

# Kelsian Group Limited

## FY22 Full Year Results

### Investor Presentation

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**Authorisation:** Approved and authorised for release via the Australian Securities Exchange on 24 August 2022 by Clinton Feuerherdt, Group Chief Executive Officer, Kelsian Group.

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# 1. FY22 Full Year Review

# FY22 financial snapshot

Performance demonstrating the resilient characteristics of the business

Statutory results Twelve months to 30 June 2022	Underlying results Twelve months to 30 June 2022	Balance Sheet strength used to support acquisitions and asset renewal	
<b>Revenue</b> <b>\$1,324.7 million</b> ▲ 12.9% pcp	<b>Revenue</b> <b>\$1,324.7 million</b> ▲ 12.9% pcp		
<b>EBITDA</b> <b>\$185.1 million</b> ▲ 15.0% pcp	<b>Underlying EBITDA</b> <b>\$183.1 million</b> ▲ 9.3% pcp	<b>Senior net debt</b> <b>\$215.2 million</b> ▲ 12.5% pcp	<b>Operating cash flow</b> <b>\$138.5 million</b> ▲ 23.9% pcp
<b>NPAT</b> <b>\$52.9 million</b> ▲ 40.1% pcp	<b>Underlying NPAT</b> <b>\$ 48.5 million</b> ▲ 12.6% pcp	<b>Senior leverage</b> <b>1.6x*</b> ▲ 13.7% pcp * 1.1x excluding government backed debt	<b>Final fully franked dividend</b> <b>9.5 cents</b> ▲ 5.5% pcp

# FY22 overview

Performing well in challenging conditions and continuing to enhance the diversity of the contracted business

## FINANCIAL

- Underlying EBITDA up 9.3% (\$183.1 million)
- Revenue up 12.9% (\$1,324.7 million)
- Cashflow and Balance Sheet remain strong
- Utilised Balance Sheet capacity to fund strategic acquisitions
- Ongoing tangible asset base improvement with \$43.1 million of capital invested
- Final dividend of 9.5 cents per share, an increase of 0.5 cents over the prior year

## OPERATIONAL






- **Australian Bus** performed in line with expectations – increased EBITDA and achieved margin expansion
  - Investment into zero emission bus fleet and electrification of Leichhardt depot in NSW
- **International Bus** performed better than expected following London restructure and new Singapore contract integration
  - Successful transition and commencement of the new Sembawang-Yishun contract in Singapore
- **Marine & Tourism** negatively impacted by border restrictions, travel uncertainty and emergence of Omicron variant
  - New, up to 25-year contract to continue to operate the ferries to Kangaroo Island commencing in July 2024
  - Arrival of the new *MV The Jackson* dining vessel for Sydney Harbour and new vessels in Queensland

## STRATEGIC

- Change of corporate name from SeaLink Travel Group Limited to Kelsian Group Limited and inclusion in S&P ASX200
- Conducted Task Force on Climate-Related Financial Disclosure (TCFD) assessment
- Bolt-on acquisitions in Australian Bus and successful restructure of London operations (JV with RATP Dev for the Westbourne Park operations and divestment of the Lea Interchange operations)





# Contract / operational characteristics by Division

Similar contract attributes and characteristics regardless of geography

Characteristic	 <b>Australian Metro Bus</b>	 <b>Australian Regional Bus</b>	 <b>Singapore Bus</b>	 <b>UK / London Bus</b>	 <b>Marine &amp; Tourism</b>
Essential service / transport provider	✓	✓	✓	✓	Most
Preferred operator status	✓	✓	✓	✓	✓
Long term contracts (>5 years)	✓	Some	✓	✓	Some
Government / blue chip counterparties	✓	✓	✓	✓	Some
Gross cost / no fare box risk	✓	✓	✓	✓	Some
Indexation for fuel, wages & CPI	✓	Some	✓	✓	Some
Patronage incentive	Small	×	Small	×	N/A
Operator capital light	Mostly	×	✓	×	×
Buses provided by government	Perth, Adelaide	×	✓	×	N/A
Depots provided by government	Perth, Adelaide	×	✓	×	N/A
Operator financed buses	Sydney, Melbourne	✓	N/A	✓	N/A
Additional revenue as capital deployed	✓	✓	✓	✓	N/A
KPI incentives (punctuality, reliability, safety)	✓	×	✓	✓	×
KPI penalties (punctuality, reliability, safety)	✓	×	×	×	Few

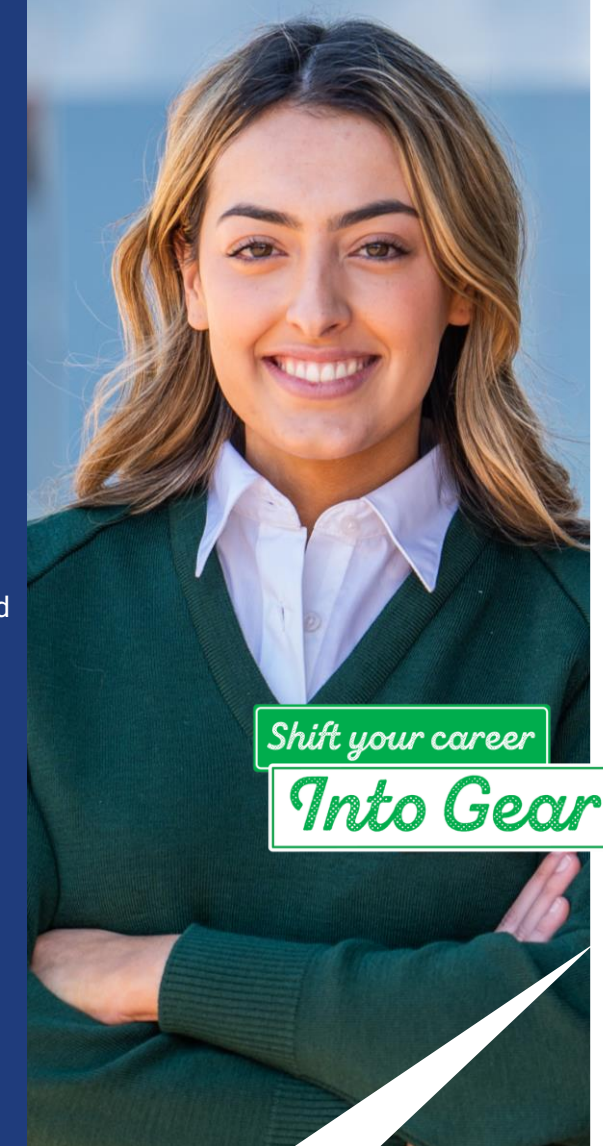
# Significant investment into our people

Well positioned to navigate and manage other cost base pressures

	 Fuel indexation	 Wage price protection	 General expenses (CPI protection)	 Labour availability
<b>Australian Metro Bus</b>	✓	✓	✓	Short
<b>Australian Regional Bus</b>	Partial	Partial	Partial	✓
<b>Singapore Bus</b>	✓	✓	✓	Short
<b>UK/London Bus</b>	✓	✓	✓	Short
<b>Australian Marine</b>	Partial Able to increase fares	Partial Able to increase fares	Partial	Tight
<b>Australian Tourism</b>	✗ Able to increase fares	✗ Able to increase fares	✗	Tight

## People & Culture initiatives

- Embedding of Kelsian's COMPASS values
- Streamlining of recruitment processes
- Enhanced investment in apprenticeships and traineeships
- Simplification of the Kelsian Safety Management System (SafeConnect)
- Inaugural employee engagement survey
- Development of Diversity and Inclusion Strategy
- Additional training opportunities for all staff with a focus on customer service
- International visas for areas with acute labour shortages
- Utilising the PALM scheme for regional operations
- Relocation allowances for internal transfers



Shift your career  
**Into Gear**

# Growth

Continues to be an extremely active and attractive sector

- Significant pipeline of long-term government franchises available
- Fragmented market - numerous operations in targeted geographies with favorable contract characteristics
- Demonstrated a disciplined approach to acquisition growth (NZ Bus / Go-Ahead) despite heightened M&A activity for larger scale opportunities

## M&A activity

- Entry into resources sector transport through Go West Tours acquisition
- Strategic bolt-on acquisitions to enhance presence in key markets
  - Swan Valley Tours in Perth
  - LesTok Tours and Dave's Transit in regional WA
- Completion of strategic review of London bus operations
  - Joint Venture with RATP Dev in London for the Westbourne Park operations
  - Divestment of Lea Interchange operations



## Organic growth activity

- 25-year contract to continue operation of the Kangaroo Island ferry
- Commencement of Sembawang-Yishun bus contract in Singapore
- Arrival of *MV The Jackson*, Sydney Harbour
- New contracts secured to expand WA resources sector operations
- New government contracts for provision of town and school bus services in regional WA
- Demand Responsive Transport bus service contract for Melton, Victoria
- Contract for new electric and hydrogen powered buses in Melbourne
- Extension of marine contracts in Sydney, Southeast Queensland and Gladstone





## SUSTAINABILITY MANAGEMENT

Our approach to Sustainability Management is overseen at a board level by the Audit, Risk & Sustainability Committee and governed by a Group Sustainability Policy.



### OUR COMMUNITIES

Creating local connections to generate a positive impact within the communities we serve.



### OUR PEOPLE

Cultivating a diverse and inclusive workplace with a focus on creating a safe and healthy environment for our people.



### OUR ENVIRONMENT

Reducing the environmental impact of our operations through strategic partnerships and innovation.



# SUSTAINABILITY HIGHLIGHTS

## FY22

AUDIT, RISK & SUSTAINABILITY COMMITTEE PROVIDES BOARD OVERSIGHT ON ESG MATTERS

# 240m

CUSTOMER JOURNEYS

FORMED INTERNAL RECONCILIATION ACTION PLAN (RAP) WORKING GROUP

ZERO EMISSION ELECTRIC BUS TRIAL IN VICTORIA

25.4% ↓  REDUCTION IN TRIFR

16.3% ↓ REDUCTION IN LTIFR

# TCFD

CONDUCTED TCFD GAP ANALYSIS

AUSTRALIA'S LONGEST RUNNING BATTERY ELECTRIC BUS OPERATION

# 2m

CUSTOMER JOURNEYS

# 1.8m kg

CO2 TAILPIPE EMISSIONS SAVED\*

# 1.5m km

KMs TRAVELLED

# 41K

BARRELS OF OIL SAVED\*

\*Source: Greenhouse Gas Equivalencies Calculator | Natural Resources Canada (nrcan.gc.ca)

AUSTRALIA'S LARGEST BUS DEPOT ELECTRIFICATION

# 2.5MWh

TESLA BATTERY CHARGING SYSTEM

# 3.88kWp

GREEN ONSITE POWER GENERATION (SOLAR)

# \$5m

ARENA GRANT 

# \$24.5m

CLEAN ENERGY FINANCE CORPORATION (CEFC)

**\$370,000+** CONTRIBUTED TO LOCAL COMMUNITIES



# 79 ZERO EMISSION BUSES

AUSTRALIA'S LARGEST ORDER FOR ELECTRIC BUSES



AUSTRALIAN FIRST FOTON MOBILITY HYDROGEN BUSES ARRIVE FOR TRANSIT SYSTEMS AUSTRALIA

# 2. FY22 Financial Results

Resilient Performance

# Summary Profit & Loss Statement

83.2% of annualised revenue contracted or non-discretionary

- Total revenue rising to \$1,324.7 million, driven by impact of Go West Tours acquisition, River City Ferries (full 12 months contribution) and new Singapore contract (9 months)
- Operating expenses increased due to new business, contract additions and higher input costs (primarily fuel and labour)
- Underlying EBITDA up 9.3% to \$183.1 million
- Lower EBITDA contribution from Marine & Tourism with ongoing business disruption due to COVID-19, staff shortages and cost pressures
- Higher depreciation, includes impact of new businesses and contracts
- Higher interest reflects increased debt financing used to fund acquisitions
- Tax expense continues to benefit from marine training incentives and temporary full expensing allowance
- Fully franked final dividend of 9.5 cents per share, an increase of 0.5 cents per share

Financial year ended 30 June \$m	2022	2021	Growth	Growth %
Revenue	1,324.7	1,173.1	151.6	12.9%
Operating expenses*	(1,141.6)	(1,005.6)	(136.1)	13.5%
<b>Underlying EBITDA</b>	<b>183.1</b>	<b>167.5</b>	<b>15.6</b>	<b>9.3%</b>
<i>Underlying EBITDA margin</i>	<i>13.8%</i>	<i>14.3%</i>	<i>(0.5%)</i>	<i>(3.2%)</i>
Depreciation	(80.6)	(62.7)	(17.9)	28.6%
<b>Underlying EBITA</b>	<b>102.5</b>	<b>104.8</b>	<b>(2.3)</b>	<b>(2.2%)</b>
Amortisation	(18.6)	(31.7)	13.1	(41.2%)
<b>Underlying EBIT</b>	<b>83.9</b>	<b>73.1</b>	<b>10.7</b>	<b>14.7%</b>
Net interest expense	(21.4)	(17.6)	(3.7)	21.2%
<b>Underlying NPBT</b>	<b>62.5</b>	<b>55.5</b>	<b>7.0</b>	<b>12.5%</b>
Income tax expense	(14.0)	(12.4)	(1.6)	12.8%
<b>Underlying NPAT</b>	<b>48.5</b>	<b>43.0</b>	<b>5.5</b>	<b>12.7%</b>
Earnings per share**	0.31	0.34		
Shares on Issue (million)	218.4	218.4		

\* Operating expenses before interest, depreciation, amortisation, acquisition and transaction expenses \$4.1m (2021: \$5.0m) and other significant items (\$6.1m) (2021: \$1.6m).

\*\* Earnings per share calculated based on Underlying NPATA

# One-off items

\$2.0 million net impact of one-off items normalised to underlying profit, relating to acquisition costs and abnormal gains from UK divestments

**\$3m**

## Transaction and due diligence costs (\$3.0 million)

During the period, \$3.0 million of “one-off” transaction and due diligence related costs expensed

- Acquisitions completed during the period including Go West Tours, Lestok Tours and Dave's Transit
- Costs associated with forming the London JV and Lea Interchange divestment
- Due diligence investigations on NZ bus

**(\$5m)**

## Gain on UK Joint Venture (\$1.0 million)

During the period a \$1.0 million “one-off” gain was realised through the divestment of the West London bus operations into the joint venture with RATP Dev

## Gain on sale of Lea Interchange (\$4.0 million)

During the period a \$4 million gain was recognised on the sale of the Lea Interchange operations in June 2022

One-off items \$m	2022	2021	Change
Acquisition and transaction costs	3.0	5.0	(2.0)
Net gain on investments	(5.0)	-	(5.0)
Insurance proceeds	-	(2.2)	2.2
Impairment of intangibles	-	3.8	(3.8)
<b>Underlying EBIT impact</b>	<b>(2.0)</b>	<b>6.6</b>	<b>(8.6)</b>



# Cashflow

Underlying business continues to generate strong cashflow

**Operating  
cashflow**

**\$138.5m**

Net operating cash flow up  
\$26.7 million or 23.9%

**Dividends  
paid**

**\$34.9m**

Good earnings quality and  
strong cash generation  
support dividend payments

**Cash  
reserves**

**\$141.1m**

Maintained a robust cash  
buffer with significant cash  
reserves as at 30 June 2022

**Business  
combinations**

**\$68.0m**

Acquisition of Go West Tours,  
Swan Valley Tours, Lestok  
Tours and Dave's Transit

Financial year ended 30 June \$m	2022	2021	Change	Change %
Receipts from customers	1,335.1	1,207.9	127.3	10.5%
Payments to suppliers	(1,149.2)	(1,050.2)	(99.0)	9.4%
<b>Gross operating cash flow</b>	<b>185.9</b>	<b>157.6</b>	<b>28.3</b>	<b>17.9%</b>
Transaction costs	(4.1)	(4.2)	0.1	(3.3%)
Net interest	(19.3)	(17.4)	(1.9)	11.1%
Income tax (paid)/refunded	(24.0)	(24.2)	0.2	(0.9%)
<b>Net operating cash flow</b>	<b>138.5</b>	<b>111.9</b>	<b>26.7</b>	<b>23.9%</b>
Disposals	26.2	1.9	24.3	1283.0%
Additions	(44.3)	(41.7)	(2.6)	6.2%
Business combinations	(68.0)	(29.8)	(38.3)	128.6%
<b>Net investing cash flows</b>	<b>(86.1)</b>	<b>(69.6)</b>	<b>(16.5)</b>	<b>23.7%</b>
Proceeds from borrowings	79.0	-	79.0	
Repayment of borrowings	(59.1)	(33.3)	(25.8)	77.6%
Dividends paid	(34.9)	(25.1)	(9.8)	39.1%
<b>Net financing cashflows</b>	<b>(15.1)</b>	<b>(58.4)</b>	<b>43.3</b>	<b>(74.2%)</b>
Exchange rate on opening cash	0.22	(0.28)	0.5	(177.5%)
<b>Cash at the end of the year</b>	<b>141.1</b>	<b>103.5</b>	<b>37.6</b>	

# Conservative capital structure

## Improved Balance Sheet strength

- Balance Sheet strength is an asset - offers resilience and creates optionality
- Gearing ratio (net debt divided by (net debt + equity)) of 31.2% increased from 30.5%
- Identifiable customer contracts goodwill of \$15.4 million and recognition of \$18.4 million of goodwill associated with Go West Tours acquisition
- Non-cash amortisation charge associated with customer contracts goodwill of \$18.6 million in the period
- Final instalment of non-contingent deferred consideration for Transit Systems acquisition to be paid in August 2022
- Sita Vendor loan – \$20 million repayment made in April 2022
- Majority of debt facilities have three-year term remaining
- Ample liquidity and all bank covenants comfortably met as at 30 June 2022

- Government backed contracted assets with a vehicle termination payment obligation total \$84.1 million as at 30 June 2022
- Leverage reduces to 1.1x excluding this contractual commitment

As at \$m	2022	2021	Change	Change %
Cash and cash equivalents	141.1	103.5	37.6	36.3%
Receivables	119.9	92.4	27.5	29.8%
Property, plant & equipment	404.8	373.4	31.4	8.4%
Other tangible assets	47.9	31.0	16.8	54.3%
<b>Total tangible assets</b>	<b>713.7</b>	<b>600.3</b>	<b>113.4</b>	<b>18.9%</b>
Right of use assets	209.9	206.1	3.8	1.8%
Other assets	605.3	563.6	41.8	7.4%
<b>Total assets</b>	<b>1,528.9</b>	<b>1,370.0</b>	<b>158.9</b>	<b>11.6%</b>
Senior debt	345.0	266.0	79.0	29.7%
Other interest bearing liabilities	49.7	50.3	(0.7)	(1.3%)
<b>Total debt</b>	<b>394.7</b>	<b>316.3</b>	<b>78.3</b>	<b>24.8%</b>
Right of use liability	200.0	160.3	39.7	24.8%
Other liabilities	294.2	285.2	9.0	3.1%
<b>Total liabilities</b>	<b>888.9</b>	<b>761.9</b>	<b>127.0</b>	<b>16.7%</b>
<b>Net assets</b>	<b>640.0</b>	<b>608.1</b>	<b>31.9</b>	<b>5.2%</b>

# Capex overview

\$43.1 million of capital deployed to underpin growth and re-refresh tangible asset base

## MAJOR ADDITIONS & INVESTMENTS

- **Marine & Tourism:** Vessels for Magnetic Island, Stradbroke Island, Sydney dining vessel
- **Australian Bus:** Electric buses and depot charging infrastructure, motor vehicles, IT infrastructure and scheduling software
- **International Bus:** Electric buses and depot charging infrastructure
- **Corporate:** Land and buildings - WA

**\$75.3m**  
**FY23 CAPEX FORECAST**

- **Marine & Tourism:** \$44.1 million – four vessels, marine infrastructure
- **Australian Bus:** \$26.5 million – electric buses, coaches for Go West, charging infrastructure and depot land
- **International:** \$4.7 million – solar, vehicle telematics and safety equipment (Singapore)

**TEMPORARY FULL TAX EXPENSING**

- Continue to pursue opportunities to bring forward capital expenditure to take advantage of temporary full expensing for tax purposes before June 2023

<u>Financial year ended 30 June \$m</u>	<u>2022</u>	<u>2021</u>
Domestic bus	9.1	16.2
International bus	4.7	1.8
Marine and Tourism	20.2	23.6
Corporate	9.1	0.1
<b>Total Capex</b>	<b>43.1</b>	<b>41.7</b>







# 3. Divisional Performance Overview

# Overview of FY22 performance | Australian Bus

Contracted earnings delivering a resilient financial performance

- Good performance from all jurisdictions
- Contracted revenue tracking inflationary pressures and insulated from COVID volatility
- Resurgence of rail replacement, special event and charter work
  - South Australian rail replacement project complete
- Driver shortages (COVID & close contacts) impacting some route services and charter
- NSW Government supporting acceleration of battery electric bus roll out in Sydney
- 58 electric buses in operation
- Strong tender pipeline in NSW
- Loss of Darwin (34 bus) contract
- Go West Tours acquisition complete and performing well
- Small bolt-on acquisitions adding to the portfolio
  - Lestok Tours (December 2021), Dave's Transit (June 2022)
- New regional town, school and resources contracts in WA

Financial year ended 30 June \$m	2022	2021	Growth	Growth %
Revenue	803.9	702.2	101.7	14.5%
Direct expenses	(650.4)	(579.5)	(70.9)	12.2%
Indirect expenses	(44.5)	(32.6)	(11.9)	36.6%
Operating expenses	(694.9)	(612.1)	(82.8)	13.5%
<b>Underlying EBITDA</b>	<b>109.0</b>	<b>90.1</b>	<b>18.9</b>	<b>21.0%</b>
<i>Underlying EBITDA margin</i>	13.6%	12.8%	0.7%	5.7%
Depreciation	(26.6)	(17.5)	(9.1)	52.1%
<b>Underlying EBITA</b>	<b>82.4</b>	<b>72.6</b>	<b>9.8</b>	<b>13.5%</b>
Amortisation	(18.0)	(20.9)	2.9	(13.7%)
<b>Underlying EBIT</b>	<b>64.4</b>	<b>51.7</b>	<b>12.7</b>	<b>24.5%</b>

Operational Statistics	2022	2021
 Customer Journeys	96 million	102 million
 Kilometres Operated	152 million	144 million
 Buses	3,175	2,737
 Employees	5,511	5,188
 Contracts	42	19
 Revenue weighted avg remaining contract term*	4.9	6.0

\*Contract term includes contract extension options

# Overview of FY22 performance | International Bus

London restructure completed. Singapore operations doubled in size with new contract commencement

## London

- JV with RATP Dev UK provides scale and synergies (December 2021)
  - London credential maintained
- Sale of Lea Interchange operations completed (June 2022) - £20 million
- Actively pursuing growth opportunities in attractive UK/European market
  - Withdrew from the Go-Ahead Group process
- Management team maintained in UK (refer Appendix 2)

## Singapore

- Commenced Sembawang / Yishun contract (September 2021)
  - Mobilisation and integration costs incurred
- Ongoing COVID-19 related expenses – Malaysian bus driver accommodation, cleaning regimes, absenteeism
- Some ongoing service degradation and route cutbacks imposed by Singapore Land Transport Authority
- Good pipeline of tender opportunities
- 11 electric vehicles

Financial year ended 30 June \$m	2022	2021	Growth	Growth %
Revenue	268.1	255.8	12.3	4.8%
Direct expenses	(161.6)	(156.8)	(4.8)	3.1%
Indirect expenses	(65.2)	(60.1)	(5.1)	8.5%
Operating expenses	(226.8)	(216.7)	(10.1)	4.6%
<b>Underlying EBITDA</b>	<b>41.3</b>	<b>39.1</b>	<b>2.2</b>	<b>5.7%</b>
<i>Underlying EBITDA margin</i>	<i>15.4%</i>	<i>12.8%</i>	<i>2.6%</i>	<i>20.2%</i>
Depreciation	(34.9)	(26.8)	(8.1)	30.1%
<b>Underlying EBITA</b>	<b>6.4</b>	<b>12.3</b>	<b>(5.9)</b>	<b>(48.2%)</b>
Amortisation	-	(9.6)	9.6	(100.0%)
<b>Underlying EBIT</b>	<b>6.4</b>	<b>2.7</b>	<b>3.7</b>	<b>135.9%</b>

	2022	2021
<b>Operational Statistics *</b>		
 Customer Journeys	137 million	101 million
 Kilometres Operated	46 million	35 million
 Buses	897	643
 Employees	1,597	1,939
 Government contracts	2	20
 Revenue weighted avg remaining contract term	6.1	5.2

\*Excludes contracts associated with the RATP Dev JV

# Overview of FY22 performance | Marine & Tourism

Solid trading result during a challenging operating period

- Results impacted by COVID restrictions and uncertainty in first half, improved demand post Easter and forward bookings
- Staff shortages a limiting factor – particularly hospitality
- Weather challenges and disruptions in QLD and NSW
  - Brisbane River operations hardest hit
- Direct expenses increased
  - Wages, overtime and agency staff, wind back of COVID relief, fuel (unhedged portion), RCF (full year this period)
- Fare increases planned for FY23 to offset inflationary pressure
- Kangaroo Island 25-year contract renewal a highlight
- Contract extensions for Gladstone, Southeast Queensland and Sydney operations
- Greenfield start-up in Whitsundays
- Vivid lights in NSW
- New fleet – Dining vessel for Sydney Harbour, passenger ferry for Magnetic Island
- International tourism activity increasing
- Ongoing investment in establishing Brilliant Travels – national marketing and cross selling – [www.brillianttravels.com.au](http://www.brillianttravels.com.au)

Financial year ended 30 June \$m	2022	2021	Growth	Growth %
Revenue	252.6	215.0	37.6	17.5%
Direct expenses	(155.5)	(110.6)	(44.9)	40.6%
Indirect expenses	(41.7)	(45.6)	4.0	(8.7%)
Operating expenses	(197.2)	(156.0)	(41.2)	26.4%
<b>Underlying EBITDA</b>	<b>55.4</b>	<b>59.0</b>	<b>(3.6)</b>	<b>(6.2%)</b>
<i>Underlying EBITDA margin</i>	21.9%	27.4%	(5.5%)	(20.1%)
Depreciation	(18.1)	(17.5)	(0.6)	3.3%
<b>Underlying EBITA</b>	<b>37.3</b>	<b>41.5</b>	<b>(4.2)</b>	<b>(10.2%)</b>
Amortisation	(0.6)	(1.1)	0.5	(44.6%)
<b>Underlying EBIT</b>	<b>36.7</b>	<b>40.4</b>	<b>(3.7)</b>	<b>(9.2%)</b>

Operational Statistics		2022	2021
	Customer Journeys	8 million	4 million
	Vessels	115.0	117.0
	Buses	62	60
	Employees	1,523	1,528
	Contracts	17	14
	Revenue weighted avg remaining contract term*	11.2	6.1

\*Contract term includes contract extension options

# Overview of FY22 performance | Corporate

Focus on integration and efficiency improvements

Corporate



## Information technology & cyber

- IT systems & software
- Cyber prevention



## Customer experience

- Websites
- Booking Apps
- Loyalty program
- Brilliant Travels platform



## People

- Training & development
- ESG Manager
- Property Manager



## Overhead costs

- Insurance
- Travel
- Wages

**Investment in people and systems to drive efficiencies and position business for further growth**

Financial year ended 30 June \$m	2022	2021	Growth	Growth %
Revenue	-	-	-	-
Direct expenses	-	-	-	-
Indirect expenses	(22.5)	(20.6)	(1.9)	9.5%
Operating expenses	(22.5)	(20.6)	(2.0)	9.6%
<b>Underlying EBITDA</b>	<b>(22.5)</b>	<b>(20.6)</b>	<b>(2.0)</b>	<b>9.6%</b>
Underlying EBITDA margin	-	-	-	-
Depreciation	(1.1)	(1.2)	0.1	(11.6%)
<b>Underlying EBITA</b>	<b>(23.6)</b>	<b>(21.8)</b>	<b>(1.8)</b>	<b>8.5%</b>
Amortisation	-	-	-	-
<b>Underlying EBIT</b>	<b>(23.6)</b>	<b>(21.8)</b>	<b>(1.8)</b>	<b>8.5%</b>



# 4. Outlook & Growth



# Trading update and outlook

Essential services continue to run on a full schedule

## FY23 YTD trading update

- July 2022 trading results in line with expectations
- Majority of earnings are non-discretionary and derived from essential and / or contracted services
- Labour shortages across most businesses – likely to continue for some time
- Forward bookings in Marine & Tourism are strong, indicating improved confidence and demand
- Fare increases implemented across most Marine & Tourism businesses
- Yield management initiatives being deployed and average fare per passenger increasing
- Conversion of new transport opportunities in resources sector occurring as planned

## Outlook

- Liquidity and strong Balance Sheet support business goals
- Domestic travel expected to remain strong with a gradual return of international travel demand
- Labour position to improve as migration levels resume and accessibility to international workforce increases
- All contracts performing well
- School, charter, special events and advertising revenue returning in Australian Bus
- Transport services continue to provide stable growth and new opportunities
- Further significant advances in pursuit of zero emissions transport planned

Marine & Tourism portfolio is poised to take advantage of the return of interstate and international visitors



# Attributes underpinning growth

Kelsian well positioned to capitalise on these opportunities



## GREENHOUSE GAS EMISSIONS

Transport is one of the largest sources of greenhouse gas emissions



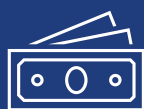
## MODAL SHIFT FROM CARS

Public transport offers compelling solutions on emissions and traffic congestion



## ZERO EMISSION TARGET

Bus industry is well advanced in switching to zero emission vehicles



## SUPPORTIVE GOVERNMENT POLICIES & FUNDING

Increased funding for the bus sector globally to drive decarbonisation and support economic recovery



## LOW RISK OPERATING MODEL

Most markets either operate on a no fare box risk model or are gradually moving towards lower risk contracts



## KELSIAN POSITIONED TO CAPITALISE

Strong Balance Sheet coupled with deep sector expertise and capability





Tower Transit Singapore, Bulim Depot.

## Growth

Highly skilled in-house team focused on organic and acquisitive growth, domestically and abroad

### Near term growth opportunities

- Strong government contract tender pipeline in Australia and NZ – most significantly in Sydney and Auckland
- Bus contract opportunities internationally – Singapore and Manchester
- Ongoing organic growth in the resources sector
- Strategic acquisition opportunities in UK/Europe and in parallel bus sectors in Australia
- Building out and executing on plan for Kangaroo Island for the next 15-25 years
- Targeting interstate and international visitors

### Medium to long term objectives

- Position to take advantage of the extensive pipeline of organic growth opportunities and ongoing privatisations in the contracted transport sector
- Progress internal debt structuring to maximise advantages around government backed debt and insurance
- Invest in and renew the marine asset base
- Expand our advocacy for zero emission public transport and invest further in fleet conversion and depot infrastructure
- Continue to explore acquisition opportunities in Australia and targeted international markets

# Appendix 1

## Overview of Operations





**NEW SOUTH WALES**

**855**  **Contracted**

- 2 Government contracts
- Sydney metro route and on-demand services
- 55 zero emission buses



**WESTERN AUSTRALIA**

**841**  **Contracted**

- 10 Government contracts
- Perth metro route services
- 2 zero emission buses



**WESTERN AUSTRALIA - GO WEST**

**388**  **Contracted & Uncontracted**

- Government and blue chip customer contracts
- Regional WA route services
- Resources, tourism and education sectors



**SOUTH AUSTRALIA**

**878**  **24**  **Contracted**

- 5 Government contracts including 1 JV for Adelaide Metro light rail
- On-demand bus services
- 13 Alternative powered / hybrid buses in operation



**VICTORIA**

**166**  **Contracted & Uncontracted**

- 23 Government contracts
- Melbourne metro route and on-demand services
- Delivering zero emission bus trial 2023



**NORTHERN TERRITORY**

**10**  **Contracted**

- Katherine region bus services covering Tindal RAAF Base, Katherine City Centre, Katherine Gorge, Pine Creek, Binjari – Binjari Community and Cossack.



## SINGAPORE

### 734 Contracted

- 2 Government contracts
- 11 Zero emission buses + 17 hybrid buses
- 110m+ customer journeys



## LONDON

### 1125 Contracted

- RATP Dev Transit London joint venture
- 297 Zero emission buses + 385 hybrid buses
- 200m+ customer journeys



**BRISBANE**

**36**  **Contracted**

- Commuter ferry services on the Brisbane River
- Public transport gross cost contract
- Up to 15 year contract with Brisbane City Council



**DARWIN**

**5**  **Contracted & Uncontracted**

- Passenger ferry services to Mandorah
- Passenger ferry services to Tiwi Islands and Groote Eylandt
- Bus operations on Groote Eylandt
- Tours to Tiwi Islands and around Darwin



**K'GARI**

**4**  **Uncontracted**

- Passenger, vehicle and freight ferry services
- Two island resorts – Kingfisher Bay and K'Gari Beach
- K'Gari explorer tours
- Supermarket supplies, fuel, bakery



**BRUNY ISLAND**

**3**  **Contracted**

- Passenger, vehicle and barge services to Bruny Island
- Contracted services to State Government attracting subsidy



**SYDNEY**

**16**  **Contracted & Uncontracted**

- Premium Sydney Harbour lunch and dinner cruises
- Corporate and private charters
- Contracted commuter ferry services on Sydney Harbour
- Marina assets at Neutral Bay and King Street



**WHITSUNDAYS**

**4**  **Contracted & Uncontracted**

- Contracted passenger ferry services to Hayman Island from Hamilton Island and Airlie Beach
- Scenic Whitsundays cruises to Whitehaven Beach and surrounds



**NORTH STRADBROKE & SOUTHERN MORETON BAY**

**17**  **Contracted & Uncontracted**

- Passenger ferry services and vehicular barge services to North Stradbroke Island and Southern Moreton Bay Islands
- Moggill cross river cable ferry
- Passenger ferry service contract with State Government



**TOWNSVILLE**

**5**  **Contracted & Uncontracted**

- Passenger services to Palm Island contracted by State Government
- Passenger services to Magnetic Island
- Travel booking agency
- Extensive terminal infrastructure in Townsville



**GLADSTONE**

**9**  **Contracted**

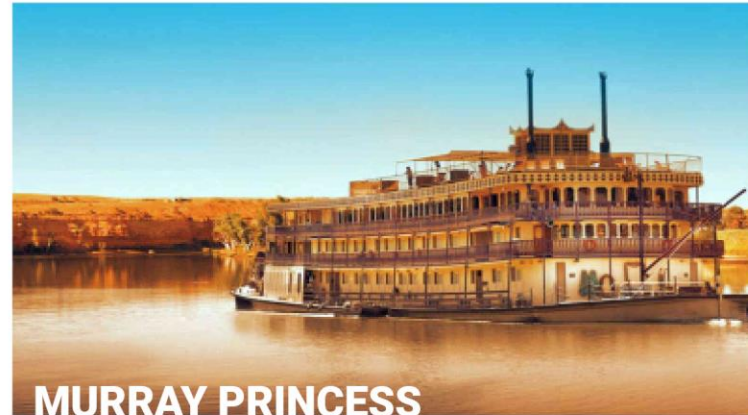
- Passenger and barge ferry services to Curtis Island
- Gross cost contracts with major oil and gas companies
- Extensive marina and out of water maintenance facilities



**KANGAROO ISLAND**

**2**  **Uncontracted**

- Passenger, vehicle and freight ferry services to Kangaroo Island
- Exclusive licence for up to 27 years
- Accommodation and freehold land on Kangaroo Island
- Coach touring – Kangaroo Island, Barossa Valley, McLaren Vale, Adelaide



**MURRAY PRINCESS**

**3**  **Uncontracted**

- Accommodated 3, 5 and 7 night river cruises on the Murray Princess paddle wheeler
- Packaged product with Kangaroo Island tours



**ROTTNEST ISLAND & SWAN RIVER**

**11**  **Contracted & Uncontracted**

- Contracted TransPerth cross river Ferry
- Lunch, dining and sightseeing cruises on Swan River
- Services to Rottneest Island from CBD and Fremantle
- Exclusive terminal infrastructure at Elizabeth Quay

# Appendix 2

## Great Britain/Europe Organisation Structure



# Kelsian UK – Great Britain/Europe Organisation Structure

Capability maintained to capitalise on growth opportunities in Great Britain and Europe

