Q3 2016 – Business review

Paris, November 3rd, 2016 – JCDecaux SA (Euronext Paris: DEC), the number one outdoor advertising company worldwide, published today its business review for the third quarter of 2016.

THIRD QUARTER 2016: BUSINESS HIGHLIGHTS

Key contracts wins

- ***France***

In July, JCDecaux announced that MédiaKiosk, its subsidiary specialising in the installation and management of newsstands, of which it is the majority shareholder (82.5%) alongside Presstalis (5%) and three publishing groups – Le Figaro (5%), Le Monde (5%) and Altice Media (2.5%) – has renewed the contract to design, supply, install, maintain and operate news and other types of kiosks in Paris. This will include managing kiosk advertising and the Paris kiosk staff network for a period of 15 years, beginning on 1 July 2016.

In October, JCDecaux announced that following a competitive tender, its street furniture contract with the city of Nice (340,000 inhabitants) has been renewed and extended for 12 years.
This exclusive contract covers the installation, upkeep, operation and maintenance of over 194 street furniture units that have either 2 m² or 8 m² advertising faces (which may increase to 358 units) and 16 non-advertising street furniture units.
Among the 194 advertising street furniture equipment, JCDecaux will propose new 84-inch high-definition iVision LCD digital screens, with unrivalled outdoor image quality.

- ***Asia-Pacific – Japan***

In July, JCDecaux announced that its Japanese subsidiary, MCDecaux (85% owned by JCDecaux and 15% by Mitsubishi Corporation) has won the competitive tender for advertising bus shelter contract awarded by the Bureau of Transportation, Tokyo Metropolitan Government, for a minimum duration of 15 years.
This exclusive contract is the largest bus shelter contract in Japan and covers the design, installation, maintenance and operation of advertising bus shelters. At least 400 shelters, featuring more than 800 2m² advertising panels, will be installed before the 2020 Olympic and Paralympic Games.

In September, JCDecaux announced today that its Japanese subsidiary, MCDecaux (85% owned by JCDecaux and 15% by Mitsubishi Corporation) has been awarded the bus shelter advertising contracts by Tokyo bus operators Fuji Express and Tokyu Bus Corporation, for 20 years.
MCDecaux now holds contracts with 10 of the 11 main private bus operators in Tokyo, which represents a potential of more than 600 advertising bus shelters in the heart of the Japanese capital, in addition to the minimum of 400 proposed in the contract signed with the Tokyo Metropolitan Government on June 29th.

Other business highlights

- ***JCDecaux OneWorld***

In July, JCDecaux announced the opening of the sixth JCDecaux OneWorld office in San Francisco in order to cover the West coast of the USA, with a particular focus on the nest of Tech companies and Start-ups within San Francisco and the Silicon Valley.
This opening comes after London in 2009, Paris and New York in 2011, Shanghai in 2013 and Miami in 2014.
This is a new location created within JCDecaux OneWorld, the division that provides international sales and marketing support for clients, media and advertising agencies in more than 75 markets where the Group operates.

- ***Dow Jones Sustainability Index***

In September, JCDecaux announced that following an evaluation by RobecoSAM (a company specialising in sustainable investing) and in partnership with S&P Dow Jones Indices (one of the largest providers of stock indices in the world), the Group has been included among the 24 European companies joining the Dow Jones Sustainability Europe Index on 19 September 2016.

THIRD QUARTER 2016 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, and therefore is comparable with historical data. Please refer to the paragraph "Adjusted data" on page 3 of this release for the definition of adjusted data and reconciliation with IFRS.

Adjusted revenue for the third quarter of 2016 increased by +3.8% to €792.7 million compared to €764.0 million in Q3 2015. Excluding the negative impact from foreign exchange variations and the positive impacts from changes in perimeter, adjusted revenue grew by +1.5%.
Adjusted advertising revenue, excluding revenue related to sale, rental and maintenance, increased by +1.3% on an organic basis in the third quarter of 2016.

Q3 2016 adjusted revenue	**2016 (€m)**	**2015 (€m)**	**Reported growth**	**Organic growth(a)**
Street Furniture	341.2	303.2	+12.5%	+6.0%
Transport	331.7	347.0	-4.4%	-2.4%
Billboard	119.8	113.8	+5.3%	+1.1%
Total	**792.7**	**764.0**	**+3.8%**	**+1.5%**

(a) Excluding acquisitions/divestitures and the impact of foreign exchange

9-month adjusted revenue	**2016 (€m)**	**2015 (€m)**	**Reported growth**	**Organic growth(a)**
Street Furniture	1,067.1	958.7	+11.3%	+5.8%
Transport	986.4	941.2	+4.8%	+4.8%
Billboard	356.5	323.8	+10.1%	+2.0%
Total	**2,410.0**	**2,223.7**	**+8.4%**	**+4.8%**

(a) Excluding acquisitions/divestitures and the impact of foreign exchange

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

STREET FURNITURE

Third quarter adjusted revenue increased by +12.5% to €341.2 million (+6.0% on an organic basis). Europe (including France and the UK) delivered good growth. Asia-Pacific was up double-digit. The Rest of the World was slightly up. North America was down.
Third quarter adjusted advertising revenue, excluding revenue related to sale, rental and maintenance were up +5.7% on an organic basis compared to the third quarter of 2015.

TRANSPORT

Third quarter adjusted revenue decreased by -4.4% to €331.7 million (-2.4% on an organic basis). Europe (including France and the UK) was broadly flat. The Rest of the World delivered double-digit growth. Asia-Pacific and North America showed negative growth.

BILLBOARD

Third quarter adjusted revenue increased by +5.3% to €119.8 million (+1.1% on an organic basis). Europe (including France and the UK) was up. The Rest of the World showed negative growth mainly due to the difficult market conditions in most of the markets in Sub-Saharan Africa and despite a good performance in Russia thanks to the market consolidation following the default in Moscow rent payments from some local operators.

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

"Our Q3 organic revenue growth rate of +1.5%, which is in line with our expectations, reflects the good performance of our Street Furniture segment and a positive growth in the Billboard segment offset by a revenue decline in our Transport segment.

While France and the UK delivered good growth, offsetting the softness of the Rest of Europe and North America, which were both affected by some large contract losses (Madrid CIPs, Barcelona bus shelters, Washington airports), most of our faster-growth markets continued to perform well despite the significant slowdown in Greater China.

Our digital revenue, which now represent 12% of our total revenue, start to benefit from the ramp-up of the digitisation of our prime Street Furniture portfolio with the roll-out of London (450 screens as of today), New York City, which started 2 weeks ago, and many other capital cities such as Berlin, Stockholm… paving the way for a revenue growth acceleration in Street Furniture next year.

In a context of a global economic slowdown including the ongoing uncertainty concerning the impact of Brexit, combined with high comparable mainly in the Transport segment as well as a limited visibility and continued volatility in most markets, we expect Q4 organic revenue growth to be negative around -2%, driving the full year slightly below +3%.

This deceleration in organic revenue growth, especially in Q4, will have a negative impact on our operating margin, already affected by both the integration of CEMUSA notably with the New York City advertising Street Furniture contract and the delay in digitising the world's largest bus-shelter network in London. During this major digital transition period, the Group will continue its efforts to mitigate this slowdown and the impact of these two strategic decisions on our margins through a tight cost management control.

In a media landscape increasingly fragmented, out-of-home advertising reinforces its attractiveness. With our accelerating exposure to faster-growth markets, 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. The strength of our balance sheet is a key competitive advantage that will allow us to pursue further external growth opportunities as they arise."

ADJUSTED DATA

Under IFRS 11, applicable from 1st January, 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 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 which are reconciled with IFRS financial statements.
In Q3 2016, the impact of IFRS 11 on adjusted revenue was -€94.5 million (-€103.1 million in Q3 2015), leaving IFRS revenue at €698.2 million (€660.9 million in Q3 2015).
For the first nine months of 2016, the impact of IFRS 11 on adjusted revenue was -€297.1 million (-€275.1 million for the first nine months of 2015), leaving IFRS revenue at €2,112.9 million (€1,948.6 million for the first nine months of 2015).

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 Q3 2016.