

ASX Announcement

28 October 2022

Kelsian expands into the education transport sector through the proposed acquisition of Horizons West Bus and Coachlines

Key Highlights

- Kelsian to acquire the business assets of Horizons West Bus and Coachlines (“Horizons West”) for an enterprise value of A\$23.4 million² plus contingent, deferred consideration and earn-out component of up to A\$7.0 million
- In addition, strategic property assets to be acquired for A\$16.7 million
- Perth based Horizons West owns and operates 138 buses from two strategic depot locations
- Founded in 1985, Horizons West is one of Perth’s longest established family owned and operated bus and coach companies providing transport for schools, universities, government, corporates, and tours
- Market leading provider of contracted bus services and bus charter services to the education sector in Western Australia
- Further platform for growth, complementing and enhancing existing Kelsian businesses in Western Australia, and allowing expansion into the adjacent education bus transportation sector in Australia
- Creates a further diversified market leader in Western Australian bus and coach services
- The all cash consideration will be funded from existing cash reserves

Kelsian Group Limited (ASX:KLS) (“**Kelsian**”), advises today it has entered into binding agreements to acquire the assets used in and comprising the business trading as ‘Horizons West Bus and Coachlines’ (“**Horizons West**”) together with ancillary assets from the Vendors¹ for an enterprise value of A\$23.4 million² plus a contingent, deferred consideration and earn-out component of up to A\$7.0 million. In addition, Kelsian will purchase strategic property assets³ comprising two depots for A\$16.7 million (together the ‘**Acquisition**’).

¹ Kelsian through its wholly owned subsidiary WA Bus and Coachlines Pty Ltd ACN 662 814 173 is purchasing the business assets from the following entities together referred to as the ‘Vendors’: Club Holdings Pty Ltd ACN 009 279 476 as trustee for Club Trust t/a Horizons West Bus and Coachlines ABN 58 023 512 074 (‘Club Trust’), Kiev Holdings Pty Ltd ACN 633 385 252, Swype Pty Ltd ACN 650 212 829, West Coast Bus and Coach Sales and Service Pty Ltd ACN 606 297 349.

² Cash-free and debt-free basis, prior to completion adjustments and excludes any contingent deferred consideration and earn-out consideration.

³ Property assets to be acquired from related parties of the Vendors, namely: Parker Point Assets Pty Ltd ACN 622 271 881 as trustee for the Parker Point Family Trust, Club Holdings Pty Ltd ACN 009 279 476 as trustee for the Balla Superannuation Fund ABN 58 023 512 074, Maldives Enterprises Pty Ltd ACN 149 880 053 as trustee for the Balla Investment Trust ABN 79 113 525 918, Odessa Holdings Pty Ltd ACN 640 713 668 as trustee for the Odessa Investment Trust ABN 15 116 179 402.

Kelsian will acquire Horizons West through its wholly owned subsidiary WA Bus and Coachlines Pty Ltd, and will acquire the property assets through its wholly owned subsidiary, STG Properties Pty Ltd.

The Acquisition will be funded from existing cash reserves.

The Acquisition is expected to complete in late 2022/early 2023. Completion of the Acquisition is subject to certain conditions precedent standard for transactions of this nature.

Transaction costs of approximately A\$1.6 million are expected to be incurred by Kelsian.

Overview

Established in 1985, Horizons West has a highly visible brand, and is well recognised in the Perth metropolitan area for bus hire and coach charter services provided to the education sector. Horizons West specialises in providing contracted and charter bus services to schools, universities and government with approximately 157 employees operating a bus fleet of 138 buses from two depots. Horizons West currently operates 21 contracts for the Government of Western Australia and provides services to more than 400 schools and a university.

The key strategic and commercial rationale for the Acquisition include:

- In FY22, Horizons West generated A\$15.9 million in revenue and normalised Earnings Before Interest, Tax, Depreciation and Amortisation of \$5.2 million
- Horizons West's market leading position in the Western Australia education transport sector will complement Kelsian's market leading positions in the public transport and resources sector bus markets in Western Australia
- Expansion across new adjacent sector (education transport) provides a new platform for organic growth in the Australian bus market
- Enhanced end-market diversification for Kelsian
- Additional locations, fleet and labour capacity allowing Kelsian to capitalise on available opportunities in resources, government and tourism sectors in Western Australia
- Existing experienced management team to be retained
- Two strategically located Perth bus depots, one in Welshpool and another in Landsdale, provide a base for high quality bus maintenance and the ability to efficiently service the Perth metropolitan area.

Following the acquisition, Kelsian will operate a portfolio of 1,367 buses and employ 1,982 people in Western Australia through the operating businesses of Swan Transit, Go West Tours and Horizons West. Kelsian's intention is to continue to work with and focus on maintaining existing levels of service for Horizons West clients, as well as welcoming employees of Horizons West into the Kelsian Group.

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

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ABOUT KELSIAN

Kelsian Group is Australia's largest integrated multi-modal transport provider and tourism operator, with established bus operations in Singapore, London and the Channel Islands. The Group 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 2022, Kelsian directly employs 8,744 people and operates 4,134 buses, 115 vessels and 24 light rail vehicles that delivered more than 240 million customer journeys over the last year. Through its London bus joint venture, Kelsian has involvement in employing a further 3,688 people operating approximately 1,125 buses in London, including 297 electric vehicles.