



ASX RELEASE

A2B DELIVERS 1H19 RESULTS

- Revenue growth of 12% to \$101m
- Organic revenue growth of 7%
- \$10.6m turnaround to statutory profit of \$5.5m
- 13cabs Brisbane (formerly Yellow Cabs) now performing to expectations
- Mobile Technologies International building on global customer base
- Investments in marketing, technology and fleet gaining traction
- Fully franked interim dividend of 4 cents per share
- Strong net cash position of \$15.4m and Balance Sheet supportive of M&A growth
- Enterprise rebrand from Cabcharge Australia to A2B Australia implemented

26 February 2019 – A2B Australia Limited (ASX:A2B) today announced results for the half year ended 31 December 2018 and reported revenues of \$101m (1H18: \$90.0m), underlying EBITDA of \$18.4m and underlying NPAT of \$7.4m. On a statutory basis, A2B reported a 208% increase in net profit after tax to \$5.5m (1H18: -\$5.1m).

"A2B's first half performance shows compelling signs that our focus on service excellence and the amplification of our brands is steadily transforming the Company," said Andrew Skelton, Managing Director and CEO.

"Revenues are up 12%, with affiliated fleet and payments turnover increasing during the first half. The growth in fleet and payments are supported by an 80% increase in 13cabs app downloads during the period. Our concentrated strategy of investing back into the business is scaling well and positioning A2B to capture greater market share in the longer-term."

Key revenue streams

Following the strong growth throughout FY18, affiliated fleet grew 2.7% or 257 Taxis during the half to 9,278 cars. Regulatory settings suppressing fleet growth remain static in Sydney, Adelaide and Brisbane. During the half the 13cabs network welcomed Coffs Harbour Taxis as a bureau customer, bringing 26 Taxis onto the network.

Since December, the accelerated integration and alignment of 13cabs Brisbane (formerly Yellow Cabs Queensland) with the national operating model is positively impacting the performance of this business. The strengthening Brisbane fleet has more than offset the \$2.2m impact of price limiting regulations on service fees in Queensland which has now cycled through following implementation in October 2017.

New or refurbished premises in Alexandria, Newcastle, Oakleigh and Thomastown are generating enhanced engagement with staff and Drivers.



13cabs extended its Taxi fleet operations to 227 vehicles across Adelaide and Brisbane. Fleet operations enable 13cabs to access a greater share of the value chain and to positively influence the quality and presentation of vehicles.

"A2B continues to invest in its proprietary fleet to strengthen our service offering, improve quality, and differentiate from the competition. Overall improvements are being achieved through a combination of fleet renewal, an enhanced inspection program, and the introduction of vehicle age limits from 1 January 2019. We are receiving consistent encouragement from Taxi Operators who support our stance on modernising the fleet as a next step in lifting the Taxi industry's profile", added Andrew Skelton.

Taxi fares processed increased 1.1% to \$520.9m (1H18: \$515.1m). All states other than NSW and WA outperformed in 1H19 versus 1H18. This performance comes despite the impact of a Telstra failure over the important Derby Day weekend which caused the loss of ~\$5m of Taxi fares and significant Passenger and Driver disruption. Adjusting for the impact of the Telstra failure would have resulted in \$526m in Taxi fares processed in 1H19, or a 2.1% increase on 1H18.

Bank Issued & Third Party turnover increased by 1.2% to \$355.8m. Payment turnover growth was supported by the rollout of more than 7,500 handheld terminals for Drivers. Handheld terminals (Spotto and Giraffe) continue to perform strongly, accounting for 13% of total fares processed.

Cabcharge Account volumes are back in growth, increasing by 1.0% to \$165.1m and making up one-third of total fare turnover in 1H19.

"There is no better endorsement of the long-term viability of the Taxi offering than strength in Cabcharge Account usage. The new branding for Cabcharge Payments was launched in July 2018 and complements the significant upgrades to the platform's functionality. Digital Pass volumes are growing with the frictionless product now available on Android and iOS and gaining encouraging endorsement from a number of clients" added Andrew Skelton.

Further expansion of digital payment offerings is now live following development and launch of a fully digital FASTCARD.

Since the merger with Mobile Technologies International was announced (subsequently formalised in November) the MTI business has successfully entered into new contracts in the USA, Canada, New Zealand and Finland to supply technology to an additional 700+ vehicles. Meanwhile EFT Solutions, A2B's payment consultancy business, has a strengthening pipeline of client work following demonstrated expertise in payments routing, closed loop payments, unattended payments and implementations of Apple and Android wallets for loyalty and value added services.

Marketing and Technology

Shareholders have demonstrated their support for our sustained commitment to enhancing our capabilities in marketing and technology. Highlights for 1H19 include:

- 13cabs national brand roll-out more than 50% complete
- 13cabs app download volumes growing 80% on pcp



- 13cabs app for iOS rated 4.7 stars (26.2k reviews)
- 13cabs app for Android enhanced with Google Pay offering (December 2018)
- 13cabs app for iOS strengthened with Apple Pay offering (January 2019)
- Silver Service app for iOS rated 4.8 stars
- Roll out of Digital Pass, a world first closed loop payment system utilising Apple's Value Added Services
- Digital FASTCARD in pilot with multiple clients
- Rebuild of class leading mobile web booking platform executed
- Implementation of additional booking channel, Taxi Butler, with more than 1,000 devices installed

Andrew Skelton: *"Strengthening our brands is shifting perceptions of the Taxi industry as a whole. Brand is emerging as a huge contributor to our ability to win more market share. A perfect example is in Brisbane where in December the 13cabs app surpassed the incumbent Yellow Cabs app which itself continues to deliver consistent booking numbers."*

As part of our mission to be the preferred Network for Drivers and Operators, our marketing initiatives are generating a highly visible digital presence which in turn attracts more Passengers and Drivers to our network.

The recent launch of partnerships with Apple Pay and Google Pay reflect our commitment to enhancing the in-app payment experience for Passengers. These new products support growth in digital transaction volumes and provide marketing opportunities that leverage our brand as a modern solution for professional transport."

Outlook

A2B is building a sound platform for growth following a period of investment in technology, brands and expansionary acquisitions. A strong and motivated workforce continues to deliver innovation that is benefitting Passengers, Drivers, Operators and Corporate Clients. Our competence in payments is attracting new clients and we continue to provide payment related services to major retailers throughout Australia.

In the personal transport market 13cabs has demonstrated a sustained ability to attract Passengers, Drivers and Operators and we expect this to continue. National marketing capabilities and best in class technologies are consolidating A2B's market share amongst traditional players in Taxi networks and payments. We anticipate growth through the addition of new bureau service customers and our disciplined approach to examining acquisitions that leverage our strengths.

A2B's investment in technology, brands and people is being maintained. The personal transport market continues to evolve and competition for customer acquisition from international players remains intense. Traditional Taxi participants without access to strong brands and technology are exposed to the emergence of low budget network competition in the Taxi space. Together with the implementation of age limits for vehicles affiliated with Silver Service and 13cabs these factors may subdue growth in the near term. For example, whilst organic growth in network subscriptions is up 14%



on pcip following strong growth throughout FY18 affiliated fleet increased 2.7% during 1H19. Over the medium term we expect to continue leveraging the platform we have built to gain market share against new and traditional competitors in the growing market for trips without substantial changes to our existing cost base.

Commenting on the outlook for A2B, Andrew Skelton said: *"The transformation of A2B is coming to life. In recent months the team has delivered on a new corporate identity, new brands for 13cabs and Cabcharge Payments, the acquisition of MTI, and a national approach to improving and extending services across our 13cabs network. With a new platform in place, A2B is offering a stronger proposition to stakeholders, including shareholders. We are pleased to have delivered 12% growth in revenue with the majority being organic and we are actively pursuing additional growth opportunities in a disciplined manner.*

We will continue investing in technology and marketing in 2H19 and focus on Driver engagement while improving the quality of the affiliated Taxi fleet through a combination of fleet renewal, the introduction of vehicle age limits and an enhanced inspection program.

We are investing, we are growing, and we continue to deliver innovation to the Taxi industry for the benefit of Passengers, Drivers, Operators and Corporate Clients."

Dividend

The Balance Sheet remains supportive of A2B's M&A outlook with a strong net cash position of \$15.4m as at 31 December 2018 and free cash flow of \$5.3m.

A2B has declared an interim dividend of 4 cents per share fully franked.

-ENDS-

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About A2B Australia Limited

A2B is an Australian ASX listed Company with a leading position in personal transport. A2B's dispatch technology is deployed globally and our expertise in payments is embraced by retailers and the Taxi industry throughout Australia. A2B is home to brands including 13cabs, Cabcharge, EFT Solutions, and Mobile Technologies International. In support of Professional Drivers and their Passengers we provide class leading and cutting edge technology to 96% of Australia's 22,000 Taxis as well as to Taxis in 50 cities throughout North America, Europe and New Zealand. Our 13cabs Taxi network is the largest in Australia directly supporting 10,000 vehicles and 40,000 Drivers. We believe in the importance of accessible, dependable and equitable transport in the community and are building the team, technology and brands to support its delivery.