

Smart Parking Limited (ASX:SPZ)

FY19 First Half Results

25 February 2019
CEO Paul Gillespie

smartparking.com



Investing for future growth

World-leading technology and first-class managed services.

Management Services | UK

- Successful stabilisation strategies create platform for long term growth.
- Established strong market positions and market leading technology.
- Year of consolidating and strengthening market position.
- Additional heads in sales and operations teams showing positive growth in site installations.

Technology | Global

- Significant market opportunities intact with solid operations plan.
- Executing long term growth strategies in the IoT marketplace.
- New smart city product delivery strengthens SPZ technology offering and global market position.



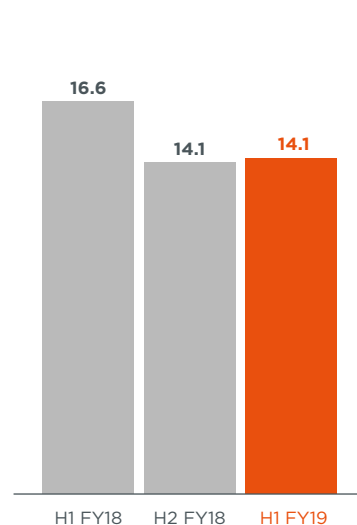
H1 FY19 Highlights

H1 FY19 results at a glance | Smart Parking Group

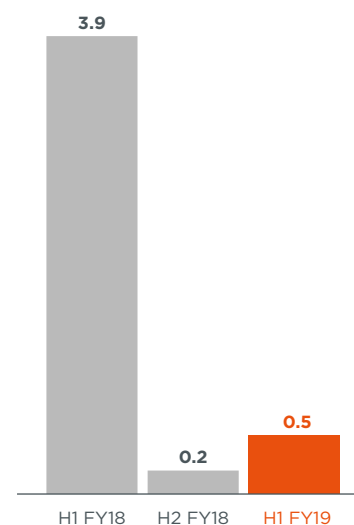
| Investing to capitalise on significant market growth opportunities

- Reaffirming the message at the AGM, SPZ is investing in our people, product and process to fuel future growth.
- New UK management team has settled well and delivering site growth in line with management expectations.

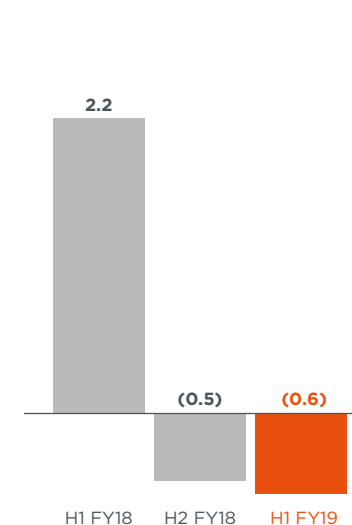
Group Revenue (m)



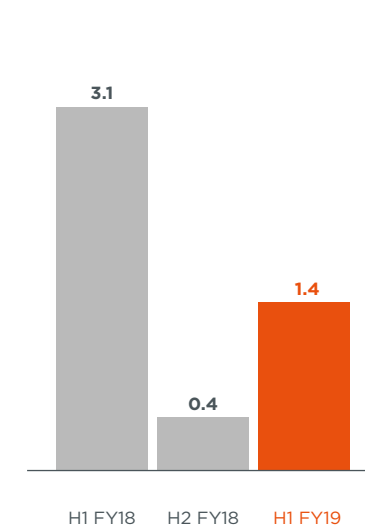
Group Adjusted EBITDA (m)



Group NPAT (m)



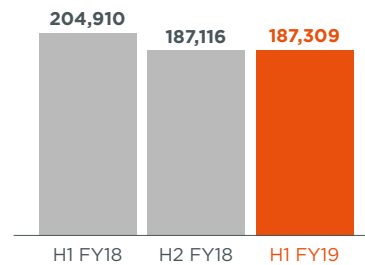
Group Operating Cash Flow (m)



Amounts shown are based on average exchange rates for each period

H1 FY19 operational highlights | Smart Parking Group

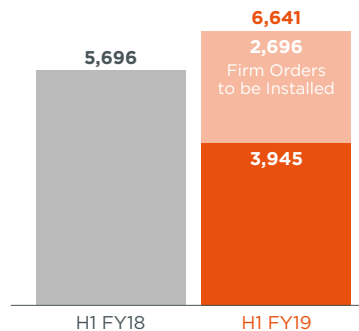
Parking Breach Notices Issued



Number of PBNs issued holding steady

Business stabilised after H2 challenges and set for growth.

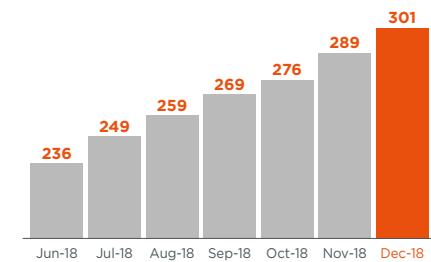
Sensors Installed During H1



Technology installation across market verticals:

New orders (Coles, Moreton Bay, Telstra, Wilson Parking, City of Darwin and Livingston Shire, Besser Parken)
Additional \$1.4m on the order book and pipeline continues to grow.

Cumulative Sites



UK ANPR roll out continues

77 new sites installed in H1 FY19. **301** total sites under management using technology at 31 December. **324** total sites under management at 22 February. Pipeline continues to grow currently in excess of **200** sites.



Progress in Research & Development

Development of IoT smart city platform continues ensuring best in class technology.

H1 FY19 operational highlights

| Smart Parking Group

Investing to strengthen and enhance SPZ for long term sustainable growth:



- Sales force capacity increased and showing positive results and pipeline growth.
- New UK management team settled and achieving site installation and pipeline growth in line with management expectations.
- ANPR focused discipline showing constant improvement in image capture.
- Technology project execution continues with new Smart City installations going live.
- R&D continues delivery of IoT focused products and services.



Market opportunity

| Smart Parking Group – Management services

UK ANPR enforcement market opportunity remains significant at 45,000 sites



- Sites under management at 31 December was 301.
- Sites under management at 22 February increased to 324.
- Over 37 million cars using SPZ managed car parks during H1 across the UK estate. Volume set to increase in line with site acquisition growth.
- SPZ maintains a disciplined approach to site acquisition with significant opportunities available in large addressable market.
- Market consolidation continues, validating the SPZ UK strategy.



Market opportunity

| Smart Parking Group – Technology

Global adoption of Smart Parking technology affirms SPZ strategy



- Smart City adoption continues through all SPZ operating markets.
- SPZ positioned well to capture more market share through the development and delivery of IoT focused products.
- SPZ SmartCloud IoT platform now processing in excess of 13.5m events per day, 2.5tn events over H1 - demonstrates the power and scale of the new IoT platform.
- Smart Parking market place is seeing consolidation and investment with Park Jockey raising USD\$1b from Softbank. This demonstrates the importance of the Smart Parking and Smart City market to the investment community.
- Market opportunity is vast for the Smart Parking technology market place. Varying market analysis shows the market growing between USD\$10 to USD\$40 billion by 2025.





H1 FY19 Financial Update

Smart Parking Group

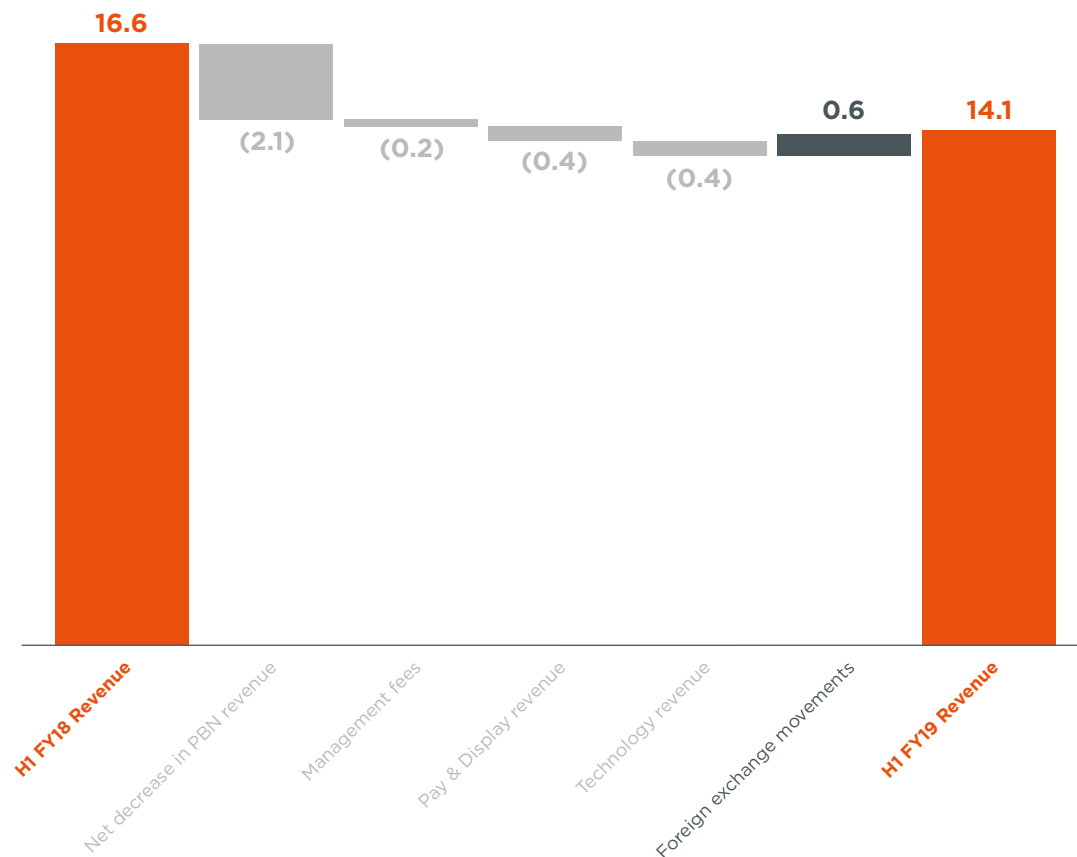
- Lower revenue in H1 FY19 due to:
 - The loss of some key car parking sites in the UK management estate.
 - Higher client revenue share due to site mix.
 - Increased driver compliance resulting in fewer PBNs being issued.
- Investment in additional sales executives, customer engagement strategy and operational resource is showing results in more new site wins, set to continue into H2 FY19.



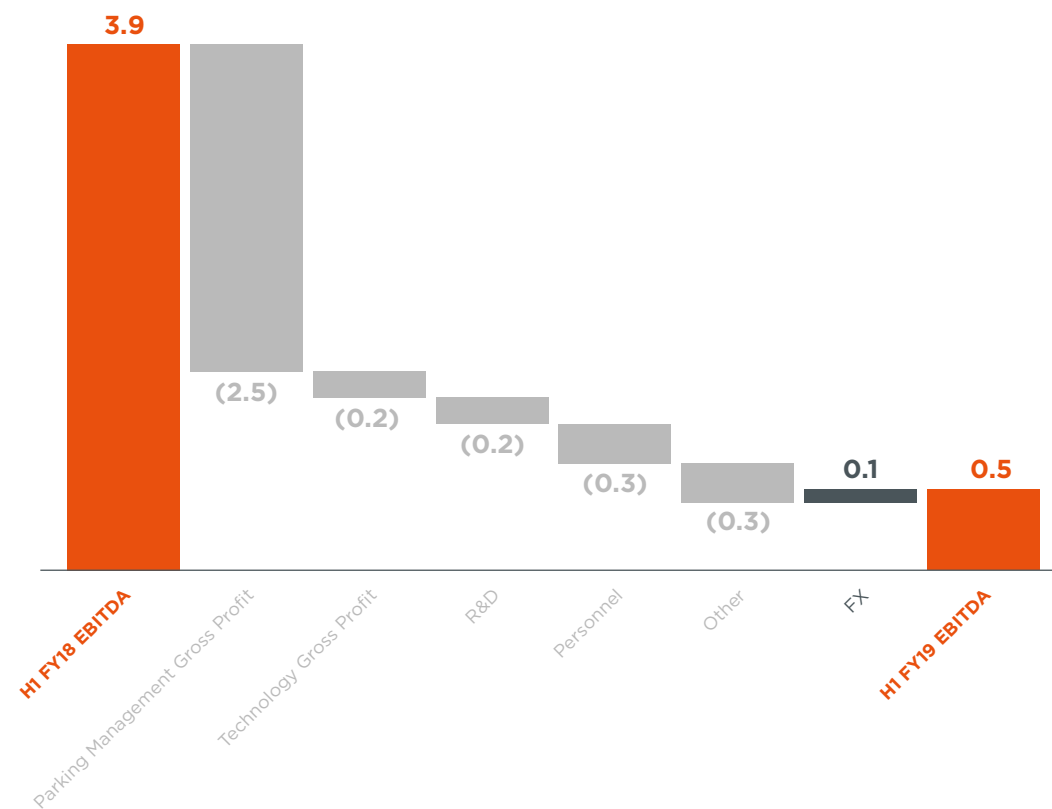
H1 FY19 Results | Group Profit & Loss (m)

	H1 FY18	H1 FY19
Revenue	16.6	14.1
Cost of Sales	(6.2)	(6.1)
Gross Profit	10.4	8.0
Overheads	(6.5)	(7.5)
EBITDA	3.9	0.5
Net Interest Received	0.1	0.1
Depreciation & Amortisation	(1.0)	(0.9)
Other	(0.1)	(0.1)
Net profit/(loss) before tax	2.9	(0.4)
Tax expense	(0.7)	(0.2)
Net Profit/(loss) after tax	2.2	(0.6)
Gross Margin %	62.4%	56.5%
Overheads/Revenue %	39.0%	52.7%
EBITDA Margin %	23.4%	3.8%
EPS (cents per share)	0.61	(0.16)

H1 FY19 Results | Group Revenue Bridge (m)



H1 FY19 Results | Group EBITDA Bridge (m)



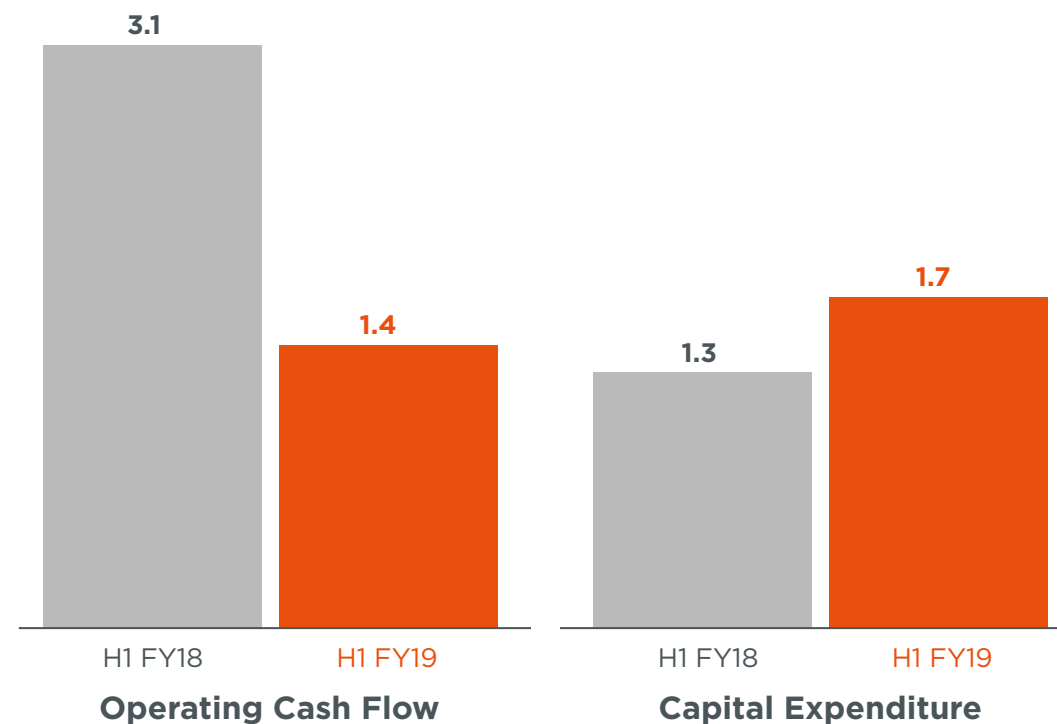
- Increased spend on personnel to drive excellence in service to accelerate the rate of UK management site acquisition.
- Site losses arrested and new site wins of 77 in the half with an additional 23 new locations from January and February to date.
- Increased spend on R&D to enhance Smart City Platform.



H1 FY19 Results | Group Financial Position (m)

\$m	Dec-18	Jun-18
Current assets	21.4	23.2
Non current assets	8.8	8.8
Total assets	30.2	32.0
Current liabilities	6.4	7.8
Term liabilities	-	0.1
Total equity	23.8	24.1
Net cash & corporate bonds	13.0	13.4

H1 FY19 Results | Operating Cash Flow & CAPEX (m)



- Strong balance sheet with cash reserves and no debt – well placed to fund growth strategies.
- Payments for fixed asset additions of \$1.7m related to deployment of technology in the UK.
- Deferred tax asset reduced \$0.2m following UK profitability.
- Increased spend in R&D and personnel to position the company for growth.



Segment reporting

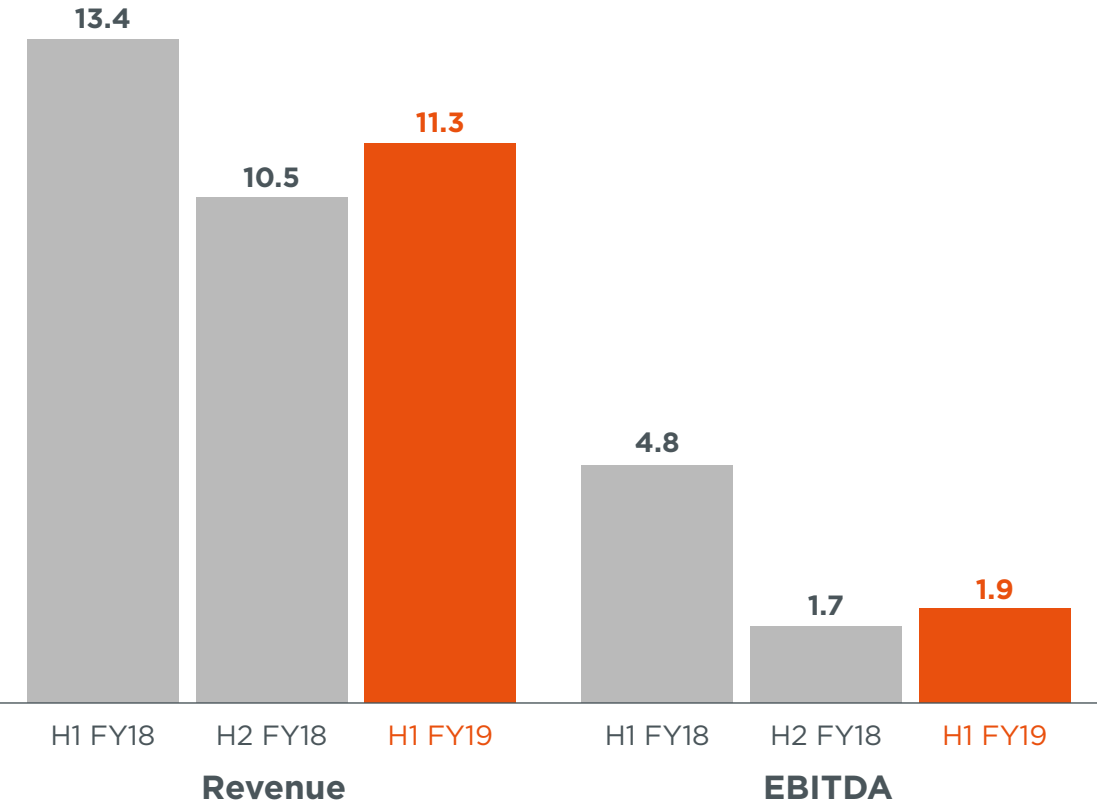
(000's)	Revenue			EBITDA		
	H1 FY18	H1 FY19	H1 FY19 vs H1 FY18	H1 FY18	H1 FY19	H1 FY19 vs H1 FY18
Parking Management	13,404	11,347	(15.3%)	4,827	1,909	(60.5%)
Technology Division	3,866	3,945	2.0%	(136)	(375)	(175.7%)
Research & Development	0	0		(330)	(500)	(51.5%)
	17,270	15,292	(11.5%)	4,361	1,034	(76.3%)
Corporate	0	0	0.0%	(572)	(497)	13.1%
Eliminations	(691)	(1,154)	(67.0%)	0	0	
Revenue / EBITDA	16,579	14,138	(14.7%)	3,789	537	(85.8%)
<i>EBITDA Margin</i>				22.9%	3.8%	
<i>Parking Management Division EBITDA Margin</i>				36.0%	16.8%	
<i>Technology Division EBITDA Margin</i>				(3.5%)	(9.5%)	
<i>Research & Development/Technology Revenue</i>				8.5%	12.7%	

Management Services

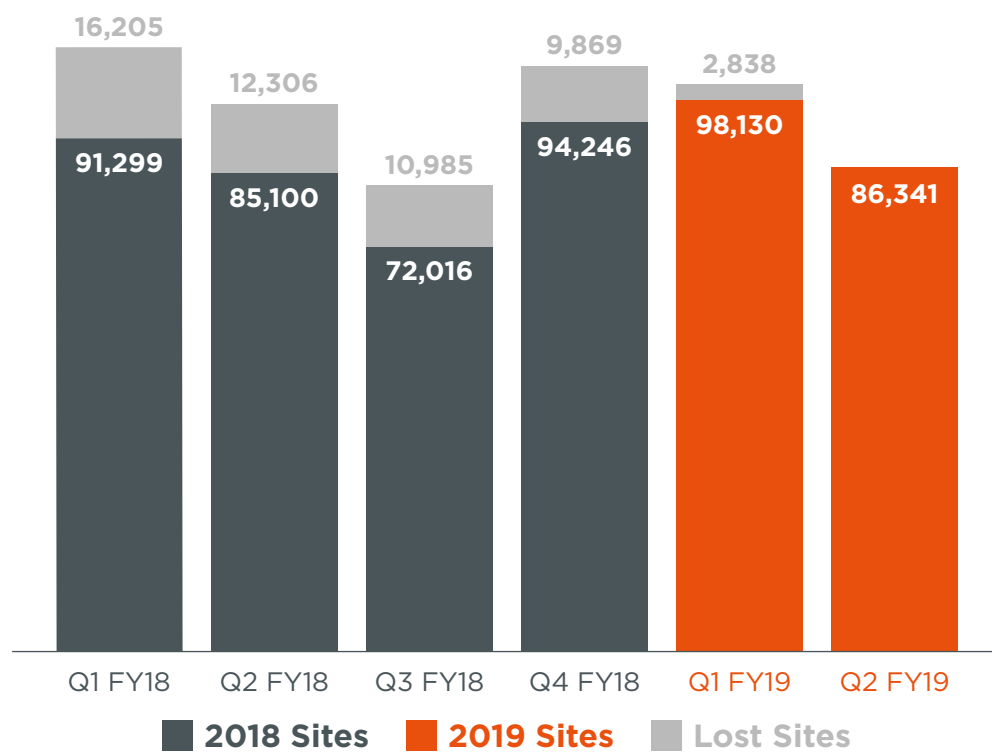
- Revenue reduction following loss of key sites and lower PBN's to maintain longer term sustainable contracts following H2 FY18 challenges.
- Site losses arrested with none recorded in December & January.
- Business stabilised and now back in growth mode.



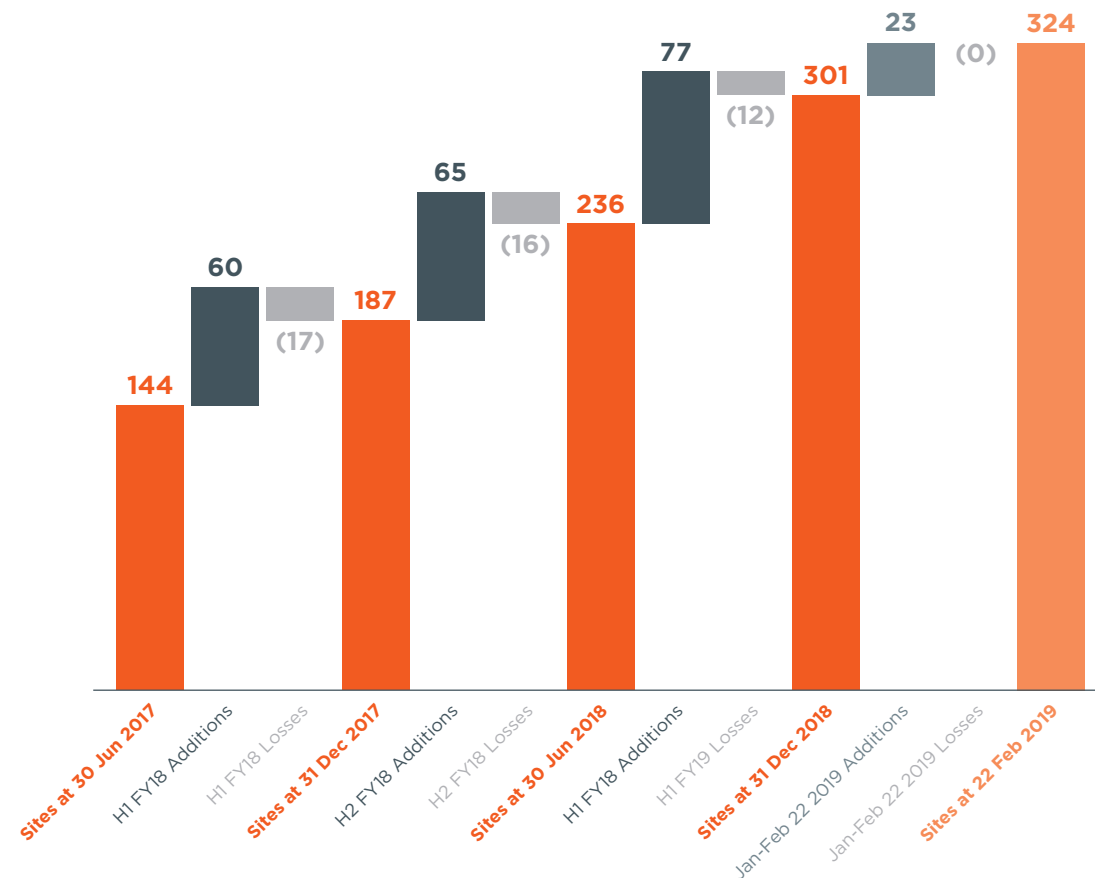
H1 FY19 Results | Management Services Financials (m)



H1 FY19 Results | Parking Breach Notices Issued



H1 FY19 Results | Site Reconciliation



- New UK management team focused on site growth through excellence in customer engagement, leading to long term sustainable contracts.
- PBN's up 5% excluding sites lost in Q4 FY18 and Q1 FY19.

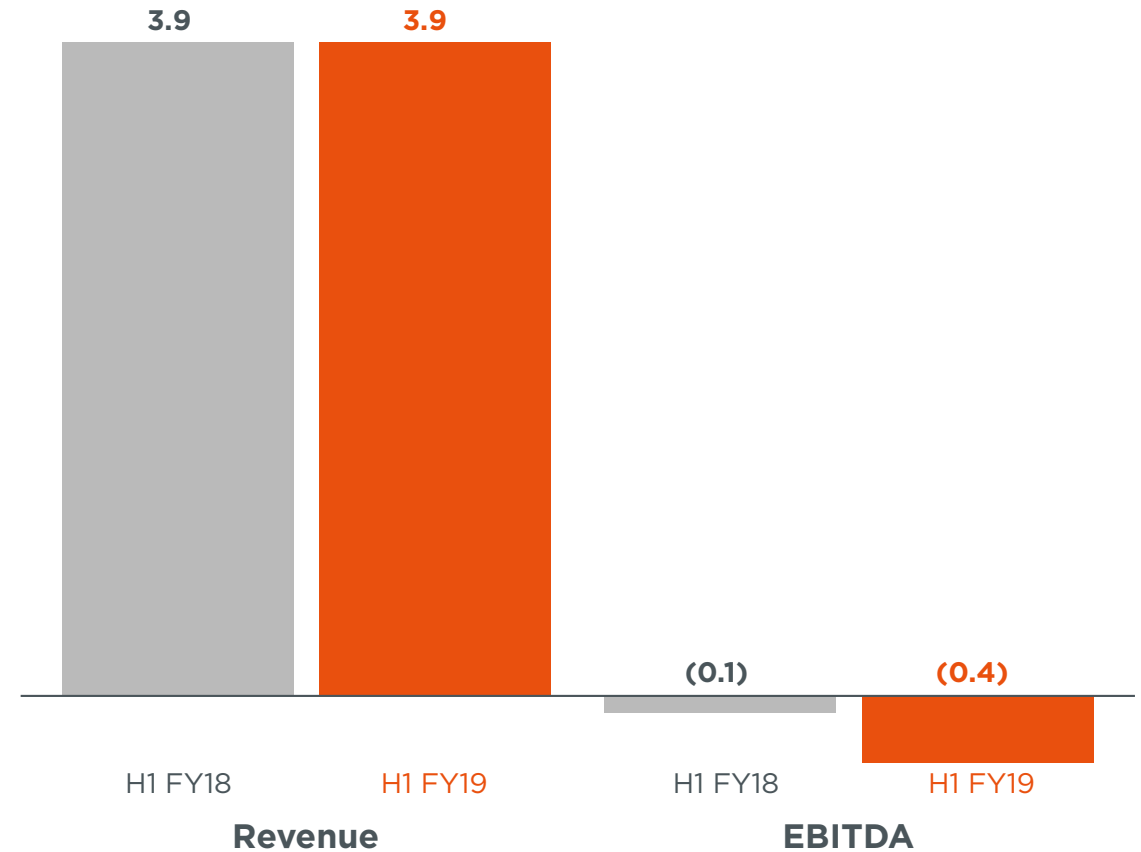


Technology

- SPZ Smart City Platform – SmartCloud – delivered, operational and generating revenue.
- SPZ new guidance and payment app delivered.
- Next generation sensor delivered and operational in 10 locations.
- Smart city and IoT capability roll out continues in all client verticals including Coles, Moreton Bay, Telstra, Wilson Parking, City of Darwin, Livingston Shire and Besser Parken.



H1 FY19 Results | Technology Financials (m)

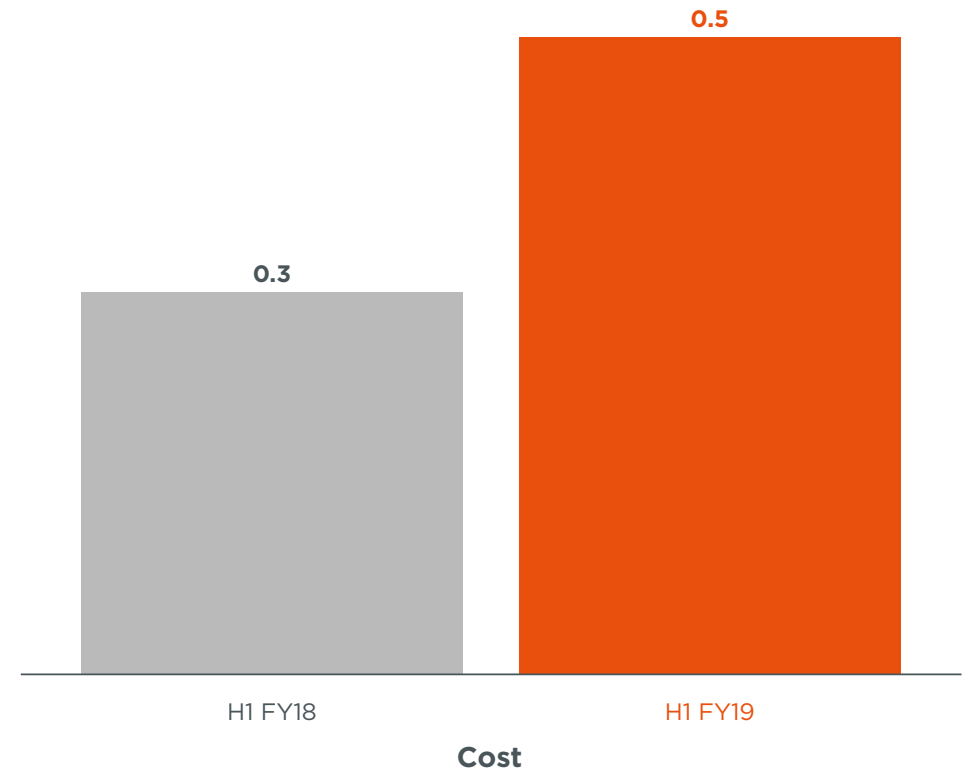


Research & Development

- Increased investment in the Smart City platform including delivery of the Smartphone payment application and enhancements to SmartCloud.



H1 FY19 Results | Research & Development Investment (m)





H1 FY19 Business Update

Business update: UK managed services

| Business stabilisation complete and now in growth mode

- Strong focus on capturing market share in the ANPR parking enforcement market place – total market of 45,000 off street sites.
- Investment in additional sales and operational capacity showing positive results with 77 new site installation since the last report – as above, SPZ has a big addressable market and are focused on capturing the opportunity, over 200 sites in the Services pipeline for H2.
- Investment in customer engagement strategy showing good results with site losses arrested – no losses in December and January.
- ‘Technology First’ site acquisition strategy continues to differentiate SPZ in a competitive market.



Management services

| Growing customer base

- Customer engagement proving successful with new client wins each month and further account growth.
- Pipeline of new sites and clients growing beyond 200 locations.
- 'Technology First' strategy is a key differentiator in the market and against competition.

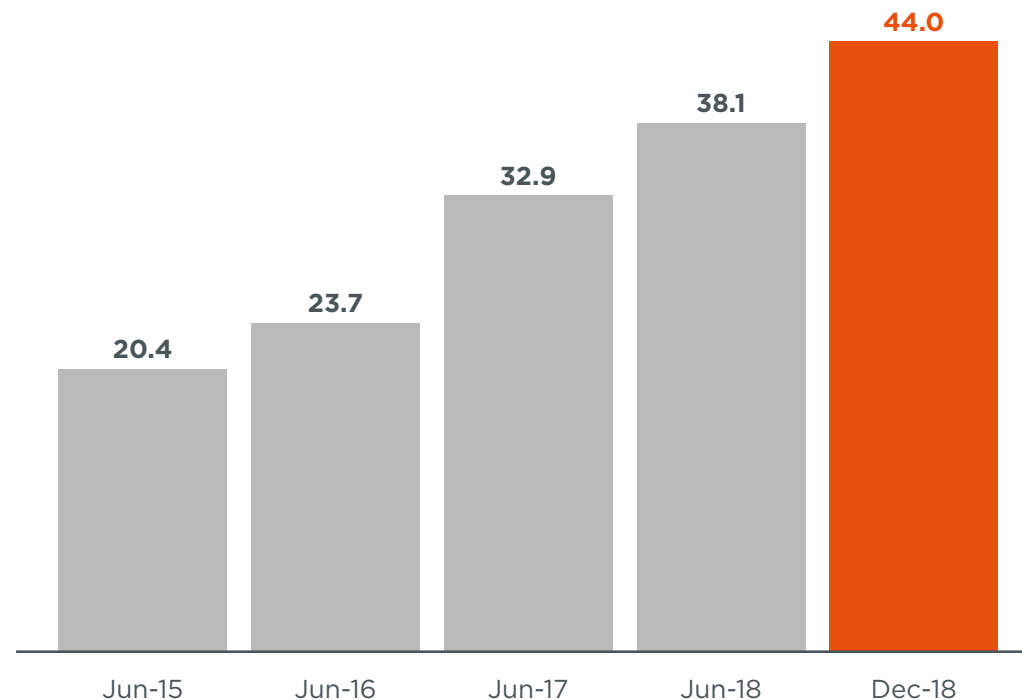


Business update: Technology

| Smart City and IoT technology continues to be adopted

- Focused sales effort in winning customer contracts across all verticals, growth in partnerships and the delivery of best in class technology.
- Growth of new market relationships in Europe – over 2,000 sensors recently deployed in Germany.
- Over \$1.4m of new orders and work in progress for H2 FY19.
- Pipeline growth in line with technology adoption across all home markets. Total technology pipeline exceeding \$44m.

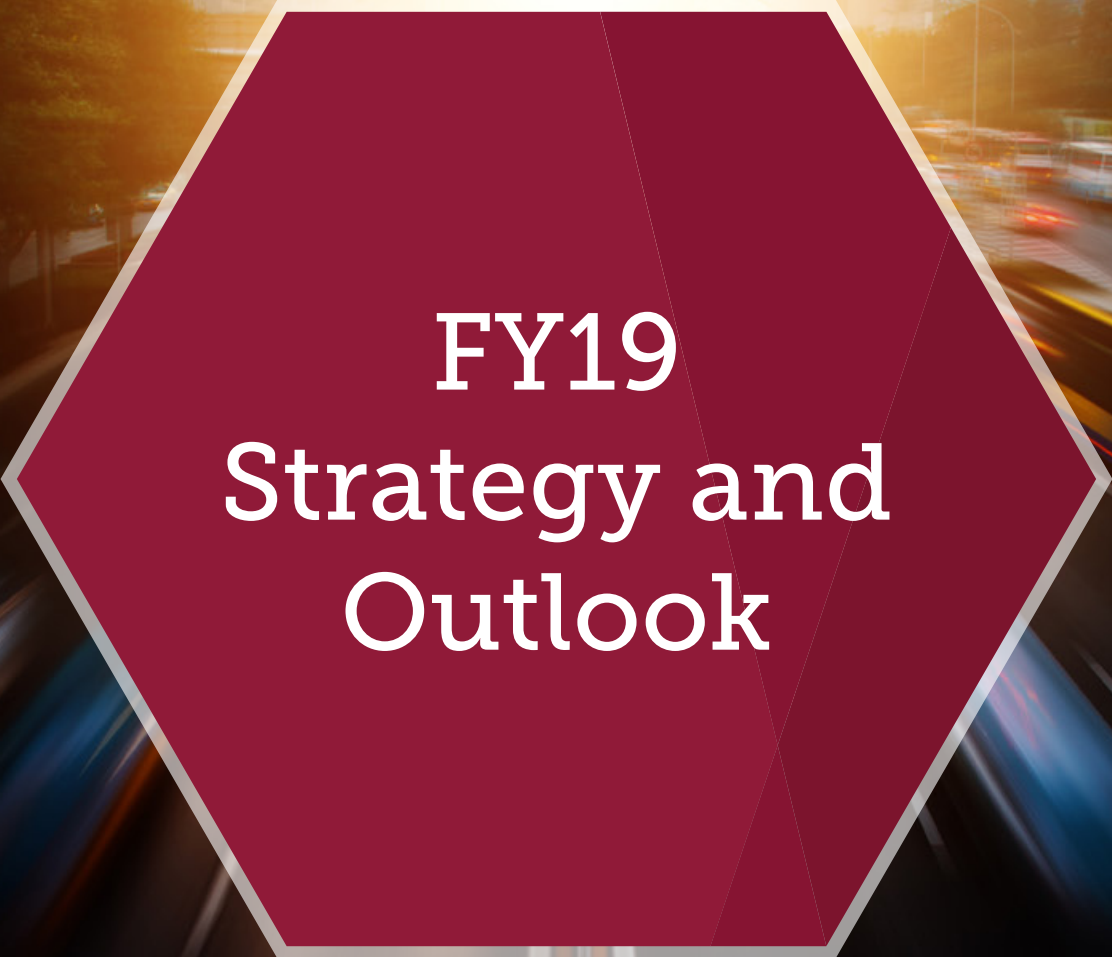
H1 FY19 Results | Technology Sales Pipeline (m)



Growing customer base

| Continued growth within all operating territories, and expansion into new markets.





FY19 Strategy and Outlook

FY19 Strategy and Goals – Services



- Business stabilised and moved back into growth phase.
- Investment in sales and operational capacity delivering new site installations.
- Focus to continue on site growth with over 200 sites in the H2 FY19 pipeline.
- Maintain discipline in customer engagement to deliver the best possible customer experience and limit site losses.
- Substantial market opportunity affirmed, SPZ well positioned and well funded to capture greater market share.

FY19 Strategy and Goals – Technology



- Clear focus on product development & delivery for the Smart City and IoT market place globally.
- Delivery of new payment application product generating revenue in H2 FY19 and beyond.
- Maintain win rate of key local authority business across all operating markets.
- Market opportunity is substantial with large external investment continuing to flow validating the SPZ technology strategy now and into the future.



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A long-exposure photograph of a multi-lane highway at night, showing vibrant red and white light trails from moving vehicles. The highway is elevated and curves through a cityscape with various buildings and greenery visible in the background.

Supplementary Information

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

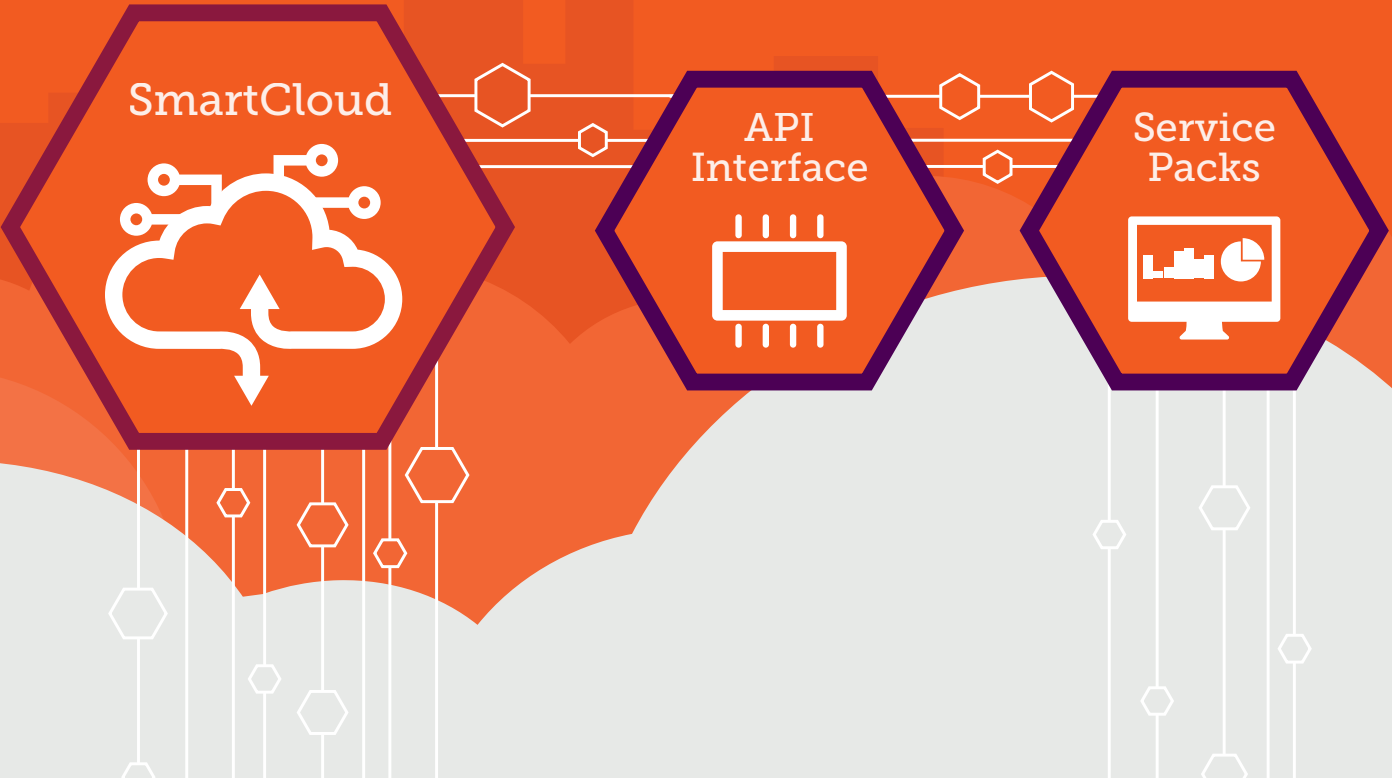
| Automatic number / license plate recognition (ANPR) is a reliable, cost effective off-street parking management solution.

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

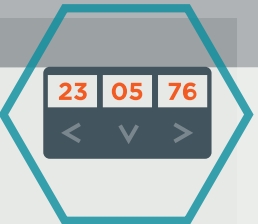
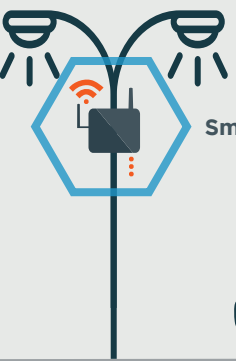
Technology: How it works

| 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 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 will allow 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 not expected to occur in the future.

EBITDA – represents Earnings before interest, taxation, depreciation and amortisation.

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