

ASX Announcement: P2P

Friday, 20 December 2019

2019 Annual General Meeting - Chief Executive Officer Address

P2P Transport Limited (**P2P** or the **Company**) will hold the 2019 Annual General Meeting of the Company today in Melbourne.

A transcript of the address to be delivered by Mr Greg Webb, the interim Chief Executive Officer and Executive Director of P2P, is attached.

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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. 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



P2P Transport Limited

Annual General Meeting – 20 December 2019

Statement from the Interim CEO & Managing Director, Greg Webb

It has been a difficult year for P2P Transport with the company performing below its potential. The key concerns for management centre on:

1. Lack of integration following numerous acquisitions
2. Reducing operating costs
3. Resolving the digital taxi-tops technical issues and associated brand damage
4. Repairing the balance sheet

P2P Transport operates in the personalised transport sector, which is highly competitive with new entrants and escalating disruption.

Following a strategic review of the group, a 3-point turnaround plan has been developed that centres around: stabilisation; restructure and integration of business units; balance sheet repair.

During FY19, substantial progress was made in the turnaround plan including head office cost reductions, consolidation of the sales and marketing teams, consolidation of the accounting teams, rent savings in Sydney (2 sites to 1 site), rent savings for ABC Bodyworks, Call Centre cost reductions through the adoption of technology. In February 2019, the company entered into a Convertible Security Agreement for A\$3.0m. This Convertible Security Agreement was assigned in September 2019 to friendly hands i.e., existing shareholders.

At the same time, we are seeing growth in the network business which grew from 1400 to 2200 affiliated vehicles. We are also seeing growth in the Ad Flow business with taxi-back advertising on 1400 vehicles, wraps on 150 vehicles and digital tops on 300 vehicles.

We have also seen substantial growth from our Taxicomms business mostly relating to sales of in-car security cameras. Taxicomms sold 1365 cameras during FY19.

Embracing technology, the network division commissioned a new national app that is designed to make our customer's ride experience the quickest and best it can be.

Within this app, Black & White Cabs developed an in-app payment solution using global payment partner Braintree along with Kount for payment fraud prevention.

A new partnership with RedRoute was also formed, which has seen the introduction of IVR with speech recognition technology introduced to our Call Centres. This new technology has already automated 15% of previously manually answered calls, reducing payroll costs.

Snapshot – the year in review

Fleet Services

The fleet size nationally is stable at 1079 vehicles. There are 450 of our taxis still to convert to the Black & White Cabs network.

Network

Affiliated vehicles grew from 1400 to 2200 cars. This progression was mostly related to growth in Victoria and Western Australia.

Taxicomms

The TaxicamHD Security Camera sales in FY19 reached 1365 Australia wide.

Ad Flow

At the end of the financial year, advertising had expanded to 1400 taxi-backs, 150 vehicle wraps and 300 digital taxi-tops.

Group Revenue

The Group revenue increased in FY19 to \$63.6m compared to FY18 \$32.7m.

Positive EBITDA

The EBITDA (adjusted for impairment, earnouts and IPO one-off costs) increased in FY19 to \$0.8m [profit] compared to FY18 \$5.1m [loss].

FY20 Outlook

Our rationalised management and staff will continue to reduce operating costs by embracing technology and further integrating business units. There is more work to do with system integration and better utilisation of human resources.

There will be no further business acquisitions for the mid-term. The focus is on sustainability which will be closely followed by rebuilding the business.

The success for the network in calendar year 2019 was Melbourne with now 700 affiliated taxis. We are looking to repeat that success in calendar year 2020 with a recent similar launch in Sydney.

There was a lot of optimism around the digital taxi-top advertising revenue. This has not eventuated due to technical issues with the taxi-tops and the subsequent brand damage. Management is particularly focused on resolving these issues from both the performance and commercial aspects.

Substantial asset impairments coupled with a large amount of short-term debt has left the company's balance sheet in need of repair. It is the view of the Board that this balance sheet repair is required in Q3 FY20 through asset sales, capital raising or a cocktail of both and we are already in negotiations with a number of very interested parties.

With a replenished balance sheet, the horizon looks bright for P2P Transport having proforma revenue (excludes eliminations) of circa \$79.1m pa.

We Recognise What We Need to Do

The Board and Executive Management has identified what needs to be done to turn around the performance of the company. This turnaround plan has been communicated to our management and staff for implementation. The company is fortunate to have an extremely experienced and dedicated team at all levels of management who are capable of delivering the outcomes required. I want to thank all management and staff for their commitment and hard work during these challenging times.

I know the entire P2P Transport team is motivated to rebuild the company and regain lost shareholder value. The Board and I are similarly motivated.

Compliments of the Season



Greg Webb

Interim CEO and Managing Director