

## **ASX Announcement: P2P**

31 October 2018

### **QUARTERLY ACTIVITIES REPORT & APPENDIX 4C CASHFLOW STATEMENT.**

#### **HIGHLIGHTS**

- Utilisation has improved significantly to 77.8% for Q1FY19, up from the FY18 average of 74.1% and 75.7% in Q4FY18
- Revenue increase of 31.7% from the prior quarter
- Strong balance sheet with \$20.5 million in net assets and \$1.4 million in cash and cash equivalents
- Acquisition of Black & White Cabs Group completed in August
- Black & White Cabs secondary and primary network expansion commenced in October, 2 months ahead of schedule
- Adflow on track for Christmas launch
- Guidance of \$16.1m to \$16.8m EBITDA maintained

P2P Transport Limited (ASX: P2P) (**P2P**), one of Australia's largest vertically integrated passenger transport fleet managers, submits the following Activities Report and Appendix 4C Cash Flow Statement for the first quarter ended 30 September 2018.

#### **Financial Update - Continued Strong Growth**

Q1FY19 has seen continued strong growth for P2P, with total revenues increasing 31.7% to \$16.3m from \$12.3m for Q4FY18.

Revenue growth from Q4FY18 was 9% excluding the acquisition of Black & White Cabs (BWC) Group.

This growth reflects:

- Acquisition of 50 additional vehicles during the quarter, taking the total P2P owned fleet to 1,184 as at 30 September 2018
- Addition of Black & White Cabs (BWC) from 1st August 2018
- Implementation of initiatives designed to improve fleet operations, with vehicle utilisation increasing to 77.8% for Q1FY19 from the FY18 average of 74.1% and 75.7% in Q4FY18 while revenue per vehicle maintained a weekly average at close to \$850 per week

Receipts from customers are up considerably on the previous quarter from ordinary operations. Negative operating cashflow has increased, largely influenced by the one-off costs associated with the acquisitions of BWC Group of approx. \$300k. Previously flagged operating efficiencies and cost saving initiatives are already providing a positive influence on the December quarter.

The acquisition of the BWC Group in August 2018 has impacted the September quarter cashflows, particularly at the Revenue, Leased Assets and Staff Costs lines. Payments for leased assets have increased, reflecting the inclusion of leased taxi licences managed by BWC Group, and the recategorization of leased assets for the entire group that were included in Operational Expenses previously. Staff and corporate costs have also increased in line with the increased size of the business due to the acquisition of BWC Group.

The full three-month effect of the BWC Group acquisition on Revenue, Leased Assets and Staff /Corporate costs will be evident in December quarter Cashflow Statement. Operating cash outflows, as a percentage of receipts from customers, are expected to reduce in line with the cost savings measures that have been put in place.

The balance sheet remains strong with net assets of \$20.5m and cash on hand at the end of the quarter of \$1.4m.

P2P has a line of credit with Westpac Bank for \$10m, of which \$2.8m was undrawn as at 30 September 2018. The line of credit has been solely used for the acquisition of revenue driving assets such as BWC Group.

Adflow (digital taxi tops) has secured a partnership with Telstra that combines IoT, digital media and collaboration expertise. In addition, the Telstra partnership provides a comprehensive data network and funding for the digital units that will enable real-time and relevant advertising to be displayed on 900 P2P vehicles as they move throughout Australia.

The guidance provided in early July for EBITDA of \$16.1m to \$16.8m remains unchanged.

### **Operations Update - Focus on Integration, Utilisation and Cost Management**

P2P acquired over 750 vehicles and eight facilities in Sydney, Melbourne, Brisbane, Gold Coast and Toowoomba during FY18. In August 2018, P2P completed the acquisition of BWC Group that included 1,400 cars in Brisbane and Perth plus a major network operation centre based in Brisbane servicing Brisbane and Perth.

P2P has now successfully executed a major long-term strategy by becoming vertically integrated with 2,584 cars, service facilities in six locations and a primary dispatch network.

A key area of focus for P2P management during FY19 is integrating the acquisitions by extracting synergies, savings and operational improvements. During Q1FY19, facilities have been merged, procurement processes streamlined and optimised, and staffing optimised such that major operational improvement and savings are being attained in the order of \$1.3m for the remainder of FY19. Material savings have been achieved through:

- Plate lease reduction in key markets,
- Procurement management based on the scale of our operations and improved procurement processes

Further cost reductions are expected as the business continues working closely with major suppliers, improves processes and leverages P2P increased scale.

### **Continued Growth during 2019**

P2P's near-term growth will be driven by a number of initiatives across its network operations, Adflow and fleet services operations.

Expansion of primary and secondary network operations of BWC to Sydney and Melbourne, as well as the secondary network operations on the Gold Coast, have commenced ahead of schedule. The testing and usability analysis with drivers has exceeded expectations allowing the networks to be implemented sooner than expected.

Adflow units are currently being delivered and fitted to vehicles in Sydney and Melbourne, with a soft launch expected to occur in these cities ahead of planned formal launch in mid December 2018. Extensive business development activities in the advertising market should bring small revenues to P2P in the Q2FY19.

Fleet growth is expected to remain in line with FY18 as the consolidation in the highly fragmented industry continues. P2P has several acquisitions in various stages of negotiation and a continued stream of single and small operators in the pipeline for Q2FY19.

P2P Transport's Managing Director, Tom Varga said "Since listing in December 2018 the business has grown more rapidly than contemplated in the prospectus. We are now vertically integrated with facilities, cars and network dispatch. P2P has undoubted scale in the market. Major initiatives to expand network dispatch services and Adflow will bring significant new revenues to P2P in 2H 2019. In this coming quarter the business will start to deliver the organic growth initiatives that the accelerated growth has delivered. Black & White Cabs will expand its reach as a primary network commencing in the current quarter. These new initiatives of Adflow and the Black and White network expansion, the cost savings and improvements in utilisation underpin our FY19 guidance"

**- END -**

### **Notes:**

**Primary dispatch** is defined as the provision of technology to a vehicle that complies with all regulatory requirements in any given market and is the main source of security, driver management and booking dispatch for that vehicle and specifically includes the branding on the vehicle for identification.

**Secondary dispatch** is defined as a supplementary device that complies with the regulatory requirements for the dispatch of bookings, however as primary devices will already exist in the vehicles it is not required to have branding or identification on the vehicles and is not responsible for driver management and security.

For further information, contact:

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**About P2P Transport Limited**

P2P Transport is one of Australia's largest fleet management businesses focussed on the point-to-point passenger transport industry, with 2600 vehicles across Australia.

P2P Transport's fleet includes a range of taxis, corporate and ride-share vehicles servicing each segment of the point-to-point passenger transport industry.

Zevra, Black & White Cabs, Adflow, and Australia Wide Chauffeur Cars are amongst some of the brands managed by P2P Transport.

P2P Transport's business model is premised on the control of all key stages of the fleet management lifecycle, from vehicle acquisition, in-house customization and vehicle servicing, driver support, and fleet management and administration.

[www.p2ptransport.com.au](http://www.p2ptransport.com.au)

**Appendix 4C**  
**Quarterly report for entities subject to Listing Rule 4.7B**

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

<b>Name of entity</b>	
P2P Transport Limited	
<b>ABN</b>	<b>Quarter ended ("current quarter")</b>
77 617 760 899	30 September 2018

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1 Cash flows from operating activities</b>		
1.1 Receipts from customers	16,590	16,590
1.2 Payments for		
(a) research and development	(152)	(152)
(b) product manufacturing and operating costs	(7,423)	(7,423)
(c) advertising and marketing	(197)	(197)
(d) leased assets	(4,982)	(4,982)
(e) staff costs	(3,241)	(3,241)
(f) administration and corporate costs	(1,914)	(1,914)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(146)	(146)
1.6 Income taxes paid	(263)	(263)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,728)</b>	<b>(1,728)</b>
<b>2 Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(796)	(796)
(b) businesses (see item 10)	(3,163)	(3,163)
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(3,959)</b>	<b>(3,959)</b>
<b>3 Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	4,345	4,345
3.6 Repayment of borrowings	(698)	(698)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.1 Net cash from / (used in) financing activities</b>	<b>3,647</b>	<b>3,647</b>
<b>4 Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of quarter/year to date	3,618	3,618
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,728)	(1,728)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(3,959)	(3,959)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	3,647	3,647
4.5 Effect of movement in exchange rates on cash held	-	-
<b>4.6 Cash and cash equivalents at end of quarter</b>	<b>1,578</b>	<b>1,578</b>
<b>5 Reconciliation of cash and cash equivalents</b>	<b>Current quarter</b>	<b>Previous quarter</b>
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>\$A'000</b>	<b>\$A'000</b>
5.1 Bank balances	1,578	1,578
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,578</b>	<b>1,578</b>

**Appendix 4C**  
**Quarterly report for entities subject to Listing Rule 4.7B**

<b>6 Payments to directors of the entity and their associates</b>		<b>Current quarter</b>	
		<b>\$A'000</b>	
6.1	Aggregate amount of payments to these parties included in item 1.2	337	
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-	
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2			
Salaries, superannuation and directors' remunerations			
<b>7 Payments to related entities of the entity and their associates</b>		<b>Current quarter</b>	
		<b>\$A'000</b>	
7.1	Aggregate amount of payments to these parties included in item 1.2	-	
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-	
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2			
None			
<b>8 Financing facilities available</b>		<b>Total facility amount at quarter end</b>	<b>Amount drawn at quarter end</b>
		<b>\$A'000</b>	<b>\$A'000</b>
Add notes as necessary for an understanding of the position		10,000	7,345
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.			
Revolving equipment finance facility			
<b>9 Estimated cash outflows for next quarter</b>		<b>\$A'000</b>	
9.1	Research and development	152	
9.2	Product manufacturing and operating costs	6,910	
9.3	Advertising and marketing	114	
9.4	Leased assets	4,973	
9.5	Staff costs	4,577	
9.6	Administration and corporate costs	2,292	
9.7	Other (provide details if material)	-	
9.8	<b>Total estimated cash outflows**</b>	<b>18,865</b>	
**Total estimated cash outflows above include estimated cash flow related to Adflow business launched in October 2018, full 3 months costs of new network business acquired in August 18 and costs associated with operating secondary network in VIC and NSW.			
<b>10 Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>		<b>Acquisitions</b>	<b>Disposals</b>
10.1	Name of entity	Black & White Holdings Limited	-
10.2	Place of incorporation or registration	Brisbane	-
10.3	Consideration for acquisition or disposal *		
	* The purchase consideration comprises cash of \$4.27 million (subject to completion adjustments), 4,364,000 fully paid ordinary shares amounting to \$3.78 million at the share price on date of acquisition of \$0.87 per share and contingent consideration of up to \$12 million.	Up to \$20 million	-
10.4	Total net assets	4,320	-
10.5	Nature of business	Taxi Network operation	

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:  
Company secretary



Date: ...31...October...2018

Print name: **Hasaka Martin**

**Notes**

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
- 2 If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
- 3 Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.