

Jayride Group Ltd

Riding onwards: Targets 1m trips, \$10m revenue pa

Jayride Group Ltd (ASX:JAY) is an online marketplace and booking platform for airport ground transfers globally. It aggregates the services of ~3,700 transport companies which collectively cover ~1,600 airports in ~110 countries, and makes them available via its website (jayride.com) and travel brand partners (including travel agencies and wholesalers). In June/July 2021, JAY raised \$11m at \$0.21/share to fund its ~\$5m pa 'growth investment' strategy (including tech investment and marketplace expansion) and repay a \$2m debt facility. At 30 September, cash stood at \$2.7m. Recent announcements highlight JAY's target of 1m passenger trips for \$10m net revenue pa (i.e. \$10/trip) [vs. current 580k trip run-rate at ~\$8.89/trip] to generate positive operating cashflow and EBITDA and, in turn, facilitate an ongoing 'self-funded' growth trajectory. Expected growth drivers include further international travel resumption in FY23/FY24 (especially in Asia) and increased market share from recent and ongoing 'growth investment' encompassing expanded vehicle and service offerings, new travel partners, a European growth focus (on-ground presence, adding Spanish language functionality), and addition of non-airport destinations. JAY's current global market share (airport transfers) is ~0.02%. Its longer-term growth aspiration is 10m trips and \$100m net revenue pa driven by a multi-lingual functionality roll-out (English/non-English speaking market split is ~25%/75%) and 'anywhere to anywhere' rides.

Business model

JAY operates a global online airport ground transfers marketplace enabling travellers to gather and compare information on available ground transport companies (including vehicles, availability and prices) and then pre-book their selected trip(s) either via its website (jayride.com) or its travel partners. The quote-to-booking conversion rate is ~0.5%. JAY generates revenue from net commission and fees earned on passenger trips booked with transport companies (i.e. a % of total transaction value less refunds). Its most significant geographic regions (per FY22 net revenue) were North America (51%) and Europe (37%), while its top travel partner accounted for 19% of FY22 net revenue (with 55% from top four).

Record trips and net revenue in Q1; 580k annual trip run-rate

JAY recently reported the following key Q1 FY23 metrics: (1) \$1.25m net revenue (up 157% yoy and 15% qoq) reflecting 141k passenger trips booked (up 117% yoy and 4% qoq) at \$8.89 average net revenue per trip (up 11% qoq) including 20% refund rate; (2) 52% contribution margin (after all variable costs including customer acquisition costs); (3) \$379k net operating cash outflow (or \$273k 'stand-still' operating cashflow [i.e. excluding \$652k discretionary 'growth' operating expenditure]); (4) \$952k free cash outflow (after \$573k capitalised tech development and capex); and (5) \$2.7m cash (and net cash) balance. JAY also advised that: (1) "Q2 has started well" with a run-rate of 580k trips pa (145k trips/qtr) at 22 October; and (2) It anticipates reduced Q2 operating cash outflows partly facilitated by planned working capital initiatives (shortened travel partner receivables cycles, receivables finance facilities) and R&D rebate/grant receipts.

Growth expectations: Attracts premium to peers

JAY is trading at EV/Net revenue of 11x based on FY22, 7x based on the current \$4.1m run-rate and 3x based on its \$10m target. We have identified ASX/NZX-listed peers in three relevant categories: (1) Services marketplaces: Mad Paws (ASX:MPA), Airtasker (ASX:ASK), Hipages (ASX:HPG); (2) Travel tech: SiteMinder (ASX:SDR), Serko (NZX/ASX:SKO); and (3) Travel: Flight Centre (ASX:FLT), Helloworld (ASX:HLO), Webjet (ASX:WEB), A2B (ASX:A2B). JAY is trading at a sizeable premium based on FY22 EV/Revenue (11x vs. average 3x for marketplaces, 6x for travel tech, 4x for travel). It also attracts a premium based on FY23f EV/Revenue (7x at run-rate vs. average 5x for travel tech and 2x for marketplaces and travel [Source: Refinitiv]) which likely reflects relatively high growth trajectory expectations (per JAY's \$10m target).

Historical earnings and ratios (in A\$m unless otherwise stated)

Year end	Net revenue*	EBITDA**	NPAT rep.	EPS rep. (c)	EV/Net revenue (x)
06/19a	3.3	(7.5)	(8.2)	(10.5)	4.8
06/20a	3.2	(5.2)	(7.1)	(7.6)	6.2
06/21a	0.8	(3.1)	(4.5)	(3.9)	30.8
06/22a	2.6	(3.8)	(5.1)	(3.0)	11.0

Source: Company data; *Net commission and fees (after refunds); **Includes COVID-19 govt support payments of \$0.3m, \$0.6m and \$0.5m in FY20, FY21 and FY22 respectively

Transportation

7 November 2022

Share Details

ASX code	JAY
Share price (4-Nov)	\$0.18
Market capitalisation	\$31.7M
Shares on issue	176.38M
Net cash at 30-Sept-2022	\$2.7M
Free float	~69%

Share Performance (12 months)



Upside Case

- Significant ↑ in trips = quickly exceeds 1m trips/\$10m net revenue pa targets
- Higher-than-expected growth from post-lockdown travel (incl Asia reopening) and European focus
- Major conversion ↑ via marketplace expansion (e.g. new partners) and enhanced offerings

Downside Case

- Fails to meet 1m trips/\$10m net revenue pa targets (& +ve op. cashflow) in a timely manner
- Further equity capital requirements
- Loss of key travel brand partner(s)

Catalysts

- Reach 1m trips/\$10m net revenue pa targets
- Evidence of sustainable 'self-funding' growth

Comparable Companies (Aust/NZ)

Marketplaces: Mad Paws (ASX:MPA), Airtasker (ASX:ASK), Hipages (ASX:HPG); **Travel Tech:** SiteMinder (ASX:SDR), Serko (NZX/ASX:SKO); **Travel:** Flight Centre (ASX:FLT), Helloworld (ASX:HLO), Webjet (ASX:WEB), A2B (ASX:A2B)

Board and Management

Rodney Cuthbert	Non-Executive Chairman
Rodney Bishop	Managing Director/CEO
Tzipora Avioz	Non-Executive Director
Yifat Shirben	Non-Executive Director
Samuel Saxton	Non-Executive Director
Peter McWilliam	CFO

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FINANCIAL SERVICES GUIDE

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