

# Pushpay FY18 Results Announcement

Auckland, New Zealand | Redmond, Washington, USA - 17 May 2018

Pushpay Holdings Limited (**NZSX:PPH, ASX:PPH**) ('Pushpay' or 'the Company') is pleased to present its financial results for the year ended 31 March 2018 and its 2018 Annual Report.

Chris Heaslip, CEO and Co-founder said, "Pushpay is uniquely positioned to continue to drive social good and succeed in the next chapter of our growth journey. We have experienced another year of leading growth, with total revenue more than doubling over the year to 31 March 2018. The focus over the last year has been on future-proofing the business, by refining the strategies that will allow Pushpay to realise its considerable potential over the long-term."

## Sales strategy

Pushpay previously utilised a predominantly inside sales strategy, where the sales team connected with potential customers remotely. Last year, Pushpay adopted a more relational approach with a targeted account based and field sales strategy, positioning us to attract more medium and large Customers.

We have found that larger Customers:

- invest more in implementation and are therefore more likely to implement correctly and successfully, leading to greater adoption;
- are easier to serve long term;
- are less likely to churn than smaller Customers; and
- generate increased Subscription and Volume Fees over time.

We are continuing to see pleasing results from our sales strategy, with the proportion of ACMR derived from medium and large Customers and the proportion of medium and large Customers continuing to increase.

## Strong revenue growth

Pushpay has a strong track record of delivering on guidance. Since initially listing in August 2014, Pushpay is pleased to have met or exceeded all guidance provided to the market. Most recently, Pushpay delivered on its FY18 revenue guidance of US\$70.0 million, doubling total revenue to US\$70.2 million in that period. These results were attained through the targeted implementation of our strategy, growing team capabilities and expertise, and responsible investment into product design and development.

## Operating leverage

While Pushpay increased operating revenue by 99.4% over the financial year, other operating expense growth slowed considerably to 41.2%. As a percentage of operating revenue, other operating expenses improved by 38 percentage points, from 130.6% to 92.5%. Pushpay expects significant operating leverage to accrue as operating revenue continues to increase, while growth in other operating expenses decreases considerably.

## Margin improvements

Pushpay's diligent approach to optimising gross margin has driven pleasing results. We announced in April 2018 that the margin improvement program is progressing better than expected. We now expect gross margin to grow from 55% over the year to 31 March 2018 to over 60% from October 2018 onwards. Our discipline around margin expansion has enabled us to better position the Company for future efficiency.

## Board composition

In line with our strategic focus on the US, our Board of Directors welcomed Daniel (Dan) Steinman, a well-known US Customer Success expert, in July 2017. Dan brings exceptional Customer Success expertise, in addition to valuable insights from his experience in the SaaS industry. Dan's US SaaS market knowledge, extensive business strategy and development experience further strengthens the Pushpay Board, as we continue to execute on our US growth strategy.

Following Dan's appointment, we farewellled Doug Kemsley after four years' service on the Pushpay Board. Doug was the initial angel investor in Pushpay back in 2013, which allowed the Company to commercialise Pushpay's original giving solution. The Company would not be in the position it is today without Doug's support and guidance as a Director. On behalf of the Pushpay team and Board, we acknowledge Doug for his substantial contribution and for his continued support as a Pushpay shareholder.

At Pushpay, we are confident that a more diverse Board and senior management team would create better business outcomes. We are proud to have an ingrained inclusive culture, where our differences become strengths, that can be used to better serve our Customers and drive strong business performance. The Board is actively searching for an additional US-based Director and is considering suitably qualified candidates of diverse backgrounds and experience.

## Private placement

In July 2017, Pushpay completed a US\$25 million private placement to further accelerate Pushpay's growth, advance its sales strategy, support product design and development, and support the Company ahead of a US market listing. The bookbuild was conducted by Deutsche Craigs Limited and Ord Minnett Limited, as joint lead managers and underwriters. The bookbuild was well supported, attracting bids from over 15 institutional investors across New Zealand and Australia. In addition, interests associated with Pushpay Chairman, Bruce Gordon, participated in the bookbuild. The capital raised has positioned Pushpay well for our next phase of sustained growth.

We would like to thank Deutsche Craigs and Ord Minnett for their assistance in bringing the process to a successful conclusion and welcome a large number of new shareholders to the Company.

## US market listing

On 10 January 2018, Pushpay announced its intention to complete a US market listing this calendar year.

The Board believes that a market listing in the US will expand Pushpay's shareholder base, increase liquidity and enable the Company better access to capital, thereby increasing funding alternatives to support the Company's growth strategy. With 97% of Pushpay's Customers based in North America along with 258 staff, Pushpay considers a market listing in the US to be a logical and important step in order to take advantage of growth opportunities, further strengthen the Company's market position and increase awareness of the Company and its products globally. Any market listing would be subject to satisfactory market timing, approval by a US exchange and satisfying a number of other customary listing prerequisites.

Pushpay has strong relationships with both the NZX and the ASX. Pushpay has no plans to delist from either exchange.

## Social good

Pushpay surpassed a significant milestone for the business, reaching US\$3 billion in Annualised Processing Volume as at 31 March 2018. Over US\$3 billion per year is now given to causes through Pushpay's platform, supporting local communities not only in New Zealand, Australia, Canada and the US, but all around the world.

US\$3 billion of giving represents funding towards homeless shelters, food drives, orphanages, women's refuge centers, drug rehabilitation centers and many other causes which are transforming lives around the world. Enabling social good is in our DNA and something we are very proud to be a part of.

## Outlook

Pushpay is confident in its strategy to gain further market share in the medium-term and believes this is the best way to maximise shareholder value.

As Pushpay further refines its sales and marketing strategy, focusing more heavily on medium and large Customers, it expects to see a continued increase over the current year in Subscription Fees added from new Customers, with a lower average sales headcount than last year.

Given seasonality, we expect ACMR and ARPC to steadily grow over the calendar year to 31 December 2018. We also expect Customer unit churn to decrease and Customer numbers to steadily grow over the calendar year.

Pushpay remains in a position to reach its target of breakeven on a monthly cash flow basis prior to the end of calendar 2018.

In the long term, Pushpay is targeting over 50% of the medium and large church segments, an opportunity representing over US\$1 billion in annual revenue.

We would like to thank you, our shareholders, for your continued support and confidence, our teams in the US and New Zealand for their hard work and all of our Customers around the world for their loyalty and excitement, as these results are ultimately thanks to their support.

## Contact

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## About

Pushpay provides a donor management system, including donor tools, finance tools and a custom community app, to the faith sector, non-profit organisations and education providers in the US, Canada, Australia and New Zealand. Our leading solutions simplify engagement, payments and administration, enabling our Customers to increase participation and build stronger relationships with their communities.

Pushpay receives funding from Callaghan Innovation to help cover the commercialisation of innovation.

Pushpay is an award-winning company, team and product. For more information visit

[www.pushpay.com/investors/awards](http://www.pushpay.com/investors/awards).

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