

J&A Capital Markets Report

Out-of-Home Tech-Enabled Advertising and Experiential Media Capital Market Transactions

September 2024

AUTHORS



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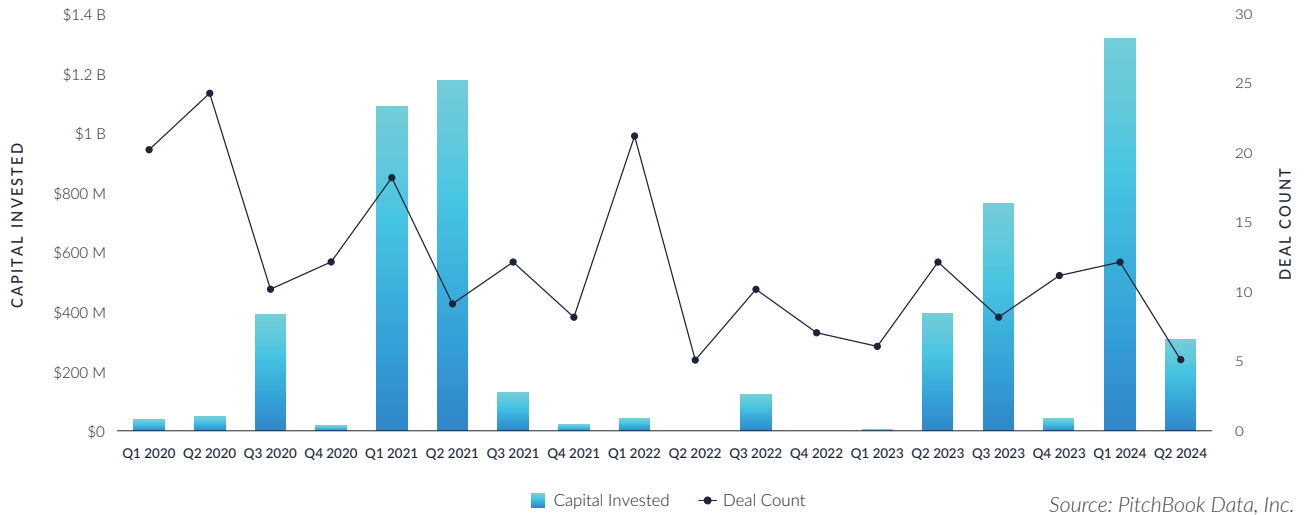


Between Q1 2020 and Q2 2024, \$6 billion was deployed in the out-of-home tech-enabled advertising and experiential media industry. The sector includes all forms of digital out-of-home media and experience-driven technology advertising. Geotargeted programmatic screens on taxi tops, interactive displays with entertainment and advertising in shopping centers, and digital screens in elevators that share essential information, as well as advertisements, are all examples of out-of-home tech-enabled advertising and experiential media.

Most transactions conducted and capital invested were by US-based investors, with over 80% of all capital invested. Debt lenders have invested significant capital due to the CapEx-heavy nature of the industry. The forecasted decrease in interest rates will increase opportunities to secure debt funding in the sector with lower costs of capital.

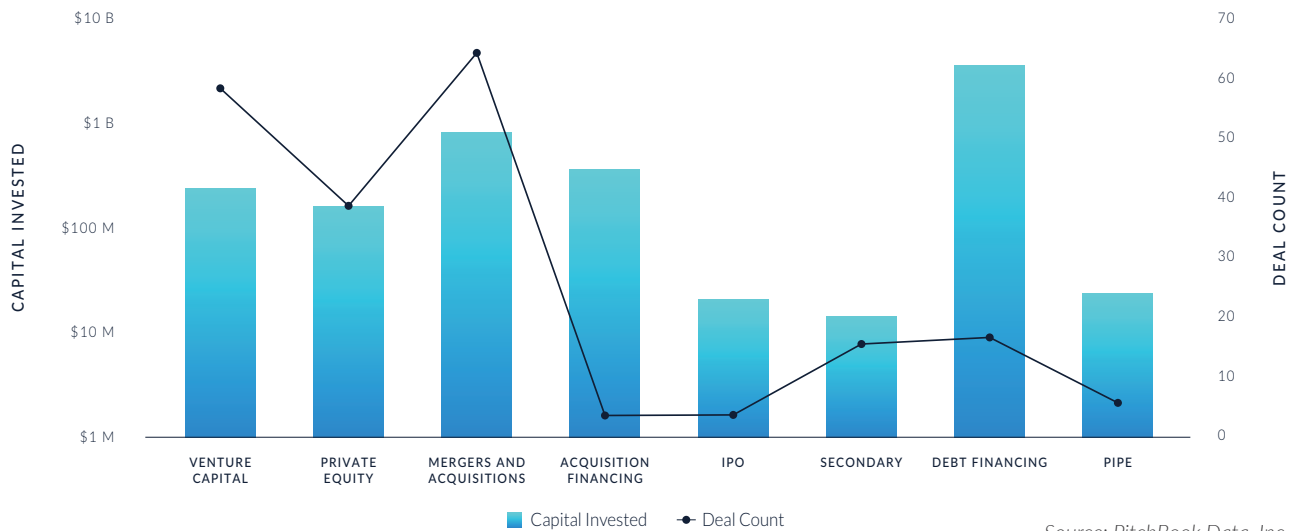
Out-of-home tech-enabled advertising and experiential media technology founders and shareholders should be aware of fundraising opportunities presented by US-based investors, particularly among debt lenders.

Announced Out-of-Home Tech-Enabled Advertising and Experiential Media Technology Capital Market Transactions (Q1 2020 – Q2 2024)



- Between Q1 2020 and Q2 2024, \$6 billion was deployed across 210 transactions in the out-of-home tech-enabled advertising and experiential media technology sector. The average transaction value was \$28 million, highlighting the volume of transactions in middle and lower-middle markets.
- The most significant deployment of capital, \$1.3 billion, occurred in Q4 of 2023 across 12 transactions, with acquisitions driving investments. Capital invested in the sector has increased significantly since Q2 2023. The positive trend indicates an appetite for transactions in the sector and the demand for innovation in out-of-home tech-enabled advertising and experiential media technology.
- The largest deal count occurred in Q1 and Q2 of 2020 with 20 and 24 transactions, respectively. The deal count slowed throughout the period despite the upturn in capital deployed, indicating an abundance of larger transactions.
- Clear Channel Outdoor conducted the largest transaction in the sector. The company raised \$1.05 billion in debt funding in May 2021 through undisclosed investors.

Breakdown of Announced Out-of-Home Tech-Enabled Advertising and Experiential Media Technology Transactions by Deal Type (Q1 2020 – Q2 2024)



Note: Data on the Y axis is shown on a logarithmic scale for better graphic representation; this does not impact the data.

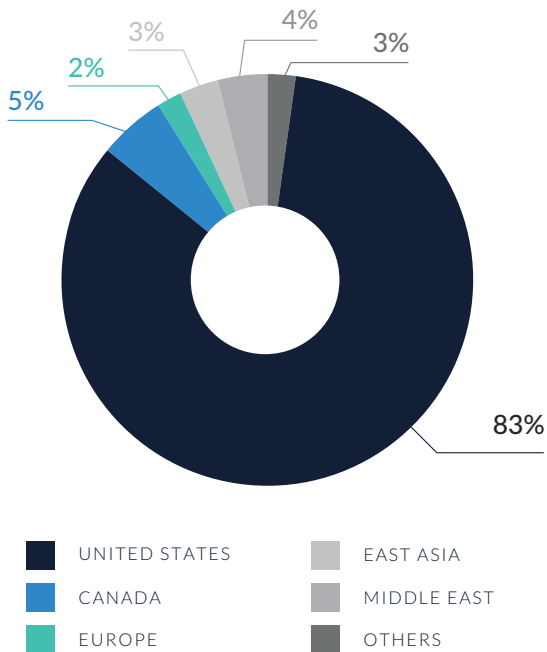
- Debt financing transactions dominated capital deployed in the sector, as \$3.8 billion was deployed across 17 transactions. The asset-heavy nature of digital out-of-home advertising led to opportunities for debt lenders to finance asset purchases. The forecasted decrease in interest rates will increase opportunities to secure debt funding in the sector with lower costs of capital.
- Over \$250 billion was deployed across 59 venture capital transactions in the out-of-home tech-enabled advertising and experiential media technology sector.

The average transaction size of \$4 million indicates an appetite for deals in the middle and lower-middle markets.

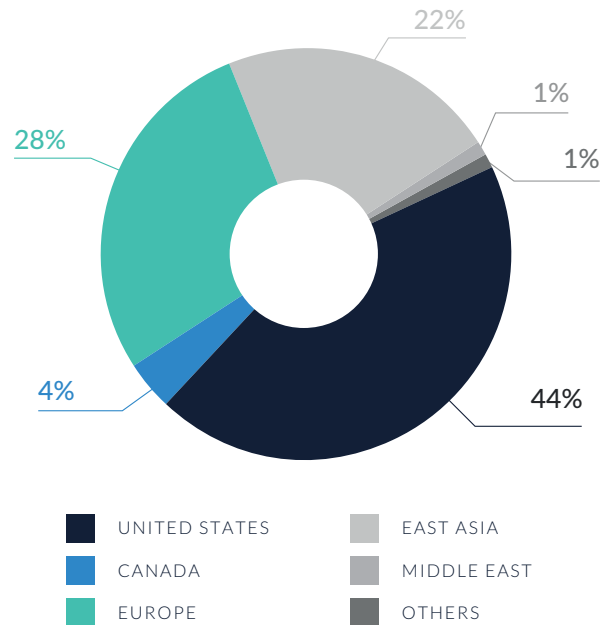
- Mergers and acquisitions accounted for over \$850 billion of capital deployed in the sector across 65 transactions. The average transaction size of under \$13 million demonstrates the demand for smaller strategic acquisitions and the abundance of early stage M&A deals.
- IPOs (initial public offerings) were rare, with only 4 transactions occurring between Q1 2020 and Q2 2024.

Breakdown of Announced Out-of-Home Tech-Enabled Advertising and Experiential Media Technology by Country (Q1 2020 – Q2 2024)

CAPITAL DEPLOYED BY REGION



DEAL COUNT BY REGION



Source: PitchBook Data, Inc.

- US-based investors dominated the capital invested in the out-of-home tech-enabled advertising and experiential media sector, with 83% of capital deployed (\$5 billion). US-based investors conducted a significant portion of transactions (43%), with 91 complete and announced deals. This could be due to a variety of factors, including the changing online advertising regulations in the US, the abundance of smaller companies, and increased willingness for US-based debt lenders to deploy significant capital into US-based companies in the sector.
- Middle Eastern investors contributed over \$250 million across 7 transactions with an average deal size of under \$36 million. This implies an appetite for large transactions in the region.
- Investors in developed nations such as Canada and Europe contributed significantly to the deal count in the out-of-home tech-enabled advertising and experiential media technology sector. The relatively small capital deployment in the sector indicates that a large number of smaller transactions occurred in these regions.
- The rest of the world exhibited a noticeable spike in deal count, but an exceedingly small share of capital invested. This implies a wide distribution of smaller deals not individually listed across various countries. These smaller markets collectively engaged in many out-of-home tech-enabled advertising and experiential media technology transactions. Still, each deal tended to be small, reflecting diverse capital market activities.

TRANSACTION SPOTLIGHT: SHOPPER



THE COMPANY

Shopper is an Australian retail out-of-home media technology company designed for grocery stores and shopping centers. The company offers digital advertising screens for advertising campaigns created to increase direct engagement with customers in order to provide information and entertainment while generating advertising revenue.

The company was acquired by the Woolworths Group for \$102 million on July 18, 2022. The Woolworths Group is a \$39 billion enterprise value publicly listed grocery and retail outlet with operations across Australia and New Zealand.

TRANSACTION TYPE

ACQUISITION

DEAL DATE

JULY 18, 2022

ACQUIRER

WOOLWORTHS GROUP

TRANSACTION SIZE

\$102 MILLION

Capital invested in the out-of-home tech-enabled advertising and experiential media technology sector is dominated by US-based investors. Developed markets have similarly invested in the sector. The demand for innovative advertising solutions in a climate of increased online regulations is likely driving investment.

Debt lenders contributed more than half of the capital invested in the sector. The CapEx and asset-heavy nature of out-of-home tech-enabled advertising and experiential media sector has resulted in opportunities for debt lenders to secure asset financing agreements.

Founders and shareholders in the out-of-home tech-enabled advertising and experiential media industry should be aware of fundraising opportunities in the sector, particularly from US-based debt lenders.