



SeaLink Travel Group

Half Yearly Report to 31 December, 2014

Interim Results to 31 December 2014

Jeff Ellison
Chief Executive and Managing Director

Trevor Waller
Chief Financial Officer

SEALINK Travel Group

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Section 1 - Highlights

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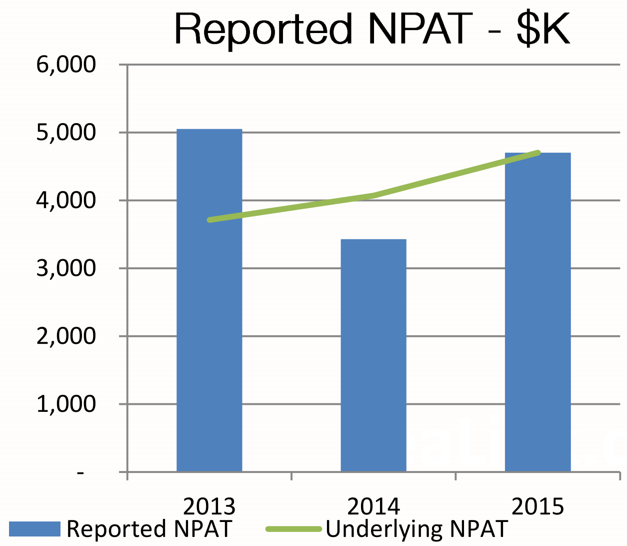
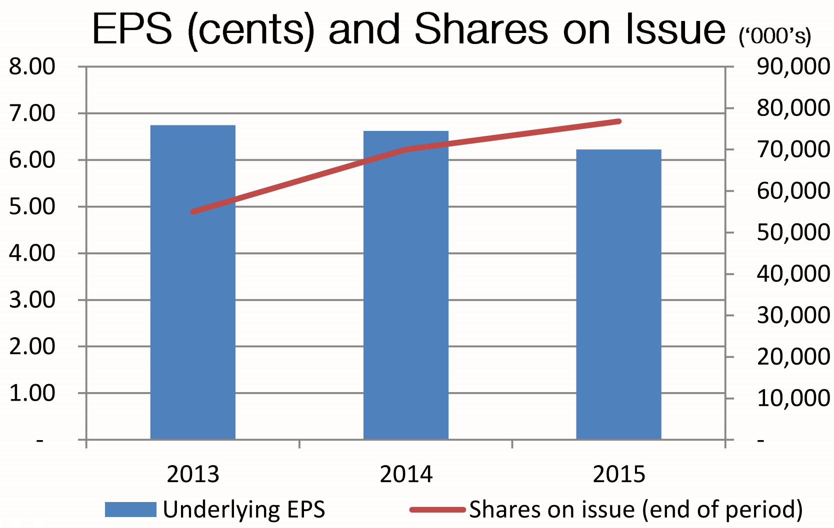
Financial Highlights

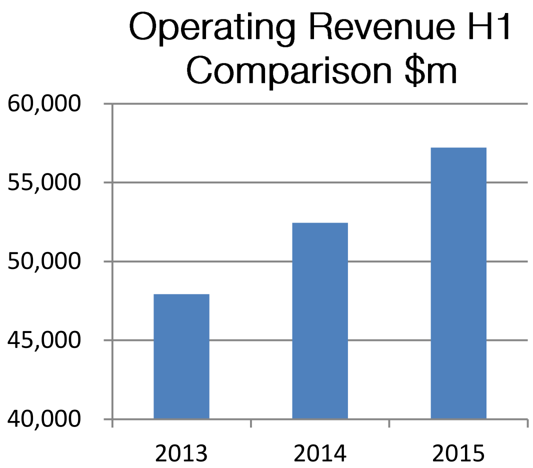
- NPAT of $4.7m for 1HFY15 was 37% ahead of 1HFY14 of $3.4m
- Revenue grew 9% to $57.2 million
- Reduced Interest Bearing Debt by $2.5 million
- Interim fully franked dividend of 3.8 cents per share, up from 3.66 cents per share
- Underlying EPS of 6.2 cents per share, down 6% with 3m shares issued via options
- SeaLink is well-positioned to improve upon its first half results

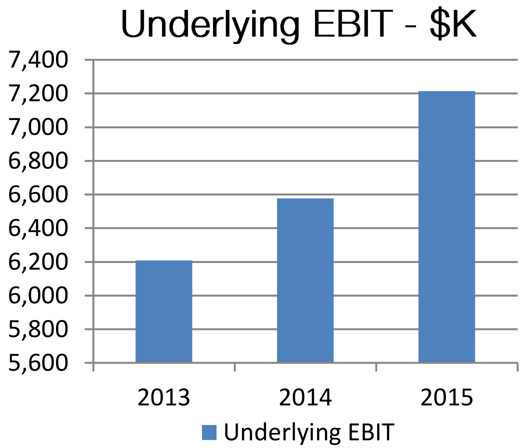




Financial Snapshot – 3 year trend

"Continued solid growth"





SEALINK TRAVEL GROUP First half of financial year		2013	2014	2015
PERFORMANCE				
Revenue	$m	47.9	52.4	57.2
Underlying EBIT	$m	6.2	6.6	7.2
EBIT margin	%	13.0	12.5	12.6
Underlying NPAT – continuing operations	$m	3.7	4.1	4.7
Underlying EPS (average)	cents	6.75	6.6	6.2
Dividend per share (100% franked)	cents	3.66	3.66	3.8
FINANCIAL STRENGTH				
Net assets	$m	30.8	47.6	59.5
NTA per share	cents	42	56	67
Gearing	%	34	16	13

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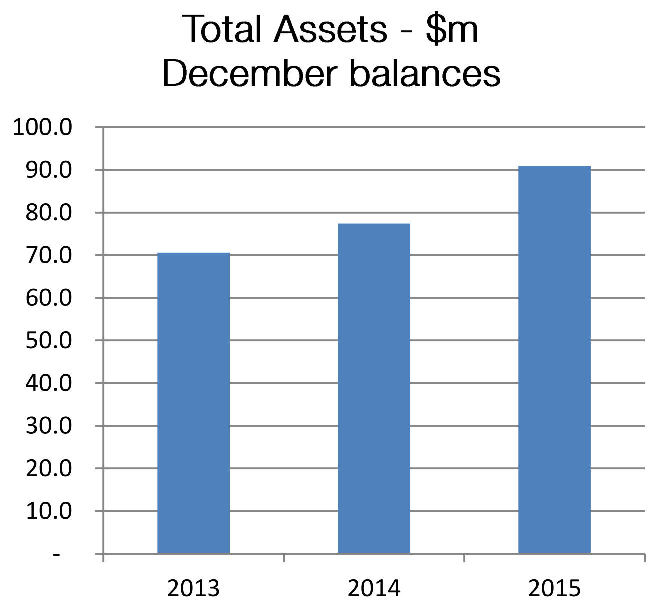
Summary Profit Statement

Half year Ending 31 December	2015 $m	2014 $m	Growth $m	Growth %
Operating revenue	57.2	52.4	4.8	9.2%
Operating expenses (before interest, depreciation and listing costs)	47.9	44.2	3.7	8.4%
Underlying EBITDA	9.3	8.2	1.1	13%
Depreciation	2.1	1.6	-	
Underlying EBIT	7.2	6.6	0.6	10%
Interest	0.5	0.8	-0.3	
Listing costs	-	0.9	-0.9	
Profit before tax	6.7	4.9	1.8	37%
Income tax expense	2.0	1.5	(0.5)	
Net profit after tax	4.7	3.4	1.3	38%
Normalised net profit after tax	4.7	4.1	0.4	10%
Underlying EPS – cents per share	6.22	6.63c	(0.41)c	(6.2%)

- Operating Revenue rising to $57.2m, up 9.2% with growth in all major business units
- EBITDA up 13% to $9.3m – as a result of higher revenues and full year effect of Darwin and Sydney ferry contracts
- Lower interest cost as gearing and Interest Bearing Debt is reduced
- EPS of 6.22 cents per share down by 6.2% due to higher capital base
- CAPEX spend of $3.7m on the 4th Rocket ferry built, vessel upgrade and Penneshaw Terminal
- Fuel savings to benefit in 2nd half, 2014-15

Statement of Financial Position

"Balance sheet strengthened with $3.7m of capital via option conversion"



	Dec 2014 $m	June 2014 $m	Change $m
Assets	91.1	86.7	4.4
Liabilities	31.5	32.8	(1.3)
Net Assets	59.5	53.9	5.6
Net interest bearing debt	4.8	9.1	(4.3)
Gearing %	13%	17%	

- $3.7m of fixed assets acquired during 1H 2014-15 whilst net interest bearing debt was reduced by $4.3m
- $3.7m capital raised via exercise of options
- 0.98m options outstanding
- 76.9m ordinary shares on issue

Cash flow

Half year Ending 31 December	2015 $m	2014 $m	Growth $m
Receipts from customers	57.6	50.6	7.0
Payments to suppliers	(48.1)	(42.0)	(6.1)
Gross operating cash flow	*9.5*	*8.6*	*0.9*
Net interest	(0.4)	(0.7)	0.3
Income tax paid	(2.3)	(0.8)	(1.5)
Net operating cash flow	*6.8*	*7.1*	*(0.3)*
Net investing cash flows (net payments for property, plant & equipment and after grants)	*(3.4)*	*(9.7)*	*6.3*
Proceeds from capital raising	3.7	16.3	(12.6)
Repayment of borrowings	(2.5)	(7.0)	4.5
Dividends paid	(2.8)	(2.9)	0.1
Net financing cash flows	*(1.6)*	*6.4*	*(8.0)*
Cash at the end of the half year	6.2	3.4	2.8



- Good earnings quality with strong correlation between EBITDA and gross operating cash flow
- Gross operating cash flow has improved, reflecting increased profitability
- Cash inflow of $3.7m from conversion of options to shares
- Net cash flow has been used to further reduce borrowings
- Cash on hand has increased by $2.8m to $6.2m at 31st December 2014

Operational Highlights

- Major improvement in Kangaroo Island and Captain Cook Cruises profit performance
- Secured new 4 year contract for Tiwi Island service
- One vessel added to the fleet in Sydney (MV Violet McKenzie)
- New paddle for PS Murray Princess as well as further room refurbishment
- Major refurbishment of Sydney 2000 upper deck
- New Scania bus for the SeaLink SA fleet
- Continued growth in higher margin web based sales
- Growth in International visitors
- Major refurbishment to 1 of the vessels in Queensland's fleet, on time and on budget
- Appointment of new Director Andrew McEvoy, former Managing Director of Tourism Australia and former CEO of South Australian Tourism Commission

New paddle for PS Murray Princess

Christening of
MV Violet McKenzie

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Section 2 – Business Unit Results and Performance Outlook

Business Unit Results – South Australia

Half year Ending 31 December	2015 $m	2014 $m	Variance $m
Operating Revenue (external)	26.5	25.0	1.5
Direct expenses – Repairs and maintenance Wages Other	 1.0 5.1 10.8	 1.8 4.8 11.4	 (0.8) (0.3) 0.6
Indirect expenses	3.5	3.3	(0.2)
EBITDA (before corp allocation)	6.1	4.7	1.4
Depreciation corporate allocation	0.8 1.5	0.6 1.4	(0.2) (0.1)
EBIT (after corp allocation)	3.8	2.7	1.1

RESULTS

- Ferry revenue up 5% with higher passenger and vehicle traffic
- Rebound in holiday packaging sales (up 17%) with improved internet booking
- Lower R&M reflecting no major vessel refurbishments
- Lower "other direct" due to lower Travel Centre sales ($0.4) and amortisation of Terminal grant ($0.1m)
- Fuel savings are starting to emerge
- Indirect expenses increases with higher Workcover costs and investment in web development
- Excellent growth in coach tour passengers although entrance fees have risen sharply

News	Liquor licence for Penneshaw terminal approved November 2014
Additions	Purchase of 1 coach as part of the routine coach fleet upgrade
Contracts	No movement, business as usual
Upgrades	No major spend. Vessels operating to plan
2015 at a glance	New dynamic pricing model being developed

Business Unit Results – New South Wales

Half year Ending 31 December	2015 $m	2014 $m	Variance $m
Operating Revenue (external)	22.2	20.1	2.1
Direct expenses – Repairs and maintenance Wages Other	 1.6 5.5 7.5	 1.2 4.8 7.4	 (0.4) (0.7) (0.1)
Indirect expenses	3.8	3.6	(0.2)
EBITDA (before corp allocation)	3.8	3.1	0.7
Depreciation Corporate allocation	0.9 0.3	0.7 0.5	(0.2) 0.2
EBIT (after corp allocation)	2.6	1.9	0.7

RESULTS

- Higher EDITDA margin reflecting revenue improvement and cost savings initiatives
- Increased commuter charter revenue with Harbour City Ferries with 3 full time vessels and 1 on an ad hoc basis
- Increased charter revenue although very competitive
- 6% increase in Murray River cruise product due to lower discounting
- Higher R&M required to service more vessels
- Increased wages to service ferry contracts

News	▪ Manly to Circular Quay direct service tender awarded to another operator
Additions	▪ MV Violet McKenzie ferry, our 4th newly built generation vessel
Contracts	▪ No movement
Upgrades	▪ PS Murray Princess continued room refurbishment as well as new paddle installed ▪ Upper deck of Sydney 2000
2015 at a Glance	▪ Further ad hoc contracted services on Sydney Harbour ▪ Purchase of 2 x 300 PAX ferries for expanded routes ▪ Commitment to build a floating Pontoon to service the cruise ship market

Business Unit Results – Queensland/Northern Territory

Half year Ending 31 December	2015 $m	2014 $m	Variance $m
Operating Revenue (external)	8.1	7.1	1.0
Direct expenses – Repairs and maintenance Wages Other	 1.1 1.6 2.1	 0.3 1.3 1.9	 (0.8) (0.3) (0.2)
Indirect expenses	2.3	2.0	(0.3)
EBITDA (before corp allocation)	1.0	1.6	(0.6)
Depreciation Corporate Allocation	0.3 0.1	0.3 0.3	0.0 0.2
EBIT (after corp allocation)	0.6	1.0	(0.4)

RESULTS

- Darwin continues to make a positive contribution
- Major planned spend on MV Reef Cat has affected EBIT reflect in higher R&M
- All other areas operating well and on track to budget
- Slight improvement in passengers numbers to Magnetic Island

News	■ New tourism cruise on Darwin Harbour ■ MV Tiwi Mantawi (formally name Freedom Sovereign) transferred to Darwin whilst MV Pacific Cat transferred back to Townsville
Additions	■ No major changes
Contracts	■ 4 year contract Tiwi Island NT signed
Upgrades	■ Reef Cat ferry, refurbished with air conditioning, flooring, windows, seats and some structural improvements. $1m invested
2015 at a glance	■ Investigating expansion of infrastructure in Queensland and other tourism related services in Northern Territory ■ Future of MV Pacific Cat being considered ■ Bathurst Island holiday packages released to the market

Performance Outlook

- Lower AUD making Australia a more competitive destination and provide upside in particular to NSW and SA business units
- Lower fuel costs are providing cost savings
- SeaLink is well-positioned to improve upon its first half results in the second half of FY2015
- Seek new market opportunities that will enhance, leverage and complement our current capabilities and growth strategies
- Gradually improving world economies are positively impacting world tourism activity
- The Company will continue its strategy to improve returns from its current businesses

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