



ASX RELEASE

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TRADING UPDATE AND REVISED FY19 GUIDANCE

Experience Co Limited ("Experience Co" or "the Company") (ASX: EXP) today announces the following trading update and revised FY19 guidance.

Softer trading conditions in Far North Queensland (FNQ) highlighted in our half year results announcement have continued to impact the region's tourism market which is experiencing a pronounced challenging period of trading.

Market trends impacting tourism operators in the region include:

- Passenger volumes into Cairns airport are down on the prior year, with the year-on-year international volumes impacted by the reduction in services into the region by international carriers such as China Southern.
- Domestic airlines have reduced their capacity into Cairns and continue to operate high load factors impacting relative affordability compared to international destinations.
- FY19 total passenger numbers ex-Cairns to the Great Barrier Reef are projected to be more than 12% down on prior year with EXP Great Barrier reef volumes expected to be down circa 8% over the corresponding period.

These factors have impacted our earnings in the region, in particular higher yielding activities on the Great Barrier Reef, operated by our Big Cat, Reef Magic and Great Barrier Reef Helicopter brands, with revenue loss and mix relative to forecast, driving a decrease in EBITDA margin, given the operating cost leverage of the FNQ adventure experiences.

In our FNQ skydiving operation we have revised volume expectations down by approximately 4,000 (circa 20%) tandem jumps for 2H19, the decrease being predominately in the April to June period.

Following a review of our Easter holiday trading in late April and into early May and considering the arrival of the late season Cyclone Ann which has temporarily grounded our adventure experiences and skydiving activities, we have revised FY19 guidance.

As a result, revenue for FY19 is expected to be down by circa 4% compared to previous expectations and Underlying EBITDA is expected to be in the range of \$27m to \$28m.

The core skydiving business in Australia (excluding FNQ) and New Zealand remains solid and is tracking to expectation for the remainder of FY19. Our expectation for full year growth in tandem jump volumes is circa 5% on the prior period across these markets.

The medium-term outlook for the Cairns tourism market remains positive, however we expect the prevailing challenging trading conditions to continue into FY20. Given the fixed cost intensity of our FNQ operations, management is proactively reviewing its assets, product mix and ongoing strategies to increase its market share during this weaker trading period.

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