

ASX Announcement

28 August 2024

Kelsian Group Limited – FY24 Full Year Results and FY25 Guidance

FY24 was a record result for Kelsian that reflects the first full year contribution of AAAHI which underpinned increased revenue and EBITDA margin; revenue growth from the new Sydney contracts; improved margin in the second half for the Australian bus business, and the continued benefits of our broader contracted revenue base and indexation mechanisms in the majority of our public transport contracts.

Kelsian Group Limited (ASX:KLS) (**'Kelsian'**) today reported its full year results for the 12 months ended 30 June 2024 ('FY24').

Key Financial Highlights¹

- Revenue up 42.2% to \$2,016.8 million, reflecting a full year of All Aboard America! Holdings, Inc. ('AAAHI'), and new Sydney contracts.
- Underlying EBITDA (adjusted for one-off costs associated with M&A and abnormal items) up 63.9% to \$265.4 million and underlying EBITDA margin increased 180 basis points to 13.2%.
- Underlying EBIT (adjusted for one-off costs associated with M&A and abnormal items) up 44.5% to \$122.1 million.
- Underlying Net Profit After Tax and before Amortisation ('NPATA') (adjusted for one-off costs associated with M&A and abnormal items), up 32.3% to \$92.6 million.
- Earnings per Share before Amortisation expense ('EPSA') calculated on underlying NPATA increased by 13.3% to 34 cents per share.
- Statutory Net Profit After Tax ('NPAT') up 176.2% to \$58.0 million.
- Fully franked final dividend of 9.5 cents per share, taking the full year to 17.5 per share (FY23: 17.0 cents per share).

Key Operational Highlights

- New Sydney bus regions transitioned on time and on budget – Transit Systems now the largest operator in Sydney.
- Major rail replacement projects secured in Perth (LXR), commenced in FY24, and Sydney (Bankstown) to begin in FY25.
- Labour availability issues resolved via well-executed extensive recruitment and training programs (Transit Academy).
- AAAHI retained and extended several major contracts, added new clients in technology, corporate & construction sectors and successful expansion into Austin, Texas.

- Demand held up well in Marine and Tourism business, despite inclement weather in peak trading months of December to February, discretionary spend softened in 2HFY24.
- Successful re-financing completed moving our corporate banking facilities to an unsecured basis with improved tenor and terms.
- Limited recourse asset financing structures established to fund government-backed contracted assets and Battery Electric Buses ('BEBs').

Managing Director & Group Chief Executive Officer, Clint Feuerherdt said: "I am very pleased to report this record result, reflecting a period in which Kelsian once again delivered on its well-defined growth strategy of organic and acquisitive growth.

"The result reflects the continued growth in AAAHI, the benefits of scale from the new Sydney contracts, an improved margin in the Australian bus business in the second half, and the benefits of our contract indexation mechanisms embedded in the majority of our public transport contracts which protect the business from the highly inflationary macro-economic environment," he said.

Balance Sheet and Cashflow

In July 2023, a ring-fenced limited recourse asset financing facility of up to \$40 million was established for the funding and purchase of 49 Battery-Electric buses for Region 6. In February 2024, further ring-fenced limited recourse asset financing facilities totalling approximately \$74.8 million were established for contracted bus assets operating new Region 2 (combined former Regions 2 and 15) and new Region 3 (combined former Regions 3 and 13) in Sydney and including buses acquired from outgoing bus operators in Regions 2, 13, and 15. These financing facilities provide flexibility and optionality for government to accelerate the transition to zero-emission assets.

As at 30 June 2024, Kelsian had government backed contracted assets with a vehicle termination payment obligation totalling \$153.3 million on its balance sheet. Excluding this contractual commitment, leverage (net debt / EBITDA) reduces to 2.45 times.

With leverage at 2.45 times (excluding debt associated with government backed contracted assets), interest cover of more than 5 times and all bank covenants comfortably met. The Balance Sheet remains well positioned and supported by our strong and predictable operating cashflow.

It is pleasing that the growing business continues to generate strong cashflows with a record gross operating cash flow of \$215.5 million, an increase of \$16.6 million or 8.3%. This was achieved despite the cashflow timing lag and first half impact of commencing the new large contracts in Sydney where payment terms are 60 days end of month so there is an approximate \$30 million one-off working capital impact as at 30 June 2024.

Cash conversion in the second half was 98.5%, bringing the overall cash conversion for the full year to 92.3%. During the FY24 period, Kelsian invested \$148.5² million in new and replacement assets including strategic land and buildings as part of its commitment to strengthen and improve the quality of assets employed in the business.

FY25 Update - Capital Expenditure

Recognising the excellent FY24 performance, together with the resilient characteristics of the business, strong and predictable cash flows and stable balance sheet; the Board has approved investments in

several strategic initiatives, further investment to improve and upgrade the expanded bus and ferry fleet and new assets to support continued growth in the medium and long term.

Revised capital expenditure in FY25 is expected to be between \$180 million to \$190 million³.

Managing Director & Group Chief Executive Officer, Clint Feuerherdt added: “The growth momentum across all areas of our business, in particular in the Australian bus and AAAHI businesses, supports this investment to underpin multiple years of growth in the medium and longer term.

“The Board and management recognise the solid foundation for growth and are investing accordingly to capitalise on it,” he said.

[FY25 Outlook⁴](#)

Assuming no deterioration in the operating environment, no material changes in domestic tourism, labour availability or key input prices such as fuel, the Board anticipates FY25 underlying EBITDA to be between \$283 million and \$295 million, with a skew to the second half. Variations in economic conditions, trading conditions, currency exchange or interest rates, or other circumstances may cause these key assumptions to change.

The second half skew predominantly reflects benefits of rail replacement contracts, the anticipated ramp up in AAAHI growth relating to industrial construction projects and benefits of Marine and Tourism initiatives coming online.

[FY24 Results Briefing Webinar](#)

Kelsian Managing Director and Group CEO Clint Feuerherdt, Group CFO Andrew Muir, and AAAHI CEO Graeme Legh will host a results briefing webinar, today at 9.30am (Sydney time), 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-2024/>

To register for the teleconference: <https://s1.c-conf.com/diamondpass/10040978-e7kp2f.html>

Post the event, the webinar will be available on the Kelsian website:

<https://www.kelsian.com/investor>

This announcement should be read in conjunction with the ASX announcement lodged on 26 August 2024 made as necessary for Kelsian’s continuous disclosure obligations⁵ for further details of our anticipated FY25 Capital Expenditure, Depreciation and Interest as well as the Appendix 4E and Investor Presentation lodged today and available at <https://www.kelsian.com/investor>

Authorised for lodgement with the ASX by the Board.

For further information contact:

Investor Relations

Davina Gunn, Investor Relations Manager

+61 (0)400 896 809

investors@kelsian.com

Andrew Muir, Group Chief Financial Officer

+61 (0)8 8202 8693

investors@kelsian.com

IMPORTANT NOTES:

Basis of preparation and non-IFRS information

- Information in this announcement is provided as at the date of this announcement unless specified as otherwise.
- Kelsian's financial results are reported under International Financial Reporting Standards ("IFRS"). This announcement may include certain non-IFRS measures including 'underlying' or 'normalised' results, which are used internally by management to assess the performance of the business.
- Non-IFRS measures, and any statements relating to FY25 and FY26 have not been subject to audit or audit review.

Forward-looking information

- This announcement includes forward looking statements and references which, by their very nature, involve inherent risks and uncertainties. These risks and uncertainties may be matters beyond Kelsian's control and could cause actual results to vary (including materially) from those predicted or expected. Forward looking statements are not guarantees of future performance. Past performance information in this announcement is provided for illustration purposes only. It is not indicative of future performance and must not be relied upon as such.
- This announcement does not take into consideration any individual investor's circumstances. Kelsian recommends investors make their own assessments and seek independent professional advice before making investment decisions.

¹ All comparative references are references to a comparison of FY24 figures to the 12 months ending 30 June 2023 ('FY23') unless otherwise stated.

² Figure of \$148.5 million: excluding assets funded through ring-fenced limited recourse special purpose asset financing vehicles and intangibles.

³ Refer to our announcement lodged on 26 August 2024 for further details and assumptions related to our anticipated FY25 capital expenditure estimates.

⁴ All forward-looking statements in this announcement, including FY25 expectations and earnings guidance, remain subject to no material change in economic conditions, trading conditions, currency exchange or interest rates. Also refer to Important Notes above and endnote 4.

⁵ Kelsian seeks to ensure compliance at all times with ASX Listing Rules and in particular Listing Rule 3.1. Accordingly on Monday 26 August 2024, Kelsian announced its indicative unaudited results for FY24 and an update of expectations for FY25 capital expenditure, depreciation, interest and tax.