



SeaLink Travel Group

Half Yearly Report to 31 December, 2013



Interim Results to 31 December 2013

Jeff Ellison
Chief Executive Officer and Managing Director

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Chief Financial Officer



Sealink's listed on the ASX – 16 October, 2013

Section 1 - Highlights



SEALINK
Travel Group


Captain Cook
Cruises™

Financial Highlights

- Normalised NPAT of \$4.1 million for 1HFY14, an increase of 5.26% on normalised NPAT of \$3.8million for 1HFY13
- Reported NPAT of \$3.4million includes the one-off after tax effect of the share listing costs of \$0.65million
- EBITDA of \$8.2million, an increase of 5.13% on EBITDA of \$7.8million for 1HFY13
- Solid revenue growth increasing to \$52.4million, a 9.4% increase on 1HFY13 revenue of \$47.9million
- Declared interim fully franked dividend of 3.66 cents per share, up on Prospectus forecast
- Strong balance sheet in place to continue the Company's growth strategy
- On track to meet full year Prospectus NPAT forecast for FY2014 of \$6.9 million

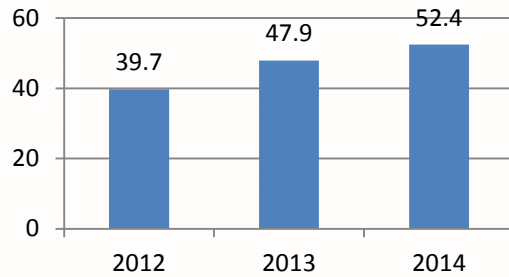
Financial Overview

| Half year Ending 31 December | 2014 \$m | 2013 \$m | Growth \$m | Growth % |
|--|-------------|-------------|---------------|--------------|
| Operating Revenue | 52.4 | 47.9 | 4.5 | 9.4% |
| Operating expenses (before interest, depn and listing costs) | 44.2 | 40.1 | 4.1 | 10.2% |
| EBITDA (before listing costs) | 8.2 | 7.8 | 0.4 | 5.1% |
| Depreciation | 1.6 | 1.6 | - | |
| EBIT (before listing costs) | 6.6 | 6.2 | 0.4 | 6.5% |
| Interest | 0.8 | 0.9 | -0.1 | |
| Listing costs | 0.9 | - | 0.9 | |
| Profit before Tax | 4.9 | 5.3 | -0.4 | -8.2% |
| Income Tax Expense | 1.5 | 1.6 | 0.1 | |
| Net Profit after Tax | 3.4 | 3.7 | -0.3 | -8.1% |
| Normalised Net Profit after Tax | 4.1 | 3.7 | 0.4 | 10.8% |
| EPS (normalised) – cents per share | 6.64c | 6.79c | (0.11)c | (1.7%) |

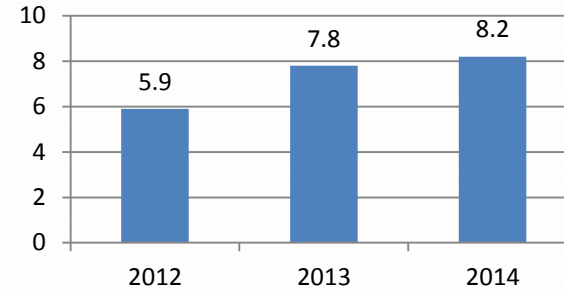
- Operating revenue rising to \$52.4m, up 9.4% by growth in all major business units
- EBITDA up 5% to \$8.2m – as a result of higher revenues and commencement of Darwin services
- Operating and EBITDA margin affected by a strategic decision to invest \$0.6m to increase the operating life of two vessels, SeaLion 2000 and John Cadman 2
- EPS of 6.64 cents per share down by 1.7% due to higher capital base
- CAPEX spend of \$9.8m on 2 new vessels and Penneshaw Terminal

Financial Overview (cont)

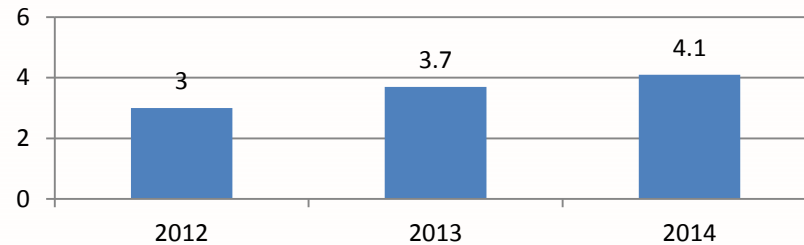
**Operating Revenue – H1
comparison**



**Normalised EBITDA – H1
Comparison**



Normalised NPAT ** – H1 Comparison



** NPAT adjusted for after tax affect of listing costs in Dec 2013 HY of \$0.64m and DTL (Deferred Tax Liability) adjustment in FY13 of \$1.33m (DTL over-statement)

Cash flow

| Half year Ending 31 December | 2014 \$m | 2013 \$m | Growth \$m |
|--|--------------|--------------|---------------|
| Receipts from customers | 50.6 | 46.8 | 3.8 |
| Payments to suppliers | (42.0) | (37.0) | (5.0) |
| Net interest | (0.7) | (0.9) | 0.2 |
| Income tax paid | (0.8) | 0.2 | (1.0) |
| Net Operating Cash flow | 7.1 | 9.1 | (2.0) |
| | | | |
| Net investing cashflows (net payments for Property, Plant & Equipment and after grants) | (9.7) | (0.3) | (9.4) |
| | | | |
| Proceeds from Capital raising | 16.3 | - | 16.3 |
| Repayment of borrowings | (7.0) | (5.4) | (1.6) |
| Dividends paid | (2.9) | (2.0) | (0.9) |
| Net financing cash flows | 6.4 | (7.4) | 13.8 |
| | | | |
| Cash at the end of the half year | 3.4 | 3.0 | 0.4 |

- Net operating cash flow has decreased by \$2m as a result of –
 - Listing expenses of \$0.9m
 - Timing of income tax payments \$1.0m
- Cash inflow from capital raising has been used to repay borrowings and invest in business infrastructure
- Cash on hand has increased by \$0.4m to \$3.4m at 31st December 2013

Operational Highlights

- Commenced Darwin operations (September 2013)
- Major improvement in Captain Cook Cruises profit performance
- Secured new 5 year contract for Palm Island , Townsville
- Captain Cook secured new contracts for Harbour City Ferries, Sydney Convention Centre and Biennale of Sydney
- Two vessels added to the fleet in Sydney (Elizabeth Cook) and Darwin (James Grant) to meet growing demands
- Acquiring 3 further vessels – scheduled for delivery in second half of FY14
- Substantial growth in higher margin web based sales
- Penneshaw Terminal to be completed March 2014
- Growth in International visitors
- Major refurbishment of SA and NSW vessels



James Grant



Newly built Elizabeth Cook

Australian & SeaLink International Visitor Market

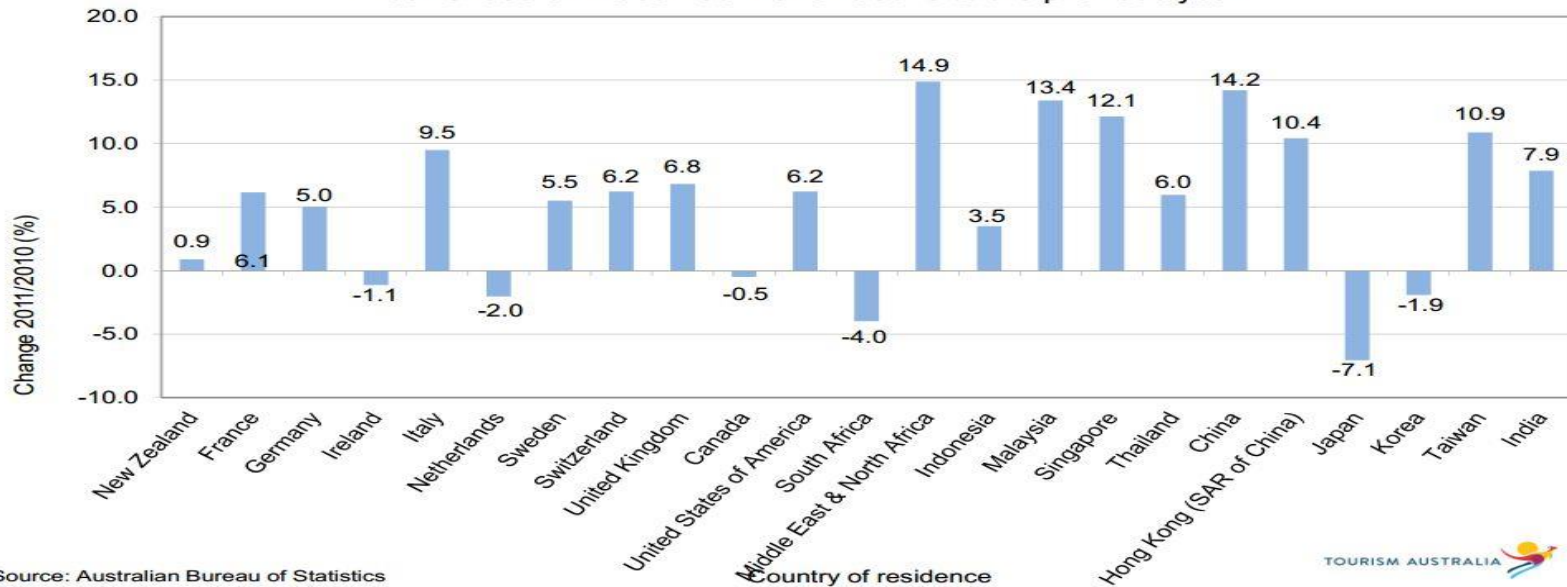
AUSTRALIAN MARKET

- There were **6.5 million visitor arrivals** for year ending December 2013, an **increase of 5.5%** relative to the previous year. (Source: ABS)
- There were **789,400 visitor arrivals** during December 2013, an **increase of 9.5%** relative to the same period of the previous year. (Source: ABS)

SEALINK TRAVEL GROUP MARKET

- International sales revenue grew to \$11.1m, an **increase of 12.0%** for the 6 months ended December 2013 relative to the same period in the previous year.
- International sales revenue for December 2013 grew to \$2.6m, an **increase of 27.8%** relative to the same period in the previous year

Chart 3 - Change in visitors by country of residence
Year ended 31 December 2013 relative to the previous year



Source: Australian Bureau of Statistics

TOURISM AUSTRALIA 

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Section 2 - Detailed Results and Performance Outlook



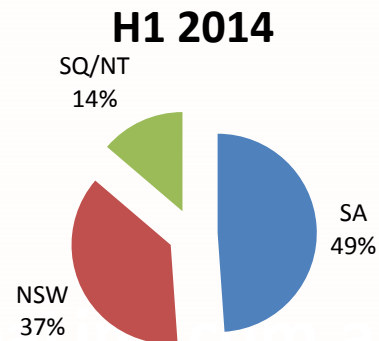
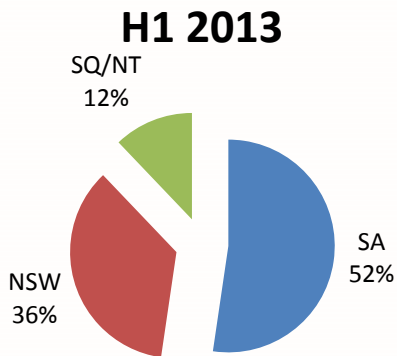
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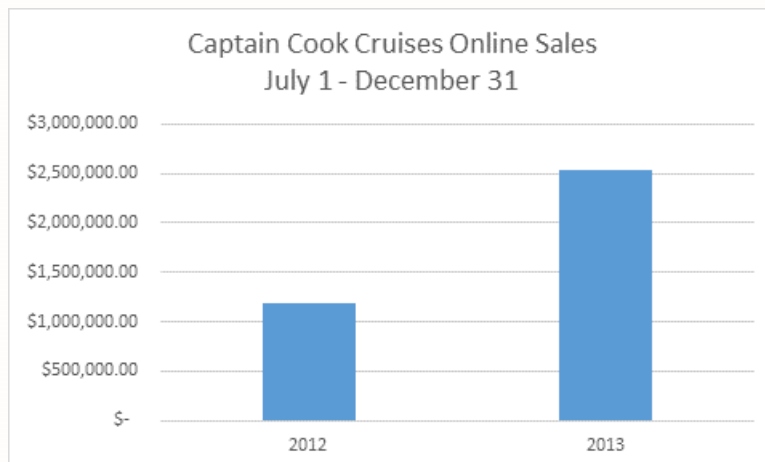
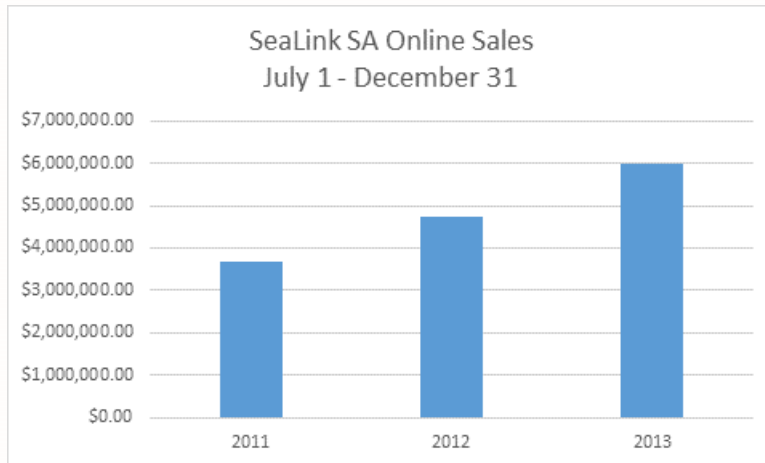
Revenue Segment Performance

| Half year Ending 31 December | | 2014 \$m | 2013 \$m | Growth \$m | Growth % |
|------------------------------|--|----------|----------|------------|----------|
| Operating Revenue | | | | | |
| SA (Kangaroo Island SeaLink) | | 26.3 | 25.9 | 0.4 | 2.4% |
| NSW (Captain Cook Cruises) | | 20.1 | 17.6 | 2.5 | 14.0% |
| Qld/NT (SeaLink Qld/NT) | | 7.4 | 6.0 | 0.6 | 24.8% |

- The company continues to implement its successful diversification strategy with stronger revenue growth from businesses in new geographic regions
- Captain Cook Cruises revenue up 14% reflecting –
 - new Harbour City Ferries commuter charters,
 - additional traffic on the Hop-on-Hop-off service,
 - Murray Princess revenue has increased by \$0.15m due to less discounting
 - increased passenger numbers and average fare
- Strong SA ferry revenue growth offset by lower travel agency business sales as customers move to booking online
- Queensland/Northern Territory business unit revenue increased with the commencement of the Darwin contracts which has contributed revenue of \$1.2m
- Increase in web based sales (refer next slide)



Internet Sales Growth



- SeaLink South Australia's web sales grew by 28% over the previous corresponding period
- Captain Cook Cruises web sales grew by 112% over the previous corresponding period
- Upgraded websites have attracted more online purchases over the previous corresponding period
- Further improvements in the pipeline –
 - New and additional websites
 - Upgraded Quicktravel booking software for South Australia
 - Improved on-line checkout process
 - More product bookable on-line

Business Unit Results – South Australia

| Half year Ending 31 December | 2014 \$m | 2013 \$m | Variance \$m |
|--------------------------------------|------------|------------|--------------|
| Operating Revenue | 26.3 | 25.7 | 0.6 |
| Direct expenses – | | | |
| Repairs and Maintenance | 1.8 | 1.0 | 0.8 |
| Wages | 4.8 | 4.4 | 0.4 |
| Other | 11.4 | 11.7 | (0.3) |
| Indirect expenses | 3.3 | 3.1 | 0.2 |
| EBITDA (before listing costs) | 5.0 | 5.5 | (0.5) |
| Depreciation | 0.6 | 0.7 | (0.1) |
| EBIT (before listing costs) | 4.4 | 4.8 | (0.4) |

RESULTS

- Ferry revenue up 8% with higher PAX and vehicle traffic
- Marketing expense savings have occurred with the growing focus on internet development
- Packaging revenue flat as more customers use the internet to book accommodation direct
- Additional investment in R&M extending operating life of SeaLion ferry
- Ferry base wages up due to new EBA and additional hours on SeaLion 2000 ferry refurbishment
- Travel Centre revenue down \$0.7m reflecting lower rail product sales and Melbourne branch rationalisation. Minimal profit effect.

| | |
|------------------|---|
| News | <ul style="list-style-type: none"> ■ Successful Festivals promoting the Island such as KI Festival & KI Cup |
| Additions | <ul style="list-style-type: none"> ■ New Penneshaw Terminal building – March 2014 completion |
| Contracts | <ul style="list-style-type: none"> ■ Extending contract for 5 years with Australia Post for mail delivery to and from Kangaroo Island |
| Upgrades | <ul style="list-style-type: none"> ■ SeaLion 2000 ferry mid-life refurbishment including replacement of engines , gear box and air-conditioning ■ Spirit of Kangaroo Island new air-conditioning and engine refurbishment |
| 2014 at a glance | <ul style="list-style-type: none"> ■ Purchase of 2 coaches as part of the routine coach fleet upgrade ■ Upgrade of Cape Jervis wharf infrastructure |

Business Unit Results – New South Wales

| Half year Ending 31 December | 2014 \$m | 2013 \$m | Variance \$m |
|--------------------------------------|------------|------------|--------------|
| Operating Revenue | 20.1 | 17.6 | 2.5 |
| Direct expenses – | | | |
| Repairs and Maintenance | 1.2 | 1.4 | (0.2) |
| Wages | 4.8 | 4.2 | 0.6 |
| Other | 7.4 | 6.3 | 1.1 |
| Indirect expenses | 3.6 | 3.6 | 0.0 |
| EBITDA (before listing costs) | 3.1 | 2.1 | 1.0 |
| Depreciation | 0.7 | 0.5 | 0.2 |
| EBIT (before listing costs) | 2.4 | 1.6 | 0.8 |

RESULTS

- Higher EBITDA margin reflecting revenue improvement and cost savings initiatives
- Increased commuter charter revenue with Harbour City Ferries with further expansion H2 2014 (2 further vessels chartered)
- Increased dinner cruising revenue with Ashes cricket tour and International Fleet Review
- Good growth in Murray River cruise product due to lower discounting
- Berthing and office cost savings at Pier 26

| | |
|------------------|---|
| News | <ul style="list-style-type: none"> ■ Sydney Harbour celebrated the International Fleet Review with greater than expected tourist numbers |
| Additions | <ul style="list-style-type: none"> ■ Elizabeth Cook ferry ■ Freedom Sovereign ferry (January 2014) |
| Contracts | <ul style="list-style-type: none"> ■ Harbour City Ferries contract ■ Signed contracts with NSW Convention Centre for transport to Glebe Island (3 year contract) ■ Signed contract for transport to Biennale of Sydney |
| Upgrades | <ul style="list-style-type: none"> ■ John Cadman 2 vessel upgrade to service Chinese Market ■ Murray Princess upgrade ■ 2 new rocket ferries under construction, due for delivery in May and June |
| 2014 at a glance | <ul style="list-style-type: none"> ■ Freedom Sovereign ferry to transfer to Queensland fleet once 2 new rocket ferries are delivered ■ Additional contracted services to Harbour City Ferries to commence June 2014 |

Business Unit Results – Queensland/Northern Territory

| Half year Ending 31 December | 2014 \$m | 2013 \$m | Variance \$m |
|--------------------------------------|------------|------------|--------------|
| Operating Revenue | 7.5 | 6.0 | 1.5 |
| Direct expenses – | | | |
| Repairs and Maintenance | 0.3 | 0.4 | 0.1 |
| Wages | 1.3 | 1.0 | (0.3) |
| Other | 2.1 | 1.4 | (0.7) |
| Indirect expenses | 2.2 | 1.6 | (0.6) |
| EBITDA (before listing costs) | 1.6 | 1.6 | 0.0 |
| Depreciation | 0.3 | 0.3 | 0.0 |
| EBIT (before listing costs) | 1.3 | 1.3 | 0.0 |

RESULTS

- Darwin has seen a positive contribution for the 3 months trading
- Lower charter revenue as smaller cruise ships utilise new cruise terminal in Townsville
- Passengers numbers flat over last year for Magnetic Island
- Palm Island now a permanent 5 day per week service
- Other direct cost increases due to start up operations in the Northern Territory

News

- New office set up in Darwin
- Higher than expected ferry demand to Tiwi Island
- Pacific Cat ferry transferred to Darwin

Additions

- James Grant ferry acquired for Darwin services

Contracts

- 5 year contract for Mandorah, NT
- 5 year contract for Palm Island, Queensland

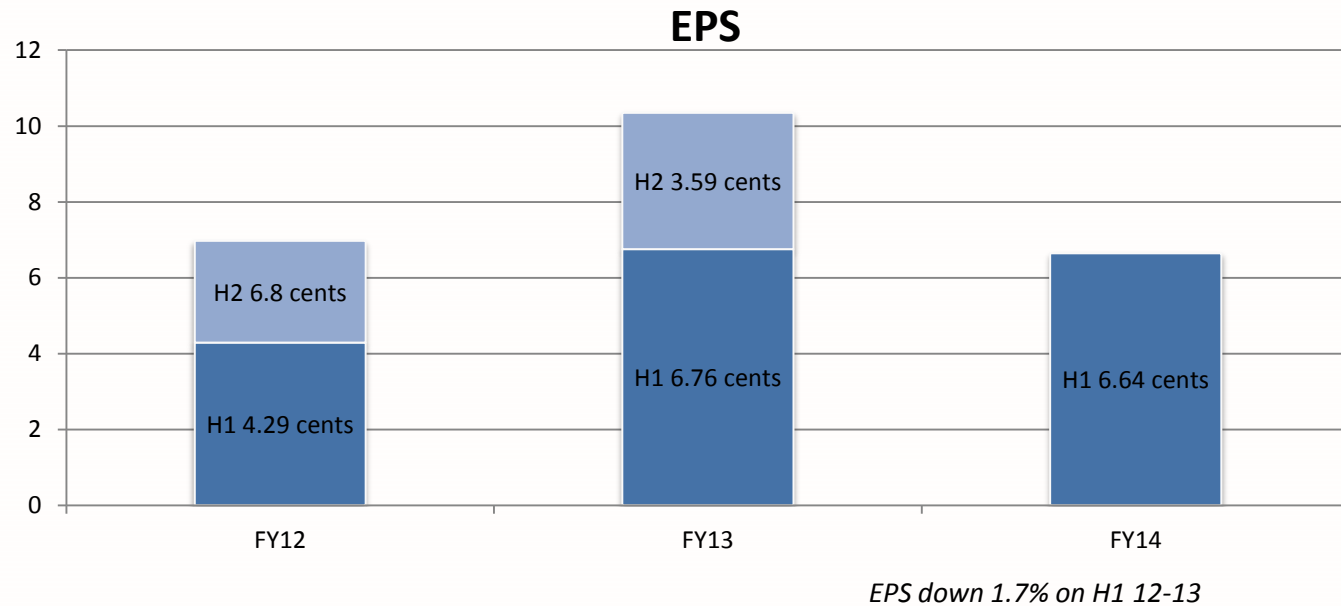
Upgrades

- James Grant ferry, refurbished to accommodate up to 120 passengers

2014 at a glance

- Freedom Sovereign ferry to relocate to Townsville (June 2014)
- Investigating expansion of infrastructure in Queensland and other services in Northern Territory

Earnings per share



- The additional 15 million shares issued in October 2013 as part of the ASX listing resulted in the reduction of EPS in FY14 . 70million shares currently on issue
- EPS has been calculated on NPAT adjusted for:
 - After tax affect of listing costs of \$0.64million and
 - Deferred Tax Liability adjustment in FY13 of \$1.33million (DTL over-statement)

Balance Sheet

| | Dec 13 | June 13 | + / (-) FY 13 |
|---------------------------------------|-------------|-------------|---------------|
| | \$mil | \$mil | \$mil |
| Cash and cash equivalents | 3.4 | 1.0 | 2.4 |
| Trade and other receivables | 3.7 | 2.2 | 1.5 |
| Other financial assets | 0.2 | 0.0 | 0.2 |
| Inventories | 1.3 | 1.0 | 0.3 |
| Prepayments | 1.3 | 1.3 | 0.0 |
| Current Assets | 9.9 | 5.5 | 4.4 |
| Property, plant and equipment | 58.6 | 50.5 | 8.1 |
| Intangible assets | 6.7 | 6.7 | 0.0 |
| Deferred tax assets | 2.2 | 1.8 | 0.4 |
| Non-current Assets | 67.5 | 59.0 | 8.5 |
| Total Assets | 77.4 | 64.5 | 12.9 |
| Trade and other payables | 11.4 | 8.3 | 3.1 |
| Interest bearing loans and borrowings | 1.1 | 2.2 | (1.1) |
| Current tax liabilities | 1.1 | 0.4 | 0.7 |
| Provisions | 4.0 | 3.7 | 0.3 |
| Current Liabilities | 17.6 | 14.6 | 3.0 |
| Trade and other payables | 0.4 | 0.5 | (0.1) |
| Interest bearing loans and borrowings | 10.0 | 17.2 | (7.2) |
| Deferred tax liabilities | 0.8 | 0.6 | 0.2 |
| Provisions | 0.9 | 0.8 | 0.1 |
| Non-current Liabilities | 12.1 | 19.1 | (7.0) |
| Total Liabilities | 29.7 | 33.7 | (4.0) |
| Net Assets | 47.7 | 30.8 | 16.9 |
| Capital and reserves | 25.5 | 9.2 | 16.3 |
| Retained earnings | 22.2 | 21.6 | 0.6 |
| Equity | 47.7 | 30.8 | 16.9 |

- Substantial strengthening of balance sheet through share issue
- Interest Bearing Debt reduction of \$8.3million
- Cash on hand increase of \$2.4million
- Growth in Fixed assets through new vessels and Penneshaw terminal
- Banking facilities renewed for a further 2 year term

Key Financial Ratios

| | H1 FY 2014 | H1 FY2013 |
|--|------------|-----------|
| Net Interest Bearing Debt to Total Tangible Assets | 16.1% | 34.0% |
| Interest Cover (Annualised) | 7.4 times | 6.2 times |

Very healthy ratios of IBD:TTA and interest cover

Sealink.com.au

Performance Outlook

- January recorded strong revenue and forward bookings in all major business units
- We are on target to achieve Prospectus forecast NPAT of \$6.9 million
- Seek new market opportunities that will enhance, leverage and complement our current capabilities and growth strategies
- The Company will continue its strategy to improve returns from its current businesses
- World economies improving resulting in greater world tourism (Europe, UK and USA)
- Lower AU\$ making Australia a more competitive destination



Freedom Sovereign

SeaLink Milestones

| | |
|-----------------------|--|
| August 2013 | <p>Set up new SeaLink office in Darwin and started ferry service to Mandorah NT</p> <p>Signed contract with the NT Government to provide ferry services for Tiwi Islands</p> |
| September 2013 | <p>SeaLion 2000 ferry received a mid life refurbishment (\$2,800,000)</p> <p>Purchased the James Grant ferry for the Darwin services (\$1,650,000)</p> |
| October 2013 | <p>Listed on the Australia Security Exchange (ASX Code: SLK) Issue price \$1.10 per share, raising 16.5million</p> <p>Refurbishment of John Cadman 2 completed (\$1,700,000)</p> <p>Reduced the number of berths at Pier 26, Sydney Harbour (saving \$380,000 p.a.)</p> |
| November 2013 | <p>Christened Elizabeth Cook ferry in Sydney Harbour</p> <p>Captain Cook Cruises signed a 3 year contract to provide ferries to the Sydney Exhibition Centre at Glebe Island</p> <p>CEO Jeff Ellison won the prestigious 'Outstanding Contribution by an Individual' award at the South Australia Tourism Awards</p> <p>Captain Cook Cruises awarded a 3 year contract with Harbour City Ferries</p> <p>Sale of old Rocket ferry as part of fleet rejuvenation</p> |
| December 2013 | <p>Commenced the construction of two new ferries in Hobart for Sydney Fleet for (delivery in May and June 2014)</p> <p>Signed 5 year contract to provide ferry services to Palm Island</p> |
| January 2014 | <p>Purchased Freedom Sovereign ferry for \$3,100,000 for the Sydney fleet</p> <p>Captain Cook Cruises signed contract to ferry passengers to the Biennale of Sydney</p> |
| March 2014 | <p>Scheduled opening the new \$3,500,000 Penneshaw passenger terminal building on Kangaroo Island</p> |

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