

Monday, 3 March 2025

**Listings Compliance**

Australian Securities Exchange  
20 Bridge Street  
SYDNEY NSW 2000

By email: [ListingsComplianceSydney@asx.com.au](mailto:ListingsComplianceSydney@asx.com.au)

Dear Listings Compliance,

**Re: Kelsian Group Limited (ASX:KLS) - Response to ASX Aware Letter**

We refer to your letter dated 27 February 2025 ('Letter'). Capitalised terms used and not otherwise defined in this letter have the meaning given to them in your Letter.

Set out below is the response of Kelsian Group Limited (ASX:KLS) ('KLS') to each of the queries in the Letter:

1. Does KLS consider that any measure of its statutory or underlying earnings for the half year ended 31 December 2024 as disclosed in the Results Announcements ('Earnings Information') differed materially from the market's expectations, having regard to the following three base indicators (in decreasing order of relevance and reliability):

KLS does not consider that any measure of its statutory or underlying earnings for the half year ended 31 December 2024 as disclosed in the Results Announcements differed materially from the market's expectations as assessed in accordance with ASX Guidance Note 8, for the reasons set out in paragraphs 1.1 and 1.2 below.

*1.1. If KLS had published earnings guidance, that guidance.*

On 28 August 2024, KLS released the following statement to the ASX as part of its full year FY24 results announcement ('FY25 Guidance'):

*"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."*

At its Annual General Meeting on 29 October 2024, KLS reiterated that guidance, stating:

*“As noted in the addresses, Kelsian reaffirms its expectations of FY25 Underlying EBITDA to be between \$283 million and \$295 million\*, with a skew to the second half.*

*\* Assuming no deterioration in operating environment, no material changes in domestic tourism, labour availability or key input prices such as fuel. Variations in economic conditions, trading conditions, currency exchange or interest rates, or other circumstances may cause these key assumptions to change.”*

In the Results Announcements, KLS again reiterated that guidance, stating:

*“The Board continues to anticipate FY25 Underlying EBITDA<sup>1</sup> to be between \$283 million and \$295 million<sup>2</sup>, with a skew to the second half. The second half skew predominantly reflects the full period benefits of rail replacement contracts, the anticipated ramp up in AAAHI growth relating to industrial construction projects and Marine and Tourism initiatives coming online.*

- 1. Earnings before Interest, Tax, Depreciation and Amortisation adjusted for one-off costs.*
- 2. Assuming no deterioration in the operating environment, no material changes in domestic tourism, labour availability or key input prices such as fuel. Variations in economic conditions, trading conditions, currency exchange or interest rates, or other circumstances may cause these key assumptions to change.”*

KLS has not expressly released any guidance regarding FY25 underlying EBIT, EBITA, NPBT, NPAT or NPATA (**‘Other Earnings Measures’**) or any guidance regarding statutory earnings, but on 28 August 2024 provided the following relevant inputs for the Other Earnings Measures: full year FY25 estimates for depreciation, interest and amortisation, and a range for KLS’s effective tax rate in FY25.

*1.2. If KLS is covered by sell-side analysts, the earnings forecasts of those analysts.*

KLS is covered by nine sell-side analysts.

Given that KLS has provided full year FY25 Guidance and being mindful of the primary importance of that guidance in setting market expectations as stated in ASX Guidance Note 8, KLS predominantly monitors and measures its performance against a consensus estimate of full year FY25 results based on the arithmetic average of reports published by those nine sell-side analysts (**‘FY25 Consensus Estimate’**).

KLS also monitors consensus estimates of half year results to assess whether there are any material variances (whether for underlying EBITDA or any Other Earnings Measures) which, of themselves, could be price sensitive.

Before the Results Announcements were released, KLS:

- regularly assessed:
  - whether KLS’s expected FY25 Underlying EBITDA remained within the range of the FY25 Guidance, including the expected skew to the second half;
  - whether KLS’s full year FY25 estimates for depreciation, interest and amortisation, and range for KLS’s effective tax rate in FY25, remained materially in line with what was disclosed to the market on 28 August 2024;

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- whether KLS's expected FY25 Underlying EBITDA and Other Earnings Measures for FY25 remained materially in line with the FY25 Consensus Estimate; and
  - whether there were any variances in KLS's Underlying EBITDA or Other Earnings Measures for the half year ending 31 December 2024 as compared to consensus estimates of KLS's half year results which were sufficiently material as to require disclosure in advance of the Results Announcements; and
  - determined that:
    - KLS's expected FY25 Underlying EBITDA remained within the range of the FY25 Guidance;
    - KLS's full year FY25 estimates for depreciation, interest and amortisation, and the range for KLS's effective tax rate in FY25, remained materially in line with what was disclosed to the market on 28 August 2024;
    - KLS's expected FY25 Underlying EBITDA and Other Earnings Measures remained materially in line with the FY25 Consensus Estimate; and
    - no other matters required disclosure in advance of the Results Announcement.

*1.3. If paragraphs 1.1 and 1.2 are not applicable, KLS's earnings for the prior corresponding period, being the half year ended 31 December 2023.*

Not applicable, given that responses have been provided to paragraphs 1.1 and 1.2.

*Please answer separately for each measure of earnings referred to in the Earnings Information. In your response, please have regard to ASX's commentary in paragraphs 4(a) and 4(b) of section 7.3 of Guidance Note 8 about when a variation from market expectations may be material.*

2. *Please explain the basis for the view provided in response to question 1. In doing so, please specify how KLS determined market expectations of each relevant measure of its earnings, including:*

*2.1. If KLS had published earnings guidance, details of:*

*2.1.1. that guidance and when it was released to the market; and*

Please see the response in paragraph 1.1 above, regarding the FY25 Guidance released on 28 August 2024, which was reiterated at the AGM on 29 October 2024 and which was also reiterated in the Results Announcements on 26 February 2025.

*2.1.2. the date when the entity first became aware with a reasonable degree of certainty that its expected earnings for the relevant reporting period would vary from, or be in line with, that guidance.*

Monthly internal monitoring of performance and outlook (after each month from August 2024 to January 2025) has continued to indicate that KLS's expected FY25 Underlying EBITDA remained within the range of the FY25 Guidance.

The KLS Board then considered this matter when reviewing and finalising the proposed Results Announcement after close of trading on 25 February 2025.

2.2. *If KLS used sell-side analyst forecasts to estimate the market's expectations of its earnings, details of:*

2.2.1. *the method that KLS used to translate sell-side analyst forecasts into its estimate of market expectations for each measure of earnings referred to in the Earnings Information and, in particular, whether or not KLS used a "consensus estimate" or an "adjusted consensus estimate" or a different specified approach for determining this estimate;*

Please see the response provided in paragraph 1.2 above.

2.2.2. *the entity's estimate of market expectations using that method; and*

Please see the response provided in paragraph 1.2 above.

Given that KLS has provided full year FY25 Guidance and being mindful of the primary importance of that guidance in setting market expectations as stated in ASX Guidance Note 8, KLS considers that the most relevant measure of the market's expectations was to determine:

- whether the FY25 Consensus Estimate of FY25 Underlying EBITDA remained within the range of the FY25 Guidance; and
- whether KLS's expected FY25 Underlying EBITDA and Other Earnings Measures for FY25 remained materially in line with the FY25 Consensus Estimate.

Prior to the release of the Results Announcements, the FY25 Consensus Estimate of FY25 Underlying EBITDA remained within the range of the FY25 Guidance and KLS's expected FY25 Underlying EBITDA and Other Earnings Measures for FY25 remained materially in line with the FY25 Consensus Estimate.

2.2.3. *the date when the entity first became aware with a reasonable degree of certainty that its expected earnings for the relevant reporting period would vary from, or be in line with, its estimate of these expectations.*

Monthly internal monitoring of performance and outlook (after each month from August 2024 to January 2025) has continued to indicate that KLS's expected FY25 Underlying EBITDA (and Other Earnings Measures) were materially in line with the FY25 Consensus Estimate.

The KLS Board then considered this matter when reviewing and finalising the Results Announcement after close of trading on 25 February 2025.

2.3. *If paragraphs 2.1 and 2.2 are not applicable, the date when the entity first became aware with a reasonable degree of certainty that its expected earnings for the relevant reporting period would vary from, or be in line with, KLS's earnings for the prior corresponding period.*

Not applicable, given that responses have been provided to paragraphs 2.1 and 2.2.

3. *Does KLS consider that, at any point prior to the release of the Results Announcements, there was a variance between its expected earnings and its estimate of market expectations for the relevant reporting period of such a magnitude that a reasonable person would expect information about the variance to have a material effect on the price or value of KLS's securities.*

*Please answer separately for each measure of earnings referred to in the Earnings Information.*

No.

4. *If the answer to question 3 is “no”, please provide the basis of that view.*

Given that the Results Announcements reiterated the FY25 Guidance, and given that the FY25 Consensus Estimate of FY25 Underlying EBITDA remained within the range of the FY25 Guidance prior to the release of the Results Announcements, KLS did not expect the release of the Results Announcements to have a material effect on the price or value of KLS’s securities.

5. *If the entity first became aware of the variance before the release of Results Announcements, did KLS make any announcement prior to the release of the Results Announcements which disclosed the relevant variance? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe KLS was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps KLS took to ensure that the information was released promptly and without delay.*

Not applicable. KLS has not varied the FY25 Guidance and accordingly no announcement was made before the release of the Results Announcements.

6. *Please provide details of any other explanation KLS may have for the trading in its securities following the release of the Results Announcements.*

KLS notes that the Results Announcements contained other information in addition to its financial results for the half year ending 31 December 2024, including a Capital Management & Allocation Framework which was adopted by the KLS Board at the same time as approving the Results Announcements and then released to the ASX without delay. As a general market observation, KLS also notes the recent volatility in share trading for other ASX-listed entities which have recently released financial results.

7. *Please confirm that KLS is complying with the Listing Rules and, in particular, Listing Rule 3.1.*

KLS confirms it is in compliance with the ASX Listing Rules, and in particular Listing Rule 3.1.

8. *Please confirm that KLS’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of KLS with delegated authority from the board to respond to ASX on disclosure matters.*

KLS’s response to the Letter has been authorised and approved in accordance with its published continuous disclosure policy by the Chair of the KLS Board.

Yours sincerely,



**Joanne McDonald**  
Company Secretary



27 February 2025

Reference: 106714

Ms Joanne McDonald  
Company Secretary  
Kelsian Group Limited  
Level 3  
26 Flinders Street  
Adelaide SA 5000

By email:

Dear Ms McDonald

**Kelsian Group Limited ('KLS'): ASX Aware Letter**

ASX refers to the following:

- A. KLS's announcements released on the ASX Market Announcements Platform on 26 February 2025 in connection with its half year results ('Results Announcements'), being:
- 1.1 Appendix 4D and Half Year Accounts, released at 8:09 AM AEDT;
  - 1.2 1HFY25 Half Year Results & Capital Management Framework, released at 8:14 AM AEDT; and
  - 1.3 1HFY25 Results Investor Presentation released at 8:15 AM AEDT.
- B. The change in the price of KLS's securities from \$3.62 immediately prior to the release of the Results Announcements to a low of \$2.78 following the release of the Results Announcements.
- C. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- D. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:
- "an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity."*
- E. Section 4.4 in *Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B* titled "When does an entity become aware of information?"
- F. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure as follows.
- "3.1A** *Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:*
- 3.1A.1** *One or more of the following 5 situations applies:*
- *It would be a breach of a law to disclose the information;*
  - *The information concerns an incomplete proposal or negotiation;*
  - *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*

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- *The information is generated for the internal management purposes of the entity; or*
- *The information is a trade secret; and*

3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*

3.1A.3 *A reasonable person would not expect the information to be disclosed."*

- G. ASX's policy position on "market sensitive earnings surprises", which is detailed in section 7.3 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. In particular:

*"...If an entity becomes aware that its earnings for the current reporting period will differ materially (downwards or upwards) from market expectations, it needs to consider carefully whether it has a legal obligation to notify the market of that fact."...*

*"...An earnings surprise will need to be disclosed to the market under Listing Rule 3.1 if it is market sensitive – that is, it is of such a magnitude that a reasonable person would expect information about the earnings surprise to have a material effect on the price or value of the entity's securities."...*

#### **Request for information**

Having regard to the above, ASX asks KLS to respond separately to each of the following questions and requests for information:

1. Does KLS consider that any measure of its statutory or underlying earnings for the half year ended 31 December 2024 as disclosed in the Results Announcements ('Earnings Information') differed materially from the market's expectations, having regard to the following three base indicators (in decreasing order of relevance and reliability):
  - 1.1 If KLS had published earnings guidance, that guidance.
  - 1.2 If KLS is covered by sell-side analysts, the earnings forecasts of those analysts.
  - 1.3 If paragraphs 1.1 and 1.2 are not applicable, KLS's earnings for the prior corresponding period, being the half year ended 31 December 2023.

Please answer separately for each measure of earnings referred to in the Earnings Information. In your response, please have regard to ASX's commentary in paragraphs 4(a) and 4(b) of section 7.3 of Guidance Note 8 about when a variation from market expectations may be material.

2. Please explain the basis for the view provided in response to question 1. In doing so, please specify how KLS determined market expectations in relation to each relevant measure of its earnings, including:
  - 2.1 If KLS had published earnings guidance, details of:
    - 2.1.1 that guidance and when it was released to the market; and
    - 2.1.2 the date when the entity first became aware with a reasonable degree of certainty that its expected earnings for the relevant reporting period would vary from, or be in line with, that guidance.
  - 2.2 If KLS used sell-side analyst forecasts to estimate the market's expectations of its earnings, details of:
    - 2.2.1 the method that KLS used to translate sell-side analyst forecasts into its estimate of market expectations for each measure of earnings referred to in the Earnings Information and, in

particular, whether or not KLS used a “consensus estimate” or an “adjusted consensus estimate” or a different specified approach for determining this estimate;

- 2.2.2 the entity’s estimate of market expectations using that method; and
  - 2.2.3 the date when the entity first became aware with a reasonable degree of certainty that its expected earnings for the relevant reporting period would vary from, or be in line with, its estimate of these expectations.
- 2.3 If paragraphs **Error! Reference source not found.** and **Error! Reference source not found.** are not applicable, the date when the entity first became aware with a reasonable degree of certainty that its expected earnings for the relevant reporting period would vary from, or be in line with, KLS’s earnings for the prior corresponding period.
3. Does KLS consider that, at any point prior to the release of the Results Announcements, there was a variance between its expected earnings and its estimate of market expectations for the relevant reporting period of such a magnitude that a reasonable person would expect information about the variance to have a material effect on the price or value of KLS’s securities?
- Please answer separately for each measure of earnings referred to in the Earnings Information.
- 4. If the answer to question 3 is “no”, please provide the basis for that view.
  - 5. If the entity first became aware of the variance before the release of Results Announcements, did KLS make any announcement prior to the release of the Results Announcements which disclosed the relevant variance? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe KLS was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps KLS took to ensure that the information was released promptly and without delay.
  - 6. Please provide details of any other explanation KLS may have for the trading in its securities following the release of the Results Announcements.
  - 7. Please confirm that KLS is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
  - 8. Please confirm that KLS’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of KLS with delegated authority from the board to respond to ASX on disclosure matters.

**When and where to send your response**

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **5:00 PMAEDT Tuesday, 4 March 2025**.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, KLS’s obligation is to disclose the information ‘immediately’. This may require the information to be disclosed before the deadline set out above and may require KLS to request a trading halt immediately if trading in KLS’s securities is not already halted or suspended.

Your response should be sent by e-mail to **ListingsComplianceSydney@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow us to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

**Suspension**

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If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in KLS's securities under Listing Rule 17.3.

**Listing Rules 3.1 and 3.1A**

In responding to this letter, you should have regard to KLS's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that KLS's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

**Release of correspondence between ASX and entity**

We reserve the right to release all or any part of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A. The usual course is for the correspondence to be released to the market.

Yours sincerely

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ASX Compliance