oOh!media Limited
ABN 69 602 195 380

11 May 2023

ASX Release

2023 ANNUAL GENERAL MEETING – ADDRESSES BY THE CHAIR AND CHIEF EXECUTIVE OFFICER

oOh!media Limited (ASX:OML) (oOh! or Company) attaches a copy of the addresses to be given by the Chair and CEO at oOh!'s Annual General Meeting being held today.

This announcement has been authorised for release to the ASX by the Chair of 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

Chair's Address – Tony Faure

Introduction

Fellow shareholders, in my address today, I will provide an overview of our financial results for 2022; a brief discussion on dividends and capital management; and an update on Board changes and key management appointments.

Before commencing a review of FY22, I wanted to acknowledge the presentation we provided last week at the Macquarie Australia Conference which included an update regarding our early 2023 performance, which Cathy will discuss in further detail.

Whilst the first quarter and April revenue performance reflects short term market volatility, oOh!'s revenue and earnings are historically weighted to the second half of the year, and the fourth quarter in particular.

And while we were disappointed in the share price decline last week, we remain firmly of the view that the medium term fundamentals for Out of Home remain positive and oOh! is uniquely positioned to leverage that growth opportunity.

FY22 Results

First, a brief recap on our FY22 financial results.

Out of Home continued its strong structural growth momentum as one of the fastest growing major media formats in 2022.

oOh! continued to successfully capitalise on this audience growth across our key Out of Home formats to deliver a significantly improved financial result compared to the prior year.

Total revenue for FY22 increased by 18% to $592.6 million. Revenue in our key formats of Road and Retail grew above pre-pandemic (FY19) levels while revenue in the Fly format grew strongly as airline capacity continued to increase.

The 18% increase in revenue translated to an adjusted gross profit of $274.0 million.

We maintain strong operating leverage to grow earnings faster than revenue which resulted in Adjusted Underlying EBITDA increasing by 64% on the prior year to $127.1 million.

oOh! delivered Adjusted Net Profit After Tax of $56.2 million, up 343% on the prior year.

On a reported basis, EBITDA increased by 20% to $288.1 million.

oOh! reported Net Profit After Tax of $31.5 million compared to a Net Loss of $10.3 million in the prior year.

Cathy will discuss these financial results in more detail and also provide an update on trading for the current year in her address.

Dividends and Capital Management

Our financial position continued to strengthen during the year.

Net debt at 31 December 2022 was $32.9 million compared to $63.5 million at 31 December 2021.

Our 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 to 0.8 times at 31 December 2021.

Shareholders will recall that our policy is to pay dividends in the range of 40-60 per cent of Adjusted Net Profit.

For FY22 Adjusted Net Profit was $56.2 million. The Board declared a final dividend of 3 cents per share, fully franked, bringing the full year dividend to 4.5 cents per share, fully franked.

This represents a 47% dividend payout ratio.

During the year we also announced an on-market buyback of up to 10% of issued share capital, based on the strength of our balance sheet and expected future cash flow generation.

Your Board will continue to assess capital management options with a focus on striking an appropriate balance of maintaining the Group's strong financial position and investment in growth initiatives with returns to shareholders.

Board and management changes

As we announced at last year's AGM, Mick Hellman resigned from the Board in April 2022.

Mick is the Founder and Managing Partner of HMI Capital Management which was previously the largest shareholder in oOh!. Following the sale of HMI's shareholding in oOh! in April 2022, Mick resigned from the Board.

Our Board now comprises 7 directors which we think is appropriate both in terms of size but also in relation to the mix of skills and experience each director brings to the Board and to the Company.

We were pleased to announce the appointment of Chris Roberts as our Chief Financial Officer in August 2022. Chris was previously oOh!'s Group Commercial Finance Director and has held a variety of senior finance-related roles during his 6 years with the Company.

Chris's appointment reflects the depth of talent within our organisation, and we were delighted to be able to promote from within the Company for such an important role.

He replaced Sheila Lines who signalled her intention to pursue new challenges, having made a significant contribution during her 4 years as CFO at oOh!.

More recently, we announced the appointment of Paul Sigaloff to the newly created role of Chief Revenue and Growth Officer. This is a key appointment as part of our digital strategy and Cathy will provide more detail in her update on oOh!'s growth strategy.

Summary

In closing, I want to acknowledge and thank our people at oOh! for their focus and dedication over the past year.

oOh! delivered a strong financial result in CY22.

This demonstrates our capacity to capitalise on the structural growth in Out of Home and the continued implementation of our strategic initiatives to innovate and transform our network.

But it also demonstrates the continued efforts of our people to support our clients to leverage our leading network across Australia and New Zealand to deliver results.

Notwithstanding the recent market volatility, we remain excited about the prospects of Out of Home as a growth media segment. Shortly you will hear more from Cathy about our plans to leverage this growth and implement our strategy to deliver sustainable value creation over the medium term.

Let me conclude by thanking our shareholders for your continued support of oOh!.

Chief Executive Officer's Address – Cathy O'Connor

Introduction

Good morning and welcome everyone.

Thank you for attending today's AGM either in person or online.

For my CEO address to shareholders today, I first will present a summary of our financial results for CY22.

I will then discuss the fundamental opportunities we see for the continued growth in the Out of Home sector.

I will then review our growth strategy at oOh! Specifically that is a strategy which is centred on leading Out of Home to a digital first future; capturing audience attention in public spaces at scale; and making it easier for our customers to achieve better outcomes.

I will conclude with an update on our trading.

CY 2022 Highlights

As Tony mentioned, Out of Home continued its strong structural growth momentum in 2022 as the medium continues to leverage enhanced digitisation and more compelling creative content to deliver improved results for advertisers.

oOh! continued to successfully capitalise on audience growth across our key Out of Home formats to deliver a 18% increase in revenue to $592.6 million.

Our strong operating leverage, combined with ongoing operational discipline, delivered a strong uplift in earnings with Adjusted Underlying EBITDA increasing by 64% on the prior year to $127.1 million.

oOh! delivered Adjusted Net Profit After Tax of $56.2 million compared to $12.7 million for the prior year.

Tony has already mentioned capital management in his address. I would echo Tony's comments that the Company remains in a strong financial position which resulted in an increase in dividends paid to shareholders last year, together with the implementation of the on-market share buyback from September 2022.

The Out of Home media opportunity

Let me now turn to the Out of Home media segment and our continued conviction in the long term structural growth prospects of OOH compared to other forms of media.

Australian OOH revenue - 9% CAGR projection to 2026

As you can see from this chart, on a YTD basis to March 2023, according to SMI data the OOH industry has surpassed its historical high in 2019 to command 14.6% in share against other media.

According to the Outdoor Media Association in Australia, the OOH sector is expected to grow at a compound annual growth rate of 9% from 2022 to 2026.

One of the questions I'm often asked is why – why is OOH growing against other media…..and why will it continue?

There are a number of key fundamentals driving this growth in OOH.

- OOH is an industry that is united and works together. While it remains competitive in the day to day, we come together for the greater win. This is demonstrated by the significant investments in improved measurement (at an industry level) which will continue from Move 1.5 to Move 2.0 in 2024.
- As other media segments fragment, the cost effective reach of OOH to reach large audiences is proven through our lower relative CPMs.
- As an industry, the continuing investment in creative innovation such as 3D anamorphic and content is creating greater engagement with audiences.
- The continued appeal of digital OOH, offering increased flexibility and new ways to buy, such as programmatic and data-led buying, is allowing OOH to be compared and measured against all digital media.

These advancements in measurement and digital will continue over the next 5 years as the sector and operators within it become increasingly sophisticated in demonstrating relative ROI to other media.

oOh! is the largest OOH player in ANZ

oOh! is the largest player in the Out of Home sector across Australia and New Zealand which means we are uniquely placed to capitalise on the expected growth in Out of Home.

This slide demonstrates oOh!'s scale in the OOH sector. The chart on the left is SMI data which represents revenue from the larger advertising agencies which comprises approximately 83% of sector revenue.

Looking more broadly across the portfolio, oOh! had a leading revenue share of ~40% across Australia and NZ in Q1 2023.

This slide (on the right) also demonstrates the recovery in earnings post the COVID period and oOh!'s underlying EBITDA profile. Having a largely fixed cost operating model, our adjusted underlying EBITDA is sensitive to revenue and in 2022 an 18% growth in revenue resulted in a 64% growth in adjusted underlying EBITDA.

oOh!'s growth strategy

I would now like to spend a couple of minutes updating shareholders on our growth strategy to leverage our leading market position to capitalise on the expected growth in OOH.

Our strategy is focused on three main areas: leading Out of Home to a digital first future; capturing audience attention in public spaces at scale; and making it easier for our customers to achieve better outcomes. I will make some comments on each of these areas.

Leading Out of Home to a digital first future

When we talk about the digital future, we are talking about growth through asset digitisation and further growth through increasing digitisation of trading and automation.

To drive this digital trading strategy, we have announced the appointment of Paul Sigaloff to the position of Chief Revenue & Growth Officer. Paul is a highly regarded digital media leader and was previously the Vice President of Yahoo Asia Pacific. Paul's appointment demonstrates the appeal of OOH to digital media executives given the rising prominence of OOH.

Paul will direct, guide and shape how we play in the digital marketplace.

We announced two new supply side partnerships with platform partners, Vistar and Hivestack. These platform agreements enable digital programmatic trading to a broader section of the digital market.

We have launched over 200 new assets for March YTD. This includes the extension of our large format digital position in Sydney, signing a long-term agreement to represent EiMedia's 17 digital billboards which are positioned on major roads and motorways, providing valuable coverage on key routes.

Capturing audience attention in public spaces at scale

The next focus of our strategy is capturing audience attention in public spaces at scale.

The increasing digitisation in OOH is leading to new levels of innovation and creativity which is inspiring advertisers to try new things in the medium. It also opens up new ways for OOH to participate in other addressable markets.

These include 3D anamorphic – full motion video 3D billboards. These are high investment creative opportunities for advertisers.

We are launching oOh!dimensions in the second half of FY23. This will represent Australia's only truly national 3D Anamorphic offer; creating iconic moments for advertisers, leading to high levels of social sharing and talkability and providing brands with a unique storytelling opportunity.

We have continued to roll out content partnerships with Newscorp, AFL, Tennis Australia and others. These partnerships provide us with content for our place-based and some Road environments. They also allow us to compete for sporting sponsorship revenue which was formerly the domain of broadcast TV and radio.

While many would perceive opportunities in OOH to be largely about "signage" – oOh! has 9,000 video-enabled screens that provide a mass reach broadcast platform for a video advertiser. The digital video market was worth over $1billion in Australia in 2022 with a further $192 million spent on video social platforms such as Instagram and Tiktok. To participate in this growing revenue market, we have created a new and complementary product called oOh!motion, to educate advertisers to create a strong alternative channel for their social and video content.

Making it easier for our customers to achieve better outcomes

The third element of our strategy is making it easy for our customers to achieve better outcomes.

In this post COVID era, we have continued to educate our customers on the ways in which consumers move about public spaces in Australia and New Zealand and we launched major research studies in both markets to support the strong return of citizens to the public space. This provides fresh perspectives on how to reach audiences across diverse environments and demonstrates our thought leadership & interest in OOH.

We have made improvements to the ways in which we sell our Street Furniture assets, removing the restrictions to package buying and offering new ways to target across time, demographic and geography. This is a more flexible Street Furniture offering which opens up our products to a broader range of advertisers over time and we are now in market educating customers about this.

Our Better Ways to Buy and brand tracking initiatives are building a strong evidence base of case studies which demonstrate the ROI of oOh! campaigns and our ability to generate real sales results.

Current Trading

Let me now turn to some commentary on our current trading performance.

We delivered a presentation at the Macquarie Australia Conference last week and today I will provide some additional context to the update we provided at that Conference.

As we disclosed we saw trading softening particularly at the end of Q1 with a decline in short-term, in-month bookings compared to the prior year. Where we had been pacing at +8% when we reported our full year results in February, we saw a decline in short money booked in March, resulting in Q1 revenue growth of +3%.

Shareholders would recall that Q1 is typically the smallest quarter for oOh! with revenue and earnings weighted towards H2 and the fourth quarter in particular.

While oOh! grew market share in 3 out of 4 categories for the quarter, we lost share in the Street Furniture category, primarily as a result of the City of Sydney contract.

We understand that April was a weaker month across media; however we are seeing an improvement in our May and June 2023 performance compared to last year.

May booked media revenue is currently ahead of the final booked May ‘22 position by +5% and is pacing ahead of May ‘22 by +11% at the same time last year.

June booked media revenue is close to 80% of the final booked June ‘22 position and is pacing +14% ahead of the same time last year, with seven weeks to go.

Q2 revenue is currently pacing overall at similar levels to Q1 at +3%, subject to the final weeks of trading. Pacing in Street Furniture is currently pacing positively in both May and June, however the outcome for these months in Street Furniture is not certain at this point.

We have set out in the appendix some additional slides to provide shareholders with further information including insights into the performance key categories.

Our capex year to date has been tracking in line with our guidance of $40-50 million for the full year, with supply no longer causing the same issues as it did last year. Our guidance for capex remains contingent on the awarding of tender outcomes and the granting of development approvals in line with our expectations.

There has been no change in any significant contract status compared to the position we outlined at the release of our results in February 2023.

Our share buyback commenced on the 5th of September 2022 and we have bought back over 51 million shares. We expect the program to be complete by 30 June 2023.

Conclusion

In closing I want to acknowledge the efforts of our people across oOh! for their continued contribution to our business.

I also want to thank our shareholders for your ongoing support.