

Kelsian Group 2023 AGM report

ASX Code	KLS
Meeting Date	Tuesday, 24 October 2023
Type of Meeting	AGM
Monitor	Bob Ritchie assisted by Ken Wakeman
Venue	Adelaide Convention Centre
Pre AGM Meeting?	Yes, with the Chair Jeff Ellison and CFO Andrew Muir

Meeting Statistics

Number of holdings represented by ASA	32
Number of shares represented by ASA	420,000
Value of shares represented by ASA	\$3m
Total number attending meeting	16 Shareholders, 8 proxy holders, 4 directors, 14 guests
Market capitalisation	\$2 billion
ASA open proxies voted	Yes, on a poll

A focus on the future

The meeting took just under an hour and a half. For the first time since Kelsian was formed, all directors were present in person.

The addresses delivered by the Chair of the Board and the CEO were upbeat. Both mentioned the company's strong balance sheet and good cash flow.

CEO Clinton Feuerherdt reiterated the strength of the balance sheet and cash flow generation and echoed the Chair's optimism in the company's outlook. He added key highlights for the year:

- The Australian bus business became the largest bus operator in Sydney;
- The company the fourth largest motorcoach operator in the United States with the \$487 million acquisition of All Aboard America! Holdings, Inc (AAHI);
- The Marine & Tourism divisional grew revenue by 30%;
- The Group established the largest electrified bus depot in Australia and with plans to expand the zero-emission fleet by the end of 2025; and
- In addition, during the year all of the divisions were further strengthened through several strategic acquisitions:
 - Australian Bus completed the acquisition of Horizons West;
 - The Australian bus division also added a complementary bus business on North Stradbroke Island and became the largest coach operator in the Northern Territory;
 - International Bus became the sole operator of public bus services in the Channel Islands on the islands of Jersey and Guernsey; and
 - Marine & Tourism built a more dominant position on Sydney Harbour with the acquisition of the Starship Group, adding two impressive dining vessels;
- A list of new contracts won in Australia and overseas.

We raised the issue safety of drivers and the risk that drivers were likely to take in order to keep to timetable. The Chair explained that the buses were monitored for issues such as driving at speed, excessive breaking and had several cameras on board. Drivers were counselled if any issues were discovered.

We also asked about the monitoring of AAHI noting that some companies had failed with large overseas acquisitions. The chair replied that they had appointed the Kelsian group chief development officer, Graeme Legh, as CEO of AAHI and he had moved to the USA to manage the business; and director Neil Smith who had extensive experience with overseas acquisitions had spent 6 months relocated from the UK to the United States doing due diligence on the company.

Another shareholder asked if the board had considered the situation in the Middle East and also the large throng of migrants entering the USA from the south where the AAHI had most of the business based. The chair replied that any increase in fuel cost is built into their contracts and that the boards monitored and discussed the effects of the migrant situation at board meetings.

During the formal part of the meeting, we indicated that our preference was for the increase in directors fee pool would be for it to delayed until the runs were on the board from the AAHI acquisition. The chair indicated that it was important to have the funds available to attract new directors and this motion was not designed to increase directors' fees.

All directors up for re-election made good presentations in favour of their re-election.

We voted undirected proxies in favour of all motions.

All motions passed with over 88% in favour, except the remuneration report where despite significant improvements from last year still attracted a 16% vote against.

The directors mingled with the shareholders after the meeting.

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