

SeaLink Travel Group Limited

Investor Presentation – Year Ended 30 June 2018

22 August 2018

Presenting today

Jeff Ellison

Chief Executive Officer and Managing Director

Andrew Muir

Chief Financial Officer



01

Highlights

Business highlights



'A year of investment for future growth'

- Sales of \$209.4m up 4% on FY17
- Underlying Net Profit After Tax of \$22.1m, down \$1.7m or 7.0% before one-off transaction costs and new ferry route start up costs (refer next slide)
- Successful acquisition of Kingfisher Bay Resort Group on iconic Fraser Island (two resorts, touring and ferry operations)
- Successfully awarded a 10+10 year contract to operate the Bruny Island ferry in Tasmania
- Launch of Manly to Barangaroo service in NSW, September 2017
- Launch of Rottnest Island service in WA, November 2017
- "One SeaLink" sales and marketing strategy to capitalise on 8.5 million passenger per year
- UWAI provides opportunity to grow revenue from the fast growing Chinese market
- Further investment in information technology to drive online sales
- Final dividend of 8.0 cents per share in line with FY17. Total dividend of 14.5 cents per share up 3.6% from 14.0 cents per share in FY17



One-off costs from growth initiatives impacting FY18 result



Normalised adjustments / abnormal costs – excluded from underlying profit

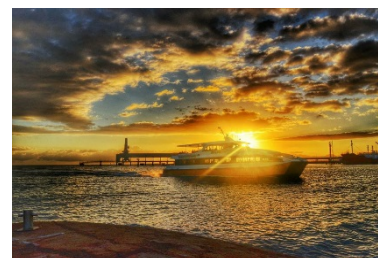
Transaction costs – (\$2.6m)

- Relating to the acquisition of Kingfisher Bay Resort Group which completed 26 March 2018

Start-up costs of new ferry routes (\$0.4m)

- Launch of Manly to Barangaroo service in NSW, September 2017
- Launch of Rottnest Island service in WA, November 2017

| Year ending 30 June | 2018 \$m (EBIT) |
|-----------------------------|-----------------|
| Transaction costs | 2.6 |
| Start-up costs – new routes | 0.4 |
| Total | 3.0 |



One-off costs from growth initiatives impacting FY18 result (cont)

Trading losses absorbed in underlying profit

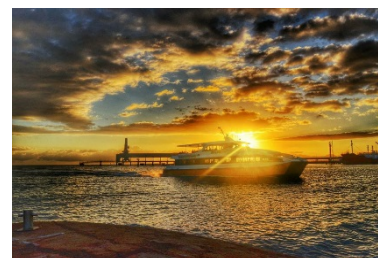
Trading losses on new ferry routes (\$1.8m)

- Slower ramp up to profitability than expected on Manly / Barangaroo service still operating below break even. Anticipated to make a positive contribution in FY19
- Rottnest Island route recorded a positive EBITDA contribution for the period

Trading loss from Fraser Island (\$1.0m)

- Anticipated three month trading loss for Fraser Island post acquisition in March 18 during non-peak/ low season

| Year ending 30 June | 2018 \$m (EBIT) |
|------------------------------|-----------------|
| Trading loss – new routes | 1.8 |
| Trading loss – Fraser Island | 1.0 |
| Total | 2.8 |



SeaLink positioned for strong profit growth

- Capitalise on our year of investment with anticipated strong profit growth
- Key drivers of profit improvement are:
 - anticipated reversal of trading losses from new ferry routes - \$1.8m [organic]
 - anticipated reversal of trading losses in Western Australia - \$0.7m [organic]
 - full year EBITDA contribution of the Fraser Island acquisition - \$7.9m [acquisition]
 - contribution from the service to Bruny Island – September 2018 [new route]
 - growth in existing businesses [organic]
 - potential upside from future acquisitions [M&A]
 - anticipated lower tax rate in FY19 – benefit of industry incentives
- We believe SeaLink is positioned to substantially improve upon its FY18 full year underlying NPAT result, assuming average seasonal and current business conditions remain stable

Summary profit statement



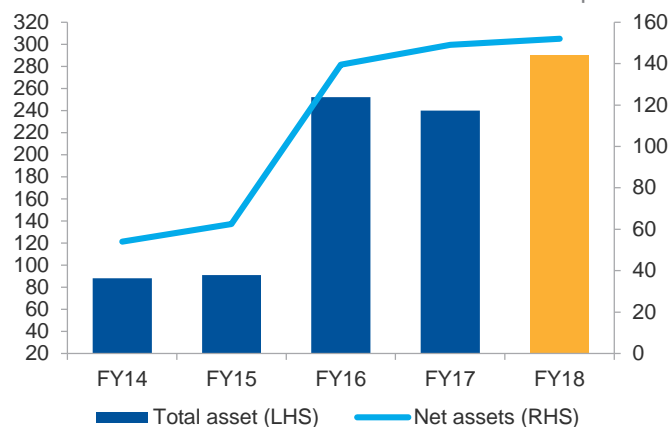
| Year ending 30 June | 2018 \$m | 2017 \$m | Growth \$m | Growth % |
|---|-------------|-------------|--------------|---------------|
| Revenue | 209.4 | 201.4 | 8.0 | 4.0 |
| Operating expenses (before interest, acquisition expenses, depreciation and amortisation) | 163.0 | 152.0 | 11.0 | 7.2 |
| Underlying EBITDA | 46.5 | 49.4 | (2.9) | (5.9) |
| EBITDA margin | 22.2% | 24.5% | (2.3) | (9.4) |
| Depreciation & amortisation | 12.9 | 11.9 | 1.0 | 8.0 |
| Underlying EBIT | 33.6 | 37.5 | (3.9) | (10.4) |
| Net Interest expense | 3.1 | 3.2 | (0.1) | 41.0 |
| Transaction costs | 2.6 | – | 2.6 | (100.0) |
| One off start up costs | 0.4 | – | 0.4 | (100.0) |
| Net profit before tax | 30.5 | 34.3 | (3.8) | (11.1) |
| Income tax expense | 7.9 | 10.4 | (2.5) | (24.8) |
| Reported NPAT | 19.6 | 23.8 | (4.3) | (17.9) |
| Underlying NPAT | 22.1 | 23.8 | (1.8) | (7.1) |
| Basic EPS – cents per share | 21.8 | 23.6 | (1.8) | (7.6) |

- Operating revenue rising to \$209.4m, up 4%, driven by new ferry services and impact of Fraser Island acquisition offset by retail travel centre closure (June 17) and lower revenue in Gladstone (FY17 still in construction phase)
- Operating expenses increase due to Fraser Island, higher fuel costs, higher R&M and increased employee headcount associated with One SeaLink strategy
- Underlying EBITDA down 5.9% to \$46.5m – as a result of excluding one off transaction costs (\$3.0m) but after absorbing losses associated with new ferry start up routes (\$1.8m) and Fraser Island (\$1.0m)
- Higher depreciation, includes amortisation (\$1.6m) for customer contracts and impact of Fraser Island acquisition
- Fuel consumption approximately 13 million litres of which 50% now effectively hedged

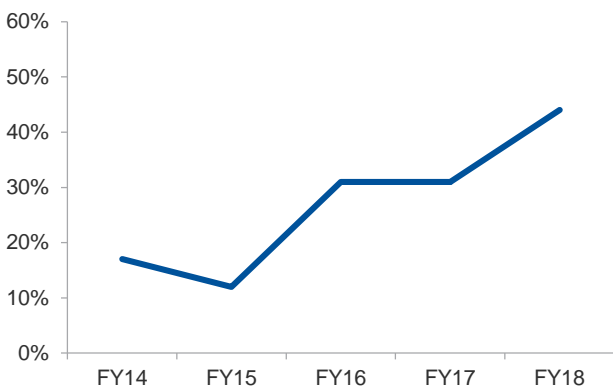
Statement of financial position



Total assets and net assets – \$m



Gearing



| | June 2018 \$m | June 2017 \$m | Change \$m |
|--|---------------|---------------|-------------|
| Total assets | 300.7 | 239.5 | 61.2 |
| Total liabilities | 148.4 | 91.8 | 56.6 |
| Net assets | 152.3 | 147.7 | 4.6 |
| Net Interest Bearing Debt (IBD) | 105.3 | 61.1 | 44.2 |
| Gearing (debt to total tangible assets %) | 46% | 31% | |
| Debt / EBITDA (times) | 2.27 | 1.25 | |

- Net assets increased by \$4.6m
- Total assets increase reflects Fraser Island acquisition
- Total liabilities up due to increase in borrowings to fund Fraser Island acquisition
- Interest bearing debt up from \$61.1m to \$105.3m
- Interest cover 15+ times
- All bank covenants met
- Gearing within target range

Cash flow



| Year ending 30 June | 2018 \$m | 2017 \$m | Change \$m |
|----------------------------------|-------------|-------------|--------------|
| Receipts from customers | 208.3 | 206.3 | 2.0 |
| Payments to suppliers | (161.6) | (154.0) | (7.5) |
| Gross operating cash flow | 46.7 | 52.3 | (5.6) |
| Net interest | (3.1) | (3.2) | 0.1 |
| Income tax paid | (15.1) | (23.5) | 8.3 |
| Net operating cash flow | 28.5 | 25.7 | 2.8 |

| | | | |
|---------------------------------|-------------|---------------|-------------|
| Net investing cash flows | 61.0 | 6.1 | 54.9 |
| Proceeds from share issue | N/A | N/A | – |
| Proceeds from borrowings | 47.4 | (6.0) | 53.4 |
| Dividends paid | (14.7) | (13.7) | (1.0) |
| Net financing cash flows | 32.7 | (19.7) | 52.4 |
| Cash at the end of the year | 3.2 | 2.9 | 0.3 |

- Good earnings quality with continuing strong correlation between EBITDA of \$46.5m and gross operating cash flow of \$46.7m
- Net operating cash flow up 10.9%
- Higher Income Tax paid in FY17 related to the Transit Systems acquisition payment (one off)

Net investing cashflow includes:

| Item | \$m |
|---------------------------|-------------|
| Fraser Island acquisition | 44.7 |
| UWAI investment | 3.3 |
| Sub total | 48.0 |
| Marine Fleet | 9.7 |
| Coaches & vehicles | 1.6 |
| Plant & equipment | 1.3 |
| Buildings | 0.4 |
| Sub total | 13.0 |
| Total | 61.0 |

- Anticipated FY19 Capex approximately \$18m-\$19m

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02

Segment performance

Business unit results



SeaLink South Australia

| Year ending 30 June | 2018 \$m | 2017 \$m | Variance \$m |
|--|--------------|--------------|-----------------|
| Revenue (external) (Ferry, PS Murray Princess, coach tours, retail travel centre, accommodation) | 64.2 | 67.5 | (3.3) |
| Direct expenses | 35.9 | 39.9 | (4.0) |
| Indirect expenses | 7.5 | 7.5 | – |
| EBITDA (pre corp. allocation) | 20.8 | 20.1 | 0.7 |
| EBITDA margin | 32.4% | 29.8% | |
| Depreciation & amortisation | 2.6 | 2.3 | 0.3 |
| corporate allocation | 3.2 | 3.1 | 0.1 |
| EBIT (after corp. allocation) | 15.0 | 14.7 | 0.3 |

News

- Retail travel centre closed July 2017
- Record passenger & vehicle numbers on KI ferries
- Strong demand for PS Murray Princess, with occupancy increasing to 91% in FY18 from 87% in FY17
- Good season for farmers on KI – increased freight
- New passenger only competitor on KI route delayed
- Completion of airport extension on KI – no sales impact
- 21 cruise ship visits to Kangaroo Island with island touring. 30 scheduled for FY19
- SA Government licence extension discussions with new Government (post 2024)

Additions

- 1 new Scania coach + 2 Coasters

- Sales decrease reflects closure of retail travel centre (\$3.2m) and lower accommodation sales (\$0.7m) offset by a combination of higher sales from *PS Murray Princess*, coach revenue, KI Odyssey and core ferry operations
- EBITDA margin growth of 8.7% reflecting trend towards higher margin products and operating leverage of higher passengers
- Travel centre sales down \$3.2m with little impact on EBITDA, thereby aiding margin growth
- R&M increased by \$0.5m due to out of water works on Murray Princess
- Direct and Indirect expenses well managed
- Expected earnings in FY19 broadly in line with FY18 as FY19 has a major 15 year out of water survey for main KI vessel (\$1m)

Business unit results



Captain Cook Cruises, NSW & WA

| Year ending 30 June | 2018 \$m | 2017 \$m | Variance \$m |
|--------------------------------------|--------------|--------------|-----------------|
| Revenue (external) | 55.2 | 51.0 | 4.2 |
| Direct expenses | 40.5 | 34.3 | 6.2 |
| Indirect expenses | 11.7 | 10.6 | 1.1 |
| EBITDA (pre corp. allocation) | 3.0 | 6.1 | (3.1) |
| EBITDA margin | 5.4% | 12.0% | |
| Depreciation & amortisation | 2.5 | 2.4 | 0.1 |
| corporate allocation | 1.1 | 1.1 | – |
| EBIT (after corp. allocation) | (0.6) | 2.6 | (3.2) |

News

- Negotiation of preferred arrangements with national retail travel agencies
- Investment in UWAI to build our direct to market channels in China and Asia
- Manly to Barangaroo ferry service commenced September 2017 near break even
- Rottnest Island ferry service commenced November 2017
- CCC-WA the only commercial operator with access to Perth's new Optus Stadium wharf

Additions

- MV Nancy Wake (Sydney)
- Two new light ferries under construction to take this fleet to four. Due in first quarter of FY19

Upgrades

- Refurbishment of Captain Cook III

- Executed the plan to organically build new routes rather than acquire and recognise significant goodwill
- One off start up costs (\$0.4m) and trading losses from new services (\$1.8m) – expect a positive net contribution from NSW in FY19
- CCC-WA trading loss of (\$0.7m) – given initiatives undertaken we expect a positive net contribution in FY19
- CCC-NSW sales growth of 3.0% in 2018, with growth coming from dining cruises and Manly/Barangaroo route
- Economic conditions in WA showing some signs of improvement
- Focus on improving demand and yield in WA and the Manly / Barangaroo service

Business unit results



SeaLink Queensland & NT

| Year ending 30 June | 2018 \$m | 2017 \$m | Variance \$m |
|--------------------------------------|--------------|--------------|-----------------|
| Revenue (external) | 78.4 | 82.9 | (4.5) |
| Direct expenses | 38.4 | 42.2 | (3.8) |
| Indirect expenses | 10.9 | 11.5 | (0.6) |
| EBITDA (pre corp. allocation) | 29.3 | 29.2 | 0.1 |
| EBITDA margin | 37.4% | 35.3% | |
| Depreciation & amortisation | 7.2 | 7.2 | – |
| corporate allocation | 1.8 | 1.8 | – |
| EBIT (after corp. allocation) | 20.3 | 20.2 | 0.1 |

| | |
|------------------|--|
| News | <ul style="list-style-type: none"> • Sales reduction reflects prior year construction phase revenue in Gladstone • North Stradbroke Island continues to grow both passenger and vehicle numbers • Successful launch of a tourist coach offering to North Stradbroke Island • MV Quandamooka leased to Weipa • Townsville sales up 8% across core businesses • Extension and expansion of Groote Eylandt contract |
| Additions | <ul style="list-style-type: none"> • Touring coach from South Australia |
| Upgrades | <ul style="list-style-type: none"> • <i>MV Bruce</i> |
| Contracts | <ul style="list-style-type: none"> • Southern Moreton Bay Islands contract renewal negotiations are well advanced • Expression of interest submitted for the Mandorah and Tiwi Islands contracts (expire August 2018) |

- EBITDA margins improvement a result of increased passenger and vehicle numbers
- Gladstone and SEQ business performing to expectations
- Gladstone revenue in FY17 included four months construction phase revenues (\$10.5m)
- Sales growth from Townsville and NT operations driven by Magnetic Island backpacker/adventure market and new NT ferry service (Groote Eylandt)

Business unit results



Fraser Island

| Year ending 30 June | 2018 \$m | 2017 \$m | Variance \$m |
|---------------------------------------|---------------|-------------|-----------------|
| Revenue (external) | 11.5 | – | 11.5 |
| Direct expenses | 10.4 | – | (10.4) |
| Indirect expenses | 1.3 | – | (1.3) |
| EBITDA (pre corp. allocation) | (0.3) | – | (0.3) |
| EBITDA margin | (2.6%) | – | |
| Depreciation & amortisation | 0.7 | – | (0.7) |
| EBIT (before corp. allocation) | (1.0) | – | (1.0) |
| Transaction costs | 2.6 | – | (2.6) |
| corporate allocation | 0.4 | – | (0.4) |
| EBIT (after corp. allocation) | (4.0) | – | (4.0) |

News

- The business and assets of Kingfisher Bay Resort Group acquired on 26 March, 2018
- Acquisition includes Kingfisher Bay Resort, Eurong Beach Resort, Fraser Explorer Tours and Fraser Island Ferry operations
- Kingfisher Bay Resort Group accounts for 90% of accommodation options and the vast majority of touring options on Fraser Island
- Planning complete for refurbishment and upgrade. An additional Capex of \$4m spread over next two years
- July 2018 trading ahead of expectations

- Pleased with acquisition and no adverse matters have been identified post acquisition
- EBIT loss of \$1.0m for the three months to June 30, 2018, which is in line with our expectations as this is the non-peak /low season for the business
- Capex programme for 2019 has identified key areas to enhance the customer experience, including upgrade to staff accommodation, room upgrades, public area upgrades and new coaches
- Expectation Fraser Island will contribute EBITDA (\$7.9m) in line with acquisition metrics

Marine fleet and capital investment



- 77 vessels in the fleet
- Fleet size and mix provides flexibility and opportunities
- Delivery of *MV Nancy Wake* into NSW operating Manly to Barangaroo route
- Two new Tubby Class ferries for inner harbour opportunities (ie Sydney Fish Markets) – delivery in September 2018
- Estimated Capital Expenditure in FY19 approximately \$18m-\$19m including:
 - Usual maintenance capex;
 - Fraser Island improvements;
 - Bruny Island vessel; and
 - SEQ Queensland barge replacement.





03

Performance outlook and focus

2019 Outlook and focus



SeaLink positioned for profit growth

- Capitalise on our year of investment with strong profit growth
- Maintain our Tourism/Transport focus
- Seek acquisitions that enhance, leverage and complement our current capabilities and growth strategies
- Key drivers of profit improvement are:
 - anticipated reversal of trading losses from new ferry routes - \$1.8m [organic]
 - anticipated reversal of trading losses in Western Australia - \$0.7m [organic]
 - full year EBITDA contribution of the Fraser Island acquisition - \$7.9m [acquisition]
 - contribution from the service to Bruny Island – September 2018 [new route]
 - growth in existing businesses [organic]
 - potential upside from future acquisitions [M&A]
 - anticipated lower tax rate in FY19 - benefit of industry incentives
- We believe SeaLink is positioned to substantially improve upon its FY18 full year underlying NPAT result, assuming average seasonal and current business conditions remain stable

Retirement of Chief Executive Officer

- 27 years with SeaLink
- 21 years as CEO
- 5 years as CEO of ASX listed company
- Jeff Ellison has indicated his intention to retire from SeaLink on or before the AGM in October 2019



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Appendices

Appendix 1

SeaLink Operational Snapshot



| Location | Services | Fleet |
|-----------------|--|--------------------------------------|
| South Australia | <ul style="list-style-type: none"> • Passenger and freight ferry services between Cape Jervis and Kangaroo Island in South Australia • Accommodation and restaurant facilities at Vivonne Bay Lodge on Kangaroo Island • Murray River cruising aboard the historic PS Murray Princess in South Australia (under the Captain Cook Cruises brand) • Coach tours throughout South Australia and Kangaroo Island • Travel Agency in Adelaide, Australian Holiday Centre | 5 vessels 39 touring vehicles |
| Townsville | <ul style="list-style-type: none"> • Passenger ferry services between Townsville and Magnetic Island • Government contracted ferry service to Palm Island • Touring packages to Palm Island, Magnetic Island and around Townsville | 4 vessels |
| Brisbane | <ul style="list-style-type: none"> • Contract passenger ferry service for the Queensland Government (Translink) to service four islands around the Southern Moreton Bay Islands • Contract with Queensland Government to provide a water Ambulance service in the Southern Moreton Bay Islands • Contract with Queensland Department of Transport to operate the Moggill cable ferry crossing the Brisbane River • Barging of mineral sands from North Stradbroke Island to Brisbane • Passenger and vehicular ferry services from Cleveland (mainland) to Dunwich (North Stradbroke Island) • Vehicular barge service around the Southern Moreton Bay Islands, servicing Lamb, Karragarra, Macleay and Russel Islands | 19 vessels |
| Gladstone | <ul style="list-style-type: none"> • Provision of barging and ferry services for the three LNG plants in Gladstone | 12 vessels |
| Fraser Island | <ul style="list-style-type: none"> • Kingfisher Bay and Eurong Beach resorts • Passenger and vehicle ferry services to Fraser Island • 4WD touring on Fraser Island | 3 vessels 30 touring vehicles |
| Darwin | <ul style="list-style-type: none"> • Passenger ferry services between Darwin and Mandorah and a contracted ferry service to the Tiwi Islands • Passenger ferry and bus service on behalf of the Groote Eylandt community | 4 vessels |
| Sydney | <ul style="list-style-type: none"> • Tourist cruises and other charter cruises on Sydney Harbour, including lunch and dinner cruises • Passenger ferry services between Lane Cove and Circular Quay, between Darling Harbour and Circular Quay and between Wilson's Bay and Circular Quay • Charter contracts for the provision of ferries to Harbour City Ferries (Sydney Ferries) • Passenger ferry service between Manly and Barangaroo | 20 vessels |
| Perth | <ul style="list-style-type: none"> • Tourist cruises in Perth along the Swan River, including lunch and dinner cruises • Operation, on behalf of Transperth, of the commuter ferry service between the Perth CBD and South Perth • Passenger ferry service to Rottnest Island • Bells Function centre in Western Australia, an event space and catering facility | 10 vessels |

Appendix 2

Five Year Ratios and Statistics



| Year ending 30 June | | 2014 | 2015 | 2016 | 2017 | 2018 |
|-----------------------------------|-------|-------|-------|-------|-------|-------|
| Performance | | | | | | |
| Operating revenue | \$m | 103.8 | 111.7 | 177.3 | 201.4 | 209.4 |
| Underlying EBIT* | \$m | 12.4 | 14.8 | 35.3 | 37.5 | 33.6 |
| Underlying NPAT* | \$m | 7.9 | 9.6 | 23.1 | 23.8 | 22.1 |
| Underlying EPS* (basic) | cents | 11.8 | 12.6 | 23.6 | 23.6 | 21.8 |
| Dividend per share (100% franked) | cents | 7.4 | 7.8 | 12.0 | 14.0 | 14.5 |
| Payout ratio (reported NPAT) | % | 73.7 | 64.1 | 54.3 | 59.5 | 74.9 |
| Financial strength | | | | | | |
| Net assets | \$m | 53.9 | 61.3 | 137.0 | 147.7 | 152.3 |
| NTA per share | cents | 61.7 | 68.9 | 89.0 | 100.0 | 101.0 |
| Gearing | % | 17 | 13 | 33 | 31 | 46 |

* Before acquisition related expenses and ferry route start up costs

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