



Ardent Leisure Group 1H19 Results Presentation

February 2019



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The information in this presentation is provided in summary form and is therefore not necessarily complete. The information contained herein is current as at the date of this presentation unless specified otherwise.



1H19 Group Overview



1H19 – Key Messages



- Revenue from continuing businesses (Main Event and Theme Parks) was up 19.0% over the prior corresponding period (however down 14.6% overall due to the sale of Marinas and Bowling & Entertainment businesses).
- Main Event revenue grew 14.3% (in USD) reflecting approximately 3 additional centres vs pcp and constant centre revenue growth of 0.7% on a like-for-like basis. EBITDA grew USD\$3.1 million, and EBITDA margin improved 90bps.
- Main Event recent new centre openings are generating strong results and ROI; revamped real estate strategy is focused on new sites that will generate superior returns.
- Sharp focus on margin expansion at Main Event, with target annual EBITDA margins (excluding specific items such as pre-opening, restructuring and other non-recurring items) of 20%+ over the medium term.
- Theme Parks revenues increased by 9% on a like-for-like basis¹. Yield improved by 16% which reduced the impact that lower visitation had on revenue.
- After showing signs of growth in FY18 Theme Park visitation declined during the Coronial Inquest hearings that were held between Jun-Dec 18.
- 2H19 Theme Park priorities include: i) Dreamworld to target break even EBITDA in Q4 FY19, ii) opening Sky Voyager, iii) implement capital-light events and entertainment, and iv) continual improvement in safety management.
- Completed the de-stapling and corporatisation of Ardent, replacing the previous stapled structure. New structure provides greater flexibility for future funding and growth, reduces regulatory uncertainty and costs while simplifying financial reporting.
- Extended our existing credit facility to February 2020 and in advanced stages of establishing increased funding for execution of the Group's medium term growth strategies of both the Main Event and Theme Parks businesses.

1 Comparing to restated pcp revenue under the new accounting standard. On a non-adjusted statutory basis, Theme Parks revenue down (0.9%) for 1H19.

Current vs Prior Corresponding Period

**Performance vs Prior period comparison impacted by sales of businesses;
Non-cash valuation and non-recurring expenses**



A\$m	Consolidated		
	1H19 ²	1H18 ²	Variance
Revenue	226.7	265.6	(14.6%)
Business unit EBITDA	9.4	5.1	84.3%
Corporate	(9.2)	(6.7)	(37.3%)
EBITDA¹	0.2	(1.6)	112.5%
Depreciation and amortisation	(23.9)	(28.5)	16.1%
EBIT¹	(23.7)	(30.1)	21.3%
Borrowing costs (net)	(1.5)	(5.3)	71.7%
Net loss before tax	(25.2)	(35.4)	28.8%
Income tax benefit	3.4	19.8	(82.8%)
Net loss after tax	(21.8)	(15.6)	(39.7%)

Key factors driving variances:

- 23.4% growth in Main Event revenue offset by impact of the sale of Marinas (Aug-17) and Bowling & Entertainment (Apr-18), which contributed \$75.1 million in prior corresponding period.
- Business unit statutory EBITDA continued to be impacted by costs relating to the Thunder River Rapids ride incident at Dreamworld, and restructuring costs. Prior period's statutory EBITDA includes a \$22.8 million non cash valuation loss on Dreamworld.
- Borrowing costs reduced to \$1.5 million due to large debt repayments and facility reductions following the sale of the Marinas and Bowling & Entertainment businesses in the prior period.
- Current period income tax benefit includes a \$5.4 million tax benefit recorded in the Trust following the completion of the Group destapling and corporatisation in Dec 2018, offset by a \$7.6 million tax expense relating to current period tax losses not recognised as a deferred tax asset.
- Prior period income tax benefit includes a \$14.9 million one-off credit in connection with US Tax Reforms, which have lowered the US corporate income tax rate.

¹ Refer defined terms

² 1H19 comprised of results from 27th June 2018 to 25th December 2018; 1H18 comprised of results from 1st July 2017 to 26th December 2017

Specific Items Impacting Results

Results in both periods continued to be impacted by one-off costs relating to restructuring and Dreamworld incident



A\$m	Consolidated	
	1H19 ²	1H18 ²
Specific items impacting EBITDA¹:		
Valuation loss - property, plant and equipment	-	(22.8)
Dreamworld incident costs, net of insurance recoveries	(5.3)	(1.9)
Pre-opening expenses	(1.5)	(2.5)
Gain on sale of business	-	4.6
Selling costs associated with sale of businesses	(0.3)	(1.6)
Gain/(loss) on disposal of assets	1.6	(0.9)
Restructuring and other non-recurring items	(8.0)	(3.1)
Total	(13.5)	(28.2)
Specific items impacting tax benefit:		
Tax impact of specific items above	3.8	2.9
Impact of destapling and corporatisation	5.4	-
Current period tax losses not recognised as a deferred tax asset	(7.6)	-
Restatement of deferred tax balances to reflect US tax reforms	-	14.9
Total	1.6	17.8

Specific items impacting results:

- Specific items which are useful in understanding the statutory results are set out on this slide (as per statutory accounts).
- Results for the current period continue to be impacted by Dreamworld incident costs due to coronial inquest hearings, as well as non-recurring restructuring costs in Main Event, Theme Parks and Corporate.
- Prior period results were significantly impacted by a write-down in the value of Dreamworld following the incident in October 2016, together with the impact of the sale of businesses.
- Current period results include a \$5.4 million net tax benefit recorded in the Trust following the completion of Group destapling in December 2018, offset by a \$7.6 million tax expense relating to current period losses not recognised as a deferred tax asset.
- Breakdown of specific items by business unit are provided in the Appendices.

¹ Refer defined terms

² 1H19 comprised of results from 27th June 2018 to 25th December 2018; 1H18 comprised of results from 1st July 2017 to 26th December 2017

Continuing Operations

Main Event and Theme Parks



A\$m	Continuing Operations		
	1H19 ²	1H18 ²	Variance
Revenue			
Main Event	192.3	155.8	23.4%
Theme Parks	34.4	34.7	(0.9%)
Revenue	226.7	190.5	19.0%
EBITDA¹			
Main Event	22.1	16.4	34.8%
Theme Parks	(12.4)	(25.4)	51.2%
Corporate	(9.2)	(6.7)	(37.3%)
EBITDA¹	0.5	(15.7)	103.2%
EBITDA¹ margin	0.2%	(8.2%)	8.4 pts
EBIT¹			
Main Event	3.4	0.3	1033.3%
Theme Parks	(17.2)	(29.7)	42.1%
Corporate	(9.7)	(7.3)	(32.9%)
EBIT¹	(23.5)	(36.7)	36.0%
EBIT¹ margin	(10.4%)	(19.3%)	8.9 pts

Continuing operations:

- Main Event accounted for over 80% of 1H19 revenue, growing at 14.3% in US dollar terms (23.4% in Australian dollars after impact of foreign exchange movements).
- Main Event and Theme Parks' EBITDA were impacted by restructuring costs, Dreamworld incident costs and other non-recurring items.
- Significant non-cash revaluation write-down of \$22.8 million occurred for the Theme Parks business in the prior period.
- After showing signs of growth in FY18, Theme Parks visitation declined during the coronial inquest hearings in 1H19 with recovery slower than anticipated.
- Corporate costs have been impacted by \$3.5 million of restructuring and other non-recurring items (1H18: \$1.3 million).

¹ Refer defined terms

² 1H19 comprised of results from 27th June 2018 to 25th December 2018; 1H18 comprised of results from 1st July 2017 to 26th December 2017



Main Event



Main Event

Meaningful progress made on FY19 Strategic Priorities



- Management team in place
- Consumer insights and analysis completed
- Healthy pipeline of high-quality real estate sites to support growth targets of 5 to 8 new centres per year in place
- Focus on event business is generating results (up 8.5% in 1H19)
- Developed and completed roll-out of a national gift card program
- Healthy pipeline of new and relevant entertainment attractions and games

Main Event

2H19 – Sharp focus on margin expansion, targeting 100bps of margin improvement over next six months



- We have a plan in place to stabilize margins and return to margin expansion, targeting margin improvement of 100 bps over the next six months, with a return to 20%+ EBITDA margins (excluding pre-opening, restructuring and other non-recurring costs) over the medium term.
- We believe that FY19 will be a low point for margins based on investments made, leadership team changes and low amounts of leverage from revenue growth.
- We have leadership now in place as of 1H FY19 to drive our branding and sales efforts as well as focusing on the guest experience and driving profitable units at the centre-level.

Near term revenue focus:

- Event sales
- National gift card program
 - During 2H, will roll-out to 5,000+ retail outlets
- New in-centre attractions
 - Virtual reality ride (all 42 centres)
 - Connect-Four hoops (all 42 centres)
 - Five separate tests of games and retail offerings
- Compelling promotional offers in 2H FY19 supported with TV vs prior year lower-demand offer



Main Event

Revenue up 14.3% led by new centre growth and 0.7% increase in constant centre sales; EBITDA grew 24%



The figures in the table below are in US\$ million

US\$m	1H19 ²	1H18 ²	Variance
Revenue	139.1	121.7	14.3%
EBRITDA	36.4	31.0	17.4%
Operating margin	26.2%	25.5%	0.7 pts
Property costs	(20.4)	(18.1)	(12.7%)
EBITDA¹	16.0	12.9	24.0%
EBITDA¹ margin	11.5%	10.6%	0.9 pts
Depreciation and amortisation	(13.5)	(12.6)	(7.1%)
EBIT¹	2.5	0.3	733.3%

The results above includes the following:

Pre-opening expenses	(1.1)	(1.5)	26.7%
Restructuring and other non-core items	(1.9)	(1.3)	(46.2%)
Gain/(Loss) on disposal of assets	1.5	(0.5)	400.0%
Specific items impacting EBIT¹	(1.5)	(3.3)	54.5%

¹ Refer defined terms

² 1H19 comprised of results from 27th June 2018 to 25th December 2018; 1H18 comprised of results from 1st July 2017 to 26th December 2017

Main Event Performance:

- Sales growth of 14.3% reflects approximately 3 additional centres vs pcp
- One new centre opened in the first half of FY19 in Highlands Ranch, CO
- Constant centre revenue increased 0.7% on a like-for-like basis
- Margin improvement of 90bps driven by gain on disposal of assets in the current period, lower central & regional costs as a % of revenue and lower pre-opening spend
- Five impaired locations are adversely impacting EBITDA margins by ~250bps in both current period and prior period
- Pre-opening costs of US\$1.1 million in 1H19 vs US\$1.5 million in 1H18 reflects fewer new centre openings in the current year
- Current year impacted by \$1.9 million of restructuring and other non-core items primarily reflecting non-recurring consulting fees and executive restructuring costs

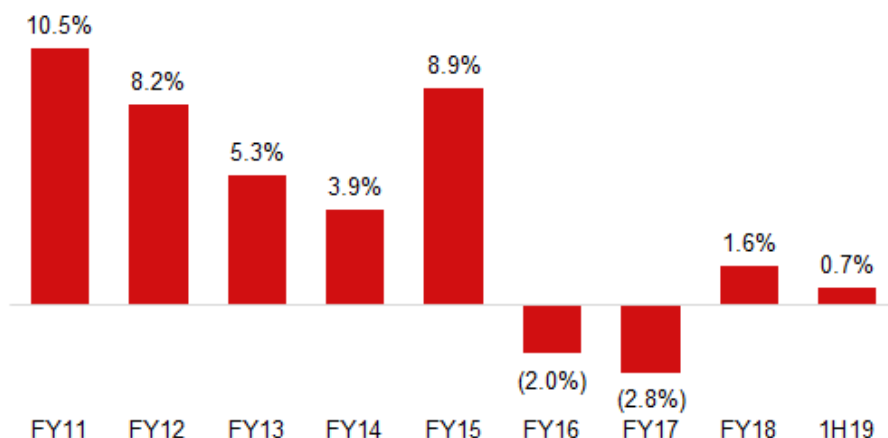
Main Event

Constant centre¹ sales growth moderated, but on two-year basis strengthened, marking the third consecutive half-year of positive comps



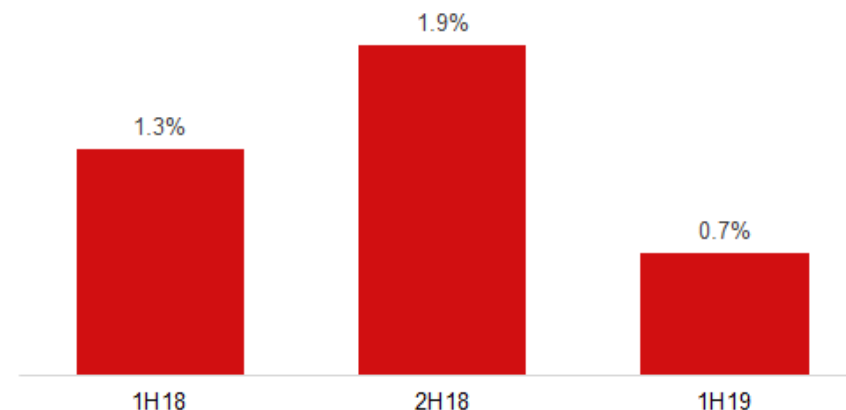
Constant Centre¹ Revenue Up in 1H19

Constant Centre¹ Sales Trend - Like-for-like²



Continued Positive Constant Centre Trend

Constant Centre¹ Sales Trend - Like-for-like²



- 1H FY19 constant centre growth driven by strong event business growth (up 8.5%), reflecting investment and focus made to drive more off-peak business
- Benefitted by check growth year-over-year prior to lapping some of the pricing optimisation changes from prior year
- Timing of 4th of July holiday in US is estimated to have negatively impacted our 1H results by (20bps)

2H FY19 & Moving Forward

- Rolling over very strong comps in January and February of FY18, up 9% and 7%, respectively.
- Including weather unfavourability in several markets and lapping pricing optimisation in the prior year, we expect the third quarter to be soft, but on a 2-year stacked basis, we are up over 4.5% for the 2H FY19 through mid-February
- Near-term sales drivers include continued strength of event sales, implementation of national gift card program, instalment of numerous new in-centre attractions, email club promotions and compelling promotional offers supported with TV

¹ Refer defined terms.

² Constant centres presented on a "like-for-like daily" basis.

Main Event

New centre performance supports continued investment in growth capital



The two most recent openings that have been operating for at least one year as of December 2018, have significantly outperformed target economics



Knoxville, TN

- Opened: July 25, 2017
- One centre market
- Quality real estate out-positioning competitors
- Year 1 sales: \$9.7mm
- Year 1 EBITDA: \$3.7mm (38.1% margin)
- Year 1 ROI: 48.2%



Gilbert, AZ

- Opened: May 23, 2017
- 3rd location in Phoenix market
- Quality real estate right next to Top Golf
- Year 1 sales: \$8.4mm
- Year 1 EBITDA: \$2.9mm (34.5% margin)
- Year 1 ROI: 36.2%

Notable recent new centre openings

- The highest sales volume unit in our system during 1H FY19 is one of our new centres added in March 2018 (Wilmington, DE)
- Our first mall location (opened in May 2018) is generating revenues ~10% higher than our constant centre average during 1H FY19 (Columbia, MD)





Theme Parks



Theme Parks

Key Results



A\$m	1H19 ²	1H18 ²	Variance
Revenue	34.4	34.7	(0.9%)
Expenses	(46.8)	(60.1)	22.1%
EBITDA¹	(12.4)	(25.4)	51.2%
EBITDA¹ margin	(36.0%)	(73.2%)	37.2 pts
Depreciation and amortisation	(4.8)	(4.3)	(11.6%)
EBIT¹	(17.2)	(29.7)	42.1%
Attendance ('000s)	739.8	772.3	(4.2%)
The results above includes the following:			
Revaluation		(22.8)	100.0%
Dreamworld incident costs, net of insurance recoveries	(5.3)	(1.9)	(178.9)%
Restructuring and non-recurring items	(1.9)		(100.0)%
Loss on disposal of assets	(0.1)	(0.1)	0.0%
Specific items impacting EBIT¹	(7.3)	(24.8)	70.6%

Theme Parks Performance:

- Revenue has been slow to recover to historical levels due to visitation being adversely impacted by the Coronial Inquest hearings held between Jun-Dec 18.
- Revenue has increased by 9% on a like-for-like basis³.
- Yield improved by 16% which reduced the impact that lower visitation had on revenue.
- EBITDA result includes \$5.3m of incident related costs (net of insurance recoveries) and a further \$2m in restructuring and non-recurring items.

¹ Refer defined terms

² 1H19 comprised of results from 27th June 2018 to 25th December 2018; 1H18 comprised of results from 1st July 2017 to 26th December 2017

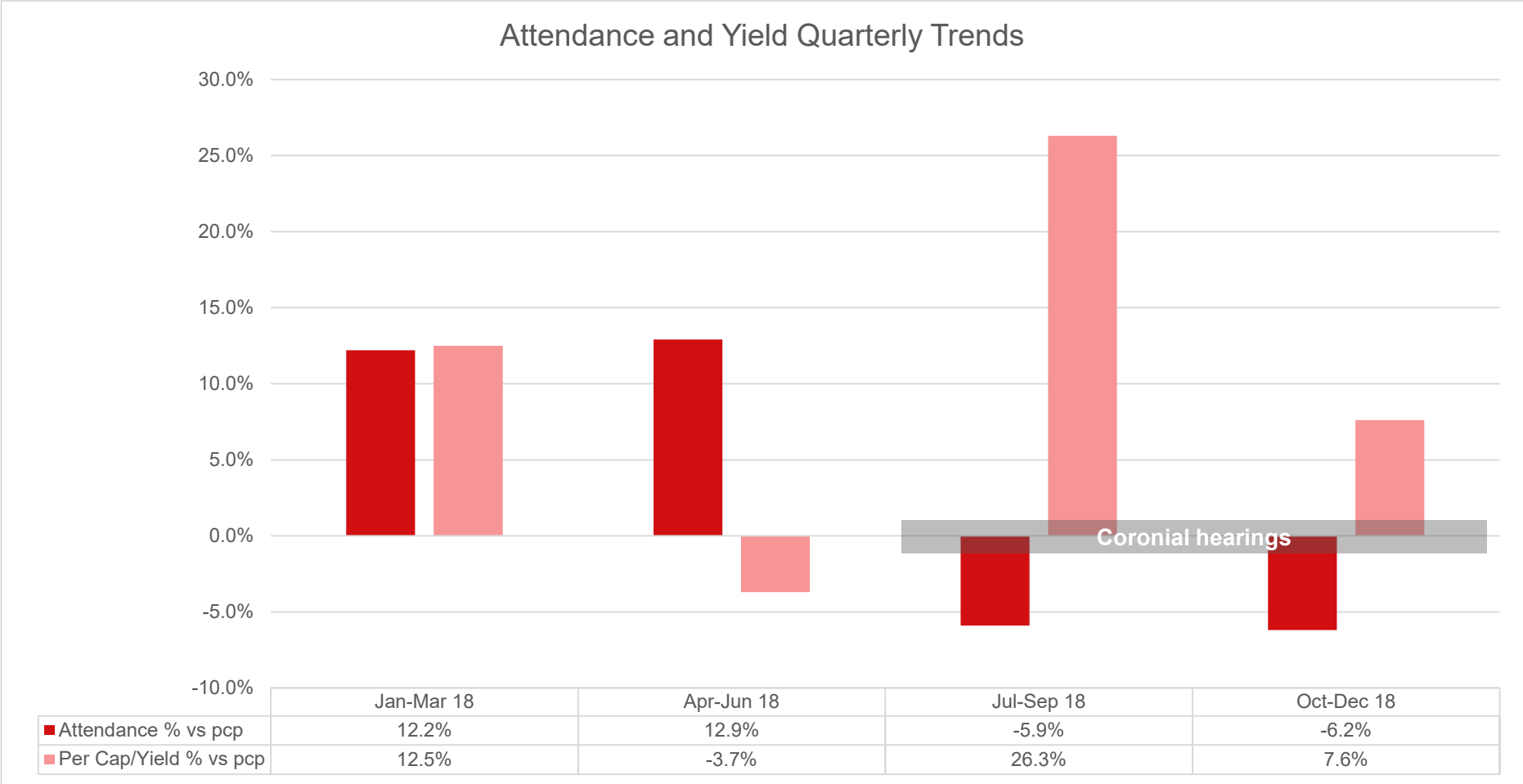
³ Comparing to restated pcg revenue under the new accounting standard. On a non-adjusted statutory basis, Theme Parks revenue down (0.9%) for 1H19.

Theme Parks

Attendance and Yield Trends



Coronial Inquest hearings were conducted in June, October, November and December 2018.



Theme Parks

Vision



- Become the premier leisure destination in Australia
 - Theme Park with world class rides and attractions
 - Water Park with world class slides and leisure areas
 - Innovative animal displays with a focus on the conservation of koalas and tigers
 - Showcase of indigenous culture and history
 - Indoor and outdoor event and entertainment spaces
 - In-house and branded F&B and retail outlets
 - Hotel and/or other short term accommodation options
- Master plan underway

Theme Parks

Headwinds are subsiding



- Coronial Inquest hearings completed and the Coroner's recommendations are expected 2H19
- Our new world class attraction, Sky Voyager is expected to open during 2H19
- A ride reliability programme is currently being implemented
- Community engagement initiatives are well underway
- International markets, especially China, have continued to grow
- We are now well positioned to focus on increasing visitation and retaining the yield improvements achieved during 1H19

Theme Parks

Immediate Priorities 2H19

- Targeting break even for Dreamworld in Q4 FY19 creating a runway for a return to positive EBITDA for FY20.
 - The opening of Sky Voyager. This world class flying theatre ride will be the first of its kind in the Southern Hemisphere, appeals to the whole family and based on pent up demand is expected to be well received.
 - Capital-light activities. A number of events including entertainment and other out-of-home attractions are planned for H219.
 - Ongoing improvements to the F&B and retail offerings.
 - Annual expense reduction in the order of \$5m p.a. is being implemented.
- Repair reputation by implementing the recommendations arising from the Coronial Inquest in conjunction with WHSQ and the Theme Park Industry and by engaging with the community and other key stakeholders.
- Preparation of the site master plan to determine the extent of surplus land and the priorities for future investment, including a roll out plan for new rides and attractions.
- Ongoing focus on continual improvement in safety management.

SKY VOYAGER





Group – Corporate Costs & Capital Management



Net debt

Continued investment in capital expenditure to support growth and innovation



A\$m	1H18
Net debt at 26 June 2018	(11.3)
Operating cash inflows, net of borrowing costs	(16.7)
Capex - Theme Parks (Routine)	(5.8)
Capex - Main Event (Routine)	(2.5)
Cash usage before Development/Other Capex & Distributions	(25.0)
Capex - Theme Parks (Development & Other)	(17.4)
Capex - Main Event (Development & Other)	(14.9)
Distributions	(14.3)
Other	2.7
Increase in net debt	(68.9)
Net debt at 25 December 2018	(80.2)

- We extended our A\$110 million revolving credit facility (the “Facility”) until February 2020. The Facility provides the Company with:
 - Secure funding as it continues to implement strategic initiatives to drive improved performance at Main Event and focuses on returning Theme Parks to sustained profitability; and
 - Flexibility to evaluate and implement the most efficient capital structure for the business.
- We continue to assess a range of alternatives to fund our future growth, with a view to achieving the optimal balance of strategic and operating flexibility, tenor and cost. In particular, we are in the advanced stages of establishing increased funding that the Board believes will provide the capital required to execute on the medium term growth strategies of both the Main Event and Theme Parks businesses.
- In 1H19, we completed the de-stapling and corporatisation of Ardent, replacing the previous stapled structure. New structure provides greater flexibility for future funding and growth, reduces regulatory uncertainty and costs and simplifies financial reporting.



Appendices



Specific Items by Business Unit – 1H19²



A\$m	Consolidated					
	Main Event	Theme Parks	Corporate	Continuing Operations	Discontinued Operations	Total
Specific items impacting EBITDA¹:						
Dreamworld incident costs, net of insurance recoveries		(5.3)		(5.3)		(5.3)
Pre-opening expenses	(1.5)			(1.5)		(1.5)
Restructuring and other non-recurring items	(2.6)	(1.9)	(3.5)	(8.0)		(8.0)
Selling costs associated with discontinued operation					(0.3)	(0.3)
Gain/(loss) on disposal of assets	2.0	(0.1)	(0.3)	1.6		1.6
Total	(2.1)	(7.3)	(3.8)	(13.2)	(0.3)	(13.5)
Specific items impacting tax benefit:						
Tax impact of specific items above	0.4	2.2	1.1	3.7		3.7
Current period tax losses not recognised as a deferred tax asset			(7.6)	(7.6)		(7.6)
Impact of destapling and corporatisation			5.4	5.4		5.4
Total	0.4	2.2	(1.1)	1.5	-	1.5

¹ Refer defined terms

² 1H19 comprised of results from 27th June 2018 to 25th December 2018

Specific Items by Business Unit – 1H18²



	Consolidated					
A\$m	Main Event	Theme Parks	Corporate	Continuing Operations	Discontinued Operations	Total
Specific items impacting EBITDA ¹ :						
Valuation loss - property, plant and equipment		(22.8)		(22.8)		(22.8)
Dreamworld incident costs, net of insurance recoveries		(1.9)		(1.9)		(1.9)
Pre-opening expenses	(2.0)			(2.0)	(0.5)	(2.5)
Restructuring and other non-recurring items	(1.8)		(1.3)	(3.1)		(3.1)
Gain on sale of discontinued operations					4.6	4.6
Selling costs associated with discontinued operation					(1.6)	(1.6)
Loss on disposal of assets	(0.6)	(0.1)	(0.1)	(0.8)	(0.1)	(0.9)
Total	(4.4)	(24.8)	(1.4)	(30.6)	2.4	(28.2)
Specific items impacting tax benefit:						
Tax impact of specific items above	1.2	0.6	0.4	2.2	0.7	2.9
Restatement of deferred tax balances to reflect US tax reforms	14.9			14.9		14.9
Total	16.1	0.6	0.4	17.1	0.7	17.8

¹ Refer defined terms

² 1H18 comprised of results from 1st July 2017 to 26th December 2017



Defined Terms



Defined Terms



Defined Terms	Description
Bowling & Entertainment	Comprised of AMF, Kingpin and Playtime
EBITDA	Earnings before Interest, Tax, Depreciation and Amortisation
EBRITDA	Earnings before Property Costs, Interest, Tax, Depreciation and Amortisation
EBIT	Earnings before Interest and Tax
Main Event constant centres	Centres that have been open for at least 18 months at the beginning of the current financial year Constant centres comprised of Lewisville (TX), Grapevine (TX), Plano (TX), Ft Worth South (TX), Shenandoah (TX), Austin (TX), Lubbock (TX), Frisco (TX), San Antonio North (TX), Katy (TX), Stafford (TX), Tempe (AZ), Alpharetta (GA), Pharr (TX), San Antonio West (TX), Warrenville (IL), Atlanta (GA), Oklahoma City (OK), Tulsa (OK), Independence (MO), Memphis (TN), , Avondale (AZ), Ft Worth North (TX), Louisville (KY), West Chester (OH), Albuquerque (NM), Hoffman Estate (IL), Olathe (KS), Orlando (FL) and Suwanee (GA)
Main Event non-constant centres	Non-constant centres comprised of Webster (TX), Jacksonville (FL), Indianapolis (IN), Pittsburgh (PA), Humble (TX), KC North (MO), Gilbert (AZ), Knoxville (TN), Wilmington (DE), Columbia (MD), Avon (OH) and Highlands Ranch (CO)
PCP	Prior corresponding period
Pre-opening costs	Costs that are expensed as incurred prior to a centre opening for business
ROI	Return on investment
Theme Parks	Comprised of Dreamworld, WhiteWaterWorld and SkyPoint