

Always Exploring
YHA Ltd 2022 AGM





Bronwyn Dallow
Vice-Chair YHA Australia

YHA

- In 2021, we developed our framework, further refining our purpose by including the new word 'life' (instead of 'humanity') to also represent our commitment to the environment
- Defining how we put our values into action
- Exploring how to deliver social impact
- Articulating our value proposition
- We are YHA - we are always exploring



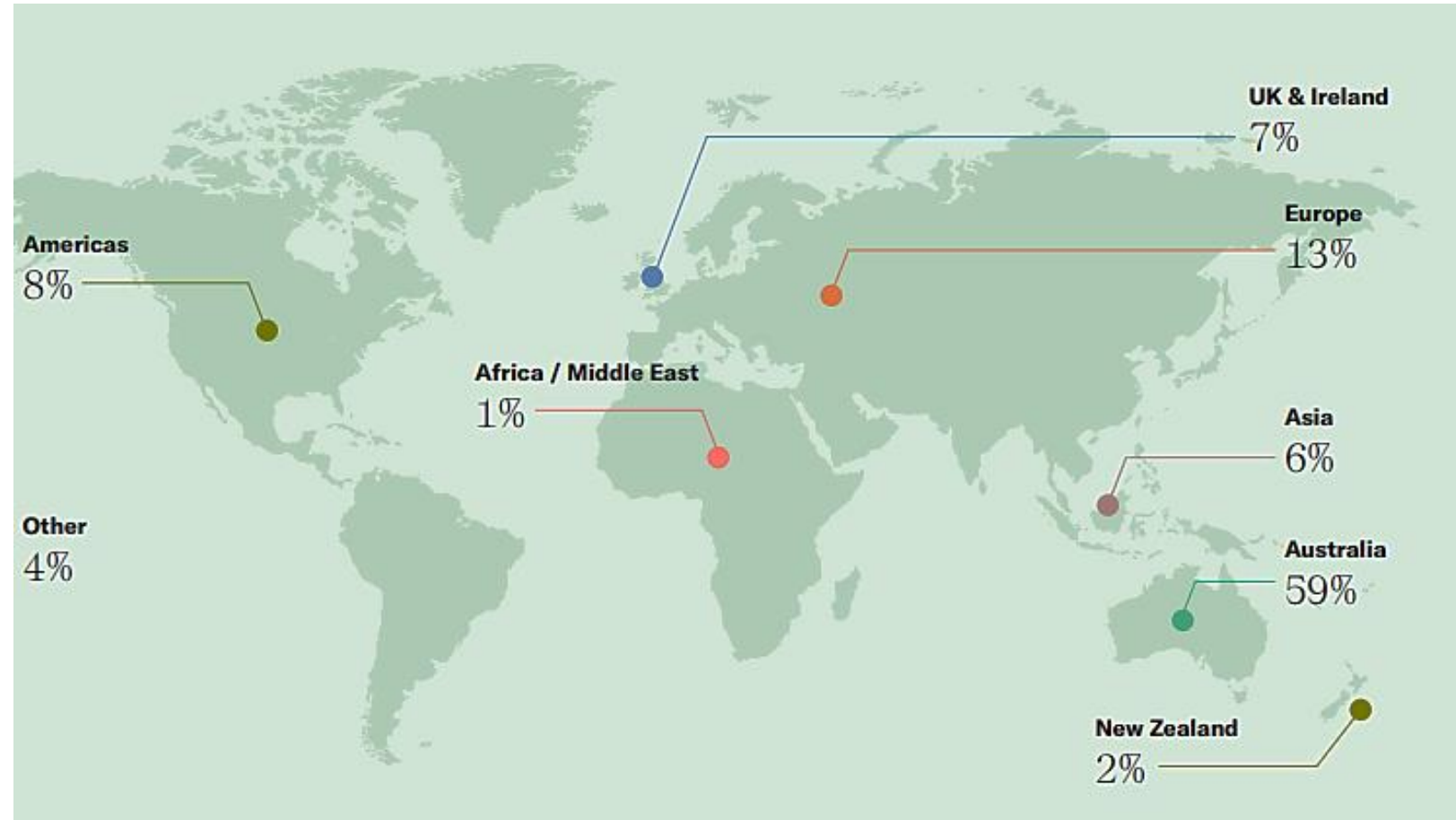
Purpose	An open and accommodating world where life flourishes				
Mission	To create a community in diverse spaces, by connecting the curious, inspiring personal growth and creating genuine local experiences, in a sustainable way.				
Values in action	Work together	Give our best	Put our guests first	Have fun	Think differently
Social Impact	Environmental Sustainability Leader in Regenerative Tourism		Diversity, Acceptance & Equality Making travel available to all		
Value Proposition	Fun, affordable, safe, sustainable, quality accommodation, a place to go, a place to connect				
Positioning	Always Exploring				
Drivers	A place with purpose-social conscience - Sustainable actions	Enabling inspiring travel & experiences	Access amazing places & spaces	Low-cost, quality accommodation choices	



Photo credit DI Caught

Never waste a crisis

Our guests



- With international borders closed almost completely all year, along with State border closures & lockdowns, we became increasingly reliant on Australians travelling in their own backyards when they could
- Group travel restrictions were in place across all states for most of the year

Our members

- Membership numbers declined
- International guest memberships were not renewed nor replaced with new arrivals

	2018	2019	2020	2021	% diff
Youth	1,652	1,628	1,422	221	-84%
Adult	244,889	387,022	423,875	268,277*	-37%
Life	10,940	10,908	10,915	10,911	0%
Group	3,077	3,257	3,327		-100%
Total membership	260,558	402,815	439,539	279,409	-36%

Snapshot 2021

24

**properties
(owned &/or operated)**

\$206M

**in property assets at
independent valuation**

1,117

guests hosted nightly

407,743

**total overnight stays
(excluding Associate
properties)**

25

Associates

279,409

members

\$18.88M

total revenue

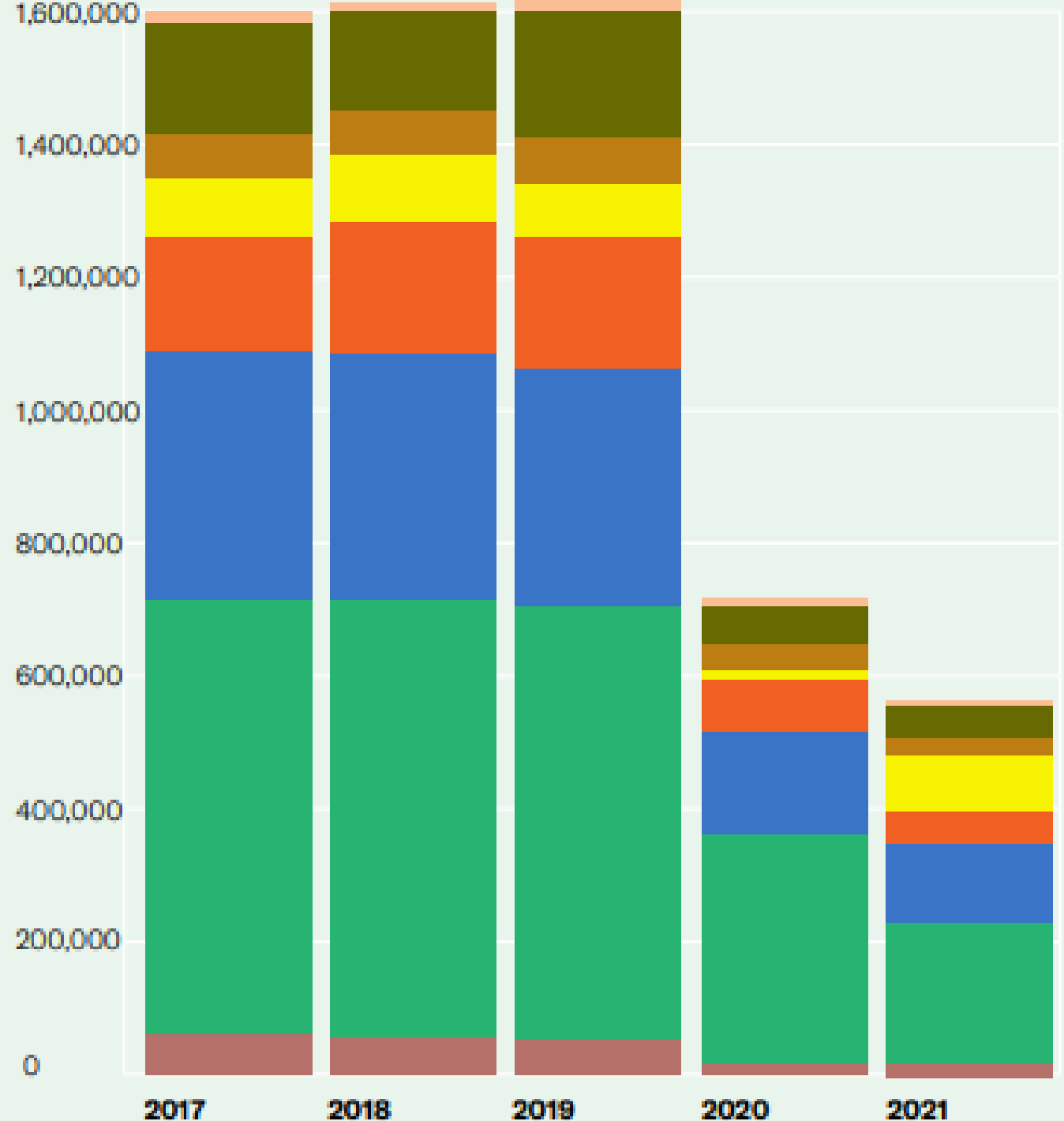


Finance update

Stephen Lynch – CFO & Company Secretary

Overnights by State & Territory

- Overnight stays for the year were lower than the previous at 407,743 (724,862 in 2020)
- Additionally, average bed rates were lower in urban areas, although there was some positive growth in regional areas
- Due to the downturn, several properties had to close temporarily, with Melbourne Central YHA closed for most of the year
- The impact of lockdowns in Sydney and Melbourne from July 2021 to November 2021 was particularly profound



Financial Impact

- Revenue continued to decline; further cost control measures put in place
- Assets needed to be sold; Re-financing took place at year end with a small syndicated of lenders with a long-term view of recovery & the scale of the opportunity of the Railway Square Project

	2021 \$	2020 \$	% Change	2019 \$
Before disposal / impairment of fixed assets				
Total revenue	18,881,716	25,071,240	(24.7)	46,199,110
Total expenses	29,864,835	40,055,499	25.4	52,118,349
Surplus / (Deficit) before disposal of assets	(10,983,119)	(14,984,259)	(26.7)	(5,919,239)
One off gains - integration or disposal of fixed assets	807,687	6,106,414		-
(Loss) on disposal of assets	-	-		(149,305)
(Impairment) expense	(355,000)	(1,268,868)		-
Income tax expense	-	-		-
Surplus / (deficit) after tax	(10,530,432)	(10,146,713)		(6,068,544)

Financial Impact

- Assets sold included Perth, Coffs Harbour, Gold Coast, Hawkesbury Heights, Airlie Beach YHA.
- EBITDA needs to recover in 2022 by greater than \$5m to get YHA back on a sustainable footing.

		2021 \$	2020 \$	% Change	2019 \$
Total assets		128,247,036	140,279,391	(8.6)	152,955,588
Total borrowing		92,612,782	92,543,495	0.1	89,143,848
Total equity		25,536,005	36,066,437	(29.2)	46,213,150
Gearing	(note A)	0.78	0.72	8.9	0.66
Capital expenditure		963,617	254,212	279.1	2,755,307
Earnings before interest tax depreciation & amortisation	(note B)	(596,399)	(351,079)	69.9	7,396,993
Interest cover	(note B)	(0.69)	(0.60)	14.0	2.13
Loan to value ratio	(note C)	44.8%	39.4%	(5.4)	37.0%
Number of members	(note D)	279,409	439,539	(36.4)	402,815
Number of hostels	(note E)	49	58	(15.5)	69
Number of employees	(note F)	119	157	(24.2)	237
Turnover per employee	(note G)	158,670	159,689	(0.6)	194,933

Financial Impact

	2021 \$	2020 \$	Variance \$
Revenue			
Revenue	18,881,716	25,066,492	(6,184,776)
Interest revenue	-	4,748	(4,748)
Other income - gain on sale of assets	807,687	6,106,414	(5,298,727)
	<u>19,689,403</u>	<u>31,177,654</u>	<u>(11,488,251)</u>
Expenses			
Employee benefits expense	(12,087,653)	(14,392,884)	2,305,231
Other expenses	(10,929,450)	(11,029,435)	99,985
Expenses	<u>(23,017,103)</u>	<u>(25,422,319)</u>	<u>2,405,216</u>
Earnings before interest tax depreciation amortisation and impairments	<u>(3,327,700)</u>	<u>5,755,335</u>	<u>(9,083,035)</u>
Depreciation & amortisation expense	(5,967,928)	(6,719,589)	751,661
Impairment expense	(355,000)	(4,763,667)	4,408,667
Finance costs	(879,804)	(4,418,792)	3,538,988
Income tax (expense)	-	-	-
Depreciation amortisation, finance and impairment expenses	<u>(7,202,732)</u>	<u>(15,902,048)</u>	<u>8,699,316</u>
Total Comprehensive Income	<u>(10,530,432)</u>	<u>(10,146,713)</u>	<u>(383,719)</u>

Financial impact

	2021 \$	2020 \$	Variance \$
Current Assets			
Cash and cash equivalents	8,543,802	2,512,678	6,031,124
Trade and other receivables	807,775	756,632	51,143
Inventories	62,976	58,014	4,962
Other current assets	806,184	875,653	(69,469)
Non-current assets classified as held for sale	6,457,932	10,476,405	(4,018,474)
Total Current Assets	<u>16,678,669</u>	<u>14,679,382</u>	<u>1,999,286</u>
Total Non-current Assets	<u>111,568,367</u>	<u>125,600,009</u>	<u>(14,031,641)</u>
TOTAL ASSETS	<u>128,247,036</u>	<u>140,279,391</u>	<u>(12,032,355)</u>
Total Current Liabilities	<u>7,861,391</u>	<u>8,541,585</u>	<u>(680,194)</u>
Total Non-current Liabilities	<u>94,849,640</u>	<u>95,671,369</u>	<u>(821,729)</u>
TOTAL LIABILITIES	<u>102,711,031</u>	<u>104,212,954</u>	<u>(1,501,923)</u>
NET ASSETS	<u>25,536,005</u>	<u>36,066,437</u>	<u>(10,530,432)</u>



Nominations, Remuneration & Human Resources update

Tammy Marshall - Director

Our team

- Building a strong & healthy team is top of mind for the Board
- Challenging 12 months
- Happy and engaged workforce
- Right-sizing the business for the future
- Investing in our people for the future



Towards a skills-based Board

- Board composition
- Go to Market recruitment campaign
- New Director appointments
- Governance platform





Governance



YHA Australia Business update

Paul McGrath - CEO





2021 was a year to reflect and transform...
setting the foundations for 2022

Planning for 2021

When setting our objectives for 2021, we acknowledged that the market and customers would change due to COVID-19





We didn't know how!

So, we focused on the basics and
set a new foundation



What we did in 2021.....

- We developed a **new organisation belief system and brand framework**
- Established a **Social Impact platform** with pillars of Diversity & Inclusion and Sustainability.
- Implemented a **cloud-based technology platform**.
- We conducted an Innovations Accelerator to identify and **create new revenue opportunities**.
- We developed our **new offering to target Australians**, converting some co-living rooms into family rooms



- We created a **centralised contact centre team** to manage all calls and emails.
- Impacted our **Associate network**, we **rationalised** it, developed a new strategy
- Reviewed the **network and strategically** assessed all our assets
- Our **people were a priority** during 2021.
- To **secure the financial future of YHA**, we refinanced the organisation



Outlook and plans for 2022

We look forward to welcoming more international travellers again...

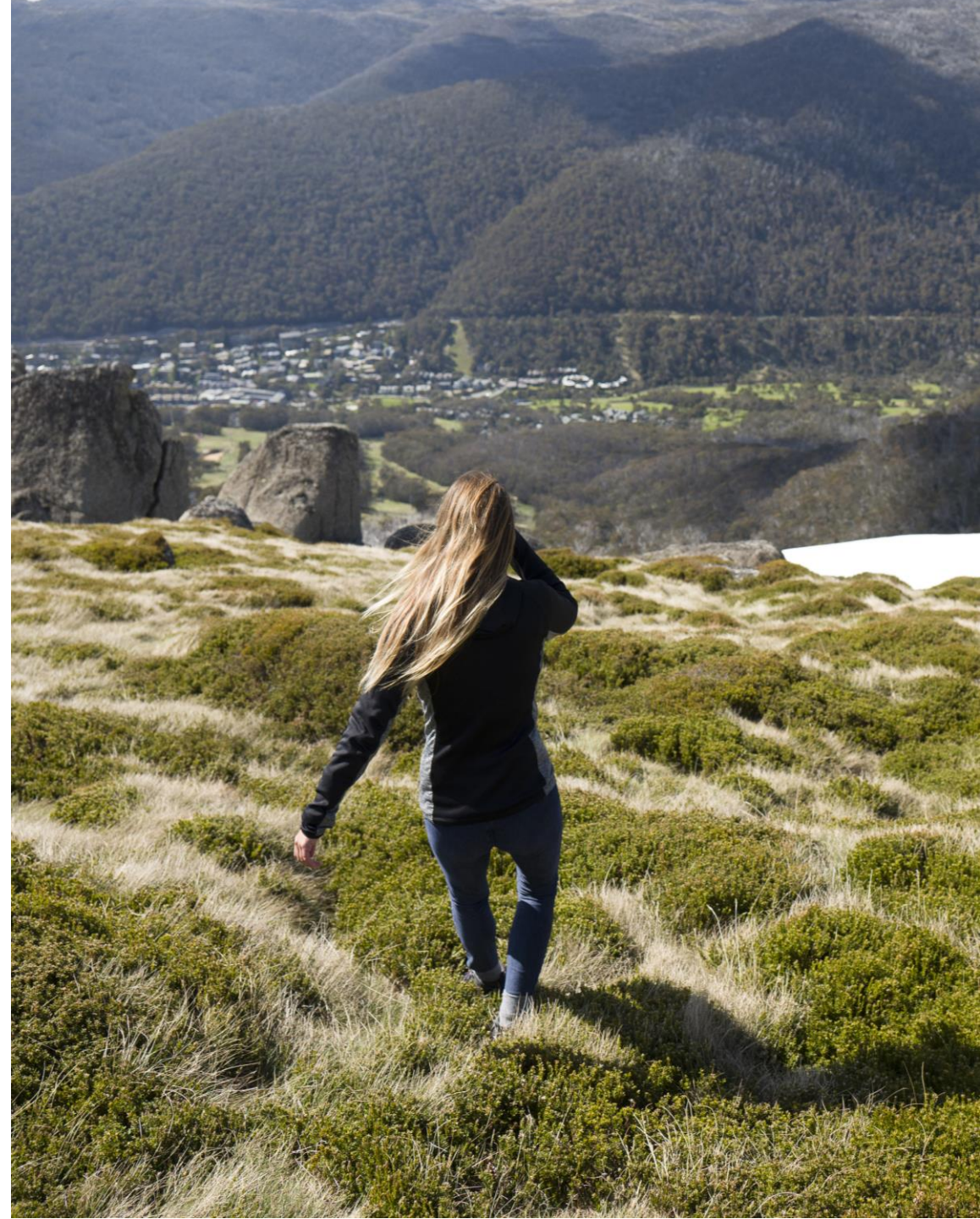
2022 Outlook

1. The competitive landscape has changed

- The **hostel property sector has been reshaped** over the last 24 months due to COVID-19.
- **New entrants are coming into this sector**, raising expectations of the quality and experience provided
- **International travellers will take time to return** in numbers

2. Customers are shifting in the ways they will travel

- **Travellers are looking for experiences** and deep connections
- **Sustainability and indigenous storytelling** is highly important to our overseas travellers
- They also want to be close to **nature & wildlife**
- **People are focusing** on and health & well being more when they travel



2022 Outlook

3. YHA must continue to evolve to remain competitive & relevant

- **Our properties must have great facilities**, provide contemporary co-living areas
- **We must operate at low cost** - this does not mean we have inferior standards in cleanliness or quality.
- **International travellers & Australians are seeking experiences** with a focus on culture, community, environment & interactions with wildlife
- **To remain competitive, we must innovate with technology** to improve our members' experiences.
- **We must ensure we remain financial sustainability** as we trade out of the COVID-19 crisis



Strategic Focus | Journey

	Reputation	Technology	Customer experience	Cost efficient	Innovative	People focused
2021						
2022-2024	<div>Growth</div> <div>Revenue Recovery</div> <div>New Revenue Streams</div>	<div>Investment</div> <div>Asset & Captial Management</div>	<div>Brand Equity</div> <div>Organisational Repositioning</div> <div>Reputation</div>	<div>Productivity</div> <div>Leverage low-cost model and systems</div>	<div>Purpose Driven</div> <div>Making an impact</div>	
Mantra	Simpler Leaner Stronger					

Strategic Focus Priorities

Strategic focus	Growth Revenue Recovery New Revenue Streams	Investment Asset & Capital Management	Brand Equity Organisational Repositioning Reputation	Productivity Leverage low-cost model and systems	Purpose Driven Making an impact
Strategic priorities	Customer acquisition Customer experience Associates & affiliates Innovation	Target ICR and LVR timeline Portfolio upgrade and development Asset sales & management	Awareness Rebranding Work, health & safety	Optimise technology Control costs Supporting our people Lean development	Sustainability plan Reconciliation action plan Diversity, acceptance & equality
Key areas of activity	Covid safe operations Recovery plan Customer segmentation Guest & member experience Associates & affiliates Innovation sprints	Compliance Property upgrade Portfolio development Asset management	Brand activation Embedding brand Reputation management	Embedding & optimising Cost & cash management Team management Lean development	Regenerative tourism Enacting RAP Sense of belonging Travel to learn
Enablers	Marketing Manager Promotional budget Revenue management Innovation accelerator	Increase income Funds management Project Manager Asset management system	Regenerative strategy Rollout budget	Focus on training Restructure Workforce planning Accelerator	Strategy development Execution
Measurement	Revenue Cost of acquisition REVPAB Incremental revenue	Reinvest profit % return ROI	Customer sentiment & reputation Brand value	FTE's hours V Revenue Employee engagement	Strategy development Execution

Thank you!

