

## Chairman's and Managing Directors Speech to the 2018 Annual General Meeting

### *Chairman's Speech*

---

As Chairman of P2P Transport, I am pleased to provide a brief overview of the achievements of the Company during its inaugural year as a listed entity.

The ASX listing of the company in December 2017 was achieved as a result of the vision and drive of the P2P co-founders, who brought together individual businesses and navigated through the listing process. Some of those cofounders are here today and I'd like to thank them for their continued efforts and support. (Name those cofounders in the room)

Since then, P2P has grown to be the largest vertically integrated taxi and private hire transport provider in Australia. This has been achieved through the strategic acquisition of Black & White Cabs and higher than forecast fleet growth, with some 1200 vehicles added in the past 18 months. The faster than predicted fleet expansion resulted in a lower than forecast proforma EBITDA however the Board was of the view that fleet expansion was an investment opportunity not to be ignored. The company tackled its internal and external challenges robustly to create the foundations necessary protect its competitive position in the passenger transport market and to implement its medium term strategic roadmap ahead of schedule.

Looking to the 2019 financial year and beyond, the roll out of Adflow digital taxi top advertising and expansion of the Black & White network are two key drivers of strategic growth, enabling P2P to capitalise on revenue and cost efficiency opportunities in the passenger transport market.

On behalf of the Board I would like to thank our employees, whose numbers have grown from just 60 in October 2017 to 241. All our employees drive business growth on a daily basis.

I would also like to thank our Shareholders for their ongoing support of the Company.

I will now hand over to Company Managing Director Tom Varga, who will update you on the current status of the business and status of strategic business growth opportunities.

### *MD Presentation – Tom Varga*

---

Thank you Chairman and welcome ladies and gentlemen.

I would like to echo our Chairman's recognition of the cofounder and their families that have helped create the business that we have built today. Without their hard work and effort P2P Transport would not be here today. For the founders the IPO process was not the end of a journey but rather the start of the next phase

and I appreciate everything that has been done to build the company we have today and their ongoing support.

It is important to recognize the board for their support through the year. Not only have they had to deal with an IPO, a business that is growing rapidly, the acceleration of our strategic initiatives and an evolving industry but they have also had to put up with me...their advice, support and critical thinking makes our company better everyday and for that I, and I am sure our shareholder, are grateful.

Finally to the team within the business that live and breathe the P2P Transport vision and the passenger transport industry everyday. Without you our business would not be where it is today, and our drivers and passengers would not have the service that you help deliver. With over 240 employees around the country in Perth, Melbourne, Sydney, Gold Coast, Brisbane, Toowoomba and Canberra we have expanded our reach far and wide. I look forward to what our team delivers in the coming years. I would also like to acknowledge my direct management team of Matthew Turner, Harry Katsiabanis, Michelle Nichols, Luke O'Connor and Greg Webb for their continued commitment and support to delivering on our vision every day.

Today as I am delighted to update the market on how the business is performing and on the strategic direction of the organization.

On the 13th of December 2017 the business listed as a fleet management business operating in taxi, ride share cars rental and luxury vehicles with 720 vehicles on the road in Sydney, Melbourne and Brisbane. This quickly grew to include the Gold Coast and at the end of FY18 the business had over 1,100 vehicles across all markets and segments. During the IPO two key organic revenue growth opportunities had been identified. Specifically, these were expansion of our vertical integration to encompass dispatch (or network) and the launch of Adflow digital taxi top solution to further leverage the unique scale of the business to monetize the real estate on top of our vehicles.

In FY19 we have successfully delivered the business vision and 12 to 18 months ahead of expectations. Our business today is comprises three key segments of Fleet Services, Network Services and Adflow. We now deliver the work to the fleet through our Black & White Cabs brand, operate the vehicles that drivers rent each day and leverage our assets by advertising on and in them which increases the revenue stream per vehicle. We do this for our own cars as well as external customers which increases the reach of the business. The business provides services to over 2,600 vehicles across the country with a presence in most capital cities and our vision of a vertically integrated footprint has been delivered.

### **Fleet Services**

Fleet Services is our vehicle rental business operating around the country renting vehicles to drivers by the hour, day and week. With taxis, hire cars and ride share vehicles we are now the largest fleet operator of its kind in the Australian market with circa 1,250 vehicles. The success of the business is driven by the utilization of vehicles, that is the percentage of time that the vehicle is rented to a driver. Over the past few months our focus has been on execution effectiveness and ensuring the business delivered the utilization required to drive profitability. I am pleased to report that our total revenue and the utilization across the fleet has steadily improved since the FY18 annual report. October has delivered circa 80% utilization across the fleet and the November numbers are improving further. Sydney and Melbourne are leading the way with utilization in the low 90% range driven by initiatives in vehicle quality, driver services and marketing.

As we continue to roll out these programs around the country, I am confident that the improving utilization trend will continue and has played a key part in delivering the strong results of the current quarter.

Revenue per vehicle has remained strong and improved in many of the markets which means that the utilization improvement has not come at the cost of price discounting. At the same time the business has successfully turned its attention to cost reduction both as part of Project \$2 million, our cost savings initiative, as well as seeing reduction in plate lease, insurance and registration costs around the country. This means increasing revenue, improved utilization and reducing costs that are delivering higher margin.

The acquisition pipeline of vehicles to growth the business remains strong however I should note that we have learnt many lessons from the past. Today, fleet acquisitions are measured against a much stricter criteria that ensures vehicles purchase do not have a negative impact on utilisation, revenue performance or operational cash flow.

Fleet Services is now performing at its best since the IPO and has returned to historical levels of utilisation performance and therefore margin.

### **Network Services**

With the acquisition of Black & White Cabs completed in August P2P Transport strategic vision of aligning the passengers needs, dispatch, operator and driver was completed, creating a true vertically integrated passenger transport business. At the time of acquisition Black & White Cabs operating in Queensland and Western Australia with 1,400 vehicles in the fleet, I am pleased to report that the number of vehicles in Black & White Cabs has now expanded to just over 1,800 as the conversion of P2P Transport owned vehicles commenced in late October.

Through a combination of both primary and secondary dispatch the fleet has now expended to deliver services in Sydney, Melbourne and the Gold Coast with a further 200 installations expected in the next 30 days, bringing the total fleet to 2,000 vehicles before Christmas. P2P Transport will continue to covert vehicles to Black & White Cabs and in the coming months open the service to external customers in key markets creating new revenue streams for the business.

Additionally, the business has redesigned the passenger booking app and I can report that we remain on track for the launch of the app in the next few weeks. This will bring a new booking experience through a Black & White Cabs app on both iphone and Android that will allow passenger to book a any vehicle, anywhere, anytime delivering on the strategic vision of the business. At the same time a number of passenger focused innovation will bring more work and therefore revenue to drivers and vehicles in the P2P Transport Fleet Services across the country.

### **Adflow**

Finally, Adflow, our digital taxi top advertising platform that has been developed over the past 3 years. Many of you have heard about the significance of capturing additional revenue from the vehicles that we own and operate. Cost savings, utilization and increased work are all part of the solution but the ability to leverage the real estate on and in the vehicle has historically been difficult in the highly fragmented Australian market.

One of the greatest advantage of P2P Transport is owning the vehicles. Not being reliant on hundreds of little operators to deploy the advertising platform not only ensures deployment can be achieved but also significantly reduces the costs of implementation.

Adflow plays a critical role in the FY19 performance of the business and I am pleased to report that we have commenced installation in Sydney, Melbourne and Brisbane with adequate stock to meet the installation numbers required in our forecast. You may have seen the digital top outside on Swanston Street this morning, if not it will be there after this meeting, which gives you some idea about the quality and aesthetics of the platform but it is what you cannot see that excites advertisers. The ability to control the media remotely, change messages based on location and the reliability of the unit has meant that current interest from several major advertisers both local and international has reinforced our confidence in the forecast revenue for the business model.

Deployment of the initial 300 units is expected to be completed before Christmas. In the coming weeks I am looking forward to sharing more information about the success of the platform and providing more context to the revenue the solution will deliver.

#### **In Summary**

P2P Transport now captures revenue at nearly every aspect of the service delivery and as a result has significantly expanded the revenue potential for every vehicle. No longer is the company limited to the revenue from the driver for the vehicle rental, we now can capture revenue from operators that are part of the Black & White network, advertising revenue on and in the vehicle and services provided to keep the vehicles on the road. More importantly the revenue is not limited to assets the company owns and operates but has expanded to include external customers to whom we provide services, such as Black & White Cabs dispatch, or additional revenue opportunities through advertising on their vehicles. This represents significant upside to the business through organic revenue growth opportunities.

P2P Transport is now cash flow positive as of October and this will be evident in the next 4C that the business will lodge in January. The first 4 months of the year has seen our performance remain on forecast and built the foundation for a strong second half in line with our guidance of \$16.1 to \$16.8 million. The business is focused on execution and I am confident that over the coming weeks there will be several announcements that reinforce the performance of the business to date and build confidence in FY19.

Shareholders, Board, Team and ladies and gentlemen I would like to say thanks again for the ongoing support and it is with great excitement and passion that I look forward to what the rest of FY19 hold for the business.

**- END -**

For further information, contact:

**Tom Varga**

Managing Director

P2P Transport Limited

tom.varga@p2ptransport.com.au

+61 499 991 745

**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)