



AMALGAMATED HOLDINGS LIMITED

YEAR END (30 JUNE 2014) RESULTS PRESENTATION

Date: 21 August 2014

Further information

ASX Company Security Code:

AHD

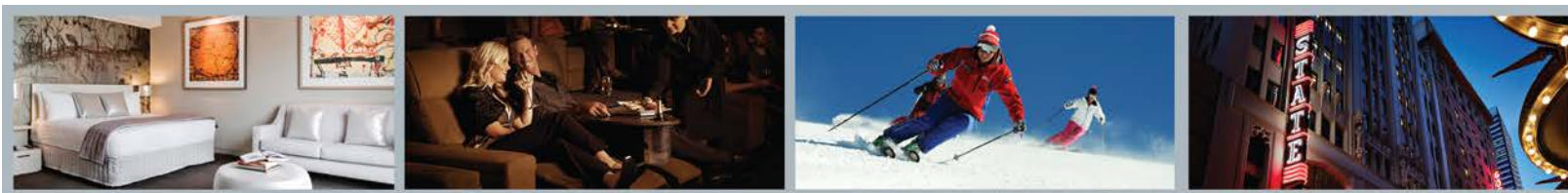
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AHL
AMALGAMATED HOLDINGS LIMITED

Results summary

	30 June 2014	30 June 2013
Total revenue and other income	\$1,097.138 million	\$1,039.535 million
Profit for the year	\$78.563 million	\$85.792 million
Normalised profit before interest, tax and individually significant items	\$115.196 million	\$118,048 million
Earnings per share (basic)	\$0.497	\$0.543
Net tangible asset backing per ordinary share	\$5.16	\$5.13
Final dividend (fully franked)	\$0.27	\$0.27
Total dividend (fully franked)	\$0.42	\$0.42

Key highlights

- Net profit after tax was 8.4% below the prior year result. The normalised result before interest and income tax expense was 2.4% below the prior year result.
- Final dividend remains stable at 27 cents per share (fully franked).



	30 June 14	30 June 13	Movement	
	\$'000	\$'000	\$'000	Movement
Results				
Cinema Exhibition – Australia	63,165	59,920	3,245	5.4%
Cinema Exhibition – New Zealand	4,230	3,757	473	12.6%
Cinema Exhibition – Germany	14,867	26,134	(11,267)	(43.1)%
Hotels	32,759	20,496	12,263	59.8%
Thredbo Alpine Resort	6,525	11,833	(5,308)	(44.9)%
Leisure and Attractions	1,550	2,180	(630)	(28.9)%
Technology	1,742	1,292	450	34.8%
Available-for-sale investments	604	547	57	10.4%
Property	6,130	5,871	259	4.4%
Unallocated revenues and expenses	(16,376)	(13,982)	(2,394)	(17.1)%
Total <u>normalised result</u> (before interest and tax)	115,196	118,048	(2,852)	(2.4)%
Net finance costs	(6,892)	(5,608)		
Discontinued operations (net of tax)	–	1,358		
Individually significant items (net of tax)	3,403	1,575		
Income tax expense	(33,144)	(29,581)		
Total reported profit	78,563	85,792	(7,229)	(8.4)%



Cinema Exhibition – Australia

67 sites (including joint operation sites), 629 screens

- The solid result was achieved despite a generally soft film line up with box office for the full year of \$406 million reflecting a decline of 3.2% over the prior year. Offsetting the box office decline was a 20% increase in screen advertising revenue and significant operating cost savings.
- Releases included: *The Hunger Games: Catching Fire*, *The Hobbit: The Desolation of Smaug* and *Frozen* (all in excess of \$30 million at the Australian box office) and *The Lego Movie* (in excess of \$25 million). Box office for June whilst relatively strong fell significantly short of the prior year record breaking month.
- Merchandising revenue per admission experienced positive growth particularly across the Gold Class circuit.
- Acquired a 50% interest in a 12 screen cinema complex at Logan in south east Brisbane (including 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.
- 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

- The New Zealand business produced a strong result up 12.6% predominately due to significant cost savings achieved.
- The box office declined over the prior year by 0.8%.
- Releases included: *The Hunger Games: Catching Fire*, *Despicable Me 2* and *The Hobbit: The Desolation of Smaug* (all grossing over NZ\$6 million at the New Zealand box office). The other major contributors were *Frozen*, *Gravity* and *The Lego Movie* (all achieved in excess of NZ\$4 million).
- Merchandising revenue continued to grow with a 2.7% improvement in spend per admission over the prior year.
- Screen advertising was impacted by the expiry of the minimum guarantee arrangements.
- 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.
- The Fiji Cinema Joint Venture opened a new four screen cinema complex in Suva during the year.



Cinema Exhibition – Germany

53 sites (including two 50% owned sites), 411 screens

- Result declined by 43.1% on the prior year normalised result. The second half of 2014 was impacted by the June box office due to the World Cup soccer championships in Brazil. This was in sharp contrast to the record box office for June in the prior year.
- Box Office for the German circuit decreased by 13.26% over the prior year.
- Releases included: *Fack Ju Göhte* (which achieved 7 million admissions). The other top performing films were the blockbuster films *The Hobbit: The Desolation of Smaug*, *Frozen*, *The Wolf of Wall Street*, *Despicable Me 2*, *The Hunger Games: Catching Fire*, and the German films *Der Medicus* and *Vaterfreuden*.
- German film product represented 20% of the total box office. Live broadcasts of opera and other alternative content continued to grow in popularity contributing a share of 1.60% compared to 1.0% in the prior year.
- Merchandising spend per admission increased by 4.2% over the prior.
- The result was positively impacted by a weakening Australian dollar against the Euro.
- A new IMAX screen was successfully opened in Karlsruhe, a loss making site in Augsburg was handed back to the landlord upon lease expiry and a digital IMAX screen was opened in Karlsruhe.



Hotels 21 owned hotels (3,139 rooms) 28 managed hotels (5,900 rooms) Total = 49 hotels (9,039 rooms)

- Result up by 60% mostly due to a significant improvement in the performance of QT Hotels, in particular QT Sydney.
- Occupancy increased by 4.9 percentage points to 72.2%. Average room rate increased 4.6% to \$157.
- Solid growth in the corporate and conference segments, particularly the case in the Sydney and Melbourne markets.
- Softer demand from the mining sector impacted on Hotels located in Perth, Brisbane and Gladstone.
- The domestic leisure segment remained highly competitive with third party online sites targeting discounted offers.
- Progress was made in achieving reductions in the cost of goods sold and other key supply costs, reflecting better purchasing at both a national and local level.
- Additional management contracts included the 134 room Rydges Latimer Christchurch and the 284 room Rydges Sydney Central.
- QT continued to gain recognition and profile, driving growth in both occupancy and average room rate market share.
- Redevelopment of Rydges Lakeside and relaunch as QT Canberra completed and the new QT Bondi is expected to open in the third quarter of 2015, with QT Melbourne scheduled for a mid 2016 opening.
- The first hotel under the Atura brand opened in mid October 2013. A conversion of Rydges Albury to Atura is planned for late 2014 and the Group has agreed to acquire the Chifley Doveton in Melbourne which will also be rebranded to Atura.



Thredbo Alpine Resort

- Result declined by 44.9% and was one of the worst on record with any material snowfall during the season followed by warm winds and rain. The season closed on 16 September 2013, three weeks before the traditional season end.
- Skier days declined by 37,380 days on the prior year with the average lift ticket price declining by \$5.76 to \$43.56, due to a higher proportion of season pass sales and discounted pricing in times of poor snow during the early and later periods of the season.
- Normalised summer revenues, grew by 6% to \$10,539,000 with the Thredbo Alpine Hotel delivering 17% revenue growth and Mountain Biking up 23%.

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 increased by 34.8% due the additional digitization contract work obtained during the year from independent cinemas.



Upcoming film line-up includes:

To December 2014:

- Into the Storm (Sep 2014)
- Teenage Mutant Ninja Turtles (Sep 2014)
- Gone Girl (Oct 2014)
- The Hunger Games: Mockingjay Part 1 (Nov 2014)
- Interstellar (Nov 14)
- The Hobbit: The Battle of the Five Armies (Dec 2014)
- Night at the Museum: Secret of the Tomb (Dec 2014)
- Big Hero 6 (Dec 2014)
- Horrible Bosses 2 (Dec 2014)
- The Water Diviner (Dec 2014)

From January 2015 to June 2015:

- Penguins of Madagascar (Jan 15)
- Fifty Shades of Grey (Feb 2015)
- Cinderella (Mar 2015)
- Fast and Furious 7 (Apr 2015)
- The Avengers: Age of Ultron (Apr 2015)
- The Best Exotic Marigold Hotel 2 (Apr 2015)
- Mad Max: Fury Road (May 2015)
- Ted 2 (Jun 2015)
- Jurassic World (Jun 2015)
- Minions (Jun 2015)
- Inside Out (Jun 2015)



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 Appendix 4E for the reporting period ended 30 June 2014 is a reconciliation of the Normalised Result to the Statutory Result.

