

2017 FINANCIAL FULL YEAR RESULTS PRESENTATION

28 AUGUST 2017
BARCLAY NETTLEFOLD, CEO
PETER CARGIN, CFO

AGENDA

- HIGHLIGHTS
- OPERATIONAL REVIEW & STRATEGY
- FY17 FINANCIAL RESULTS
- FY18 OUTLOOK
- APPENDIX



QMS



- We continue to deliver on our stated objectives, achieving FY17 guidance.
- Enriching our multi-platform engagement strategy, through the successful diversification into QMS Sport.
- Focused on a disciplined approach to growth, investing in data and analytics capabilities and strategic digital development.
- Underpinned by our people and culture, led by our strong and engaged team and our clear vision for a successful future in an increasingly digital environment.

HIGHLIGHTS



THE PODIUM & MELB SQUARE | VIC

FY17 FINANCIAL HIGHLIGHTS

CONTINUED EARNINGS AND REVENUE GROWTH



REVENUE	↑ 51% TO \$168.6m
UNDERLYING EBITDA	↑ 40% TO \$37.5m Above guidance of \$37.0m
NPAT	↑ 26% TO \$16.7m
NPATA	↑ 31% TO \$22.6m
CASH CONVERSION*	99%
NET DEBT / UNDERLYING EBITDA	1.2x
TOTAL DIVIDEND	2.0 cps

NB. Percentage increase is based on prior comparative period.
*Operating Cash Flow / EBITDA

FY17 OPERATIONAL HIGHLIGHTS

DELIVERING ON DIGITAL, EXCELLING IN SPORT



DELIVERING ON DIGITAL DEVELOPMENTS

- 75 landmark digital billboards operational at 30 June, delivering ahead of plan (FY17 target of 68+).
- Enhanced national footprint, including in metro Sydney.
- Continued development of small format network.

EMBEDDING AND EXPANDING QMS SPORT

- OAMM and LIVE Docklands acquisitions successfully embedded.
- Sports assets deliver enhanced engagement across multiple platforms – digital, infrastructure, sponsorship, wifi and data.
- Several new contracts secured since acquisition.

CONTINUING TO GROW PRESENCE IN STRATEGIC MARKETS

- QMS Sport accessing high-value sports audiences in Australia and New Zealand.
- Total Outdoor Media (TOM) acquisition delivered strategic presence in key regional Victorian markets and strengthened Melbourne metro coverage.
- Canberra Airport contract operational October 2017.

GROWING CAPABILITY IN DATA, TECHNOLOGY & ANALYTICS

- Significant investment in audience understanding and segmentation to provide unique insights for advertisers via the Datalab.
- Expanded dynamic campaign capabilities with the implementation of the Digilab in Sydney.

QMS REVENUE GROWTH

OUTPERFORMING IN GROWING MARKETS



FY17 AUSTRALIAN MEDIA REVENUE

UP **27%** | UP **10%**
QMS OMA INDUSTRY

FY17 AUSTRALIAN DIGITAL REVENUE

72% | **45%**
QMS OMA INDUSTRY

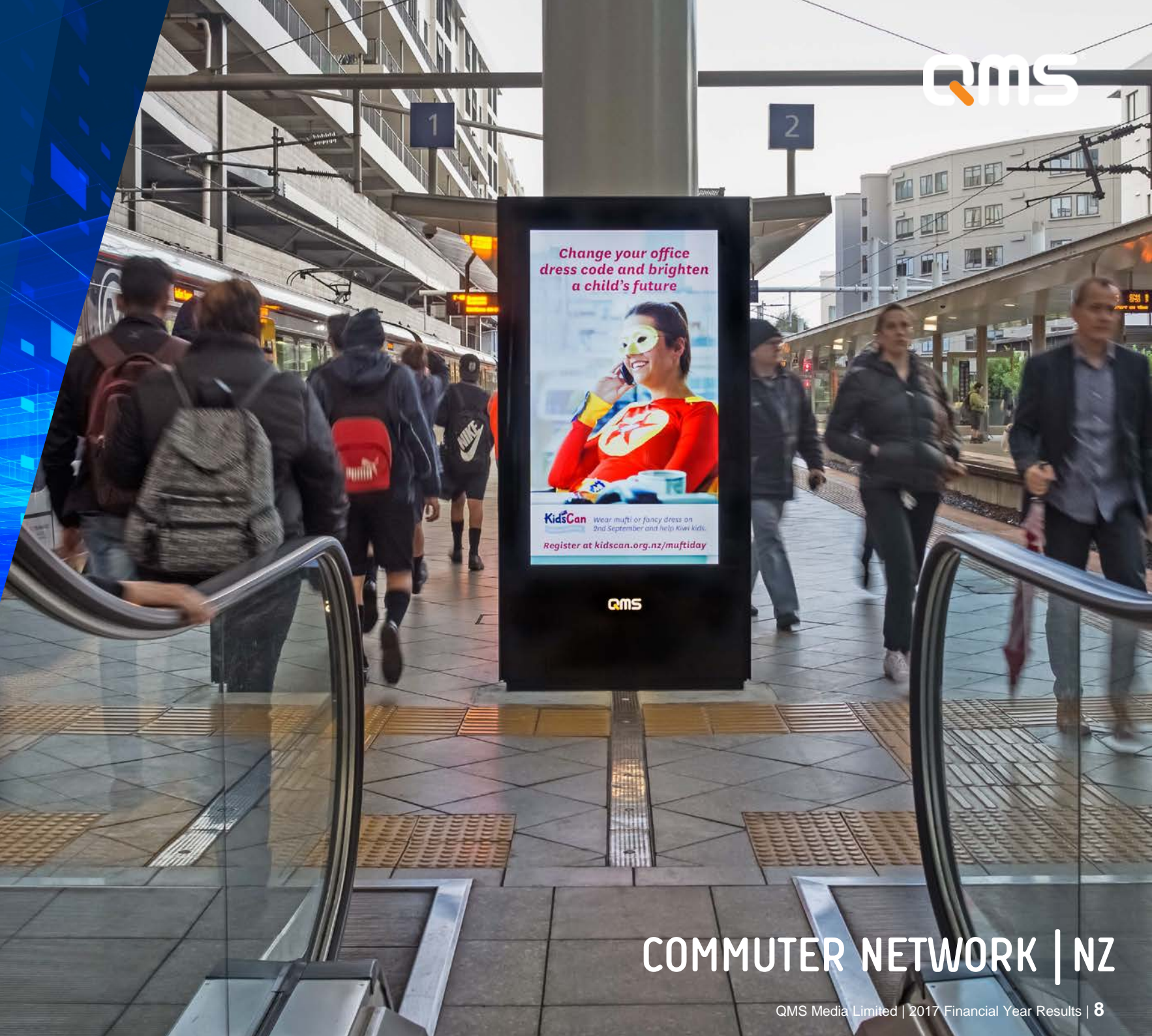
FY17 NEW ZEALAND MEDIA REVENUE

UP **127%** | UP **32%**
QMS OMANZ INDUSTRY

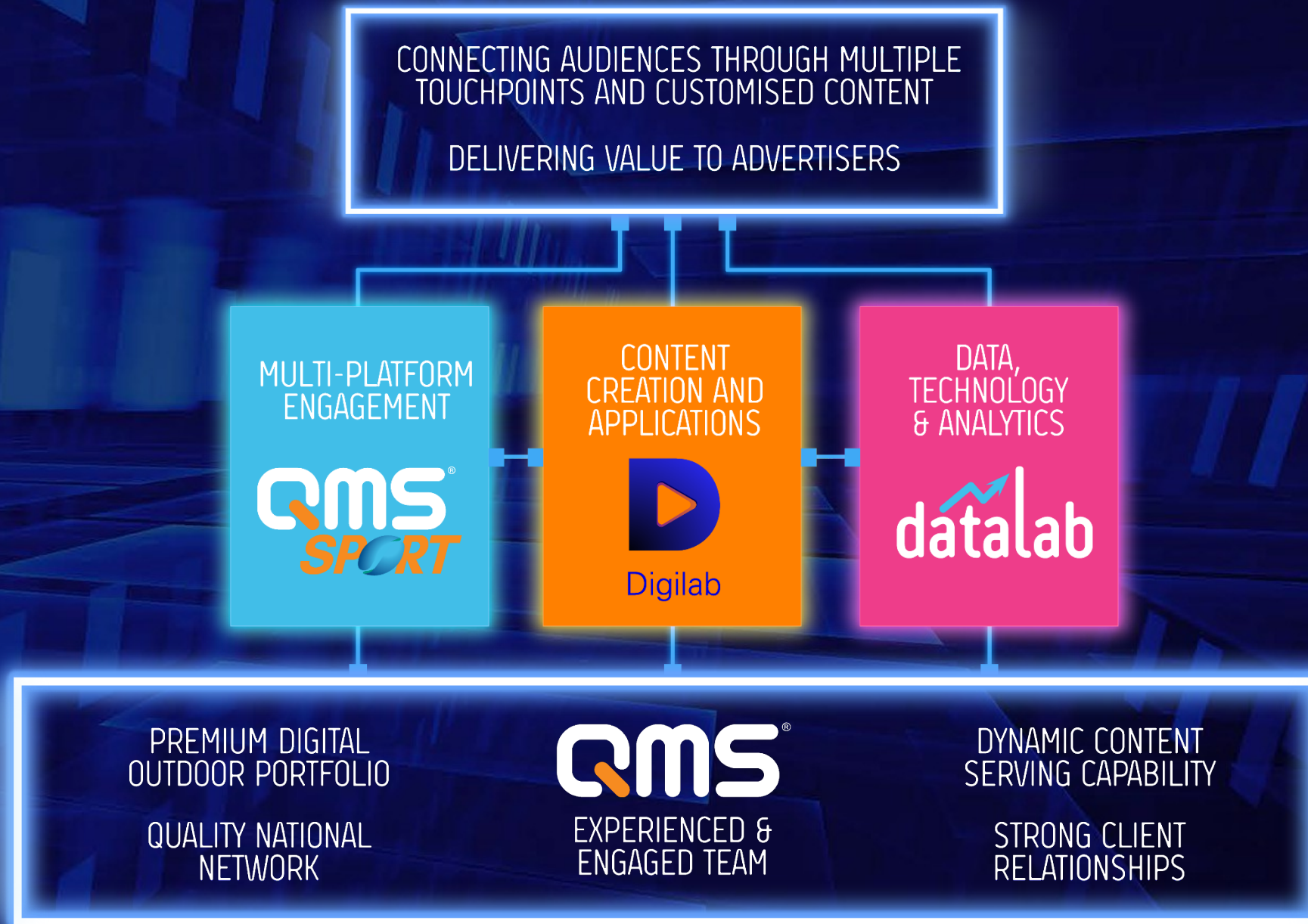
FY17 QMS GROUP MEDIA REVENUE

57%
DIGITAL REVENUE

OPERATIONAL REVIEW & STRATEGY



FY17 STRATEGIC PRIORITIES - *UNLOCKING ADDITIONAL VALUE*



DIGITAL DEVELOPMENT

CONTINUING TO EXPAND PREMIUM LANDMARK DIGITAL NETWORK

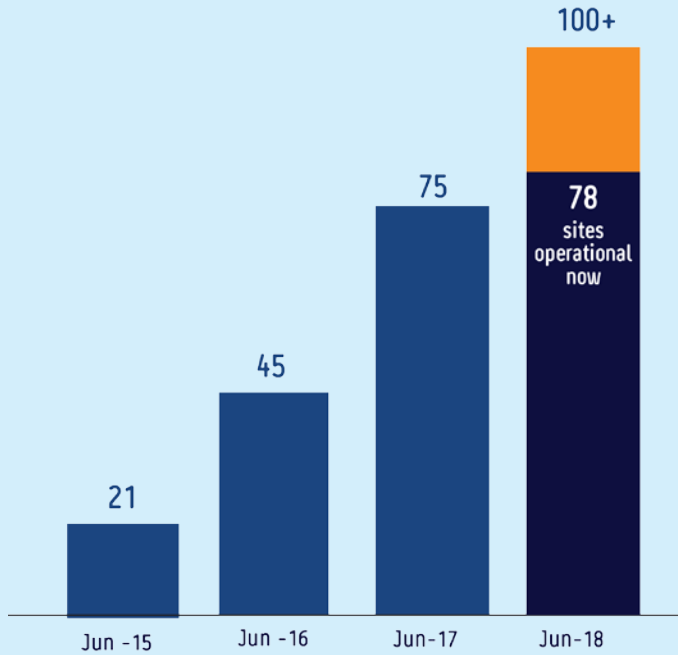
Successful delivery of digital pipeline in Australia and New Zealand.

- 30 new digital sites switched on in FY17.
- Targeting 25+ sites in FY18, bringing the portfolio to over 100 landmark digital screens by 30 June 2018.
- Extending geographic footprint in strategic markets.

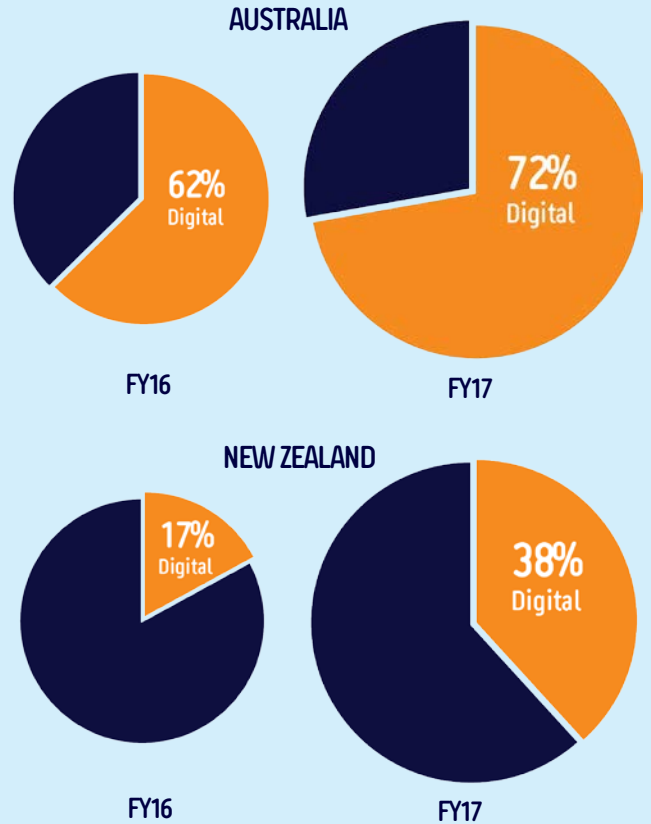
Small format development complementing landmark digital presence.

- Over 3,750 small format digital screens across Gold Coast Street Furniture, Bali Airport, Auckland Transport Commuter Network and QMS Sport.

DIGITAL DEVELOPMENT PIPELINE

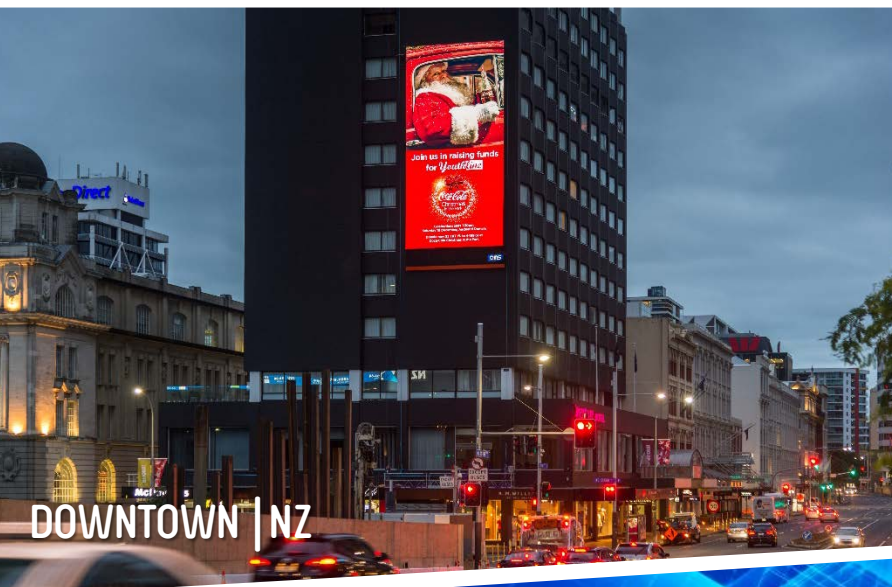


GROWTH IN DIGITAL MEDIA REVENUE



DIGITAL ROLL OUT

DELIVERED AHEAD OF PLAN



QMS SPORT

DELIVERING VALUE VIA MULTI-PLATFORM ENGAGEMENT

Successful integration and launch of QMS Sport.

- National program that connects advertisers with highly engaged fans via broadcast, digital viewership and live attendance.

STAKEHOLDERS



MEDIA PLATFORMS



New contracts/extensions secured since acquisition:

- ✓ Suncorp Super Netball.
- ✓ International Soccer Blockbusters - Brazil v Argentina and Socceroos v Brazil.
- ✓ WBO Welterweight World Title - Pacquiao v Horn.
- ✓ Sydney Swans.
- ✓ Virgin Australia Supercars Championship.
- ✓ Australian Rugby Union.
- ✓ Major stadiums – AAMI, Suncorp, Allianz and the SCG.

Continued focus on extending presence in sport media and digital infrastructure across key markets.



AUSTRALIA

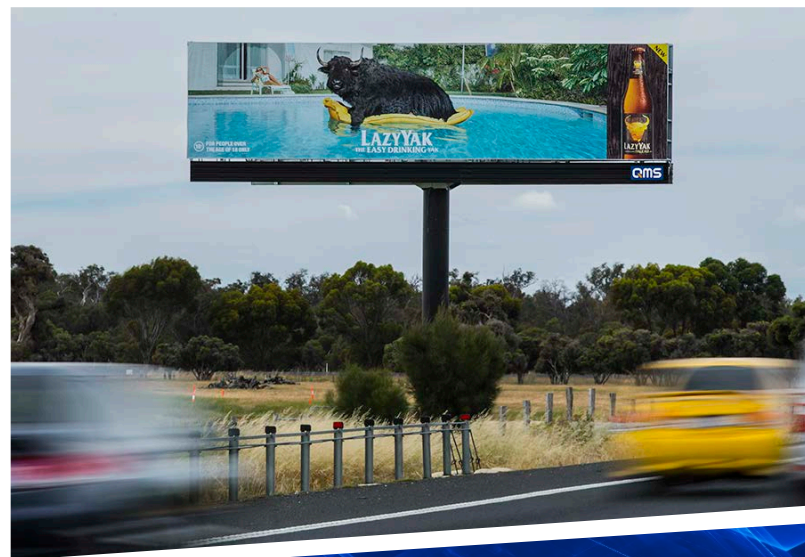
EXPANDING DATA CAPABILITIES, DIGITAL PRESENCE AND GEOGRAPHIC COVERAGE

Continuing to enhance portfolio, national footprint and audience reach.

- Digital developments – Sydney, Perth.
- TOM acquisition – metro and regional Victoria.
- Canberra Airport – operational from 1 October 2017.
- Quality static inventory delivering results, complementing the digital portfolio.

Investment in both the Datalab and Digilab to drive audience understanding and enhance data and dynamic campaign capabilities.

- Development of data partnerships locally and internationally to provide the most detailed & comprehensive audience profile available in Australia.
- Addition of Digilab in Sydney to showcase capabilities and foster campaign innovation.



NEW ZEALAND

EXECUTING ON DIGITAL STRATEGY AND INVESTING IN DATA

Leading position in landmark digital billboards.

- Delivered planned landmark digital pipeline for FY17.
- Iconic sites delivered include Britomart Towers, Downtown and Fanshawe Blades.

Successful rollout of Auckland Transport.

- Commuter Digital Network launched across major train, bus and ferry terminals.
- Delivering a multi-platform transit media solution for advertisers across small format and landmark digital and experiential.

Continued investment in the Datalab, to lead the market in audience measurement.

- Audience centric insights, first to market with data and analytics supported by mobile, credit card and census inputs.
- Multi-format planning capability for advertisers.

Strategic focus on expanding digital platform across multiple formats.

- Future value potential from leveraging data, analytics and content.



FY17 FINANCIAL RESULTS



BREAKY CREEK | QLD

STRONG RESULT DRIVEN BY DIGITAL ROLLOUT AND ACQUISITIONS

	FY17 Actual (\$million)	FY16 Actual (\$million)	Change %
Revenue - statutory	168.6	111.8	51%
EBITDA	36.2	27.1	34%
EBITDA - underlying	37.5	26.8	40%
EBITDA Margin - underlying	22%	24%	
NPAT	16.7	13.3	26%
NPATA	22.6	17.3	31%
EPS (cents)	5.2	4.8	8%
Operating Cash Conversion %	99%	90%	
Net Debt / Underlying EBITDA ratio	1.2x	0.2x	
Final dividend	1.2 cps	1.5 cps	
Interim dividend	0.8 cps	-	

- Strong revenue growth reflects digital rollout and contribution from New Zealand and QMS Sport acquisitions.
- Underlying EBITDA up 40% to \$37.5m, ahead of \$37.0m guidance:
 - Includes \$1.5m contribution from QMS Sport, which is performing ahead of initial expectations.
- Underlying EBITDA margin reflects change in portfolio mix.
- Strong cash conversion driven by ongoing focus on efficient working capital management.
- Net debt increase in line with expectations, well within banking covenants.
- Final dividend of 1.2 cents per share, resulting in full year dividend payout ratio of 40% of NPAT, increased from 34% last year and within target range of 30% to 50% of NPAT.

Note: NPATA defined as Net Profit After Tax, before Amortisation

Underlying numbers used throughout this presentation exclude non-underlying items as detailed in the Appendix on Slide 26 in order to provide a more meaningful comparison of the performance of the business.

EXPANDED PLATFORM DRIVING SIGNIFICANT REVENUE AND EARNINGS GROWTH

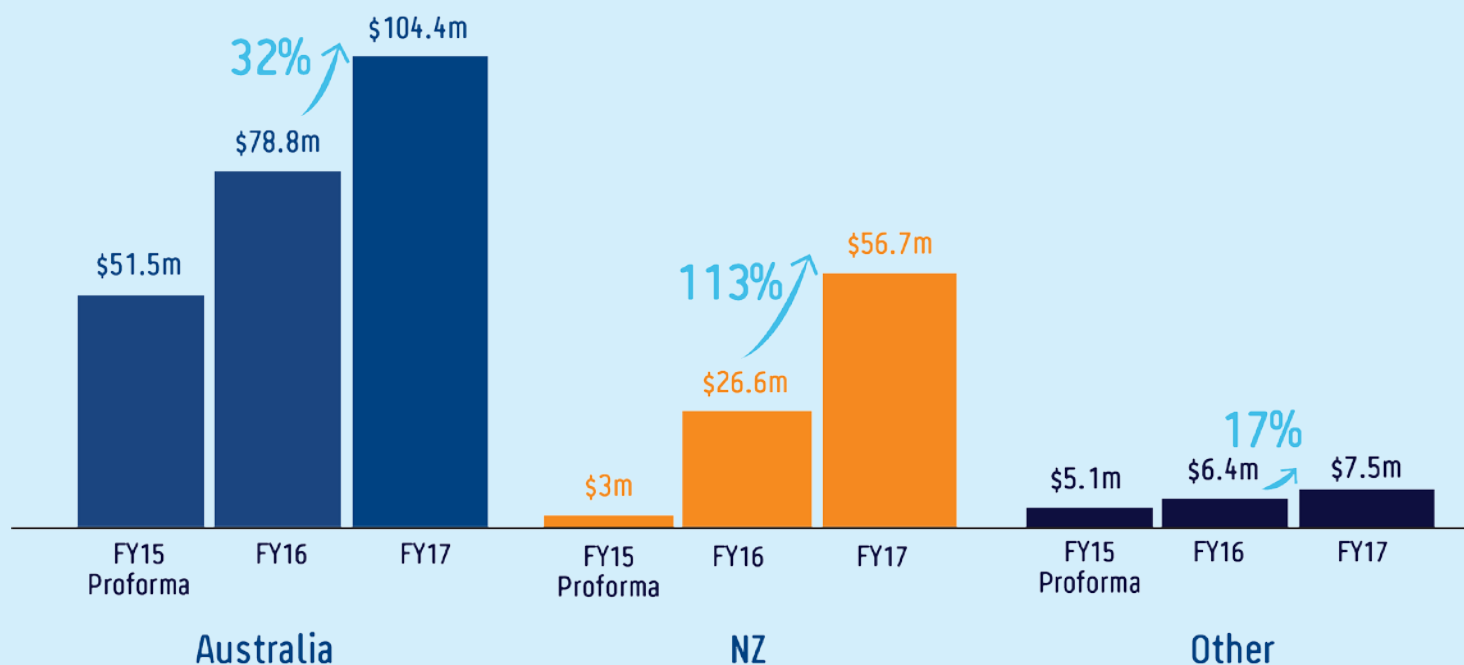
	FY17 Actual (\$ million)	FY16 Actual (\$ million)	Change %
Revenue	168.6	111.8	51%
Cost of sales	(87.5)	(53.0)	65%
Gross profit	81.1	58.8	38%
<i>Gross profit margin</i>	48%	53%	
Operating expenses	(44.9)	(31.7)	42%
EBITDA	36.2	27.1	34%
Non-underlying items	1.3	(0.3)	
Underlying EBITDA	37.5	26.8	40%
<i>Underlying EBITDA margin</i>	22%	24%	
D&A	(12.7)	(8.0)	59%
EBIT	23.5	19.1	23%
Net finance costs	(2.9)	(0.9)	222%
Tax	(3.9)	(4.9)	-20%
NPAT	16.7	13.3	26%
Amortisation	5.9	4.0	48%
NPATA	22.6	17.3	31%

- Strong revenue and earnings growth.
- Movement in gross margin reflects change in portfolio mix, including contribution from NZ acquisitions and Sport, and reduced margin in print.
- Increase in operating expenses both organically and via acquisition, with planned ongoing investment in systems, data and resources to support our continued growth.
- D&A increase driven by acquisitions and digital rollout.
- Finance costs reflect increased borrowings and include a one-off write-off of capitalised borrowing costs following refinancing of debt facilities in H1.
- Reduced tax expense for FY17 reflecting the absorption of prior year tax losses, entry into an Australian tax consolidated group, and reversal of previously recorded deferred tax liabilities.

1. FY17 non-underlying items of \$1.3m refers to: restructuring and integration costs (\$0.9m) and acquisition transaction costs (\$0.4m).

STRONG PERFORMANCE ACROSS ALL REGIONS

REVENUE BREAKDOWN



Australia (62% of Group Revenue):

- 32% revenue uplift, driven by digital development and contribution from acquisitions of QMS Sport and Total Outdoor Media.
- Supported by strong organic revenue growth of 15% (includes digital, static and print).

New Zealand (34% of Group Revenue):

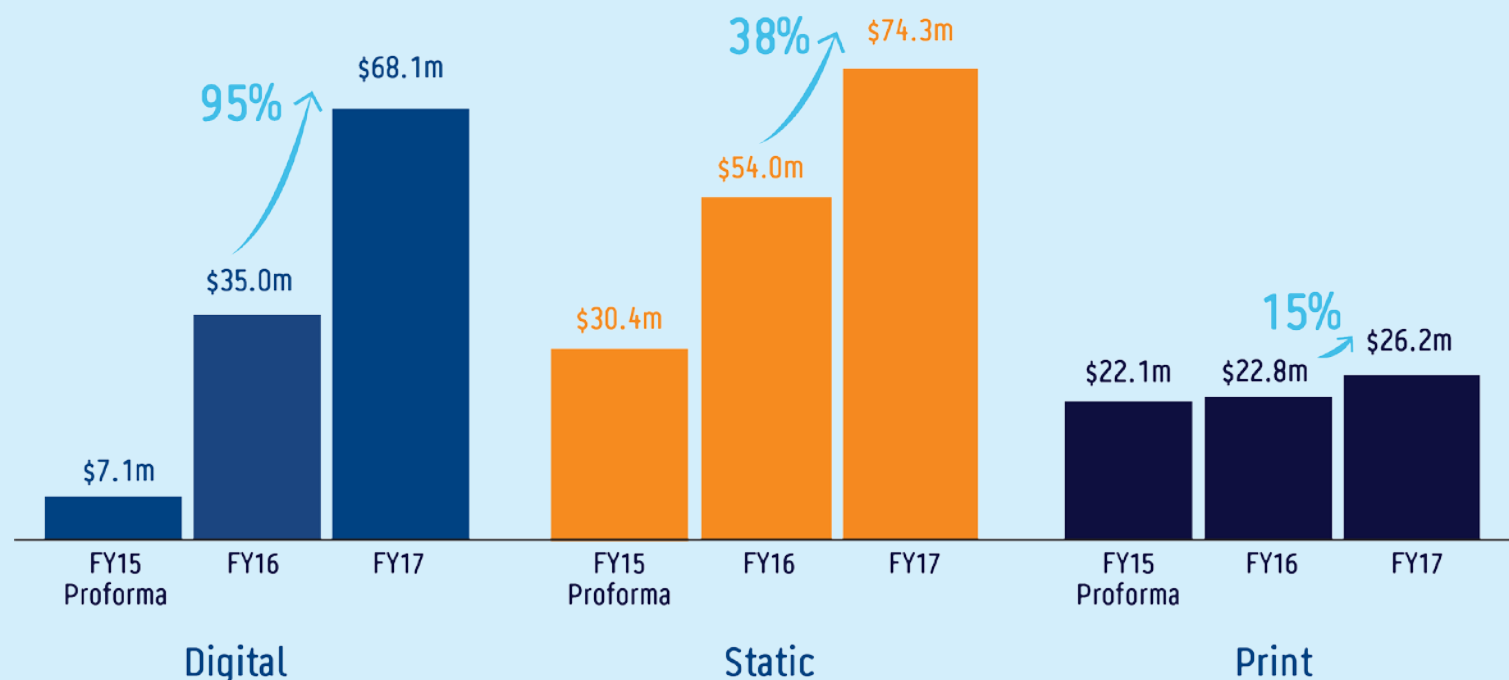
- 113% revenue growth reflects significant growth in digital plus full year contribution from acquisitions.

Other (4% of Group Revenue):

- Strong revenue growth reflects full-year operation of Bali Airport concession.

CONTINUED GROWTH ACROSS DIGITAL AND STATIC

REVENUE BY FORMAT



	FY17	FY16	% Change
Landmark digital billboards	75	45	67%
Small format digital screens	3,773	110	3330%
Static billboards	793	682	16%
Small format static	637	662	-4%

Digital:

- Growth reflects roll-out of development pipeline and contribution from acquisitions.
- Organic developments contributed approximately two-thirds of overall Digital revenue growth.

Static:

- Predominantly driven by acquisitions, with year-on-year organic growth of approximately 4%.

Print:

- Flat underlying performance, uplift reflects full-year contribution from Omni NZ acquisition.

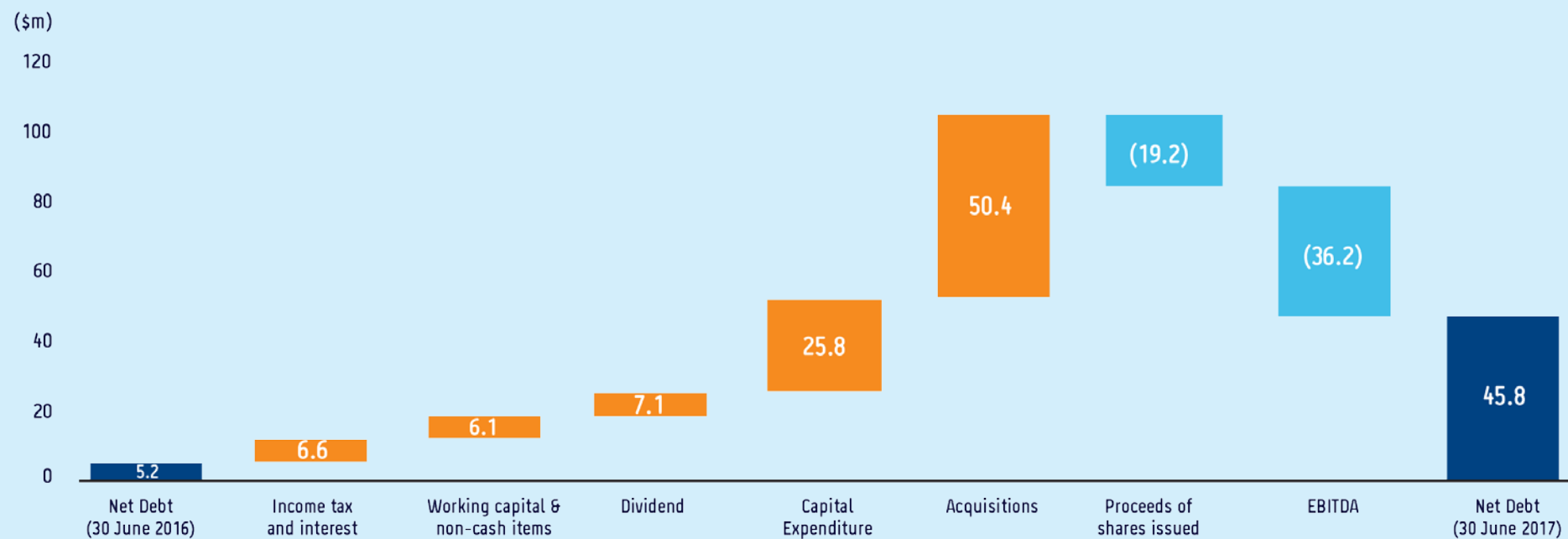
STRONG BALANCE SHEET

	Jun-17 Statutory (\$ million)	Jun-16 Statutory (\$ million)
Cash and cash equivalents	11.4	12.6
Trade and other receivables	30.6	23.6
Property, plant and equipment	79.8	56.1
Goodwill and Intangible assets	187.8	133.9
Investments	1.7	-
Other assets	18.8	15.2
Total assets	330.1	241.4
Trade and other payables	15.3	11.6
Loans and borrowings	57.2	17.8
Deferred and contingent consideration	15.4	11.0
Provisions	9.7	7.4
Other liabilities	30.7	22.3
Total liabilities	128.3	70.1
Net assets	201.8	171.3
Net Debt	45.8	5.2
Net Debt / Underlying EBITDA ratio ¹	1.2x	0.2x
Net Debt / (Net Debt + Equity)	18%	3%

- Growth in net assets predominantly relates to the QMS Sport acquisition.
- Increase in net debt reflects the planned investment in digital rollout, acquisitions and deferred consideration payments.
- Net Debt / Underlying EBITDA ratio 1.2x (up from 0.5x at 31 December 2016).
- Strong balance sheet, with gearing level comfort of between 1.5x to 2.0x Net Debt / Underlying EBITDA.

1. Non-underlying items: FY17 relates to acquisition, restructuring and integration costs of \$1.3m.

MOVEMENT IN NET DEBT POSITION



- Movement in net debt predominantly attributable to \$76.2m of investments in digital developments and acquisitions.
- Total bank facilities of \$93.2m available to the Group.

CONTINUED IMPROVEMENT IN CASH CONVERSION

	FY17 Actual (\$ million)	FY16 Actual (\$ million)
EBITDA	36.2	27.1
Non-cash items in EBITDA	1.8	(1.4)
Change in working capital	(2.3)	(1.4)
Operating cash flow	35.7	24.3
<i>Operating cash flow conversion %</i>	<i>99%</i>	<i>90%</i>
Capital Expenditure	(25.8)	(26.3)
Acquisitions	(50.4)	(66.6)
Investing cash flow	(76.2)	(92.9)
Net proceeds from issue of shares	19.2	48.5
Dividend paid	(7.1)	-
Net proceeds from borrowings	34.0	13.5
Income tax and interest paid	(6.6)	(2.5)
Financing cash flow	39.5	59.5
Net cashflow	(1.0)	(9.1)

- Strong cash conversion maintained, with continued focus on working capital management.
- Capex in FY17 predominantly reflects the continued roll-out of digital development pipeline, with similar Capex levels expected in FY18.
- Acquisition payments include \$6.3m deferred consideration.

FY18 OUTLOOK



STREET FURNITURE | QLD

FY18 OUTLOOK

- The Out of Home industry continues to deliver solid growth.
- Focus on delivering our multi-platform engagement strategy, supported by continued investment and development in our team and our data and analytics capabilities.
- Following the successful integration of QMS Sport into the business, we will continue to look for opportunities to extend our presence in Sport in FY18.
- Good forward visibility on H1FY18.
- Well placed to deliver continued revenue and earnings growth.
- FY18 EBITDA guidance - to exceed \$43m.
- Dividend policy remains unchanged between 30-50% of NPAT.
- We will continue to look for strategic opportunities where we can add value for shareholders.

APPENDIX



RECONCILIATION OF STATUTORY TO UNDERLYING RESULTS

	FY17 Actual Statutory (\$ million)	FY17 Non-underlying costs (\$ million)	FY17 Actual Underlying (\$ million)
Revenue	168.6	-	168.6
Total costs	(132.4)	1.3	(131.1)
EBITDA	36.2	1.3	37.5

- FY17 non-underlying items of \$1.3m relates to:
 - Restructuring and integration costs (\$0.9m).
 - Acquisition transaction costs (\$0.4m).

IMPORTANT NOTICE

QMS Media Limited's Financial statements for the year ended 30 June 2017 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
NPAT:	net profit after tax
NPATA:	net profit after tax, before amortisation

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