

VILLAGE ROADSHOW LIMITED

INVESTOR UPDATE PRESENTATION
DECEMBER 2014



VILLAGE ROADSHOW LIMITED

VRL GROUP UPDATE – Key Highlights

THEME PARKS

- Successful start for Wet'n'Wild Sydney season 2 and the opening of new “Junior” attractions in Sydney and Gold Coast parks

CINEMA EXHIBITION

- Solid Q1 with strong product and earnings forecast for 2015 and beyond

FILM DISTRIBUTION

- Emerging Digital market continues to grow

FILM PRODUCTION

- Target of 6 to 8 film releases in FY2015 on track

ASIA EXPANSION

- Opening of Hong Kong office for Asian expansion, various projects ramping up

SHAREHOLDER RETURNS

- Fully franked Special dividend of 15cps paid in July 2014 and fully franked Final dividend of 14cps paid in October 2014

THEME PARKS – UPDATE

Gold Coast Parks & Attractions

- **Trading on par** with previous year corresponding period
- **New junior themed attractions** at Warner Bros. Movie World and Wet'n'Wild, targeting families with young children
- With the fortune of good weather over the peak holiday season, **confident in achieving earnings growth** for the full year



THEME PARKS – UPDATE

Sydney

- Season one **technical & process issues successfully addressed** during the off season
- **Season two currently tracking to expectations**, Christmas school holidays are a critical period for this seasonal park
- FY2015 results will include a **full year of depreciation and interest charges**

US

- Initial “Curiosity Factor” with the opening of competitor water park, **adversely impacting results relative to previous year**
- **Confident the market will rebound** in 2015 season commencing in May



CHINA & SOUTH EAST ASIA - UPDATE

- **Asian head office in Hong Kong opened** with recruitment of key roles underway
- Asia development costs tracking slightly below forecast in H1 due to offsetting management and consulting fees received
- **Hainan Island Marine Park and Water Park** construction continues
- Discussions with **CITIC Trust Co. Ltd.** continue to progress in a positive manner, current expectations are for agreed **framework and joint venture agreements to be completed shortly**
- **Preliminary market research on the opportunity in Guangdong Province is very strong** and negotiations have been initiated with international IP providers for this development
- Together with **CITIC Trust** we have **initiated preliminary work on an excellent opportunity in Sichuan Province**
- **Conducted further research in Malaysia together with Sunway Group** and believe this is a **real opportunity** potentially for Sea World
- The planning for a **water park in Guangxi Province, Southern China** is progressing well with a tentative **opening date scheduled for mid 2016**

CINEMA EXHIBITION - UPDATE

AUSTRALIA

- **Trading in line with corresponding period**
- **Extremely strong film product for the rest of the year** places us well for another consecutive record year
- Line up from November includes; *The Hunger Games: Mockingjay – Part 1*, *Hobbit: Battle of the Five Armies*, *The Avengers: Age of Ultron*, *Mad Max: Fury Road*, *Jurassic World*, *Night at the Museum: Secret of the Tomb*, *Fifty Shades of Grey*, to name but a few
- **Alignment of release timing with the US** proving to be advantageous

SINGAPORE

- The **Suntec City complex successfully opened** to the public on November 16, 2014
 - Great feedback from patrons, impressed with comfort, service, and food and beverage offerings
 - This prominent downtown site is a fantastic addition to an already lucrative circuit



OTHER REGIONS

- **iPic Theatres continues steadily** in line with expectations
- Desired **exit of Belfast** taking longer than hoped, **negatively impacting earnings by circa \$3m per annum**

FILM DISTRIBUTION - UPDATE

- **Continued growth of the emerging Digital market** with anticipated launch of SVOD platforms expected in 2015
- **First half impacted by underperforming films**
- **Content ownership continues to be key to future success**, with our impressive product library we are placed extremely well
- Strong support for the introduction of **effective legislation against piracy** from the Australian Government
- **Impressive product line up leading into Christmas and beyond** including; *The Hunger Games: Mockingjay - Part 1*, *The Hobbit – The Battle of the Five Armies*, *American Sniper* and *The Imitation Game*
- **Television content sales still robust** – upcoming highlights include; Channel 9's *Gallipoli* (100 year anniversary) and *Orange is the New Black* season 2



FILM PRODUCTION - UPDATE

- VRL remains of the view that **VREG cash dividend is unlikely in the short term**
- As per FY2014 Financial Report disclosure **sold one-sixth interest** of future cashflows from the current film library
- **A further one-third sold at valuation** in October 2014 with proceeds used to reduce film financing debt
- The first VREG/Sony co-produced and funded film in *The Equalizer* released in October starring Denzel Washington
- Upcoming releases:
 - *American Sniper*, *Jupiter Ascending (3D)*, *In the Heart of the Sea*, *Mad Max: Fury Road (3D)*, and *San Andreas (3D)*



FILM PRODUCTION

Equity Structure

- Equity structure, VRL ownership
 - 47.12% of ordinary equity
 - US\$130m (approx) redeemable non-voting sharesSubject to film performance criteria and available free cashflow
 - 5% cash dividend plus 9% accruing dividend
 - 2018 scheduled maturity date, amortisation not anticipated in the short term
- **VRL's book value of asset is nil**



OTHER - UPDATE

DIGITAL OPERATIONS

- Continues to perform well, **confident of outperforming previous full year results**
- Bolt on **acquisition of Prime Focus** – promotions management business, complementing and enhancing end to end customer offerings, expected to drive **small incremental earnings this year and has future growth potential**

DIGITAL DEVELOPMENT

- Ramping up development work in H2 with regards to enhancing websites, customer data collection and analytics
- **Estimated to cost circa \$3m in FY2015**
- Flow on benefits expected to generate accretive returns in the medium term

ASIA DEVELOPMENT

- Ramp up of cost in H2 as team is in place and project work expands

CORPORATE

- Allowing for CPI increases, **in line with prior year**



CAPITAL MANAGEMENT UPDATE

SHAREHOLDER DISTRIBUTIONS

- **Fully franked Special dividend of 15 cents per share (\$23.9m)** paid in July 2014 and fully franked **Final dividend of 14cps** paid in October 2014
- **Funded by draw down from debt facilities**, with flow on impact on revenue from interest income/ interest expense
- VRL Group remains **conservatively geared**
- **Potential for further special distribution of 10cps** subject to circumstances at that time

VRL GROUP

Disclaimer

Non – IFRS Financial Information

The VRL group results are prepared under Australian Accounting Standards, and also comply with International Financial Reporting Standards (“IFRS”). This presentation includes certain non-IFRS measures including EBITDA and operating profit excluding material items of income and expense and discontinued operations. These measures are used internally by management to assess the performance of the business, make decisions on the allocation of resources and assess operational performance. Non-IFRS measures have not been subject to audit or review, however all items used to calculate these non-IFRS measures have been derived from information used in the preparation of the audited financial statements.

Included in the ASX Appendix 4E for June 2014 (page 12) and the Annual Report for the year ended 30 June 2014 (page 16), is a Reconciliation of Results which provides further detail on the Non-IFRS financial information contained in this presentation.



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