



# Mantra Group AGM

17 November 2016

**MANTRA**  
GROUP

PEPPERS

mantra

BreakFree



# Market

mantra  
st kilda road



# DEMAND Y/E JUNE 2016



## DOMESTIC TRAVEL BY AUSTRALIANS

▲ 6%

OVERNIGHT SPEND  
\$59 BILLION

▲ 7%

OVERNIGHT TRIPS  
88.9 MILLION

▲ 5%

NIGHTS  
328 MILLION



## INTERNATIONAL VISITORS TO AUSTRALIA

▲ 10%

VISITORS  
7.2 MILLION

▲ 5%

NIGHTS  
248 MILLION

▲ 14%

EXPENDITURE  
\$38.1 BILLION

# DEMAND FORECASTS



## INTERNATIONAL ARRIVALS

**2016-17**

8.3m

▲ **6.7%**

**2017-18**

8.8m

▲ **5.9%**

**2024-25**

12.3m

▲ **5.6% p.a.**



## DOMESTIC VISITOR NIGHTS

**2016-17**

340m

▲ **3.8%**

**2017-18**

351m

▲ **3.2%**

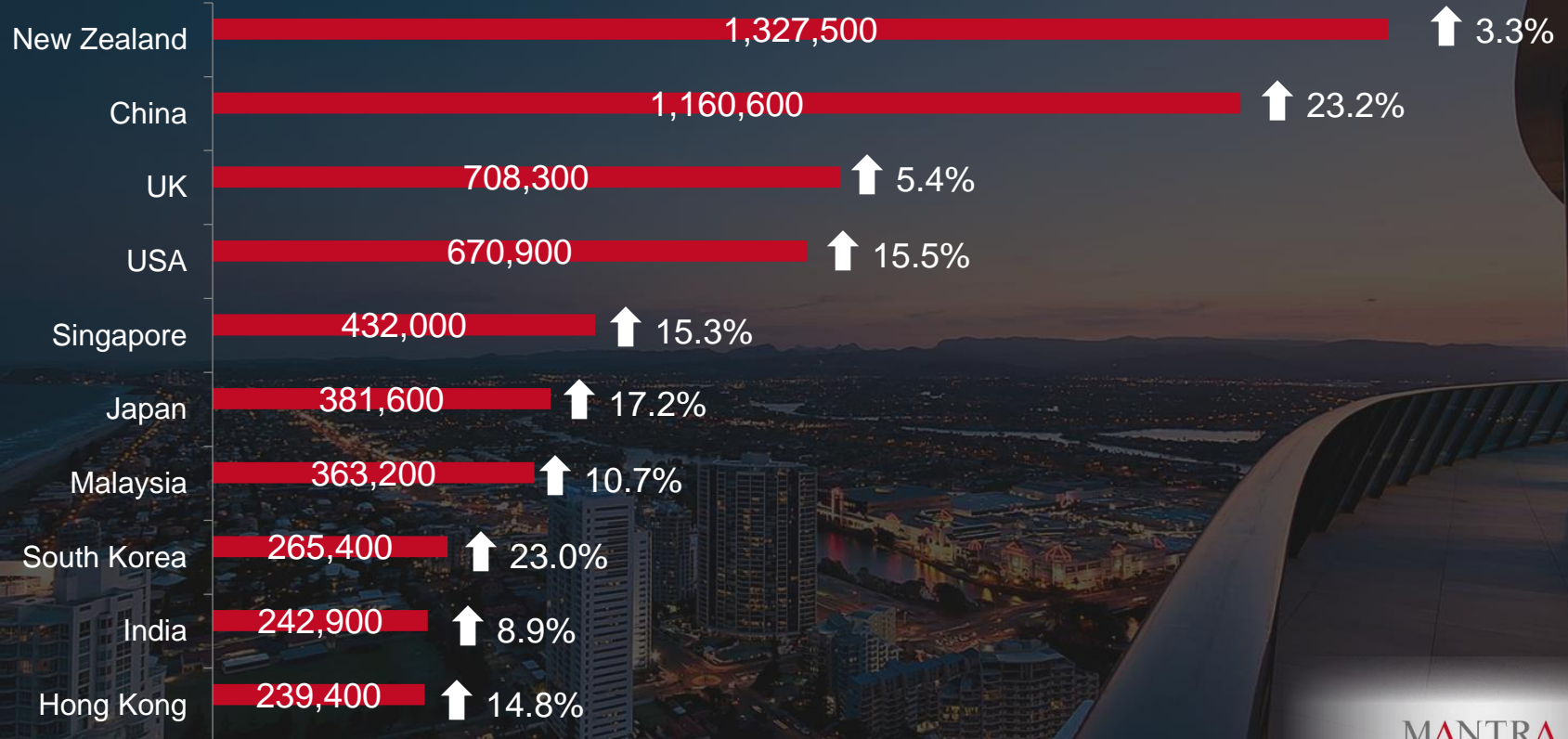
**2024-25**

423m

▲ **3.1% p.a.**



# INTERNATIONAL ARRIVALS 12 MONTHS TO JULY 16

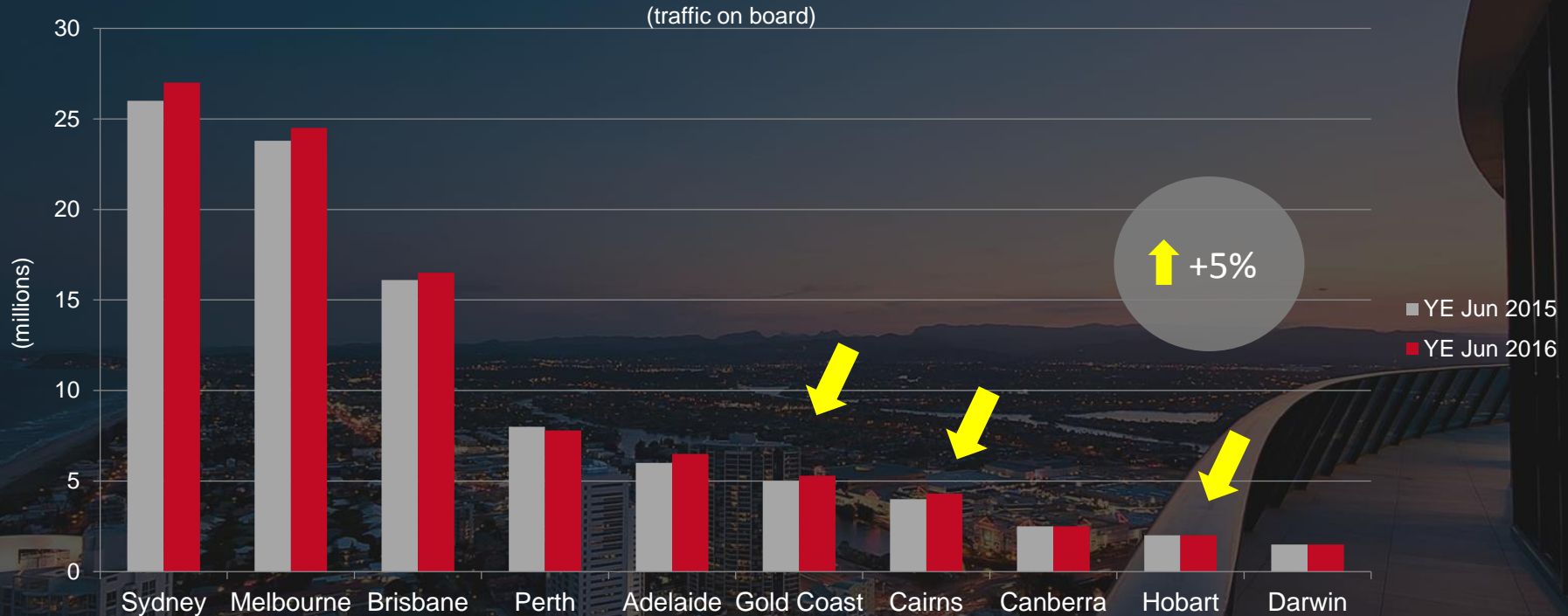


Source: Tourism Australia

# Aviation



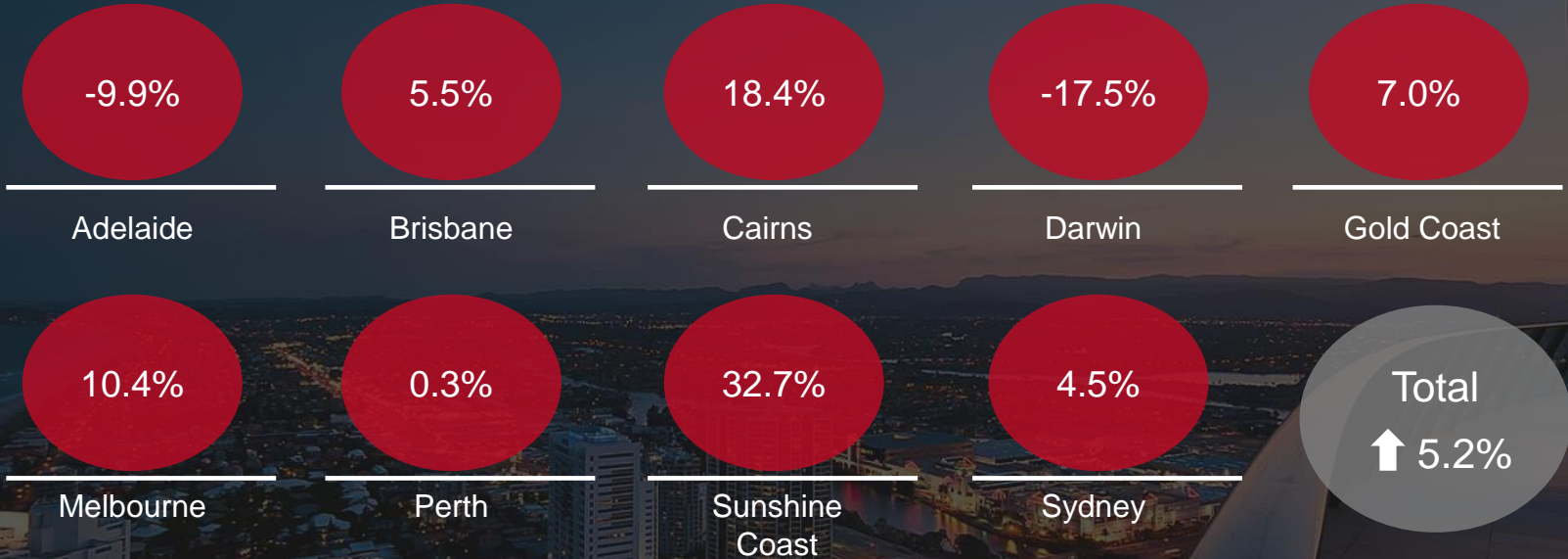
# TOP TEN AIRPORTS – RPT PASSENGER MOVEMENTS ↑ 2.6%





# SCHEDULED INTERNATIONAL AIRPORT TRAFFIC AND AIRCRAFT MOVEMENTS

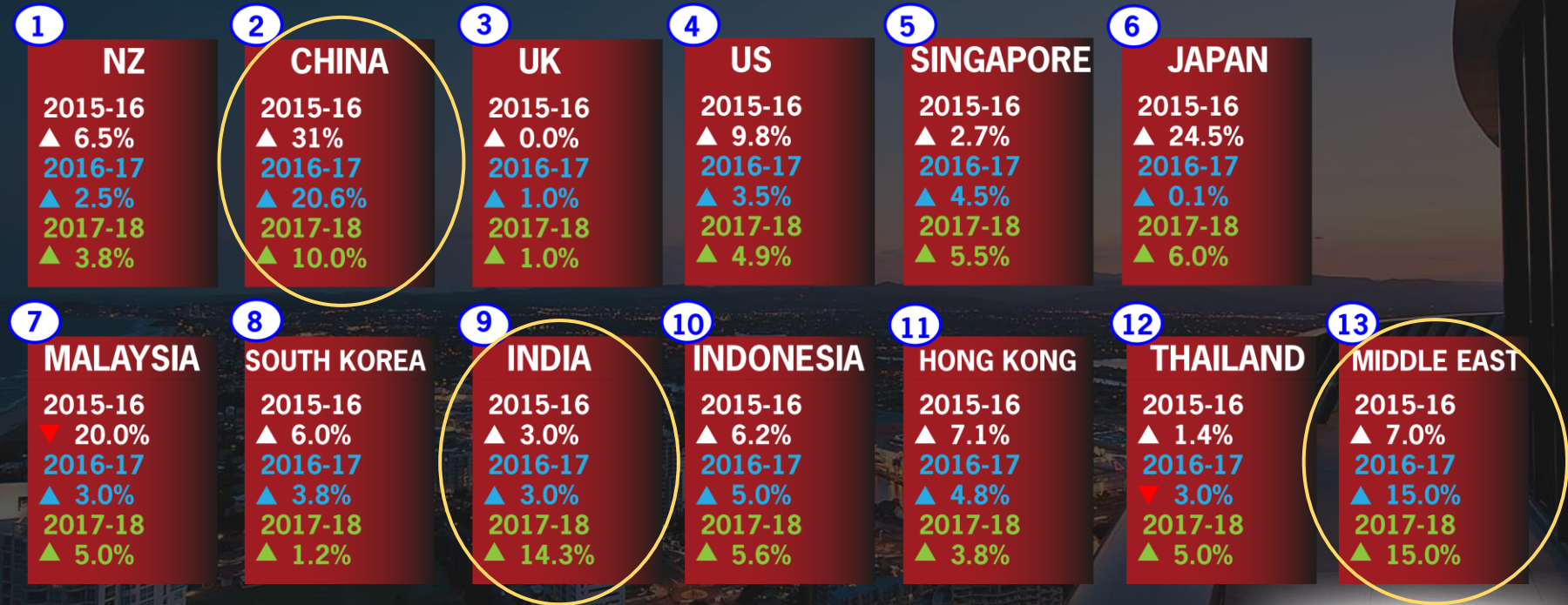
Year ended December 2015



Source: BITRE, Statistical Report, International aviation activity 2015

# AVIATION

Forecast growth in direct aviation capacity by markets, 2015-16 to 2017-18





# Shadow Supply



- A STR 2 year analysis of Airbnb in NY revealed:
  - No cannibalisation of hotel demand
  - No impact on hotel pricing power
- Mantra Group has not experienced any impact or noted any nett loss of keys under management.
- Mantra Group relies predominantly on market sources that are not as relevant to the Airbnb platform i.e. business travel, groups, international, airline crews, government, conference, incentive and corporate.





- Airbnb should be viewed as a nett positive for the visitor economy.
- Inventory, location and access to well located room stock remains the single most important factor. The overlap between shadow supply & traditional supply is very limited <5%.
- Airbnb has aggregated a lot of existing stock.
- The tourism industry can learn from Airbnb and embrace elements relative to the sector.



A vibrant photograph of a resort pool area. On the left, a modern multi-story building with white walls and dark balconies is visible. The pool is filled with clear blue water, reflecting the sky and surrounding greenery. To the right of the pool, a wooden deck is lined with several black lounge chairs and a large white patio umbrella. The background is filled with lush tropical trees and a clear blue sky with scattered white clouds. A large, semi-transparent red circle is overlaid in the center of the image, containing the text "Mantra Group Highlights".

# Mantra Group Highlights



**126**  
properties



**21,500+**  
rooms in  
building



**5,500+**  
team  
members



**MANTRA**  
GROUP



# PEPPERS





# MANTRA



MANTRA  
GROUP



# BREAKFREE



# HIGHLIGHTS FY16 – UNDERLYING\*

EBITDAI

**\$89.8M**

 **23.0%**

**6.9%**

ORGANIC EBITDAI GROWTH

NPAT

**\$43.8M**

 **21.1%**

NPATA

**\$46.5M**

 **19.7%**

EPS

**16.2** CPS

 **13.8%**

**11**

PROPERTIES ADDED

\*Underlying Results are the statutory results excluding acquisition related transaction costs of \$7.3m expensed during the year

# BUSINESS UPDATE – FY17

Domestic &  
Inbound market  
performing  
favourably



1

Mantra Group  
1st quarter  
trading as  
anticipated



2

Holdings positive  
particularly  
Leisure



3

Hawaii performing  
ahead of  
Acquisition plan



4

Pipeline  
strong



5



# HAWAII

1

Acquired 26 July 2016

2

System and procedure transition on track

3

Yield management strategies implemented with noticeable effect

4

Performing ahead of acquisition plan

5

Restaurant and lobby upgrades brought forward



# MAJOR INITIATIVES UPDATE – FY17

Employee  
engagement &  
development



1

Guest  
engagement &  
benefits



2

Digital, System  
& Marketing  
enhancements



3

CSR



4

Rising Stars &  
Emerging Leader  
programs  
enhanced



5

Wi-Fi system  
purchase



6

Workplace  
Health & Safety  
initiatives



7

A scenic view of a golf course under a clear blue sky. In the background, a white clubhouse with a dark roof and multiple chimneys is visible. The foreground features a well-manicured green lawn, several rounded shrubs, and a small stone-lined water feature. A large, calm pond occupies the right side of the image, reflecting the sky and surrounding trees. A large, semi-transparent red circle is centered over the image, containing the word "Pipeline" in white, bold, sans-serif font.

# Pipeline

\* All properties scheduled to enter the portfolio are Board approved. The terms and timing of certain properties entering the portfolio may be subject to change until completion.



# FY17 STRATEGY AND OUTLOOK

Mantra Group reaffirms its guidance for FY17. Underlying EBITDAI, NPAT and NPATA to be between \$101.0m - \$107.0m, \$48.5m - \$52.5m and \$51.0m - \$55.5m respectively.

- In our commitment to drive ongoing growth and deliver shareholder value in FY2017, Mantra Group will continue to deliver on its key strategies supporting these objectives
- FY2017 growth expected across the Resorts, CBD and CR&D segments
- Expectations for 2017 excludes:
  - Impact of any additional conditional or uncontracted properties as at reporting date
  - Any transaction costs and foreign exchange translation associated with the acquisition of Mantra Ala Moana or FY2017 acquisitions



# NEW PROPERTIES FY17

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Property: Mantra Ala Moana  
Location: Honolulu, Hawaii  
Model: MLR  
Keys in building: 1,176  
Opened: July 2016  
Segment: Resort



# NEW PROPERTIES FY17

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Property: Mantra Residences – Southport Central  
Location: Gold Coast, QLD  
Model: MLR  
Keys in building: 788  
Opened: August 2016  
Segment: Resort

# NEW PROPERTIES FY17

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Property: Peppers Kings Square  
Location: Perth, WA  
Model: HMR  
Keys in building: 120  
Opened: November 2016  
Segment: CR&D



# PROPERTIES SCHEDULED TO ENTER PORTFOLIO



Property:	Mantra Hideaway Villas
Location:	Pecatu, Bali
Model:	MA
Keys in building:	30
Opening:	H1FY2017
Segment:	CR&D

# PROPERTIES SCHEDULED TO ENTER PORTFOLIO



Property: Mantra Observatory  
 Location: Port Macquarie, NSW  
 Model: MLR  
 Keys in building: 85  
 Opening: H1FY2017\*  
 Segment: Resort

*\*Subject to customary settlement conditions*



# PROPERTIES SCHEDULED TO ENTER PORTFOLIO



Property: Mantra Club Crocodile  
 Location: Airlie Beach, Whitsundays, QLD  
 Model: HMR  
 Keys in building: 160  
 Opening: H1FY2017  
 Segment: CR&D

# PROPERTIES SCHEDULED TO ENTER PORTFOLIO

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Property:	Tribe
Location:	West Perth, WA
Model:	HMR
Keys in building:	120
Opening:	H1FY2018
Segment:	CR&D



# PROPERTIES SCHEDULED TO ENTER PORTFOLIO

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Property:	Mantra Sydney Airport
Location:	Sydney, NSW
Model:	HMR
Keys in building:	136
Opening:	Estimated for H1FY2018
Segment:	CR&D

# PROPERTIES SCHEDULED TO ENTER PORTFOLIO

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Property:	Mantra Albury
Location:	Albury, NSW
Model:	HMR
Keys in building:	158
Opening:	H2FY2018
Segment:	CR&D



# PROPERTIES SCHEDULED TO ENTER PORTFOLIO



Property: Mantra Macarthur Hotel  
 Location: Canberra, ACT  
 Model: HMR  
 Keys in building: 176  
 Opening: H2FY2018  
 Segment: CBD

# PROPERTIES SCHEDULED TO ENTER PORTFOLIO



Property: Mantra Wallaroo Shores  
Location: Wallaroo, SA  
Model: MA  
Keys in building: 100  
Opening: H2FY2018  
Segment: CR&D



# PROPERTIES SCHEDULED TO ENTER PORTFOLIO

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Property:	Mantra Sky Hotel Tekapo
Location:	Lake Tekapo, New Zealand
Model:	MA
Keys in building:	100
Opening:	H2FY2018
Segment:	CR&D

# PROPERTIES SCHEDULED TO ENTER PORTFOLIO



Property: Mantra 900 Hay Street  
 Location: Perth, WA  
 Model: LEASE  
 Keys in building: 250  
 Opening: H1FY2019  
 Segment: CBD



# PROPERTIES SCHEDULED TO ENTER PORTFOLIO



Property: Peppers James Hotel  
 Location: Brisbane, QLD  
 Model: HMR  
 Keys in building: 144  
 Opening: H1FY2019  
 Segment: CR&D

# PROPERTIES SCHEDULED TO ENTER PORTFOLIO



Property: Peppers Queenstown  
Location: Queenstown, NZ  
Model: HMR  
Keys in building: 260  
Opening: H1FY2019  
Segment: CR&D



# PROPERTIES SCHEDULED TO ENTER PORTFOLIO



Property:	Peppers Southbank, Melbourne
Location:	Melbourne, VIC
Model:	LEASE
Keys in building:	164
Opening:	H1FY2019
Segment:	CBD

# PROPERTIES SCHEDULED TO ENTER PORTFOLIO

Property	Location	Model	Opening	Segment
Mantra Singapore	Singapore	MA	H2FY2017	CR&D
Mantra Penang	Malaysia	MLR	H2FY2017	CBD
Mantra Samui	Thailand	HMR	H2FY2017	CR&D
Peppers Phuket	Thailand	MA	H2FY2017	CR&D
Mantra Hobart	TAS	LEASE	H1FY2018	CBD
Mantra North Sydney	NSW	HMR	H2FY2018	CBD
Mantra Southport Sharks	QLD	MSA	H2FY2018	CR&D
Mantra Epping	VIC	MA	H1FY2019	CR&D
Mantra Kuala Lumpur	Malaysia	HMR	H1FY2019	CR&D





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Forward looking statements involve inherent risks and uncertainties, both general and specific, and there is a risk that such predictions, forecasts, projections and other forward looking statements will not be achieved. Forward looking statements are provided as a general guide only, and should not be relied on as an indication or guarantee of future performance. Forward looking statements involve known and unknown risks, uncertainty and other factors which can cause Mantra Group's actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward looking statements and many of these factors are outside the control of Mantra Group. As such, undue reliance should not be placed on any forward looking statement. Past performance is not necessarily a guide to future performance and no representation or warranty is made by any person as to the likelihood of achievement or reasonableness of any forward looking statements, forecast financial information or other forecast. Nothing contained in this presentation nor any information made available to you is, or shall be, relied upon as a promise, representation, warranty or guarantee as to the past, present or the future performance of Mantra Group.

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All dollar values are in Australian dollars (A\$) unless otherwise stated.



# Appendix



# HIGHLIGHTS FY16

Results in line  
with market  
guidance



1

Portfolio growth  
exceeding  
market

11 PROPERTIES



2

New properties  
performing well



3

Successful capital  
raise providing  
strong balance  
sheet for  
future growth



4

Mantra Ala Moana  
joined portfolio  
in July 2016



5

Refurbishments



6

Distribution  
system  
enhancements



7

Stakeholder  
satisfaction



8

# HIGHLIGHTS FY16 - STATUTORY

TOTAL REVENUE

**\$606.1M**

 **21.5%**

EBITDAI

**\$82.6M**

 **13%**

NPAT

**\$37.1M**

 **2.7%**

NPATA

**\$39.8M**

 **2.5%**

EPS

**13.8** CPS

 **2.8%**

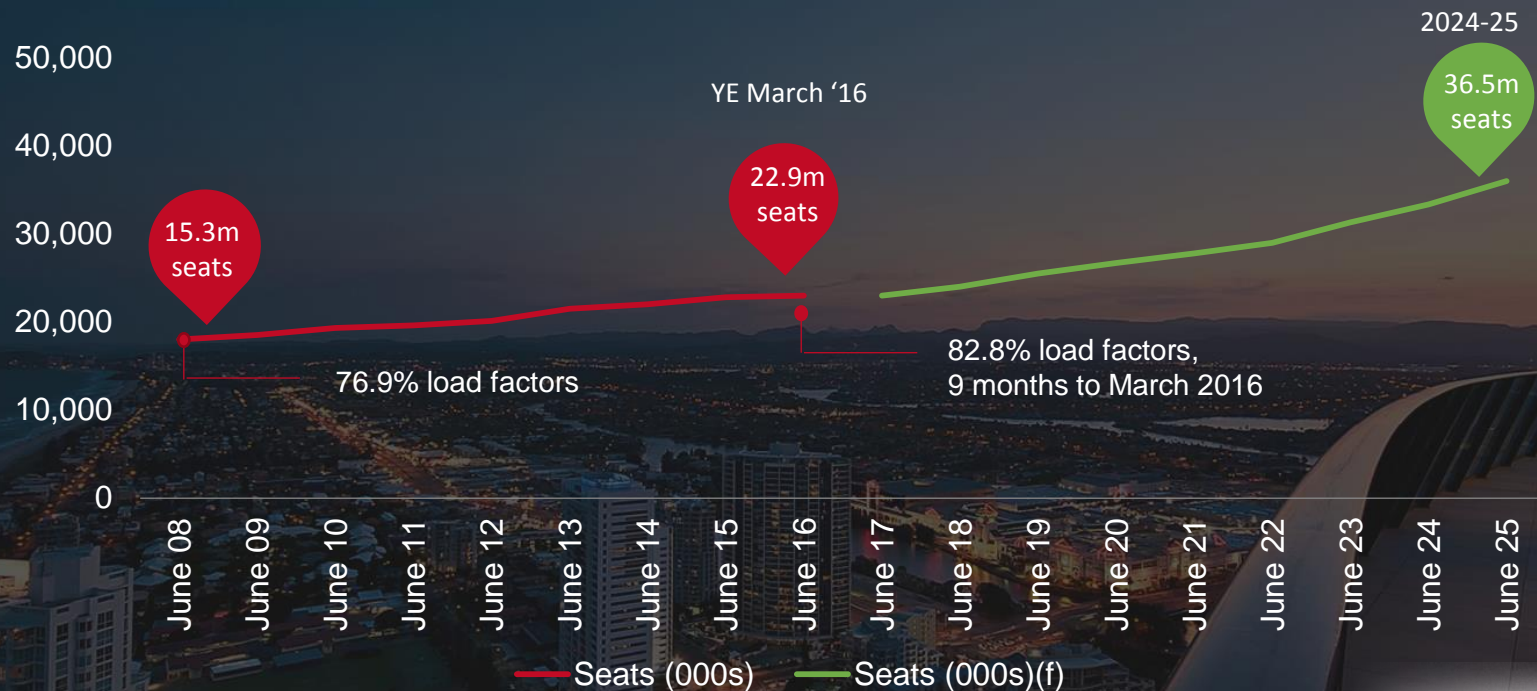
TOTAL DIVIDEND

**10.5¢**

PER SHARE

# AVIATION

Forecast aviation seat capacity, 2007-08 to 2024-25



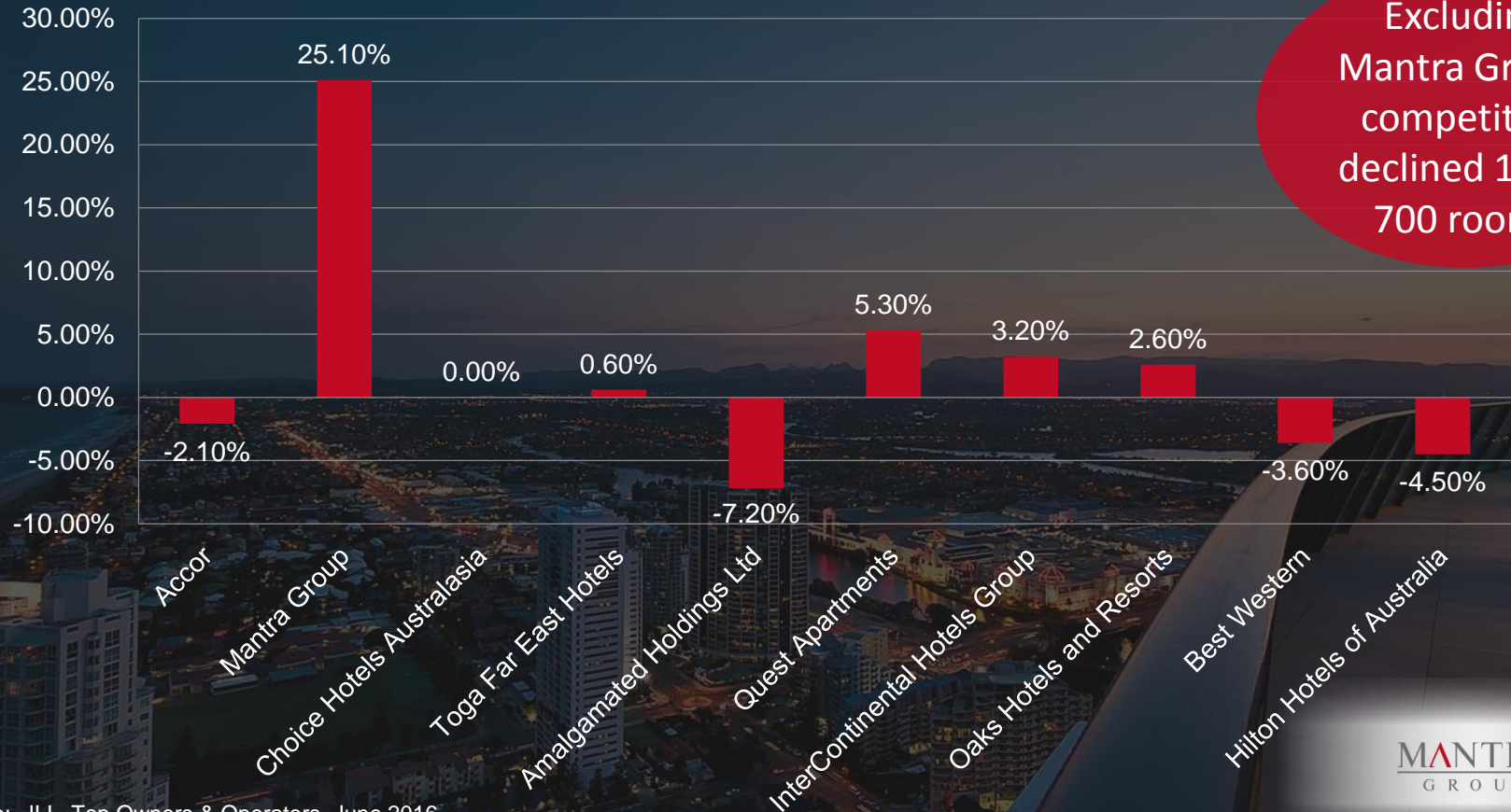


# SUPPLY 2015 – ROOMS (AUSTRALIA)



Source: JLL, Top Owners & Operators, June 2016

# SUPPLY 2015 –YOY% GROWTH (AUSTRALIA)



Excluding Mantra Group, competitors declined 1% or 700 rooms

# YEAR ON YEAR RESULTS OVERVIEW

	FY2016 (\$m)	FY2015 (\$m)	Change (\$m)	Change (%)
<b>Total revenue</b>	606.1	498.8	107.3	21.5
<b>Statutory results</b>				
EBITDAI <sup>1</sup>	82.6	73.1	9.5	13.0
NPAT	37.1	36.2	1.0	2.7
NPATA	39.8	38.9	1.0	2.5
<b>Underlying Results<sup>2</sup></b>				
EBITDAI <sup>1</sup>	89.8	73.1	16.7	23.0
NPAT	43.8	36.2	7.6	21.1
NPATA	46.5	38.9	7.6	19.7
<b>Other key statistics</b>				
Rooms available ('000)	4,234	3,535	699	19.8
Occupancy (%)	78.1	76.4	1.7	2.2
Average room rate (\$)	169.14	164.14	5.0	3.0
RevPAR (\$)	132.14	125.39	6.76	5.4

## COMMENTS

- Business has performed strongly in FY2016
- Underlying Revenue, EBITDAI, NPAT and NPATA all performed ahead of the previous corresponding period ('pcp')
  - Total revenue increased by 21.5% to \$606.1m from \$498.8m
  - EBITDAI increased by \$16.7m or 23.0% to \$89.8m from \$73.1m
- Underlying EBITDAI margin increased from 14.7% to 14.8% for the period, primarily driven by increased rate and occupancy in Resorts segment
- Strong revenue growth driven by
  - Eleven property acquisitions completed in the period (increase of \$71.2m)
  - Remaining increase (\$36.1m) driven by organic<sup>3</sup> growth
- Mantra Group continuing to benefit from strong Chinese inbound trends

<sup>1</sup> EBITDAI – Earnings Before Interest, Taxation, Depreciation, Amortisation and Impairment

<sup>2</sup> Underlying Results are the statutory results excluding transaction costs of \$7.3m incurred in respect of business combinations

<sup>3</sup> Organic excludes properties added in FY2016



# FY2016 NEW PROPERTIES

Eleven new properties added in FY2016 and performing in line with expectations

BreakFree on Collins, Melbourne



Mantra on View, Surfers Paradise



Mantra Twin Towns, Gold Coast



Peppers Noosa Resort & Villas, Noosa



Mantra Boathouse Apartments, Airlie Beach



Peppers Waymouth Hotel, Adelaide



# FY2016 NEW PROPERTIES

Eleven new properties added in FY2016 and performing in line with expectations

Mantra Towers of Chevron,  
Surfers Paradise



Peppers Docklands, Melbourne



Mantra on Mary, Brisbane



Mantra Richmond Hotel, Brisbane



\*Peppers Soul, Surfers Paradise



\* Peppers Soul, Surfers Paradise  
successfully transitioned from MA to MLR  
on 1 July 2015

# STATUTORY CASH FLOW

	FY2016 Actual (\$m)	FY2015 Actual (\$m)	Change (\$m)
<b>Cash flows from operating activities</b>			
Receipts from customers	655.6	541.3	114.4
Payments to suppliers	(567.1)	(469.7)	97.4
	88.5	71.6	16.9
Net interest and tax payments	(27.2)	(12.4)	14.8
Transaction costs of business combinations	(5.3)	-	5.3
<b>Net cash inflow from operating activities</b>	<b>56.0</b>	<b>59.1</b>	<b>(3.2)</b>
<b>Net cash (outflow) from investing activities</b>	<b>(127.8)</b>	<b>(44.8)</b>	<b>83.0</b>
<b>Net cash inflow from financing activities</b>	<b>105.8</b>	<b>38.9</b>	<b>66.9</b>
<b>Net increase in cash and cash equivalents</b>	<b>34.0</b>	<b>53.3</b>	<b>(19.4)</b>

## COMMENTS

- Cash flow from operating activities of the Group for FY2016 continued to be strong
- Operating cash inflows decreased by \$3.2m to \$56.0m in FY2016 primarily as a result of strong trading results, offset by increased tax payments and transaction costs associated with business combinations
- Net cash outflow from investing activities totalled \$127.8m following the acquisition of eleven properties in FY2016 (pcp: eleven)
- Net cash inflow from financing activities increased by \$66.9m to \$105.8m. This increase primarily resulted from the equity raising completed in May 2016, principally completed to fund the acquisition of Ala Moana Hotel which was settled in July 2016.



# BALANCE SHEET AND CREDIT METRICS

Statutory balance sheet	30 Jun 16 Actual \$m
Cash and cash equivalents	117.1
Other current assets	60.0
<b>Current assets</b>	<b>177.1</b>
PPE	121.9
Intangible assets	469.4
Other non-current assets	0.7
<b>Total non-current assets</b>	<b>591.9</b>
<b>Total assets</b>	<b>769.0</b>
Trade and other payables	44.8
Other liabilities	44.6
<b>Total current liabilities</b>	<b>89.3</b>
Borrowings	125.1
Other non-current liabilities	91.5
<b>Total non-current liabilities</b>	<b>216.6</b>
<b>Total liabilities</b>	<b>306.0</b>
<b>Net assets</b>	<b>463.1</b>

## COMMENTS

- Very strong balance sheet and cash position leaves the Group in a good position to take advantage of future growth opportunities
- Year end cash position inflated in anticipation of the July settlement of the Ala Moana acquisition. Excluding the cash required to acquire Ala Moana, the cash balance would have been approximately \$50.3m.
- Intangible assets have increased by \$105.2m (28.9%) since 30 June 2015 following the acquisition of eleven properties. Useful life of intangible assets is reassessed each year.
- Syndicated Facility Agreement extended by \$50m in the year, with the maturity date of Tranche A (\$160m) extended to 5 July 2019. The Group is well within debt covenants under banking facilities.

Credit metrics		Adjusted*
Borrowings (\$m)	125.1	125.1
Cash and cash equivalents (\$m)	117.1	50.3
<b>Net total indebtedness (\$m)</b>	<b>8.0</b>	<b>74.8</b>
Net debt /LTM Underlying EBITDAI	0.1x	0.8x
FY2016 LTM Underlying EBITDAI/LTM Net finance cost	17.3x	17.3x

\*Cash balance adjusted to remove cash held for July 2016 Ala Moana acquisition

A scenic view of a beach at sunset. The sky is a gradient of blue and orange. The ocean waves are breaking on the shore. In the background, a city skyline is visible, including a prominent tall skyscraper. A large red circle is superimposed over the center of the image.

# Mantra Group

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mantra

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