



18 November 2015

**Chairman's Address  
Annual General Meeting – 18 November 2015**

Attached is a copy of the Chairman's Address to be delivered today at the Annual General Meeting of Cabcharge Australia Limited at the Westin Hotel, Sydney.

Adrian Lucchese  
Company Secretary



**Chairman's Address**  
**Annual General Meeting**  
**Wednesday 18 November 2015**  
**The Westin Hotel, Sydney**

On behalf of the Board of Directors of Cabcharge, I am pleased to present to you the Chairman's Address for 2015.

Cabcharge is transforming. It is adapting and becoming a more agile, technology driven and transparent organisation. We are a company that is proudly Australian and passionate about the quality and security of the services we provide to our passengers, our business partners, our drivers, our operators and our networks. We deliver point to point transport services equally to all sectors of the Australian community and comply with the laws and regulations of our Federal and State and Territory Governments, including the payment of our taxation obligations.

Furthermore, Cabcharge is meeting the challenge of increased competition and regulatory change by redefining itself. We have not been sitting idle and have been able to leverage our leading proprietary technology and know-how in electronic contactless payments and App development and design by providing technology solutions and services both within and outside the traditional boundaries of the taxi and transport industry.

Cabcharge has always adapted, innovated and been able to address regulatory and market pressures. Through its program of transformation and excellence, Cabcharge is well placed to deliver ongoing shareholder value.

I believe the market has not as yet taken into account the significant enhancements to the business of Cabcharge and our transformation process.

I also suggest that when various State and Territory Governments look at the taxi industry and how it should be structured for today's "digitally savvy" environment, those Governments give full consideration to our current regulatory regime and why such regulations were introduced, the role that the legitimate taxi industry plays in contributing to our public transport as well as the economic contribution through employment generation and revenue payments.

Over the past 5 years, taxi payments through our terminals alone would have contributed in excess of \$450 million in GST revenue, we have paid some \$88 million in corporate Commonwealth income tax and contributed some \$8.3 million in payroll tax.

### **Governance Framework**

The Company has worked hard this year to continue to improve its corporate governance framework. Structurally we believe that we have brought it to a standard that takes account of the issues not only raised at last year's AGM by both shareholders and proxy advisers, but also through direct engagement and dialogue with those proxy advisers and shareholders.

Importantly though, we recognise that it is a journey and that there will always be improvements and enhancements that can be made so we will continue to listen and seek to accommodate input from all our stakeholders.

Sadly though, our Deputy Chairman, Neill Ford, will be retiring from the Board after today's meeting.

Neill has been a Director on the Cabcharge Board for nearly 20 years. Over that time he has seen and been responsible for many of the initiatives for the Company's growth and development and leaves the Company in an excellent position to navigate the rapidly changing taxi, transport and technology sectors.

This year as Chairman of the Corporate Governance Committee, Neill has overseen the improvements to the Company's remuneration structure and governance framework as well as the selection process of our two new Directors, Stephen Stanley

and Trudy Vonhoff. I am pleased to announce that after today, Trudy will be a member of the Audit and Risk Committee and Stephen will take over the reins as Chairman of the Corporate Governance Committee.

Cabcharge, through its Corporate Governance Committee, will continue the excellent engagement we have begun with proxy advisers and our shareholders. It has been this engagement and the enhanced transparency of the Company's remuneration structure that has led all the independent proxy advisers and commentators for the first time ever to unanimously recommend voting for our Remuneration Report. This is a truly pleasing result and one that we hope shareholders will support and see as the first outward sign of the positive effects of the Company's transformation program.

We thank Neill for bringing his incredible experience, insight and experience to the Cabcharge Board and congratulate him on his wonderful achievements over his 20 years on the Board.

### **Financial Performance and Regulators**

Notwithstanding a very difficult regulatory environment, 2015 saw another solid financial performance for the Company. Highlights that the Managing Director will discuss in more detail include:

- A strong net profit after tax (NPAT) achievement of \$46.5 million;
- Gross debt was reduced by a further \$31 million to \$128.2 million;
- Record fleet growth in taxi network services was achieved;
- The total amount of taxi fares processed increased; and importantly
- A fully franked dividend of 20c per share was declared for shareholders.

The Managing Director and his executive team are to be congratulated for these excellent results as they were achieved through an extensive transformation process and in the face of:

- Unregulated and unlawful competition;
- An ever increasing amount of regulation and Government Inquiries; and
- The imposition of new regulations applying a 5% cap (inclusive of GST) on service fees for non-cash taxi payments.

Cabcharge's technical expertise in payments is evidenced by the construction of its new payments gateway. This technology is similar to that used by banks like Westpac and large scale retailers like Woolworths (both for whom we also write code and provide software payment solutions) when processing payment transactions.

Cabcharge's new payments gateway meets best practice standards and our account clients' expectations in relation to security, GPS and tolling technologies. The payments gateway will also increase the number of terminals that are able to process Cabcharge **FASTCARDS** and eTICKETS, further facilitating the convenience of fast, secure and accurate payment transactions for personal transport.

In order to achieve this result, Cabcharge openly engaged with the Australian Consumer and Competition Commission to ensure that a facilitative framework was created to enable third party taxi businesses to connect and process Cabcharge electronic payment instruments. The payment gateway enhances competition in the taxi payment processing market and like our engagement with stakeholders, demonstrates Cabcharge's commitment to open and transparent engagement.

### **Joint Venture Associates**

Last year I joined the Boards of our Associates ComfortDelGro Cabcharge Pty Ltd (CDC) and CityFleet Networks Limited (CFN), businesses in which Cabcharge has a 49% stake.

Competition and market conditions for both these businesses have remained very tough over the last 12 months and I can assure you that the management of both CDC and CFN are working hard to implement revenue growth strategies whilst keeping costs under control.

However, notwithstanding the tough economic and market conditions, our Associate businesses again made a strong contribution to our financial results with a net profit after tax (NPAT) contribution of \$16.6 million.

## **Outlook**

Through the transformation program, Cabcharge is now an effective taxi network, technology and payments business. The Company has a very strong balance sheet and is becoming more agile and transparent, its governance and remuneration frameworks more robust and focused on aligning executive goals and metrics with the delivery of shareholder value.

Government regulations applying a 5% cap (inclusive of GST) on service fees for non-cash taxi payments will continue to have an effect on the business. We are focused on revenue growth within the traditional taxi industry through our networks, increased transactions, expanding our capabilities in our payments technology and our app expertise and also through opportunities that will expand our presence in markets outside the taxi industry. We will look to not only increase our market share but increase our market.

Cabcharge has embarked on a significant journey and has already shown that it can and will meet the challenges of new competitors and changing market boundaries, regulation and new technologies. We are confident that the Company is well positioned for the future and look forward to and thank you for your continued support.

On behalf of the Board, I wish you and your families a safe and happy festive season.

**Russell Balding, AO**  
**Chairman**