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ASX RELEASE

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ARDENT LEISURE REPORTS FY19 FIRST HALF RESULTS

- Revenue from continuing businesses increased by \$36.2m to \$226.7m, up 19.0% on the prior corresponding period
- Main Event revenue increased by 14.3% to US\$139.1m and EBITDA increased by 24.0% to US\$16.0m, underpinned by 0.7% constant centre growth and approximately 3 new centres
- Theme Parks revenue increased by 9% on a like-for-like basis¹, with yield improvement of 16% reducing the impact of lower visitation
- Statutory net loss of \$21.8m for the period impacted by Dreamworld incident costs due to the coronial inquest and other restructuring and non-recurring costs
- Destapling and corporatisation of the Group completed in December 2018
- Extended existing credit facility to February 2020 and in advanced stages of establishing increased funding for execution of medium term growth strategies for both Main Event and Theme Parks
- Main Event targeting 20%+ EBITDA margins (excluding pre-opening, restructuring and other non-recurring items) over the medium term
- Dreamworld targeting break even in Q4 FY19
- Reinvestment for growth in business resulting in no interim dividend distribution; capital management policy to be announced with the year-end results

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

Financial reporting

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.

While this is the first interim 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 Comparing to restated pcg revenue under the new accounting standard. On a non-adjusted statutory basis, Theme Parks revenue was down (0.9%) for 1H19.

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Summary financial information for 1H19:

A\$ million	1H19	1H18	Var
	27 th Jun to 25 th Dec	1 st Jul to 26 th Dec	
Revenue	226.7	265.6	(14.6%)
EBITDA	0.2	(1.6)	112.5%
EBIT	(23.7)	(30.1)	21.3%
Net loss after tax	(21.8)	(15.6)	(39.7%)
Specific items included in results above ²	(11.9)	(10.3)	(15.5%)
Distribution per security	-	2.0 cents	

The Group recorded a net loss after tax of \$21.8 million for the period ended 25 December 2018, compared to a net loss of \$15.6 million in the prior corresponding period. The prior period included \$6.7 million net profit from discontinued operations, comprising the Marinas business (sold in August 2017) and the Bowling & Entertainment business (sold in April 2018).

Results continue to be impacted by Dreamworld incident costs due to the coronial inquest as well as various restructuring and other non-recurring costs in Main Event, Theme Parks and Corporate.

Prior period results were significantly impacted by a \$22.8 million write-down in the value of Dreamworld and the sale of businesses. This was partially offset by a \$14.9 million tax benefit relating to restatement of deferred tax balances as a result of US tax reforms, which lowered the US corporate income tax rate.

Further details on specific items are provided below.

A\$ million	1H19 As Reported			1H18 As Reported			Total Var %
	Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total	
Revenue	226.7	-	226.7	190.4	75.1	265.5	(14.6%)
EBITDA	0.5	(0.3)	0.2	(15.7)	14.1	(1.6)	112.5%
Net loss after tax	(21.5)	(0.3)	(21.8)	(22.3)	6.7	(15.6)	(39.7%)
Specific items included in results above ²	(11.6)	(0.3)	(11.9)	(13.5)	3.2	(10.3)	(15.5%)

Total revenue for the Group declined by \$38.9 million due to the lost revenue contribution of \$75.1 million from the Marinas and Bowling & Entertainment businesses in the prior period, partially offset by a \$36.2 million (19.0%) increase in revenue from continuing operations, driven by Main Event. Main Event accounted for over 80% of the 1H19 revenue and grew 14.3% in US dollar terms (23.4% in Australian dollars after impact of foreign exchange movements). Theme Parks revenue remained flat period-on-period despite the current period being impacted by the coronial inquest hearings and reduced availability of rides.

² Includes the tax impact of specific items for both periods. In 1H19, the amount includes a \$5.4 million one off tax benefit from destapling and corporatisation and \$7.6 million expense for current tax losses not recognised as a deferred tax asset. In 1H18, the amount includes a \$14.9 million tax benefit relating to a restatement of deferred tax balances as a result of US tax reforms, which lowered the US corporate income tax rate.

EBITDA for the period includes the impact of a number of specific items as below. After adjusting for all the specific items disclosed, EBITDA from continuing operations declined overall by \$1.2 million, as a result of an increase of \$3.4 million in Main Event being offset by a decline of \$4.5 million in Theme Parks, due to continued challenging conditions following the Thunder River Rapids ride incident and subsequent coronial inquiry hearings.

The Group's earnings include the following specific items:

1H19 A\$ million	Main Event	Theme Parks	Corporate	Disposed Businesses	Total
Dreamworld incident costs, net of insurance recoveries		(5.3)			(5.3)
Non-cash gain (loss) on disposal of assets	2.0	(0.1)	(0.3)		1.6
Pre-opening costs	(1.5)				(1.5)
Selling costs associated with discontinued operations				(0.3)	(0.3)
Restructuring and other non-recurring items	(2.6)	(1.9)	(3.5)		(8.0)
Total	(2.1)	(7.3)	(3.8)	(0.3)	(13.5)
Tax impact of specific items listed above	0.4	2.2	1.1		3.7
Impact of destapling and corporatisation			5.4		5.4
Current period tax losses not recognised as a deferred tax asset			(7.6)		(7.6)
Total	0.4	2.2	(1.1)	-	1.5

1H18 A\$ million	Main Event	Theme Parks	Corporate	Disposed Businesses	Total
Dreamworld property revaluation decrement		(22.8)			(22.8)
Dreamworld incident costs, net of insurance recoveries		(1.9)			(1.9)
Non-cash loss on disposal of assets	(0.6)	(0.1)	(0.1)	(0.1)	(0.9)
Pre-opening costs	(2.0)			(0.5)	(2.5)
Gain on sale of discontinued operations				4.6	4.6
Selling costs associated with discontinued operations				(1.6)	(1.6)
Restructuring and other non-recurring items	(1.8)		(1.3)		(3.1)
Total	(4.4)	(24.8)	(1.4)	2.4	(28.2)
Tax impact of specific items listed above	1.2	0.6	0.4	0.7	2.9
Restatement of deferred tax balances to reflect US tax reforms	14.9				14.9
Total	16.1	0.6	0.4	0.7	17.8

The Board has declared there will be no interim dividend for 1H19, 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 (1H18 2.0 cents).

Main Event

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

US\$ million	1H19	1H18	Var %
	As Reported 27 th Jun to 25 th Dec	As Reported 1 st Jul to 26 th Dec	
Revenue	139.1	121.7	14.3%
Segment EBITDA	16.0	12.9	24.0%
Segment EBIT	2.5	0.3	733.3%
EBITDA margin	11.5%	10.6%	0.9 pts

Main Event achieved revenue growth of 14.3% to US\$139.1 million in 1H19, driven by 0.7% growth in constant centres like-for-like revenue, a full period impact of centres opened in FY18 as well as the contribution from a new centre opened in November 2018. This brings the number of centres to 42 across 17 states as of December 2018 (December 2017: 38 centres across 14 states).

Constant centres revenue on a like-for-like basis increased 0.7% versus the prior corresponding period, driven by strong event business growth, reflecting investment and focus made to drive more off-peak business.

EBITDA margins improved 90bps driven by the gain on disposal of assets in the current period, lower central and regional costs as a percentage of revenue and lower pre-opening spend. Main Event continues to have a sharp focus on margin expansion with a target of 20%+ over the medium term.

Main Event segment EBITDA includes the following specific items:

US\$ million	1H19	1H18
	As Reported 27 th Jun to 25 th Dec	As Reported 1 st Jul to 26 th Dec
Pre-opening expenses	(1.1)	(1.5)
Gain/(loss) on disposal of assets	1.5	(0.5)
Restructuring and non-recurring items	(1.9)	(1.3)
Total	(1.5)	(3.3)

The lower pre-opening costs reflect fewer centre openings in the current period. Main Event's EBITDA was also impacted by US\$1.9 million of restructuring and other non-recurring items (1H18: US\$1.3 million) including one-time consulting costs and executive restructuring costs. In addition, the business also recorded a US\$1.5 million gain on hurricane damaged assets due to recovery of insurance proceeds.

Theme Parks

A\$ million	1H19	1H18	Var
	As Reported 27 th Jun to 25 th Dec	As Reported 1 st Jul to 26 th Dec	%
Revenue	34.4	34.7	(0.9%)
Segment EBITDA	(12.4)	(25.4)	51.2%
Segment EBIT	(17.2)	(29.7)	42.1%
EBITDA margin	(36.0%)	(73.2%)	37.2 pts

The Theme Parks business, consisting of Dreamworld, WhiteWater World and SkyPoint reported revenue of \$34.4 million in 1H19, down 0.9% on prior corresponding period. Visitation was adversely impacted by the continued slow recovery following the incident in October 2016, the coronial inquest and reduced ride availability.

The decline in visitation was offset with yield improvements and the introduction of a new annual pass product prior to the festive season.

During the period, the business adopted AASB 15, the new accounting standard relating to revenue recognition, which requires multi-day and season/annual passes revenue to be recognised evenly across the validity period of individual passes as opposed to previous practice of full recognition on first use. On a like-for-like basis, revenue increased by 9%, with yield improvement of 16% reducing the impact of lower visitation.

Theme Parks recorded a statutory EBITDA loss of \$12.4 million, which is an improvement compared to the statutory EBITDA loss of \$25.4 million in the prior period. The improvement in EBITDA was largely driven by the Dreamworld valuation loss of \$22.8 million recorded in the prior period. This was partially offset by higher Dreamworld incident costs in the current period of \$5.3 million (1H18: \$1.9 million). Excluding specific items below, EBITDA for the business was \$4.5 million lower than the prior period.

Mr. John Osborne was appointed as Chief Executive Officer of Theme Parks in November 2018 and has identified several priorities to drive recovery and improve performance.

Theme Parks segment EBITDA includes the following specific items:

A\$ million	FY18	FY17
	As Reported 1 st Jul to 26 th Jun	As Reported 1 st Jul to 30 th Jun
Dreamworld property revaluation decrement		(22.8)
Dreamworld incident costs, net of insurance recoveries	(5.3)	(1.9)
Non-cash loss on disposal of assets	(0.1)	(0.1)
Non-recurring expenses	(1.9)	
Total	(7.3)	(24.8)

Discontinued operations

The Marinas business was sold in August 2017 and contributed \$2.6 million revenue in the prior period. The Bowling & Entertainment business was sold at the end of April 2018 and contributed \$72.5 million revenue in the prior period.

The current period discontinued operations result includes \$0.3 million of selling costs.

Strategic update and capital management

The Group extended its existing credit facility to February 2020. This facility provides the Group with:

- secure funding as it continues to implement strategic initiatives to drive improved performance at Main Event and focuses on returning Theme Parks to sustained profitability; and
- flexibility to evaluate and implement the most efficient capital structure for the business.

The Group continues to assess a range of alternatives to fund its future growth, with a view to achieving the optimal balance of strategic and operating flexibility and cost. In particular, the Group is in the advanced stages of establishing increased funding to provide the capital required to execute on the medium term growth strategies of both Main Event and Theme Parks.

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