

ASX Announcement

2 May 2023

Presentation at 2023 Macquarie Australia Conference

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, Group Chief Financial Officer will be presenting at the Macquarie Australia Conference on 2-3 May 2023.

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

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Kelsian Group Limited

Macquarie Australia Conference Presentation

Clint Feuerherdt
Group Chief Executive Officer

Andrew Muir
Group Chief Financial Officer

2-3 May 2023

1. INTRODUCTION TO KELSIAN

2. 1HFY23 Highlights

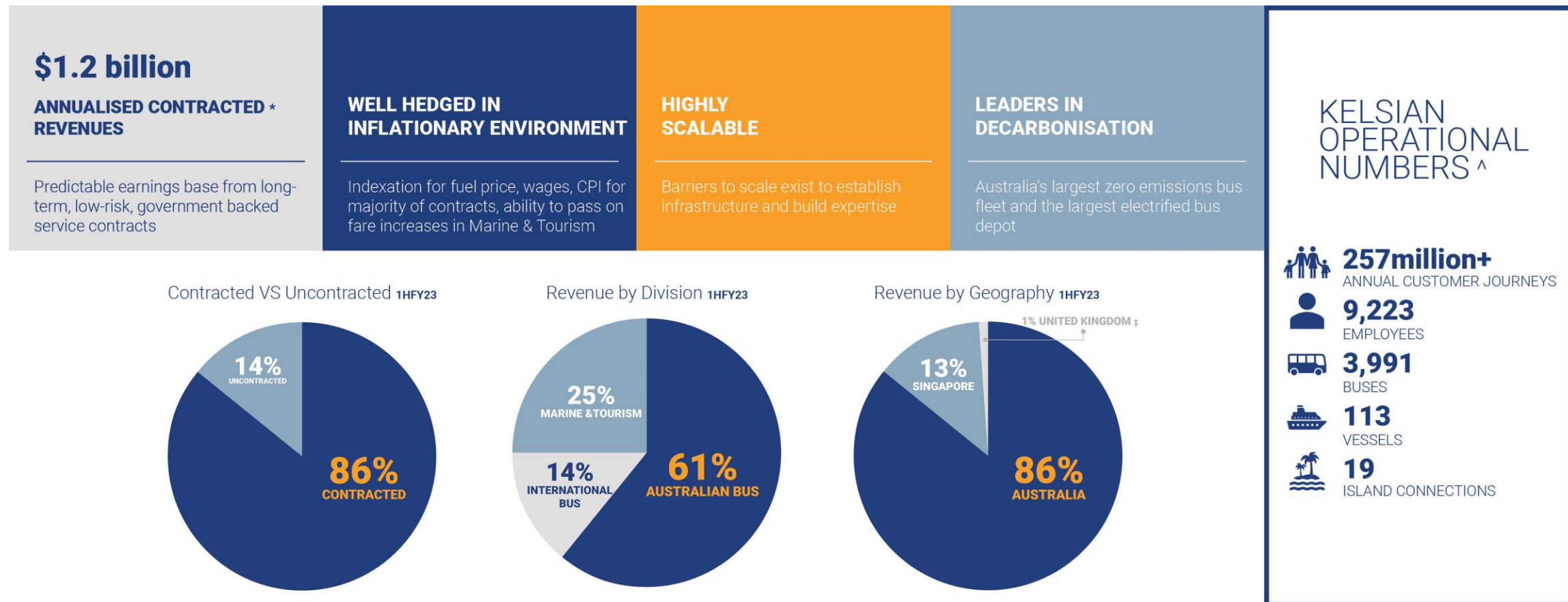
3. Growth Strategy

4. All Aboard America! Holdings Acquisition

5. Executive Summary

Introduction to Kelsian

Long-term, low-risk, government-backed service contracts provide consistent, predictable earnings base

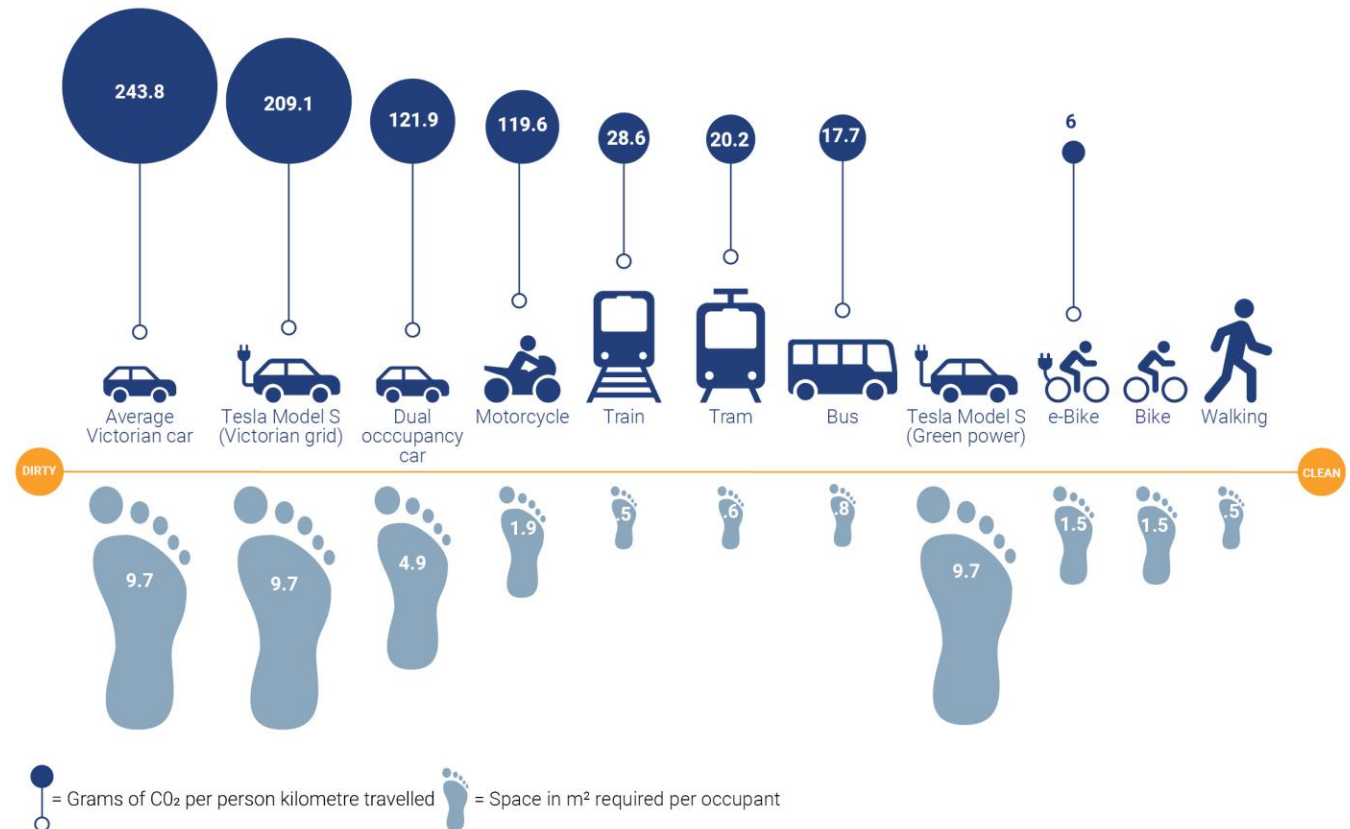


* Contracted or non-discretionary revenues
^ Operational Numbers as at 31 December 2022
‡ Includes Channel Islands\

Bus sector offers compelling solution to drive decarbonisation, reduce congestion

Transport is Australia's third largest source of greenhouse gas emissions with the 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>



Infographic Source: Institute for Sensible Transport (www.sensibletransport.org.au)

Public commuter transport is a cost-effective method of transport for consumers in a rising cost and inflationary environment, driving demand for more services

Overview of business divisions

Kelsian bus divisions represent ~75% of group revenue[^]

AUSTRALIAN BUS	INTERNATIONAL BUS	MARINE & TOURISM
<p>Contracted public transport services on behalf of government</p> <p>*Remaining Average Contract Term: 5.5 Years</p> <p>CHARACTERISTICS:</p> <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 	<p>Public transport services under contract to government agencies in Singapore, London and Channel Islands</p> <p>*Remaining Average Contract Term: 5.3 Years</p> <p>CHARACTERISTICS:</p> <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 	<p>Passenger and transport ferries, tourism experiences and accommodation</p> <p>*Remaining Average Contract Term: 13.3 Years</p> <p>CHARACTERISTICS:</p> <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

* 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

1HFY23 operational & strategic highlights

Solid growth in challenging operating environment

 <p>AUSTRALIAN BUS</p>	<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
 <p>INTERNATIONAL BUS</p>	<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
 <p>MARINE & TOURISM</p>	<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)
 <p>STRATEGIC / ESG</p>	<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



Kelsian's recent achievements

Solid base creates optionality to pursue global growth strategy



Solid 1HFY23 result reflecting benefits of long-term, low-risk government-backed service contracts, providing consistent predictable earnings base, strong balance sheet



Majority of costs well hedged through contract indexation mechanisms or passed on to end customers, with strategies in place to normalise labour shortages



Continuing to partner with government clients to **deliver sustainable transport solutions**, including investing in fleet conversion and depot infrastructure



Rebound in domestic tourism leading to **strong growth in Marine and Tourism businesses**



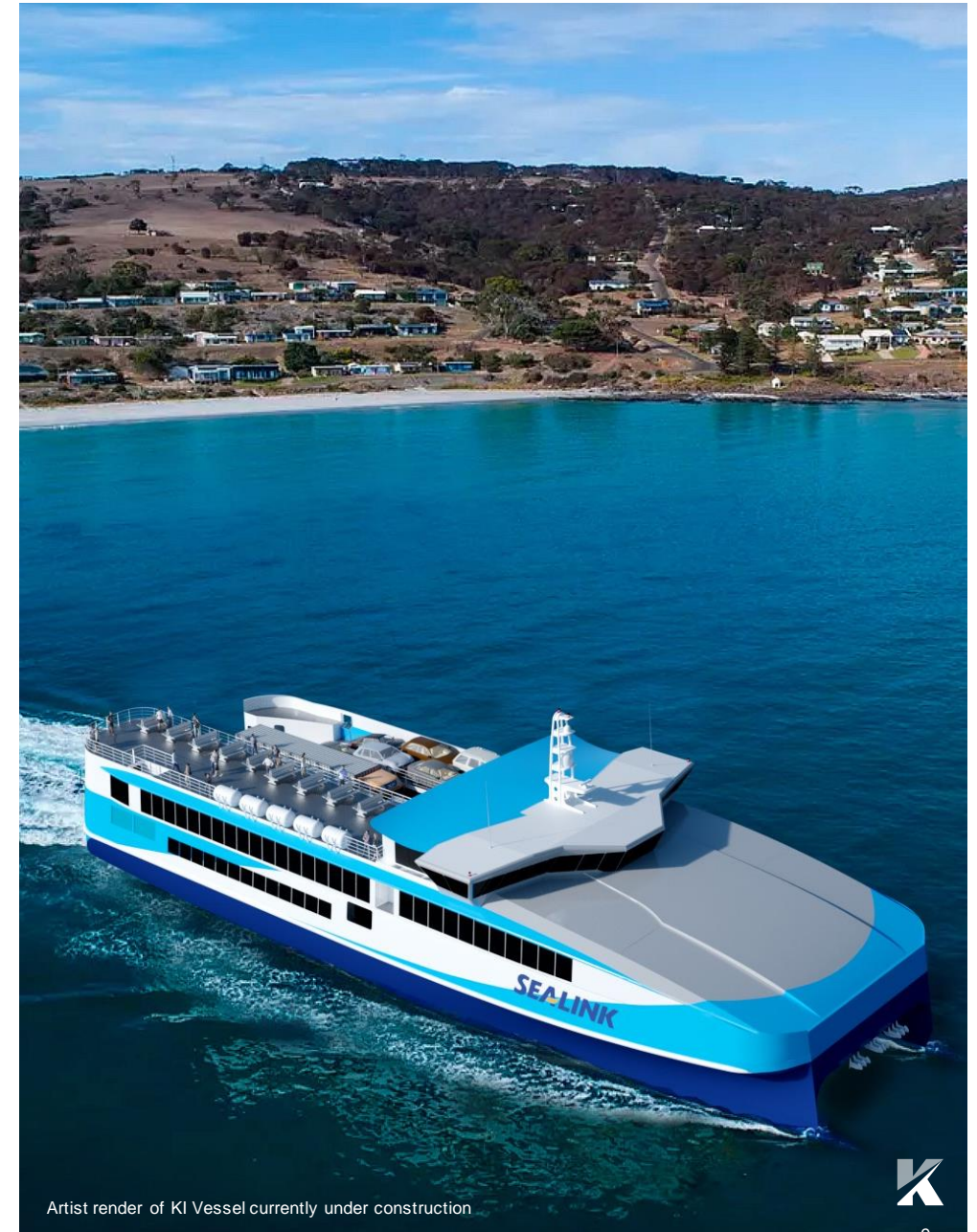
Delivery of significant organic growth, including new bus contracts won in Sydney, demonstrating leadership in operational excellence, safety, decarbonisation and efficiency



Track record of successful growth through strategic acquisitions including the acquisition of Go West Tours, Horizons West Coachlines, and Channel Islands with bus operations on the islands of Guernsey and Jersey. Agreement to acquire All Aboard America! Holdings

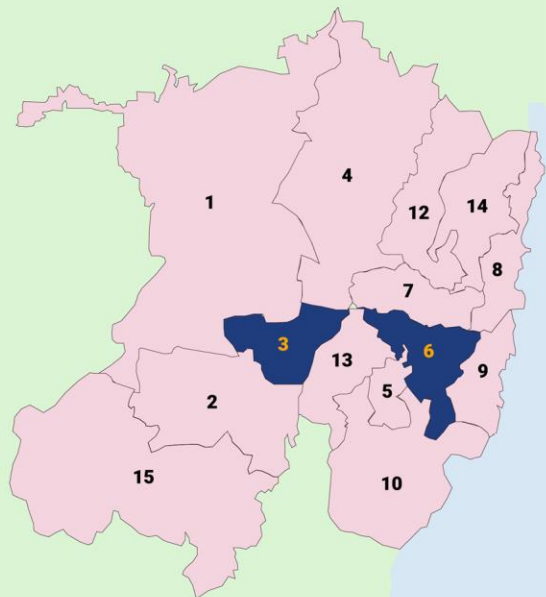


Successfully completed institutional placement and entitlement offer to support the proposed acquisition of All Aboard America! Holdings, raising approximately \$279 million, with strong support shown by existing and new institutional investors



Expansion into more Sydney Bus Regions

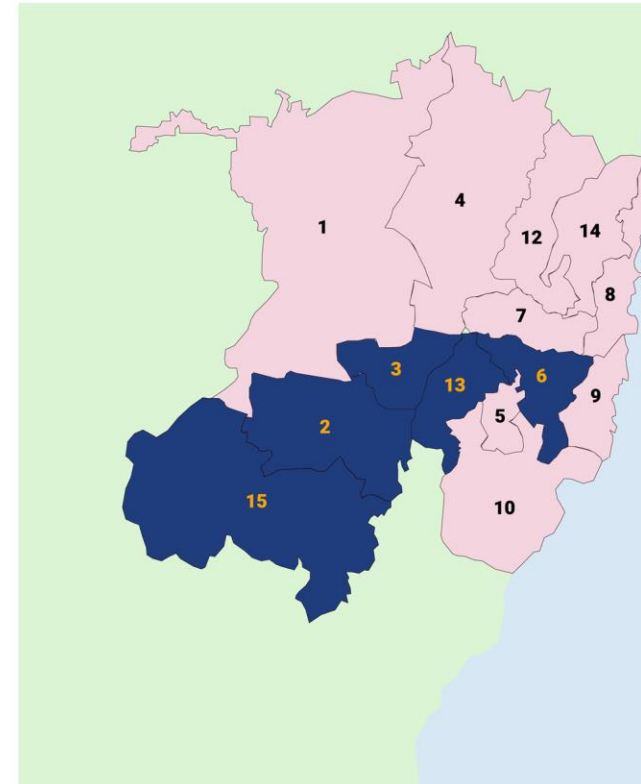
Success in new Sydney bus services contracts



Existing Contract Area REGION 3 + 6



Region 3: Operated by Transit Systems since 2013
Region 6: Operated by Transit Systems since 2018



New Contract Area (Oct '23) REGION 3 +13, 6, 2 +15



Region 3 + 13: Combined as Region 3 Contract Area from August 2023
Region 2 + 15: Combined as Region 2 Contract Area from October 2023

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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 + ferry contracts

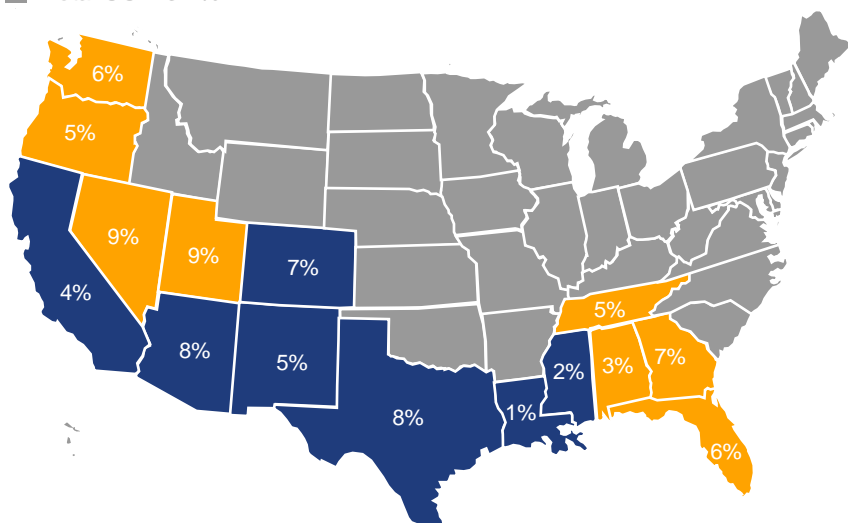
- Resources sector
- Education sector
- All Aboard America! Holdings (AAAH)

Large and attractive USA market

Proposed acquisition of AAAHI provides an established platform in the USA to pursue growth in existing high population growth states and expand into the US\$30 billion+ broader bus transportation market

Forecasted USA state population growth (2022-2028)¹

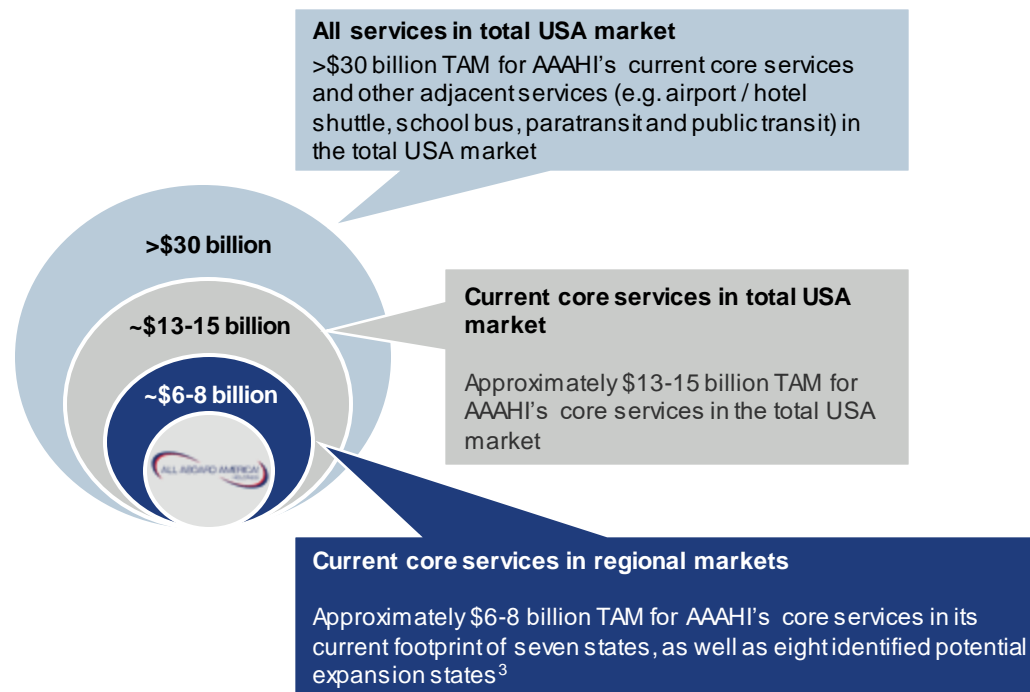
- Average of states currently serviced by AAAHI: 5.1%
- Average of states currently identified as near term expansion opportunities: 6.3%
- Total USA: 3.1%



Operations in high population growth states underpin growth fundamentals

Notes: AAAHI information per diligence materials provided by AAAHI, unless otherwise stated. Please refer to the Important Notices and Disclaimer. (1) Fitch. (2) IGS research and analysis (9 September 2022). (3) Identified by AAAHI management.

Substantial total addressable market (TAM, US\$ billion) presents opportunity for attractive growth²



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Investment highlights

Agreement to purchase AAAHI subject to satisfaction of certain conditions



Notes: AAAHI information per diligence materials provided by AAAHI, unless otherwise stated. Please refer to the Important Notices and Disclaimer. (1) Recurring revenue based on management calculations for CY22, excluding approximately US\$1.4 million of other revenue. (2) Enterprise Value of US\$325 million (A\$487 million) prior to any completion adjustments. AAAHI CY22 financials based on unaudited management financials, adjusted for certain adjustments and normalisations identified during Kelsian’s limited due diligence and the indicative impact of conversion from US GAAP accounting principles to IFRS accounting principles, the principal adjustment being a AASB16 lease accounting adjustment of US\$7.5 million increase to EBITDA. EPSA reflects earnings per share excluding the impact of potential amortisation of identifiable intangibles recognised as a result of the acquisition and one-off transaction costs. Assumes effective tax rate of approximately 27% applied to AAAHI earnings, reflecting indicative USA federal and state level taxes. Increase in EPSA of Kelsian is on a pro forma basis assuming the Acquisition had come into effect from 1 January 2022 and prior to applying any adjustment factor to take into account the bonus element of the Entitlement Offer consistent with AASB 133. Underlying EPSA for CY22 has been used as the Kelsian basis for this calculation. Restating Kelsian EPSA based on this bonus element adjustment factor would increase Kelsian EPSA accretion by approximately 1.4%. The bonus element of the Entitlement Offer is calculated to reflect the discount to the theoretical ex-rights price (“TERP”) (excluding the Placement and Vendor Conditional Share Issue) and is based on Kelsian’s last traded price at 13 March 2023 of A\$6.35 per share. TERP includes shares issued under the Institutional Entitlement Offer and the Retail Entitlement Offer, and excludes shares issued under the Placement and Vendor Conditional Share Issue.

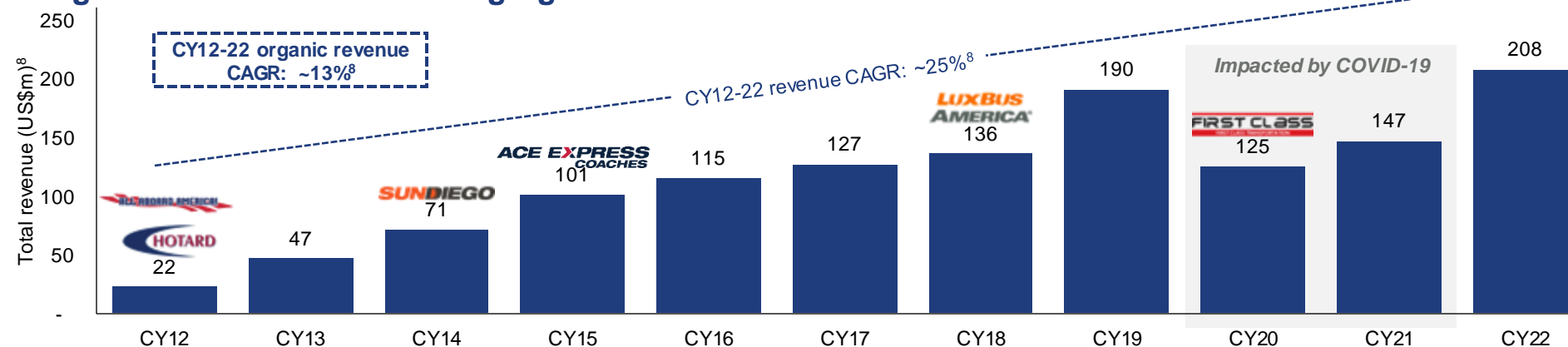
AAAHI overview

AAAHI is the 4th largest motorcoach operator in the USA¹, with a decentralised operating model servicing corporate, government, education, LNG, and tourism sector customers

Key statistics

6 Integrated brands	2,000+ Customers in CY22	728 / 335 Owned and operated / other vehicles ^{2,3}	US\$208 million CY22 revenue	85% Recurring revenue in CY22 ⁴
16 Operating locations	1,400+ Employees ⁵	18 Leased strategically located vehicle facilities & parking sites ⁶	US\$51 million CY22 pro forma normalised EBITDA ⁷	~25% CY22 pro forma normalised EBITDA margin ⁷

Long-term track record of strategic growth






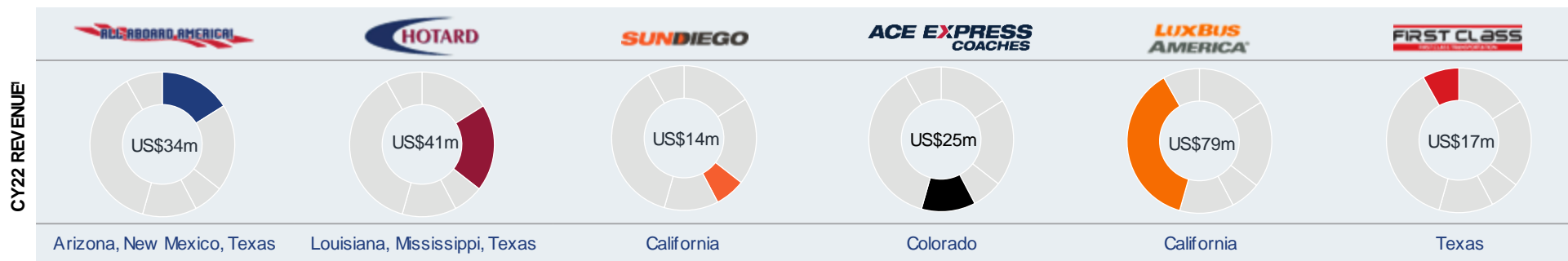
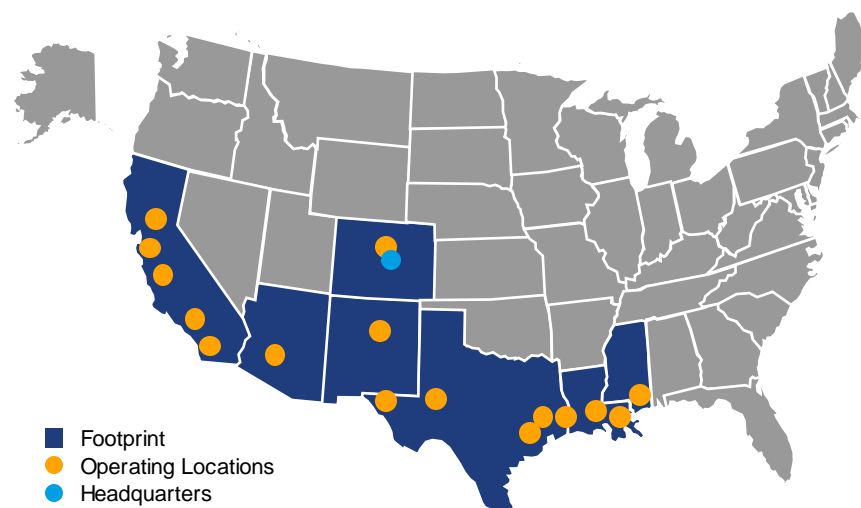
Notes: AAAHI information per diligence materials provided by AAAHI, unless otherwise stated. Please refer to the Important Notices and Disclaimer. (1) IGS research and analysis (9 September 2022). (2) As recorded in the AAAHI fleet register as at 31 December 2022. (3) Other vehicles include operated and leased and operated vehicles. (4) Recurring revenue based on AAAHI management calculations for CY22, excluding approximately US\$1.4 million of other revenue. (5) As at 31 January 2023. (6) As at 31 December 2022. (7) AAAHI CY22 financials based on unaudited management financials, adjusted for certain adjustments and normalisations identified during Kelsian's limited due diligence and the indicative impact of conversion from US GAAP accounting principles to IFRS accounting principles, the principal adjustment being AASB16 lease accounting adjustment of US\$7.5 million increase to EBITDA. (8) AAAHI revenue from CY20 onwards has been normalised based on unaudited management financials. Revenue prior to CY20 has not been normalised.

Overview of AAAHI brands

Comprehensive platform of six geographically diversified, highly regarded brands with strong cultural alignment operating in seven states

Multi-jurisdictional, diversified footprint across high population growth states in the south and south-west of the USA

-  Diversified footprint across the south and south-west of the USA, with significant fleet scale and coverage
-  Decentralised model for tailored customer engagement in each region, which is important for winning local contracts
-  Strong cultural alignment maintained through consistent safety and operational performance targets

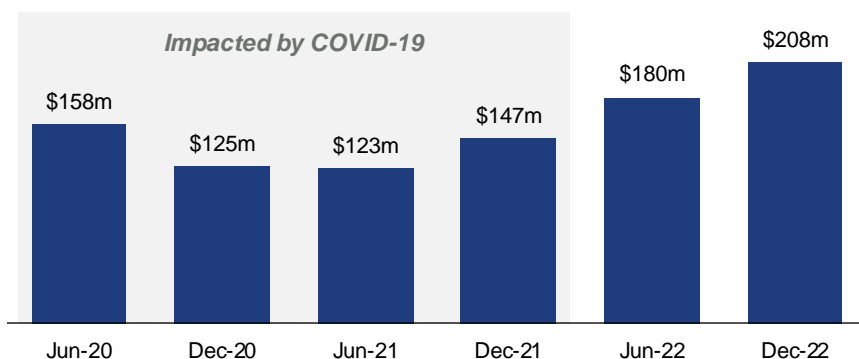


Notes: AAAHI information per diligence materials provided by AAAHI, unless otherwise stated. Please refer to the Important Notices and Disclaimer. (1) AAAHI revenue split by business unit split based on unaudited management financials for CY22 excluding approximately US\$2.4 million of holding company eliminations.

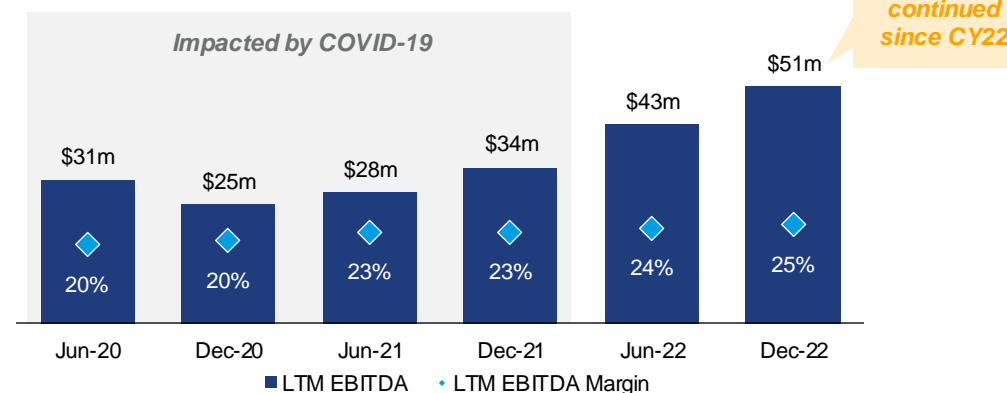
Strong financial profile

AAAHI has a diversified revenue mix and a track record of earnings growth

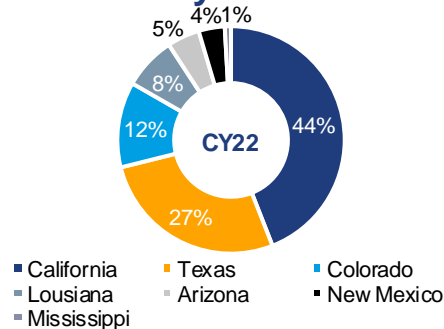
Revenue (US\$m, LTM)¹



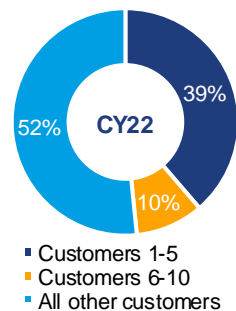
EBITDA (US\$m, LTM) and margin profile (%)¹



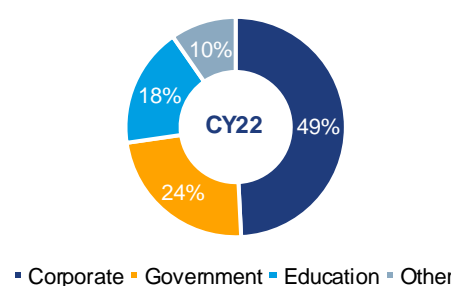
Revenue by state²



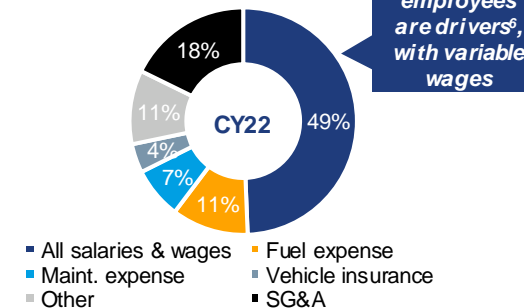
Revenue by customer³



Revenue by end-market⁴



Cost breakdown⁵



Notes: AAAHI information per diligence materials provided by AAAHI, unless otherwise stated. Please refer to the Important Notices and Disclaimer. (1) AAAHI financials based on audited and unaudited management financials, adjusted for certain adjustments and normalisations identified during Kelsian's limited due diligence and the indicative impact of conversion from US GAAP to IFRS accounting principles. (2) AAAHI revenue by state split based on unaudited management financials for CY22. (3) AAAHI revenue by customer split based on unaudited management financials for CY22, including approximately US\$9 million of additional revenue, largely attributable to accrual adjustments and intercompany eliminations. (4) AAAHI revenue by end-market split based on unaudited management financials for CY22 and management segment classifications, excluding approximately US\$1.5 million of other revenue. (5) Cost breakdown presented on a US GAAP basis, not including any adjustments for conversion from US GAAP to IFRS accounting principles. (6) As at 31 January 2023.

Favourable themes and tailwinds of the USA market

Prevailing investment and growth in AAAHI's key end-markets support positive outlook

Substantial committed government investment

- ✓ Privatisation and outsourcing of public transportation
- ✓ Supportive government funding and investment environment, driven by the Infrastructure Investment & Jobs Act (IIJA)¹ passed in November 2021
 - ✓ **US\$550 billion** overall investment in infrastructure across the USA, with the **largest investment in public transit in history**
 - ✓ **US\$90 billion guaranteed funding for public transit over next 5 years**²
- ✓ Public transport is a compelling solution to support emissions targets and address traffic congestion
 - ✓ IIJA includes **US\$7.5 billion** investment in **low emission** buses and ferries, and **US\$5+ billion** in funding for agency adoption of low emissions buses

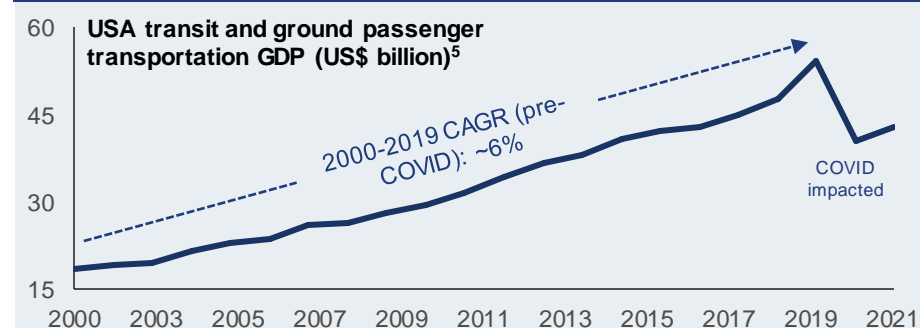


Global reset in energy supply focused on security driving historic investment in USA LNG capacity



- ✓ North American gas demand projected to grow from approximately 120 billion cubic feet per day (bcfd) in 2022 to over 130 bcf in 2027³
- ✓ **Potential \$100 billion investment** wave over the next 5 years into USA LNG export infrastructure⁴, including 4 projects under construction, 2 projects in 'probable development' stage and at least 10 additional possible projects
- ✓ LNG facilities have long (typically 3-5 year) construction phases with predictable timelines providing substantial lead times for fleet optimisation
- ✓ Expansion projects expected to support continued demand for bus services in the future

Long-term growth in transit and ground passenger transportation GDP



Other macroeconomic themes providing tailwinds



- ✓ Employee transportation provides a differentiated offering for employers
 - ✓ **Attractive benefit** for employers to offer in tight labour markets
 - ✓ Increased demand as corporates **focus on back-to-office** strategies
 - ✓ **Lack of existing options**, with disjointed public transit and high congestion
- ✓ Energy transition and government support for mass green energy targets provides mass transit tailwind
 - ✓ Higher density mass transit is **more carbon gas emission efficient**
 - ✓ **Government investment in electrification** to drive significant opportunities
- ✓ Cost of living pressures coupled with low unemployment should **underpin strong ridership**

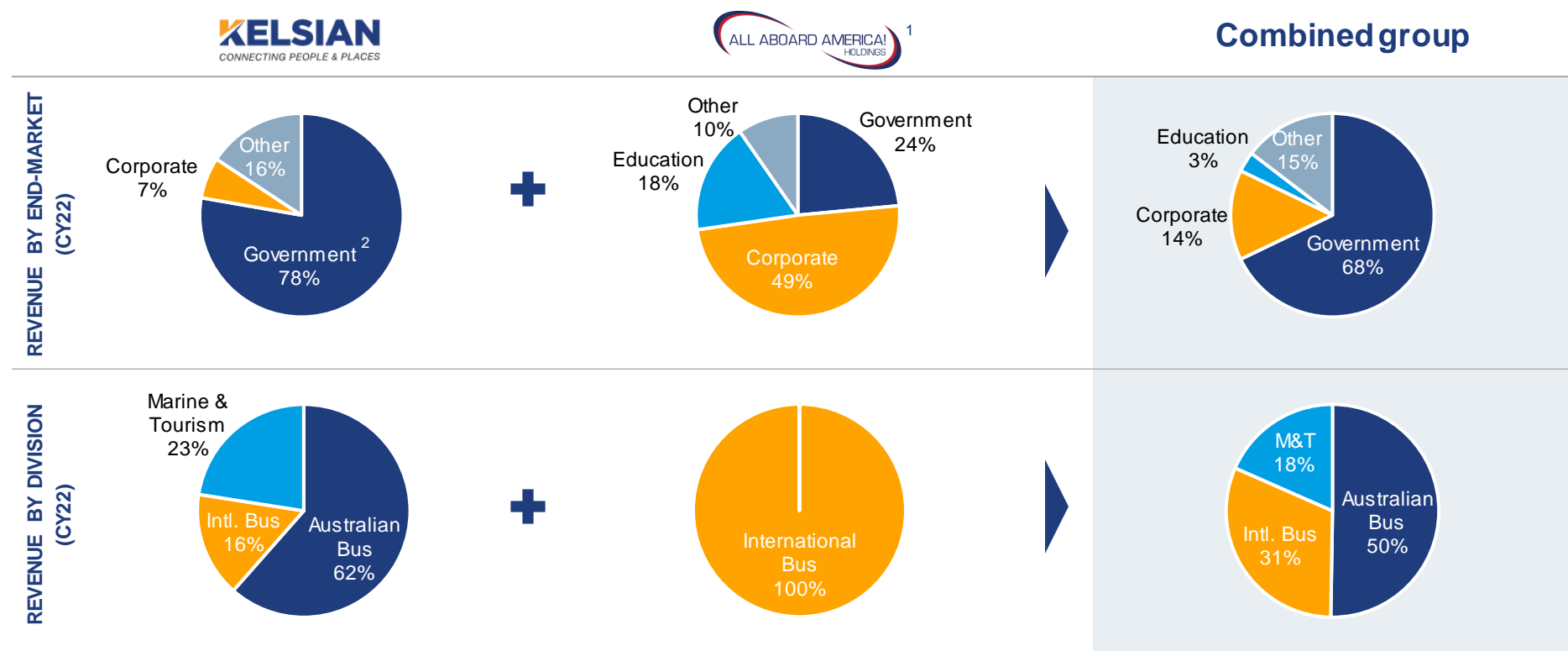


End-market aligned with Kelsian core competencies

Notes: (1) The White House. (2) Includes new investments and reauthorizations. (3) McKinsey & Company Article: How North American natural gas could alleviate the global energy crisis (November 2022). (4) Woodmac Opinion: Third wave USA LNG: a \$100 billion opportunity (February 2023). (5) Federal Reserve Bank of St. Louis. Data presented for the period from 31 December 2000 to 31 December 2021.

Further diversifies Kelsian’s international operations





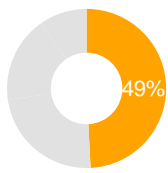
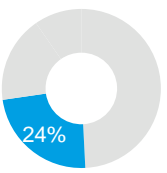
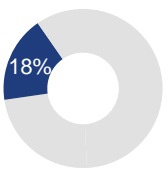
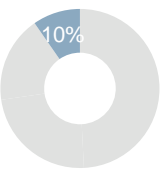
The proposed acquisition of AAAHI will further diversify Kelsian’s end-market exposure and meaningfully increases the International Bus Segment’s contribution to the combined group



Notes: Figures are subject to rounding. AAAHI information per diligence materials provided by AAAHI, unless otherwise stated. Please refer to the Important Notices and Disclaimer. (1) AAAHI revenue by end-market split based on unaudited management financials for CY22 and management segment classifications, excluding approximately US\$1.5 million of other revenue. AAAHI financials by end-market have been converted to AUD using the average daily AUDUSD spot rate for CY22 of 0.6932. AAAHI financials by division have been converted to AUD using the average daily AUDUSD spot rate for each corresponding half year period ending in 30 June or 31 December. (2) Government includes Kelsian’s state based Department of Education contracts.

Diverse and loyal blue-chip customer base

AAAHI has a diverse and loyal base of over 2,000 customers with high levels of contract renewals and recurring revenue

	Corporate (inc. LNG) 	Government 	Education 	Other 
CY22 revenue¹	US\$101 million 	US\$48 million 	US\$36 million 	US\$20 million 
Avg. contract duration	~3 years	3+ years	Predominantly recurring charter or contracts smaller than top 20	<1 year
Typical service characteristics	<ul style="list-style-type: none"> Fixed route services at a defined rate Revenue not determined by passenger volume (e.g. no farebox risk) 	<ul style="list-style-type: none"> Provider of essential services Large scale contracts Revenue not determined by passenger volume (e.g. no farebox risk) 	<ul style="list-style-type: none"> Provider of services for frequently occurring and predictable events Revenue not determined by passenger volume (e.g. no farebox risk) 	<ul style="list-style-type: none"> Motorcoaches for customised services on a single-trip basis to meet specific scope Utilise vehicle downtime High-margin services with dynamic pricing and scalability
Cost pass through	<ul style="list-style-type: none"> Majority of contracts have fuel cost pass-through Some contract have labour cost pass-through mechanisms Shorter-duration contracts facilitate cost recovery through pricing revisions Track record for maintaining and /or expanding margin 			
Key customers	Multiple Nasdaq 100 customers, large LNG E&C providers and other large corporates	Various state and federal government departments	Major universities and educational institutions	Global tourism operators

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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 new regions in Sydney, organic growth, new business opportunities in adjacent markets and AAAHI completion
- Disciplined approach to capital deployment
- Leadership in sustainable transport ensures well placed to benefit from Government's focus on decarbonisation and traffic reduction



Important notice

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Authorisation: Approved and authorised for release via the Australian Securities Exchange on 2 May 2023 by Clinton Feuerherdt, Group Chief Executive Officer, Kelsian Group.

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