



# EXPERIENTIAL ENTERTAINMENT UPDATE

DECEMBER 2024

AN AFFILIATE OF

 **NATIXIS**  
CORPORATE AND  
INVESTMENT BANKING

# EXPERIENTIAL ENTERTAINMENT INDUSTRY UPDATE

MUCH OF THE EXPERIENTIAL ENTERTAINMENT INDUSTRY ACHIEVED GROWTH DESPITE RISING CONSUMER CHALLENGES; HOWEVER, FAMILY ENTERTAINMENT CONTINUED TO STRUGGLE

## LIVE ENTERTAINMENT

- **Live entertainment experienced robust growth, fueled by a sustained appetite for immersive, in-person engagements**
  - Consumers continue to prioritize in-person shared experiences, proven by robust ticket sales and growing demand for live events
  - Acquisition and venue expansion remain highly effective strategies to diversify and strengthen offerings
  - Revenue and profitability exceeded expectations across the segment, with operators raising full-year guidance, carrying strong momentum into 2025

## CRUISE OPERATORS

- **Cruise operators continue to draw record-breaking demand, with a robust booking pipeline extending to 2025 and beyond**
  - Bookings for 2025 persist in outpacing 2024 levels, enabling operators to further optimize pricing and yield growth
  - Pre-cruise and onboard spending remain key growth drivers, as consumers continue to prioritize premium leisure experiences
  - Driven by higher pricing, expanded capacity and vigorous demand, operators surpassed revenue and profitability forecasts, raising guidance once again for the full-year

## FAMILY ENTERTAINMENT

- **Family entertainment struggled amid continued economic challenges and changes in consumer spending habits**
  - Same-store sales fell compared to 2023 levels, reflecting normalization of consumer expenditures to pre-Covid patterns
  - Walk-in traffic showed some resilience while event demand faced volatility due, in part, to election uncertainties, with a recovery expected for the holiday season
  - Operators are increasingly expanding their offerings to boost engagement and adapt to evolving customer preferences

## THEME PARKS

- **Theme parks maintain a positive outlook for 2025 despite ongoing weather challenges hampering attendance**
  - Hurricane Debby, Helene and Milton forced significant operating day closures, particularly in the Florida market, with operators reporting modest growth on a normalized basis
  - Demand for the 2025 season is robust, highlighted by year-over-year growth across intended date ticket sales, group bookings and season pass purchases
  - Per capita spending continues to trend upward, driven by an increased mix of fast passes and food and beverage increases

# RESILIENT PERFORMANCE ACROSS INDUSTRY SEGMENTS

## LIVE ENTERTAINMENT EXPERIENCED ROBUST GROWTH, FUELED BY A SUSTAINED APPETITE FOR IMMERSIVE, IN-PERSON ENGAGEMENTS

### LIVE ENTERTAINMENT



November 6, 2024

**“We are revising our full year '24 guidance** for revenue and adjusted EBITDA... The **increase is related primarily to strong operating performance on a year-to-date basis, particularly in live events and sponsorship** at both of our businesses” – *Andrew Schleimer, CFO, on Q3 2024 Earnings Call*



November 7, 2024

Pursuit's **adjusted EBITDA came in near the high end of our guidance**... On a same-store basis, which excludes the Jasper properties, **attractions ticket revenue grew 16% and room revenue grew 9%**, driven by **strong effective ticket prices and ADRs** as well as **increased demand for our experiences**” – *Steve Moster, President and CEO, and Ellen Ingersoll, CFO on Q3 2024 Earnings Call*



November 8, 2024

**“Consumers continue to demonstrate their desire for in-person shared experiences** with the majority of concerts across our venues once again sold out during our first quarter... we are experiencing **positive momentum across family shows, special events and marquee sports**” – *Michael Grau, CFO, on Q1 FY2025 Earnings Call*



November 13, 2024

“[We recorded our] **highest ever concerts profitability** with adjusted operating income of \$474 million, up 39%, and margins of 7.2%, up more than two hundred basis points... We think this is a business that [has] **8% compounded growth as an industry**... there is a shift globally to the kind of the experience economy, **live entertainment continually ranks at the top, even above sports**” – *Michael Rapino, President and CEO, on 2024 Investor Presentation Call*



December 9, 2024

“For the upcoming 2024-2025 North American ski season, **pass product sales... decreased approximately 2% in units and increased approximately 4% in sales dollars**... **Lodging bookings at our U.S. resorts for the upcoming season are consistent with last year**... we definitely saw renewers as well as new guests delaying decision-making later into the selling cycle” – *Kirsten Lynch, CEO, on Q1 FY2025 Earnings Call*



# RESILIENT PERFORMANCE ACROSS INDUSTRY SEGMENTS (CONT.)

## FAMILY ENTERTAINMENT STRUGGLED AMID CONTINUED ECONOMIC CHALLENGES AND CHANGES IN CONSUMER SPENDING HABITS

### FAMILY ENTERTAINMENT



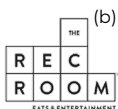
October 21, 2024

"We are pleased with our full year performance, both financially and operationally. We have **delivered further profitable growth, demonstrating the success of our proven, customer-led strategy**... We remain confident in the long-term opportunity for future profitable growth across both the UK and Canada. **[UK like for like revenues were flat for full year ending September 30; Canada grew 5.9%]**" – *Stephen Burns, CEO, on FY2024 Trading Update*



November 4, 2024

"The **market for M&A is the most opportunistic we have ever seen**, and we look forward to continuing to deploy capital accretively... Our total location revenue growth in the quarter was positive 17.5%... **walk-in in the quarter was higher than events**... The only place that **we're seeing a little softness would be on sort of corporates** in front of this uncertainty of the election" – *Robert Lavan, CFO and Treasurer, on Q1 FY2025 Earnings Call*



November 11, 2024

"With an attractive return, **our LBE business is a meaningful contributor to current and future EBITDAaL growth**. We see an opportunity to continue investing in the LBE business with the potential to expand to 30 locations across the country... in our LBE segment, **segment revenues decreased by 9.1% to \$31.1 million**" – *Ellis Jacob, President and CEO, on Q3 2024 Earnings Call*



November 11, 2024

"On a same-store basis, **we are in a slightly negative trend... we are not optimistic**... the trend on rate cuts to curb the inflation means that the US is likely to see a recession next year... we are closely monitoring the unemployment rate... **we have to expect quite a harsh environment**" – *Masahiko Sugino, President and CEO, on Q2 FY2025 Earnings Call*



November 12, 2024

"Starting with same venue sales, the business performed **roughly consistent with expectations in Q3 at down 11%**... Despite significant sales deleverage this year, **we expect to end the year nearly 500 basis points higher in EBITDA margin than in 2019**... We've obviously seen **more volatility in the events business** at Topgolf than we have on the consumer side, and that continued through the quarter" – *Oliver Brewer, President and CEO, on Q3 2024 Earnings Call*



December 10, 2024

"We saw a **strong year-over-year growth in our special events business** and remain optimistic about the prospects for our event business... [In our third quarter] **comparable store sales decreased 7.7%**... the **consumer environment has been somewhat conflicting this year... but we have a significant amount of optimism** that things are progressing forward in a very encouraging way" – *Kevin Sheehan, Interim CEO, and Darin Harper, CFO on Q3 2024 Earnings Call*

Source: Company earnings calls.

a) Bowlero rebranded to Lucky Strike Entertainment, effective December 12, 2024.

b) Subsidiary of Cineplex.

# RESILIENT PERFORMANCE ACROSS INDUSTRY SEGMENTS (CONT.)

CRUISE OPERATORS CONTINUE TO DRAW RECORD-BREAKING DEMAND, WITH A ROBUST BOOKING PIPELINE EXTENDING TO 2025 AND BEYOND; THEME PARKS MAINTAIN A POSITIVE OUTLOOK FOR 2025 DESPITE ONGOING WEATHER CHALLENGES HAMPERING ATTENDANCE

## CRUISE OPERATORS

  
CARNIVAL  
CORPORATION & PLC  
September 30, 2024

“This **incredibly strong book position** for 2024, 2025 and 2026 **drove record third quarter customer deposits towards \$7 billion...** We're about **2/3 booked when you look at next 12 months... it's not pent-up demand anymore.** We've been sailing for over 3 years now” – *Josh Weinstein, President and CEO, on Q3 2024 Earnings Call*



October 29, 2024

“We continue to see a **very positive sentiment from our customer** in a macro environment that favors **growing demand for experiences and vacations... more than 70% purchase onboard activities before they sail,** and they spend more than double compared to those who only make purchases onboard” – *Jason Liberty, President and CEO, on Q3 2024 Earnings Call*

  
NORWEGIAN CRUISE LINE  
HOLDINGS LTD.  
October 31, 2024

“The **cruise consumer has continued to show strength... Net yield grew 9%...** largely due to **strength in pricing and demand across all geographies... pre-booked onboard revenue continues to improve...** nearly **doubling from 2019 levels**” – *Harry Sommer, President and CEO, on Q3 2024 Earnings Call*

## THEME PARKS



November 6, 2024

“Excluding the 3 weeks that were directly impacted by the extreme weather events, **attendance... was up slightly** over the same 3-month period last year... [Legacy Cedar Fair had] **higher spending on extra-charge products, including Fast Lane, which was up 4%...** This brings the early sales of season pass units across the combined portfolio up 2% over the same time last year” – *Brian Witherow, CFO, on Q3 2024 Earnings Call*








November 7, 2024

“Adjusting for [calendar shift and weather] impacts, **attendance would have increased approximately 3%... 2025 intended date ticket sales, group bookings and Discovery Cove** bookings are all **trending up double-digit percentages...** We also recently launched our new and **improved premium pass program with sales up over 10% to date**” – *Marc Swanson, CEO, on Q3 2024 Earnings Call*

# FAMILY ENTERTAINMENT & THEME PARKS REVENUE GROWTH

FAMILY ENTERTAINMENT CONTINUES TO STRUGGLE WITH SAME-STORE SALES GROWTH; THEME PARKS FACED MIXED RESULTS FROM ADVERSE WEATHER CONDITIONS

FAMILY ENTERTAINMENT	Q3 REVENUE		Q3 SAME-STORE SALES
	2024 vs.		2024 vs.
	2019	2023	2023
 (a)	51%	(3%)	(8%)
 (b)	77%	14%	0%
 (c)		8%	(9%)
 (d)	265%	20%	(0%)
 (e)		1%	(11%)
<b>Family Entertainment Average</b>	<b>131%</b>	<b>8%</b>	<b>(6%)</b>

## Q4 CY24 GUIDANCE




Expecting Q4 to perform similar to Q3, negative high-single-digit adjusted EBITDA growth

Mid-single digit to 10% revenue growth, with low- to mid-single-digit SSS growth

Expecting venue-level EBITDA to be higher than prior year and positive adjusted EBITDA

Mid-teen revenue growth, with low- to mid-single-digit SSS growth

Flat revenue growth, negative high-single-digit to low-double-digit SSS growth

THEME PARKS	Q3 REVENUE	
	2024 vs.	
	2019	2023
 (f)	11%	(6%)
 (f)	(10%)	2%
	15%	(0%)
<b>Theme Parks Average</b>	<b>5%</b>	<b>2%</b>

## Q4 CY24 GUIDANCE

20% increase in attendance in the first five weeks of Q4

No longer expect record revenue and EBITDA due to impact of weather

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

a) Calendar year represents 12 months ending in January.

b) Bowlero rebranded to Lucky Strike Entertainment, effective December 12, 2024.

c) Q3 represents 12 weeks ending in October.

d) Figures are exclusive to Round 1 USA segment.

e) Figures are exclusive to the Topgolf business segment of Topgolf Callaway Brands.

f) The merger of legacy Cedar Fair and legacy Six Flags occurred on July 1, 2024.

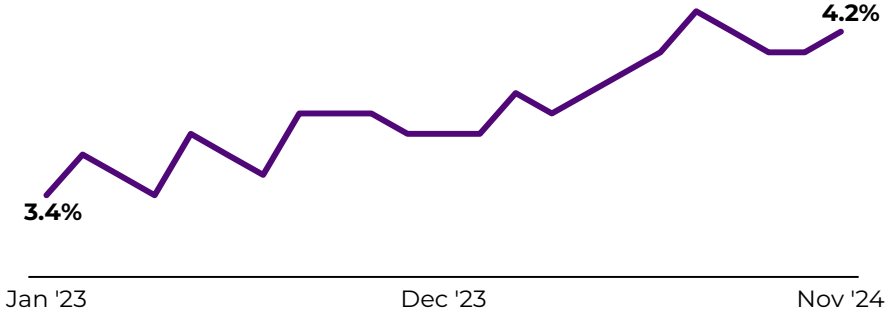
# CONSUMERS CONTINUE TO FACE FINANCIAL PRESSURE

## FAMILY ENTERTAINMENT FACES SLOWER GROWTH POST-COVID, YET REMAINS RESILIENT WITH OPTIMISM FOR 2025

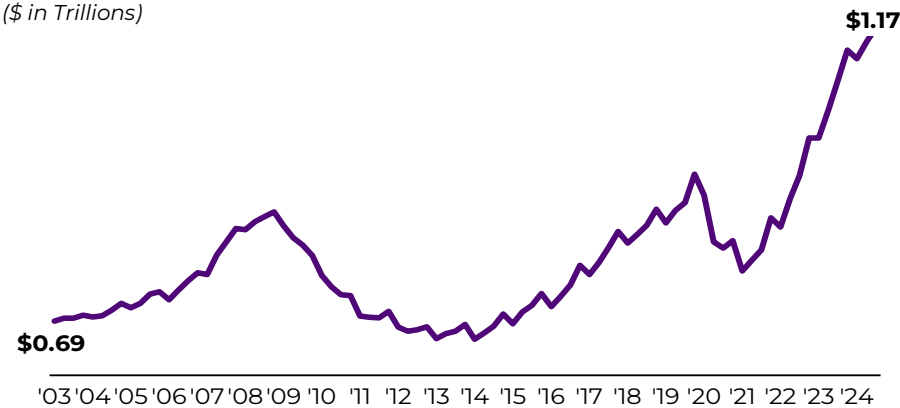
### FAMILY ENTERTAINMENT OUTLOOK

- **While Family Entertainment has been historically resilient during times of economic strain, the consumer continues to feel pressure**
  - With pandemic savings depleted, credit card delinquencies continue to grow to their highest levels in over a decade, with credit card debt at an all time high
  - However, slower growth in 2024 likely driven by more a post-COVID demand correction rather than the underlying macro environment, with operators remaining optimistic for 2025 and beyond

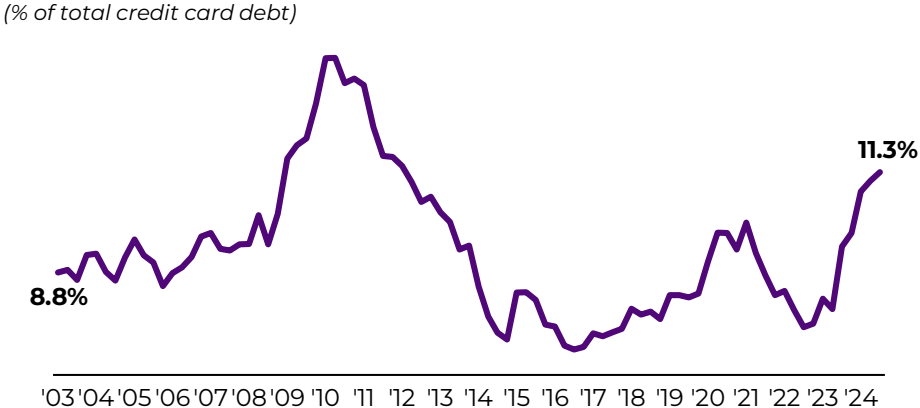
### U.S. UNEMPLOYMENT RATE



### TOTAL U.S. CREDIT CARD DEBT

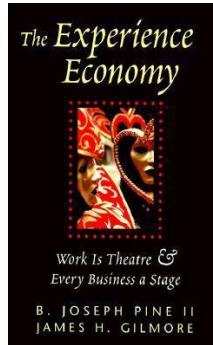


### DELINQUENT CREDIT CARD DEBT (90+ DAYS)



# EXPERIENTIAL ENTERTAINMENT BOOK ANALYSIS

## THEMES FROM JOSEPH PINE & JAMES GILMORE'S THE EXPERIENCE ECONOMY



### About the Authors

Joseph Pine (left) & James Gilmore (right) founded Strategic Horizons as a thinking studio designed to help companies ideate and outline new ways of improving their offerings by emphasizing customer experience. Strategic Horizons' offerings include keynote speeches, workshops and courses. More recent projects include *Markets of One & Authenticity*, which explore how businesses can create unique, personalized experiences and foster genuine connections with their customers.

### Memory is the Currency of Experience

"While commodities are fungible, goods tangible, and services intangible, **experiences are memorable**"

"**Those who thrive** will do so because they **treat their economic offering as a rich experience**, not a glorified good or celebrated service, staged in a way that **engages the individual and leaves behind a memory**"

"We are, in fact, **living more and more in an intangible economy**, in which **the greatest sources of wealth are not physical**"

"...**experiences actually reach inside of the individual to affect him in an inherently personal way**, greatly increasing the value of the offering"

### Mass Customization & Personalization

"Fundamentally, **customers do not want choice; they just want exactly what they want**"

"...**mass customizing** doesn't mean being everything to everybody; rather, it **is doing only and exactly what each customer wants**, when he wants it"

"**The more the customer teaches the company**, the better it can provide exactly what he wants—and **the more difficult it will be more competitors to lure him away**"

"Getting your act together by **mass customizing your offerings** establishes connections with customers that **signal that you care**"

### Work is Theatre & Every Business is a Stage

"...staging experiences is not about entertaining customers, **it's about engaging them**"

"Companies staging experiences must seek equally **crisp thematic constructions**... theming an experience means scripting a **story that would be incomplete without guests' participation**"

"Business enterprises would gain an invaluable perspective by similarly **declaring their work to be theatre**... even the most **mundane tasks can engage customers in a memorable way**"

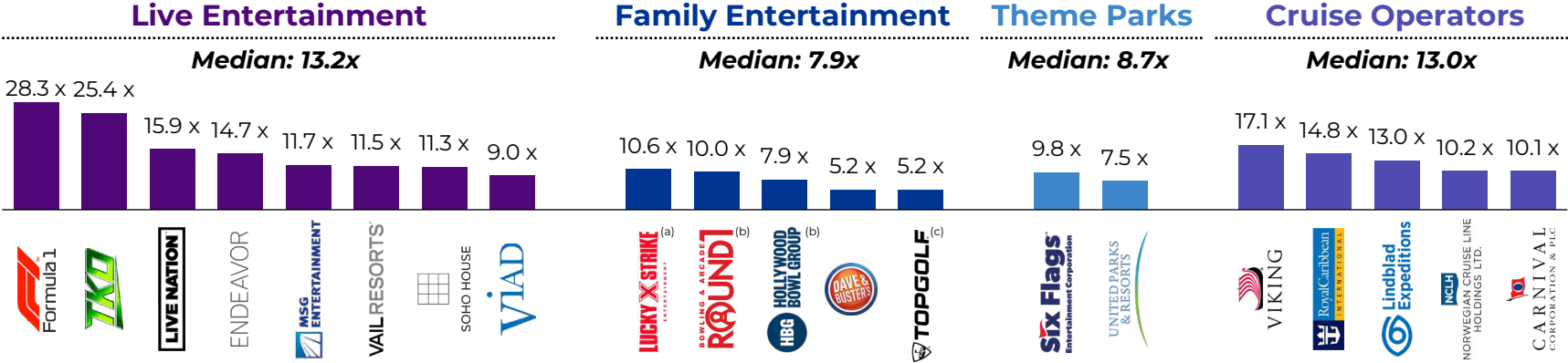
"Today, **successful business**, like good art, **must engage the audience**"

**ENGAGE CUSTOMERS WITH PERSONALIZED, MEMORABLE EXPERIENCES THAT CREATE LASTING VALUE**

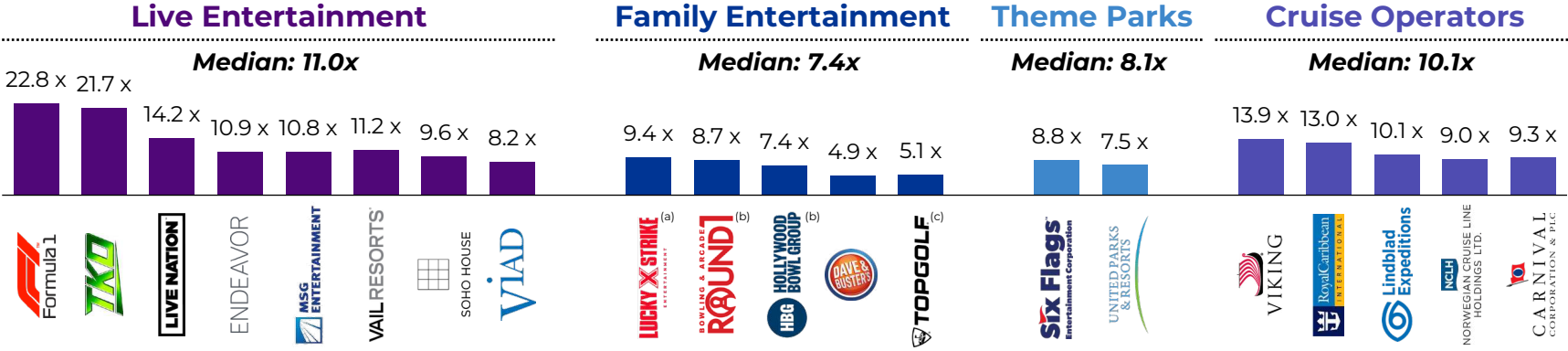


# EXPERIENTIAL ENTERTAINMENT TRADING MULTIPLES

## EV / EBITDA MULTIPLES (CY 2024)



## EV / EBITDA MULTIPLES (CY 2025)



### S&P 500

### YTD Share Performance

28%	52%	79%	48%	32%	13%	(8%)	(26%)	27%	(22%)	135%	12%	(53%)	(44%)	(11%) <sup>(d)</sup>	5%	77% <sup>(e)</sup>	103%	8%	46%	51%
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Source: Public filings and Capital IQ as of December 12, 2024.

a) Bowlero rebranded to Lucky Strike Entertainment, effective December 12, 2024.

b) Represents EBITDA pre-IFRS-16. Assumes EBITDA adjustment related to IFRS-16 in 2024 is constant vs. prior year.

c) Assumes EBITDA adjustment related to venue financing cash in 2024 is constant vs. prior year.

d) Share price reflects change from date of Cedar Fair and Six Flags merger on July 1, 2024.

e) Viking Holdings did not publicly trade until May 1, 2024.

# SOLOMON EXPERIENTIAL ENTERTAINMENT ADVISORY PRACTICE

THOUGHTFUL, FOCUSED AND ENTHUSIASTIC SENIOR BANKERS WITH JUDGMENT AND DIRECTLY RELEVANT SECTOR EXPERIENCE TO BRING INSIGHTS AND DELIVER SUPERIOR OUTCOMES

## OVERVIEW

- Solomon Partners is a globally recognized strategic M&A and financing advisor to leading experiential entertainment companies
- We offer unparalleled breadth and depth of industry knowledge, relationships and execution experience committed to our clients' best interests
- **We advise across the Experiential Entertainment landscape where people are connecting with others in the physical world to create memories and connections, often surrounded by food & beverage**
- We provide M&A, financing and restructuring advisory services to clients ranging from multi-national, large-capitalization corporations to emerging, high-growth, privately-held and sponsor-owned companies
- Valuable cross-sector perspective and approach is achieved through collaboration with our bankers across technology, software, data & analytics, healthcare, fintech / payments, facilities & residential, and media sectors



# SOLOMON TEAM

## GLOBAL CONSUMER RETAIL GROUP

### SENIOR TEAM



**David Shiffman**

Partner, Head of Consumer Retail



**Adam Jaffe**

Managing Director, Entertainment, Leisure & Lifestyle



**John LeVert**

Managing Director, Head of Food, Beverage & Pet



**Rich Brail**

Chairman of M&A



**Joe Stein**

Financing Advisory

### M&A

### CAPITAL ADVISORY

### ADDITIONAL TEAM MEMBERS

**Peter Diamond**, Director

**Brandon Yoshimura**, Director

**Addison Bakken**, Vice President

**Daniel Weld**, Vice President

**Landon Goldstein**, Associate

**Grant Kaufman**, Associate

**Sean McCain**, Associate

**Zoe Weitzner**, Associate

**Matthew Adams**, Analyst

**Sylvie Cao**, Analyst

**Mike Carnavalla**, Analyst

**Brittany Cong**, Analyst

**Melissa King**, Analyst

**Will Nakazato**, Analyst

**Jack Wylie**, Analyst

**Marielle Zweig**, Analyst

### We advise clients across a variety of consumer categories:

- Apparel & Footwear
- Automotive & Powersports
- Beauty & Personal Care
- Consumer Durables / Electronics
- Consumer Services
- Enthusiast & Outdoor
- Fitness & Wellness Tech
- Food & Beverage
- Health & Wellness / VMS
- Home Furnishings / Improvement
- Jewelry / Luxury
- Leisure & Lifestyle
- Pet
- Site-Based / Experiential Entertainment

### And across diverse retailing channels:

- Dollar, Discount / Off-Price and Club
- Ecommerce / DTC
- Grocery / Food Retail / Drug
- Mass / Broadlines
- Natural / Specialty
- Specialty Hardlines
- Specialty Softlines
- Venues

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