



MACQUARIE  
ACN 002 574 923

Macquarie Private Wealth

Snapshot

# Cabcharge Australia

## Business Description

Cabcharge Australia Limited (CAB) is a diversified Australian technology, financial services, taxi payments and passenger land transport Company. It also develops and manufactures in-taxi equipment. Through its associate company, ComfortDelgro Cabcharge Pty Ltd, CAB also provides bus and coach services to customers predominantly in Australia.

## Strategy Analysis

CAB hopes to maintain a dominant position in the taxi industry through ownership of a state of the art, information and technology network. The network is used primarily for electronic settlements and as a comprehensive payment management tool. Maintenance of leading edge technology means CAB is well placed to defend its position against new entrants to the taxi payments system. National growth initiatives include the planned growth in taxi plate licenses by state governments. This will have a direct impact on the potential number of Cabcharge transactions as the result of an increased number of taxis on the roads. Fares may be increased as the State Governments review fares to allow for movements in fuel and other costs. Merchant fees may possibly benegotiated and a general switch by consumers from cash to credit transactions works in favour of CAB operations. CAB is expanding its presence in the UK market. The UK expansion is still in its infancy but CAB is aiming to position itself for an expected increase in activity prior to the London Olympics. So far the UK business is underperforming due to harsh economic conditions there. The goal is to have all cabs fitted with an eftpos terminal prior to the Olympics. CDC has seen increased patronage as economic stress pushes more passengers onto buses. Most bus service contracts are not up for renewal until 2012. Cabcharge Australia reported NPAT down 19.9% to \$46.13m for the year ended 30 June 2011. Revenues from ordinary activities were \$184.54m, up 5.8% from last year. Taxi Services revenue increased by 8.4%, attributable to an increase in the number of taxis electing to use the Company's Network services in both NSW and Victoria, with additional licences being issued in both States. Diluted EPS was 38.3 cents compared to 47.8 cents last year. Net operating cash flow was \$32.21m compared to \$48.82m last year. The final dividend declared was 20 cents, taking the full year dividend to 30 cents compared with 34 cents last year. The Company advised a positive outlook within all aspects of the Group reporting the rollout of the Cabcharge contactless FASTcard is now complete; and the EMV software has been certified.

Segment Performance				Annual Shareholders' Return	
Results by Industry	Revenue (%)	Return on Sales (%)	Return on Assets (%)	1 year	-15.0%
Taxi Related Services	100.0	21.4	31.2	3 year	-4.0%
Bus & Coach Services	0.0	0.0	0.0	5 year	-10.0%
<b>Total</b>	<b>100.0</b>	<b>21.4</b>	<b>31.2</b>	10 year	8.0%
Results by Geography				Dividend Reinvestment Plan	
Australia	100.0	100.0	100.0	Shareholder	No
<b>Total</b>	<b>100.0</b>			Discounts	No

27 January 2012

## Recommendation

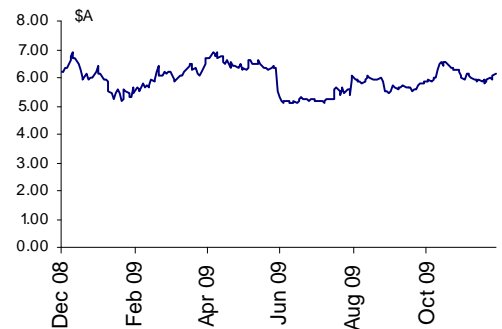
Recommendation: Outperform  
Relative to: Small Ind (ex Fins)

## Investment Fundamentals

ASX code: CAB  
Stock price: \$4.50  
Market cap: \$542m

Y/E	30/06/2012	2012e	2013e	2014e	2015e
Reported e	\$m	63.9	68.0	72.1	75.8
Adjusted e	\$m	63.9	68.0	72.1	75.8
EPS adjusted	¢	53.1	56.5	59.8	62.9
EPS growth	%	4.6	6.5	5.9	5.1
PE	x	8.5	8.0	7.5	7.2
PE relative	x	0.6	0.7	0.8	0.9
DPS	¢	37.1	39.5	41.8	44.0
Yield	%	8.2	8.8	9.3	9.8
Franking	%	100.0	100.0	100.0	100.0

## Share Price



Source: ASX and Company accounts

## Company contact details:

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**Disclosure:** In accordance with Section 849 of the Corporations Law, Macquarie Equities Limited states that Macquarie Bank Limited makes a market in the securities in respect of Cabcharge Australia Limited.  
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