

# Kelsian Group Limited

## FY 22 Half Year Results

### Investor Presentation

**Clint Feuerherdt**  
Group Chief Executive Officer

**Andrew Muir**  
Chief Financial Officer

23 February 2022

# Important notice - disclaimer

This document has been prepared by Kelsian Group Limited (ACN 109 078 257) (Kelsian Group or the Company). No party other than Kelsian Group has authorised or caused the issue of this document, or takes responsibility for, or makes any statements, representations or undertakings in this document.

**Presentation of general background:** This document contains general background information about Kelsian Group's proposed activities current as at the date of this presentation (Information). It is Information in a summary form only and does not contain all the information necessary to fully evaluate any transaction or investment. The material contained in this presentation may include information derived from publicly available sources that have not been independently verified.

**Not investment advice:** The Information provided in this presentation is not intended to be relied upon as advice to investors or potential investors and is not and should not be considered as a recommendation or invitation to invest. To the maximum extent permitted by law, the Company and its Officers do not accept any liability for any loss arising from the use of information contained in this presentation.

**Financial data:** All dollar values are in Australian dollars (A\$) unless otherwise stated.

**Future performance:** This presentation may contain certain forward-looking statements. The words 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'likely', 'intend', 'should', 'could', 'may', 'target', 'plan' and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Kelsian Group, and its directors, officers, employees, agents and associates, that may cause actual results to differ materially from those expressed or implied in such statements. Actual results, performance or outcomes may differ materially from any projections and forward-looking statements and the assumptions on which those assumptions are based. You should not place undue reliance on forward-looking statements and neither Kelsian Group nor any of its directors, officers, employees, advisers or agents assume any obligation to update such Information. Kelsian Group does not undertake any obligation to publicly release the result of any revisions to these forward-looking statements or to otherwise update any forward-looking statements whether as a result of new information, future events or otherwise, after the date of this presentation.

**Authorisation:** Approved and authorised for release via the Australian Securities Exchange on 23 February 2022 by Clinton Feuerherdt, Group Chief Executive Officer, Kelsian Group.

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

**For more information please contact:** Andrew Muir, CFO, Kelsian Group, (08) 8202 8693 or [andrew.muir@kelsian.com](mailto:andrew.muir@kelsian.com)





# Financial snapshot of H1 FY22

Resilient performance during the most challenging period of the pandemic

## Statutory Results Six months ended 31 December 2021

Revenue  
**\$649.0 million**  
*up 13.7% pcp*

EBITDA  
**\$90.2 million**  
*down 6.3% pcp*

NPATA  
**\$32.6 million**  
*down 34.7% pcp*

## Underlying Results Six months ended 31 December 2021

Revenue  
**\$649.0 million**  
*up 13.7% pcp*

Underlying EBITDA  
**\$90.8 million**  
*down 4.1% pcp*

Underlying NPATA  
**\$ 33.3 million**  
*down 30.6% pcp*

**Balance Sheet strength used to support  
acquisitions and asset renewal**

Senior net debt  
**\$236.6 million**  
*up 45.6% pcp*

Senior leverage  
**1.95x**  
*up 45.5% pcp*  
*1.29x \**  
*(\* Excl. government backed debt)*

Operating cash flow  
**\$48.9 million**  
*down 20.5% pcp*

Interim  
Fully Franked Dividend  
**7.0 cents**  
*same as pcp*

# H1 FY22 overview

Performing against the pressures of COVID-19 and enhancing the diversity of the contracted business

## Period highlights

- Underlying Earnings before Interest, Tax Depreciation and Amortisation (EBITDA) is \$90.8 million, down 4.1% on prior year with total revenue of \$649.0 million, up 13.7% on the prior year
  - Australian Bus – performed in line with expectations – increased EBITDA and achieved margin expansion
  - International Bus – performed better than expected following partial London restructure and new Singapore contract integration
  - Marine & Tourism – negatively impacted by border restrictions, travel uncertainty and emergence of Omicron variant
- Cashflow and Balance Sheet remain strong
- Utilised balance sheet capacity to debt fund acquisitions of Go West Tours (July 2021) and Lestok Tours (December 2021)
- Successfully managing the ongoing impacts of COVID-19 across the entire business
- Award of a new up to 25-year contract to operate the ferries to Kangaroo Island commencing in July 2024
- Successful transition and commencement of the new Sembawang-Yishun contract in Singapore
- Completion of the Joint Venture with RATP Dev in London for the Westbourne Park operations
- Ongoing asset base improvement with \$21 million of capital invested and the arrival of the new *MV The Jackson* dining vessel for Sydney Harbour and new vessels in Queensland
- Expansion of the electric bus fleet in NSW and UK and electrification of Leichhardt depot in NSW
- Extensions of key strategic marine contracts in Gladstone
- Change of corporate name from SeaLink Travel Group Limited to Kelsian Group Limited
- Inclusion in the S&P ASX200 Index
- Interim dividend of 7.0 cents per share, in line with prior year





# Managing the impacts of COVID-19

Essential services operating largely as normal and any service curtailment is still mostly compensated through the contracts with all labour inputs being managed well

COVID-19 Impact	Australian Bus	International Bus	Marine & Tourism
<b>Service levels</b>	<ul style="list-style-type: none"> <li>Very limited curtailment of services in the eastern states</li> <li>Next to no impact on financial performance in these businesses</li> </ul>	<ul style="list-style-type: none"> <li>No impact in London during the half</li> <li>5-10% service reductions in Singapore with cost covering support from Government</li> </ul>	<ul style="list-style-type: none"> <li>Much lower levels of discretionary services (dining and sightseeing)</li> <li>Some curtailment of scheduled services in Nth Qld, NT and WA</li> </ul>
<b>Patronage / Demand</b>	<ul style="list-style-type: none"> <li>Was approaching 80% pre COVID until Omicron and since dropped back towards 50%</li> <li>No fare box risk</li> <li>Only small patronage incentives linked to passenger numbers</li> </ul>	<ul style="list-style-type: none"> <li>London now above 80% and getting back to 'normal'</li> <li>Singapore still in the midst of Omicron and circa 50% of pre-COVID levels</li> <li>No patronage linked revenue</li> </ul>	<ul style="list-style-type: none"> <li>Demand tempered by restrictions and uncertainty</li> <li>Fraser Island demand outstripping ability to staff resorts</li> <li>WA and Sydney tourism still considerably depressed but recent border relaxations source of green shoots</li> </ul>
<b>Workforce Availability</b>	<ul style="list-style-type: none"> <li>Limited COVID related sickness disruptions</li> <li>Recruiting slow but no labour shortages</li> </ul>	<ul style="list-style-type: none"> <li>Recruiting slow in London but no labour shortage</li> <li>Singapore slightly over staffed due to integration of new contract</li> </ul>	<ul style="list-style-type: none"> <li>Very tight labour market</li> <li>Fraser Island capacity capped due to labour availability</li> <li>No other business not able to meet demand due to labour</li> </ul>
<b>Vaccination Mandates</b>	<ul style="list-style-type: none"> <li>Mandates applicable in all public transport operations</li> <li>&lt;100 staff losses as a result</li> </ul>	<ul style="list-style-type: none"> <li>No mandates</li> </ul>	<ul style="list-style-type: none"> <li>Limited mandates</li> <li>&lt;10 staff losses as a result</li> </ul>

# Managing the impacts of COVID-19

Cost base pressures either well hedged or the business has a strong ability to pass these costs on to the end consumer

COVID-19 Impact	Australian Bus	International Bus	Marine & Tourism
<b>Wage Cost</b>	<ul style="list-style-type: none"> <li>Wage increases pass through from Government indexation</li> <li>Negotiations for new Enterprise Agreement in Sydney with some industrial action occurring</li> <li>Supply of labour is good and don't expect a need to change wage rates to attract applicants</li> </ul>	<ul style="list-style-type: none"> <li>Recruiting fine at current levels</li> <li>Wage increases funded through contract indexation</li> </ul>	<ul style="list-style-type: none"> <li>Access to PALMS scheme and sourcing working visa staff on the horizon</li> <li>Resisting any structural change to wage rates</li> <li>Some short-term incentives being employed to attract staff in some areas</li> </ul>
<b>Inflationary Pressure</b>	<ul style="list-style-type: none"> <li>Contract indexation at CPI for all cost base items outside of labour and fuel</li> <li>No material impacts experienced or expected due to the contract indexation hedge</li> </ul>	<ul style="list-style-type: none"> <li>Contract indexation at CPI for approximately 75% of the cost base</li> <li>No material impacts experienced or expected due to the contract indexation hedge</li> </ul>	<ul style="list-style-type: none"> <li>Fuel hedging in place for circa 70% of fuel usage</li> <li>Vessel build costs increasing but existing builds are fixed price contracts</li> <li>Most services have an ability to pass on cost increases in fare price or contract indexation</li> </ul>
<b>OH&amp;S</b>	<ul style="list-style-type: none"> <li>All COVID-19 responses largely funded by Government (e.g. additional bus cleaning)</li> <li>Well placed with the supply of PPE and RAT tests</li> </ul>	<ul style="list-style-type: none"> <li>No change to ongoing measures in London</li> <li>Singapore still carrying significant cost burden of accommodating Malaysian staff</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing cleaning and provision of PPE, including provision of RAT tests to customers on Murray Princess</li> <li>Increased social distancing services in Brisbane funded by Government</li> </ul>

# Business characteristics and managing the cost base

Operations diversified by transport mode, geography, contract expiry and client base. 83.2% of annualised revenue contracted or non-discretionary

## Characteristics of a typical public service contract

- Typically six to ten year terms with options to extend if KPI's are met
- State government backed gross cost contracts
- Indexation for fuel price, wages and CPI
- No fare box patronage exposure
- Patronage incentives
- Mostly capital light
- Additional revenue as capital is deployed
- Additional growth funded via variable rates
- Operator KPI's for on road performance, reliability and safety
- Some financial penalties for failing key KPIs and also financial incentives for exceeding them

## Business fundamentals

- Portfolio of contracts
- Experience and track record in dealing with complexity of public transport networks
- Highly scalable
- Provide essential public transport operations in all Australian states and Northern Territory
- Marine and tourism services to iconic destinations, including 14 island communities
- Contracted transport operations provide a consistent earnings base from a portfolio of long-term, low-risk, government backed service contracts
- Track record of new contract wins over a 26-year history
- Tourism and uncontracted operations generally positioned as sole or preferred service provider with ownership of key assets and infrastructure



# Safety and sustainability

The health and safety of our employees and customers and the sustainability of our business are some of our most important objectives



## COVID-19

- COVID-19 response – staff, passengers, social distancing, protective barriers, masks, temperature tests, hygiene and cleaning protocols, cashless, boarding procedures and QR codes, maximum loads, rapid antigen testing
- Captured and embedded learnings from COVID-19 including reducing travel and adopting virtual meetings



## Staff

- Safety of our staff and passengers is paramount
- Employee wellbeing is a priority. An Employee Assistance Program is in place
- Maintained a positive hazard and near miss reporting culture to prevent incidents which could result in harm to people, property or environment



## Zero emissions

- Sydney fleet to have 57 battery electric buses in FY22
- ~250 electric buses in London across 13 routes in FY22
- 13 electric buses in Singapore
- Hybrid and electric buses being deployed in Perth and Adelaide
- Expansion of electric charging capability across the bus depot portfolio



## Green initiatives

- Solar options for depots
- R&D investment in hydrogen and electric vessel projects
- Hydrogen fuel cell buses ordered
- Driver telematics and collision avoidance



## Accreditation

- ISO 9001:2015 Quality Assurance System; ISO 45001:2018 Occupational Health and Safety Management System; ISO 14001:2015 Environmental Management System; ISO 55001:2014 Asset Management System
- Sydney successfully maintained certification at Integration Level against the International Customer Service Standard (ICSS: 2020-2025)

ersonal use only

2

H1 FY22 financial results





# Summary profit & loss statement

Resilient performance during the most challenging period of the pandemic

Half year ended 31 December	2021 \$m	2020 \$m	Variance \$m	Variance %
Revenue	649.0	570.8	78.2	13.7%
Operating expenses*	(558.2)	(476.2)	(82.0)	17.2%
<b>Underlying EBITDA</b>	<b>90.8</b>	<b>94.6</b>	<b>(3.8)</b>	<b>(4.1%)</b>
<i>Underlying EBITDA margin</i>	<i>14.0%</i>	<i>16.6%</i>	<i>(2.6%)</i>	<i>(15.6%)</i>
Depreciation	(39.5)	(31.5)	(8.0)	25.4%
<b>Underlying EBITA</b>	<b>51.3</b>	<b>63.1</b>	<b>(11.9)</b>	<b>(18.8%)</b>
Amortisation	(11.4)	(17.9)	6.5	(36.2%)
<b>Underlying EBIT</b>	<b>39.9</b>	<b>45.2</b>	<b>(5.3)</b>	<b>(11.8%)</b>
Net interest expense	(11.4)	(9.6)	(1.7)	18.1%
<b>Underlying NPBT</b>	<b>28.5</b>	<b>35.6</b>	<b>(7.1)</b>	<b>(19.9%)</b>
Income tax expense	(6.6)	(5.3)	(1.3)	23.5%
Underlying NPAT	21.9	30.2	(8.3)	(27.5%)
<b>Underlying NPATA</b>	<b>33.3</b>	<b>48.1</b>	<b>(14.7)</b>	<b>(30.6%)</b>
Earnings per share**	0.15	0.22		
Shares on Issue (million)	218.4	218.4		

\* Operating expenses before interest, depreciation, amortisation, acquisition and transaction expenses \$1.6m (2020: \$0.6m) and other significant items \$1.0m (2020: \$2.2m).

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

- Total revenue rising to \$649.0m, driven by impact of Go West Tours acquisition and River City Ferries (full 6 months contribution) and new Singapore contract (3 months)
- Operating expenses increased due to new business and contract additions and increased input costs primarily, fuel and labour
- Underlying EBITDA down 4.1% to \$90.8m
- Lower EBITDA contribution from Marine & Tourism in 1<sup>st</sup> half with ongoing business disruption due to COVID-19
- Higher depreciation, includes impact of new businesses and contracts
- Higher interest reflects increased debt financing used to fund the Go West Tours acquisition
- Tax expense continues to benefit from marine training incentives and instant asset write off
- Fully franked interim dividend maintained at 7.0 cents per share



# One-off items

\$0.6 million of one-off items normalised to underlying profit, relating to acquisition costs and abnormal non-cash gain from UK divestment

Half year ended 31 December	2021 \$m	2020 \$m
Acquisition, transaction and other	1.6	0.6
Insurance proceeds	-	(2.2)
Fair value gain on investment (UK)	(1.0)	
Underlying EBIT impact	0.6	(1.6)

## Transaction costs – (\$1.6 million)

- During the period, \$1.6 million of “one-off” transaction related costs were expensed associated with the acquisition of Go West Tours, Lestok Tours and transitioning to the London JV investment.

## Non cash 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 UK Ltd.

## Other Matters

### Bus Contract Amortisation – (\$11.4 million)

- During the period, a non-cash amortisation charge of \$11.4 million was recognised. This relates to the amortisation of identifiable intangibles and the value ascribed to bus contracts as part of the purchase price consideration for Transit Systems Group and Go West Tours. The non- cash amortisation charge for FY22 will be \$18.6 million.



# Cash flow

Underlying business continues to generate strong cashflow

## Cash flow statement

Half year ended 31 December	2021 \$m	2020 \$m	Change \$m	Growth %
Receipts from customers	651.7	581.3	70.4	12.1%
Payments to suppliers	(578.7)	(490.4)	(88.3)	18.0%
<b>Gross operating cash flow</b>	<b>73.0</b>	<b>90.9</b>	<b>(17.9)</b>	<b>(19.7%)</b>
Transaction costs	(1.3)	(0.6)	(0.7)	112.6%
Net interest	(10.5)	(9.6)	(0.8)	8.5%
Income tax (paid)/refunded	(12.3)	(19.2)	6.9	(35.9%)
<b>Net operating cash flow</b>	<b>48.9</b>	<b>61.5</b>	<b>(12.6)</b>	<b>(20.5%)</b>
Disposals	1.2	0.3	0.9	278.3%
Additions	(21.4)	(30.0)	8.6	(28.7%)
Business combinations	(68.0)	(18.0)	(50.0)	277.8%
<b>Net investing cash flows</b>	<b>(88.2)</b>	<b>(47.7)</b>	<b>(40.5)</b>	<b>85.0%</b>
Net proceeds from share issue	-	-	-	-
Proceeds from borrowings	79.0	-	79.0	-
Payments for leases	(15.2)	(15.0)	(0.2)	1.3%
Dividends paid	(19.7)	(9.8)	(9.8)	100.0%
<b>Net financing cashflows</b>	<b>44.2</b>	<b>(24.8)</b>	<b>69.0</b>	<b>(277.9%)</b>
<b>Cash at the end of the year</b>	<b>108.4</b>	<b>108.9</b>	<b>(0.5)</b>	

## Commentary

- Good earnings quality and strong cash generation
- Net operating cash flow \$48.9 million, down \$12.6 million or 20.5%
- Higher interest expense represents increased borrowings during the period
- Maintained a robust cash buffer with significant cash reserves of \$108.4 million held at 31 December 2021
- Dividends paid of \$19.7 million



# Conservative capital structure

Maintained our balance sheet strength

## Summary balance sheet

As at	31-Dec-21 \$m	30-Jun-21 \$m	Change \$m	Growth %
Cash and cash equivalents	108.4	103.5	4.9	4.8%
Receivables	112.2	92.4	19.8	21.5%
Property, plant & equipment	422.2	373.4	48.8	13.1%
Other tangible assets	39.7	31.0	8.7	28.1%
<b>Total tangible assets</b>	<b>682.6</b>	<b>600.3</b>	<b>82.3</b>	<b>13.7%</b>
Right of use assets	250.6	206.1	44.5	21.6%
Other assets	579.6	553.0	26.6	4.8%
<b>Total assets</b>	<b>1,512.8</b>	<b>1,359.4</b>	<b>153.4</b>	<b>11.3%</b>
Senior debt	345.0	266.0	79.0	29.7%
Other interest bearing liabilities	67.7	47.4	20.4	43.0%
<b>Total debt</b>	<b>412.7</b>	<b>313.4</b>	<b>99.4</b>	<b>31.7%</b>
Right of use liability	205.8	160.3	45.5	28.4%
Other liabilities	276.3	277.6	(1.4)	(0.5%)
<b>Total liabilities</b>	<b>894.8</b>	<b>751.3</b>	<b>143.4</b>	<b>19.1%</b>
<b>Net assets</b>	<b>618.1</b>	<b>608.1</b>	<b>10.0</b>	<b>1.6%</b>

- Government backed contracted assets with a vehicle termination payment obligation as at 31 December 2021 total \$103 million
- Leverage reduces to 1.29x excluding this contract commitment

## Commentary

- Balance sheet strength is an asset - offers resilience and creates optionality
- Gearing ratio (net debt divided by (net debt + equity)) – 34.9% increased from 30.5%
- Identifiable customer contracts goodwill \$15.4 million and goodwill of \$17.7 million recognition associated with Go West Tours acquisition
- Non cash amortisation charge associated with customer contracts goodwill recognised of \$11.4 million in the period
- Final instalment of non contingent deferred consideration for Transit Systems acquisition to be paid in due in August 2022
- Sita Vendor loan \$20 million repayment due April 2022
- Majority of debt facilities have three year term remaining
- Ample liquidity as at 31 December 2021
- All bank covenants comfortably met as at 31 December 2021



# Capex overview

H1 FY22 saw \$21.1 million of capital deployed to underpin growth and re-fresh asset base

Half year ended 31 December	2021 \$m	2020 \$m
Domestic bus	3.6	15.1
International bus	3.0	2.1
Marine and Tourism	14.5	12.8
Corporate	-	-
<b>Total capex</b>	<b>21.1</b>	<b>30.0</b>

## Major additions / investments during the period

### *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

## 2H FY22 Forecast Capex \$42.9 million

- Marine & Tourism - \$18.7 million – 3 vessels, marine infrastructure
- Australian Bus - \$19.1 million – electric buses, charging infrastructure and depot land
- International - \$5.1 million – solar, vehicle telematics and safety equipment (Singapore); vehicle refurbishments (London)

## Instant Asset Write Off

- Pursuing opportunities to bring forward capital expenditure to take advantage of IAWO for tax purposes before June 2023



3

## Divisional performance overview





# Australian Bus

## Overview of H1 FY22 performance

Solid trading result during a challenging operating period

Half year ended 31 December	2021 \$m	2020 \$m	Growth \$m	Growth %
Revenue	393.1	341.8	51.2	15.0%
Direct expenses	(316.4)	(284.0)	(32.4)	11.4%
Indirect expenses	(22.6)	(12.9)	(9.7)	75.4%
Operating expenses	(339.0)	(296.9)	(42.1)	14.2%
<b>Underlying EBITDA</b>	<b>54.1</b>	<b>45.0</b>	<b>9.1</b>	<b>20.3%</b>
<i>Underlying EBITDA margin</i>	<i>13.8%</i>	<i>13.2%</i>	<i>0.6%</i>	<i>4.6%</i>
Depreciation	(12.7)	(8.6)	(4.1)	47.7%
<b>Underlying EBITA</b>	<b>41.4</b>	<b>36.4</b>	<b>5.0</b>	<b>13.8%</b>
Amortisation	(11.1)	(11.0)	(0.1)	1.1%
<b>Underlying EBIT</b>	<b>30.3</b>	<b>25.4</b>	<b>4.9</b>	<b>19.3%</b>

Operational statistics	2021	2020
Passengers carried (CY)	100 million	96 million
Kilometres operated (CY)	149 million	137 million
Buses	3,186	2,709
Employees	5,589	5,126
Contracts	31	18
Revenue weighted avg remaining contract term*	5.3 years	6.6 years

\*Contract term includes contract extension options

### Commentary

- Good performance from all jurisdictions
- Most route services delivered as planned during the period
- Contracted revenue largely unaffected by Covid impacts
- Favorable operating conditions despite limited additional revenue opportunities
- Driver shortages (covid/close contacts) impacting charter services
- Rail replacement work in South Australia
- Unsuccessful in recent NSW and Victorian tenders
- Strong tender pipeline in NSW
- Outcome of Darwin
- Go West Tours acquisition complete and performing well
- Lestok Tours acquired (December 2021)
- Commenced Kalgoorlie school bus contract in WA
- 57 electric buses to be operational by June 2022



# International Bus

## Overview of H1 FY22 performance

Contract commencement in Singapore and Joint Venture in UK provides scale and critical mass

Half year ended 31 December	2021 \$m	2020 \$m	Growth \$m	Growth %
Revenue	138.7	130.3	8.5	6.5%
Direct expenses	(86.1)	(84.6)	(1.5)	1.8%
Indirect expenses	(32.6)	(20.6)	(12.0)	58.1%
Operating expenses	(118.8)	(105.3)	(13.5)	12.8%
<b>Underlying EBITDA</b>	<b>19.9</b>	<b>25.0</b>	<b>(5.0)</b>	<b>(20.2%)</b>
Underlying EBITDA margin	14.4%	19.2%	(4.8%)	(25.0%)
Depreciation	(17.2)	(13.7)	(3.5)	25.1%
<b>Underlying EBITA</b>	<b>2.8</b>	<b>11.2</b>	<b>(8.5)</b>	<b>(75.5%)</b>
Amortisation	-	(6.1)	6.1	(100.0%)
<b>Underlying EBIT</b>	<b>2.8</b>	<b>5.1</b>	<b>(2.3)</b>	<b>(45.9%)</b>

Operational statistics	2021	2020
Passengers carried (CY)	117 million	110 million
Kilometres operated (CY)	40 million	37 million
Buses	971	750
Employees	2,266	2,215
Government contracts	12	23
Revenue weighted avg remaining contract term*	5.8 years	5.8 years

\*Contract term includes contract extension options

### Commentary

#### London

- Market remains highly competitive
- JV with RATP Dev UK Ltd provides scale and synergies
- London credential maintained
- Strategic review of options for Lea Interchange well advanced
- UK/European market remains and attractive opportunity

#### 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 service degradation and route cutbacks imposed by Singaporean Land Transport Authority
- Good pipeline of tender opportunities
- 13 electric vehicles

# Marine and Tourism

## Overview of H1 FY22 performance

COVID continues to severely challenge the tourism industry

Half year ended 31 December	2021 \$m	2020 \$m	Growth \$m	Growth %
Revenue	117.2	98.7	18.6	18.8%
Direct expenses	(74.7)	(55.7)	(19.0)	34.1%
Indirect expenses	(15.4)	(8.4)	(7.1)	84.5%
Operating expenses	(90.2)	(64.1)	(26.1)	40.7%
<b>Underlying EBITDA</b>	<b>27.1</b>	<b>34.6</b>	<b>(7.5)</b>	<b>(21.7%)</b>
<i>Underlying EBITDA margin</i>	<i>23.1%</i>	<i>35.1%</i>	<i>(12.0%)</i>	<i>(34.1%)</i>
Depreciation	(9.1)	(8.6)	(0.5)	6.0%
<b>Underlying EBITA</b>	<b>18.0</b>	<b>26.0</b>	<b>(8.0)</b>	<b>(30.9%)</b>
Amortisation	(0.3)	(0.8)	0.5	(60.5%)
<b>Underlying EBIT</b>	<b>17.7</b>	<b>25.2</b>	<b>(7.6)</b>	<b>(30.0%)</b>

Operational statistics	2021	2020
Passengers carried (CY)	5.1 million	3.6 million
Vessels	116	117
Buses	65	69
Employees	1,558	1,561
Contracts	14	15
Revenue weighted avg remaining contract term*	11.1 years	6.0 years

\*Contract term includes contract extension options

### Commentary

- Results impacted for the full period by COVID restrictions and uncertainty
- Government support packages ended or scaled back despite restrictions being maintained
- Staff shortages a limiting factor – particularly hospitality
- Kangaroo Island 25-year contract renewal a highlight (refer Appendix 1)
- Contract extension for Gladstone operations
- CCC-NSW and WA hardest hit
- New fleet – Dining vessel for Sydney Harbour (delivered January 2022)
- Vessels under construction - a passenger ferry for Magnetic Island and two vehicle/passenger ferries for Southern Morton Bay Islands
- Dry lease of four vessels to Harbour City Ferries extended
- Brilliant Travels – national marketing and cross selling – [www.brillianttravels.com.au](http://www.brillianttravels.com.au)

# Corporate

## Overview of H1 FY22 performance

Focus on integration and efficiency improvements

Half year ended 31 December	2021 \$m	2020 \$m	Variance \$m	Variance %
Revenue	-	-	-	-
Direct expenses	0.0	(0.0)	0.0	-118.7%
Indirect expenses	(10.3)	(9.9)	(0.4)	4.3%
Operating expenses	(10.3)	(9.9)	(0.4)	4.1%
<b>Underlying EBITDA</b>	<b>(10.3)</b>	<b>(9.9)</b>	<b>(0.4)</b>	<b>4.1%</b>
Underlying EBITDA margin	-	-	-	-
Depreciation	(0.5)	(0.6)	0.1	-9.8%
<b>Underlying EBITA</b>	<b>(10.9)</b>	<b>(10.5)</b>	<b>(0.4)</b>	<b>3.4%</b>
Amortisation	-	-	-	-
<b>Underlying EBIT</b>	<b>(10.9)</b>	<b>(10.5)</b>	<b>(0.4)</b>	<b>3.4%</b>

### Commentary

- Investment in people and systems to drive efficiencies and position business for growth
  - Information Technology
  - Cyber
  - Customer experience
  - Websites







4

Outlook and Growth



# Trading update and outlook

Essential services continue to run on a full schedule, while the Marine & Tourism portfolio is poised to take advantage of the return of interstate and international visitors

## FY22 YTD trading update

- Current trading results in 2022 overall in line with expectations
- Singapore integration of new contract tracking well
- London restructure near complete with JV now established and strategic review of final depot well advanced
- While the summer was depressed in Marine & Tourism, forward bookings are strong, indicating an increase in confidence and demand.
- Yield management initiatives being deployed and average fare per passenger showing improvement in Marine & Tourism
- Conversion of new transport opportunities in resources sector occurring as planned

## Outlook

- Liquidity and strong balance sheet support business goals
- Lowering of COVID-19 restrictions and all borders soon to be open should see the return of solid interstate and international travel demand
- Labour will also travel in on the international flights and near full employment expected by Easter
- School charter and advertising revenue set to return in Australian Bus
- London restructure set to complete by end of FY22
- Further significant advances in pursuit of zero emissions planned

# Growth

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

## Near-term growth objectives

- Bus contract tender pipeline in Australia – most significantly in NSW
- Bus contract opportunities internationally – Singapore and Manchester
- Resources sector transport
- Targeting interstate and international visitors
- Accretive acquisitions creating longer term value



## Medium-to-long term strategic objectives

- Building out and executing on our plan for Kangaroo Island for the next 15-25 years
- Position to take advantage of the extensive pipeline of organic growth opportunities in the contracted businesses
- 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 emissions and invest further in fleet conversion
- Continue to explore acquisition opportunities in targeted international markets







# Kangaroo Island Ferry Contract

Underpins future capital investment and provides certainty

- 25-year contract secured from 1 July 2024 (15yrs + 5yrs + 5yrs)
- Government controlled fares for Kangaroo Island residents and freight
- Uncontrolled fares for all other fare types
- Dynamic pricing model will be introduced to maximise yield based on demand
- Significant increase in capacity through larger drive through, faster vessels and additional departures
- Investment of ~\$32 million in the construction of two new ferries
- Investment of ~\$10 million in the upgrading of terminals (SeaLink owned) and traffic management infrastructure (Government investing in new port infrastructure)
- Investment in upgrading the customer experience at Cape Jervis and Penneshaw terminals within the first 5 years of contract
- Ongoing commitment to community support initiatives and sponsorship
- Ongoing commitment to global marketing and sales distribution



## Kangaroo Island Ferry Service Vessels

- Larger vessels to increased lane meterage (80 x 5 metre vehicles vs 50 with current vessels)
- Wider vehicle lanes to allow customers to remain in vehicles whilst loading/unloading
- Drive through capability for seamless load and improved turnaround times
- Enhanced customer amenities – 3 lounges including 24 passenger premium lounge, heated indoor/outdoor viewing deck, lift
- Reduced motion sickness design
- Disability Discrimination Act (DDA) compliant design
- Constructed to allow for conversion once zero-emission technology becomes viable