Ardent Leisure Group

2015 Full Year Results

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Contents

FY15 Financial Summary

	FY15	FY14		
Revenue[1]	$594.6m	$499.7m	19.0%	↑
Core earnings[2]	$56.2m	$58.2m	(3.3%)	↓
Statutory Profit	$32.1m	$49.0m	(34.4%)	↓
Core EPS[2]	12.92c	14.40c	(10.3%)	↓
DPS	12.50c	13.00c	(3.8%)	↓

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 pre-opening expenses, straight lining of fixed rent increases, IFRS depreciation, amortisation of Health Clubs intangible assets, impairment of property plant and equipment and intangible assets, onerous leases costs, property revaluations, unrealised gains on derivative financial instruments, loss on closure of bowling centres, gain on sale and leaseback of family entertainment centres, business acquisition costs and the tax associated with these transactions.

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Key Messages

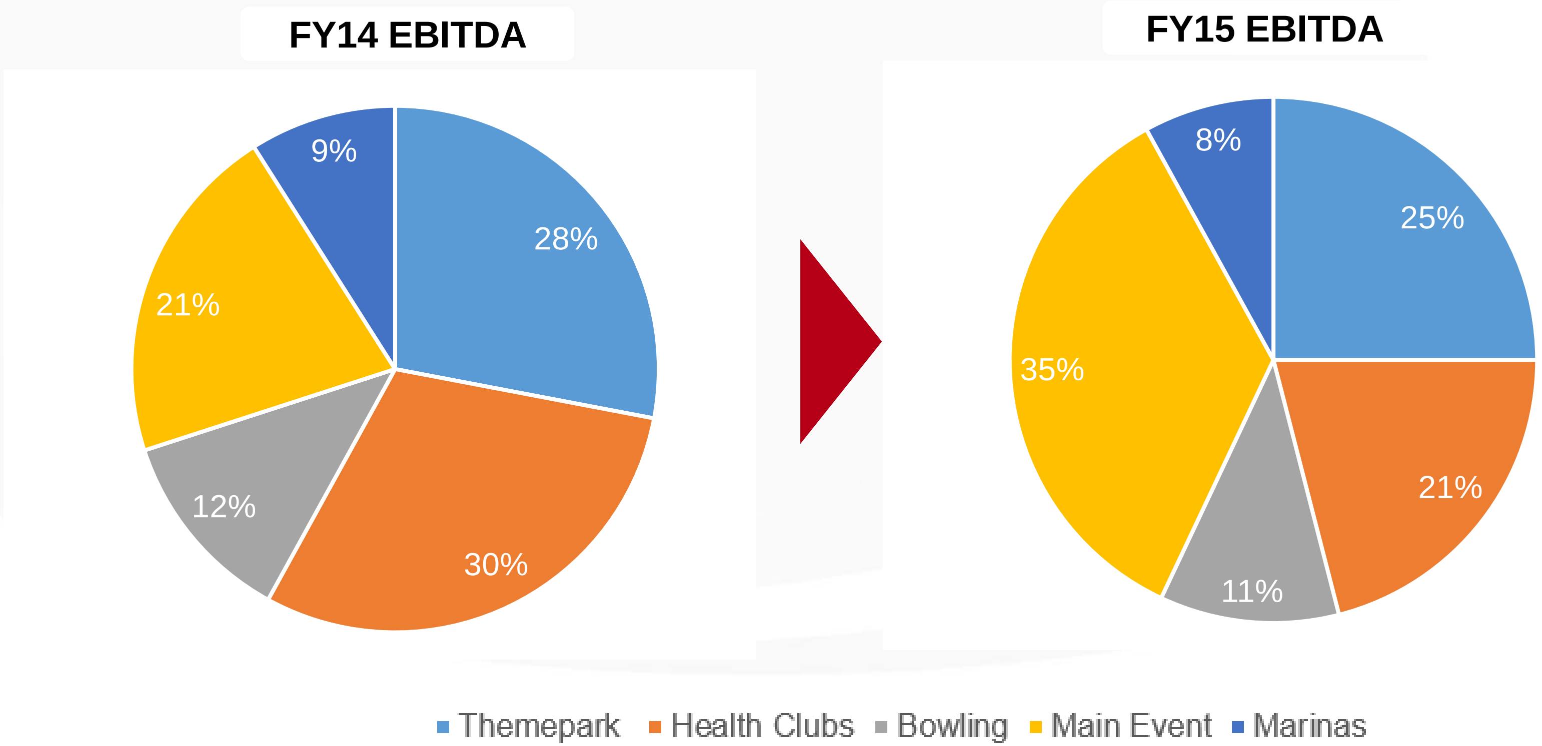
- Outstanding performance continues from Main Event with USD EBITDA up 63.8% driven by performance of both constant and new centres.
- Six Main Event centres opened in FY15, seven centres planned for FY16 and eight centres planned for FY17. Currently pursuing opportunities for additional new sites in FY16 and FY17.
- Health Clubs now showing encouraging signs with membership growth significantly above the prior corresponding period in June and July 2015 underpinned by strong improvement in member attrition across the portfolio and improved sales results, particularly from 24/7 club conversions.
- Bowling recorded positive results with EBITDA up 1.6%[1] through a combination of modest constant centre growth and new centre contributions.
- Outstanding performance of the new Kingpin Darwin centre, which opened on 1 August 2015, supports strategy to transition bowling to multi attraction family entertainment centres.

(1) EBITDA grew by 5.0% excluding the one-off make good costs associated with the closures of AMF Randwick in FY15 and Kingpin Richmond in FY14.

Key Messages (cont.)

- Theme Parks delivered solid result with EBITDA for the year being marginally below last year, despite the unprecedented rainfall and cyclone impact during the peak trading period in Q3.
- Marinas remains robust with result affected by short term impact of lower occupancy at The Spit during its $5 million redevelopment.
- In August 2015, the Group extended its Australian and US dollar debt facilities and increased its US dollar facility by US$120 million to provide additional capacity to fund Main Event’s expansion in FY16 and FY17.
- The sale and leaseback of three Main Event centres was completed in June 2015 yielding US$32 million, with the successful real estate institutional investor agreeing to fund up to US$100 million of new centre developments.

- Main Event is now the largest business division and is continuing to grow.
- The Group will benefit from its growing US earnings and any further weakening of the Australian dollar against the US dollar.



Main Event Entertainment

US$'000	FY15	FY14	% Change
Total revenue	143,612	89,254	60.9
EBRITDA (ex pre-opening)	52,043	33,513	55.3
Operating margin	36.2%	37.5%	
Property costs (ex straight line rent)	(15,352)	(11,112)	38.2
EBITDA	36,691	22,401	63.8
EBITDA margin	25.5%	25.1%	

Main Event Entertainment

US$'000	FY15 Revenue	FY14 Revenue	% Change	FY15 EBRITDA	FY14 EBRITDA	% Change
Constant Centres	83,783	77,354	8.3	38,394	35,019	9.6
New Centres[1]	59,829	11,900	402.8	25,567	5,276	384.6
Corporate & Regional expenses	-	-	-	(11,918)	(6,782)	75.7
Total	**143,612**	**89,254**	**60.9**	**52,043**	**33,513**	**55.3**

(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), Oklahoma City, OK (opened November 2014) and Tulsa, OK (opened April 2015).

Main Event Full Year Commentary

- Constant centre revenue growth of 8.3% was assisted by a new core food menu, bar remodels and increased amusement game contribution.
- Value based promotions, growth in corporate, group and social league events and ongoing focus on customer satisfaction has driven guest spend.
- Six new centres including two in Oklahoma, one in Illinois, one in Georgia and two in Texas opened since July 2014. The average revenue of new centres are substantially exceeding the average of the constant centres.
- Main Event now has six out of 20 centres operating successfully outside of Texas, confirming ability to select and execute new centre development across the country.
- Three centres were successfully sold and leased back with an institutional real estate investor in June 2015, providing proceeds of US$32.0 million and a gain on sale of US$5.3 million (equivalent to A$7.0 million).

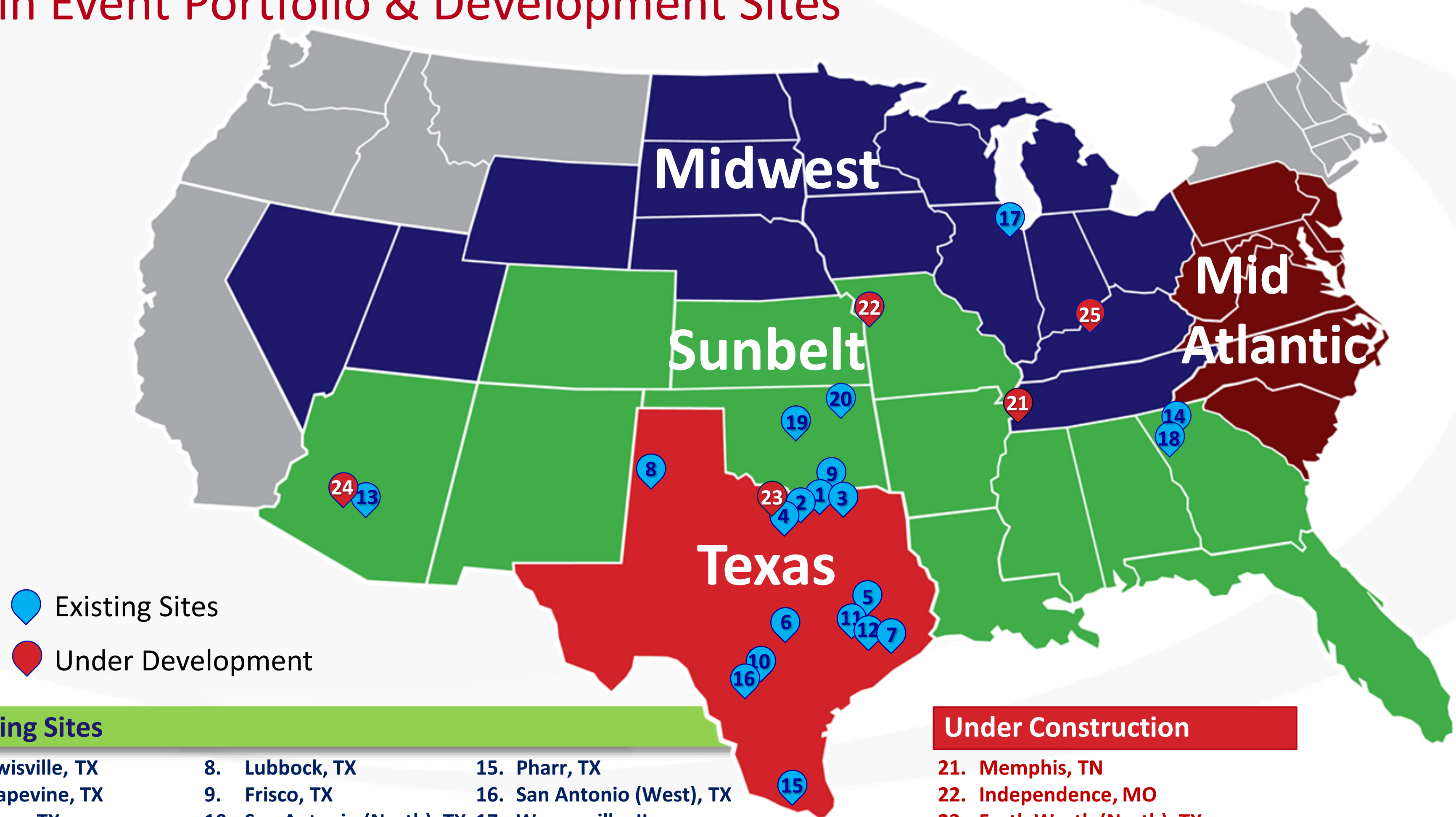
Main Event Outlook

- Construction has started on five new sites due to open in FY16 with design/construction documents completed on a further two sites for FY16 openings:

Independence, MO (Q3)	Avondale, AZ (Q3)
Memphis, TN (Q3)	Louisville, KY (Q4)
Fort Worth, TX (Q3)	

- Negotiations underway on eight sites for FY17 openings.
- Actively pursuing opportunities for additional new sites in FY16 and FY17.

Main Event Portfolio & Development Sites



Existing Sites

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

Under Construction

21. Memphis, TN
22. Independence, MO
23. Forth Worth (North), TX
24. Avondale, AZ
25. Louisville, KY

Health Clubs

$’000	FY15	FY14	% Change
Total revenue	178,388	164,070	8.7
EBRITDA (ex pre-opening)	72,543	70,249	3.3
Operating margin	40.7%	42.8%	
Property costs (ex straight line rent)	(44,391)	(36,259)	22.4
EBITDA	28,152	33,990	(17.2)
EBITDA margin	15.8%	20.7%	

Health Clubs

$'000	FY15 Revenue	FY14 Revenue	% Change	FY15 EBRITDA	FY14 EBRITDA	% Change
Constant clubs	148,541	158,370	(6.2)	73,702	81,044	(9.1)
Club closed[1]	173	569	(69.6)	34	161	(78.9)
New clubs/acquisitions[2]	26,839	4,193	540.1	13,319	1,793	642.8
Corporate and regional office expenses/sales and marketing	2,835	938	202.2	(14,512)	(12,749)	13.8
Total	**178,388**	**164,070**	**8.7**	**72,543**	**70,249**	**3.3**

(1) Club closed is Booval (Queensland) closed in December 2014.

(2) New centres include Port Melbourne and Camberwell (acquired March 2014), Rockhampton (expansion and refurbishment in September 2014), Fitness First Western Australia acquisition (acquired September 2014), Preston (opened December 2014) and Success (opened April 2015).

Health Clubs Full Year Commentary

- Health Clubs EBITDA was down 17.2% for the year due to competition from 24/7 operators, which is now being addressed.
- Since Q2, EBITDA trends have improved with Q4 EBITDA of $7.2 million up from $6.5 million in Q3.
- June and July 2015 saw membership growth significantly above the prior corresponding period underpinned by strong improvement in member attrition across the portfolio and improved sales results, particularly from 24/7 club conversions.
- 24/7 club conversions are on schedule with 15 clubs converted as at 30 June 2015. Sales in these clubs are up 34.3% and leavers are down 18.1% on prior corresponding periods.
- A change of product strategy has driven a stronger mix of higher value membership sales in Q3 and Q4, including higher percentages of 12 and 18 month programs.
- Highly experienced Chief Operating Officer has been employed to focus on improved facilities, staff training and customer service.
- New club in Success (WA) opened with membership ahead of target.

Health Clubs Outlook

- Conversion of clubs to large format full service 24/7 operation proving to be a market disruptor providing significant uplift in membership sales and reduced attrition. A further 30 clubs to be converted during FY16 with a total of 45 clubs scheduled to be in 24/7 operation by 30 June 2016.
- New partnership with Emily Skye, one of the leading online fitness personalities with over six million followers, to provide unique in-club and online Goodlife programs and e-commerce opportunities.
- Further enhancement to our member service offerings including access to a new Goodlife digital 24/7 nutrition, fitness and health website.
- Hypoxi Australia studios commenced subscription membership packages with increased sales and total customer value. Six new studios planned to open in FY16.
- First of two new prototype Hypoxi US studios to open in Scottsdale Arizona in September 2015 to act as a flagship studio for the Hypoxi US business.

Bowling

$'000	FY15	FY14	% Change
Total revenue	116,510	113,889	2.3
EBRITDA (ex pre-opening)	40,279	38,907	3.5
Operating margin	34.6%	34.2%	
Property costs (ex straight line rent)	(26,290)	(25,142)	4.6
EBITDA[1]	13,989	13,765	1.6
EBITDA margin	12.0%	12.1%	

(1) EBITDA grew by 5.0% excluding the one-off make good costs associated with the closures of AMF Randwick in FY15 and Kingpin Richmond in FY14.

Bowling

$'000	FY15 Revenue	FY14 Revenue	% Change	FY15 EBRITDA	FY14 EBRITDA	% Change
Constant centres	110,206	109,755	0.4	52,772	51,381	2.7
Centres closed	1,377	3,816	(63.9)	527	1,568	(66.4)
New centres[1]	4,874	288	1,592.4	2,613	157	1,564.3
Corporate and regional office expenses/sales and marketing[2]	53	30	76.7	(15,633)	(14,199)	10.1
Total	**116,510**	**113,889**	**2.3**	**40,279**	**38,907**	**3.5**

(1) New centres include City Amusement acquired in May 2014, Playtime Highpoint acquired in November 2014 and AMF Revesby opened in April 2015.
(2) Corporate costs increased due to the establishment of a call centre, strengthening of the sales team and a new Operations Manager role.

Bowling Full Year Commentary

- EBITDA up 1.6%[1] through a combination of modest constant centre growth and growth from acquisitions. Operating margin increased from 34.2% to 34.6%.
- Initiatives launched during the year include an online booking engine for social bowling and birthday parties, customer call centre for AMF, and a new food menu in the top 20 AMF locations.
- New centres opened during the year included Playtime Highpoint (acquired November 2014) and AMF Revesby (opened April 2015). Kingpin Darwin opened on 1 August 2015.
- During the year AMF exited three centres – Randwick, Chadstone and Launceston.

(1) EBITDA grew by 5.0% excluding the one-off make good costs associated with the closures of AMF Randwick in FY15 and Kingpin Richmond in FY14.

Bowling Outlook

- Reviewing opportunities to convert key locations to multi attraction family entertainment centres (FEC).
- Darwin FEC has had an exceptional first two weeks of trading results.
- Continue to pursue further opportunities to acquire “stand alone” amusement arcades.
- Digital initiatives will continue to be executed, including a new website launched in July 2015 and mobile app planned later in FY16.
- Underperforming non-core centres will be progressively divested.

Kingpin Darwin

Kingpin Darwin

Kingpin Darwin

Theme Parks

$'000	FY15	FY14	% Change
Total revenue	99,571	100,139	(0.6)
EBRITDA	33,163	33,867	(2.1)
Operating margin	33.3%	33.8%	
Property costs	(1,148)	(1,068)	7.5
EBITDA	32,015	32,799	(2.4)
EBITDA margin	32.2%	32.8%	
Attendance	2,281,606	2,042,164	11.7
Per capita spend ($)	43.64	49.04	(11.0)

Theme Parks Full Year Commentary

- Solid result despite unprecedented rainfall and the impact of Cyclone Marcia in Q3[1].
- Successful June 2016 pass marketing campaign and competitive pricing has delivered 28% pass holder growth across May, June and July 2015.
- Strong growth continued from two largest international markets being New Zealand and China.
- Investment in online and digital marketing strategies continued with online sales now 38% of total revenue.
- During the year, Dreamworld launched four new food and beverage outlets - Green Bean Coffee Co, Dough Bros Pizzeria, Food Central Burger Bar and The Sandwich Shop to further improve guest experience.

(1) 817mm of rain January to March 2015 vs. 242mm in prior corresponding quarter.

Theme Parks Full Year Commentary (cont.)

- The new ABC Kids World opened in time for June/July school holidays. Dreamworld Corroboree continues to appeal to group, education and international markets.
- Dreamworld was voted Queensland’s Best Major Tourist Attraction and Australia’s third most popular tourist attraction at the annual Australian Tourism Awards.
- Dreamworld has also recently been voted ‘best amusement park - South Pacific’ in the 2015 Trip Advisor’s Travellers’ Choice Awards.
- SkyPoint business performed well with attendance growth of over 40% from pass holders and international markets.

Theme Parks Outlook

- Further digital technology to drive revenue, improve the customer experience and collect more granular data will be introduced in Q2 FY16.
- Tiger Cub born in July 2015 will provide a unique reason to visit during the September school holidays.
- Further investment in Food and Beverage and Retail outlets in FY16 will improve the in-park experience and drive spend.
- Dreamworld is well placed to benefit from the new billion dollar Coomera Town Centre which will be opening adjacent to the park in December 2017.
- The weaker Australian dollar is expected to increase international visitation to the Gold Coast along with recently announced twice weekly direct Jetstar flights between the Gold Coast and China. The weaker Australian dollar is also expected to encourage Australians to holiday domestically.

Marinas

$’000	FY15	FY14	% Change
Total revenue	22,952	23,466	(2.2)
EBRITDA	12,765	12,944	(1.4)
Operating margin	55.6%	55.2%	
Property costs	(2,615)	(2,548)	2.6
EBITDA	10,150	10,396	(2.4)
EBITDA margin	44.2%	44.3%	

Marinas Revenue Breakdown

$'000	FY15	FY14	% Change
Berthing	12,865	12,812	0.4
Land	5,220	5,375	(2.9)
Fuel and other	4,867	5,279	(7.8)
Total	**22,952**	**23,466**	**(2.2)**

Marinas Full Year Commentary

- EBITDA was down marginally for the year, impacted by lower occupancy at The Spit in Q4 FY15 as a result of a $5 million redevelopment, which is expected to complete in Q1 FY16.
- Despite the above, full year occupancy grew from 84.2% to 85.5% with a slight decrease in average berthing rates.
- Costs well controlled with an operating margin of 55.6%.
- Revenue impacted by minor land vacancies at Nelson Bay and Pier 35 and weaker fuel sales in H2.

d'Albora Marinas

Outlook

- Revenue uplift at The Spit from 24 new large berths should start to be realised in Q2 FY16.
- Continued focus on digital initiatives (website, mobile application) to improve customer engagement and retention.
- Pursuing opportunity to create value through selective redevelopment and refurbishment.

Group Financial Results for the Year Ended 30 June 2015

$ million	Theme Parks	Marinas	Bowling	Main Event	Health Clubs	Other	FY15 Group Total	FY14 Group Total	% Change
Operating revenue	**99.6**	**22.9**	**116.5**	**177.1**	**178.4**	**0.1**	**594.6**	**499.7**	**19.0%**
Division EBRITDA[1]	**33.2**	**12.8**	**40.3**	**64.4**	**72.5**	**-**	**223.2**	**192.8**	**15.8%**
Property costs[2]	(1.2)	(2.7)	(26.3)	(18.7)	(44.3)	-	(93.2)	(77.1)	20.9%
Division EBITDA[1,2]	**32.0**	**10.1**	**14.0**	**45.7**	**28.2**	**-**	**130.0**	**115.7**	**12.4%**
Depreciation and amortisation[3]	(5.4)	(0.9)	(7.9)	(12.0)	(10.0)	(0.8)	(37.0)	(27.2)	36.0%
Division EBIT[1,2,3]	**26.6**	**9.2**	**6.1**	**33.7**	**18.2**	**(0.8)**	**93.0**	**88.5**	**5.1%**
Corporate costs[4]							(15.0)	(12.5)	20.0%
Loss on disposal of assets[4]							(0.5)	(0.5)	-
Other expenses (including derivative gains and losses)[4]							(0.1)	-	-
Interest income							0.1	0.2	(50.0%)
Interest expense							(11.3)	(11.3)	-
Tax[4]							(10.0)	(6.2)	61.3%
Core earnings							**56.2**	**58.2**	**(3.3%)**

(1) Excludes pre-opening expenses
(2) Excludes straight line rent and onerous lease costs
(3) Excludes IFRS depreciation, amortisation of Health Clubs intangibles, impairment of property, plant and equipment and intangible assets
(4) Normalised to exclude adjustments to core earnings – see slide 42

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Capital Expenditure

	FY15 routine capex $m	FY15 development capex $m
Theme Parks	7.8	-
Marinas	2.2	2.6
Bowling	6.0	8.5
Main Event	9.7	78.1[1]
Health Clubs	13.8	4.6
Corporate	2.2	-
Total	**41.7**	**93.8**
Depreciation (excl IFRS)	37.0	**-**

(1) Includes capex spent on developments completed in FY15 and developments scheduled to open in FY16. This includes land and building capex spent on the San Antonio West, Oklahoma City and Tulsa sites, which were subsequently sold and leased back for proceeds of US$32.0m.

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Consolidated group ($ million)	30 June 2015	30 June 2014
Assets		
Theme Parks	262.7	259.8
Excess land	1.9	2.4
Marinas	109.9	103.7
Bowling	140.9	131.2
Main Event	217.9	138.2
Health Clubs	250.4	211.7
Other	12.8	6.0
Total Assets	**996.5**	**853.0**
Liabilities		
Bank debt	278.6	260.2
Other	138.4	87.3
Total Liabilities	**417.0**	**347.5**
Net Assets	**579.5**	**505.5**

Capital Management

- The Group should be viewed in two distinct geographical parts – Australia and the United States.
  - The Australian Group is more mature, lower growth and is less capex intensive.
  - The US Group (Main Event) has a national US rollout opportunity, which will require significant capital investment to realise.
- The funding of Main Event's growth will be assisted by up to US$100 million of development funding from an institutional real estate investor, along with an additional US$120 million from the recent extension of the Group's US dollar debt facility.
- As part of the Group's capital management plan, the Group will continue to use the Distribution Reinvestment Plan (DRP). In addition, going forward the Group will look to retain a higher percentage of US earnings to contribute to funding the growth of Main Event.

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Capital Management – Bank Facilities

- At 30 June 2015, the Group had the following bank facilities:

	Facility $m	Drawn $m
A$ maturing July 2016	100.0	100.0
A$ maturing July 2017	100.0	44.4
US$ maturing July 2016 (US$90m)	117.2	93.9
US$ maturing July 2017 (US$70m)	91.1	41.5
	408.3	**279.8**

- In August 2015, the Group increased and extended its syndicated Australian and US dollar banking facilities to A$200 million and US$280 million. The facilities are spread evenly over 3, 4 and 5 year maturities at improved margins.

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Capital Management – Bank Covenants

- There are two covenants in place for the Group facility:

	Covenant	Group 30 June 2015
Fixed Charge Cover Ratio (FCCR)	>1.75[1]	2.05
Debt Serviceability Ratio (DSR)	<3.75[1]	2.56

- Gearing (debt / debt + equity) equated to 32.56% at 30 June 2015. There is no gearing covenant.

(1) The DSR was temporarily increased from 3.25x to 3.75x to 30 September 2015 pending the sale and leaseback of Main Event properties and the extension of the existing bank facilities. The new refinancing effective 11 August 2015 has the DSR covenant set at <3.50x for the period to 30 June 2017 and <3.25x thereafter. The FCCR covenant remains at >1.75x.

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Capital Management – Interest & Foreign Exchange

- At 30 June 2015, the Group had 46.9% of interest on debt facilities fixed through interest rate swaps.
- At 30 June 2015, the weighted average rate, including margin, was 4.28% for AUD debt and 1.92% for USD debt.
- US earnings are 100% unhedged and will benefit from any further weakening of the Australian dollar against the US dollar.

Group Outlook

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Group Outlook

The Group will:

- Drive top line revenue with innovative products, effective marketing, improved digital capabilities and great customer service.
- Focus on maximising Main Event's national US roll-out opportunity and deploy the majority of capital to achieve this.
- Continue to convert as many Goodlife health clubs to 24/7 as possible to drive sales growth and reduce member attrition.
- Reposition bowling as a broad-based, multi attraction entertainment experience.
- Continue to invest in the Theme Parks' customer experience (product and service) and the park master plan to fully benefit from the new adjacent Coomera town centre.
- Selectively invest in the d'Albora portfolio to maximise development opportunities and investment returns.

Appendices

Appendix 1

Core earnings reconciliation to statutory profit $ million	FY15	FY14	% Change
Core earnings	**56.2**	**58.2**	**(3.3%)**
Pre-opening expenses	(6.5)	(2.6)	150.0%
Straight lining of fixed rent increases	(2.3)	(1.5)	53.3%
IFRS depreciation	(11.1)	(8.6)	29.1%
Amortisation of Health Clubs intangibles	(6.8)	(6.4)	6.3%
Impairment of intangible assets	(0.1)	-	-
Impairment of property, plant and equipment	(2.7)	-	-
Onerous lease costs	(2.6)	-	-
Valuation losses - investment properties	(0.5)	-	-
Valuation gains - property, plant and equipment	-	8.6	(100.0%)
Unrealised gain/(loss) on derivatives	0.5	(0.6)	(183.3%)
Loss on closure of bowling centres	(0.1)	(1.6)	(93.8%)
Gain on sale and leaseback of family entertainment centres	7.0	0.4	1650.0%
Business acquisition costs	(1.9)	(0.3)	533.3%
Tax impact of adjustments	3.0	3.4	(11.8%)
Statutory profit	**32.1**	**49.0**	**(34.5%)**

Appendix 2 - 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	227.5	227.5	-	-	Cap rate/ DCF
SkyPoint	1	22.3	26.5	4.2	18.8	Cap rate/ DCF
Excess land	1	2.4	1.9	(0.5)[2]	(20.8)	Direct comparison
Marinas	7	104.3	104.3	-	-	Cap rate/ DCF
Bowling Freehold	1	1.9	1.9	-	-	Vacant possession, highest and best use
Total	**11**	**358.4**	**362.1**	**3.7**	**1.0**	

(1) Property values at 30 June 2014 plus 12 month capex less 12 month depreciation.
(2) Revaluation occurred at 31 December 2014.

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Disclaimer

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Past performance information provided in this presentation may not be a reliable indication of future performance.

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The information contained herein is current as at the date of this presentation unless specified otherwise.