EVENT
HOSPITALITY & ENTERTAINMENT
EST 1910
ABN 51 000 005 103

ASX ANNOUNCEMENT

PANDEMIC DRIVES REVENUE DOWN $466 MILLION, STRONG RESPONSE MITIGATES EBITDA LOSS TO $31 MILLION

THURSDAY 18 FEBRUARY 2021

Event Hospitality & Entertainment Limited ("EVENT") today announced the half year result which was materially impacted by the COVID-19 pandemic, with EVENT operating in some of the hardest hit industries globally. Whilst EVENT's markets performed relatively better than key global markets, the pandemic impact resulted in revenue down 58% to $294m. A swift and strong response mitigated the impact to a normalised EBITDA loss of $31 million, and a statutory net loss after tax of $60.2 million. Despite government mandated closures and operating restrictions, the result included a positive EBITDA contribution from Hotels, Thredbo and Property, whilst the cash burn in the Entertainment division was significantly reduced when compared with the COVID-impacted period in FY20.

The Entertainment division was the most impacted due to COVID-19 government mandated closures in key global markets including USA, UK, and the markets in which EVENT operates. The direct impact was a material reduction in the number of cinemas open globally. As blockbuster films are typically released on a simultaneous worldwide "day and date" basis, the material closures resulted in major studios delaying blockbuster films dated for this period to May 2021 and beyond. As a result, whilst there was a strong customer desire to return to cinemas, only one film grossed more than $15 million at the Australian box office in the half year, compared to 10 films in the same period prior year.

In announcing the result, EVENT CEO Jane Hastings said: "The result was defined by the impact of COVID-19 government mandated restrictions materially impacting our ability to generate revenue. In response, within every division, we have transformed every aspect of our business to be able to respond to the pandemic constraints. We secured more than our fair share of scarce revenue opportunities whilst transforming and mitigating cash-burn. Swift and active cost management resulted in more than $155 million in savings from March to December 2020, excluding government subsidies, and excluding the benefit of most of the rent relief negotiated with landlords which will be recognised once agreements have been signed."

"We have already seen the pent-up demand for our businesses, which was reflected in the outstanding result in Thredbo despite capacity restrictions of up to 50%, strong leisure demand in hotels, and cinemas achieving an EBITDA positive result in January despite the Australian nationwide box office being down 50%."

Ms Hastings also commented on the Group's future growth initiatives: "Despite the intense focus on re-engineering the business to reduce cash-burn in response to COVID-19, we have also made good progress on growth initiatives. The Hotels division is on track to exceed our highest ever year of hotel network expansion and we launched the 'Independent Hotel Collection by Event' as a platform for continued growth. Our 'Cinema of the Future' concepts resulted in an increase in spend per customer and a material increase in customer satisfaction scores, at a lower cost to serve. We have also recently launched the 'Cinebuzz on Demand' trial to better monetise our entertainment database of 2.5 million movie fans when they are stuck at home. We delivered the first phase of our Thredbo growth plan underpinning our strong winter performance and we have achieved a January record for mountain biking."

Ms Hastings continued: "We also achieved key project milestones for our major developments, including the approval of the Development Application for the podium component of the 458-472 George Street development, and the approval of the Stage One Development Application and completion of the design competition process for the 525 George Street development, and we are confident in the value we are creating from our core property. Further to this, we have identified certain non-core properties for divestment with a target to realise $250 million proceeds before tax within two years."

Ms Hastings also commented on the Group's liquidity and cash flow position: "Last year we secured an increase of our debt facilities to $750 million, the majority of which matures in 2023. Our current net debt is approximately $450 million, providing significant headroom. We are confident, based on what we know today, that we are in a good position to face the challenges of COVID-19 on our industries."

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Ms Hastings also commented on the Group's outlook: "Whilst the pandemic makes it difficult to predict the short term, we are optimistic about recovery in the travel and entertainment sectors as soon as the relevant government's vaccination programmes are well progressed. For Entertainment, the COVID-19 vaccination programmes in the USA, UK and Germany are providing more confidence that these markets will re-open in time for the northern hemisphere summer period and studios will then release blockbuster films globally. Studios generate up to around 40-50% of their revenue from cinemas and the future film line up, as it is currently dated, looks very strong. We are confident in the facts evidenced by recent customer behaviour validating our research, that all customer demographics cannot wait to return to cinemas when there is a blockbuster film to see."

Ms Hastings continued: "From a hotels perspective, we are not relying on International borders to re-open in FY2021 and anticipate that throughout 2021, interstate borders may continue to open and close at short notice until the COVID-19 vaccination programme is advanced across our markets. We have very well recognised brands in the Australian and New Zealand markets which is being demonstrated in our strong market share in key markets and our ability to be EBITDA positive. For Thredbo, we see demand continuing despite COVID-restrictions remaining in place."

"I am incredibly proud of the EVENT team for their relentless focus on delivering the best outcomes for their teams, customers and shareholders during the most challenging period in the company's history. Our teams have led the way in developing COVID-safe procedures to be able to open, are agile to respond to changing Government mandates, have outperformed and transformed to deliver exceptional cost reduction results. We are confident these changes will deliver benefits into the future."

As previously announced, the Board confirmed that there will be no interim dividend for the year ended 30 June 2021. The Chairman, Alan Rydge, said: "Our strong balance sheet and management's swift response to COVID-19, positions the Group well to navigate through this unprecedented period. The pandemic has materially impacted our sectors globally and managements' focus on re-engineering the business to be more agile has certainly mitigated the impact. On behalf of the Board, I would like to recognise the team for their absolute commitment to ensuring the best outcomes for shareholders in these challenging times. Subject to trading conditions, we desire to resume dividend payments from the financial year ending 30 June 2022."

Voluntary director fee, CEO and executive salary reductions have been extended to 30 June 2021.

EVENT owns the largest cinema circuits in Australia, New Zealand and Germany under the brands Event Cinemas, Birch Carroll and Coyle, Greater Union, Moonlight Cinemas, Skyline Drive-In, Rialto Cinemas and Cinestar,. EVENT also owns and operates over 60 hotels including Rydges Hotels and Resorts, QT Hotels and Resorts, Atura Hotels and Independent Collection by Event, as well as owning a 50% share in JUCY Snooze. In the leisure space, the company operates Australia's number one ski resort, Thredbo Alpine Resort and one of Australia's oldest theatres, the State Theatre. EVENT also owns a substantial property portfolio.

Approved for release to ASX by the Board of Event Hospitality & Entertainment Limited

Further information

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