

# EXPERIENCECO

Experience Co Limited (ASX : EXP)  
2024 Annual General Meeting  
Chair Address  
26 November 2024

FY24 delivered the Group's strongest financial result since FY19. Despite challenging weather and international and domestic trading condition impacts, the business continued its recovery trajectory. Year-on-Year revenue increased by 17% driving a 27% uplift in U/EBITDA. Growth in our Skydive segment and more moderate gains in our Adventure Experiences segment contributed to this positive result.

## **During FY24,**

Each business segment delivered strong performances , notably:

- The Skydive segment achieved its highest volumes since FY19 with Skydive NZ leading the way strengthened by Queenstown's reputation as a premier adventure tourism destination and its early inclusion as an Approved Destination for Chinese group tourism. Australia's growth was more modest, tempered primarily by slower inbound market recovery and domestic cost-of-living pressures.
- Strong external maintenance bookings in NZ and cross-hire revenues in Australia supported the Performance Aviation division, however, freight and cross-hire activity softened in Q3. The Australian Jump Pilot Academy business, acquired during the year, provides a strong pipeline of new pilots, strengthening our Skydive division.
- The Adventure Experiences segment delivered year-on-year revenue growth, driven by strong volumes in Reef Unlimited and Treetops Adventure, despite Cyclone Jasper's impact during the peak holiday period. The return of the cruise ship market and Chinese inbound tourism during Lunar New Year boosted performance in the second half of the year.
- Committed to delivering organic growth in the Adventure Experiences sector, in April, Treetops Adventure expanded its footprint with the opening of a 16<sup>th</sup> site at Majura Pines in Canberra which contributed positively to earnings for the remainder of the financial year.
- Demand in the Premium Adventure segment eased compared to the heightened activity experienced during FY22's post-pandemic peak. However, we remain confident in this segment's appeal as international tourism recovers and domestic markets stabilise.
- Throughout the year, management maintained rigorous cost disciplines and optimised operations to ensure efficiency across all segments.

## **Corporate Debt Facility**

In December 2023, the business announced a new \$42.7m debt facility with the Commonwealth Bank of Australia. This was after a thorough refinancing process conducted by management. The new facility, replacing a pre-existing facility with the National Australia Bank, provides the Group with further capital for organic and inorganic opportunities as they arise.

## People and Safety

Safety is a core value at EXP underpinned by robust health and safety management systems, reporting and training initiatives.

Our people are at the heart of delivering exceptional experiences to our customers and as such we continue to invest in employee well-being, career development, and retention through targeted programs.

## Strategic Review

In April 2024, the Board commenced a strategic review to explore opportunities to maximise shareholder value. While interest was received from various parties, no proposals were sufficiently compelling to deliver value to shareholders. The Company remains open to engaging with credible parties while focusing on optimising operational performance.

The strategic review also explored a wide range of alternatives and initiatives aimed at enhancing productivity, unlocking earnings growth and increasing shareholder value. This includes the ongoing focus on optimisation of operations, mainly the Skydive Australia network, cost efficiencies, accelerating organic growth particularly in the Treetops Adventure segment, evaluating growth opportunities aligned with the Group's core strengths as well as potential divestment of non-strategic and excess assets. Given the current positive trading momentum, the Board and management believe pursuing these initiatives is in the best interests of shareholders at this time.

## Outlook

As reported in October 2024, Q1 FY25 exceeded expectations, delivering stronger revenue and U/EBITDA than the prior comparable period. Pleasingly this momentum has continued into Q2, supported by operational efficiencies, the ongoing return of international leisure tourism, and improving domestic market performance which John will expand on in his presentation this morning.

Management's focus on optimum operations and cost disciplines in line with the pace of returning demand and inflationary impacts on the business, will continue. To align resources with demand, management placed two Skydive Drop Zones into care and maintenance during Q2 FY25. This strategic initiative has already shown positive results.

Leveraging the operational efficiencies realised, the anticipated return of international leisure tourists and the performance of domestic markets, the Board and management are confident in the business's long-term earnings potential.

## Acknowledgements

On behalf of the Board, I thank CEO, John O'Sullivan, CFO, Gavin Yates, Senior Management and all team members for their dedication throughout the year. I also thank my fellow Board members for their contribution during the year. And lastly thank you to EXP shareholders, customers and stakeholders for their continued support of the EXP business.

With Australia and New Zealand maintaining their status as sought-after tourism destinations and, outdoor adventure experiences in high demand, we are confident in the long-term potential of the business. We look forward to the continued recovery in FY25 and beyond.

-ENDS-





# 2024

ANNUAL GENERAL MEETING  
CEO PRESENTATION

BRUMBIES  
BOULEVARD

SWEATY  
TERRITORY

**EXPERIENCE**CO

TREETOPS ADVENTURE | CANBERRA | AUSTRALIA



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## Non Australian Accounting Standard ('AAS') measures

EXP results are reported in accordance with AAS. However, this presentation includes certain financial information that are non-AAS measures for the purpose of providing a more comprehensive understanding of the performance of EXP. These non-AAS financial measures include EBITDA and Underlying EBITDA measures which provide useful information for measuring the underlying operating performance of EXP. Non-AAS financial information is unaudited.

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# FY24 FINANCIAL HIGHLIGHTS

**\$127.0m** +17% PCP<sup>(3)</sup>

Sales Revenue

**\$14.4m** +27% PCP <sup>(3)</sup>

Underlying EBITDA<sup>1</sup>

**\$8.2m** (PCP: \$8.6m)<sup>(3)</sup>

Cash & cash equivalents

**\$7.9m** +93% PCP <sup>(3)</sup>

Skydiving Segment  
Underlying EBITDA<sup>1</sup>

**\$(0.1m)** (PCP: \$(0.5m)) <sup>(3)</sup>

Net loss after tax

**\$9.2c** (PCP: \$9.5c) <sup>(3)</sup>

NTA per share

**(\$8.9m)** (PCP: (\$6.8m)) <sup>(3)</sup>

Net debt<sup>2</sup>

**\$14.1m** +4% PCP <sup>(3)</sup>

Adventure Experiences Segment  
Underlying EBITDA<sup>1</sup>

## NOTES

1. Underlying EBITDA is a financial measure not prescribed by AAS and represents EBITDA adjusted for acquisition-related transaction costs, restructure costs and other significant items, and net gains and losses on the sale of assets. 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. Refer to Note 2 to the FY24 audited financial statements for a reconciliation between statutory and underlying. The segment/divisional Underlying EBITDA figures do not include corporate costs.

2. Net cash/(debt) is calculated as cash and cash equivalents less corporate debt (net of capitalised borrowing costs) and asset finance obligations ('finance leases').

3. PCP = prior comparable period (FY23)

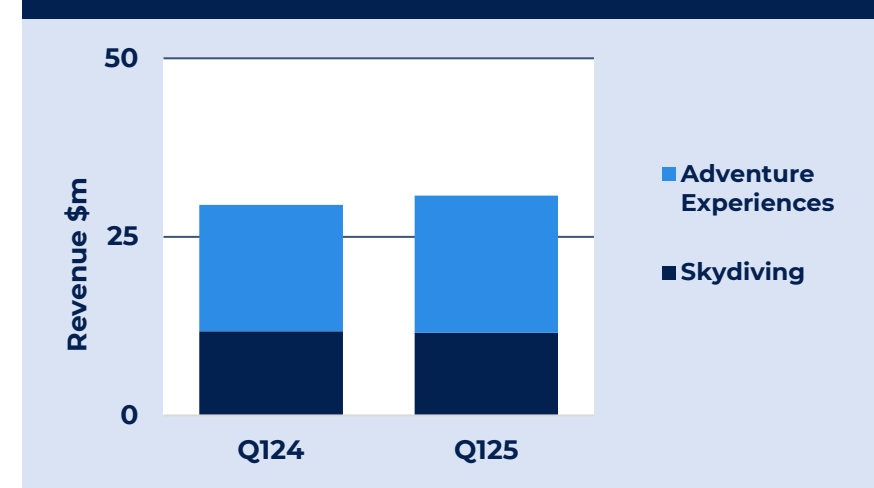
# Q1 25 TRADING UPDATE

Underlying earnings growth driven by revenue growth in Adventure Experiences and continued focus on corporate costs

## GROUP FINANCIAL OVERVIEW<sup>(1)</sup>

\$ MILLION	Q1 25	Q1 24	Change %
SKYDIVING	11.6	11.8	(2%)
ADVENTURE EXPERIENCES	19.2	17.7	8%
<b>SALES REVENUE</b>	<b>30.8</b>	<b>29.5</b>	<b>4%</b>
<b>UNAUDITED U/EBITDA<sup>(1)(2)</sup></b>	<b>3.6</b>	<b>2.3</b>	<b>59%</b>

## OPERATING SEGMENT REVENUE SUMMARY<sup>(1)</sup>



### NOTES:

(1) Financial results for the three months ended 30 September 2024 (Q1 25) are unaudited. These results remain subject to audit.

(2) U/EBITDA = Underlying EBITDA. 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 amortization. Underlying EBITDA represents EBITDA adjusted for acquisition-related transaction costs, restructure costs and other significant items, and net gains and losses on the sale of assets. Refer to Note 2 to the FY24 audited financial statements for a reconciliation between statutory and underlying EBITDA.

(3) PCP = prior comparable period (Q1 FY24).

## COMMENTARY

- Unaudited U/EBITDA<sup>(2)</sup> positive quarter driven by revenue growth and operating leverage from the ongoing emphasis on cost efficiencies. Q1 is a seasonally softer trading period for the business.
- The focus on improving operating margins continued throughout the quarter with the placement into 'care and maintenance' of two underperforming Skydive Australia sites.
- Skydiving trading slightly below PCP<sup>(3)</sup> with continued strong performance in New Zealand offset by the Australian business which was impacted by weather disruptions during the quarter.
- Adventure Experiences experienced strong trading for Reef Unlimited compared to PCP<sup>(3)</sup> driven by the continued recovery of inbound markets, including increased visitation of Chinese customers compared to PCP<sup>(3)</sup>.
- Treetops Adventures and Wild Bush Luxury revenue slightly ahead of PCP<sup>(3)</sup>. Management continues to focus on increasing customer yields across both business units.

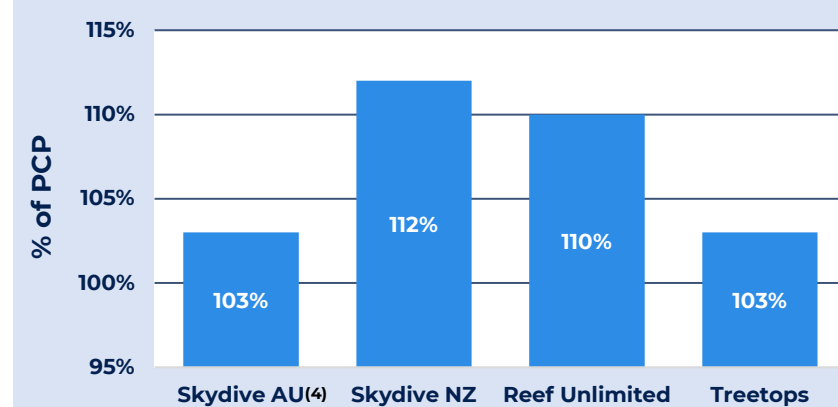
# OCTOBER TRADING UPDATE

Momentum continued, with YTD Unaudited Underlying EBITDA<sup>(1)(2)</sup> growth vs. PCP<sup>(3)</sup> of ~58%

## GROUP FINANCIAL OVERVIEW<sup>(1)</sup>

\$ MILLION	YTD 25	YTD 24	Change %
SKYDIVING	16.7	16.7	0%
ADVENTURE EXPERIENCES	26.4	23.8	11%
<b>SALES REVENUE</b>	<b>43.1</b>	<b>40.5</b>	<b>6%</b>
<b>UNAUDITED U/EBITDA<sup>(1)(2)</sup></b>	<b>5.9</b>	<b>3.7</b>	<b>58%</b>

## YTD VOLUME as % of PCP<sup>(3)(4)</sup>



## OCTOBER TRADING COMMENTARY

- October trading continued the trend experienced during Q1 25, with October volumes benefiting from Australian and New Zealand school holidays, Golden Week and the continued increase of inbound visitation to both markets.
- Skydive Australia showed improved performance due to increased load efficiencies as well as the impact of recent site rationalisation and price reviews.
- Skydive NZ recorded positive Golden Week holiday period bookings, although the processing rate was lower than average.
- Reef Unlimited recorded a strong month consistent with school holiday trading and Golden Week, led by Cairns-based experiences.
- Treetops Adventure performance was consistent with school holiday trading, with significant contributions from the new Canberra site, Belgrave (VIC) and Central Coast (NSW).
- A softer month of trading for Bamurru Plains was partially offset by the Arkaba Walk trading and Maria Island commencing its 2025 season.

### NOTES:

(1) Financial results for the four months ended 31 October 2024 (YTD 25) are unaudited. These results remain subject to audit.

(2) U/EBITDA = Underlying EBITDA. 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 amortization. Underlying EBITDA represents EBITDA adjusted for acquisition-related transaction costs, restructure costs and other significant items, and net gains and losses on the sale of assets. Refer to Note 2 to the FY24 audited financial statements for a reconciliation between statutory and underlying EBITDA.

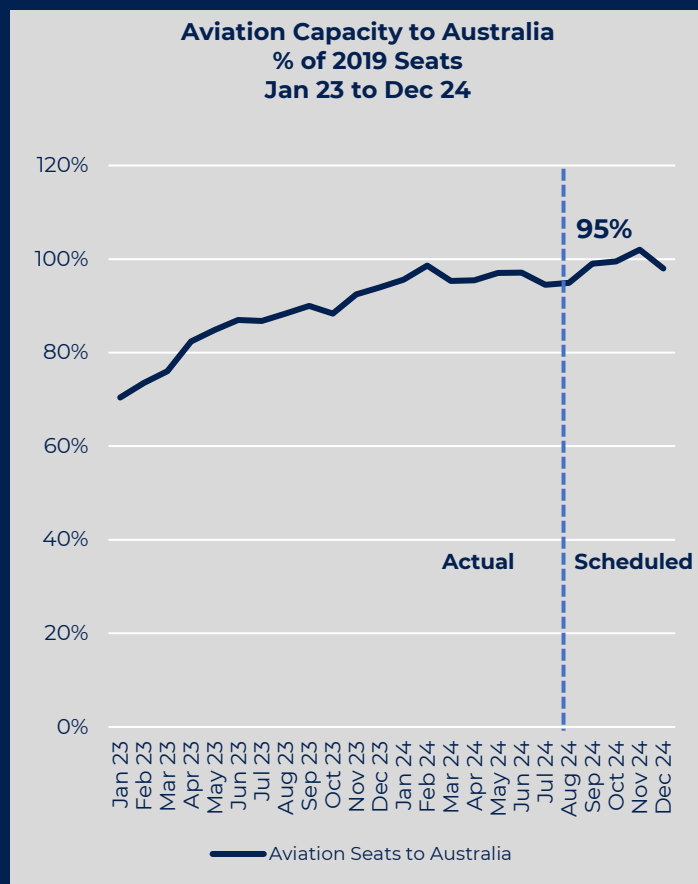
(3) PCP = prior comparable period (YTD 24 – four months ended 31 October 2023)

(4) Skydive Australia YTD Tandem PAX volumes as a % of PCP of 103% excludes volumes for the two sites placed into 'care & maintenance'. If these two sites are included, Skydive Australia YTD Tandem PAX volume as a % of PCP is 98%.

# AUSTRALIA'S INBOUND DEMAND RECOVERY

Whilst aviation seat capacity remains close to 100% of 2019 volumes, short-term visitor arrivals and holiday arrivals to Australia remain below pre-pandemic levels at 91% and 85% respectively

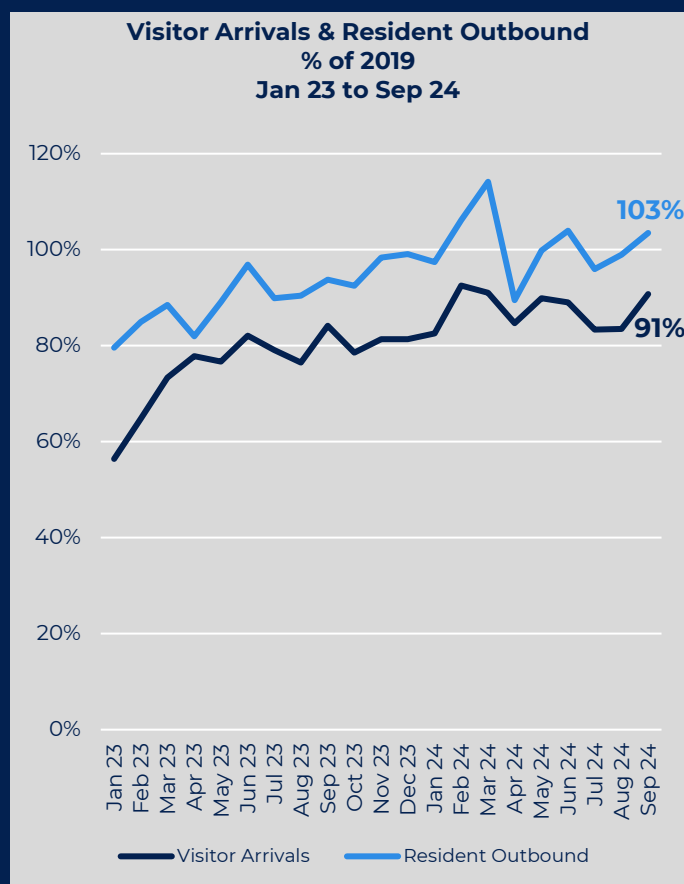
## CAPACITY



Source Actuals: Bureau of Infrastructure and Transport Research Economics

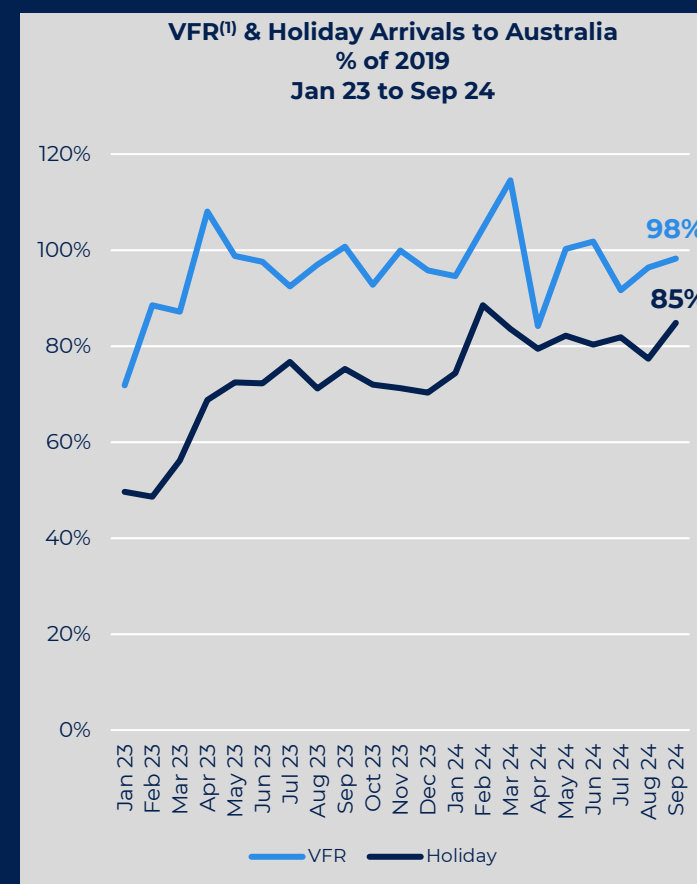
Source Scheduled: Cirium SRS Analyser, July 2023

## ARRIVALS & OUTBOUND



Source: Australian Bureau of Statistics

## VFR<sup>(1)</sup> & HOLIDAY



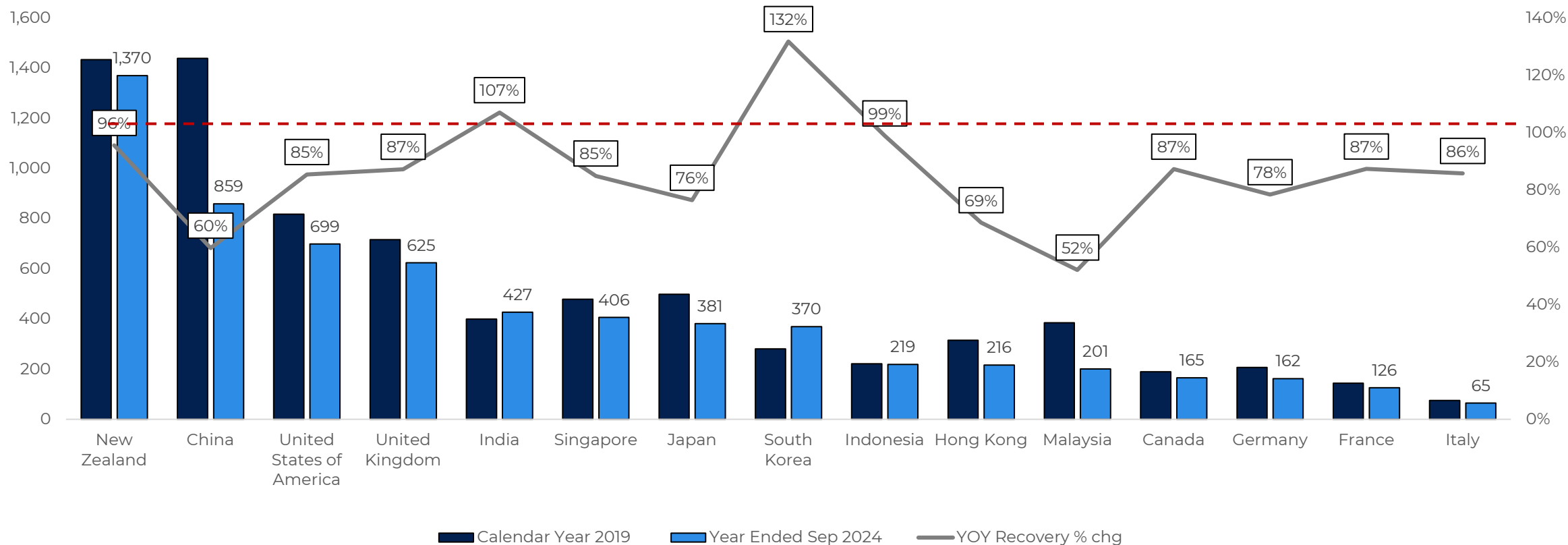
Source: Australian Bureau of Statistics



# AUSTRALIA'S INBOUND DEMAND RECOVERY

Short-term arrivals have recovered to 86% vs 2019 in Australia. All of Australia's major inbound markets continued their recovery towards 2019 volumes with China performance reflective of later reopening.

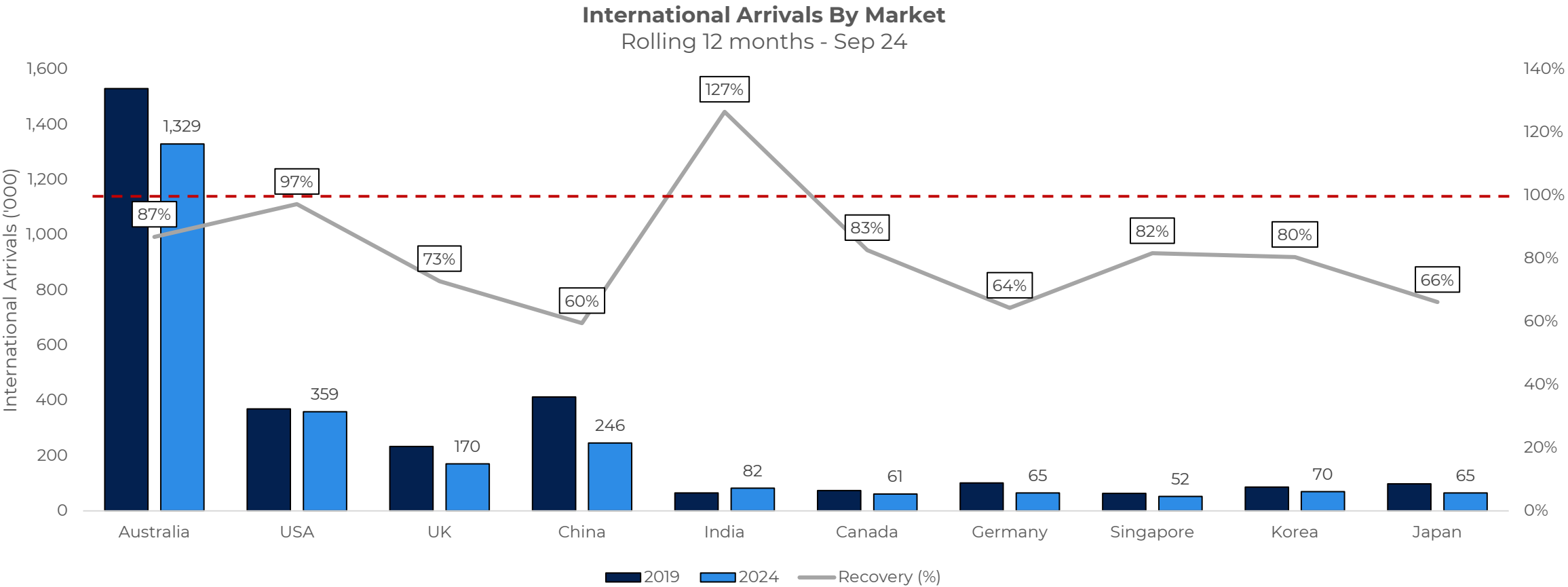
ABS Short-Term Arrivals  
Rolling 12 Months - Sep 24



Source: Australian Bureau of Statistics ("ABS") short-term arrivals data

# NEW ZEALAND'S INBOUND DEMAND RECOVERY

Total international arrivals have recovered to 83% vs 2019 in New Zealand. Australia, the single largest source market for international visitors, is at 87% and China is at 60% which is in line with the recovery of short-term arrivals from China to Australia.



Source: Stats NZ Tatauranga Aotearoa - NZ Stats Arrivals – Sep 24

# STRATEGIC REVIEW

The Strategic Review has identified a broad range of business alternatives and several organic initiatives with the potential to enhance productivity and create value, which the Company plans to execute. These include continued optimisation of the Skydive Australia network, a continued focus on cost efficiency and initiatives to recycle capital from surplus or low return on capital assets.

## PROCESS

- Strategic review announced to investigate a range of alternatives with the potential to maximise value for all EXP shareholders.
- E&P Corporate Advisory engaged to assist with managing third party interest.
- In parallel to external engagement, Management continued to undertake a commercial and operational review of the portfolio to identify opportunities to optimise performance.

## INSIGHTS

- Business is highly regarded and viewed as a scaled platform with reputable management, unique assets and a strong growth pipeline; inbound interest was received from a broad range of third parties.
- Business still seen as being in a recovery phase due to slower than expected return of inbound tourist numbers and other factors.
- Cost out initiatives commenced by management now starting to positively impact underlying earnings and cash flows.

## OUTCOME

- The Company has determined that focusing on internal growth and optimisation initiatives are in the best interests of shareholders at this time.
- There is strong momentum in the business and the Company's view of its long-term earnings potential remains unchanged.
- The review has reinforced the Company's conviction regarding its prospects as a unique ASX-listed experiential tourism platform of scale.
- The Company remains willing to engage with credible third parties that can deliver compelling value to EXP shareholders.

# STRATEGIC REVIEW

Based on the insights garnered from the Strategic Review management has identified and is implementing several strategic initiatives to accelerate earnings growth and unlock shareholder value. Management are focused on continuing to build upon the strong trading momentum in the business and rebuilding volumes and earnings to pre-COVID levels.

## SKYDIVE AUSTRALIA OPTIMISATION

- Australia's leading provider of tandem skydives, with a market share of >60%<sup>(1)</sup>.
- Management has reviewed the operating network and placed two sites on 'care & maintenance' to:
  - Improve operating efficiency
  - Simplify the network structure
  - Provide greater optionality for aircraft maintenance scheduling
- Continued focus on increasing passenger load efficiency has led to improved margins.
- Streamlined sales structure implemented.

## OPERATING COST EFFICIENCIES

- Management is well advanced in implementing initiatives to reduce operating expenses by up to \$3m per annum.
- Review of operating structure across the Company has resulted in the rationalisation of 24 management and support roles.
- Other areas of focus will include:
  - Premises & occupancy costs
  - System/technology integration
  - Operating site efficiencies
  - Sales and marketing spend

## CAPITAL ALLOCATION & GROWTH

- The Company has reviewed several initiatives with the potential to improve return on capital and unlock value for EXP shareholders.
- Management believe there may be opportunities to recycle capital from surplus or low return assets whilst materially preserving the future earnings capacity of the platform.
- Potential uses of capital could include investing in growth assets or implementing capital management strategies.
- EXP will continue to keep the market informed in accordance with its continuous disclosure obligations.

### NOTES:

(1) Source: Australian Parachute Federation ("APF"), new Tandem customers, September 2024.



# FY25 STRATEGIC PRIORITIES

Management's focus over the remaining months of FY25 will be on the delivery of the following strategic priorities with the overarching goal to continue the growth trajectory achieved during YTD FY25 trading.

**Business Recovery:** Continuation of efforts to strengthen earnings and operating cash flows, prioritising Skydive Australia.

**Cost Efficiencies:** Enhancing Company-wide efficiencies to maximise profitability.

**Strategic Realignment:** Build on feedback from the Strategic Review to optimise the portfolio, ensuring alignment with the Company's core objectives.

**Value Enhancement:** Focus on improving asset performance and prioritising investments that deliver long-term growth and stability.



**Capitalising on Key Trading Periods:** Ensure FY25 YTD trading performance continues through the key Christmas/New Year, January and Easter FY25 trading periods.

**Scaling Treetops Adventure:** Accelerating organic growth by enhancing existing sites and exploring new locations, particularly outside of NSW.

**Unlocking Potential:** Actively evaluate new growth opportunities within the existing portfolio that align with the Company's strengths.

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## THANK YOU