

**ASX Announcement: P2P****24 June 2019****TRADING AND MANAGEMENT UPDATE**

P2P Transport Limited (ASX: P2P) (**P2P** or the **Company**) today provides the following update in respect of guidance for FY19 and changes to senior management.

**KEY ITEMS**

- Underlying revenue<sup>1</sup> for FY19 expected to be consistent with prior guidance, albeit at the lower end of the previously advised range of \$77 million to \$80 million
- Pro forma underlying EBITDA<sup>2</sup> for FY19 to be impacted by certain one-off and non-recurring items:
  - change to recognition of fuel tax credit rebates following a recent ATO tribunal ruling (c.\$0.9 million before tax); and
  - specific provisions for doubtful debts and at-fault motor vehicle costs (c.\$1.2 million before tax)
- As a result, pro forma underlying EBITDA guidance range for FY19 reduced to \$5.6 million to \$5.7 million (previously \$7.8 million to \$8.2 million).
- P2P's business continues to perform soundly albeit below its potential, with the CEO led strategic review of the Group ongoing to identify and deliver revenue and cost benefits from the integrated model.
- John Dickson has been appointed as new CFO, replacing Matthew Turner. John brings listed company, turnaround and integration experience to P2P.

**COMMENTARY**

Under the stewardship of Interim CEO, Greg Webb, the Company is well advanced with a strategic review of the Group and all aspects of the business are under scrutiny.

As part of this review the Board has determined that the following items should be included in P2P's FY19 results:

- Fuel Tax Credits benefits relating to fuel consumption while on private roads to be revised down by \$0.9 million following a recent adverse ATO Tribunal decision for an unrelated company (now under appeal to the Full Federal Court). Whilst P2P remains optimistic that the appeal may be upheld, we consider it prudent to not recognise this amount given the tribunals decision;
- Specific further provision of \$0.7 million for doubtful debts following assessment of certain aged receivables within the Fleet Services business; and
- Specific further provision of \$0.5 million for at fault motor vehicle accident costs following assessment of accident liabilities within the Fleet Services business.
- As previously advised, revenue from digital top Adflow has been impacted by technical issues with the digital top system and battery charging. Whilst this issue has now been resolved Adflow revenue for FY19 is at the lower end of the forecast range.

The review process has already highlighted operational efficiencies and general execution improvements that can be made following the 2 years of acquisitions and growth by P2P. Extensive work is being undertaken to improve the management and operations of the Company. It is of note that the Company has dealt with major competitive issues that affected it

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<sup>1</sup> Combined P2P divisional revenues, before intercompany eliminations.

<sup>2</sup> Underlying results incorporate adjustments for acquisitions made during the period as though contributing for the full year, one off acquisition costs and pro rate basis for items that will be accounted for in the full year results. This includes early adoption of AASB16 – Leases in relation to real estate lease payment and one-off expenses

during the December to March period and as a result now has a larger portion of its fleet operating under the Black and White Cabs network, which creates longer term strategic benefits.

P2P is continuing to leverage our platforms to sell additional revenue streams with Adflow being a good example of our capabilities and we are working hard to grow this business unit to become one of our largest most profitable business units. The digital tops roll out has recommenced following the solution to the systems battery issue. We expect all 300 digital tops to be on vehicles and operational by the end of July 2019.

Further acquisitions are not proposed in the near term with management's focus solely on delivering a commercial return on investment from the Company's existing operations.

Whilst the Company anticipates providing a further business update in late July at the completion of the strategic review of the Group, a range of initiatives have already been identified to improve earnings and cashflow. The company continues to be working closely with, and receiving the support of its financing partners.

The company continues to assess the impact of the revised forecast and its impact on the carrying value of the Group's assets.

### **Management and Board update**

P2P is pleased to announce that John Dickson has been appointed as the new CFO commencing 24 June 2019. In addition to ASX and LSE listed public company CFO experience, John also brings experience in turnaround, transformation and acquisitions & systems integration. John has recently finished a 2.5-year CFO role with Cardno Limited's subsidiary Construction Sciences Pty Ltd.

Chip Beng Yeoh continues as interim Chair and it is anticipated this interim role will maintain for the mid-term.

Greg Webb continues as interim CEO and it is anticipated this interim role will maintain for the mid-term.

### **Greg Webb, Interim CEO**

P2P Transport Limited  
gwebb@bwcabs.com.au  
+61 418 721 265

### **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)