



# 2023

Annual General Meeting  
CEO Presentation

EXPERIENCE CO LIMITED | CEO PRESENTATION – 2023 AGM | NOVEMBER 2023

**EXPERIENCE**CO

SKYDIVE AUSTRALIA | BYRON BAY | AUSTRALIA

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# FY24 STRATEGY

## 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

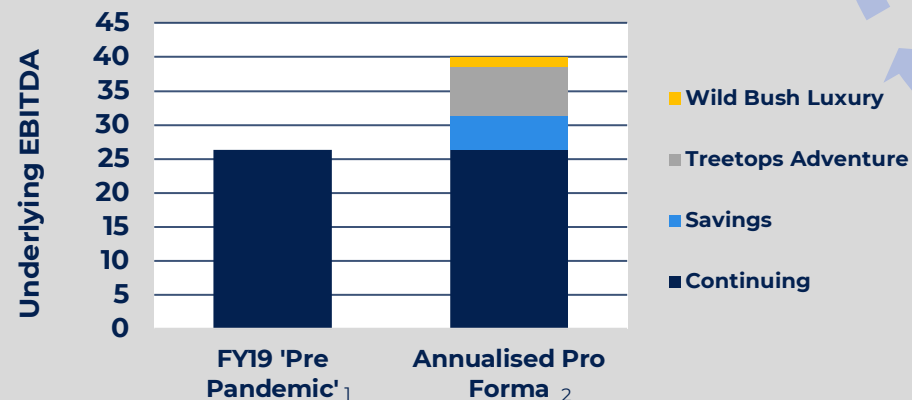
Maintain balance sheet to navigate the inbound recovery ahead. Prioritise capital allocation to growing earnings and portfolio quality

### 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

## 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

## GROWTH STRATEGY



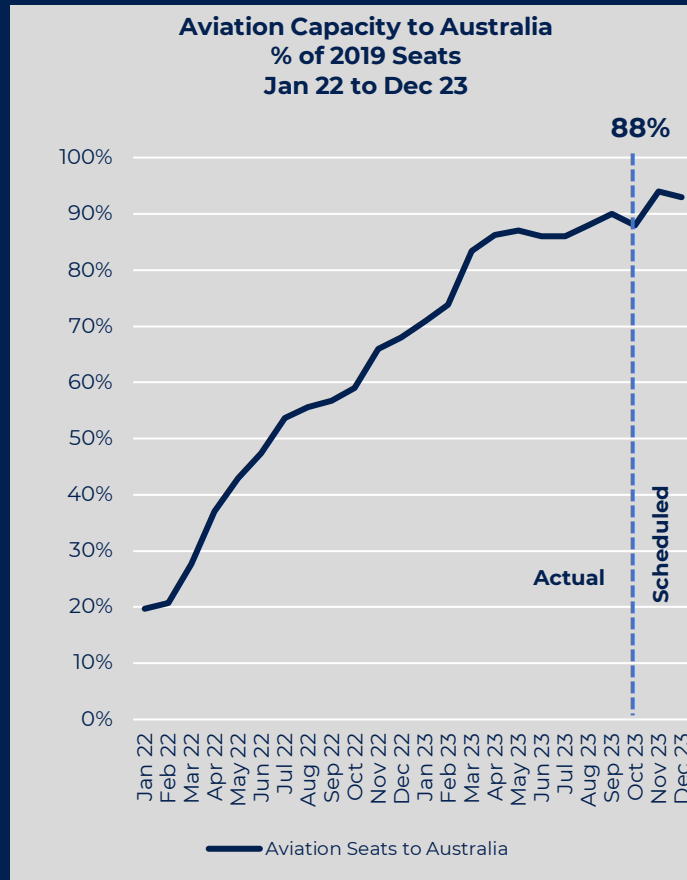
## CAPITAL ALLOCATION

- |                                |                                  |
|--------------------------------|----------------------------------|
| ✓ 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 |

# AUSTRALIA'S INBOUND DEMAND RECOVERY CONTINUES

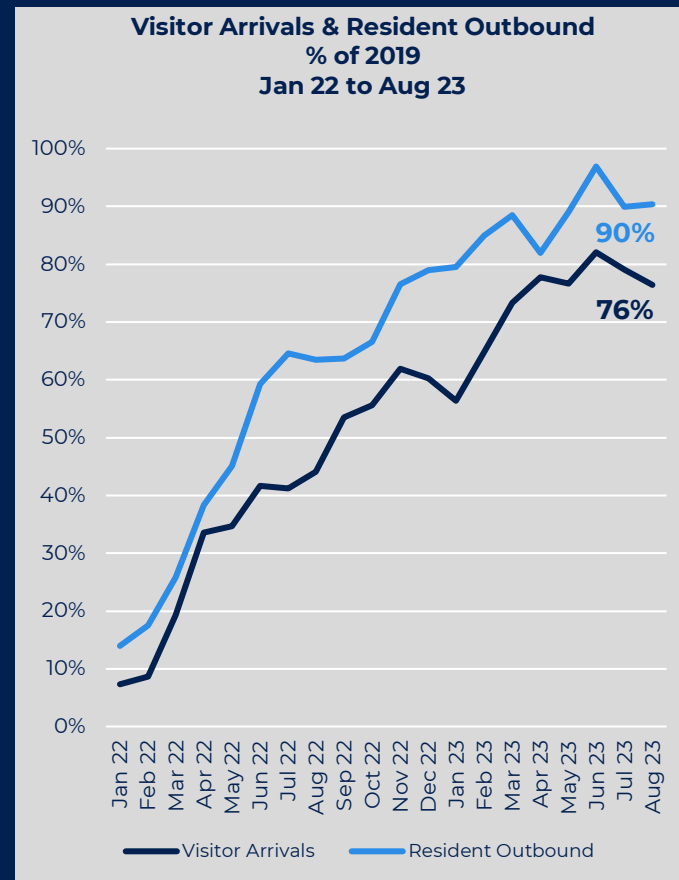
Inbound visitation to Australia continues to grow in line with expectation with Visiting Friends and Relatives (VFR) remaining the dominant reason for visitation. Outbound travel by Australians continues to outperform Visitor Arrivals growth relative to FY19

## CAPACITY



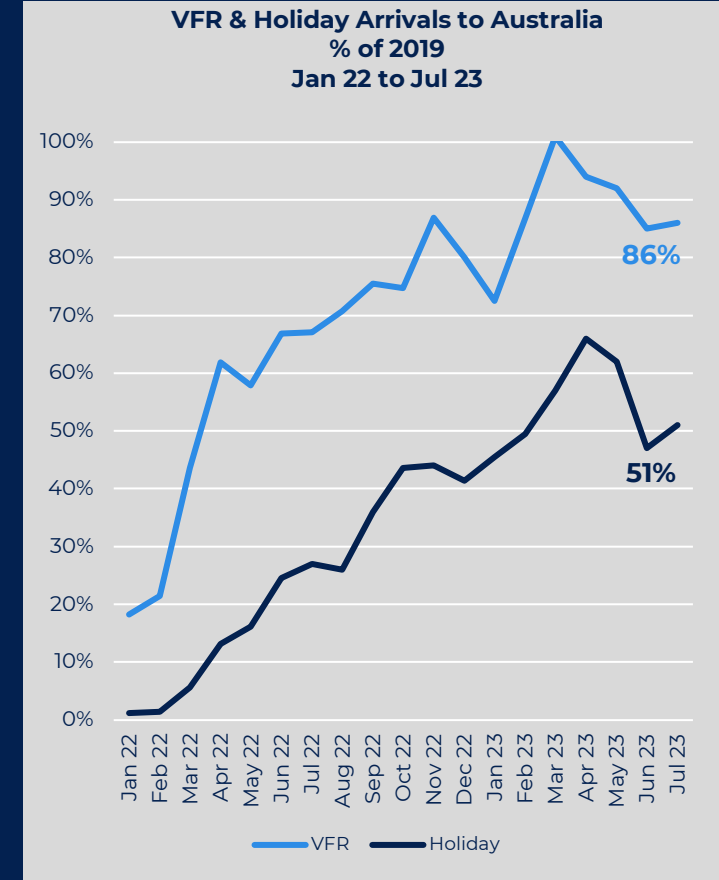
Source: Cirium SRS Analyser, October 2023

## ARRIVALS & OUTBOUND



Source: Australian Bureau of Statistics

## VFR & HOLIDAY



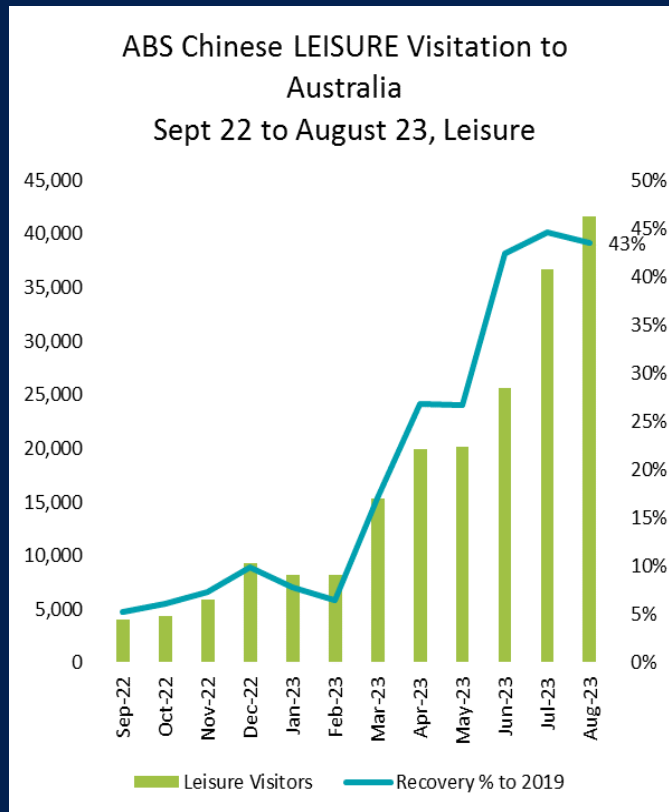
Source: Australian Bureau of Statistics



# INTERNATIONAL & CHINA OUTLOOK - AUSTRALIA

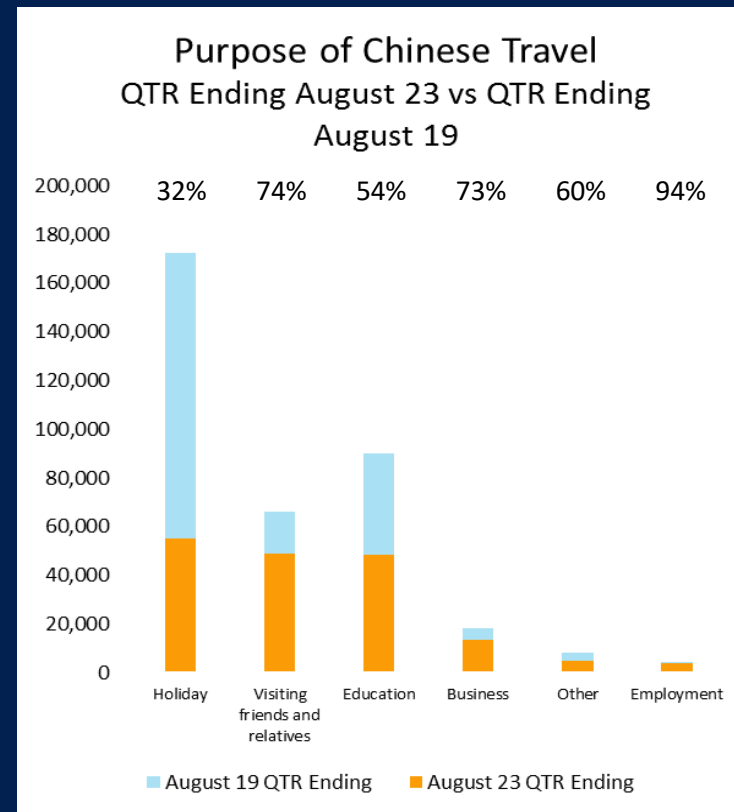
Chinese leisure visitation to Australia continues to recover driven by VFR market but holiday continues to improve. Aviation capacity on track to be close to pre-Pandemic levels by year end

## CHINA LEISURE TO AUSTRALIA



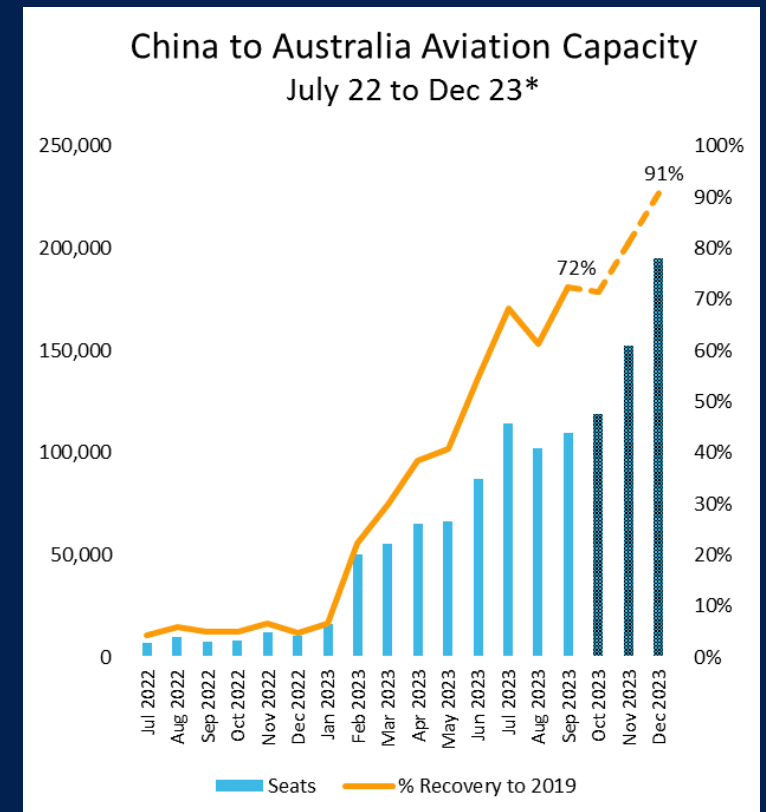
Source: ABS Arrivals Short-Term Visitors

## AUGUST QUARTER CHINA RECOVERY



Source: ABS Arrivals Short-Term Visitors

## CHINA AVIATION CAPACITY INTO AUSTRALIA

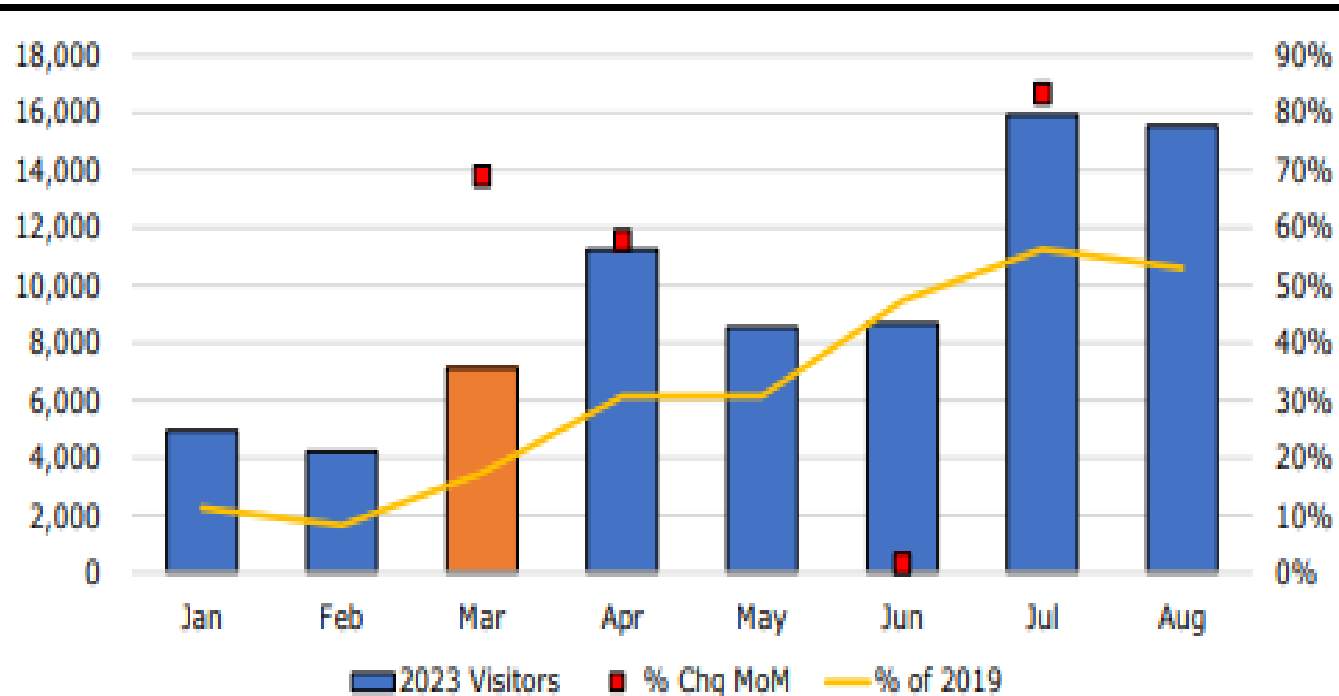


Source: SRS Cirium  
\*Sections with textured fill are forecasted schedules

# INTERNATIONAL & CHINA OUTLOOK – NZ

The recovery of the China market in NZ provides some interesting insights and potential lead indicators for Australia as it navigates the reopening of the market

**Figure 1: Chinese arrivals into New Zealand (orange bar indicates the first month of restarted Chinese group tours); recovery up from ~8% in February to ~53% in August**



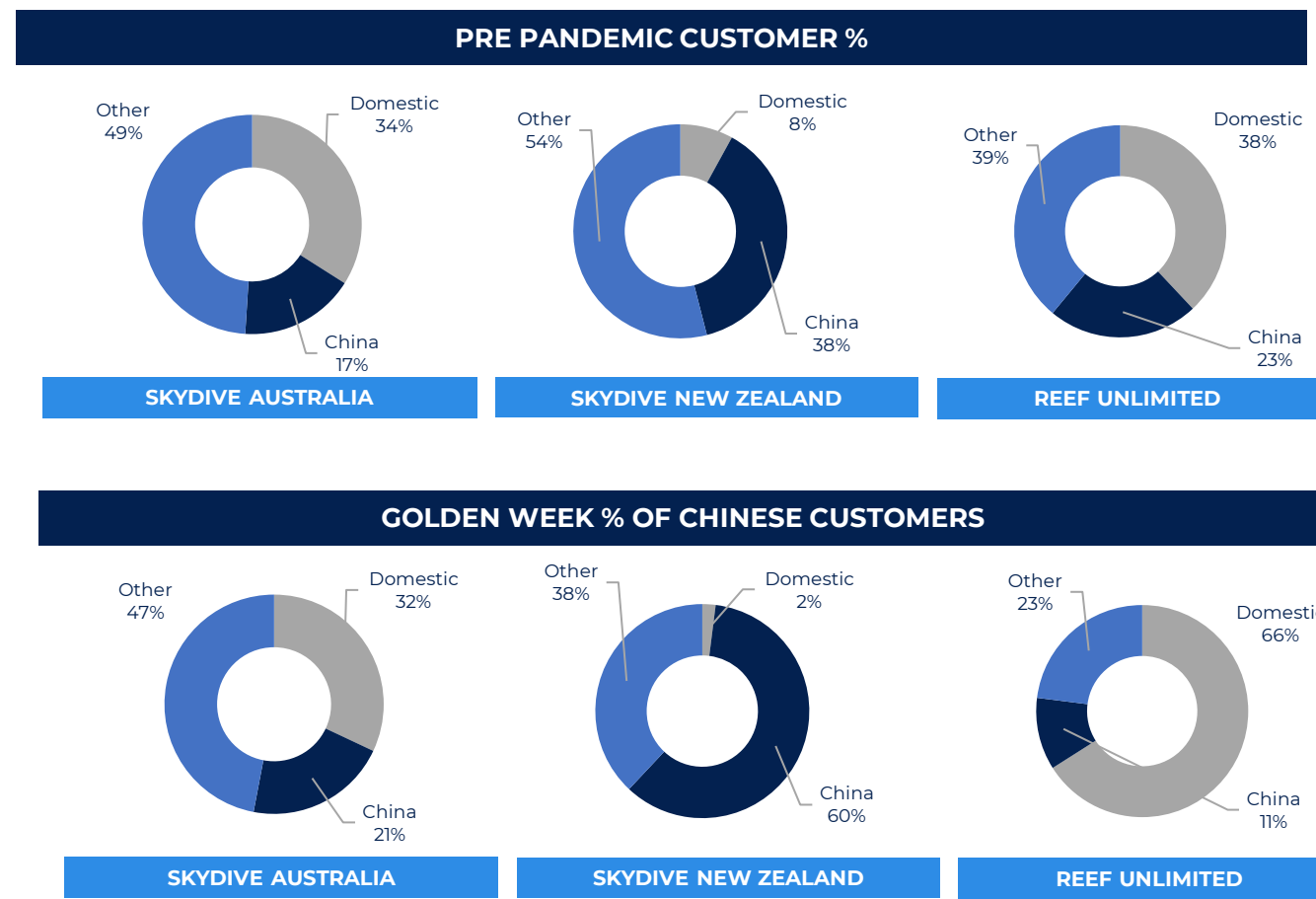
Source: Stats NZ, International travel: August 2023 | Stats NZ

## COMMENTARY

- New Zealand's recovery is outpacing Australia's due to an 8-month head start on the reinstatement of its Approved Destination Status (ADS)
- Group tours to NZ took approximately 2 months to start landing after the early January 2023 reopening of the market. Australia has only just surpassed this milestone (10 October)
- July and August are traditional 'peak' international travel months for Chinese nationals along with January/February. A 50% recovery within 8 months suggests that Chinese New Year in both Australia and NZ should be strong
- Chinese aviation capacity into NZ is rapidly expanding with the recent announcement of the resumption of Guangzhou-Christchurch services and additional Guangzhou-Auckland capacity. Daily capacity into Shanghai is already in place along with 4x per week into Beijing

# 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

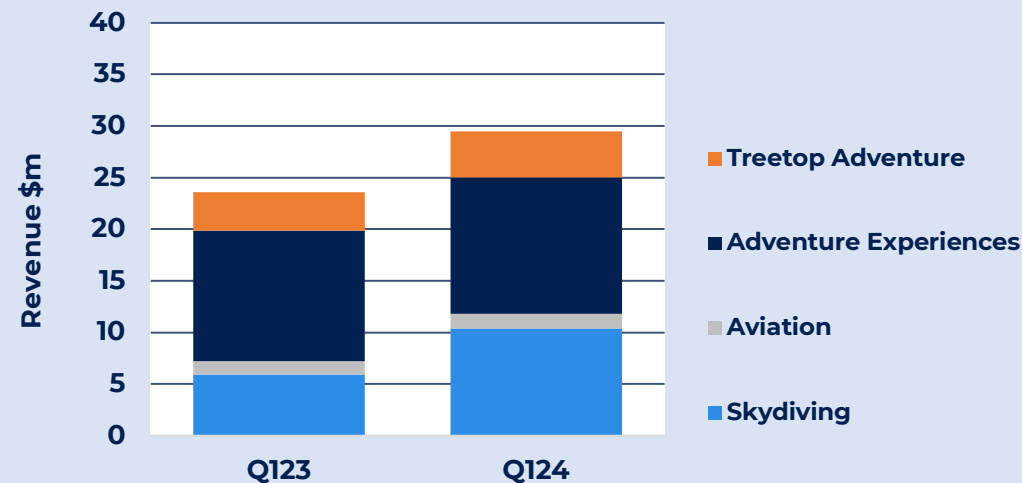
# Q1 24 TRADING UPDATE

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



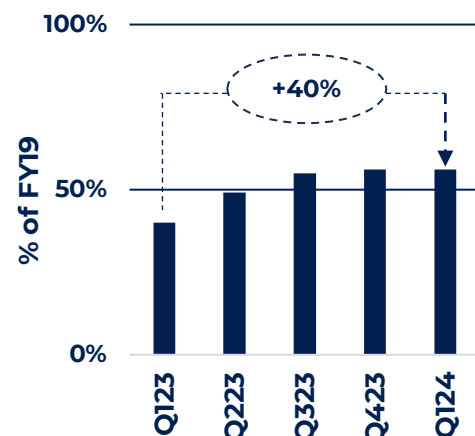
# SKYDIVING

Recovery now underway within Skydive segment as inbound markets return

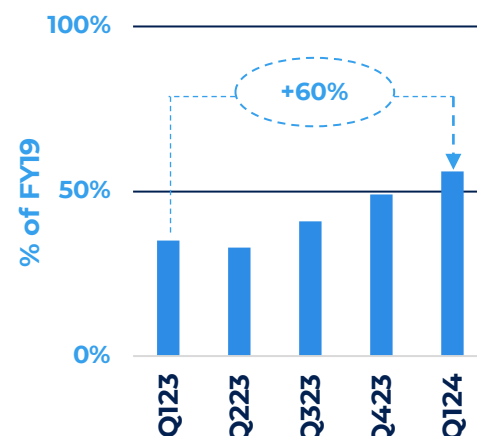
## SKYDIVING REVENUE

\$ 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

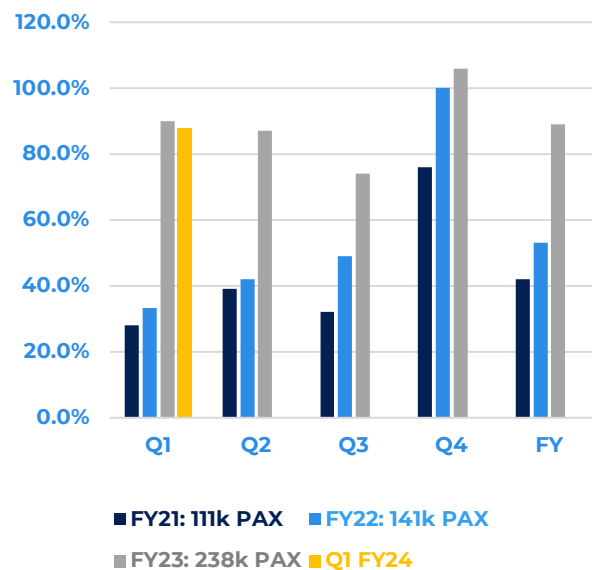
Growth continued within the Adventure Experiences segment

## ADVENTURE EXPERIENCES

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

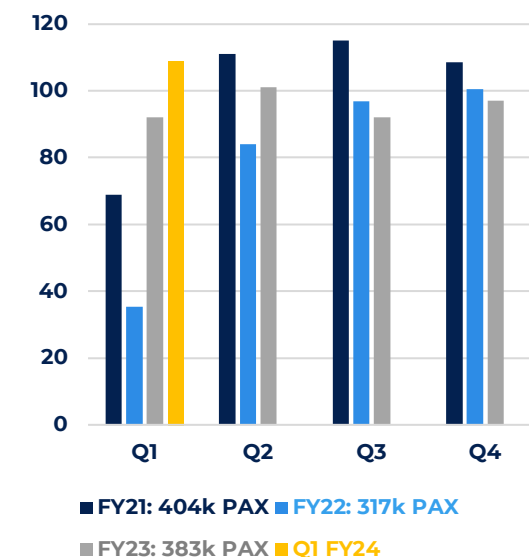
## REEF UNLIMITED

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)

# OCTOBER TRADING UPDATE & OUTLOOK

October trading saw expected levels of activity across all Business Units with first part of the month having school holiday trading whilst second half of the month reverted to traditional 'shoulder' month trading

## OCTOBER TRADING

- All operating segments have seen booking numbers across first part of the month consistent with Australian and NZ School holidays trading period and then reverting to traditional 'shoulder' month trading
- Skydive business unit in both Australia and NZ continued its strong recovery profile with volume for business unit growing ~40% on a PCP basis despite operational impacts in Northern NSW and Victoria. Continued focus by management on efficiency within Australian business unit
- Reef Unlimited continued to be impacted by transition between domestic and international tourism markets. Cairns based experiences continue to be trading stronger than Port Douglas consistent with market conditions
- Treetops Adventure traded 10% on PCP basis in terms of volume with continued strong performances from NSW sites, Cape Tribulation and Belgrave
- Last of Arkaba Walk and Bamurru Plains customers cycled through the experiences for 2023 season. Bamurru Plains now closed and Arkaba reverts to a lodge-based operation until March 2024. Maria Island Walk commenced its summer season with good lead in bookings suggesting another good season for the experience

## OUTLOOK

- November represents a 'shoulder' month for trading with no school holiday period. It is anticipated that inbound volumes will continue to recover
- Management maintains its view that the Chinese New Year 2024 holiday period represents a good opportunity for Group due to Golden Week trading as well increasing Chinese aviation capacity into Australia and NZ
- 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 with focus on cost base and any potential inflationary impacts
- Debt facility with NAB remains in place to 31 March 2025 with minimum cash covenant of \$6 million from 1 February 2024

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## THANK YOU