

ASX ANNOUNCEMENT

STRONG REBOUND IN SECOND HALF, WELL POSITIONED FOR RECOVERY

MONDAY 23 AUGUST 2021

Event Hospitality & Entertainment Limited (“EVENT”) today announced the full year result which was materially impacted by the continued and unprecedented global COVID-19 pandemic. Group revenue excluding the benefit of government subsidies was \$540.7 million, down \$449.3 million or 45.4% on the prior year. Despite government mandated closures and restrictions, a swift and strong response ensured the company achieved a positive normalised EBITDA of \$27.2 million for the year. The statutory loss after tax was \$48.0 million, a 15.7% improvement on the prior year reported loss.

In Entertainment, with cinemas reopening globally, studios began to release blockbuster films and the immediate demand for the cinema experience was evident. Despite various interstate and international travel restrictions, Hotels experienced significant quarter-on-quarter improvement in trading. At Thredbo, whilst the capacity in the 2020 ski season was impacted by more than 50% due to government restrictions, business model changes mitigated the impact. In addition, record demand for the summer experience contributed to Thredbo achieving a full year record revenue result.

In announcing the result, EVENT CEO Jane Hastings said: “Our swift response to COVID-19 delivered strong results in the circumstances, with all open divisions reporting a positive EBITDA for the second half, and the Group reporting a positive EBITDA for the year. It is clear from the second half results that when government restrictions are lifted, demand returns. Active cost management as a result of business transformation initiatives reduced costs by \$158 million, excluding government subsidies, and these new business models are expected to deliver longer term benefits with improved margins post the pandemic.”

Ms Hastings provided an update on the previously announced strategy of non-core property divestments: “Good progress has been made with non-core property sales, realising \$79.6 million of gross proceeds before tax, of which \$49.3 million was settled during the year. The total gross proceeds exceeded the most recent valuations for these properties by \$29.8 million, a 60% increase. Further non-core properties have been identified and are being prepared for sale, and we are on track to achieve the goal of realising proceeds of \$250 million within two years.”

Ms Hastings commented on the updated independent valuations for the Group’s property portfolio: “The strength of the property market has been reflected in our updated independent valuations for our portfolio, with an adjusted increase after excluding certain properties to be upgraded or sold of 8.4%, and a total portfolio value of \$2.1 billion even after the sale of properties in the year.”

Ms Hastings also provided an update on the Group’s major property developments: “Good progress was made on the two major property developments during the period. Stage 1 DA approval was obtained for the 525 George Street property, with the valuation of the property increasing by a significant \$37 million (+54.4%). The Stage 2 DA application will be lodged in the 2021/22 year, and subject to market conditions, development is expected to commence in 2023/24. The DA for the podium component of the proposed 458-472 George Street development has also been approved, which will include retail space on George Street, and an extension of the QT Sydney hotel, conference centre and QT rooftop bar. The Stage 1 DA for the commercial office tower above the podium will be lodged this financial year.”

Ms Hastings commented further on the Group’s transformation and future growth initiatives: “We haven’t allowed the pandemic to interrupt our longer-term strategies and we have continued to make excellent progress with future growth initiatives including hotel network expansion, right-sizing and improving the cinema portfolio, creating a stronger Thredbo business model, enhancing the customer experience and future-proofing our culture, capabilities and infrastructure.”

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Ms Hastings commented on the impact of current lockdowns on the Group: "Whilst the Delta variant outbreak and government lockdowns in Australia during June 2021 did not significantly impact the result for the year, it has materially impacted the results for our Australian divisions in July and August 2021. We managed to break even in July. However in August, for the first time in the Group's history, Thredbo was forced to close under the extended government orders, and the New Zealand market also entered a lockdown period. The speed of the various government vaccine rollout programs in Australia and New Zealand underpinned by a clear framework for reopening, will determine the timeline for recovery. We are pleased that the German market has reopened, as the vaccination response was more advanced, and continues to operate with COVID-19 restrictions. "

Ms Hastings commented on government support for the Group: "The government mandated lockdowns and restrictions have been followed to ensure the safety of all our staff and customers. Our industries have been amongst the most impacted, with lockdowns reducing revenue by almost 100%. In Australia, we have been actively involved in supporting the position of our major industry bodies to ensure governments are informed on the financial burden of their decisions to the underlying businesses and employees of our industries. At this time, large businesses, with the most employees, are not eligible for direct government support. This is disappointing as the previous JobKeeper scheme enabled these larger employers to retain jobs and provide security for employees. We are pleased to see the immediate response from the New Zealand Government with the return of the wage subsidy scheme to support all businesses in retaining employees through the lockdown period. The German Government Bridging Aid schemes, Culture Fund and Kurzarbeit Short Time Work scheme have been essential for job retention and provide the support required during the reopening period whilst we operate with restraints. We do not solely rely on government schemes and continue to do all we can with what we can control, as has been evident with the \$264 million in active cost management achieved since the beginning of the pandemic."

Ms Hastings continued: "We remain confident that once restrictions are lifted, the swift and strong rebound experienced in the second half will continue. Our hotels are outperforming the local market, there is a strong line-up of films for release when cinemas can reopen and the new business model for Thredbo provides a solid foundation for growth."

During the year, the CEO and Senior Executives volunteered salary reductions, earned no short-term incentives and the long-term incentive plan did not vest. In addition, the Chairman waived his fee for the period from April 2020 to June 2021 and other Directors agreed to voluntary reductions in their fees during this period.

The Board confirmed that there will be no final dividend for the year ended 30 June 2021. The Chairman, Alan Rydge, said: "Our strong balance sheet, underpinned by the growth in the property portfolio, and management's swift response to COVID-19 positions the Group well to navigate through the current lockdowns and invest for future growth. On behalf of the Board, I would like to thank the management team for their incredible commitment and expertise in guiding the company through the most challenging period. We recognise the transformation in the company which is providing a strong foundation for our future. Future dividend payments will be subject to Board consideration and approval having regard to all relevant circumstances including lender gearing requirements and the Group's trading performance. Subject to more stabilised prevailing trading conditions, the Board desires to resume dividend payments from the 2022 calendar year."

EVENT owns the largest cinema circuits in Australia, New Zealand and Germany under the brands Event Cinemas, Birch Carroll and Coyle, Greater Union, Moonlight Cinemas, Skyline Drive-In, Rialto Cinemas and CineStar. EVENT also owns and operates over 70 hotels including Rydges Hotels and Resorts, QT Hotels and Resorts, Atura Hotels, Independent Collection by Event and JUCY Snooze. In the leisure space, the company operates Australia's number one alpine resort, Thredbo Alpine Resort and one of Australia's oldest theatres, the State Theatre. EVENT also owns a substantial property portfolio.

Approved for release to ASX by the Board of Event Hospitality & Entertainment Limited

Further information

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