



*A visionary adventure leisure company  
formed to build and operate world class  
indoor skydiving facilities across the region*

# Half Year Results Presentation

For the period ended 31 December 2017

26 February 2018

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# 1.Overview

- **First International ISA Group Branded Operation**
- **Stable Australian Operating Platform**
- **Successful Implementation of ARX Booking/ecommerce System**
- **Foundation set for China and Hong Kong Operations**
- **Normalised Group EBITDA Margin 23%**
- **Renewed Focus on Local Markets**
- **Enhanced Australian Leadership Team**



**Transformational period – own brand and systems. First offshore tunnel.**

## 2.Results & Analysis Overview

	1H 2018 ('000)	1H 2017 ('000)
<b>Revenue &amp; Other Income</b>	\$7,503	\$5,155
<b>EBITDA</b>	\$1,017	(\$218)
<b>Normalised EBITDA</b>	\$1,630*	(\$218)
<b>NPAT</b>	(\$288)	(\$751)
<b>Normalised NPAT</b>	\$147*	(\$751)
<b>Cashflow from operations</b>	\$912	\$918
<b>Net Tangible Assets/Share</b>	\$0.24	\$0.24
<b>Earnings/share</b>	(\$0.21)	(\$0.62)

\*Excludes the effect of SkyVenture legal fees and pre-operational costs in Malaysia

### 1H 2018 commentary

- 45% increase in revenue with 3 operational facilities
- Normalised EBITDA margin of 23% due to stable Australian operations and cost efficiencies across the group
- Impacted by expenses of \$404k in relation to legal fees and \$200k operational start up costs in Malaysia

## 2.Results & Analysis - Balance Sheet

	31 Dec 17 (‘000)	30 Jun 17 (‘000)
Property, plant & equipment	43,250	43,965
Intangibles	1,245	773
Other assets	4,385	5,118
Borrowings	9,571	10,739
Deferred revenue	1,900	1,907
Provisions	1,093	1,095
Other liabilities	4,046	3,656
Gearing ratio	30%	33%

### 1H 2018 commentary

- Investment in systems and technology
- Loan repayment of \$1.2m during period, reducing gearing ratio
- Consistent pipeline of forward sales
- Investment in Malaysia assets and operations of \$488k

Australian operations well positioned for further growth

## 2.Results & Analysis – Cashflow

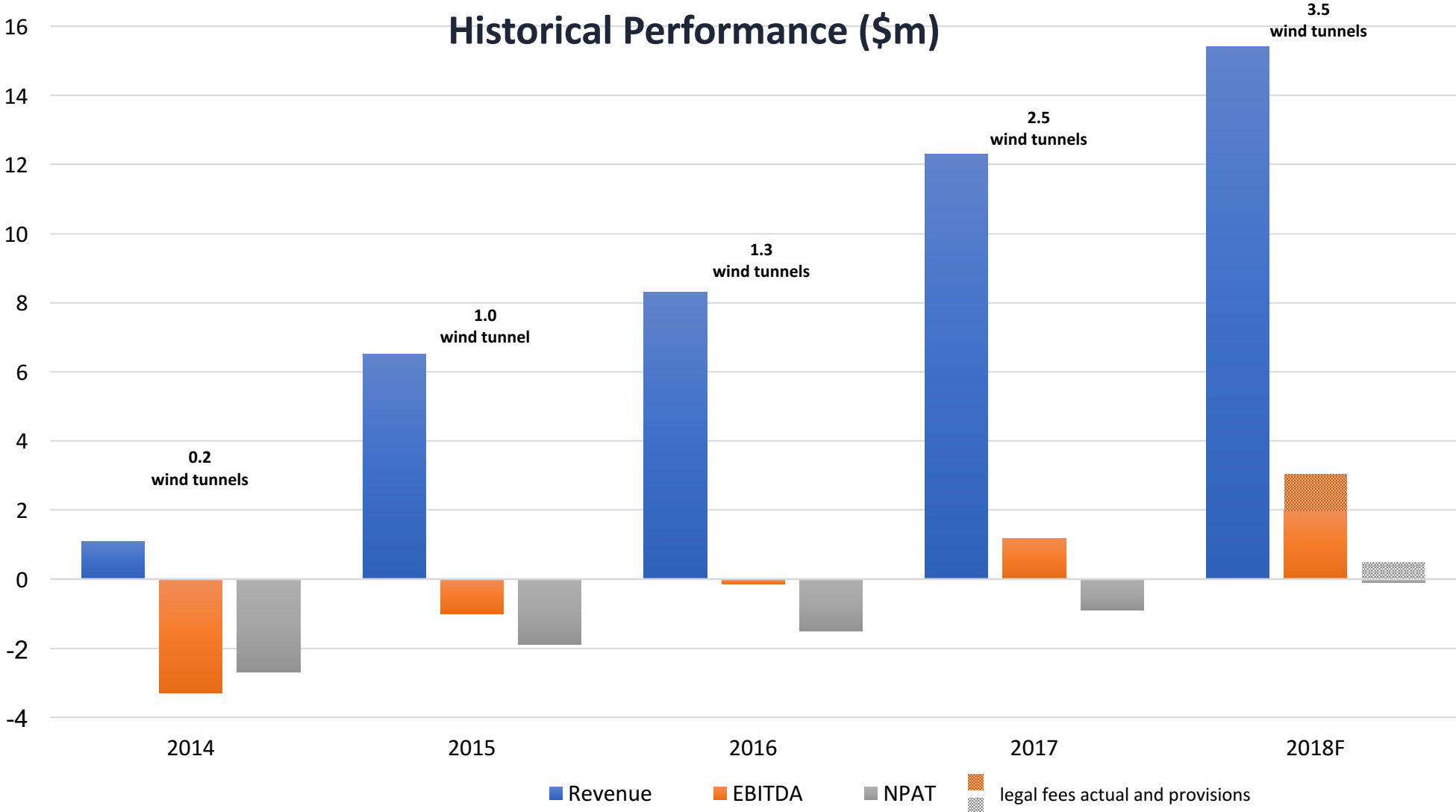
	1H FY18 (‘000)	1H FY17 (‘000)
Receipts from customers	8,091	6,827
Payment of suppliers & employees	(6,900)	(5,762)
Cash from operations	912	918
Purchase of PPE & intangibles	(824)	(9,044)
Investment in JV	(264)	-
Share issue	-	5,339
Proceeds / (Repayment) of borrowings	(1,167)	2,084
Net cash movement	(1,343)	(703)

### 1H 2018 commentary

- Reliable cash flows from operations
- Organic funding of investments and loan repayments
- Net operating cash flow conversion of 90%
- Malaysia pre-operating expenses and brand establishment

Stable cash flow from operations with further increase expected through establishment of JV

# 2.Results & Analysis





# 3. Projects Update - Australia

## Sydney City

- Entertainment Quarter – Moore Park
- Approval process continues to progress
- Feasibility/ Planning continues
- Agreement to Lease to 31 July 18
- Exploring alternate models to suit the site

## ARX IT System

- Fully integrated, customer focused, sales and booking system
- Successfully deployed in Malaysia
- Roll out to commence in Australia during FY18



# 3. Projects Update - International

## AirRider 1 Utama - Kuala Lumpur

- Largest Shopping Centre in S/E Asia
- Joint Venture with share in Operational Profit of 60%
- Total Investment \$488k
- Expected ROI < 2 years
- Management Contract with Incentives
- First Flights Dec 17 – Open to general public 11<sup>th</sup> Jan 18
- Positive early signs – Proving Systems and Operations



# 3. Projects Update - International

## AirRider China

- MOU signed for Joint Venture based in Shanghai
- Operating agreements for ISA Group
- Flexible investment opportunities
- Detailed planning ongoing
- Multiple sites under investigation throughout China and Hong Kong
- Fixed and mobile technology under consideration
- Commencement of first project anticipated in FY18



# 4.Strategy

First Australian Tunnel  
Proof of Concept

2nd Australian Tunnel  
Tourist/Urban Model

3rd Australian Tunnel  
Multi Market Model

4th Australian Tunnel  
Joint Venture

Australia & NZ

- Owner Operator
- Joint Venture

International Systems  
Development

S/E Asian  
Preparation

S/E Asian Expansion  
Management Model - Kuala Lumpur

China  
Preparation

Further Asian Development

Global Opportunities  
/ Acquisitions

International

- Joint Venture
- Management

Continuing to Deliver on Strategy

# 5.Outlook

- Positive outlook underpinned by forward sales
- Reinforced local market focus to continue driving performance
- Continued earnings momentum through ongoing cost management and additional revenue streams
- Finalise restructure of group with dedicated teams focused on current and future operations
- Ongoing opportunities for further expansion into Asia and beyond
- Australian rollout of ARX System focusing on customer service, streamline processes and yield management.



Well positioned for future earnings growth

# 6.Summary



-  **Clear strategy** for growth
-  **Dynamic** Board of Directors
-  **Strong** management team
-  **Expertise** in planning and execution
-  **Proven** to deliver
-  **Flexibility** in engagement / manufacturers / technology

ISA Group is now a multi-country operator and well advanced in pursuing further growth

# 7. Appendices

## Indoor Skydive Australia Group Board

**Wayne Jones**

Director & Chief Executive Officer

**Ken Gillespie AC, DSC, CSM**

Chairman

**Danny Hogan MG**

Director & Chief Operations Officer

**Stephen Baxter**

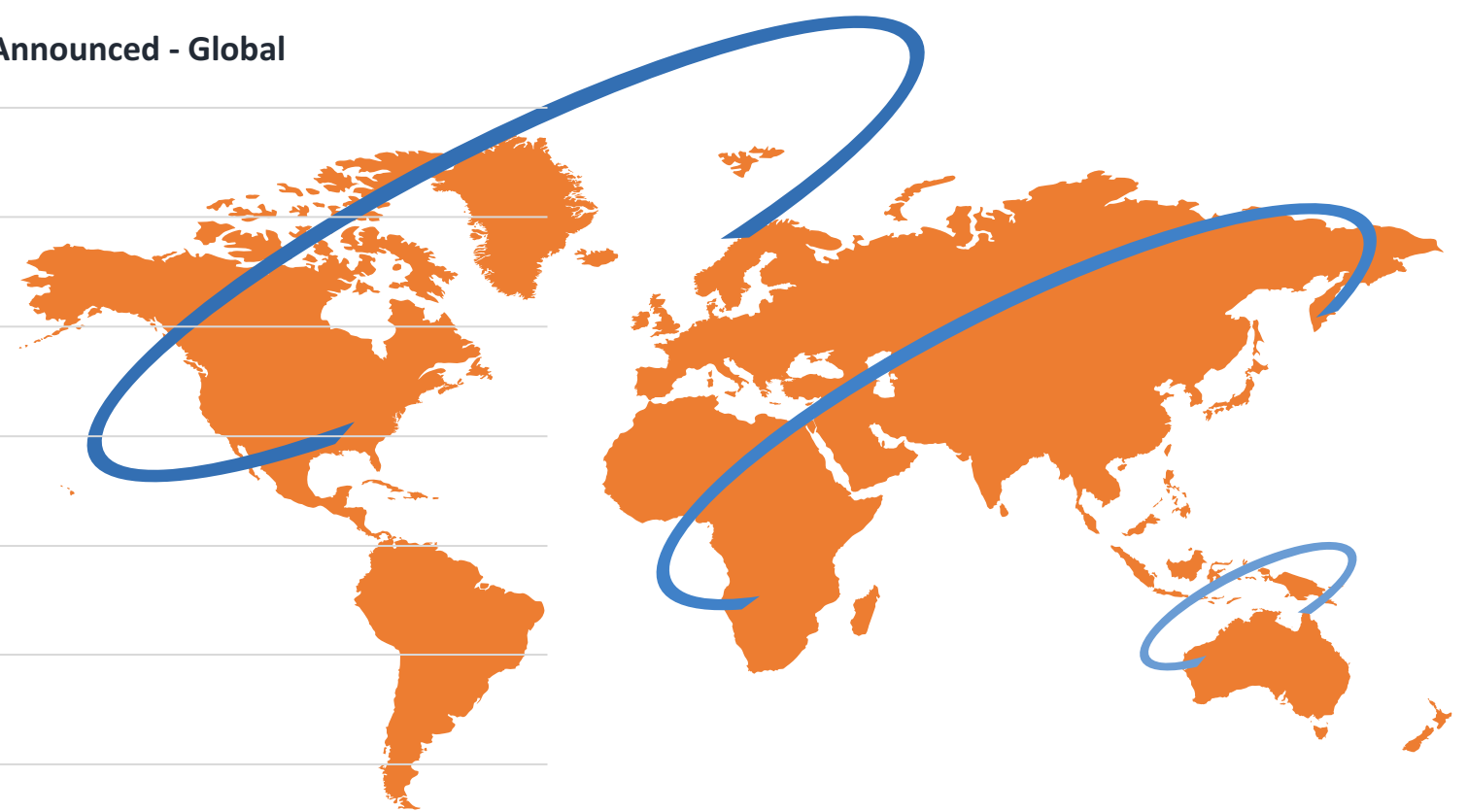
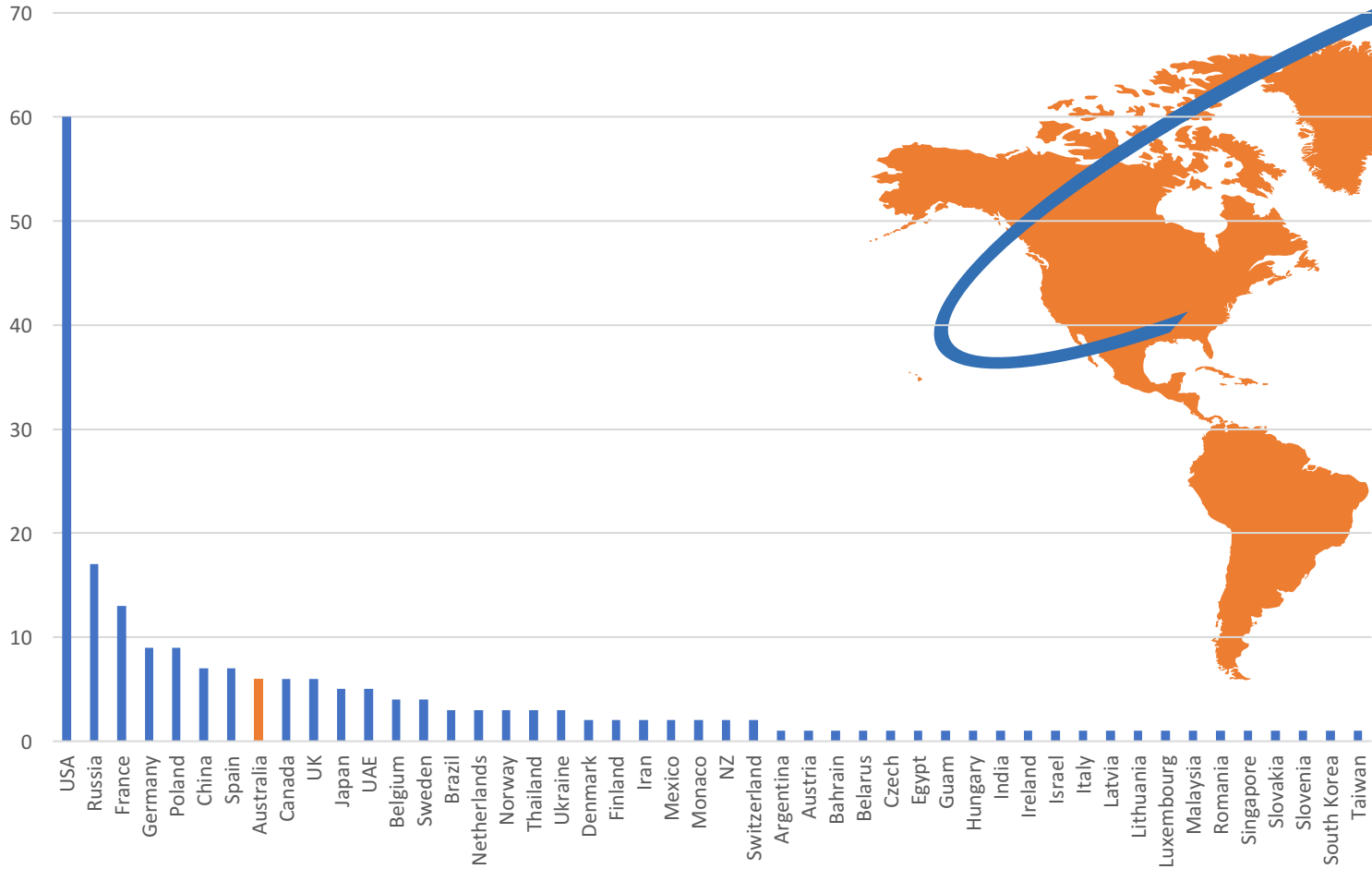
Non-Executive Director



Dynamic and Experienced Board of Directors

# 7. Appendices

Wind Tunnel Locations - Operational or Announced - Global

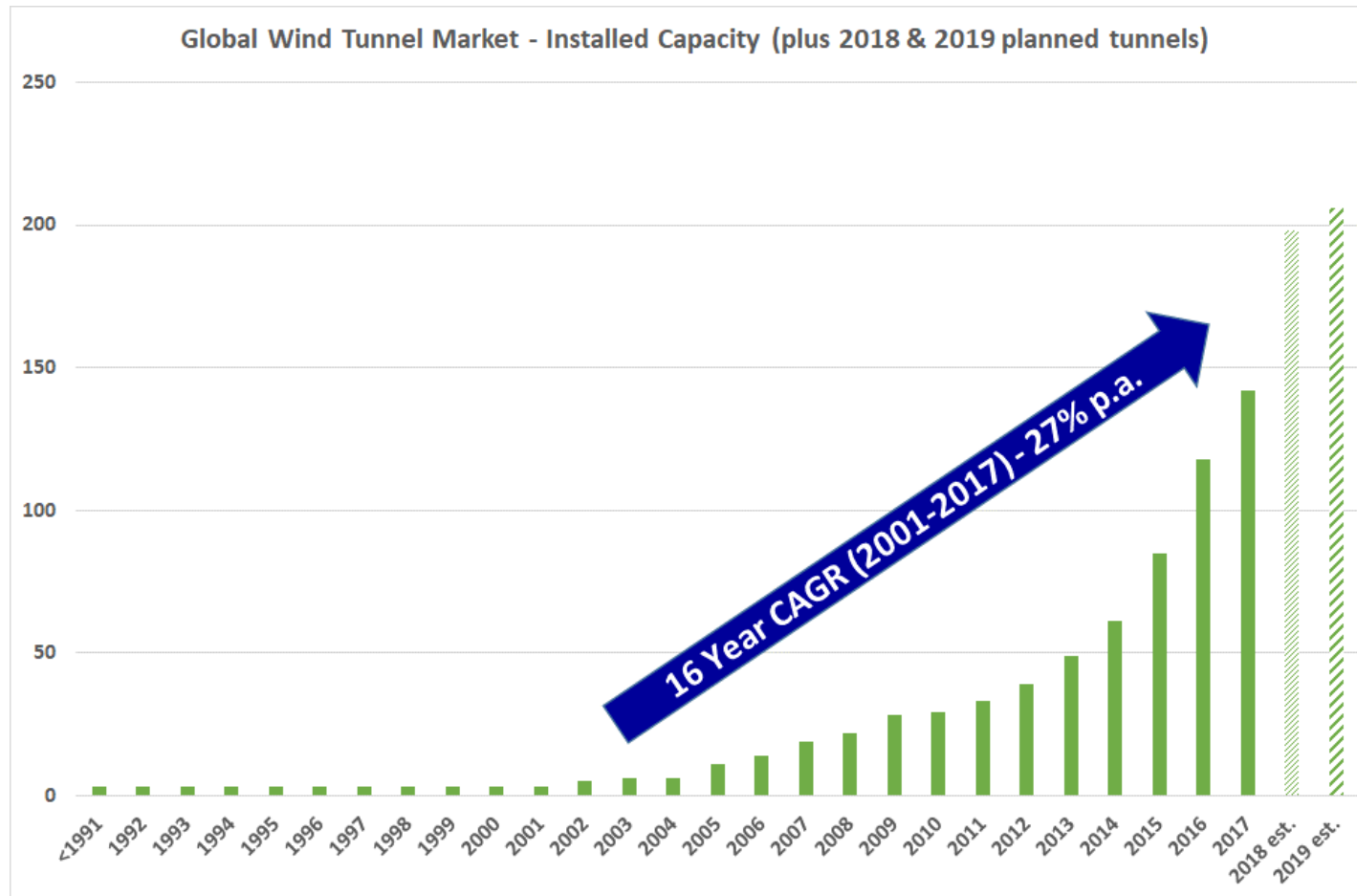


There are approximately 140 wind tunnels currently operating plus another 60 planned

\*Source - indoorskydivingsource.com



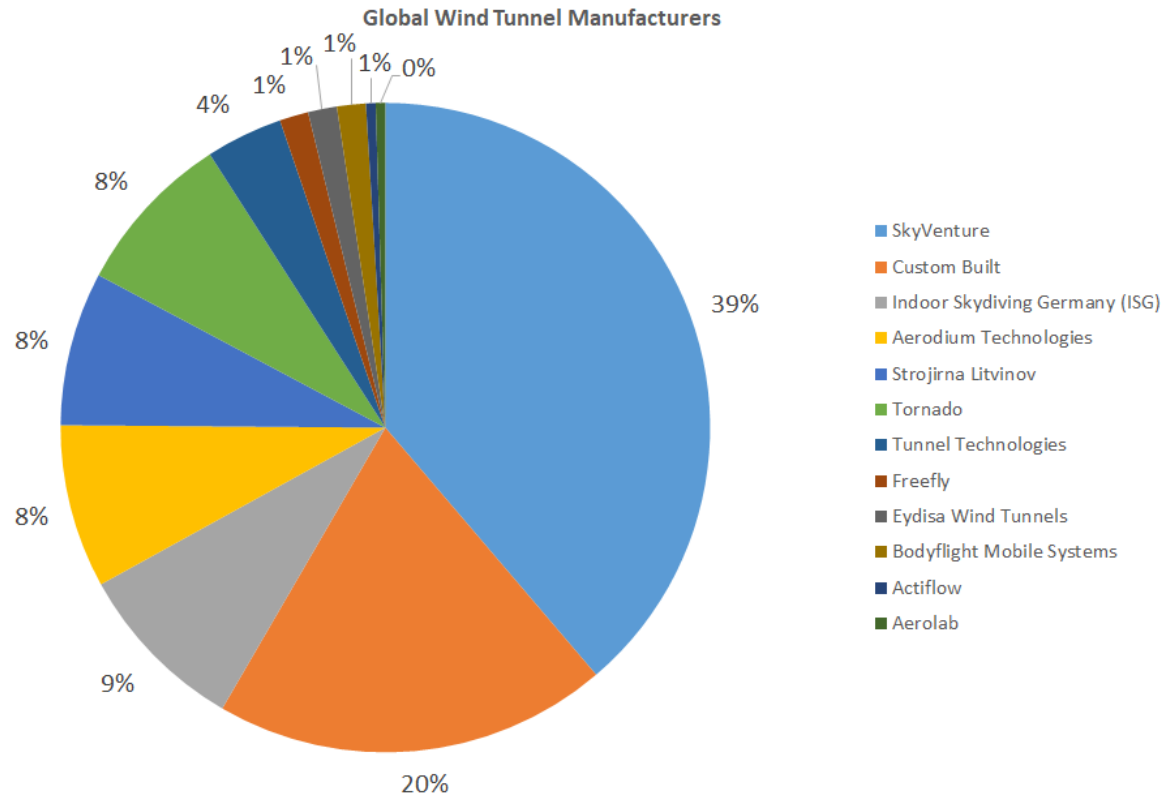
# 7. Appendices



\*Source - indoorskydivingsource.com

Wind Tunnels – Long Term, High Growth, Global Market – 16 Year CAGR 27%

# 7. Appendices



\*Source - indoorskydivingsource.com



Wind Tunnel Manufacturers – Competition in Manufacturing is driving increased efficiency in Technology



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# Thank you

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