Ardent Leisure Group

2015 Half Year Results

Contents

HY15 Financial Summary

	HY15	HY14		
Revenue[1]	$285.9m	$250.6m	14.1%	↑
Core earnings[2]	$32.2m	$33.5m	(3.8)%	↓
Core EPS[2]	7.50c	8.31c	(9.7)%	↓
DPS	7.0c	6.8c	2.9%	↑

- Statutory profit of $18.8m (prior year $22.5m).

Movement based on prior corresponding period (pcp)

(1) From operational activities excluding property revaluations, gains on derivative financial instruments, interest income, gain on acquisition and gains on asset disposals.

(2) Adjusted for unrealised gains on derivative financial instruments, property revaluations, straight-lining of fixed rent increases, pre-opening expenses, IFRS depreciation, amortisation of Health Clubs brands and customer relationship intangible assets, business acquisition costs, loss on closure of bowling centre and the tax associated with these transactions.

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HY15 Commentary

- Outstanding results from Main Event, with EBITDA up 55.9%. Second half to benefit from full contribution of six new centres and one further opening. Pipeline of new developments secured for FY16 and beyond.

- Solid growth in Bowling (EBITDA up 4.6%) and Marinas (EBITDA up 2.0%).

- Theme Parks down marginally for first half and returning to growth after solid January result.

- Health Clubs EBITDA down 11.1% as a result of lower than anticipated results in constant centres, partially offset by contributions from acquisitions. Progressive conversion to full service 24/7 business model from February will allow Goodlife to compete more aggressively and lower operating costs.

- Strong cash generation delivering DPS earnings growth.

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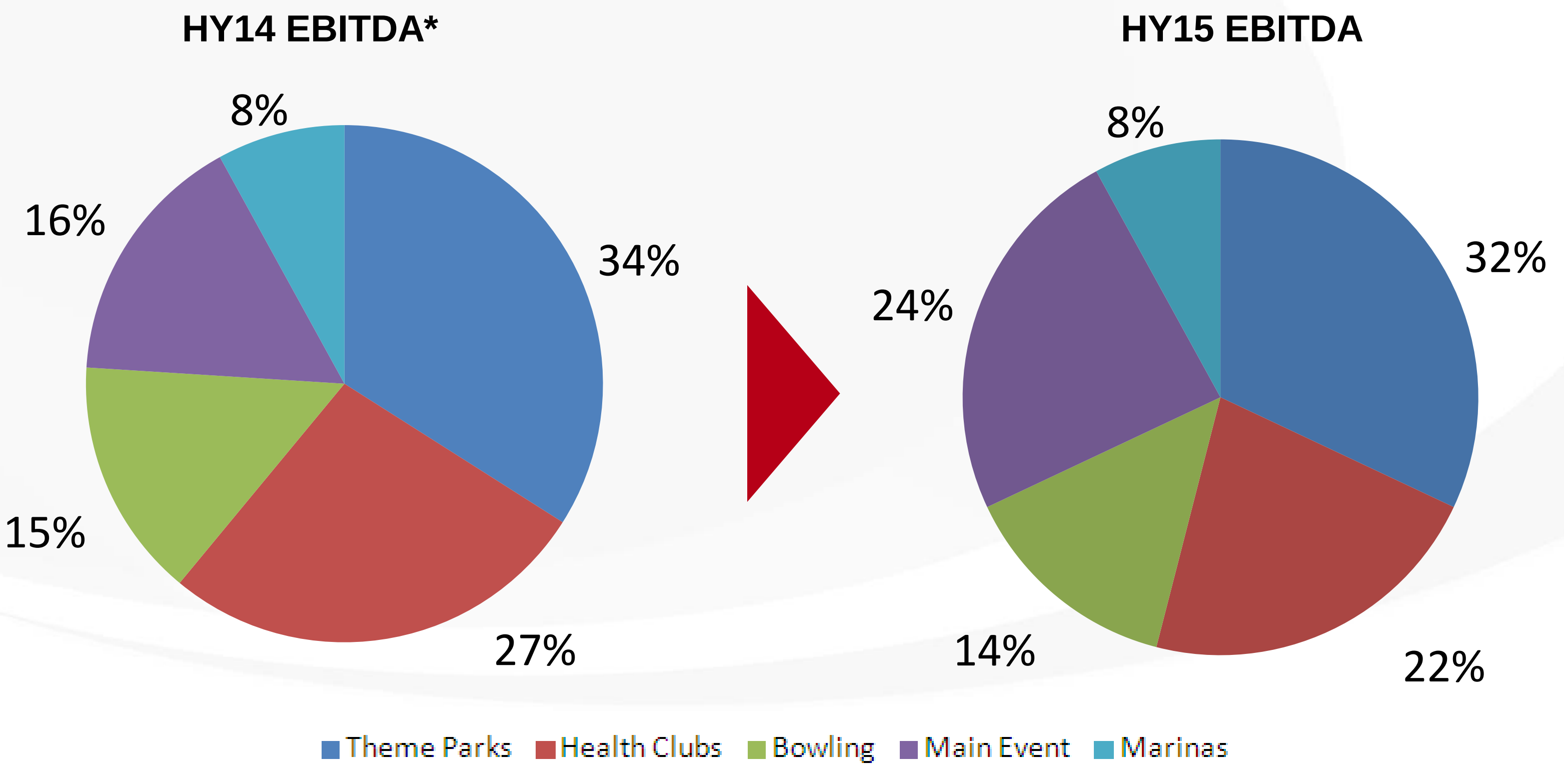
- The Group continues to benefit from an expanding US earnings base. Main Event contributions increased to 24% for half year and are expected to exceed 30% for the full year.



* EBITDA is earnings before interest, tax, depreciation and amortisation.

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Main Event Entertainment

US$'000	HY15	HY14	% Change
Total revenue	61,589	40,334	52.7
EBRITDA (ex pre-opening cost)[1]	20,641	13,942	48.0
Operating margin	33.5%	34.6%	
Property costs (ex straight line rent)	(7,296)	(5,380)	35.6
EBITDA[1]	13,345	8,562	55.9

[1] **Prior year comparatives** restated to exclude US$269k of state sales tax now reclassified into tax expense

Main Event Entertainment

US$'000	HY15 Revenue	HY14 Revenue	% Change	HY15 EBRITDA	HY14 EBRITDA	% Change
Constant Centres	39,246	35,899	9.3	16,768	15,351	9.2
New Centres[1]	22,343	4,435	403.8	9,122	1,838	396.3
Corporate office expenses				(5,249)	(3,247)	61.7
Total	**61,589**	**40,334**	**52.7**	**20,641**	**13,942**	**48.0**

(1) New centres include Stafford, TX (opened March 2013), Tempe, AZ (opened November 2013), Alpharetta, GA (opened June 2014), San Antonio West, TX (opened August 2014), Pharr, TX (opened August 2014), Warrenville, IL (opened September 2014), Parkway Point, GA (opened November 2014) and Oklahoma City, OK (opened November 2014)

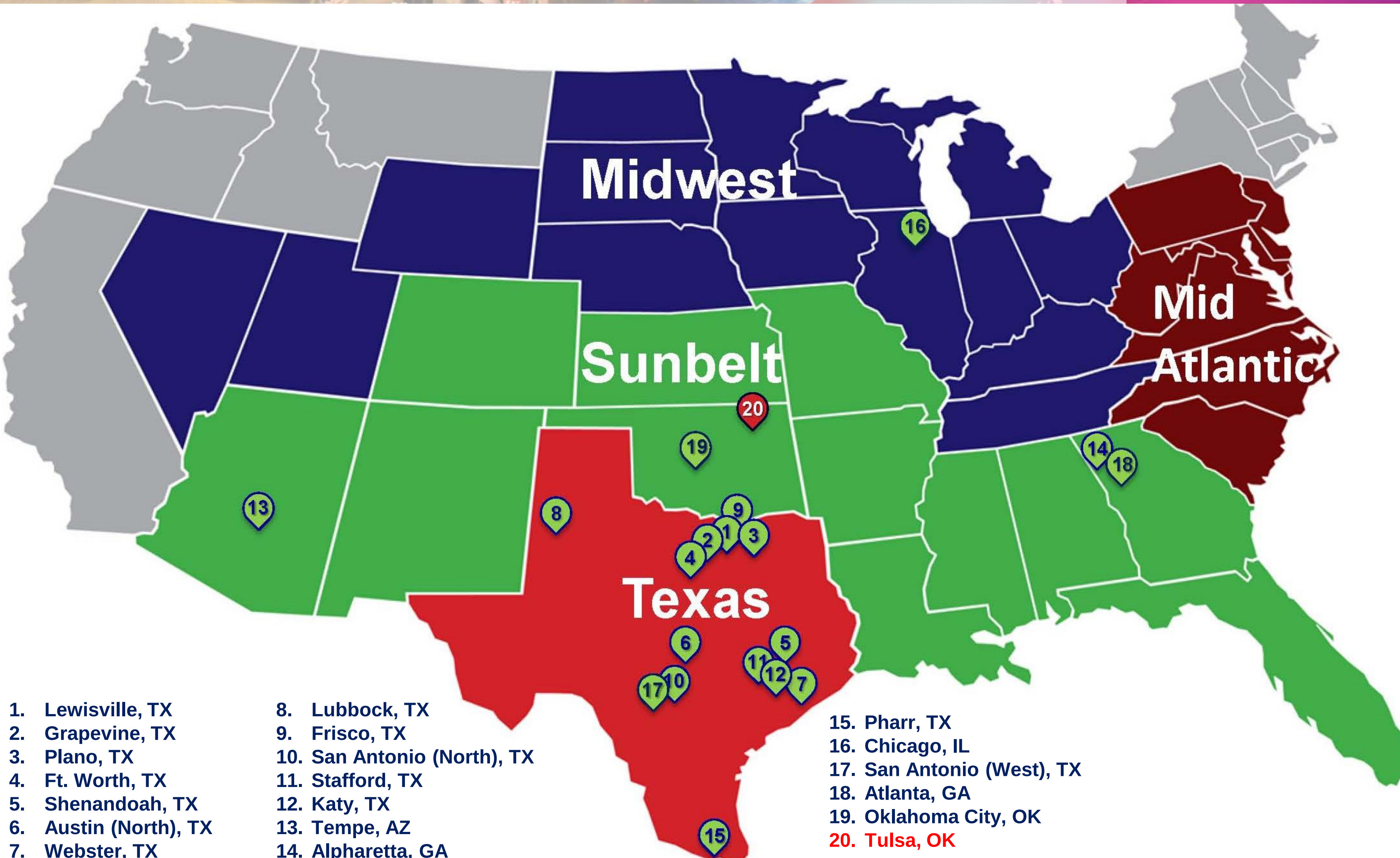
Main Event Half Year Commentary

- Total revenue grew 52.7%, delivering US$ EBITDA growth of 55.9% and A$ EBITDA growth of 61.5%.
- Exceptional constant centre revenue growth of 9.3% which has accelerated in December and January.
- New centres outside Texas contributed meaningfully to the record half year results and continue to exceed constant centre revenue and EBITDA averages.
- Five new centres have been opened since July, bringing our total centre count to 19. Second half will benefit from full contributions of new centres and one additional opening.
- Investment in corporate G&A has increased to support new centre growth and impacted margin. Full year margins expected to exceed prior year.
- The overall US economy continues to improve, with strong consumer sentiment and lower fuel prices contributing to improved discretionary spending.

Main Event Outlook

- January unaudited revenues of US$14.2m up 80.4% on January 2014, with constant centre revenue growth accelerating to 17.7%.
- Lower fuel prices currently providing positive impact on discretionary spending and customer traffic.
- Our 20th location will open in early Q4 in Tulsa, OK.
- Three sites contracted and negotiations are advanced on a further four sites. These centres anticipated to open in second half of FY16.
- Negotiations are underway for eight additional locations for FY17.

Main Event Portfolio & Development Sites



1. Lewisville, TX
2. Grapevine, TX
3. Plano, TX
4. Ft. Worth, TX
5. Shenandoah, TX
6. Austin (North), TX
7. Webster, TX
8. Lubbock, TX
9. Frisco, TX
10. San Antonio (North), TX
11. Stafford, TX
12. Katy, TX
13. Tempe, AZ
14. Alpharetta, GA
15. Pharr, TX
16. Chicago, IL
17. San Antonio (West), TX
18. Atlanta, GA
19. Oklahoma City, OK
20. Tulsa, OK

Bowling

$’000	HY15	HY14	% Change
Total revenue	60,426	59,169	2.1
EBRITDA (ex pre-opening costs)	21,961	20,984	4.7
Operating margin	36.3%	35.5%	
Property costs (ex straight line rent)	(12,816)	(12,238)	4.7
EBITDA	9,145	8,746	4.6

Bowling

$'000	HY15 Revenue	HY14 Revenue	% Change	HY15 EBRITDA	HY14 EBRITDA	% Change
Constant centres	57,914	57,516	0.7	28,212	27,159	3.9
New centres[1]	1,917	-	-	1,015	-	-
Closed centres	572	1,635	(65.0)	319	668	(52.2)
Corporate and regional office expenses/sales and marketing[2]	23	18	27.8	(7,585)	(6,843)	10.8
Total	**60,426**	**59,169**	**2.1**	**21,961**	**20,984**	**4.7**

(1) New sites include City Amusements acquired in May 2014 and Playtime Highpoint acquired in November 2014

(2) Corporate cost increase driven by establishment of call centre , strengthening of Sales team, and new Operations Manager role

Bowling Half Year Commentary

- EBITDA up 4.6% with improved margins and solid performance from constant centres.
- AMF and Kingpin launched online booking for social bowling during December, with online bookings increasing from 2% to 7% of revenue within 6 weeks. Ongoing development of online capability will provide improved customer data, drive loyalty and facilitate more targeted and relevant communication.
- AMF launched a central call centre in December to improve conversion and allow centre staff to focus on customer service.
- Playtime Highpoint was acquired in November 2014 as part of portfolio strategy to increase contributions from amusement games venues.
- Two new site openings planned for FY15 – Revesby Workers' Club in April and Darwin in June.

Bowling Outlook

- January unaudited revenues of $11.3m up 4.2% on January 2014, with a positive response to school holiday promotions and strong online bookings for social bowling.
- Refinement of AMF's beverage offering and standardisation of food menus will continue to improve margins and create more consistent experiences for guests.
- Second half operating margins expected to be enhanced compared to prior corresponding period through procurement initiatives, refinement of operating hours and improved energy efficiencies.
- Online booking capabilities will be expanded during the second half with the launch of functionality for Birthday Parties and Group & Corporate business.
- The division remains focused on delivering enhanced digital capabilities. The second half will see the launch of a new online league management tool and an expanded social media presence.

d'Albora Marinas

Marinas

$'000	HY15	HY14	% Change
Total revenue	11,220	11,220	-
EBRITDA	6,337	6,247	1.4
Operating margin	56.5%	55.7%	
Property costs	(1,273)	(1,282)	(0.7)
EBITDA	5,064	4,965	2.0

d'Albora Marinas

Marinas Revenue Breakdown

$'000	HY15	HY14	% Change
Berthing	6,307	6,184	2.0
Land	2,593	2,673	(3.0)
Fuel and other	2,320	2,363	(1.8)
Total	**11,220**	**11,220**	**-**

Marinas Half Year Commentary

- Half year occupancy up 4% on last year at 85%, with solid demand across the portfolio and improved operating margins.
- Land revenue down by 3% on last year as a result of minor vacancies and lower outgoings recoveries.
- Fuel and other revenue down by 1.8%, partly impacted by fuel system upgrades.
- EBITDA was up 2% on prior year as a result of strong occupancies and well controlled operating costs.

Outlook

- No material change in trading conditions anticipated.
- New occupancy growth and retention strategies being implemented to strengthen position coming into winter.

Theme Parks

$’000	HY15	HY14	% Change
Total revenue	54,781	55,761	(1.8)
EBRITDA	21,034	21,175	(0.7)
Operating margin	38.4%	38.0%	
Property costs	(638)	(524)	21.8
EBITDA	20,396	20,651	(1.2)
Attendance	1,178,270	1,064,777	10.7
Per capita spend ($)	46.49	52.37	(11.2)

Theme Parks Half Year Commentary

- Strong 2nd quarter performance, attendance growth from improved multi-day pass sales in Interstate and NZ markets despite effect of rain in December.
- HY15 operating margin 38.4% ahead of prior year (38.0%).
- SkyPoint business continues to perform well, attendances up strongly boosted by annual pass holders, International market and continued growth in Events and Climb revenue.
- Progressive improvement in international markets, with strong growth in two largest markets of New Zealand and China.
- Dreamworld launched four new Food and Beverage outlets - Green Bean Coffee Co, Dough Bros Pizzeria, Food Central Burger Bar, The Sandwich Shop; and new 'Tailspin' thrill ride and 'Triple Vortex' water slide.
- Dreamworld awarded Queensland's Best Major Tourist Attraction for second year running.
- Continued investment in technology has enhanced queue management, guest engagement and delivered a superior park experience.

Theme Parks Outlook

- January 2015 unaudited revenue of $12.9m (prior year $13.0m) despite heavy rain throughout peak trading days (Jan ‘15 rain 388mm v Jan ‘14 rain 60mm). January unaudited EBITDA up 4.6% on prior year.
- Lower Australian dollar and lower fuel prices expected to positively impact domestic traffic to Gold Coast in key holiday periods and support current growth in international markets.
- New website launched to refresh online experience and drive ecommerce (now 38% of ticket revenue).
- V8 Supercars attraction to launch December 2015.
- Continued investment in unique Food and Beverage and Retail outlets planned to grow in-park spend.

Health Clubs

$'000	HY15	HY14	% Change
Total revenue	88,547	80,013	10.7
EBRITDA (ex pre-opening cost)	36,115	33,747	7.0
Operating margin	40.8%	42.2%	
Property costs (ex straight line rent)	(21,641)	(17,473)	23.9
EBITDA	14,474	16,274	(11.1)

Health Clubs

$'000	HY15 Revenue	HY14 Revenue	% Change	HY15 EBRITDA	HY14 EBRITDA	% Change
Constant clubs	75,529	78,734	(4.1)	37,560	39,697	(5.4)
New clubs incl. acquisitions	11,326	847	1,237.2	5,542	300	1,747.3
Closed clubs	172	305	(43.6)	36	81	(55.6)
Corporate and regional office expenses/sales and marketing	1,520	127	1,096.9	(7,023)	(6,331)	10.9
Total	**88,547**	**80,013**	**10.7**	**36,115**	**33,747**	**7.0**

Health Clubs Half Year Commentary

- Health clubs EBITDA down 11.1% with softer sales and higher attrition experienced in second quarter, primarily in South Australia and South East Queensland.

- Constant centre revenue declined 4.1%. Second quarter experienced majority of membership loss against membership gains in prior corresponding quarter. New flexible membership product trialed from June to September 2014 contributing to higher overall attrition in half. Operating costs declined 2.7% as the business continued to control costs and extract savings.

- WA Fitness First acquisition completed in September 2014. Member growth is behind target levels, although cost synergies remain ahead of expectations.

- Hypoxi has contributed $0.2m to the half year result. Distribution revenue has exceeded target levels, while in-house studio revenues continue to mature in line with plan.

- Half year results includes initial Hypoxi USA set up, acquisition costs plus Australian and USA franchise design and concept development costs of $220k including appointment of Jeff Stokes as Head of Hypoxi USA.

Health Clubs Outlook

- January unaudited revenues of $15.1m up 12.9% on January 2014, predominately due to full impact of new acquisitions. Constant centre revenue down 6.3% on the back of first half member loss.

- Introduction of a new operating model "Goodlife 24/7" providing a full service facility with 24 hour operation allowing significant opportunity to lower operating costs and compete more aggressively. First club due to complete in early March 2015 with a further 14 planned to convert during second half. Pre-opening marketing providing very positive member feedback.

- Continuing technology refresh including update of web and e-commerce platform and new digital member onboarding software due for release in final quarter.

- Expansion of the in-house trainer certification program to include diplomas to provide revenue opportunities with higher margins.

- Hypoxi USA planned to open first two concept studios in Arizona during second half.

- New clubs in Success (WA) and Docklands (VIC) planned for opening in second half.

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Group Financial Results for the Half Year Ended 31 December 2014

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$ million	HY15 Main Event	HY15 Bowling	HY15 Marinas	HY15 Theme Parks	HY15 Health Clubs	HY15 Other	HY15 Group Total	HY14 Group Total	HY14 % Change
Operating revenue	**70.9**	**60.4**	**11.2**	**54.8**	**88.5**	**-**	**285.8**	**250.6**	**14.1**
Division EBRITDA[1]	**23.7**	**22.0**	**6.3**	**21.0**	**36.1**	**-**	**109.1**	**97.6 [5]**	**11.9**
Property costs[2]	(8.4)	(12.9)	(1.2)	(0.6)	(21.6)	-	(44.7)	(37.5)	19.5
Division EBITDA[1,2]	**15.3**	**9.1**	**5.1**	**20.4**	**14.5**	**-**	**64.4**	**60.1 [5]**	**7.1**
Depreciation and amortisation[3]	(5.2)	(3.8)	(0.5)	(2.5)	(4.8)	(0.4)	(17.2)	(13.0)	32.5
Division EBIT[1,2,3]	**10.1**	**5.3**	**4.6**	**17.9**	**9.7**	**(0.4)**	**47.2**	**47.1 [5]**	**0.1**
Corporate costs[4]							(6.5)	(5.3)	22.6
Loss on disposal of assets[4]							(0.2)	(0.2)	-
Other income/expenses (including derivative gains and losses)[4]							-	0.2	(100.0)
Interest income							0.1	0.1	-
Interest expense							(5.6)	(5.7)	(1.8)
Tax[4]							(2.8)	(2.7) [5]	3.8
Core earnings							**32.2**	**33.5**	**(3.8)**

(1) Excludes pre-opening costs.
(2) Excludes straight line rent.
(3) Excludes IFRS depreciation and Health Clubs brands and customer relationship intangibles amortisation.
(4) Normalised to exclude adjustments to core earnings – see Appendix 1.
(5) Prior year comparatives restated to exclude US$296k of state sales tax now reclassified into tax expense.

Corporate Costs

- Corporate cost increase of $1.2m (+22.6%) in first half arising from a number of new hires including a Group CIO and Digital consultant, associated recruitment costs and a continued investment in Group IT capability.
- Overall Group costs for the full financial year are expected to be no more than 15% up on the prior financial year corporate costs of $12.5m.

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Capital Expenditure

	HY15 routine capex $m	HY15 development capex $m
Main Event[1]	4.5	43.8
Bowling	2.9	1.1
Marinas	1.1	0.1
Theme Parks	5.2	-
Health Clubs[1]	6.0	3.3
Corporate	1.1	-
Total	**20.8**	**48.3**
Depreciation (excl. IFRS depreciation)	17.2	

- Full Year depreciation of $36-38 million expected to exceed routine capex of $30-32 million by approximately $6 million.

(1) Health Clubs and Main Event routine capex weighted towards first half.

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Consolidated group ($ million)	31 December 2014	30 June 2014
Assets		
Main Event	215.5	138.2
Bowling	134.9	131.2
Marinas	104.3	103.7
Theme Parks	268.1	259.8
Excess land	1.9	2.4
Health Clubs	249.7	211.7
Other	12.6	6.0
Total Assets	**987.0**	**853.0**
Liabilities		
Bank debt	292.1	260.2
Other	114.9	87.3
Total Liabilities	**407.0**	**347.5**
Net Assets	**580.0**	**505.5**

Capital Management

- Fitness First WA acquisition and Main Event rollout funded with a combination of equity from a $50m placement and associated $20m SPP, the debt facility and retained earnings.

- The Group uses the Distribution Reinvestment Plan (DRP) when appropriate.

- In December 2014 the Group undertook a capital shift of $122.8m from Ardent Leisure Trust to Ardent Leisure Limited to allocate equity more appropriately and provide a more optimal debt equity mix for sustainable long term growth.

- First half distribution/ dividend includes payment of 4 cents by the Trust and 3 cents by the Company, to deliver Company franking credits to investors.

- At half year end, three Main Event properties were held for future sale and leaseback.

Capital Management – Bank Facility

- At 31 December 2014 the Group has the following bank facilities:

	Facility $m	Drawn $m
A$ maturing July 2016	100.0	100.0
A$ maturing July 2017	100.0	34.9
US$ maturing July 2016 (US$90m)	109.7	109.4
US$ maturing July 2017 (US$70m)	85.3	49.2
	395.0	**293.5**

- US$ facility increased by US$40 million to US$160 million in September 2014 to provide additional funding for US expansion opportunities.

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Capital Management – Bank Covenants

- There are two covenants for the Group facility:

	Covenant	Group 31 December 2014
FCCR	>1.75	2.03
Debt serviceability	<3.25	2.83

- Gearing (Debt/ Debt & Equity) equated to 33.6% at 31 December 2014. There is no longer a bank gearing covenant.

Capital Management – Interest & Foreign Exchange

- At 31 December 2014, the Group had 43.4% of interest on debt facilities fixed through interest rate swaps.
- At 31 December 2014, the weighted average rate, including margin, was 4.60% for AUD debt and 1.75% for USD debt.
- US earnings are 100% unhedged and will benefit from any further strengthening of USD.

Appendices

Appendix 1

Core earnings reconciliation to statutory profit $ million	HY15	HY14	% Change
Core earnings	**32.2**	**33.5**	**(3.8)**
Pre-opening costs	(4.7)	(1.3)	272.4
Straight line rent expense	(1.1)	(0.9)	30.1
IFRS depreciation	(5.0)	(4.2)	18.6
Amortisation of Health Clubs brands and customer relationship intangibles	(3.5)	(3.6)	(4.1)
Property revaluations	(0.5)	-	-
Unrealised gain/(loss) on derivatives	0.5	(0.5)	(204.3)
Loss on closure of bowling centre	-	(1.6)	(100.0)
Business acquisition costs	(1.9)	-	-
Tax impact of above adjustments	2.8	1.1	162.2
Statutory profit	**18.8**	**22.5**	**(16.3)**

Appendix 2

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Property Valuations

Property	No. of Assets	Book value[1] Pre reval $m	Book value Post reval $m	Change $m	% change	Valuation methodology
DW/WWW	1	228.2	228.2	-	-	Cap rate/ DCF
SkyPoint	1	22.4	22.4	-	-	Cap rate/ DCF
Excess land	1	2.4	1.9	(0.5)	(21.2)	Direct comparison
Marinas	7	102.0	102.0	-	-	Cap rate/ DCF
Bowling Freehold	1	1.9	1.9	-	-	Vacant possession, highest and best use
Total	**11**	**356.9**	**356.4**	**(0.5)**	**(0.1)**	

(1) Property values at 30 June 2014 plus 6 month's capex less 6 month's depreciation.

Disclaimer

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