VILLAGE ROADSHOW LIMITED
CHAIRMAN'S ADDRESS TO 2018 AGM

23 November 2018: Before moving to the formal business of today's meeting, I would like to comment on the Company's performance during the 2018 financial year and provide a current trading update on all our businesses.

The Group delivered earnings before interest, tax, depreciation and amortisation excluding material items and discontinued operations, or "EBITDA", of $90.9 million for the year ended 30 June 2018. Attributable net loss after tax before material items and discontinued operations, or "NPAT" for the year was $7.3 million.

A number of key factors significantly impacted the performance of VRL's major divisions during the year, with proactive steps taken by management and the VRL Board to address these issues.

In VRL's Theme Parks, the severe impact of the October 2016 Dreamworld tragedy continued, with lower attendances in the short term and the Commonwealth Games disrupting normal Easter attendances. However, particularly in this financial year, the parks' new ticketing initiative has successfully improved admission yield and new, dynamic marketing is positively impacting ticket sales and successfully altering the public's perception of our parks, supporting the Company's confidence in an earnings recovery from this division.

Historically, today, and of course into the future, safety and guest experience are our top priorities. We have an uncompromising approach to safety, benchmarked on the highest global industry standards. Further, in addition to introducing new attractions, we continue to focus on enhancing the in-park experience with added entertainment and customer focussed initiatives, such as improved shading. In September 2017, the *DC Rivals HyperCoaster* opened at Warner Bros. Movie World, and has been a strong drawcard to driving ticket sales. Special events continue to perform strongly, with *Fright Nights* at Movie World recently producing another record result. Plans are underway to deliver strong performances from *White Christmas* and *Carnivale* in the coming months.

Several lower capital cost attractions have recently opened, or are under development. These will complement and strengthen our existing theme park offering. These include: *Sea Jellies* at Sea World, the new *HyperCoaster Climb* and retheming of the *Scooby-Doo Spooky Coaster* at Warner Bros. Movie World, *Shaun the Sheep* at Paradise Country and the new Australian Outback Spectacular show, *Heartland,* featuring advanced technology.

There is a strong indication that Gold Coast theme parks have returned to a positive trajectory, as evidenced by the first quarter ticket yields and ticket sales in dollars. Importantly, there has been good sales of one of the most important ticket categories - annual and multi day passes.

The Company's new landmark entertainment attraction, Topgolf, launched on the Gold Coast in June this year and has thus far enjoyed good attendances and customer feedback. It is still early days in assessing the long-term success of this attraction, however the Board is confident that Topgolf will be a success. The Company has the exclusive rights for the Topgolf concept in Australia, and potential future sites continue to be assessed.

In Asia, the Theme Parks division has two key projects in China with management operating agreements and no equity investment. Other Asian, and especially Chinese, theme park opportunities continue to progress. These are all consultancy and management agreements with no capital investment, except for our overhead.

Financial year to date, the Gold Coast Theme Park trading is ahead of expectations (which means ahead of budget) and ahead of last year, with the positive impact of the new pricing strategy anticipated to drive a continued and sustainable earnings recovery in the 2019 financial year.

In our Cinema Exhibition division, the business experienced soft admissions in the first half of the 2018 financial year, due to the underperformance of key titles, partially offset by blockbuster releases in the last quarter of the financial year. This was headlined by the latest instalments from the *Avengers, Star Wars* and *Jumanji* franchises.

Despite softer admissions, the division saw a higher spend per person compared to the prior year, driven by a successful and continued focus on, and expansion of, enhanced food and beverage offerings and unique premium cinema concepts.

In addition to the new Plenty Valley cinema site in Melbourne's north, two new cinemas within the joint venture with Event Cinemas opened successfully during the year. These were the Whitford (in Western Australia) and Palmerston (in the Northern Territory) cinemas.

The 2018 financial year also saw the continued rollout of the highly popular **Junior** concept, with four new locations opening at Fountain Gate, Knox, Sunshine and Plenty Valley in Victoria. This concept has exceeded expectations, driving increased average ticket price, spend per person, and admissions. The year also benefitted from the successful launch of an exciting new immersive seating concept, **4DX** at Century City Walk in Victoria.

With a focus on upgrading cinemas and launching new premium concepts including **premium**, **Junior**, **4DX**, as well as expanding **Gold Class** and **max**, the Cinema Exhibition division has positioned itself as a leading destination of choice, successfully appealing to a targeted market.

This has been further complemented by the introduction of a $15, all day, every day offer for **Rewards** members, in Victoria only, for the traditional cinema offering. This has resulted in expanding our visitor base by providing an affordable option for more price conscious guests, and enhancing the division's ability to communicate more effectively to customers using data analytics.

2019 financial year trading to October 2018 for the Cinema Exhibition division has performed well, and is ahead of last year. This has been driven by strong titles including: *Crazy Rich Asians, A Star is Born* and *Venom.* In addition, *Bohemian Rhapsody* opened strongly in November, with rave reviews driving word of mouth and attendances.

The product line up for the balance of the 2019 financial year is excellent, underpinned by *Fantastic Beasts: The Crimes of Grindelwald*, *Mary Poppins, Avengers 4* and *Aladdin.*

The Film Distribution division has been challenged by the seismic disruption and new competitive forces of the past two to three years by what we call the "Netflix Phenomenon". Nearly all of us here will have experienced the revolution of this new entertainment force. The Film Distribution division was specifically impacted by a number of key film titles underperforming and the ongoing impact of film piracy. The division's performance also reflects the decline in the physical DVD market, only partially offset by the slow, but profitable, growth in the digital transaction market.

Roadshow has a strategy of more targeted acquisitions and is encouraged by next year's product line-up, with powerful Warner Bros. films, in what is still very much a hit driven business.

Recent strong box office performances from *Crazy Rich Asians, The Nun, Smallfoot, A Simple Favour* and *A Star is Born* has meant a good start to the current financial year for this division.

Roadshow's year to date trading is encouraging, with 2019 financial year results primarily dependent on future film performances, including the recently released *Fantastic Beasts* and *Aquaman* during the upcoming Christmas holidays.

The division's commitment to locally made Australian content continues. Roadshow Rough Diamond's first production, *Romper Stomper*, launched on Stan during the year to critical acclaim. The second project, *Australian Gangster*, is due for release on Channel 7 during the 2019 financial year.

In addition, the Film Distribution division's investment in FilmNation continues to provide positive exposure and earnings.

VRL is also actively targeting film piracy. Accessing new legislation, the courts blocked 450 pirate websites in the 2018 financial year, with a further 100 blocked in the current period to September 2018.

The Marketing Solutions division performed well in the 2018 financial year. The division has further invested in developing its technical platform capabilities, enabling it to deliver highly scalable promotions for clients. Edge has seen a continued demand of Card products and growth in Digital Reward content as well as recurring promotions with key clients.

Opia continued to grow its customer base and extend its geographical reach, particularly into the USA, developing its product offerings and extending its activities into fast moving consumer goods and mobile phones.

The Marketing Solutions division has made a solid start to the year, and is currently trading to budget expectations.

During the 2018 financial year, the VRL board took several proactive and pre-emptive measures to significantly reduce the Company's group debt levels. This included the $164 million sale of VRL's 50% stake in the Singapore Cinema Exhibition business, the $100 million sale and leaseback of the Company's freehold land at Oxenford, the $37 million sale of Wet'n'Wild Sydney, and just after year end, VRL completed a $50 million equity raising in July

2018. The proceeds from all these transactions were used to reduce group debt. VRL group debt was $627 million at 30 June 2017 and is now $316 million at the end of October 2018.

The Company is now in the process of finalising refinancing its existing group debt facility, with an announcement to be made once this has been concluded, expected to be prior to the end of the calendar year, or early into the New Year.

During the second half of the 2018 financial year, initiatives were implemented which delivered cost savings of $8 million on an annualised basis. Additionally, VRL initiated a business transformation project, named Project OneCo, aimed at simplifying and bringing together functions across the business. The key focus areas include reducing costs by removing duplication and driving efficiencies. The OneCo project aims to achieve cost savings of circa $10m in the 2019 financial year, with cost reductions of $5.3 million on an annualised basis being implemented in the first quarter.

As part of the cost savings initiatives, myself and Graham, as the Company's Executive Directors, have agreed to a 25% reduction in our base remuneration. In addition, the Company's Non-Executive Directors have also agreed to a 25% reduction in their fees.

The VRL Board is committed to shareholder returns. We remain focussed on strengthening our balance sheet and the hands-on operational fundamentals and bottom line earnings. While current trading is indeed encouraging, the Directors will only consider reinstating the payment of dividends following the end of the 2019 financial year, if deemed appropriate.

Our primary businesses are going out experiences, and they remain financially strong. We also continue to operate our businesses in an environmentally and socially responsible manner, whilst continuing to maximise long term shareholder value. With the great energy of our staff and management, we look to the future with positivity and enthusiasm.

I would like to take this opportunity to express the profound gratitude of Village Roadshow to our long-standing Non-Executive Director, David Evans, who announced his retirement from the Board yesterday. David has provided invaluable insight over his 11 years on our Board of Directors and as the Company's representative on VREG's Board for many years. He has shared his wealth of business and financial experience and served as Lead Independent Director from July 2014 to September 2017, and as chair of various committees. David, thank you very much.

Before we move on, I must thank our dedicated, loyal and passionate staff, management, and Board, whose ongoing commitment to the business continues to drive us into the future. And of course, I also thank our customers and shareholders for their ongoing support as we strive to deliver exceptional experiences every day.

Thank you. Now to the business of the meeting.