

Smart Parking Limited (ASX:SPZ)

FY21 Results

23 August 2021
CEO Paul Gillespie

smartparking.com



Smart Parking Ltd (ASX:SPZ)

A global company focused on delivering industry leading technology innovations and solutions within the parking industry

Parking management services

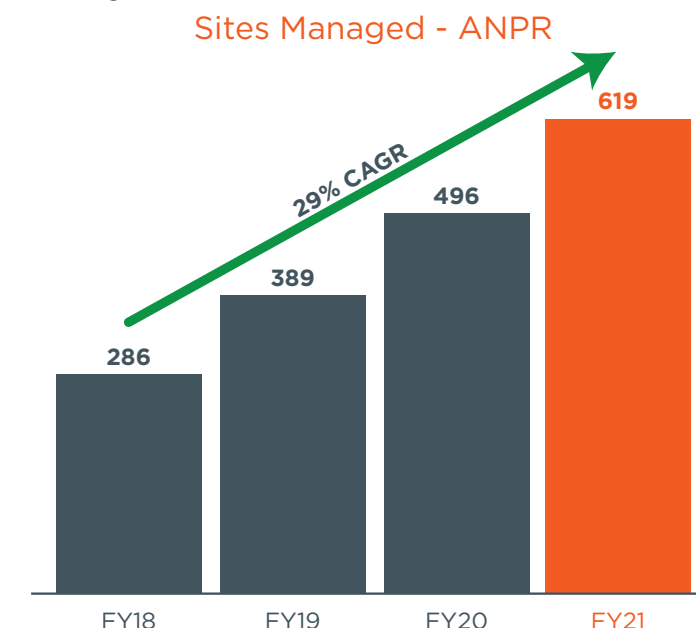
Provision of parking management solutions, predominantly servicing the retail sector, managing agents and land owners in the UK. SPZ has recently launched in two new territories, with accreditation achieved in NZ and Queensland, Australia to run parking management services.

Technology

The sale of Smart City and IoT (Internet of Things) technology, hardware and software predominantly for parking solutions around the world.

Research & development

We develop proprietary solutions to enhance Smart City, IoT and ANPR software/hardware for both the Technology and Parking Management divisions.



10 MILLION CARS PER MONTH
THROUGH UK ESTATE



OVER 31m SMARTCLOUD
TRANSACTIONS PER DAY



OVER 600 CUSTOMERS
WORLDWIDE



OPERATING IN OVER
10 TERRITORIES

FY21 Highlights – Recovery Underway

619 Total sites
up 25% 

**As of 30 June 2021 compared to PCP*

Adjusted EBITDA
\$2.2m up 

354%

**Compared to PCP*

Growth in parking
breach notices up 

278%

**Q4 FY21 compared to PCP*

Cash of
\$10.7m

**At 30 June 2021*

\$1.1m

Spent on share
buy-back since March

1,000

Sites growth target by
June 2023

Business Update

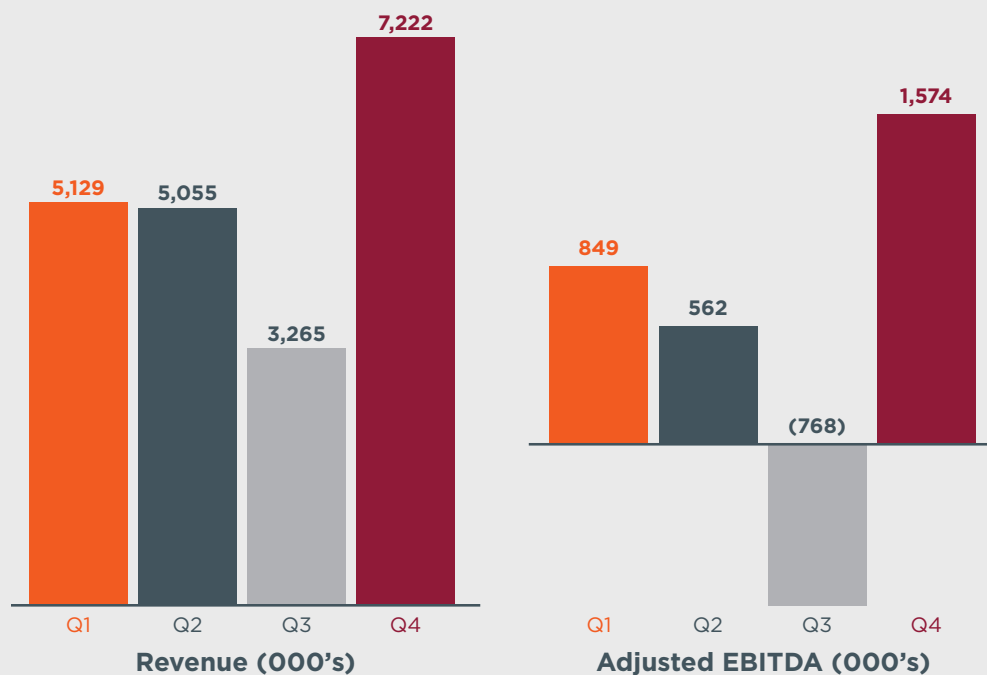
| Improving growth trajectory as UK restrictions ease and expanding addressable markets in New Zealand and Australia

- UK Parking Services business experiencing rapid growth as COVID-19 restrictions ease, with all key metrics at or around pre-pandemic levels
- Completed acquisition of Enterprise Parking Solutions with 68 new sites
- Along with recovery, lead indicators for future growth are also positive
- 720 total group sites under management as at 20 August - on track for 1,000 sites under management by June 2023
- NZ Parking Services business performing ahead of group averages for PBN issuance, with 10 sites installed, scope for significant growth
- Establishing Australia Parking Services business, started in Queensland with 3 sites installed and PBN issuance ahead of group averages, highly attractive market
- Technology order book intact with \$3.3m of booked orders
- \$2.9m VAT cash refund received in FY21
- Spent \$1.1m on share buy-back to 30 June

A large teal hexagon with a white border, containing the text 'FY21 Financial Update' in white serif font. The background of the entire slide is a long-exposure photograph of a city street at night, showing light trails from cars and illuminated skyscrapers.

FY21 Financial Update

FY21 Results – Strong Q4 momentum



- The business experienced a strong recovery in Q4 FY21 with Parking Breach Notices increasing 278% compared to Q4 FY20.
- Overheads were down 20% with personnel costs down 21% as a result of the cost saving initiatives implemented in FY20.
- The Group recognised a one-off benefit of \$6.9m in FY21 related to the resolution of the VAT dispute.

Group Profit & Loss (m) – Earnings positive

	FY21 ¹	FY20 ¹
Revenue (excluding interest)	20.7	21.5
Cost of Sales	(8.0)	(9.3)
Gross Profit	12.7	12.2
Overheads ¹	(10.5)	(13.1)
Adjusted EBITDA¹	2.2	(0.9)
Depreciation & Amortisation	(3.6)	(3.7)
Other	(0.1)	(0.1)
Adjusted EBIT ¹	(1.5)	(4.7)
VAT Adjustment	6.9	(1.6)
Other Non-operating/Non-recurring Items	2.1	(0.9)
Net Interest	(0.4)	(0.4)
Net Profit/(Loss)	7.1	(7.6)
Tax Expense	(1.8)	0.3
Net Profit/(loss) after tax	5.3	(7.3)

Ratios

Gross Margin % ¹	61.7%	57.0%
Overheads/Revenue % ¹	50.9%	61.0%
Adjusted EBITDA Margin % ¹	10.7%	(4.1%)
Statutory EPS (cents per share)	1.49	(2.02)
Adjusted EPS (cents per share) ¹	1.01	(1.89)

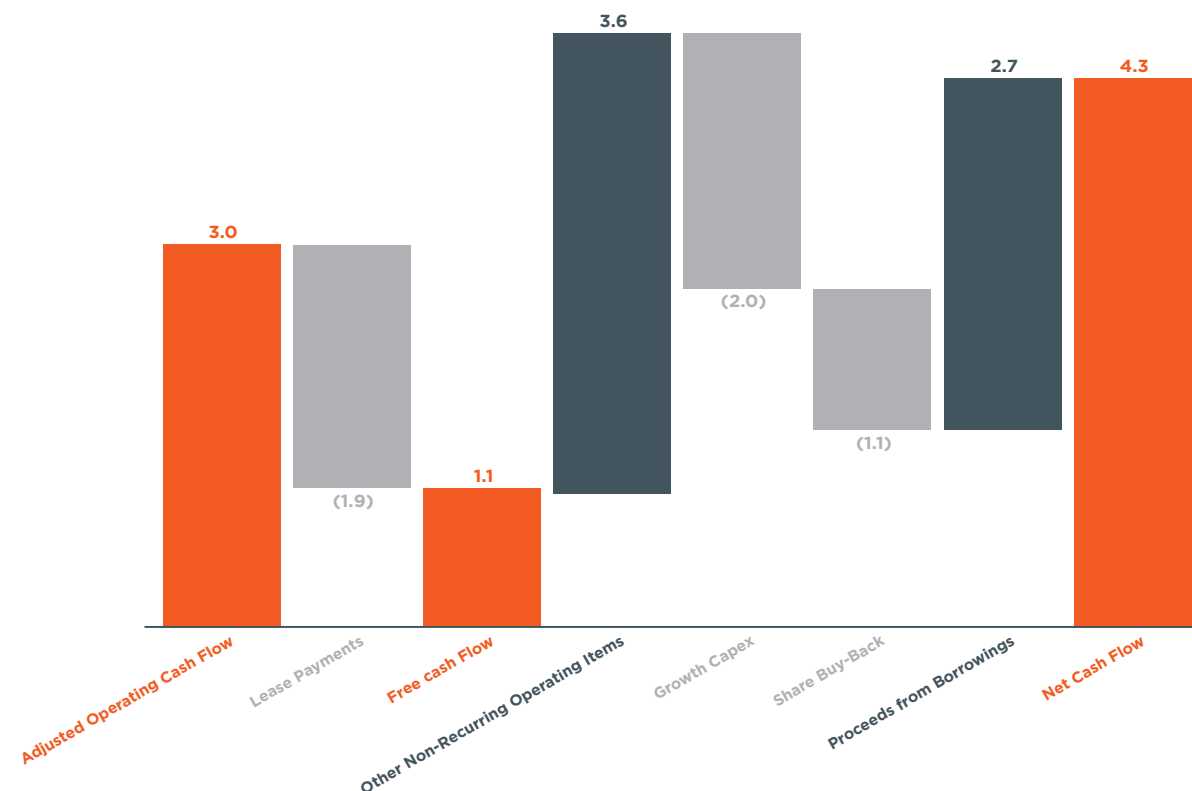
¹ The balances are adjusted for amounts that are not related to underlying operations or not expected to occur in the future

Free cash flow positive

- Cash on hand of \$10.7m as at 30 June 2021.
- Positive adjusted operating cash flow of \$3.0m, up 134% compared to PCP.
- Growth Capex of \$2.0m including ANPR camera equipment which will benefit future periods.
- Average payback for UK ANPR and Managed Services investment is 7-9 months.
- Investment to increase to \$2-3m per annum to capitalise on significant growth opportunities.
- Acquired Enterprise Parking Solutions for \$1.5m in August FY22.

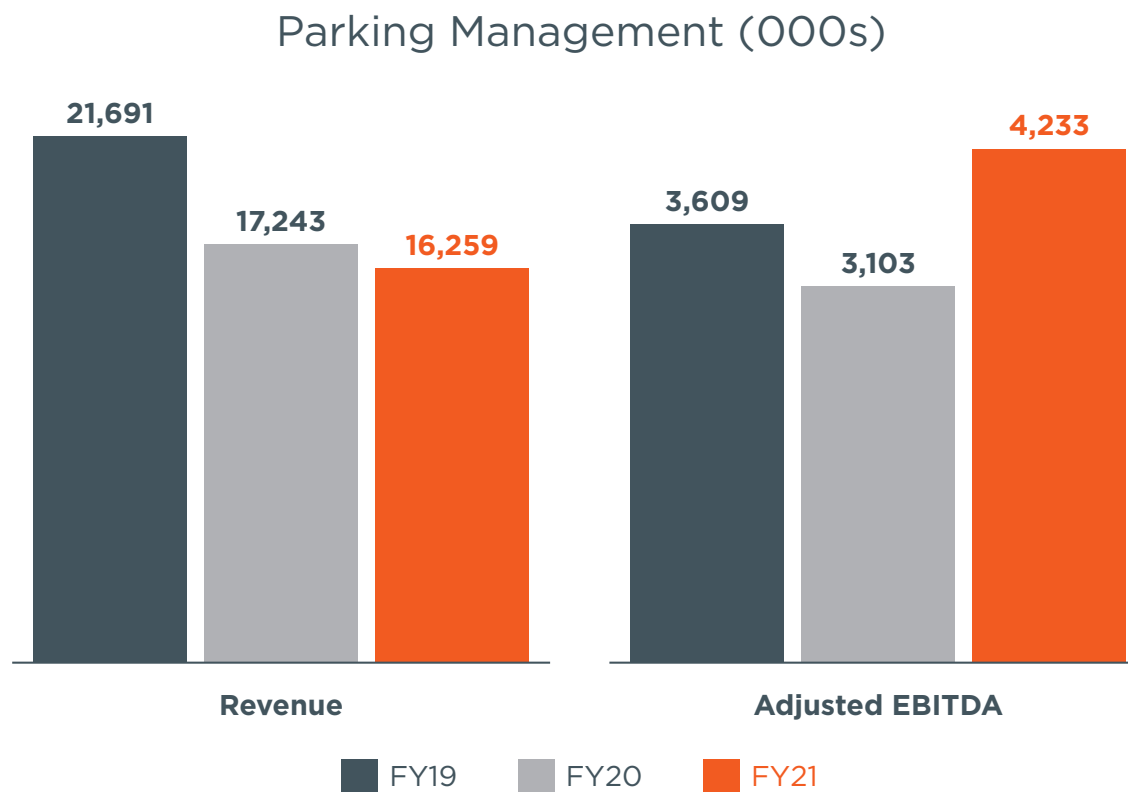


Cash Flow Waterfall (m)



Segment reporting | Parking Management

| Operating leverage drives margin expansion with adjusted EBITDA up 36% on PCP



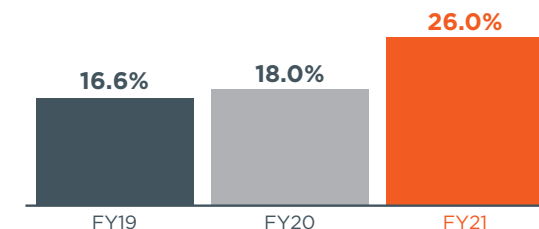
Adjusted EBITDA up **36%**
*Compared to PCP



Adjusted EBITDA margin up 800bps to **26%**
*Compared to PCP



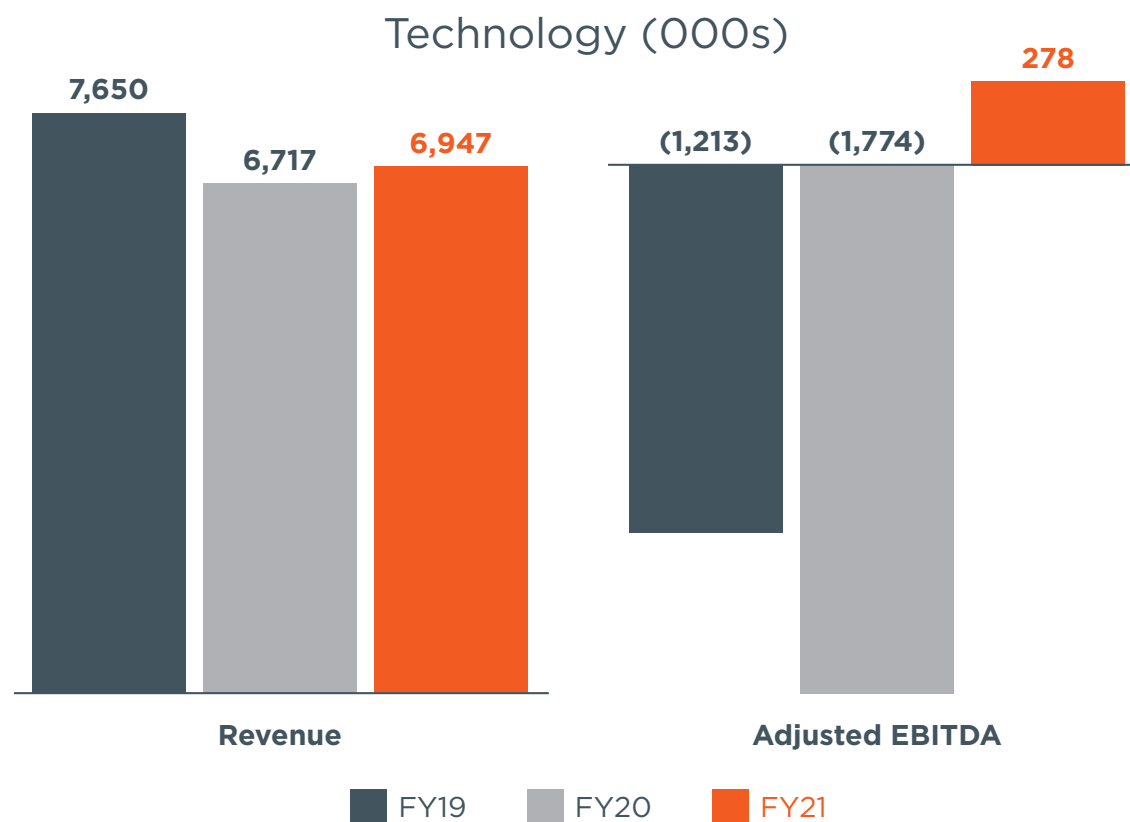
Adjusted EBITDA margin



Adjusted EBITDA excludes items incurred in the current period which are not expected to occur in the future.

Segment reporting | Technology

| Technology turned profitable



\$3.3m

Committed orders

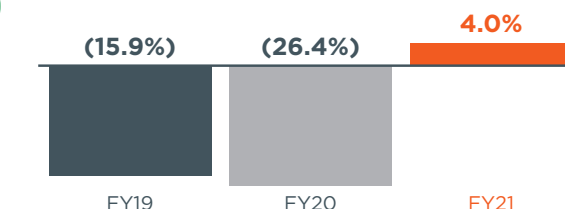


Adjusted EBITDA
up **116%**

**Compared to PCP*



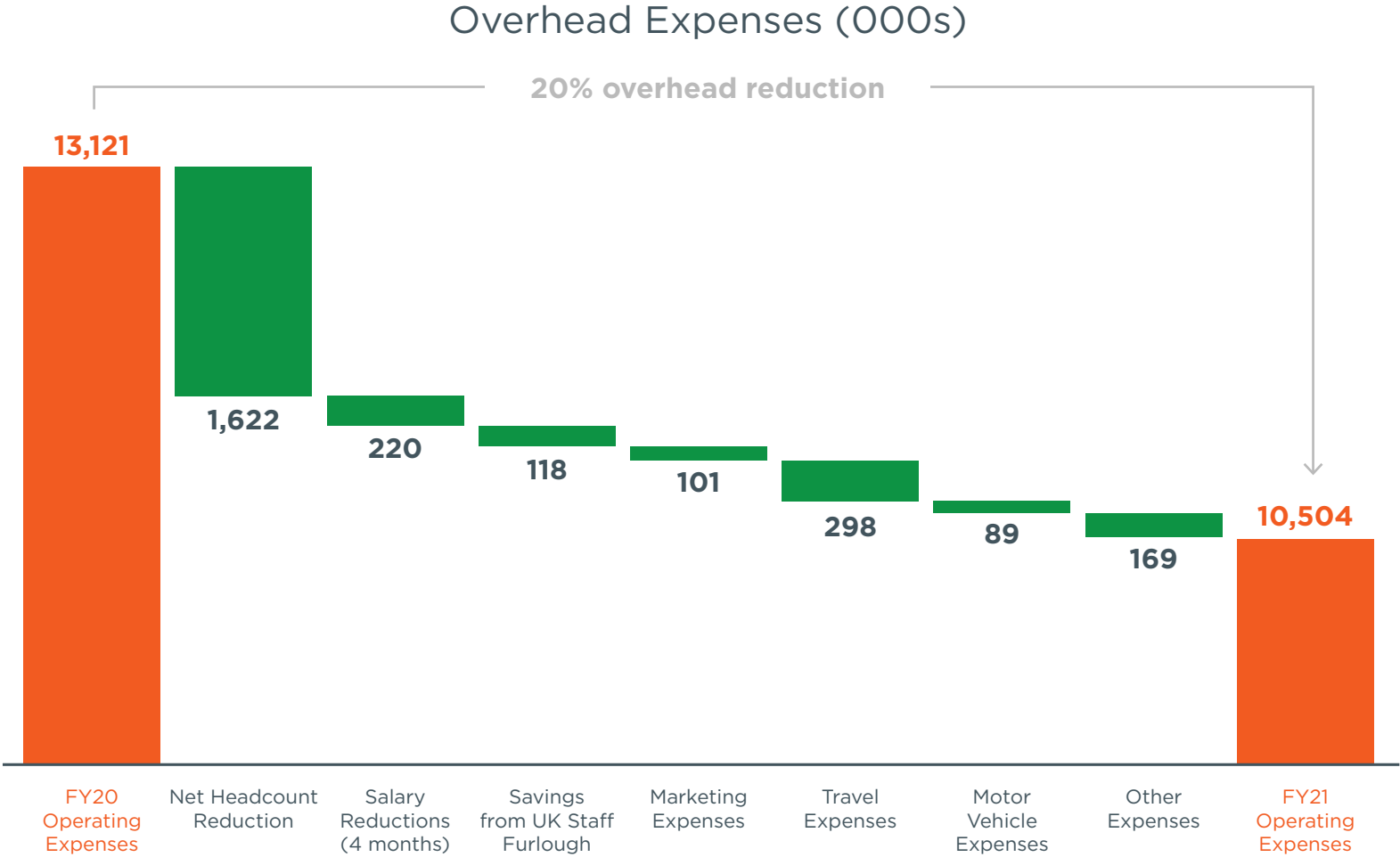
Adjusted EBITDA margin



Adjusted EBITDA excludes items incurred in the current period which are not expected to occur in the future.

Operating expense analysis

| Benefiting from proactive cost management



Strong balance sheet to fund growth strategy

- \$10.7m of cash – capital to fund growth strategies
- The Company drew down a UK Coronavirus Business Interruption Loan for \$2.7m in September 2020
- \$8m of net cash, \$2.9m VAT cash refund received in FY21
- The Group conducted an on-market buy-back of shares for \$1.1m in FY21. Acquired and cancelled 6.1m shares, at an average price of 17.3cps



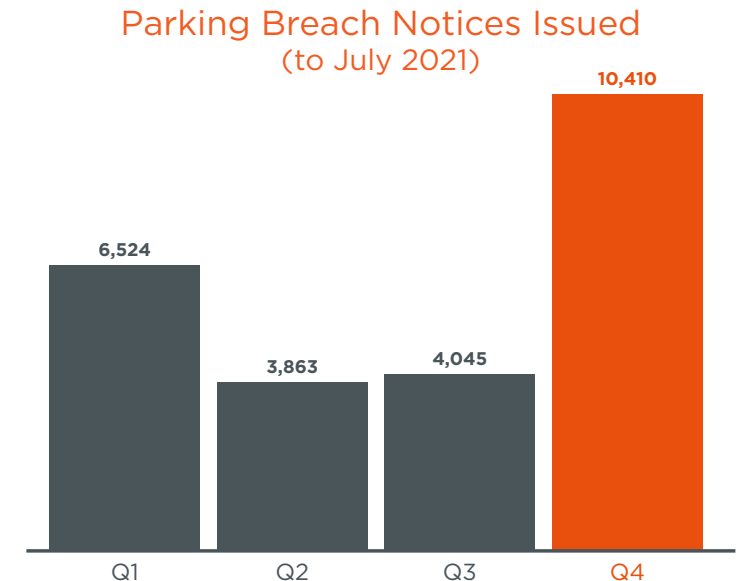
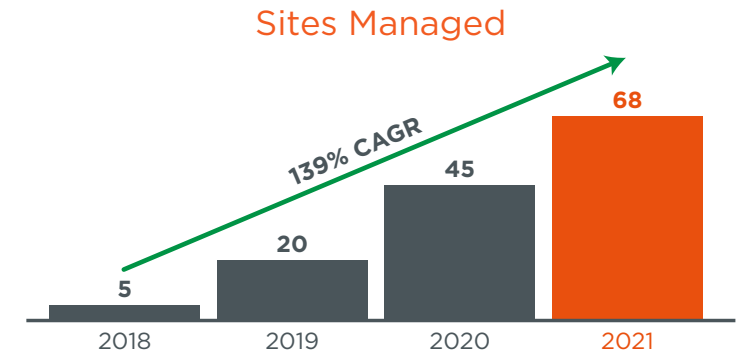
Group Financial Position (m)

\$m	Jun-21	Jun-20
Current assets	20.4	11.9
Non-current assets	19.4	22.2
Total assets	39.8	34.1
Current liabilities	10.4	10.2
Non-current liabilities	12.1	11.0
Total equity	17.3	12.9
Cash & cash equivalents	10.7	6.3

Enterprise Parking Solutions acquisition

| Building scale in UK parking management

- Acquired Enterprise Parking Solutions (EPS) in August 2021 for \$1.5m funded from cash reserves
- 68 sites under management
- Revenue of \$0.54m for 3 months ending 31 July 2021 (compared to \$0.9m for FY21, which was impacted by COVID-19)
- Acquiring the gross profit with minimal growth in overheads
- EV/EBITDA effective multiple of 1.0 to 1.3 based on expected revenues (subject to no future COVID-19 restrictions) and cost synergies
- EPS founder assisting with transition for 3 months

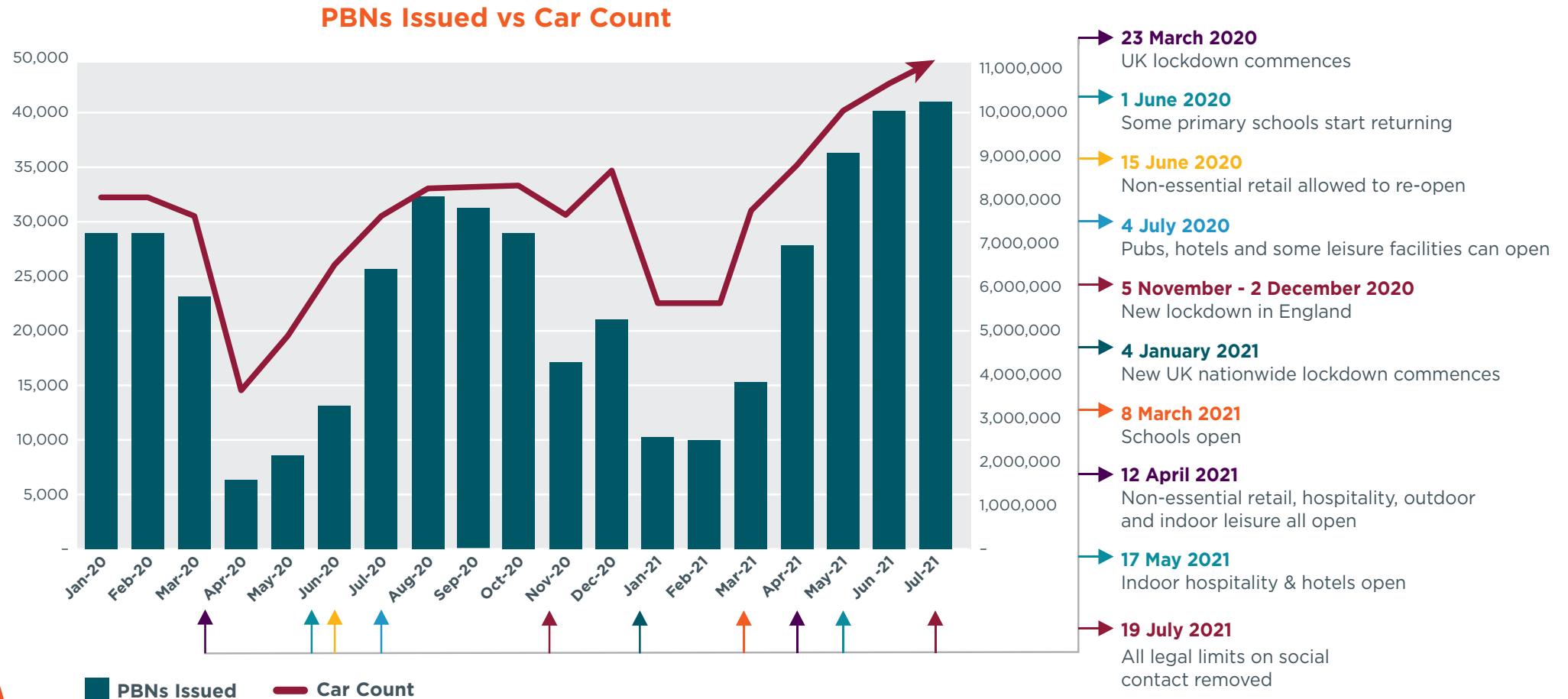


A large blue hexagon with a white border, containing the text 'FY21 Business Update' in white serif font. The hexagon is centered over a background image of a parking garage with cars parked.

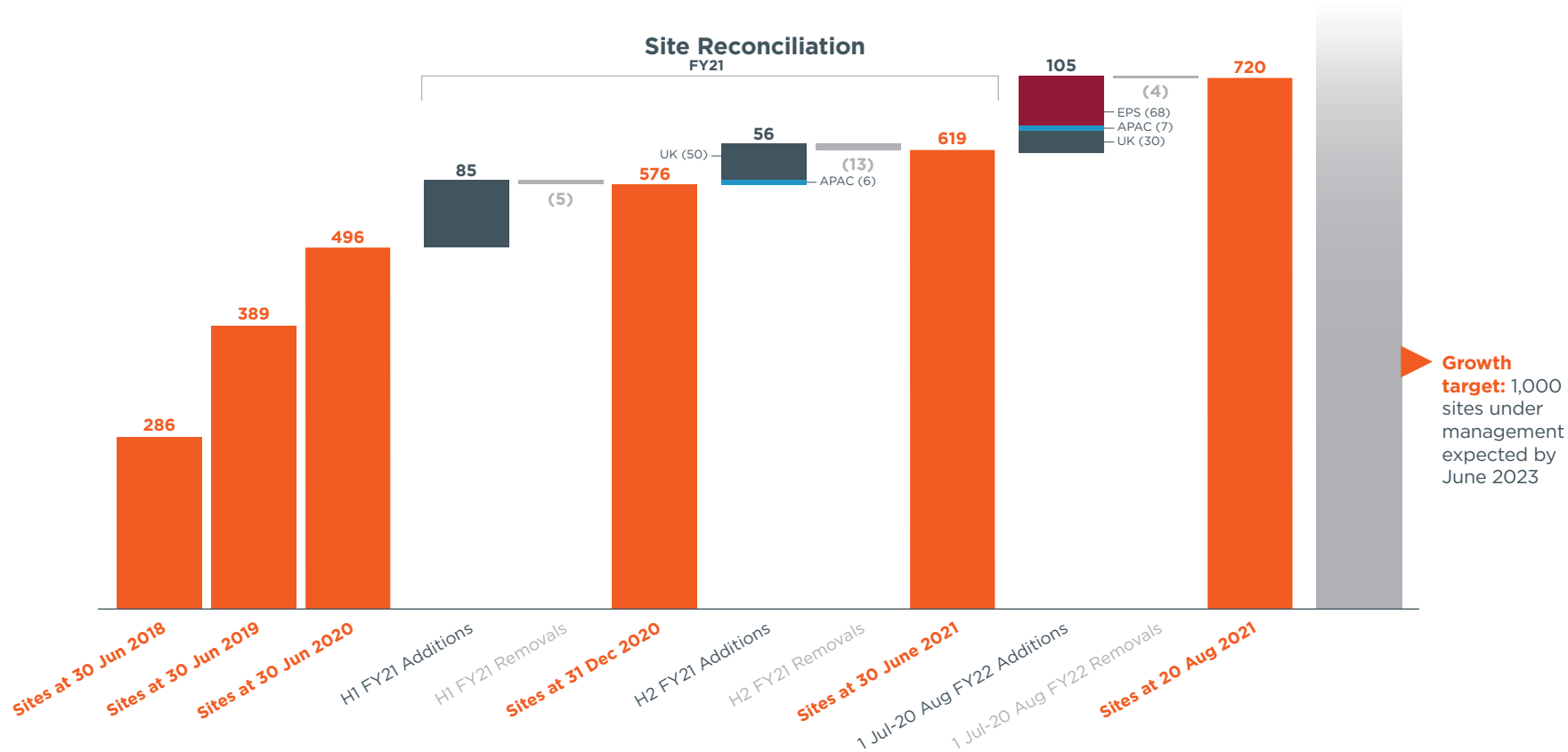
FY21 Business Update

UK pandemic tracker

| Strong recovery in Q4 – vaccination progress continues, and PBNs now exceeding pre-pandemic levels.



Management services – growing the estate



UK ANPR roll out continues

- **141** new sites installed in FY21 with 18 removed.
- **619** total sites under management using ANPR technology at 30 June.
- Installations heavily impacted by UK lockdowns from December 2020 to April 2021.
- **68** new sites from acquisition of Enterprise Parking Solutions.

Growing APAC managed services

- **10** sites in New Zealand installed since March launch.
- Services business currently being established in Australia with **3** sites installed.
- Focusing on growing New Zealand & Australia pipeline to capitalise on new market opportunity.

123

Net new sites added in FY21

1,000

Sites growth target by June 2023

180

Net new UK sites expected in FY22 & FY23, with additional APAC site installations

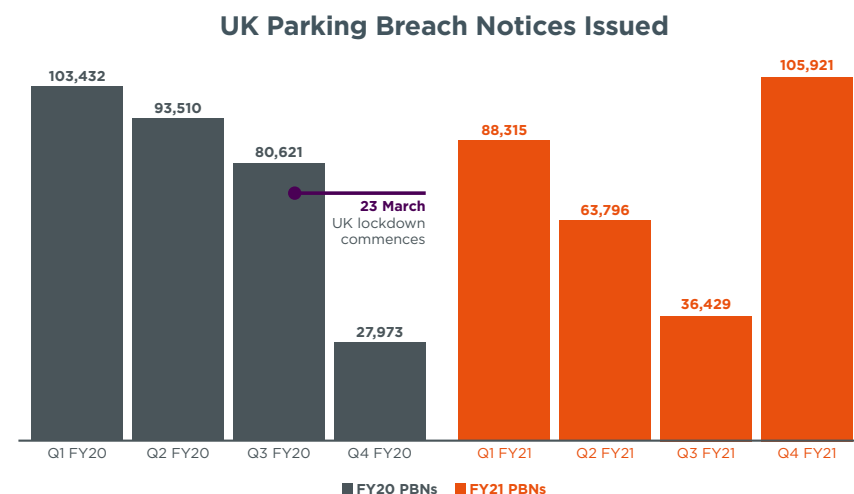
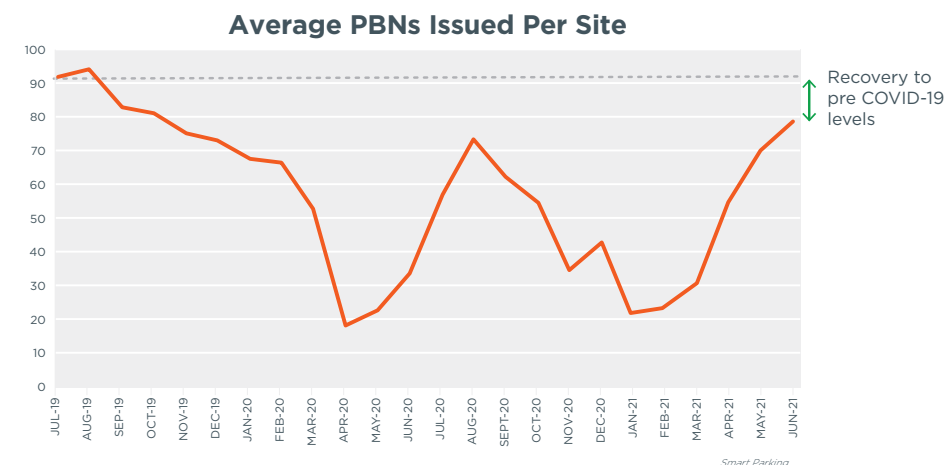
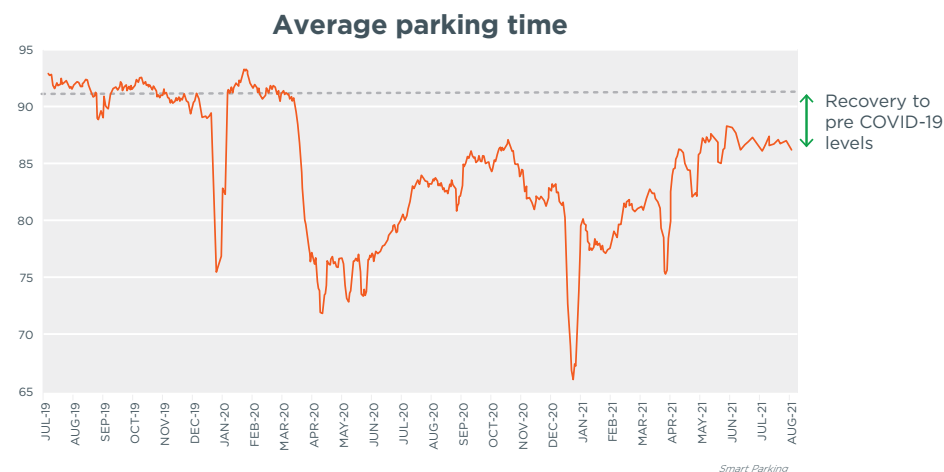
Growth expected from a diversified client mix with a TAM of

45,000

sites across the UK

Multiple growth drivers

| Continued recovery to pre COVID-19 levels with increased sites under management will significantly enhance SPZ's earning potential



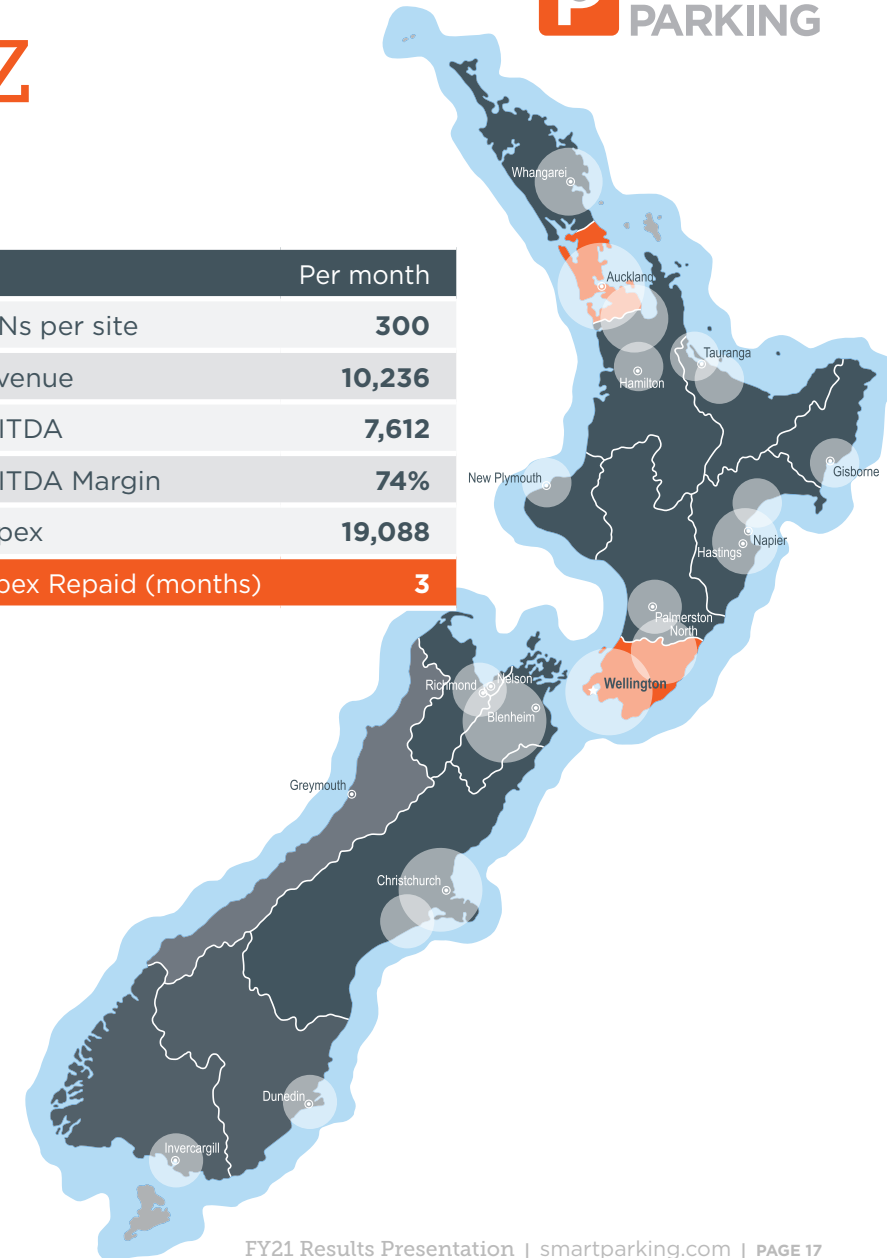
FY22 growth tail winds

- Further easing of restrictions in the UK
- Growing vaccination rates across the UK adding to consumer confidence
- Increased sales capacity with higher conversion levels
- Enhanced competitive position post pandemic
- Staycations in the UK driving motorist behaviour
- Improved contract renewal rates

APAC growth strategy – NZ

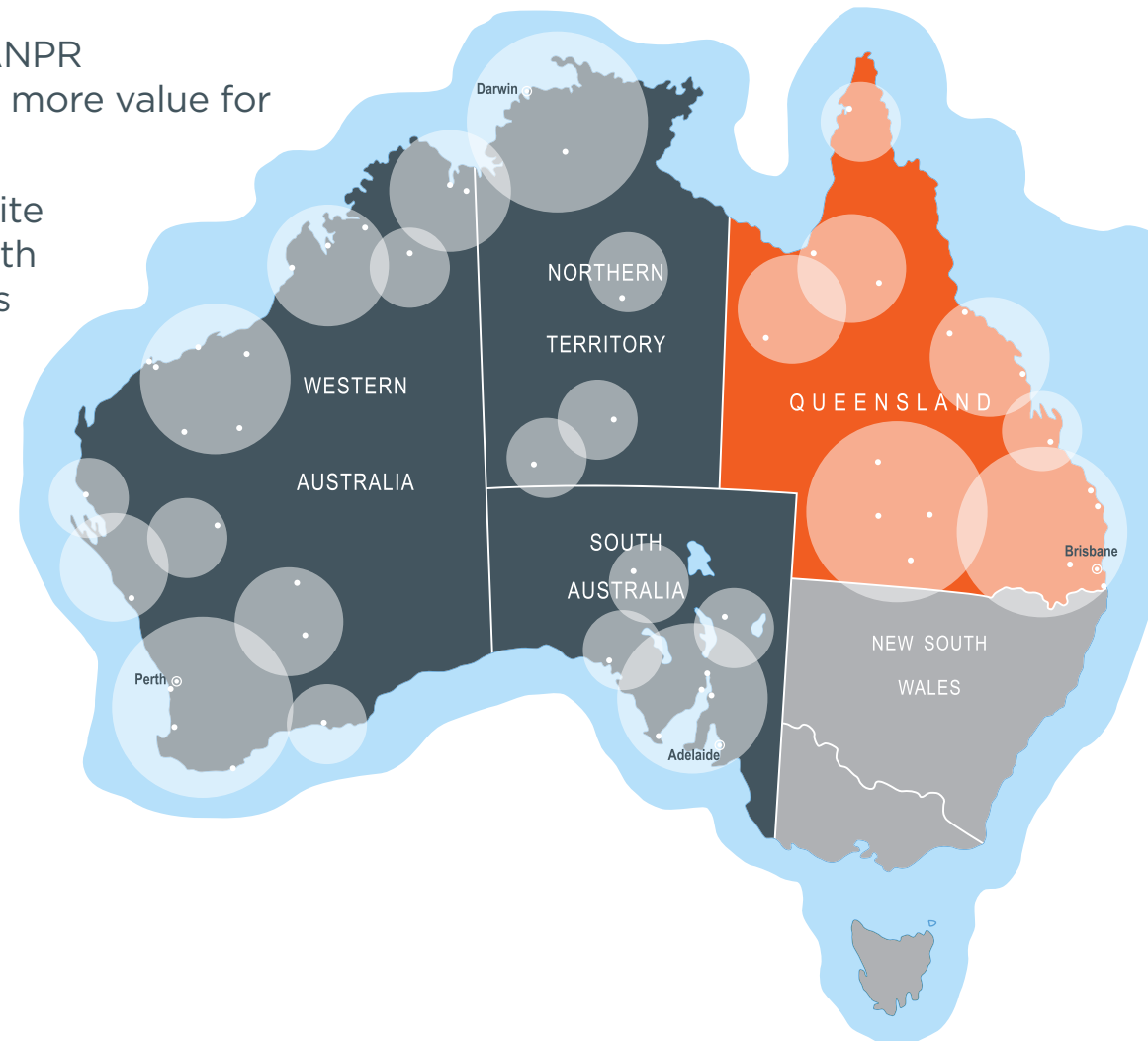
- Opportunity to deploy SPZ's market leading ANPR technology and specialist expertise to provide more value for car park site owners, and disrupt a legacy, fragmented and inefficient industry
- SPZ has access to national car owner numberplate database, enables deployment of remote camera technology and PBN issuance
- Attractive market with large number of site opportunities
- Capex free solution resonates well with site owners. 10 sites already contracted
- Sites under management performing above group averages. Payback of 3 months, returns ahead of expectations
- Executing go to market plan; Auckland first focus, followed by additional metropolitan centres. Established an initial presence in Wellington

	Per month
PBNs per site	300
Revenue	10,236
EBITDA	7,612
EBITDA Margin	74%
Capex	19,088
Capex Repaid (months)	3



APAC growth strategy – Australia

- Opportunity to deploy SPZ's market leading ANPR technology and specialist expertise to provide more value for car park site owners on a selected state basis
- Legacy industry with inefficient solutions for site owners. Opportunity to provide more value with consistent best of breed compliance standards
- Leveraging new ANPR managed services brand - Smart Compliance Management
- Supplementing high level of expertise from the UK with experienced local talent
- Queensland first focus with first sites underway in Brisbane & Gold Coast
- Strategy to expand operations into WA, South Australia and Northern Territory, due to regulatory environment in those states



Global technology update

Contract and margin expansion:

- Delivery of new smart city compliance platform, Tessera to new customers in Australia and strong pipeline development across APAC
- Contract extensions delivered with key customers in Wellington, Melbourne and Hamilton
- With contract extension we have also been able to expand the products and services into the existing customer base delivering long term profitable contracts
- Number plate recognition technology being deployed to existing Technology customers, bridging the gap from Smart Parking Services to Technology
- The Company has \$3.3m of work in progress and new orders to deliver which includes a delayed order from Gatwick Airport for \$1.3m



Global technology update

Product development delivering value to new and existing customers:

- Through our growing Services relationship with KFC we are leveraging our technology expertise to transform the Click & Collect customer experience
- Utilising ANPR, digital signage and our sensing devices the customer journey is seamless
- The system ensures the consumer can order remotely and collect quickly after arriving on site when their number is recognised at the car park entry and signalled to the restaurant
- Deployment in H1 FY22

KFC Click & Collect process



Smart Parking outlook

| Strong recovery expected as the Pandemic restrictions ease

- June momentum continues into new financial year, strong start to FY22, 41,885 PBNs issued in July
- Robust pipeline of signed contracts and new sales opportunities - 55 UK, 10 APAC expected in Q1 FY22
- Current Covid lockdowns in APAC causing some short term operational challenges, long term growth strategy still intact
- UK market opportunity intact – growth target of 1,000 sites by June 2023.
- Technology order book intact with \$3.3m of booked orders.
- Continued focus on executing the strategy of leveraging technology and expertise to build scale in large addressable markets

** All forward-looking statements can be subject to change depending on evolving COVID-19 impacts on customer behaviours and government restrictions.*





Supplementary Information

Segment reporting

(000's)	Revenue			EBITDA			Adjusted EBITDA Margin	
	FY20	FY21	FY21 vs FY20	FY20	FY21	FY21 vs FY20	FY20	FY21
Parking Management	17,244	16,259	(5.7%)	3,103	4,232	36.4%	18.0%	26.0%
Technology Division	6,718	6,947	3.4%	(1,775)	279	115.7%	(26.4%)	4.0%
Research & Development	0	0		(1,002)	(983)	1.9%		
	23,962	23,206	(3.2%)	326	3,528	982.2%	1.4%	15.2%
Corporate	88	5	(94.3%)	(1,198)	(1,311)	(9.4%)		
Eliminations	(2,463)	(2,536)	(3.0%)	0	0			
Revenue / Adjusted EBITDA excluding one-off costs	21,587	20,675	(4.2%)	(872)	2,217	354.2%	(4.0%)	10.7%

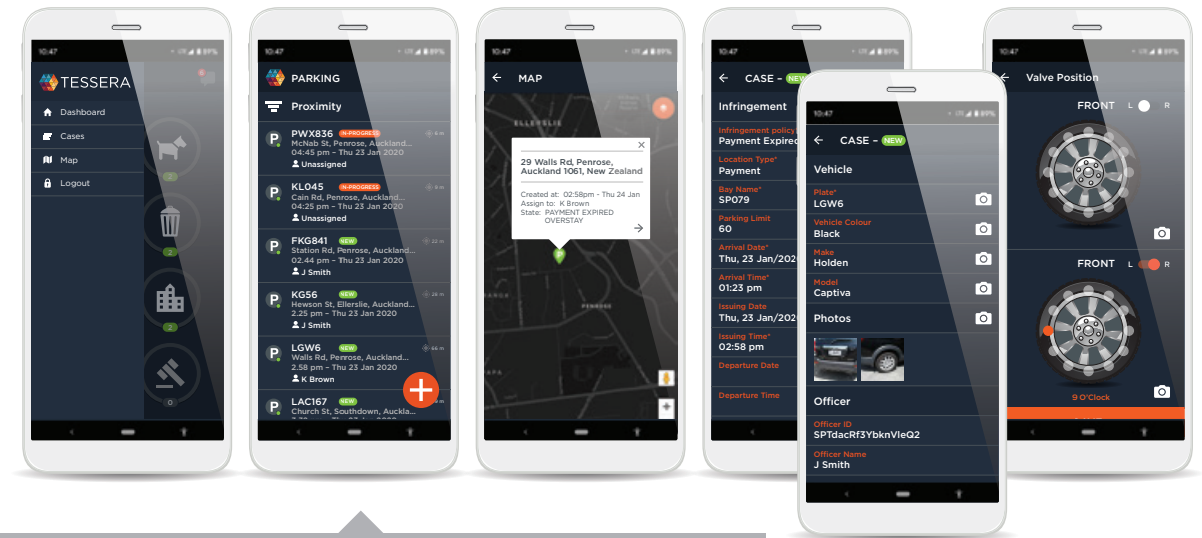
Smart City Product Launch



Enforcement App & Compliance Management System

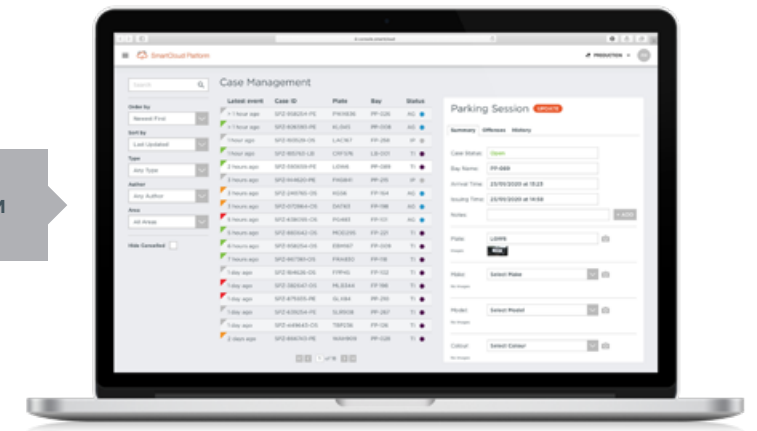
Smart Parking's mobile app and back office management system designed to enable councils and other businesses to efficiently manage parking compliance and enforcement.

- Tessera enforcement app specifically designed for parking compliance officers to electronically gather and submit detailed parking breach information and notes.
- SmartCloud management platform provides visibility of the complete work flow process and enables full, end-to-end case management.
- Complementary addition to the rest of our parking management system.
- Extensible compliance management reporting and notifications.
- Allows for configurable site management.
- Live web dashboards and monitoring tools.



EXAMPLES OF (L-R): DASHBOARD MENU | PARKING SITE DASHBOARD
MAP WITH LIVE STATUS | CASE INFORMATION & ELECTRONIC CHALKING

EXAMPLE OF THE
CASE MANAGEMENT SYSTEM
IN SMARTCLOUD



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

Motorist

Enters the carpark at the defined entrance



Validation & payment

Machines facilitate pay & walk or validate parking



ANPR Recognition

Camera identifies the number plate of cars entering and leaving the premises

SmartCloud

Automates information and provides detailed reporting





ANPR: How it works

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

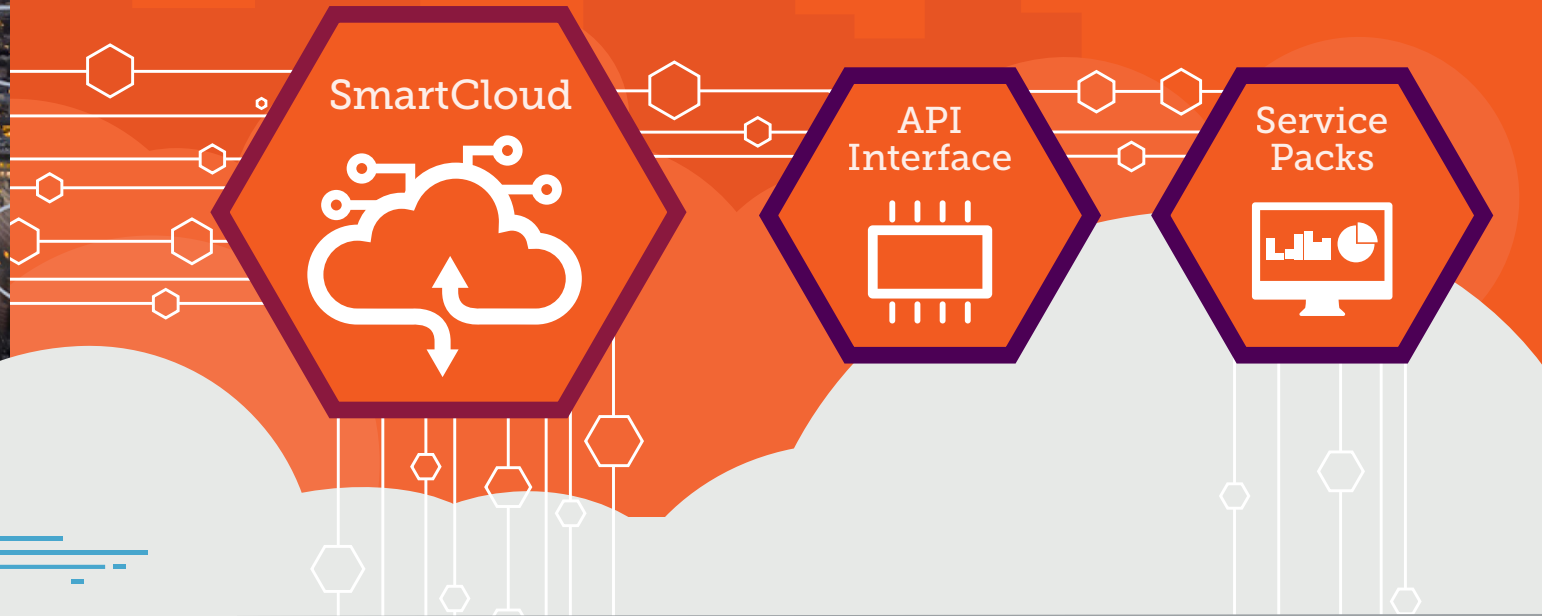
It is proven to serve a wide range of industries including supermarkets, retail, hotels, hospitals and leisure centres. Smart Parking's ANPR solution ensures greater compliance and increased parking revenue.

- 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



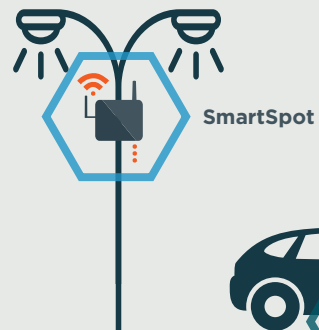
Technology: How it works

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



▼ On-Street Parking

Off-Street Parking ►



Smart Parking app

| The Smart Parking app and its customised Miami, Cardiff, Adelaide, Moreton Bay, Moonee Valley, Livingstone Shire and Les Mills 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 allows 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 which are non-operating and/or are not expected to occur in the future.

EBITDA – represents Earnings before interest, taxation, depreciation and amortisation, and profit/loss on disposal of plant and equipment.

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