

EML Payments

Strategic update

Shifting focus to solve current challenges

Software and comp services

EML Payments has announced the appointment of a new interim CEO and a renewed focus to solve the immediate challenges facing the company. This includes strengthening support for the regulatory remediation process, optimising costs, targeting growth in core business areas and retaining talent. The board has also appointed Barrenjoey to conduct a strategic review of the business. We maintain our estimates.

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	12.4	5.9
06/22	232.4	16.0	19.3	3.4	0	24.0	6.1
06/23e	240.3	(23.1)	(22.0)	(4.9)	0	N/A	11.9
06/24e	253.2	2.0	3.0	0.4	0	189.1	10.9

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. ***Based on underlying EBITDA.

The board was renewed in February and has since worked with internal and external stakeholders to form a view on the priorities for the company. It has decided to shift the focus from the long-range strategy announced in November 2022 to address the more immediate challenges faced by the business.

CEO Emma Shand has resigned and interim CEO Kevin Murphy has been appointed to execute the new plan. Mr Murphy has payments industry expertise, regulatory experience (including with the Central Bank of Ireland (CBI)) and has been involved in several successful turnarounds for private equity funds. The board has started a global recruitment process for a permanent group CEO; Mr Murphy will be considered for this role.

Immediate operational priorities include: (1) engaging with regulators, including the CBI and the Financial Conduct Authority, and progressing remediation efforts. A search is underway for an additional appointment to the board sub-committee with experience in remediation processes in Ireland and the UK; (2) an enterprise-wide cost-optimisation process; (3) targeted growth of profitable business lines; and (4) talent retention, with team incentives linked to successful remediation delivery.

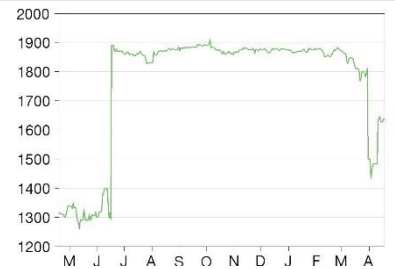
On 23 February, the board announced it was launching a strategic review of the business. It has since appointed Barrenjoey to conduct this review, to consider all options available, including the potential sale of all or parts of the business to maximise shareholder value.

19 April 2023

Price **A\$0.815**
Market cap **A\$305m**

Net debt (A\$m) at end H123	6.8
Shares in issue	374.0m
Free float	93%
Code	EML
Primary exchange	ASX
Secondary exchange	N/A

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.

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