



*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 2018

28 February 2019

# Disclaimer

This presentation has been prepared by Indoor Skydive Australia Group Limited (**ISA Group**) and provides general background information about the Company's activities. That information is current at the date of this presentation. The information is a summary and does not purport to be complete. This presentation is not (and should not be construed as) an offer, invitation, solicitation or recommendation with respect to the subscription for, purchase or sale of any security in any jurisdiction, and neither this document nor anything in it shall form the basis of any contract or commitment. The presentation is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor which need to be considered, with or without professional advice, when deciding whether an investment is appropriate.

ISA Group has prepared this presentation based on information available to it, including information derived from publically available sources that have not been independently verified. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness, correctness or reliability of the information, opinions and conclusions expressed in this presentation.

Any statements or assumptions in this presentation as to future matters may prove to be incorrect and the differences may be material. This presentation should not be relied upon as a recommendation of or forecast by the Company. To the maximum extent permitted by law, none of the Company, its directors, employees or agents, or any other person accepts any liability, including without limitation, any liability arising from fault or negligence on the part of any of them or any other person, for any loss arising from the use of this presentation or its content or otherwise arising in connection with it.

The financial information disclosed in this presentation has been prepared on a statutory and pro forma basis consistent with the financial information prepared in the Company's accounts. Due care and attention should be undertaken when considering and analysing the financial performance of the Company. All references to dollars are to Australian currency unless otherwise stated. The distribution of this presentation in jurisdictions outside Australia may be restricted by law and you should observe such restrictions.

# Contents

---

1. Overview
2. 2019 Half Year Results
3. Corporate Update

# 1. ISA Group Overview

---

- **Renewed Board of Directors Appointed**
  - Chairman – Jon Brett – 24<sup>th</sup> September 18
  - Non-Exec Director – James Spenceley – 24<sup>th</sup> September 18
  - Non-Exec Director – Simon Ward – 5<sup>th</sup> October 18
- **Overhead Cost reductions**
  - Streamlined to focus on Australian Operations
  - Head office relocation
  - Supplier cost reductions
- **Operations**
  - Virtual reality successfully integrated
  - Increased Sports flyer occupancy
  - Change in marketing strategy – mid/long term focus
- **Repairing of Balance Sheet**
  - Multiple courses of action have been analysed and advanced;
    - Refinancing
    - Sale of single and multiple assets
    - Merger options
    - Combination of all



- 
1. Overview
  - 2. 2019 Half Year Results**
  3. Corporate Update

## 2. 1H19 Results & Analysis Overview

	1H 2019 (‘000)	1H 2018 (‘000)	1H19 commentary
Revenue & Other Income	\$6,562	\$7,503	○ 12% decrease in revenue due to reduced marketing spend and disruption during the period
EBITDA	\$352	\$1,017	○ Reported EBITDA reconciles as;
Underlying EBITDA*	\$ 1,046	\$1,630	○ Legal Costs (70k)
NPAT	(\$1,171)	(\$288)	○ Corporate reduction (\$579k)
Underlying NPAT*	(\$315)	\$147	○ Malaysia JV (\$45k)
Net Tangible Assets/share	\$0.16	\$0.24	○ NPAT includes an adjustment of \$162k to the DTA
			○ NTA is affected by depreciation of the \$44m of assets and the settlement provision of \$5.5m

*\*HY18 excludes the effect of legal fees and pre-operational costs in Malaysia*

*\*HY19 excludes the effect of legal fees, Malaysia JV benefit, corporate reduction, DTA adjustment (NPAT)*

## 2. 1H19 Results & Analysis - Balance Sheet

	31 Dec 18 (‘000)	30 Jun 18 (‘000)	1H 2019 commentary
<b>Property, plant &amp; equipment</b>	41,550	42,151	
<b>Intangibles</b>	264	264	○ Reduction in PPE relates to half year depreciation with minimal CAPEX.
<b>Other assets</b>	2,575	2,926	○ Other assets affected mainly by cash position reduced by \$445k.
<b>Borrowings</b>	11,339	10,967	
<b>Deferred revenue</b>	1,488	1,232	○ Financial flexibility and support provided by Westpac throughout and post the legal dispute.
<b>Provisions</b>	6,592	6,763	○ Deferred revenue represents prepaid sales in respect of flight time purchased in advance.
<b>Other liabilities</b>	3,582	3,656	○ Provisions include the promissory note to SkyVenture of US\$3.79m.

## 2. 1H19 Results & Analysis – Cashflow

	31 December 2018 (‘000)	31 December 2017 (‘000)
Receipts from customers	7,143	8,091
Payment of suppliers & employees	(7,414)	(6,900)
Net Cash from operations	(768)	912
Purchase of PPE & intangibles	(49)	(1,370)
Proceeds from Borrowings	1,500	-
Repayment of Borrowings	(1,129)	(1,167)
Net cash movement	(446)	(1,343)

### 1H 2019 commentary

- Receipts from Customers decreased by 11.7% due to reduction in marketing spend and disruption during the period.
- Net cash from operations negatively impacted by costs associated with dispute, corporate reduction and relocation costs, finance costs.
- Borrowings movement is the net impact of repayment of WBC loan of \$1.13M offset by \$1.5M drawdown of Birkdale loan in Jun 18.



- 
1. Overview
  2. 2019 Half Year Results
  3. **Corporate Update**

# 3. Corporate Update

---

## ✓ **Renewed Board of Directors**

- Three New Directors Appointed – Highly skilled and Experienced

## ✓ **Overhead Cost reduction**

- Corporate relocation – complete
- Staff reduction – complete
- Supplier review – complete
- Annualised savings of \$1.1m
- Following the restructure of Australian tunnel operations in FY18 to increase the skills, marketing and performance at tunnel level, corporate overheads have been significantly reduced to deliver performance. While there have been initial costs incurred in FY19 to facilitate these reductions, the ongoing overheads are expected to be less than \$2m on a like for like basis.

# 3. Corporate Update

---

## Repair Balance Sheet – in progress

### Short/Mid Term Strategies

#### Management of Existing Debt;

1. Continue working with our senior financier (WBC) - covenants to be retested at 30 June 19 – not met at 31 Dec 18
2. Consolidation of debt facilities
3. Continuing to analyse all refinancing options

#### Reduction of debt;

1. Equity raise – although explored and available – not the preferred option at this time.
2. Asset Sale – the board has commenced a selection process for a lead consultant to further understand the value in the assets and to measure any appetite during the current market both locally and abroad. The board is currently considering single and multiple asset sales.
3. Merger – The board has identified multiple merger opportunities and will continue to evaluate all options.



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

# Thank you

For further information:

Wayne Jones  
Director and CEO  
[wjones@indoorskydive.com.au](mailto:wjones@indoorskydive.com.au)  
+61 2 4761 1880

