

CONTACT DETAILS
 Level 8, 60 Miller Street
 North Sydney NSW 2060
 PO Box 1927
 North Sydney NSW 2059
 Telephone +61 2 9168 4600
 Fax +61 2 9168 4601
 www.ardentleisure.com

REGISTRY
 Link Market Services Limited
 Level 12, 680 George Street
 Sydney NSW 2000
 Locked Bag A14
 Sydney South NSW 1235
 Telephone 1300 720 560
registrars@linkmarketservices.com.au



ASX RELEASE

25 February 2021

ARDENT LEISURE REPORTS 29 DECEMBER 2020 HALF YEAR RESULTS

- **1H21 statutory results significantly impacted by the COVID-19 pandemic, with reduced visitation to both Main Event and Theme Parks venues**
- **Group revenue of \$137.6 million (pro forma 1H20¹: \$247.0 million) largely reflects the closure of several Main Event centres and Dreamworld/Whitewater World during the period, as well as ongoing trading and travel restrictions**
- **Revenue performance for Main Event exceeded expectations prior to the second wave of COVID-19 cases in November 2020**
- **Strong performance from most recent new Main Event centre openings, validating the revised real estate approach developed by our current management team**
- **Group EBITDA loss excluding Specific Items² of \$19.8 million (pro forma 1H20: \$19.0 million EBITDA profit) driven primarily by reduced revenue and the semi-fixed nature of operating costs in Main Event**
- **Modest EBITDA loss and positive cash flows in Theme Parks, driven by improved annual pass sales, lower cost base, disciplined approach to capital expenditure and the JobKeeper wage subsidy**
- **No interim dividend for 1H21**

Ardent Leisure Group Limited (ASX: ALG) today announced its audited financial results for the half year ended 29 December 2020.

A\$ million	Reported 1H21 (26 weeks)	Pro forma ¹ 1H20 (26 weeks)	Reported 1H20 (27 weeks)
Revenue	137.6	247.0	263.0
EBITDA	(4.9)	38.4	44.2
EBIT	(49.4)	(6.1)	(1.2)
Net loss after tax	(83.6)	(25.8)	(22.5)
EBITDA excluding Specific Items	(19.8)	19.0	24.8

The Group recorded a net loss after tax of \$83.6 million for the period ending 29 December 2020 compared to a pro forma 1H20 net loss of \$25.8 million. The current period was significantly impacted by COVID-19, which resulted in reduced visitation to the Group's US and Australian venues and attractions.

Total reported revenue (excluding other income from government grants and subsidies and insurance recoveries) of \$137.6 million for the Group decreased by \$109.4 million on prior period on a pro forma basis, driven primarily by the closure of several Main Event centres and Dreamworld/Whitewater World during the current period as well as ongoing trading and travel restrictions.

¹ Pro forma results exclude the impact of an extra week of trading in the prior period to enable like-for-like comparison with current period.

² Refer to the accompanying results presentation and Annual Financial Report for detailed information on Specific Items.

For personal use only

Total reported EBITDA loss of \$4.9 million decreased by \$43.3 million compared to the prior period on a pro forma basis, mainly due to reduced revenue and the semi-fixed nature of operating costs in Main Event.

Corporate costs have reduced by \$0.6 million or 16.2% compared to prior period on a pro forma basis as a result of significant prior restructuring and tight cost management.

The current period was impacted by a number of Specific Items including a \$4.1 million impairment of lease assets relating to one Main Event centre and \$4.4 million restructuring costs and non-recurring expenses primarily relating to the Redbird transaction, write-off of US site exploration costs as well as one-off penalty costs associated with a data breach at Main Event in the prior year, for which insurance reimbursement is expected. In addition, the Group was also impacted by a \$19.7 million tax expense in respect of Australian and US tax losses and Australian deductible temporary differences for which deferred tax assets have not been recognised at 29 December 2020 (1H20: Nil).

Excluding Specific Items, the Group reported an EBITDA loss of \$19.8 million in the current period compared to an EBITDA gain of \$19.0 million in the prior period on a pro forma basis.

Ardent Leisure Chairman, Dr Gary Weiss, said, "COVID-19 continues to have a significant impact on our businesses.

"Since the start of FY21, we have experienced the unpredictability of the pandemic with our businesses having to respond to the devastating second wave outbreak in the United States, state border closures in Australia and changing government-imposed restrictions to business operations.

"The Group started FY21 in a strengthened financial position due to the Queensland Government financial assistance package and RedBird Capital partnership with Main Event. Despite the challenges during the first half of FY21, the Board and management have maintained a disciplined approach to capital and expense management resulting in the Group being in a strong cash position at the end of the first half.

"As always, our priority remains on ensuring the health and safety of our team members and guests. The COVID Safe plans and other safety initiatives implemented across our operations remain robust and, while we anticipate the uncertainty of the pandemic to continue for the remainder of this calendar year, we look forward to welcoming back all our team members and guests to our venues."

Main Event

Main Event revenue in US dollars declined by 37.7% on a pro forma basis reflecting a reduction in constant centre sales due to the impact of COVID-19, resulting from lower consumer demand and certain centres being temporarily closed during the period, as well as the permanent closure of Pittsburgh and Indianapolis during the second half of the prior year. This is partially offset by full period contributions from two new centres that opened in FY20 and one new centre that opened in early 1H21. In Australian dollar terms, Main Event revenue decreased by 41.0% on a pro forma basis, reflecting the movement in foreign exchange rates.

Main Event centres began gradually reopening in May 2020 however, in November/December 2020, five centres were required to re-close due to the pandemic. As at 29 December 2020, 38 out of 44 Main Event centres were open and operational (1H20: 43 centres) with a further four centres reopening in January 2021. Post reopening, trading results for these centres have been soft as consumers remain cautious of the pandemic.

A new centre, Wesley Chapel, opened in Florida during July 2020 and performed positively despite the current environment. This brings the total number of centres to 44 locations across 16 states.

The division reported EBITDA of US\$1.0 million for the period compared to US\$32.8 million in the prior period on a pro forma basis. The current period was impacted by a number of Specific Items which include impairment of lease assets associated with one centre of US\$3.1 million and restructuring costs and non-recurring expenses of US\$3.4 million. This is partially offset by US\$0.9 million lower pre-opening costs, with only one new centre being opened during the current period.

For personal use only

Excluding Specific Items, the EBITDA loss of US\$9.4 million in 1H21 was \$27.3 million lower than prior period mainly due to reduced revenue partially offset by improved cost of sales and labour efficiencies, as well as lower other operating costs.

Mr Chris Morris, President and Chief Executive Officer of Main Event, said, "I am proud of how our teams across the company have managed through the numerous challenges associated with COVID-19. While still facing headwinds, we are pleased with the positive momentum we are seeing across the country and believe we are well positioned for a strong recovery.

"Additionally, we are very pleased with the results of recent new centre openings, which we believe further validates the revised real estate approach developed by our current management team. As a result of the success of recent new centre openings and our belief in our long-term strategies, we are actively rebuilding our pipeline for future new unit development.

"While there remains near-term uncertainty regarding the efficacy of the vaccine rollout and overall consumer recovery, we are excited about the long-term growth opportunities that lie ahead for our business."

Theme Parks

The Theme Parks division reported trading revenue of \$13.1 million for the year, down 63.6% on the prior period on a pro forma basis mainly due to the impacts of COVID-19, with Dreamworld/Whitewater World remaining closed until 16 September 2020. The ongoing international and domestic borders restrictions have also led to the decline in attendance and revenue.

Despite the challenging environment, the division recorded a modest EBITDA loss excluding Specific Items of \$3.7 million, compared to a loss of \$2.9 million in the prior period on a pro forma basis. On a normalised basis, the cost base for the division has decreased by approximately \$6 million³ compared to the prior period due to targeted cost savings.

Strong annual pass sales from the local drive market, a lower cost base, a disciplined approach to capital expenditure and the JobKeeper wage subsidy boosted cash receipts, resulting in trading for the period being cash positive. Restricted access to international and interstate markets has led to a shift in the sales mix in favour of annual passes, resulting in a materially higher deferred revenue balance as at 29 December 2020. This has impacted the timing of revenue recognition.

Theme Parks Chief Executive Officer, Mr John Osborne, said, "The preservation of cash, a focus on pricing and product for the local drive market and strong cost management has resulted in the division being cash positive and has positioned us well for the post pandemic recovery.

"We will continue to focus on providing a safe environment for our guests and team members, enjoyable experiences that encourage repeat visitation and increased spend by our annual pass holders, attracting interstate visitation where border restrictions allow, reducing discretionary costs wherever possible and the successful delivery of projects such as Steel Taipan.

"The Australian Government's vaccine programme leaves us feeling optimistic about the prospect of a strong recovery; however, we believe that uncertainty is likely to prevail for at least the next twelve months.

"The work that we have done over the last year has made us match fit and ready to accept the challenges of the ever-changing landscape".

³ Excludes government subsidies and grants, cost of goods sold and Specific Items. Normalised for the period of closures in 1H21, and includes incremental operating costs related to COVID-19.

Debt Facilities and Cash

Net debt for the Group was \$117.2 million as at 29 December 2020 (30 June 2020: \$78.4 million).

The Group has \$105.4 million of cash balances as at 29 December 2020 (30 June 2020: \$161.6 million), which comprises \$27.3 million and \$78.1 million cash available to the Australian and US businesses, respectively. Cash in the US business largely reflects the investment from RedBird Capital in June 2020.

Under the terms of the Group's financing facilities, cash and debt held by the Australian and US businesses are subject to separate 'ring fencing' provisions whereby each business cannot access cash or facilities held by the other.

The Group reported net borrowing costs of \$17.7 million in 1H21 which was \$6.7 million higher than prior period on a pro forma basis mainly due to inclusion of the Redbird preferred stock dividend, amortisation of capitalised borrowing costs incidental to the Redbird transaction and a change in net debt balances in the current period.

Due to the impact of COVID-19, Main Event has received covenant waivers for the next four quarters through to and covering the March 2021 quarter from its lenders.

The Board has decided not to declare an interim dividend for 1H21 in view of the uncertainty of the current environment and the Board's previously stated intention to continue to invest in Main Event and Theme Parks.

Investor briefing

The Group will host an investor briefing at 10:00am (AEDT) today. To access the briefing, please register your details through the following webcast or teleconference links:

Webcast

<https://webcast.boardroom.media/ardent-leisure-group/20210224/NaN5ff54e8b2967910019cb9748>

Teleconference

<https://s1.c-conf.com/diamondpass/10011694-28sk3l.html>

Authorised for release by the Board of Ardent Leisure Group Limited

Chris Todd
Group General Counsel and Company Secretary
Ph: +61 2 9168 4604