

ASX Announcement

24 August 2022

Kelsian Group Limited - FY22 Full Year Results

Contracted essential services continue to deliver

Kelsian Group Limited (ASX:KLS) ("Kelsian") today reports its full year results for the financial year ending 30 June 2022 (FY22).

Key Highlights

- Kelsian performed well in challenging conditions, continuing to diversify its resilient contracted earnings base
- Underlying EBITDA increase of 9.3% on prior year to \$183.1 million, reflecting the strength of the business and defensive contracted model
- Total revenue of \$1,324.7 million, up 12.9% on the prior year
- International Bus outperformed expectations following the London restructure and doubling of the Singapore contract base
- Australian Bus performed in line with expectations with an increased EBITDA and margin expansion
- Marine & Tourism showed improvement late in the period following impacts of border restrictions, travel uncertainty and COVID-19 over the Australian summer
- Cashflow and Balance Sheet remain strong, positioning Kelsian for growth; Balance Sheet capacity was utilised to fund strategic acquisitions, asset renewal and fleet investment
- Award of up to a 25-year contract to continue to operate ferries to Kangaroo Island
- Reinforced market leading position as Australia's largest operator of zero emissions buses with 58 battery electric vehicles in operation, a further 59 on order and four hydrogen fuel cell buses to be deployed
- Change of corporate name from SeaLink Travel Group Limited to Kelsian Group Limited
- Inclusion in the ASX 200
- Final dividend of 9.5 cents per share, an increase of 0.5 cents over the prior year

Group Result

A strong result demonstrating the resilience and characteristics of the business model and Group strategy.



Kelsian delivered growth in core segments, underpinned by its contracted earnings base in the Australian Bus and International Bus divisions providing predictability of earnings and certainty, despite market volatility and macroeconomic challenges.

Kelsian recorded a statutory Net Profit After Tax (NPAT) of \$52.9 million, representing an increase of 40.1 per cent on the prior corresponding period (pcp) on revenue of \$1,324.7 million, reflecting a 12.9 per cent increase on the pcp.

Statutory Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) for FY22 was 15.0 per cent higher than the pcp at \$185.1 million.

Kelsian's Cashflow and Balance Sheet position remains strong, reflecting the underlying resilience of the contracted business as well as the Group's ability to utilise that capacity to fund strategic acquisitions.

Demonstrating the Group's ongoing commitment to sustainable and strategic growth, Kelsian entered the contracted resource sector transport market with the acquisition of Go West Tours in Western Australia, as well as several strategic bolt on acquisitions in the Perth and Pilbara markets.

In international markets, Kelsian successfully transitioned and commenced the new Sembawang-Yishun contract in Singapore. The Group also completed the strategic Joint Venture with RATP Dev in London for the Westbourne Park operations in December 2021 and the divestment of the Lea Interchange leasehold and operations in June 2022. Kelsian is actively pursuing growth opportunities internationally including in the UK and Europe, which remain attractive markets, following the repositioning of the London operations, retention of a highly capable management team, and following Kelsian's withdrawal from The Go-Ahead Group plc possible acquisition process.

Kelsian's experienced team continues to actively pursue accretive organic and inorganic growth opportunities in both Australia and targeted international transport markets with similar contract characteristics, high quality contract counterparts, and the potential to deliver predictable, resilient earnings.

Reflecting the continued Australian growth opportunities, Kelsian was awarded a new up to 25-year contract to continue to operate the ferries to Kangaroo Island commencing in July 2024. Kelsian also took delivery of the new *MV The Jackson* dining vessel for Sydney Harbour and completed the construction of several new vessels for its Queensland operations.

Kelsian furthered its leadership in zero-emission public transport in the Australian market with the electrification of its Leichhardt bus depot in Sydney. The completion and investment to electrify the Leichhardt depot comes as the Group announced it now has 58 electric buses in operation in Australia with a further 59 on order, plus a further four hydrogen fuel cell buses that will be deployed over the coming months.

The Group delivered a strong performance for FY22 despite ongoing COVID-19 related volatility and largely COVID-19 related driver shortages that impacted some routes and charters. Marine & Tourism was also impacted by weather related disruptions in Queensland and NSW, but ended the year strongly after moving clear of the effects of COVID-19 restrictions and adverse weather events.

Group Chief Executive Officer (CEO) Clint Feuerherdt Commentary:

"The strength of Kelsian's financial result is reflective of the essential nature of the business and the highly defensive, recurring nature of our contracts and, ultimately, our strategy.

"Kelsian delivers an essential service and, in a period, where we experienced macro-economic challenges, natural disasters and ongoing COVID-19 impacts – particularly on our labour force, I am very proud of the service we have continued to provide and the professionalism of our people.

"During the period, Kelsian undertook a number of strategic growth activities to consolidate our leadership position in the Australian market and to expand in strategic international transport markets with similar contract characteristics. We remain disciplined and focused on delivering strategic growth, utilising the relationships and expertise we have across jurisdictions to deliver contracted growth. Kelsian's Balance Sheet is positioned to support organic, tendering and inorganic growth and the fundamentals of the transport industry are such that there is an immense opportunity for Kelsian to capitalise on positive sector tailwinds.

"Kelsian is well placed to continue to grow both domestically and internationally with a continued focus on delivering against our growth initiatives and environmental factors continuing to ease, primarily migration and international mobility. Further, domestic tourism is expected to continue the positive trajectory seen since the 2022 Easter period and we anticipate a gradual return of international travel demand.

"The Group continues to face labour constraints, particularly in the bus segment, as the labour force continues to be impacted by COVID-19 and net-migration related constraints. Labour constraints will continue to impact the Group for the near term, and the Group continues to actively manage the situation. We anticipate the labour position to improve as migration and tourism limitations ease.

"While the Group continues to work through the challenges presented by labour shortages, we are pleased the contractual pricing mechanisms to compensate for fuel, wages and other inflationary pressures continue to operate as expected. More than 80 per cent of Kelsian's contracts include these protections and enable us to plan and work through short term challenges relating to COVID-19, as well as environmental and macroeconomic conditions."

Dividend

Kelsian's Directors today declared a 9.5 cents per share fully franked final dividend, up 5.5 per cent on the prior year, payable on 5 October 2022 to shareholders registered on 5 September 2022. This

dividend is in line with the Company's policy of aiming to return 50% - 70% of underlying net profit after tax and before amortisation, subject to business needs and ability to pay.

Authorised for lodgement with the ASX by the Board

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ABOUT KELSIAN

Kelsian Group is Australia's largest integrated multi-modal transport provider and tourism operator, with established bus operations in Singapore and London. The Group provides essential journeys for our customers by delivering safe and intelligent transport solutions designed to improve the sustainability and liveability of the communities we serve.

Kelsian has over 30 years' experience delivering tourism and passenger transport services. The Group is a leader in sustainable public transport as the operator of Australia's largest zero emission bus fleet and Australia's largest electrified bus depot.

As at 30 June 2022, Kelsian directly employs 8,744 people and operates 4,134 buses, 115 vessels and 24 light rail vehicles that delivered more than 240 million customer journeys over the last year. Through its London bus joint venture, Kelsian has involvement in employing a further 3,688 people operating approximately 1,125 buses in London, including 297 electric vehicles.