

NZX: SPY
ASX: SMP

SHARE INFORMATION

Issued Shares: 171,752,278

BOARD OF DIRECTORS

Non- Exec Chairman: Greg Barclay
Managing Director: Bradley Gerdis
Non-Executive: Matthew Turnbull
Executive Director: Marty Pomeroy

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Smartpay Full Year Results Announcement

26 May 2016

Smartpay Holdings Ltd today announced its full year results for the 12 months ended 31 March 2016

Full Year Financial Summary

- Revenue \$20.4m
- EBITDA* \$8.1m
- Net Profit After Tax \$0.2m
- Diluted Earnings Per Share (EPS) of 0.13 cents
- The full year EBITDA* result shows a 19% increase in the second half of the year over the first half confirming that the underlying business is currently performing at a higher level than indicated by the full year result.
- From a higher starting position the company is on track to show significant growth in profitability this year.

Full Year Review

As foreshadowed in our interim results Smartpay started the financial year at a lower level of revenue and profitability mainly due to the cessation of our largest Australian taxi contract shortly before the beginning of the financial year.

Other contributing factors to the lower revenue and profit relative to the prior period were:

- The prior period included revenue contribution from two software development projects. As these projects were concluded in the prior period there was no corresponding income in the current period; and
- The timing effect of expired contracts which concluded at points earlier in the period relative to the start dates of new contracts.

Smartpay has been working on a growth strategy encompassing a number of near and longer term opportunities to provide a roadmap of sustainable growth. As evidenced by the 19% increase in EBITDA* in the second half over the reported first half result, we are pleased to report that through the ongoing execution of this strategy the company is currently performing at a higher level than indicated by the full year result and is now in the position to achieve significant growth in profitability in the current financial year.

Some recent achievements contributing to the current level of increased profitability include:

- The launch of our latest taxi payments technology into the New Zealand market resulting in a significant increase in revenue and profit from our largest customer;
- Growth in our Australian taxi business over the period. We have grown our deployed fleet of taxi terminals in Australia from around 200 at the beginning of the financial year to the current level of 1,900 deployed / 1,700 active terminals. The period under review therefore only included a partial contribution of the revenue and profit currently generated from this growing fleet; and

- The steady growth in our Australian retail business which should increase further following the recent release of our market leading D-Series MPOS integrated mobile payment terminals.

This year has also been a year of significant investment for the company;

1. New products:

- the development of new taxi payments technology recently released in New Zealand;
- further development of our Australian taxi technology to attract and service an increasing customer base;
- development of our recently released D-Series MPOS integrated mobile payment terminals into Australia; and
- the development of new payments software for our existing New Zealand customers; and

2. Investment in terminals:

- upgrades to our deployed terminal base in New Zealand;
- growth in the number of deployed terminals in Australia; and
- a relatively high level of stock of new terminals in our warehouse at year end pending deployment.

This investment cycle has resulted in an increase in cash usage during the period with net debt increasing to \$23.9m from \$21.1m over the year. With the recent completion and release of a number of products and with the current upgrade of our New Zealand fleet nearing completion, we expect our net debt to remain around the current level until mid this year at which point our debt will start to reduce again as our cash flows grow in line with our higher profitability.

Summary and Outlook

This has been a challenging year as reflected in the numbers. For the reasons outlined the business is already performing at improved financial and operating levels which we believe is evidence of the growth opportunity in front of us.

The key focus areas for the current financial year are:

1. The continued growth of our Australian taxi and general retail businesses, in particular off the back of the introduction of our recently released mobile and integrated payment terminals.
2. Develop the opportunity to participate in the opening of the EFTPOS / card acquiring market in Australia.
3. Ongoing execution of emerging growth opportunities in the New Zealand market.
4. Continued evaluation of acquisition opportunities to add scale and scope.



We are pleased with the progress made over the course of the year and the current state of the business and look forward to the achievement of further growth for this financial year.

ENDS

For further information contact:

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*EBITDA = Earnings Before Interest, Tax, Depreciation, Amortisation (including share option amortisation), impairments and foreign exchange adjustments. EBITDA is a useful non-GAAP measure as it shows the contribution to earnings prior to finance costs and non cash items.



Corporate Directory

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