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ARDENT LEISURE

ASX RELEASE

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ARDENT LEISURE REPORTS 27 JUNE 2023 FULL YEAR RESULTS

- **Consolidated NPAT of $665 million, a significant improvement compared to the $97 million loss in the prior year, driven by a $682 million gain on sale of Main Event Entertainment**
- **Improved performance of the Theme Parks & Attractions business, with operating revenue of $84 million up 70% ($34 million) on prior year**
- **Theme Parks & Attractions FY23 operating revenue 25% higher than FY19 pre-COVID levels, and reflective of Dreamworld returning to positive operating results as its capital improvement program is progressively rolled out**
- **Theme Parks & Attractions EBITDA excluding Specific Items[1] of $4.7 million was positive for the first time since FY16, up 131% on FY22 and 147% on FY19 pre-COVID levels, reflecting the high operating leverage profile of the business**
- **Settlement reached in shareholder class action**
- **Solid financial position with $141 million cash and no debt. Well capitalised to fund business growth and to drive increased shareholder value**
- **On-market share buyback of up to 10% of issued capital over the next 12 months, following a $456 million distribution in July 2022**

Ardent Leisure Group Limited (ASX: ALG) today announced its financial results for the year ended 27 June 2023.

A$ million	**Reported FY23**	**Reported FY22**	**Variance %**
Operating Revenue[2] from continuing operations	83.9	49.5	70%
EBITDA from continuing operations	(4.8)	(55.4)	91%
Consolidated Group EBITDA	677.6	45.5	1389%
Consolidated Group net profit/(loss) after tax	664.7	(97.4)	782%
EBITDA excluding Specific Items[2] from Theme Parks & Attractions	4.7	(15.0)	131%
EBITDA excluding Specific Items[2] from continuing operations	(3.4)	(23.1)	85%

Following the sale of Main Event on 30 June 2022, the Group is now solely focused on its Theme Parks & Attractions business in Australia. Unless otherwise stated, the commentary presented below focuses on the continuing operations of the Group (which comprises the Theme Parks & Attractions business and Group Corporate overheads) to enable more meaningful like-for-like comparison of performance.

The Group reported operating revenue of $83.9 million in FY23, representing an increase of $34.4 million compared to prior year and the highest revenue reported since FY16, despite international visitation remaining well below historical levels and the emergence of macroeconomic headwinds in the second half of the year.

[1] Refer to the accompanying results presentation for detailed information on Specific Items.
[2] Excluding other income from government grants and subsidies.

The Group's EBITDA loss from continuing operations of $4.8 million improved significantly compared to the EBITDA loss of $55.4 million reported in the prior year. The current and prior year EBITDA results have been impacted by several significant one-off Specific Items, which include Dreamworld incident related costs and associated insurance recoveries, lease payments no longer recognised in EBITDA under AASB 16 *Leases* and other non-recurring and non-cash items. Adjusting for these Specific Items, the Group recorded an EBITDA loss from continuing operations of $3.4 million for the year, an improvement of $19.7 million compared to the $23.1 million loss reported in the prior year.

Ardent Leisure Chairman, Dr Gary Weiss, said, "We are pleased to deliver a positive consolidated EBITDA and net profit for the Group in FY23. This result represents a significant improvement compared to the loss reported in the prior year and largely reflects the successful completion of the Main Event sale and growth of our Theme Parks & Attractions business.

"The Theme Parks & Attractions business has delivered positive revenue and attendance growth since the second half of FY22, and this trend has continued through FY23. Although the second half of the year has seen some economic challenges emerge, the business nevertheless achieved a 30% increase in revenue in 2H23 despite the business also cycling an unimpeded 2H22.

"The Board remains confident that, with a robust financial position and an exciting pipeline of capital projects to be delivered over the next two years, the Group is well positioned to benefit when economic conditions normalise and international and domestic visitation returns to historical levels."

Theme Parks & Attractions

The Theme Parks & Attractions business, consisting of Dreamworld, WhiteWater World and SkyPoint, reported operating revenue of $83.9 million in FY23, up 70% on the prior year. The current year revenue exceeded FY19 pre-COVID levels by 25% and is the highest since FY16, despite international visitation to Dreamworld/WhiteWater World remaining well below historical levels (less than 2% in FY23 versus 21% in FY16[3]). International visitation to SkyPoint also remains well below pre-COVID levels.

FY23 saw total attendances and revenue per capita increase by 39% and 22% compared to the prior year, respectively. The aggregate value of tickets sold in FY23 was the highest recorded since FY16 and was significantly above levels achieved in all subsequent years. In addition, FY23 revenue per capita was the highest on record and was 54% above FY16 levels.

In 1H23, revenue and attendances were up 137% and 67% on the prior corresponding period, respectively[4]. During 2H23, the business saw some moderation in growth, consistent with many operators in the consumer discretionary sector. Deteriorating economic conditions have weighed on discretionary spending and the high inflationary environment has introduced some added cost pressures for the business. Despite these headwinds and the business cycling an unimpeded 2H22 (including its busiest Easter trading period for several years), it has achieved 2H23 revenue and attendance growth of 30% and 18% against the prior corresponding period, respectively.

The business continues to focus heavily on delivering a differentiated and compelling guest experience, and this has seen Dreamworld/WhiteWater World and SkyPoint continue to achieve category leading guest review scores which have materially outperformed their Gold Coast theme park peers. This, together with a disciplined approach to management of discretionary costs, has resulted in the division recording statutory EBITDA of $3.1 million for the year, a significant uplift compared to the $14.5 million loss in the prior year and its first positive EBITDA result since FY16. This performance was impacted by several non-recurring and non-cash Specific Items in both financial years. Excluding Specific Items, the business recorded EBITDA of $4.7 million, significantly improved compared to the $15.0 million loss in the prior year and substantially above its FY19 pre-COVID performance.

[3] Percentages based on volume of international visitors to Dreamworld/WhiteWater World.

[4] Note that 1H22 was impacted by COVID-led snap lockdowns and interstate border closures. This resulted in the only addressable market being local guests.

While the short-term macroeconomic headwinds may lead to some moderation in growth in the near term, the Group expects to see more meaningful improvements as it delivers its recently announced pipeline of new and compelling attractions to drive incremental visitation. As international and interstate visitation gradually return to historical levels, this will further boost profitability due to the relatively fixed nature of many operating costs.

Group Chief Executive Officer, Mr Greg Yong, said, "This year saw the first operating profit for the Theme Parks & Attractions business since 2016. This is a significant achievement given the very substantial challenges the organisation has faced in the intervening years. However, our job is far from done and the entire team is focused on delivering on our purpose, to be Australia's most loved theme parks and attractions. We have a clear plan on how we will realise our objectives, which is founded upon making strategic choices that put our guests first and create sustainable value for all stakeholders.

"We are in the midst of an incredibly exciting time, with new attractions launching progressively over the coming years. It is our expectation that this product, along with our dedication to being "brilliant at basics", our renowned event program and our commitment to complementary development, will drive growth back to historical earnings and beyond.

"Against the backdrop of the aggressive interest rate increases over the last 15 months and the resultant impact on consumer spending on discretionary items, we are clearly in a difficult operating environment at this time. It is our view that this is episodic rather than emblematic of our industry and further, we believe that if there was ever a time for an 'experience economy', it is now.

"I would like to thank our entire team for their commitment and dedication over the past twelve months."

Corporate Costs

The Group's Corporate Costs remain an area of focus and, despite some cost pressures driven by the current inflationary environment, have marginally decreased compared to the prior year.

The Group expects to realise further savings in FY24 through a number of initiatives to reflect the smaller size of the Group following the sale of Main Event, including corporate head office restructure, a reduction in Board fees, and further reduction of insurance costs.

Shareholder class action

On 24 August 2023, the Company announced to the market that it has reached agreement with the applicants to settle the shareholder class action that was commenced in June 2020. The settlement deed has been executed and is subject only to Court approval. The Company is required to make a one-off payment of approximately $4 million following Court approval and the balance of the settlement proceeds are fully insured.

Surplus Land Development

The Group owns approximately 55 hectares of land at Coomera, in South-East Queensland. Management has been working with stakeholders to achieve a Preliminary Development Approval across the entire site. Such an approval (if granted) would provide significant optionality and planning certainty for the Group to achieve the highest and best use for all parts of its land holdings.

This process requires the completion of several complex technical reports and ongoing engagement with the relevant authorities. While it is not appropriate to comment on prospects for an approval to be granted, management to date has received positive feedback and support to move forward with this application.

On-market share buyback

At 27 June 2023, the Group had cash balances of $141.4 million.

Having regard to the Group's improved operating performance, the Board has determined that a portion of its cash balances are surplus to near-term needs and proposes to implement an on-market share buyback of up to 10% of the issued capital over the next 12 months to improve shareholder returns and enhance capital efficiency.

This buyback will comply with both the "10/12" limit under the Corporations Act 2001 (Cth) and the ASX listing rules. The timing and actual number of shares purchased under the buy-back will depend on the prevailing share price, market conditions, forecast future capital requirements and any other considerations including any unforeseen circumstances.

The Board will continue to review options for further capital management initiatives for remaining cash (including the potential receipt of its share of contingent consideration from the sale of Main Event amounting to approximately US$8.8 million) having regard to the ongoing performance of the Group, its capital position and funding requirements moving forward, and market conditions.

Investor briefing

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

Webcast

https://kapara.rdbk.com.au/landers/54ed27.html

Teleconference
https://s1.c-conf.com/diamondpass/10032068-q5gocm.html

Authorised for release by the Board of Ardent Leisure Group Limited

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