

16 August 2017

ABN 49 109 078 257. ACN 109 078 257

SEALINK TRAVEL GROUP ANNOUNCES RECORD FULL YEAR RESULT

Highlights

- Record sales of \$201.4m (up 13.5% from \$177.5m in 2016) driven by full year impact of business acquisitions and strong growth in tourism businesses
- Record Net Profit After Tax (NPAT) of \$23.8m up 6.6% on the previous year (\$22.3m)
- Record result aided by strong growth in Captain Cook Cruises New South Wales and SeaLink South Australia operations
- Underlying EBITDA increased 12.1% to a record \$49.4m
- Underlying EBIT rose 6.3% to a record \$37.5m in 2017 from \$35.3m in 2016
- Performance of the South-East Queensland ('SEQ') and Gladstone business unit meeting expectations and in line with anticipated contracted impact of transition of Gladstone LNG Plant from construction to operational phase
- Underlying basic earnings per share of 23.6 cents, in line with 2016 earnings per share
- Fully franked final dividend of 8.0 cents per share, up 6.7% on 2016 final dividend
- Continued investment in operations, with capital expenditure of \$6.5m
- Strong position for growth in 2018 with new services including Manly to Barangaroo in NSW, Rottnest Island in WA and tours to Stradbroke Island in Queensland

SeaLink Travel Group (ASX: SLK) ("SeaLink" or "the Company") today announced a Net Profit After Tax (NPAT) of \$23.8m for the full year ending 30 June 2017, representing an increase of 6.6% on NPAT of \$22.3m for the previous year. This represented an increase of 3.1% on 2016 full year underlying NPAT of \$23.1m.

Underlying Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) was \$49.4m, representing a 12.1% increase on underlying EBITDA of \$44.1m for 2016. The underlying EBITDA margin in 2017 decreased slightly to 24.5% from 24.9% in 2016, primarily reflecting the anticipated impact of the transition of contracted Gladstone earnings from construction to operational phase of the Curtis Island LNG plants.

The Board has declared a fully final interim dividend of 8.0 cents per share, payable on 16 October 2017, an increase of 6.7% on the previous final dividend. Combined with the interim dividend of 6.0 cents per share, this represents a payout ratio of 59.5% of reported NPAT of \$23.8m, in line with SeaLink's stated policy of returning 50%-70% of its after-tax profit.

The Company continued to invest in growing its operations, with capital expenditure of \$6.5m primarily related to three new vessels and four new coaches.

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Managing Director and CEO Mr Jeff Ellison said “2017 was a year of continuing transformation where the Company focussed successfully on leveraging the strong potential of the Gladstone and SEQ operations, improving the product offering for Captain Cook Cruises Western Australia, and further building our reputation as a provider of innovative and profitable tourism and transport solutions on Sydney Harbour and in northern Australia.”

“The South-East Queensland and Gladstone business operations continue to meet expectations and we are very pleased with the opportunities that a larger and more versatile fleet has provided. Our Western Australian operations were impacted by challenging economic and weather conditions but we see great potential through the use of our fleet and sales and marketing infrastructure to offer exciting new services for both Western Australian residents and visitors.” Mr Ellison said.

“We are well placed to continue growing our tourism-related businesses in a competitive environment, and encouraged by the response to our new ferry services and the uplift in sales and margins for the lunch and dinner cruise segment on Sydney Harbour.” Mr Ellison said.

Divisional Results

SeaLink South Australia

The 14.1% increase in EBIT (before corporate allocations) to \$17.8m in 2017 (\$15.6m in 2016) was primarily attributable to strong demand for *PS Murray Princess*, increased sales for higher margin niche products and the operating leverage benefits of higher passenger volumes on the core Kangaroo Island ferry service.

SeaLink South Australia, which includes touring, accommodation and holiday packages, achieved revenue growth of 3.7% to \$67.5m in 2017 (\$65.1m in 2016), which was primarily attributable to strong sales growth (10.2%) for the *PS Murray Princess*, increased tourism flow to Kangaroo Island and improved touring sales. Higher freight sales were also recorded, reflecting improved agricultural production in 2017.

PS Murray Princess reported a higher profit contribution as a result of continued growth in patronage, as a result of several strategies such as themed cruises.

Spend on vessel repairs and maintenance for the Kangaroo Island based vessels was \$0.5m lower than last year, due to no scheduled out of water slippings.

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Captain Cook Cruises – New South Wales and Western Australia

The Company's Captain Cook Cruises operations recorded a 34.5% increase in sales revenue in 2017, and a 65.5% increase in EBIT before corporate allocations. Sales growth was primarily attributable to the full year impact of the Captain Cook Cruises WA acquisition in April 2016. Sales growth for Captain Cook Cruises NSW benefited from higher margin dining sales and higher levels of chartering work. Dining cruise earnings increased as a consequence of higher yield per passenger, comfortably off-setting declines in passenger numbers as a result of the deliberate move away from lower margin group offerings. Its sightseeing cruise operations also performed well in a competitive market.

The NSW operation reported pleasing performance during the Vivid Festival in May/June, but sales growth was held back by poor weather conditions in Sydney in March.

The recently announced Manly to Barangaroo ferry service is scheduled to commence in September 2017.

Captain Cook Cruises WA result was lower than expected, which was primarily attributable to weak consumer confidence in Western Australia and to challenging weather conditions. The new General Manager for this operation has focused on improving demand and yield in Perth through improvements in the quality and appeal of core product offerings.

The recently announced Rottnest Island ferry service in WA, scheduled to commence in November 2017, will deliver opportunities to grow our services in Western Australia.

SeaLink Queensland

The Gladstone and South-East Queensland (SEQ) operations have been performing to expectations. The Townsville and Northern Territory operations have experienced expanded profitability and margin growth through the operating leverage benefits of strong sales growth on our Magnetic Island service and the commencement of the Groote Eylandt passenger service in the Northern Territory. Underlying EBIT for the business unit (before corporate allocations) was \$22.0m in 2017, compared to \$22.5m in 2016. This result was attributable to the anticipated contracted impact of the transition of our Gladstone business from the construction to operational phase of the Curtis Island LNG plants in November 2016.

Sales revenue increased by 11.6% to \$82.9m in 2017 from \$74.3m in 2016. Sales growth was primarily attributable to the full year inclusion of Gladstone and SEQ operations, acquired in November 2015.

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The Company, through effective fleet management and opportunity identification, has successfully deployed vessels that came off contract in Gladstone. Consequently, in a total SeaLink fleet of 74 vessels, all vessels except for one barge based in SEQ are being fully utilised or deployed for new services.

Outlook

The Company is well positioned to improve upon its 2017 full year result, assuming average seasonal and current business conditions remain. We expect the benefits of our strategic focus to continue to evolve. Our focus is on:

- Maintaining the tourism/transport mix, which provides strong earnings stability
- Improving yields and gross margins
- Optimising returns on the fleet through effective fleet management
- Using our strong sales and marketing platform to promote new products and services
- Continuing to leverage cost savings and efficiencies from existing businesses
- Leveraging in-house technology skills to improve booking and ticketing processes and web sites to drive online sales.

New opportunities that are the consequence of this focus and which are expected start bearing fruit in 2018 include:

- Commencement of the new Manly to Barangaroo service (September 2017) and additional inner harbour services which use our innovative and efficient light ferries
- Commencement of the Rottneest Island service (November 2017)
- A planned new tourism offering for North Stradbroke Island, commencing late calendar 2017
- Successful launch of our mobile ticketing apps, which is resulting in increased sales on our Sydney ferry services
- Ongoing work with governments and local communities in each business unit to develop new routes and services.

We continue to seek acquisitions that will enhance, leverage and complement our current capabilities and growth strategies.

The Company remains focused on actively managing its fleet via routine maintenance, upgrades and refurbishments and a long-term vessel replacement strategy. In 2018, we have a number of major out-of-water slippings for several vessels which will mean higher repairs and maintenance costs than those incurred in 2017.

Overall 2018 has started ahead of with expectations.

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We are excited about the outlook for further organic tourism and transport growth opportunities throughout Australia, which the Company is very well-placed to identify and execute through economies of scale, well-proven fleet management and deployment capability, a very strong international and domestic sales and marketing infrastructure, and a strong continuing focus on controlling costs.

For more information please call:

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About SeaLink Travel Group

SeaLink Travel Group Limited (ASX: SLK) (SeaLink) is one of Australia's most dynamic tourism and transport companies bringing the nation's best tourism experiences to the world. With over 1,100 staff across the country servicing eight million customers annually and with a fleet of 74 vessels and 32 coaches, the Adelaide-based company has undergone a remarkable period of growth, emerging as a significant player on the national tourism and transport scene.

SeaLink's operations extend across New South Wales, Queensland, Northern Territory, Western Australia and South Australia, and includes:

- Ferry and barging services in South-East Queensland and Gladstone in Queensland
- Cruises, ferry and charter services on Sydney Harbour and on the Murray River
- Passenger ferry service in Townsville, Queensland and Darwin, Northern Territory and Western Australia
- Lunch and dinner cruises in Perth, Western Australia and Sydney Harbour
- Passenger, vehicle and freight service between Kangaroo Island and the South Australian mainland
- Day tours, extended touring and charter operations on Kangaroo Island and around South Australia
- Tour wholesaler to the travel trade
- Exclusive 4WD foreign language adventure based tours
- Retail travel agencies in Adelaide and Townsville
- Adventure, accommodation and restaurant at Vivonne Bay, Kangaroo Island.

SeaLink listed on the Australian Securities Exchange in October 2013. (ASX: SLK)