

VILLAGE ROADSHOW LIMITED

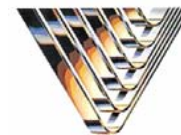
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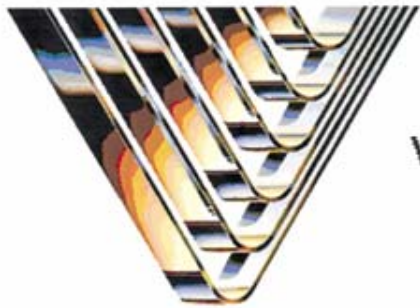
**Half Year Results Presentation  
For the 6 months Ended 31 December 2004**

# *2004/5 Half Year Results Presentation*

## **Presentation Outline**

- Strategic Highlights
- Group Overview
- Divisional Performance
- Outlook





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## **Strategic Highlights**

### Capital Reconstruction

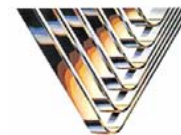
#### Capital Structure Changes

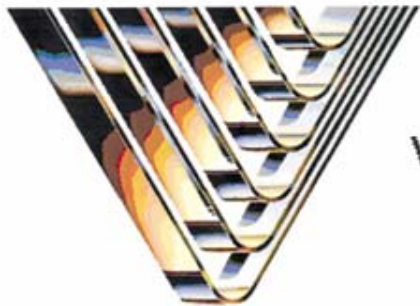
	No of Ord Shares (millions)	No of Pref Shares (millions)	Cost (\$ millions)
As at 31 December 2003	234.9	250.2	
March 04 - Pref Share Buy Back		(90.1)	\$104.00
May 04 - Pref Share Buy Back		(50.0)	\$65.00
June / July / Aug 04 - 10% Ord Buy Back	(23.5)		\$46.20
Oct / Nov 04 - 20% Ord Buy Back	(43.0)		\$94.80
<b>Total</b>	<b>168.4</b>	<b>110.1</b>	<b>\$310.00</b>



## **Other Achievements**

- Exit of non core businesses
  - Sale of 50% interest in the mall advertising business, Eye Shop
  - Sale of cinema joint venture in Taiwan
- Settlement of Tax Office assessments
- Settlement of KPMG claim





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## Group Overview

## Summary

### Normalised and Reported Results

	<u>HY 2005</u>	<u>HY 2004</u>	<u>% change</u>
Normalised Net Profit After Tax	31,995	41,048	(22.1%)
Specific Items	(852)	(7,945)	89.3%
Discontinuing Businesses	378	(4,138)	
Reported Net Profit After Tax	<u>31,521</u>	<u>28,965</u>	<u>8.8%</u>
Basic EPS	15.47c	12.33c	25.5%
Total EPS	<u>10.04c</u>	<u>5.97c</u>	<u>68.2%</u>

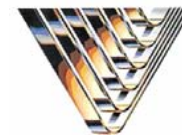


### **Specific Items**

- Total specific items before tax of (\$2.9) million compared to (\$7.9) million last year resulting from
  - Pre tax profit on the sale of Eyeshop of \$7.7 million
  - Pre tax legal settlement relating to film production of (\$10.6) million
- Post tax specific items of (\$0.9) million compared to (\$7.9) million last year

### **Discontinuing Businesses**

- Total result from discontinuing business of \$0.4 million compared to (\$4.1) million for last year
  - Profit on the sale of Taiwan of \$2.5 million
  - Profits from trading in Taiwan of \$0.3 million
  - Losses from Austria & Germany of (\$2.4) million



### Reported EBITDA by Division

#### Reported EBITDA by Division

	HY 2005	HY 2004	% change
Cinema Exhibition	24,357	27,664	(11.95%)
Theme Parks	14,014	13,661	2.58%
Radio	48,577	45,232	7.40%
Film Production	38,195	40,704	(6.16%)
Film Distribution	9,616	9,573	0.45%
Other	(15,724)	(10,116)	(55.44%)
<b>Total</b>	<b>119,035</b>	<b>126,718</b>	<b>(6.06%)</b>

*Excluding specific items and discontinuing operations*



## Group Overview

### Profit Before Tax and Minority Interest by Division

#### Profit Before Tax by Division

	HY 2005	HY 2004	% change
Cinema Exhibition	11,136	13,625	(18.27%)
Theme Parks	9,662	7,244	33.38%
Radio	39,769	36,073	10.25%
Film Production*	8,165	72	
Film Distribution	9,109	8,810	3.39%
Other	(15,569)	2,916	
<b>Total</b>	<b>62,272</b>	<b>68,740</b>	<b>(9.41%)</b>

*Excluding specific items and discontinuing operations.*

*\* Excluding specific item of (\$10,611) in current period.*



## Group Overview

# Reported EBITDA and Profit Before Tax Reconciliation

### VRL Reported Operating Performance by Division For the Six Months Ended 31 December 2004

\$' millions	Cinema Exhibition	Theme Parks	Radio	Film Production	Film Distribution	Other	Total
EBITDA	24.3	14.0	48.6	38.2	9.6	(15.7)	119.0
Amortisation / Depreciation	(13.5)	(1.8)	(4.2)	(.2)		(2.5)	(22.2)
EBIT	10.8	12.2	44.4	38.0	9.6	(18.2)	96.8
Net Interest	0.3	(1.2)	(4.6)	(29.8)		2.6	(32.7)
Tax / Goodwill	0.0	(1.3)	0.0		(.5)		(1.8)
Profit Before Tax	11.1	9.7	39.8	8.2	9.1	(15.6)	62.3



### Cash Flow

#### Cash Flow Summary

<b>\$'000</b>	<b>HY 2005</b>	<b>HY 2004</b>
Cash Flows from Operations		
Production	(27,934)	41,570
Other Divisions	39,478	48,757
	<u>11,544</u>	<u>90,327</u>
Cash Flows from Investing Activities		
Net monies from associates	26,745	11,966
Net sale / (purchase) of assets	900	(4,517)
Other	(3,791)	(3,450)
	<u>23,854</u>	<u>3,999</u>

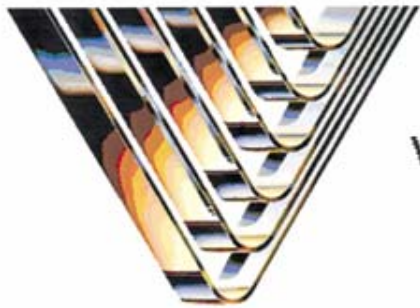


### **Debt Balances**

#### **Summary of VRL Debt as at 31 December 2004 (A\$'000)**

On Balance Sheet Debt - Production Limited Recourse	784,390
On Balance Sheet Debt - Other	<u>277,126</u>
Total On Balance Sheet Debt	1,061,516
Off Balance Sheet Debt - Guaranteed	42,282
Off Balance Sheet Debt - Not Guaranteed	62,368





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## **Divisional Performance – Cinema Exhibition**

### Financial Summary

#### Cinema Exhibition 2004/5 Half Year Results

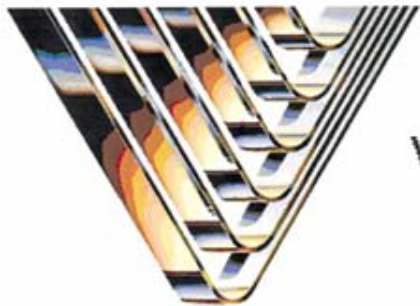
	<b>HY 2005</b>	<b>HY 2004</b>	<b>%change</b>
Segment Revenue	198,600	203,168	(2.25%)
Underlying EBITDA	28,908	32,197	(10.22%)
Reported EBITDA	24,357	27,664	(11.95%)
Profit Before Tax	11,136	13,625	(18.27%)

*Excluding specific items and discontinuing operations.*



## **Operational Information**

- Total admissions in continuing territories down 4% from 33.9 million to 32.7 million
  - Singapore and Italy strong
  - New Zealand and Greece weaker
- Increase in VRL interest in Italy from 45% to 50% in December 2004
- Only 1 new site at Bondi



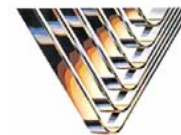
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## **Divisional Performance – Radio**

## Financial Highlights

- Segment revenue grew 10.8%
- EBITDA margin holding strong at 36%
- Radio market growth 13.7%
- Low gearing – Interest Cover of 10.1 times
- VRL share increased to 61.70%.

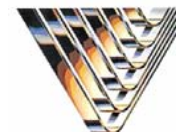


## Financial Summary

### Radio 2004/5 Half Year Results

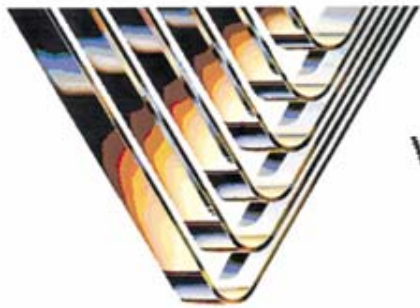
	<b>HY 2005</b>	<b>HY 2004</b>	<b>% change</b>
Segment Revenue	135,931	122,613	10.86%
EBITDA	48,577	45,232	7.40%
Profit Before Tax	39,769	36,073	10.25%

Dividend from Radio for 6 months to December 2004 - \$9.6m



## Operational Highlights

- Market leader
  - 38.2 % of under 40 market
  - 23.9% of 10 + market
- Triple M network rebuild - ad revenue up 26.1% and building
- Joint venture operations in Canberra and Newcastle reported record sales and market survey results
- Sale of 50% interest in Simon Richards Group



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## **Divisional Performance – Film Production**

### Financial Summary

#### Film Production 2004/5 Half Year Results

	<b>HY 2005</b>	<b>HY 2004</b>	<b>% change</b>
Segment Revenue	213,923	1,026,404	(79.16%)
Reported EBITDA	38,195	40,704	(6.16%)
Profit Before Tax*	8,165	72	

➤ Timing of films key driver of change in segment revenue

\* Excluding specific item of (\$10,611) in current period.

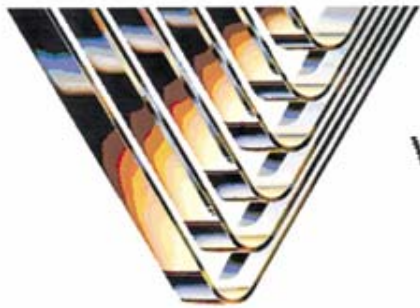


### **Additional Financial Information**

#### **Exploitation Fee Summary**

	<b>HY 2005</b>	<b>HY 2004</b>
Sales Revenue	193,819	1,018,326
Amortisation of Film Production Costs	(30,949)	(443,563)
Other Film Expenses	(130,883)	(527,066)
Borrowing Costs	(26,351)	(29,562)
Other	(1,206)	(2,953)
<b>Net Profit from Film Exploitation</b>	<b>4,430</b>	<b>15,182</b>





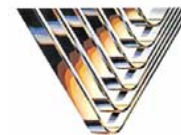
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## **Divisional Performance – Theme Parks**

## Financial Highlights

- Profit before Tax up 33%
- Studios performance improved – but off a low base
- Higher spend per person drove 22% profit increase at Sea World



## Financial Summary

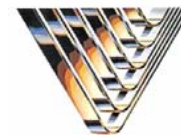
### Theme Parks 2004/5 Half Year Results

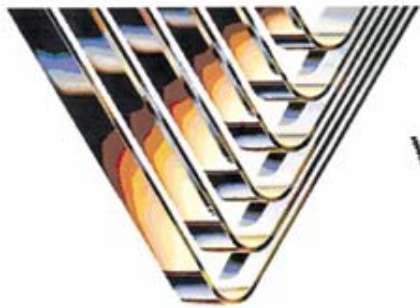
	<b>HY 2005</b>	<b>HY 2004</b>	<b>%change</b>
Segment Revenue	16,788	14,579	15.15%
Reported EBITDA	14,014	13,661	2.58%
Profit Before Tax	9,662	7,244	33.38%



## **Operational Highlights**

- Sea World's Shark Bay's first Christmas trading period
- Sea World's new Dugong exhibit opened at Christmas
- Paradise Country officially opened in September 2004
- Studio's at near capacity with the production of two World Wrestling Entertainment films





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## **Divisional Performance – Film Distribution**

### **Financial Summary**

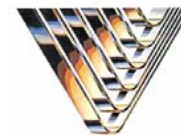
#### **Film Distribution 2004/5 Half Year Results**

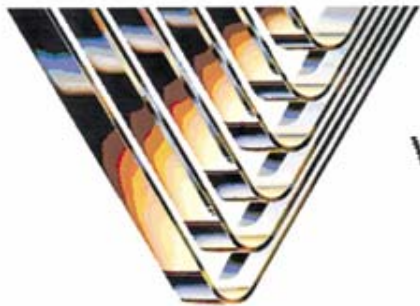
	<b>HY 2005</b>	<b>HY 2004</b>	<b>% change</b>
Segment Revenue	9,109	8,810	3.39%
Reported EBITDA	9,616	9,573	0.45%
Profit Before Tax	9,109	8,810	3.39%



## **Operational Highlights**

- Maintained market leading position in DVD/video market with 16% share
- Strong growth from back catalogue titles
- Strong performance from Television division





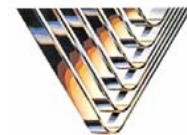
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## **Outlook 2004/5**

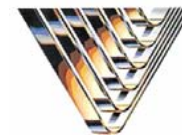
## **Cinema Exhibition**

- Conclusion of Taiwan sale in February 2005
- New site development
  - Karingal, Aust (May 2005)
  - Greece replacement sites – Maroussi and Salonica (Sept 2005)
- Gold Class expansion in Australia



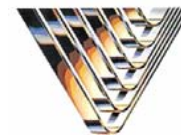
## **Radio**

- New competition – Brisbane and possibly Sydney and Melbourne
- Ad market growth of 5% - 7%
- Continue to accelerate Triple M growth momentum
- Continued marketing initiatives
- Forecast EBIT June 2005 full year \$64 - \$68 million



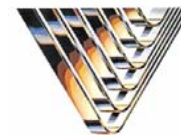
## **Film Production**

- Films to be released in the next 6 months include :  
*Constantine, Miss Congeniality 2: Armed and Fabulous, House of Wax and Dukes of Hazard*
- The highly anticipated *Charlie and the Chocolate Factory* will be released in July 2005



## **Theme Parks**

- **Movie World** : Construction to begin on the Superman Escape coaster in April 2005 with a December 2005 opening date.
- Attendance growth and margins expected to remain at current levels



## Film Distribution

- DVD and theatrical product line up includes *Ocean's 12*, *Racing Stripes*, *Miss Congeniality 2: Armed and Fabulous* and *The Lord of the Rings* extended DVD packs
- Second half generally quieter – without Christmas trading period

