



Quarterly Update  
(& Appendix 4C)  
March 2014



True Detective, the new TV series from HBO debuted on Quickflix in March 2014.

Quickflix Limited  
& Controlled Entity

ABN 62 10 2459 352

[www.quickflix.com.au](http://www.quickflix.com.au)

# Quarterly Update

## 31 MARCH 2014

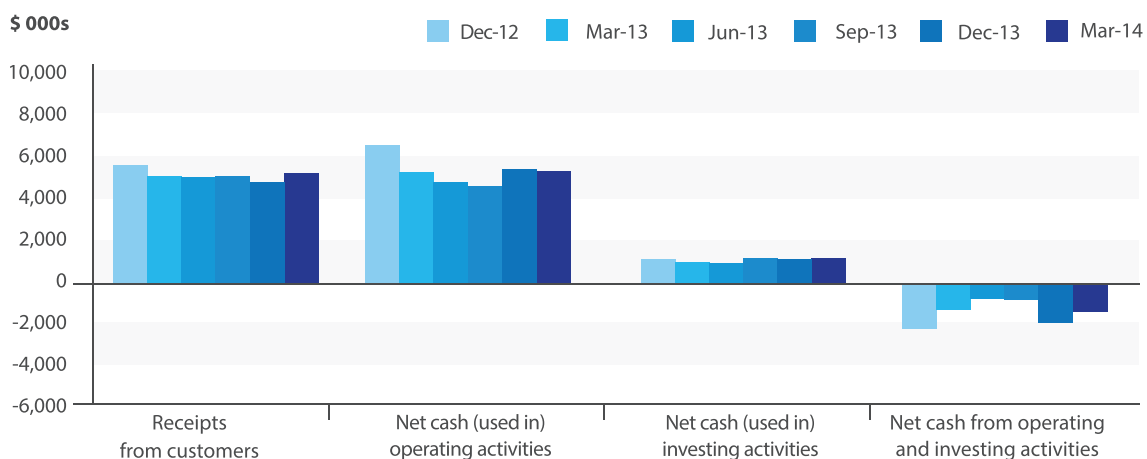
Quickflix experienced a strong March quarter of growth increasing its base of paying customers by 16,000 or 16 per cent to 118,557. Total active customers (paying customers plus introductory trialists who have registered with a valid credit card) increased by 13 per cent to 137,059. Organic growth through customers signing up on Quickflix-enabled devices; increased marketing and promotional activity; and underlying demand for streaming contributed to the momentum in the quarter.

Revenue for the quarter was higher in line with a growing paying customer base. Revenue recorded of \$5.2 million represented an increase of 9 per cent on the previous quarter. The growth came from an increase in the number of monthly subscriptions and demand for additional streaming of pay per view movies and pay per episode TV series. The continued investment in streaming content including new licensing deals announced in the quarter is servicing demand. The strength in streaming is reflected in Quickflix recording its third consecutive quarter of more than 20 per cent growth in streaming volumes.

Over 50 per cent of Quickflix streaming is to smart TVs and game consoles with the balance to mobile, tablet, laptops and other devices. Increasing uptake of smartTVs pre-loaded with Quickflix plus demand for new generation game consoles like PlayStation 4™ are increasing the addressable market for Quickflix. (The launch of Quickflix on XboxOne, previously scheduled for the March quarter is now anticipated for later in April.) Already customers in Australia and New Zealand have registered over 0.3 million devices to stream Quickflix, a number that increased by 24 per cent in the March quarter alone.

Net operating and investing cash outflow for the quarter was \$1.3 million which was an improvement on the outflow of \$1.8 million reported in the December quarter (excluding the R&D tax receipt of \$0.9 million). During the quarter Quickflix increased expenditure on marketing, streaming content and delivery costs in line with growth and continued management of other expenditure and working capital.

### Quickflix cash flow per quarter (End of Quarter)



### Key movements for the December quarter were:

- Total customers of 137,059 up 13 per cent;
- Paying customers of 118,557 up 16 per cent;
- Revenue receipts up 9 per cent to \$5.2 million;
- Operating and investing expenditure steady at of \$6.5 million;
- Net operating and investing cash outflow of \$1.3 million; and
- Cash at bank of \$3.8 million.

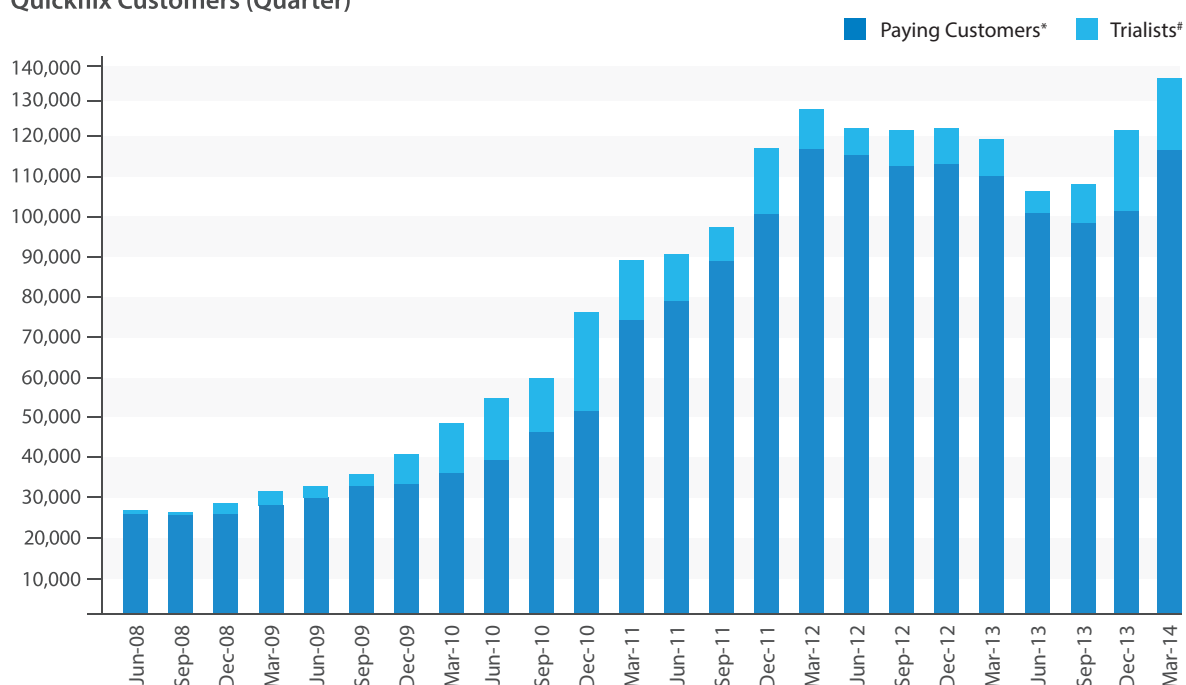


## Customers and sales

The Company's customer base includes those who have transacted in the quarter by subscribing; or purchasing a pay per view, pay per episode or season pass.

In the March 2014 quarter, 137,059 customers transacted with Quickflix, an increase of 13 per cent on the prior quarter. Paying customers increased by 16 per cent higher on the previous quarter to 118,557, and 18,502 new customers were active on a free trial at the end of the quarter. Paying customer numbers have now reversed the declines in 2013 associated with the Company's restructure and establish a new base from which to grow.

### Quickflix Customers (Quarter)



\* Paying customers are customers who purchase a service (subscription, pay per view or pay to own) during the quarter. \* Trialists are on a limited introductory trial who have registered contact and credit card details.

During the quarter, subscriber churn averaged 6.3 per cent compared to 5.1 per cent in the December 2013 quarter and 6.7 per cent in the March 2013 quarter. Seasonally churn is higher in the March quarter following the Christmas and summer holiday period. With the introduction of pay per view movies and pay per episode TV a portion of these subscribers will continue as transactional customers.

End of Quarter	Mar - 2014	Dec - 2013	Change QoQ	Mar - 2013	Change YoY
Paying customers	118,557	102,248	16%	110,665	7%
Trial subscribers	18,502	18,552	0%	8,223	125%
Total customers	137,059	120,800	13%	118,888	15%
Paying subscriber churn (monthly average)	6.3%	5.1%	-23%	6.7%	6%



## Receipts from customers

Cash receipts from customers (includes fees from subscriptions, paying trials and pay per view transactions) were \$5.2 million for the quarter, up 9 per cent compared to prior quarter. The average monthly receipts per customer decreased by 5 per cent in the quarter to \$13.81 attributed to an increased proportion of pay per view transactional customers.

Quarter total/average	Mar - 2014	Dec - 2013	Change QoQ	Mar - 2013	Change YoY
Receipts from customers (\$000s)	5,165	4,757	9%	5,039	2%
Average paying customers	113,340	99,580	14%	111,944	1%
Average monthly receipts per paying customer (\$)	13.81	14.48	-5%	13.64	1%

## Operating and investing cash flows

Net operating cash outflow of \$0.15 million compared to an inflow of \$0.22 million in the December quarter with increased expenditure on marketing and streaming content and delivery. Note all streaming content licensing fees are expensed not capitalised. Net investing cash flow at \$1.18 million was in line with the prior quarter.

Quarter, \$000s	Mar - 2014	Dec - 2013	Change QoQ	Mar - 2013	Change YoY
Receipts from customers	5,165	4,757	9%	5,039	2%
Net cash (used in) operating activities	-147	219	-167%	-210	30%
Net cash (used in) investing activities	-1,177	-1,145	-3%	-994	-18%
Net operating & investing cash flow	-1,324	-926	-43%	-1,204	-10%
Net cash provided by financing activities	-	3,380	-	-	-
Net increase (decrease) in cash	-1,324	2,954	145%	1,293	-202%
Cash at end of financial period	3,848	5,172	-26%	3,039	27%

## Outlook

Quickflix is well positioned to drive further growth. The streaming market in which Quickflix has established a lead is gaining acceptance amongst consumers and growing rapidly. In response to the threat of over the top ("OTT") streaming to its core payTV business, industry-major Foxtel launched its OTT service during the March quarter. This new competition will increase awareness of streaming generally amongst consumers, which may in turn benefit Quickflix. Quickflix's offering is very competitive - unlike the Foxtel service, Quickflix streaming includes TV series, high definition "HD" content and pay per view latest releases; and is widely available on a range of devices including smart TVs and game consoles. At a much lower monthly subscription price than Foxtel, Quickflix is also considerably more affordable.

Quickflix's dominant position in online DVD & Blu-ray rental puts it in an excellent position to significantly grow its share of the \$1.5 billion per annum DVD & Blu-ray market, even as that market contracts as is expected over the decade ahead. The DVD & Blu-ray service complements Quickflix streaming and is an important differentiator in the market providing customers access to largest range of content in Australia.

Quickflix is now focused on sustaining growth and entering new partnerships in Australia and New Zealand. It is in early stage discussions with investors and potential strategic partners in relation to expansion opportunities in both markets.

# Appendix 4C

Rule 4.7B

## Appendix 4C

### Quarterly report for entities admitted on the basis of commitments

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10

Name of entity

<b>QUICKFLIX LIMITED</b>
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ABN

<b>62 102 459 352</b>
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Quarter ended ("current quarter")

<b>March 2014</b>
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### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter	Year to date (9 months)
	\$A'000	\$A'000
1.1 Receipts from customers	5,165	14,936
1.2 Payments for:		
(a) staff costs	(1,732)	(4,959)
(b) advertising and marketing	(1,006)	(2,285)
(c) research and development	-	-
(d) leased assets	-	-
(e) other working capital	(2,588)	(8,174)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	14	53
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes received	-	901
1.7 Other	-	-
<b>Net operating cash flows</b>	<b>(147)</b>	<b>472</b>

+ See chapter 19 for defined terms.



**Appendix 4C**  
**Quarterly report for entities**  
**admitted on the basis of commitments**

	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1.8 Net operating cash flows (carried forward)</b>	<b>(147)</b>	<b>472</b>
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(550)	(1,637)
(e) other non-current assets	(627)	(1,650)
(f) other non-current assets (security deposits)	-	(192)
(g) other current assets (security and guarantee deposits)	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>(1,177)</b>	<b>(3,479)</b>
<b>1.14 Total operating and investing cash flows</b>	<b>(1,324)</b>	<b>(3,007)</b>
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	-	5,125
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other –		
Share issue costs	-	(590)
Reclassification – term deposit duration > 3 months		
<b>Net financing cash flows</b>	<b>-</b>	<b>4,535</b>
<b>Net increase (decrease) in cash held</b>	<b>(1,324)</b>	<b>1,528</b>
1.21 Cash at beginning of quarter/year to date	5,172	2,320
1.22 Exchange rate adjustments to item 1.20	-	-
<b>1.23 Cash at end of quarter</b>	<b>3,848</b>	<b>3,848</b>

+ See chapter 19 for defined terms.



## Payments to directors of the entity and associates of the directors

### Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	151
1.25	Aggregate amount of loans to the parties included in item 1.11	-
1.26	Explanation necessary for an understanding of the transactions	
	n/a	

## Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

n/a

- 2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

n/a

## Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-



## Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	3,848	5,172
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Other (Provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.23)	3,848	5,172

## Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity		
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal (refer item 1.9(a) and 2.1)		
5.4 Total net assets		
5.5 Nature of business		

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: ..... Date: 15 April 2014  
(Executive Director)

Print name: Simon Hodge

+ See chapter 19 for defined terms.





## Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.

# CORPORATE DIRECTORY

## Directors

Stephen Langsford  
(Chairman & CEO)

Simon Hodge  
(Executive Director)

David Sanders  
(Non-Executive Director)

## Company secretary

Susan Hunter

## Registered office

Suite 40  
Cottesloe Central  
460 Stirling Hwy  
Cottesloe WA 6011  
Telephone: 1300 138 644  
Facsimile: (08) 9347 4901

## Solicitors

Bennett + Co  
Ground Floor, BGC Centre  
28 The Esplanade  
Perth WA 6000

## Home exchange

Australian Stock Exchange Limited  
2 The Esplanade  
Perth WA 6000  
ASX Code: QFX

## Auditors

Grant Thornton Audit Pty Ltd  
Level 17  
383 Kent Street  
Sydney NSW 2000

## Share registry

Computershare Investor Services Pty Ltd  
Level 2  
45 St Georges Terrace  
Perth WA 6000  
Telephone: 1300 55 70 10  
Facsimile: (08) 9323 2033

