EVENT

HOSPITALITY & ENTERTAINMENT

6 July 2020

**ASX ANNOUNCEMENT – SUCCESSFUL REFINANCING AND BUSINESS UPDATE**

EVENT Hospitality & Entertainment Limited (the "Group") today announced the successful refinancing of its debt facilities, and provided an update on the Group's mitigation actions to manage the impact of the global coronavirus pandemic ("COVID-19") on the Group's businesses. In summary:

- debt facilities have been increased by $205 million to $750 million, resulting in available cash and undrawn debt facilities of ~$320 million;
- majority of cinemas in Australia and New Zealand are now open;
- process for divestment sites to allow for the completion of the CineStar sale underway;
- majority of hotels have remained open throughout the COVID-19 shutdown with a number of initiatives implemented to mitigate the impact of COVID-19;
- restricted opening of the Thredbo winter season from 22 June 2020; and
- implementation of actions to substantially reduce operating costs at a corporate level.

Safety and wellbeing remain the Group's highest priority. Detailed COVID-19 safety plans and staff training programs have been developed for each of the Group's operating divisions. In addition, to ensure these plans are consistent with best practice in Australia, advice was also sought from infectious diseases experts.

"The Group has completed three years of transformation in three months" said CEO Jane Hastings. "Whilst COVID-19 immediately impacted our earnings, it has also enabled a substantial review and redesign of operations that will benefit the Group into the future. Our Strategic Plan remains relevant; however, we will pause for 12 months on certain projects whilst we focus on reopening and recovery. I am incredibly proud of how the leadership team has been dedicated 24/7 to reshape the business. We are confident of emerging from this period with a strong platform for the future."

**Debt facilities increased and extended – $205 million additional liquidity**

The Group has completed a refinancing with its existing relationship banks, increasing debt facilities by $205 million to a total of $750 million, reflecting the Group's strong underlying businesses and assets. The debt facilities are comprised of two tranches:

- $650 million (three-year term); and
- $100 million (18-month term).

As a result of the refinancing the Group currently has available cash and undrawn debt facilities totalling ~$320 million, providing the Group with substantial liquidity.

To further assist liquidity, the Group does not currently intend to pay a final dividend for the year ended 30 June 2020 or an interim dividend for the half year ending 31 December 2020. 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.

**Entertainment**

As previously announced, cinemas were closed in March 2020 in line with government directives in Australia, New Zealand and Germany. Cost mitigation plans were immediately deployed to minimise the impact on liquidity including:

- stand down of the majority of employees in Australia, with similar action taken in New Zealand and Germany;
- successful application of the JobKeeper subsidy in Australia, the New Zealand Government's Wage Subsidy Scheme and the German Government's short-time work scheme;
- restructuring to recognise efficiencies as a result of the new operating model;
- renegotiation of supplier contracts;
- commencement of landlord negotiations; and
- the hibernation of operations to minimise outgoings whilst protecting assets.

"We have taken this opportunity to innovate to ensure that when we re-opened we would be more agile and more efficient than ever before" said Ms Hastings. "We designed and implemented market leading COVID-19 practices and training programmes to ensure we were ready to welcome back staff and customers. In New Zealand, Australia and Germany, governments have offered support via wage subsidy schemes which has assisted with the retention of critical roles and functions. We completed the largest cinema audience research study in Australia and New Zealand to test our strategies and gain insights into customer intentions which assisted in forming our re-opening plans. The majority of cinemas in New Zealand re-opened by the end of June and in Australia, the majority of cinemas re-opened on 2 July. We are excited about the film line up with blockbuster films redated for late 2020 and throughout 2021".

**Update regarding the sale of CineStar**

As previously announced on 2 March 2020, the sale of the Group's German cinema exhibition operation ("CineStar") to Vue International Bidco plc (the "Transaction") was conditionally approved by the German Federal Cartel Office ("FCO"). Completion of the Transaction remains subject to satisfaction of the FCO's condition, being the divestment of six sites within a six-month period. A sales process for the divestment sites is underway.

**Hotels and Resorts**

The Group's owned hotels and the majority of managed hotels have remained open despite a number of competitor hotels closing as a result of COVID-19. Key initiatives to mitigate the impact of COVID-19 included the following:

- the implementation of minimum viable operating models with changes to all roles to ensure generalised duties;
- restructuring to achieve efficiencies with a new operating model and system changes;
- the successful application of the Australian JobKeeper and New Zealand wage subsidy schemes;
- a refined and streamlined food and beverage offering; and
- securing revenue from evolving market segments including government quarantine and isolation, essential workers and self-isolation guests.

According to Ms Hastings: “Across the hotels, immediate action was taken to stand down employees related to mandated areas of closure including food and beverage and conference and event spaces. With a strong reputation for effective operating models the COVID period has enabled further innovation, making us even more agile. Whilst many other hotels closed their doors, we remained open by developing new minimum viable operating models and generalisation of roles so that we could take any business available. Our General Managers have proactively done all that has been required on top of their day job from cleaning rooms to delivering room service. We are incredibly proud of our General Managers who have applied a ‘can do’ attitude to revenue and operations. We are starting to see slow signs of a rebuild in occupancy and rates as government restrictions ease.”

**Thredbo**

Thredbo summer was impacted by the threat of bushfires temporarily closing the resort in January 2020, and the winter season has been impacted by COVID-19 restrictions. Thredbo has proactively engaged with the industry, local services and the NSW State Government to develop a plan that has enabled a restricted opening from 22 June 2020. These restrictions have required a complete remodelling of the Thredbo winter season in a very short period of time. The winter season is operating under the following restrictions:

- selling up to 50% of the capacity available (subject to weather conditions);
- the implementation of a range of social distancing and sanitisation measures, including social distancing in lift queues and capacity limitations on chairlifts and Merritts Gondola;
- private lessons only; and
- restricted food and beverage operations.

Implementation of these measures has required the development of a new operating model including new products and services and the cancellation and refund or credit of season passes. Thredbo lift passes opened for sale on 11 June 2020 with unprecedented demand and more than 100,000 passes were sold within 24 hours.

CEO Jane Hastings said: ”Pent-up demand for the season is exceptionally strong, so we are very pleased that Thredbo has been able to open for the winter season, even under substantial restrictions.

Despite the threat of bushfires and COVID-19 we successfully completed the launch of Merritts Gondola, enhanced the Dream Run and completed phase one of increased car parking. This was a credit to our team to achieve the first stage of the Thredbo growth plan on time and within budget under such extreme circumstances. We hope that restrictions ease and we are able to satisfy more customers with the chance to visit Thredbo this winter."

**Corporate**

The Group has implemented actions to substantially reduce operating costs at a corporate level. Significant reductions in corporate headcount, including redundancies, were unavoidable. However, key strategic projects remain on track including:

- Group-wide Source to Pay project to improve supplier procurement, management and cost;
- cloud migration to reduce cost and increase security; and
- development of a Group data architecture and business intelligence platform to enable the Group to better leverage and monetise data in the future.

The COVID-19 period has increased the speed of transformation planned by the business. Immediate strategic priorities include re-opening and recovery, progressing key development projects, and the closure and divestment of certain assets.

The following adjustments have been made to director and executive remuneration for 12 months from 1 April 2020 to 31 March 2021 in response to the impact of COVID-19:

- as advised to ASX on 13 March 2020, the Group's CEO, Jane Hastings, has voluntarily reduced her pay by $200,000;
- the Chairman, Alan Rydge, has agreed to waive his fee, the Lead Independent Director, Peter Coates, has agreed to a voluntary reduction of 50% and all other directors have agreed to a voluntary reduction of 20%;
- senior executives have agreed to voluntary reductions in their salaries of up to 12.5%;
- a wage freeze (non-award roles) for 12 months to 30 June 2021; and
- no cash payment of short-term incentives in respect of the year ending 30 June 2020.

Capital expenditure in FY2021 will be restricted to essential projects until recovery to a normal trading environment.

The Group will continue to monitor the COVID-19 situation and the impacts on its business. At this time, we are unable to provide any guidance on future financial performance due to the uncertain duration of the current circumstances.

Chairman, Alan Rydge, said: "The scale of the impact of COVID-19 on Event's operating businesses is unparalleled in the Group's history. I am confident, however, that the work being done by Jane and the executive team will provide a strong platform for the future. Successful completion of the refinancing process and the Group's strong balance sheet, including its extensive property portfolio, positions it well to navigate through a challenging trading period. I remain confident that Event's best days are ahead of us and look forward to a return to normality for our trading divisions."

**Authorised for release by the Board**

**Further information**

| | |
|---|---|
| **ASX Company Security Code:** | EVT |
| **Telephone:** | +61 2 9373 6600 |
| **Contact:** | David Stone (Company Secretary) |
| **Email:** | David_Stone@evt.com |