Outdoor Advertising:

Outdoor Advertising: Core Revenue Performance & Guidance:

Outdoor Advertising	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17 Guidance	Notes
OAAA Outdoor Industry Revenue	6%	3%	4%	2%	2%	0%	2%	2%	NA	Metrics from Outdoor Ad Association of America
CCO - Americas (g)	2%	4%	5%	3%	3%	0%	-1%	3%	pacing -1.3%	Constant currency (%)
CCO - International (g)	3%	0%	2%	4%	6%	3%	5%	3%	pacing -1.8%	Constant currency (%)
JCDecaux	6%	13%	5%	2%	0%	-1%	2%	5%	4Q organic revenues up ~4.5%	Global organic revenues
Lamar Advertising	3%	5%	4%	4%	2%	1%	2%	1%	FY 4Q pacing up ~3%, give or take	Acquisition adjusted
Outfront Media (CBS Outdoor)	4%	5%	4%	2%	3%	-2%	3%	1%	revenues up LSD (transit outperforming billboard)	Organic revenues

(g) CCOA excludes revs from divested assets
Source: Deutsche Bank estimates, Company reports & conference calls, OAAA, Street Events

Unlike certain other media sub-sectors, the Outdoor category is not facing an array of secular threats, and digital advances are helping not disrupting/hurting. Those attributes, combined with steady growth, attractive margins, and limited supply has kept outdoor credits in favor with investors over the years. And 2017 was no exception to this trend.

Topics to keep an eye on: M&A activity (Clear Channel Outdoor has been a seller of assets), better measurement capabilities, expanded transit opportunities (driven by digital), and further disciplined expansion of digital billboard footprints (so as not to over-saturate inventory/supply).

The positive attributes of the Outdoor sector mean that credits here continue to trade at the tight end of the media spectrum (not a new phenomenon) and inside the general high yield index (with the exception of CCO due to structural considerations). Despite that, we are drawn to these positive aspects, scarcity value of the assets, strong FCF characteristics, reasonably leveraged capital structures, and ample equity cushions for the debt. We recommend investors are market-weight this 'core-holding' sub-sector.