

**NZX: SPY**  
**ASX: SMP**

## SHARE INFORMATION

**Issued Shares:** 171,752,278

## BOARD OF DIRECTORS

**Chairman:** Ivan Hammerschlag  
**Managing Director:** Bradley Gerdis  
**Non-Executive:** Greg Barclay  
**Non-Executive:** Matthew Turnbull  
**Executive Director:** Marty Pomeroy

## WEBSITES

[www.smartpay.co.nz](http://www.smartpay.co.nz)  
[www.smartpay.com.au](http://www.smartpay.com.au)

## REGISTERED OFFICES

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## Smartpay Holdings Ltd today announced its half year profit for the six months ended 30 September 2014.

### Six Month Financial Highlights

- Revenue \$11.8m, a 4% increase on the prior year \$11.3m
- EBITDA\* \$4.8m, a 2% increase on the prior year \$4.7m (prior year normalised for reported non-recurring items)
- Net Profit After Tax \$1.5m, a 70% increase on the prior year \$0.9m
- Diluted Earnings Per Share (EPS) of 0.87 cents, a 71% increase on the prior year 0.51 cents

### Operating Results

Revenue growth of 4% to \$11.8m from \$11.3m was mainly achieved through a mix of:

- the conclusion of a long term payments software development project for an Australian state government transport authority;
- revenue contribution from the Epay deal announced in July; and
- growth in Australia as we start to see the effects of the build in our terminal base.

While EBITDA\* of \$4.8m represents a 3% decrease on the prior period reported \$4.95m, as reported at the time, the prior period result included a one off accounting benefit relating to the release of an accrual for communication costs, and the inclusion of a number of non recurring costs relating to the ASX listing. When viewed in the context of the prior period's normalised result of \$4.7m, the current period's EBITDA\* of \$4.8 million grew by 2%.

The lower growth rate of EBITDA\* relative to turnover reflects the investment in additional capacity, mainly staff costs, in both Australia and New Zealand to support current and future growth.

Net Profit After Tax grew by 70% to \$1.5m from \$0.9m. This strong improvement was largely due to the positive impact of unrealised foreign currency exchange differences due to the strengthening of the Australian Dollar against the New Zealand Dollar and lower share option amortisation.

The combined effects of the above yielded a 71% increase in EPS to 0.87 cents from 0.51 cents.

### Review of Operations

The company made good progress in all aspects of the business in the first half. Notable achievements in our New Zealand business during the period include:

- a number of new distribution deals for our new mobile integrated payments terminals, including the provision of our mPos solution to ASB Bank announced in August this year;

- the conclusion of the Epay deal announced in July this year. This deal brought an immediate revenue contribution and offers ongoing potential to increase revenue per unit as we grow this new product in New Zealand;
- the delivery of a significant Australian state government transport authority software payments project which contributed to revenue in the half and which holds the potential for future revenue streams; and
- the recent launch of an integrated mobile taxi booking and payment app for our New Zealand taxi partners. The app includes the unique functionality of integration to our in-car payments terminals which are prevalent across the majority of the New Zealand taxi industry.

The above developments further cement Smartpay's position as a leading innovator in the digital payments space. The successful conclusion of these projects also frees up our technical development resources for further new product development.

In Australia, this half saw the first revenue contribution from the growth of our Australian terminal base. We have deployed over 1,000 new merchant terminals since the beginning of this calendar year and our month-on-month terminal growth rate continues to build. Importantly as the majority of these terminals were added in the later part of the period, the full revenue benefit will come through in the second half and beyond.

## Summary and Outlook

The key focus areas for the second half of this year and into next year are:

1. The continued growth of our Australian SME business.
2. The launch of our Australian taxi payments business. We expect this to be a significant growth area for Smartpay as changes in the Australian taxi industry open opportunities suited to our business model and technology capability.
3. The launch of our Australian corporate business off the back of the introduction of our new integrated payments terminals into next year. This will broaden our reach in Australia into larger volume terminal deals.
4. The addition of at least one additional bank / acquiring relationship in Australia.
5. Further growth of our mobile integrated payments technology products in New Zealand.

Managing Director, Bradley Gerdis, said "We are making pleasing progress in all aspects of our business. In addition to the specific achievements and opportunities highlighted above, we are seeing increasing engagement by banks on both sides of the Tasman as our technical, operational and sales capability make Smartpay an increasingly important partner to them." "With our team highly energized and focused on monetising these opportunities, we are very confident of the company's current and future prospects", Mr Gerdis concluded.



## Corporate Directory

### Registered and Principal offices

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### Shareholder Enquiries

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