



**ASX RELEASE**

**Annual General Meeting – 24 November 2016**

Attached is a copy of the following papers delivered today at the Annual General Meeting of Cabcharge Australia Limited held at the Westin Hotel, Sydney:

- Chairman's Address;
- CEO's Address; and
- CEO's Presentation.

Adrian Lucchese  
Company Secretary



**Chairman's Address**  
**Annual General Meeting**  
**Thursday 24 November 2016**  
**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 2016.

Firstly, let me acknowledge the efforts of the management team who have worked tirelessly with your Board through a very difficult period of continual regulatory change. I believe that we have successfully tackled the challenges and effected the changes that were needed to position your Company for strong future growth. Cabcharge as an organisation has transformed and emerged a more modern, agile, technically advanced and robust business.

During the period of operational transformation, your Board and Company have also demonstrated their strong commitment to the process of continual improvement of our Corporate Governance practices, building a strong governance culture over the last two years.

During the last year we have:

- Completed a Corporate Governance benchmarking exercise;
- Updated our Board and Committee Charters;
- Introduced minimum shareholding requirement guidelines for Directors;
- Reinvigorated our board skills and attributes matrix;
- Broadened our stakeholder engagement; and
- Further enhanced the structure and transparency of our remuneration practices.

Our disciplined approach to improving Corporate Governance has been undertaken whilst maintaining focus on our key strategic imperatives.

Again, notwithstanding the impact of several State regulatory changes, our underlying performance in FY16 demonstrates that Cabcharge continues to be a highly cash-generative business delivering a strong cash result.

Excluding one off significant items such as the required impairment of our taxi licenses due to those regulatory changes, and the gain on Riley Street, the company delivered an underlying Net Profit After Tax of \$43.6m and EBITDA of \$58.6m.

The company was again able to further reduce debt, invest in technology and pay a full year, fully franked dividend of 20 cents to our shareholders.

Importantly however, from an operational perspective we are proudly Australian as we play our part in continuing to make significant economic contributions to the State and National economies.

We are proud that we are still the largest taxi booking and dispatch service provider in Australia with a strong emphasis on delivering quality customer service and technology innovation.

With your support, two years ago we embarked upon a significant and most challenging transformation exercise, the bulk of which is now successfully completed, we are proud of that.

As a socially responsible taxi Company, Cabcharge is very proud of its ties with and commitment to our local communities. We:

- Provide daily school runs for children with disabilities;
- Work closely with disabled communities to better understand and service their needs; and
- Accommodate passengers with their assistance and/or seeing-eye dogs.

However, contrary to what some commentators and industry participants will have you believe, we have not been sitting idle in addressing our immediate operational business requirements. We have been actively addressing the changes in industry dynamics, regulation and technological advancements.

We have continued a strong and disciplined approach to our financial position and Balance Sheet Management, including the rationalization of non-core assets.

And we have embarked upon a number of initiatives and undertaken a number of projects as part of our longer term Strategic Plan. I will ask Cabcharge's CEO, Andrew Skelton, to present to you on this very shortly but on a higher level these initiatives include the consolidation of our multitude of taxi brands into just two, the very strong and respected Silver Service brand

and the balance of our fleet into the 13CABS livery, the introduction of Driver Terminals which will bring us closer to our customers and drivers and the sale of our Riley Street Head Office and hence the future co-location of our Sydney operations onto the one site.

These initiatives are not only strategically important, but also operationally, they make sense.

I am confident that these initiatives will also be very beneficial for the company and place us in a position of strength in the emerging Point to Point Public Transport Industry and hence deliver ongoing shareholder value. These are not insignificant achievements by your management team, it has taken a lot of hard work on their part.

You may be aware, in early September I gave notice that I will be retiring from the Cabcharge Board at the conclusion of today's Annual General Meeting.

As such, on Tuesday of this week Directors elected Rick Millen as Chairman. Rick will commence in that role from the conclusion of this Annual General Meeting. Rick has served on our Board for almost two and a half years during which time he has demonstrated his significant experience in transactions, corporate finance, and corporate responsibility. The knowledge and understanding of the Cabcharge business that he has developed over that time will prove invaluable as he takes up the position of Chairman where he will lead the Board through this important period of Board renewal. Rick will address the meeting shortly.

Your Board has already commenced the process of searching for new Directors with a prime focus on diversity. In addition, due consideration will be given to those skills and attributes we identified as needing additional strength from the recent assessment of the skills and attributes matrix.

I am confident that the Board, and indeed our Management Team, will remain committed to renewal as the company continues to implement its transformation strategy.

### **Outlook**

After some five and a half years serving on the Cabcharge Board, and two and a half years as Chairman, I have been privileged to see this business transform and demonstrate true resilience in what is both a remarkable and challenging industry.

The transformation has been tangible, and will add lasting value to the business for the benefit of all of its stakeholders for years to come. And yes I did serve an "apprenticeship" under Reg

Kermode – from whom I learnt a lot about Cabcharge and our taxi industry. Reg was truly a remarkable man.

We do however still have many challenges. I do not believe State and Territory Governments around Australia truly understand the taxi industry, as the regulatory changes they have introduced to accommodate “ride share” have not resulted in a level playing field, quite to the contrary. I am confident the young and energised management team under Andrew’s leadership, with the support of the Board, is more than up to those challenges.

I am also confident that the initiatives that Andrew will further outline to you today will proudly position ourselves as Australia’s number one taxi company through continual improvement in the quality of our customer service.

As I retire as Chairman of the Cabcharge Board today, I look towards a bright future for this great organisation. I am incredibly proud to have worked alongside a team who have been able to forge the strong, agile, and innovative Company that we all envisioned at the beginning of this transformation process.

On behalf of the Board I would like to thank all our customers, our staff, and our shareholders for their continued loyalty and commitment to this company throughout this period of change. As the regulatory landscape begins to settle, this will be a truly exciting period for Cabcharge as we look towards the future and continue to invest and strengthen the business.

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

## **CEO's Presentation**

Andrew Skelton, CEO Cabcharge

Thank you Chairman and good morning everyone.

Before we start today I would like to acknowledge and thank Russell for his support since my appointment as CEO two years ago. As you will see from today's presentation, your company has built a platform for future growth – in the face of distraction and additional competition in the industry.

### **Agenda**

Since starting in my role, our key focus has been on developing and implementing a strategy that positions Cabcharge to compete and grow.

In today's presentation we will provide you with an outline of:

- The change the industry has experienced and the size and potential of the Personal Transport market
- Our recent achievements in responding to this change
- Our performance in the 2016 financial year
- Our clear vision to transform Cabcharge
- And finally we will share an outline of the new products we have launched to position us for the future

### **The world is changing, and so is Cabcharge**

Over the past two years, the personal transport sector has undergone enormous change – both regulatory and competitive.

Having said that, it remains a very large market that will continue to grow.

Demand for motorised-trips has grown by 11% over the past ten years and that momentum is expected to continue. By 2021, Australians will be taking 27.6 billion motorised trips per year.

Currently, the taxi and rideshare market is worth about \$6.1 billion, according to recent data from IBISworld and Deloitte. Despite the size of the market, less than 1% of personal trips are undertaken in taxis and rideshare, leaving us a huge opportunity for growth. That is our focus.

The world is changing and so are passenger, client and driver expectations.

Change always provides opportunities and your company sees a substantial opportunity for growth in the midst of changing industry dynamics.

We started this journey from a position of strength, and we are determined to leverage Cabcharge's unique capabilities to generate competitive advantage.

There are more ways to book and pay for personal transport than ever before and we are executing on a program of work designed to close gaps in our offerings for Passengers and Drivers.

## **The opportunity**

There are two important things I'd like to call out here – there is a substantial opportunity for growth in taxi, rideshare and hire car trips in the context of this significant market.

We expect the Australian taxi and ride-share market will continue its growth trajectory as population, mobility and tourism continue to grow.

As we move away from a cash based society and increasingly towards digital, there is a significant payments opportunity. I will talk in more detail later about our move into handheld terminals to capture more of the payments market.

We know that to capture the tail winds of a growing market, in terms of both trips and electronic transactions, we must evolve and invest.

Cabcharge is already changing and we will continue to evolve with the market.

Gone are the days of a siloed business.

Gone are the days of using regulation as a business plan.

Gone are the days of running multiple legacy brands, disparate technologies and not paying sharp attention to the changing needs of our customers.

As with all major change, there is a transition period and some pain and it takes time to reap the rewards of the new strategy.

But we are incredibly well positioned to manage the change.

We have continued our commitment to rebuilding our governance framework and our culture. 56% of our people in the most senior layers of the business are new to their roles in the last two years and operational progress is accelerating.

## **Our position**

Cabcharge is currently the market leader in non-cash taxi fare processing and has the largest taxi fleet in Australia.

In FY16 we processed in excess of \$1 billion in taxi fares and Cabcharge is in approximately 98% of all taxis in Australia.

As at 30 June we had **7,500** cars in our affiliated fleet and all of our brokered and owned taxi licences were fully utilised with a significant waiting list in NSW.

Over the past five years our fleet has grown at a compound annual growth rate of 5%, resulting in a corresponding increase in recurring network subscription revenues.

## **Regulatory clarity to invest**

Completion of the Australia-wide transition to the 5% cap on non-cash taxi payments is expected by the end of calendar 2017.

A new regulatory pricing regime has already been introduced in NSW, Victoria, Western Australia, the Northern Territory and the ACT. Other States will follow.

As a result of these recent regulatory changes, we have experienced margin compression on fares processed. But, importantly, we now have clarity on the future.

The new regulations for personal transport edge the industry closer to providing a level playing field for participants and allow us to invest in future growth initiatives in some jurisdictions to benefit our customers.

In order to lead a service revolution in the taxi industry and deliver long term value to our shareholders, we know we have to lead the change. As a result, we have announced our intention to leave existing industry associations in South Australia, NSW and Victoria.

We are moving forward and we are doing so from a position of strength. We are launching new products and business models. And we are focussing on passenger service.

### **Supporting a better experience for passengers and drivers**

During the 2016 financial year, we continued to deliver on our strategic priorities, designed to support a better experience for passengers and drivers.

We improved efficiency and connectivity in our business by Integrating our Networks – this meant consolidating contact centres, restructuring our workforce, standardising dispatch and upgrading our phone system.

We also committed to 13CABS as our national brand, underscoring its strength with consumers as the number one taxi booking app in the country. Newcastle Taxis was rebranded to 13CABS during the year, joining our strong fleets in Melbourne and Adelaide in the brand transition process. Last month we finalised this important initiative by launching 13CABS in Sydney.

We are also investing in our premium offering, Silver Service, and ran our first ever integrated marketing campaign for the brand during the year.

Drivers and passengers can now call each other via Passenger Connect, which maintains phone number privacy and enhances certainty of service for passengers. We have improved passenger pick-up times across the country and reduced customer cancellations by 33% in the last 12 months. We are encouraged by our improvements in efficiency.

During 2016 we completed the rollout of our new payment device FAREWAYplus into 98% of all taxis in Australia, supporting our merchants and delivering a better payment experience for all stakeholders in the payments chain.

FAREWAYplus facilitates faster and more detailed payment processing leading to improved email receipts and, where the meter app is used, greater clarity for Passengers and Clients with tolls and airport charges being displayed and calculated automatically.



## **Financial strength**

Your company earned \$169 million in revenue for the 2016 financial year, down 10.2% on the prior year. This was largely due to the full year impact of the non-cash taxi service fee price controls. However, network subscription fees continued to provide profitable growth.

As I mentioned, we now have greater regulatory clarity which will allow us to plan and make future investment decisions. Our underlying EBITDA was \$58.6 million and our underlying NPAT was \$43.6 million.

Following our capital management review, we have sold some of the non-core assets identified including the Riley Street premises and listed shares. The sale of Riley Street is significant because the resultant move is a further step towards integrating our payments and taxi functions and breaking down historical Company silos.

Your business continues to be highly cash generative, with a cash conversion ratio of 85%, allowing us to continue to pay down debt and maintain a sustainable approach to dividend payout. Despite 2016 being a transitional year, we are pleased to be able to maintain a full year dividend of 20c per share, consistent with 2015.

## **Vision and purpose**

We recognise that technology is being utilised to provide Passengers and Drivers with more choices and have re-examined our Strategy through that lens.

Our overarching purpose is Connecting You with People and Places. And our 5-year vision is to be:

- Australia's leading personal transport business
- the first choice for personal and corporate Passengers
- the preferred network and payment partner for Drivers
- and the employer of choice in the personal transport sector

Our 5 year strategic program is based on growing our personal transport business, growing our payments business, increasing our efficiency and improving our enabling capabilities such as technology and marketing.

As we move into 2017 we are launching new products with regulatory stability, improved technology and upgraded infrastructure. With a more efficient balance sheet, we are well positioned for the future.

Let me walk you through our priority growth initiatives.

## **Two-tap bookings**

We are launching new app functionality for both the 13CABS and Silver Service apps. Both now benefit from two-tap bookings and complete integration of driver / passenger connectivity and payments processing. Here's how it works.

## **Driver engagement**

We also have a Driver app which offers a migration path to future technology.

## **Handheld terminals**

We are also launching handheld terminals – Spotto for taxi drivers and Giraffe for hire cars and we see this as a significant growth area. As I outlined at the beginning of my presentation, 35% of the payments market is currently processed by handheld terminals which travel with the driver, not the car. Having a payments processing solution in this growing sector of the market is an important part of Cabcharge's growth strategy and a key value proposition for drivers.

## **New payment products for Cabcharge clients**

Responding to the transaction data and suggestions from our corporate clients, we have also launched a new and improved FastCard for Cabcharge Account Clients as well as configurable FLEXeTICKETS that were designed, built, tested and released during the year – offering clients the ability to customise single use products to time of day, days of the week and maximum amounts.

Via Cabcharge Online, we are also providing dynamic information, access and support for clients around the clock.

## **Private hire**

Finally, as a result of regulatory changes, Cabcharge is now able to offer network branded services for private hire in the new lightly regulated pre-booked market. This is a key opportunity for us to help taxi operators grow in areas where the community is underserved by taxis.

## **New drivers**

Additionally, we can also train Drivers for Taxi Networks in NSW and Victoria. Training our own Drivers allows us to focus on the aspects of service quality that matter to Passengers and to increase the supply of Drivers. Over the last 12 months we have trained over 4,000 new Drivers, a huge improvement on the prior years.

We have invested further in our Driver Services Team to enhance the ongoing support we offer to Drivers, including monitoring performance with respect to our updated service standards which are designed to provide more certainty and quality of service for Passengers.

## **Service delivery**

As I mentioned earlier, our purpose is Connecting You with People and Places. Our key focus is providing better service to our Passengers and we are increasingly achieving this through the use of better technology.

Our close management of service levels (including disincentives for drivers who fail to pick up passengers) has recently delivered a notable improvement in service levels across our network for both Passengers and Drivers. For example, the 'no job' rate for Drivers has improved by 20% over the last 12 months.

Our continued investment in technology, improved resourcing and streamlined processes will continue to increase efficiency – not just for passengers, but for drivers and merchants too.

Taxis can be traced, drivers can call passengers and passengers can call drivers which is personalising service and improving certainty.

Passengers are no longer required to input their destination when booking which is simplifying booking processes and addressing the age old problem of cherry picking.

Transactions can occur seamlessly through our app and receipts are emailed.

All of these initiatives increase passenger confidence in our services.

We are proud to hold the leading position in a growing industry and while we acknowledge that there is still work to do, we are excited by the size of the opportunity and the significant progress we've made in the past 24 months.

We look forward to keeping you updated.

I will now hand back to the Chairman to conduct the formal business of the meeting.

# Cabcharge

Annual General Meeting

Thursday 24 November 2016

# Your Board



Russell Balding, AO  
Chairman



Richard Millen  
Non-executive Director



Donald McMichael  
Non-executive Director



Andrew Skelton  
Chief Executive Officer &  
Managing Director



Trudy Vonhoff  
Non-executive Director

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# Chairman's Address

Russell Balding AO  
Chairman



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# Chairman-Elect's Address

Richard Millen, Chairman - Elect



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# CEO's Presentation

Andrew Skelton

Managing Director and CEO





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# Agenda

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1. Change: the industry, your company
  2. Our position: operations, strategy and achievements
  3. Financial strength
  4. Purpose and vision
  5. The future
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**The world is changing** and so is Cabcharge

**27.6 billion**

anticipated number of personal  
motorised trips in Australia 2021

**\$6.1 billion**

current value of taxi and rideshare market

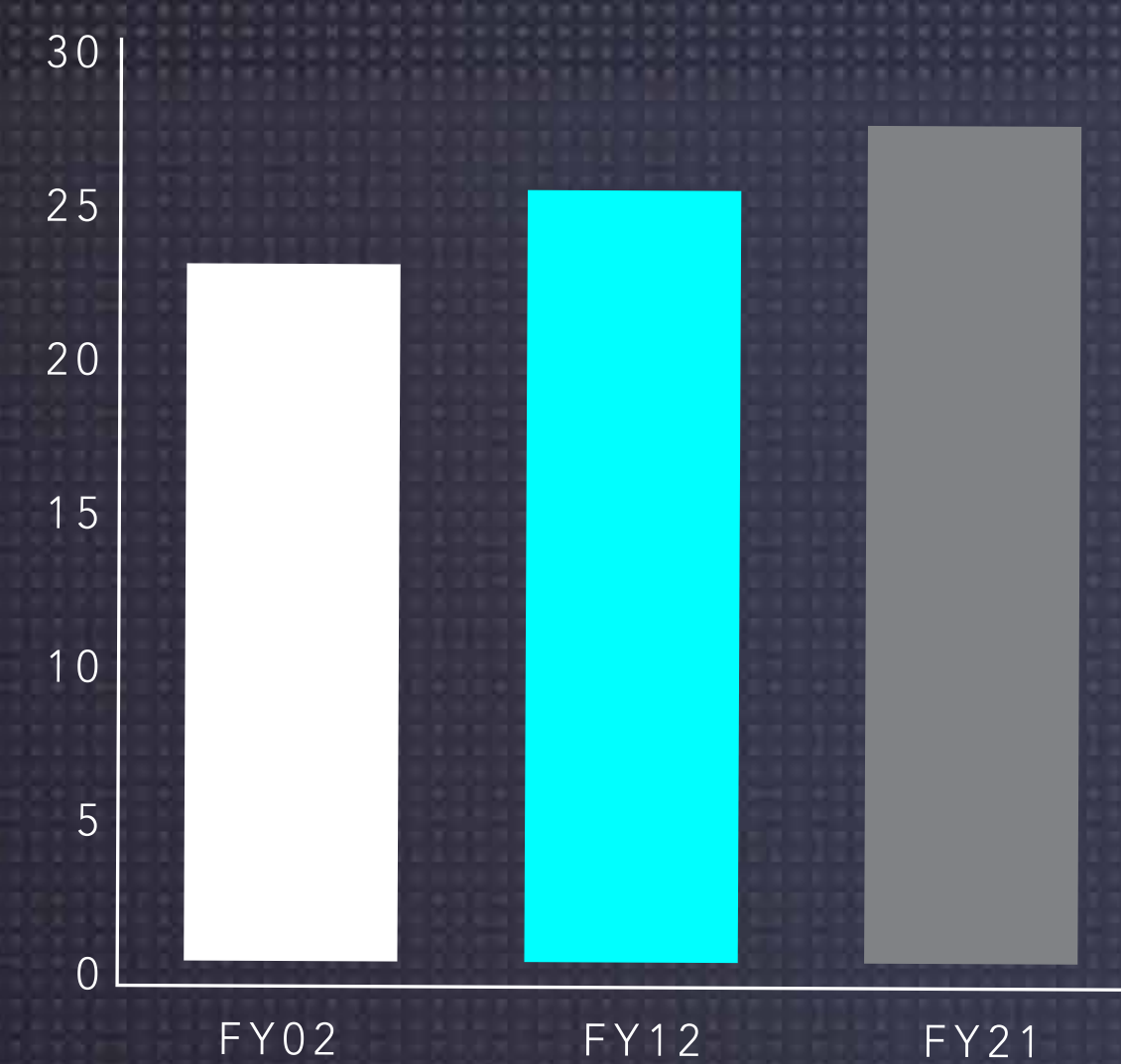
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# The opportunity

Cabcharge has a leading position in a market that is growing

## Industry Growth

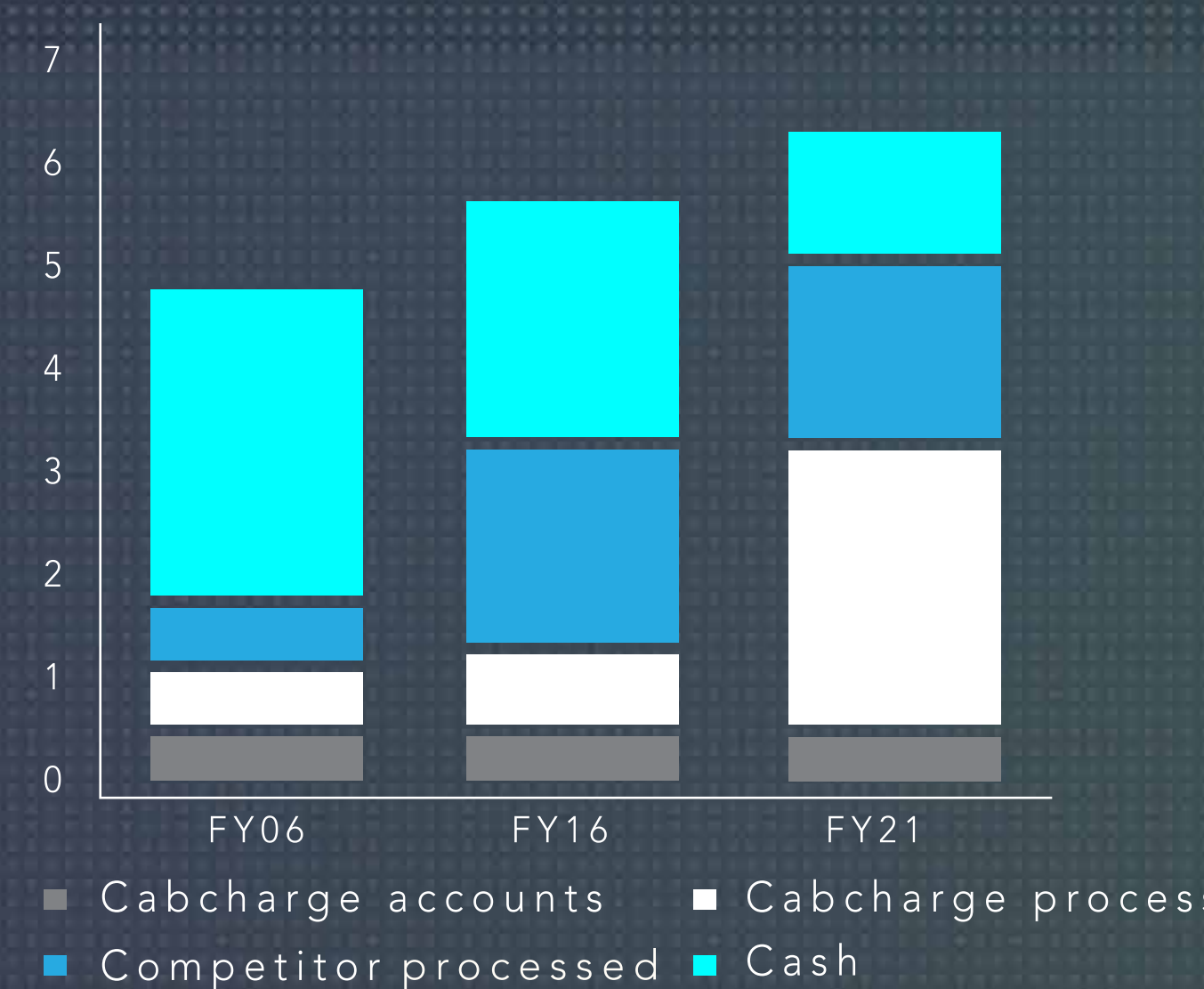
Number of motorised - trips p.a.



Demand for motorised trips grew by ~11% in the 10 years leading up to FY12

Momentum expected to continue with ~8% growth to FY21 to ~ 27.6bn

## Payment Opportunity

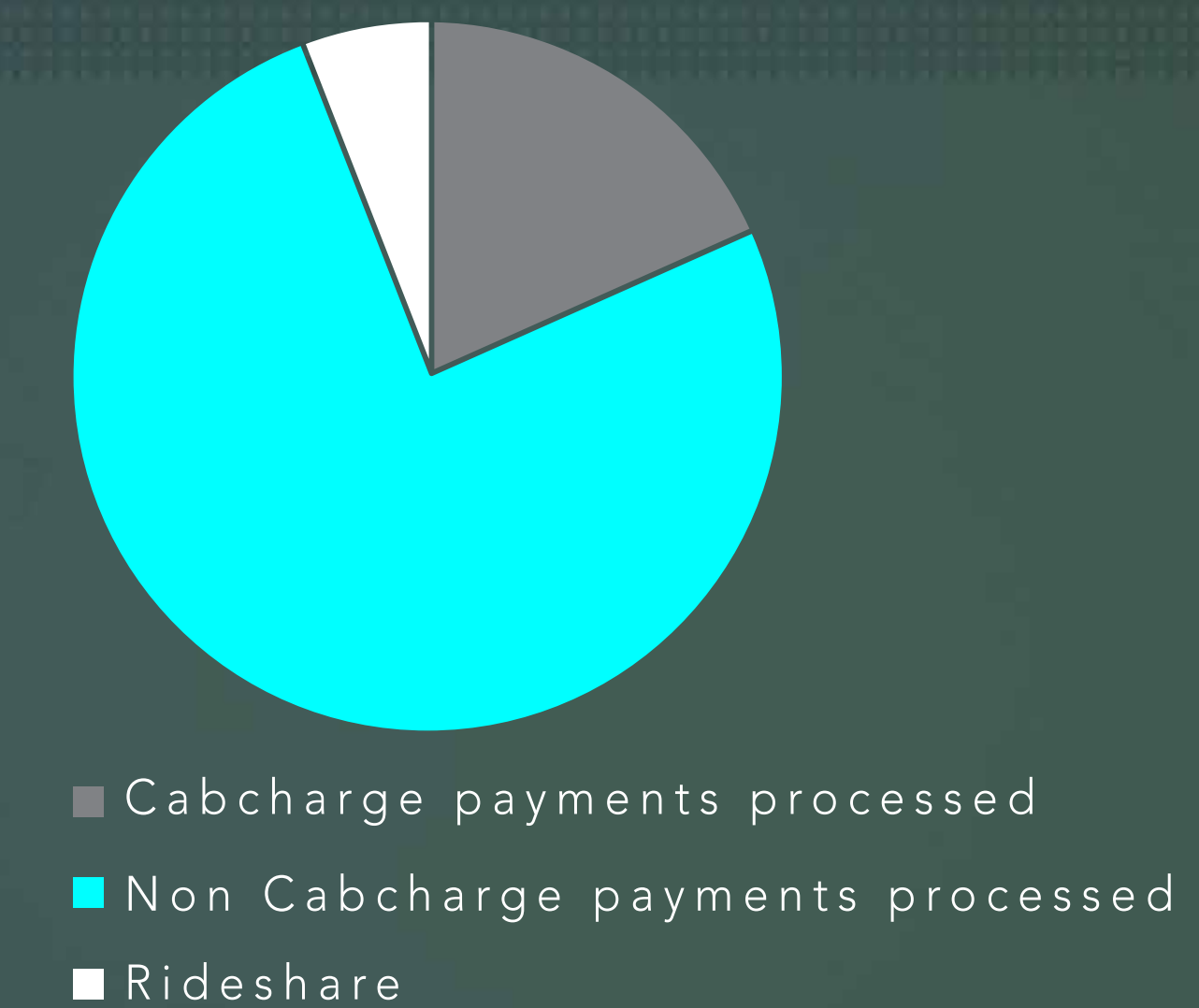


Fares processed growth due to cash to card conversion, which will continue given move to 5% service fee caps

Future growth expected through launch of hand held terminal and frictionless payments

## Market Size

Taxi and rideshare market size: \$6.1bn



Aggregated value of taxi payments is large

Cabcharge focused on improving service and pursuing new business models

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## Our position

**\$1.09 billion** in taxi fares processed (FY2016)

**#1 taxi app** in the country

**98%** of cabs have a Cabcharge terminal

**5% CAGR** in our affiliated fleet; over past 5 years

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# Regulatory clarity to invest

Completion of Australia-wide transition to 5% cap on non-cash taxi payments expected in 2017

RBA has recognised taxi payments as distinct from credit card surcharges

Some leveling of personal transport playing field

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# Supporting a better experience for passengers and drivers

Integrated networks

One national brand: 13CABS







FAREWAYplus

New payments switch

New pinpads



# Financial strength

<p>Full year dividend </p> <p>20 cps</p> <p>fully franked</p>	<p>Underlying EBITDA </p> <p>\$58.6m</p> <p>↓22.8% on pcp</p>	<p>Underlying NPAT </p> <p>\$43.6m</p> <p>↓23.4% on pcp</p>
<p>Cash conversion ratio </p> <p>85%</p> <p>high cash flow generation to assist with debt reduction and paying sustainable dividends</p>	<p>Net debt </p> <p>\$96.6m</p> <p>↓7.4% on pcp</p>	<p>Revenue </p> <p>\$169m</p> <p>↓10.2% on pcp</p>

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# Vision and purpose

Connecting You with People and Places

Australia's leading personal transport business

The 1st choice for passengers

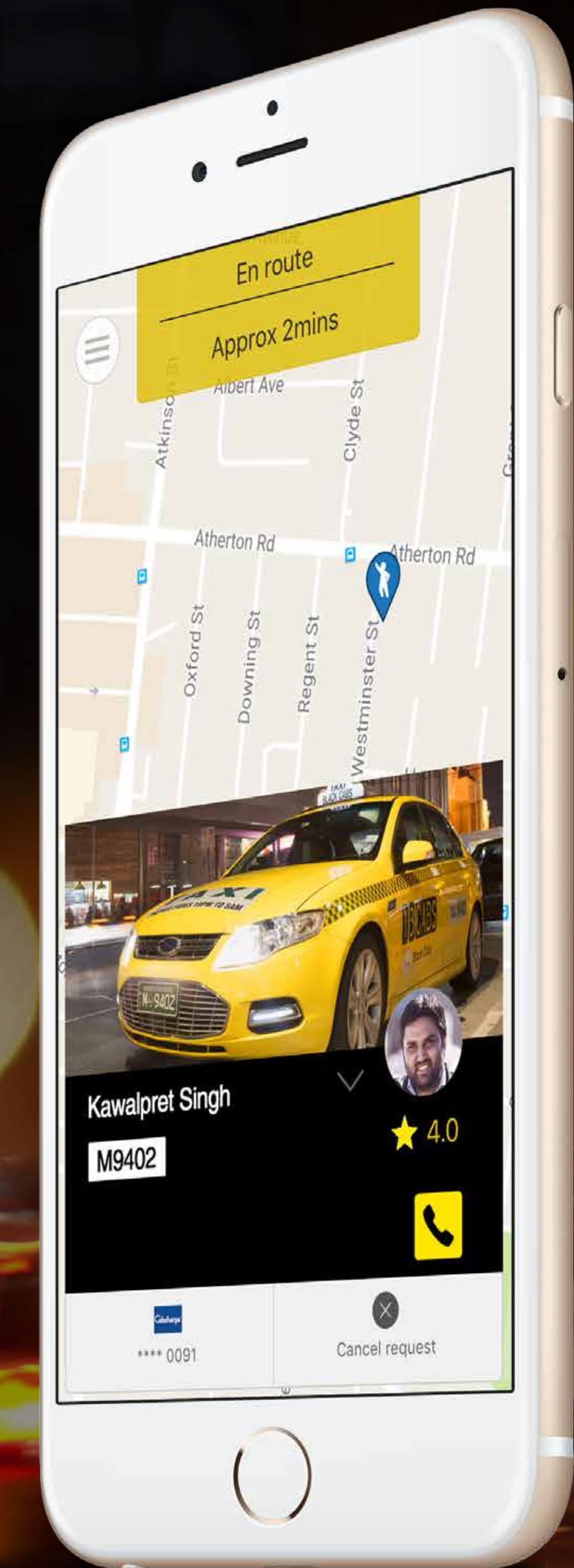
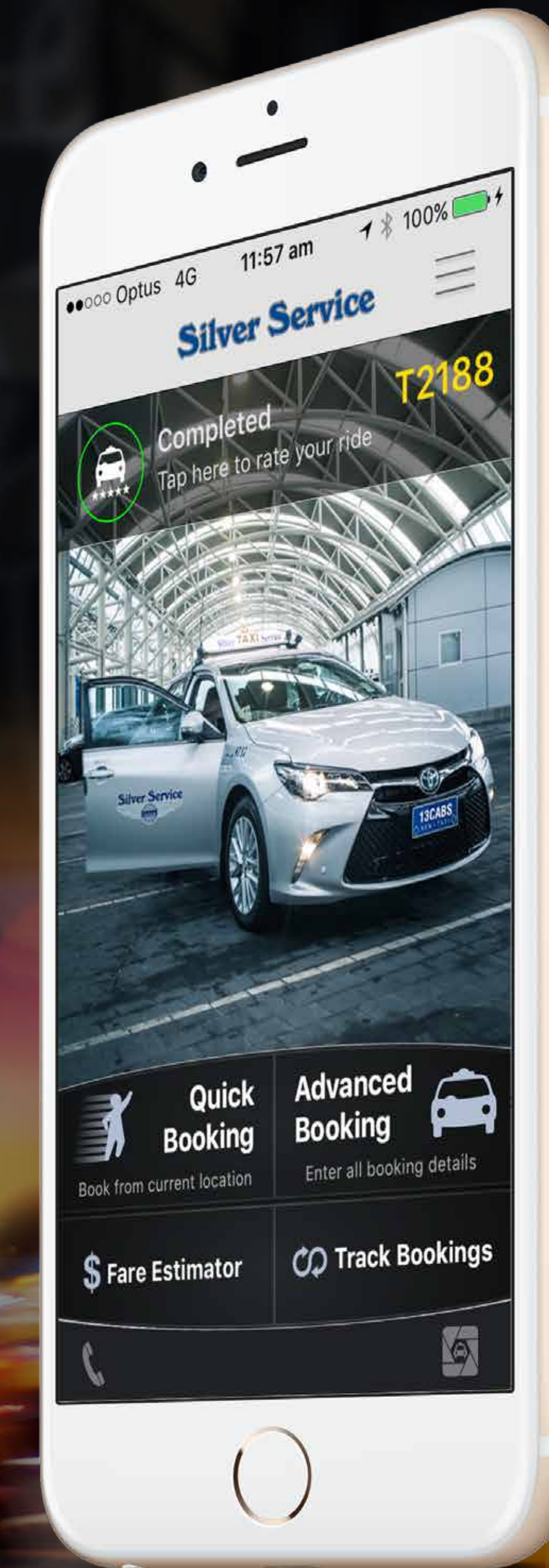
The preferred network for drivers

The desired payment partner for industry participants

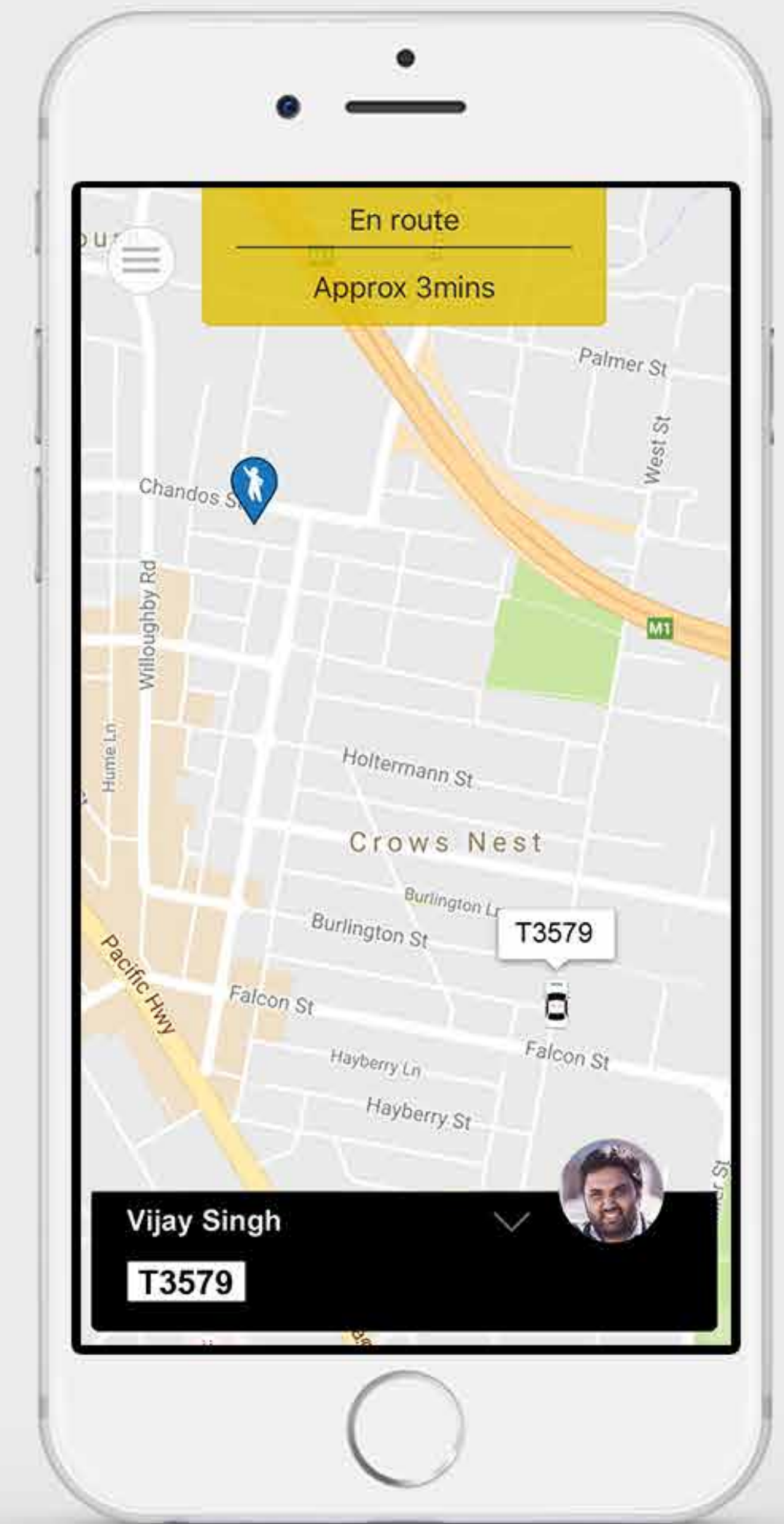
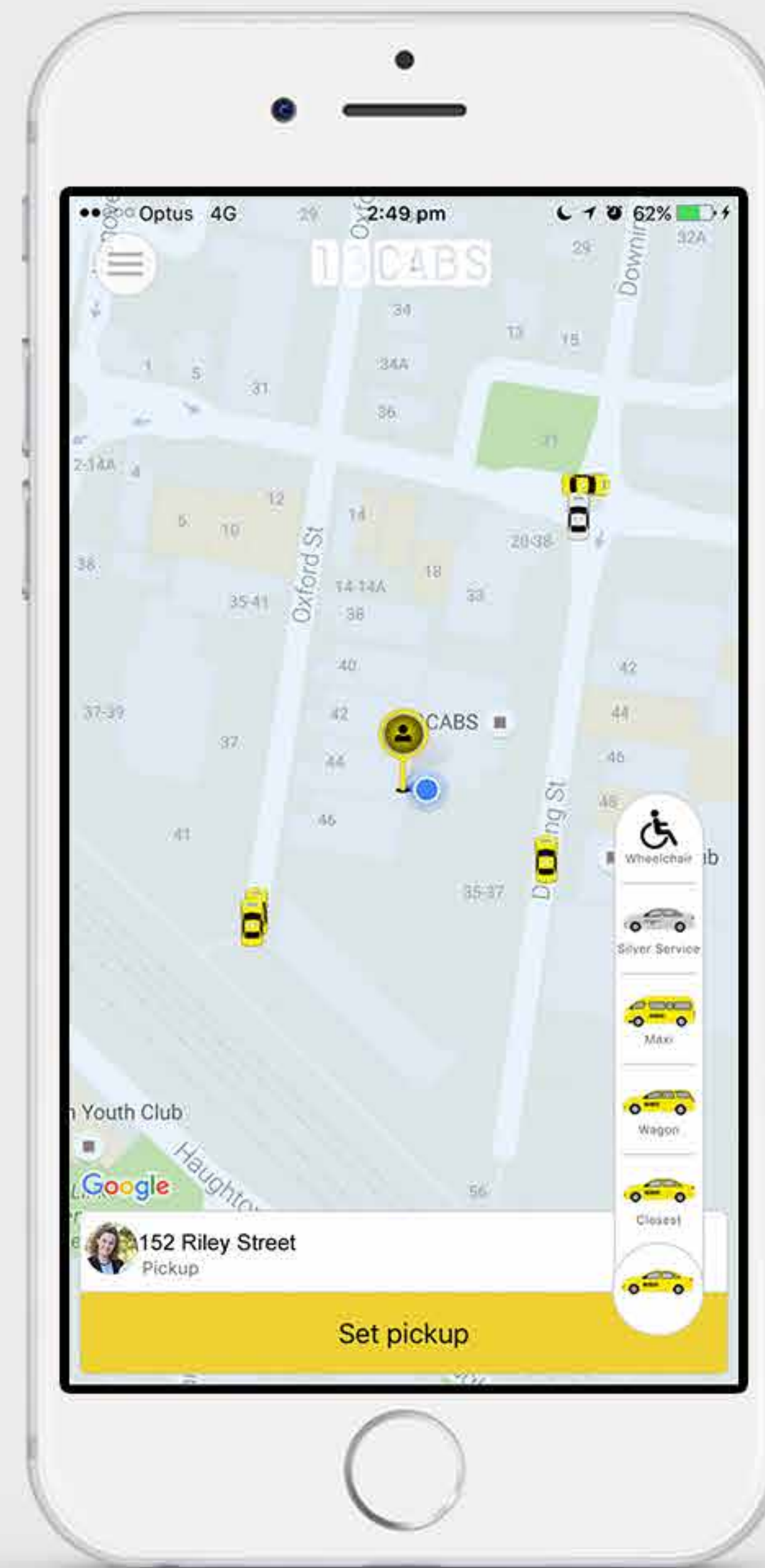
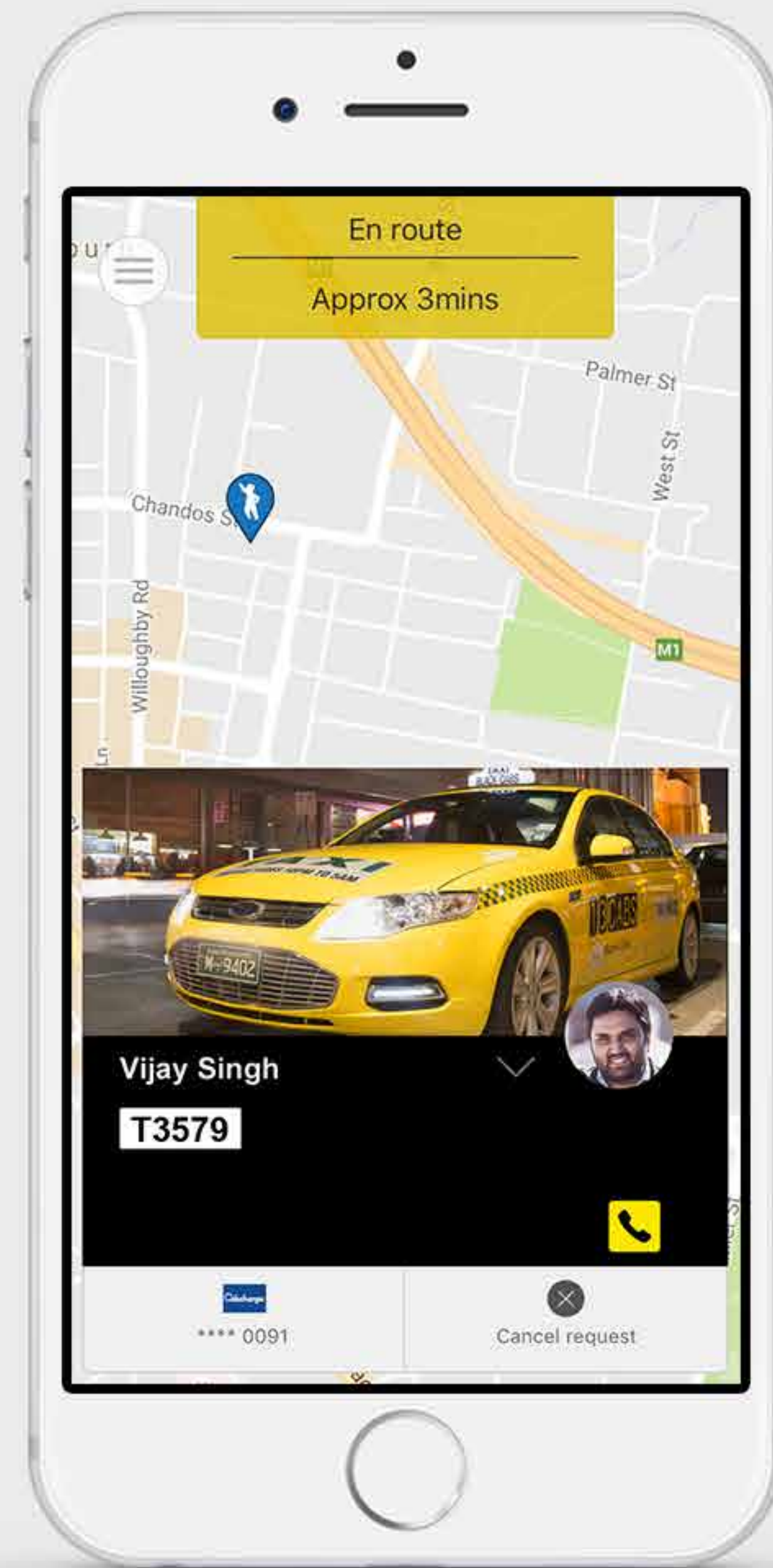


# 2-tap bookings

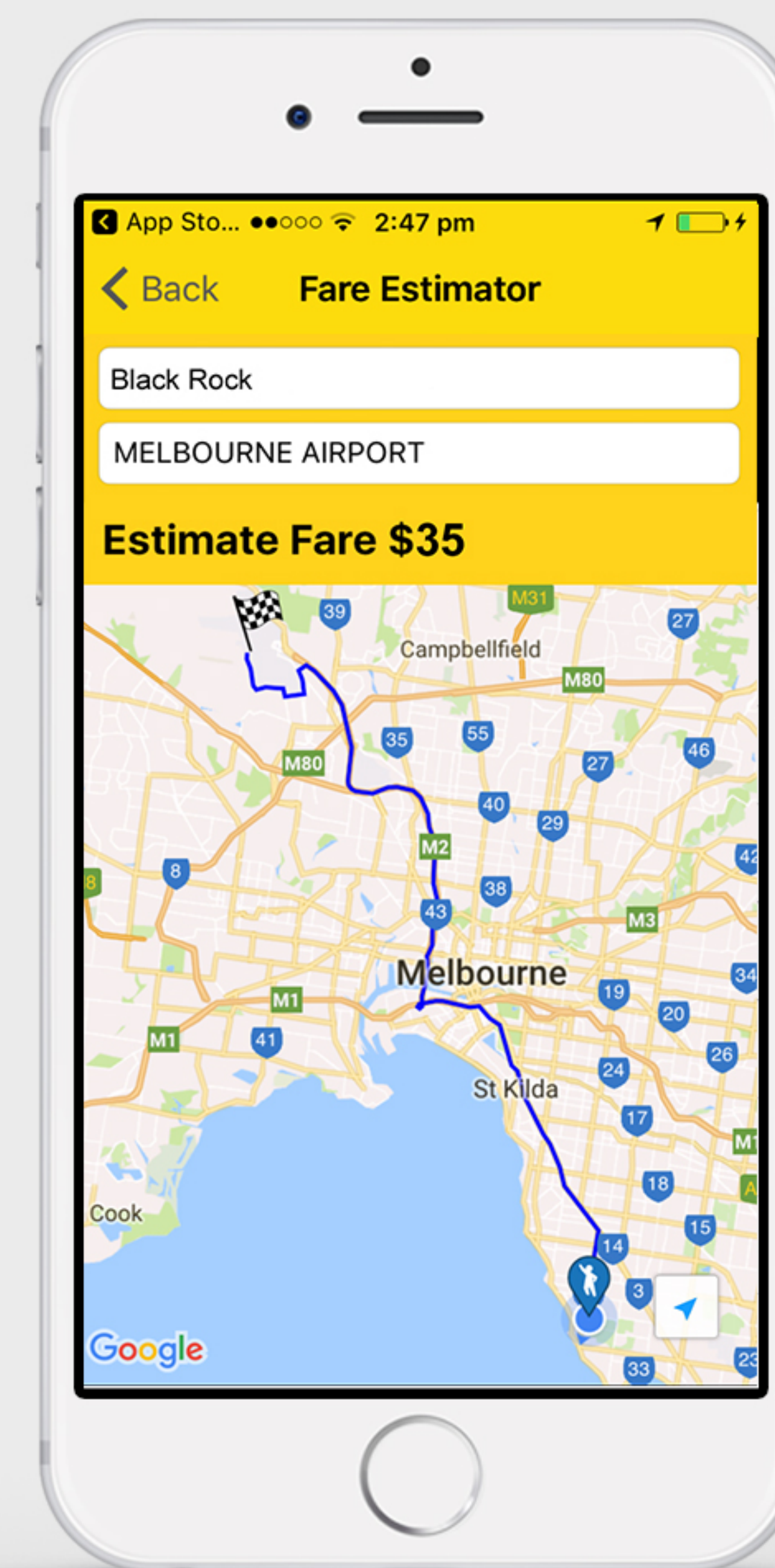
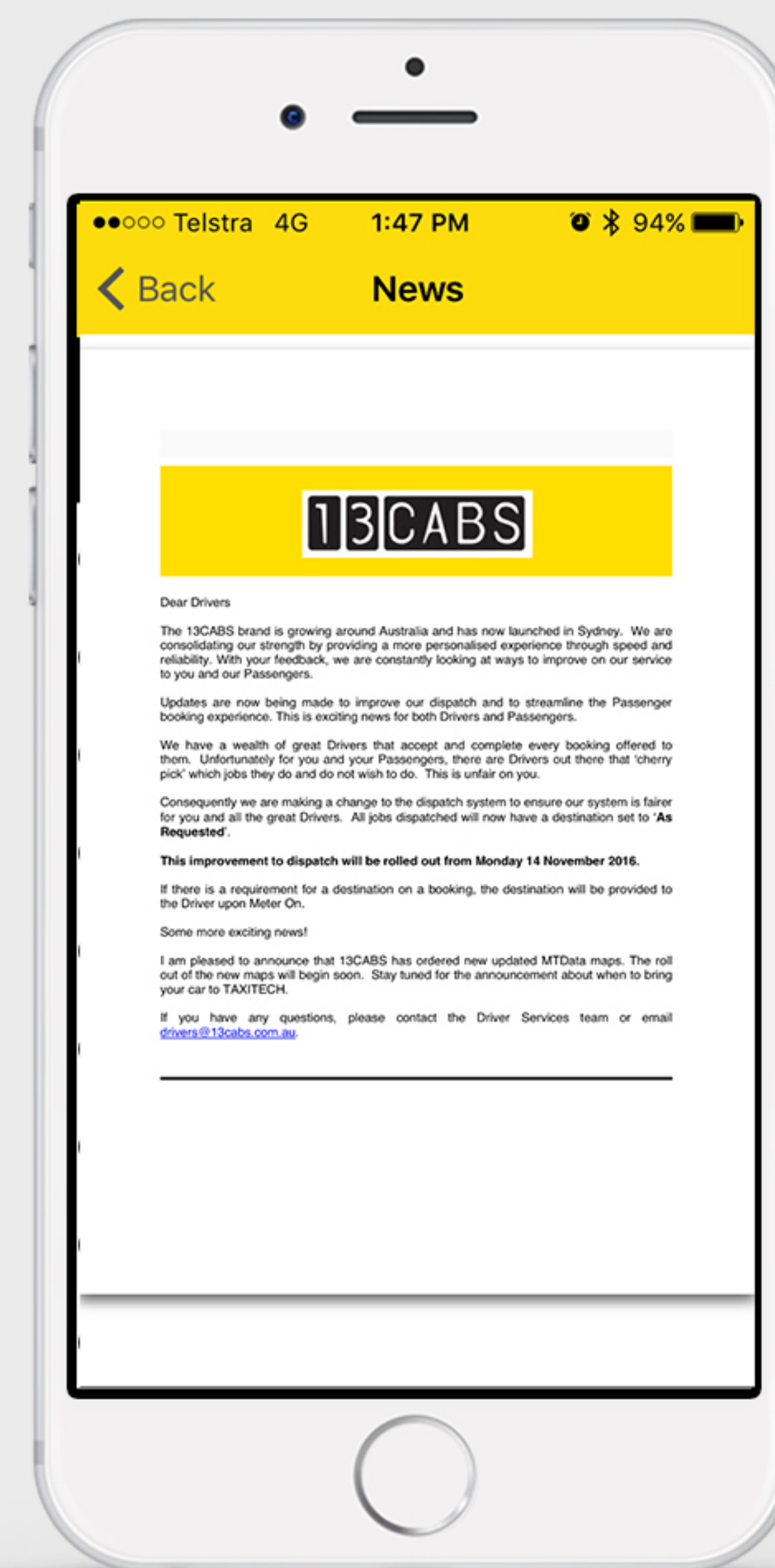
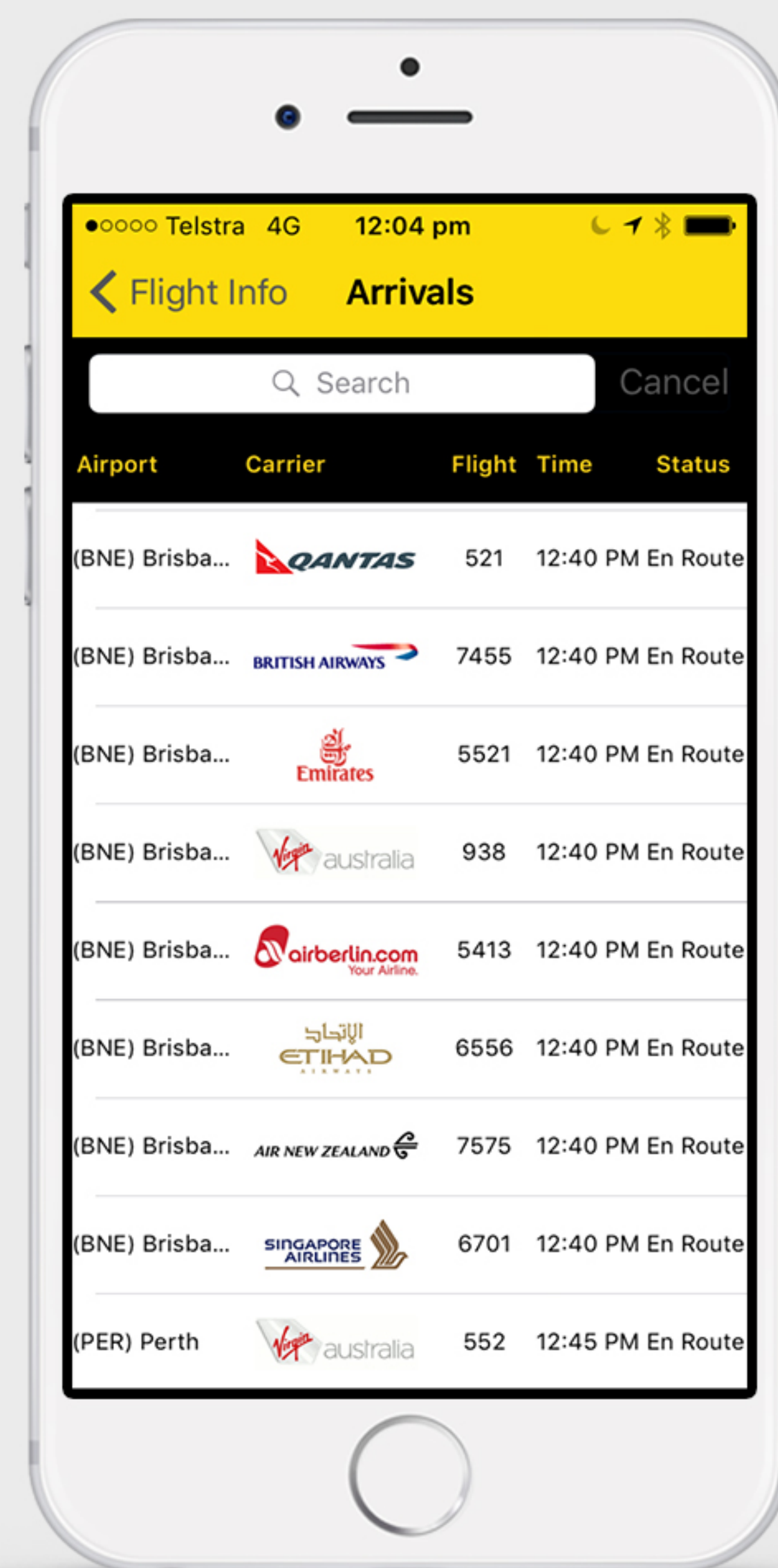
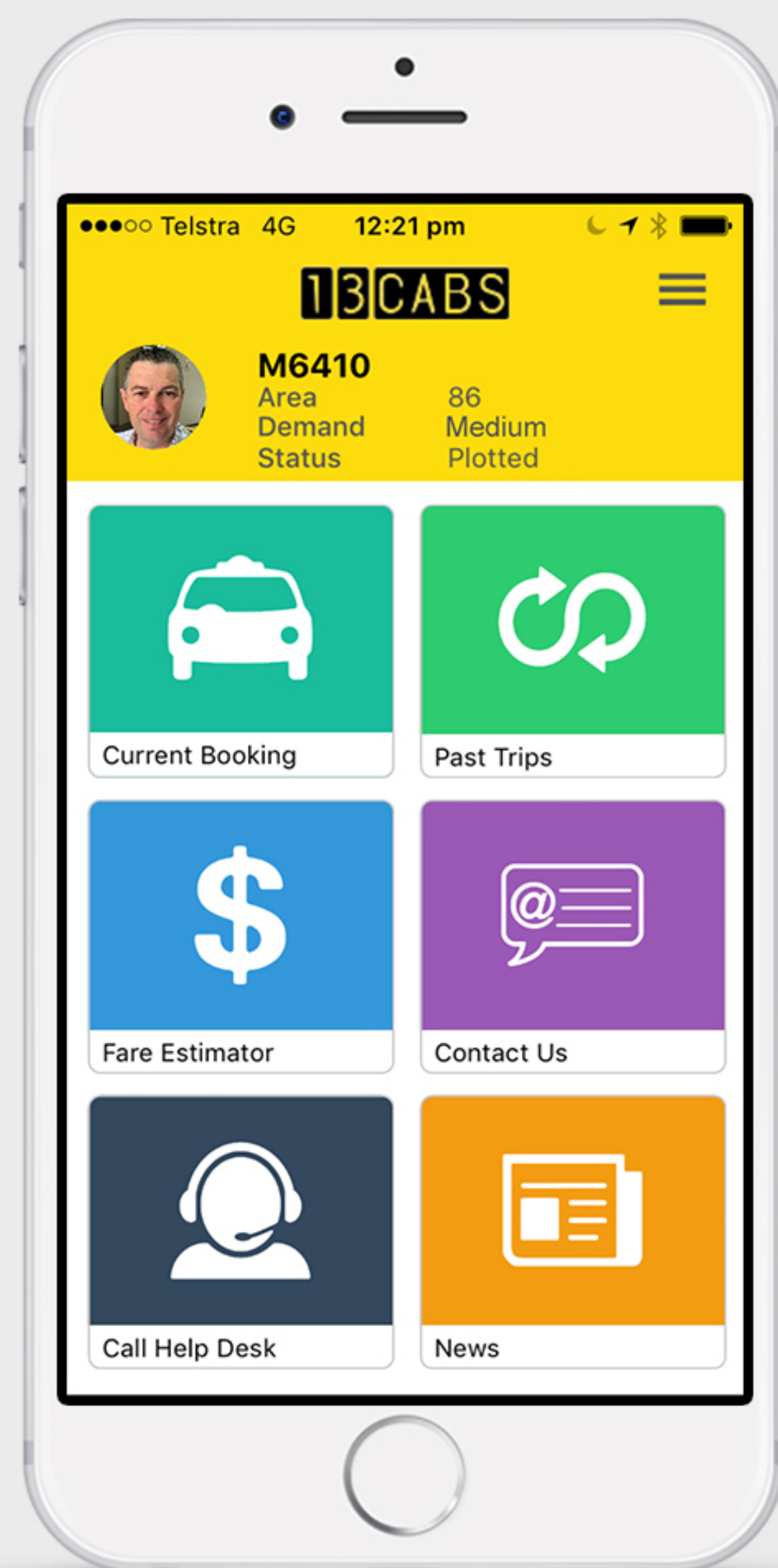
Comprehensive overhaul of apps for 13CABS and Silver Service



# 2 tap bookings



# Driver engagement

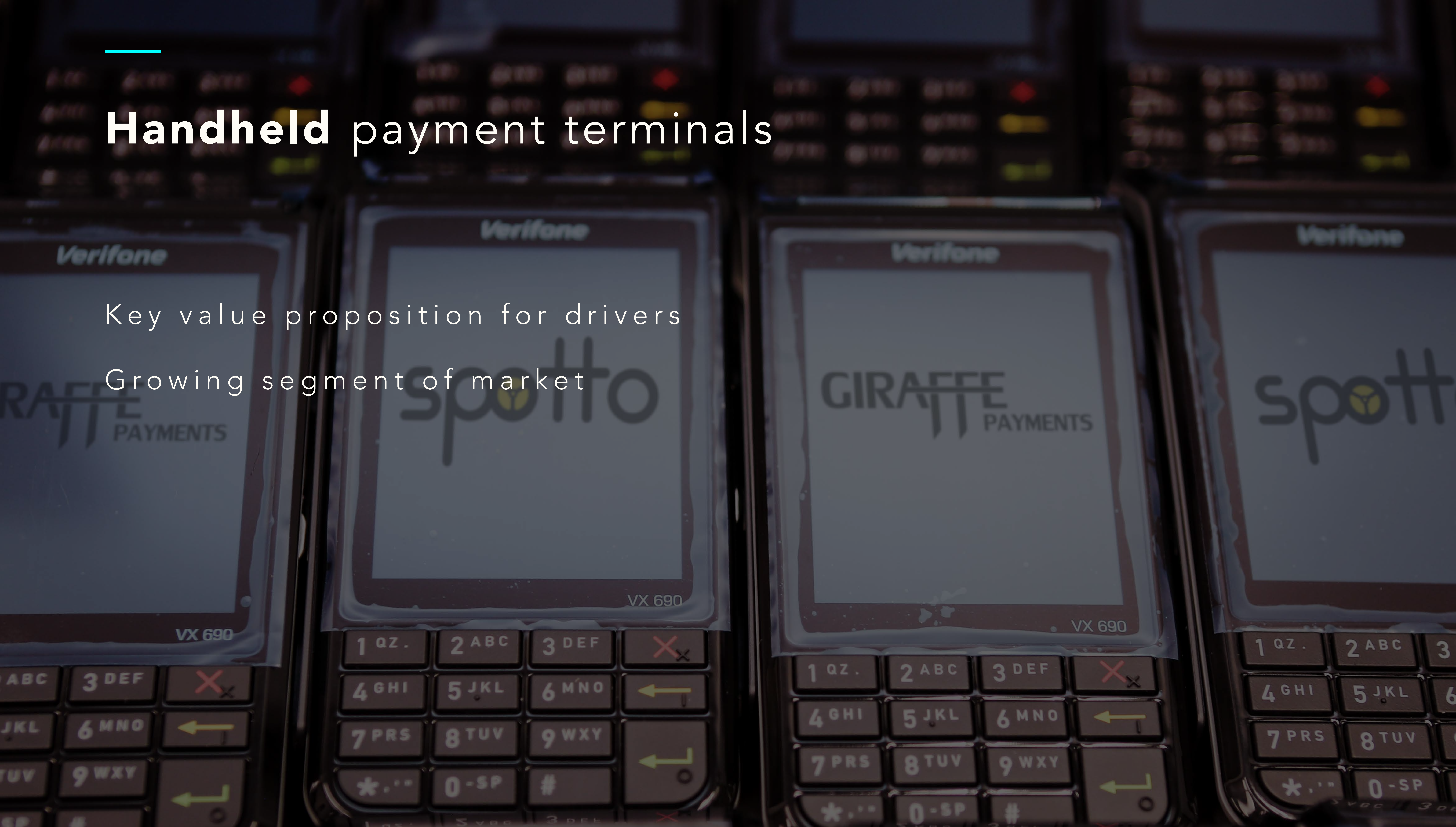


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# Handheld payment terminals

Key value proposition for drivers

Growing segment of market



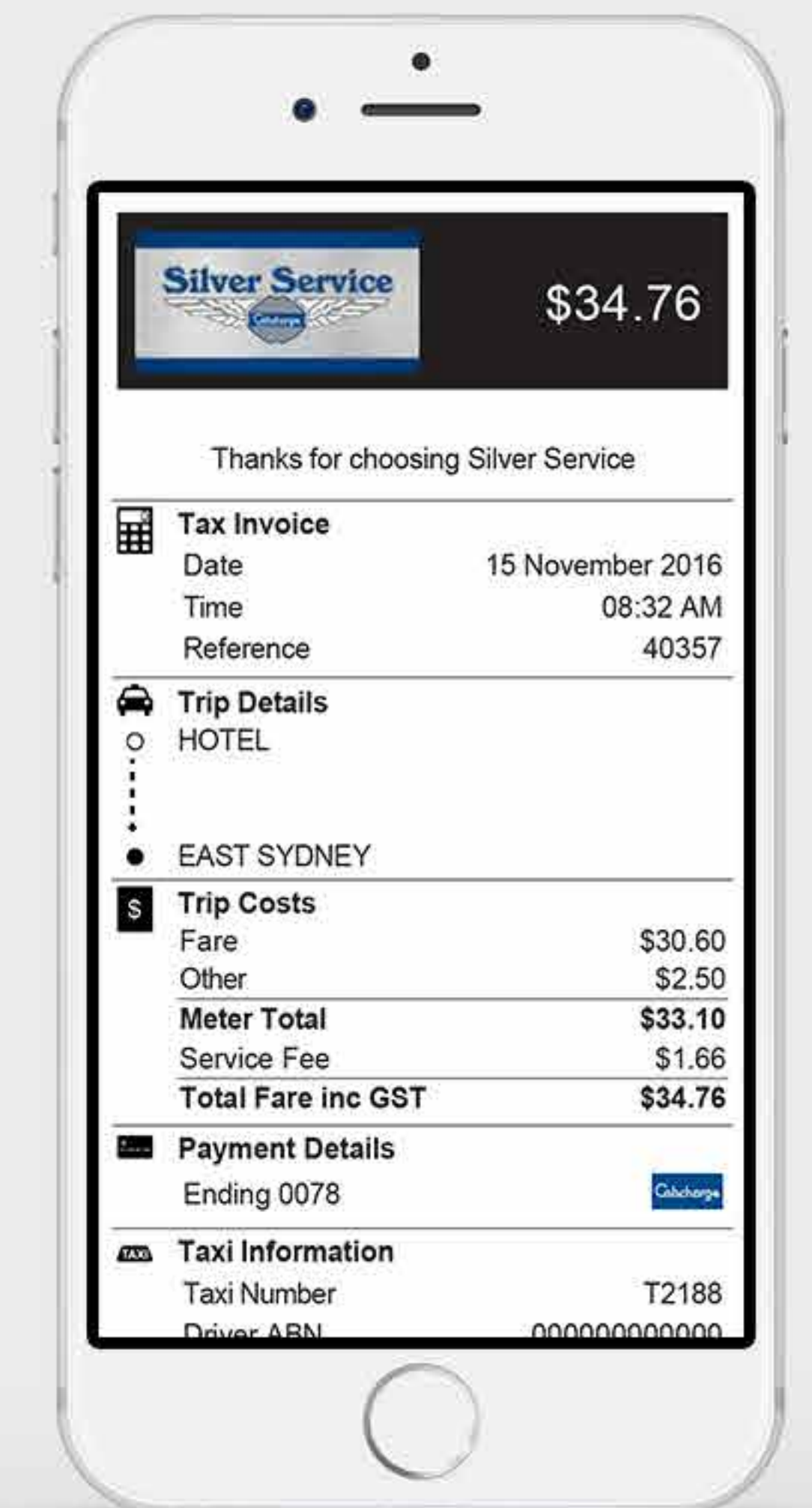
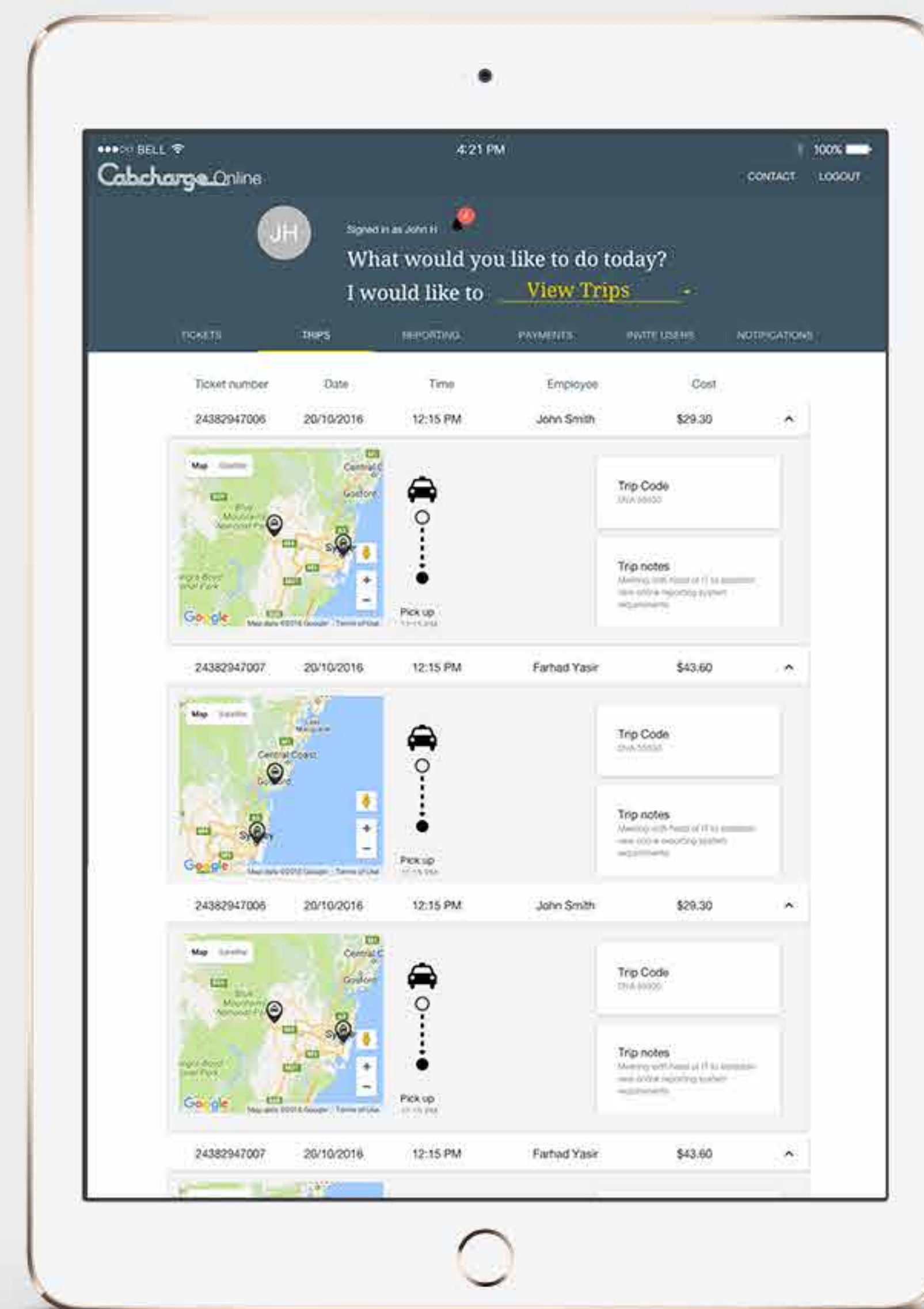
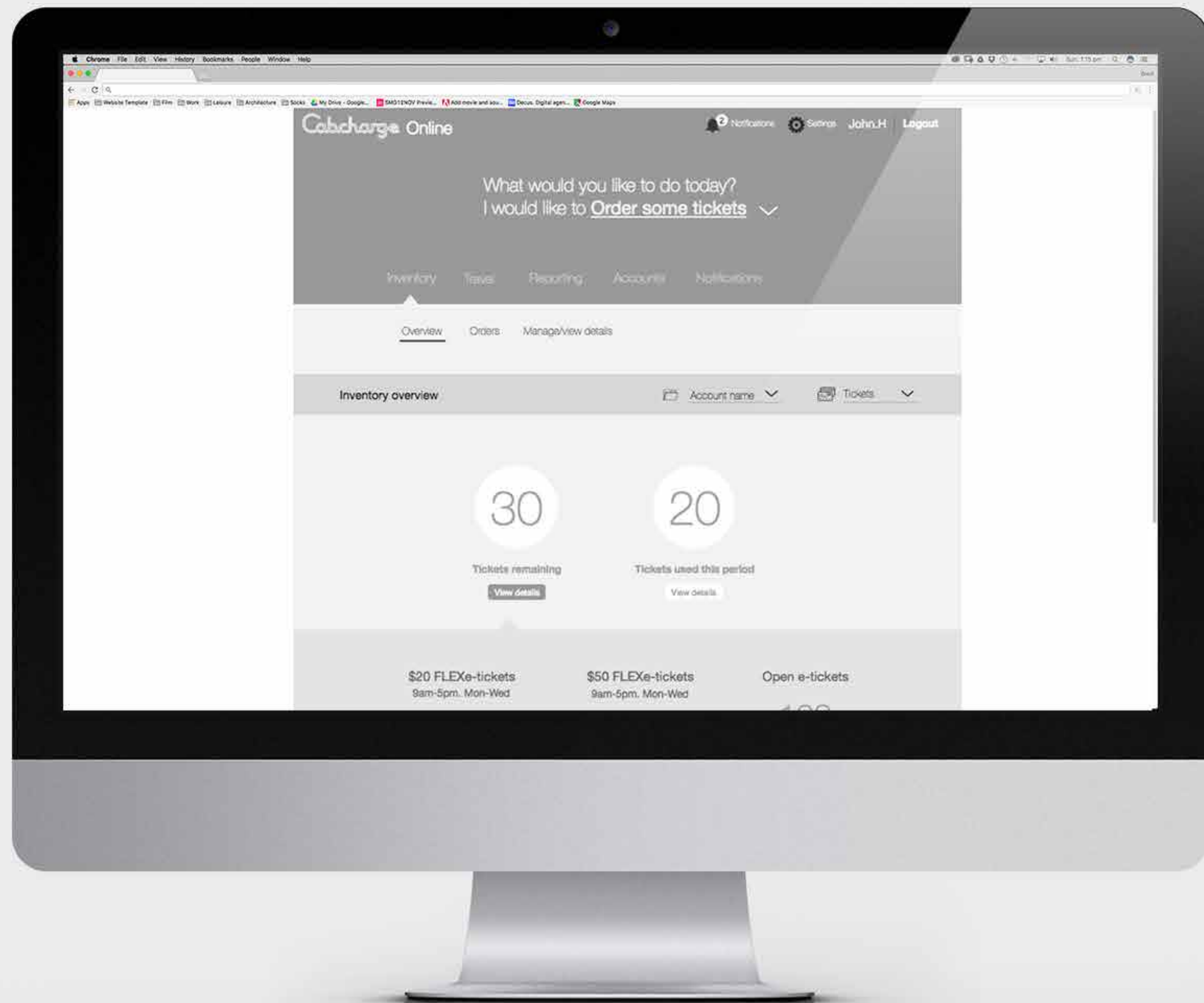
# New payment products for Cabcharge clients

**FASTCARD**

**FLEXeTICKET**



# New payment products for Cabcharge clients



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# Private hire

Pre-booked

Lightly-regulated

Growth market



# New drivers

## New taxi direction

EXCLUSIVE  
ALEKS DEVIC  
TRANSPORT REPORTER

### Surge in cabbies after knowledge test dropped

Tell us what  
you think  
heraldsun.com.au

MORE cabbies are out on the roads after the qualification bar was lowered — but there is no guarantee they can get you where you want to go.

In August, when the State Government announced that it would legalise ride-sharing, the taxi industry's knowledge test — based on London's famous test for black cab drivers — was scrapped.

Since then, 5045 people have applied to the Taxi Services Commission to be accredited as taxi drivers, compared with 5956 for the whole

of 2015-16 and just 3957 for 2014-15. The increasing numbers of taxi drivers should put more cabs on the road, around the clock, providing greater competition for ride-sharing service Uber.

Melbourne's biggest taxi company, 13 CABS, said it had hired more drivers in the past two months than it had in two years while the knowledge test had been a requirement.

Last month, 13 CABS inducted 471 drivers, compared with 59 the previous October. In September, 608 were hand-

ed keys, compared with just 43 the previous September. 13 CABS chief operating officer Stuart Overell said: "Ultimately, now we have more taxis on the road because before we were only managing to do one shift. Taxis were previously parked when everyone wanted to get home at night."

He said there would now be no tolerance for those taxi drivers who failed to satisfy their passengers.

"With more drivers, we have more opportunity to remove the bad ones out of the

system because there is more choice," Mr Overell said. "Those with bad ratings or feedback will be taken off the road."

Mr Overell said that the cost and difficulty of the knowledge test had been a turn-off for many aspiring taxi drivers.

The test had been one of the industry reforms introduced by the Napthine Coalition government in 2014.

Applicants had to get 85 per cent of the questions correct in each of three separate modules to secure a licence.

In a trade-off for the improved standard, cabbies were given a larger slice of earnings: a minimum of 55 per cent of the fare box, compared with the previous 50-50 split.

But the test, on suburb locations, general knowledge and customer service, proved too difficult — in its first two months, only one in 234 applicants passed.

When figures did not improve, the TSC modified the test, distributed a handbook to help candidates prepare, and gave them eight attempts to

pass rather than two. TSC chief executive Aaron de Rozario said that since the changes in August, the industry regulator's office opening hours had been "modified" to cater for the "considerable increase" in walk-ins.

"As a regulator, our priority is safety, and it's good to see more drivers getting police checks and getting accredited," Mr de Rozario said. [aleks.devic@news.com.au](mailto:aleks.devic@news.com.au)  
EDITORIAL, PAGE 22



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# Service delivery / it's personal

Better technology, better service

Cabcharge