



## ASX Announcement

31st January 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 Presentation held on 28th January at 9.30am AEDT.

## Start of transcript

**Rod Bishop (Jayride Group Managing Director):** Jayride today is pleased to present this quarterly result showing Jayride as a fundamentally improved and more profitable company positioned well for recovery.

With contribution profits above pre-pandemic levels for the third consecutive quarter, a 112% improvement to cash receipts from customers versus prior quarter, and a \$400,000 improvement in standstill operating cash flows versus prior quarter.

Good morning, and thanks for coming.

First up, to acknowledge the obvious, trading conditions were not kind to travel companies last quarter. We had transatlantic and Australian reopenings in our favor but lockdowns related to delta in Europe and delays to border openings in Australia ultimately were more impactful during Q2. Refunds rose again. So despite being up substantially since this time last year, we did trend down quarter-over-quarter on our top measures.

Recovery hasn't happened in a straight line. Yet, we're in the fortunate position that we're resourced to ride through any chop in the market. So we've taken it in our stride, and consistent with our strategy throughout the whole pandemic; we've focused on improving the platform to capture the recovery, on expanding our margins, and putting all short term volatility aside to focus on what really matters, that is to build our traveler offer to win the competitive market for the long haul.

In these results you can see the early signs of that future platform and how it's positioned to make the absolute best of the recovery ahead.

Compared to pre-pandemic levels we have: Higher contribution margins. Higher total contribution profits, already for three consecutive quarters now above pre-pandemic



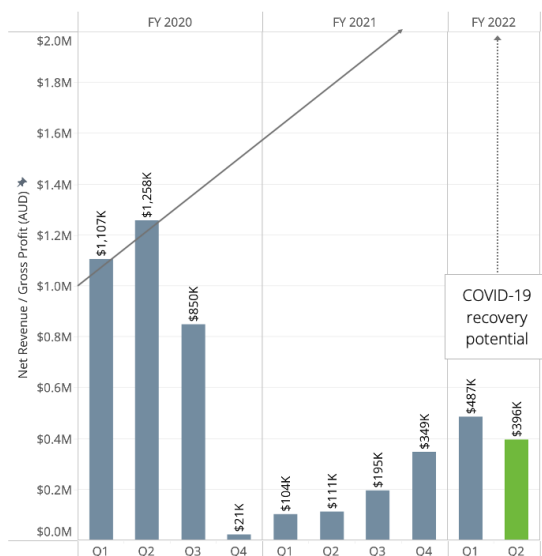
levels already despite that volume recovery still ahead. Rising net revenues per trip, through our new platform, and despite elevated refund rates. Strong control of cost per trip, with still further operating leverage ahead as we return to scale. Improved cash receipts and reduced debtor days. Improved stand still operating cash flows. And, most importantly, we have successfully recruited our new key talent across sales, marketing, product, and technology, who will be transformative to the next stage of the growth of the company.

These Q2 results are an early output that show the company we're building, and the results are impacted by things of course, but we have held up well despite it all, to post one of our most profitable quarters ever.

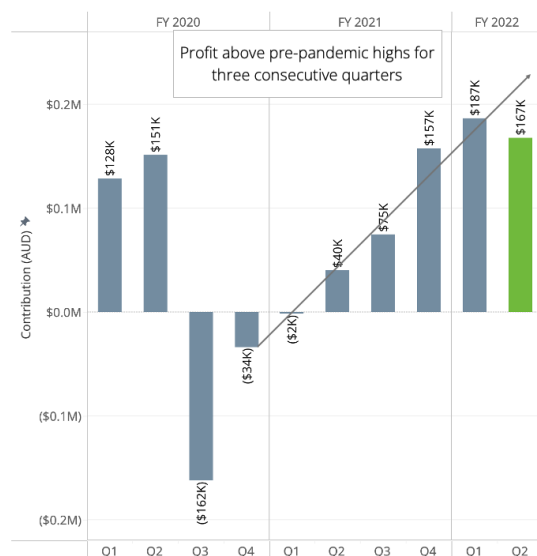
The key result is that we're starting to see evidence emerging of the enhancements that we've made to our platform and operating model which results in a fundamentally improved and more profitable business and platform to capture the next wave of the travel recovery.

On today's call we will step through the key highlights of the quarterly results, put aside the short term volatility, focus on what we're building and talk about the growth ahead, then open the room for questions.

Net Revenues



Contribution



Starting with the first result which is net revenue and contribution. Net revenue is down 19% versus last quarter, but up 256% versus the corresponding period last year.

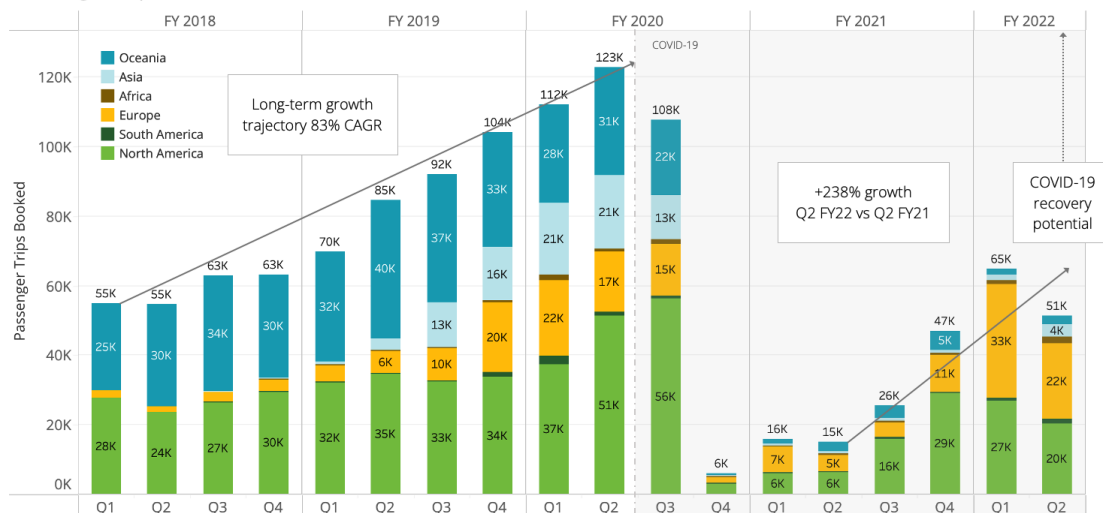
Contribution is down just 9% versus last quarter, but up 322% versus the corresponding period last year. This is outperformance in contribution, which is proving resilient despite



the chop in volume.

As I've said, it's the second-highest-ever quarterly contribution profit result, higher than pre-pandemic for three consecutive quarters, second highest contribution margin at 42%, our target of 50% still in place, and with significant scope for further margin expansion ahead.

Passenger Trips Booked – Quarters



Second, trips are down 21% versus last quarter, but up 238% versus the prior corresponding period. In green and yellow you can see US and Europe respectively impacted by winter and lockdowns in Europe. In light and dark blue, you can see Australia and Asia respectively did not come back for the summer. Australian borders are now open, but during Q2 entry for most arrivals was pushed back to the 15th of December and, of course, New Zealand's borders still stay shut.

We've missed the summer in the southern hemisphere, which is frustrating, but we're well positioned now for the upcoming northern hemisphere summer, as it will build across Q3 and Q4.

Of note we're still taking an approach towards highest total returns and so as we look at this graph we see that we are retaining those market share gains in Europe, with Europe trips still above pre-pandemic all-time-highs, despite winter, despite lockdowns. We're winning market share.



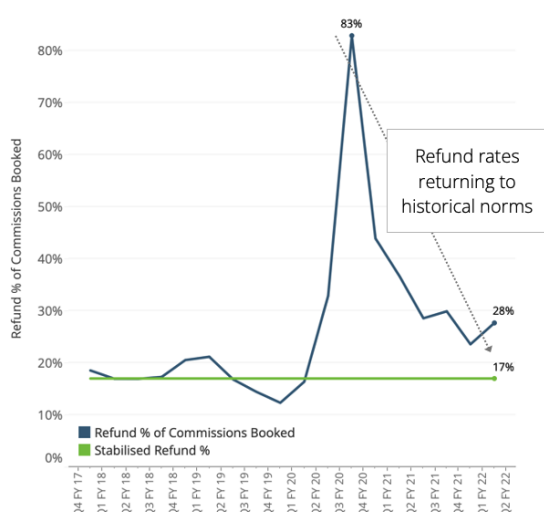
Date	Trips (#)	Net Revenue / Trip (\$)	Variable Cost / Trip (\$)	Contribution Margin (%)	Contribution (\$K)	Contribution Growth V PCP
Q2 FY21	15,200	\$7.31	\$4.69	36%	\$40K	
Q3 FY21	25,700	\$7.62	\$4.70	38%	\$75K	
Q4 FY21	46,900	\$7.43	\$4.08	45%	\$157K	
Q1 FY22	64,900	\$7.50	\$4.62	38%	\$187K	
<b>Q2 FY22</b>	<b>51,400</b>	<b>\$7.71</b>	<b>\$4.44</b>	<b>42%</b>	<b>\$168K</b>	<b>322%</b>

Drilling into the detail on contribution profits, net revenues of \$7.71 per trip for the quarter was the highest since the pandemic began, despite elevated refund rates, due to the new vehicles and service classes with their premium price points, by and large launched in December, now beginning to increase average order values and commissions across the platform.

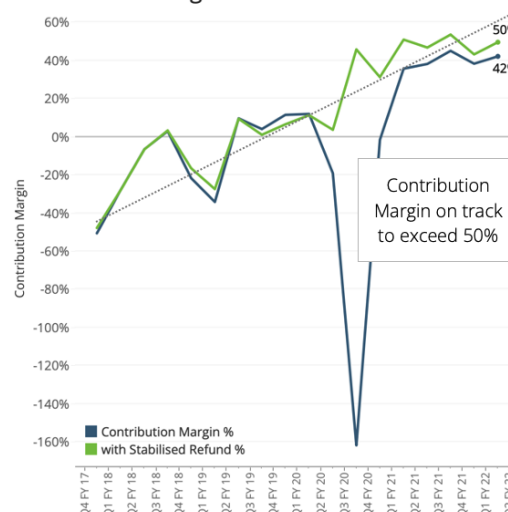
Also variable costs \$4.44 per trip, that's the second lowest cost per trip in company history as the ongoing investments that we're making in operating platform and operating leverage, and in general reducing pain points in the system, start to provide a superior traveler experience at less cost.

Together they create a contribution margin, where we're at 42%. That's the second highest to date, and we've invested throughout the pandemic to achieve that margin expansion, now here realized.

Refund Rates



Contribution Margins



On to refunds and contributions, we continue to reaffirm that 50% contribution margin



once refunds have returned to pre-pandemic levels. You can see that here on the screen.

Looking at refunds on the left, our actual refund rate for the quarter in blue was 28% compared to historical baseline in green of 17% – it remains elevated. Then on the right, the actual contribution margin in blue of 42% for the quarter compared to where our contribution would be with a more historical refund rate, showing margin already at 50% contribution for the quarter.

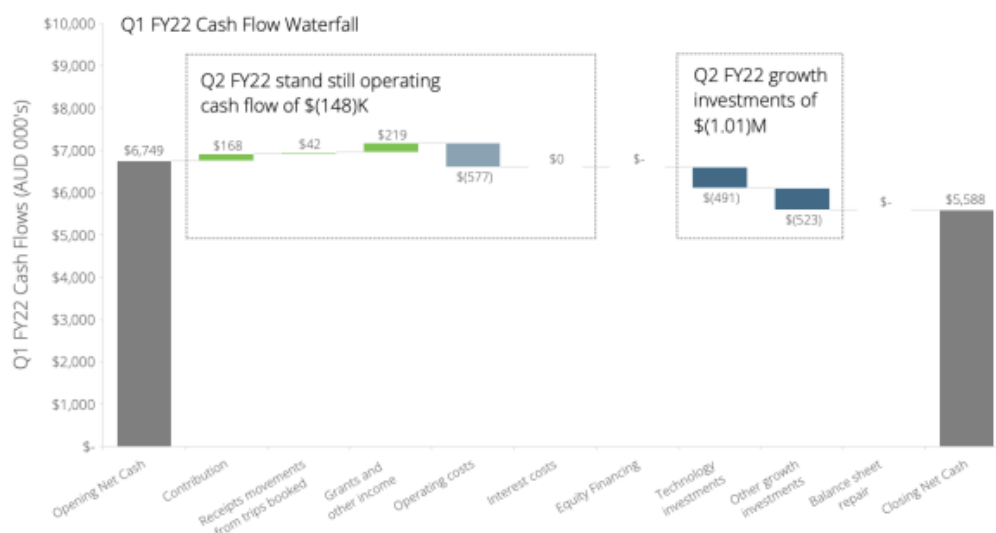
As we work towards realizing that 50% contribution margin, the work is platform improvements to optimize refunds, leveraging our new vehicle types and service classes for higher revenues per trip, and leveraging scale and making further platform improvements to reduce variable costs.

Now to talk about cash I'll handover to Peter McWilliam, Jayride CFO.

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**Peter McWilliam (Jayride Group Chief Financial Officer):** Thanks Rod.

Speaking to the waterfall chart on page 3 of our quarterly results update:



The key point I want to make today is that even on subdued volumes we are tracking towards stand still operating cash flow breakeven and we have a strong balance sheet to fund our growth strategy.

Q2 capped off another encouraging period for the Jayride team. We have leveraged our brand and expertise to efficiently and effectively secure execution talent and are



increasingly observing that Jayride is becoming a fundamentally more cash generative business.

To help you observe the underlying business performances we provide extra disclosure around stand still cash reporting to help you separate underlying performance from the investment that we are making to improve the underlying performance.

For the December quarter, the stand still operating cash outflows materially improved by four hundred thousand dollars quarter on quarter. We are naturally encouraged with the momentum but are determined to transform the business and substantially improve our cash outflows in coming periods.

Let's now take a look at the four drivers behind the stand still operating cash result.

Contribution amounting to one hundred and sixty eight thousand dollars marginally declined from one hundred and eighty six thousand dollars for a net movement of eighteen thousand dollars. Notwithstanding challenging operating conditions, this was still the second highest result in the company's history. Volumes are proving to be resilient with a global footprint and prior initiatives to enhance cart sizes and variable cost efficiency are showing early signs of what our fully funded growth teams can deliver in future periods.

Receipts movements from trips booked amounting to forty two thousand dollars materially improved from negative two hundred and thirty five thousand dollars for a net movement of two hundred and seventy seven thousand dollars. We accurately advised last quarter that we expected to improve performance in this area and largely delivered the result through enhanced financial processes and by renegotiating commercial terms with new European partners. Prior to the pandemic the company benefited from negative working capital and carried a substantial advanced booking cash float. We expect to consistently see positive receipts movement from trips booked as volumes increase.

Grants and other income amounting to two hundred and nineteen thousand dollars moderately improved from one hundred and forty three thousand dollars for a net movement of seventy six thousand dollars. The company expects to receive its R&D rebate of three hundred and thirty seven thousand dollars this quarter.

Operating cost outflows amounting to five hundred and seventy six thousand dollars marginally improved from five hundred and ninety three thousand dollars for a net movement of seventeen thousand dollars. As accurately outlined in my last update,



these costs are mostly fixed.

With a four hundred thousand improvement to standstill cash flow and a balance sheet that can be leveraged, Jayride is showing it will be a fundamentally more cash generative model and is well positioned to transform its operations in coming periods.

Let's now take a look at the growth investments.

For the September quarter growth investments exceeded one million dollars, up from eight hundred and seventy thousand dollars with technology and sales and marketing teams increased. This is consistent with our previous disclosure. The growth teams have primarily focused on our access to northern hemisphere channels, enhancing the product offering, and the automation of booking related processes impacting variable costs.

Before summarising I want to take a moment to help you bridge the current cost base, into Q3 given we expect some additional changes. Standstill operating costs will remain predominantly fixed and should be stable. Growth investment into building sales and marketing channels, and enhancing the technology are expected to moderately increase before stabilising this quarter. The moderate increase remains consistent with my last update and our selective capital deployment approach.

Q2 was another milestone period for the company. After establishing ourselves as the strongest counterparty and repairing our balance sheet in Q1 we have now materially improved standstill operating cash flows and secured the talent to capitalise on the material market opportunities in front of us.

I look forward to sharing our next update with you and want to thank you for your support.

Back to you Rod.

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**Rod Bishop (Jayride Group Managing Director):** Thank you Peter.

Lastly, I'd like to talk about the outlook, how it looks. It's positive. And we feel well placed to deliver growth and improved contribution profits as trip volumes rise in the second half FY22 and beyond, which will, of course, accelerate our company's progress towards standstill EBITDA positive and stand still operating cash flow positive.

We're building for a stronger, larger, more profitable business, executing methodically to



a plan, building enhanced products to win the market with traveller experience and deliver further margin expansion. We've got a clear line of sight on these market opportunities.

So here are the things that we're building to capture those opportunities.

We've got potential to build increased passenger trips through: Capturing that recovery. Improvements to service levels and winning market share with our expanded traveler offer. Investments into deploying new offers like vehicle classes and service types into new channels like booking.com to increase our total addressable market market share and reach. And, further expansion and our company's major markets in North America and Europe, with summer expected to drive higher seasonal travel.

This should all take place now for a northern hemisphere summer that progressively builds across Q3 and Q4.

Even as trips grow, we also have potential to build net revenue and contribution to have higher growth rates through: Increased net revenue per trip. Through further investment in the company's expanded traveler offer. Refund rates continuing to get back to pre-pandemic levels. And, as a result of continued improvements to our pricing model.

Also, through decreased variable costs per trip, including through scale and operating leverage and continued investment into the systems and automation that drive improvements in our operating platform.

Lastly, the potential to complement our company's strong organic growth with disciplined acquisitions that are consistent with our strategy to grow scale in key markets, clearly able to add new channels to reach new travelers, and are at compelling financial terms.

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That ends the formal part of today's call.

In conclusion, I would say trading conditions were not kind to us during the quarter, but regardless we show margin expansion and early signs of a fundamentally improved and more profitable company that we're building compared to pre-pandemic.

Our opportunity remains intact and our strategy remains the same, to position ourselves for the recovery, to build our traveler offer and win the competitive market for the long haul.





We have successfully recruited our key talent across sales, marketing, product, and technology, and expect that to be transformative to the next stage of growth in the company.

We're on our way, building and leveraging our product advantage to win share and deliver returns to shareholders.

Thank you for coming this morning, thank you for your support and now i'd like to open the room for questions.

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**Michael Brown (Investor Relations, Jayride Group):** If you'd like to ask a question, this morning, please use the chat function or raise your hand. James please fire away.

**James Tracey (Analyst, Veritas Securities):** Just a sort of open-ended question really to start with. Rod, you know, do you think we could have passed the worst and could you give some colour? You refer to some forward leading indicators that you look at and possibly some of the trends that you're seeing in January, so far.

**Rod Bishop:** Thanks James. We see ongoing recovery. In particular I'd note that last year in the northern hemisphere was already a good summer. And we find ourselves with a larger market opportunity, especially in Europe than ever before, and having retained pre-pandemic all time highs right through winter, right through lockdowns. So we look again forward and we say Q3 and Q4 will be northern hemisphere growth per usual and we're looking forward to leveraging that, and in general growth into 2H FY22 and onwards.

**James Tracey:** And you mentioned in the release B2B partners, Booking.com and other partners that are adopting your travel class functionality, are you able to sort of quantify the incremental volume that you could see from that? I mean historically half of your business has been B2B, could that be that B2B component double because you know then there's twice the volume going through the premium channels vs just the channel that you're accessing before, which was the more economy channel. is that is that right, or is there any more color you can add to that?

**Rod Bishop:** That's right. We're looking for both expanded total addressable market through those channels and also expanded revenue and that's through higher conversion and higher average order values and maintaining high margins, as we push our new product offers through these new travel channels.



It was late CY21 that we completed the release of our version three API that includes the new vehicle types and service classes. And now we're deep in integration with many partners on implementing those.

And so where we'd usually expect to see a certain number of bookings through a certain channel, we're now looking forward to an expanded amount of bookings as a result of those new offers being available through that channel. It'll be nicely additive.

Also ongoing on an ongoing basis we will have the ability now to deploy new offer after new offer through new channel after new channel. It'll be a key driver of growth.

**James Tracey:** For the for the partners where you've already had that functionality switched on some time I mean what's the in the change in the sort of volume gone through those partners.

**Rod Bishop:** Just for clarity, the new vehicle types and service classes were only ever deployed through B2C channels last quarter. This quarter is where we are deploying through B2B channels.

The B2C channels though are very performant. You can start to see that in the average order values and net revenues per trip having increased, despite the fact that the bulk of that content came in only in December and only through B2C channels, it still managed to increase net revenues per trip overall as a result of travelers just preferring higher average order value, larger vehicle, and better service class. So we get the ability to meet traveller needs, provide more satisfaction, and also realize margin expansion at the same time.

**James Tracey:** That's great. And then another thing you mentioned in the commentary which I found interesting was acquisitions. Are you seeing any change in the competitive environment happening that that sort of calls you to mention it, or what are you thinking about the competition and how they're placed in the current environment?

**Rod Bishop:** The pandemic has been hard for travel companies and it's been a long road, and there are some travel companies out there that, you know, the founders are a bit tired. And so, opportunities exist.

Throughout the whole pandemic we've been consistently looking to see if there are interesting things to buy and in general we stayed away from things at the start of the pandemic, because the distress and the risk outweighed the potential benefits.

Now here we are approaching the tail end and there may be opportunities. So we



continue to explore, we're looking still very clearly for things that are compelling. Things that have a consistent strategy, that come at compelling financial terms, and where it is very clear how we're going to integrate them.

As we look, we're starting to find slightly more than we did before. We're still not in any hurry, we have great organic growth potential, but it is interesting to pursue.

**James Tracey:** Thank you Rod.

**Rod Bishop:** Thanks James, appreciated.

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**Rod Bishop:** Thank you very much for coming today.

As we've stated, trading conditions were obviously not kind for travel companies last quarter. But our results demonstrate strong underlying performance for our company, despite the volatility in the travel market.

It reaffirms our confidence that there's an opportunity here to build for larger scale and more profitability. And that leaves us focused on execution and the things that we need to build.

Thank you for joining us, and we look forward to seeing you again in February.

## **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.