Publishing and Broadcasting Ltd

Full Year Results 2006

OVERVIEW

- Double digit earnings growth
  - gaming strong
  - magazines solid
  - television cost adjustment
  - significant growth in investment earnings

- Final dividend of 29cps, with 59cps for full year
  - up 13.5%

- Continued focus on costs and efficiencies

INTRODUCTION

12% normalised earnings growth to $611m

- Improved contribution from core businesses except television
- Normalised operating margin of 27.1%
- Equity accounted earnings increased by $60m to $78m

26% reported earnings growth to $610m

- Impact from win rate variance and non recurring losses between the two years was +$59m

GROUP RESULTS

Solid earnings growth, and strong cash flow

	FY05 ($m)	FY06 ($m)	%
Normalised Profit *			
Revenue	3,343	3,566	6.7
Cost	2,395	2,599	8.5
EBITDA	948	967	2.0
NPAT	546	612	11.9
EBITDA MARGIN %	28.4	27.1	
Cash Flow			
Cash Flow: pre ESP repayments	677	746	
Operating Cash Flow (per 4E)	763	746	
Free cash Flow	(97)	385	
Debt (reduction) increase	677	(7)	

** At theoretical and before non-recurring items*

GROUP RESULTS – COST FOCUS

FY06 Cost Growth: H1 vs H2 (excluding Commonwealth Games)

	H1		H2		TOTAL	
	$m		**$m**		**$m**	
Television	317	-	306	(3.4%)	623	(1.7%)
Magazines	319	11.0%	298	2.3%	617	6.7%
Gaming (1)	590	18.7%	598	5.8%	1,188	11.8%
Other	71	23.9%	68	7.3%	139	15.2%
TOTAL	**1,297**	**11.9%**	**1,270**	**2.7%**	**2,567**	**7.2%**

(1) *H1 includes full six months of Burswood in FY2006 but only four months in H1 FY2005.*

Television

- **Revenue decreased 3.7% to $870 million**
  - Market share 37% (comparative 38.7%)
  - Total market down 1.4%; for the east coast
  - Nine still ratings leader
- **Costs increased 3.4% to $655 million**
  - Costs down excluding Commonwealth Games
  - Focus on costs to remain
- **EBITDA decreased to $215 million**
  - Margin 24.7% (comparative 29.9%)

Magazines

- **Revenue increased 6.7% to $879 million**
  - Circulation revenue increased 4%
  - Advertising revenue increased 9%
- **Costs up 6.7% to $617 million**
  - In part due to copy volume increases
  - Focus on costs: growth slowed significantly in H2
- **EBITDA increased 7% to $261 million**
  - Margin 29.8% (comparative 29.7%)

Gaming

- **Revenue increased 16.8% to $1725 million**
  - Solid performance from local gaming and from non gaming divisions
  - Win rate of 1.40%, vs 1.17% last year, on VIP Program Play turnover of $24.8 bn

- **Costs**
  - Costs tightly managed despite impact of higher patronage levels on labour costs

- **EBITDA**
  - Reported **EBITDA** increased 27.5% to $535m
  - Theoretical **EBITDA** increased 14.7% to $524m
  - Theoretical **Margin** 30.6% (comparative 30.1%)

Other

Increased net “costs” to $33 million due to:

- **Increased legal costs (mainly C7)**
- **Increased costs associated with investigation and execution of investment opportunities**

Equity Accounted

Solid improvement in FY06

	FY05 ($m)	FY06 ($m)
▪ Pay Television	(6.9)	37.3
▪ ninemsn	11.3	19.9
▪ Seek	4.8	8.5
▪ Hoyts	2.8	12.8
▪ Other	1.3	(0.2)
CONTINUING INVESTMENTS	**13.3**	**78.3**
▪ AFIG (sold Nov '04)	4.5	-
TOTAL EQUITY ACCOUNTED	17.8	78.3

Equity Accounted (line of the future)

Macau

- **The joint venture is now committed to three projects in Macau**
  - Crown Macau anticipated to open April 2007
  - City of Dreams targeted to open stage one late 2008
  - The third site, Trinity, is expected to open in calendar 2009

- **Regulatory approvals and issue of the sub concession imminent**

- **Non recourse funding package on track**
  - Exploring HYB

Cash Flow

Operating cash flow $746 million

	FY05 ($m)	FY06 ($m)
Normalised EBITDA	949	967
(Less) Plus win rate variance	(38)	11
Reported EBITDA	**911**	**978**
Dividends received	25	58
Working Capital Movements		
- ESP loan repayments	86	-
- Other	(32)	7
Cash Flow generated by Businesses	**990**	**1,043**
Interest payments	(117)	(120)
Income tax payments	(110)	(177)
Operating Cash Flow (per ASX “4E”)	**763**	**746**

Cash Flow

After capex, investments and dividends, net debt decreased $7m

	FY05 ($m)	FY06 ($m)
Operating Cash Flow (per ASX "4E")	**763**	**746**
Capital Expenditure	(120)	(141)
Investments (net)	(740)	(220)
Free Cash Flow	**(97)**	**385**
Dividends paid	(368)	(370)
Other	(7)	(8)
Net Group Cash Flow	**(472)**	**7**
Acquired debt (Burswood)	(205)	-
Net Debt Decrease (Increase)	**(677)**	**7**

Publishing and Broadcasting Ltd

Full Year Results 2006