



SeaLink Travel Group Limited

Half Year End Results
31st December 2016

SEALINK


**CAPTAIN COOK
CRUISES**

CRUISES | TOURS | TRANSPORT | ACCOMMODATION | PACKAGES

Jeff Ellison
Chief Executive and Managing Director

Andrew Muir
Chief Financial Officer



SEALINK
Travel Group


CAPTAIN COOK
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Section 1 - Highlights



Captain Cook Cruises, New South Wales and Western Australia



Business Highlights

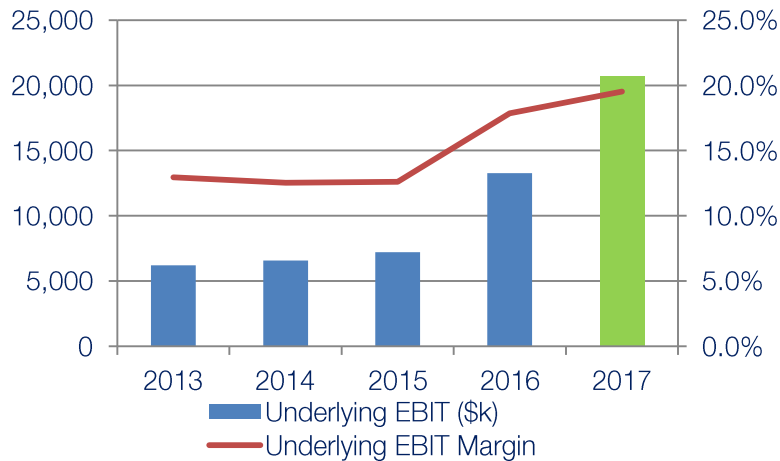
- Record Sales of \$106 million
- Record underlying Net Profit after Tax of \$13 million
- Strong Gross Operating Cashflow of \$35 million
- Construction completed of 3 new vessels increasing fleet to 73 vessels,
- Introduction of light ferries creating new “blue highway” transport solutions for Sydney
- Successful deployment of the Capricornian vessels is well underway
- Roll out of new innovative IT booking and mobile ticketing solutions
- Strong tourism demand generally with international visitor spend up on last year
- Ongoing strengthening of management team to position the company for growth



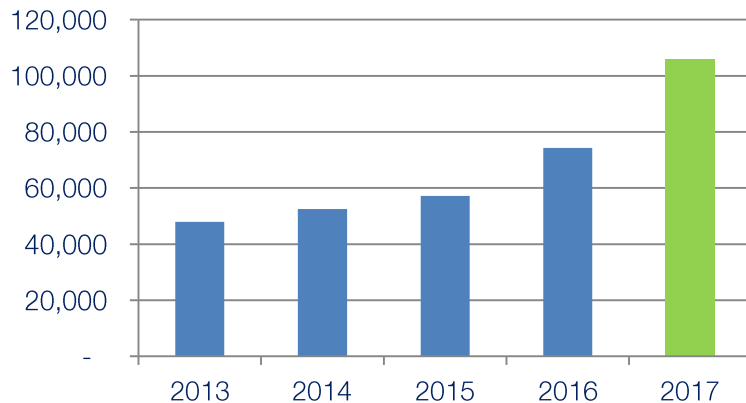
2016-7 – Half Year In Review

Record profits and successful integration of new businesses

Underlying EBIT



Operating Revenue H1 Comparison (\$'000)

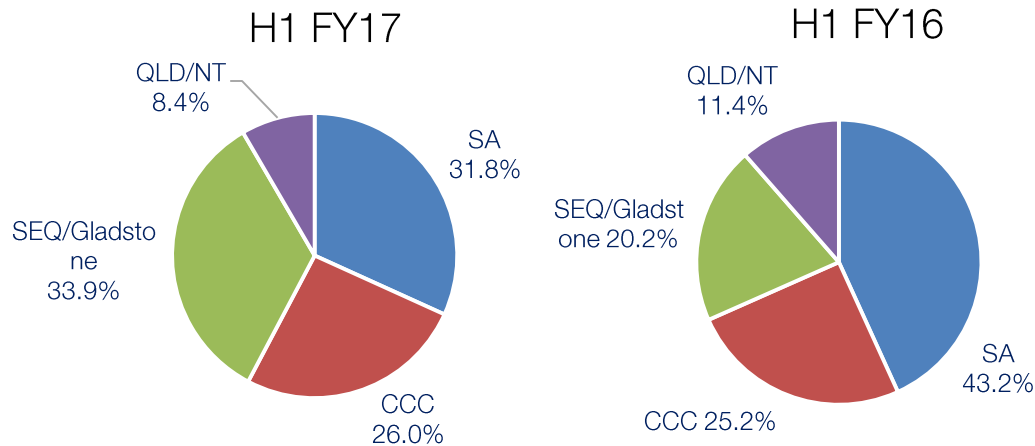


- Record result aided by strong tourism growth
- EBIT growth achieved in all business sectors
- Record underlying Net Profit After Tax of \$13.1m, 54% ahead of H1 FY16 underlying profit
- Revenue of \$105.8m, up 42% on H1 FY16 mainly attributable to a combination of tourism growth, full period for SeaLink SEQ/Gladstone and CCC WA
- EBIT of pre-acquisition businesses (before corporate allocations) of \$12.8m, up 22% on H1 FY16
- EBIT (before corporate allocations) of SEQ, Gladstone and CCCWA operations of \$10.6m – comfortably meeting expectations
- Interim dividend of 6.0 cents per share versus 4.5 cents in H1 FY16, up by 33%
- Basic EPS of 13.0 cents per share, up by 34%

Revenue Segment Performance

Half year Ending 31 December Operating Revenue	2016 \$m	2015 \$m	Growth \$m	Growth %
South Australia	33.3	32.1	1.2	4%
CCC	27.2	18.7	8.5	46%
Queensland & NT	8.8	8.5	0.3	4%
SEQ/Gladstone	36.5	8.5	28.0	329%
TOTAL	105.8	74.3	31.5	42%

- SeaLink continues to implement its successful diversification strategy with strong revenue growth from businesses in new geographic regions
- SA revenue up 4% reflecting:
 - Ferry revenue growth of 1.3% held back by adverse weather during winter. This also affected tours and accommodation sales
 - Murray Princess revenue up 14% due to better yield management and themed cruises
- Captain Cook Cruises revenue up 46% reflecting:
 - Full half year contribution from CCC WA
 - Lunch and dinner cruise revenue up 14% flowing from increased overseas visitors, particularly from Asia
- Queensland/Northern Territory business unit revenue increase reflects passenger growth to Magnetic Island
- SEQ/Gladstone sales had a full half year (2 months in FHY16) with Stradbroke sales up 6% reflecting increased passengers



Summary Profit Statement

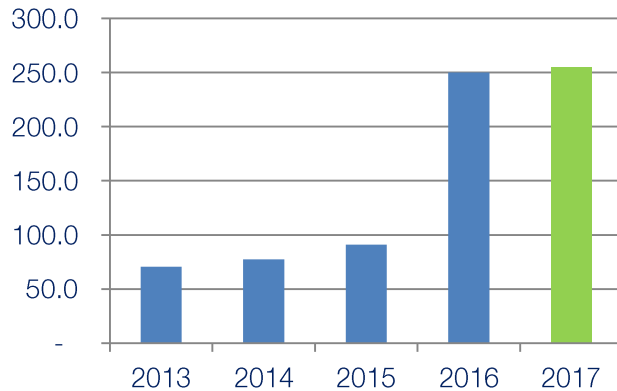
Half year Ending 31 December	2016 \$m	2015 \$m	Growth \$m	Growth %
Revenue	105.8	74.2	31.6	42.6
Operating expenses (before interest, acquisition expenses, depreciation and amortisation)	79.1	57.1	22.0	38.5
Underlying EBITDA	26.7	17.1	9.6	56.1
Depreciation/Amortisation	6.0	3.1	2.9	93.5
Underlying EBIT	20.7	14.0	6.7	47.9
Underlying EBIT Margin	19.6%	18.9%	n/a	3.7
Net Interest expense	1.7	0.7	1.0	142.9
Acquisition costs	-	0.9	(0.9)	n/a
Net profit before tax	19.0	12.3	6.7	54.5
Income tax expense	5.9	3.8	2.1	55.3
NPAT	13.1	8.5	4.6	54.1
Underlying NPAT	13.1	9.2	3.9	42.4
Basic EPS – cents per share	13.0	9.7	3.3	34.0

- Operating Revenue rising to \$105.8m, up 42%, driven by organic growth and acquisitions
- Underlying EBIT (before acquisition related expenses) up 48% to \$20.7m – as a result of acquisition and earnings growth from core business units
- Underlying EBIT margin of 19.6% in FHY17 versus 18.9% in FHY16
- Higher net interest expense as a result of debt related to acquisitions
- Higher depreciation on higher asset base
- Strong increase in EPS to 13 cents per share up 34%

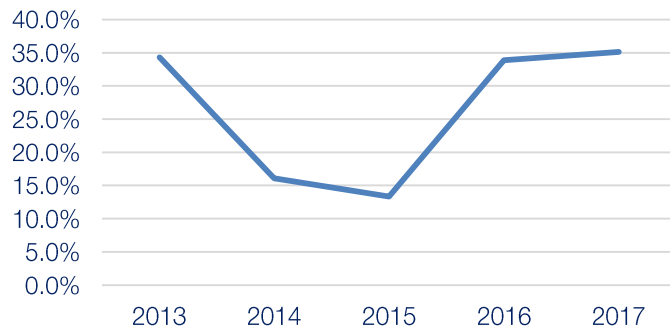
Statement of Financial Position

Balance sheet positioned for growth opportunities

Total Assets - \$m



Gearing



	Dec 2016 \$m	June 2016 \$m	Change \$m
Assets	254.6	252.6	2.0
Liabilities	111.5	115.2	(3.7)
Net Assets	143.0	137.0	6.0
Net Interest Bearing Debt (IBD)	73.1	67.1	6.0
Gearing (Gross Debt to Total Tangible Assets %)	35%	33%	

- Net interest bearing debt up \$6.0m to fund income tax liability and new vessels
- Decrease in trade receivables of \$3.9m primarily attributable to Gladstone related receivables as contract moves from construction phase to operational phase
- Decrease in current tax liabilities by \$10.5m reflects tax paid on utilisation payments arising in Gladstone

Cash Flow

Continuation of strong quality of earnings

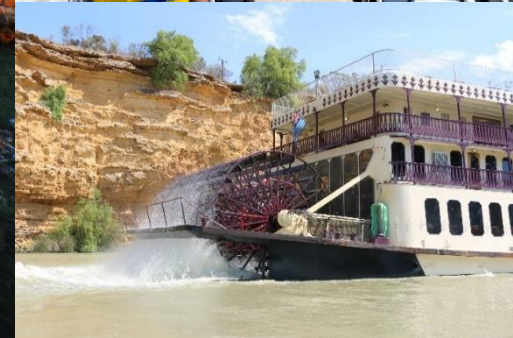
Half year Ending 31 December	2016 \$m	2015 \$m	Growth \$m
Receipts from customers	111.0	72.5	38.5
Payments to suppliers	(75.6)	(56.7)	18.9
Gross operating cash flow	35.4	15.8	19.6
Net interest	(1.7)	(0.7)	1.0
Income tax paid	(16.9)	(2.9)	14.0
Net operating cash flow	16.8	12.2	4.6
Net investing cash flows	(5.8)	(112.2)	(106.4)
Proceeds from share issue	-	49.2	(49.2)
Proceeds from borrowings	3.7	60.7	(57.0)
Dividends paid	(7.6)	(3.1)	4.5
Net financing cash flows	(3.9)	106.8	(110.7)
Cash at the end of the year	12.3	9.3	3.0

- Good earnings quality with continuing strong gross operating cash flow
- Gross operating cash flow has increased, reflecting increased profitability from all business units and full half year inclusion of the SEQ/ Gladstone and CCC WA acquisitions and working capital movement
- CAPEX of \$5.8m includes 4 new Scania buses for Adelaide, Tommy Lyon ferry for Darwin and 2 Light Ferries for Sydney
- No major capex expected for remainder of FY17

MAJOR CAPITAL SPEND

	GROSS OUTLAY \$M
4 Coaches	2.2
Ferries	2.8
Other	0.8

Section 2 – Segment Performance



SeaLink South Australia, Kangaroo Island and PS Murray Princess

Business Unit Results – SeaLink South Australia

Half year Ending 31 December	2016 \$m	2015 \$m	Variance %
Revenue (external) (Ferry, tours, packaging, retail centre)	33.3	32.1	3.7%
Direct expenses –			
Repairs and Maintenance	1.3	1.5	(13.3%)
Wages	7.4	7.2	2.7%
Tour costs/entrance fees	3.8	3.7	2.7%
Fuel	0.8	0.9	(11.1%)
Commission	2.7	2.6	3.8%
Other	4.4	4.3	2.3%
Indirect expenses	3.7	3.6	2.7%
EBITDA (pre corp. allocation)	9.2	8.3	10.8%
Depreciation	1.0	1.0	-
Corporate allocation	1.5	1.2	15.4%
EBIT (after corp. allocation)	6.7	6.1	9.8%

News

- Strongest wind conditions in South Australia for 30 years created challenges with ferry operations – 15 days affected – 1.9% sales growth from ferry. Conditions affected accommodation and tour-related operations
- New Scania coaches for Kangaroo Island and Adelaide touring and charters substantially reducing subcontracting of coaches
- Kangaroo Island Odysseys Luxury touring revenue up 18% on same period last year
- Online sales revenue as a % of total sales increased to 29.0% from 23.0% in June 2016
- Murray Princess completed outside cabin refurbishments, expanded themed cruises, further enhancing the customer experience

Additions

- 4 x new 53 seat Scania Coaches

FINANCIAL HIGHLIGHTS

- KI Ferry EBIT up \$0.4m due to lower R&M and slightly higher yield
- Packaging EBIT was down \$0.2m reflecting lower sales and higher ferry only bookings
- Travel centre sales down marginally with net margin down \$0.1m
- EBITDA growth of 10.8% attributable to shift in sales to higher margin products
- Ferry Passengers and vehicle sales were flat whilst freight sales grew 5.3% on last year – agriculture related



Business Unit Results – Captain Cook Cruises NSW and WA

Half year Ending 31 December	2016 \$m	2015 \$m	Variance %
Revenue (external)	27.2	18.7	45.4%
Direct expenses –			
Repairs and Maintenance	0.6	1.1	(45.5%)
Wages	7.2	4.9	46.9%
Meals/Tour costs	5.3	3.6	47.2%
Commission	0.8	0.6	33.3%
Fuel	0.5	0.4	25.0%
Other	3.1	2.3	34.8%
Indirect expenses	5.2	3.4	52.9%
EBITDA (pre corp. allocation)	4.5	2.4	87.5%
Depreciation	1.2	0.9	33.3%
Corporate allocation	0.5	0.2	250.0%
EBIT	2.8	1.3	215.4%

News	2 new cruises: Cruise 88 – (budget lunch) and Oceans Orient Buffet both servicing different Asian markets - White Bay Cruise Terminal Ferry now operates every 15 minutes in and out of Barangaroo when cruise ships are present - Maggie Cat chartered to Tonga until January 2017 - Dining Cruises up 15% with higher margin and improved quality dining product - New WA GM with strong tourism experience commencing March 2017 - Advised by Transport NSW we can extend our contracted ferry service into Cockle Bay to service the new International Convention Centre
Additions	2 Light Ferries, 12.5m, 60 passenger vessels constructed. Commenced operation in January 2017
Contracts	HCF charter arrangements extended by a year

FINANCIAL HIGHLIGHTS

- Strong EBIT growth with improved sales from Sydney dining and charter and WA full half year (EBIT of \$0.6m)
- Sydney sales up 12% with growth primarily attributable to lunch and dinner cruises and stronger charter market
- Margin growth was attributable to our focus on higher-yielding premium offers
- WA margin slightly below expectations due to lower sales reflecting adverse weather in October/November. WA costs in line with budget



Business Unit Results – South East Queensland and Gladstone

Half year Ending 31 December	2016 \$m	2015 \$m	Variance %
Revenue (external)	36.5	15.0	N/A
Direct expenses –			
Repairs and Maintenance	3.2	1.1	N/A
Wages	13.7	4.8	N/A
Fuel	2.0	0.7	N/A
Other	1.5	0.3	N/A
Indirect expenses	3.4	1.4	N/A
EBITDA (pre corp. allocation)	12.7	6.7	N/A
Depreciation/Amortisation	2.7	0.9	N/A
Corporate allocation	0.4	1.5	N/A
EBIT	9.6	4.3	N/A

News

- Capitalising on elevated focus on tourism at North Stradbroke Island as a tourist destination
- Ongoing rationalisation of costs and staff numbers in line with transition to operation phase in Gladstone

Contracts

- Gladstone operational contract for MV James Grant
- Dry lease for 1x Capricornian vessel in Melbourne
- Dry lease for 1x Capricornian vessel to NZ from February 2017



FINANCIAL HIGHLIGHTS

- Gladstone and SEQ are performing to expectations both from a sales and margin perspective
- One final Capricornian vessel to complete construction contracts in H2 FY17, as expected
- Amortisation of \$0.7m relates to customer contracts (5 year amortisation)
- R&M higher during first half but will be pared back during second half – timing related
- Second half EBIT will be lower as margins now being experienced in Gladstone are less, as foreshadowed
- Stradbroke showed both PAX growth and yield increases
- All other operations are performing in line with expectations



Business Unit Results – North Queensland and Northern Territory

Half year Ending 31 December	2016 \$m	2015 \$m	Variance %
Revenue (external)	8.8	8.5	6.0%
Direct expenses –			
Repairs and Maintenance	0.6	0.8	(25.0%)
Wages	1.8	1.6	12.5%
Fuel	0.5	0.5	-
Other	1.3	1.2	8.3%
Indirect expenses	2.6	2.5	4.0%
EBITDA (pre corp. allocation)	2.0	1.9	5.3%
Depreciation	0.2	0.3	(33.3%)
Corporate allocation	0.2	0.3	(33.3%)
EBIT	1.6	1.3	23.1%

News	■ New Groote Eylandt route commenced late December 2016 (1 vessel) ■ Growth in Darwin Tour products ■ Quick Tickets implemented
Additions	■ MV Tyrell transferred to Groote Eylandt from Gladstone ■ MV Tommy Lyon replaced MV James Grant in Darwin
Upgrades	■ Two engine refurbishments
Contracts	■ New Groote Eylandt route commenced late December 2016 (1 vessel)

FINANCIAL HIGHLIGHTS

- Sales growth of 6.0% primarily attributable to Tiwi Island revenue from the tourism market, increased demand for the Magnetic Island service, and higher sales from the Mandorah service
- EBIT benefited from sales growth and lower repairs and maintenance expense



Section 3 – SeaLink 2017 Outlook



SeaLink Northern Territory and SeaLink North Queensland, connecting Townsville with Magnetic Island and Palm Island

Capricornian Vessels Update

Successful deployment of Capricornian vessels is well underway

- 1 vessel on dry lease in New Zealand, commencing in February 2017 (2+ years)
- 1 vessel on dry lease in Victoria, commenced October 2016
- 1 vessel in Gladstone under operational contract until 2020
- 1 vessel in Gladstone under a construction contract until May 2017
- 1 vessel in Sydney undertaking charters
- Potential transport opportunities on Sydney Harbour / Gladstone and in 1 other state



Information Technology Update

Creating Efficiencies and Improving our Customers' Experience

SeaLink continues to invest in technology in order to generate and capture a higher percentage of online business.

Key projects and benefits for FY17 are:

MAJOR PROJECTS

- Mobile App for ticketing
- “Albert” EFTPOS
- Quicktravel to SEQ & WA
- Consolidation of websites
- Masterpay (extra payment method)
- Grow On-line sales

BENEFITS

- Efficiency / Cost savings
- Improved service levels
- Improved MIS
- Fraud Minimisation



2017 Outlook and Focus

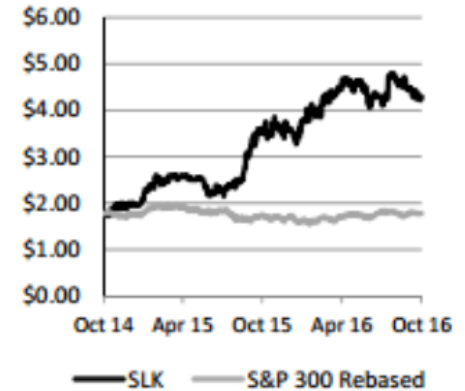
- Tourism and other opportunities in FY 2017 include:
 - Continued growth in development of premium products in Sydney
 - Continued growth in international and domestic tourism generally
 - Introduction of a new light ferry service in Sydney
 - The new service for Groote Eylandt in Northern Territory (started late December 2016)
- Given the construction phase is near completion we expect Gladstone earnings to decrease upon completion of the LNG plant construction phase, as previously foreshadowed. The Company expects FY2017 EBIT from its Gladstone/SEQ operations to be approximately \$2m lower than FY2016 due to the transition from construction to operational phase of the LNG plants. This is expected to be completed by May 2017.
- We continue to be excited about organic tourism and transport opportunities for the remainder of 2017 and beyond, including:
 - the new light ferry service
 - continued maximisation of synergies
 - potential new routes in Darwin
 - new product opportunities in Western Australia and South East Queensland.
- We continue to assess opportunities to acquire businesses that are aligned with our strategic vision, geographic focus and financial strategy.
- Assuming average seasonal and current business conditions remain over the remainder of the period, and taking into account the winding back of the ferry and barge requirements for the construction phase for the Gladstone operation, the business continues to be well positioned to report an improved profit for the 2016-17 financial year.

SeaLink Travel Group

Key Investment Attributes

- Top 300 Australian Publically Listed company (AU:SLK)
- Strong capital gain and dividend growth
- Geographically diversified tourism and transport operator
- Highly respected brands: SeaLink & Captain Cook Cruises
- Long history of growth through acquisition
- Strong management team and employee base
- Strong balance sheet allows borrowing to expand
- Strong Tourism Industry growth fundamentals with 11% increase in visitors and expenditure

Absolute Price



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- **For more information please contact:** Carla Schaefer, Investor Relations, SeaLink Travel Group, 0409 101 188 or carla@sealink.com.au

The logo for SeaLink, featuring the word "SEALINK" in a bold, white, sans-serif font. A stylized orange and yellow wave graphic is positioned between the "S" and "E".The logo for Captain Cook Cruises, featuring a red and white flag graphic above the words "CAPTAIN COOK" and "CRUISES" in a bold, white, sans-serif font.

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