

## SEALINK TRAVEL GROUP ANNOUNCES STRONG INTERIM RESULT

### Highlights

- Acquisition of Transit Systems marine businesses and successful capital raising
- NPAT of \$8.6m for 1HFY16, 82% ahead of 1HFY15 of \$4.7m
- Underlying earnings per share of 10.4 cents, 68% ahead of 1HFY15 earnings per share of 6.2 cents
- Fully franked interim dividend of 4.5 cents per share, up 18.4% on previous interim dividend
- Acquisition of Transit Systems marine businesses and successful capital raising
- Underlying EBIT (pre expenses related to the acquisition) of recently acquired South-East Queensland ("SEQ") and Gladstone business unit of \$5.3m – comfortably meeting expectations
- Revenue of pre-acquisition businesses of \$59.2m, up 4.3% on previous corresponding period's revenue of \$56.8m
- EBIT of pre-acquisition business units of \$8.7m, up 23.3% on previous corresponding period's underlying EBIT of \$7.1m
- Key operational contract wins for ferry transportation to Gladstone LNG plants
- Renewed contracts in south-east Queensland – Moggill Ferry and Mineral Sands
- Successful launch of new ferry service to White Bay Cruise Terminal in Sydney
- SeaLink's pre-acquisition business well-positioned to improve on FY15 results, assuming normal business and weather conditions
- The newly acquired Gladstone and SEQ business unit is expected to significantly add to reported profit after tax for the second half of FY16

SeaLink Travel Group (ASX: SLK) ("SeaLink" or "the Company") today announced Net Profit After Tax (NPAT) of \$8.6m for the 6 month period ending 31 December 2015 (1HFY16), representing an increase of 82% on NPAT of \$4.7m for the 6 month period ending 31 December 2014 (1HFY15).

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) were \$16.3m, representing an 80% increase on EBITDA of \$9.0m for 1HFY15.

The Board has declared a fully franked interim dividend of 4.5 cents per share, payable on 15 April 2016, which represents a payout ratio of 53% (in line with SeaLink's stated policy of returning 50%-70% of its after tax profit) and an increase of 18.4% on the previous interim dividend.

Revenue growth of 4.3% to \$59.2m was achieved for the pre-acquisition business units in a competitive market environment, with the key drivers being higher dining sales for Captain Cook Cruises, growth in SeaLink's Kangaroo Island ferry and KI Odysseys operations, and new ferry route services and increased Hop-On Hop-Off sales on Sydney Harbour.

The Company continued to invest in growing its operations, with capital expenditure of \$2.0m for ferry upgrades, the new mobile ferry pontoon at White Bay and additions to the coach fleet.

SeaLink also benefited from lower fuel prices. Fuel expenses were \$0.6m lower than the previous corresponding half.

Managing Director Jeff Ellison said the first half of 2016 was one of transformation where the Company focussed on acquiring and integrating the Transit Systems marine businesses.

“The SEQ and Gladstone business unit is comfortably meeting expectations and we are very optimistic about the options that a larger and more versatile fleet can provide SeaLink. The pre-acquisition business units continue to build on the solid momentum established in FY15” Mr Ellison said.

“We are well placed to continue growing our tourism-related businesses in a competitive environment, and are encouraged by the response to our new ferry services and the uplift in sales for the lunch and dinner cruise segment on Sydney Harbour“ Mr Ellison said.

## Divisional Results

### SeaLink South Australia

The 20.2% increase in EBIT to \$6.1m in H1FY16 from \$5.1m in H1FY15 was primarily attributable to the benefits of lower fuel prices, higher tour operations sales, and improved contributions from travel centres.

SeaLink South Australia, which includes touring, accommodation and holiday packages, achieved revenue growth of 1.9% to \$32.1m for the half, on the back of increased tourism traffic flow to Kangaroo Island and good sales growth from Kangaroo Island Odysseys, which offers a range of luxury, personalised eco, nature and wildlife tours from Adelaide. Both passenger and vehicle volumes increased by 2% although freight was down 9%, reflecting lower agricultural output. Lower margin accommodation packaging sales held back sales growth as suppliers reduced stock available to package.

Murray Princess sales growth continued, increasing 4.4%. Its profit contribution was flat as higher wages associated with a new enterprise bargaining agreement offset the benefit of increased sales.

Spend on vessel repairs and maintenance for the Kangaroo Island based vessels was \$0.4m higher because of a scheduled out of water slipping for the Spirit of Kangaroo Island.

## Captain Cook Cruises

Captain Cook Cruises' sales and product range continued to grow in the first half of FY16. Sales rose by 8.6% to \$18.7m in H1FY16 from \$17.2m in H1FY15. The EBIT contribution was flat due to start-up costs from the new Watsons Bay and White Bay ferry services and a softening in the charter market.

The sales increase continues to reflect increased demand from China, with sales from this source 26% higher compared to the previous corresponding half. Sales increases also came from the Hop-On Hop-Off ferry offering, which continues to increase its market penetration, with the additional Manly leg proving popular.

Fleet expansion continued with SeaLink launching the operation of the Beatrice Bush, its mobile ferry pontoon at White Bay Cruise Passenger Terminal. Services to and from the pontoon are proving to be popular, as access to the terminal by ferry is a more convenient and cost-effective alternative to travelling in Sydney traffic for many cruise passengers.

In March 2015, Captain Cook Cruises started a new commuter ferry service between Watsons Bay and Circular Quay. After building passenger patronage, this service is now generating positive returns.

## SeaLink Queensland and Northern Territory

This business unit's EBIT contribution increased by 161% from \$0.6m in H1FY15 to \$1.3m in H1FY16, on sales growth of 4% from \$8.1m to \$8.5m.

Revenue from SeaLink Queensland, based in Townsville, increased marginally, with a 1.9% higher contribution from its core Magnetic Island ferry service. The main drivers to a higher EBIT contribution were lower fuel costs and lower vessel maintenance expenses compared to H1FY15, a period in which substantial works were undertaken on the Reef Cat's superstructure.

Positive trends are emerging, with passenger numbers increasing on the back of further backpacker demand.

SeaLink Northern Territory performed to expectations in the first half of FY16, achieving sales growth, mainly through a new tourism offering to the Tiwi Islands. SeaLink continues to look for further opportunities to expand ferry services in the Northern Territory.

## SeaLink Gladstone and South East Queensland

The marine business of Transit Systems ("TSM") has been performing comfortably to expectations since the acquisition was completed on 6 November, 2015. Underlying EBIT for the business unit (before acquisition-related expenses of \$0.9m) was \$5.1m for the two months to 31 December.

During the period between signing the contract to acquire the TSM business and settlement on 6 November, 2015, two new operational contracts for Gladstone were signed. These are now coming on-stream in addition to the existing contracts to supply vessels during the construction phase of the Curtis Island LNG plants. Various vessels will be coming off contract over the next 18 months as the LNG plants' construction work is completed. To date one vessel, the Mandurama, has been demobilised and was transferred to Sydney.

In December 2015, the business secured a further five year contract to provide a tug and barge service to transport mineral sands from North Stradbroke Island to Pinkenba on the Brisbane River. Given the long term commitment, SeaLink has committed to purchase a tug, custom designed barge and an excavator. The new contract commenced on 1 January 2016.

Also in December 2015, SeaLink signed a further five year contract for the Moggill Ferry, which operates across the Brisbane River.

## Outlook

The second half of the financial year has started well, with all business units performing ahead of projections for January. Key areas of focus for the remainder of the year include:

- Integrating Stradbroke Island into SeaLink's international and domestic marketing programs;
- Improving margins for Captain Cook Cruises through changes to pricing;
- Crystallising opportunities to use the Capricornian vessels after the completion of the Gladstone construction contracts; and
- Continuing to seek new business opportunities that will enhance, leverage and complement our capabilities and growth strategies.

Following the major acquisition of TSM, we expect that this business will significantly add to reported profit after tax for the second half of the financial year.

SeaLink's pre-acquisition business is well-positioned to improve upon its FY15 results, assuming normal seasonal and business conditions for the remainder of the 2016 financial year.

## For more information please call:

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## About SeaLink Travel Group

SeaLink Travel Group is one of Australia's most dynamic tourism and transport companies bringing the nation's best tourism experiences to the world. With almost 1,000 staff across the country servicing six million customers annually with a fleet of 62 vessels and 30 coaches, the Adelaide-based company has undergone a remarkable period of growth, emerging as a significant player on the national tourism and transport scene.

SeaLink's operations extend across New South Wales, Queensland, Northern Territory and South Australia, and includes:

- Ferry and barging services in south-east Queensland and Gladstone in Queensland
- Cruises, ferry and charter services on Sydney Harbour and on the Murray River
- Passenger ferry service in Townsville, Queensland and Darwin, Northern Territory
- Passenger, vehicle and freight service between Kangaroo Island and the South Australian mainland
- Day tours, extended touring and charter operations on Kangaroo Island and on the South Australia mainland
- Tour wholesaler to the travel trade
- Exclusive 4WD foreign language tour adventure based tours
- Retail travel agencies in Adelaide, Sydney and Townsville
- Adventure, accommodation and restaurant at Vivonne Bay, Kangaroo Island

SeaLink listed on the Australian Securities Exchange in October 2013.