



Skydive the Beach

GROUP LIMITED

Skydive Wanaka Acquisition
June 2016

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AGENDA

1. Acquisition Summary
2. Acquisition Rationale
3. Impact of Acquisition
4. Transaction Overview

1. Acquisition Summary

ACQUISITION SUMMARY

SKB has entered into an agreement to acquire Skydive Wanaka Limited (“Skydive Wanaka”)

Transaction Overview	⦿ SKB to acquire Skydive Wanaka ⦿ 1 dropzone located in Wanaka New Zealand, 1 hour drive from Queenstown NZ ⦿ Operates under the brand of Skydive Wanaka ⦿ Acquisition cost of NZ\$10.4m (A\$9.7m)* funded via cash, including an escrow amount
Compelling Strategic Rationale	⦿ Expected to be materially EPS accretive to SKB shareholders on an annualised basis ⦿ Adds to the company’s international portfolio of assets and drop zones ⦿ Skydive Wanaka site is growing strongly (24% 2 year CAGR of tandem skydives), adding in excess of 17,000** tandem skydives to SKB in FY17 ⦿ Executes on SKB’s growth strategy of acquisitions, diversification (geographically and seasonally) and efficiencies.

* Exchange rate of AUDNZD 1.07 used throughout the presentation
** Skydive Wanaka delivered 14,511 tandem skydives in FY16, 10,274 in FY15

ACQUISITION SUMMARY

Transaction Funding	⦿ A\$15m institutional placement, to be used in the following manner: ➤ A\$9.7m acquisition of Skydive Wanaka ➤ A\$2.4m acquisition of 1 new aircraft ➤ A\$1.1m acquisition of 3 coaches (bus transport) ➤ A\$1.8m costs of placement, Due Diligence and Working Capital
Attractive Financial Rationale	⦿ Wanaka acquisition multiple 4.5x on FY16 (*) EBITDA ⦿ EPS accretive in FY17 ⦿ Additional A\$2.6m (**) EBITDA in FY17 ⦿ Strategic advantages and synergies for NZ operations
Timetable	⦿ Completion date of Skydive Wanaka acquisition 1 July 2016

* Skydive Wanaka's FY16 financial year end is 31 March 2016

** Less any one-off Due Diligence costs expensed in the year relating to the Skydive Wanaka acquisition

ACQUISITION

- ✓ **On 11 May 2016, SKB executed a confidential, non-binding MOU with Skydive Wanaka Limited trading as Skydive Wanaka** so the parties could negotiate a potential transaction
- ✓ **Under the terms of the Sales and Purchase Agreement signed on 15 June 2016**, SKB will acquire all of the shares in Skydive Wanaka for a consideration of NZ\$10.4m (circa A\$9.7m). The consideration is to be paid as follows:
 - ✓ Non-refundable deposit of NZ\$250,000 paid to Skydive Wanaka Legal Representative trust account
 - ✓ Cash settlement of NZ\$8,750,000 to be paid on completion
 - ✓ Cash amount of NZ\$1,400,000 to be placed into escrow to support warranties, and will be released in the following manner:
 - NZ\$500,000 will be released to the vendors on successful agreement of the completion accounts;
 - NZ\$500,000 will be released at 12 months;
 - NZ\$400,000 will be paid upon the business successfully conducting 17,000 tandem skydives

OVERVIEW OF SKYDIVE WANAKA

Key Facts

- ⦿ **The closest skydive player to NZone Skydive**
- ⦿ Founded in August 1995 and headquartered in Wanaka
- ⦿ Skydive Wanaka has conducted more than 100,000 tandem jumps
- ⦿ Circa 45 employees
- ⦿ Long term leases in place for airfield and hangar/offices (total 22 years)
- ⦿ Premium aircraft owned outright
- ⦿ No company debt
- ⦿ Strong market position, reputation and brand
- ⦿ Strong operating culture with established quality systems and procedures
- ⦿ Strong growth from current owners who have operated the business since July 2013



SKYDIVE WANAKA





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WINTER



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SKYDIVE WANAKA



2. Acquisition Rationale

STRATEGIC RATIONALE FOR SKYDIVE WANAKA ACQUISITION – HIGHLIGHTS

1. Recent years of delivering growth
2. Strong position in NZ's growing tourism region
3. Supports and complements NZone Skydive acquisition
4. Strong strategic fit with SKB

1. SKYDIVE WANAKA GROWTH IN RECENT YEARS

NZD	FY14 (*)	FY15	FY16
Tandems	6,263	10,274	14,511
Revenue (NZ\$000's)	2,696	4,564	6,526
Normalised EBITDA (NZ\$000's)	859	1,462	2,289
Normalised EBITDA Margin (%)	31.87%	32.0%	35.1%
Average transaction value (NZ\$)	431	444	449

* Not a full financial year

2. STRONG GROWTH IN SOUTH ISLAND TOURISM

Domestic Passengers				
	Current Yr	Previous Yr	Change	
	2015/16	2014/15	incr pax	incr %
Jun	60,335	57,337	2,998	5.2%
Jul	86,802	81,905	4,897	6.0%
Aug	94,391	82,420	11,971	14.5%
Sep	82,347	74,963	7,384	9.9%
Oct	86,906	76,460	10,446	13.7%
Nov	99,398	86,115	13,283	15.4%
Dec	115,751	96,498	19,253	20.0%
Jan	118,549	99,869	18,680	18.7%
Feb	112,855	92,357	20,498	22.2%
Mar	118,553	97,707	20,846	21.3%
Apr	105,671	86,813	18,858	21.7%
May	81,246	65,271	15,975	24.5%
12 month total	1,162,804	997,715	165,089	16.5%

International Passengers			
	Current Yr	Previous Yr	Change
	2015/16	2014/15	incr pax
	28,939	20,835	8,104
	62,751	56,625	6,126
	61,277	55,270	6,007
	37,555	32,830	4,725
	29,306	21,807	7,499
	33,191	22,662	10,529
	40,885	32,237	8,648
	45,234	37,641	7,593
	35,843	30,382	5,461
	38,120	33,019	5,101
	36,414	28,359	8,055
	20,574	18,156	2,418
	470,089	389,823	80,266

Total Passengers			
	Current Yr	Previous Yr	Change
	2015/16	2014/15	incr pax
	89,274	78,172	11,102
	149,553	138,530	11,023
	155,668	137,690	17,978
	119,902	107,793	12,109
	116,212	98,267	17,945
	132,589	108,777	23,812
	156,636	128,735	27,901
	163,783	137,510	26,273
	148,698	122,739	25,959
	156,673	130,726	25,947
	142,085	115,172	26,913
	101,820	83,427	18,393
	1,632,893	1,387,538	245,355

Source: Queenstown Airport arrivals, www.queenstownairport.co.nz

2. STRONG GROWTH IN SOUTH ISLAND TOURISM

May 2016

available at www.queenstownairport.co.nz

Total passengers for month

101,820

up 22.0%

May and June are historically our quietest months, but increased airline capacity, autumn promotions and the launch of evening services boosted growth over last autumn. Passenger numbers were up 22% compared to last May.

International passengers

20,574

up 13.3%

International passenger numbers followed a trend of double-digit growth. At 13% over the same month last year, the rate of growth was a little slower than previous months.

Total passengers last 12 months

1,632,893

up 17.7%

Passenger numbers continued to grow on all domestic and trans-Tasman routes, compared to the previous 12 months.

Domestic passengers

81,246

up 24.5%

Domestic pax volumes continued to grow strongly. Extra seats were added on all domestic routes. Passenger numbers increased by 24%, the highest rate of domestic passenger growth over the same month last year since 2012.

Source: Queenstown Airport arrivals, www.queenstownairport.co.nz

3. SUPPORTS & COMPLEMENTS NZONE SKYDIVE ACQUISITION

- ⦿ **Processing Synergy**

- ⦿ The acquisition increases flexibility, enabling a significant portion of the uncompleted jumps at NZone (Queenstown) to be transferred to Wanaka (Wanaka's processing rates at 83% against NZone's processing rate that was less than 70% for FY16)
- ⦿ Coaches (Buses) will be acquired to allow for such transporting of passengers, and will also allow for transferring from Wanaka to Queenstown when required

- ⦿ **Bookings Synergy**

- ⦿ Where NZone previously stopped taking bookings due to operational or regulatory requirements, customers were lost; however now customers can book and jump at Wanaka as an alternative

- ⦿ **Aircraft Upgrade**

- ⦿ With the acquisition of the more efficient aircraft the processing rate can increase even further, with the ability to increase lifts from 2.2 per hour to 4 per hour, ensuring more availability for customers to jump

4. STRONG STRATEGIC FIT WITH SKB

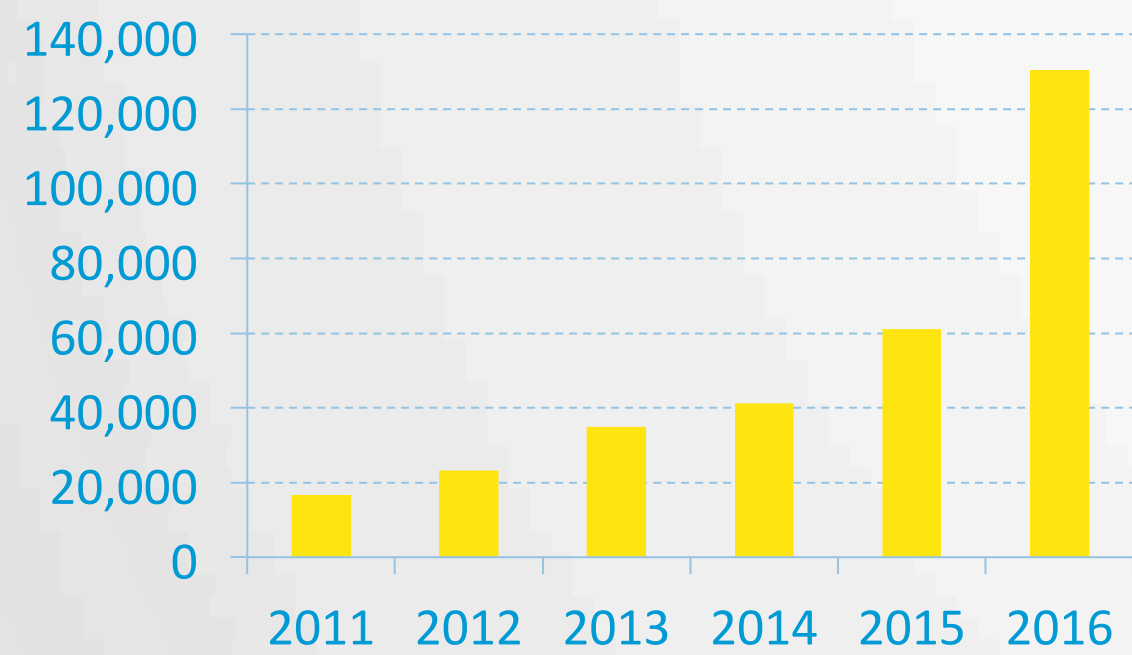
- ⦿ **Executes on SKB's growth strategy**
 - ⦿ Enhances SKB's market leading position with established growth business
 - ⦿ Increases international operational footprint
- ⦿ **Increases expertise and skills** across the business
- ⦿ **Synergies** – economies of scale with potential significant cost savings

4. Impact of Acquisition

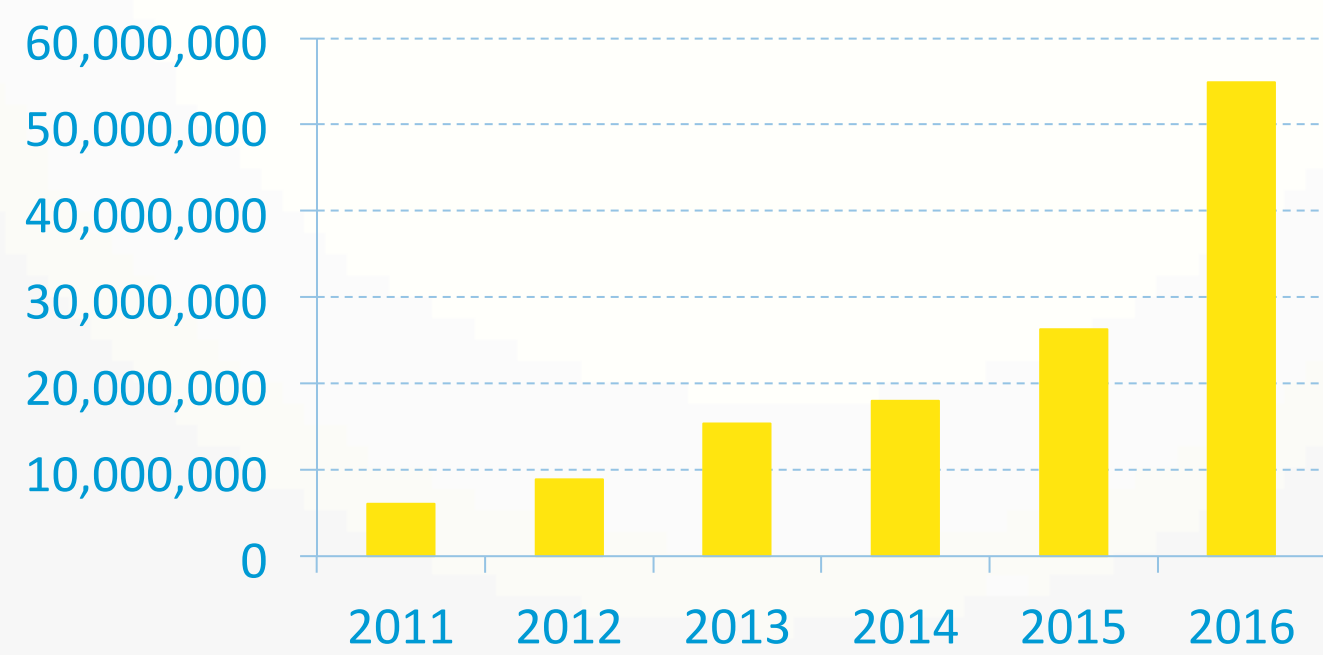
REAFFIRM FY16 OUTLOOK AND GUIDANCE

- **FY16 guidance reaffirmed:**
 - 130,381 tandem jumps
 - \$54.9m revenue
 - \$13.5m EBITDA
- Intention to **maintain dividend** of circa 1 cent per share per annum going forward

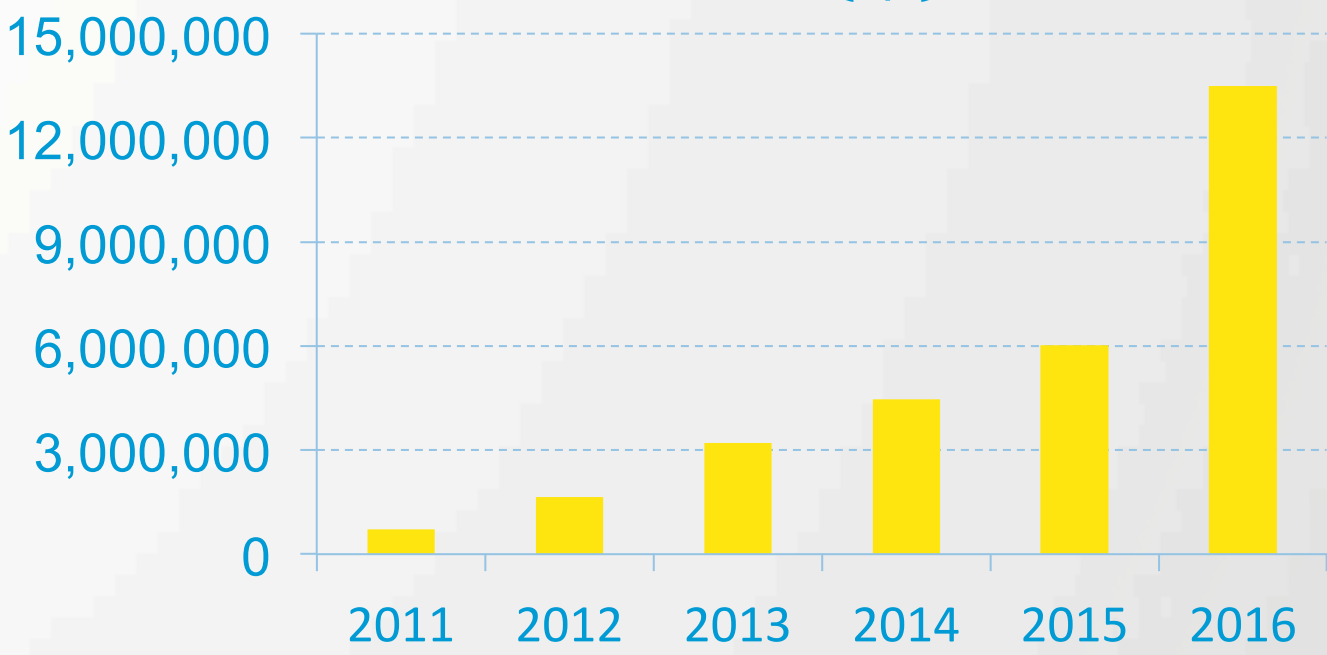
Tandems (#)



Revenue (\$)

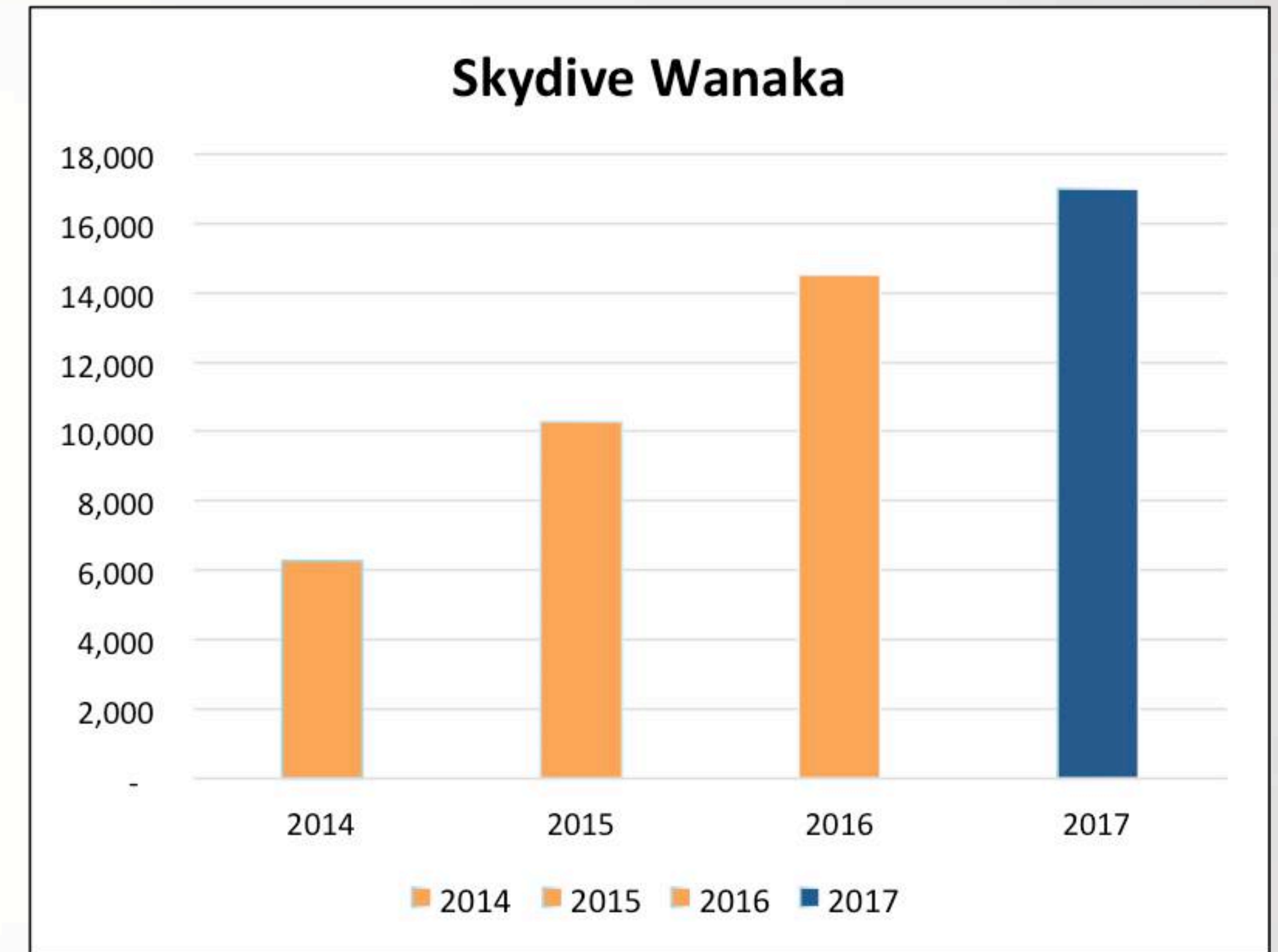


EBITDA (\$)



EXPECTED FINANCIAL IMPACT ON FY17 OF THE ACQUISITION

- Expected to increase FY17 tandem jumps by 17,000
- Expected to increase FY17 revenue by A\$7.1m
- Expected to increase FY17 EBITDA by A\$2.6m (*)
- Strong business momentum expected to continue in FY18



* Less any one-off Due Diligence costs expensed in the year relating to the Skydive Wanaka acquisition

4.Transaction Overview

INSTITUTIONAL PLACEMENT OVERVIEW

Offer size	⦿ Institutional placement to raise A\$15.0m ⦿ 35.7m New SKB ordinary shares to be issued (9.0% of issued capital) ⦿ New Total Issued Capital 396.3m ordinary shares ⦿ Market cap at offer price \$166m
Offer Price	⦿ A\$0.42 per share, representing: ⦿ 9.6% discount to the 4 week VWAP ⦿ 12.5% discount to last closing price on 15th June 2016 of \$0.48 per share
Dividends	⦿ New shares will rank equally in all respects with existing shares from the date of allotment

USE OF FUNDS

Use of funds:

- ⦿ Acquisition of SW for cash consideration on settlement of NZ\$10.4m (A\$9.7m)
- ⦿ Purchase of 1 new aircraft circa A\$2.4m
- ⦿ Purchase 3 new coaches (bus transport) A\$1.1m
- ⦿ Costs of offer, Due Diligence & Working Capital \$A1.8m