



**CHAIRMAN'S ADDRESS
TO THE ANNUAL GENERAL MEETING OF SHAREHOLDERS
FRIDAY 23 OCTOBER 2015**

Ladies and Gentlemen,

It is a pleasure to welcome all shareholders and visitors back to Event Cinemas George Street for this Annual General Meeting of Amalgamated Holdings Limited.

The 2015 Annual Report, which includes the financial statements for the year ended 30 June 2015, was released to shareholders in September 2015. The Group's total net profit after tax for the year was \$108.9 million compared to \$78.6 million in the previous year, an increase of 38%. The normalised result after tax increased 45% to \$109.3 million. This was an outstanding result for the Group and the Managing Director will comment on the financial highlights.

The Board was pleased to approve dividends for the year totalling 53 cents per share, an increase of 11 cents per share. This included a special dividend of 8 cents per share which was paid in recognition of the exceptional result. The total dividend, excluding the special dividend, was 45 cents per share, an increase of 3 cents per share on the total dividend paid in the previous year. Shareholders will note that, since 2001, the total dividend has increased from 10 cents to the current 45 cents per share. The Board strives to maintain a dividend policy that is mindful of the needs and expectations of shareholders, and also provides continuity of earnings for both shareholders and the Group.

The Group's total cash balance at 30 June 2015 was \$134 million with total debt outstanding of \$115 million. The Group's current total available financing facilities, excluding working capital components, is approximately \$360 million and the main Australian facility is in place until 2017.

The Board continues to review, assess and monitor appropriate capital management initiatives and strategies. The capital management program is managed within the context of maintaining a strong balance sheet and maximising total return to shareholders. In line with this strategy the Group continued to invest in its core businesses during the year.

The Group adhered to the third edition of the ASX Corporate Governance Council's Principles and Recommendations in the year ended 30 June 2015, and took advantage of the option to publish the Corporate Governance Statement on the Group's website. This Statement sets out the corporate governance practices and procedures and should assist shareholders in understanding and appreciating the importance placed by the Board upon good corporate governance. The Board, and committees of the Board, remain committed to ensuring that the Group's corporate governance practices are consistent with the Principles and Recommendations.

The Board also places a great focus on maintaining an appropriate approach to remuneration. Details of this approach are dealt with in the Annual Report. In particular, the Group's policies are designed to, as far as possible, ensure that the remuneration package is reflective of an employee's duties and responsibilities and to enable the Group to attract, motivate and retain high calibre executives.

To ensure that the remuneration arrangements remain relevant and competitive, during the year the Nomination and Remuneration Committee, on behalf of the Board, engaged the services of an external consultant to review the remuneration arrangements of the Managing Director. Following this review, the Board resolved to increase the Managing Director's fixed annual remuneration by 4.2% from \$1,890,000 to \$1,970,000 with effect from 1 July 2015. This amendment is the first change to the Managing Director's fixed annual remuneration amount since being last amended in July 2011. A market benchmarking review was also conducted by the Managing Director in June 2015 in relation to the fixed annual remuneration of other senior executives, and appropriate adjustments were implemented.

The Managing Director's total potential short term incentive remains at 100% of fixed annual remuneration, whilst the long term incentive has been increased to a potential 100% of fixed annual remuneration, from 86% in the 2014 year. Full details of the proposed long term incentive award to the Managing Director are set out in the Notice of Meeting.

The Board recently reviewed the membership of the Board's committees and Mr Peter Coates relinquished his committee memberships and stood down as chairman of the Nomination and Remuneration Committee. The Board extends its thanks to Peter for his service on these committees over a number of years and, subject to re-election by shareholders at today's meeting, looks forward to Peter's continued participation on the Board. Peter will continue to serve as Lead Independent Director.

Mrs Patria Mann has been appointed to serve as a member of the Audit and Risk Committee. Patria is currently chair of the Audit and Risk Committees for both Ridley Corporation Limited and Perpetual Superannuation Limited and will bring additional insight and rigour to the Committee.

Mr David Grant will assume the role of chairman of the Nomination and Remuneration Committee and Mrs Patria Mann has been appointed to serve as a new member of that committee.

Ladies and Gentlemen, as mentioned in previous years, the business segments in which the Group operates are at times volatile and always subject to varying degrees of change. Your Board and management continue to focus on optimising the Group's position so it can take advantage of appropriate opportunities as they arise.

I would now like to thank my co-directors for their efforts during the year and, again, our 6,000 shareholders for their continued and on-going support. I also acknowledge the considerable efforts of the Managing Director and his continuing commitment and dedication. To the executive team and all Group employees I extend our thanks for their collective and personal efforts.

I will now ask Mr Seargeant to present his address. Thank you.

Alan Rydge
AHL Chairman



**MANAGING DIRECTOR'S ADDRESS
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Thanks Alan and good morning Ladies and Gentlemen.

The 2014/15 year produced a record trading result, with all of our major operating businesses making a significant contribution to the year-on-year earnings growth.

A series of blockbuster movies particularly in the second half of the year, continued strength and growth from the Group's hotel brands and an outstanding 2014 ski season all combined to produce earnings growth for the year of some 40%.

I would now like to comment on the individual performance of our business operations.

In Australian exhibition the business was impacted by a relatively soft film line up in the first quarter, with this being largely offset by a much stronger second quarter which included *Gone Girl*, *Interstellar*, and *The Hunger Games: Mockingjay Part 1*. The significant lift in earnings however came from a series of blockbuster titles released in the second half and these included the acclaimed *American Sniper* in January, followed by *Fifty Shades of Grey* in February and then the eagerly awaited sequels *Pitch Perfect 2*, *The Avengers: Age of Ultron*, *Fast and Furious 7* and the very successful *Jurassic World*, which collectively ensured that the Group enjoyed a very strong finish to the year.

Box office growth of 8%, together with positive growth in merchandising spend per admission and our continuing micro focus on margins enabled the Group to grow domestic exhibition earnings by some 18%.

The Australian circuit continues to benefit from the success of our Cinebuzz loyalty program which now has in excess of 1 million active members in Australia, an increase of 28% over the prior year.

New cinema openings included a ten-screen cinema at Miranda which features two 22 metre Vmax auditoria and three Gold Class screens and a five-screen cinema complex in Townsville.

The German cinema exhibition business got off to a slow start due to Germany's success at the 2014 Football World Cup however there was a significant recovery from late July due to the delayed release of titles after the conclusion of the Cup. This included the blockbuster German film from Til Schweiger, *Honey in the Head*, which was released in December and generated close to seven million admissions. The second half was very strong and included the blockbuster Hollywood movies which performed so well in Australia including *Fifty Shades of Grey* and *Fast and Furious 7*. The French comedy *Monsieur Claude and his Daughters* also attracted a strong audience driving annual box office growth to 7.3% and with a strong focus on costs, earnings growth for the German circuit was 69%.

In New Zealand we grew the contribution from our circuit by 95% over the prior year. This was driven by increased box office and merchandising revenue, and cost saving initiatives similar to those previously undertaken within the Australian circuit.

In our hotel business, each of the Group's brands, which include Rydges, QT and Atura, performed well and contributed to growth in profit of some 26%. Across the Group's owned hotels occupancy increased by 2.8 percentage points to 75% with average room rate increasing by 2.7% to \$161.

The performance of the Group's Rydges hotels reflected strong demand within key markets and improved operating efficiencies. The corporate, conference and leisure segments performed well throughout the year, though this was partly offset by weakness from the resource and mining related business sectors.

The Group's QT hotels and resorts continue to perform strongly, particularly QT Sydney, which further grew market share within the Sydney market and achieved earnings growth of 190%. QT Gold Coast similarly performed well with earnings growth of almost 80%.

There were several additions to our managed hotel portfolio during the year including the Thorndon hotel in Wellington, New Zealand and Rydges St Kilda. In addition, Rydges Palmerston Darwin has opened since year end and Rydges Fortitude Valley in Brisbane is due to open in February next year.

The Group now has three Atura hotels, of which Atura Blacktown has been the standout performer, increasing earnings by \$2.1 million over the prior year. During the year the Group completed the conversion of Rydges Albury to Atura Albury and finalised the acquisition of Atura Dandenong. The Group will continue to pursue additional potential Atura hotel sites.

The Thredbo Alpine Resort enjoyed a very successful ski season, with two early season major snowfalls followed by a series of very cold nights which allowed excellent snow making production. Skier numbers improved by 13% with revenues increasing by 22%, earnings were 105.5% above the prior comparable year. The season was in great contrast to the 2013 ski season which was one of the worst on record and also again highlighted the importance of the Group's snow making capacity.

Just prior to the 2015 season we were able to announce our full participation in the Mountain Collective enabling our Thredbo season pass holders to gain exclusive lift ticket discounts in many of the world's most iconic resorts including Aspen in North America, Chamonix in France and Hakuba Valley in Japan.

I will now comment on the current year and our performance over the first quarter. Earnings before interest, tax, depreciation and amortisation and other individually significant items for the first quarter ending 30 September 2015 was \$64.3 million, which was \$17.5 million or 37.2% above the prior year comparable quarter. Once again all of our main operating businesses contributed to the uplift, however the most significant growth came from the Australian and German exhibition circuits and the QT hotels and resorts. In addition, Thredbo achieved additional growth over the very successful prior year with a strong 2015 ski season.

The short term outlook for the exhibition businesses looks particularly strong with the new James Bond movie *Spectre* and the final *Hunger Games* instalment opening in November, followed by the hugely anticipated *Star Wars: The Force Awakens* opening on 17 December. At the conclusion of today's meeting we will preview a number of trailers highlighting several of these exciting future releases with a very special look at the new *Star Wars* trailer, being shown for the first time on the big screen, and this follows the record breaking pre sales over the first three days.

Over the longer term, the film slate for 2016 and beyond looks very encouraging and includes further *Star Wars* and *Marvel* titles, as well as sequels to the phenomenally successful *Avatar*.

It is an opportune time therefore for the Group to be expanding our circuit and particularly our premium offers of Vmax and Gold Class.

Amalgamated Holdings Limited

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The Pacific Fair cinema on the Gold Coast is about to reopen following an extensive refurbishment and will include one Vmax and three Gold Class screens in addition to seven traditional auditoriums. Event Cinemas Hurstville will also soon reopen following refurbishment and the addition of a Vmax auditorium. Including these sites, the cinema development pipeline includes seven new sites, with 54 screens, opening over the next two years.

In hotels, a number of new properties are being added to the Group's QT brand. The Museum Art Hotel in Wellington was acquired in August this year and will be rebranded as QT Museum Wellington early in 2016. QT Bondi is scheduled to open in early December, and the redevelopment of the former cinema site at 131 Russell Street in Melbourne to a QT hotel is well advanced with an expected opening in August 2016. In addition we expect to commence development on a 70 room QT in Queenstown New Zealand early in 2016.

The Group's corporate office building at 478 George Street has been completed and we have relocated to our new office in the past week. Flight Centre have secured the retail tenancy, and will occupy the ground, first and second levels. In addition a number of floors will be occupied by our new Edge serviced office business. This follows on from the opening of our redeveloped property in Double Bay in August this year which also included an Edge serviced office business. The ground floor retail space at Double Bay has been let and will contain an Italian themed provedore, café / restaurant and bakery.

We are continuing to grow our asset base both from acquisitions and redevelopment with the market value of the Group's assets now at approximately \$1.7 billion. The Group remains relatively debt free and has current available financing facilities totalling approximately \$360 million which positions us well to look at further opportunities to grow the future asset base and earning capability of the company.

I would now like to take the opportunity to acknowledge and thank our capable and committed executive team and staff for their very focussed efforts and also to thank you all for your support and interest in attending this morning.

David Seargeant
AHL Managing Director