

HD **Chinese** buy \$900m Hoyts

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LP HOYTS has been acquired by a British Virgin Islands investment fund backed by one of **China**'s richest men for about \$900 **million**.

Hoyts' existing owner, Pacific **Equity** Partners, had been eyeing a possible stockmarket listing, with valuations for the group at about \$850m.

TD However, the plans were shelved after a non-deal roadshow through **Hong Kong**, London and New York, with the decision made to focus instead on a trade **sale**.

Hoyts' new owner is BVI-based investment fund ID Leisure Ventures, which was founded by the **Chinese billionaire** Sun Xishuang.

Mr Sun, valued at \$US1.3 **billion** (\$1.6bn) by Forbes and **China**'s 149th-richest person, is chairman and 54 per cent owner of Dalian Yifang Group, one of the biggest property developers in **China**.

"We look forward to the investment and development of Hoyts going forward under the ownership of a new investor, ID Leisure," Hoyts chief executive Damian Keogh said.

"Hoyts is embarking on a number of exciting opportunities and, together with ID Leisure, we will continue to invest in the exceptional customer experience currently offered to 20 **million** attendees annually."

The **company**, he said, would continue to focus on innovation and expansion following the recent launch of its upmarket cinema brand Hoyts Lux, which would be rolled out across Australia and New Zealand.

Hoyts, the region's second-biggest cinema operator, runs 43 cinemas across Australia and New Zealand, with more than 400 screens and more than 89,000 seats.

It also owns the Hoyts Kiosk DVD distribution chain, which is the nation's largest network of DVD and Blue-Ray rental machines, as well as cinema advertising business Val Morgan.

The Val Morgan business extends into other cinema chains.

It is understood Hoyts posted about \$550m in revenue for the latest financial year, with earnings before interest, tax, depreciation and amortisation of just over \$80m.

Mr Keogh told potential investors in the roadshow in September that the **company** would increase its footprint in higher-margin premium cinemas, where customers spend an average of three times more on a trip to the movies. Hoyts reportedly makes only 1 per cent of its revenue from premium tickets and associated food sales, while rival Village Roadshow earns about 7 per cent from its **Gold** Class product.

The cinema chain has been through a variety of owners over the past 15 years, with the late Kerry Packer's Consolidated Press Holdings buying the group in 1999 for \$405m.

In 2005, it was sold to another Packer **company**, Publishing & Broadcasting, and West Australian Newspapers, with each **company** taking a 50 per cent **stake**.

PEP acquired the shares in 2007, just before the financial crisis, in a deal that valued the **company** at \$440m.

Since then, the private **equity** group has doubled Hoyts' profits and invested in a digital overhaul of the cinema chain.

New owner Mr Sun has links to Beijing-based cinema giant [Dalian Wanda](#), including a 6.3 per cent **stake** in **Hong Kong**-listed Dalian Wanda Commercial Properties.

In May 2012, [Dalian Wanda](#) paid almost \$US3bn for the US-based cinema operator [AMC Theatres](#), and it owns various other companies ranging from hotel operators to department stores.

The Australian first flagged in February that the **company** had plans to head to the public market after being encouraged by the success of other media floats such as Nine Entertainment. [Dalian Wanda](#) was later believed to have been sounded out by UBS as a potential buyer of the business.

CO peprt : Pacific Equity Partners

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