



VILLAGE ROADSHOW LIMITED

# RESULTS COMMENTARY

For the year ended  
30 June 2011



## **FY2011 Achievements**

- **Powerful cash flows in businesses – *We provide people with an escape from the worries of the world***
- **Sale of non core businesses – *SAG / Austereo***
- **Zero Corporate Debt / Strong Cash Position**
- **Significant Shareholder distributions**
- **Group overhead restructure / costs reduced - *\$10m annually from 2012***
- **One Class of Share**



## **“Smart” Growth**

- **Theme Parks**
  - Sydney Wet'n'Wild
  - New Gates – Gold Coast
  - International theme parks
- **Film Distribution**
  - New Technologies – migration to digital
- **Cinema Exhibition**
  - Digital Screens
  - USA Gold Class – Location, Location, Location
- **Over Riding**
  - Take Time to do it RIGHT! – Not do bad deals



# VRL GROUP RESULTS BY DIVISION

	Operating Result		Reported EBIT		Reported EBITDA	
	FY2011 \$'m	FY2010 \$'m	FY2011 \$'m	FY2010 \$'m	FY2011 \$'m	FY2010 \$'m
<b>THEME PARKS:GOLD COAST</b>	<b>33.2</b>	<b>44.3</b>	<b>54.3</b>	<b>61.9</b>	<b>82.8</b>	<b>90.7</b>
<b>THEME PARKS:US WATER PARKS</b>	<b>(2.1)</b>	<b>(1.4)</b>	<b>1.2</b>	<b>1.1</b>	<b>4.4</b>	<b>5.3</b>
<b>FILM DISTRIBUTION</b>	<b>35.5</b>	<b>36.6</b>	<b>43.6</b>	<b>42.8</b>	<b>50.5</b>	<b>50.0</b>
<b>CINEMA EXHIBITION:AUST</b>	<b>27.6</b>	<b>35.1</b>	<b>33.1</b>	<b>40.3</b>	<b>44.9</b>	<b>50.9</b>
<b>CINEMA EXHIBITION:OTHER</b>	<b>0.7</b>	<b>(4.3)</b>	<b>0.9</b>	<b>(4.3)</b>	<b>1.5</b>	<b>(4.3)</b>
<b>CORPORATE/OTHER</b>	<b>(47.8)</b>	<b>(61.0)</b>	<b>(46.9)</b>	<b>(48.3)</b>	<b>(43.6)</b>	<b>(45.6)</b>
<b>REPORTED RESULTS</b>	<b>\$47.1</b>	<b>\$49.3</b>	<b>\$86.2</b>	<b>\$93.5</b>	<b>\$140.5</b>	<b>\$147.0</b>

*Note: Excludes Material Items and Discontinued operations, please refer to the Segment Note Disclosure in the ASX Appendix 4E for further details*



# VRL GROUP

## Operating cash flow for the year ended 30 June 2011

	EBITDA \$'m	Movement in Working Capital \$'m	Interest/ Tax \$'m	Operating Cash flow \$'m	Capital Expenditure \$'m	Free Cash flow \$'m
<b>THEME PARKS</b>	<b>87.2</b>	<b>(1.6)</b>	<b>(23.5)</b>	<b>62.1</b>	<b>(38.1)</b>	<b>24.0</b>
<b>FILM DISTRIBUTION</b>	<b>50.5</b>	<b>(10.3)</b>	<b>(8.1)</b>	<b>32.1</b>	<b>(2.4)</b>	<b>29.7</b>
<b>CINEMA EXHIBITION</b>	<b>46.4</b>	<b>0.2</b>	<b>(4.7)</b>	<b>41.9</b>	<b>(21.0)</b>	<b>20.9</b>
<b>CORPORATE/OTHER</b>	<b>(43.6)</b>	<b>4.7</b>	<b>0.8</b>	<b>(38.1)</b>	<b>(3.3)</b>	<b>(41.4)</b>
<b>TOTAL Continuing</b>	<b>140.5</b>	<b>(7.0)</b>	<b>(35.5)</b>	<b>98.0</b>	<b>(64.8)</b>	<b>33.2</b>
<b>DISCONTINUED<sup>(1)</sup></b>	<b>80.5</b>	<b>(1.9)</b>	<b>(26.8)</b>	<b>51.8</b>		
<b>TOTAL</b>	<b>221.0</b>	<b>(8.9)</b>	<b>(62.3)</b>	<b>149.8</b>		

Note 1: Discontinued operations include the Sydney Attractions Group and Austereo Group Limited, please refer to the ASX Appendix 4E for further details



# VRL GROUP

## VRL Group Debt

	Facility Expiry Calendar Yr	Total Debt Drawn (\$m) Jun 2011	Total Debt Drawn (\$m) Jun 2010
<b>ON BALANCE SHEET</b>			
THEME PARKS:GOLD COAST	2 <sup>nd</sup> half 2014	\$273.9	\$278.8
THEME PARKS:US WATER PARKS (note 1)	1 <sup>st</sup> half 2029/ 1 <sup>st</sup> half 2015	\$36.1	\$48.8
ATTRACTIONS:SYDNEY ATTRACTIONS GROUP	n/a	\$-	\$58.0
FILM DISTRIBUTION	1 <sup>st</sup> half 2013	\$108.8	\$123.3
CINEMA EXHIBITION:AUSTRALIA	2 <sup>nd</sup> half 2012	\$66.2	\$88.4
RADIO:AUSTEREO	n/a	\$-	\$209.1
CORPORATE	n/a	\$0.2	\$122.5
<b>TOTAL ON BALANCE SHEET DEBT</b>		<b>\$485.2</b>	<b>\$928.9</b>
Less: Cash on Hand		\$(431.7)	\$(101.7)
<b>NET DEBT ON BALANCE SHEET</b>		<b>\$53.5</b>	<b>\$827.2</b>

Note 1: Includes both long term lease finance debt and short term bank debt



# VRL GROUP

## VRL Group Debt

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### DEBT AND INTEREST COVER BY DIVISION JUNE 2011

	Net Debt/ EBITDA (times)	EBITDA/ Net Interest (times)
THEME PARKS: GOLD COAST	3.2	3.9
FILM DISTRIBUTION	1.6	6.2
CINEMA EXHIBITION: AUSTRALIA	1.0	7.9
TOTAL VRL GROUP	0.2	3.8

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# VRL GROUP

## VRL Group Debt

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<b>ON BALANCE SHEET DEBT - CURRENT</b>	<b>June 2011 \$'m</b>
<b>THEME PARKS</b>	<b>22.5</b>
<b>FILM DISTRIBUTION</b>	<b>14.4</b>
<b>CINEMA EXHIBITION</b>	<b>9.4</b>
<b>CORPORATE/OTHER</b>	<b>-</b>
<b>Total Current Debt on Balance sheet</b>	<b>46.3</b>

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<b>ON BALANCE SHEET DEBT – NON CURRENT</b>	<b>June 2011 \$'m</b>
<b>THEME PARKS</b>	<b>287.5</b>
<b>FILM DISTRIBUTION</b>	<b>94.4</b>
<b>CINEMA EXHIBITION</b>	<b>56.9</b>
<b>CORPORATE/OTHER</b>	<b>0.1</b>
<b>Total Non - Current Debt on Balance sheet</b>	<b>438.9</b>



# THEME PARKS





<b>RESULTS ANALYSIS</b>	<b>FY2011 (m)</b>	<b>FY2010 (m)</b>
<b>TOTAL ATTENDANCE</b>	<b>4.9</b>	<b>4.5</b>
SALES REVENUE	\$259.7	\$279.3
OTHER REVENUE	\$0.6	\$1.1
TOTAL EXPENSES	\$177.5	\$189.7
<b>EBITDA</b>	<b>\$82.8</b>	<b>\$90.7</b>
DEPRECIATION AND AMORTISATION	\$28.5	\$28.8
INTEREST (NET)	\$21.1	\$17.6
<b>NET PROFIT BEFORE TAX</b>	<b>\$33.2</b>	<b>\$44.3</b>
<b>TOTAL CAPEX</b>	<b>\$36.2</b>	<b>\$20.0</b>



- Strong results despite being impacted by record rainfall and the Queensland floods
- Focus on Season Pass (VIP) sales, increase in admissions yield
- Expenses controlled in line with impacts of weather and attendances
- More than 825,000 VIP passes sold



# THEME PARKS

## Gold Coast

- New attractions FY2011 – Strong Afterglow post floods
  - *Sky Coaster at Wet'n'Wild*
  - *Zip Lines at Wet'n'Wild*
  - *Flow Rider at Wet'n'Wild*
  - *Penguin Encounter at Sea World*
  - *Castaway Bay at Sea World*
  - *White Christmas at Warner Bros. Movie World*
- New attractions FY2012
  - *JetStunt Extreme at Sea World*
  - *Nickelodeon Parade at Sea World*
  - *New major roller coaster at Warner Bros. Movie World*



# THEME PARKS

## US Water Parks

<b>RESULTS ANALYSIS</b>	<b>FY2011 (m)</b>	<b>FY2010 (m)</b>
<b>TOTAL ATTENDANCE</b>	<b>0.7</b>	<b>0.8</b>
SALES REVENUE	\$19.5	\$24.0
OTHER REVENUE	\$0.0	\$0.4
TOTAL EXPENSES	\$15.1	\$19.1
<b>EBITDA</b>	<b>\$4.4</b>	<b>\$5.3</b>
DEPRECIATION AND AMORTISATION	\$3.2	\$4.2
INTEREST (NET)	\$3.3	\$2.5
<b>NET PROFIT BEFORE TAX</b>	<b>\$(2.1)</b>	<b>\$(1.4)</b>
<b>TOTAL CAPEX</b>	<b>\$1.9</b>	<b>\$6.5</b>



# THEME PARKS

## US Water Parks

- Phoenix Wet'n'Wild
  - Record summer season
  - New Constrictor water slide
- Hawaii Wet'n'Wild
  - Economic pressures impacted the results
  - Reduced the number of operating days to manage the downside impact of reduced attendances
  - Expenses are being tightly controlled at both parks
  - New local development - Disney Hotel Resort



# FILM DISTRIBUTION





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<b>RESULTS ANALYSIS</b>	<b>FY2011 (m)</b>	<b>FY2010 (m)</b>
SALES REVENUE	\$389.9	\$409.3
OTHER REVENUE	\$2.0	\$1.9
TOTAL EXPENSES	\$341.4	\$361.2
<b>EBITDA</b>	<b>\$50.5</b>	<b>\$50.0</b>
DEPRECIATION AND AMORTISATION	\$6.9	\$7.2
INTEREST (NET)	\$8.1	\$6.2
<b>NET PROFIT BEFORE TAX</b>	<b>\$35.5</b>	<b>\$36.6</b>

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- Equal to record year
- Leading theatrical distributor with market share of 23%
- Top performing theatrical titles during the year included:
  - *Harry Potter And The Deathly Hallows – Part 1*
  - *Inception*
  - *Yogi Bear 3D*
  - *Expendables*
  - *The Hangover 2*
- Maintained leading DVD distributor with market share of 16.3%
- Impacted by slowing sales and reduced back catalogue sales, offset by improved margins from straight to video and tight cost control
- Top performing DVD titles during the year included:
  - *Sex And The City 2*
  - *Underbelly – The Golden Mile*
  - *Expendables*
  - *Girl With The Dragon Tattoo*



- Exciting theatrical line up in FY2012 including:
  - *Harry Potter And The Deathly Hallows – Part 2 3D*
  - *Hunger Games Trilogy*
  - *Red Dog*
  - *Happy Feet 2 3D*
  - *Sherlock Holmes 2*
  - *Dark Shadows*
- Digital market grew steadily off the back of agreement with iTunes and Telstra's T-Box



# CINEMA EXHIBITION





## RESULTS ANALYSIS

	FY2011 (m)	FY2010 (m)
<b>TOTAL PAID ADMISSIONS</b>	<b>35.1</b>	<b>37.3</b>
SALES REVENUE	\$234.6	\$237.4
OTHER REVENUE	\$19.3	\$19.2
TOTAL EXPENSES	\$209.0	\$205.7
<b>EBITDA</b>	<b>\$44.9</b>	<b>\$50.9</b>
<b>EBITDA – Exhibition Other <sup>1</sup></b>	<b>\$1.5</b>	<b>\$(4.3)</b>
<b>EBITDA</b>	<b>\$46.4</b>	<b>\$46.6</b>
DEPRECIATION AND AMORTISATION	\$12.4	\$10.6
INTEREST (NET)	\$5.7	\$5.2
<b>NET PROFIT BEFORE TAX</b>	<b>\$28.3</b>	<b>\$30.8</b>
<b>TOTAL CAPEX (excludes associates &amp; discontinued operations)</b>	<b>\$21.0</b>	<b>\$8.6</b>

1. Exhibition Other includes the overseas exhibition territories (US, Singapore and UK) and Intencity games business



- Last year comparison impacted by record breaking result from *Avatar*
- Strong results from:
  - *Harry Potter And The Deathly Hallows – Part 1*
  - *The Twilight Saga: Eclipse*
  - *The Kings Speech*
  - *The Hangover 2*
- Continued technological developments with release of Village Mobile Ticketing & 56% of screens have now been converted to Digital
- New financial year - exceptional product line up including:
  - *Harry Potter And The Deathly Hallows - Part 2 3D*
  - *Transformers 3*
  - *Happy Feet 2*
  - *Sherlock Holmes 2*
  - *Red Dog*
- New cinema site in Top Ryde, NSW and Gold Class at Rivoli, Vic, opened creating a new entertainment destination in Melbourne



# CINEMA EXHIBITION

## Other

- **US Gold Class**
  - Original sites undergoing extensive redevelopment
  - New sites in development – Location, Location, Location
- **Singapore**
  - Strong performance – Attendances up 2.9%
  - New site – Katong Mall
  - Roll out of Digital screens progressing



# FILM PRODUCTION & MUSIC





- VRL equity accounts its investment in VREG<sup>1</sup>
- One of the industry's best libraries with 68 titles
- VREG exploring a number of strategic initiatives with a goal to reduce debt and augment ability to fund future film projects
- VRL has made available a US\$17.5m loan facility to VREG to fund the establishment of a Chinese Film business. Undrawn at 30 June 2011
  - Portfolio Approach – Bring VRL / VREG unique expertise.
  - Capitalise on staggering growth in Chinese Industry

*Note 1: VRL holds 40.4% of the ordinary shares and together with the other share classes held approximately a 55% economic interest.*



- Strongest line up in our history
  - ***Happy Feet 2 3D*** – Thanksgiving / Christmas 2011
  - ***Sherlock Holmes 2*** – Christmas 2011
  - ***Dark Shadows*** – May 2012
- In production
  - ***Great Gatsby 3D*** – Starring Leonardo DeCaprio
  - ***Fury Road 3D*** – Mad Max



# VRL GROUP

## “Smart” Growth

- **Strategy**
  - Sydney Wet’n’Wild deal announced
  - International theme park opportunities
  - New gates – Gold Coast
  - Review digital opportunities - Roadshow
- **Earnings Growth**
  - Stable earnings & strong cash flows
  - Overhead cost reductions
  - Reduced facilities costs, interest expense
- **Balance Sheet Capacity**
  - Significant cash on hand post shareholder distribution
  - All divisional facilities comfortably serviced



VILLAGE ROADSHOW LIMITED

## SUMMARY

- Debt reduction - achieved ✓
- Capital restructure – achieved ✓
- Trading guidance - achieved ✓
- Options and opportunities – “Smart” Growth ✓

***“People want to escape the worries of the world,  
we are selling low cost entertainment  
experiences”***



# VRL GROUP

## FY2010 Reconciliation Continuing Business

	<b>FY2010</b> <b>\$'m</b>
<b>Profit before tax as originally stated</b>	<b>\$125.1</b>
Discontinued: Sydney Attractions Group	(\$8.5)
Discontinued: Austereo	(\$67.2)
<b>Profit before tax: Continuing (restated)</b>	<b>\$49.3</b>