

ASX ANNOUNCEMENT

REVENUE AND PROFIT REBOUND DESPITE LOCKDOWN IMPACT

MONDAY 21 FEBRUARY 2022

Event Hospitality & Entertainment Limited ("EVT") today announced a half year result with a strong rebound despite a period of increased COVID-19 government mandated restrictions and the cessation of JobKeeper in Australia. The Group's normalised revenue was \$438.0 million, up \$155.1 million (+54.8%), and normalised EBITDA was \$64.1 million, up \$95.1 million on the prior comparable half year. The statutory profit after tax was \$33.3 million, a \$93.6 million improvement on the prior comparable half year reported loss.

Excluding the German Government's Bridging Aid III support, which related to the prior year, Group revenue was \$381.8 million, up \$98.9 million (+35.0%), and EBITDA for the half year was \$7.9 million, up \$38.9 million on the prior comparable half year.

The Group's Entertainment businesses benefited from pent-up demand for the cinema experience and strong performance of key blockbuster films *Spider-Man: No Way Home* and *No Time to Die*. In addition, implementation of the Cinema of the Future strategies to leverage this demand resulted in customers spending more each visit and generated a higher profit per customer on a like film basis. The strength of the Group's Hotel brands resulted in EVT hotels outperforming the market and strong average room rate growth. At Thredbo, the new operating models continued to deliver benefits, with record levels of revenue prior to the forced closure of the resort in August.

In announcing the result, EVT CEO Jane Hastings said: "In this half year period, the Group navigated materially greater government lockdowns and restrictions than the prior comparable period. Despite this, the transformation strategies and actions we have completed over the past few years, ensured we are agile and able to respond to the ever-changing landscape. This is evident in the revenue growth and EBITDA turnaround for the Group in this period, which included \$75 million of active cost management. Our new business models are already delivering evidence of improved margins which we expect to continue post the pandemic. We have a strong balance sheet and Group net debt is down to pre-COVID level. We are in a strong position to navigate current challenges and invest for growth. I am incredibly proud of the entire EVT team and the way everyone continues to innovate and adapt to deliver the best possible results."

In reference to the operating divisions, EVT CEO Jane Hastings said "Customers are returning to cinemas to see blockbuster films and spending more each visit. Our Hotel brands outperformed their respective markets and achieved strong rate growth. Thredbo had an outstanding start to the winter season and continues to see growth in the appeal of mountain biking when we are open and able to trade. All of our operating divisions have evidenced an immediate return of customer demand when restrictions are lifted."

Ms Hastings provided an update on the previously announced property divestment strategy: "We have continued to make good progress on the divestment strategy with sales in the half year realising gross proceeds of \$107.9 million, bringing the cumulative gross proceeds to \$194.4 million, exceeding the most recent valuations by 35.1%. We had previously identified a potential opportunity for Rydges North Sydney to attract a premium on disposal as a residential development site, however following a thorough market process it became clear that the highest and best use is currently as an operating hotel asset with potential for mixed use and it will be retained on that basis. In addition to the property disposals, we realised \$7 million from our Thredbo bed rights strategy. We are on track to achieving the \$250 million goal we have set."

Ms Hastings commented further on the Group's future growth initiatives: "We haven't allowed the pandemic to interrupt our longer-term strategies and we remain focussed on delivering against our three strategic goals; grow revenue above market, maximise our assets and business transformation. In terms of maximising our assets, we have a targeted investment strategy including refurbishments of Rydges Melbourne and QT Gold Coast, which are now in progress. Once completed these properties will offer market-leading conference and event experiences. We have also continued to progress our priority development at 525 George Street with the Stage Two Development Application targeted to be lodged in June 2022. We also expect to lodge the 458-472 George Street development Stage One Development Application for the commercial office tower in the second half."

Jane Hastings continued: "We continue to pursue opportunities for hotel network expansion, and in the half year this included reaching agreement to increase our interest in Rydges Latimer Christchurch from 16% to 100% over two years, and growing the Independent Collection with three hotels added bringing the total to 10 hotels."

Ms Hastings commented on the trading outlook for the second half of the financial year: "Demand for the cinema experience remains strong when restrictions are lifted and based on the current film line-up and release dates, the Group expects second half box office revenue to exceed that achieved in the second half of the prior financial year. Signs of recovery for Hotels were evidenced in the December trading period before Omicron, including pleasing growth in the average room rate, and in Australia, corporate travel is expected to gain traction from April. Thredbo's summer season is tracking relatively in line with the prior summer season. Overall, our underlying Group EBITDA in the second half last year was approximately \$15 million excluding the German Government's November and December 2020 aid program, and we expect underlying Group EBITDA in the second half this year to demonstrate a strong improvement on that result, subject to no further government trading restrictions."

The Chairman, Alan Rydge, said: "Our strong balance sheet, underpinned by the property portfolio, and management's agile response to COVID-19 positions the Group well to navigate through the Omicron wave, leverage pent-up demand once restrictions ease, and invest for future growth. On behalf of the Board, I would like to thank our CEO and entire management team for their continued commitment and expertise in guiding the Group through the most challenging period, and overseeing a transformation which is providing a strong foundation for our future. The Board confirmed that there will be no dividend for the half year ended 31 December 2021. 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 trading conditions, the Board desires to resume dividend payments later in the 2022 calendar year."

EVT 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. EVT also owns and operates 70 hotels including Rydges Hotels and Resorts, QT Hotels and Resorts, Atura Hotels, Independent Collection by Event and JUCY Snooze. In the leisure space, EVT operates Australia's number one alpine resort, Thredbo Alpine Resort and one of Australia's oldest theatres, the State Theatre. EVT 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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