For personal use only

Ardent Leisure Group Limited (ACN 628 881 603)

CONTACT DETAILS
Suite 601, Level 6, 83 Mount Street
North Sydney NSW 2060
PO Box 1927
North Sydney NSW 2059
Telephone +61 2 9168 4600
Fax +61 2 9168 4601
www.ardentleisure.com

REGISTRY
Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000
Locked Bag A14
Sydney South NSW 1235
Telephone 1300 720 560
registrars@linkmarketservices.com.au

ASX RELEASE

10 July 2023

FY23 Preliminary Update – Continuing progress of Theme Parks & Attractions

FY23 preliminary unaudited results

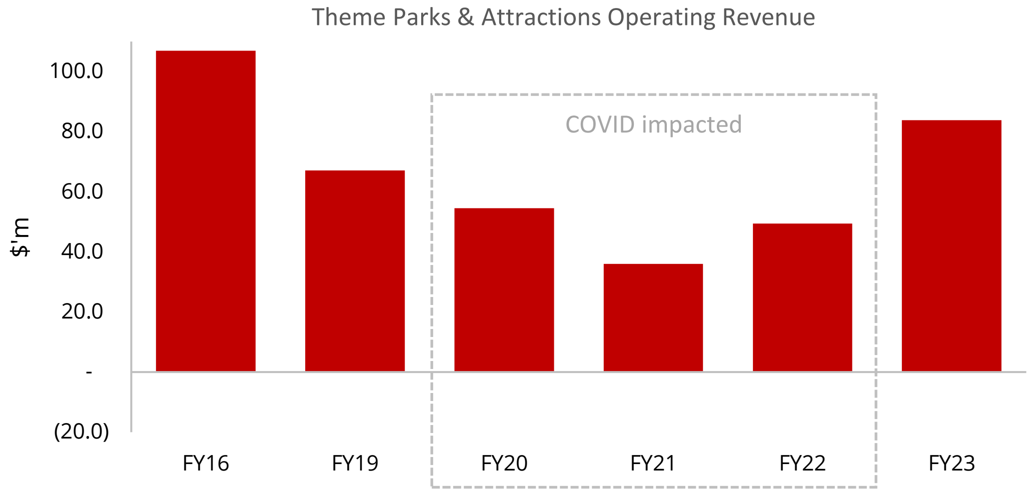
Ardent Leisure Group Limited (ASX: ALG) provides a preliminary update on its unaudited trading performance for the year ended 27 June 2023.

Following the recent April 2023 trading update, the Group's Theme Parks & Attractions business has continued to see year-on-year growth in visitation and revenue, with operating revenue for the last two months of FY23 up 21% compared to the prior corresponding period. This has resulted in 2H23 revenue being 30% above the prior period, despite macroeconomic headwinds and the business cycling an unimpeded 2H22, which included its busiest Easter period for several years.

For the full year, the Group's unaudited revenue of $83.9 million has exceeded the prior year by 70% and is 25% above the FY19 pre-COVID performance. This is the highest annual revenue for the Theme Parks & Attractions business since FY16 and was achieved notwithstanding international visitation remaining well below historical levels (less than 2% in FY23 versus 21% in FY16[1]).

During the year, the aggregate value of ticket sales[2] was also the highest recorded since FY16 and significantly above levels achieved in every other subsequent year. In addition, FY23 revenue per capita was the highest recorded for many years and was 54% above FY16 levels. Both Dreamworld/WhiteWater World and SkyPoint have continued to achieve category leading guest review scores, which have materially outperformed Gold Coast theme park peers.

The following chart shows the operating revenue performance of the Theme Parks & Attractions business over the last five years, compared to its FY16 peak performance, demonstrating the strong recent recovery trends which have continued into FY23:



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

[2] Sales value of tickets represents the upfront value of tickets sold. For annual/multi day passes, this differs from revenue reported under accounting standards, which is recognised on a straight-line basis over the period that the passes provide access to the parks.

Following a solid performance in 1H23, in which the Theme Parks & Attractions business reported EBITDA excluding Specific Items of $4.3 million, the business has seen a slight moderation in attendance volumes and revenues in 2H23. Consistent with many operators in the consumer discretionary sector, worsening economic conditions have started to reduce discretionary spending and the high inflationary environment has introduced some additional cost pressures for the business.

Management has remained highly focussed on delivering a differentiated and compelling guest experience, while also maintaining a disciplined approach to management of all discretionary costs. The business anticipates breaking even in 2H23 and to deliver its first positive full-year EBITDA result (excluding Specific Items) since FY17. This result represents a significant improvement compared to the EBITDA loss of $15.0 million reported by the business in FY22 and is substantially above its FY19 pre-COVID performance.

The Group's Corporate Costs also remain an area of focus and, despite some emerging cost pressures, have recorded a marginal decrease compared to the prior year.

While the short-term headwinds of macroeconomic conditions may lead to more moderate growth in the near term, the Group expects performance to meaningfully improve further as it delivers new capital investments. As international and interstate visitation improves this will boost profitability due to the relatively fixed nature of many operating costs. Management remains focussed on delivering its recently announced pipeline of new attractions to drive incremental visitation and return performance of the business to historical earnings levels.

Surplus Land Development

The Group owns approximately 55 hectares of land. 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.

The Group will provide further updates when there is material progress in the approval process.

Capital Management

At 27 June 2023, the Group held cash balances of approximately $141 million. During the year, the Group announced a pipeline of new rides and attractions totalling $50-60 million, to be delivered over the next two years. While some work on these attractions has commenced in FY23, the majority of costs are expected to be incurred in FY24 and early FY25.

The Group continues to review its capital position and funding requirements, noting that in view of the current economic climate and challenges in the Queensland construction sector, management believes it is prudent to retain an appropriate cash buffer to provide headroom for its operating and capital requirements.

The Group is reviewing options for capital management initiatives for remaining surplus cash (including the anticipated receipt of its share of contingent consideration from the sale of Main Event amounting to approximately US$8.8 million, the timing of which remains uncertain), and will provide a further update on the release of FY23 results.

Authorised for release by the Board of Ardent Leisure Group Limited

Chris Todd
Group General Counsel and Company Secretary
Ph: +61 2 9168 4604

For personal use only