

**Ardent Leisure Group Limited (ACN 628 881 603)**

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**ASX RELEASE**

13 November 2019

**CHAIRMAN'S ADDRESS FOR ANNUAL GENERAL MEETING**

Please find attached a copy of the Chairman's address to be delivered at today's Annual General Meeting for Ardent Leisure Group Limited.

A live webcast of the event is available at [Ardent Leisure Group Limited - 2019 AGM link](#).

**Bronwyn Weir**

Company Secretary  
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**Ardent Leisure Group Limited  
Annual General Meeting**

**Wednesday, 13 November 2019 at 10:00am  
Gilbert + Tobin,  
Level 35, Tower 2, International Towers Sydney,  
Barangaroo**

**Chairman's address**

Good morning everyone and welcome to the Annual General Meeting of Ardent Leisure Group Limited.

My name is Gary Weiss. I am the Chairman of Ardent.

It is my pleasure to introduce you to the members of the Board here with me today:

- David Haslingden;
- Toni Korsanos;
- Brad Richmond; and
- Randy Garfield.

I would also like to welcome members of the executive team:

- Darin Harper, Group Chief Financial Officer;
- Chris Morris, Chief Executive of Main Event Entertainment; and
- John Osborne, Chief Executive of our Theme Parks business.

The Group's auditor, Ernst & Young, represented by John Robinson is also here today and available to answer questions in relation to the auditor's report.

**Introduction**

Since becoming Chair of Ardent in 2017 the Board's priority has been, first, to stabilise the company and then seek to restore value for shareholders. While much has been achieved during this time, the process has taken longer than anticipated. We have been faced with the challenges of material legacy issues which have continued to impact the overall financial results of the Group. We are however making meaningful progress and seeing positive signs of improvement.

The Group consists of two distinct businesses – the Theme Parks business in Australia led by John Osborne, and Main Event Entertainment in the United States, led by Chris Morris. Chris and John will address the meeting shortly to provide updates on their respective businesses.

Theme Parks and Main Event are now supported by a simplified corporate structure following the successful implementation of the de-stapling and corporatisation proposal in December last year.

**FY19 financial performance**

The financial performance for FY19 did not meet our expectations and was impacted by several non-recurring items which we expect to significantly reduce going forward.

The Group reported a net loss of \$60.9 million and continued to be impacted by challenging post-incident trading for the Theme Parks division, associated incident costs due to the Coronial Inquest, restructuring costs and further impairment charges at several US entertainment centres.

Revenue and EBITDA from continuing businesses excluding specific items were up 14.4% and 15.7% respectively over prior year. Main Event's revenue in US dollars grew 7.9% in FY19 due to the contributions from new centres opened during FY18 and FY19.

Theme Parks revenue was broadly in line with the prior corresponding period, however attendance was impacted by the Coronial Inquest hearings held during the first half of FY19.

Corporate costs in FY19 were impacted by one-off expenses associated with the de-stapling and corporatisation, consulting and employee related costs, however recurring corporate costs reduced by 16.7% on prior year and 39.4% compared to FY17. We continue to focus on corporate costs and anticipate further savings in FY20.

In April we completed a US\$225 million debt facility with US lenders and repaid the Group's existing Australian bank debt facility. This new facility gives us sufficient headroom to fund the growth of Main Event and invest in new rides and attractions at our Theme Parks business.

Having the right leadership teams to manage our continuing businesses is critical. We have appointed first class leaders at Main Event and Theme Parks. Chris and John are both highly experienced executives who have proven experience in business turnarounds and growth.

Chris and John have, in turn, built quality management teams with individuals who display high standards of professionalism and are enthusiastic for the opportunity to create memorable entertainment experiences for our guests underpinned by best practice safety standards, outstanding customer service and product innovation.

## **FY20 Update**

We have had an encouraging start to FY20 with improved trading performance in both businesses.

### **Theme Parks**

Our commitment to invest in the Theme Parks division has continued with the opening of Sky Voyager at Dreamworld in August – the first flying theatre in the Southern Hemisphere which offers a fully immersive experience that can be enjoyed by the whole family. Feedback on the ride has been very positive and it is currently our most popular ride.

Further, in the same month we also announced the construction of a new 1.2km world class rollercoaster at Dreamworld and a new waterslide complex at Whitewater World.

This much needed and overdue investment has heralded a new era for our Theme Parks business and we remain confident in the long-term potential of the park as a true family entertainment leader in one of Australia's most popular tourist destinations.

John will provide an update on these projects and his vision for the Theme Parks business shortly.

### **Main Event**

Turning to our US operations, we are excited about the opportunities that lie ahead. Main Event's core demographic is families with children. This is a growing market in the US and is supported by

increasing consumer demand for out-of-home leisure and entertainment experiences. Each of our centres provides a broad and extensive range of activities under one roof.

In August we opened our 43<sup>rd</sup> Main Event centre in Baton Rouge – our first centre in the state of Louisiana. Performance to date at Baton Rouge has exceeded expectations. Three more centres are planned to open in FY20 – two in Texas and one in Florida.

We have a highly experienced real estate development team at Main Event who have applied a disciplined approach to identifying new sites. With a solid platform and team in place to support the future growth of this business, we have developed a robust pipeline of new sites for FY20 and beyond.

### **Safety and Governance**

The safety of our guests and team members remains a key priority for both the Theme Parks and Main Event businesses.

The Board welcomed the Queensland Government's new major amusement park safety regulations introduced in May this year which align with Dreamworld's ongoing focus on continuous improvements in safety and operations. The new regulations provide for the development of a Safety Case as the basis of a comprehensive and integrated approach for managing safety across the park into the future.

The Coronial Inquest into the tragic incident at Dreamworld in 2016 concluded in December last year and we await the Coroner's Report in the coming months

The Board reconfirms its commitment to implement the Coroner's recommendations in consultation with Workplace Health & Safety Queensland and the theme park industry.

Under John's leadership, our Theme Parks business is led by a team of highly experienced professionals with deep theme park and Australian commercial aviation experience in the areas of safety, engineering and operations. The Board and management continue to be supported by external specialist safety advisor, Geoff Sartori, who plays an active role in the Group's risk and safety governance. Geoff is currently Safety Advisor to the Board of Virgin Australia Group having previously been employed at Qantas as Group General Manager – Group Safety and more recently Principal Safety Advisor – Qantas Group.

We understand that restoring the trust and confidence of our guests, the community and broader stakeholders is a process that takes time. On behalf of the Board and management, I would like to reassure all stakeholders that we remain committed to rebuilding Australia's much-loved iconic theme park.

### **Share price**

Before closing, the Board is mindful of the needs and expectations of shareholders when it comes to the share price and dividend payments.

Ardent's share price has been disappointing and, in the view of the Board, does not reflect the underlying intrinsic value of the Group. The share price has been impacted recently by a combination of external factors such as portfolio rotations, investment mandate changes and the Group dropping out of the ASX200 Index.

The Board believes its strategy to invest in growth, people and products will lead to improved performance over time. We thank shareholders for their patience as the Board and management continue to work hard to rebuild Ardent and maximise value for shareholders.

### **Conclusion**

In closing, I would like to take this opportunity to thank our guests, partners and shareholders for their continued support of Ardent.

On behalf of the Board, I would like to thank our team members for their commitment and hard work during the year.

I will now invite Chris to talk about Main Event.

Thank you.