



ASX Announcement

29 May 2019

**APOLLO TOURISM & LEISURE LTD
UPDATES FY19 EARNINGS GUIDANCE**

On 2 May 2019, Apollo Tourism & Leisure Ltd (ASX: ATL) ('Apollo', 'the Group' or 'the Company') provided updated guidance for the Group's Net Profit After Tax (NPAT) for FY19 of between \$17.5 million and \$19.5 million.

Since 2 May 2019, there has been further deterioration in trading conditions in RV markets globally and the Company now expects FY19 statutory NPAT to be between \$14 million and \$15.5 million, excluding any potential goodwill impairment. This revised range assumes no improvement in trading conditions for the balance of the financial year.

The key reasons for this change in guidance are as follows:

- **Australia and New Zealand**

The rental performance for the last two months of the financial year in Australia and New Zealand is now expected to be lower than previously forecast, due to softness in late booking revenues, and, in New Zealand, higher than expected operating costs. Forward bookings for both regions into FY20 is in line with pcg and expectations.

RV sales remain challenging in both markets and sales volume and margin expectations for the last two months have been revised down further. Pleasingly, consumer interest post the Australian election on 18 May 2019 has increased, however, the results of this improved sentiment are not expected to emerge until FY20.

The effect on our 2 May 2019 mid-point EBIT expectations is a reduction of approximately \$1 million in each region.

- **North America**

As referenced by other RV market participants, the North American RV vehicle market continues to be challenging. As at 2 May 2019, we expected the April 2019 shortfall in ex-rental sales to be caught up in May 2019 and June 2019. As sales volumes in May 2019 trended below our earlier expectations, the Group decided to accelerate ex-rental sales at a higher discount in the USA, which will have the benefit of reducing funds employed and holding costs.

The effect of the ongoing soft RV sales market on our 2 May 2019 mid-point EBIT expectation for North America is a reduction of approximately \$1.6 million.

Rental forward bookings in North America for FY20 are ahead of pcg and remain in line with expectations for growth.

- **Europe**

Activity in the UK and Ireland is expected to remain subdued into June 2019 with continuing uncertainty caused by Brexit. Given the soft vehicle sales market trending in May 2019 and strong forward rental order book for FY20, we decided to hold additional RVs on fleet. As a consequence, the lower ex-rental sales will have an impact on the fourth quarter FY19 result.

The effect of softer rental demand and the decision to hold more fleet over for the upcoming season on our 2 May 2019 mid-point EBIT is approximately \$1 million.

Rentals have commenced in Hamburg and Paris leading into the peak European summer season.

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Apollo's Board and management remain focused on these continuing challenges, and have taken the following initiatives:

- We are in the latter stages of recruiting a Global CFO, who will be tasked with improving financial management reporting and forecasting, and overseeing the financial management system upgrade project expected to be completed in FY20;
- We are undertaking a strategic review of RV sales business models and, more generally, cost structures across the Group; and
- We are reviewing the carrying value of the Australian goodwill of \$11.8 million, which may have an impact on FY19 statutory NPAT.

Apollo expects to pay a dividend at full year that is in line with our dividend policy.

Apollo will continue to keep the market updated as appropriate.

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About Apollo Tourism & Leisure Ltd

- *Apollo Tourism & Leisure Ltd is listed on the Australian Securities Exchange (ASX code: ATL). Apollo is a multi-national, vertically integrated manufacturer, rental fleet operator, wholesaler and retailer of a broad range of RVs including motorhomes, campervans and caravans.*

Important notices

This announcement may contain forward-looking statements, which include all matters that are not historical facts. Without limitation, indications of, and guidance on, future earnings and financial position and performance are examples of forward-looking statements.

Forward-looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. No representations, warranty or assurance (express or implied) is given or made in relation to any forward-looking statement by Apollo Tourism & Leisure Ltd or by any other person. In particular, no representation, warranty or assurance (express or implied) is given that any of the events expressed or implied in any forward-looking statement in this announcement will actually occur. While the Company believes there is a reasonable basis for the making of any forward-looking statements as at the date of this announcement, actual results, performance or financial positions may be affected by a range of variables which could cause actual results to differ materially from any forward-looking statements and the assumptions on which those statements are based.

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