JCDecaux

Q1 2020 – Business review

Paris, May 12th, 2020 – JCDecaux SA (Euronext Paris: DEC), the number one outdoor advertising company worldwide, published today its revenue for the three months ended March 31st, 2020.

FIRST QUARTER 2020: BUSINESS HIGHLIGHTS

Key contracts wins

- ***Rest of the World***

In January, JCDecaux announced that JCDecaux Gabon, its subsidiary jointly owned with Bolloré Group and in partnership with the Gabonese Strategic Investment Fund (FGIS), has been awarded the exclusive advertising contract for Libreville International Airport in Gabon (current and future airports) by ADL (*Aéroport de Libreville*), a subsidiary of Arise Infrastructure Services.

Other events

- ***Group***

In January, JCDecaux announced that it has been commended for its climate action this year, achieving a place on global environmental impact non-profit CDP's prestigious ‘A List’ for climate change, based on the company’s climate reporting in 2018.

In March, JCDecaux announced the decision of the Executive Board, with the approval of the Supervisory Board, to submit a proposal to its shareholders for its conversion to a European Company (*Societas Europaea*, SE), at the next Annual General Shareholders Meeting, to be held on May 14th, 2020.

In March, JCDecaux announced the withdrawal of its 2019 dividend proposal in order to strengthen its liquidity, its balance sheet, with one of the lowest leverage ratio in the OOH media industry, as well as its financial flexibility in response to the unprecedented global disruption due to the Covid-19 outbreak.

- ***Asia-Pacific***

In March, JCDecaux announced to acquire a minority stake, through its wholly owned subsidiary JCDecaux Innovate incorporated in Hong Kong, in a consortium of investors which formed a special purpose vehicle to make a voluntary conditional cash offer to acquire all of the shares in the entire issued share capital of Clear Media Limited, a company listed on the Hong Kong Stock Exchange.

The offer price of HK$7.12 per share represents a total value of approximately HK$3,857 million for all Clear Media’s outstanding shares, of which 23% or HK$887 million will be funded by JCDecaux.

The consortium composes of Mr. Han Zi Jing, Chief Executive Officer of Clear Media at 40%, Antfin (Hong Kong) Holding Limited at 30%, JCDecaux at 23% and China Wealth Growth Fund III L.P. at 7%.

The offer is conditional upon the satisfaction or waiver of the conditions described in the offer announcement jointly made by the Offeror and Clear Media.

- ***Rest of Europe***

In February, JCDecaux invited the Czech Republic to engage in discussions. This is the first step in arbitration proceedings pursuant to the Bilateral Investment Treaties between France, Austria and the Czech Republic of 1990.

The background is: JCDecaux, via its Austrian group company Gewista, holds a 70% participation in RENCAR, a previously 100% subsidiary of the Transport Enterprises of the City of Prague (Dopravní podnik hl. m. Prahy; "DPP") which JCDecaux acquired in 2001. DPP and RENCAR had entered into a rent agreement in 1997. JCDecaux paid the value of this rent agreement when acquiring the share. In addition, DPP had committed itself to uphold the rent agreement.

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After 18 years of a successful cooperation, DPP abruptly and completely changed its mind. DPP wants to cancel the rent agreement of 1997. The absurd reason: It was "too vague". A Prague court of first instance shared that view, although the rent agreement has been implemented and repeatedly affirmed since 1997, ie for 22 years, and although DPP is obliged to uphold the rent agreement. An appeal against this decision is pending. Nevertheless, DPP allowed third parties to use its advertising spaces and excluded RENCAR from its use retroactively as of 1 December 2019.

As a direct consequence, JCDecaux stands to suffer damage of €40m to date.

FIRST QUARTER 2020 AND OUTLOOK

Following the adoption of IFRS 11 from January 1st, 2014, the operating data presented below is adjusted to include our *prorata* share in companies under joint control. Please refer to the paragraph “Adjusted data” on page 4 of this release for the definition of adjusted data and reconciliation with IFRS.
The values shown in the tables are generally expressed in millions of euros. The sum of the rounded amounts or variations calculations may differ, albeit to an insignificant extent, from the reported values.

Adjusted revenue for the first quarter 2020 decreased by -13.9% to €723.6 million compared to €840.0 million in the first quarter of 2019.
Excluding the negative impact from foreign exchange variations and the positive impact from changes in perimeter, adjusted revenue decreased by -13.9%.
Adjusted advertising revenue, excluding revenue related to sale, rental and maintenance of street furniture and advertising displays, decreased by -14.6% on an organic basis in the first quarter of 2020.

Q1 adjusted revenue	2020 (€m)	2019 (€m)	Reported growth	Organic growth[(a)]
Street Furniture	325.5	344.3	-5.5%	-5.0%
Transport	281.7	368.0	-23.4%	-23.8%
Billboard	116.3	127.7	-9.0%	-9.5%
Total	**723.6**	**840.0**	**-13.9%**	**-13.9%**

a. Excluding acquisitions/divestitures and the impact of foreign exchange

Please note that the geographic comments below refer to organic revenue growth.

STREET FURNITURE

First quarter adjusted revenue decreased by -5.5% to €325.5 million (-5.0% on an organic basis). Europe (including France and UK) was down, with France down double-digit impacted by the total lockdown from mid-March, despite a positive performance as of end of February at +1.1%. Asia-Pacific was down mid-single digit. North America was up high-single digit. The Rest of the World was down double-digit. Before the introduction of lockdowns in many countries mostly from early March, Street Furniture was up +3.9% as of end of February.
First quarter adjusted advertising revenue, excluding revenue related to sale, rental and maintenance of street furniture was down -5.9% on an organic basis compared to the first quarter of 2019.

TRANSPORT

First quarter adjusted revenue decreased by -23.4% to €281.7 million (-23.8% on an organic basis), reflecting a significant decline globally in both airport passenger traffic as well as public transport commuting due to the Covid-19 outbreak. Europe (including France and UK) posted double-digit decline, with a negative impact from the Covid-19 outbreak and the non-renewal of the AENA Spanish national airport loss-making contract. Asia-Pacific was down significantly, fully impacted by the Covid-19 outbreak throughout the quarter. North America was up. The Rest of the World was slightly down.

BILLBOARD

First quarter adjusted revenue decreased by -9.0% to €116.3 million (-9.5% on an organic basis). Europe (including France and UK), the Rest of the World and Asia-Pacific were down. North America was up double-digit.

Commenting on the 2020 first quarter revenue, **Jean-François Decaux, Chairman of the Executive Board and Co-CEO of JCDecaux**, said:

"After a good start in most markets with growth outside of China in January and February, our business started to be significantly affected by total and partial lockdowns due to Covid-19 in March forcing us to withdraw our Q1 revenue guidance. Our Q1 2020 revenue reached €723.6m down -13.9% organically versus last year despite digital revenue growing at +1.1% on an organic basis.

Our digital revenue which now represent 27.6% of Group revenue versus 23.5% for the same period last year grew at +0.8% with digital Street Furniture and digital Billboard growing +17.5% and +2.8%, respectively, while digital Transport declined -10.1%.

Street Furniture's organic revenue decline of -5.0% was entirely driven by lockdowns introduced late February in Italy and starting mid-March in many other countries such as France, Spain, UK, Australia… as well as US States / cities such as California, NYC… Billboard's revenue declined -9.5% organically for the same reasons. Transport was the most impacted segment with a -23.8% organic revenue decline mainly due to a significant passengers traffic decrease in both airport and transit systems and to a material drop in advertising sales in Asia-Pacific with China being the first country to be affected by this pandemic.

We now expect the negative impact of Covid-19 on our business to significantly increase in the short term but it is not possible to quantify its depth or duration of the impact. As a result, we are not able to provide any guidance for Q2 2020 as well as for Q3 and Q4. Having said that, the lockdown measures are reminding billions of people around the world that we all need to be Out-of-Home in order to live a normal life with friends and families. For this reason, we expect OOH / DOOH media to benefit from the reopening of countries and cities with Street Furniture and Billboard advertising rebounding faster than Transport which will be affected by social distancing while airport advertising will take longer to recover to pre-Covid-19 level. For example, in France, when the government announced lifting progressively the lockdown restrictions starting on May 11th, we started to book both national and local Street Furniture and Billboard advertising campaigns. In China with metro passenger traffic in Beijing, Shanghai and Guangzhou at more than 60% pre-Covid-19 level and domestic airport travel resuming, our advertising sales are improving.

Our response to this unprecedented downturn has focused on the health and safety of our employees and I would like to thank them for their exemplary behaviour across the world during this difficult time, the services to our partners (advertisers, advertising / media agencies, public authorities, private landlords, … all around the world) including, but not limited to, free access to our bike-sharing networks for healthcare workers and self-service hydroalcoholic solution distributors installations in our street furniture assets, the reduction of our cost base, a reduced capex program as well as the enhancement of our liquidity and balance sheet. We have initiated discussions on rent relief with all airports, cities and transport authorities around the world and we welcome the recent decision, among others, from the Houston City Council to waive minimum annual guarantees for Airport concessionaires until December 2021. We also have immediately put in place all the necessary steps to enable all our teams to work safely from home with more than 80% of our people (excluding field operation employees) working remotely currently. The Executive Board members as well as the Supervisory Board decided to cut their 2020 compensations by 25% and 20%, respectively. We have also introduced decreases in employee hours, voluntary reduction and temporary unemployment benefitting from governmental measures, wherever available, with a reduction of working hours of around 50% at Group level.

Further to our decision to withdraw the 2019 dividend proposal, we have taken the opportunity to strengthen our liquidity and financial flexibility. We have successfully placed notes for a principal amount of 1 billion euros at 4.5 years and 8 years, with coupons of 2.000% and 2.625% respectively.

In a media landscape increasingly fragmented, Out-of-Home advertising reinforces its attractiveness. With our well diversified geographic country and advertisers portfolio, our growing premium digital portfolio combined with a new data-led audience targeting platform, our ability to win new contracts and the high quality of our teams across the world, we believe we are well *positioned to outperform the advertising market and increase our leadership position in the outdoor advertising industry through profitable market share gains after the crisis. The strength of our balance sheet is a key competitive advantage that will allow us to pursue further external growth opportunities as they arise and to continue to invest in digital."*

ADJUSTED DATA

Under IFRS 11, applicable from January 1st, 2014, companies under joint control are accounted for using the equity method.
However, in order to reflect the business reality of the Group, operating data of the companies under joint control will continue to be proportionately integrated in the operating management reports used to monitor the activity, allocate resources and measure performance.
Consequently, pursuant to IFRS 8, Segment Reporting presented in the financial statements complies with the Group's internal information, and the Group's external financial communication therefore relies on this operating financial information. Financial information and comments are therefore based on "adjusted" data, consistent with historical data prior to 2014, which is reconciled with IFRS financial statements.
In Q1 2020, the impact of IFRS 11 on adjusted revenue was -€65.4 million (-€86.8 million in Q1 2019) leaving IFRS revenue at €658.2 million (€753.2 million in Q1 2019).

ORGANIC GROWTH DEFINITION

The Group's organic growth corresponds to the adjusted revenue growth excluding foreign exchange impact and perimeter effect. The reference fiscal year remains unchanged regarding the reported figures, and the organic growth is calculated by converting the revenue of the current fiscal year at the average exchange rates of the previous year and taking into account the perimeter variations *prorata temporis*, but including revenue variations from the gains of new contracts and the losses of contracts previously held in our portfolio.

€m		**Q1**
2019 adjusted revenue	**(a)**	**840.0**
2020 IFRS revenue	**(b)**	**658.2**
IFRS 11 impacts	(c)	65.4
2020 adjusted revenue	**(d) = (b) + (c)**	**723.6**
Currency impacts	(e)	1.7
2020 adjusted revenue at 2019 exchange rates	**(f) = (d) + (e)**	**725.3**
Change in scope	(g)	(2.3)
2020 adjusted organic revenue	**(h) = (f) + (g)**	**723.0**
Organic growth	**(i) = (h) / (a)**	**-13.9%**

€m	**Impact of currency as of March 31st, 2020**
AUD	2.8
BRL	2.6
HKD	(1.0)
USD	(2.0)
Other	(0.7)
Total	**1.7**

Average exchange rate	**Q1 2020**	**Q1 2019**
AUD	0.5956	0.6272
BRL	0.2034	0.2338
HKD	0.1167	0.1122
USD	0.9069	0.8805

Forward looking statements

This news release may contain some forward-looking statements. These statements are not undertakings as to the future performance of the Company. Although the Company considers that such statements are based on reasonable expectations and assumptions on the date of publication of this release, they are by their nature subject to risks and uncertainties which could cause actual performance to differ from those indicated or implied in such statements.
These risks and uncertainties include without limitation the risk factors that are described in the annual report registered in France with the French Autorité des Marchés Financiers.

Investors and holders of shares of the Company may obtain copy of such annual report by contacting the Autorité des Marchés Financiers on its website www.amf-france.org or directly on the Company website www.jcdecaux.com.
The Company does not have the obligation and undertakes no obligation to update or revise any of the forward-looking statements.

FINANCIAL SITUATION

The evolution of revenue is the major factor which to impact the operating margin, free cash flow or net debt during Q1 2020.