

RESULTS PRESENTATION FOR THE YEAR ENDED 31 MARCH 2017



smartpay
payment solutions made easy

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AGENDA

Full Year Results

1

Results Commentary

2

Opportunity and
Strategy

3

Summary &
Outlook

4



FULL YEAR
FINANCIAL RESULTS

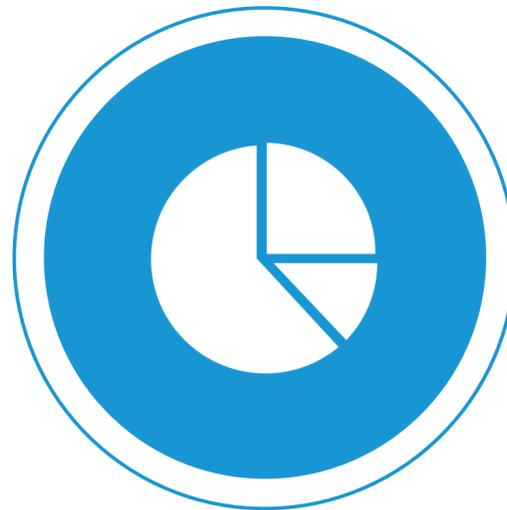
FULL YEAR FINANCIAL RESULTS

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 \$'000	2016 \$'000
Continuing operations		
Revenue	20,892	20,361
Other income	864	8
Operating expenditure	(12,131)	(12,250)
Earnings before interest, tax, depreciation, share options expense, amortisation, impairments and unrealised foreign exchange	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)
Profit before tax	1,945	96
Tax benefit	258	119
Profit for the year from continuing operations of owners	2,203	215
Other comprehensive income		
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
Total comprehensive income of owners	2,565	328
Earnings / (losses) per share from continuing operations attributable to the equity holders of the company during the year		
Basic earnings per share	1.29 cents	0.13 cents
Diluted earnings per share	1.29 cents	0.13 cents

RESULTS COMMENTARY

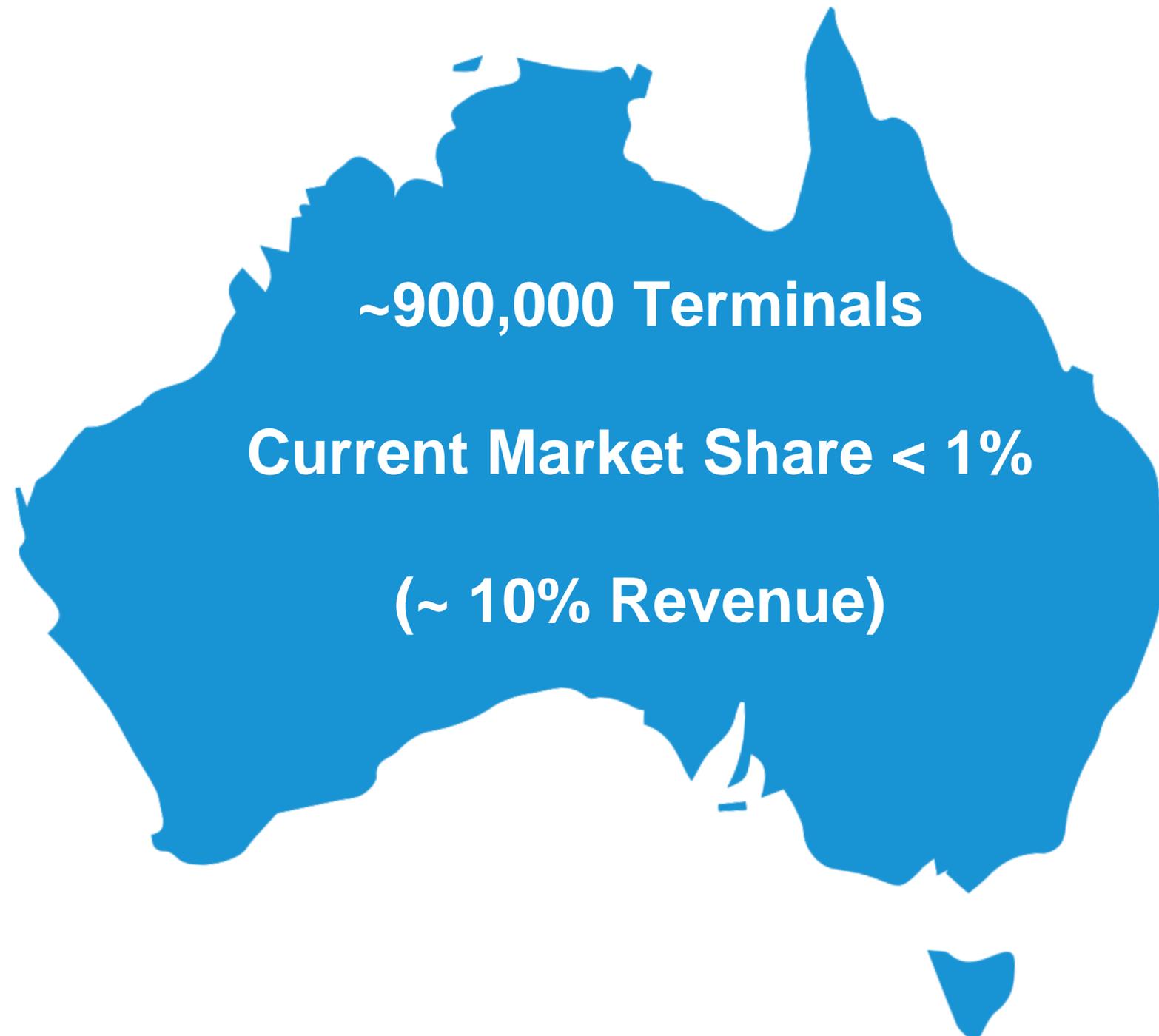
- Some of the key contributors to our increased Revenue include:
 1. The launch of our latest transport technology into the New Zealand market resulted in increased revenue and profit from our largest customer;
 2. Steady growth in Australian general retail terminal numbers; and
 3. A sale of our flagship 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



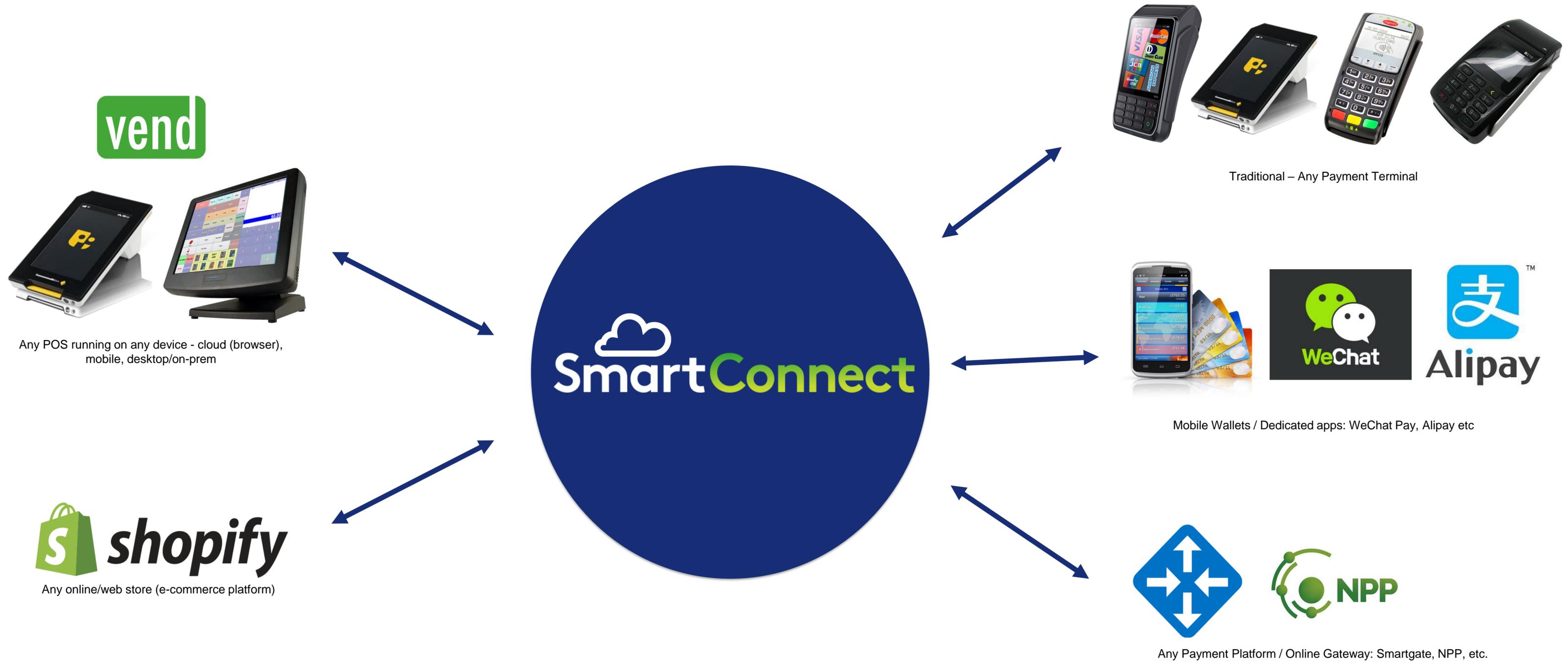
PRODUCT INNOVATION – PAYMENTS TO THE CLOUD



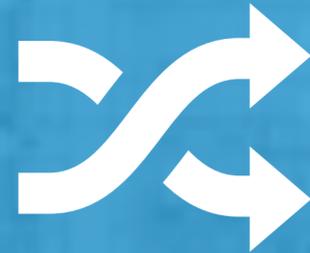
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One Platform for any Payment Solution*



*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.

