

VILLAGE ROADSHOW LIMITED

# Strategy Update

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VILLAGE ROADSHOW



VILLAGE ROADSHOW



## The Experience Economy

The world-wide phenomenon of people increasingly seeking experiences more than 'things' – the human propensity for going out!



Trend plays to the strength of VRL's experience and portfolio of assets



# Gold Coast Theme Parks

## Theme park market significantly different before Dreamworld tragedy



Price war



Volume strategy



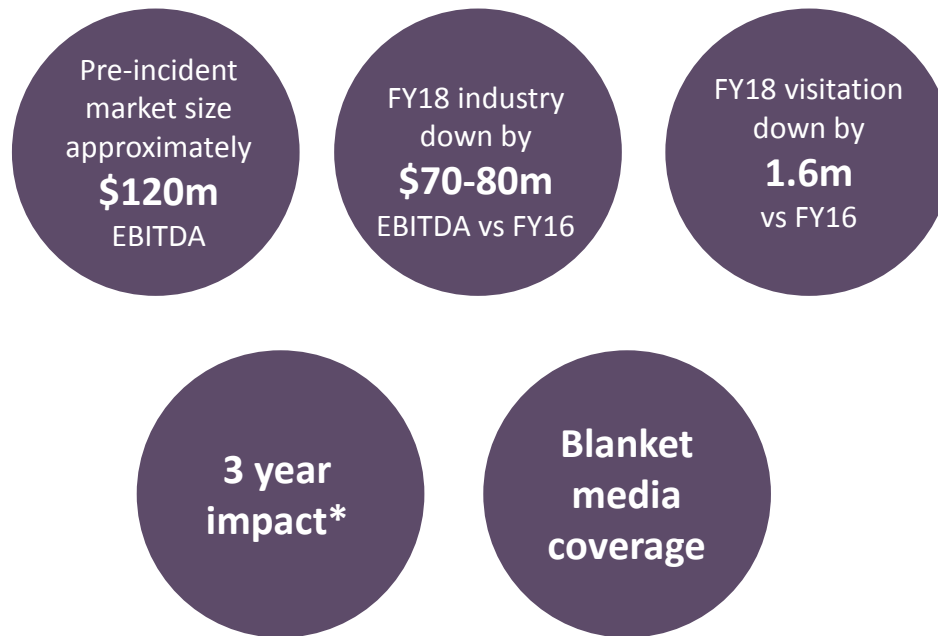
Regular,  
capital-intensive  
investment



VRTP parks not  
distinguished  
from other SE Qld  
brands



## The Gold Coast market was heavily impacted by Dreamworld tragedy



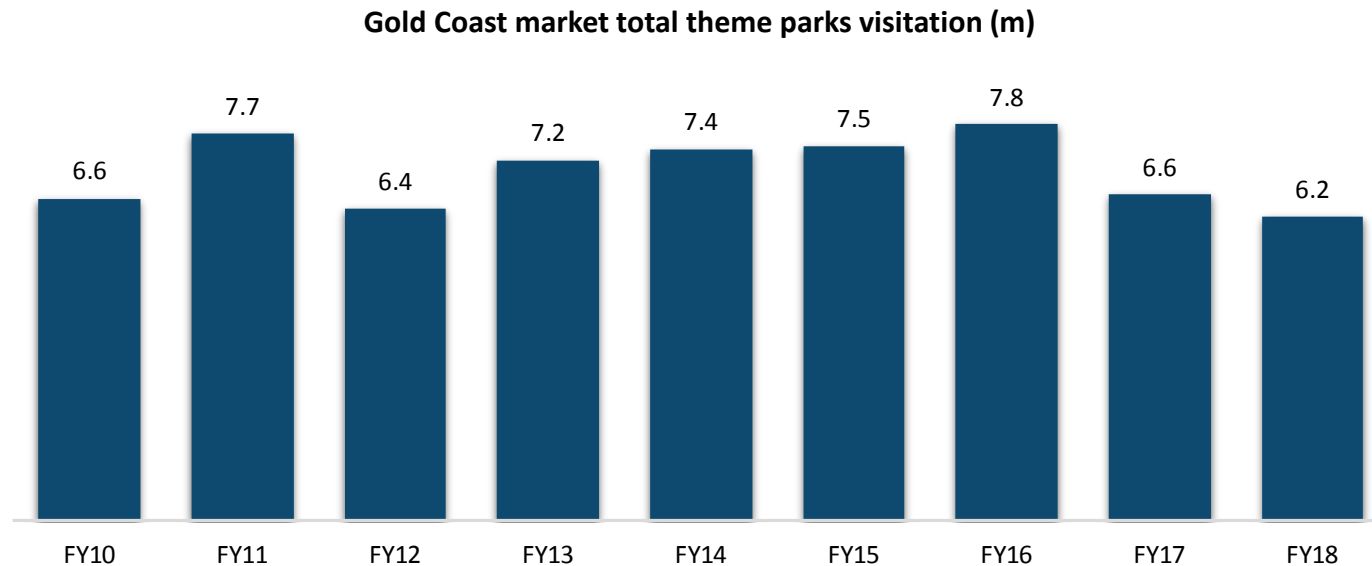
Source: Ardent Leisure Group and Village Roadshow Limited ASX releases.

\*Expected based on international examples.



# The Gold Coast theme park market has changed

Visitation declined ~20%, or 1.6m visits since FY16 peak

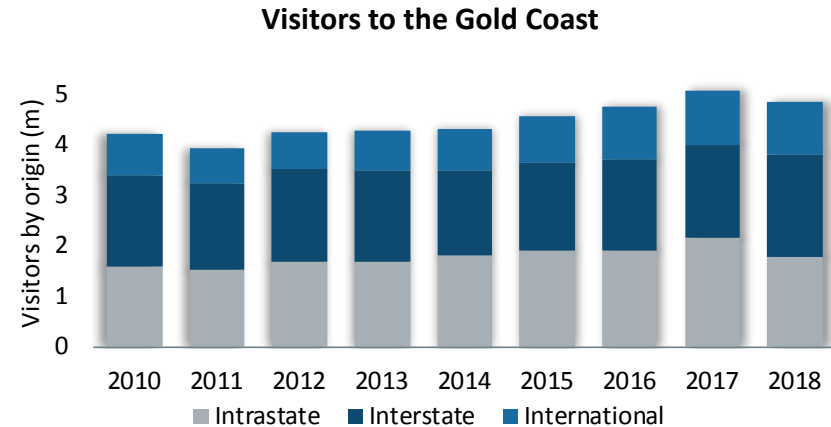
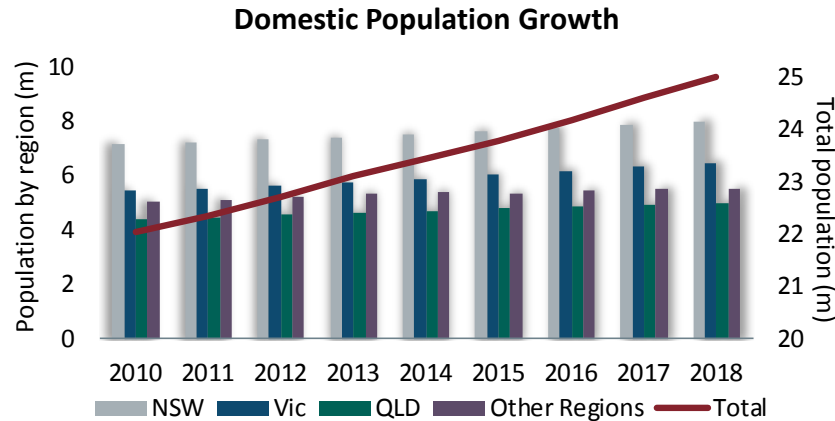


Source: Ardent Leisure Group and Village Roadshow Limited ASX releases.

Note: VRL attendance includes Warner Bros. Movie World, Sea World, Wet'n'Wild Gold Coast, Paradise Country and Australian Outback Spectacular.



# Gold Coast population and tourism has been steadily increasing

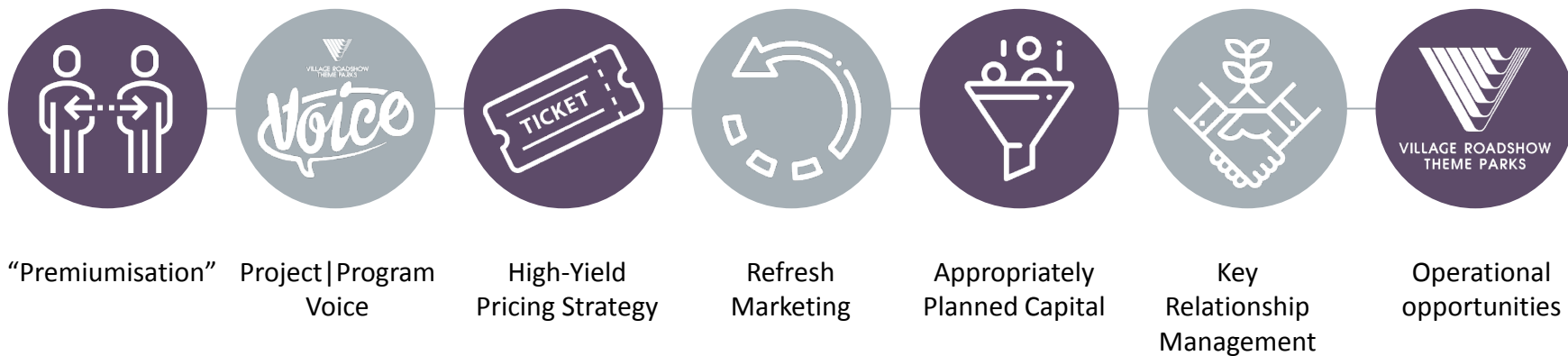


- Domestic visitors core to VRTP success – strong Queensland and Australia population growth represents strong upside potential for VRTP
- Increasing popularity of the Gold Coast for Queensland, interstate and international visitors supports theme park growth, with VRTP parks a key attraction in south-east Queensland

Source: Australian Bureau of Statistics, Tourism & Events Queensland.



# VRTP strategy for growth

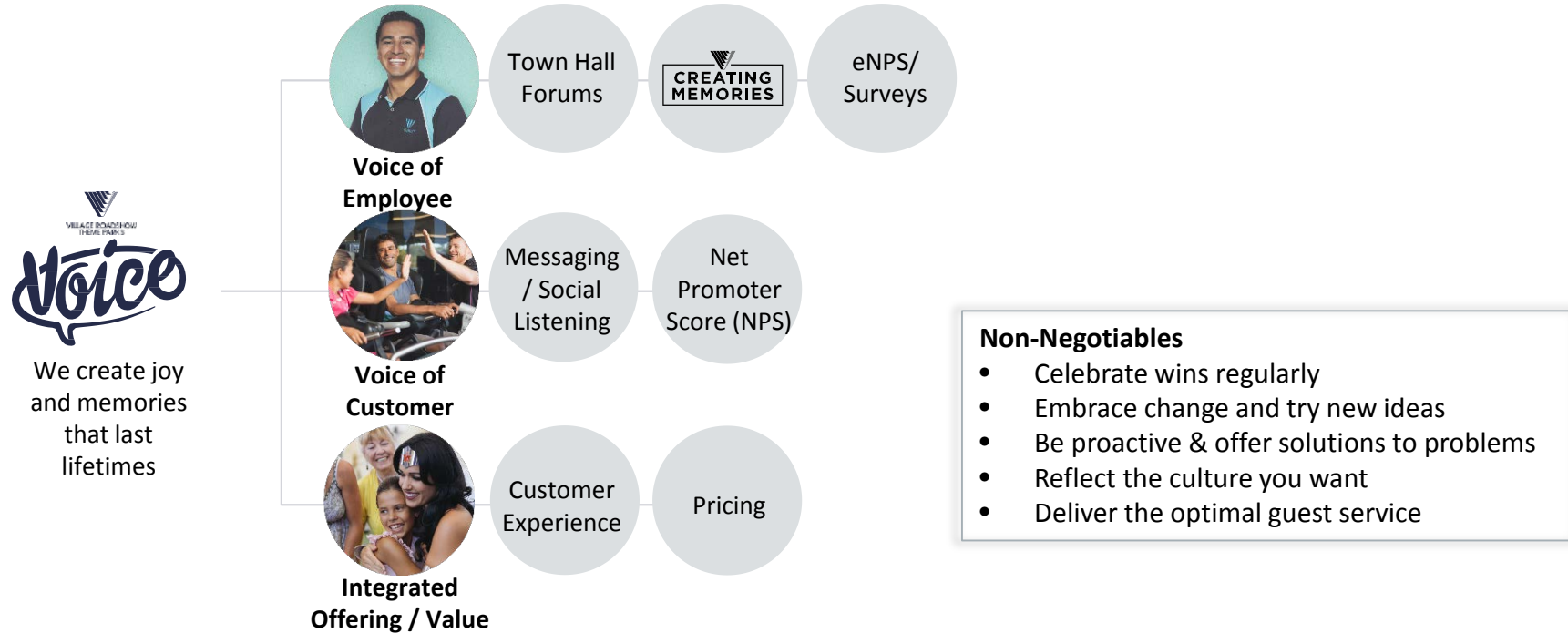




## “Premiumising” VRTP brands



## Focus on guest satisfaction has improved NPS, and supported new pricing strategy



## Delivering value for locals

Best price guarantee delivers value for locals, direct through VRTP channels



Direct Mail

Digital  
Distribution

VRL Strategy Update

Normally \$199. Locals Special \$139.



A GIFT TO YOU

Best price guarantee - Locals save 30%

Dear **First Name**,

We're proud to be an integral part of the Gold Coast and we'd like to recognise you, our loyal locals. We would like to offer you the opportunity to secure our all new Village Roadshow One Pass now for the **best price guarantee**, plus you will receive a **\$10 gift card** for every pass purchased.

Purchase the all new Village Roadshow One Pass now for the locals special price of only **\$139, saving you 30%** and receive:



From first visit



Entry to 4 parks



1 free entry \$40 value!



1 free entry \$40 value!



In park benefits

For every Village Roadshow One Pass purchase you will also receive a \$10 Village Roadshow Theme Parks gift card credit. For example, purchase 4 passes and get \$40 worth of gift card credit to use at our theme parks.

To take advantage of this limited time only offer\*, go to [themeparks.com.au](http://themeparks.com.au) and buy a Village Roadshow One Pass then call 13 33 86.

Within 48 hours a \$10 credit for every Pass purchased will be loaded onto the attached card and ready to use.

With a huge line up of new attractions coming in 2018, now is the best time to lock-in your year of priceless memories and adventures.

We hope to see you in park soon.

Warm regards,

A handwritten signature in blue ink.

Clark Kirby, CEO  
Village Roadshow Theme Parks





























\*Offer valid until 30 June 2018

This Gift Card is currently not loaded with credit. Redemption of credit is required by calling 133 386 with the purchase of a new Village Roadshow One Pass. VRTP Gift Cards can be used in park for food and beverage, retail and can even be used towards additional experiences like Sea World Animal Adventures, Sea World Resort accommodation and Australian Outback Spectacular by calling 133 386.



# New higher-yield ticket prices better reflect the outstanding experience delivered



Single Day Pass	1 day 1 park	 HOLLYWOOD ON THE GOLD COAST.	\$95
		 GOLD COAST AUSTRALIA	\$85
			\$79
			\$39
Village Multi-Day Tickets	3 Day Pass	 HOLLYWOOD ON THE GOLD COAST.  GOLD COAST AUSTRALIA 	\$129
	7 Day Super Pass	 HOLLYWOOD ON THE GOLD COAST.  GOLD COAST AUSTRALIA 	\$159
	14 Day Mega Pass	 HOLLYWOOD ON THE GOLD COAST.  GOLD COAST AUSTRALIA  	\$189
Village One Pass	Annual Pass	 HOLLYWOOD ON THE GOLD COAST.  GOLD COAST AUSTRALIA    	\$215
	Locals Pass	 HOLLYWOOD ON THE GOLD COAST.  GOLD COAST AUSTRALIA    	\$149







## VRTP represents an exceptional value offering

 <b>VILLAGE ROADSHOW THEME PARKS</b>   <small>HOLLYWOOD ON THE GOLD COAST</small>   <b>PARADISE COUNTRY</b>	<b>Ardent Leisure</b> Dreamworld Whitewater World Skypoint	<b>Australia Zoo</b>	<b>Currumbin Wildlife Sanctuary</b>	<b>Other</b> Sporting events Cinemas Music Festivals
<b>\$149</b> <b>Unlimited 12 Months</b>  <b>Up to \$95</b> <b>Single Day</b>	<b>\$129</b> <b>12 Months</b>  <b>\$85</b> <b>Single Day</b>	<b>\$109</b> <b>12 Months</b>  <b>\$61</b> <b>Single Day</b>	<b>\$75</b> <b>12 Months</b>  <b>\$49.95</b> <b>Single Day</b>	

Source: Company websites.





## Differentiation and Project/Program Voice actions supported high-yield ticket price strategy

**New Village  
Roadshow  
One Pass**

Higher price supported by  
'Premium Brand' campaign,  
using a "Best Price  
Guarantee" only available  
via direct channels

**Appropriate  
regular price  
increases**

Superior experience and  
new attractions support  
annual price increases which  
reflect CPI related increases  
to running costs

**Higher ticket  
yield & now  
driving  
volume**

Higher yield driving results.  
Focus on increasing ticket  
volumes to drive growth



## Ticket sales returning towards FY16 levels, the mix has changed

- Core Queensland market significantly impacted by the Dreamworld tragedy, but has recently shown volume recovery, with the trend continuing into FY19
  - December 2018 and January 2019 saw record attendance by the local market
- Interstate and New Zealand ticket sales still tracking below FY16, with an opportunity to recover further volume
- International ticket sales tracking largely in line with FY16, but with greater representation by Asian tourists





## **New Creative Campaign**

Introduction of a new retail campaign focusing on all the different 'Feels' guests can have across the VRTP Parks



## **Focus on Guest Experience**

From pre-planning, through to ticket purchase, in-park and beyond, Guest Experience at heart of VRTP's marketing



## **Personalisation by Segment**

Development and targeting of marketing personas with personalised content, enabled by new websites



## **Ambassadors & Partnerships**

New focus on key sporting teams across multiple codes and Brand Ambassadors like Sally Pearson to increase reach and sales



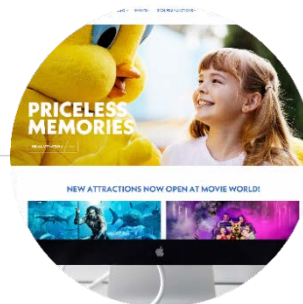


## ...and has seen a large program of initiatives



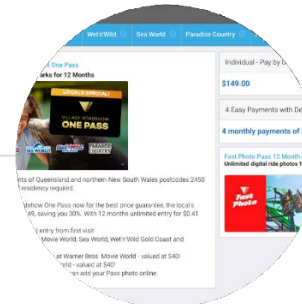
### Social Media Focus

Refreshed approach to social media, using engaging owned content and influencer program



### Digital Update

Nine new mobile responsive sites focused on guest experience and enabling personalisation



### Accesso Ticketing

Best in class, universal platform, Theme Parks ticketing system with improved eCommerce functionality and incremental revenue through cross-sell and up-sell functionality



# Appropriately planned capital in FY19...“always something to talk about”



**Scooby Doo Spooky  
Coaster Next Generation**



**Aquaman The  
Exhibition**



**Batmobile**



**Cyborg  
in-park**



**AOS  
Heartland**



**Sea Jellies**



**Sky Flyer**



**Thunder Lake  
Stunt Show**



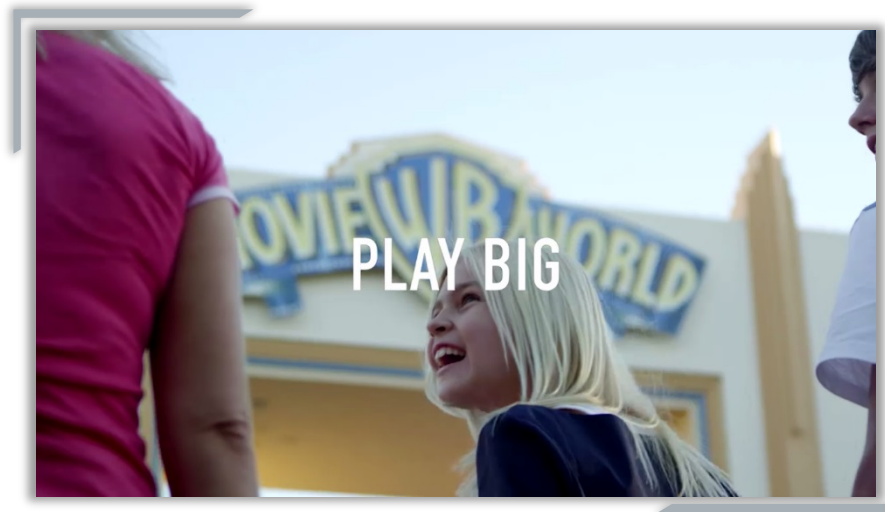
**Shaun  
The Sheep**





Strong relationships with governments, regulators, tourism agencies, education bodies and media provide further opportunities to develop and promote VRTP

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## Operational opportunities

- Strong performance on cost mitigation
- Lean, continuous improvement principles
- Focus on core business
- Right sized for today
- Flexible approach to upscale when necessary





# Cruises and Helicopters add to Sea World offering

## Sea World Helicopters



**10-year agreement with  
leading helicopter  
company, PHS**

## Sea World Cruises



**10-year agreement for  
whale watching upon the  
*Spirit of Migaloo II***



## 1H highlights demonstrate success at Gold Coast parks



- Record
  - Customer net promoter scores
  - Theme park ticket sales
  - Sea World Resort occupancy, average daily rate per room and revenue
  - Ticket sales through revitalised web platform
  - Events revenue
  - Deferred revenue
- Digital transformation has seen over 69% of ticket sales generated from VRTP channels (previously only 30%)
- The One Pass campaign drove a resurgence in the local market with all-time record Gold Coast attendances over peak period
- Salaries & Wages below prior year



### An incredible opportunity to round out the offering and establish Sea World as Australia's best Theme Park

- The Rejuvenation of Sea World represents the greatest immediate opportunity for VRTP
- Sea World remains a Family favourite and an icon of the Gold Coast however:
  - Attendances have decreased from a high of 1.9m in 2014 to approximately 1.4m in 2019
  - Average length of stay down from 6 hours to around 4 hours
- Lack of rides consistently appears in 'Voice of Customer' surveys
  - Thrill rides down from 7 in 2008 to 2 in 2019
- Voice of customer quotes:
  - *"Maybe add a new ride or two. Need more to make it a full day. Dolphins and seals cute though"*
  - *"Not enough thrill seeking rides, attractions, ....."*
  - *"No rides any more like the old days"*





# The New Atlantis





- Voice of Customer
  - *“Can’t wait for the Leviathan, as a kid watched movies from US of the old school wooden roller coasters by the sea. This will take Sea World to the next level and unrivalled as Australia’s best theme park”*
  - *“Hands down the best ever listening to what people want out in the theme parks...well played Sea World well played”*
  - *“Yay more thrill rides because Sea World lack this, it’s more for little ones at the moment. Great news”*

*“TONIGHT AT 7pm... we will be premiering a video called “Is Sea World about to become Australia’s best theme park?”.”*

ParkChatLIVE – Australian Theme Park Talk Show

***“Sea World’s New Atlantis will redefine Australian theme parks.***

*With three new major attractions on their way over the next 18 months to form The New Atlantis, Village Roadshow are seizing a unique moment in time to not just rejuvenate Sea World, but to set a new bar for Australian theme park attractions”*

Parkz, 28 May 2019



# FY20 marketing strategy revolves around packed event calendar



**Jun - Jul 2019**  
DC Super Heroes & Villains



**Oct 2019**  
Fright Nights



**Nov 2019**  
WB Showcase Launch



**Dec 2019**  
Tom & Jerry at Movie World



**Dec 2019**  
*The Vortex at Sea World*



**Dec 2019**  
Tassie Devils at Paradise Country



**Dec 2019**  
White Christmas



**Jan 2020**  
Sea World Carnivale



**April 2020**  
*The Trident at Sea World*

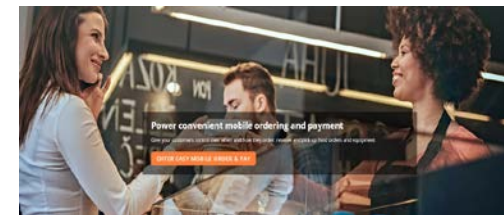
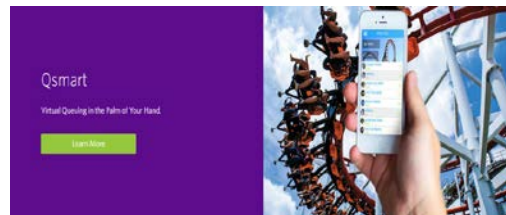


**Dec 2020**  
*Leviathan Wooden Coaster at Sea World*



# TE2 guest experience platform coming soon

- November 2019 Target Go Live – All Sites – All Modules
  - Pre, During & Post Visit Interaction
  - LoQueue Virtual Queuing Experience
  - Ticket stored on the App
  - Frictionless eCommerce
  - F&B ordering + Tokenised Wallet
  - Interactive Map
  - Better access to guest data
  - Guest Insights
  - Personalisation
  - User Messaging



## Beyond FY20, VRTP will build on solid foundations

Market down 1.6m attendances from pre-Dreamworld incident

Growing population & growing tourism influx

Continued focus on guest experience driving repeat visitation

Appropriately planned capital allocations, projected to be lower than historical levels

Dynamic and incredible marketing to showcase offering

F&B and Retail innovation strategy

Exceptional experience and marketing support new pricing structure with appropriate price increases

Sea World rejuvenation

Drive new in-park revenue-generating initiatives

Strong technology solution





- Potential additional accommodation/conference centre
  - Replicating proven success of Theme Park Hotels around the world
  - Building on existing world class hotel operational expertise
  - Leveraging unique assets on Oxenford site and proximity to Brisbane
  - Extraordinary opportunity to drive additional traffic to Oxenford offerings
  - Timing and VRL involvement still to be determined
- Spit Master Plan
  - Opportunity to leverage Government's planned revitalisation of one of the most iconic Gold Coast locations and drive significant attendance to Sea World
    - Improved transport and traffic flow
    - Upgraded pedestrian access and retail, dining and entertainment offerings





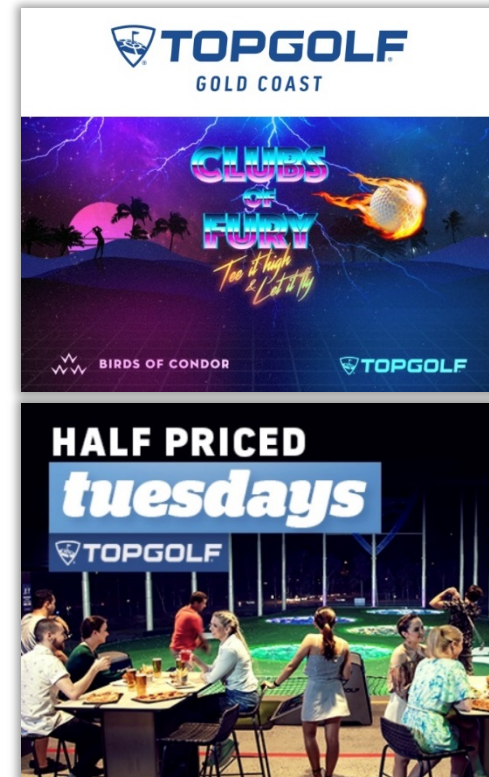
## Topgolf – refining the strategy

- Original strategy to test viability on Gold Coast
- However, disappointing 2H19 revenue due to lack of events which drive spend per visit, Australian wages higher than US and lack of understanding of concept by interstate and Brisbane markets
- Topgolf Gold Coast now expected to deliver FY19 EBITDA of \$3.0 - \$3.5 million
- Outstanding guest satisfaction as evidenced by net promotor score
- US Topgolf required two years to get business model right before expanding
- No further capital investment planned in the short term



# Topgolf – driving profitability

- Focus now
  - Marketing opportunities
    - Access marketing synergies with other VRTP parks
    - Increase brand awareness in Brisbane and NSW markets
  - Maximise opportunities with events market
  - Continue to drive sales initiatives – Trivia Nights, Half-Price Tuesday, Uni Nights, Match Nights, Pennant and Kids Academy
  - Further leverage theme parks sales, marketing initiatives and team
  - Full year of optimised labour mix and refined food and beverage offering
  - Refining service delivery to further offset impact of higher Australian wages
    - Introduction of tablets and/or call buttons
    - Introduction of online bookings





- Following difficult 2018 summer season, revamped strategy and senior management using experience from successful Gold Coast parks
- Early signs very encouraging with ticket sales and attendances up on prior year, combined with positive guest feedback
- Sale following successful 2019 summer season would be viewed favourably
  - However VRL's strengthened balance sheet and significantly reduced debt compared to recent years ensures any sale would be conducted in an orderly manner



## Asian Theme Parks – long-term projects

- Two key projects with management agreements in place
  - No VRL equity investment
  - Lionsgate Entertainment World, themed around successful movies and franchises such as *The Hunger Games*, *The Twilight Saga*, *Now You See Me* and the *Divergent* series expected to open in 1Q20, with Village Roadshow Theme Parks to manage the park
- Select number of opportunities remain in advanced discussion
  - Updates provided as and when these opportunities come to fruition
  - Management agreement focus, no material VRL investment



## Village Roadshow Theme Parks FY19 trading update and FY20 outlook

- Gold Coast theme parks attendance and EBITDA relatively even 1H19/2H19 split
  - Ticket sales at higher yield prices continued strongly, with increasing mix of Village One Pass – excellent long-term trend
  - AASB15 revenue recognition standard expected to have ~\$3 - \$8m negative impact on FY19 EBITDA relative to FY18
- FY20 expected to see continued growth in EBITDA from FY19, as the high-yield strategy continues, and projected small increase in attendance
- Long term success supported by appropriately planned FY20 and FY21 capital expenditure on attractions, plant integrity, animal welfare, guest experience, IT and more
  - FY20 capex planned to be modestly higher than FY19

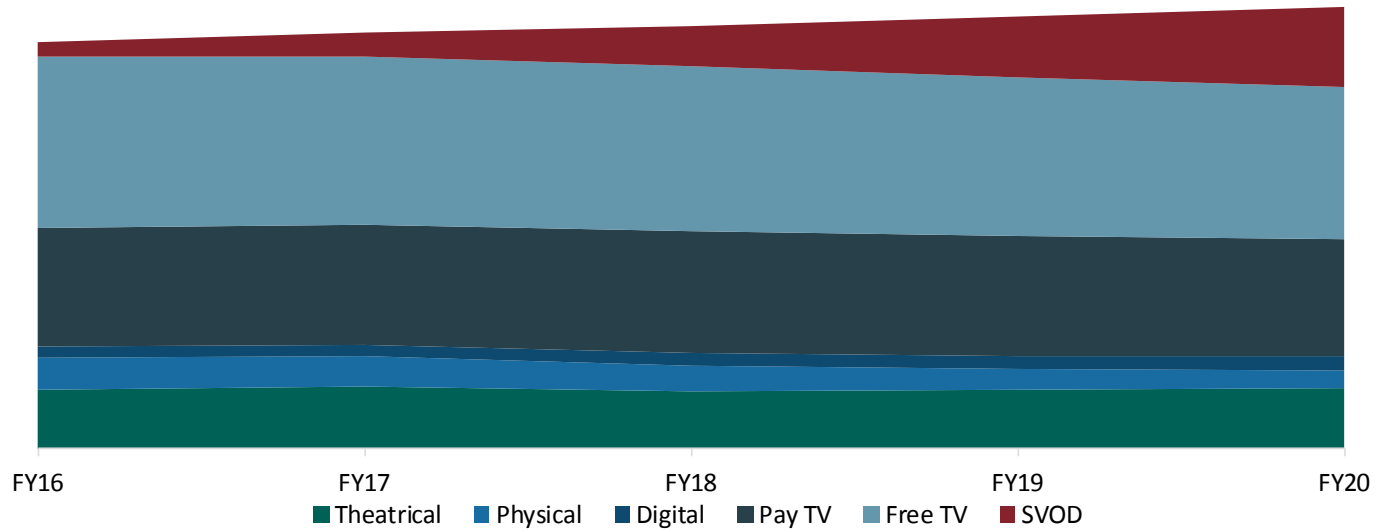




# Film Distribution

## Consumption of content is changing – opportunity and threat

Consumer spend – market



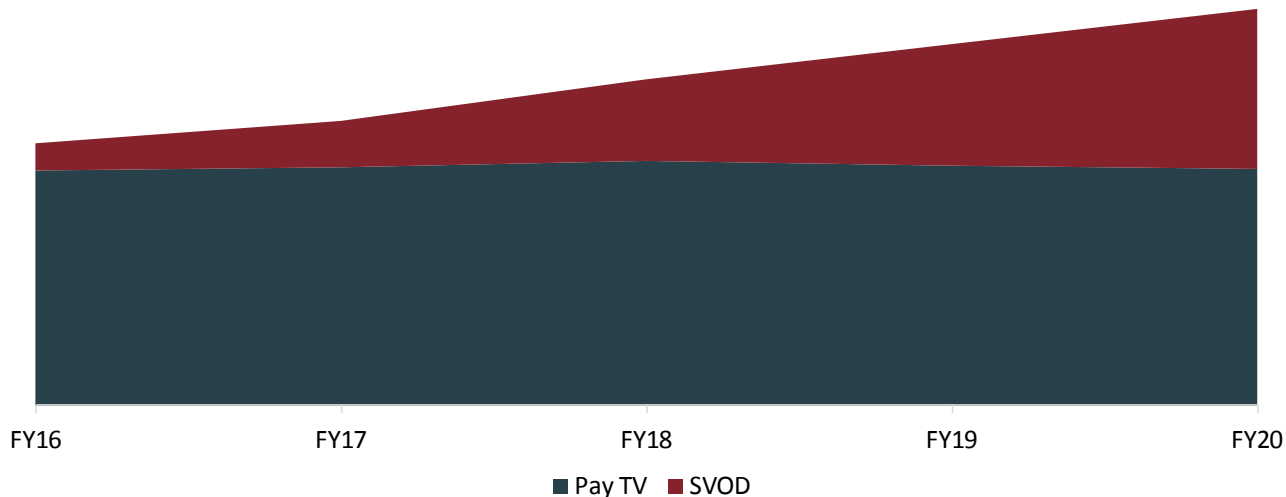
Sources: Numero, GFK data, IHS Markit, PWC, AHEDA, Telsyte and VRL estimates.



## Rise of SVOD changed the way home viewers consume content

SVOD quickly gaining traction, expected to continue in medium term

Consumer spend – pay TV & SVOD



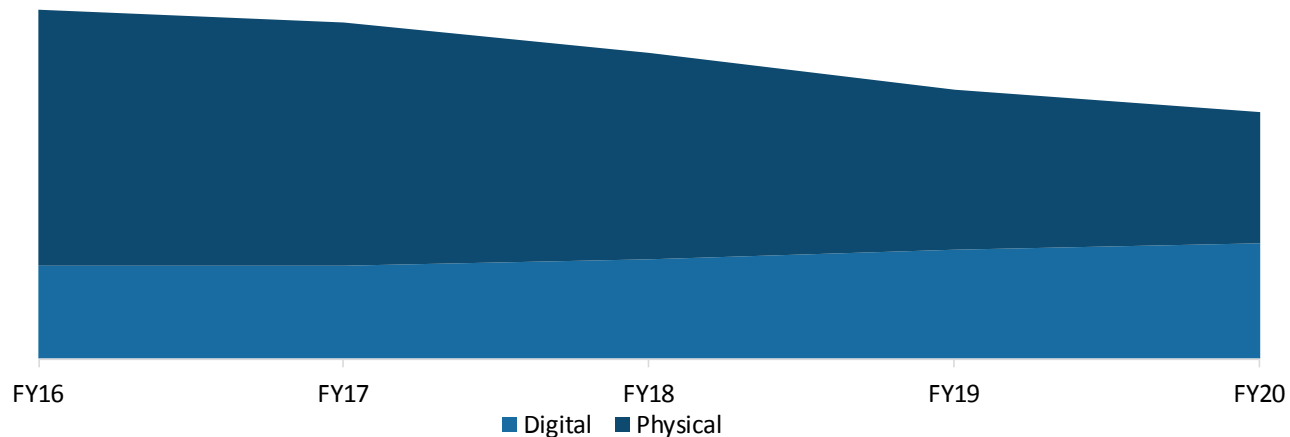
Sources: PWC, AHEDA, Telsyte and VRL estimates.



## Change most obvious in home entertainment

Total home entertainment spend has been declining, but is expected to flatten

### Consumer spend – home entertainment



Sources: GFK, IHS Markit and VRL estimates.



### Roadshow is evolving in the near to medium term, through acquisition model, product type and strategy

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- Roadshow has ever been a hit driven business
  - Recent market consolidation provides Roadshow greater leverage in the market
  - With fewer independent distributors, opportunity to enjoy more competitive pricing
  - More targeted film acquisition strategy
  - Positioned to maximise independent break-out hits as the leading independent distributor in Australia
  - Vertical alignment maximises revenue across the entire lifecycle from Theatrical, to Home Entertainment (DVD/Digital) and Television (Pay and Free to Air TV and SVOD)
- Changing market place presents new opportunities
  - Exploiting SVOD platform to maximise this new revenue stream as a content provider
  - Growth potential in digital space, a low-cost/high-volume segment
- Right sizing overhead structure to maximise efficiencies





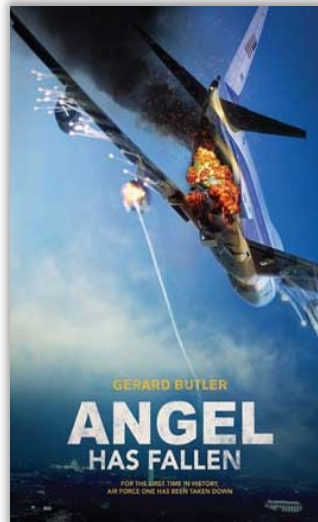
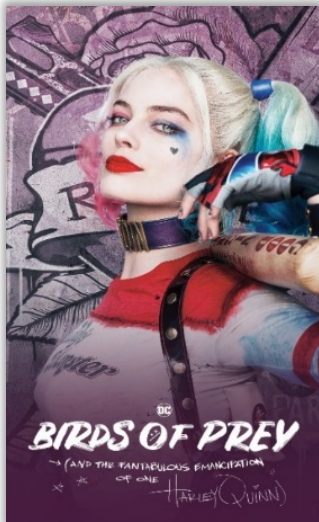
## Key FY20 theatrical releases include successful franchises



Artwork shown relates to Roadshow as the distributor of these titles.



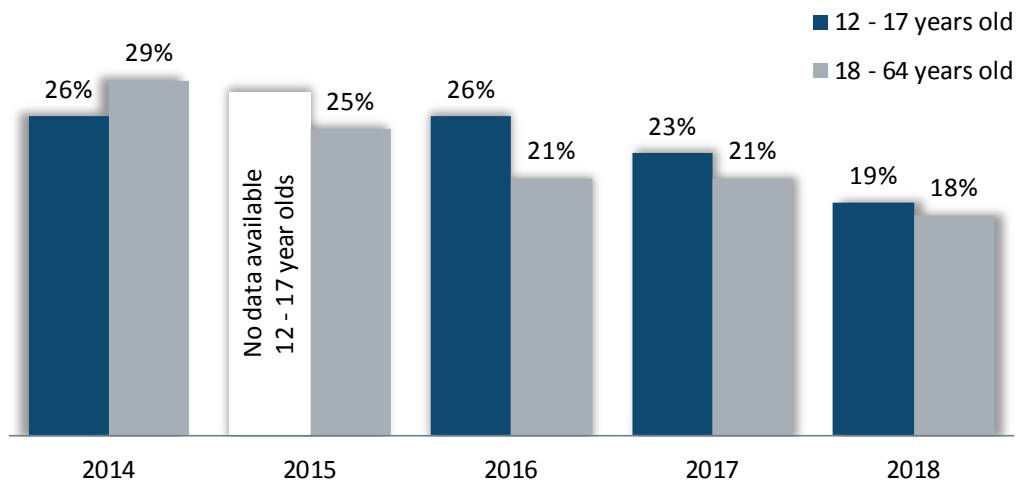
## Strong performing home entertainment titles expected in FY20



## Tide turning against piracy

With support of governments around the world reduced access to pirate sites, the threat of piracy is steadily declining

Active pirates calendar year 2014 – 2018 in Australia



Source: Creative Content Australia.

- Google recently agreed with content owners to help stop the spread of illegally downloaded materials, by voluntarily removing over 800 sites blocked by internet service providers (ISPs) from its search results – the ISPs shut the front door to piracy, and now Google has shut the back door



Roadshow has a low investment approach to content creation – while the revenue contribution is small today, there is potential for growth

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- With the growth of SVOD, there is an increasing need for content
- Roadshow's exposure to content creation includes
  - FilmNation (*Gloria Bell*, *Arrival*)
  - Roadshow Rough Diamond (*Romper Stomper*, *Les Norton*)
  - BlinkTV (*Show Me the Movie*, *Eurovision*)
- Piracy is reducing, with benefits expected for both content producers and distributors





- Continued evolution of acquisition strategy to maximise returns across the product lifecycle
- Focus on expanding existing, and developing new supply agreements with key platforms, domestically and internationally
- Leverage experienced and respected senior executives, leadership and marketing teams
- Cautious diversification of business capabilities, while retaining alignment to core business and focus on complementing existing strategies
- Further right-size overheads



## Film Distribution FY19 trading update and FY20 outlook

- Roadshow's FY19 EBITDA will be down on FY18, due to losses on key titles
- Roadshow has reviewed the carrying value of its assets, including inventory and goodwill, and is likely to make a provision for impairment of \$9 - \$15m NPAT
  - This is subject to finalisation of the FY19 numbers and will be included as a material item
- FY20 will depend on performance of titles, decline in physical (DVD) expected to continue to be offset by cost savings and fees from content creation



# Marketing Solutions

## Edge Incentives

Insights & technology to create inspiring, engaging & impactful customer incentive campaigns for leading brands Australia wide



- Incentive spend expected to grow over next 36 months as brands seek to differentiate and minimise discounting
- But competition increasing
- Strategy:
  - Provide more integrated and seamless solutions to new and existing customers
  - Continue to differentiate end to end incentive offerings
- Opportunities:
  - Technical innovation is key - increasing convenience and improving analytics
  - Focus on driving new business and solving for full incentive lifecycle with existing clients
  - Focus on new and evolving industry sectors
  - Bringing new product online
- Recently introduced Mobile Pay, allows consumers to receive digital cash rewards directly to native smartphone wallet – one of the first globally





# Opportunities in enhancing Edge Consumer and Lifestyle Rewards

## Edge Consumer

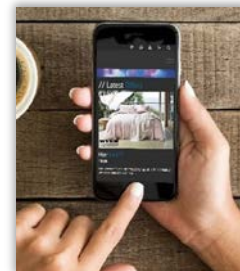
Consumer gift cards offering a range of outstanding food and spa & wellness options



- Strategy:
  - Expand distribution
  - Solidify retail relationships
  - Promotional planning
  - Partner and franchise engagement
- Opportunities:
  - Direct online sales
  - Digital wallet integration
  - Online and integrated booking
  - Direct B to B channels

## Lifestyle Rewards

White labelled loyalty platform extending 'always on' offers to a closed user group



- Strategy:
  - Client servicing
  - New and engaging reward content
  - Long term client contracts
  - Enhanced digital experience
- Opportunities:
  - Client targeting
  - New product features and revenue streams
  - Personalisation
  - Improved engagement reporting



## Opia provides differentiated promotion proposition

- Specialise in market disruptive promotions for PC and Smartphone manufacturers
  - Risk-managed promotions provide compelling solutions to drive preference, trial, cross-sell, up-sell and refresh
- Powerful client base includes HP, Samsung, LG, Microsoft and Google
- Solutions include: trade-in & trade-up, cash-back, gift with purchase, buy & try, guaranteed future value and product guarantees
- Maximise clients' sales volumes with significantly less investment than alternative mechanisms
- Opia also manages promotional risk for marketing agencies spanning a range of sectors



***“Opia provide innovative sales promotion solutions predominantly to major PC and Mobile OEMs and their market channels”***



## Key focus for FY20 and beyond is maximising value from existing markets and products

With the ability to fast-forward commercials, newspapers losing popularity, and radio competing with other forms of sound delivery, Opia offers access to a young audience

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- Capitalise on opportunities across key client base by increasing penetration across their product categories and wider geographies
- Further developing market intelligence to support client development
- Expanding Opia's reach within the PC and mobile sectors to maximum effect
- Further grow Opia with expansion into US, South Africa and Europe
- Growth requires minimal capex – it's a people business
- Maximise existing markets and services



## Marketing Solutions FY19 trading update and FY20 outlook

- Promotional activity in the Marketing Solutions division is marginally biased to 2H19
- Uncertainty around Brexit has slowed marketing spend in UK
- Expect FY20 to return to more normal levels of trading with expansion into US well underway



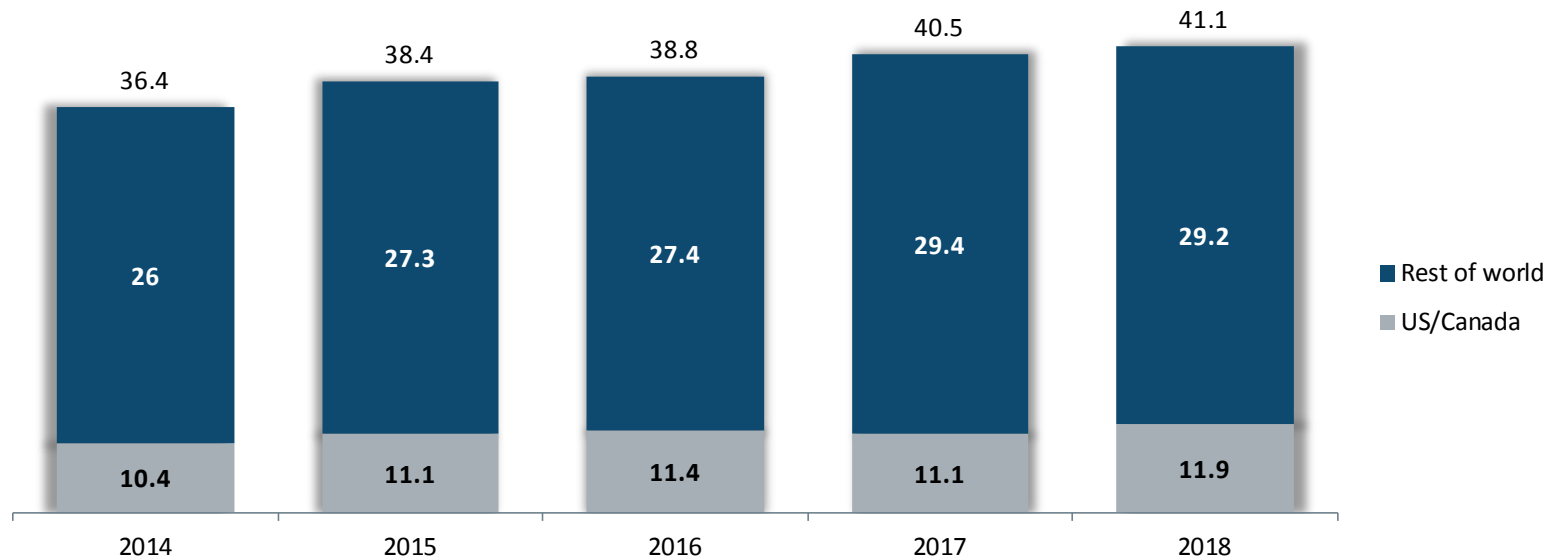


# Cinema Exhibition



## Global box office has shown strength and continued growth

Global box office calendar years 2014 – 2018 (US\$ billions)

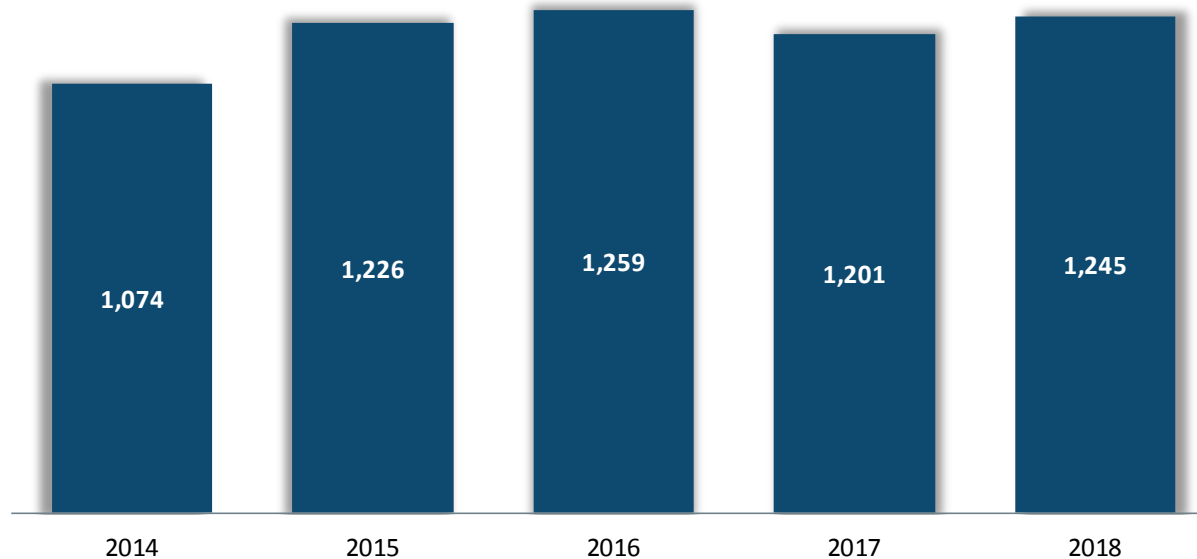


Source: MPAA.



## Australian Box Office within 2% of record 2016 year and VCA/Event are market leader

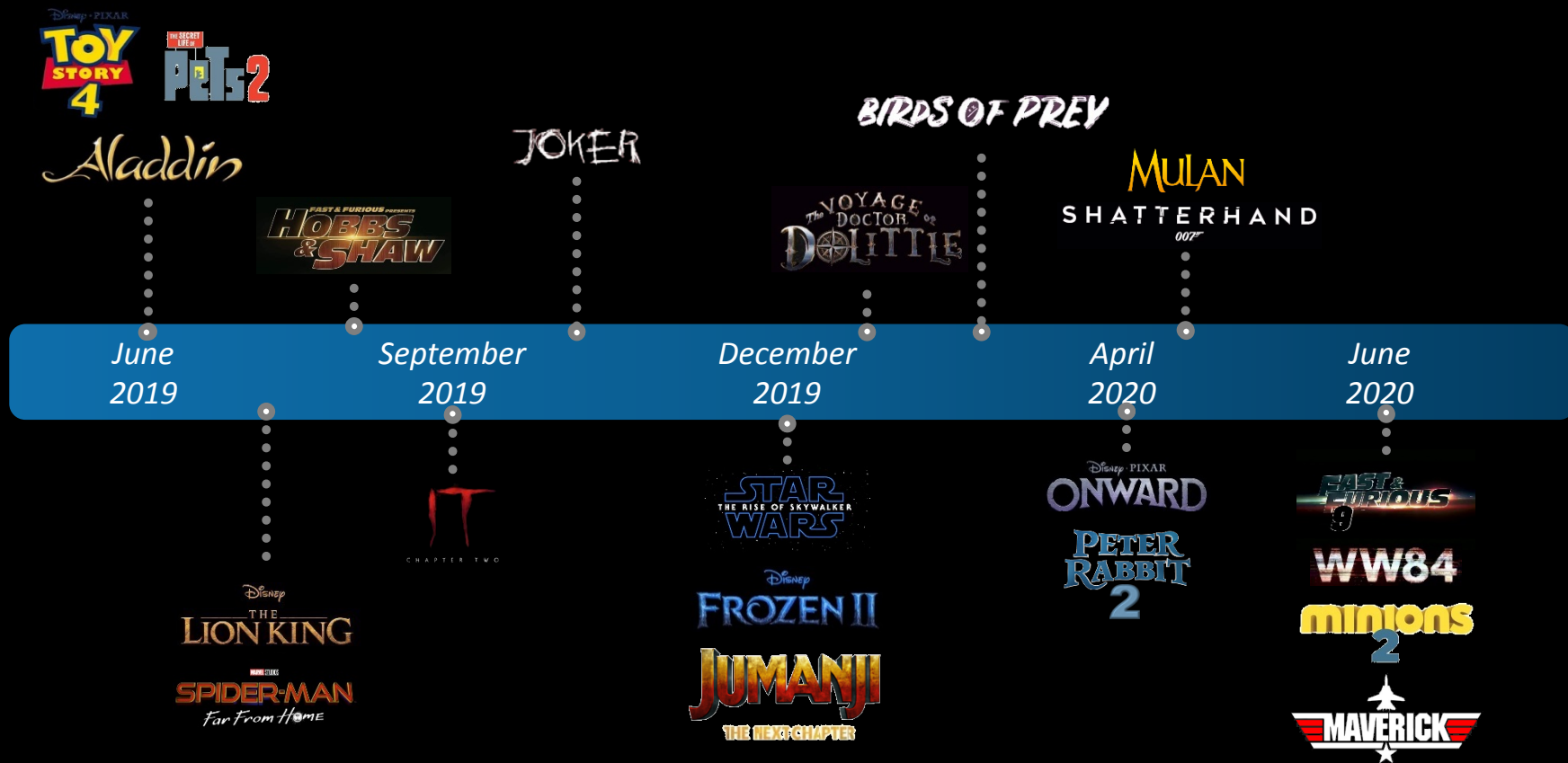
Australian box office calendar year 2014 – 2018 (AUD\$ millions)



Source: MPDAA & IBOE.



# Exceptional content rounding out FY19 into FY20 to maintain strong box office performance



## \$15 tickets for V rewards members is a competitive offer, growing loyal member base

GOOD TIMES MADE GREAT **V rewards**

# Introducing change

(in your pocket)

**Super savings. All day. Every day.**

\*Terms and conditions apply. Booking fees and ancillary fees apply. Excludes 100th Street and 40th. See website for full details.

**TICKETS \$15\***

JOIN FREE AT  
VILLAGECINEMAS.COM.AU

**VILLAGE CINEMAS**  
Where movies mean more

Lower price point makes cinema affordable for price motivated customers

- Competes with key competitor offers
- \$15 tickets are attractive for families and value-seeking customers, while some customers elect not to become members, even for discounted tickets
- Just over half of tickets sold are at \$15 member price
- Grows the **V rewards** membership base, and allows collection of greater customer data for enhanced direct marketing
- Increased volume from the \$15 ticket offering drives food and beverage spend



*“Netflix isn’t killing movie theatres... a new study...finds that people who go to movies in theaters more frequently also consume more streaming content.”*

*Variety, 17 December 2018*

### The Australian Subscription Video On Demand (SVOD) Market 2018

9.1m total SVOD subscriptions

Up from 5.9m in 2017, and projected to double by 2020

43% of Australian households have SVOD subscriptions

70% in the US and 60% in the UK

Active subscribers often have multiple subscriptions

93% of Stan subscribers also have Netflix

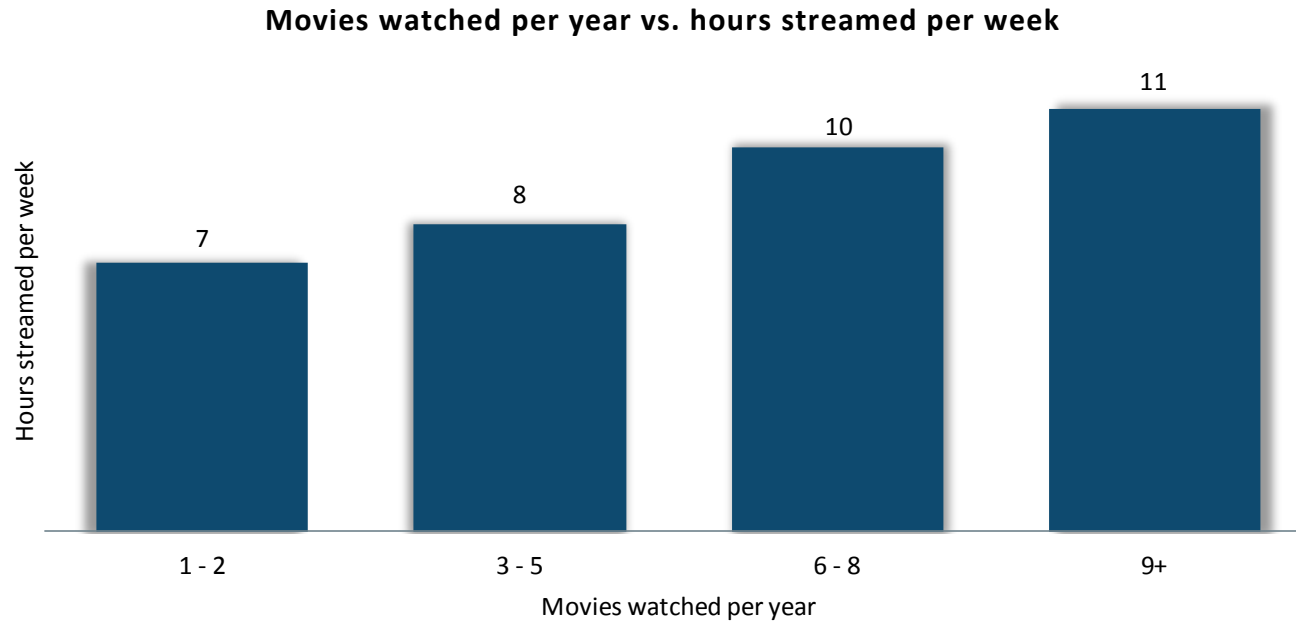
Source: Telsyte, Hitwise & Ampere/Broadband News. Variety: <https://variety.com/2018/film/news/streaming-netflix-movie-theaters-1203090899/>





## But content consumers consume *all* content

### Positive relationship between movie theatre attendance and streaming



Source: EY.



Village Cinemas appeals to the experience economy by delivering the three elements of the “entertainment trifecta”

The entertainment  
trifecta

**Connection**

72%

like to visit movie theatres to  
spend time with family and friends

**Escape**

Enjoy the immersive  
experience of  
the big screen

**Social  
currency**

Social media is one  
**big conversation**  
and millennials don't like to miss out

Source: Insight Centre.



A world of movie experiences keeps customers coming back...



...and Village and Event will continue to innovate,  
trialling and sharing new concepts



### VRL's circuit of cinemas must be true destinations, by re-energising premier sites

- Refashioning venues to be dynamic and exciting so a visit to the cinema is top going out experience
- Redesigns and refurbishments are vital
  - Refurbishments generally timed in line with lease renewals
  - Opportunity to introduce new concepts
  - Focus on improving customer satisfaction
    - Foyer upgrades
    - Gold Class refurbishment
    - Seating upgrades
- Increased emphasis on diversification of revenue



Our drive to invest is based on firsthand experience of successful investment and economic return in refashioning of cinemas

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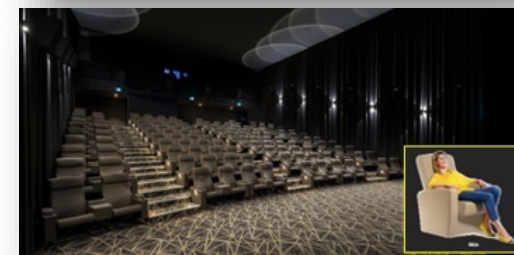
- Have seen results of international and local cinema operators refurbishing complexes
- Use internal and others' experience to inform investment decisions
- Focus on premier sites to drive returns





### Elevating the guest experience by combining craft food and beverage with technological convenience

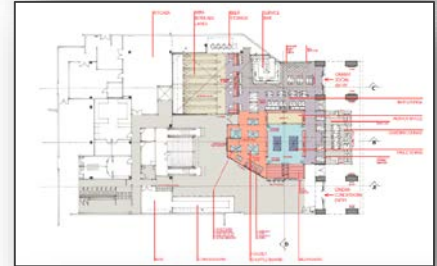
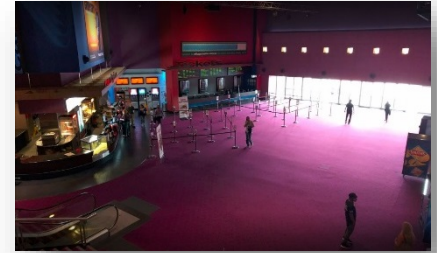
- New six auditorium location in biggest residential development outside Melbourne CBD
- Emphasis on authentic, social pre and post movie experience with 'taphouse' style bar
- Extensive high quality craft food and beverage menu with full kitchen - secondary concessions stand upstairs
- Innovative technology to enable frictionless guest ordering and food delivery
- Premium style auditoriums with large lay back, relax style seats and aisle access for food delivery



## Knox to deliver a social experience

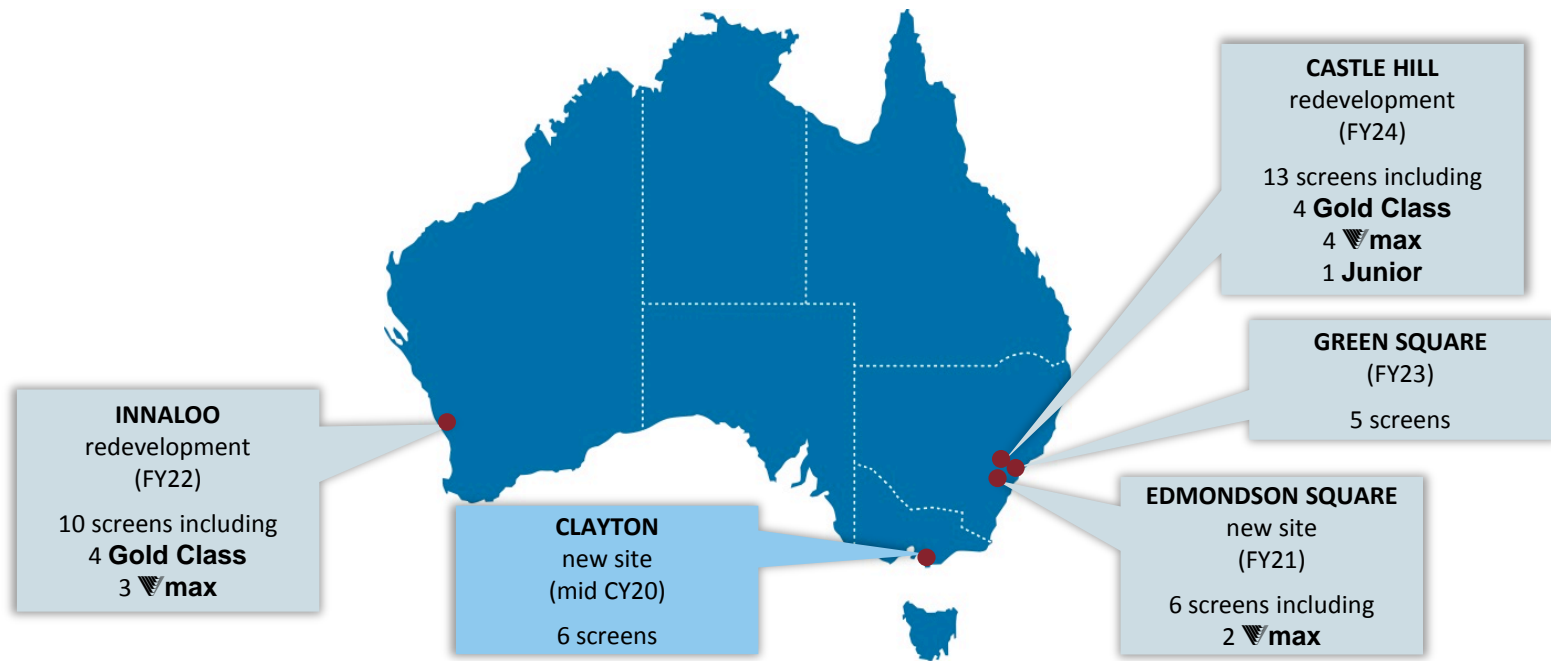
### Expanding Knox offering to include unique activity entertainment concept targeting millennial audiences

- Social concept for high traffic Knox location combining kitchen, bar and social activity elements
- Maximising large available tenancy, capitalising on highly activated Knox Ozone
- Social competitive activities e.g. table tennis, bocce, shuffleboard and custom mini-bowling
- Leveraging powerful 'Eatertainment' trend - combining quality food and beverage offering with social activity elements



## Focus in medium term on refashioning and developing A-grade sites

Additional new sites, redevelopments, and refurbishments are planned over medium-term, with capex to be managed over this period, before reverting to more modest levels



## Cinema Exhibition FY19 trading update and FY20 outlook

- Very soft 3Q19 offset by extraordinary performance by *Avengers: Endgame*
- FY19 box office expected to end broadly in line with FY18
- AASB15 revenue recognition standard expected to have ~\$3m negative impact on FY19 EBITDA relative to FY18
- Small growth in Australian Box office expected in FY20
- FY20 capex expected to increase substantially on FY19
  - Refurbishments scheduled in FY20, predominantly in line with lease renewals
  - New Village Cinemas M-City site in Clayton expected to be completed mid-CY20, will contribute to FY21 earnings





# Corporate & Group

## Corporate and group FY19 update and FY20 outlook

- Leaner, more efficient VRL, with more than \$10 million in annualised savings across the group and ongoing focus on costs across the group
- FY19 corporate overheads expected to be significantly lower than FY18
  - Due the timing of expenses, overheads expected to be slightly higher in 2H19 compared to 1H19
- FY18 and FY19 do not include senior executive bonuses – reinstated in FY20 if FY20 KPIs are met
- Capex projections over short to medium term approximately in line with depreciation and amortisation of ~\$70 – 75m
  - Allocation across divisions will vary year-to-year
- Board intends to reinstate dividends if performance continues to meet expectations and sufficient free cash flow available
- Continue to review asset portfolio for appropriate disposal opportunities

