

20 November 2014

**VILLAGE ROADSHOW LIMITED
CHAIRMAN'S ADDRESS TO 2014 AGM**

Before moving to the formal business of today's meeting, I would like to comment on some of the company's activities and achievements of the past 12 months and update you on current trading.

The VRL Group achieved an attributable net profit of \$45.8 million for the year ended 30 June 2014. Excluding material items of income and expense, the attributable net profit was \$56.5 million and EBITDA was \$170.9 million. Full details are provided in the Company's 2014 Annual Report which has been made available to all shareholders.

In addition the VRL Board is pleased to have continued the Company's ongoing dividend and distribution program having paid \$106.9 million to shareholders in or in relation to the 2014 financial year. This included a fully franked special dividend of \$23.9 million in July 2014. Whilst this has increased the Company's gearing and interest expense, the Board believe it was appropriate to return this money to shareholders, and the VRL group remains conservatively geared overall.

This solid result is built on the continuing robust performances of the Company's core businesses and the realisation of the Board's strategic policy objective of steady business growth, with measured growth in dividends and continuing balance sheet strength and a deep commitment to building long term value for shareholders.

One of the key highlights of the past financial year has been the exceptional opening of Wet'n'Wild Sydney in December last year. This demonstrated the Company's ability to design, build and open one of the very best water parks in the world. Opening to over-capacity crowds this was a major milestone achievement and, with our wonderful Gold Coast theme parks, we have fantastic 'calling cards' for our Asian and international theme park expansion ambitions.

As outlined in the Annual Report, we have been developing for some years now our capability to leverage our world class theme park development and management expertise to capitalise on the huge potential of theme parks in this Asian century. As indicated in our 2014 full year presentation, we are investing in building our Asian capabilities and have recently opened our Asian head office in Hong Kong and are progressing a whole range of theme park developments with key partners. Whilst these projects have enormous potential, they are, by their very nature, long term undertakings and we are therefore carefully assessing the multiple opportunities so that only the best are progressed. Theme Parks is our biggest division and will be one of our key engines for growth in the years ahead.

Our Gold Coast parks had a solid year and since June are approximately trading 'on par' with last year. The parks continue to attract millions of visitors each year and have been continuously improved with new attractions and events. This year these include the opening of the marvellous Storm Coaster at Sea World, the *Carnivale* event, Junior Driving School at Warner Bros. Movie World, and a new themed young children's area at Wet'n'Wild. An 800 seat conference centre will

be added next year to Sea World Resort and Water Park. Of course, the critical summer trading period for the theme parks is ahead of us, and of course always weather permitting, we are confident of earnings growth this financial year.

Our main cinema exhibition business here in Australia had another excellent trading year with our innovative Vmax and Gold Class cinemas leading the way. Unfortunately we have not yet achieved our desired exit of our cinema in Belfast, which continues to operate at a loss of circa \$3 million per annum. Film product is particularly strong for the rest of the year including titles such as *The Hunger Games: Mockingjay Part 1*, *Hobbit: Battle of the Five Armies*; *The Avengers: Age of Ultron*, *Mad Max: Fury Road*, *Jurassic World* and *Night at the Museum: Secret of the Tomb*. We expect this will be a very good year for our cinemas.

In Film Distribution we are managing our way through admittedly difficult conditions of this transition period to a digital world. DVD sales continue to slowly but steadily decline whilst digital distribution revenues are increasing significantly, but as yet not to the level to compensate for those lost DVD revenues. But they will over time. Of course we are simultaneously fighting “the good fight” against Piracy. Plain and simple, it is theft. No one would go into a bookstore and walk out with books under their arms. The Australian Government has indicated strong support for introducing legislation which we anticipate will be in the next few months.

Roadshow does have a strong product line-up leading into Christmas and beyond with the *Hunger Games* and *Hobbit* sequels mentioned above plus *The Imitation Game*, *American Sniper* and *San Andreas*.

Our 47% owned Village Roadshow Entertainment Group during the year released the hugely successful *The LEGO Movie* and the Tom Cruise movie *Edge of Tomorrow*, and *Into The Storm*. VRL remains of the view dividend receipts are unlikely from this division in the short term.

We are encouraged by the future line-up of the films and we have 4 trailers to now show you, *Annie*, the Ron Howard *In the Heart of the Sea* and Clint Eastwood’s *American Sniper* from Warner Bros... and the hugely anticipated *Mad Max: Fury Road*.

This has been a year of meeting complex challenges and nurturing the very real opportunities of Village Roadshow. I must thank and commend the staff and executives at Village Roadshow for their continuing passionate commitment to your Company.

And so finally, I would like to express the profound appreciation of our Village Roadshow company to Barry Reardon (who is not standing for re-election) for his years and years of contribution to our Board of Directors. Barry has given us the value of his vast experience and wisdom of many decades in the American film industry and we are extremely grateful for his service.

Thank you. Now to the business of the meeting.