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Arena Leisure PLC
16 October 2008

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**ARENA LEISURE PLC
INTERIM MANAGEMENT STATEMENT**

Arena Leisure Plc ('Arena'), the UK's largest operator of horseracing fixtures, today issues its Interim Management Statement for the period from 1 July 2008 to 15 October 2008.

Trading Update

In line with other leisure businesses, and as a result of the current economic conditions, Arena's results for the period, and the outlook for the full year, are below expected levels. Public attendances, on a like-for-like basis, are down on 2007 levels, although are ahead of those of the UK horse racing industry as a whole. There has also been a reduction in the spend of customers on-course compared to the prior year and, in particular and as referred to in earlier statements, a marked decrease in the sale of private and corporate hospitality packages has exacerbated this impact on profitability.

In the nine months to 30 September 2008, Arena hosted 275 fixtures (2007: 243) with total attendance of 531,000 (2007: 440,000). Doncaster Racecourse, which reopened in August 2007, accounted for this increase, hosting 25 meetings in 2008 (2007: 5) with attendance of 173,000 (2007: 74,000). On a like for like basis, excluding Doncaster, the moderate year on year decrease compares to a period in 2007 when weather disruption was significant and when both Southwell and Worcester Racecourses were closed as a result of flooding. Four successful days racing were delivered at the 2008 St Leger Festival in September with attendance over the four days of 59,000 (2007: 66,000), including the St Leger being run in front of a crowd of 26,000 (2007: 31,000).

In this nine month period, 45,600 (2007: 51,300) private and corporate hospitality packages were sold, of which 14,000 (2007: 14,000) were at the 25 Doncaster Racecourse meetings (2007: 5). The 2008 St Leger festival delivered 10,000 hospitality packages (2007: 13,000), highlighting the decrease in this valuable income stream during 2008. Whilst the drop in corporate demand appears to have stabilised, we

have experienced some price resistance with customers down-trading between package levels, most notably at Royal Windsor Racecourse.

Early indications from the first weeks of Wolverhampton Racecourse's Autumn-Winter series of 44 Friday and Saturday fixtures are that attendance and revenues are down on expected levels. In addition, Worcester Racecourse has again suffered flooding, resulting in the loss of one fixture and the transfer of five fixtures at short notice to Southwell Racecourse.

In light of the current market conditions, Arena has put in place actions to protect profitability. We are ensuring our operating cost base is aligned with the reduced level of attendances and the operating synergies arising from bringing our catering operation in-house are being actively exploited. In particular, a specific plan to materially reduce operating costs at Doncaster Racecourse is in progress.

Arena is also focused on maximising revenue opportunities. A restructured sales organisation has seen the appointment of three new sales managers and the implementation of new procedures to enhance revenue generation. Benefits will continue to be delivered from the recent implementation of ticketing, reservations and sales management systems. Initiatives to increase the proportion of pre-booked ticket sales are focused on promotions through enhanced customer relationship management processes that identify and target customers for this and other promotional activities. Arena racecourses regularly review pricing in light of changing market conditions and, in general, they offer a range of price points to suit all segments of the market.

Arena's catering business is performing well, with good control over purchasing and menu planning enabling input cost pressures to be managed within our target operating margins. However, as catering performance is ultimately linked to customer demand and overall attendance levels it has been impacted accordingly. We are nevertheless pleased that the level of customer satisfaction has shown dramatic improvement and that Arena remains on course to generate a record level of profit from its catering operations in 2008.

At The Races, in which Arena owns a 45.85% stake, continues to perform in line with expectations.

Property Developments

The Lingfield Park hotel and leisure development remains on budget and on schedule to open in Spring 2010. Plans for the sale of surplus land at Arena racecourses are progressing.

Funding

Despite the challenging trading conditions, debt remains at manageable levels in terms of both interest and cash cover and, in comparison to Arena's asset base, gearing remains low. Bank facilities total £61.75m, which includes sufficient capacity to finance the Lingfield Park hotel project to completion. Arena has recently hedged a further £10.0m of debt through a 75/25 mix of fixed and capped contracts; for which the effective LIBOR rate is a maximum of 5.27% for the period to 31 December 2012.

Outlook

The Board is of the opinion that trading conditions over the final quarter of the year will remain challenging and that the current disappointing attendance and spending trends are likely to continue. As a result, despite the measures being taken to protect profitability, the Board now expects that Arena's performance for the full year will be significantly below current market expectations.

Arena continues to build on its strong operating credentials in order to remain well placed for when trading conditions improve and continues to make progress on its development strategy. The Board remains confident of Arena's long term prospects.

For further information please contact:

Arena
Plc
020 7632 2080
Mark Elliott, Chief Executive
Tony Harris, Finance Director
e-mail: contact@arenaleisureplc.com

Leisure
Tel:

Bell Pottinger
Financial
3232
David Rydell
Olly Scott

Corporate &
Tel: 020 7861

www.arenaleisureplc.com

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