



Smart Parking Limited (ASX:SPZ)

FY20 Half Year Results

24 February 2020
CEO Paul Gillespie

smartparking.com

H1 FY20 Highlights

Adjusted EBITDA growth
in UK Managed Services of



41%

**Excludes IFRS 16 adoption*

Adjusted EBITDA margin
in UK Managed Services
increased 660 bps to

23%



**Excludes IFRS 16 adoption*

Growth in parking breach
notices (on PCP) up

28%



**Excluding non recurring site losses*

Net cash of
\$8.7m

Growth in Managed
Services sites to 465 up

20%



**At 31 January 2020*

Committed Technology
recurring revenue of

\$3.8m up
9%

**From August 2019*

Recovery continues, growth on track

World-leading technology and first-class managed services

Management Services | UK

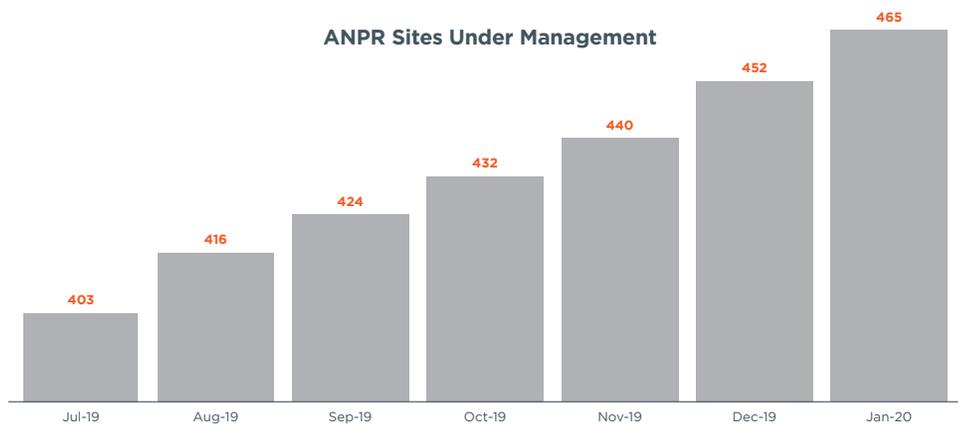
- Delivering consistent performance with growth in key metrics
- Continuing improvements and enhancements with product, process and capability
- Growth in market position with industry leading technology
- Selected investments to drive ongoing growth and profitability

Technology | Global

- Significant new contract wins (Gatwick Airport) validates value proposition
- Executing long term growth strategies in the IoT marketplace
- Significant market opportunities with scalable operations plan
- Structural growth - new smart city initiatives drive long-term demand for SPZ technology
- Revenue impacted by customer delays in smart city project delivery

Strong balance sheet to self fund growth strategies

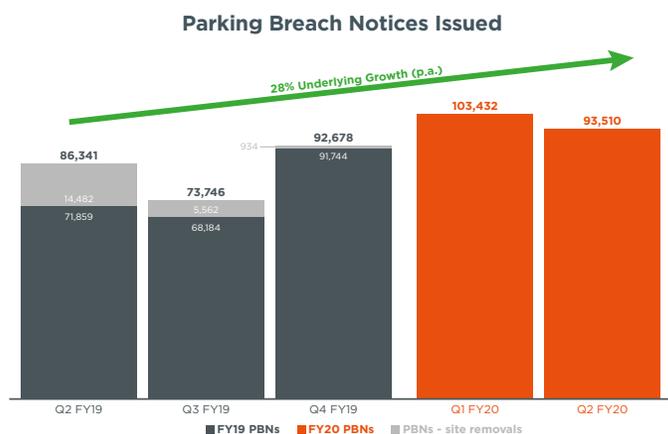
Growth on track | Smart Parking Group



UK ANPR roll out continues

101 new sites installed in FY20 to date. Work continues to refine the portfolio to enhance overall profitability.

465 total sites under management using ANPR technology at 31 Jan 2020.

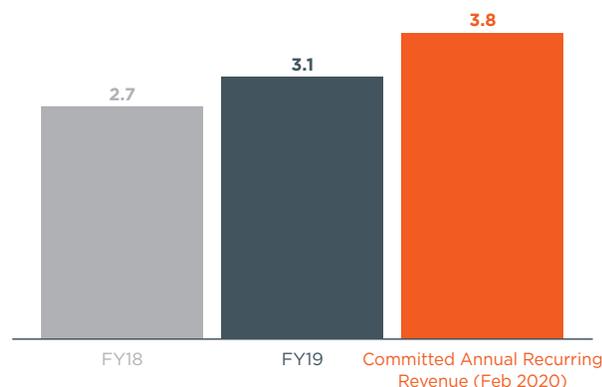


PBN growth continues

Despite some significant site losses in FY19 PBN issuance continues to grow in line with site acquisition and seasonality trends, up 28% in H1 FY20 on PCP, excluding abnormal site removals.

**Q1 and Q4 (spring & summer) are traditionally busier in all UK car parks, resulting in higher PBN issuance.*

Technology Annual Recurring Revenue (m)



Annual recurring revenue grows

Annual recurring revenue from the technology business continues to grow, up 9% from August 19.

PBN issuance up

↑ 28%

Management services Adjusted EBITDA up

↑ 41%

Site growth to Jan 31st up

↑ 20%

Technology committed annual recurring revenue up

↑ 9%

A long-exposure photograph of a busy city street at night. The scene is filled with light trails from cars and streetlights, with tall buildings in the background. A large teal hexagon is overlaid in the center, containing the text 'H1 FY20 Financial Update'.

H1 FY20 Financial Update

Smart Parking Group

- Revenue growth in management services including:
 - The loss of some key car parking sites in the UK management estate in FY19 (H1 FY19 EBITDA contribution \$1.5m)
 - Growth in new car parking sites has decreased risk by diluting reliance on key sites.
- Technology revenue fell by 14%, impacted by customer delays in smart city project delivery.
- Group EBITDA increased to \$0.6m with margin expansion to 11.8% (3.4% in PCP). Underlying Group Adjusted EBITDA (excluding IFRS 16) of \$0.76m, an increase of 59%.
- Site growth in the UK Services business in FY20 will increase PBNs issued and accelerate revenue and earnings growth.
- Net loss after tax \$1.5m mainly due to \$1.8m of one-off EBITDA adjustments. Restructure of management team and field-based staff in December 19 will lead to annualised savings of \$1.0m - full 6 months contribution in H2 FY20.

Refer to supplementary information on page 21 for more details on IFRS 16 reconciliation.

H1 FY20 Results | Group Profit & Loss (m)

	H1 FY19	H1 FY20*
Revenue	14.1	14.0
Cost of Sales	(6.1)	(5.0)
Gross Profit	8.0	8.9
Overheads	(7.5)	(7.3)
Adjusted EBITDA	0.5	1.6
EBITDA Adjustments	0.0	(1.8)
Foreign Exchange	0.1	0.7
EBITDA	0.5	0.6
Depreciation & Amortisation	(0.9)	(1.8)
Net Interest	0.1	(0.2)
Other	(0.1)	(0.0)
Net Profit/(Loss)	(0.3)	(1.5)
Tax expense	(0.2)	0.0
Net Profit/(loss) after tax	(0.6)	(1.5)

*Includes IFRS 16 adjustments (unless otherwise stated)

Ratios (pre IFRS 16 Adjustments)

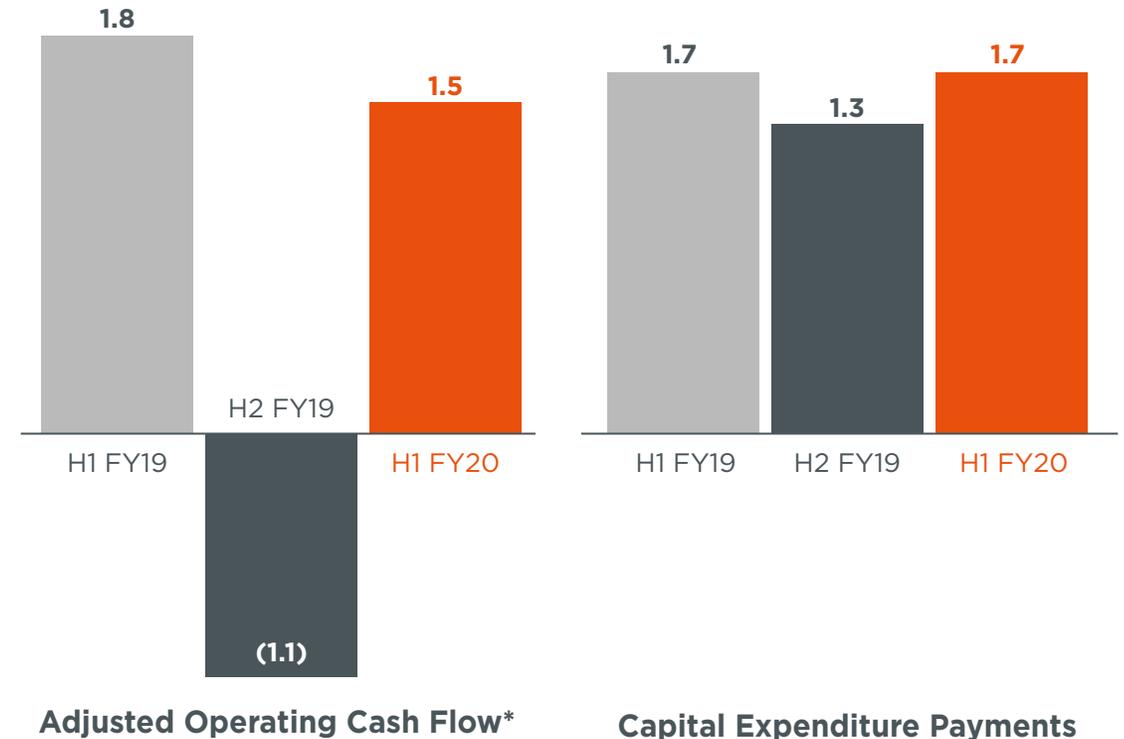
Gross Margin %	56.5%	59.6%
Overheads/Revenue %	53.3%	54.1%
Adjusted EBITDA Margin %	3.4%	5.4%
EPS (cents per share)	(0.16)	(0.41)

H1 FY20 Results |
Group Financial Position (m)

\$m	Jun-19	Dec-19*
Current assets	18.8	16.8
Non current assets	10.2	24.0
Total assets	29.0	40.8
Current liabilities	9.3	10.7
Term lease liabilities	-	12.0
Total equity	19.7	18.1
Net cash & cash equivalents	10.5	8.7

*Includes the adoption of IFRS 16 Leases - balance sheet includes right-of-use assets and lease liabilities. Lease payments reclassified as financing cash flow. Adjusted operating cash flow excludes non-recurring and non-operating items.

H1 FY20 Results |
Adjusted Operating Cash Flow & CAPEX (m)



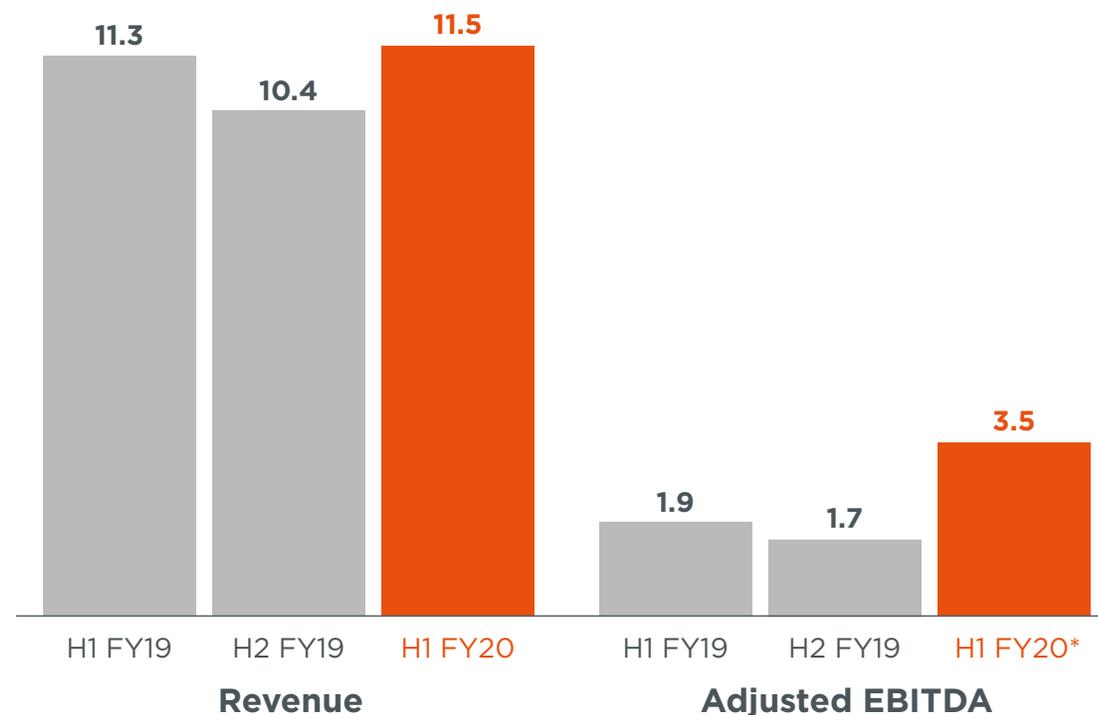
- \$8.7m of net cash - capital to self-fund growth strategies.
- Payments for fixed asset additions of \$1.7m, mainly related to deployment of technology in the UK.
- CAPEX consistent at \$1.7m, based on \$18k installation cost per new site.



Management Services

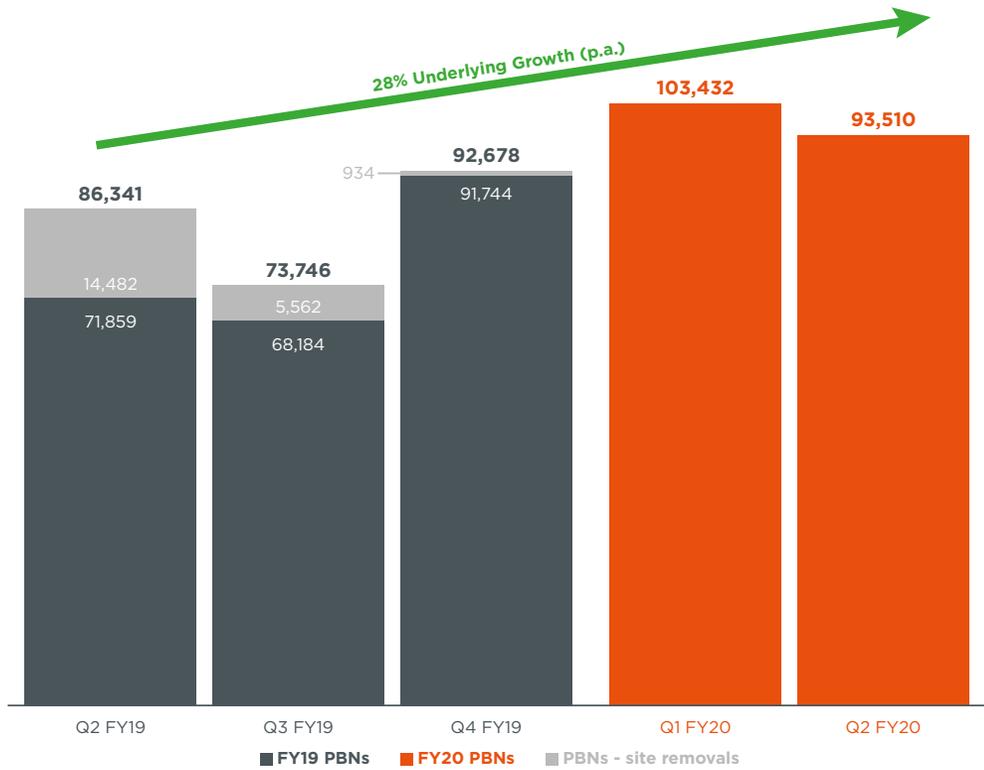
- Revenue increase to \$11.5m, up 1% on PCP. Adjusting H1 FY19 for abnormal site removals (\$2.2m revenue) underlying revenue was up 26%.
- Adjusted EBITDA of \$3.5m, up 84% on PCP (includes \$0.82m of IFRS benefits) up 41% on PCP (excludes impact of IFRS 16). Adjusting H1 FY19 for abnormal site removals (\$1.5m Adjusted EBITDA) underlying Adjusted EBITDA was up 509%.
- Strong Adjusted EBITDA margin expansion, an increase of 660 basis points to 23.4% (excludes impact of IFRS 16).
- Business growing strongly following successful sales and customer engagement strategy.
- Restructure of management team and field-based staff in December 19 will lead to annualised savings of \$1.0m - full 6 months contribution in H2 FY20.

H1 FY20 Results | Management Services Financials (m)

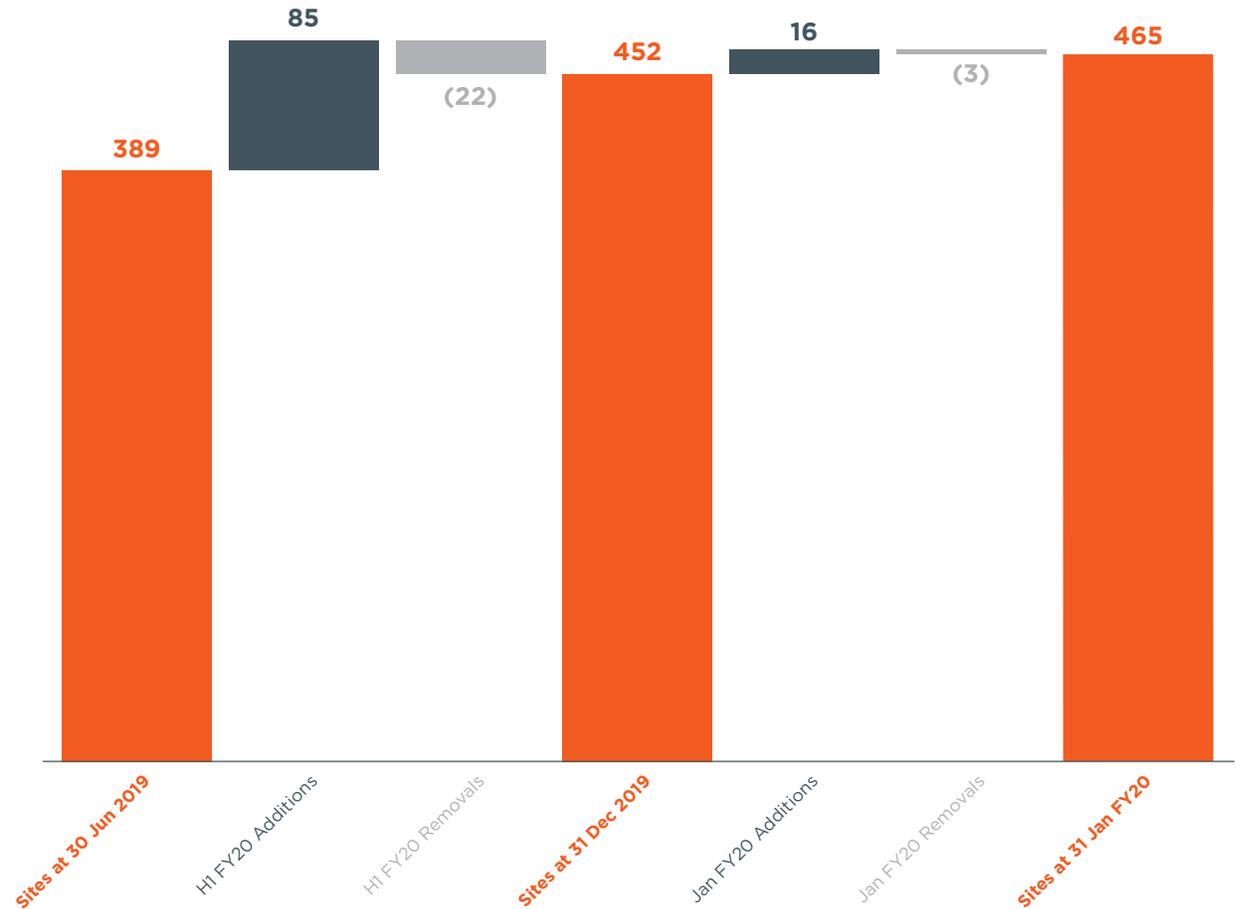


*H1 FY20 includes the adoption of IFRS 16 Leases. Adjusted EBITDA increased by \$0.8m as a result of adopting IFRS 16.

H1 FY20 Results | Parking Breach Notices Issued



H1 FY20 Results | Site Reconciliation



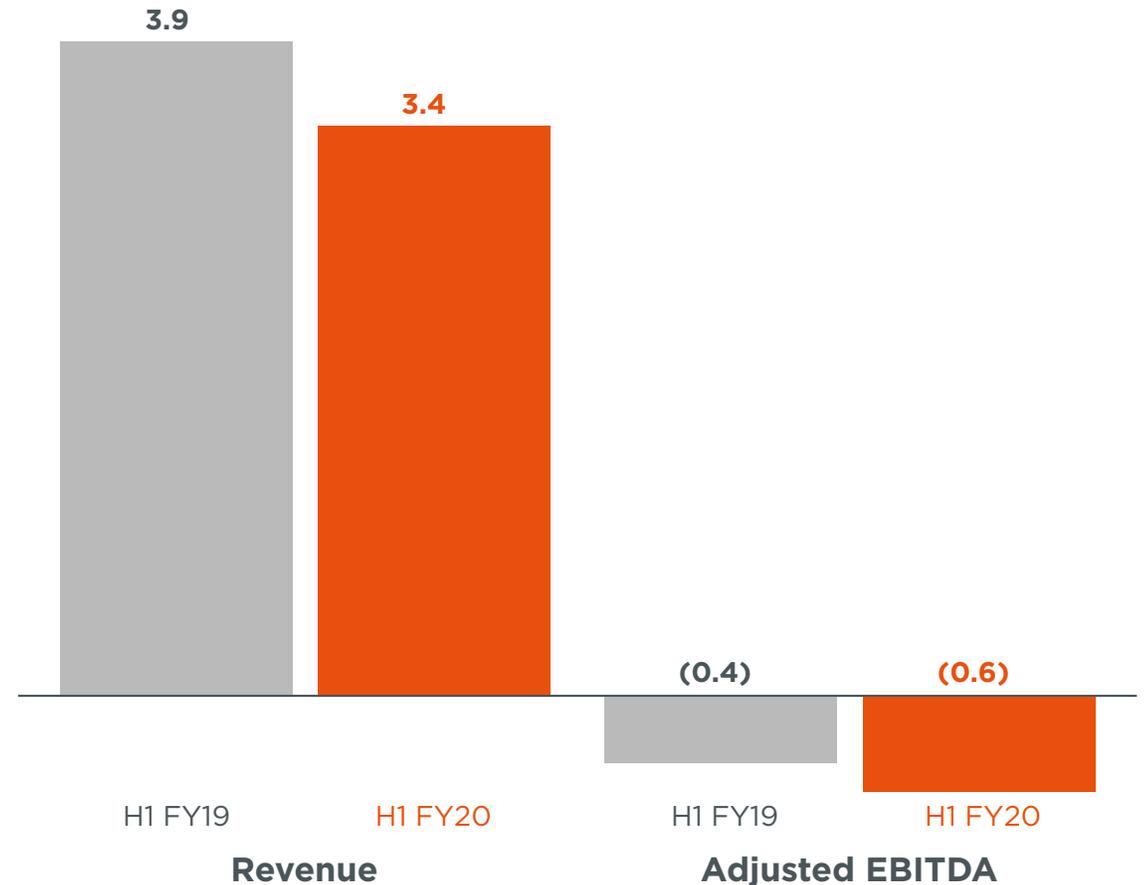
- PBNs up 28% on prior corresponding period (excluding abnormal site losses) with continued growth expected in H2 FY20.
- Of the 25 sites removed in FY20 to date, average PBNs issued was 28 p/mth, compared to portfolio average of 81 p/mth.
- Installed 85 sites in H1 FY20, with a focus on winning and installing 200 new sites in FY20.
- Continuous estate management for optimised return on capital invested.

Technology

- Technology revenue fell by 13%, impacted by customer delays in smart city project delivery.
- Contracted orders of \$2.4m to install in H2 FY20.
- Annualised committed recurring revenue of \$3.8m up 9% (from August 2019).
- Continue to win new business. Most recently, after a robust tender process, Smart Parking won the Gatwick Airport contract, worth \$2.4m over 5 years.
- Strong increase in tender activity with growing pipeline across all territories.



H1 FY20 Results | Technology Financials





H1 FY20
Business
Update



Business update: UK managed services

| Investments continue to drive growth

- Continued focus on capturing market share in the ANPR parking enforcement market place – total market of 45,000 car parking sites across the UK.
- Sales team investment and operational focus leading to 85 new sites in H1 – 101 new live sites at January 31st with SPZ targeting 200 new sites in FY20.
- Sales pipeline of new sites continues to grow – over 450 new sites in the pipeline.
- Keen operational focus ensuring estate optimization through camera performance measures and maintenance regime increasing ANPR image capture rates – SPZ see an average of 8 million cars per month through all car parks in our portfolio.
- Re-structure of management and field operations teams in December will realise \$1m in annualised savings.



Management services

| Diverse and growing customer base

- UK sales force continue to be successful in winning new sustainable business.
- Pipeline of new sites and clients growing beyond 450 locations.
- All new sites contracted for an average of three years.



Business update: Technology

| IoT and smart city opportunity underpin SPZ pipeline

- Despite customer project delays in H1 revenue, the Technology order book is growing with \$2.4m of contracted orders to execute in H2
- SPZ's position in the aviation market place is underpinned with a significant win at Gatwick Airport – SPZ technology will be improving customer experience and proving real-time data allowing efficient and effective car park management for Gatwick Airports
- Technology deployments in Germany continue to grow in retail locations through our German partner
- Significant business development activity in H1 with a marked increase in public tenders being submitted across all SPZ territories
- Smart City and IoT market opportunity is growing with further adoption across all market verticals



Growing technology customer base

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

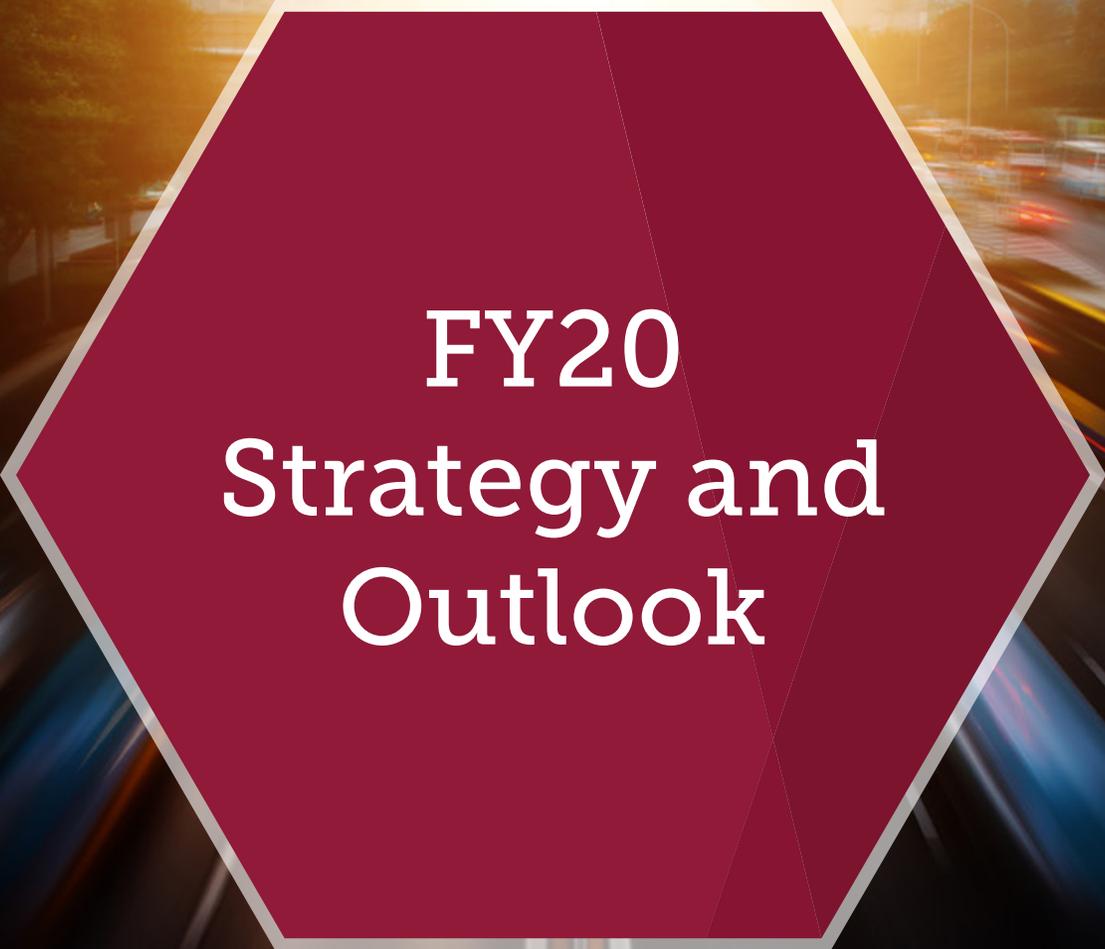


Business update: R&D

| Investment in technology preparing SPZ for the future

- **Enforcement Management System** – launching in H2 the product will provide a complete enforcement & contravention solution that will open wider market opportunities into the future.
- **Next generation parking app** – including AI based availability prediction, guidance, payment and enforcement tracking delivered to multiple customers with additional functionality.
- **SmartCloud platform** – continues to be the most comprehensive IoT platform with new features being added regularly, including:
 - kiosk based parking validation function
 - message processing from multiple IoT devices
 - smart lighting for council customers
 - smart LPR for parking management customers
 - ingestion of flight information and people counting data for aviation customers
- Smart Parking is committing investment for the future to capture market share in the growing IoT and smart cities marketplace.





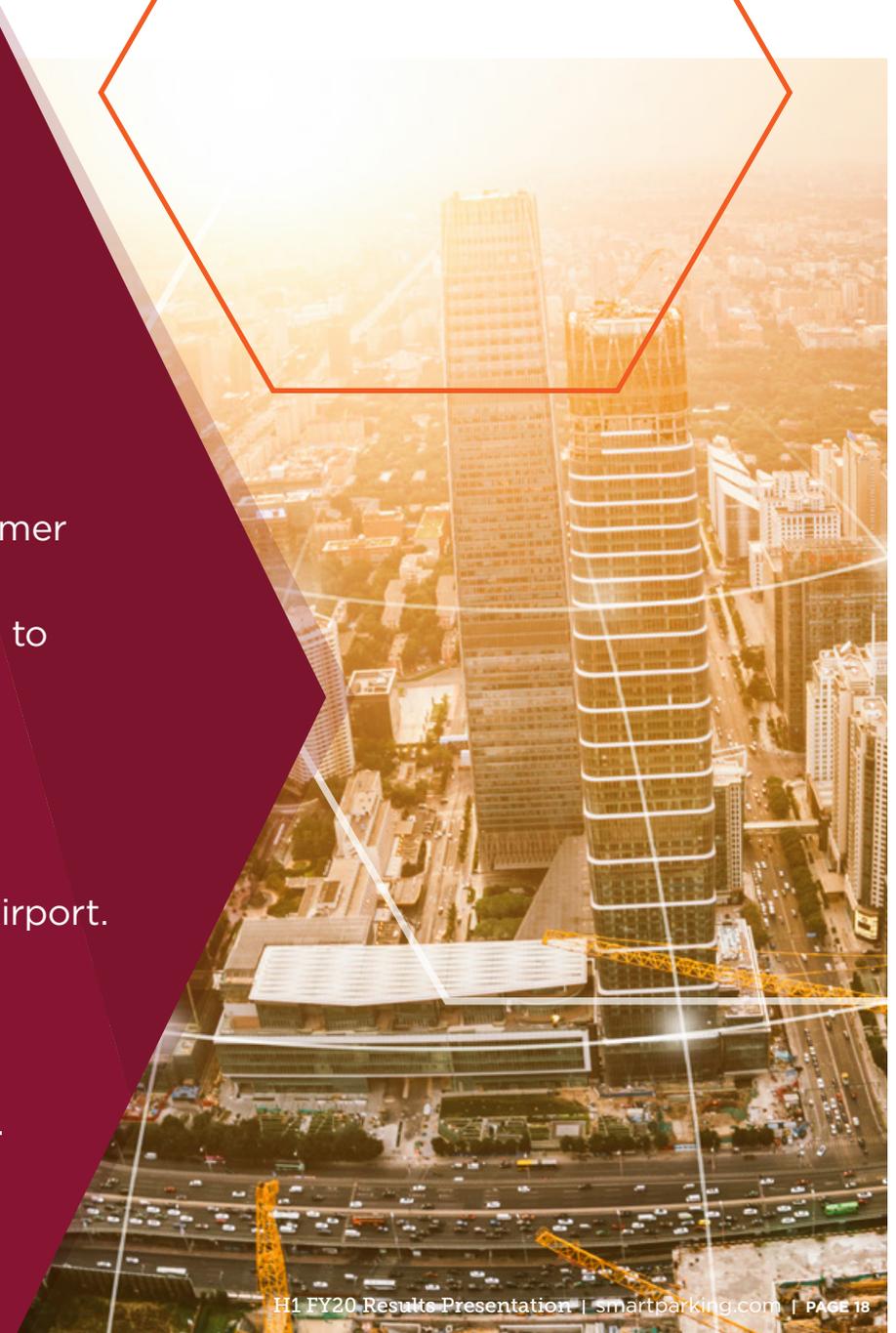
FY20
Strategy and
Outlook

FY20 Strategy and Goals – Services

- H2 FY20 started well with January PBNs up 29% compared to PCP
- Site growth to continue with a target of 200 new installations in FY20. Currently at 101 new sites at January 31st.
- Continued focus on technology led solutions to drive portfolio optimisation.
- Focus cost control, delivering \$1m of annualised savings.
- 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.

FY20 Strategy and Goals – Technology

- A strong start to H2 FY20 with key new business wins, in particular Gatwick Airport.
- Clear focus on product development and delivery for the Smart City and IoT market place globally.
- New enforcement management products being delivered in FY20 to generate future revenue streams and will continue to grow long-term recurring cash flow.
- Expansion across market verticals driving revenue through real time data.
- Global IoT opportunity reaffirmed with SPZ well positioned to capture market share.



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Supplementary Information

Smart Parking Group

- IFRS 16 adopted in H1 FY20:
 - \$0.89m increase to Adjusted EBITDA
 - \$1.0m increase to depreciation and interest expense
 - \$0.12m negative impact to net loss
- \$13.4m increase to lease liabilities and \$13.2m increase in right-of-use intangible assets.
- No change to net cash flow - operating expenses reclassified as financing cash flow.

H1 FY20 Results | IFRS 16 Reconciliation (m)

	Pre IFRS 16	IFRS 16 Adjustment	Post IFRS 16
Impact on Statement of Profit or Loss			
Adjusted EBITDA (Impact of reduction in operating lease costs)	0.16	0.89	1.95
Depreciation	(0.96)	(0.76)	(1.72)
Finance and interest expense	(0.04)	(0.25)	(0.29)
Net Loss before tax	(1.36)	(0.12)	(1.48)
Impact on Statement of Cash Flows			
Operating cash flows	0.56	0.89	1.45
Financing cash flows	(0.04)	(0.89)	(0.93)

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



ANPR Recognition

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

Validation & payment

Machines facilitate pay & walk or validate parking

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.

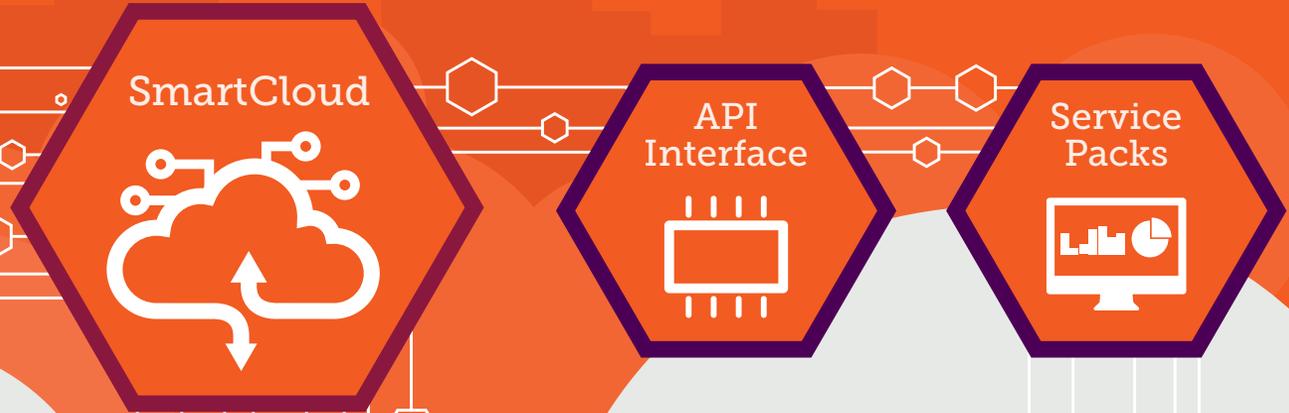
It is proven to serve a wide range of industries including supermarkets, retail, hotels, hospitals and leisure centres. Smart Parking's ANPR solution ensures greater compliance and increased parking revenue.

- 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

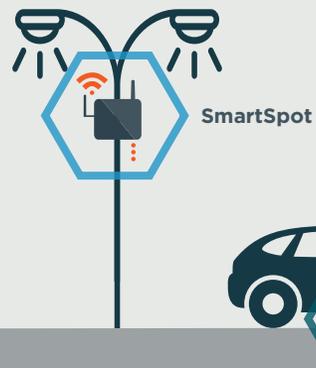
| Smart Parking's technology provides effective parking management solutions around the world.



SmartZones

On-Street Parking

Off-Street Parking



Marshall Handheld



In-Ground Sensor



Variable Message Signs



ANPR Camera



Car Counter



Infrared Sender



Overhead Guidance



Pay & Walk

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 not expected to occur in the future.

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

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