



# AMALGAMATED HOLDINGS LIMITED

## HALF YEAR (31 DECEMBER 2013) RESULTS PRESENTATION

Date: 21 February 2014

### Further information

**ASX Company Security Code:**

AHD

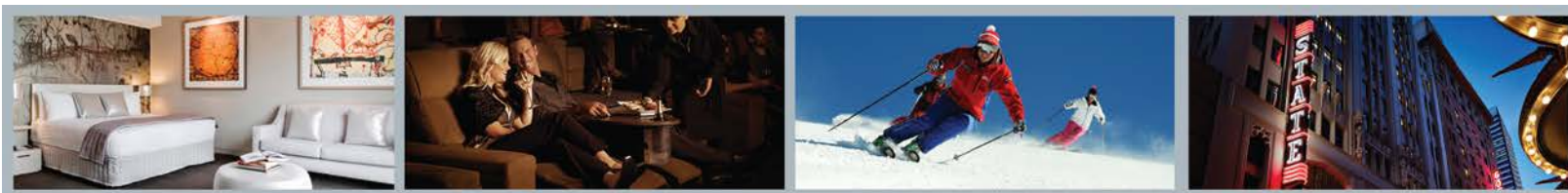
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**AHL**  
AMALGAMATED HOLDINGS LIMITED

## Results summary

	31 Dec 2013	31 Dec 2012
Total revenue and other income	\$568.528 million	\$534.898 million
Profit after income tax	\$46.240 million	\$47.264 million
Normalised profit before interest, tax and individually significant items	\$62.727 million	\$65.586 million
Earnings per share (basic)	\$0.293	\$0.299
Net tangible asset backing per share	\$5.17	\$4.98
Interim dividend	\$0.15 (fully franked)	\$0.15 (fully franked)

## Key Highlights

- Difficult first quarter however improved trading for the second quarter resulted in profit after income tax down only 2.2% and normalised profit before interest, tax and individually significant items down 4.4%.
- Net tangible asset backing per share increased 3.8%.
- Interim dividend remains stable at 15 cents per share.



<b>Results</b>	<b>31 Dec 13</b>	<b>31 Dec 12</b>	<b>Movement</b>	<b>Movement</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	
Cinema Exhibition – Australia	27,379	23,905	3,474	14.5%
Cinema Exhibition – New Zealand	1,962	2,095	(133)	(6.3)%
Cinema Exhibition – Germany	10,326	16,156	(5,830)	(36.1)%
Hotels	18,687	12,304	6,383	51.9%
Thredbo Alpine Resort	9,126	13,253	(4,127)	(31.1)%
Leisure and Attractions	285	912	(627)	(68.7)%
Technology	923	989	(66)	(6.7)%
Available-for-sale investments	368	330	38	11.5%
Property	3,333	2,887	446	15.4%
Unallocated revenues and expenses	(9,662)	(7,245)	(2,417)	(33.4)%
<b>Total <u>normalised result</u> (before interest and tax)</b>	<b>62,727</b>	<b>65,586</b>	<b>(2,859)</b>	<b>(4.4)%</b>
Net finance costs	(3,784)	(2,577)		
Discontinued operations (net of tax)	–	711		
Individually significant items (net of tax)	4,201	(2,276)		
Income tax expense	(16,904)	(14,180)		
<b>Total reported profit</b>	<b>46,240</b>	<b>47,264</b>	<b>(1,024)</b>	<b>(2.2)%</b>



## Cinema Exhibition – Australia

56 sites (including joint operation sites), 492 screens

- Strong result up 14.5% and achieved through increased screen advertising revenue and significant cost savings.
- Releases included: *The Hunger Games: Catching Fire* (achieved in excess of \$36 million at the Australian Box Office); *Thor: The Dark World* and *Gravity* (both achieved in excess of \$20 million at the Australian Box Office).
- Merchandising revenue per admission experienced modest growth over the prior comparable half year period.
- Acquired a 50% interest in a 12 screen cinema complex at Logan in south east Brisbane (one large format screen, equivalent to Vmax and two smaller premium offer auditoriums).
- Acquired the remaining 49% interest in the 10 screen cinema complex at Southport on the Gold Coast (which takes the ownership of this site to 100%).
- Completed the refurbishment of the Blacktown Drive In which has since achieved outstanding results in both admissions and merchandising revenue.
- Converted a traditional auditorium to Vmax at our Burwood site.
- Closed the six-screen cinema at Russell St Melbourne (plans are underway to redevelop the site to include a QT hotel).



## Cinema Exhibition – New Zealand

17 sites (including joint operation sites), 120 screens

- Result declined by 6.3% on the prior comparable half year period.
- Releases included: *The Hunger Games: Catching Fire*, *Despicable Me 2* and *The Hobbit: The Desolation of Smaug* (all grossed over NZ\$6 million at the New Zealand Box Office).
- Merchandising revenue improved by 2.3% in spend per admission.
- Screen advertising was impacted by the expiry of the minimum guarantee.
- Completed digital rollout of the circuit in New Zealand with the conversion of the remaining screens in the Rialto Joint Venture to digital.
- Refurbishment of the Newmarket Cinema in Auckland which has been relaunched as Broadway by Event.
- Opened a new four screen cinema complex in Suva, Fiji.
- Contribution from the Fiji cinemas increased by 9.1% over the comparable half-year period.



## Cinema Exhibition – Germany

54 sites (including two 50% owned sites), 414 screens

- Result declined by 36.1% on the prior comparable half year period.
- Total Box Office decreased by 13.5% and decrease in admissions of 14.7% predominantly from a poor film line up for the first four months of the period.
- November and December brought a dramatic increase in admissions resulting from a strong line up of blockbuster films including *The Hunger Games: Catching Fire*, *The Hobbit: The Desolation of Smaug* and *Frozen*. The other top performing films were *Despicable Me 2*, *Thor: The Dark World* and *Gravity*.
- German film product had a runaway success with *Fack ju Göhte*, and with a much improved share of 20.4% of the Box Office in comparison with 13.7% in the prior year.
- The result was positively impacted by a weakening Australian dollar against the Euro. The average month end \$A/Euro exchange rate for the half year to 31 December 2013 was 0.688 cents against 0.814 cents for the prior comparable half year period (a favourable movement of 15%).
- A new IMAX screen was successfully opened in Karlsruhe and a loss making site in Augsburg was handed back to the landlord upon lease expiry.



**Hotels** 21 owned hotels (3,139 rooms) 26 managed hotels (5,557 rooms) Total = 47 hotels (8,696 rooms)

- Result increased by 51.9% mostly due to a significant improvement in the performance of the Group's QT Hotels, in particular QT Sydney, together with an overall increase in the profitability of the Group's Rydges Hotels primarily from major city hotels, particularly in Melbourne and Sydney.
- Occupancy (Group's owned hotels) increased by 4.9 percentage points to 73.6% and average room rate increased by 5.3% to \$157 (a 12.8% increase in revpar).
- Annualised PBIT return on total assets was 7.7% (30 June 2013: 4.3%) and annualised EBITDA return on total assets was 11.4% (30 June 2013: 7.5%).
- Whilst continuing to be price sensitive, domestic leisure travel in both New Zealand and Australia has performed well in most locations. This assisted growth in the New Zealand and regional Australian hotels.
- Demand within the Conference segment also showed signs of strengthening.
- Margins improved due to stronger revpar, F&B performance and effective cost control.
- The first hotel under the Atura brand opened in mid-October 2013.
- Managed hotel performance was largely positive, the only hotels to experience material declines were those located in Western Australia due to the softening in resource industry related business.
- Two new managed hotels were added, the Sails Resort Port Macquarie and the new Rydges Latimer Christchurch.



## Thredbo Alpine Resort

- Result declined by 31.1% due to the worst snow season in decades, with natural snowfalls typically followed by warm winds and rain.
- Snow making was compromised by marginal temperatures and the season closed early on 19 September due to lack of snow.
- Skier numbers declined by 21% impacting lift pass revenue and all associated discretionary revenue including ski hire, lessons, retail and F&B.

## Other

- The result from the Leisure and Attractions division was impacted by the State Theatre being closed for 3 months to allow refurbishment works.
- The result from the Technology division declined 6.7% due in large part to the completion of the digitization of the Australian Cinema market.
- The result from the Property division increased by 15.4% and included a fair value increment to the investment properties of \$834,000 (compared to a fair value increment in the prior comparable half year period of \$15,000).





## **Upcoming film line-up**

The film line-up for the period to 30 June 2014 includes:

- Monuments Men
- Noah
- Captain America: The Winter Soldier
- 300: Rise of the Empire
- Lego: the Movie
- The Amazing Spider Man 2

## **NON – IFRS FINANCIAL INFORMATION**

*The AHL 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 the normalised profit concept. 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 Appendix 4D (page 3) for the reporting period ended 31 December 2013 is a reconciliation of the Normalised Result to the Statutory Result.*

