SeaLink Travel Group Limited

Investor Presentation – Half Year Results 31 December 2020

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Authorisation: Approved and authorised for release via the Australian Securities Exchange on 24 February 2021 by Clinton Feuerherdt, Group Chief Executive Officer, SeaLink Travel Group Limited.

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Review of half year results to 31 December 2020

H1 FY21 overview

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Demonstrated resilience of SeaLink as an integrated, multi-modal transport business during an extended period of unprecedented external events

Financial result	— Record revenue of $570.8 million following the transformational acquisition in January 2020 — 91% of annualised revenue now contracted or non-discretionary — Underlying EBITDA - $94.6 million (up 265.3%) — Underlying NPATA - $48.1 million (up 231.9%) - Statutory NPAT – $32.0 million (up 266.4%) — Interim dividend increased to 7.0 cents per share — Strong operating cashflow and liquidity buffer of over $216 million as at 31 December 2020
Operational highlights	— COVID-19 impacts well managed across the business — Safety and welfare of employees and customers continues to be a priority — Operating environment for public transport has been good — Marine & Tourism operations impacted by travel restrictions but repositioned to capitalise on domestic travel demand to unique and attractive holiday destinations
Ongoing strengthening and enhancement of earnings with contract renewals & contract wins	— Awarded Sembawang-Yishun bus contract in Singapore (5+2 years) + retention of Bulim bus contract — Renewal of Palm Island and Magnetic Island ferry contracts in Townsville (7 years) — Renewal of Groote Eylandt ferry and bus contract in Northern Territory (5 years) — Commencement of new Brisbane River ferry contract (10+5 years) in November 2020 — Commencement of new Adelaide Outer North bus contract and light rail operations in July 2020 — Secured new Katherine school bus contract in the Northern Territory commencing February 2021
Integration of transformational acquisition	— Integration of Transit Systems Group now largely complete — Synergies tracking ahead of initial expectations — Cementing market leading position – zero emissions, demand responsive
Positioning for the future	— Significant opportunities to build upon market leading positions with tenders in Sydney, Melbourne, Darwin and Singapore — Appointment of Jeff Ellison as Chair — Process to appoint an additional independent non-executive director commenced

Financial snapshot of H1 FY21

Solid first half financial performance with full period contribution from Transit Systems Group

Statutory Results Six months ended 31 December 2020	Underlying Results Six months ended 31 December 2020		
Revenue **$570.8 million** *up 329.5% pcp*	**Revenue** **$570.8 million** *up 329.5% pcp*	**Strong Balance Sheet supports growth strategy**	
EBITDA **$96.2 million** *up 319.7% pcp*	**Underlying EBITDA** **$94.6 million** *up 265.3% pcp*	**Senior net debt** **$168.0 million** *up 10.6% pcp*	**Operating cash flow** **$60.7 million** *up 97.3% pcp*
NPAT **$32.0 million** *up 266.4% pcp*	**Underlying NPAT** **$ 30.2 million** *up 122.3% pcp*	**Senior leverage** **1.34x** *down 4.5% pcp*	**Interim Fully Franked Dividend** **7.0 cents** *Up from 6.5 cents pcp*

Near and medium-term growth opportunities

Operations diversified by transport mode, geography, contract expiry and client base. 91% of annualised revenue now contracted or non-discretionary

Transit Systems integration	— On track to exceed $4.6 million per annum of synergies - further cost synergies identified — Operational integration complete including site consolidation in Adelaide and Brisbane — Focus on streamlining and efficiency gains
Benefiting from new contract wins and service changes	— Ramping up and executing on recent contract awards ▪ Joondalup bus contract in Perth (January 2020) ▪ Outer North bus contract and North / South tram contract in Adelaide (July 2020) ▪ Brisbane River Ferries contract (November 2020) ▪ Hayman Island ferry service (October 2020) ▪ Katherine school bus contract in Northern Territory (February 2021) ▪ Sembawang Yishun contract in Singapore (September 2021) — Region 6 Service change in NSW (October 2020)
Contract extensions	— Retention of Bulim bus contract in Singapore — Renewal of Palm Island and Magnetic Island ferry contracts in Townsville (7 years) — Renewal of Groote Eylandt ferry and bus contract in Northern Territory (5 years)
Pipeline of near term contract opportunities	— Regions 7, 8 and 9 in Sydney — Tender of Melbourne bus franchise — Darwin urban and school routes — Singapore

COVID-19 impacts well managed

Impact of COVID-19 continues to be well-managed, commuter transport buses and ferries to island communities continuing to operate as an essential service

BUSINESS UNIT	OPERATIONAL	FINANCIAL
Australian Bus	— Reduced congestion – improved on time running, reduced staff overtime, reduction in accidents, better fuel efficiency, contactless payments — Reduced patronage — Complied with social distancing restrictions — Some additional COVID-19 services run — Enhanced cleaning regimes, driver protection — Charter / special event work recovering – (rail replacement)	— Well supported by government — No fare box risk — Loss of patronage incentives (minor) — Reduced advertising revenue — Increased COVID-19 related services revenue — Reduced operating costs — No cash handling cost
International Bus	— Reduced lost mileage and accident damage — Vulnerable drivers furloughed — Enhanced cleaning regimes, driver protection — Higher absenteeism — Provided accommodation for Malaysian drivers	— Well supported by government — No fare box risk — Some remittance in London to reflect lower service levels and operational savings
Marine & Tourism	— Good demand from intrastate and interstate domestic tourism — Managed rosters to JobKeeper and retained staff — Domestic intrastate travel robust — Freight and commercial operations not materially impacted — Increased contracted revenue profile (Hayman & RiverCity Ferries)	— JobKeeper eligibility ~ scaled back post September 2020 — Waivers and relief for berthing, landing fees, rent, wharfage, etc have also been scaled back — Benefiting from review of operational cost base, schedules, services etc.

Safety and sustainability our focus

The health and safety of our employees and customers and the sustainability of our business are some of our most important objectives

- COVID-19 response – staff, passengers, social distancing, protective barriers, masks, temperature tests, cleaning, cashless, boarding procedures, maximum loads

- Safety of our staff and passengers is paramount
- Employee physical and mental health and wellbeing is a priority. Employee Assistance Program available

- Conducted successful electric bus trial in Sydney's inner west and integrated 5 electric buses into the metropolitan bus network with more to come
- Placed order for 37 zero emission electric double decker buses across London – 11 in operation
- Singapore operating 7 electric buses

- Solar options for depots
- Hybrid vessels – hydrogen / electric
- Established the H2OzBus Project
- Driver telematics

- We are closely monitoring the COVID-19 pandemic with physical distancing, health, hygiene and cleaning protocols in place across all operations
- Operations continuity plans remain in place
- Captured and embedded learnings from COVID-19 including reducing travel and adopting virtual meetings via video conferencing
- We have maintained a positive hazard and near miss reporting culture for the prevention of incidents which could result in harm to people, property or environment
- Risk Management and Compliance Frameworks are in place and continue to be effective in the prevention of serious incidents
- Accreditation and Certification credentials for bus operations:
  - ISO 9001:2015 Quality Assurance System
  - ISO 45001:2018 Occupational Health and Safety Management System
  - ISO 14001:2015 Environmental Management System
  - ISO 55001:2014 Asset Management System

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H1 FY21 financial results

Summary profit & loss statement

Strong trading results and contribution from all divisions

Half year ended 31 December	2020 $m	2019 $m	Variance $m	Variance %
Revenue	570.8	132.9	437.9	329.5%
Operating expenses*	(476.2)	(107.0)	(369.2)	345.0%
Underlying EBITDA	**94.6**	**25.9**	**68.7**	**265.3%**
Underlying EBITDA margin	16.6%	19.5%	(2.9%)	(15.0%)
Depreciation	(31.5)	(7.1)	(24.4)	343.7%
Underlying EBITA	**63.1**	**18.8**	**44.3**	**235.6%**
Amortisation	(17.9)	(0.9)	(17.0)	1,888.9%
Underlying EBIT	**45.2**	**17.9**	**27.3**	**152.5%**
Net interest expense	(9.6)	(1.5)	(8.1)	542.4%
Underlying NPBT	**35.6**	**16.4**	**19.2**	**116.9%**
Income tax expense	(5.3)	(2.8)	(2.5)	90.4%
Underlying NPAT	30.2	13.6	16.6	122.3%
Underlying NPATA	**48.1**	**14.5**	**33.6**	**231.9%**
Shares on Issue (million)	218.4	145.5	72.9	50.1%

**Operating expenses before interest, acquisition expenses $0.6m (2019:$4.9m) and other significant items $2.2m (2019:Nil), depreciation and amortisation.*

- Total revenue rising to $570.8m, driven by impact of TSG acquisition (full 6 months contribution) offset by COVID-19 impact in Marine & Tourism
- Operating expenses increased due to TSG acquisition and offset by lower expenses in Marine & Tourism
- Underlying EBITDA up 265.3% to $94.6m
- Positive EBITDA contribution from Marine & Tourism in 1st half despite ongoing business disruption due to COVID-19
- Higher depreciation, includes impact of TSG acquisition
- Higher interest reflects increased debt financing used to fund the TSG acquisition
- Lower tax expense associated with benefit of marine training incentives and timing differences
- Fully franked interim dividend increased by 0.5 cents to 7.0 cents per share

One-off items

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$1.6 million of one-off items normalised from underlying profit, relating to residual acquisition costs and insurance recoveries from bushfires

Half year ending 31 December	**2020 $m** (EBIT impact)
Transaction / acquisition costs	0.6
Vivonne Bay insurance recoveries	(2.2)
Underlying EBIT impact	**(1.6)**

Transaction costs – ($0.6 million)

- During the period, $0.6 million of “one-off” residual transaction related costs were expensed associated with the acquisition of Transit Systems Group.

Vivonne Bay Lodge Insurance proceeds – ($2.2 million)

- During the period, insurance proceeds of $2.2 million were received in relation to our Vivonne Bay Lodge which was severely damaged by the bushfires on Kangaroo Island in January 2020.

Other Matters

Bus Contract Amortisation – ($17.9 million)

- During the period, a non-cash amortisation charge of $17.9 million was recognised. This relates to the amortisation of identifiable intangibles and the value ascribed to bus contracts as part of the purchase price consideration for Transit Systems Group. The non-cash amortisation charge for FY21 will be $31.3 million.

Cash flow

Underlying business continues to generate strong cashflow

Cash flow statement

Half year ended 31 December	2020 $m	2019 $m	Variance $m
Receipts from customers	581.3	129.5	451.8
Payments to suppliers	(492.4)	(101.3)	(391.1)
Gross operating cash flow	**88.9**	**28.2**	**60.7**
Transaction costs	0.6	(3.9)	4.5
Net interest	(9.6)	(1.5)	(8.1)
Income tax (paid)/refunded	(19.2)	2.6	(21.8)
Net operating cash flow	**60.7**	**25.4**	**35.3**
Disposals	0.3	1.5	(1.2)
Additions	(30.0)	(16.4)	(13.6)
Net investing cash flows	**(29.6)**	**(14.9)**	**(14.7)**
Proceeds from share issue	-	147.6	(147.6)
Proceeds from borrowings	6.8	(92.9)	99.7
Repayment of borrowings	(39.8)	-	(39.8)
Dividends paid	(9.8)	(8.6)	(1.2)
Net financing cashflows	**(42.8)**	**46.1**	**(88.9)**
Cash at the end of the half	**108.9**	**68.3**	**40.6**

Commentary

- Good earnings quality and strong cash generation
- Net operating cash flow $60.7 million, up $35.3 million or 139.0%
- First non-contingent deferred consideration payment of $12.3 million to Transit Systems vendors paid in September 2020
- Higher income tax payments representing payment of Transit Systems Group acquisition take up balances
- Maintained a robust cash buffer with significant cash reserves of $108.9 million held at 31 December 2020
- Dividends paid of $9.8 million

Conservative capital structure

Maintained our balance sheet strength

Summary balance sheet

As at	31-Dec-20 $m	30-Jun-20 $m	Growth $m
Cash and cash equivalents	108.9	119.9	(11.0)
Receivables	96.1	82.5	13.7
Property, plant & equipment	374.0	374.1	(0.0)
Other tangible assets	25.1	26.5	(1.4)
Total tangible assets	**604.2**	**602.9**	**1.3**
Right of use assets	133.9	138.5	(4.6)
Other assets	572.2	605.3	(33.1)
Total assets	**1,310.2**	**1,346.7**	**(36.4)**
Senior debt	266.0	266.0	-
Other interest bearing liabilities	73.3	91.8	(18.5)
Total debt	**339.3**	**357.8**	**(18.5)**
Right of use liability	78.4	98.5	(20.1)
Other liabilities	282.8	290.1	(7.2)
Total liabilities	**700.6**	**746.4**	**(45.8)**
Net assets	**609.6**	**600.3**	**9.4**

Commentary

- Balance sheet strength is an asset - offers resilience and creates optionality
- Gearing ratio (net debt divided by (net debt + equity)) – 32.3% and leverage reduced slightly to 1.34x
- Goodwill of $428.5 million recognition associated with Transit acquisition
  - Identifiable customer contracts goodwill ($141.9 million) – non cash amortisation charge recognised of $17.9 million in the period
- Second instalment of non contingent deferred consideration to be paid in April 2021 and final payment due in August 2022
- Debt facilities provide flexibility and headroom to fund growth initiatives and manage any disruption from COVID-19
- Maturity of debt facilities three to five-year terms
- Ample liquidity as at 31 December 2020
- Government backed contracted assets as at 31 December 2020 total $102 million
- All bank covenants comfortably met as at 31 December 2020

Capex overview

H1 FY21 saw $30.0 million of capital deployed to underpin growth and re-fresh asset base

Half year ended 31 December	2020 $m	2019 $m
Domestic bus	15.1	-
International bus	2.1	-
Marine and Tourism	12.8	16.4
Corporate	0.0	-
Total capex	**30.0**	**16.4**

Major additions / investments during the period

Marine & Tourism

- Vessels for Palm Island, Bruny Island, Sydney dining vessel (under construction)

Australian Bus

- Electric Buses and depot charging infrastructure
- Motor vehicles
- IT infrastructure and scheduling software

International Bus

- Electric Buses and depot charging infrastructure

2H FY21 Forecast Capex $36.3 million

- Marine & Tourism - $5.6 million – 3 vessels
- Australian Bus - $9.7 million – 14 buses
- International - $20.9 million – 28 double decker electric buses

Instant Asset Write Off

- Exploring opportunities to bring forward capital expenditure to take advantage of IAWO for tax purposes

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Divisional performance overview

Australian Bus
Overview of H1 FY21 performance

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Solid trading result during a challenging operating period

Half year ended 31 December	2020 $m	2019 $m
Revenue	341.8	-
Direct expenses	(281.2)	-
Indirect expenses	(15.8)	-
Operating expenses	(297.0)	-
Underlying EBITDA	**44.8**	**-**
Underlying EBITDA margin	13.1%	-
Depreciation	(8.5)	-
Underlying EBITA	**36.3**	**-**
Amortisation	(11.0)	-
Underlying EBIT	**25.3**	**-**

Operational statistics	
Passengers carried (CY 2020)	**96 million**
Kilometres operated (CY 2020)	**137 million**
Buses	**2,709**
Employees	**5,126**
Government contracts	**18**
Revenue weighted avg remaining contract term*	**6.6 years**

**Contract term includes contract extension options*

Commentary

- Good performance from all recent contract wins and extensions
- Favorable operating conditions despite limited additional revenue opportunities
- No reduction to route services during the period
- Contract awards
  - Katherine school bus contract in NT
  - Adelaide bus and light rail contracts (July 2020)
- Sydney Region 6 service change implemented October 2020
- Five electric buses operating in NSW and 31 ordered
- Upgrade of depot infrastructure for electric buses commenced
- Hybrid bus introduced on Adelaide’s O-Bahn guided busway
- Strong tender pipeline

International Bus
Overview of H1 FY21 performance

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Contract renewal and win in Singapore a highlight amongst challenging COVID-19 operating conditions

Half year ended 31 December	2020 $m	2019 $m
Revenue	130.2	-
Direct expenses	(75.6)	-
Indirect expenses	(29.6)	-
Operating expenses	(105.2)	-
Underlying EBITDA	**25.0**	**-**
Underlying EBITDA margin	19.2%	-
Depreciation	(13.8)	-
Underlying EBITA	**11.2**	**-**
Amortisation	(6.1)	-
Underlying EBIT	**5.1**	**-**

Operational statistics	
Passengers carried (CY 2020)	**110 million**
Kilometres operated (CY 2020)	**37 million**
Buses	**750**
Employees	**2,215**
Government contracts	**23**
Revenue weighted avg remaining contract term*	**5.8 years**

**Contract term includes contract extension options*

Commentary

London

- Market highly competitive
- Transport for London rationalising / shrinking the network
- Vulnerable employees furloughed and high levels of agency staff being utilised
- Routes 328 & 28 lost, route 488 retained
- C3 & 23 – 37 electric double decker buses – 11 in service
- Upgrade of depot infrastructure for electric buses
- Reviewing Tower Transit's positioning in the London market

Singapore

- Mobilization commenced for Sembawang / Yishun contract
- Seven electric vehicles
- Well supported by Singaporean Government
- Exceeding contract KPI's

Marine and Tourism
Overview of H1 FY21 performance

Business well supported by domestic travel and operational changes and cost control have contributed to significant margin expansion

Half year ended 31 December	2020 $m	2019 $m	Variance %
Revenue	98.9	132.9	(25.6%)
Direct expenses	(40.5)	(82.9)	(51.1%)
Indirect expenses	(23.6)	(17.8)	32.6%
Operating expenses	(64.2)	(99.6)	(35.5%)
Underlying EBITDA	**34.7**	**33.3**	**4.1%**
Underlying EBITDA margin	35.1%	25.1%	39.8%
Depreciation	(8.5)	(7.0)	21.2%
Underlying EBITA	**26.2**	**26.3**	**(0.5%)**
Amortisation	(0.8)	(0.8)	0.0%
Underlying EBIT	**25.4**	**25.5**	**(0.5%)**

Operational statistics	
Passengers carried (CY 2020)	**3.6 million**
Vessels	**117**
Buses	**69**
Employees	**1,561**
Contracts	**15**
Revenue weighted avg remaining contract term*	**6.0 years**

**Contract term includes contract extension options*

Commentary

- Disciplined cost control and focus on operational efficiency
- Kangaroo Island
  - Rebuilding / recovery of Kangaroo Island well underway
  - Vivonne Bay Lodge severely damaged by bushfires (insurance proceeds of $2.2 million received)
  - Expression of Interest for ferry licence submitted
- COVID-19
  - Essential and contracted services continued to operate
  - Service frequency flexed to meet demand
  - JobKeeper eligibility unwinding
- Contract commencements
  - Brisbane Ferries – November 2020
  - Hayman Island – September 2020
- Contract renewals / extensions
  - Palm Island, Magnetic Island, Groote Eylandt, Queensland Ambulance
- Lane Cove subsidy in Sydney extended
- Extension of dry lease of four vessels to Harbour City Ferries
- Brilliant Travels – national marketing and cross selling – www.brillianttravels.com.au

Corporate
Overview of H1 FY21 performance

Focus on consolidation, integration and efficiency improvements

Half year ended 31 December	2020 $m	2019 $m	Variance %
Revenue	-	-	
Direct expenses	-	-	
Indirect expenses	(9.9)	(5.5)	80.0%
Operating expenses	(9.9)	(5.5)	79.2%
Underlying EBITDA	**(9.9)**	**(5.5)**	**79.2%**
Underlying EBITDA margin	-	-	
Depreciation	(0.6)	(0.1)	700.0%
Underlying EBITA	**(10.5)**	**(5.6)**	**87.5%**
Amortisation	-	-	
Underlying EBIT	**(10.5)**	**(5.6)**	**87.5%**

Commentary

- Increase reflects larger corporate overhead of combined business
- Investment in people and systems to drive efficiencies and position business for growth
  - Revenue manager
  - Chief People & Culture Officer
  - Chief Operating Officer - Australian Bus
  - Business development team
  - Procurement
  - Information Technology
  - Software

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Outlook and Growth

Trading update and outlook

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Business fundamentals remain sound and vaccine roll out provides the potential for an increased level of travel confidence

FY21 YTD trading update	— Current trading results in 2021 slightly ahead of expectations — Fundamentals of business remain strong — Core revenue is non-discretionary and an essential service — Government support continuing for additional COVID-19 related costs in public transport — Demand for domestic tourism continuing to drive good performance — We have a business model able to adapt to changing circumstances
Outlook	— Liquidity and strong balance sheet support business goals — Recent contract wins and extensions underpin business growth — Transport services continue to provide stable growth and new opportunities — Marine & Tourism will continue to benefit from tourism demand recovery as vaccines role out — Long term opportunity to leverage reputation and track record
Expected ongoing impacts of COVID-19	— Essential public transport and contracted routes will continue to operate — Only CCC-NSW and Murray Princess to remain eligible for JobKeeper 2.0 post January 2021 — Border and travel restrictions create uncertainty for all interstate travel — No international tourism expected in FY21

Growth

Strong organic growth pipeline with capacity for further targeted acquisitions

Near-term growth objectives

- Further integration of recent contract awards
  - Joondalup bus contract in Perth
  - Outer North bus contract in Adelaide
  - North / South tram contract in Adelaide
  - Brisbane Ferries contract
  - Sembawang / Yishun contract in Singapore
- Next Sydney Region 6 service change planned for H2 FY21
- Significant bus contract tender pipeline in Australia (Sydney, Melbourne, Darwin)
- Domestic tourism focus and vaccine will assist recovery
- Accretive acquisitions creating longer term value
- Addressing challenge of recovering lost public transport patronage

Medium-to-long term strategic objectives

- Extensive pipeline of opportunities to support continued organic growth of contracted businesses
- Leverage ability to provide multi-modal solutions to governments, competing with other global integrated multi-modal providers
- Explore alternative structures for government backed debt
- Continue to explore acquisition opportunities in targeted international markets
- Pursue renewal of Kangaroo Island ferry licence
- Rebuilding and enhancing Kangaroo Island tourism assets
- Position Tower Transit London to drive efficiencies and opportunities in a post-COVID-19 environment


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