



SeaLink Travel Group

Investor Day

Thursday 10th March, 2016

Aboard the MV Sydney 2000



Adelaide
Sightseeing

SEALINK
Kangaroo Island


Captain Cook
Cruises™

SEALINK
S.E. Queensland



SEALINK
Queensland

KANGAROO
ISLAND
ADVENTURE TOURS


SEALINK
Gladstone



Kangaroo Island
Odysseys

SEALINK
Northern Territory

Today's Agenda

Thursday 10th March, 2016

Open	Michael Hughes, Commercial Director
Where we are today	Jeff Ellison, CEO and Managing Director
Where we are headed	Jeff Ellison, CEO and Managing Director Michael Niemann, National Fleet Manager Michael Hughes, Commercial Director
Tourism sales and marketing	Richard Doyle, Head of International Sales
Financial review	Trevor Waller, Chief Financial Officer
Closing remarks - Q&A	Jeff Ellison, CEO and Managing Director



Investment Highlights

- Consistent track record of EBIT and dividend growth
- Attractive industry fundamentals with potential to drive organic earnings growth
- Unparalleled portfolio of operations in Australia with strong underlying value
- Sales, marketing and online activities and cross sale opportunities to enhance revenue generation
- Strong balance sheet allowing platform for further growth opportunities
- Operating leverage providing opportunities for future potential margin increase
- Experienced leadership team
- Unique IT platform
- Successful execution of two business acquisitions since listing
- Robust Board with strength and diversity

Who we are

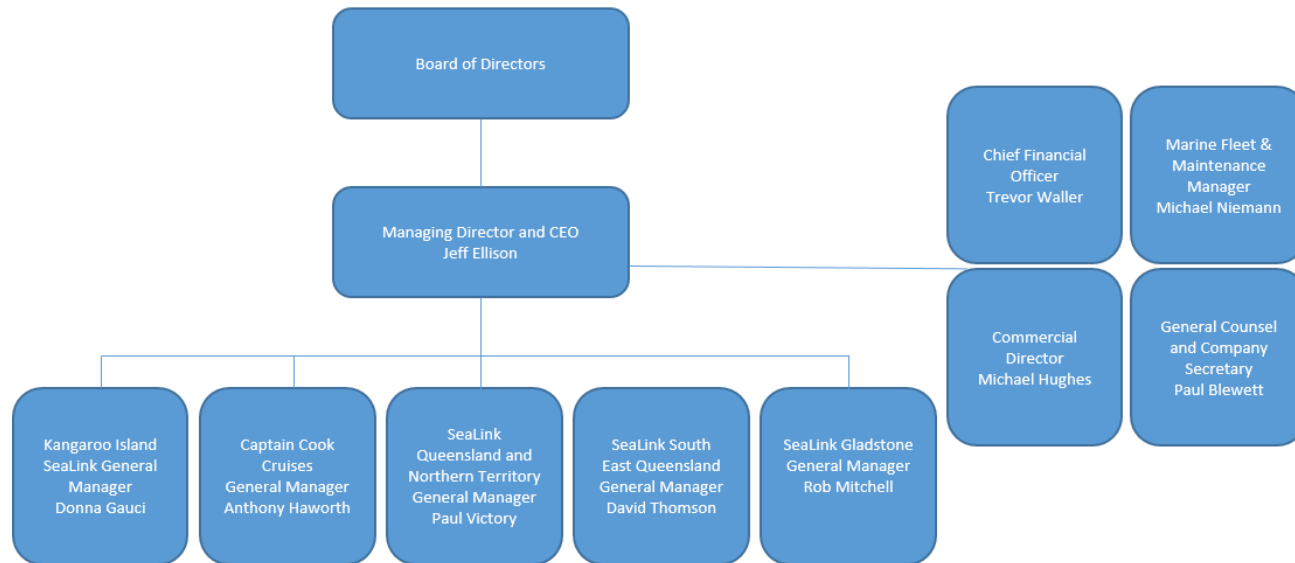
Leadership Team with strong Tourism and Transport Experience

Business Unit Leaders*

- Donna Gauci – 11 years
- Anthony Haworth – 35 years
- Paul Victory – 10 years
- David Thomson – 5 years
- Rob Mitchell – 3 years
- Pauline McAlinden – 2 years

Corporate Services*

- Jeff Ellison – 25 years
- Trevor Waller – 10 years
- Michael Niemann – 4 years
- Michael Hughes – 18 months
- Paul Blewett - 2016



*Years with
SeaLink or
acquired
business unit

Who we are

Diversified tourism and transport operations

Tourism

- Lunch and dinner cruises on Sydney Harbour and Swan River
- Tours in South Australia, Kangaroo Island and Tiwi Islands
- Murray Princess accommodated cruising
- Charters on Sydney Harbour and Swan River
- Retail travel services
- Accommodation and dining, Vivonne Bay Lodge, Kangaroo Island
- Holiday Packages



Transport

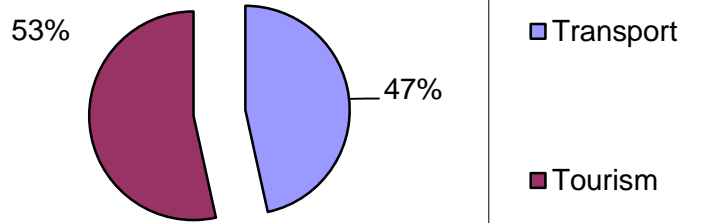
- Passenger and vehicle services in 4 states and the Northern Territory, over 16 routes
- Commercial passenger and freight
- Coach service to and on Kangaroo Island
- Cruise ship transfer in North Queensland
- Transportation of mineral sands in South East Queensland



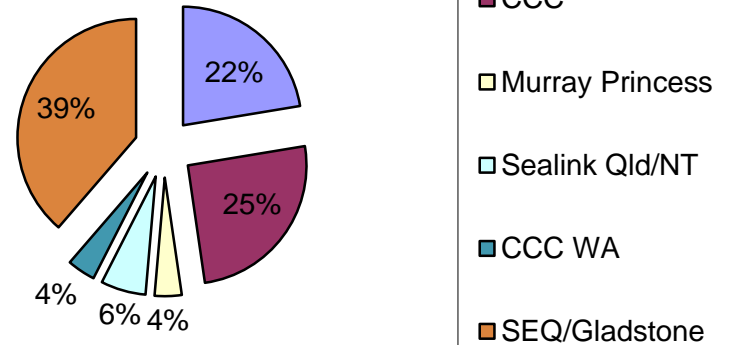
Who we are - Business Source

Good spread of geographical and industry diversification

Revenue by industry



Revenue by business unit



- Targeted tourism/transport mix of 50/50 mix retained with recent Captain Cook Cruises Western Australia acquisition
- Good spread of businesses across Australia

Who we are

National Footprint



Where We Are Today



Where We Are Today

Recent Achievements

‘Implementing new revenue generating opportunities’

- Ongoing roll out of dynamic pricing across all business operations
- New service to White Bay International Cruise Terminal, Sydney
- Introduction of well patronised commuter ferry service to Watsons Bay, Sydney
- Successful extension of Hop-On Hop-Off service to include Manly
- Tiwi Island tourism offering
- Targeted direct marketing campaign to existing customer database (OnDeck)



Where We Are Today

Recent Achievements

‘Realising benefits of recent acquisition’

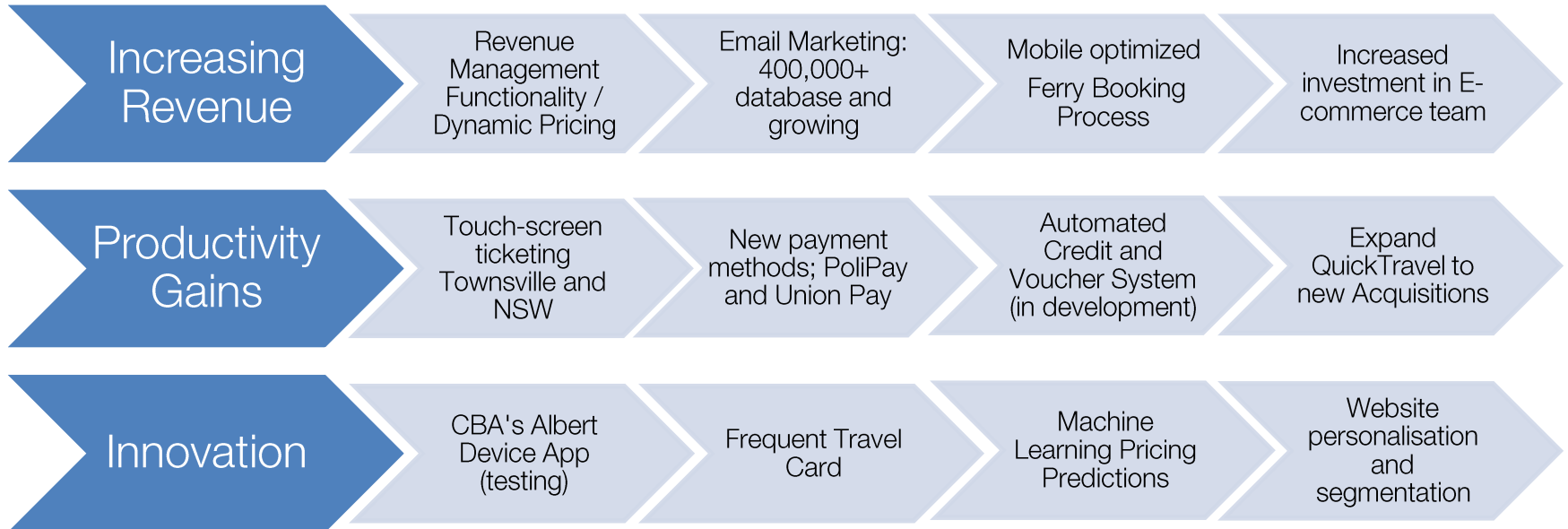
- Incorporating North Stradbroke Island into our tourism offerings
- Fleet opportunities – eg. Darwin and Melbourne
- IT integration across all business units
- Integrated financial reporting
- Insurance cost savings
- Integration of international, domestic and online sales



Where We Are Today

Recent achievements

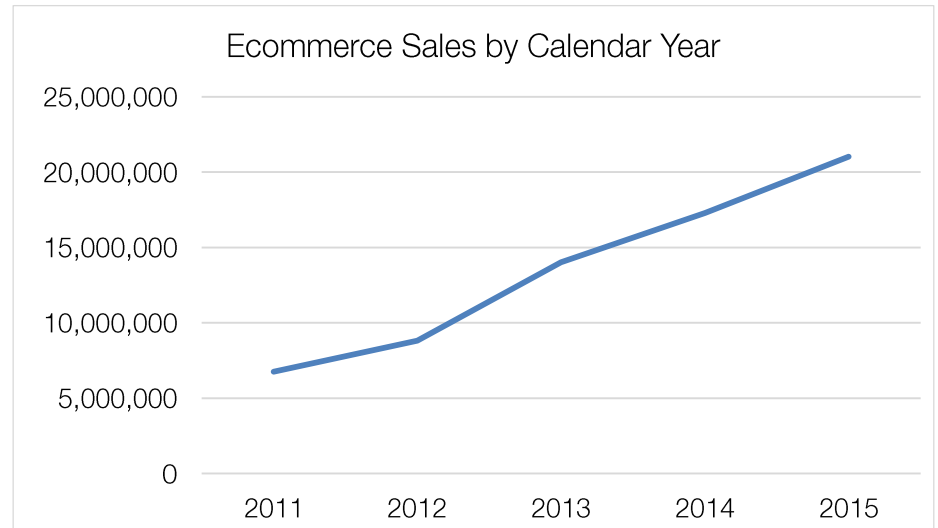
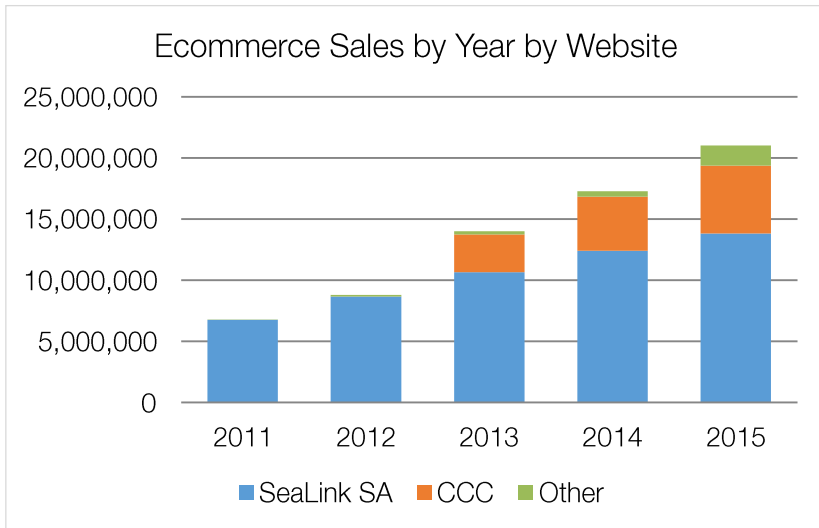
‘Constant investment in IT to protect and grow earnings’



Where We Are Today

Recent Achievements

- 3.3 Million Unique Visitors a year to our websites
- Over \$21 million in online sales annually and growing
- Grew online sales by 34.5% on average in 2015
- 16 Travel and Tourism Websites



Where We Are Headed



Where We Are Headed

The key drivers of high return growth

Strategic Vision

- To have an unparalleled fleet, located in prime tourism locations and key economic growth areas (e.g. Northern Australia and Sydney)
- To differentiate ourselves through product innovation and creation of new markets
- To offer excellence of service within both tourism and transport
- To build on a strong sales company culture that feeds into a great customer experience

Geographic Focus

- To position SeaLink as a major player in connecting Australasian tourism icons to the world
- To identify locations conducive to growth in marine commuter services
- To take advantage of existing national footprint in order to capture a high percentage of customers' total travel spend

Business Leverage

- Cost savings from internal IT development, Quicktravel booking system, finance processes and bulk buying power
- Scaled up corporate team to develop new markets and business opportunities and support the business units
- Optimisation of asset base to increase earnings (e.g. fleet management)
- Integrated company wide international, domestic and online sales team

Where We Are Headed - Transport Growth Opportunities



Where We Are Headed - Transport Growth Opportunities

A sea of opportunities

- NSW government strategy to decongest roads – Sydney Harbour a blue highway
- Potential growth opportunities on Sydney Harbour include Bays Precinct, Parramatta River and Manly to Barangaroo
- Northern Territory government investigating additional ferry routes
- Expansion of marine transport infrastructure in Perth widens opportunities for route expansion
- Tendering new opportunities in marine transport on the back of expertise acquired through the recent Queensland acquisition

Where We Are Headed

Case Study

Fleet Management

Michael Niemann – National Fleet Manager



SEALINK
Travel Group

**Captain Cook
Cruises™**

Where we are headed – Fleet Management

Largest ferry operator in Australia

	2015	Current
Vehicular Ferries	2	12
Passenger Ferries	13	36
Dinner Charter	6	12
Accommodated Cruise	1	1
Ambulance Vessels	0	2
Cable Ferries	0	1
Tug Boat	0	1
Barge	0	2
Assisting Tenders	2	2
Work Boats	1	2
Fleet Number	26	71*

* Including Captain Cook Cruises WA and managed vessels

Fleet Facts:

- 71 managed vessels
- Fleet Value (to September 2015): \$130m
- Average Fleet Age: 16 years
- Newest Vessel: *Beatrice Bush* (2015) (mobile pontoon)
- Oldest Vessel: *Bay Islander* (1957) (vehicular barge)

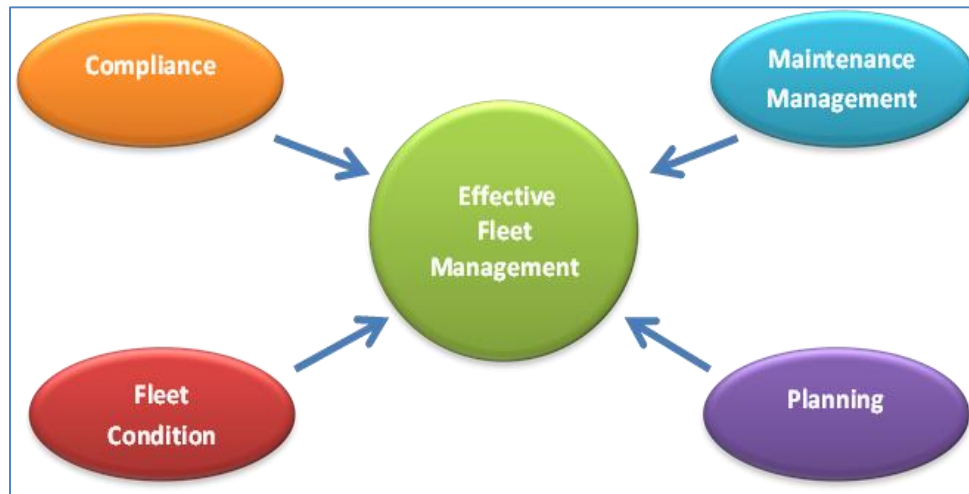


- A diverse fleet
- Multiple locations/operating environment
- Operational flexibility

Where we are headed – Fleet Management

A core competency that underpins our growth

- Assurance that the vessels are safe, compliant and operable
- Safety – eliminating incident occurrences
- Culture of risk management
- Meeting customers' expectations
- Through life maintenance – protecting asset values
- Refurbishment from an asset and customer aspect



Where we are headed – Fleet Management

Fleet Through-Life Management

- Vessel life expectancy varies depending on the build, application, maintenance and use
- Examples of extending useful life of investment and of improving earnings power of vessels
 - *SeaLion 2000* half life refurbishment
 - *John Cadman II* refit
- New Build Experience and growth opportunities – the Rocket story
- Planned maintenance management
- Advantage of changes to regulatory environment



Where we are headed – Fleet Management Opportunities

Capricornian Class – Melbourne, Sydney, New Zealand, Gladstone and interest for sale from UK

Fleet replacement plan over 5 years

- *John Cadman III*
- *Sunbird*
- *Reef Cat*
- Bay Island Barge Strategy

Flexibility

- *James Grant* permanent relocation to Gladstone from Darwin
- *Maggie Cat* short term assignment to Gladstone from Sydney
- *Mandurama* relocation to Sydney from Gladstone
- New build vessel for Darwin

Developing markets

- Western Australia
- Melbourne
- Darwin
- Sydney
- Tug and barge



Where We Are Headed

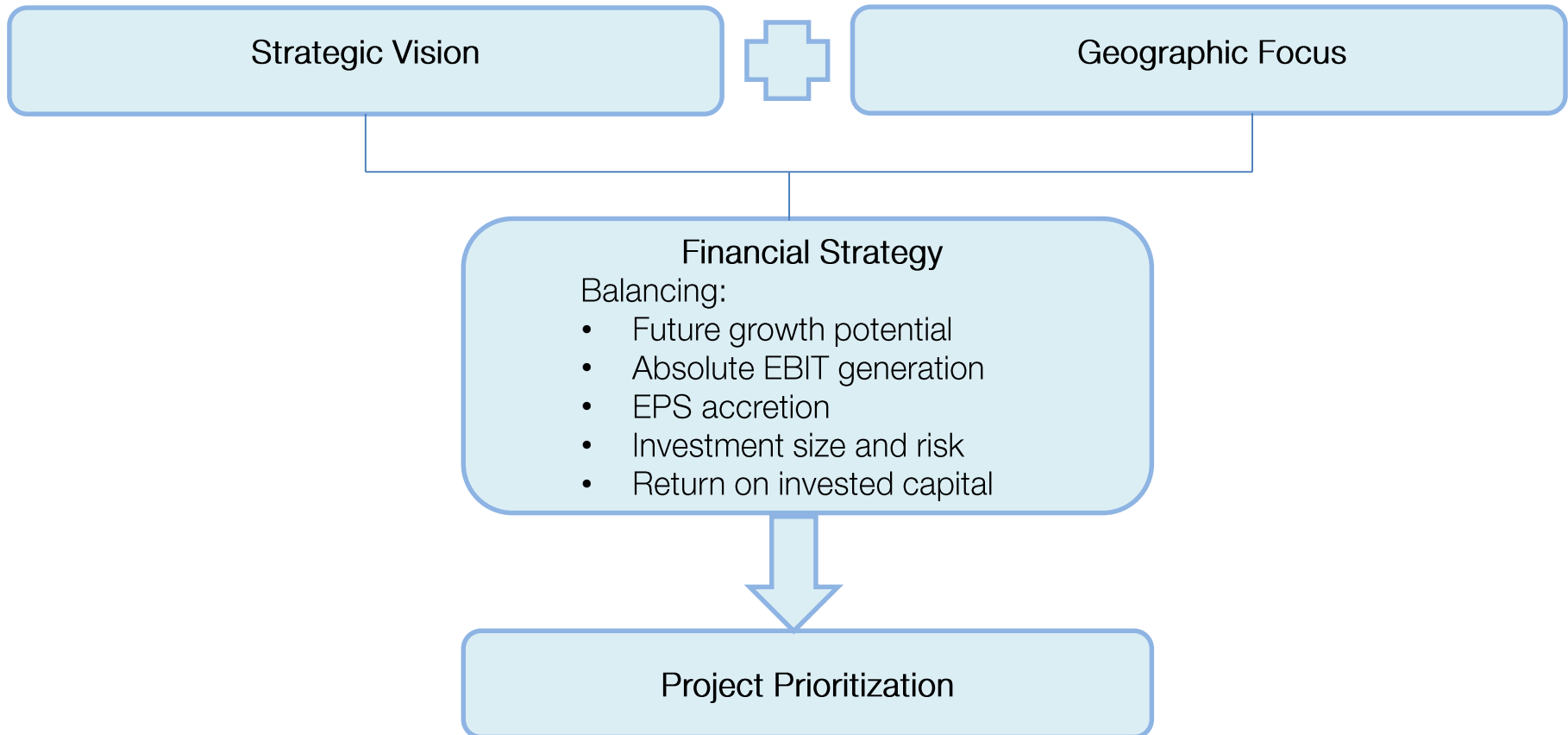
How we prioritise our Investments – Case Study



Where We Are Headed

How we prioritise our Investments – Case Study

SeaLink's growth and capital allocation strategy will be guided by a balance of three filters:
Strategic vision, geographic focus and financial strategy



Where We Are Headed - How we prioritise our investments

Case Study – Captain Cook Cruises Western Australia

Strategic vision

- To have an unparalleled fleet, located in prime tourism locations and key economic growth areas ✓
- To differentiate ourselves through product innovation and consistency of service within both tourism and transport ✓
- To build on a strong company culture that feeds into a great customer experience ✓

Geographic focus

- Strategy to position SeaLink as a major player in connecting Australasian tourism icons to the world. ✓
- To identify locations conducive to growth in marine commuters services ✓
- Strategy to take advantage of existing national footprint in order to capture a high percentage of customers' total travel spend ✓

Business Leverage

- Cost savings from internal IT development, Quicktravel booking system, finance processes and bulk buying power ✓
- Scaled up corporate team to help with ongoing business opportunities ✓
- Integrated company wide international, domestic and online sales team ✓

Where We Are Headed - How we prioritise our investments

Case Study – Captain Cook Cruises Western Australia Summary

- A new growth engine – Upside from Elizabeth Quay development, further infrastructure projects with potential new ferry routes
- Business has natural alignment – product, branding and service culture
- EBITDA and EPS accretive
- Portfolio diversification
- Quality management skills



Tourism Sales and Marketing Update

Richard Doyle – Head of International Sales and Marketing



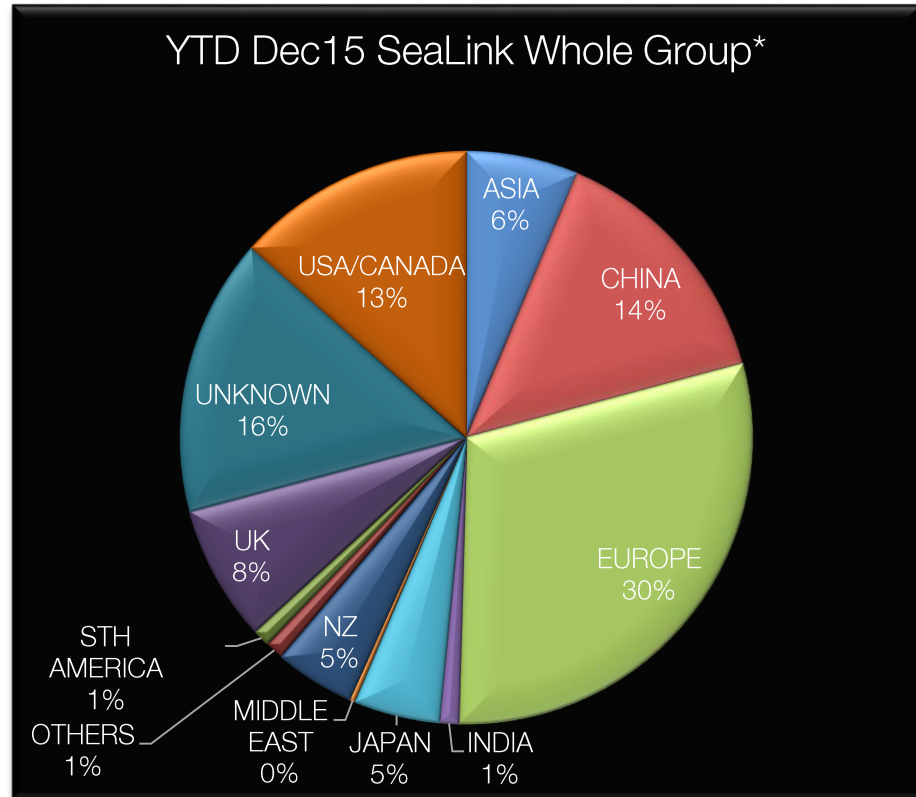
Tourism Sales and Marketing Update

Sales Environment

- In-demand product range catering to a variety of segments
- Safe destination choice
- Low AUD exchange rate
- Continue to drive cross sell opportunities through an integrated sales team approach
- Continued increase in online sales (lower cost of sales)
- International Sales team are language proficient thereby maximising penetration into key international markets
- Strong existing distribution partner relationships to sell all existing and new Group products
- Competitive charter market in Sydney

Tourism Sales and Marketing Update

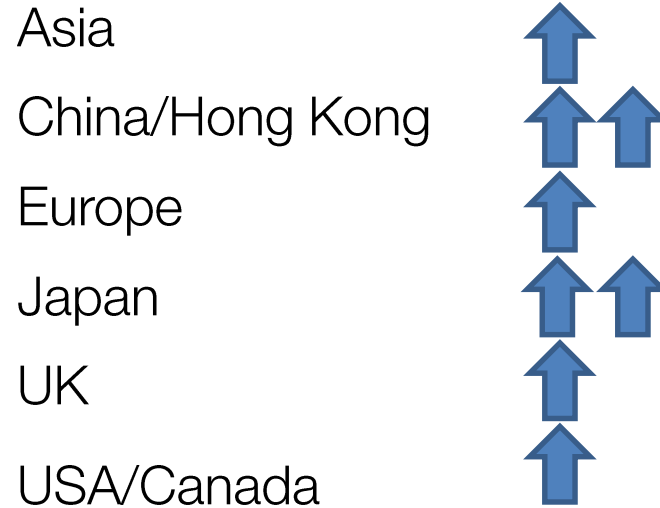
- #1 Europe
- #2 China
- #3 USA Canada
- #4 UK
- #5 Asia
- #6 Japan



* Based on six months ended Dec 15 v's Dec 14 revenue

Tourism Market Focused

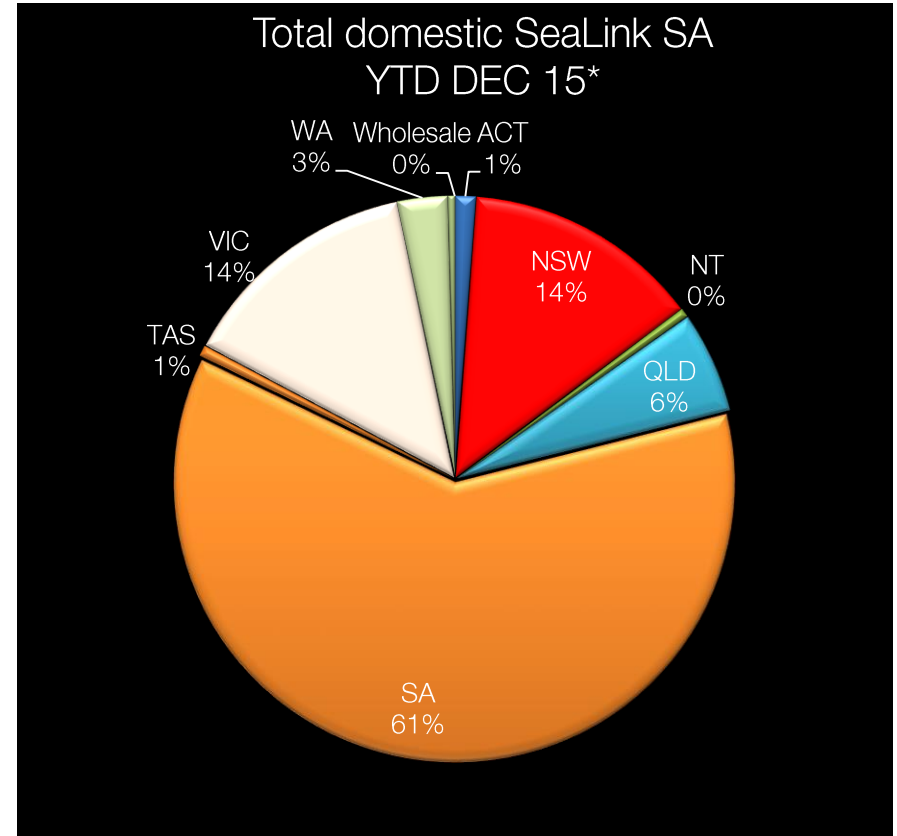
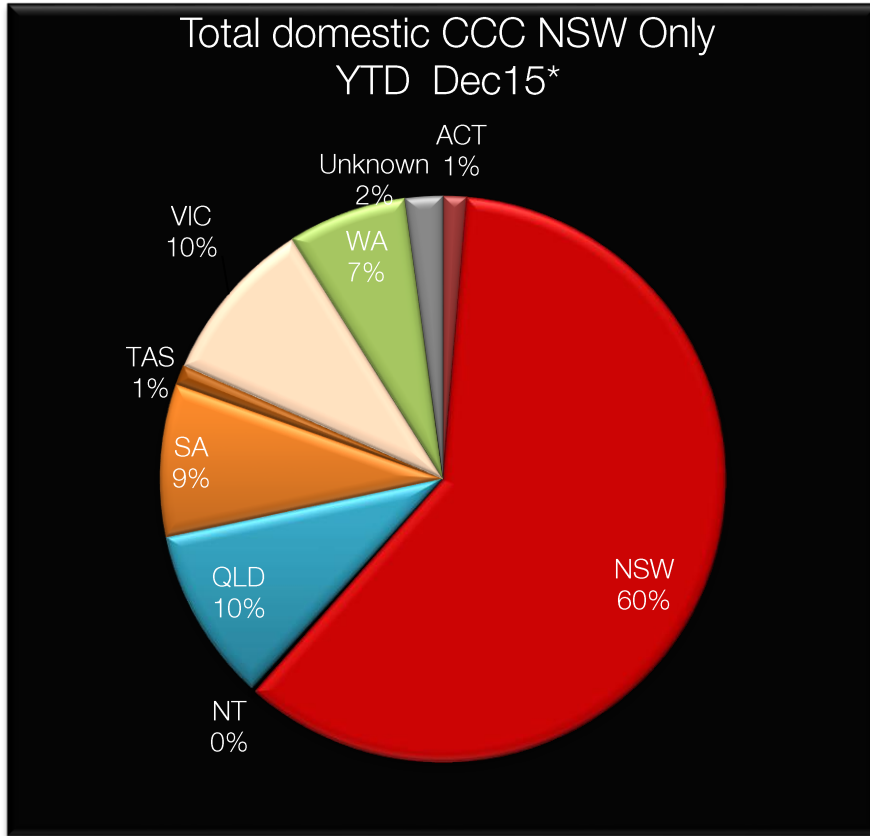
Inbound sales growth, 6 months to December 2015*



*Based on six months revenue to Dec 15 v's Dec 14 (un-audited)



Tourism Sales and Marketing Update



* Based on six months ended Dec 15 v's Dec 14 revenue

Tourism Market Focused

'Capturing the Premium Market'

- Expand “Signature” premium product range – high margin and unique experiences e.g. new Penfolds Platinum dinners on *MV Sydney 2000*
- Consciously moving to premium Chinese market to maximise yield and enhance customer experience
- Leverage strong reputation with customers – “OnDeck”
- Dedicated on-line sales and social media teams – 400,000 consumer data base
- Engage through overseas consumer sales channels – Feefo, Trip Advisor, Weibo
- Joint promotion partnerships with Tourism Australia and State/Territory promotional campaigns
- Direct booking interface to key distribution partner networks expanding distribution and creating more sales – Ticket mates, Viator
- Domestic travel agent network remaining strong

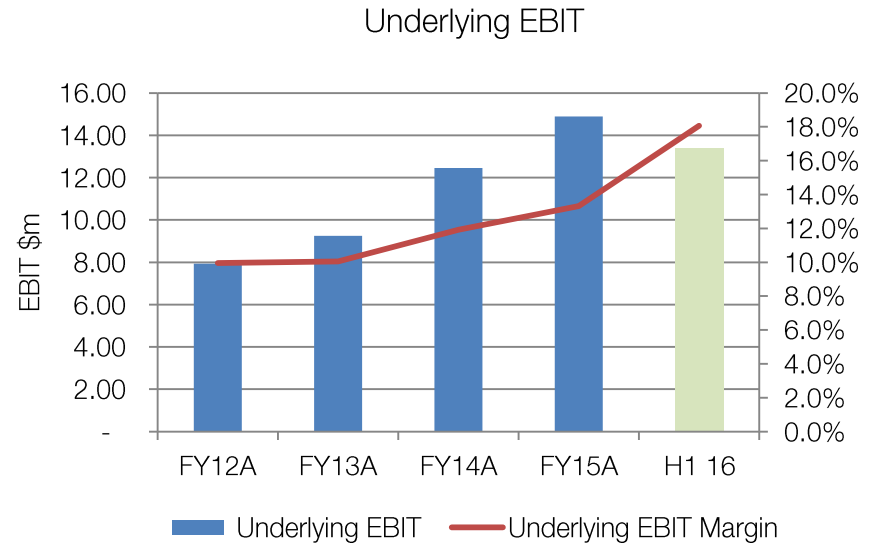
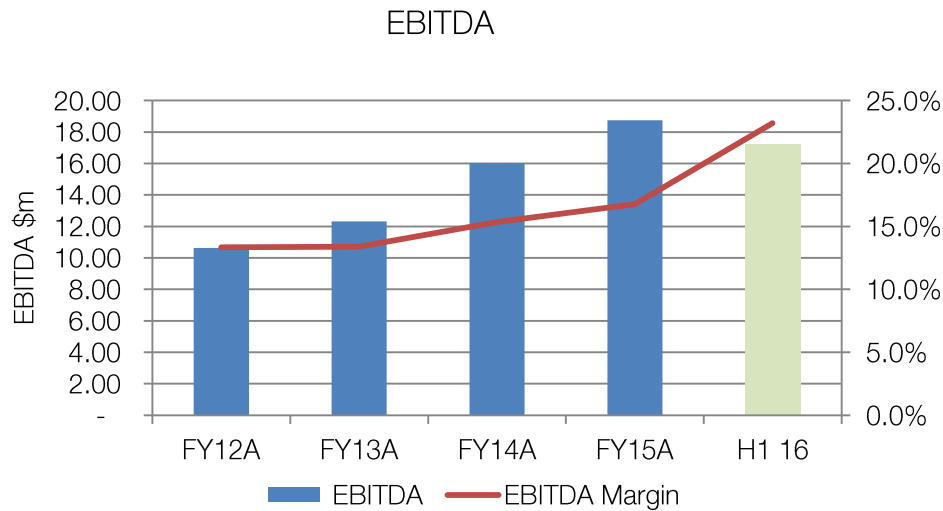
Financial Review

Trevor Waller – Chief Financial Officer



Financial Review

EBIT and EBITDA Growth – All business units

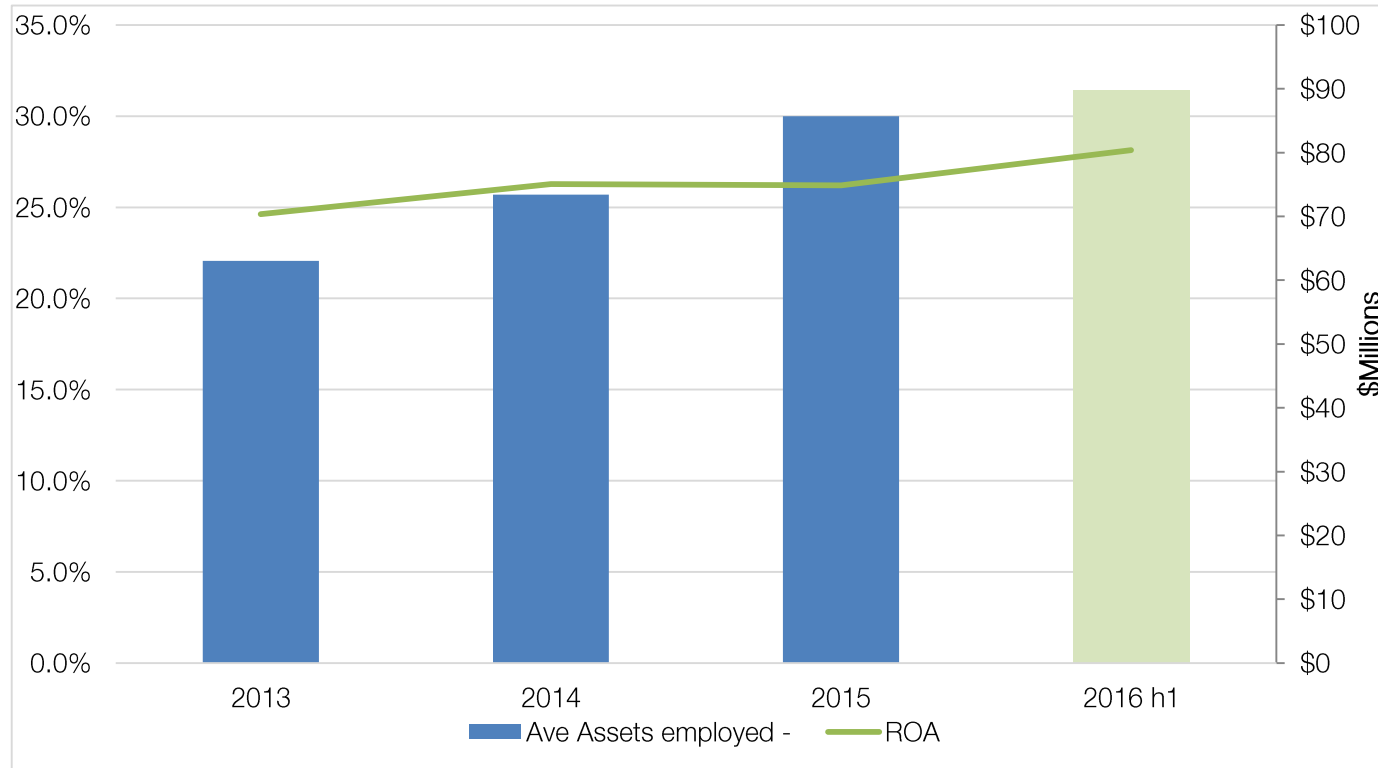


- Consistent track record of earnings growth and margin expansion
- H12016 sizable increase on pcp reflects TSM acquisition and growth in core business

EBIT / Margin Growth

Prior to TSM acquisition

Asset Return: before Corporate

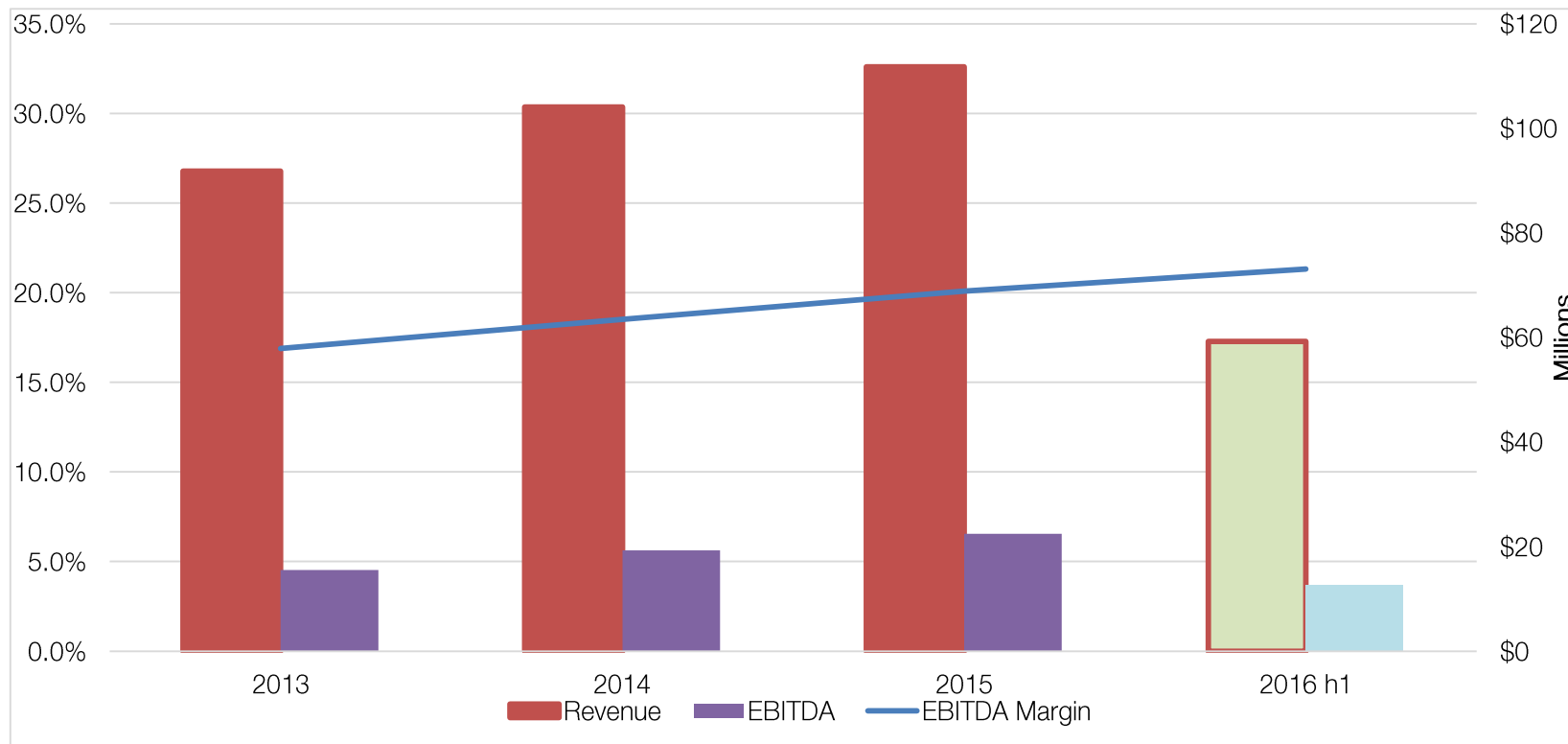


- Steady growth in ROA and EBITDA Margin
- Growth reflects leverage benefits

EBIT / Margin Growth

Prior to TSM acquisition

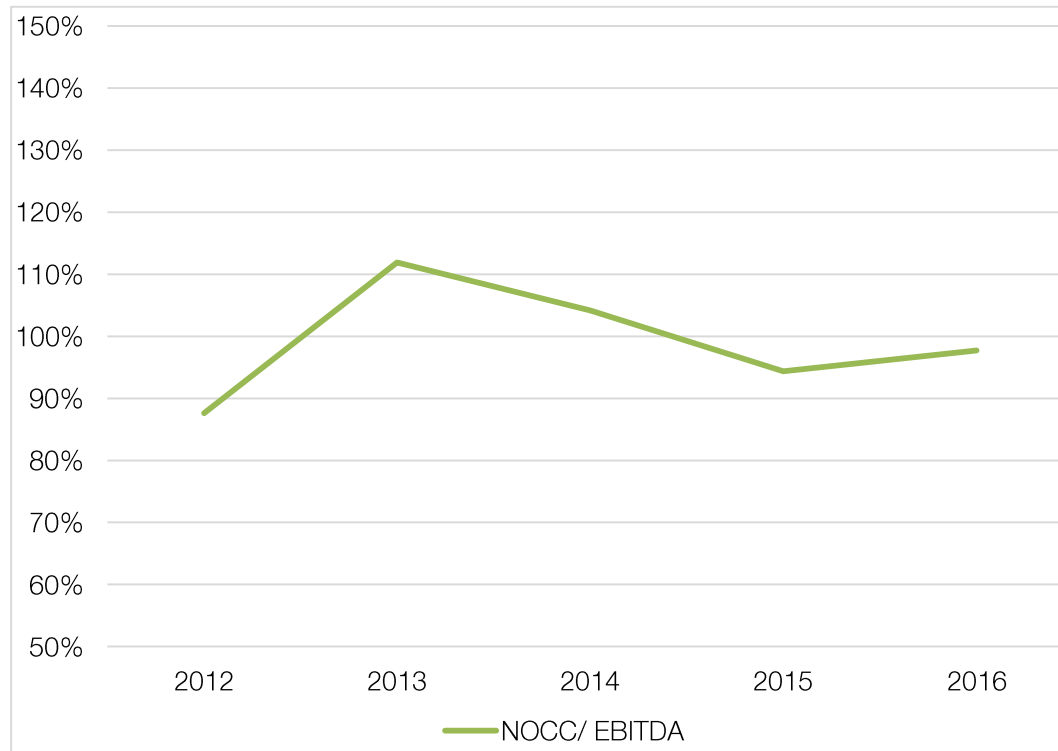
Operating Leverage: before Corporate



EBITDA margin growth from 16.9% to 21.3% in 4 years

Earnings Quality

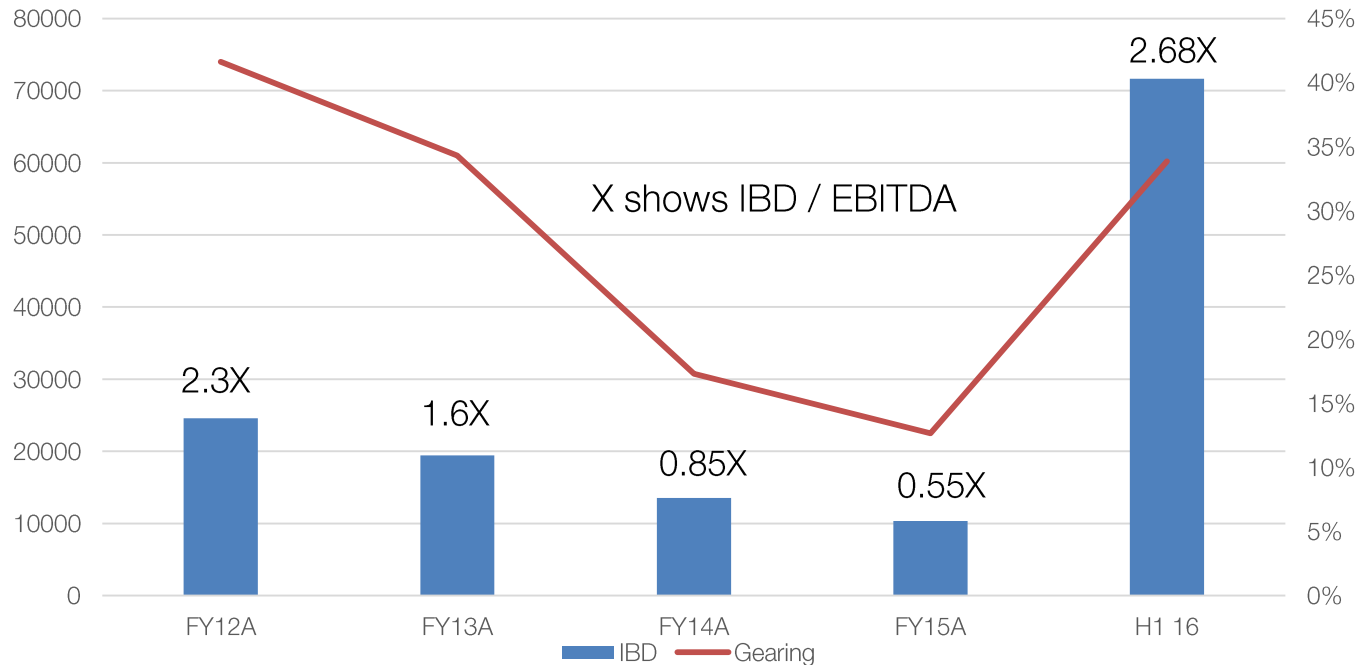
Gross Operating Cash flow / EBITDA



Consistent correlation between operating cash flow and EBITDA

Financial Review

Disciplined Balance Sheet Management



- Gearing (Interest Bearing Debt (IBD) to TTA) at 34% under the target of 35-45%
- Gearing rising to 41% with \$12m acquisition (Captain Cook Cruises WA)
- IBD to EBITDA to drop below 2.5 times for full 2016 FY
- All banking covenants met

Financial Review

Simplified Debt Structure

APPROACH

- Bank facility (ANZ) is rolled every 12 months to ensure 2 years of secure facilities
- Leases are predominantly undertaken for major assets (>\$0.2m) based on lowest price offering
- Credit limits held with all 4 majors for leasing

COMMITMENTS

- Current facility requires principal repayments of \$5m commencing 01/01/16 for 2 years
- \$30m 5 year swap in place at a rate of 3.93%

- Strong cash flow from operations
- Weighted average interest rate below 4%
- Debt at fixed rates – 48%

Financial Review

Capital

Running Spend (excl business expansion)

- We expect the maintenance CAPEX running rate to be around \$7m pa which allows 1 vessel replacement, normal coach replacement and some vessel refurb per annum
- *Murray Princess* room refurb is on-going \$0.3m pa
- No major fleet upgrade in South East Queensland required
- Maintenance CAPEX aligns with depreciation charge

2015 -16 Spend

- Spend in H1 2016 was \$2.0m
- Major planned spend H2 2016 -
Expansion –
 - Tug, Barge, Excavator (Mineral sands contract) - \$2.9m
 - Vessel build for Darwin/Gladstone \$2.6m (will be split over 2016-17)Maintenance -
 - Other capital \$0.5m
 - Coaches – Sprinter \$0.1m

Financial Review

Case Study - Successful Integration: Captain Cook Cruises NSW

SHORT TERM

- Booking system replaced - \$50k saving
- Standardised IT network - \$50k saving
- Automated on-line booking process via API's - saving of \$50k
- Tight controls over R&M - not less but focused with over-runs closely managed/prevented
- Standardised accounting processes- GL, payments etc.
- Through delegation and improved reporting, we empower those in the business to manage their areas e.g. GM's, Maintenance Manager, Sales Manager
- Removed non profitable segment- accommodated cruising - losing \$0.4m pa
- Reviewed insurance - group buying - \$0.1m
- Removed excess berths - \$0.25m

MEDIUM TERM

- Sold 2 old vessels - lower maintenance staff needed
- Consolidated sales teams - international, domestic, online
- Upgraded vessels to improve image
- Removed un-necessary sales discounts
- Improved reporting to understand source and margins
- Expanded Chinese market
- Created new routes, Watsons Bay and White Bay
- Invested in new Rockets and expanded into the commuter charter business (HCF)

- **Overall improvement of \$3.3m in EBIT over 3 years**
- Further margin related improvements expected
- No one magical step
- Integration takes time and understanding of business dynamics

Financial Review

Risk Management

KEY RISK AREA	RISK MINIMISATION
Fuel pricing risk	<ul style="list-style-type: none">• Hedging under constant review – not considered of value at present• Ability to increase prices although lags
Repair Management	<ul style="list-style-type: none">• Strict controls over budget variances – pre-authorisation• Heavy involvement by Marine Fleet Manager in all slippings• Group approach to controlling total spend
Contractual Management	<ul style="list-style-type: none">• New Legal Counsel• Regular Board review of material contracts• Follow-up well in advance of maturity
Interest Rate Management	<ul style="list-style-type: none">• Currently, \$30m under 5 year fixed• General policy for a 50/50 fixed/variable balance
Debt Levels	<ul style="list-style-type: none">• Excess limits carried (currently \$17m)• Non-aggressive dividend policy• Gearing target of 35-45% longer term
Weather	<ul style="list-style-type: none">• Unseasonal weather in peak periods

Closing remarks



Closing Remarks

The future for SeaLink

- Continue to seek new business acquisition opportunities that will enhance, leverage and complement our current capabilities and growth strategies
- Possible expansion into Melbourne, Darwin, Western Australia , Sydney and New Zealand, together with development of new routes and commuter offerings
- Expanded premium offerings to independent Chinese and Asian travellers
- Utilisation of Capricornian fleet
- Higher mix of on-line sales
- Improve existing capacity utilisation



**CONNECTING AUSTRALIAN
ICONS AND LANDSCAPES
TO THE WORLD.**

Q & A

Important Notice - Disclaimer

- This document has been prepared by SeaLink Travel Group Limited (ACN 127 894 893) (SeaLink or the Company). No party other than SeaLink has authorised or caused the issue of this document, or takes responsibility for, or makes any statements, representations or undertakings in this document.
- **Presentation of general background:** This document contains general background information about SeaLink's proposed activities current as at the date of this presentation (Information). It is Information in a summary form only and does not contain all the information necessary to fully evaluate any transaction or investment.
- **Not investment advice:** The Information provided in this presentation is not intended to be relied upon as advice to investors or potential investors.
- **Financial data:** All dollar values are in Australian dollars (A\$) unless otherwise stated.
- **Future performance:** This presentation contains certain forward-looking statements. The words 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'likely', 'intend', 'should', 'could', 'may', 'target', 'plan' and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of SeaLink, and its officers, employees, agents and associates, that may cause actual results to differ materially from those expressed or implied in such statements. Actual results, performance or outcomes may differ materially from any projections and forward-looking statements and the assumptions on which those assumptions are based. You should not place undue reliance on forward-looking statements and neither SeaLink nor any of its directors, employees, servants, advisers or agents assume any obligation to update such Information.
- **Confidentiality:** This document and the Information contained herein is confidential to SeaLink. It is not intended for and should not be distributed to any other person other than as permitted herein. By receipt of the document, the recipient agrees that it will not transmit, reproduce or make available the document (or any Information contained herein) to anyone other than its professional advisers without the prior written consent of SeaLink. Any such disclosure to the advisers of the recipient must be on a confidential basis, for the purposes only of assessing the Information contained herein as adviser to the recipient.
- **For more information please contact:** Michael Hughes, Commercial Director – 0438 993 898 michael.hughes@sealink.com.au, or Carla Schaefer, Investor Relations - 0409 101 188 carla@sealink.com.au

