

Kelsian Group Limited

FY23 Half Year Results

Investor Presentation

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Group Chief Executive Officer

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23 February 2023

1. INTRODUCTION

2. 1H FY23 Overview

3. 1H FY23 Financial Results

4. 1H FY23 Divisional Performance

5. Growth Strategy & Outlook

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

**KELSIAN
OPERATIONAL
NUMBERS ^**



257million+
ANNUAL CUSTOMER JOURNEYS



9,223
EMPLOYEES



3,991
BUSES

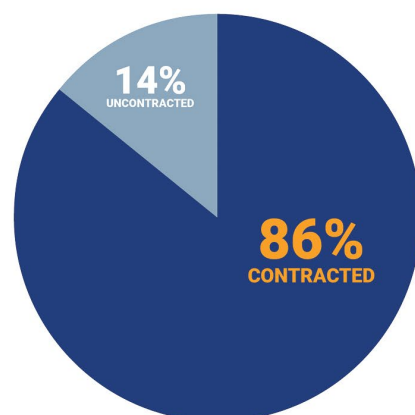


113
VESSELS

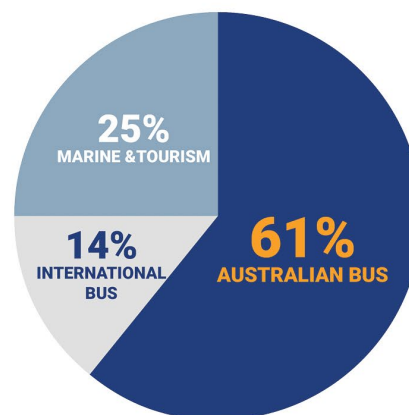


19
ISLAND CONNECTIONS

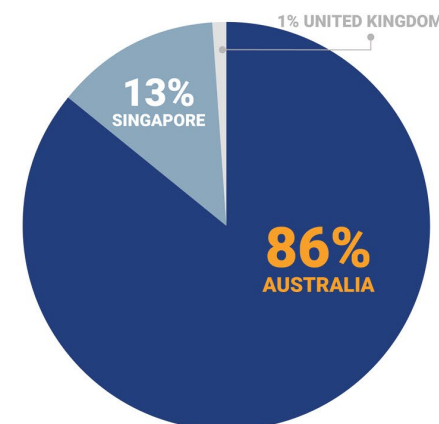
Contracted VS Uncontracted 1HFY23



Revenue by Division 1HFY23



Revenue by Geography 1HFY23

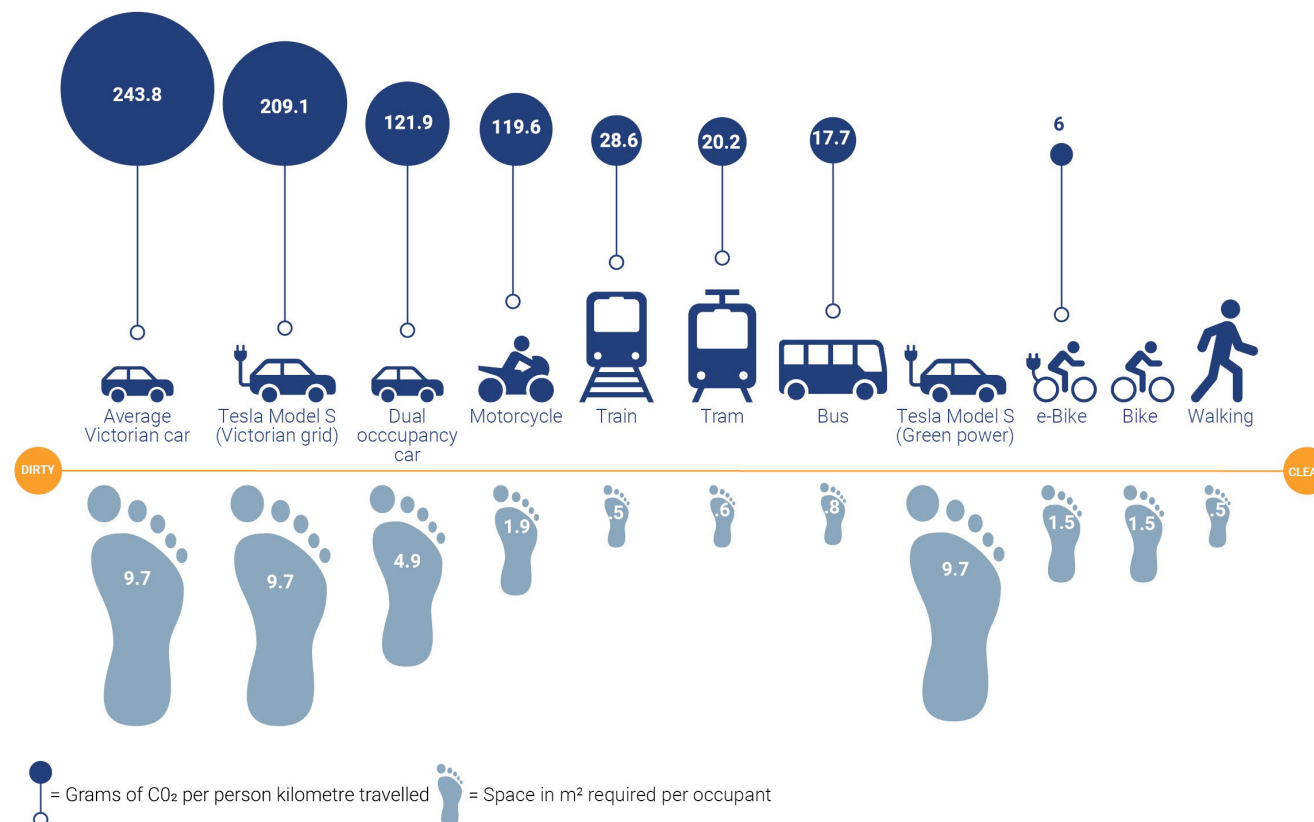


* Contracted or non-discretionary revenues
^ Operational Numbers as at 31 December 2022
‡ Includes Channel Islands

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

<p>TRANSPORT SECTOR EMISSIONS</p> <p>Transport is one of largest sources of greenhouse gas emissions. Bus industry is well advanced in switching to zero emission vehicles.</p>	<p>SUPPORTIVE GOVERNMENT FUNDING</p> <p>Increased funding and supportive policies for bus sector globally to drive decarbonisation.</p>
<p>TECHNOLOGICAL ADVANCEMENTS</p> <p>Technology advancements and scale are driving efficiencies.</p>	<p>SUSTAINABLE TRANSPORT LEADER</p> <p>Kelsian operates Australia's largest zero emissions bus fleet and the largest electrified bus depot.</p>
<p>PRIVATISATION</p> <p>Privatisation of public transportation improves transportation efficiency. Kelsian has strong balance sheet and deep sector expertise and capability.</p>	<p>BUSINESS & LEISURE RECOVERY</p> <p>Increased business and leisure trips are underpinning need for bus transportation to reduce emissions and congestion.</p>






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 ^

<div data-bbox="662 384 868 499">  </div> <div data-bbox="178 496 435 528"> <h2>AUSTRALIAN BUS</h2> </div> <div data-bbox="178 601 830 671"> <p>Contracted public transport services on behalf of government</p> </div> <div data-bbox="193 723 797 756"> <p>*Remaining Average Contact Term: 5.5 Years</p> </div> <div data-bbox="198 806 458 836"> <p>CHARACTERISTICS:</p> </div> <div data-bbox="206 841 901 1193"> <ul style="list-style-type: none"> • 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 </div>	<div data-bbox="1505 395 1699 506">  </div> <div data-bbox="963 496 1266 528"> <h2>INTERNATIONAL BUS</h2> </div> <div data-bbox="963 601 1696 671"> <p>Public transport services under contract to government agencies in Singapore, London and Channel Islands</p> </div> <div data-bbox="978 723 1582 756"> <p>*Remaining Average Contact Term: 5.3 Years</p> </div> <div data-bbox="983 806 1243 836"> <p>CHARACTERISTICS:</p> </div> <div data-bbox="991 841 1684 1083"> <ul style="list-style-type: none"> • 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 </div>	<div data-bbox="2191 405 2463 494">  </div> <div data-bbox="1740 496 2043 528"> <h2>MARINE & TOURISM</h2> </div> <div data-bbox="1740 601 2453 671"> <p>Passenger and transport ferries, tourism experiences and accommodation</p> </div> <div data-bbox="1755 723 2387 756"> <p>*Remaining Average Contact Term: 13.3 Years</p> </div> <div data-bbox="1760 806 2030 836"> <p>CHARACTERISTICS:</p> </div> <div data-bbox="1768 841 2486 1122"> <ul style="list-style-type: none"> • 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 </div>
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* 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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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*

1HFY23 operational & strategic highlights

Solid growth in challenging operating environment

 AUSTRALIAN BUS	<ul style="list-style-type: none">• 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
 INTERNATIONAL BUS	<ul style="list-style-type: none">• Acquisition of bus operations in Channel Islands (Oct 22)• Labour shortages in Singapore now largely resolved• Transition of East London bus operations complete
 MARINE & TOURISM	<ul style="list-style-type: none">• Strong rebound in domestic demand• Purchase of four new vessels• New 10-year contracts in Gladstone (Shell Santos and ConocoPhillips)
 STRATEGIC / ESG	<ul style="list-style-type: none">• 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)

Strong rebound in domestic tourism demand



Whitsundays, QLD

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Summary Profit & Loss Statement

86.0% of annualised revenue contracted or non-discretionary

- 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%
<i>Underlying EBITDA margin</i>	<i>11.8%</i>	<i>12.3%</i>	<i>(0.5%)</i>	<i>(4.4%)</i>
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

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	→

Cashflow

Underlying business continues to generate strong cashflow

Operating cashflow
\$36.9m

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

Cash reserves
\$95.0m

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

Dividends paid
\$20.7m

Good earnings quality and strong cash generation support dividend payments

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

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

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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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%)
<i>Underlying EBITDA margin</i>	<i>12.4%</i>	<i>13.8%</i>	<i>(1.4%)</i>	<i>(10.2%)</i>
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

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

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%
<i>Underlying EBITDA margin</i>	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

Overview of 1HFY23 performance | Corporate

Investment to build capability to manage growth



Information technology & cyber

- IT systems & software
- Cyber prevention solutions



Customer experience

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



People

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



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%



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5. GROWTH STRATEGY & OUTLOOK

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

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



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

Appendix 1

Impact of Accounting treatment change

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

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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