oOh!media Limited
ABN 69 602 195 380

19 February 2024

ASX Release

oOh! reports 7% revenue growth and a 10% statutory NPAT increase to $34.6m

Full year dividend up 17% to 5.25 cents per share, fully franked

Highlights

- Statutory net profit after tax of $34.6m, up 10% (CY22: $31.5m).
- Revenue up 7% to $633.9m on prior year.
- Adjusted EBITDA[1] of $130.2m, up 2%, reflecting increased revenue, partially offset by increased rent and lower rental abatements.
- Disciplined approach to contract renewals sees oOh! successfully retain 75% of large contracts expiring in 2023.
- New contracts expected to deliver $30 million in annualised revenue upside from mid-2024.
- New retail media offering – reooh – secures long term contracts with two customers and a pilot program with a one major Australasian retailer.
- Fully franked full year dividend of 5.25 cents per share up 17%.

Overview:

oOh!media Limited (ASX:OML) (**"oOh!" or the "Group"**) today announced its financial results for the year ended 31 December 2023 ("CY23").

"We delivered a solid result which highlights the financial discipline and operational improvements that are positioning oOh! to capitalise on the continued growth of Out of Home which remains the fastest growing media segment," said Chief Executive Officer, Cathy O'Connor.

"The Group is developing innovative new revenue streams while remaining disciplined on our approach to renewing existing contracts or winning new contracts. This is

[1] Adjusted EBITDA excludes non-operating items. Fixed rent obligations for the period are included as a deduction in adjusted underlying EBITDA and adjusted EBITDA. The Group 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 Group on this basis.

expected to strongly position oOh! to retain market leadership and build revenue in a rapidly evolving sector," she said.

The Group delivered a statutory net profit after tax (NPAT) of $34.6m, up 10% on CY22.

Group revenue was up 7% to $633.9m driven by a 14% increase in the Road (billboard) division. All other formats were up on the previous year. This compares to the market which grew at 8% after adjusting for the City of Sydney.

oOh! also launched its new reooh division which focuses on retail or instore signage – a market predicted to be worth $3 billion in Australia by 2027[2].

In its first year of operation reooh secured two long term contracts, with one major Australian retailer signing on for a pilot program in Q1 CY24.

A disciplined approach to negotiations saw retention of 75% of the large contracts expiring in the reporting period without margin degradation.

In addition, three new contracts were secured (Sydney Metro, Sydney Metro Martin Place and Woollahra Council) representing approximately $30 million in annualised revenue upside from mid-2024.

The OMA reports that Out of Home grew 12% for 2023, or 8% after adjusting for the City of Sydney. Further, Out of Home continued to outperform other media with 15% growth in agency media spend for the year compared to a 3% decline for total agency media spend[3].

"Our focus remains on leveraging the structural growth opportunities in Out of Home to build profitable market share, while also diversifying into new adjacent revenue streams to deliver long-term sustainable earnings growth."

FORMATS

Road

The Group's Road (billboard) division delivered a strong result compared to the prior year. Revenue increased by 14% to $218.4 million. Momentum continued into the second half with 2H revenue up 16% compared to the prior corresponding half.

Street Furniture and Rail

Revenue in Street Furniture and Rail increased by 1% to $197.7 million. Revenue increased in the second half, up 4% on the prior corresponding half, following a decline in the first half which was impacted by the previous introduction of a competitor's significantly expanded City of Sydney offering in September 2022.

Retail

Revenue in the Retail format increased by 2% to $145.2 million compared to the prior year. oOh! expanded its Retail digital footprint by adding 380 new digital panels to over 44 new and upgraded centres.

[2] Morgan Stanley
[3] Standard Media Index

Fly

The continued recovery in air travel reflected strong revenue growth in the Fly category which increased by 29% to $43.7 million on the prior year. Revenue growth in percentage terms was stronger in the first half when compared to a prior period which was impacted by the COVID Omicron variant which reduced air travel.

City & Youth (Formerly Locate)[4]

Revenue was steady on the prior year at $17.7 million. Revenue in the second half grew 10% on the prior corresponding half, reflecting the continued slow return of audiences to Central Business District office environments. Adjusting for the sale of the Café and Venue business, revenue on a like for like basis in the format increased by 9% on the prior year.

CAPITAL MANAGEMENT

On 8 June 2023 the Group advised it had completed its on-market share buyback programme, having bought back 59,864,587 shares for a total of $82.4 million over the course of the programme at an average of $1.37 per share.

The Board continues to assess capital management initiatives.

DIVIDEND

The Group's policy is to pay dividends 40-60 per cent of adjusted net profit after tax.

For CY23 adjusted net profit was $55.0 million. The Board declared a final dividend of 3.5 cents per share, fully franked, bringing the full year dividend to 5.25 cents per share fully franked, an increase of 17% on the prior year and representing a 51% payout ratio.

The record date for entitlement to receive the final dividend is 29 February 2024 with a scheduled payment date of 21 March 2024.

FINANCIAL POSITION

The Group's financial position remains strong. The completion of the on-market share buyback increased net debt at 31 December 2023 to $83.8 million compared to $32.9 million as at 31 December 2022. However, net debt has reduced by 25% from 30 June 2023.

The gearing ratio (net debt / Adjusted Underlying EBITDA) as at 31 December 2023 was 0.6 times. The Company's target is to maintain gearing not exceeding 1.0 times in the short term.

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[4] City and Youth predominantly includes the Company's office tower advertising format and has been renamed from Locate, following the divestment of the Café and Venue businesses in January 2023.

CY24 Outlook

The Company expects that Out of Home will continue its structural growth, taking revenue share from other media sectors. The Company expects mid to high single digit revenue growth for the industry in CY24. Major advertising agencies have also indicated similar growth expectations for Out of Home in 2024.

oOh!'s Q1 media revenue pacing is indicating a flat outcome to the pcp, with improved momentum over recent weeks. However the Company expects that both Q2 and H2 will be stronger than the first quarter, noting that Q1 is traditionally the least significant quarter. In addition, the roll out of new Woollahra and Sydney Metro assets will see a further boost to revenue.

The Company's adjusted gross margin in CY24 is expected to be in line with CY23, while the Company will remain disciplined on operating expenditure with a focus on reinvesting into the business to capture future revenue growth.

Capital expenditure for CY24 is expected to be between $45 million and $55 million, subject to development approvals. Capital expenditure remains focused on revenue growth opportunities and concession renewals.

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

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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 $634 million in 2023. 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

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