oOh!media Limited
ABN 69 602 195 380

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ASX/MEDIA Release

oOh! lifts earnings by 62% and announces on-market share buyback reflecting confidence in its strong balance sheet and continued cash flow generation

oOh!media Limited (ASX:OML) (oOh! or Company) today announced its financial results for the half year ended 30 June 2022 ("1H22").

oOh! continued to successfully leverage audience growth across its key Out of Home formats to deliver a 10% increase in revenue to $276.1 million.

The Company's strong operating leverage, combined with ongoing operational discipline, ensured earnings continued to grow faster than revenue with Adjusted underlying EBITDA[1] increasing by 62% on the prior corresponding period to $51.5 million.

oOh!'s financial position continued to strengthen during the period with a 37% decline in net debt from 31 December 2021 and a corresponding reduction in its gearing ratio to 0.4 times.

As a result, the Company declared an interim dividend of 1.5 cents per share fully franked.

The Company has also announced an on market share buyback of up to 10% of its issued share capital, approximately $75 million, expected to commence in September 2022.

Overview

- Revenue up 10% to $276.1 million – continued momentum across key formats with Road, Retail and Street Furniture all performing strongly
- Adjusted underlying EBITDA up 62% to $51.5 million with a 6.0 point increase in Adjusted underlying EBITDA margin reflecting oOh!'s strong operating leverage
- Adjusted NPAT[2] of $20.4 million compared to $2.2 million for the prior period
- Financial position strengthened further - gearing ratio down to 0.4 times (from 0.8 times at 31 December 2021) and net debt reduced by 37%
- EBITDA increased by 17% to $131.8 million
- Reported net profit after tax of $6.1 million compared to a loss of $9.3m in the prior year

[1] Adjusted underlying EBITDA is EBITDA (earnings before interest, taxes, depreciation and amortisation) excluding depreciation and 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 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.

[2] Adjusted NPAT is statutory NPAT excluding 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 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.

Results Commentary – Continued strong momentum leveraging Out of Home growth

Chief Executive Officer, Cathy O'Connor, said oOh! continued to successfully implement its strategy to deliver another strong result for the half year period.

"Our strategy remains clear and consistent. As the market leader across Australia/New Zealand, we are exceptionally well placed to capitalise on the growth of Out Of Home as advertisers increase their investment into this media format.

"We continue to implement revenue growth initiatives through leveraging our portfolio of existing assets with continued digital investments in both screens and programmatic and further enhancing our data capabilities.

"That has enabled a strong half year performance with double-digit revenue growth and our strong operating leveraging delivering a 62% uplift in adjusted underlying EBITDA.

"Our strong first half performance has continued into the second half with 3rd quarter revenue pacing at 37% ahead of the prior corresponding quarter last year.

"Our strategy remains focused on oOh! being a more digital and digitised Out Of Home business.

"During the half year period, we launched 378 new digital sites in key locations, including 11 new Road digitals and 21 new and upgraded Retail centres.

"We continue to participate in the emerging programmatic digital Out of Home marketplace with our programmatic revenue more than doubling in the second quarter of CY22 compared to the first quarter.

"We launched our new creative and content innovation hub, Poly, which draws on oOh!'s scale, data and insights to work with advertisers and agencies to push the Out of Home creative boundaries, capture more of consumers' attention and deliver superior ROI.

"For the medium term, the fundamentals for Out of Home as a growth advertising medium remain compelling and, oOh! remains exceptionally well placed to leverage that growth," Ms O'Connor said.

Products

Street Furniture and Rail

Revenue in Street Furniture and Rail increased by 5% to $96.1 million with the prior period including revenue of circa $6.0 million from the Sydney Trains contract (not included in 1H22). Revenue in Street Furniture continues to increase and is performing at similar levels to 2019 (pre-COVID-19) as oOh! demonstrates the breadth of its network across both suburban and city locations.

Road

The Group's Road (billboard) division continues to perform strongly, continuing its solid result from the prior year. Revenue for 1H22 increased by 17% to $92.0 million. Revenue was also ahead of 2019 levels with revenue for 1H22 up 36% on 1H19 as the Company continues to leverage the diversity and scale of its metropolitan and suburban network to deliver results for advertisers.

Retail

Revenue in the Retail format increased by 10% to $63.1 million compared to the prior corresponding period. The growth in retail improved throughout the half as advertisers continue to return to promoting brands and products/services within oOh!'s leading retail portfolio as well as supporting the retail category overall.

Fly

The re-opening of state borders and return of domestic business travel drove a significantly improved performance in the Fly segment with revenue increasing by 83% over the prior corresponding half to $12.2 million. Fly is continuing to achieve month on month revenue growth as airlines increase capacity and both domestic and international passenger audiences return.

Locate

Revenue in the Locate format increased by 19% to $9.0 million, however recovery momentum continues to be impacted by the slow return of audiences to CBD office environments. The Locate segment predominantly has a variable rent profile which ensures it continues to be a highly valuable segment for oOh!.

Other

Revenue represents the contribution from Junkee Media and Cactus Imaging which was $3.7 million. As part of the Company's clear strategic focus on Out Of Home, Junkee Media's digital publishing business was divested to the RACAT Group in December 2021. oOh! retained the branded content and production arm.

Strengthened Final Position

The Company's financial position continued to strengthen during the period with net debt at 30 June 2022 of $39.8 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 30 June 2022 of 0.4 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[2].

For 1H22, Adjusted Net Profit was $20.4 million. The Board declared an interim dividend for 1H22 of 1.5 cents per share, fully franked. This represents a 44% payout ratio.

The record date for entitlement to receive the interim dividend is 1 September 2022 with a scheduled payment date of 22 September 2022.

Capital Management

oOh! today announced that it intends to conduct an on-market share buyback of up to 10% of its issued share capital, approximately $75 million.

Given the Company's strong balance sheet and continued cash flow generation, oOh! is able to continue investments in its growth strategy while delivering returns to shareholders.

The share buyback will be in addition oOh!'s existing dividend policy. The timing and the number of shares to be purchased will depend on the prevailing share price and capital requirements.

The buyback is expected to commence in September 2022.

CY22 Outlook

Revenue for the third quarter CY22 is pacing at 37% higher than the corresponding quarter in CY21.

Capital expenditure for CY22 is expected to be between $25 million and $35 million compared to $15 million in CY21, with the higher end of the range depending on the outcome of lease renewals and 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 of Directors.

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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, cafes, bars 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