



# SOLOMON'S EXPERIENTIAL ENTERTAINMENT UPDATE

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AN AFFILIATE OF



# EXPERIENTIAL ENTERTAINMENT INDUSTRY UPDATE

## THE EXPERIENCE ECONOMY CONTINUES TO UNDERGO TAILWINDS WITH HIGHER PER CAPITA SPEND AND RISING LIVE EVENT DEMAND

### LIVE ENTERTAINMENT

- **Live entertainment performs well as consumers' demand for shared experiences increases**
  - Global demand for live music is driving the industry to record levels
  - Consumer spending remains robust, with per caps increasing alongside a growing fan per show count
  - Majority of concerts are selling out, and demand is widespread across categories and performers
  - Group sales are beginning to recover, presenting an opportunity for growth

### FAMILY ENTERTAINMENT

- **Steady growth in family entertainment driven by the resilience of consumer demand**
  - Despite declining consumer discretionary spending, demand for family entertainment venues remains robust
  - Events are becoming increasingly popular, with significant potential upside
  - Marketing and technology initiatives remain key drivers for increasing consumer visits as spending across the industry continues to rise

### CRUISE OPERATORS

- **Cruise operators reported strong financial performance, led by the continued increase in demand for travel and vacation experiences**
  - Onboard revenue generation continues to perform well, as customer spending shows resilience towards economic pressures
  - Customers continue to shift preferences towards experiences over goods
  - Operators expect to continue to see strong demand in 2024, due to favorable demographics and wealth trends

### THEME PARKS

- **Strong attendance continues across theme parks, with per caps near record levels**
  - Increased spending on food and beverage, attributable to revamped culinary offerings and mobile app food ordering
  - Guests are willing to spend more to enhance their experience and pay more for higher-quality items
  - Group bookings continue to increase with opportunity for growth
  - Park attendance was negatively impacted by adverse weather conditions, including extreme heat and Canadian wildfires

# ROBUST DEMAND ACROSS INDUSTRY SEGMENTS

STRONG POTENTIAL FOR GROWTH ACROSS INDUSTRIES, DRIVEN BY CONSUMERS' ONGOING ENTHUSIASM FOR EXPERIENTIAL ENTERTAINMENT

## LIVE ENTERTAINMENT



July 27, 2023

"Live music is **bigger than ever**, with **global demand driving the industry to record levels**... live on a global basis is going to have an **incredible growth run for years to come**... The **consumer demand is growing**... continuing to **spend strongly**" – *Michael Rapino, President and CEO on Q2 2023 Earnings Call*



August 18, 2023

"...which reflects a robust supply of live entertainment as well as **strong demand from consumers for shared experiences**... The aggregate number of tickets sold to concerts at our venues in fiscal '23 **were at record highs**... consumers have also continued to **demonstrate their willingness to spend on experiences**" – *David Byrnes, CFO & Executive VP on FYQ4 2023 Earnings Call*



August 3, 2023

"**Strong consumer demand** for high-quality hospitality experiences... capitalizing on **strength in consumer spending** and **unprecedented demand**... **consumer spend remains buoyant**" – *David Barry, President of Pursuit, on Q2 2023 Earnings Call*

## FAMILY ENTERTAINMENT



September 11, 2023

"Consumer discretionary spending may be dropping, but **consumers still want to go out**... gearing up for a **robust holiday season**" – *Thomas Shannon, Chairman and CEO on Q2 2023 Earnings Call*



September 6, 2023

"... the customers that are coming in, they're **spending at consistent levels** of what we historically have seen in that post-COVID environment..." – *Michael Quartieri, CFO on Q2 2023 Earnings Call*



August 8, 2023

"...driven by **strength across all our business segments**... We also see a **resilient and engaged consumer** across all of our business... we have seen **consistent and strong growth** in the consumer-led portion of our business" – *Oliver Brewer, President and CEO on Q2 2023 Earnings Call*

# ROBUST DEMAND ACROSS INDUSTRY SEGMENTS (CONT.)

## STRONG POTENTIAL FOR GROWTH ACROSS INDUSTRIES, DRIVEN BY CONSUMERS' ONGOING ENTHUSIASM FOR EXPERIENTIAL ENTERTAINMENT

### CRUISE OPERATORS



July 27, 2023

"...positioned us to significantly capitalize on the **growing demand** for high-quality experiential travel... we are well positioned for **sustained growth**... the **growing demand for authentic and immersive experiences**... we're seeing **really, really strong bookings**" – *Craig Felenstein, CFO on Q2 2023 Earnings Call*



NORWEGIAN CRUISE LINE  
HOLDINGS LTD.

August 1, 2023

"We have been able to tap into **strong consumer demand**... another indication of **continued healthy demand** environment... Our target higher-end demographic continues to be healthy and resilient with **strong demand for travel and experiences**" – *Harry Sommer, President and CEO on Q2 2023 Earnings Call*



July 27, 2023

"...contributed to **strong and accelerated demand** for our vacation experiences... the **very healthy demand environment** we are seeing is quite encouraging... customers **remain engaged and eager** to vacation" – *Jason Liberty, President and CEO on Q2 2023 Earnings Call*

### THEME PARKS



August 3, 2023

"...the continued **strength of consumer demand for experiences**... indicate our guests willingness to spend to enhance their experience... **consumer demand for experiential entertainment remains incredibly strong**" – *Richard Zimmerman, President and CEO on Q2 2023 Earnings Call*



August 8, 2023

"...**attendance still grew** at certain of our parks and **total per capital spending increased** for the 17<sup>th</sup> consecutive quarter... take advantage of **clear growth opportunities**" – *Marc Swanson, CEO on Q2 2023 Earnings Call*










August 10, 2023

"...our **attendance trends continue to improve**... total guest per capita spending continues to be **near record level**... our guests are **spending more on food and beverage**" – *Selim Bassoul, President and CEO on Q2 2023 Earnings Call*

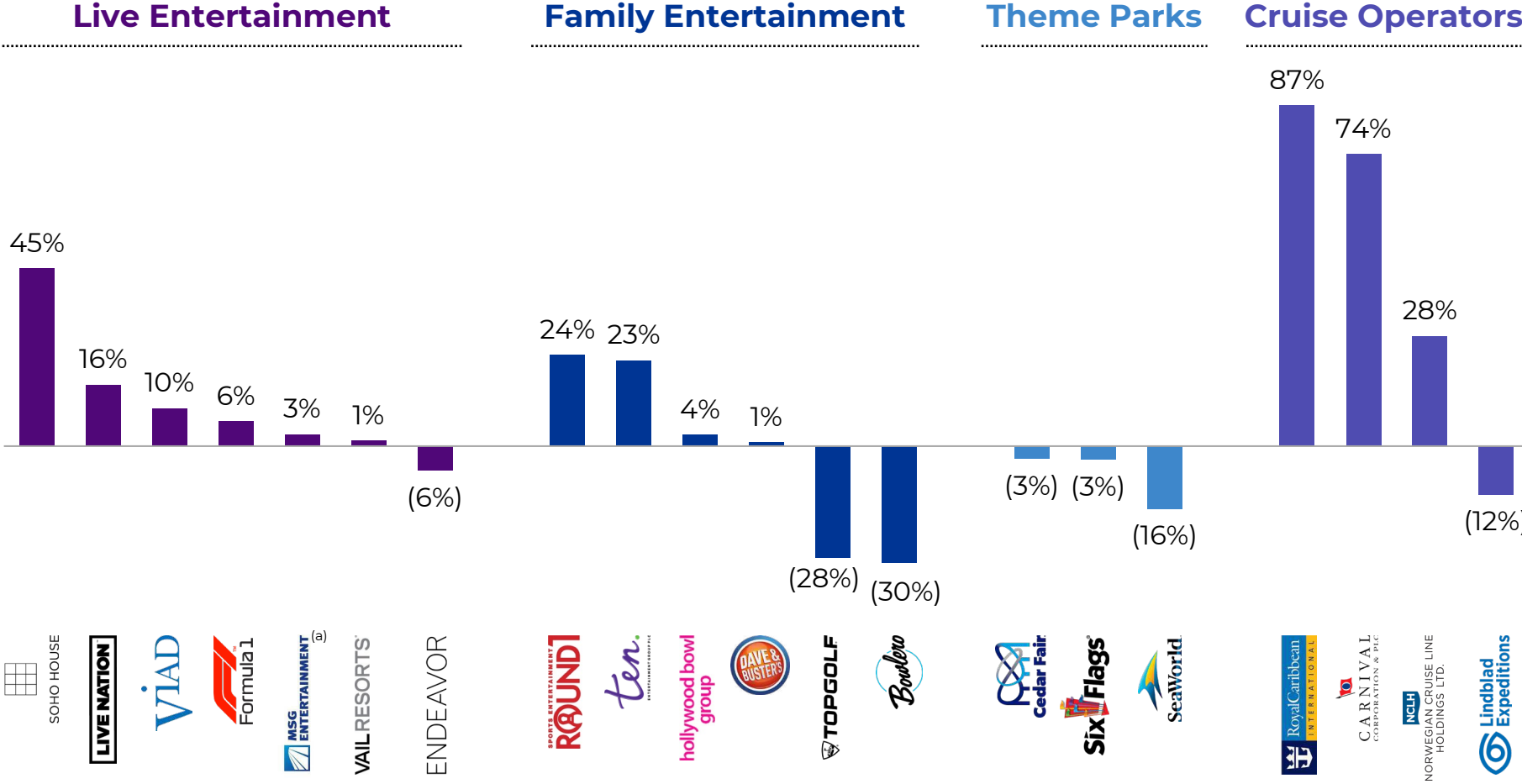
# FAMILY ENTERTAINMENT AND THEME PARKS REVENUE GROWTH

SSS AT FAMILY ENTERTAINMENT AND REVENUE GROWTH AT THEME PARKS HAS TURNED NEGATIVE IN Q2 VS. 2022 BUT STILL SIGNIFICANTLY OUTPACES 2019

	REVENUE		SAME STORE SALES	
	CY23 Q2 vs.		CY23 Q2 vs.	
	CY19 Q2	CY22 Q2	CY19 Q2	CY22 Q2
<b>Family Entertainment</b>				
	54%	(11%)	29%	(3%)
	57%	16%	6%	(6%)
	41%	16%		(0%)
		17%		~1%
<b>Family Entertainment Average</b>	51%	10%	18%	(2%)
<b>Theme Parks</b>				
	15%	(2%)		
	22%	(2%)		
	(7%)	2%		
<b>Theme Parks Average</b>	10%	(1%)	N/A	N/A

# EXPERIENTIAL ENTERTAINMENT YTD CHANGE IN SHARE PRICE

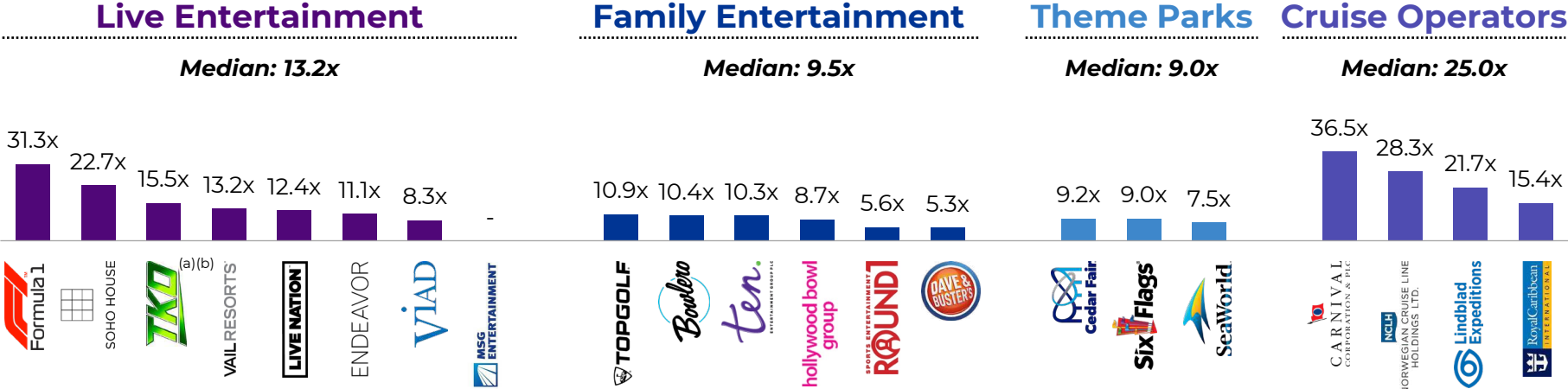
CRUISE OPERATORS AND LIVE ENTERTAINMENT STOCKS HAVE PERFORMED WELL ON A YTD BASIS, WHILE DOMESTIC FAMILY ENTERTAINMENT AND THEME PARK STOCKS HAVE LAGGED BEHIND



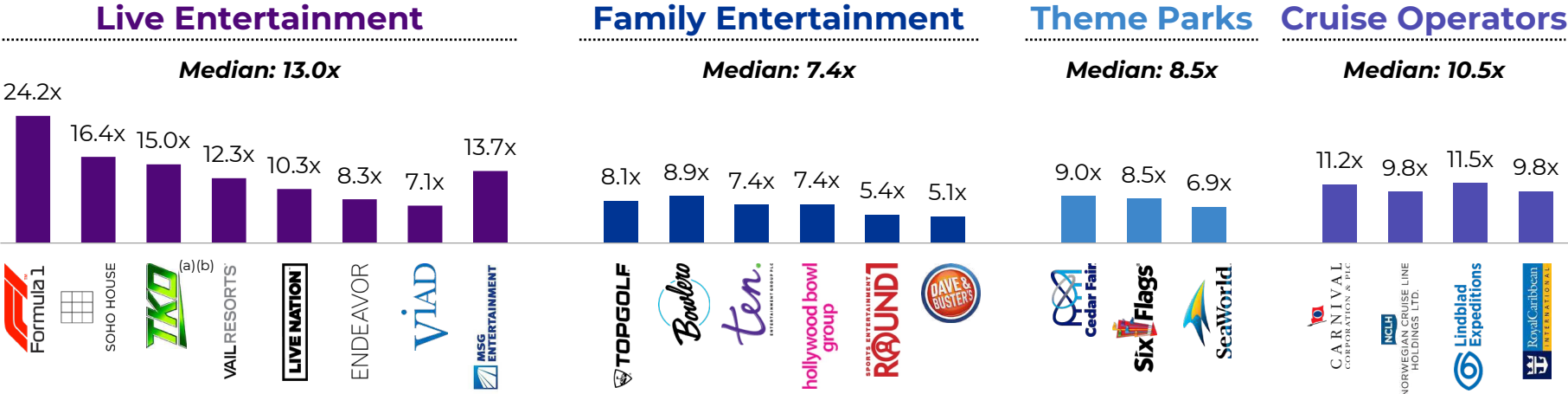
Source: Capital IQ from January 3, 2023 – September 25, 2023.  
 Note: TKO Group Holdings not included due to short-term trading period.  
 a) MSG Entertainment did not publicly trade until April 17, 2023.

# EXPERIENTIAL ENTERTAINMENT TRADING MULTIPLES

## EV / EBITDA MULTIPLES (LTM)



## EV / EBITDA MULTIPLES (CY2023E)



Source: Public filings and Capital IQ as of September 25, 2023.

a) Enterprise value calculated as market capitalization + non-controlling interest + long-term debt + current portion of long-term debt + convertible debt – cash (\$150M of remaining cash and cash equivalents available to fund TKO's operations post transaction costs as stated on S-1 statement filed September 15, 2023).  
 b) LTM EBITDA calculated as WWE LTM EBITDA + UFC LTM EBITDA. CY2023E EBITDA calculated as an average of equity research estimates.

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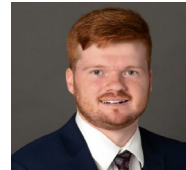
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