

Clear Channel Outdoor Investor Day – September 8, 2022

Eileen McLaughlin:

Good morning. Thank you for joining us for Clear Channel Outdoor Holdings first investor day as an independent public company. I'm Eileen McLaughlin, Vice President Investor Relations. Before I introduce Scott Wells, our CEO, let me make a few opening remarks about today's presentation. First, I'd like to remind everyone that during today's presentation and the subsequent Q and A, we may make forward looking statements regarding Clear Channel Outdoor Holdings, Inc, which we will refer to as the company, the America segment, which we may refer to as the US business, Clear Channel Americas or CCOA, and the Europe segment, which we may refer to as Europe or the European business. These will include statements about its future financial performance, its strategic goals. All forward looking statements involve inherent risk and uncertainties, and there could be no insurance that our expectations, beliefs or projections will be achieved or that actual results will not differ from expectations.

Please review the risk factors contained in our most recent annual report, form 10K, and other filings with the FCC. Also during today's presentation and the subsequent Q and A, we will refer to certain performance measures that do not conform to generally accepted accounting principles or GAAP. We provide schedules that reconcile these non-GAAP measures with our reporter results on a GAAP basis as part of the investor day presentation, which was furnished to the FCC this morning. Also, please note that the information provided today speaks only to our views as of today, September 8th, 2022, and may no longer be accurate at the time of a replay. I would now like to introduce Scott Wells. Oops. I forgot to put that up. Sorry. Scott Wells, the Chief Executive Officer of Clear Channel Outdoor Holdings, Inc.

Scott Wells:

Thank you Eileen.

It's great to see so many familiar faces in the room today and to know that many more are listening on the webcast. Before we begin, I want to be clear that today's session focuses on the company's US business, given that the strategic review of our European assets is ongoing. I do want to point out that prior to COVID-19 Europe was able to provide for its own cash needs and it is our intention and will not require funding from the US now or in the future. If we are able to complete the sales we hope to complete, we also expect that Europe's margins will improve. When Brian presents the financials at the end of the session, it will be for the consolidated company with the European component based on our current footprint. As we continue the strategic review of our European assets, we intend to provide you more information as soon as possible on how that footprint is evolving.

So today we're excited to share with you an overview of Clear Channel America's business that will illustrate the opportunities we see and the vision we have to drive our growth. We'll be sharing deeper insights into our business strategies, our financial outlook, key initiatives, recent accomplishments and industry dynamics that are creating opportunities to drive growth, all focusing on our America's business. And we're here to answer your questions and do our best to ensure that you have a deep understanding of out-of-home media and Clear Channel Outdoor America's role as an innovator and leader in that space.

Let me pause here to thank the many of you here and viewing online who have provided us feedback in earnings calls and at conferences to help shape the disclosures and information we're sharing. We truly

appreciate the dialogue and I trust you'll see that we're listening. And I'd definitely be remiss if I didn't thank our whole Clear Channel team, especially those who prepared these materials and those who are joining me on stage today. So thank you all. With that, let me briefly introduce the members of Clear Channel's leadership team who will be speaking with you today and the subjects we'll each be addressing.

First, I'll be taking you through an overview of the America's business, some macro changes in the US media industry that are creating significant opportunity for companies like CCOA and our vision moving forward. Then Bob McCuin, our Chief Revenue Officer for the Americas will explain how advances in technology are changing consumer behavior that is driving demand and opportunity for out-of-home media, along with some examples of how advertisers are benefiting from CCOA's marketing solutions. Next Erika Goldberg, our Chief of Business Operations, will walk you through how these technology and media industry changes are driving a significant technological transformation of CCOA's business and how we are reinventing the way we do business and work with our partners and clients.

Our America's Chief Marketing Officer Dan Levi will then explain the role that data play in today's modern media industry and how Clear Channel Outdoor RADAR, our proprietary suite of data driven solutions, is driving opportunity success. Then Cathy Muldowney, SVP of Programmatic Sales for Americas will show how programmatic advertising could be a major growth engine that is changing the way CCOA works with advertisers. After a short break, Brian Coleman, Clear Channel Outdoor Holdings Inc.'s Chief Financial Officer, will then walk you through our consolidated financial overview and how Clear Channel Outdoor Holdings is poised to drive growth and shareholder value. Then we'll wrap things up and open the floor for Q and A from attendees in the room and those that are viewing on the webcast. For the Q and A, we'll also be joined by two members of America's senior leadership team, Wade Rifkin, the EVP and GM of Programmatic and David Sailor, our Chief Financial Officer for the Americas.

This is an exciting time for our sector. The out-of-home industry is in the midst of transformation in both format and how it is sold. The phrase digital transformation is often narrowly applied to out-of-home focused just on the displays themselves and yes, building and converting our inventory to digital is a critically important part of the transformation and a significant priority for the America's business. But we view digital transformation in a broader sense. It's a transformation of how we view our America's business, how we build systems and solutions to conduct operations, how we focus on giving our customers an experience that they expect from digital media, but haven't been able to get historically from out-of-home.

We're building upon out-of-home's historical strengths, the medium's beautiful impact of creative canvas, our valuable and proprietary locations and our ability to reach consumers along their daily journeys in ways that drive measurable results, but we're doing so by thinking and operating as a digital business. That means understanding what has driven significant growth in digital media in recent years, making fundamental changes to how we conduct business and striving to deliver a differentiated value of out-of-home through a digital media experience.

With that in mind, we see meaningful opportunities for the America's business driven by four key factors. First, the historical strengths of the growing out-of-home medium and Clear Channel America's highly advantaged position in our markets and media sector. Second, a focus on investment in technology and digital innovations that are expanding the US marketplace opportunity. Third, a financial model for our America's business that generates significant operating cash flow. And fourth, an experienced proven leadership team. Let's break each of these factors down in a little more detail. Unlike digital video and other media types that have near infinite supply, many marketplace factors differentiate a nationally scaled out-of-home business like our America's business, giving further value

and strength to established players like us. Our America's business is anchored on a foundation of assets dating back decades that are hard to replicate. That's because they're highly regulated, subject to exclusive and proprietary relationships and require deep operational expertise.

Roadside billboards are still subject to federal regulation based on the Highway Beautification act of 1965, and permits to build new inventory have been quite limited as a result of the many more restrictive laws that created grandfathered status for our assets. This along with numerous state and municipal signage ordinances, make it challenging for new entrants to build roadside out-of-home assets at scale. Airport advertising and transit media are often built on exclusive contracts with airport authorities and municipalities. The proprietary nature of these contracts makes them highly differentiated. And it's not just the regulatory or contractual limitations.

Developing out-of-home assets requires robust relationships in commercial real estate with elected officials and regulatory authorities in a vast number of municipalities, not to mention requiring an understanding of how these constituencies work and how to navigate through complex legal processes. Given the physical nature of our assets and their presence in the public space, building and maintaining out-of-home assets also requires a level of operational excellence not required in other media. And that only comes through decades of experience being an owner operator. In addition, unlike other traditional media like print, radio, and linear television, out-of-home is growing in the US. We are not trying to fix a declining product so to speak. The America's business is instead building upon out-of-home's enduring value and relevance at a time when the medium is showing substantial resilience in particular how the sector has rapidly responded to the impact of the COVID-19 pandemic.

The case for building and converting more digital displays is compelling and straightforward. We'll lay it out on this slide. We believe that digital is not just a growth driver. It's a revenue multiplier. Today, digital represents less than 7% of the America's inventory. Yet it is driving nearly 40% of its revenue. And by adding data in a more sophisticated operational backend to the customer experience, we believe we are creating a buying environment that is more consistent with the expectations of digital advertisers. Today's marketers need to move fast, launch campaigns quickly, understand their impact, and optimize in ways that drive better performance. CCOA's focus on digital transformation and our investments in technology are intended to meet the customer where they are. We are building upon the differentiating strengths of out-of-home by delivering to customers a buying experience that they expect from digital media, making it easier to plan, buy, and measure our US media and marketing solutions.

One way to think about the implications of the combination of digital conversion and digital approach is to look at how digital display media grew in the 2010s. You can see on this chart programmatic was a tiny slice of that medium in 2011, which then drove virtually all the growth in digital display over the next decade. In fact, this was the vast majority of overall ad spending growth in that decade. Out-of-home will not play out exactly this way. We have finite inventory, as I mentioned, and can't play video and sound in a lot of locations among a variety of other differences, but we believe out-of-home will continue to benefit from the same strong preference for digitally enabled product.

We believe the economics of out-of-home are highly attractive at scale. As I mentioned, and we will get into more detail shortly, the finite supply of our inventory helps out-of-home deliver high operating leverage when demand increases. By focusing not just on growing and maintaining our inventory, but also on creating increased demand through our focus on customer centricity, we have the ability to develop new sources of revenue in the America's business while putting desirable upward pressure on rates in response to this increased demand. And this is all made possible through executional excellence, our third strategic pillar and the enable of all the change that we are making in this business. I think by the time you've heard from Bob, Erika, Dan and Kathy, you'll see how these three pillars work together to create something special. And then Brian will share the financial implications of this work. And they're

exciting. Given the things we can see today, we expect to significantly grow consolidated AFFO, a non-GAAP metric we will be providing to better compare us with our two principle US competitors. We'll drill into the details of that in Brian's section.

And we are confident that we have the right team to drive this transformation, executional excellence and marketplace expansion. The Clear Channel America's leadership team has been in place for more than six years, providing stability and consistency through this digital transformation. This team brings to Clear Channel meaningful and relevant experience that we believe has prepared us well for the change we are driving and the opportunity we're pursuing. We have people who know all three aspects of our business, real estate, operations and media sales inside and out. But we also bring seasoned change agents and digital transformers to the mix. I can't wait for you to see some of them in action shortly.

I've mentioned a couple of times that our digital transformation is building on the enduring strengths of out-of-home. So it's worth taking a quick look at what I feel are some of the out-of-home's differentiated strengths here in the US. Let's start with why out-of-home is special economically. As you can see from this history, it is a steady growth industry that is resilient in the US. Note how in typical recessions like '91 to '92 and '01 to '03, out-of-home barely lost a step. The great recession of '08 and '09 coincided with the rise of digital media where Facebook, Google, and a few others took virtually all the growth in the industry for a bunch of years, which impacted out-of-home's pace of recovery. And then you had the pandemic shock of 2020 that the industry has largely bounced back from already, further reinforcing our medium's resiliency.

We believe out-of-home provides one of the largest and most impactful creative canvases in advertising. Our medium has been used for more than a century as a primary way of telling brand stories and building brand impact. We've gone from painted signs to vinyl to digital displays. And through this transition out-of-home's creative canvas is still used today by many brands looking to tell their story with impact in the real world, leveraging not just the creative flexibility of digital out-of-home, but the creative tools that are unique to out-of-home like 3D embellishments, lighting effects and more. In addition, the ability to connect with consumers in the physical world when they're in specific neighborhoods or near to stores or other points of interest has always been a strength of out-of-home. Whether providing directions to get to a specific advertised stores or customizing to use language and imagery that appeals to local tastes, out-of-home's power of location drives relevance and helps brands effectively connect with target audiences.

And while it's inherently a local medium, after all out-of-home inventory is a physical part of the community. The out-of-home industry has developed into a national platform. Out-of-home has the ability to be planned and executed as both a hyper local targeted medium and as a scale mass reach medium. Every day, our medium is used to reach and impact specific neighborhoods, large audiences across markets, regional areas, and even the entire nation. Historically, the way to grow out-of-home's revenue was to increase the supply either through organically building more inventory or through acquisitions. The more structures you had, the more you could sell. As I just explained, it is hard to build new out-of-home inventory. There are many markets and geographic areas where it is nearly impossible to build new signs if you don't already have existing relationships and inventory. This is why we put a huge priority on operating as a good corporate citizen.

Our digital media is not just used for advertising, but also provides an emergency messaging network that is used by governments, law enforcement and safety organizations to communicate quickly and efficiently in times of crisis. We have partnerships with organizations that are focused on addressing food insecurity, education, safety, the arts, and more. And we activate these relationships in a way that we think genuinely makes a difference in our communities. We're also a good corporate citizen in terms of managing our environmental footprint from recycling vinyls to LED light conversion to root optimizing

software and visit reducing photo practices, we are constantly working on reducing our environmental impact. We'll expand on this topic in our next release of our ESG report expected in the fourth quarter of this year. Participating in our communities, reducing environmental impact and supporting the causes and issues that matter to us and our partners and our teams makes us an attractive member of the communities in which we live and work.

So while we think creating supply is important, and we do the things to protect that opportunity, we believe there's also a meaningful opportunity to create further demand as well. An opportunity that the industry has not fully developed. Bob will be speaking with you shortly about how marketplace structure influences Clear Channel Outdoor America's approach to sales channels. As you'll see, the Americas cannot fully pursue the opportunities we see by solely relying on our traditional sales channels. The Americas focus on driving incremental demand involves three primary tactics, all of which are supported by the expansion of sales channels. First, we are convincing more marketers to start to use out-of-home. Second, we're working to increase the percentage spent in out-of-home by those already using the medium. And third, we are fighting for our maximum share of the budgets that are allocated to out-of-home.

Here's a good illustration of the marketplace potential using projected and reported spend data from Magna Global and Cantar. Of the 319 billion dollars spent on campaigns by advertisers in the US, 61% of the campaigns used out-of-home as part of their media mix. Meaning that 39% of campaigns did not yet see out-of-home as a necessary part of their marketing toolkit. By talking to new marketers and increasing the reach and impact of our sales channels, there's 124 billion in untapped potential additional demand to bring into the space. Getting a marketer to start to use out-of-home is an important tactic in growing demand, but convincing the 61% who do use out-of-home to use it more represents an even greater upside for Clear Channel Americas.

As you can see in the second bar, these marketers spend an aggregate 195 billion dollars, but average only 5% of their budgets going to out-of-home. Even a small increase represents a significant opportunity. And moving to the last bar, while Clear Channel Americas will continue to fight for an additional share of the existing out-of-home budgets, clearly the bigger upside is in convincing more marketers to embrace the medium and specifically by working directly with us. Here to tell you more about why advertisers are choosing out-of-home, why they are working with us and how we are pursuing this marketplace opportunity, it's Clear Channel America's Chief Revenue Officer Bob McCuin.

Bob McCuin:

Okay. Great. Thank you, Scott. And good morning, everyone. Today, I'm going to speak with you briefly about how the Americas is evolving our sales channels and solutions to pursue this additional marketplace opportunity with both national and local advertisers. Then I'll provide you with some insights into the evolving advertising landscape in the US and some of the changes and trends that are creating opportunity for the out-of-home sector and for us specifically,

Just as a form of out-of-home display has evolved over the years, so has the way the medium is sold. As we noted, out-of-home is inherently a local medium. And for years it's primarily been sold that way. Our account executives work with local advertisers like real estate agents and HVAC providers or regional advertisers like Wawa and Harmelin Media and national advertisers that by traditionally buy out-of-home by market or bar by region like T-Mobile and their agency IPG. This is historically where we've done well. Our account executives maintain strong ties with marketers and with their agency partners and fight for our share of budgets that are already allocated to out-of-home. In fact, according to latest advertiser survey from Barrell and Associates, a leading research firm with expertise in local advertising, 75% of local marketers like having the option to meet with their local sales rep in person.

And when asked their preference, 86% prefer working with a local sales person via email, phone or in person. So there's clearly a significant value to our account executives in the kind of service and support they provide our customers. But as Scott just explained, to realize the full potential of our business opportunity, CCOA cannot just fight for our share of existing out-of-home budgets. We need to bring in new money into the sector by convincing more marketers to start using our medium and get our current customers to spend more. Clear channel Americas is taking a much more nuanced approach to our customer segmentation and how that impacts not just the solutions we provide, but the sales channels we ultimately develop. Let me illustrate that for you now. Looking horizontally at our universe of existing and potential customers from large national advertisers down to hyper local, small businesses helps illustrate the differences in these customers' needs, the solutions we provide them and the best sales channels to handle.

It also provides a framework for much of the work that Erika, Dan and Cathy will walk you through shortly. Segmenting our customer base by size also aligns very closely with how these customers need to be approached and managed. Starting on the left, developing opportunities with large national advertisers typically involves a relatively long sales cycle. These are brands who have not embraced out-of-home at scale. They may not be aware of the capabilities and solutions that we have brought to market, and they require that we make a concerted effort to understand their challenges and how we can work with them. On the other end of the spectrum are small businesses. These business owners tend to use advertising tactically to drive performance. And they typically know if their advertising investments are working or not. They have very specific needs. And therefore the sales cycle tends to be shorter.

As I mentioned, Clear Channel Americas has traditionally done well in the middle with local and regional clients and their agencies and in our national sales group that partners with large holding companies. These are customers who focus their use of out-of-home on specific markets and regions with a blend of quick turn RFPs and opportunities that develop over longer sales cycles. The challenge as well as the opportunity is to recognize that much of this small business activity is small in scale and budget. And the cost of servicing these accounts may not be justified on an account by account basis with our traditional economies executive model. The opportunity here is to get to scale by servicing more of these customers more efficiently. With that in mind, let me break this down a bit further, starting with our traditional area of strength, advertisers who buy locally or regionally. The opportunity here is for us to fight for share while also striving to impact strategies and budget allocations.

In many cases, advertisers have already allocated budgets for out-of-home. And our teams are fighting for our share of these budgets. Our local account executives and our national sales group have focused much of their attention on agencies that control how these budgets are spent. We believe these buyers continue to be highly influenced by trust, long standing relationships. They rely on our team's deep market knowledge and expertise. And this comes with an expectation of high touch and ongoing customer service. We believe these customers are also focused on moving fast, being flexible and incorporating measurement into their plans. They are planning and buying with increasingly less lead time than in the past. So how do we continue to win with these customers? Well, first we leverage our team's trusting relationships, deep industry and market knowledge and focus on strong customer service. Second, we believe we continue to win because our transformation and investments in our business, in particular workflow automation, process improvements and our RADAR data solutions, all of which are becoming increasingly more meaningful as our teams fight for our share of the budget.

Dan and Erika will speak more to this shortly. Our teams are navigating an increasingly complex agency model, which requires that we get ahead of budget allocations and help create demand that flows down to the out-of-home buyers in the form of incremental budgets. We've approached this opportunity by expanding our traditional account executive model with a small team of experienced sellers who focus

on more broadly covering the holding companies. This agency partnership team is charged with building relationships with decision makers who can impact budget allocations before they're given to the buyers. It's a highly collaborative role, not just internally, but also within the agencies. Our agency partnership leads are often making connections within agencies themselves facilitating collaboration between planning, research, creative and buying teams. Looking further at advertisers who predominantly buy advertising nationally, many are still not aware of the kind of solutions and innovations that CCOA is driving in the industry.

So we need to open new doors, build new relationships and educate people who have not typically made time to think about out-of-home. In addition to the work done by our agency partnerships team, our national sales group is also charged with proactively going beyond the buyer relationships and covering their accounts more broadly. This often leads for opportunities to collaborate with our client solutions team who are charged with selling directly to marketers and our programmatic teams, which Kathy will explain in more detail shortly. Oftentimes these national advertisers are looking for big ideas, innovations, first to market opportunities that allow them to differentiate themselves from their competition. So our client solutions team and our programmatic teams focus on opening doors to these previously untapped marketers and decision makers. They lead with questions, driving a deeper customer needs assessment to identify business challenges that Clear Channel can help solve. And this typically involves a deep exploration of how customers are using data to plan, measure, optimize

Bob McCuin:

Optimize the performance of their advertising and marketing programs. A good illustration of how this client direct approach can deliver results is the work done by our teams around the plant-based meat category. Last year, our client solutions team recognized that this emerging category is becoming highly competitive, presenting a need for companies to build brand awareness and differentiate themselves. We pursued the largest player in the space, developing direct client relationships that allowed us to better understand their business challenges, the markets that mattered most to them, and how they approached their advertising decision making. Our creative team worked to design their first ever out of home campaign, and our data team worked to incorporate measurement into this program to ensure the customer could understand the impact of their campaign. Pleased to say, as a result, we won a seven figure buy that went 100% to CCOA.

Our direct client relations have allowed us to stay close to this customer, who recently committed to another campaign directly with us. And here's just a sampling of brands with whom we've worked with through this direct to client approach. These programs that we ran, and in many cases continue to run with these brands, were all incremental, CCOA initiated, and outside of their traditional out of home budgets. Jumping back. Looking at the opposite end of the spectrum, we have small businesses, mostly local, representing an emerging opportunity for us. According to the 2020 census data, the US Small Business Administration estimates that there are more than 31 million small businesses in the USA, and from 1994 to 2018, the survival rate of these small businesses was less than 50%. So this is a sector with lots of activity and the potential for significant churn. Clearly there's an opportunity to pursue these customers, so we're in the early stages of building a new approach to better serve the needs of this segment, which will likely involve expanding beyond our traditional sales channels.

We believe these small businesses are typically looking for simple, flexible ways to drive their business. They need to move fast as their budgets are limited, and they need to put money behind advertising solutions that they know are working. We believe the opportunity that we see from small businesses is led by automation, data, and simplification of the buying process. So as we continue to focus on small businesses, we anticipate we will be selling inventory package solutions to make the sale of our inventory quick and simple. As we get to know these customers, the creative support and data solutions

that we offer will also likely evolve. A focus on adding sales channels to better serve the needs of more segments will continue as a key strategy for Clear Channel to access previously unavailable budgets and drive incremental demand.

So building on this customer segmentation in the sales channels opportunities, there are five key trends that are driving opportunity for the out of home sector and for which we believe we are well positioned to capitalize. Specifically, these are our increasingly mobile society, the shift in consumer attitudes towards traditional and digital media, the inherent strengths of out of home, the measurable impact of out of home on campaign performance, and the changing needs of the modern marketers. Let's briefly break these down one by one. So we are excited about the opportunities presented by an increasingly mobile society, with consumers spending 70% of their waking hours outside of home, and especially coming out of the impact of COVID, the data indicates that consumers are spending as much or more time than ever on the road, in their vehicles, on the journeys that take them from their homes to work, to schools, stores, social events. So we rely on multiple data sources to understand consumer mobility, as you can see here, it's clear that people are on the roads, they're experiencing their lives in the physical world and across their journeys out of homes surrounds and impacts them.

Second, recent studies also indicate the consumer's attitudes towards traditional and digital media are evolving. Consumers tend to notice and like out of home advertising. According to a recent Harris poll from February 2022, 43% of adult consumers are noticing out of home ads more than they did pre-COVID, and 59% of millennials are noticing them more, and 63% of Gen Zs are as well. This trend is even more prevalent in large cities, with 62% of respondents in cities with a population of 1 million or more saying that they notice out of home ads more than they did pre-pandemic. And it's not just that they're paying more attention to out of home ads, in a similar Harris poll study, 85% of viewers said that they find out of home ads useful.

So while they feel positive about out of home ads, according to eMarketer, nearly half of US internet users feel negatively towards ads on websites, with just 10% having a positive impression, and approximately 40% of US internet users utilize an ad blocker on a digital device. The same Harris poll from February of this year showed that 78% of consumers are annoyed with ads that interrupt their content experience. As Scott spoke to earlier, one of the inherent strengths of out of home is its creative canvas for brands to tell their story, and over the years, many brands have leveraged the creative potential of in power, of out of home to build their brands. Cracker Barrel, Coca-Cola, McDonald's, Geico, and Anheuser-Busch, the list goes on of brands that use and still use out of home as a key way to connect with their customers and tell their story with impact.

And it's not just these traditional brands, out of home is braced today by some of the most innovative technology brands in companies like Amazon, Google, Meta, Uber, and Verizon all leading the way as a way to cut through the clutter and truly make an impact. These brands generate some of the most immersive breakthrough creative experiences that are happening in out of home. Here's an example of how Netflix recently brought their show, Resident Evil, to life on one of our units in Times Square. Okay, I'm going to try to run that one more time, it was fast, but it wasn't that fast. So this is 43rd and Broadway, this is 3D anamorphic technology, and what was amazing about this is this happened in Times Square on one of our units that Netflix had. And what you saw after that was the article from The Drum, and you saw so many people sharing what they saw or they thought they saw that happened in Times Square.

It's an incredible execution, an incredible breakthrough, and I think if you're walking down the street and you see this, and then you see that jump out at you, it's pretty amazing. So really proud of this, it's been a tremendous innovation for us to drive and particularly utilizing Times Square. So again, got a lot of social media push and also got a really interesting article in The Drum. So Times Square is a creative

showcase for out of home, as you just saw, and an environment that brands can push the envelope. It's worth noting that CCOA has more large format displays in Times Square than any other media owner. Another strength of out of home and our America's business in particular is our portfolio of large iconic strategic locations. Just like Netflix, brands tend to notice, tend to identify key locations and inventory that's critical for them to secure, and then maintain a long term position to protect their access, just like we saw with Netflix. Traditional advertisers do this across all of our markets.

So with that in mind, the strength of America's inventory goes well beyond Times Square, traditional inventory footprint is concentrated primarily in the larger markets, mostly in the top 20 DMAs. We supplement that with nearly 200 commercial and private airports across the USA, giving us exposure in 92 DMAs, including 44 of the top 50 markets. And each week, America's outdoor and airports inventory reaches more than 130 million Americans. And each year, our US airports reach more than 50% of all air travelers. It's worth noting that US airport contracts tend to be exclusive, with CCOA retaining the exclusive right to sell our airport inventory.

So some of the fastest growing markets in the US are part of our network, giving marketers the ability to reach consumers, not just in largest markets, but in the ones that are growing faster than the US population. These markets are also attracting many of the demographics that are most in demand by advertisers today. A recent Comscore study demonstrates the fourth key trend I referenced, the measurable impact that out of home has on today's digitally led media mix. This study looked at the ability of six media types, out of home, television, radio, print, digital, display, and video ads to drive digital behaviors, including online search, social media posts, video posts, website visits, app downloads, and online purchases. Importantly, this study looked at the relative efficiency of each of these media types in driving these digital behaviors.

The results were shared as indexes to allow for comparison across media types, regardless of actual spend amounts. This Comscore study showed that dollar for dollar, out of home drives digital behavior more efficiently than all other measured media types, and we're seeing this fact play out with the work we're doing for a large food delivery app with whom we've been providing measurement for the last two years. Specifically, we've been using our RADAR proof attribution solutions to measure out of home's impact on app downloads and ordering, and as you can see here, out of home drove measurable and significant increase in orders from new apps, as well as repeat orders. These RADAR case studies show that out of home works while also driving better digital media performance.

So how do all these positive trends work the line with the fifth trend I mentioned, the change in needs of modern marketers? Well, in general, they're looking to target and reach the right audiences with flexibility to change message quickly, measure and understand the impact, and to do so with speed, simplicity, and transparency, and more of this activity is going through programmatic platforms. Let me share an example to illustrate why this matters. We recently had a call with a chief marketing officer of a large client of ours, and during the call, they shared with us that they've been building a unified data platform to connect their business across their range of brands. They're also in the process of putting in place a demand side platform to be able to buy advertising across programmatic media channels. The expectation, that all media will be measured consistently.

More importantly, this client shared that their out of home is funded from their local budget, which is just 15% of their total advertising spend. National and programmatic come from the remaining 85%. This insight, along with our advances in data and programmatic opens the door for us to compete for incremental budgets as their traditional out of home buying channels would have no visibility into these national funds. These five trends, along with the influence of digital media and programmatic buying experiences, are really impacting how out of home is planned, measured, and purchased. All these trends present an incredible opportunity for Clear Channel Americas to evolve an operational approach

that's more aligned with the expectations and experiences of digital marketers. So with that in mind, I'd like to hand it over to Erica Goldberg, our chief of business operations, who will explain the ways we are responding to these changing marketplace dynamics and client expectations and reinventing our business operations to drive the company to think and act like a digital media.

Eileen McLaughlin:

Okay, thanks Bob, and good morning everyone. As Bob and Scott explained, there is a significant change that is happening in the media industry that is impacting the expectation of marketers and agencies. And while much of this change is being driven by digital media workflows and the role that programmatic advertising plays, it's also influenced by the modification of the agency model that Bob referenced and the need for the industry to work more efficiently. We are responding to this industry evolution by embracing technology to streamline our processes, integrate with customer platforms, and move more quickly to deliver value.

We are changing the way we do business in the Americas to adapt to the marketplace around us, and we have three primary goals. First, to drive more efficiency and productivity in our traditional business, second, to increase demand through the development of new sales channels, and third, to retain advertisers by enhancing their customer experience. So today I'm going to give you an understanding of the progress we have completed to date, the benefits we are already seeing, and the roadmap ahead of us as we continue to embrace a more contemporary approach to managing our business. When I joined Clear Channel, my immediate focus was on all of our current workflows, how our teams were interacting with each other and with their customers, and where are the short and long-term opportunities for impactful improvement. To illustrate, we took a look at how many people and teams across the US organization touched a single contract. So when a customer was looking to purchase advertising from us back in 2014, what was the process we used to simply get the paperwork drafted, routed, and approved. And here is what I found

For each contract, there were 156 manual entries, 90 of which were duplicated, there were nine handoffs that were involved in a process that stretched over three business days. Six approvals were required in six different business systems. So each stage of this process where a handoff was involved was a potential point of failure, and each one of those 156 manual entries is an opportunity for a defect. So I'll come back to this later and explain how we've addressed this opportunity for improvement. For now, let's take a step back to look at the larger vision for modernizing our operations, and this can be broken down into five elements of our workflow. We start with planning and how our agencies and direct customers build campaigns to quickly understand what inventory is available, how much it costs, and how to secure it. Then buying, how our customers and agency partners transact with us. Next activation, how we launch the services promised for our campaign for both digital and traditional printed out of home. Then reporting, providing transparency and clarity on how and when campaigns go live. And finally invoicing, demonstrating the completion of our campaign commitments and the proof of performance so payments can be received.

I'll briefly explain each of these and provide some examples to illustrate the process improvements that we're making, so let's start with planning. So years ago, out of home inventory was owned by each of the individual markets, to the point that Bob made earlier, the primary sales channel was local. So decisions about pricing, and customer priorities, and inventory utilization were controlled within those four walls. But when we introduce the notion that account executives could sell all of CCOAs inventory across all of our markets, the process naturally involved into the AE reaching out to the local market, then negotiating internally to get the inventory the customer wanted at some agreeable price. This happened via phones, and emails, and many, many spreadsheets. So our first step was to unify our approach to inventory management. While our local teams still have the responsibility for building and

maintaining and maximizing the utilization of their inventory, we created a real time view into which inventory is available, they're purchasing history, pricing, and so much more.

Our next step to streamline the planning process was built around the realization that it took far too long for our teams to respond to requests and build plans and proposals, so we centralized the planning process by standing up a unified organization that we call our rapid team. They support the entire sales organization with a fast response service that allows us to move well, rapidly. The team leverages proprietary software that gives them visibility into real time demand and utilization and allows our AEs to present strong strategic solutions in response to the opportunities they develop. Rapid also works closely with our revenue management team to ensure we are pricing our inventory based on the marketplace value, leveraging increased demand for out of home to drive those rates. Rapid primarily supports our national sales organization and multi-market plans, that said, this team prepares more than 1700 proposals each month supporting over 200 different account executives across the US business. And since we've implemented this team, the process of providing proposals has gone from 11 handoffs to two, which is way more streamlined and they deliver same day service averaging a four hour turnaround time.

Now we're leveraging a centralized approach to inventory management and campaign planning, not just to improve our internal productivity, but we're also using these systems and processes to support integrations with key agency partners as a way to further streamline workflow. As Bob explained, the media agencies are going through similar changes and need to move faster and more efficiently. So the improvements we've made to the internal infrastructure allows us to connect to agencies and their technology platforms in the same way that digital media operates. So a good illustration of this approach and the value it brings is our recent announcement of an integration we did with AdQuick.com, an advertising technology platform that is trying to modernize the approach to planning and buying out of home campaigns. For the first time, we are providing an agency planning platform with visibility into not just the presence of our inventory, but the availability. This new capability is made possible through a direct API, allowing for an automated workflow.

So now the AdQuick team can select specific inventory that they are interested in, and then our API returns to AdQuick the timing and the availability of the displays. So to be clear, this doesn't give AdQuick free and total access into our business, there are very specific guardrails and rules built into the query results we provide, but we also have integrations with a breadth of other key agency and technology partners, and these provide varying levels of access to other data via APIs that also further streamline their ability to work efficiently on campaign planning.

The next phase of our operations after the plans are built and negotiated is to go to contract. As I referenced earlier, that process of buying out of home involved paper contracts that were created and routed manually through multiple levels of approval. This paper driven process not only slowed things down, but it also made it very difficult to understand even our own sales data or analyze the productivity of our teams, as all of this work happened offline. So again, took a page from digital media and have developed a comprehensive system for electronic order processing. So now when our sales teams start the process from building a proposal to closing a deal, the information, inventory, markets, timing, pricing, it's all captured within our data. And once an opportunity moves forward to an order, the contract is now generated and routed digitally, giving leadership visibility into deal terms before it's too late to course correct.

If the terms are unacceptable, leadership just sends the opportunity back to the AE to resubmit. But once it's approved, the contract gets sent to the customer for review and approval, all via electronic signature. Our order systems allow our teams to move faster, get contracts processed in a manner more consistent with that digital media experience. And once the contract is secured, we then start that

process of activating the campaign. So we've also modernized and streamlined the processes around our physical operations, similarly, using technology to facilitate a more scalable and more reliable structure. Creative production specification sheets are a necessary part of managing out of home media business, and traditionally, these spec sheets were printed documents, but we now have automated all the data, so when that order is processed, those spec sheets are generated dynamically. They can be sent to customers via API as well, which we have made available to numerous agencies.

We've also connected the creative teams and the steps we use around ordering printed materials. Our creative teams provide smooth and timely workflow to ensure they meet deadlines, then once those materials are printed, we use QR codes to efficiently track printed materials and match them to the contracts to apply the right copy to the right inventory. Back in the day, when a campaign was scheduled to launch on a Monday, what that really meant was that we would start posting the campaign on a Monday and typically finishing it sometime later that week, but we now have our operations staff running on a 10 hour, four day, weekly schedule that starts in the wee hours of Sunday night and into Monday morning, because when a customer expects a campaign to post on a Monday, we aim to post it on a Monday. We've armed each of these installers with a customized mobile device that not only includes their work orders and the routing for the day, but it also allows installation photos to be quickly ingested into our applications as proof of posting.

These tech driven enhancements to our physical operations allows our teams to move faster and deliver a better experience to the customers. So we've also taken a fresh look at how to provide more flexibility on how one can buy digital out of home and more dynamically change ad copy. We have unified our digital operations team to manage all content on all of our digital assets, and this gives us the ability to quickly update ad copy and troubleshoot campaigns through a centrally managed team. We also offer innovative solutions like a digital roadblock, where for five minute intervals, we can lock in all screens in a market or across multiple markets to one message. These roadblocks give advertisers the ability to quickly impact their target audiences at scale and drive a dominant share of voice in a short period of time. Our centrally managed approach to digital operations allows us to easily implement digital out of home programs that utilize dynamic creative customization, so that means ads can vary based on a range of automated data triggers, including time of day, weather, sports scores, and more.

As Kathy will explain in more detail shortly, all of the work that we have completed around these internal systems and integration with partner platforms, including unified digital operations, has facilitated a scalable solution to offer programmatic buyers access to nearly all of our digital inventory. So we've also evolved campaign reporting, which was also traditionally a highly manual process. So as I mentioned earlier, we were using those mobile devices to have our installers take proof of performance photos as soon as that creative is posted, but in addition, we also have high quality digital cameras on all of our digital out of home displays to automatically take photos of digital creative when it goes live. So now our proof of performance reports are published through a new application we call CCO Clear Access, and it provides previously unavailable transparency into campaign posting.

Customers receive an automated notification to take them to the Clear Access website so they can see their campaigns posted in real time, and clear access is directly into integrated to that order system I mentioned before, allowing for faster invoicing and faster payments. So while CCO clear access is still relatively new, we can reasonably assume that the faster we demonstrate that we have delivered for the customer, the faster we can get paid. Anecdotally, one of our major holding company agencies was sitting on a high volume of age receivables, and then soon after the launch of CCO Clear Access, this agency acknowledged the proof of delivery of all the contractual obligations and it resulted in the prompt release of all the payments. So we're seeing early signs of acceleration and collections across other accounts that are now receiving this automated delivery of their proof of performance via the CCO Clear Access application.

So all of this work is bringing more efficiency, more productivity to our traditional business, but it's also enabling new sales channels by laying that foundation for us to compete in the programmatic space. By offering greater flexibility to more customers, we are making out of home more accessible and turnkey, to eventually allow small businesses to plan and buy their out of home campaigns like they currently do with digital and social media. With all this, we maintain a continual focus on improving the customer experience to make it easier for advertisers to stick with us so we can retain and grow their business. So I'm excited and super proud of the progress we've made to date and how we've implemented these technology platforms. Our vision is to offer these customers a frictionless planning, buying, and reporting process from start to finish.

So beyond the work that I've shared with you just now, our RADAR data solutions also enable us to work with these modern marketers, providing data and insights that they can expect from a digital media solution. So I'll hand things over Dan Levi, our chief marketing officer, to explain to you the vision behind RADAR, the solutions we are providing, and the benefits that this innovative platform is bringing to the customers and to Clear Channel Americas.

Dan Levi:

Good morning, everyone. So as Bob explained earlier, today's modern marketer has an expectation that they're able to reach the right audience segments, measure and understand the impact of their advertising, adjust their approach based on these learnings, and do all this with flexibility, speed, simplicity, and transparency. So now I'd like to explain to you how we address these areas through our integrated suite of data solutions that we call Clear Channel Outdoor RADAR. So let's start with the basics, what is RADAR? RADAR uses an analysis of an anonymized aggregated mobile location data to understand where people go and what they do in the physical world, and the role that out of home media plays in influencing their behavior. RADAR is about helping marketers more effectively plan, measure, and amplify the impact of their out of home campaigns.

It's about bringing that digital orientation to the physical world of out of home by focusing, not just on the locations of the displays, but on an understanding of the audience segments reached and how they're exposure to out of home drives measurable changes in their behaviors, and it's about doing this with as many of our customers as possible, whether they're national or local, large or small, programmatic or direct. It's about unlocking the power and the true value of out of home, especially in today's digital and data led media industry. So RADAR consists of four productized solutions that each provide a different type of value to advertisers, and we'll start with RADARview at the top. So RADARview is our audience planning tool, it provides a map-based interface that combines aggregated

Dan Levi:

... Aggregated demographic data, behavioral insights, and location targeting to easily discover and select the inventory that most efficiently delivers a customer's desired audience. RADARConnect is our campaign amplification solution and it allows us to deliver ads across mobile and other devices to amplify the impact of out-of-home advertising. RADARProof is our suite of attribution solutions. It provides the ability to not just answer the question, did it work, but also to understand why and to uncover ways that we can potentially improve results moving forward. And finally, RADARSync is our data integration platform. It allows us to onboard our customers' data to use across these RADAR tools, while also allowing us to send the RADAR data and insights into our customers' data and analytics platforms. The key to understanding the RADAR products is that they're built to be interoperable. They're structured to allow us to pass data between the platforms and between CCOA and our partners all in a privacy compliant manner.

The first question that people oftentimes ask is, where do we get the data for RADAR? RADAR's built on an understanding that as we move around the world, throughout our days and in our daily journeys, we have our mobile phones with us at all times, and there is a wealth of mobile location data that's generated by these devices. The data that we obtain from our partners come from location aware apps where consumers have opted into their location data being used for analytics and marketing purposes. Now, to be clear, we only view the data anonymized and in the aggregate. How do we analyze and apply these data? Well, we've developed a differentiated approach to align with the unique aspects of the out-of-home medium. And it starts with an understanding that out-of-home is inherently a directional medium, so it's important that we not just understand the devices that are near our billboards, but whether these devices actually represent the people who have the chance to see the displays.

We developed a custom exposure methodology to get to a high degree of certainty that a device that passes our inventory actually represents our audience. We're interested in understanding not just the directional movement of the device, but also the viewing distance from the displays, frequency and recency information, and in the case of digital out-of-home, whether the device was exposed while a specific digital ad was playing. We work with our data partners to understand the audiences reached and the impact that exposure has on the consumer's behaviors in the aggregate for a wide range of clients and campaigns. And so with that foundation, let's dive in a bit into each of these RADAR solutions. And we'll start with RADARView. RADARView helps our clients find the best inventory to reach their customers. Based on that exposure methodology and approach that I just explained, information from the devices that are exposed to our displays is analyzed, looking back in time to understand prior device activity.

We rank each of our displays in terms of its efficiency in reaching more than 1500 audience segments for which we analyze these prior behaviors. Rankings are applied to each piece of inventory to understand its relative efficiency in reaching each audience segment. Now it's worth acknowledging here out-of-home will always be a one to many medium, which is why RADARView has to be about efficiency. RADARView helps our customers choose inventory that has the greatest likelihood of reaching their target audience segment by identifying the inventory that has the highest concentration of its audience that aligns with the customer's target. Plans can be built through a flexible combination of this behavioral audience data, demographic information, location, proximity to a wide range of points of interest, the form of the display itself, and many more. RADARView also helps our teams understand our customers' business. We train our sales and marketing teams to use RADARView as a discovery tool with potential clients by gathering information from the prospect, how they define their customer, how they're different from their competition, where their stores are or their business trading area is.

Our sales teams and marketing teams can use RADARView to build custom plans for these prospects. Now, the premise behind RADARConnect is pretty straightforward. out-of-home has been proven to be an effective primer for mobile ad performance. Said differently, if you're exposed to an ad on the massive scale of home and then you're subsequently exposed to the same ad message on a mobile device, it tends to drive significantly better performance. We built RADARConnect as a turnkey solution to manage these mobile programs for our customers. We track and optimize the performance to drive the best results with customers receiving a weekly dashboard so that they can understand how their campaign is pacing and performing.

As I mentioned before, RADARProof is our suite of campaign measurement and attribution solutions. And using that same exposure methodology, that's a hard thing to say, exposure methodology that I just described, this time we observed the devices that are exposed to a customer's campaign, and then in the aggregate we observe what happens after the exposure. With RADARProof, we're looking to understand not just if the campaign performed for the customer, but we're also looking to gain actionable insights that allow us to help deliver even better performance in the future. Now, we've been

measuring out-of-home performance now for over six years in the US. We started with the KPIs that are most traditionally associated with the value of out-of-home, namely visits to stores and our impact on brand attributes like purchase intent and ad awareness. And when we started measuring these, it was a pretty innovative approach, but now these top of the funnel KPIs have become table stakes for many in the out-of-home sector.

We focused on solving how to measure a wider range of upper, middle, and lower funnel behaviors, and we've made really great progress. By partnering with best in class analytics partners and continuing to innovate on ways to use mobile location data, we've been able to connect out-of-home exposure to a wide range of KPIs, including app downloads, online engagement, TV viewership, specific product purchase, travel tourism behavior and more. We work closely with our sales team and with our customers to understand the other challenges that they face and then we work to solve these problems using our approach to data analytics. We now have more than 100 case studies that demonstrate the efficacy of out-of-home and among other applications, having this library of studies gives us the ability to establish actionable insights that impact how we work across key verticals. In this example, we analyze the results from a range of visit studies in the quick service restaurant category or QSR, fast food.

We've consistently seen that for people who visit a QSR store after being exposed to ads on out-of-home, over 50% of them travel more than five miles from their home, their office, or the last location of the billboard ad that they were exposed to. Why does this matter? Well, traditionally, QSR has been purchasing billboards by a proximity targeting or only selecting inventory that's within a short distance from their stores. But by being able to demonstrate to our clients that their customers are willing to travel longer distances to visit the QSR brands that they prefer, we're able to make a case for a broader usage of out-of-home. RADARProof has developed way beyond measuring visits to retail locations. And as I mentioned, we have a library of over 100 case studies that demonstrate how we're measuring out-of-home's ability to impact upper, middle, and lower funnel behaviors across a wide range of client verticals, including auto purchase, consumer package good sales, streaming video viewing, app downloads, orders from apps, website visits, website conversions, and many more.

And we believe this case study is most representative of where we are today and where we're headed with RADAR and importantly how these data solutions are supporting those sales strategies that Bob spoke about earlier. In 2021, we ran a program to support Twitch's Streamer Bowl event. We used RADAR data for the inventory selection, and we sold a campaign that combined programmatic and direct purchase digital out-of-home to most effectively reach the locations and the audiences that the client needed. We applied an innovative approach to RADARProof measurement that delivered measurable results for this digital media platform. But honestly, this case study slide doesn't do this justice. Here's a video that the client at Twitch produced that tells the story of the success of the program from their perspective. Can you please run the video?

Speaker 1:

Gamers, they're competitive, they're coordinated, they're laser focused, except when it's an ad you want them to focus on. Streamers were teaming up with NFL stars for Twitch's second annual Streamer Bowl in Fortnite, and Twitch wanted to bring gamers to the platform to watch, but the place where they were spending most of their time was also where they were poised and ready to ignore our ad and get right back to playing. In a first ever move, we adopted the strategy of the best Fortnite players. We waited it out. Instead of the tried and true tactic of reaching them on platform, we waited for our gamers to emerge from their layer and found them in the real world with out-of-home units around their cities.

We used data to find the exact gamers we wanted to lure them into their next game. We picked just the cities whose NFL stars were participating in the tournament. Then we overlaid GameStop shopper data, a favorite retailer of gamers who also loved the NFL, to make sure our gamers were qualified. Did this unprecedented strategy work? Compared to digital ads, gamers who saw our out-of-home ads were 23 times more likely to tune into Streamer Bowl two. Our out-of-home generated a 245% incremental lift in onsite viewers and a 90% incremental lift in time spent on the site, proof that the strategy of Fortnite players can apply to media strategy too.

Dan Levi:

As I hope you can see from these case studies and from that video especially, we're not only answering the question does at home deliver measurable results, but we're also driving innovation in our industry and opening doors to use cases for out-of-home that previously weren't contemplated. Which brings us to RADARSync. RADARSync is what enables much of what I just shared with you, allowing us to apply these RADAR solutions in a customized way for specific clients. We work with leading identity resolution partners like Live Ramp, New Star, and others to match our data against our customers' supplied data. Our analysis is done in a way that's tailored to our customers' specific audience targets and goals. Now for audience planning, RADARSync allows us to onboard our customers first and third party data and in a privacy compliant way, input these data into RADARView to segment our inventory based on our ability to reach the customer's specific audience targets.

This continues to be a differentiator for CCOA and it's another example of how we're trying to reinvent the out-of-home buying experience to be more consistent with how digital media is planned and purchased. For attribution, we can also use RADARSync to allow for our data to be ingested into our customers data and analytics platforms, again, in a privacy compliant way. That Twitch case study and video that we just showed, that worked because we were able to pass anonymized and aggregated device exposure information into Twitch's analytics platform. Twitch then did the analysis and reported the results back to us. As we showed with Twitch, RADARSync allows our customers to understand not just of out-of-home deliver results, but how it performed in the context of other measured media. And this is especially meaningful and important as the industry moves towards an embrace of multitouch attribution and omnichannel media planning in particular for programmatic buys.

It's also fundamentally important as more and more clients prioritize their use of their own first party data given the evolving landscape around data privacy. Without our ability to responsibly work with our customers first party data, the future applications of RADAR would be much more limited. To put a finer point on this, we've gone from out-of-home being a medium that clients traditionally assumed couldn't be measured to a medium that's not only being measured but is being done so alongside and in conjunction with other digital and traditional media. This continues to be a differentiating capability of ours, one that's opening doors and creating opportunity that previously wasn't accessible. And so with that, this is a great opportunity to transition over to Cathy Muldowney, our SVP of Programmatic sales, who's going to talk to you more about our programmatic successes and solutions. Cathy.

Cathy Muldowney:

Thanks Dan, and good morning everybody. As Bob mentioned earlier, programmatic advertising refers to the use of automated technology for media buying. It involves the use of data and algorithms to serve ads to the right target audience at the right time at transparent prices. And it provides marketers with data to understand and optimize performance in real time. Before speaking further about CCOA's specific programmatic solutions and successes, I thought it would be helpful to briefly explain a bit more about how programmatic transactions work and the technologies involved. Great. In the programmatic

world, Clear Channel Americas is considered a publisher or a media owner. In order for our inventory to be purchased programmatically, we need to ensure that it is part of the programmatic ecosystem, which is driven by three key pieces of software. First, there are ad exchanges which are digital marketplaces where publishers can sell, buyers can buy, typically through a realtime auction process. Ad exchanges allow advertisers to easily buy ads across a range of publishers instead of negotiating buys directly with each individual publisher.

The supply side platform, or SSP is used by publishers to sell their inventory. SSPs allow publishers to connect their inventory to multiple ad exchanges in DSPs at once, exposing available inventory to multiple potential buyers while also giving them control over pricing. This is typically done by establishing something called floor pricing. Some examples of major SSPs in programmatic out-of-home are Vistar Media, Place Exchange, and Magnite. The DSP, or demand side platform, is used by advertisers and agencies to purchase ad inventory. DSPs help advertisers buy efficiently as the buying parameters are set up, and then the platform transacts in real time. DSPs also analyze and optimize for reach, impact, pricing and other outcomes. There are DSPs who specialize in programmatic digital out-of-home like Vistar Media and those that offer digital out-of-home as part of their omnichannel solution like Google's DV 360 to Trade Desk, Yahoo, and others.

Finally, there are two primary types of programmatic transactions that you'll see in out-of-home. First, is a private marketplace or PMP, which is a transaction that is set up directly between the buyer and the publisher where the publisher controls the inventory that's included in the transaction, which is then conducted in a biddable environment. For PMP transactions, CCOA will typically structure the deal around the buyer's targeting criteria, which oftentimes leverages our RADAR audience data. PMP is our predominant buy type, which allows our programmatic sales team to have more transparency into the client needs and strategies and to negotiate preferable terms to increase the likelihood of campaign success. The second buy type is through the OpenExchange. OpenExchange buys have less of a focus on specific publishers and may only provide limited information about the available inventory. Any publisher whose inventory is listed in a participating SSP can be purchased as part of an OpenExchange buy. OpenExchange buys can serve as an entry point for new advertisers to begin testing programmatic out-of-home while allowing us to scale up our programmatic customer base.

As Bob and Scott alluded to earlier, our focus on programmatic digital out-of-home is influenced by the tremendous growth of programmatic across other digital media types. Looking again at this chart, you can see that in 2011, only 9% of the \$12 billion digital display ad business in the US was transacted programmatically. By 2021, when the digital display sector had exploded to 119 billion, 89% of that advertising was conducted programmatically. We have seen similar adoption and growth of programmatic across other digital media types like connected TV and audio and expect the same for the ability for it to drive significant growth in the digital out-of-home sector. As I'll explain in more detail shortly, an embrace a programmatic is also a way for CCOA to open new doors to working with customers who otherwise would not be buying out-of-home. And it's happened to demand from digital marketers who prefer to transact programmatically.

Clear Channel Americas has been at the forefront of the evolution in programmatic out-of-home. Our innovations and the approach we've taken have differentiated us in the marketplace and set us up for rapid growth. As you can see here, over the last six years, CCOA has been actively building out our programmatic technology, relationships, and sales infrastructure. We have brought to market many innovations, new products, and solutions that allow programmatic buyers to leverage the strength of out-of-home through the platform and automated processes that they already use to transact. We maintain an ongoing focus on bringing innovations to market and working with our customers to test new solutions. We are expanding the universe of buyers who can access CCOA's inventory programmatically and solving the challenges of digital marketers. As a marketplace where programmatic

digital out-of-home expands, and importantly, as the business continues to evolve, we are focusing on four primary areas of a programmatic business that we feel are key to ongoing growth and success. And these are driving scale, accessing new customers, ensuring incrementality, and providing innovative data solutions. I'd like to briefly explain our approach in why each matters.

Let's start on how we're scaling our business. One key to success in programmatic is to ensure that our audiences and inventory are discoverable and can be bought by as wide a group of buyers as possible. This has led to us integrating with a range of SSPs and DSPs, both omnichannel and point solutions that specialize in digital out-of-home. We've also developed our own technology to allow us to transact across multiple SSPs. Our real time bidding platform allows our systems to respond to demand for multiple SSPs simultaneously. The RTB service effectively enables a waterfall of prioritized programmatic demand. As spots on our digital boards become available to programmatic buyers, we surface these opportunities to multiple potential bidders at the same time. The RTB service then prioritizes the demand based on which bidder offers the best rate for each available ad spot. We partner closely with our technology and business operations teams and we have a dedicated product manager on the programmatic team to ensure that there's an ongoing focus on our customer needs and how our solutions can evolve to best serve them.

We believe that our US business stands out in that we have a dedicated programmatic sales team. In fact, five years ago, I was the first programmatic sales hire. We've since built the team to where we are today. We have six dedicated sales people dedicated to driving demand from programmatic and digital buyers, along with a support staff of account managers, sales planners, and operations people. You may ask, why do we need a dedicated team of programmatic sales people to sell the same exact inventory that our national and local out-of-home sellers can sell? Well, the fact is that programmatic buyers and their needs are very, very different than the traditional out-of-home buyers. While many of the programmatic processes are automated, the reality is that it's the people empowered by the data and technology that are what drive the programmatic ecosystem.

Our sales team is charged with not just building consultative relationships with the largest digital and programmatic agencies, but also with understanding what these customers' unique needs are. Remember, programmatic digital out-of-home is still new for most advertisers. They need to understand the opportunity and technologies along with how to leverage a medium that most have previously not purchased. Given our dedicated team in six plus years of experience in the programmatic out-of-home ecosystem, many clients and agency partners are coming to CCOA for guidance and help on understanding how to best use our medium. There is also an ongoing trend of marketers bringing their programmatic advertising in house away from agencies. This trend towards in-housing is driven by the importance of data, particularly first party data, as Dan explained earlier. Marketers are thinking holistically about their customers and the application of their data across all media channels. The move towards bringing programmatic buying in house allows them to be nimble, to use their data effectively and operate in a way that is more about the customer experience and less about traditional, immediate channels.

A dedicated programmatic sales team allows us to access new business opportunities and new budgets that we otherwise would not have access to. As digital buyers start to focus on programmatic out-of-home, and as traditional out-of-home buyers start to embrace programmatic as a new way to transact, we believe it's critical that we approach account development strategically to ensure that we're creating incremental revenue opportunities. None of these efforts matter if we're simply taking money from one pocket and putting it into the other. Our programmatic sales team works very closely with our traditional sales teams. The focus is on making sure we understand the customer needs, how they want to transact with us, and how we can leverage all of our capabilities to best serve their needs and maximize our overall revenue potential. This gets particularly important as the out-of-home specialist

agencies adopt programmatic buying. Just like we have, the out-of-home buyers are realizing that they need to modernize their approach and programmatic is one of the solutions that they're embracing.

In terms of incrementality, it's noteworthy that in 2021, the vast majority of our programmatic revenue came from programmatic digital agencies or client direct relationships. Finally, as Dan illustrated earlier, CCOA is at the forefront of innovative work with data and analytics. And my team has been an important internal customer as we develop and implement innovations and measurement. We often talk about how the programmatic customer is the most data savvy customer allowing us to work with them to understand product requirements and partnering on testing of new solutions. We have worked for a number of years to develop a way to measure the impact of programmatic out-of-home campaigns. We tested this approach initially with a handful of our programmatic customers five years ago, and we're now providing measurement at scale across many of our programmatic campaigns. These studies are typically provided after the campaign is completed, allowing us and the customer to understand how the campaign performed and whether there are actionable insights that can be applied in the future to drive better performance.

However, as I explained earlier, one of the benefits of programmatic advertising is that it comes with a return path of data that the advertiser can use to understand and optimize the campaign's performance in or near real time. We believe that RADARProof is a powerful tool, however, RADARProof measurement is typically provided after the campaign ends. With that in mind, we are in the early days of developing a scalable solution to provide actionable insights mid flight, in order to give digital buyers the experience they expect and allow them to apply the learnings while their campaign is still running, not just for the next campaign. We are now alpha testing an approach to mid-flight insights initially focused on providing this differentiated capability for two of the common most forms of measurement, brand surveys and store visitation. Our ability to prove this approach and demonstrate the scalability of it will allow us to expand these solutions over time, making programmatic digital out-of-home measurement more consistent with other digital channels.

Moving forward, programmatic out-of-home is still considered an emerging channel and the opportunity for it is still largely untapped. There remain a handful of scale players in programmatic who have not yet fully embraced digital out-of-home as part of their solution set. We see this as a major opportunity. The foundational work we've done, the successes that we've seen, and our approach to building technology and data solutions allow us to be active partners with these major players as they build out their solutions around programmatic out-of-home. There is also the opportunity for CCOA to partner more deeply with those already focused on programmatic digital out-of-home. Our RADAR data solutions and the way that we've modernized our business operations and technology platforms give our US business differentiated solutions that bring more value to partners. We are also focused on communicating the importance and value of our large format premium out-of-home inventory, especially as it pertains to brand safety and performance.

We need to ensure that we don't allow the industry to position all the screens as being equal. There is a big difference between advertising on finite premium airport inventory that reaches business travelers or high profile displays on major roadways that reach large audiences at scale versus screens on key making machines, coin counting machines, or in specialty retail environments. We believe that a focus on the premium quality of our inventory will be a key factor as the programmatic out-of-home sector matures. With our differentiated inventory, our dedicated programmatic sales team, our robust technology infrastructure, innovative data solutions and deep industry relationships, Clear Channel Americas is well positioned to drive growth and maintain our leadership position in the rapidly scaling programmatic out-of-home marketplace. And now we will take a 15 minute break and Brian Coleman will end our presentation. Thanks.

Brian Coleman:

Avi just pointed out that our stock price is up and I'm the last presenter, so if it doesn't end up then it's on me, I guess. In any event, good morning. Let me join Scott in welcoming you to our first investor day. As you've heard on our last couple of earnings calls, as well as from the speakers presenting before me today, the company continues to execute operationally as we emerge from pandemic impacted quarters, and we continue to thoughtfully evaluate the shape of our portfolio through initiatives such as the strategic review of our European operations and our capital allocation processes, which is focused on digital and technological initiatives primarily in the US. As many of you know, on August 9th, we provided our second quarter earnings presentation, which I will not repeat in this presentation.

And we'll focus on what many of you have been asking for, expanded disclosure, enhanced guidance, and a long range outlook. And if there's one thing that you take away from my comments today, I hope it is this, we believe Clear Channel Outdoor Holdings Inc., has significant cash generating capabilities, particularly as we grow the business. When Scott kicked off today, he said the focus would be on our America's business and we'll cover some specific America's information related to revenue and inventory, but also some broader financial measures that we will show on a consolidated company basis. Since our separation from iHeart Media in 2019, we've added quite a bit of disclosure about our business. We've expanded the disclosure related to our revenue, including quarterly guidance by segment, providing digital revenue highlighting how it is a primary

Brian Coleman:

...primary growth driver, separating out transit revenue as well as national and local revenue. In addition, given the significance of site lease expense, we thought it was important to begin including this disclosure as well. And in the second quarter, we expanded our annual CapEx guidance to include the percentage related to Americas and Europe, as well as growth versus sustaining or maintenance CapEx. We also enhanced our inventory disclosure, adding segment reporting, and updating our financial measures to include adjusted EBITDA and adjusted corporate expense.

Today, we're going a step further in providing a market-by-market view of revenue and inventory in our top 15 US markets, split by digital versus non-digital and billboard versus transit. Furthermore, we're providing revenue details on our Americas airport business. Please note this includes all of our airports around the US and Caribbean. So for example, the New York Port Authority contract is included in the airports line rather than the New York market. The information on this slide is for the 12 months ending June 30th, 2022. Going forward, we'll provide this table each year as part of our annual reporting process.

A couple of items to call out. On the left side of the chart is the percentage of revenue by market. Our top 15 markets in the US cover approximately 80% of revenue, excluding revenue from airports. You can see from the slide the concentration is relatively spread out. Los Angeles is obviously a key market for us, but our next tiers of markets are all generally similar in size.

Investing in digital has been a key part of our strategy, and digital now accounts for 38% of Americas total revenue in the 12 months into June 30th. Our Americas airports portfolio is just under 20% of Americas total revenue and represents the majority of the Americas transit-related business. The airport's business is performing extremely well as the rebound in travel and the investment we have made in high-impact digital signs, as well as investment in key new contracts like the New York Port Authority, are driving growth

On the right side of the chart is the inventory located in our top 15 markets based on revenue, total Americas markets excluding airports, followed by airports, and then total inventory. We have over 70,000 total displays across the country with 65% in the top 15 markets. And as I just noted, Los Angeles

is a key market for us and contains the largest number of billboards. New York is our third largest market based on revenue, but has substantially fewer billboards, which shows the strength of that market. As Scott pointed out earlier, our digital inventory accounts for just under 7% of our total displays including over 1600 large-format digital billboards.

Today, we are also providing a new non-GAAP measure, Adjusted Funds From Operation or AFFO. While we are not a REIT and are not currently in a position to explore a conversion into a REIT in the next few years, we are presenting this REIT performance measure to provide better comparability to our two primary domestic peers and because we believe AFFO is already among the primary measures used by our investors, analysts, and competitors to evaluate our operating performance. Therefore, we have calculated this measure in a manner consistent with such peers.

We are presenting this on a consolidated company level with both fiscal year 2021 and the first half of 2022 results included in this presentation. We are happy to say that we have positive AFFO for both of those periods with 36 million in fiscal year 2021 and 65 million in the first half of 2022 and, as you will see in a few slides, anticipated to grow going forward.

During our second quarter earnings call, we provided third quarter revenue guidance for Americas, Europe, and consolidated in addition to capital expenditure guidance and cash interest payments. We are not seeing any softening in our business and are confirming the guidance included on this slide.

And that's a good transition to the full year 2022 guidance. The guidance is in US dollars, and the guidance for both Europe and consolidated excludes movements in foreign exchange. We expect consolidated revenue in the range of 2.6 to 2.635 billion, a 16% to 18% increase over fiscal year 2021.

Americas revenue is expected to be between 1.355 and a 1.375 billion. And that's a 15 to 17% increase compared to fiscal 2021, and it's expected to exceed fiscal year 2019 revenue by approximately 6 to 8%. Europe's revenue is expected to be between 1.17 and 1.19 billion, a 16% to 18% increase compared to fiscal year of 2021. And adjusting for foreign exchange, this is in line with 2019.

As you can see, we are providing guidance for adjusted EBITDA. Adjusted EBITDA is expected to be between 560 and 590 million, a 32 to 39% increase over the prior year. Americas adjusted EBITDA is expected to be between 555 and 570 million, 11 to 14% increase compared to fiscal year 2021 and is expected to exceed fiscal year 2019 by approximately 9 to 12%. Europe's adjusted EBITDA is expected to be between 130 and 145 million, a substantial improvement over fiscal year 2021's adjusted EBITDA of \$50 million.

Adjusted corporate expense is expected to be between 125 and 135 million, so basically in line with fiscal year 2021. And our CapEx guidance is consistent with what we provided during our second quarter earnings call of 185 to 205 million with Americas CapEx between 105 and 115 million and Europe's CapEx between 65 and 75 million.

Cash interest payments are expected to be approximately \$341 million. And lastly, our new non-GAAP metric, AFFO. We expect AFFO to be between \$160 million and \$180 million. So as you can see, our business is on a strong, positive trajectory.

Starting with our Q4 earnings, we will provide this expanded guidance, which will include annual revenue guidance in addition to the quarterly guidance we have been providing. We have added in annual adjusted EBITDA and adjusted corporate expense guidance. CapEx guidance will remain the same. However, we will provide annual guidance on our new performance metric, AFFO. We intend to update the annual guidance each quarter as appropriate, providing more visibility into our current expectation of future performance. And as always, we will continue to assess how we measure our performance as our business evolves, as we execute on strategies, including the strategic review of our

European business. This may lead to further change, further disclosure changes as we progress throughout the year and beyond.

Now, we'll move to a discussion of our long-range outlook for Clear Channel Outdoor Holdings. First, we should note that the figures being presented today reflect our expectations as of today and do not contemplate either a recessionary or excessive growth scenario. However, I do want to point out that out of home growth has been fairly resilient over time, particularly in normal cyclical recessions, and we are not seeing any signs of slowdown in our business.

We believe the most important thing to achieving our growth plans is, first and foremost, driving revenue as incremental revenue generally drops disproportionately to the bottom line due to our operating leverage. As you've heard from our team throughout the presentation today, we are pursuing several avenues to drive incremental advertising dollars to out of home and, specifically, to our Americas business. This contributes to our anticipated consolidated revenue growth CAGR of 4 to 6% between 2022 and 2025. This includes assumed growth from our continued investment in digital deployments as well as the strategies presented by the team today.

Using this as a base, you can see we expect that our strong operational leverage allows us to improve adjusted EBITDA at a rate higher than the revenue growth, between 7 and 10% CAGR. And finally, we expect to be able to generate still further growth in consolidated AFFO with an expected CAGR between 10 to 20%. The cash-generating characteristics of our business along with our extended debt maturity profile gives us optimism and confidence that as the company continues to execute upon its operational plan and advance its strategic initiatives, we believe it will be able to grow operational cash flow and create incremental stakeholder value.

So in summary, we are growing our consolidated revenue at an attractive rate, even as the global economy faces uncertainty, and other ad delivery platforms are coming under pressure. The investments we are making in our technology and digital footprint are fueling the strength in our top line. And as we grow our consolidated revenue, we expect to increasingly benefit from the operating leverage in our model and the cash-generating capabilities of our business. We have ample liquidity on our balance sheet, no near-term debt maturities, and have the levers to adjust our cost exposure should we see any impacts from the broader economy.

And with that Scott, Bob, Erica, Dan, Kathy, Dave, and Wade will join me onstage for our Q and A session. But first, please give us a few minutes while the Westin team sets the stage. Thank you.

Scott Wells:

Okay. For those of you in the room, we have Clementine, who will have a microphone, and I'll just ask folks to raise their hands, and she'll find her way to you, and we'll have you get a chance to ask questions. Please identify yourselves when you ask, because we do have a lot of people listening online. And for those of you online, if you could just use the Q and A function on the portal. Eileen will be facilitating, getting those questions to us in the room. But Clementine, why don't we start here in the middle back?

Jason Bazinet:

Hi, it's Jason Bazinet from Citi. I just had two questions. Can you talk about how you guys internally think about the trade-off between selling some of your assets today to de-lever more quickly as opposed to - and I'm talking more in the Americas - as opposed to going more slowly and organically growing EBITDA, to get leverage to a more reasonable level? That's my first question. And then second, is it crystal clear to you what the structure of your firm looks like three to five years from now? Is there a crystal clear in-state in terms where you're headed? Thanks.

Scott Wells:

Sure. I think we've been pretty clear about this, and Brian, you should weigh in. We really have no intention of selling assets in the United States. I think one of the things that's really important, while our leverage headline number may be a daunting number, I think through the looking at AFFO, part of the reason why we're presenting AFFO is to just illustrate the comfort level we have with servicing our debt and with the long runway that we have, that we can manage our way through that. I think you will see us active in the M&A marketplace as an acquirer, and you'll see us active in the M&A marketplace, divesting various parts of the business. But the US is not going to be priority in the divestment, because we have a well-informed and quite strong view of the value of the scope of our footprint that we have.

That gets, I guess, to your second question in terms of a crystal clear view. I think if those of you who've watched this team over the last bunch of years have seen that we have moved in a pretty thoughtful way in terms of declaring what we're going to do, executing it, and then refining it. The way we talk about things today is maybe not exactly the way we talked about them five years ago.

But you can see, and if you look at particularly Erica's part of the presentation today, you can see the progress that we have made in terms of greatly changing a business that never went through a crisis. And I can't emphasize enough how important that aspect of it is. And it's not just on internal operations of our company in terms of making change, but trying to drive change in a company that has not gone through an existential crisis is a lot harder than doing it in a company that is seeing revenue vanish because advertisers have disappeared.

And change may not be as fast as some of us would have liked or would prefer, but that ability to get there, and the ability to actually execute as a digital media, even if still a very large portion of our assets are printed, is very salient to us. And we think it's an exciting place for us to be. And we know our advertisers value both the digital, immediate type inventory as well as the more sustained position through the printed inventory. And so we think that's going to be part of the mix for a long time to come. And yeah, I think we quite a clear view of it, and I think we've painted a lot of that picture for you all today.

Clementine, you want to bring it up to Jason?

Jason Kim:

Thank you, Jason Kim from Goldman. Thanks for the details today. You talked a lot about the digital initiatives, not just the buying experience with advertiser, but how you approach your operations in general. Holistically, where do you feel like your asset base is today in your digital transformation? Not just talking about digital displays, but technology, people to drive the process. Where do you think you are today in terms of the resources you have today? What additional investments do you feel like you need to make? Or is it more of execution going forward?

Scott Wells:

Sure. I'll touch on a couple of thoughts, and then, Erica, maybe you can pile on. It's a hard question to answer, because the marketplace changes pretty constantly. But if you think about the process that Erica laid out, the five steps that we're working our way through, we have made really good process on getting to electronic contracts and getting to where we actually have the ability to link to our customers.

I think the bigger question at this point is how quickly will our customers get to where they're ready to link to us? We highlighted AdQuick. That's a partner that has moved farther and has a very clear vision of what they're trying to do in the out of home space. For most of the large holding companies, out of home is one among many media that they're trying to plan for and that they're trying to optimize for.

The pace of change is not just dictated by us. It's also dictated by how the counterparties line up, and that's where I'd love to have you just share some thoughts about what you're seeing and how that's playing out, Erica.

Cathy Muldowney:

Yeah, absolutely. I think that's why we focused so much on the internal, just to be ready for when the industry was going to jump on the bandwagon. I think it's really these partners, what we've done with AdQuick or with a lot of our agency partners, it's now just expanding that breadth into more than just visibility or transparency. It's into workflow. And it's really getting that between our partners and ourselves, just to make the buying process more simple.

I think there's a lot of players in the industry that come in and say, "We can make it better for you. We can make the out of home buying process easier." But they're not us. We know how to make the buying process more easier. I think the more integration or the more we combine with the players who are already in this space, we can then take that and expand it into these small businesses, into the inside sales that Bob spoke about, into ways of self service, where we can continue to apply that technology and almost make it replicate what you have for social media today.

So I think there's a lot we've done, but there's a tremendous amount that we can do to share the customer base with those digital medias that are out there today.

Scott Wells:

Eileen, do you have any online ones? Not so far? Okay. Other questions in the room.

I guess, Clementine, right, the gentleman right next to you.

Aaron Watts:

Hi, Aaron Watts from Deutsche Bank. Just had two. I guess I'll start with, I'd be curious to hear your latest observations on how pricing in the programmatic marketplace is behaving relative to the traditional marketplace, especially in light of those programmatic buys being shorter duration in nature, presumably, and potentially more susceptible to economic volatility or uncertainties?

Scott Wells:

Sure. A couple thoughts on this, and then I guess Kathy and Wade, the two of you can ham and egg it on the rest. It's a premium product, as you alluded to and Kathy talked about. Where we set the floors of where we would transact is above where we might be willing to transact if somebody was going to buy it for a lengthy period of time. In terms of the trends though, I think Kathy or Wade, the two of you should weigh in.

Wade:

Sure. We set the floor prices, as Kathy mentioned during her presentation. We're very comfortable with the transaction happening at those floor prices or above, based on the demand that we see from the buy side, their appetite to meet us at those floors or a bit above them. And we have not seen any challenges in achieving those floor prices that we've set. And in fact, many of the transactions that do occur, especially in our private marketplace, but also in the open exchange, are exceeding that to a healthy degree. So we're very satisfied with the degree of demand and the yield that we're getting from our inventory programmatically.

Aaron Watts:

Thanks for that. Just one quick follow-up for Brian. I heard you say that you're not seeing any softness in the business as a result of some of the economic uncertainties yet. In the fourth, implied in the fourth quarter, it seems like growth is slowing, focusing on the US. Is that more a comparables issue where you have tougher comps, I take it?

Brian Coleman:

It actually is in the US. That's what you're seeing. It's not anything we're hearing or seeing in the current environment right now.

Scott Wells:

And it's definitely comparables related. We had an outstanding fourth quarter, really outstanding second half last year. So we're getting back to more ordinary course type comps.

Now, [inaudible 01:50:56], I think you had a question. Clementine, why don't you... Middle of the row is always a challenge.

Speaker 2:

Hi, folks. I had a few questions, if you don't mind. I wanted to dive a bit deeper into opportunity, if you could discuss what that experience will look like for small businesses. Are we thinking, is it going to be more about prepackaged solutions sold through web portal, or will it be a greater degree of customization and targeting, akin to social media buying? When do you think this would become a reality and be impactful to numbers? And sorry, as part of that, what is the marketing education process to getting that long tail of small businesses to adopt this new channel?

Scott Wells:

Sure. There's a few things in there, and I'm going to definitely tap a few people to help as we answer it.

First of all, we do not have a self-service portal today. We tried to make that clear in our colors on the slides. There is not an offer. What we do have today is we have the beginnings of an inside sales team, and that team will be focused on selling in packages. And we are planning to use the technology that we develop to support that team to be the underpinning of self-service. So self-service will be sometime further out in the future, I think, probably a couple of years. This is not a 2023, we're going to have a bright, shiny self-service thing, I would not expect, because by setting up the inside sales team, to be able to transact in that targeted, packaged way, you'll be able to build a lot of the infrastructure that you need, because it's not how we sell it all today. That's the first part of it.

In terms of functionality, Erica, why don't you talk a little bit about how we're thinking about it in terms of comparability to social media and things like that, what'll be similar, what'll be different?

Cathy Muldowney:

Yeah, of course. I definitely think you have that, to Scott's point about the packages, like you mentioned, the simplicity of the buy, of the offering. I think it will be very similar, or our ideal would be very similar to social media around the targeting and around the selecting of the audiences, as Dan spoke so prolifically around radar and what it adds by having that type of audience or behaviors that we can go after. We can relate our inventory to driving home to that same message. And that's how a lot of our tools will focus, will be around who you're trying to reach, who your audience is, and keeping that

flexibility around the delivery of the inventory on the platform. So I think it will be very similar. We just have to get there.

Scott Wells:

Yeah, and maybe Dan, maybe talk a little bit about what we've learned in lead generation and how that... because you talked about the marketing education part of it. And we're actually pretty far down that part of it. Maybe talk a little bit lead gen.

Dan:

We've been, for the last couple of years, we've been embracing inbound marketing in a way that we haven't in the past, primarily leveraging search marketing as a way of identifying the demand that's out there, that may not necessarily be getting directly to our sales team. And we've demonstrated an ability to really scale that and drive those leads into our sales organization in a way that is becoming meaningful.

But I also think it's worth acknowledging that, I hope what you're taking here, is all of these elements of change are building on top of each other. Kathy spoke about the early work we're doing around things like midflight insights to get to a point where we're ready to support a self-serve model. We have to be able to have solutions to be able to provide that data back so that they can understand performance.

So we often talk about how we may, in the short term, be solving a problem or providing a solution for one of our customer bases, but that provides the opportunity in the future to support that across all of our customer bases and all of our sales channels. So I do think it's a cumulative process, and by the time we get to that point where we can meaningfully talk about a self-serve model, the expectation is that our data products, as well as our inbound and outbound marketing, will be continuing to develop to the point where we can better support that.

Speaker 2:

Great. That's super helpful. Another area I wanted to ask about was a growth driver mentioned earlier about customer retention and getting your current customers to spend more with you. Are there any stats or maybe qualitative commentary you can share with us on how you're tracking and getting current customers to grow year over year and how that could potentially be one of the building blocks to your revenue CAGR forecast? Thanks.

Scott Wells:

Sure. I would think about this as a two part answer because there's large accounts, and there's everybody else. For large accounts, we're actually extremely sophisticated on this. For everybody else, our tool set is more rudimentary. But Bob, why don't you talk a little bit about how we manage that on large accounts and how we think about it? And we can come back to the small.

Bob:

Yeah, sure. Let me touch on the large accounts first. I touched on our agency partnership team, and that's a nice kickoff. We have a pretty extensive process we go through with account planning at the beginning of the year with our largest customers, both nationally and in our markets, where we identify depth of contact, we look at what they're spending, we look at price and yield. And then we do a pretty good deep dive on their business trends. What are the opportunities to incrementally add value to

them? And that's all captured in a plan that's in Salesforce, that our teams drive towards. So it's a pretty big operation that runs very, very well.

The opportunity for us, and we touched on this briefly, is to get the incremental opportunities to these customers. And it starts with that relationship, whether it's a local customer, as I mentioned earlier in my presentation, or with the national brands that you really have to get deeper to the planning channels. Ultimately, it's the customers to do it. But we do have diagnostics. We look at the incrementality of it, and we do have some pretty robust tools supporting that as well.

Scott Wells:

Yeah, And with everybody else... There's this named accounts, where we're really all over every aspect of it and making targets for how much we want to expand the spend and so forth.

For everyone else, we have relatively rudimentary churn statistics. This is a business that has a reasonable amount of churn, just because a lot of the reasons that people will use out of home are very specific. They're there for a product launch, a location launch, et cetera. There's an inherent amount of churn, a churn within it.

There's not any statistics that we have that would be publicly consumable. I know you're looking for it for your own thinking ... But we are actively thinking about that and trying to think of a way that we could communicate that that could be helpful. But that's not going to be part of the Q4 broadened disclosures, because it's actually, when you look at it and all the.... We do a lot of transactions every year. It gets quite murky in terms of where you draw those lines at. Is it at 13 months the person is lapsed? Or is it at six months? Or is it at 24 months?

Erica is laughing because she spends a lot of time with her team in terms of looking at those statistics and trying to parse things out. We don't have anything that's really shareable on it, but just know that it is something we are absolutely paying attention to.

Speaker 2:

And I have one-

Scott Wells:

All right. One more for you, [inaudible 01:58:43].

Speaker 2:

As the Europe assets get sold down, what do you think pro forma corporate expenses will look like? And if you could just remind folks on where the proceeds will go exactly in your cap structure, presumably. I think that'd be helpful. Thank you.

Brian Coleman:

Well, it'll be less. You'll lose the corporate expense that's obviously related to any divested asset. Then I think, as the asset in its entirety goes away or is significantly reduced, there's an element of corporate expense, consolidated tax, that kind of stuff, that should reduce and go away over time.

I don't think we've quantified really what that would be. And I think, given the extended process, it may be a little dangerous to do that. But you should expect improvement in the corporate expense line item as that platform shrinks through divestitures.

Proceeds, there is a bond outstanding at CCI B.V., which is the holding company that sits above the international assets, that would have first claim on most of the assets. There is your standard reinvestment provision so it depends on what the size

Brian Coleman:

... of the disposition would be and the net sale proceeds that come out of that. I would say initially, first dollars will fund the required reinvestment in that business, and then over time will be used to reduce that portion of debt. Or if the sale is large enough, repay that outstanding bond. And then you'd be governed by the outdoor indentures, which would also have your standard reinvestment provisions, and then require pay down at the senior level, senior secure level.

Scott Wells:

Clementine Ben in the middle there and then-

Brian Coleman:

I think it's Richard.

Scott Wells:

Oh sorry.

Brian Coleman:

Yeah.

Speaker 3:

Thanks. Brian was going to shut me down there. Scott, I wanted to go back to the guidance on revenue and just think about the cyclical elements of your business. I know it doesn't assume recession, but I would love to hear you talk a little about the big categories that drive your business and how relatively cyclical you think they are or are not. And as part of that, if I look at that great slide you have of CAGRs in out of home over prior cycles, the last cycle was, I think you showed 3.9, but if you chopped off 19 and 18, it'd probably be closer to three.

And I think we're all expecting better growth ahead. And a lot of this morning was sort of bridging that. But I'm just wondering if you could just talk a little bit about maybe the top two or three things that you think about and the team think about that this business is going to grow faster in this current cycle than the last one we had. Because obviously those are not huge differences, but when you go down to EBITDA and AFO and free cash flow, they actually are.

Scott Wells:

Yeah, it adds up and especially when you're not building a lot of net new assets, you're converting and we're doing the digital conversion, which has very compelling economics to it. But you're not able to build a whole lot of net new. We have a very diversified customer base. Bob, maybe why don't you talk a little bit to the first part of the question on verticals that are important and where we are in the cycle with different verticals and give a little color on that.

Bob:

Yeah, so typically one of our top verticals for Clear Channel Americas there is something that would be a service business. That is one of our largest entertainment. Obviously very strong restaurants, QSR, retail. They do spike up obviously during certain times a year. We are seeing a build back in certain verticals, and entertainment is coming back. And they're diversifying their use out of home in a very interesting way with streamers coming in and leveraging the space. Services continues to be one of the top performers for us throughout the US operation.

Scott Wells:

Yeah, so it's a broad base of advertisers. In terms of how it performs, I think the point we really wanted to land about customer segmentation, and that I think Kathy reinforced very strongly when she talked about why we have a group of people who are just focused on programmatic, is that media is full of lots of little specialty pockets. And the specialty pockets have money, they typically have a language and they have a set of things that they principally care about. The way we propose that we're going to have a resilient revenue growth model is by getting smarter at some of those pockets that are particularly important. We talked a lot about how we're going to go after the small advertisers and self-service over time. With Kathy's team, we're going after the digital agencies and the digital specialists. With our agency partnerships team, we're climbing into the strategy team within the agencies and getting people with allocation.

All of those things work together to give us an ability to be resilient across the ... We showed that barbell. The lion's share of the market opportunity, it's not like all our predecessors have been dumb. The lion's share of the opportunity is what that current sweet spot is, but there's a really nice chunk that requires specialized skills at the large national base, and there's a really nice chunk that requires specialized skills at the small base that we think is going to then add to what we get out of that really nice central sweet spot. So that's how we would propose that we're going to achieve growth rates. I don't feel like we put anything out in front of you that's like a ludicrous number. I think part of what we're trying to illustrate is because of the operating leverage of this business, we don't have to grow the top line at crazy numbers in order to have an incredibly attractive bottom line. And that's really the point we're aiming to make. Hopefully that helps. And I think Richard was next.

Richard Cho:

Hi Richard Cho from JP Morgan. One strategic question, and then one financial. In looking at the technology platform that you've built around radar, is this something that you could wholesale or partner for other people who hold assets, public and private? Because it seems like something that they would benefit from and you could get revenue from.

Scott Wells:

Yeah, it's certainly something that we could, and Dan talked about this. And Dan, I'm going to lateral this to you in a second, so start thinking about your answer. The thing about it is, when we started talking about radar six years ago, we always talked about it in terms of, we think this is ultimately table stakes. Because we think that the gravity will pull marketers to want more data and insight, and they will end up demanding it from all of their partners; we were just looking to blaze the trail. And I think that's how it's actually played out in a lot of the rudimentary parts of radar. And then Dan talked about the other radar downstream. It's not something that unlike a Facebook, or a Meta, excuse me, that has lots of proprietary interaction points with end consumers, we don't have that. So what we have to sell is a somewhat different thing, but the methodologies and the thought process around at, our IP, we have

protections on various pieces of it. And with that, I'll hand it to you, Dan, to just talk a little bit about how you'd think about that.

Dan:

Yeah, it's a great question and it's definitely something we've talked about internally. Is there that future state where we could take this beyond Clear Channel? I look at it in a couple of ways. The way we started six years ago, it looks radically different today, and that's intentional and it's the right way to go because the data ecosystem around us and the way that data is used in the media industry continues to evolve. We also rely heavily on partners, and it's important to say we don't have any exclusive relationship with partners. And we do that for a couple of reasons. To Scott's point, it's actually in our interest to have more of the industry embraced data. The more that they're thinking about audiences and driving measurable outcomes, the better it is for a scale player like us. So we don't want to restrict our partners to only work with us, we want to see that become more of a standard in our industry.

But also, our partners change. And in the data world, in the ad tech world, a lot of those companies tend to be more early stage companies that understandably they pivot. And we can't be dependent upon our partners. So we don't want exclusive relationships to give us the flexibility to also work with more. But at the end of the day, the expertise that we have is the differentiator, and the experience that we have and the team that we have is the differentiator. And I don't know that you license that. I think that's a really unique differentiating value at Clear Channel that we want to continue to build on, but also to protect.

Richard Cho:

And the financial part of it, of the four to 6% long term growth, how much of that is driven by pricing, versus it maybe increase utilization from all these sales initiatives and enhancements?

Brian Coleman:

I don't know that we break it out that way.

Scott Wells:

That was going to be my answer.

Brian Coleman:

All right, good. That's why I was looking at you.

Scott Wells:

But you should presume both because we do have capacity that'll be coming online during that time period. Every time we convert a sign, we get extra capacity. So more capacity will be coming online. We will have roads get widened and buildings get knocked down, we'll have attrition too. And that's often some of the drama in our year to year fluctuation is if we lose a big location because of development or whatever reason, that can cause short term blips. But as we think about it, it's a balance of both things. It's not predicated on all pricing.

Avi? Clementine, you want to bring it over?

And Eileen has one too. So Avi, and then Eileen and then we'll come back to other people in the room.

Avi Steiner:

Thank you. Avi Steiner, JP Morgan. Scott, you had mentioned being a buyer in the US of assets. How do you size that opportunity? How do you guys think about capital allocation between M&A, investing, converting more boards to digital? I know there's some constraint to that and maybe using your capital for other uses. I'm a debt guy so maybe debt and discounts.

Speaker 3:

I knew that was coming.

Avi Steiner:

Yes. Thank you.

Scott Wells:

So you have certainly seen our behavior in a very good M&A market in the US right now. We are not acquiring at the same rate as our principle competitors, and we're realistic about our balance sheet. When you ask about the size of the opportunity, most markets in which we operate have a variety of independents who could be attractive, tuck in acquisitions for us. So whether we develop relationships with them as marketing their signs for them, and then ultimately acquiring them or other forms of partnership, there are other ways to skin the cat on that front. But we have a very sharp eye on maintaining liquidity and servicing the debt that we talked about. I don't know, Brian, other things you'd add to that?

Brian Coleman:

Well Avi did ask a little bit about how do you compare that, as I heard it, to digital conversions. And I think even through the toughest times, digital conversions have made sense and continue to make sense. And there's a natural tension in that you have to get approval from your local authorities, and we've really never said that digital conversions didn't make sense, and so that capital will be available. But beyond that, as Scott mentioned on the M&A front, it's really tuck in, it's, a lot of times, specific relationship we have in markets that make the most amount of sense. But always with an eye on our overall liquidity position and the macro environment that we're operating in.

Scott Wells:

Yeah, we're not going to go crazy on the acquisition front.

Brian Coleman:

Maybe Eileen?

Scott Wells:

Eileen's got a question and then back to Jim.

Eileen McLaughlin:

Okay, I have two questions from Steve Khall of Wells Fargo. The first one is, in case we missed it, did you detail what percentage of America's revenue is programmatic today? And what's baked into the long term revenue guidance for the percentage programmatic for 2025? Recently we've seen a little programmatic spend be much more cyclical to recession. So how do you think about tilting the business towards maybe a more volatile, high growth buying cycle?

Scott Wells:

Right, okay. So there's a couple pieces there. Steve did not miss the disclosure of programmatic. Programmatic has not risen to the point that we're prepared to disclose it or forecast it separately. So I guess that actually answers the second part of it. And it is true that part of the reason why it's a premium product is it's so flexible and that people do turn it on, turn it off. So it's a fair observation, but I would not say that the lion's share of what we're talking about, growth wise and the projection, is going to be programmatic. I think of programmatic as if the market really embraces it, we're going to have a very different conversation than what we laid out in the projections.

Brian Coleman:

It's a high ceiling in fantasy football terms.

Scott Wells:

Thanks for bringing it to fantasy football for US, Brian. I think Jim ... Oh, Eileen, did you have another one?

Eileen McLaughlin:

His next question is, you said you're not ready to become a REIT, and it seems like leverage is the reason. What kind of debt levels or AFFO generation would make that more possible? How does the European optionality factor into the REIT consideration?

Brian Coleman:

Well you've hit I think probably the two biggest tension points, with respect to being able to be a REIT. And that is one, our proportion of REITable assets. And by and large, our international assets are not REITable. To a certain degree, you could structure around an international asset or non-readable asset, but given our proportion, it's pretty large. So I do think the strategic initiative needs to play out and the ultimate result will need to be a significant decrease in the proportion of our assets that are REITable.

But the bigger issue we'll have to address is leverage. And I don't know that there's an exact target that I could point you to, but if you take a look at our domestic peers, it's probably somewhere in the middle. But I would adjust where their required distributions that they have to make, and the level of comfort that each of those companies have, with respect to being able to invest in the things they want to invest post that distribution. That probably put you in a five to six times EBITDA multiple. I'm not ready to talk on AFFO multiple at this point, but I will be. So I think that's the right way to think about those two issues and being prepared to convert to a REIT.

The other thing that I'd want to mention is, is while there are some advantages to being a REIT, the largest is that the tax benefit that REITs are able to avail themselves of. And by and large with our current capital structure, we can avail ourselves of a similar tax benefit through the elections that we make. So I just want to impart that we're not missing out on anything, at least not the significant advantage at this point in time. But as the revenue initiatives we've talked about kick in, as we grow our top line and as that falls disproportionately to the bottom line, it will be something we'll have to face over the next few years. So we just need to do what we can do to make sure that we've addressed, to the extent we can, those issues that are in our way to being able to convert to a REIT, prior to losing out on the benefit, that tax benefit that were talked about.

Scott Wells:

I think Jim, and then Lance. And Eileen, I don't know if you've got more. Okay, so Jim, Lance and then Eileen.

Jim Goss:

Thank you. Jim Goss, Barrington Research. Early in the presentation you were talking about category development. I think meat was the example and a certain client might have been involved. And I'm wondering, especially with the exclusivity comment that was made, if you develop programs with a certain client, what do they expect in terms of some sort of exclusivity? And how does it affect the pricing in that sort of creation you're making? Because I would imagine just like in entertainment, you want to deal with all the movie companies, but if there's something proprietary, will it influence how that relationship works. Then I have a couple of others.

Scott Wells:

Yeah, we typically do not have something on a scale that they would demand or that we would give. Because one of the things about us being as visible as we are, is we're really visible. So once that new advertiser shows up on a sign, there are seven agencies that are calling them that are trying to sell them other out of home. There are all of our principal competitors, plus all of the independents are calling them. The visibility of our inventory makes exclusivity really impractical in both directions. Setting aside certain real iconic things, a location that somebody would buy for an extended period or some of the really special inventory that gets developed in an airport. But by and large, I don't know Bob if you'd have a different take, but we really don't deal with exclusivity.

Bob:

No, I think you answered it. Look, it's a great question. I'll just add on where Scott was going. You cited that one direct client example and I think that when we get those examples, like the one we shared today, it's critical for us, if we can remain connected with that CMO, that business decision maker and we're providing them value back in the case of doing their creative, looking at measurement and we're owning that measurement and we can be that resource, that gives us a real fighting chance to maintain direct with them. We also had that example I shared at the food delivery app. And what's interesting about that, is that it's not exclusive to us, yet because we're providing that measurement and we're the only ones doing that measurement for them and that agency, it puts us in a position to command more of the share because of what ... Of things are common, or similar I should say, between inventory types. But to Scott's point, there are customers who wants a certain format and we may not have it in a certain city, and therefore, it's a little challenging.

Jim Goss:

And also then I was wondering, could you tell us the trend in large account share of the total revenue mix, and how that has been trending and how it might trend with the changes in the outreach programs you've been doing in programmatic?

Scott Wells:

So we have been between 65/35 local, national. And I think we've probably gone everywhere from 70/30 to 65/35 to 60/40. Over time, the thing about national is it's the most volatile money. So like during COVID, you saw our local proportion go way up. That's when we got up to maybe 70/30 at peak in that. And now it's kind of gotten back and normalized a little bit more and it's not really how we forecast our business. So it's kind of more of an outcome, as opposed to an input. So I don't know that

we think about it in a forecast way, but what we are very clear on is where the budgets are and how to access those budgets. Just some of them are more volatile in different market circumstances than others. So I'm sorry I don't have a great answer for you on that one, Jim.

Jim Goss:

No, no. The last thing I was wondering, how do you motivate and incentivize employees in a time of great change? And do you have enough different positions you're creating to handle a lot of the people you would be perhaps displacing when you do go through these changes?

Scott Wells:

Do you want to maybe talk about that on the sales force side Bob, because that's where a lot of this change has happened.

Bob:

Yeah. Sure, I can take a stab at it. There's certainly a lot of change, and I think a big part of what we've been able to drive through the organization is a tremendous amount of transparency and communication on why we're doing what we're doing. We have a lot of coaching, we have a lot of teams that work closely with their leadership to identify the opportunities to both develop our teams into additional roles and different additional responsibilities, but also ensure that they are able to communicate and connect with their current customers now. And I think what we've done is, we've had rewards programs, we've had recognition programs that we can highlight the best of the best that are happening in our company. And it's been a tremendous, tremendous resource for us to really drive that through there. But driving change is challenging, and I think that it starts with the leadership that we've been able to instill in the US.

Cathy Muldowney:

Can I add?

Scott Wells:

Yeah, sure.

Cathy Muldowney:

Okay great. So I think it's also about not so much the displacement, but about the rewards that you get from the change, as opposed to the negatives. So it's about the added productivity, it's about being ready for the future, it's about having the time back to be able to handle when the industry continues to evolve and to modernize. So I think it's really about emphasizing potential, as opposed to anything on the scary change side.

Brian Coleman:

Well I was going to add just one more thing because it didn't come up. Since becoming independent of iHeart in 2019, we actually have a currency that we can use as a reward and incentivize. And not only do we use that currency, but we've actually taken the initiative to expand the use of that currency. So I think it's a lot of the things that we talk about, but it's also instilling in the people at a certain level that making the company better benefits their pocketbook being very important. And that's something we've had historically.

Scott Wells:

Great.

Lance Vintaza:

Lance Vintaza from Cowen. I wanted to see if we could focus a little bit more on the long term outlook, and specifically the relationship between the four to 6% revenue growth CAGR and the seven to 10% EBITDA CAGR. And I guess as good as that is, it would seem to me that, that allows for relatively significant amount of reinvestment into the business. I think I was coming up with like a 35 to 40% incremental EBITDA margin. And I'm wondering if you could provide some more detail on the buckets of incremental expense that you anticipate that would offset some of that revenue uplift. Thanks.

Brian Coleman:

Yeah, I don't know how much detail we can give. I think the way to think about it is, if we think about the base year. Americas, it's off of a pretty strong performance. Aaron had a question earlier and we talked about comps against it. So I think you're already at a normalized recovery area in the Americas, and we do have technological investment we're making, we do have some tuck in acquisitions, we do have contingent digital conversions. So that's a big part of it, but it's also that in the Americas we think that the growth rate is more normalized than it would say be from Europe, which is still recovering. But Europe has a more volatile forecasting outlook, and so we want to be conservative when we take a look at it. So I don't know there's any specifics around any of your buckets that we've talked about. I think your sense is right, but I also want to make sure we understand where are we starting from to come up with that three year outlook.

Scott Wells:

Yeah, and I guess the other thing I just throw in for you to think about is, we've talked about all the things you've heard about here today in some form or fashion over the last five or six years. But we actually have them all functioning now and we built them while maintaining the margin structure of the business overall, and got through a pandemic, and have returned to a margin structure. So I think the thing I'd want to really emphasize is that we take very seriously the throughput, the flow through of our assets. And the mix of the assets is going to have an increasing impact on it in the immediate near term as the business fully normalizes, Europe fully normalizes.

When you look at it at the full company level, the things that are normalizing last are the things that have the lowest flow through margins. So that's part of the dynamic. But just be aware, we build all this stuff. All the stuff that we talked about, we have built while maintaining a margin profile that's really, really attractive and we're very tuned to that. Eileen, did you have one more? How are we doing on time? Should we be

Speaker 4:

We're fine.

Scott Wells:

Okay. So why don't we get yours.

Eileen McLaughlin:

This question is from Ed Chen and he is from Inflection Capital. His question is, midpoint of 2022, CapEx guidance is 195 million with 60 million maintenance, which implies 135 million non-maintenance CapEx. How much of this 135 million is being spent on digital boards? Also, what has historical return on investment been for digital board spend?

Brian Coleman:

Well, I don't think we break it out specifically to digital boards, but I would say a lot of the revenue generating CapEx, particularly that in the Americas, is for digital conversion. But also for a lot of the technology technological investments that we've talked about, and which are tied to many of what the presenters today spoke about, digital transformation for us being much larger than just digital conversions. We report our digital conversions I think every quarter. So it's that, and I'd say there's also an element in there that's the build out under contractual obligations, such as the Port Authority contract. A lot of that is digital oriented and that is a contract that will have a multi-year build out and comprises a portion of it.

I also don't think, other than maybe breaking down a single, or maybe it's an aggregate of digital conversions and the uplift involved, we've talked a lot about the return on those investments because it's a basket of different types of investments. But on digital signs we continue to believe that the return is significant. I think some of the numbers we've shared in the past is 30% ish IRR. You guys correct me if I'm wrong. Three and a half to four times uplift. So still continue to be pretty strong. After several years of, well 10 years of converting digital signage, it is still a very attractive source of capital, and one will continue to invest in use of capital.

Scott Wells:

Other questions in the room?

All right, well I guess we will wrap up then if no other questions in online? So thank you all for coming to our first investor day. Hopefully you found it informative. We do have lunch next door. Many of us will be sticking around if you want to just grab something to eat and sit down. We've got a number of tables in the room right next door set up. I just, I'd leave you with, this is a team that is very excited about the opportunity in front of us. We feel really good about the asset base on which we're building. We think that we've demonstrated an ability to drive digital transformation, and that we've laid out a roadmap of further transformation that lies ahead that we're excited on going after.

We think we've got the right people to do that. And we think by pulling all those things together, it's going to generate a lot of cash and be a really attractive business over time. And I wish we had more details we could give you on the strategic process in Europe, but we will deliver those details as we are able to. And what we said about it in our earnings call is, remains exactly what we're headed on. We're looking at some specific individual partial transactions. It will not be something for the whole footprint in all likelihood. So with that, thank you. You're welcome to stay for lunch. Happy to chat with people afterwards and have a great rest of your day.

Speaker 3:

Thank you.