

hollywood bowl group

INTERIM RESULTS PRESENTATION

Half Year Ended 31 March 2017

Stephen Burns – Chief Executive Officer

Laurence Keen – Chief Financial Officer



CONFIDENTIAL – May 2017

2017 H1 Highlights

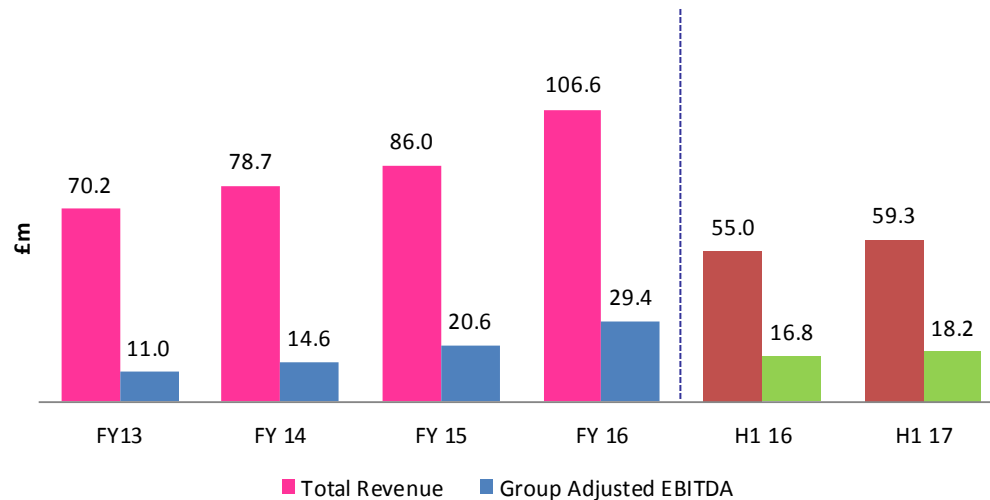
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Revenue Growth	LFL Sales Growth	Group Adjusted EBITDA	Profit After Tax	New Sites For FY 17
+7.9% £59.3m (H1 16: £55.0m)	+1.2%* (H1 16: +10.4%)	+8.6% £18.2m (H1 16: £16.8m)	+101.7% £10.0m (H1 16: £4.9m)	4

* Easter switch worth c. 2.0%pts

Operational highlights

- ★ Successful execution of growth strategy drives strong results
- ★ Bowlplex integration and rebranding programme delivering ahead of expectations:
 - ★ 5 rebranded and an additional 2 expected in FY17
- ★ Strong progress in new centre programme
 - ★ 1 opened in the period
 - ★ 3 opening in H2 including O2 London
- ★ Ongoing innovation of customer proposition
 - ★ Cashless amusements,
 - ★ New Hollywood Diner menu
 - ★ Pins on strings initiative
- ★ Investment in market leading technology platform
- ★ Strong balance sheet and excellent cash generation

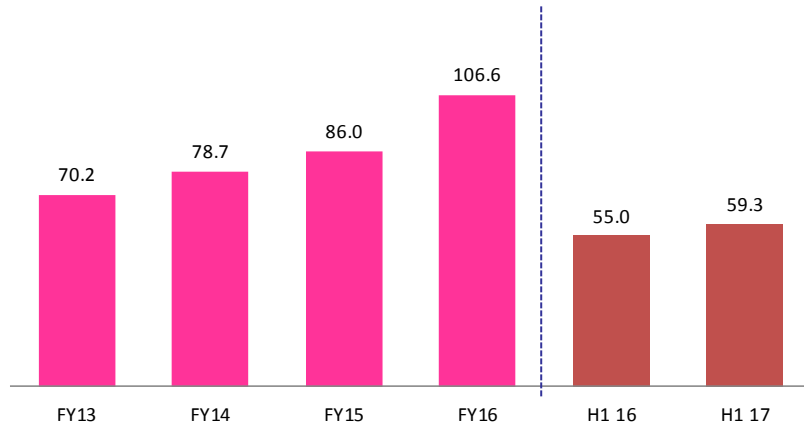


Financial Highlights

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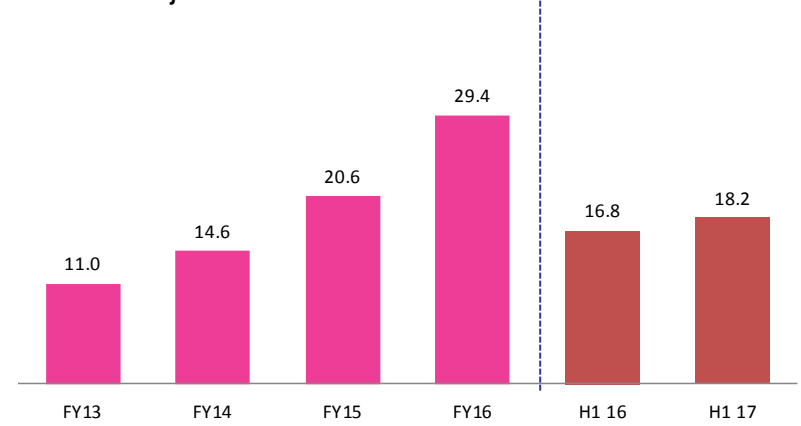
Revenue £m

★ Total Revenue +7.9%



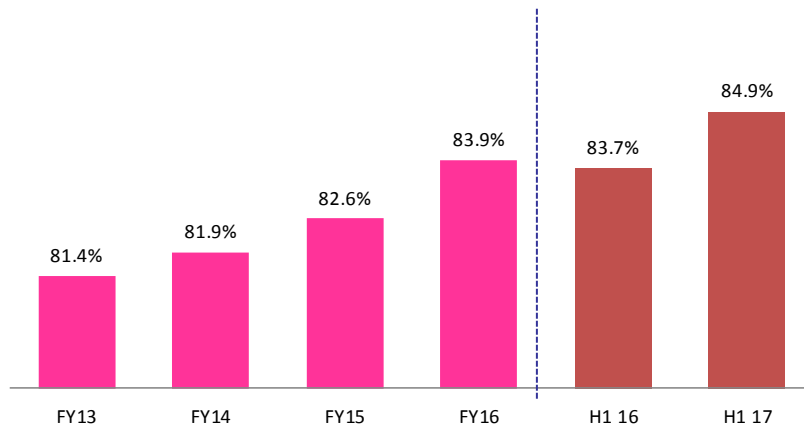
Group Adjusted EBITDA £m

★ Adjusted EBITDA +8.6%



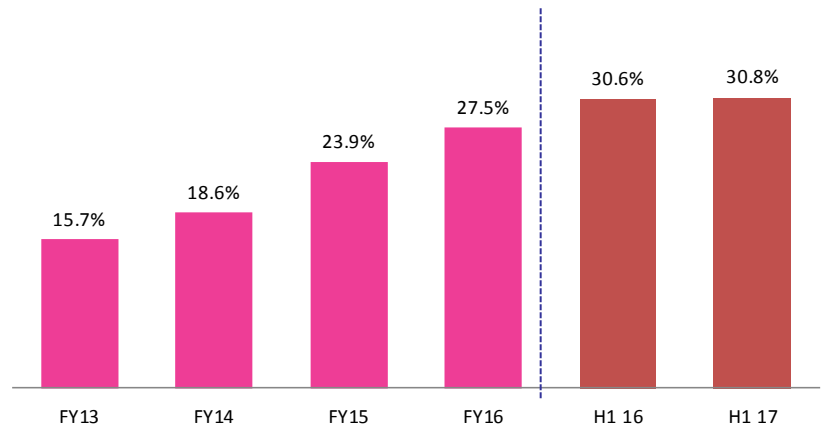
Gross Profit %

★ +1.2%pt FYE of Drink and Amusement contracts



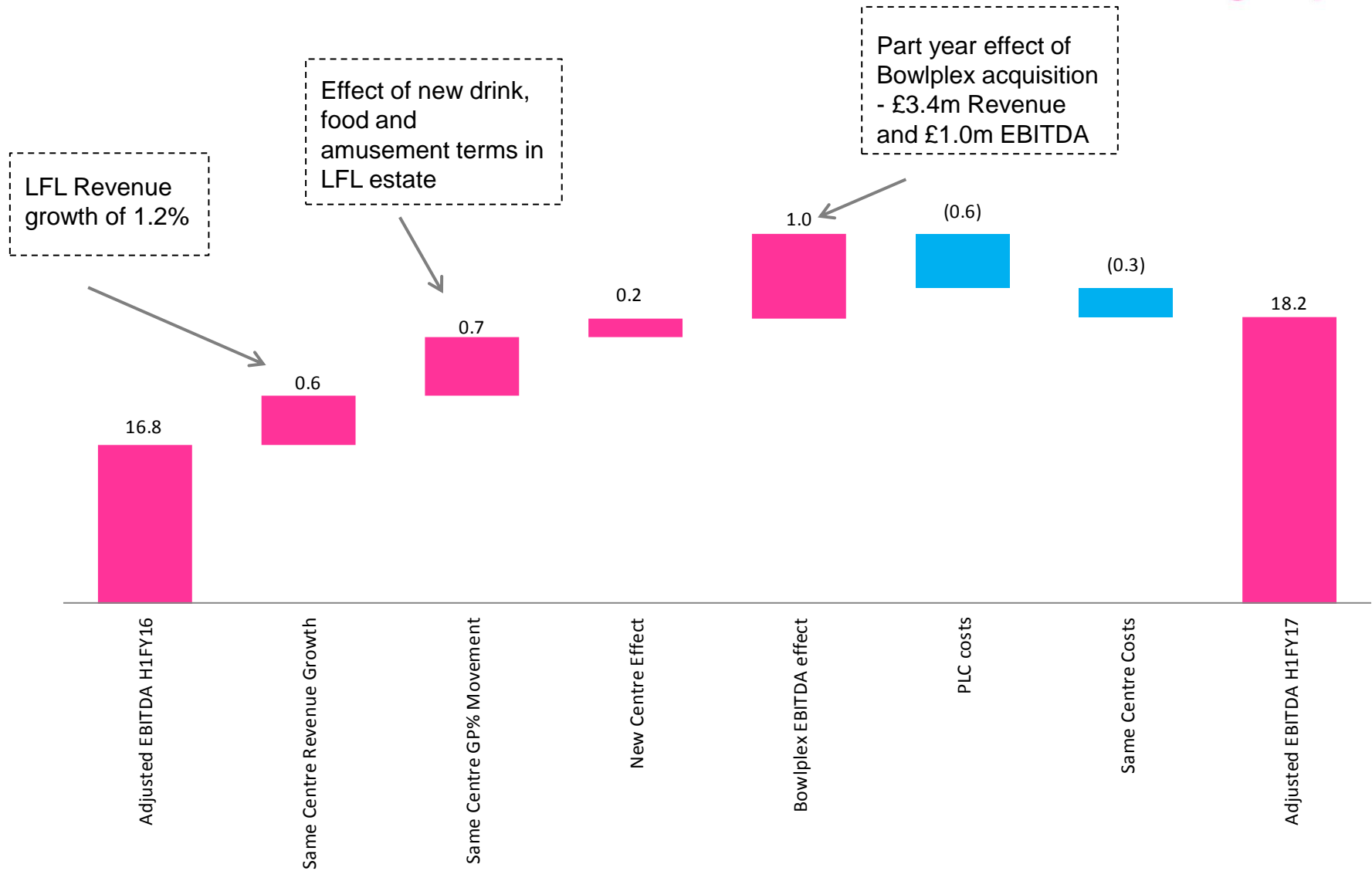
Group Adjusted EBITDA Margin %

★ Strong EBITDA flow through



EBITDA increased 8.6%

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Income Statement (i)

(£m)	6 months to 31 March 2017	6 months to 31 March 2016	Movement
Revenue	59.3	55.0	+7.9%
Gross profit	50.3	46.0	+9.3%
Gross profit %	84.9%	83.7%	+1.2pts
Administrative expenses /other income	(37.4)	(35.1)	
Operating profit/(loss)	13.0	10.9	+18.5%
Adjusted EBITDA	18.2	16.8	+8.6%

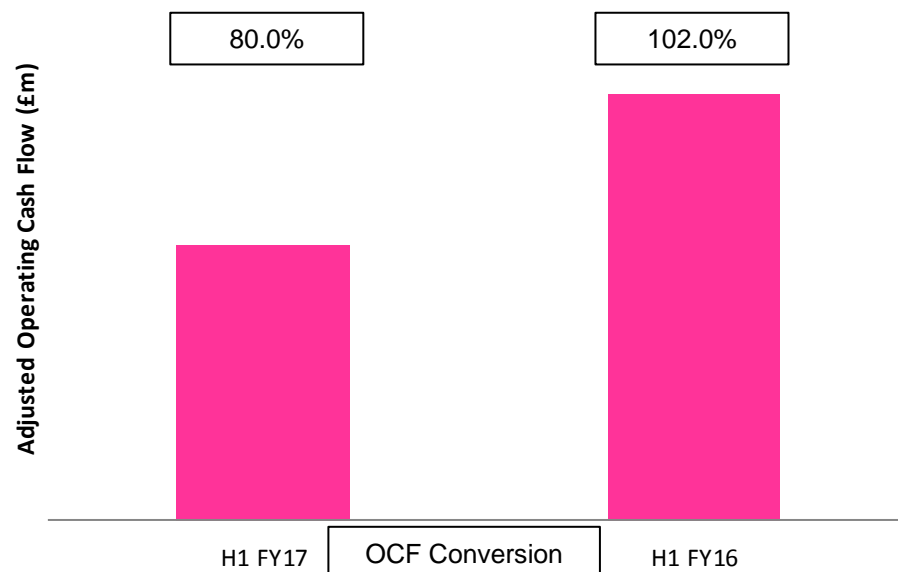
- ★ Revenue of £59.3m, growth of 7.9%
- ★ LFL up 1.2%, with Easter switch into H2 worth 2.0%pts
- ★ Gross Profit% increased due to full year effect of new drink and amusement terms as well as slight movement in bowling mix
- ★ Group Adjusted EBITDA grew by £1.4m driven by increased size of estate and improved EBITDA per centre
- ★ Underlying operating expenses reduced slightly to 63.1% from 63.8% due to tight controls on payroll and other expenses

Income Statement (ii)

(£m)	6 months to 31 March 2017	6 months to 31 March 2016	Movement
Adjusted EBITDA	18.2	16.8	+8.6%
EBITDA margin	30.8%	30.6%	+0.2%pts
Depreciation	(4.9)	(4.7)	
Amortisation	(0.3)	(0.2)	
Exceptional items	(0.2)	(1.0)	
Operating Profit	13.0	10.9	+18.5%
Finance income	0	0	
Finance expenses	(0.6)	(4.6)	
Movement in derivative financial instruments	0	0	
Profit/(loss) before tax	12.4	6.3	
Tax (expense) /credit	(2.4)	(1.4)	
Profit/(loss) after tax	10.0	4.9	+101.7%
EPS (pence)	6.64		

- ★ EBITDA margin increased due to revenue growth and strong cost controls
- ★ Exceptional costs substantially reduced versus prior year
- ★ Finance costs in prior year reflect pre-IPO financing structure
- ★ EPS for H1 was 6.64p
- ★ Interim dividend of 1.8 pence per share to be paid for H1 and will be made in July 2017

Strong cash generation



£m (H1: March)	FY17	FY16
Capex		
Maintenance capex ^(a)	3.2	2.7
Expansionary capex ^(b)	4.4	1.3
Total Gross capex	7.5	4.0
Cash flow		
Adj. EBITDA	18.2	16.8
Change in working capital	0.5	3.9
Maintenance capex	(3.2)	(2.7)
Tax paid	(1.0)	(0.8)
Adjusted Operating cash flow)	14.6	17.1
% OCF conversion	80.0%	102.0%

- ★ Continued investment in maintenance and expansionary projects
- ★ 3 refurbishments completed in H1 along with £3m gross spend on new centres
- ★ Net cash flow for H1 of £7.3m
- ★ Net capital spend forecasted at £11m for full year

(a) Maintenance capex = maintenance expenditure + net amusement expenditure

(b) Expansionary capex = refurbishment expenditure + new centre expenditure (excludes landlord contributions)

Group Balance Sheet

(£m)	6 months to 31 March 2017	6 months to 31 March 2016
PPE	38.6	37.0
Intangibles	79.0	79.3
Stock	1.2	1.2
Trade and other Receivables	6.2	11.8
Cash	16.5	17.9
Creditors and Provisions	(25.2)	(31.0)
Gross Debt	(30.0)	(109.3)
Deferred Tax	(2.3)	(2.2)
Net Assets	84.0	4.7

★ Net cash flow of £7.3m in H1

★ Net debt of £13.5m (0.43 times LTM EBITDA)

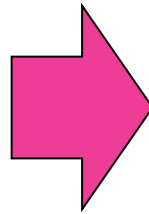
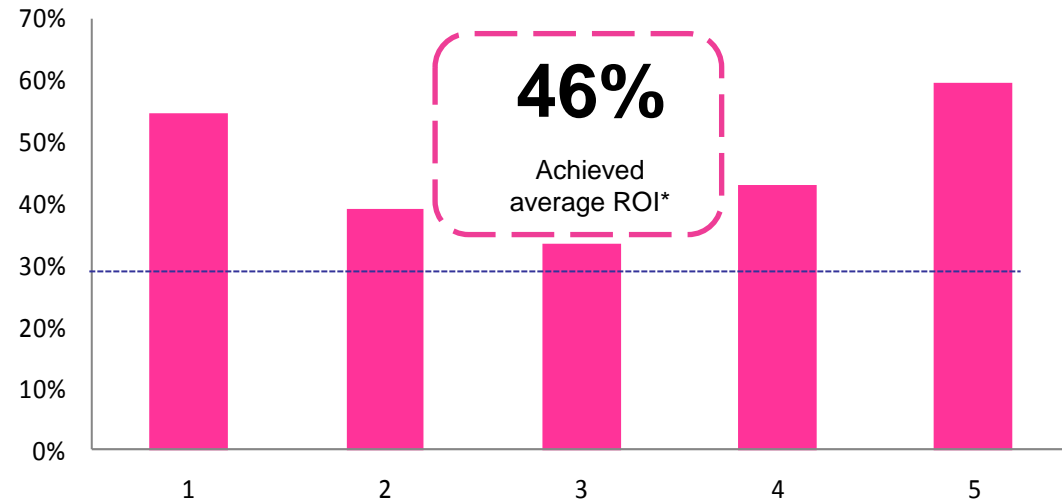
★ Board will review net debt position at year end to enhance shareholder value

Refurbishment Programme – Hollywood Bowl

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- ★ Average ROI of 46% during H1
- ★ 6 centres invested in or annualised in H1
- ★ Games volumes up 3.8% vs non invested estate
- ★ 48% of existing estate refurbished
- ★ 5 centres to be invested in H2 plus 8 centres to receive VIP lanes

Return on Investment



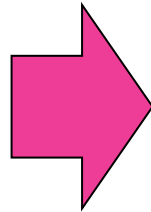
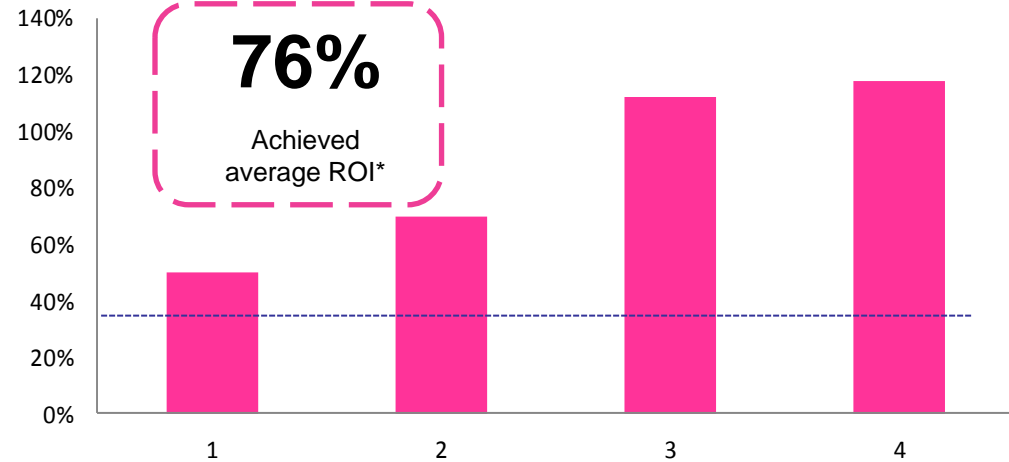
* Forecasted on run rate to 2 April 2017

Refurbishment Programme – Bowlplex

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- ★ Rebranded 5 Bowlplex sites at end of H1
- ★ Average ROI** of 76% during H1
- ★ Games volumes up 22.5% vs non invested Bowlplex centres
- ★ Average revenue for 3 centres rebranded in FY16 grown to £2.2m (£1.8m P/Yr) vs HWB average of £2.4m
- ★ 2 Bowlplex rebrands planned for H2
 - ★ Cwmbran
 - ★ Tunbridge Wells

Return on Investment



* Forecasted on run rate to 2 April 2017

** Based on 4 sites – Tower Park, Oxford, Basingstoke and Brighton. Portsmouth completed on 28th March 2017

Development of New Centres

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Southampton Watermark centre opened 16 December 2016

- ★ 18,000sq ft.
- ★ 16 lanes
- ★ Cashless amusements offer
- ★ Pins on strings - positive trial feedback
- ★ Delivered under capital expenditure budget
- ★ Trading very well since opening

Gross capex	£2.4m
Landlord contribution	(£1.1m)
Net capex	£1.3m



Development of New Centres

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Derby intu centre opened 8 April 2017

- ★ 22,000sq ft
- ★ 18 lanes
- ★ Trials of pins on strings and cashless amusements continue
- ★ New VIP lane concept
- ★ Trading in line with management expectations

Gross capex	£2.3m
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Landlord contribution	Nil
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Net capex	£2.3m
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* Rent reduction of £100k every year for first 7.5 years of lease



Strong Pipeline

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The O₂ London Hollywood Bowl – FY17

- ★ Management Agreement to run existing bowl
- ★ Enhances London presence
- ★ 30,000 sq ft.
- ★ 12 lanes including 3 VIP
- ★ Refurbishment capital expenditure to open
- ★ Largest ticketing venue in the world, new retail outlet area opening in 2018



Dagenham Hollywood Bowl – FY17

- ★ Acquisition of existing trading bowl
- ★ Prime pitch in locale co-located with Vue, Gym Group and casual dining restaurants
- ★ 30,000 sq ft.
- ★ 20 lanes
- ★ Refurbishment capital expenditure to open
- ★ Landlord incentive year rent free

Liverpool Hollywood Bowl – FY18

- ★ Relocation of existing Hollywood Bowl on a newly developed leisure/retail park
- ★ Co-located with large cinema, restaurants and retail units
- ★ 24,000 – 28,000 sq ft.
- ★ 24 lanes
- ★ Handover due mid FY18

Strong New Centre Pipeline

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intu Watford Hollywood Bowl – FY 18/19

- ★ Key anchor in the new intu extension alongside Cineworld and Debenhams
- ★ Intu extension is 400,000 sq ft, £180m spend
- ★ Top 20 UK retail destinations
- ★ 22,000 sq ft.
- ★ 14 lanes
- ★ Key corporate and shopping market to capture growing business



intu
Watford

intu Lakeside Hollywood Bowl – FY19

- ★ Largest bowling centre to open in UK for over 10 years
- ★ Major anchor of new leisure extension alongside Nickleodeon indoor theme park
- ★ 34,000 sq ft.
- ★ 24 lanes
- ★ Handover due late FY 18



intu
Lakeside

New Initiatives and Innovation

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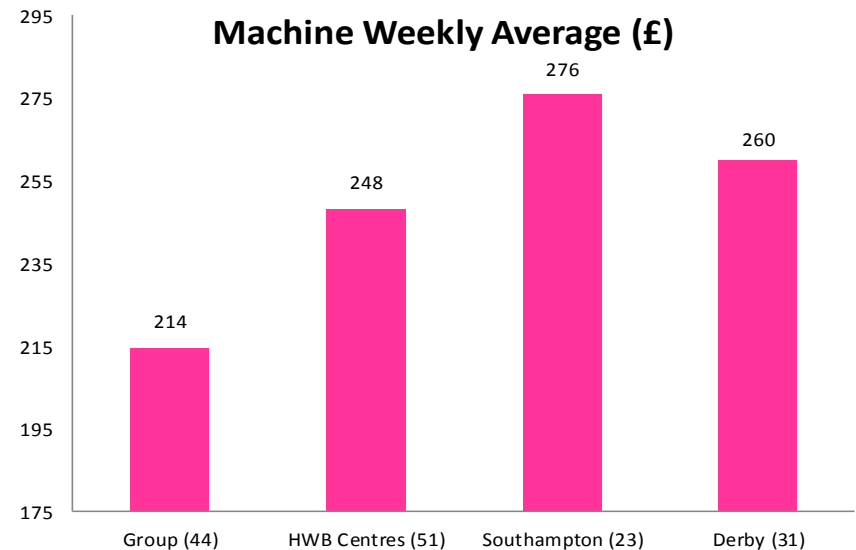
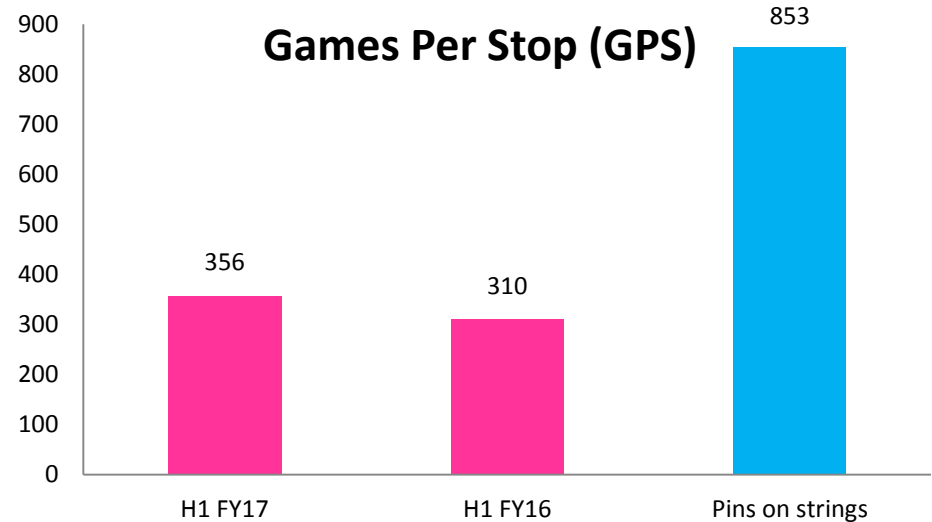
New Initiatives and Innovation in H1

Back of house excellence

- ★ GPS up 15% to **356** in H1
- ★ Pins on strings trial running in Southampton and Derby - GPS at 853
- ★ In line for payback in under 2 years
- ★ Installation planned for existing centre in September 2017

Cashless amusements

- ★ Trial running in Southampton and Derby
- ★ Creation of new HWB currency
- ★ Machine downtime reduced
- ★ Spend per machine vs HWB Group is stronger
- ★ No negative customer feedback
- ★ Opportunities around engagement and upsell



New Initiatives and Innovation in H1

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Improving our customer offer

- ★ New version of our proprietary scoring introduced with improved game experience and highly personalised post bowling communications
- ★ Refined Hollywood Diner menu introduced following customer and operational review
- ★ Digital VIP lane concept introduced in Derby

Enhancing our technological capabilities

- ★ Dynamic pricing functionality being trialled in 4 centres giving us the capability to flex pricing based on demand and incentivise based on booking lead-time
- ★ Digital communications programme and performance improvements are helping driving revenue growth and mix shift to our online channel



IT'S Burger O'CLOCK

All our beef burgers are made from prime Aberdeen Angus beef & served in a toasted brioche bun with mayonnaise, crisp lettuce, beef tomato and red onion. And they all come with a side of fries.

HOLLYWOOD BURGER £7.99
Topped with Monterey Jack cheese & crisp streaky bacon.

BEVERLY HILLS BURGER £7.99
Topped with a Bit Mushroom, Saffron & BBQ sauce.

DON'T FANCY BEEF?
Swap any of our beef burgers for **CHARGRILLED BUTTERFLY CHICKEN BREAST** or **CRISPY CRUMBLED GARDEN VEGETABLE BURGER (V)**



Salad DAYS

Bowls of crisp, fresh, good stuff.
COS SALAD £6.99
Char-grilled butterflied chicken served with cos lettuce, tomatoes, red onion, croutons, cucumber, Cos lettuce with a mayonnaise dip.

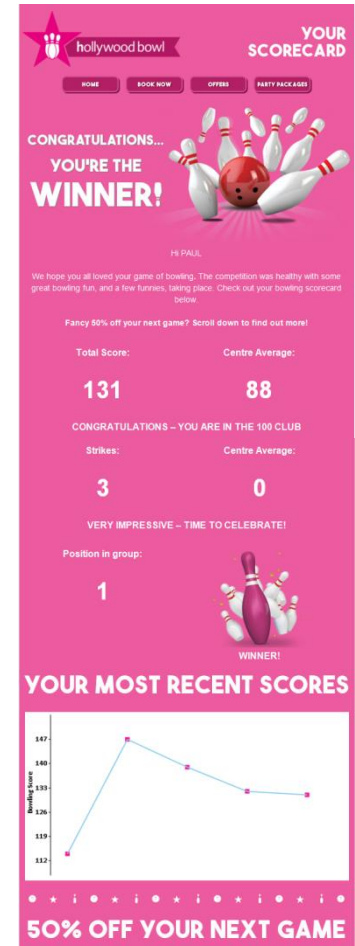
KIDS MENU Little League

Same great quality, only not so big!
BURGER O £4.99
A British beef burger in a sesame seed bun with fries and crunchy fresh vegetable sticks. You can even have your burger topped with Monterey Jack cheese & crisp streaky bacon.



Ice Cold Shakes

Freshly made to order, our old-fashioned ice cream shakes are so delightfully thick, they will take you back to the 50s in just a sip!



Summary and Outlook

- ★ Another strong set of results for the business
- ★ Solid financial performance of the business across all key metrics
- ★ Board to consider appropriate use of cash generation at year end
- ★ Successful execution of growth strategy
 - ★ Re-brand of Bowlplex centres on track
 - ★ Refurbishment programme on track
 - ★ Strong pipeline of new centres
- ★ New innovation and successful execution of the operating strategy providing a solid platform for further growth
- ★ Current trading in line with Board expectations
- ★ Board are confident in the long term prospects of the business

Appendix

Management

Experienced and motivated management team with track record of success

Steve Burns

Chief Executive Officer



- ☆☆ Appointed MD in 2012, having joined the company in 2011 and appointed CEO in 2014
- ☆☆ Previously held senior positions at Nuffield Health and MWB Business Exchange

Laurence Keen

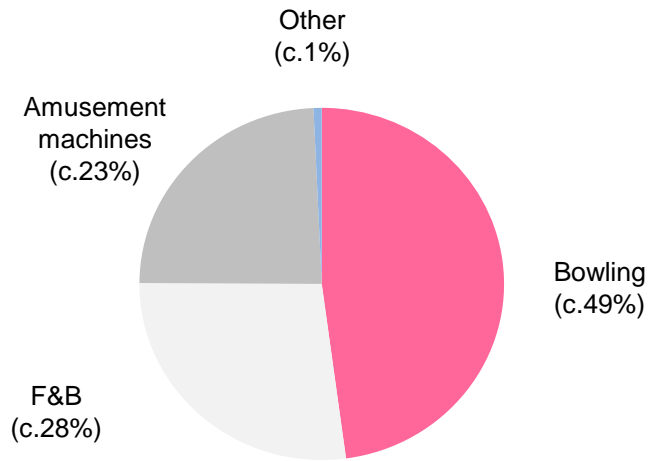
Chief Financial Officer



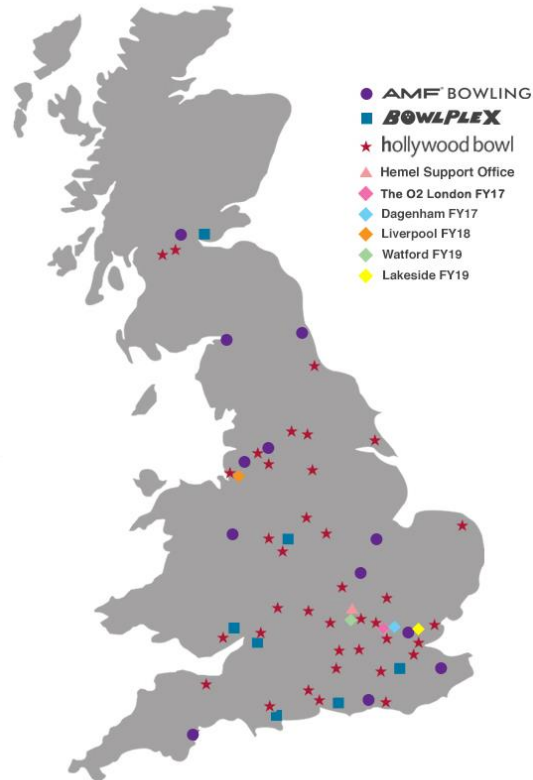
- ☆☆ Joined in 2014 as Finance Director and Company Secretary
- ☆☆ Previously held senior retail and finance roles at Paddy Power, Debenhams PLC, Pizza Hut and Tesco PLC

Business overview

Multiple revenue streams^(a)



National scale – 56 centres



Key stats^(b)

Hollywood Bowl has a high net promoter score of 56%

Centre Statistics

Average lease length	14.4 years
% of sites co-located with cinemas	c.75%

Number of loss making centres	0
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Average no of lanes (H1 17)	24.3
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Average square footage of centres (H1 17)	29,362
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Average LTM EBITDA	£694k
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Average LTM Revenue	£1,990k
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Total number of team members (H1 17)	1,925
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Increase in spend per game

FY14	£7.54
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FY15	£8.12
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FY16	£8.63
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H1 FY17	£8.71
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^(a) Other revenue includes Quasar (3 Centres), ATM income and other miscellaneous sales

^(b) H1 FY17 unless otherwise stated

Board of Directors and Senior Management

Board of Directors

Peter Boddy – Non-Executive Chairman

- Chairman of Xercise4Less and the Harley Medical Group
- CEO or MD of a number of successful private equity backed companies including Fitness First and Maxinutrition
- Became Chairman of the Group in 2014

Stephen Burns – CEO

- Joined the Group as Business Development Director in 2011, becoming MD in 2012 and CEO in 2014
- Previously held roles within Cannons Health and Fitness Limited before moving to Nuffield Health as a Director in 2009
- Became a Regional Director of MWB Business Exchange in 2011

Laurence Keen – CFO

- Joined the Group as Finance Director and Company Secretary in 2014
- Qualified as an ICAEW Chartered Accountant in 2000 and a Fellow since 2012
- Previously held the role of UK Development Director for Paddy Power from 2012 and held senior retail and finance roles for Debenhams PLC, Pizza Hut and Tesco PLC

Nick Backhouse – Senior Independent Non-Executive Director

- Joined the Group in 2016
- Audit Committee Chairman
- Currently Non-Executive Director to Marston's PLC, Senior Independent Non-executive Director of the Guardian Media Group and Director and Trustee of Chichester Festival Theatre
- Previously Deputy CEO of the David Lloyd Leisure Group, Group Finance Director of National Car Parks, CFO of the Laurel Pub Company and Freeserve and was a Board Director of Baring Brothers
- Formerly a Non-Executive Director of All3Media

Claire Tiney – Non-Executive Director

- Joined the Group in 2016
- Remuneration Committee Chairman
- Currently Non-Executive Director to Volution plc and Topps Tiles
- Previously an Executive Director at Homeserve, Mothercare and WH Smith Group and a Non-Executive Director of Family Mosaic

Senior Management

Melanie Dickinson – Talent Director

Mathew Hart – Commercial Director