



ASX Announcement

9th June 2021

Conference Call Transcript

Jayride Group Limited (ASX:JAY) ("**Jayride**" or the "**Company**") the world leading global travel marketplace for airport transfers today releases the transcript of the company's Northern Hemisphere Travel Recovery Presentation held on 8th June at 9.00am AEST.

Start of transcript

Michael Brown (Host): Good morning, everybody and welcome. Today we will be hosting this expert panel session to discuss the global travel industry recovery, led by the Northern Hemisphere. Before I handover to Rod Bishop the Managing Director of Jayride who will introduce the other panelists I'll outline the format for today's interactive session.

The panelists will each present an overview, with some slides which they'll share on screen and then we'd be pleased to move to a Q&A session. I encourage you all to consider questions during the presentations as we're keen to make this session as interactive as possible. Thank you again for joining us and, on that note I'll hand over to Rod Bishop.

Rod Bishop (Managing Director, Jayride Group): Welcome everyone, my name is Rod Bishop, co-founder and Managing Director of Jayride Group. I'm joined today by our two guest speakers.

First I'd like to introduce Rod Cuthbert, chair of Jayride Group calling you from Melbourne. Rod is a globally recognized leader in travel technology. He founded the online travel marketplace Viator and grew that company from its founding to acquisition by Tripadvisor in 2014. He was also CEO and Chair of online travel search engine Rome2Rio until 2018 which was subsequently acquired by Berlin based Omio. Rod is Chair of Jayride Group and also non-executive director of Tokyo based online travel marketplace for Veltra. Thanks for joining us Rod.

Next, our guest speaker today from the US is Charuta Fadnis, Senior Vice President of Research and Strategy at Phocuswright calling today from Seattle. Charuta leads the global research team of Phocuswright. For those of you who are in the travel industry, Phocuswright needs no introduction at all. For those who don't know them by name Phocuswright is the world's leading travel industry research authority on how travellers,



suppliers and intermediaries connect. Thank you very much for joining Charuta.

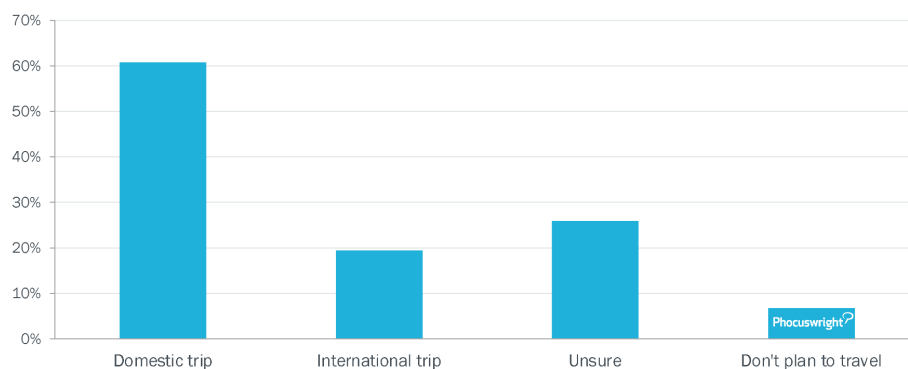
And so to start this panel session I'd like to hand the mic to Charuta to take us through how she sees the Northern Hemisphere travel recovery.

Charuta Fadnis (SVP Research and Strategy, Phocuswright): Thank you Rod for the introduction and good morning everyone. It's good to be here. It's been a very, very long 15-16 months. And it's nice to come on and share some positive messages of what we're seeing in the marketplace and see signs of hope on the horizon for the travel industry.

Let me just start with some consumer behavior. What we are seeing here in terms of travel. What consumers are telling us. We've been monitoring consumer behavior throughout the pandemic. We've conducted several surveys. We've asked travellers how they perceive travel. And we've heard one consistent message throughout whether it's US travellers whether it's in Europe. What travellers are telling us consistently is that travel is important to them. It's a part of their lifestyle and pandemic or not travel will remain an important part of their lifestyle.

That's great news because, you know, throughout the pandemic that kind of kept us going and as an industry; we've shared that message with other groups as well.

U.S. Consumers' Likelihood to Travel in 2021



6 Source: Phocuswright's U.S. Consumer Travel Report 2021

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As we're coming out, certainly here in the US, of the doldrums, more recently we conducted another survey here in the US and we've asked US consumers, "how likely are you to travel in 2021 and where do you think you'll go, what kind of destination?".

It's really heartening to see that only 7% said we're not going to travel at all in 2021, we have some hesitancy there. However more than 90% say they do want to take a trip. Obviously, a lot of that travel right now is domestic, for different reasons, borders aren't

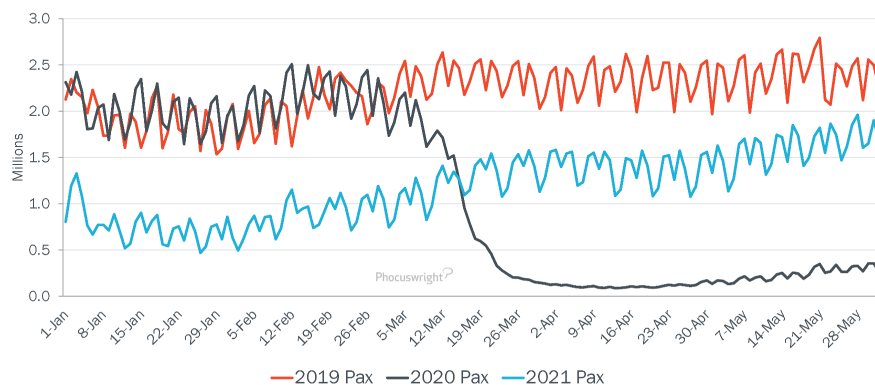


open, etc. But a takeaway here is that consumers are very, very open to travelling. They want to get back, they want to get out and about.

After a year of lockdowns and quarantines we talk about pent up demand – it is real and it's starting to manifest. We are starting to see it here, and so, if we look at passengers, and how they're returning to the skies.

Passengers Are Returning to the Skies

Daily U.S. Air Passenger Throughput: January-May 2019, 2020 and 2021



Note: Passengers passing through U.S. airport security checkpoints, same weekday.
Source: TSA

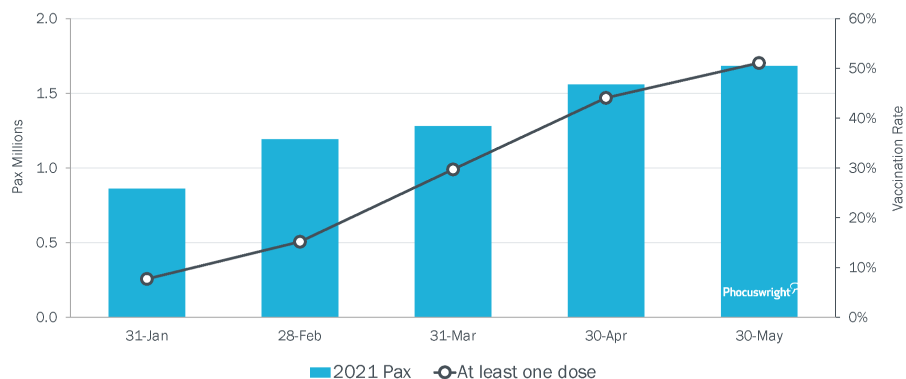
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This slide really shows you – it's the numbers of air passengers compared to the same weekday over 2019, 2020 and 2021. Obviously, you see a dropoff in mid March last year. But what's great is to see the recovery in passenger numbers that we're seeing here in the US, as they make their way through airports to different destinations. We've seen it go from about half a million in Jan, until at the end of May we had a long weekend holiday in the US and we saw passenger numbers go up to about 70% of 2019. It is great to see that rebound and it's great to see that passengers have the confidence to return to fly again after what has been a very, very difficult period.

Researchers will want to know what's driving this change in behavior and the biggest factor here is consumer confidence is coming back because of vaccinations.

We can correlate this in terms of passenger numbers, and how the vaccination rates in the US are trending. We went from about 7% of people having had one dose towards the end of January to now where more than 50% of people have had at least one dose – and that's as a percentage of the overall population. If we look at the percentage of those people who are eligible to get vaccinated, it's even higher at about 63%-64%. These people are exhibiting confidence and they're returning to travel.

Strong Correlation Between Vaccination Rates and Air Travel



Note: Passenger numbers are equal to those passing through U.S. airport security checkpoints, same weekday. Vaccination rates are as a % of population.
 Source: TSA, Our World in Data
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I like to harp on about how good it feels that travel is returning and this is despite my own personal experience. I was out for the weekend; I went to California. It was like the pandemic was really behind us, the flight was full, hotels were really hard to come by, car rental rates were through the roof, restaurants were packed and masks were being discarded outside by pretty much everybody.

And we see the industry is also talking about how well they're doing – they're seeing the airlines (Delta airlines / American Airlines) are cash flow positive again in the last month; the hotels are talking about increased occupancy; we're seeing car rental rates just go through the roof for various different reasons, supply as well as demand; we are seeing long waits for Uber and Lyft; and of course, you know what that means is that as consumers we are looking at other options for ground transportation. We are expecting the summer travel season to be extremely difficult.

In fact, if you go and look at some of the advice columns here in the US, the travel gurus are saying book your car first or book your ground transportation first before you book your hotel. It's going to be a key part of your vacation and if you book your hotel and your air that it may mean that you don't get something to take you from the airport to your hotel.

So, this is a great message in terms of returning to travel and recovery taking root. Short term looks great, we are absolutely going to have a great summer travel season here in the US. But let's also take a look at the longer term, to see what the future holds for us.

Projections for how the travel market will recover in the US are that we expect to get back to pre-pandemic levels by 2024.



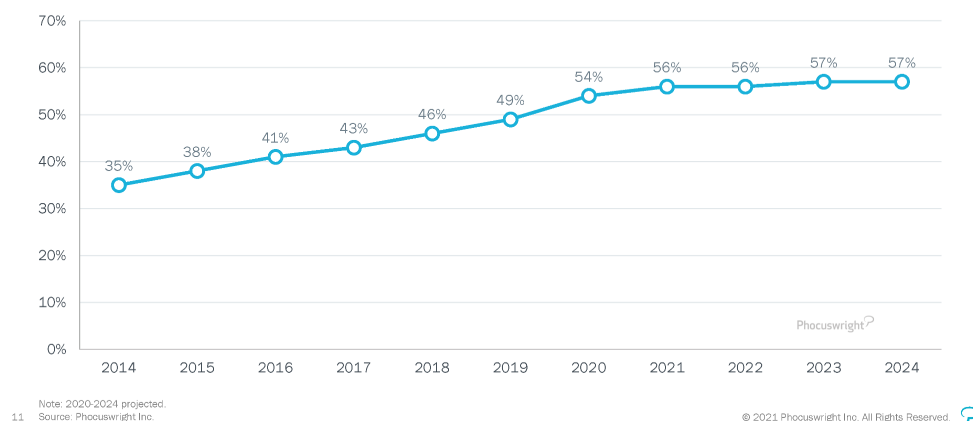
I want to stress that I'm not talking about passenger numbers, because passenger numbers are recovering very steadily and we expect those to actually make a better recovery than the revenue projections. There are various reasons for this. Business travel will be a little slower to come back than leisure travel. There are different segments that are going to come back at different rates and of course there are going to be winners and losers within those sectors.

Airlines, for example, are looking more at their RPM or RPK than on passenger numbers, which might make them a little slower in terms of revenue. Other sectors, which depend more on numbers of people are probably going to be a little faster. So we'll see 2023-24 having a great upward trend that we expect.

In Europe we are expecting a little less than the US. We expect Europe by 2024 will be at about 70% or so of where we were in 2019. Again, corporate obviously plays a role, but also there is a shift in modes of transportation that will play a part as well.

Online Penetration Jumped In 2020

Global Online Penetration, 2014 - 2024



We will see how the market develops, however, there is one thing we have a lot of certainty on is that online will continue to grow.

All of us have seen, in our daily lives over the last year, a shift to online. We saw that in travel as well. It was a big jump in online penetration between 2019 and 2020.

That growth will slow a little bit as we get towards 22-23, etc, but the important thing to remember is that online has grown faster than the overall market and that it is going to do really well. It has become part of a behavioral shift, even people who before were hesitant to use a mobile phone to make a booking are now in that cycle where they're used to it. And that behavior will persist so there's definitely going to be the shift to



online that will stay.

So overall, I want to close by saying that the outlook is great; things are looking brighter. Certainly here in the US. They are also looking brighter over on the continent as borders start opening – and we've seen that in the UK with some jumps as soon as a country goes on the green list.

I'll be glad to take any questions at the end. I'll hand it back to you Rod.

Rod Bishop: Thank you Charuta. Everybody will have the opportunity to ask questions at the end and the discussion. I'd now like to hand over to Rod Cuthbert to talk about his view on the travel recovery.

Rod Cuthbert (Chair, Jayride Group): Thanks Rod. I'm going to talk a little about consumer behavior and specifically the parallel between what we're seeing with COVID's impact on the transfer sector and what we've seen after previous disruptions.

The key point I want to make is that these force changes can have a profound impact on awareness and adoption and consumer behavior.

COVID forces people to be more aware and concerned about health related issues when they travel. Rod Bishop who talks after me will review some research we've done on this topic. The numbers clearly suggest that, in a post-COVID world, travellers don't just consider price and other traditional factors when making travel decisions. They're also asking the question, "how can I reduce the chance of catching COVID while I'm travelling?"

Frankly it's hard to impact your chances on a plane or in a resort – you can pay more for a better seat or a large room, but you're still in the same plane, the same hotel. But you can certainly do something about the first- and last-mile, that is, the airport and hotel transfer segments of your trip.

So travellers are thinking, "when my family and I get off our flight, do we want to see someone waiting for us and letting them take our bags to the Mercedes or town car for a private transfer to our hotel? Or do we want to do what we've done in the past, which is jump into this line for a cab or a ticket on the train or tube where we can take our chances with a million other punters?"

For a lot of travellers that's a pretty simple question to answer and the research underlines that's exactly what's beginning to happen now.

Our view is that, having been pushed by COVID to experience the benefits of a private



transfer, a significant percentage of travellers will make it a standard part of their travel plans and will not go back to public transport or taxis.

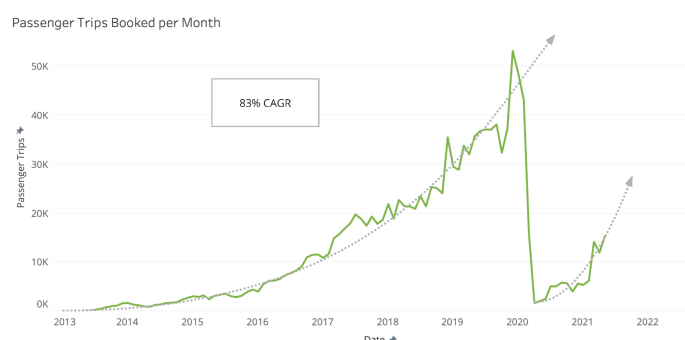
I've seen this sort of forced step change before. In the aftermath of 911, there was a massive disruption to existing travel plans. At the time, most bookings were made via the telephone to travel agents or direct to the airline or hotel. So there was a significantly reduced ability to make or change bookings. Simply put, people couldn't get through on the phone and when they did, the on hold messaging was, "go to our website, we can help you there". They did that and they discovered that researching and booking travel on the web was kind of fun and interesting and, in most cases, a better way to book than on the phone.

Having been forced to adopt this new behavior, it's stuck. So 911 was like a rocket under the online travel industry, creating awareness and attracting new users at previously unheard of growth rates. That awareness and those new users never went away and we think a similar dynamic is going to apply in the transfer sector.

Rod, I think this is a good time for you to jump in and discuss the research that supports our thinking on this consumer behavior.

Rod Bishop: Thank you Rod Cuthbert. People want to know about the shape of the travel recovery, and that's all about the kind of things that we're seeing on the ground. I think we can present some things today that will help make that recovery view a little bit clearer and make it actionable in terms of insights and what to look for.

12-MONTHS OF GLOBAL RECOVERY



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One of the ways I'm going to do that is take you from the top and right down to an individual traveller's behavior and then talk about that traveller's behavior and how it's



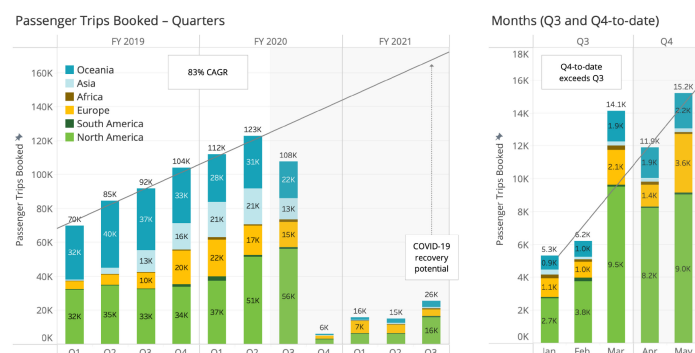
changed.

So first things first, just on slide 5 of the presentation is Jayride's overall trajectory and you can see the long term growth, the onset of COVID and the recovery.

Things to notice first are: Recovery has been underway for 12 plus months, April 2020 was the bottom and every month thereafter has improved. Second thing to notice is that it is fast. Our previous growth rate was 83% CAGR, this growth rate coming out of COVID is faster. Third thing to notice is that it's accelerating.

What is driving these changes is the northern hemisphere. If we zoom in a little and just take a look at recent months and recent quarters, the context is a northern hemisphere story. You can see on this graph on slide 6 passenger trips again – this is the thing that matters, people on the move – green is US and yellow is Europe. And you can see how this has become a northern hemisphere story. It's accelerating everywhere, but especially in the US and Europe.

US AND UK DRIVE GLOBAL RECOVERY



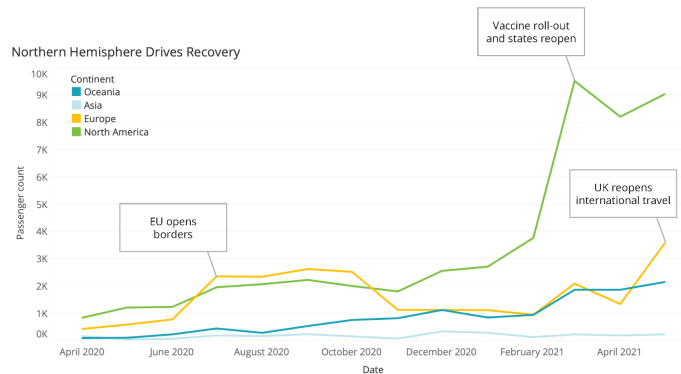
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Things to notice are: Q4 versus Q3 everything is up, but now 85% of our business is in the northern hemisphere versus 75%, which is the northern hemisphere pre-COVID.

Zooming in to understand how that Northern hemisphere recovery is coming through, on Slide 7, we have continents outlined again for you, same as before, the US in green and Europe in yellow, and you can see that it is an event based recovery.

US AND UK DRIVE GLOBAL RECOVERY



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If you take a look right back in 2020, EU opened borders around July and what happens when an event like that takes place is you suddenly have a trigger to travel. What people are waiting for is an open two-directional travel corridor with a reasonable travel quarantine requirement.

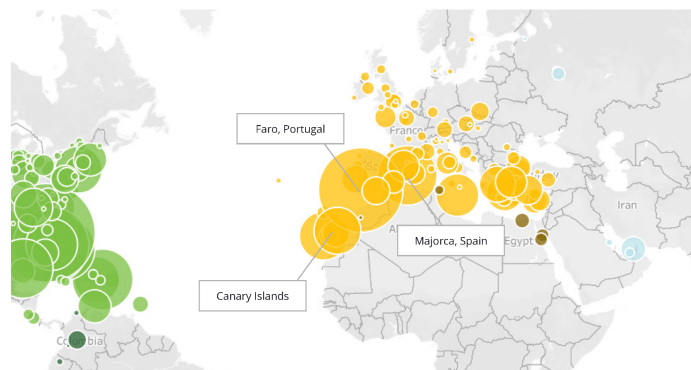
When that happens it is like a little step change event – that summer of July 2020 – and all of a sudden you had that reopening announcement and there was 199% month on month growth in Europe. This was retained for the rest of that summer despite the announcements about a second wave.

Coming forward to more recently, in March 2021, it's similar in the US (in green) with vaccinations, states reopening, spring break and again that beautiful 150% month on month growth. It was like a step change that has been retained for going on three months now in the US.

More recently in May 2021, Boris Johnson announced international travel reopening on 17th May, and again a step change in terms of passenger trips – 163% month on month growth.

So you start to get this feeling that trigger events, based on good reopenings, are retained and create new high water marks. And it is a kind of step changey in terms of its characteristics.

REOPENINGS DRIVE IMMEDIATE TRAVEL

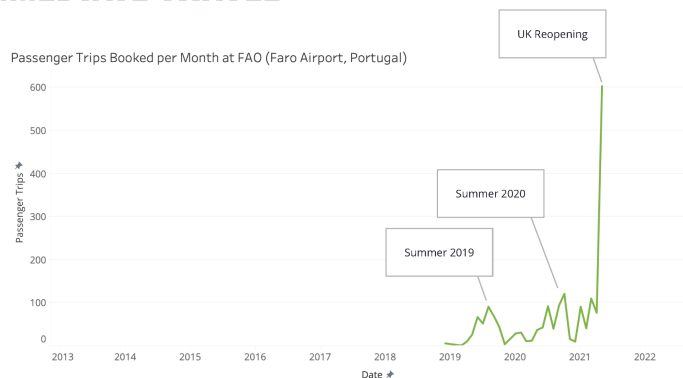


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To zoom in still one further I just want to show you this. Slide 8 is a map of where travellers are going in the four weeks since Boris Johnson opened borders.

The things to notice: Firstly, it is widespread, right? It is not just one or two locations; there are over two dozen locations that picked up a meaningful amount of incremental bookings of UK outbound travels across Europe.

REOPENINGS DRIVE IMMEDIATE TRAVEL



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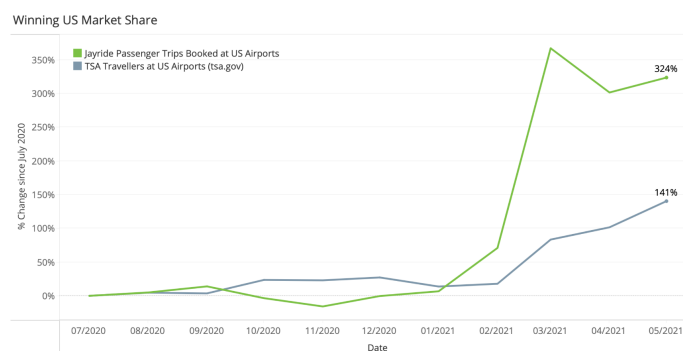
Secondly, when you look at Faro in Portugal, the number of travellers that are going there are completely unbounded by previous performance. This is Jayride's passenger trips since we launched in Faro and just before the summer of 2019. You can see 2020 and then you can see the month of May 2021 when UK travel was reopened.



So this is a very specific example. You've got a particular travel behavior, you've got a particular border policy and then the results can be kind of outsized.

So this is a flavor of what reopenings look like. But there is more to the story, because one of the things that we see at Jayride is that we are outperforming the market recovery.

JAYRIDE OUTPERFORMS THE RECOVERY



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The blue line is the TSA passenger trips that Charuta presented earlier, which have a strong recovery – 141% recovery in passenger trips and through US airports. Over the same time period, Jayride through the same airports have done 320%, and the reason why, there are many drivers, but the one to focus on here is the traveller behavior piece that Rod Cuthbert has talked to.

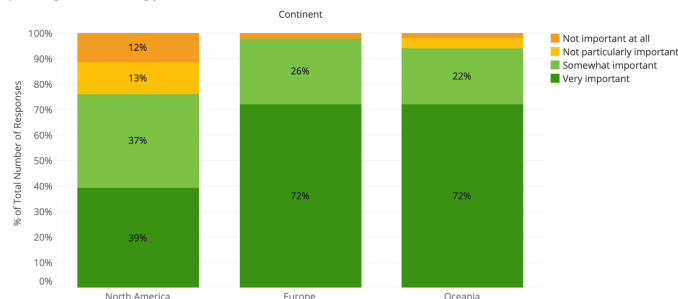
Travellers have different things they're looking for today. They want personal space, they want cleanliness, they want a touchless experience, they want to pre-plan for that confidence – Charuta talked about the unavailability of supply for last minute travellers – they want to trust an online purchase with a flexible refund policy, and they want real time updates.

So, by and large, travel platforms that offer these sorts of things, like Jayride for example, and anyone who is able to step up to those traveller needs, is going to have an outsized benefit. It's not about the overall revenue performance of the market so much as it's about being in a winning segment.

We took that one step further and for this I'm going to present some primary research. We surveyed Jayride's traveller base and with over 300 responses, I'd like to give you some of the things that they're saying about their travel.

TRAVELLER NEEDS HAVE CHANGED

To what extent are health and safety issues related to COVID-19 a factor in your travel planning for the coming year?



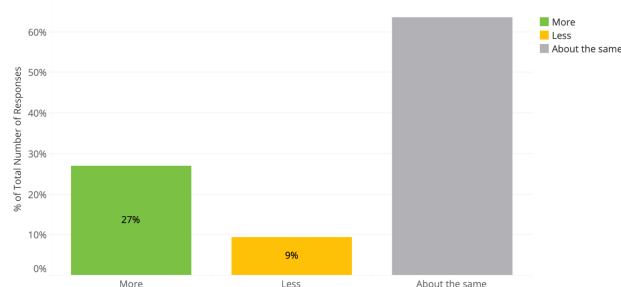
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First, we asked “To what extent are health and safety issues relating to COVID a factor in your travel planning for the coming year?” And, unsurprisingly the vast majority of respondents said that health and safety is a very, or somewhat, important measure in their travel planning.

It’s interesting to see the continent breakdown with the US relatively less concerned than other regions, but still a vast majority 76% of travellers are very or somewhat important as a factor in their travel planning. In Europe it’s 98%, and in Australia it’s 92%.

TRAVELLER NEEDS HAVE CHANGED

When considering your future travel plans, are you more or less likely to book a private transfer than you were pre-COVID?



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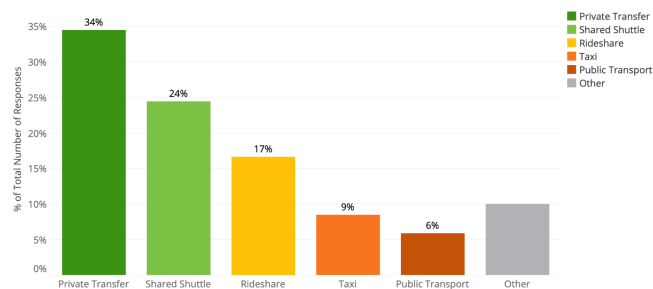
We asked them Jayride specific questions about purchase behavior. “When considering your future travel plans are you more or less likely to book a private transfer than you were pre-COVID?” Again, we see people making very clear purchase decision behaviors between things that they used to do in the past and things that they now want to do.



Over a quarter of all respondents, 27%, are willing to pay more for a private transfer experience in order to get that touch free, personal space that we talked about earlier. This is a really interesting signal.

TRAVELLER NEEDS HAVE CHANGED

When planning travel in the coming year, which of the following are you most likely to use for your airport / hotel transfers?



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So when we ask, “When planning your travel in the coming year, which of the following are you most likely to use for things like hotel and airport transfers?” you can see that result carry. You can see that private transfer, shared shuttle and rideshare – being door to door transport methods – are the top preference. Private transfer, even though it's a premium price, is the absolute thing that people want to spend money on. Whereas other things like taxis – because of that taxi rank that Rod Cuthbert described earlier – or public transport which is kind of a crowded and less secure environment are polling at 9% and 6% respectively.

We find this to be a really interesting change to traveller behavior. We think that this explains some of the outperformance that we're seeing. We think it's a really interesting signal for people looking to make decisions in the travel market at the moment.

In summary, people are thinking carefully about how to spend their travel dollars, given they haven't spent it for some time. This research seems to show that there's a pent up demand that will flow to wherever travel corridors are open, and when people have a reason to go there and that when they spend that dollar they're spending more of it to upgrade their safety.

That safety upgrade is harder to do in a hotel or airfare, but it's cheap and easy to do in a transfer setting. So, we're on the receiving end of a positive mix shift in terms of where travellers are going to spend their travel dollar. It looks like we're going to get a larger share of that travel dollar at Jayride and maybe there's other business opportunities out



there also for travellers who want to spend their travel dollar towards their health and safety.

I would now like to hand it back to Michael to present the Q&A session.

Michael Brown: Thank you to Charuta and to both Rods as well, for those insights and overviews, I would like to now open up the Q&A panel session. It is designed to be interactive so we encourage you to ask questions. Just take yourself off mute and if you could introduce yourself by name before you ask your question, we will appreciate it.

And perhaps to kick start the forum, I might start the Q&A with perhaps a question for Charuta. To what extent have you factored in the proliferation of online digital communication platforms, such as zoom as we're all using today in your volume recovery and growth estimates?

Charuta Fadnis: That's a great question Michael, certainly the platforms have been factored in, they're here to stay, we know that. You know flexible working and remote working is becoming a reality, I'll say even post-pandemic the platforms aren't going anywhere.

I'd like to kind of think about it a little differently. Perhaps also because those platforms mainly are expected to impact corporate travel, and while corporate travel is going to be slower to recover than leisure travel for many reasons, what we are hearing is that business travellers are eager to return and I've seen some recent GBTA surveys showing about 79% of travellers or companies saying their travellers are ready to travel as soon as vaccinated. The European Travel Commission previously did a survey that showed some of those pessimistic forecasts that business travel would be down by 50% and will never recover, but all of those forecasts are now starting to be rescinded.

I think what is important is to keep in mind that companies are going to be thinking about the liability aspect and about risk management and so they're going to be leading that conversation about when business travel will return and what type of overlap there is between the platforms as we're doing now, having these meetings where travel might not be convenient, versus the new opportunities that arise from flexible travel or from flexible working or remote working in terms of team meetings of getting together. Because there really needs to be that human communication, that face to face communication.

I think, you know, the short answer is that although this is a factor, we really think that corporate travel will see a recovery in the next few years as well.



Michael Brown: Thank you, would anybody like to kick off the session?

James Tracey (Research Analyst, Veritas Securities): Hi everybody. I've got a question – it's James Tracy from Veritas Securities here. I'm not sure who this question is for, but I'll just throw it out to everybody. Specifically, with relation to the technological disruption of the travel industry, we saw Booking.com emerge as the world's biggest hotel booking platform, and saw Skyscanner become dominant in the flight space. Why has it taken so long for a platform to establish dominance in airport transfers, do you think?

Rod Cuthbert: James thanks for the question, it's a good one.

When I look back on the history of the travel industry, what we've seen is: in the early days – so we're talking about say '97 onwards – the online travel industry in the first few years was almost entirely focused on flights. The next few years, and for many years since then, the focus has been on hotels and accommodation generally. Over that period of time we've seen some part of the spotlight shift on to other sectors, such as tours and activities and alternative accommodation, and by that I mean Airbnb. The bottom line is the biggest commissions, the most money that can be made, is in the accommodation sector and that's where the industry spotlight tends to hover.

Having said that, the industry recognizes from time to time that there are ancillary revenue opportunities out there that play an important role in the consumer's decision, and I think we saw that with tours and activities and we are now going to see it again in transfers.

And we know inside the industry – because of the discussions that we're having on B2B partnerships with companies like Booking and others – that there is significant interest in this sector.

I don't think we're going to get all of the spotlight of the industry because there's still a lot more money to be made on accommodation booking. But we're certainly going to get some of the spotlight as the industry realizes how important the health and safety issue is to travellers.

James Tracey: Okay yeah so basically it sounds like there's a revenue versus cost of service equation, and historically most of the revenue was in hotel bookings because of the low cost of establishing a hotel booking platform. And then as time evolves and competition grows, that maybe erodes some of the margins in that place, so they go into other areas. And you guys have got a low cost engine for doing the airport transfers.

Rod Cuthbert: Yes, I think there's generally an awareness in the online travel industry –



and by that I mean the Expedias, Bookings, Trip Advisor's, and CTrip's of the world – that what Jayride is doing is very hard, aggregating a global industry of smaller players. It's a lot like what Viator did. If you can do it, it's extremely valuable.

James Tracey: Okay that's great. And Rod just while I've got you. You've successfully founded and exited a number of online travel platforms. What attracted you to Jayride and what are your initial thoughts, having recently become the Chairman.

Rod Cuthbert: Well, to some extent, my last comment sums it up.

I was attracted to Jayride because it is, to a large extent, the same challenge that Viator faced back in the early 2000s. A global disaggregated marketplace of suppliers. In Viator's case, tours and activities suppliers, often very small, often family businesses, with no global players, who had offerings all around the world. Very similar to the transfers marketplace where we've got regional companies, often companies who only operate in a single city, let alone a state.

So that's an interesting challenge to aggregate. If you can do it it has enormous value. If you can get people to adopt certain technologies, enter into the right sort of partnerships and then bring those partnerships in an aggregated manner to the rest of the industry there's significant value there.

I think Jayride is very well placed. I think that during the pandemic we've seen some of the direct competitors falling by the wayside, and I fully expect that we haven't seen the end of that attrition in the marketplace.

James Tracey: And is that an opportunity to acquire some of those competitors, because they've got some organic traffic that's going their way, or is it a case of you would prefer to just take the volume of competitors and capture their customers and grow.

Rod Cuthbert: Right now, I think we are capturing market share by default, as others fall over. It may be that one or two good opportunities emerge. The competitors are relatively small, and I think some of them are tired after the last 15-months and might be attracted by the idea of a roll up so that's certainly something that we're spending some time looking at.

James Tracey: Thank you Rod, that's very informative.

Michael Brown: Thank you, James. Who else would like to ask a question?

John O'Shea (Research Analyst, Ord Minnett): Michael, hello, and hello everybody. It's John O'Shea from Ord Minnett on the line here, and thanks so much for the session. I



wanted to just explore, perhaps, maybe the Phocuswright view – I know you've probably maybe touched on this already. I just had to disappear from the room for a couple of minutes – on the European recovery, as it seems to me it's to a very interesting stage on where Boris is up to and what sort of steps he takes in terms of the reopening there.

The dilemma that is faced by a lot of these governments as they get to that final stage of saying “okay we’re vaccinated to X, Y, Z level. You know the vulnerables protected, whatever that number is 70%, 80%, whatever the number is reached”.

How do you see that playing out for the industry? Is this an area of great unknown, do you think it is? I know the US, obviously it looks like they just kind of “get on with it” right, as you said, you're off and going. What do you think will play out for other economies in Europe, etc. What do you think will happen there? Can you give us your thoughts on how you see that unfolding?

Charuta Fadnis: Yes, certainly, I mean my thoughts? Who knows what Boris is going to do. As of today, this morning he said they haven't seen anything in the data to suggest that Freedom Day on June 21 will be postponed, but the health advisors are saying yep, we need to push it back, maybe a couple of weeks, you know. So I don't know what will happen there right, that's unknown, the UK Government will make its decision.

Europe certainly seems to be taking some steps to open up on the continent. So we'll wait and see what happens there.

I think the main thing to remember here is – and this is not the first time that the UK Government has said they're going to open up, then they sort of stall and say yep we're going to maybe hold on for a couple more weeks – but what we've seen repeatedly is that on the consumer side as soon as there are indications that things are opening up, bookings go through the roof, right?

People are ready to travel, people are ready to spend that money. Even though right now with the UK, there's the additional burden of testing and they have to bear the cost of that themselves – that consumer confidence that we're seeing in the US is, you know, very much being seen in the UK.

I know European travellers the last time that we surveyed them said they were ready to travel. I think the recovery will happen as and when borders open up. I don't think that's the question, the question will be when, not if.

John O'Shea: Sure, and what about transatlantic? Do you have a bit of a sense as to when you think that might start rocking and rolling again?



Charuta Fadnis: Well there is a lot of pressure being placed on the US Government certainly as to, you know, why they're not opening up, especially the US-to-UK market which is a big part of that transatlantic market. And you know there's no reason, certainly looking at some of the other places where we are allowing travel from, for the UK to not be on the list to be allowed. Again, just going by the news sources right, and I think they're expecting to reconsider sometime in the next couple of weeks by the end of June. And so, hopefully, you know that corridor will open up again. It's important, I think.

Business travellers are ready to resume and obviously the New York to London market is huge when it comes to volume, so as soon as that decision is made I think traffic will resume.

And the airlines have been really good about keeping on top of adding capacity as soon as the government says we let US travellers in, the airlines announced, you know, two, three flights. I mean Delta airlines have never flown to Croatia directly. As soon as Croatia said we're going to let US travellers in if they have a vaccination certificate, Delta announced, you know, daily flights starting to Croatia. So I think the airlines are on top of it and we'll definitely see a recovery as soon as the government's make their decisions.

John O'Shea: Thanks so much for the session and for answering the questions.

Andrew Dale (Portfolio Manager, ECP Asset Management): I just wondered in relation to the forecast data when we look at domestic markets, clearly, you know as you say there's a lot of pent up demand we're seeing travel come through in those markets. But it's also quite a noticeable increase in the costing of, you know, for instance accommodation and certain other forms of travel, like you talk about car hire it's quite well known that those rates have gone up like 2-3-4 times depending on the market, and i'm wondering with your actual forecasting how much of that is pricing as part of that, as opposed to volume, as it's clearly price times volume, and i'm curious because I can talk about the domestic market here. I mean people have sort of realized that domestic travel is a captive market, so like in Australia there's 25 million people here and that market itself is way bigger than the international market, and I'm curious to know how much of it becomes more about costing, as opposed to volume.

Charuta Fadnis: Yeah, it is about both right, and we'll see how the pricing evolves and whether this is just a short-term blip. I mean we're seeing it in the car rental sector, we're seeing prices go up on the airline side, certainly domestically, but they're not yet at the levels that they were pre-pandemic. And as the airlines add capacity, we expect that those trends will normalize.

I think the car rental sector will be interesting because there comes, you know, a ceiling



where consumers aren't going to be willing to pay, you know, three, four or five times. I think for the first trip when everybody's kind of ready to get out, and just say "it's okay", but when you start thinking about: "Okay now I want to go out again, and am I willing to spend that much on a car?" The answers probably not, and then we start seeing other modes of transportation play a bigger role on that side of things.

It's the same thing with the hotels. I mean all of these sectors have a huge hole to climb out of when it comes to ADRs, is when it comes to average ticket prices, and really, if you look at the overall composition of the market, and hotels really drive most of these volumes right, at an overall level it's 70%-80% depending on the market itself. And so those two are really the key drivers and as of yet we haven't seen anything that makes us kind of rethink, or say we need to, you know, rethink our forecast. And we do rethink our forecast every year.

Andrew Dale: Okay, I also wondered, and Rod sort of made a comment, you know that the market for accommodations is a big part of the margin I guess for all in the industry and I'm just sort of curious as to know how the health of customers is impacted.

So, for instance, if you're saying to see airlines cutting overrides and other sorts of willingness to pay. You know, airlines have clearly suffered massive financial hardship during the past, you know, year-and-a-half. Accommodation, perhaps less so, I mean it still had an impact. But how does the health of the customer base impact these businesses going forward as well, like you know will the airline industry be able to pay these rates to get people on board, or will they have to cut their rates, and will accommodation be able to pay more, I mean how does that evolve? Maybe that's for others in the group.

Charuta Fadnis: Yeah I don't know yet if either of you wants to jump in. I'll say this
Andrew: Certainly in the US market I don't expect that there is going to be a huge change in terms of the back ends, or overrides, or any of that. It's just the demand is so strong and the airlines certainly have invested a lot, and are investing a lot, in fact, the European airlines too as we talked about NDC they're investing a lot in that supplier-direct sort of market trying to cut down on their dependence on OTA's. Hotels are fragmented and so you know they've always depended on OTA's and distribution through third parties and TMCs. And on the corporate side, you know that's going to stay as it is, but again demand is very strong so, at least in these markets I'm not seeing and we are not hearing of any changes in terms of how the commissions are structured.

Rod Bishop: The only thing that I could add potentially is the difference just between revenue kilometers flown, and passengers flown. Because if you've got a bias towards



domestic, then you are necessarily taking shorter legs and so, whereas airline revenues might suffer from that, you know people who are planning ancillary revenue offers like Jayride, well we've got travellers around, they're in market, and so we can sell to that person, regardless of the length of the flight that they flew. And so different segments are going to get hit in different ways.

It's both supply as well as demand. Charuta mentions the rental cars example where rental cars don't have a fleet at the moment and so people are bidding up the cost of that. And similarly Uber is not able to recruit drivers as fast as they need to, and so you end up with things like three hour wait times on rides at Miami. And so I think that these kinds of supply and demand and purchase behavior choices are the things that really are making interesting moves in the market for us.

Michael Brown: Thank you Rod, we have another question from Yeswanth Munnangi, please go ahead.

Yeswanth Munnangi (Managing Director, Rome2rio): Hello, thanks for sharing your insights and thoughts today. It was really good to have this forum and listen to what you see in the market. So, this is Yeswanth, from Rome2rio. We're very close to you here in Melbourne.

I have a question on what you think the market recovery will look like within Europe for airlines and obviously connected to that is the airport transfers. If you think there will be a shift from airline air travel to ground transport within Europe and is that a factor that you're considering in your recovery plans.

Rod Bishop: So for us we're more of an English language platform, so the key area that we focus on is UK domestic and short haul international to mainland Europe. These are really key segments for us.

With regards to how we see the recovery going, we don't have a strong opinion on whether or not Boris will follow through with Freedom Day, but note that he followed through exactly with the 17th of May reopening. He telegraphed it far in advance, despite media chatter to the contrary, and it did actually take place exactly on that day he said it would.

With respect to their traffic light system, it is the world's best practice. I've not seen anything quite as well managed as that. Certainly, living down under, where states can close the borders overnight with no notice, the fact that the UK has different signals and that they give three weeks warning on changes is potentially a very, very strong system



that other countries can adopt.

So thinking then about how that plays across reopenings, I think the existence of the traffic light system speaks to their intent to move countries from red to orange, and orange to green, over time and so long as they continue to make forward momentum there, then what we'll see is just a constant stream of incremental good news.

And every time we have one of those good news events it'll manifest as immediate booking activity, and then we have about three weeks operationally to make sure that those transport companies are ready to fulfill for the first travellers at the ground. So we are just looking at each one of those signals as they come through and making sure that we're ready to capture.

The way to think about it, is that historical year's performance in certain regions is not at all relevant. I gave the example of the Faro airport, where we had about 500% of our previous best ever performance, just because it was the right traveller at the right time, with a Champions League and a green traffic signal, and away they went.

And so, so long as companies are able to, you know, watch for those signals and then be super responsive when they do happen, I think it's a really interesting trading environment.

Yeswanth Munnangi: Okay, the other part of the question I had was – whether you see a shift from air travel to ground transport? So maybe you won't notice that in your data, but if airport transfers are relying on air traffic to come back to the same levels within Europe. But if there are other alternate ways for people to move, like trains and buses, do you think there will be an impact of that this year?

Rod Bishop: There is definitely a modal shift.

I had this thesis at the start of the pandemic that what we would see is long-distance ride service cannibalize short haul airfare. That thesis has proven to be incorrect, I don't think that was a material move; it was the case for about a quarter at the onset of COVID, where people were super cautious, but that's all.

These days, the modal shift that you're seeing is more about people opting out of multimodal journeys to single private transfer journeys. An example might be, whereas I might previously have taken a high speed rail connection from the airport for most of the journey to my ultimate destination and then a taxi the rest of the way, now I would not want to take that public transport journey and instead would take a private driver the whole way.



And so that's manifesting as higher kilometers driven through private rides, higher average order values and probably a simpler itinerary. It comes at some cost to the traveller, but I think again we've got a pretty good line of sight that travellers are willing to pay up, for that health and safety.

Rod Cuthbert: Yeah, yes, great question and good to see you. I would toss in one additional thought here, and that is that I think people in general have the capacity to worry about only a small number of big issues at any one time, and we were, I think all very worried about the environmental impact of air travel, until COVID came along and gave us something much bigger to worry about. And my view is, and this is based just on anecdotal data, that concerns related to the environmental impact of travel have taken a backseat. And will take a backseat for a little while until COVID is in our rear vision mirror.

Now Greta Thunberg is still out there and still sounding the alarm and she will come back on the center stage, and I think that the shift to other modes of transport, you know high speed rail etc, is inevitable. But I think COVID has slowed it just a little.

Yeswanth Munnangi: Okay, thanks Rod. Very insightful, good to see you too.

Michael Brown: Thank you, we have time for more questions, so please feel free to turn yourself off mute.

Sam Pittman (Research Analyst, Taylor Collison): I've got a question for Charuta about revenues coming back to 70% by 2024 in Europe. What is it about that market which you believe is different to the US, where you had it going back to 100%? What's contained within those numbers that makes it only going back to 70%?

Charuta Fadnis: You know, part of it is just that business travel recovery in Europe is going to be slower than in the US. So that plays a part there in terms of how much of the revenue, or the higher revenue that comes from business travel, is going to come back.

Groups and meetings also are expected to be slower to come back in Europe compared to the US and so that plays a part as well. And then the modal shift that Rod sort of touched upon as well. Even if it's a small portion of short haul air to move to perhaps to long distance trains with lower ticket prices.

Sam Pittman: That makes sense, thank you very much.

James Tracey: Hi guys I've got another question, I just wanted to explore that idea you were talking about earlier – of COVID being a catalyst for an online shift and also for a shift towards airport transfers versus taxis or other modes of transport.



You showed that data point on Faro in Portugal. Do you have any other data points, ignoring routes that are closed. Is there a consistent theme where you're seeing more people travelling or doing airport transfers post-COVID than pre-COVID, just looking specifically at new open routes.

Rod Bishop: I'll take it from a traveller behavior point of view that we covered in the primary research that we did and just presented. It shows people have a clear preference for a different type of modality these days. They care about cleanliness and personal space.

When you think about people making that traveller behaviour and that manifesting to their wallet, and them apportioning their spend across different parts of their itinerary – It's reasonably difficult to get a premium health and safety experience above economy seats; it's reasonable to assume there's no real change if you're going to have a different hotel room. It doesn't really make a meaningful difference to your health and security profile – But the moment that you're talking about the last-mile first-mile of your journey you've got a meaningful distinction in quality between, for example, public buses or door-to-door ride. That is a meaningful differentiator but also at a reasonably low cost if you're thinking about paying up \$50 extra versus the cost of a multi thousand dollar itinerary. It's kind of small beans in the scheme of things, and so we appear to be on the receiving end of that beneficial change in behaviour.

As for examples like Faro, I think a lot of that has to do with which travel corridors are most appealing to travellers at a time. It feels like someone is firing the starting gun and everybody's off. We are looking for those starting gun moments. whether that's the State of Texas accepting vaccinated travellers, or transatlantic flights coming in a week or two, or the fact that Portugal got a green signal and Spain got a yellow. These sorts of things point the travellers in the direction of least resistance and so it's as much about the traveller behavior, you know leaning into a new behavior or mix, as it is about where is open today, would be the destination that attracts the most interest.

James Tracey: I suppose, the question is really about, you know that example you saw in Faro, is that really indicative of most destinations, you know when they open? Because the problem with looking at the aggregate data is that the overall level of travelling is depressed because routes are closed, if you just look at open routes are we seeing, really, really good numbers in more recent periods?

Rod Bishop: Yes. And you can see that right. For example when we look at Jayride's numbers on a continent basis, you can see that Asia and Oceania are below pre-COVID, whereas, if you look at the northern hemisphere, the US market is pushing right up to



pre-COVID. So Jayride's business, which is very global in nature, we're attracting more business right now through the open corridors.

If we are, for example, to cherry pick the US as an example, we have pre-COVID trip numbers that are pretty much where they were vs PCP 2019, but international is still almost completely dead amongst that, we've driven that all domestically. There is further reopening to go, so there will be further trip volumes to come.

It's very clear that we've won some market share. It's on the basis of a mixture of factors, traveller behavior being a really interesting one. Also we've talked about distress in the competitive landscape and you know, the fact that we're kind of winning business here on the basis of being most largest and best in our industry, so I think the short answer would be: Yes expect more reopenings to land and that we're going to see more and more business accrued.

James Tracey: Thanks Rod.

Michael Brown: And we've got it, we've got time for another question, please feel free to step forward.

Rod Bishop: I've got one for Charuta, if no one else takes it, I'll ask this one: just talking about there's been a long term structural trends to online travel, and you know that's been a disrupter of the travel industry generally for a long time, and I think we can see that COVID has been a short term accelerator, and that those gains are going to get locked in future periods, but maybe you could just provide some colour to that differentiation between online and offline and what we see is going to drive the trend.

Charuta Fadnis: You know that one of the things that we have been seeing, when you look at different markets, is the rate of growth as being different. Where we have seen Asian markets, for example, which are mobile first, the rate of online adoption is much, much higher always versus perhaps the markets that are more traditional like Europe, like the US, then actually the UK. I won't say Europe, I'll say the UK, where you know it's been high, but then you look at other markets and in Europe and it's not as high because the travel behaviour is different or adoption is different.

What we are sort of expecting to see in terms of online, is that even segments like air have been pretty successful when it comes to online adoption, and we are seeing that is growing, even over the next few years, air will continue to grow.

Hotels have been sort of second in that list when it comes to online adoption, they will be expected to continue to grow, but you know at a slower pace.



Segments that haven't been quite open to adopting online, as they're new entering into the market, tour operators for example – not great, that's a market that requires different components to come together – and so they've been very much behind the curve when it comes to online adoption.

So what's happened during the pandemic, and what you know other than sort of the non-availability of offline channels, is that suppliers have decided to focus on moving their products online.

And so we see that we're seeing or hearing from European tour operators, that packages are a big segment in Europe, not so much in the US, but that acceleration in technology and the availability of options for travellers to be able to book online is going to drive some of that online adoption there and, so what was a heavily offline segment will actually move to being more online, more friendly to travellers, more focused on on the user experience. So we'll see that drive some of that European online growth as well.

And then on the airline side, and I know you're particularly interested in the airline side, you know NDC is going to be a driver there because we're talking about sort of providing these packages. The airlines are driving NDC very hard, but we are seeing you know the GDS's and the OTA's are also very focused on bringing NDC content to their consumers as well, and so on the airline side I think that's going to be a big driver.

The third one, I think that I don't think we touched on, or maybe we did, just very slightly is the end-to-end journey. I think we we've talked about it for so long in the travel industry, end-to-end multimodal and we've made some strides towards it, but I think what the pandemic has really brought to the fore, is the need to have that ability to book everything in one place, pre-booked pre-planned, as your research shows as well, and I think that is going to drive some growth on the online side as well because whereas before some parts of the travel chain were not available are online now as we come out of the pandemic. So lots of different angles there that we keep an eye on but certainly those are some of the things that are going to be really critical.

Michael Brown: That takes us just past the hour, so thank you for all those questions and I'll now hand over to Rob Bishop for closing remarks, thank you.

Rod Bishop: Thank you everyone for coming. Great that you could attend today and on behalf of the panel I'd like to thank you all for your time to come and listen to Charuta and Rod Cuthbert speak about the travel recovery.

It was great to have you here. If anybody has follow up questions, we are obviously available via email. I'm sure Charuta and Rod and myself would love to hear from you,



and we look forward to staying in touch as more travel resumes in the northern hemisphere. Thank you very much.

Rod Cuthbert: Thanks everyone.

Charuta Fadnis: Thanks.

End of transcript

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