

04 November 2015

Q3 Interim Management Statement

The Quarto Group, Inc. ("Quarto" or "the Group"), the world's leading illustrated book publisher and distribution group, today issues its Q3 Interim Management Statement for the quarter to 30 September 2015.

Trading update

Revenue for the quarter to 30 September 2015 was broadly flat at \$54.4m (quarter to 30 September 2014: \$54.5m). Underlying revenues* for the quarter were down 5.3%.

Revenues for the Group's core publishing businesses were up on the prior year by 7.9% at \$44.9m (2014: \$41.6m). Underlying publishing revenues* were up 1.3%.

The trading of our Books & Gifts Direct business faces challenges arising from the difficulties in the Australian and New Zealand economies and their weakening currencies.

Year to date revenue was \$120.6m (2014: \$120.1m). Underlying revenues* for the year to date were down 4.8%.

Financial position

The Group's net debt on 30 September 2015 was \$80.0m (30 September 2014: \$82.3m).

Outlook

On the basis of current levels of trading and our order book, the Group is on track to meet management expectations for the full year and deliver both debt reduction and earnings growth.

Marcus Leaver, CEO, commented:

"This update shows the increasing strength of our performance throughout the year. Our third quarter saw clear revenue growth in our core publishing businesses and year to date our revenue performance is ahead of the same period last year, even once the economic and currency challenges faced by our Australian and New Zealand business are taken into account. A good performance in our traditionally strongest fourth quarter will help underpin our full year targets of bringing debt down further and increasing earnings once again."

*Underlying revenues and underlying publishing revenues have been adjusted for businesses acquired in the last 12 months.

