

# EML Payments

FY22 results

## New CEO launches strategic review

Software and comp services

EML Payments reported FY22 underlying EBITDA just below guidance and underlying NPATA ahead of guidance. With EML now under strategic review, no quantitative guidance was given for FY23. Management noted several positives (the improving interest rate environment and that regulator-set growth caps in the General Purpose Reloadable (GPR) European business were not currently constraining divisional growth) but also highlighted the Q4 overheads run rate and cost inflation.

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	13.1	7.8
06/22	232.4	15.2	19.3	3.2	0	25.3	9.7
06/23e	255.5	36.1	31.4	7.6	0	11.3	5.7
06/24e	294.2	52.5	44.5	11.1	0	7.8	4.2

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.

EML Payments reported FY22 gross debit volume (GDV) of A\$80.2bn (guidance A\$79–84bn; our forecast A\$80.6bn) and revenue of A\$234.1m (or A\$232.4m after bond amortisation adjustment) versus guidance of A\$225–235m and our A\$229.1m forecast. Gross margin of 68% was slightly below the 69% expected by the company, which when combined with overheads at the top end of EML's provided range resulted in underlying EBITDA of A\$51.2m, just below the guidance range of A\$52–55m and our A\$52.1m forecast. Conversely, underlying NPATA of A\$32.1m was ahead of guidance of A\$27–30m and our A\$27.5m forecast. With operating cash flows significantly lower than our forecast, EML closed the year with net debt of A\$9.7m, compared to our A\$42.6m net cash forecast. The recently appointed CEO, Emma Shand, announced a strategic review, which will be presented to shareholders at the November AGM, and consequently no FY23 guidance was provided. Initial changes include combining the North American and European Gift & Incentive (G&I) businesses and separating the global risk and compliance functions. EML also announced a A\$20m share buyback starting 5 September, partially funded by the sale of the company's FinLab investment in Interchecks for A\$10.6m. Post results, EML announced that it had uncovered fraudulent activity from an identified set of merchants in Sentenial's direct debit processing business during August. It is currently investigating and taking steps to recover the losses, with the maximum loss estimated at A\$7.9m.

30 August 2022

**Price** **A\$0.86**  
**Market cap** **A\$321m**

Net debt at end FY22	A\$9.7m
Shares in issue	373.7m
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.

### Analyst

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