

FINANCIAL REVIEW

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HD **PEP readies numbers for Hoyts dual-track process**
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The accountants are crawling over Pacific **Equity** Partners' Hoyts **Group**, laying the foundations for the private **equity firm**'s pending dual-track **sale**.

It is understood PEP has hired a big four accounting **firm** to conduct vendor due diligence on the cinema business, coinciding with its year-end accounts and audit procedures.

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Diligence is expected to **firm** up numbers ahead of the dual-track **sale**, and sources said it was prompted by inbound interest from global trade buyers and rival private **equity** firms.

Meetings have been held in recent months between PEP and a number of **Chinese** buyers. One of the interested parties is believed to be Dalian Wanda, **China's** biggest **commercial property company** and the world's largest cinema chain operator.

Hoyts, which operates 43 cinemas across Australia and New Zealand as well as the Hoyts Kiosk DVD distribution chain and cinema advertising business Val Morgan, is likely to fetch a **sale** multiple of about 8 times earnings, the sources added.

Bankers have been pitching for the advisory roles on a mooted \$700 **million** initial public offer over the past month. UBS and Macquarie **Group** are favoured to be appointed to handle the float, with Citigroup and CBA Equities also strongly in the running.

As revealed by The Australian Financial Review on Monday, Hoyts has shelved its stand-alone video-on-demand service and is now due to hold talks with other media groups about collaborating on a streaming product ahead of the **sale**.

Damian Keogh was promoted to chief executive of Hoyts in February after a successful tenure at the helm of Val Morgan and will the **lead** the **company** into the IPO, which is likely to take place around November.

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