

SEALINK TRAVEL GROUP LIMITED

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SEALINK TRAVEL GROUP LIMITED FY20 FINANCIAL RESULTS
Delivering essential transport services

SeaLink Travel Group Limited (ASX:SLK) ("**SeaLink**") today reported its financial year 2020 results, comprising of five and a half months trading of the Transit Systems Group ("**TSG**"), following the completion of the TSG acquisition on 16 January 2020, and full year of SeaLink's Marine and Tourism business.

KEY HIGHLIGHTS

- Underlying Net Profit After Tax and before Amortisation of \$37.2 million, up 47.2% on prior year with total revenue of \$646.5 million, up 152.8% on prior year
- Statutory loss after tax of \$13.5 million driven by mostly non-cash and one-off items
- Strong Gross Operating Cashflow and balance sheet strength, with net senior debt of \$151 million and gearing of 1.4x
- Contribution from TSG in line with acquisition metrics
- Group now consists of 87% contracted revenue and non-discretionary commuter transport
- Secured more than \$3.8 billion of total contracted revenue in the last six months
- Decisive action taken to cut costs, conserve cash and scale back Marine & Tourism businesses as a consequence of COVID-19 restrictions
- JobKeeper payment eligibility for approximately 15% of SeaLink's Australian workforce

GROUP RESULT

In what has been one of the most challenging operational environments on record, SeaLink has adapted and continued to trade strongly through this period. Underlying Net Profit After Tax and before Amortisation was \$37.2 million, up 47.2% on the prior year. The acquisition completion of the TSG business was timely and this part of the business has traded in line with base case acquisition metrics despite the pandemic and contributed strongly to the result. The Marine and Tourism division had a strong first half to the year, however many of these businesses were required to be wound down for three months or more during the various state lock down periods in the second half. Despite this, most marine links to our island destinations continued to operate as essential transport links and, in some cases, attracted additional government subsidies.

Operating cash flows were strong throughout the year and the focus on cost control and preservation of cash further strengthened the balance sheet throughout this period, ending the year with lower gearing than the prior year, a cash balance of \$120 million, net senior debt of \$151 million and gearing of 1.4x net debt to pro forma full year EBITDA.

CEO COMMENTARY

Group CEO, Clint Feuerherdt commented on the result and strength of the company:

“The successful acquisition and integration of the Transit System Group during the 2020 financial year has transformed SeaLink into an integrated, resilient, international multi-modal transport business.

“Despite the impacts of bushfires across much of Australia during January 2020 and the ongoing COVID-19 pandemic, the result reflects the strong underlying nature of the essential services that SeaLink delivers to the cities and islands that it serves.

“Our performance is also a credit to our global network of transport experts who have collaborated to leverage international learnings and experiences, critically analysing and improving services, adapting safely and rapidly to changing and challenging operating conditions.

“Approximately 87% of SeaLink’s revenue is currently contracted to mostly large government clients and we are proud to have renewed and expanded many of these operating contracts, a testament to our focus on providing safe, efficient, convenient and sustainable travel.

“While the public transport operations have continued to deliver in line with expectations, the Marine and Tourism division is understandably greatly affected by border closures. Exceptional cost control, a renewed intrastate marketing focus and sensibly bringing these assets back online has meant that the Marine and Tourism business has also delivered a positive contribution to the Group result.

“The business has had a laser focus on operational risk management and financial prudence during the COVID-19 pandemic but has not lost sight of the immense opportunities in its various markets. We are thrilled to have secured contracts representing over \$3.8 billion in revenue for future years, all since the completion of the TSG acquisition in January.

“We are really pleased with the support we have received from Australians travelling to our unique island destinations. Many are semi-local to these destinations and experiencing an island getaway for the first time.

“SeaLink is beginning to see many of its island centric operations recovering well but they are likely to continue to be affected by the changing pandemic conditions and ongoing travel restrictions.

“The outlook for the Group continues to be positive. A strong pipeline of bus contracting opportunities is being pursued, our tourism assets are unique and attractive to domestic travellers and our balance sheet strength positions us to take advantage of opportunities that are coming to market.

“I am particularly pleased with the way we are positioned to navigate the year ahead,” added Mr Feuerherdt.

NORMALISATIONS AND DIVIDEND

The FY20 final results contain a number of one-off charges associated with transaction costs associated with the TSG acquisition. A number of impairments were necessary in the Marine and Tourism division as a result of the COVID-19 disruption and a non-cash contract amortisation charge has been recognised from the acquisition of the TSG operating contracts.

The Directors have also today declared to pay a final dividend of 4.5 cents per share. This dividend has been set at the lower end of the dividend payout range of 50% - 70%, reflecting also the additional shares on issue from the TSG acquisition and only five and a half months of contribution from the TSG business.

Authorised for release by Clint Feuerherdt, Group Chief Executive Officer

Further information

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About SeaLink Travel Group Limited (ASX:SLK)

SeaLink is Australia's largest integrated land and marine, tourism and public transport service provider with established international operations in London and Singapore.

It is one of Australia's most experienced and diverse multi-modal transport businesses, boasting performance-driven capabilities across ferry, bus and light rail.

SeaLink is made up of Australian marine and tourism operations and Transit Systems' domestic and international public bus and light rail transport operations.

SeaLink moves more than 280 million customers per year, has over 8,600 employees and operates approximately 3,500 buses and 80 ferries.