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Ardent Leisure Trust
ARSN 093 193 438
Ardent Leisure Limited
ABN 22 104 529 106
Ardent Leisure Management Limited
ABN 36 079 630 676
(AFS Licence No. 247010)

ASX RELEASE

24 August 2016

The Manager
Company Notices Section
ASX Limited
20 Bridge Street
SYDNEY
NSW 2000

Dear Sir/Madam

ARDENT LEISURE CORE EARNINGS UP 11%, WITH GROWTH ACROSS ALL DIVISIONS

Key Highlights

- Core earnings up 11% to $62.4 million.
- Revenue up 15.6% to $687.6 million.
- Revenue and EBITDA grew across all divisions, supported by ongoing investment in unique experiences and improved customer service.
- Group benefited from 18.7% USD EBITDA growth in Main Event as seven new centres opened.
- Theme Parks EBITDA up 8.5% on the back of strong visitor numbers.
- Bowling EBITDA up 30.3% as the turnaround strategy gained traction.

Ardent Leisure Group (ASX: AAD) FY16 core earnings rose 11% to $62.4 million and revenue increased 15.6% to $687.6 million with growth recorded across every division.

Main Event USD revenue rose 21.6% and USD EBITDA rose 18.7% as expansion of this high-returning, high yield business division continued, with seven centres opening in the year.

Bowling revenue grew 12.0% and EBITDA grew 30.3% as the strategy to transition from solely Bowling to a multi-attraction entertainment business gained momentum. Theme Parks also delivered a strong result, underpinned by unique experiences and improved customer service, with revenue up 8.0% and EBITDA up 8.5%.

Management's ongoing focus and disciplined approach to cost control helped lift margins, particularly in the second-half of the year.

Group Chairman, Neil Balnaves AO, said: "The result supports the board's decision to continue prioritising investment in our high-growth, high-returning Main Event business, and implement strategies to improve the performance of our Australian divisions.

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"The recently announced sale of our non-core Health Club division underlines the Board's commitment to consolidate the Group's position as Australia's leading international entertainment business.

"Re-positioning our portfolio in this way significantly strengthens the Group balance sheet, provides capacity to support our five-year, targeted roll-out of Main Event centres, and gives us the flexibility to pursue disciplined investment in Theme Parks and Bowling, that meet our return hurdles."

Main Event

Main Event's strong revenue and profit growth continued in FY16 with revenue up 21.6% to US$174.7 million and EBITDA up 18.7% to US$43.5 million.

Growth was enhanced by the opening of seven centres, bringing total centre numbers to 27 of which 12 are outside Texas.

EBITDA margins were slightly impacted by the sale and leaseback of San Antonio (West), Tulsa and Oklahoma City centres, but remained strong at 24.9%.

Constant centre performance was impacted by the concentration of centres in Texas, which was affected by a difficult US casual dining macro environment in the third and fourth quarters, increased competition, 'conscious cannibalisation', weaker event sales and under investment in legacy centres. However Main Event continues to target 2%-4% growth for constant centres over the longer term, with multiple levers identified to drive organic growth.

Group Chief Executive Officer, Deborah Thomas, said: "The revenue growth we achieved at Main Event in FY16 was underpinned by the successful opening of seven new centres - six of them outside Texas - which not only diversified our portfolio but reinforced the depth of our broader roll-out opportunity across the U.S.

"Critically, the centres we opened in FY16 are on track to exceed our EBITDA investment hurdle of 30% ROI, which we have consistently achieved since launching Main Event's accelerated expansion roll-out in 2012.

"Over the next year there will be a laser-like focus on Main Event constant centre performance as we build additional capability in the management team and execute our strategy of refurbishing legacy centres, refreshing content and significantly upgrading marketing and brand building."

Theme Parks

Theme Parks' EBITDA grew 8.5% to $34.7 million and revenue grew 8.0% to $107.6 million as the business improvement strategy gained momentum.

Strong year-on-year revenue growth was achieved across key categories led by Food and Beverage (up 13.1%), followed by Retail (up 12.5%), supported by new, themed outlets. Unique attractions and experiences helped drive entry revenue, up 7.9%, as did visitor growth across all key domestic and international markets led by China.

Customer satisfaction scores were up on all measures as customer research guided investment decisions around improving services and park development.

Ms. Thomas said: "The business improvement initiatives we implemented over the year as part of our turnaround strategy for Theme Parks has produced strong results."

Bowling

Bowling EBITDA grew 30.3% to $18.2 million and revenue grew 12.0% to $130.5 million. Management continued to execute its turnaround strategy of creating a multi-attraction entertainment experience - similar to that offered by Main Event - by investing in new and improved amusement games, rolling out new food and beverage menus in all centres and significantly improving customer service.

A combination of four consecutive quarters of constant centre revenue growth, plus new centre revenues, drove this exceptional result.

Growth was supported by an integrated marketing campaign and digital transformation including national TV campaigns, a new mobile-enabled website for booking and payment, and the electronic Intercard system roll-out which lifted electronic games revenue.

"Bowling was a standout performer in FY16, reporting four back-to-back quarters of constant centre revenue growth as management continued to transition the business from traditional bowling into a multi-attraction entertainment experience," Ms. Thomas said.

Health Clubs

The conversion of forty-five Goodlife Health Clubs to 24/7 underpinned a turnaround of the division in FY16. EBITDA grew 7.0% to $30.1 million as a combination of the 24/7 conversions, digital transformation, and the breadth of programs and product, delivered exceptional growth in membership numbers and average revenue per member. Revenue grew 5.1% to $187.6 million.

EBITDA margins improved from 15.8% to 16.1%, weighted heavily towards the second-half, benefiting from rostering improvements in 24/7 clubs, targeted marketing spend and energy efficiency programs.

Marinas

d'Albora Marinas performed in line with FY15 with 0.2% revenue growth to $23.0 million and 0.1% EBITDA growth to $10.2 million, as berthing revenue recovered well following the redevelopment of The Spit marina. Margins were unchanged over the period at 44.2%. The previously announced sale process for the Marina division remains on track with strong interest.

Capital Management

The sale of the Health Clubs division, along with the expected sale of the Marinas division will significantly strengthen the Group's balance sheet. Proceeds will initially be used to repay debt, providing ample capacity to fund Main Event's five-year roll out.

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The Group will continue to use a combination of capital management sources, including debt, earnings retention, and sale and leaseback or "progressive funding" from US institutional real estate investors.

Outlook

Main Event will continue to be a key driver of future growth for the Group with eleven centres planned to open in FY17 as the portfolio size continues to grow at 30%-40% per annum.

Plans to strengthen the capability of the Main Event management team will support the program to refurbish the legacy centres, as well as enhance sales and marketing initiatives aimed at delivering positive constant centre revenue growth.

In Australia, the Group will continue to invest in developing unique attractions and experiences to drive customer visitation and spend.

The turnaround strategy for Bowling will continue to be implemented, with key initiatives including opening the extensively refurbished flagship Kingpin at Crown in Melbourne, prior to the peak Christmas trading period, and the progressive divestment of underperforming, non-core AMF centres.

The outlook for Theme Parks remains positive with a favourable exchange rate, increased international air capacity and Commonwealth Games promotions to stimulate domestic and international visitor growth. The Business Improvement strategy for Theme Parks will continue with exciting new experiences and brands planned in 2016, including the redeveloped Tiger Island to open in September and Australia's largest LEGO® Certified Retail Store to open in November.

Yours faithfully

Alan Shedden
Company Secretary

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