



Mantra Group Limited (ASX Code: MTR)

ABN 69 137 639 395

2016 Annual General Meeting

17 November 2016

Chairman's Address

Peter Bush

Good Morning, I'm Peter Bush, Chairman of Mantra Group. I welcome you to the Annual General Meeting of the Company and thank you for your attendance.

I am pleased to announce that for the second full year since Mantra Group listed on the ASX, the business has performed well and continues to perform well!

Delivering total revenue of \$606.1 million, up 21.5% on FY15. Underlying NPAT was \$43.8 million, up \$7.6m on FY15 and underlying EBITDAI of \$89.8 million representing a significant 23.0% increase on FY15. The performance of the business driven by acquisitions, targeted product improvement, strong performances in each of the operating segments, a focus on cost control and improved efficiencies, all contributed to the result in line with guidance.

Mantra's share price at time of writing was \$3.20 per share, an increase of 78% since listing in June 2014. Mantra Group delivered a solid FY16 result, however it is not immune to market forces impacting share price volatility. Mantra Group has exciting growth opportunities ahead and is committed to continued business performance improvement aimed at delivering ongoing Security Holder value.

With a focus on portfolio growth in key destinations, 11 new properties joined the portfolio in FY16, earning Mantra Group the accolade as 'Australia's fastest growing hotel group in FY16'.

Strategic senior appointments during the year in both the Acquisitions and Digital Teams complemented the existing strengths in the Executive Team. The appointment of Tomas Johnsson as Chief Operating Officer and the consolidation of operations, marketing, sales, distribution and revenue under one reporting structure is driving improved business performance and efficiencies which aligned with cost management and performance improvement is expected to continue to drive Security Holder value.

Mantra Group delivered a final fully franked dividend of 5.5 cents per share bringing the total fully franked dividend for FY16 to 10.5 cents per share.

The acquisition of Ala Moana Hotel, Hawaii in July 2016 – Mantra's largest property boasting over 1000 rooms achieved record occupancy and room rates in its first three months of operation under the Mantra banner;



The acquisition of Southport Central increased the Group's existing permanent rental portfolio with a sizeable permanent rental property and is a catalyst for pursuing opportunities in this market sector.

Mantra Group is well placed to deliver on its strategy to acquire properties and increase room inventory in key destinations. The Ala Moana acquisition has proven Mantra Group's ability to acquire and successfully transition large scale assets.

Mantra Group is committed to driving its pipeline growth and development opportunities, exploring diversified acquisition models and delivering quality room inventory and hotel and resort facilities. These strategies aim to capitalise on the forecast growth in the tourism sector driven by increases in international visitors primarily out of Asia as a result of low cost airline capacity, the desirability of Australia as a tourist destination and increases in domestic tourism.

I thank our Owners, loyal Guests, Investors and all stakeholders for their support of Mantra Group during FY16.

I also thank my fellow non-Executive Directors, CEO Bob East, the Executive Team and the broader Mantra Group Team Members for their contribution and commitment during the year.

I look forward to ongoing growth, improved business performance and the continued success of the Mantra Group aimed at delivering Security Holder value into FY17 and beyond!



CEO Address

Bob East

Good Morning Ladies and Gentlemen

I am delighted as CEO of Mantra Group to welcome you to the Annual General Meeting of the Company and thank you for your attendance today. Mantra Group has had another successful year, delivering on its financial forecast. Continued focus on growth and development has delivered strategically aligned properties in key destinations.

My presentation that follows will provide information on market conditions and anticipated performance in domestic and international traveller forecasts and patterns, in particular from Asia, and its positive impact on the Australian tourism and accommodation sector. Australia is well placed to capitalise on the forecast increase in inbound travellers. The presentation will also touch on Airbnb which demonstrates that Mantra Group has not experienced any impact or noted any net loss of keys under Management, as a result of Airbnb. The focus should therefore be on the industry as a whole – all industry players make a positive contribution to the visitor economy.

11 new properties joined the Group in FY2016 - Mantra Group now boasts 126 properties across Australia, New Zealand, Asia and more recently Hawaii under our 3 brand strategy Peppers, Mantra and BreakFree!

A standout acquisition is undoubtedly Mantra Ala Moana, Hawaii which joined the Group at the end of July. I could not be more pleased with this acquisition, its current trading in market and most notably the contribution and commitment of Team members in Australia and Hawaii to this significant milestone.

Southport Central and Peppers Kings Square Hotel, Mantra's first Peppers property in CBD Perth, have also joined the portfolio since 30 June 2016.

A number of properties under construction have been secured. This provides for, future growth in room inventory, earning sustainability and exciting opportunities for Team Members! A number of these properties are scheduled to open during the 2017 calendar year. The presentation that follows will provide further insight into these and other acquisitions.

In FY16, key initiatives delivered increased earnings and Security Holder value – I mention a few:

- We grew the portfolio with sizeable properties in key destinations;
- Targeted refurbishment and service initiatives delivered improved quality room inventory across the portfolio;
- A Senior Acquisitions Manager was appointed and a permanent office in Singapore opened to deliver on Mantra's growth opportunities in this region;
- Websites have been upgraded to align with best practice, support increased volumes and improve mobile capability;
- Targeted sales, marketing and distribution initiatives delivered increased RevPAR (revenue per available room);
- A platform for corporate event facilitators to co-ordinate events across all Mantra Group properties from a single platform was implemented.
- A 'China Ready' program to capitalise on the increasing number of arrivals from Asian markets was rolled out.
- Initiatives focussing on ongoing Team Member training, development and career growth across our growing portfolio aimed at retaining Team Members and attracting quality candidates, have been implemented.



In FY17, Mantra is committed to driving ongoing growth by continuing to deliver on its key strategies. The Group's balance sheet and cashflow remain strong placing the business in a good position to capitalise on new opportunities as they arise.

With 4 months of trading completed I am pleased to reaffirm our guidance for FY17 EBITDAI to be between \$101m to \$107m – excluding the impact of any additional conditional or uncontracted properties as at 30 June 2016 and any transaction costs and foreign exchange translation associated with the acquisition of Mantra Ala Moana and other FY17 acquisitions.

As announced on 15 November, Stephen Hobson will join Mantra Group as CFO in February 2017. Stephen's skills and experience are well suited to Mantra Group and I look forward to Stephen's contribution to the Group.

I would like to thank:

- Our increasing number of Owners, loyal Guests, Investors and all stakeholders for their commitment and support of the Mantra Group;
- My fellow Board Members for their support during the year;
- And finally and importantly Mantra's passionate Team Members whose effort and commitment continuously exceeds expectations in delivering on every aspect of the business contributing to the ongoing success of the Mantra Group!

I look forward to the year ahead in which the business is expected to continue to grow and deliver Security Holder value.

