



**ASX RELEASE**

**Annual General Meeting – 21 November 2019**

Attached is a copy of the CEO and Managing Director's Address which will be delivered today at the Annual General Meeting of A2B Australia Limited held at The Mint, Sydney.

Adrian Lucchese  
Company Secretary



**CEO and Managing Director's Address  
Annual General Meeting  
Thursday 21 November 2019**

A2B is focussed on solving transport problems by leveraging its capabilities in technology, payments and personal transport. 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.

The 2019 Financial Year was a year of strong progress. A series of initiatives grew revenue by 6.7% and our underlying net profit after tax increased by 9.8%. The pace of change continued across the look, feel and make up of our business. Change is something we have prepared for, a constant we are accustomed to, and is something we now embrace.

Things that did not change at A2B during the last year include:

- our determination to invest in technology, service improvements and brands
- our ability to again pay a full year dividend of 8 cents per share
- the preservation of our strong net cash position

Since the introduction of additional layers of regulation targeted specifically at the Taxi industry 5 years ago, we have busily transformed our organisation and diversified our revenue streams. Whilst additional regulation stripped out more than \$45 million of revenue on a like for like basis in FY19, our transformation program delivered record revenue for the Company of \$197.9 million in FY19 – the highest revenue result in the Company's history.

A2B is an increasingly sophisticated Company focussed on solving transport problems. We are building our understanding of customers and launching a constant stream of new services and products to market. This year we are activating booking services that empower Passengers to save and book their preferred Drivers, digital payment products that can be distributed by SMS, and Spotto cards that enable Drivers to collect their cash from any ATM.

We have been privileged and delighted to launch new services supporting Taxi Networks in Coffs Harbour and Tamworth during FY19. In the current Financial Year we have already launched new services for Mackay Whitsunday Taxis, Gold Coast Cabs, Tweed Heads, Perth, and next week we are launching a new Network in Albury Wodonga.

The services that we currently provide are improving in quality:

- our 13cabs and Silver Service apps are rated 4.8 stars
- our average trip rating has increased to 4.5 stars up from 3.1 stars 2 years ago
- 95% of travellers using Cabcharge payments rated their travel experience as either good or great.

A2B's commitment to leadership in technology is demonstrated by the Cabcharge Digital Pass, a world first use of Apple's Value Added Services to enable contactless

payments. The Cabcharge Digital Pass pairs with the revolutionary Cabcharge Plus account portal offering Clients the unprecedented ability to control and track spend whilst distributing virtual rather than physical payment instruments. Together, these proprietary technologies won an award for 'Best Innovation' at the Financial Review BOSS Most Innovative Companies awards. This is just one example of how A2B is modernising its payments business. Our payments innovation extends to digitising the Cabcharge FASTCARD and the integration of Google Pay and Apple Pay within our booking applications.

A2B's capabilities in technology and payments enable the generation of trip data that is best in class. The quality of A2B's data creates a clear point of differentiation over credit card transactions. Governments with modern approaches to their Taxi subsidy program have recognised our leadership in payments with extensions to A2B's provision of electronic Taxi subsidy programs being formalised in Queensland, Tasmania and the Northern Territory in support of Passengers facing difficulty accessing public transport.

We compete in markets that are attractive, disrupted and competitive and we are determined to succeed. We are making choices that prioritise enduring service improvements over short term results. Not all Taxi Industry participants are responding to market changes in the same way. There are pockets where the opposite choice is being made, leading to a degradation in service and presentation. These short term choices have a negative impact on the Taxi category and have seen the launch of some low cost networks with limited value propositions beyond access to Cabcharge equipment. It no longer makes sense for us to fund the provision of our payment equipment free of charge in circumstances in which it is not generating the required return for Shareholders and we will pivot towards rental models rather than relying on service fee generation by these types of networks. This is a bold but necessary step for the long term strategy of the Company.

Taxi industry participants that are focussed on enhancing their services can expect to benefit from our ongoing investment in dispatch platforms provided by Mobile Technologies International and in the Cabcharge account offering. An immediate focus for the A2B group is converging technologies and capabilities across MTI and 13cabs. The principles we are applying to guide this process are:

- aggregating technical resources and consolidating the existing product variants into a single product suite
- making 13cabs a super user of MTI's off the shelf product suite
- offering all the services and features deployed in the single product suite to MTI users globally, including independent Networks throughout Australia

These are the principles that will help us create and nurture a global software as a service business – a one-stop technology shop for the technology, payment and back office requirements of successful personal transport operators.

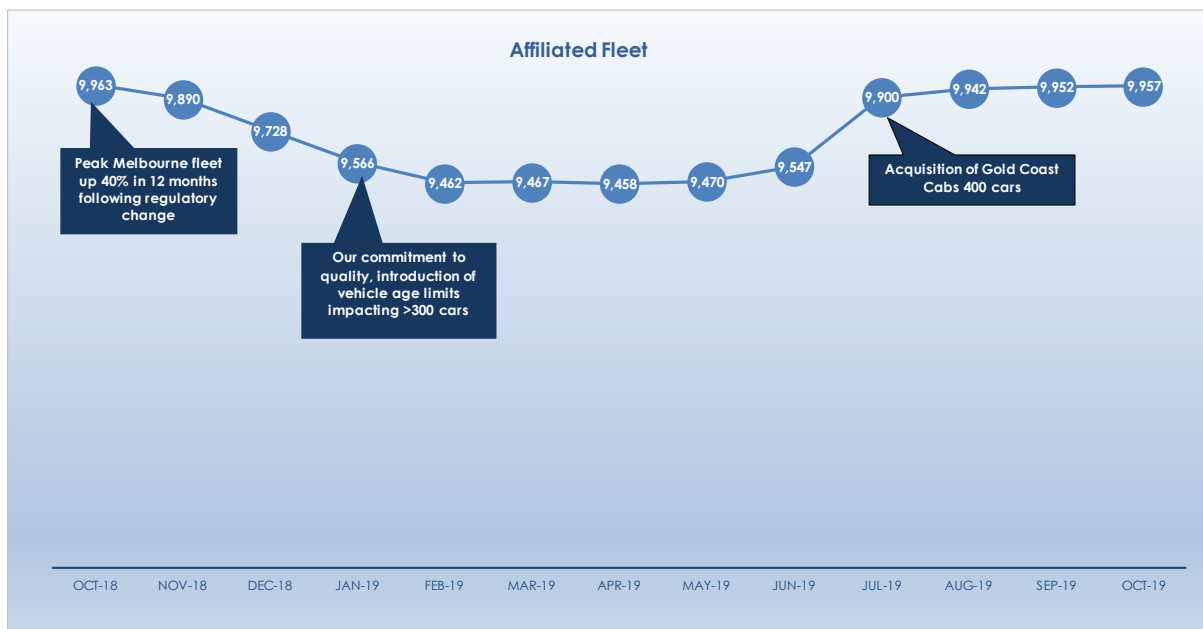
Other market initiatives we are working towards implementing include offering a national booking service for Cabcharge clients that supplements our world class

payment service with a seamless booking option – generating more business for participating Taxi Networks.

## Trading update

Revenue for 1Q20 is up 5.6% compared to the same period last year with revenue growth supported by our strategic acquisitions of MTI and Gold Coast Cabs.

Total affiliated fleet is currently 9,957 cars, up 4.3% on 30 June 2019 following the acquisition of Gold Coast Cabs and market share gains in all States other than Victoria. The Victorian market is maturing following a period of rapid growth. The launch of a new digital only Taxi Network - CHAMP - is capturing new segments in this market. We recently activated the CHAMP offering to establish a Network presence in the Perth market. The launch has exceeded our expectations with 120 cars already accepting bookings in that city.



The pressure on payment turnover we experienced in 2H19 continued into 1Q20. We are monitoring improvements in payment turnover in the second quarter following enhancements to the Spotto value proposition and targeted promotional efforts leading to 24% growth in Spotto turnover in October and 25% Spotto turnover growth in the first two weeks of November. Although from a small base, app and contact center payments continue to grow and in fact doubled during the first quarter. We have strengthened our digital payments team and they are beginning to deliver real progress in linking bookings and payments and we expect this pattern to continue.



The recent increase in the number of payment terminals deployed across Australia has meant that not all terminals are generating an adequate return. We are exploring rental based income models to ensure we improve our returns on those terminals that are currently underutilized.

### Looking ahead

We are emerging from a challenging 9 month period of intense competition and seemingly softer macro-economic conditions. There are encouraging early signs of growth in affiliated fleet and in payment turnover. We are focussing on extending recent growth in payments by:

- continuing to promote the advantages of Spotto over competing terminals
- communicating the enhanced value proposition of the Cabcharge Account offering
- linking bookings and payments
- launching a national booking option for Cabcharge Account clients

We plan to achieve further fleet growth in FY20 by:

- extending our Bureau Service Offering to support independent Taxi Networks, particularly in NSW and Queensland
- increasing market share in the cities in which we operate Networks
- attracting additional Operators and Drivers to our new Network in Perth
- assessing on their merits strategic acquisitions that access new territories

Mobile Technologies International continues to attract new customers in the USA and Canada. Notable recent signings include large and leading European fleets adding further perspective and insight into our global product development.



Our EFT Solutions business continues to support its valued clients with payment services for a range of retailers and financial institutions but is sitting on untapped potential.

We are well advanced in our mission to rebuild the Company from the outside looking in. We are improving service delivery and advancing our proprietary technologies. We are mindful that during the first 6 months of 2019 marketing spend represented 4% of revenue while rideshare players spent ~36% of their revenue on marketing. We know we have the technology and service quality to win customers from rideshare. It is time to ensure our voice is heard in the market so that Passengers and Drivers can make informed choices on the strength of our offerings. We are weighing the options as to the best way to deliver our message whilst generating long term value for Shareholders.

We are excited by the opportunities ahead of us and our strengthening value propositions, geographic expansion, and diversified revenue streams are establishing the foundations for ongoing growth.