



QMS Media Limited
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ASX release

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IMMEDIATE RELEASE

QMS Media reports strong FY16 result, driven by digital Australian digital now representing 62% of Australian media revenue

QMS Media Limited (ASX: QMS) today announced its financial results for the year ended 30 June 2016 (FY16).

Financial highlights: Significant revenue and earnings uplift driven by digital roll-out

- Revenue up 88% to \$111.8 million (FY15 pro forma: \$59.6 million).
- Significant increase in underlying EBITDA to \$26.8 million (FY15 pro forma: \$4.7 million).
- Underlying EBITDA margin up to 24.0%, driven by digital (FY15 pro forma: 7.9%).
- Digital revenue up almost four-fold on FY15 pro forma:
 - Australia: digital now 62% of Australian media revenue.
 - Group: digital now 40% of Group media revenue.
- Statutory NPAT of \$13.3 million (FY15 pro forma net loss after tax: \$4.3 million).
- Final fully franked dividend of 1.5 cents per share (cps) declared.

Operational highlights: Above-market growth in Australia, leading position in New Zealand

- QMS achieved above-market growth in Australia as favourable industry dynamics continue.
 - Strong industry growth maintained: 18% in H2 FY16, up from 17% in CY15.¹
 - QMS outperformed the broader market, with Australian media revenue up 94% in FY16, driven by successful digital roll-out and high quality asset base.
- Leading New Zealand market position following acquisition of iSite.
 - Digital driving accelerated growth in New Zealand: H2 FY16 industry growth of 18% vs. 12% in CY15.²
 - QMS is at the forefront, 8 landmark digital sites delivered in H2 FY16.
- Strong delivery on premium landmark digital roll-out across Australia and New Zealand.
 - 24 landmark digital billboards switched on in FY16, 49 sites currently operational.
 - On track to develop at least 21 additional landmark digital billboards in FY17, with four already operational and a further 15 sites permitted.
- All acquired businesses successfully integrated.

Commenting on the result, Managing Director and CEO Barclay Nettlefold said, "Our strong growth in FY16 reflects the successful delivery of our digital development strategy and our expansion into the New Zealand market. Digital contributed 62 per cent of QMS' Australian Media revenue in FY16, which compares to an average 37 per cent of revenues from Digital across the broader Australian Out of Home industry.

¹ OMA

² OMANZ



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The fundamentals driving strong Out of Home industry growth remain robust across Australia and in New Zealand. QMS is growing well above the market in Australia, with our Australian media revenue up 94 per cent in FY16 compared to Out of Home industry growth of 17 to 18 per cent, with demand for premium quality outdoor media assets remaining strong throughout the year.

We now have a leading position in New Zealand, giving us a significant opportunity to leverage our expertise in digital development and marketing across iSite's high quality asset base. QMS is at the forefront of the roll-out of digital in the under-penetrated New Zealand market, and is benefiting from strong growth as advertisers realise the advantages that digital can deliver.

Advertisers are seeking more meaningful connections with their audiences as the opportunities created by data and technology continue to disrupt the media landscape. Our premium digital outdoor media portfolio enables us to engage audiences with dynamic and targeted messaging. Looking ahead, we are well placed to unlock additional value by leveraging customised content across multiple complementary platforms to bring our advertisers closer to their audiences."

Result commentary

On a statutory basis, QMS Media recorded revenue of \$111.8 million, up 88 per cent on the prior period. Statutory EBITDA was \$27.1 million, which included \$0.3 million of net non-underlying items. Underlying EBITDA was \$26.8 million and the underlying EBITDA margin increased to 24.0%, primarily reflecting the strength of the Company's digital assets. Net profit after tax was \$13.3 million, representing earnings of 4.8 cents per share. QMS reported that it is well positioned financially to capitalise on growth opportunities with a strong balance sheet reflected by Net Debt/EBITDA of 0.2x.

The result was driven by significant uplift in digital, an expanded platform and contributions from acquisitions. As noted at the first half results announcement, the Bali and Auckland Transport contracts commenced later than initially forecast and the handover of assets has been more gradual than anticipated.

Strong momentum in our digital development program continued into the second half, with 49 high quality landmark digital sites now operational across Australia and New Zealand. This follows the completion of 13 new developments and the sale of one underperforming site in H2 FY16 and the delivery of four additional sites post-year end. QMS Media expects to develop at least 21 digital billboards in FY17, with 15 sites already permitted, expanding the total landmark digital portfolio to over 66 sites.

All acquisitions completed in FY16 have now been fully integrated, including the IPO acquisitions and the New Zealand businesses acquired in December 2015. Following the integration, iSite now operates under the QMS NZ banner and is benefiting from the Group's capabilities in digital development, sales and marketing. This resulted in an EBITDA contribution of \$3.7 million in FY16, which was ahead of acquisition guidance.

Dividend

The Board has declared a final fully franked dividend of 1.5 cps, QMS Media's first as a listed company. The final dividend equates to a dividend payout ratio of 34% of full year FY16 NPAT, which the Board believes appropriately balances the distribution of profit to shareholders and the reinvestment of earnings for future growth.



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The dividend policy of 30-50% of NPAT remains unchanged. Moving forward, the Company expects that annual dividend payments will be more evenly split between its interim and final dividends.

The final dividend will be paid on 19 October 2016. The record date for determining the entitlement is 13 September 2016.

FY17 outlook

QMS Media is seeing strong Out of Home market growth underpinned by:

- Disruption of traditional media.
- Growth of outdoor audiences.
 - CY15 market growth, 17% in Australia and 12% in New Zealand.
 - H1 CY16 up 18% in Australia and New Zealand.
- Advertisers continuing to embrace digital across multiple platforms.

We are well placed to deliver strong revenue and earnings growth:

- Strong pipeline of new premium landmark digital sites - 21+ new signs in FY17, 4 already operational, 15 permitted.
- Full year contribution from acquisitions, FY16 digital conversions, Auckland Transport and the Bali Airport concessions.

QMS Media forecasts FY17 EBITDA of \$35 million.

Analyst and investor briefing

The Company will conduct an analyst and investor briefing on the FY16 results today at 11.00am AEST. The investor presentation has been lodged with ASX, and the teleconference will be available using the dial in details below:

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QMS Media Limited is a publicly listed company on the Australian Stock Exchange. QMS is a leading outdoor media company in Australia, New Zealand and Indonesia, specialising in premium landmark digital and static billboards, street furniture, retail and transit media.