

VILLAGE ROADSHOW LIMITED

2015

FIRST HALF RESULTS PRESENTATION



VILLAGE ROADSHOW LIMITED

Conference Call Details

Village Roadshow Limited - 2015 Half Year Results

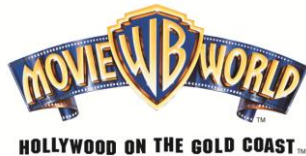
Company Name	Village Roadshow Limited
Leader Name	Graham Burke
Date of Call	Tuesday 24th February, 2015
Time of Call	15:00 (Melbourne Time)
Expected Duration	60 minutes
Topic	Half Year Results
Call Type	Operator Assisted
Conference ID	79475945

Participant Dial-In Numbers

Participant International Dial-In Number	+61 283733610
Participant Toll Dial-In Numbers:	
Australia, Sydney	0283733582
China Domestic	8008700210
Participant International Toll Free Dial-In Numbers:	
Australia	1800725000
Austria	0800295133
Belgium	080078747
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Czech Republic	800701608
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Israel	1809450463
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United Arab Emirates	8000174256
United Kingdom	08082341369
United States	18007429301
Vietnam	18004819

VRL - FY2015 FIRST HALF RESULTS

**Australia's Leading Entertainment Group,
with a world class ensemble of attractions.**



VILLAGE ROADSHOW PICTURES



ROADSHOW
ENTERTAINMENT



VILLAGE ROADSHOW
ENTERTAINMENT GROUP



2015

VILLAGE ROADSHOW LIMITED
FIRST HALF RESULTS PRESENTATION



Solid trading against adverse weather, as building blocks of future growth are put in place

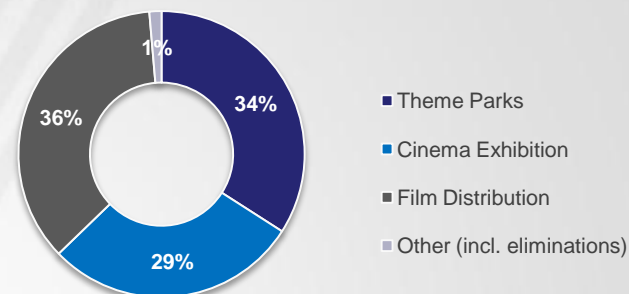
- **Challenging conditions** faced in the first half
 - Australian Theme Parks impacted by **extremely wet weather in critical holiday period**
 - **Timing of blockbuster film releases**, weighted heavily to second half
- Relative to adverse conditions, **achieved a solid first half attributable net profit of \$13.3 million**
- Progressing well with the **building blocks for future growth**
- **Continued commitment to shareholder returns**
 - Special dividend of 15 cents per share paid July 2014 (fully-franked)
 - Final dividend of 14 cents per share paid October 2014 (fully-franked)
 - **Declared interim dividend of 14c per share**, payable April 2015 (fully-franked)
 - **Intention to pay a fully-franked special dividend** of 10 cents per share during FY2016, dependent on available franking credits, capital commitments and business conditions at the time

VRL GROUP – H1 2015 vs. H1 2014

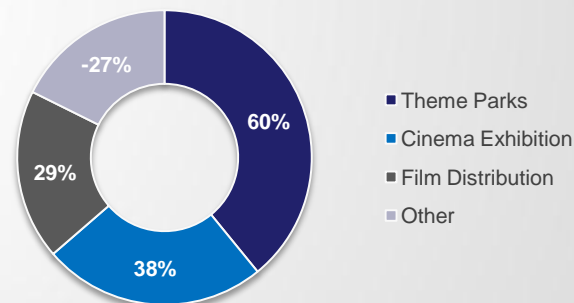
Group Results - \$m	H1 2015	H1 2014
Income¹		
Theme Parks	164.3	174.3
Cinema Exhibition	138.3	137.9
Film Distribution	172.2	180.2
Other (including eliminations)	5.3	(4.0)
Total Income	480.1	488.4
EBITDA		
Theme Parks	41.8	45.1
Cinema Exhibition	26.2	28.3
Film Distribution	20.0	23.4
Other	(18.9)	(15.3)
Total EBITDA	69.2	81.5

1. Excludes interest income.

H1 FY15 Income by division



H1 FY15 EBITDA by division



VRL GROUP

Operating Cashflow - \$m	H1 2015	H1 2014
EBITDA	69.2	81.5
Change in working capital	(6.0)	(7.5)
Interest / tax	(26.2)	(28.8)
Operating cash flow	37.0	45.2
Capital expenditure	(36.0)	(115.0)
Free cash flow	1.0	(69.8)

Operating Cashflow by division - \$m					
H1 FY2015	Theme Parks	Cinema Exhibition	Film Distribution	Corporate & Other	Total
EBITDA	41.8	26.2	20.0	(18.9)	69.2
Change in working capital	8.5	(1.6)	(2.6)	(10.3)	(6.0)
Interest / tax	(8.4)	(2.0)	(1.4)	(14.4)	(26.2)
Operating cash flow	41.9	22.6	16.0	(43.6)	37.0
Capital expenditure ¹	(25.9)	(5.0)	(1.2)	(3.9)	(36.0)
Free cash flow	16.0	17.6	14.8	(47.5)	1.0

1. Capital expenditure:

- Theme Parks – Gold Coast; New Australian Outback Spectacular show “*High Country Legends*”, new Junior attractions and refurbishments at Sea World Resort, Sydney; Website enhancements, IT remedial work and new Nickelodeon children’s attraction.
- Cinema Exhibition – Mainly attributable to cinema upgrades.
- Corporate and Other – Primarily relates to IT projects and upgrades to hardware and software.

VRL GROUP

Group Debt			
On Balance Sheet	Facility Expiry Calendar Year	Total Debt Drawn	Total Debt Drawn
		31-Dec-14	31-Dec-13
		\$m	\$m
Theme Parks – Australia	2nd half 2018	262.3	272.6
Theme Parks – USA	1st half 2020	10.2	9.8
Cinema Exhibition – Australia	2nd half 2017	66.8	66.6
Film Distribution	2nd half 2017	79.1	78.8
Corporate – Cash Advance Facility ¹	1st half 2017	-	-
Other ²	2nd half 2017	82.9	58.7
Total on Balance Sheet Debt		501.3	486.5
Cash on Hand		(97.1)	(139.9)
Net debt on Balance Sheet		404.2	346.6

For the Half-Year ended 31 December 2014	Net Debt / EBITDA	EBITDA / Net Interest
	(Times)	(Times)
Theme Parks – Australia	3.2	5.0
Cinema Exhibition – Australia	0.9	12.2
Film Distribution	1.5	14.4
Total VRL Group	2.9	5.2

1: This \$100m facility is undrawn at 31 December 2014. Note – There are currently also other undrawn debt facilities of approximately \$70m.

2: Facility secured against Film Distribution and Cinema Exhibition Divisional assets.

THEME PARKS



VILLAGE ROADSHOW LIMITED

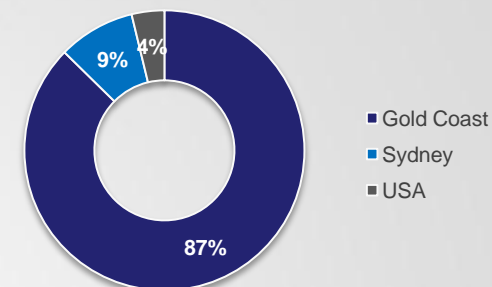
THEME PARKS

Half-Year Results Summary - \$m		Gold Coast		Sydney		USA ¹	
Division		H1 2015	H1 2014	H1 2015	H1 2014	H1 2015	H1 2014
Total Income		143.6	145.7	14.6	10.3	6.2	18.3
Total Expenses		(108.2)	(107.3)	(10.6)	(9.7)	(3.8)	(12.2)
EBITDA		35.4	38.4	4.0	0.6	2.4	6.1
Depreciation & Amortisation		(19.7)	(19.4)	(3.0)	(0.3)	(0.8)	(2.5)
EBIT		15.7	19.0	1.0	0.3	1.6	3.6
Interest expense (net)		(6.4)	(7.4)	(1.4)	0.0	(0.6)	(1.7)
Net profit before tax		9.3	11.6	(0.4)	0.3	1.0	1.9
Non-Controlling interests*		-	-	-	-	(0.5)	(0.9)
Net profit before tax after non-controlling interests		9.3	11.6	(0.4)	0.3	0.5	1.0
Total Attendance (m)		2.7	2.7	0.3	0.2	0.2	0.5
Total Capex		17.7	12.8	8.0	76.5	0.2	4.8

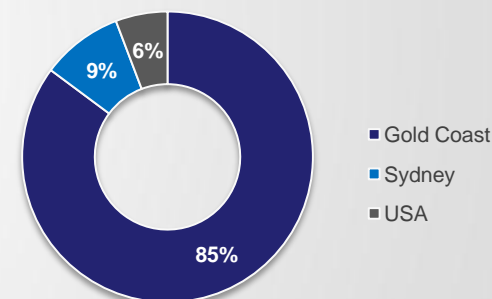
Notes:

1. USA H1 2014 includes Wet'n'Wild Hawaii and Phoenix.
* Non-Controlling interest in Wet'n'Wild Las Vegas of 49.24%.

H1 FY15 Theme Park Income by Location



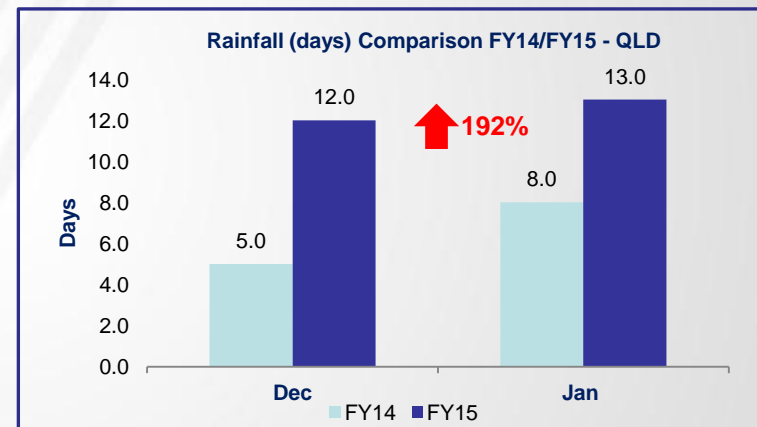
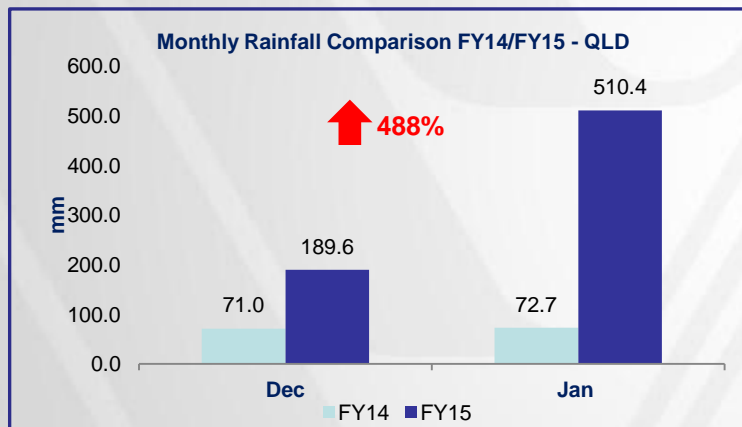
H1 FY15 Theme Park EBITDA by Location



- Projected Theme Parks' division Full Year 2015 EBITDA reduced by an estimated **\$7 million to \$10 million**, due to first half performance and impact of adverse weather during the peak holiday season

THEME PARKS – GOLD COAST

- **Promising start to the first quarter**, trading in line with previous year
- **Launched new exciting junior attractions**, Wet'n'Wild Junior and Warner Bros. Junior Driving School
- Second quarter significantly hampered by **record rainfall during critical holiday season**
- **Admissions in the first half held steady** compared to the prior year corresponding period, despite the impact of bad weather



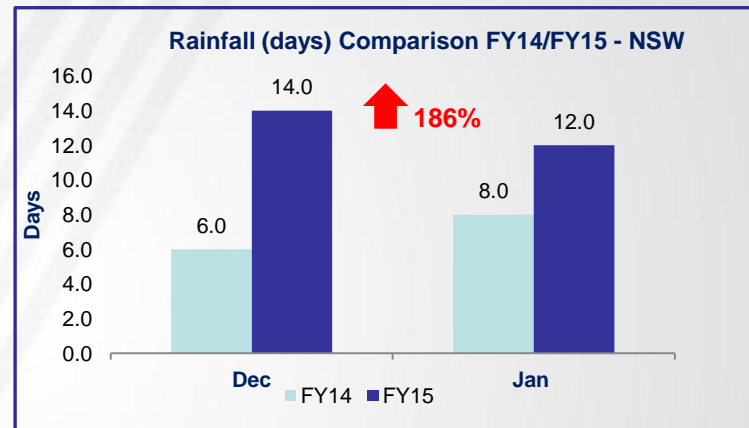
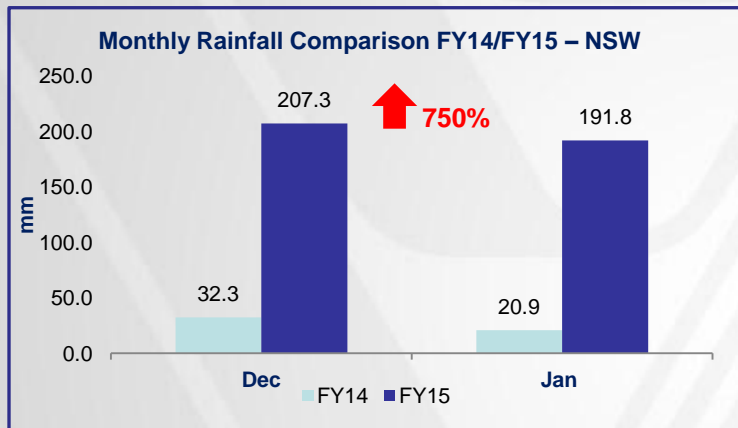
THEME PARKS – GOLD COAST

- **Sea World Resort continues to perform well** and will be enhanced by the new Convention Centre scheduled to open in June 2015
- The exciting new Australian Outback Spectacular show **'High Country Legends'** opened to rave reviews in December and will help support growth in earnings
- The new Disney production from the **Pirates of the Caribbean** franchise, to be filmed at Village Roadshow Studios, this will be the **biggest production in the Studio's history**



THEME PARKS – SYDNEY

- Successful completion of various **technical and website improvements** during the off season
- Launch of a new **Nickelodeon children's attraction** in September 2014
- **Extremely poor weather conditions** hit Sydney during late November and December and continued throughout January



- Through a blend of season pass and one day ticket sales, combined with price increases, **expected to limit the negative impact on ticket sale revenue to circa 10% year on year**
- Focus turns to the remaining months of the season to regain as much as possible, with new **innovative promotional ticketing options on offer**
- Performance during the forthcoming **Easter holiday period is critical to full year earnings projections**

THEME PARKS – LAS VEGAS

- As anticipated, the 'Curiosity Factor' associated with the opening of a competitor water park, **adversely impacted results relative to the prior year**
- **Achieved healthy visitations** driven mainly by competitive pricing, this has however resulted in an overall reduced yield
- **Expect some recovery** when the park reopens in April 2015, **through initiatives** with an emphasis on season pass sales and aggressive casino promotional campaigns, **to help solidify market share**



THEME PARKS – SOUTH EAST ASIA and CHINA

- VRL's China & South East Asia strategy continues its **positive forward momentum**
- **Multiple dynamic opportunities being assessed**, but will never put “the ship” at risk
- The formula for success remains:
 - Leveraging VRL's **proven expertise**
 - Carefully choosing **key partners**
 - Making **prudent investment** decisions
- **Considerable management effort being invested** in analysing, researching, conducting field trips, holding discussions with investors and partners, and most importantly **building strong relationships of trust**
- **Asian head office in Hong Kong has been established** (Asia development net costs estimated at \$4m - \$5m in FY2015)
- **Hainan Island Marine Park and Water Park continues to progress**, however delays encountered in the construction of essential infrastructure, roads and primary services, which is beyond the control of R&F Ocean Paradise Development Co. Ltd., will likely push out the opening date and unlikely to open before FY2017



Hainan Island Marine & Water Park
(R&F Ocean Paradise Development Co. Ltd)

THEME PARKS – SOUTH EAST ASIA and CHINA

Steady Progress in FY2015

Key Opportunities Update:

- CITIC Trust Co. Ltd. (subsidiary of CITIC Group)
 - One of China's largest finance conglomerates
 - Close to finalisation of formal legal documents
 - Project teams containing representatives of VRL and CITIC have been established and have commenced preliminary investigation and analysis of potential opportunities
- SeaWorld Parks and Entertainment Collaboration
 - Preliminary site investigations and visits have taken place in China, South Korea and Malaysia
 - The cooperation model has been agreed, with VRL to be the primary point of contact and operator throughout China and South East Asia

Other Continuing Opportunities:

- Guangxi Longxianggu Investment Co. / Mission Hills China – Water Park opportunity in Guangxi Province
- China Studio Theme Parks Investment Ltd. – Destination Theme Park opportunity in Guangdong Province
- Sunway Group Malaysia – Hybrid Sea World Marine/Ride Park in Johor Bahru

CINEMA EXHIBITION



VILLAGE ROADSHOW LIMITED

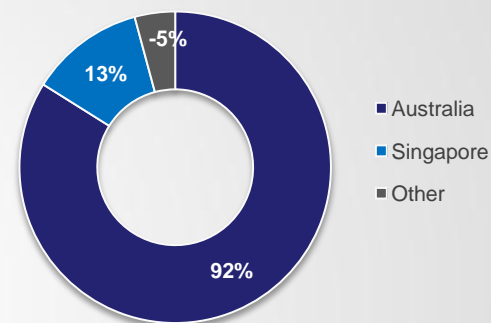
CINEMA EXHIBITION

Half-Year Results Summary - \$m	H1 2015	H1 2014
Total Income – Australia	132.6	131.7
Total Expenses – Australia	(108.6)	(106.3)
EBITDA – Australia	24.0	25.4
EBITDA – Singapore ¹	3.4	3.7
EBITDA – Other ²	(1.2)	(0.8)
Total EBITDA	26.2	28.3
Depreciation & Amortisation	(7.3)	(7.4)
EBIT	18.9	20.9
Interest expense (net)	(2.0)	(2.2)
Net profit before tax	16.9	18.7
Total Admissions – Australia (m)	12.2	12.5
Total Capex (A\$m)	5.0	6.4

Notes:

1. Represents 50% equity accounted share of Singapore results.
2. Cinema Exhibition-Other includes, Intensity, Belfast and iPic Theaters (30% owned).

H1 FY15 Cinema Exhibition EBITDA by Location



CINEMA EXHIBITION - AUSTRALIA

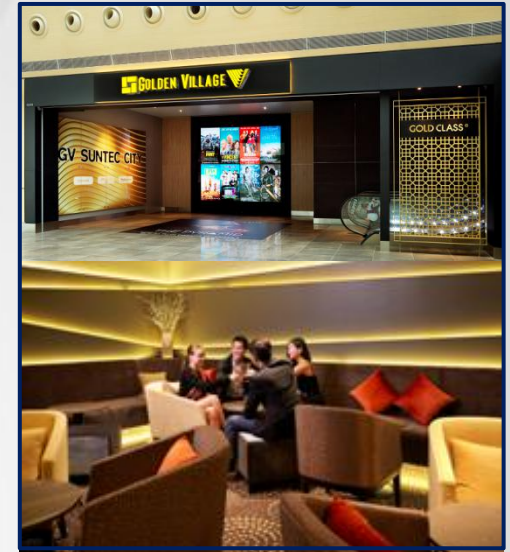
- **Achieved a solid EBITDA of \$26.2 million** despite lower industry box office in the first half
- **Best performing titles in the first half included:** *Guardians of the Galaxy, The Hundred Foot Journey, Gone Girl, The Hunger Games: Mockingjay Part 1, The Hobbit – Battle of the Five Armies, Night at the Museum – Secret of the Tomb, The Water Diviner* and *Big Hero 6*
- **Average ticket price and spend per person have increased over the prior** period through the continued roll out of Gold Class and **Vmax** premium offerings
- With a plethora of very strong titles being released from December 2014, **achieved a record holiday season to the end of January**
- Extremely strong film slate for the rest of the year **positions VRL well for another record full year result**
- **Powerful H2 film slate includes:** *The Imitation Game, American Sniper, Paper Planes, 50 Shades of Grey, The Second Best Exotic Marigold Hotel, Jurassic World, The Avengers: Age of Ultron* and *Mad Max: Fury Road*
- **Committed to the continued investment in emerging population growth corridors**, including following new sites:

Location	Total screens	Vmax	Gold Class
Miranda, Sydney	10	2	2
Springfield, Brisbane	8	2	2
North Lakes, Brisbane	9	2	2
Palmerston, Darwin	6	2	-
Glenelg, Adelaide	6	-	-
Westfield Plenty Valley, Melbourne	9	2	3
TOTAL	48	10	9

CINEMA EXHIBITION - INTERNATIONAL

SINGAPORE

- Continues to perform very well and remains **market leader with a 43% market share**
- **Trading in H1 was marginally down** in comparison to the prior period, mainly due to **timing of film releases being weighted to the second half**
- **Suntec City opened successfully** in November, 2014, with an impressive 11 screens, incorporating IMAX and Gold Class premium offerings in a prominent downtown location and is performing very well



USA

- **iPic Gold Class USA is progressing well with its targeted critical mass of sites.** H1 FY2015 saw the opening of Pike and Rose, Maryland in November 2014, taking the total number of sites to 11
- **Two new sites currently under construction in North Miami and Houston,** planned to be opened in late 2015

OTHER

- **The exit of Belfast is still planned but unlikely in FY2015,** with an estimated full year earnings impact of approximately \$3 million in operating losses

FILM DISTRIBUTION



VILLAGE ROADSHOW LIMITED

FILM DISTRIBUTION

Half-Year Results Summary - \$m	H1 2015	H1 2014
Total Income	172.2	180.2
Total Expenses	(152.2)	(156.8)
EBITDA	20.0	23.4
Depreciation & Amortisation	(1.5)	(1.7)
EBIT	18.5	21.7
Interest expense (net)	(1.4)	(1.9)
Net profit before tax	17.1	19.8
Total Capex	1.2	1.0

FILM DISTRIBUTION

- Roadshow Films continues to be the **number one independent distributor in Australia**
- **The first half of FY2015 has been challenging**, primarily driven by underperformance of theatrical releases
- **The second half line-up is looking very strong** with film releases including: *The Imitation Game*, *Paper Planes*, *American Sniper*, *Mad Max: Fury Road* and *San Andreas*
- VRL has been **proactive in pursuing growth opportunities** to enhance performance and broaden the diversity of earnings options of the Film Distribution division through:
 - **The acquisition of 31.03% equity share in FilmNation Entertainment**, a US-based international film sales and distribution company
 - **A substantial strategic distribution deal with Warner Bros.** for licensing of Warner Bros. content in Australia and New Zealand, earnings growth expected in 2016 and beyond
 - **Exciting new licensing agreements** with Channel 9's new world class Subscription Video on Demand platform, **'Stan'** and a multi-year content licensing agreement with **Netflix**
- **Content ownership is the linch pin for success**, as new digital platforms emerge and digital sector continues its rapid growth in Australia
- With an impressive growing film and TV content library, **Roadshow Films is placed extremely well for future growth**



2015

VILLAGE ROADSHOW LIMITED
FIRST HALF RESULTS PRESENTATION

FILM PRODUCTION

**MAD
MAX
FURY ROAD**



VILLAGE ROADSHOW LIMITED

FILM PRODUCTION

Village Roadshow Pictures (VRP)

- VRP has **released 82 films** from its inception through December 2014
- **Released five films from July 2014 to January 2015:** *Into the Storm*, *The Equalizer*, *The Judge*, *Annie*, and *American Sniper*
- VRP's **goal of 8-12 film releases per year is on track**, with 8 films being released in FY2015 and an additional 3 films being released in first half of FY2016
- VRP **extended its Warner Bros. co-production and co-finance agreement** incorporating the ability to invest in **global film rights** and also entered into an additional **global co-production and co-finance agreement with Sony Pictures Entertainment**
- **Upcoming releases:**
 - *Jupiter Ascending* (3D) – Warner Bros. – Channing Tatum, Mila Kunis
 - *Mad Max: Fury Road* (3D) – Warner Bros. – Tom Hardy, Charlize Theron, directed by George Miller
 - *San Andreas* (3D) – Warner Bros. – Dwayne Johnson. Shot in Australia
 - *Goosebumps* – Sony – Jack Black
 - *In the Heart of the Sea* – Warner Bros. – Chris Hemsworth, directed by Ron Howard
 - *Concussion* – Sony – Will Smith



Village Roadshow Pictures Asia (VRP Asia)

- **Upcoming releases include:** *Zhong Kui: Snow Girl* and *The Dark Crystal*, *Mountain Cry* and *Hide & Seek*
- **Creating a valuable portfolio of films** and solidifying VRP Asia's presence in this region

FILM PRODUCTION

Equity Structure

- Equity structure, VRL ownership
 - 47.1% of ordinary equity
 - US\$136m redeemable non-voting shares
- Subject 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
 - Book value of asset is nil due to equity accounting
- Level of bank debt drawn US\$345 million from a US\$770 million facility



EDGE LOYALTY

EDGE LOYALTY



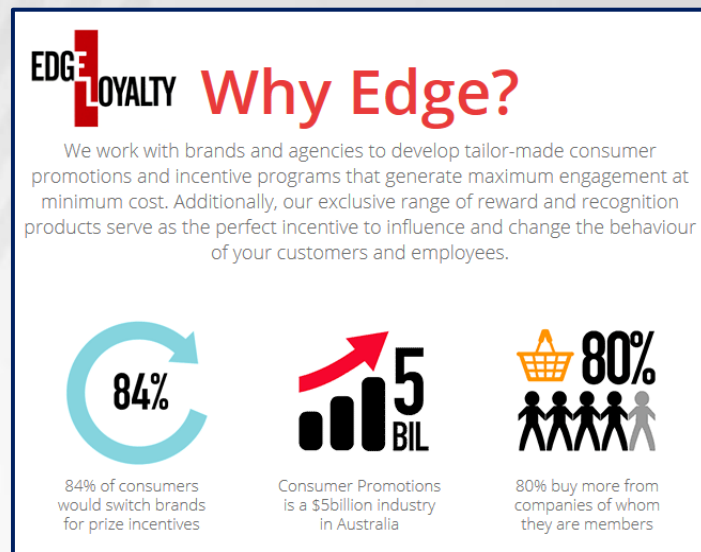
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VILLAGE ROADSHOW LIMITED

EDGE LOYALTY

- Continues to go from strength to strength, **delivering H1 FY2015 EBITDA growth of 50%**
- Consolidating its **market leading position** in one of the fastest growing segments (gift cards)
- The acquisition of PrimeFocus** in November 2014 will:
 - Enhance competitiveness** and ability to innovate
 - Drive additional earnings and synergies** and has substantial future growth potential in Australia and overseas
- Set to deliver a record full year result**
- The Edge Loyalty division is lead by a young, highly motivated, energetic and entrepreneurial team, and will continue to be active in **seeking further growth opportunities domestically and overseas**



Note: The revenues and costs of the Edge Loyalty division are included in the group segment Corporate and Other (see slide 29).

CORPORATE



VILLAGE ROADSHOW LIMITED

CORPORATE & OTHER

Half-Year Results Summary - \$m	H1 2015	H1 2014
Corporate	(16.3)	(15.1)
Edge Loyalty	1.3	0.8
Digital Development	(1.5)	(0.6)
Asia Development	(2.4)	(0.4)
Total EBITDA	(18.9)	(15.3)
Depreciation & Amortisation	(0.9)	(0.9)
Net Interest income / (expense) ¹	(1.6)	0.5
Net profit before tax	(21.4)	(15.7)
Total Capex	3.9	13.5

Notes:

1. \$2.1 million reduction in net interest is mainly due to impact of recent Special Dividends and Distributions.

DIGITAL DEVELOPMENT

- First half costs in line with expectations
- Development work will continue in H2 with a focus on enhancing websites, customer data collection and analytics
- Flow on benefits expected to generate accretive returns in the medium term

ASIA DEVELOPMENT

- Development work is progressing in China and South East Asia, with the opening of the Hong Kong office during the first half
- Continued progression of existing projects and assessment of new proposals
- Costs in line with the level previously advised (\$4m - \$5m)

VRL GROUP SUMMARY

FINANCIAL RESULTS

- Relative to adverse conditions, **achieved a solid FY2015 first half**
- Estimated full year FY2015 attributable NPAT in the range of **\$46 million to \$52 million**

BUILDING BLOCKS OF FUTURE GROWTH

- **China and South East Asia** progressing steadily
- New cinema developments in **population growth corridors** and continued **expansion of VRL's lucrative Gold Class and Vmax** premium offerings
- **iPic Gold Class** USA is **progressing well** towards its targeted critical mass of sites
- Capitalising on **emerging digital opportunities** through new agreements and acquisitions
- **FilmNation** partnership
- **Edge Loyalty** at the beginning of an expected **steep growth curve**

SHAREHOLDER RETURNS

- Special dividend of 15 cents per share paid July 2014 (fully-franked) and final dividend of 14 cents per share paid October 2014 (fully-franked)
- **Declared interim dividend of 14c per share**, payable April 2015 (fully-franked)
- **Intention to pay a fully-franked special dividend** of 10 cents per share during FY2016, dependent on available franking credits, capital commitments and business conditions at the 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 reviewed financial statements

Included in the Half-Year Financial Report (page 4) is a Reconciliation of Results which provides further detail on the Non-IFRS financial information contained in this presentation.



VILLAGE ROADSHOW LIMITED