



**QMS Media Limited**

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**ASX RELEASE**

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**QMS Media's diversified quality portfolio continues to deliver solid revenue growth**

QMS Media Limited (ASX: QMS) today announced its preliminary financial results for the six months to 31 December 2018. As previously advised, the Company has resolved to change its financial year end from 30 June to 31 December, to streamline the reporting across all QMS Group entities and to align with industry standards.

**Financial highlights:**

- Statutory revenue up 9% to \$107.6 million.
- Gross profit up 11% to \$53.3 million.
- Gross profit margin of 49.5% compared to 48.6% pcp.
- Underlying EBITDA of \$22.7 million.
- NPATA up 9% to \$13.5 million.
- Market leading digital revenue contribution, 79% of Australian media revenue.
- Total dividend of 1.0 cent per share, fully franked

**Operational highlights:**

- Solid overall revenue growth reflects the significant quality of the digital portfolio, as well as the successful sporting contract wins and renewals, strengthening the QMS Sport platform;
- Australian media revenue continued to outperform the market with QMS Australia revenue growing at 12.0% versus industry growth of 10.0%;
- Secured two major strategic data partnerships with Neuro Insights and DSpark to deliver unparalleled insights for advertisers into the power of QMS' digital assets and the rich audiences they reach;
- Proposed strategic merger of QMS NZ and MediaWorks to create a transformational multi-media provider across four platforms including out-of-home, radio, TV and digital; and
- Continued expansion of the QMS Sport portfolio to over 2,500 sporting events and content plays, including the Sydney Cricket Ground Trust, the ICC Cricket World Cup 2019 and CONMEBOL Copa Libertadores.

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

"The Company has delivered another solid performance, demonstrating an ability to effectively manage changing sector dynamics to drive value and growth and to leverage our competitive advantage. Delivering on our strategic plan across our three business segments; QMS Australia, QMS NZ and QMS Sport, which encompasses digital technology supported by a proprietary data and analytics platform, we continue to build an industry leading portfolio for growth.

"Our differentiated market proposition focuses on quality, not volume and reinforces the strength of our strategy, continuing to drive revenue synergies across the Group. Our results demonstrate another period of revenue growth and our strength in digital and technology continues to define our success."

## Results commentary

Solid revenue growth primarily reflects the strength of the QMS Australia business and continued strategic digital roll-out. Underlying EBITDA of \$22.7 million for the six months to 31 December 2018, is on track to deliver on our previously announced FY19 guidance of \$56m-\$58m.

Underlying EBITDA reflects the investment in sport technology ahead of any associated revenue and earnings contribution. The additional rights and content secured during the period is already proving to drive stronger performance into CY19.

Our industry leading gross margins were consistent with the prior corresponding period. The increase in operating expenses reflects the investment in international sport, reflective of future growth.

Net debt increased to \$150.3 million, primarily due to the significant investment in sport and the continued strategic digital development. The Company expects to reduce net debt via the sale of non-core land and buildings (\$9m) and a return of \$35 million from the Mediaworks transaction with the net debt / underlying EBITDA ratio forecast to be less than 2.5x by 31 December 2019.

The Board has declared a dividend, for the six month period ended 31 December 2018, of 1.0 cent per share (fully franked). This equates to a dividend payout ratio of 43% of NPAT, consistent with QMS' policy to pay dividends of between 30% and 50% of NPAT.

## CY19 Outlook

Our three defined business segments, QMS Australia, QMS NZ and QMS Sport, sets us apart and differentiates us as an attractive value proposition for future growth.

The Out of Home industry continues to be a leading growth sector within the media landscape and our strong core business, QMS Australia, is well positioned for continued growth.

QMS NZ has experienced a positive start in CY19, and we expect momentum to continue.

Sport represents a significant long term opportunity for QMS, with superior advertising audience appeal, a fragmented marketplace and technological advancements driving unparalleled growth opportunities. QMS Sport will be a significant contributor to overall Group performance, with strong committed forward revenues and a full contribution of revenue and earnings in CY19.

Our focus on quality will continue to deliver long-term revenue and earnings growth to further create sustainable shareholder value.

The Board remains confident of achieving its previous FY19 underlying EBITDA guidance of \$56 - \$58m, and with the recently announced change of financial year from 30 June to 31 December, provides CY19 EBITDA guidance of \$60m - \$62m (excluding the impact of the new IFRS 16 lease standard and proposed merger with MediaWorks).

## Analyst and investor briefing

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

<b>Australian toll-free:</b>	1800 123 296
<b>International:</b>	+61 2 8038 5221
<b>Conference ID:</b>	3895625

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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.