



Asiaray 2017 Net Profit Surges by 165% under Adverse Market Conditions

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Well-developed “Space Management” Model and Increasing Demand from Emerging Industries Drive Sustained Growth

Financial Highlights

(HKD Million)	For the Year Ended 31 December		
	2017	2016	Change
Revenue	1,759.2	1,470.8	+19.6%
Gross Profit	362.7	290.5	+24.9%
Profit for the Year	71.2	41.2	+73.0%
Profit Attributable to Owner of the Company	44.7	16.9	+164.7%
Gross Profit Margin (%)	20.6%	19.8%	+0.8ppt
Total Dividend per Share (HK cents)	26	23	+13.0%
- Interim dividend	16	13	+23.1%
- Final dividend	10	10	N/A

(Hong Kong, 27 March 2017) **Asiaray Media Group Limited** (“Asiaray” or the “Group;” stock code: 1993), a leading out-of-home (“OOH”) media company with a strategic focus on airport and metro line advertising, has announced its annual results for the financial year ended 31 December 2017 with net profit surging by more than 160%.

Leveraging the satisfactory performance of the airport and metro advertising operations, which for the former was due to the gradual ramp up of associated new projects, while the latter was the result of securing new media resources, the Group managed to realise growth in 2017 despite the challenging condition of the advertising industry in Mainland China and Hong Kong. Total reported revenue rose by 19.6% to approximately HKD1,759.2 million (2016: HKD1,470.8 million). Combined revenue, which includes consolidated revenue and revenue from all associated companies of the Group engaged in the media advertising business, also grew by 20.1% year-on-year to approximately HKD2,567.0 million (2016: HKD2,137.7 million). Meanwhile, gross profit increased by 24.9% to approximately HKD362.7 million, translating into a gross profit margin of 20.6%. Accordingly, profit attributable to owners of the Company surged by 164.7% to approximately HKD44.7 million.

In view of the Group’s strong financial position with cash and cash equivalents, short-term deposits and restricted cash of approximately HKD402.6 million as at 31 December 2017 (2016: HKD327.6 million) as well as the satisfactory financial results, the Board of Directors has proposed a final dividend of HK10 cents per share (2016: HK10 cents).

Mr. Vincent Lam, Chairman and Executive Director of Asiaray, said, “As we celebrate our 25th anniversary we are delighted to deliver encouraging financial results. The Group is able to stand out in these challenging times mainly thanks to our unique ‘Space Management’ model and large media resources network, as well as our capability to deliver OOH advertising that seamlessly integrates online and offline (“O&O”) solutions. Moreover we have expanded our team by establishing the Central Innovation and Technology Unit (“CTU”) in April 2017 with the objective of further capturing opportunities via digital out-of-home (“DOOH”) advertising and programmatic buying. In response to surging demand from emerging industries, we have continued to bolster our sales force. All these initiatives not only have contributed to our past performance, but also lay a strong foundation for our future growth.”

Business Review

In 2017, the airport and metro lines business segments achieved revenue growth of 23.1% and 25.5% respectively. The favourable performance of the airport business was mainly attributed to advertising concession rights for Terminal 4 at Xiamen Gaoqi International Airport secured in the preceding year and the completion of Zhengzhou Airport Terminal 2 ramp-up. The increase in the revenue of the metro lines business was largely driven by greater sales from Beijing Metro Lines and Wuxi, as well as income from newly secured lines, ie, Tianjin Metro Lines 2 and 3 and Hangzhou Metro Line 2 and Line 4. In terms of the billboard business, the Group has recently secured the Star Ferry Carpark Building in Central, Laforet and Lin Fook House in Causeway Bay, and Sim City in Mong Kok, enriching the media resources portfolio of Asiaray.

During the year, the Group has been advancing its capabilities in DOOH advertising and has launched several showcases of DOOH projects. In a recent campaign for a beverage brand, Asiaray provided unique and innovative features including “Live feed(實時)” and “Co-creation(共創)”, with instantaneous interaction between the participants and the brand. This type of advertisement can readily resonate with target audiences, and, just as importantly, can be easily shared via social media, magnifying its impact.

Moreover, the Group continued to seize opportunities in the emerging markets and bolster its extensive and diversified client portfolio. In particular, it has strengthened the sales team in order to capture the tremendous opportunities brought by the emerging industries, which tend to favour OOH advertising. Correspondingly, heading the Group’s advertising mix are the Telecommunications and 3C (Computer, Communication and Consumer Electronics) sectors, with FMCG, Automobile and Related, Banking and Insurance, and Property and Real Estate being the other top four industries.

Future Prospects

Going forward, airports and metro lines remain the primary focus of the Group, while Mainland China will likewise be the market of greatest interest, as it is expected to have the fastest-growing OOH market in the world. The Group will continue to establish ties that bolster its OOH presence as well as generate greater synergies with existing media resources. The “Belt and Road Initiative” and “Guangdong-Hong Kong-Macao Greater Bay Area” devised by the Mainland government can also provide fresh impetus for large-scale infrastructure works, including development of both inter- and intra-city transportation networks to accommodate large increases in air, rail and metro passenger flow. For example, due to geography, Shenzhen will directly benefit from both initiatives, so the value of the Group’s media resources at the Shenzhen airport and on metro lines are set to appreciably rise. Asiaray will continue to closely observe developments related to its interests in other cities, as well as other policies that could be favourable to its growth.

In addition, the Group will further develop innovative solutions that expedite its progress and growth. According to PwC, revenue from the Mainland China DOOH industry is expected to reach USD420 million in 2021, achieving a CAGR of approximately 14.9% between 2017 and 2021. To boost its DOOH expertise, the Group has been advancing its capabilities in such areas as programmatic buying and media technologies via its CTU to work with a world-renowned American multinational technology company specialising in Internet-related services and products in establishing a platform that enables it to place digital inventories for trading. Technologies to be developed include data-driven outdoor LED walls that display customised content, considering factors such as time, weather, audience demographics and seasonality. Other facets of DOOH that the Group seeks to advance include the incorporation of mobile and digital elements such as HTML5, Virtual Reality and iBeacon. All of these digital elements are set to bring still greater value to advertising customers.

Mr. Lam concluded, “In view of the recovering retail sector in Hong Kong and steady expansion of the OOH market in Mainland China, we remain optimistic about the OOH advertising industry. Driven by a booming construction sector, with many large-scale infrastructure projects either underway or planned in China, including over 80 airports, China is expected to have the fastest-developing OOH market in the world by 2021. To seize opportunities in emerging and traditional industries, we will capitalise on our various strengths, central of which is ‘Space Management’, and refine this comprehensive approach through the integration of DOOH solutions and O&O access for target audiences. We will generate greater synergies between our media resources leading to better services for our clients, thus delivering sustainable growth and ultimately creating higher value for our shareholders.”

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About Asiaray Media Group Limited (stock code: 1993.HK)

Established in 1993, Asiaray is a leading out-of-home media company in Greater China with a strategic focus on airport and metro line advertising. The Group has exclusive concession rights to mainstream media resources for 28 airports (as well as Sanya Phoenix International Airport Terminal 2, Hainan) and 16 metro lines over 39 cities. It is the largest privately-owned media company in Greater China based on the number of exclusive concession rights and associated revenue derived in respect of airports, and the second-largest with regard to metro lines based on the same criteria. Annual aggregate airport passenger traffic covered by the Group's exclusively operated airports reached 228 million as at the end of 2017, equivalent to approximately one fifth of the total airports traffic across Mainland China. Asiaray is also committed to invest in its corporate social responsibility and environmental protection initiatives. The Company has officially been awarded "2016 Hong Kong Awards for Environmental Excellence (HKAAEE)" and has been named as a "Hong Kong Green Organisation".

For more details about Asiaray, please visit its official website: www.asiaray.com or follow the Group's Wechat via the QR code below (ID: asiaray_airport or 雅仕維傳媒集團).

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