



QMS Media Limited
Level 5, 180 Albert Road
South Melbourne, VIC 3205
T +61 3 9268 7000
www.qmsmedia.com

ASX release

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IMMEDIATE RELEASE

QMS Media reports strong earnings growth driven by digital

QMS Media Limited (ASX: QMS) today announced its financial results for the six months to 31 December 2015 (H1 FY16).

Financial highlights: Strong first half performance¹

- Statutory revenue up 50% to \$44.4 million, and EBITDA of \$9.9 million, including contribution from New Zealand acquisitions
- Revenue and EBITDA pre-New Zealand acquisitions in line with guidance
- Strong contribution from Digital, representing 51% of Australian media revenue and 39% of total media revenue
- Underlying EBITDA up more than five times on H1 FY15 to \$10.7 million²
- Underlying EBITDA margin of 24.1%²
- Statutory NPAT of \$5.7 million

Operational highlights: Strong growth in digital

- Strong progress on Australian digital rollout
 - 29 landmark digital billboards in Australia at 31 December 2015 - ahead of target
 - On track to deliver target of 33 landmark digital billboards by 30 June 2016, plus 3 acquired sites
- iSite acquisition delivers a leading outdoor footprint in New Zealand
 - Acquisition completed December 2015 - integration on track
 - Compelling strategic rationale
 - Expected to be EPS accretive for QMS shareholders
 - 12 digital billboards to be switched on in New Zealand by 30 June 2016
- Significant digital opportunity across expanded platform in Australia and New Zealand
 - 48 landmark digital billboards to be operational by 30 June 2016
 - 7 additional sites already permitted and scheduled for development in H1 FY17

¹ All H1 FY16 information has been compared against the H1 FY15 pro forma information contained in QMS Media's prospectus dated 10 June 2015. Refer to Section 4 of the prospectus for further information regarding the basis of preparation of the H1 FY15 financial information.

² After adjusting for \$0.8 million one-off acquisition and restructuring costs in H1 FY16, and \$4.6 million in impairment expense and \$0.8 million bad debt provision in H1 FY15 which related to individual businesses prior to QMS Media's ownership.



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Commenting on the result, Managing Director and CEO Barclay Nettlefold said, “This is a very strong result that demonstrates the momentum in the business and the significant uplift that we are seeing from the continued rollout of our digital pipeline.

“Last year the Australian and New Zealand outdoor advertising markets grew 17% and 12% respectively, driven by growing demand for digital outdoor from advertisers who recognise the superior flexibility and engagement offered by the medium.

“We are on track to more than double the number of landmark digital billboards this financial year with 48 billboards to be operational across Australia and New Zealand by 30 June 2016. Digital now contributes almost 40% of total media revenue, and we expect this to continue to grow as we expand our platform on both sides of the Tasman and Indonesia. We have a strong pipeline of sites, with seven premium digital sites already permitted to support our growth in FY17.

“The acquisition of iSite has transformed our market position in New Zealand. We see multiple opportunities to leverage our leading position in New Zealand across a range of formats including landmark digital, transit and retail assets.”

Result commentary

On a statutory basis, QMS Media reported revenue of \$44.4 million, EBITDA of \$9.9 million and NPAT of \$5.7 million for the period. On a pro forma basis, revenue was up 50 per cent on the prior corresponding period, reflecting an expanded asset platform and a strong uplift in revenue from Digital. On an underlying basis, the Group achieved an EBITDA margin of 24.1%, primarily reflecting the contribution from the expanded Digital platform.

The statutory result includes a part period contribution from the iSite and Omnigraphics businesses in New Zealand that were acquired in December 2015. Excluding the New Zealand acquisitions, QMS Media reported revenue of \$41.0 million and EBITDA of \$9.7 million, in line with the Company’s guidance issued in August 2015.

QMS Media’s Australian digital rollout exceeded its H1 FY16 target, with 29 landmark digital billboards delivered at 31 December 2015. The Company remains on track to deliver 33 landmark digital sites, plus an additional three acquired sites in Australia by the end of FY16. The Company expects to have 48 large format digital billboards operational across Australia and New Zealand by 30 June 2016.

The upgrade and development of the Bali Domestic and International Airport assets has been completed, with over 70 digital and video screens now situated throughout both terminals. The concession commenced in November 2015, two months later than initially anticipated, however, performance since has been in line with expectations with strong demand from advertisers for these high quality and high traffic sites.

As previously announced, the Auckland Transport concession was signed in August 2015, which was later than initially forecast. In addition, handover of existing assets and approval of new



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assets is progressing more gradually than previously anticipated. The concession gives QMS Media access to the largest out-of-home media platform in the New Zealand market with long tenure. Auckland Transport's planned investment and development pipeline provides further opportunities for this concession.

In December 2015 QMS acquired iSite, which is one of the two leading outdoor advertising businesses in New Zealand. The acquisition is highly complementary to the Company's existing platform and provides a significant opportunity to apply QMS Media's core capabilities in digital to accelerate digital development in the New Zealand market.

Outlook

QMS is well placed to deliver revenue and earnings in H2 above H1 FY16:

- Delivered on H1 FY16 guidance.
- IPO acquisitions completed and integrated.
- Landmark Digital expected to underpin growth:
- Full year contribution from landmark digital billboards delivered in FY15.
- Part period contribution from sites delivered in FY16, 48 digital billboards to be operational.
- Part period contribution from NZ acquisitions.
- Progressive delivery of Bali Airport and Auckland Transport concessions.

We remain confident in the business' growth opportunities and confirm the dividend policy outlined in the Prospectus:

- Target payout ratio of 30% - 50% of NPAT confirmed.
- No interim dividend, expect final dividend to be declared for FY16.

QMS continues to deliver on strategy – strong asset portfolio now consolidated with committed pipeline to support growth in FY17:

- 7 landmark digital sites already permitted for construction in H1 FY17.
- Full year contribution from iSite and ABsee acquisitions and digital sites delivered in FY16.

Analyst and investor briefing

The Company will conduct an analyst and investor briefing on the H1 FY16 results on Monday 29 February 2016 at 11.00am AEDT. The investor presentation has been lodged with ASX, and the teleconference will be available using the dial in details below:

Australian toll-free:	1800 804 595
International:	+61 3 8687 0650



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For further information:

Media

Sarah Kerr
Nightingale Communications
T: +61 3 9614 6930
M: +61 409 668 824
sarah@nightingalecommunications.com.au

Investor Relations

Peter Cargin
QMS Media Ltd
T: +61 3 9268 7000
M: +61 412 049 018
peter.cargin@qmsmedia.com.au

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.