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Kelsian Group Limited

FY23 Half Year Results

Investor Presentation

Clint Feuerherdt
Group Chief Executive Officer

Andrew Muir
Group Chief Financial Officer

23 February 2023

Leichhardt Depot, Sydney NSW

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1. INTRODUCTION

2. 1HFY23 Overview

3. 1HFY23 Financial Results

4. 1HFY23 Divisional Performance

5. Growth Strategy & Outlook

Joondalup Depot, Perth, WA

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Introduction to Kelsian

Long-term, low-risk, government-backed service contracts provide consistent, predictable earnings base

$1.2 billion

ANNUALISED CONTRACTED * REVENUES

Predictable earnings base from long-term, low-risk, government backed service contracts

WELL HEDGED IN INFLATIONARY ENVIRONMENT

Indexation for fuel price, wages, CPI for majority of contracts, ability to pass on fare increases in Marine & Tourism

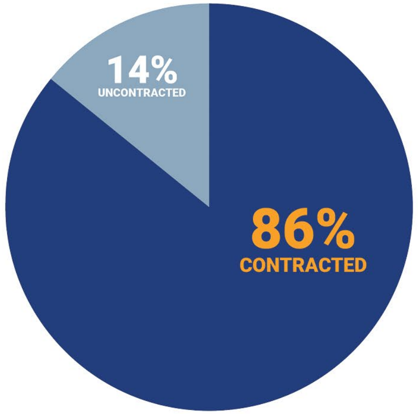
HIGHLY SCALABLE

Barriers to scale exist to establish infrastructure and build expertise

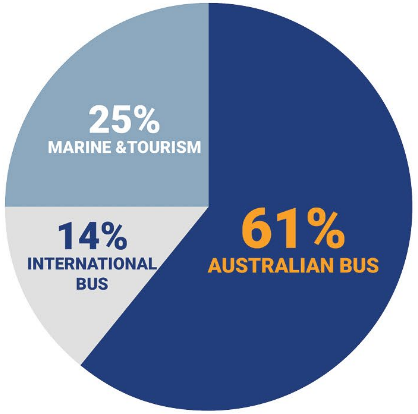
LEADERS IN DECARBONISATION

Australia's largest zero emissions bus fleet and the largest electrified bus depot

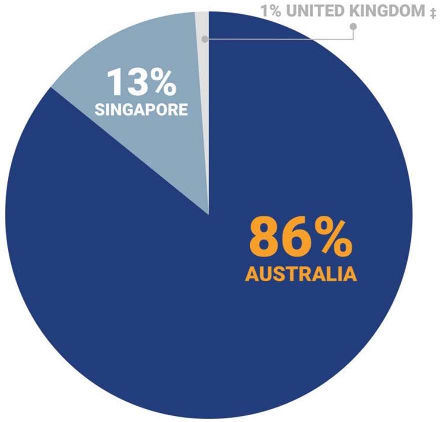
Contracted VS Uncontracted **1HFY23**



Revenue by Division **1HFY23**



Revenue by Geography **1HFY23**



KELSIAN OPERATIONAL NUMBERS ^

257million+
ANNUAL CUSTOMER JOURNEYS

9,223
EMPLOYEES

3,991
BUSES

113
VESSELS

19
ISLAND CONNECTIONS

** Contracted or non-discretionary revenues*
^ Operational Numbers as at 31 December 2022
‡ Includes Channel Islands

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Bus sector offers compelling solution to drive decarbonisation, reduce congestion

Transport is Australia's third largest source of greenhouse gas emissions with highest rate of growth

TRANSPORT SECTOR EMISSIONS

Transport is one of largest sources of greenhouse gas emissions. Bus industry is well advanced in switching to zero emission vehicles.

SUPPORTIVE GOVERNMENT FUNDING

Increased funding and supportive policies for bus sector globally to drive decarbonisation.

TECHNOLOGICAL ADVANCEMENTS

Technology advancements and scale are driving efficiencies.

SUSTAINABLE TRANSPORT LEADER

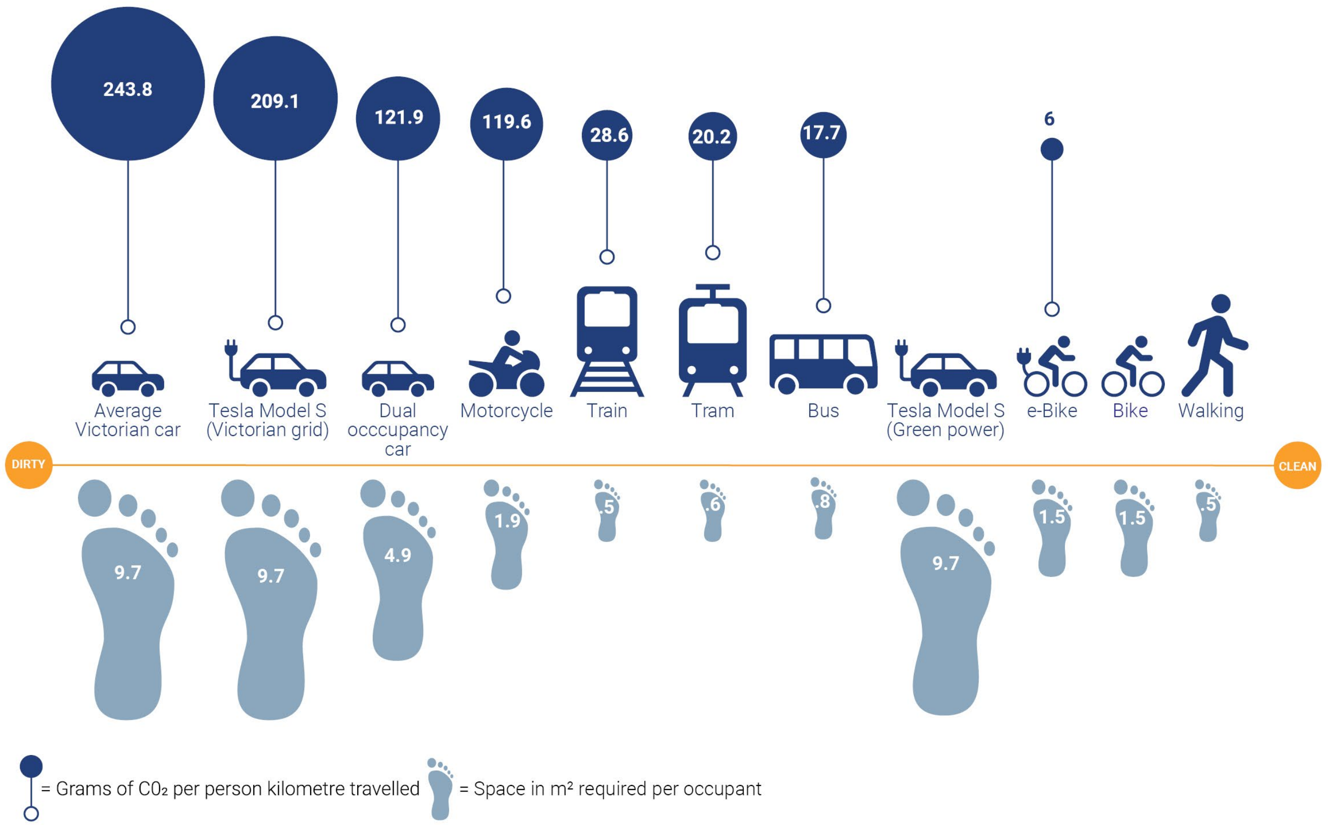
Kelsian operates Australia's largest zero emissions bus fleet and the largest electrified bus depot.

PRIVATISATION

Privatisation of public transportation improves transportation efficiency. Kelsian has strong balance sheet and deep sector expertise and capability.

BUSINESS & LEISURE RECOVERY

Increased business and leisure trips are underpinning need for bus transportation to reduce emissions and congestion.



Public commuter transport is a cost-effective method of transport for consumers in a rising cost and inflationary environment, driving demand for more services

Infographic Source: Institute for Sensible Transport (www.sensibletransport.org.au)

Overview of business divisions

Kelsian bus divisions represent ~75% of group revenue ^

AUSTRALIAN BUS

TRANSIT SYSTEMS

Contracted public transport services on behalf of government

*Remaining Average Contact Term: **5.5 Years**

CHARACTERISTICS:
- Essential transport services to major cities
- Government and blue-chip counterparties
- Long-term contracts
- Opportunity to increase yield and margin over term of the contract
- Annual price increases
- No farebox risk
- Mostly capital light
- Managing infrastructure on behalf of governments or enjoying government backed funding structure

INTERNATIONAL BUS

TOWER TRANSIT

Public transport services under contract to government agencies in Singapore, London and Channel Islands

*Remaining Average Contact Term: **5.3 Years**

CHARACTERISTICS:
- Government transport services
- Government counterparties
- Long-term contracts
- Opportunity to increase yield and margin over term of the contract
- Annual price increases
- No farebox risk

MARINE & TOURISM

SEALINK
Marine & Tourism

Passenger and transport ferries, tourism experiences and accommodation

*Remaining Average Contact Term: **13.3 Years**

CHARACTERISTICS:
- Secure landing rights and freehold properties
- Preferred operator status to most destinations
- Serving 19 unique island destinations, hard to replicate
- Provides essential transport services to island residents, businesses and visitors
- Exposure to domestic and international tourism
- Includes a range of government contracted services

* Revenue weighted average remaining contract term as at 31 December 2022; contract term includes contract extension options
^ 1HFY23 Total Revenue per Segment Note for Australian and International Bus

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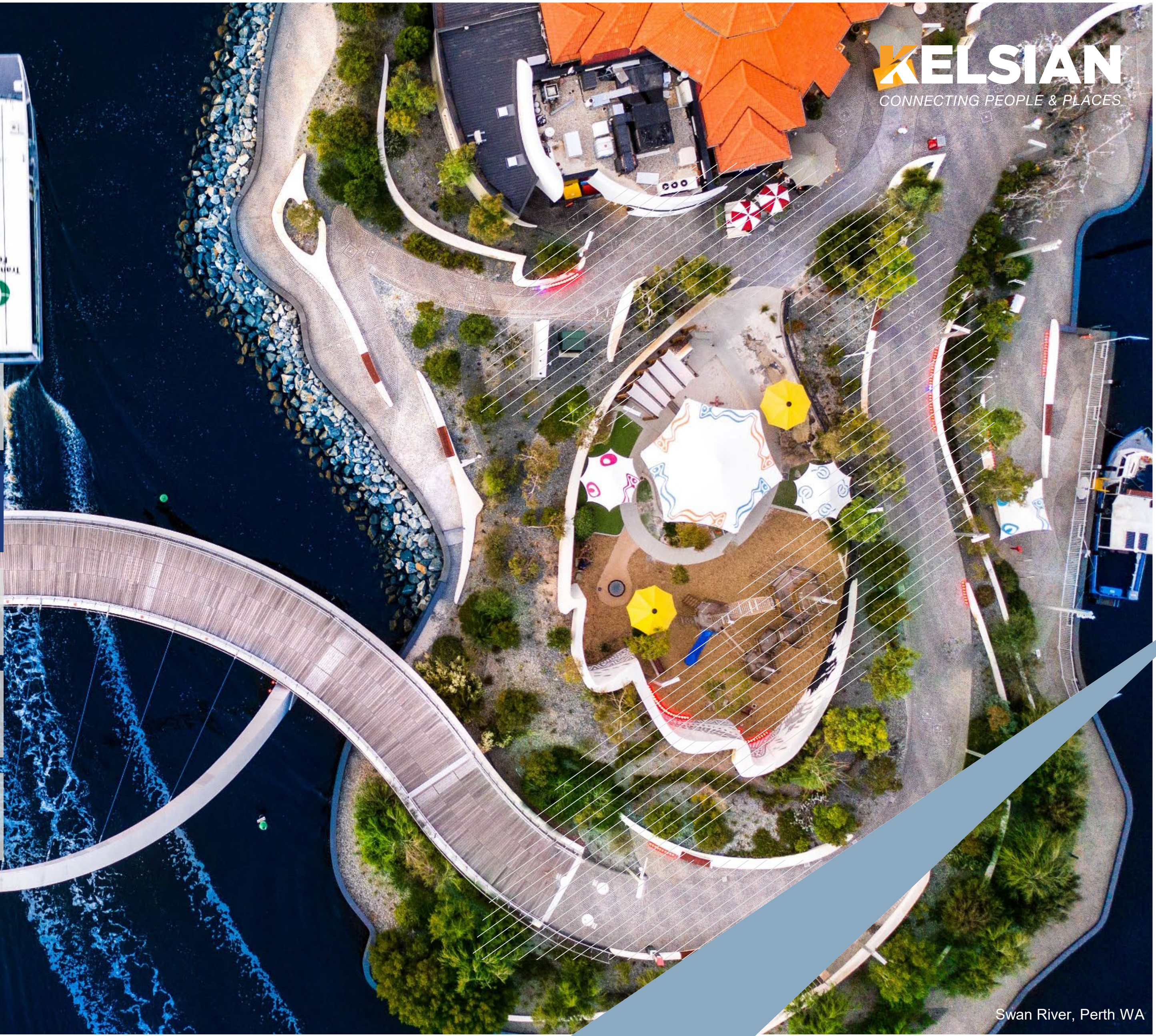

Swan River, Perth WA

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1HFY23 financial snapshot*

Strong performance from Marine & Tourism business underpins solid growth

Underlying results
Six months to 31 December 2022

Revenue **$678.3 million** ▲ *6.2% pcp*	**Balance Sheet strength used to support acquisitions and asset renewal**	
Underlying EBIT **$44.9 million** ▲ *17.8% pcp*	**Senior net debt** **$283.7 million** ▲ *19.9% pcp*	**Gross operating cash flow** **$67.5 million** ▲ *11.7% pcp*
Underlying NPAT **$26.5 million** ▲ *21.6% pcp*	**Senior leverage** **2.05 †** ▲ *5.0% pcp* *† 1.6x excluding government backed debt*	**Interim fully franked dividend** **7.5 cents** ▲ *7.1% pcp*

1HFY23 results are reported post the accounting change for the Singapore Bus Business announced on 15 February 2023. See Appendix 1 for a reconciliation and adjusted comparisons

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1HFY23 operational & strategic highlights

Solid growth in challenging operating environment

TRANSIT SYSTEMS **AUSTRALIAN BUS**	• Retained Region 3 contract in NSW • Signed new contracts in NSW, commencing in August 2023 (Regions 3 and 13) and in October 2023 (Regions 2 and 15) - to become Sydney's largest bus operator • Total new contracted value of ~$1.3 billion* over 7 years • Expansion of electric charging capability across bus depots • Appointment of Transit Systems CEO
TOWER TRANSIT **INTERNATIONAL BUS**	• Acquisition of bus operations in Channel Islands (Oct 22) • Labour shortages in Singapore now largely resolved • Transition of East London bus operations complete
SEALINK Marine & Tourism **MARINE & TOURISM**	• Strong rebound in domestic demand • Purchase of four new vessels • New 10-year contracts in Gladstone (Shell Santos and ConocoPhillips)
STRATEGIC / ESG	• Acquisition of North Stradbroke Island Buses (Dec 22), Horizons West Coachlines (Jan 23), Grand Touring NT (Feb 23) • Taken delivery of 62 Zero Emission Buses (ZEBs) in Australia, with 61 on order • Largest zero emissions bus fleet and electrified bus depot in Australia • Well placed to capitalise on leadership position working with Government to achieve their objectives in delivering sustainable transport solutions

* Estimated revenue from new NSW contracts (Regions 2, 3, 13 and 15)

Whitsundays, QLD

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Brisbane City Cat

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Summary Profit & Loss Statement

86.0% of annualised revenue contracted or non-discretionary

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- Revenue growth reflects rebound in domestic tourism (Marine & Tourism) and flow through of contract indexation
- Contract indexation mechanisms effectively hedge inflation for majority of bus businesses (fuel price, wage inflation, CPI)
- Higher labour costs due to labour shortages (overtime, casual, agency staff)
- Non-cash amortisation charge associated with customer contracts goodwill of $8.6 million
- Borrowing costs well managed through hedges in place
- Tax expense adversely impacted by non-deductibility of M&A costs in UK and staff shortages impacting marine shipping incentives
- Change in accounting treatment for Singapore Bus Business (refer Appendix 1 for comparative)
- Fully franked interim dividend of 7.5 cents per share - record date of 3 March 2023 and payable 17 March 2023

Half year ended 31 December $m	1H23	1H22	Growth	Growth %
Revenue	678.3	638.8	39.5	6.2%
Operating expenses*	(598.5)	(560.1)	(38.4)	6.9%
Underlying EBITDA	**79.8**	**78.7**	**1.1**	**1.4%**
Underlying EBITDA margin	*11.8%*	*12.3%*	*(0.5%)*	*(4.4%)*
Depreciation	(26.3)	(29.2)	2.9	(9.9%)
Underlying EBITA	**53.5**	**49.5**	**4.0**	**8.1%**
Amortisation	(8.6)	(11.4)	2.8	(24.5%)
Underlying EBIT	**44.9**	**38.1**	**6.8**	**17.9%**
Net finance	(9.0)	(9.6)	0.6	(6.3%)
Underlying NPBT	**35.9**	**28.5**	**7.4**	**26.0%**
Income tax expense	(9.4)	(6.6)	(2.8)	42.4%
Underlying NPAT	**26.5**	**21.9**	**4.6**	**21.0%**
Underlying NPATA	**35.0**	**33.3**	**1.7**	**5.1%**
Earnings per share**	0.16	0.15		
Shares on Issue (million)	218.4	218.4		

^Comparative restated for change in accounting announced 15 February 2023

* Operating expenses before interest, depreciation, amortisation, acquisition and transaction expenses $8.6m (2021: $1.6m) and other significant items $1.5m (2021: $1.0m).

** Earnings per share calculated based on Underlying NPATA

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Change in accounting for Singapore bus business and one-off items

Adjustments to non-cash items

- Accounting treatment change results in adjustments to non-cash items reported in the International Bus division for revenue, depreciation, interest and certain right of use assets and associated lease liabilities
- No impact on net profit before tax, net profit after tax, cashflows, net assets, financial covenants or on Kelsian operations or its prospects
- 1HFY23 Underlying EBITDA pre-accounting change was $95.1 million (see Slide 26 for full reconciliation)
- The change in accounting treatment has not arisen due to any irregularities concerning Kelsian for this period or prior periods

One off items

- Transaction costs primarily associated with unsuccessful acquisition of The Go-Ahead Group plc in the UK
- Statutory Net Profit after Tax (pre-one-off items) $17.2 million (down 18.6%)

Impact of change in accounting

Profit and Loss $m	Before H1FY23	After H1FY23
Revenue	693.6	678.3
Operating costs	(598.5)	(598.5)
EBITDA	**95.1**	**79.8**
Depreciation and amortisation	(48.4)	(34.9)
EBIT	**46.7**	**44.9**
Financing Charges	(10.9)	(9.0)
Profit Before Tax	**35.9**	**35.9**

Balance Sheet $m	Before H1FY23	After H1FY23
Other debtors (accrued income)	27.9	26.0
Right-of-use assets	195.1	102.1
Total assets	**1,498.8**	**1,403.7**
Current lease liabilities	40.2	14.2
Non-current lease liabilities	149.7	80.6
Total liabilities	**853.9**	**759.0**
Net assets	**644.8**	**644.8**

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Cashflow

Underlying business continues to generate strong cashflow

Operating cashflow

$36.9m

Net operating cash flow down ($1.1) million or (2.9%)

Dividends paid

$20.7m

Good earnings quality and strong cash generation support dividend payments

Cash reserves

$95.0m

Maintained a robust cash buffer with significant cash reserves at 31 December 2022

Business combinations

$28.3m

Acquisition of Channel Islands (Guernsey & Jersey), North Stradbroke Island Buses, and deferred consideration payments for Transit Systems and Go West

Half year ended 31 December $m	1H23	1H22	Change	Change %
Receipts from customers	705.4	651.7	53.7	8.2%
Payments to suppliers	(637.9)	(591.3)	(46.6)	7.9%
Gross operating cash flow	**67.5**	**60.4**	**7.1**	**11.7%**
Transaction costs	(7.6)	(1.3)	(6.3)	471.3%
Net interest	(9.0)	(8.8)	(0.2)	2.5%
Income tax (paid)/refunded	(14.0)	(12.3)	(1.7)	13.7%
Net operating cash flow	**36.9**	**38.0**	**(1.1)**	**(2.9%)**
Disposals	12.7	1.2	11.4	936.6%
Additions	(44.6)	(21.4)	(23.2)	108.6%
Business combinations	(28.3)	(68.0)	39.7	(58.4%)
Net investing cash flows	**(60.2)**	**(88.2)**	**28.0**	**(31.7%)**
Net proceeds from share issue	-	-	-	
Proceeds from borrowings	60.0	79.0	(19.0)	(24.1%)
Repayment of borrowings	(63.0)	(4.9)	(58.1)	1192.9%
Dividends paid	(20.7)	(19.7)	(1.1)	5.6%
Net financing cashflows	**(23.7)**	**54.5**	**(78.2)**	**(143.5%)**
Exchange rate on opening cash	0.921	0.60	0.3	52.7%
Cash at the end of the year	**95.0**	**108.4**	**(13.4)**	

*Comparative restated for change in accounting announced 15 February 2023

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Strong Balance Sheet

Capacity to support strategic initiatives and growth

- Balance Sheet strength has supported acquisitions made in FY23YTD and continues to provide significant financial flexibility
- Disciplined approach to capital management
- Gearing ratio (net debt divided by (net debt + equity)) of 34.0% increased from 31.2%
- Identifiable customer contracts of $8.7 million and recognition of associated with Channel Islands and North Stradbroke Island Buses acquisitions
- Undrawn bank facilities of $128.9 million
- Majority of debt facilities have three-year term remaining
- Significant headroom in all bank covenants

- **Government backed contracted assets with a vehicle termination payment obligation total $70.8 million as at 31 December 2022**
- **Leverage reduces to 1.6x excluding this contractual commitment**

$m	31 Dec 22	30 Jun 22	Change	Change %
Cash and cash equivalents	95.0	141.1	(46.1)	(32.7%)
Receivables	113.3	118.6	(5.3)	(4.5%)
Property, plant & equipment	430.5	404.8	25.7	6.4%
Other tangible assets	30.5	28.5	2.0	7.0%
Total tangible assets	**669.3**	**693.0**	**(23.7)**	**(3.4%)**
Right of use assets	102.1	105.9	(3.8)	(3.6%)
Other assets	632.3	624.7	7.7	1.2%
Total assets	**1,403.7**	**1,423.6**	**(19.8)**	**(1.4%)**
Senior debt	366.1	345.0	21.1	6.1%
Other interest bearing liabilities	9.6	31.4	(21.8)	(69.4%)
Total debt	**375.7**	**376.4**	**(0.7)**	**(0.2%)**
Right of use liability	94.9	94.7	0.2	0.2%
Other liabilities	288.4	312.5	(24.1)	(7.7%)
Total liabilities	**759.0**	**783.6**	**(24.6)**	**(3.1%)**
Net assets	**644.8**	**640.0**	**4.8**	**0.7%**

*Comparative restated for change in accounting announced 15 February 2023

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Capex overview

$44.6 million of capital deployed to underpin growth and refresh tangible asset base

MAJOR ADDITIONS & INVESTMENTS

- **Marine & Tourism:** Vessels for Hayman Island, North Stradbroke Island Buses, Sydney dining vessels
- **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 and QLD

$75.0 million

FY23 CAPEX FORECAST

- **Marine & Tourism:** $27.3 million – four vessels, marine infrastructure
- **Australian Bus:** $10.5 million – electric buses, coaches for Go West, charging infrastructure and depot land
- **International Bus:** $2.3 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

Half year ended 31 December $m	1H23	1H22
Domestic bus	10.5	3.6
International bus	2.3	3.0
Marine and Tourism	27.3	14.5
Corporate	4.5	-
Total Capex	**44.6**	**21.1**

Starships, Sydney Harbour

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1. Introduction
2. 1HFY23 Overview
3. 1HFY23 Financial Results
4. **1HFY23 DIVISIONAL PERFORMANCE**
5. Growth Strategy & Outlook

RATP Dev Transit London JV

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Overview of 1HFY23 performance | Australian Bus

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

- Industry wide shortage of drivers and mechanics
  - Rail replacement, special event and charter work suppressed
  - Higher overtime to maintain services
  - KPI penalties for missed trips
- NSW Government supporting acceleration of battery electric bus (BEB) roll out in Sydney. 62 ZEBs in operation nationally (55 in NSW)
- Contract retention (R3) and new regions (R2, R13 and R15)
- Adjacent market expansion (Education) with acquisition of Horizons West
- Go West Tours performing well and exploring expansion opportunities interstate
- Small bolt-on acquisitions adding to the portfolio
  - North Stradbroke Island Buses (Dec 22)
  - Horizons West Coachlines (Jan 23)
  - Grand Touring NT (Feb 23)

Half year ended 31 December $m	1H23	1H22	Growth	Growth %
Revenue	411.5	393.1	18.5	4.7%
Direct expenses	(334.7)	(317.7)	(17.0)	5.4%
Indirect expenses	(25.9)	(21.3)	(4.7)	21.9%
Operating expenses	(360.7)	(339.0)	(21.7)	6.4%
Underlying EBITDA	**50.8**	**54.1**	**(3.2)**	**(6.0%)**
Underlying EBITDA margin	*12.4%*	*13.8%*	*(1.4%)*	*(10.2%)*
Depreciation	(14.4)	(12.7)	(1.7)	13.8%
Underlying EBITA	**36.4**	**41.4**	**(5.0)**	**(12.0%)**
Amortisation	(7.9)	(11.1)	3.2	(28.8%)
Underlying EBIT	**28.5**	**30.3**	**(1.8)**	**(5.9%)**

Operational Statistics **	2022	2021
Customer Journeys	113 million	100 million
Kilometres Operated	151 million	149 million
Buses	3,095	3,186
Employees	5,506	5,589
Contracts	37	31
Revenue weighted avg remaining contract years*	5.5	5.3

*Contract term includes contract extension options

*** Operational Statistics 12 months as at 31 December 2022*

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Overview of 1HFY23 performance | International Bus

Result reflects cycling of exit of UK operations in part offset by new business

United Kingdom / Channel Islands

- Actively pursuing growth opportunities in attractive UK/European market
- Acquisition of bus operations in Channel Islands
- Participating in Manchester franchising opportunity
- Withdrew from the The Go-Ahead Group plc process (July 2022)

Singapore

- Labour shortages largely resolved by December 2022
- Some ongoing service degradation and route cutbacks imposed by Singapore Land Transport Authority
- Good pipeline of tender opportunities – two tenders out to market
- 28 Zero and low emissions vehicles
- Change in accounting treatment (refer Appendix 1 for comparative)

Half year ended 31 December $m	1H23	1H22	Growth	Growth %
Revenue	99.3	126.8	(27.5)	(21.7%)
Direct expenses	(69.5)	(89.7)	20.2	(22.5%)
Indirect expenses	(25.5)	(29.1)	3.6	(12.3%)
Operating expenses	(95.0)	(118.8)	23.8	(20.0%)
Underlying EBITDA	**4.3**	**8.0**	**(3.8)**	**(46.8%)**
Underlying EBITDA margin	*4.3%*	*6.3%*	*(2.0%)*	*(32.1%)*
Depreciation	(2.0)	(6.9)	4.8	(70.7%)
Underlying EBITA	**2.3**	**1.2**	**1.1**	**91.8%**
Amortisation	(0.4)	-	(0.4)	
Underlying EBIT	**1.9**	**1.2**	**0.7**	**60.8%**

*Comparative restated for change in accounting announced 15 February 2023

Operational Statistics **	2022	2021
Customer Journeys	134 million	117 million
Kilometres Operated	47 million	40 million
Buses	834	971
Employees	1,866	2,266
Government contracts	4	12
Revenue weighted avg remaining contract years*	5.3	5.8

*Excludes contracts associated with the RATP Dev JV

*** Operational Statistics 12 months as at 31 December 2022*

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Overview of 1HFY23 performance | Marine & Tourism

Solid trading result during a challenging operating period

- Strong recovery in domestic demand
- Gradual recovery of international tourism
- Fare increases offsetting inflationary pressure
- Gladstone / Curtis Island 10-year contracts a highlight
- Lane Cove – 15-year contract
- Greenfield start-up in Whitsundays
- Murray River flooding impacting Murray Princess
- Major R&M and slipping "catch up" post Covid on fleet
- Fleet additions – three vessels for Sydney Harbour, passenger ferry for Whitsundays
- Fleet construction - five vessels under construction
- Ongoing investment in establishing Brilliant Travels – national marketing and cross selling – **www.brillianttravels.com.au**

Half year ended 31 December $m	1H23	1H22	Growth	Growth %
Revenue	167.5	118.5	49.0	41.3%
Direct expenses	(106.8)	(74.7)	(32.1)	43.0%
Indirect expenses	(23.4)	(16.7)	(6.7)	39.8%
Operating expenses	(130.2)	(91.5)	(38.8)	42.4%
Underlying EBITDA	**37.3**	**27.1**	**10.2**	**37.7%**
Underlying EBITDA margin	*22.3%*	*22.9%*	*(0.6%)*	*(2.6%)*
Depreciation	(9.4)	(9.1)	(0.3)	3.2%
Underlying EBITA	**27.9**	**18.0**	**9.9**	**55.2%**
Amortisation	(0.3)	(0.3)	0.0	(13.1%)
Underlying EBIT	**27.6**	**17.7**	**10.0**	**56.3%**

Operational Statistics **	2022	2021
Customer Journeys	9 million	5 million
Vessels	113.0	116.0
Buses	62	65
Employees	1,725	1,558
Contracts	17	14
Revenue weighted avg remaining contract years*	13.3	11.1

*Contract term includes contract extension options

*** Operational Statistics 12 months as at 31 December 2022*

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Overview of 1HFY23 performance | Corporate

Investment to build capability to manage growth

Information technology & cyber
- IT systems & software
- Cyber prevention solutions

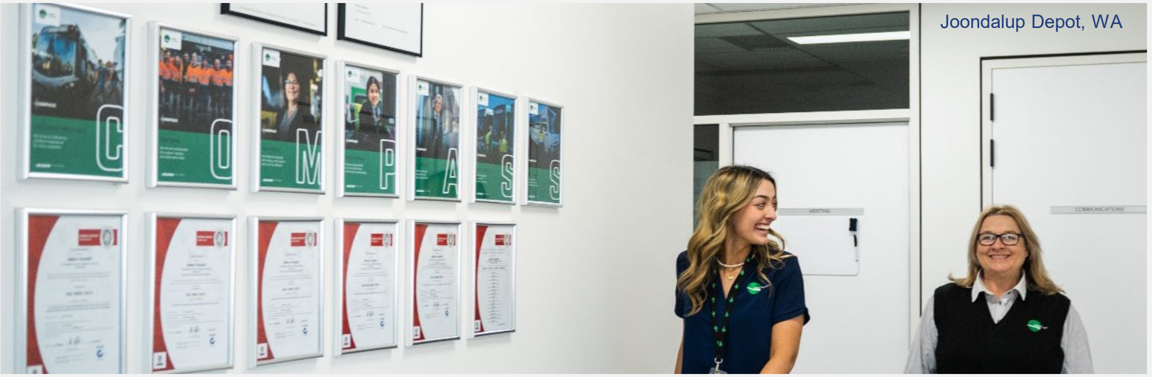
People
- Training & development
- Culture and Diversity Manager
- Legal resources
- Business development

Customer experience
- Website consolidation
- Booking Apps
- Loyalty program
- Brilliant Travels platform
- CRM Systems

Overhead costs
- Insurance
- Travel
- Wages

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

Half year ended 31 December $m	1H23	1H22	Growth	Growth %
Revenue	-	-	-	n/a
Direct expenses	-	-	-	n/a
Indirect expenses	(12.6)	(10.3)	(2.3)	22.0%
Operating expenses	(12.6)	(10.3)	(2.3)	22.1%
Underlying EBITDA	**(12.6)**	**(10.3)**	**(2.3)**	**22.1%**
Underlying EBITDA margin	-	-	-	-
Depreciation	(0.5)	(0.5)	0.0	(2.2%)
Underlying EBITA	**(13.1)**	**(10.9)**	**(2.3)**	**20.9%**
Amortisation	-	-	-	-
Underlying EBIT	**(13.1)**	**(10.9)**	**(2.3)**	**20.9%**


Joondalup Depot, WA

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Magnetic Island, QLD

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Current focus areas

Pursuing organic and inorganic growth opportunities
Extracting efficiencies from recent contract wins / acquisitions

- Ongoing organic growth opportunities in resources and education sectors
- Leveraging scale advantages to drive revenue and margin growth
- Invest in people and culture to ensure 'Employer of Choice' status to attract and retain skilled labour
- Capitalise on domestic tourism momentum Marine & Tourism
- Investment and renewal of marine asset base in progress
- Capitalise on well-defined contract tender pipeline in both domestic and international markets
- Work with governments to achieve objectives in delivering sustainable transport solutions including investing in fleet conversion and depot infrastructure
- Progress internal debt structure to maximise advantages of government backed debt & self-insurance
- Strategic acquisition opportunities in UK/Europe/USA and bolt on acquisitions in Australia

Transit Systems NSW staff decorate bus to support Sydney World Pride, February 2023

Attractive organic growth opportunities

Australian Bus & International Bus to benefit from strong tender pipeline of long-term contracts

KEY ATTRIBUTES

- Strong track record in complex tendering
- Disciplined capital management
- Leaders in transitioning contracts, operational excellence, efficiency
- Leaders in decarbonisation with largest zero emissions bus fleet and electrified bus depot in Australia
- Strong balance sheet and cashflows
- Experienced management

POTENTIAL AUSTRALIAN CONTESTABLE OPPORTUNITIES

- Queensland
- ACT
- Tasmania

LONG-TERM OPPORTUNITIES 5+ YEARS

- Singapore / Asia
- Australia
- New Zealand
- United Kingdom
- Europe
- North America

MEDIUM-TERM OPPORTUNITIES 3-5 YEARS

- Melbourne
- Singapore
- Other regional UK cities
- Resources sector
- Sydney Ferries
- USA

NEAR-TERM OPPORTUNITIES 1-2 YEARS

- Singapore bus contracts
- Manchester bus franchising
- Auckland bus contracts
- Resources sector
- Education sector
- Auckland ferries

5 + Years

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Trading update and outlook

Solid base creates optionality to pursue growth strategy

2HFY23 trading update

- Significant new tender wins in Sydney
- Labour shortages in Australian bus division improved but not to pre-COVID
- Singapore labour issues largely resolved
- Forward bookings in Marine & Tourism remain strong
- Further fare increases to be applied in several Marine & Tourism businesses
- Deploying yield management initiatives, average fare per passenger increasing
- Conversion of new transport opportunities in resources sector occurring as planned

Outlook

- Balance sheet strength, strong cash flows and track record ensure well placed to deliver on growth strategy
- Labour position to improve as migration levels resume
- Gradual return of international travel
- School, charter, special events and advertising revenue returning in Australian Bus
- Transport services continue to provide stable growth and new opportunities
- Further significant advances planned in pursuit of zero emissions transport
- Several opportunities in domestic and international M&A

Whitsundays, QLD

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Executive summary

Highly defensive and resilient business model

Strong track record in delivering on growth strategy

- Long-term, low-risk, government backed service contracts provide consistent, predictable earnings base and a natural hedge against inflation
- Opportunity to leverage synergies and efficiencies from integration of new contracts and acquisitions and drive revenue and margin growth
- Cost base pressures either well hedged or passed on to end customer
- Strong management team with deep sector expertise and strong track record in delivering growth from new tenders
- Focused on organic growth, new business opportunities in adjacent markets
- Strong balance sheet and cash flows support acquisition strategy, disciplined approach to capital deployment
- Leadership in sustainable transport ensures well placed to benefit from Government's focus on decarbonisation and traffic reduction

Horizons West, Perth WA

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Appendix 1

Impact of Accounting treatment change

Joondalup Depot, WA

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Reconciliation of Accounting treatment change

Consolidated Kelsian Group impact

- The accounting treatment change results in adjustments to non-cash items reported in the International Bus segment for revenue, depreciation, interest and certain right of use assets and associated lease liabilities.
- No impact on net profit before tax, net profit after tax, cashflows, net assets, financial covenants or on Kelsian operations or its prospects.
- The change in accounting treatment has not arisen due to any irregularities concerning Kelsian for this period or prior periods.

Consolidated Group impact

Profit and Loss $m	Before H1FY23	Change H1FY23	After H1FY23	Reported FY22	Change FY22	Restated FY22
Revenue	693.6	(15.3)	678.3	1,324.7	(27.3)	1,297.4
Operating costs	(598.5)	-	(598.5)	(1,141.6)	-	(1,141.6)
EBITDA	**95.1**	**(15.3)**	**79.8**	**183.1**	**(27.3)**	**155.8**
Depreciation and amortisation	(48.4)	13.5	(34.9)	(99.2)	23.5	(75.7)
EBIT	**46.7**	**(1.8)**	**44.9**	**83.9**	**(3.8)**	**80.1**
Financing Charges	(10.9)	1.8	(9.0)	(21.4)	3.8	(17.6)
Profit Before Tax	**35.9**	**0.0**	**35.9**	**62.5**	**0.0**	**62.5**

Balance Sheet $m	Before H1FY23	Change H1FY23	After H1FY23	Reported FY22	Change FY22	Restated FY22
Other debtors (accrued income)	27.9	(1.9)	26.0	25.8	(1.3)	24.5
Right-of-use assets	195.1	(93.1)	102.1	209.9	(104.0)	105.9
Total assets	**1,498.8**	**(95.0)**	**1,403.7**	**1,528.9**	**(105.3)**	**1,423.6**
Current lease liabilities	40.2	(26.0)	14.2	37.1	(25.5)	11.6
Non-current lease liabilities	149.7	(69.0)	80.6	162.9	(79.8)	83.1
Total liabilities	**853.9**	**(95.0)**	**759.0**	**888.9**	**(105.3)**	**783.6**
Net assets	**644.8**	**0.0**	**644.8**	**640.0**	**0.0**	**640.0**

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Reconciliation of Accounting treatment change

International Bus Segment impact

- Bus lease payments in the International Bus segment (Singapore) will now be recorded on a net basis rather than a gross basis, resulting in de-recognising the relevant right of use asset and lease liability from the balance sheet.

- As at the date of this release, the estimated full year FY23 impact of the accounting change to reported results is expected to be a reduction in reported revenue of approximately SGD28.5 million, a reduction in reported depreciation expense of SGD25.1 million and a reduction in reported notional interest expense of SGD3.4 million.

Profit and Loss $m	Before H1FY23	Change H1FY23	After H1FY23	Reported FY22	Change FY22	Restated FY22
Revenue	114.6	(15.3)	99.3	268.1	(27.3)	240.8
Operating costs	(95.0)	-	(95.0)	(226.8)	-	(226.8)
EBITDA	**19.6**	**(15.3)**	**4.3**	**41.3**	**(27.3)**	**14.0**
Depreciation and amortisation	(15.7)	13.5	(2.3)	(34.9)	23.5	(11.4)
EBIT	**3.9**	**(1.8)**	**2.0**	**6.4**	**(3.8)**	**2.6**
Financing Charges	(1.9)	1.8	(0.1)	(5.5)	3.8	(1.8)
Profit Before Tax	**2.0**	**0.0**	**2.0**	**0.9**	**0.0**	**0.9**

Balance Sheet $m	Before H1FY23	Change H1FY23	After H1FY23	Reported FY22	Change FY22	Restated FY22
Other debtors (accrued income)	25.2	(1.9)	23.3	22.2	(1.3)	20.9
Right-of-use assets	110.7	(93.1)	17.6	206.9	(104.0)	102.9
Total assets	**364.9**	**(95.0)**	**269.9**	**473.2**	**(105.3)**	**367.9**
Current lease liabilities	29.0	(26.0)	3.0	25.8	(25.5)	0.3
Non-current lease liabilities	74.7	(69.0)	5.6	84.8	(79.8)	5.0
Total liabilities	**160.3**	**(95.0)**	**65.3**	**270.7**	**(105.3)**	**165.4**
Net assets	**204.6**	**0.0**	**204.6**	**202.5**	**0.0**	**202.6**

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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

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