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(AFS Licence No. 247010)

ASX RELEASE

26th February 2017

ARDENT LEISURE REPORTS FIRST HALF RESULTS

- **Pro-forma EBITDA of $2.5m for the period 1st July to 31st December (1H17: loss of $13.4m)**
- **Pro-forma net loss of $13.2m for the period 1st July to 31st December (1H17: loss of $49.4m)**
- **Positive constant centre growth contributed to Main Event revenue growth**
- **Revenue up 56% at Dreamworld in post re-opening period vs pcp**
- **Sale of Bowling & Entertainment for $160m announced**
- **Strong pro-forma balance sheet to fund Main Event growth and new Dreamworld attractions**
- **Simplified reporting of financial results**
- **Distribution maintained at 2 cents per security**

Ardent Leisure Limited and Ardent Leisure Management Limited in its capacity as responsible entity of the Ardent Leisure Trust (together, **Ardent**) (ASX: AAD) has today announced its results for the period from 1st July 2017 to 26th December 2017.

Changes to financial reporting

Ardent has moved to a retail calendar basis for periodic reporting. This change enables improved comparability by ensuring reporting periods comprise the same number of days and, in particular, weekends. FY18 is a transitional period with the financial period for the "first-half" of FY18 being 1st July 2017 to Tuesday 26th December 2017 i.e. 179 days, compared with 184 days for the first half of FY17. To enable meaningful comparison of performance with the pcp, pro-forma financial information for the 184-day period to 31st December 2017 has been provided in the tables below.

Furthermore, and as noted in the ASX announcement on 2nd February 2018, Ardent has undertaken a review of the way it presents its financial results. Ardent will no longer present "core earnings" or "segment EBITDA" and "segment EBIT" which have been adjusted for "non-core" items. Specific items which have had an impact on the Group results and are useful in understanding the financial results will be separately disclosed. In order to assist in understanding the impact of these changes on the reported results for the current period, detailed reconciliations and restated comparative information have been included in the presentation materials accompanying the financial accounts.

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Summary financial information for 1H FY18:

A$ million	1H FY18 As Reported 1st Jul to 26th Dec	1H FY18 Pro-Forma 1st Jul to 31st Dec	1H FY17 As Reported 1st Jul to 31st Dec	Var %
Revenue	265.6	278.8	317.2	(12.1%)
EBITDA	(1.6)	2.5	(13.4)	118.7%
EBIT	(30.1)	(26.7)	(43.3)	38.4%
Net loss after tax	(15.6)	(13.2)	(49.4)	73.3%
Dreamworld impairment charge included in segment results above	(22.8)	(22.8)	(91.4)	75.0%
Distribution per security	2 cents	2 cents	2 cents	Nil

The Group recorded a net loss after tax of $15.6 million for the period up to 26th December 2017 ($13.2 million on a pro-forma half year basis), compared with a net loss of $49.4 million in the prior corresponding period (“pcp”). This loss is after a $22.8 million impairment charge relating to Dreamworld. The Board has declared that the distribution per security for the period will be 2 cents (1H17: 2 cents).

The revenue reduction of 12.1% on a pro-forma basis is due predominantly to the disposal of the Health Clubs and d’Albora Marinas businesses. The Health Clubs business, which contributed $62.7 million in the pcp, was disposed of in October 2016. The Marinas business was sold in August 2017 and contributed $2.7 million in the current period compared with $11.6 million in the pcp. Excluding the impact of disposed businesses, pro-forma revenue was up 12.7% on the pcp. Revenue in the Main Event and Bowling and Entertainment businesses grew at 25.4% and 16.6% respectively, while the Theme Parks business experienced a contraction in revenue following the tragic accident in October 2016.

Pro-forma EBITDA was positive $2.5 million compared with a loss of $13.4 million in the pcp. These earnings include the impact of the following specific items:

A$ million	1H FY18 As Reported 1st Jul to 26th Dec	1H FY18 Pro-Forma 1st Jul to 31st Dec	1H FY17 As Reported 1st Jul to 31st Dec
Dreamworld revaluation loss and incident costs	(24.8)	(24.8)	(95.2)
Pre-opening expenses	(2.5)	(2.5)	(6.9)
Gain on sale of businesses	4.6	4.6	45.0
Selling costs associated with sale of businesses	(1.5)	(1.5)	(0.6)
Loss on disposal of assets	(0.9)	(0.9)	(1.2)
Restructuring and non-recurring items	(3.1)	(3.1)	(0.1)
Total	**(28.2)**	**(28.2)**	**(59.0)**

Main Event

The results for Main Event, the Group's US based leisure and entertainment business, are presented below in US$ million.

US$ million	1H FY18 As Reported 1st Jul to 26th Dec	1H FY18 Pro-Forma 1st Jul to 31st Dec	1H FY17 As Reported 1st Jul to 31st Dec	Var %
Revenue	121.7	128.0	102.1	25.4%
Segment EBITDA	12.9	14.7	13.2	11.7%
Segment EBIT	0.3	1.8	4.9	(63.4%)
EBITDA margin	10.6%	11.5%	12.9%	(1.4pts)

Main Event achieved revenue growth of 25.4% to US$128 million on a pro-forma basis. This growth was driven by an additional 240 operating weeks, which represents a weighted average increase of approximately nine centres. The majority of this increase relates to centres opened in FY17, with one new centre opened in the current period in Knoxville, Tennessee.

Main Event achieved like-for-like constant centre revenue growth of 1.3% (0.9% excluding expected insurance proceeds for hurricane related business interruption) over the 26-week period ending on 26th December 2017, driven by event sales growth and improving trends in walk-in business compared with the pcp. The walk-in improvement was due to pricing optimization of limited time offers and game card activation fees. This positive momentum has continued into 2018, resulting in constant centre growth of 3.0% (2.6% excluding expected insurance proceeds for hurricane related business interruption) over the 33-week period ending on 13th February 2018. The strong constant centre performance experienced in January and early February is expected to remain positive but moderate over the coming weeks.

The segment EBITDA margin reduced from 12.9% to 11.5% on a pro-forma basis driven by margin pressure from the FY17 cohort of 10 locations which are underperforming from a sales perspective. The 10 FY17 cohort centres are generating average unit sales that are circa 20% less than our 21 constant centres. In addition, occupancy costs and marketing spend have outpaced overall sales growth. Support centre administration costs have also increased as a percentage of revenue due to higher headcount.

The reduced segment EBIT compared with pcp reflects higher depreciation charges across the expanded number of centres.

Main Event segment EBITDA includes the following specific items:

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US$ million	1H FY18 As Reported 1st Jul to 26th Dec	1H FY18 Pro-Forma 1st Jul to 31st Dec	1H FY17 As Reported 1st Jul to 31st Dec
Pre-opening expenses	(1.5)	(1.5)	(4.6)
Loss on disposal of assets	(0.6)	(0.6)	(0.2)
Restructuring and non-recurring items	(1.3)	(1.3)	-
Total	**(3.4)**	**(3.4)**	**(4.8)**

Theme Parks

A$ million	1H FY18 As Reported 1st Jul to 26th Dec	1H FY18 Pro-Forma 1st Jul to 31st Dec	1H FY17 As Reported 1st Jul to 31st Dec	Var %
Revenue	34.7	37.2	41.8	(11.0%)
Segment EBITDA	(25.5)	(24.7)	(89.4)	72.3%
Segment EBIT	(29.7)	(29.1)	(93.9)	69.0%
EBITDA margin	(73.4%)	(66.5%)	(213.9%)	147.4pts

The Theme Parks business, consisting of Dreamworld, WhiteWater World and SkyPoint reported revenue of $37.2 million on a pro-forma basis, down 11% on pcp, as Dreamworld remains in recovery mode following the tragic accident in October 2016.

Trading at Dreamworld continues to improve, with attendances up 32.6% and revenue up 55.6% for the period from 10th December 2017 to 13th February 2018 compared with the same post-incident period in FY17. However, the recovery has been slower than originally projected, resulting in the Group booking a further non-cash, pre-tax valuation impairment charge of $22.8 million in the current period.

The tiger cubs born late January 2018 and the completion of Corroboree Stage II are expected to bolster visitation in the lead up to the Commonwealth Games. A first of a kind DreamWorks walk-through attraction is planned for mid-2018 and will be joined by a world class Brogent Flying Theatre attraction later in the year. SkyPoint continues to grow and customers are responding well to the recently refurbished viewing deck on level 77.

Theme Parks segment EBITDA includes the following specific items:

A$ million	1H FY18 As Reported 1st Jul to 26th Dec	1H FY18 Pro-Forma 1st Jul to 31st Dec	1H FY17 As Reported 1st Jul to 31st Dec
Dreamworld revaluation loss and incident costs	(24.8)	(24.8)	(95.2)
Loss on disposal of assets	(0.1)	(0.1)	-
Total	**(24.9)**	**(24.9)**	**(95.2)**

Bowling and Entertainment

On a pro-forma basis Bowling and Entertainment achieved an increase in revenue of 16.6% to $75 million, up from $64.3 million in the pcp, driven by the combination of constant centre growth, new venue openings and year-on-year growth in renovated centres. Stronger sales flowed through to a 33.8% uplift in segment EBITDA at an expanded margin of 13.2%, up from 11.4% in the pcp.

A$ million	1H FY18 As Reported 1st Jul to 26th Dec	1H FY18 Pro-Forma 1st Jul to 31st Dec	1H FY17 As Reported 1st Jul to 31st Dec	Var %
Revenue	72.5	75.0	64.3	16.6%
Segment EBITDA	8.8	9.9	7.4	33.8%
Segment EBIT	1.3	2.2	(0.3)	766.7%
EBITDA margin	12.1%	13.2%	11.4%	1.8pts

Following the announcement on 20th December 2017 of the decision to sell Bowling and Entertainment to The Education and Entertainment Group for A$160 million, the results of this business have been treated as part of discontinued operations in the results for the current period. The sale of the business is expected to complete during the first quarter of calendar 2018.

Bowling and Entertainment segment EBITDA includes the following specific items:

A$ million	1H FY18 As Reported 1st Jul to 26th Dec	1H FY18 Pro-Forma 1st Jul to 31st Dec	1H FY17 As Reported 1st Jul to 31st Dec
Pre-opening costs	(0.6)	(0.6)	(0.8)
Selling costs associated with sale of businesses	(1.5)	(1.5)	-
Loss on disposal of assets	-	-	(0.2)
Impairment of property, plant and equipment	-	-	(0.2)
Total	**(2.1)**	**(2.1)**	**(1.2)**

Strategic Update and Capital Management

Following the divestment of Health clubs, Marinas and the expected divestment of Bowling & Entertainment, the portfolio will consist of market leading leisure and entertainment experiences – US based Main Event and Australian Theme Parks. The Board believes that these businesses have the potential for significant value accretion over the medium term.

Under the leadership of Chris Morris, Main Event's priorities are optimising operating performance and expanding its presence through investing in high returning centres in new territories and building out regional clusters.

Theme parks will consolidate its position as a pre-eminent Gold Coast attraction as the concept of a high-quality leisure and entertainment precinct centered around Dreamworld evolves. The business is prioritising the growth in visitation to pre-incident levels and beyond by measured investments in new attractions and is also reviewing options for the owned and underutilized land adjacent to the Dreamworld attractions.

The Group intends to use the expected proceeds from the sale of the Bowling and Entertainment business to pay down the current syndicated facility with a view to replacing the current facilities with new facilities better suited to support the growth aspirations of the Main Event and Theme Parks businesses.

Progress continues to be made in reducing the corporate overhead. Excluding restructuring and other non-recurring items of $1.4 million, pro-forma corporate costs were down 23.1% from $6.9 million to $5.3 million.

The Group will focus on achieving a balance between shareholder distributions and retaining capital for investment in growth. In broad terms, cash flows from the Main Event business are expected to be directed towards reinvestment in growth while cash generated by Theme Parks will be predominantly directed towards distributions.

Outlook

Subject to no adverse changes to operating conditions, the Group expects to trade profitably in the second half, generating both a positive EBITDA and net profit after tax.

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