



**ASX / MEDIA RELEASE  
FOR IMMEDIATE RELEASE  
26 August 2004**

**PBL ANNOUNCES FULL YEAR  
NORMALISED NET PROFIT +31%**

- ❖ **Normalised NPAT + 31% (Reported NPAT +75%)**
- ❖ **Cash flow generated by businesses increased to \$673m; debt reduced by \$479m**
- ❖ **Final Dividend increased by 100% to 28 cents per share**
- ❖ **Investment in growth, increased distribution to shareholders, plus substantial reduction in net debt**

**SYDNEY: Publishing and Broadcasting Limited (ASX: PBL)** today announced a Normalised Net Profit after Tax (i.e. 'NPAT' at theoretical and before non-recurring items) for the year to 30 June 2004 of \$438.8 million (last year \$335.7 million); an increase of 30.7%. Reported NPAT was \$668.1 million, up 75.4% (last year \$380.8 million). Normalised operating revenue increased 6.3% to \$2,806 million, reported operating revenue increased 7.8% to \$2,886 million.

Cash flow generated by PBL's businesses increased to \$673 million for the year (prior year \$495 million) an increase of \$178 million. PBL reduced net debt during the year by \$479 million to \$1,066 million at June 2004.

Executive chairman of PBL, Mr James Packer said:

"This is a strong result. PBL is benefiting from the unique strengths of our business model along with past investment in growth initiatives. Each of our core businesses is performing well and remains the leader in its respective segment, while contributions from our equity accounted businesses, including ninemsn and SEEK, continue to grow."

"PBL has ongoing earnings momentum. We have built greater value for our shareholders, and are continuing to invest in the business for long term sustainable growth. PBL announced, the acquisition of 25% of SEEK, Australia's leading on-line employment business, in August 2003; a takeover bid for Burswood Casino, in April 2004; and a joint venture agreement with leading global betting exchange service Belfair, in July 2004."

"I am pleased to announce the final dividend for the year has been increased to 28 cents, bringing the payout ratio to 65 % of financial year 2004 normalised earnings, as flagged in our announcement of 27 April."

"We have a highly committed management team, lead by Chief Executive Officer John Alexander, who are focused on driving further growth across the company and investigating new opportunities."

Chief Executive Officer of PBL, Mr John Alexander, said:

"Each of our operating businesses contributed strongly to this result. Total normalised revenue grew 6.3%, which was in excess of GDP growth over the half, with cost increases held to 2.1%. This has led to normalised margins for the group growing from 25.0% to 27.9%. The contribution from our equity accounted businesses has continued to increase and will become a larger portion of earnings over the medium term."

“The robust business economy has contributed to a strong advertising revenue environment. Each of our businesses are well positioned to maximise the cycle.”

“The Nine Network has continued its run of solid ratings performance winning every week of the first half of calendar 2004. The PBL owned east coast stations have increased their advertising market share to 39.9% compared to 39.4 % for the prior year. Nine’s market share improved through the fiscal year, increasing from 39.1% in the first half to 40.8 % in the second half. Nine’s ratings performance together with an upswing in the advertising cycle drove an increase in advertising revenue of 13.9%.”

“Nine’s EBITDA grew 28.7% and EBITDA margins increased to 32.5%. Costs excluding license and APRA fees grew 5.2% during the year reflecting the highly competitive market for television programming and talent. In addition, the division continued to adopt a conservative approach to inventory management in the balance sheet.”

“ACP, our magazine business, grew EBITDA by 20.4%. Further operational improvements and strict cost controls, combined with the continuation of strong advertising and circulation revenue growth have driven this result. The ACP EBITDA margin is now 28.5%.”

“Crown outperformed its major gaming competitors and has achieved solid revenue and earnings results, in an increasingly competitive local and international marketplace. The result was underscored by earnings growth from all operating business units and margin improvements realised through cost efficiency initiatives.”

“Crowns’ normalised EBITDA grew 3.2 % to \$311 million. Reported EBITDA grew 13.5% to \$375.6 million. VIP Gaming achieved its highest ever contribution result (at actual win rates) in the current year.”

“The Group’s equity accounted earnings have increased by \$5.3m over the prior year driven largely by improved contributions from the digital media (internet) businesses.”

“In regards to the Burswood takeover bid, PBL recently advised the market it had reached the 90 % threshold, and following the bid close date of 2 September, will move to compulsory acquisition of the remaining shares.”

## **OPERATIONS**

### **TELEVISION**

The television division reported an EBITDA of \$280.1 million, an increase of 28.7% on the corresponding period, reflecting a 12.8% increase in revenue offset by a 6.5% cost increase. Advertising support continues to be generated from a broad cross section of the market.

The increase in costs of 6.5% largely reflects increased licence fees and extra investment in local production. Excluding licence fees the increase in costs was 5.2 %.

Total revenue increased by 12.8% to \$862.8 million, while gross advertising revenue for the 3 major television stations increased 13.9 %. The Network’s East Coast market share grew to 39.9% for the fiscal year (prior year 39.4%). EBITDA margins have risen from 28.5% to 32.5%.

### **MAGAZINES**

ACP magazines grew EBITDA by 20.4% to \$210.7 million for the year. Good economic conditions in both the Australian and New Zealand markets supported both strong advertising growth and solid copy sales. Revenue increased 7.5% while costs grew 3.1%. The operating margin for the business has increased to 28.5%.

Advertising Revenue increased 12%, while circulation revenue increased by 6 %. Circulation and readership growth has been recorded on many titles.

## **CROWN**

Crown's normalised EBITDA of \$311.1 million, was 3.2% higher than last year. Reported EBITDA for the period was \$375.6 million, a 13.5% increase over the previous corresponding period. The increase was primarily due to an above theoretical VIP Program win rate of 1.73% for the year compared with the prior years 1.47%.

The above theoretical win rate had a \$64.5 million positive impact on Crown's reported EBITDA for the year. The prior year also included a VIP Program Play result, which was \$29.5 million above theoretical. VIP Program turnover decreased 12.6 % to \$17.9 billion for the year compared with the same period last year, and was in line with expectations given the abnormally high win rate.

Crown's reported revenue of \$1,204 million increased by \$55 million or 4.8 % over the prior year. The reported EBITDA margin increased to 31.2 %.

Crown's Gaming Machine business achieved revenue growth for the full year in excess of its local competitors. This was achieved through further investment and enhancements to the Crown Club loyalty program, and re-configuration of the gaming floor to improve the facilities for international and interstate players.

## **OTHER**

Last year ecorp (including Ticketek), On-line Gaming and Head Office contributions were separately disclosed. Following closure of the ecorp Corporate Office and the On-line Gaming business, contributions from Ticketek and Head office costs have been combined.

Ticketek's performance in the year was driven by strong cricket sales, the Rugby World Cup and continued strength in the concert market driven by a strong Australian dollar. The business continued to improved its channel mix by growing on-line sales.

Consequently the improvement in 'Other' (refer attachment B) over the prior year reflects business closures as noted above and an improved Ticketek contribution.

## **INVESTMENTS**

### **PAY TELEVISION**

#### **Foxtel**

Foxtel's revenues for the year grew 18% to \$767 million. PBL has included an equity accounted loss of \$27.2 million (tax effected) for the year, compared to \$16.5 million in the last financial year. Foxtel currently has around 1.1 million subscribers (including wholesale).

Foxtel launched its new digital service on 14 March 2004. The service offer's a range of 130 channels along with key interactive features.

#### **Fox Sports (Premier Media Group)**

Fox Sports changed its name to Premier Media Group earlier this calendar year. Premier Media Group has approximately 1.5 million subscribers. PBL has included an equity accounted profit of \$16.0 million (tax effected) for the year compared to \$16.0 million in the prior year.

The Premier Media Group introduced 2 new digital channels, *Fuel* and the *How To Channel*, during the year which it supplies to Foxtel.

### **Sky News Australia**

This Australian Pay TV news channel, in which PBL has a one third interest, supplies product to Foxtel, Optus and Austar, and is trading profitably.

## **DIGITAL MEDIA BUSINESSES**

The contribution from PBL's digital media businesses improved significantly over the prior year.

### **ninemsn**

PBL has recorded an equity accounted profit of \$7.2 million for the ninemsn business compared with a loss of \$2.9 million in the prior period.

### **SEEK**

PBL completed the acquisition of 25% of SEEK on 31<sup>st</sup> October 2003. SEEK is Australia's leading on-line recruitment business and has achieved consistent growth over the past 5 years. PBL has included an equity accounted profit for SEEK of \$2.6 million for the eight months to 30 June 2004.

## **FILM AND TELEVISION PRODUCTION**

### **New Regency**

Television and movie production company New Regency continued to grow the quality and depth of its film library and enjoyed the ongoing success of its television joint venture with Fox, particularly with *Malcolm in the Middle*.

During the year PBL received an after tax distribution from New Regency of \$182.0 million which has been classified as non-recurring.

### **AFIG**

AFIG has grown its loan book by 34% to \$18.5 billion. PBL has included an equity accounted profit of \$7.6 million compared to \$4.8 million in the prior year.

## **NON-RECURRING ITEMS**

PBL has recorded a net after tax non-recurring gain of \$184.1 million for the year reflecting profit on the sale of Monster Asia and the distribution from New Regency offset by redundancy payments. (Refer Attachment C)

## **FINANCIAL**

Net operating cash flow was \$673 million, an improvement of \$178 million over the prior year. Earnings growth from all divisions and effective working capital management, including collection of \$42 million from ESP loans, contributed to the improvement.

After capital expenditure of \$117 million (including \$44 million on the second hotel at Crown), dividend payments of \$192 million and net positive investment activity of \$118 million, PBL reduced net debt by \$479 million at June 2004 to \$1,066.7 million.

## **DIVIDEND**

In April 2004, the Directors advised that following the conclusion of a capital management review the Board of PBL had determined that PBL's dividend payout ratio will be increased to 65% of normalised Net Profit after Tax (NPAT).

The Directors have announced today an increased fully franked final dividend on ordinary shares of 28 cents per share payable on 15 October, 2004 to shareholders registered on the books close date, at 5.00pm on 30 September, 2004.

## **CONCLUSION**

Executive Chairman of PBL, Mr James Packer, said:

"PBL has delivered a strong performance throughout financial year 2004. We remain committed to driving further improvements in profitability from our core businesses, and greater value for our shareholders."

## **ENDS**

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## **COPIES OF RELEASES**

Copies of previous media and ASX announcements issued by PBL are available on the company website at [www.pbl.com.au](http://www.pbl.com.au).





**PBL DIVISIONAL RESULTS**  
 Twelve Months ended 30 June 2004

<b>Normalised Results<sup>(1)</sup></b>			<b>Actual Results</b>		
Year ended June 2003	Year ended June 2004	% movement on Normalised	Year ended June 2003	Year ended June 2004	% movement on Actual
\$ M	\$ M		\$ M	\$ M	
<b>REVENUE</b>					
764.6	862.8	12.8%	764.6	862.8	12.8%
688.4	740.2	7.5%	688.4	740.2	7.5%
1,110.5	1,123.1	1.1%	1,148.8	1,203.8	4.8%
76.1	79.7	4.7%	74.9	79.7	6.4%
<u>2,639.6</u>	<u>2,805.8</u>	6.3%	<u>2,676.7</u>	<u>2,886.5</u>	7.8%
<b>EXPENDITURE</b>					
546.9	582.7	6.5%	546.9	582.7	6.5%
513.4	529.5	3.1%	513.4	529.5	3.1%
809.1	812.0	0.4%	817.9	828.2	1.3%
111.1	97.4	(12.3)%	111.1	97.4	(12.3)%
<u>1,980.5</u>	<u>2,021.6</u>	2.1%	<u>1,989.3</u>	<u>2,037.8</u>	2.4%
<b>EBITDA</b>					
217.7	280.1	28.7%	217.7	280.1	28.7%
175.0	210.7	20.4%	175.0	210.7	20.4%
301.4	311.1	3.2%	330.9	375.6	13.5%
(35.0)	(17.7)	-	(36.2)	(17.7)	-
<u>659.1</u>	<u>784.2</u>	19.0%	<u>687.4</u>	<u>848.7</u>	23.5%
25.0%	27.9%		25.7%	29.4%	
<b>EBITDA / REVENUE</b>					

(1) Adjusted to show underlying EBITDA; ie. excludes the impact from above or below theoretical win rate on VIP Program Play at Crown (and Online Gaming in 2003) with theoretical win calculated at 1.28%

**NON - RECURRING ITEMS**  
**Twelve Months ended 30 June 2004**

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	<b>\$ M</b>
Profit on Sale of Monster Asia	7.0
Distribution from New Regency	182.0
Redundancy Payments	(4.9)
<b>Net Non-Recurring Gain Post Tax</b>	<b><u>184.1</u></b>