

## ASX Announcement: P2P

1 August 2018

### P2P TRANSPORT FY18 RESULTS UPDATE

P2P Transport Limited (ASX:P2P) (P2P) provides an update ahead of its 2018 full year results.

P2P has experienced strong revenue and business growth throughout FY18 with a total fleet size of 1,134 vehicles (current fleet of 1,246) which is ahead of prospectus forecast.

However additional costs incurred by the business coupled with weaker trading conditions in the last two months of the year have impacted underlying EBITDA margins.

Factors that have had a key influence on the 30 June 2018 results are:

- Rapid growth of fleet to 1,134 vehicles, slightly in advance of prospectus forecast, with significant acquisition of vehicles in January and February coupled with the higher than expected refurbishment and repairs costs that have been expensed rather than capitalised.
- Successful acquisition of Black & White Cabs and the R&D costs to accelerate the launch of Adflow Digital (taxi top advertising) by 12 months.
- Revenue across all markets was below expectations in May and June, which in turn has impacted underlying EBITDA margin.
- Cost saving initiative to extract synergy savings across sites having fallen behind schedule due to resources constraints and competing priorities.
- Short term rental cost increase due to additional site requirements in the Sydney market as a result of the faster than expected growth.

As a result, P2P updates its guidance pro forma underlying EBITDA for FY18 to a range of between \$10.1 and \$11.1 million.

FY19 EBITDA guidance is between \$16.1 and \$16.8 million following the completion of Black & White Cabs, deployment of the Adflow Digital solution in the second quarter of FY2019 and the growth of Fare Media. P2P's current expectations for the 2019 financial year remains positive with solid revenue growth expected from the acquisitions completed and the initiatives currently being deployed in the market.

Managing Director Tom Varga said, "The unprecedented opportunities in the first six months since listing has made it difficult to compare these results to the prospectus forecast. We have had better than expected fleet growth and capitalised on opportunities that will have a significant strategic impact on the business in the medium term. Having now finalised the due diligence on Black & White Cabs and

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formed a partnership with a major telco to deploy the Adflow Digital taxi top solution we are confident the business is in a strong position going into FY19.”

“Over the coming month there will be a restructure of the organisation to address the expanded scope of the business to include advertising and network.”

P2P is focused on several key initiatives which have been introduced to address several performance issues, including:

- Resources allocated within the Finance Team dedicated to delivering \$1 million of synergy savings across all sites and contracts.
- Creation of the roles of Chief Marketing Officer and Insurance Manager to address the growing needs and workload in both areas.
- Restructure of the organisation to a divisional model of Advertising, Network Services, Fleet Services and Support Functions to better increase focus at a business unit level.
- Development of a driver loyalty program to be launched in FY19.
- Launch of secondary dispatch into all markets.

P2P expects to release its 30 June 2018 financial year results by the 27<sup>th</sup> of August 2018.

- 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 1,246 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.

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