

ASX Announcement

30 August 2023

Kelsian Group Limited – FY23 Full Year Results

Kelsian Group Limited (ASX:KLS) (**'Kelsian'**) today reported its full year results for the twelve months ended 30 June 2023 (FY23).

Key Financial Highlights

- Revenue grew by 9.3% to \$1,417.8m reflecting strong growth in the Marine & Tourism business and resilience of the contracted and non-discretionary components, which now represent 92% of total revenues;
- Underlying EBIT (adjusted for one-off costs associated with M&A) grew by 5.5% to \$84.5m despite inflationary environment and increased costs due to impacts of labour shortages;
- Contract indexation mechanisms effectively hedge inflation for the majority of urban bus businesses;
- Cost base pressures are temporary and either well hedged or can be passed on to end customers;
- Underlying Net Profit After Tax and before Amortisation ('NPATA') (adjusted for one-off costs associated with M&A), increased by 4.3% to \$70.0m;
- Statutory Net Profit After Tax ('NPAT') was \$21.0m for the twelve-month period ended 30 June 2023 compared to \$52.9m in FY22;
- Strong balance sheet and cash flow generation supported several acquisitions during FY23;
- Final dividend of 9.5 cents per share bringing the full year dividend to 17.0 cents per share, (compared to 16.5 cents per share in FY22).

Key Operational Highlights

- Acquisition of bus operations in Channel Islands, Western Australia, Northern Territory, Queensland, and entry into the large and attractive USA market with successful acquisition of All Aboard America! Holdings, Inc. ('AAAHI');
- Ongoing strength of domestic travel demand in SeaLink Marine & Tourism;
- Set to become Sydney's largest metropolitan public bus operator, with signing of two new 7+ year contracts (total new contracted value of ~\$1.3bn over 7 years) in:
 - New expanded Region 3 bus contract (previously Regions 3 & 13); and
 - New Region 2 contract (encompassing previous Regions 2 & 15).
- Continued to invest in improving the quality of assets.

Managing Director & Group Chief Executive Officer Clint Feuerherdt said: “The solid FY23 results highlight the resilience of our long-term, low risk businesses which are diversified in nature and geographically spread and combine to create a consistent and predictable earnings profile.

“We have natural hedges against the inflationary cost pressures of fuel prices, wage adjustments and CPI, through the contract indexation mechanisms in place in the majority of our bus contracts, and this has been very important for the Group during FY23.

“Pleasingly, during FY23, we successfully executed on our well-defined growth strategy with several new organic growth initiatives and further diversification into adjacent markets via strategic acquisitions. This included the successful acquisition of All Aboard America! Holdings, Inc. which completed in June 2023, and provides a highly scalable platform in the large and fragmented USA bus and coach market and importantly creates opportunities for us to leverage our core competencies.

“After several years of consistent growth, together with several important strategic achievements during FY23 that have further diversified the business and increased its geographic reach, Kelsian is well positioned to continue to deliver growth in the coming years.

“As leaders in sustainable transport, with the largest zero emissions bus fleet and largest electrified bus depot in Australia, we will continue to work closely with Governments to achieve their decarbonisation objectives across public transport,” he said.

FY23 Results in summary

The solid FY23 result was achieved despite the ongoing challenges associated with labour availability in parts of the bus operations which led to higher recruitment, training, and overtime labour costs, KPI penalties and lower special event charter work. Overall, the Kelsian business is well hedged in an inflationary environment, due to indexation for fuel price increases, wage adjustments, and CPI in most of its bus contracts.

Revenue increased by 9.3% to \$1,417.8m, and of this, contracted and non-discretionary represented 92%. The growth in revenue reflects the essential nature of transport operations and the successful execution of our well-defined growth strategy. Throughout the period, we continued to invest in improving the quality of our assets, as well as expanding the diversification and geographic reach of the operations through several acquisitions.

Kelsian recorded a statutory NPAT of \$21.0m for the twelve-month period ended 30 June 2023 compared to a NPAT of \$52.9m in FY22. The statutory result was impacted by the due diligence, advisory and settlement costs associated with the various acquisitions undertaken during the period.

Balance Sheet and Cashflow

There was continued strong cash generation during the period with operating cash flow increasing by 12.2% to \$129.0m. Net proceeds from the capital raising for the AAAHI acquisition totalled \$278m. Cash at 30 June 2023 was \$157.9m.

Taking into consideration the timing of the capital raising and only one month contribution from AAAHI, the Board has determined a final dividend at the mid-point of the stated dividend pay-out range of 50-70% of net profit after tax and before amortisation (‘NPATA’). The Kelsian Board declared a final dividend of 9.5 cents per share, compared to a final dividend of 9.5 cents per share in FY22, bringing the full year dividend to 17.0 cents per share, (compared to 16.5 cents per share in FY22).

The balance sheet remained in a strong position at the end of FY23 with a liquidity buffer of more than \$200m and a proforma leverage ratio of 2.26x Net Debt to EBITDA, which lowers to 2.07x when excluding the government backed bus finance liabilities. Capital expenditure was \$100.3m during the period, reflecting the commitment to continue to invest and improve the asset base of the business.

Results briefing webinar

Kelsian Managing Director and Group CEO, Clint Feuerherdt and Group CFO Andrew Muir will host a results briefing webinar today at 9.00am (AEST), with a conference call facility available for those wanting to ask questions.

To register for the webinar, please click here: <https://webcast.openbriefing.com/kls-fyr-2023/>

To register for the teleconference, please click <https://s1.c-conf.com/diamondpass/10031881-gh86u3.html>

Post the event, the webinar will be available on the Investor Relations website: <https://www.kelsian.com/investor>

Authorised for lodgement with the ASX by the Board

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ABOUT KELSIAN: www.kelsian.com

Kelsian is Australia's largest integrated multi-modal transport provider and tourism operator, with established bus operations in Australia, Singapore, USA, London and the Channel Islands. Kelsian 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 2023, Kelsian directly employs over 11,000 people and operates over 4,800 buses, 113 vessels and 24 light rail vehicles that delivered more than 274 million customer journeys over the last year.