



Chief Executive Officer's Report

We aim to reward Customers with dependable and trusted service that delivers certainty and a frictionless and superior booking, journey and payment experience.

ANDREW SKELTON
CEO

Your management team has continued to focus on positioning Cabcharge for growth. Today we have greater clarity around Government regulation across a range of jurisdictions. And most importantly, we completed FY16 as a stronger Company in terms of our fleet size, Driver numbers, and our service levels for Passengers.

Despite the challenges facing your business in FY16, we have delivered to shareholders a fully franked dividend of 20 cents per share. The dividend is consistent with FY15 and comes on the back of a strong operating cash flow of \$46.5m and cash conversion ratio of 85%.

At both the half year and full year Results Presentations we upgraded the transparency and quality of our

financial information, a theme which flows through to the Operating and Financial Review set out on the following pages.

In FY16 we tackled continual regulatory instability and intense competition – particularly affecting our payment processing business. In addition, the change in regulatory framework has led to a \$27.7m non-cash impairment of our national taxi licence portfolio.

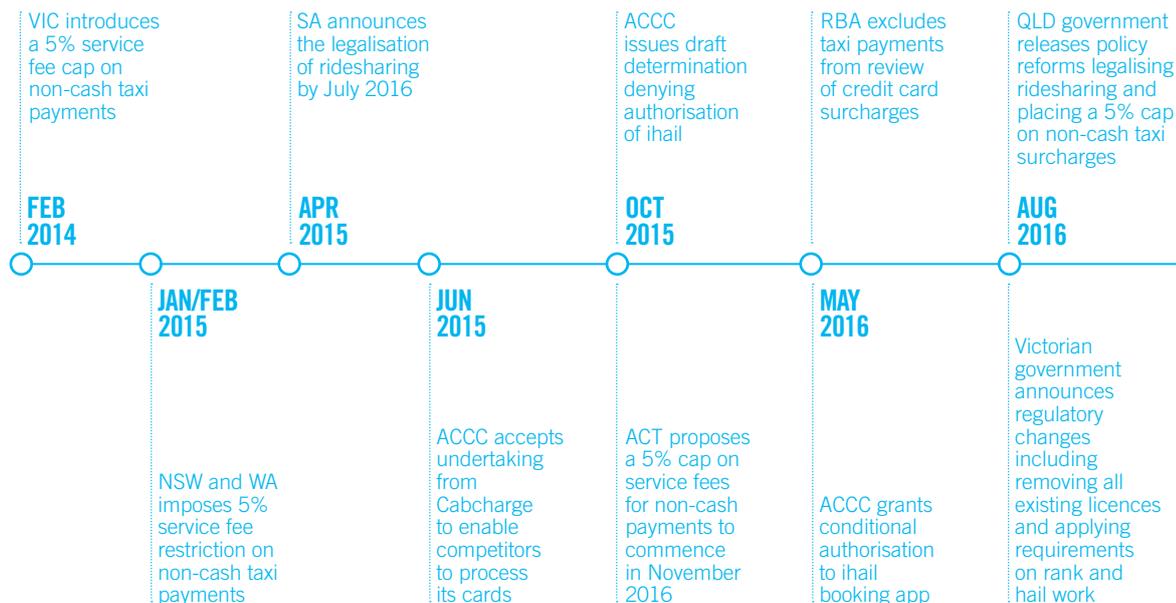
The largest single impact on our revenue in FY16 was the full year impact of the imposition of taxi service fee price controls by the Governments of NSW and Western Australia. In contrast, taxi services revenue has been supported by the fifth consecutive year of growth in the taxi fleet.

Our Cabcharge account base is stable, although we have experienced a reduction in transactions from single use products, particularly in resource States like Western Australia. Responding to the transaction data and suggestions from our corporate Customers we launched a new and improved FastCard for Cabcharge Account Clients as well as configurable eTICKETS that were designed, built, tested and released during the year – offering Customers the ability to customise single use products to maximum amounts, time of day or days of the week. This group of technologies, together with *FAREWAYplus*, is delivering a revised value proposition to our Clients, many of whom are already benefiting from our email receipts. During FY16 we continued to deliver on our strategic tasks. Our focus on Integrating Networks resulted in a restructured workforce, consolidated contact centres and standardised dispatch and phone systems. Committing to a Key Brand meant Newcastle Taxis was rebranded as 13CABS, joining our fleets in Melbourne and Adelaide in the process. Bookings and Payments were linked in our apps and we completed the rollout of our new payment device *FAREWAYplus* into our affiliated fleets. We also installed *FAREWAYplus* into more than 75% of the taxis affiliated with our Merchant Partners. The roll

REGULATORY IMPACT ON INDUSTRY

We have a clearer picture of the future

- Completion of Australia-wide transition to 5% cap on non-cash taxi payments expected in 2017
- Well positioned to grow leading position in personal transport
- New regulations move industry closer to providing equal playing field for all participants and allows us to invest in future growth initiatives to benefit our Customers.



Leading position in non-cash taxi fare processing

5.2%
5 year CAGR in fleet

Evolving business model targeting growth

out is on track to be completed by the end of the 2016 calendar year. *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 Customers with tolls and airport charges being displayed and calculated automatically.

We continue to respond to the needs of Passengers and have implemented a series of improvements to dispatch which led to faster pick up times for Passengers in NSW. We also invested in strengthening Silver Service as a premium brand for personal transport. Our marketing campaigns focused on passenger expectations and delivered an increase in bookings for the Silver Service fleet. Our Passengers and Drivers are now benefiting from a new telephone system with greatly enhanced management tools and functionality that has been rolled out nationally. Passengers and Drivers are utilising our new *Passenger Connect* functionality which enables them to call each other, for example on approach, whilst maintaining phone number privacy. *Passenger Connect* is an example of the initiatives we are implementing to enhance certainty for Passengers and Drivers alike and deliver faster pick up times.

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

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

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 and 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.

Regulatory changes will continue to impact our results into FY18 and there is further work to be done to build our capabilities, as well as further opportunities to strengthen our Balance Sheet. We are exploring new opportunities in the form of hand held terminals due to be launched in FY17 and our private hire fleet pilots are operating in Adelaide and Maitland. We were delighted to welcome Ballarat and Shepparton Taxis as taxi network bureau clients earlier in the 2016 calendar year. In particular we are confident that our focus on service is gaining momentum with a sharp rise in new Driver enrolments in both Victoria and NSW in the wake of regulatory constraints being removed. Taxi transport will remain the core of the business, and will be complemented by growth in new segments and service offerings. In doing so, Cabcharge will shape, facilitate and benefit from the transition to a growing and increasingly mobile society with evolving attitudes to asset ownership (including cars).

We are excited that your Company holds the leading position in a growing industry and have set our Strategy to ensure we capture the continued growth in opportunities to provide paid personal transport for the benefit of all our shareholders.