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funtastic
LIMITED

2012

**ANNUAL
GENERAL
MEETING**

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CHAIRMAN'S ADDRESS

ADDRESS

CHAIRMAN'S

2012 RESULTS HIGHLIGHTS

RETURN TO PROFITABILITY

- ✓ Revenue base stabilised following portfolio rationalisation
- ✓ NPAT up 127% to \$10.4m
- ✓ EBITDA up 169% to \$20.2m
- ✓ Operating costs down 19%

CAPITAL MANAGEMENT

- ✓ Capital raising delivered \$23.6m
- ✓ Net debt reduced by 26% (\$20.4m) to \$58.5m
- ✓ Inventories reduced by 27% (\$6.1m) to \$16.1m

PRODUCT STRATEGY

- ✓ Acquisition of Pillow Pets brand
- ✓ Acquisition of Lego licenses

RECAPITALISATION

- **The Company undertook a successful capital raising in June 2012**
- **This was comprised of a placement to institutional investors and a retail entitlement offer**
- **The capital raising delivered \$23.6m (net of fees)**
- **The Company applied \$20m of the proceeds against debt, a 26% reduction**
- **In addition to the capital management benefits, the capital raising also helped to deliver increased liquidity in the register with a number of leading institutional investors now holding Funtastic shares**

DIVIDEND POLICY

One of the principle objectives of the capital raising was to enable the reintroduction of dividends.

The Company has secured the consent of its bank, NAB, to commence dividend payments during 2013, providing certain financial hurdles are met.

The Board anticipate that an interim dividend will be announced following the first half results in March 2013.

**CEO'S
ADDRESS**

PROFITABILITY ON TRACK

FULL YEAR (\$m)	FY12	FY11	CHANGE
REVENUE	170.7	182.9	▼ 7%
COSTS	51.6	64.0	▼ 19%
EBITDA¹	20.2	(29.1)	▲ 169%
NPAT¹	10.4	(38.2)	▲ 127%
EPS (CENTS)	2.77	(11.2)	▲ 124.5%
MARKET CAPITALISATION	86.0	23.9	▲ 260%
EBITDA²/SALES	11.8%	(7.0%)	
OCF REALISATION²	28.1%	0.1%	
RETURN ON INVESTED CAPITAL²	14.0%	(11.1%)	
INTEREST COVER²	2.3x	(2.0x)	
NET DEBT/EBITDA²	2.9x	(6.1x)	
NET DEBT/EQUITY	81.5%	237.7%	

¹ Includes \$16.2m of non recurring items in FY11

² Adjusted for \$16.2m of non recurring items in FY11

KEY FINANCIALS

FUNTASTIC AUSTRALIA

FULL YEAR (\$m)	FY12	FY11	CHANGE
REVENUE	101.3	108.8	▼ 6.9%
EBITDA¹ (BEFORE GROUP OVERHEADS)	13.6	(2.3)	▲ 704%
EBITDA¹	13.4%	(2.1%)	▲ 15.5%
INVENTORY	11.4	18.3	▼ (37.9%)

¹ FY11 EBITDA includes one-off impairment, restructuring and provision costs of \$2.4m

KEY FINANCIALS

FUNTASTIC BRANDS

FULL YEAR (\$m)	FY12	FY11	CHANGE
REVENUE ¹	14.7	16.3	▼ (10.0%)
EBITDA ¹ (BEFORE GROUP OVERHEADS)	1.9	(0.7)	▲ 362%
EBITDA ³	12.8%	(4.4%)	▲ 17.2%
INVENTORY	2.3	1.4	▲ 67%

¹ Includes contract management fee income in FY12 of \$0.9m against revenue of nil

² Equivalent revenue under current contractual arrangements would be \$4m, i.e. total of \$18.3m (+15%)

³ If adjusted for the management fee income, underlying EBITDA% would be 10.2%

KEY FINANCIALS

MADMAN ENTERTAINMENT

FULL YEAR (\$m)	FY12	FY11	CHANGE
REVENUE	51.0	52.5	▼ (2.8%)
EBITDA ¹ (BEFORE GROUP OVERHEADS)	9.9	0.2	▲ 4,323%
EBITDA ¹	19.3%	0.4%	▲ 18.9%
INVENTORY	2.4	2.5	▼ (5.8%)

¹ FY11 EBITDA includes one-off impairment, restructuring and provisioning costs of \$8.3m, therefore underlying FY11 EBITDA was \$8.5m and underlying FY12 EBITDA growth was 16%



KEY PRIORITIES 2013 & BEYOND

STRONG FINANCIAL PERFORMANCE IN TOUGH ENVIRONMENT

- ✓ 2013 EBITDA guidance of \$23-\$25m
- ✓ Revenue growth driven by strong product pipeline and international expansion
- ✓ Growth is not dependent on retail recovery

CAPITAL MANAGEMENT & DIVIDENDS

- ✓ Further debt reduction in 2013 of \$10m
- ✓ Dividends to recommence during 2012/13

STRATEGIC GROWTH LEVERS

- ✓ International expansion through new and existing markets with Pillow Pets and Lego licensed products
- ✓ Domestic launch of 6 new toy brands and 2 new confectionary suppliers
- ✓ Strongest product pipeline in several years
- ✓ Madman investment in digitalisation to penetrate multiple channels and consumer touch points



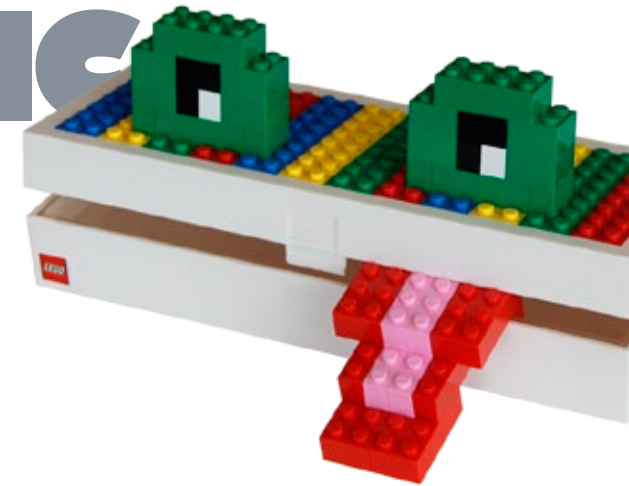
FUNTASTIC BRANDS



- **Pillow Pets continues to be an industry phenomenon in Australia with 2 million units sold launch to date**
- **Brand longevity bolstered by license partner launches, e.g. Warner Bros and Disney, together with new category introductions such as Pillow Pets™ Dream Lites, already an 8 million unit sub-brand in US**
- **International distribution continues to deliver significant growth, however whilst Pillow Pets is the Plush brand leader in a number of markets, the overall toy category is hampered by the depressed European economic climate**
- **Sustainability of revenue to be delivered by ongoing product innovation and new territory expansion outside of core markets, e.g. Latin America, Asia and Eastern Europe**



FUNTASTIC BRANDS



- **Australia remains our benchmark territory within both the Storage & Display and Stationery categories for our LEGO licensed program**
- **Stationery is emerging as a significant growth category in all launched territories: Australia, US, UK and Asia delivering strong BTS and everyday business**
- **Working with retail partners to execute strong LEGO licensed destinations in store, extending LEGO brand reach beyond the toy aisle**
- **Key focus on continued product innovation, complementing the classic line with new LEGO IP introductions e.g. LEGO Friends**

BUSINESS PORTFOLIO

DOMESTIC

BUSINESS PORTFOLIO

DOMESTIC

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Tweets

- Cabbage Patch Kids @CPKAus** 4m
Sell through increase of 73% in value year on year. [source: NPD week 45, 11th November 2012](#)
- Power Rangers @PowerRangersAus** 23m
9 times value increase in sell through year on year. #7th largest action figure this week
[#sopopular](#) [#powerrangers](#) [#topten](#) [source: NPD week 45, 11th November 2012](#)
- LeapFrog @Leapfrog** 45m
Australian database of over 422,000 connected users of which more than 70% have opted in to receive fortnightly brand communications. [#users](#) [#alwaysinformed](#)
- Ben 10 @OfficialBen10** 2h
Ben 10 is consistently in the top 5 commercial free to air programs for kids.
[#Daily](#) on GO! channel [#Top5](#) [#Ben10](#) [source: eTAM National Panel, Children 5-12](#)

Pinterest

- Nano Speed onto Funtastic**
Best in class in-store display.
28 likes 29 repins
- LaDeeDa onto Funtastic**
1136 units sold in first week at retail.
13 likes 8 repins
- Winx onto Funtastic**
4500 Deluxe dolls have been sold in the first 10 weeks at market in only 260 stores. This equates to 17 per store per week.
52 likes 31 repins
- AirHogs onto Funtastic**
Ranked 6th property in the vehicles category, and increased 35% in value since this time last year (source: NPD week 45, 11th November 2012).
47 likes 25 repins

BUSINESS PORTFOLIO

DOMESTIC

Funtastic

Update Status Add Photos/Video Share Link

What's on your mind?

FAVORITES

- News Feed
- Messages
- 23 Events
- Photos

Floaties
Recognised brand awareness is 76% which is anticipated to continue to grow with the brand refresh in December 2012 (source: Truth Serum, March 2012).
Like · Comment · 5 minutes ago via mobile ·

LEGO
57% sell in growth for LEGO Stationery since this time last year.
Like · Comment · 17 minutes ago ·

Pillow Pets
Number one property in the Plush category-- \$1.4 Million greater in value than its nearest competitor (source: NPD week 45, 11th November 2012)
Like · Comment · about an hour ago via mobile ·

Razor Electrics
First 4 weeks of DRTV campaign delivered over \$220,000 in website sales and saw over 100,000 YouTube views.
Like · Comment · 2 hours ago ·





We are mad about entertainment

Madman is Australia's #1 independent entertainment distribution business.

Originally focused on collectible home entertainment (DVD, Blu-Ray), Madman has successfully expanded its capabilities to encompass a **full product lifecycle approach**. This includes theatrical release, TV, digital and other ancillary rights management.

Madman is now establishing itself as a leading digital aggregator, service provider and marketer, while also working on development of its own IP.





mad for the
digital
revolution



Madman is at the leading edge of Digital Media adoption amongst Australian film and television Distributors.

- Madman has been awarded iTunes aggregator status allowing us to prepare and upload content to iTunes
- We have implemented new Digital Workflow and Media Library production technologies enabling rapid and efficient deployment of content to numerous digital platforms
- Madman is a leader in online and social communities and marketing



**200+
Industry
Awards
To Date**



**We are mad for
results**

**2012
Total Share
of Market:
6.2%**

**2011
Total Share
of Market:
5.6%**

**2010
Total Share
of Market:
4.8%**

Home Entertainment

Madman has enjoyed continued 'share of market' growth over the past 5 years. All DVD & Blu-ray releases are produced in house.

Market data: GFK Retail and Technology Australia



pic: Jack Black - Film BERNIE. Released on digital platforms & DVD - Boxing Day 2012

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