

Letter to Shareholders



APG|SGA at a glance

149,942

analog & digital advertising spaces

32,729

campaigns carried out

7,160

contracts & partnerships

533

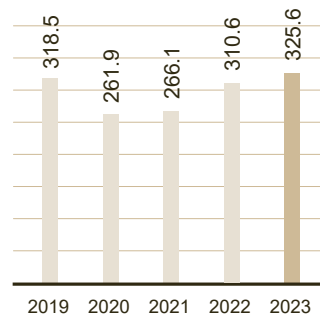
employees

A-

CDP score for climate change

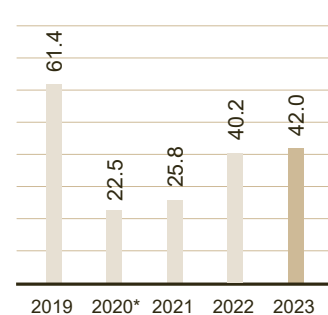
Advertising revenue

CHF m



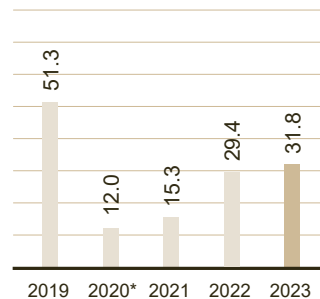
EBITDA

CHF m



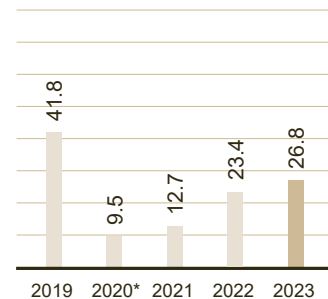
EBIT

CHF m



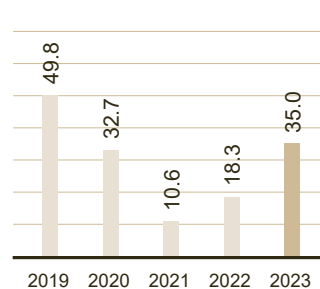
Consolidated net income

CHF m



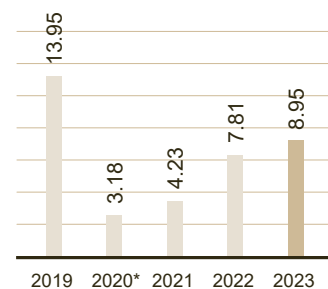
Cash flow from operating activities

CHF m



Earnings per share

CHF m



*adjusted for one-time effects

Positive growth dynamic.

Increased profitability and strong balance sheet.

Consistent expansion of the digital service portfolio.

Dividend of CHF 11 per share.

In brief

- Advertising revenues in Switzerland increase by 4.8% to CHF 311.3 million
- Advertising revenues in Serbia increase by 6.8% to CHF 14.3 million
- EBITDA margin: 12.8% (previous year: 12.8%)
- EBIT margin: 9.7% (previous year: 9.4%)
- Consolidated net income of CHF 26.8 million (previous year: CHF 23.4 million)
- Free cash flow of CHF 31.3 million (previous year: CHF 14.0 million)

Financial highlights

in 1 000 CHF	2023	2022	Change
Advertising revenue	325 632	310 600	4.8%
– Switzerland	311 292	297 175	4.8%
– International	14 340	13 425	6.8%
Operating income	328 758	314 133	4.7%
EBITDA	41 980	40 210	4.4%
– in % of operating income	12.8%	12.8%	
EBIT	31 789	29 372	8.2%
– in % of operating income	9.7%	9.4%	
Consolidated net income	26 815	23 392	14.6%
– in % of operating income	8.2%	7.4%	
Cash flow from operating activities	35 042	18 255	92.0%
Free cash flow¹	31 325	13 978	124.1%
Investments in property, plant, and equipment	5 277	5 380	–1.9%
– advertising panel	2 737	3 762	–27.2%
– other investments	2 540	1 618	57.0%
Earnings per share, in CHF	8.95	7.81	14.6%

EBITDA: Earnings before interest, taxes, depreciation of property, plant, and equipment, and amortization of intangible assets

EBIT: Earnings before interest and taxes

¹ Cash flow from operating activities (operating cash flow) CHFt 35 042 (previous year: CHFt 18 255) less cash flow from investing activities CHFt 3 717 (previous year: CHFt 4 277), (see page 10 Consolidated statement of cash flows)

Dear Shareholder

General business development

Despite challenging geopolitical and economic conditions, the compelling qualities of Out of Home Media – an efficient, high-reach advertising medium which enjoys broad acceptance and trust – saw it further increase its market share in the media mix.

APG|SGA succeeded in significantly increasing its revenues in 2023 compared with the previous year and recorded positive development in all segments and communication spaces. Revenues are now well above the pre-COVID levels of 2019.

The Digital Out of Home business also experienced above-average growth in 2023. In line with increased demand, there was also a consistent focus on expanding the digital and programmatic range in the reporting year. At the same time, measures for further process and cost optimizations were implemented. The Group also created the organizational conditions for countering a pronounced short-term orientation in the planning and processing of advertising campaigns, and for further consistent exploitation of the opportunities presented by advancing digital transformation and technological developments.

APG|SGA Group

In the financial year 2023, Group revenue increased by 4.8% to reach CHF 325.6 million. There was a decline of 3.2% in real estate revenue. Other operating income, representing the sale of obsolete fixed assets, decreased by 21.0% in the reporting year. This resulted in operating income for the financial year 2023 of CHF 328.8 million, which represented an increase of 4.7% over the previous year.

Fees and commissions increased by 3.4% in the reporting year, driven by higher sales volumes. Personnel expenses grew by 9.2% in the financial year 2023. This is primarily attributable to the end of compensation for short-time work and a slight increase in variable compensation. Operating and administrative costs increased by 5.1% in the reporting year. This cost development was primarily due to one-off effects, such as lawyers' fees in Serbia in connection with the arbitration proceedings.

In the financial year 2023, the EBITDA increased by 4.4% to reach CHF 42.0 million. Meanwhile, the EBIT increased by 8.2% in the financial year 2023 to CHF 31.8 million, which corresponds to an EBIT margin for the year of 9.7% (previous year 9.4%). Net income for 2023 amounted to CHF 26.8 million (previous year: CHF 23.4 million), representing an increase of 14.6%.

Cash flow

Operating cash flow for the financial year 2023 amounted to CHF 35.0 million (previous year: CHF 18.3 million). This represents an increase of 92.0%. After deducting the net cash used in investing activities of CHF 3.7 million (previous year: CHF 4.3 million), this resulted in a free cash flow of CHF 31.3 million (previous year: CHF 14.0 million).

Balance sheet

The balance sheet total increased by CHF 1.7 million in the financial year 2023 to CHF 191.1 million. This increase was driven by higher trade accounts receivable as well as deferred expenses and accrued income. The net cash position at the end of 2023 was CHF 51.6 million, CHF 1.7 million lower than at the close of 2022. Equity totaled CHF 83.9 million, representing an equity ratio of 43.9%.

Swiss market

APG|SGA advertising revenues for Switzerland in 2023 amounted to CHF 311.3 million, 4.8% above the previous year. Overall, there was positive revenue development in both the analog and digital outdoor advertising business.

APG|SGA saw particularly gratifying revenue development in the banking, insurance, automotive and travel sectors, as well as online retail. And with the parliamentary elections in 2023, there was also significant growth in political advertising.

This positive revenue growth in APG|SGA's Swiss operations came amid an overall market environment that proved highly challenging for advertising. This can be seen in the statistics for Switzerland issued by Media Focus, which point to a 1.1% decline in gross spend in the traditional advertising market compared to the previous year. APG|SGA's positive development in comparison to the overall market indicates the strength of (digital) Out of Home as a medium, and in particular our company's compelling service portfolio.

There was also above-average development in the revenues generated by our digital advertising media. This is due, on the one hand, to the fact that we are providing advertisers with a continuously growing digital portfolio and, on the other hand, to the fact that clients and their agencies appreciate the ability to flexibly book and broadcast Digital Out of Home and new programmatic options at short notice. And our customers can have full confidence in the processes and guarantees of agreed broadcasts. PwC conducted a detailed audit and verified all processes, with approval in all categories (broadcast, content evaluation, hardware, etc.). APG|SGA is setting particularly high standards regarding transparency and security of service provision – values that advertisers prize.

In the partner market, a wealth of new, high-quality spaces, both analog and digital, were added to the portfolio once again in 2023, and numerous contracts were extended. The Group secured an agreement with the passenger transport arm of SBB on a multi-year extension to contracts in the marketing of interior and exterior spaces of trains. However, APG|SGA chose not to continue with the marketing and management of around 190 SBB promotional spaces in 2024.

Overall, APG|SGA has a stable portfolio of over 7,000 contracts secured for the long term with both public authorities and private property owners throughout Switzerland.

Serbian market

APG|SGA is operationally active in Serbia, which accounts for 4.4% of Group sales. The Serbian subsidiary, Alma Quattro, boasts an advertising inventory of over 4,600 sites in highly attractive locations, primarily in cities such as Belgrade, Novi Sad, Niš, Valjevo, Čačak, Užice and Kragujevac.

Advertising revenues in the reporting period increased by 10.3% in local currency terms compared with the previous year. Advertising associated with the elections in the fourth quarter contributed to this positive revenue development. However, with the weaker dinar, this translated into an increase in Swiss francs of only 6.8%, to CHF 14.3 million.

The proceedings we brought against the Serbian state for infringement of the investment protection agreement between Switzerland and Serbia at the International Center for the Settlement of Investment Disputes (ICSID) in Washington, D.C. continued as planned. A decision is expected towards the end of 2024.

Organization

At the APG|SGA AG General Meeting on April 27, 2023, all members standing for re-election were confirmed for a further year. David Bourg, Group Chief Financial, IT and Administration Officer and member of the Executive Board of JCDecaux SE, was newly appointed to the Board of Directors. Stéphane Prigent, member of the Board of Directors of APG|SGA since 2015, is retiring and did not stand for re-election. Thus, the Board of Directors now comprises Dr. Daniel Hofer (Chair), Xavier Le Clef (Vice-Chair), David Bourg, Dr. Maya Bundt, Jolanda Grob and Markus Scheidegger. Jolanda Grob (Chair) and Markus Scheidegger were re-elected to the Board of Directors' Remuneration Committee.

As part of its market strategy, APG|SGA is making a long-term investment in its performance capability. Its goal is to safeguard and expand its position as market leader in the analog and digital Out of Home Media market for the long term in a changing environment. The Group decided to create the position of CITO (Chief Information & Technology Officer) at Management Board level to reflect the increasing importance of IT, data and adtech. This position has been filled by Dr. Dominik Franke since September 1, 2023. On the same day, Beat Holenstein took over responsibility for the partner market, in addition to marketing, from Christian Gotter, who is once again focusing on the diverse activities in the Logistics & Operations division. As announced in September 2023, on March 1, 2024, Nico Benz-Müller will join APG|SGA as the new CFO, replacing current CFO Beat Hermann, who will be leaving the Group at the end of April 2024.

Sustainability

APG|SGA published its Sustainability Report in April 2023, its 20th iteration. The report paints a positive overall picture of APG|SGA, with transparent, comprehensive reporting on annual developments in the area of sustainability and the status of measures and targets implemented under the Corporate Social Responsibility (CSR) strategy. A score of A- in the CDP climate protection ranking proves that APG|SGA is taking a leading role in reporting on climate protection. It is also on track to meet its ambitious medium-term targets of net-zero emissions by 2035.

Dividend

Following the positive development over the reporting year, with a further increase in results and APG|SGA's strong balance sheet, the Board of Directors has decided to confirm for the financial year 2023 the dividend policy that was introduced for the financial years 2021 to 2023. The Board of Directors will therefore propose to the General Meeting that a dividend of CHF 11 per share be paid for the financial year 2023.

The Board of Directors is confident that the prospects for the Out of Home market and for APG|SGA are positive and that this will allow its shareholder-friendly dividend policy to continue into the future.

Outlook

Out of Home Media facilitates effective messaging in public spaces and enjoys a high degree of trust and broad acceptance – especially important in an era of AI and increasing use of deepfakes. For advertisers who wish to execute successful branding and sales-boosting campaigns, Out of Home Media will remain a key element in communication planning in the future. The wide reach, high impact, particularly advantageous carbon footprint and optimal cost-benefit ratio among advertising media make Out of Home Media an essential instrument in the media mix for advertisers and their agencies. Mobility and the forecast rise in the population are further positive factors pointing to a long-term gain in significance.

This makes the growth potential of Out of Home Media and of APG|SGA – the leading Out of Home advertising company in Switzerland and Serbia – highly robust and compelling. The increasing flexibility of planning and implementation options thanks to digitalization, data and programmatic contribute greatly to this potential.

APG|SGA is well positioned and is determined to use its innovative, future-oriented range to further build on its strong market position. We will continue to work hard on the intensive expansion and enhanced appeal of our comprehensive premium digital and analog range for our local, regional and national advertising customers and their agencies. Nonetheless, our actions will also be guided by the principles of consistent cost management.

We aim to remain a reliable partner to cities, municipalities, transport authorities and private landlords, committed to quality and sustainability, and continuing to offer them compelling, high-quality services and a steady income.

The Board of Directors and Management Board would like to take this opportunity to thank all our employees who work every day to advance APG|SGA with outstanding commitment and a high level of professionalism.

We would also like to thank our shareholders, advertising customers, landlords, suppliers and other market partners for their trust in our company and for their positive collaboration.



Dr. Daniel Hofer
Chairman of the Board



Markus Ehrle
Chief Executive Officer

Consolidated balance sheet

Assets

in 1 000 CHF	31.12.2023	31.12.2022
Buildings and land	25 120	25 878
Advertising panel	17 082	19 998
Other property, plant, and equipment	3 711	3 647
Property, plant, and equipment	45 913	49 523
Deferred tax assets	1 813	1 803
Other financial investments	5 910	6 322
Financial investments	7 723	8 125
Goodwill	9 709	10 366
Contractual advertising rights	10 899	12 451
Intangible fixed assets	20 608	22 817
Non-current assets	74 244	80 465
Inventories	5 116	4 695
Trade accounts receivable	40 197	36 505
Other accounts receivable	9 461	8 537
Deferred expenses and accrued income	10 489	5 893
Cash and cash equivalents	51 603	53 311
Current assets	116 866	108 941
Total	191 110	189 406

Shareholders' equity and liabilities

in 1 000 CHF	31.12.2023	31.12.2022
Share capital	7 800	7 800
Capital reserves, premiums	13 028	13 034
Treasury shares	-864	-894
Translation differences	-5 374	-4 109
Retained earnings	69 268	75 393
Shareholders' equity	83 858	91 224
Other non-current financial liabilities	167	266
Provisions	3 804	5 198
Deferred tax liabilities	2 657	2 873
Non-current liabilities	6 628	8 337
Trade accounts payable	15 595	10 659
Taxes payable	4 338	3 347
Other accounts payable	31 636	28 519
Accrued liabilities and deferred income	47 849	46 593
Provisions	1 206	727
Current liabilities	100 624	89 845
Liabilities	107 252	98 182
Total	191 110	189 406

Consolidated income statement

in 1 000 CHF	2023	2022	Change
Advertising revenue	325 632	310 600	4.8%
Real estate revenue	1 828	1 889	-3.2%
Other operating income	1 298	1 644	-21.0%
Operating income	328 758	314 133	4.7%
Fees and commissions	-196 826	-190 380	3.4%
Personnel expenses	-57 968	-53 104	9.2%
Operating and administrative costs	-31 984	-30 439	5.1%
Operating result before depreciation and amortization (EBITDA)	41 980	40 210	4.4%
Depreciation of tangible assets	-8 488	-9 136	-7.1%
Amortization of intangible assets	-1 046	-1 044	0.1%
Amortization of goodwill	-657	-658	
Operating result (EBIT)	31 789	29 372	8.2%
Financial result	99	-278	
Ordinary result before income tax	31 888	29 094	9.6%
Income tax	-5 073	-5 702	-11.0%
Consolidated net income	26 815	23 392	14.6%
Basic and diluted earnings per share, in CHF	8.95	7.81	14.6%

Consolidated statement of changes in equity

in 1 000 CHF	Share capital	Capital reserves, premiums	Treasury shares	Translation differences	Retained earnings	Shareholders' equity
as at January 1, 2022	7 800	13 060	-918	-3 169	84 954	101 727
Consolidated net income					23 392	23 392
Translation differences				-940		-940
Distributions					-32 953	-32 953
Purchase of treasury shares			-693			-693
Sale of treasury shares		-20	717			697
Equity transaction costs		-6				-6
as at December 31, 2022	7 800	13 034	-894	-4 109	75 393	91 224
Consolidated net income					26 815	26 815
Translation differences				-1 265		-1 265
Distributions					-32 940	-32 940
Purchase of treasury shares			-563			-563
Sale of treasury shares		4	593			597
Equity transaction costs		-10				-10
as at December 31, 2023	7 800	13 028	-864	-5 374	69 268	83 858

Consolidated statement of cash flows

in 1 000 CHF	2023	2022
Consolidated net income	26 815	23 392
Depreciation and amortization	10 191	10 838
Changes in provisions	-861	-588
Changes in deferred taxes	-187	69
Financial result with no cash impact	107	114
Gain from sale of non-current assets	-1 254	-1 643
Change in inventories	-452	-239
Change in accounts receivable	-4 110	1 546
Change in deferred expenses and accrued income	-5 694	-1 023
Change in accounts payable and taxes payable	9 130	5 037
Change in accrued liabilities and deferred income	1 357	-19 248
Cash flow from operating activities	35 042	18 255
Capital expenditures in property, plant, and equipment	-5 055	-5 380
Capital expenditures in intangible assets	-27	-169
Purchase of subsidiaries		-635
Sale of property, plant, and equipment	1 365	1 786
Sale of other financial investments		121
Net cash used in investing activities	-3 717	-4 277
Purchase of treasury shares	-563	-693
Sale of treasury shares	587	691
Dividends to APG SGA SA shareholders	-32 948	-32 953
Net cash used in financing activities	-32 924	-32 955
Currency translation effect on cash and cash equivalents	-109	-74
Change in cash and cash equivalents	-1 708	-19 051
Cash and cash equivalents as at January 1	53 311	72 362
Cash and cash equivalents as at December 31	51 603	53 311

Explanation of financial terms

EBIT

Earnings before interest and taxes

EBITDA

Earnings before interest, taxes, depreciation of property, plant and equipment, and amortization of intangible assets

Equity ratio

Shareholders' equity in % of balance sheet total

Free cash flow

Cash flow from operations minus cash flow from investments

Agenda and publications

Announcement of annual results 2023

Tuesday, February 27, 2024

Publication of the annual report

Thursday, March 14, 2024

General Meeting

Thursday, April 25, 2024, Geneva

Announcement of semi-annual results 2024

Friday, July 26, 2024

Publications: Annual Report and Financial Report

The Annual Report and the Financial Report will be available online at www.apgsga.ch/report from March 14, 2024. To order the print publications, please complete the form at www.apgsga.ch/order-reporting.

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APG|SGA AG is Switzerland's leading Out of Home Media company. Listed on the SIX Swiss Exchange, APG|SGA covers all aspects of Out of Home Media: on streets and squares, in railway stations, at airports, in shopping centres, in the mountains as well as in and on means of transport – from poster campaigns with the widest coverage and large formats to state-of-the-art digital advertising spaces, special advertising formats and mobile advertising. When communicating with customers, the authorities and the advertising industry, APG|SGA represents sustainability and innovation, aiming to inspire people with the very best communication solutions in public spaces.