
2020
RESULTS PRESENTATION
ExperienceCo
LIMITED
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BUSINESS UPDATE

John O'Sullivan
CEO

We are COVID Safe ☑

Watch our COVID safe video below

Important: Safety Protocols

The world has changed and we are changing with it. We want you all to know we are taking the current health crisis very seriously and will always put your health and safety at the forefront of our operations.

In addition to our existing safety measures, we have implemented a few new protocols to help you feel at ease when you travel with us.

Read More on NEW Safety Protocols

OVERVIEW

FY20 IMPACTED BY SIGNIFICANT EXTERNAL FACTORS

STRATEGIC UPDATE

1. Stringent management and monitoring of cash
2. Continued focus on net debt reduction in light of operating environment
3. Maintain market leading positions for COVID-19 recovery
4. Operating strategies in place to respond to market conditions
5. Management platform in place to execute growth opportunities

EXTERNAL FACTORS

- **WEATHER CONDITIONS**
- **BUSHFIRES**
- **COVID-19**
- **JOBKEEPER / WAGE SUBSIDY**
- **TOURISM STRATEGIC SUPPORT**
- **DOMESTIC BORDERS**
- **INTERNATIONAL TOURISM**

FY20 SNAPSHOT

TRADING SIGNIFICANTLY IMPACTED BY COVID-19, CONTINUED FOCUS ON CASH MANAGEMENT HEADING INTO FY21

Revenue from continuing operations	Underlying EBITDA[1]	Tandem Jumps	Cash and cash equivalents
$87.4m	**$7.3m**	**127,703**	**$12.5m**

Loss from continuing operations[2]	NTA per share (cents)	GBR Experiences[3]	Net Debt[4]
$39.7m	**11.9**	**219,102**	**$9.0m**

Notes

1 Underlying EBITDA from continuing operations

2 Includes non-cash impairment and fair value movements of $35.7 million

3 Based on fee paying customers

4 Net debt at 30 June 2020, including asset finance obligations ('finance leases') of $11.7 million

BUSINESS SIMPLIFICATION AND COVID-19

BUSINESS SIMPLIFICATION MOMENTUM PROVIDED PLATFORM FOR RAPID RESPONSE TO COVID-19

Q3 FY20 : COST CONTROL

- Achieved over $6 million in annualised savings prior to suspension of operations on 23 March 2020
- Executed rapidly from late January 2020 as market conditions deteriorated:
  - Engaged with key stakeholders
  - Reduced operating schedules
  - Renegotiation of leases and usage charges
  - Rationalisation of real estate footprint
  - Mothballing unprofitable experiences in near term

Q4 FY20 : COVID RESPONSE

- Immediate stand down of over 90% of workforce
- Participation in Jobkeeper (Australia) and Wage Subsidy (NZ) programmes
- Working with landlords using the framework of COVID-19 rent relief measures
- Region based lobbying for support of key destination markets of Cairns and Queenstown
- Liaising with governments on COVID-19 safe protocols to facilitate early recommencement of operations
- Accelerate business improvement

NOW : EXECUTE RECOVERY

- Operations restarted from late May
- Recovery to be demand driven, our capacity remains in place to deliver FY19 levels
- Domestic volumes encouraging in self drive markets
- Workforce engaged and passionate
- Work with Queensland and New Zealand Governments where border intervention has significantly impacted operations (e.g. industry support, infrastructure programmes)

ASSET DIVESTMENTS

$21.9 MILLION CAPITAL RELEASED FROM ASSET DIVESTMENTS

	NON-CORE	COMMENTARY	FY20 PROCEEDS ($M)
1		Completed in 2019	0.2
2		Completed 2 January 2020	16.3
3		Completed 28 June 2020	0.3
4	Surplus fixed assets	Vessels, aircraft, real estate and motor vehicles	5.1
	TOTAL TO 30 JUNE 2020		**21.9**

BUSINESS IMPROVEMENT

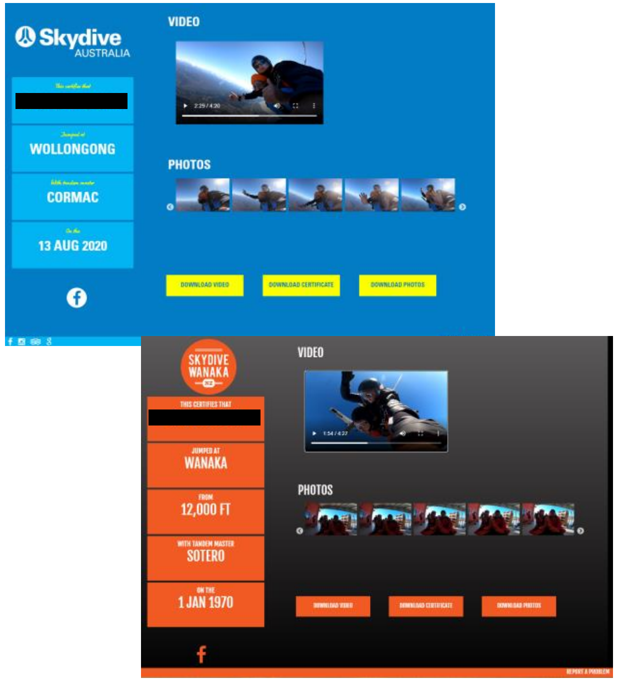
COVID-19 PROVIDED THE OPPORTUNITY TO ACCELERATE BUSINESS IMPROVEMENT INITIATIVES RESULTING IN A LEANER ORGANISATION

MARGIN IMPROVEMENT

- Revenue and yield management improvements:
  - ✓ New Skydive reservation system
  - ✓ Upgrade and consolidation of GBR Experiences reservation systems
  - ✓ Continue price discipline
  - ✓ Reset commissions and trading terms
- Proprietary video production technology (EX-Vid)
- New Product Development Skydive and GBR Experiences

UPGRADING THE PLATFORM

- People & Performance operating systems :
  - ✓ Payroll (Preceda) implementation
  - ✓ Learning & Development Online Portal
  - ✓ Health and safety data reporting
- Business intelligence tool - financial reporting & cash monitoring
- Low cost, high return improvement to web and phone market channels



FINANCIAL RESULTS

Owen Kemp
CFO

FINANCIAL PERFORMANCE

COVID AND AUSTRALIAN BUSHFIRES SIGNIFICANTLY IMPACTED FY20 PROFITABILITY

KEY FINANCIALS - CONTINUING OPERATIONS

$ million	FY20	FY19	Change %
REVENUE	87.4	130.0	*(32.8%)*
EBITDA	5.2	16.3	*(67.9%)*
PROFIT / (LOSS)	(39.7)	5.4	*N/A*
UNDERLYING EBITDA	7.3	24.4	*(70.2%)*
NTA PER SHARE (CENTS)	11.9	16.7	*(29.0%)*
NET DEBT	9.0	29.4	*(69.3%)*

COMMENTARY

- Revenue decrease, principally driven by significant external factors of the COVID-19 and the Australian bushfires
- Underlying EBITDA from continuing operations of $7.3 million, included a second half loss of $1.8 million, which included allowance for bad debts of $1.3 million
- Profitability is being managed on a cash breakeven basis by experience, with international customers approximately 65% of Australian operations and 92% of New Zealand customers pre COVID-19
- Impairments of $35.7 million principally driven by expectation that international tourism does not return to FY19 levels until FY24 and related impact on assets carried at fair value
- Jobkeeper and Wage subsidy income of $3.4 million, with an estimated net benefit to Underlying EBITDA of $0.6 million[3]
- No dividend declared

Notes

1 EBITDA is a financial measure which is not prescribed by Australian Accounting Standards ("AAS"). EBITDA represents the profit under AAS adjusted for impairment, interest, income taxes, depreciation and amortisation.

2 Underlying EBITDA is a financial measure not prescribed by AAS and represents EBITDA adjusted for restructure and other costs, net gains and losses on the sale of assets and for the FY20 period excludes the net increase in statutory EBITDA from the application of AASB 16 Leases. Refer to Note 2 to the audited financial statements for reconciliation between statutory and underlying.

3 Following suspension of operations the large majority of workforce was stood down, on reduced hours or in the case of senior management on reduced wages and salaries from duties under the applicable provisions in Australia and New Zealand. The net benefit to Underlying EBITDA is based on the contribution of Jobkeeper and Wage subsidy to employee worked hours

SKYDIVING

VARIABLE COST BASE COMING INTO PLAY AS DROP ZONES RE-OPEN

KEY FINANCIAL METRICS

$ million	FY20	FY19	Change %
SKYDIVING REVENUE	55.0	81.2	*(32.3%)*
OTHER	3.5	3.2	*9.4%*
SALES REVENUE	58.5	84.4	*(30.7%)*
UNDERLYING EBITDA	10.1	24.6	*(59.1%)*
TANDEM JUMPS (000)	127.7	192.2	*(33.6%)*
AVERAGE REVENUE[1]	430.9	422.6	2.0%
EBITDA MARGIN %	18.3%	30.3%	*12.0 ppts*
ASSETS	72.3	99.8	*(27.5%)*

SKYDIVE VOLUMES

- Australian bushfires continued to impact the business into the second half, offsetting a strong start in New Zealand to CY20
- COVID-19 impacted the important Chinese market from February 2020 and all inbound markets from March 2020
- 8 Drop Zones (DZs) opened in Australia in June. 3 Victorian DZs yet to re-open post COVID-19. Brisbane and York (WA) DZs now exited. On restart, strongest performing DZs are Wollongong, Newcastle, Airlie Beach and Noosa.
- In New Zealand, NZone recommenced 28 May 2020 and Skydive Wanaka in July. Glenorchy remains mothballed but not a material operation
- With anticipated lower volume constrained to domestic audience, strategy to date has been to focus on yield management maintaining premium price point and renegotiating commission and trading terms
- Cost structure remains highly variable to volume

Notes

1 Skydiving Revenue divided by Tandem Jumps

GBR EXPERIENCES

DOMESTIC BORDERS LIKELY TO BE A CONSTRAINT IN THE NEAR TERM

KEY FINANCIAL METRICS

$ million	FY20	FY19	Change %
REVENUE	28.8	45.5	*(36.8%)*
UNDERLYING EBITDA	2.3	6.1	*(61.9%)*
EBITDA MARGIN %	8.1%	13.5%	*(5.4) ppts*
ASSETS	28.5	36.4	*(21.5%)*

TROPICAL NORTH QUEENSLAND

- Pre COVID-19 saw challenging trading conditions persist in the first half, prior to a domestic driven improvement on prior year for the December and January period
- This improvement was short lived with operations immediately impacted by the closure of international border to China in Australia in early February, followed by closure to all inbound visitation from March.
- Reduced schedule and vessel capacity in recent months, with reduced demand and social distancing requirements reducing capacity
- With 100% exposure to Tropical North Queensland, near-term outlook is for constrained volume
- Ports North, Queensland statutory authority, terminal rent and berthage relief from 1 March 2020 of ~$60k per month
- EXP named an 'iconic' company by Qld Government in June and received $1m grant in August to support operations through COVID-19
- Uncertainty of Qld Government pathway to unrestricted travel will impact demand for September School holiday period and possibly Xmas/New Year holiday period

BALANCE SHEET

NET DEBT REDUCTION OF $20.5 MILLION DRIVEN BY ASSET DIVESTMENTS

CAPITAL METRICS

$ million	FY20	FY19	Change %
CASH & CASH EQUIVALENTS	12.5	4.8	*159.6%*
TOTAL TANGIBLE ASSETS	89.1	142.5	*(37.5%)*
NET DEBT	9.0	29.4	*(69.3%)*
GEARING [1]	10.1%	20.6%	*(10.4 ppts)*
NET DEBT TO UNDERLYING EBITDA	1.2	1.1	*0.1x*
NET TANGIBLE ASSETS HELD FOR SALE	7.3	N/A	*N/A*
TOTAL NET TANGIBLE ASSETS	65.8	92.9	*(29.2%)*

BALANCE SHEET

- Total tangible assets decrease principally due to divestment programme and fair value movements in aircraft
- Net debt significantly reduced $9.0 million (FY19: $29.5 million), attributable to asset divestment
- Impairment principally driven by expectation that international tourism does not return to FY19 levels until FY24
- Fair value decrease in aircraft assets driven by impact on aviation valuations arising from the COVID-19 event

DEBT

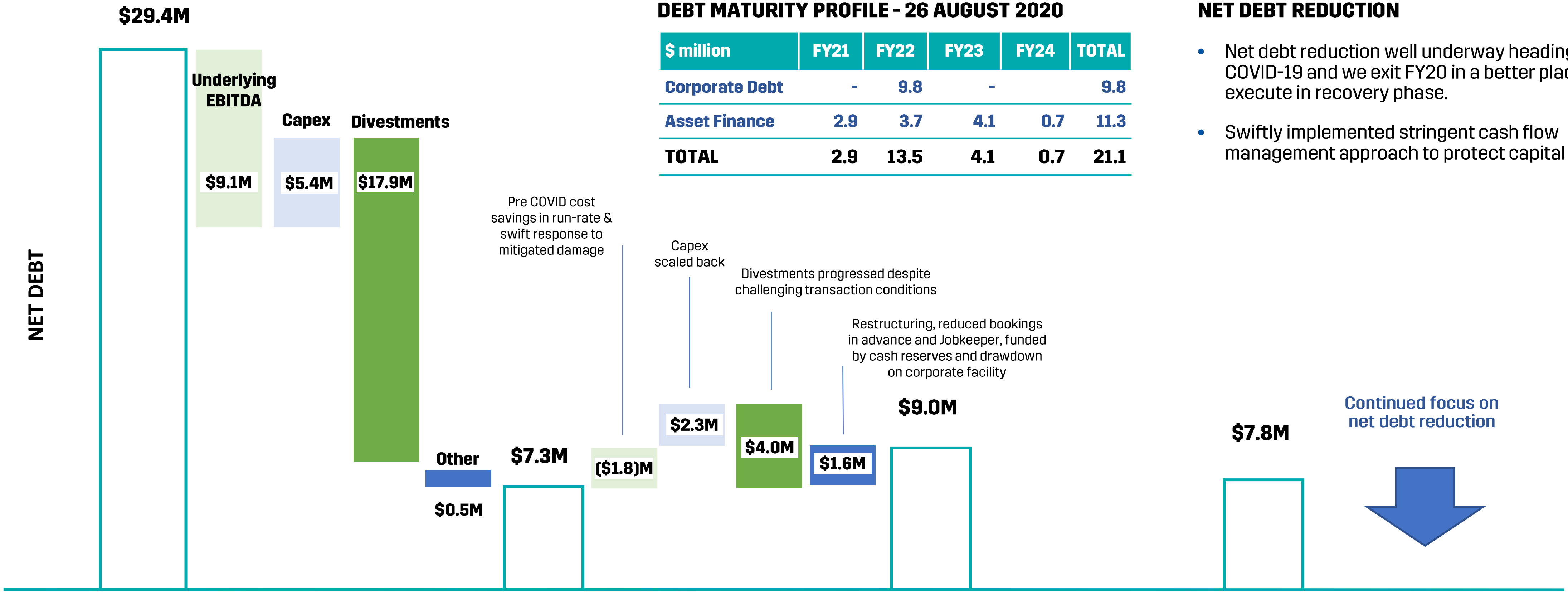
- Conditional Waiver Agreement until 30 September 2020, both parties to agree amendment based on latest position at this time
- Relief from covenant testing for 30 June 2020
- Dialogue open and ongoing
- Declining debt markets appetite for tourism exposures while COVID remains on the horizon

Notes

1 Net Debt as a % of Total Tangible Assets

NET DEBT REDUCTION AND CASH FLOW

FY20 SAW A SIGNIFICANT REDUCTION IN NET DEBT



DEBT MATURITY PROFILE - 26 AUGUST 2020

$ million	FY21	FY22	FY23	FY24	TOTAL
Corporate Debt	-	9.8	-		9.8
Asset Finance	2.9	3.7	4.1	0.7	11.3
TOTAL	**2.9**	**13.5**	**4.1**	**0.7**	**21.1**

NET DEBT REDUCTION

- Net debt reduction well underway heading into COVID-19 and we exit FY20 in a better place to execute in recovery phase.
- Swiftly implemented stringent cash flow management approach to protect capital

	30 Jun 2019	31 Dec 2019 Pro Forma	30 June 2020	26 August 2020
Debt	33.7	17.2	21.5	21.1
Cash	(4.3)	(9.9)	(12.5)	(13.3)
Net Debt	**29.4**	**7.3**	**9.0**	**7.8**

TRADING UPDATE & OUTLOOK

John O'Sullivan

TRADING UPDATE

ENCOURAGING SIGNS FROM EARLY TRADING DESPITE DOMESTIC BORDERS RESTRICTIONS

POST COVID TRADING

- June, July and August are low seasonal months for both Skydiving and GBR Experiences
- June was a transition month, with Australian based experiences opened over the course of the month.
- All continuing operations with the exception of Victorian Skydiving operations and Glenorchy in NZ have opened post COVID-19, albeit on lower volumes and reduced frequencies / operations
- TNQ volumes, including GBR Experiences and Skydiving (Cairns & Mission Beach) were approximately 20% of pcp in July and August MTD
- For July on a LFL basis for those DZs that are opened in Australia traded at 45% of last year, despite 2nd largest DZ - Byron Bay – being constrained by the Queensland border restrictions
- July 2020 saw Underlying EBITDA profitability for the first month since February 2020
- Trading to 26 August 2020: Australia and New Zealand both skydive ~30% of prior year volume. GBR Experiences trading similar to July 2020
- Net Debt as at 26 August 2020: $7.8 million

KEY VOLUMES

	Jul20	% pcp	Jun20	% pcp
SKYDIVE TANDEM PAX				
Australia	2,875	*37%*[1]	1,506	*20%*
New Zealand	1,037	*48%*[2]	712	*27%*
GBR EXPERIENCES PAX	6,445	*20%*	1,677	*12%*

Notes

1 Victoria based Drop Zones represented 12% of July 2019 volume (June 2019: 14%). Four closed Drop Zones represented 6% in July 2019.

2 July 2019 was significantly impacted by weather events, 48% should not be used as a forward looking trend for near term

OUTLOOK

IN A FAST CHANGING ENVIRONMENT THE GROUP IS FOCUSSED ON POSITIONING THE BUSINESS FOR RECOVERY

FY20 OUTCOMES

- Strategic review of portfolio and operational management
- Asset divestment program delivered ~$22 million to de-risk the balance sheet
- Early response to COVID-19, stringent cash management and focus on restart planning
- Cost base reduction and platform to exit COVID-19 leaner
- Acceleration of business improvement initiatives

OUTLOOK FOR FY21

- Even in the near term 1H21 remains highly subject to COVID-19 policies on domestic borders
- Average monthly cash outflow approaching breakeven from July 2020
- Domestic opportunity will be dependent on State Government border policies

COVID RECOVERY DRIVERS

1. Pandemic:
   - Community transmission
   - Outbreaks (e.g. Victoria and New Zealand)
2. Borders:
   - Domestic – National Policy on borders
   - International – Trans-Tasman bubble unlikely until 2021, international travel not expected until 1 January 2022
3. Aviation capacity:
   - Domestic – key EXP locations, including destination markets Cairns and Queenstown
   - International – Sydney, Brisbane, Melbourne and Auckland, IATA not expecting to reach pre COVID-19 levels until 2024

GROWTH DRIVERS

- Acquisitions:
  - Number of ongoing discussions
  - COVID-19 has slowed activity
  - Experiences with domestic audiences
- New Product Development:
  - CBD Drop Zones to capitalise on domestic opportunity
  - Product portfolio review of GBR Experiences
- Product Positioning:
  - Differential focus on domestic youth market
  - Maintain pricing discipline
  - Approach to trade relationships

MACROECONOMIC ENVIRONMENT

THANK YOU