

EXPERIENTIAL ENTERTAINMENT UPDATE

JUNE 2024

AN AFFILIATE OF

 **NATIXIS**
CORPORATE AND
INVESTMENT BANKING

EXPERIENTIAL ENTERTAINMENT INDUSTRY UPDATE

AMIDST VARIED CONSUMER DEMAND AND ENVIRONMENTAL CHALLENGES, THE EXPERIENTIAL ENTERTAINMENT INDUSTRY SAW MIXED RESULTS IN Q1 2024, WITH SOME OPERATORS REPORTING RECORD RESULTS WHILE OTHERS EXPERIENCED NEGATIVE SAME STORE SALES

LIVE ENTERTAINMENT

- **Live entertainment continues to show solid growth, driven by consumer demand for in-person experiences**
 - Experience-based entertainment saw consumers prioritize demand for destinations and experiences, setting record attendance levels
 - Recreational forms of entertainment had a softer quarter, experiencing a drop in attendance and softer in-venue spending on a year-over-year basis
 - Operators maintain a strong belief in the resiliency of consumer discretionary spend going forward

CRUISE OPERATORS

- **Cruise operators reported record results for Q1, and optimism is high for the rest of 2024 and 2025 based on future bookings**
 - Record sales came from repeat and new customers as operators believe current growth level is sustainable and not influenced by market dynamics
 - Increases in on-board and specialty cruise spending driven by a shift in consumer preferences towards unique and tailored experiences
 - Continued expansion likely to come from offering more broad-appeal opportunities to all consumers

FAMILY ENTERTAINMENT

- **Family entertainment was impacted by adverse weather conditions and a tougher consumer market**
 - Same store sales were down compared to 2023 levels, partially attributable to harsh weather conditions in January
 - Macroeconomic factors have created a tougher consumer environment; individuals are increasingly discerning with their spending
 - Guidance has been widened or revised downward due to the uncertainty of future market conditions

THEME PARKS

- **Demand for theme parks remained strong, with attendance increasing despite fewer operating days**
 - Extreme weather conditions forced many operators to close their parks during the beginning of the year; however, strong attendance on open days helped drive growth
 - Consumers demonstrated willingness to make purchases once inside the park
 - In-park spend is showing promising forward momentum in Q2, with conviction from operators that this will continue for the rest of the year

STRONG PERFORMANCE ACROSS INDUSTRY SEGMENTS

LIVE ENTERTAINMENT CONTINUES TO SHOW SOLID GROWTH, DRIVEN BY CONSUMER DEMAND FOR IN-PERSON EXPERIENCES; FAMILY ENTERTAINMENT WAS IMPACTED BY ADVERSE WEATHER CONDITIONS AND A TOUGHER CONSUMER MARKET

LIVE ENTERTAINMENT



May 2, 2024

“...on the consumer demand. We are seeing no weakness... We’re consistently seeing the sell-through of shows at or above where they were last year... **Ticket sales are up double digits year-over-year...** We are seeing a **strong start to our festival portfolio**” – Q1 2024 Earnings Call



May 8, 2024

“We had **record attendance and gates** across our live events portfolio... **raising our full year guidance** for revenue and adjusted EBITDA... **experience economy is alive and well**” – Ariel Emanuel, CEO on Q1 2024 Earnings Call



May 2, 2024

“We continue to expect **favorable leisure travel trends** and the **prioritization of discretionary spend on experiences...** **all of the channels are experiencing strong demand. We’re not seeing any weakening at all in terms of spend**” – David Barry, President of Pursuit on Q1 2024 Earnings Call

FAMILY ENTERTAINMENT



May 6, 2024

“January was a challenging month because of **blizzards and flooding across the country... same-store comp was negative 2.1%...** It’s a **tough environment...** the consumer is spending, but **the consumer is being more discerning**” – FYQ3 2024 Earnings Call



June 12, 2024

“There was more **weakness within lower-income consumers** versus moderate income and high income... we kept seeing that lower income [\$75,000 and below] **customer still being challenged...** **sales in that period from January, February into March were choppy...** seeing that **low single-digit negative comp** right now” – Q1 2024 Earnings Call



May 8, 2024

“**Q1 same venue sales of down 7%...** Q1 was impacted by a post-COVID surge in our corporate events business in early 2023 as well as **extreme cold weather during January... slightly behind our full year targets...** given the **choppy market conditions we have seen and could continue to see**” – Oliver Brewer, President and CEO on Q1 2024 Earnings Call

STRONG PERFORMANCE ACROSS INDUSTRY SEGMENTS (CONT.)

CRUISE OPERATORS REPORTED RECORD RESULTS FOR Q1, AND OPTIMISM IS HIGH FOR THE REST OF 2024 AND 2025 BASED ON FUTURE BOOKINGS; DEMAND FOR THEME PARKS REMAINS STRONG, WITH ATTENDANCE INCREASING DESPITE FEWER OPERATING DAYS

CRUISE OPERATORS


CARNIVAL
CORPORATION & PLC
March 27, 2024

“We are even **better positioned now for 2025 than we were last year at this time**, heading into what is shaping up to be a phenomenal 2024... **Consumers... are looking for value and they're looking for experiences that are worth paying for**” – *Josh Weinstein, President and CEO on Q1 2024 Earnings Call*


Lindblad
Expeditions
April 30, 2024

“Lindblad's first quarter results set the stage for **another year of double-digit growth and record results** in 2024... **Bookings in the year for travel in 2024 are up 35% versus 2023**” – *Sven-Olof Lindblad, Founder, CEO and Director on Q1 2024 Earnings Call*


NCLH
NORWEGIAN CRUISE LINE
HOLDINGS LTD.
May 1, 2024

“The **demand for cruise vacations continues to be at all-time high**, as evidenced by record booking, record book position and record advanced ticket sales... Our **target consumer remains healthy and resilient**” – *Harry J. Sommer, President, CEO and Director on Q1 2024 Earnings Call*

THEME PARKS


Cedar Fair
May 9, 2024

“The **increase in attendance... was generated over 62 fewer operating days than the same period last year... first quarter attendance per operating day was up more than 4,500 visits**, in part the result of eliminating the smaller attendance days in January and February at our seasonal parks” – *Brian Witherow, EVP and CFO on Q1 2024 Earnings Call*


Six Flags
May 9, 2024





“**State of the consumer... is very healthy**. The in-park spend is **continuing in the same direction into April and May**... What we see so far is solid” – *Gary Mick, EVP, CFO & Interim Controller on Q1 2024 Earnings Call*


UNITED PARKS
& RESORTS
May 8, 2024

“We are pleased to **report record financial results this quarter, including record revenue and adjusted EBITDA**. While **attendance in the quarter benefited from a positive calendar shift**... this benefit was almost entirely offset by **unusually wet and cold weather** during the quarter, particularly on certain peak attendance days” – *Marc Swanson, CEO on Q1 2024 Earnings Call*

FAMILY ENTERTAINMENT SAME STORE SALES AND THEME PARKS REVENUE GROWTH

FAMILY ENTERTAINMENT EXPERIENCED A DECLINE IN SAME STORE SALES IN THE FIRST QUARTER; THEME PARKS REVENUE IS SLIGHTLY OUTPACING Q1 2023 AND WELL AHEAD OF Q1 2019

	Q1 REVENUE		Q1 SAME STORE SALES	
	2019	2023	2019	2023
FAMILY ENTERTAINMENT				
	65%	7%	(2%)	
	62%	(2%)	(6%)	
	235%	22%	4%	
		5%	(7%)	
Family Entertainment Average	121%	8%	(3%)	

Q2 CY24 GUIDANCE




Expect revenue and EBITDA growth, with low-to mid-single digit SSS

Seeing improvement in traffic, but expect low-single digit negative SSS

Forecast SSS to be down low-single digits, an improvement from Q1

Q1 REVENUE

THEME PARKS

	2024 vs.	
	2019	2023
	52%	20% ^(d)
	35%	1%
	11%	7%
Theme Parks Average	32%	9%

Q2 CY24 GUIDANCE

Expect strong attendance and demand through April to continue through Q2

Expect lower Q2 EBITDA from increased ad spend and decreased membership revenue

Seeing positive in-park per-capita spend and expect this to continue through Q2

Source: Financial reports, earning releases, investor presentations and publicly available information.

a) Calendar year represents 12 months ending in January.

b) Figures are exclusive to Round 1 USA segment.

c) Figures are exclusive to the Topgolf business segment of Topgolf Callaway Brand.

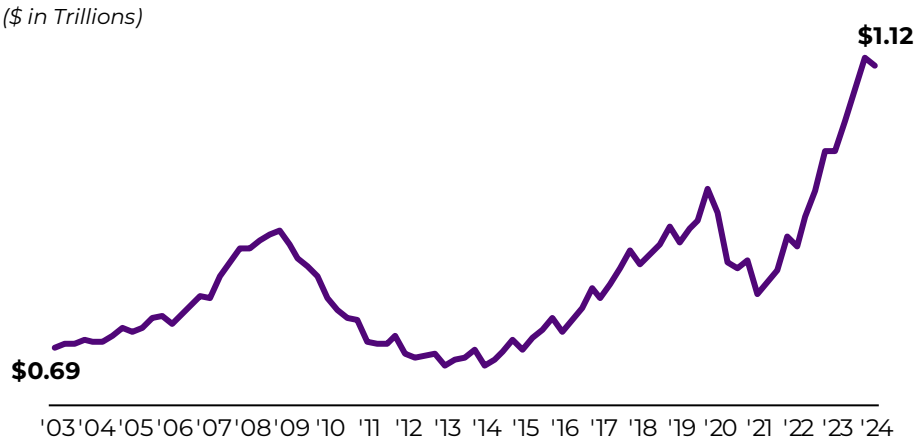
d) Q1 is the smallest contributor to annual revenue and is subject to frequent fluctuations. In 2023, Q1 revenue was 4.7% of annual revenue.

CONSUMERS ARE UNDER FINANCIAL PRESSURE

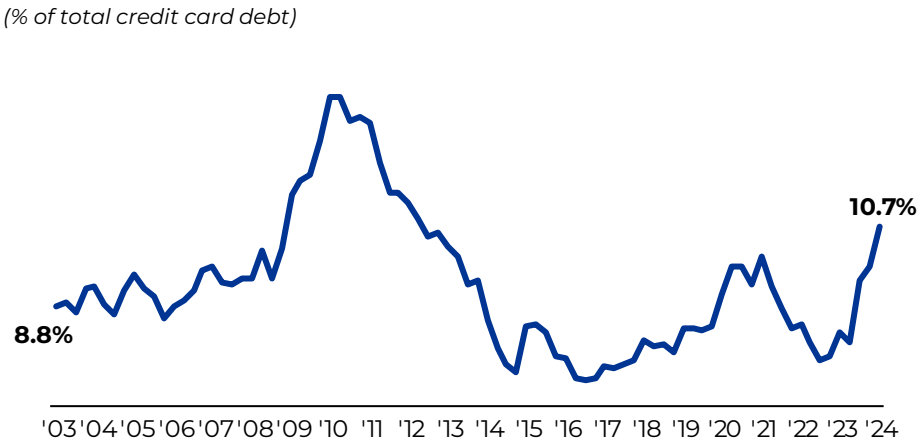
ECONOMIC STRAIN ON CONSUMERS NEGATIVELY AFFECTED Q1 PERFORMANCE ACROSS THE FAMILY ENTERTAINMENT SECTOR

- Family Entertainment operators experienced financial headwinds in Q1, partially driven by a tougher consumer environment
 - Consumers are feeling the strain of a high-rate economy and have become increasingly sparing with their discretionary spending
 - Anecdotally, many operators are seeing spend-per-person remain relatively flat year-over-year, with a decline in traffic
 - Operators anticipate turbulent market conditions due to ongoing uncertainty about the future economic environment
- Credit card interest rates have reached peak levels, with an average APR of 22.8% to end 2023
 - Delinquent credit card debt (90+ days) continues to grow and has reached the highest levels in over a decade
 - Over the last year, delinquency rates have increased, with over 10% of credit card balances transitioning into delinquency

TOTAL U.S. CREDIT CARD DEBT

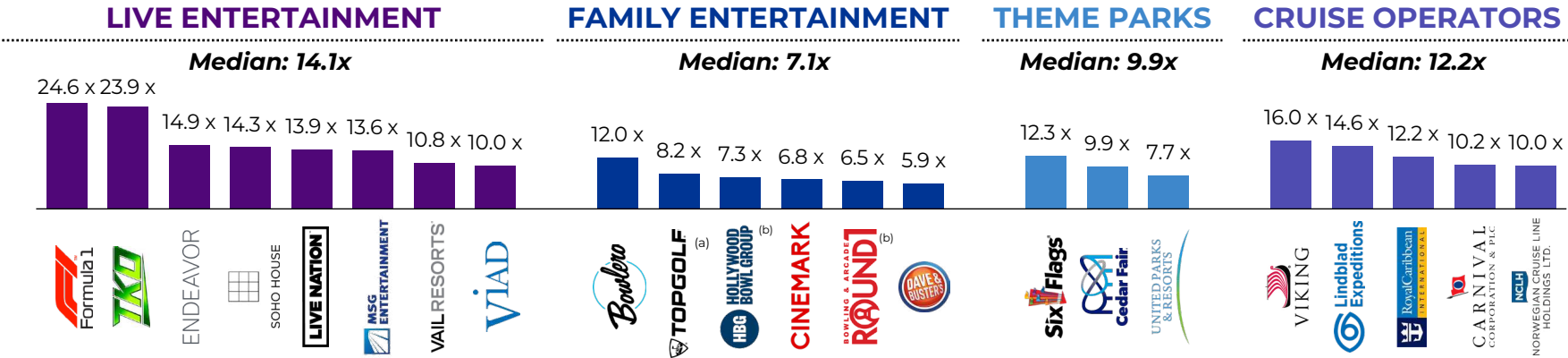


DELINQUENT CREDIT CARD DEBT (90+ DAYS)

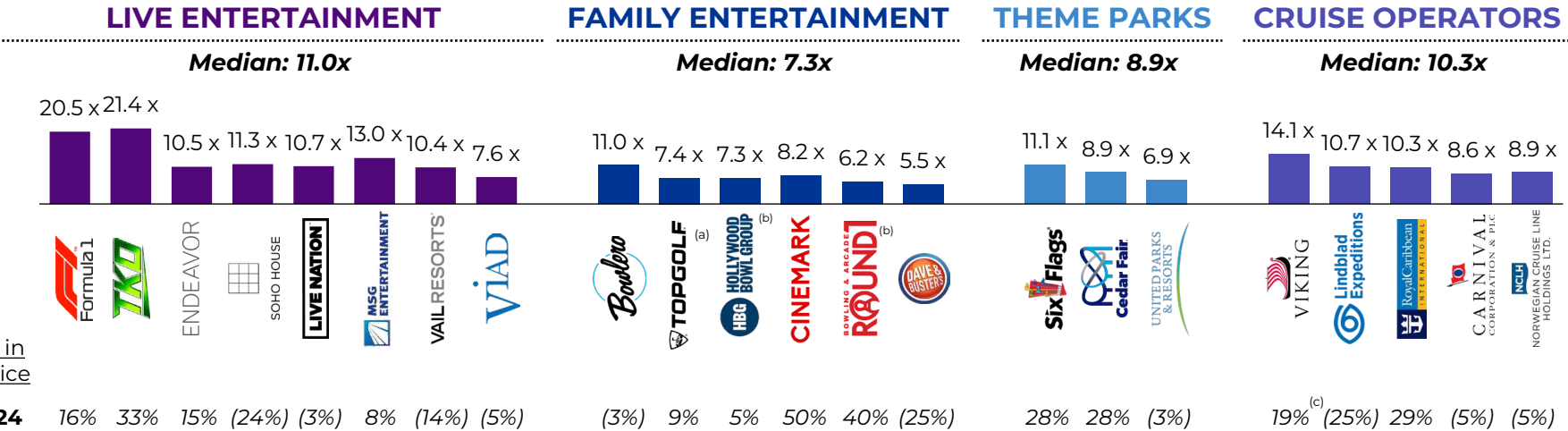


EXPERIENTIAL ENTERTAINMENT TRADING MULTIPLES

EV / EBITDA MULTIPLES (LTM)



EV / EBITDA MULTIPLES (CY 2024)



Source: Public filings and Capital IQ as of June 23, 2024.

a) Assumes EBITDA adjustment related to venue financing cash in 2024 is constant vs. prior year.
 b) Represents EBITDA pre-IFRS-16. Assumes EBITDA adjustment related to IFRS-16 in 2024 is constant vs. prior year.
 c) Viking Holdings did not publicly trade until May 1, 2024.

SOLOMON TEAM

GLOBAL MEDIA



Mark Boidman

Partner
Global Media Group
Head
W | 212.508.1661
mark.boidman
@solomonpartners.com



Adam Jaffe

Managing Director
Entertainment, Leisure
& Hospitality
W | 917.232.8690
adam.jaffe
@solomonpartners.com



Ben Zinder

Director
W | 212.508.1621
ben.zinder
@solomonpartners.com



Christian Bermel

Vice President
W | 646.708.8478
christian.bermel
@solomonpartners.com



Blake McCann

Senior Analyst
W | 646.293.7339
blake.mccann
@solomonpartners.com



Trae Smith

Analyst
W | 646.293.7365
trae.smith
@solomonpartners.com



Jared Rogers

Analyst
W | 646.396.4003
jared.rogers
@solomonpartners.com



Damascus Thorpe

Analyst
W | 646.293.7343
damascus.thorpe
@solomonpartners.com

M&A



Rich Brail

Chairman of M&A
W | 212.508.1628
richard.brail
@solomonpartners.com



Joe Stein

Financing Advisory
Group Head
W | 646.396.4021
joseph.stein
@solomonpartners.com

CAPITAL ADVISORY

DISCLAIMER

This document is a marketing presentation. It has been prepared by personnel of Solomon Partners or its affiliates and not by Natixis' research department. It is not investment research or a research recommendation and is not intended to constitute a sufficient basis upon which to make an investment decision. This material is provided for information purposes, is intended for your use only and does not constitute an invitation or offer to subscribe for or purchase any of the products or services mentioned. Any pricing information provided is indicative only and does not represent a level at which an actual trade could be executed. Natixis may trade as principal or have proprietary positions in securities or other financial instruments that are the subject of this material. It is intended only to provide observations and views of the said personnel, which may be different from, or inconsistent with, the observations and views of Natixis analysts or other Natixis sales and/or trading personnel, or the proprietary positions of Natixis. Observations and views of the writer may change at any time without notice.

This presentation may contain forward-looking statements and comments relating to the objectives and strategy of Solomon Partners. Any such projections inherently depend on assumptions, project considerations, objectives and expectations linked to future events, transactions, products and services as well as on suppositions regarding future performance and synergies.

Certain information in this presentation relating to parties other than Solomon Partners or taken from external sources has not been subject to independent verification, and Solomon Partners makes no warranty as to the accuracy, fairness or completeness of the information or opinions in this presentation. Neither Solomon Partners nor its representatives shall be liable for any errors or omissions or for any harm resulting from the use of this presentation, the content of this presentation, or any document or information referred to in this presentation.

Nothing in this presentation constitutes investment, legal, accounting or tax advice, or a representation that any investment or strategy is suitable or appropriate to your individual circumstances. Each individual or entity who receives this document or participates in any future transaction shall be responsible for obtaining all such advice as it thinks appropriate on such matters and shall be responsible for making its own independent investigation and appraisal of the risks, benefits and suitability of the transactions as to itself. Any discussions of past performance should not be taken as an indication of future results, and no representation, expressed or implied, is made regarding future results. No person shall have any liability whatsoever (in negligence or otherwise) for any loss arising from any use of this document or its contents or otherwise arising in connection with this document or any other written or oral communications transmitted to the recipient in relation hereto.

Solomon Partners and/or its affiliates, officers, directors and employees, including persons involved in the preparation or issuance of this material, may, from time to time, have long or short positions in, and buy or sell, the securities or derivatives mentioned in this material.

The information contained herein may be based in part on hypothetical assumptions and for certain models, past performance. These assumptions have certain inherent limitations, and will be affected by any changes in the structure or assets for this transaction. This material is confidential and any redistribution is prohibited. Solomon Partners is not responsible for any unauthorized redistribution.