

# UMT United Mobility Technology

**Technology**
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## Moving up a gear with Amex group contract

Courtesy of a deal with Amex subsidiary Payback, United Mobility Technology (UMT) is shortly to begin offering mobile payment services on a white-label basis across c 45% of Germany's retail sector. Payback is by far Germany's largest loyalty programme with 27.5 million users in Germany and 75 million worldwide. Of the former, seven million already use the Payback app and early adoption prospects should be boosted by plans for a heavily marketed launch. With PwC forecasting a 100%+ CAGR in the German mobile payment market to €1bn by 2020, UMT is set to become a fast-growing EU market leader.

### UMT's platform best in class

In its 2014 review of the German mobile payment market, PwC awarded UMT's mobile payment platform "best mobile payment product". Its ease of use for both consumers (easy registration, fast payment process, any smartphone) and retailers (no need to install any new hardware and technology agnostic via NFC, QR codes, barcodes, iBeacons etc) is a key competitive strength. UMT is also able to seamlessly integrate with third-party services such as loyalty schemes (Payback).

### Payback contract to put UMT in the lead

UMT has a five-year contract with Payback plus an option to extend, which will start from the launch of operations (phased roll-out to Payback's retailer base is planned from Q216). Based on Payback's existing 8.0 million app users, UMT believes early adopters could number two/three million, which we see as achievable.

### Business model: Transaction fees set to grow

At present, the bulk of UMT's revenues are derived from setup fees and consulting work, much of which relates to preparations for the Payback launch. Helped by revenues from the Payback platform, UMT expects to see strong growth in annual licence and transaction fees and is also looking to repackage data generated from the platform, which could become a major future revenue stream. Elsewhere, the group is in advanced talks to gain new white-label customers and is expanding its branded mobile payments operator, iPAYst, across Europe. UMT is also looking to acquire firms that can use UMT technology to expand the value added for clients.

### Valuation: 2016 the year of transition

UMT plans to publish its first consolidated accounts in 2016, which, together with subscriber data, should enable the market to meaningfully value the shares.

#### Unconsolidated historical numbers (German GAAP)

Year end	Gross profit (€000s)	PBT (€000s)	EPS (c)	DPS (c)	P/E (x)	Yield (%)
12/13	822	174	2.88	0.0	43.4	N/A
12/14	1,340	486	4.08	0.0	30.6	N/A
H114	1,278	133	0.89	0.0	140.4	N/A
H115	1,097	605	4.03	0.0	15.5*	N/A

Source: UMT. Note: \*Annualised.

**Price** €1.25

**Market cap** €20m

#### Share price graph



#### Share details

Code	UMD
Listing	Xetra, Frankfurt
Shares in issue	15.9m

#### Business description

UMT is a technology company engaged in developing and operating highly scalable technology solutions. Its main focuses are a technology agnostic mobile payment and loyalty platform, which is offered white-label, co-branded or own-label (iPAYst), as well as consulting services to large enterprises.

#### Bull

- Via its Payback partnership, UMT is set to become the largest European mobile payment network covering 45% of German brick and mortar and 50% of e-commerce markets by volume.
- Technology agnostic standardised system can be deployed for mobile and loyalty programme payments without additional hardware installation by retailer.
- High degree of scalability and economies of scale in providing a service to merchants internationally.

#### Bear

- Major exposure to Payback as largest customer.
- White-label services potentially provide less revenue security than branded services.
- UMT may need to find a partner for its iPAYst business to enable it to compete against players with larger marketing budgets.

#### Analysts

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