Ocean Outdoor Limited

OOUT | Small Cap | Media | $7.85 | £299m

FY20 Final Results – Update

1 Year Chart

Ocean is the leading digital player in European Out of Home media. The portfolio spans multiple European markets and is centred on a UK core and management team, both with a proven track record of delivering growth and innovation. Out of Home media has been outperforming other traditional media for the best part of the last decade as the adoption of new technologies and data has transformed its commercial impact for brands. The structural drivers behind this growth have not gone away.

The FY20 results contained no real surprises with the key trading headlines well flagged in the February trading update. The goodwill impairment was in-line with other names in the sector and underscore the severity of the pandemic impact. However, all eyes are now firmly on the recovery and here the tone of commentary was positive. Ocean has continued to expand its digital portfolio and looks well positioned to lead the sector as the green shoots take hold through the remainder of FY21 and into FY22. Ocean's core offer of a premium digital portfolio and technology leadership remains intact.

Despite Ocean's outperformance and premium positioning, the shares trade at a valuation discount to the peer group and UK Media sector. This feels overly harsh for a business with a proven track record of delivery.

Ocean Outdoor Limited is a research client of Radnor Capital Partners Ltd.

MiFID II – this research is deemed to be a minor, non-monetary benefit.

- **FY20 results:** The key headlines were well flagged and contained no real surprises. The revenue impact was in-line with the sector and the combination of cost savings, lease re-mixing and cash preservation has seen the balance sheet protected. The net cash position is a key differentiator for Ocean.
- **Strength in Out of Home media:** Out of Home had been outperforming other media pre-pandemic and all expectations are that it will outperform post pandemic. This outperformance is being driven by digital growth and Ocean is the leading digital player in the sector.
- **Ocean is a unique proposition:** We see Ocean as offering a unique mix of asset backing with pure media upside. Ocean's audience can only be accessed through Ocean's media, which is protected by exclusive, multi-year contracts. As a result, Ocean has a different cost structure to other media companies and management have managed this cost exposure well through the pandemic.
- **Valuation:** Ocean trades at a material valuation discount to its global listed peer group and the broader UK Media sector. This valuation looks unwarranted with Ocean expected to continue to outperform the peer group as we enter the early stage of the pandemic recovery. In our view, the combination of asset backing, recovery upside and strategic optionality is not reflected in the valuation.

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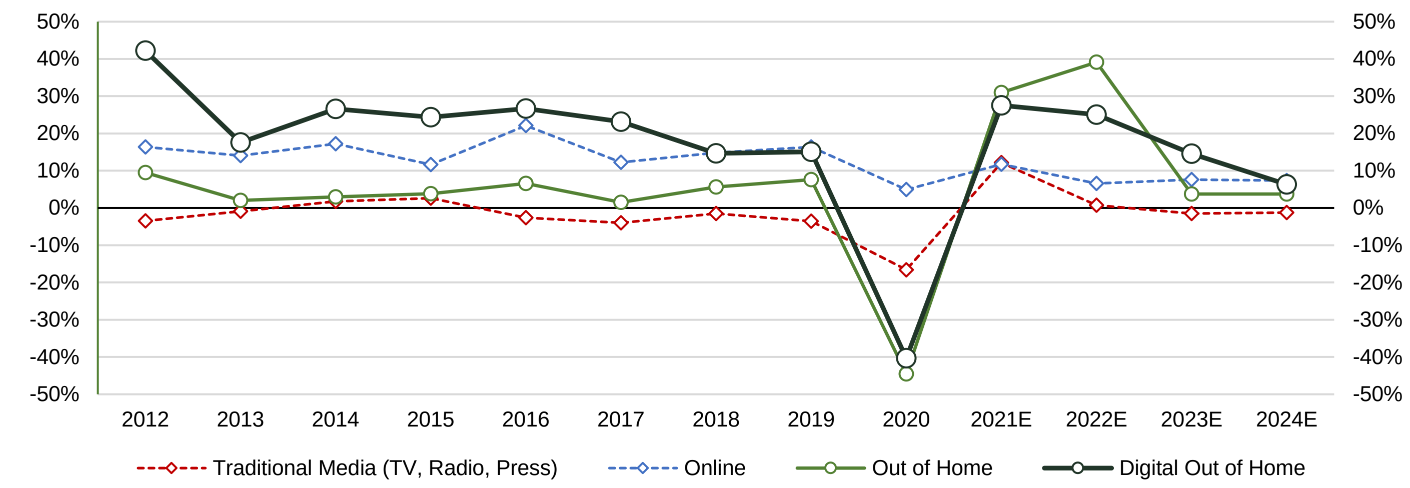
December	*Revenue	*Adj EBITDA	*Adj PBT	*Adj EPS (p)	Net Cash	EV/EBITDA
2018 A	124.5	30.4	28.9	45.4 p	160.5	9.0x
2019 A	139.6	32.9	26.4	41.4 p	26.9	8.3x
2020 E	86.2	(0.4)	(10.7)	(18.1) p	25.1	neg
2021 E	105.5	7.4	(1.9)	(0.8) p	11.1	37.0x
2022 E	125.2	25.3	16.6	25.0 p	21.4	10.8x

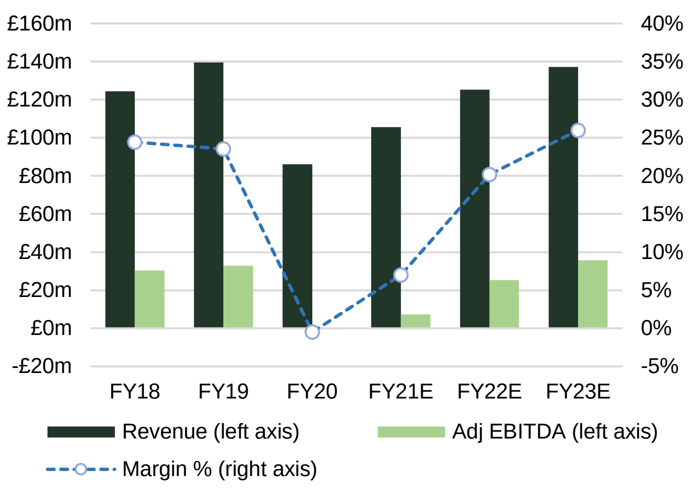
** Pro-forma for acquisitions and pre-IFRS16* *Source: Radnor*

Ocean Outdoor in five key charts

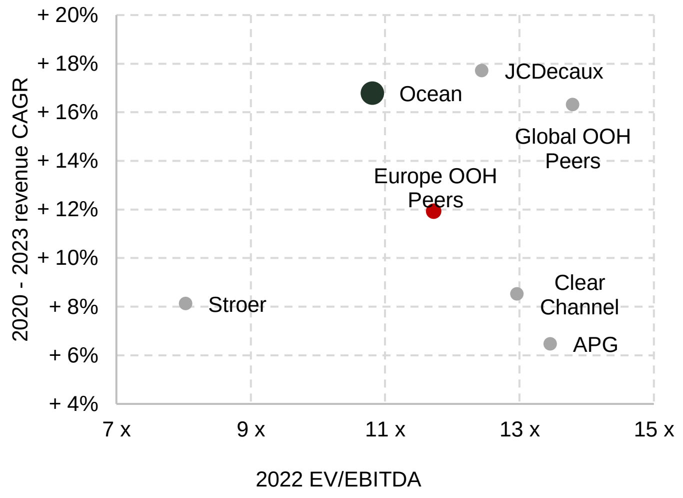
UK advertising spend across traditional, online and Out of Home media – 2012 to 2024



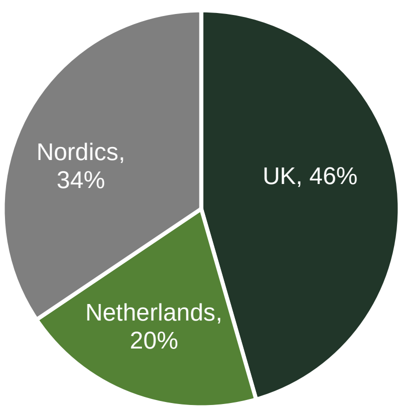
Ocean revenue & EBITDA progression



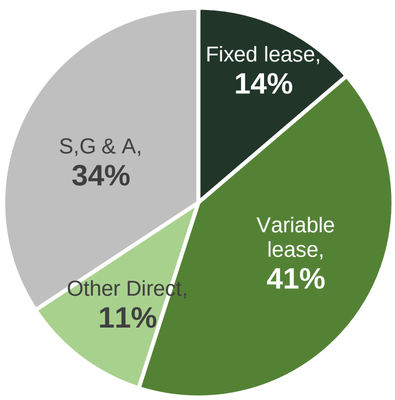
Ocean peer group valuation vs growth



Ocean FY20 geographical revenue split



Ocean FY20 cost structure (Radnor assumption)



Source: GoupM, PWC, Outsmart, IAB, Company, FactSet, Radnor

FY20 Final Results and Revised Estimates

The FY20 results had been pre-flagged at the February trading update as far as the key revenue and EBITDA headlines were concerned, however these results have shed much more colour on the extent of both the operational progress made (which has been substantial) and the reshaping of the cost base to reflect the challenging trading environment. Key points are as follows:

- Revenue was down 38% to £86.2m (on a pro-forma basis); which was split:
  - **UK** down 45% to £39.2m
  - **Netherlands** down 35% to £17.3m
  - **Nordics** down 29% to £29.7m
- Adjusted EBITDA (pro-forma for acquisitions and pre IFRS16) was -£0.4m, compared to +£33.9m in FY19. Total operating expenses (including site rents) were £86.6m, down 19% on £106.7m in FY19, driven by a 21% decrease in direct operating costs and a 14% decrease in sales and admin costs.
- Further down the P&L, and unsurprisingly, Ocean reported a £141.6m impairment charge (£133.6m relating to goodwill on the acquired businesses and £8.0m relating to the Media Tech JV).

  Ocean is not alone in the “face to face” media sector in reporting a material goodwill impairment charge. Informa recently announced £668m of goodwill and right of use asset impairment write-downs; Hyve Group similarly reported £263m of write-downs.
- The statutory, reported loss before tax (post IFRS16) was £184.3m, compared to a pre-exceptional and pre-IFRS16 adjusted loss before tax of £10.7m (FY19: +£26.4m).
- Despite the headline revenue and EBITDA decline; Ocean had a strong year from a cash-flow perspective, generating £32.1m of operating cash-flow compared to £46.7m in FY19.
- Headline net cash was £25m (made up of £30m of gross cash and £5m of drawn debt from the £35m facility put in place during the year).

From a revenue perspective, Ocean performed broadly in line with the broader Out of Home sector where total advertising spend in 2020 declined between 25% and 45% across a range of European markets. Compared to the narrow peer group, Ocean outperformed JCDecaux (-40% revenue decline in FY20). The latest data from the Advertising Association / WARC suggests that total Out of Home advertising in the UK fell 46% in 2020, with digital Out of Home declining 40%.

In terms of the extent of revenue impacts, it comes as no surprise to see the UK experiencing the worst revenue hit given the severity and duration of the UK lockdowns in Q2 and Q4. The relative outperformance of the Nordics compared to the UK can be seen as a direct function of a less uniform approach to tackling the pandemic.

Unlike a more traditional, cyclical contraction; the lockdowns experienced through the course of 2020 (and into the start of 2021) have been very binary in nature and impacted all Out of Home operators without much consideration to the relative competitive positioning of the individual operators.

A key part of our Ocean investment thesis is the heavy digital emphasis and premium asset positioning it offers compared to other players. Pre-pandemic this had driven a marked degree of Ocean outperformance relative to its peers (for example Ocean delivered +12% pro forma revenue growth in FY19, compared to +5% for its quoted peer group and +4% for the European industry as a whole).

Despite the material disruption to revenue across all of Ocean's key markets, the positioning of the group post-pandemic was clearly communicated as a key management priority and here the news-flow has been more encouraging.

- **Digital portfolio expansion**. In terms of the raw screen estate, over 900 net new faces were added to the group portfolio (+11% headline inventory growth), with portfolio growth across all the key markets. Expansion of the digital screen estate was actually ahead of the headline +11% as this total includes the removal of a number of traditional billboards from the portfolio. Digital revenue as a percentage of the group total (84%) remained broadly consistent with FY19 and represents the highest digital share in the peer group by some distance (JCDecaux, 24% digital and Clear Channel, 29% digital).

- **Ocean UK** saw 152 new faces and 142 new locations added:

  - 40 new full motion screens installed in Canary Wharf

  - 8 Vehicle Detection screens now live, expected to grow to 15 in H1 FY21

  - Further expansion of the XL roadside network (now 19 super large format screens across four cities, with planning consent for two new screens in new cities, Leeds and Newcastle) and the Two Towers concept into Birmingham

  Above and beyond the physical expansion of Ocean's digital inventory in the UK; we believe the most encouraging commentary coming out of the results relates to the progress being made across the industry in the adoption of programmatic buying and campaign management platforms. This is a key structural growth theme for the industry and, critically from an investor perspective, remains at a relatively nascent stage. Anecdotally, Ocean management spoke to a low single figure percentage of UK revenues coming via automated buying platforms. Although not specific to Ocean (who are taking a platform agnostic approach and opening their relevant inventory up to all the platforms), the heavily overweight digital exposure that Ocean enjoys will see it benefit disproportionately as the buying audience is opened up.

- **Ocean Netherlands** saw 220 new faces and 15 new locations added:

  - 10-year strategic media partner contract signed with Unibail-Rodamco-Westfield for the Westfield Mall of the Netherlands, building on the successful Westfield relationship in the UK

  - Expansion of the market leading roadside network with two new contract wins and two contract extensions

  - Ocean also secured the contract for the large format screen at Amsterdam World Trade Centre as well as a contract for 1,688 digital screens across the municipal bus and tram network

- **Ocean Nordics** saw 535 new faces and 140 new locations added:
  - Significant new retail mall contracts on both Sweden (15 new centres), Denmark (17 new centres) and Finland (3 new centres)
  - Integration of the Visual Art and AdCity Media businesses (the most recent Ocean acquisitions made in 2019) and a full rebrand of the combined businesses into Ocean Nordics.

- **Current trading.** Clearly all the focus around the short-term trading environment revolves around the timing of lockdown easing and the speed of advertiser response to improving population movement trends. Anecdotal evidence would suggest that population movement recovery curve has been pretty steep across a number of markets. The initial data from the key London Westfield centres suggests that first weekend footfall post the most recent lockdown was +68% higher than the first weekend post the first national lockdown. In both the Netherlands and the Nordics, traffic data has recovered to between 65% and 75% of pre-pandemic levels.

  Ocean's final results presentation (link here) contains an interesting graphic demonstrating a clear and positive correlation between the pace of the UK vaccine roll-out and the new weekly bookings being made across Ocean's UK portfolio.

  Despite the early positive indications, the fact remains that partial lockdowns remain in place across a number of markets with Q1 heavily impacted. FY21 is therefore unlikely to show a full recovery to pre-pandemic levels. Management have been explicit in re-iterating the point that formal financial guidance remains withdrawn until a consistent period of trading has been experienced. We would therefore anticipate the H1 results being a significant moment for trading news-flow.

  A natural caution around the pace of any recovery notwithstanding, our key take-away from the results presentation was the fact that Ocean is not a like for like comparison with the business that entered into the pandemic in Q1 2020. The portfolio has been expanded and with a re-shaped cost base (which we discuss below), our sense is that Ocean is well positioned to outperform through the recovery in a similar fashion to its outperformance heading into the crisis.

Cost Savings and Liquidity

In our recent initiation of coverage note (*Good Boat, Rising Tide* – link here), we explored the Ocean cost base in detail. In particular, we looked at the mix of fixed and variable lease structures within the group. On a pre IFRS16 basis, we estimate that c.55% of the FY19 group cost base was represented by lease costs with a rough 60:40 variable / fixed split within that. Early in the pandemic, management had identified the active management of these lease costs (especially remixing lease costs from fixed rents towards variable profit shares) as being a clear priority in steering the group through a challenging revenue environment. Progress here has been material;

- At a headline level, the variable to fixed ratio has improved to c. 75:25 as opposed to 60:40 pre-pandemic. This remixing alone delivered £8.3m of direct cost savings and is testament to the strength of the underlying landlord relationships

- A further £14.5m of rent and profit share deferrals were agreed; better aligning these costs with the anticipated revenue recovery through the remainder of FY21

- Beyond the active management of the lease exposure, c.45% of Ocean's cost base is represented by people, establishment and marketing costs. Here, total staff cost savings of £6.3m were secured, representing c.28% of the total budget from the start of the year. Importantly, these savings have not been delivered solely through redundancy, but also through government support schemes, frozen recruitment and more flexible working patterns. Permanent personnel related cost savings amount to £2.5m, or just over 10% of the starting establishment.

We believe this is a critical point for Ocean, which blends creative human capital with a structured property / lease model. A significant driver of Ocean's pre-pandemic outperformance had been its reputation for creativity and innovation. Given the extremes of the last year, Ocean would have been forgiven for cutting deeper into the human meat of the business but this would have been at the risk of weakening its ability to maintain its leadership position during any subsequent recovery.

In aggregate for FY20, Ocean reported a total (pre-IFRS16) operating cost base of £86.6m, a decrease of £20.1m (-19%) on the £106.7m reported in FY19.

As we discussed in our initiation note; we see Ocean as a media owner, rather than an agency business where costs are primarily variable (ie people) and can be managed within a shorter time frame. Media owners face primary costs representing their invested capital (site leases in Ocean's case and content investment for a broadcaster) that are less easy to switch off and on without damaging core earnings capacity.

The positive flip side here is that media owners can deliver excess margins and returns compared to an agency business. This is certainly the case with Ocean where pre-pandemic, pre IFRS16 EBITDA margins were running in the mid to high 20% range after central costs. Based on our current estimates, we are anticipating a return to a 26% adjusted EBITDA margin by FY23E.

However, Ocean's margins are dictated not at the product level but more by the pace and flow of bookings through group inventory. We estimate the critical revenue tipping point for Ocean sits between the £100m and £110m range. At this point, we see the remixed variable / fixed lease costs and the FY 20 rent deferrals will have largely washed through the P&L.

Beyond this £100m to £110m revenue range, like for like drop-though rates (ie pre cost expansion through the addition of new sites with a fixed rent component) will be in excess of 75%. We see no specific reason, other than the pace of overall portfolio expansion, why EBITDA margins could not trend north of 30% over the medium and longer term.

From a balance sheet perspective, Ocean ended 2020 with net cash of £25m. Gross cash balances were £30m with £5m of debt drawn from the £35m debt facility put in place during the course of the year in order to provide the fullest flexibility around short-term liquidity.

Year end net cash of £25m is only £1.8m lower than the £26.8m reported for FY19, which against the context of a £34.3m reduction in adjusted EBITDA does show the extent to which cash has been conserved. Beyond tight working capital management, the key drivers behind cash preservation, compared to FY19 and FY18 has been the absence of the M&A and a material reduction of capital expenditure (where new site fit outs and installations are a major line item) from £12m in FY19 to £6.4m in FY20.

Looking forward, we do expect a degree of unwinding of cash deferrals to impact in FY21. Despite adjusted EBITDA moving back into positive territory in FY21 (-£0.4m to +£7.4m), we are looking for an increase in net capex spend to £8.0m and a combination of working capital unwind (-£2.6m); increased capex (-£8.0m) and a deferred earn out payment (-£6.0m) to result in a FY21 net cash position of £11.1m. Thereafter, assuming no further pandemic shocks, we expect Ocean to be a strong free cash-flow generator.

Radnor estimates

Now we have the fuller detail behind the FY20 numbers and have heard managements' take on the pandemic recovery and the positioning of the business within the recovery, we have re-assessed our recently published estimates. The main revisions are outlined below:

- **FY21E.** Broadly unchanged in terms of P&L headlines. However, our original expectations around working capital unwinds impacting net cash through FY21 now feel too bearish and we are upgrading our year end net cash estimate to £11.1m (previously net debt of £7.6m). This better than expected cash performance then flows through to later years

- **FY22E and FY23E.** We now assume a more even revenue recovery curve running through FY22E and FY23E. Previously our recovery assumptions had been more weighted towards FY22E (revenue +24% over FY21E) and less towards FY23E (revenue +10% over FY22E). We now look for +19% revenue growth in FY22E and +10% revenue growth in FY23E. Our basic cost shapes remain unchanged.

Figure 1: Key Radnor P&L estimates

Year to 31 December, £m	2018	2019	2020	2021E	YoY	2022E	YoY	2023E	YoY
UK	62.2	71.7	39.2	53.8	+ 37%	67.1	+ 25%	74.0	+ 10%
Netherlands	23.8	26.4	17.3	18.6	+ 8%	21.4	+ 15%	23.5	+ 10%
Nordics	38.5	41.5	29.7	33.1	+ 11%	36.7	+ 11%	39.7	+ 8%
Revenue - Pro Forma	**124.5**	**139.6**	**86.2**	**105.5**	**+ 22%**	**125.2**	**+ 19%**	**137.3**	**+ 10%**
Direct Operating Expenses	(65.0)	(75.5)	(59.8)	(69.7)	+ 16%	(69.5)	- 0%	(71.4)	+ 3%
S,G & A	(29.1)	(31.2)	(26.8)	(28.5)	+ 6%	(30.4)	+ 7%	(30.2)	- 1%
EBITDA - Pro Forma, pre IFRS16	**30.4**	**32.9**	**(0.4)**	**7.4**	**-**	**25.3**	**+ 242%**	**35.7**	**+ 41%**
EBITDA - Pro Forma, post IFRS16	30.9	51.2	40.1	44.3		65.4		79.6	
Depreciation	(3.2)	(7.0)	(10.0)	(8.6)		(8.7)		(8.9)	
Goodwill	(10.1)	(19.8)	(24.8)	(15.6)		(15.6)		(15.6)	
Impairments	-	-	(141.6)	-		-		-	
Lease Depreciation - IFRS16	-	(19.7)	(32.9)	(32.5)		(33.9)		(35.9)	
Lease Interest - IFRS16	-	(6.9)	(9.6)	(10.1)		(10.6)		(11.2)	
Net Finance (pre IFRS16)	1.7	(0.1)	(0.8)	(2.2)		(1.6)		(1.6)	
PBT - Pro Forma Adjusted	28.9	26.4	(10.7)	(1.9)	-	16.6	-	26.8	-
PBT - Reported	21.0	(7.8)	(184.2)	(24.7)		(5.0)		6.4	
Tax	(0.3)	(0.5)	4.8	1.4		(2.3)		(5.7)	
Tax - Adjusted	(5.8)	(4.3)	1.0	1.4		(3.2)		(6.4)	
No. shares m, diluted	50.9	53.6	53.7	53.7		53.7		53.7	
EPS (p), Pro Forma Adjusted	45.4 p	41.4 p	(18.1) p	(0.8) p	-	25.0 p	-	37.9 p	-
EPS (p), Reported	40.7 p	(15.5) p	(334.1) p	(43.4) p		(13.7) p		1.3 p	-

Source: Radnor, Company

Figure 2: Key Radnor Cashflow & Balance sheet estimates

CASH FLOW Year to 31 December, £m	2018	2019	2020	2021E	2022E	2023E
Net Income - Reported	20.7	(6.7)	(179.5)	(23.3)	(7.4)	0.7
(+) Depreciation & Amort.	13.3	26.7	177.8	24.3	24.3	24.5
(+) Lease Depreciation	-	19.7	32.9	32.5	33.9	35.9
(+) Net Finance Charge	(1.7)	6.9	10.5	11.7	12.2	12.8
Other	0.1	(0.0)	0.1	-	-	-
Working Capital	(5.5)	0.1	0.8	(2.6)	(0.7)	0.8
Operating Cashflow	**26.8**	**46.7**	**32.1**	**42.6**	**62.3**	**74.8**
Cash Tax	(1.0)	(2.4)	(2.7)	(5.0)	(2.3)	(5.7)
Cash Interest	1.7	0.5	(0.3)	(0.6)	(0.6)	(0.6)
Net Op Cashflow	**27.5**	**44.8**	**29.2**	**37.0**	**59.4**	**68.5**
Capex	(5.2)	(12.1)	(6.4)	(8.0)	(9.0)	(10.0)
Lease Liability	-	(24.6)	(24.2)	(36.9)	(40.1)	(43.9)
Free Cashflow	**22.2**	**8.1**	**(1.4)**	**(7.9)**	**10.3**	**14.6**
Net M&A	(228.9)	(126.0)	-	(6.0)	-	-
Investment in Associate	-	(13.3)	-	-	-	-
Issue of Shares	86.7	-	-	-	-	-
Other Non-Operating	0.0	(2.5)	4.6	-	-	-
Net Cashflow	(120.0)	(133.7)	3.2	(13.9)	10.3	14.6
Net Cash (Debt)	**160.5**	**26.9**	**25.1**	**11.1**	**21.4**	**36.0**

BALANCE SHEET	2018	2019	2020	2021E	2022E	2023E
Intangibles	230.0	367.4	202.4	186.8	171.2	155.6
P,P+E	32.0	47.4	42.9	42.2	42.5	43.6
Right of Use Asset	-	148.6	182.5	184.0	192.2	203.4
Tax Asset & Other	6.0	4.7	4.2	1.5	1.5	1.5
Total Fixed Assets	**262.0**	**576.7**	**432.9**	**418.2**	**411.1**	**407.8**
Debtors	36.7	55.5	39.3	40.1	50.1	54.9
Cash	160.5	26.9	30.0	16.0	26.4	41.0
Creditors	(44.7)	(76.4)	(64.0)	(49.6)	(58.9)	(64.5)
Bank Debt	(3.3)	(29.3)	(41.2)	(34.6)	(37.9)	(39.3)
Lease & Tax	149.2	(23.3)	(35.9)	(28.1)	(20.3)	(7.9)
Net Current Assets	**-**	**(136.2)**	**(161.0)**	**(174.1)**	**(181.8)**	**(192.5)**
Lease	-	-	(4.9)	(4.9)	(4.9)	(4.9)
Tax & Other	(23.6)	(43.0)	(35.0)	(35.0)	(35.0)	(35.0)
Net Assets	**387.6**	**374.1**	**201.1**	**181.1**	**174.0**	**172.4**

Source: Radnor, Company

Investment Case

Our recent initiation of coverage note (*Good Boat, Rising Tide* – link here) explored many aspects of the Ocean business in detail; especially around the broader Out of Home industry; the structural growth opportunity for Digital; Ocean's revenue and cost model and M&A track record.

We also outlined what we see as the key planks to the Ocean investment case and these remain unchanged post the release of the FY20 final results and these are outlined below.

Historic Strength in Out of Home Media

Despite being one of the older advertising media formats, Out of Home advertising has proven remarkably resilient compared to other traditional media. The digital transition journey within Out of Home has been significant and is likely to continue post-pandemic.

We explore the role and performance of the Out of Home advertising market across Ocean's key geographies in more detail later in this note. At a headline level, **Out of Home advertising has consistently outperformed other traditional formats**. Data from GroupM suggests that between 2012 and 2019 (ie pre pandemic), Out of Home advertising in the UK grew at a CAGR of **+4%** per annum, compared to a 1% CAGR decline for total media spend (excluding pure digital and Out of Home).

Unsurprisingly, the pandemic had a material impact on population mobility and consequently Out of Home advertising spend. At a headline level, Out of Home advertising spend declined between 30% - 40% in 2020 according to a range of industry data. However, all the established external industry forecasters expect the Out of Home market to recover sharply through the course of 2021 with **2022 expected to be ahead of 2019**.

The historic strength in overall Out of Home advertising spend is inextricably linked with the analogue to digital transition. Although not the largest player in terms of absolute scale, Ocean can claim to be one of, if not the, leading digital player in the sector.

Premium Digital Operator

Why does this digital emphasis matter? Simply put, **digital is driving the growth for the media**. In this sense, Out of Home is no different from other media formats where digital has largely supplanted analogue. Digital screens offer significant advantages in terms of content flexibility and throughput, media pricing, responsiveness and opens the door to location and recognition based targeted advertising.

Ocean Outdoor is predominantly a digital screen operator
86% of Ocean's revenue is digital. This compares to an average digital exposure across Ocean's global Out of Home peer group (ie Clear Channel, JCDecaux, Outfront Media, Stroer, Lamar Advertising and the privately owned Global) of c.30%. Ocean's digital exposure is most pronounced in the UK (c.95%) whilst the Netherlands is running north of 60%.

Digital Growth
In a similar vein to other media formats, Out of Home advertising has seen a marked digital transition over the last decade. Within the **+4%** 2012-2019 CAGR for UK total Out of Home advertising, the digital element of Out of Home has grown at a CAGR of **+21%** and now represents c.57% of total spend (31% in 2015). It is highly likely that Digital will continue to grow its share of total Out of Home spend.

The UK is relatively well advanced in terms of digital penetration within Out of Home advertising. Globally, digital penetration is lower at 34% (PWC data). Within Europe, the Nordics are similar to the UK in digital penetration at c.53%, while Germany is lower at 19% and the Netherlands at 24%.

Ocean is not an incumbent operator

Ocean is not burdened with historically over-invested analogue inventory that still needs to be monetised. Although now a well-established player in the Out of Home industry, Ocean, in many ways, displays the characteristics of a disruptor. In terms of pure scale, Ocean is by no means the largest player (JCDecaux and Clear Channel are significantly larger in scale) but still sits within the top tier of operators. Ocean's digital emphasis is the clearest differentiator to the peer group.

Not all digital screens are created equal

A key differentiator for Ocean Outdoor is the quality and positioning of its screen portfolio. This premium positioning is especially prominent in the UK, where Ocean Outdoor has stayed clear of more commoditised areas such as mass transit and street signage.

Geographical breadth

Although the UK represents the historic core of the Ocean business and the group's largest single territory (51% of FY19 pro forma group revenue), the group has been active in building a presence throughout Europe, with 30% of revenue coming from the Netherlands and the 19% in the Nordics.

These markets represent attractive growth opportunities through a combination of varying degrees of digital penetration within Out of Home advertising, general market sophistication and the ability to leverage the skills and experience developed by Ocean's track record in the UK into adjacent markets.

We will explore Ocean's historic acquisitions in further detail but the three main businesses acquired by Ocean since IPO, were themselves leading independent operators in their specific markets.

Although the pandemic has focused management attention on the here and now, there remain further opportunities to bolster existing market presences as well as seek out new market opportunities. However, we do not see Ocean taking an indiscriminate approach here and note the tight strategic rationale behind previous acquisitions.

Managed Well Through the Pandemic

Ocean Outdoor were by no means alone in having to react quickly to the challenges posed by the pandemic. By and large, the UK listed media sector has acquitted itself well in terms of the speed and efficacy of responses to short term revenue dislocations. However, for the majority of the UK media sector, the challenges revolved around immediate operational cost control and product and service transitions away from analogue to digital.

The challenges for Ocean were made more complex by the specific nature of their media where there was no immediate production transition available, and the asset backed nature of the business model where site leases can have a high fixed cost component.

Given the binary impact of national lockdowns across the majority of Ocean's core markets, the 39% decline in FY20 revenue feels like a good result and broadly in line with its peers (FY20 revenue decline of -22% to -47%). We explore Ocean's performance relative to the peer group in more detail but at a headline level, Ocean compares well to its peers.

However, Ocean acted swiftly to re-align the fixed cost element of site leases to profit share arrangements as well as secure cost savings elsewhere in the business.

Steep Earnings Recovery

Although superficially complicated by IFRS16 lease accounting, Ocean is actually a fundamentally simple business. Costs in the business are a central sales & marketing team layered on top of site leases with the underlying landlords in whose land and property the screens are located. These leases are themselves a mix of fixed rent and profit shares.

FY20 saw management act swiftly to reduce costs to protect the business from the severe Covid-19 disruption. FY21 will be year of two halves with H1 still impacted by the varying degrees of national lockdown across Europe. Despite these impacts, Ocean has not stood still, continuing to invest in the portfolio. Whilst we expect revenue to show a sharp recovery in FY21, costs are also likely to rebuild. We are also mindful that the FY21 revenue recovery is still at an early stage for Out of Home with a potentially broader range of outcomes (positive and negative) than would normally be the case.

For FY21 we therefore anticipate a return to EBITDA profitability (+£7.4m), following a small loss in FY20 (-£0.4m). However, we expect the full cost rebuild to have fully washed through during FY21E and thereafter, revenue drop through is expected to be well in excess of 75% and we anticipate £25m of EBITDA in FY22E.

Pre-pandemic, and on a pre-IFRS16 basis, Ocean Outdoor had been generating EBITDA margins between 23% and 25%. We anticipate a full margin recovery by FY22E and historic margins being exceeded in FY23E and beyond.

Future Organic Growth Drivers

Post the natural recovery in Out of Home revenue expected as the various population restrictions across Europe recede through the course of 2021, we believe Ocean will benefit from a number of organic growth drivers over the medium term.

1. **Digital Focus**. Ocean is the purest digital play in the sector and is in prime position from the continuing shift to digital within Out of Home. The structural drivers behind this shift were well entrenched pre-pandemic and every indication is that digital will lead the industry recovery.

2. **Digital Transition**. A number of Ocean's European markets (primarily Netherlands and Germany) are still at an earlier point in the digital adoption curve and Ocean is well positioned as a leading digital operator in these markets to benefit from further structural growth.

3. **Premium Portfolio**. Ocean's digital portfolio is concentrated around premium, high impact and high visibility locations. Critically, Ocean is not exposed to the more commoditised (and higher absolute risk) areas such as public transport, airports and low value, generic street signage. The prominence and quality of Ocean's digital assets (especially pronounced in the UK) have allowed it to innovate and attract inbound interest from brand and content partners.

4. **Acquisition Benefits**. The last acquisition (AdCityMedia) closed just as the pandemic was breaking. The previous two larger deals (Visual Art and Interbest/Ngage) closed through the course of 2019. As a result, the Ocean team have had less than a year "undisturbed" to drive through the revenue and strategic synergies these acquisitions offered before the pandemic struck and management focus shifted towards prioritising business security rather than expansion. These synergy

benefits have not gone away and the recovery pathway out of the pandemic will allow management to get back onto the front foot in a concerted fashion.

5. **Creative Vision**. Although a difficult intangible for investors to measure, Ocean is fundamentally a natively digital, creative business that happens to be good at negotiating, managing and selling advertising space on the physical assets that it operates on behalf of its landlord partners. Ocean calls its core vision *"Digital Cities for Digital Citizens"* and is as much about content, innovation and experience as it is about the nuts and bolts of advertising volume and pricing. The economic opportunity is that success in the former will drive the latter and will position Ocean as the preferred creative partner for both brands and landlords, reinforcing future new site and partner opportunities.

6. **Innovation**. The last few years have seen the Out of Home sector undergo a rapid period of technical innovation and Ocean has been at the forefront of this. Face detection, vehicle detection, augmented reality applications and full fibre connections are areas where Ocean has already rolled out commercial applications. The pandemic has shifted near-term attention away from the possibilities of the media but this emphasis is likely to shift rapidly as trading conditions normalise. We expect Ocean to build on its reputation as an industry innovator as it seeks to build on the premium positioning of its portfolio.

Balance Sheet Strength & Strategic Optionality

The listed global peer group has been facing the extremes of recent trading conditions in the same way as Ocean. However, Ocean's balance sheet is stronger than many of its peers, which provides it with a degree of strategic flexibility that is not enjoyed by others. Combined with the purer digital emphasis and a higher quality site portfolio; this makes Ocean both a strategically valuable asset and also a prime candidate to be a first mover in any potential future industry consolidation. Ocean has been an active acquirer in the past and could continue to be so as it seeks to infill its existing geographical presence in the more attractive European markets.

Valuation Underpinned by Existing Asset Base

Ocean currently trades at a material discount to both its listed global peer group and the broader UK Media sector. Although the pandemic proved a severe shock to the sector, Ocean has both traded well and responded swiftly to the challenges. We expect Ocean to outperform its peers in terms of recovery pace as it benefits from both the expected industry rebound (led by digital Out of Home advertising) and its premium positioning within the industry. Yet we do not see this reflected in comparative valuations.

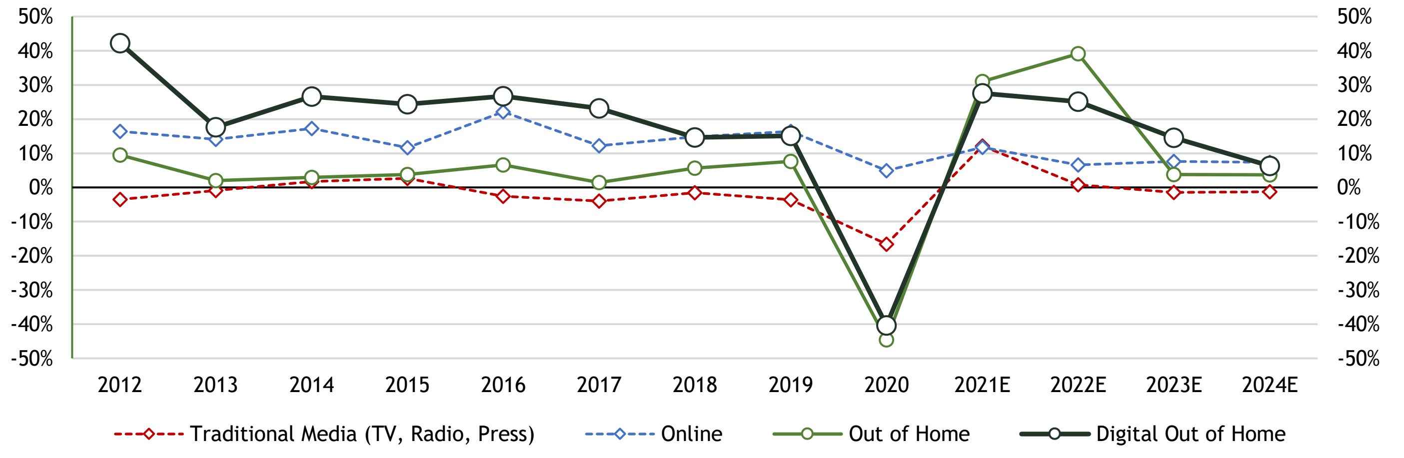
Ocean's business model also blends asset backing (site and content and channel exclusivity) in a way that is not seen with other media owner models in the UK. We believe this provides investors with a de-risked recovery path compared to other media owners.

The combination of recovery outperformance; purest digital exposure and robust balance sheet would be enough to warrant at least a peer group equivalent, if not a premium valuation in our view. For those investors willing to look beyond share illiquidity, Ocean offers both good up-front value and exposure to one of the leading, premium operators in a media niche that itself is expected to outperform over the medium term.

Digital Out of Home Media

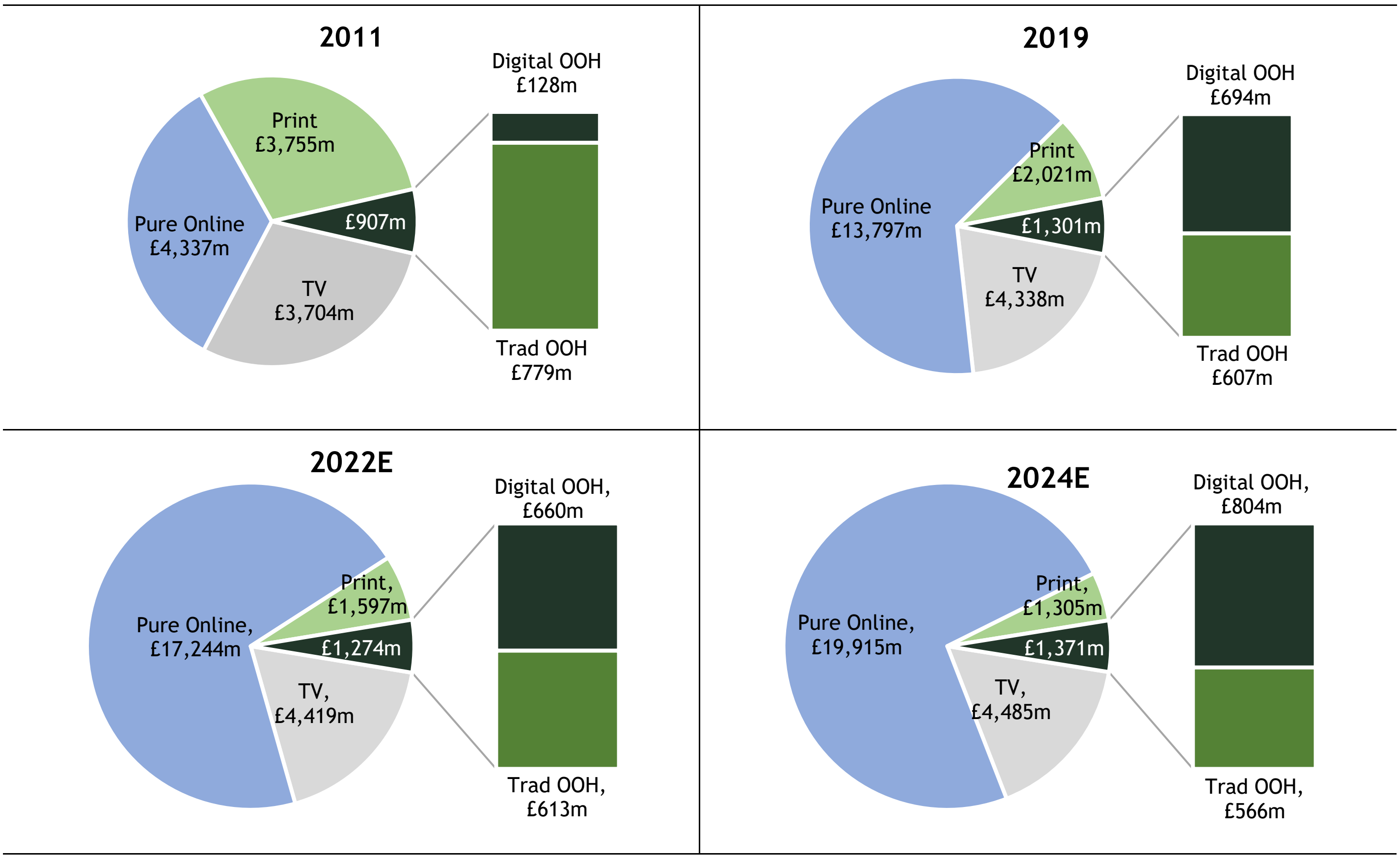
In Figure 3 below, we show the year-on-year percentage change in advertising spend across a range of media lines in the UK. We have taken data from the GroupM advertising forecast, the PWC Global Media & Entertainment Outlook and Outsmart (the trade body for the Out Of Home advertising industry. We have aggregated the spend on traditional media lines, but have excluded online advertising, Out of Home and digital Out of Home.

Figure 3: UK advertising spend by media line, Y o Y percentage growth



Source: GroupM, IAB, OutSmart, PWC

Figure 4: UK advertising spend by media line, £m



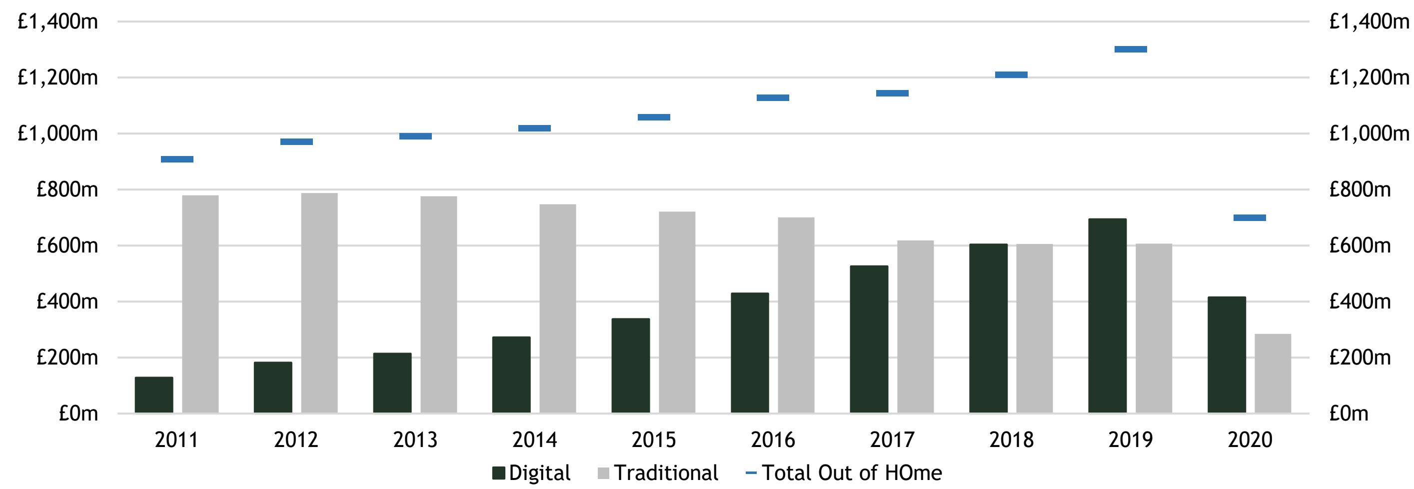
Source: GroupM, IAB, OutSmart, PWC

This data confirms that the two digital lines, online advertising and digital Out of Home, have consistently and materially outperformed more traditional media. This has been a well-established theme within the media sector since the early 2000s. However, perhaps more interestingly, aggregate Out of Home advertising (including digital and traditional) has materially outperformed traditional media (primarily TV, radio and press) all through this period and is expected to show a steeper recovery out of the pandemic trough.

In fact, the only year in the last decade where Out of Home has not outperformed other media lines in terms of overall ad spend growth has been in 2020 as a direct result of the pandemic. Only one other category posted a more severe revenue decline than Out of Home in 2020 (-46%) and that was Cinema (-80%). Given that both these categories rely on their audiences being away from their domestic environment, this is not particularly surprising.

Industry spend forecasts out to 2024E all suggest a rapid recovery in Out of Home advertising through 2021E and 2022E. Both GroupM and PWC anticipate that 2019 pre pandemic spending levels will be reached at some point during 2023E.

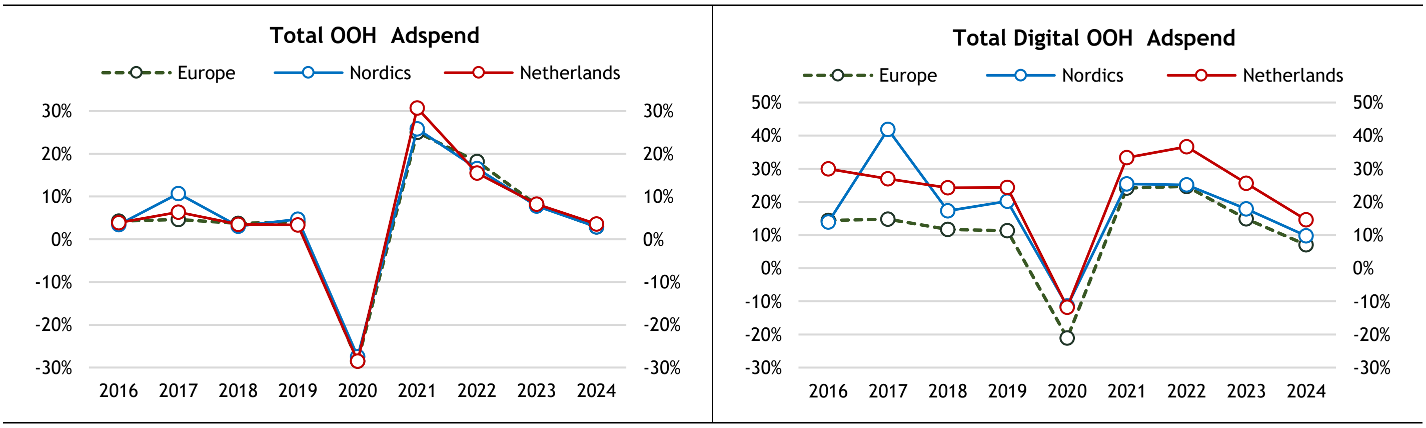
Figure 5: UK Digital vs Traditional Out of Home ad spend, £m



Source: Outsmart, PWC

What about the picture elsewhere in Europe outside the UK, which has always been a highly developed and mature market and one where the digital transition is well established?

Figure 6: Out of Home advertising spend growth in Europe, Nordics & Netherlands, Y o Y % growth



Source: Outsmart, PWC

In Figure 6 above, we can see a broadly similar pattern to the UK with total European Out of Home ad spend growing comfortably in the mid-single digit range pre-pandemic. Similarly, to the UK, digital Out of Home ad spend had been driving this growth.

When looking at the historic spend data and forecasts in the PWC Global Entertainment and Media Outlook 2020-24, we have aggregated the country level data to replicate the Ocean Outdoor group exposure to Europe. What we can see straight away is that **Ocean have concentrated their efforts in the markets where digital Out of Home has been driving the strongest growth.** All of Ocean's territories in the Nordics (incl Germany) and the Netherlands have outperformed Europe in the past and is expected to continue to outperform post pandemic.

Why is Digital Out of Home leading the way?

At a headline, conceptual level it would seem perfectly obvious that digital should be a force for growth; after all, every other aspect of media has been transformed by both the adoption of new technology, devices and data. However, it is worth exploring the impact of digital within Out of Home beyond the obvious visual impact stemming from the simple transition from a static, paper billboard to a full motion screen.

In no particular order, we would highlight the following:

1. **Real Time, Dynamic content.** Perhaps the most profound difference between traditional and digital billboards. Not only does this create a more arresting and engaging visual experience for the audience but it means that content can be uploaded and changed in real time. This creates the opportunity for a greater range and flexibility for advertising time slots and frequency. Campaigns can be planned and conducted on a much more granular basis. Perhaps most interestingly, it means that the screens can display more than just advertising content and opens the door for broader content, be it sports, public information or news. This has profound implications for audience engagement in screen content as well as creating broader commercial opportunities for the screen operators above and beyond pure advertising.

2. **Advantages over search / online display**. Although online advertising (especially paid for search) has been the stand-out winner in terms of attracting marketing budgets, there are limitations and drawbacks. Growing concerns over privacy, ad blocking, cookies and GDPR all suggest that web-based advertising may have hit something of a high watermark. The nature of the physical out of home medium does offer a number of advantages. Digital out of home is a one to many broadcast medium and is only as intrusive as the audience permits it to be. Although technological innovation now allows for a considerably more sophisticated degree of targeted advertising activity than before, it is still active on a broadcast rather than delivered basis and as such does not need active blocking.

3. **Improving sophistication of audience measurement.** This technological innovation is distinct from the physical display screens or the connectivity that allows real time, dynamic content. Yet, this is the innovation that has the most profound commercial impact. Historically, out of home audience measurement or calibration was an inexact science at best. Compared to other media, which offered more granular and reliable audience data, out of home lagged in sophistication which saw marketing budgets diverted elsewhere in the pursuit of verifiable return on investment.

   This dynamic has changed markedly over the last five years. Driven by a concerted effort by the industry (agencies and operators) there have been a number of substantive developments to bridge this data and analytics gap. Most notably in the

UK has been the establishment of Route as a jointly funded and independent Joint Industry Currency (in a similar fashion to BARB in TV or Rajar for radio) in order to establish reliable audience measurement as a basis for media pricing. Route uses deep and sophisticated data sets to measure footfall, population and vehicle movements at a highly localised level. Coupled with geo-spatial mapping techniques it allows an independent and accurate answer to the question; how many people saw a particular screen at a particular moment in time?

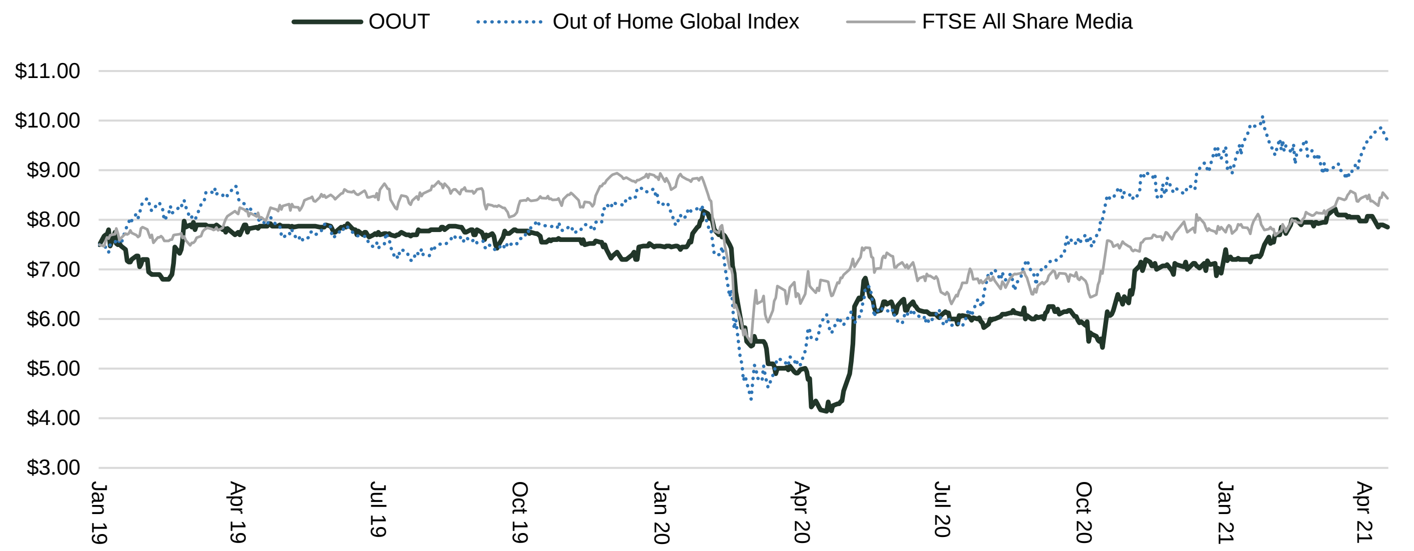
4. **Growth in programmatic trading.** A long-standing feature of other media markets, programmatic trading of media inventory has been a relatively new addition to the Out of Home market. Inextricably linked to the improvements in audience measurement and sophistication, programmatic trading is likely to result in a deeper "market" and ultimately attract a new advertising audience who had previously shied away from Out of Home. Automated buying and campaign management platforms are in place at all the major media buying agencies. The Atlas and Plato platforms provided by Out of Home specialist agency, Talon, are good examples of the level of sophistication now being offered (https://talonoutdoor.com/technologies).

5. **Technological innovation**. The marriage of deeper, more sophisticated data around human and vehicle movements and the ability to stream content in real time has opened up a number of opportunities to target and localise advertising in a much more effective way. There have also been a number of advances in recognition and detection-based technologies that can create moments of specific consumer interaction that are highly sought after by marketeers. There are challenges around privacy issues that the industry will need to continue to address. However, technology solutions do exist. For example, Ocean has developed facial detection technology that can identify key characteristics independent of individual identification. This technology can also identify whether the individual is actually looking at a screen and then alter the screen content accordingly, all without breaching GDPR. Similar methodologies can be used to identify vehicles in a roadside advertising context.

Valuation & Peer Group Comparison

In Figure 7 below, we show the share price performance for Ocean since its January 2019 re-admission compared to the price performance for the global Out of Home peer group and the FTSE All Share Media sector (both rebased to Ocean). In Figure 8, we show the headline valuation multiples for the European and the Global Out of Home peer groups.

Figure 7: Ocean Outdoor share price performance relative to global Out of Home peer group and FTSE All Share



Source: FactSet

Figure 8: Valuation comparatives – **Ocean** vs **Europe peers** vs **Global peers** vs **UK Media**

Company	Ticker	Currency	Market Cap	Net Cash	EV	Revenue CAGR (FY20-23)	EV / EBITDA 2021	EV / EBITDA 2022	EV / EBITDA 2023
Ocean Outdoor	**OOUT**	**GBP**	**299 m**	**26 m**	**273 m**	**+ 17%**	**37.0 x**	**10.8 x**	**7.7 x**
JCDecaux	DEC	Euro	4,999 m	- 1,086 m	6,085 m	+ 18%	22.7 x	12.4 x	10.5 x
Clear Channel	CCO	Dollar	1,034 m	- 4,787 m	5,821 m	+ 9%	20.7 x	13.0 x	10.2 x
Stroer	SAX	Euro	3,937 m	- 704 m	4,641 m	+ 8%	9.1 x	8.0 x	7.5 x
APG	APGN	Euro	686 m	72 m	614 m	+ 6%	17.1 x	13.5 x	12.6 x
Europe Out of Home						**+ 12%**	**17.4 x**	**11.7 x**	**10.2 x**
Lamar Advertising	LAMR	Dollar	10,504 m	- 2,962 m	13,466 m	+ 6%	18.5 x	17.3 x	16.8 x
OUTFRONT Media	OUT	Dollar	3,439 m	- 2,165 m	5,604 m	+ 14%	20.1 x	13.5 x	11.4 x
oOh Media	OML	Dollar	789 m	- 209 m	998 m	+ 23%	12.1 x	9.3 x	8.3 x
Focus Media Info	002027	Dollar	22,687 m	994 m	21,693 m	+ 25%	18.5 x	15.1 x	12.9 x
Global Out of Home						**+ 16%**	**17.3 x**	**13.8 x**	**12.4 x**
UK Media Sector							**16.3 x**	**13.7 x**	

Source: FactSet

We can see from Figure 7 above that pre-pandemic, Ocean's share price had broadly kept pace with both the global Out of Home peer group and the broader UK media sector. Post the pandemic lows, Ocean has seen a steady share price recovery in-line with the UK media sector but has not kept pace with the peer group.

We are not surprised to see the Out of Home peer group outperform more general media. As already discussed in this note, Out of Home advertising spend had been outperforming pre-pandemic and, by general consensus, is expected to continue that outperformance post pandemic. Moreover, this outperformance is expected to be driven by the continuing shift of spend to digital formats.

In this sense, we find the Ocean share price underperformance relative to the Out of Home peer group perhaps the more surprising. Ocean has the highest digital exposure within the peer group and is expected to show a faster recovery curve through the next three years.

Figure 9: Revenue growth vs 2022 EV/EBITDA

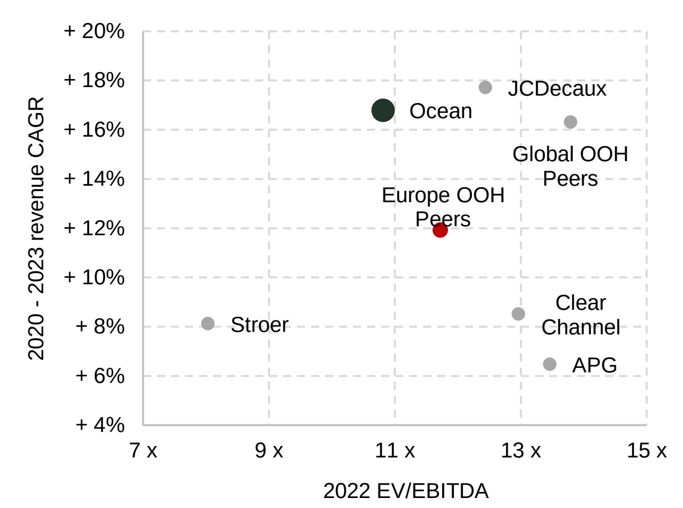
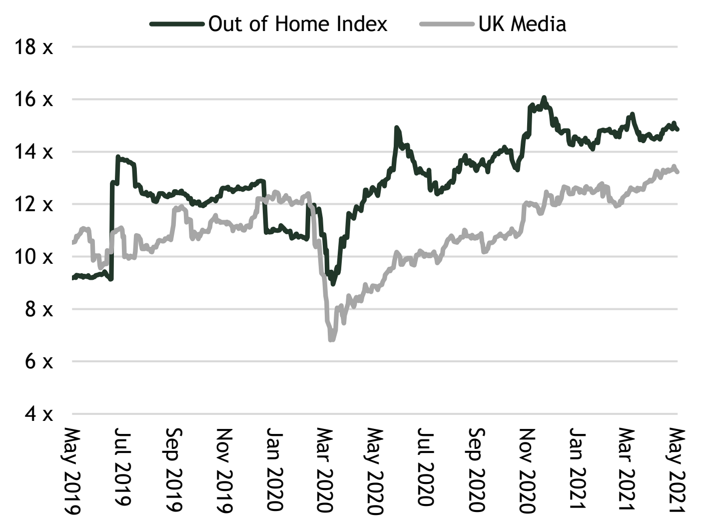


Figure 10: 2022 EV/EBITDA evolution



Source: FactSet

We can see from Figure 9 above the extent to which Ocean is expected to recover revenue at the fastest rate in the European peer group (2020 – 2023 revenue CAGR of 19% vs 12% average for the peers) yet trades at a 15% valuation discount.

We also note that the global Out of Home peer group has consistently traded at a valuation premium to the broader UK media sector, which is a clear reflection of the fact that Out of Home advertising is expected to continue to outperform general ad spend for the foreseeable future.

This valuation discount is after factoring one of the strongest balance sheets in the sector (FY20 net cash of £26m) versus a European peer group where all but one carry material debt levels.

Radnor View:

The combination of recovery outperformance; purest digital exposure and robust balance sheet would be enough to warrant at least a peer group equivalent, if not a premium valuation in our view. For those investors willing to look beyond share illiquidity; Ocean offers both good up front value and exposure to one of the leading, premium operators in a media niche that itself is expected to outperform over the medium term.

Ocean Outdoor OOUT

Iain Daly
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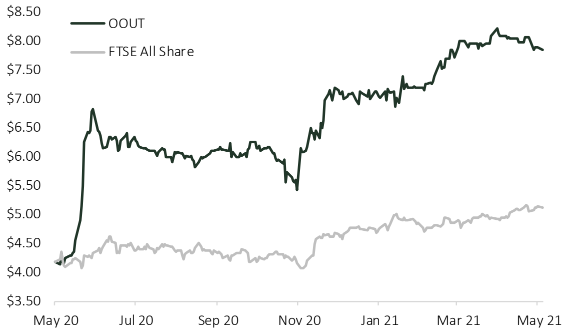
id@radnorcp.com

Price (p):	555 p / $ 7.85
Market Cap:	£ 299m
EV:	£ 274m

PROFIT & LOSS (Pro forma treats all acquisitions as if owned since 1st Jan 2018)

Year to 31 December, £m	2018	2019	2020	2021E	2022E	2023E
Billings - Pro Forma	**152.7**	**171.6**	**104.7**	**129.6**	**155.6**	**170.8**
UK	*62.2*	*71.7*	*39.2*	*53.8*	*67.1*	*74.0*
Netherlands	*23.8*	*26.4*	*17.3*	*18.6*	*21.4*	*23.5*
Nordics	*38.5*	*41.5*	*29.7*	*33.1*	*36.7*	*39.7*
Net Revenue - Pro Forma	**124.5**	**139.6**	**86.2**	**105.5**	**125.2**	**137.3**
Direct Operating Expenses	(65.0)	(75.5)	(59.8)	(69.7)	(69.5)	(71.4)
S,G & A	(29.1)	(31.2)	(26.8)	(28.5)	(30.4)	(30.2)
EBITDA - Pro Forma, pre IFRS16	**30.4**	**32.9**	**(0.4)**	**7.4**	**25.3**	**35.7**
EBITDA - Pro Forma, post IFRS16	*30.9*	*51.2*	*40.1*	*44.3*	*65.4*	*79.6*
Depreciation	(3.2)	(7.0)	(10.0)	(8.6)	(8.7)	(8.9)
Goodwill	(10.1)	(19.8)	(24.8)	(15.6)	(15.6)	(15.6)
Lease Depreciation - IFRS16	-	(19.7)	(32.9)	(32.5)	(33.9)	(35.9)
Lease Interest - IFRS16	-	(6.9)	(9.6)	(10.1)	(10.6)	(11.2)
Net Finance Charge (pre IFRS16)	1.7	(0.1)	(0.8)	(2.2)	(1.6)	(1.6)
PBT - Pro Forma Adjusted	**28.9**	**26.4**	**(10.7)**	**(1.9)**	**16.6**	**26.8**
PBT - Reported	**21.0**	**(7.8)**	**(184.2)**	**(24.7)**	**(5.0)**	**6.4**
Tax	(0.3)	(0.5)	4.8	1.4	(2.3)	(5.7)
Tax - Adjusted	(5.8)	(4.3)	1.0	1.4	(3.2)	(6.4)
No. shares m, diluted	50.9	53.6	53.7	53.7	53.7	53.7
EPS (p), Pro Forma Adjusted	**45.4 p**	**41.4 p**	**(18.1) p**	**(0.8) p**	**25.0 p**	**37.9 p**
EPS (p), Reported	40.7 p	(15.5) p	(334.1) p	(43.4) p	(13.7) p	1.3 p

PRICE CHART - 1 YEAR ABSOLUTE vs FTSE ALL SHARE



Source: FactSet

SHAREHOLDERS

	% of ord. Share capital
Atairos	19.9%
Anchorage Capital	12.3%
Senator Investments	11.5%
Jupiter Asset Management	7.0%
Permian	6.9%
Directors	5.4%
	63.0%

CASH FLOW

Year to 31 December, £m	2018	2019	2020	2021E	2022E	2023E
Net Income - Reported	20.7	(6.7)	(179.5)	(23.3)	(7.4)	0.7
(+) Depreciation & Amortisation	13.3	26.7	177.8	24.3	24.3	24.5
(+) Lease Depreciation	-	19.7	32.9	32.5	33.9	35.9
(+) Net Finance Charge (incl Lease)	(1.7)	6.9	10.5	11.7	12.2	12.8
Other	0.1	(0.0)	0.1	-	-	-
Working Capital	(5.5)	0.1	0.8	(2.6)	(0.7)	0.8
Operating Cashflow	**26.8**	**46.7**	**32.1**	**42.6**	**62.3**	**74.8**
Cash Tax	(1.0)	(2.4)	(2.7)	(5.0)	(2.3)	(5.7)
Cash Interest	1.7	0.5	(0.3)	(0.6)	(0.6)	(0.6)
Net Op Cashflow	**27.5**	**44.8**	**29.2**	**37.0**	**59.4**	**68.5**
Capex	(5.2)	(12.1)	(6.4)	(8.0)	(9.0)	(10.0)
Lease Liability	-	(24.6)	(24.2)	(36.9)	(40.1)	(43.9)
Free Cashflow	**22.2**	**8.1**	**(1.4)**	**(7.9)**	**10.3**	**14.6**
Net M&A	(228.9)	(126.0)	-	(6.0)	-	-
Investment in Associate	-	(13.3)	-	-	-	-
Issue of Shares	86.7	-	-	-	-	-
Other Non Operating	0.0	(2.5)	4.6	-	-	-
Net Cashflow	**(120.0)**	**(133.7)**	**3.2**	**(13.9)**	**10.3**	**14.6**
Net Cash (Debt)	**160.5**	**26.9**	**25.1**	**11.1**	**21.4**	**36.0**

Announcements

Date	Event
May 2021	Final results FY20
Feb 2021	BT Sport content partnership
Feb 2021	Q4 trading update
Nov 2020	Q3 trading update
Sep 2020	H1 results FY20
Sep 2020	Westfield contract in Netherlands
Jun 2020	FY19 final results & Q1 update
May 2020	Financing update
Mar 2020	Covid-19 update

RATIOS

	2018	2019	2020E	2021E	2022E
RoE	6.0%	5.9%	-4.8%	-0.2%	7.7%
RoCE (pre IFRS16)	9.7%	6.0%	-4.1%	-0.5%	7.2%
Asset Turnover (x)	2.1x	4.1x	5.0x	4.0x	3.3x
NWC % Revenue	-9.1%	-36.0%	-76.5%	-41.8%	-37.3%
Op Cash % EBITDA	88.2%	67.1%	n/a	76.5%	88.0%
Net Debt / EBITDA	neg	neg	neg	neg	neg

BALANCE SHEET

Year to 31 November, £m	2018	2019	2020	2021E	2022E	2023E
Intangibles	230.0	367.4	202.4	186.8	171.2	155.6
P,P+E	32.0	47.4	42.9	42.2	42.5	43.6
Right of Use Asset	-	148.6	182.5	184.0	192.2	203.4
Tax Asset & Other	6.0	4.7	4.2	1.5	1.5	1.5
Total Fixed Assets	**262.0**	**576.7**	**432.9**	**418.2**	**411.1**	**407.8**
Debtors	36.7	55.5	39.3	40.1	50.1	54.9
Cash	160.5	26.9	30.0	16.0	26.4	41.0
Creditors	(44.7)	(76.4)	(64.0)	(49.6)	(58.9)	(64.5)
Lease & Tax	(3.3)	(29.3)	(41.2)	(34.6)	(37.9)	(39.3)
Net Current Assets	**149.2**	**(23.3)**	**(35.9)**	**(28.1)**	**(20.3)**	**(7.9)**
Lease	-	(136.2)	(161.0)	(174.1)	(181.8)	(192.5)
Bank Debt	-	-	(4.9)	(4.9)	(4.9)	(4.9)
Tax & Other	(23.6)	(43.0)	(35.0)	(35.0)	(35.0)	(35.0)
Net Assets	**387.6**	**374.1**	**201.1**	**181.1**	**174.0**	**172.4**

VALUATION

Fiscal	2019	2020	2021E	2022E	2023E
P/E	13.4x	neg	-693.2x	22.2x	14.7x
EV/EBITDA	8.3x	neg	37.0x	10.8x	7.7x
Price to Book	0.8x	1.5x	1.6x	1.7x	1.7x
FCF Yield	3.0%	-0.5%	-2.9%	3.8%	5.3%
Net Revenue growth	12.1%	-38.3%	22.5%	18.6%	9.6%
EBITDA growth	8.2%	neg	neg	242.4%	41.1%
EPS growth	-8.9%	neg	neg	-3224.5%	51.4%
FCF growth	-63.6%	-117.6%	458.2%	-230.0%	41.3%

REGULATORY DISCLOSURES

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