

6 June 2017

Company Announcements Office  
ASX Limited  
Exchange Centre  
Level 6, 20 Bridge Street  
Sydney  
NSW 2000  
AUSTRALIA

**Smartpay Holdings Limited (NZX: SPY, ASX: SMP)**

Please see attached FY17 Results Presentation to be presented by Bradley Gerdis, Managing Director, to investors this week.

For further information contact: Bradley Gerdis, Managing Director, +64 (9) 442 2717 / +61 (2) 7903 6333.

# RESULTS PRESENTATION FOR THE YEAR ENDED 31 MARCH 2017



**smartpay**  
payment solutions made easy

# DISCLAIMER STATEMENT

This presentation may contain certain statements and projections provided by or on behalf of Smartpay Group (Smartpay) with respect to anticipated future undertakings. Any forward looking statements reflect various assumptions by or on behalf of Smartpay. Accordingly, these statements are subject to significant business, economic and competitive uncertainties and contingencies associated with the business of Smartpay which may be beyond the control of Smartpay which could cause actual results or trends to differ materially, including but not limited to competition, industry downturns, inability to enforce contractual and other arrangements, legislative and regulatory changes, sovereign and political risks, ability to meet funding requirements, dependence on key personnel and other market and economic factors. Accordingly, there can be no assurance that any such statements and projections will be realised. Smartpay makes no representations as to the accuracy or completeness of any such statement of projections or that any projections will be achieved and there can be no assurance that any projections are attainable or will be realised.

Additionally, Smartpay makes no representation or warranty, express or implied, in relation to, and no responsibility or liability (whether for negligence, under statute or otherwise) is or will be accepted by Smartpay or by any of their respective officers, directors, shareholders, partners, employees, or advisers (Relevant Parties) as to or in relation to the accuracy or completeness of the information, statements, opinions or matters (express or implied) arising out of, contained in or derived from this presentation or any omission from this presentation or of any other written or oral information or opinions provided now or in the future to any interested party or its advisers. In furnishing this presentation, Smartpay undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise.

Except to the extent prohibited by law, the Relevant Parties disclaim all liability that may otherwise arise due to any of this information being inaccurate or incomplete. By obtaining this document, the recipient releases the Relevant Parties from liability to the recipient for any loss or damage which any of them may suffer or incur arising directly or indirectly out of or in connection with any use of or reliance on any of this information, whether such liability arises in contract, tort (including negligence) or otherwise.

This document does not constitute, and should not be construed as, either an offer to sell or a solicitation of an offer to buy or sell securities. It does not include all available information and should not be used in isolation as a basis to invest in Smartpay.

# AGENDA

**Full Year Results**

1

**Results Commentary**

2

**Opportunity and  
Strategy**

3

**Summary &  
Outlook**

4





## FULL YEAR FINANCIAL RESULTS

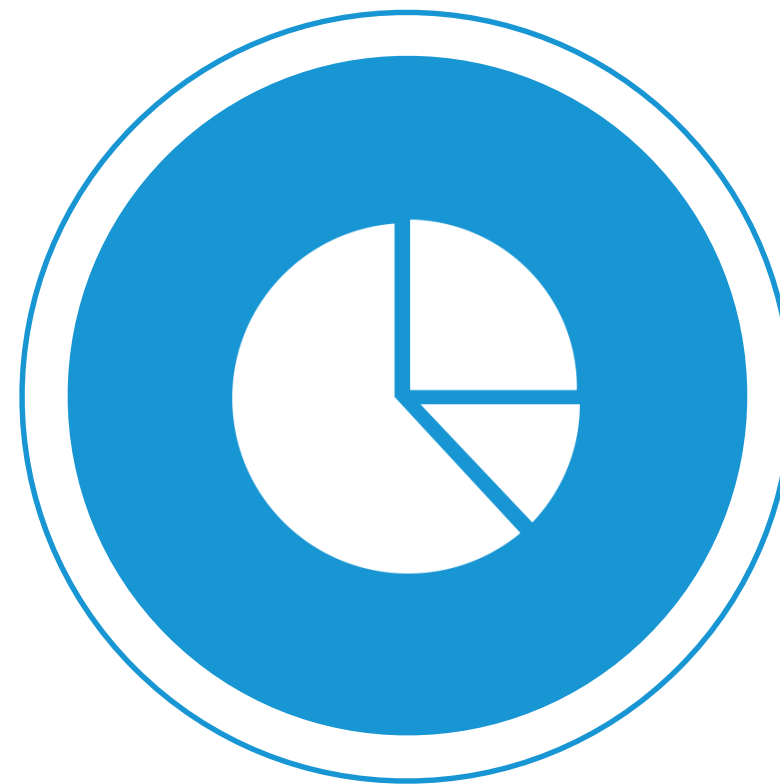
# FULL YEAR FINANCIAL RESULTS

## REVENUE & OTHER INCOME



↑ FY17: \$21.8M  
vs  
FY16: \$20.4m

## EBITDA\*



↑ FY17: \$9.6M  
vs  
FY16: \$8.1m

## NET PROFIT AFTER TAX



↑ FY17: \$2.2M  
vs  
FY16: \$0.2m

## DILUTED EARNINGS PER SHARE (EPS)



↑ FY17: 1.29 cents  
vs  
FY16: 0.13 cents

\*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.

# Statement of Comprehensive Income

## For the year ended 31 March 2017

	Group	
	2017	2016
	\$'000	\$'000
<b>Continuing operations</b>		
Revenue	20,892	20,361
Other income	864	8
<b>Operating expenditure</b>	(12,131)	(12,250)
<b>Earnings before interest, tax, depreciation, share options expense, amortisation, impairments and unrealised foreign exchange</b>	9,625	8,119
Depreciation and amortisation	(5,937)	(5,713)
Unrealised foreign exchange adjustments	87	502
Share option amortisation	(21)	(98)
Net finance (costs)	(1,429)	(1,903)
Impairment	(380)	(811)
	(7,680)	(8,023)
<b>Profit before tax</b>	1,945	96
Tax benefit	258	119
<b>Profit for the year from continuing operations of owners</b>	2,203	215
<b>Other comprehensive income</b>		
Foreign currency translation differences for foreign operations which may be reclassified subsequently to profit and loss (no tax effect)	(99)	(256)
Share based payments reversal which will not subsequently be reclassified to profit / (loss) (no tax effect)	461	369
<b>Total comprehensive income of owners</b>	2,565	328
<b>Earnings / (losses) per share from continuing operations attributable to the equity holders of the company during the year</b>		
Basic earnings per share	1.29 cents	0.13 cents
Diluted earnings per share	1.29 cents	0.13 cents



# RESULTS COMMENTARY

- Some of the key contributors to our increased Revenue include:
  1. The launch of our latest transport technology into the New Zealand market resulted in increased revenue and profit from our largest customer;
  2. Steady growth in Australian general retail terminal numbers; and
  3. A sale of our flagship terminal to an Australian bank.
- Net Debt *decreased* to \$24.0m from \$24.8m at the half year:
  - The year saw a significant cash investment in upgrading our NZ terminal fleet to meet industry compliance mandate requiring all terminals to be contactless capable by 30 April 2017.
  - With this upgrade process complete, net debt is forecast to reduce in the second half of the current financial year (supplier payment terms will see the remainder of the terminal upgrade payments carry over into H1 this year).

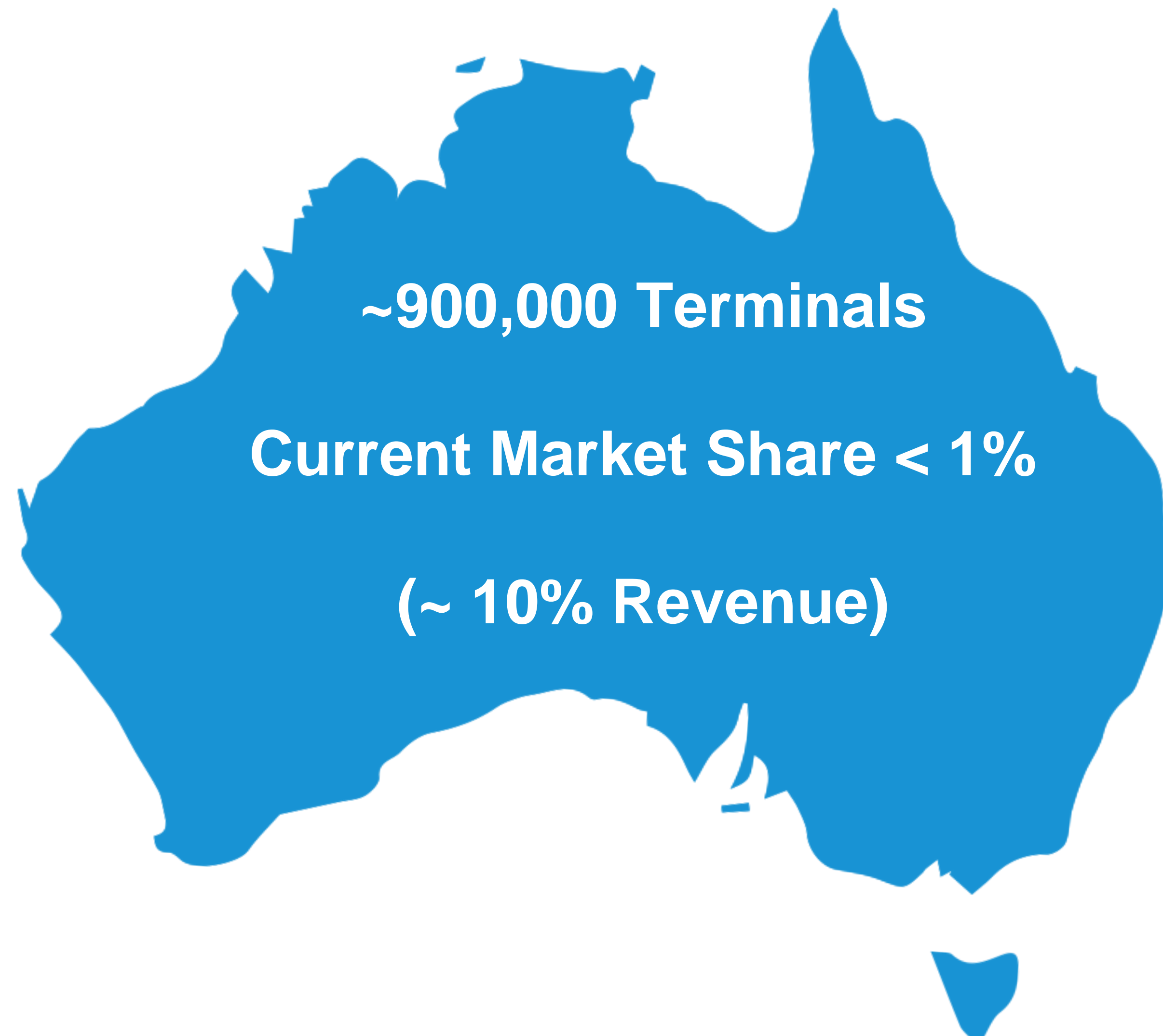






# OPPORTUNITY & STRATEGY

# THE OPPORTUNITY IN CONTEXT



**~110,000 Terminals**

**>30% Market Share**

**~90% Revenue**





# OUR STRATEGY

*“ UTILISE THE CRITICAL MASS OF OUR ESTABLISHED NZ  
BUSINESS*

*to:*

*SUPPORT OUR GROWTH INTO THE LARGE AUSTRALIAN  
OPPORTUNITY ”*

## 2 KEY FOCUS AREAS



***“ Add Acquiring Capability to  
Energize our Australian Business “***

***“ Payments to the Cloud “***



# VERTICAL INTEGRATION – AUSTRALIAN ACQUIRING OPPORTUNITY

1

The Australian EFTPOS/card acquiring market is worth in excess of A\$2Bn annually.

2

Historically there was a regulatory requirement in Australia to have a banking licence to acquire card transactions.

3

This regulatory requirement was recently removed.

4

These changes have opened access to participate in this A\$2Bn acquiring revenue to nimble, innovative merchant facing payments providers.

5

We believe Smartpay is well placed to participate.

6

This will move the business away from predominant reliance on hardware rental towards higher margin financial transaction revenue and ultimately position the business as a value add financial system access provider.

7

***Expected benefits:***

- ***higher margin*** through transaction participation;
- ***greater pricing flexibility*** leading to higher sales;
- ***New product opportunities***

8 - Status

- **Our project to participate is underway**
- **This is a complex project with timing dependant on external parties**
- **Targeting market launch this year**

# PRODUCT INNOVATION – PAYMENTS TO THE CLOUD



vend



# PRODUCT INNOVATION – PAYMENTS TO THE CLOUD

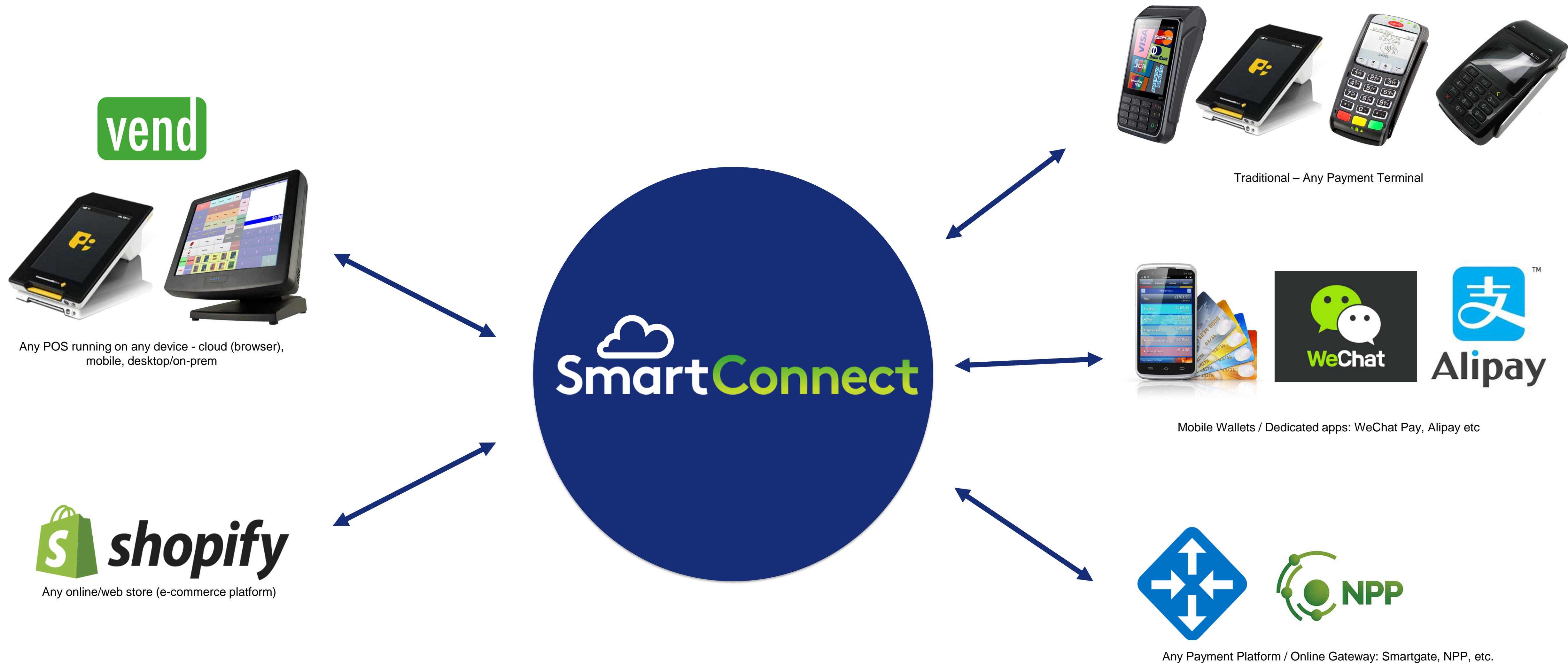


vend



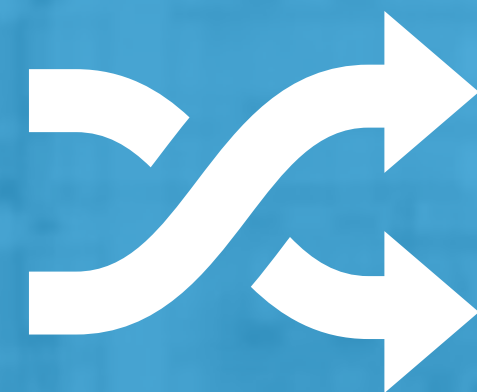


# One Platform for any Payment Solution\*



\*Diagram depicts possible use cases – actual products may be different





## SUMMARY AND OUTLOOK

# SUMMARY AND OUTLOOK

1. Smartpay offers a unique investment proposition as an ***established, profitable Fin-Tech growth*** company:
  - i. An ***established annuity*** style business with a leading market position in the NZ market; supporting
  - ii. An ***early stage growth*** business growing into the large, opening Australian market.
2. We operate in a changing industry of which we have deep understanding and proven capability.
3. We see significant opportunity in the two key areas of ***regulatory*** and ***technology change***, both of which are opening up the large Australian market to new and nimble challengers.





?

QUESTIONS