Apollo Tourism & Leisure Ltd
Financial Results for the Half Year Ended 31 December 2020

The Directors of Apollo Tourism & Leisure Ltd (ASX: ATL) ('**Apollo**', '**the Group**', or '**the Company**') today announced the financial results of the Group for the half year ended 31 December 2020, reporting a statutory Net Loss After Tax of $7.5M.

H1 FY21 HIGHLIGHTS & CHALLENGES

- Statutory Net Loss After Tax of $7.5M.
- The COVID-19 pandemic continues to materially impact performance of the Company's global rental operations, while domestic and international border closures and travel restrictions remain in place.
- Focus on domestic markets has resulted in a marked increase in domestic guest revenue, however, ongoing lockdowns and snap border closures continue to disrupt domestic consumer confidence.
- Strong RV sales globally, as consumers divert international travel expenditure towards local, self-drive alternatives.
- Liquidity managed through a combination of government support, accelerated fleet sales to "right size" fleet relative to reduced rental activity and lower permanent cost base. Group cash position of $37.8 million and undrawn COVID-19 support facilities of $23.6M as at 31 December 2020 provide stability and foundation for future bounce-back.
- Group debt[1] reduced by $40.6M from 30 June 2020, materially reducing repayment commitments.
- The global COVID-19 vaccine roll-out and decreasing number of active COVID-19 cases in key markets will assist in the reduction of lockdowns and removal of travel bans.
- Apollo is well-positioned to capitalise on recovery in tourism activity.

CEO and Managing Director, Luke Trouchet, said "The global tourism industry continues to be impacted by COVID-19 and its associated government-imposed travel restrictions. While we have seen some recovery through increased domestic activity, the ongoing closure of international borders and snap lockdown or border closure decisions domestically, have created a challenging landscape for the business. However, we recognise that while the timing of the journey to recovery may be uncertain, the global vaccine roll-out and gradual decline in global COVID-19 cases is extremely positive. We have continued to implement our COVID-response plan initiatives, including reducing our operating cost base and investing in technology to adapt to the ever-changing environment in which we operate. I believe Apollo is in a strong position to thrive when tourism activity recovers."

Apollo's rental revenue has been impacted by a full six-months of COVID-19 travel restrictions globally. A concerted focus on domestic markets has generated improved domestic guest revenue, however, ongoing lockdowns and snap border closures continue to disrupt domestic market traction. Despite this, a significant opportunity remains for Apollo in the domestic market in all geographies.

Pleasingly, Apollo has experienced strong retail RV sales demand, with Apollo currently holding $49.4M of forward orders not yet delivered in Australia, up 192% on the prior comparable period (pcp).

Liquidity continues to be closely monitored. Cash management initiatives, including cost reductions, government support, accelerated fleet sales and reduced capital expenditure has been sustained

[1] Excluding lease liabilities recognised in accordance with AASB 16 Leases.

throughout H1 FY21. Investment has been made in initiatives necessary to support the growing domestic business.

To date, the Company has received a total of $20.5M in government support loans in Australia, Canada and the United Kingdom. Additionally, during the period, the Queensland Government approved a $10M, two-year loan, under the Industry Support Package, which is yet to be drawn. CanaDream has also had approved two five-year working capital loans, each with a limit of C$6.25M, under a co-lending arrangement between the Royal Bank of Canada, Business Development Bank of Canada and Export Development Canada. Both of these facilities remain undrawn at the date of this announcement. A £0.5M overdraft facility has also been obtained from the British Business Bank, to be drawn upon as needed. Combined, these currently undrawn facilities provide Apollo with an extra $23.6M in liquidity.

Mr Trouchet said, "We are thankful for the support we have received from governments globally and we believe that these funding facilities, coupled with ongoing liquidity management, will enable us to trade through the worst of the COVID-19 pandemic and come out the other side in a strong position for future growth."

AUSTRALIA

The ongoing closure of international borders continued to impact the performance of the Australian rental business with revenue from rental activities down 63% on pcp. The focus on a solely domestic market saw domestic revenues increase by 28% over pcp. Domestic guests historically have accounted for approximately 20% of rental revenue and growth in the segment was not enough to mitigate the loss of international guests. Additionally, snap lockdowns and border closures in response to outbreaks, such as occurred in Sydney's Northern Beaches during the peak Christmas holiday period, resulted in cancellations throughout Australia and disrupted traction in the domestic market.

In response to the downturn in rental activity, there has been limited production of RVs for the rental fleet. The Brisbane manufacturing facility is currently focused solely on production for retail sales, to leverage the strong demand for RVs. Apollo's manufacturing facility was gradually brought back to five days a week operation during the half. RV manufacturing facilities in Victoria that supply the majority of the new RVs sold by Apollo's dealerships were closed for a portion of the half due to COVID lockdowns. RV delivery volume was down on pcp due to these constraints in the supply of RVs, despite high demand. Supply chain issues are expected to start easing in H2 FY21 and will assist in fulfilling Apollo's strong forward order book.

A number of Apollo's Australian entities, including the rental business, ceased to qualify for the Federal Government's JobKeeper subsidy from October 2020, as a result of the strong retail sales revenues being achieved. While the retail business performance has been positive, retail earnings have not been sufficient to mitigate the reduction in rental earnings and loss of the JobKeeper subsidy.

NEW ZEALAND

On the back of pent-up travel demand following the initial lifting of lockdown restrictions, revenue from domestic travel increased by 356% over pcp. However, lockdowns imposed during the period, particularly in Auckland, restricted additional domestic activity. Pre-COVID-19, domestic guests represented approximately 5% of rental revenue, and with New Zealand's relatively small population the domestic market, is unable to mitigate the loss of international guests.

New Zealand's manufacturing facility was permanently closed in July 2020 with future fleet and retail sale requirements being met by the Australian factory.

In response to the reduction in rental activity, sale of ex-fleet vehicles was accelerated during the period. RV sales volume and revenue increased over the pcp at the Auckland and Christchurch branches.

NORTH AMERICA

The Company's USA operations remained in hibernation throughout the half and options for recommencing operations in the USA are under consideration for when international travel resumes.

Canadian rental activity has been impacted by COVID-19 restrictions, with extended domestic lockdowns and ongoing international border closures. These restrictions, coupled with the hibernation of the USA operations, saw rental revenue for the region decrease by 77% from pcp. Promisingly, Canadian domestic revenue increased by 161% over pcp and, subject to travel restrictions, is expected to continue growing, supported by a focused domestic marketing campaign.

Canadian fleet sales have been accelerated during the period, in-line with the reduced rental activity and to take advantage of strong pricing, with 535 units sold. The 2021 season planned fleet size, which reflects acquisitions to refresh the fleet and continued sales, is considered sufficient to meet expected rental demand.

EUROPE

The European segment's guest profile is primarily in-market and the strict travel restrictions currently in place throughout the region were not implemented until after the peak 2020 summer holiday season. Total rental revenue for the period experienced a 20% decline over pcp.

Following the peak summer season and in response to the escalating COVID-19 case numbers in the lead up to winter, sales of ex-fleet vehicles were accelerated to meet rental demand expectations.

The sound rental performance over the 2020 summer, coupled with the increased ex-fleet sales, resulted in the region generating an EBIT of $0.9M for the half. Apollo expects the extended lockdowns currently imposed throughout the region will have a negative impact on the segment's overall performance for FY21.

OUTLOOK

Apollo expects global tourism to bounce back strongly as active COVID-19 cases reduce and vaccine programmes are executed.

Apollo's Managing Director and CEO, Luke Trouchet said "Apollo is ideally placed to service international and domestic guests looking for "COVID-19 safe" ways to explore the great outdoors with family and friends. We will continue to ramp up our domestic marketing campaigns and focus on capturing the large pool of international travel spend now available for redistribution domestically."

"We expect the recent increase in retail RV demand to continue as people seek more freedom and control over their holiday choices. With limited options for travel related discretionary spend, and many people finding themselves with more spare time than previously, an RV holiday is an increasingly attractive option."

"With the recovery in retail RV sales and growing forward rental book, combined with a lower permanent cost base and stable financial position, Apollo is well placed to bounce back as domestic and particularly, international travel restrictions ease."

Due to the ongoing uncertainty of the current trading environment, Apollo is not in a position to provide earnings guidance for FY21.

Historically Apollo has had a marked earnings skew to H1 that is expected to continue. Trading and traveller confidence in H2 FY21 continues to be impacted by COVID-19 related restrictions, including over the recent Australian and New Zealand summer. A domestic only 2021 Spring in the Northern hemisphere and loss of the Australian JobKeeper subsidy will further impact H2 FY21. The actual FY21 results will be dependent on the level of travel activity during the period.

Apollo is well positioned to return to profitability when borders reopen.

DIVIDEND
Given the significant current and ongoing impact of COVID-19 on the business, the Board has determined there will be no interim dividend declared for FY21.

Authorised by:

Luke Trouchet
Managing Director and Chief Executive Officer
Apollo Tourism & Leisure Ltd

For more information please contact:

<u>Investors:</u>
Luke Trouchet, Managing Director and CEO
T: 07 3265 9222
E: info@apollotourism.com
W: www.apollotourism.com

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.