



RESULTS PRESENTATION

FINANCIAL YEAR ENDED 30 SEPTEMBER 2020



hollywood bowl
group plc



AGENDA



STEVE BURNS
CEO

- FY2020 highlights
- Response to the pandemic
- Operational progress



LAURENCE KEEN
CFO

- FY2020 Financial performance
- Property update
- Summary and outlook

FY2020 FINANCIAL PERFORMANCE

H1 LFL

+8.6%

**POST
OPENING
LFL vs PY¹**

68%

**CASH AT
BANK**

£20.8M

NET DEBT

£8.7M

**PROFIT
AFTER
TAX**

£1.4M

**ADJUSTED
EBITDA**

£14.0M

**NEW
CENTRES**

4

¹ Six weeks post opening period

OPERATIONAL OVERVIEW

- Excellent H1 FY2020 performance (pre-COVID-19), ahead of prior year period with near double-digit like-for-like revenue growth and significant free cash flow
- Effective operational and financial response to estate closure until mid-August reopening (21.3 weeks of FY2020)
- Financial security assured following capital raise, landlord negotiations and bank restructuring
- Quick reaction to the enforced restrictions, leading the sector safety framework response and “new normal” innovation
- Puttstars successful launch in a challenging environment
- Demand for leisure remains strong since reopening with better than expected performance in mid-August and September
- Despite the estate closures the Group posted a profit of £1.4m for FY2020



OUR COVID-19 RESPONSE



OUR COVID-19 RESPONSE

16 MARCH

- ★ Government announces social distancing measures

17 MARCH

- ★ Hollywood Bowl closes every other lane, removes 50% of bar furniture and turns off 50% of amusements
- ★ Cash flow forecast produced and discussions with lenders commence

18 MARCH

- ★ Team members have temperature checks and closedown strategy put in place



MARCH



20 MARCH

- ★ Government announces pub/gym/leisure closures
- ★ All centres close from 7pm – stock removed and made safe and all amusement machines emptied

23 MARCH

- ★ Deep clean of centres completed, long-life products replenished, and cash removed from centres
- ★ Centre teams furloughed
- ★ Government announces full lockdown

24 MARCH

- ★ Centres mothballed, new centre construction and refurbishment work paused
- ★ Majority of support team furloughed

17 APRIL

- ★ Equity placing raises £10.5m (net proceeds)

29 APRIL

- ★ June quarter (and beyond) rent negotiations commence with landlords

7 MAY

- ★ Extended RCF secured under CLBILS

- ★ Covid-secure reopening guidelines proposed by HWB and adopted by other major operators and trade association

9 JULY

- ★ #BRING BACK BOWLING campaign launched – seeking support for sector reopening

APRIL – JULY



OUR COVID-19 RESPONSE

- 16 JULY
 - ★ DCMS, PHE and the Cabinet Office approve sector COVID-secure operating guidelines following significant engagement
 - 28 JULY
 - ★ Centre teams unfurloughed and centres prepared for 1 August reopening
 - ★ Risk assessments completed
 - 31 JULY
 - ★ With less than 24 hours' notice, government delays reopening by two weeks
 - ★ Lobbying activity further increased, directly and via UK Hospitality – sector reopening and VAT reduction focus
- 
- 21 SEPTEMBER
 - ★ Additional year added to banking facilities (to 9/22)
 - 23 NOVEMBER
 - ★ Welsh centres close under national lockdown (reopen 9 November, close again 4 December)
 - 2 NOVEMBER
 - ★ Scottish centres close under new levels system
 - 5 NOVEMBER
 - ★ English centres close under national lockdown (reopen 2 December in Tier 2 locations)
 - 1 DECEMBER
 - ★ Estate wide lane dividers installation complete

JULY



AUGUST – DECEMBER

- 4 AUGUST
 - ★ Centres in Wales reopen at 50% capacity
- 15 AUGUST
 - ★ Centres in England reopen at 50% capacity.
 - ★ Significant media presence achieved for the brand including national TV interviews
- 24 AUGUST
 - ★ Centres in Scotland reopen at 50% capacity
 - ★ Excellent feedback to Covid secure measures from customers, EHO and police spot check visits
- 1 SEPTEMBER
 - ★ Lane divider and other capacity-increasing measures tested. New food and drink ordering APP launched



REOPENING CAMPAIGNS

July

- Extensive reopening lobbying via MPs, Cabinet Ministers and DCMS
- Launched #BringBackBowling campaign – seeking customer and MP support
- Ahead of the planned 1st August opening, secured national coverage across TV, radio, online and press showcasing our new Covid-secure measures

August

- TV, radio, online and press coverage achieved when 1st August opening postponed by Government – market leader reaction and comments sought by all key media
- Extensive national coverage achieved for the 15th August reopening that ran throughout the weekend
- Feature interviews secured on various radio channels, BBC and ITV news plus location filming and interview for BBC Breakfast
- Multiple press and online features in national and local consumer media and trade and business press



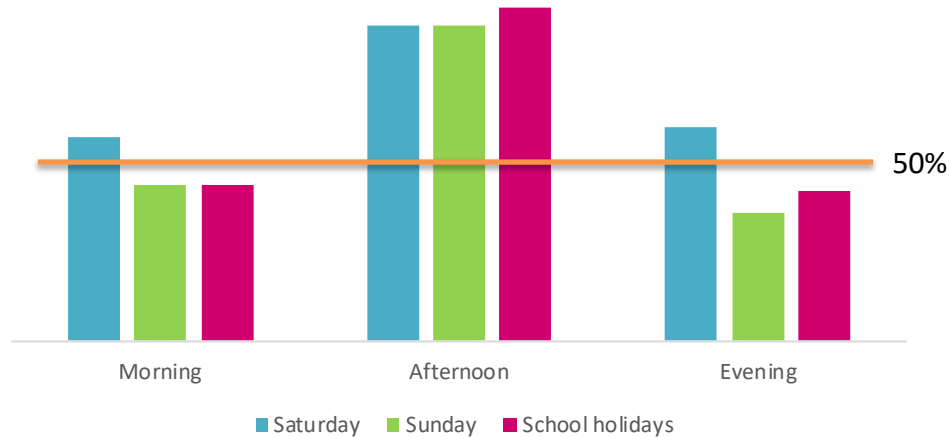
**#BRING
BACK
BOWLING**

MANAGING CAPACITY

Restrictions impacting trading

- Only alternate lanes in operation from reopening on 15 August
- Group of six introduced from 14 September
- 10pm curfew introduced from 24 September

Lane utilisation at peak pre-COVID



Increasing capacity ahead of December reopening

- All lanes open with full height lane seating area dividers installed in all centres
- New bowling balls to allow easy identification by bowler groups



SALES, SERVICE AND SAFETY SUPERIORITY



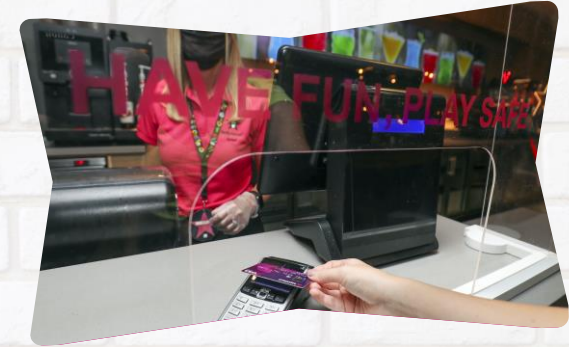
SALES

- Dynamic pricing discounts reduced in line with capacity
- Midweek value drivers added
- Food and drink inclusive packages
- New family focused group packages
- Digital expertise enables fast response to legislation changes



SERVICE

- COVID measures survey
 - 95% satisfied
- Overall customer satisfaction since reopening
 - 93% satisfied
- NPS since reopening
 - 65%
- Simplified diner menu with improved customer feedback



SAFETY

- Close liaison with DCMS and Primary Authority to develop new processes
- COVID secure operations fully embedded
- Additional safety measures - new balls/dividers/marshals
- Positive customer and EHO feedback
- New audit and compliance checks

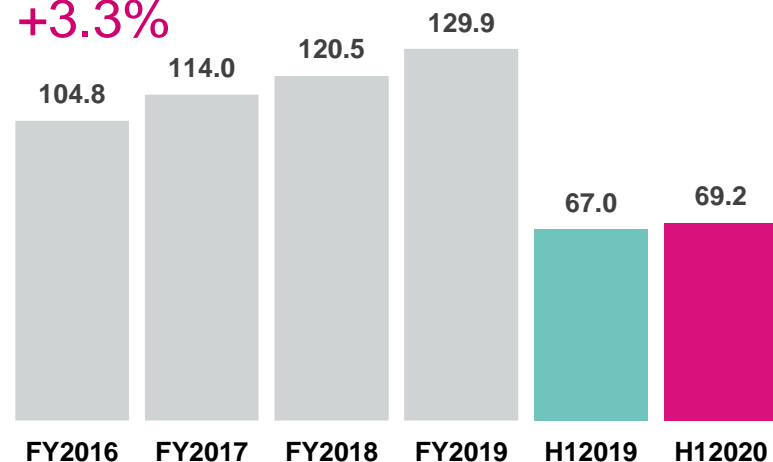
FINANCIAL PERFORMANCE



EXCELLENT H1 FINANCIAL PERFORMANCE

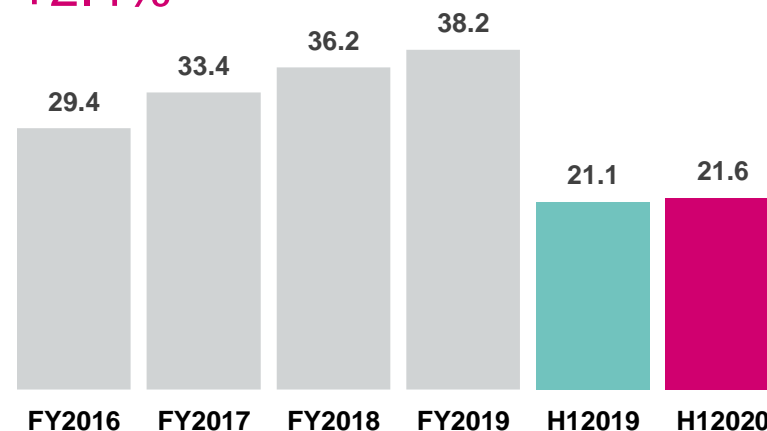
REVENUE (£M)

+3.3%



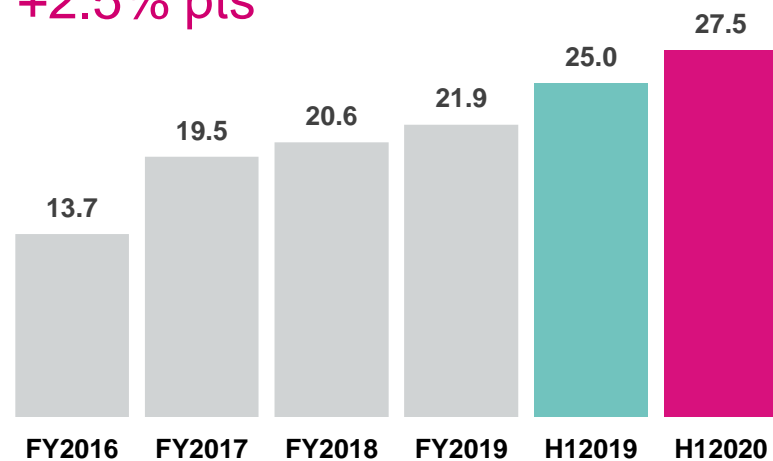
GROUP ADJUSTED EBITDA (£M)

+2.4%



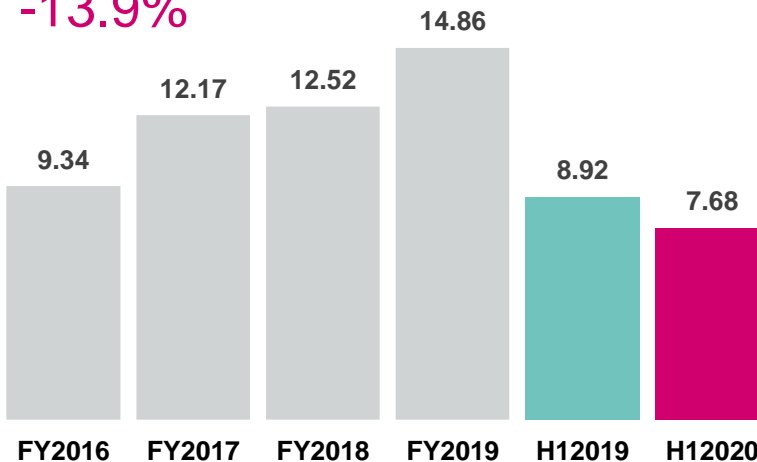
STATUTORY OPERATING PROFIT MARGIN %

+2.5% pts



EARNINGS PER SHARE (PENCE)

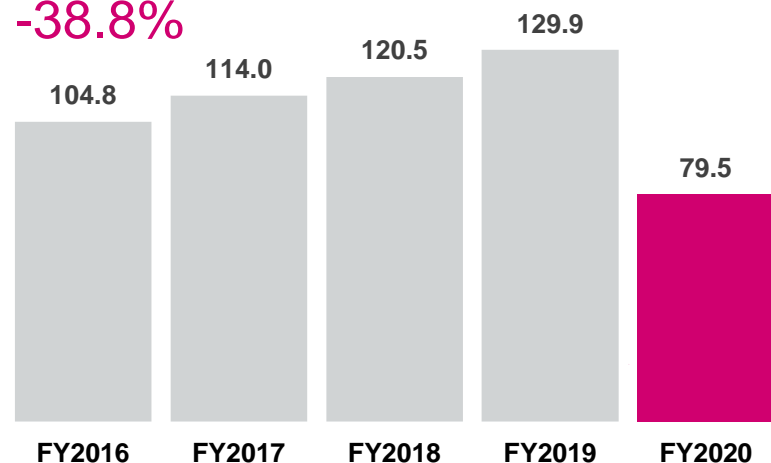
-13.9%



FULL YEAR FINANCIAL PERFORMANCE

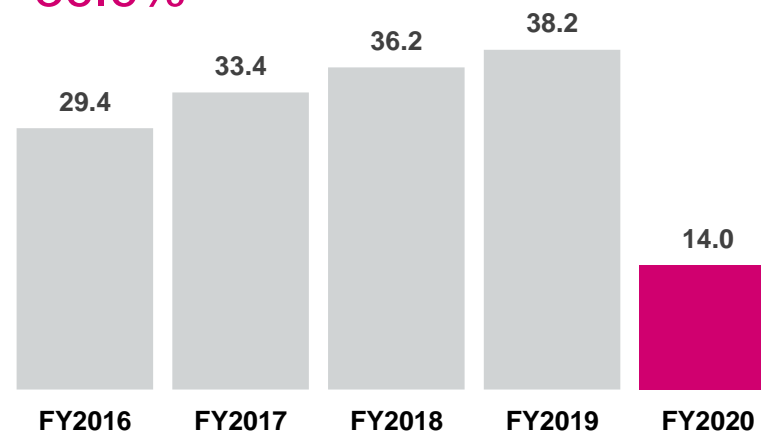
REVENUE (£M)

-38.8%



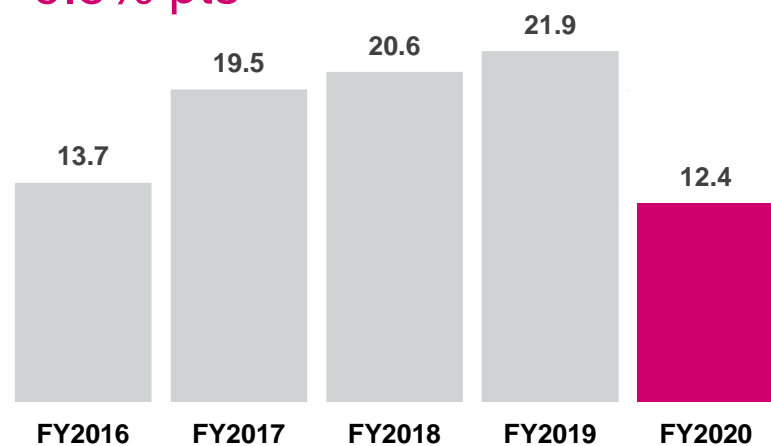
GROUP ADJUSTED EBITDA (£M)

-36.6%



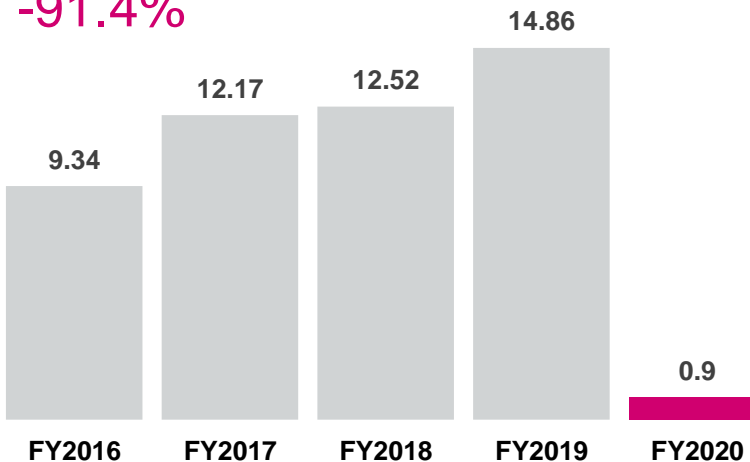
STATUTORY OPERATING PROFIT MARGIN %

-9.5% pts



EARNINGS PER SHARE (PENCE)

-91.4%



INCOME STATEMENT ON PRE IFRS 16 BASIS

(£m)	FY2020	FY2019	Movement
Revenue	79.5	129.9	(38.8%)
Gross profit	67.9	111.4	(39.0%)
Gross profit%	85.5%	85.7%	(0.2%pts)
Administrative expenses	45.2	61.3	(26.2%)
Corporate costs	8.7	11.9	(27.4%)
Group Adjusted EBITDA	14.0	38.2	(63.4%)
Group Adjusted EBITDA %	17.6%	29.4%	(12.8%pts)

- LFL revenue up 9.4% pre COVID impact, FY2020 +0.4% LFL
- Trading for only 31 weeks
- Gross profit 85.5% in line with management expectations
- Cost saving in operating costs during lockdown of 59.5%
- Reduction in corporate costs of 27.4%
- Group adjusted EBITDA of £14.0m

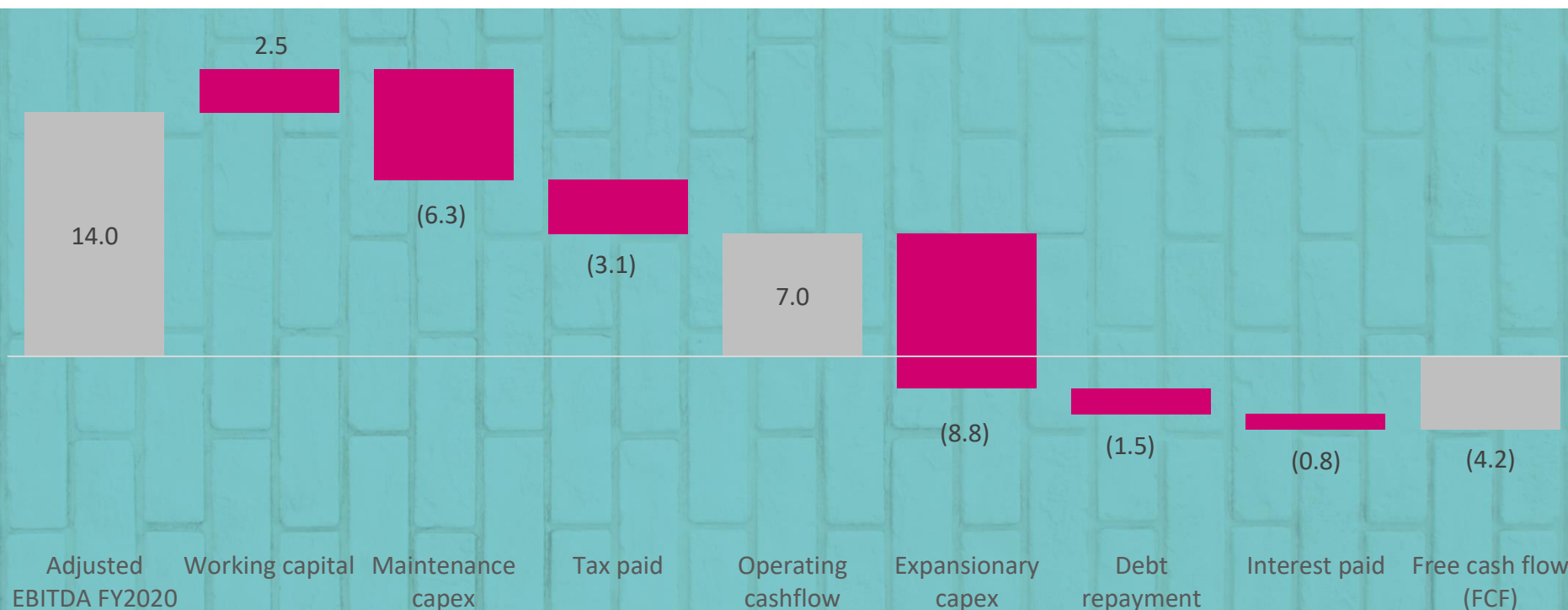
INCOME STATEMENT INCLUDING IFRS 16 IMPACT

(£m)	IFRS 16 FY2020	Pre IFRS 16 FY2019	Movement
Group Adjusted EBITDA	14.0	38.2	(63.4%)
Add back Rent FY2020	15.8	-	-
Group Adjusted EBITDA	29.8	38.2	(8.4)
Depreciation and amortisation	(19.9)	(9.5)	(10.4)
Loss on disposal of assets	(0.0)	(0.6)	0.6
Exceptional (costs)/income	-	0.4	(0.4)
Operating profit	9.9	28.4	(18.6)
Net finance expenses	(8.7)	(0.9)	(7.8)
Profit before tax	1.2	27.6	(25.2)
Tax expense / (credit)	(0.2)	5.3	5.5
Profit after tax	1.4	22.3	(90.4%)
Statutory EPS (pence)	0.90	14.86	

- IFRS 16 EBITDA benefit of £15.8m
- Rent benefit offset by £9.3m increase in depreciation and £7.8m in finance expenses
- IFRS 16 PBT impact of £1.2m due to front end loaded leases
- No exceptional costs in FY2020
- Statutory EPS 0.90 pence

CONTROLS AND ACTIONS MITIGATE CASH OUTFLOW

- Group adjusted operating cash flow of £7.0m (FY2018: £24.7m)
- Landlord agreements benefitted working capital in FY2020
- Reduction in maintenance capital expenditure due to closure period
- Expansionary capital of £7.7m for four new centres opened in FY2020
- Free cash flow of £(4.2)m
- Equity placing net proceeds of £10.5m
- Net debt at £8.7m (FY2019: £2.9m)
- No dividend declared to preserve balance sheet strength
- Total returned to shareholders since IPO: £47.7m



CASH MANAGEMENT: MARCH – SEPTEMBER 2020

Cash benefits in FY2020	Cash received	Costs waived	Cash deferred
Government support	£7.7m	£3.9m	£2.1m
Suppliers	-	-	£1.2m
Landlords (rent only)	-	£2.1m	£4.6m
TOTAL	£7.7m	£6.0m	£7.9m

Cash commitment to repay deferrals	FY2021	FY2022	FY2023 or later
Government support (VAT time to pay)	£1.2m	£0.9m	-
Suppliers	-	-	£1.2m
Landlords	£1.8m	£0.3m	£2.6m

- £21.6m of cash benefits delivered in FY2020 from Government, suppliers and landlords
- £13.7m is a permanent cash benefit
- Landlord support due to strong relationships, pipeline performance and strong financial covenant
- Deferred costs manageable through expected strong future cash generation
- Covenant and RCF support from bank

BALANCE SHEET

(£m)	FY2020	FY2019	Movement
Assets			
Intangible assets	78.2	78.5	(0.3)
Property, plant and equipment	48.2	47.4	0.8
Right-of-use assets	140.5	n/a	140.5
Inventories	1.3	1.2	0.1
Trade, other receivables and corporation tax debtor	2.0	8.0	(6.0)
Cash and cash equivalents	20.8	24.9	(4.1)
Total Assets	291.0	160.0	131.0
Liabilities			
Trade, other payables and provisions	(9.9)	(18.5)	(8.6)
Lease liabilities	(173.8)	n/a	(173.8)
Loans and borrowings	(29.0)	(26.7)	(2.3)
Other liabilities	(4.8)	(13.1)	8.3
Total liabilities	(217.5)	(58.3)	(159.2)
Total net assets	73.5	101.6	(28.1)

- Significant change in recognition of assets and liabilities under IFRS 16
- Right-of-use asset of £140.5m netted off with lease liabilities of £173.8m
- Reduction in rent pre-payments impacting total assets
- Reduction in trade payables due to business rates removal
- Increased borrowings due to £4m RCF drawdown, offset by higher cash position

FINANCIAL OUTLOOK FOR FY2021

- Ongoing uncertainty and impact from local tier restrictions
- Positive impact from increased capacity and utilisation
- Lower impact from National living and minimum wage in FY2021 c. 2.8%
- 5-7 refurbishments planned
- Maintenance capital expenditure expected to be c.£6m
- Expansionary capital expenditure expected to be c.£4m
- Bank refinancing meetings to commence in Q2
- Remain optimistic for a gradual return to more recognisable market conditions in 2021



WELL POSITIONED FOR GROWTH



LONG TERM STRATEGY REMAINS UNCHANGED

ORGANIC GROWTH

Constant focus on customer experience

- Increasing dwell time through customer focused culture and innovation
- Focus on sales, service and safety superiority
- Attracting and retaining top team member talent

Increasing spend

- Improved F&B and amusement offering

Leveraging technology to unlock growth

- Increasing ecommerce sales and yield performance
- Best in class scoring and bowling systems

Broadening the appeal to new customers

- Maximising engagement through targeted marketing

INVESTMENT LED GROWTH

Maintaining a high quality, profitable estate

- Rolling refurbishment programme which prioritises spend on guaranteed returns

Development of new centres and acquisitions

- Target of 2 new centres per year on average on retail / leisure parks - with landlord contributions

Growing market share through customer engagement

- Refocusing the proposition towards family leisure, improving ancillary product offerings

Leveraging our indoor leisure experience

- Strategic roll out of the Puttstars brand

Strategic profit enhancing acquisitions

- Opportunities that suit the Group's locations and demographic criteria

OPTIMISING THE EXPERIENCE AND GROWING SPG

Improved food and drink customer feedback

- Simplified menu to minimise wastage, increase speed of service whilst protecting quality
- Payment app (iOrder) driving SPG
- Speed and consistency resulted in service scores increasing YOY, key learnings for post COVID trading to improve margin and operational efficiencies
- New inclusive packages for Tier 2/3 centres

Resilient amusements spend despite capacity restrictions

- Roll out of play for prizes and new machine injections on track with key pieces (Coin-op VR) installed since reopening
- Continuation of contactless technology, change machines, pool tables
- Extension of floor space on refurbishments



TECHNICAL EXCELLENCE AND INNOVATION

Pins on strings

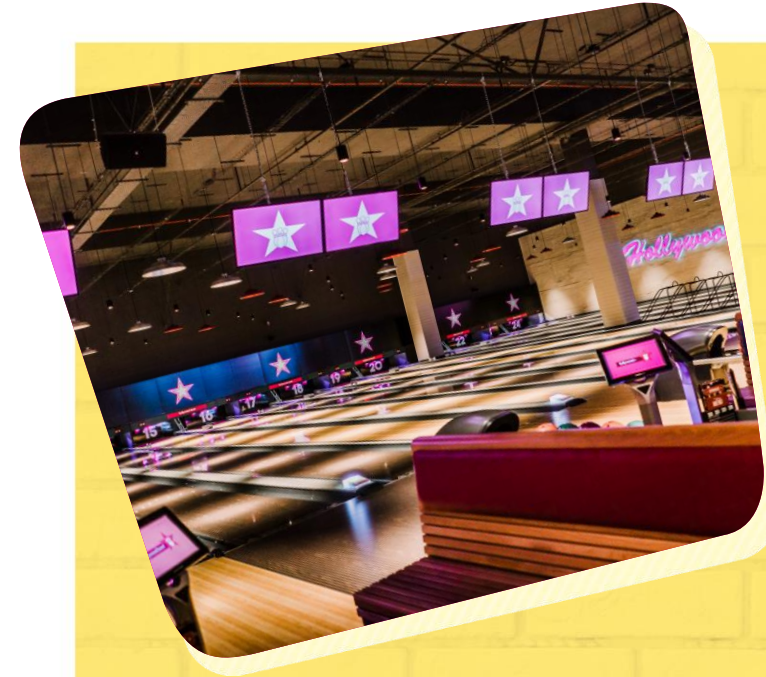
- Continued roll out – 7 centres this year
- Now in 18 centres – 6 centres planned for FY2021
- POS GPS at 1,249 (+51.9% YOY)
- Average ROI of POS is 30% on capital invested

New scoring system

- Continued roll out – 20 centres this year
- Now in 44 centres – 95% of estate to be installed by end FY2021
- Integrated into CRM platform and scorecard programme

Digital investments

- Optimisation and increased reach from online advertising campaigns
- Extended in-centre digital journey – merchandising and leader boards



TEAM ENGAGEMENT

Attracting and retaining top talent

- Supported our teams financially during centre closures
- Virtual training delivered during lockdown to all levels of management
- Maintained team member engagement during closure period including virtual Q&A with leadership team
- 29 online training modules available for teams
- 96 team members benefited from a top talent programme
- Increased focus on team wellbeing

Reward and recognition

- 1467 team members awarded pin badges
- Team incentives and centre management bonus scheme were introduced on reopening



MANAGING OUR BUSINESS IN A SUSTAINABLE WAY

Our customers and communities

- Affordable, inclusive fun
- Subsidised access for concession customers

Team members

- Strong focus on wellbeing throughout the period
- Ongoing team engagement and feedback programmes

Charity engagement

- National charity partnership with Barnardo's
- Fundraising and donations

Health and safety

- COVID-secure measures extended above the legal requirements

Environment

- 2nd solar installation in Bentley Bridge – further centres planned
- Sustainable approach to construction supplies
- On target for 70% recycling milestone by end of FY2021



BOWLING CENTRE PROJECTS COMPLETED DURING LOCKDOWN 1.0

New centre - Hollywood Bowl York

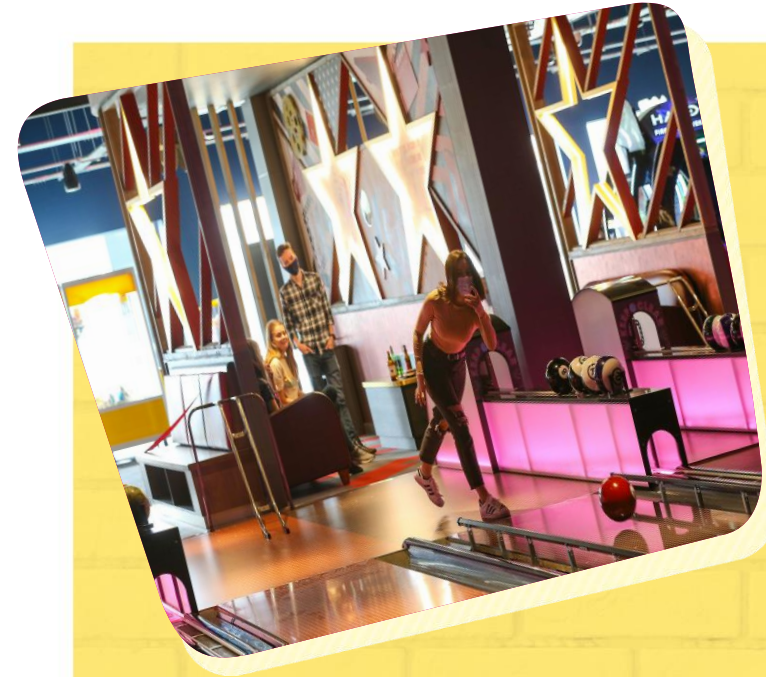
- Spend £1.7m net capital expenditure
- Next generation VIP lanes
- Over lane balls returns
- Co-located with Puttstars

Refurbishment - Crawley

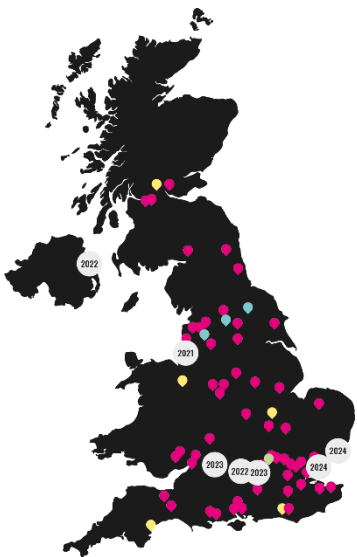
- Spend £517k
- Combined bar and diner
- Enlarged amusement area
- 2 extra lanes in high lineage centre

Refurbishment and rebrand - Carlisle

- Spend £220k
- New bowler seating
- Exterior and signage upgrade



STRONG NEW CENTRE PIPELINE TO 2024



LIVERPOOL – FY2021

HOLLYWOOD BOWL

- Relocation of existing centre to new developed leisure section, co-located with cinema
- 23,000 sq. ft. / 24 lanes
- Net capex requirement £2.5m

BELFAST – FY2022

HOLLYWOOD BOWL

- First Hollywood Bowl in N. Ireland
- Leisure scheme with cinema, WM5 and Odyssey arena
- 29,000 sq. ft. / 20 lanes
- Net capex requirement £1.1m

READING – FY2022

HOLLYWOOD BOWL

- First bowling centre in Reading
- 200,000+ catchment (5km)
- Redevelopment of Oracle scheme will include indoor golf and restaurants
- 26,000 sq. ft. / 21 lanes
- Net capex requirement £1.5m



BRACKNELL – FY2023

HOLLYWOOD BOWL

- Relocation of existing bowl to new town centre development scheme
- Town centre includes Cineworld, multiple restaurants and retail
- 23,450 sq. ft. / 20 lanes
- Net capex requirement £1.7m

SWINDON – FY2023

HOLLYWOOD BOWL

- Large out of town leisure/retail centre
- Trading with cinema, indoor ski, restaurants and retail
- 21,000 sq. ft. / 19 lanes
- Net capex requirement £1.9m

COLCHESTER – FY2024

HOLLYWOOD BOWL

- Large out of town leisure complex
- Cineworld cinema, trampoline, indoor golf and restaurants
- 21,000 sq. ft. / 18 lanes
- Net capex requirement £1.9m

SOUTHEND – FY2024

HOLLYWOOD BOWL

- New out of town leisure complex
- Empire cinema (11 screens), restaurants and hotel
- 22,000 sq. ft. / 20 lanes
- Net capex requirement £1.8m



A NEW BRAND – A BIG OPPORTUNITY

PUTTSTARS
MINI GOLF



LEVERAGING OUR LEISURE EXPERTISE

Opportunity in an established market

- Family focused offer with wide demographic appeal
- Over 1000 indoor and outdoor adventure, crazy and mini golf courses in the UK
- Highly fragmented UK market with limited large-scale operators - three largest have 12, 8 and 5 centres

Opportunity to leverage our indoor leisure experience with a new and differentiated offer

- Three trial centres now open
- Proprietary technology and hole design delivers a unique experience
- Digital scoring system introduces a new dimension to game play, levels the playing field and feeds into the wider digital journey
- Market consolidation and roll out opportunities



A SUSTAINABLE, PROFITABLE BUSINESS MODEL

Strong trading since opening

- Golf spend per game in line with bowling spend at Hollywood Bowl centres
- Opportunity to drive ancillary spend
- ROI of 20% in Year 1

Positive customer feedback

- NPS score of 77% since brand launch
- Positive social media reviews
 - » “THE GOLF IS AWESOME, QUIRKY AND DIFFERENT”
 - » “REALLY CLEVER SYSTEM IN PLACE TO KEEP TRACK OF SCORES!”

Rollout potential

- Pipeline – 5 new locations at heads of term stage
- National potential



SUMMARY AND OUTLOOK



WELL POSITIONED FOR THE FUTURE

- Market leader with high quality, well-invested estate led by experienced management team
- Customer-focused business leading the development of the indoor leisure sector
- Engaged and performant centre teams
- Robust support from bank and shareholders
- Demonstrated fast and agile approach to market challenges
- Ongoing investment and innovation in the customer proposition and technology enablers
- Commitment to refurbishment programme, which has driven strong returns and gained excellent customer feedback
- New centre pipeline remains strong with additional opportunities for Puttstars expansion
- Ready and able to take advantage of market opportunities
- Well-insulated from a recession due to continued demand for family focused, affordable leisure experiences



APPENDICES



OVERVIEW OF ESTATE AND NEW CENTRE PIPELINE

CURRENTLY

64

CENTRES

7

NEW OPENINGS BY END
OF FY2024

**WE OPERATE A HIGH-QUALITY
PORTFOLIO OF WELL LOCATED
CENTRES AND HAVE A STRONG NEW
CENTRE PIPELINE TO 2024**






Our centres are typically co-located with cinema and casual dining restaurants, in large, high-footfall, edge of town leisure and retail developments.

AMF BOWLING

PUTTSTARS
MINI GOLF

hollywood bowl

KEY

	Hollywood Bowl	56
	AMF Bowling	5
	Puttstars centres	3
	Pipeline centres	7
	Central support office	1



MANAGEMENT

STEPHEN BURNS - CHIEF EXECUTIVE OFFICER

- Appointment: Stephen joined the Group as Business Development Director in 2011. He was promoted to Managing Director in 2012 and became Chief Executive Officer in 2014.
- Skills and experience: Before joining the Group, Stephen worked within the health and fitness industry, holding various roles within Cannons Health and Fitness Limited from 1999. He became sales and client retention director in 2007 upon the acquisition of Cannons Health and Fitness Limited by Nuffield Health, and became regional director in 2009. In 2011, Stephen was appointed to the operating board of MWB Business Exchange, a public company specialising in serviced offices, meeting and conference rooms, and virtual offices.
- Top bowling score: 186 . Top mini golf score: 9100

LAURENCE KEEN - CHIEF FINANCIAL OFFICER

- Appointment: Laurence joined the Group as Finance Director in 2014.
- Skills and experience: Laurence has a first-class degree in business, mathematics and statistics from the London School of Economics and Political Science. He qualified as a chartered accountant in 2000 and has been an ICAEW Fellow since 2012. Previously, Laurence was UK development director for Paddy Power from 2012. He has held senior retail and finance roles for Debenhams PLC, Pizza Hut (UK) Limited and Tesco PLC.
- Top bowling score: 191. Top mini golf score: 7800



The background of the entire image is a repeating pattern of chevrons (V-shapes) in two shades of pink. The chevrons are arranged in a staggered, overlapping fashion, creating a dynamic, geometric texture. The lighter pink chevrons are set against a slightly darker pink background.

**hollywood bowl
group plc**

hollywoodbowlgroup.com