

## SEALINK TRAVEL GROUP LTD FINANCIAL RESULT FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2015

### Highlights

- Record sales for all business units.
- 21% increase in underlying NPAT of \$9.6 million (before due diligence expenses related to a potential acquisition).
- Underlying EBITDA increases 17% to a record \$18.6 million on revenue growth of 7% to \$111.3 million, demonstrating SeaLink's strong operating leverage.
- Online sales revenue continues to increase as a proportion of total sales revenue; reducing operating costs.
- On-going fleet investment to accommodate new contractual ferry commitments and organic growth opportunities.
- Fully franked final dividend of 4.0 cents per share, payable on 15 October, 2015; up 8% on 2014 final dividend.

SeaLink Travel Group (ASX: SLK) ("SeaLink" or "the Company") continued its solid sales growth and increased profit returns during the 2015 financial year.

SeaLink today announced a reported Net Profit after Tax (NPAT) of \$9.3m for the full year ending 30 June 2015, compared to NPAT of \$7.2m for the previous financial year; an increase of 29.6%.

From a comparative perspective, the June 2014 year included the after-tax effect of ASX listing costs of \$0.6m whilst the June 2015 year NPAT included the after-tax effect of due diligence costs of \$0.2m related to an acquisition opportunity under assessment. SeaLink produced a record underlying NPAT (excluding aforementioned listing and due diligence costs) of \$9.6m; up 21% on 2014 underlying NPAT of \$7.9m.

In a competitive environment, operating revenue grew 7.2%, from \$103.8m in FY14 to \$111.3m in FY15, on the back of growth in the core businesses of SeaLink South Australia, Queensland and Captain Cook Cruises, and the full year operations of SeaLink Northern Territory.

Growth in profitability came from a higher contribution from SeaLink South Australia's operation through a combination of higher sales (increased coach tours, accommodation and ferry passengers) and lower maintenance costs. Captain Cook Cruises also increased its profit contribution compared to 2014 as a result of higher sales. Revenue growth included the full year effect of various charter contracts with Harbour City Ferries, the Convention Centre and the Biennale. The Vivid Festival continues to grow as a significant Sydney Harbour attraction and attracts new sales to our Sydney Harbour operations. The Murray Princess, located on the Murray River in South Australia also experienced solid revenue and gross margin increases.

Lower fuel costs due to efficiencies created by engine replacements and lower world oil prices had a positive effect on the result.

In FY15, SeaLink created a Revenue Management team whose primary role is to identify new and innovative pricing structures to maximise group revenue growth and help minimise selling costs. To date, several initiatives have proven very positive and further system development for the Company's booking system is planned for this financial year which will further increase the opportunity to deliver sales growth through dynamic pricing strategies.

## ***Review of Operations***

SeaLink's achievements in its key business segments for the 2015 financial year included:

- Enhancement of the fleet with completion of the fourth new "Rocket" ferry MV Violet McKenzie, the purchase of 2x300-passenger high speed ferries to expand business operations in Sydney and Townsville, and the sale of MV Captain Cook II, MV Aussie Venture and MV Pacific Cat;
- Commencement of a Revenue Management team to identify new and innovative pricing structures to enhance sales;
- Expansion of services on Sydney Harbour to Watsons Bay and Manly;
- Construction of a floating pontoon to provide ferry services to the expanding Sydney cruise ship market;
- Signing of a further 4 year contract for ferry services to the Tiwi Islands; and
- Upgrades to the MV Sydney 2000, MV Reef Cat and PS Murray Princess.

### *SeaLink South Australia*

The business had a solid year where revenue increased from \$50.6m to \$54.0m, a rise of 6.8% as a result of increased traffic flow to Kangaroo Island, together with improved touring and accommodation package sales.

The Company continued to invest in its vehicle fleet with two new Scania coaches purchased for Kangaroo Island Tours and two vehicles for the Kangaroo Island Odyssey business.

The earning contributions from SeaLink South Australia's diverse businesses before corporate allocation, depreciation and interest expense increased by 21% from \$11.2m in FY14 to \$13.6m in FY15.

## *Captain Cook Cruises*

Captain Cook Cruises continued to grow sales and profitability despite unusually poor weather conditions in April and fewer major events in Sydney compared with the 2014 financial year.

Sales increased by 7.6% from \$39.5m to \$42.5m, whilst its contribution before corporate allocation, depreciation and interest expense increased by 21.8% from \$5.1m in FY14 to \$6.25m in FY15.

The fourth newly constructed passenger vessel, MV Violet McKenzie, was delivered in November 2014, and commenced charter services on Sydney Harbour.

The Hop-On Hop-Off ferry tour on Sydney Harbour was extended to Manly in January 2015, taking the number of stops on the service to 10 and also saw the commencement of the construction of a new mobile ferry pontoon which will be used to transfer passengers from a wharf to a ferry. The pontoon, christened Beatrice Bush, arrived in Sydney in early July 2015.

The MV Palm Cat and MV Maggie Cat, which carry up to 300 passengers each, were acquired for \$6m in April 2015, and funded from existing debt facilities. The vessels were acquired to meet the growing market demand for ferry services in addition to running whale watching cruises in Sydney.

Captain Cook Cruises commenced a week day commuter ferry service between Watsons Bay and Circular Quay in Sydney in March 2015. The new service has been welcomed by local residents. Other harbour services are under consideration.

The PS Murray Princess based in Mannum in South Australia delivered growth in revenue and profitability and underwent a replacement of the paddle wheel and further cabin upgrades, as part of its refurbishment program.

## *SeaLink Queensland/Northern Territory*

With an additional and expected \$0.8m expended on vessel repairs and maintenance compared to last year, SeaLink Queensland/Northern Territory's contribution before corporate allocation reduced by \$0.3m. Sales revenue from the operation to Magnetic Island and additional services to Palm Island grew revenue.

SeaLink Northern Territory sales revenue increased by \$0.7m compared to FY14, with the business operating for the full 12 months.

In December 2014, the Tiwi contract was signed for a further 4 years after an initial trial of twelve months. The service is well-supported by local residents and a growing tourist market. A new Darwin Harbour tour commenced in June 2014 and is proving to be very popular. In March 2015, SeaLink Northern Territory added to its tourism offering by partnering a new island tour with the traditional land owners.

## Dividends

The Board has declared a fully franked final dividend of 4.0 cents per share, payable on 15 October 2015, an increase of 8% over last year. This represents a 64% return of after-tax profit to shareholders, in line with SeaLink's policy of returning between 50% and 70% of after-tax profit, subject to business needs and ability to pay.

## Outlook

The Company is optimistic about the 2016 financial year given the positive outlook for inbound international tourism.

Managing Director Mr. Jeff Ellison said "there is strong appetite for SeaLink's leisure products, particularly from increased visitors from the international market."

Key areas of focus in the 2015/2016 financial year include:

- Higher margins from the growing international tourism sector;
- Utilisation of spare passenger capacity on our current services;
- Full implementation of our Revenue Management systems;
- Further expanding our on-line sales; and
- Continuing to assess acquisition opportunities aligned with our strategy and expertise.

"Given current seasonal and business conditions remain over the next year, the business is well positioned to report an increasing underlying profit in the 2016 financial year."

**For more information please call:** Carla Schaefer, Investor Relations, SeaLink Travel Group 08 8202 8619 or 0409 101 188