



# SeaLink Travel Group Limited

## Investor Presentation Year Ended 30 June 2017

16 August 2017

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Jeff Ellison  
Chief Executive Officer and Managing Director

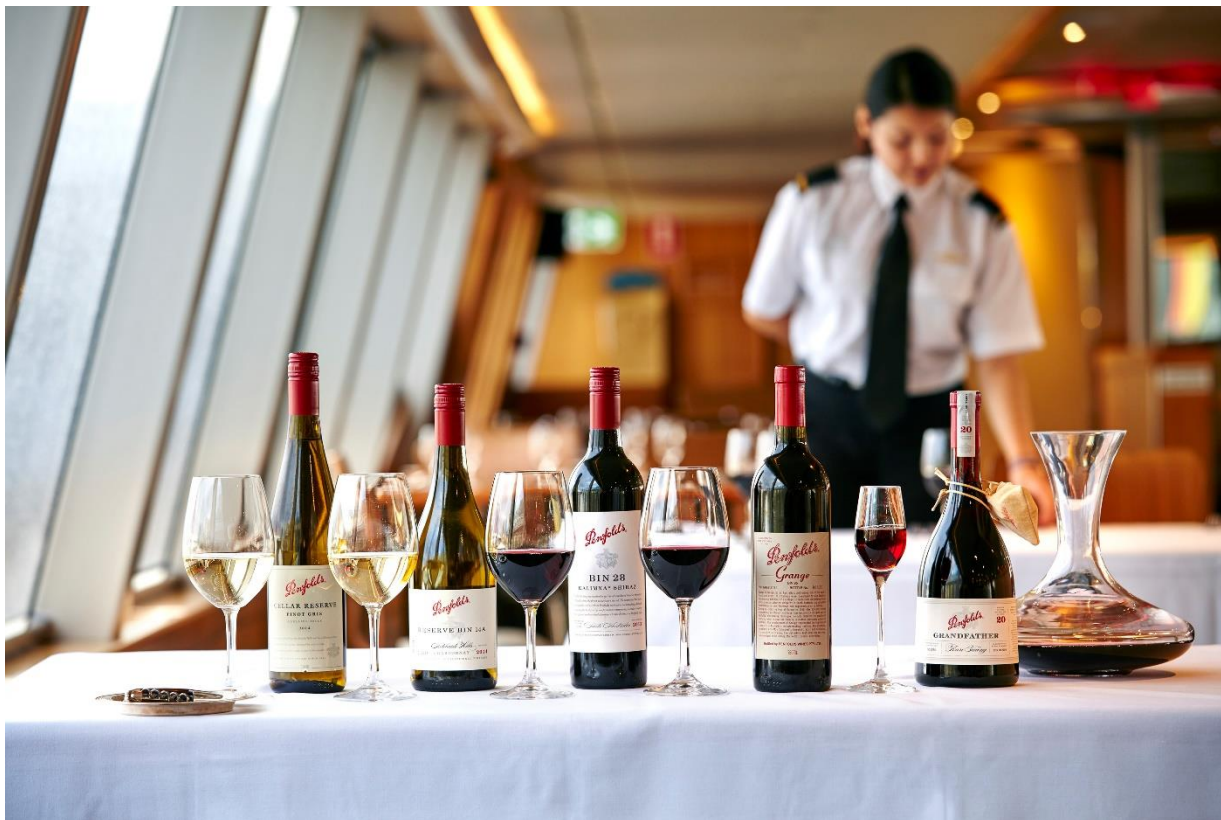
Andrew Muir  
Chief Financial Officer



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# Section 1 - Highlights





# Business Highlights

## 'Integration, Profit Growth, New Routes'

- Record sales of \$201.4m
- Record Net Profit After Tax of \$23.8m, up 6.6% after the anticipated reduction in Gladstone earnings
- Continued profit margin growth in pre-acquisition businesses
- Continued increase in online sales as a proportion of tourism sales
- Improved margins on growing sales for Captain Cook Cruises New South Wales lunch and dinner cruises
- Ongoing roll out of IT bookings solutions and mobile ticketing Apps
- Successful transition from construction to operational phase in Gladstone
- All Capricornian class vessels successfully re-deployed
- Overcame weather disruptions
- Launch of Manly to Barangaroo service in NSW, September 2017
- Launch of Rottneest Island Service in WA, November 2017

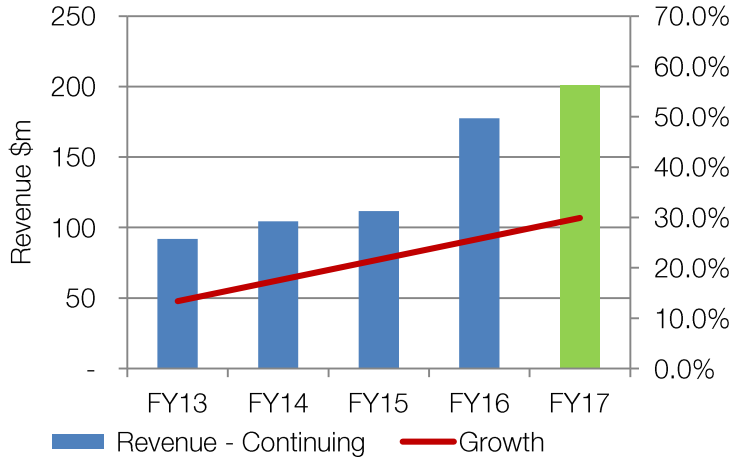


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# FY17 Financial Highlights

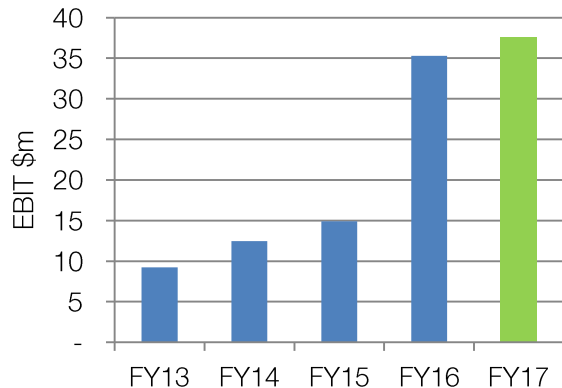
## Revenue



## 'It's a Growth Story'

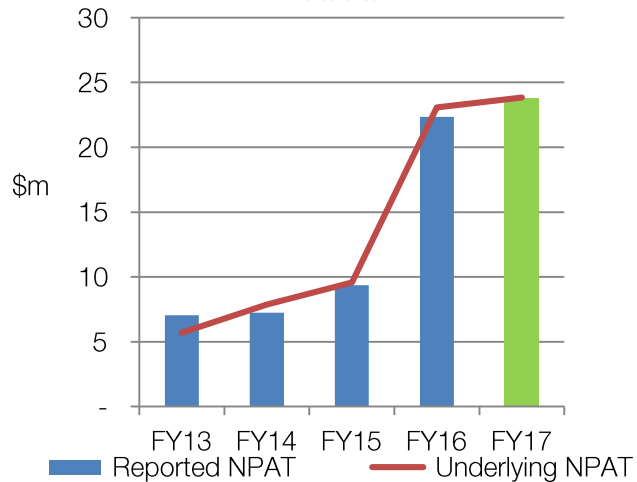
- Record result aided by full year impact of recent acquisitions and tourism growth
- EBITDA of \$49.4m, up 12.1% (FY16, \$44.1m)
- EBIT of \$37.5m, up 6.3% (FY16, \$35.2m)
- Strong gross operating cashflow of \$52.3m
- Basic EPS of 23.6 cents per share in line with FY16
- Final dividend of 8.0 cents per share versus 7.5 cents in FY16
- Total dividends of 14.0 cents per share up from 12.0 cents per share in FY16

## EBIT

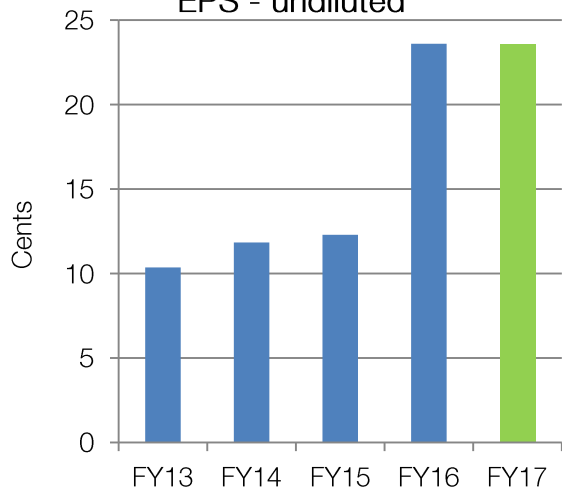


# Financial Highlights – 5 Year Ratios and Statistics

NPAT



EPS - undiluted



Year ending 30 June		2013	2014	2015	2016	2017
<b>PERFORMANCE</b>						
Operating Revenue	\$m	91.4	103.8	111.7	177.3	201.4
Underlying EBIT*	\$m	9.2	12.4	14.8	35.3	37.5
Underlying NPAT*	\$m	7.0	7.9	9.6	23.1	23.8
Underlying EPS* (basic)	cents	10.4	11.8	12.6	23.6	23.6
Dividend per share (100% franked)	cents	7.5	7.4	7.8	12.0	14.0
Payout ratio (Reported NPAT)	%	69.9	73.7	64.1	54.3	59.5
<b>FINANCIAL STRENGTH</b>						
Net assets	\$m	30.8	53.9	61.3	137.0	147.7
NTA per share	cents	41.6	61.7	68.9	89.0	100.0
Gearing	%	34	17	13	33	31

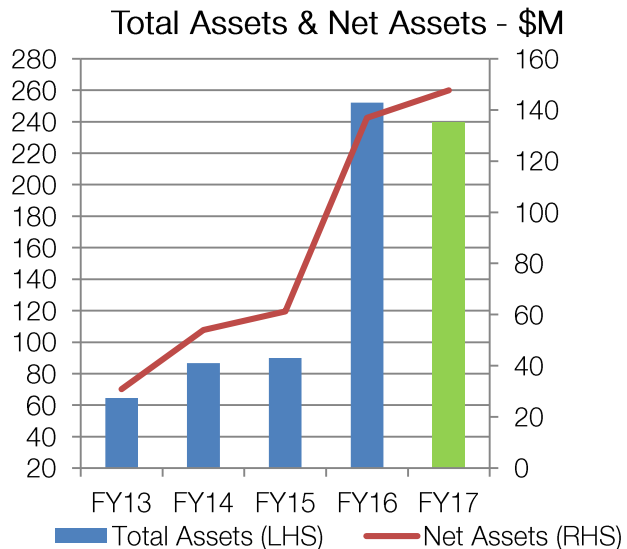
\* Before acquisition related expenses

# Summary Profit Statement

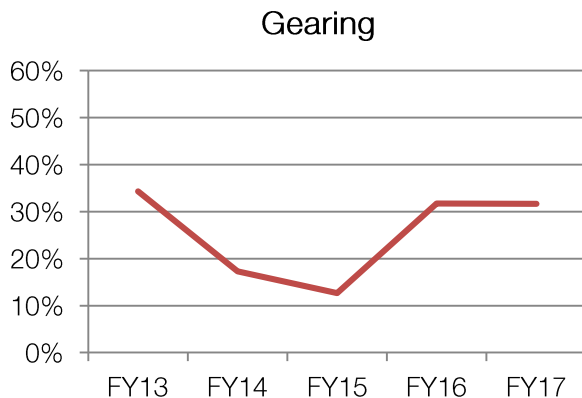
Year Ending 30 June	2017 \$'000	2016 \$'000	Growth \$'000	Growth %
Revenue	201,407	177,256	24,151	13.6
Operating expenses (before interest, acquisition expenses, depreciation and amortisation)	151,946	133,174	18,772	14.1
Underlying EBITDA	49,418	44,082	5,336	12.1
EBITDA Margin	24.5%	24.9%	(0.4)	(1.6%)
Depreciation & Amortisation	11,905	8,803	3,102	35.2
Underlying EBIT	37,513	35,279	2,234	6.3
Net Interest expense	3,196	2,267	929	41.0
Acquisition costs	-	1,040	(1,040)	(100.0)
Net profit before tax	34,317	31,972	2,345	7.3
Income tax expense	10,485	9,623	862	9.0
NPAT	23,832	22,349	1,483	6.6
Underlying NPAT	23,832	23,108	724	3.1
Basic EPS – cents per share	23.6	23.6	-	-

- Operating Revenue rising to \$201.4m, up 13.6%, driven by organic growth, new ferry services and full year impact of acquisitions
- Underlying EBITDA up 12.1% to \$49.4m – as a result of acquisitions and earnings growth from core business units
- Underlying EBITDA margin of 24.5% in FY17 versus 24.9%, with slight decrease reflecting the contracted transition of Gladstone operations from construction to operational phase
- Higher depreciation, includes amortisation of \$1.56m for customer contracts and full year impact of acquisitions
- Higher net interest expense as a result of debt related to acquisitions
- Fuel consumption in FY17 approximately 12 million litres of which ~20% pass through

# Statement of Financial Position



	June 2017 \$m	June 2016 \$m	Change \$m
Total Assets	239.5	252.2	(12.7)
Total Liabilities	91.8	115.2	(23.4)
<b>Net Assets</b>	<b>147.7</b>	<b>137.0</b>	<b>10.7</b>
Net Interest Bearing Debt (IBD)	61.1	69.3	(8.2)
<b>Gearing (Gross Debt to Total Tangible Assets %)</b>	<b>31%</b>	<b>33%</b>	<b>(6%)</b>



- Net Assets increased by \$10.7m
- Total assets down due to lower receivables and impact of depreciation and amortisation
- Total liabilities down due to reduction in tax liability and lower debt and financial lease liabilities
- Successful focus on vessel utilisation and Return On Assets
- Interest bearing debt down from \$69.3m to \$61.1m
- All covenants comfortably met
- Balance sheet positioned for future growth opportunities



# Cash Flow

Year Ending 30 June	2017 \$m	2016 \$m	Growth \$m
Receipts from customers	206.3	176.2	30.1
Payments to suppliers	(154.0)	(133.6)	(20.4)
<b>Gross operating cash flow</b>	<b>52.3</b>	<b>42.6</b>	<b>9.7</b>
Net interest	(3.2)	(2.3)	(0.9)
Income tax paid	(23.5)	(8.2)	(15.3)
<b>Net operating cash flow</b>	<b>25.7</b>	<b>32.1</b>	<b>(6.4)</b>
<b>Net investing cash flows</b>	<b>6.1</b>	<b>(122.1)</b>	<b>116.0</b>
Proceeds from share issue	N/A	50.3	(50.3)
Proceeds from borrowings	(6.0)	50.3	(56.3)
Dividends paid	(13.7)	(7.6)	(6.1)
<b>Net financing cash flows</b>	<b>(19.7)</b>	<b>93.0</b>	<b>(112.7)</b>
Cash at the end of the year	2.9	5.2	(2.3)

- Good earnings quality with continuing strong correlation between EBITDA of \$49.4m and gross operating cash flow
- Gross operating cash flow has increased, reflecting good debtor collections, increased profitability from pre-acquisition business units and inclusion of the South East Queensland and Gladstone acquisition
- Higher Income tax paid related to the Gladstone utilisation payment in the prior year (one off)
- Capital Expenditure of \$6.5m including three new vessels and four new coaches

## MAJOR CAPITAL SPEND

	GROSS OUTLAY \$M
Fleet	4.3
Coaches	2.0
Other	0.2

# Section 2 – Segment Performance



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# Business Unit Results – SeaLink South Australia

Year Ending 30 June	2017 \$m	2016 \$m	Variance \$m
Revenue (external) (Ferry, PS Murray Princess, coach tours, retail travel centre, accommodation)	67.5	65.1	2.4
Direct expenses	39.9	40.0	(0.1)
Indirect expenses	7.5	7.4	0.1
EBITDA (pre corp. allocation)	20.1	17.7	2.4
EBITDA Margin	29.8%	27.2%	
Depreciation & Amortisation	2.3	2.1	0.2
Corporate allocation	3.1	2.7	0.5
EBIT (after corp. allocation)	14.7	12.9	1.7

News	<ul style="list-style-type: none"> <li>Strong demand for <i>PS Murray Princess</i> occupancy increased by 10.2%</li> <li>Record passenger and vehicle numbers on KI ferries</li> <li>19 cruise ship visits to Kangaroo Island with island touring</li> <li>Proposed Qantas service a positive for promotion of KI and for coach touring opportunities</li> <li>SA Government licence extension discussions continue (post 2024)</li> </ul>
Upgrades	<ul style="list-style-type: none"> <li>Development of the Vivonne Bay Holiday House</li> </ul>
Additions	<ul style="list-style-type: none"> <li>Four new 53 seater Scania coaches</li> </ul>

- Sales growth of 3.7% a combination of higher sales from *PS Murray Princess*, coach tours, KI Odyssey and core ferry operations
- EBITDA growth of 14.7% is attributable to sales in higher margin products and operating leverage benefits of higher passenger volumes
- Travel centre sales down \$0.5m with little impact on EBITDA, thereby aiding margin growth
- Retail Travel Agency in Sydney closed 30 June 2017, will result in a decline of revenue of \$3m, no material impact on profit
- R&M down \$0.5m due to lower repairs and maintenance with no major out of water maintenance
- Direct and Indirect expenses well managed

# Business Unit Results – Captain Cook Cruises, NSW & WA

Year Ending 30 June	2017 \$m	2016 \$m	Variance \$m
Revenue (external)	51.0	38.0	13.0
Direct expenses	34.3	26.3	8.0
Indirect expenses	10.6	7.6	3.0
EBITDA (pre corp. allocation)	6.1	4.1	2.0
EBITDA Margin	12.0%	10.8%	
Depreciation & Amortisation Corporate allocation	2.4 1.1	1.9 0.9	0.5 0.2
EBIT (after corp. allocation)	2.6	1.4	1.3

News	<ul style="list-style-type: none"> <li>■ Approval for Manly to Barangaroo ferry service, to commence September 2017</li> <li>■ New ICC route approved, adding to existing White Bay route</li> <li>■ Strong international and domestic sales</li> <li>■ Approval for Rottneest Island ferry service, to commence November 2017</li> <li>■ New GM (WA) appointed – Mr. Andrew Lane</li> <li>■ Refresh of WA product offer and new routes</li> </ul>
Additions	<ul style="list-style-type: none"> <li>■ <i>MV Cockle Bay</i> and <i>MV Blackwattle Bay</i> ‘Tubby class’</li> </ul>
Upgrades	<ul style="list-style-type: none"> <li>■ Ticketing App developed and launched across Sydney, strong take up</li> </ul>

- Sales growth of 34.5% primarily due to full year impact of CCC WA
- Pleasing Vivid festival performance in Sydney in May/June but sales growth held back by poor weather conditions in March
- Margin growth primarily attributable to sales growth in higher margin CCC NSW dining products and chartering business
- Benefit of Tonga charter (one off)
- CCC WA result lower than expected, affected by Western Australian economy and weather conditions
- Focus on improving demand and yield in WA



# Business Unit Results – SeaLink Queensland & NT

Year Ending 30 June	2017 \$m	2016 \$m	Variance \$m
Revenue (external)	82.9	74.3	8.6
Direct expenses	42.2	34.3	7.9
Indirect expenses	11.5	12.6	(1.1)
EBITDA (pre corp. allocation)	29.2	27.4	1.8
<b>EBITDA Margin</b>	<b>35.3%</b>	<b>36.9%</b>	
Depreciation & Amortisation	7.2	4.8	2.4
Corporate allocation	1.8	2.6	(0.8)
EBIT (after corp. allocation)	20.2	20.0	0.2

News	<ul style="list-style-type: none"> <li>■ Construction of the LNG plants in Gladstone was completed. Operational phase ongoing</li> <li>■ Stradbroke Island transition to tourism</li> <li>■ New GM (SEQ) appointed – Mr. Dave Bennett</li> <li>■ Cyclone Debbie (QLD) and Cyclone Blanche (NT)</li> <li>■ New route opened servicing Groote Eylandt and Bickerton Islands in East Arnhem Land</li> </ul>
Additions	<ul style="list-style-type: none"> <li>■ <i>MV Tommy Lyons</i> for Darwin services</li> </ul>
Upgrades	<ul style="list-style-type: none"> <li>■ QuickTravel installed in SEQ (April 17)</li> </ul>
Contracts	<ul style="list-style-type: none"> <li>■ Profitable vessel re-deployments (Gladstone, Sydney, Weipa, NZ and Groote)</li> </ul>

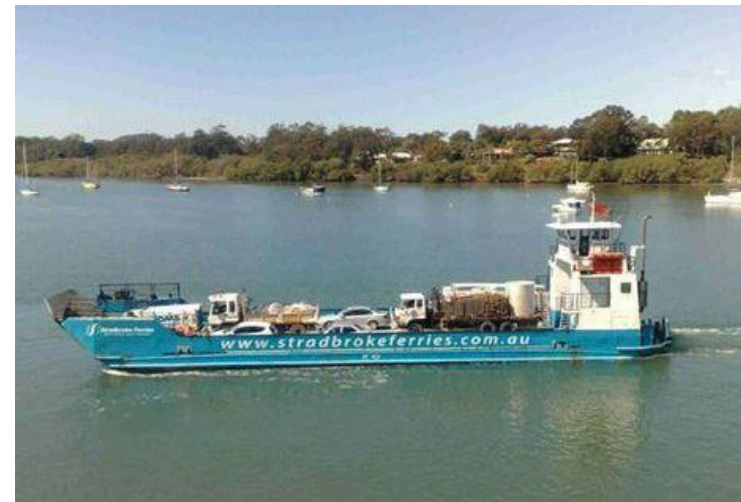
- The business acquired in November 2015, is performing to expectations
- Sales growth of 11.6% primarily attributable to full year inclusion of the acquisition
- Sales growth from Townsville and NT operations driven by Magnetic Island backpacker/adventure market and new NT ferry service (Groote Eylandt)
- Small decline in EBITDA margin reflects the anticipated consequence of the transition in the Gladstone LNG operations from construction to operational phase
- EBIT after corporate allocations for South East Queensland/Gladstone operations was \$17.5m – in line with expectations

# Marine Fleet

- 74 vessels in the fleet
- Average age 16.5 years
- All Capricornian vessels utilised
- Fleet size and mix provides flexibility and opportunities
- Vessels fully utilised (other than *MV Alpha Bree*)
- Fleet replacement plan (3 new vessels under consideration)
- Estimated Capital Expenditure spend ~ \$10m to \$20m



*MV Blackwattle Bay* - youngest



*MV Bay Islander* - oldest



# Section 3 - Performance Outlook



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# 2018 Outlook and Focus

## STRATEGIC FOCUS

- Maintain Tourism/Transport mix
- Improve yields and gross margins
- Optimise returns from fleet
- Utilise existing sales and marketing platform to promote new products and services
- Continue to leverage cost saving opportunities and efficiencies from existing businesses
- Utilise in-house technology skills to improve booking processes and web sites to drive online sales
- Managing major out of water slippings in FY18

## NEW OPPORTUNITIES

- New Manly to Barangaroo and Rottneest Island services
- New tourism offerings for North Stradbroke Island, to commence late 2017
- Seek acquisitions that will enhance, leverage and complement our current capabilities and growth strategies



# 2018 Outlook and Focus

## 'SeaLink Positioned for Growth'

- Industry diversified – Transport and Tourism
- Geographically diversified with services in 5 states, Northern Territory and New Zealand, servicing 10 Islands and 12 destinations
- 74 vessels
- 39 coach and touring vehicles
- Over 1,200 dedicated staff around Australia
- Transporting over 8 million passengers p.a
- Strong brands in SeaLink and Captain Cook Cruises
- Healthy balance sheet and cash flow, positioned for growth

We believe the Group is well-positioned to improve upon its FY17 full year result, assuming average seasonal and current business conditions remain

Overall FY18 has started ahead of expectations

# SeaLink Travel Group - Appendices



# Appendix 1 – SeaLink Operational Snapshot

Location	Services	Fleet
South Australia	<ul style="list-style-type: none"> <li>▪ Passenger and freight ferry services between Cape Jervis and Kangaroo Island in South Australia</li> <li>▪ Accommodation and restaurant facilities at Vivonne Bay Lodge on Kangaroo Island</li> <li>▪ Murray River cruising aboard the historic <i>PS Murray Princess</i> in South Australia (under the Captain Cook brand)</li> <li>▪ Coach tours throughout South Australia and Kangaroo Island</li> <li>▪ Travel Agency in Adelaide, Australian Holiday Centre</li> </ul>	<p>5 vessels</p> <p>39 touring vehicles</p>
Townsville	<ul style="list-style-type: none"> <li>▪ Passenger ferry services between Townsville and Magnetic Island</li> <li>▪ Government contracted ferry service Palm Island</li> <li>▪ Touring packages to Palm Island, Magnetic Island and around Townsville</li> </ul>	4 vessels
Brisbane	<ul style="list-style-type: none"> <li>▪ Contract passenger ferry service for the Queensland Government (Translink) to service four islands around the Southern Moreton Bay Islands</li> <li>▪ Contract with Queensland Government to provide a water Ambulance service in the Southern Moreton Bay Islands</li> <li>▪ Contract with the Queensland Department of Transport to operate the Moggill cable ferry crossing the Brisbane River</li> <li>▪ Barging of mineral sands from North Stradbroke Island to Brisbane</li> <li>▪ Passenger and vehicular ferry services from Cleveland (Queensland mainland) to Dunwich (North Stradbroke Island)</li> <li>▪ Vehicular barge service around the Southern Moreton Bay Islands, servicing Lamb, Karragarra, Macleay and Russel Islands</li> </ul>	19 vessels
Gladstone	<ul style="list-style-type: none"> <li>▪ Provision of barging and ferry services for the three LNG plants in Gladstone</li> </ul>	13 vessels
Darwin	<ul style="list-style-type: none"> <li>▪ Passenger ferry services between Darwin and Mandorah and a Government contracted ferry service to Tiwi Island</li> <li>▪ Passenger ferry service on behalf of the Groote Eylandt community</li> </ul>	3 vessels
Sydney	<ul style="list-style-type: none"> <li>▪ Tourist cruises and other charter cruises on Sydney Harbour, including lunch and dinner cruises</li> <li>▪ Passenger ferry services between Lane Cove and Circular Quay, between Darling Harbour and Circular Quay and between Wilson’s Bay and Circular Quay</li> <li>▪ Charter contracts for the provision of ferries to Harbour City Ferries (Sydney Ferries)</li> <li>▪ Passenger ferry service between Manly and Barangaroo – commencing September 2017</li> </ul>	21 vessels
Perth	<ul style="list-style-type: none"> <li>▪ Tourist cruises in Perth along the Swan River, including lunch and dinner cruises</li> <li>▪ Operation, on behalf of Transperth, of the commuter ferry service between the Perth CBD and South Perth</li> <li>▪ Passenger ferry service to Rottnest Island – commencing October 2017</li> <li>▪ Bells Function centre in Western Australia, an event space and catering facility</li> </ul>	9 vessels

# Appendix 2- International Tourism Snapshot

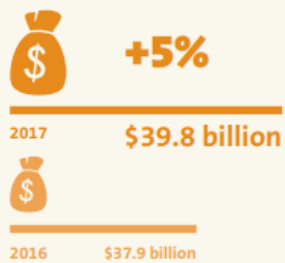
## International Tourism Snapshot as at 31 March 2017

We welcomed 8.4 million international visitors as at year ending March 2017. These visitors injected \$39.8 billion into the Australian economy. Total international aviation capacity to Australia grew by 9 per cent.

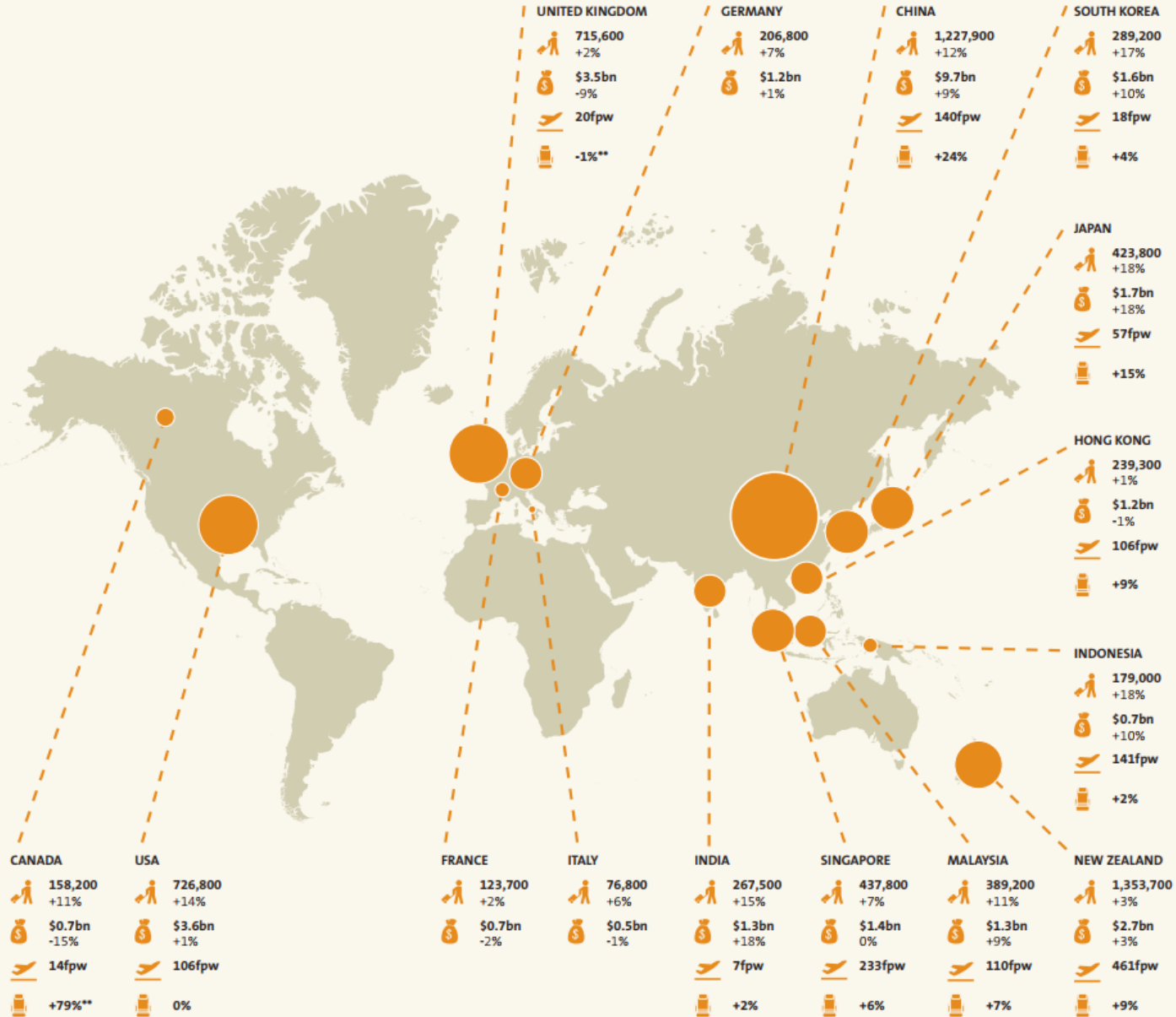
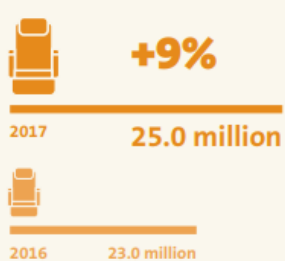
### Total international arrivals to Australia



### Total international visitor spend



### Total international aviation capacity\* (inbound seats)



Size of circle represents relative size of visitor spend in Australia as at YE March 2017

Visitor arrivals  
 Visitor spend  
 Flights per week (fpw)  
 Inbound seats

Notes: Percentage figures are year on year change. bn = billion, fpw = flights per week (inbound). \* Aviation data are for international scheduled direct flights to Australia with "same flight number" originating from respective source markets. \*\* Year on year change of number of seats.

Source: Australian Bureau of Statistics, Overseas Arrivals and Departures, March 2017. Tourism Research Australia, International Visitor Survey, March 2017. Department of Infrastructure and Regional Development, March 2017.



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