EML Payments

FY22 results

Strategic review for sustainable growth

Software and comp services

After a tough year dealing with the recovery from COVID and the European regulatory issue, EML Payments reported FY22 revenue growth of 21% (17% organic), underlying EBITDA down 4% and underlying NPATA down 1% y-o-y. The recently appointed CEO has launched a strategic review, with the outcome expected in November. While no quantitative guidance was given for FY23, we have reduced our EBITDA and NPATA forecasts for FY23/24 to reflect higher inflation, the ongoing costs of strengthening the risk and compliance functions and lower service-related fees.

Year end	Revenue (A$m)	PBT* (A$m)	NPATA** (A$m)	Diluted EPS* (c)	DPS (c)	P/E (x)	EV/EBITDA (x)
06/21	192.2	30.2	21.0	6.6	0.0	15.2	9.1
06/22	232.4	16.0	19.3	3.4	0.0	29.4	11.2
06/23e	256.7	18.9	10.7	4.0	0.0	25.0	9.1
06/24e	287.8	25.8	22.6	5.4	0.0	18.4	7.3

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments. **NPATA = net profit after tax, excluding acquisition-related costs.

FY22: Revenue growth offset by higher overheads

EML Payments reported FY22 gross debit volume and revenue within the guidance ranges, while gross margin of 68% was slightly below the guided 69%. Combined with overheads at the top end of EML's expected range, underlying EBITDA of A$51.2m was just below guidance of A$52–55m and our A$52.1m forecast. Conversely, underlying NPATA of A$32.1m was ahead of guidance of A$27–30m and our A$27.5m forecast. With working capital outflows higher than forecast, EML closed the year with net debt of A$9.7m, versus our A$42.6m net cash forecast. While EML remains focused on completing the remediation plan for the Central Bank of Ireland regulatory issue, operational improvement plans are delayed. Offsetting this, the rising interest rate environment should benefit revenues.

Strategic review underway; A$20m share buyback

The new CEO, Emma Shand, has launched a strategic review focused on business growth strategy, operational efficiency and enhanced compliance and regulatory processes. Initial changes include combining the North American and European Gift & Incentive (G&I) businesses and separating the global risk and compliance functions. EML also announced a A$20m share buyback, partially funded by the sale of the company's FinLab investment in Interchecks for A$10.6m.

Valuation: Regulatory resolution key to upside

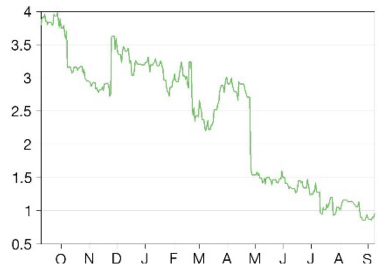
On FY23 estimates, EML is trading at a material discount to global payment processor peers on all metrics and at a discount to prepaid card peers on an EV/Sales and EV/EBITDA basis. Repeated downgrades have reduced confidence in the outlook for EML. Factors that could drive a return to an upgrade cycle and a re-rating of the stock include the resolution of the regulatory issue without imposing material growth constraints on the European business, clawback of the costs of the Sentenial fraud and the outcome of the strategic review.

9 September 2022

Price	**A$1.00**
Market cap	**A$374m**

Net debt (A$m) at end FY22	9.7
Shares in issue	373.7m
Free float	93%
Code	EML
Primary exchange	ASX
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	(17.7)	(29.9)	(76.4)
Rel (local)	(15.7)	(27.3)	(74)
52-week high/low		A$3.98	A$0.86

Business description

EML Payments is a payment solutions company managing thousands of programmes across 32 countries in Europe, North America and Australia. It provides payment solutions for banking, credit and disbursement services, earned wage access, gifts, incentives and rewards, and open banking and FX.

Next events

AGM	November 2022

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Review of FY22 results

Exhibit 1: FY22 results highlights

		FY21a	FY22e	FY22a	Change	y-o-y
Revenues	**A$m**	**192.2**	**229.1**	**232.4**	**1.4%**	**20.9%**
Gross profit	**A$m**	**128.4**	**158.2**	**157.8**	**-0.2%**	**22.9%**
Gross margin		***66.8%***	***69.0%***	***67.9%***	***-1.1%***	***1.1%***
EBITDA	A$m	42.2	37.1	34.3	-7.6%	-18.7%
EBITDA margin		21.9%	16.2%	14.8%	-1.4%	-7.2%
Add back CBI costs	A$m	11.4	15.0	16.9	12.6%	N/A
Underlying EBITDA	**A$m**	**53.5**	**52.1**	**51.2**	**-1.9%**	**-4.4%**
Underlying EBITDA margin		***27.8%***	***22.8%***	***22.0%***	***-0.7%***	***-5.8%***
Normalised operating profit	**A$m**	**31.6**	**23.2**	**18.4**	**-20.9%**	**-41.8%**
Normalised operating margin		16.4%	10.1%	7.9%	-2.2%	-8.5%
Reported operating profit	**A$m**	**(4.8)**	**(7.5)**	**0.3**	**N/A**	**N/A**
Reported operating margin		-2.5%	-3.3%	0.1%	3.4%	2.6%
Normalised PBT	A$m	30.2	20.1	16.0	-20.4%	-47.0%
Reported PBT	A$m	(23.3)	(14.9)	(0.3)	-97.7%	-98.5%
Normalised net income	A$m	24.1	16.1	12.8	-20.4%	-47.0%
NPATA	**A$m**	**21.0**	**15.5**	**19.3**	**24.7%**	**-8.0%**
Add back CBI costs	A$m	11.4	12.0	12.7	5.8%	N/A
Underlying NPATA	**A$m**	**32.4**	**27.5**	**32.1**	**16.5%**	**-1.0%**
Reported net income	A$m	(28.7)	(14.9)	(4.8)	-67.7%	-83.3%
Normalised basic EPS	A$	0.07	0.04	0.03	-20.5%	-48.5%
Normalised diluted EPS	A$	0.07	0.04	0.03	-20.3%	-48.4%
Reported basic EPS	A$	(0.08)	(0.04)	(0.01)	-67.7%	-83.7%
NPATA/share	A$	0.06	0.04	0.05	24.8%	-10.4%
Dividend per share	A$	0.00	0.00	0.00	N/A	N/A
Net debt/(cash)	A$m	(103.0)	(42.6)	9.7	N/A	N/A
GDV	A$bn	19.7	80.6	80.2	-0.4%	307.8%
Yield	bp	99	28	29	1	-70

Source: EML Payments, Edison Investment Research

EML reported **GDV** of A$80.2bn, within the guidance range of A$79–84bn. This equated to growth of 308% y-o-y or 19% when excluding the contribution from the Sentenial acquisition (completed on 1 October 2021). **Revenue** of A$234.1m was at the upper end of the guidance range of A$225–235m, with 21% growth y-o-y and 17% growth on an organic basis. On a reported basis, revenue was A$232.4m after A$1.7m of bond amortisation.

Gross profit of A$157.8m (+23% y-o-y) equated to a **gross margin** of 67.9%, marginally below the guidance of 69% but up 1pp y-o-y.

Underlying EBITDA of A$51.2m was below the guidance range of A$52–55m and our A$52.1m forecast. Underlying EBITDA excludes A$16.9m in costs related to the Central Bank of Ireland (CBI) issue (we had forecast these costs to be A$15m). Overheads of A$108.4m were at the upper end of the expected A$106–109m range reflecting investment in risk and compliance in the European business.

Normalised operating profit of A$18.4m was below our A$23.2m forecast, reflecting lower underlying EBITDA and higher than expected amortisation. **Reported operating profit** of A$0.3m was well ahead of our forecast for a A$7.5m loss. Items included in reported operating profit include share-based payments of A$3.0m (vs our A$6.0m forecast), amortisation of acquired intangibles of A$16.5m (vs our A$20.0m forecast), an FX gain of A$6.1m (vs our $0.2m loss forecast) and other one-off items totalling A$1.2m (vs our A$2.0m forecast).

The outstanding contingent consideration owing to the PFS vendors of A$15.2m at the end of H122 was written down to zero during H222 – this resulted in a fair value gain of A$13.6m and removed the A$1.6m unwind of the discounted value that we had forecast. The company also wrote the value of its stake in Hydrogen down to zero, resulting in a fair value loss of A$7.3m.

Underlying NPATA of A$32.1m was well ahead of the guidance range of A$27–30m and our A$27.5m forecast. Underlying NPATA excludes the post-tax, CBI-related costs totalling A$12.7m (our forecast A$12.0m). The main reason for the outperformance was the lower-than-expected reported net loss of A$4.8m (the starting point for the NPATA calculation).

The company closed the year with net debt of A$9.7m (gross cash of A$73.7m, syndicated debt facility drawdown of A$45.8m and A$37.6m in interest-bearing deferred consideration). This was below our forecast for net cash of A$42.6m, mainly due to higher than forecast working capital requirements. Around a third of this was due to the account management fee (AMF) recognition within contract assets, which will be received as cash in the coming years. The remainder resulted from higher trade debtor days and a lower level of trade payables than expected. Other than the working capital movements described above, the main items reducing net cash over the year included payment of A$57m for Sentenial, the A$28m injected into segregated funds to cover accelerated recognition of breakage in PFS prior to acquisition (see page 4 of Moving forward for further explanation) and A$14m in capex. We note that as with the account management fees described above, the A$28m injected into segregated funds should be received in cash over time.

Divisional performance

Exhibit 2: Divisional performance

	FY22a	FY22e	diff	FY21a	y-o-y
GDV (A$m)					
G&I	1.3	1.3	-1%	1.1	21%
GPR	12.4	12.1	2%	9.7	27%
Digital Payments	66.6	67.1	-1%	8.8	654%
Group GDV	80.2	80.6	0%	19.7	308%
Yield (bp)					
G&I	510	575	-11%	635	(125)
GPR	120	111	8%	117	3
Digital Payments	3	3	3%	12	(9)
Group yield	29	28	3%	99	(70)
Revenue (A$m)					
G&I	68.4	77.6	-12%	70.2	-3%
GPR	148.1	134.0	10%	113.6	30%
Digital Payments	17.6	17.2	2%	10.3	71%
Net interest contribution	0.0	0.3	-94%	0.1	
Group revenue*	234.1	229.1	2%	194.2	21%

Source: EML Payments, Edison Investment Research. Note: *Before bond amortisation.

Gift and Incentive (G&I) – returning to normality

G&I revenue growth of -3% y-o-y reflected 21% growth in GDV offset by a lower yield of 510bp (FY21: 635bp). While volume growth benefited from higher footfall in shopping malls as lockdowns were lifted, the emergence of Omicron towards the end of CY21 dampened demand over the Christmas period. In FY21, the company reported A$11.1m in excess breakage revenue resulting from reduced gift card usage during COVID. Breakage returned to more normal levels in FY22 as shoppers returned to malls and, as breakage generates a 100% gross margin, this reduced gross margin by 1.4pp y-o-y to 79.8%.

General Purpose Reloadable (GPR) – growth despite challenges

GPR revenue grew 30% y-o-y, with GDV up 27% and yield up 3bp to 120bp. Demand was strong in Europe and Australia, although the CBI regulatory issue affected the number of new programmes that could be launched and therefore reduced establishment fee income. The business introduced AMF during the year for accounts that have been inactive for more than 12 months; these totalled

A$23.5m during FY22, of which A$17.9m was non-recurring, and as these have a 100% gross margin, helped increase the divisional gross margin by 3pp y-o-y to 60.8%. Gross margins also benefited from the transition to in-house processing and the renegotiation of scheme arrangements.

Digital Payments (DP) – first year including Sentenial

DP benefited from the acquisition of Sentenial during H122. The original Virtual Account Numbers business saw a 4% revenue decline (GDV of A$9.8bn was up 10% y-o-y, yield was down 2bp y-o-y to 10bp) to A$9.8m. Sentenial contributed GDV of A$56.8bn and revenue of A$7.7m (yield 1.4bp), resulting in a divisional yield of 2.6bp.

Sentenial's direct debit business was broadly flat y-o-y, with all growth coming from the Nuapay open banking business. Management noted that open banking volume was up 40% y-o-y on a pro forma basis and the business now has connections to 2,350 banks across 28 European countries with plans to take the technology to Australia. With blue chip customers already signed up (including payment gateways, merchant acquirers and financial institutions), the challenge now is to stimulate the use of open banking by customers' merchants. EML expects to invest more in Nuapay in FY23, partly to provide support to customers to drive usage.

Since results were reported, the company announced that it had uncovered fraud within Sentenial's direct debit processing business. It has identified a set of fraudulent merchants and believes that fraudulent transactions primarily took place in August. It has launched an investigation into how this happened and is seeking ways to recover the funds. Management estimates that the maximum loss will be €5.5m/A$7.9m and expects to be able to mitigate this via recovery actions.

Strategic review launched

Newly appointed CEO (11 July), Emma Shand, announced a strategic review of the business, with the outcome to be reported at the AGM in November. The aim of the review is to protect the base that has been built while ensuring that the business can grow in a sustainable way with a strong culture of regulatory compliance. Initial steps arising from the CEO's first few weeks of reviewing the business include:

- separating the global risk and compliance functions and appointing a group chief compliance and regulatory officer;
- combining the North American and European G&I businesses to improve operational efficiency, enhance product and accelerate new business;
- the agreed disposal of EML's stake in Interchecks for A$10.6m (the value of the stake was written up to A$10.8m at year end, with the A$4.1m gain being recognised in comprehensive income); and
- up to A$20m share buyback over 12 months starting in September.

Update on European regulatory issue

In July, the company provided an update regarding the ongoing regulatory issues between its Irish subsidiary, PFS Card Services (Ireland) Limited (PCSIL), and the CBI. EML's remediation plan had a target completion date of 30 June, to be followed by a third-party assurance process. In the update, EML noted that the CBI had identified shortcomings in components of the remediation programme, principally the sequencing and approach taken to the risk assessment of its distributors, corporates and customers. PCSIL is adopting a revised approach to those components, which may include additional controls being embedded in its internal control framework. It anticipates that the third-party assurance will be finalised in 2023. As part of the remediation process, CBI has imposed growth limits on PCSIL – these are due for review in December. At this point, these caps are not restricting growth of the GPR division.

Outlook and changes to forecasts

The company has decided to delay providing guidance for FY23 until the strategic review is complete, but highlighted that interest income should improve during the year as central banks around the world raise their rates. While the company reported interest income of A$1.4m for FY22, A$0.8m was generated in Q422. In July, interest income was A$0.5m before interest rate rises in the UK, eurozone, the US, New Zealand and Australia and, on the August run rate, interest income of at least A$10m is expected for FY23. Gross margin for FY23 is expected to be similar to FY22.

Our forecasts assume that all business divisions continue to operate as they do now. The main changes to our forecasts include:

- G&I: we have reduced our yield assumptions for FY23/24 to reflect a lower level of breakage.
- GPR: we have increased our GDV and yield forecasts reflecting better than expected performance in FY22, and we have reduced our gross margin assumptions reflecting the lower level of AMF fees compared to FY22. While the company deals with regulatory issues, we assume that measures to improve gross margins will be delayed.
- DP: we have reduced our GDV forecasts, reflecting slightly lower growth in the Sentenial business.
- Overheads: we have increased these based on annualising the Q422 run rate of $31.4m and adding an amount for inflation.
- We have conservatively added a one-off charge of A$8m for the Sentenial fraud issue.

Exhibit 3: Changes to forecasts

		FY23e Old	FY23e New	Change	y-o-y	FY24e Old	FY24e New	Change	y-o-y
Revenues	**A$m**	**255.5**	**256.7**	**0.5%**	**10.5%**	**294.2**	**287.8**	**-2.2%**	**12.1%**
Gross profit	A$m	180.0	174.3	-3.2%	10.4%	210.4	196.5	-6.6%	12.8%
Gross margin		***70.4%***	***67.9%***	***-2.6%***	***0.0%***	***71.5%***	***68.3%***	***-3.2%***	***0.4%***
EBITDA	**A$m**	**58.3**	**42.1**	**-27.8%**	**22.8%**	**78.4**	**52.6**	**-32.9%**	**25.0%**
EBITDA margin		***22.8%***	***16.4%***	***-6.4%***	***1.6%***	***26.6%***	***18.3%***	***-8.4%***	***1.9%***
Normalised operating profit	A$m	39.8	22.7	-43.0%	23.3%	56.3	29.5	-47.5%	30.3%
Normalised operating margin		15.6%	8.8%	-6.7%	0.9%	19.1%	10.3%	-8.9%	1.4%
Reported operating profit	A$m	17.3	(7.8)	N/A	N/A	33.8	7.0	-79.2%	-189.7%
Reported operating margin		6.8%	-3.1%	-9.8%	-3.2%	11.5%	2.4%	-9.0%	5.5%
Normalised PBT	A$m	36.1	18.9	-47.5%	18.4%	52.5	25.8	-50.9%	36.3%
Reported PBT	A$m	10.7	(11.6)	N/A	3303.7%	27.9	3.3	-88.2%	-128.5%
Normalised net income	A$m	28.8	15.1	-47.5%	18.4%	42.0	20.6	-50.9%	36.3%
NPATA	**A$m**	**31.4**	**10.7**	**-65.8%**	**-44.5%**	**44.5**	**22.6**	**-49.1%**	**110.7%**
Reported net income	A$m	8.5	(9.3)	N/A	92.8%	22.3	2.6	-88.2%	-128.5%
Normalised basic EPS	A$	0.08	0.04	-47.5%	17.5%	0.11	0.06	-50.9%	36.3%
Normalised diluted EPS	A$	0.08	0.04	-47.4%	17.5%	0.11	0.05	-50.8%	36.3%
Reported basic EPS	A$	0.02	(0.02)	N/A	91.4%	0.06	0.01	-88.2%	-128.5%
NPATA/share	**A$**	**0.08**	**0.03**	**-65.8%**	**-44.9%**	**0.12**	**0.06**	**-49.0%**	**110.7%**
Dividend per share	A$	0.00	0.00	N/A	N/A	0.00	0.00	N/A	N/A
Net debt/(cash)	**A$m**	**(54.6)**	**(21.2)**	**-61.1%**	**-318.5%**	**(57.3)**	**(11.6)**	**-79.7%**	**-45.3%**
GDV	A$bn	106.6	103.4	-3.0%	28.9%	120.6	110.2	-8.7%	6.5%
Yield	bp	24	25	1	-4	24	26	2	1
Divisional data									
GDV									
G&I	A$bn	1.5	1.5	-1%		1.6	1.6	-1%	
GPR	A$bn	13.9	14.2	2%		15.3	15.6	2%	
Digital Payments	A$bn	91.3	87.8	-4%		103.7	92.9	-10%	
Revenue									
G&I	A$m	81.3	75.7	-7%		89.4	84.1	-6%	
GPR	A$m	147.2	156.3	6%		165.0	173.5	5%	
Digital Payments	A$m	26.7	24.5	-8%		39.6	30.0	-24%	
Gross profit									
G&I	A$m	65.0	60.6	-7%		71.5	67.3	-6%	
GPR	A$m	92.7	93.0	0%		106.4	104.1	-2%	
Digital Payments	A$m	22.0	20.5	-7%		32.2	24.9	-23%	
Gross margin									
G&I		80.0%	80.0%			80.0%	80.0%		
GPR		63.0%	59.5%			64.5%	60.0%		
Digital Payments		82.1%	83.6%			81.4%	83.0%		

Source: Edison Investment Research

Valuation

In FY23, EML is trading at a material discount to global payment processor peers on all metrics. Having previously traded at a premium, it is now trading at a discount to prepaid card peers on an EV/Sales and EV/EBITDA basis. Repeated downgrades have reduced confidence in the outlook for EML. Factors that could help the stock to re-rate include the resolution of the regulatory issue without imposing material growth constraints on the European business, clawback of the costs of the Sentenial fraud and the outcome of the strategic review.

Exhibit 4: Peer valuation multiples

	Currency	Market cap (m)	Sales growth CY	Sales growth NY	EBITDA margin CY	EBITDA margin NY	EV/Sales (x) CY	EV/Sales (x) NY	EV/EBITDA (x) CY	EV/EBITDA (x) NY	P/E (x) CY	P/E (x) NY
EML Payments	**A$**	**374**	**10.5%**	**12.1%**	**16.4%**	**18.3%**	**1.5**	**1.3**	**9.1**	**7.3**	**25.0**	**18.4**
Payment processors												
Adyen	€	47,064	35.6%	36.1%	60.8%	61.4%	30.7	22.5	50.5	36.7	75.7	56.2
FIS	US$	54,700	5.7%	6.9%	44.4%	45.1%	4.9	4.6	11.0	10.1	12.7	11.4
Fiserv	US$	64,879	8.8%	7.3%	42.5%	43.5%	5.0	4.7	11.8	10.8	15.6	13.6
Global Payments	US$	34,382	4.6%	8.5%	48.7%	49.4%	5.6	5.2	11.5	10.4	13.1	11.4
PayPal Holdings	US$	105,390	9.7%	14.3%	23.8%	24.3%	3.8	3.4	16.1	13.8	23.2	19.1
Block	US$	39,148	-0.3%	18.9%	4.4%	5.6%	2.2	1.9	49.7	33.3	72.5	42.0
Worldline	€	12,278	16.4%	10.8%	25.2%	26.4%	3.9	3.5	15.3	13.2	19.3	16.9
Average			**11.5%**	**14.7%**	**35.7%**	**36.5%**	**8.0**	**6.5**	**23.7**	**18.3**	**33.2**	**24.4**
Prepaid card companies												
Appreciate Group	£	49	-7.9%	3.3%	9.4%	10.9%	0.3	0.3	3.1	2.6	6.5	5.4
Edenred	€	12,690	18.2%	10.5%	41.6%	42.0%	7.1	6.4	17.0	15.3	31.6	27.6
Euronet Worldwide	US$	4,310	13.4%	10.9%	16.9%	19.2%	1.3	1.2	7.8	6.2	13.6	10.3
FleetCor Technologies	US$	15,687	20.4%	8.4%	54.5%	56.0%	6.2	5.7	11.4	10.2	13.1	11.9
Green Dot Corp	US$	1,076	2.2%	2.7%	16.7%	17.0%	2.6	2.5	15.5	14.9	8.2	7.5
WEX	US$	6,726	22.6%	6.2%	45.0%	45.5%	4.1	3.8	9.0	8.4	11.5	10.8
Average			**11.5%**	**7.0%**	**30.7%**	**31.8%**	**3.6**	**3.3**	**10.6**	**9.6**	**14.1**	**12.3**
Australian fintechs												
Humm Group	A$	253	11.2%	3.6%	9.5%	14.3%	6.2	5.9	64.7	41.6	14.2	9.0
Zip Co	A$	571	21.3%	17.7%	-19.4%	-7.0%	3.6	3.1	N/A	N/A	N/A	N/A
Average			**16.2%**	**10.6%**	**-4.9%**	**3.7%**	**4.9**	**4.5**	**N/A**	**41.6**	**N/A**	**9.0**

Source: Edison Investment Research, Refinitiv (as at 5 September)

Exhibit 5: Financial summary

A$m	2018	2019	2020	2021	2022	2023e	2024e
30-June	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
INCOME STATEMENT							
Revenue	71.0	97.2	121.0	192.2	232.4	256.7	287.8
Cost of Sales	(17.7)	(24.2)	(32.9)	(63.8)	(74.6)	(82.5)	(91.3)
Gross Profit	53.3	73.0	88.1	128.4	157.8	174.3	196.5
EBITDA	21.0	29.7	32.5	42.2	34.3	42.1	52.6
Normalised operating profit	18.1	25.6	22.4	31.6	18.4	22.7	29.5
Amortisation of acquired intangibles	(7.2)	(7.5)	(11.1)	(20.2)	(16.5)	(20.0)	(20.0)
Exceptionals	(0.3)	(3.0)	(13.6)	(11.2)	1.4	(8.0)	0.0
Share-based payments	(5.0)	(4.2)	(6.1)	(5.0)	(3.0)	(2.5)	(2.5)
Reported operating profit	5.6	10.9	(8.5)	(4.8)	0.3	(7.8)	7.0
Net Interest	(0.1)	(0.0)	(0.7)	(1.4)	(2.4)	(3.7)	(3.7)
Joint ventures & associates (post tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exceptionals	(0.5)	(1.8)	1.3	(17.1)	1.8	0.0	0.0
Profit Before Tax (norm)	17.9	25.6	21.6	30.2	16.0	18.9	25.8
Profit Before Tax (reported)	5.0	9.0	(7.9)	(23.3)	(0.3)	(11.6)	3.3
Reported tax	(2.8)	(0.6)	0.7	(5.4)	(4.5)	2.3	(0.7)
Profit After Tax (norm)	14.4	20.5	17.2	24.1	12.8	15.1	20.6
Profit After Tax (reported)	2.2	8.5	(7.1)	(28.7)	(4.8)	(9.3)	2.6
Minority interests	0.0	(0.2)	0.0	0.0	0.0	0.0	0.0
Discontinued operations	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income (normalised)	14.4	20.3	17.2	24.1	12.8	15.1	20.6
Net income (reported)	2.2	8.3	(7.1)	(28.7)	(4.8)	(9.3)	2.6
Basic ave. number of shares outstanding (m)	246	249	304	360	371	373	373
EPS - basic normalised (A$)	0.058	0.081	0.056	0.067	0.035	0.041	0.055
EPS - diluted normalised (A$)	0.057	0.078	0.055	0.066	0.034	0.040	0.054
EPS - basic reported (A$)	0.009	0.033	(0.023)	(0.080)	(0.013)	(0.025)	0.007
Dividend (A$)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Revenue growth (%)	22.5	36.9	24.4	58.9	20.9	10.5	12.1
Gross Margin (%)	75.1	75.1	72.8	66.8	67.9	67.9	68.3
EBITDA Margin (%)	29.6	30.6	26.9	21.9	14.8	16.4	18.3
Normalised Operating Margin	25.4	26.4	18.5	16.4	7.9	8.8	10.3
BALANCE SHEET							
Fixed Assets	108.0	162.9	872.1	685.3	827.3	972.7	1,005.7
Intangible Assets	65.8	104.6	371.7	350.1	448.5	430.9	412.1
Tangible Assets	3.5	5.4	14.6	11.2	12.7	9.7	11.5
Investments & other	38.7	53.0	485.8	323.9	366.1	532.2	582.1
Current Assets	131.6	313.8	1,008.6	1,603.5	1,855.1	2,089.8	2,257.8
Stocks	12.6	18.2	22.3	16.4	21.5	15.9	17.4
Debtors	8.9	14.4	21.7	22.0	35.8	35.3	39.5
Cash & cash equivalents	39.0	33.1	118.4	141.2	73.7	104.6	75.0
Other	71.1	248.2	846.2	1,424.0	1,724.1	1,933.9	2,125.9
Current Liabilities	(90.5)	(299.0)	(1,357.8)	(1,792.8)	(2,100.1)	(2,488.8)	(2,730.4)
Creditors	(21.2)	(33.9)	(47.5)	(62.9)	(65.7)	(69.9)	(76.6)
Tax and social security	0.0	(0.8)	(2.6)	(6.0)	(2.8)	(2.8)	(2.8)
Short term borrowings	0.0	(15.0)	0.0	(1.4)	(1.8)	(1.8)	(1.8)
Other	(69.3)	(249.4)	(1,307.7)	(1,722.5)	(2,029.8)	(2,414.3)	(2,649.3)
Long Term Liabilities	(19.3)	(33.5)	(82.6)	(81.1)	(145.2)	(143.3)	(97.6)
Long term borrowings	0.0	0.0	(35.8)	(36.9)	(81.6)	(81.6)	(61.6)
Other long-term liabilities	(19.3)	(33.5)	(46.8)	(44.2)	(63.6)	(61.7)	(35.9)
Net Assets	129.8	144.2	440.2	414.9	437.1	430.3	435.5
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Shareholders' equity	129.8	144.2	440.2	414.9	437.1	430.3	435.5
CASH FLOW							
Op Cash Flow before WC and tax	19.7	28.4	31.2	41.2	33.3	41.1	51.6
Working capital	(9.2)	2.0	3.6	31.7	(68.4)	8.8	(6.0)
Exceptional & other	(1.2)	(0.7)	(12.7)	(17.3)	0.4	(8.4)	0.0
Tax	(2.8)	(0.6)	0.7	(5.4)	(4.5)	2.3	(0.7)
Net operating cash flow	6.5	29.2	22.8	50.2	(39.2)	43.9	45.0
Capex	(5.3)	(5.8)	(11.0)	(12.6)	(14.1)	(17.9)	(20.1)
Acquisitions/disposals	(0.7)	(44.0)	(142.5)	(3.5)	(57.1)	10.6	(28.9)
Net interest	(0.1)	(0.0)	(0.7)	(1.4)	(2.4)	(3.7)	(3.7)
Equity financing	0.0	0.4	240.8	0.6	0.0	0.0	0.0
Dividends	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	(0.6)	(0.4)	(7.0)	(11.0)	(1.9)	(1.9)	(1.9)
Net Cash Flow	(0.2)	(20.6)	102.3	22.2	(114.6)	31.0	(9.6)
Opening net debt/(cash)	(39.9)	(39.0)	(18.1)	(82.5)	(103.0)	9.7	(21.2)
FX	(0.6)	(0.3)	(2.0)	0.6	(1.1)	0.0	0.0
Other non-cash movements	0.0	0.0	(35.8)	(2.4)	3.0	(0.0)	0.0
Closing net debt/(cash)	(39.0)	(18.1)	(82.5)	(103.0)	9.7	(21.2)	(11.6)

Source: EML Payments, Edison Investment Research

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