

ASX Announcement: P2P

31 August 2018

Transformational year that has established the platform for FY19

FY18 results and outlook for FY19

- On a pro forma¹ basis in FY18 the Company delivered:
 - EBITDA of \$10.9 million, representing an increase of over 330% on pro forma FY17 and in line with revised forecast guidance²
 - Revenue of \$43.3 million, representing an increase of 40.6% on pro forma FY17 (and relative to Prospectus forecast of \$50.5 million)
 - NPAT of \$4.0 million, representing an increase of \$3.9 million on pro forma FY17 (and relative to Prospectus forecast of \$6.4 million)
- Fleet acquisitions of 843 vehicles since the Company's IPO in December 2017, with the Company's fleet now comprising 1,134 vehicles³ in Sydney, Melbourne, Brisbane, Gold Coast and Toowoomba
- Major acquisition of Black & White Cabs recently completed, as well as the development of Adflow to be launched ahead of schedule in FY19
- Conservative balance sheet with \$3.6 million in cash and \$6.7 million in borrowings as at 30 June 2018 providing flexibility to fund future growth
- FY19 EBITDA guidance of \$16.1 to 16.8 million reconfirmed
- Operational initiatives have already seen an increase in monthly revenue of 6.1% and fleet utilisation improvement of 4.6% for FY19 year to date, compared with June 2018 (74.1%)
- Targeting \$2.0 million in annualised recurring savings through efficiency initiatives during FY19, with cost savings of c.\$0.8 million already secured for FY19 year to date

P2P Transport Limited (ASX: P2P, "P2P" or the "Company") today releases its audited financial results for the 12 months ended 30 June 2018 ("FY18").

Commenting on the result, Managing Director and co-founder Tom Varga said, "This has been a transformational year for P2P. While we are disappointed that P2P's FY18 results were lower than Prospectus forecasts, this has also been a period of achievement for P2P that has set the foundation for the Company's ongoing growth and a promising future."

¹ Pro forma results presented on a consistent basis with that described in the Company's prospectus dated 13 December 2017. Intended to provide an indication of the underlying performance of the business assuming certain acquisitions had been completed on 1 July 2017 rather than during the year.

² Revised EBITDA guidance of \$10.1 - \$11.1 million as per FY18 Results Update announcement, dated 1 August 2018.

³ As at 30 June 2018.

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“At the reporting date, we had only been listed for 7 months. But in that time, we have created a vertically integrated fleet management business of significant scale that positions the Company for continued growth into FY19.”

Financial Performance

In FY18, P2P delivered pro forma revenue of \$43.3 million, which represented an increase of 40.6% versus FY17. This was below Prospectus forecast (\$50.5 million) primarily due to the Company achieving lower fleet utilization levels resulting from delays in vehicle on-boarding following significant fleet acquisitions in January and February, and soft May/June 2018 market performance.

The Company's pro forma FY18 gross margin of 41.8% was up from FY17 (27.2%) through delivery of scale efficiencies associated with a significantly larger fleet, together with a reduction in plate lease and insurance costs. This was lower than Prospectus forecast (margin of 45.1%) due to utilisation impact noted above.

P2P delivered FY18 pro forma EBITDA of \$10.9 million, implying an EBITDA margin of 25.2% which was significantly higher than FY17 (8.4%) and inline with Prospectus forecasts.

The Company's pro form FY18 NPAT of \$4.0 million was impacted by an impairment of goodwill (\$2.7 million) associated with temporary underperformance of P2P's Queensland operations at 30 June 2018. Operational performance for this region in July and August 2018 is improving following an organisational restructure. The impairment charge was partially offset by a lower income tax expense for the year.

On a statutory basis, the Company delivered an NPAT loss of \$37.9 million for FY18, which includes \$28.5 million of certain non-cash expenses associated with the issue of shares at the time of IPO and associated IPO costs, amongst other related items.

As at 30 June 2018, the Company had \$3.6 million in cash and borrowings of \$6.7 million. As announced on 1 August 2018, P2P had also entered into a strategic partnership with a major telecommunications company to provide funding to support the roll-out of P2P's Adflow Digital offering.

Fleet Evolution and Vertical Integration

Since its IPO in December 2017, P2P has executed a strategy of rapid growth through acquisition. With a total fleet comprising 1,134 vehicles as at 30 June 2018, P2P has built one of Australia's largest passenger transport fleets.

During FY18, P2P undertook multiple acquisitions, including Black & White Taxi Management in Queensland, Professional Taxis Gold Coast, Complete Taxi Management along with the acquisition of a number of smaller fleets of taxis.

On 8 August 2018, P2P completed the acquisition of Black and White Cabs (“BWC”) in Brisbane and Perth, comprising state of the art digital dispatch technology

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provided to approximately 1,500 third party taxis, together with an advance passenger booking app.

P2P now has a network of over 2,600 vehicles (owned fleet and third party vehicles operating under the BWC dispatch network) in Melbourne, Sydney, Brisbane, Perth, Toowoomba, Redcliffe, Maryborough and the Gold Coast. This provides a significant platform for future growth through the roll-out of primary dispatch into new markets and secondary dispatch into all existing company owned vehicles.

Operational Focus for FY19

Following a period of rapid growth in FY18, Management's key focus in FY19 is the delivery of operational efficiencies through:

- Improved fleet utilisation, targeting a range of 81% to 84% nationally (compared to average utilisation for FY18 of 74.1%);
- Optimising scale benefits at each site through a national purchasing framework; and
- Delivering c.\$2.0 million in annual cost savings identified through national buying relationships and systems and process improvements. Over \$0.8 million has already been achieved in FY19 year to date from wages, plate lease reduction and procurement costs through national supplier agreements.

During FY19, Management will seek to deliver continued growth through:

- Strategically deploying BWC's technology and app solution across P2P's fleet in both primary and secondary dispatch capabilities
- Launch of Adflow Digital taxi top offering, expected to be in November 2018, with an initial fleet of 300 vehicles
- Continued expansion of the core vehicle fleet. P2P has a strong pipeline in place of brownfield vehicles for acquisition, particularly in Sydney and Perth. Core fleet growth is expected to be inline with the growth achieved in FY18.

FY19 Outlook

As previously advised, Management expects the Company to deliver FY19 EBITDA in the range of \$16.1 to \$16.8 million, representing an increase of 47.7% to 54.1% above FY18 pro forma EBITDA.

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Dividend Policy

In the interests of retaining balance sheet flexibility and to fund continued growth, the Board has determined not to declare a dividend for FY18, with the intention to commence dividend payments for the FY19 period onwards.

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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.

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.

For further information please contact:

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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

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