

As Global Ad Market is Set for Strongest Growth in 6 Years, OOH is the Only Traditional Medium to Keep Growing

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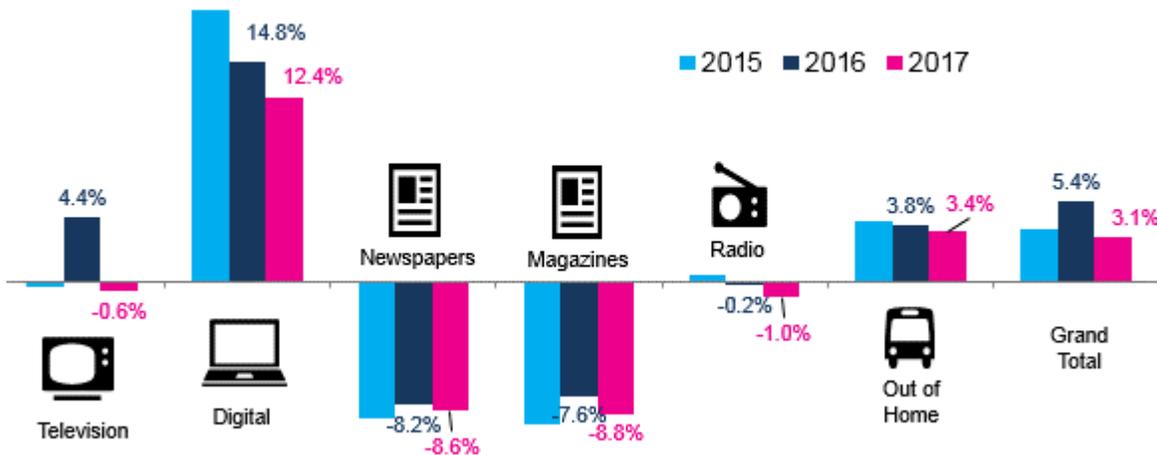


The MAGNA forecast released in mid-June projects that global ad spend will increase 5.4 percent in 2016. This will be the strongest rise in six years, and the US market should grow even higher at a rate of +6.2 percent.

The biggest contributors to the higher 2016 growth forecast are the US (+6.2 percent) and China (+8.4 percent). The biggest downward revision comes from Brazil (from +5.0 percent to +1.9 percent).

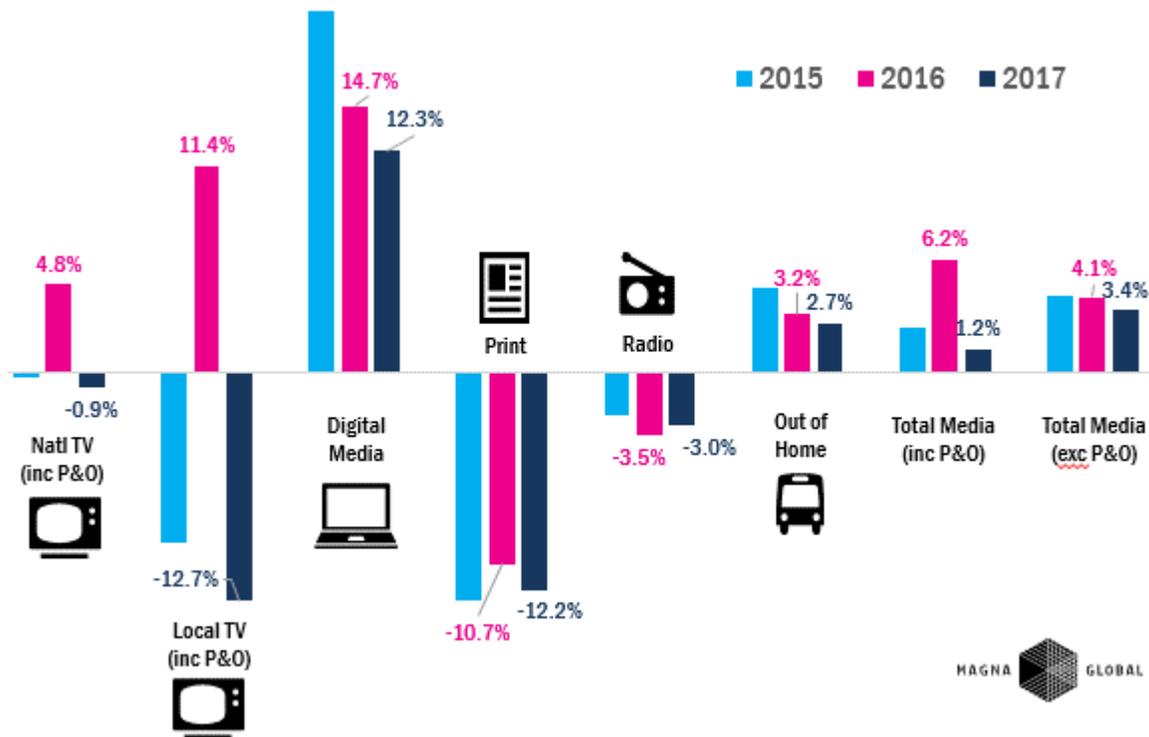
2016's major events (US elections, UEFA Euro 2016, Olympic Games, Copa America) will boost ad spending. Neutralizing the impact of those cyclical events, ad sales would still grow by +4 percent.

Global Ad Growth by Medium 2016-2017



Source: MAGNA

US Media Owners Advertising Growth 2016-2017:



MAGNA's +5.4 percent prediction for global growth in 2016 is the result of digital media advertising sales growing +15 percent while traditional media advertising sales will be flat (+1 percent). The only traditional media categories to see increasing advertising sales will be television (+4.4 percent at \$179 billion) and OOH (+3.8 percent at \$31 billion).

Radio will be flat (-0.2 percent at \$32 billion) and print media advertising revenues will continue their long-term decline (-8 percent to \$70 billion) caused by audience erosion.

According to MAGNA's report, digital media will account for half of the world's ad sales by 2020 and grow by a CAGR of +12 percent through 2020, surpassing TV and becoming the largest advertising category in 2017.

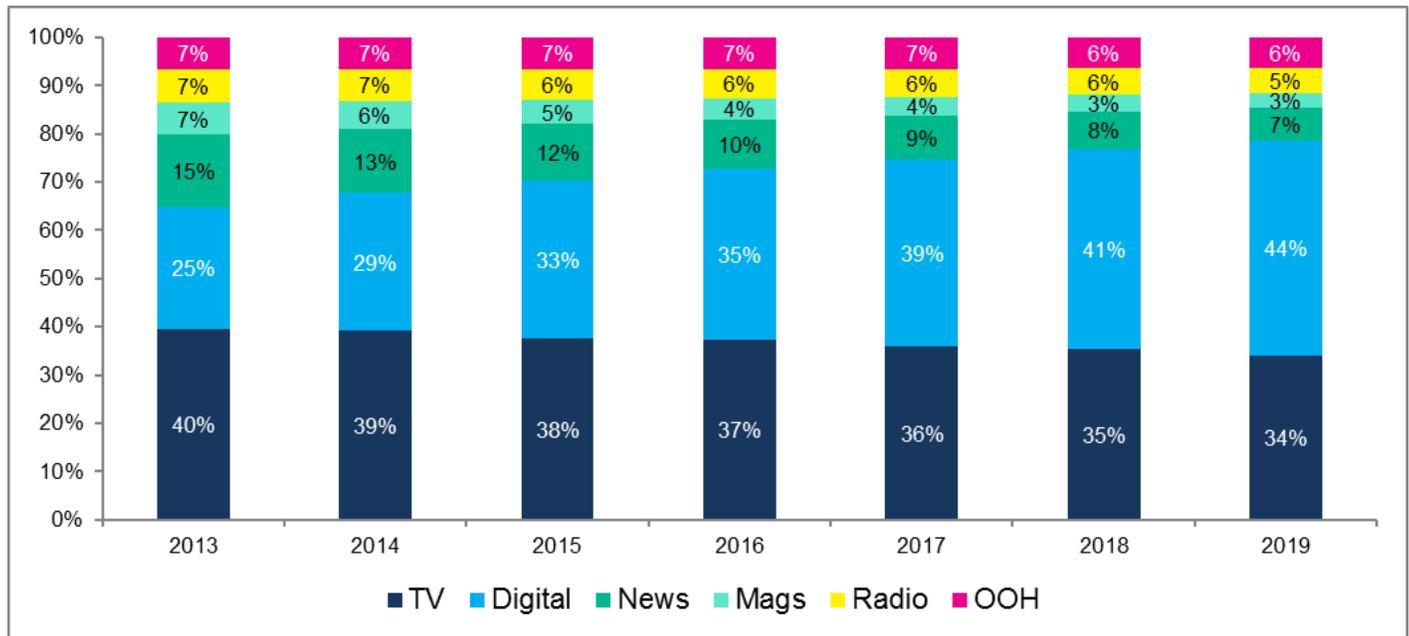
Mobile continues as the main driver of digital advertising, and mobile advertising revenues will further increase by +42 percent in 2016 to reach 42 percent of total digital advertising sales. With 2017 growth of +30 percent, mobile will approach half of total digital advertising budgets.

Much of the growth in digital media spending has come from the growth of programmatic spend. In 2015, programmatic transactions represented 31 percent of total banner display and video advertising sales, but by 2019 the growth of programmatic in video, especially, will push total penetration to 50 percent. Search and social are already essentially 100 percent programmatic.

The opportunity for advertisers and agencies to leverage consumer data and behavioral data in branding campaigns to achieve improved targeting and efficiency, is making display and video formats more attractive to some mainstream categories such as automotive, finance and CPG (consumer packaged goods)/FMCG (fast moving consumer goods), and thus contribute to the overall growth of digital media spend.

Paid Search remains the largest portion of digital advertising budgets, representing nearly half of total digital spend. In 2016, it will again provide the largest total dollar increase year-over-year across all digital formats (nearly \$10 billion globally).

Global Ad Revenue Market Shares by Medium (2013 – 2019):



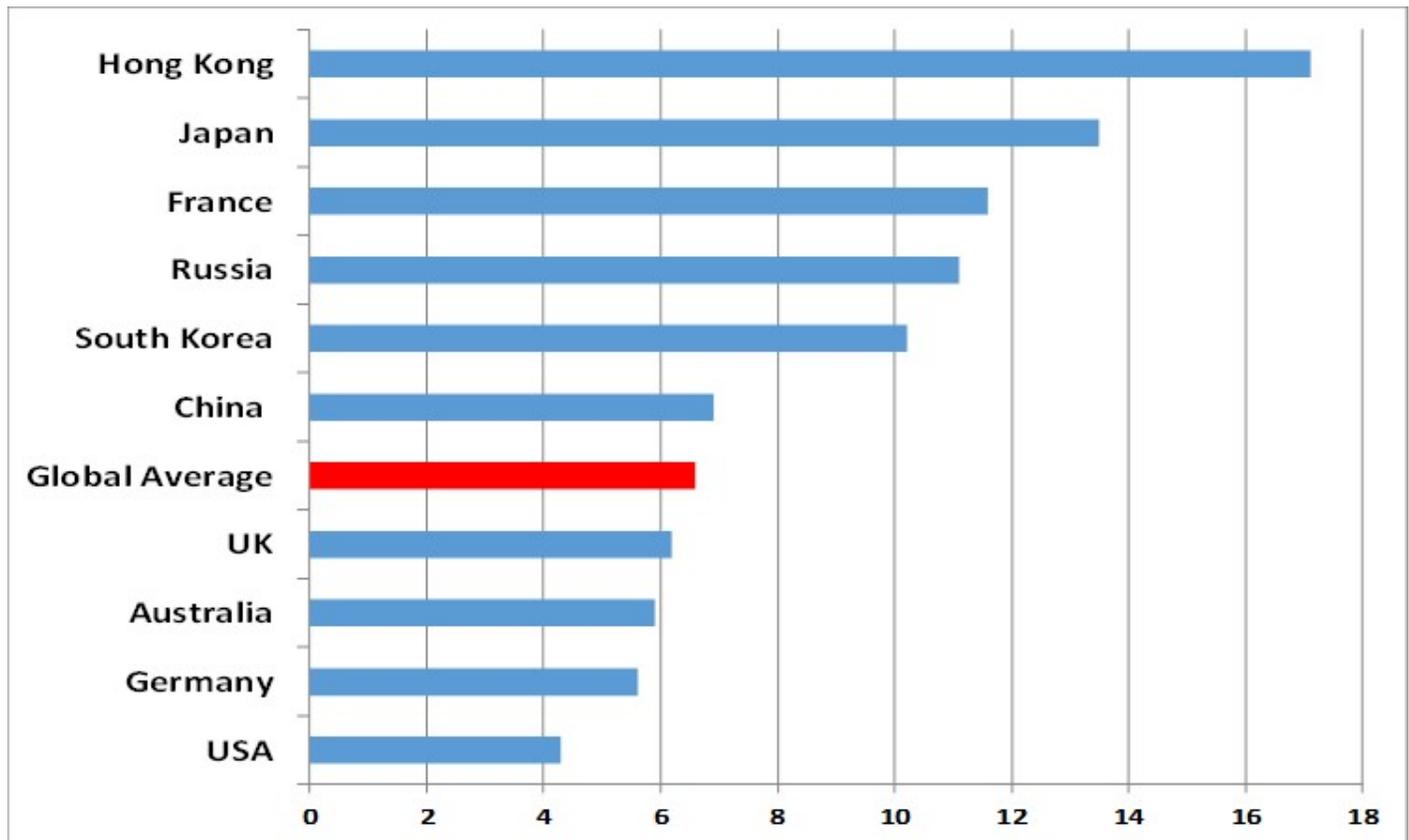
Source: MAGNA

In the US, MAGNA’s report highlighted OOH’s organic growth of digital panels providing better yield, more flexible placement opportunities, and better audience measurement as innovations that allow OOH to tap into branding budgets and TV budgets in a more significant way than ever before. They project OOH growth in 2016 of +3.2 percent, and another increase for the industry in 2017 of +2.7 percent.

Key Factors Driving Global OOH Growth:

- A growing digital OOH ad market, growing mobile audience, rising display market, increasing urbanization and fragmentation of all major media demand is driving the OOH ad market at a solid pace.
- Emerging countries represent strong opportunities for OOH because standards of living are rising and consumers have more disposable income than ever before.

OOH Share of Total Ad Spend 2015:



Source: MAGNA

Top 10 OOH Countries by OOH Ad Revenue (2015)

The US remains the top OOH country in revenue, and ranks 10th among the ten largest OOH revenue countries in media share.

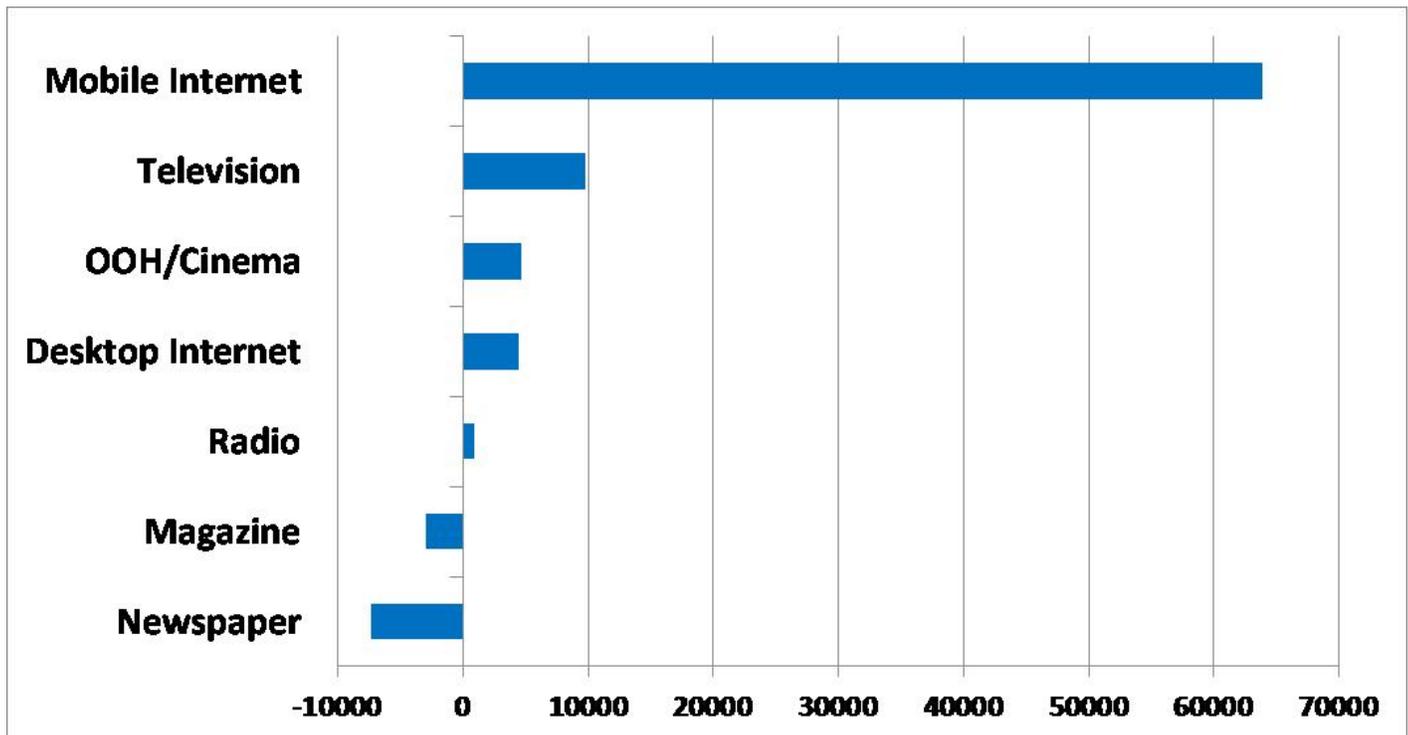
Country	OOH Revenue Rank
USA	1
Japan	2
China	3
UK	4
France	5
Germany	6
South Korea	7
Russia	8
Australia	9
Hong Kong	10

Source: MAGNA

OOH – Key Global Insights at a Glance:

1. Infrastructure investment will drive global OOH advertising growth. Global total OOH advertising revenue is set to grow at a 4.6% CAGR to reach \$45.37 billion in 2019. The key growth driver will be infrastructure investment creating increased and improved OOH advertising space.
2. Digital OOH (DOOH) revenue will replace physical OOH revenue in countries with mature OOH markets. DOOH advertising revenue will grow strongly to reach \$18.04 billion in 2019.
3. Major cities will be the most lucrative markets for DOOH advertising. With the cost of upgrading to digital formats high, DOOH advertising will be concentrated in large cities, with the most urbanized markets seeing the highest digital penetration.
4. Interactivity with consumers will become a key part of OOH advertising. By 2019, there will be 3.85 billion smartphone connections and 1.46 billion tablet active devices worldwide. This growth, combined with that of DOOH advertising, will offer opportunities to interact with these devices, increasingly including technologies such as near-field communications (NFC), allowing advertisements to act as points of sale.
5. OOH is the “traditional” advertising medium benefitting most from digitization. By converting panels to digital, providers can vastly increase their revenue by displaying multiple ads of higher quality in the same space. This process will drive an impressive CAGR of 13.2% in DOOH advertising revenue.

Global Growth in Ad Spend by Medium 2015-2018 (US\$ million)



Source: ZenithOptimedia

Global Media Advertising Revenues (2015 – 2017)

Traditional Media	2015	2016	2017	Digital Media	2015	2016	2017
Television	171,972	179,482	178,394	Search*	73,044	83,064	92,403
Growth	-0.3%	4.4%	-0.6%	Growth	17.0%	13.7%	11.2%
Market Share	37.7%	37.3%	36.0%	Market Share	16.0%	17.3%	18.6%
Newspapers	53,511	49,140	44,915	Online Video*	13,135	17,682	23,775
Growth	-9.1%	-8.2%	-8.6%	Growth	34.9%	34.6%	34.5%
Market Share	11.7%	10.2%	9.1%	Market Share	2.9%	3.7%	4.8%
Magazines	22,627	20,905	19,059	Display*	26,990	25,238	25,048
Growth	-9.6%	-7.6%	-8.8%	Growth	3.1%	-6.5%	-0.8%
Market Share	5.0%	4.3%	3.8%	Market Share	5.9%	5.2%	5.1%
Radio	29,460	29,394	29,112	Social*	22,607	32,427	39,499
Growth	0.5%	-0.2%	-1.0%	Growth	48.6%	43.4%	21.8%
Market Share	6.5%	6.1%	5.9%	Market Share	5.0%	6.7%	8.0%
Out-of-Home***	30,137	31,279	32,329	Other Formats*	12,886	12,240	11,127
Growth	4.1%	3.8%	3.4%	Growth	5.9%	-5.0%	-9.1%
Market Share	6.6%	6.5%	6.5%	Market Share	2.8%	2.5%	2.2%
Cinema	2,690	2,782	2,862	Mobile**	50,563	72,782	94,497
Growth	11.1%	3.4%	2.9%	Growth	60.7%	43.9%	29.8%
Market Share	0.6%	0.6%	0.6%	Market Share	11.1%	15.1%	19.1%
Total Traditional	307,707	310,201	303,810	Total Digital	148,663	170,652	191,852
Growth	-2.2%	0.8%	-2.1%	Growth	18.3%	14.8%	12.4%
Market Share	67.4%	64.5%	61.3%	Market Share	32.6%	35.5%	38.7%
Grand Total	456,371	480,853	495,662				
Growth	3.6%	5.4%	3.1%				

Source: MAGNA INTELLIGENCE June 2016

* Includes format and scales on all digital platforms (desktop, tablets, smartphones)

** Includes all format and scales on mobile platforms only (tablets, smartphones)

*** Excludes cinema and scales