

# EML Payments

Disposal

## Sale of Sentenial agreed

Software and comp services

**EML Payments has agreed to sell Sentenial to GoCardless for an enterprise value of €32.75m/A\$54.1m. As Sentenial is currently loss-making, the disposal will be earnings and cashflow accretive to EML in year one. Proceeds from the sale will be used to reduce debt and strengthen EML's balance sheet. This disposal combined with the liquidation of PFS Card Services Ireland (PCSIL) leaves EML as a more focused group specialising in prepaid cards, with all remaining businesses profitable and cash generating.**

18 March 2024

**Price** **A\$1.26**  
**Market cap** **A\$472m**

Net debt (A\$m) at end H124	13.7
Shares in issue	374.9m
Free float	93%
Code	EML
Primary exchange	ASX
Secondary exchange	N/A

Year end	Revenue (A\$m)	EBITDA* (A\$m)	PBT** (A\$m)	Diluted EPS** (c)	DPS (c)	P/E (x)	EV/EBITDA* (x)
06/22	232.4	51.2	16.0	3.4	0	37.1	9.6
06/23	254.2	37.1	(22.8)	(4.9)	0	N/A	13.3
06/24e	262.1	55.7	27.5	5.7	0	22.0	8.8
06/25e	238.0	62.5	39.8	8.3	0	15.2	7.9

Note: \*Underlying \*\*PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

As part of the ongoing strategic review, EML had already disclosed that it had received expressions of interest for the Sentenial business and this announcement confirms that an agreement has been signed with GoCardless. The sale price is €32.75m/A\$54.1m and is subject to customary completion adjustments for working capital and net debt. The agreement also includes a potential downward price adjustment linked to ongoing key contract performance (capped at €7.5m) in the period to completion and an earnout based on recurring revenue from new contracts signed by Sentenial between 1 February 2024 and 30 days after completion.

EML acquired Sentenial for €70m/A\$94m (56% cash, 44% equity) in 2021. The company noted that it is expecting a A\$2m EBITDA loss from the business in FY24. Proceeds of A\$54.1m would shift our end-FY24e net debt position of A\$22.6m to a net cash position of A\$31.5m. We maintain our forecasts pending completion of the deal.

The sale is subject to approval from the French and UK financial regulators, L'Autorité de contrôle prudentiel et de résolution and the Financial Conduct Authority respectively. This approval is expected to be received in three to six months. The parties have agreed that, up to completion, obligations and restrictions will apply to the conduct of the Sentenial business, including relating to regulatory obligations, with any breach potentially being recoverable under indemnities and a financially material breach potentially triggering the right for GoCardless to terminate the sale.

### Share price performance



### 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.

### Analyst

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