Smart Parking Limited (ASX:SPZ)

FY18 Results

23 August 2018 CEO Paul Gillespie







World-leading technology for parking design, development and management.



Management Services | UK

Specialises in managing car parking sites. Promotes and sells Smart Parking technology.

Technology | **Global**

Designs, develops and specialises in on-street and off-street parking technology and software, enabling clients to manage parking efficiently.

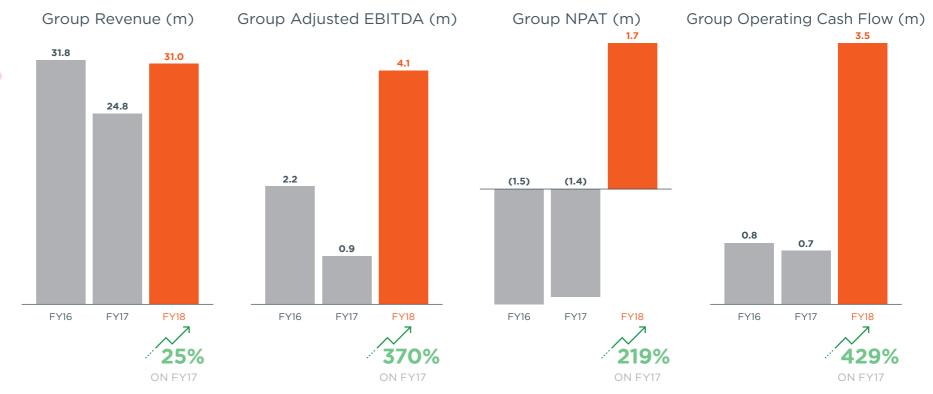
78%	% Revenue	22%
Annual Parking Breach Notices 392,026	Key operational metric	New installed sensors 13,700
33%	Year on year increase	83%



FY18 results at a glance | Smart Parking Group

Solid results strengthening SPZ for sustainable growth.

- Growth in revenue, EBITDA, NPAT and operating cash flow demonstrate positive trend and successful strategy. Significantly strengthened SPZ processes and new professional UK management team recruited following the second half challenges.
- Continued focus on providing best in class technology and services delivers top line and bottom line growth with a sustainable plan for the future.



FY18 operational highlights | Smart Parking Group



Number of PBN's issued increased by 33%*

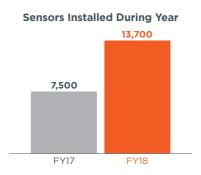
Despite heavier seasonal impact than normal and operational challenges in H2, the continued roll out of new locations sees growth of PBNs year on year.

*Excluding Matalan



UK ANPR roll out continues

125 new sites installed in FY18. **236** total sites under management using technology at 30 June. **251** total sites under management at 31 July.



Technology wins across market verticals:

Local Authority (Adelaide, Moonee Valley, Moreton Bay), Commercial (Wilson Parking, Coles supermarkets, Air NZ), Telco/Smart City (Telstra deals including Cairns Council, City of Greater Geelong, City of Casey)



Progress in Research & Development

Delivery of SmartCloud platform and new payment app demonstrates best in class technology with global application.

FY18 operational highlights

| Smart Parking Group

FY18 results underpinned by execution priorities:



Increased sales and marketing capacity delivering positive results



Growth in global operational capability to capture market opportunity



Technology delivery bringing new smart city products to the global market



System improvements increase ANPR camera recognition rates across UK estate



New high calibre UK management team recruited



Market opportunity

Smart Parking Group – Management services

UK ANPR enforcement market opportunity remains significant at 45,000 sites



- SPZ currently managing 251 sites
- Strengthened sales & operations to capture more market share
- Recent Parking Eye acquisition by Macquarie for £235m validates SPZ UK growth strategy



Market opportunity

| Smart Parking Group – Technology

Global adoption of Smart Parking technology affirms SPZ strategy

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• Smart city adoption continues to rise through SPZ home markets (Australia, New Zealand & UK)

 Growth in SPZ accounts with Coles and Wilson Parking demonstrates the growing appetite within Australasia for technology focused off-street parking solutions

 Market opportunity recognised by global technology companies such as Google & Telstra





Smart Parking Group

EBITDA margin growth accelerates into FY18

Revenue \$31.0m* up 25% on FY17

370% **Adjusted EBITDA** \$4.1m up 370% on FY17

Adjusted EBITDA Margin Up from 3.5% to 13.1%

NPAT Up \$3.1m to \$1.7m

*Including interest received



FY18 Results | Group Profit & Loss (m)

	FY17	FY18
Revenue	24.7	30.7
Cost of Sales	(10.5)	(13.1)
Gross Profit	14.1	17.6
Overheads	(12.8)	(13.5)
EBITDA	1.3	4.1
Net Interest Received	0.2	0.3
Depreciation & Amortisation	(2.4)	(2.0)
Other	(0.2)	0.0
Net profit/(loss) before tax	(1.0)	2.4
Tax expense	(0.3)	(0.7)
Net Profit/(loss) after tax	(1.4)	1.7
Gross Margin % Overheads/Revenue % EBITDA Margin % EPS (cents per share)	57.2% 51.9% 5.3% (0.42)	57.4% 44.0% 13.4% 0.46

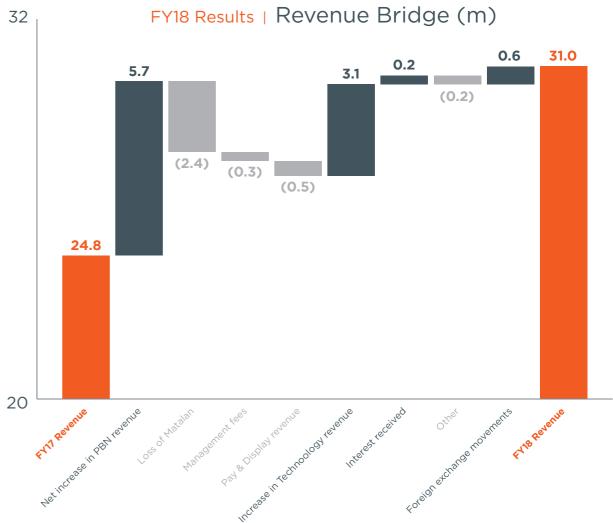
Smart Parking Group

Strong revenue growth for FY18



Revenue \$31.0m up 25% on FY17 with increases in both the parking management and technology divisions despite the loss of Matalan in FY17.





Smart Parking Group

Positive EBITDA growth continues

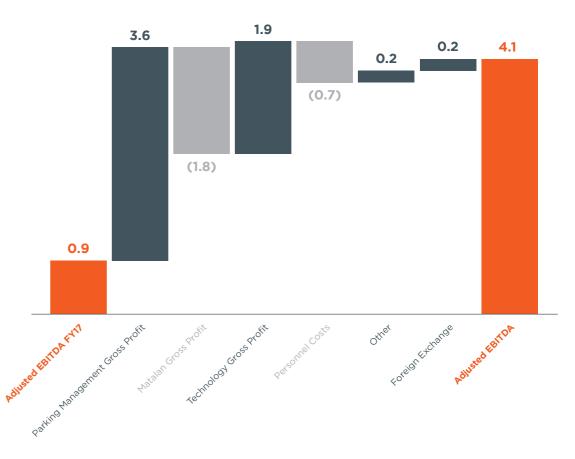
370% Adjusted EDITDA up 370% on FY17



Growth in gross profit in both management services and technology underpins EBITDA performance



FY18 Results | EBITDA Bridge (m)



Segment reporting – improved profitability

	Revenue			EBITDA		
(000's)	FY17	FY18	FY18 vs FY17	FY17	FY18	FY18 vs FY17
Management Services	20,625	23,873	15.7%	4,698	6,521	38.8%
Technology Division	5,146	8,860	72.2%	(2,152)	(565)	73.7%
Research & Development	0	0		(582)	(696)	(19.6%)
	25,771	32,733	27.0%	1,964	5,260	167.8%
Corporate	168	327	94.6%	(1,099)	(1,190)	(8.3%)
Eliminations	(1,438)	(2,041)	(41.9%)	0	0	
Underlying Revenue/Adjusted EBITDA before non-recurring items	24,501	31,019	26.6%	865	4,070	370.5%
Adjusted EBITDA Margin before non-recurring items				3.5%	13.1%	
Management Services Division Adjusted EBITDA Margin				22.8%	27.3%	
Technology Division Adjusted EBITDA Margin				(41.8%)	(6.4%)	
Research & Development/Technology Revenue				11.3%	7.9%	

Management services

UK earnings growth continues

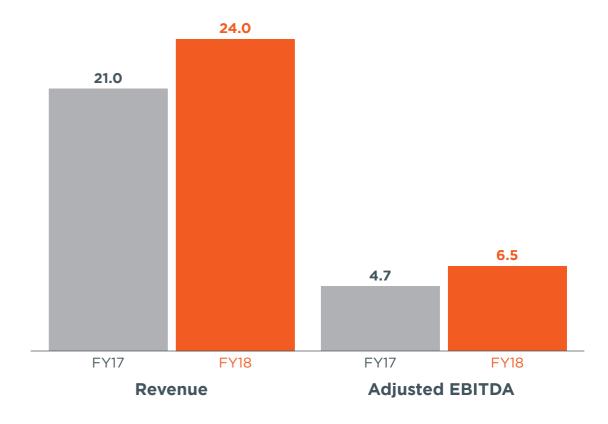
Revenue \$24.0m up 14% on FY17

39% Adjusted EBITDA \$6.5m up 39% on FY17

Adjusted EBITDA Margin Up from 22.4% to 27.3%



FY18 Results | Management Services Financials (m)



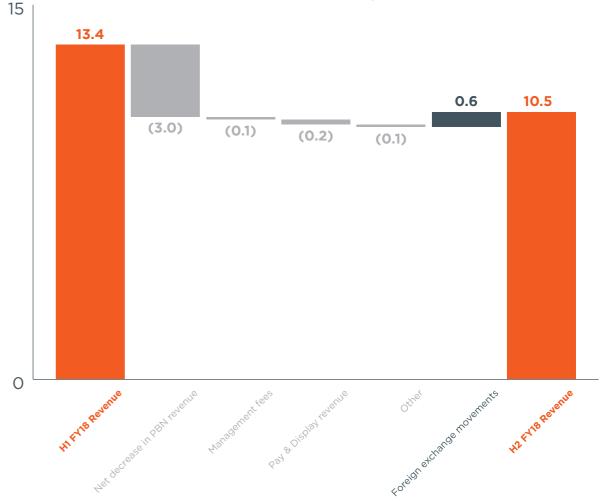
Management services

H2 operational challenges impact revenue

- Seasonality impact greater than normal due to significant poor weather events in the UK
- PBN issuance also impacted by sub optimal UK management leading to reduced installations
- H2 challenges now addressed and new UK management focused on growth







New site ANPR performance

Business case affirmed



Return on investment for new sites remains strong with average payback on site capex circa 7 months



New management team focused on delivering key ROI metrics to grow the business



FY18 Results | ANPR Performance (£)

(£)	FY17 Per month	
PBNs per site	200	130
Gross revenue	6,000	3,900
Client share	0	(390)
Net revenue	6,000	3,510
EBITDA	4,200	2,282
EBITDA Margin %	70%	65%
Capex	15,000	15,000
Payback (months)	4	7

Technology

Record results proves global technology adoption



72% Revenue \$8.9m up 72% on FY17



74% Adjusted EBITDA (\$0.6m) improved 74% on FY17



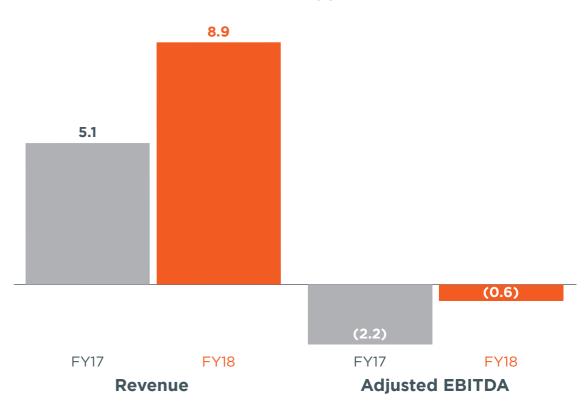
Recurring revenue \$2.7m up 31% on FY17



Improved outlook for FY19 with firm orders and work in progress of \$2m



FY18 Results | Technology Financials (m)



Research & development

Smart city platform enhancements



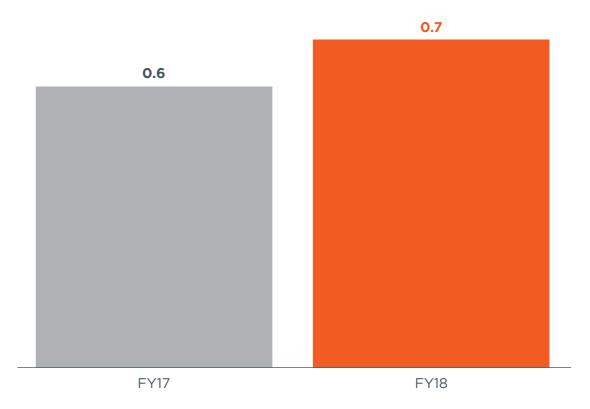
Smartphone payment application delivery



Next generation sensor technology



FY18 Results | Research & Development Investment



Group financial position

Strong balance sheet







Current assets Includes \$13.4m of cash and Corporate Bonds while the Group continues to assess growth opportunities

Deferred tax asset Reduced by \$0.6m following UK profitability

Intangible assets Developed technology was fully amortised in Q3

Fixed asset additions \$3.6m mainly related to deployment of technology in the UK

FY18 Results | Group Financial Position (m)

\$m	June '18	June '17
Current assets	23.2	21.4
Non current assets	8.8	7.4
Total assets	32.0	28.8
Current liabilities	7.8	6.4
Term liabilities	0.1	0.1
Total equity	24.1	22.3
Net cash & corporate bonds	13.4	13.5

Group cash flow

Record operating cash flow



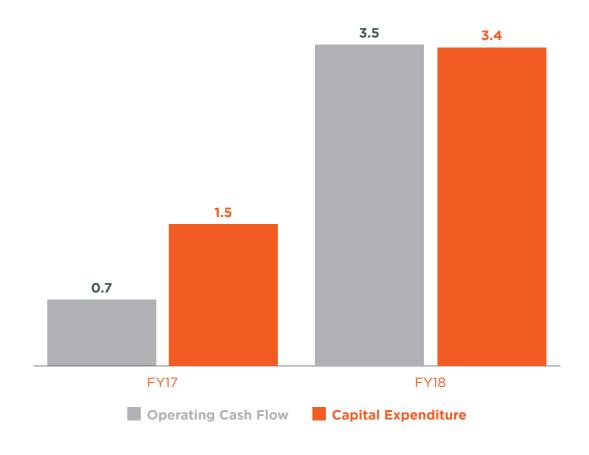
Record operating cash flows \$3.5m up 429% compared to FY17.



Continued investment in equipment driving earnings growth in the UK services business.



FY18 Results | Operating Cash Flow & Capital Expenditure (m)





Business update: UK managed services

Strong results despite H2 operational challenges

- Strong focus on capturing market share in the ANPR parking enforcement market place total market of 45,000 off street sites.
- Execute strategy of win, install and operate 15 new sites per month with ANPR technology total sites under management using technology at 30 June is 236, and at 31 July is 251.
- Keen operational focus on site go-live process and ANPR camera accuracy rate.
- Despite HR and operational challenges in the UK during H2 FY18, the business strategy is sound with growth in sites and PBNs set to continue into FY19.



Management services parking breach notices

Growth in parking breach notices continues with the roll out of ANPR technology



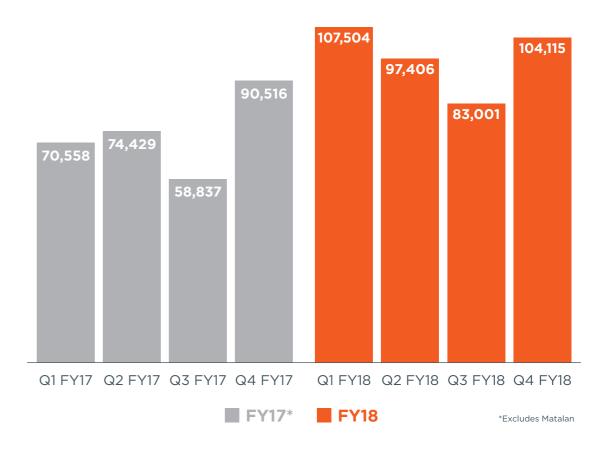
PBNs up 33% on FY17 (excluding Matalan)

Further site roll out will see continued growth in PBNs

New business pipeline remains strong

The UK business continues to see seasonal impact on PBNs - FY18 UK winter being particularly harsh has impacted performance

FY18 Results | Parking Breach Notices Issued



Management services

Growing customer base

- Customer engagement proving successful with new client wins each month and further account growth
- Pipeline of new sites and clients growing beyond 200 locations
- New Account Management and Direct Sales people making progress

The co-operative































































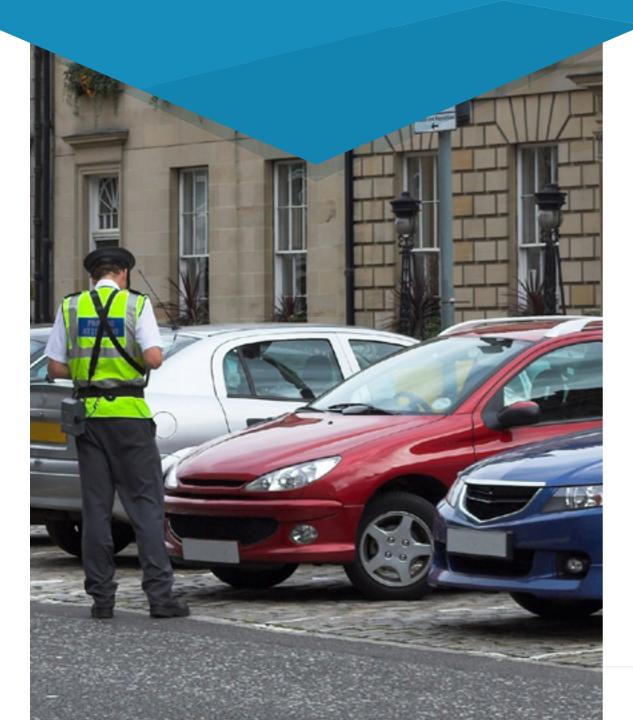












UK parking market news

UK parking services market sees M&A activity.



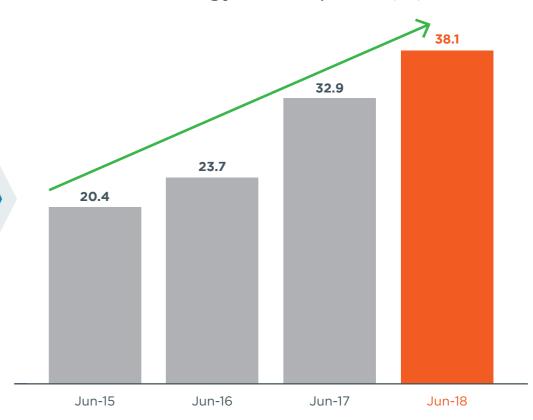
- SPZ biggest competitor in the ANPR enforcement market, Parking Eye acquired by Macquarie Bank.
- Transaction completed in July for a price of £235m.
- As per press release, the price reflects a multiple of 17x EBITDA.
- Demonstrates the growth potential of the UK parking enforcement market place.
- Validates SPZ's UK growth strategy.

Business update: Technology

Smart City and IoT technology continues to be adopted

- Over 13,000 new sensors deployed in FY18.
- Focused sales effort in winning customer contracts across all verticals, growth in partnerships and the delivery of best in class technology.
- Growth of new market relationships in USA and Europe – over 1,000 sensors deployed in mainland Europe over the last 3 months.
- Over \$2m of new orders and work in progress for FY19.
- Pipeline growth in line with technology adoption across all home markets. Total technology pipeline exceeding \$38m.

Technology Sales Pipeline (m)



Growing customer base

Continued growth within all operating territories, and expansion into new markets.



























































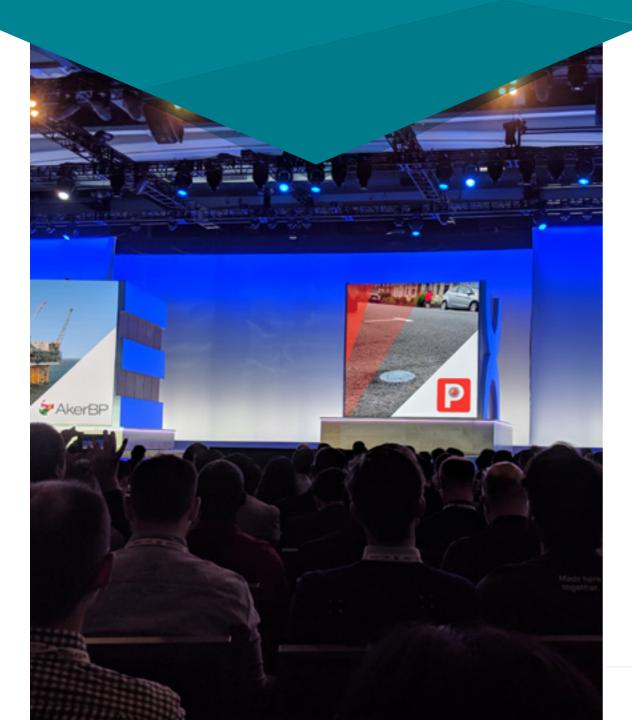
Technology overview

Delivering real-world IoT and smart city solutions.

- SPZ Smart City Platform SmartCloud delivered, operational and generating revenue.
- SPZ new guidance and payment app delivered and set to 'Go-Live' and generate revenue in Q2 FY19.
- ✓ Next generation sensor delivered and operational in 10 locations.
- Smart city and IoT capability roll out continues in local government clients including Moonee Valley City Council, City of Adelaide, Moreton Bay Regional Council, Cairns Council, City of Greater Geelong and City of Casey.







IoT Partnerships

Smart Parking continues to partner with industry heavyweights such as Google and Telstra.

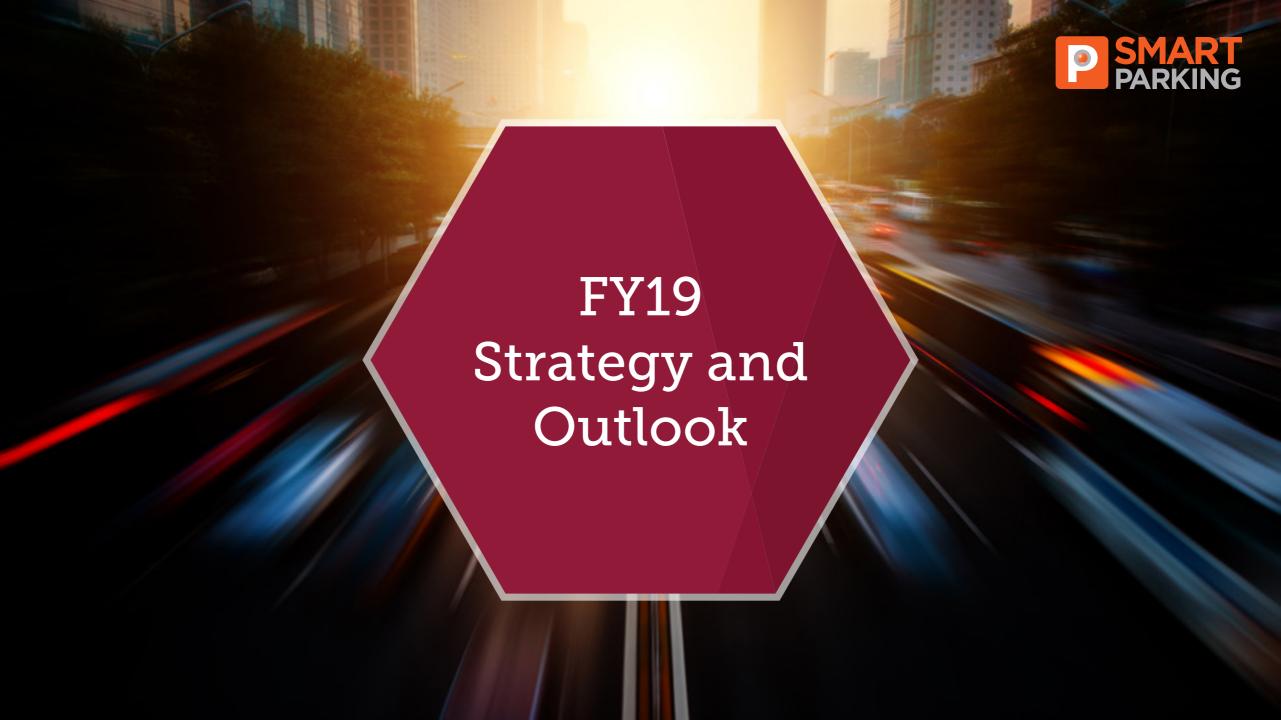


SPZ CTO John Heard co-hosted four IoT conference speaker sessions.

This has achieved high visibility within Google, and has led to further sales opportunities.



Telstra relationship continues to strengthen with further orders for Moreton Bay, Cairns and Sunshine Coast and Greater Geelong Councils.



FY19 Strategy and Goals – UK











- Increased resources in sales and marketing to drive growth
- Strong sales focus on winning 15 new ANPR locations each month
- Keen operational focus on delivery of new sales from installation to live operation
- Maintain operational and commercial discipline with site selection to maintain monthly financial metrics
- Substantial market opportunity affirmed, SPZ well positioned to capture greater market share

FY19 Strategy and Goals – Technology









- Clear focus on product development & delivery for Smart City and IoT market place
- Continue to grow 'account based' relationships with key customers across all market verticals
- Maintain 'win rate' of local authority business across all markets
- Grow new customer relationships outside of home markets through distribution in Europe and the USA
- Partnership growth with Google & Telstra



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Statutory results reconciliation

	Revenue			EBITDA		
(000's)	FY17	FY18	FY18 vs FY17	FY17	FY18	FY18 vs FY17
Underlying Revenue/Adjusted EBITDA before non-recurring items	24,501	31,019	26.6%	865	4,070	370.5%
Non-recurring and prior period expenses	0	0		0	(748)	
Foreign exchange gains	0	0		0	791	
Dispute Settlement	339	0		339	0	
Onerous Lease Reversal	0	0		110	0	
Statutory Revenue/EBITDA	24,840	31,019	24.9%	1,314	4,113	213.0%
EBITDA Margin				5.3%	13.3%	

Management services: How it works

Parking management improving customer satisfaction and revenue generation.

- ANPR | Automatic Number Plate Recognition
- Pay & Display | ANPR Linked Automated Payment System
- Site Surveys | Real-time information, analysis and trend data
- Parking Attendants | Trained and qualified staff
- DPC (Disabled, Parent and Child) | Protecting the vulnerable
- Marshaling | Trained, professional and customer-friendly marshals







ANPR: How it works

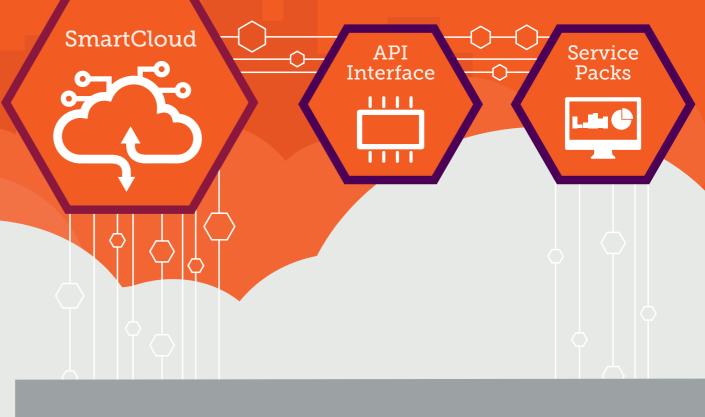
Automatic number / license plate recognition (ANPR) is a reliable, cost effective off-street parking management solution.

It is proven to serve a wide range of industries including supermarkets, retail, hotels, hospitals and leisure centres. Smart Parking's ANPR solution ensures greater compliance and increased parking revenue.

- Ticketless, barrier-free system, parking areas that are managed 24/7
- Automatically generated and issued parking charge notices
- Increased security, comprehensive reporting and account management

Technology: How it works

Smart Parking's technology provides effective parking management solutions around the world.



SmartZones

VOn-Street Parking

Off-Street Parking





Sensor













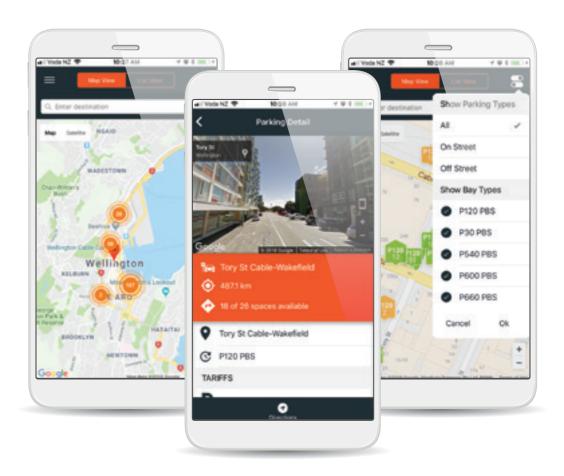
Infrared Sender

Smart Parking app

The Smart Parking app and its customised Miami and Cardiff apps delivered

Features and benefits:

- Available for both Android and iOS.
- Provides detailed information around hours, tariffs and bay types.
- Shows real-time availability of car park bays.
- Harnesses the power of Google Maps to provide distance and directions to suitable bays.
- Payment function will allow cashless payment and remote top-ups.



Glossary

Adjusted EBITDA - The Board assesses the underlying performance of the Group based on a measure of Adjusted EBITDA which takes into account costs incurred in the current period but not expected to occur in the future.

EBITDA - represents Earnings before interest, taxation, depreciation and amortisation.

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