

CBS CORP
Form 425
June 18, 2014

Investor Presentation
June 2014
Investor Road Show Presentation
Filed by: CBS Outdoor Americas Inc.
Pursuant to Rule 425 under the
Securities Act of 1933, as amended
Subject Company: CBS Corporation
Commission File No.: 333-196652

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Disclaimer

Non-GAAP Financial Measures

This presentation may include certain non-GAAP measures intended to supplement, not substitute for, comparable GAAP measures found in the Appendix of this presentation. Numbers in this presentation may not sum due to rounding.

Forward-Looking Statements

This presentation may include forward-looking statements within the meaning of the federal securities laws, including the Private Securities

statements by the use of forward-looking terminology such as believes, expects, could, may, might, will, shall or the negative of these words and phrases or similar words or phrases that are predictions of or indicate future events or trends or forward-looking statements by discussions of strategy, plans or intentions. In particular, statements pertaining to our capital resources, plans and intentions. Forward-looking statements involve numerous risks and uncertainties and you should not rely on them as predictions of future results. They may be incorrect or imprecise and we may not be able to realize them. Neither we nor CBS Corporation ("CBS") guarantee that they will happen at all). The following factors, among others, could cause actual results and future events to differ materially from those stated or implied and general economic conditions; competition; government regulation; our inability to increase the number of digital advertising spots; our inability to obtain and renew key municipal concessions on favorable terms; decreased government compensation for the removal of lawful permanent residents; health and safety laws and regulations; seasonal variations; future acquisitions and other strategic transactions; time and resource constraints; charges in connection with the separation and incremental costs as a stand-alone public company; dependence on our management; our ability to issue additional shares of stock without stockholder approval; certain provisions of Maryland law may limit the ability of our directors to take action against our directors and officers are limited; we may not realize the expected benefits from the separation of our business; our financial condition; the terms of the credit agreement and the indenture governing our debt restrict our current and future operations; our initiatives in response to changes in our business, the industries in which we operate, the economy and governmental regulation; our indebtedness; hedging transactions; establishing an operating partnership; asset impairment charges for goodwill; diverse risks associated with our use of the CBS mark and logo; our current financial information may not be a reliable indicator of our future results; cash availability; our investments in real estate investment trusts ("REITs"), including positions taken by the IRS; our failure to qualify, or remain qualified, to be taxed as a REIT; the reduced tax rates available for some dividends; REIT distribution requirements; availability of external sources of capital; our REIT requirements may cause us to liquidate investments or forgo otherwise attractive opportunities; our ability to contribute certain assets to a REIT; our ability to fail to qualify to be taxed as a REIT; our ability to hedge effectively; paying the cash portion of the earnings and profits as a REIT; cash; failure to meet the REIT income tests as a result of receiving non-qualifying rental income; even if we qualify to be taxed as a REIT, we may recognize gains in the assets held before electing to be treated as a REIT; the IRS may deem the gains from sales of our outdoor advertising spots as operating history as a REIT; a substantial amount of our common stock will enter the market as a result of the exchange offer and our common stock will fluctuate and the final per-share values used in determining the exchange ratio may not be indicative of the value of our stock at a reduced discount or may not receive any discount in the exchange offer; participating CBS stockholders will experience a split-off of fractional shares of our common stock, if any) for shares of CBS Class B common stock that are accepted in the exchange offer; the exchange offer; if the split-off, including the exchange offer, together with certain related transactions, does not qualify as a transaction for tax purposes, CBS stockholders could be subject to significant tax liabilities and, in certain circumstances, we could be required to indemnify our stockholders; matters agreement; we may not be able to engage in desirable strategic or capital-raising transactions following the split-off, and we may not be able to engage in significant strategic or capital-raising transactions; if the exchange offer is not fully subscribed, CBS may continue to control our operations; other factors described in our filings with the Securities and Exchange Commission (the "SEC"), including but not limited to those described in the SEC on June 11, 2014. All forward-looking statements in this presentation apply as of the date of this presentation or as of the date of any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions or facts.

Additional Information

CBS Outdoor has filed a Registration Statement on Form S-4 (File No. 333-196652) with the SEC. The terms and conditions of the exchange offer are set forth in the prospectus filed as Schedule TO filed by CBS Corporation with the SEC. The prospectus, which is included in the Registration Statement on Form S-4, describes the separation and related matters. CBS Corporation has delivered the prospectus to its stockholders. **INVESTORS AND SECURITY HOLDERS SHOULD READ THE PROSPECTUS AND ANY OTHER RELEVANT DOCUMENTS FILED WITH THE SEC BY CBS CORPORATION AND CBS OUTDOOR INC.** Neither we nor CBS Outdoor or their respective directors or officers or any dealer manager appointed with respect to the exchange offer make any representation or warranty regarding the accuracy or completeness of this presentation. This presentation is for informational purposes only and is neither an offer to sell nor an offer to buy any securities, nor is it a recommendation or solicitation to buy or sell any securities made solely by means of the prospectus. Investors may obtain a free copy of the prospectus and other related documents filed with the SEC and those documents may also be obtained for free, as applicable, from CBS at www.cbcorporation.com or CBS Outdoor at www.cbso.com.

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Exchange Offer Summary
Offer to Exchange
Up to 97,000,000 shares
1
of CBS Outdoor Americas Inc.
(CBSO) common stock for outstanding shares of CBS Corp

(CBS) Class B common stock

Target Discount on CBSO

7% based on average of Volume Weighted Average Prices of
CBS and CBSO during the Pricing Period (subject to the
Upper Limit Exchange Ratio)

Upper Limit Exchange Ratio

2.1917 shares of CBSO per share of CBS tendered

(represents a 13% discount to CBSO based on June 10
closing prices)

Pricing Period

Currently expected to be July 7, 8, and 9

Expiration

Currently expected July 9, 2014 at 12:00 midnight EDT

Exchange / Ticker

NYSE / CBSO, NYSE / CBS (Class B)

Dealer Managers

Goldman Sachs, Morgan Stanley

Minimum Amount

58,200,000 shares of CBSO distributed (60% of shares held
by CBS as of June 10, 2014)

1

Representing CBS Corporation's entire remaining interest in CBS Outdoor Americas Inc.

4
Agenda
CBSO Highlights
Growth Dynamics
Company Overview
Financial Summary

\$
1,303
\$
415
\$
60
Revenue

OIBDA

Capex

Financial Profile

3

5

Highlights

Large Market Focus

Leading presence in the U.S.

Top 25 DMAs

Strong operations in Canada
and Latin America

Hard-to-Replicate Portfolio of
Assets

Reinvigorated Organization

Poised for Continued

Growth

3

LTM March 31, 2014. Reflects Adjusted OIBDA. See page 45 for a reconciliation
of Adjusted OIBDA to Operating Income.

4

As of March 31, 2014.

1

As of 12/31/13.

Source: OAAA 2013 U.S.; Company reports. CBSO includes the US; Clear

Channel represents the Americas including Canada; Lamar and JCDecaux include the U.S.

A Leader in a Fragmented Industry

2

CBSO

19%

Other

36%

CCO

21%

LAMR

21%

JCD

4%

Innovative Marketing Solutions

Provider

20,300 clients

4

Local and national strength

356,000+ displays

1

2

CBSO: A Market **LEADER** in a **GROWTH** Industry

6
Investment **HIGHLIGHTS**
Attractive Industry Fundamentals
Superior and Hard-to-Replicate Real Estate Portfolio
Multiple
Levers
to

Enhance
Growth

Digital
Conversion, Yield Management, Select Acquisitions
Energized Management Team and Sales Force
Consistent Revenue Growth, High Incremental
Margins, Powerful Free Cash Flow
Strong and Efficient Balance Sheet with
Financial Flexibility
Growth + Sustainable Dividends

7
EXECUTING on Stated Business Objectives

8

SOLID First Quarter Results

Notes: All changes refer to the three months ended March 31, 2014 compared to the same prior-year period. ¹Revenue comparison and AFFO are presented on a comparable basis for 2013; please see Non-GAAP Reconciliations in the Appendix of this presentation.

GROWTH
Dynamics

10
Outdoor is a **POWERFUL**
Medium

11
Historical and Future Top-Line Industry OUTPERFORMANCE
2013-2016E CAGR
And Strong Growth Forecast
1
Consistent Historical Growth
1

\$2.6

\$4.9

\$7.9

\$9.1

'90

'00

'13

'16E

3.1%

3.1%

4.7%

4.8%

8.0%

Outdoor as a % of Total U.S. Advertising Spend

U.S.

Outdoor Ad Spend

Digital

17.2%

Outdoor

4.8%

TV

2.9%

Radio

1.0%

Print

(4.8%)

All Media

4.6%

1

Outdoor as a % of Total Non-U.S. Ad Spend

Source: Zenith Optimedia - April 2014.

12
Growing MEASURABLE Audience

13
Ignites **SOCIAL**
& **MOBILE**
Drives to Search
Mobile Commerce
Connects with Social

14
DRIVING Online Search
Absolut
Cocktail Campaign Results
A significant spike in search for
ABSOLUT Greyhound
during

campaign flights
Stimulated significant interest on
Twitter
92% of Absolut-related
tweets were related to the
campaign
Earned media exceeded
ABSOLUT's expectations
Absolut Case Study
OOH Drives Consumer Interest
1
Absolut OOH Media
15 of the Top 25
markets
Multiple high profile
formats
100
80
60
40
20
0
Dec 2012
Jan 2013
Feb 2013
Mar 2013
OOH Flight
OOH Flight
1

Source: Google Analytics indexed peak total search volume during Absolut's multi-media campaign; Posterscope.

15

Industry Measurement:
TAB OOH Audience Ratings
20x60 Bulletin
Right Read, 400 feet,
Head-On
Weekly Impressions:

343,570
TAB Data on
Every Billboard

Company Overview

17
Canada
Mexico
South America
Strategic Locations in Large Markets
Revenue
Mix

by
Product
1
Revenue
Mix
by
Geography
1
1
For
the
12
month
period
ending
March
31,
2014.

CBSO: Superior and Hard-to-Replicate Assets

Billboard

71%

Transit &

Other 29%

United

States

Canada

Latin

America

88%

6%

7%

18

Strong Presence in Key **STRATEGIC LOCATIONS**

Retail Districts

Transit Centers

High Traffic Areas

Iconic Locations

19
Business Profile: **UNITED STATES**
Revenue Mix
1
Revenue
1
Adjusted OIBDA and Margin

2

1

For the 12 month period ending December 31, 2010-2013 and March 31, 2014.

2

Adjusted OIBDA margin is defined as Adjusted OIBDA divided by revenues and presented in this table for the US segment.

20

We Give our Customers **NATIONAL REACH & LOCAL STRENGTH**

National

Hyper Local

Covers ~ 50% of the

U.S. Population

Top 25 DMA

Presence
Blue Chip
Customer Base
50 U.S. Account
National Executives
Sales People in
38 Regional
Offices

Local Knowledge
with 315 Local

Executives
in Every

Location
Embedded
in Local

Communities

Strong, Client

Centric Approach

Regional

Note: Information as of March 31, 2014.

National

Revenue

Local

Revenue

~60%

~40%

21

Business Profile: **U.S. BILLBOARD**

Stable, high margin business. Lease expense 29% of
2013 billboard revenues

High customer renewal rates

Growing

digital

footprint

-

national

and

local

Highlights

Revenue

Top

Market

Focus

1

1

Revenue

by

geographic

area

for

the

twelve

months

ended

December

31,

2013.

22

Attractive Drivers of **BILLBOARD VALUE**

23
Business Profile: **U.S. TRANSIT**
Revenue
1
Large
Market
Focus

2

Top market strategy
Makes us Must Buy
media
Disciplined
approach
to
contracts 2013
lease
expense
64%
of
transit revenues

Contracts typically the greater of revenue share or minimum
guaranteed payments
Minimal CapEx requirements

2

Transit
and
Other
revenue
by
geographic
area
for
the
twelve
months
ended
December
31,
2013.

Highlights

1

Transit
&
Other
revenue
for
the
twelve
months
ending
December
31,
2010-2013
and
March
31,
2014.

\$
282
\$
305
\$
328
\$
334
\$
340
'10
'11
'12
'13
LTM 1Q14
New York City
57%
Other U.S.
18%
Washington
D.C. 11%
Los Angeles
14%

24

International Revenues

1

One of the largest in Canada
and Mexico

Niche, high growth
position in Brazil,

Argentina, Chile and
Uruguay
Revenues and Adjusted
OIBDA stabilized in the first
quarter of 2014
Revenue Mix

4

4

For the twelve months ended March 31, 2014.

Business Profile: **INTERNATIONAL**

Highlights

1

\$ Millions. Last twelve months ending December 31, 2010-2013 and March 31, 2014.

Revenue comparison is on a constant dollar basis. Reported total International revenues
were:

\$218M

(2010),

\$226M

(2011),

186M

(2012),

and

\$164M

(2013).

2

Reflects

lost

Canadian

contracts

of

\$44M

(2010),

\$37M

(2011)

and

\$7M

(2012);

3

Includes

impact

of

\$6M of political advertising in 2012.

25
20,300 Customers
91
of
Top
100
Advertisers

are
Customers
1.6% Maximum Revenue Contribution from
Single Customer
Highlights
Blue Chip Customers
Highly
DIVERSIFIED
Customer
Base
US Revenue % by Industry

1
Source:
Kantar
Media
for
12
months
ended
March
31,
2014.

2
For
the
12
months
ended
March
31,
2014.

3
For
the
12
months
ended
December
31,
2013.

2
1
2
3

Point Chg.

2007

2008

2009

2010

2011

2012

2013
'07-'13

Retail

9%

9%

9%

9%

9%

10%

10%

0

Television

5

6

5

7

7

7

8

2

Entertainment

7

6

6

6

6

7

7

0

Health/Pharma

5

5

6

6

7

7

7

3

Restaurants/Fast Food

5

6

7

7

7

7

7

2

Other

8

8

8

8

7

7

7

(1)

Professional Services

7

6

6

6

7

6

7

0

Telephone/Utilities

9

8

8

7

7

7

6

(3)

Auto

8

7

6

5

5

5

5

(3)

Financial Services

7

7

7

7

7

6

5

(1)

Casinos/Lottery

4

5

5

5

5

5

5

0

Beer/Liquor

5

5

5

5

5

4

5

(1)

Education

2

3

4

4

5

4

4

2

Movies

4

5

4

5

5

5

4

0

Travel/Leisure

5

5

5

5

5

5

4

(1)

Computers/Internet

1

1

1

2

2

3

3

2

Food/Beverage

2

3

4

3
3
3
3
0
Government
1
1
1
1
1
1
1
2
1
Real Estate
4
3
2
1
1
1
1
1
(3)
Household Products
1
1
1
1
1
1
1
1
0
Total CBSO
100%
100%
100%
100%
100%
100%
100%
100%
TV, Ent. & Movies
17%
17%
15%
18%
19%
19%
19%
3
26

High Diversification and Customer STABILITY Over Time

Note: Numbers may not sum due to rounding

CBSO US Revenue Mix by Advertising Category

27
2013

iPhone
5
Longstanding Customer
Multiple formats,

Integral to launch strategy

Customer Case Study: KEY MEDIA for APPLE

2008

iPod

2009

iPod

Touch

2007

iPod

2011

iPad

2

multiple markets

28

Strong focus on pricing

increase Revenue per Display

Optimize inventory management

Improved data to identify opportunities

Network-focused approach

Top DMAs + transit franchises

Improved analytics/audience measurement
Increased focus on operational efficiencies
Lease expense rationalization
Less than 1% of CBSO total billboards are digital

1

Continued strategic, ROI-focused conversions
Fragmented market ~36% of share held by
independents

Strategic market opportunities to acquire
complementary assets at attractive multiples

Drive returns through scalable infrastructure

Key GROWTH DRIVERS

Yield Management

Emphasis on Large

National Advertisers

Cost Optimization

Digital Deployment

Acquisitions

As

of

March

31,

2014.

1

29
The
Pyramid
of
Quality

AUDIENCE,

DMA,
&
LOCATION
Digital Investment
Strategic Enhancement
Focus on Yield
Rationalize
= Maximize Profit Per Display

30
Digital Provides Additional **OPPORTUNITIES**
Benefits to
Advertisers
Richer Content
Interactivity
with Audience

Location & Day
Parting
Deployment
Flexibility
Minimizes
Production
Costs
Benefits to
CBSO
Enhances
Value
Proposition
Revenue
Opportunities
Enhances
Yield
Ability to
Attract New
Advertisers
Inventory
Optimization

31
Significant Digital **UPSIDE**
Iconic Locations
 Premium
Offerings
Top DMAs
Selective & Measured

Deployment
Maximize Overall Yield
IRR benefits from lower cost per
digital billboard
Strategic
Approach
to
Digital
Billboards
Cost
per
Digital
Billboard

As of December 31 2010-2013 and as of March 31, 2014.
Average CBSO cost as of December 31.

97
173
277
373
411
'10
'11
'12
'13
1Q14

of
CBSO
US
Digital
Billboards
1
1
2
'09
'13
2

Financial Summary
Financial Summary

33
KEY FINANCIAL Highlights

34
Consistent **REVENUE**
Stream
Stable and Growing Revenue Base
1
For
the

twelve
months
ended
December
31,
2010-2013

and
March
31,
2014.

996
1,052
1,099
1,130
1,140

218

226

186

164

163

'10

'11

'12

'13

LTM 1Q14

International

US

\$1,214

\$1,277

\$1,285

\$1,294

\$1,303

1

Opportunities

35

Improve Yield Management

Lower Billboard Site Related Expenses

More Profitable Mix of Transit Contracts

Drive Results from Lease Negotiations

See

page
45
for
a
reconciliation
of
Adjusted
OIBDA
to
Operating
Income.
Adjusted
OIBDA
margin
is
defined
as
Adjusted
OIBDA
divided
by
revenues.

Lease
costs
include
billboard property lease costs and transit franchise costs.
For the twelve months ended December 31, 2010-2013 and March 31, 2014.

Adjusted OIBDA and Margin

1,3
Lease Costs as % of Revenue

2,3
Attractive **MARGIN PROFILE** and **OPERATING LEVERAGE**

1
3
\$
415
\$
415
\$
408
\$
414
\$
350
29%
32%
32%
32%
32%
LTM 1Q14

'13
'12
'11
'10
40%
38%
38%
37%
37%
'10
'11
'12
'13
LTM 1Q14
2

36

~ 23,000 Leases

~ 18,500 Landlords

Low, generally fixed cost billboard leases

8% of real estate locations owned

Results in long-term relationships

75% Legal Non-conforming

Favorable pricing dynamics
Highly Diversified
Attractive Terms
Built-in Flexibility
Permit Ownership
ATTRACTIVE LEASE Portfolio
Based
on
total
revenues
CAGR
December
31,
2010

LTM
March
31,
2014.
Majority of billboard leases have abate and/or
termination clauses
Important cost lever
Through negotiation, lease costs declined 0.1%
vs. revenue growth of 2.2%
1
1

37
Low
Ongoing
Capital
Intensity
with
OPPORTUNITY

to
INVEST
Minimal Maintenance CapEx
Nominal Transit CapEx
Stringent ROI Thresholds
Opportunity to invest in Growth CapEx
Disciplined CapEx
Capital Expenditures
1
CapEx
as
%
of
Total
Revenue
3.9%
3.6%
4.2%
4.5%
4.6%
1.7%
1.2%
1.2%
1.8%
1.9%
'10
'11
'12
'13
LTM 1Q14
Total
Maintenance
1
For
the
twelve
months
ended
December
31,
2010-2013
and
March
31,
2014.
20
15
16
24
25

27
30
38
35
36
\$
47
\$
46
\$
54
\$
58
\$
60
'10
'11
'12
'13
LTM 1Q14
Growth
Maintenance
1

Split-Off
Exchange
Offer
Launched
38
Transaction
SUMMARY

and

TIMELINE

Exchange offer expiration date of July 9, 2014

Targeted split-off separation from CBS mid-July, 2014

Earnings & Profits (E&P) purge announced after July 2014 and paid before January 31, 2015

E&P Purge

expected to

be paid by

Jan 31,

2015

Intend to

operate as

a REIT

going

forward

First

quarter

earnings

PLR

received

CBSO

IPO

Targeted

complete

separation

from CBS

CBSO debt

financing

Apr

16

Jan

31

May

8

Mar

28

Mid-

July

Jan

31

2015

2014

Jun

11

39
Expected **REIT**
Structure
International operations
U.S. mobile
transit assets
(i.e., train cars, buses)

Residual cash may be used
for reinvestment in business
or for debt repayment

U.S. Billboards

U.S. fixed

transit assets

(i.e., station structures)

100% of taxable income

to be distributed to

shareholders

Qualified REIT Subsidiary (QRS)

Taxable REIT Subsidiary (TRS)

40

Balance Sheet Highlights

\$539 million of liquidity

\$114 million cash

\$100 million IPO proceeds on

April 2, 2014 for cash portion
of E&P purge

\$425 million undrawn
revolving credit facility
Long dated and staggered
maturity profile
8 year
average maturity
Target leverage range
3.5x-4.0x
Dividend plans in line with
REIT structure

100% of QRS taxable income
distributed to shareholders

Cash balance builds via TRS

EFFICIENT

Balance Sheet

1

As of March 31, 2014; except that \$100 million in IPO Proceeds was received on April 2, 2014.

2

As defined in the Credit Agreement governing our senior credit facilities; calculated on total debt.

Capitalization

(\$ in millions)

Cash

\$114

IPO Proceeds for cash E&P Purge

100

\$425M Revolving Credit Facility due 2019

0

Senior Secured Term Loan due 2021

798

5.250% Senior Notes due 2022

400

5.625% Senior Notes due 2024

400

Total Debt

\$1,598

Weighted Average Cost of Debt

4.2%

Consolidated Total Leverage Ratio

2

3.8x

1

41
Strong OIBDA Conversion and a Sustainable Dividend
OIBDA
AFFO and
FCF
1
DIVIDENDS

1
Adjusted
Funds
From
Operations
(AFFO)
is
described
in
the
Appendix
of
this
presentation.
Free
Cash
Flow
(FCF)
is
defined
as
Net
Cash
Flow
Provided
by
Operating
Activities,
less
total
Capital
Expenditures,
from
the
Statement
of
Cash
Flows.

42

Investment **HIGHLIGHTS**

Attractive Industry Fundamentals

Superior and Hard-to-Replicate Real Estate Portfolio

Multiple Levers to Enhance Growth

Digital

Conversion, Yield Management, Select Acquisitions

Energized Management Team and Sales Force
Consistent Revenue Growth, High Incremental
Margins, Powerful Free Cash Flow
Strong and Efficient Balance Sheet with
Financial Flexibility
Growth + Sustainable Dividends

Appendix

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Non-GAAP Reconciliations

Non-GAAP Financial Measures

In addition to the results prepared in accordance with generally accepted accounting principles in the United States (GAAP) accompanying tables include non-GAAP measures as described below. We calculate revenues on a constant dollar basis as re exchange rates between periods. We provide constant dollar revenues to understand the underlying growth rate of revenue excl between periods, which are not under management s direct control. Our management believes constant dollar revenues are use

level of growth of our business period to period. We calculate Adjusted OIBDA as operating income before depreciation, amortization, stock-based compensation and restructuring charges. We calculate Adjusted OIBDA margin by dividing Adjusted OIBDA by total revenues. Adjusted OIBDA and Adjusted OIBDA margin are among the primary measures we use for managing our operating performance. Adjusted OIBDA and Adjusted OIBDA margin are also used by investors as each is an important indicator of our operational strength and business performance. Our management believes users are best served if the information that is made available to them allows them to align their analysis and evaluation of our operating results along the same lines that our management uses in managing our business. Our management also believes that the presentations of Adjusted OIBDA and Adjusted OIBDA margin, as supplemental measures, provide users with an important perspective on our operating performance. Our management believes that the presentations of Adjusted OIBDA and Adjusted OIBDA margin, as supplemental measures, provide users with an important perspective on our operating performance that may not otherwise be apparent when relying solely on GAAP financial measures. It is management's opinion that these supplemental measures provide users with an important perspective on our operating performance that may not otherwise be apparent when relying solely on GAAP financial measures. We calculate FFO in accordance with the definition of FFO for Real Estate Investment Trusts (" NAREIT "). FFO reflects net income adjusted to exclude gains and losses from the sale of real estate assets, depreciation and amortization of direct lease acquisition costs, as well as the same adjustments for our equity based investments, as applicable. FFO excludes direct lease acquisition costs as such costs are generally amortized over a period ranging from four weeks to one year and therefore are not cash paid for maintenance capital expenditures since these are routine uses of cash that are necessary for our operations. In addition, FFO excludes real estate depreciation and amortization, deferred income taxes, stock-based compensation expense, accretion expense, the noncash portion of stock-based financing costs. We believe that adjusting for these items provides a better measure of our operating performance. We use FFO in managing our business, planning and forecasting future periods, and each is an important indicator of our operational strength and business performance. Our management believes users are best served if the information that is made available to them allows them to align their analysis and evaluation of our operating performance with the information that our management uses in managing, planning and executing our business strategy. Our management also believes that the presentations of Adjusted OIBDA, Adjusted OIBDA margin, FFO, AFFO, and net income per average share, as supplemental measures, are useful in evaluating our business because adjusting results to reflect items that have been excluded highlights trends in our business that may not otherwise be apparent when relying solely on GAAP financial measures. It is management's opinion that these supplemental measures provide users with an important perspective on our operating performance and also make it easier to compare our results to other companies. We calculate adjusted weighted average shares on an adjusted basis of 120,000,000 shares to give effect to 23,000,000 shares issued on April 2, 2014 and 23,000,000 shares outstanding as of March 31, 2014, for basic and diluted earnings per share (" EPS "). We also present FFO, AFFO and net income per share. Our management believes that these presentations are useful in evaluating our business because they allow users to evaluate our per share results on a comparable basis. Our stock in connection with our initial public offering, which increased our outstanding shares of common stock. We calculate operating income, net income, Adjusted OIBDA, Adjusted OIBDA margin, FFO, AFFO and net income per related per adjusted weighted average share amounts, for the three months ended March 31, 2013, on a comparable basis by adjusting for the costs incurred in the first quarter of 2013 on the disposition of most of our billboards in Salt Lake City in exchange for billboards in Salt Lake City associated with operating as a stand-alone public company incurred in the first quarter of 2014 and \$12.4 million of interest expense incurred in the first quarter of 2014 on the issuance of our senior notes, which were also incurred in the first quarter of 2014. Our management believes these adjusted presentations are useful in evaluating our business because they allow users to compare our operating performance for the first quarter of 2013 against the operating performance of the first quarter of 2014 as a result of our separation from CBS. Since adjusted weighted average shares, Adjusted OIBDA, Adjusted OIBDA margin, FFO, AFFO, and net income per constant dollar revenues and, on a comparable basis for 2013, operating income, net income, Adjusted OIBDA, FFO and AFFO are not measures calculated in accordance with GAAP, they should not be considered in isolation of, or as a substitute for, weighted average shares, operating income, net income and revenues, and the related weighted average per share amounts, the most directly comparable measures of our operating performance. These measures, as we calculate them, may not be comparable to similarly titled measures employed by other companies. Our cash and cash equivalents represent funds available for discretionary use and are not necessarily a measure of our ability to fund our cash needs.

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Non-GAAP Reconciliations
Last Twelve
Months
(LTM) Ended:
(in \$ millions)
2010

2011
2012
2013
1Q13
2Q13
3Q13
4Q13
1Q14
1Q14
Total Revenues
\$1,214.1
\$1,277.1
\$1,284.6
\$1,294.0
\$279.2
\$332.7
\$338.2
\$343.9
\$287.9
\$1,302.7
Operating Income
126.5

192.4

201.2

238.8

34.7

62.8

64.6

76.7

26.7

230.8

Depreciation
107.6

109.0

105.9

104.5

26.0

25.9

26.4

26.2

26.1

104.6

Amortization

106.6

102.9

90.9

91.3

22.9

22.7

22.6

23.1

21.9

90.3

Net (Gain) Loss on Dispositions

1.1

2.0

2.2

(27.3)

(9.8)

0.1

(0.1)

(17.5)

(0.9)

(18.4)

Restructuring Charges

3.9

3.0

2.5

-

-

-

-

-

-

-

Stock Based Compensation

4.3

5.0

5.7

7.5

1.6

1.6

2.6

1.7

1.8

7.7

Adjusted OIBDA

350.0

414.3

408.4

414.8

75.4

113.1

116.1

110.2

75.6

415.0

Adjusted OIBDA Margin

28.8%

32.4%

31.8%

32.1%

27.0%

34.0%

34.3%

32.0%

26.3%

31.9%

Capital Expenditures

47.2

45.6

53.6

58.2

6.0

8.9

12.8

30.5

8.2

60.4

Twelve Months Ended December 31:

Three Months Ended:

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Non-GAAP Reconciliations

(a) No restructuring charges were incurred for the three months ended March 31, 2013 and 2014.

Three Months Ended March 31,

2013

(in millions)

U.S.

International
Corporate
Consolidated
Revenues

\$
245.2
\$
34.0
\$

\$
279.2

Operating income (loss)

\$
48.2
\$
(6.6)
\$
(6.9)
\$
34.7

Net gains on dispositions

(9.9
)
0.1

(9.8
)

Depreciation and amortization

41.8
7.1

48.9

Stock-based compensation

1.6
1.6

Adjusted OIBDA

(a)
80.1
0.6
(5.3)
75.4

Incremental stand-alone costs

(1.7
)

(2.1)
(3.8)

)
Adjusted OIBDA, on a comparable basis
\$
78.4
\$
0.6
\$
(7.4)
\$
71.6
Adjusted OIBDA margin
32.7
%
1.8
%
*
27.0
%
Adjusted OIBDA margin, on a comparable basis
32.0
%
1.8
%
*
25.6
%
Capital expenditures
\$
5.3
\$
0.7
\$

\$
6.0
Three Months Ended March 31,
2014
(in millions)
U.S.
International
Corporate
Consolidated
Revenues
\$
255.0
\$
32.9
\$

\$

287.9
Operating income (loss)
\$
40.0
\$
(5.7)
\$
(7.6)
\$
26.7
Net gains on dispositions
(0.8
)
(0.1)

(0.9
)
Depreciation and amortization
41.1
6.9

48.0
Stock-based compensation

1.8
1.8
Adjusted OIBDA
(a)
\$
80.3
\$
1.1
\$
(5.8)
\$
75.6
Adjusted OIBDA margin
31.5
%
3.3
%
*
26.3
%
Capital expenditures
\$
7.0
\$
1.2

\$

\$

8.2

* calculation is not meaningful.

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Non-GAAP Reconciliations
Three Months Ended March 31,
2013
2014
(in millions, except per share amounts)
Reported

Net Gain on
Dispositions

(a)
Stand

-
Alone
Costs

(b)
Interest
Expense

(c)
Comparable to
2014

Reported
(f)

Revenues
\$
279.2

\$
279.2

\$
287.9

Operating
162.2

162.2

163.5

Selling, general and administrative

43.2

3.8

47.0

50.6

Net gain on dispositions

(9.8)

9.8

(0.9)

Depreciation

26.0

26.0

26.1

Amortization

22.9

22.9

21.9

Operating income

34.7

(9.8)

(3.8)

21.1

26.7

Interest expense

(0.1)

(12.4)

(12.5)

(12.5)

Other expense, net

(0.1)

(0.1)

(0.5)

Income before provision for income taxes
and equity in earnings of investee
companies

34.5

(9.8)

(3.8)

(12.4)

8.5

13.7

Provision for income taxes

(14.9)

4.1

1.6

5.4

(3.8)

(5.9)

Equity in earnings in investee companies,
net of tax

0.3

0.3

0.6

Net income

\$

19.9

\$

(5.7)

\$

(2.2)

\$

(7.0)

\$

5.0

\$

8.4

Net income per common share:

Basic

\$

0.21
 \$
 0.05
 \$
 0.09
 Diluted
 \$
 0.21
 \$
 0.05
 \$
 0.09
 Weighted average shares outstanding
 (d)
 :
 Basic
 97.0
 97.0
 97.0
 Diluted
 97.0
 97.0
 97.0
 Net income per adjusted weighted average
 share
 \$
 0.04
 \$
 0.07
 Adjusted weighted average shares
 (e)
 120.0
 120.0
 Net income, excluding Net gain on
 dispositions, net of tax, for the three
 months ended March 31, 2014, is \$7.9
 million.
 Adjusted weighted average shares of
 120.0 million includes shares issued
 on April 2, 2014, from the IPO in
 addition to the 97.0 million shares
 outstanding as of March 31, 2014,
 for basic and diluted EPS.
 On March 14, 2014, our board of
 directors declared a 970,000 to 1 stock
 split. As a result of the stock split, the 100
 shares of our common stock then
 outstanding were converted into
 97,000,000 shares of our common stock.
 The effects of the stock split have been

applied retroactively to all reported periods for EPS purposes.

Adjustment to reflect incremental interest expense at 2014 level.

Adjustment to reflect incremental stand-alone costs at 2014 level.

Adjustment to exclude Net gain on dispositions.

- (a)
- (b)
- (c)
- (d)
- (e)
- (f)

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Non-GAAP Reconciliations

(a)

Adjustment to reflect incremental costs to operate as a stand-alone company, net of tax, at the same level as 2014.

Three Months Ended

March 31,
(in millions, except per share amounts)
2013
2014
Net income
\$
19.9
8.4
Depreciation of billboard advertising structures
24.2
24.2
Amortization of real estate related intangible assets
10.7
10.7
Amortization of direct lease acquisition costs
7.8
7.0
Net
gain
on
disposition
of
billboard
advertising
structures,
net
of
tax
(5.7)
(0.2)
Adjustment related to equity based investments
0.2
0.2
FFO
57.1
50.3
Incremental stand-alone costs, net of tax
(a)
(2.2)

Incremental interest expense, net of tax
(b)
(7.0)

FFO, 2013 on a comparable basis
\$
47.9
50.3
FFO
\$

57.1
50.3
Adjustment for deferred income taxes
(7.8)
(6.9)
Cash paid for direct lease acquisition costs
(9.4)
(8.5)
Maintenance capital expenditures
(2.0)
(3.0)
Other depreciation
1.8
1.9
Other amortization
4.4
4.2
Stock-based compensation
1.6
1.8
Non-cash effect of straight-line rent
0.2
(0.2)
Accretion expense
0.6
0.5
Amortization of deferred financing costs
0.7
AFFO
46.5
40.8
Incremental stand-alone costs, net of tax
(a)
(2.2)

Incremental interest expense, net of tax
(b)
(7.0)

Amortization of deferred financing costs
0.7

AFFO, 2013 on a comparable basis
\$
38.0
40.8
FFO, 2013 on a comparable basis, per adjusted weighted average share
(c)
\$
0.40

0.42

AFFO, 2013 on a comparable basis, per adjusted weighted average share

(c)

\$

0.32

0.34

Adjusted weighted average shares

(c)

120.0

120.0

Weighted average shares for basic and diluted EPS

(d)

97.0

97.0

(b)

Adjustment to reflect incremental interest expense, net of tax, at the same level as 2014.

(c)

Adjusted weighted average shares of 120.0 million includes 23.0 million shares issued on April 2, 2014, from the IPO in addition to the 97.0 million shares outstanding as of March 31, 2014, for basic and diluted EPS.

(d)

On March 14, 2014, our board of directors declared a 970,000 to 1 stock split. As a result of the stock split, the 100 shares of our common stock then outstanding were converted into 97,000,000 shares of our common stock. The effects of the stock split have been applied retroactively to all reported periods for EPS purposes.

\$

\$

\$

\$

\$

\$

About CBS Outdoor Americas Inc.

CBS Outdoor Americas Inc. (NYSE: CBSO) is one of the largest lessors of advertising space on out-of-home advertising structures and sites across the U.S., Canada and Latin America. Our portfolio primarily consists of billboard displays, which are predominantly located in densely populated major metropolitan areas and along high-traffic expressways and major commuting routes. In addition, we have a number of exclusive multi-year contracts that allow us to operate advertising displays in municipal transit systems where our customers are able to reach millions of commuters on a daily basis. We have displays in all of the 25 largest markets in the U.S. and over 180 markets in the U.S., Canada and Latin America, including in some of the most heavily trafficked locations, such as the Bay Bridge in San Francisco, Sunset Boulevard in Los Angeles and Grand Central Station and Times Square in New York City.