

30 April 2020

The Manager

Market Announcements Office
Australia Securities Exchange
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Electronic Lodgement

Attached is an announcement for release to the market.

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ASX Release

30 April 2020

A2B Australia update

- The coronavirus pandemic is having a significant impact on affiliated fleet and fares processed
- A2B has initiated relief and support mechanisms for a range of stakeholders
- A2B acted promptly to redirect resources to focus on cash preservation, reducing operating expenditure and increasing liquidity levels significantly
- A2B remains in a net cash position while having access to financial facilities of \$50m
- A2B's strong balance sheet position and fast response to the pandemic enables the Company to pay the 4 cents per share fully franked interim dividend scheduled for 30 April as planned without compromising the Company's long term growth

Financial Position

A2B entered the coronavirus crisis with a conservative balance sheet and the operational leverage to adapt to the current uncertain environment. Since early March, A2B quickly redirected resources to focus on cash preservation for both A2B and its stakeholders. As a result, operating expenditure has reduced and liquidity levels have improved significantly.

A2B previously reported its net cash position of \$5.9m as at 31 December 2019 along with undrawn finance facilities of \$50m. Whilst working capital balances are dynamic, recent initiatives to manage operating expenditure, capital expenditure and receivables increased accessible liquidity to \$76m¹ prior to the scheduled interim dividend payment date of 30 April 2020.

A2B's healthy balance sheet at the outset of the current crisis coupled with early and decisive action on costs and cash preservation have positioned the company well to weather the current difficult economic climate.

1H20 Interim Dividend Confirmation

A2B confirms the payment to shareholders of its 1H20 interim dividend of 4 cents. A2B will remain in a net cash position immediately following payment of the interim dividend.

Supporting our Drivers

To help keep Drivers safe A2B is providing regular updates on relevant information and has launched free vehicle sanitisation services in all our jurisdictions. Passengers are being encouraged to travel in the rear seats and we are highlighting the benefits of contactless payments and contactless parcel deliveries.

To support Drivers and Taxi Operators financially A2B has initiated a range of relief and support mechanisms including:

- A 3% processing fee on electronic transactions processed on Cabcharge and Spotto payment terminals

¹ unaudited

- Deferral of interest and principal payments on vehicle leases and business loans
- Providing interest free loans to operators to assist operators pay for their CTP and comprehensive car insurance
- Coordinating a commitment from insurers and brokers to waive cancellation fees during the Coronavirus pandemic
- A \$418 (~60%) discount on monthly network fees for 13cabs, Silver Service and Maxi Taxi
- Licence lease fee relief (ie a reduction in monthly lease prices to \$50 or less)
- Support in accessing Federal Government subsidies (eg the JobKeeper and SME Guarantee Schemes)

These initiatives assist in enabling Drivers and Operators to continue to deliver essential services to the community.

Operating Environment

The measures that governments and organisations have put in place to contain the spread of coronavirus have significantly reduced economic activity including the number of Taxi trips and associated payments. This in turn has impacted Drivers and Operators across Australia including those in our 13cabs, Silver Service, Maxi Taxi and Champ networks.

On 27 April Fairfax newspapers published findings by ILLION AlphaBeta that suggested Taxi and Rideshare usage was down 34% on normal comparisons. A2B's information suggests that the true figure is much higher, more closely resembling the 82% decline in public transport and 72% decline in general travel published by Fairfax alongside those figures.

At A2B, Taxi fares processed in the month of March were down 37% on prior year. However declines in the later weeks of March and early weeks of April exceeded 80%. Recent data suggests some stabilisation at a level above those lows. The decline in activity also impacted affiliated fleet numbers with 30% of vehicles temporarily withdrawing from service. Fleet changes are most pronounced in Sydney where Operators face the highest fixed costs (eg for insurance and licence leasing).

The average price of a Taxi trip has reduced to ~\$19. This reflects:

- Major cities have been impacted more heavily than regional areas
- An emerging focus on local parcel deliveries
- Less traffic and congestion are making journeys more efficient

In recognition of the current operating environment, A2B acted quickly to de-leverage its operating model. Immediate cessation of a range of actions had immediate effect. These included corporate travel, initiation of new consulting assignments, and marketing expenditure. Capital expenditure has also been deferred wherever practical. Approximately 350 staff members were stood down and local branches in south west Sydney and northern Melbourne were closed. The Company has worked promptly to support stood down staff through the administration of the Federal Government's JobKeeper program and by keeping in contact and updating staff with our progress.

Business Initiatives

On 27 March 13cabs launched a new home delivery service called 13things. Delivery services provide Drivers with additional income opportunities while we experience lower than usual utilisation rates across our fleets. 13things is an innovative 24-hour 'instant' delivery service that is a ready partner for small business owners like cafes, restaurants and



pharmacies who are making the transition to an online delivery model. Our average collection time is ~7 minutes and deliveries in a 3 kilometre radius typically cost \$13 or less. We are at various stages of integrating with national retailers to support larger scale delivery activities.

We have entered the vehicle sanitisation business, leveraging our vehicle inspection and maintenance expertise to provide sanitisation services on behalf of the NSW Government to all Taxis, regardless of network affiliation, hire cars, vehicles used by rideshare drivers including Uber, and a range of NSW Government vehicles.

The launch of Bureau Services for 27 vehicles in Forster/Tuncurry and Laurieton was successfully undertaken in recent weeks with the switch being official on 30 March. On 24 April Townsville Taxis commissioned 13cabs to provide bureau services to its 120 vehicles with a target commencement date of 1 June. These recent opportunities enable regional business to leverage the strength of our technology capabilities and our brand, highlighting our commitment to equitably sharing resources on a national basis in light of the important role the Taxi industry plays for all Australians.

We will continue to pro-actively manage our costs and liquidity in coming months to ensure we are positioned to emerge strongly when conditions stabilise.

For further information please call Dana Standfield 0403372612

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