HALF YEAR 2019
FINANCIAL RESULTS PRESENTATION

For the 6-month period ended 30 June 2019

23 AUGUST 2019

BARCLAY NETTLEFOLD, GROUP CEO
KATE SOLOMON, GROUP CFO

AGENDA

- The QMS Difference
- Group Highlights
- QMS Segment Review
  - QMS Australia
  - QMS Sport
  - QMS NZ
- Group Financial Results
- CY19 Group Priorities & Outlook
- Appendix

THE LAKES | NSW

THE QMS DIFFERENCE

- SINGULAR FOCUS ON QUALITY DIGITAL
- LEADING AUDIENCE DATA & INSIGHTS
- DIVERSIFICATION – GEOGRAPHIC & CATEGORY
- GLOBAL INTEGRATED SPORT PLATFORM
- UNPARALLELED LEADERSHIP EXPERTISE

QMS
GROUP HIGHLIGHTS

THE MARVEL | VIC

GROUP HIGHLIGHTS
STRONG GROUP PERFORMANCE – H1 CY2019

	STATUTORY RESULTS	PRE AASB 16
REVENUE	$128.9m, up 23%	$130.5m, up 24%
UNDERLYING EBITDA[1]	$56.4m, up 144%	$33.9m, up 47%
NPAT	$16.5m, up 65%	$14.9m, up 49%
NET DEBT / UNDERLYING EBITDA[2]	2.7x, down from 3.3x	
INTERIM DIVIDEND	1.2 cps, fully franked	

[1]Underlying EBITDA includes corporate costs of $4.1m and excludes non-recurring items of $0.3m.
[2]Pre AASB 16 *Leases*.

QMS
SEGMENT REVIEW

ICC CRICKET WORLD CUP | QMS SPORT

QMS
AUSTRALIA

QMS AUSTRALIA

QMS AUSTRALIA HIGHLIGHTS

STRONG REVENUE AND UNDERLYING EBITDA IN A COMPETITIVE MARKETPLACE

QMS AUSTRALI A GROUP*	H1 CY2019	H1 CY2018	CHANGE
REVENUE	$64.4m	$59.8m	+8%
UNDERLYING EBITDA	$21.6m	$18.6m	+16%

- QMS Australia group revenue driven by significant growth in digital across large format billboards and street furniture, and the proceeds from sale of non-core land and buildings.
- Growth in digital revenue offset by weaker static and print production revenues.
- Significant growth in underlying EBITDA reflects an ongoing focus on margin.
- Core media business benefitting from specialised quality digital portfolio and a market first approach to leading data and audience insights.
- Quality digital footprint, with 9 billboards switched on during the period.
- Total portfolio of 116 landmark digital billboards throughout Australia, ahead of operational guidance.

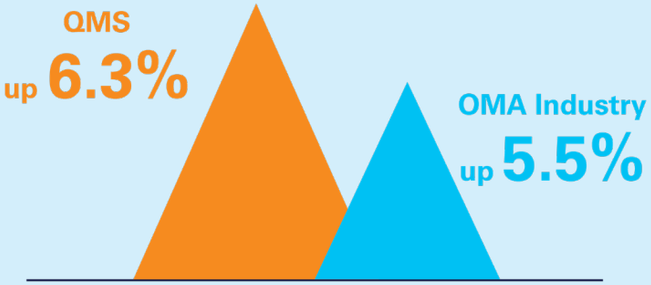
Pre AASB 16 *Leases*.

**QMS Australia, Print Production*

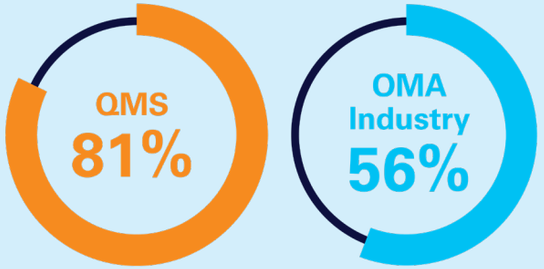
QMS AUSTRALIA HIGHLIGHTS

SPECIALISED FOCUS ON LARGE FORMAT DIGITAL BILLBOARDS DELIVERING RESULTS

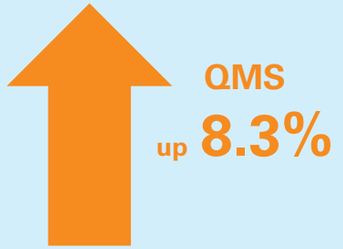
H1 CY19 AUST OOH MEDIA REVENUE



AUST DIGITAL MEDIA REVENUE %



QMS H1 CY19 BILLBOARD REVENUE



- Outdoor remains one of the only growth media alongside Digital, and QMS continues to keep pace ahead of the market, despite challenging overall advertising industry conditions.
- QMS Australia media revenue outperforming the market, up 6.3% year on year.
- Market leading digital revenue contribution of 81%, compared to industry of 56%.
- Strategic focus on quality digital large format billboards, supported by Neuro research and a dynamic data and insights platform is delivering results.
  - Large format billboard revenue up 8.3% for the first half of 2019.
  - Key growth categories for the period consisted of Entertainment & Media, Retail, and Banking & Finance, which grew on average 34% year on year.
  - Media revenue for Q3 2019 is expected to finish 15-20% up on same time last year.

Source: QMS & OMA as at 30 June 2019

QMS
SPORT

SUPERCHEAP AUTO
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Snap-on

DEMI-FINALE
RANGE ROVER EVOQUE

ACCORHOTELS.com
NSW
Building Australia's first 5G

GRANT
23
nab

QBE

QMS SPORT HIGHLIGHTS

REALISING THE BENEFITS OF OUR INVESTMENT IN SPORT

QMS SPORT*	H1 CY2019	H1 CY2018	CHANGE
REVENUE	$39.7m	$18.1m	+119%
UNDERLYING EBITDA	$11.4m	$3.3m	+251%

- Strong revenue and underlying EBITDA in QMS Sport is reflective of:
  - Significant investment in sports technology and rights ahead of revenue now being realised.
  - Seasonality of sports rights and content skewed to H1.
  - Contribution from TGI/TGIE acquisition.
- Implementation of virtual technology throughout real time broadcast and streaming of in-venue advertising across multiple markets, leading virtual technology in sport globally with recent events including:
  - A-League Grand Final.
  - NZ Super Rugby Final Series.
  - French Rugby LNR Final.

Pre AASB 16 *Leases*.

**QMS Sport, (TGI, TGIE, Stella Vista from 1 March 2019)*

QMS SPORT HIGHLIGHTS

TLA & STRIDE ACQUISITIONS

- TLA and Stride are leaders in talent management, merchandising and sports marketing with a diverse client base of sporting talent across AFL, Cricket, Netball, Olympic sports and media talent throughout Australia and the UK.
- Sports marketing competencies include PR, client activation, content creation, social media consultancy, graphic design, and sports consultancy, with a dedicated sports merchandise business specialising in membership fulfilment for many of Australia's leading sporting franchises.
- QMS Sport will invest $32.7 million to acquire 100% of both TLA and Stride, funded through a combination of short-term debt and equity.
- On a 12-month pro-forma basis, the acquisitions are expected to contribute CY2019 EBITDA of ~ $6.0 million pre-synergies.
- Synergies of between $1-2 million per annum are expected to be realised by the end of CY2020.
- TLA and Stride acquisitions are expected to be EPS accretive in CY2019 at an EV/EBITDA multiple of 5.3x.
- The transaction is subject to customary conditions, including financing conditions precedent and shareholder approval of the TLA parent company, and is expected to complete in September 2019.

TALENT MANAGEMENT

SPONSORSHIP & ACTIVATION

EVENTS & CONSULTING

MERCHANDISE

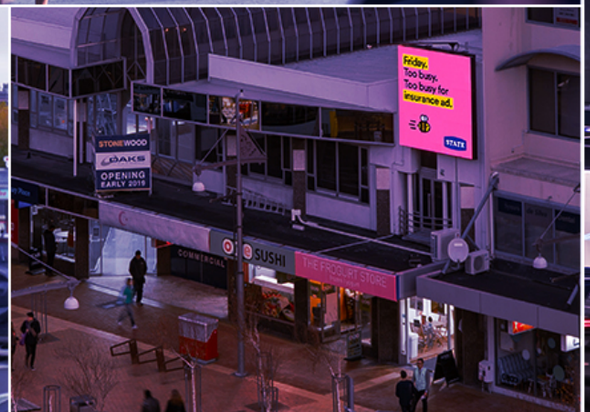
QMS SPORT

CREATING A GLOBAL INTEGRATED SPORTS PLATFORM

- Large scale global business now consists of:
  - 21 offices worldwide.
  - 225+ employees, 155 in Australia alone.
  - 16km LED screens in stadia.
- Multi-channel strategy captures the full value of the sport ecosystem in the lead up to, during and post in stadia sports events.
  - Digital sports technology.
  - Infrastructure.
  - Media rights and activation.
  - Talent management.
  - Merchandise.
- Leading the way in technology, infrastructure, sports software, fan engagement and the migration to virtual.
- QMS Sport delivers a global integrated sports platform, providing advertisers, sponsors and brands with a unique and powerful opportunity to engage with this highly valued sports audience.

QMS SPORT - GLOBAL INTEGRATED SPORTS PLATFORM

QMS
NEW ZEALAND



NEW ZEALAND

QMS NZ HIGHLIGHTS

SOLID UNDERLYING PERFORMANCE AHEAD OF MERGER COMPLETION

QMS NZ GROUP*	H1 CY2019	H1 CY2018	CHANGE
REVENUE	$28.1m	$27.2m	+3%
UNDERLYING EBITDA	$5.0m	$4.1m	+21%

- QMS NZ group revenue underpinned by strong digital media growth, offset by slower static and print production revenues.
- Premium digital strategy continues to drive strong underlying EBITDA performance.
- QMS NZ media revenue in line with the market during the period at 16%, with positive momentum into Q3 with July achieving a record 36.2% market share for the month.
- QMS NZ group digital revenue represents 63% of its total media revenue, up from 56% year on year.
- Strategic merger with MediaWorks well progressed, OIO approval received in July 2019.
- Target completion September 2019, with return of A$35 million.

Pre AASB 16 *Leases*.

**QMS NZ, Print Production, Sport*

Source: QMS & OMA as at 30 June 2019

QMS
GROUP FINANCIAL RESULTS

THE PUNT | VIC

GROUP FINANCIAL RESULTS

SPECIALISED PLATFORM DELIVERING REVENUE AND EARNINGS GROWTH

	Post AASB 16 H1 CY2019 ($ million)	Pre AASB 16 H1 CY2019 ($ million)	H1 CY2018 ($ million)	Post AASB 16 Change %	Pre AASB 16 Change %
Revenue and other income	128.9	130.5	105.2	23%	24%
Cost of sales	(38.4)	(59.6)	(56.3)	-32%	6%
Gross profit	**90.5**	**70.9**	**48.9**	**85%**	**45%**
Gross profit margin	*70.2%*	*54.3%*	*46.5%*		
Operating expenses	(33.8)	(35.0)	(24.8)	36%	41%
EBITDA	**56.7**	**35.9**	**24.1**	**135%**	**49%**
Non-underlying items[1]	(0.3)	(2.0)	(1.0)		
Underlying EBITDA	**56.4**	**33.9**	**23.1**	**144%**	**47%**
Underlying EBITDA margin	*43.8%*	*26.0%*	*22.0%*		
D&A	(23.8)	(10.1)	(9.6)	148%	5%
EBIT	**32.9**	**25.8**	**14.5**	**127%**	**78%**
Net finance costs	(10.6)	(4.2)	(3.4)	212%	24%
Tax	(5.8)	(6.7)	(1.1)	427%	509%
NPAT	**16.5**	**14.9**	**10.0**	**65%**	**49%**
Amortisation	5.4	5.4	5.5	-2%	-2%
NPATA	**21.9**	**20.3**	**15.5**	**41%**	**31%**

- Strong revenue growth reflects our continued strategic digital roll-out and the contribution from TGI acquisition.
- Averaging 18% of revenue booked in the month, up from 14% previously.
- Solid forward booking profile with over 50% of revenue committed for H2 CY19.
- Industry leading gross margin.
- Significant increase in underlying EBITDA margin to 26.0%, reflects strong contribution from digital portfolio and strong cyclical sport's performance in the period.
- Excluding acquisitions, operating expenses up 14% reflecting investment in people, infrastructure and data to generate future growth.
- Additional finance costs are a result of investment in future growth.
- Effective tax rate of 31%.

[1]H1 CY19 Non-underlying items relate to the gain on sale of non-core land and buildings, release of contingent consideration, acquisition and restructuring costs as detailed in the Appendix on Slide 24.

GROUP FINANCIAL RESULTS
POSITIONED FOR GROWTH

	Jun-19 ($ million)	Dec-18 ($ million)
Cash and cash equivalents	19.8	20.9
Trade and other receivables	51.0	41.0
Property, plant and equipment	116.0	96.5
Goodwill and Intangible assets	287.8	249.0
Right-of-use asset	193.3	-
Other assets	33.9	56.7
Total assets	**701.8**	**464.1**
Trade and other payables	33.0	26.8
Loans and borrowings	170.8	171.2
Deferred and contingent consideration	11.7	7.9
Provisions	4.4	12.3
Lease liability	205.7	-
Other liabilities	64.0	27.1
Total liabilities	**489.6**	**245.3**
Net assets	**212.2**	**218.8**
Net Debt	151.0	150.3
Net Debt / Underlying EBITDA ratio[1]	2.7x	3.3x
Net Debt / (Net Debt + Equity)[1]	42%	41%

[1]Pre AASB 16 *Leases*

- Increased receivables, goodwill and other liabilities primarily driven by TGI acquisition.
- Increased other liabilities driven from acquisition of TGI, deferred revenue, TGI put option and accrued interest.
- Right-of-use asset and lease liabilities recognised on adoption of AASB 16 *Leases* with operating leases now on balance sheet. Significant impact due to long lease tenure.
- 18% reduction in net debt / underlying EBITDA ratio to 2.7x reflects strong earnings growth.
- On track to achieve target net debt / underlying EBITDA ratio of less than 2.5x by 31 December 2019.

GROUP FINANCIAL RESULTS

CAPITAL INVESTMENT GENERATING STRONG OPERATING CASH FLOW

	H1 CY2019 ($ million)	H1 CY2018 ($ million)
EBITDA	**56.7**	**24.1**
Non-cash items in EBITDA	(1.1)	(0.6)
Change in working capital	(23.2)	(1.5)
Operating cash flow	**32.4**	**22.0**
Operating cash flow conversion %	*57%*	*91%*
Capital Expenditure	(10.9)	(7.4)
Acquisitions	(10.4)	(21.9)
Investing cash flow	**(21.3)**	**(29.3)**
Proceeds from sale of land and buildings	8.9	-
Payment of lease liabilities	(12.5)	-
Dividend paid	(2.8)	(2.6)
Proceeds (repayments) from borrowings	(1.0)	16.4
Income tax and interest paid	(5.1)	(9.1)
Financing cash flow	**(12.5)**	**4.7**
Net cash flow	**(1.4)**	**(2.6)**

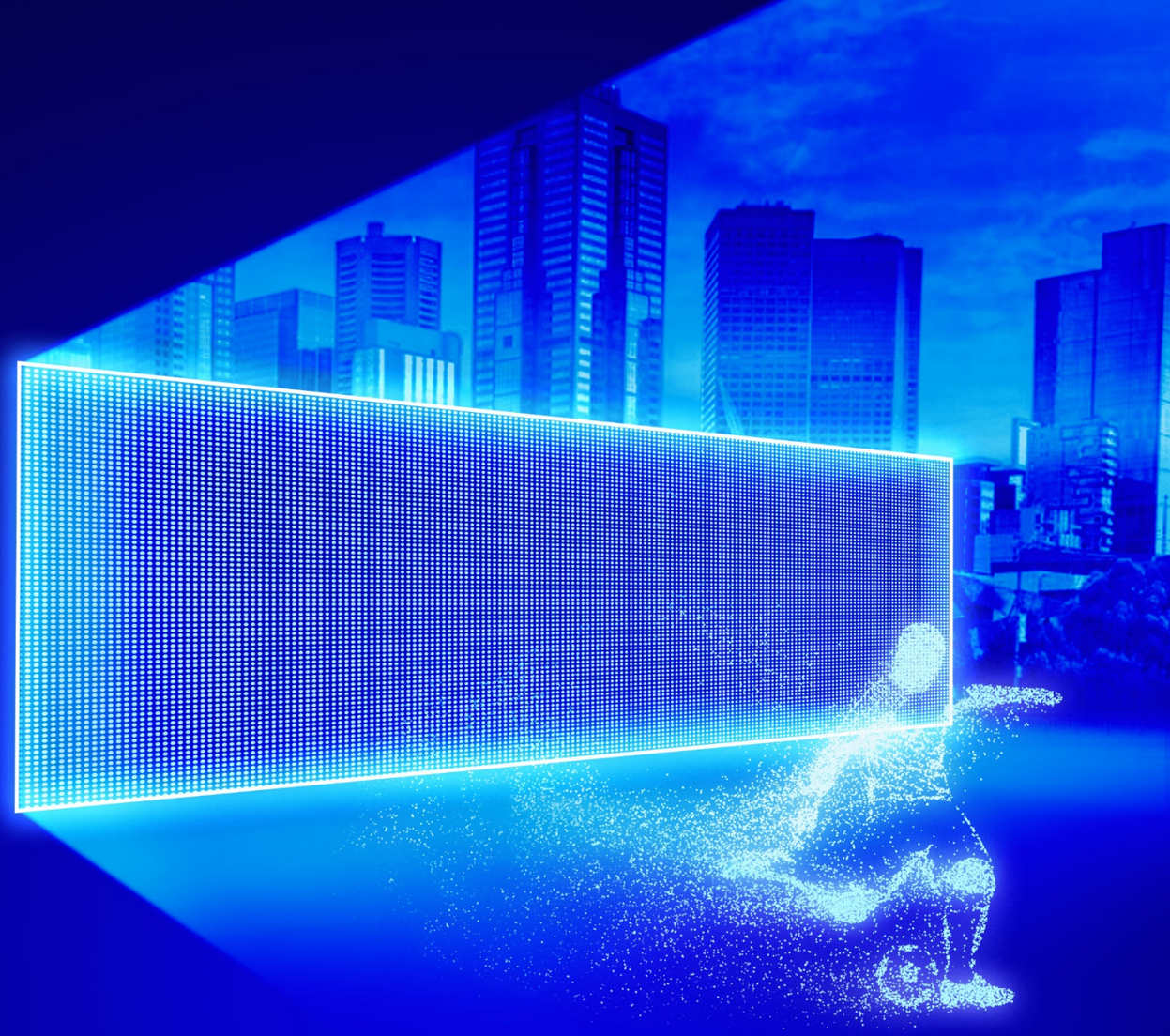
- Reduction in operating cash conversion driven from up-front rights payments in QMS Sport. Expected to normalise by end of calendar year.
- Capital expenditure reflects continued roll-out of the digital development program and investment in Sport.
- Acquisition payments include individual site and sports rights payments.
- Group's operations were funded by cash generated from operating activities and the sale of non-core land and buildings. No further utilisation of the loan facility made.
- Reduction in tax paid as a result of change in tax payment profile following change of year end.

CY19
GROUP PRIORITIES & OUTLOOK

DIGITAL STREET FURNITURE | QLD

CY19 GROUP PRIORITIES

IN PROGRESS	1.	Reduce Net debt / Underlying EBITDA ratio to less than 2.5x.
✓	2.a.	Obtain all necessary approvals; and
IN PROGRESS	b.	Complete the strategic merger with MediaWorks.
✓	3.	Continue to grow quality digital footprint in Australia and New Zealand.
✓	4.a.	Launch Neuro; and
IN PROGRESS	b.	DSpark proprietary data programs.
✓	5.a.	Identify value add opportunities across local; and
ON GOING	b.	International sport.
IN PROGRESS	6.	Enhance sports technology capabilities (Virtual and Fan Engagement) to drive margin uplift.



CY19 GROUP OUTLOOK

QMS' differentiated portfolio of digital outdoor and sports media delivers geographic and category diversity and presents a unique proposition and a strong growth outlook.

- Quality landmark digital billboards remain the primary focus for QMS Australia, supported by proprietary data and insights that provides advertisers with a greater understanding of the unique value of our assets and the impact they have on their target audiences and ultimately their return on investment.
- QMS Sport is transforming into a global integrated platform, underpinned by new technology providing further consolidation opportunities in a fragmented market.
- Positive momentum into H2 CY19, with good forward visibility on Q3 CY19.

- The Board reaffirms CY19 EBITDA[1] guidance of $60m- $62m.

[1]Excluding the impact of AASB 16 *Leases* standard.

QMS
APPENDIX

EMPIRE DIGITAL | NZ

GROUP FINANCIAL RESULTS

RECONCILIATION OF STATUTORY TO UNDERLYING RESULTS

	H1 CY2019 Statutory ($ million)	H1 CY2019 Non-underlying items ($ million)	H1 CY2019 Underlying ($ million)
Revenue	128.9	(1.7)	127.1
Total costs	(72.2)	1.4	(70.7)
EBITDA	56.7	(0.3)	56.4

- Non-underlying items of $0.3m relates to:
  - Gain on sale of non-core land and buildings ($1.3m).
  - Revaluation of contingent consideration of ($0.4m).
  - Acquisition transaction costs ($1.1m) primarily related to proposed merger of the New Zealand business with MediaWorks.
  - Restructuring and acquisition integration costs ($0.3m).

QMS AUSTRALIA FINANCIAL RESULTS

	Post AASB 16 H1 CY 2019 ($ million)	Pre AASB 16 H1 CY2019 ($ million)	H1 CY2018 ($ million)	Post AASB 16 Change %	Pre AASB 16 Change %
Revenue	62.8	64.4	59.8	5%	8%
Underlying EBITDA	**34.8**	**21.6**	**18.6**	**87%**	**16%**
Depreciation expense on property, plant and equipment	(3.4)	(3.4)	(3.0)	12%	12%
Depreciation expense on right-of-use asset	(9.6)	-	-	N/A	N/A
Amortisation expense	(5.3)	(5.3)	(4.6)	15%	15%
Non-underlying revenue	0.2	1.8	1.0	(84%)	84%
EBIT	**16.7**	**14.7**	**12.0**	**39%**	**23%**

QMS SPORT FINANCIAL RESULTS

	Post AASB 16 H1 CY 2019 ($ million)	Pre AASB 16 H1 CY2019 ($ million)	H1 CY2018 ($ million)	Post AASB 16 Change %	Pre AASB 16 Change %
Revenue	39.7	39.7	18.1	119%	119%
Underlying EBITDA	**15.6**	**11.4**	**3.3**	**380%**	**251%**
Depreciation expense on property, plant and equipment	(1.2)	(1.2)	(0.4)	222%	222%
Depreciation expense on right-of-use asset	(4.2)	-	-	N/A	N/A
Amortisation expense	(0.1)	(0.1)	-	291%	291%
Non-underlying cost	-	-	(0.2)	(91%)	(91%)
EBIT	**10.0**	**10.0**	**2.6**	**288%**	**287%**

QMS NEW ZEALAND FINANCIAL RESULTS

	Post AASB 16 H1 CY 2019 ($ million)	Pre AASB 16 H1 CY2019 ($ million)	H1 CY2018 ($ million)	Post AASB 16 Change %	Pre AASB 16 Change %
Revenue	28.1	28.1	27.2	3%	3%
Underlying EBITDA	**10.1**	**5.0**	**4.1**	**145%**	**21%**
Depreciation expense on property, plant and equipment	-	-	(0.7)	(100%)	(100%)
Depreciation expense on right-of-use asset	-	-	-	N/A	N/A
Amortisation expense	-	-	(0.8)	(100%)	(100%)
Non-underlying revenue	0.2	0.2	0.3	(36%)	(36%)
EBIT	**10.3**	**5.2**	**2.9**	**254%**	**79%**

- No depreciation and amortisation recorded following held-for-sale classification.

IMPORTANT NOTICE

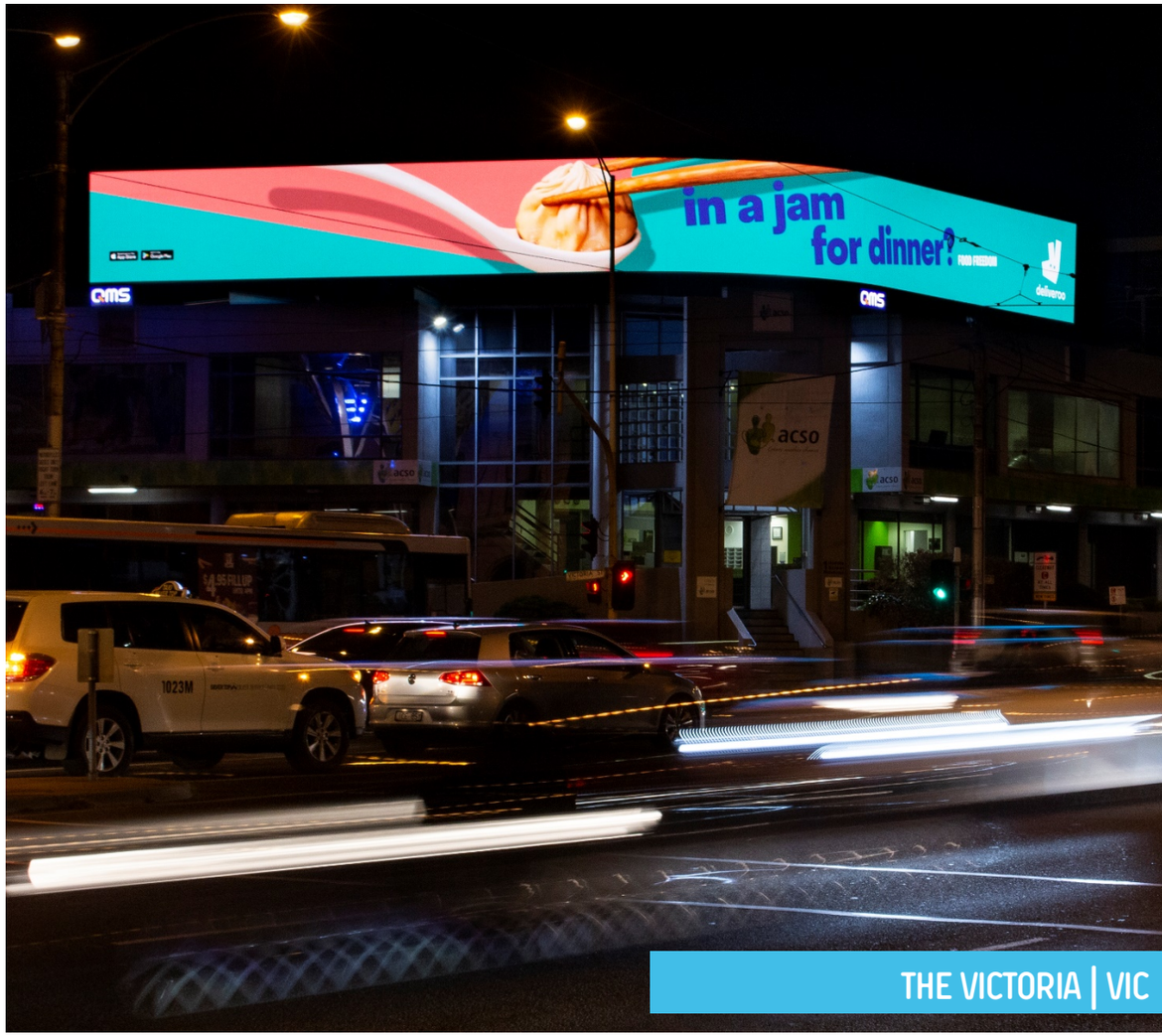
QMS Media Limited's Financial statements for the six months ended 30 June 2019 are presented in accordance with Australian Accounting Standards.

The company has chosen to include certain "non-financial IFRS" financial information. The Directors believe this non-IFRS financial information provides useful information to users in measuring the underlying financial performance.

Non-IFRS measures have not been subject to audit.

GLOSSARY:

EBIT:	earnings before interest and tax
EBITDA:	earnings before interest, tax, depreciation and amortisation
UNDERLYING EBITDA:	earnings before interest, tax, depreciation and amortisation, excluding non-recurring items
NPAT:	net profit after tax
NPATA:	net profit after tax, before amortisation
CY19:	calendar year ended 31 December 2019



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HALF YEAR 2019 FINANCIAL RESULTS PRESENTATION

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