ASCOT RACECOURSE ANNOUNCES 2019 FINANCIAL RESULTS

Pre-tax profits of £7.3m (2018 £6.1m) underpinned by balanced income streams

Increased investment in facilities (£9.0m - up 66%)

Continued positive balance sheet management - net debt reduced to £37.9m as at 31/12/19

Impact of Covid-19 pandemic significant in 2020 and 2021

Press Release: 16th December 2020

Ascot Racecourse today announces its financial results for the 12 months ending 31st December 2019.

Ascot Authority (Holdings) Limited (AAHL) reported a pre-tax profit of £7.3 million.

Financial summary

	2019 £'000	2018 £'000
Turnover	96,753	91,272
Cost of sales	(59,558)	(55,802)
Gross profit	37,195	35,470
Overheads	(27,298)	(26,132)
Other operating income	584	399
Group operating profit	10,481	9,737
Group share of operating profit of BCSL*	208	282
Interest receivable and similar income	150	110
Finance charges	(3,489)	(4,004)
Profit on ordinary activities before taxation	7,350	6,125

* British Champions Series Limited

Highlights

- Turnover up 6% due to a strong performance from fine dining at Royal Ascot and Ascot Racedays, a full year's income from the *Bet With Ascot* operation and increased income from broadcast and media rights;

- Further investment and capital expenditure in racecourse facilities including a new public address and sound system throughout the racecourse; the second phase of an eight-year box refurbishment programme; further investment in the wayfinding project; a new external escalator providing access to the parade ring and the continuation of the comprehensive Planned Preventative Maintenance (PPM) programme now that the Grandstand is over 10 years old;

- £10m of the bank loan was repaid during the year, £3.4m more than the mandatory payment due;

- Net debt at 31 December 2019 was £37.9m (2018: £50.6m), ahead of the repayment schedule;

- 2020 trading to date has been badly impacted by the Covid-19 pandemic and the closure of the racecourse for three months followed by the return of racing behind closed doors;

- Revenues (over 70% being directly customer on site based pre-Covid) have been severely affected and, with uncertainty over the timings of the phased return of racegoers permitted on site going forward, the outlook for 2021 is uncertain and difficult.

Guy Henderson, Chief Executive Officer at Ascot Racecourse, said:

"2019 was a successful year and continued Ascot's planned balanced trajectory of prize money increases, investment in facilities and management of the loan, with a further ahead of schedule voluntary repayment.

"In the five years ended 31st December 2019, the business distributed £63 million in prize money, invested £30 million in the venue for racegoers, staff and equine facilities, and halved its debt to £38 million net.

"Of course, our landscape changed dramatically with the arrival of the Covid-19 pandemic in 2020 and this will affect our 2020 results and beyond.

"In 2020 the impact of the pandemic has been significant but mitigated by cushions such as the Government Furlough Scheme, Business Rates Relief and pandemic insurance for racing without crowds. That picture adversely changes in 2021 and the business has had to take the appropriate steps to reduce its fixed and variable costs.

"Without our pandemic insurance and the Government support of furlough and business rates relief, our 2020 trading loss would be over £20m. The year will only be overall cash positive due to that support and a very significant reduction in our capital investment programme. 2021 will be much more challenging without such support. Our modelling currently projects a significant figure pre-tax loss in 2021. Whilst the business is robust and remains in sound financial health, the journey back to normality will be gradual and determined by the phasing of public allowed to the races.

"We do not expect to see a full return of the public to 2019 levels until 2022. Overall, in terms of our long-term financial flight path, we forecast that the Covid-19 pandemic will have set the business plan back at least three years."

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