

Lindblad Expeditions Holdings, Inc.  
Special Investor Call  
May 4, 2016 at 1:00 p.m. Eastern

**CORPORATE PARTICIPANTS**

**Sven Lindblad** – *President and Chief Executive Officer*

**John McClain** – *Chief Financial Officer*

**Mark Ein** – *Chairman of the Board*

**Ben Bressler** – *Founder and President of Natural Habitat, Inc.*

## **PRESENTATION**

### **Operator**

Good day and welcome to the Lindblad Expeditions Holdings, Inc. investor conference call and webcast. All participants will be in listen-only mode. Should you need assistance, please signal a conference specialist by pressing the star key followed by zero. We won't be taking any questions on today's call. Please note this event is being recorded.

I would now like to turn the conference call over to John McClain, Chief Financial Officer of Lindblad. John, the floor is yours, sir.

### **John McClain**

Thank you, operator. Good morning, everyone, and thank you for joining us on this investor conference call to discuss Lindblad's acquisition of Natural Habitat, Inc., which was announced this morning.

Joining me on the call today are Sven Lindblad, our President and Chief Executive Officer, and Ben Bressler, Founder and President of Natural Habitat, Inc. In addition, Mark Ein, our Chairman; Dyson Dryden, a member of our Board, and Alfie Saemundsson from Lindblad have joined us on the call as we worked closely together as a team on this transaction to bring a successful outcome.

Our press release announcing the Natural Habitat acquisition as well as an investor presentation were issued this morning and are both available on our investor relations website. The company's comments today may include statements about expectations for the future. Those expectations are subject to known and to unknown risks, uncertainties, and other factors that may cause the company's actual results and performance in future periods to be materially different from any future results or performance suggested by these expectations. The company cannot guarantee the accuracy of any forecast or estimates, and we undertake no obligation to update any forward-looking statements. If you would like more information on the risks involved in forward-looking statements, please see the company's SEC filings.

With that, I'd like to turn the call over to Mark.

### **Mark Ein**

Thank you, John, and good afternoon to you all. When we met with many of you on our roadshow in connection with the merger last summer we outlined our vision for Lindblad as a public company, which included potential acquisitions to both deepen our maritime offerings and to also expand into complementary travel markets. We are very pleased to announce today that we have found and closed one such acquisition that we believe ideally fits this latter profile. The company, Natural Habitat, is a perfect complement to Lindblad with an outstanding business that has grown its land-based adventure travel business rapidly in recent years, has a similar culture and shared set of values, an important strategic relationship with World Wildlife Fund, and an outstanding entrepreneur in Ben Bressler who is deeply committed to his business and who insisted on and will maintain a significant ownership into the future.

With that overview, I'd like to turn it over to Sven, who will walk you through this exciting development for Lindblad in full detail.

### **Sven Lindblad**

Thank you, Mark, and thank you all for joining us today. If we could please begin by turning to page 3. This morning, we announced that Lindblad has completed the acquisition of an 80.1% stake in Natural Habitat, Inc., or, let's refer to it as Nat Hab from now on, as most people refer to it as such. This is a

very exciting development for us. We now have a compelling platform to expand into land-based offerings with a partner that has a strong, trusted and complementary brand and a shared focus on nature and conservation. We know that our guests are very interested in land-based travel. We used to be in land-based travel significantly, up until the end of 2001 when we decided to focus fully on our ships, and so our audience is very, very interested in this kind of travel, as well. They have been in the past, they are now, and they will be in the future.

Nat Hab is a leading adventure travel and ecotourism company with a focus on responsible land-based travel. Nat Hab offers eco-conscious expeditions from Antarctica to Zambia with a multitude of adventures in between. And incidentally, they do also offer certain voyages on ships and, in fact, currently, or prior to this acquisition offered many of our voyages to their audience.

The company was founded by Ben Bressler in 1985 and he still leads the company. Ben has done a terrific job building the business and its brand. I've known Nat Hab and Ben for over a decade when we started working together on something called the Adventure Collection, which is an aggregation of best of class companies in particular niches. So this is not a new company to us, this is not an individual that I don't know. We've been associated for well over a decade, and I've developed an enormous amount of respect for him.

Natural Habitat is partnered also with World Wildlife Fund, referred to often as WWF, since 2003 to offer conservation travel, sustainable travel that directly protects nature. WWF has extensive reach and a large audience that Nat Hab has and will continue to tap into. Nat Hab's exclusive agreement with WWF for conservation travel as a consequence of this transaction has now been extended to the end of 2023.

Nat Hab has demonstrated strong performance with revenue growing at 25% CAGR over the last four years. The company targets a similar demographic to ours, and 86% of its sales are direct to consumer.

And just as our guests are interested in land-based travel, we know that Natural Habitat's guests are very interested in ship-based travel, as they have exhibited in the years past, so we expect that will be able to cross market each other's offerings and grow each other's businesses.

If you could please turn to page 4. So, we clearly believe that Nat Hab is a perfect complement to our core business. It provides us with an excellent platform to expand into land-based offerings; it expands our reach with a partner that has a strong, trusted and complementary brand with shared focus on nature and conservation; it adds a very, very talented and experienced management team led by Ben, which will continue to operate the business, and this structure aligns the interests of Nat Hab's management with ours through retained equity ownership in Nat Hab and ownership of Lindblad stock. It brings valuable long-term relationship with World Wildlife Fund that reaches, or that has an audience in the United States alone of approximately six million people and it expands our ability to source guests, and that is the case for both companies.

So if we could turn, please, to page 5. On slide 5, we have presented a comparison of the key metrics to highlight how truly complementary Nat Hab is with our core business. We both focus on adventure/experiential travel, albeit ourselves almost entirely on ships, and Nat Hab primarily on land. Both companies target the largest, fastest growing demographic in history, the Baby Boomers, with an average traveler age of 57. This opens opportunities for us to leverage each other's marketing and distribution platforms, and expand the market reach of both our businesses.

Both businesses have a high level of repeat travelers. Both companies have a high percentage of

direct sales; Lindblad at about 43%, or 67% including our partner National Geographic, while Nat Hab is at approximately 86%. These are very important factors because they mean a more concerted ability to control markets.

Both businesses have a key strategic partner, in our case National Geographic; again, in Nat Hab's case World Wildlife Fund, and so the mission of these two organizations are completely aligned with our own business objectives. Finally, on this slide, I'm happy to say that both these businesses continue to be led by the founders; myself in the case of Lindblad Expeditions, and Ben in the case of Nat Hab.

Now, if we could please turn to page 6. Now, I'd like to provide a few details on the transaction itself. We acquired 80.1% of the outstanding common stock of Nat Hab. It was previously owned by Gaiam, Inc., a leading brand focused on wellness and fitness listed on the NASDAQ, and Ben Bressler, Nat Hab's Founder and President, Ben will continue to hold a 19.9% stake.

The purchase price for the 80.1% interest in Nat Hab was approximately \$20 million. We paid \$14.85 million with cash on hand, \$2.65 million was funded through the issuance of Lindblad stock and \$2.5 million through a note. Gaiam's 51% ownership interest in Nat Hab was acquired for cash, but the shares acquired from Ben Bressler were purchased through a combination of cash, Lindblad stock and a note.

As I mentioned before, Ben will retain a direct ownership stake of 19.9% in Nat Hab and will continue as President of Nat Hab, which will become an unrestricted subsidiary of Lindblad. Ben's 19.9% stake in Nat Hab is subject to an arrangement providing for put/call rights that generally cannot be exercised, with certain exceptions, until 2020. As of the closing Nat Hab had no debt and approximately \$5 million of cash on hand.

So if we please turn now to page 8. Now, I'd like to share a few key highlights on Nat Hab that I think are important to understanding the business and particularly the opportunity ahead of us. The company has grown revenue at a 25% compound annual growth rate over the past four years, revenues were \$41 million in 2015, and EBITDA \$3.7 million and net income was \$1.5 million. Nat Hab's exclusive agreement with WWF for conservation travel was extended into 2023 in connection with this transaction solidifying a strong partnership which allows Nat Hab access to WWF's database to market its trips. Incidentally, it might be worth noting here, I apologize if some of this sounds repetitious, but I do believe it's worth reinforcing some of the key highlights.

If we now please can turn to page 9. This page highlights a number of Nat Hab's wildlife focused adventure trips including polar bear tours in Churchill, Canada, Alaskan grizzly bear adventures, small-group Galapagos cruises and African safaris. We believe these itineraries are exactly the type of trips our guests as Lindblad will enjoy, and indeed many, many, many of them are similar to what we offered ourselves prior to the end of 2001.

Can we please turn to page 10? Nat Hab is really known for the intimate nature of its adventures. When you're on land it's not good to be too many people as it relates to nature. A typical group consists of maybe eight to ten guests, usually led by an award-winning expedition leader trained by World Wildlife Fund and Nat Hab. Nat Hab puts a tremendous emphasis on leadership training, which is an essential part of this business. Itineraries run anywhere from 6 to 25 days, the average is about of 9.6 days. So very, very similar to the length of our own trips. The prices range anywhere from \$2,895 to nearly \$25,000, with an average of about \$8,500.

So, as you can see going through this presentation, lots and lots of parallels; we do it on the sea, they do it on land.

Page 11, if we can go to page 11. As I mentioned on the start of this call, Nat Hab is the exclusive partner of World Wildlife Fund in the United States. The partnership began in 2003. It was extended from 2018 to the end of 2023 in connection with this transaction. World Wildlife Fund is excited about this, and there's no question that there are tremendous opportunities to build value here for Nat Hab, for ourselves, but also for World Wildlife Fund and each conservation mission.

World Wildlife Fund is one of the leading conservation organizations in the world, again, supported by more than 6 million members globally, 15 million Facebook followers, 6 million Twitter followers and 48 million YouTube video views, so it's got tremendous exposure; works in 100 countries around the world.

So, if we could turn to page 12. In closing, knowing our travel audience is diverse, they're omnivorous, they have interests beyond sea-going expeditions, Nat Hab offers the perfect complement on land and we keep it in the family. So, rather than people traveling with us on a ship and then going somewhere else when they want to go on land to potentially a competitor, we now have a very good reason why they should travel with a sister company, if you will. They are a focused, quality-oriented enterprise while, at the same time, they understand the imperatives supporting local conservation work in areas visited from both a moral and a business objective. These are totally intertwined, and we look forward to a productive partnership to broaden our offerings and our impact in the world's wild places.

So, in closing, I'd like to welcome Ben and his team to our family, and I'm sure that he would like to welcome us to his. It's so nice, Ben, I just have to say, to be able to get very, very much closer to working with you, having done so now for over a decade, and this is going to be exciting. So, Ben, over to you.

### **Ben Bressler**

Thank you, Sven. I, too, am exceedingly pleased to embark on this new adventure with you and Lindblad Expeditions. Over the past several years, we at Nat Hab have been focusing on building our core business, or core products, and enhancing the value proposition to our guests. The result has been exceptional growth, which we're really pleased with.

And now we've, going into a new phase with Lindblad, and we've developed a strong relationship with you guys over the years and we recognize Lindblad as a serious leader in expedition travel; real pioneers. Lindblad has a great track record of supporting and growing its brand, and we're confident that we've found the right strategic partner to evolve our business and we look forward to collaborating with you and your team to enhance and continue to grow Natural Habitat Adventures for many years to come.

### **Sven Lindblad**

Well, thank you, Ben. As you can tell, this is an exciting time here at Lindblad and at Nat Hab and we're focused on executing on the opportunities that are before us.

Thank you very, very much for spending the time, and we appreciate your interest and we appreciate your support very, very much, indeed.

### **Operator**

The conference has now concluded. Thank you for attending today's presentation. You may now disconnect.

