

22 August 2018

ABN 49 109 078 257. ACN 109 078 257

SEALINK TRAVEL GROUP ANNOUNCES FULL YEAR RESULT IN A YEAR OF INVESTING FOR FUTURE GROWTH

SEALINK SET FOR 2019 LEAP IN EARNINGS

Highlights

- Record sales of \$209.4m (up 4.0% from \$201.4m in 2017) driven by the acquisition of Kingfisher Bay Resort Group on Fraser Island, new ferry services, and growth in core tourism and transport operations in South Australia, South-East Queensland, Townsville and New South Wales.
- Underlying second half performance in line with expectations, with underlying 2018 Net Profit After Tax (NPAT) of \$22.1M (before business acquisition costs and new route start-up costs), down 7.1% on the previous year (\$23.8m)
- Underlying EBITDA (before acquisition costs and new route start-up costs) of \$46.5m
- Underlying basic earnings per share of 21.8 cents
- Fully franked final dividend of 8.0 cents per share, in line with 2017 final dividend

SeaLink is positioned for strong growth in earnings in 2019 with: the full year impact of the Fraser Island acquisition; the newly awarded ferry service to Bruny Island; anticipated improved profitability on the Barangaroo and Rottnest Island services; and expected higher domestic and international visitation to our destinations.

SeaLink Travel Group (ASX: SLK) ("SeaLink" or "the Company") today announced an underlying Net Profit After Tax (NPAT) of \$22.1m (before acquisition costs and start-up costs related to major new ferry routes) for the financial year ending 30 June 2018, representing a decrease of 7.1% on NPAT of \$23.8m for the previous year.

Underlying Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) were \$46.5m, representing a 5.9% decrease on EBITDA of \$49.4m for 2017. Underlying EBITDA in 2018 was before business acquisition costs (\$2.6m), and new route start-up costs (\$0.4m). The underlying EBITDA margin in 2018 decreased to 22.1% from 24.5% in 2017, primarily reflecting trading losses associated with new ferry routes (\$1.8m), and Fraser Island EBITDA losses (\$0.3m) that reflects the expected performance in the low season for this operation.

Tourism operations in NSW also experienced some softness in demand growth in line with national in-bound tourism statistics in the second half of 2018. Lunch and dining operations in Western Australia remained subdued, albeit with signs of stabilisation in the second half of 2018. Corporate expenses increased \$0.5 million as part of the Company's strategy to develop an enhanced national sales and marketing, branding

22 August 2018

ABN 49 109 078 257. ACN 109 078 257

and IT infrastructure. This is expressly designed to create a strong engine for future growth as “One SeaLink”, a national tourism brand that operates to many of Australia’s most internationally recognised and loved marine tourism destinations.

The Board has declared a fully final interim dividend of 8.0 cents per share, payable on 3 October 2018, in line with the previous final dividend. Combined with the interim dividend of 6.5 cents per share, this represents a payout ratio of 66.4% of underlying NPAT of \$22.1m (before business acquisition expenses).

The Company continued to invest in its operations, with capital expenditure (excluding vessel and vehicle purchases as part of the Fraser Island acquisition) of \$13m primarily related to three new vessels and one new coach.

Managing Director and CEO Mr Jeff Ellison said “The results for 2018 were a result of strong investment in new opportunities to grow our national destination and service portfolio for the longer term. During the period under review, SeaLink: acquired the key resort, ferry and coach tour operations on Fraser Island, commenced two new ferry routes in Sydney and Western Australia, and won a competitive tender to operate the vehicular ferry service to Tasmania’s beautiful Bruny Island. 2018 was a year in which the benefits of fleet size and flexibility, a strong and improving sales and marketing and branding infrastructure, and strong operational competence came to the fore, through the above mentioned initiatives and achievements. Consequently, SeaLink anticipates it has positioned itself for an improvement in earnings in 2019.”

Divisional Results

SeaLink South Australia

The 2.3% increase in EBIT (before corporate allocations) to \$18.2m in 2018 (\$17.8m in 2017) was primarily attributable to continuing strong demand for the PS Murray Princess, closure of the low margin NSW Travel Centre and the growth in passenger volumes on the Kangaroo Island ferry service.

SeaLink South Australia, which includes touring, accommodation and holiday packages, achieved a reduction in revenue from \$67.5m in 2018 to \$64.2m in 2017. This was attributable to the full year impact of the closure of the NSW retail travel centre in June 2017 and lower accommodation sales. Revenues, excluding the travel centre and accommodation sales, grew 4.9% in the period. This was primarily attributable to sales growth for the *PS Murray Princess*, increased tourism flow to Kangaroo Island and improved touring sales.

PS Murray Princess reported a higher profit contribution as a result of continued growth in patronage.

22 August 2018

ABN 49 109 078 257. ACN 109 078 257

Captain Cook Cruises – New South Wales and Western Australia

The Company's Captain Cook Cruises operations recorded an 8.1% increase in sales revenue in 2018, and an 86.9% decrease in EBIT before corporate allocations from \$3.7m in 2017 to \$0.5m in 2018. Sales growth was attributable to the introduction of new ferry services to Rottnest Island and between Manly and Barangaroo. The decline in EBIT was primarily attributable to combined start-up costs and trading losses related to these new services of \$2.2m, and the impact on profit margins in WA from lower Swan River dining cruise sales.

Sales growth for Captain Cook Cruises NSW's higher margin dining and sightseeing operations grew by 5.3%. Chartering revenue was lower, which was primarily attributable to the three month dry-lease charter to Tonga in the prior year not being repeated.

The *MV Captain Cook III* underwent a major refurbishment and upgrade to position her for additional charter and dining work over the next 10 years. There were some lost opportunities while the vessel was unavailable from September 2017 to November 2017.

Economic and trading conditions in WA remained subdued, but operating results for the Swan River dining business have stabilised in the second half of 2018. An overhaul has been completed on all Swan River tours and there is an increased focus on domestic and international marketing initiatives.

Whilst we were negatively affected during the construction phase of the Burswood Jetty at the new Optus Stadium (completed June 2018) CCC WA was successful in the tender for exclusive access to berth 1 of this jetty with positions the business for new sales opportunities ferrying passengers to events at the stadium.

SeaLink WA's economies of scale in its Rottnest Island ferry business have enable it to perform well in its first year of operations, even in a competitive market.

SeaLink Queensland

In Gladstone all ferry services were on long term operational contracts during the year (post construction of the LNG plants on Curtis Island), and operations have been performing to expectations. The South-East Queensland (SEQ) operations have benefited from higher sales on a well-controlled cost base. We continue to work effectively with the Queensland government and local community groups on further opportunities to grow tourism on North Stradbroke Island.

22 August 2018

ABN 49 109 078 257. ACN 109 078 257

SeaLink Townsville experienced strong sales and profit growth on the back of greater domestic and youth adventure visitation to Magnetic Island. Northern Territory operations have experienced expanded profitability, which is primarily attributable to strong operating performance on the Tiwi Island and expansion of the Groote Eylandt services.

Underlying EBIT for the business unit (before corporate allocations) was \$22.1m in 2018, compared to \$22.0m in 2017. Sales revenue decreased by 5.4% from \$82.9m to \$78.4m. A reduction in sales from Gladstone of \$10.2m in 2018 reflects the fully anticipated change from construction phase to operational phase contracted rates. Excluding Gladstone-related sales, sales for the SeaLink Queensland business unit, excluding Gladstone, grew 5.2% between 2017 and 2018.

SeaLink Fraser Island

Our Fraser Island operations contributed sales of \$11.5m and an EBIT loss (before corporate allocations and acquisition costs) of \$1.0m, since acquisition on 26 March 2018. This result was in line with our expectations as this is the non-peak / low season for the business. The integration of the Fraser Island business has progressed well, and we are in a good position to capitalise on the growth opportunities that exist.

Outlook

The Company is well positioned to significantly improve upon its 2018 full year underlying net profit after tax result, assuming average seasonal and current business conditions remain. We expect the benefits of our strategic focus to continue to evolve.

Key drivers of expected profit growth are:

- The full year EBITDA contribution of the Fraser Island acquisition - \$7.9m [acquisition];
- Anticipated reversal of trading losses from new ferry routes - \$1.8m [organic]
- Anticipated reversal of trading losses in Western Australia - \$0.7m [organic]
- Growth in existing businesses [organic]
- Contribution of the service to Bruny Island – September 2018 [new route]
- Lower tax rate in FY19 as a result the benefit of marine industry incentives
- potential upside from future acquisitions [M&A]

We continue to seek acquisitions that will enhance, leverage and complement our current capabilities and growth strategies.

22 August 2018

ABN 49 109 078 257. ACN 109 078 257

Overall 2019 has started in line with expectations.

We remain excited about the outlook for further organic tourism and transport growth opportunities throughout Australia, which the Company is very well-placed to identify and execute through growing economies of scale, well-proven fleet management and deployment capability, strengthening of an already significant international and domestic sales and marketing infrastructure, and a strong continuing focus on controlling costs.

Other Matters

After 27 years with SeaLink, Managing Director Jeff Ellison has announced his intention to retire at or before the October 2019 AGM in order to ensure a smooth transition to new leadership. The Board has commenced a national and international executive search to identify an appropriate replacement for this role.

For more information please call:

Investors:

Andrew Muir, Chief Financial Officer, SeaLink Travel Group 0423 027 745

Michael Hughes, Commercial Director, SeaLink Travel Group 0438 993 898

Media:

Helen McCombie, Citadel Magnus 0411 756 248

About SeaLink Travel Group

SeaLink Travel Group Limited (ASX: SLK) (SeaLink) is one of Australia's most dynamic tourism and transport companies bringing the nation's best tourism experiences to the world. With over 1,600 staff across the country servicing eight million customers annually and with a fleet of 77 vessels and 60 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, Western Australia 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 services in Townsville, Queensland and Darwin, Northern Territory and Western Australia
- Resorts, ferry service, and bus tours on Queensland's iconic Fraser Island
- Lunch and dinner cruises in Perth, Western Australia and Sydney Harbour
- Passenger, vehicle and freight service between Kangaroo Island and the South Australian mainland
- Day tours, extended touring and charter operations on Kangaroo Island and around South Australia
- Tour wholesaler to the travel trade
- Exclusive 4WD foreign language adventure based tours
- Retail travel agencies in Adelaide and Townsville
- Adventure, accommodation and restaurant at Vivonne Bay, Kangaroo Island.

SeaLink listed on the Australian Securities Exchange in October 2013. (ASX: SLK)