

Apollo Tourism & Leisure Ltd **2020 Annual General Meeting and Presentation**

Please find attached, presentation to shareholders at this mornings' Annual General Meeting, commencing at 11am Brisbane time:

- The welcome address by Ms Sophie Mitchell, the company's Chairman; and
- The presentation by Mr Luke Trouchet, the company's Managing Director and CEO.

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Tennille Carrier
Company Secretary
Apollo Tourism & Leisure Ltd

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About Apollo Tourism & Leisure Ltd

Apollo Tourism & Leisure Ltd is listed on the Australian Securities Exchange (ASX code: ATL). Apollo is a multi-national, vertically integrated manufacturer, rental fleet operator, wholesaler and retailer of a broad range of RVs including motorhomes, campervans and caravans.

Important notices

This announcement may contain forward-looking statements, which include all matters that are not historical facts. Without limitation, indications of, and guidance on, future earnings and financial position and performance are examples of forward-looking statements.

Forward-looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. No representations, warranty or assurance (express or implied) is given or made in relation to any forward-looking statement by Apollo Tourism & Leisure Ltd or by any other person. In particular, no representation, warranty or assurance (express or implied) is given that any of the events expressed or implied in any forward-looking statement in this announcement will actually occur. While the Company believes there is a reasonable basis for the making of any forward-looking statements as at the date of this announcement, actual results, performance or financial positions may be affected by a range of variables which could cause actual results to differ materially from any forward-looking statements and the assumptions on which those statements are based.

Wednesday, 28 October 2020

Apollo Tourism & Leisure Ltd 2020 Annual General Meeting

Chairman's Address

It is a privilege to be able to present to you at Apollo's fourth Annual General Meeting as a public company. FY20 was a year like no other with performance affected by both the Australian bushfires last summer and COVID-19.

Before moving to an overview of the last year, I would like to acknowledge our former Chairman, Stephen Lonie, who made a significant contribution to Apollo before his death in late 2019. Stephen joined the Apollo Advisory Board in 2009 and became Chairman of the Group ahead of its listing in November 2016. Throughout his time at Apollo, the Founders, Luke and Karl Trouchet appreciated Stephen's sage advice during a period of strong growth and their decision to move from a private to public company. From listing, we benefitted greatly from Stephen's leadership of the Board.

I would also like to acknowledge my fellow director Brett Heading, who contributed to the Board as Stephen's alternate during his short illness and accepted our invitation to become a Director in his own right in November last year. I would also like to welcome Rob Baker, who joined the Board at the start of 2020 and had an extraordinary introduction to Apollo as the events of 2020 unfolded. All three non-executive directors, including me, are standing for re-election at today's AGM, Brett and Rob as directors appointed since the last AGM and me to meet our director rotation requirements under our constitution.

Much has changed since late 2019.

The impact of COVID-19 and its associated government restrictions has been challenging for all travel and tourism businesses including Apollo. We reacted quickly and implemented initiatives to mitigate the impact on the business, however the consequences for our business from government restrictions globally have been significant.

Luke shortly will explain in more detail the initiatives undertaken to stabilise Apollo since March 2020. Some of these included the closure or hibernation of operations and a downsizing of Apollo's workforce in many areas. This has resulted in a number of roles across the group being made redundant. For those employees that left the business, on behalf of the Board I would like to thank you for your contribution to Apollo.

Global rental revenue for the nine months to 31 March 2020 was consistent with the pcp, despite the impact of the Australian bushfires over the busy summer period. Rental revenue in all regions dropped significantly following the escalation of global travel restrictions in March 2020. The easing of restrictions has seen rental revenue increase from the low levels of the previous months in Australia, New Zealand and Canada, however it remains significantly below prior year levels in these regions as up until March 2020 our rental vehicle guests were predominantly overseas visitors. In Europe the market is primarily continental guests and FY21 revenue has been impacted less than other regions.

Australian retail vehicle sales dropped significantly in April 2020 due to COVID-19 restrictions, however retail sales orders recovered from May, with sales orders surpassing the pcp in the months since. While retail demand remains strong, COVID-19 restrictions in Victoria, where many RV and RV component manufacturers are located, are contributing to RV stock shortages across the country.

From the start of COVID-19, the management team together with the board focused on liquidity to ensure Apollo could trade through a period of uncertain revenue. This included a range of initiatives from difficult cost reductions, plant closure, accelerated fleet sales, rent reductions and support from our financiers. We would like to acknowledge the government support received in Australia, New Zealand, Canada, the UK and Germany in

the form of wage assistance to preserve jobs and government loans. Most recently this included access to loans totalling \$43.5 million from the Australian, Queensland, Canadian and UK governments.

The impact COVID-19 had on our business saw Apollo report a statutory loss of \$61.2M for FY20. This result included an impairment of intangible and other assets of \$38.9M, as well as a \$12.5M loss on the disposal of our USA rental fleet. Taking into account some other minor adjustments, our underlying net loss after tax for FY21 was \$7.7M. Given the impact of COVID-19 on the business, the Board decided not to declare any dividends for FY20.

Luke will provide more detail on the impact of COVID-19 and initiatives undertaken by Apollo to mitigate its impact in each region and our expectations for FY21.

Let me close my introduction by saying that while FY20 has been challenging for Apollo, Luke and his team continue to focus on projects to stimulate both rental and retail demand, reduce costs, improve efficiency and ensure the business is strongly positioned to benefit when tourism activity recovers. I would like to acknowledge the above and beyond contribution from the management team and also the support, guidance and advice provided by my fellow directors during this challenging period.

CEO's Address

Good morning everyone, it's a pleasure to be here today to present you with a high-level overview of Apollo's 2020 financial year.

Apollo is a multi-national tourism and leisure business with a 35-year history of delivering memorable experiences to its customers and guests, rewarding work for its employees and underlying profits for its shareholders.

Prior to COVID-19, Apollo's FY20 was on track to perform to expectations.

In late March 2020, governments across the globe imposed strict travel bans which saw a large volume of rental booking cancellations and a drop in retail vehicle sales as dealerships were forced to close due to lockdown restrictions.

Our immediate priorities were to ensure the safety of our guests and employees as well as finding cost and capex reductions across the business. We worked with our guests on the road and those about to travel with us, to amend, cancel and postpone their journeys. We moved quickly to implement Board and Executive Management pay reductions which applied for six months, and permanent reductions in staff numbers across the business. As you will appreciate, we had to make some tough decisions, but these were vital for the business to adapt to the new environment. In doing this, we closed the New Zealand manufacturing facility and French rental business, scaled back production in Australia, and put the USA business into hibernation.

Through the sell down of our fleet we were able to reduce our debt by circa \$100 million. This included the sale of our entire USA fleet, as well as fleet reductions in all of our other regions around the globe.

Operationally we were in a very good position to use existing technology solutions to introduce limited contact at our rental branches, ensuring the safety of our guests and staff.

We acknowledge and thank our landlords who supported us by providing rent-free and reduced-rent periods as well as our financiers who provided principal repayment holidays.

Liquidity has been a key priority to ensure we could navigate through this challenging period and be ready to capitalise on any opportunities and the eventual bounce-back. We were very fortunate to have secured wage

subsidies, grants, tax deferrals and reductions, and loans from governments globally.

We currently have group cash of \$46.6M, an increase of \$23.1M since June 30, which does include \$17.1M of government support loans that have been drawn down. We are expecting our cash position to remain largely stable for the remainder of the financial year.

Furthermore, we have approval for an additional \$10 million in Australia, plus another \$12.5 million in Canada. This liquidity position gives us confidence that we can see through a prolonged downturn in trading activity.

As you can see, Apollo's rental and retail operations cover key regions in western continents. Due to COVID-19 related fleet reductions and the hibernation of the USA business our global fleet as at June 2020 totalled approximately 4,200, down from 5,600 vehicles a year ago. Globally we are planning to purchase around 600 rental units and sell approximately 1,200 rental units during FY21. This will see the fleet drop to around 3,600 by June 2021. If global travel restrictions ease more quickly than expected, we will increase fleet to meet demand.

Apollo's immediate goal for FY21 is to capture a portion of the historically significant outbound spending pool now available for redirection towards domestic travel in all of our rental regions. You may not realise that this spending pool is actually larger than the inbound international pool each year and represented over \$100 billion across Australia, New Zealand and Canada in 2019.

Traditionally, around 80% of our business would come from international long-haul markets, who book 6 to 9 months in advance, taking up the majority of our availability.

We now have the opportunity to open up our business to the domestic market. While international bookings are generally longer in duration and have increased lead times, domestic bookings can generate similar yields, as they don't attract "early-bird" and long-term booking discounts. Domestic guests tend to book direct, rather than through a travel agent and this reduces our outgoings in agent commissions.

Already, we have had success with the domestic market in regions where travel is allowed. In Australia, locations which are open such as Perth, Sydney and Brisbane had busy school holiday periods and are receiving good forward bookings for the Christmas holidays. In Canada, our domestic bookings exceeded our expectations. New Zealand achieved a record July revenue, before going back into lockdown in August.

To refine our marketing strategy we undertook a research project to give us insight into the domestic market and what they are looking for from a road trip or motorhome holiday. You will be pleased to hear that the freedom, connection, fun and independence that our product provides has high appeal. Apollo's self-contained product offering aligns perfectly to the desire for holiday-makers to get away from crowds and travel safely with their own family or close friends.

Pleasingly, the research also confirmed the Apollo brand was well recognised as a provider of recreational vehicles.

You may not be surprised that the barriers to booking a motorhome holiday lie around the perception that it is a bit tricky for first time motorhome travellers. They are not sure how the vehicles work and whether they need a special driver's licence for example. Our opportunity is to explain that it is easier than they think.

We have recently launched our "Easy as Apollo" marketing campaign which is aimed at raising the awareness of Apollo and the ease, fun and freedom that a motorhome holiday provides. From now on, we will be running an "always on" domestic marketing strategy, with consistent activity in market to keep Apollo and motorhome holidays top of mind.

One of the components of our campaign is showcasing the following video online in key markets in Australia. "Easy as Apollo" will also soon be introduced into New Zealand, coinciding with the release of our new website for the region.

Another key market that can travel domestically is Canada. We have launched a Canadian domestic marketing campaign to promote travel in their own backyard.

Please enjoy another short video, this time of the Canadian domestic marketing campaign.

While we have a significant opportunity to capture the domestic market in each of our regions, we still have challenges to overcome. Traditionally, the Group makes the majority of its profit in the first half of the financial year, with summer in Canada contributing significantly. This year due to COVID-19 we have all but missed the Northern summer and will not have an opportunity to regain this until early next financial year. Local lockdowns continue to constrain our operations, with Belfast and Dublin now back in lockdown and Victoria in Australia having been in a prolonged lockdown. Demand in more remote locations that depend on interstate travel like Hobart, Alice Springs and Darwin remains low.

As you would understand, we are living in very uncertain times and people may be nervous about committing to a holiday when border restrictions can change so quickly and without warning. To instil confidence in our guests, we have introduced new, more flexible terms around booking cancellations.

Global demand for owning an RV has been quick to recover and a new market has opened up with people looking for an alternate way to holiday close to home. Current demand is nothing like what we have experienced before. Because of this, the sale of our ex-rental fleet is achieving volume and margins. However, in Australia the delivery of new caravans and motorhomes has been frustratingly constrained due to supply delays. We purchase the majority of our new stock from manufacturers based in Victoria and they have had to cease production for 6 to 8 weeks or more.

Production at our Brisbane manufacturing facility was also scaled back when lockdowns were initially implemented in March. We are now operating back at five days a week and looking to increase the number of units produced over coming months to meet the increased demand.

Apollo has maintained a consistent approach to retail marketing, participating in online caravan and camping shows and investing in our websites as well as increasing social media presence. We are optimistic of the potential of the retail business as supply returns to normal.

With the onset of second waves and the high number of active cases globally, we expect COVID-19 to continue to impact the business through FY21. Having missed the 2020 northern hemisphere summer which traditionally contributes significantly to the Group's profit, and the continued uncertainty with regards to lockdowns and travel restrictions, we expect the Group to report a loss in FY21. However, COVID-19 and its associated restrictions will not last forever.

We are confident that we have sufficient liquidity and capacity to not only trade through a prolonged period of subdued market demand, but also come out the other side with a strong foundation for future growth.

The inherent "socially distanced" nature of an RV holiday means Apollo is well placed to capitalise on increased demand for local holidays. People are craving the freedom our product can provide.

As you can see, we have demonstrated our ability to implement change and adapt to the new normal. We have shown resilience in being able to attract increased domestic rental bookings in regions where travel is allowed.

Our Board and management team remain confident about the longer term outlook for Apollo. We believe we are well positioned to maximise opportunities now and will be well-placed for the future when international travel returns.

I would like to end by thanking all investors for their ongoing support of the Company in what has been a challenging year.

I would also like to extend my thanks to Apollo's guests, employees, suppliers, partners and shareholders for their continued support.

With that, I'll wrap up my comments for today and hand back over to Sophie to continue the meeting. Thanks very much for your time this morning.