

MANTRA GROUP ANNOUNCES RESULTS FOR THE HALF YEAR ENDED 31 DECEMBER 2015

HIGHLIGHTS

- Statutory total revenue of \$307.4m was up 21.7% on H1FY2015
- Statutory NPAT was \$24.3m, higher than statutory NPAT for H1FY2015 of \$21.8m
- Statutory basic EPS of 9.0 cents per share, compared to 8.7 cents per share for H1FY2015
- Underlying* EBITDAI of \$53.2m was up 26.1% on the same period last year
- Underlying* EBITDAI growth, excluding new properties, of 11.0%
- Underlying* NPAT was up \$5.8m to \$27.6m on H1FY2015
- Underlying* basic EPS of 10.3 cents per share was 18.6% higher than the previous corresponding period
- 9 hotels joined the network in H1FY2016 and 1 has joined in January 2016
- Fully franked interim dividend of 5 cents per share to be paid on 24 March 2016
- Strong pipeline of development opportunities
- Update FY16 forecasts to EBITDAI, NPAT and NPATA of \$88.5m - \$90.5m, \$41.5m - \$43m and \$44.2m - \$45.7m

*Underlying results are the statutory results excluding transaction costs of \$4.8m incurred in respect of acquisitions completed during H1FY2016

Mantra Group Limited (Mantra Group) today announced its results for the half year ended 31 December 2015.

Mantra Group Chief Executive Officer Bob East said, "It's been another period of continued improvement across the Group. Mantra Group has continued to build on its strong foundations and continues to deliver growth in revenue and profitability. This has been achieved by the acquisition of nine properties in the six month period, an increase in domestic and international travellers enjoying Australian holidays and positive business sentiment in key capital cities."

"We are delighted to report that for the half year ended 31 December 2015, the Group performed strongly in terms of revenue, profitability and cash flow and is on track to deliver earnings in line with guidance given in August 2015. The Group delivered total revenue of \$307.4 million, representing a 21.7% increase on H1FY2015, and underlying EBITDAI growth of 26.1% compared to the previous corresponding period. This result reflects the contribution of the nine new properties acquired during the period, improved occupancy levels and average room rates in most of the regions as well as a focus by Management on cost control and improved efficiencies in key areas of the business."

He further said, "We are pleased by the performance of the properties we transitioned into the portfolio in the period and with the growth in underlying EBITDAI for the business excluding new properties which grew at 11.0% compared to the prior corresponding period."

And he acknowledged the importance of the property owners throughout the Mantra Group portfolio and the efforts of the 5000+ team members delivering exceptional service in the 126 hotels and resorts."

Mr East stated that "The Group is in a good financial position with total assets of \$713 million, net assets of \$350 million and a strong cash flow, and is well placed to deliver shareholder value in H2FY2016 and beyond."

The Group achieved period-on-period growth in each of its operating segments:

- CBD delivered revenue of \$157.4 million representing a period-on-period increase in revenue of \$21.0 million. \$6.8 million of the increase in revenue was from three new properties. EBITDAI for the period was \$27.7 million. Among other factors, city wide conference and increased corporate demand in Sydney, Melbourne, and Canberra, together with higher leisure demand driven by special events and lower airfares contributed to this result.
- Resorts delivered revenue of \$125.3 million and EBITDAI of \$21.7 million representing increases on H1FY2015 of 31.8% and 44.7% respectively. As well as the contribution from new properties (\$25.4 million revenue and \$4.7 million EBITDAI), this sector benefitted principally from strong short term domestic travel demand, particularly in Queensland, as well as an increase in international travellers taking advantage of low cost carriers.

□ Central Revenue and Distribution (CR&D) delivered revenue of \$23.1 million and EBITDAI of \$16.8 million representing increases on H1FY2015 of 14.9% and 6.3% respectively. The results from this segment were driven by ongoing growth in central reservations and on-line booking channels and the full six month contribution of three properties under management acquired in FY2015.

The Board has approved payment of a fully franked dividend of 5 cents per share for the period to 31 December 2015. Dividends will be paid on 24 March 2016.

Network Growth

Between July and December 2015 Mantra Group added nine new hotels to its network – six in the Resorts segment, of which four are on the Gold Coast - Australia's key leisure destination - and three to the CBD segment - one in each of Melbourne, Brisbane and Adelaide. Mantra Group's first Peppers property in Melbourne's CBD was added in January 2016, continuing the move of the Peppers brand into key CBD locations. Development pipeline is strong with Hotel Richmond by Mantra due to open in Brisbane in H2FY2016 and the first three towers in a portfolio of seven permanent rental residential properties scheduled to join the Group in July 2016, subject to customary settlement conditions. Further new properties are expected to enter the portfolio over the next twelve months with future new build developments awaiting construction.

Strategy and FY2016 Outlook

Mr East said that Mantra Group is committed to driving growth and delivering shareholder value in FY2016 and beyond.

"We are delighted to announce that taking into account all new properties added from 1 July 2015 to 18 February 2016, updated guidance for FY2016 EBITDAI is between \$88.5m and \$90.5m, NPAT between \$41.5 million and \$43.0 million and NPATA between \$44.2m and \$45.7m. This forecast excludes the transaction costs associated with acquisitions completed or to complete in FY2016," said Mr East.

Based on the Group's earning capability and strong cash flow position, Mr East said that the Mantra Group is well placed to continue to take advantage of growth opportunities in its ongoing commitment to deliver year-on-year shareholder value principally through growing the portfolio, delivering quality inventory, optimising distribution channels and capitalising on forecast increases in inbound tourism.

"We continue to strengthen our platforms and take advantage of leading distribution capabilities and brand appeal. These factors also benefit our development team as they continue to sign new properties into the portfolio," said Mr East.

ABOUT MANTRA GROUP

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 126 properties and over 14,800 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