



**ATG**  
The Australian Travel Group

## Roadshow Presentation

Reverse Takeover via Red Gum Resources Ltd (ASX:RGX)  
and Change of Company Name  
(subject to shareholder approval)



November 2014

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# Introduction

## The acquisition entities are:

- Based in Perth, Western Australia and have each been in operation for more than 10 years
- Profitable privately owned businesses
- Debt free
- Run by experienced, highly regarded management teams

## Forecasts

	FY 2015	CY 2015
<b>TTV*</b>	<b>\$100 million</b>	<b>\$104 million</b>
<b>Gross Profit</b>	<b>\$12.2 million</b>	<b>\$12.7 million</b>
<b>EBITDA</b>	<b>\$0.8 million</b>	<b>\$1.3 million</b>

\* Total Transaction Value

Figures to be read in conjunction with the financial information contained in section 6 of the Prospectus



- Online travel agency
- Flights, hotels, cruises, holiday packages
- Continuing focus on high margin retail leisure travel sector - cruising, luxury collection



- Travel wholesaler
- Continuing to service its existing 3,000 travel agencies
- Continuing expansion into the east coast travel agency market
- Continued expansion of new travel products



- Specialist retail and group travel agency
- Focused on corporate groups, sports, tours and leisure travel
- Continued service of the WA market while expanding group tours into the east coast

# Summary

## Unique investment opportunity

- Strong platform for future growth built on an average of 20+ years of profitable private SME operation.
- East coast expansion provides potential for future growth.



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

- Growing online business complemented by state of the art call centres based in Australia.
- Increasing presence across all three growth markets: retail, wholesale and corporate travel.

## Upside and EBIT growth through sustainable operational improvements

- A stable platform for further organic and M&A growth.
- Improve staff, operational and procurement efficiencies, and negotiating power with key suppliers.
- Cross sell opportunities and consolidating marketing spend.



## Capturing growth through digital distribution

- Expanding the customer base over the next 12-24 months particularly on the east coast of Australia.
- Business improvement opportunities for all brands through sharing of technology and marketing platforms.



## 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 industry experience.

# Strategy Overview

## Online Vertically Integrated Travel Group



**The Australian Travel Group** ("ATG", "the Company", "the Group") intends to grow with organic and A&D processes through five key business strategies, and the acquisitions of Holiday Planet, Asia Escape and Motive Travel provide a linchpin to the Company's near term growth.

# Aggregation Strategy

**Each acquisition entity will leverage off each other's strengths to enable the Group to become a new force in the Australian travel industry.**

**The amalgamation of the entities will allow for a strong vertically integrated growth platform, expanded distribution channels and economies of scale.**

- Generate new customers on the east coast of Australia.
- Expansion of current range of escorted group tours.
- Cross-selling via network of Travel Agents.
- Scale to negotiate improved margins with key partners.
- Significant increased online presence.
- Continuing enhancement to online search and booking engines.
- Expanded online distribution platforms including highly functional smart Apps.

# 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 and vertically integrate 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 distribution with improved buying power and service offerings.
- Efficiency, economy and operating margin gains through increased scale and group integration.
- Enhance revenue, profit streams and supplier negotiating power through integration economies and market expansion.

## Balance sheet flexibility

- Expanded and strengthened balance sheet provides capital to pursue further growth into the Australian east coast.
- ASX listing provides script instrument and longer term additional funding optionality 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 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

- Increases each entity's online distribution of their products across the entire group.
- Improves package offerings across all target markets.



# ATG Business Metrics

	Actual				Forecast	
	TRAVEL SERVICE ENTITIES				ATG	
000's	FY2011	FY2012	FY2013	FY2014	FY2015	CY2015
<b>TTV</b>	<b>88,123</b>	<b>86,681</b>	<b>84,007</b>	<b>86,437</b>	<b>100,010</b>	<b>104,133</b>
Revenue	37,271	36,136	35,292	37,809	48,551	49,989
Gross Profit	11,130	9,975	10,083	10,604	12,190	12,675
EBITDA	1,589	674	466	708	807	1,278
TTV Growth		(2%)	(3%)	3%	16%	4%
Gross profit / TTV	13%	12%	12%	12%	12%	12%
EBITDA / Gross profit	14%	7%	5%	7%	7%	10%

Source: RGX / ATG Prospectus

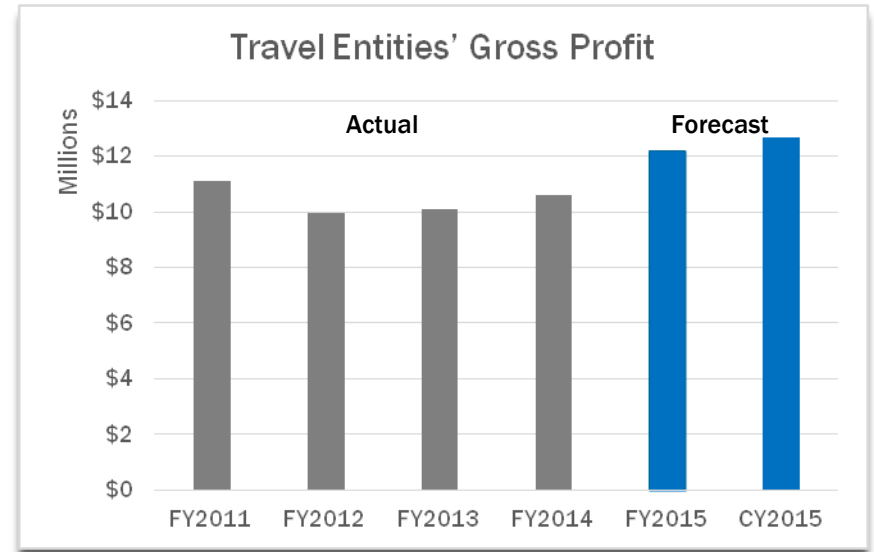
Figures to be read in conjunction with the financial information contained in Section 6 of the Prospectus



# ATG Growth Strategies

## Leverage off existing business activities incorporating:

- Cross selling of products
- Increased margins through enhanced negotiating ability
- Advancements in technology platforms
- Expand product range across the entire group
- Expand distribution network on eastern seaboard
- Assess acquisition opportunities in line with ATG business model



Source: RGX / ATG

# Acquisition and Integration Benefits

- Significant improvements in operating margins
- Improved negotiating power with key suppliers
- Operating and technology economies
- Strengthened balance sheet
- ASX listing provides longer term additional funding optionality

# Proposed Board and Management



**Alan Dodson**  
Executive Chairman

Alan was founder of the Holiday Planet Group in May 2001.

Alan has successfully guided Holiday Planet 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 will 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 responsibility for wholesale activities.



**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 Holiday Planet in 2002 where his responsibilities will continue to include information technology management, recruitment and overall logistical and operational management.



**Jennifer Tobin**  
Independent Non - Executive Director

Jennifer is a partner of law firm Minter Ellison where she advises on a broad range of matters including M&A, capital markets and regulatory compliance. Jennifer is currently a director of Red Gum.

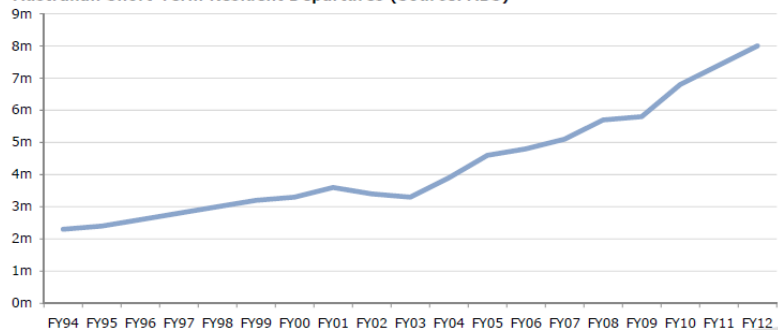
Jennifer's role encompasses advice on business acquisitions, restructures, regulatory issues and corporate governance.

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

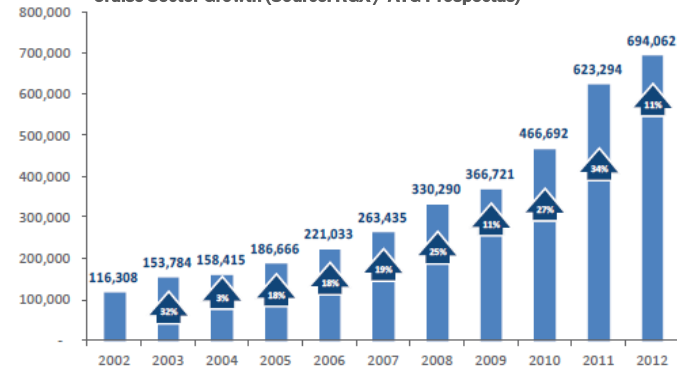
# Growth Opportunities

- **8.4 million** international departures from Australia in the year to June 2013 (Source: ABS).
- Last year approximately **833,000** travelled on a cruise holiday, a **20% increase** on previous year.
- Cruise numbers predicted to be **over 1 million by 2016**.
- **8.8%** revenue growth for Australian international travel.

Australian Short-Term Resident Departures (Source: ABS)



Cruise Sector Growth (Source: RGX / ATG Prospectus)



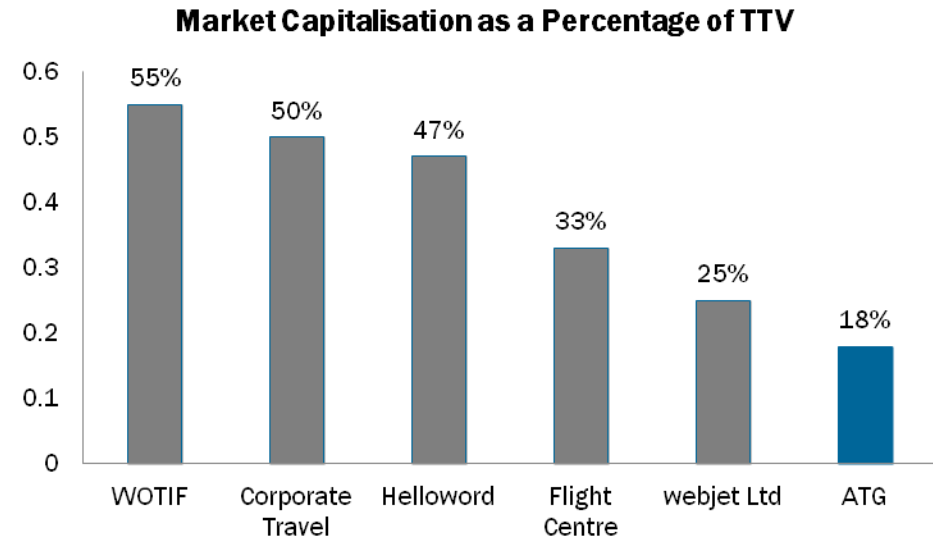
**ATG intends to take advantage of growth opportunities to continue to strategically grow in its markets of operation.**

# ATG – On Industry Trend

- Cruise industry undergoing phenomenal growth
- Luxury product and destinations
- Development of new destinations
- Growth of “Multi Segmented” packages
- Specialist group departures
- Exclusive product offerings
- Mobile enabled sites for smartphones and tablets

# Industry Peer Comparison

- ATG provides leverage into higher margin leisure, cruise and package market.
- ATG has the benefit of both a strong online presence and traditional retail sales channels.
- Peer valuation based on a number of publicly listed companies focused on the provision of travel services.



Source: wise-owl

# Transaction Terms

## Targets and Purchase Prices

- Holiday Planet (HP), Asia Escape (AE) and Motive Travel (MT)
- See table for breakdown

## Acquisition funding

- Funded through a combination of Capital Raising and issue of Convertible Notes

## Key terms

- EGM approval required (27 November 2014)
- Regulatory approvals - ASX Listing Rules Chapters 1 & 2 recompliance and ASX relisting
- Capital Raising \$3 - \$5 mil, DJ Carmichael (Lead Manager)

## Acquisition impact

- Create new force in tourism sector
- Online vertically integrated travel group
- Annual forecast FY15 TTV >\$100 mil

Transaction Terms				
Vendor	Cash	Shares	Convertible Notes	Total Consideration
Holiday Planet Shareholders	\$ 750,000	18,750,000	\$ 250,000	\$ 4,750,000
Asia Escape Shareholder	\$ 750,000	10,000,000	\$ 750,000	\$ 3,500,000
Motive Travel Shareholders	\$ 500,000	5,000,000	\$ 500,000	\$ 2,000,000
	<b>\$ 2,000,000</b>	<b>33,750,000</b>	<b>\$ 1,500,000</b>	<b>\$ 10,250,000</b>

Source: RGX / ATG



# Capital Raising – Overview

**The Capital Raising Prospectus was lodged on 11 November 2014\***

## **Public Offer Size**

- Minimum subscription 15 million shares to raise \$3 million
- Maximum subscription 25 million shares to raise \$5 million

## **Offer price**

- Shares \$0.20 per share
- One free attaching option for every two shares subscribed for

## **Ranking**

- Shares are fully paid and will rank equally
- Options exercisable at \$0.25 on or before 15 November 2017

## **Broker support**

- DJ Carmichael Pty Limited mandated as Lead Manager

\* Red Gum Resources Limited is the issuer of the Capital Raising shares and options, and has lodged a Prospectus in relation to the offer. The Prospectus can be obtained at [www.redgumresources.com](http://www.redgumresources.com). Investors should consider the Prospectus in deciding whether to acquire shares or options.

# Capital Raising – Use of Funds

	Minimum Subscription \$3,000,000 capital raising	Over Subscription \$5,000,000 capital raising
Funds raised from the Offer	\$3,000,000	\$5,000,000
Estimated cash on hand as at 5 November 2014	\$1,160,000	\$1,160,000
<b>Total</b>	<b>\$4,160,000</b>	<b>\$6,160,000</b>
<b>Allocation of Funds<sup>1</sup></b>		
Transaction Costs <sup>2</sup>	\$768,000	\$901,000
Vendor cash component consideration	\$2,000,000	\$2,000,000
IT integrated search engine installation	\$250,000	\$600,000
New product marketing	\$150,000	\$350,000
IT development including mobile/tablet enabled mobile interactive systems	\$200,000	\$500,000
Administration Costs	\$250,000	\$475,000
Acquisitions	Nil	\$500,000
Working Capital	\$542,000	\$834,000
<b>Total</b>	<b>\$4,160,000</b>	<b>\$6,160,000</b>

Source: RGX / ATG Prospectus

<sup>1</sup> Please refer to Section 3 of the Prospectus for more details on how the Company will use the funds raised.

<sup>2</sup> This amount is the estimated transaction costs which have not been paid as at the date of the Prospectus. As at the date of this Prospectus, a total of approximately \$809,000 of the transaction has been paid by the Company.

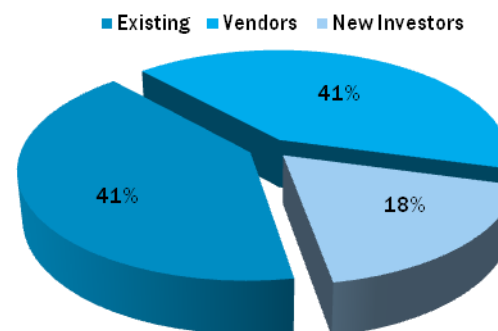
# Capital Raising – Outcomes

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

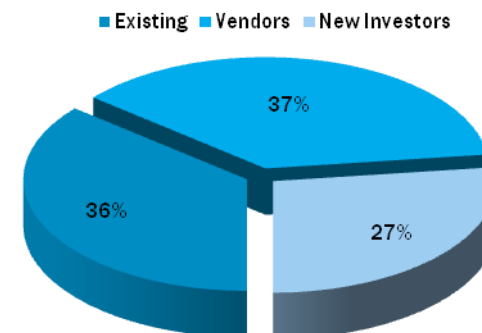
Post Consolidation Capital Structure				
	Minimum		Maximum	
	Shares	% Ownership	Shares	% Ownership
Existing Red Gum shareholders	33,280,000	40.4%	33,280,000	36.0%
Travel vendors	33,750,000	41.0%	33,750,000	36.6%
Capital Raising new investors	15,000,000	18.2%	25,000,000	27.1%
Promoter shares	300,000	0.4%	300,000	0.3%
<b>Total shares on issue</b>	<b>82,330,000</b>	<b>100.0%</b>	<b>92,330,000</b>	<b>100.0%</b>
Market capitalisation at listing	\$16.5 million		\$18.5 million	
Net cash at listing	\$4.2 million		\$6.2 million	

Source: RGX / ATG

Post Acquisition Minimum Subscription



Post Acquisition Maximum Subscription



Source: RGX / ATG

# Details of Offer

Public Offer Price	\$0.20 per Share
Minimum number of Shares under the Public Offer	15,000,000 Shares
Maximum number of Shares under the Public Offer	25,000,000 Shares
Minimum number of free attaching Options with Shares under the Public Offer <sup>2</sup>	7,500,000 Options
Maximum number of free attaching Options with Shares under the Public Offer <sup>2</sup>	12,500,000 Options
Minimum Subscription amount	\$3,000,000
Over Subscription amount <sup>3</sup>	\$5,000,000
Number of Shares and Options Pre Consolidation	832,000,000 Shares 242,234,053 Options <sup>4</sup>
Number of Shares and Options Post Consolidation	33,280,000 Shares 9,689,362 Options
Number of Consideration Shares to be issued to the Vendors <sup>5</sup>	33,750,000
Number of Convertible Notes to be issued to the Vendors <sup>6</sup>	1,500,000
Issue of Promoter Shares	300,000 Shares
Issue of Broker Options	5,000,000 Options
Total on Completion of Acquisitions (\$3,000,000 capital raising)	82,330,000 Shares 22,189,362 Options 1,500,000 Convertible Notes

Source: RGX / ATG Prospectus  
Refer to Prospectus for Notes

# Capital Raising – Indicative Timetable

## Key dates:

Prospectus lodgement date	11 November 2014
Offers open	11 November 2014
Extraordinary General Meeting	27 November 2014
Suspension of RGX's securities from trading on ASX at opening of trading	27 November 2014
Offers close	5:00pm (WST) on 12 December 2014
Completion of the Agreements <sup>1</sup> and Completion of the Offers	15 December 2014
Proposed date for reinstatement on ASX	17 December 2014
Expected commencement of trading on ASX on normal settlement basis	19 December 2014

<sup>1</sup> Refers to the sale purchase agreements of Holiday Planet, Asia Escape and Motive Travel.

The above timeline is indicative only and may change without notice. All dates and times above refer to the date and time in Perth, Western Australia.

Source: RGX / ATG Prospectus

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# Contacts

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