

RaaS Interview with Carly Holdings (ASX:CL8)

23 April 2024

Duration 4 minutes 21 seconds

00:00:02:07 - 00:00:14:11

Finola Burke (RaaS)

Hello I'm Finola Burke from RaaS Research Group. And today I'm catching up with Chris Noone, the CEO and executive director of vehicle subscription business, Carly Holdings, ASX ticker CL8. Welcome back, Chris.

00:00:15:03 - 00:00:16:06

Chris Noone (Carly Holdings)

Thanks Finola, great to be here.

00:00:17:02 - 00:00:35:22

Finola Burke

So Carly reported Q3 cash receipts of \$1.4 million, up 23% on the previous corresponding period, with subscription revenue increasing 58% to \$893,000. And the fleet is now more than 450 vehicles. Has the pace of growth been improved by your shift to electric vehicles?

00:00:37:02 - 00:01:03:07

Chris Noone

We received the first delivery of electric vehicles in December 23 and we received more during the March quarter. Because they were received later in the quarter and because we launched our EV trial product on the 5th of March, the majority of the growth that we have reported in the most current results have been from our traditional fleet and what we're seeing is that the electric vehicles are having a much greater contribution in the current quarter.

00:01:04:11 - 00:01:12:13

Finola Burke

And have you been able to maintain your historically high utilisation rate with the additional of the new vehicles that you have brought on in the last quarter?

00:01:13:07 - 00:01:50:15

Chris Noone

We aim to run a just-in-time strategy for the delivery of vehicles into the fleet. We want those deliveries to run just ahead of the demand so that we do achieve that high utilisation. What we've seen over the last few quarters and certainly for all of this financial year, is that

the utilisation rate for our own fleet, which is the fleet that we have most control over and represents 69% of the total fleet, the utilisation has been increasing every quarter throughout the financial year and is well within the 80% utilisation range that we're targeting.

00:01:51:14 - 00:01:59:11

Finola Burke

And what can we expect from Carly in terms of additional vehicles in the current quarter? Is there a plan to add a similar number of electric vehicles for the EV trial?

00:02:00:11 - 00:02:33:06

Chris Noone

We're seeing that the vehicle supply position for Carly is improving on two fronts. First of all, on the asset light side, which is where we secure vehicles from dealers and manufacturers, the supply restrictions that have been in the market ever since COVID are largely gone now. And dealers are starting to deal with excess stock of some models. So we're seeing an increased number of inquiries from manufacturers and dealers to put their vehicles into our asset light fleet to secure subscription revenue for those vehicles.

00:02:33:18 - 00:02:59:21

Chris Noone

So we're seeing that the asset light fleet is growing and we saw that in the most recent quarter where it grew over 20% in the quarter and we'll see that continue within the current quarter as well. On the asset heavy side of our fleet, which is where we purchased the vehicles in our pipeline, we can see at least \$1.5 million worth of vehicles to be delivered in the current quarter.

00:03:00:18 - 00:03:10:19

Chris Noone

And now that will contribute to revenue both in the current quarter and in also subsequent quarters. And a reasonable proportion of those vehicles will be electric vehicles.

00:03:11:18 - 00:03:23:07

Finola Burke

And on the cost side Carly has significantly reduced operating costs across the board and the net cash used in running the business. Is this sustainable and what can we expect from the business going forward?

00:03:24:00 - 00:03:49:10

Chris Noone



We can actually think we can do better than the current results. In the March quarter, there were some one-off expenses and some expenses from prior periods, and because we report on a cash basis in these results, that's hit us in one go in this quarter. Now they will not be recurring in subsequent quarters. So we think that we'll have a better position to report in the June quarter.

00:03:49:20 - 00:04:02:12

Chris Noone

The only expense line that we can see increasing at this stage is that of marketing. But that will increase in line with revenue. So our net cash use position should continue to improve.

00:04:03:13 - 00:04:10:11

Finola Burke

Well, thank you Chris for your time today. I'm looking forward to catching up with you through the course of 2024 to check on the progress of Carly Holdings.

00:04:11:01 - 00:04:12:09

Chris Noone

Thanks Finola, great to talk to you.

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