

SEALINK TRAVEL GROUP ANNOUNCES SOLID INTERIM RESULT

Highlights

- Normalised NPAT of \$4.1m for 1HFY14, an increase of 5.26% on normalised NPAT of \$3.8m for 1HFY13
- Reported NPAT of \$3.4m includes one off after tax effect of share listing costs of \$0.6m
- EBITDA of \$8.2m, an increase of 5.13% on EBITDA of \$7.8m for 1HFY13
- Solid revenue growth to \$52.4m, a 9.4% increase on 1HFY13 revenue of \$47.9m, driven by growth in all major business units
- Declared interim fully franked dividend of 3.66 cents per share, an increase over Prospectus forecasts
- Geographic expansion in Darwin well underway with operations commenced in September 2013
- Secured new ferry contract wins for Palm Island (Townsville), Harbour City Ferries, Sydney Convention Centre and Biennale Festival
- Captain Cook Cruises continues to expand - 2 new vessels added to fleet and 2 more secured for second half of FY2014 to meet new contractual ferry commitments
- On track to meet full year Prospectus NPAT forecast for FY2014 of \$6.9m

SeaLink Travel Group (ASX: SLK) today announced a normalised Net Profit After Tax (NPAT) of \$4.1m for the 6 month period ending 31 December 2013 (1HFY14), representing an increase of 5.3% on normalised NPAT of \$3.8m for the 6 month period ending 31 December 2012 (1HFY13).

Reported NPAT for the half was \$3.4m, after allowing for a one-off after tax effect of share listing costs of \$0.6m. Reported NPAT of \$5.1m for the 1HFY13 included a one-off income tax credit of \$1.3m.

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) (before listing costs) was \$8.2m, representing a 5.13% increase on EBITDA of \$7.8m for 1HFY13.

The Board has declared a fully franked interim dividend of 3.66 cents per share, payable on 15 April 2014, which represents a payout ratio of 62.9% in line with SeaLink's stated policy of returning 50-70% of its after tax profit.

Revenue growth of 9.4% to \$52.4m occurred in a competitive market environment, with key revenue drivers being the expansion into Darwin and growth in SeaLink's core businesses of Captain Cook Cruises and Kangaroo Island ferry service.

Operating expenses for the half increased by \$4.1m to \$44.2m, which reflected Darwin expansion and variable costs associated to service higher revenues.

The Company continued to invest in its growing operations, having invested \$9.8m in capital expenditure with the purchase of two new vessels and an upgrade of the Penneshaw Terminal on Kangaroo Island.

Managing Director Jeff Ellison said the company was executing on its strategy of selective geographic expansion into new markets such as Darwin, whilst successfully investing in an increased vessel fleet to accommodate new contractual ferry commitments.

“Captain Cook Cruises has seen major improvements in business as well as growth in profitability, with improved revenue from a new contract with Harbour City Ferries, increased patronage for the Hop-On Hop-Off ferry product and a very successful October trading which included the International Fleet Review in Sydney.”

“Our International business continues to grow on the back of strong visitor arrivals from Asia, with international sales revenue up 12% for the half to \$11.1m.”

Divisional Results

Kangaroo Island SeaLink

Kangaroo Island SeaLink achieved revenue growth of 2.4% to \$26.3m for the half, on the back of increased traffic flow to Kangaroo Island. Passengers increased by 1.8% while vehicles grew by 1.9%.

The SeaLion 2000 underwent a \$2.8 million major upgrade, including new engines, which will generate fuel savings as well as lower repairs over the next five years.

Investment was also made in the SeaLink gateway to Kangaroo Island at Penneshaw, with a new Terminal under construction. It is expected to be completed in the first quarter of 2014 and will further strengthen SeaLink’s position and competitive advantage in that area.

Turnover from SeaLink’s retail travel centres reduced by \$0.7m. This area is under constant review as tourists book more holidays through the internet.

Captain Cook Cruises

There were a number of major improvements in the business as well as growth in profitability. Captain Cook Cruises increased revenue by \$2.5m to \$20.1m for the half mainly driven by events, new contracted services and growth in the Hop-On Hop-Off service. Passenger numbers grew by 1.1%.

In October 2013, SeaLink signed an agreement with Harbour City Ferries to provide 3 charter vessels through Captain Cook Cruises for additional passenger services on Sydney Harbour.

The first charter vessel commenced work in October 2013. Service commencement dates will be progressive, and aligned to the construction of new vessels. To meet the above demand for additional passenger services, the Company procured a new state-of-the-art 198-seater passenger vessel, Elizabeth Cook which was delivered in January 2014 and commenced operations in February 2014. A further two vessels are currently under construction.

SeaLink was also awarded a contract to provide passenger transfer for the Biennale of Sydney art festival and secured a three year arrangement to carry convention goers to recently opened temporary facilities at Glebe Island

To enhance the Company's cruise offering, the John Cadman 2 vessel in Sydney underwent a major upgrade and now presents a quality dinner cruise and charter offering. Longer term, this vessel will be used predominantly to service the Chinese tourist market.

In January 2014 SeaLink purchased its latest vessel, Freedom Sovereign, for \$3.06m. Funded from debt facilities, it is initially being used in Sydney on the popular Hop-On Hop-Off service and as a back up to the existing Rocket fleet. A key objective for 2014 is expanding the Hop-On Hop-Off service to Manly.

SeaLink Queensland

The focus for the Townsville operation was establishing a new operation out of Darwin. Townsville revenue was flat as the backpacker market remains subdued in that region, and lower cruise charters offset the higher turnover achieved from a five day service to Palm Island. Turnover from the Magnetic Island operation grew marginally.

A new five year agreement for the Palm Island service was secured in December, 2013.

SeaLink Northern Territory

Ferry passenger services started in September 2013 in the Northern Territory. These run from Cullen Bay, Darwin to Mandorah and from Cullen Bay to the Tiwi Islands. The Mandorah contract is for five years, while the Tiwi contract has an initial term of twelve months.

Due to higher than expected passenger demand, SeaLink is now in discussions with the Northern Territory Government to expand the contract to five years.

Outlook

Given average seasonal and business conditions remain over the next four months, SeaLink is well positioned to capitalise on the full year benefits of several first half initiatives, including the opening of Darwin and new Sydney Harbour contracts.

Chief Executive Jeff Ellison said the second half of FY14 has started well with profit and revenue in January exceeding forecasts.

“We are well placed for future expansion with the balance sheet strengthened by proceeds from the listing in October,” Mr Ellison said.

The Company expects to achieve its Prospectus forecasts for the full year.

About SeaLink Travel Group

SeaLink Travel Group is one of Australia’s most dynamic tourism and transport company bringing the nation’s best tourism experiences to the world. With more than 600 staff across the country and more than two million customers annually, the Adelaide-based company has undergone a remarkable period of growth, emerging as a significant player on the national tourism and transport scene.

SeaLink’s operations extend across New South Wales, Queensland, Northern Territory and South Australia, which includes:

- Cruises, ferry and charter services on Sydney Harbour and on the Murray River
- Passenger ferry service in Townville, Queensland and Darwin, Northern Territory
- Passenger, vehicle and freight service between Kangaroo Island and the South Australian mainland
- Day tours, extended touring and charter operations on Kangaroo Island and on the South Australia mainland
- Tour wholesaler to the travel trade
- Exclusive 4WD foreign language adventure based tours
- Retail travel agencies in Adelaide, Sydney and Townsville
- Adventure, accommodation and restaurant at Vivonne Bay, Kangaroo Island

SeaLink listed on the Australian Stock Exchange in October 2013 raising an additional \$16.5m.

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