

20 September 2023

ASX Small and Mid-Cap Conference Presentation

Attached is the presentation made at the ASX Small and Mid-cap Conference held today.

Authorised for lodgment by the Company Secretary of A2B Australia Limited.

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About us

Operating since 1976, over the past 40+ years A2B has grown to become a market leader in the personal transport sector.

For further information, please visit: <https://www.a2baustralia.com/>.



**ASX Small and Mid-Cap
Conference
September 2023**



Company overview

- In operation since 1976 and listed on the Australian Stock Exchange (ASX:A2B)
- **Second largest provider** of personal transportation services in Australia
- A2B's brands include **13cabs**, **Silver Service** and **Cabcharge**
- **>8,000 taxis are affiliated** with the 13cabs and Silver Service brands
- **~18,000 taxis have the Cabcharge payments system** installed processing >\$850m in taxi fares p.a.
- A2B's recently implemented strategy delivered a **significant improvement in:**
 - **FY23 revenue: \$147.3m** (FY22 \$125.1m)
 - **FY23 EBITDA: \$20.1m** (FY22 \$9.4m loss)

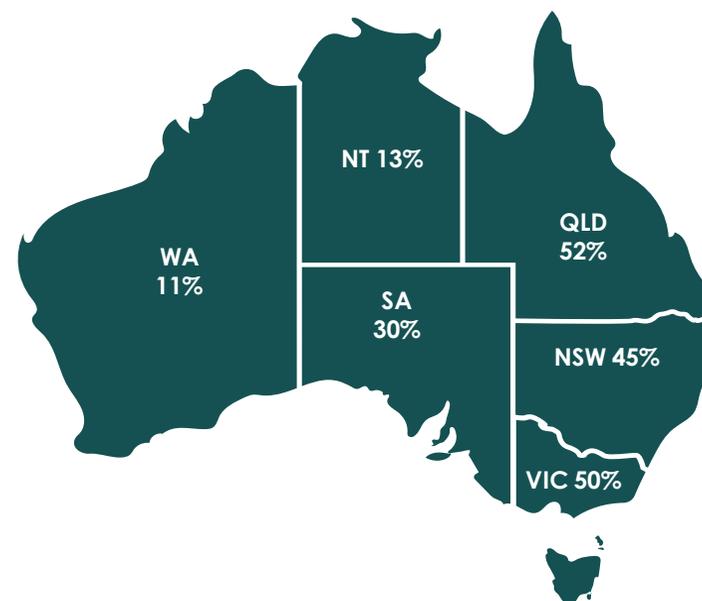
Market landscape

A2B's scale, reach and proven value proposition to drivers and passengers have assisted in A2B becoming the clear number 2 player in the domestic personal transport market, behind Uber and ahead of all other providers.

Market share

Provider	Taxi ¹	Personal Mobility ¹
Uber	N/A	50%
A2B	45%	25%
Black & White	13%	7%
Silvertop	6%	3%
Swan	6%	3%
GM Cabs	5%	N/A
Other	27%	12%
Total	100%	100%

A2B taxi Market share by state (total 45%)¹



1. Sources: IBISWorld Ridesharing Services in Australia and internal A2B data

A simple two division structure

A **simple corporate structure** with **Technology underpinning** and supporting both the B2C and B2B divisions

	B2C (13cabs & Silver Services Networks)	B2B (Payments, Equipment and Corporate)
What We Do	<ul style="list-style-type: none"> • Personal transport • Generate trips for drivers and operators 	<ul style="list-style-type: none"> • Taxi payment platforms, equipment and dispatch • Corporate travel solutions
 Customers	<ul style="list-style-type: none"> • Taxi drivers • Taxi fleet operators & taxi license owners • Passengers of A2B's taxi networks 	<ul style="list-style-type: none"> • Taxi networks • Independent operators • Corporate clients and government
 Competencies	<ul style="list-style-type: none"> • Relationship with large number of customers • Understanding of fares, flows of funds, drivers' economics, drivers and owners "needs and wants" • Management of brand and passengers demand / supply dynamics • Design of pricing and fare structure 	<ul style="list-style-type: none"> • Management of corporate and Government clients • Management of equipment and payment system portfolio • Consolidation of corporate sales and Cabcharge into one division
 Key stats as of 30 June 2023	<ul style="list-style-type: none"> • Active drivers: >12,530 • Affiliated vehicles: 7,803 • Taxi market share: ~45% • Personal transport market share: ~25% • FY23 revenue: \$90.6m • FY23 EBITDA \$11.0m 	<ul style="list-style-type: none"> • Taxi payment equipment penetration rate: 90% • FY23 taxi payments processed: \$854m • Corporate account customers: >7,500 • FY23 revenue: \$61.1m • FY23 EBITDA: \$9.1m



A new strategy delivering sustainable growth and an improved culture



Our current strategy is focused on **leveraging the momentum built in FY23** in becoming the **leading provider** of personalized transportation services.



Our vision

The leading provider of personalised transportation services and solutions, committed to the success of our customers, our people and our stakeholders.

Our strategy From Better to Best



Improve profitability



Grow core business



Expand into new markets

Customers at the centre

People at the heart

Commercially focused

Our values



Caring



Collaborative



Accountable



Authentic



Progressive

Our purpose: Delivering a safe, reliable, sustainable personalised transportation experience.

A2B's **scale**, highly recognised **brands**, consistent **quality offering**, and proven **value proposition to drivers and passengers** provide a strong platform for a successful implementation of its **"Better to Best" growth strategy**

Our strategy From Better to Best



Improve profitability



Grow core business



Expand into new markets

- | | | |
|--|--|--|
| <ul style="list-style-type: none"> - Increase productivity (eg call centre automation) - Refine pricing (eg network fees, legislated fares increases) - Simplify and modernise technology | <ul style="list-style-type: none"> - Refine and further digitise product portfolio - Increase fleet size including owned taxis - Increase share of payments | <ul style="list-style-type: none"> - Grow internationally with MTI - Explore new products and service offerings in personal mobility |
|--|--|--|

Customers at the centre

People at the heart

Commercially focused

- | | | |
|--|--|---|
| <ul style="list-style-type: none"> - Prioritise driver and passenger needs around speed and ease of payment, safety and comfort | <ul style="list-style-type: none"> - Adopt and live A2B's values of being caring, collaborative, accountable, authentic and progressive | <ul style="list-style-type: none"> - Optimise linkages between demand generation (trips) and supply (fleet size) |
|--|--|---|

In FY23 A2B delivered on its strategic plan



A2B's operating strategy has rapidly returned A2B to profitability and sustainable growth

Strategic Pillar	Goal outlined in July 2022 (strategy update to the market)	Progress over FY23
 Put in place "culture and values"	<ul style="list-style-type: none"> Implement core values 	<ul style="list-style-type: none"> ✓ Five core values now embedded within the business
 Grow core business	<ul style="list-style-type: none"> Grow revenue and market share 	<ul style="list-style-type: none"> ✓ Fleet up +14.2% and fares processed up processed up +40.8% ✓ Network subscription pricing up ~+5% from 1 October 2022 ✓ Strong driver pipeline ✓ Improved efficiency with booking automation rates of 85% versus 51% at the start of the year
 Divest non-core and loss-making businesses	<ul style="list-style-type: none"> Implement planned divestitures 	<ul style="list-style-type: none"> ✓ Divested from non-core business assets ✓ Owned taxi fleet reduced 59.0% (186 cars) and returned to profitability
 Cost reduction	<ul style="list-style-type: none"> Implement operating efficiencies to return to profitability while still supporting growth initiatives 	<ul style="list-style-type: none"> ✓ Expenses reduced \$9.7 million or 7.1% reflecting a year-on-year underlying cost reduction of \$13.9 million
 Board renewal	<ul style="list-style-type: none"> Renew leadership 	<ul style="list-style-type: none"> ✓ Board successfully renewed ✓ 15% reduction in Director's fee in line with cost savings within the business
 Property disposals	<ul style="list-style-type: none"> Realise value and return capital to shareholders 	<ul style="list-style-type: none"> ✓ Two Alexandria properties sold in line with independent JLL May 2022 valuation for a total of \$97m

FY23 underlying results

Guidance exceeded and dividend reinstated

Underlying Basis* (\$m)	FY23	FY22	Variance
Revenue	147.3	125.1	22.2
Other income	0.3	2.6	(2.3)
Expenses	(127.5)	(137.1)	9.7
EBITDA	20.1	(9.4)	29.5
Depreciation & Amortisation	(9.6)	(14.2)	4.6
EBIT	10.5	(23.6)	34.1
Finance costs	(3.1)	(0.9)	(2.2)
Profit before tax	7.4	(24.5)	31.9
Income Tax	(2.3)	7.3	(9.6)
NPAT	5.1	(17.1)	22.2
EBITDA margin	13.6%	(7.5%)	
Earnings per share	4.2 cents	(14.1 cents)	

* Underlying results excludes the adoption of AASB 16 leases and excludes +\$22.7m (pre-tax) underlying adjustments (FY22 -\$12.9m)

Financial Performance

- **FY23 \$20.1m underlying EBITDA** (+\$29.5m vs pcp), exceeding guidance
 - **FY23 \$5.1m underlying NPAT** (+\$22.2m vs pcp)
 - **FY23 Statutory results**
 - **EBITDA of \$42.8m** (+\$65.1m vs pcp)
 - **NPAT \$27.1m** (+\$54.9m vs pcp)
- Statutory results** includes AASB16 impact, pre-tax \$21.3m gain on property transactions and \$1.6m in NSW taxi license compensation
- FY23 final **dividend declared of \$0.05 per share fully franked**
 - **Reinstatement of dividends in FY24**

Operational Performance

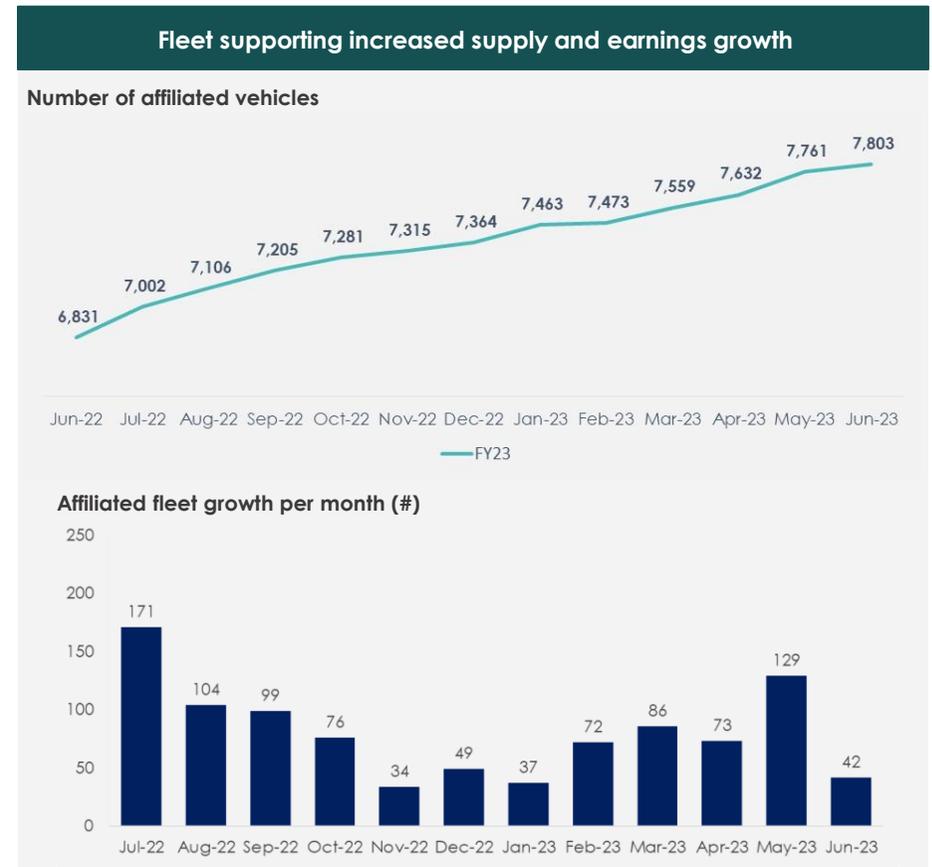
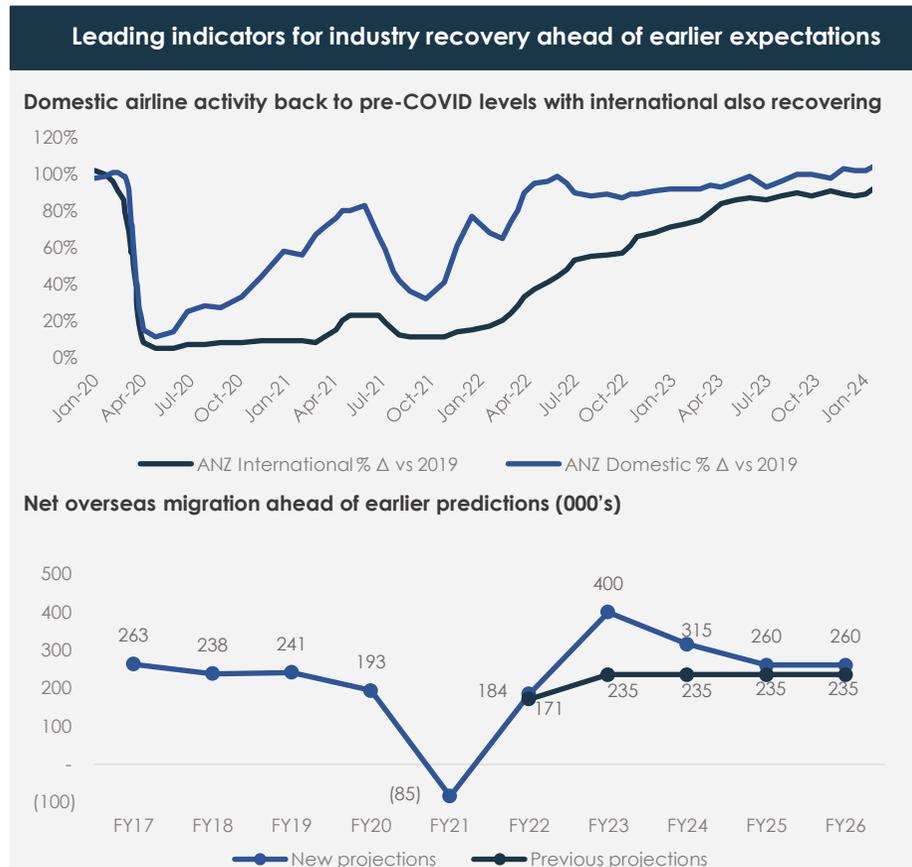
- Growth in key metrics continued, **fleet up 14.2%** vs 30 June 2022 and **taxi fares up 40.8%** on pcp.
- Network subscription pricing exceeded pre-COVID levels, with 2 price increases implemented in FY23
- Fare growth driven by demand growth (82%) and fare rises across various states (18%)

Strong recovery in demand in FY23, nearing pre-COVID levels



Revenue derived from fleet (our largest revenue stream) up 27.9% ending at \$54.2m

- A2B's ability to service the increased demand in FY23 was supported by an increase in fleet (supply)
- A2B's growth was supported by an improvement in net overseas migration and improved vehicle availability



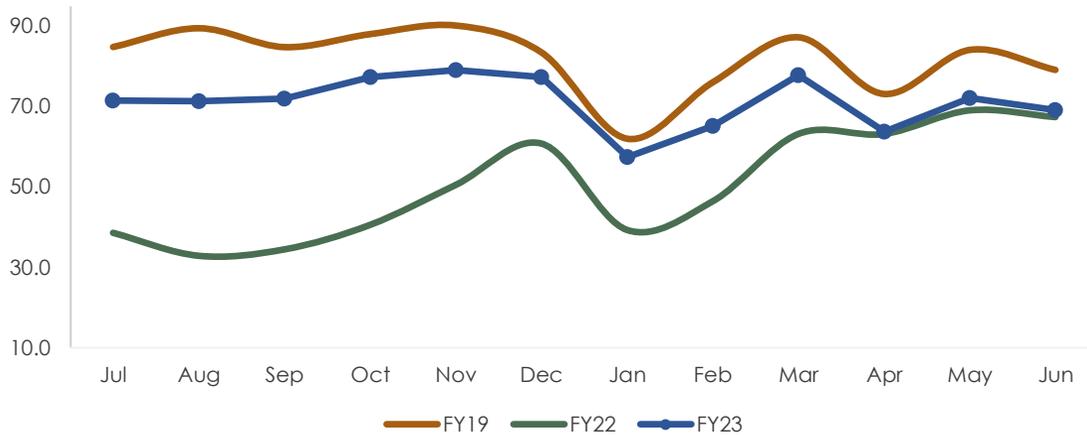
Source: Macquarie research, July 2023; Federal Budget, ABS, May 2023

B2B – taxi fares processed nearing pre-COVID levels

Revenue derived from taxi fares (our second largest revenue stream) up 37.4% ending at \$35.5m



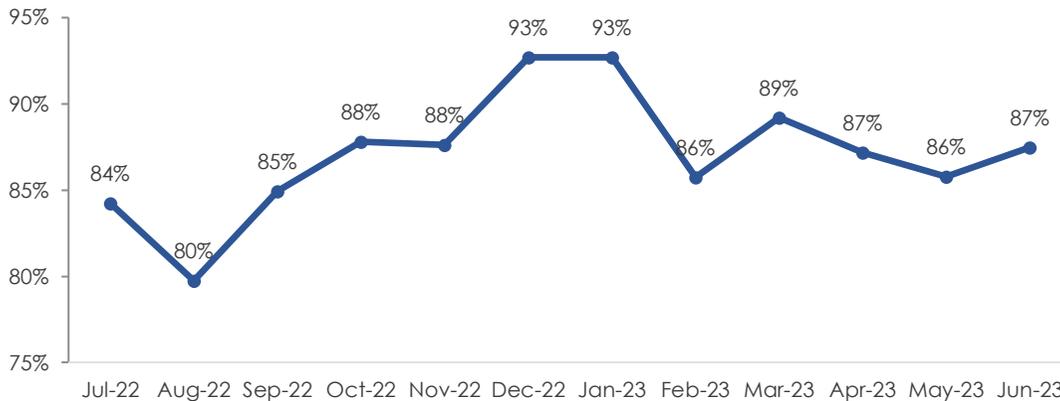
Fares processed (\$m)



Commentary

- **\$854.4m** taxi fares processed in FY23, **+40.8%** vs pcp.
- Total taxi fares processed **reached 87.0% of pre-COVID levels.**
- **All of our payment channels experienced double digit growth.**
- In Q4, the strong growth in taxi fares processed softened, as A2B cycled through a full quarter in a post COVID environment and weaker macro-economic conditions started to impact consumer demand.
- A key focus area for FY24 will be demand generation to counteract recent softening in trips.

Taxi fares processed vs pre-COVID (FY19)



A strengthened balance supporting future growth



Turnaround delivering strong balance sheet reversing to a \$13.9m net cash position while reducing liabilities by \$21.3m

Balance sheet (\$m)	30-Jun-23	30-Jun-22	variance
Total current assets	92.4	79.5	12.9
Total non-current assets	92.4	98.5	(6.1)
Total assets	184.8	178.0	6.8
Total current liabilities	50.8	67.6	(16.8)
Total non-current liabilities	19.8	24.3	(4.5)
Total liabilities	70.6	91.9	(21.3)
Total net assets	114.2	86.1	28.1
Cash	29.5	12.3	17.2
Debt	15.6	18.9	(3.3)
Net (debt) / cash	13.9	(6.6)	20.5

- **Current assets includes:**
 - **\$29.5m in cash** (+\$17.2m vs pcp)
 - **\$45.8m trade & other receivables** (-\$14.5m vs pcp)
 - **\$10.4m property held for sale carried at cost**, settlement in December for \$78m
- **Non-current assets includes:**
 - **\$16.7m in PPE**
 - **\$41.0m in Goodwill and Intellectual property**
 - **\$22.7m deferred tax assets**, utilised in December when property sale completes
- **Current liabilities includes:**
 - **\$38.2m in trade and other payables** (-\$17.7m vs pcp)
- **Noncurrent liabilities includes:**
 - **\$15.0m in borrowings** (-\$2.3m vs pcp)
- **Net asset improvement of \$28.1m or 32.6%**
- **Net cash improved \$20.2m vs pcp**, current \$15m working capital facility in place maturing in September 2026

Major upgrade in car payments technology

In FY24 we will upgrade the payments technology in ~18,000 vehicles before 3G shut down

- A major project is underway to ensure continuity and future growth of our payments processing volumes, before 3G is switched off on 30 June 2024.
- A2B is partnering with experts in the payments industry to develop a future proof scalable solution utilising the latest payments technology and commoditised hardware aimed at delivering:
 - An in-vehicle combined payment terminal and tablet solution improving driver adoption
 - A platform that accepts all types of payment
 - Improved customer satisfaction focused on passengers, operators, drivers & networks
 - A solution that improves the rate of return on the technology we deploy
- To deliver the project and an additional one-off capex investment of \$3.5m will be made in FY24.



RIDE INTO THE FUTURE OF TAXI TECHNOLOGY

Cabcharge is future-proofing the taxi industry with cutting-edge solutions.



Integrated Dispatch, Meter and EFTPOS



Simplified In-Vehicle Installation



Revenue Share on Processed Transactions

FY24 guidance of ~\$22m EBITDA

Like-for-like improvement of ~20%, excl. incremental rent



	FY23	FY24	
Fleet 30 June (number of cars)	7,803 (+14.2% YoY)	~+5%	Targeting ~+5% fleet growth or 400 cars in FY24, supported by strong driver pipeline, NSW deregulation and greater driver and vehicle availability .
Fares processed	\$854m (+40.8% YoY)	flat on FY23	Fares processed projected to end in line with FY23 reflective of near-term recent softening in demand.
Revenue	\$147.3m (+17.7% YoY)	~+10%	Revenue growth primarily supported by fleet (incremental fleet, compounding effect FY23 growth, price increases).
EBITDA (margin)*	\$20.1m 13.6%	~\$22m ~14%	FY24 EBITDA of ~\$22m, +\$2m or 10% inclusive of ~\$2m incremental rent post settlement O'Riordan St. Like-for-like EBITDA growth of ~\$4m or ~20% while the underlying margin of ~15% , excl. rent impact.
D&A and Capex	D&A \$9.6m Capex \$8.8m	D&A ~\$10m Capex \$10m - \$12m	One-off incremental ~\$3.5m investment to upgrade all in-car vehicle technology ahead of 3G shut down in June 2024. Level of internally developed software in line with FY23 at \$2.5m.

* on an underlying basis excluding the impact of accounting standard AASB16



Thank you.

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