

# HALF YEAR RESULTS PRESENTATION

1H20

**ExperienceCo.**<sup>™</sup>  
LIMITED

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## BUSINESS UPDATE

**John O'Sullivan**  
CEO

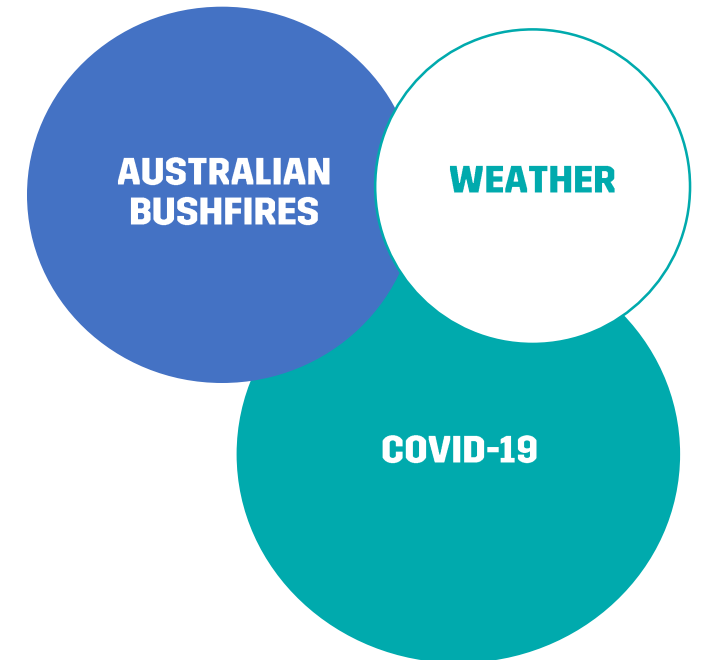
# OVERVIEW

CORE STRATEGY REMAINS UNCHANGED. SIGNIFICANT EXTERNAL FACTORS IN NEAR TERM

## STRATEGIC OUTLOOK

<b>1</b>	EXP attractively positioned in the Australasian adventure tourism sector
<b>2</b>	Business simplification well progressed, management team in place
<b>3</b>	High quality core portfolio with barriers to entry and reduced geographic exposure to FNQ
<b>4</b>	Well invested asset base with scalability in existing fleet and operating infrastructure
<b>5</b>	Runway for organic and acquisition growth

## EXTERNAL FACTORS



# 1H20 SNAPSHOT

BALANCE SHEET STRENGTHENED BY NON-CORE DIVESTMENTS AND COST SAVINGS ON TRACK

Revenue from continuing operations

**\$60.3m**

Underlying EBITDA<sup>1</sup>

**\$9.1m**

Tandem Jumps

**84,085**

Annualised cost savings to date

**>\$3m**

Profit from continuing operations

**\$0.3m**

NTA per share

**\$0.16**

GBR Experiences<sup>2</sup>

**141,537**

Pro Forma Net Debt<sup>3</sup>

**\$7.3m**

## Notes








1 Underlying EBITDA from continuing operations

2 Based on fee paying customers

3 Pro forma net debt at 31 December 2019 following the divestment of Great Barrier Reef Helicopters on 2 January 2020

# NON-CORE UPDATE

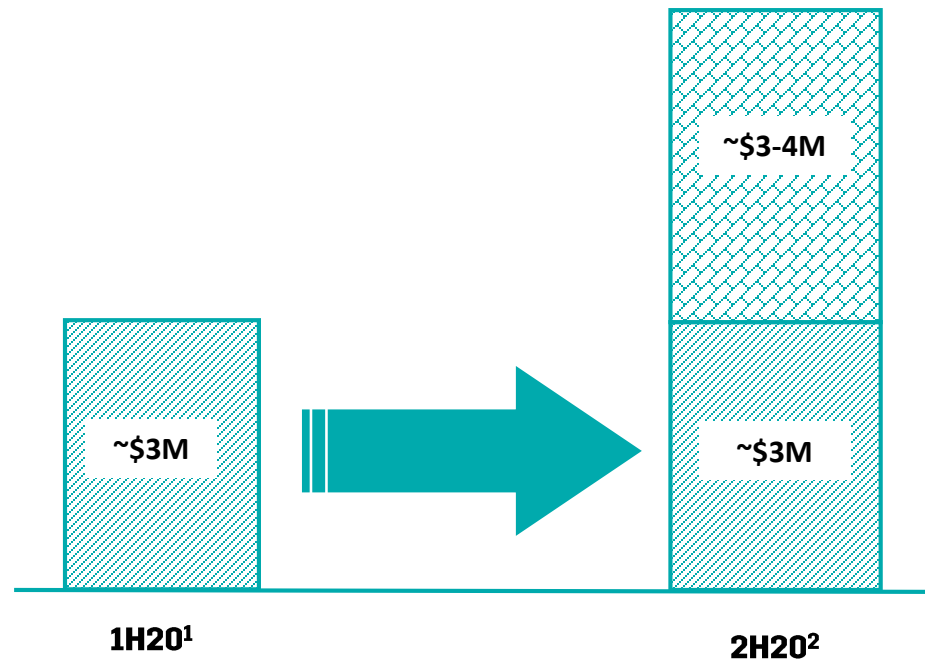
## SIGNIFICANT PROGRESS MADE ON DIVESTMENTS AND RESHAPING THE BUSINESS

		NON-CORE	COMMENTARY
COMPLETED	1		Completed in 2019
	2		Completed sale to Morris Group 2 January 2020 Ongoing commercial arrangement in place for scenic flights from MarineWorld (Reef Magic)
IN PROGRESS	3	Asset Realisations	Continuing process on non-core assets Surplus fixed wing and property capital release underway
	4	    	Nash Advisory appointed in December 2019 to manage disposals Discussions ongoing with interested parties

# OPERATING COSTS

COST RATIONALISATION ON TRACK. 2H20 EXTERNAL IMPACTS HAVE NECESSITATED ADDITIONAL COST CONTROL MEASURES

## COST SAVING UPDATE



- Achieved target of ~\$3 million in annualised savings by 31 December 2019
- Variable cost base being closely considered in the event of prolonged COVID-19 related travel restrictions, including:
  - Adjusting operating schedules and staff rostering
  - Renegotiation of leases and usage charges
  - Mothballing unprofitable experiences in near term
- Group on track to exceed previous estimate of up to \$6 million by 30 June 2020

### Notes

1 Based on annualised savings in place by December 2019

2 Based on targeted annualised savings for June 2020 exit run-rate



## FINANCIAL RESULTS

Owen Kemp  
CFO



# FINANCIAL PERFORMANCE

## PROFITABILITY IMPACTED OPERATIONAL AND TOURISM MARKET CONDITIONS

### KEY FINANCIALS - CONTINUING OPERATIONS

\$ million	1H20	1H19	Change %
REVENUE	60.3	68.6	(12.2)%
EBITDA	6.7	15.3	(55.8)%
PROFIT	0.3	7.7	(96.6)%
UNDERLYING EBITDA	9.1	15.0	(39.4)%
NTA PER SHARE (\$)	0.16	0.17	(4.7)%
PRO FORMA NET DEBT	7.3	n/a	n/a

### COMMENTARY

- Revenue from continued operations decreased by 12.2%, with decreased volume in both Skydive and GBR Experiences
- Underlying EBITDA from continuing operations of \$9.1 million decrease on prior period (\$15.0 million), principally volume led decrease
- Stronger balance sheet following divestment of Great Barrier Reef Helicopters with Pro Forma net debt of \$7.3 million
- No interim 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 interest, income taxes, depreciation and amortisation.
- 2 Underlying EBITDA is a financial measure not prescribed by AAS and represents respectively the EBITDA (as set out above) adjusted for restructure and other costs.

# SKYDIVING

WEATHER CONDITIONS IMPACTED Q1. Q2 SAW BUSHFIRES AND QUEENSTOWN LATE SEASON WINTER IMPACT VOLUME

## KEY FINANCIAL METRICS

\$ million	1H20	1H19	Change %
SKYDIVING REVENUE	36.2	39.0	(7.3)%
OTHER	1.9	3.3	(41.4)%
SALES REVENUE	38.1	42.3	(9.9)%
UNDERLYING EBITDA	9.3	11.1	(16.3)%
TANDEM JUMPS	84,085	92,748	(9.3)%
AVERAGE REVENUE <sup>1</sup>	430.1	420.5	2.3%
EBITDA MARGIN %	24.4%	26.3%	(1.9)bps
ASSETS	111.5	108.9	2.4%

### Notes

1 Skydiving Revenue divided by Tandem Jumps

## SKYDIVE VOLUMES

- Volume down by 9.3% on pcp, Australia down 7.3% and NZ down 14.3%
- Weather, and bushfires (smoke haze) at key dropzones have impacted east coast operations and New Zealand. This has continued into the peak December and January trading months
- Australian volume reflected unfavourable weather conditions in Q1, followed by the bushfire (smoke haze) impact from late November through December, impacting drop zones from Byron Bay through to the Great Ocean Road – impacting both tandem jump volume and forward bookings
- NZ volume reflects a continuation of the poor weather conditions experienced in Q1, with late season winter conditions persisting through Q2, which continued into mid December 2019.
- Skydive demand remained robust, inevitably impacted by external factors
- Record days achieved in two largest DZs – Wollongong and NZone in late December 2019

# GBR EXPERIENCES

CYCLICAL DOWNTURN APPEARED TO BE DECELERATING IN DECEMBER BEFORE CORONAVIRUS

## KEY FINANCIAL METRICS

\$ million	1H20	1H19	Change %
REVENUE	22.1	26.4	(16.1)%
UNDERLYING EBITDA	3.2	7.0	(53.5)%
EBITDA MARGIN %	14.7%	26.5%	(11.8)%
ASSETS	32.8	84.7	(61.3)%

## TROPICAL NORTH QUEENSLAND

- Challenging tourism market conditions in 2H19 continued into the period
- Cairns Airport arrivals decreased by 3.3%, continuing the cyclical downward trend experienced since September 2018
- Cyclical downturn decelerated in GBR Experiences from mid Q2, including a solid December trading period and favourable weather conditions into 2H20.
- Momentum curtailed by impact of COVID-19 on travel movements, particularly the China volumes

# CASH FLOW

## CASH FLOW REFLECTS DISCIPLINED APPROACH TO CAPITAL MANAGEMENT DURING PERIOD OF CHALLENGING TRADING

\$ million	1H20	1H19	Change %
OPERATING CASH FLOWS	10.4	15.4	(32.5)%
INVESTING CASHFLOWS	(3.8)	(5.0)	(23.5)%
FINANCING CASHFLOWS	(1.4)	(4.8)	(70.7)%
NET INCREASE IN CASH HELD	5.1	5.6	(7.6)%
CASH & CASH EQUIVALENTS	9.9	12.8	(22.7)%

### CASH FLOWS

- Capex in part offset by proceeds from sale of surplus assets
- Dividend not paid during period
- 2H20 will include proceeds from non-core asset divestments

# BALANCE SHEET

## STRONGER BALANCE SHEET HEADING INTO 2H20

### CAPITAL METRICS

\$ million	DEC19	JUN19	Change %
TOTAL TANGIBLE ASSETS	134.5	142.5	(5.6)%
NET DEBT	23.5	29.4	(19.8)%
GEARING <sup>1</sup>	17.5%	20.6%	(3.1)ppts
NET DEBT TO UNDERLYING EBITDA	1.2x	1.1x	0.1x
PRO FORMA NET DEBT	7.3	n/a	n/a

### NON-CORE DISPOSALS

- GBRH completed on 2 January 2020
- Cairns Canyoning completed in December 2019
- Whitewater rafting and ballooning process underway
- Sale of other non-core PPE assets in progress

### DEBT

- Debt facility with NAB extended to October 2021
- Pro forma net debt \$7.3m

### Notes

1 Net Debt as a % of Total Tangible Assets



# TRADING UPDATE & OUTLOOK

**John O'Sullivan**

# TRADING UPDATE & OUTLOOK

## CORE STRATEGY REMAINS UNCHANGED WHILST PROACTIVELY RESPONDING TO EXTERNAL FACTORS

### 1H20 ACHIEVEMENTS

- 1H20 performance was largely in line with expectations
- Business simplification well progressed
- Divestment of GBRH has strengthened balance sheet
- Cost savings and non-core asset divestments on track
- Operational management team in place
- Strategic Review complete and actions underway

### OUTLOOK FOR 2H20

- Strategy remains to reset the business for improved financial performance in FY21
- Continued focus on business simplification and return on investment
- External factors to have a material impact on 2H20

### EXTERNAL FACTORS 2H20

#### AUSTRALIAN BUSHFIRES

- Australian bushfires have impacted Australian skydiving business in peak December and January trading months
- Group working with National and State tourism bodies on marketing initiatives

#### WEATHER

- Continues to be a key external factor with heavy rainfall on the Australian eastern seaboard and NZ South Island in early February.

#### COVID-19

- COVID-19 is an unknown quantity for our industry, and is adversely impacting the Group in 2H20:
  - China and other international visitor numbers impacted across all segments
  - Group (ADS) travel restrictions impacted the Tropical North Queensland region from the China New Year period onwards
  - Australian and New Zealand border & quarantine restrictions from early February are expected to impact Skydiving and GBR experiences volumes in the near term
  - Continue to monitor ongoing developments, and be proactive in mitigating the impact on its operations
- Not anticipated to cycle out prior to 30 June 2020



THANK YOU