



# Q1 24

TRADING UPDATE

EXPERIENCE CO LIMITED | Q1 24 TRADING UPDATE | OCTOBER 2023

**EXPERIENCE**CO  
SKYDIVE WANAKA | WANAKA | NEW ZEALAND

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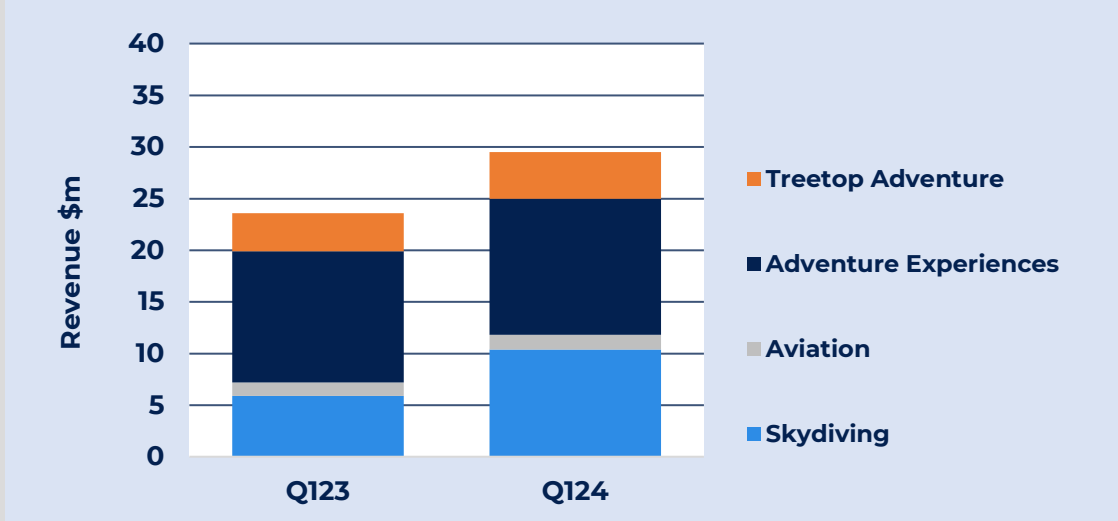
# Q1 24 TRADING UPDATE

The Group recorded improved trading across both operating segments

## GROUP REVENUE

\$ MILLION	Q1 24	Q1 23	Change %
SKYDIVING	11.8	7.2	64%
ADVENTURE EXPERIENCES	17.7	16.4	8%
<b>SALES REVENUE</b>	<b>29.5</b>	<b>23.6</b>	<b>25%</b>

## YTD24 REVENUE



### NOTES:

(1) EBITDA = Earnings before interest, tax, depreciation & amortisation, which is a non-AAS financial measure.

(2) PCP = prior comparable period (Q1 FY23)

## Q1 24 TRADING

- EBITDA <sup>(1)</sup> positive quarter driven by July and September school holiday trading periods
- Skydive segment experienced strong trading in Australia and NZ. Australia saw continued growth in volume due to improving inbound visitation. In NZ, the business continued its strong recovery with record jump days during early stages of Golden Week holiday in late September
- Aviation services in both Australia and NZ performed ahead of PCP with strong external maintenance bookings in NZ and cross hire revenues in Australia
- Adventure Experiences traded ahead of PCP <sup>(2)</sup> driven by stronger revenue in the Treetops Adventure and Reef Unlimited segments with Wild Bush Luxury trading in line with PCP <sup>(2)</sup>
- Treetops Adventure performed ahead of PCP <sup>(2)</sup> and in line with pre-acquisition business off the back of a strong performance in the NSW sites supported by a continual improvement in Cape Tribulation
- Reef Unlimited saw improvement in revenue on Q1 23 with consistent domestic demand coupled with increased international demand offsetting unfavourable weather conditions
- Group cash balance as at 30 September was \$8.1m



# Q1 24 BUSINESS UPDATE

Continued improved trading across portfolio as international markets recover and domestic consumption remains consistent. Skydiving and Treetops business units showed strongest improvement during Quarter.

## SKYDIVING

Q1 FY24 Revenue \$11.8M

### TANDEM SKYDIVING



- Recovery of segment now underway with tailwinds of recovering international markets
- Post pandemic record trading for Q1. Volumes during September were ~60% of FY19 volume in both markets
- Most pronounced impact of Chinese recovery experienced in NZ due to earlier acceptance of ADS Groups
- Skydive Australia continues to show strong improvement with inbound markets returning and traditional marquee sites recording strong customer numbers
- Focus remains on preparation for peak summer trading period (Nov-Feb) which should see increased Chinese customers due to Chinese New Year holiday (Feb 24)

### PERFORMANCE AVIATION



- In NZ, Performance Aviation continues to record strong external maintenance revenues from New Zealand South Island tourism operators
- In Australia, focus on targeted aircraft cross hire continuing to monetise excess fleet capacity as Skydive volumes recover
- Newly acquired AJPA business experiencing strong bookings during the month of September

## ADVENTURE EXPERIENCES

Q1 FY24 Revenue \$17.7M

### REEF UNLIMITED



- Q1 trading consistent with volumes in Q1 23 being close to 90% of FY19 volumes
- Increased Chinese customers during Golden Week holiday mainly out of Cairns
- Cairns remains the stronger performing port indicating an increased return of international customers
- International aviation capacity into region continues to build along with increased Business Events activity

### TREETOPS



- Stronger performance over quarter driven by NSW site performance
- Taronga Zoo continues to perform strongly ahead of expectations despite course not yet fully completed by Taronga Conservation Society
- Cape Tribulation continues its improvement after focus on tour operator and agent channels
- New 20-year license granted by ACT Government for Canberra site with initial construction commencing during late CY23

### WILD BUSH LUXURY



- Bamurru Plains season concluding for the year with site ready for seasonal shut down from October to March
- Maria Island Walk bookings for 2024 season indicating another strong season
- Discussions with new NSW State Government continue over Gardens of Stone Multi-Day Walk
- NSW Government indicated Wild Bush Luxury as preferred operator for Great Southern Walk project

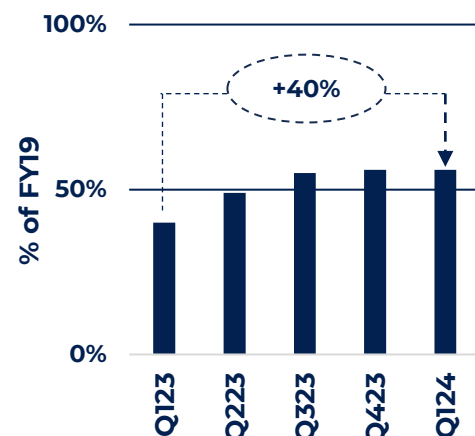
# SKYDIVING

Recovery now underway within Skydive segment as inbound markets return

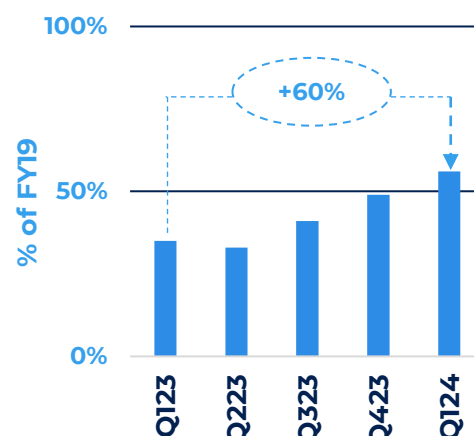
## SKYDIVING REVENUE

\$ MILLION	Q1 24	Q1 23	Change %
SKYDIVING REVENUE	10.4	5.9	76%
AVIATION & OTHER REVENUE <sup>1</sup>	1.4	1.3	8%
<b>REVENUE</b>	<b>11.8</b>	<b>7.2</b>	<b>64%</b>

## SKYDIVING AUSTRALIA VOLUME



## SKYDIVING NEW ZEALAND VOLUME



### NOTES:

(1) Income that is related to aircraft maintenance, aircraft cross-hire and other revenues not related to skydiving PAX.

(2) PCP = prior comparable period (Q1 FY23)

## COMMENTARY

- Strong Q1 performance across both Australia and NZ aided by return of inbound markets. Both markets recording close to 60% of pre-pandemic volumes
- Volumes in both markets recorded strong growth for the Quarter up >40% on PCP<sup>(2)</sup>. Growth primarily driven out of traditional high performing locations of Queenstown, Wollongong, Byron Bay and Mission Beach indicating a return of inbound markets
- In Australia, revenue per pax was slightly ahead of Q423 at \$476 per customer and photo and video >80% across the quarter
- In New Zealand, revenue per passenger remained at >NZ\$500 with photo & video consistently >75% for the quarter
- Sourcing of labour remains the key priority ahead of the peak summer season in Australia. Margin performance in skydiving reliant on increasing efficiency
- Continued focus on management of cost base given presence of inflationary pressures on aviation fuel, crew wages and consumer demand
- Business retains required operating leverage to execute recovery as inbound markets improve to pre pandemic levels

# ADVENTURE EXPERIENCES

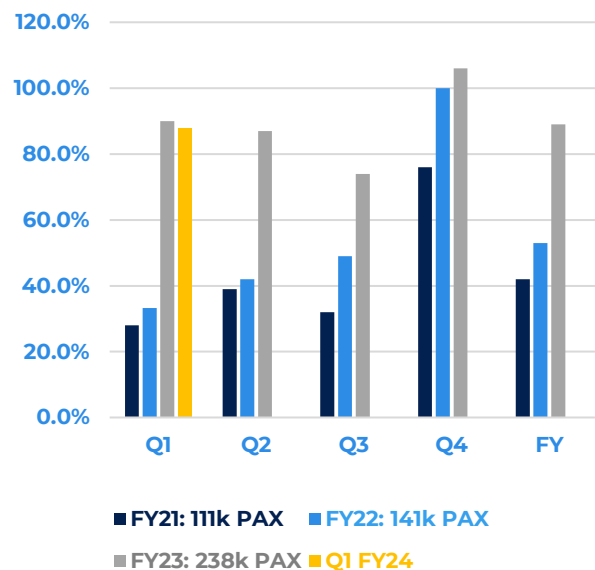
Growth continued within the Adventure Experiences segment

## ADVENTURE EXPERIENCES

\$ MILLION	Q1 24	Q1 23	Change %
REVENUE	17.7	16.4	8%

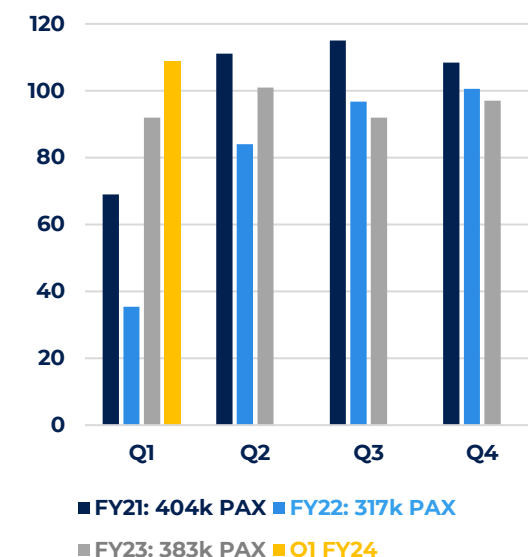
### REEF UNLIMITED

PAX FY19 %



### TREETOPS ADVENTURE

PAX (000s)



## COMMENTARY

- Consistent performance in this segment led by the contribution of Reef Unlimited and Treetops Adventure
- Reef Unlimited volumes remain consistent with PCP<sup>(1)</sup> with improvements on Reef Magic, Green Island and Dreamtime experiences. Average revenue per customer remained higher than PCP
- Reef Unlimited retains the operating capacity to flex as inbound markets improve
- Treetops Adventure recorded a stronger quarter on both revenue and volume up ~20% on PCP<sup>(1)</sup>. Improved financial performance driven by contributions from Western Sydney, Cape Tribulation, Central Coast and Newcastle sites
- Wild Bush Luxury segment performed in line with management's expectations but is experiencing a post COVID correction from the peak trading period of FY22
- Results continue to reinforce the benefit of the portfolio diversification towards Adventure Experiences

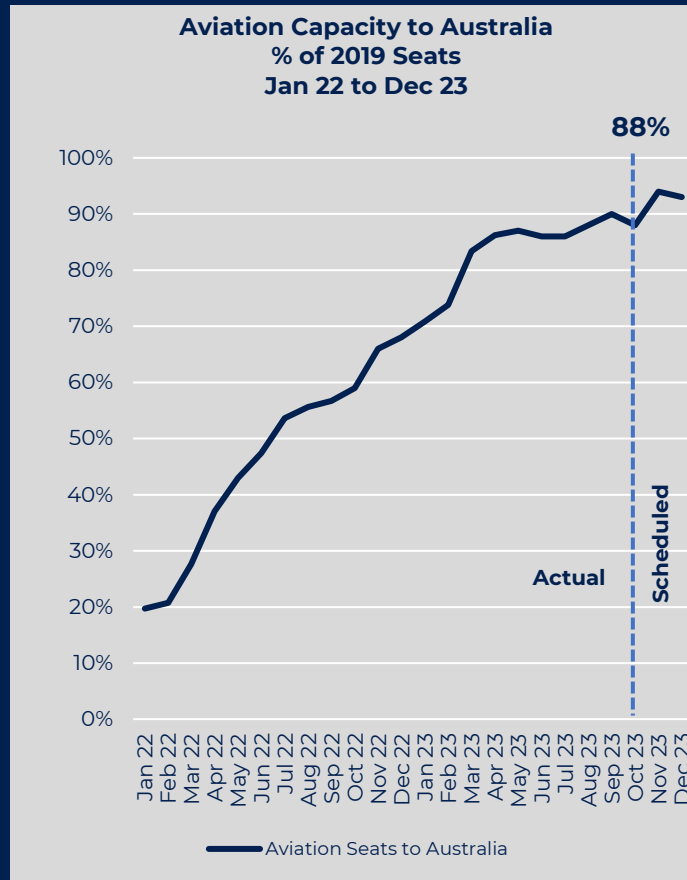
## NOTES:

(1) PCP = prior comparable period (Q1 FY23)

# AUSTRALIA'S INBOUND DEMAND RECOVERY CONTINUES

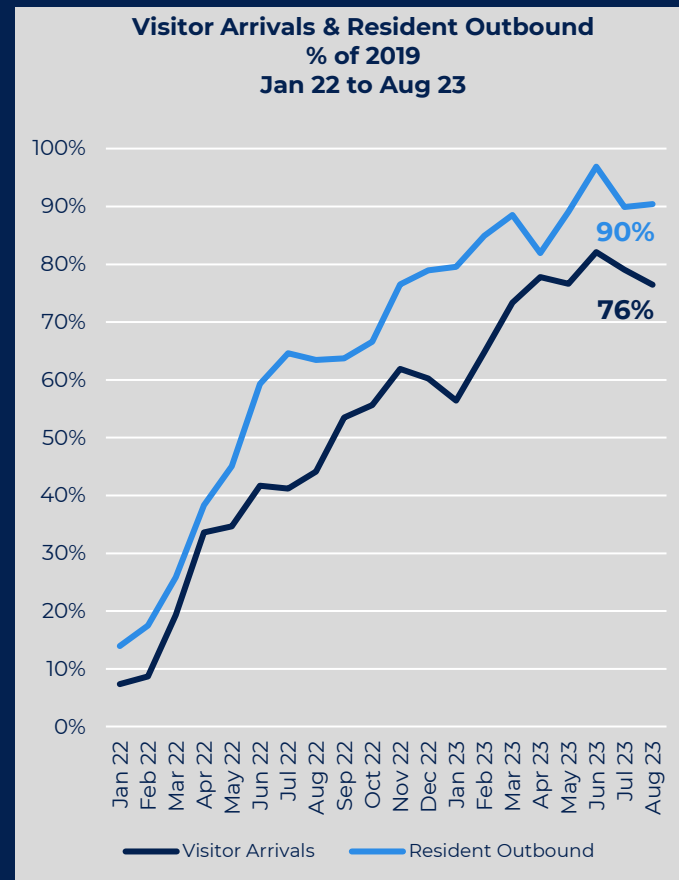
Inbound visitation to Australia continues to grow in line with expectation with Visiting Friends and Relatives (VFR) remaining the dominant reason for visitation. Outbound travel by Australians continues to outperform Visitor Arrivals growth relative to FY19

## CAPACITY



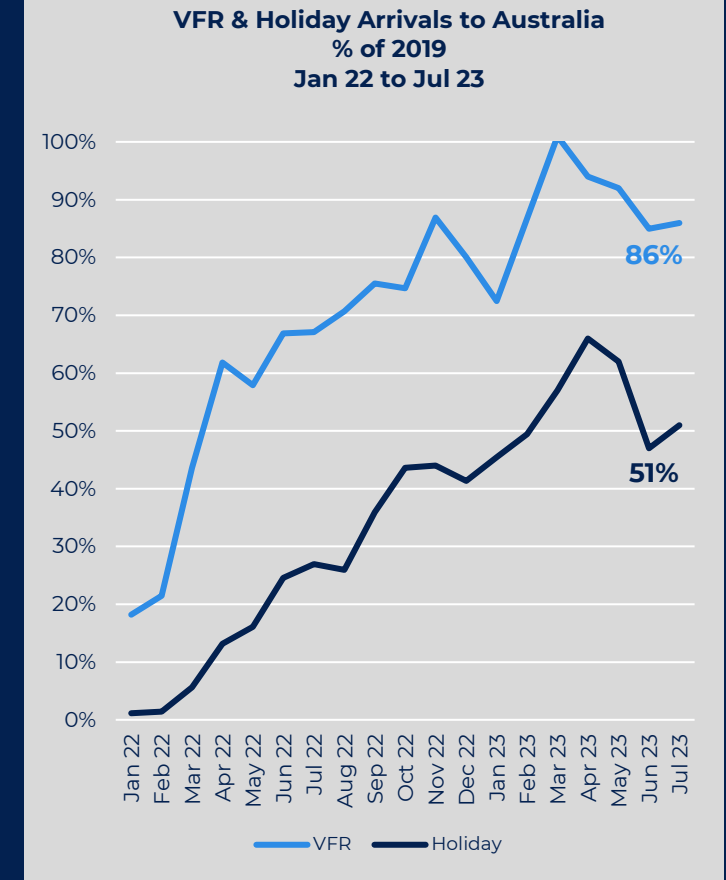
Source: Cirium SRS Analyser, October 2023

## ARRIVALS & OUTBOUND



Source: Australian Bureau of Statistics

## VFR & HOLIDAY



Source: Australian Bureau of Statistics

# INTERNATIONAL & CHINA OUTLOOK - AUSTRALIA

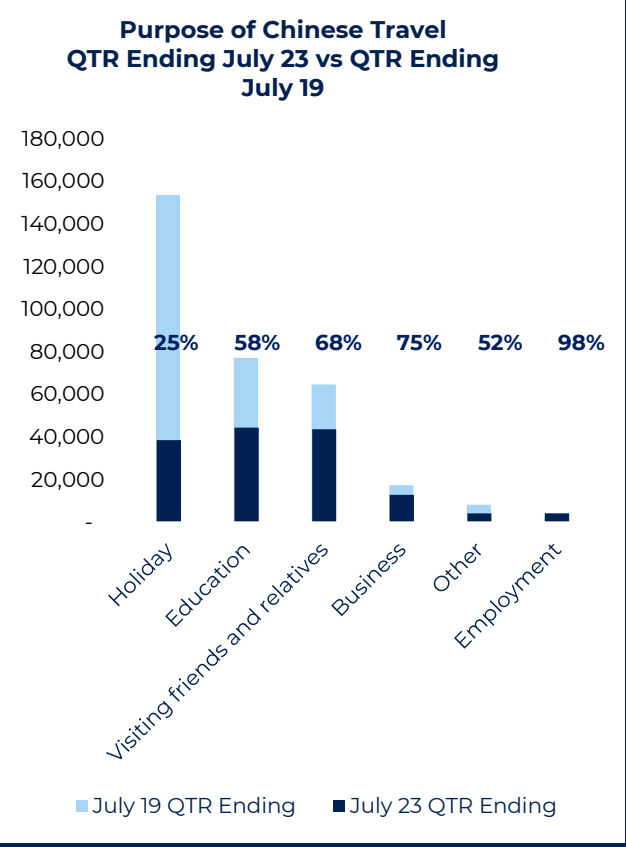
Chinese visitation to Australia continues to be driven by the Education sector however Leisure travel continues to grow in line with increasing aviation capacity to Australian ports

## CHINA LEISURE TO AUSTRALIA



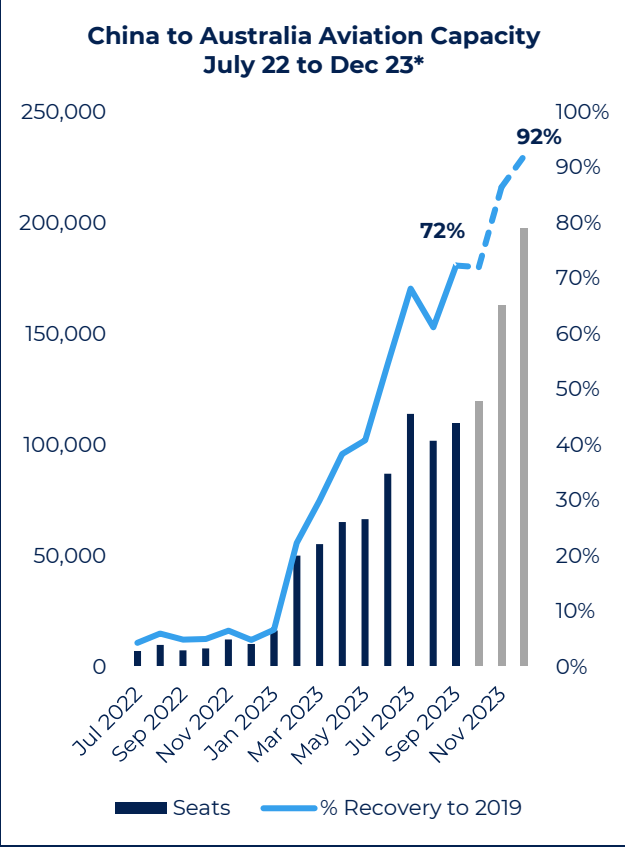
Source: ABS Arrivals Short-Term Visitors

## JULY QUARTER CHINA RECOVERY



Source: ABS Arrivals Short-Term Visitors

## CHINA AVIATION CAPACITY INTO AUSTRALIA



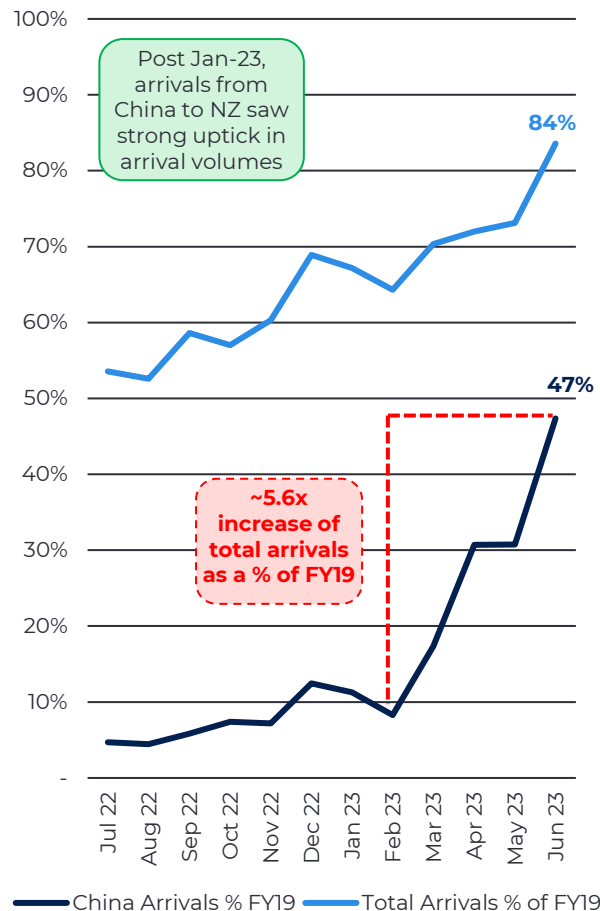
Source: SRS Cirium  
\*Sections with textured fill are forecasted schedules



# INTERNATIONAL & CHINA OUTLOOK – NZ

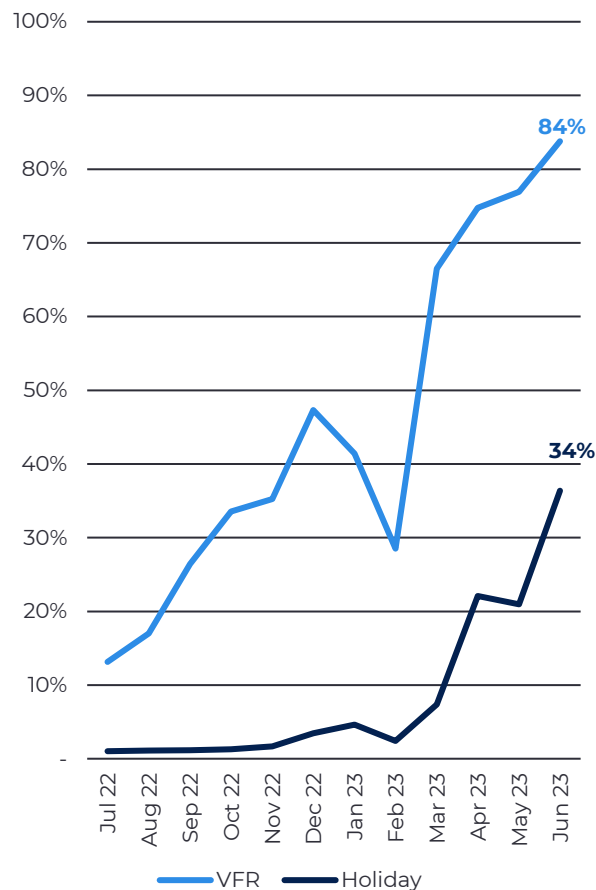
Chinese visitation to NZ has recovered quicker relative to Australia due to less barriers to entry from its reopening in January 2023

CHINA ARRIVALS TO NZ



Source: Experience Co FY23 Results Presentations

CHINA, VFR & HOLIDAY ARRIVALS TO AUSTRALIA



Source: Experience Co FY23 Results Presentations

421k

China arrivals into NZ in FY19

11%

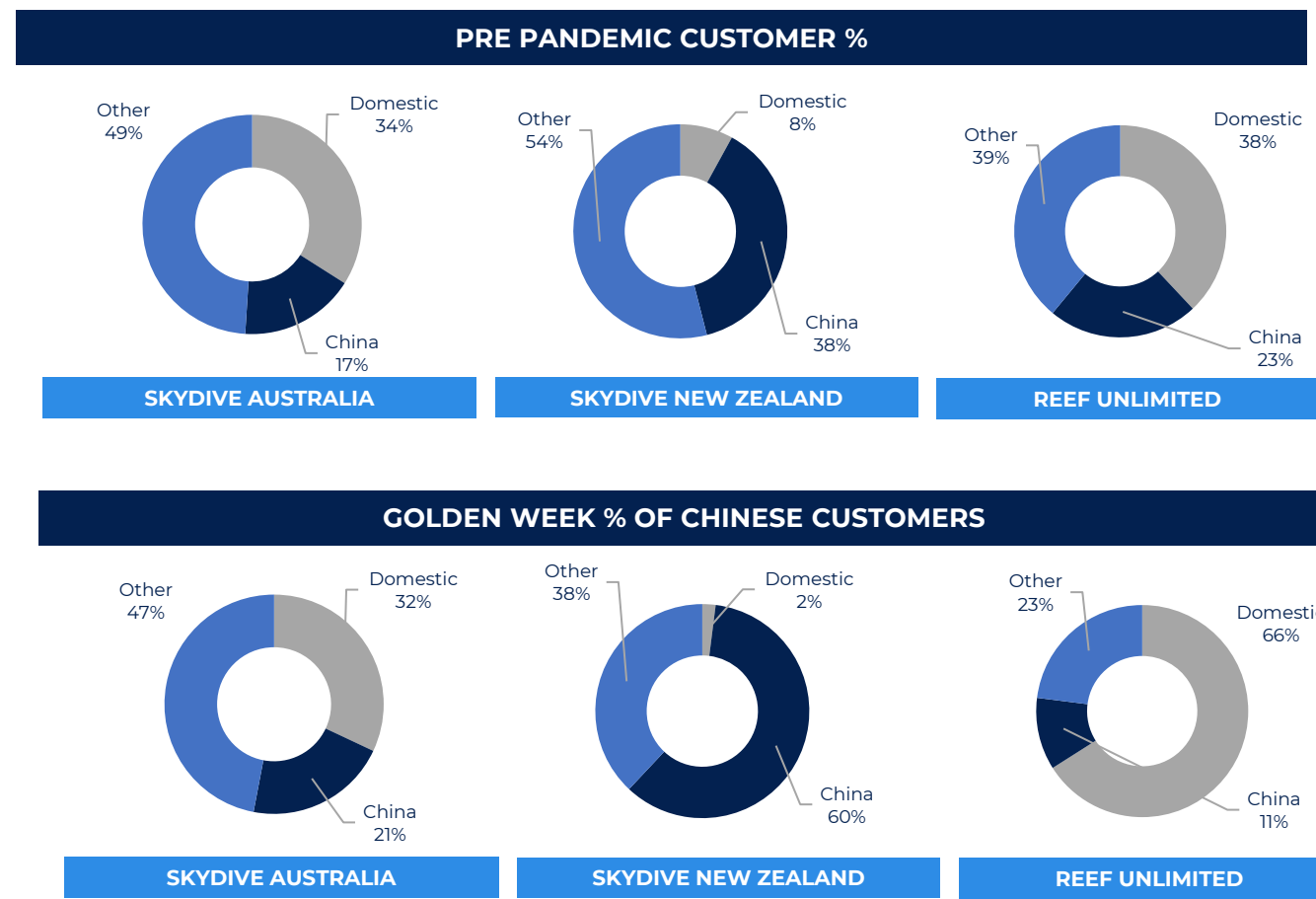
China % of total NZ arrivals in FY19

38%

August 2023  
NZ Skydiving China % of FY19

# GOLDEN WEEK 2023

Positive impact across Skydive and Reef Unlimited business units. Forward indicators indicate continued growth into CY24 for Chinese market



## COMMENTARY

- Golden Week 2023 was the first tangible week of trading where business could assess rate of recovery in the Chinese inbound market to Australia and NZ
- Across the group, Skydive NZ was the first operating segment to show demonstrable impact from Golden Week trading
- NZ has been ‘fully’ open to Chinese travellers since 8 January 2023 due to Approved Destination Status (ADS) being granted from reopening. Australia only regained Approved Destination Status (ADS) from 10 August 2023
- Skydive NZ business reported 60% of customers during Golden Week were from China. Majority of these customers were booked through Group Series Travel agents not yet able to offer Australian itineraries
- Skydive Australia showed a more modest % of customers during this trading window but still ahead of pre-pandemic % share and significantly above FY23 % share
- The number of Chinese customers on Reef Unlimited during Golden Week increased to 11% of overall customers up from <3% during FY23
- Next reference point for business impact will be Chinese New Year Holiday period in Feb 2024

# FY24 STRATEGY REMAINS UNCHANGED

## EXECUTING RECOVERY

### 1 INBOUND VISITOR RECOVERY

Skydive and Reef Unlimited verticals to pre-pandemic levels with reopening of international markets. Invest in growing staffing levels and continue to deliver operational leverage as volume returns

### 2 CAPITAL DISCIPLINE

Maintain balance sheet to navigate the inbound recovery ahead

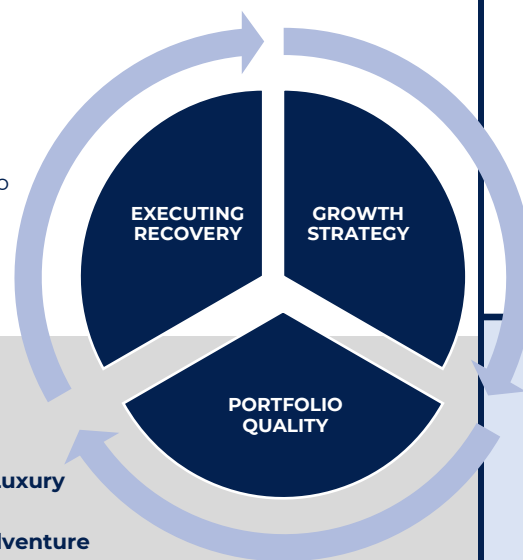
Prioritise capital allocation to growing earnings and portfolio quality

### 3 GROWTH

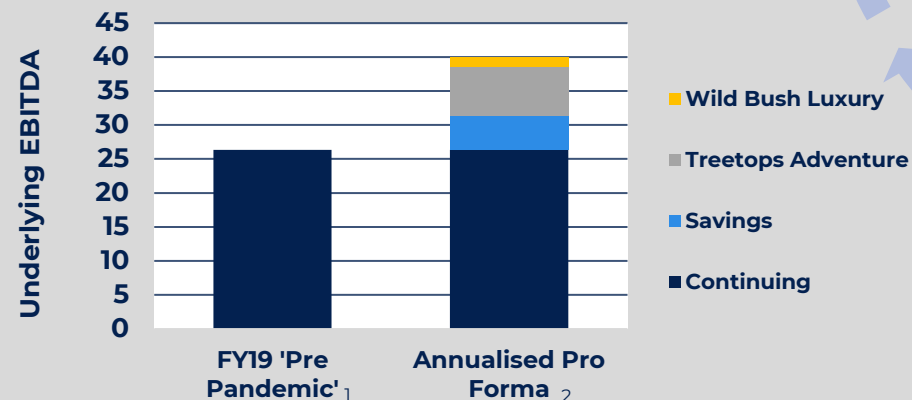
Expansionary opportunities in existing portfolio

M&A strategy continues to be targeted at bolt-ons highly complementary to existing verticals, return targets and portfolio strategy

## GROWTH STRATEGY



## RECOVERY EARNINGS



## NOTES

1. FY19 based on continuing operations (excluding divestments)

2. Annualised Pro Forma is an illustrative estimate assuming pre-pandemic conditions return, including impact of strategic review savings and annualised contribution from the acquisitions completed in FY22. The Annualised Pro Forma is not a forecast or projection

## CAPITAL ALLOCATION

- |                                |                                  |
|--------------------------------|----------------------------------|
| ✓ MACRO OUTLOOK                | ✓ PORTFOLIO VALUE CREATION       |
| ✓ EXISTING EXPERIENCE VERTICAL | ✓ QUALITY OF EARNINGS            |
| ✓ INBOUND VS DOMESTIC          | ✓ STRONG CASH CONVERSION         |
| ✓ GEOGRAPHIC WEIGHTING         | ✓ EXPANSION OPPORTUNITIES        |
| ✓ CUSTOMER DIVERSIFICATION     | ✓ SYNERGIES / OPERATIVE LEVERAGE |

# TRADING UPDATE & OUTLOOK

October trading commenced with volumes consistent with Australian and New Zealand school holiday trading. Elevated levels of Chinese customers in Skydive and Reef Unlimited business units continued during Golden Week holiday period

## OCTOBER TRADING

- All operating segments have seen booking numbers across first part of the month consistent with Australian and NZ School holidays trading period.
- Skydive NZ continued to see strong trading during Golden Week holiday period with multiple aircraft days occurring at NZOne for the first time since the onset of the pandemic
- Skydive Australia saw a continuation of the elevated booking levels across key Drop Zones due to the Golden Week/Australian School holiday period. Work continues managing third party distribution agreements ahead of inbound return
- Reef Unlimited enjoyed demand consistent with September school holiday period with stronger bookings out of Port Douglas and increased international volumes
- Treetops Adventure continued its strong trading during the first part of the month aided by NSW school holidays and strong performance in Victoria and Cape Tribulation
- Maria Island Walk commenced its summer season with good lead in bookings suggesting another strong season for the experience

## OUTLOOK

- Management is buoyed by lead indicators from Golden Week trading period across the group. It confirms the potential impact of the Chinese inbound market on the Group once travel restrictions have been removed for an extended period
- Indicators from this trading period give Management confidence that the Chinese New Year period represents another opportunity for the Group in FY24 that was absent in FY23
- Management's view on longer term earnings potential remains unchanged. Management continues to monitor the key sensitivity of the rate of return of international leisure tourists and performance of domestic markets
- The Board and Management remain committed to the FY24 strategy to focus on continued business improvement relative to FY19
- Management of cost base and any potential inflationary impacts remains critical

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## THANK YOU