

A vibrant tropical scene featuring a speedboat, hot air balloons, a helicopter, a zipliner, a raft, and a diver. The background is a bright blue sky with fluffy white clouds. In the upper left, two yellow and blue hot air balloons float. A white helicopter is in the upper center. A person is ziplining across the middle of the frame. In the lower right, a group of people in a yellow raft are on the water. In the foreground, a person is scuba diving underwater, surrounded by colorful fish and coral. The overall atmosphere is one of adventure and tropical beauty.

FY18 RESULTS PRESENTATION

August 2018

Let's GO.
ExperienceCo.[™]

ACN 167 320 470 - ASX: EXP

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AGENDA

- FY18 FINANCIAL PERFORMANCE AND COMMENTARY
- FY18 SPECIFIC HIGHLIGHTS
- DIVIDEND ANNOUNCEMENT
- FY19 OUTLOOK AND GUIDANCE



FINANCIAL PERFORMANCE – FY18

	FY18	FY17	FY18 VS FY17 (%)
Revenue (\$m)	135.3	89.6	51.1%
EBITDAI * (\$m)	27.4	21.0	30.6%
Normalised EBITDAI ** (\$m)	30.2	22.4	34.8%
NPAT (\$m)	6.8	9.5	(28.4%)
Normalised NPAT *** (\$m)	14.5	11.2	29.5%

*Earnings before Interest, Tax, Depreciation, Amortisation and Impairment (EBITDAI) is a financial measure, which is not prescribed by Australian Accounting Standards ("AAS") and represents the profit under AAS adjusted for specific amortisation and significant items. The directors consider EBITDAI to reflect the core earnings of the consolidated entity.

**Normalised EBITDAI excludes one-off expenses that are not considered to form the ordinary part of the business, and exclude business acquisition costs (due diligence etc) and other one-off items, and in FY18 excludes the impairment of property, plant and equipment (revaluation of aircraft)

***Normalised NPAT excludes one-off expenses that are not considered to form the ordinary part of the business, and exclude business acquisition costs (due diligence etc), and other one-off items, and in FY18 excludes the impairment of property, plant and equipment (re-valuation of aircraft) as well as the adding back of amortisation of Intangibles - customer relationships and amortisation of intangibles – lease and licences



FINANCIAL PERFORMANCE – FY18 (CONT)

NORMALISED EBITDAI	FY18 ACTUAL	NORMALISED NPAT	FY18 ACTUAL
Revenue (\$m)	135.3	Revenue (\$m)	135.3
EBITDAI (\$m)	27.4	NPAT (\$m)	6.8
EBITDAI (%)	20.3%	NPAT (%)	6.5%
One-off items * (\$m)	2.8	One-off items ** (\$m)	7.7
Normalised EBITDAI	30.2	Normalised NPAT	14.5
Normalised EBITDAI (%)	22.3%	Normalised NPAT (%)	10.7%

*One-off expenses are those that are not considered to form the ordinary part of the business, and include business acquisition costs (due diligence etc) (\$2.1m) and other one-off items (\$0.7m)

**One-off expenses are those that are not considered to form the ordinary part of the business, and include business acquisition costs (due diligence etc) (\$2.2m) and other one-off items (\$0.6m), the impairment of property, plant and equipment (aircraft re-valuations) (\$1.7m), as well as the adding back of amortisation of intangibles - customer relationships (\$1.9m) and amortisation of intangibles - leases/licences (\$1.3m).



FINANCIAL PERFORMANCE – FY18 (CONT)

NORMALISED CASHFLOW	FY18 ACTUAL	FY17 ACTUAL
Net cash provided by Operating activities per 4E	14.8	12.6
Finance Costs paid	1.7	1.2
Tax Paid	4.6	5.4
Sub-total	21.1	19.2
Movements in working capital from completion date to end of financial period for acquired companies *	1.9	-
Business acquisition costs and other one-off items	2.8	1.4
Normalised Net Cash provided by Operating activities	25.8	20.6
As a % of revenue	19.1%	22.9%

*This relates to the payment of suppliers invoices that existed on completion date of EXP's acquisition



FINANCIAL REPORTING OF OPERATING SEGMENTS

	SKYDIVING AUS	SKYDIVING NZ	OTHER ADVENTURE EXPERIENCES	SUB-TOTAL	SHARED SERVICES	TOTAL
Revenue (\$m) FY18	52.2	29.1	53.9	135.3	-	135.3
Revenue (\$m) FY17	51.7	26.6	11.3	89.6	-	89.6
Growth (%)	0.9%	9.4%	376.9%	51.0%	-	51.0%

Normalised ** EBITDAI * (\$m) FY18	16.7	9.8	12.4	41.3	(11.1)	30.2
Normalised ** EBITDAI * (%) FY18	31.9%	33.7%	23.0%	30.5%	-	22.3%
Normalised ** EBITDAI * (\$m) FY17	20.0	8.9	2.8	31.7	(9.3)	22.4
Normalised ** EBITDAI * (%) FY17	38.6%	33.5	24.7%	35.4%	-	25.0%
Growth (%) FY18 to FY17	(16.5%)	10.1%	342.9%	30.2%	19.3%	34.8%

*EBITDAI is a financial measure, which is not prescribed by Australian Accounting Standards (“AAS”) and represents the profit under AAS adjusted for specific non-cash and significant items. The directors consider EBITDAI to reflect the core earnings of the consolidated entity.

**Normalised EBITDAI excludes one-off expenses that are not considered to form the ordinary part of the business, and exclude business acquisition costs (due diligence etc) and other one-off items, and in FY18 excludes the impairment of property, plant and equipment (revaluation of aircraft)

COMMENTARY ON FY18 RESULTS (CONT)

Tandem Skydiving operations overview:

	AUS	NZ	TOTAL
Bookings (FY18 vs FY17)	(9.4%)	6.3%	(4.8%)
Tandem Skydives (FY18 vs FY17)	(5.9%)	7.4%	(2.1%)
Processing Rates * (FY18)	80.9%	73.2%	78.4%
Processing Rates * (FY17)	77.8%	72.5%	76.2%

Tandem Skydiving – customer source:

	DOMESTIC	INTERNATIONAL	TOTAL
Australian Tandem Skydives FY18 vs FY17	(22.8%)	4.4%	(5.9%)
Australian Tandem Skydives FY17 vs FY16	12.1%	20.4%	17.1%

*Processing Rate is the amount of tandem skydives jumped vs the amount of tandem skydives booked

COMMENTARY ON FY18 RESULTS (CONT)

Australian Tandem Skydiving

- The Australian skydiving business is down YOY for the first time in the company's history;
- The 3rd and 4th quarters were affected by unseasonably adverse weather patterns including substantial amounts of rainfall;
- The Australian industry suffered its first tandem fatality in 40 years in June 2017, at a dropzone not operated by Experience Co;
- Experience Co incurred its first tandem fatality at Mission Beach in October 2017;
- Experience Co Australian skydiving market comprises circa 40% Domestic customers;
- Experience Co domestic customers are down 22.8% YOY FY18 vs FY17;
- Experience Co international customers are up 4.4% YOY FY18 vs FY17;



COMMENTARY ON FY18 RESULTS (CONT)

Tandem Skydiving – Experience Co against the Australian skydiving industry

Australian Parachute Federation data *

- FY17 vs FY16 saw a 5.42% increase in all tandem skydives throughout Australia
- FY18 vs FY17 saw a 7.98% decrease in all tandem skydives throughout Australia
- 6-months to June 2018 vs 6-months to June 2017 saw a 15.15% decrease in all tandem skydives throughout Australia

Experience Co data (Australian operations)

- FY17 vs FY16 saw a 15.45% organic increase in all tandem skydives
- FY18 vs FY17 saw a 5.9% decrease in all tandem skydives
- 6-months to June 2018 vs 6-months to June 2017 saw a 8.64% decrease in all tandem skydives throughout Australia

**Source: Australian Parachute Federation, APF Statistics (as at 30 June 2018) Richard McCooley 29 July 2018*



COMMENTARY ON FY18 RESULTS (CONT)

Tandem Skydiving – Experience Co against the NZ skydiving industry

New Zealand Parachute Industry Association (NZPIA) data *

- FY18 vs FY17 saw a 0.9% increase in all tandem skydives throughout New Zealand
- 6-months to June 2018 vs 6-months to June 2017 saw a 2.7% decrease in all tandem skydives throughout New Zealand

Experience Co data (NZ operations)

- The New Zealand skydiving business continued to grow in FY18;
- The New Zealand dropzone NZone Skydive suffered its first tandem fatality in January 2018;
- Experience Co New Zealand skydiving market comprises circa 7% Domestic (NZ) customers;
- FY18 vs FY17 saw a 8.8% increase in all tandem skydives
- 6-months to June 2018 vs 6-months to June 2017 saw a 7.1% increase in tandem skydives

*Source: NZPIA, NZPIA Statistical Report 2016, 2017 and Q2 2018



COMMENTARY ON FY18 RESULTS (CONT)

Raging Thunder Adventures

	FY18	FY17	FY18 VS FY17 (%)
Revenue (\$m)	13.1	12.2	7.4%

	\$m
Normalised EBITDAI Contribution to FY18 results	3.8

- FY18 vs FY17 saw a 13.3% increase in passenger numbers for all Raging Thunder experiences
- The 3rd and 4th quarters were affected by unseasonably adverse weather patterns including substantial amounts of rainfall; March, for example, saw 22 days of no operation for Tully River white water rafting, 13 days of no operation for Fitzroy Island, 8 days of no operation for ballooning;
- FY18 vs FY17 saw a 2.8% increase in White Water Rafting passenger numbers, with revenue increasing by 9.1%, helped by the introduction of a video product during the year;
- Ballooning numbers have been growing and we have introduced additional capacity by investing in larger balloons.



COMMENTARY ON FY18 RESULTS (CONT)

Reef Magic Cruises

	FY18	FY17	FY18 VS FY17 (%)
Revenue (\$m)	16.6	16.2	2.5%

	\$m
Normalised EBITDAI Contribution to FY18 results	3.6
ASX Announcement 3 April 2017 said the acquisition was expected to improve the annualised EBITDA by:	3.1

- FY18 vs FY17 saw a 2.8% increase in passenger numbers for Reef Magic Cruises;
- The 3rd and 4th quarters were affected by unseasonably adverse weather patterns including substantial amounts of rainfall; March 18, for example, saw 3 days of no operation;
- Synergies were realised throughout the FY18 year.



COMMENTARY ON FY18 RESULTS (CONT)

Great Barrier Reef Helicopters

Acquired 1/11/2017	FY18	FY17	FY18 VS FY17 (%)
Revenue (\$m) *	10.8	9.8	10.2%

	\$m
Normalised EBITDAI Contribution to FY18 results	3.1
ASX Announcement 11 October 2017 said the acquisition was expected to improve FY18 EBITDA by:	2.3

- FY18 vs FY17 saw a 7.0% increase in passenger numbers for GBR Helicopters for the period under EXP ownership;
- The 3rd and 4th quarters were affected by unseasonably adverse weather patterns including substantial amounts of rainfall;
- Additional revenue has commenced with the introduction of photo packages during the year.
- Some synergies were realised throughout part of the FY18 year, with more to be realised in FY19 and beyond

*Figures for the period that the business was under EXP ownership, and is comparing for the same period in the previous year



COMMENTARY ON FY18 RESULTS (CONT)

Big Cat Green Island Reef Cruises & Tropical Journeys

Acquired 13/12/2017 & 19/12/2017	FY18	FY17	FY18 VS FY17 (%)
Revenue (\$m) *	9.4	10.9	(13.8%)

	\$m
Normalised EBITDAI Contribution to FY18 results	3.6
ASX Announcement 4 December 2017 implied (via revised guidance) the acquisition was expected to improve FY18 EBITDA by	4.0

- FY18 vs FY17 saw a 11.6% decrease in passenger numbers for Big Cat Green Island Reef Cruises and Tropical Journeys for the period under EXP ownership
- The 3rd and 4th quarters were affected by unseasonably adverse weather patterns including substantial amounts of rainfall; Products in Port Douglas were severely impacted with road closures and flooding;
- Some synergies were realised throughout part of the FY18 year, with more to be realised in FY19 and beyond

*Figures for the period that the business was under EXP ownership, and is comparing for the same period in the previous year



COMMENTARY ON FY18 RESULTS (CONT)

Synergies

Certain synergies have been realised in FY18 further synergies will be realised in FY19 and beyond

- **Sales & Marketing** - The Sales & Marketing team has been restructured and streamlined; redundancies were made in June 2018;
- **Accounts** - Accounts moved to SAP Business One February 2018;
- **Respax booking system** – all EXP businesses are now using Respax, with Respax One-World scheduled for November 2018 where all databases will be migrated to one;
- **Buses** – Significant decrease in bus hire costs were realised in FY18 due to the purchase of buses; the benefits of these purchases will continue into FY19.
- **Office relocations** – Synergies have been realised with all office and some operational staff from GBR Helicopters, Reef Magic Cruises, Big Cat Green Island, and Skydive Australia all moved to Adventure House (previously just Raging Thunder headquarters); accordingly leased premises have been vacated;



COMMENTARY ON FY18 RESULTS (CONT)

Synergies

- **Kitchen** – A commercial kitchen has been constructed at Adventure House and operations will commence November 2018; accordingly current leased premises will be vacated; all previously outsourced catering will be brought in house during 2H19;
- **Fixed Wing Aircraft** – No additional fixed-wing aircraft will be purchased in FY19, 2 engine upgrades have been scheduled for FY19;
- **Photos** - Blue Ocean Productions now offers EXP customers photographic packages with Reef Magic, Big Cat Green Island Reef Cruises, Tropical Journeys (Calypso reef tours), Fitzroy Island, and GBR Helicopters.



SPECIFIC HIGHLIGHTS FOR 1H18

- Changed company name to Experience Co Limited and launched the parent company brand into the marketplace



Experience Co Headquarters in Cairns, North Queensland which houses all of FNQ experiences



Experience Co retail shop in Cairns, North Queensland



HIGHLIGHTS FOR FY18 (CONT)

- Successful completion and integration of Byron Bay Ballooning (Byron Bay, NSW)
 - Acquisition completed 21 July 2017
- Successful completion and integration of Wine Country Ballooning (Hunter Valley, NSW)
 - Acquisition completed 18 September 2017
- Successful completion and integration of Great Barrier Reef Helicopters (Cairns and Port Douglas, Far North Queensland)
 - Acquisition completed 1 November 2017
- Raised \$20m through institutional investor base to complete Great Barrier Reef Helicopters acquisition



HIGHLIGHTS FOR FY18 (CONT)

- Successful completion and integration of Blue Ocean Productions (Cairns, Far North Queensland)
 - Acquisition completed 28 November 2017
- Raised \$60.9m through an Accelerated Non-Renounceable Entitlement Offer, oversubscribed by a strong investor base
- Successful completion of Big Cat Green Island Cruises (Cairns, North Queensland), integration commenced and continuing
 - Acquisition completed 13 December 2017
- Successful completion of Tropical Journeys (Port Douglas, North Queensland), integration commenced and continuing
 - Acquisition completed 19 December 2017



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 28 August 2018

- Record date – 17 September 2018
- Payment date – 28 September 2018



FY19 OUTLOOK AND GUIDANCE

Experience Co Limited advise that the FY19 guidance is as follows:

	FY19 GUIDANCE
Revenue (\$Am)	165 – 175
Normalised EBITDAI (\$Am)	37 - 41

CAPEX	FY19 GUIDANCE
Sustaining Capex (\$Am)	9
Growth Capex (\$Am)	7
Total (\$Am)	16



COMMENTARY ON FY19 FORECAST

Forecast:

- A 5% reduction in tandem skydives has been budgeted in Australia for the FY19 year vs FY18; processing rates, margins and pricing have been budgeted to remain constant;
- No growth in tandem skydives has been budgeted in New Zealand for the FY19 year vs FY18; processing rates, margins and pricing have been budgeted to remain constant;
- A 6% increase in passenger numbers for other adventure experiences has been budgeted for the FY19 year vs FY18; a circa 1% increase in pricing has been budgeted;
- Additional costs, circa \$2m, have been budgeted to improve the efficiency of the business, and to manage the growth, namely
 - Additional human resources;
 - system improvements.



COMMENTARY ON FY19 FORECAST

The business currently:

- EXP management has strategies in place to combat the recent softness in tandem skydiving in Australia;
- EXP has signed some commercial in confidence agreements that are expected to see passenger numbers increase for all EXP products in 2H19, in particular Far North Queensland;
- Far North Queensland continues to show strong economic indicators, the building of hotels throughout the city of Cairns offering premium accommodation rooms (for the first time in circa 20 years), and the addition of extra flights direct from China. Cairns Airport statistics indicate that FY18 vs FY17 international visitor arrivals has increased by 5.7% and domestic visitor arrivals has increased by 1.2% (noting that April and May 2018 showed a 3% decrease YOY);
- Queenstown, New Zealand continues to show strong economic indicators, with Queenstown Airport statistics indicating that FY18 vs FY17 international visitor arrivals increasing by 12.1%.



Further information



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