JAYRIDE

ASX Announcement

31st July 2023

Quarterly Business Review Call Transcript

Jayride Group Limited (ASX:JAY) ("**Jayride**" or the "**Company**") the world leading online travel marketplace for airport transfers today releases the transcript of the Jayride Quarterly Business Review Presentation held on 27th July 2023 at 2.30pm AEST.

Start of Transcript

Rod Bishop (Jayride Group Managing Director): Jayride is pleased to present another growth quarter towards our objectives of 1 million passenger trips booked per year at $10 net revenue each, and cash flow positive. Right now, Jayride is delivering on the anticipated Q4 to Q1 Northern Hemisphere summer peak season.

Q4 concludes FY23 as Jayride's biggest year yet. We grew 99% versus FY22, and are set to grow again in FY24 ahead. June 2023 grew to a record high of 75,000 trips. July to date is larger than June, up 77% versus the prior corresponding days of July last year. And we have a positive FY24 outlook on the basis of that momentum and also key business improvements that we've delivered.

On this call, I'll show you some of those business improvements that we have delivered to make Jayride, in FY24, even better, as we go towards achieving cash flow positive for FY24.

If there's one thing for you to take away from this call, it is that travel is back, and our opportunity to be cash flow positive for FY24 and to become the world leader in rides for travelers is right here in front of us. We have completed FY23 with momentum, and set ourselves up with a suite of new business improvements to deliver a great year.

Good afternoon, and thanks for coming.

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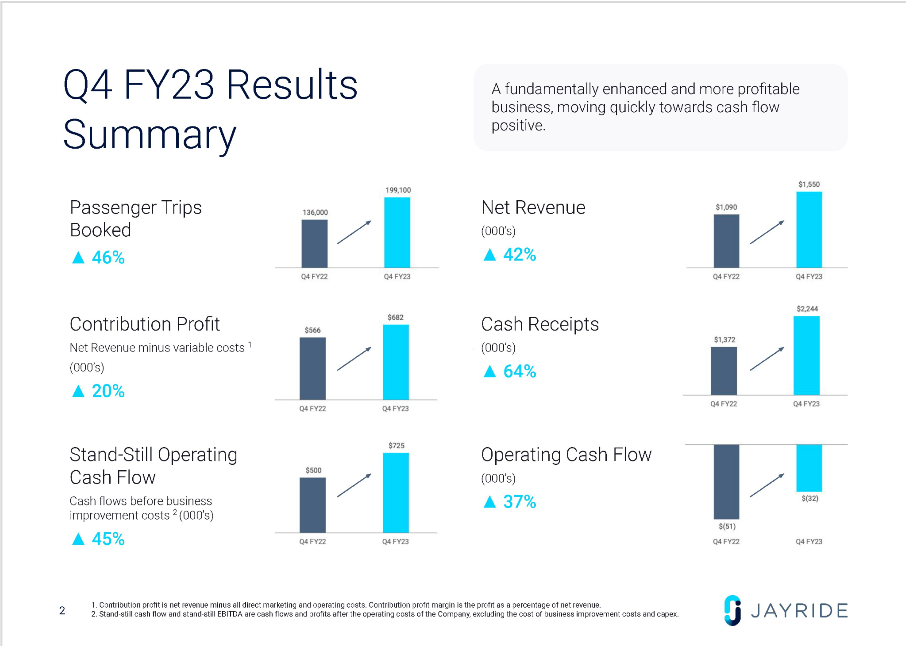
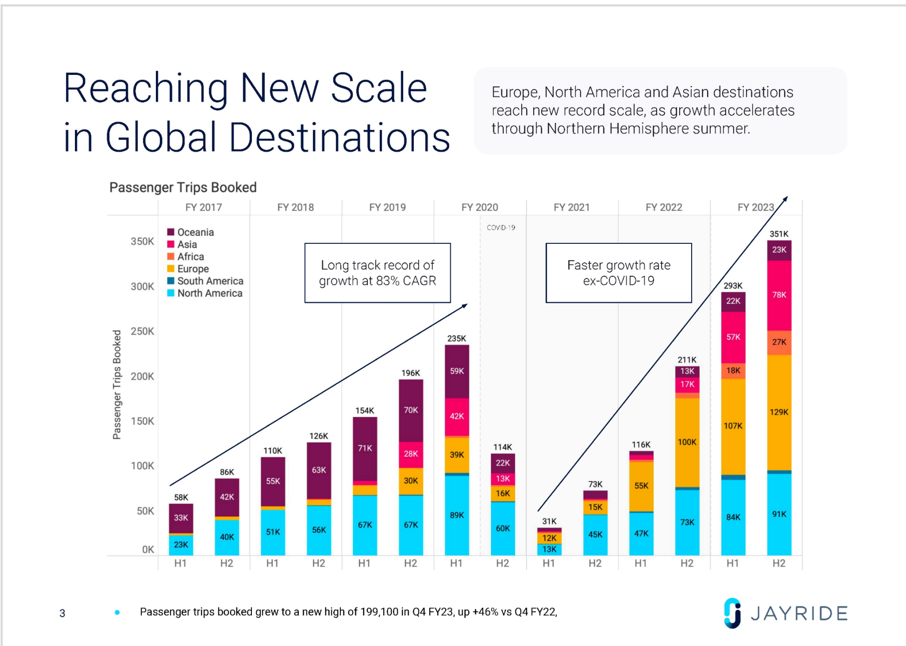
Today, we've released our Quarterly Business Review and Appendix 4C. It covers the quarter that was, and also sets the scene for the year ahead.

On today's call, first, we'll cover the quarterly results. Second, Peter will take us through how we're converting those results to cash. And then third, I'll talk about the latest improvement initiatives that we've shipped, the latest trading, and the things that will drive our growth to cash flow positive for FY24.



First, our quarterly results for Q4. Passenger trips booked grew to a new high of 199,000, that's up 46% versus the prior corresponding period. Net revenue also grew to a new high of $1.55 million, that's up 42% versus the prior corresponding period. Contribution profit grew to a new high of $682,000, that's up 20% versus the prior corresponding period. Cash receipts from customers grew to a new high of $2.24 million, that's up 64% versus the prior corresponding period. Stand-still operating cash flow grew to a new high of $725,000, that's up to 45% versus the prior corresponding period. And operating cash flow has improved to a new high of just $32,000 loss for the full quarter, and that's up 37% versus the prior corresponding period.



Within that, Europe, in particular, increased 104% versus the prior quarter. And for the half major regions, U.S., Europe, and Asia have each now reached new high levels for the half. The laggard being Oceania where more growth is required and we hope to crack into that in coming quarters.

Volume for the Northern Hemisphere summer peak season started really strong in April, up 75% versus prior April, and it tapered a little in May and June, which were up 31% and 43%, respectively. So although June was our biggest month yet, it was actually less than we anticipated and the result is as a result of Asian destinations where trips did remain flat in Q3. It's our first year of trading in Asian destinations, and we're still learning more, I think, about some of the regional seasonality and also being selective on where the bookings are the best in order to build up attractive unit economics.

Still, a record quarter, and these results are a direct outcome of the strategies that we've been implementing to capture more volume and enhance our unit economics. We've significantly enhanced our offering over recent quarters with major business improvement initiatives that will drive growth across the period ahead, including launch of the multilingual website, ride tracking for drivers and the upcoming launch of our agents portal. There's a list, and I look forward to expanding on that list later in this call.

Also alongside that growth, we are carefully managing our cost base. We look forward to a larger and cash flow positive in Jayride for FY24.

I'll now hand over to Peter to talk about how we are converting this result into cash.

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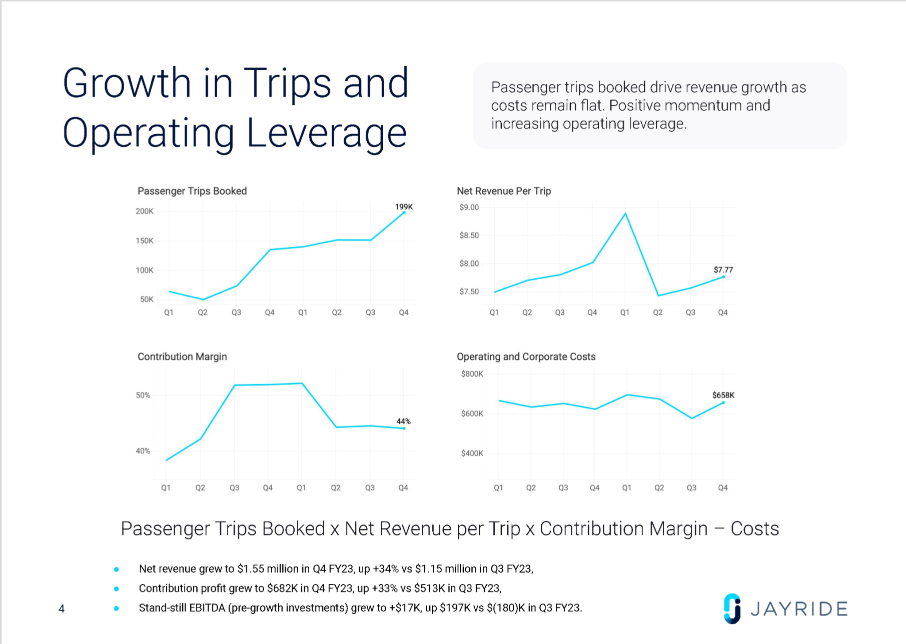
Peter McWilliam (Jayride Group Chief Financial Officer): Thanks and good afternoon, everybody.

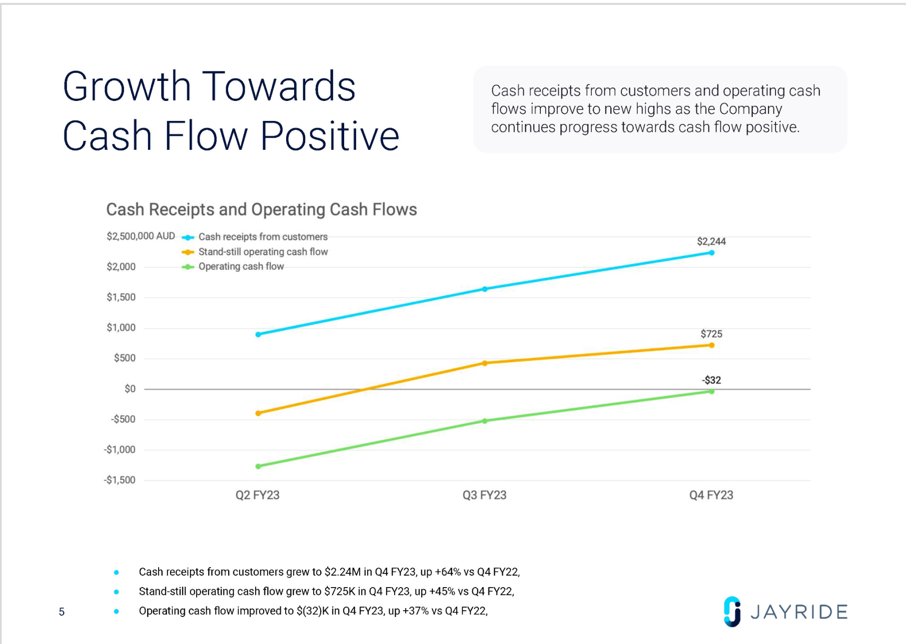
Over the last 12 months, Jayride doubled its business whilst keeping its operating costs flat. It's translating into more cash and has allowed us to run elevated levels of growth investments across FY23.

In FY24, we expect to benefit from our FY23 growth investments whilst also rolling those growth investments out of our cost base. The effect of these investments and the wind back will be a cash flow positive result for FY24.



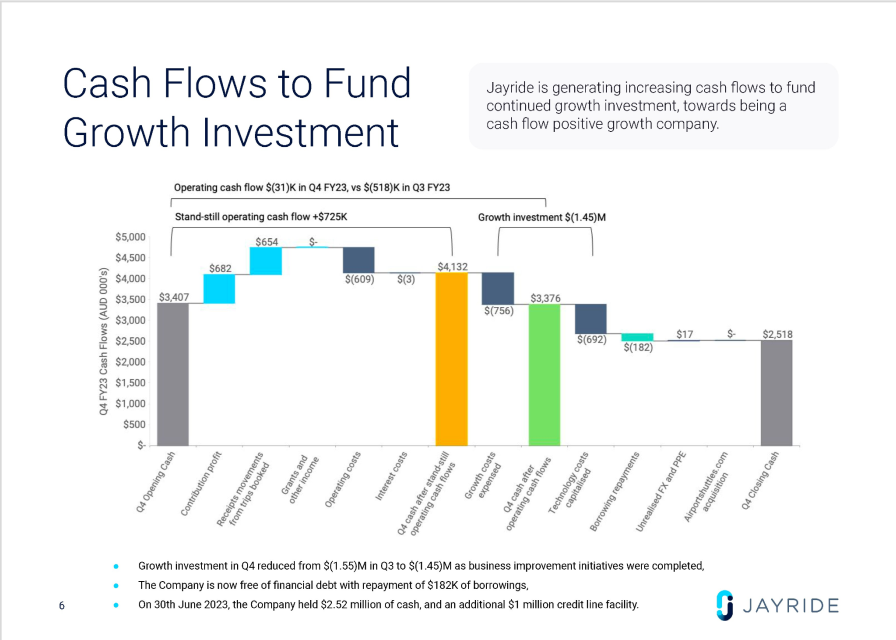
On screen we have our performance dashboard. Improvements in passenger trips and the net revenue per trip resulted in contribution increasing to $682,000 this quarter, up 33% from Q3. Operating costs remained range bound. When considering the future performance, I want to draw your attention to the top left chart and the bottom right chart. We have a track record of demonstrating operating leverage.

Let's now take a look at the high level cash performance chart.



On screen we have a high-level summary of some key cash measures over the last three quarters. It shows strong cash momentum that, ultimately, led to record results for cash receipts from customers, stand-still operating cash flow, and operating cash flow. The key takeaway here, though, is definitely the progress we've made on operational cash flows. In the last quarter, performance increased $486,000 to be slightly short of breakeven.

Let's now have a look at the waterfall chart.



This chart shows Jayride's underlying business is making good progress towards being able to self-fund its growth investments. Stand-still cash performance of $725,000 substantially covered the non-capitalized growth investments of $756,000 to deliver record operating cash outflows of $32,000.

The company's record, $725,000 stand-still cash flow result was built off strong receipts movements from trips booked and contribution growth shown in the light blue bars. This result follows a solid Q3 result, which when combined with the Q4 result, produced $1 million of standstill cash flow across 2H.

During the period, the company invested $1.45 million into long-yielding discretionary growth initiatives following the $1.55 million invested in Q3. We expect growth investments to move towards $1.25 million per quarter in future periods. These investments are expected to accelerate growth and improve unit economics in FY24.

As at 30 June, the company has $2.5 million of net cash and access to an undrawn $1 million working capital facility.

Before handing back to Rod, I'd just like to highlight once again that the company doubled over the last 12 months and did that without increasing its operating and corporate costs. The business has strong operating leverage.

And with the investments made to enhance FY24 results and costs rolling off, we are set for a big year ahead.

Thank you for your time today. Back to you, Rod.

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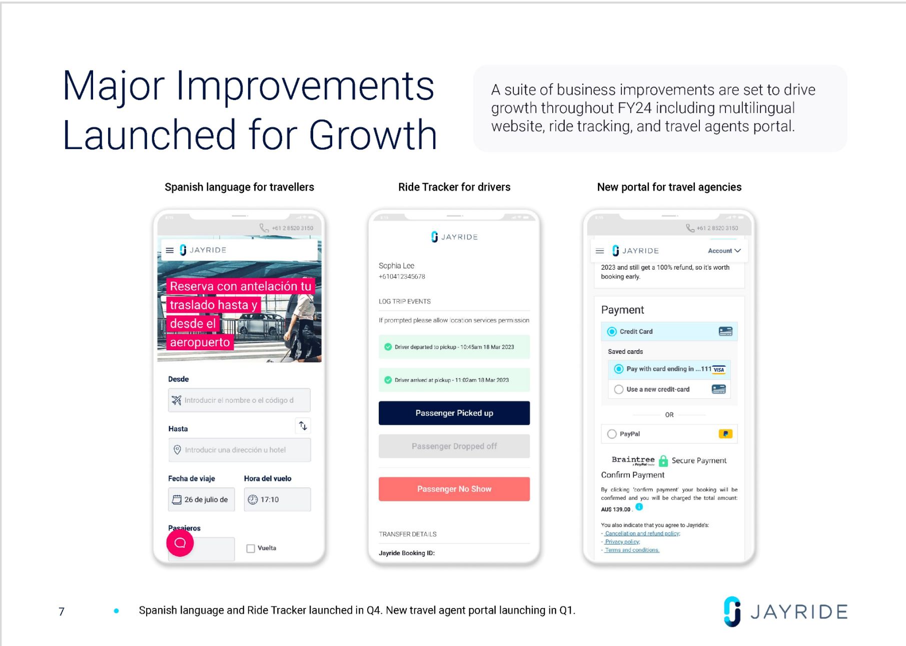
Rod Bishop: Thank you, Peter.

Okay so, why are we so confident in FY24? Travel is back and we have some major launches of business improvement initiatives that set the stage for the next leg of growth in Jayride.

I get to now talk about these initiatives, also our latest trading and outlook, as the things that will drive our growth to cash positive for FY24.

First, business improvement initiatives. Our strategy since November last year has been to temporarily ramp our investment in the delivery of some key initiatives, that accelerate our path to cash flow positive. And as those initiatives launch and we accrue the new business we, at the same time, roll off some of the incremental costs of the delivery.

Accordingly, our growth investment grew to a peak level in Q3, rolled off a little into Q4. We're set to roll off a little again as we look forward into Q1, while, simultaneously, we progressively bring to market significant enhancements to our platform that are really going to drive performance.



Let's talk about those initiatives. There are many. There's the rebrand, there's the acquisition, there's the optimization of rates and coverage in Asia that we've covered in previous quarters.

For this call, I think I'd like to focus on the three that are most cutting edge.

First, with the expansion of our European focus, this includes our trading team in Europe and our local marketing talent in the UK. It also includes the launch of the company's multilingual Jayride.com website and the first localization into Spanish language, which launched during Q4.

This is converting well from our travel partners who send Spanish language customers, and it has the ability now for us to launch further European languages across FY24 to improve conversion rates and to increase our total addressable market in Europe and Latam.

The second is really interesting, I think, too. Ride Tracker for Jayride.com transport companies, which we launched at the tail end of Q4 in the final two weeks of June. What this does is it allows location of drivers to be tracked for travel brand partners and for their travelers so that it improves their traveler experience. Ride Tracker incurred some additional costs in Q4, and it's one of the things that we save money on now in Q1. And I'm proud to say that since launch, one major travel brand partner has now increased their quote request to Jayride by over 100%.

It is worth spending a minute on how this looks and how this works because it's fundamentally new for us. We always send the transport company a booking like normal, but now we include the ability for the driver that the transport company assigns to track their location as they fulfill the booking, and we send that location feed onward to our travel brand partners so that they are able to get that same information within their applications.

Just to spend a minute and make it really simple. In time, if we continue to develop this, this enables any travel brand partner to have an Uber-like experience within their own application. And that could be any travel brand, from Booking.com to Flight Centre to Ryanair, can have driver locations within their own applications. It's just a fundamentally improved travel experience, and there is a lot of scope to grow this in the future.

Third and very straightforward here is Jayride.com's new portal for travel agencies which will launch shortly this quarter, I say, Q1 within the next seven to twelve days. This will bring a significantly enhanced offer to our travel agencies and agency brands. Since pre-pandemic, we've had a small but very good travel agents business local to Australia and New Zealand, but it was an old platform that predated our global rollout and this brings it into the modern fold of our current platform.

There's two reasons why this is important. One, travel agents are great, they are high-value repeat bookers and we like working with them. And two, they've been missing out on all of the investments and all of the equity that we've built into our Jayride.com website over the past few years. With this new release, our agents get all the features of the Jayride.com platform that we've already built, the special vehicles, service classes, the add-ons and extras, coverage, prices, self-service – and we get to expand our agents' business outside of Australia and New Zealand brands only and to global agency brands, including in U.S. and Europe, where they can use features like multilingual.

It's significant because this is an incredible increase in the total addressable market for the channel, and also they get to work on a much more fully featured high-quality service, and a high converting product to book with.

Lastly, as I said, travel agents are great. One of the reasons why they're great is because they have higher net revenue per trip due to the higher average order values, group bookings, business, and luxury rides. And so, as we lean into this, this channel will overall increase Jayride's net revenue per trip of the whole group towards our $10 per trip objective.

Moving on to the latest trading and outlook.

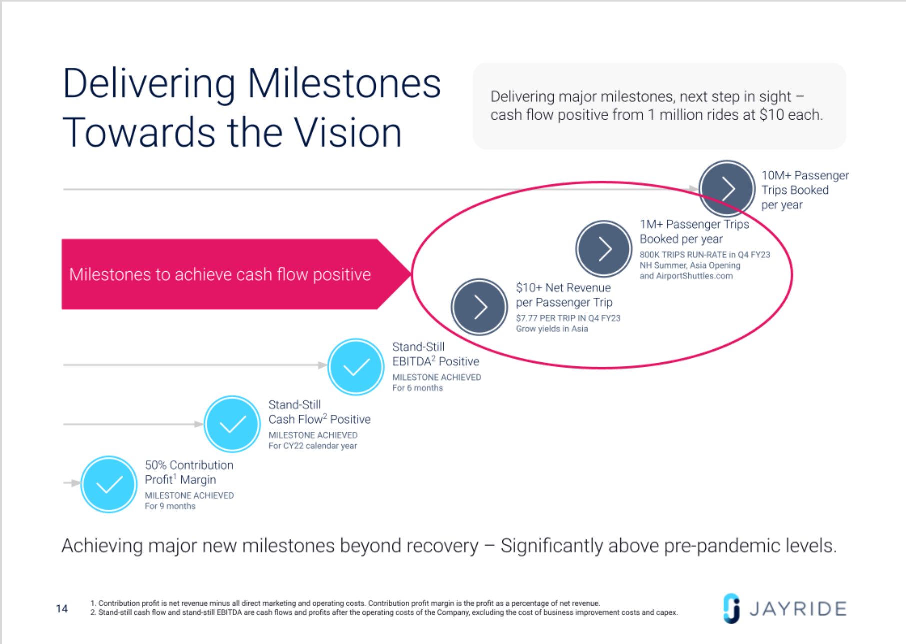
In latest trading, latest trading is favorable and a continuation of our run rate at the tail end of June.

June was our highest month ever for trips and for revenues. And July to date is larger than June, up 77% versus the prior corresponding days of July last year. Typically, Q1 will build on Q4 as Northern Hemisphere summer continues, and that seems to date to be the case again this year, which means good momentum into FY24 ahead.

To conclude, let's consider our outlook. Our outlook is positive.

In addition to the travel recovery and the seasonal uplift, we get to do some exciting work. We get to continue to attack rebuilding our business in Oceania, as the Southern Hemisphere summer heads our way. We get to continue improving our unit economics in Asia before we really ramp up the scale there. And we get to go after great new growth initiatives, like building further scale with new languages across Europe and Latam, winning new travel partner business through the release and leverage of our new Ride Tracker, and adding new agents business through the upcoming travel agents portal.

With these increasing cash inflows and some business improvement costs rolling off, it sets us up very nicely to capture increased inflows on reduced cost base for cash flow positive FY24 and for capturing the generational opportunity to become world leader in rides for travelers.



We're heading towards our major milestones.

1 million trips run rate at $10 net revenue per trip, and these achieve cash flow positive for FY24.

We're also, right now, on the cusp of a million trip run rate for our first full month, which could be this quarter, and I look forward to keeping up to date on that. Also, with the next update at the end of August, which will be our FY23 full year result.

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That ends the formal part of today's call. In conclusion, if there's one thing to take away from the call, it is that travel is back and that our opportunity to be cash flow positive for FY24 and to be the world leader in rides for travelers is right here in front of us.

We've doubled our business in FY23. We've ended the year strongly, and that momentum has carried through to July. And with the new initiatives launched, we're looking forward to further growth ahead.

I'd like to say thanks to the team for the result this quarter, especially, the heavy lifting done to help European travelers have great experiences through their biggest travel season in years; and also to our shareholders for their support, and for everyone on this call for coming this afternoon.

Thank you. I'd like to open the room for questions.

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Michael Brown (Pegasus Advisors): Very good, thank you, Rod. If you'd like to ask a question, please take yourself off mute and ask directly or feel free to use the chat or Q&A functions.

On that, I might ask the first question to let a queue form. Rod, can you talk a little bit about how you see the Northern Hemisphere summer? There's been some talk that there's destination shifts, that it may last longer this year than in previous years. What are your thoughts on the shape of the summer that we may have?

Rod Bishop: Summer started really strong in April, up 76% versus prior period, and is continuing now stronger in July than it was last year. We're up, again, 77% versus the prior-year period in July, so, it seems to be continuing stronger later.

Then, I guess, I would add to that is, I think we still have some things to learn about Asia seasonality. We were anticipating Asia peak season to have been that same period, but it kind of seems now in latest trading that maybe actually it's reversed for Jayride travelers and maybe that is more of a November-December season. I think we have some more to learn there, but an opportunity, in any case, for great Q1 and FY24 ahead.

James Tracey (Veritas Securities, Analyst): Yeah, thanks, Michael. Thanks, Rod and Peter. I just wanted to ask about if you could expand a bit on the sales growth over the past couple of months. It looks like it was roughly 80% in April, then it dropped down to 40% in May and early June, and then it picked up to 80% in late June and July. Could you just maybe talk about some of the drivers of the moving bits and how those drivers might play out in the next coming months as well?

Rod Bishop: Hi, James. Good question, thank you. As I said, April started very strong, up almost 80% year on year and, again, in July now, up 80% year on year, whereas May and June were closer to 40%. May and June were so strong last year. It was a very significant step up in May and June, and I think we were anticipating the same thing this year. This year, though, I think it probably escaped us that we have a different mix of destination continents. We've got a larger share of our business coming from Asia, and Asia ended up being flat quarter-on-quarter.

And so again, I think Asia not growing is interesting. We are still learning the seasonality and how the seasonality affects trips in Asia. And then, also, we're still working on unit economics where we have the opportunity to really grow net revenue per passenger trip in Asia. At the minute, we're still holding fire a little to make sure that we get more net revenue per trip. We want to make sure that these trips are high contributing.

Where that leaves us for Q1 is it leaves us with an interesting kind of twofold increase because, first, we have this European summer going longer and stronger than previous year. But then also, now we have the Asian destination market as a major segment, which also appears to be less seasonal or, at least, not with the May, June spike. And so, that Asia business continuing strongly even into the end of the quarter potentially, whereas European business may come off towards the end of the quarter.

All in all, I think, it's interesting that we have this opportunity to trade the best region for the time because we're such a global business. And I think kind of net-net, as we trade across the year, all regions should continue to grow and I think that we see that there, when we aggregate by half all regions except Oceania, are significantly above prior all time highs.

James Tracey: Okay, yeah, that makes sense. And you made a comment earlier that when you launched the new Ride Tracker, that the major partner increased quote requests by 100%. From what I understand, it's only that one partner that's getting the RideTracker. Do you have plans to expand that functionality and offer it out to other travel partners?

Rod Bishop: That's a very good point, yes, this is a good point.

This is one of our major travel brand partners that we work with, and one of their requirements is to have this driver vehicle position. So, it's a new problem to solve actually to be a marketplace and capture Uber-like information from not just one but 3,700 transport companies in 110 countries.

This new platform that we've launched, which allows that information to be brought into our system, is a pretty good innovation and it allows the travel industry to get to grips with driver location information for many of these companies for the first time ever.

We've rolled it out with just that one travel industry partner who was requesting it, and their uptake and their uplift on it has been immediate and quite nice and will accrue to extra trips in Q1 and FY24 ahead.

Also you're right, there's an opportunity for us to continue to deploy that across all sorts of channels. First and foremost, our own channels, so our B2C Jayride.com website, and the travel agents, also, which are being folded into that. Then the rest of the brands can get access to Ride Tracker over the months and quarter ahead. Then also beyond that, there is the opportunity to still sign new travel brand partners that might like the same feature.

I think the way to look at this going forward is it's a new piece of foundation in the foundation block where we get to lean into and provide a really differentiated and compelling service versus what a travel agent might otherwise get you when they get you just a normal car service. The Jayride booking can come with value add, and we like that differentiation. It's good for us.

James Tracey: And, yeah, just a final question for me is just around the net revenue per trip. I think it's taken a little bit longer to get to the $10 level than I was expecting. What gives you confidence around getting to that $10 target?

Rod Bishop: Great question, James.

The first thing first is we have been $10 per trip in the past. That's where the target came from, pre-pandemic, we traded at that level, and that's because a lot of our mature regions historically traded at that level, U.S. and Oceania, for example. In Q1 of this year, back before Asia really popped off, we got net revenue per trip almost up to the $9 mark, you can see on the previous slide. The thing that has held us back over the previous three quarters has been the share of our businesses coming from Asian destinations. Asian destinations require some work in order to get unit economics to where they need to be. However, that said, certain channels in certain countries and even within Asia are already trading above that level. A simple example would be Japan is a high-average order value location, very good carts in Japan.

As we look forward, the work is kind of twofold.

First of all, into destinations and channels that are a little soft, working to make sure that we contract great rates, working to make sure that we optimize our margins so that we can get more bang for every job that we book.

But then the second thing would be leaning into those channels and destinations that already have over $10 net revenue per trip. And so, for example, picking up business in Oceania as we come into summer down under. Also, picking up more business in North America as we leverage the AirportShuttles.com property. And then also picking up more business through travel agents with the launch of the travel agents portal. And again, travel agents average order values are much higher than other buyers. They're booking groups, they're booking large vehicles, they're booking luxury classes. All of these things accrue to higher average order values and higher net revenues per trip.

And so, just to really focus strategy there, we've done it before, we know how to do it again. It's just about leaning into those regions and those channels that need the work, putting the work.

In terms of sequencing, I would say the two milestones that we're going after, we are approaching them in sequence. The first being volume, we want to hit that million trip run rate because that volume gives us buying power and pricing power. And then secondly, beyond that, the net revenue per trip follows. Volumes first, which will be imminent, and the net revenue per trip to follow that.

James Tracey: Okay, very clear. Thank you, Rod.

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Rod Bishop: Thank you, everyone, for attending the call and coming to hear about our Q4 result and the growth outlook for FY24 ahead. In conclusion, again, if there's one thing to take away from the call is that travel is back and that our opportunity is right in front of us. We've doubled the business last year. We've ended the year very strongly with momentum into FY24. And with new initiatives launched and the growth outlook ahead, we're looking forward to cashflow positive for FY24. Thank you, and we look forward to keeping you up to date.

End of Transcript

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

About Jayride Group Limited (ASX:JAY)

Jayride Group is the world's leading publicly listed airport transfers marketplace, where travellers compare and book rides around the world. With Jayride, travellers can compare and book with 3,700+ ride service companies, servicing 1,600+ airports in 110+ countries around the world which cover 95% of world airport trips, including across the Americas, Europe, Middle East, Africa, Asia and the Pacific.

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

Founded in 2012, Jayride Group is a global remote-first company incorporated in Australia and listed on the Australian Securities Exchange (ASX:JAY).

For more information, please visit www.jayride.com

Forward-looking statements

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