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OUTFRONT Media, Inc. (OUT)

UBS Global Media and Communications Conference

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MANAGEMENT DISCUSSION SECTION

Eric J. Sheridan
Analyst, UBS Securities LLC

So for our next fireside presentation, we've got OUTFRONT Media. We're happy to have the Chairman and CEO, Jeremy Male, here today to be part of the UBS Communications Conference. Thanks, Jeremy.

Jeremy John Male
Chairman & Chief Executive Officer, OUTFRONT Media, Inc.

Thanks, Eric. Good to be here and good afternoon, everyone.

QUESTION AND ANSWER SECTION

Eric J. Sheridan
Analyst, UBS Securities LLC

Q

So, I wanted to kick it off with, you know, we started the day with an agency panel forecasting the year ahead and something that struck me that's interesting in the panel was out-of-home certainly stood out as one of the stronger areas as we exit 2017, start thinking about 2018. Why don't you talk to us broadly about what you're seeing in terms of the end demand for the medium and how the market's evolving?

Jeremy John Male
Chairman & Chief Executive Officer, OUTFRONT Media, Inc.

A

So maybe it's sort of not a bad idea take one step back and sort of think, okay, so out-of-home generally has been a medium that has continued to maintain its share of the ad market, while obviously a number of other innovative companies' in traditional media have been challenged and I think the keyword for that is audience.

So, our audience continues to grow, while other audiences in general have been under pressure, particularly obviously through the disruption of the world of online, whereas I have to say our audience grows. We're a very urban medium, cities are getting larger every day, people's lifestyle trends, people spending more time out of their homes, journey times increase, ridership of public transit is at all-time record levels and forecast to continue to grow.

And transit's a great example, isn't it, because a transit environment is – for us, is just a wonderful blank space for us to hang our advertising tapestries on. So, I think and all of those things have contributed to out-of-home's

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growth. And the fact of the matter is that we are still the one-to-many audience that can go out there and grow brands.

So, there's all sort of – as I say, that's I think the sort of the background to why out-of-home keeps growing. Out-of-home typically has grown at around about the rate of GDP. If you like, there's, over the last few years, slight dislocation this year, I think likely to be a little bit off. But if I was forecasting as one of the global ad agencies, I'm guessing that would come out sort where they did across the board.

Eric J. Sheridan
Analyst, UBS Securities LLC

Q

Fair enough. Okay. In terms of your advertisers, maybe you can give us a little bit of update in terms of the skew between national versus local, how that's evolved over the last couple years and maybe how you see that mix shifting over time.

Jeremy John Male
Chairman & Chief Executive Officer, OUTFRONT Media, Inc.

A

So, right now, or if we look for this year, we're about 55% local, 45% national. And that compares to an industry that is probably sort of closer to 70% local and 30% national. So, we are more disposed than – certainly, than, say, a Lamar, who are much more disposed towards local.

For us, the reason for that is, if you think we're big where national advertisers typically want to be. So, around about a third of our business that we do is just between New York and LA. So, I mean – and that's obviously kind of where you'd expect to see a preponderance of national advertisers. If we look back over time, there was one piece in 2015 that moved the needle. We acquired a company called Van Wagner, whose business was pretty much only in LA, Miami and New York. So, it had a very national skew, so that increased our national advertising.

And if we look this year, it's sort of – our national advertising is lower than last year, principally because in this particular year, we've had a bit of a dislocation between our growth in national and our growth in local. So, we're growing nicely in local, whereas our national advertising business has been a little bit more challenged this year.

But I guess, you could say, if I took a sort of a longer-term view, while it's no easy task, it is fair to say that I believe that the greatest opportunity for our medium is actually with national advertisers. And the top 200 advertisers spend less than 2% of their dollars out-of-home. That compares with, whatever, if you look outside of the U.S. and mostly European markets, that would probably be more like 7% or 8%.

So in other words, you're three or four times more likely as a national advertiser to be spending money in the UK or France as you are in the U.S. and I think I'm sure we'll get into it later. I think some of the steps we're taking in terms of how we sell and market the medium will help that play out as time goes on. So, I think it's great opportunity for national advertising, as we look forward.

Eric J. Sheridan
Analyst, UBS Securities LLC

Q

Well, let's stick with that point though. So, help us understand what some of the friction points are that you're trying to solve for to bring both the advertiser account up from a national basis, as well as improving the dollars per account of a national basis in the medium?

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Jeremy John Male
Chairman & Chief Executive Officer, OUTFRONT Media, Inc.

A

When you look at national – well, when you look at advertising in total, if we think of the last few years and we think about the immense, almost seismic change in the media landscape over that time, where online has gone from kind of nothing to, depending on what market you're in, whatever it is, 35% of the market. When you look at, say, mobile and you look at the fact by 2020, let's assume that ads consumed on the mobile platform will be about 40% of media.

And so, all the while, we're sort of trying to do these things and trying to gain incremental national dollar. I mean, there's been – it's not quite an headwind. You could almost argue, it's been a hurricane well, when we've – that we've – that we had to contend with.

So, as we go forward in the future, and we start thinking about how is it that we can get people and advertisers to – national advertisers in particular to think increasingly about out-of-home; for us, it's about giving them some of things that they're now used to, if you like, every single day in the world of online and indeed on the media in terms of data and insight and analytics and attribution modeling. And that's why we're spending a lot of time in our tech stack, whereby a central piece of that will be a DMP that's fueled by cellular data.

And as you know, if you, from that data pretty much everything about the person that's going to be passing our board, so we'll have a geospatial, if you like, database. We'll know exactly who, hour-by-hour, minute-by-minute who are passing our boards. You'll be able to access that information. You'll be able to – okay, I'm looking for this particular audience, I'm looking for Hispanic females, 35-45, what are the boards in NYC that the index highest towards that. You'll be able to then check availability, you'll be able to then effectively price.

By the way, when we talk programmatic here, I'm not talking this about real time bidding, but I'm just talking about a much more automated method of purchase. Any better than sort of, say, book-to-board. And if it's a digital board, you'll be able to push the ad down. So that's where we're going and by the way, obviously, once you know the device and you know if it did turn left for the McDonald's, so that's when you can start thinking about attribution modeling, et cetera. So I think all of that will change the conversation, I think with national advertisers with regards to out-of-home where typically, you'll say we haven't been able to give that kind of granularity or color.

Eric J. Sheridan
Analyst, UBS Securities LLC

Q

What about specific ad category, just maybe give us color of how your business mix sets up by individual industry category if possible? And which ones are sort of embracing digital boards versus which ones continue to skew heavily towards non-digital boards?

Jeremy John Male
Chairman & Chief Executive Officer, OUTFRONT Media, Inc.

A

Well, I mean, one of the great things about our medium is, if you like, the breadth of our category base. So our largest category is retail, which is about 10%. And if you look at our categories over time, they've been really very, very consistent. You get some outliers. So one of the outliers, if you go back sort of pre-GFC would be real estate, which has gone from sort of 6% or 7% of our revenues to now not a lot, less than 1%. So you do get changes like that.

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And then on the other side, the flip side of the coin is, you get technology, which has gone from sort of kind of nothing, whatever it was, sort of 10 years to 15 years ago, to now one of our larger categories at 7%. And within that, you have the FANG brands, so Apple, our largest advertiser, and we have Facebook and Netflix and Google and all of the Google brands.

So, when we drill in and say, okay, so more specifically this year, what would have been the areas of weakness for us, auto has been weak. We had a pretty good year last year in auto. This year, I don't think auto has been a tremendous category for anyone. But we've seen headwinds there. We saw headwinds in the beer category. I think some of that has to do with just what's going on in the whole – the beer market with the likes of some of the bigger brands, those are being more challenged by some of the small niche brands.

Movies were down for us this year, and I think part of that's about the slate. I didn't have a great slate, so that's been on the challenging side. On the positive side, say, technology has been great. Health and pharma have been strong for us also. When you look at sort of who buys digital and who doesn't, in a way – I mean, some advertisers specifically want to own a location and we mentioned Apple earlier and Apple like owning the entire location rather than necessarily sharing that location.

But for the most part, national advertisers and local advertisers love digital, because you can be – you get a great image. It's captivating. You can be more creative. You can buy it in smaller pieces. So, digital is now whatever, it's around 14%, 15% of our revenues, actually, which is still pretty low. We think that some of the other pieces that we're doing, particularly with regards to the MTA, which we'll probably get to at some stage will start really moving that on.

We're probably the least – in terms of digital billboards, we're the least digitally exposed when you compare ourselves to Lamar and CC, mainly because we've gone out of the gate a little bit slow with regards to digital billboards. We're making up ground fast now, pretty much at 1,000 boards, but it's still only 15% of our revenues. And for the market, it's probably somewhere between 15% and 20% also. So, if you compare the penetration of digital in the U.S. compared to the UK, another market I know pretty well, where digital is now close to 50%, I think it sort of starts to give an indication of some of the upside that we might enjoy with digital revenues.

Eric J. Sheridan
Analyst, UBS Securities LLC

Q

When you look at over the next couple of years, is there sort of a target mix you'd like to get to of digital versus non-digital or national versus local that you think is the right mix in the business that marries growth with your capital allocation?

Jeremy John Male
Chairman & Chief Executive Officer, OUTFRONT Media, Inc.

A

Look, I'd like to think that we can obviously get our national advertising revenues growing again. Mechanically, that will take us from the sort of the 45% now, up towards the 50%. In terms of the percentage of digital and it's a little difficult to be absolutely specific, but I'll be very surprised that if that wasn't well north of 20% in three years' time.

Eric J. Sheridan
Analyst, UBS Securities LLC

Q

You've alluded to transit as a category, I want to get to that. You recently renewed the transit contract in New York City, which sort of calls for a big digital push across the entire footprint with New York City transit. Can you talk

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about the process of renewing that contract, what we could expect going forward in terms of what that contract will do for the company, and maybe we'll go from there.

Jeremy John Male
Chairman & Chief Executive Officer, OUTFRONT Media, Inc.
A

Okay. So, I guess I'm sort of thinking about the one word I'd say, it was a long process, I think. If I'm trying to sort of describe the process, it was long and involved. And basically, the premise of the bid is to switch all of the ads, the vast, vast majority of the advertising from an analog to a digital medium. And that digital medium will be an incredible advertising platform and it will also – alongside of it, we're also providing displays, so that they can improve communication to their passengers to improve the travel experience for all of us New Yorkers.

So, if we think, suddenly, you go from having a display that pretty much – to sell for a month on the platform to a display that, in time, you would be able to buy, if you like, for the two hours that this particular audience is on the platform at Grand Central on the way up to the Yankee Stadium. That's the change, buying it for a month to be able to have that sort of flexibility in the future.

And so, we're right in the planning process at the moment with regards to the MTA. Expect the contract to be formally signed over the coming days. And they're very excited about the possibility of growth – the growth for that contract. We have – in our planning and in our model, we think that we'll generate from that around about an 8% CAGR with a sort of big spike between years sort of I guess two and six, something like that, and a more sort of normalized growth thereafter.

And we expect the revenues from that to sort of double between the start of the contract and the end of the contract term. And it's a 15-year deal. It's really this setting piece in the transit advertising market in the U.S. So it's – I think it will be a very, very positive contract for the company for many, many years.

Eric J. Sheridan
Analyst, UBS Securities LLC
Q

Remind us in terms of the cost, if you've said the cost of deployment, who bears that cost? And it sounds like from a timetable standpoint, what you're saying is year two to six is when you start having the greatest impact from the monetization, just want to make sure that's clear?

Jeremy John Male
Chairman & Chief Executive Officer, OUTFRONT Media, Inc.
A

That's clear. So we will – the build-out really doesn't start until towards the back end of 2018...

Eric J. Sheridan
Analyst, UBS Securities LLC
Q

Okay.

Jeremy John Male
Chairman & Chief Executive Officer, OUTFRONT Media, Inc.
A

...in the final quarter, we'll start seeing – you'll start seeing noticeably more screens. You may see some screens, we're during a couple of stations first, so if you happen to be up by the Time Warner Center up there, we're likely putting some screens up there and they'll be able to place it. But for the most part, it's in end of – towards the end of this year.

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And it might help just to remind people that this is how we're sort of – how we're thinking about the kind of I'll use the word loosely capital associated with that, because actually we're not treating it as capital because that's...

Eric J. Sheridan
Analyst, UBS Securities LLC

Q

Yeah.

Jeremy John Male
Chairman & Chief Executive Officer, OUTFRONT Media, Inc.

A

We're going to be treating it differently on the balance sheet. Greg and Don will be happy to go through the details of that with you. But what we did was we said, well, okay, let's take a number sort of close to where revenues are today and we've taken a revenue share step-back on those revenues where we kind of blended 67% to a 55% revenue share.

We've then said that, all right, everything above that will be the share that the MTA would have received on increments above that, we will retain, okay, in order to pay down the capital balance as we deploy on their behalf and we'll be deploying the capital, let's say, LIBOR plus 375 basis points. So, there'll be a capital account. And so, the MTA effectively take a revenue share holiday on the dollars above that of today's kind of number that's then indexed to CPI.

Eric J. Sheridan
Analyst, UBS Securities LLC

Q

Got it, okay. Moving away from just New York City, when you look at other transit opportunities, is there anything we should be aware of where you think there's interesting opportunities to deploy going forward to win contracts?

Jeremy John Male
Chairman & Chief Executive Officer, OUTFRONT Media, Inc.

A

Yeah, absolutely. The last couple of years, for us, particularly with the MTA, have been more about defense. I think, as we look forward, it's more about offense, because most of our key contracts have got some great term associated with them. The CTA comes up over the next year or so, and we'll have a good look at that.

San Francisco, there's two pieces to the San Francisco market. One of those contracts is out kind of now and then another one in the next sort of – next few years, so we'll have a look at that also. We obviously just won Boston about this time last year. Now, none of these have the scale of the MTA, the MTA is $200 million plus, whereas kind of CTA in Chicago is probably, whatever it is, $35 million, in that sort of area, but definite opportunities. If we think about why the MTA chose us, I think, we're the market leader, we have a great national sales force, we have a tech mousetrap that is second to none. So, we'd never be arrogant but we'd like to think we can go out and compete well for these other pieces.

Eric J. Sheridan
Analyst, UBS Securities LLC

Q

So, a couple of questions have come in from the audience about sort of digital versus non-digital. One, when you think about the digital board versus a traditional board, is there any sense you can give us of the differential in terms of revenue per board in digital versus non-digital and how's that changed over the last couple of years or how might it change going forward in terms of yields you're getting out of a digital versus non-digital?

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Jeremy John Male
Chairman & Chief Executive Officer, OUTFRONT Media, Inc.

A

So, if we go back to very, very early days, you can imagine, you've got a sort of whole bunch of billboards and you've got some amazing locations up here, and you've got, if you like, more normal locations at the bottom of the pyramid. And everyone starts by digitizing their best boards first, and that's where you get the best multiple.

But for the last – so which is why even though we are less than 2% boards – of digital boards – of boards converted, our digital billboards are well over 13% of revenue. So, you can see that if you do the math, obviously, that's kind of like a 6x. But for the last few years, certainly, since I've been involved with the business, we've been looking for about 4x in terms of revenue multiple.

We can consistently achieve that, and that is driving IRRS of sort of 25%-plus. Now, when I say we can consistently achieve it, we consistently achieve it on the boards that we are out there deploying, which is roundabout 100 incremental boards per year.

There's two gating factors. One gating factor for digital deployment is the zoning laws in a particular place. So LA, for example, right now, in this city, we can't deploy digital billboards. We'd love to go and deploy boards there, and the same is true in a number of municipalities. It's not that you can't, but it's hard work. There's a not in my backyard sort of thing, sort of which is one aspect to it.

We look often to swap out boards. So, we'll say, look, if we can get a digital board here, we'll take down four or five boards over here. So, that's a gating factor a well.

And then, the other is just supply, because when you do put a digital board in, you go from what was one to what can suddenly be six or eight, depending on how many – how often you change the ad in a minute. And what that does is, let's say, increases supply. So, we are just judicious in terms of how we think about deployment and where, because we want to make sure that we're attracting new dollars rather than just taking dollars off one of our analog boards down the street.

Eric J. Sheridan
Analyst, UBS Securities LLC

Q

When you think about some of the initiatives you mentioned earlier, dynamic ad insertion against certain goals, local time, measurement – better measurement and attribution tools for advertisers, what should investors expect that might do to pricing, over time, pricing? Could we see an inflationary bend to add pricing around boards over time if you can prove out what real time insertion of ads and/or better measurement attribution tools for your advertisers?

Jeremy John Male
Chairman & Chief Executive Officer, OUTFRONT Media, Inc.

A

I've got absolutely no doubt that if you can make our medium easier to buy, provide the right data and insight and provide attribution I'm absolutely certain that that's going to be good for pricing. And, once again, if we go back to – think about the analog, so that's for billboards. And if we then think about internally in our transit business, if you think about that one analog ad that we sell for a month, I think, suddenly, because it's indoor, you don't have any of the same zoning rules.

Eric J. Sheridan
Analyst, UBS Securities LLC

Q

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Yeah.

Jeremy John Male
Chairman & Chief Executive Officer, OUTFRONT Media, Inc.
A

And so, you can deliver video ads. So in other words, exactly the same feel that you get as the same sort of ad that you would get on your Snapchat feed or some other app [ph] put it straight down in (25:31) the subway. And as soon as you start putting videos, let's say, chunked up into time periods for the right audience, I'm absolutely certain that that'll drive the yield that we can achieve from these locations.

Eric J. Sheridan
Analyst, UBS Securities LLC
Q

And then, maybe just one follow-up. You mentioned improving the ability for advertisers to deploy money inside your ads, by your ads. What are some of the friction points that you're trying to solve for? You and the team, when you sit down, what are the friction points for advertisers that can make it easier to buy outdoor advertising through a company like yourself?

Jeremy John Male
Chairman & Chief Executive Officer, OUTFRONT Media, Inc.
A

The way out of home – and I'm talking more about national...

Eric J. Sheridan
Analyst, UBS Securities LLC
Q

Yeah.

Jeremy John Male
Chairman & Chief Executive Officer, OUTFRONT Media, Inc.
A

...advertising, okay, in terms of local advertising, it's [indiscernible] (26:22). But if we think about it in terms of national advertising, most of the main agency groups have, if you like, the sort of – the way they create their media, if you like, in one place, and they're out-of-home buyers over here, you know what I mean.

Eric J. Sheridan
Analyst, UBS Securities LLC
Q

Yeah.

Jeremy John Male
Chairman & Chief Executive Officer, OUTFRONT Media, Inc.
A

It's relatively separate. And it's quite often not even thought of as a national media. So, one of the big agency groups essentially in their local buyer shop. I think that by having our medium, if you like, being thought about and traded and interrogated, if you like, for audience at the level within the agency, if you like, connected by our API direct to our own servers. I think that will make a big difference. We will still do a lot of business over here with the out-of-home buying guys and everything else. So, I think what it does is it will add on an extra layer.

Eric J. Sheridan
Analyst, UBS Securities LLC
Q

It opens up a new pool sort of opportunities.

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Jeremy John Male
Chairman & Chief Executive Officer, OUTFRONT Media, Inc.

A

Completely. Yeah.

Eric J. Sheridan
Analyst, UBS Securities LLC

Q

Okay. You've been public for a couple of years now. What is your – some of the opportunities and challenges that come with being a public company? You also happen to be a REIT. So, how does that impact your operation day-to-day by being in that sort of structure?

Jeremy John Male
Chairman & Chief Executive Officer, OUTFRONT Media, Inc.

A

Yeah. We've been public now for, whatever it is, sort of three years-plus, ad very shortly after going public, we converted to a REIT. I'm not certain that day-to-day, there's really any – apart from within our [ph] accounts partner (28:04), we have to be careful about how we account obviously the business that goes into our TRS versus the qualified REIT subsidiary. But outside of some of that accounting detail, I don't think it changes the lives of, if you like, most of the people that are working on our business.

And as far as the capital structure goes, there's a lot of discussion about, okay, what does it mean in terms of the, likely, tax reform, what is that impact. I mean, for us, obviously we have relatively [ph] varied (28:42) cash taxes because we're a REIT. But we do pay tax in the TRS and we'll get the benefit of any change in the tax legislation when it comes through. In terms of other structure, REIT or C-Corp, we're pretty comfortable being a REIT.

Eric J. Sheridan
Analyst, UBS Securities LLC

Q

Okay. Leverage, maybe give us a little bit of an update on how you think about leverage on your business model, where it is today, where you think the right balance is for leverage medium, long term for the business.

Jeremy John Male
Chairman & Chief Executive Officer, OUTFRONT Media, Inc.

A

Why don't we talk about that next. So, at the moment we're in the high 4s, and we took a step up in particular with the acquisition of Van Wagner, as I mentioned, a couple of years back.

Eric J. Sheridan
Analyst, UBS Securities LLC

Q

Yeah.

Jeremy John Male
Chairman & Chief Executive Officer, OUTFRONT Media, Inc.

A

We would have hoped that we would've taken leverage down a little more quickly. When you look at the growth that we've achieved particularly over the last couple of years, it's been principally in our transit business, which is an amazing business and we love it, but we don't get the same flowthrough as we do in our billboard business. So, we need to get some incremental growth in our billboard business that will really start – allow us to chip away and get it done, because we said before that we would like over time to be in the more 3.5x to 4x range. I mean, we don't feel uncomfortable where we are now, but I mean directionally that's where we want to go.

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Eric J. Sheridan
Analyst, UBS Securities LLC

Q

When you look at the industry, it's still fairly fragmented, and when you look at your collection of assets, how do you think about either geographic exposure you have versus what you'd like to have medium-, long-term, digital versus non-digital against the backdrop of that industry structure? And what sort of your goals are over the next couple of years, maybe through organic growth, maybe through inorganic growth like M&A, just sort of a line where you want your assets to be?

Jeremy John Male
Chairman & Chief Executive Officer, OUTFRONT Media, Inc.

A

We are highly oriented towards those top 25 DMAs and anything we do, be it organic development or acquisitive development, is likely to be within those top DMAs. And we're very comfortable looking at analog businesses there and/or digital. We recently swapped some analog boards that were in one of our smaller markets for some digital billboards in Boston, because we think that over the medium-term, actually that will provide us with a better growth opportunity. And so, from that point of view, that particular swap made sense.

So, when we look at the – take one step back and look at the market more general, we have around 70% of the market that's where then the sort of top three or four players. So, you got about 30% that remains pretty fragmented, you know, it's probably 100 different companies or 100-plus companies that make up that 30%. And of those, we would have interest in those that we're in – markets that we tended to be in, where we can leverage our sales force, leverage our operating structure and infrastructure that we would have in those markets.

But we've been very focused. We want it to be strategic, want to be smart, want it to make sense when it got – we want to have the – we want to make sure that we can attain the synergies that bring down the sort of ingoing multiple that a number of these businesses are trading on right now.

Eric J. Sheridan
Analyst, UBS Securities LLC

Q

If you were to do M&A, what are some of the big challenges about a fragmented industry going to more consolidation? Is it just execution against synergies? Is it execution against integration of assets you didn't own historically? Just maybe give us a little bit of color on what some of the challenges are when you do one of those transactions?

Jeremy John Male
Chairman & Chief Executive Officer, OUTFRONT Media, Inc.

A

To be honest, I think, they're relatively straightforward. If we think about the tail buying – acquiring businesses and, I mean, integrating into our organization then leveraging hopefully our sales force against those assets, that's relatively straightforward. There's one sort of bigger piece that the industry needs to – or that we're obviously aware of, and that is the general regulatory environment.

I think there was some suggestion that that environment might change with the changes in Washington, not certain we've seen that so far when you look at some of the messaging that's been coming from there. And if you think about the medium in total, if we're a 2% national advertising medium and whatever it is, 4.5% overall, you would have expected that then we might be able to further consolidate just within that 4.5%. And that's, at the moment, from somewhat we've seen, that could be challenging. And as we look forward, it'll be good to think that there might be some more opportunities there.

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Clear Channel, there's obviously a lot of discussion about Clear Channel, what happens and people say, oh, Clear Channel will be a great fit with you. Yeah, absolutely it would, but I'm not absolutely certain that we'd be able to execute on all of that. That's for sure.

Eric J. Sheridan
Analyst, UBS Securities LLC

Q

Understood. In terms of digital, is there a preference for taking existing infrastructure of yours and converting it to digital, or just acquiring digital boards outright? Or do you think from an economic standpoint, that's roughly a buy versus build decision and sort of measured on an ROI basis?

Jeremy John Male
Chairman & Chief Executive Officer, OUTFRONT Media, Inc.

A

For the most part, the digital boards that we're adding on are all conversions. We're converting our assets to digital and we get better returns when we organically develop than when we acquire.

Eric J. Sheridan
Analyst, UBS Securities LLC

Q

Okay. A couple that have come in. One, to your point earlier about automation, how can the sell-through process evolve for the industry to broaden out the number of advertisers and auction dynamics that might be available for advertisers, especially national advertisers to properly buy the medium.

Jeremy John Male
Chairman & Chief Executive Officer, OUTFRONT Media, Inc.

A

I think, we sort of touched on the piece of that a little bit earlier in the conversation in terms of the tech stack and the ability to trade our media, API. As I say, I'm not certain that, look, it's possible that there may be pieces of inventory or times of day whereby you might actually have some sort of RTB within it. But right now, we're seeing it far more as a private marketplace whereby we would trade the media at our pricing.

Eric J. Sheridan
Analyst, UBS Securities LLC

Q

Understood. So, as we wrap up in the last minute or two, just maybe lay the groundwork for investors as they look out to 2018. What are the things they should expect that you're focused on in terms of running the company day-to-day, where capital is going to get allocated in the business, and how investors should be monitoring that as we move through 2018?

Jeremy John Male
Chairman & Chief Executive Officer, OUTFRONT Media, Inc.

A

So, as we look to next year, it's going to be a very important year in terms of commencing the build-out for the MTA, that's going to be one key piece, and with a lot of planning that's going into that right now.

In terms of generally how we – any other big surprises in terms of our other capital allocations, probably not. We're sort of in the $70 million, $80 million of capital this year, and it's likely to be similar next year, might tick up a bit if there's some opportunities for incremental digital deployment that we come across.

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Key for us, we'll be getting some growth back into our national advertising business this year, so that dislocation – local has been great, but the dislocation between local and national has been frustrating for us this year, and I'd like to think that we can get that back in the right place.

I mean, outside of that, as I say, we continue to feel good about our business, about our strategy and about the medium.

Eric J. Sheridan

Analyst, UBS Securities LLC

Perfect. All right. Why don't we wrap it up there, Jeremy, thank you so much for being part of the UBS Conference this year.

Jeremy John Male

Chairman & Chief Executive Officer, OUTFRONT Media, Inc.

Thanks, Eric. Thanks, everyone.

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