

14 February 2017

ABN 69 007 122 367 ACN 109 078 257

SEALINK TRAVEL GROUP ANNOUNCES STRONG INTERIM RESULTS

Highlights

- Record sales and profit in all businesses
- Strong tourism growth and full period for SeaLink South East Queensland/Gladstone and Captain Cook Cruises, Western Australia
- Revenue of \$105.8 million, up 42% on 1HFY16 revenue of \$74.4 million
- NPAT of \$13.1 million for 1HFY17, up 52% of 1HFY16 NPAT of \$8.6 million
- Underlying EBIT (before acquisition related expenses) up 48% to \$20.7 million
- EBIT (before Corporate allocations) of pre-acquisition businesses of \$12.8 million, up 22% on 1HFY16
- EBIT (before Corporate allocations) of South-East Queensland (“SEQ”) and Gladstone and Captain Cook Cruises, Western Australia operations of \$10.6 million – comfortably meeting expectations
- Basic EPS of 13.0 cents per share, up by 34% on 1HFY16
- Fully franked interim dividend of 6.0 cents per share, up 33.3% on previous interim dividend
- Successful re-deployment of Capricornian vessels is well under way
- Strong international tourism demand growing at 11%pa
- Roll out of new innovative IT solutions and mobile ticketing applications
- The second half has started in line with expectations and the business continues to be well-positioned to report an improved profit for the 2017 financial year

Group Results

SeaLink Travel Group (ASX: SLK) (“SeaLink” or “the Company”) today announced a Net Profit After Tax (NPAT) of \$13.1m for the 6 month period ending 31 December 2016 (1HFY17), representing an increase of 52% compared with the 6 month period ending 31 December 2015 (1HFY16).

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) was \$26.7m in 1HFY17, representing a 56% increase on EBITDA of \$17.1m for 1HFY16.

The SeaLink Board has declared a fully franked interim dividend of 6.0 cents per share, payable on 14 April 2017, which is an increase of 33.3% on the previous interim dividend.

Revenue growth for the pre-acquisition business of 6.5% to \$63.1m in 1HFY17 from \$59.1m in H1FY16 in a competitive market environment, with key drivers being higher dining sales for Captain Cook Cruises,

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improved charter revenue, and passenger number growth on the Murray Princess. EBIT for these pre-acquisition businesses (before Corporate allocations) grew 22% to \$12.8m from \$10.4m in 1HFY16.

The Company continued to invest in growing its operations and maintaining a strong return on capital focus. Capital expenditure of \$5.8m was for three new ferries including two innovative light ferries for Sydney Harbour and four new coaches.

Managing Director Jeff Ellison said “the first half of 2017 was one of integration, innovation and improvement where the Company focussed successfully on: integrating the recently acquired businesses and rolling out exciting innovations such as new light ferries, in-house booking and ticketing solutions; and improving returns in existing businesses.

We are experiencing real benefits from the optionality that a larger and more versatile fleet is providing SeaLink. The pre-acquisition business units continue to build on the solid momentum established in FY16.” Mr Ellison said.

“We are very pleased with the response to our new ferry services and the uplift in sales and margins for the lunch and dinner cruise market on Sydney Harbour and we are well placed to continue growing our tourism-related businesses across Australia in a competitive environment.” Mr Ellison said.

Divisional Results

Kangaroo Island SeaLink (SeaLink South Australia)

The increase in EBIT of 9.4% to \$6.7m in 1HFY17 was primarily attributable to operating leverage benefits of higher patronage on the MV Murray Princess, lower ferry repairs and maintenance expense, together with slightly higher ferry sales revenue despite unusually adverse weather conditions.

SeaLink South Australia achieved revenue growth of 3.9% to \$33.3m, on the back of solid sales growth from Kangaroo Island Odysseys, higher ferry revenue and increased Murray Princess patronage.

Murray Princess sales continued to grow, increasing by 14% in H1FY17.

Captain Cook Cruises New South Wales and Western Australia

First half sales for 1HFY2017 increased by 46% to \$27.2m from \$18.7m in 1HFY16. EBIT increased by 117% to \$2.8m. The increase was primarily attributable to: a full half year sales and EBIT contribution from Captain Cook Cruises WA (acquired in April 2016); and increased lunch and dinner and charters revenue from Captain Cook Cruises NSW. Sydney sales increased 11.9% over the first half of last year, with growth

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coming from dining cruises which experienced an increase of 12.6% in sales and an increase in margins, following a strategy to transition the market to a quality premium dining product. Although demand from Chinese groups has softened, our move to higher margin products, has seen a significant improvement in patronage from the higher yielding Japanese market.

Sydney charter sales increased by 38% on the previous corresponding half, aided by a dry-lease charter to Tonga which finished in mid-January 2017. Our charter contract with Harbour City Ferries continues to make a solid contribution and this contract was extended for another year.

Turnover from the Hop-On Hop-Off service was down by 7% from the previous corresponding period due to higher competition in this sector.

Patronage on the Watsons Bay to Circular Quay commuter service continues to grow, with H1FY17 sales increasing by 23% from sales in H1FY16. Patronage on the White Bay International Cruise ship passenger terminal service, which operates to and from Barangaroo, has been growing steadily. Both services are operating profitably.

We are excited by the positive response to our two new light ferries, which began operations in January 2017, servicing the inner harbour. We see a number of exciting opportunities for these vessels to serve Sydney's "blue highway".

In Western Australia, Captain Cook Cruises sales increased 8.4% compared to the previous corresponding 6 months. The increase was lower than expectations due to the subdued economic conditions in WA and adverse weather conditions in October and November.

SeaLink North Queensland and Northern Territory

This business unit's EBIT contribution increased by 24% from \$1.3m in 1HFY16 to \$1.6m in 1HFY17, on sales growth of 4% from \$8.5m to \$8.8m. Higher contributions from the core Magnetic Island and Mandorah services were the main drivers. Charter income showed positive signs, increasing by 60% from H1FY16 as a result of greater penetration into the cruise ship transfer market.

In December 2016, SeaLink commenced a new passenger ferry service under contract, connecting Groote Eylandt to Bickerton Island. We continue to look for further opportunities to expand ferry services in the Northern Territory.

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SeaLink Gladstone and South East Queensland (SEQ)

The marine business of Transit Systems (“TSM”) has been performing comfortably to expectations since the acquisition was completed on 6 November, 2015. EBIT for 1HFY17 was \$9.6m compared to underlying EBIT of \$5.1m (before acquisition-related costs) for the two months to 31 December, 2015. The contribution included utilisation fees of \$0.6m associated with a Gladstone contract and amortisation of customer contracts (intangible asset) of \$0.7m.

In Gladstone, all construction contracts have now been finalised. Additional services for extended hours and vessels were contracted for our operational contracts in Gladstone.

We are pleased with the progress we are making in the re-deployment of our Capricornian vessels as they come off contract in Gladstone. During 1HFY17, a dry lease contract for the MV Capricornian Dancer was put in place to operate in Melbourne. SeaLink has also signed a charter agreement for a further Capricornian vessel to be dry leased to an New Zealand operator. The MV Capricornian Sunset remains under long term contract in Gladstone and the MV Capricornian Sunrise was deployed to Sydney for charter and transport opportunities. One other vessel remains under contract in Gladstone, which is expected to roll off in the second half of this financial year. We are confident in the long-term potential for this vessel, either within our operations or as a leasing opportunity at commercial rates.

Revenue for our North Stradbroke Island ferry operation has been ahead of expectations, primarily reflecting strong vehicle growth and yield over the previous corresponding 6 months. All other SEQ operations have been meeting expectations.

Outlook

Given average seasonal and current business conditions for the remainder of FY2017, and taking into account the finalisation of the ferry and barge requirements of the construction phase of the Gladstone operation, SeaLink continues to be well-positioned to improve upon its FY16 results.

The Company expects FY2017 EBIT from our Gladstone / SEQ operations to be lower than FY2016 because of the previously foreshadowed transition from construction to operational contracts in Gladstone.

The second half of the financial year is performing in line with the Company’s expectation, with an improvement in Kangaroo Island ferry sales after adverse weather conditions in the first half, pleasing charter and dining performance in Sydney and performance ahead of expectations for our North Stradbroke operations.

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Key areas of focus for the remainder of the year include:

- Continued growth in the development of premium tourism products;
- Continued growth in domestic and international tourism generally;
- New opportunities for our innovative “light ferry” services in Sydney;
- Continuing roll-out of our innovative booking and mobile ticketing solutions across the business;
- Seeking further ferry route opportunities in Australia; and
- Continuing to assess new acquisition opportunities that will enhance, leverage and complement our capabilities and growth strategy.

SeaLink remains committed to the fast growing tourism industry in a diversified portfolio of tourism and transport operations.

Our highly respected brands of SeaLink and Captain Cook Cruises, strong management and employment base together with strong balance sheet are providing a solid base for future shareholder value creation.

For more information please call:

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About SeaLink Travel Group

As the largest ferry company in Australia, SeaLink Travel Group Limited (SeaLink) is an established, geographically diversified transport and tourism company. We provide services in two diverse industries, namely: the transport sector, moving regular commuters and freight between destinations in Australia; and the tourism sector, promoting and packaging holiday destinations, providing tours and delivering tourists to Australian travel destinations.

The SeaLink business was founded in 1989 with the purchase of a ferry service linking Kangaroo Island with the South Australian mainland. SeaLink now has operations across four states and the Northern Territory operating under the well-recognised brands of "SeaLink" and "Captain Cook Cruises", servicing ten Islands and twelve destinations.

SeaLink owns and operates a fleet of 73 ferries and other maritime craft, carrying over 8 million passengers per year. Additionally, SeaLink operates a fleet of 30 coaches, buses and other passenger vehicles. SeaLink also holds licences, leases and agreements which enable it to operate services and access port facilities. SeaLink currently employs over 1,100 staff located around Australia and transports over 8m passengers pa.

SeaLink has won numerous awards for business excellence, tourism and entrepreneurship.

SeaLink Travel Group successfully listed on the Australian Securities Exchange (ASX) on the 16th October 2013 (ASX code: SLK) and is in the Standard & Poor ASX300 Index, with a market capitalisation of over \$450 million.