



Houlihan
Lokey



Out-of-Home Entertainment Update

Fall 2026

Report on Q1–Q2 2026 Trends

Q2 2026 Spotlight | Cruise Operators

Destination differentiation, pricing discipline, and efficiencies have helped offset geopolitical pressures.

Destination Differentiation as a Key Driver

Operators are increasingly leveraging exclusive and unique destinations to create a competitive moat, driving both demand and pricing power that is difficult to replicate.

- The race to enhance private destinations is accelerating; all three major ocean cruise operators have recently launched new private destinations in the Caribbean.
- Unique itineraries and land-based experiences are increasingly being used as differentiators to stand out.
- Operators are leveraging brand strength to enter entirely new market and product categories.

Elevating Onboard and Ancillary Revenue

Robust guest spending, fueled by technology, continues to be a powerful driver of revenue.

- All operators reported continued strength in guest spending.
- Some companies are seeing more than half of onboard revenue being purchased before embarkation, driven by app engagement that helps guests plan and book beverage packages, shore excursions, and other activities ahead of time.
- Focus on building connected ecosystems to foster loyalty and increase lifetime value of customers.

Strategic Pricing and Yield Management Evolution

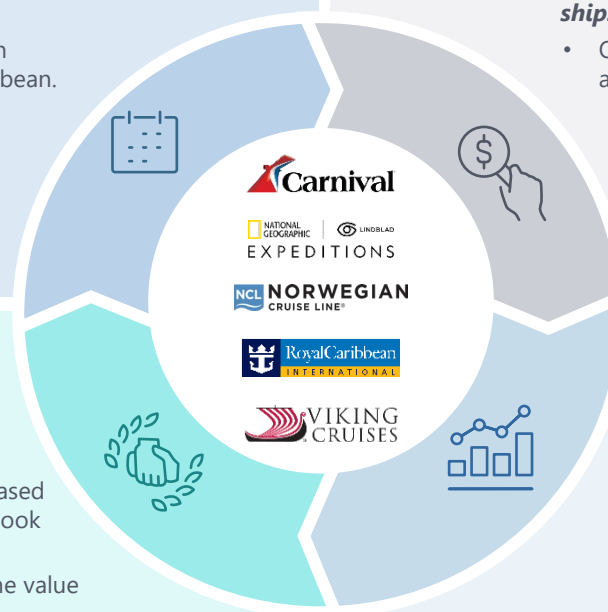
A clear divergence in pricing strategy is emerging, as operators move beyond filling ships to optimizing the quality and timing of revenue.

- Operators are utilizing advanced, AI-driven models to dynamically manage pricing and optimize yield.
- Competitive pricing earlier in the booking curve is being used to build a stronger demand base, maintain price integrity closer to sailing, and reduce reliance on last-minute discounting.
- Booking windows are extending further into the future than ever before; this unprecedented visibility allows for more dynamic and disciplined price management.

Managing Headwinds and Driving Efficiencies

The industry is actively navigating external pressures through a disciplined focus on cost control and operational efficiency.

- The conflict in the Middle East created a “transitory” moderation in demand for European cruises, primarily affecting North American travelers.
- All operators have intensified their focus on efficiency, specifically on reducing fuel consumption.
- European river cruising has been impacted by “historically low water levels,” prompting operational adjustments.



Despite regional headwinds, the cruise sector is exhibiting structural strength. Strong demand and extended booking visibility are allowing operators to shift from simply “filling cabins” to optimizing long-term margins.

Recent Earnings Continue to Reveal Differing Performance Across Sectors

The live entertainment sector continues to see strong performance, while family entertainment is still seeing choppiness amid a challenged consumer environment.

Live Entertainment



"In a world of endless screens and AI-generated everything, the one thing that can't be copied is being there...We've seen no consumer issues to date in terms of purchasing. **Numbers are up across the board...**All venues and all geographies right now, up over 10% in terms of fan count...**27 looks like a strong year. We already have a big percentage of our bookings in for next year...**Liquor is up year-over-year. So **we're not actually seeing any of those stories about the consumer not drinking as much."**

LIVE NATION —07/30/26 Earnings Call

"We also **anticipate strong ongoing demand from consumers and partners alike,** which we believe **sets us up for another year of solid growth in revenues and AOI** in fiscal '27...For the fiscal '26 fourth quarter, **revenues were \$196.3 million, up 27% year-over-year.** This primarily reflected an increase in revenues from entertainment offerings and to a lesser extent, higher food, beverage and merchandise revenues."

MADISON SQUARE GARDEN ENTERTAINMENT —08/12/26 Earnings Call

"This is a long way of saying that **demand for WWE events is insatiable...**And this isn't only a World Cup story. **On Location's portfolio of events is seeing similar anticipation and appetite,** most notably the LA28 Olympics...**We are raising our full year 2026 guidance for revenue and adjusted EBITDA.** We are now targeting revenue of \$5.775 billion, to \$5.825 billion and adjusted EBITDA of \$2.275 billion to \$2.305 billion."

TKO —08/03/26 Earnings Call

Family Entertainment



"Same-store sales strengthened sequentially in each month in the [fiscal] fourth quarter and turned positive in July...Food revenue delivered positive 2.5% same-store comps. Alcohol comps were negative 2.7%...**Our league operations experienced low single-digit growth, and our events business faced a high single-digit decline...**Would say that you would **probably end up with 40% bowling, 40% water parks and 20% FECs.** But I view this as ultimately becoming sort of a mini Disney."

LUCKY X STRIKE ENTERTAINMENT —08/28/26 Earnings Call

"We are experiencing ongoing growth in food and beverage sales, as well as in special events sales. The same store sales of our remodels continue to outperform the system...**Same store sales declined 2.9% in Q2, but July improved sequentially,** with total company same store sales down 1.6% versus down 5% in June. Additionally, same store sales trends have further improved over the 1st 5 weeks of the 3rd quarter...**Company-wide food and beverage comparable sales grew 7.6% in Q2.** F&B has now been positive for 5 straight quarters...**Certainly that lower end consumer has been impacted more.** It's not that that's not unique to us, but that is a pressure we're facing."

DAVE & BUSTERS —09/14/26 Earnings Call

Recent Earnings Continue to Reveal Differing Performance Across Sectors (cont.)

Theme parks see some bright spots even as international visitation continues to lag, while cruise lines achieve outperformance amid strong current and future demand.

Theme Parks



"Attendance increased 4% despite 44 fewer operating days in the second quarter...Trailing 12-month adjusted EBITDA totaled \$801 million compared with \$745 million for the full year 2025...Cross-park visitation also continued to grow as guests use the flexibility of our multi-park products to visit more parks during the season. **On average, a pass holder visits approximately four times per year...Guest spending remained healthy** across food and beverage, extra charge attractions, and our other in-park experiences...On days in July that were not affected by these disruptions, **we saw very healthy performance, which included delivering our highest summer attendance day over the last five years on a same-park combined basis."**

 **Six Flags** —08/06/26 Earnings Call

"We again grew in-park per capita spending to a record for the quarter. Looking ahead, **we continue to see strength in our forward indicators** for Discovery Cove and our **group business with advanced bookings revenue for both up double-digits** versus prior year...Results in the second quarter were impacted, as expected, by the shift in the timing of Easter...and a **continued decline in international visitation...** Attendance for the second quarter of 2026 decreased by approximately 179,000 guests or 2.9% when compared to the prior year quarter."

 **UNITED PARKS & RESORTS** —08/04/26 Earnings Call

Cruise Operators



"We reported second quarter results that exceeded our expectations, along with an increase in our full year guidance that reflects the continued strength in demand for our leading vacation brands...We see continued commercial momentum as guests are booking in greater numbers...We're in July, so it's early. **But we have seen very strong demand for 2027."**

 —07/28/26 Earnings Call

"It was another record quarter with records across revenues, yields, EBITDA, net income and customer deposits, which reached an all-time high of \$9 billion...We have **continued to drive strong bookings for 2027 and beyond,** reinforcing our extended booking curve...Strength has been broad-based and includes our European deployments next year where bookings were up year-over-year in mid-teens percentages at higher prices, supporting **our confidence in the longer-term demand environment."**

 —06/23/26 Earnings Call

"We are very pleased to have delivered another quarter of strong year-over-year performance...Our 2026 season is effectively sold out with 96% of the capacity for our core products already booked...**As of August 9, 53% of the capacity for our core products for 2027 was booked,** and this includes a 15% year-over-year increase in capacity...**Advanced bookings equal \$6.4 billion, which is 13% higher than the 2025 season at the same point in time,** while capacity is increasing by 7%."

 —08/19/26 Earnings Call

Family Entertainment Same-Store Sales and Theme Park Revenue Growth

Family entertainment has faced macroeconomic pressures but has started to see some green shoots in Q3; theme parks have seen improvement when not being impacted by weather challenges.



FAMILY ENTERTAINMENT
Same-Store Sales



(1)

Q1 2026A vs. Q1 2025A	0.2%	(5.4%)
Q2 2026A vs. Q2 2025A	(2.5%)	(2.9%)
Relevant Management Guidance	<p>"April was minus 6%, May was minus 3%, June was minus 1 and July was better than plus 1 and August is trending similar...The comp for August is very tough. So we're very happy with sort of the recent performance...From a pockets of weakness, it's all about California. New York is looking good."</p> <p>"July improved sequentially, with total company same store sales down 1.6% versus down 5% in June. Additionally, same store sales trends have further improved over the 1st five weeks of the 3rd quarter."</p>	



THEME PARKS
Revenue



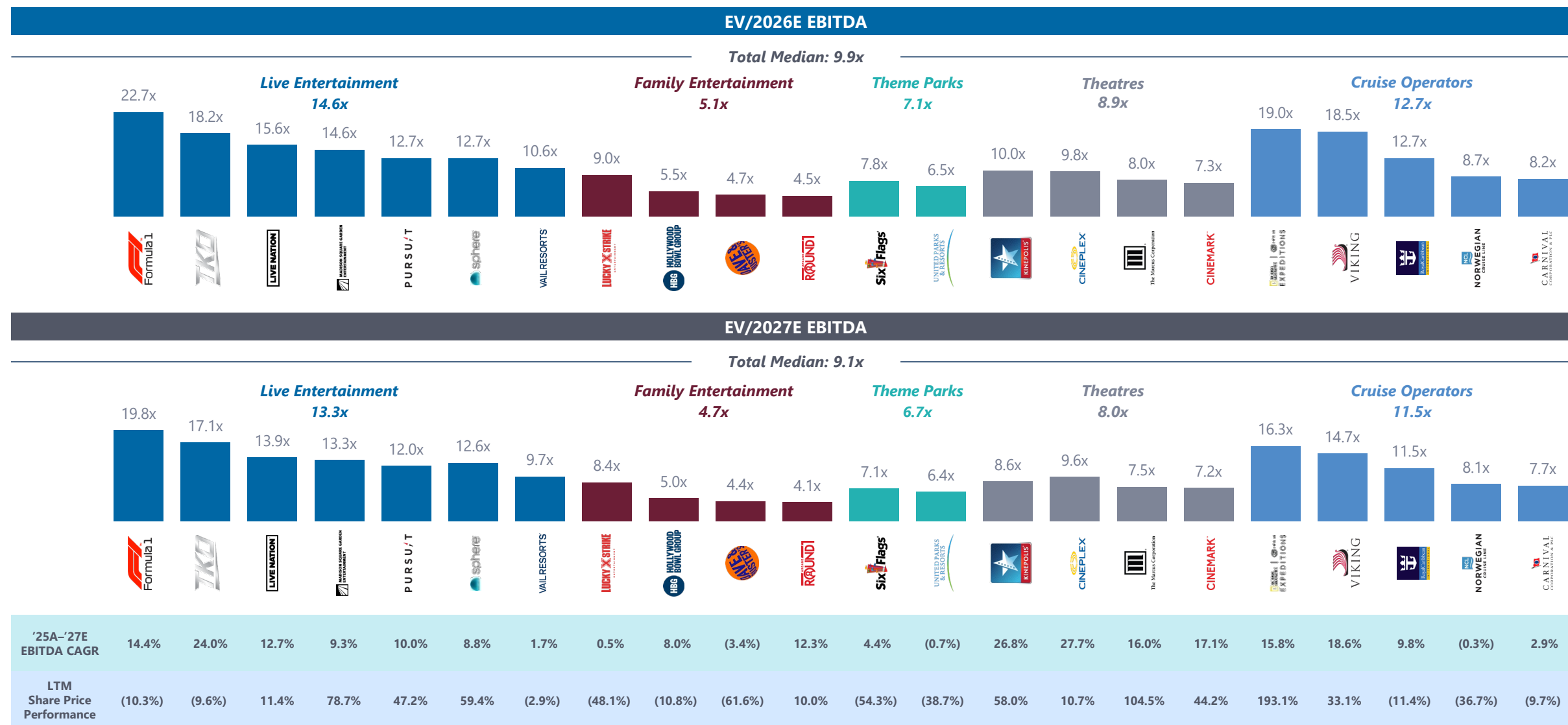
(2)

11.7%	(3.0%)	3.9%
2.4%	(1.4%)	5.9%
<p>"We expect adjusted EBITDA to continue to grow year over year in the second-half of 2026...on days in July that were not affected by these disruptions, we saw very healthy performance, which included delivering our highest summer attendance day over the last five years on a same-park combined basis."</p>	<p>"The weather in July was pretty tough across the country, including in some of our markets...We had a little bit of everything. This poor weather, not surprisingly, impacted our attendance in the month...Our preliminary view has revenue being down approximately 2% in the month of July."</p>	<p>"North America delivered a strong performance during the period...principally due to increased visitation at LEGOLAND California and LEGOLAND Florida, driven by the February and March launches of LEGO Galaxy...In attraction spend significantly increased."</p>

Sources: S&P Capital IQ, press releases, SEC filings, Wall Street Research.
 (1) Q2 2026 ended August 4.
 (2) Reflects constant GBP to USD FX rates for U.S. locations only.



Out-of-Home Entertainment Trading Multiples



Houlihan Lokey Out-of-Home Entertainment

Houlihan Lokey has comprehensive global coverage and specialized resources dedicated to the out-of-home entertainment sector.

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Conference Attendees

52%
Capital
Providers*

48%
Operating
Companies*

600+
Participating
Companies

~8 to 10
1x1 Meetings per
Presenting Company

130+
Panels and
Presentations

80+
Sectors
Represented

*New York and London conferences only. Includes participating companies.

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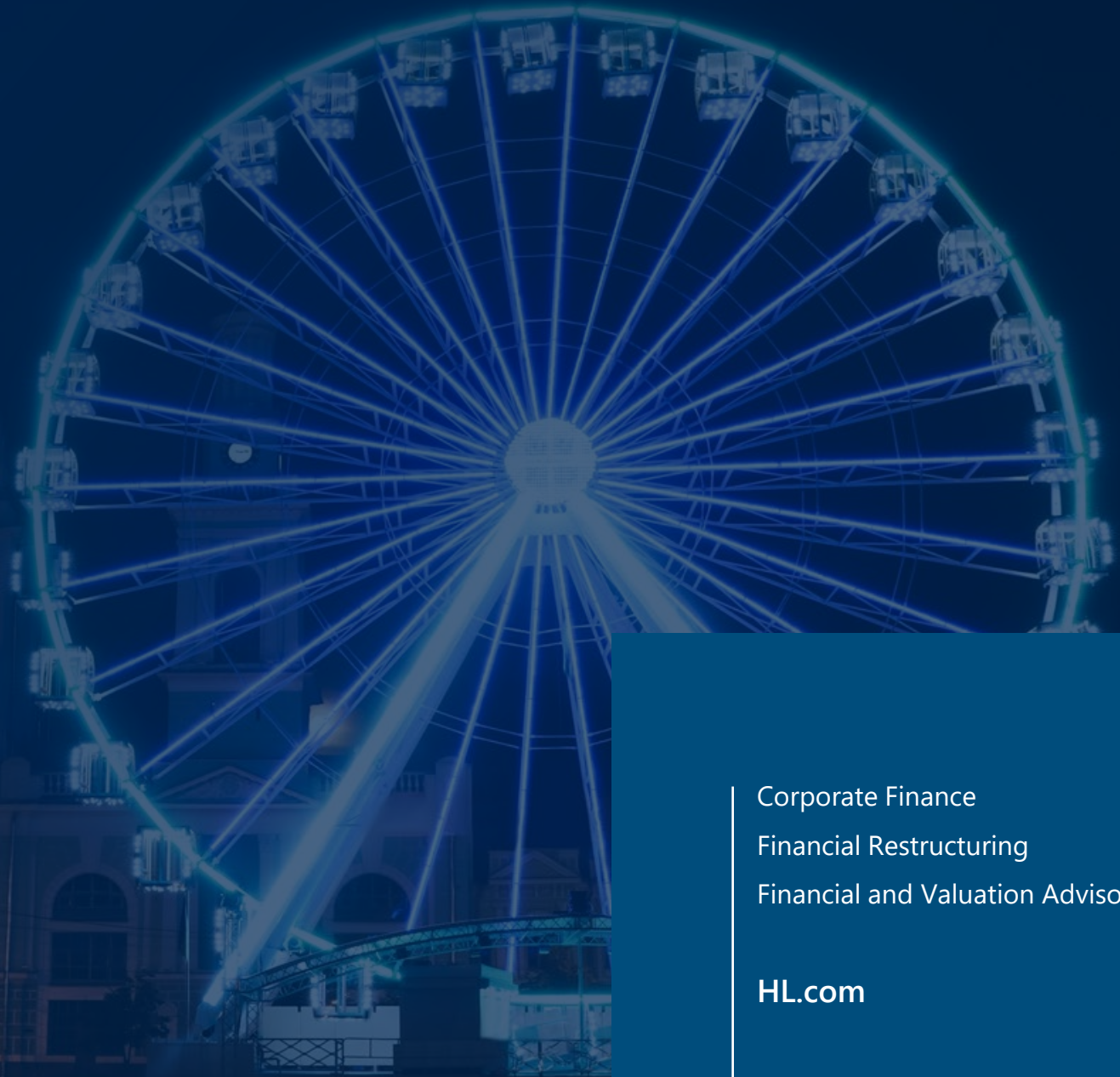
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