

## ASX Announcement: P2P

15 May 2018

### TRANSFORMATIVE AGREEMENT TO ACQUIRE BLACK & WHITE CABS (BWC).

- Strategic acquisition of Black & White Cabs (BWC) transforms P2P Transport (P2P) into one of Australia's leading passenger transport businesses and delivers a true alternative to current legacy platforms and app only business models
- Transformative acquisition sees P2P become one of Australia's largest vertically integrated passenger fleet operator, and delivers a range of significant strategic benefits to the Company
- Combination brings P2P's fleet to approximately 2,500 vehicles, with 1,100 owned/operated and an additional 1,400 vehicles under the BWC network
- Delivers P2P with in-house network capabilities for P2P's existing operated taxi fleet and scope for significant future cost savings. Additionally, BWC provides a beach-head for expansion into Western Australia, and represents an enlarged potential platform for the roll-out of P2P's Adflow Digital offering
- Acquired services include tablet-based dispatch technology for vehicles, passenger booking app that allows fixed price fares and discounted bookings, vehicle fit out, insurance services and funding
- In purchasing BWC, P2P immediately accesses a technologically advanced, progressive network operator that aligns with P2P's philosophy of providing innovative solutions to its fleet which will be rolled out nationally
- Acquisition expected to be EPS accretive<sup>1</sup> in FY19, with BWC expected to contribute EBITDA of \$3.5 million<sup>1</sup>, with scope for significant growth in subsequent years

### OVERVIEW

P2P Transport Limited (ASX: P2P) (P2P), one of Australia's largest vertically integrated passenger transport fleet managers, today announces an agreement to acquire 100% of Black & White Holding Limited (BWC) for \$8.1 million. The transaction consideration includes \$4 million cash and \$4.1 million in P2P fully paid ordinary shares. The acquisition will be funded through a combination of existing cash and a debt facility being finalised with one of the big four banks.

BWC is a leader in the passenger transport and dispatch market approaching 100 years of servicing the Queensland and Western Australian market. BWC has been instrumental in leading recent innovation in the passenger transport market with the development and deployment of tablet-based dispatch capabilities in vehicles and significantly reducing the capital costs of fit out while focusing on the passenger experience through both pricing, service and technology innovation.

<sup>1</sup> Before expected synergies and excluding transaction and integration costs.

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On completion of the transaction P2P will acquire all brands, operational capabilities, assets, licences and IP.

The acquisition brings the total number of vehicles on the P2P platform to 2,500 with operations in nearly all states. P2P will rollout BWC's technology platform into the existing P2P fleet.

Managing Director of P2P Tom Varga said: "This is a significant milestone for P2P positioning the business to become Australia's leading vertically integrated passenger transport fleet manager."

"It marks an important step in the Australian market's transition from the slow and cumbersome legacy technology and platforms that have operated for decades and gives P2P a technology enabled platform that delivers innovation, improved service and a sustainable competitive advantage."

The combined business will deliver a passenger transport solution that will be competitively priced and delivers a range of new innovations for passengers, a superior alternative dispatch platform to fleet operators and increased income for drivers that to date has not existed in the Australian market"

Matthew Reynolds, Chairman of P2P, said "Combining BWC's industry leading dispatch technology and passenger booking app with the operational capabilities of P2P Transport's fleet on the eastern seaboard is expected to give passengers a superior experience and increase the earnings of drivers."

Following completion of the transaction current Managing Director of BWC Greg Webb will join the Board of P2P, strengthening the team as an executive director.

## **ACQUISITION METRICS AND FUNDING**

P2P will acquire BWC for an upfront purchase price of \$8.1 million, plus potential contingent consideration of up to \$12.0 million payable in respect of FY19 and FY20.

The upfront consideration comprises:

- \$4.0 million in cash to be funded through a combination of cash reserves and debt provided by way of a senior facility being finalised with one of the big four banks; and
- \$4.1 million of new P2P ordinary fully paid shares to the vendor of BWC, based on the 40 day volume weighted average price (VWAP) of P2P shares for the period immediately prior to completion.

The contingent consideration is payable in cash based on a formula of 4.0x the contributed EBITDA from BWC which exceeds \$2.0 million (before synergies) in each of FY19 and FY20 respectively, capped at \$3.5 million EBITDA in each of those years.

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The BWC acquisition is subject to due diligence that will be completed by the 1<sup>st</sup> of July 2018 with settlement anticipated shortly thereafter.

## **FUTURE GROWTH AND OPPORTUNITIES**

The planned integration is expected to deliver material cost savings in the medium-term which would be incremental to the EBITDA guidance of \$3.5 million for FY19.

Through leveraging the existing infrastructure of BWC, P2P will launch its secondary dispatch model into all 1,100 vehicles. Deployment of Adflow digital taxi top advertising remains on target and fleet acquisition pipeline remains strong with the new debt facility to adequately cover existing acquisition opportunities.

**- END -**

## **ABOUT P2P:**

P2P Transport Limited is an integrated fleet management business focussed on the provision of vehicles on a rental basis to independent professional drivers operating in the point-to-point passenger transport industry. Operating sites in Brisbane, Toowoomba, Gold Coast, Sydney and Melbourne P2P delivers superior service to drivers through vertically integrated operations that provide vehicle maintenance, accident repairs, rostering, payments, insurance and driver support all from one convenient location. With 1,100 vehicles in the fleet with over 93% being environmentally friendly hybrid vehicles, P2P is leading the industry in service, vehicle quality and lowering the environmental impact of passenger transport.

The primary growth strategy for P2P continues to be focused on fleet growth through the acquisition of vehicles and businesses in the fragmented passenger fleet industry. Several organic growth opportunities exist that focus on capitalising on the scale of the fleet deployment. Current initiatives include Adflow Digital, a digital taxi top advertising platform that can be controlled over the air and advertising targeted using location, temperature, time, lighting conditions and many other variables.

## **ABOUT BLACK & WHITE CABS:**

The principle activity of Black & White Cabs is to provide prompt and efficient personalised transportation services that will meet or exceed our customer's expectations.

The Company also provides administrative services for all affiliates including Taxi Service Licence Owners, Operators, Taxi Drivers, and training for Taxi Drivers to ensure they are competent to drive Black & White Cabs, understand our rules of operation and the Transport Act and Regulations.

Other specific objectives include:

- Continuous Improvement in all aspects of the company's operations

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- Business growth and increased market share through the adoption of quality principles and practices
- Job satisfaction and opportunities for all staff

It is the objective of Black & White Cabs' Management to provide superior transportation services in relation to Standard Cabs, Business Class Cabs, People Movers and Wheelchair Accessible Maxi Cabs to and from unique destinations throughout Australia. There is an emphasis on safety and comfort at an acceptable cost, and in a manner which favourably differentiates the services from that of our competitors.

As part of our commitment to quality, Black & White Cabs practices well defined, effective quality system procedures that are designed to assure the quality of our products and services. Our quality system is designed to satisfy the relevant requirements. Key processes are documented, quality records are maintained, and corrective and preventative action processes are in place to ensure the continuous improvement of all products and services provided.

The Black & White Cabs Quality Management System has the full support and commitment of the Management and Staff of the company.

#### **For further information please contact:**

Tom Varga

Managing Director

P2P Transport Limited

Phone 02 9558 2220

#### **IMPORTANT NOTICE**

This announcement may contain forward-looking statements, which include all matters that are not historical facts. Without limitation, indications of, and guidance on, future earnings and financial position and performance are examples of forward-looking statements.

Forward-looking statements include projects or guidance on future earnings and estimates, are provided as a general guide only and should not be relied upon as an indicator or guarantee of future performance. No representation warranty or assurance (expressed or implied) is given or made in relation to any forward-looking statement by any person. In particular, no representation warranty or assurance (expressed or implied) is given that the occurrence of the event expressed or implied in any forward-looking statements in this announcement will actually occur. Actual

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results, performance or achievement may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based.

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