19 SEPTEMBER 2017

SKYDIVE THE BEACH GROUP LIMITED (ACN 167 320 470)

(ASX:SKB)

ASX ANNOUNCEMENT – SKB PRESENTATION TO MORGAN STANLEY MICRO-CAP CONFERENCE

Skydive the Beach Group Limited's (ASX:SKB) Executive Directors are presenting to a Morgan Stanley Micro-Cap Conference at 12.45pm Tuesday 19th September 2017.

A copy of the presentation is attached.

- ENDS -

CONTACT INFORMATION

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About Skydive the Beach Group Limited (ASX:SKB)

Skydive the Beach Group Ltd (SKB) is an adventure tourism and leisure company. From its origins in Wollongong NSW in 1999 and now provides tandem diving experiences in 18 locations in Australia and three locations in New Zealand. SKB also provides activities of white water rafting, hot air ballooning, canyoning and boat tours to the Great Barrier Reef in North Queensland, Australia. Since successfully completing an initial public offer (IPO) in March 2015, SKB has acquired Australian Skydive (March 2015), NZone Skydive (October 2015), Skydive Wanaka (July 2016), Raging Thunder Adventures (October 2016), Reef Magic Cruises (April 2016) and Byron Bay Balloons (August 2017).





Skydive the Beach

GROUP LIMITED

An introduction to SKB





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AGENDA

1. Who is SKB
2. How did we get here
3. Insurance & Safety
4. FY17 review
5. Aircraft
6. New company name
7. FY18 projections

ABOUT SKYDIVE THE BEACH GROUP LIMITED (ASX:SKB)

Skydive the Beach Group Ltd (“SKB”) is an adventure tourism and leisure company.

From its origins in Wollongong NSW Australia in 1999, SKB is now the largest tandem skydiving operator in the world, providing skydiving experiences in 18 locations in Australia and three locations in New Zealand.

SKB has made a substantial strategic move beyond tandem skydiving into adventure tourism through the acquisition of Raging Thunder Adventures and Reef Magic Cruises. As a result of such expansion, SKB now also provide activities of white water rafting, hot air ballooning, canyoning, and boat and helicopter tours to the Great Barrier Reef in North Queensland, Australia.

Since successfully completing an initial public offer (IPO) on the Australian Securities Exchange (ASX) in March 2015, SKB has acquired Australian Skydive (March 2015), NZone Skydive (October 2015), Skydive Wanaka (July 2016), Raging Thunder Adventures (October 2016), Reef Magic Cruises (April 2017) and Byron Bay Balloons (August 2017).

SKB’s vision is to become the largest and most respected adventure tourism company in the world.

On 6 October 2017, the shareholders of SKB will vote at the Annual General Meeting of the company to change the name to **ExperienceCo Limited**; a required name change because it encapsulates what the Group now provides our customers.

Skydive the Beach GROUP LIMITED

EXECUTIVE DIRECTOR

Anthony Boucaut

FOUNDER
MANAGING DIRECTOR
T + 612 4243 0712
bowie@skydive.com.au

- Founder, Executive Director, Managing Director
- BSC, MAICD, APF
- Anthony has over 20 years' experience in the skydiving industry and over 25 years' experience in aviation. Anthony's aviation experience during his time in the military and his passion for skydiving played a critical role in the establishment of the Skydive the Beach business in 1999. As a qualified pilot, Anthony not only oversees and guides the business generally, but also overseas the aircraft and aircraft maintenance division within the business.







Skydive the Beach
GROUP LIMITED

EXECUTIVE DIRECTOR

Anthony Ritter

CHIEF EXECUTIVE OFFICER
EXECUTIVE DIRECTOR
T + 612 4243 0712
a.ritter@skydive.com.au

- Executive Director and Chief Executive Officer
- BCOM, CA, MAICD
- Anthony has over 20 years of financial, management and corporate experience in various senior management roles in both private and non-for-profit entities. He has been involved with the Skydive the Beach business since 2011 and has demonstrated strong strategic planning, analytical, leadership and financial management skills. He has also played an integral part of the successful growth of the Group by way of listing on the ASX, acquisitions of additional business, and in the organic growth of the underlying business.







NON-EXECUTIVE DIRECTORS

William Beerworth

INDEPENDENT,
NON-EXECUTIVE CHAIRMAN

John Diddams

NON-EXECUTIVE DIRECTOR

Col Hughes

NON-EXECUTIVE DIRECTOR







HOW DID WE GET HERE?

DATE	THE VISION	THE ACTIONS
1999	Start a tandem skydiving company by the beach	Commenced operations in Wollongong, NSW
2011	Become largest tandem skydive company in Australia	Commenced some start up dropzone's and began making some smaller acquisitions
2015		Listed the company on ASX (ASX:SKB) and acquired SKB's largest competitor in Australia RESULT: Became the largest tandem skydiving company in Australia
2015	Become the largest tandem skydive company in the world	Acquired NZone Skydive in Queenstown New Zealand
2016		Acquired Skydive Wanaka in New Zealand RESULT: Became largest tandem skydiving company in the world
2015	Become the largest and most respected adventure tourism company in the world	Acquired Raging Thunder Adventures (white water rafting, hot air ballooning, cannoning, inner Great Barrier Reef tours).
2017		Acquired Reef Magic Cruises (boat trips to a pontoon out on the outer Great Barrier Reef).
2017		Acquired Byron Bay Balloons (hot air ballooning)

FOUR KEY STRATEGIC PRIORITIES DRIVING FUTURE GROWTH

Acquisitions

Efficiencies

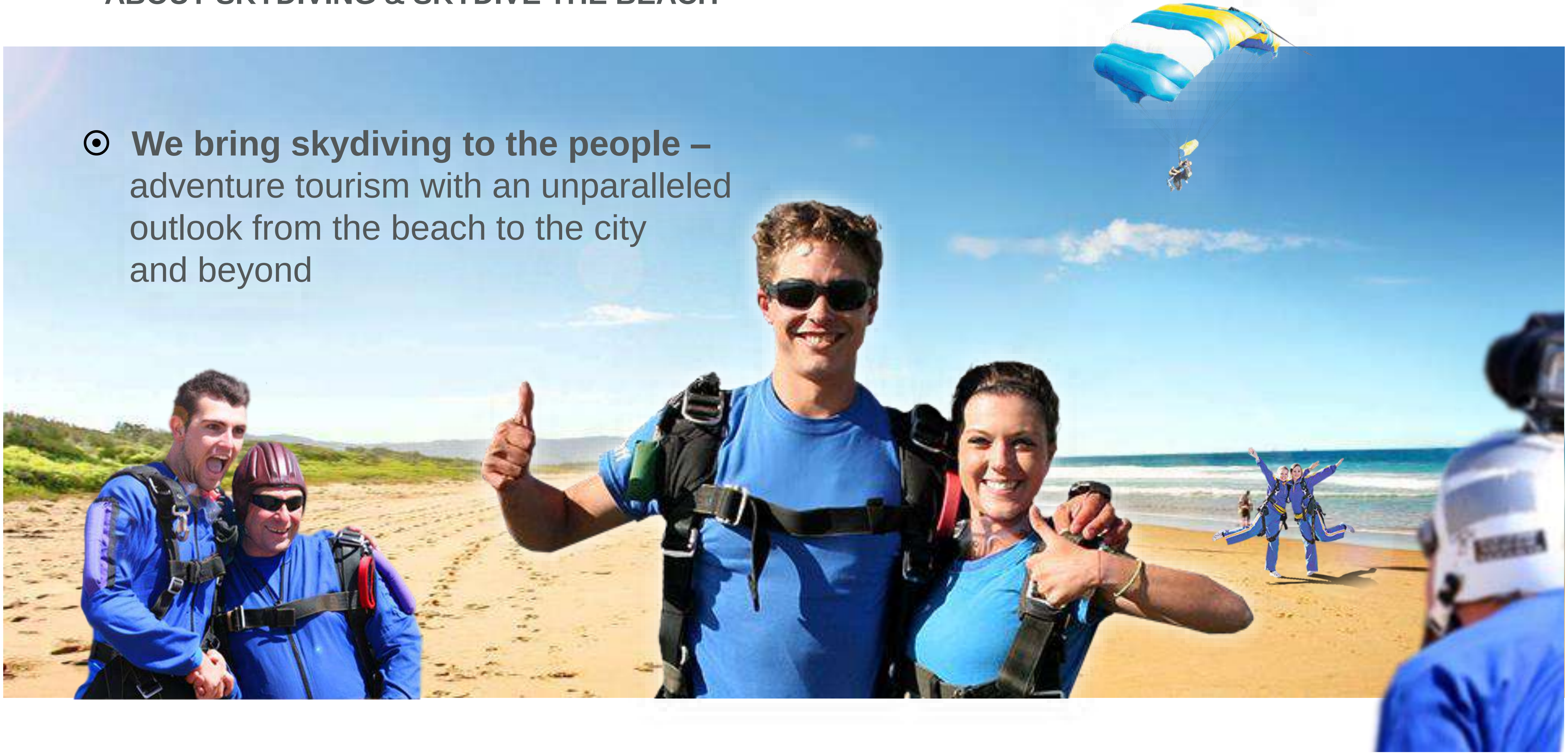
Skydive the Beach AND BEYOND

Diversification

Further Start ups

ABOUT SKYDIVING & SKYDIVE THE BEACH

- **We bring skydiving to the people –** adventure tourism with an unparalleled outlook from the beach to the city and beyond



SKYDIVE THE BEACH

INSURANCE	SAFETY
• The Australian Parachute Federation (APF) holds a master insurance policy that is arranged to respond in relation to negligent damage caused to third party person or property whilst participating in parachuting under an APF Licence. Cost for this insurance is included in membership fees. All customers of SKB become a member of the APF prior to their skydive, and as such they fund the cost of such insurance (currently set at $15 per member) • SKB has never had a successful claim against this master insurance policy. • Other insurance held by SKB includes personal liability, passenger cover, aviation hull and liability cover, management liability	• SKB has developed state of the art operational procedures and safely systems • SKB is the largest purchaser of new parachuting equipment in the southern hemisphere • Injuries sustained with tandem skydiving are extremely low and below the industry average • SKB utilises the automatic opening parachuting equipment • APF audit SKB for equipment, safety systems, reporting, and aircraft compliance annually • SKB has never had a tandem skydive fatality







FINANCIAL HIGHLIGHTS – FY17 PERFORMANCE VS FY17 FORECAST

	FY17 ACTUAL	FY17 FORECAST
Revenue ($m) *	89.6	93.2
Reported EBITDA	21.0	-
Addbacks **	1.4	-
Normalised EBITDA *** ($m)	22.4	22.1
Normalised EBITDA *** (%)	25.0%	23.7%

Notes

* Revenue differential is due to circumstances outside of SKB's control:

1. adverse weather conditions (Cyclone Debbie and subsequent flooding throughout South East Queensland) that impacted skydiving processing rates (FY17 processing rates at 76.2% compared to 82.1% in FY16) and other experiences passenger numbers
2. the unanticipated shutdown of the water supply to Tully River and Barron River that was experienced during FY17.

** One off items outside the normal operations of the business, mainly due diligence costs relating to business acquisitions

*** Before acquisition related expenses and other one off items outside normal operations of the business

REPORTED FINANCIAL PERFORMANCE - FY17 VS FY16

	FY17	FY16	FY17 vs FY16 (%)
Revenue ($m)	89.6	58.5	53.2%
Reported EBITDA ($m)	21.0	13.5	55.6%
Reported NPAT ($m)	9.5	6.6	43.9%
Net cash provided from operating activities ($m)	22.5	9.4	139.4%

BY SEGMENT - FY17

	SKYDIVING AUS	SKYDIVING NZ	OTHER ADVENTURE EXPERIENCES	TOTAL
Revenue ($m) FY17	51.7	26.6	11.3	89.6
Revenue ($m) FY16	48.7	9.8	-	58.5
Growth (%)	6.4%	171.4%	-	53.2%
Organic Growth (%)	6.2%	20.4%	-	11.8%

Normalised EBITDA ($m) FY17	12.7	7.4	2.3	22.4
Normalised EBITDA (%) FY17	24.6%	27.8%	20.4%	25.0%
Normalised EBITDA ($m) FY16	10.4	4.0	-	14.4
Growth (%) FY17 to FY16	22.1%	85.0%	-	55.6%
Organic Growth (%) FY17 to FY16	21.1%	20.0%	-	-

COMMENTARY ON FY17 RESULTS

✓ **Solid financial growth compared to FY16**

- Annual Revenue increased by 53.2%
- Underlying EBITDA increased by 55.6%
- Cash from operating activities increased by 139.4%

✓ **Skydiving operations overview**

- Tandem skydive bookings up 35.97% (Total organic growth 24.17%; AUS organic growth 24.00%, NZ organic growth 24.72%)
- Tandem skydives up 30.6% (Total organic growth 15.45%; AUS organic growth 14.93%, NZ organic growth 17.53%)
- Processing rates at 76.2% (AUS 77.8%, NZ 72.5%) FY16 was at 82.1%

HIGHLIGHTS FOR 2017

✓ **Growth** delivered organically and through acquisition

- EBITDA ahead of management expectations and forecasts
- Efficiencies realised as a result of capital expenditure in the skydiving business
- Operating efficiencies realised by integration of acquired business' into SKB

✓ **Successful completion of Skydive Wanaka ("Wanaka")**

✓ **Successful acquisition of Performance Aviation Limited ("PAL")**

- Aircraft maintenance company acquired to do all SKB maintenance in NZ like Aircraft Maintenance Centre Pty Ltd does for Australian aircraft

HIGHLIGHTS FOR 2017 (CONT)

✓ **Successful capital raising for $19.6m,** oversubscribed by strong investor base

✓ **Successful acquisition of Raging Thunder Adventures (“RT”)**

- SKB’s first non-skydiving acquisition – RT offering white water rafting, hot air ballooning, sea kayaking, canyoning and trips to the Great Barrier Reef

✓ **Successful acquisition of Reef Magic Cruises (“RMC”)**

- SKB’s second non-skydiving acquisition that complements SKB’s acquisition of RT, RMC offering trips to the outer Great Barrier Reef

✓ **Successful acquisition of ILB Computing (“ILB”)**

- IT maintenance company acquired to do all SKB IT support services and software integration

✓ **The establishment of 3 new Australian skydiving dropzones -** Bribie Island, Noosa & Fraser Island in Queensland

AIRCRAFT

- SKB has a total of 38 aircraft as at 30th June 2017, including, but not limited to Cessna Caravans, Cessna 182's, Cessna 206's, Gippsland Airvans, PAC-XL750's.
- SKB has a total of 20 Cessna Caravan aircraft as at 30th June 2017; all major dropzones now have these aircraft operating
- 10 Honeywell TPE331-12JR engine upgrades have been completed as at 30th June 2017; the remaining 10 upgrades should be completed by 2021, subject to aircraft hours flown
- **COST SAVINGS**
  - Based on data captured throughout FY17, existing engines are running at a cost of $28.60 per tandem passenger, the new upgraded engines are running at $17.38 per tandem passenger

	EXISTING ENGINES	UPGRADED ENGINES
Engine time before overhaul	3,600	7,000
Minutes per flight	24	16
Flights per hour	2.5	3.75
Flights per lifetime	9,000	26,250
Average fuel per flight	86	55
Flights per maintenance period	500	750

- US$350k is the cost for an overhauled existing engine to provide another 3,600 hours vs US$250k for an overhaul on the upgraded engine to provide another 7,000 hours
- The ROI on the engine upgrades at a large dropzone is circa 3 to 3 ½ years based on cost savings without revenue upside included, and circa 5 years at a smaller dropzone

STRATEGIC ACTIVITIES THROUGHOUT FY17 AND INTO FY18

- Building an exciting portfolio of adventure tourism experiences and products

Our Brands

Skydive AUSTRALIA

Raging Thunder Adventures
Cairns Hot Air Balloon Co.
Cairns Canyoning
Fitzroy Island Adventures

Reef Magic Cruises
NZONE Skydive
Skydive Wanaka NZ
Skydive Paradise YOUR NATURAL HIGH
Byron Bay Ballooning

SKYDIVE.COM.AU RAGINGTHUNDER.COM.AU CAIRNSHOTAIRBALLOON.COM.AU REEFMAGICCRUISES.COM
BYRONBAYBALLOONING.COM.AU NZONESKYDIVE.CO.NZ SKYDIVEWANAKA.COM SKYDIVEPARADISE.CO.NZ

NEW COMPANY NAME

Skydive the Beach Group Limited will change its name, subject to approval of the shareholders at the upcoming Annual General Meeting of the company to be held in October this year.

The company’s evolution from a skydiving company to a broadly defined adventure experience company has resulted in the need for a new company name. Experience Co Limited is the new proposed company name. ‘EXP’ is the new proposed ASX code. Both the name and the code have been reserved with ASIC and ASX respectively.

All individual brands will remain such as Skydive Australia, Raging Thunder Adventures, NZone Skydive and Reef Magic Cruises, with their associated brand equity, yet they will now sit under the overarching parent company of Experience Co Limited.

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DIVIDEND ANNOUNCEMENT

- **In line with the company’s dividend policy**, a final and fully franked dividend of 1 cent per share has been declared on 22 August 2017
  - Record date 18 September 2017
  - Payment date 29 September 2017

FY18 FORECAST

	FY18 FORECAST RANGE
Revenue ($ million)	115 – 120
Underlying EBITDA * ($ million)	29 - 31

*Before acquisition related expenses and other one off items outside normal operations of the business

FY18 UPDATE

Bookings, Passenger numbers and Revenue are tracking ahead of management expectations as at 21st August 2017

Skydive the Beach GROUP LIMITED

FY18 FORECAST

ADDITIONS OF PLANT & EQUIPMENT	FY18 FORECAST RANGE
Operating Capex ($ million)	10 – 11
Maintenance Capex ($ million)	4 – 5
Total	14 – 16

Further information

SKYDIVE.COM.AU RAGINGTHUNDER.COM.AU CAIRNSHOTAIRBALLOON.COM.AU REEFMAGICCRUISES.COM

BYRONBAYBALLOONING.COM.AU NZONESKYDIVE.CO.NZ SKYDIVEWANAKA.COM SKYDIVEPARADISE.CO.NZ