

## ASX Announcement

23 February 2022

# Kelsian Group Limited FY22 Half Year Results

*Contracted essential services continue to deliver*

Kelsian Group Limited (ASX:KLS) ("**Kelsian**") today reports its interim FY2022 financial year half year results for the half-year ending 31 December 2021.

## Key Highlights

- A period dominated by managing the ongoing impacts of COVID-19
- Australian Bus delivered increased EBITDA and margin expansion
- International Bus performance reflects the partial London restructure (completion of RATP JV) and new Singapore contract integration
- Marine & Tourism negatively impacted by border restrictions, travel uncertainty and emergence of the Omicron variant over the traditionally busy summer period
- Underlying EBITDA of \$90.8 million down 4.1% over the prior period
- Underlying NPAT of \$21.9 million down 27.5% over the prior period
- Interim dividend maintained at 7.0 cents per share
- Deployment of \$21.1 million of capital expenditure to replace bus fleet and advance new vessel builds
- Completion of the acquisitions of Go West Tours (July 2021) and Lestok Tours (December 2021)
- Award of a new (up to) 25-year contract to operate ferries to Kangaroo Island commencing in July 2024
- Successful transition of the new Sembawang-Yishun contract in Singapore
- Expansion of the electric bus fleet in NSW and UK and electrification of depots
- Change of corporate name from SeaLink Travel Group Limited to Kelsian Group Limited
- Inclusion in the S&P ASX200 Index.

## Group Result

Kelsian's results for the half year were delivered in an environment of ongoing COVID-19 related restrictions and uncertainty. The largely contracted earnings base in the Australian Bus and International divisions provided the stability and predictability of earnings expected from a business of this nature.

Kelsian recorded a statutory Net Profit After Tax (NPAT) of \$21.2m for the December 2021 half-year compared to a Net Profit After Tax (NPAT) of \$32.0m in the previous corresponding half year to 31 December 2020.



Underlying Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) was \$90.8m compared to an underlying EBITDA of \$94.6m for the December 2020 half-year.

Kelsian's largely contracted essential services transport portfolio has continued to perform in a predictable way to deliver good results for the first half of FY22. The Australian Bus division saw revenue and margin growth through ongoing efficient contract management and the addition of the Go West Tours resources transport operations.

The International Bus division delivered a good result in light of the partial restructure of the London operations and only three months of contribution from the new Sembawang-Yishun contract in Singapore.

Marine & Tourism has suffered from the ongoing effects of COVID-19 travel demand and labour impacts. The border relaxations in the eastern states prior to Christmas coincided with the outbreak of the Omicron variant, and a host of new restrictions created a reluctance to travel. Despite this, the unique island destinations close to capital cities continued to enjoy good intrastate demand.

### **Group Chief Executive Officer (CEO) Commentary**

Kelsian continues to focus on the needs of its customers and growing its contract portfolio through sustainable and profitable bidding opportunities, complemented by growth through acquisition.

The Company is constantly seeking to maximise its organic revenue growth and profitability from its existing businesses, including the addition of new contracts, routes and products.

Group CEO, Clint Feuerherdt commented on the portfolio's resilience:

"Kelsian's essential services contract portfolio has demonstrated the resilience and predictability of this earnings stream through the toughest of trading environments. The indexed nature of the contracts provides an ongoing natural hedge against movements in the external economic environment.

We remain focussed on building a diverse geographic portfolio of contracted essential services and leveraging the strong market position we have in Australia, in capital cities, and the large number of iconic island destinations we service."

Australian Bus operations have proven to be a predictable and stable environment and provide a solid foundation for the business to grow. It continues to have a strong pipeline of organic growth opportunities with a high level of tendering activity in Australia.

The Go West Tours acquisition provided the opportunity to enter the resources sector and the acquisition of Lestok Tours in Mount Tom Price in December 2021 has complemented





and further strengthened the business position in Western Australia to service key resources-based clients.

An agreement was reached with Transport for New South Wales to introduce a fleet of 40 battery electric buses (BEBs) into the Leichhardt Bus Depot, NSW along with associated charging infrastructure, a stationary battery storage facility and a large-scale solar system. This agreement reinforces Kelsian's green credentials and commitment to work with government clients to deliver zero emission solutions.

During the period, Kelsian welcomed over 800 new staff to the Group, principally through the transition of the new Sembawang-Yishun bus services contract in Singapore. By the beginning of October 2021, Kelsian had doubled its operations in Singapore, placing it as a close equal second largest operator in the Singapore public bus market.

As COVID-19 set in, the challenges of the London public transport market led Kelsian to make some swift decisions to restructure its important presence in London. Kelsian successfully transferred the West London public bus transport operations at the Westbourne Park depot into an incorporated Joint Venture with RATP Dev UK Ltd. The business now holds a 12.5% interest in the Joint Venture which has the increased scale and geographic footprint to be able to compete much more effectively in that market. The strategic review of the remaining Kelsian assets in the east of London is well advanced, with an outcome of that review planned prior to the end of FY22.

The impacts of COVID-19 restrictions and uncertainty continued throughout the half, most severely challenging the Australian tourism industry and related business. Government support has been significantly scaled back or ended and not yet been replaced by demand from interstate and overseas travel due to ongoing restrictions and fear of travel created by the emergence of the more virulent Omicron variant.

A highlight for the Marine & Tourism division was the successful award of a new contract to operate freight and passenger ferry services to Kangaroo Island for a period up to 25 years, post July 2024. It provides certainty to invest in new vessels to operate the service as well as develop further tourism opportunities on the Island.

New tourism services commenced in the Whitsunday Islands during the period and contracts in Gladstone were extended for another two years. Additionally, the deployment of a third vessel to Western Australia to service Rottneest Island further demonstrates our commitment to grow market share organically in the marine sector.

Investment in the Marine & Tourism fleet continued with the arrival of a new dining vessel (MV The Jackson) for Sydney Harbour. It is an exciting high-end product to complement the Sydney Harbour business and one that will relaunch the business tourism offerings.





## Dividend

Kelsian's Directors today declared a 7.0 cents per share fully franked interim dividend (consistent with last year) payable on 31 March 2022 to shareholders registered on 14 March 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 release by the Group Chief Executive Officer, Clint Feuerherdt*

### For further information:

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