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ARDENT LEISURE REPORTS FY21 FINANCIAL RESULTS

- **FY21 statutory results improved significantly despite the full year continuing to be impacted by COVID-19[1]. Net loss after tax was $86.9 million compared to $136.1 million in the prior year[2]**
- **Group revenue of $390.7 million (FY20: $398.3 million), largely impacted by reduced visitation in Australian Theme Parks venues and partially offset by 14.7% higher revenue in Main Event (in US dollars), with all centres being reopened by June 2021**
- **Group EBITDA excluding Specific Items[3] of $30.6 million up $24.9 million on FY20, driven primarily by strong recovery in the US business in the second half of FY21 and a disciplined approach to cost management across the Group**
- **Main Event's constant centre revenue performance during the second half of FY21 exceeded FY19 pre-COVID levels and was up 32.1% and 40.4% in 4Q21 and July 2021, respectively. Strong performance from the new Main Event centre at Wesley Chapel opened in July 2020 has reaffirmed the effectiveness of the revised real estate approach developed by the current management team**
- **Slight increase in Theme Parks' EBITDA loss excluding Specific Items due to continued challenging conditions. Strong annual pass sales, a lower cost base and a disciplined approach to capital expenditure, accompanied by the JobKeeper wage subsidy, have mitigated the impact on performance and cashflows**
- **No final dividend for FY21**

Ardent Leisure Group Limited (ASX: ALG) today announced its audited financial results for the financial year ended 29 June 2021.

A$ million	Reported FY21 (52 weeks)	Restated[2] FY20 (53 weeks)	Variance %
Revenue	390.7	398.3	(1.9%)
EBITDA	67.3	25.3	165.6%
EBIT	(18.4)	(68.8)	73.2%
Net loss after tax	(86.9)	(136.1)	36.1%
EBITDA excluding Specific Items	30.6	5.7	434.7%

Total segment revenue for the Group (excluding other income from Government grants/subsidies and insurance recoveries) of $390.7 million decreased by $7.6 million in the year, driven primarily by lower visitation in the Australian Theme Parks venues, partially offset by a strong recovery in Main Event with all centres being progressively reopened by the end of the financial year.

[1] After the World Health Organisation first declared COVID-19 as a global pandemic in early March 2020, all sites were closed in mid/late March 2020. This impacted the last three months of the prior year results and has continued to impact the full year results for FY21.

[2] The prior year results have been restated for a change in accounting policy, to measure Theme Parks' land, buildings and major rides & attractions at cost (previously fair value) as disclosed in Note 16(a) to the Financial Statements.

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

In addition to trading disruptions due to COVID-19, the Group's results were impacted by a number of Specific Items, including non-cash impairment of lease assets in Main Event, restructuring and other non-recurring items (some of which are directly attributable to COVID-19), Dreamworld incident costs and the derecognition of deferred tax assets in the current year. Nevertheless, disciplined control of operating costs across the Group and the recovery in the US business during the second half of FY21 have mitigated the impact of COVID-19 on the Group's result.

Excluding Specific Items, the Group reported EBITDA for the year of $30.6 million, up $24.9 million compared to $5.7 million reported in the prior year.

Ardent Leisure Chairman, Dr Gary Weiss, said, "We are pleased to see our results have improved on prior year notwithstanding the ongoing impact of COVID-19 on our businesses.

"The second half of the financial year has seen Main Event rebound well, with constant centre EBITDA outperforming pre-COVID levels in the latter part of the year. We are optimistic that this positive momentum will continue into FY22.

"It is also encouraging to see our Theme Parks business continue to receive strong support from the local drive market despite visitation being impacted by international and interstate border restrictions, particularly during peak trading periods. Our outlook for the business remains positive, underpinned by the rollout of vaccinations, the expected opening of the new world-class Steel Taipan rollercoaster and pent-up demand in local and interstate markets.

"Having secured funding for the businesses via the Redbird partnership and the Queensland Government assistance package, the Group's financial position is now significantly strengthened. We have continued to maintain a disciplined approach to capital and expense management across the Group throughout the year and the Group's liquidity remains strong at balance date.

"Our priority continues to be on ensuring the health and safety of our guests and team members, with robust safety protocols and COVID Safe plans in place in both businesses. While we expect uncertainty from the pandemic to continue for the remainder of this calendar year, we believe that Ardent is well positioned for future growth once market conditions begin to improve."

Main Event

During the year, total US dollar revenue of US$266.9 million was 14.7% higher than prior year, driven primarily by incremental revenue from new Main Event centres that were opened in FY20 and FY21, the lapping of the initial closure of all centres in March 2020, and growth in constant centres exceeding FY19 pre-COVID levels as the business benefitted from macro factors such as pent-up demand, Government stimulus and accelerated vaccine rollout during the second half of FY21, as well as effectiveness of management's initiatives surrounding safety, guest experience, messaging and entertainment. This was partially offset by a soft trading performance during the first eight months of the year, which included the second wave of the pandemic in the US that resulted in five Main Event centres being re-closed in November/December 2020 and several centres being closed or operating at reduced hours in February 2021 due to winter storms. In addition, the prior year included revenue contributions from two centres that were subsequently permanently closed. In Australian dollar terms, Main Event revenue increased by 3.2% on prior year, reflecting the movement in foreign exchange rates.

Following the initial site closures in March 2020, Main Event began the year with 38 operational centres and progressively reopened its remaining sites, with all centres opened by the end of the financial year. One new centre, Wesley Chapel, opened in Tampa, Florida during July 2020 and has continued to have strong performance, being the highest revenue centre in the portfolio. This opening brings the number of centres to 44 across 16 States as at 29 June 2021 (2020: 43 centres across 16 States). Pre-opening expenses of US$0.4 million during FY21 decreased by US$2.4 million compared to prior year due to less centre openings in the current year.

Main Event reported EBITDA of US$64.3 million, up US$26.7 million or 70.9% on prior year as a result of increased revenue and the high operating leverage nature of the business. EBITDA in the current and prior year continued to be impacted by non-recurring restructuring expenses, non-cash impairment of lease assets, costs associated with early termination of leases and loss/gain on disposal of assets. Excluding Specific Items, EBITDA was US$36.5 million in FY21, up US$22.9 million or 168.1% on prior year.

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The strong momentum in trading performance during the second half of the year has significantly improved Main Event's liquidity and positioned the business well for future growth, with four new centre openings anticipated in FY22.

Management remains committed to ensuring the utmost safety of employees and guests in all centres.

Mr Chris Morris, President and Chief Executive Officer of Main Event, said, "Despite the unprecedented challenges posed to the business over the last year, I am very proud of what our team accomplished. From our best-in-class re-opening plan, "Play Smart, Play Safe", to our execution of several key strategic initiatives during the year, we have accomplished a lot and have positioned ourselves well for growth in FY22 and beyond.

"We are pleased with our performance in the second half of FY21 as our Q4 FY21 constant centre revenue grew over 32% from pre-COVID levels and July 2021 constant centre revenue was up over 40%. We have generated record-breaking sales and profitability performance since March, which highlights the remarkable strength and unit economics of our business. This performance reflects not only the robust post-recovery consumer demand for out-of-home entertainment in the US, but also reflects the success of our strategic initiatives and the pre-COVID sales momentum we have built upon over the last 12 months.

"While we know that our revenue performance will be subject to ongoing COVID-19 challenges, we are very optimistic about where we have positioned ourselves in this category and are confident in our ability to continue to grow moving forward. We are well-positioned from a liquidity and capital perspective and will leverage this capital position to drive our new centre growth strategy during FY22 and beyond."

Theme Parks

The Theme Parks business, consisting of Dreamworld, WhiteWater World and SkyPoint, reported trading revenue of $36.0 million for the year, down 33.9% on the prior year mainly due to the pandemic, with SkyPoint and Dreamworld/WhiteWater World being reopened on 10 July 2020 and 16 September 2020, respectively. This, along with ongoing international and domestic border restrictions and a series of snap lockdowns, led to a decline in attendance and revenue compared to the prior year. The lockdowns brought a premature end to the traditional peak Christmas and Easter holiday trading periods for the business.

The COVID-19 impact was partially offset by the division receiving $15.3 million in Government support, primarily under the Australian Federal Government's JobKeeper wage subsidy programme which ended in March 2021 (2020: $5.9 million).

The division recorded an EBITDA loss of $11.1 million, compared to a loss of $24.3 million in the prior year mainly due to the prior period being adversely impacted by $15.4 million non-cash impairment losses relating to the Dreamworld and SkyPoint properties and $0.8 million non-recurring costs associated with COVID-19. In addition, there was a $3.3 million reduction in loss on disposal of assets in the current year, partially offset by a $3.7 million increase in Dreamworld incident costs, net of insurance recoveries.

Excluding Specific Items, the division recorded an EBITDA loss of $10.3 million, compared to a loss of $7.7 million in the prior year mainly as a result of reduced revenue and the semi-fixed cost nature of the business. Nevertheless, the business has managed to reduce its cost base compared to the prior period due to targeted cost savings.

Strong annual pass sales from the local drive market, a disciplined approach to capital expenditure and the JobKeeper wage subsidy have mitigated the impact of COVID-19 on the division's performance and cash flows. The preservation of cash, a focus on pricing and product for the local drive market and operating from a lower cost base has positioned the division well for recovery when COVID-19 restrictions ease.

The business outlook remains optimistic, supported by pent up demand in local and interstate markets, the rollout of vaccines and the new Steel Taipan multi-launch rollercoaster which is anticipated to complete in Q2 FY22.

Theme Parks Chief Executive Officer, Mr Greg Yong, said, "Our entire team have performed tremendously in what has been one of the most challenging business environments in our history. Upon reopening we set a very high standard for COVID-19 safety, and this continues to be a priority as new variants of the virus emerge.

"As we outlined at the half-year, COVID-19 outbreaks, associated lockdowns and restrictions continue to hamper consumer sentiment and induce traveller hesitancy. We expect this to persist until the vaccination rate in Australia increases materially. Accordingly, we continue to maintain a disciplined approach to costs and cash preservation, particularly in light of significant restrictions on the eastern seaboard through July and August 2021.

"We are however buoyed by the strong performances seen throughout the leisure sector in the US and are focused on ensuring the business is appropriately positioned to capitalise in anticipation of a similar rebound in Australia as conditions improve."

Debt Facilities and Cash

Net debt for the Group was $81.6 million as at 29 June 2021 (30 June 2020: $78.4 million).

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 has $115.0 million of cash balances as at 29 June 2021 (30 June 2020: $161.6 million), which comprises $18.1 million cash available to the Australian business and $96.9 million (US$73.3 million) cash available to the US businesses.

Cash in the US business largely reflects the investment from RedBird in June 2020 and the recent strong trading performance of Main Event in the second half of the year, partially offset by the repayment of the US Revolving Credit facility in June 2021. As a result of improved liquidity, Main Event's net leverage ratio is significantly below the required covenant of 4.0x.

As at 29 June 2021, the Australian and US businesses have undrawn capacity of $49.9 million and US$25.0 million, respectively.

The Board has decided not to declare a final dividend for FY21 in view of the uncertainty of the current environment and the Board's previously stated intention to continue to invest in the Main Event and Theme Parks businesses.

Investor briefing

The Group will host an investor briefing at 9:00am (AEST) today. To access the briefing, please register your details through the following webcast or teleconference links:

Webcast
https://webcast.boardroom.media/ardent-leisure-group/20210826/NaN60a713da2f46e2001bf3b282

Teleconference
https://s1.c-conf.com/diamondpass/10015079-i37sg5.html

Authorised for release by the Board of Ardent Leisure Group Limited

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