

Coast Entertainment Holdings 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

REGISTRY
Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000
Locked Bag A14
Sydney South NSW 1235
Telephone 1300 720 560



ASX RELEASE

6 November 2024

AGM Addresses

In accordance with Listing Rule 3.13.3, please find attached the addresses to be delivered at today's Annual General Meeting of Coast Entertainment Holdings Limited, commencing at 10:00am (AEST) / 11:00am (AEDT).

The Meeting can be accessed online at <https://meetings.linkgroup.com/CEH24>

Authorised by the Company Secretary of Coast Entertainment Holdings Limited

Chris Todd
Company Secretary
Ph: +61 2 9168 4604

For personal use only

Coast Entertainment Holdings Limited

Annual General Meeting

Wednesday, 6 November 2024 at 10:00am (AEST) /11:00am (AEDT)

Dr Gary Weiss AM, Chairman

Introduction

Good morning everyone and welcome to the Annual General Meeting of Coast Entertainment Holdings Limited which is once again being held at our SkyPoint Observation Deck on the Gold Coast. My name is Gary Weiss, and I am the Chairman of Coast Entertainment Holdings Limited.

For those attending in person, welcome to SkyPoint. It is our pleasure to showcase to you one of our iconic and best-performing assets.

Similar to previous years, this AGM is being conducted in a hybrid format, to allow shareholders to participate either in person or virtually via the online platform.

Before I formally open the Meeting, I will ask our Company Secretary, Chris Todd, to outline some procedural matters on today's Meeting for those who are joining us virtually.

Chris Todd, Company Secretary

Thank you Gary. As mentioned, today's meeting is being conducted in a hybrid format allowing some people to attend virtually via the online AGM platform. For those attending virtually, please note the following:

- If you experience any technical issues during the Meeting, we have published a Virtual Meeting Guide on our website, which includes details on how to seek assistance;
- Shareholders who are online will have the opportunity to ask questions via the virtual Meeting platform. If you are a shareholder or proxy, attorney or representative of a shareholder and wish to ask a question online about an item of business, please click the icon 'Ask a Question' on your screen, select the item of business your question relates to, and then click 'Submit Question' once you have typed your question;
- If you have questions already prepared, please submit them now on the platform so that we can consider them as and when we come to the relevant agenda item. You do not need to wait until the relevant item of business;
- At the conclusion of the Meeting, we will endeavour to respond to any shareholder questions of a general nature that may not have been addressed in the business update, or if we consider that a response would benefit all shareholders; and
- A recording of today's Meeting will be available on our website later this afternoon;

With that, I will now hand back to Gary to open the Meeting.

Dr Gary Weiss AM, Chairman

I now confirm that a quorum is present, and I declare the Meeting open.

It is my pleasure to introduce to you the members of the Coast Entertainment Board in attendance today. I am joined in person at SkyPoint by Randy Garfield and Jemma Elder and joining us on the phone from the United States are David Haslingden, Brad Richmond and Erin Wallace.

I would also like to welcome members of the executive team, Greg Yong, Group Chief Executive Officer, and José de Sacadura, Group Chief Financial Officer, who are both in attendance at SkyPoint today.

The Group's auditor, Ernst & Young, represented by Anthony Ewan, is also in attendance today on the phone and is available to answer questions in relation to the FY24 auditor's report.

Agenda

The format for today's Meeting will be as follows:

- I will begin by providing some opening remarks regarding the activities and performance of the Group for the year and will then hand over to Greg to provide a more detailed update on the performance of the business.
- We will then move to the formal business of the Meeting and put to shareholders the resolutions set out in the Notice of Meeting.

All resolutions to be put to the Meeting today will be decided by way of poll. Shareholders attending the Meeting will be able to cast their vote using:

- ballot papers, if attending in person; or
- the electronic voting card received when your online registration is validated, if attending online.

Further information and assistance with online voting can be found in the Virtual Meeting Guide available on the Group's website.

FY24 key highlights

FY24 marked another solid year for Coast Entertainment, with the Group delivering its first positive consolidated EBITDA result for the continuing business since FY16, amid a challenging trading environment and despite the impact of two severe storms which caused significant damage and trading disruption to our parks during the peak summer holiday period.

Notwithstanding these challenges, the Group delivered a resilient performance, with visitation to our venues up 14% on the prior year, driven by strong annual pass sales and associated repeat visitation. This highlights the strength of our product and guest service levels, which are resonating very well our guests, particularly in the local markets.

Revenue for the year of \$87 million was also up compared to the previous year, with a notable shift in mix towards more annual passes. As a result, deferred revenue for the Group increased by 12% to \$12.1 million in June 2024.

Despite inflationary pressures, we continue to diligently manage our cost base. Together with the revenue growth outlined, this led to the Theme Parks & Attractions business achieving an EBITDA profit (excluding Specific Items) of \$7.4 million in FY24, an increase of over 50% compared to the prior year. Notably, both Dreamworld and SkyPoint again delivered positive EBITDA contributions and SkyPoint's performance was its best on record.

The FY24 result would have undoubtedly been better without the storms and, while we rue what could have been, we are continuing to work with our insurers to progress the related insurance claims for both property damage and lost earnings.

Pleasingly, the performance trends we witnessed in FY24 have continued into FY25, with visitation, revenue, and EBITDA for the first four months again showing steady growth compared to the prior corresponding period, as Greg will outline shortly.

Capital management

Slide 5 of the AGM presentation provides further detail on our capital management priorities and initiatives in the short to medium term.

The Group's development pipeline is progressing well, with the new 'Rivertown' precinct, incorporating the 'Jungle Rush' family coaster and the iconic vintage cars adventure rethemed as 'Murrissippi Motors', on track for opening in December 2024 despite substantial weather-related delays over the last ten months. Work is also advanced on a new highly themed 'Jungle Jane's' family restaurant, which will augment this precinct. This additional investment is expected to drive incremental F&B revenue as we look to capitalise on returning international markets and Events business.

Additionally, as foreshadowed in our August 2024 Results Presentation, we are evaluating options for some of the older attractions in our fleet, including the need to provide for potential upgrades. As part of this process, and after 20 years in service as one of Dreamworld's most popular attractions, we have recently announced our decision to close 'The Claw' attraction in early 2025. This iconic ride will be replaced with a new larger and faster 'King Claw' attraction in FY26.

As we have previously stated, our significant capital investment program is crucial to driving performance back to historical levels and we are encouraged by the early signs, with attractions that have opened so far resonating well with our guests.

As we have previously highlighted, the Group holds a solid balance sheet, with no debt, fully unencumbered real estate assets and substantial cash balances. Noting the continuing economic uncertainty and significant capital outlay still ahead, the Board continues to believe it important to maintain balance sheet strength to provide headroom for the Group's operating and capital needs in the near term, as well as flexibility and capacity to pursue earnings growth opportunities as may arise.

This is balanced with the Board's commitment to maximising shareholder value, and I am pleased to report that the on-market share buyback, which commenced in mid-September 2023, was completed in August 2024, with 48 million shares being bought back at a cost of \$22.6 million.

Having regard to the improving performance of the Group, the Board recognises that a portion of its cash balances remains surplus to the Group's near-term needs and proposes to implement a further 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 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 and capital requirements of the Group.

Conclusion

The Board remains confident that, with a robust financial position, improving performance and an exciting pipeline of capital projects underway, the Group is well positioned to benefit when economic conditions normalise, and both international and domestic visitation return to historical levels.

On behalf of the Board, I would like to express our gratitude to our dedicated team members across the Group for their valuable contribution and commitments in driving the performance of the business.

I would also like to thank and acknowledge the significant contribution of Brad Richmond who today retires from the Board. Brad has been a dedicated and valuable member of the Board for the past seven years and leaves a significant and lasting impression on the Group. Brad was instrumental in overseeing the turnaround and growth of Main Event and assisting management to steer that business through the COVID pandemic and subsequent sale by the Group in June 2022. Brad has also played an important role in the recovery of our Theme Parks & Attractions business through some challenging periods.

It is now my pleasure to invite Greg Yong to provide a further update on the business. Following this update, we will move to the formal business of the Meeting.

Mr Greg Yong, Group Chief Executive Officer

Business Update

Thank you, Gary, and good morning to everyone joining us today.

Before we start, I would like to remind everyone that we provided a comprehensive summary of the FY24 results earlier this year. For further details, please refer to our August 2024 Results Presentation. Today I intend to provide a brief summary of those results and an update on the business for the first four months of FY25.

FY24 key successes

Slide 7 of the AGM presentation summarises our key successes in FY24, and I would like to take a moment to highlight some initiatives that often go unnoticed.

Firstly, our success is deeply rooted in our collaboration with local community. We have strengthened partnerships with local schools and expanded sponsorships for grassroots sports and creative initiatives. I serve actively as a director on the Gold Coast Community Fund, which does remarkable work locally.

We are also leaders in making our sites more accessible, thanks in large part to our operations team, who have introduced some initiatives like the Hidden Disabilities Sunflower Project, and we are very proud of opening Dreamworld's Calming Cottage, the first of its kind on the Gold Coast.

The Dreamworld Wildlife Foundation team also continues its vital work in both local and global conservation efforts, especially in tiger conservation through our partnership with the Zoological Society of London and the Wildcats Conservation Alliance.

New attractions

Slide 8 of the AGM presentation features some of the capital projects that we delivered during the FY24 financial year.

As previously announced, we have reimaged our kids' offering, starting with an extension of the Ocean Parade precinct, which now includes new attractions like 'Serpent Slayer', 'Deep Sea Dodgems' and the 'Seabed Splash' water play area.

Additionally, we have completed the renewal of our new kids' precinct, 'Kenny & Belinda's Dreamland', with new attractions across the board, including the 'Big Red Planes' and 'Big Red Boat' coaster in partnership with the Wiggles.

The new 'Dreamworld Flyer' has also been a real hit among families, with 64 seats providing great ride capacity, showcasing over 120 fountain jets and 3,000 lights, adding a new dynamic to the park and an incremental pay-per-ride opportunity at the Dreamworld Night Markets. The success of this attraction has been clear with it now consistently ranking in the top three most ridden attractions in the park.

We have also seen attendance improve following the opening of each of these attractions, and our guest satisfaction scores continue to materially outperform our Gold Coast peers, suggesting that these products are resonating well with guests.

These developments were delivered on time and on budget, a significant achievement in today's challenging construction environment and a true testament to our entire team.

Of course, the best is yet to come, and I will provide an update on the upcoming 'Rivertown' precinct and 'Jungle Rush' family coaster, as well as the newly announced King Claw attraction, later in this presentation.

FY24 financial highlights

Slide 9 of our presentation summarises some of the key financial highlights for FY24.

As mentioned earlier, elevated interest rates and cost-of-living pressures have left many consumers feeling the pinch. Additionally, FY24 saw us face some significant challenges at Dreamworld with severe weather events and significant construction throughout most of the year. Despite the significant challenges, ticket sales were the highest we have seen since FY16, and were 40% higher than FY17, largely driven by an increase in annual passes.

These passes are very important for our business, as they allow us to build meaningful relationships with local patrons and drive repeat visitation, leading to higher total revenue and a greater propensity for retention. With income on these passes recognised over 12 months, these also provide a short-term weather hedge, buffering us against adverse conditions, such as the summer weather events.

The increased sales of annual passes also highlight the strength we are seeing in the local markets as our product and service offering continue to resonate well with local guests. This comes at a time when interstate visitation is being somewhat stifled by economic conditions and international visitation remains well below historical levels, albeit improving.

With increased volumes, per capita revenue yield has softened due to several factors, including increased repeat visitation from pass holders, tactical promotional activities and improving international visitation at lower yields. However, we note that the yield environment is structurally different to what it was in FY17, and our longer-term focus is to continue growing per capita revenues.

Steady performance amid tough trading conditions

FY24 performance was covered in some detail in the Group's August 2024 Results Presentation, therefore on Slide 10 of the AGM presentation I will just highlight some of the key performance drivers.

As Gary mentioned, we have faced a tough trading environment with elevated interest rates and high inflation continuing to weigh on consumer discretionary spending. While we have seen strong support in local markets, interstate has been more challenged.

We are not alone in this space, with the ABS reporting in June 2024 a 23% increase in the cost of housing, 21% increase in cost of food and 22% increase in the cost of transport compared to December 2019 pre-COVID levels. CBA, in their FY24 results announcement, reported a decline in household savings, falling real disposable income and consumers winding back on discretionary spending, with the heaviest impacted cohort being the younger 20-44 age group, one of our core demographics.

Against this backdrop, we were pleased to see growth in our ticket sales and visitation in FY24, which helped drive revenue of \$87 million, the highest since FY16. On the expense side, we face challenges similar to many organisations but have continued to find efficiencies and managed to keep expenses flat, despite the 14.3% increase in attendances.

All of this has culminated in a 56% increase in EBITDA in FY24, marking our second positive EBITDA for the operating business, and our first positive EBITDA at the consolidated Group level, since 2016. Both businesses posted positive EBITDA results, with SkyPoint's performance being its best on record.

FY25 has seen a positive start, with year-to-date unaudited results showing a 9% increase in visitation, 8% growth in operating revenue to its highest level since FY17, and a preliminary unaudited EBITDA result (excl Specific Items) which is 49% above the prior period. These results exclude \$3.6 million of insurance proceeds received in FY25 to date. These are interim payments, and we continue to progress claims with our insurers for related property damage and business disruption.

While ticket sales for the first four months of FY25 have reported a slight decline against the prior period, it is important to note that prior period included a large bulk sale to a reseller, which provided a timing related benefit which should reverse in the coming months. Excluding this bulk sale, ticket sales were otherwise 3% up on the prior period.

Events and activations

As outlined on Slide 11 of our presentation, our events and activations continue to be key drivers of engagement and revenue.

The Dreamworld Night Market has proven to be a sustainable and profitable venture, and we are excited about its long-term potential.

Our recent Halloween activation, which ran for a record six nights and had the most attendees participating in the event's history.

Rivertown update

Slide 12 of the AGM presentation offers a glimpse of Rivertown and Jungle Jane's restaurant. This new world will be transformative for Dreamworld, featuring attractions designed to offer intergenerational experiences with rides that are exciting for the entire family.

Murrissippi Motors is a reimagined take on our previous Vintage Cars attraction, which was an iconic favourite at Dreamworld. The ride vehicles are being completely rebuilt and re-themed, with two vehicles designed to be completely wheelchair accessible. The immersive theming, innovative track layout and more central location make this a standout attraction, and we believe that it will be a massive hit with our guests.

Jungle Rush will be the most thematic attraction that we have ever built at Dreamworld. This family coaster is designed for young children, but it is all about fun for the entire family. The ride has several world-firsts elements and an incredible story that we cannot wait to share as we get closer to opening.

Lastly, Jungle Jane's will be the most themed restaurant in the country by a long shot. This sit-down family restaurant will offer a menu designed to be more premium than our core park offerings. We have also incorporated plans to cater to returning international groups as well as our events business, and we believe that it will become one of the go-to venues on the Gold Coast for unique gala dinners or corporate team building events.

Rivertown will play a crucial role in driving attendance and enhancing the overall guest experience. The ongoing construction is challenging given all the weather disruption we have faced. However, it will ultimately be well worth it, reinforcing Dreamworld as a must-visit destination for families in Australia.

King Claw

Many of our investors and guests will be familiar with 'The Claw', which is one of Dreamworld's most iconic attractions. At 20 years old, this ride has unfortunately reached the end of its operational life and faces some significant challenges with ongoing maintenance and manufacturer support.

Given the huge popularity of this ride, management have spent considerable time working through the various options available, including:

- Closure and removal of the ride, and we have taken the tough decisions and closed rides that did not fit our risk appetite in the past. We certainly contemplated this alternative in this case, however we came to the view that this is something that would be far too detrimental to the guest experience, and ultimately financial performance.
- As we have done on other attractions such as the Gold Coaster and the Giant Drop, we also ran scenarios around conducting a major overhaul or even acquiring a like-for-like replacement. Although a major overhaul could extend the life of the ride, the residual lifespan would remain uncertain, with costs running into several million dollars and yielding little in the way of incremental return.
- The last alternative considered was to upgrade to new attraction. We looked at several vendors and, as we have outlined in previous remarks, we will only work with top tier vendors. Given the popularity of The Claw, installation of a larger, faster, and higher capacity version of the ride from a world class vendor in Intamin is considered to be the best option, giving a nod to the iconic attraction of the past whilst providing a new, more thrilling experience which we hope will drive incremental visitation.

The new 'King Claw' attraction will be one of only three in the world and, having seen and ridden this at a European park, I can assure you that it is an incredible ride and sure to be one of our most popular attractions.

Land development

Slide 14 of the AGM presentation provides a further update on the land development opportunities for Dreamworld.

As previously disclosed, we have lodged a Preliminary Development Application for the broader site and this process has now passed the public consultation phase. Council and State continue to consider the application, albeit the process is taking a little longer than we had hoped it would.

In the last few days, the Group has submitted a 'stop the clock' notice on our application to allow time to clarify some details with the State Assessment & Referral Agency.

We remain optimistic that our application will create significant value to the Northern Gold Coast in the future and we will continue to keep the market updated as to our progress.

Well defined strategy for long term growth

Slide 15 of the AGM presentation reconfirms our strategy for long term growth, which has remained consistent since we first shared our plan to restore value.

We have seen traction and momentum in the right direction and the progress is evident. At the divisional EBITDA line, we broke even in FY23 (ahead of our internal projections) and achieved a year-on-year increase of over 50% in FY24. Notably, this was the first time since FY17 that we have reported positive consolidated EBITDA for the Group, after corporate costs.

Against the backdrop of a slowdown in discretionary spending across the economy, we have taken tactical steps to remain competitive in this challenging environment. Our solid, multi-faceted plan allows us to sustainably increase revenue while differentiating ourselves from our competitors.

Finally, I want to take a moment to recognise our team. They have done an incredible job demonstrating resilience, innovation, and a dedication over the last 12 months. It is their hard work that gives us the confidence in our strategy and optimism for the future.

I will now hand back to Gary to conduct the formal business of the Meeting.