

ASX ANNOUNCEMENT

STRONG SIGNS OF RECOVERY WITH REBOUND IN EARNINGS

MONDAY 22 AUGUST 2022

Event Hospitality & Entertainment Limited (“EVT”) today announced a full year result with a strong rebound despite the first half impact of materially greater government lockdowns and restrictions in Australia and New Zealand, and the cessation of JobKeeper in Australia. The Group’s normalised revenue was \$953.8 million, up \$300.6 million (+46.0%), and normalised EBITDA was \$138.3 million, up \$111.1 million on the prior year. The statutory profit after tax was \$53.3 million, a \$101.4 million improvement on the prior year reported loss. Excluding the German Bridging Aid programs, principally relating to losses in the prior year, Group revenue was \$890.8 million, up \$237.6 million or 36.4%, and EBITDA was \$75.3 million, up \$48.1 million.

The Group net debt position improved to \$210.4 million, which is below pre-COVID levels and significantly below net debt of \$355.5 million at the end of the prior year.

As COVID-19 restrictions eased, the second half result demonstrated the strength of demand for the Group’s operating divisions. Excluding the benefit of government subsidies, second half revenue was \$486.0 million, up 31.4% on first half revenue of \$370.0 million and up 58.8% on the prior year second half.

The Entertainment businesses benefited from customers immediately returning to cinemas once restrictions lifted and blockbuster films were released. The Group’s premiumisation strategy continued to demonstrate strong results including increased demand for premium experiences, and a willingness to spend more on food and beverage. The Hotels division experienced a solid second half recovery with greater than fair market share, record room rates and steady growth in occupancy. At Thredbo, the new business model resulted in strong summer revenue and a good start to the 2022 winter season. In addition, the Group exceeded the non-core asset divestment goal of \$250 million, achieving \$275.3 million, with sales exceeding the most recent valuations by 28%.

In announcing the result, EVT CEO Jane Hastings said: “Despite a challenging first half of the year, with key markets subject to greater lockdowns and restrictions, the second half delivered a strong result. We have transformed our business and our Group strategy has evolved to create a stronger platform for future growth. We are agile, we have divested under-performing assets and our growth priorities are clear. The results from our new business models prove we are heading in the right direction. We have a strong balance sheet and net debt is below pre-COVID levels, positioning us to invest for growth and capitalise on opportunities. We plan on repositioning our Group brand in the coming months to better leverage our transformation. Entertainment, Ventures and Travel is what we do best, it is reflected in our domain name evt.com and we have more opportunities to unlock.”

In reference to the operating divisions, Ms Hastings said: “The immediate return of customers to cinemas has been underlined by the strong performance of *Top Gun: Maverick* and *Spider-Man: No Way Home*. Our Hotel brands continue to deliver better than market results and have achieved record growth in room rates. Thredbo has delivered a strong second half result followed by a good start to the 2022 winter season. We were pleased with the timing and premium achieved from our non-core divestment strategy. Recovery is well underway.”

Ms Hastings commented further on the Group’s priority developments: “We are pleased with the premium realised on our non-core property divestments and our ability to retain North Sydney and Bankstown hotels under management agreements. Our circa \$2 billion property portfolio is now more focussed on quality assets aligned with our strategy to own and develop key city assets that support our operating business. We have continued to progress our 525 George Street development with the Stage Two Development Application lodged in May 2022, and are well advanced on the upgrade of key hotels including Rydges Melbourne and QT Gold Coast.”

EVT CEO Jane Hastings continued: "Our Hotel strategy has evolved to enable expansion into all segments of the market from luxury to budget accommodation. This evolution has included enhancing existing brands, the acquisition of new assets, smarter packaging of our capabilities and better leveraging of our expertise with the creation of the Independent Collection brand, which has now grown to 12 hotels."

Ms Hastings commented on the trading outlook for the new financial year: "We have experienced a positive start to the financial year, with key blockbuster titles performing well, continued recovery in demand for Hotels, and similarly strong demand for Thredbo, despite limited natural snowfall since early June 2022. The Entertainment Group's performance will be subject, as always, to the overall appeal of the film line up. Whilst there are no blockbuster releases in August and September, we are looking forward to the release of *Avatar: The Way of Water* in December. If key blockbuster titles perform well, we will benefit from the yield growth delivered by our new business model."

Ms Hastings continued: "Continued recovery in corporate travel is expected but recovery of the international travel market is expected to take longer as airlines gradually return to pre-COVID models. A solid winter 2022 result is expected for Thredbo with the new business model delivering pleasing results, endorsed by customers. We are managing the businesses within the constraints of current labour market shortages. Other headwinds anticipated in the year ahead include energy cost increases, particularly in Germany, insurance and other inflationary cost pressures which we are working to mitigate as best as we can. Overall, as market conditions improve, we can see a pathway to recovery."

The Chairman, Alan Rydge, said: "Our Group strategy, underpinned by a strong balance sheet, has positioned the Group well to maximise the benefits of demand for our businesses, and invest for future growth. In the context of a relatively short period of normalised trading to date, the Board resolved that there will be no dividend for the year ended 30 June 2022. Subject to continued favourable trading conditions, the Board desires to resume dividend payments later in the 2022 calendar year."

Mr Rydge also commented on Board renewal: "A Board renewal process has been initiated by the Board with assistance from the Nomination and Remuneration Committee. I expect to provide a further update on this process at the Annual General Meeting in October."

EVT owns the largest cinema circuits in Australia, New Zealand and Germany under the brands Event Cinemas, BCC Cinemas, Moonlight Cinemas, Skyline Drive-In, Rialto Cinemas and CineStar. EVT also owns and operates 71 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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