oOh!media Limited
ABN 69 602 195 380

21 August 2023

ASX Release

oOh! reports a 12% increase in statutory Earnings per Share, and a 6% increase in adjusted NPAT per share[1]

Interim dividend up 17% to 1.75 cents per share fully franked

oOh!media Limited (ASX:OML) (**oOh!**) today announced its financial results for the half year ended 30 June 2023 ("1H23").

The Company reported adjusted net profit after tax of $20.5 million, which was ahead of the prior corresponding period (1H22: $20.4m).

The completion of the Company's on market share buyback during the period resulted in a 6% increase in adjusted NPAT per share to 3.6 cents. The Board declared an interim dividend of 1.75 cents per share, fully franked, an increase of 17% on the prior corresponding period.

Financial Summary

- Revenue up 7% to $296.6 million – continued momentum towards the end of the half with strong double-digit sales growth in May-June
- New contracts secured representing ~$30 million in annualised revenue upside from mid-2024; provides significantly enhanced coverage across Sydney CBD and inner metropolitan market
- Adjusted EBITDA[2] of $49.6 million, down 4%, reflecting increased fixed rent relating to renewal of some larger contracts during CY2022 and lower rental abatements in 1H23
- Adjusted NPAT of $20.5 million compared to $20.4 million for 1H22
- Successful completion of on market share buyback – adjusted NPAT per share up 6% to 3.6 cents per share
- Statutory net profit after tax of $6.4 million, up 6% (1H22: $6.1m)

[1] 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.
[2] 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.

- Financial position remains strong – gearing ratio (0.9 times) remains within target range
- Interim Dividend of 1.75 cents per share, fully franked, up 17% payable on 21 September 2023

Results Commentary

Chief Executive Officer, Cathy O'Connor, said oOh! continued to successfully leverage the strong growth in Out of Home which continues to outperform other media formats, taking a record share from traditional media during the period.

"Out of Home (OOH) reported double-digit revenue growth in the period of 11.9% with digital revenue continuing to drive sector growth. Out of Home captured 14.0% of agency media spend in 1H23, surpassing the 1H19 peak of 13.7%, and was also the fastest growing agency media segment, with growth of 14.7% compared to a 4.2% decline for total advertising agency spend for the industry.

"oOh! delivered a 7% increase in revenue for the half year, which was in line with the OOH market (excluding City of Sydney). Momentum continued to build towards the end of the period with strong double-digit sales growth in May and June.

"Our Road format continued to grow strongly with revenue up 12% for the period and also performing well ahead of pre-pandemic levels with 1H23 revenue up 33% on 1H19. Meanwhile, the continued recovery in air travel generated revenue growth in our Fly category which was up 73%."

Ms O'Connor said oOh! continued to engage constructively with commercial partners in relation to renewing key concessions.

"While there has been no material change in status for leases expiring in CY23 since our last update in February, we continue to have positive active dialogue with our lease partners. We remain confident that the strength of our market-leading Out of Home offering positions us well in these renewal processes.

"Separately, we continue to target new revenue opportunities to further enhance the diversity and scale of our metropolitan and suburban network.

"During the period we successfully secured three new contracts representing approximately $30 million in annualised revenue upside from mid-2024.

"These contracts, including Sydney Metro, Sydney Metro Martin Place Station and Woollahra Council, also provide significantly enhanced coverage across the key Sydney CBD and inner metropolitan market to deliver network advertising solutions for our customers.

"We continued to make good progress on our strategy which remains focused on driving revenue growth through leveraging our portfolio of existing assets with continued investments in digital and data capabilities to improve advertisers' return on investment.

"We refreshed our data planning and attribution feed, partnering with Unpacked by Flybuys, Australia's top-rated customer loyalty program, and DataX from Westpac.

"These new partnerships continue to position oOh! as offering best in class data-led planning and attribution insights to demonstrate the return on investment for customers' Out of Home spend," she said.

Formats

Road

The Group's Road (billboard) division maintained its strong performance, continuing its solid result from the prior year. Revenue for 1H23 increased by 12% to $103.4 million. Momentum also continued into the second quarter with 2Q revenue up 17% compared to the prior corresponding quarter.

Street Furniture and Rail

Revenue in Street Furniture and Rail declined by 3% to $93.5 million, impacted in the first half by the introduction of a competitor's expanded City of Sydney offering in September 2022. Revenue recovered in the second quarter with sales in May and June ahead of the corresponding months in 2022.

Retail

Revenue in the Retail format increased by 3% to $65.0 million compared to the prior corresponding period. Revenue growth was stronger in the second quarter following a relatively flat start to the year. oOh! continued to gain share in the Retail segment in Australia.

Fly

The continued recovery in air travel generated revenue growth in the Fly category which increased by 73% to $21.0 million on the prior corresponding period. Revenue growth moderated in the second quarter of 2023 in percentage terms, as the second quarter in 2022 was much stronger than the first following the lifting of COVID-related travel restrictions.

Locate

Revenue in the Locate format declined by 7% to $8.3 million as a result of the sale of the Café and Venue assets in January 2023. The Locate segment predominantly has a variable rent profile which ensures it continues to be a highly valuable segment for oOh!.

Financial Position

The Group's financial position remains strong. The completion of the on-market share buyback increased net debt at 30 June 2023 to $111.7 million compared to $32.9 million as at 31 December 2022.

The Company's credit metrics continue to be within target range with the Group's gearing ratio (net debt / Adjusted Underlying EBITDA) as at 30 June 2023 of 0.9 times. The Company's target is to maintain gearing not exceeding 1.0 times in the short term and has fallen to 0.8 times by mid August.

Dividend

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

For 1H23 adjusted net profit was $20.5 million. The Board declared an interim dividend of 1.75 cents per share, fully franked, an increase of 17% on the prior corresponding period and representing a 46% payout ratio.

The record date for entitlement to receive the interim dividend is 31 August 2023 with a scheduled payment date of 21 September 2023.

Capital Management

On 22 August 2022 the Group announced an on-market buyback of up to 10% of its issued share capital, based on the strength of its balance sheet and expected future cash flow generation.

On 8 June 2023 the Group advised it had completed the programme and bought back 59,864,587 shares for a total of $82.3 million over the course of the programme at an average of $1.37 per share.

The Board continues to assess capital management initiatives.

CY23 Outlook

The Company expects that Out of Home will continue its momentum, taking revenue share from other forms of media. oOh's Quarter 3 media revenue is currently pacing up 7% on the pcp.

The Company's gross margin is traditionally stronger in the second half of the year and oOh! will continue its strong focus on cost discipline to deliver operating leverage.

Capital expenditure for CY23 is expected to be between $35 million and $45 million, which is below the previous guidance of $40-$50 million, reflecting delays to certain tender outcomes and development applications with local authorities. 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 $593 million in 2022. 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