



SeaLink Travel Group

Half Yearly Report to 31 December, 2013



Interim Results to 31 December 2013

Jeff Ellison
Chief Executive Officer and Managing Director

Trevor Waller
Chief Financial Officer



SeaLink's listed on the ASX – 16 October, 2013

Section 1 - Highlights



SEALINK
Travel Group


Captain Cook
Cruises™

Financial Highlights

- Normalised NPAT of \$4.1 million for 1HFY14, an increase of 5.26% on normalised NPAT of \$3.8million for 1HFY13
- Reported NPAT of \$3.4million includes the one-off after tax effect of the share listing costs of \$0.65million
- EBITDA of \$8.2million, an increase of 5.13% on EBITDA of \$7.8million for 1HFY13
- Solid revenue growth increasing to \$52.4million, a 9.4% increase on 1HFY13 revenue of \$47.9million
- Declared interim fully franked dividend of 3.66 cents per share, up on Prospectus forecast
- Strong balance sheet in place to continue the Company's growth strategy
- On track to meet full year Prospectus NPAT forecast for FY2014 of \$6.9 million

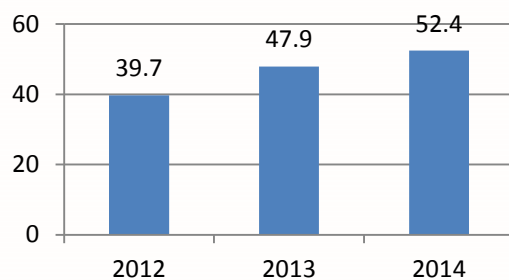
Financial Overview

Half year Ending 31 December	2014 \$m	2013 \$m	Growth \$m	Growth %
Operating Revenue	52.4	47.9	4.5	9.4%
Operating expenses (before interest, depn and listing costs)	44.2	40.1	4.1	10.2%
EBITDA (before listing costs)	8.2	7.8	0.4	5.1%
Depreciation	1.6	1.6	-	
EBIT (before listing costs)	6.6	6.2	0.4	6.5%
Interest	0.8	0.9	-0.1	
Listing costs	0.9	-	0.9	
Profit before Tax	4.9	5.3	-0.4	-8.2%
Income Tax Expense	1.5	1.6	0.1	
Net Profit after Tax	3.4	3.7	-0.3	-8.1%
Normalised Net Profit after Tax	4.1	3.7	0.4	10.8%
EPS (normalised) – cents per share	6.64c	6.79c	(0.11)c	(1.7%)

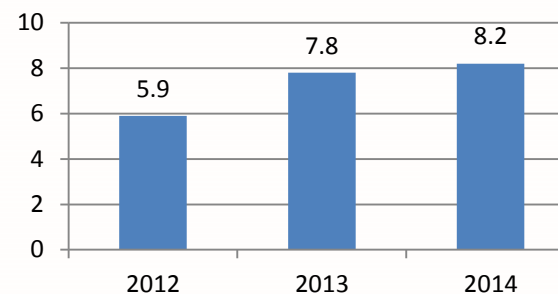
- Operating revenue rising to \$52.4m, up 9.4% by growth in all major business units
- EBITDA up 5% to \$8.2m – as a result of higher revenues and commencement of Darwin services
- Operating and EBITDA margin affected by a strategic decision to invest \$0.6m to increase the operating life of two vessels, SeaLion 2000 and John Cadman 2
- EPS of 6.64 cents per share down by 1.7% due to higher capital base
- CAPEX spend of \$9.8m on 2 new vessels and Penneshaw Terminal

Financial Overview (cont)

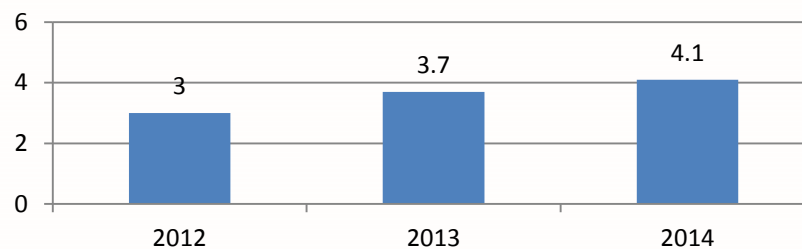
Operating Revenue – H1 comparison



Normalised EBITDA – H1 Comparison



Normalised NPAT ** – H1 Comparison



** NPAT adjusted for after tax effect of listing costs in Dec 2013 HY of \$0.64m and DTL (Deferred Tax Liability) adjustment in FY13 of \$1.33m (DTL over-statement)

Cash flow

Half year Ending 31 December	2014 \$m	2013 \$m	Growth \$m
Receipts from customers	50.6	46.8	3.8
Payments to suppliers	(42.0)	(37.0)	(5.0)
Net interest	(0.7)	(0.9)	0.2
Income tax paid	(0.8)	0.2	(1.0)
Net Operating Cash flow	7.1	9.1	(2.0)
Net investing cashflows (net payments for Property, Plant & Equipment and after grants)	(9.7)	(0.3)	(9.4)
Proceeds from Capital raising	16.3	-	16.3
Repayment of borrowings	(7.0)	(5.4)	(1.6)
Dividends paid	(2.9)	(2.0)	(0.9)
Net financing cash flows	6.4	(7.4)	13.8
Cash at the end of the half year	3.4	3.0	0.4

- Net operating cash flow has decreased by \$2m as a result of –
 - Listing expenses of \$0.9m
 - Timing of income tax payments \$1.0m
- Cash inflow from capital raising has been used to repay borrowings and invest in business infrastructure
- Cash on hand has increased by \$0.4m to \$3.4m at 31st December 2013

Operational Highlights

- Commenced Darwin operations (September 2013)
- Major improvement in Captain Cook Cruises profit performance
- Secured new 5 year contract for Palm Island , Townsville
- Captain Cook secured new contracts for Harbour City Ferries, Sydney Convention Centre and Biennale of Sydney
- Two vessels added to the fleet in Sydney (Elizabeth Cook) and Darwin (James Grant) to meet growing demands
- Acquiring 3 further vessels – scheduled for delivery in second half of FY14
- Substantial growth in higher margin web based sales
- Penneshaw Terminal to be completed March 2014
- Growth in International visitors
- Major refurbishment of SA and NSW vessels



James Grant



Newly built Elizabeth Cook

Australian & SeaLink International Visitor Market

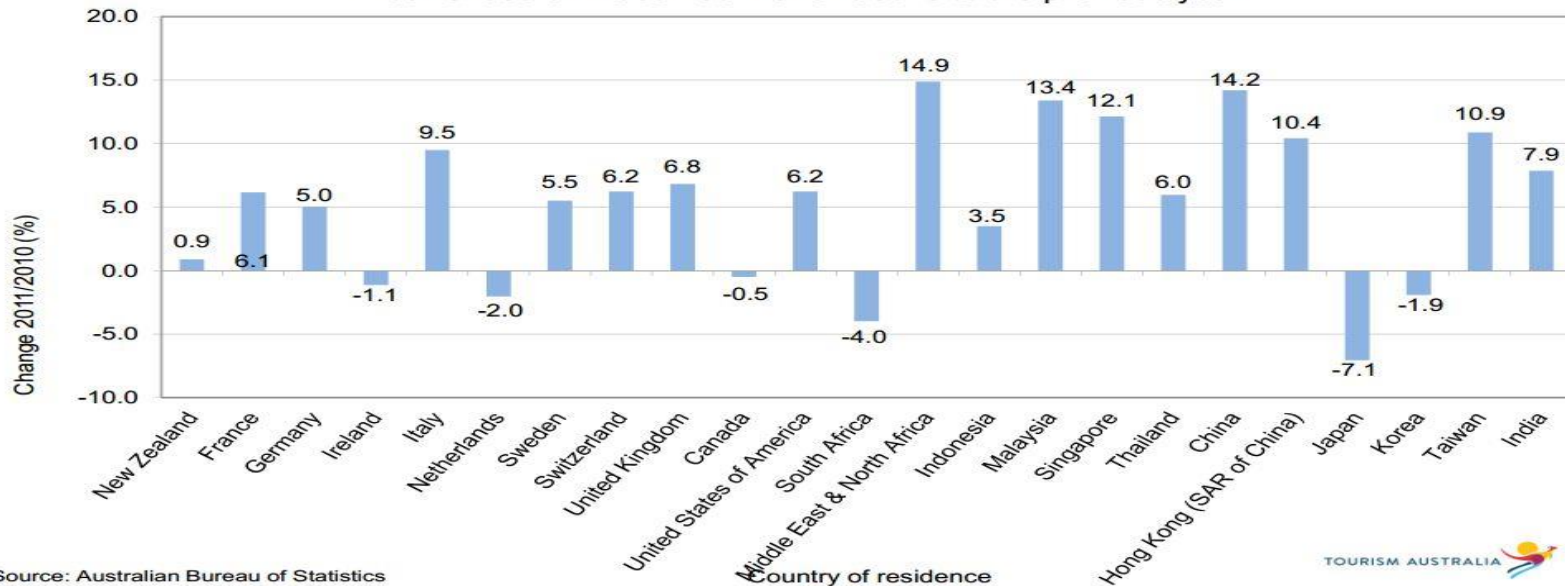
AUSTRALIAN MARKET

- There were **6.5 million visitor arrivals** for year ending December 2013, an **increase of 5.5%** relative to the previous year. (Source: ABS)
- There were **789,400 visitor arrivals** during December 2013, an **increase of 9.5%** relative to the same period of the previous year. (Source: ABS)

SEALINK TRAVEL GROUP MARKET

- International sales revenue grew to \$11.1m, an **increase of 12.0%** for the 6 months ended December 2013 relative to the same period in the previous year.
- International sales revenue for December 2013 grew to \$2.6m, an **increase of 27.8%** relative to the same period in the previous year

Chart 3 - Change in visitors by country of residence
Year ended 31 December 2013 relative to the previous year



Source: Australian Bureau of Statistics



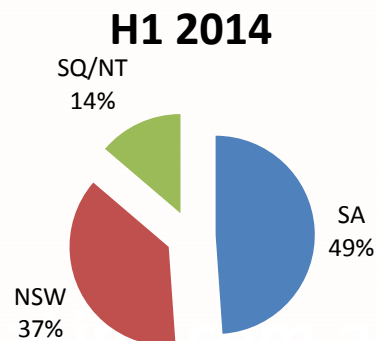
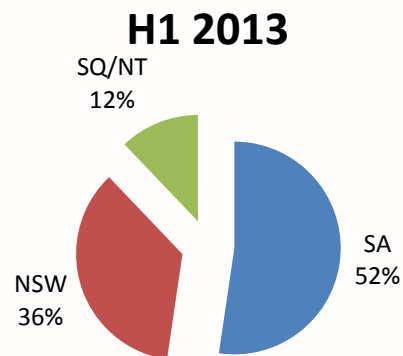
Section 2 - Detailed Results and Performance Outlook



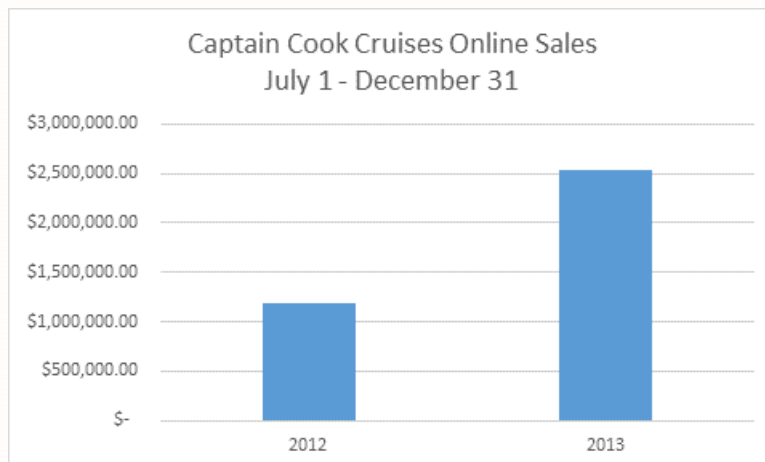
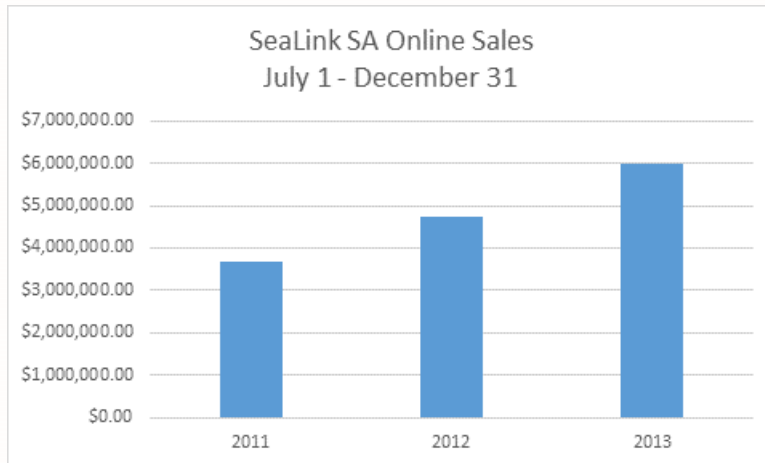
Revenue Segment Performance

Half year Ending 31 December		2014 \$m	2013 \$m	Growth \$m	Growth %
Operating Revenue					
SA (Kangaroo Island SeaLink)		26.3	25.9	0.4	2.4%
NSW (Captain Cook Cruises)		20.1	17.6	2.5	14.0%
Qld/NT (SeaLink Qld/NT)		7.4	6.0	0.6	24.8%

- The company continues to implement its successful diversification strategy with stronger revenue growth from businesses in new geographic regions
- Captain Cook Cruises revenue up 14% reflecting –
 - new Harbour City Ferries commuter charters,
 - additional traffic on the Hop-on-Hop-off service,
 - Murray Princess revenue has increased by \$0.15m due to less discounting
 - increased passenger numbers and average fare
- Strong SA ferry revenue growth offset by lower travel agency business sales as customers move to booking online
- Queensland/Northern Territory business unit revenue increased with the commencement of the Darwin contracts which has contributed revenue of \$1.2m
- Increase in web based sales (refer next slide)



Internet Sales Growth



- SeaLink South Australia's web sales grew by 28% over the previous corresponding period
- Captain Cook Cruises web sales grew by 112% over the previous corresponding period
- Upgraded websites have attracted more online purchases over the previous corresponding period
- Further improvements in the pipeline –
 - New and additional websites
 - Upgraded Quicktravel booking software for South Australia
 - Improved on-line checkout process
 - More product bookable on-line

Business Unit Results – South Australia

Half year Ending 31 December	2014 \$m	2013 \$m	Variance \$m
Operating Revenue	26.3	25.7	0.6
Direct expenses –			
Repairs and Maintenance	1.8	1.0	0.8
Wages	4.8	4.4	0.4
Other	11.4	11.7	(0.3)
Indirect expenses	3.3	3.1	0.2
EBITDA (before listing costs)	5.0	5.5	(0.5)
Depreciation	0.6	0.7	(0.1)
EBIT (before listing costs)	4.4	4.8	(0.4)

RESULTS

- Ferry revenue up 8% with higher PAX and vehicle traffic
- Marketing expense savings have occurred with the growing focus on internet development
- Packaging revenue flat as more customers use the internet to book accommodation direct
- Additional investment in R&M extending operating life of Sealion ferry
- Ferry base wages up due to new EBA and additional hours on Sealion 2000 ferry refurbishment
- Travel Centre revenue down \$0.7m reflecting lower rail product sales and Melbourne branch rationalisation. Minimal profit effect.

News

- Successful Festivals promoting the Island such as KI Festival & KI Cup

Additions

- New Penneshaw Terminal building – March 2014 completion

Contracts

- Extending contract for 5 years with Australia Post for mail delivery to and from Kangaroo Island

Upgrades

- Sealion 2000 ferry mid-life refurbishment including replacement of engines , gear box and air-conditioning
- Spirit of Kangaroo Island new air-conditioning and engine refurbishment

2014 at a glance

- Purchase of 2 coaches as part of the routine coach fleet upgrade
- Upgrade of Cape Jervis wharf infrastructure

Business Unit Results – New South Wales

Half year Ending 31 December	2014 \$m	2013 \$m	Variance \$m
Operating Revenue	20.1	17.6	2.5
Direct expenses –			
Repairs and Maintenance	1.2	1.4	(0.2)
Wages	4.8	4.2	0.6
Other	7.4	6.3	1.1
Indirect expenses	3.6	3.6	0.0
EBITDA (before listing costs)	3.1	2.1	1.0
Depreciation	0.7	0.5	0.2
EBIT (before listing costs)	2.4	1.6	0.8

RESULTS

- Higher EBITDA margin reflecting revenue improvement and cost savings initiatives
- Increased commuter charter revenue with Harbour City Ferries with further expansion H2 2014 (2 further vessels chartered)
- Increased dinner cruising revenue with Ashes cricket tour and International Fleet Review
- Good growth in Murray River cruise product due to lower discounting
- Berthing and office cost savings at Pier 26

News	■ Sydney Harbour celebrated the International Fleet Review with greater than expected tourist numbers
Additions	■ Elizabeth Cook ferry ■ Freedom Sovereign ferry (January 2014)
Contracts	■ Harbour City Ferries contract ■ Signed contracts with NSW Convention Centre for transport to Glebe Island (3 year contract) ■ Signed contract for transport to Biennale of Sydney
Upgrades	■ John Cadman 2 vessel upgrade to service Chinese Market ■ Murray Princess upgrade ■ 2 new rocket ferries under construction, due for delivery in May and June
2014 at a glance	■ Freedom Sovereign ferry to transfer to Queensland fleet once 2 new rocket ferries are delivered ■ Additional contracted services to Harbour City Ferries to commence June 2014

Business Unit Results – Queensland/Northern Territory

Half year Ending 31 December	2014 \$m	2013 \$m	Variance \$m
Operating Revenue	7.5	6.0	1.5
Direct expenses –			
Repairs and Maintenance	0.3	0.4	0.1
Wages	1.3	1.0	(0.3)
Other	2.1	1.4	(0.7)
Indirect expenses	2.2	1.6	(0.6)
EBITDA (before listing costs)	1.6	1.6	0.0
Depreciation	0.3	0.3	0.0
EBIT (before listing costs)	1.3	1.3	0.0

RESULTS

- Darwin has seen a positive contribution for the 3 months trading
- Lower charter revenue as smaller cruise ships utilise new cruise terminal in Townsville
- Passengers numbers flat over last year for Magnetic Island
- Palm Island now a permanent 5 day per week service
- Other direct cost increases due to start up operations in the Northern Territory

News

- New office set up in Darwin
- Higher than expected ferry demand to Tiwi Island
- Pacific Cat ferry transferred to Darwin

Additions

- James Grant ferry acquired for Darwin services

Contracts

- 5 year contract for Mandorah, NT
- 5 year contract for Palm Island, Queensland

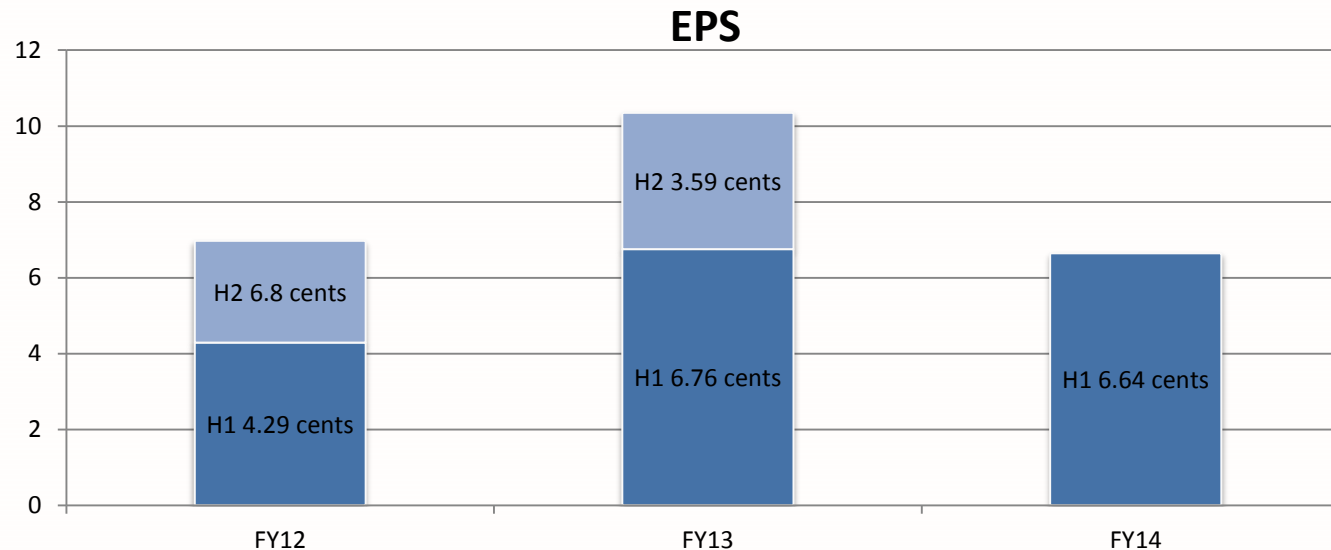
Upgrades

- James Grant ferry, refurbished to accommodate up to 120 passengers

2014 at a glance

- Freedom Sovereign ferry to relocate to Townsville (June 2014)
- Investigating expansion of infrastructure in Queensland and other services in Northern Territory

Earnings per share



EPS down 1.7% on H1 12-13

- The additional 15 million shares issued in October 2013 as part of the ASX listing resulted in the reduction of EPS in FY14 . 70million shares currently on issue
- EPS has been calculated on NPAT adjusted for:
 - After tax affect of listing costs of \$0.64million and
 - Deferred Tax Liability adjustment in FY13 of \$1.33million (DTL over-statement)

Balance Sheet

	Dec 13 \$mil	June 13 \$mil	+ / (-) FY 13 \$mil
Cash and cash equivalents	3.4	1.0	2.4
Trade and other receivables	3.7	2.2	1.5
Other financial assets	0.2	0.0	0.2
Inventories	1.3	1.0	0.3
Prepayments	1.3	1.3	0.0
Current Assets	9.9	5.5	4.4
Property, plant and equipment	58.6	50.5	8.1
Intangible assets	6.7	6.7	0.0
Deferred tax assets	2.2	1.8	0.4
Non-current Assets	67.5	59.0	8.5
Total Assets	77.4	64.5	12.9
Trade and other payables	11.4	8.3	3.1
Interest bearing loans and borrowings	1.1	2.2	(1.1)
Current tax liabilities	1.1	0.4	0.7
Provisions	4.0	3.7	0.3
Current Liabilities	17.6	14.6	3.0
Trade and other payables	0.4	0.5	(0.1)
Interest bearing loans and borrowings	10.0	17.2	(7.2)
Deferred tax liabilities	0.8	0.6	0.2
Provisions	0.9	0.8	0.1
Non-current Liabilities	12.1	19.1	(7.0)
Total Liabilities	29.7	33.7	(4.0)
Net Assets	47.7	30.8	16.9
Capital and reserves	25.5	9.2	16.3
Retained earnings	22.2	21.6	0.6
Equity	47.7	30.8	16.9

- Substantial strengthening of balance sheet through share issue
- Interest Bearing Debt reduction of \$8.3million
- Cash on hand increase of \$2.4million
- Growth in Fixed assets through new vessels and Penneshaw terminal
- Banking facilities renewed for a further 2 year term

Key Financial Ratios

	H1 FY 2014	H1 FY2013
Net Interest Bearing Debt to Total Tangible Assets	16.1%	34.0%
Interest Cover (Annualised)	7.4 times	6.2 times

Very healthy ratios of IBD:TTA and interest cover

Sealink.com.au

Performance Outlook

- January recorded strong revenue and forward bookings in all major business units
- We are on target to achieve Prospectus forecast NPAT of \$6.9 million
- Seek new market opportunities that will enhance, leverage and complement our current capabilities and growth strategies
- The Company will continue its strategy to improve returns from its current businesses
- World economies improving resulting in greater world tourism (Europe, UK and USA)
- Lower AU\$ making Australia a more competitive destination



Freedom Sovereign

SeaLink Milestones

August 2013	Set up new SeaLink office in Darwin and started ferry service to Mandorah NT Signed contract with the NT Government to provide ferry services for Tiwi Islands
September 2013	SeaLion 2000 ferry received a mid life refurbishment (\$2,800,000) Purchased the James Grant ferry for the Darwin services (\$1,650,000)
October 2013	Listed on the Australia Security Exchange (ASX Code: SLK) Issue price \$1.10 per share, raising 16.5million Refurbishment of John Cadman 2 completed (\$1,700,000) Reduced the number of berths at Pier 26, Sydney Harbour (saving \$380,000 p.a.)
November 2013	Christened Elizabeth Cook ferry in Sydney Harbour Captain Cook Cruises signed a 3 year contract to provide ferries to the Sydney Exhibition Centre at Glebe Island CEO Jeff Ellison won the prestigious 'Outstanding Contribution by an Individual' award at the South Australia Tourism Awards Captain Cook Cruises awarded a 3 year contract with Harbour City Ferries Sale of old Rocket ferry as part of fleet rejuvenation
December 2013	Commenced the construction of two new ferries in Hobart for Sydney Fleet for (delivery in May and June 2014) Signed 5 year contract to provide ferry services to Palm Island
January 2014	Purchased Freedom Sovereign ferry for \$3,100,000 for the Sydney fleet Captain Cook Cruises signed contract to ferry passengers to the Biennale of Sydney
March 2014	Scheduled opening the new \$3,500,000 Penneshaw passenger terminal building on Kangaroo Island

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