MANTRA GROUP

PEPPERS mantra BreakFree

MANTRA GROUP ANNOUNCES RESULTS FOR YEAR ENDED 30 JUNE 2015

HIGHLIGHTS

- Total revenue of $498.8 million representing a 9.7% increase on FY2014
- NPAT was $36.2 million, up $36.5m on FY2014
- EBITDAI of $73.1 million up 19.2% on FY2014
- NPATA of $38.9 million, up $36.5million on FY2014
- Basic EPS of 14.2 cents per share, compared to (0.3) cents per share for FY2014
- Fully franked final dividend of 5 cents per share to be paid on 6 October 2015 bringing total dividend for the year to 10 cents per share
- Strong pipeline of development opportunities
- 11 hotels joined the network in FY2015

Mantra Group Limited (Mantra Group) (ASX code:MTR) today announced its results for the year ended 30 June 2015.

Mantra Group Chief Executive Officer Bob East said: "Following the listing of Mantra Group on the ASX in June 2014, FY2015 has proven to be another successful year in growth and development with a focus on portfolio growth in strategically aligned properties and destinations aimed at increasing shareholder value. This has been endorsed by the addition of 11 new properties to the portfolio, a well supported capital raise of $56.7 million in March 2015 and an increase in Mantra Group's share price by approximately 90%."

"We are pleased to report that for the year ended 30 June 2015, the Group achieved earnings above that forecast in its prospectus for IPO and at the top end of the updated guidance range announced on 1 May 2015. The Group delivered total revenue of $498.8 million representing a 9.7% increase on FY2014. NPAT was $36.2 million, up $36.5m on FY2014 and EBITDAI of $73.1 million up 19.2% on FY2014. This result reflects the strength of the performance of the business in FY2015 driven by acquisitions, strong performances in each of the operating segments as well as an ongoing Management focus on cost control and improved efficiencies in key areas of the business. With total assets of $601.4 million, net assets of $337.4 million and a strong cash flow the Group is well placed to deliver continued shareholder value in FY2016."

In line with the prospectus on IPO, in addition to the fully franked interim dividend of 5 cents per share, the Board is pleased to deliver a fully franked final dividend of 5 cents per share in respect of the year to 30 June 2015 bringing the total fully franked dividend for FY2015 to 10 cents per share.

The Group achieved year-on-year growth in each of its key operating segments. Highlights include:

- CBD delivered revenue of $272.3 million and EBITDAI of $47.3 million representing a year-on-year increase in revenue of 15.3% and 10.3% in EBITDAI. Among other factors, new properties, increased occupancy and average room rates driven primarily by improved business sentiment as well as sporting and major entertainment events in key CBD destinations contributed to the above budget performance.
- Resorts delivered revenue of $181.8 million and EBITDAI of $23.5 million representing increases on FY2014 of 2.5% and 4% respectively. This sector benefitted from consistent leisure demand in all key regions assisted by an increase in the capacity of domestic low cost carriers into key leisure destinations.
- Central Revenue and Distribution (CRD) delivered revenue of $41.8 million and EBITDAI of $29.9 million representing increases on FY2014 of 13.3% and 18.2% respectively. Fees from new properties under management in Brisbane, Sydney, Melbourne, Christchurch and Bali coupled with ongoing increases in central reservations driven by on-line booking volume, added to this performance.

Initiatives undertaken in FY2015 which contributed to the results included:

- Ongoing strategic focus on pipeline development resulted in the acquisition of 11 new properties in key destinations.
- The delivery of targeted refurbishment programs improved the quality of room inventory, service delivery and overall guest experience across each brand.
- Increased RevPAR (revenue per available room) via targeted sales, marketing and distribution initiatives aimed at securing quality corporate contracts and implementing systems that efficiently and cost effectively manage average room rates across the Group.
- Optimisation of distribution channels by capitalising on increasing trends towards online and central reservation channels.
- Management’s focus on corporate cost control and economies of scale continued to drive cost efficiencies.

Network Growth

The increased focus on growth and development aimed at increasing Mantra Group's portfolio and room inventory in strategic aligned properties and locations continued to gain momentum in FY2015 with acquisitions of properties in each of its three complementary brands - Peppers, Mantra and BreakFree. These acquisitions were key milestones in the development of Mantra Group in that it secured its first CBD hotel under the Peppers brand, opened its largest hotels in Melbourne in January 2015, added three properties to its Brisbane portfolio, one additional property in Sydney CBD, increased its portfolio in Tasmania by two properties, opened its second property in Bali and as part of the revitalisation of Christchurch opened a re-developed hotel in Christchurch CBD.

Strategy and FY2016 Outlook

In the first two months of FY2016, Mantra Group added five new properties to its portfolio. Four of these properties acquired as part of the Outrigger acquisition are located in popular leisure destinations which significantly increase Mantra Group's prominence in these locations. BreakFree on Collins in Melbourne was acquired in July and the Soul, Surfers Paradise transition complemented the Peppers brand in another prime leisure destination.

Other acquisitions, aligned with Mantra Group's growth and development strategy, to commence operating in FY2016, include properties in Bali, Adelaide, Brisbane, Gold Coast, Melbourne and Perth.

In our commitment to drive growth and deliver shareholder value in FY2016, Mantra Group will continue to:

- Focus on growing its portfolio in strategically aligned CBD and leisure destinations in Australia, New Zealand and Asia;
- Ensure Mantra Group is well positioned to optimise and capitalise on the forecast increase in the inbound tourism market primarily from China and other Asian countries;
- Strategically explore opportunities and models which will enable Mantra Group to capitalise on diversified asset acquisition opportunities;
- Deliver quality room inventory and service via ongoing targeted refurbishment and service delivery programs;
- Optimise distribution channels as well as increase mobile capability, social media and website optimisation.

Mr East said: "In the year ahead Mantra Group is well positioned to capitalise on growth and development via asset and investment opportunities and take advantage of its strong development pipeline and forecast growth in Australia's tourism sector aimed at increasing shareholder value."

Mantra Group is a leading manager and marketer of hotels and resorts in Australia, New Zealand and Indonesia and operates three well-known and trusted brands – Peppers, Mantra and BreakFree. With 120+ properties and over 14,000 rooms under management, Mantra Group is the second largest accommodation operator in Australia. The Group is positioned to offer both leisure and business style accommodation ranging from full service city hotels and self-contained apartments to luxury resorts and retreats.www.mantragroup.com.au; www.peppers.com.au; www.mantra.com.au,www.breakfree.com.au

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