



**Mantra Group Limited (ASX Code: MTR)
ABN 69 137 639 395
2014 Annual General Meeting**

**26 November 2014
Chairman's Address
by Peter Bush**

Good Morning, I'm Peter Bush, Chairman of the Mantra Group and I welcome you all to the first Annual General Meeting of your Company since its listing on the ASX in June.

I joined the Board of Mantra Group in February 2014 during the initial stages of the IPO process and the listing of Mantra Group on the ASX - a significant milestone in the development and growth of the Mantra Group. I am pleased to stand here today and report that the Group delivered on its FY14 prospectus forecast achieving total revenue of \$454.7 million, a 5.7% increase on FY13.

This result reflects improved occupancy levels and higher average room rates, strong performance in guest services, the addition of the new properties as well as Management's focus on cost control and improved efficiencies in key areas of the business. In addition, a new finance facility was negotiated which together with positive cash flow and cash generation places the Mantra Group in a strong position to continue to deliver on our growth prospects.

Year-on-year growth in each of our operating segments delivered results consistent with forecasts outlined in the prospectus: Of note were:

- Improved business sentiment which drove corporate demand plus a number of special events held in capital cities contributed to the leisure demand in **CBD** properties delivering a 4.2% increase in revenue year-on-year.
- Continued improvement in tourism and economic activity drove demand in key leisure destinations delivering a 4.3% year-on-year increase in revenue in the **Resorts** sector.
- Fees from new properties under management coupled with an increase in on-line booking volumes through the Group's online channels contributed to a solid performance delivering a 20% increase in revenue year-on-year in the **Central Revenue and Distribution** sector.

The results are pleasing and a credit to the commitment of the Executive Team in ensuring that the financial result and the strategic objectives outlined in the prospectus were achieved.

As outlined in the prospectus, it is anticipated that the first dividend to Shareholders will be determined in respect of the Half Year to 31 December 2014 and based on current forecasts, there is no change to this expectation.



As announced on 29 September, Melanie Willis joined the Board as an independent non-executive director. Melanie's appointment is primarily to replace Elizabeth Gaines, who is not standing for re-election at today's meeting due to other executive commitments. Melanie has extensive financial and professional services experience in both executive and non-executive roles in a wide range of industries and I have no doubt that Melanie will make a significant contribution to the Board. Melanie has also assumed the role of Chair of the Audit & Risk Management Committee in place of David Gibson allowing David to focus on the Nomination and Remuneration Committee as Chair of that Committee.

On the basis that the directors standing for re-election as detailed in resolution 1 of the Notice of Meeting are re-elected, the Board considers that the current mix of skills, qualifications and experience of the Board are appropriate for the size and nature of the Company's business and to achieve the strategic objectives of the Business. On behalf of the Company and my fellow Directors, I would like to thank Elizabeth for her contribution to the Company over the past 7 years and in particular acknowledge her contribution during the restructure of the Group in 2009.

As announced on 10 November, a dividend reinvestment plan has been implemented which will provide Shareholders the opportunity to efficiently re-invest in the Mantra Group.

As referenced in the prospectus and for which shareholder approval is being sought under resolution 4 at today's Meeting, the Directors have considered and deemed it appropriate to implement a Long Term Incentive Plan aimed at retention and attraction of its Senior Executives as well as aligning reward with increased shareholder value. Under the plan, performance rights will not be granted until after publication of the Company's FY15 results. It should also be noted that in accordance with the prospectus, the Directors sought the advice of remuneration consultants and took into account the nature of Long Term Incentive Plans of comparable companies as well as industry standard. While the terms of the Long Term Incentive Plan are subject to the discretion of the Directors, vesting targets are expected to be based on 50% Total Shareholder Return and 50% Earnings Per Share and will be set prior to the end of FY15 and be based on comparable companies and industry standard. Shareholder approval will be sought for any performance rights to be granted to an Executive Director of the Company.

Looking ahead, based on current trading and continued market conditions, the FY15 forecast as outlined in the prospectus is expected to be achieved. Key strategic initiatives incorporating brand and RevPAR growth, improved yield management, distribution optimisation and growth development are well entrenched and a key Management focus. These factors aligned with Management's discipline in cost management and performance improvement is expected to continue to drive shareholder value.

I would like to thank my fellow non-Executive Directors, Bob East, the Executive Team and the broader Mantra Group Team Members for their focus and commitment during the year and in particular this first year in which the Mantra Group listed on the ASX.

I look forward to a successful year ahead, as I'm sure you as Shareholders do as well.

I now invite Bob East to take you through the FY14 results in more detail, expand on the key strategic objectives of the Group and comment on the outlook for FY15.



Mantra Group Limited

Annual General Meeting

26 November 2014

MANTRA
GROUP

PEPPERS

mantra BreakFree^e

Agenda

- 1** Highlights
- 2** Company and Industry Overview
- 3** FY14 Financials
- 4** FY15 Outlook and Growth





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Highlights

Highlights

- 1 On 20 June, 2014 the company listed on the ASX
- 2 The Group achieved FY14 Prospectus forecasts
- 3 A favourable finance facility was negotiated which places us in a strong position to achieve our growth ambitions
- 4 Mantra Group added 8 properties to the portfolio in 2014. Another 5 properties added YTD FY15.
- 5 All business segments achieved Revenue and EBITDA Prospectus forecast
- 6 Re-affirm the FY15 Prospectus forecasts

Major projects

1

Guest and Owner Programs

2

Team Member Satisfaction – 85%

3

Women in Mantra Group

4

Rising Stars Program

5

Corporate Social Responsibility – Red Cross National Loyalty Partner



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Company and Industry Overview

The Mantra Group



Mantra Group is a leading provider of accommodation and hospitality services in Australia, attracting approximately 2 million guests per annum

- Second largest accommodation operator in Australia
- Capital light business model.
- Range of operating structures in both leisure and CBD markets
- Well established platform for future growth

Three complementary brands



RETREATS • RESORTS • HOTELS

29 properties / 2,232 rooms



60 properties / 7,659 rooms



26 properties / 1,869 rooms

Notes:

1. Data as at November 2014
2. Self rated based on approximate market positioning of the brand

Mantra Group locations

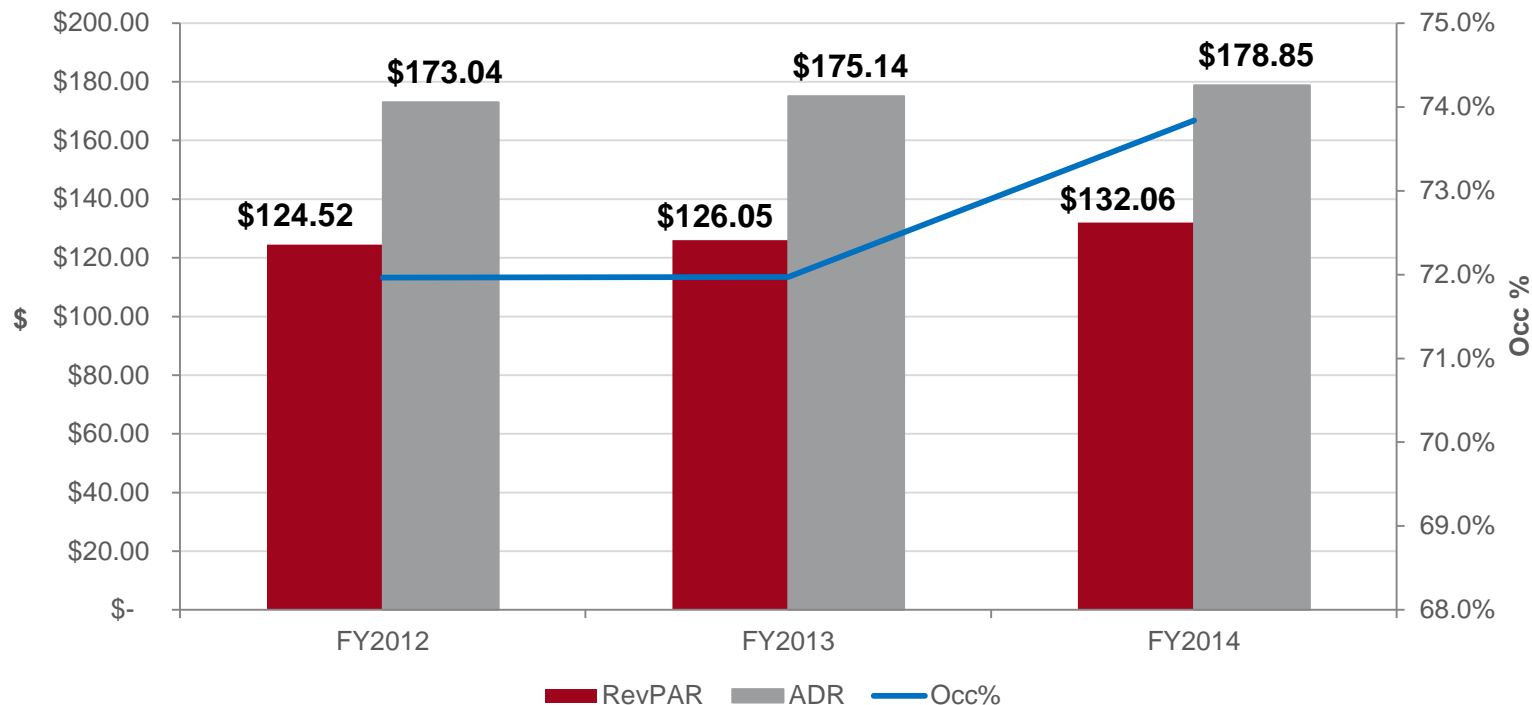
Mantra Group benefits from widespread geographic spread



Map is not to scale

Recent industry performance

3 Year STR Australian Market RevPAR, ADR and Occupancy Trend



Supply growth

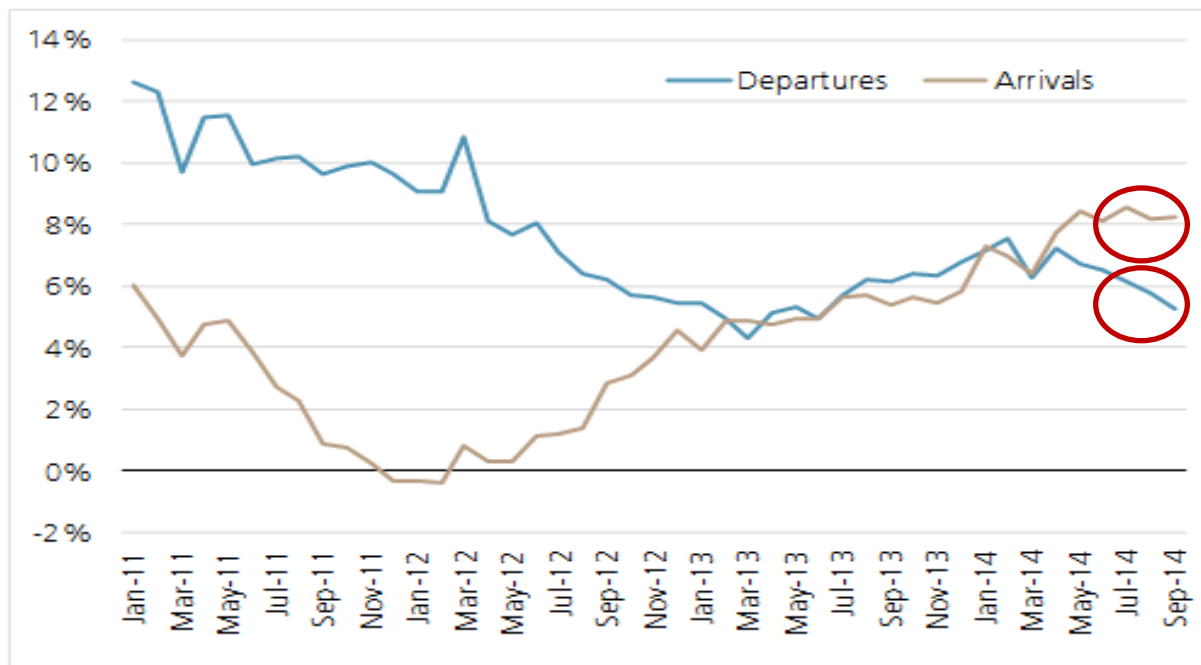
Australian Hotel Development Register – Regional Outlook

	Supply p.a. to 2018	Rooms Jun-13
Adelaide	3.4%	4,551
Brisbane	4.3%	9,122
Cairns	0.8%	7,209
Canberra	2.4%	4,998
Darwin	4.6%	3,639
Gold Coast	0.7%	13,501
Hobart	2.1%	2,687
Melbourne City	2.6%	18,840
Melbourne Metro	0.9%	8,705
Perth	4.5%	5,931
Sydney City	1.9%	20,292
Sydney Metro	2.7%	13,432

Departures & arrivals

FY15 Quarter 1

Since 2011: 12mths rolling chg% in departures & arrivals (original)



Tourism expenditure



- 1** Domestic tourism expenditure
FY13 → FY14 overnight expenditure ↑ 3.6%

- 2** International tourism expenditure
FY13 → FY14 expenditure ↑ 7.4%

CHINA	16%
UK	13%
GERMANY	11%
MALAYSIA	10%
US	7%
SINGAPORE	7%
NEW ZEALAND	3%



Financial highlights FY2014

FY2014 results in line with Prospectus forecast

- Statutory revenue of \$454.7m, up 5.7% on FY2013 (Prospectus forecast \$451.6m)
- Pro forma revenue of \$452.6m, up 4.9% on FY2013 (Prospectus forecast \$450.1m)
- Statutory NPAT was (\$0.3m), higher than the Prospectus forecast (\$2.2m)
- Pro forma EBITDA of **\$62.4m**, consistent with Prospectus forecast \$62.0m
- Pro forma NPATA of **\$31.2m**, consistent with Prospectus forecast \$30.1m
- Pro forma adjusted EPS of 12.6 cents per share, Prospectus forecast 12.1 cents



EBITDAI by segment

EBITDAI ^{1.}	FY2014 Pro forma (\$m)	FY2013 Pro forma (\$m)	Pro forma Change (%)
CBD	42.9	44.1	(2.7%)
Resorts	22.7	20.7	9.6%
Central Revenue and Distribution	25.8	21.4	20.6%
Corporate	(29.0)	(28.5)	1.9%
Total	62.4	57.7	8.1%



1. EBITDAI Excludes \$1.1m Net Reversal of Impairment (2013: \$2.5m)

N.B Statutory FY2014 EBITAI \$61.3m

Balance sheet and credit metrics

	30 Jun-14 Actual (\$m)
Cash	31.4
Other current assets	41.6
Current assets	73.0
PPE	93.7
Intangible assets	347.8
Other non-current assets	1.5
Total assets	516.0
Trade and other payables	45.1
Other	34.1
Total current liabilities	79.2
Borrowings	110.2
Other non-current liabilities	69.6
Total non-current liabilities	179.8
Total liabilities	259.0
Net assets	257.0

Comments

- Net debt / FY2014 pro forma EBITDAI of 1.3x, comfortably within target range of 1.3x to 1.6x
- Well within debt covenants under New Banking Facilities
- Strong Balance sheet leaves the Group in a good position to take advantage of growth opportunities

Credit metrics	
Borrowings (\$m)	110.2
Cash and cash equivalents (\$m)	31.4
Net total indebtedness	78.8
Net debt / FY2014 pro forma EBITDA	1.3x
FY2014 pro forma EBITDA / pro forma net finance cost	15.9x



FY2015 Outlook

Mantra reaffirms its FY2015 Prospectus forecast:

- 1 Revenue: \$490.9m
- 2 EBITDA: \$69.5m
- 3 EBIT: \$51.0m
- 4 NPAT: \$32.6m
- 5 Mantra Group has a strong pipeline with a strong balance sheet



Growth strategy - delivering Shareholder value

Mantra Group has a number of initiatives that are expected to drive growth in excess of industry growth.

-
- 1 Continue to build Mantra Group brands
 - Refurbishment
 - Service Programs
 - Marketing
-

- 2 Grow RevPAR and improve yield management
-

- 3 Continue to optimise distribution channels
-

- 4 Continue to expand via new properties
-



New properties FY14

Mantra Group opened a record 8 new properties in FY14. All specifically identified properties in the Prospectus are now part of the portfolio.

Mantra Frangipani,
Broome

MLR

62 rooms



Soul, Surfers Paradise

HMA

69 rooms



BreakFree Long Island

MSA

140 rooms



BreakFree, Brisbane

MLR

87 rooms



New properties FY14 (cont.)

Mantra Group opened a record 8 new properties in FY14. All specifically identified properties in the Prospectus are now part of the portfolio.

Peppers Sentosa,
Seminyak

MLR

153 rooms



Mantra Wollongong

HMA

54 rooms



Mantra on the Quay,
Brisbane

MLR

86 rooms



Mantra St Kilda Road,
Melbourne

LEASE

159 rooms



New properties FY15

Mantra Group has opened 5 new properties in FY15

Peppers Gallery Hotel
Canberra
LEASE
80 rooms
July, 2014



New properties FY15 (cont.)

Mantra Group has opened 5 new properties in FY15

Mantra Terrace Hotel
Brisbane
MA
84 rooms
July, 2014



New properties FY15 (cont.)

Mantra Group has opened 5 new properties in FY15

Mantra on Edward
Brisbane
LEASE
114 rooms
October, 2014



New properties FY15 (cont.)

Mantra Group has opened 5 new properties in FY15

Mantra Midtown
Brisbane
MLR
103 rooms
October, 2014



New properties FY15 (cont.)

Mantra Group has opened 5 new properties in FY15

BreakFree on Clarence
Sydney
MA
50 rooms
October, 2014

Re-development potential



Properties scheduled to enter portfolio

Mantra
Brisbane
MA
110 rooms
December, 2015



Properties scheduled to enter portfolio (cont.)

Mantra
Townsville
HMA
181 rooms
June, 2016



Properties scheduled to enter portfolio (cont.)

Peppers
Melbourne
LEASE
87 rooms
April, 2016



Properties scheduled to enter portfolio (cont.)

Mantra
Pecatu, Bali
MA
30 rooms
December, 2015



Properties scheduled to enter portfolio (cont.)

Peppers
Perth
MA
120 rooms
December, 2015



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