



Pinewood Shepperton plc

“The leading European provider of services to the worldwide film industry”

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**2007 Preliminary Results Presentation**

**03 April 2008**

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# INTRODUCTION

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# 2007 SUMMARY

Full year results show resilient turnover as major film makers deal with strike actions  
Media park and television revenues reduce the impact of volatile film

- ❑ Results for 2007 in line with current expectations
- ❑ Turnover £37.4m (2006: £40.7m) – showing impact of major film delay
- ❑ Operating profit £8.1m\* (2006: £9.1m) – margins maintained
- ❑ Adjusted EPS 9.9p (2006: 10.3p)
- ❑ Gearing of 45% (2006: 28%) after major investments
- ❑ Morley joint venture at Shepperton Studios performing well
- ❑ Mix of media park revenues improving steadily, major pre let to Technicolor contracted
- ❑ Television revenues progressing well, broader customer base achieved
- ❑ Recommended final dividend 2.3p – total up 10% to 3.3p (2006: 3.0p)

\* before exceptional items



Gainsborough Building



# FINANCIAL REVIEW: INCOME STATEMENT

12 months to 31 December	2007 £m	2006 £m
Revenue	<u>37.4</u>	<u>40.7</u>
Film	19.5	22.6
Television	12.1	11.8
Media park	<u>5.8</u>	<u>6.3</u>
Gross profit	14.8	16.6
<b>Margin %</b>	<b>39%</b>	<b>41%</b>
EBITDA	<u>11.1</u>	<u>12.3</u>
Operating profit*	8.1	9.1
<b>Margin %</b>	<b>22%</b>	<b>22%</b>
Exceptional items	(1.0)	1.0
Finance costs	<u>(1.8)</u>	<u>(2.9)</u>
<b>Adjusted earnings per share (p) **</b>	<b>9.9p</b>	<b>10.3p</b>
<b>Dividend per share (p)</b>	<b>3.3p</b>	<b>3.0p</b>

\* before exceptional items

\*\* before exceptional items and tax adjustments

# FINANCIAL REVIEW: CASH FLOW

12 months to 31 December	2007 £m	2006 £m
EBITDA	11.1	12.3
Movement in working capital	<u>(3.3)</u>	<u>(1.6)</u>
Cash generated from operations	7.8	10.7
Joint venture transaction net proceeds / costs	(0.4)	19.3
Share of joint venture borrowings	–	10.0
007 Stage fire insurance proceeds	2.5	5.0
Capex	(17.6)	(6.2)
Tax / interest / dividends / leases / shares issuance	(4.5)	(5.0)
Proceeds / (repayments) of Bank borrowings	12.0	(34.0)
Net (decrease)/increase in cash	<u>(0.2)</u>	<u>(0.2)</u>
CAPEX	2007 £m	2006 £m
007 Stage rebuild	5.3	2.8
Gatehouse / S278 - Highways infrastructure	2.8	–
Project Pinewood land acquisition	3.3	–
Gainsborough building	2.1	–
Life cycle	<u>4.1</u>	<u>3.4</u>
	<u>17.6</u>	<u>6.2</u>

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# FINANCIAL REVIEW: BALANCE SHEET

At 31 December	2007 £m	2006 £m
Assets		
Land and Buildings	89.5	75.9
Plant and Equipment	8.6	6.2
Assets under construction	<u>4.2</u>	<u>7.0</u>
	102.3	89.1
Intangibles	5.6	5.6
Current assets	7.5	8.3
<b>Total Assets</b>	<b><u>115.4</u></b>	<b><u>103.0</u></b>
Equity	66.3	62.6
Loans - SSPP	10.0	10.0
Loans - PSP	20.9	8.8
Deferred tax	3.9	5.5
Current liabilities	14.3	16.1
<b>Total equity and liabilities</b>	<b><u>115.4</u></b>	<b><u>103.0</u></b>
<b>Net Debt</b>	<b>30.1</b>	<b>17.8</b>
<b>Financial Gearing</b>	<b>45%</b>	<b>28%</b>

# FILM

Underlying demand remains strong, strike actions impact the short term

## MARKET REVIEW:

- ❑ Demand for content growing
- ❑ UK film production spend £723m (2006: £855m)
- ❑ Writer's Guild strike added to volatility of film starts
- ❑ UK advantages – tax incentives, depth of infrastructure and talent counter a high cost base and adverse exchange rate

## OPERATING REVIEW:

- ❑ Film services revenues £19.5m (2006: £22.6m)
- ❑ Film revenues 52% of total turnover (2006: 55%)
- ❑ Audio post production upgraded
- ❑ Two major productions continue into H1 2008 from a late 2007 start



# TELEVISION

PSP well positioned to benefit from continued demand for content

## MARKET REVIEW:

- ❑ UK television market continues to evolve
- ❑ UK consumers continue to want entertaining and quality TV
- ❑ Major broadcasters committed to programme production ITV, C4, BSkyB
- ❑ HD television growing
- ❑ New TV channels launched

## OPERATING REVIEW:

- ❑ TV revenues up to £12.1m(2006: £11.8m)
- ❑ TV revenues 32% of total turnover (2006: 29%)
- ❑ Synergy of film facilities used for TV drama
- ❑ Channel hosting, growing levels of activity
- ❑ Improved facilities at Teddington and Pinewood
- ❑ Broadening customer base, volume commitments
- ❑ BBC Resources



# MEDIA PARK

Stable revenues, prized locations

## MARKET REVIEW:

- ❑ Competing with West End/West London
- ❑ High occupancy levels
- ❑ Despite "credit crunch" ongoing demand in Thames Valley from media business's
- ❑ Developing focus on creative industry hubs

## OPERATING REVIEW:

- ❑ Consistent high occupancy – 276 tenancies

	2007	2006
Revenues	£5.8m	£6.3m
Morley JV Share	£0.8m	£0.3m
	<u>£6.6m</u>	<u>£6.6m</u>

- ❑ Improved on-site facilities
- ❑ Joint venture with Morley progressing well
- ❑ Marketing teams appointed, DTZ and Strutt & Parker
- ❑ Major new lease agreements announced late 2007



**Avid**



**TECHNICOLOR**  
by **THOMSON**



# MEDIA PARK DEVELOPMENT UPDATE

- ❑ Gainsborough Building
  - Office space 39,000 sq ft plus workshop space 21,000 sq ft gross
  - 75% Morley funded
  - Completion May 2008
  
- ❑ Technicolor Building
  - New signing of long term lease
  - Office space 28,000 sq ft, industrial space 14,000 sq ft gross
  - Completion November 2008
  
- ❑ Pinewood Gatehouse
  - Fulfilling S.278 Masterplan requirements
  - Opened November 2007
  - Start of site reconfiguration
  
- ❑ Marketing initiatives for future phases now underway



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# UPDATE: PROJECT PINWOOD

- ❑ Nov '07 announced intention to create a living and working community for the creative industries
- ❑ A screen industries location comprising a permanent collage of working international sets
- ❑ A location capable of connecting with other creative industries
- ❑ A global media centre at Pinewood
- ❑ A magnet for the creative industries
- ❑ Project Pinewood will be in collaboration with partners
- ❑ Project to comply with long term investment criteria
- ❑ Project team now working on planning application



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# INVESTOR CONSIDERATIONS

- ❑ Demand for film and television resilient in times of consumer downturn
- ❑ Strong asset value
- ❑ BBC Resources
- ❑ Director interests
- ❑ Pre let developments impact on gearing

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# CURRENT TRADING AND OUTLOOK

- ❑ 2008 has commenced as anticipated
- ❑ Two major film productions in H1: *Quantum of Solace* (Bond) and *The Wolfman*
- ❑ Screen Actors Guild negotiations will continue to influence film activity in H2
- ❑ Television bookings have commenced strongly – *BBC CBeebies* / *Lily Allen* / *Gladiators* amongst others
- ❑ Consistent, improving performance in media park



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