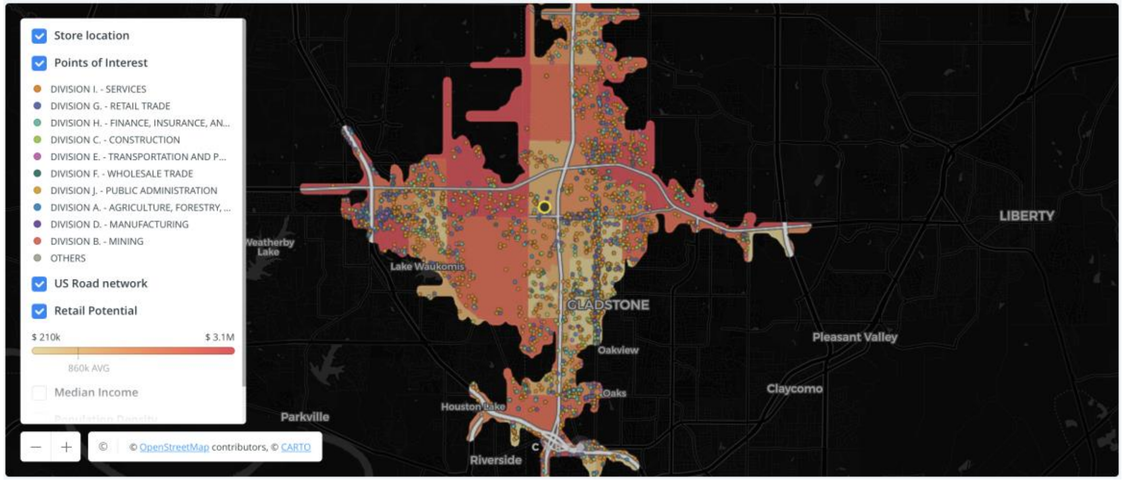
Sophie Pemberton, group strategy director, Talon Outdoor

Source: The Drum, 3 December 2019

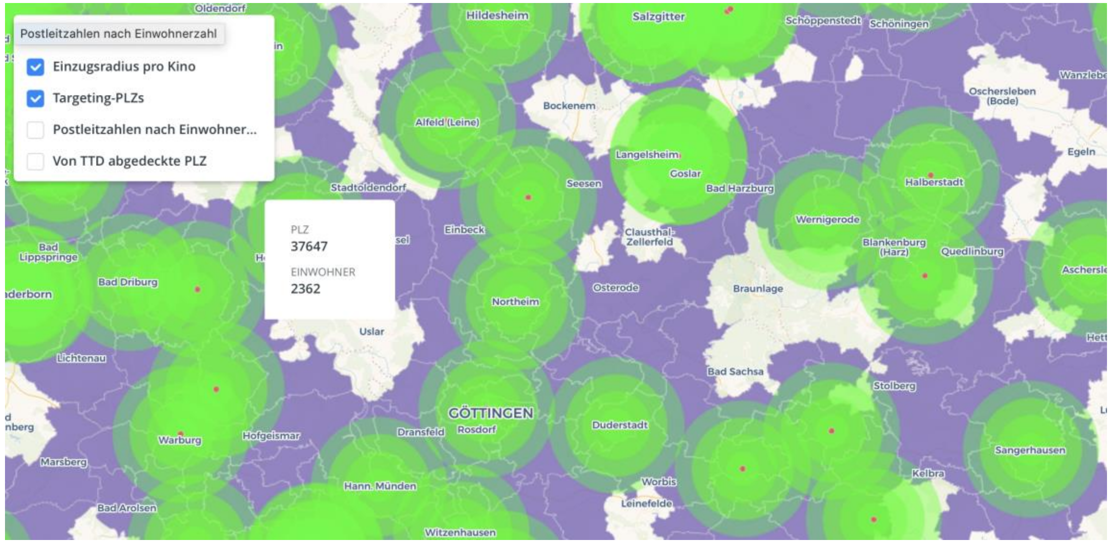
Data-driven creative: already common practice in DOOH

Source: foodora, Broadsign

Spatial Intelligence & Data Science augment DOOH impact



Source: Carto



Source: Twins Digital

- Data-Driven approaches key for all digital media
- Spatial dimension offers new challenges and opportunities for DOOH
- Effective targeting also as 3rd party cookies are coming to an end
- Geofencing allows cross-media campaigns
- Proven effectiveness of DOOH with mobile, Facebook
- New types data science skills required (e.g. GIS)

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