

# EXPERIENTIAL ENTERTAINMENT UPDATE

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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	
	2024 vs.		2024 vs.	
FAMILY ENTERTAINMENT	2019	2023	2023	
	65%	7%	(2%)	
	62%	(2%)	(6%)	
	235%	22%	4%	
		5%	(7%)	
<b>Family Entertainment Average</b>	<b>121%</b>	<b>8%</b>	<b>(3%)</b>	

## 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% <sup>(d)</sup>
	35%	1%
	11%	7%
<b>Theme Parks Average</b>	<b>32%</b>	<b>9%</b>

## 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.

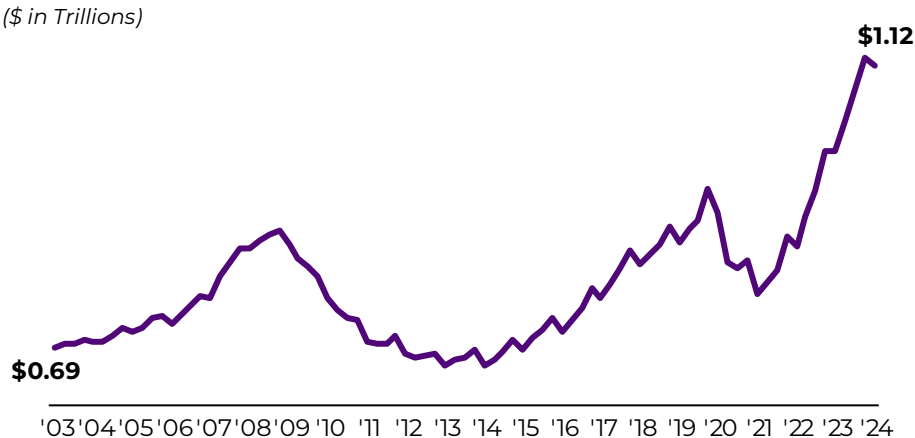
d) Q1 is the smallest contributor to annual revenue and is subject to frequent fluctuations. In 2023, Q1 revenue was 4.7% of annual revenue.

# CONSUMERS ARE UNDER FINANCIAL PRESSURE

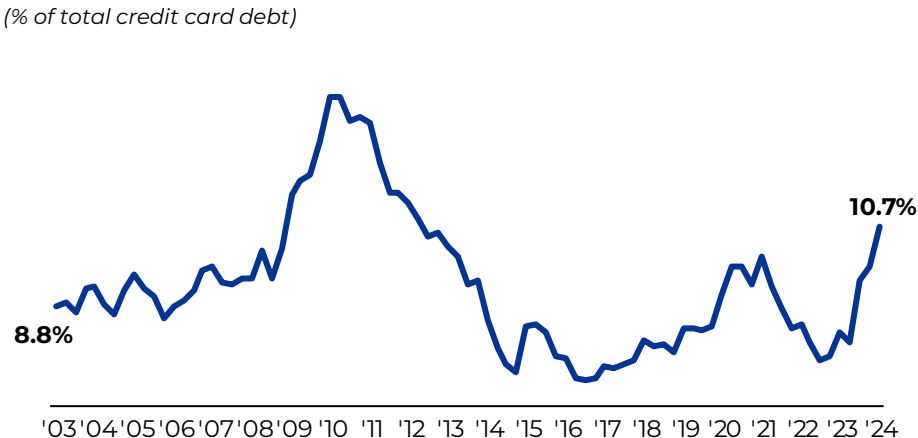
## ECONOMIC STRAIN ON CONSUMERS NEGATIVELY AFFECTED Q1 PERFORMANCE ACROSS THE FAMILY ENTERTAINMENT SECTOR

- 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

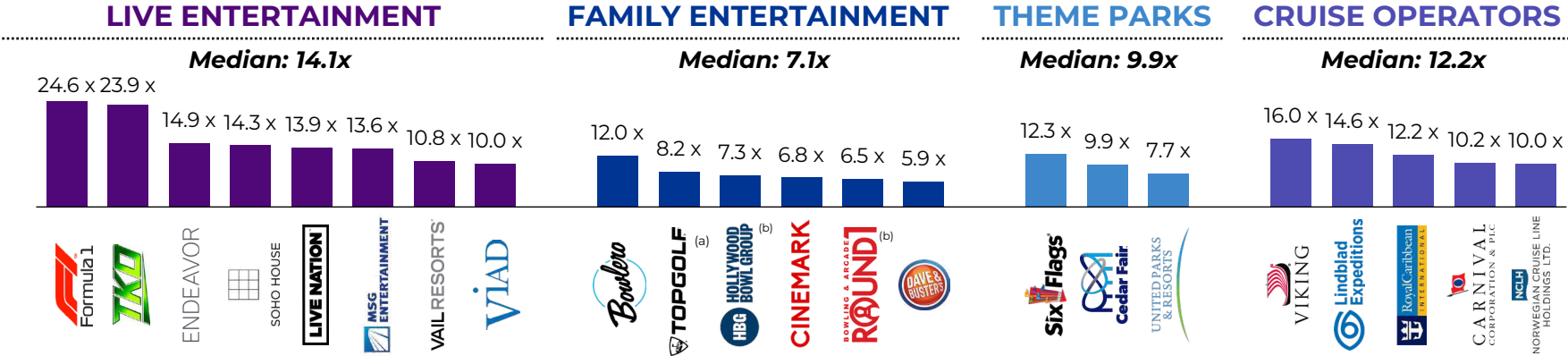


DELINQUENT CREDIT CARD DEBT (90+ DAYS)

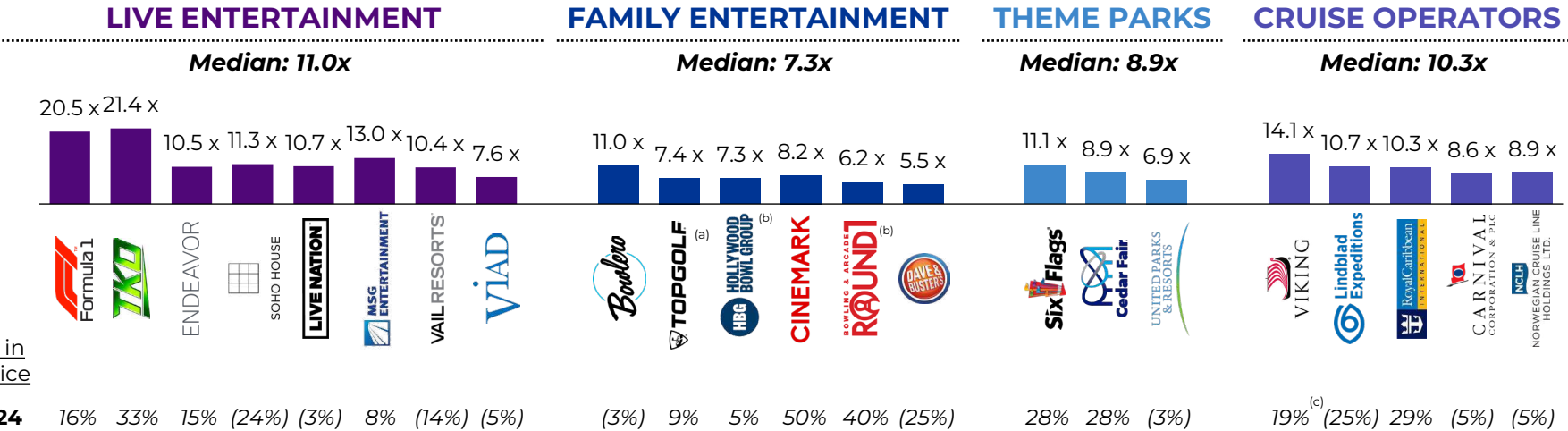


# EXPERIENTIAL ENTERTAINMENT TRADING MULTIPLES

## 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.

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