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ASX RELEASE

22nd August 2018

ARDENT LEISURE REPORTS FULL YEAR RESULTS

- **Pro forma revenue from continuing businesses grew $59.7m, up 16.1% on prior year**
- **Pro-forma net loss of $88.6m for the period 1st July to 30th June (FY17: loss of $62.6m)**
- **Results impacted by impairment charges associated with Theme Parks and Main Event**
- **Full year Main Event constant centre revenue growth of 1.6% on a like-for-like basis**
- **Sale of two businesses completed: Bowling & Entertainment ($160m) and Marinas ($126m)**
- **Strong balance sheet to fund Main Event growth and new Theme Park attractions**
- **Distribution of 8.5 cents per stapled security for the financial year**
- **Simplified reporting of financial results**

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 June 2018.

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 FY18 being 1st July 2017 to Tuesday 26th June 2018 i.e. 361 days, compared with 365 days in FY17. To enable meaningful comparison of performance with the pcp, pro-forma financial information for the 365-day period to 30th June 2018 has been provided in the tables below.

Ardent no longer presents “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 statements.

Summary financial information for FY18:

A$ million	FY18 As Reported 1st Jul to 26th Jun	FY18 Pro-Forma 1st Jul to 30th Jun	FY17 As Reported 1st Jul to 30th Jun	Var %
Revenue	547.5	555.1	584.9	(5.1%)
EBITDA	(54.0)	(50.4)	1.2	(4300.0%)
EBIT	(109.9)	(106.8)	(53.8)	(98.5%)
Net loss after tax	(90.7)	(88.6)	(62.6)	(41.5%)
Specific items included in results above*	(83.4)	(83.4)	(65.1)	(35.7%)
Distribution per security	8.5 cents	8.5 cents	3.0 cents	

*Includes the tax impact of specific items and a $12.2 million tax benefit relating to restatement of deferred tax balances in response to US tax reforms which lowered the US corporate income tax rate in FY18

The Group reported a net loss after tax of $88.6 million on a pro-forma basis up to 30th June 2018 (loss of $90.7 million for the period up to 26th June 2018), an increase in losses of $26.0 million compared to a net loss of $62.6 million in the prior year.

The current year was impacted by several events including the sale of two businesses, non-cash valuation and impairment losses on the Dreamworld and SkyPoint properties, impairment of property, plant and equipment at five US Entertainment Centres, non-recurring restructuring costs as well as the continued challenging post-incident trading conditions for the Theme Parks division.

A$ million	FY18 Pro-forma			FY17 As Reported			Var %
	Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total	
Revenue	430.1	125.0	555.1	370.4	214.5	584.9	(5.1%)
EBITDA	(91.6)	41.2	(50.4)	(71.8)	73.0	1.2	(4300.0%)
Net loss after tax	(116.7)	28.1	(88.6)	(113.2)	50.6	(62.6)	(41.5%)
Specific items included in results above*	(112.2)	23.8	(83.4)	(104.9)	39.8	(65.1)	(35.7%)

*Includes the tax impact of specific items and a $12.2 million tax benefit relating to restatement of deferred tax balances in response to US tax reforms which lowered the US corporate income tax rate in FY18

Total pro-forma revenue of $555.1 million in FY18 declined by $29.8 million compared to $584.9 million in prior year due to reduced revenue of $89.5 million for the discontinued businesses (refer to Discontinued Operations section below for details), partly offset by an increase of $59.7 million in pro-forma revenue for continuing businesses.

The increase in revenue for continuing businesses is driven by continued growth in Main Event, with the division accounting for over 80% of the FY18 pro forma revenue and growing at 23.5% in US dollar terms (20.3% in Australian dollars after impact of foreign exchange movements).

Despite the improved pro-forma revenue from continuing businesses, pro-forma EBITDA for continuing businesses declined by $19.8 million, with EBITDA for discontinued operations also declining by $31.8 million, resulting in a total pro-forma EBITDA being $51.6 million lower than the prior year.

These earnings include the impact of the following specific items:

Year ending 30 June 2018 A$ million	**Theme Parks**	**Main Event**	**Corporate**	**Disposed Businesses**	**Total**
Valuation loss – property, plant & equipment and investments held at fair value	(75.0)		(0.4)		(75.4)
Dreamworld incident costs, net of insurance recoveries	(6.2)				(6.2)
Non-cash impairment of intangibles including goodwill	(3.6)		(1.2)		(4.8)
Non-cash asset impairment write-down	(1.0)	(38.3)			(39.3)
Non-cash loss on disposal of assets	(0.5)	(0.6)	(0.1)	(0.9)	(2.1)
Pre-opening costs		(5.9)		(0.6)	(6.5)
Net gain on sale of Bowling and Entertainment and Marinas division, selling costs associated with Goodlife				24.9	24.9
Restructuring and other non-recurring items		(7.4)	(1.8)		(9.2)
Total	**(86.3)**	**(52.2)**	**(3.5)**	**23.4**	**(118.6)**
Restatement of deferred tax balances to reflect US tax reforms		12.2			12.2
Tax impact of specific items listed above	1.9	14.6	1.0	0.5	18.0

Year ending 30 June 2017 A$ million	**Theme Parks**	**Main Event**	**Corporate**	**Disposed Businesses**	**Total**
Dreamworld property revaluation decrement	(88.7)				(88.7)
Dreamworld incident costs, net of insurance recoveries	(5.4)				(5.4)
Non-cash impairment of goodwill	(0.8)				(0.8)
Non-cash asset impairment write-down				(0.1)	(0.1)
Non-cash loss on disposal of assets	(0.1)	(0.3)		(3.4)	(3.8)
Pre-opening costs		(12.7)		(1.2)	(13.9)
Net gain primarily on sale of Health Club division				44.2	44.2
Restructuring and other non-recurring items		(1.4)	(2.7)		(4.1)
Total	**(95.0)**	**(14.4)**	**(2.7)**	**39.5**	**(72.6)**
Tax impact of specific items listed above	1.5	4.9	0.7	0.4	7.5

The Board has declared that the distribution per stapled security for the financial year will be 8.5 cents (FY17: 3.0 cents).

Main Event

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

US$ million	**FY18 As Reported 1st Jul to 26th Jun**	**FY18 Pro-Forma 1st Jul to 30th Jun**	**FY17 As Reported 1st Jul to 30th Jun**	**Var %**
Revenue	275.5	278.9	225.7	23.5%
Segment EBITDA	11.9	12.6	34.6	(63.6%)
Segment EBIT	(13.8)	(13.4)	16.1	(183.9%)
EBITDA margin	4.3%	4.5%	15.3%	(10.8 pts)

Main Event segment EBITDA includes the following specific items:

US$ million	FY18 As Reported 1st Jul to 26th Jun	FY18 Pro-Forma 1st Jul to 30th Jun	FY17 As Reported 1st Jul to 30th Jun
Pre-opening expenses	(4.5)	(4.5)	(9.5)
Non-cash asset impairment write-down	(28.4)	(28.4)	
Loss on disposal of assets	(0.5)	(0.5)	(0.2)
Restructuring and non-recurring items	(5.6)	(5.6)	(1.1)
Total	**(39.0)**	**(39.0)**	**(10.8)**

Main Event achieved revenue growth of 23.5% to US$278.9 million on a pro-forma basis, driven by 2.0% growth in constant centres, full year impact of centres opened in FY17 as well as the contribution from new centres opened in FY18.

Constant centres revenue on a like-for-like basis increased 1.6% versus the prior corresponding period, driven by pricing optimization associated with walk-in business, partially offset by a decline in event business primarily associated with birthday call centre changes, which have subsequently been addressed.

Four new centres were opened during the year, with three of the four centres commencing operations during the last four months of FY18. This brings the number of centres to 41 across 16 states as of June 2018 (2017: 37 centres across 14 states).

Margins were unfavourably impacted by the specific items noted above, as well as by the underlying trading conditions at certain centres from the FY17 cohort. While the performance of the FY17 cohort has improved year-over-year, it is a larger portion of the overall business in FY18 and thus causing more pressure to overall margins. Additionally, the division received US$3.8 million of business interruption proceeds in FY18, reflecting the recovery of estimated losses incurred during FY18 due to Hurricane Harvey in the Houston, Texas market.

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

The lower pre-opening costs reflect fewer US Entertainment Centre openings in the current year. Main Event's EBITDA was also impacted by a non-cash impairment charge of US$28.4 million associated with five underperforming locations. The performance of these locations reflects difficult trading conditions as a result of real estate quality and ongoing brand challenges associated with the former business that operated some of the locations. Furthermore, EBITDA was impacted by US$5.6 million of restructuring and other non-recurring items, including one-time consulting costs, executive severance payments, and write-off of site exploration costs incurred due to a change in real estate strategy. In addition, the division also recorded a US$0.6 million loss on the sale and leaseback of a Main Event family entertainment centre.

Theme Parks

A$ million	FY18 As Reported 1st Jul to 26th Jun	FY18 Pro-Forma 1st Jul to 30th Jun	FY17 As Reported 1st Jul to 30th Jun	Var %
Revenue	66.8	69.9	70.9	(1.4%)
Segment EBITDA	(93.8)	(91.1)	(98.4)	7.4%

Segment EBIT	(102.5)	(99.8)	(107.3)	7.0%
EBITDA margin	(140.4%)	(130.3%)	(138.8%)	8.5 pts

Theme Parks segment EBITDA includes the following specific items:

A$ million	FY18 As Reported 1st Jul to 26th Jun	FY18 Pro-Forma 1st Jul to 30th Jun	FY17 As Reported 1st Jul to 30th Jun
Dreamworld property revaluation decrement	(75.0)	(75.0)	(88.7)
Dreamworld incident costs, net of insurance recoveries	(6.2)	(6.2)	(5.4)
Non-cash impairment of goodwill	(3.6)	(3.6)	(0.8)
Non-cash asset impairment write-down	(1.0)	(1.0)	
Loss on disposal of assets	(0.5)	(0.5)	(0.1)
Total	**(86.3)**	**(86.3)**	**(95.0)**

The Theme Parks business, consisting of Dreamworld, WhiteWater World and SkyPoint reported revenue of $69.9 million on a pro-forma basis, down 1.4% on pcp as the business continued to be impacted by the slow recovery post the Thunder River Rapids ride tragedy which occurred in October 2016 and discounted ticket pricing post incident. The revenue reduction has a high flow-through impact to EBITDA given the relatively fixed cost nature of the business.

The division recorded an EBITDA loss of $91.1 million, an improvement of $7.3 million compared to the EBITDA loss of $98.4 million in the prior year. The improvement in EBITDA was largely driven by the valuation loss and impairments of $79.6 million relating to Dreamworld and SkyPoint being lower than the prior year valuation loss of $89.5 million relating to Dreamworld. This was partially offset by higher Dreamworld incident related expenses, which amounted to $6.2 million in the current year compared to $5.4 million in the prior year.

Excluding these valuation loss, impairment and Dreamworld incident related expenses, EBITDA for the division was approximately $1.4 million lower than prior year.

During the year, the Dreamworld management team was significantly restructured with the appointment of three experienced executives focused on global best practice across all aspects of operations.

Various initiatives and attractions such as the launch of DreamWorks Trolls Village, soon-to-open iRide (a world class attraction showcasing Australian landscapes in a breathtaking experience), planning of Water Park expansion, and investments in digital platforms are in place to improve guest experience, drive visitation and increase average spending per person.

Discontinued Operations

The Health Clubs business, which contributed revenue of $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 of revenue in the current period compared with $24.1 million in the pcp. The Bowling & Entertainment business was sold at the end of April 2018 and contributed $122.4 million of revenue in the current period compared with $127.7 million in the pcp.

The current year discontinued operations result includes a gain on the disposal of the Bowling & Entertainment business net of tax of $20.3 million, and a gain on the disposal of the Marinas business net of tax of $4.7 million.

In the prior year, the discontinued operations result included a full year trading EBITDA for both the Bowling & Entertainment business and the Marinas business, as well as trading EBITDA for the Health Clubs business up until the date of disposal, being 25 October 2016. The prior year discontinued operations result also included a gain on the disposal of the Health Clubs business after tax of $44.8 million.

Strategic Update and Capital Management

Following the divestment of Health Clubs, Marinas and Bowling & Entertainment, the portfolio of the Group currently consists 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.

Proceeds from the sale of the Marinas and Bowling & Entertainment businesses in FY18 were applied to the repayment of debt, resulting in a net debt position at 26th June 2018 of $11.3 million. Capital is freed up to support growth of Main Event and Dreamworld revitalization and innovation.

Management believes that shareholder value is best created through the successful execution of growth strategies at Main Event. Alongside this growth investment, our Theme Park business requires significant capital to develop new attractions and other infrastructure and safety improvements, not only to support our recovery efforts but also to make progress towards becoming the preeminent Gold Coast entertainment precinct built around Dreamworld.

Given the concentration of the capital needs in the United States to fund our Main Event growth as well as our desire to have greater capital flexibility, it is our intention to establish a new credit facility in the US to more closely align with the domicile of the business prior to the expiry of our current $169.4 million facility in August 2019.

Ardent Leisure Group is currently assessing the merits of the current stapled structure and whether an alternative structure may provide better strategic alignment with the Australian and US businesses. If a decision is made to implement the proposal, it will be brought to Ardent Leisure Group securityholders for their approval. Ardent Leisure Group will keep securityholders updated on any proposal.

Subsequent to the sale of the Marinas, Health Clubs and Bowling & Entertainment businesses, the needs of the Group office have changed, creating an opportunity to rationalize the ongoing costs of the Group office and allowing us to maintain the key management positions necessary to effectively operate the necessary financial, legal and regulatory functions. Group office costs in FY18 were approximately $15.5 million versus $19.2 million in FY17. Excluding positions that are no longer in place, ongoing Dreamworld incident costs, other non-recurring or restructuring charges, Group office costs are expected to approximate $9.0 million to $10.0 million annually, assuming no significant changes to the structure or business strategy.

Board of Directors

The composition of the Board of Directors has changed significantly during FY18, with four new individuals joining the board (Gary Weiss, Brad Richmond, Randy Garfield & Toni Korsanos). The Board is currently comprised of two US-based board members (Brad Richmond & Randy Garfield) with the anticipation that one additional US-based board member may join, demonstrating the importance of, and focus on, the Main Event business.

To support the Board and management achieve global best practice across all aspects of its operations, the Board has appointed Mr Geoff Sartori as an independent external Safety Advisor. Geoff is currently Safety Advisor to the Board of Virgin Australia Group having previously worked at Qantas as Group General Manager – Group Safety and more recently Principal Safety Advisor – Qantas Group.

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