



## ASX Announcement

31st October 2022

# Quarterly Business Review Call Transcript

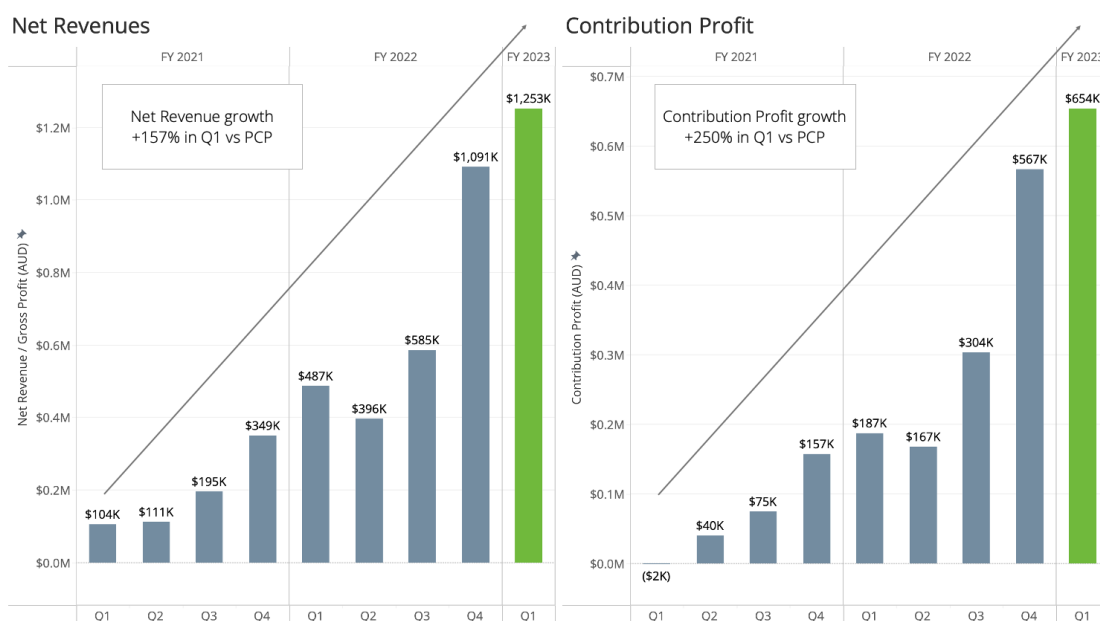
Jayride Group Limited (ASX:JAY) ("**Jayride**" or the "**Company**") the world leading global travel marketplace for airport transfers today releases the transcript of the Quarterly Business Review and Appendix 4C call held on 27th October 2022 at 2.30pm ADST.

## Start of transcript

**Rod Bishop (Jayride Group Managing Director):** Welcome. Jayride is pleased to present another growth quarter. We've started the financial year well with the continued execution of our growth strategies towards our major milestones.

Today we show quarter one as our second consecutive quarter, that is both cash flow positive and EBITDA profitable after stand-still operating costs. Stand-still cash flows were positive \$273K, and stand-still EBITDA profits were positive +\$70K. That is continued improvement on the two major milestones which we set out earlier in the year.

It positions us to continue towards the next two milestones, which are 1 million passenger trips booked per year, at \$10 net revenue each, which together will make us cash flow positive.



Good afternoon and thanks for coming.



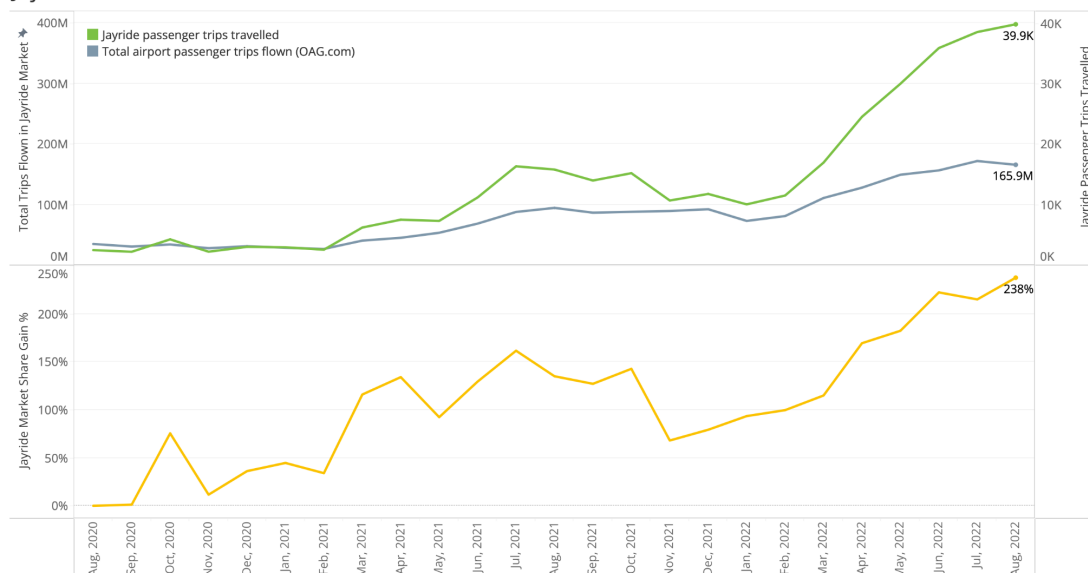
For quarter one, passenger trips booked grew to 141K, up 117% vs the prior corresponding period. Net revenues grew to \$1.25 million, up 157%. Contribution profits grew to \$654K, up 250%. And cash receipts from customers grew to \$1.4 million, up 686% vs prior corresponding period.

We've achieved this even as northern hemisphere summer starts to roll off with most of our pre-bookings in June and July traveling in August and September, as the northern hemisphere seasonality starts to ebb, but before the southern hemisphere seasonality has begun to build.

In addition to our strategies to deliver top line growth we also: improved our unit economics, with a much increased net revenue per trip up to \$8.89; improved refund rates, much reduced down to just 20% of revenue; retained peak contribution profit margins at 52% for the third consecutive quarter; showed enhanced operating leverage, with cash operating costs controlled and exceeded by our growing contribution profits, contribution profits themselves alone exceeding cash operating costs for the first time ever.

And importantly, with these results we have continued to win market share. We have continued to outperform the wider travel recovery. Our global market share is up 238% percent over the last twenty four months.

Jayride Market Share



You'll remember August-October are seasonally a little slower as northern hemisphere summer cools, before southern hemisphere builds. And yet can see we had more trips traveling in August than any prior month, which shows that we are winning that share.



Our results of the outcome of the work. There's a number of major improvements that we've made that are starting to come to the forefront in these results: with more scale we have greater buying and pricing power; with more automation and systemisation, we have greater operating leverage; with our expanded offer of vehicles and service classes we have increased conversion through booking.com and other channels; with our improved traveller experience, we are achieving record customer retention; we are laying the groundwork for exciting European localisation; and we are capturing new Asian destinations as they pop open.

All up we're growing passenger trips booked and growing net revenue per trip, and those are set to continue.

This quarter simply shows Jayride again building on the success of quarter four, and off to a good start as we start to get things done for FY23.

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**Rod Bishop:** As in previous quarters, if there's one key message that I'd like shareholders to take away from the call. It's just this, the macro environment might be complicated, but Jayride is very simple. The business is performing well, our strategies are working, we're at an early stage in a long-term growth trajectory. And, as we continue on that current trajectory we will create a completely self-funding growth story.

Our two major milestones ahead are 1 million passenger trips booked per year run rate, and \$10 net revenue per trip, at which point will be cash flow positive.

And so for Jayride for two years we invested for growth, so that we are ready to grow now, today, now that travel has resumed. And every day we turn up, and we just focus on that. We focus on improving quality of service, adding new channels, raising completion rights, raising conversion rates and capturing those new destinations as they open.

We anticipated that our growth would bring operating leverage, profitability and cash flows, and we're pleased to report that it is doing so. And now we just need to continue to work. Today we have a once in a generation opportunity to build a much larger and more profitable Jayride. I've said that in the past; today's results, I believe, reaffirm that.

To reiterate, the macro is complicated, but Jayride is simple. Our business is performing well; our strategies are working. We are working simply and with purpose towards our next milestones that are 1 million plus passenger trips booked per year, at \$10 net revenue each, that will make us a cash flow positive growth company.



For the remainder of the call, we'll hand over to Peter to talk about cash flows, and then I'll take the call back and talk about the outlook, and growth ahead, then we'll open the room for questions. Thank you very much.

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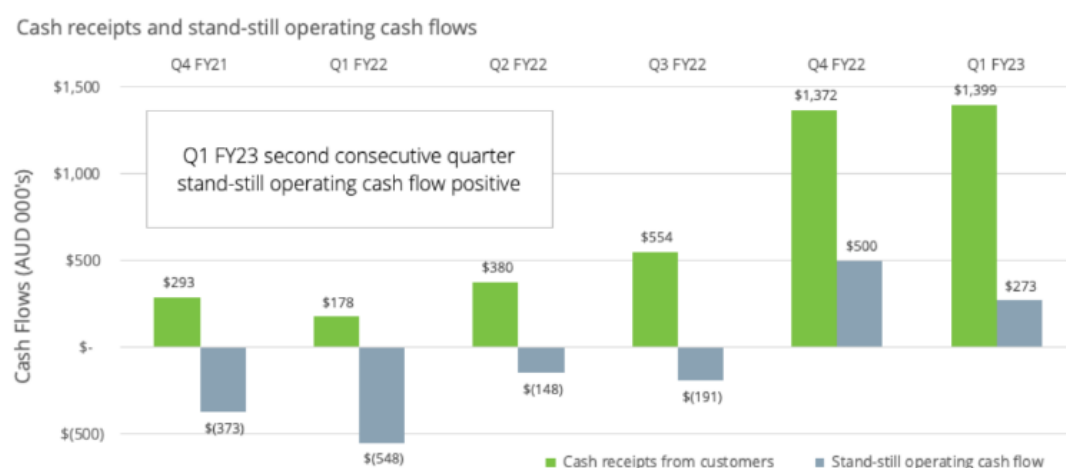
**Peter McWilliam (Jayride Group Chief Financial Officer):** Thanks, Rod. This quarter the company continued to demonstrate that it's a fundamentally improved business, having delivered stand-still EBITDA and stand-still cash flow positive results for the second consecutive quarter. The results for our headline numbers are:

Stand-still cash flow of \$273K, down on our Q4 \$500K result but importantly positive for the second quarter running and materially up on our Q1 FY22 outflow of \$548K.

Stand-still EBITDA of \$70K, up on our Q4 result of \$40k and substantially up on our Q1FY22 loss of \$198K.

Before covering specific areas in detail, let me say upfront that we do not expect cash burn at Q1 rates to continue. We have a range of initiatives in progress and expect it will be a lower number as we scale towards 1 million trips.

Having said that, let's first analyse Q1 cash flow performance by reviewing the chart at the top of page 2. These are the key points I would like to make:

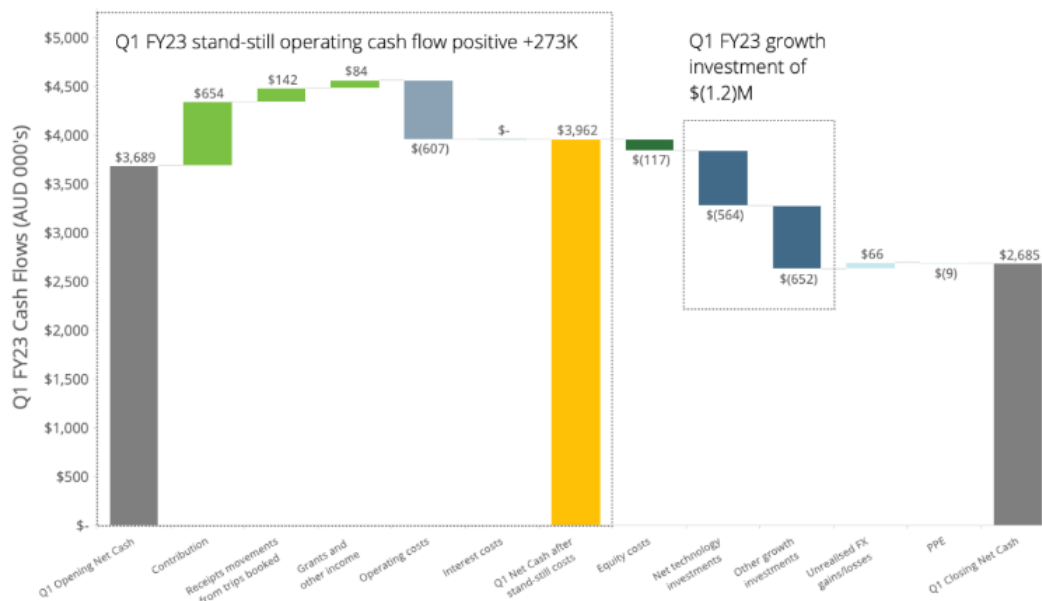


Q1 is our second ever stand-still cash flow positive result and was materially better than our Q1 FY22 result. Typically stand-still cash flow moves around due to grants and seasonality impacts to working capital. These movements are clearly shown in the charts where the ratio to stand-still cash flow is not perfectly correlated with cash receipts from customers.



I would like to highlight the quality of the cash flow in Q1. This quarter is the first time our contribution profit alone exceeded our cash operating costs. Overall performance was down due to relative decreases in grants and working capital exceeding the gains in contribution.

You can see the quality of the cash flow in the waterfall chart at the bottom of page 2 where a higher percentage of cash inflows were from contribution profit this quarter.



Continuing to look at the cash waterfall chart, this quarter the company deployed \$1.2 million into growth initiatives to build on stand-still cash flow and stand-still EBITDA, and move towards our 1 million passenger trips milestone. The investments are discretionary and have been right sized to be commensurate with our available cash resources on our path to overall cash positive.

The net cash outflows for the quarter increased from \$273K to \$1 million, but are set to decrease again, with a number of finance initiatives set to land in Q2.

The finance initiative include: improvements to working capital payment cycles with transport companies and travel brands; investigating new working capital finance facilities to bring forward accounts receivable of up to \$800K; and R&D tax incentive and EMDG grants of 180K to be received. These initiatives can substantially improve our cash flows in coming quarters.

Lets now cover what is driving the contribution uplift from \$566K to \$653K, and stand-still EBITDA uplift from \$45K to \$70K, by considering the performance dashboard.



charts at the bottom of page 3.

Passenger Trips Booked



Net Revenue Per Trip



Contribution Margin



Operating and Corporate Costs



The increasing scale in the top left passenger trips graph, multiplied by improving unit economics in the top right and bottom left charts, are driving improved contribution.

The stand-still EBITDA performance is driven by this contribution combined with the relatively stable operating and corporate costs.

When considering the final chart, you should note that there is a small variance to Q1 operating cost base due to a one off non-cash adjustment. The previous results are indicative of future performance. We are not seeing impacts relating to inflation.

I will now hand it back to Rod for his outlook.

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**Rod Bishop:** Thank you, Peter, on to outlook. Jayride's outlook is positive. We're focused on getting things done and delivering the milestones that we said we'd deliver.

Towards 1 million passenger trips booked per year run rate, at \$10 net revenue each, at which point we have a cash flow positive growth company. We're positioned to continue to grow to exceed those milestones, so we're looking forward to substantially improved cash flows as we approach 1 million trips per year. So it's 250k trips per quarter we need, approximately 100k trips per quarter gap from today's run rate, and we'll continue to attack that trip's goal and keep you up to date on those extra 100k trips each quarter as we bring them home.

Latest trading is positive, and it shows you why we're excited to continue to work



towards those trip goals with our trip growth drivers.

October would ordinarily, as I mentioned before, be kind of a low month seasonality. Instead in the part month to the 22nd October to date, we are run rating above Q1, its a run rate of 145k trips per quarter or 580k a year. That's still with Australian summer head, with Asian destinations reopenings ahead, and so you'd say that we're looking forward to expanding on that run rate, and that Q2 will continue to scale and that we'll see further expansion of passenger trips booked as we progress towards that 1 million trips booked per year, at \$10 net revenue per each.

As we track to exceeding that over the next few quarters, we feel well set for growth within our current means.

In particular today we already have the quote requests that we need in order to book that volume, we just need to convert them. And that conversion that's our wheelhouse. Improving our pricing, improving our coverage, continuing to ship our expanded offer – that's the vehicle types, the service classes – and in addition, other tail winds at our back. We have the opportunity to capture the Oceania and Asia reopening as those destinations pop open. We're preparing to launch those further localizations in Europe. We get to look at growth with Jayride's large travel brand partners like Booking.com, and others. We get further improvements to our customer experience and revenue management practices – it's good for retention, it's also good for more net revenue per trip. We get the ability to grow our margins above 50%, and then also to deploy those surplus margins into additional customer acquisition, for example, discount campaigns or adwords. We will experience preliminary returns from our latest growth investments in sales marketing and technology. And we get to explore new opportunities in a couple of new complementary high-volume channels which would be incremental to overall profits.

All of which lead to further market share gains, driven by our high volume channels and our superior value proposition.

So with Jayride's momentum and the substantial market opportunity, our company intends to continue to invest in these growth initiatives within the envelope of our current growth investments, and all things considered, then look forward to more growth from here.

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That ends the formal part of today's call and in conclusion, I would just recap to say: It's another growth quarter in quarter one, our second consecutive quarter that is both cash



flow positive and EBITDA profitable after stand-still operating costs. Milestones are continuing to be met, and we look forward to delivering those incremental trips, growing revenues, improving cash flows towards our milestones of 1 million trips, at \$10 each, and becoming that cash flow positive and self-funding growth company.

I'd like to thank the team for delivering the result this quarter, for everyone on the call for joining us and coming this afternoon to hearing our results presentation.

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**James Tracey (Veritas Securities, Analyst):** Hi Rod. Hi Peter. Just first of all around the cash flow. It seems like you've got a few drivers for improving it in the near future.

One of the things that interested me that you said was around the capex. If you sort of look at operating cash flow and investing cash flows together, it was around negative \$1 million in the quarter, and most of that was in capex; sort of \$600K-odd of capex. Where do you think that will be over the next quarter, and the quarter after that?

It sounds like you're dropping it down. Could you give an indication of how much that will come down, in terms of just to help understand that cash flow profile as you move from 150K trips currently to 250K per quarter that you would need to get to cash flow break even.

**Rod Bishop:** Absolutely, James, you're right. Our plan is to self fund our own growth strategy. And we have plenty of levers, lots of optionality, lots of control, as we're working towards that 1 million trips goal, at \$10 net revenue per trip, and at that point to be cash flow positive. Our growth investments have been correctly sized, we believe, to be self-funded at that point.

I note the growth investment amount that we make is discretionary, we just think that it's, given the traction that we've got, correctly sized. Also, it's delivering, the things that are being built are providing incremental trips, and so, you know, we should keep continuing to make that investment.

When you kind of step it forward, if you can imagine that say 250k trips in a quarter, \$2.5 million of net revenue, 50% contribution margin, that more than funds the operating and corporate cost, and also funds again the entirety of the growth investment.

There's a few other things to note there. The first would be as we continue to grow scale, we'll continue to grow the working capital float that we take. As new trips come on, and we tend to carry the float, it's the case that the working capital benefit that accrues to us every quarter tends to increase. And it's the contribution plus that working capital benefit





that provides the funding for the entire growth investment we're making.

So if you step forward from here and consider those two things, burn rate comes down overall as the contribution and surplus out of the operating business funds the growth investment.

Probably Peter at a little bit more context that, I just would add one more point which is to say, also, that we're looking at around about I'd say up to a \$1 million dollars worth of additional cash initiatives that we've got set to land over the course of the coming quarters. That's the R&D tax incentive receipt, we're working on tightening payment terms from travel brand partners, and also we've got the ability if we want to to take some sort of working capital financing facility. We have in the past used that, it's an option for the future as well, if we need it.

**James Tracey:** Okay, just around that capex point you made, you know. Do you anticipate the growth in the contribution and the working capital elements, ie. those two green bars you circle earlier, will sort of rise to match the capex? Or is the capex going to roll back a bit? Or you just see how you go in terms of the sales, and then manage it, managing accordingly?

**Rod Bishop:** It's a good question. So the question is, am I primarily talking revenue growth or cost conservation?

**James Tracey:** Yes.

**Rod Bishop:** At the moment I believe the costs are correctly sized so that revenue growth eclipses costs and we become cash positive on today's cash.

Or, let's say I got that wrong. Then we have the ability, if we need to, to taper that growth investment. At the moment, that's not plan A. Plan A is simply that we're experiencing rapid growth, and that's enough.

**James Tracey:** Yeah, that makes sense. And just a sort of a final technical question just around the chart on the next slide, slide number five. The opex there is \$698K, and the contribution is \$653K, so you know the contribution from trips is slightly lower than the opex. Yet the stand-still EBITDA is positive. I just want to understand the delta. Is that some kind of R&D rebate income which is coming in? Or is it just you stripping out the one-off cost element from that?

**Rod Bishop:** There was one row of other income in there. So Peter, I think, was there \$114K of other income in there?

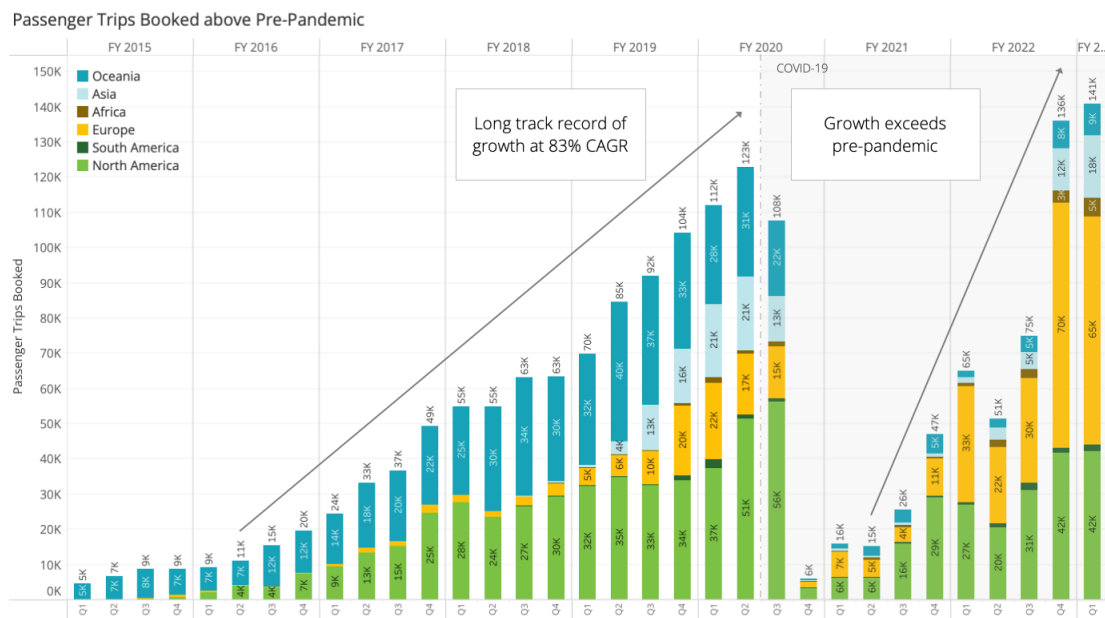


**Peter:** Yes.

**James Tracey:** Oh, yeah, okay that's the balancing figure. So all right, perfect.

And the other thing, just looking at the trip numbers. I think if you've got them broken out by geography. I noticed in the commentary that Asia is now above pre-COVID levels, and I think in the quarterly trip numbers it might have been slightly below. So I think you know maybe in the sort of latest trading Asia is doing a bit better. Could you just talk about what you are seeing there and what the drivers of Asia performance are?

**Rod Bishop:** Very happy to, for some reason I didn't present that image. So here it is, you should now see it on screen. It's a very important point.



On the screen pictured is our passenger trips growth around the world. There are a few things to note.

You see European seasonality starting to taper a little bit as we approached the end of September. All of our pre-bookings for the period across summer have already been made, and so that came down a little bit, and that's what you'd expect from seasonality. The US held up despite the same, because we have some good growth there with new suppliers and new channel partners.

But the key story, the really exciting one for me, is Asia.

The full story in just one minute would be to say that in 2019 we launched both Asia and Europe for the first time. Europe reopened first, and then you can see it's gone to around about a fivefold multiple of where it ever was pre-pandemic. That's on the basis of the



platform that we've built, and the supply that we've built, and the channels that we've built. During the pandemic they were all in place, and then the travel industry recovered, and all of a sudden Jayride is five times its size in the region.

We made the same launch in Asia.

So when I see Asia here expanding, albeit from a low base – and I mean, James, you noted that it's kind of commensurate with as high as we ever got pre-pandemic, in latest trading it is now higher than pretty pandemic, the latest weeks are the highest ever – and it's coming off a low base but it is a kind of a geometric growth.

It feels almost too bullish to say that we could have the same sort of thing as we just experienced in Europe happen again in Asia, except right now, that's the read.

It is looking exactly like the European reopening story again, but written large again for Jayride in Asia. The ways that this feels is reopenings that are starting to get immediate traction – Japan, Hong Kong, Taiwan, reopen in October. It feels like Bali, which is a key destination for Australian travelers, is already Jayride's top destination by passenger trips, and again this month. Fundamentally, we're quite optimistic there, it's still the same travel reopening story as, you know, we've been watching for the last three or four quarters. It's just going to play out in Asia over the next period.

**James Tracey:** Okay, that's good. One other thing you mentioned on the last call in your longer term agenda is a foreign language website for Jayride. Currently, you only have English customers, or people need to be able to read English, to be able to book with Jayride. And you know, presumably in Europe and Asia, and other geographies, most people don't speak English. So you're missing a lot of customers, even though you've got relationships with suppliers in that geography.

Do you have any sense, particularly in Europe, where I think maybe there's the biggest initial opportunity, how much of the addressable population in Europe doesn't speak English or isn't comfortable with using an English site to book their travel into Europe?

**Rod Bishop:** It's a very good point. Jayride's business at the moment is only English language, and it's a clear gap. All major OTAs go multilingual, because once you've sourced supply and a destination, you may as well sell it to different traveller audiences.

Right now, that European business, which is as I said, at a multiple of pre-pandemic, was all sourced UK travelers to mainland Europe. But, as James notes, if we've got transfers in Spain, we might as well be trying to sell them to a Spanish language audience.

We mentioned now the appointment of Darren Carbine, our new Chief Growth Officer,



who is London-based, to build our growth hub in Europe. And the number one thing that led to that decision is increasing localization and regionalization of our product into European source markets.

We're starting with Spanish language. We're going to roll out languages incrementally, just one by one. To give you a feel for where we can go with that, Booking.com has forty-five languages. We don't need to reinvent the wheel here. It's just about copying what other online travel agencies have done in the past.

We're starting very practically. We're starting with back end systems. Transport team members, customer support team members, we will probably start selling through offline channels rather than on the website, and then move to the website over time. And once you've unlocked one language regionalization, you've kind of got your playbook, and you just keep rolling it out.

In terms of the potential increase to TAM in Europe, I'd suggest it's probably about an eightfold increase. So we're looking at something like 12 to 15% of the total addressable market is in the English language, that we should be going after the rest of it.

In terms of near to midterm strategies that we think are going to drive significant trips growth towards that 1 million trips goal, European regionalization is one of the top ones.

**James Tracey:** Fantastic. Thanks a lot. Rod, I appreciate the answers.

**Rod Bishop:** Feel free to email me if you have any further questions or I'm happy to take a phone call and look forward to speaking with you again in the future.

Just to conclude. I reiterate that quarter one was another growth quarter focused on getting the work done for FY23. This has been our second consecutive quarter that was both cash flow positive and EBITDA profitable after stand-still operating costs.

We continue now to our next two milestones of 1 million trips, at \$10 each, that creates a cash flow positive company, and we have the legs to get there within coming quarters.

We're looking forward to presenting to you and telling you about how we're converting those incremental trips. There's a lot of drivers there, be it Asian reopening, or European regionalization, and we look forward to bringing those trips home.

Thank you very much for your time. We'll talk to you soon.

**End of transcript**



## **For more information please contact**

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ASX release authorised by Rod Bishop, Managing Director, Jayride Group Limited.

## **About Jayride Group Limited (ASX:JAY)**

Jayride.com is the world's leading publicly listed airport transfers marketplace, where travellers compare and book rides around the world. With Jayride.com, travellers can compare and book with 3,700+ ride service companies, servicing 1,600+ airports in 110+ countries around the world, including the Americas, Europe, Middle East, Africa, Asia and the Pacific.

The Jayride.com platform aggregates ride service companies and distributes them to travellers at Jayride.com; and via travel brand partners including other technology platforms, travel agencies and wholesalers. These travel brands implement Jayride APIs to sell door-to-door ride services that build traveller confidence and defend their core travel business.

Founded in 2012, Jayride.com is headquartered in Sydney, Australia.

For more information, please visit [www.jayride.com](http://www.jayride.com)

## **Forward-looking statements**

This announcement contains forward-looking statements that involve risks and uncertainties. Indications of, and guidelines or outlook on, future earnings, distributions or financial position or performance and targets, estimates and assumptions in respect of production, prices, operating costs, results, capital expenditures, reserves and resources are also forward-looking statements. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions and estimates regarding future events and actions that, while considered reasonable as at the date of this announcement and are expected to take place, are inherently subject to significant technical, business, economic, competitive, political and social uncertainties and contingencies. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the directors and management. We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this announcement will actually occur and readers are cautioned not to place undue reliance on these forward-looking statements. These forward-looking statements are subject to various risk factors that could cause actual events or results to differ materially from the events or results estimated, expressed or anticipated in these statements.