

Letter to Shareholders



APG|SGA at a glance

148,867

analog & digital advertising spaces

30,554

campaigns carried out

7,071

contracts & partnerships

525

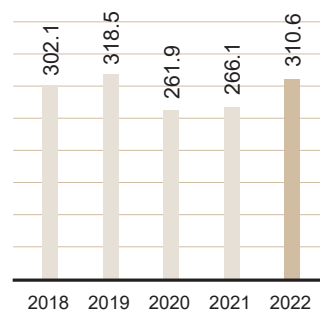
employees

A-

CDP score for climate change

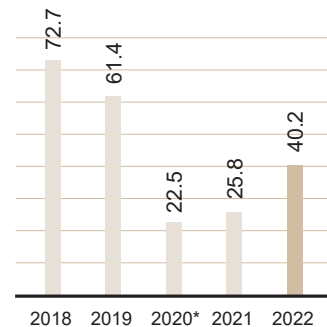
Advertising revenue

CHF m



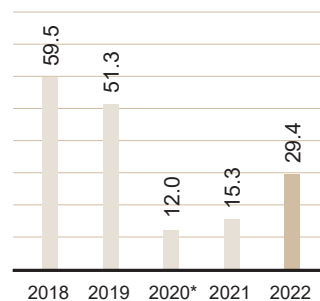
EBITDA

CHF m



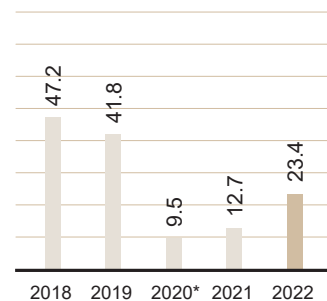
EBIT

CHF m



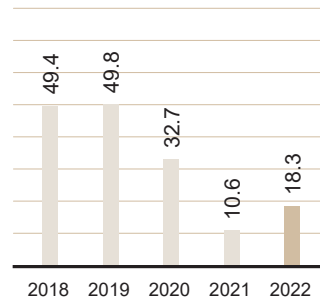
Consolidated net income

CHF m



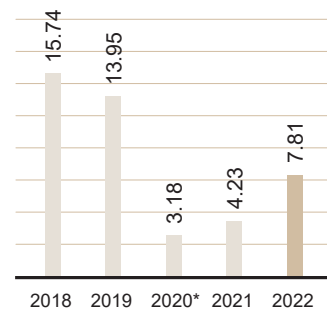
Cash flow from operating activities

CHF m



Earnings per share

CHF m



*adjusted for one-time effects

Significant increase in operational performance.

Portfolio successfully developed in areas of digitalization, data and programmatics.

Sustainability a key element of company strategy.

Financial situation very sound.

Dividend of CHF 11 per share.

In brief

- Advertising revenues in Switzerland increase by 18.1% to CHF 297.2 million
- Decrease in advertising revenues in Serbia of 8.0% to CHF 13.4 million (steady in local currency terms)
- EBITDA margin: 12.8% (previous year: 9.6%)
- EBIT margin: 9.4% (previous year: 5.7%)
- Consolidated net income of CHF 23.4 million (previous year: CHF 12.7 million)
- Free cash flow of CHF 14.0 million (previous year: CHF 5.5 million)

Financial highlights

in 1 000 CHF	2022	2021	Change
Advertising revenue	310 600	266 145	16.7%
– Switzerland	297 175	251 551	18.1%
– International	13 425	14 594	–8.0%
Operating income	314 133	269 485	16.6%
EBITDA	40 210	25 828	55.7%
– in % of operating income	12.8%	9.6%	
EBIT	29 372	15 344	91.4%
– in % of operating income	9.4%	5.7%	
Consolidated net income	23 392	12 663	84.7%
– in % of operating income	7.4%	4.7%	
Cash flow from operating activities	18 255	10 589	72.4%
Free cash flow¹	13 978	5 480	155.1%
Investments in property, plant, and equipment	5 380	6 610	–18.6%
– advertising panel	3 762	4 422	–14.9%
– other investments	1 618	2 188	–26.1%
Earnings per share, in CHF	7.81	4.23	84.6%

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 18 255 (previous year: CHFt 10 589) less cash flow from investing activities CHFt 4 277 (previous year: CHFt 5 109), (see page 10 Consolidated statement of cash flows)

Dear Shareholder

General business development

The lifting of COVID-19 restrictions early on in the year led, as expected, to an ongoing revitalization of mobility behavior and consequently – in conjunction with our intensified marketing and sales activities – an increase in our advertising revenues as well. This positive development was dampened by the economic fallout from the attack on Ukraine, as well as rising inflation, recession fears and – in the fourth quarter in particular – uncertainty around potential electricity shortages and their potential impact on our business activities. Advertisers tended to take an even more short-term view in planning and booking their campaigns than in previous years.

Despite these challenging conditions, over the entire financial year we achieved a significant increase in analog and digital revenues over the previous year's values. In view of the ongoing challenging geopolitical and macroeconomic environment and the associated reduced visibility, APG|SGA continued to consistently and resolutely implement measures to optimize non-revenue-related operating costs. But this also went hand-in-hand with an successful expansion of the product and service portfolio in the areas of digitalization, data and programmatics.

APG|SGA Group

In the financial year 2022, group revenue increased by 16.7%. Real estate revenue increased by 5% to reach CHF 1.9 million. Other operating income represented the sale of property, plant and equipment, which increased by 6.7% in the reporting year. This resulted in operating income for the financial year 2022 of CHF 314.1 million, which represented an increase of 16.6% over the previous year.

Fees and commissions increased by 12.2% in the reporting year. This increase was disproportionate to sales revenue, and was due to non-sales-volume-related fees associated with the higher sales volumes. Personnel expenses grew by 9.7% in the financial year 2022. This is primarily attributable to the slight increase in variable compensation as well as lower compensation for short-time work than in the previous year. Operating and administrative costs increased by 19.2% in the reporting year. While direct operating and administrative costs remained at the previous year's levels, expenses associated with sponsorship of poster campaigns in the cultural and sport space rose sharply.

There was a significant increase in margins through economies of scale, process optimization and cost discipline. The financial year 2022 saw an EBITDA margin of 12.8% (previous year: 9.6%) and an EBIT margin of 9.4% (previous year: 5.7%). Net income for 2022 amounted to CHF 23.4 million (previous year: CHF 12.7 million), representing an increase of 84.7%.

Cash flow

Operating cash flow for the financial year 2022 amounted to CHF 18.3 million (previous year: CHF 10.6 million). This represents an increase of 72.4%. In the reporting year 2022, a delayed fee payment for the previous year in connection with COVID-19 renegotiations had a significantly negative impact on operating cash flow. After deducting the cash flow from investing activities of CHF 4.3 million (previous year: CHF 5.1 million), this resulted in a free cash flow of CHF 14.0 million (previous year: CHF 5.5 million).

Balance sheet

The balance sheet total reduced by CHF 26.1 million in the financial year 2022 to CHF 189.4 million. This decrease was primarily driven by lower cash and cash equivalents along with a significant reduction in accrued liabilities and deferred income. The net cash position at the end of 2022 was CHF 53.3 million, CHF 19.1 million lower than at the close of 2021. This decrease was primarily caused by the dividend payment and the delayed fee payment as described above. Equity totaled CHF 91.2 million, representing an equity ratio of 48.2%.

Swiss market

Advertising revenues for 2022 amounted to CHF 297.2 million, up 18.1% on the previous year. Following a very strong start to the year – which saw the complete lifting of COVID-19 restrictions – challenging economic conditions flattened growth in the second half of the year.

While APG|SGA saw positive developments in advertising investment throughout 2022 in sectors such as wholesale, banks, health insurance and art and cultural events, persistent supply chain issues meant advertising spend remained below average in some areas, particularly the automotive sector.

Recovery of revenues for promotional space, public transport and airport advertising was more subdued, with a slower rise in footfall and a larger proportion of annual space bookings. By contrast, there was a rapid increase in demand for high-impact, large-scale products in prime locations in airport, mountain and city settings over the course of the year. The development in revenues for analog products in 2022 was similarly positive overall. Our internal APG|SGA logistics organization processed and installed more than 716,500 high-quality posters in the standard formats “F4”, “F200”, “F12” and “F24”.

There was also positive development in the revenues generated by our digital advertising media. This is due, on the one hand, to the fact that APG|SGA is providing advertisers with a 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” at short notice.

In 2022, APG|SGA invested in the digital expansion and increased flexibility of its products. Throughout the year, new “ePanels” were installed in Aarau, Bern, Thun, Zurich and Geneva Cornavin railway station. Ten new “XXL eBoards” were also put into operation in cooperation with Zurich Airport. And, in early 2023, they were joined by 44 new “Airport ePanels”, largely in airside positions, marketed in a new digital network that boasts a total of 12 networks and 234 screens.

In 2022, numerous new, high-quality spaces on private property, both analog and digital, were added to the portfolio once again, with many contracts extended. Overall, we have 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

In the financial year 2022, subsidiary Alma Quattro d.o.o. contributed 4.3% to group revenues. This was also a year in which Serbia was greatly impacted by the war in Ukraine. A very high rate of inflation and the huge increase in energy prices created difficult conditions for the economy. There were also tensions on the border with Kosovo. Despite these circumstances, advertising revenues were almost steady with a minimal reduction of 1.2% in local currency terms. With the weakening of the Serbian dinar, this translated into a reduction of 8.0% in Swiss francs.

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.

Organization

At the APG|SGA AG General Meeting on April 28, 2022, all members standing for re-election were confirmed for a further year. The Board of Directors comprises Dr. Daniel Hofer (Chair), Xavier Le Clef (Vice-Chair), Dr. Maya Bundt, Jolanda Grob, Stéphane Prigent and Markus Scheidegger. Jolanda Grob (Chair) and Markus Scheidegger were re-elected to the Board of Directors' Remuneration Committee. Stéphane Prigent, Member of the Board of Directors of APG|SGA since 2015, has announced that he is retiring and will therefore not be standing for reelection at the next ordinary General Meeting. We would like to take this opportunity to thank him for his expert and committed work on the Board of Directors and as Chairman of the Audit Committee. The Board of Directors will recommend David Bourg, Group Chief Financial and Administration Officer of JCDecaux SE, to the General Meeting for election to the Board.

In September, APG|SGA announced that it would be expanding its Executive Board effective January 1, 2023 and appointing Claudia Fischbacher as the new Head of Human Resources. This move reflects the growing significance and challenges of strategic and operational personnel issues as elements in successful, sustainable business development at APG|SGA. In December, APG|SGA announced that its CFO Beat Hermann had decided to leave the company on the best of terms after ten years of service, with his departure set for the end of 2023. In this context, it was decided that the CFO role should focus on the core functions in the area of finance, and that the new role of Chief Information & Technology Officer (CITO) should be created at Management Board level to respond to the increasing importance of IT, data and adtech for APG|SGA. The relevant recruitment processes have been launched.

APG|SGA published its Sustainability Report in May, and it paints a positive overall picture. APG|SGA has demonstrated continuity in sustainability and has committed to an ambitious CO₂ reduction path. Global environmental organization CDP awarded APG|SGA a climate ranking of A- for its strategy and implementation. This places APG|SGA among the top global companies forging the path to sustainability. This development is in line with APG|SGA's consistent implementation of its corporate social responsibility (CSR) strategy and constant ramping up of efforts. APG|SGA is focusing even more closely on sustainability and corporate responsibility, and has appointed Andres Trautmann to a new, dedicated position for these areas. The new Head of Sustainability is responsible for implementation of the APG|SGA corporate responsibility strategy and he will ensure even greater alignment around the key issues of sustainability management and social responsibility.

In connection with the EU Whistleblowing Directive, all APG|SGA employees have been given the opportunity to anonymously report violations of values and rules as well as violations of the Anti-Bribery and Corruption Guidelines to an external whistleblowing reporting office within the framework of a professional whistleblowing system.

Dividend

Despite the challenging economic conditions that persisted in the financial year 2022, APG|SGA recorded a significant increase in its results and is in a very solid financial situation. The Board of Directors therefore believes that for the financial year 2022, it should once again implement the shareholder-friendly dividend policy that it has been pursuing for the financial years 2021 to 2023 by paying out 100% of the group profit, in any case at least CHF 11 per share, as planned.

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 2022.

Outlook

There is convincing growth potential in Out of Home Media, particularly as digitalization, data and programmatic options present new planning and deployment opportunities. The reach, impact and optimal cost-benefit ratio make outdoor advertising an essential instrument in the media mix for advertisers and their agencies. At the same time, Out of Home Media is characterized by widespread acceptance among the public and the most compelling CO₂ footprint of any advertising medium. The return of mobility and the forecast rise in the population are further positive factors that make us optimistic about the future.

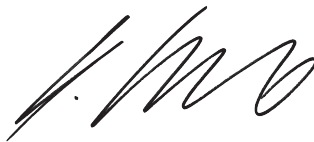
As such, the prospects for Out of Home Media and APG|SGA as Switzerland's leading outdoor advertising company remain positive, although they will once again be significantly influenced by ongoing developments in macroeconomic and geopolitical factors in 2023. The company is in a good position to successfully master these challenges, as it has to date, and to further expand its strong market position with its innovative, future-oriented portfolio. However, advertising behavior remains focused on the short term amid these times of heightened uncertainty, which once again renders a reliable forecast of business performance impossible.

For our part, we at APG|SGA will continue with the intensive expansion of our comprehensive, premium digital and analog range for our local, regional and national advertising customers and their agencies. At the same time, we remain a reliable partner to cities, municipalities, transport authorities and private property owners, committed to quality and sustainability, and continuing to offer them compelling concepts, high-quality services and steady income.

The Board of Directors and Executive Board would like to take this opportunity to thank our employees who achieve great things and work every day to advance APG|SGA with outstanding commitment and a high level of professionalism. We would also like to extend a sincere thank you to our esteemed shareholders, advertising customers, concession issuers, suppliers and other market partners for their trusting, positive cooperation.



Dr. Daniel Hofer
Chairman of the Board



Markus Ehrle
Chief Executive Officer

Consolidated balance sheet

Assets

in 1 000 CHF	31.12.2022	31.12.2021
Buildings and land	25 878	27 412
Advertising panel	19 998	22 353
Other property, plant, and equipment	3 647	3 870
Property, plant, and equipment	49 523	53 635
Deferred tax assets	1 803	1 708
Other financial investments	6 322	6 622
Financial investments	8 125	8 330
Goodwill	10 366	11 024
Contractual advertising rights	12 451	13 956
Intangible fixed assets	22 817	24 980
Non-current assets	80 465	86 945
Inventories	4 695	4 478
Trade accounts receivable	36 505	37 712
Other accounts receivable	8 537	9 166
Deferred expenses and accrued income	5 893	4 870
Cash and cash equivalents	53 311	72 362
Current assets	108 941	128 588
Total	189 406	215 533

Shareholders' equity and liabilities

in 1 000 CHF	31.12.2022	31.12.2021
Share capital	7 800	7 800
Capital reserves, premiums	13 034	13 060
Treasury shares	-894	-918
Translation differences	-4 109	-3 169
Retained earnings	75 393	84 954
Shareholders' equity	91 224	101 727
Other non-current financial liabilities	266	370
Provisions	5 198	6 070
Deferred tax liabilities	2 873	2 733
Non-current liabilities	8 337	9 173
Trade accounts payable	10 659	4 532
Taxes payable	3 347	3 202
Other accounts payable	28 519	30 483
Accrued liabilities and deferred income	46 593	65 909
Provisions	727	507
Current liabilities	89 845	104 633
Liabilities	98 182	113 806
Total	189 406	215 533

Consolidated income statement

in 1 000 CHF	2022	2021	Change
Advertising revenue	310 600	266 145	16.7%
Real estate revenue	1 889	1 799	5.0%
Other operating income	1 644	1 541	6.7%
Operating income	314 133	269 485	16.6%
Fees and commissions	-190 380	-169 720	12.2%
Personnel expenses	-53 104	-48 400	9.7%
Operating and administrative costs	-30 439	-25 537	19.2%
Operating result before depreciation and amortization (EBITDA)	40 210	25 828	55.7%
Depreciation of tangible assets	-9 136	-9 001	1.5%
Amortization of intangible assets	-1 044	-1 057	-1.1%
Amortization of goodwill	-658	-426	54.1%
Operating result (EBIT)	29 372	15 344	91.4%
Financial result	-278	-155	
Ordinary result before income tax	29 094	15 189	91.5%
Income tax	-5 702	-2 526	125.7%
Consolidated net income	23 392	12 663	84.7%
Basic and diluted earnings per share, in CHF	7.81	4.23	84.6%

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, 2021	7 800	12 938	-1 491	-2 128	72 291	89 410
Consolidated net income					12 663	12 663
Translation differences				-1 041		-1 041
Purchase of treasury shares			-2			-2
Sale of treasury shares		123	575			698
Equity transaction costs		-1				-1
as at December 31, 2021	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 statement of cash flows

in 1 000 CHF	2022	2021
Consolidated net income	23 392	12 663
Depreciation and amortization	10 838	10 484
Changes in provisions	-588	-1 558
Changes in deferred taxes	69	-139
Financial result with no cash impact	114	-53
Gain from sale of non-current assets	-1 643	-1 541
Change in inventories	-239	384
Change in accounts receivable	1 546	-8 369
Change in deferred expenses and accrued income	-1 023	287
Change in accounts payable and taxes payable	5 037	-2 074
Change in accrued liabilities and deferred income	-19 248	505
Cash flow from operating activities	18 255	10 589
Capital expenditures in property, plant, and equipment	-5 380	-6 610
Capital expenditures in intangible assets	-169	-671
Purchase of subsidiaries	-635	-5 490
Sale of property, plant, and equipment	1 786	1 662
Sale of other financial investments	121	
Sale of short-term financial investments		6 000
Net cash used in investing activities	-4 277	-5 109
Purchase of treasury shares	-693	-2
Sale of treasury shares	691	697
Repayment of financial liabilities		-298
Dividends to APG SGA SA shareholders	-32 953	
Net cash used in financing activities	-32 955	397
Currency translation effect on cash and cash equivalents	-74	-102
Change in cash and cash equivalents	-19 051	5 775
Cash and cash equivalents as at January 1	72 362	66 587
Cash and cash equivalents as at December 31	53 311	72 362

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 2022 and publication of the annual report

Wednesday, March 15, 2023

General Meeting

Thursday, April 27, 2023, Geneva

Announcement of semi-annual results 2023

Friday, July 28, 2023

Publications: Annual Report and Financial Report

The Annual Report and the Financial Report are available online at www.apgsga.ch/report. 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 outdoor advertising: on streets and squares, in railway stations, at airports, in shopping centers, 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, promotions 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.