



SeaLink Travel Group Ltd

Investor Summary – 2014 Review



Section 1 - HIGHLIGHTS



MV Spirit of Kangaroo Island

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2014 REVIEW

Jeff Ellison
Chief Executive Officer and Managing Director
Trevor Waller
Chief Financial Officer



MV James Grant - Darwin



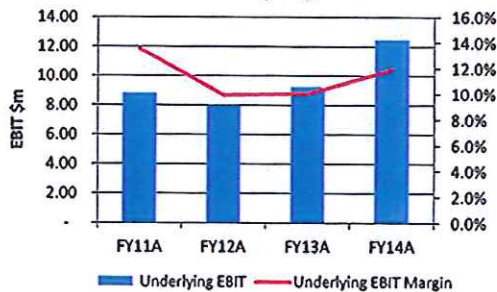
MV Elizabeth Cook - Sydney

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2014 – YEAR IN REVIEW
 “Record profits and expansion in new markets”

Underlying EBIT



Revenue

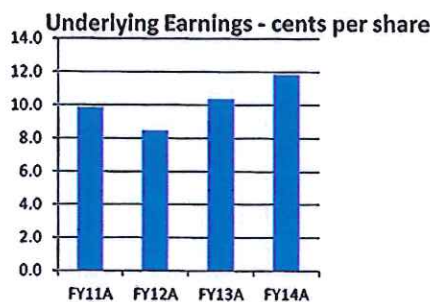
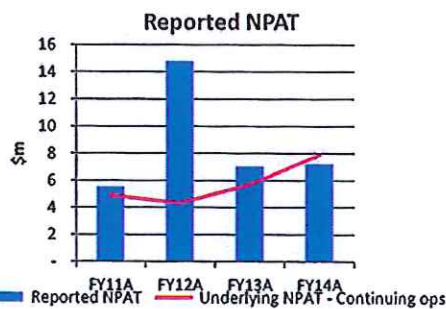


- Reported Net Profit After Tax of \$7.23m, 4% ahead of Prospectus forecast
- Record underlying Net Profit before Tax of \$11.2m, up 41% on 2013
- Underlying Earnings Before Interest & Tax up 34% to \$12.5m.
- Growth strategy to diversify successful with establishment in Darwin, new contracts on Sydney Harbour and vessel upgrades
- Long term contracts renewed with Queensland Government
- 5 vessels added to the fleet, 1 sold
- Penneshaw Terminal opened, March 2014
- Successful listing on ASX



FINANCIAL HIGHLIGHTS – 4 YEAR RATIOS AND STATISTICS

“Continued solid growth”



SEALINK TRAVEL GROUP LTD		2011	2012	2013	2014
PERFORMANCE					
Revenue	\$m	\$65.0	\$79.7	\$92.0	\$104.4
Underlying EBIT	\$m	\$8.8	\$7.9	\$9.2	\$12.5
EBIT margin	%	13.5%	10.0%	10.1%	11.9%
Reported NPAT	\$m	\$5.5	\$14.8	\$7.0	\$7.2
Underlying EPS (ave)	cents	9.8c	8.5c	10.4c	11.8c
Dividend ps (100% franked)	cents	8.1c	15.1c	7.5c	7.4c
Payout ratio (Reported NPAT)	%	75.6%	56.1%	69.9%	73.7%
Return on Ave equity	%	34%	61%	24%	17%
FINANCIAL STRENGTH					
Net assets	\$m	\$20.5	\$27.8	\$30.8	\$53.9
NTA per share	cents	28.9c	38.0c	41.6c	61.7c
Gearing	%	44%	42%	34%	17%
Underlying NPAT – Continuing operations	\$m	\$4.9	\$4.3	\$5.7	\$7.9

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CONTRIBUTION TO PROFIT BY DIVISION

"Major turnaround by CCC"

Highlights

- Underlying NPAT up 38%
- Major increase in CCC EBIT contribution – up 145%
- ROE above hurdle rate at 17%
- ROA (EBIT) at 23%

EBIT	June 2014 \$m	June 2013 \$m	
Sealink SA	6.8	6.6	↑ 4%
Captain Cook Cruises	2.7	1.1	↑ 145%
Sealink Qld/NT	2.0	1.5	↑ 27%
Reported EBIT	11.5	9.2	↑ 25%
Listing Costs (2014)	0.9	-	
Underlying EBIT	12.5	9.2	↑ 34%

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KEY PERFORMANCE DRIVERS

"Passengers numbers and increased average revenue has driven increased revenues"

		Actual 2014	Prospectus 2014	Increase/ decrease on last year
Passengers (ex HCF PAX)	'000's	2,171	2,151	↑ 1%
Fuel usage	Litres '000	4,505	4,557	↓ 1%
Vessel R&M	\$000's	4,026	4,194	↓ 4%
Ave ferry revenue per PAX		\$19.58	\$17.91	↑ 9%

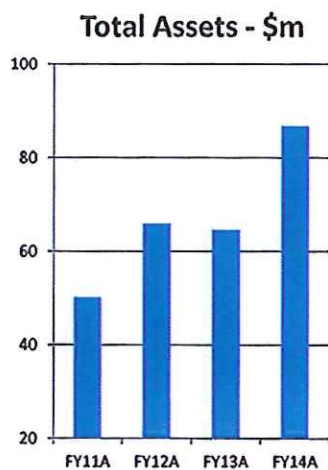
Highlights

- Darwin and CCC dinner cruises have driven overall PAX growth.
- Fuel usage down due to vessel management (engine efficiencies)
- Ave ferry revenue increased due to improved yield management

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STATEMENT OF FINANCIAL POSITION
 "Balance sheet strengthened with \$21m equity raising"



	June 2014 \$m	June 2013 \$m	Change \$m
Assets	86.7	64.5	22.2
Liabilities	32.8	33.7	(0.9)
Net Assets	53.9	30.8	23.1
Net Interest Bearing Debt (IBD)	13.5	18.4	(4.9)
Gearing %	17%	34%	17%

- \$20.4m of fixed assets acquired during 2014 whilst IBD was reduced by \$5.1m
- \$21.4m capital raised during 2014 via share issue and option exercise
- 3.8m options outstanding of which 3.1m likely to be exercised by 21/10/14
- 73.8 m ordinary shares on issue

Section 2 – SEGMENT PERFORMANCE



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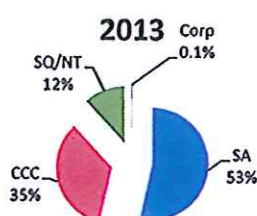
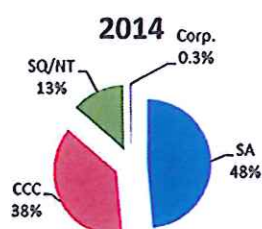

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REVENUE SEGMENT PERFORMANCE

Year Ended 30 June Operating Revenue (after internal revenue eliminated)	2014 \$m	2013 \$m	Growth \$m	Growth %
South Australia	50.6	49.2	1.4	3%
CCC (Captain Cook Cruises)	39.5	31.9	7.6	24%
Queensland & NT	14.0	10.8	3.2	29%
Corporate	0.3	0.1	0.2	
TOTAL	104.4	92.0	12.4	14%

HIGHLIGHTS

- SeaLink continues to implement its successful diversification strategy with stronger revenue growth from businesses in new geographic regions
- Captain Cook Cruises revenue up 24% reflecting –
 - new Harbour City Ferries, Biennale and Convention Centre charters,
 - additional traffic on the Hop-on-Hop-off service,
 - Murray Princess revenue up by \$1.8m due to better yield management
 - Strong sales from October International Navy review event
 - Lunch and dinner cruise revenue up 22% flowing from events and increased overseas visitors, particularly from Asia
- Solid SA ferry revenue growth offset by lower travel agency business sales as customers move to book online
- Queensland/Northern Territory business unit revenue increased with the commencement of the Darwin contracts which has contributed revenue of \$3.1m
- Increase in web based sales by 38%



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BUSINESS UNIT RESULTS– SEALINK SA

Year Ending 30 June	2014 \$m	2013 \$m	Variance \$m
Operating Revenue (before internal eliminations)	53.0	50.7	2.3
Direct expenses –			
Repairs and Maintenance	2.4	2.0	(0.4)
Wages	9.8	8.8	(1.0)
Other	22.5	22.5	-
Indirect expenses	7.0	6.8	(0.2)
Net Corporate allocation	3.1	2.5	(0.6)
EBITDA	8.2	8.1	0.1
Depreciation	1.3	1.4	0.1
Goodwill	0.1	0.1	-
EBIT	6.8	6.6	0.2

FINANCIAL HIGHLIGHTS

- Ferry revenue up 8% with higher PAX, vehicle and freight traffic
- Marketing expense savings have occurred with the growing focus on internet development
- Additional investment in R&M extending operating life of Sealion ferry. Overrun on 2014 budget by \$0.3m.
- Ferry base wages up due to new EBA and additional hours on Sealion 2000 ferry refurbishment
- Travel Centre revenue down \$0.7m reflecting Melbourne branch closure. Minimal profit effect.

OPERATIONAL HIGHLIGHTS

News	<ul style="list-style-type: none"> ▪ Successful Festivals promoting the Island such as KI Festival & KI Cup ▪ Record ferry passengers – passengers up 2.1% whilst vehicles up 1.5% and freight up 2.3% on last year. ▪ Online reservations – now 31% of all bookings - travel insurance now online and up 176% on last year ▪ New Penneshaw Terminal building – March 2014 opening
Additions	<ul style="list-style-type: none"> ▪ 2 x new Scania Coaches, 1 Coaster, 1 Landcruiser, 1 4WD Sprinter ▪ Extending contract for 5 years with Australia Post for mail delivery to and from Kangaroo Island
Contracts	<ul style="list-style-type: none"> ▪ AAT Kings – new franchise agreement for SA day touring ▪ Sealion 2000 ferry mid-life refurbishment including replacement of engines, gear box and air-conditioning
Upgrades	<ul style="list-style-type: none"> ▪ Spirit of Kangaroo Island new air-conditioning and engine refurbishment ▪ Major upgrade in May 2014 of core reservation system – “Quicktravel”

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BUSINESS UNIT RESULTS – CAPTAIN COOK CRUISES

Year Ending 30 June	2014 \$m	2013 \$m	Variance \$m
Operating Revenue	39.5	31.9	7.6
Direct expenses –			
Repairs and Maintenance	2.3	2.0	(0.3)
Wages	9.7	8.4	(0.7)
Other	15.0	11.8	3.2
Indirect expenses	7.4	7.1	(0.3)
Corporate allocation	0.8	0.4	(0.4)
EBITDA (before listing costs)	4.3	2.2	2.1
Depreciation	1.6	1.1	(0.5)
EBIT (before listing costs)	2.7	1.1	1.6

FINANCIAL HIGHLIGHTS

- Higher EBITDA margin reflecting revenue improvement and cost savings initiatives
- Increased charter revenue with further expansion in 2014-15
- Increased dinner cruising revenue (17% up) with new events and increased tourism
- Good growth in Murray River cruise product (up 6%) due to yield management
- Berthing and office cost savings at Pier 26
- Other direct includes commission \$3.9m (previously netted to sales), entrance fees \$2.8m, food and bev \$4.5m, berthing \$1.1m and fuel \$1.2m

OPERATIONAL HIGHLIGHTS

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"> ▪ 3 new Rocket ferries - Elizabeth Cook, Mary Riebey, Annabelle Rankin ▪ Freedom Sovereign ferry purchased January 2014 ▪ New Harbour City Ferries contract (3 ferries for 3 years)
Contracts	<ul style="list-style-type: none"> ▪ New contracts with Sydney Convention Centre for transport to Glebe Island (3 year contract) ▪ New contract for transport to Biennale of Sydney ▪ John Cadman 2 vessel upgrade to service Chinese Market
Upgrades	<ul style="list-style-type: none"> ▪ Murray Princess upgrade ▪ 1 further new rocket ferry under construction, due for delivery in December

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BUSINESS UNIT RESULTS – SEALINK QLD/NT

Year Ending 30 June	2014 \$m	2013 \$m	Variance \$m
Operating Revenue (before internal eliminations)	14.8	10.8	4.0
Direct expenses –			
Repairs and Maintenance	0.5	0.5	-
Wages	2.8	2.1	(0.7)
Other	4.2	2.6	(1.0)
Indirect expenses	4.3	3.2	(0.9)
Corp allocation	0.4	0.3	(0.1)
EBITDA (before listing costs)	2.6	2.1	0.5
Depreciation	0.6	0.6	-
EBIT (before listing costs)	2.0	1.5	0.5

FINANCIAL HIGHLIGHTS

- Darwin has seen a positive contribution for its 9 months trading
- Lower charter revenue due to 1 vessel transferred to Darwin
- Passengers numbers flat over last year for Magnetic Island
- Palm Island now a permanent 5 day per week service
- Other direct cost increases, wages and indirect expenses due to start up operations in the Northern Territory

OPERATIONAL HIGHLIGHTS

News	<ul style="list-style-type: none"> ■ New office set up in Darwin (October 2013) ■ Higher than predicted ferry demand to Tiwi Island ■ Pacific Cat ferry transferred to Darwin ■ James Grant ferry acquired for Darwin services
Additions	<ul style="list-style-type: none"> ■ New Palm Island Pontoon project completed June 2014 ■ Freedom Sovereign ferry relocated to Townsville (August 2014)
Contracts	<ul style="list-style-type: none"> ■ New 5 year contract for Mandorah, NT ■ 5 year contract extension for Magnetic Island and Palm Island, Queensland ■ Townsville Breakwater leases extended to 2021
Upgrades	<ul style="list-style-type: none"> ■ James Grant ferry, refurbished to accommodate up to 120 passengers

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CASH FLOW

"Improved cashflow from operations"

Year Ending 30 June	2014 \$m	2013 \$m	Growth \$m
Net Operating Cash flow	12.3	11.6	0.7
Net investing cashflows (net payments for Property, Plant & Equipment and after grants)	(17.9)	(3.0)	(14.9)
Proceeds from Capital raising and option exercise	20.4	-	20.4
Net borrowing movement	(4.6)	(6.5)	(1.9)
Dividends paid	(5.5)	(4.0)	(1.5)
Net financing cash flows	10.3	(10.5)	20.8
Cash at the end of the year	4.4	(0.3)	

HIGHLIGHTS

- Net operating cash flow has increased to \$12.3m reflecting higher EBITDA.
- \$1.3m higher tax paid
- Cash inflow from capital raising has been used to repay borrowings and invest in business infrastructure (below)
- Cash on hand has increased by \$4.7m to \$4.4m at 30th June 2014

MAJOR CAPITAL SPEND-

	GROSS OUTLAY \$M
New Ferries	13.1
Ferry upgrades	3.4
Coaches	1.2
Penneshaw Terminal	2.6
Other	0.1

BORROWING DETAILS

“Adequate headroom for acquisition opportunities”

FACILITY DETAILS

	FACILITY TYPE	MATURITY	LIMIT \$M	DRAWN \$M
ANZ	Bills - Interchangeable	Jan 2016	14.0	6.0
ANZ	Leasing	Annual review	7.0	2.8
CBA, NAB	Leasing	Annual review	Over \$10m	4.7

HIGHLIGHTS

- Total debt low at \$13.5m
- Well within bank covenants
- Capacity to grow to \$40m debt on current EBITDA and balance sheet

COVENANTS

	COVENANT	JUNE 2014
Gearing	65%	17%
Interest Cover (EBIT to interest exp.)	> 3 times	9.9 times
Borrowing Limit (Debt to EBITDA)	< 2.5 (\$40.2m)	0.8
Distributions	<75% of NPAT	69%

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Section 3 – PERFORMANCE OUTLOOK



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PERFORMANCE OUTLOOK

“A positive outlook for medium term tourism growth”



“Deloitte Access Economics’ tourism forecasts international visitor arrivals projected to grow in excess of 5% p.a. over the next three years”

OUTLOOK 2014/15

- Full year effect of Sydney Harbour Ferries contract
- Full Year of Darwin operations
- One new ‘Rocket’ ferry to be delivered in December 2014
- Substantial capacity to handle increased customers within current fleet
- Strong International tourism market growth
- Cost savings in synergies
- Increasing demand for local leisure products
- Further charter work opportunities on Sydney Harbour
- Re-instatement of full fuel rebate to provide some cost savings (+\$0.3m)
- Further opportunities for yield management and on-line booking
- New events in 2015 –eg World Cup Cricket
- Vessel refurbishments planned to improve utilisation and yield
- Strong Balance Sheet for acquisitions.

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