

# LIFESTYLE

entertainment

Quarterly Briefing

# 4Q10

# MAJOR CINEPLEX GROUP PLC.

Paragon Cineplex, Siam Paragon

Feb 25, 2011



# 4Q10 QUARTERLY BRIEFING

## contents

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## The Bottom Line

### 4Q10 & FY10 Financial Review

Review of Revenue, EBITDA, Net profit  
B/S snapshot

### FY11 Outlook

Films line-up: “FY11 is another Golden Year”  
New capacities

### FY11 Strategic Focus

# 4Q10 QUARTERLY BRIEFING

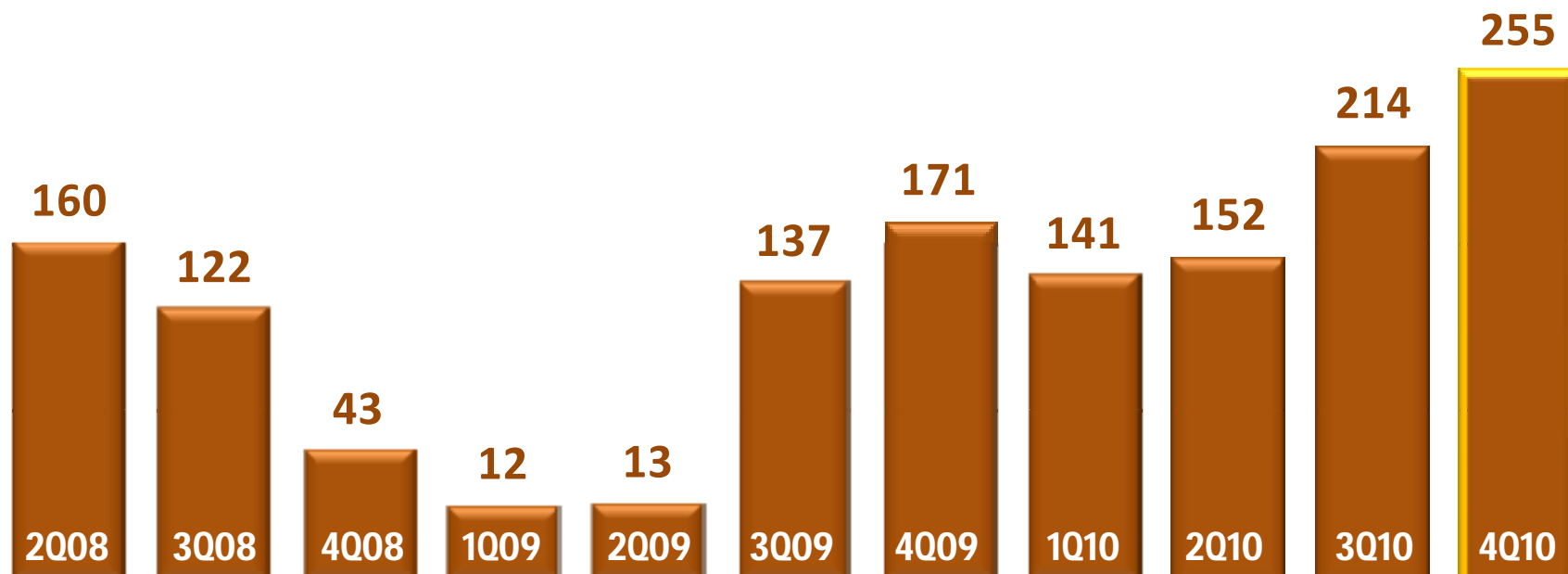
## The Bottom Line

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### Strong net profit continued

- Cinema margin remains healthy despite lower admissions sales as a result of flooding
- Some extra gain items provide extra cushion
- Associates contributing their shares of healthy net profits



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# 4Q10

# 4Q10 FINANCIAL REVIEW



# 4Q10 QUARTERLY BRIEFING

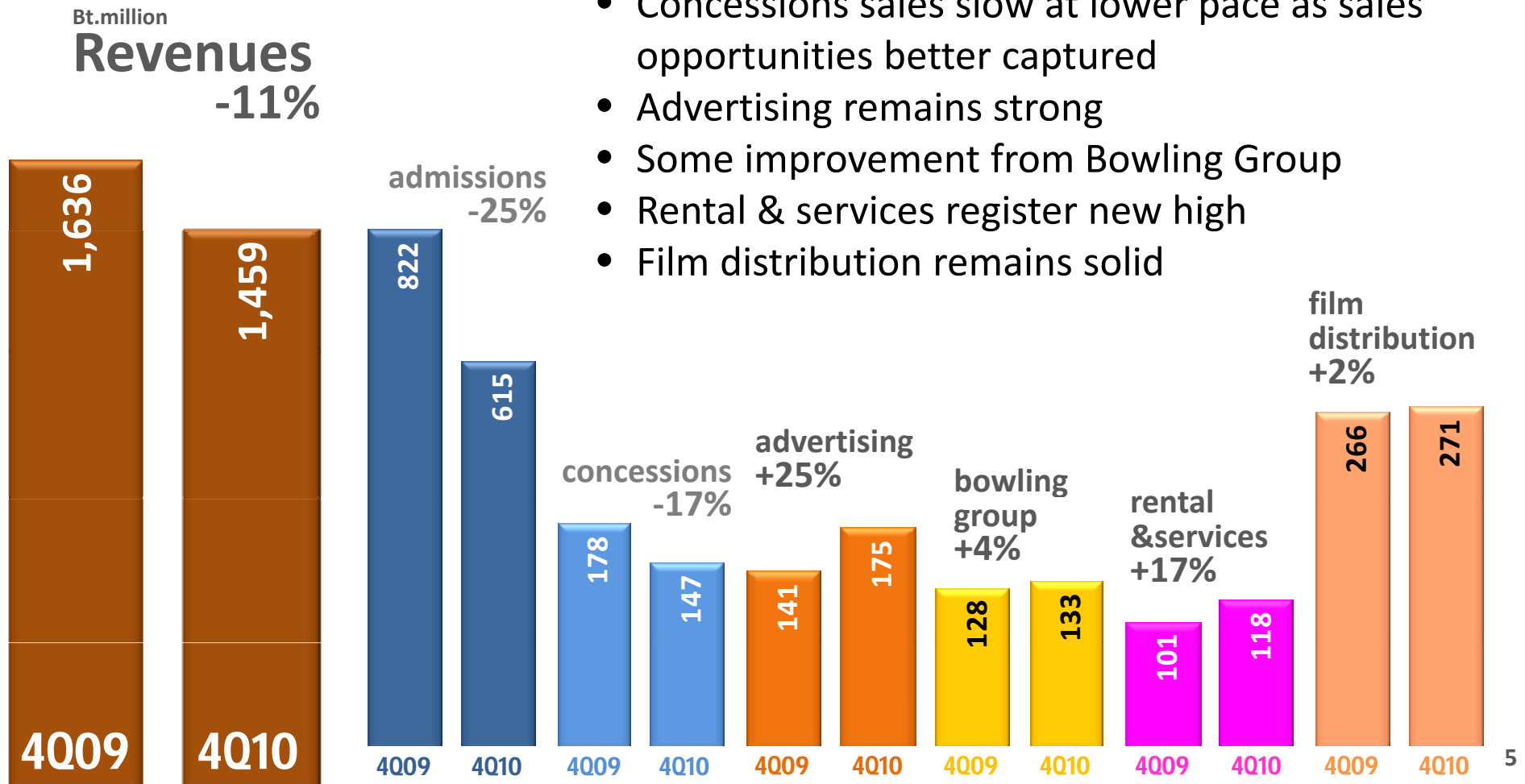
## 4Q10 Financial Review

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### Weaker overall revenue from floods

- Flooding taken toll on admissions sales
- Concessions sales slow at lower pace as sales opportunities better captured
- Advertising remains strong
- Some improvement from Bowling Group
- Rental & services register new high
- Film distribution remains solid



# 4Q10 QUARTERLY BRIEFING

## 4Q10 Financial Review

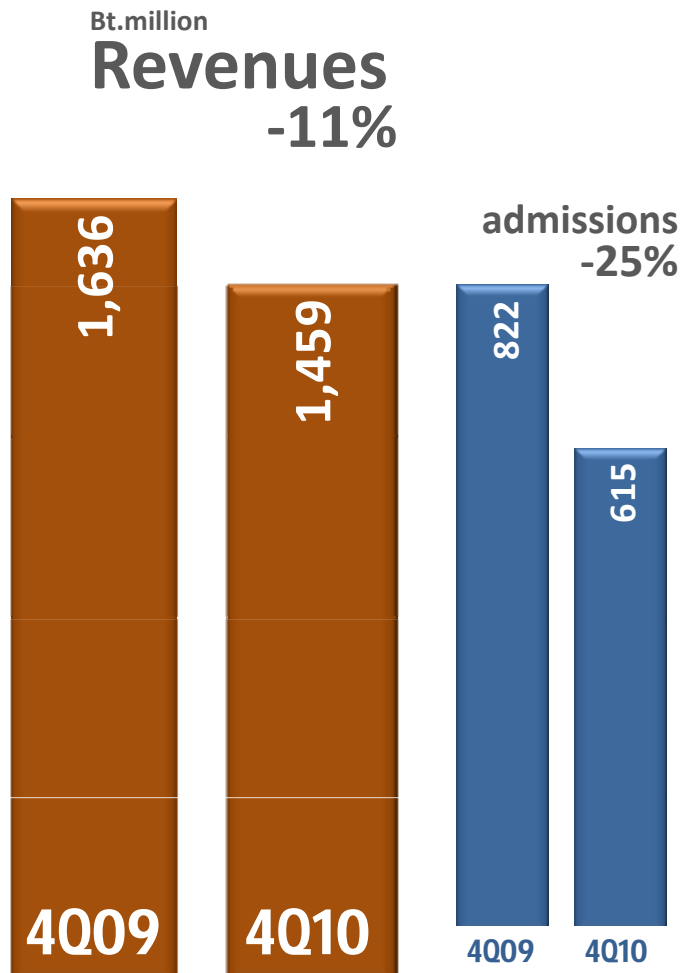
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### Flooding taken toll on admissions sales

- Roughly two months of serious floods, especially in Provincial Thailand
- Northern, Northeastern, Southern cities hard hit
- Most releases during the period are Thai films, which should have done well provincially

Reminder: 4Q09 = 2<sup>nd</sup> highest quarter for admission sales with releases of *Avatar*, *2012*, *BKK Traffic Love Story* (Rodfaifah)



# 4Q10 QUARTERLY BRIEFING

## 4Q10 Financial Review

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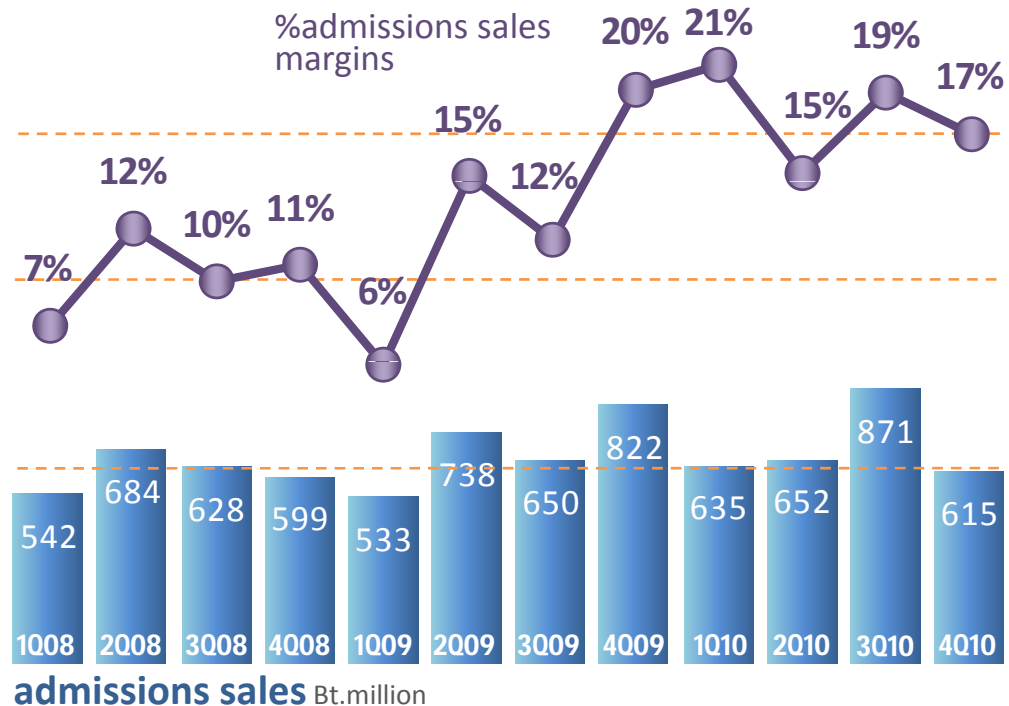
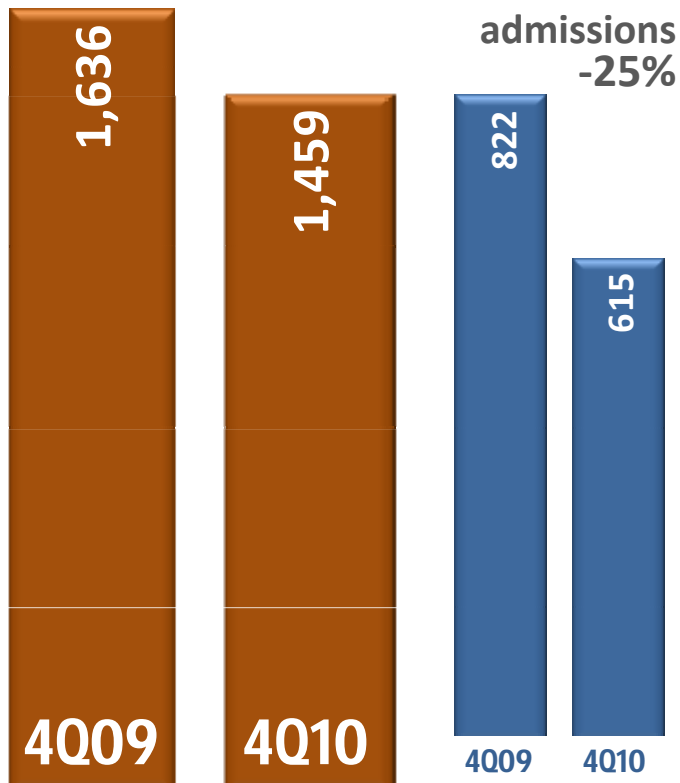


### Admissions sales margin held up well

- MPIC releases two very-well received films in Dec: “Lulla man” & “Sudkhet-salade-ped”
- Integration benefit helps provide cushion despite relatively lower admissions sales

Bt.million

**Revenues**  
-11%



# 4Q10 QUARTERLY BRIEFING

## 4Q10 Financial Review

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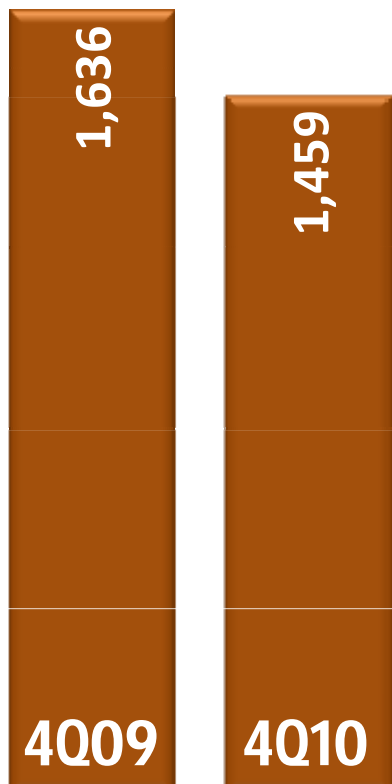


### Concessions sales remain healthy

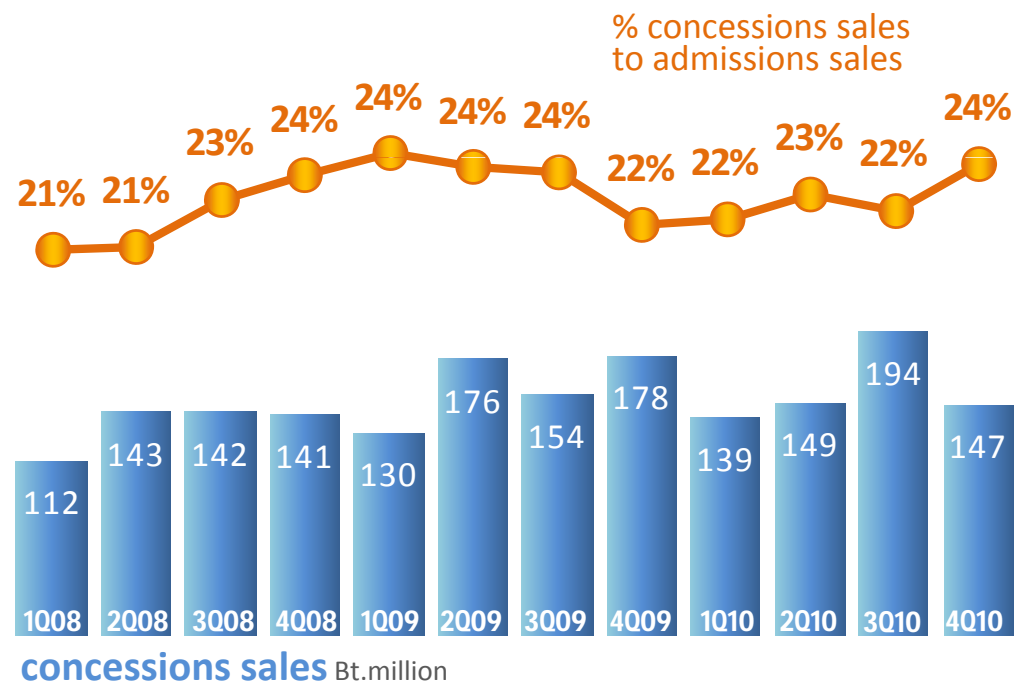
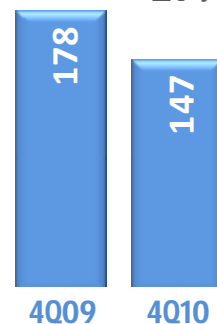
- Ratio of concessions sales to admissions sales back up to 24% after period of sharp ATP increase
- Better product line-up
- Higher concessions sales contribution should help improve overall margin

Bt.million

**Revenues**  
-11%



concessions  
-17%



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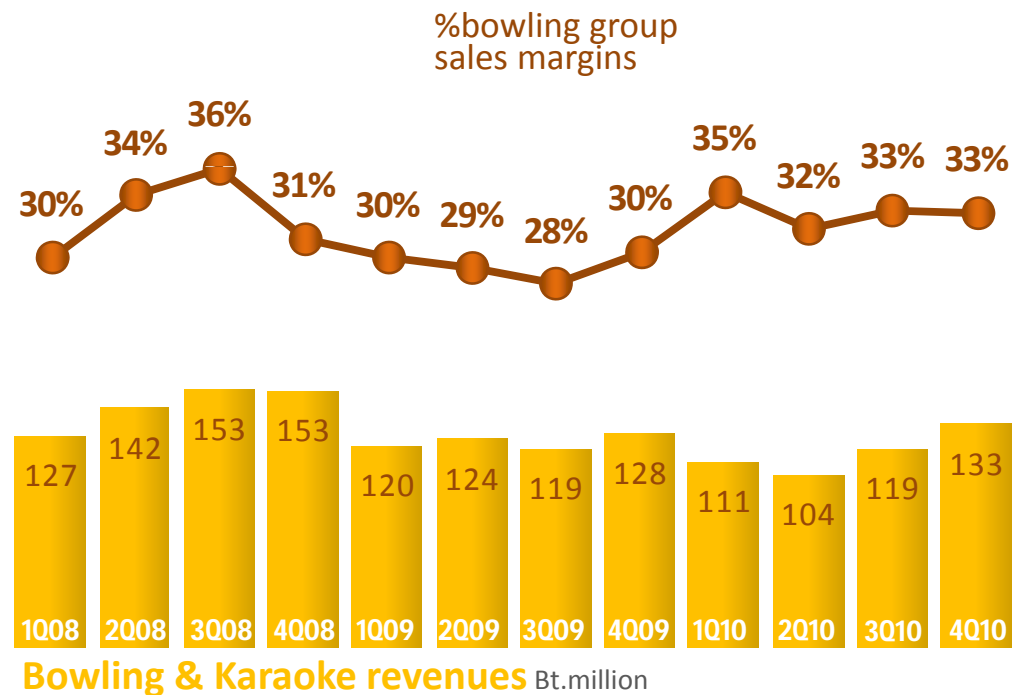
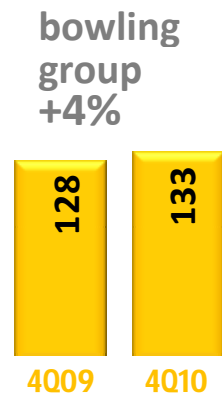
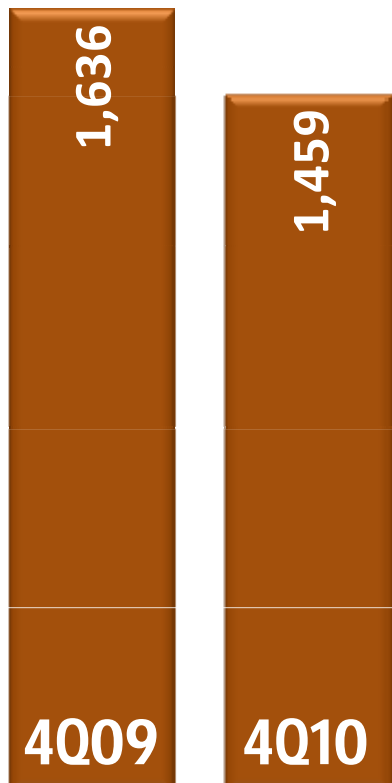


### Slight improvement in bowling group

- Bowling group sales up 4% yoy
- Improvement coming from tournament sales

Bt.million

Revenues  
-11%



# 4Q10 QUARTERLY BRIEFING

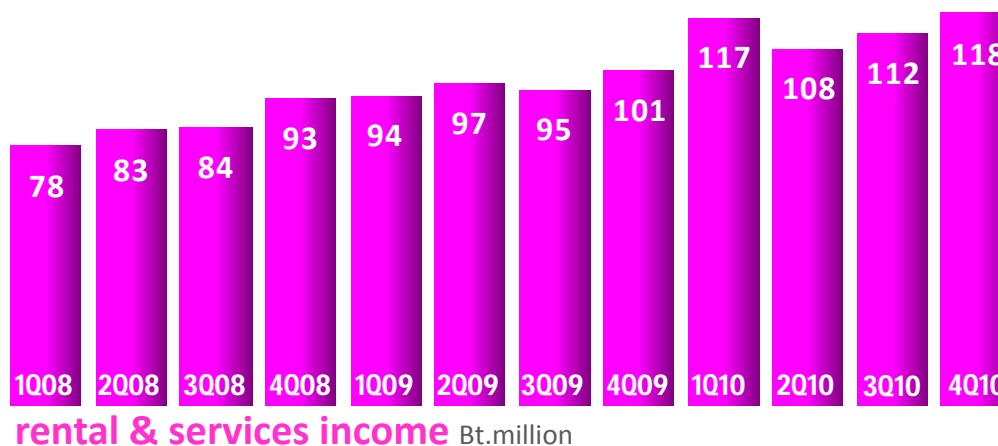
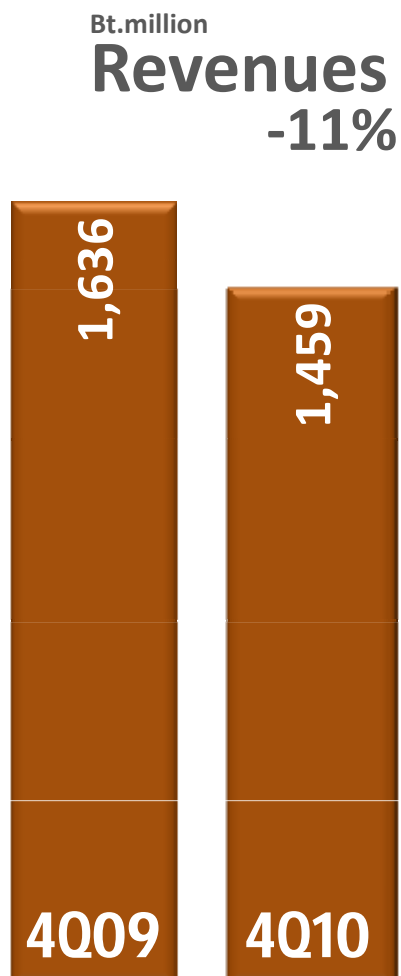
## 4Q10 Financial Review

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### Rental & services at a new high

- Rental & services incomes resuming revenue level prior to riot in 2Q10
- New & improved Big-C Rajadamri now reopened
- Metropolis' cinema space being converted to approximately 12,000 sq.m. of rental space which is to start contributing from around mid-2Q11 onward



# 4Q10 QUARTERLY BRIEFING

## 4Q10 Financial Review

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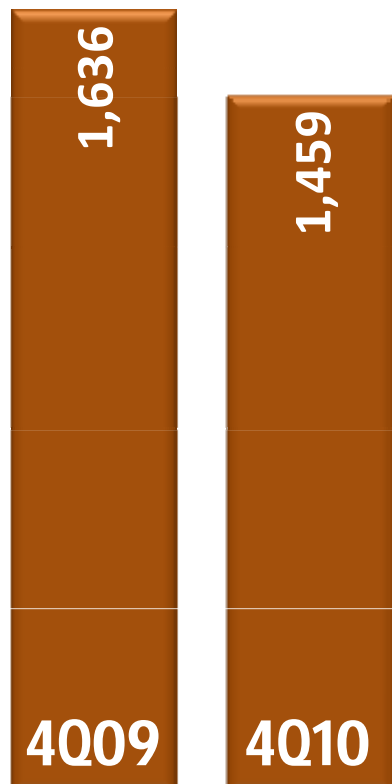


### Advertising media sales remain strong

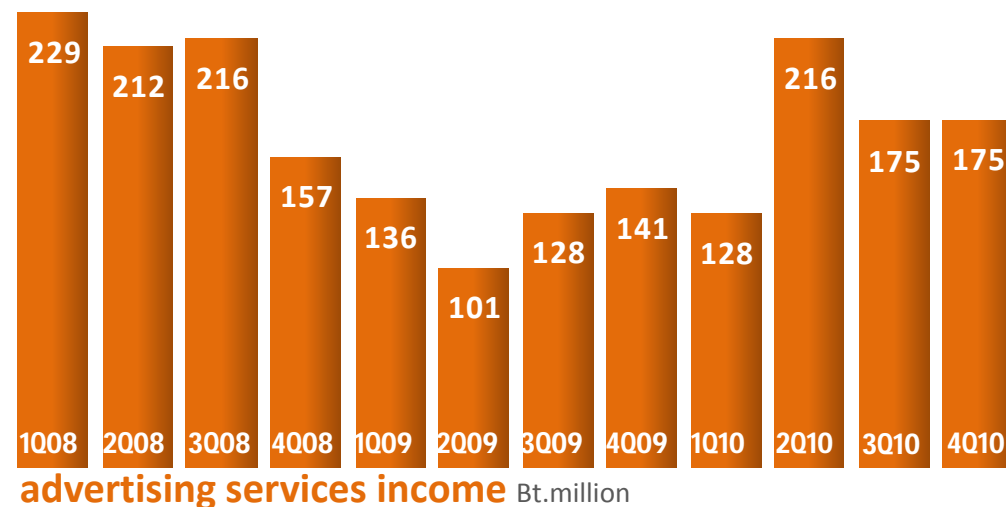
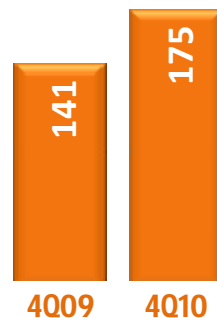
- Favorable local economic fundamentals continue to support growth trend
- Strong films line-up should help sustain momentum, while new innovative media sales packs being explored
- New digital projector system expected to improve “cinemedia” commercials in medium-to-long term

Bt.million

### Revenues -11%



advertising  
+25%



advertising services income Bt.million

# 4Q10 QUARTERLY BRIEFING

## 4Q10 Financial Review

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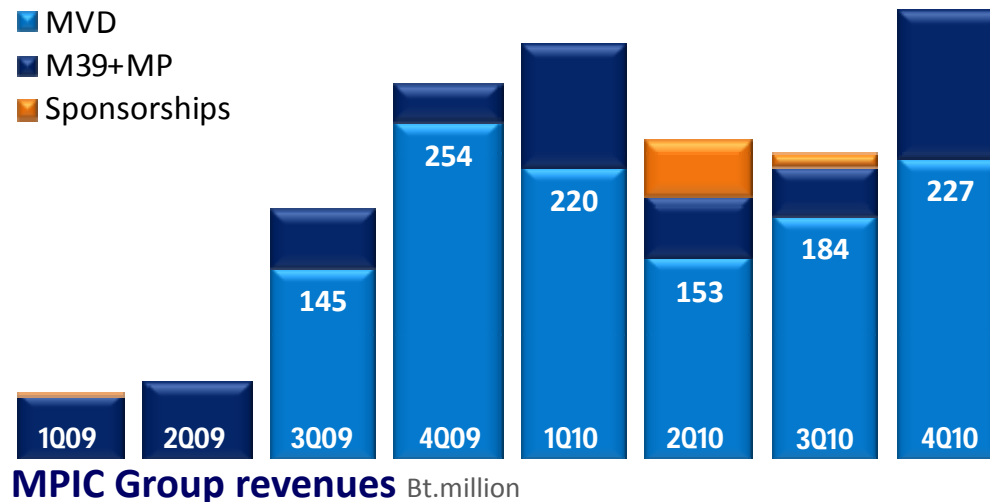
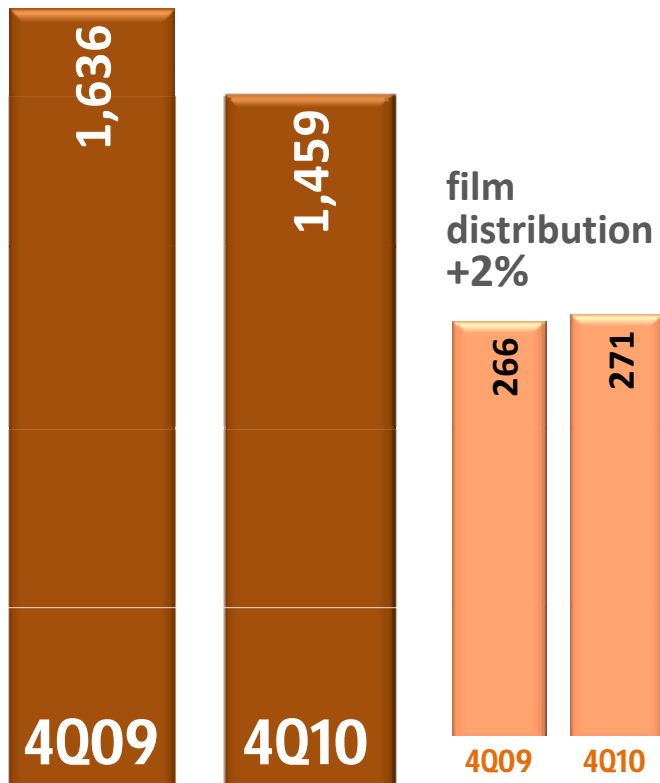
### Better visibility in integrated film business

- DVD/VCD distribution as “bread & butter” recurring well based on its seasonality pattern
- Film production M39 adding on-top bonuses with its successful film releases, while downside risks limited by sponsorships/partnerships



Bt.million

**Revenues**  
-11%



MPIC Group revenues Bt.million

# 4Q10 QUARTERLY BRIEFING

## 4Q10 Financial Review

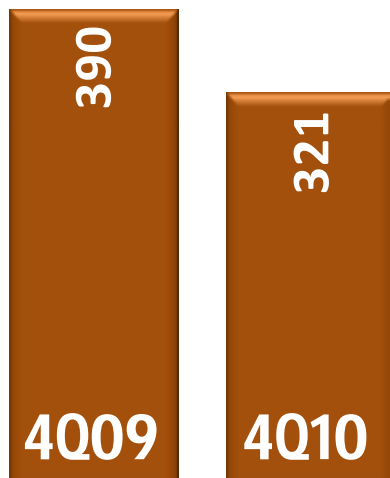
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### EBITDA relatively lower but still strong

- 4Q09 admissions sales were exceptionally high with numbers of blockbusters from both Hollywood & Thai studios
- Film integration helps generate strong cash flow despite sharply lower admissions sales in 4Q10

Bt.million  
**EBITDA**  
-18%



# 4Q10 QUARTERLY BRIEFING

## 4Q10 Financial Review

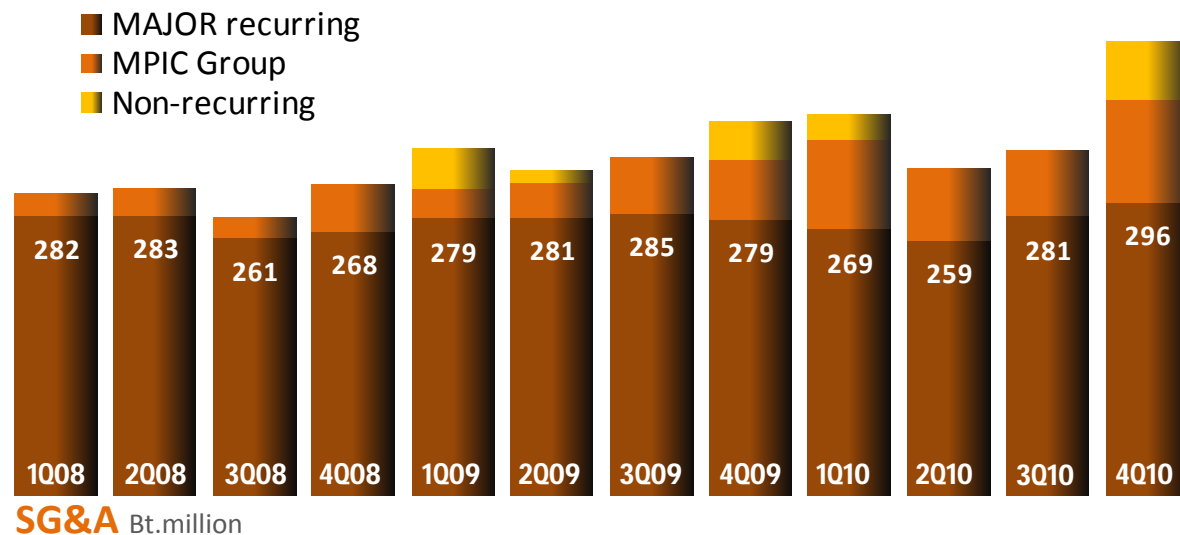
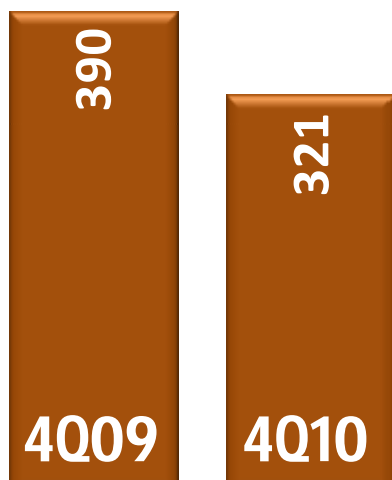
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### SG&A still largely well under control

- MAJOR recurring normally with slight increase from more R&M activities and new stores opening
- MPIC Group incurs slightly higher marketing expenses to propel its films releases
- Non-recurring items relate to:
  - Terminating cinema business at Metropolis
  - Provisioning for investment in CAWOW

Bt.million  
**EBITDA**  
-18%



# 4Q10 QUARTERLY BRIEFING

## 4Q10 Financial Review

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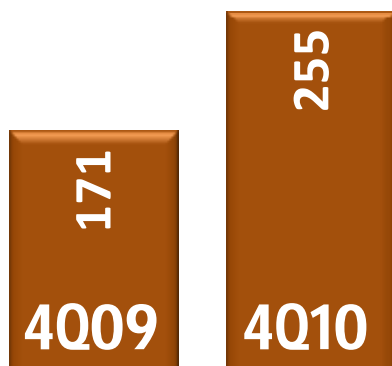


### Extra gains contribute to net profit growth

- Gains on sales of “Suzuki Avenue” into MJLF Property Fund directly recognized through equity income from RAV and indirectly through 23.2% stake in Siam Future
- Gain on annual MJLF’s existing asset appraisal

Bt.million

**Net profit**  
**+49%**



**MJLF**



Share of net profit from three associates Bt.million

	1Q10	2Q10	3Q10	4Q10
RAV	4.1	7.6	1.9	140.3
SFD	4.3	4.4	7.2	37.7
MJLF	20.2	20.6	23.2	47.9

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# FY10 FINANCIAL REVIEW



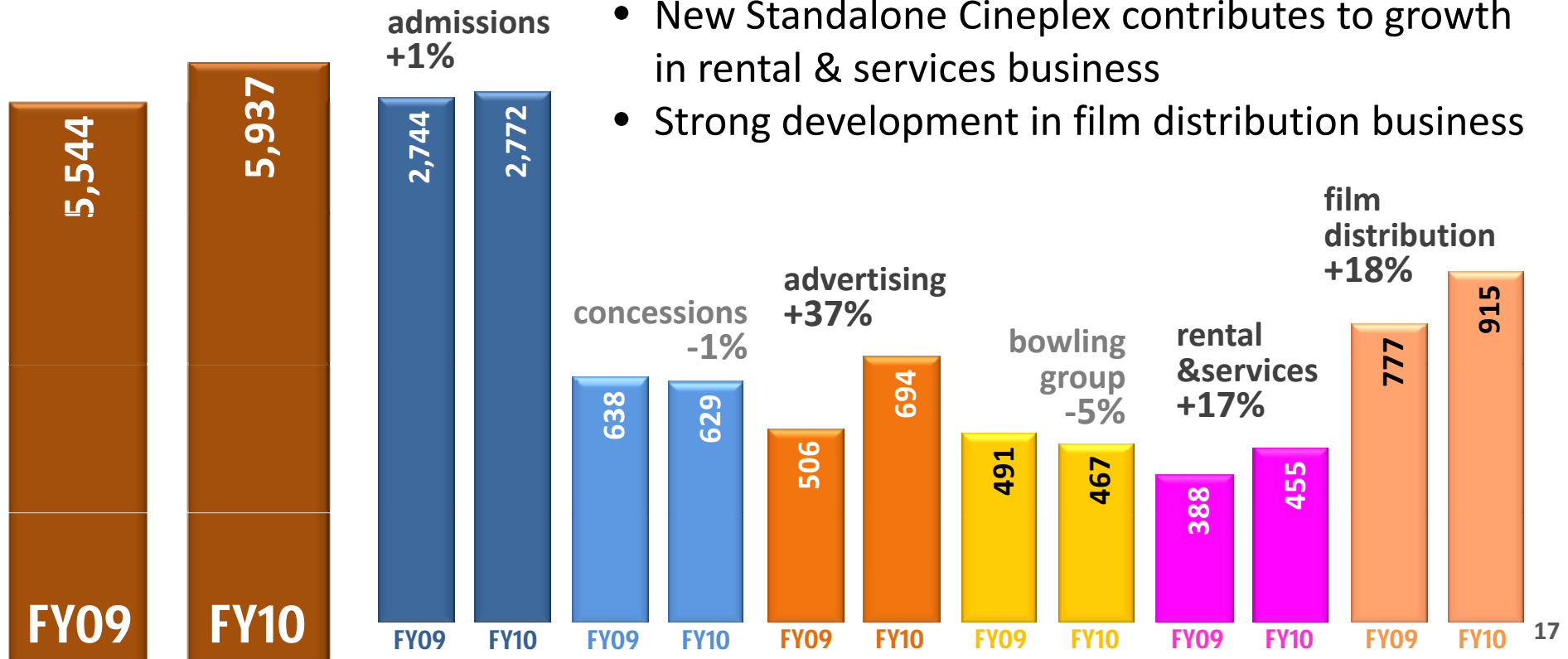
# 4Q10 QUARTERLY BRIEFING

## FY10 Financial Review

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Bt.million  
**Revenues**  
**+7%**



### Respectable revenues growth of 7% yoy

- Overall 2010 films line-up inferior to 2009's
- Two unfortunate incidents , i.e. 2Q10 Riot & 4Q10 Flooding hinder higher admissions sales
- Apparent turnaround in advertising business
- New Standalone Cineplex contributes to growth in rental & services business
- Strong development in film distribution business

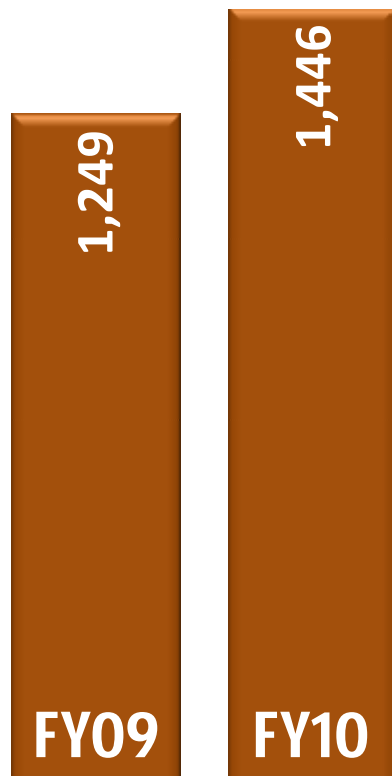
# 4Q10 QUARTERLY BRIEFING

## FY10 Financial Review

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Bt.million  
**EBITDA**  
**+16%**



### Stronger EBITDA growth

- Blended “gross” margin improvement of 5% contributed virtually by all BUs
- Sales from rentals & services business expected to improve with re-opening of Metropolis at Big-C Rajadamri

### “Gross” margin improvements

Margins	FY09	FY10	Δ
Admissions	14%	18%	4%
Concessions	62%	65%	3%
Advertising services	85%	87%	2%
Bowling group	29%	33%	4%
Rentals & services	44%	36%	-8%
Film distribution	15%	21%	6%
<b>Blended</b>	<b>29%</b>	<b>34%</b>	<b>5%</b>

# 4Q10 QUARTERLY BRIEFING

## FY10 Financial Review

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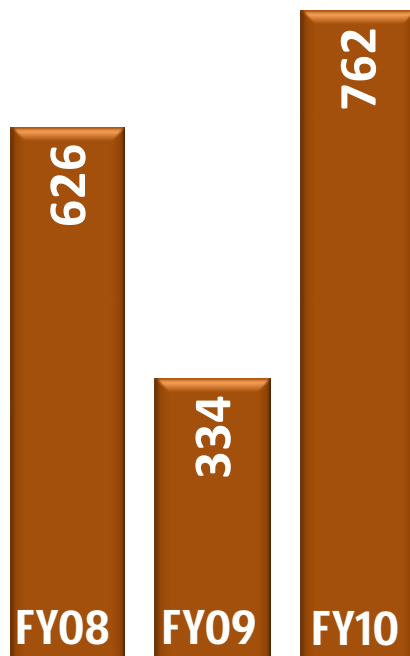


### Bottom line fully back on track

- Much stronger core business operations compared to prior years
- Healthy profits contribution from associates, with no value destruction at the bottom line
- 22% higher than a normalized year of FY08

Bt.million

### Net profit



# 4Q10 QUARTERLY BRIEFING

## B/S Snapshot

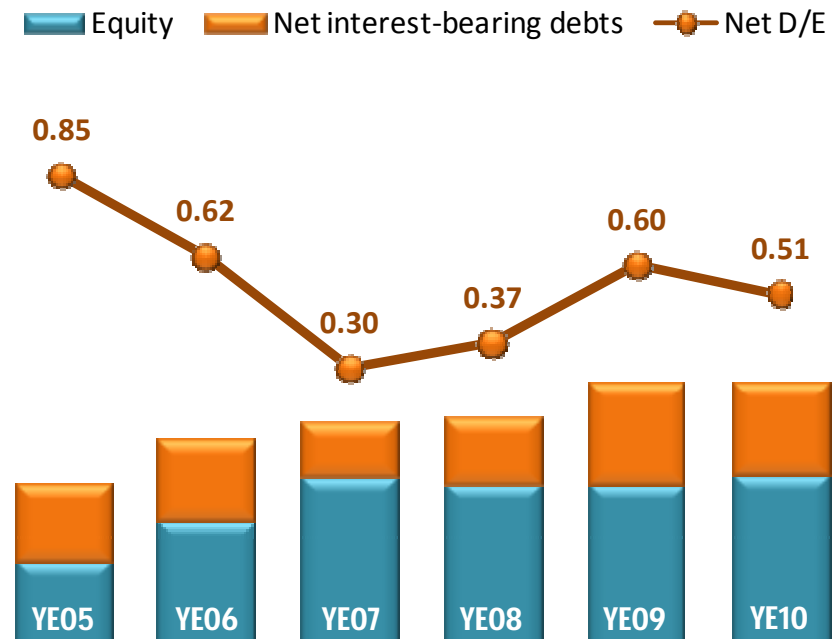
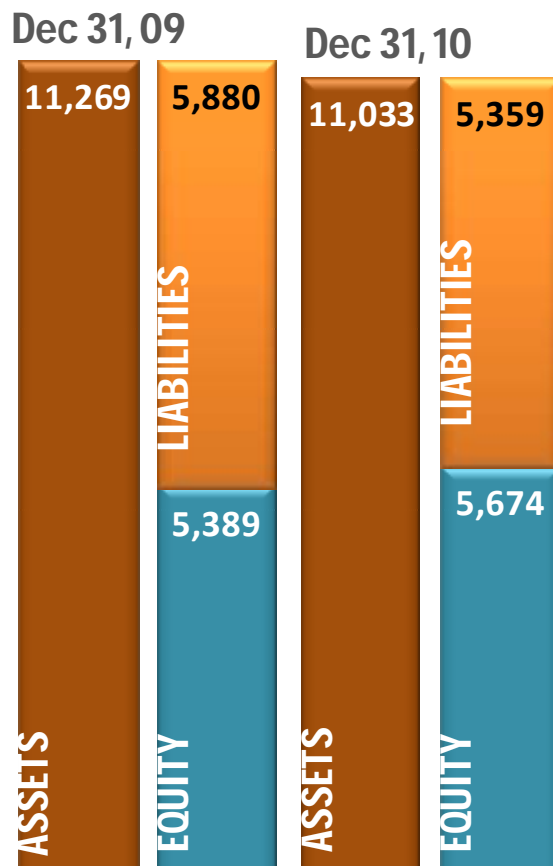
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Bt.million	Dec 31, 09	Dec 31, 10	%chg
Assets	11,269	11,033	-2%
Liabilities	5,880	5,359	-9%
Equity	5,389	5,674	5%

### Healthy balance sheets

- Closing of non-performing branches
- LT-Debts being paid back & refinanced by lower-cost debentures



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## Dividend

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	FY09	1H10	%Chg
EPS (Bahts)	0.39	0.91	133%
DPS (Bahts)	0.35	0.80	129%
Payout ratio	90%	88%	

### Full-year dividend of Bt0.80/share (Bt 0.20+0.60)

- Record date: Mar 14, 2011
- Payout date: May 4, 2011

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# FY11 OUTLOOK



# “2011 is another Golden Year”

# FY11 films

Total market admissions sales estimates of Top-5 films (Bt.million)

	FY07		FY08		FY09		FY10		FY11	
Hollywood	SpiderMan 3	190	Mummy 3	130	2012	230	Avatar	300	Transformer 3	
	Harry Potter 5	165	007 Quantum	90	Transformer 2	210	Harry Potter 7.1	160	MI:4	
	Transformers	125	IronMan	80	Harry Potter 6	130	IronMan 2	175	Harry Potter 7.2	
	Pirates Carib 3	125	Hancock	75	Terminator 4	100	Resident Evil 4	110	Pirates Carib 4	
	Resident Evil 3	90	Dark Knight	75	Fast Furious 4	100	Twilight 3	110	Twilight 4	
						Clash of Titans	95	Fast Furious 5		
Thai	KingNaresuan2	250	OngBak 2	120	RodFaiFah	140	GuanMuenHo	130	King Naresuan 3	
	KingNaresuan1	250	TengNong 2	100	5-Prang	100	32-Thันวา	110	King Naresuan 4	
	Bodyguard 2	100	PidTermYai	85	WongKumLao	100	SingLekLek	100		
	TengNong	90	4-Prang	80	Saranair	95	Tukky	90		
	May-Na-Rok	90			Yam-Yasothorn 2	95	Saranair 2	90		



# 4Q10 QUARTERLY BRIEFING

## FY11 Films line-up

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1Q11			2Q11			3Q11			4Q11		
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
											สาระแน 4
											Mission: Impossible - Ghost Protocol
											King Naresuan 4 ยุทธหัตถ์
											หลวงพี่เท่ง 5
											The Twilight Saga: Breaking Dawn - Part 1
											ฟุ่มพวง ดวงจันทร์
											Paranormal Activity 3
											Journey to the Center of the Earth 2
											Johnny English 2
											ตุ๊กกี้ 2
											Final Destination 5
											Cowboys & Aliens
											Captain America: The First Avenger
											Harry Potter & the Deathly Hallows: Part 2
											Transformers: Dark of the Moon
											Green Lantern
											ผู้หญิงปากร้ายผู้ชายปkad (M39)
											X-Men: First Class
											Kung Fu Panda 2
											Pirates of the Caribbean: On Stranger Tides
											Scream 4
											Fast Five
											Thor
											ลัดดาแลนด์ (GTH)
											World Invasion
											King Naresuan 3 ยุทธนาวี
											Suck Seed ห่วยขั้นเทพ (GTH)
											Rango
											Love Love จุลินทรีย์ (M39)
											I am Number Four
											เท่งโหนง จิวจิน
											หอดั่วแตก แหวกชิมิ
											สุดเขตเสลดเปิด (M39)
											สาระแนเห็นผี

Selected films only, subject to change

As of Feb 2011

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## New Capacities

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As of Feb 2011

		FY09	FY10	FY11	
<b>New screens</b>		<b>23</b>	<b>21</b>	<b>25</b>	
BKK	Namwongwan	16	Samsen Paradise Park Additional screens		
BKK vicinity & Provincial	Korat Additional screens Amatanakorn	2 5	Mahachai Saraburi Kampangpetch	Chiang-rai Pitsanuloke Chantaburi  TBA	5 5 5  10
<b>New lanes</b>		<b>48</b>		<b>26</b>	
BKK	Namwongwan	24			
BKK vicinity & Provincial					
International	New Delhi	24		Vasant Kunj	26

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## M Generation

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**M**  
GENERATION

The New Age Entertainment Culture  
บัตรเอ็นเตอร์เทนเมนต์บัตรแรกที่ให้คุณสนุกไปกับที่สุดแห่งวัฒนธรรมบันเทิงยุคใหม่

สมัคร 100 บาท รับ 100 แต้ม

สมัคร 50 บาท รับ 50 แต้ม

สะสมคะแนนความบันเทิงผ่านทุกช่องทางใช้จ่าย ทุก 20 บาท  
รับ 1 แต้ม 1 แต้ม มีมูลค่า 1 บาท

- Loyalty card to customers
- Customer insights & Direct marketing channel for MAJOR to drive same-store growth

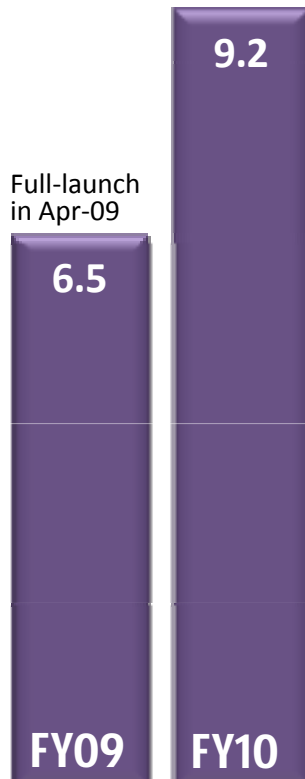
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## PVR blu-O Rollout

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**PVR blu-O**  
**Equity Income**  
**on MAJOR P&L**  
Bt.million



- First 24-lane location contributes around Bt.2-3m/qrtr to MAJOR's net profit as 49% share of profit in PVR blu-O



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## FY11 Strategic Focus

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- More focus on existing assets given solid film line-up
- Driving same store growth for further margin improvement
  - Increase cinema occupancy
  - Improve ticketing convenience
  - Understanding customers: m-Gen
- Digital & 3D films to help manage ATP
- Further inroad into India while exploring other international markets

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Thank You

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## Appendix Detailed P&Ls

Bt. Thousand	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
<b>Revenues</b>								
Admissions	532,905	738,037	650,492	822,218	634,790	651,556	871,354	614,666
Concessions sales	129,887	175,907	154,006	178,289	139,064	148,948	193,829	147,376
Advertising services income	136,117	101,098	128,498	140,784	128,448	216,009	174,565	175,315
Bowling, Karaoke, Ice skating services income	120,356	124,118	119,081	127,635	111,341	103,521	118,820	133,149
Rentals and services income	93,831	97,345	95,375	101,144	117,072	107,855	112,160	118,016
Sales of VCD/DVD and film rights	166,959	189,407	154,452	266,280	267,977	172,611	204,176	270,714
Others	0	0	0	0	1,502	1,957	0	0
<b>Total revenues</b>	<b>1,180,055</b>	<b>1,425,912</b>	<b>1,301,905</b>	<b>1,636,350</b>	<b>1,400,194</b>	<b>1,402,456</b>	<b>1,674,904</b>	<b>1,459,236</b>
<b>Costs</b>								
Cost of film exhibition and theatre	503,243	626,691	573,684	661,222	502,666	552,120	702,340	508,236
Cost of concessions	53,754	66,897	58,337	66,296	51,377	52,597	65,075	53,618
Cost of advertising services	15,053	18,452	15,465	26,182	23,964	19,091	21,970	23,839
Cost of bowling, Karaoke, Ice skating services	84,696	88,243	86,069	89,132	72,734	70,600	79,229	89,068
Cost of rentals and services	49,178	54,370	53,898	59,217	74,889	70,325	72,000	74,465
Cost of sales of VCD/DVD and film rights	131,510	183,879	132,532	213,874	214,240	169,669	138,124	202,901
Others	0	0	0	0	53	572	0	0
<b>Total costs</b>	<b>837,434</b>	<b>1,038,533</b>	<b>919,985</b>	<b>1,115,922</b>	<b>939,923</b>	<b>934,974</b>	<b>1,078,738</b>	<b>952,127</b>
<b>Gross profits</b>	<b>342,620</b>	<b>387,379</b>	<b>381,920</b>	<b>520,427</b>	<b>460,272</b>	<b>467,482</b>	<b>596,166</b>	<b>507,109</b>
Selling expenses	92,782	86,269	73,736	121,929	109,858	100,591	90,461	88,684
Administrative expenses	245,810	232,716	257,175	240,451	253,303	216,867	244,106	358,148
Directors' remuneration	8,603	7,908	7,034	11,155	16,904	11,397	10,380	6,144
<b>Selling and administrative expenses</b>	<b>347,195</b>	<b>326,893</b>	<b>337,945</b>	<b>373,535</b>	<b>380,066</b>	<b>328,855</b>	<b>344,947</b>	<b>452,975</b>
<b>EBIT</b>	<b>-4,574</b>	<b>60,486</b>	<b>43,975</b>	<b>146,892</b>	<b>80,206</b>	<b>138,627</b>	<b>251,219</b>	<b>54,134</b>
Disposal of investments		1,467	82,120	15,889	19,400	252	837	-5,906
Upfront lease income				9,464	45,545			
Other operating income	40,198	27,498	31,725	51,475	27,830	36,953	28,581	34,895
<b>Operating profit</b>	<b>35,624</b>	<b>89,452</b>	<b>157,820</b>	<b>223,720</b>	<b>172,981</b>	<b>175,832</b>	<b>280,638</b>	<b>83,123</b>
Share of profit of investments - equity	23,920	-15,474	27,311	11,236	30,535	32,661	36,231	228,861
<b>Profit before interest and tax</b>	<b>59,544</b>	<b>73,977</b>	<b>185,131</b>	<b>234,957</b>	<b>203,516</b>	<b>208,492</b>	<b>316,869</b>	<b>311,985</b>
Financial costs	-30,052	-30,785	-32,143	-40,389	-35,023	-36,617	-34,060	-32,712
Income tax	-17,066	-29,889	-15,580	-30,267	-26,403	-19,803	-64,221	-15,217
<b>Profit before minorities</b>	<b>12,425</b>	<b>13,303</b>	<b>137,408</b>	<b>164,301</b>	<b>142,090</b>	<b>152,073</b>	<b>218,588</b>	<b>264,056</b>
Profit attributable to minorities, net	-149	0	-366	6,802	-907	-569	-4,439	-8,903
<b>Net profit</b>	<b>12,277</b>	<b>13,303</b>	<b>137,042</b>	<b>171,103</b>	<b>141,183</b>	<b>151,503</b>	<b>214,150</b>	<b>255,153</b>