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ARDENT LEISURE REPORTS FULL YEAR RESULTS

- **Revenue from continuing businesses grew \$60.9m, up 14.4% on prior period**
- **EBITDA from continuing businesses and excluding Specific Items¹ grew \$7.3m, up 15.7% on prior period**
- **Main Event revenue increased US\$21.8 million, up 7.9% versus prior year, and EBITDA, excluding Specific Items¹, increased US\$2.0 million, up 4.0% versus prior year (EBITDA including Specific Items grew US\$22.3 million, up 187.2% versus prior year). The increase in revenue and EBITDA, excluding Specific Items, was primarily driven by additional contributions from centres opened in FY18 and FY19**
- **Constant centre revenue in Main Event decreased 1.0% on a like-for-like² basis primarily driven by fewer promotional activities and increased competition**
- **Theme Park revenue increased \$0.3 million, up 0.5% versus prior year, and EBITDA, excluding Specific Items¹, declined \$2.5 million, to a loss of \$10.0 million for FY20 (EBITDA including Specific Items improved \$74.0 million, to a loss of \$19.8 million for FY20). The decline in EBITDA, excluding Specific Items, was primarily driven by higher safety, repairs and maintenance spend**
- **Net loss of \$60.9m in FY19, an improvement from a loss of \$90.7m in FY18 primarily due to a reduction in Specific Items¹ of \$31.8 million**
- **Destapling and group corporatisation completed in December 2018**
- **US debt refinancing with total facility of US\$225m finalised in April 2019**
- **No dividend for FY19, which is in line with Board's intention to continue to invest in Theme Parks and Main Event to drive recovery and growth for each business**

Ardent Leisure Group Limited (**Ardent**) (ASX: ALG) today announced its results for the period from 27 June 2018 to 25 June 2019.

The Group completed the destapling and corporatisation in December 2018. While this is the first annual financial report with Ardent as parent entity of the Group, the consolidated financial report is accounted for as a corporate reorganisation rather than a business combination. As such, the Group's financial statements reflect a continuation of the financial statements of the previous stapled structure.

1. Refer to Appendix for detail of Specific Items
2. Measured based on same number of days in both periods

Summary financial information for FY19

A\$ million	FY19 ³ As Reported			FY18 ³ As Reported			Total Var %
	Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total	
Revenue	483.3	-	483.3	422.4	125.1	547.5	(11.7%)
EBITDA	12.3	(0.6)	11.7	(95.2)	41.2	(54.0)	121.7%
EBIT	(40.1)	(0.6)	(40.7)	(138.2)	28.3	(109.9)	63.0%
Net (loss)/profit after tax	(60.3)	(0.6)	(60.9)	(118.8)	28.1	(90.7)	32.9%
Specific Items incl. tax impact	(55.9)	(0.6)	(56.5)	(112.2)	23.9	(88.3)	36.0%
<i>EBITDA excl. Specific Items</i>	54.2	-	54.2	46.9	17.8	64.7	(16.2%)
Dividend per share			Nil			8.5c	

The Group reported a loss of \$60.9 million for the year ended 25 June 2019, compared to a net loss of \$90.7 million in the prior year.

Total EBITDA has improved by approximately \$65.7 million, from a loss of \$54.0 million in FY18 to a profit of \$11.7 million in FY19, driven by an increase of \$107.5 million from continuing businesses, partially offset by a loss of \$41.2 million contribution from operations that were discontinued in the prior year.

Year on year comparison of the Group's EBITDA results is impacted by the sale of two businesses, non-cash valuation losses on the Dreamworld and SkyPoint properties in the prior year as well as impairment charges at several US entertainment centres in the current and prior years. The current year continued to be impacted by challenging post-incident trading conditions for the Theme Parks business, associated costs due to Coronial Inquest hearings, non-recurring restructuring costs, as well as further impairment charges at the previously impaired US centres.

Excluding the impact of all Specific Items disclosed in the appendix, EBITDA from continuing operations increased by \$7.3 million to \$54.2 million, driven by \$7.8 million increase in Main Event EBITDA and \$2.0 million reduction in corporate costs, partially offset by a decline of \$2.4 million EBITDA in Theme Parks.

Given the reinvestment of earnings and available capital into the business to drive growth at Main Event and support the recovery efforts at Dreamworld through the development of new attractions, the Board has declared there will be no dividend for FY19. Future dividend payments will be dependent on the financial position and capital requirements of the Group, based on the discretion of the Board. Furthermore, the Board may elect to put into place a dividend reinvestment plan associated with any future dividend payments.

Main Event

The results for Main Event, the Group's US based leisure and entertainment business, are presented below in US\$ million.

US\$ million	FY19	FY18	Var %
	As Reported 27 Jun to 25 Jun	As Reported 1 Jul to 26 Jun	
Revenue	297.3	275.5	7.9%
EBITDA	34.1	11.9	187.2%
EBIT	3.9	(13.8)	128.5%
EBITDA margin	11.5%	4.3%	7.2 pts
<i>EBITDA excluding Specific Items</i>	52.9	50.9	4.0%

3. FY19 comprised of results from 27 June 2018 to 25 June 2019 (364 days); FY18 comprised of results from 1 July 2017 to 26 June 2018 (361 days). In FY18 Ardent moved to a retail calendar basis for periodic reporting to enable comparability by ensuring reporting periods comprise the same number of days and, in particular, weekends

Main Event achieved revenue growth of 7.9% to US\$297.3 million in FY19, reflecting the full period impact of centres opened in FY18 as well as the contribution from a new centre opened in FY19. In Australian dollar terms, Main Event revenue increased by 17.0%, reflecting the movement in foreign exchange rates.

Constant centres revenue decreased by 0.2% (-1.0% on a like-for-like¹ basis) compared to the prior year, driven primarily by fewer promotional activities and increased competition. The last nine weeks of FY19 generated positive constant centre sales of 2.0%. Constant centres event business has grown by approximately 6%, reflecting strong corporate business driven by sales leadership focus and realignment.

One new centre opened in the first half of FY19 in Highlands Ranch, Colorado, which is a new market. This brings the number of centres to 42 across 17 states as of June 2019 (2018: 41 centres across 16 states).

EBITDA margins in the current year improved compared to the prior year due to lower non-cash impairments, non-recurring restructuring and other costs and pre-opening expenses. Additionally, central and regional costs as a percentage of revenue improved. Partially offsetting these improvements was a decline in centre level margins primarily due to lower sales volumes per centre.

Management believes that strong field management teams along with execution of brand reinvention, guest experience and innovation strategies, will lead to long term sales growth. There are also plans in place to stabilise margins and return to margin expansion, with a return to EBITDA margins in excess of 20%⁴ over the medium term.

Main Event segment EBITDA includes the following Specific Items:

US\$ million	FY19 As Reported 27 Jun to 25 Jun	FY18 As Reported 1 Jul to 26 Jun
Pre-opening expenses	(2.0)	(4.5)
Non-cash asset impairment write-down	(12.2)	(28.4)
Provision for onerous lease contracts	(2.1)	-
Restructuring and non-recurring items	(3.7)	(5.6)
Net gain/(loss) on disposal of assets	1.2	(0.5)
Total	(18.8)	(39.0)

The lower pre-opening expenses reflects fewer centre openings in the current year. Main Event's EBITDA was impacted by a US\$12.2 million non-cash impairment of property, plant and equipment relating to previously impaired centres (FY18: US\$28.4 million) and a US\$2.1 million onerous lease expense associated with one of the impaired centres (FY18: nil). Main Event also incurred US\$3.7 million of restructuring and other non-recurring items. The division benefitted from a net gain of US\$1.2 million in FY19 on disposal of assets due to higher recovery of insurance proceeds.

4. Excluding pre-opening, restructuring and other non-recurring costs

Theme Parks

A\$ million	FY19 As Reported 27 Jun to 25 Jun	FY18 As Reported 1 Jul to 26 Jun	Var %
Revenue	67.1	66.8	0.5%
EBITDA	(19.8)	(93.8)	78.9%
EBIT	(29.1)	(102.5)	71.6%
EBITDA margin	(29.5%)	(140.4%)	110.9 pts
<i>EBITDA excluding Specific Items</i>	<i>(10.0)</i>	<i>(7.5)</i>	<i>(32.4%)</i>

The Theme Parks business, consisting of Dreamworld, WhiteWater World and SkyPoint reported revenue of \$67.1 million for the year ended 25 June 2019, up 0.5% on prior year. The increase in revenue was driven by a 13.1% uplift in average per-capita spend. Attendance in FY19 was adversely impacted by the Coronial Inquest hearings held between June to December 2018, along with the opening of Sky Voyager taking longer than anticipated.

The division recorded an EBITDA loss of \$19.8 million, compared to an EBITDA loss of \$93.8 million in the prior year. The improvement is largely driven by FY18 being adversely impacted by \$79.6 million of non-cash valuation loss and impairments relating to Dreamworld and SkyPoint. This was partially offset by the division recording \$3.0 million of non-recurring restructuring costs in FY19, which largely relates to consulting and employee related costs (FY18: Nil).

Excluding these valuation and impairment losses, incident related expenses, non-recurring restructuring expenses and loss on disposal of assets, EBITDA for the division was \$2.4 million lower than prior year due to higher costs across the entire business including in the safety and repairs and maintenance areas. Restructuring in the second half of the year has resulted in a lower cost base and a greater focus on new guest experiences to drive revenue. These initiatives are expected to improve the performance in FY20.

Theme Parks segment EBITDA includes the following Specific Items:

A\$ million	FY19 As Reported 27 Jun to 25 Jun	FY18 As Reported 1 Jul to 26 Jun
Dreamworld property revaluation decrement	-	(75.0)
Non-cash impairment of goodwill	-	(3.6)
Non-cash asset impairment write-down	-	(1.0)
Dreamworld incident costs, net of insurance recoveries	(5.4)	(6.2)
Loss on disposal of assets	(1.4)	(0.5)
Non-recurring expenses	(3.0)	-
Total	(9.8)	(86.3)

Discontinued Operations

The results of the discontinued operations in the prior year include trading EBITDA for the periods to the date of disposal of the Bowling and Entertainment business (30 April 2018) and the Marinas business (14 August 2017). The discontinued operations result also includes a gain on the disposal of the Bowling and Entertainment business after tax of \$20.3 million, and a gain on the disposal of the Marinas business after tax of \$4.7 million.

The current year discontinued operations result includes \$0.6 million of residual selling costs mainly relating to the Bowling and Entertainment business.

Tax and Debt Facilities

The Group reported a \$12.3 million tax expense in FY19 compared to a \$29.4 million tax benefit in FY18 due to:

- the current year including a \$15.9 million expense for estimated tax payable in respect of previous financial years. The Group has been in discussions with the Australian Taxation Office (ATO) regarding the tax treatment of intragroup leases by the previous stapled group in prior years. Although these discussions are ongoing, it is likely that the outcome will result in tax payments and the liability recognised represents management's best estimates as at 25 June 2019;
- the Group recording an expense of \$12.4 million in the year in respect of Australian tax losses for which deferred tax assets have now been derecognised; and
- the prior year benefitting from a \$12.2 million credit relating to restatement of Main Event deferred tax balances due to US tax reforms, which lowered the US corporate tax rate.

In April 2019, the Group concluded the refinancing of its debt facilities with the completion of a US\$200.0 million term loan facility, comprising a US\$125.0 million drawn term loan and a US\$75.0 million delayed draw term loan, as well as a US\$25.0 million revolving credit facility by Main Event.

Outlook

Main Event

- Constant centre revenue increase of 1-2% for FY20
- Four new centres in FY20 adding approximately 60 additional operating weeks
- Average prototype centre net capex of US\$8.5 million
- Expect to open 5-8 new centres a year from FY21 and thereafter
- Targeting 20% EBITDA margins (excluding Specific Items) in the medium term

Theme Parks

- Sky Voyager will open on 23 August 2019 and is expected to increase attendance
- Plan to invest approximately \$50 million on new rides, attractions and systems over the next 3-5 years with significant investment to occur in FY20
- Continue to focus on reducing expenses
- The proposed investment on new rides along with improvements made in 2H19 is expected to set Dreamworld on the path to recovery, with the aim of returning to historical pre-incident earnings or better over the next 3-5 years
- Completion of the site master plan showing the footprint for the leisure/theme park precinct and surplus land that could then be improved and made available for commercial development with partners
- We have the plan and experienced team in place to implement a turnaround, however it will take time and investment

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Appendix – Specific Items

Earnings presented above include the impact of the following Specific Items:

FY19 A\$ million	Main Event	Theme Parks	Corporate	Disposed Businesses	Total
Impairment of property, plant and equipment	(17.6)				(17.6)
Provision for onerous lease contract	(3.1)				(3.1)
Dreamworld incident costs, net of insurance recoveries		(5.4)			(5.4)
Pre-opening costs	(2.8)				(2.8)
Restructuring and other non-recurring items	(5.2)	(3.0)	(4.8)		(13.0)
Selling costs associated with discontinued operations				(0.6)	(0.6)
Net gain/(loss) on disposal of assets	1.7	(1.4)	(0.3)		-
Total	(27.0)	(9.8)	(5.1)	(0.6)	(42.5)
Specific Items impacting tax expense:					
Tax impact of Specific Items listed above	5.7	3.2	1.5		10.4
Impact of destapling and corporatisation			3.9		3.9
Australian tax losses for which deferred tax asset derecognised			(12.4)		(12.4)
Estimated tax payable in respect of prior periods			(15.9)		(15.9)
Total	5.7	3.2	(22.9)		(14.0)

FY18 A\$ million	Main Event	Theme Parks	Corporate	Disposed Businesses	Total
Valuation loss – property, plant & equipment and investment held at fair value		(75.0)	(0.4)		(75.4)
Impairment of intangibles including goodwill		(3.6)	(1.2)		(4.8)
Impairment of property, plant and equipment	(38.3)	(1.0)			(39.3)
Dreamworld incident costs, net of insurance recoveries		(6.2)			(6.2)
Pre-opening costs	(5.9)			(0.6)	(6.5)
Restructuring and other non-recurring items	(7.4)		(1.8)		(9.2)
Net gain on sale of Bowling and Entertainment and Marinas division, selling costs associated with Goodlife				24.9	24.9
Loss on disposal of assets	(0.6)	(0.5)	(0.1)	(0.9)	(2.1)
Total	(52.2)	(86.3)	(3.5)	23.4	(118.6)
Specific Items impacting tax benefit:					
Tax impact of Specific Items listed above	14.6	1.9	1.1	0.5	18.1
Restatement of deferred tax balances to reflect US tax reforms	12.2				12.2
Total	26.8	1.9	1.1	0.5	30.3