



# VILLAGE ROADSHOW LIMITED

VILLAGE ROADSHOW LIMITED ACN 010 672 054

**Melbourne: Head Office:** 206 Bourke Street, Melbourne, VIC, Australia 3000

Box 1411M, GPO Melbourne 3001 · Telephone (03) 9667 6666 · Fax (03) 9663 1972

**Sydney:** 4th Floor, The Merlin Centre, 235 Pyrmont Street, Pyrmont, NSW, Australia 2009

Box 2581, GPO Sydney 2001 · Telephone (02) 9552 8600 · Fax (02) 9552 2510

**Registered Office:** Warner Roadshow Movie World Studios: Pacific Highway, Oxenford, QLD, Australia 4210 Telephone (07) 5588 6666 · Fax (07) 5573 3698

## VILLAGE ROADSHOW AND NETWORK TEN CREATE ONLINE PARTNERSHIP

Two of Australia's major media and entertainment companies, Village Roadshow and Network Ten, today announced the formation of a major online partnership. The new joint venture, targeted at the key under 40 year old demographic, intends to establish Australia's top entertainment and leisure based destination on the internet.

The substantial mass media promotional capabilities of Village and Ten creates an unparalleled marketing powerhouse for targeting almost all Australians under 40 years of age. The partners' combined strengths in this demographic, spanning television, radio, cinema and theme parks, will be used to build brands and drive traffic to web sites and online services.

The partnership has all the hallmarks of a natural marriage for the two mass media players, which have joined forces to leverage their highly complementary strengths into the online arena. Village owns the top two rating radio stations in the 18 to 39 demographic in all major mainland cities. It is also the country's largest cinema and theme park operator. Ten's television stations, which through affiliates reach over 90% of the population, hold a strong position within its core 16 to 39 year old demographic.

The 50/50 joint venture will represent the principal vehicle through which both companies pursue their online growth strategy. It could see Village and Ten together inject up to \$20 million in cash into the business over the next twelve months, in addition to a major advertising and promotional push.

The online business will be based around four to five "killer" categories that rival the leaders in each of these market segments. The first two categories will be music and movies/television, which will both be launched in the first quarter of next year. The online offerings will be marketed under an exciting new consumer brand, which will be unveiled at a later date.

Ten Chief Executive, Mr John McAlpine, said brand strength and visibility were critical drivers of online success.

"Ten and Village have an unparalleled franchise with Australia's under 40's, and this online venture will both fit and reinforce that position"

“Our new online business will enhance the value of our existing businesses as well as providing an exciting new opportunity for our audiences and advertisers in a way that competitors will find difficult to match” Mr McAlpine said.

The Chairman of Village Roadshow, Mr John Kirby, said that “The venture represents an exciting opportunity to unlock value from Village’s existing businesses through online activities at a minimal marginal cost”.

“We have watched with considerable interest and analysed the development of online businesses in Australia and around the world. We have avoided rushing into a major initiative early simply for the sake of being in the game. Now, however, is the moment of truth and the great opportunity to move forward in a partnership which heralds a unique and attractive group of core strengths and assets” he said.

“Our online partnership with Ten is, therefore, a considered strategy which clearly plays from our respective strengths, based upon tangible business principles. It gives us the ability to leverage growth from our core entertainment, media and leisure businesses and create value for our shareholders” he stated.

“Our team will work closely with Ten to realise our shared growth aspirations in the online world” he added.

Village and Ten have established a new and separate joint venture organisation governed by a board comprising representatives of both companies. A Chief Executive Officer is currently being sought to lead this organisation.

A development team is currently underway on the project. The team has been working extensively with McKinsey & Company resources from both Australia and the United States.