

Apollo Tourism & Leisure Ltd

Financial Results for the Year Ended 30 June 2022

The Directors of Apollo Tourism & Leisure Ltd (ASX: ATL) ('Apollo', 'the Company', or 'the Group') today announced the financial results of the Company for the year ended 30 June 2022, reporting a statutory Net Loss After Tax of \$4.7M.

FY22 OPERATING ENVIRONMENT & HIGHLIGHTS

- FY22 statutory net loss after tax \$4.7M¹ (FY21: -\$17.9M).
- FY22 underlying net loss after tax \$3.3M² (FY21: -\$20.5M).
- FY22 revenue \$265.9M (FY21: \$293.3M).
- FY22 underlying EBIT \$4.4M (FY21: -\$17.7M).
- Improved EBIT for all regions over prior comparable period (pcp).
- Strong RV sales margins and profit. However, fleet sales revenue constrained by supply chain issues affecting stock supply and deliveries, and Australian dealership closures during lockdowns.
- Delta and Omicron outbreaks slowed ANZ rental momentum over peak summer period.
- Planned ex-fleet sales in Canada and Europe deferred to manage supply chain impacts on new fleet deliveries ahead of the 2022 peak summer season.
- Liquidity managed through fleet sell down and cost restructuring, ensuring the Company is well placed to capitalise on growth prospects as international tourism rebounds.
- Forward booking rental revenues approaching pre-COVID levels, driven by strong yields and utilisation, on a ~45% smaller fleet size.
- Expect to return to pre-pandemic levels of profitability in FY23 with international borders open in all operating regions driving a recovery in rental revenues and retail sales remaining strong.
- Proposed merger with Tourism Holdings Limited (NZX: THL) (*thl*) remains subject to conditions including approval by the competition regulators in Australia and New Zealand.

YEAR IN REVIEW

CEO and Managing Director, Luke Trouchet, said "In FY22 COVID-19 continued to disrupt tourism markets around the world, however, we believe we have well and truly entered the recovery phase with international borders now open in all of our operating markets."

"Canada welcomed fully vaccinated travellers from our key markets from 7 September 2021 and Europe remained largely restriction free throughout the entire year."

"While the outbreak of the Delta and Omicron variants significantly disrupted the momentum of our domestic markets in Australia and New Zealand, the recovery in forward booking rental revenues, particularly from international guests, has been profound following the reopening of international borders in Australia on 21 February 2022 and New Zealand on 31 July 2022."

"Our global forward booking rental revenue has almost recovered to pre-COVID levels, on a fleet size approximately 45% smaller than we were running in 2019. This reflects the strength of the rebound in tourism activity as the world looks to get back to living life without restrictions."

¹ In FY22 Apollo benefitted from the receipt of \$1.0M of Government wage subsidies (FY21: \$5.5M of Government wage subsidies received).

² Refer slide 28 of the FY22 Results Presentation for a reconciliation of underlying to statutory net loss after tax.

“We are thankful for the ongoing support we have received from Governments in most of our operating regions. The support facilities they provided, coupled with careful liquidity management, allowed us to trade through the worst of the COVID-19 pandemic. With international borders now open in all of our markets and the strong rebound in tourism we are currently witnessing, we are well placed to capitalise on the growth prospects expected to materialise in the short to medium term.”

“On 10 December 2021 we announced to the market that the Company had agreed to terms of a proposed merger with *thl*, a New Zealand listed RV manufacturer, rental and sales operator, subject to satisfaction of a number of conditions including regulators’, shareholders’ and Court approvals. Since making the announcement we have been working with the competition regulators in Australia and New Zealand to address their respective queries and their approval processes remain ongoing at the date of this announcement. As previously announced to the ASX, we have agreed with *thl* to extend the final date for satisfaction or waiver (if capable of waiver) of all conditions precedent to the scheme to 15 October 2022.”

SEGMENT PERFORMANCE

AUSTRALIA

COVID-19 travel restrictions continued to constrain Australian rental revenues for most of the year. Extended lockdowns imposed in response to the Delta outbreak, state border closures and reduced consumer confidence over the peak summer holiday period due to the rapid outbreak of the Omicron strain, all contributed to restricted domestic rental momentum. In periods when travel was allowed, the region generated strong rental demand and with international borders being reopened on 21 February 2022 rental revenues increased by 8.0% over pcp. Forward booking rental revenues for FY23 and beyond, continue to grow rapidly with international guests returning to the region.

Australia’s retail operations performed strongly during FY22 with high levels of consumer demand and gross profit margins for both new and ex-rental fleet RV sales. The potential of this strong demand was tempered by dealership closures during lockdowns, and cancellation of RV consumer shows. Forward orders not yet delivered remain high, which is expected to underpin a strong retail result in FY23.

The Company’s Brisbane manufacturing facility has had production scheduling and capacity impacted by OEM chassis supply disruptions, staff absenteeism as a result of COVID-19 isolation requirements and challenges attracting and retaining new staff in the current tight labour market. The impact of these issues is expected to lessen in the medium term. Efficiencies in the manufacturing and procurement areas have been achieved with an optimisation of production lines and the product suite contributing to reduced labour hours and increased volume output. Further gains will be pursued in FY23.

NEW ZEALAND

New Zealand’s international borders remained closed to most countries (other than Australia for a small number of weeks) for the entire year. With international guests historically accounting for approximately 95% of segment rental revenues, COVID-19 has significantly impacted segment earnings over the last two years.

Rental income was down 36.5% on pcp, with extended lockdowns in response to the Delta and Omicron outbreaks, limited opportunities for domestic travel and closure of the Trans-Tasman bubble in July 2021.

Sale of ex-rental fleet vehicles continued to be accelerated during the period in response to the downturn in rental demand and strong RV sales demand, with 172 vehicles being sold (182 units sold in pcp).

Pleasingly, New Zealand reopened its borders to all international visitors on 31 July 2022 and forward booking rental revenues for international guests, particularly over the upcoming summer season, have been growing strongly in recent weeks. The business will increase fleet for the region throughout FY23, in response to demand.

NORTH AMERICA

With Canada's international borders reopening on 7 September 2021 and strong rental yields being achieved, segment rental revenues increased by 64.9% over pcp. However, the peak July and August summer months were largely missed and new fleet supply delays constrained overall rental performance for the region. With new vehicle deliveries being received over the 2022 summer months and the anticipation of a full year of unrestricted travel, the Company expects FY23 rental performance to increase materially over FY22.

RV sales demand continued to remain high in the region, however, following completion of the 2021 summer season the Company put a hold on its normal fleet disposal program in response to new fleet supply delays. The reduction in fleet sales impacted the region's overall earnings for the period. The vehicles held back from sale in FY22 will be sold on completion of the 2022 summer season, subject to OEMs being able to satisfy planned future fleet orders.

The USA remained in hibernation in FY22 and the Company continues to explore avenues for re-entry into the USA market at the appropriate time.

EUROPE

The peak summer 2021 period remained largely restriction free throughout Europe and with the segment's guest profile being primarily comprised of intracontinental guests, the segment was able to generate strong rental performance during that time. Rental income increased by 50.9% over pcp, however, overall segment earnings were similarly impacted to those of North America, with planned fleet sales being halted to address new vehicle supply delays for the upcoming 2022 summer season.

The segment has already returned to pre-COVID performance levels and the Company expects this strong performance to continue into FY23 and beyond. Modest fleet growth is planned for the region in FY23, subject to new fleet supply constraints easing.

OUTLOOK

Apollo is targeting a return to pre-pandemic levels of profitability in FY23 and beyond, noting that:

- International borders are now open in all of Apollo's operating markets.
- Forward booking rental revenues are approaching pre-COVID levels, noting fleet sizes in all regions are significantly lower than pre-COVID levels.
- Confidence to travel will improve as airline/airport capacity limitations and other issues in major flight hubs are resolved and fears surrounding future COVID-19 (or similar) outbreaks lessen.
- RV sales demand continues to remain strong globally.
- Supply chain issues impacting new fleet production and RV sales deliveries are expected to reduce in the medium term.
- ~\$167M forecast fleet capex in FY23, subject to OEM vehicle supply, utilising existing facilities.
- Challenges attracting and retaining new team members in tight labour markets is expected to ease in the medium term.

Mr Trouchet said "Apollo is ideally placed to service international and domestic guests looking for ways to explore the great outdoors with family and friends. We are thrilled to now have international borders open in all of our operating regions and our forward booking rental revenues are growing rapidly."

"With retail forward orders remaining high, we anticipate the strong levels of retail RV demand to continue throughout FY23 as people seek more freedom and control over their holiday choices."

“The scale of the recent recovery in performance has exceeded our initial expectations. With a sound liquidity position we are well placed to capitalise on the rebound in global tourism that is currently underway and we are confident the Company will return to pre-pandemic levels of profitability in FY23.”

“Should the proposed merger be approved, Apollo and th/are ideally placed to move forward on a strengthened combined basis. In the event that the merger does not proceed, I am confident that the worst of the pandemic is now behind us and we can continue on our own COVID-19 recovery path with optimism that we will return to our previous levels of profitability.”

DIVIDEND

Given the significant impact of COVID-19 on the business, the Board has determined there will be no dividend declared for FY22.

INVESTOR CONFERENCE CALL

A presentation of the FY22 results will be hosted by Luke Trouchet (CEO and Managing Director) and Kelly Shier (CFO) at **11:30am (AEST) on Friday 26 August 2022**. Investors may pre-register for the call at the following link:

<https://sl.c-conf.com/diamondpass/10024484-aslpoo8.html>

Conference ID: 10024484

ANNUAL GENERAL MEETING

The Company plans to hold its 2022 Annual General Meeting as a hybrid meeting at **11:00am (AEST) on Friday 28 October 2022**. The meeting will be held in the Morgans Theatre at Level 29, 123 Eagle Street, Brisbane.

Further details regarding the 2022 Annual General Meeting will be provided with the Notice of Meeting that will be distributed to shareholders in late September.

Authorised by:



Luke Trouchet
Managing Director and Chief Executive Officer
Apollo Tourism & Leisure Ltd

For more information please contact:

Investors:

Luke Trouchet, Managing Director and CEO
T: 07 3265 9222
E: info@apollotourism.com
W: www.apollotourism.com

Media:

Alasdair Jeffrey, Executive Director, Rowland
T: 0404 926 768
E: Alasdair.jeffrey@rowland.com.au
W: www.apollotourism.com

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.