

AFTERPAY TOUCH GROUP (APT)

23 AUGUST 2018

RESULTS	Full Year 2018	Full Year 2017	CHANGE
Net Profit/(Loss) After Tax (\$m)	(8,976)	(9,620)	+7%
Net Profit/(Loss) (\$m) Consensus	12,423	-	-
Revenue (\$m)	113,899	22,906	+397%
Revenue (\$m) Consensus	113,750	-	-
EBITDA (\$m)	33,768	5,950	+468%
Total Active Customers (million)	2.30	0.8	+176
Final Dividend (\$)	n/a	n/a	-

Afterpay Touch Group (APT) looking for further growth in the UK

- Afterpay Touch Group (APT) is a technology based payments company which operates a Pay Later business - Afterpay, and a Pay Now business - Touchcorp. Afterpay generates its revenue from transaction fees paid by its retail merchant clients (Merchant Fees) in relation to underlying Afterpay sales. Pay Now generates revenue from four sources: Transaction fees, Integration fees for the connection of new customers to the Touch System Platform; Integration fees for granting existing customers access to additional service models; and Infrastructure fees for providing a bespoke Touch platform.
- The group has reported a statutory loss after tax of \$9 million. The before tax loss was \$7.6 million compared to a \$14.4 million dollar loss in the previous corresponding period (pcp), a decrease of 47%. The losses were impacted by non-cash share-based payments (non-cash) for new senior executives and one-off costs, primarily related to the merger of Touchcorp by Afterpay at the end of June 2017 and the group's international expansion. The share-based payments expense was \$16.4 million (non-cash) for the year ended 30 June 2018.
- Revenue for the period increased from \$22.9 million to \$113.9 million or 397% due to the increase in the number of merchants now using the group's payment platform. Over the year, merchant numbers increased by 195% from 6 million to 17.7 million. In percentage terms, there was a similar increase in customer numbers, a rise of 176% to 2.3 million, an increase of 1.5 million customers. APT says that 92% of customers are active and returning customers. The average customer purchases increased over the year from \$0.7k for the 2017 financial year to \$1.1k for the 2018 financial year. Additionally, the increase in revenue reflected the first year of consolidating acquisitions. The growth in the Afterpay brand contributed to \$88.3 million of the \$113 million in revenue from ordinary activities, while Pay Now contributed the remaining \$25 million.
- Strong underlying operating cash flows, feature in the period due to the increase in merchant sales and repayments from customers. Operating cash flows for the period were \$35.4 million. Receipts from customers increased from \$440.9 million to \$2.2 billion, while payments to merchants increased from \$516.1 million to \$2.3 billion.
- The Group commenced U.S. operations mid May 2018 and enjoyed immediate traction. Over a period of less than two months of operations, there were more than 120 U.S. merchants and 50k customers utilising the Afterpay platform.
- In announcing the full year result, APT announced that it had entered into a Share Purchase Agreement (SPA) to acquire ClearPay Finance Limited (ClearPay), a U.K. based payments company through which customers can purchase items up to £450 in value and make repayments in three interest-free monthly instalments. The acquisition was completed on 23 August 2018, and APT shares were placed in a trading halt as a capital raising was undertaken to fund the acquisition.

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