



Analyst Presentation

April 2012

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Board & Leadership Team



Shane Tanner (FCPA, ACIS) Chairman and Non-Executive Director

Appointed to the Board in March 2009 as an Independent Non-executive director and appointed as Chairman of the Board effective from the AGM on 21 May 2010. Mr Tanner is Chairman of the Nomination Committee and a member of the Remuneration and Evaluation Committee and the Audit, Risk and Compliance Committee. He is Chairman of Vision Group Holdings Ltd and Paragon Care Ltd. Mr Tanner is a former CEO of Mayne Nickless Diagnostic Services and Director of Sterihealth Ltd. Mr. Tanner has a vast commercial and financial experience.



Craig Mathieson (B.Bus) Non Executive Director

Appointed to the board in August 2009 as a Non-executive director. Mr Mathieson is Chairman of the Audit, Risk and Compliance Committee, a member of the Remuneration and Evaluation Committee and of the Nomination Committee. Mr. Mathieson is CEO of The Mathieson Group. He was MD of DMS Glass from 2001 to 2007. He has a banking and commercial background gained while working with Business Banking division of ANZ Bank and Property Finance division of St George Bank.



Stephen Heath - Non Executive Director

Appointed to the Board in October 2010 as an Independent Non-executive director. Mr. Heath is a member of the Audit, Risk and Compliance Committee, the Nomination Committee and the Remuneration and Evaluation Committee. Stephen has extensive retail experience comprising 17 years across iconic Australian Retail Brands including Harvey Norman, Rebel Sport, and Godfreys. Stephen was Managing Director of International Cleaning Solutions Holdings which has retail and wholesale interests in Australia, N.Z, and the UK. Previous to his current appointment Stephen was CEO of Rebel Sport during its public listing on the ASX. Stephen also spent 5 years with Sharp Corporation managing the retail accounts of major retailers such as Harvey Norman, Myers, David Jones & Kmart.



Linda Norquay (B.Com, CA) Independent Non Executive Director

Appointed to the Board in September 2011 as an Independent Non-executive director. Ms. Norquay is a member of the Audit, Risk and Compliance Committee, the Nomination Committee and the Remuneration and Evaluation Committee. Linda is currently Chief Financial Officer at Illyria Pty. Ltd. Linda brings a wealth of financial and strategic experience to Funtastic Limited and has previously held senior financial and management roles at Allco Finance Group, Macquarie Bank Limited and Barclays Bank Plc in London..



Board & Leadership Team



Stewart Downs – Managing Director & Chief Executive Officer

Joined the Board in August 2009. Mr Downs has been the Chief Executive Officer of Funtastic since February 2009. Mr Downs has had an expansive career in branded consumer businesses across Australia, New Zealand and Asia successfully leading turnarounds in Australia and developing new businesses in Asia. He has held roles across sales, marketing, finance and in the last 10 years senior general management positions. He has a Bachelor of Business and Commerce majoring in Economics, Business Administration and Accountancy.



Nir Pizmony – Executive Director

Appointed to the board in August 2009 as an Executive director. Mr Pizmony has over twenty-five years' experience in consumer products, he has founded, developed and subsequently sold two successful toy companies. Nir's knowledge and reputation in the toy industry is well proven both in Australia and globally.



James Cody – Company Secretary & Chief Financial Officer

Mr. James Cody was appointed to the position of Company Secretary on 26 March 2010. Mr. Cody is also the Chief Financial Officer of the Company and is a CIMA (UK) qualified finance director with a wealth of retail experience, and also brings with him a successful record of strategic and commercial management such that he is considered a key asset to the Group in executing its turnaround strategy.



Paul Wiegard – Executive Director

Mr Wiegard is a founder and joint Managing Director of Madman Entertainment, the leading independent theatrical, rights management and home entertainment company in Australasia and a division of Funtastic. Mr Wiegard is also a board member of the Australian Video Software Distributors, the Melbourne International Film Festival and the Australian Independent Distributors Association. Mr Wiegard brings an impressive depth of knowledge and experience of the entertainment industry.



FY 12 6 Months Results

6 months Ended Jan (\$m)	FY12	FY11	% Change
Revenue	88.1	98.7	11% ↓
Gross Margin (\$)	35.7	35.9	Nil
Gross Margin (%)	40.5	36.4	4pts ↑(11%)
Operating Costs	25.1	30.4	17% ↓
EBITDA	10.6	5.0	113% ↑
Net Profit	5.5	0.4	1407% ↑
Net Profit / Revenue (%)	6.2	0.4	
Inventory	17.2	22.2	22% ↓
Net Borrowings	73.1	78.9	7% ↓

Funtastic returns to acceptable profit margin, cost base control and improved working capital

Key Factors of First Half

- **Substantially improved profitability**
- **Successful delivery of cost reduction plan**
- **Acquisition of Pillow Pets™ and LEGO® licenses**
- **Extended borrowings to 31 August 2013 and repaid \$5m of debt in line with banking obligations**
- **Significant reduction in inventory**

Outlook

- **Very encouraging first half results but not without challenges due to broader retail environment**
- **Board remains cautious on outlook for remainder of year**
- **Strong domestic product and brand portfolio as well as product exciting pipeline for next 18 months**
- **Outside Australia Pillow Pets and LEGO provide excellent opportunities to expand the revenue base internationally**
- **Whilst the retail environment remains challenging, Funtastic management have developed a solid strategy and are well progressed on executing these strategic initiatives**

Organisation

Funtastic Ltd: Operating across 3 key pillars



Funtastic Brands

- Out International focused brand development and manufacturing division distributes to over 30 countries globally and includes Funtastic IP such as Pillow Pets™, Quicksmart™ and Floaties™.
- In addition Funtastic are proud manufacturers and global distributors of LEGO® licensed products within Storage, Luggage, Bags & Accessories, Play Accessories and Stationery.



Australia

- Funtastic is one of Australia's largest children's product companies offering full service marketing and distribution solutions for an array of leading brands for toys, sporting and confectionery.
- We are the home of brands such as Ben 10, Leapfrog, Pillow Pets, Power Rangers, Squinkies, Disney Plush, Lego storage and stationery, Tech Deck, Airhogs, Disney Fairies, Cabbage Patch and Razor.



Madman Entertainment

- Funtastic's Madman Entertainment division manages a wide range of film and television content, across cinema release, TV, internet, DVD and more.
- Madman is Australia's leading distributor of Japanese Anime and Asian Cinema and a leader in Independent film, Documentary, Boy's Action, and other special interest and collectible categories.

Strategy Update Scorecard

“Fund the Growth”

Significantly reduce cost base / improve profitability of business

Maximise growth potential in Australia

Executed plans and achieving targeted cost reductions and improved profitability

Nimble operation able to react quickly to market opportunities. Madman driving digitalisation

“Focus / drive the Growth”

Establish ‘Toy Leadership’ position

International Growth

Strong portfolio management and product / brand acquisition pipeline for future

Significant progress on structure to leverage International sales

“Enable the Growth”

People, organisation and key processes

Successful key talent retention, major improvement in information systems and simplification process

“Accelerate the Growth:

Consider inorganic growth opportunities to accelerate strategy implementation, within established financial parameters

Two acquisitions that underpin the Funtastic strategy of driving and developing Intellectual Property, as well as establishment of Madman Production

Business Portfolio - Australia



- Home of brands
- Fundamental proposition – Brand, Value & Innovation
- Core range focus ‘everyday’
- Marketing led via full service model and category management approach



Business Portfolio – International



- Continued Investment in Owned & Developed Brands and IP in support of a sustainable Funtastic future
- Focused brand and product portfolio with appropriate cost structure as a foundation for growth and profitability
- Proactive approach to world trends and development within children's products
- Continually building global talent base to further leverage brand success and opportunity
- Focus on world-class quality and safety with QA and QC at the forefront



Brands



Huge launch success, brand on fire. New series launches in August with stock hitting September.

YTD NPD results put power Rangers in the #5 Action Figure position right behind Ben 10.



Planned to be the number 1 girls fashion doll launched in the market in 2012.

Winx has the full backing of Channel 9, Nickelodeon, Haven and Funtastic.

With TV on air from April to build awareness, the key launch will be in September off the back of the brand new Nickelodeon animated CGI season 5.



True realms of an evergreen brand. New series, Omniverse, is bigger and better than any produced before, with a massive launch campaign planned for October including television, toys and lifestyle products.



Impressive innovation with the largest RC property in the marketplace.

Hover Assault will be the must have item for Christmas and I planned to be the #1 RC vehicle for Christmas.



Innovation

Leap
Frog

2010: \$22,900,208* a 29.6% increase in 2009:

- Leapster Explorer
- Learning Toys

2011: \$24,673,392 a 7.7% increase on 2010 Powered by:

- LeapPad Launch
- Mid year Catalogue

2012: \$28,000,000 a 13.4% increase on 2011 Powered by:

- Leapster GS & LeapPad 2 Launches
- Touch Magic Launch

Razor

Pro XX Scooter: New to Razor: first ever Pro Scooter to be advertised on TV. One seriously high performance ride!

Electric Scooters: The next "Big Play" that will explode the category. In the US it is the largest segment of the category. Powerful fun at speeds from 14km/h to 24 km/h – can travel up to 8 km on a single charge.



*Source: GFK data

Note: 2011/2012 does not include Kmart

funtastic
LIMITED

Value

BLOBIMALS

CREATE YOUR VERY OWN MONSTERS!

Create your very own monsters. Build 'em, battle 'em, and blob 'em.

Opening price point: \$3.99



Roxx

Roxx are edgy, collectible games pieces – 72 to collect. They feature unique art in diverse themes boys love, including skate, hip hop, grunge, humour, licenses and much much more! Special edition Rare Roxx include Holographic Roxx™, clear, Reflector Roxx™, Deflector Roxx™, and more.

Opening price point: \$4.99



Filly

Filly is a highly collectible figurine aimed at girls. Featuring appealing designs, and supported by an interactive website. Top 7 Filly products feature in the top 25 items for Germany (super category – dolls) for 2011 (NPD data) – totalling 3.9 M units sold, at a value of €19.8 M.

Opening price point: \$1.99



NANO SPEED

The fastest, smallest and most collectible pull back vehicles around.

With an insane power to weight ratio, these cars are capable of defying gravity and pulling off stunts never done before!

Opening price point: \$4.99



Funtastic Brands



Australian Launch - Over 800K Pillow Pets sold through in the market since it's trade release, September 2011.

New Zealand Launch -Over 17K units sold in the Warehouse and Farmers alone since September 2011 launch

International Launch - Pillow Pets has launched in the UK in Feb 12 and France in April 12 with early sales indications exceptionally strong

With campaigns commencing in the next 6 months, Pillow Pets will launch in Spain, Portugal, Italy, Germany, Austria, Denmark, Norway, Turkey and the Benelux.

Partnerships with Global Licensed Properties including Warner Bros, English Premier League, Australian Football League, Thomas the Tank Engine have been secured with other world class properties currently in negotiation.



Global LEGO(R) Master Licensee for products within Storage, Stationery, Luggage, Bags & Accessories

Currently distributing to 24 countries globally including North America, Australia & NZ, key European and Asian territories

Internationally successful LEGO Sort and Store product sold over 500,000 pieces globally since inception



Madman

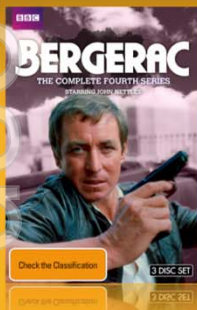


- ④ **Funtastic's Madman Entertainment division manages a wide range of film and television content, across cinema release, TV, internet, DVD and more.**
- ④ **Madman is Australia's leading distributor of Japanese Anime and Asian Cinema and a leader in Independent film, Documentary, Boy's Action, and other special interest and collectible categories.**
- ④ **Initially focussed on home entertainment, Madman's activities have broadened to encompass all elements of the film product life cycle, including new initiatives in the digital arena.**
- ④ **Madman has recently been accredited as an authorised encoding partner for Apple iTunes, as part of a broader digital strategy**
- ④ **Madman is also taking a more active role in development of IP, with the assistance of local funding bodies.**

Madman

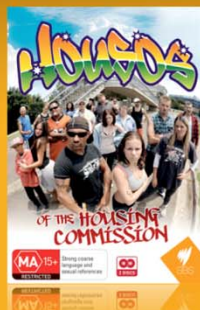
TV PRODUCT HIGHLIGHTS

JULY 2012



BERGERAC
THE COMPLETE
FOURTH SEASON

IN STORES NOW



HOUSOS

JULY 2012



OFFSPRING
SEASON 3

SEPTEMBER 2013



TOUR DE FRANCE
2013

THEATRICAL FEATURE FILMS PRODUCT HIGHLIGHTS

IN CINEMAS JUNE 2012



A ROYAL AFFAIR

COMING SOON



YOUR SISTERS SISTER

COMING SOON



ARBITRAGE

Madman

FILM PRODUCT HIGHLIGHTS

COMING SOON



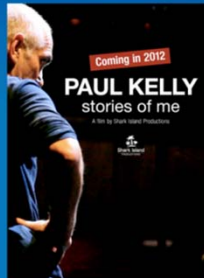
BERNIE

IN STORES NOW



THE HUNTER

COMING SOON



PAUL KELLY:
STORIES OF ME

COMING SOON



RAMPART

ANIME & ANIMATION PRODUCT HIGHLIGHTS

JUNE 2012



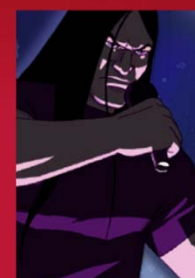
DRAGON AGE
DAWN OF THE SEEKER

SEPTEMBER 2012



MASS EFFECT

COMING SOON



METALCALYPSE
SEASON 4

KIDS PRODUCT HIGHLIGHTS

JUNE 2012



TRANSFORMERS PRIME
VOLUME 1

JUNE 2012



MY LITTLE PONY

JUNE 2012



BEN 10:
DESTROY ALL ALIENS