



Monday, 8 May 2017

**PROPOSED ACQUISITIONS OF CANADREAM AND KRATZMANN CARAVANS, UPDATED  
OUTLOOK AND CAPITAL RAISING**

Please find attached a release on the above subject.

A handwritten signature in blue ink, appearing to be "P. Jans", with a small mark below it.

Peter Jans  
Company Secretary  
Apollo Tourism & Leisure Ltd

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## ASX Announcement

8 May 2017

### PROPOSED ACQUISITIONS OF CANADREAM AND KRATZMANN CARAVANS, UPDATED OUTLOOK AND CAPITAL RAISING

- Plan of arrangement to acquire balance of CanaDream Corporation shares for approximately A\$28m.
- Binding agreement to acquire all the assets of Kratzmann Caravans and Clint's Caravan Warehouse for approximately A\$15.6m.
- On track to exceed prospectus FY17 pro forma forecast NPAT by 5% - 10%.
- Underwritten non-renounceable 4 for 17 entitlement offer to raise approximately A\$40.3m at A\$1.18 per share.

Apollo Tourism & Leisure Ltd (ASX: ATL) ("Apollo" or "the Company") is pleased to announce that it has taken steps to expand the Company's rental operations into Canada, as well as grow its Australian retail footprint.

Through two proposed transactions, Apollo will acquire:

- One of the largest RV rental and sales companies in Canada, CanaDream Corporation ("CanaDream"); and
- Successful, established and growing retailer of new and used caravans and motorhomes, Kratzmann Caravans and Clint's Caravan Warehouse (together, "Kratzmans").

Managing Director and CEO, Luke Trouchet said, "Since listing in November 2016, we have identified and executed opportunities to support our growth plans and these investments will both make important contributions to Apollo's business."

"CanaDream is a major strategic acquisition that will support Apollo's growth plans in North America and expand our leadership to include a highly capable senior management team, with deep experience in the North American RV industry."

"Kratzmans contributes to Apollo's strategy of becoming a leading player in the Australian RV retail market and further expands our retail sales network across the country."

The CanaDream and Kratzmanns transactions and the related capital raising are expected to be earnings accretive in FY18 on a 12 month basis.

Reference should be made to the offer information booklet released to the ASX on 9 May 2017.



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## ACQUISITION OF CANADREAM

### Highlights

Apollo has proposed to acquire all the common shares in TSX Venture Exchange listed company CanaDream not currently owned (approximately 80%) by Apollo for approximately A\$28m cash consideration by way of a plan of arrangement (“Plan”).

The Plan is in two parts – C\$1.68 per share for shares owned by the Chairman and President/CEO of CanaDream (approximately 37%) and C\$1.85 per share for all other shareholders (approximately 43%). Apollo currently owns approximately 20% of CanaDream.

The CanaDream Chairman and President/CEO have also entered into irrevocable agreements to vote in favour of the Plan. CanaDream’s Independent Directors are recommending shareholders vote in favour of the Plan in the absence of a superior proposal. The plan is expected to complete in July 2017.

CanaDream has a fleet of approximately 1,000 rental units servicing the Canadian RV rental market. For the 12 month period to 31 January 2017, CanaDream reported profit before tax (“PBT”) of C\$5.05 million on C\$49.29m revenue, reflecting a PBT valuation multiple of 6.95x.

### Strategic Rationale

- 100% ownership of CanaDream supports Apollo’s growth plans in North America and provides access to a highly capable local management team.
- Apollo has a deep knowledge of CanaDream, having owned approximately 20% and held Board representation since 2009. The long-term co-operation between the two businesses will now be formalised and deliver additional operational and financial synergies, which have not been incorporated into any management projections or Plan metrics.
- Deepens leadership team and increases regional management strength.

### Earnings impact

The CanaDream acquisition is earnings accretive on a FY17 12 month pro forma basis and is expected to be earnings accretive on a 12 month basis into FY18.

Website: [www.canadream.com](http://www.canadream.com)

## ACQUISITION OF KRATZMANN CARAVANS

### Highlights

Apollo has entered into a binding agreement to acquire the assets, including the brand names, of the businesses known as Kratzmann Caravans and Clint’s Caravan Warehouse for A\$[15.6]m. The acquisition will be funded by a combination of A\$6.7m cash, A\$0.9m in Apollo shares (escrowed for 18 months), and floor plan financing of A\$8m, subject to normal completion adjustments.



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Kratzmans is based in south-east Queensland and is a leading retailer for a number of popular motorhome and caravan brands. Kratzmanns has four locations across south east Queensland.

### Strategic Rationale

The Kratzmanns acquisition accelerates Apollo's strategy to grow its Australian retail sales business and leverage the Winnebago, Adria and Talvor brands.

### Earnings impact

The Kratzmanns acquisition is earnings accretive on a FY17 12 month pro forma basis and is expected to be earnings accretive into FY18.

Websites: [www.kratzmann.com.au](http://www.kratzmann.com.au) and [www.thecaravanwarehouse.com.au](http://www.thecaravanwarehouse.com.au)

### OUTLOOK

- Apollo is on track to exceed its prospectus FY17 pro forma net profit after tax forecast by between 5% and 10%.
- There is expected to be a material once off tax benefit from tax consolidation in the FY17 result. The quantum is still being finalised and will be disclosed once known.
- The CanaDream and Kratzmanns acquisitions are earnings accretive on a FY17 12 month pro forma basis and expected to be earnings accretive into FY18.
- Forward rental bookings are looking positive in all geographies. Continued growth in new vehicle sales is expected in Australia and New Zealand, particularly for Adria and Winnebago brands.
- It is intended that the Brisbane manufacturing facility will move to a larger premises in the 2018 financial year, which will add to leasing costs but will provide medium term efficiency benefits and allow for expected future growth.

### ENTITLEMENT OFFER

Apollo is conducting a fully underwritten non-renounceable entitlement offer to raise approximately A\$40.3 million ("Entitlement Offer").

Under the Entitlement Offer, eligible shareholders will be able to subscribe for 4 fully paid ordinary shares ("New Shares") for every 17 Apollo shares that they hold at 7.00pm (AEST) on Friday, 12 May 2017 ("Record Date") at the issue price of A\$1.18 per New Share. Apollo shares will trade cum entitlements on Tuesday, 9 May and Wednesday, 10 May 2017.

The issue price under the Entitlement Offer of A\$1.18 represents a discount of:



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- 8.2% to the theoretical ex-rights issue price (“TERP”)<sup>1</sup>; and
- 9.9% to the last traded price of Apollo shares before this announcement.

The Entitlement Offer is fully underwritten by Morgans Corporate Limited (“Underwriter”).

The proceeds of the Entitlement Offer will provide funds for the acquisition of CanaDream, reset the balance sheet after Apollo’s acquisitions of Kratzmanns (which is expected to settle prior to allotment of New Shares under the Entitlement Offer), Sydney RV and Camplify, and to fund the costs of the Entitlement Offer.

The Entitlement Offer is non-renounceable, meaning that shareholders may not sell their Entitlements to third parties if they do not wish to take them up. A market will not be established for Entitlements trading. If shareholders do not take up all or any part of their Entitlements by the Closing Date, they will lapse.

The Entitlement Offer will include a top-up facility, allowing shareholders who take up their full entitlement to elect to receive more shares under the Entitlement Offer. The top-up facility is subject to the availability of New Shares which are not subscribed for under the Entitlement Offer and allocation is at the discretion of the board.

The Entitlement Offer will be made to all eligible shareholders (“Eligible Shareholders”), being all shareholders who:

- have a registered address in Australia, New Zealand, Hong Kong or Singapore;
- are not in the United States of America and not persons (including nominee or custodian) acting for the account or benefit of a person in the United States of America; and
- are eligible under all applicable securities laws to receive an offer under the Entitlement Offer without any requirement for a prospectus to be lodged or registered.

Apollo’s non-executive directors will be taking up their entitlements in full. The Company’s founding shareholder will be taking up A\$1m of its entitlement.

Apollo will notify shareholders who are on the share register on the Record Date as to whether they are eligible to participate in the Entitlement Offer. Eligible Shareholders will receive an information booklet, including a personalised entitlement and acceptance form, which will provide further details of how to participate in the Entitlement Offer.

34,145,372 New Shares will be issued as part of the Entitlement Offer. The New Shares will rank equally in all respects with existing shares of Apollo.

<sup>1</sup> The theoretical ex-rights price of A\$1.285 is calculated using ATL’s closing price on 5 May 2017 assuming proceeds from the Entitlement Offer are approximately A\$40.3 million. TERP is the theoretical price at which shares should trade immediately after the ex-date for the Entitlement Offer assuming 100% take-up of the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which shares trade immediately after the ex-date for the Offer will depend on many factors and may not be equal to the TERP.



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The potential effect the Entitlement Offer will have on the control of the Company, and the consequences of that effect will depend on a number of factors, including Eligible Shareholders' interest in taking up their entitlements as well as the level of participation of Eligible Shareholders to take up Additional Shares under the shortfall facility.

The potential effect that the Entitlement Offer will have on the control of Apollo is set out in the cleansing notice issued on the same date as this announcement.

The Entitlement Offer is being made under section 708AA of the Corporations Act (as notionally modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84). Accordingly, the Company will not prepare a prospectus or other disclosure document. The Company will release a copy of the Entitlement Offer information booklet to ASX on 9 May 2017 and send a copy (along with a personalised entitlement and acceptance form) to all Eligible Shareholders on Wednesday, 17 May 2017.

### Key dates<sup>2</sup>

Activity	Date
Announcement of the Entitlement Offer	Tuesday, 9 May 2017
Investor Presentation and Information Booklet released to the ASX	Tuesday, 9 May 2017
Despatch of letters to Shareholders regarding eligibility	Wednesday, 10 May 2017
Record Date for Entitlement Offer (7.00pm AEST)	Friday, 12 May 2017
Information Booklet and Entitlement and Acceptance Form despatched	Wednesday, 17 May 2017
Entitlement Offer opens	Wednesday, 17 May 2017
Closing date for acceptances under Entitlement Offer (5.00pm AEST)	Wednesday, 31 May 2017
Allotment of New Shares issued under the Entitlement Offer	Wednesday, 7 June 2017
Normal ASX trading for New Shares issued under the Entitlement Offer commences	Thursday, 8 June 2017
Despatch of holding statements for New Shares issued under the Entitlement Offer	Friday, 9 June 2017

<sup>2</sup> All dates are indicative only and subject to change. Apollo and the Underwriter reserve the right to withdraw or vary the timetable without notice.



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## Further information

If you are an Eligible Shareholder and have not received an application form for the Entitlement Offer, please contact Computershare on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) between 8.30am and 5.00pm (AEST) Monday to Friday.

If you have any other queries, please contact Apollo on +61 7 3265 9222 between 8.30am and 5.00pm (AEST) Monday to Friday.

## Investor Conference Call

Luke Trouchet, Managing Director & CEO, and Karl Trouchet, Executive Director & CFO, will be conducting an investor conference call at 9.30am (AEST – BNE) today, Tuesday, 9 May 2017, in regards to this announcement.

**Dial-in (Australia):** +61 2 9083 3212  
**Dial-in (International):** +65 6713 5090  
**Conference ID:** 19689933

## About Apollo

Apollo is a multi-national, vertically integrated manufacturer, rental fleet operator, wholesaler and retailer of a broad range of RVs in Australia, New Zealand and the USA. Apollo has benefited from a healthy global tourism industry and an ageing population with increasing level of savings, and has formed a growth strategy based on an expansion into the east coast of the USA and development of its new RV sales division in Australia.

Apollo has manufacturing operations in Brisbane and Auckland where it produces and assembles RVs for its own rental fleet, and, in Australia and New Zealand for the production of new RVs to the retail market. Apollo is currently manufacturing Talvor and Winnebago branded RVs. It also has exclusive rights to import Adria and Winnebago products in Australia and New Zealand.

Apollo's rental offering is comprised of different types, sizes and brands of RVs, targeting specific segments in the RV rental market. Apollo also has a strategic investment in CanaDream (now subject to a plan or arrangement), a Canadian rental fleet operator listed on the TSX Venture Exchange. CanaDream operates an additional seven rental offices across Canada, and runs a fleet of approximately 1,000 RVs.

Apollo sells both new and ex-rental RVs through its own retail sales centers and selected dealers in Australia. In New Zealand and the USA, Apollo sells ex-rental RVs (and, in New Zealand, new RVs) through a network of selected dealers.

## Important information

This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States of America, or in any other jurisdiction in which such an offer would be illegal. The securities referred to in this document have not been and will not be registered under the United States Securities Act of 1933 (the 'US Securities Act'), or under the securities laws of any state or



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other jurisdiction of the United States and may not be offered or sold within the United States, unless the securities have been registered under the US Securities Act or an exemption from the registration requirements of the US Securities Act is available.

This document may not be distributed or released in the United States of America.

This announcement contains certain 'forward-looking statements' within the meaning of the securities laws of applicable jurisdictions. Forward-looking statements can generally be identified by the use of forward-looking words such as 'may,' 'should,' 'expect,' 'anticipate,' 'estimate,' 'scheduled' or 'continue' or the negative version of them or comparable terminology. Any forecasts or other forward looking statements contained in this announcement are subject to known and unknown risks and uncertainties and may involve significant elements of subjective judgment and assumptions as to future events which may or may not be correct. There are usually differences between forecast and actual results because events and actual circumstances frequently do not occur as forecast and these differences may be material. Apollo does not give any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur and you are cautioned not to place undue reliance on forward-looking statements.

#### **Additional Canadian Early Warning Reporting Disclosure**

CanaDream Corporation's head office is located at 292154 Crosspointe Drive, Rocky View County, AB, T4a 0V2. The address of Apollo Tourism & Leisure Ltd, and its affiliates, Apollo Motorhome Ultimate Holdings Pty Ltd, Apollo Finance Pty Ltd and ATL Canada Inc., is 698 Nudgee Road Northgate (Brisbane), Australia QLD 4013. Apollo Motorhome Ultimate Holdings Pty Ltd and Apollo Finance Pty Ltd collectively own 3,949,115 common shares, or approximately 20.2% of the outstanding common shares of CanaDream. Apollo plans to acquire control of CanaDream by purchasing all of the outstanding common shares it does not already own. Upon completion of the acquisition, Apollo currently intends to cause CanaDream to delist its common shares from the TSX Venture Exchange and to cease to be a reporting issuer in any jurisdiction in Canada. An early warning report will be filed by Apollo with applicable Canadian securities regulatory authorities shortly. To obtain a copy of the early warning report, please contact Robert Hansen at 416-601-8259.



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