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ASX announcement

Record Hotels result, Thredbo good result despite weather conditions and Entertainment impacted by Hollywood strikes

EVT Limited ("EVT" or the "Group") today announced a full year result which included a record result for the Hotels division, a solid Thredbo result considering the worst winter weather conditions for nearly 20 years, and the Entertainment result impacted by an inconsistent film line-up following the Hollywood strikes in 2023.

EVT's normalised revenue for the year ended 30 June 2024 was $1,221.3 million, up 4.0% on an underlying basis, whilst normalised EBITDA was $151.3 million, down $35.7 million or $13.5 million (8.2%) on an underlying basis.

In announcing the result, EVT CEO Jane Hastings said: "We were pleased to achieve overall revenue growth with a record result for our Hotels division. The team delivered a solid Thredbo result with the new business model helping to offset extremely poor weather conditions. Following a record start to the year in Entertainment, as expected Hollywood strikes resulted in film supply disruption, which made for a weaker remainder of the year. We continued to invest for growth whilst transforming to mitigate cost pressures. Unallocated expenses were down on prior year and below pre-COVID on an underlying basis".

Ms Hastings continued: "The Hotels result was very pleasing, with record-breaking revpar and all our brands contributing to these results. We were able to hold rates at all-time high levels, and our hotels continue to outperform their competitor sets. Rydges Melbourne delivered strong trading and customer sentiment results in its first year of trading after a major upgrade was completed in 2023. We welcomed new hotels to our group and secured our first international QT location in Singapore, under a management agreement, which we look forward to opening in September."

Ms Hastings commented on Entertainment: "The year started with a record first quarter underpinning a solid first half and, as expected, the second half suffered from fewer releases due to the Hollywood strikes. Studios had to delay major film releases, so customers had a lot less films to enjoy at cinemas in the second half. Therefore, admissions were down and materially impacted in the key trading weeks from April to mid-June 2024. Pleasingly, late June 2024 performed well ahead of global expectations with *Inside Out 2* now the highest-grossing animated title of all time. We continued to see our revenue strategies achieving excellent yield results and, when we had the films, we delivered margin growth compared to pre-COVID in like-for-like admission months. The great news is that good blockbuster films are achieving record results and with the short-term strike disruption now behind us, the blockbuster film line up is going to be more consistent in FY25."

Ms Hastings commented on the result for Thredbo: "Thredbo experienced the worst winter weather conditions since 2006, and the beginning of the 2023/24 summer was heavily impacted by strong winds leading to resort closures. The second half summer months performed better, in line with the prior year. We had no natural snowfall in June 2024, and no significant terrain open until the end of July. In the context of all these challenges, delivering nearly $20 million EBITDA is a strong result, and demonstrates the results of our business model and the yield growth achieved in recent years."

Ms Hastings commented on the Group's property portfolio: "Utilising the independent valuations obtained last year, our portfolio value remains at around $2.3 billion. The refocussed Group property strategy is to own, acquire and develop hotel properties in key city locations that support growth of the Group's hotel brands. We will continue to divest properties that do not support this strategy to recycle capital into growth projects."

Ms Hastings also provided an update on the Group's major property developments: "We previously secured planning approvals for a major development at 525 George Street, Sydney, a mixed-use 43 storey development including prime George Street retail space, a QT hotel, and residential apartments. We are currently reviewing a range of options to realise the best return for shareholders from this development. The City of Sydney has also previously approved the podium for the proposed 458-472 George Street, Sydney development, and planning for an extension of the QT Hotel and prime retail space across the podium level is underway. The timing of these projects will be subject to market conditions."

Ms Hastings commented on the trading outlook for FY25: "Whilst the Group has had a slower start to the year, with fewer events driving Hotel demand, a later start to the Thredbo winter season and cycling a very strong first quarter in Entertainment prior year, we expect further normalisation within the industries we operate in throughout the year. In Entertainment, the beginning of the financial year has exceeded expectations globally with the release of *Inside Out 2* and *Despicable Me 4* bringing families back into cinemas. *Deadpool & Wolverine* has also outperformed, reversing a downward patch in the first half of the calendar year that was due to a lack of steady product resulting from Hollywood's strikes. As a result, given we are cycling the outstanding performance of *Barbie* and *Oppenheimer*, the deficit is less than expected. Whilst the film line-up consistency for FY25 is still recovering, subject to film appeal, the financial year should be in line with or ahead of the prior year. Looking further ahead, there are good signs of recovery in the film line-up in FY26."

Ms Hastings continued: "The year ahead has some anticipated headwinds, including international inbound business from China that is yet to show real signs of recovery, a struggling New Zealand market except for Queenstown, and Sydney and Melbourne hotels will cycle the Taylor Swift impact in the third quarter. Weekday business is performing well, weekend leisure business has softened relative to the post-COVID boom with considerable pressure on consumer spend, but still trading above pre-COVID revpar. Overall, our goal is to achieve another record Hotel result for FY25."

Ms Hastings continued: "Thredbo's 2024 winter season has had no natural snowfall until after the key school holiday period in July. The Group's investment in snowmaking and recent natural snowfall has supported improved conditions in August. If we get snowfall into September, we expect a winter result broadly in line with FY24. If we get reasonable summer and June 2025 weather conditions, the new business model means we can deliver stronger earnings."

Ms Hastings also commented on the Group's sustainability strategy: "We have today announced emissions reduction goals for 2030. These goals are a reduction in Scope 1 and 2 emissions of 50% and in Scope 3 emissions of 25% when compared with the FY23 base year. Whilst we recognise that Scope 3 emissions will always, to some extent, be driven by factors that are outside our control, we have a detailed plan to achieve these goals, and I look forward to providing an update on our progress in the coming years."

The Chairman, Alan Rydge commented: "The Management team, supported by the Board, recognise the opportunity for continued growth in the Hotels division through recycling capital, acquisition and investment in key hotel properties, and investment in platforms to grow the Group's asset-light hotel management business. The Group and its shareholders have seen the benefits of this focus on hotels with a record result in FY24. Whilst the Entertainment and Thredbo divisions were impacted by factors outside management's control, we know that these businesses can generate significant cash when conditions are favourable. The film industry has not had a "normal" marketplace for a meaningful period in nearly five years, from COVID closures to the recent Hollywood strikes disrupting film supply, and we now see a pathway to recovery in FY26. Whilst we have had interest in the German cinema business, due to the short-term impact on earnings from the Hollywood strikes, we would only look to divest that business when the timing is right in the future. The Group's cost challenges have been significant from compliance to insurance, resulting in tens of millions of dollars relative to pre-COVID, that the management team have successfully developed strategies to offset. These transformation initiatives have positioned us well for the future. We continue to evaluate the Group structure, and the team are focussed on creating future optionality, so that when markets normalise, we can consider the desirable mix of earnings in the context of the momentum that has been developed in Hotels."

Mr Rydge also announced a fully franked final dividend of 20 cents per share. Mr Rydge commented: "The final dividend is underpinned by the strength of the Group's balance sheet, and the Board's confidence in the strategic initiatives to deliver future growth."

The Group's profit before interest, individually significant items, the net impact of AASB 16 Leases, and income tax expense was $71.2 million and included an increase in depreciation in relation to the reopening of Rydges Melbourne and the opening of IMAX Sydney. Normalised profit after tax was $34.1 million, down $12.9 million adjusted for German Government subsidies in the prior year. The reported net profit after income tax was $4.8 million. The current year reported net profit after tax included a tax charge of $26.9 million following a change in New Zealand taxation rules in relation to the depreciation of buildings. In the prior year, the reported net profit after tax included the profit on sale of properties of $47.0 million recognised on disposal of The Miller Hotel (formerly Rydges North Sydney) and the Darwin Cinema Centre. Adjusted for these and other one-off individually significant items, NPAT was down in line with trading performance.

Authorised for release by the Board

Normalised revenue is revenue before individually significant items. Normalised EBITDA is profit before depreciation, amortisation, the impact of AASB 16 *Leases*, interest, tax and individually significant items. Normalised profit after tax is profit before the impact of AASB 16 *Leases* and individually significant items. Normalised revenue, normalised EBITDA and normalised profit after tax are unaudited non-International Financial Reporting Standards measures.