

29 August 2017

## ***BPS TECHNOLOGY MAINTAINS FIRST HALF MOMENTUM TO DELIVER STRONG FY17 RESULT***

### **Result highlights:**

- Entertainment Publications consolidated for full 12 months, with financial performance ahead of acquisition forecasts
- EBITDA increased by 45% to \$13.7 million, the upper end of its June 2017 guidance range
- Revenues increased 120% to \$110.5m, exceeding initial guidance of \$109.1m
- EPS of 12.1 cents exceeding initial guidance of 11.8 cents
- Final dividend declared of 2.25 cps, fully franked (total dividend for FY17 of 4.50 cps)
- Net debt declined from \$7.7m to \$4.9m over the year, reducing gearing from 21% to 7%
- Operating Cashflow increased, as forecast, from \$1.0m in the first half to \$12.8m at year end due to sales by Entertainment being concentrated in the final quarter of the year.

BPS Technology Limited (“BPS” or “The Company”), a leading provider of transactional platforms that enable businesses to attract customers across multiple sales channels, today announced its financial results for the year ended 30 June 2017 (FY17).

In its third year of operation since listing on the Australian Securities Exchange in September 2014, BPS reported the following results:

<b><i>\$'000</i></b>	<b><i>FY17</i></b>	<b><i>FY16</i></b>
<b>Total Revenue</b>	<b>110,464</b>	<b>50,172</b>
<b>EBITDA</b>	<b>13,701</b>	<b>9,470</b>
<b>Net Profit after Tax</b>	<b>10,288</b>	<b>7,345</b>
<b>Net Operating Cash Flow</b>	<b>12,752</b>	<b>5,118</b>
<b>Earnings per share (cents)</b>	<b>12.10</b>	<b>12.57</b>
<b>Dividend per share (cents)</b>	<b>4.50</b>	<b>4.00</b>
<b>Gearing ratio (net debt/equity)</b>	<b>7%</b>	<b>21%</b>

These results include a full 12 months contribution from Entertainment Publications (“Entertainment”), the complementary B2C loyalty platform acquired by BPS in September 2016. The transaction consideration, offer costs and working capital were funded by a capital raising conducted in August 2016. The raising consisted of an institutional placement of \$27.5 million, vendor placement of \$2.5 million and a share purchase plan.

BPS Chief Executive Officer, Trevor Dietz, said that the Entertainment business continues to deliver strong financial returns, assisted by continuing to invest in its technical capabilities.

“The significant value contribution of our Entertainment business has exceeded our expectations at the time of acquisition and we have now completed the successful integration of Entertainment into BPS’s core operations.

“We are continuing to focus on realising the substantial revenue generation and cost-saving synergies that are being generated through the integration of the bucqi and Bartercard business platforms with Entertainment’s 12,000 SMEs, 18,000 Not-for-Profits and 1.5 million households,” Mr Dietz said.

### **Other Operational Highlights**

Mr Dietz noted that, while the successful integration of Entertainment was a management priority during FY17, the Company continued to build its base business and to progress BPS’s strategy of increasing its merchant base and enhancing transactional platforms to drive more customers to more merchants.

He outlined a number of significant operational achievements during FY17. These included:

- An agreement with iSynergi Limited, Alibaba.com’s Global Service Partner in Australia, enabling BPS’s 17,000 relevant merchants to be registered on the Alibaba platforms
- The expansion of Bartercard USA from 10 to 20 franchises
- The launch of Bartercard France in June 2017, the second Bartercard licensee in Europe
- The sale of the licence for Bartercard Israel to the ZAP Group, with operations scheduled to launch in January 2018
- The acquisition of two key metro Bartercard franchises in Australia. BPS now controls 82% of members
- The launch of Finance Plus in partnership with Get Capital. Finance Plus is a merchant finance product servicing the SME market.

### **Assuring Future Revenues through Partnerships and Investing in Smart Technology**

Mr Dietz emphasised the primary importance of continuing controlled investment by BPS in software development and new offerings that can be deployed digitally and from which revenues can be generated.

“We will continue to invest in technology in a very controlled manner and we expect funds invested as a percentage of revenue over the next two years to average around 3 - 4%,” he said. “With a total asset base of 36,000 SMEs, 20,000 NFPs, 1.5 million fee-earning householders and a reach of 3.5 million individuals, the opportunity for BPS to increase and/or drive new revenue streams from predictive buying and selling patterns is truly exciting.

“Our agreements signed with iSynergi Limited, Alibaba.com’s Global Service Partner in Australia, will enable BPS’s merchant base to be registered on the Alibaba e-commerce platforms at a considerable saving to each merchant. But importantly it will allow those merchants to earn new cash revenues which pivots Bartercard away from the traditional model of being just a Barter Trade Exchange. This move will also allow BPS to earn additional new cash fees driven off the transactions on that platform – a new positive cash generator.

Further we intend to offer an attractive Frequent Values style deal to inbound Chinese tourists who book via Alibaba's Fliggy and these tourists will be able to pay our BPS merchants using Alipay," Mr Dietz said

### **Debt Management**

During FY17 BPS maintained an active debt management program.

In August 2016 a \$10 million loan from the CBA was put in place, for the purpose of repaying an existing convertible note and overdraft. This Note was refinanced with Alceon on much improved terms in December 2016.

That Convertible Note was redeemed on 8 August 2017, as part of an arrangement with CBA whereby an expanded, flexible finance facility was put in place to accommodate the cash flow profile of Entertainment which occurs over a short period of the year from April to July.

Net debt at 30 June 2017 fell from \$7.7m to \$4.9m reducing overall gearing from 21% to only 7%.

### **Cashflow**

The integration of Entertainment into BPS has resulted in some structural changes to the way the business manages its working capital and cash flow. Entertainment receives the majority of its cash flow over a short 4 month period in the second half of the year.

This is reflected in the company's cash flow statement at the half year which noted net operating cash flow of \$1.0m compared to that at the end of FY17 of \$12.8m.

### **Dividend**

The Board has declared a final fully franked dividend of 2.25 cents per share, taking total dividends declared and paid for FY17 to 4.50 cents per share, fully franked. The record date for the final dividend is 6 November 2017 and the expected payment date is 17 November 2017.

### **Investor and Corporate Communications**

The Company has engaged FIRST Advisers, one of Australia's leading investor relations and corporate communications firms, to actively engage and increase awareness of our business with the investment and business community.

### **Outlook**

The outlook for FY18 remains positive.

The mobile platforms underpinning Bartercard, Entertainment and Frequent Values will become transactional by late calendar 2017/early 2018 and allow the BPS Group the opportunity to capture revenues from redeemed offers in totally new ways.

The investment in technology (both hardware and software) is already starting to yield positive results. Bartercard, for example, expects to cease most paper based trading and systems by early 2018 and shift merchants to fully digital self service marketplace trading.

In the current financial year the Group's expanded involvement with Alibaba and its associates will bring new revenue streams, providing merchants with greater incentives to embrace all the BPS Platforms where every transaction will add value.

Entertainment is focused on transitioning more than 50% of its membership to digital as well as building on the success of its Corporate Solutions platform through the launch of a new device responsive Frequent Values website and App.

BPS will continue its focus on lowering costs and improving productivity through transitioning both Bartercard and Entertainment to digital platforms and extracting synergies from the Entertainment acquisition.

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**About BPS Technology Limited (BPS):** BPS is a leading provider of transactional platforms and management systems that enable businesses to attract customers across multiple sales channels. These platforms currently serve 36,000 merchants and 1.5m customers through a network of ~ 20,000 Not-For-Profit organisations, giving BPS a reach of 3.5m consumers. BPS earns revenues on transactions over the platforms via its subsidiaries Bartercard, Entertainment and bucqi.

**About Bartercard:** Bartercard operates the world's largest retail trade exchange for over 26 years. It allows small to medium businesses to conduct transactions without the use of cash. There are 50,000+ card-holders in 10 countries and 78 offices currently. Bartercard transactions can be conducted online, via its mobile app or across more than 7,000 bank EFTPOS terminals.

**About Entertainment:** Entertainment Publications is a business-to-consumer (B2C) deals platform with an established model proven over 22 years of profitable operations. Through 20 offices Entertainment provides restaurant, accommodation and activity guides with special offers from more than 12,000 businesses to consumers in Australia and New Zealand.

**About Bucqi:** bucqi is a disruptive mobile payments and rewards app based around a loyalty platform designed for businesses to attract consumers. It allows consumers to earn and redeem great rewards called "bucqs" via a wide range of participating merchants. The payments platform has been three years in the making and has a number of patents pending. It has been launched in Queensland Australia and Wellington in New Zealand.