

ASX Announcement

2 April 2025

Intention to divest Australian tourism assets

Key Highlights

- Kelsian to explore divestment options for a portfolio of Australian tourism assets¹ (**Tourism Portfolio**) to streamline the business, reduce debt and improve shareholder value;
- The Tourism Portfolio currently being considered for divestment includes¹: K'gari (Fraser Island) resorts, tours and ferry, SeaLink Sydney Harbour, Murray Princess, Adelaide Sightseeing, SeaLink Western Australia, SeaLink Whitsundays, SeaLink Tasmania, and SeaLink Northern Territory;
- Collectively, the Tourism Portfolio in scope for potential divestment generated over \$160 million in revenue in FY24;
- The proposed sale of the Tourism Portfolio² is expected to make Kelsian a more focused business centred on delivering essential journeys through its marine, bus and motorcoach transport businesses;
- Proceeds from any Tourism Portfolio divestment will be applied consistent with the Capital Management and Allocation Framework recently announced³, including towards reducing debt and selectively investing in attractive growth opportunities within Kelsian's marine, bus and motorcoach transport businesses that are aligned with the strategy, and deliver against Kelsian's capital management targets.

Kelsian Group Limited (ASX:KLS) (**Kelsian**) today provides an update on the portfolio review announced at the Annual General Meeting in October 2024. Kelsian undertook to evaluate its portfolio against the Capital Management and Allocation Framework³ to identify potential opportunities to improve returns and optimise the overall composition of the Group's portfolio of businesses and assets. The Capital Management and Allocation Framework announced in February 2025 included targets for leverage, Group ROIC, net sustaining capex, and dividend payout ratio³.

¹ Refer Appendix for details of the identified businesses in the Tourism Portfolio.

² Kelsian will only proceed with a potential transaction(s) for sale of the Tourism Portfolio if value and terms are attractive, agreed and determined to be in the best interests of Kelsian. There is no guarantee that negotiations on commercially acceptable terms with potential purchasers will lead to a binding contract(s) for divestment of the Tourism Portfolio or any part thereof.

³ Refer Investor Presentation and other information released via ASX on 26 February 2025.

Portfolio review update – strategic rationale

Following a thorough evaluation, Kelsian has decided that a sale of the Tourism Portfolio has the potential to release significant value for shareholders. The Board believes that streamlining the Australian portfolio will allow the business to focus more on its marine, bus and motorcoach transport businesses while lowering capital intensity and further increasing the stability of the Group's earnings base.

The Tourism Portfolio earmarked for potential divestment comprises K'gari (Fraser Island) resorts, tours and ferry (including Kingfisher Bay Resort, K'gari Beach Resort and K'gari Explorer Tours); SeaLink Sydney Harbour (including Captain Cook Cruises, The Jackson and The Starship Group); Murray Princess; Adelaide Sightseeing; SeaLink Western Australia (including Captain Cook Cruises, SeaLink Rottnest Island and Swan Valley Tours, but excluding the Transperth ferry); SeaLink Whitsundays (including Red Cat Adventure tours); SeaLink Tasmania, and SeaLink Northern Territory.

Collectively, the Tourism Portfolio in scope for potential divestment generated over \$160 million of Kelsian's FY24 Group revenue.

Kelsian will only proceed with a potential transaction(s) for a sale of the Tourism Portfolio if value and terms are attractive and determined to be in the best interests of shareholders². Proceeds from the proposed divestment are intended to be applied in line with Kelsian's Capital Management and Allocation Framework³ including being used towards accelerating the reduction of debt. Kelsian may also selectively invest in attractive strategic growth investments (organic and inorganic) within Kelsian's marine, bus and motorcoach transport businesses that align with strategy, and deliver against Kelsian's capital management targets.

Kelsian Chair, Fiona Hele said: "The management team has undertaken a comprehensive strategic portfolio review, and a sale of the Tourism Portfolio was assessed to be in the best interests of shareholders.

"The divestment of the Tourism Portfolio will see Kelsian emerge as a more infrastructure like, commuter and contracted business, allowing us to focus on delivering essential journeys through marine, bus and motorcoach transport. Many of the continuing businesses are underpinned by defensive long-term government-backed service contracts, with cost base protection, generating even more predictable earnings and cashflows.

"The Tourism Portfolio to be divested includes several market leading tourism centred businesses with established market positions and robust growth potential. We believe this is an appropriate time to consider their ownership and explore opportunities for these businesses to continue to grow with a new owner," she said.

Should the Tourism Portfolio be divested at value and terms acceptable to Kelsian, the Marine segment would then comprise Kelsian's SeaLink Kangaroo Island ferry service, Gladstone Ferries, SeaLink South East Queensland (North Stradbroke Island, Southern Moreton Bay Islands and Moggill cross river ferry services), SeaLink North Queensland (Townsville ferry services to

Magnetic Island and Palm Island operations), Transperth ferry services, and Brisbane River City Ferries; all of which have greater similarity to the infrastructure like characteristics of the public bus and motorcoach passenger service businesses in both the Australian and International bus segments which are less sensitive to economic conditions.

Next Steps

We recognise that a potential divestment of this scale is significant for Kelsian and for our employees and communities affected by these potential changes. We are committed to thoughtfully managing the process for potential divestment of the Tourism Portfolio with support and clear communication to our affected employees and communities.

Kelsian has appointed financial advisers Gresham Advisory Partners and Macquarie Capital (Australia) Limited to assist with the proposed divestment of the Tourism Portfolio.

Kelsian will continue to keep the market informed, in accordance with its continuous disclosure obligations, on material developments as the Tourism Portfolio divestment process progresses. Our FY25 EBITDA earnings guidance is not impacted by this announcement.

Short descriptions of the businesses currently identified in the Tourism Portfolio are set out in the Appendix.

Authorised for lodgement with the ASX by the Board.

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Kelsian is Australia's largest integrated multi-modal transport provider and tourism operator, with established bus operations in Australia, Singapore, USA, United Kingdom and the Channel Islands. Kelsian 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 including operating zero-emission bus fleets and Australia's largest electrified metropolitan bus depot.

As at 31 December 2024, Kelsian directly employs over 12,600 people and operates over 5,800 buses, 115 vessels and 24 light rail vehicles that delivered more than 378 million customer journeys over the last year.

Marine and Tourism Business	Location in Australia	Description
K'gari (formerly Fraser Island) Including Kingfisher Bay Resort, K'Gari Beach Resort and K'Gari Explorer	Queensland	Ferry services to, two island resorts, sightseeing tours on World Heritage-listed K'Gari (formerly Fraser Island) in the Fraser Coast/Hervey Bay region, and includes Kingfisher Bay Resort, K'gari Beach Resort and K'gari Explorer Tours.
SeaLink Sydney Harbour Including Captain Cook Cruises, The Jackson and The Starship Group	New South Wales	Sydney Harbour lunch, dinner and sightseeing cruises, private charter services with a fleet including The Jackson, Starship Sydney, Starship Aqua, Sydney 2000 and other vessels. Commuter ferry services to Lane Cove and Watsons Bay, and Hop-On-Hop-Off sightseeing ferry services including Darling Harbour, Circular Quay, Taronga Zoo, Shark Island, Watsons Bay and Manly.
Murray Princess	South Australia	Accommodated, 3,5 and 7 night scenic cruises along the Murray River, South Australia on the authentic paddle-wheeler, Murray Princess.
Adelaide Sightseeing	South Australia	Sightseeing coach tours to Barossa, Kangaroo Island (SeaLink), Hahndorf, Adelaide, Victor Harbour and other locations.
SeaLink Western Australia Including SeaLink Rottnest Island, Captain Cook Cruises, Swan Valley Tours and Bells Functions; and excluding Transperth ferry services	Western Australia	Ferry services to Rottnest Island from Perth CBD and Fremantle. Lunch, dinner and sightseeing cruises on the Swan River. Coach touring in the Swan Valley along with a function centre in Perth CBD which also provides catering for the river service.
SeaLink Whitsundays Including Red Cat Adventures and Whitsunday Jetski Tours	Queensland	Full-day scenic cruises, Red Cat Adventures (reef snorkelling and day tours) and jet ski tours. Passenger ferry services to Hayman Island and Whitsunday charter services.
SeaLink Tasmania	Tasmania	Ferry services to Bruny Island.
SeaLink Northern Territory	Northern Territory	Ferry services/sightseeing tours to the Tiwi Islands, ferry services from Darwin to Mandorah, and Groote Eylandt ferry and bus services.

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