ASX Announcement
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FY18 Half-Year Results Presentation Transcript

Jayride Group Limited (ASX:JAY) ("**Jayride"** or the "**Company"**) the e-commerce marketplace that provides seamless transport experiences for travellers, to compare and book airport transfers from 2,000+ transport companies, is pleased to provide this transcript of it's FY18 Half-Year Results Presentation held on 6th March 2018.

Summary

- Revenue from commissions and fees booked shows double-digit quarter-on-quarter growth now for 18 consecutive quarters,
- Commissions and fees booked increased by +112%; Gross Marketplace Value (GMV) increased by +107%; Passengers Travelled increased by +93%, compared to corresponding period,
- 66% of GMV is coming from outside of Australia,
- Gross profit after paid acquisition ratio improved from -4.9% to +12.1%.

Analysts Q&A

- Charles Robinson: (Bell Potter, Analyst),
- Barry Dawes: (Martin Place Securities, Analyst),
- Adam Dellaverde: (Taylor Collison, Analyst).

Transcript

START

Operator: Ladies and gentlemen, thank you for standing by. Welcome to the Jayride first half results conference call. At this time all participants are in a listen-only mode. There will be a presentation followed by a question and answer session, at which time if you wish to ask a question you will need to press star one on your telephone. I must advise you that this conference is being recorded today, Tuesday 6 March 2018.

I would now like to hand the conference over to your first speaker today, Mr Rod Bishop, Co-Founder and Managing Director of Jayride Group Limited. Thank you, sir, please go ahead.

Rod Bishop: Good morning everyone. Welcome, and thanks for attending. My name is Rod Bishop, I'm Co-Founder and Managing Director, some of you know me well, others we're meeting for the first time. I'll be speaking today about the Company's growth in the first half of FY18, and where that puts us for the next period, that's following on from the release of the Company's interim financial return, Appendix 4D, for the first half of FY18, and also the investor presentation released to the market both together on 1 March 2018.

I'm here with Peter McWilliam, Head of Finance at Jayride. Peter will also then cover the financial performance of the Company for the period. Before I begin though I'd like to give a short background to the call, and at the end of course we'll also take questions, so please save your questions for the end.

We've convened this call to cover the latest performance and outlook for the future, but also two additional points. We've taken a lot of feedback since our prospectus from investors and market participants on how best to present the Company to be well understood. I think that's the key, to be well understood. The presentation of our financial accounts for this period we seek to establish a new way, a standard format going forward to present these figures to the market. This call affords us the opportunity to explain some of that presentation, but also then to receive further feedback, and make the Company as transparent and easily understood for investors as possible.

In a way we're in a beautiful position, we've got little direct competition, which means we've got a luxury of being transparent in a great number of ways. If it assists everyone to understand the potential of the Company, and to understand the potential of the market, then we're happy to be transparent. We're looking forward to feedback and questions from you all at the end of the call.

Onwards to results. Jayride grew strongly for the period. We recognised 10% quarter-on-quarter growth in revenues from commissions and fees booked for two more consecutive quarters, which brings the total number of consecutive quarters with double digit quarter-on-quarter growth in that revenue line to 18 straight quarters. Jayride's revenue growth, it comes from increasing the number of passengers that travel around the world. Jayride has two main points of leverage with regards to growing passengers travel, the first to capture new market share in existing regions, for example, US, and in the second to launch new regions, for example, launching around in the future North America and Europe as candidate regions.

This is really a case of leverage, of leveraging one against the other. For example, a successful new partnership or a channel within a region, and that will increase market share, but then it also provides a leg up to launch into new regions as a way to get initial traction off of that new region, from using that existing partner. Or equally, the successful launch of a new region provides increase of market access, but then it also provides an opportunity to further develop business within an existing partner or channel who maybe has been waiting for us to launch that new region.

In this way it's a case of operating leverage, we leverage supply against demand, and we leverage demand against supply. We grow market share, and then we grow market access. It's really like a tick tock, one versus the other, and it really enables our growth. That said, over the last half year, Jayride's been almost exclusively focused on revenue growth through capturing additional market share within existing markets. We do that while we develop further technology to prepare for rapid international expansion. Shortly then we'll able to leverage that technology to further internationalise and increase our market access.

Following on from that, with that focus on capturing additional market share within existing markets, for the period of the first half of FY18 versus the previous corresponding period, commissions and fees booked, revenue from those channels increased by 112%, GMV increased by 107%, and passengers travelled increased by 93%. You can see a trend there moving towards increasing commission per passenger, increasing commission per dollar in GMV, and that is a really good trend obviously.

In addition to that focus on the capture of market share within existing regions, and as we prepare for the capture of new market access within future periods, there are two very important points of focus in the half yearly report that are really worth drawing attention to, and that is in addition to the growth. The first being internationalisation, Jayride's growth is coming primarily from international markets, that's outside of Australia, and completing the previous financial year, 66% of Jayride's GMV is coming from outside of Australia. That share is increasing.

We believe it very important that Jayride is an international travel business, an international travel business with many international destination markets, not only domestic ones. It's great to see continued success in building this Company internationally. In total there are 7.7 billion trips by travellers to and from airports annually, so in order to access them all Jayride must push hard in international markets to be available in all of those places where those travellers want to travel, that's not just domestic, that's an international story.

The second thing then in terms of key milestones for the period is the return on advertising and marketing, which has had a dramatic increase. Jayride's growth in revenues is coming at the same time as massive improvements in the effectiveness of the marketing engine, which we've set up, and that again sets us up for continued success in a capital efficient way.

We think it's really important that Jayride runs a capital efficient business, so we focus on making sure that every transaction pays for itself, and not only that, but that every transaction contributes to the operations and growth of the Company. We take the view that every traveller should be contributing to our growth from the very first cart, and so that sets us up to have our revenue and our commissions in line with our advertising and media spend, lined in the way that is presented in the interim financial report in the Appendix 4D, which Peter will talk to. But comparing to the corresponding period in FY17, the Company has demonstrated a massive improvement, and we can expect those improvements to be maintained as it remains our focus. Peter will elaborate on some of these points.

In addition to the growth in all top metrics, and the increasing success of internationalisation, and increasing return on advertising and marketing, it's important not to forget that we also took major steps to strengthen our balance sheet in the period to set ourselves up for future acceleration. During the half year Jayride completed its pre-IPO round, and we were well underway during the period for our IPO, including having received commitments, although not the capital until January, and then subsequently securing that capital across those two transactions and listing the Company on the ASX. A really big milestone landmark moment for the Company and strengthening the balance sheet which puts us in the position to pursue future growth.

In the process of listing the Company, setting up new corporate governance, and experimenting with new formats to communicate with shareholders, for example this call. Again looking forward to your feedback at the end of the call.

The fact that we are able to turn around all of those things; the revenue growth, the internationalisation, improvement to the advertising and marketing return on investment, the new technology build-out which I'll speak to in a moment, the pre-IPO, the IPO, and with the majority of the work all taking place within a single half year, I think it's testament to Jayride's team's ability to execute really well, and I'm proud of the team here. I'm looking forward to all the great things that will continue to shift over the next half year, and for telling you that story as it comes along.

Looking ahead, and looking ahead to the next half year specifically, and to recap for those who are new to the Company, Jayride's mission is to provide seamless transport experiences for the traveller. At each step we have to really ask what that means, and then shoot towards it. Over the next period we believe the keys to making the traveller experience more seamless are, firstly, to be more accessible through the channels the traveller is already using, but secondly, and most importantly for the next period, to be available at the destinations that the traveller is travelling to, in that destination, that new market capture.

With that in mind for the following period we've been developing new traveller acquisition channels, including new partners, and new technology for rapidly launching new transport and new regions around the world. We talked about this in the Quarterly Business Review that went out with our 4C. It's our intent that the way that this should manifest in terms of growth is that in the current quarter the growth will still be largely driven by expansion in market share within existing regions. It will be the cultivation of the new channels and the traveller acquisition, the things that we talked about in the Quarterly Business Review, including the expansion of the business within existing partners and also with new partners that carries forward our growth for the Q3 FY18. But then from Q4 FY18 and onwards, you should expect to be seeing growth come from new market capture, including the launch of new airports and new international regions around the world.

As we spoke about in the Quarterly Business Review that went out with the 4C, it will be technology enabled events, and that's why we've been heads down and really focused on execution over the latest months, which is - look honestly, it's great to do. Coming out of the other side of our IPO to be head down and focused on technical execution is such a strong suit. Expect that execution to be done well and delivering further quarter-on-quarter revenue growth results within the current and next periods.

Looking further ahead, we remain excited by the market potential and the opportunity here. Every year more travellers are travelling around the world, while that transport landscape, remains hyper fragmented and hard to compare. There are new brands cropping up in new markets all the time, it leads to more traveller confusion, and more travellers needing to compare different transport solutions, so that they can get seamlessly to where they need to be.

As we step into that future, Jayride will be there, and will be helping those travellers to find trusted reviews, compare and access ground transport options around the world. We've very excited about it, and we're looking forward to continuing to grow that seamless transport for the traveller, going forward now as an ASX-listed public company.

That's a bit of a summary from me in terms of business metrics and milestones, and things to achieve. I'd like to hand over at this point to Peter McWilliam, our Head of Finance to give a high-level summary and then take you through the meaningful things that there are in the interim financials. Peter.

Peter McWilliam: Thanks, Rod. It's a pleasure to be sitting here with you and sharing the results. Today I plan to talk about how we think about financial performance at Jayride, and then to provide some insights into our Appendix 4D and the interim financial reports.

Rod spoke a little bit about how we're trying to make it very easy for investors to understand how we're performing as a business. The place where this becomes apparent is when you look at the statement of financial performance, because we've split out that statement of financial performance into different headings. The reason being is that as a growth company, in the early days you're not necessarily concerned about the EBITDA, you're actually concerned about some of your financial performance metrics closer up towards revenue, and then paid acquisition.

I'm going to go through the P&L, and cover off on each of those different points, and then talk about how we think about it. You'll notice that we've split out commission booked and commissions refunded, we've then got a gross profit line after that. The reason why we present these two numbers, rather than just showing a net commission line is because we have certain policies that mean that we refund commission to certain travellers and suppliers. We don't necessarily have to retain these policies into the future, we haven't actually done any testing in these areas, and so we're presenting it today, as it represents an area that we could potential improve in the future.

Below that we've then got gross profit after paid acquisition. This is the first area that we're really focusing on the business, because as revenue scales we can expect the paid acquisition cost to scale as well. You want to make sure that you've got a good healthy return after your paid acquisition. This primarily is where we've be focusing on the business as this point in time.

The next line after that is an operational and support cost. These are the costs that are required to actually help the business continue to trade. If for whatever reason there was a capital shortfall, you could scale back the growth costs, and you would just have these costs to keep the business continuing. We like to actually understand that number, because once we actually achieve a positive number there, the business will be able to continue to support itself going forward.

Then the final number in the growth cost. The growth costs, they include exec, and any kind of cost that's building an asset that business can leverage in the future. So that might be a channel, it might be technology, and so forth.

Now that we've actually covered off on how we think about the P&L, I'd now like to run through the performance over the period. The main objective of the business, as I said before, in the most recent period, was to improve our gross profit after paid acquisitions. You can see that to achieve this result you have to improve your commissions and fees booked. You can see that we achieved a 122% improvement after that, and then after the advertising and marketing costs you end up with a gross profit after paid acquisitions of - sorry, I'm a little bit nervous. You can see that we improved our gross profit after paid acquisition for the period, and that the efficiency in which we did this improved from negative 4.9% to positive 12.1%.

Now this is actually a great result for the Company, because at this point it means that every booking that we make in the Company basically contributes to the operational costs and the growth costs of the Company. Basically you'll note that during the period we actually accelerated our costs in both the operational and the growth costs and was primarily focused at improving the results in this area. We're going to continue to improve this result going forward.

The next line to look at is the gross profit after operations and support. You'll see here that the loss actually increased over the period from negative $478,000 to $801,000. But the capital efficiency - the efficiency in which the ratio of those numbers relative to the total sales improved from from negative 111% to negative 84%. This is a good result as well because remember before at the start of the conversation I said the first objective is to improve your booking profit after paid acquisitions, and then the next number is to improve your gross profit after operations and support, because at that point we can actually tread water if we need to in the future.

Our objective during the period was not actually to improve the performance in this number, we were trying to improve the gross profit after paid acquisition, but because we scaled our sales, because we got more efficient at the advertising - at our advertising marketing costs - we did naturally improve this number anyway.

The final number is the operating EBTIDA. The loss that we incurred in this area increased from $1.2 million to $3 million. In this number there's actually some non-recurring share-based payments of about $700,000. So, the number seems higher than what you'd expect anyway.

Overall my assessment of the financial performance over the most recent period is it was a strong performance. We achieved the results that we set out to do, we aimed to improve gross profit after paid acquisition, and we intentionally deployed further resources into improving this.

Going forward we're going to continue to invest in that area, and what we expect is that our performance within the gross profit after operations will improve as we scale, and as we get more efficient.

Apologies for the little bit of stumbling there, first time for me doing this, but we got there. Now I'd like to look at the balance sheet. After the funding round, we've radically improved the financial position of Jayride. We raised, after converting notes and share-based costs, we had about $8 million coming into the Company, and as you can see if you look at the balance sheet almost every number there has improved.

Our trade and other receivables has increased over the period, this is mainly because we had an increase in B2B sales, strong performance in that area. The numbers have increased a little bit there. If you go down to the trade payables, it looks like they've decreased relative to sales, that basically is because we were pretty short in cash at the start of the period before the funding round, we were a little bit slow in making some of our payments, but after the funding round we were able to speed that up.

In terms of future transport supplier payments, the number looks like it's come down, that's basically just seasonality. At certain times of the year people book well in advance, in the Christmas period there's a lot of travel that's occurring in those months leading up before Christmas, so that's why the number is down there.

Rod, that covers it for the financials.

Rod Bishop: Thank you, Peter. Thank you everybody for hanging with us on the call. Great to have your interest. At this point I'll hand over to the operator, and let's see if we can field some questions.

Operator: Thank you very much. Ladies and gentlemen, we will now begin the question and answer session. If you wish to ask a question today, please press star one on your telephone and wait for your name to be announced. If you wish to cancel your request, please press the pound or hash key. Just a reminder, ladies and gentlemen, if you do wish to ask a question today, please press star one.

Your first question today comes from the line of Charles Robinson from Bell Potter. Please go ahead.

Charles Robinson: (Bell Potter, Analyst) Hi, Rod, Charles Robinson here. Congratulations on the results, and Peter, it's always nervous I would imagine the first time speaking in front of people. A question from me, and I suppose there's two questions. The first is around what is the rate we can expect of I suppose gross commissions booked that will need to be refunded? There seems to be half on half sit around 18%/17%, and I was wondering if that's the number we should use going forward, and what drives that?

Rod Bishop: Two questions, or just the one for now?

Charles Robinson: (Bell Potter, Analyst) I'll ask the second one post that answer.

Rod Bishop: Okay, so I'll tackle this one. As Peter mentioned the reason why we call it out is because the commissions and fees booked is really the lead indicator, that's the top line number. The commissions and fees refunded is mostly a matter of policy, so to unpack what’s in there, travellers change their mind most frequently. Somebody with a certain travel plans one day will cancel, and the current policy that we have with travellers is that there's no cancellation fees of any kind. A different policy that we could have is a cancellation fee, which we would recognise in that line, if for example if there were cancellation fees that would not reduce our revenue and our GP.

Similarly, in the instance where maybe something goes wrong with the transport company side of things, as a marketplace you do rely on your suppliers a lot in order to fulfil, and in a small amount of cases maybe there's a limit with availability, or some operational problem. It's the real world, traffic, who knows what could happen, which causes a transport company to not be able to fulfil. Again, at the moment the policy is, in that case, we refund the traveller in full, but we also don't charge the transport company any penalty or service charge for being unable to fulfil. Whereas again as a policy we could recoup some fees from the transport company in the case where something went wrong.

The reason why we call it out is because there's a lot of policy that goes into it, and we've got a number of levers we can do to move that line if we decided it was important to do so. I'd say that in the go forward, as we continue to optimise the return on investment of every individual transaction, you'd expect to see some movement there.

With regards to modelling, and if you wanted to take a conservative view, I'd say that what you see there in the half year just continue that forward. We're comfortable with where it is representing at least a baseline of behaviour, and then on a go forward basis we'll see what we can do to make movement.

Charles Robinson: (Bell Potter, Analyst) Okay, thanks a lot, Rod. The second one is more I suppose linked to the output of that is what are you seeing around customer churn in terms of how many people that book are reusing the service in terms of multiple trips? They might go to the snow in the middle of the year, and then they may - in Australia, and then they might book again to go somewhere else later in the year to the beach. What's the churn like or the percentage of customers reusing services multiple times?

Rod Bishop: You missed a couple of other exciting retention ones there, for example, travellers who use our service regularly to go from their home to the airport, having worked out exactly how to do it, they repeat purchase. Also travel agencies of course with regular VIP customers who will completely reuse the service, and these sorts of customers are retained. Now unfortunately we don't declare lifetime customer value, and we don't declare traveller retention, but suffice to say, yes, it's a key moving part in the business.

You can imagine yourself as a traveller and the kind of behaviour that you've got, once you've worked out something that works, a marketplace that you use, or an online travel agency that you use, yes, so long as it continues to succeed for you, and so long as that platform continues to care about your experience as a traveller, you'll continue to use it.

Unfortunately I can't share numbers with you today, but I can say that it is a key aspect of the business.

Charles Robinson: (Bell Potter, Analyst) Yes, I appreciate the comment around not sharing numbers. In a trajectory sense is it improving, are a greater percentage of your annual trips coming from repeat customers?

Rod Bishop: I think a place to get an insight here, is just to look at that return on advertising and marketing. Although we don't say what the drivers are, you can see that it's radically improved. The amount of - in the previous period, actually the corresponding period it was actually a loss after advertising and marketing, we were investing in some market development and now these days obviously we're in a better spot, a much-improved spot. You can assume that it's all do to with how well we serve the traveller and the kind of access we've got to cheap channels of customer acquisition.

Certainly, traveller re-acquisition, that is, re-cultivating an existing relationship, is always going to be cheaper than building a new one. These sorts of things are the things that feed into our advertising and marketing effectiveness.

Charles Robinson: (Bell Potter, Analyst) Okay, thanks Rod.

Operator: Your next question comes from the line of Barry Dawes from Martin Place Securities. Please go ahead.

Barry Dawes: (Martin Place Securities, Analyst) Hi Rod, Peter. Thanks for your contributions. I find this a really fascinating example of one of these software as a service business. The growth rates you've achieved over these half year periods have been very impressive. The discussions that we've had about adding airports, which basically gives you access to more passengers, and just getting the normal growth in the business itself, what do you think this is likely to give us in terms of top line growth over the next couple of years? Do you have a view? To do 100% period on period is impressive but having access to a global market certainly doesn't limit you to smaller numbers than 100%. Do you have some views on that?

Rod Bishop: Thanks, Barry. The market is a big market, we've got 7.7 billion airport passenger trips going to and from airports every year around the world. However, today in terms of market access ¬– that is the number of passenger trips that Jayride could conceivable service given that 500 airports that we're at – it's only 29% of global airport passenger movement. By expanding out to new airports around the world, there's at least another 260% of potential passenger trips that we'd be catered to service. That's the market capture portion of our growth strategy, when we talk about going new places in order to serve new travellers.

If you were of the mind that for some reason Jayride's density, or market share relative to other players at certain airports, is unlikely to increase for some reason, if you were of that mind, if you were taking a conservative view, you could still confidently state that it's clear that Jayride doesn't serve all of these other airports, and if we go there then we'll get another 266%.

But also, it's market share, and market share capture. In the investor presentation that we put to market just now, we highlight Jayride's performance versus the market at top airports around the world. This is top airports that we service. When you look at, for example, LAX, SFO, these sorts of destinations, we're rapidly, rapidly outpacing the market growth there. The market itself is growing, but our market access is growing much faster.

To pick one at random, John F Kennedy Airport in the US, it's in New York, the market there grew at 0.7%, and we grew our market share by 254% over the corresponding period. 254% at a single airport, and for what it's worth we've already been in the US by that point for that period for 12 to 18 months. You can see that the growth is not slowing down even in the short term.

In terms of what we can expect going forward, definitely we think that the most immediate and easiest notes to hit are new market access. There's just so many destinations out there that our existing travel partners, being it a Flight Centre or Amadeus, or the existing B2C channels like paid and organic acquisition, want. The same partners and the same channel access strategies will work no matter where we are, and so it's just about getting into those new places.

In terms of getting it done quickly, that's the technology work that we're doing. For us it's really important to be able to cheaply and quickly access new supply and new regions. The traditional way that this has been done by old travel wholesale companies where they have their CTO talk to somebody else's CTO, and negotiate an implementation of something, and it takes tens of thousands of dollars and months to get a single transport company on board, this doesn't work, especially not if Jayride's going to target the next 2,000 ground transport companies at the next 500 airports.

The technology has to be in place to make sure that it's cheap and seamless and fast. That's what we're building now, and that's what then we'll be deploying to get those commercial runs across the next markets.

In terms of absolute percentages, we grow double digit percentage quarter-on-quarter, every quarter, and have done for 18 consecutive quarters, and I would say please expect that to continue. Then in terms of how fast, this is not an announcement we've made today, but I guess look forward to the next 4C, and we'll continue to keep you guys informed.

Barry Dawes: (Martin Place Securities, Analyst) Rod, just in terms of accessing those new customers, when we talk about increasing the technology coverage. Is this modular, or is it incremental? Is each additional airport essentially cheaper than the one before? Is that the way it works?

Rod Bishop: Great, that's a great question. The legacy technology that we've been using for example in the US, within a single region, has no problem to add as many airports as you want. But then starting to think internationally you start to encounter new problems, for example, new languages, new currencies, all sorts of other little localisation concerns, different town names, different character sets, different cross-border journeys, all the different problems you can conceive: It gets hairy on the ground.

Our ability to do that really quickly at the moment is about just enhancing the platform ahead of those launches, making a one-off commitment to improve the technology, so that each time then when we go into a new region, a new country, a new destination, there's no incremental ¬– or at least no incremental technology costs – incurred. It purely becomes about new business development, outreach to new transport companies, the sales and marketing engine, essentially.

That's the commitment that we've made. Now we're using the Pre-IPO funds and having been using them for quite a while now to build that out, and it's not far away. We're looking forward to putting it in play.

Barry Dawes: (Martin Place Securities, Analyst) Is that likely to happen within this next financial reporting period, that is in the June half? Or is further away than that?

Rod Bishop: Yes, expect the first new region before the end of Financial Year.

Barry Dawes: (Martin Place Securities, Analyst) Rod, can you talk about margins, and any - and how your competition might be affecting your margins?

Rod Bishop: In terms of margin percentage, in terms of GMV?

Barry Dawes: (Martin Place Securities, Analyst) Just general.

Rod Bishop: No downward margin pressure that we can see today. The ratio between Gross Marketplace Value, that's the retail fees that we book, compared to the commissions that we then account for as Revenue on our P&L, the ratio increases over time. You can see that in the half yearly report, that the ratio of commissions and fees booked to GMV, or Gross Marketplace Value increased in the corresponding period between - it was 22.6% and it has increased in the current half year to 24.2%.

It's fair enough to pay attention to see competition leading to margin compression, and the short answer is no, we're not seeing any of it. I think the reason why is that this value proposition that we've got of largest aggregator of most transport companies has so much value in it, that simply access to the transport companies is not causing anyone necessarily to be concerned about the margin in the business.

Also in terms of competitive landscape, the major competitor for Jayride is offline channel. We're not concerned about any online competitor having any large market share to be concerned about. It's not a price war, versus any online competitor. What it's about is it's about making sure that the proposition for online booking is so compelling that people who currently don't consider arranging their transport ahead of time, people who just turn up in market and chance it, that it's so compelling that they instead choose to book online. Again, this is not necessarily a price battle, it's a battle of seamlessness, a battle of access. The idea being that people possibly can pay the right price for a thing online is new, and so the margin compression is not a concern there. I don't expect there to be in the near future.

Barry Dawes: (Martin Place Securities, Analyst) Rod, you talked about being the largest aggregator in the market, that's in the global market?

Rod Bishop: Yes, that's right, we're not aware of any other marketplace aggregator with more direct transport contracts with more transport companies than us.

Barry Dawes: (Martin Place Securities, Analyst) Is there some way we can quantify that? Let's say you've got some figure of 20%, whatever that number is, whatever it means, and the next guy has got 2%, is it going to be something like that, or you're just on your own in what you're doing?

Rod Bishop: Well the number that I'm talking about there is the 2,000 and more direct contracts that we hold with ground transport companies around the world. These are real companies, we've directly contracted all of them, and it's that level of aggregation, bringing all of that data into a single data repository, so that other people can sign on and interact with it through a single integration. That's the thing that when I say it's the largest repository of airport transfer information, that's the thing that I refer to.

You can conceive it I guess conceptually like this, you can say, are you aware and can you find any company out there that compares to your airport transfers to and from new destination, to and from every airport on earth. There really isn't one. Certainly as we grow out towards that objective, which will be the next years of work, but as we grow out towards that, I don't foresee any other company getting there first. In terms of our ability to scale those contracts, and maintain that advantage, it's technology empowered and we're up for it, we're looking forward to making it happen.

Barry Dawes: (Martin Place Securities, Analyst) Yes, there's so very impressive numbers, so well done, Rod. Is there any benefit from being in Australia, does the market place recognise you as from Australia, or is it just a global service?

Rod Bishop: That's a really good question, and I'm glad you asked it. It's very important I think as an Australian company to be international from day one. The thing about being in an Australian market for those companies that realise that you have to be international, is you can from day one build the competencies of being an international business. You bake it into your bedrock so to speak, it's in the culture, it's in the values, it's in the bricks and mortar.

The way that that manifests in a company like Jayride is that all of our US market expansion has been done without any boots on the ground at all. Not a single person in market doing sales, market development, at all, not once. Everything has been done remotely, remotely from Jayride's head office here in Sydney, but also remotely from our outbound calling teams in the Philippines, and these sorts of connections.

Building that competency of being a truly international business from day one, I think it actually comes easier because Australia is not a sizeable market. You can imagine a US company facing the same technical challenges, facing the same market challenges, choosing to stay as a US business indefinitely, whereas it's not the choice we ever could make. Actually in a way in terms of team and culture and values, I think it really enhances us. It terms of then our presentation to the world, the world of transport and the world of travel, we don't present as an Australian business necessarily, we present as an international one.

A small tangible example for you, Philippines based callers have great American accents, and they never say where their head office is from, speaking to Americans as if they're Americans. It feels like a local sales and marketing pitch to them. We like that, and we hope to continue that as we go to new regions too, be it the rest of North America, be it Western Europe, to continue to feel like a local online travel agency there to get some bookings for the transport company.

Barry Dawes: (Martin Place Securities, Analyst) Got a final question from me, is there any one company that you might have modelled yourself, on, or that you would aspire to, a familiar name to the market place with a global name? Is there any group that you would say, yes, I've learned so much from that one and I'm following it but in my sector?

Rod Bishop: I like to talk about Booking.com a lot, I like to talk about the Booking Holdings Group, formerly Priceline Group. I like to talk about Expedia. For a local Australian market example I like to talk about Webjet. But picking one, let's stay just on the Priceline Group, the Booking.com model for a moment. There's a multi-billion-dollar aggregator of a single vertical selling just one content category online to travellers, where the experience is, it's a beautiful experience. As a traveller as you're retained, because you understand it and you come back. You value their expertise, and you go there because it's the only true source of real reviews, and it's the only true source of all the best content, so that you just know that you can get taken care of every single time.

We model ourselves on international success stories like that, to be the specialist expert in a single niche vertical, and just really nail it, so that if you're a smart and savvy traveller, and you understand what good looks like, you can come, and you can come back to us. You can count on us to be the place that gives you the best reviews, the best transport in every destination around the world.

Each one of those companies is, if not already a multi-billion-dollar company, a potential multi-billion-dollar company, having nailed just a single vertical. We see that transport is large enough and global enough and fragmented enough that a marketplace like those models can apply to transport too. That is the business that we're building and we're really excited to push it forward.

Barry Dawes: (Martin Place Securities, Analyst) Thank you.

Operator: Your next question comes from the line of Adam Dellaverde from Taylor Collison. Please go ahead.

Adam Dellaverde: (Taylor Collison, Analyst) Hi guys, thanks for taking the call. Just a couple of quick questions. The first one is on the technology, you've mentioned in the bid, and I think you drew out a little bit more in the last questions, but can you talk maybe some milestones on what needs to be achieved in the next say six months, and what that unlocks for you in terms of geographic or technical capability?

Rod Bishop: Yes, sure. We've talked about channel partnerships in the 4C, and we've also talked about transport expansion in the 4C, so I can tease out to those a little bit.

With regards to the channel partnerships, we have a publicly available API, and a lot of the partners are looking at that. We talk very strongly about the fact that that API can give our partners access to transport companies all over the world with a single integration, one API to integrate, one contract to hold with us, and then you the channel partner get access to 2,000 transport companies and more at 500 airports around the world and growing. Making sure that that API is fit for partners, it's not free, you want to make sure that every partner is well served. When a partner comes to you and they say, this looks fantastic, but can you enhance this using methods A, B, and C? Whether it's enhancing the way that certain content is presented or enhancing the way that the implementation can be executed, testing environments, these sorts of things. It's worth investing, because it helps, and eases, and streamlines, the path to new installed travel partner acquisition. Definitely that's the kind of technology milestone to hit, continuous enhancement of things like channel acquisition.

Then on the transport supply side, so we talked about it and we've mentioned a little bit of the detail there, that the purpose of the work that we're doing now to build out our transport infrastructure, is to make sure that internationalisation can be done more rapidly. That work – in the style of good software companies everywhere – that work is never finished. We're going to continue to incrementally enhance that in the long term, by getting over that initial hurdle of really building some things that we think are key to the first international market releases. I say first beyond obviously the ones that we're already in. Getting that technology built and done, and out to really streamline that new market acquisition, is a matter that we've been working on since the close of the Pre-IPO, all through the last quarter and currently. I've already mentioned, I think it was asked, that we would expect that to be manifesting into the first new market releases in the near term.

These are the milestones to hit, and then going forward from there, incremental enhancement of existing platform is key to highly-scaling growing technology companies. As an example of something like this, and for those familiar with marketplaces, it will be no news to you, there's unlimited value to add in enhancing per session value, conversion rates, average order values, customer retention, lifetime customer value. Each one of those things can have a product scope pointed at it, and a new feature release to enhance it. That's a really major ongoing part of the work and looking forward to continuing it.

Adam Dellaverde: (Taylor Collison, Analyst) Great. You talked about not having feet on the ground in the US, but if I look at a channel partner like Flight Centre where at the moment your network serves a certain percentage of their traffic or their transactions let's say, does it make sense once you're over this technology hurdle to think about ways to better leverage the existing channel partner basically capturing more of their share of wallet? Or are you more focused on, once we get to a certain milestone in the US, we can look for a channel partner in that region and hit a big chunk of volume in that way, or maybe those two things go hand in hand at the same time?

Rod Bishop: Really good question. Yes, the best way to think about this is similar to how you might think about Webjet. Webjet talks very often about source and destination markets, and how they're different, and they're for different purposes. A source market being the place that you can develop the majority of your channel acquisition, the majority of your traveller acquisition, and then the destination market is the place that they travel to. Crucially, source and destination, they're not necessarily the same, although they'd expect that one would leverage off against the other.

When we talked about market expansion just now, we're primarily talking about destination expansion, and that is absolutely fit for purpose for our existing channels in existing source markets, for example, you know yourself booking through a Flight Centre travel agent or online, for travel in Uruguay, we can we be there with a destination market - I just picked a random country by the way, we're not necessarily considering Uruguay. Can we be there in destination so that you the traveller can be served?

This is the way that we think about these things. When I'm talking about the fact that we've done market expansion in the US without any boots on the ground, I'm most especially mean destination expansion. Getting all of the airports served without having to go in-market to contract. Similarly we can do that around the world, expand destination markets around the world.

Now in the medium and long-term, is there conceivably a place where Jayride might like to have branch offices and cultivate source markets in other international locations around the world? Potentially, yes, potentially. But I wouldn't say that that's something that there's an announcement on, or anything to talk about today. Today the focus is on destination capture, that market capture, and making sure that we can serve travellers everywhere they are.

Adam Dellaverde: (Taylor Collison, Analyst) I guess in your marketing, we think about marketing leverage, I know you don't disclose a lot of numbers, but intuitively if you have a channel partner who is pushing a whole bunch of volume through you, is that more lucrative in the short-term to expand the percentage of their traffic that you can capture, versus maybe going and finding direct travellers through paid acquisition? Or are you getting such great leverage on the paid acquisition that there's a parody of some sort?

Rod Bishop: These are really, really good questions. They both have pros and cons. They're both great in their own ways.   Obviously, the leverage that you can get out of a large contract like a Flight Centre, as global preferred supplier for Flight Centre we've got opportunities to present new content and new destinations through Flight Centre. Flight

Centre has the ability to over time gain even more value from us just by our presence, and ability to serve travellers, in new places. That's definitely one of the drivers.

Why new destinations? Because we have existing channel partners who are clamouring for them, they're demanding them from us. But the second thing then in terms of the B2C channel, which is obviously major and although we don't intend to declare it going forward, it is declared in the prospectus that it is the major channel. This has all sorts of positive benefits too, for example, it's a branded channel, the Jayride brand is present, we have a direct engagement with the traveller, we can remarket to the traveller, we can retain and cultivate that traveller. Maybe that first cart is not a very exciting cart, but then the long-term benefit of what we can potentially do with retention, and again I guess I've already alluded to that, and you can see the change in our marketing cost relative to revenue, a lot of that being about cheaper customer acquisition through B2C channels. This is a great potential too.

Again similar if you're looking for guidance into where we're going, it is still a very similar model to what you might see with the Booking.coms, and the Expedias, and the Webjets of the world, who also don't declare their B2C and B2B splits, but are majorly in both. It's because they support each other in very strong complementary ways.

Adam Dellaverde: (Taylor Collison, Analyst) Okay. With the channel partners, do you have a rate card of something where if they hit volume thresholds they get overrides, or a lower revenue per customer, or a higher revenue per customer? Is there anything like that, or is it just a flat commission per transaction?

Rod Bishop: Everyone is different. I would make a point of just saying flat is very common, but also - it's common as a large travel brand also to ask for override. But we don't declare that level of details or splits in our structures with these guys.

Adam Dellaverde: (Taylor Collison, Analyst) The economics are dissimilar depending on what channel you scale, is that right? It sounds like it might be a bit more expensive initially in the B2C channel, but you're seeing longer term benefits from retention?

Rod Bishop: Yes. Each channel is different, different models of traveller acquisition, you could assume there's always at least some cost, although maybe it's organic search, and that cost is very marginal, maybe paid search and it's slightly larger, but then you're looking to retention. Whether it's CPC on a per click basis; or CPM through a display network; or CPA as cost per acquisition, looking at an affiliate partner, or a travel agency relationship; all have a different structure. But you can see that the trend is your friend, and that the trend is moving in the right direction, and long-term cost of customer acquisition will continue to be a key area of focus and a place that we strive to make improvements in.

Adam Dellaverde: (Taylor Collison, Analyst) Great, thank you.

Operator: Just a reminder, ladies and gentlemen, if you do wish to ask a question today, please press star one, thank you. Your next question comes from the line of Daniel Smith, please go ahead.

Daniel Smith: Hi Rod, we've met before. I've been looking at some of the larger partners that you've contracted, Flight Centre, Rome2Rio, Expedia, and looking at what further partners you expect to find in Europe and globally.

Rod Bishop: Sorry, Daniel, so the question being can we name other partners that we're looking to make relationships with in the future?

Daniel Smith: Yes, which ones are out there, if you can't disclose which ones you might be working on, which are the ones would you like to get in the future?

Rod Bishop: I guess we'd like to get all of them, not to be too flippant. We think it's a universally attractive and applicable platform, so thinking ahead, in terms of logically dissecting the market, if we're having very good success with Flight Centre, who would we logically be able to make the same offering to as Flight Centre. Similarly if we're having very good success with Amadeus, or with Rome2Rio, there are alike platforms out there. There's a handful of GDS, a handful of large meta-search agencies, a handful of large online travel agencies, offline travel agencies, journey planners, wholesale brands. We can each look at the market and we can see the opportunity, there are any number of these companies, and they all face similar problems. It's just a matter of cultivating them over time.

The cultivation works in two ways. You've got obviously working internally to cultivate additional business through existing partners, but then also the cultivation of new partners. At each point you just want to be assessing what is the lowest hanging fruit. You can see over the last six-month period we've focused heavily on expansion within existing partners.

We haven't necessarily made new announcements about very large new partners that we've signed, but then that said we're definitely nowhere near having maximumly leveraged our relationship with our existing partners. It's one step at a time, and it's always forward movement, it's always about just dissecting which is the very best next step. Yes, I don't know how directly I answered your question there, Daniel. But I think it's easy to look at who is out there and assume where or not it's a logical fit for us. We're doing I think the same analysis internally as you would do.

Daniel, did that help you, mate?

Daniel Smith: Yes, that's an interesting answer. Thanks.

Operator: There are no further questions at this time. If you did not get the opportunity today to ask a question, or if you have any follow up questions, you may email them through to Rod Bishop corporate@jayride.com. I repeat that's C-O-R-P-O-R-A-T-E@J-A-Y-R-I-D-E.COM. I would now like to hand the conference back to today's presenters. Please continue.

Rod Bishop: Just to wrap up, thank you, those were very good questions. And if I am to loop back to the start of the call, I'm very thankful for your time today. Thank you for attending. It's been a really interesting opportunity to present results to you in a brand-new forum for us. I'm interested in your feedback on the forum. I'd like to know whether or not this is a thing that we should continue going forward, and if you guys have found it valuable then please let us know.

Also I'm interested in your feedback, and Peter and myself together, interested in your feedback on the new presentation method of our profit and loss especially, but financial accounts in general, and whether or not that more easily communicates to you the key areas that scale, and the key areas that don't scale, and the key ways that we're investing in further growth of the Company. We've taken a lot of feedback, and we've made a lot of enhancements, and we look to continue to do so.

Thank you very much. It's been a great opportunity and we look forward to being in touch with you again soon.

Operator: Ladies and gentlemen, that does conclude our conference for today. Thank you for participating, you may all disconnect.

END

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About Jayride Group Limited

Jayride.com provides seamless transport experiences for travellers by allowing them to compare and book airport transfers around the world. With Jayride.com, travellers can compare and book with 2,000+ transport companies, servicing destinations from over 500+ airports across the US, UK, Ireland, Australia, and New Zealand.

The Jayride.com platform aggregates airport transfer companies and distributes them to travellers at Jayride.com; and via partnerships with other travel technology platforms, travel agencies and wholesalers. These partners implement Jayride.com APIs to sell airport transfers and add new incremental ancillary revenue to their travel businesses.

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

For more information, please visit www.jayride.com

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