Publishing and Broadcasting Ltd

Full Year Results 2004

OVERVIEW

- **A strong result, operating businesses performing well and investments contributing to profit**
- **earnings growth momentum**, investing for long-term sustainable growth
- **Increased dividend, and improved dividend yield**
- **a conservative financial structure, and opportunities for growth.**

INTRODUCTION

31% normalised earnings growth to $439 m

- Assisted by **solid growth in both consumer and advertising spend**
- **improved contribution from all core businesses**
- **Increased operating margin** to 27.9%
- **increase in equity accounted earnings**
- **100% increase in dividend to 28cps**

GROUP RESULTS

Strong earnings growth, significant improvement in cash flow, reduction in debt

	FY – 03 ($m)	FY – 04 ($m)	%
Normalised Profit*			
❑ Revenue	2,640	2,806	6.3
❑ Cost	1,981	2,022	2.1
❑ EBITDA	659	784	19.0
❑ NPAT	336	439	30.7
❑ EBITDA MARGIN	25.0%	27.9%	
Cash Flow			
❑ Operating Cash Flow	495	673	
❑ Free cash flow	452	674	
❑ Debt reduction	210	479	

** At theoretical and before non-recurring items*

Television

- **Revenue** increased 12.8% to $863 million
  - Market share 39.9% (comparative 39.4%)
  - Further ratings improvement in calendar 2004
- **Costs** increased 6.5% to $583 million
  - Increased licence fees (5.2% excluding licence fees)
  - Investment in programming and talent
- **EBITDA** increased 28.7 % to $280 million
  - Margin 32.5% (comparative 28.5%)

Magazines

Revenue increased 7.5% to $740 million

- **Circulation revenue** increased 6%
  - Increased cover prices + copy sales
  - Retail initiatives underpin copy sales
- **Advertising revenue** increased 12%
  - Increased market share

Magazines (continued)

- **Costs** up 3.1% to $530 million
  - In part due to copy sale volume increases
  - Cost control through
    - Technological innovation
    - Internal processes including returns
    - Scale benefits (paper, printing, etc) + FX
- **EBITDA** increased 20.4% to $211 million
  - Margin 28.5% (comparative 25.4%)

Crown

- **Revenue** increased 4.8% to $1204 million
  - Increase in local gaming business
  - Exceptionally high win rate at 1.73% resulted in VIP Program Play turnover declining 12.6% to $17.9 b
- **Costs**
  - Strong cost control, flat like for like
- **EBITDA**
  - Reported **EBITDA** increased 13.5% to $376m
  - Theoretical **EBITDA** increased 3.2% to $311 m

Other

Improvement of $18.5 million due to:

- Increased contribution from Ticketek
- Closure of Online Gaming and ecorp head office

Equity Accounted

Solid improvement in contribution

	FY – 03 ($m)	FY – 04 ($m)
• Pay Television	(0.4)	(11.2)
• ninemsn	(2.9)	7.2
• Seek	--	2.6
• AFIG (formerly Wizard)	4.8	7.6
• Other	0.6	1.2
	2.1	7.4

Cash Flow

Significant improvement in operating cash flow to $673 million

	FY - 03 ($m)	FY - 04 ($m)
Reported EBITDA	**687**	**848**
Non recurring cash impact	(19)	(7)
EBITDA (after non recurring cash expense)	**668**	**841**
Working Capital Movements		
-ESP loan repayments	-	42
-Other	(7)	11
Cash Flow generated by Businesses	**661**	**894**
Interest payments	(114)	(113)
Income tax payments	(52)	(108)
Operating Cash Flow (per ASX "4E")	**495**	**673**

Cash Flow

After acquisitions (SEEK, BIR), capex and dividends; net debt declined $480 m

	FY – 03 ($m)	FY – 04 ($m)
Operating Cash Flow (per ASX “4E”)	**495**	**673**
Capital Expenditure	(51)	(73)
Capital Expenditure (Promenade Hotel)	(78)	(44)
Investments (net)	86	118
Free Cash Flow	**452**	**674**
Share buy back - ecorp	(95)	-
Dividends paid	(146)	(192)
Other	(1)	(3)
Net Group Cash Flow	**210**	**479**

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