Smart Parking Limited (ASX:SPZ)

<sup>O</sup>FY22 Results

22 August 2022 CEO Paul Gillespie PARKING 

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 three new territories, with accreditation achieved in NZ, Australia (Queensland) and Germany to run parking management services.

#### **Technology**

Proprietary technology to facilitate the growth of parking management services. Competitive advantage - SmartCloud allows successful plate matching with infringement business rules, mapping the full life cycle of a breach notice from issuance to payment or collection.

#### **Research & development**

Full migration of legacy UK systems to SmartCloud, completion in 2023.



OVER 13 MILLION CARS PER MONTH THROUGH THE ESTATE



OVER 31m SMARTCLOUD TRANSACTIONS PER DAY



OVER 750 CUSTOMERS WORLDWIDE



Revenue (\$000s)



SALES AND OPERATIONS IN UK, GERMANY, NZ & AUSTRALIA



### **FY22**

859 Total sites oup 36%

\*As at 30 June 2022 compared to 30 June 2021

Cash of \$10.8m 6249

\*At 30 June 2022 (excludes customers' cash)

Revenue of \$38.1m up

\*Compared to PCP

Free cash flow of \$8.1m up

\*Compared to PCP

**Adjusted EBITDA** \$8.8m up

\*Compared to PCP

Global sites target by June 2025 - affirmed

\*878 sites at 22 August 2022

### FY22 business update



Record results, expanding market opportunities to accelerate growth.

#### **FINANCIAL**

- Record results Revenue \$38.1m and Adjusted EBITDA \$8.8m.
- Strong FY22 with contributions from all regions. Revenue growth of 68%, Adjusted EBITDA margin of 23.0% (+1,320bp expansion from PCP) and an increase in addressable markets (ANZ, EU).
- Cash of \$10.8m to selffund growth, technology investments and complementary acquisition opportunities.
- Free cash flow of \$8.1m up 624% on PCP.

#### **EXPANSION**

- Built foundations for growth in Germany, Australia and NZ while continuing to scale the core business in the UK.
- UK Parking Services business experiencing rapid growth through disciplined execution of growth strategy.
- Completed acquisitions and integration of Enterprise Parking Solutions and NE Parking – earnings accretive.
- **839 total group sites** under management as at 30 June.
- NZ Parking Services business continues to grow, with 20 sites under management, now EBITDA and operating cash flow positive.
- Successfully scaling the Australian services business, 27 sites under management.
- Germany leadership, sales and operations in place. First sites signed, ambitious growth targets in large addressable market.

#### **OUTLOOK**

- Good start to FY23 with 878 sites as at 22 August - on track for 1,500 sites under management by June 2025.
- Continuous and disciplined execution of UK expansion plan in large addressable market of 45.000 sites.
- 80 Australian sites by June 2023.
- 75 NZ sites by June 2023.
- 70 German sites by June 2023.
- Scope for further accretive acquisitions.
- Positive outlook for further profitable growth in FY23.



### Record FY22 performance

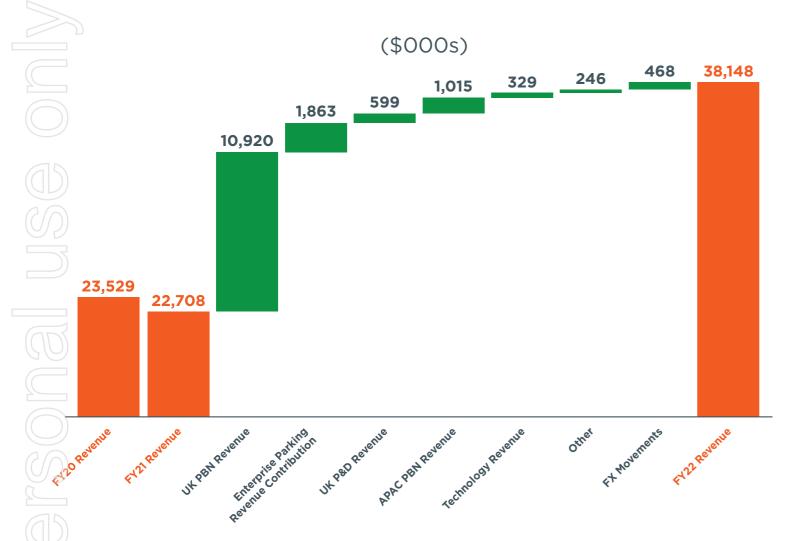
#### Group Profit & Loss (\$m)

	FY22	FY21
Revenue (excl interest)	38.1	22.7
Cost of Sales	(13.4)	(10.0)
Gross Profit	24.7	12.7
Overheads <sup>1</sup>	(15.9)	(10.5)
Adjusted EBITDA <sup>1</sup>	8.8	2.2
Depreciation and amortisation	(4.5)	(3.6)
Other	(0.1)	(0.1)
Adjusted EBIT <sup>1</sup>	4.2	(1.5)
VAT Adjustment	-	6.9
Other Non-operating/Non-recurring items	(1.4)	2.1
Net Interest	(0.7)	(0.4)
Net Profit	2.1	7.1
Tax expense	(1.1)	(1.8)
Adjusted Net Profit after tax <sup>1</sup>	2.2	(1.7)
Net Profit after tax	1.0	5.3
Gross Margin % <sup>1</sup> Overheads/Revenue % <sup>1</sup> Adjusted EBITDA Margin % <sup>1</sup> Statutory EPS (cents per share)  Adjusted EPS (cents per share) <sup>1</sup>	64.7% 41.7% 23.0% 0.27 0.62	56.1% 46.4% 9.8% 1.49 (0.56)

- The business experienced a strong recovery from the pandemic which, combined with the contribution from new sites and recent acquisitions, resulted in UK Parking Breach Notices increasing 72% compared to FY21.
- Revenue increased 68% due to the increase in PBNs.
- Overheads were up 51% compared to FY21 with a review of resourcing requirements following increased activity, expansion into new territories including a \$0.65m investment in the new German operation in H2 FY22, end of the furlough scheme and reinstatement of temporary reductions to salaries.
- Adjusted NPAT removes the one-off VAT adjustments and non-recurring items (net of tax) of \$2.2m up \$3.9m on FY21.
- The Adjusted EBITDA margin of 23% was up 1,320bps on FY21.

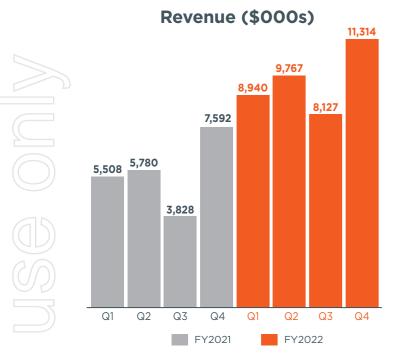
### Revenue growth

Revenue up 68% from increased sites under management, expansions into new territories and UK acquisitions

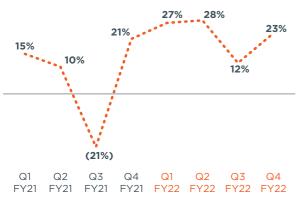


- During FY22 SPZ changed its interpretation for the additional charges related to debt collection costs for the collection of outstanding Parking Breach Notices, and its arrangements with debt recovery agencies. The impact on FY22 results is to increase Revenue and Cost of Sales respectively by \$2.8m (FY21 has also increased by \$2m following the restatement). These changes have no profit impact.
- Organic revenue growth of 51%
- UK parking management revenue growth of 64% compared to FY21.
- APAC parking management revenue of \$1.2m (FY21: \$0.2m).
- Enterprise Parking performing significantly ahead of expectations, revenue of \$1.9m from 6th August 2021.
- NE Parking performing in line with expectations with further ANPR conversions taking place.

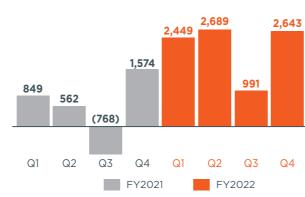
### FY22 – Margin expansion







#### **Adjusted EBITDA (\$000s)**



- Revenue up 68% on PCP.
- Strong margin performance Q4 23% adjusted EBITDA margin
- H2 results include \$0.65m investment in Germany.
- APAC managed services generated revenue of \$1.2m (FY21 - \$0.2m) and EBITDA positive.
- Overheads up 52% on PCP with increased headcount, staff returning from furlough, reinstatement of salaries, expansion into new markets, and from increased activity.



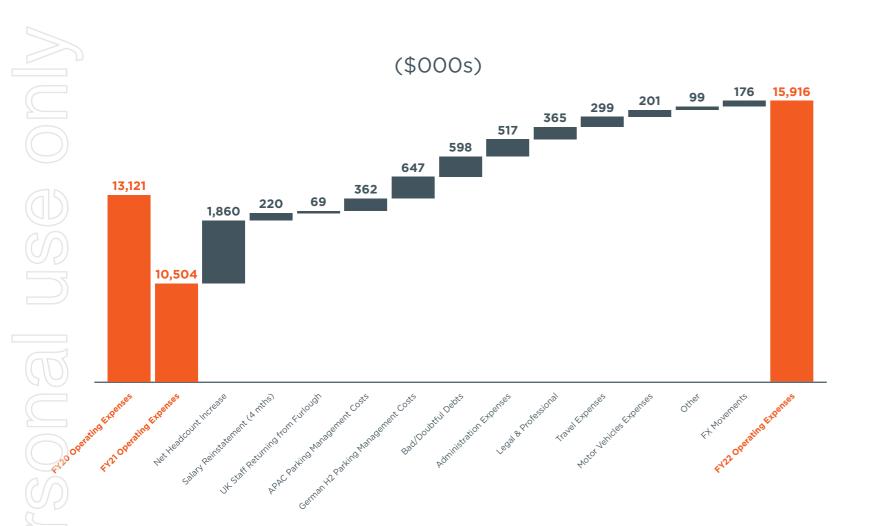
Adjusted EBITDA up

296% on PCP

FY22 Results Presentation | smartparking.com | PAGE 8

### Operating expense analysis

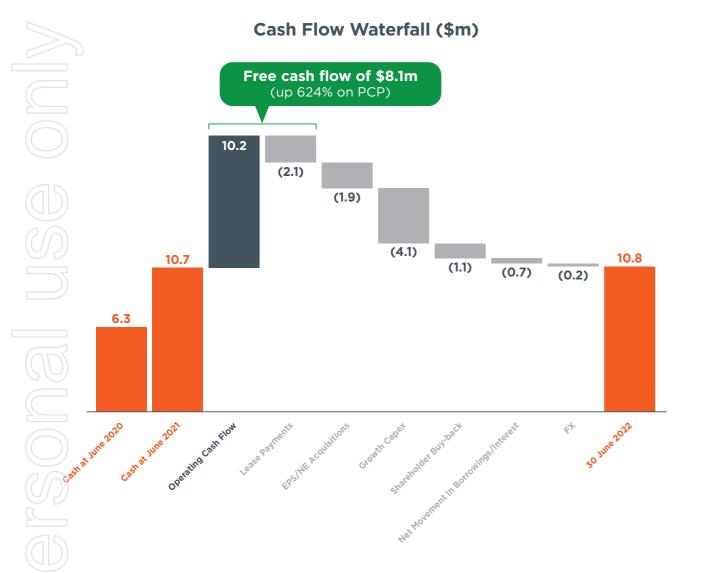
Increased costs reflect significant growth in activity



- FY22 operating expenses of \$15.9m up 21% on pre-pandemic levels (revenue up 62% on pre-pandemic levels).
- H2 FY22 costs include \$0.65m growth investments in German expansion.
- Overheads were up 52% compared to FY21 with a review of resourcing requirements following increased activity, expansion into new territories, end of the furlough scheme and reinstatement of temporary reductions to salaries.

### Positive free cash flow

\$10.8m cash to fund growth strategy and shareholder returns



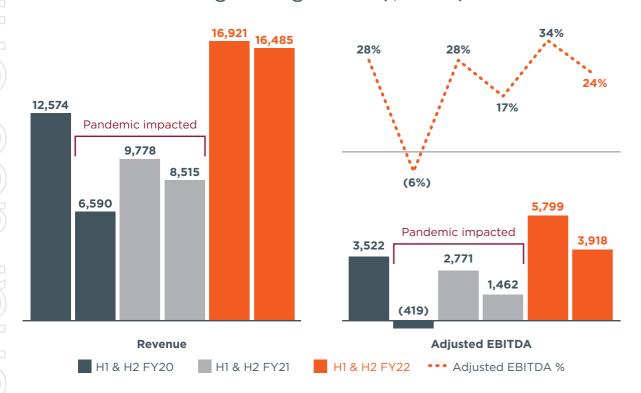
- Cash on hand of \$10.8m as at 30 June 2022.
- Positive free cash flow of \$8.1m up 624% compared to PCP.
- 100% cash conversion. Working capital cycle funds growth.
- Minimal maintenance CAPEX required

   capital light business model. Growth
   CAPEX of \$4.1m including ANPR camera
   equipment to support the acceleration
   of site growth and benefit future
   periods.
- Average payback for UK ANPR and Managed Services investment is 7-9 months.
- Total CAPEX investment to increase to \$4.5-5.5m in FY23 to capitalise on significant growth opportunities.
- Acquired Enterprise Parking Solutions and NE Parking for \$1.9m in FY22.
- Disciplined evaluation of new M&A opportunities.

### Parking Management

83% revenue growth in FY22 vs PCP with adjusted EBITDA up 130% on PCP

#### Parking Management (\$000s)



- Parking management represents 88% of group revenues
- Includes \$0.65m investment in the new German operation in H2 FY22
- Q1 & Q4 are seasonally strong quarters, Q3 seasonally weaker due to northern hemisphere winter.



# Strong balance sheet to fund growth strategy

#### Group Financial Position (\$m)

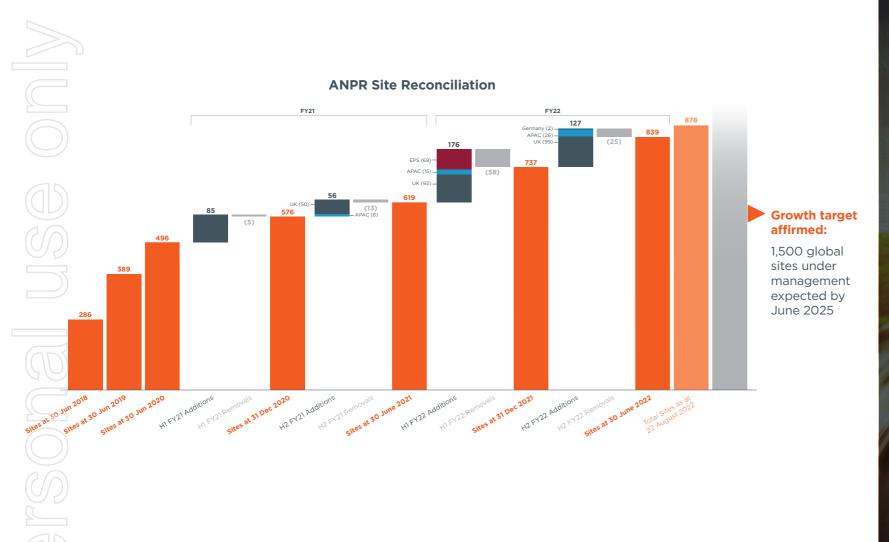
\$m	Jun-22	Jun-21
Current assets	23.1	21.0
Non-current assets	26.0	19.4
Total assets	49.1	40.4
Current liabilities	16.6	11.0
Non-current liabilities	15.0	12.1
Total equity	17.5	17.3
Cash & cash equivalents	10.8	10.7

- \$10.8m of cash capital to fund growth strategies.
- In October 2021 the Company commenced repayments of a UK Coronavirus Business Interruption Loan (\$2.7m) in 36 equal monthly instalments.
- The Group continued with an on-market buy-back of shares for \$1.1m in FY22. \$1.4m remaining under the programme.
- The balance sheet includes assets and liabilities related to the acquisition of Enterprise Parking and NE Parking.
- Tax losses in SPUK were consumed in FY21 following the recovery from COVID-19, the ongoing growth in sites under management, and the resolution of outstanding VAT matters.



### Management services – estate growth

Site growth in FY22 at 36%



#### **UK ANPR roll out continues**

- 303 new sites in FY22 with 83 removed.
- Completed acquisition of NE Parking (UK) with 517 manually operated sites.
   Opportunity to convert suitable sites to ANPR ongoing.

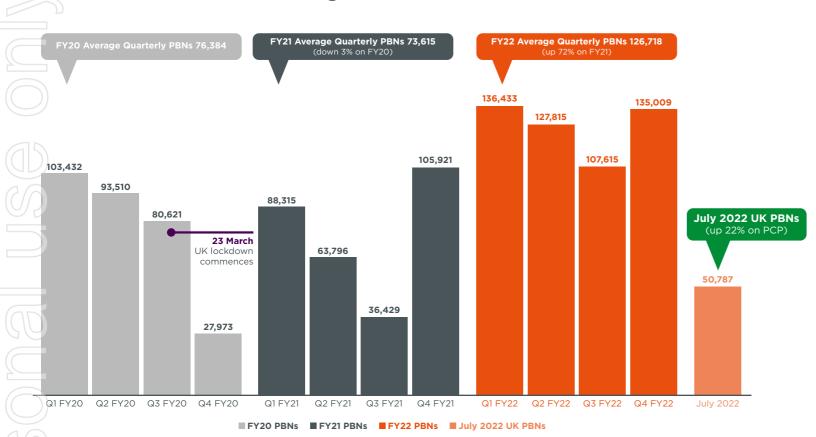
#### **Growing APAC managed services**

- 47 sites in New Zealand/Australia installed as at 30 June.
- Growth in sales and processing teams to capitalise on the market opportunity.

### UK – Strong growth underway

FY22 record PBNs issued, up 72% vs PCP

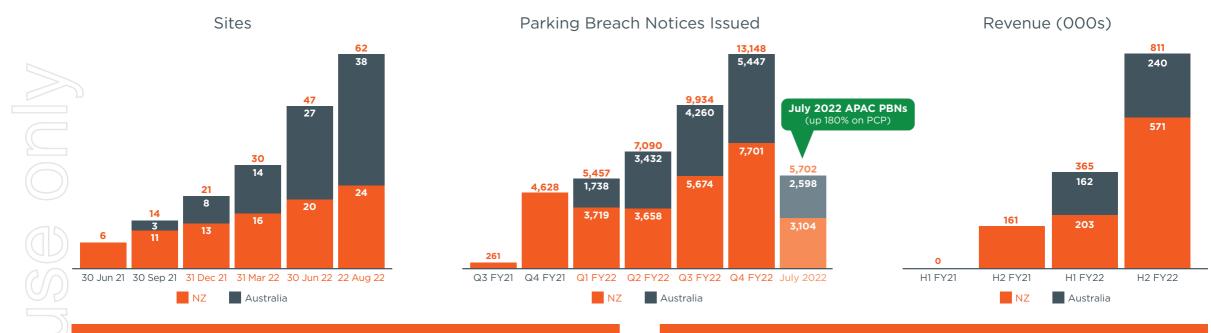
#### **Parking Breach Notices Issued**



#### FY22 growth delivered

- PBN growth up 72% on PCP.
- Continuing to expand and enhance sales and account management capability to capture market share.
- Net 220 sites added in FY22. 152 net organic additions, plus 68 from acquisitions.
- Global sales team focused on 380 new sites in FY23.
- Parking Code of Practice has been withdrawn until further notice.

### APAC growth strategy | Significant growth in PBNs, foundations in place for scale



#### **NEW ZEALAND**

- First customers acquired in March 2021, NZ business now profitable and operating cash flow positive.
- Doubled sales team to four heads with a presence in major metropolitan areas including Auckland, Wellington & Christchurch.
- Sites under management performing above expectations and delivering a strong payback.
- Attractive market fundamentals with long term growth opportunity.
- Total addressable market approx 3,000 sites with ANPR potential.

#### **AUSTRALIA**

- As with NZ, we are leveraging our ANPR technology to enter a market with the advantage of first mover differentiation.
- Launched in July 2021, now operating 38 locations as at 22 August 2022.
- Sales team focused on building pipeline of new sites.
- Significant market opportunity available to SPZ with legacy solutions provided by competition not meeting the needs of today's customers.
- Total Queensland market approx 2,000 sites with ANPR potential.

### European growth strategy

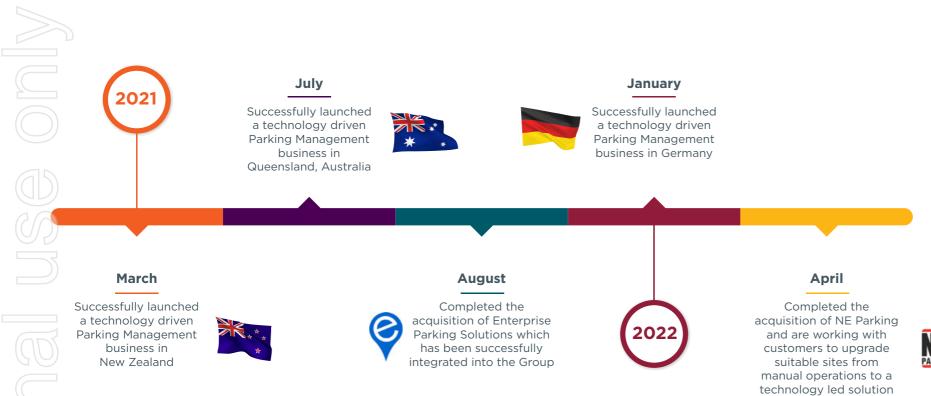
German revenues commenced in May 2022

- with the largest population (82m) in Europe Germany presents a significant opportunity for SPZ's technology driven management business Total Addressable Market estimated to be twice that of the UK.
- Five customer contracts signed with four locations live and generating revenue.
- Leveraging tried and tested SPZ knowledge and experience we are executing market entry plan and differentiating ourselves through technology.
- Additional sales head in Q3 FY22, increasing sales team
   to four.
- \$0.65m OPEX costs in FY22.
- c.\$1.3m additional investment for FY23.



### New markets and M&A

Disciplined acquisition track record - complements strong organic growth





The Company is pursuing earnings accretive M&A opportunities and utilising operating leverage to accelerate growth.



### FY23 execution priorities

 Deliver growth target of 1,500 global sites under management by June 2025.

Execution of organic UK growth strategy - we are very early in the long term growth runway.

 APAC Parking Services (NZ & Australia) business underway with 62 sites under management.
 Scope for significant growth

 Grow German Parking Services business five contracts signed to date. Focus on building scale in Europe's largest market

 Well capitalised to fund further strategic acquisition opportunities and new territory expansion.



\* All forward-looking statements can be subject to change.

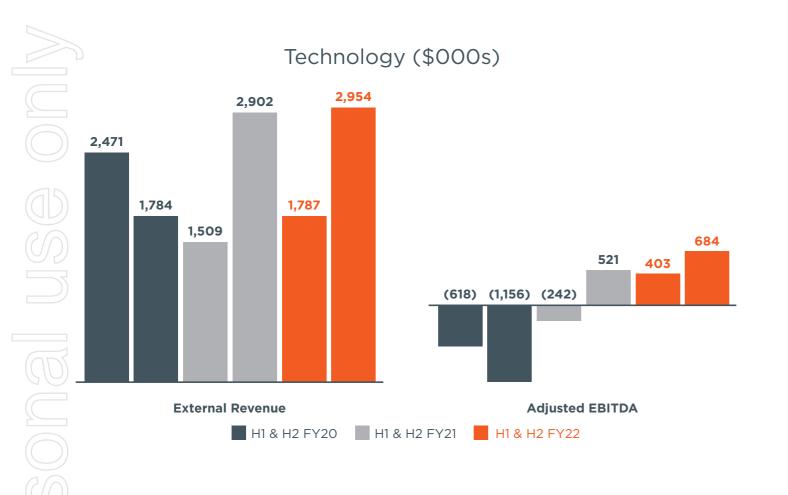


### **Segment reporting**

<b>&gt;</b>		Revenue			Adjusted EBITDA			Adjusted EBITDA Margin	
	(\$000's)	FY21	FY22	FY21 vs FY22	FY21	FY22	FY21 vs FY22	FY21	FY22
	Parking Management	18,292	33,405	82.6%	4,232	9,717	129.6%	23.1%	29.1%
	Technology Division	6,947	9,469	36.3%	279	1,087	289.6%	4.0%	11.5%
) 7	Research & Development	0	0		(983)	(658)	33.1%		
1		25,239	42,874	69.9%	3,528	10,146	187.6%	14.0%	23.7%
3	Corporate	5	2	(60.0%)	(1,311)	(1,374)	-4.8%		
	Eliminations	(2,536)	(4,728)	(86.4%)	0	0			
つつ	Revenue / Adjusted EBITDA excluding one-off costs	22,708	38,148	68.0%	2,217	8,772	295.7%	9.8%	23.0%

### **Technology**

Advantages that enable growth in Parking Management





### 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

# Smart City Product Launch



## **Enforcement App & Compliance Management System**

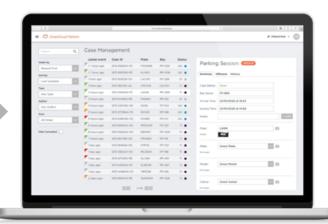
Smart Parking's mobile app and back office management system designed to enable councils and other businesses to efficiently manage parking compliance and enforcement.

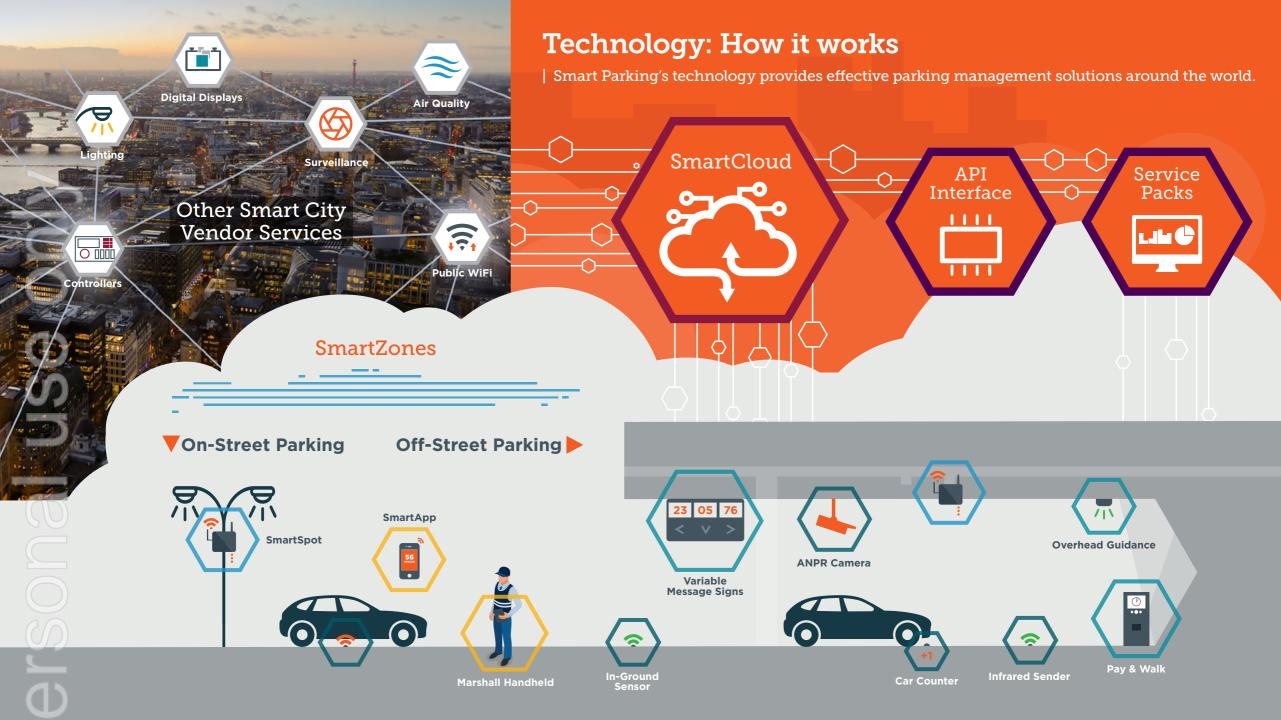
- Tessera enforcement app specifically designed for parking compliance officers to electronically gather and submit detailed parking breach information and notes.
- SmartCloud management platform provides visibility of the complete work flow process and enables full, end-to-end case management.
- Complementary 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





### 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.

### Smart Parking legal disclaimer

The release, publication or distribution of this presentation in certain jurisdictions may be restricted by law and therefore persons in such jurisdictions into which this presentation is released, published or distributed should inform themselves about and observe such restrictions.

This presentation does not constitute, or form part of, an offer to sell or the solicitation of an offer to subscribe for or buy any securities, nor the solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issue or transfer of the securities referred to in this presentation in any jurisdiction in contravention of applicable law.

Persons needing advice should consult their stockbroker, bank manager, solicitor, accountant or other independent financial advisor. Certain statements made in this presentation are forward-looking statements. These forward-looking statements are not historical facts but rather are based on Smart Parking Ltd current expectations, estimates and projections about the industry in which Smart Parking Ltd operates, and its beliefs and assumptions. Words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates," and similar expressions are intended to identify forward - looking statements.

These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and other factors, some of which are beyond the control of Smart Parking Ltd are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. Smart Parking Ltd cautions shareholders and prospective shareholders not to place undue reliance on these forward-looking statements, which reflect the view of Smart Parking Ltd only as of the date of this presentation.

The forward-looking statements made in this presentation relate only to events as of the date on which the statements are made. Smart Parking Ltd will not undertake any obligation to release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date of this presentation except as required by law or by any appropriate regulatory authority.

Non-IFRS financial information has not been subject to audit or review.