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## ASX RELEASE

23 February 2024

### COAST ENTERTAINMENT REPORTS 26 DECEMBER 2023 HALF YEAR RESULTS

- **Visitation growth of 6.5%**
- **Ticket sales up 11.8%, highest since 1H16**
- **Revenue of \$43.5 million broadly in line with prior period. Deferred revenue increased \$3.2 million, or 27.8%, compared to December 2022 as a result of higher annual pass sales**
- **Theme Parks & Attractions EBITDA excluding Specific Items remained positive at \$3.1 million**
- **Group EBITDA excluding Specific Items broadly in line with prior period, despite economic headwinds weighing on consumer discretionary spending, ongoing cost pressures and significant construction activity at Dreamworld throughout the period**
- **SkyPoint independent valuation performed, with fair value assessed to be approximately \$37 million**
- **Shareholder class action concluded in 1H24, with net cash settlement of \$4.0 million in February 2024**
- **Solid balance sheet, with cash of \$106.4 million as at 26 December 2023**
- **On-market share buyback ongoing, with 20.0 million shares bought back in 1H24 at a cost of \$8.9 million**

#### Half Year Trading Performance

Despite macroeconomic headwinds and the business cycling a strong 1H23, the Theme Parks & Attractions business has seen a 6.5% growth in visitation compared to the prior period.

A severe storm on Christmas night, which prompted the closure of Dreamworld and WhiteWater World on 26 December 2023, impacted attendances. While visitation for the month increased by 11.8%, December attendances prior to the closure were trending strongly, up 22.9% on the prior corresponding period.

During the half, the business increased promotional activities and opened new attractions including Kenny and Belinda's Dreamland precinct, the Dreamworld Flyer and the Wiggles Big Red Boat coaster<sup>1</sup>. These have seen ticket sales<sup>2</sup> in 1H24 being once again the highest recorded since 1H16, up 11.8% on prior period.

Due to a shift in sales mix towards annual passes, the Group's 1H24 revenue was broadly in line with the prior period, with a resulting \$3.2 million increase in deferred revenue compared to December 2022. This was achieved despite international visitation remaining well below historical levels and the prior period benefitting from \$2.4 million of revenue funded by guests utilising vouchers provided under Queensland Government COVID stimulus programs.

SkyPoint, which was previously heavily reliant on international business, continues to trade above expectations.

<sup>1</sup> Dreamworld Flyer and Wiggles Big Red Boat coaster opened in late December 2023, therefore have limited contribution to the 1H24 results.

<sup>2</sup> Upfront value of Dreamworld and WhiteWater World 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 of the passes.

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The division recorded a positive EBITDA excluding Specific Items<sup>3</sup> of \$3.1 million in 1H24, slightly below \$4.3 million in the prior period, due to the revenue impacts noted above as well as ongoing cost pressures driven by the high inflationary environment. In view of the high fixed cost nature of the business, management continues to maintain a strong focus on managing costs, with the increase in total operating expenses in 1H24 being contained below CPI growth<sup>4</sup>.

Commenting on the results, Group Chief Executive Officer, Mr Greg Yong, said,

*"1H24 was coloured by a backdrop of external factors, from high inflation affecting costs of doing business and consumer confidence, to severe weather activity. The half was also impacted by a substantial amount of capital works occurring throughout Dreamworld and in a difficult macroeconomic construction environment.*

*"Despite these challenges, our people have demonstrated their trademark resilience and steadfast execution on our strategic initiatives, achieving the highest ticket sales since 1H16 and an attendance increase of 6.5% for the half and delivery of new attractions on schedule.*

*"Management remains focussed on delivering a differentiated and compelling guest experience. As a result, we have continued to achieve category leading guest review scores, which have again outperformed our Gold Coast theme park peers notwithstanding the significant impact of construction works on the guest experience."*

*"The Group is well positioned to create further value, with ongoing strong performance at SkyPoint, the new Jungle Rush and Rivertown development on track for Dreamworld, and the Company's submission to the City of Gold Coast for revitalised uses of owned land currently underway."*

#### **Corporate Costs**

Management continues to focus strongly on carefully managing the Group's corporate overheads and has achieved meaningful savings during the period, with the Group recording Corporate costs excluding Specific Items of \$3.0 million, compared to \$4.0 million reported in the prior period. These savings were predominantly driven by a head office restructuring, insurance cost savings and a reduction in Directors' fees.

#### **Capital Management**

At 26 December 2023, the Group had cash balances of \$106.4 million. Subsequent to this date, the Group has received US\$8.1 million (A\$11.9 million) deferred consideration<sup>5</sup> relating to the sale of Main Event and has paid \$4.0 million to settle the shareholder class action.

The Group's on-market share buyback is continuing. As at 26 December 2023, the Group had purchased 20.0 million shares at a cost of \$8.9 million, representing 41.7% of the maximum shares to be bought back under the program. This has resulted in 459.7 million shares remaining on issue at 26 December 2023.

The Board considers it prudent to maintain a strong balance sheet in the current environment, given economic headwinds, added upfront costs associated with the severe weather events<sup>6</sup> and to provide capacity and flexibility to pursue growth opportunities which may arise. Funding priorities, liquidity and options for further capital management initiatives for remaining cash will continue to be reviewed, having regard to the ongoing performance of the Group, its capital position, future funding requirements and prevailing market conditions.

#### **January Performance**

Following the first storm, Southeast Queensland suffered a second severe storm, causing further damage and disruption to the parks. Together, the two storms resulted in the closure of Dreamworld for a further two days and WhiteWater World for a further four days in 2H24. The impact has been felt beyond the days of closure due to cancellations of travel and accommodation into the Gold Coast and continuing inclement weather.

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<sup>3</sup> Refer to accompanying results presentation for detailed information on Specific Items.

<sup>4</sup> The Australian Bureau of Statistics reported a 4.7% increase in national CPI (Brisbane: 4.2%) for the 12 months to December 2023.

<sup>5</sup> Represents the majority of the Group's share of deferred consideration of US\$8.6 million arising from the sale of Main Event. The remaining portion is expected to be received in late 2024.

<sup>6</sup> While insurance claims are being progressed, there is a lag between cash outlays and associated insurance recoveries.

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Despite this, the business has rebounded well, with total attendances for the month of January up 8.9%. The Queensland Government launched a Gold Coast 'Summer FUNds' promotion in mid-January to support local tourism and all allocated Dreamworld annual passes were sold out within the first 24 hours of the campaign.

Although January operating revenue was 7.1% below the prior period, impacted by lost/disrupted trading days and timing of revenue recognition, EBITDA excluding Specific Items was positive and marginally higher than the prior period.

Commenting on the results, Coast Entertainment Chairman, Dr Gary Weiss, said,

*"Following the recent devastating storms in Southeast Queensland, which impacted many theme parks and leisure-based businesses on the Gold Coast, I would like to acknowledge the tireless efforts of our team members and contractors in minimising the impact of the damage and enabling the safe and timely reopening of the parks for our guests.*

*"Coming out of the pandemic, the business has proven to be resilient against a tough economic backdrop, with steady performance being reported in the period prior to the storms. Following this temporary setback, it is pleasing to see the business regaining its trading momentum in January and February and we hope this will continue in the second half of FY24.*

*"During the current period, the Group also settled the longstanding shareholder class action associated with the Dreamworld incident and we now look forward to embarking on a new chapter for Coast Entertainment, with continued focus on seeking to deliver value for our shareholders.*

*"The Board continues to see significant upside potential for the business, underpinned by the continued recovery of international visitation and local tourism industry, improved guest experiences supported by the new major attractions and the unlocking of value from the Group's surplus land holdings."*

#### **Investor briefing**

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

Webcast: <https://loghic.eventsair.com/algfy24hy/register230224/Site/Register>

Teleconference: <https://s1.c-conf.com/diamondpass/10035870-bhydt7.html>

*Authorised for release by the Board of Coast Entertainment Holdings Limited*

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