oOh!media Limited
ABN 69 602 195 380

20 February 2023

ASX/MEDIA Release

oOh! delivers adjusted net profit[1] of $56.2 million, up 343%

oOh!media Limited (ASX:OML) (oOh! or Company) today announced its financial results for the year ended 31 December 2022 ("CY22").

Out of Home continued its strong structural growth momentum and was the fastest growing major media format in 2022[2] as the medium continues to leverage enhanced digitisation and more compelling creative content and data to deliver results for advertisers.

oOh! continued to successfully capitalise on audience growth across its key Out of Home formats to deliver a 18% increase in revenue to $592.6 million. Revenue in Road and Retail grew above pre-pandemic (CY19) levels while second half revenue in the Fly format grew 78% over the first half as airline capacity continued to increase back towards pre-COVID levels.

The Company's strong operating leverage, combined with ongoing operational discipline, delivered a strong uplift in earnings with Adjusted Underlying EBITDA[3] increasing by 64% on the prior year to $127.1 million.

oOh! delivered an Adjusted Net Profit After Tax of $56.2 million.

The Group's financial position remains strong which enabled the implementation of the Company's on-market share buyback and increased dividends to shareholders. oOh! declared a final dividend of 3.0 cents per share, bringing the full year dividend to 4.5 cents, fully franked.

As the market leader across Australia/New Zealand, oOh! remains uniquely positioned to capitalise on the continued structural growth of Out of Home as advertisers continue to increase their investment and leverage this format to target audience growth. Additionally, there continues to be revenue upside in Fly and Office where audiences are expected strengthen over 2023.

Overview

- Revenue up 18% to $592.6 million – continued momentum with Road and Retail above CY19 revenue levels
- Adjusted Underlying EBITDA up 64% to $127.1 million with a 6.1 point increase in Adjusted Underlying EBITDA margin reflecting oOh!'s strong operating leverage and focus on effective cost management

[1] Adjusted NPAT is statutory NPAT less depreciation, finance charges, and any other income components recognised in accordance with AASB 16 and non-operating items. Fixed rent obligations for the period under our commercial leases is included as a deduction in calculating Adjusted NPAT. Adjusted NPAT also excludes tax-effected amortisation expense on acquired intangibles which do not have a cash replacement cost. The Company believes that this is a better representation of the underlying economics of the business and reflective of its ability to generate cash flows. The Company's dividend policy is 40-60% of Adjusted NPAT.

[2] Per Standard Media Index (SMI) Out of Home grew by 24.6% in 2022 vs total media growth of 6.9%

[3] Adjusted Underlying EBITDA is EBITDA (earnings before interest, taxes, depreciation and amortisation) less any other income components recognised in accordance with AASB 16 and non-operating items. Fixed rent obligations for the period under the Company's commercial leases are included as a deduction in Adjusted Underlying EBITDA and Adjusted EBITDA. The Company believes that these measures are a better representation of the underlying economics of the business and reflective of its ability to generate cash flows. oOh! believes that most analysts and shareholders analyse the Company on this basis.

- Adjusted NPAT of $56.2 million compared to $12.7 million for the prior year
- Financial position remains strong - gearing ratio down to 0.3 times (from 0.4 times at 30 June 2022) and net debt of $32.9 million at 31 December 2022 (down from $39.8 million at 30 June 2022)
- Reported EBITDA increased by 20% to $288.1 million
- Reported net profit after tax of $31.5 million compared to a loss of $10.3 million in the prior year

Results Commentary – Continued strong momentum leveraging Out of Home growth

Chief Executive Officer, Cathy O'Connor, said oOh! delivered a strong financial result demonstrating the significant structural growth opportunity of Out of Home as a fast growing media format.

"Over the course of the year, Out of Home continued its strong structural growth, consistent with its pre-pandemic trajectory and is the fastest growing major media format in Australia. The Outdoor Media Association recently released the 2022 results where in addition to announcing that Out of Home had exceeded $1billion in net media revenues it expects a revenue CAGR of 9% over the next four years[4].

"As the largest player in Out of Home across Australia and New Zealand, we continued to capitalise on this growth to deliver revenue growth of 18% for the year.

"Meanwhile, our strong operating leverage and cost discipline has enabled us to grow earnings faster than revenue with Adjusted Underlying EBITDA growth of 64%.

"That has translated to an Adjusted Net Profit of $56.2 million, up 343% on the prior year.

"We are seeing continued momentum into FY23 with first quarter revenue pacing at 8% ahead of the prior corresponding quarter last year with February and March stronger than January.

"I am also pleased with our strategic progress during the year in continuing to build a more digital and digitised Out of Home business.

"During FY23, we launched 477 new digital sites in key locations, including 31 new Road digitals and 21 new and upgraded Retail centres.

"We enhanced our *Better Ways to Buy* initiative with Brand Buyer Tracking giving advertisers an exclusive opportunity to evaluate and attribute sales results compared to the rest of their category.

"We are enabling advertisers to push Out of Home creative boundaries to capture more of consumers' attention and deliver superior ROI with the launch of our Full Motion Video network, oOh! Motion, our 3D Anamorphic offering, oOh! Dimensions, and our new content partnerships with the AFL and the Australian Open.

"We are also leveraging our leading retail media presence across Australia with the launch of REOOH which is an Out of Home solution designed specifically for major retailers to fast-track the growth of their retail media businesses by offering a digital OOH network as part of their integrated retail media offering.

"Meanwhile we continue to participate in the emerging programmatic digital Out of Home marketplace.

[4] https://www.oma.org.au/news/out-home-revenue-hits-1-billion

"Together, these initiatives are driving our strategy to lead Out of Home to a digital first future, capture audience attention in public spaces at scale, and make it easy for advertisers to achieve better outcomes and ROI," Ms O'Connor said.

Formats

Street Furniture and Rail

Revenue in Street Furniture and Rail increased by 8% to $196.5 million. The prior year included revenue of $9 million from the Sydney Trains contract which ended at the end of 2021. On a like for like basis (excluding the Sydney Trains contract) revenue increased by 14%.

Revenue in Street Furniture was impacted by the introduction of a significantly expanded City of Sydney offering in the second half by a competitor that was expected, and the company expects that the advertising market will adjust to accommodate the expanded breadth of this category during 2023.

Revenue in Rail continued to be impacted by passenger declines in key stations in Melbourne.

Road

The Group's Road (billboard) division maintained its strong performance, continuing its solid result from the prior year. Revenue for CY22 increased by 21% to $191.1 million.

Revenue was also ahead of 2019 levels with CY22 revenue up 30% on CY19 as the Group continues to leverage the diversity and scale of its metropolitan and suburban network to deliver results for advertisers.

oOh! added 31digital locations to its metropolitan and regional roadside billboard portfolio during the period and now has over 200 large format digital signs across Australia.

Retail

Revenue in the Retail format increased by 14% to $142.9 million compared to the prior year.

Revenue growth continued the momentum from the first half as advertisers continue to leverage the format to promote brands and products / services within oOh!'s leading retail portfolio. The Retail category continues to grow with the OOH industry with the retail/lifestyle in the OMA up by 3% on 2019 with new entrants assisting to drive category growth.

Fly

The continued recovery in air travel reflected strong revenue growth in the Fly category which increased by 176% to $33.8 million on the prior year. Momentum continued during the year as passengers returned with H2 CY22 revenue increasing by 77% on the first half, and the business launched into the Qantas Chairmans Lounge network during the second half.

Locate

Revenue in the Locate format increased by 47% to $17.4 million. Although the revenue recovery compared to pre-pandemic levels continues to be impacted by the slow return of audiences to Central Business District office environments, the Locate segment predominantly has a variable rent profile which ensures it continues to be a highly valuable segment for oOh!.

Other

The Other category primarily includes revenue from the Cactus Imaging business. Other Revenue for the prior year included revenue for Junkee Media's digital publishing business was divested to the RACAT Group in December 2021.

Strengthened Final Position

The Company's financial position continued to strengthen during the year with net debt at 31 December 2022 of $32.9 million compared to $63.5 million at 31 December 2021.

Credit metrics continued to improve with the Company's gearing ratio (Net Debt / Adjusted Underlying EBITDA) as at 31 December 2022 of 0.3 times, compared 0.8 times at 31 December 2021.

Dividend

The Company's policy is to pay dividends of 40-60 per cent of Adjusted Net Profit.

For CY22 Adjusted Net Profit was $56.2 million. The Board declared a final dividend of 3.0 cents per share, fully franked, bringing the full year dividend to 4.5 cents per share, fully franked. This represents a 47% payout ratio.

The record date for entitlement to receive the final dividend is 2 March 2023 with a scheduled payment date of 23 March 2023.

Capital Management

On 22 August 2022 the Group announced an on market buyback of up to 10% of its issued share capital, approximating $75m based on the strength of its balance sheet and expected future cash flow generation. During the period the Group bought back 18 million shares representing approximately 3 per cent of issued capital.

The buyback programme remains active.

CY23 Outlook

Revenue for the first quarter CY23 is pacing at 8% higher than the corresponding quarter in CY22, with February and March stronger than January.

Capital expenditure is expected to increase towards pre COVID-19 levels as supply chain restrictions ease further. Capital expenditure for CY23 is expected be between $40 million and $50 million compared to $27 million in CY22. Capital expenditure remains focused on revenue growth opportunities and concession renewals.

This announcement has been authorised for release to the ASX by the Board of Directors.

***

Investor Relations contact:
Martin Cole
0403 332 977
investors@oohmedia.com.au

Media contact:
Tim Addington
0405 904 287
tim.addington@tagpr.com.au

About oOh!media

oOh!media is a leading Out of Home media company that is enhancing public spaces through the creation of engaging environments that help advertisers, landlords, leaseholders, community organisations, local councils and governments reach large and diverse public audiences.

The Company's extensive network of more than 37,000 digital and static asset locations includes roadsides, retail centres, airports, train stations, bus stops, office towers and universities.

Listed on the ASX, oOh! employs around 800 people across Australia and New Zealand and had revenues of $504 million in 2021. It also owns the Cactus printing business.

The Company invests heavily in technology and is pioneering the use of sophisticated data techniques that enable clients to maximise their media spend through unrivalled and accurate audience targeting. Find out more at oohmedia.com.au