

SEALINK TRAVEL GROUP LIMITED

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SEALINK EXPANDS INTO RESOURCES TRANSPORTATION SECTOR THROUGH ACQUISITION OF GO WEST TOURS

- SeaLink to acquire 100% of Go West Tours¹ for an enterprise value of A\$84.7 million² plus an earn-out component of up to A\$25.0 million
- In addition, strategic property assets acquired for A\$3.8 million^{3,4}
- Go West is one of the largest specialist bus operators servicing the WA resources sector
- Provides a platform for growth into the attractive resources transportation market, complementing and enhancing SeaLink's established Australian bus operations
- Substantial provider of public and school bus services in regional WA under contracts with the Public Transport Authority
- All cash consideration, funded from existing cash reserves and undrawn senior debt facilities
- Implied acquisition multiple of 5.3x normalised LTM EBITDA⁷
- Proposed transaction expected to be high single-digit EPS accretive in the first full year⁶

SeaLink Travel Group Limited (ASX:SLK) ("**SeaLink**") announces that today it has entered into binding agreements (subject to certain conditions precedent) to acquire 100% of the WA-based Go West Tours ("**Go West**") from the Vendors¹ for an enterprise value of A\$84.7 million² plus an earn-out component of up to A\$25.0 million. In addition, SeaLink³ will purchase strategic property assets⁴ comprising three depots for A\$3.8 million (together the '**Acquisition**').

The Acquisition including the purchase of the property assets is comprised as follows:

- Upfront consideration: A\$72.4 million payable on completion^{2,5}
- Deferred contingent consideration: A\$16.1 million payable in equal tranches over two years provided current earnings levels are maintained in FY22 and FY23
- Earn-out consideration: up to A\$25.0 million based on exceeding specific financial hurdles over the period to 30 June 2023

The Acquisition will be funded from existing cash reserves and existing undrawn senior debt facilities and is expected to be high single-digit EPS accretive in the first full year⁶.

¹ SeaLink Travel Group Limited is acquiring 100% of the shares in S.V.Haoust Pty Ltd (trading as Go West Tours) from Stanley V. Haoust and the trustees of the DS & NM Haoust Family Trust, David Haoust and Naomi Haoust (together the "Vendors").

² Cash-free and debt-free basis, prior to completion adjustments and excludes any earn-out consideration.

³ SeaLink to purchase the property assets through its wholly owned subsidiary, STG Properties Pty Ltd.

⁴ Property assets to be acquired from Shrewd Pty Ltd, a related party of the Vendors.

⁵ Includes property assets of A\$3.8 million.

⁶ EPS accretion statement reflects the pro forma impact of the transaction as if it had occurred on 1 July 2020, including 100% of the deferred contingent consideration and prior to one-off transaction costs and amortisation of customer contracts.

The implied transaction multiple based on up-front and deferred contingent consideration is 5.3x normalised LTM EBITDA⁷.

The Acquisition is expected to complete in early July 2021.

Completion of the Acquisition is subject to certain conditions precedent standard for transactions of this nature. Transaction costs of approximately A\$2.0 million are expected to be incurred by SeaLink.

Overview

Established over 35 years ago, Go West is one of the largest specialist bus operators serving the resources sector in WA (charter, rental and tour vehicles) with a modern bus fleet of approximately 287 buses across 9 depots in WA and approximately 181 employees⁸.

Go West has enjoyed strong growth in recent years, winning multi-year contracts with leading mining companies and other regional services such as school bus transfers. Go West generated approximately A\$46.2 million of revenue in the 12 months to 30 September 2020 and maintains an attractive tender pipeline of new contract opportunities in WA.

The key strategic and commercial rationale for the Acquisition includes:

- Market leading, high quality operator with a first-class safety record and strong track record supporting leading mining companies
- Platform for growth into the attractive WA resources transportation market
- Complementary bus services under contract to the WA Government, with Go West delivering regional public school bus services under long-term contracts with limited patronage risk
- Enhanced end-market diversification through exposure to the large resources sector, particularly the WA iron ore market
- Solid contract tender pipeline offering further growth potential, enhanced through leveraging SeaLink's existing tendering experience and processes
- Existing experienced management team retained

SeaLink's Group Chief Executive Officer, Clint Feuerherdt, said, "The acquisition of Go West provides SeaLink with a unique opportunity to expand into a new market that is highly complementary to our existing Australian bus transport capabilities."

"Go West has valuable contract counterparties and delivers an essential service for these clients. The operations of Go West were unaffected by the COVID-19 pandemic and continued at near 100% levels throughout, keeping their communities and worksites connected."

⁷ Excludes property assets of A\$3.8 million, based on normalised run rate EBITDA (pre-IFRS16) for the 12 months to 30 September 2020 of A\$16.1m.

⁸ As at 3 May 2021.

“The Go West team has built a high-quality business focused on providing great service whilst maintaining high safety standards for their clients. Our intention is to retain the well-recognised and established Go West brand and continue to work with, and support, Go West’s existing client base. We are very excited about the growth opportunities this acquisition provides SeaLink and look forward to welcoming all of Go West’s employees to the Group.”

*Authorised for release by
Mr Clint Feuerherdt, Group Chief Executive Officer SeaLink Travel Group Limited*

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 206 million customers per year, has over 8,900 employees and operates approximately 3,500 buses and 118 vessels.