



## Roadshow Presentation

- Reverse Listing via Red Gum Resources Ltd (ASX - RGX)



July 2014

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# Introduction



Improved buying power through wholesale ownership and network.

Consolidated marketing spend to improve penetration and reach.

Market presence leverages on strengths of both the online and bricks & mortar presence.

A strong multi-channel offering of high margin products.

Improving market penetration through greater digital distribution.



Asia Escape Holidays is one of Australia's largest privately owned travel wholesalers with a focus on destinations throughout Asia and the Indian Ocean rim.

Asia Escape has been operating for over 16 years and currently has annualised sales exceeding \$31 million.

Asia Escape Holidays sells its wholesale program through a distribution of more than 3,000 travel agents throughout Australia.



Holiday Planet is one of the largest privately owned Online Travel Companies in Australia with a focus on the higher margin leisure industry.

One of only a handful of Platinum Agents in Australia for P&O Princess Cruises.

Holiday Planet has been operating profitably since inception in 2001, with annualised sales exceeding \$35 million p.a. for the past 3 years.



Motive Travel is one of Western Australia's largest travel agencies providing specialised travel services with a focus on corporate business travel, holiday and leisure travel, corporate groups and incentives, sporting events and event management.

Motive holds Qantas Platinum travel agent status.

Motive Travel has been operating for 27 years and currently has annualised sales of circa \$20 million.

YTD – 11 months<sup>1</sup>

**Sales<sup>1</sup>**

**\$86 million**

**EBITDA<sup>1</sup>**

**\$2.6 million**

**Staff**

**96**

**Target Efficiencies**

**\$1.3 million**

<sup>1</sup> Consolidated financial year to May 14 (unaudited) adjusted for add backs & transaction costs.

# Strategic Rationale

Australian Travel Group Limited intends to become a significant new force in the Australian travel sector through its focus on high margin leisure and package markets.

## Growth Platform

- Provides a strong established foothold in the leisure and package markets both online and offline.
- Enhance an already strong online position across leisure packages, cruise, flight and hotel markets.
- Pool of potential new customers grows significantly on the east coast.

## Synergies

- Combined business with retail or wholesale touch with improved buying power and service offerings.
- Efficiency gains through increased scale, group integration, streamlined operations and expanded digital customer base.
- Identification and redeployment of resources where overlap exists.

## Balance Sheet Flexibility

- Expanded balance sheet provides capital to pursue further growth into the Australian east coast and Singapore.
- ASX listing provides script instrument for EPS accretive acquisitions.
- Consolidated balance sheet and growing profitability provides debt flexibility.

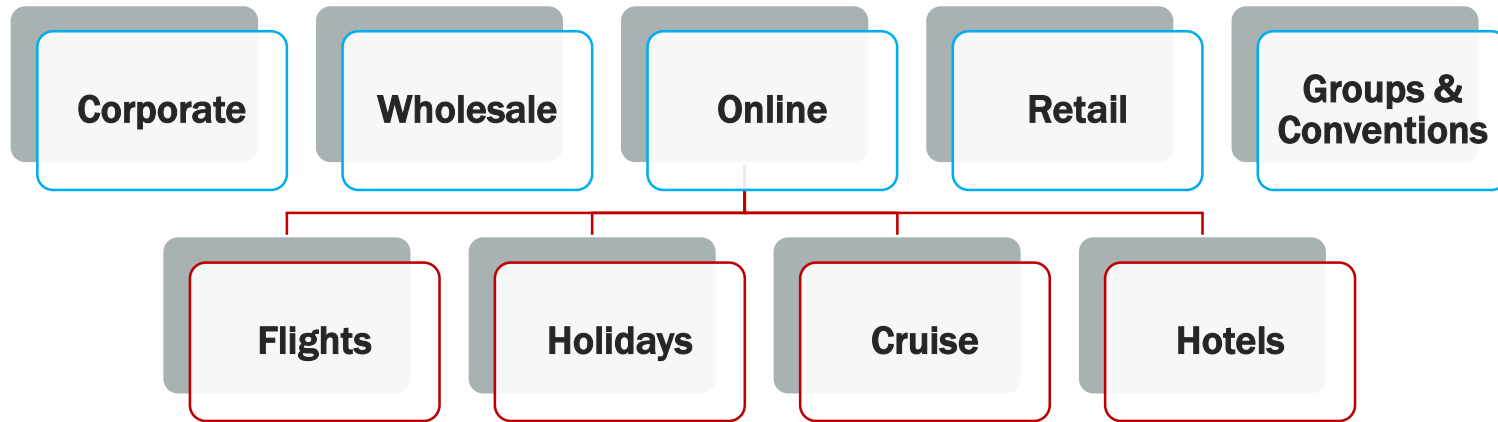
## Cross - Sell

- Cross-sell opportunities providing an opportunity for market share and revenue growth in four key market sectors.
- Provides instant east coast presence for the Luxury Collection and cruise product through 3,000 travel agents.
- Extensive database of 50,000+ customers allows for targeted marketing and cross-sell.

## Strengthen Online Presence

- Establishes an immediate and complementary online presence for Asia Escape and Motive Travel.
- Improves package offerings across all four target markets.

# Strategy Overview



- The Australian Travel Group intends to grow, with organic and A&D processes through five key business strategies and the acquisitions of Holiday Planet, Asia Escape & Motive Travel provides a linchpin to the Company's near term growth.
- Each strategy is designed to further market penetration of the burgeoning \$3B Cruise Industry with its 20% annual growth, of which Holiday Planet is already one of Australia's biggest cruise based tourism providers.

## Wholesale Strategy

- Aggregation provides a significant expansion of the Company's proposed new growth platform, The Australian Travel Group.
- Leverage Asia Escape's 3,000 agent distribution network to market the Luxury Collection and Motive packages.
- Sale of Air, Hotel, Cruise and travel packages on behalf of Holiday Planet and Motive.

## Retail Strategy

- Develop a small number of high visibility retail locations in each state either through acquisition or Joint Venture.
- Promote Asia Escape/Holiday Planet/Motive product packages.
- Fulfillment center for HP online generated enquiries of Luxury Product/High end Cruise Product.

## Corporate Strategy

- Further strengthening of the SME Corporate Strategy targeting Corporate Accounts in the \$750K P.A category.
- Cross selling Holiday Planet & Asia Escape wholesale product across key corporate accounts via the Motive acquisition.
- Utilisation of the Holiday Planet Booking Engines for Corporate Accounts.

# Acquisition & Investment

The Group's primary focus is on organic growth however the current fragmented industry dominated by a few incumbents presents opportunities for additional growth via disciplined consolidation based on the following:

## Acquisition Strategy

- EPS accretive
- Providing new distribution channels that will drive revenue growth of the existing product offering.
- Focus to drive exposure and increased market penetration into the eastern states and Asia.
- High margin with a focus on leisure exposure.
- Integration of acquisitions to target bottom line efficiencies and EBIT growth.

## Investment Strategy

- Technology Platform investment and ongoing innovation to drive higher conversions.
- New distribution channels will drive revenue growth through mobile & digital partnerships.

**Screening for complementary acquisitions that can assist the Group in achieving these objectives is ongoing.**

# Proposed Board & Management



**Alan Dodson**  
Chairman

Alan Dodson was founder of The Holiday Planet Group in May 2001.

Alan has successfully guided the company since its inception and has spent more than 38 years in the travel industry in Australia and the United Kingdom.

Alan's key responsibilities within the Group include company development, finance and overall Sales and Marketing Strategy.



**Mason Adams**  
Executive Director  
- Wholesale

Mason brings 17 years of travel wholesaling experience to the group and was an original founder of Asia Escape Holidays.

Mason has successfully grown Asia Escape's wholesale reach from 85 agents to over 3,000 travel agents in Australia.

Mason's key responsibilities within the Group will include growth of the wholesale distribution channels and marketing.



**Michael Croy**  
Executive Director  
- Operations

Michael joins the group with over 30 years experience in the travel industry.

Michael has extensive knowledge of international and domestic tourism markets having served with Jetset Travel for some 20 years including the last 10 years as WA State Manager prior to joining Holiday Planet.

Michael joined the Holiday Planet Group in 2002 where his responsibilities included information technology management and recruitment in addition to the overall logistical and operational management.



**Jennifer Tobin**  
Non - Executive Director

Jennifer is a partner of law firm Minter Ellison where Jennifer advises in relation to a broad range of matters including mergers and acquisitions, capital markets and regulatory compliance. Jennifer is currently a director of Red Gum Resources Limited.

Jennifer's role encompasses advice on business acquisitions, directors' duties and the Corporations Act.

Jennifer is member of the Corporations Committee of the Business Law Section of the Law Council , and a Member of the Australian Institute of Company Directors

The group will also appoint an additional non-executive director post the re-compliance listing

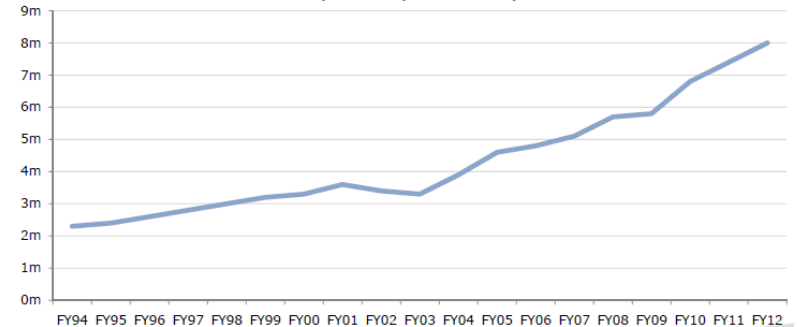


# Industry Overview

The travel sector continues to grow despite the variability in discretionary spend:

- **8.4 Million** International departures from Australia in the year to June 2013.
- **50%** aged between 20-50 Years.
- **25%** were over 50 years of age.
- Last year **833,000** travelled on a cruise holiday - **20% Increase** on previous year.
- Cruise numbers predicted to be **over 1 million by 2016**.

Australian Short-Term Resident Departures (Source: ABS)



Despite the challenging economic times Australia's aging population continue to travel with a focus on high margin cruise and leisure packages

## Australian Online Market

- Most successful online travel agency's (OTA's) in the last decade have been **Wotif (WTF)** and **Webjet (WEB)**.
- WTF has **12.8%** of OTA market share & WEB **11.63%** of OTA market share based on a strategy of offering 100% online bookings for hotels and flights.
- WTF's focus has been predominantly on Australian Hotels whilst WEB's focus is on domestic flight bookings (70-80%).
- Both sites have shown signs of plateauing and are investigating other possible sources of revenue.
- The North America based Expedia launched in the Australian Market 4/5 years ago and is currently No 2 OTA in terms of market share of visitors holding **11.88%** of the OTA market-the focus has been mostly on hotel bookings.
- **Message:** The opportunity exists to strategically grow in the cruise and leisure markets as Australia's population ages and digital market penetration in the population improves.



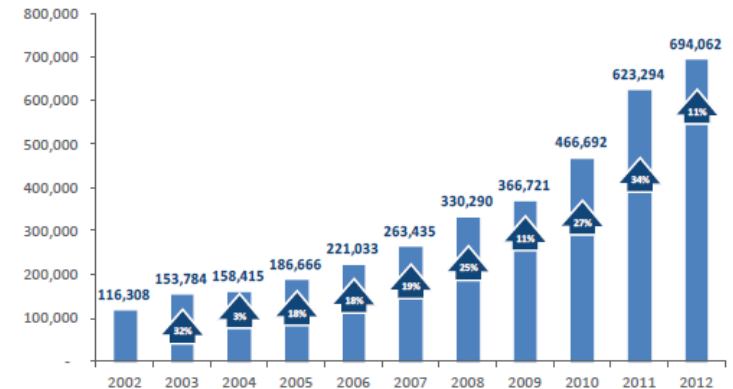
# Capturing the Luxury & Cruise Market

The group intends to continue growing its cruise market share via the “Cruise Planet” online booking website in addition expanding distribution into the east coast following the acquisition of Asia Escape.

The group’s focus is on high discretionary spend travellers and retirees.

The cruise package and booking engine is focussed on high margin “non transparent” tours:

- Features Round World Cruise tours between 25-36 days.
- African Safaris, tours and luxury train travel.
- South America tours & luxury cruising.
- Online EDM’s allows the group to introduce the tour to consumers who can then transact via Call Centre.



**The Australian cruise market continues to grow strongly.**

## Organic Growth Strategy in the Luxury & Cruise Market

- Launch of new Online Cruise Booking Engine in 2H 2014 covering 90% of World’s top cruise companies allowing online Search-Book-Pay-Ticket.
- Launch of new Online Holiday Booking Engine covering Flights/Hotel in Q4 2014 allowing online Search-Book-Pay-Ticket.
- Electronic database expansion from current 300,000 to over 500,000 by Q4 2014 across Queensland-New South Wales-Victoria.
- Mobile enabled sites for Smartphone’s & Tablets by Q4 2014.
- Expansion of the Luxury Collection by Asia Escape into South America & Africa by Q3 2014.

**Acquisition of Asia Escape will allow The Group to promote this product via 3,000 agents on Eastern seaboard**

# Capital Raising Overview & Use Of Funds

The Australian Travel Group Limited will relist via Red Gum Resources Limited and contemporaneously raise up to \$5 million of new equity capital.

Clients of Holiday Planet, Motive Travel and Asia Escape are planned to be given access to a priority shareholder pool of \$2 million.

The remaining pool of up to \$3 million will be offered to institutional and sophisticated investors.

The prospectus is anticipated to be lodged in mid August 2014.

## Post Consolidation Capital Structure

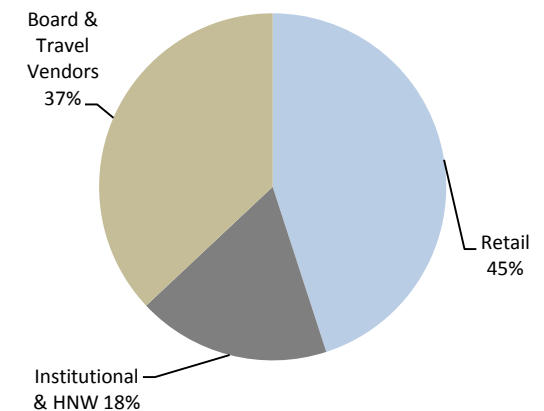
	Shares	% Ownership
Existing Red Gum Shareholders	37,818,181	39.1%
Travel Vendors	33,750,000	34.9%
\$5m IPO Raising - New Investors	25,000,000	26.0%
 Total Shares on Issue	 96,568,181	
 Market Capitalisation at Listing	 \$19.3 million	
Net Cash at Listing	\$4.1 million	

## Use Of Funds - Based on \$5 million Maximum

	\$
East Coast Expansion	~\$2.5 million
Payments to Travel Vendors	~\$1.5 million
Integration & Working Capital	~\$1.0 million
<b>Total Amount Raised</b>	<b>\$5.0 million</b>

Red Gum Resources has existing cash reserves of ~\$2.4 million which will partly be used to pay the cash consideration of Motive Travel and Holiday Planet

## Shareholder Snapshot



# Industry Peer Comparison

ASX Listed Peer	Market Cap	PE Ratio	Focus Sector
Flight Centre	\$4.72 billion	17.8x	Flights, Packages
Webjet	\$197.7 million	20.8x	Online flights & Hotels
Wotif	\$554.7 million	12.0x	Online accomodation
Hello World	\$121.1 million	37.7x	Retail and online Flight/Hotels
Corporate Travel	\$586.9 million	41.0x	Corporate & SME bookings
Australian Travel Group	\$19.3 million	~7.0x <sup>1</sup>	Leisure travel & Packages
<b>Average</b>		25.8x	

- Australian Travel Group provides leverage into higher margin leisure, cruise and package market.
- Australian Travel Group focus on growth via online and digital market penetration coupled with focussed retail presence.
- Potential PE uplift as results are delivered.
- <sup>1</sup> Based on consolidated financial year to May 14 (unaudited) adjusted for add backs & transaction costs.
- Peer figures per market close July 4<sup>th</sup> 2014.

# Summary

## Unique investment opportunity

- A strong platform for future growth built on 10+ years of profitable operation as private SME's.
- Exposure to attractive aging Australian population dynamics.
- Asian and east coast expansion provides potential for future growth.

## Creating a highly consumer-focussed leisure travel distribution network

- Attractive growth strategy with platform for expansion and scale.
- Growing online business complemented by stable bricks & mortar presence.
- Envable and growing presence across all three growth markets: wholesale, retail & corporate travel.

## Upside and EBIT growth through sustainable operational improvements

- Driving volume and buying power via roll-up. A stable platform for further organic and M&A growth.
- Improve staff and operational efficiencies.
- Improve procurement efficiencies – centralised procurement and more efficient product choice.

## Capturing growth through digital distribution and improvement opportunities

- Expanding customer base from 50,000+ to over 95,000 in next 12 months.
- Business improvement opportunities for all brands through sharing of technology and marketing platform.

## Leverage existing operational strength and complements existing brands

- Cross sell opportunities & consolidating marketing spend.

## Strong cultural fit and organisational alignment across all three acquisitions

- Enhanced talent pool and opportunities for staff.
- Highly regarded and experienced management team with an average of 18+ years of travel industry experience.



# Contacts

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