



oOh!media Limited
ABN 69 602 195 380

19 August 2024

ASX Release

Disciplined investment and cost control help to offset revenue pressures

oOh!media Limited (ASX:OML) (“oOh!” or the “Group”) today announced its financial results for the half year ended 30 June 2024 (“1H24”).

Highlights¹

- **Structural tailwinds continue to drive strong growth of the Out of Home (OOH) market, which captured a record 15% share of agency media spend in 1H**
- **Revenue down 3% to \$288.3m impacted by exit and renegotiation of contracts and short-term market share loss**
- **Continued disciplined contract renewal drives adjusted underlying gross margin expansion (+1.8 ppts)**
- **Tight expense management delivers stable adjusted underlying EBITDA margin (+0.1 ppts)**
- **Adjusted underlying NPAT down 11% to \$18.2m; Statutory NPAT down 10% to \$5.8m**
- **Strong balance sheet (gearing 0.97x) enables stable fully franked interim dividend of 1.75cps**
- **As the clear market leader in reach and network, oOh! is taking decisive action to address revenue performance and regain share in 2H and beyond**
- **Strong pipeline of new growth assets (anticipate \$38m+ projected incremental annualised revenue from CY25 – expected contract wins), in addition to \$30m from contract wins announced in CY23**

oOh! Managing Director & Chief Executive Officer, Cathy O'Connor, said: “In a challenged Australian media landscape, Out of Home (OOH) continues to shine and outperform other forms of media, with the OOH market growing by 8%² and capturing a record 15% of advertising agency media spend in the first half³.”

“For oOh!, our 3% revenue decline was attributable to the previously announced exit of the Vicinity contract, and recontracting of a significant street furniture contract that reduced non-media revenue in return for lower fixed rent. While this impacted revenue, it protected the gross profit margin. Adjusting for these contracts, revenue grew 3% for the period.”

¹ All comparisons relate to the prior corresponding period (pcp) unless otherwise stated

² Per the Outdoor Media Association (OMA)

³ Per the Standard Media Index (SMI)



“Our continued commitment to disciplined commercial contract renewal and operational cost control delivered an improved adjusted gross profit margin and stable adjusted underlying EBITDA margin, despite the revenue pressure.

“We have taken decisive action to address the loss of market share, including accelerating the digitisation across our Retail portfolio to offset the Vicinity contract exit, renewing our sales leadership team and strengthening our sales capability. We are confident in these actions and seeing some positive early signs, with solid revenue growth returning in late Q3 and momentum building as we enter the critical Q4 period for the media market.

“We have a strong revenue pipeline, and anticipate securing at least \$38 million in projected incremental annualised revenue from 2025 across a number of commercial contracts, including the renewal and expansion of Victoria's Department of Transport and Planning, Australia's single largest street furniture contract, and Melbourne Metro Tunnel greenfield sites. These are in addition to the \$30 million projected incremental annualised revenue from contracts with Woollahra Council, Sydney Metro, and Sydney Metro Martin Place announced in CY23.

“While the overall media market remains challenging, the structural growth opportunity for Out of Home remains compelling. As the market leader, our focus remains on leveraging this opportunity to build profitable market share, while diversifying into new adjacent revenue streams, such as reooh (oOh!'s turnkey retail media solution), to deliver long-term sustainable earnings growth,” Ms O'Connor said.

FORMATS

Road

Revenue in the Group's Road (billboard) division declined by 3% to \$100.8 million, partially due to the exit of the Vicinity contract. Media revenue is currently pacing up year on year for Q3.

Street Furniture and Rail

Revenue in Street Furniture and Rail declined by 3% to \$91.0 million, partially attributed to the decline in classic Street Furniture revenue offsetting strong digital growth. Revenue was also partly impacted by the decline in non-media revenue associated with recontracting of one significant street furniture contract in return for lower rent. Adjusted for this contract, media revenue increased by 3% in 1H24 compared to the prior corresponding half.

Retail

Revenue in the Retail format declined by 10% to \$58.3 million, primarily impacted by the exit of the Vicinity contract during the half. Adjusting for this non-renewal, revenue increased by 8%.

Fly

The Fly segment increased revenue in the second quarter to deliver overall revenue growth of 6% for the half.



City & Youth (Formerly Locate)

City and Youth predominantly includes the Company's office tower advertising format formerly known as Locate. Revenue in this format grew by 16%, reflecting the continued slow return of audiences to Central Business District office environments.

FINANCIAL POSITION

The Group's financial position remains strong. Net debt at 30 June 2024 was \$125 million, compared to \$84 million in December 2023, reflecting increased capital expenditure and working capital for new and renewed contracts.

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 2024 of 0.97 times. The Company's target is to maintain gearing not exceeding 1.0 times in the short term and expects the gearing ratio to improve over the second half of 2024.

DIVIDEND

The Group's policy is to pay dividends of 40-60 per cent of adjusted underlying net profit after tax. For 1H24 adjusted underlying net profit was \$18.2 million.

Reflecting its confidence in the strength of the Company's balance sheet and trading outlook, the Board declared an interim dividend of 1.75 cents per share, fully franked, (1H23: 1.75 cents), representing a payout ratio of 51%.

The record date for entitlement to receive the interim dividend is 29 August 2024 with a scheduled payment date of 23 September 2024.

CY24 Outlook

The Company expects mid to high single digit revenue growth for the industry in CY24, as Out of Home continues its structural growth, taking revenue share from other media sectors.

oOh!'s Q3 media revenue pacing is up 2% compared to the pcp, impacted by a weak July 2024. Momentum has continued to improve through the quarter, with September 2024 pacing growing solidly, particularly in the Road segment.

Q4 CY24 growth is expected to be significantly stronger than the preceding quarters of the year, with management actively addressing revenue performance gaps to the broader OOH market.

The Company's gross margin in CY24 is expected to be in line with CY23, while operating expenditure discipline will continue, with minimal one-off external costs in 2H24, and ongoing underlying opex growth continuing to be at or below inflation.

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.



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 35,000 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 underlying 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 underlying NPAT.