



**QMS Media Limited**

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**ASX RELEASE**

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**QMS Media's digital expansion drives strong H1 FY18 result**

QMS Media Limited (ASX: QMS) today announced its financial results for the six months to 31 December 2017 (H1 FY18).

**Financial highlights:**

- Revenue up 25% to \$99.0 million.
- Digital revenue represents 66% of total Group media revenue.
- Underlying EBITDA up 27% to \$22.7 million.
- Statutory NPAT up 11% to \$8.3 million.
- Interim dividend of 1.0 cent per share, fully franked.
- Full year guidance for FY18 EBITDA of \$44 million - \$46 million.

**Operational highlights:**

- Strong momentum in digital roll-out continued, 99 landmark digital billboards operational at 31 December 2017, full year target upgraded to 112+ (previously 100+).
- Successful integration of Canberra Airport and delivery of small format digital across Gold Coast street furniture and Auckland Transport network.
- Continued expansion of QMS Sport portfolio, including Football Federation Australia (FFA), National Rugby League (NRL) and virtual opportunities.
- Ongoing investment in digital and data capabilities:
  - DataLab driving improved audience understanding and targeting.
  - Enhanced digital capability with investment in NZ digital agency, Digital Commons.
  - Industry-first Digital Transaction Platform (DTP) launched in NZ.

Commenting on the results, QMS Group Chief Executive Officer Barclay Nettlefold said:

“This is a pleasing result, which has been driven by our continued focus on premium quality landmark digital expansion in strategic markets. Our landmark digital development roll-out has strong momentum, with 24 new billboards switched on during the half. As a result, we have updated our full year development target to over 112 sites to be operational by the end of June 2018. Our smaller format digital presence is an important complement to our landmark network, and we are continuing to invest in strategic expansion to support integrated campaigns across multiple formats.

“Out-of-Home industry growth was strong in the first half, with Roadside Billboards – the core of QMS’ portfolio, outperforming the market.

“We continue to see an attractive opportunity in Sport and are making good progress towards our goal of becoming the largest sports media rights holder in the market, with recent contract wins and renewals in FFA and NRL, and deepening audience engagement opportunities using virtual innovation. We are always looking

at new ideas and technology globally, to bring the power of Sport to an expanded audience and will continue to assess further opportunities for growth in this key sector.

“Developing our digital and data capabilities remains an ongoing area of focus. Our DataLab is enabling us to better understand our audiences, and deliver more targeted and valuable campaigns for advertisers, and our investment in Digital Commons provides the capability to expand online and mobile media audience buying into outdoor media.

“We have also launched an industry-first Digital Transaction Platform in New Zealand during the half, which provides a significant opportunity for digital outdoor to be considered with, and compete for, online media investment.

“Looking ahead, we continue to see significant opportunity to unlock additional value from our portfolio through harnessing the power of digital advertising across multiple platforms”, Mr Nettlefold said.

## **Commentary**

Strong earnings and revenue growth was driven by continued landmark digital development and the contribution from the QMS Sport acquisitions.

Gross margins were consistent with the prior period. The increase in operating expenses reflects the business' growth, both organically and by acquisition, as well as planned ongoing investment in systems, data, and resources to support the Group's future growth.

QMS Sport has continued to expand its portfolio of sports media rights with the successful renewal of a three-year signage services agreement with the FFA. Following period end, the business announced a strategic alliance with Techfront Australia, providing exclusive sales media rights for the National Rugby League (NRL). QMS Sport has now secured a strong platform of rights to leading codes, and has positive momentum going into the second half.

EBITDA cash conversion of 70% reflects the seasonal working capital peak in November and December, with stronger cash conversion expected in the second half due to an additional lunar billing period.

Capex was relatively flat year-on-year, and includes the rollout of the digital development pipeline, a number of single site acquisitions, and a loan to a global sports business that provides digital screens, software and technology to sporting codes and clubs. Net debt increased to \$74.8 million or 1.7x Underlying EBITDA.

The Board has declared an interim dividend of 1.0 cent per share (fully franked). The first half dividend payout ratio of 40% of NPAT is consistent with QMS' policy to pay dividends of between 30% and 50% of NPAT.

## **FY18 EBITDA guidance updated**

QMS is well placed to deliver continued revenue and earnings growth and provides FY18 EBITDA guidance of \$44 million - \$46 million.

The above guidance reflects:

- Delivery of our multi-platform strategy.
- Ongoing investment and development in our team and our data and analytics capabilities.
- Continued expansion of Sport and further strategic opportunities where we can add value for shareholders.
- Good forward visibility on H2 FY18.

## **Analyst and investor briefing**

The company will conduct an analyst and investor briefing on the H1 FY18 results today at 10.00am AEDST. The investor presentation has been lodged with ASX, and the teleconference dial-in details are below:

**Australian toll-free:** 1800 123 296  
**International:** +61 2 8038 5221  
**Conference ID:** 518 6886

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### **For further information:**

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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, sport, airport and transit media.