



# SeaLink Travel Group Limited

Investor Presentation  
Year Ended 30<sup>th</sup> June 2016

11<sup>th</sup> August 2016



Jeff Ellison  
Chief Executive and Managing Director

Trevor Waller  
Chief Financial Officer

Michael Hughes  
Commercial Director



# SeaLink Travel Group

Connecting Australian landscapes and icons to the world



- 5\* states and the Northern Territory, servicing 10 Islands and 12 destinations
- Tourism contributes approximately 54% to sales versus 46% from transport activities
- 73 vessels (plus 3 under construction) and 32 coach and touring vehicles
- Transporting over 6 million customers p.a.
- 1,100+ staff



\*Includes ferry trial in Melbourne, Victoria



# Section 1 - Highlights



Captain Cook Cruises, Western Australia

# Business Highlights

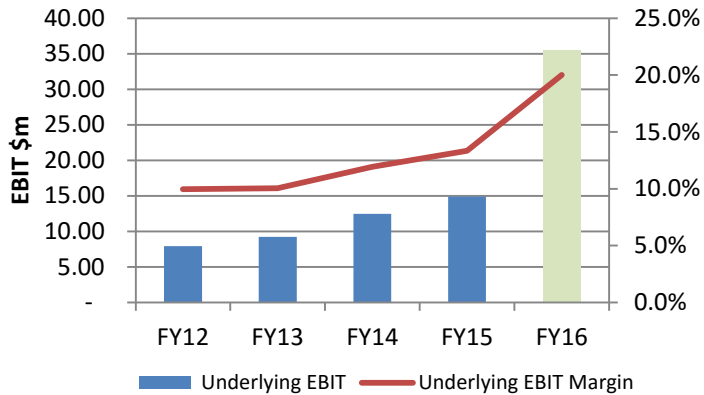
- Record underlying profit of \$23.1m, up 141% on sales of \$177.3m
- Acquisition of Transit Systems marine business and Captain Cook Cruises Western Australia
- Strong overall growth in passenger numbers and yields in pre-acquisition businesses
- Won key operational contracts for ferry transportation to Gladstone LNG plants
- Renewed contracts in South East Queensland (SEQ)
- Successful launch of new ferry service to White Bay Cruise Terminal
- Continued increase in online sales as a proportion of tourism sales
- Improved margins on growing sales for Captain Cook Cruises Sydney lunch and dinner cruises
- New vessel under construction for Northern Territory business
- Strong tourism demand



# 2016 – Year In Review

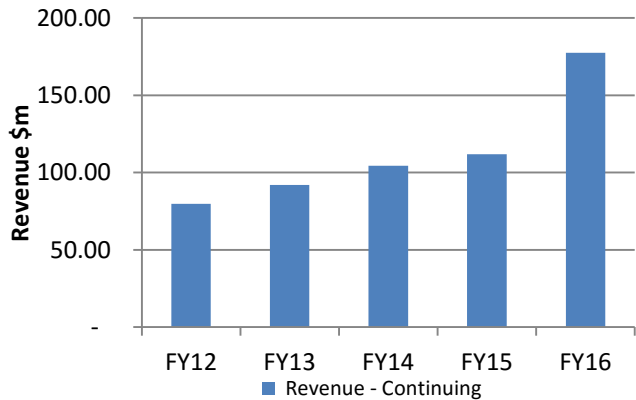
“Record profits and expansion in new markets”

## Underlying EBIT



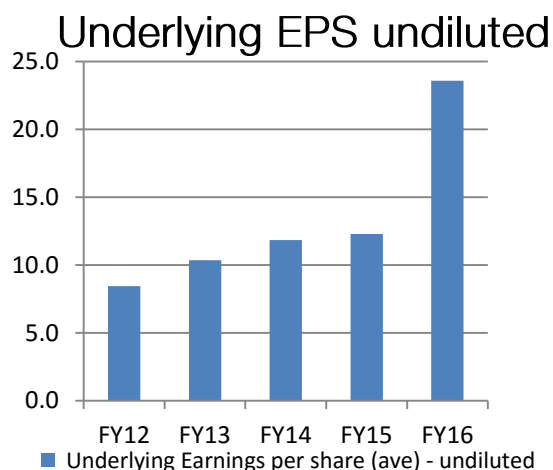
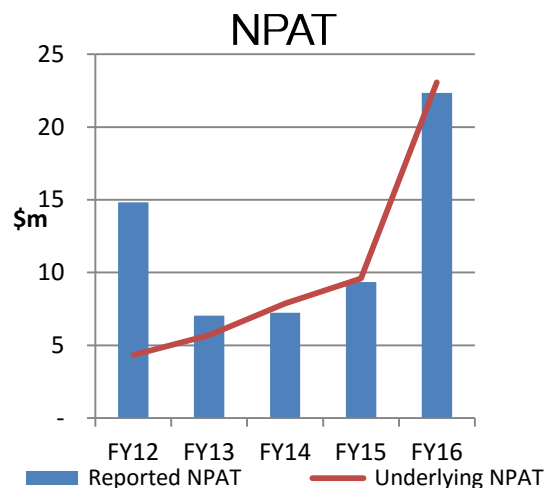
- Record result aided by Transit Systems Marine acquisitions and tourism growth
- Record underlying net profit after tax of \$23.1m, 141% ahead of FY15 underlying profit
- Revenue of pre-acquisition businesses of \$117.8m, up 5.4% on FY15 mainly attributable to a combination of customer growth and yield per customer
- EBIT of pre-acquisition businesses (before corporate allocations) of \$21.1m, up 13.0% on FY15
- EBIT (before corporate allocations) of SEQ and Gladstone and CCCWA business unit of \$19.4m – comfortably meeting expectations
- Final dividend per share of 7.5 cents versus 4 cents in FY15
- Basic EPS (including acquisition-related expenses) of 23.6 cents per share, up by 91.9%

## Revenue



# Financial Highlights – 4 Year Ratios and Statistics

“Continued organic and acquisition-related growth”



Year ending 30 June		2013	2014	2015	2016
<b>PERFORMANCE</b>					
Operating Revenue	\$m	91.4	103.8	111.7	177.3
Underlying EBIT*	\$m	9.2	12.4	14.8	35.3
EBIT margin	%	10.0	11.9	13.3	19.9
Underlying NPAT*	\$m	7.0	7.9	9.6	23.1
Underlying EPS* (basic)	cents	10.4	11.8	12.6	24.4
Dividend per share (100% franked)	cents	7.5	7.4	7.8	12.0
Payout ratio (Reported NPAT)	%	69.9	73.7	64.1	54.3
<b>FINANCIAL STRENGTH</b>					
Net assets	\$m	30.8	53.9	61.3	137.0
NTA per share	cents	41.6	61.7	68.9	89.0
Gearing	%	34	17	13	33

\* Before acquisition related expenses

# Summary Profit Statement

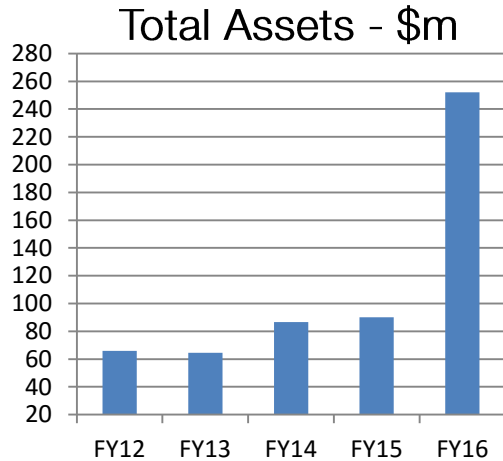
Year Ending 30 June	2016 \$'000	2015 \$'000	Growth \$'000	Growth %
Revenue	177,256	111,662	65,594	58.7
Operating expenses (before interest, acquisition expenses, depreciation and amortisation)	133,174	93,012	40,162	43.2
Underlying EBITDA	44,082	18,650	25,432	136.6
Depreciation/Amortisation	8,803	3,844	4,959	129.0
Underlying EBIT	35,279	14,806	20,473	138.3
Net Interest expense	2,267	1,078	1,189	110.3
Acquisition costs	1,040	332	708	213.3
Net profit before tax	31,972	13,396	18,576	138.7
Income tax expense	9,623	4,047	5,576	137.8
NPAT	22,349	9,349	13,000	139.1
Underlying NPAT	23,108	9,610	13,498	140.5
Basic EPS – cents per share	23.6	12.3	11.3	91.9

- Operating Revenue rising to \$177.3m, up 59%, driven by organic growth, new ferry services and acquisitions
- Underlying EBIT (before acquisitions - related expenses) up 138% to \$35.3m – as a result of acquisition and earnings growth from core business units
- Underlying EBIT margin of 19.9% in FY16 versus 13.2% in FY15
- Higher net interest expense as a result of debt related to acquisitions
- Fuel consumption in FY16 of approximately 9.4 million litres

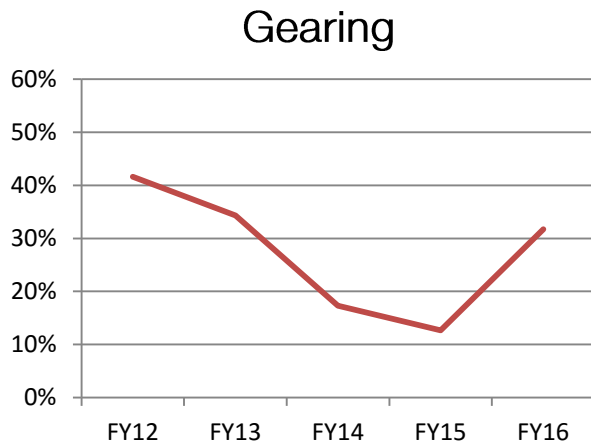


# Statement of Financial Position

“Balance sheet positioned for growth opportunities”



	June 2016 \$m	June 2015 \$m	Change \$m
Assets	252.2	90.0	162.2
Liabilities	115.2	28.7	86.5
<b>Net Assets</b>	<b>137.0</b>	<b>61.3</b>	<b>75.7</b>
Net Interest Bearing Debt (IBD)	67.1	10.3	56.8
Gearing (Gross Debt to Total Tangible Assets %)	33%	13%	20%



- \$103.4m of fixed assets acquired through the acquisition of SeaLink SEQ and Gladstone and Captain Cook Cruises WA businesses
- \$60.1m net equity capital raised via share placement, SPP and purchase consideration
- New acquisition intangibles of \$42.1m comprising goodwill of \$33.7m and customer contracts of \$8.4m
- Net interest bearing debt up from \$10.3m to \$67.1m
- Increase in trade receivables of \$11.2m primarily attributable to Gladstone related receivables
- Increase in current tax liabilities by \$12.7m reflects tax on utilisation payments in Gladstone and higher profit before tax

# Cash Flow

“Continuation of strong earnings quality”

Year Ending 30 June	2016 \$m	2015 \$m	Growth \$m
Receipts from customers	176.2	111.3	64.9
Payments to suppliers	(133.6)	(94.0)	(39.6)
<b>Gross operating cash flow</b>	<b>42.6</b>	<b>17.4</b>	<b>25.3</b>
Net interest	(2.3)	(1.1)	(1.2)
Income tax paid	(8.2)	(4.1)	(4.1)
<b>Net operating cash flow</b>	<b>32.1</b>	<b>12.2</b>	<b>19.9</b>
<b>Net investing cash flows</b>	<b>(122.1)</b>	<b>(9.1)</b>	<b>(113.0)</b>
Proceeds from share issue	50.3	3.7	46.6
Proceeds from borrowings	50.3	(3.2)	53.5
Dividends paid	(7.6)	(5.8)	(1.8)
<b>Net financing cash flows</b>	<b>93.0</b>	<b>(5.3)</b>	<b>98.3</b>
Cash at the end of the year	5.2	2.3	2.9

- Good earnings quality with continuing strong correlation between EBITDA and gross operating cash flow
- Gross operating cash flow has increased, reflecting increased profitability from pre-acquisition business units and inclusion of the SeaLink SEQ and Gladstone acquisition
- CAPEX of \$6.9m including tug and barge for Brisbane (\$2.7m) and new ferry for Darwin (\$1.5m) to date

## MAJOR CAPITAL SPEND

	GROSS OUTLAY \$M
Tug & barge	2.7
Upgrading fleet	0.9
Ferry in Progress	1.5
Coaches	0.8
Other	0.9

# Section 2 – Segment Performance



PS Murray Princess





# Business Unit Results – SeaLink South Australia

Year Ending 30 June	2016 \$m	2015 \$m	Variance \$m
Revenue (external) (Ferry, tours, packaging, retail centre)	65.1	63.3	1.8
Direct expenses –			
Repairs and Maintenance	2.3	2.0	(0.3)
Wages	13.3	13.7	0.4
Tour costs/entrance fees	6.6	6.8	0.2
Fuel	1.7	2.1	0.4
Commission	5.0	4.8	(0.2)
Other	11.1	10.8	(0.3)
Indirect expenses	7.4	6.8	(0.6)
<b>EBITDA (pre corp. allocation)</b>	<b>17.7</b>	<b>16.3</b>	<b>1.4</b>
Depreciation	2.1	1.8	(0.3)
Corporate allocation	2.7	3.2	0.5
<b>EBIT (after corp. allocation)</b>	<b>12.9</b>	<b>11.3</b>	<b>1.6</b>

## FINANCIAL HIGHLIGHTS

- Sales growth of 2.8% primarily attributable to higher sales from core ferry operations, coach tours, KI Odyssey and Murray Princess
- Record ferry passengers – passengers up 3.8% whilst vehicles up 3.7%. Freight sales down 5.7% on last year – agriculture related
- Travel centre sales down \$0.5m with little impact on EBITDA aiding margin growth
- Packaging sales were flat due to increased customer options and limited “stock”
- Lower tour costs from lower travel centre sales
- EBITDA growth of 8.6% is attributable to sales in higher margin products

## OPERATIONAL HIGHLIGHTS

### News

- 37% growth in Chinese visitor to KI, on a 2.8% higher yield per customer
- Overall 7.2% sales growth from ferry, vehicle and tour-related operations
- Online sales revenue as a % of sales increased to 23.0% from 20.4% in 2015
- Relocation of Adelaide coach operations to new enhanced depot and Regency Park
- Murray Princess - installed wifi, upgraded menu and operated themed cruises, further enhancing the customer experience

### Additions

- 1 x new 53 seat Scania Coach, plus 2 Toyota Coaster buses





# Business Unit Results – SeaLink SEQ/Gladstone

Year Ending 30 June	2016 \$m	2015 \$m	Variance %
Revenue (external)	58.4	-	N/A
Direct expenses –			
Repairs and Maintenance	3.7	-	N/A
Wages	19.3	-	N/A
Fuel	2.7	-	N/A
Other	0.6	-	N/A
Indirect expenses	8.0	-	N/A
EBITDA (pre corp. allocation)	24.1	-	N/A
Depreciation/Amortisation	4.3	-	N/A
Corporate allocation	2.2	-	N/A
EBIT	17.6	-	N/A

## FINANCIAL HIGHLIGHTS

- Gladstone and SEQ are performing to expectations both from a sales and margin perspective
- Gladstone revenue comprises 62% of business unit sales inc. \$2.6m utilisation fees
- Fleet performing well with no major repairs required
- Two Gladstone vessels likely to be demobilised from existing construction contracts in H1 2017, as expected
- Redundancy provision of \$1.2m made covering all vessel demobilisations
- Amortisation of \$0.9m relates to customer contracts (5 year amortisation)
- Corporate allocation includes acquisition costs (\$0.9m)

## OPERATIONAL HIGHLIGHTS

News	<ul style="list-style-type: none"> <li>▪ Commenced wet lease for Melbourne ferry trial in May, 2016 (MV Capricornian Dancer)</li> <li>▪ MV James Grant (currently in Darwin) to go on contract in Gladstone from October</li> <li>▪ The Government is investing in tourism for Stradbroke Island as a result of Stradbroke Island sand mining ending in 2019</li> </ul>
Additions	<ul style="list-style-type: none"> <li>▪ New Tug and Barge for Mineral Sands Cartage</li> </ul>
Upgrades	<ul style="list-style-type: none"> <li>▪ Alpha Bree refurbished to enhance charter opportunities</li> </ul>
Contracts	<ul style="list-style-type: none"> <li>▪ Moggill Ferry contract renewed (SEQ)</li> <li>▪ Mineral Sands contract renewed (SEQ)</li> <li>▪ Qld Ambulance contract renewed (SEQ)</li> <li>▪ Gladstone operational contracts secured</li> </ul>



# Business Unit Results – Captain Cook Cruises, Sydney

Year Ending 30 June	2016 \$m	2015 \$m	Variance \$m
Revenue (external)	36.8	33.2	3.6
Direct expenses –			
Repairs and Maintenance	1.4	1.7	0.3
Wages	10.0	9.0	(1.0)
Meals	4.5	4.0	(0.5)
Commission	1.4	1.0	(0.4)
Fuel	0.6	0.8	0.2
Other	7.4	6.5	(0.9)
Indirect expenses	7.1	6.6	(0.5)
<b>EBITDA (pre corp. allocation)</b>	<b>4.4</b>	<b>3.6</b>	<b>0.8</b>
Depreciation	1.8	1.5	(0.3)
Corporate allocation	0.8	0.8	0.0
<b>EBIT</b>	<b>1.9</b>	<b>1.3</b>	<b>0.6</b>

## FINANCIAL HIGHLIGHTS

## OPERATIONAL HIGHLIGHTS

News	<ul style="list-style-type: none"> <li>11.6% increase in lunch and dinner cruise customers from Japan, China and other Asia, with 12.2% increase in yield per customer</li> <li>9.4% increase in domestic lunch and dinner cruise customers, with 4.4% increase in yield per customer</li> <li>Online sales as % of sales increase to 19.9% from 14.9% in 2015</li> <li>Successful VIVID festival extended by a week</li> <li>Record Christmas Day and New Year's Eve, with strong trading on Australia Day</li> <li>Successfully launched premium dinner products: Penfolds Platinum and Gold dinners</li> </ul>
Additions	<ul style="list-style-type: none"> <li>Beatrice Bush, floating pontoon for White Bay Cruise Ship Terminal</li> </ul>
Upgrades	<ul style="list-style-type: none"> <li>Interior soft refurb for John Cadman 3</li> </ul>

- 10.8% sales growth primarily attributable to lunch and dinner cruises and Hop-On Hop-Off, and full year impact of newly created ferry route services, offset by stable revenue from charters
- Margin growth was attributable to international and domestic tourist growth and our focus on higher-yielding premium offers
- Ferry service margins impacted by establishment costs related to new White Bay and Watsons Bay service
- Darling Harbour and Lane Cove routes revenue fell \$0.3m in a high operating leverage business, due to current exclusion from Opal card
- The increase in other direct expenses is primarily attributable to additional berthing and maintenance costs related to a larger fleet



# Business Unit Results – SeaLink QLD/NT

Year Ending 30 June	2016 \$m	2015 \$m	Variance \$m
Revenue (external)	15.9	15.3	0.6
Direct expenses –			
Repairs and Maintenance	1.4	1.3	(0.1)
Wages	3.3	3.2	(0.1)
Fuel	1.0	1.4	0.4
Other	1.9	2.2	0.3
Indirect expenses	5.0	4.6	(0.4)
EBITDA (pre corp. allocation)	3.3	2.6	0.7
Depreciation	0.5	0.6	0.1
Corporate allocation	0.4	0.1	(0.3)
EBIT	2.4	1.9	0.5

## OPERATIONAL HIGHLIGHTS

News	<ul style="list-style-type: none"> <li>■ New Tiwi Island Adventure tourism package released, increasingly national travel media</li> <li>■ New '3 Island Tour' in Townsville</li> <li>■ QuickTickets and reservation system introduced to streamline ticketing sales and reporting</li> <li>■ Consulting work for NT Government</li> </ul>
Additions	<ul style="list-style-type: none"> <li>■ MV Palm Cat transferred to Townsville</li> <li>■ New vessel being constructed for Darwin on Mandorah route in September 2016</li> </ul>
Upgrades	<ul style="list-style-type: none"> <li>■ Two engine refurbishments</li> </ul>

## FINANCIAL HIGHLIGHTS

- Sales growth of 4.0% primarily attributable to Tiwi Island revenue growth from the tourism market, increased demand for the Magnetic Island service, and higher sales from the Mandorah service
- EBIT benefited from lower fuel expenses (\$0.4m) in line with oil price declines



# Business Unit Results – Captain Cook Cruises, WA

Year Ending 30 June	2016 \$m	2015 \$m	Variance \$m
Revenue (external)	1.2	-	N/A
Direct expenses –			
Repairs and Maintenance	0.1	-	N/A
Wages	0.5	-	N/A
Other	0.4	-	N/A
Indirect expenses	0.5	-	N/A
EBITDA (pre corp. allocation)	(0.3)	-	N/A
Depreciation	0.1	-	N/A
Corporate allocation	0.1	-	N/A
EBIT	(0.5)	-	(0.5)

## FINANCIAL HIGHLIGHTS

- Negative contribution attributable to two months ownership during non-peak trading season
- Operating performance better than the previous corresponding period (unaudited) last year

## OPERATIONAL HIGHLIGHTS

News	<ul style="list-style-type: none"> <li>▪ Captain Cook Cruises WA acquired by SeaLink Travel Group in April 2016</li> <li>▪ Revenue for 2H 2016 up 5% compared to 2H 2015, due to the opening of Elizabeth Quay development in January 2016</li> </ul>
Contracts	<ul style="list-style-type: none"> <li>▪ Government Contract for South Perth services extended for 5 years in February 2016</li> </ul>





## Section 3 - Performance Outlook



Captain Cook Cruises, Sydney

# Recent acquisitions

“Benefits of increased scale are flowing through, with further savings identified”

Savings achieved	Annualised savings (\$'000)
Group insurance savings as a result of TSM acquisition	300
CCC WA insurance	40
Communications system integration	50
Centralisation of accounting function	100
Vehicle fleet rationalisation	50
Life raft maintenance agreement	40
Re-negotiation of beverage pricing	25
Less additional corporate overheads, in line with increased scale	(300)
<b>Total</b>	<b>305</b>

Identified savings opportunities	Annualised savings (\$'000)
Implementation of QuickTravel systems across the acquisitions	100
Further communications system integration	40
Group wide fuel pricing programme	In progress

# Capricornian Vessels Update

“Crystallise opportunities to use the 5 Capricornian vessels post Gladstone construction contracts”

- 1 vessel on wet lease in Victoria with a month by month charter commitment
- 1 vessel to move from construction to a operational contract until 2020
- 1 vessel is expected out of construction contract in September 2016
- 2 vessels on contact until March 2017
- Potential transport opportunities on Sydney Harbour (Manly to Barangaroo)
- Domestic and international charter opportunities





# Plan for Sustainable Growth

## ORGANIC

- Continue to develop cost saving opportunities and efficiencies from acquisitions
- Ongoing focus on improving yields and gross margins on tourism products
- Utilise existing sales and marketing platform to promote new products and services
- Utilise in-house technology skills to improve booking processes and web sites to drive increased sales

## NEW OPPORTUNITIES

- Two new light ferries will be delivered prior to Christmas to expand on our ferry offerings on Sydney Harbour
- Work with Northern Territory Government to develop new routes
- Continue to seek acquisitions that will enhance, leverage and complement our current capabilities and growth strategies, includes opportunities around Australia and New Zealand
- Seek new opportunities internationally to expand our business footprint (Tonga)



# 2017 Outlook and Focus

- Organic tourism opportunities in FY 2017 include continued growth in development of premium products in Sydney and international and domestic tourism growth generally
- Organic transport opportunities in FY 2017 include growth in the White Bay service in Sydney, the introduction of a new light ferry service in Sydney and vessel charter to the Tongan government
- All businesses (except SeaLink Gladstone) are well-positioned to improve upon their FY2 016 full year result, assuming average business and weather conditions
- As foreshadowed in the Company's September 2015 acquisition presentation, Gladstone earnings are expected to decrease upon completion of the LNG plant construction phase. The Company expects FY 2017 EBIT from its Gladstone operations to be approximately \$2.0m lower than FY 2016 due to the continuing transition from construction to operational phase of the LNG plants, which is expected to be completed by March 2017
- Captain Cook Cruises Western Australia's performance to date is well ahead of the previous corresponding period, with growth in 2017 expected from completion of the Elizabeth Quay development, greater State focus on tourism as an economic contributor and the contribution of SeaLink sales teams
- Overall FY 2017 has started better than expectations and ahead of last year
- Assuming average seasonal and current business conditions remain over the next year and taking into account the winding back of the ferry and barge requirements for the construction phase for the Gladstone operation, the business is well positioned to report an improved profit for the 2016-17 financial year

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