The EMI logo consists of the letters "EMI" in a bold, white, sans-serif font, centered within a solid red rectangular background.

## **JPMorgan High Yield Conference**

5 February 2006

**Duncan Bratchell – SVP Tax & Treasury**

A smaller version of the EMI logo, featuring the letters "EMI" in white on a red rectangular background.

# Agenda

- Group overview
  - financial highlights
- Business strategies
  - EMI Music Publishing
  - EMI Music

# Group Overview



# The EMI Group

- a worldwide leader in music

## **EMI** Music

An outstanding roster of recorded music stars and a rich catalogue of recordings



**EMI MUSIC PUBLISHING**

© EMI Music Publishing, A member of The EMI Group

An exceptional catalogue of songs and a roster of elite songwriters

### Summary financials FY 04/05 <sup>1</sup>

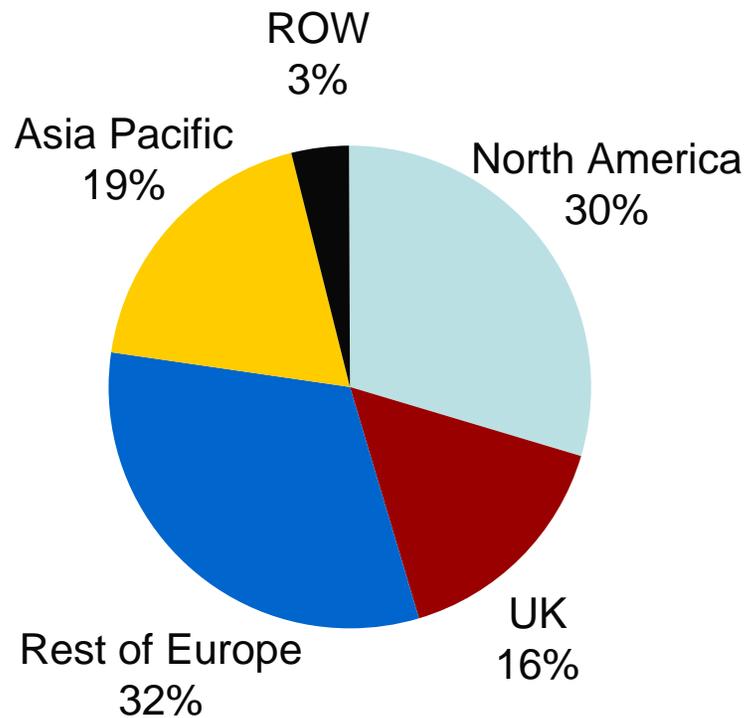
	EMI Music	EMI Music Publishing	EMI Group
<b>Revenue</b>			
\$m	2,848	714	3,592
<b>EBITA</b>			
\$m	223	178	401
<b>Margin</b>	7.8%	24.9%	11.2%

<sup>1</sup> Exchange rate of 1.78 used to translate financials from £ into US\$

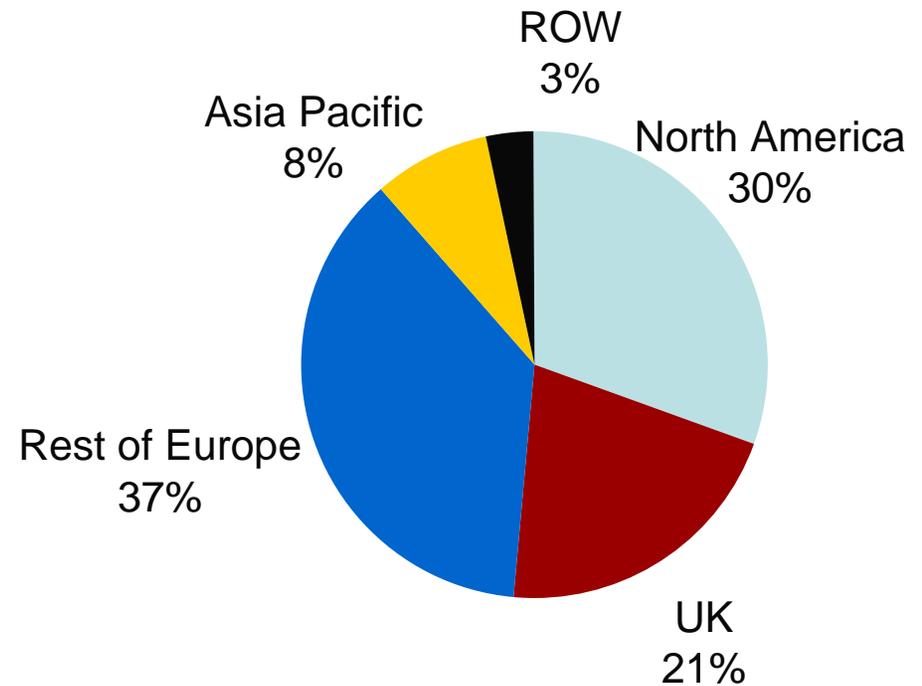
Source : EMI Group, IFRS adjusted

# Geographically balanced – well positioned to capitalise on growth

**Group revenue by origin  
FY 04/05**



**Group operating profit by  
origin FY 04/05**



# Key financials & credit ratios

	<u>H1 04/05</u>	<u>H1 05/06</u>	<u>Change</u>
Revenue	\$1,555.7m	\$1,645.8m	+5.8%
EBITA	\$137.1m	\$154.3m	+12.6%
<i>EBITA margin</i>	8.8%	9.4%	
Net debt	\$1,793.0m	\$1,895.2m	
Net debt / adj. EBITDA*	3.6x	3.8x	
Adj. EBITDA / Proforma net interest expense*	3.1x	2.9x	

Notes:

Exchange rate of 1.78 used to translate £ into US\$

\* Financials for 12 months to September 2005 used to calculate credit ratios.

# EMI Music Publishing



# The most valuable collection of songs – profits for today and the future

Ain't No Mountain High Enough • Angels • Baby Love • Blue Moon • Bohemian Rhapsody • Can't Get You Outa My Head • Can't Take My Eyes Off You • Crazy In Love • Dancing In The Moonlight • Dancing In The Street • Daydream Believer • Delta Classical • Don't Stop Me Now • Every Breath You Take • Fame • Fields of Gold • For Once In My Life • Free Ride • Get Down On It • Gonna Fly Now • Happy Days Are Here Again • Have Yourself A Merry Little Christmas • Hey Baby • Hooked On A Feeling • How Sweet It Is "To Be Loved By You" • Hungry Like The Wolf • I Heard It Through The Grapevine • I Like It • I Think I Love You • I'm Not In Love • Just The Way You Are • Ladies Night • Lady Marmalade • Let's Get It On • Little Drummer Boy • Look Of Love • Lose Yourself • Louie Louie • Maggie May • Mamma Mia • Mony Mony • My Favourite Things • My Girl • My Immortal • New York New York • On Broadway • Over The Rainbow • Oye Como Va • Papa Loves Mambo • Put A Little Love In Your Heart • Rise And Fall • Rock Your Body • Santa Claus Is Comin' To Town • Sexual Healing • Shout • Signed, Sealed, Delivered I'm Yours • Singin' In The Rain • Sleigh Ride • Strangers In The Night • Super Freak • Sweetdream My L.A. Ex • Take Good Care Of My Baby • That's The Way (I Like It) • The James Bond Theme • The Loco-Motion • The Look Of Love • The Wizard of Oz • This Old Heart of Mind • Too Lost In You • Total Eclipse Of The Heart • Turn Me On • Uptown Girl • Walking On Sunshine • We Gotta Get Out Of This Place • We Will Rock You • What I Like About You • What's Going On • Where You Lead • Wild Thing • Work Just A Little • You Can't Hurry Love • You've Got A Friend • You've Lost That Lovin' Feeling'

# Signing the best creative talent

## Writer-performers



**Jessica Simpson**



**Usher**



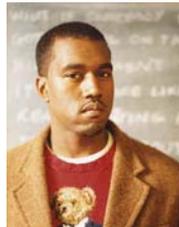
**White Stripes**



**Sting**



**Eminem**



**Kanye West**



**Jay-Z**



**Incubus**



**Jewel**



**Alan Jackson**

## Writer-producers



**Jermaine Dupri**

- Usher
- Lil Bow Wow
- Ludacris



**Neptunes**

- Jay-Z
- Usher
- 'N Sync



**Guy Chambers**

- Robbie Williams
- Beverley Knight
- Texas



**Cathy Dennis**

- Kylie Minogue
- Will Young
- Britney Spears



**Anders Bagge**

- Jessica Simpson
- Celine Dion
- Jennifer Lopez

# The Billboard Hot 100

January 21, 2006

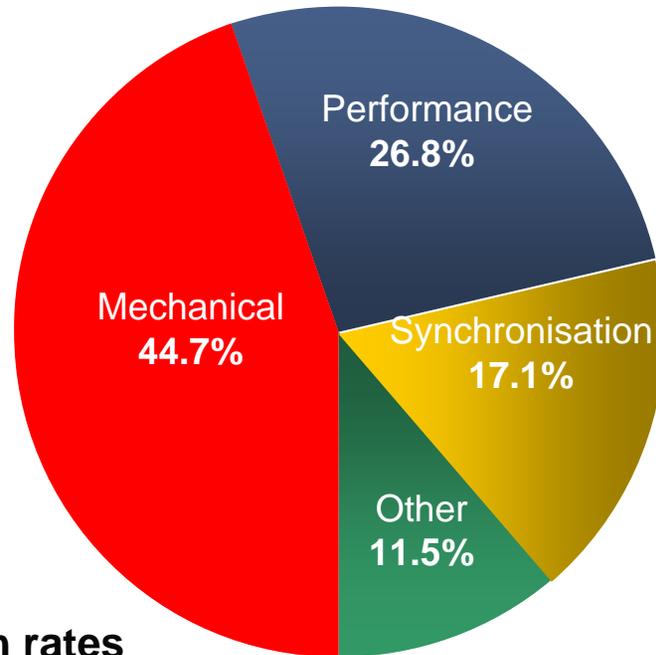
 EMI MP song

Rank	Title	Artist
1	Grillz	Nelly feat. Paul Wall, Ali & Gipp
2	Run It !	Chris Brown
3	Check On It	Beyonce feat. Slim Thug
4	Don't Forget About Us	Mariah Carey
5	Photograph	Nickelback
6	Laffy Taffy	D4L
7	Gold Digger	Kanye West feat. James Foxx
8	Stickwitu	The Pussycat Dolls
9	Dirty Little Secret	The All-American Rejects
10	There It Go!	Juelz Santana
11	My Humps	The Black Eyed Peas
12	Dance, Dance	Fall Out Boy
13	One Wish	Ray J
14	Because Of You	Kelly Clarkson
15	Be Without You	Mary J Blige
16	Sugar, We're Going' Down	Fall Out Boy
17	You're Beautiful	James Blunt
18	Soul Survivor	Young Jeezy feat. Akon
19	Stay Fly	Three 6 Mafia feat. Young Buck & Eightball & MJG
20	Beverly Hills	Weezer
21	I Think they Like Me	Dem Franchize Boyz feat. Jermaine Dupri, Da Brat & Bow Wow
22	We Be Burning'	Sean Paul
23	When I'm Gone	Eminem
24	I'm Sprung	T-Pain
25	You And Me	Lifeshouse

# Digital revenues add to a diverse range of royalty streams

**FY04/05**

- CD sales
- Digital downloads
- Cassette sales
- Vinyl sales
- DVD sales
- Ring tones



- TV and radio broadcasts
- Live performances
- Music in nightclubs, bars, sporting events, shops

- Advertisements
- TV and film productions
- Toys, novelty items and merchandise
- Computer games
- Ring tones / tunes

## Compound annual growth rates (FY99/00 – FY04/05)

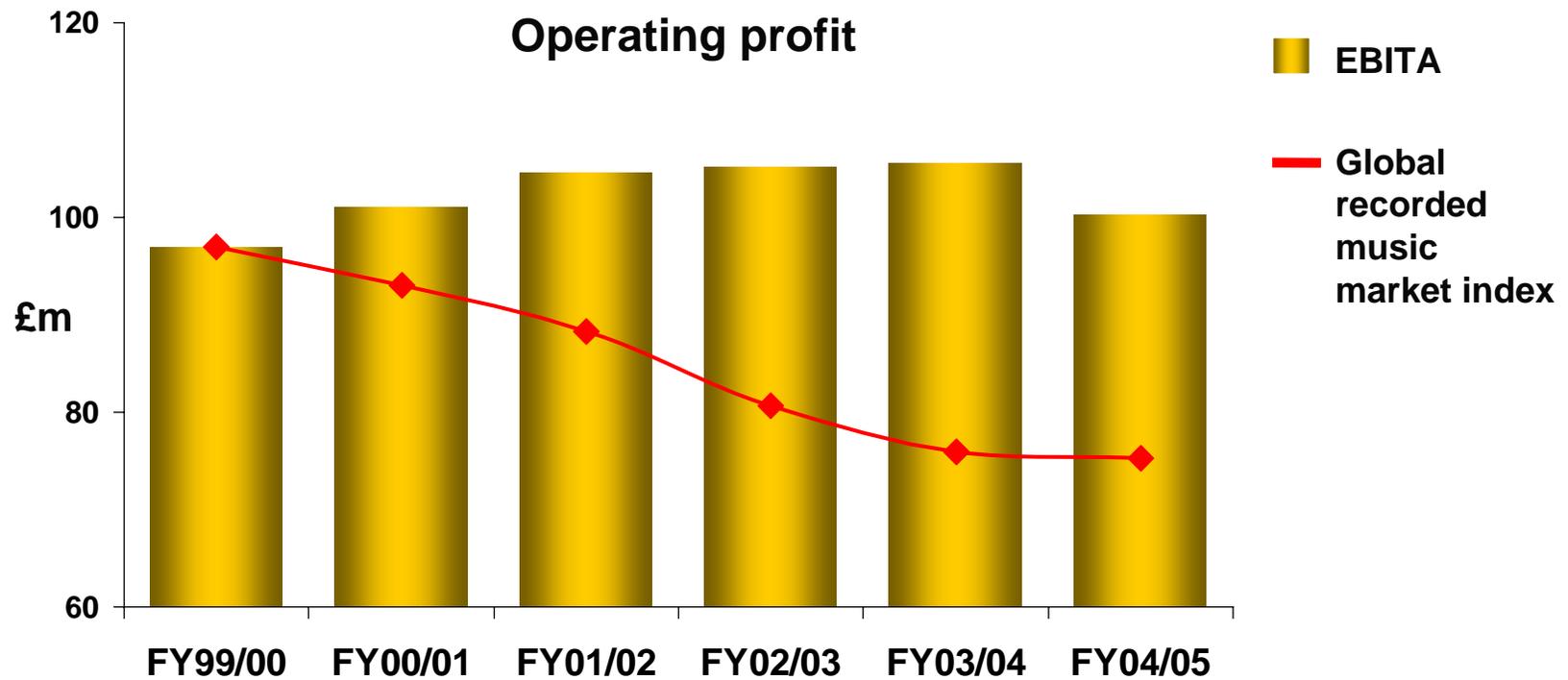
Mechanical	-1.0%
Performance	+7.8%
Synchronisation	+10.6%
Other	+ 4.0%

- Theatre productions
- Sheet music
- Karaoke
- Ring tones / tunes

# Maximising revenues from our catalogue

FILMS		TV SHOWS	THEATRE
40 Year Old Virgin		Alias	Jersey Boys
Four Brothers		American Idol	Mamma Mia
Wedding Crashers		Desperate Housewives	We Will Rock You
ADVERTISEMENTS			
	Song	Campaign	
	100 Years	Chase / Bank One	
	Dancin' In the Moonlight	Fidelity Investments	
	Feel	Smart Cars	
	Money (That's What I Want)	American Express	
	My Girl	Little Debbie Snack Cakes	
	Shout	Aquafina	

# Resilience during challenging conditions



Note: At constant currency

# Music Publishing – credit strengths

- Stable revenues from a broadening set of sources
- Consistent, high margins
- Low overheads, high economy of scale
- Strong and consistent cash generation
- Significant growth prospects
- Low risk

EMI Music



# Catalogue of recordings – the foundation of sales and profits

1900-1930	Enrico Caruso, Pablo Casals, Nellie Melba, Ernest Lough, Edward Elgar, Adelina Patti, Luisa Tetrazzini, Fritz Kreisler, Camille Saint-Saens, Ignacy Jan Paderewski, Clara Butt
1930-1950	George Formby, Fats Waller, Johnny Mercer, Margaret Whiting, Jo Stafford, Mel Torme, Elizabeth Schwarzkopf, Ella Mae Morse and Freddie Flack, Stephane Grappelli, Noel Coward, Gracie Fields, Arturo Toscanini, Wilhelm Furtwangler, Andre Segovia, Thomas Beecham, Herbert von Karajan, Stan Kenton, Otto Klemperer
1950s	Nat King Cole, Frank Sinatra, Peggy Lee, Gene Vincent, Ruby Murray, Josef Locke, Cliff Richard, Dean Martin, The Chipmunks, Fats Domino, Ricky Nelson, The Kingston Trio, Al Martino, Les Paul, Kay Starr, Little Anthony and the Imperials, Tennessee Ernie Ford, Edith Piaf, Maria Callas, Nelson Riddle
1960s	Beatles, The Beach Boys, Gerry and The Pacemakers, Shirley Bassey, The Hollies, The Animals, Anne Murray, Helen Shapiro, Ike and Tina Turner, Peter Sellers, George Shearing, Judy Garland, Bobby Vee, Vera Lynn, Matt Monro, Dr. Hook, Manfred Mann, The Shadows, Glen Campbell, Hermans Hermits, Jacqueline du Pre
1970s	Queen, Pink Floyd, Rolling Stones, John Lennon, Paul McCartney, Marc Bolan, The Stranglers, Iron Maiden, Deep Purple, Mike Oldfield, Tavares, Kenny Rogers, Steve Miller, Don McLean, Natalie Cole, Badfinger, Grand Funk Railroad, The Buzzcocks, Joe Cocker , Andre Previn, Riccardo Muti, Itzhak Perlman
1980s	David Bowie, Tina Turner, Blondie, UB40, Simple Minds, Pet Shop Boys, Duran Duran, Bob Seger, Kate Bush, MC Hammer, Diana Ross, Crowded House, Maze, Robert Palmer, Paula Abdul, Steve Winwood, Richard Marx, Roxette, Soul 2 Soul, Heaven 17, Spandau Ballet, Bobby McFerrin, Simon Rattle, Nigel Kennedy
1990s	Spice Girls, Blur, Radiohead, Garth Brooks, Lenny Kravitz, Janet Jackson, Smashing Pumpkins, Beastie Boys, Enigma, Massive Attack, Chemical Brothers, Bonnie Raitt, Marillion, Kraftwerk, Cassandra Wilson, N*E*R*D, D'Angelo, Deana Carter, Everclear, Selena, Thalía, Roberto Alagna, Vanessa Mae

# Constantly renewing our portfolio of enduring brands

## Developing artists



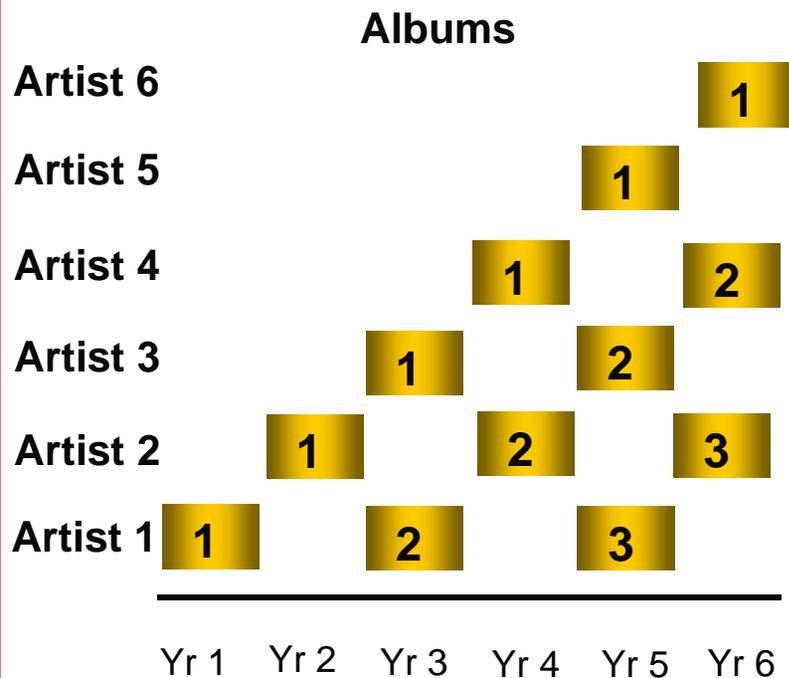
KT Tunstall    Magic Numbers    RBD    Diam's    Bebe    Cali    Goldfrapp    Missy Higgins

## Promoting artists with long term career potential



The Rolling Stones    Coldplay    Gorillaz    Paul McCartney    Keith Urban    Dierks Bentley    Raphael    Joss Stone

# Building a portfolio of long term brands



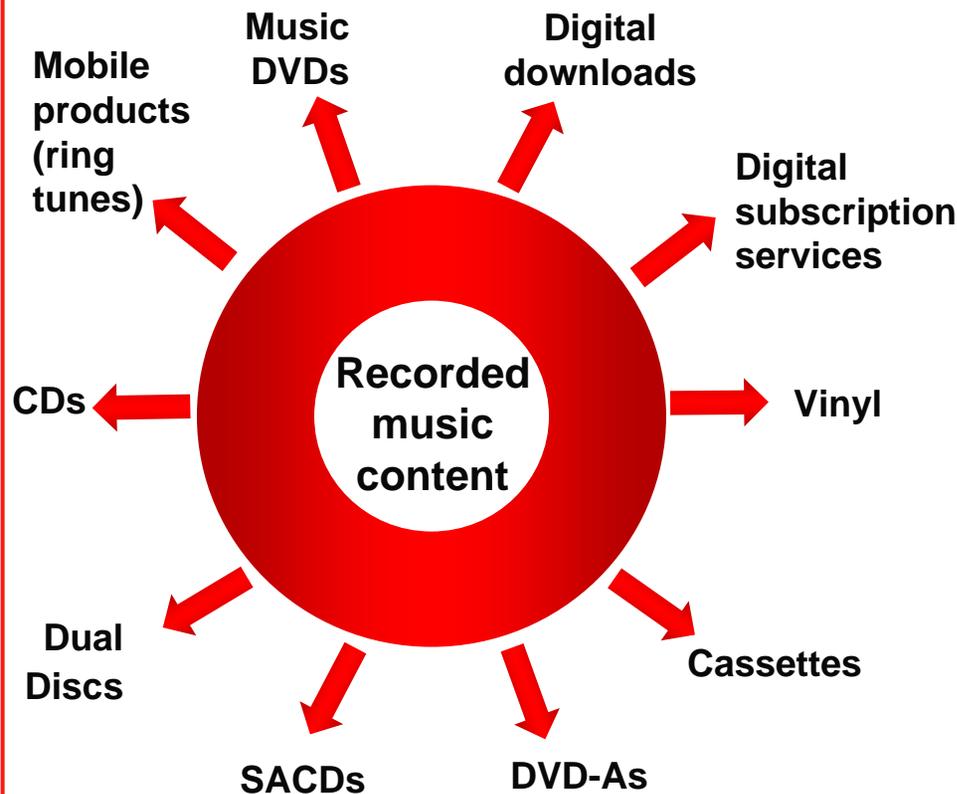
Note: Example assumes each artist releases a new album every other year

- EMI is focused on developing long term career artists who have multiple album successes
  - core fan base who eagerly await next album
  - new fans who discover the earlier albums
- Optimises business performance
  - leads to greater business stability
  - drives increased sales
  - improves levels of profitability

# Effectively developing artists around the world

- Extensive worldwide operations across 50 countries
  - experienced national A&R, marketing and sales teams
- Developing local repertoire in all countries
  - meeting the sizeable consumer demand for local-language, culturally-specific music
- Creating global superstars
  - centralised global marketing capability
- Local presence enhances international marketing
  - maximising the sales potential of every artist

# Pioneering the development of new and exciting music formats



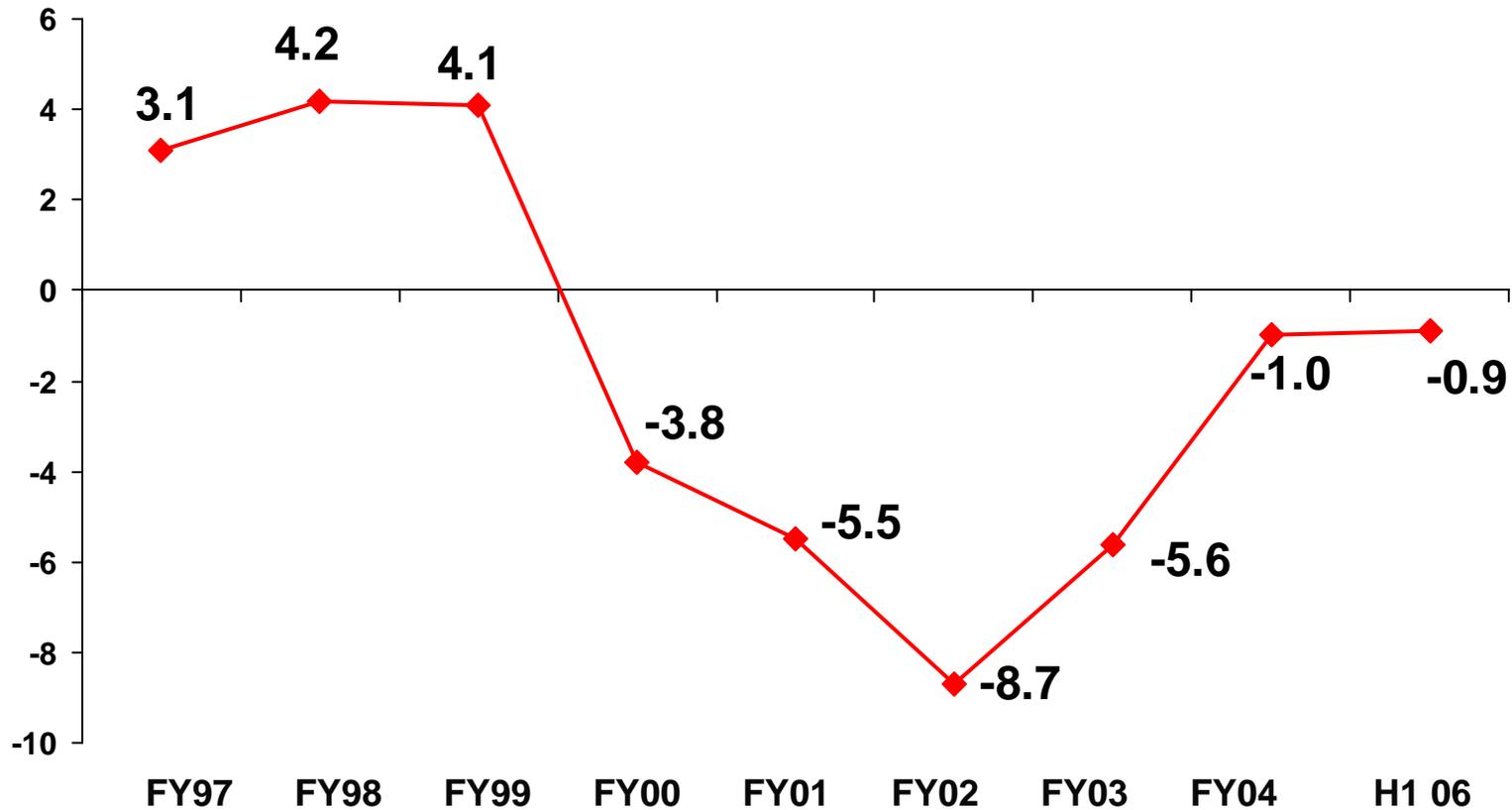
- Digital revenues tripled to £64m for H1 05/06 – the same as for the full year 04/05
- Focused on understanding how consumers want to consume music
- Music content made available across all attractive formats
- New format development is fully integrated into our core business
  - no separate digital or mobile division

EMI is working with all major players in the digital space



# Digital sales drive further market trend improvement

% change in value of global music market



Source: EMI and IFPI

Note: FY04 and H1 05 include digital sales

# Recorded music – credit strengths

- An exceptional portfolio of “evergreen” recordings driving half of label sales
- A global artist roster – established names and the stars of tomorrow
- Disciplined cost management
- Modest capital requirements
- Intense focus on cash management
- Substantial opportunities for growth in digital

# Positive outlook

- Digital to return global market to growth
- Digital drives greater efficiency and improved profitability
- Proven strategy of producing high quality music
- Ongoing strengthening of valuable bank of content
- Management focused on creating shareholder value