

NZX: SPY

ASX: SMP

SHARE INFORMATION

Issued Shares: 171,752,278

BOARD OF DIRECTORS

Chairman: Ivan Hammerschlag

Managing Director: Bradley Gerdis

Non-Executive: Greg Barclay

Non-Executive: Matthew Turnbull

Executive Director: Marty Pomeroy

WEBSITES

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REGISTERED OFFICES

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Six Month Financial Highlights

- Revenue \$9.9m, a 16% decrease on the prior year \$11.8m
- EBITDA* \$3.7m, a 23% decrease on the prior year \$4.8m
- Net Profit After Tax \$0.1m, a 90% decrease on the prior year \$1.5m
- Diluted Earnings Per Share (EPS) of 0.08 cents, a 91% decrease on the prior year 0.87 cents

Operating Results

The primary contributor to the lower revenue and profit was the cessation of our largest Australian taxi contract at the end of December 2014. Smartpay is making substantial progress to replace this revenue through our new Australian taxi payments business which we launched earlier this year.

Other contributing factors to the lower revenue and profit relative to the prior period were:

- The prior period included revenue contribution from two software development projects. As these projects were concluded in the prior period there was no corresponding income in the current period; and
- The timing effects of old contracts concluding at earlier points in the period relative to the start dates of new contracts.

Review of Operations

A key focus during the period was the development of our new Australian taxi business to capitalise on the opportunities we saw emerging through the regulatory changes in the Australian taxi payments market and to replace the revenue and profit from Smartpay's previous Australian taxi contract which ended in December 2014.

We are pleased to report that we have made substantial progress in growing this revenue and profit line. To date we have deployed and are earning revenue from over 1,500 taxi terminals under our new model and have a substantial pipeline of opportunities which we expect will contribute to the ongoing growth of our Australian business.

Summary and Outlook

The key focus areas for the second half of this year and into next year are:

1. The continued growth of our Australian Taxi and SME business.
2. The launch of our Australian mobile and integrated terminals. We expect these to be significant contributors to our Australian growth based on our success with the same products in the NZ market and the pipeline of opportunities we see building in anticipation of these products being available in the Australian market.

3. Developing the opportunity to become a direct acquirer in the Australian market following recent regulatory reform in the Australian payments industry which we believe Smartpay is well placed to benefit from.

Managing Director, Bradley Gerdis, said “The result reported here represents the culmination of some of the challenges we faced and the tough decisions we had to make to move our business forward. The outcomes of these decisions, while not apparent in this period’s results are now showing clear progress and growth.” Mr Gerdis added, “While not yet evident in these half year results, we expect this growth will be clear when we report our full year results.”

*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.



Corporate Directory

Registered and Principal offices

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Shareholder Enquiries

Enquiries concerning shareholdings should be addressed to:

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