oOh!media Limited
ABN 69 602 195 380

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ASX Release

2024 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 $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

Chair's Address – Tony Faure

Introduction

Good morning fellow shareholders. In my address today, I will provide an overview of our financial results for 2023; a brief discussion on dividends and capital management, and some comments on our strategy and Board.

CY23 Results

oOh! delivered solid revenue growth of 7% to $633.9 million.

Our adjusted EBITDA increased by 2% to $130.2 million, reflecting increased revenue, partially offset by higher fixed rent and lower rental abatements compared to the prior year. Within this environment, we continued our disciplined approach to cost management and contract renewals.

Adjusted Net Profit After Tax was $55.0 million compared to $56.2 million for the prior year.

On a statutory basis, oOh! reported a 10% increase in net profit of $34.6 million for CY23.

Cathy will provide further commentary on our financial results in her address.

Capital Management and Dividend

oOh!'s financial position remains strong and we remain well capitalised, which means we are able to continue to invest in key growth initiatives whilst delivering ongoing returns to shareholders.

During 2023 we completed the on-market share buyback programme which contributed to adjusted earnings per share increasing by 6% to 10.0 cents per share.

Our policy remains to pay dividends of 40-60 per cent of adjusted net profit. 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. This was an increase of 17% on the prior year and represented a 51% payout ratio.

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

Strategic Progress

We continue to make good progress executing our growth strategy.

Our priority remains on leveraging the unparalleled scale and diversity of our network to capitalise on the opportunities the continued structural growth of Out of Home presents, in particular the shift of advertising spend from free-to-air TV to OOH.

We are focused on profitable market share and diversifying into new adjacent revenue streams to deliver long-term sustainable earnings growth.

A good example of this is our reooh business which launched in October 2023.

reooh is an innovative Out of Home solution designed specifically to partner with retailers to fast-track the growth of their retail media businesses by utilising oOh!'s established sector experience in screen management and advertising sales to help generate incremental revenue and margin

This presents a new annual recurring revenue profile for oOh! with long-term service revenue contracts with major businesses in a rapidly growing and material category.

We look forward to sharing progress of this exciting initiative in the near future.

Board

There were no changes to the Board during CY23.

Your Board comprises seven directors which we think is appropriate in terms of size, but more particularly, in relation to the mix of skills and experience each director brings to the Board and to the Company.

I want to acknowledge and thank my fellow directors for their support and contribution to the Company over the year.

Summary

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

The structural fundamentals driving Out of Home as a growth medium remain positive, and as the market leader we remain well-placed to capitalise on this growth.

In addition we continue to develop new revenue opportunities to further enhance the diversity and scale of our network.

I want to acknowledge and thank our people at oOh! for their focus and dedication during the year.

I also wish to thank shareholders for your continued support of the Company.

Chief Executive Officer's Address – Cathy O'Connor

Introduction

Good morning and welcome everyone and thank you for attending today's AGM.

For my CEO address today, I first will present an overview of our financial results for CY23.

I will then discuss the key drivers of growth in the Out of Home media sector and how we remain well-placed to harness this growth.

I will conclude with an update on our trading performance for the first quarter and for the month of April.

CY2023 Key Financials

As Tony mentioned, we delivered a 7% increase in revenue on the prior year to $633.9 million.

Revenue increased across all our formats with Road once again being the stand-out, delivering 14% growth on the prior year.

Adjusted gross margin was down 1.9 percentage points for the year. This decline was driven primarily by an increase in fixed rents relating to the renewal of some larger contracts during late CY22 and a reduction in rent abatements. Despite the decline from the prior year, gross margin in CY23 was higher than any period from CY19 to CY21.

We remained disciplined on costs with underlying opex increasing by only 1.8% in an inflationary environment.

As a result, our adjusted underlying EBITDA was up 2% on the prior year with adjusted net profit per share up 6%.

On a statutory basis, (the numbers in the right column) the Group reported a 10% increase in net profit to $34.6 million.

Key Financial Highlights

This slide calls out some of our financial highlights in more detail.

The chart on the left demonstrates that gross profit margins have improved from the low to mid 40 percentage point range as the business continues to progress towards its pre COVID-19 revenue base.

The next chart demonstrates our disciplined focus on operating costs. Opex growth in CY23 was 2.5% which included an atypical increase in make-good expenses of $2.5m related to the loss of the Vicinity contract. As I mentioned earlier, *underlying* opex growth was just 1.8%, and over the past two years, opex grew at a compounded annual rate of 2.1% despite the strong inflationary environment.

The next chart demonstrates that the Group has grown adjusted EBITDA in each of the past three years, although the growth rate in CY23 moderated as a result of the lower gross margin percentage I outlined earlier.

The strong free cash flows generated by the Group, together with low gearing (below 0.6 times), has supported continued year on year dividend growth to shareholders.

As Tony mentioned, the full year dividend in CY23 increased by 17% on the prior year and was fully-franked.

Out of Home achieves record 14.5% share of agency media spend, with share growth continuing in Q1 2024

For 2023 Out of Home continued its strong performance as a growth advertising medium and was the fastest growing media segment, according to the Standard Media Index (SMI).

SMI reported that Out of Home achieved agency media revenue growth of 15%, capturing 14.5% of advertising agency media spend for the year,.

This was up from 12.3% in the prior year and represented Out of Home's highest ever level share of agency media spend.

This growth compares a broader decline for total advertising agency spend of 3%, with traditional media such as television declining 14% and radio declining 6%.

In the first quarter of 2024, Out of Home continues to grow agency media share against the same period last year, from 14.6% to 15.3% as illustrated in the light blue columns.

As the leading Out of Home company across ANZ, our ambition is to leverage our unrivalled scale, to lead Out of Home to a digital first future.

Our core focus remains on building our network of world class digital assets, and in turn bringing new and compelling mass reach opportunities for advertisers – while also delivering on the ease of trade.

And beyond our core business, we are focused on enhancing our ability to leverage our existing assets and expertise into a new and adjacent growth markets such as our reooh offering that Tony mentioned.

Trading Update

Let me now turn to some commentary on current trading.

Out of Home is expected to continue taking revenue share from other media sectors, particularly from television and radio, and the industry expects mid to high single digit revenue growth in 2024.

Major advertising agencies are also expecting similar growth for Out Of Home in 2024.

oOh!'s Q1 revenue grew by 1% on the prior corresponding quarter. This was in line with the commentary we provided at our full year results in February 2024, noting that Q1 is traditionally the smallest revenue quarter. Our Q1 revenue growth for the first quarter was 6%, excluding revenue written on Vicinity in the pcp.

oOh!'s Q1 performance across classic inventory in retail and street furniture declined 33%, with the rest of the business growing at +7%. oOh! will continue to invest in increasing the digital penetration in these formats in 2024 and 2025.

April media revenue performance (compared to April 2023) showed modest growth and visibility on the rest of the Quarter remains short.

We continue to expect that revenue growth in the second half 2024 will improve – fuelled by the roll out of Woollahra and Sydney Metro assets and the ongoing digitisation of assets across our network.

We also continue to expect that gross margin will be in line with the prior year, subject to revenue performance and mix in the second half.

As always, we will continue to exercise cost discipline.

There has been no change to our capex guidance provided at the full year result. Group capex for 2024 is expected to be between $45M and $55M; in line with recent tender wins, however the final result is contingent upon development approvals.

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.