

ASX Announcement

24 March 2022

Presentation at 2022 Ord Minnett Leisure, Tourism and Gaming Day

Kelsian Group Limited (ASX:KLS) ("**Kelsian**") provides for information a copy of the presentation that Mr Clint Feuerherdt, Group Chief Executive Officer and Mr Andrew Muir, Chief Financial Officer will be presenting at the Ord Minnett Leisure, Tourism and Gaming Day on Thursday 24 March 2022.

Authorised for lodgement with the ASX by the Group Chief Executive, Clint Feuerherdt

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Kelsian Group Limited

Ord Minnett Leisure, Tourism & Gaming Day
24 March 2022

Clint Feuerherdt
Group Chief Executive Officer

Andrew Muir
Chief Financial Officer

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Authorisation: Approved and authorised for release via the Australian Securities Exchange on 24th March 2022 by Clinton Feuerherdt, Group Chief Executive Officer, Kelsian Group.

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1

Overview of the Kelsian Group

Kelsian Group Limited (ASX: KLS)

A diversified multi-modal transport and tourism business with a global footprint¹

- ASX200 business with a market capitalisation of ~A\$1.6 billion
- Global annual turnover of ~A\$1.3 billion+
- Diversified multi-modal transport provider – ferry, bus and tram
- Operations in Australia, Singapore and London
- Provides essential public transport solutions
- Portfolio of contracted transport operations – Government or Blue Chip clients
- Three operating divisions:



Marine & Tourism



Australian Bus

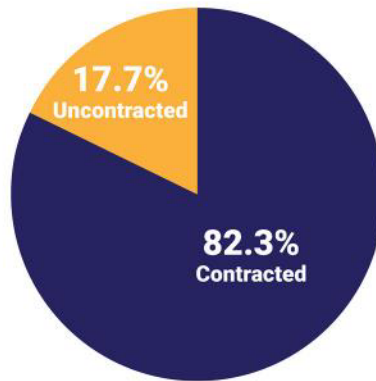


International Bus

Revenue by Geography HY22



Contracted VS Uncontracted HY22



222 Million + Customers p/a

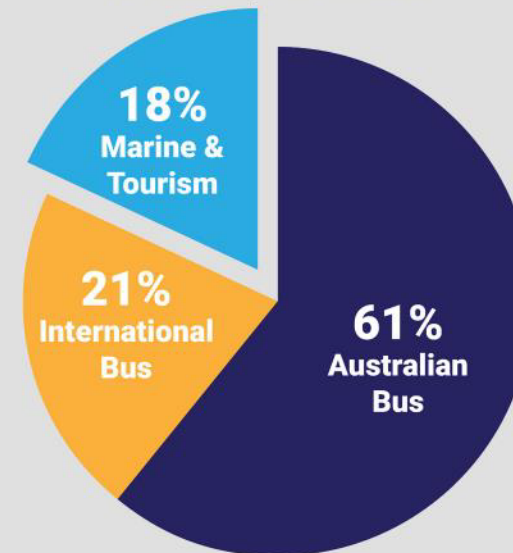
9,500+ Employees

4,200+ Buses

116 Vessels

2 Island Resorts

Revenue by Division HY22



1. As at 31 December 2021

Our brands



Australian Bus

Marine & Tourism

International Bus

SEALINK
Marine & Tourism

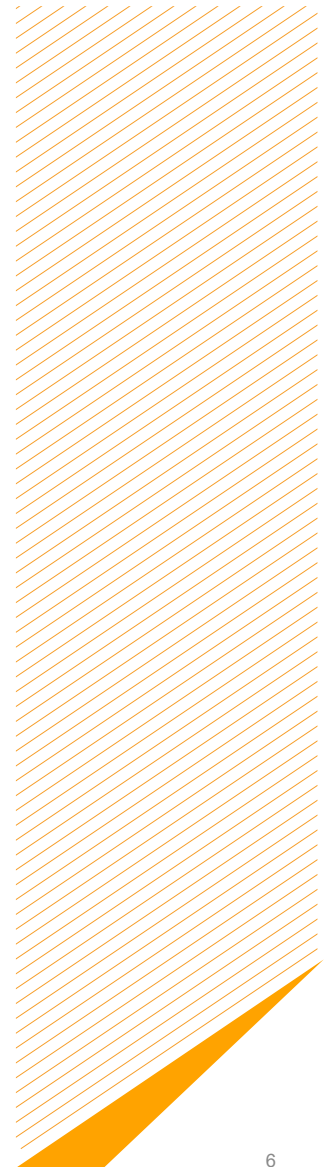
Brilliant
TRAVELS

South Australia
North Queensland
Whitsundays
Gladstone
Fraser Island
South East Queensland
Western Australia
Tasmania
Northern Territory





- Ferries
- Buses
- Trams
- Tourism



Business characteristics and managing the cost base

Operations diversified by transport mode, geography, contract expiry and client base. 82.3% of annualised revenue contracted or non-discretionary¹

Characteristics of a typical public services contract

- Typically six to ten year terms with options to extend if KPI's are met
- State government backed gross cost contracts
- Indexation for fuel price, wages and CPI
- No fare box patronage exposure
- Patronage incentives
- Mostly capital light
- Additional revenue as capital is deployed
- Additional growth funded via variable rates
- Operator KPI's for on road performance, reliability and safety
- Some financial penalties for failing key KPIs and also financial incentives for exceeding them

Business fundamentals

- Portfolio of contracts
- Experience and track record in dealing with complexity of public transport networks
- Highly scalable
- Provide essential public transport operations in all Australian states and Northern Territory
- Marine & tourism services to iconic destinations, including 14 island communities
- Contracted transport operations provide a consistent earnings base from a portfolio of long-term, low-risk, government backed service contracts
- Track record of new contract wins over a 26-year history
- Tourism and uncontracted operations generally positioned as sole or preferred service provider with ownership of key assets and infrastructure

1. As at 31 December 2021

Safety and sustainability

The health and safety of our employees and customers and the sustainability of our business are some of our most important objectives



COVID-19

- COVID-19 response – staff, passengers, social distancing, protective barriers, masks, temperature tests, hygiene and cleaning protocols, cashless, boarding procedures and QR codes, maximum loads, rapid antigen testing
- Captured and embedded learnings from COVID-19 including reducing travel and adopting virtual meetings



Staff

- Safety of our staff and passengers is paramount
- Employee wellbeing is a priority. An Employee Assistance Program is in place
- Maintained a positive hazard and near miss reporting culture to prevent incidents which could result in harm to people, property or environment



Zero emissions

- Sydney fleet to have 57 battery electric buses in FY22
- ~250 electric buses in London across 13 routes in FY22
- 13 electric buses in Singapore
- Hybrid and electric buses being deployed in Perth and Adelaide
- Expansion of electric charging capability across the bus depot portfolio



Green initiatives

- Solar options for depots
- R&D investment in hydrogen and electric vessel projects
- Hydrogen fuel cell buses ordered
- Driver telematics and collision avoidance



Accreditation

- ISO 9001:2015 Quality Assurance System; ISO 45001:2018 Occupational Health and Safety Management System; ISO 14001:2015 Environmental Management System; ISO 55001:2014 Asset Management System
- Sydney successfully maintained certification at Integration Level against the International Customer Service Standard (ICSS: 2020-2025)



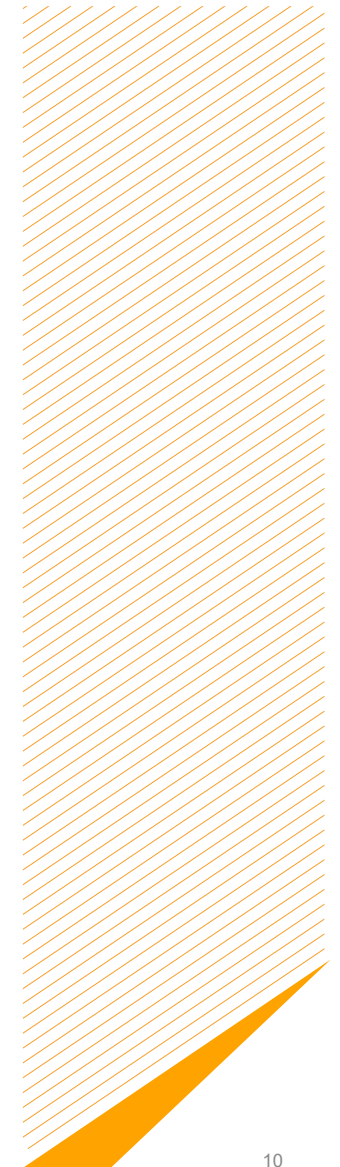
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Financial Performance Overview

Financial snapshot of H1 FY22

Resilient performance during the most challenging period of the pandemic

Statutory Results Six months ended 31 December 2021	Underlying Results Six months ended 31 December 2021	Balance Sheet strength used to support acquisitions and asset renewal	
Revenue \$649.0 million <i>up 13.7% pcp</i>	Revenue \$649.0 million <i>up 13.7% pcp</i>		
EBITDA \$90.2 million <i>down 6.3% pcp</i>	Underlying EBITDA \$90.8 million <i>down 4.1% pcp</i>	Senior net debt \$236.6 million <i>up 45.6% pcp</i>	Operating cash flow \$48.9 million <i>down 20.5% pcp</i>
NPATA \$32.6 million <i>down 34.7% pcp</i>	Underlying NPATA \$ 33.3 million <i>down 30.6% pcp</i>	Senior leverage 1.95x <i>up 45.5% pcp</i> <i>1.29x *</i> <i>(* Excl. government backed debt)</i>	Interim Fully Franked Dividend 7.0 cents <i>same as pcp</i>



Marine & Tourism

Overview of H1 FY22 performance

COVID continues to severely challenge the tourism industry

Half year ended 31 December	2021 \$m	2020 \$m	Growth \$m	Growth %
Revenue	117.2	98.7	18.6	18.8%
Direct expenses	(74.7)	(55.7)	(19.0)	34.1%
Indirect expenses	(15.4)	(8.4)	(7.1)	84.5%
Operating expenses	(90.2)	(64.1)	(26.1)	40.7%
Underlying EBITDA	27.1	34.6	(7.5)	(21.7%)
<i>Underlying EBITDA margin</i>	<i>23.1%</i>	<i>35.1%</i>	<i>(12.0%)</i>	<i>(34.1%)</i>
Depreciation	(9.1)	(8.6)	(0.5)	6.0%
Underlying EBITA	18.0	26.0	(8.0)	(30.9%)
Amortisation	(0.3)	(0.8)	0.5	(60.5%)
Underlying EBIT	17.7	25.2	(7.6)	(30.0%)

Operational statistics	2021	2020
Passengers carried (CY)	5.1 million	3.6 million
Vessels	116	117
Buses	65	69
Employees	1,558	1,561
Contracts	14	15
Revenue weighted avg remaining contract term*	11.1 years	6.0 years

*Contract term includes contract extension options

Commentary

- Results impacted by COVID restrictions and uncertainty
- Good domestic demand from intrastate and interstate tourism
- Government support packages ended or scaled back despite restrictions being maintained
- Freight and commercial operations not materially effected
- Review of operational cost base, schedules and services delivering benefits
- Staff shortages a limiting factor – particularly hospitality
- Recent Kangaroo Island 25-year contract renewal a highlight
- CCC-NSW and WA hardest hit due to international reliance and border restrictions
- Continue to invest in the asset base with several vessels under construction
- Brilliant Travels – national marketing and cross selling – www.brillianttravels.com.au




3

Marine & Tourism Divisional Overview



BRISBANE

37  **Contracted**

- Commuter ferry services on the Brisbane River
- Public transport gross cost contract
- Up to 15 year contract with Brisbane City Council



FRASER ISLAND

4  **Uncontracted**

- Passenger, vehicle and freight ferry services
- Two island resorts – Kingfisher Bay and Eurong Beach
- Fraser Island explorer tours
- Supermarket supplies, fuel, bakery



SYDNEY

16  **Contracted & Uncontracted**

- Premium Sydney Harbour lunch and dinner cruises
- Corporate and private charters
- Contracted commuter ferry services on Sydney Harbour
- Marina assets at Neutral Bay and King Street



DARWIN

5  **Contracted & Uncontracted**

- Passenger ferry services to Mandorah
- Passenger ferry services to Tiwi Islands and Groote Eylandt
- Bus operations on Groote Eylandt
- Tours to Tiwi Islands and around Darwin



BRUNY ISLAND

4  **Contracted**

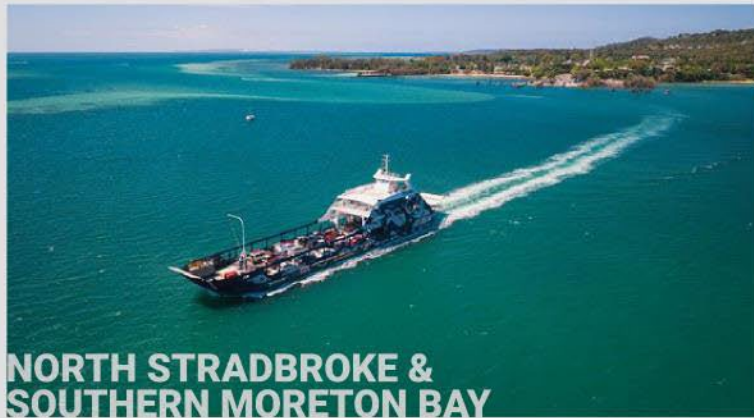
- Passenger, vehicle and barge services to Bruny Island
- Contracted services to State Government attracting subsidy



WHITSUNDAYS

1  **Contracted & Uncontracted**

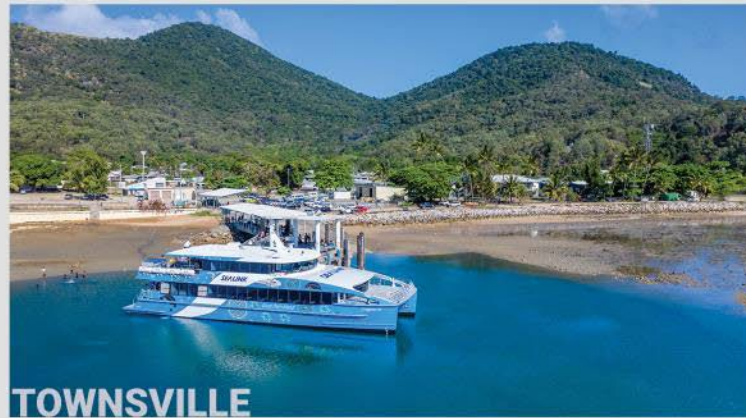
- Contracted passenger ferry services to Hayman Island from Hamilton Island and Airlie Beach
- Scenic Whitsundays cruises to Whitehaven Beach and surrounds



NORTH STRADBROKE & SOUTHERN MORETON BAY

17 Contracted & Uncontracted

- Passenger ferry services and vehicular barge services to North Stradbroke Island and Southern Moreton Bay Islands
- Moggill cross river cable ferry
- Passenger ferry service contract with TransLink



TOWNSVILLE

4 Contracted & Uncontracted

- Passenger services to Palm Island contracted by TransLink
- Passenger services to Magnetic Island
- Travel booking agency
- Extensive terminal infrastructure in Townsville



GLADSTONE

13 Contracted

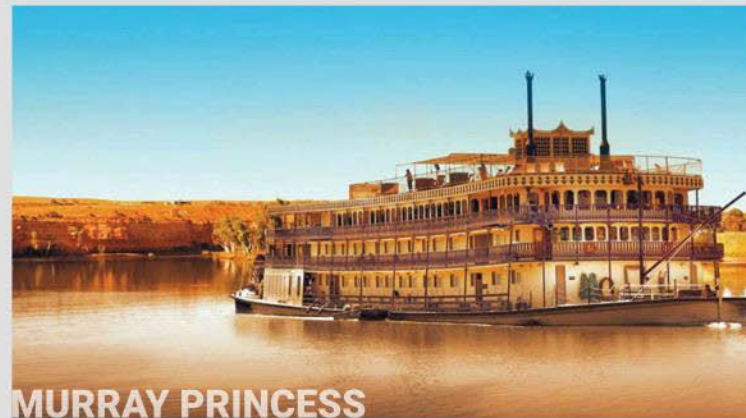
- Passenger and barge ferry services to Curtis Island
- Gross cost contracts with major oil and gas companies
- Extensive marina and out of water maintenance facilities



KANGAROO ISLAND

2 Uncontracted

- Passenger, vehicle and freight ferry services to Kangaroo Island
- Contract for up to 27 years
- Accommodation and freehold land on island
- Coach touring – KI, Barossa Valley, McLaren Vale, Adelaide



MURRAY PRINCESS

2 Uncontracted

- Accommodated 3, 5 and 7 night river cruises on the Murray Princess paddle wheeler
- Packaged product with Kangaroo Island tours



ROTTNEEST ISLAND & SWAN RIVER

11 Contracted & Uncontracted

- Contracted TransPerth cross river Ferry
- Lunch, dining and sightseeing cruises on Swan River
- Services to Rottneest Island from CBD and Fremantle
- Exclusive terminal infrastructure at Elizabeth Quay



Our Marine & Tourism Brands



Brilliant Travels brings together our family of tourism and travel brands in one spot for customers to dream, plan and book their next brilliant experience.



Operating 116 vessels across Australia, SeaLink is Australia's leading marine transport provider.



RiverCity Ferries is the proud operator of the iconic CityCats, CityHopper and CrossRiver Ferry networks on the Brisbane River, on behalf of the Brisbane City Council.



Captain Cook Cruises, operating in Sydney and Western Australia, has proven for nearly five decades to be the market leader in providing a premier harbour and river cruise experience.



Handcrafted for Sydney, this superyacht-styled vessel reimagines a relaxed luxury bar, restaurant dining and venue experience with an incomparable on-water position.



Voted as one of Australia's Top 10 Family Resorts, Kingfisher Bay Resort on K'gari, has won six Australian Tourism and nine Queensland Tourism Awards as well as Trip Advisor's 2020 Travellers' Choice.



On the east coast of K'gari, Eurong Beach Resort is the ultimate base to explore the island. With a range of accommodation to suit every budget, our secure, dingo-fenced property, is the hub for all of your activities, day trips and fishing adventures.



Adelaide Sightseeing provides tours of the must see and do attractions in South Australia for the best value possible. See the best of South Australia, including Barossa, Kangaroo Island, Hahndorf, Adelaide, Victor Harbor and more.



The Murray Princess is the largest paddlewheeler in the southern hemisphere offering 3, 4 and 7 night cruises for up to 120 guests.



Discover the authentic Kangaroo Island on a small group tour or even a private tour if required, in luxury air-conditioned 4-wheel drive vehicles with a tour guide / driver for each vehicle.

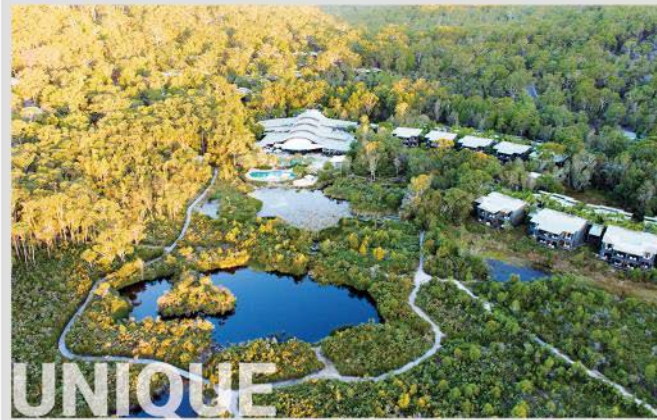


Swan Valley Tours offers a range of experiences to suit the needs of visitors to Swan Valley, incorporating wineries and breweries, Caversham Wildlife Park, Supa Golf and more.

Characteristics of our tourism assets



Provider of essential transport services to island residents and businesses



Unique island destinations that are hard to replicate and have few comparable offerings



Excelling in delivering a Brilliant customer experience



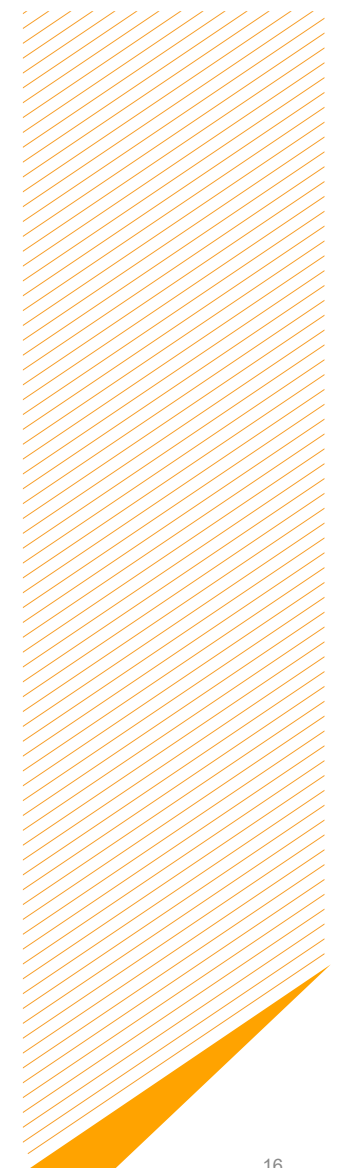
Commuter base underpins revenue, either through government contract or non-discretionary travel



Portfolio of like tourism experiences around the country allowing maximum cross selling opportunities



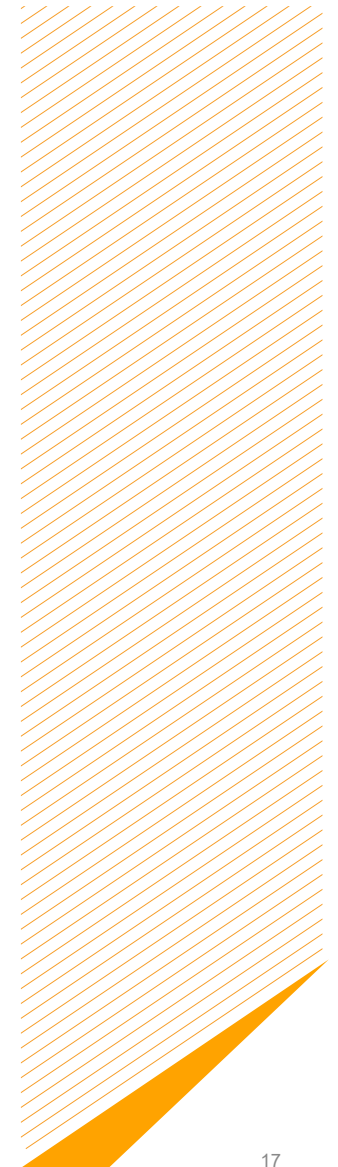
Operational flex that allows, demand management, modal integration, capacity utilisation and yield management

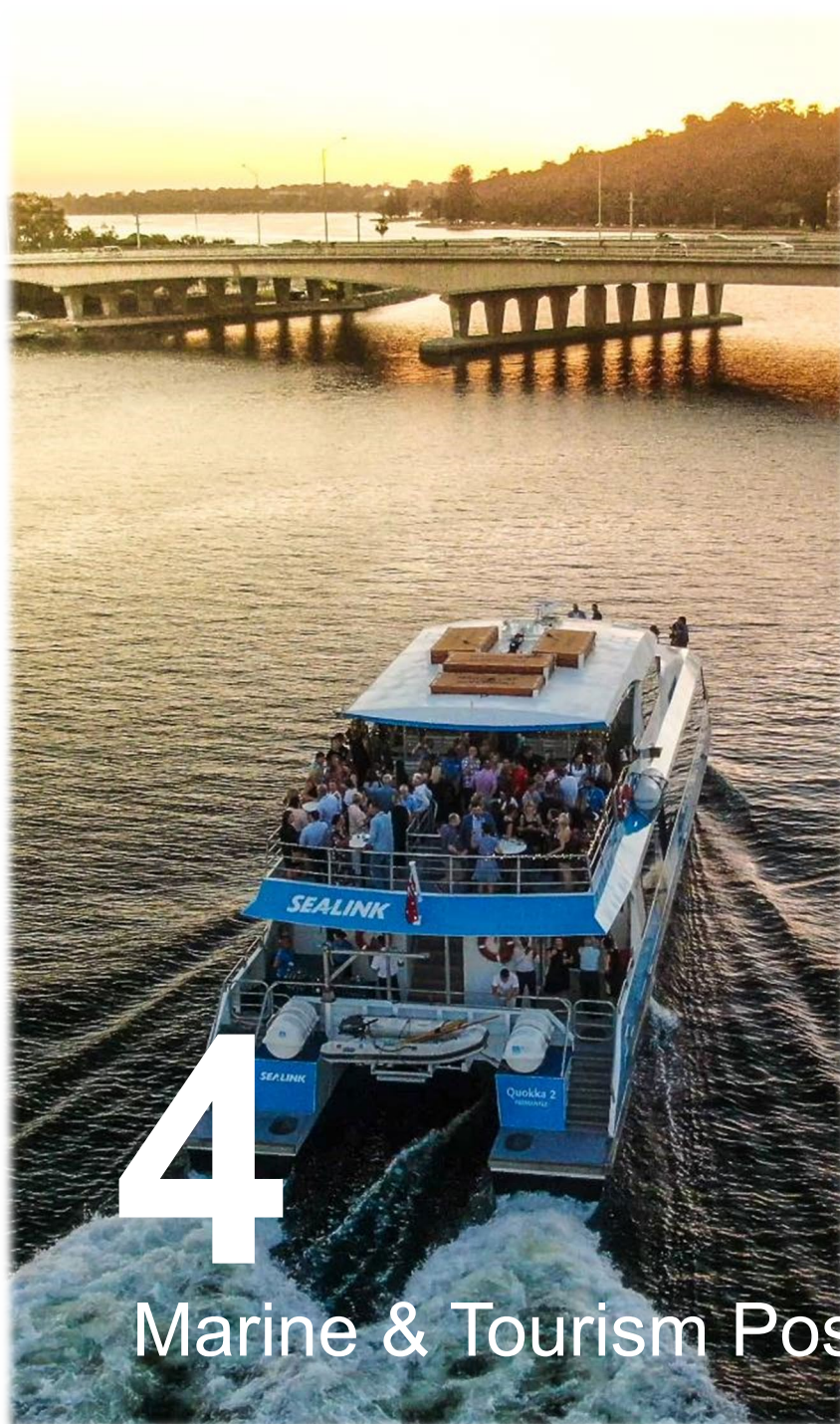


Ability to grow in an ever changing environment

Strategies driving organic growth in Marine & Tourism

Growing Market Share	<ul style="list-style-type: none">• Mobilisation of additional vessel on Fremantle to Rottnest Island route• Vertically integrating offerings – Swan Valley Tours• Promotion of island destinations via global sales network• Targeting intrastate demand
Extracting Synergies	<ul style="list-style-type: none">• Extracting the synergies between divisions – Lestok Tours• Purchasing power of the larger group• Amalgamation of sites and sharing of services
New Launch Pads	<ul style="list-style-type: none">• Securing new infrastructure - Airlie Beach base and new Whitsundays offering• Leveraging our already international footprint to expand in new markets• Filling the voids post COVID-19 where competitors have left the market
New Experiences	<ul style="list-style-type: none">• New experiences that entice all sectors of the market – The Jackson – <i>“where tourists want to go because it’s where locals like to be”</i>• Tailored tours that are attractive to the local market – focus on families, food and wine
Portfolio Experience	<ul style="list-style-type: none">• Delivering a seamless and direct portfolio experience• Brilliant Travels - the only destination you need for your island holiday experience• Investment in Customer Relationship Management to elevate customer experience and repeat sales





4

Marine & Tourism Positioning

Tourism Australia – domestic travel sentiment improved

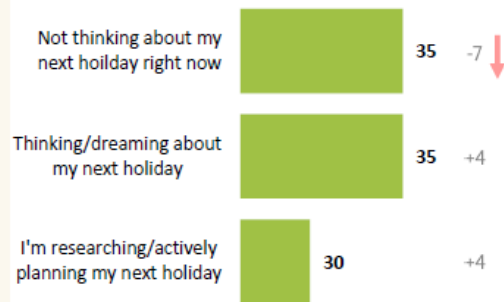
Tourism Australia

Travel Sentiment Tracker

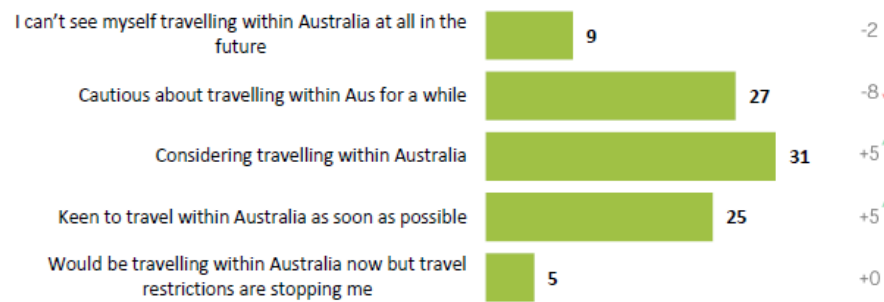
February 2022

AUSTRALIAN SUMMARY

Attitudes towards next holiday



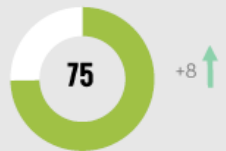
Attitudes towards future leisure trips within Australia



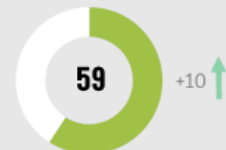
Drivers for domestic travel (next 6 months)



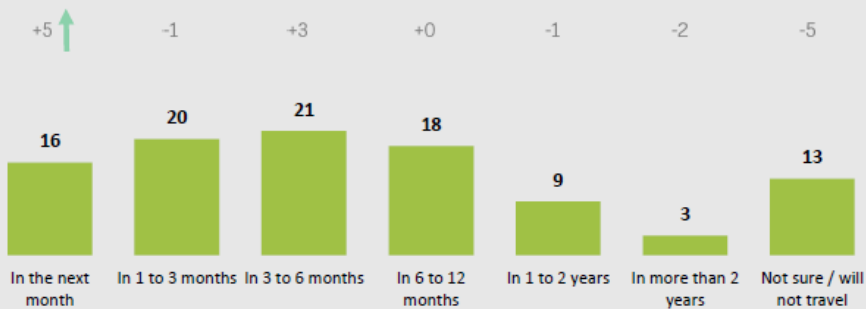
Consideration (next 4 years)



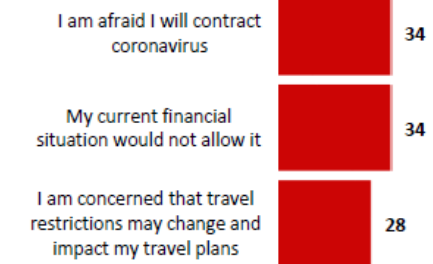
Intention (next 2 years)



Intended timing of next domestic trip



Barriers for domestic travel (next 6 months)



Sample: n=759 Sample: general Australians – nationally representative.
Results compared to previous wave conducted 19-25 January 2021
Source: Tourism Australia Travel Sentiment Tracker (via BDA Marketing Planning)

+/- indicates % change from previous wave (Jan 22)
↑ ↓ indicates a statistically significant shift

Marine & Tourism positioning

Positive domestic outlook

- Australians set to travel with domestic travel still preferred but with some inbound international returning
- Diversity across the division:
 - Sydney dining and sightseeing heavily reliant on interstate and international
 - Islands attractive to domestic travellers
- Iconic destinations located close to capital cities, strong demand throughout COVID-19
- Heightened demand for iconic island destinations – island holidays closest substitute for an international trip
- Remaining nimble - cutback of services and frequency where demand has dropped
- Government support for hardest hit areas
- Demand driven decisions – service levels to meet demand and price to control demand in peaks
- Operational cost focus
- Maintaining employment despite softer demand – essential to be ready to launch when customers want to travel
- Asset improvement and capital deployment while assets are idle – improved asset quality driving demand and yield
- Take advantage of tax benefits via instant asset write off provisions
- Yield management and going direct to the customer

Themes to capitalise on the recovery

As the demand builds, Kelsian will be ready to meet that demand

- Emphasising the safe domestic, but unique, holiday destinations
- Promotion of our clean air, remote 'green' experiences
- Families with children unlikely to go abroad soon – marketing pivot to family friendly nature of our destinations
- Make products that are targeted to international visitors equally attractive to the domestic market (The Jackson)
- Lift to exceed customer expectations
 - Investment in people – training and customer service
 - Don't oversell product when there are obvious constraints – protect repeat sales
- Customer Relationship Management platform to help understand and connect with the customer
- Employment mix and access to employees in remote locations
 - Pre-qualified for the Pacific Australia Labour Mobility (PALM) Scheme
- Operational / scheduling intelligence – dynamic timetabling and understanding travel patterns
- Maximising capacity utilisation



5

Summary

Kelsian Group Limited (ASX: KLS)

A diversified business that enjoys largely contracted revenue but with exposure to tourism

Concluding words

- Diverse tourism portfolio with unique attributes and a level of non-discretionary revenue that will support the Marine & Tourism division
- The smaller part of the Kelsian Group benefiting from the support of the much larger contracted and hedged public transport divisions
- Financially very strong
- Continuing to invest throughout COVID-19 to deliver strong growth as the world emerges from the pandemic
- Hold on to the efficiencies and different operating models that were driven from COVID-19 management
 - Demand driven operations
 - Maximise capacity utilisation
 - Sophisticated yield management
 - Emphasis on direct sales
- With a portfolio that is equally attractive to intrastate travellers as it is to interstate and international tourists, and an asset class (marine) that requires little incremental cost as demand increases. Kelsian is uniquely positioned to capitalise well on the anticipated recovery of inbound visitors

