

# Kelsian Group Limited

FY24 Half Year Results

## Investor Presentation

**Clint Feuerherdt**  
Managing Director & Group  
Chief Executive Officer

**Andrew Muir**  
Group Chief Financial Officer

**28 February 2024**

# 1. INTRODUCTION

2. 1HFY24 Overview

3. 1HFY24 Financial Results

4. 1HFY24 Divisional Performance

5. Growth Strategy & Outlook

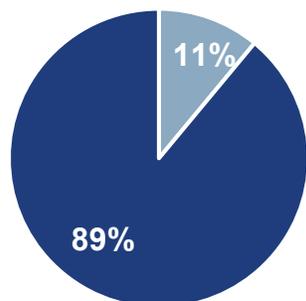


# Introduction to Kelsian

A diversified global business with a majority of highly defensive, long-term, government-backed, service contracts

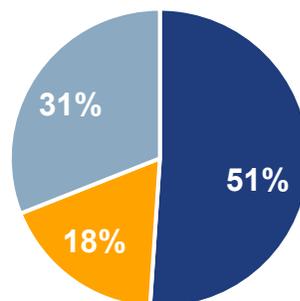
<p><b>\$1.5 billion</b></p> <p><b>ANNUALISED CONTRACTED REVENUE</b></p> <hr/> <p>Predictable earnings base from long-term, low risk, government backed service contracts.</p>	<p><b>WELL HEDGED COST BASE IN AN INFLATIONARY ENVIRONMENT</b></p> <hr/> <p>Indexation for fuel price and wages, CPI increases for majority of contracts, ability to pass on fare increases in Marine &amp; Tourism.</p>	<p><b>HIGHLY SCALABLE</b></p> <hr/> <p>Established global operator that is highly scalable, with established barriers to entry eg infrastructure, reputation and track record of delivery.</p>	<p><b>LEADERS IN DECARBONISATION</b></p> <hr/> <p>Australia's largest zero-emission bus fleet and the largest electrified bus depot.</p>	<p><b>KELSIAN OPERATIONAL NUMBERS (LTM)</b></p> <p> <b>&gt;332 million</b> ANNUAL CUSTOMER JOURNEYS</p> <p> <b>12,246</b> EMPLOYEES</p> <p> <b>5,567</b> BUSES</p> <p> <b>115</b> VESSELS</p> <p> <b>19</b> ISLAND CONNECTIONS</p>
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Contracted VS Uncontracted Revenue (1HFY24)



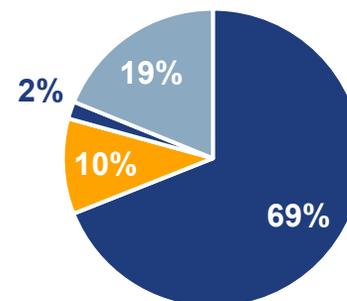
■ Uncontracted Revenue ■ Contracted

Revenue By Division (1HFY24)



■ Australian Bus ■ M&T ■ International Bus

Revenue By Geography (1HFY24)



■ Australia ■ Singapore ■ UK ■ USA

\* Contracted or non-discretionary revenues  
^ Operational Numbers as at 31 December 2023  
‡ UK includes Channel Islands

# Overview of business divisions

A diversified global business, with a majority of highly defensive, long-term, government-backed, service contracts

 <p><b>AUSTRALIAN BUS</b></p> <p>Public transport services under contract to state government agencies in Australia</p>	 <p><b>INTERNATIONAL BUS</b></p> <p>Public transport services under contract to government agencies in Singapore and the Channel Islands</p>	 <p>Six geographically diversified, highly regarded motorcoach brands operating across seven contiguous states in the USA</p>	 <p><b>MARINE &amp; TOURISM</b></p> <p>Passenger and vehicle ferries, tourism experiences and accommodation in Australia</p>
<p><b>*Remaining Average Contract Term: 4.6 Years</b></p> <p><b>CHARACTERISTICS</b></p> <ul style="list-style-type: none"> <li>• Essential transport services to major cities</li> <li>• Government and blue-chip counterparties</li> <li>• Long-term contracts</li> <li>• Opportunity to increase yield and margin over term of contract</li> <li>• Annual price increases</li> <li>• No farebox risk</li> <li>• Mostly capital light</li> <li>• Managing infrastructure on behalf of governments or enjoying government-backed funding arrangements</li> </ul>	<p><b>*Remaining Average Contract Term: 4.1 Years</b></p> <p><b>CHARACTERISTICS</b></p> <ul style="list-style-type: none"> <li>• Government transport services</li> <li>• Government counterparties</li> <li>• Long-term contracts</li> <li>• Opportunity to increase yield and margin over term of contract</li> <li>• Annual price increases</li> <li>• No farebox risk</li> <li>• Mostly capital light</li> </ul>	<p><b>*Remaining Average Contract Term: 1.7 Years</b></p> <p><b>CHARACTERISTICS</b></p> <ul style="list-style-type: none"> <li>• Diverse and loyal customer base</li> <li>• Focus on corporate, government, education, LNG and tourism sectors</li> <li>• Highly regarded brands with strong cultural alignment</li> <li>• Diversified geographic footprint across high population growth states</li> </ul>	<p><b>*Remaining Average Contract Term: 12.8 Years</b></p> <p><b>CHARACTERISTICS</b></p> <ul style="list-style-type: none"> <li>• Secure landing rights and freehold properties</li> <li>• Preferred operator status to most destinations</li> <li>• Serving 19 unique island destinations, difficult to replicate</li> <li>• Provides essential transport services to island residents, businesses and visitors</li> <li>• Exposure to domestic and international tourism</li> <li>• Includes a range of government and corporate contracted routes and services.</li> </ul>

\*Revenue weighted average remaining contract term as at 31 December 2023; contract term includes contract extension options

# Kelsian is Australia's sustainable transport leader

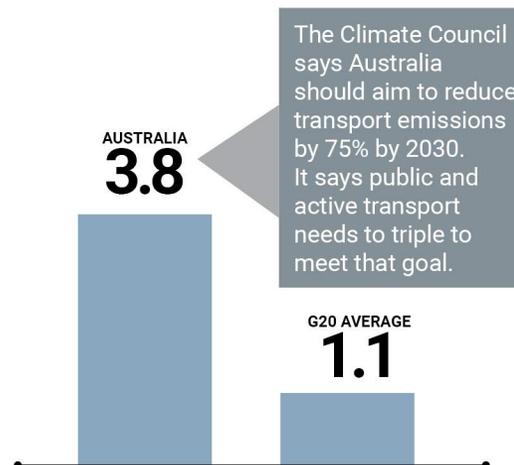
Public transport provides a compelling solution to reducing transport emissions



SOURCE: IBIS WORLD Public Transport in Australia March 2023

## TRANSPORT EMISSIONS PER CAPITA

(Excluding aviation) tonnes of CO2 per capita in 2021



SOURCE: Climate Transparency 2022

## KELSIAN IS AT THE FOREFRONT OF USING ZERO-EMISSION VEHICLE TECHNOLOGY

**94**

BATTERY ELECTRIC BUSES

31 DEC 2023

**379**

ZERO EMISSION BUSES

TARGETED BY 31 DEC 2025

**4**

HYDROGEN FUEL CELL BUSES

31 DEC 2023

Committed plans underway for grid upgrades and charging infrastructure.

Largest electrified depot in Australia at Leichhardt, Sydney.



By the end of this decade, we should be aiming to more than halve the number of car trips that Australians make. This can be achieved by significant investment in electrified public transport and well-connected infrastructure for active modes like walking and cycling. We need this investment to enable **3.5 times more trips to be made on public transport**, and 3 times more trips to be made using active modes. **Climate Council Report** | SHIFTING GEAR: The Path to Cleaner Transport (Key Finding # 4)

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## 2. 1HFY24 OVERVIEW

3. 1HFY24 Financial Results

4. 1HFY24 Divisional Performance

5. Growth Strategy & Outlook

## 1HFY24 Result

- AAAHI integration now complete
- Further investment to capitalise on organic growth opportunities
- New Sydney contracts commenced
- Contract resilience (cost indexation)
- Asset investment to capitalise on growth opportunities
- Prudent capital management

# 1HFY24 financial snapshot

Result reflects integration of AAAHI and addition of new Sydney metropolitan bus contracts

### Revenue

Up 44.9% pcp

**\$982.7m**

### Underlying\* EBITDA

Up 63.5% pcp

**\$130.5m**

### Underlying\* NPATA\*\*

Up 20.4% pcp

**\$43.1m**

### Net Operating Cashflow

Up 63.3% pcp

**\$60.3m**

\* Adjusted for one-off costs associated with M&A and abnormal items

\*\* Net Profit after Tax and before Amortisation

## Result reflects benefit of diversified businesses

- Strong revenue growth
- EBITDA improvement illustrates benefits of scale and addition of higher margin AAAHI business
- Benefits of cost indexation
- Strong and predictable operating cashflow
- Financial result and Balance Sheet supports period of record investment in growth

# 1HFY24 operational & strategic highlights

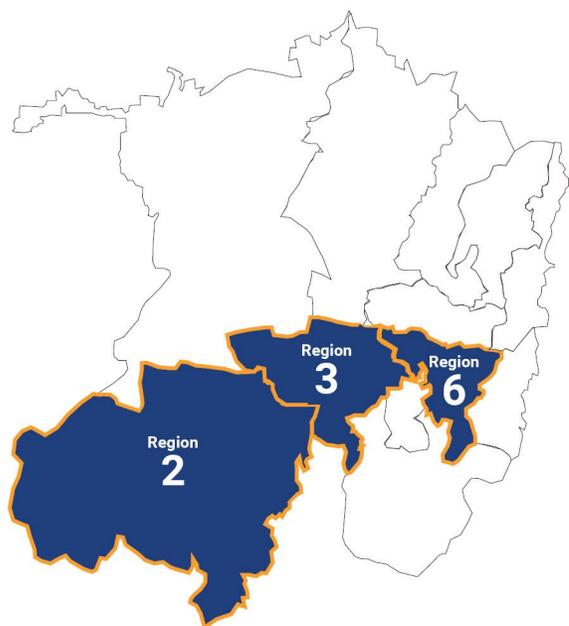
Solid progress on delivering organic growth strategy and successful integration of recent acquisitions

 <p><b>AUSTRALIAN BUS</b></p>	<ul style="list-style-type: none"><li>• Successful commencement and integration of new Sydney bus contract Regions 2, 13 and 15</li><li>• Labour availability addressed due to well executed recruitment, retention and training programs</li><li>• Decarbonisation of fleet on plan, with 94 Battery Electric Buses (BEBs) and four Hydrogen Fuel Cell Buses as at 31 December 2023</li></ul>
  <p><b>INTERNATIONAL BUS</b></p>	<ul style="list-style-type: none"><li>• Full services operated during the period despite higher absenteeism</li><li>• Patronage and staffing have returned to pre-COVID levels, performance incentives received, albeit at lower levels</li><li>• Visitation to Jersey and Guernsey exceeded pre-COVID levels during the period</li><li>• Graeme Legh transitioned to AAAHI's Chief Executive Officer role in September 2023, USA advisory board established</li><li>• Solid progress in the integration of AAAHI, with all critical integration projects now complete</li><li>• Coach charter and contracted operations continued to perform strongly reflecting both new contracts and renewals</li></ul>
 <p><b>MARINE &amp; TOURISM</b></p>	<ul style="list-style-type: none"><li>• Demand overall held up well, notwithstanding inclement weather in November, December. Price increases introduced to offset inflation</li><li>• Appointment of Chief Operating Officer, David Hay</li><li>• Further expansion in Whitsundays with acquisition of Red Cat Adventures (settled 1 February 2024)</li></ul>
 <p><b>STRATEGIC / ESG</b></p>	<ul style="list-style-type: none"><li>• Limited-recourse asset financing structures established to fund and house government-backed contracted assets and Battery Electric Buses</li><li>• Contracted to acquire several strategic property assets in Australia</li><li>• Commenced self-insurance for workers compensation in NSW</li><li>• Board renewal with the appointment of Jackie McArthur, from January 2024 and Fiona Hele to become Independent Chair from 1 July 2024</li></ul>

# Expanded footprint; now the largest bus operator in Sydney

Successful integration of new contracts demonstrating experience and operational excellence

## SYDNEY'S LARGEST BUS OPERATOR



 **58 MILLION+**  
CUSTOMER JOURNEYS

 **2,583**  
EMPLOYEES

 **1,254**  
BUSES

 **11**  
DEPOTS

As at 31 December 2023

## SEAMLESS TRANSITION



Highlight was the seamless transition of new contract regions on time and on budget, demonstrating operational excellence in transitioning large and complex bus networks.

## HIGH PERFORMANCE OUTCOMES

From network planning to procurement and operational management, vehicle maintenance and human resourcing, Kelsian has a record of high-performance outcomes.

## TRANSITION IN NUMBERS

**700** NEW STAFF  
**380** BUSES  
**5** NEW DEPOTS  
**540** NEW SCHOOL ROUTES



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# Summary Profit & Loss Statement

Solid 1HFY24 result reflects AAAHI acquisition and new Sydney contracts

- Strong revenue growth reflects AAAHI contribution and new Sydney contracts
- Contract indexation mechanisms effectively hedge inflation for the majority of bus businesses (fuel price, wage inflation, CPI)
- Higher labour costs due to labour availability challenges, increased overtime
- Non-cash amortisation charge associated with customer contracts intangibles of \$16.7 million
- Increased depreciation reflects resetting the asset base associated with the purchase price accounting for AAAHI (a one-off \$10 million impact of accelerated depreciation in FY24), acquisition of bus assets for Sydney contracts and purchase of additional motor coaches in the USA
- Higher interest reflects higher interest rates associated with unhedged portion of borrowings, additional borrowings to fund bus and motor coach assets for Sydney and USA and right of use asset interest of \$3.7 million
- EPS (before amortisation) increased by 2.4% to 16.8 cents per share
- Fully franked interim dividend of 8.0 cents per share, an increase of 6.7%
- Dividend reinvestment plan launched

Half year ended 31 December \$m	1HFY24	1HFY23	Growth	Growth %
Revenue	982.7	678.3	304.4	44.9%
Operating expenses*	(852.2)	(598.5)	(253.7)	42.4%
<b>Underlying EBITDA</b>	<b>130.5</b>	<b>79.8</b>	<b>50.7</b>	<b>63.5%</b>
<i>Underlying EBITDA margin</i>	<i>13.3%</i>	<i>11.8%</i>	<i>1.5%</i>	<i>12.9%</i>
Depreciation	(55.7)	(25.6)	(30.1)	117.6%
<b>Underlying EBITA</b>	<b>74.8</b>	<b>54.2</b>	<b>20.6</b>	<b>38.0%</b>
Amortisation	(16.7)	(9.3)	(7.4)	79.6%
<b>Underlying EBIT</b>	<b>58.1</b>	<b>44.9</b>	<b>13.2</b>	<b>29.4%</b>
Net interest expense	(25.2)	(9.0)	(16.2)	180.0%
<b>Underlying NPBT</b>	<b>32.9</b>	<b>35.9</b>	<b>(3.0)</b>	<b>(8.4%)</b>
Income tax expense	(6.5)	(9.4)	2.9	(30.9%)
<b>Underlying NPAT</b>	<b>26.4</b>	<b>26.5</b>	<b>(0.1)</b>	<b>(0.8%)</b>
<b>Statutory NPAT</b>	<b>28.1</b>	<b>19.5</b>	<b>8.6</b>	<b>44.1%</b>
<b>Underlying NPATA</b>	<b>43.1</b>	<b>35.8</b>	<b>7.3</b>	<b>20.4%</b>
Earnings per share**	0.168	0.164		
Shares on issue (million)	256.9	218.5		

\*Operating expenses before interest, depreciation, amortisation, acquisition and transaction expenses (\$2.7m) (2023: \$8.6m) and other significant items nil (2023: (\$0.9m)).

\*\* Earnings per share calculated based on Underlying NPATA and basic weighted average shares on issue

# Cashflow

Underlying business continues to generate strong cashflow

## Operating Cashflow

# \$60.3m

Net operating cash flow up \$23.4m or 63.4%

## Investing Cashflow\*

# \$56.1m

Vessels under construction, hydrogen fuel cell and battery electric buses and charging infrastructure, motor coaches, strategic property

## Cash Reserves

# \$113.1m

Maintained a robust cash buffer with significant cash reserves at period end

## Dividends Paid

# \$25.6m

Good earnings quality and strong cash generation support dividend payments

Half year ended 31 December \$m	1HFY24	1HFY23	Change	Change %
Receipts from customers	968.6	705.4	263.2	37.3%
Payments to suppliers	(870.3)	(637.0)	(233.3)	36.6%
<b>Gross operating cash flow</b>	<b>98.3</b>	<b>68.4</b>	<b>29.9</b>	<b>43.7%</b>
Transaction costs	(0.6)	(8.5)	7.9	(92.9%)
Net interest	(25.2)	(9.0)	(16.2)	180.0%
Income tax (paid)/refunded	(12.2)	(14.0)	1.8	(12.9%)
<b>Net operating cash flow</b>	<b>60.3</b>	<b>36.9</b>	<b>23.4</b>	<b>63.4%</b>
Disposals	11.7	12.7	(1.0)	(7.9%)
Additions	(56.1)	(44.6)	(11.5)	25.8%
Additions - contracted assets	(81.6)	-	(81.6)	-
Business combinations	(9.3)	(28.3)	19.0	(67.1%)
<b>Net investing cash flows</b>	<b>(135.3)</b>	<b>(60.2)</b>	<b>(75.1)</b>	<b>124.7%</b>
Proceeds from borrowings	68.8	21.1	47.7	226.1%
Repayment of borrowings	(11.3)	(24.0)	12.7	(52.9%)
Other share expenses	(0.6)	-	(0.6)	-
Dividends paid	(25.6)	(20.8)	(4.8)	23.1%
<b>Net financing cashflows</b>	<b>31.3</b>	<b>(23.7)</b>	<b>55.0</b>	<b>(232.1%)</b>
Exchange rate on opening cash	(1.1)	0.9	(2.0)	(122.2%)
<b>Cash at the end of the period</b>	<b>113.1</b>	<b>95.0</b>	<b>18.1</b>	<b>19.1%</b>

\* Excluding contracted assets acquired in Regions 2 & 3 which were moved into a ring-fenced financing structure in February 2024

# Balance Sheet reflects investment in growth

Supports strategic initiatives and growth

- Balance Sheet strength supported organic growth and capital investment
- Disciplined approach to capital management
- Gearing ratio (net debt divided by (net debt + equity)) of 44.2% increased from 39.8%
- \$132 million in available liquidity
- Significant headroom in all bank covenants
- Re-financing of existing bank facilities underway

- Government backed contracted assets with a vehicle termination payment obligation total \$122.6 million as at 31 December 2023
- Leverage of 2.38 times excluding debt associated with Government backed contracted assets

As at \$m	1HFY24	FY23	Change	Change %
Cash and cash equivalents	113.1	157.9	(44.8)	(28.3%)
Receivables	193.0	166.9	26.1	15.6%
Property, plant & equipment	733.5	656.4	77.1	11.8%
Plant & equipment - limited recourse <sup>^</sup>	6.8	-	6.8	-
Other tangible assets	61.9	49.6	12.3	24.8%
<b>Total tangible assets</b>	<b>1,108.3</b>	<b>1,030.8</b>	<b>77.5</b>	<b>7.5%</b>
Right of use assets	169.3	135.6	33.7	24.8%
Other assets	985.9	1,011.7	(25.7)	(2.5%)
<b>Total assets</b>	<b>2,263.5</b>	<b>2,178.1</b>	<b>85.4</b>	<b>3.9%</b>
Senior debt	739.7	677.8	61.9	9.1%
Debt - limited recourse <sup>^</sup>	6.8	-	6.8	-
Other interest bearing liabilities	14.6	16.5	(1.9)	(11.6%)
<b>Total debt</b>	<b>761.1</b>	<b>694.3</b>	<b>66.8</b>	<b>9.6%</b>
Right of use liability	163.0	128.6	34.4	26.7%
Other liabilities	427.8	431.6	(3.8)	(0.9%)
<b>Total liabilities</b>	<b>1,351.9</b>	<b>1,254.5</b>	<b>97.4</b>	<b>7.8%</b>
<b>Net assets</b>	<b>911.5</b>	<b>923.6</b>	<b>(12.1)</b>	<b>(1.3%)</b>

<sup>^</sup> Ring fenced financing used to purchase BEB's for Region 6 in Sydney

# Proforma balance sheet - adjusted for ring fenced government backed contracted assets

Ring fenced financing facilities provide flexibility and optionality

- Some Australian state government public transport contracts provide all depots and bus assets, e.g. Adelaide and Perth
- State government contracting models in Sydney and Melbourne support Kelsian 'warehousing' contracted bus assets on balance sheet along with the corresponding debt for the duration of the contract. This asset value and debt profile is matched and amortises over the term of the contract
- A ring-fenced limited recourse asset financing facility of up to \$40 million was established in July 2023 to fund the purchase of 49 battery electric buses for Region 6 in Sydney. The first draw down of this facility occurred in November 2023 with \$6.8 million utilised in the period
- In February 2024, ring-fenced limited recourse asset financing facilities totalling approximately \$74.8 million were established and drawn for the contracted bus assets acquired for new Region 2 (combined former R2 and R15) and new Region 3 (combined former R3 and R13) in Sydney
- Government backed contracted assets total \$122.6 million at 31 December 2023
- Excluding this contractual commitment, leverage (net senior debt to EBITDA) reduces to 2.38 times
- These financing facilities provide flexibility and optionality for governments to accelerate transition to zero-emission assets as new replacement assets can be fully debt funded and do not draw on Kelsian's corporate group financing facility limits

As at \$m	1HFY24	R2+R3	Proforma 1HFY24*	R6+Vic	Proforma 1HFY24**
Cash and cash equivalents	113.1		113.1		113.1
Receivables	193.0		193.0		193.0
Property, plant & equipment	733.5	(74.8)	658.7	(41.0)	617.7
Plant & equipment - ring fenced	6.8	74.8	81.6	41.0	122.6
Other tangible assets	61.9		61.9		61.9
<b>Total tangible assets</b>	<b>1,108.3</b>	<b>-</b>	<b>1,108.3</b>	<b>-</b>	<b>1,108.3</b>
Right of use assets	169.3		169.3		169.3
Other assets	985.9		985.9		985.9
<b>Total assets</b>	<b>2,263.5</b>	<b>-</b>	<b>2,263.5</b>	<b>-</b>	<b>2,263.5</b>
Senior debt	739.7	(74.8)	664.9	(41.0)	623.9
Debt - ring fenced	6.8	74.8	81.6	41.0	122.6
Other interest bearing liabilities	14.6		14.6		14.6
<b>Total debt</b>	<b>761.1</b>	<b>-</b>	<b>761.1</b>	<b>-</b>	<b>761.1</b>
Right of use liability	163.0		163.0		163.0
Other liabilities	427.8		427.8		427.8
<b>Total liabilities</b>	<b>1,351.9</b>	<b>-</b>	<b>1,351.9</b>	<b>-</b>	<b>1,351.9</b>
<b>Net assets</b>	<b>911.5</b>	<b>-</b>	<b>911.5</b>	<b>-</b>	<b>911.5</b>

\* Contracted assets in Regions 2 & 3 were moved into a ring-fenced financing structure in February 2024

\*\* Contracted assets in Region 6 (NSW) and Victoria are yet to move into a ringfenced structure but are Government backed

# Capex reflects a year of record investment

\$56.1 million of capital deployed in 1HFY24 to underpin growth and renew assets

## 1HFY24 Capex Actual \$56.1\* million

### MARINE & TOURISM - \$20.9 million

- Kangaroo Island: two new vessels under construction, to nearly double capacity to support the 25-year exclusive licence to operate from July 2025
- Gladstone: new vessel to support new 10-year contract
- S-E Queensland: two new vessels under construction

### AUSTRALIAN BUS – \$7.9 million

- Purchase of contracted assets in Regions 2, 13 & 15 (now in ring fenced financing facilities)
- Electric and hydrogen buses and depot charging infrastructure upgrades
- Motor coaches for Go West and Horizons West

### INTERNATIONAL BUS - \$19.1 million

- Purchase of 46 motor coaches in the USA

### CORPORATE - \$8.2 million

- K'gari (Fraser Island) property
- Melton bus depot, Vic
- CRM Software

## 2HFY24 Capex Forecast ~ \$88\* million

### MARINE & TOURISM ~ \$33 million

- Continued expenditure on Kangaroo Island vessels
- Three vessels – SEQ & Gladstone
- Marine infrastructure upgrades
- Motor coaches – K'gari

### AUSTRALIAN BUS ~ \$11 million

- Motor coaches – Go West & Horizons West
- Electric buses
- Charging infrastructure

### INTERNATIONAL BUS ~ \$28 million

- Purchase of 43 motor coaches (USA)

### CORPORATE ~ \$16 million

- Newton bus depot, SA
- Russell Island property, Qld

Capex	1HFY24	1HFY23
Australian Bus	7.9	10.5
International Bus	19.1	2.3
Marine & Tourism	20.9	27.4
Corporate	8.2	4.4
<b>Total Capex</b>	<b>56.1</b>	<b>44.6</b>
+Australian bus ring fenced assets	81.6	-
<b>Total Capex including ring fenced</b>	<b>137.7</b>	<b>44.6</b>



New Kangaroo Island vessel under construction, Indonesia, January 2024

\* Excluding contracted assets acquired in ring-fenced financing structures

# Kangaroo Island Case Study – “investment for the future”

\$57 million is being spent on two new vessels, significantly increasing capacity for the new 25-year contract from FY25

## Existing licence

### Trips per week

- No minimum in current licence
- Currently run between 4-7 trips/day, each way

### Current vessels

- Two 20+ year old vessels – nearing end of useful life – increasing costs to maintain
- Relatively slow turnaround times
- Single loading ramp, slower loading as vehicles reverse onto the vessels creating safety challenges
- Old inefficient diesel engine technology
- Only one vessel able to carry dangerous goods

### Capacity

- Average vessel vehicle lane length ~ 220 metres
- Freight capacity varies between existing vessels
- Current vessels at capacity during peak periods

### Pricing

- Discounts to residents and property holders
- Some pricing flexibility except freight
- No annual indexation

## 25-year exclusive licence from FY25

### Trips per week

- Contracted minimum service schedule
- Peak (8 months): 11 trips/day on weekdays, 9 trips/day on weekends, each way
- Off peak (4 months): 7 trips/day, each way

### Two new vessels

- Drive through vessels improving turnaround times and safety
- DDA compliant lift access and facilities on each level
- Propulsion systems with greater redundancy and improved manoeuvrability
- International Maritime Organisation (IMO) Tier 3 engines delivering better fuel efficiency and lower emissions
- Both designed to allow for the transport of dangerous goods

### Increased capacity

- Average vessel vehicle lane length increases by 70% to 380 metres
- Two identical vessels improves flexibility for freight operators
- > double the annual vehicle meterage capacity per year
- ~ 50% more load (weight) carrying capacity per year
- ~ 20% increase in passenger capacity per year

### Controlled fares

- Kangaroo Island residents and freight only
- Annual cost price indexation



New Kangaroo Island vessel (artist impression)

TOURISM AUSTRALIA 

Tourism Australia voted Stokes Bay as Best Australian Beach in 2023

lonely planet 

Kangaroo Island voted #2 in Lonely Planet's top travel destinations for 2024

The New York Times

#7 on places to visit

New York Times '52 places to travel to in 2023'

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**4. 1HFY24 DIVISIONAL PERFORMANCE**

5. Growth Strategy & Outlook



**I'm a 100%  
electric bus**

# Overview of 1HFY24 performance | Australian Bus

Result reflects defensive nature of contracts, providing a natural hedge in an inflationary environment

- Strong revenue growth reflects addition of new Sydney contracts and contract indexation mitigating inflation
- Start up and integration costs for R2 and R3
- Labour shortages addressed
- Labour – higher overtime costs during the period
- KPI penalties during the first half of the period
- Incremental depreciation reflects additional 380 buses from new contracts and full period of Horizons West Bus & Coachlines
- Go West Tours margin impacted by short term inflationary headwinds
- Perth rail replacement began in November 2023
- Costs associated with Melbourne tenders (submitted January 2024)
- Incremental margin improvement to be driven by network optimisation, operational efficiencies and scale

Half year ended 31 December \$m	1HFY24	1HFY23	Growth	Growth %
Revenue	501.6	411.5	90.1	21.9%
Direct expenses	(406.7)	(334.7)	(72.0)	21.5%
Indirect expenses	(40.9)	(25.9)	(15.0)	57.9%
Operating expenses	(447.6)	(360.6)	(87.0)	24.1%
<b>Underlying EBITDA</b>	<b>54.0</b>	<b>50.9</b>	<b>3.1</b>	<b>6.1%</b>
<i>Underlying EBITDA margin</i>	<i>10.8%</i>	<i>12.4%</i>	<i>(1.6%)</i>	<i>(13.0%)</i>
Depreciation	(17.9)	(14.4)	(3.5)	24.3%
<b>Underlying EBITA</b>	<b>36.1</b>	<b>36.5</b>	<b>(0.4)</b>	<b>(1.1%)</b>
Amortisation	(8.8)	(7.9)	(0.9)	11.4%
<b>Underlying EBIT</b>	<b>27.3</b>	<b>28.6</b>	<b>(1.3)</b>	<b>(4.5%)</b>

Operational Statistics **		1HFY24	1HFY23
	Customer Journeys (LTM)	158 million	113 million
	Kilometres Operated (LTM)	164 million	151 million
	Buses	3,746	3,095
	Employees	6,692	5,506
	Contracts	72	37
	Revenue weighted avg remaining contract term*	4.6	5.5

\*Contract term includes contract extension options

\*\* Operational statistics 12 months as at 31 December 2023

# Overview of 1HFY24 performance | International Bus

First full period of contribution for AAAHI

## AAAHI

- Integration complete
- Strong growth continued across all businesses
- Margin maintained and costs well managed
- Significant investment in fleet expansion (+46 motor coaches) and new facility leases (Sacramento and Austin)
- Asset book value reset as part of purchase price accounting resulting in higher depreciation
- Ongoing strong pipeline of opportunities in both contract and charter

## Singapore

- Labour shortages resolved but higher absenteeism resulted in additional overtime. Performance incentives still at low levels
- Pipeline of tender opportunities – one tender out to market

## United Kingdom / Channel Islands

- Channel Islands contracts extended and business trading in line with expectations
- Participating in Manchester franchising opportunity

Half year ended 31 December \$m	1HFY24	1HFY23	Growth	Growth %
Revenue	305.0	99.3	205.7	207.2%
Direct expenses	(193.4)	(68.8)	(124.6)	181.1%
Indirect expenses	(59.4)	(26.4)	(33.0)	125.0%
Operating expenses	(252.8)	(95.2)	(157.6)	165.5%
<b>Underlying EBITDA</b>	<b>52.2</b>	<b>4.1</b>	<b>48.1</b>	<b>1173.2%</b>
<i>Underlying EBITDA margin</i>	<i>17.1%</i>	<i>4.1%</i>	<i>13.0%</i>	<i>314.5%</i>
Depreciation	(27.6)	(1.3)	(26.3)	2023.1%
<b>Underlying EBITA</b>	<b>24.6</b>	<b>2.8</b>	<b>21.8</b>	<b>778.6%</b>
Amortisation	(7.7)	(1.1)	(6.6)	600.0%
<b>Underlying EBIT</b>	<b>16.9</b>	<b>1.7</b>	<b>15.2</b>	<b>894.1%</b>

Operational Statistics **	1HFY24	1HFY23
 Customer Journeys (LTM)	163 million	134 million
 Kilometres Operated (LTM)	100 million	47 million
 Buses	1,759	834
 Employees	3,491	1,866
 Contracts	26	4
 Revenue weighted avg remaining contract term *	2.9	5.3

\*Contract term includes contract extension options

\*\* Operational statistics 12 months as at 31 December 2023

# Overview of 1HFY24 performance | Marine & Tourism

Domestic demand underpinned continued solid growth

- Result measured against a very strong performance in 1HFY23
- Domestic tourism demand largely maintained with evidence of deteriorating consumer sentiment from November
- Gradual recovery of international tourism ongoing, particularly in Sydney
- Peak trading month December impacted by inclement weather, eg Cyclone Jasper
- Full period of new Gladstone contract with no higher margin discretionary work during the period
- Fare increases and dynamic pricing in part offset margin compression due to inflation. Additional fare increases planned for 2HFY24
- Ongoing rollout of Customer Relationship Management software
- Ongoing investment in establishing Brilliant Travels – national marketing and cross selling – [www.brillianttravels.com.au](http://www.brillianttravels.com.au)
- Acquisition of Red Cat Adventures (October 2023), to further strengthen Whitsunday's business - completion 1 February 2024

Half year ended 31 December \$m	1HFY24	1HFY23	Growth	Growth %
Revenue	176.1	167.5	8.6	5.1%
Direct expenses	(113.0)	(106.8)	(6.2)	5.8%
Indirect expenses	(24.7)	(23.4)	(1.3)	5.6%
Operating expenses	(137.7)	(130.2)	(7.5)	5.8%
<b>Underlying EBITDA</b>	<b>38.4</b>	<b>37.3</b>	<b>1.1</b>	<b>2.9%</b>
<i>Underlying EBITDA margin</i>	<i>21.8%</i>	<i>22.3%</i>	<i>(0.5%)</i>	<i>(2.2%)</i>
Depreciation	(9.6)	(9.4)	(0.2)	2.1%
<b>Underlying EBITA</b>	<b>28.8</b>	<b>27.9</b>	<b>0.9</b>	<b>3.2%</b>
Amortisation	(0.2)	(0.3)	0.1	(33.3%)
<b>Underlying EBIT</b>	<b>28.6</b>	<b>27.6</b>	<b>1.0</b>	<b>3.6%</b>

Operational Statistics **	1HFY24	1HFY23
 Customer Journeys (LTM)	11 million	9 million
 Vessels	115	113
 Buses	62	62
 Employees	1,905	1,725
 Contracts	16	17
 Revenue weighted avg remaining contract term *	12.8	13.3

\*Contract term includes contract extension options

\*\* Operational statistics 12 months as at 31 December 2023

# Overview of 1HFY24 performance | Corporate

Building capability to manage larger more complex business



## Information technology & cyber

- Appointment of Group CIO
- IT systems & software
- Cyber prevention solutions



## Customer experience

- CRM Solution



## People

- Training & development
- Business development
- Group Enterprise Risk Manager



## Overhead costs

- Insurance
- Travel

Corporate costs well managed

Half year ended 31 December \$m	1HFY24	1HFY23	Growth	Growth %
Revenue	-	-	-	-
Direct expenses	-	-	-	-
Indirect expenses	(14.1)	(12.6)	(1.5)	11.9%
Operating expenses	(14.1)	(12.6)	(1.5)	11.9%
<b>Underlying EBITDA</b>	<b>(14.1)</b>	<b>(12.6)</b>	<b>(1.5)</b>	<b>11.9%</b>
Underlying EBITDA margin	-	-	-	-
Depreciation	(0.5)	(0.5)	-	-
<b>Underlying EBITA</b>	<b>(14.6)</b>	<b>(13.1)</b>	<b>(1.5)</b>	<b>11.5%</b>
Amortisation	-	-	-	-
<b>Underlying EBIT</b>	<b>(14.6)</b>	<b>(13.1)</b>	<b>(1.5)</b>	<b>11.5%</b>



1. Introduction

2. 1HFY24 Overview

3. 1HFY24 Financial Results

4. 1HFY24 Divisional Performance

**5. GROWTH STRATEGY & OUTLOOK**

# 2HFY24 focus areas

Capitalise on growth opportunities and benefits of scale

## Operational

- Capitalise on strong momentum in AAAHI
- Further integration of Sydney contracts to extract synergies and efficiencies and mobilise new Bankstown rail replacement services
- Leverage scale advantages to drive revenue and margin growth
- Transit Academy focussed on driver attraction, training and retention
- Global procurement opportunities
- Capitalise on international tourism recovery in Marine & Tourism

## Strategic

- Finalising the investment program in marine assets
- Continue rollout of dynamic pricing and yield management initiatives to offset inflationary pressures in Marine & Tourism
- Work with governments to achieve objectives in delivering sustainable transport solutions including investing in fleet conversion and depot infrastructure

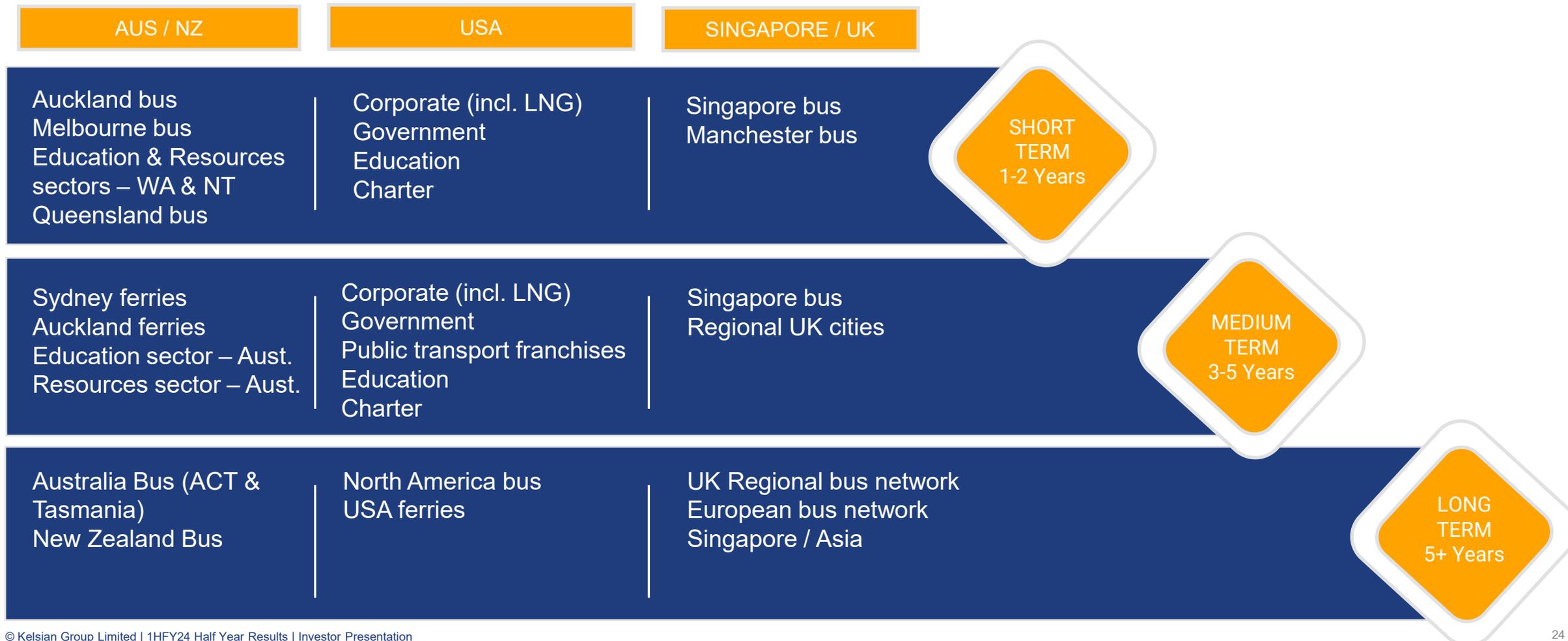
## Growth

- Organic - Conversion of near-term tender opportunities e.g. Melbourne, Singapore, Manchester and USA
- M&A - Opportunities for strategic bolt on acquisitions in USA, Australia and UK



# Strong pipeline of growth opportunities (organic & acquisitions)

Leaders in transitioning contracts, operational excellence and efficiency



## Executive summary

Purpose: To be a world leader in delivering essential journeys through safe, intelligent and sustainable transport solutions, while creating brilliant customer experiences

- Diversified businesses and geographies create a resilient business model
- Long-term, low-risk, government backed service contracts provide consistent, predictable earnings base and cash flows
- Transport services continue to provide stable growth and new opportunities, driven by population growth, urbanisation, decarbonisation, privatisation
- Contract indexation mechanisms for majority of bus business effectively hedge against inflation
- Sector continues to be viewed favourably by debt capital providers
- Opportunity to leverage synergies and efficiencies from integration of new contracts and acquisitions and drive revenue and margin growth
- Global buying power to underpin procurement opportunities
- Strong management team with deep sector expertise and strong track record in delivering on organic growth and strategic acquisitions
- Leadership in sustainable transport ensures well placed to benefit from Government's focus on decarbonisation and traffic reduction
- Several opportunities in domestic and international M&A





# Q&A

# Important notice

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**Address:** Level 3, 26 Flinders Street, Adelaide, South Australia 5000.

**For more information please contact:** Davina Gunn, Investor Relations Manager, Kelsian Group, +61(0) 400 896 809 or [davina.gunn@kelsian.com](mailto:davina.gunn@kelsian.com)