

Boku

FY17 results

Making payments pay

Boku's FY17 results confirmed growth in all metrics, as new merchant connections helped drive a more than doubling of monthly active users and a tripling of payment volumes. With underlying costs actually falling year-on-year, the company significantly reduced losses and is on course to generate positive operating profit and EPS in FY18. FY18 outlook is unchanged and our forecasts are substantially unchanged. With net cash of \$16m, the company is in a strong position to fund future growth, with products under development to use carrier data to optimise e-commerce.

| Year end | Revenue (\$m) | EBITDA* (\$m) | EPS* (\$) | DPS (\$) | P/E (x) | EV/EBITDA (x) |
|----------|---------------|---------------|-----------|----------|---------|---------------|
| 12/16 | 17.2 | (12.3) | (0.08) | 0.0 | N/A | N/A |
| 12/17 | 24.4 | (2.3) | (0.03) | 0.0 | N/A | N/A |
| 12/18e | 32.7 | 4.9 | 0.01 | 0.0 | 133.7 | 49.0 |
| 12/19e | 40.1 | 11.6 | 0.03 | 0.0 | 36.7 | 20.6 |
| 12/20e | 47.8 | 18.5 | 0.06 | 0.0 | 20.6 | 12.9 |

Note: *EBITDA and EPS (diluted) are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

FY17 results in line; strong growth in all metrics

Boku reported FY17 results in line with our expectations: strong growth in monthly active users (+141% y-o-y) generated growth in total payment volumes (TPV) of 207% y-o-y which, once taking into account the mix of transaction types, resulted in revenue growth of 42%. Better buying power and lower underlying operating costs led to a substantial narrowing of the EBITDA loss from \$12.3m in FY16 to \$2.3m in FY17, with positive EBITDA in H217. As a result of funds raised in the November IPO, the company closed the year with a net cash position of \$16.2m.

Positive FY18 outlook; development of new products

The combination of new connections, growth in digital content, and growth in user numbers from recent connections support our revenue forecasts in the short to medium term. Longer term, Boku is looking to supplement its payment solutions with new products relating to customer registration, authentication and location. As management expects FY18 TPV and revenue growth to be in line with market expectations, we make no changes to our revenue and EBITDA forecasts. Small changes to operating profit and net income relate to revised amortisation forecasts.

Valuation: Reflects strong growth potential

Near-term EV/EBITDA and P/E multiples are at a premium to peers, but in our view are justified by the company's strong sustainable earnings growth potential. Data points to evidence that Boku is meeting or beating its current plan include updates on new major merchant wins, existing merchant roll-outs to new carriers and/or new geographies, TPV growth, and tracking the performance of current key merchants. In the longer term, we expect to see new products developed to extend the services that can be offered by merchants and MNOs, and could see bolt-on acquisitions to acquire technology or customer relationships.

Software & comp services

11 April 2018

Price **84.5p**
Market cap **£181m**

\$1.41:£1

Net cash (\$m) at end FY17 16.2

Shares in issue 213.7m

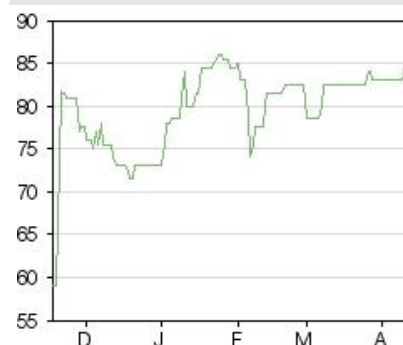
Free float 35.4%

Code BOKU

Primary exchange AIM

Secondary exchange N/A

Share price performance



% 1m 3m 12m

Abs 2.4 0.6 N/A

Rel (local) 2.4 7.0 N/A

52-week high/low 86.0p 59.0p

Business description

Boku is the largest independent direct carrier billing (DCB) company. DCB uses a consumer's mobile bill (pre-paid credit or post-paid monthly bill) as the means to pay for digital content or services. Boku operates a billing platform that connects merchants with mobile network operators (MNOs) in more than 50 countries. It has 148 employees, with its main offices in the US, UK, Germany and India.

Next events

H118 trading update July 2018

Analysts

Katherine Thompson +44 (0)20 3077 5730

Alasdair Young +44 (0)20 3077 5700

tech@edisongroup.com
[Edison profile page](#)

**Boku is a research client of
Edison Investment Research
Limited**

Review of FY17 results

Exhibit 1: FY17 results highlights

| \$m | FY17e | FY17a | Diff | y-o-y |
|------------------------------------|--------|--------|---------|--------|
| Revenues | 24.0 | 24.4 | 1.8% | 42.0% |
| Gross profit | 22.0 | 22.1 | 0.6% | 58.2% |
| Gross margin | 91.8% | 90.7% | -1.0% | 9.3% |
| EBITDA | (2.5) | (2.3) | 7.1% | 81.1% |
| EBITDA margin | -10.4% | -9.5% | -8.7% | 61.9% |
| Normalised operating profit | (4.0) | (4.0) | 0.3% | 70.7% |
| Normalised operating profit margin | -16.8% | -16.5% | 0.3% | 63.5% |
| Reported operating profit | (6.8) | (8.4) | -23.6% | 57.7% |
| Reported operating margin | -28.4% | -34.5% | -6.1% | 81.3% |
| Normalised PBT | (6.3) | (6.4) | -1.7% | 57.0% |
| Reported PBT | (9.1) | (28.0) | -206.7% | -32.3% |
| Normalised net income | (4.8) | (4.8) | -1.7% | 57.0% |
| Reported net income | (9.3) | (28.1) | -202.0% | -36.4% |
| Normalised basic EPS | (0.09) | (0.03) | 65.5% | 59.9% |
| Normalised diluted EPS | (0.09) | (0.03) | 65.5% | 59.9% |
| Reported basic EPS | (0.18) | (0.19) | -2.4% | |
| Dividend per share | 0.00 | 0.00 | N/A | N/A |
| Net debt/(cash) | (17.0) | (16.2) | -4.5% | 101.9% |

Source: Boku

Boku reported revenues, gross profit and adjusted EBITDA marginally ahead of our forecasts for FY17. Revenues increased 42% y-o-y and gross profit 58%. As a result of stronger buying power, Boku reduced the absolute amount of costs of goods, resulting in gross margin expansion from 81% in FY16 to 91% in FY17. Adjusted operating expenses (which exclude depreciation, amortisation, share-based payments, FX and exceptional items) reduced 6.9% y-o-y to \$24.5m, as the company switched some engineering resource from the US to India. The FY17 EBITDA loss of \$2.3m reduced significantly from the \$12.3m loss reported in FY16. With an EBITDA loss of \$2.76m reported in H117, this implies a positive EBITDA of \$0.44m in H217 (3.1% margin).

Normalised operating profit was in line with our forecast, whereas a \$2.2m exceptional charge for the secondary element of the recent IPO resulted in a higher reported operating loss than we had forecast. The convertible debt (\$15.1m at end FY16) that converted just prior to the IPO resulted in an exceptional finance charge of \$17.1m. On a normalised basis, the company reduced the net loss from \$22.3m in FY16 to \$4.8m in FY17. Net cash at year-end, excluding restricted cash of \$1.4m, stood at \$16.2m, made up of gross cash of \$18.7m and short-term debt of \$2.5m (the company paid down some of its facility with Silicon Valley Bank, which stood at \$6.1m at the end of FY16).

Transaction-based volumes drive TPV, reduce average take rate

As previously announced in the January trading update, total payment volume (TPV) tripled year-on-year from \$554m in FY16 to \$1.7bn in FY17. We calculate that the “take rate” reduced from 3.1% in FY16 to 1.4% in FY17, reflecting the significant growth in lower-margin, transaction-based volumes compared to higher-margin, settlement-based volumes. Monthly active users in December reached 8.1 million, up from 3.4 million in December 2016. The company noted that the average transaction value had increased from \$8 in FY16 to nearly \$11 in FY17.

Positive momentum continues into Q118

The company reports that TPV in Q118 totalled \$727m (+170% y-o-y) and monthly active users had increased to 9.2 million by quarter end (+138% y-o-y, +14% q-o-q). On the basis of trading year to

date, management is confident that it can meet market expectations for revenue and expects to be EBITDA positive throughout the year.

Benefits of scale becoming evident

The company has managed to reduce cost of goods sold and adjusted operating expenses in FY17, while growing revenues by 42%. The company noted that the cost to implement a new connection to its platform has roughly halved over the last couple of years. This has resulted in a substantial narrowing of the EBITDA loss for the year, and a positive EBITDA for H217. With only a small increase expected in adjusted operating expenses in FY18, any additional revenues should drop through to operating profit at very high margins. Year to date, the company is EBITDA positive on a monthly run rate and we expect a full year EBITDA of \$4.9m in FY18.

To cope with the increasing volume of transactions passing across the platform, the company has tested the system up to a peak volume of 400 transactions per second, which compares to the current peak of c 200 transactions per second. Storage capacity was doubled recently, significantly improving latency but with no increase in system costs.

Business update

Increasing merchant connections

In FY17, Boku added 45 Boku Account connections to a number of merchants, including Apple, Microsoft and Spotify. The company has successfully migrated EE in the UK (30 million subscribers) and MTS (78 million subscribers across Europe) onto its platform for their existing Google Play Store connections. A quote from MTS confirms that it has seen a 30% uplift in volumes since the switch as well as a more stable service. Boku started roll-out to Activision Blizzard during FY17.

When we last wrote in February,¹ Apple was using Boku's platform to offer DCB in 29 countries via 48 operators. Since then, Apple has added six carriers including EE in the UK, Orange in France and Telekom in Germany, and now serves 32 countries.

The company continues to focus its efforts on signing up the largest merchants in the largest addressable markets, as opposed to adding connections to every operator in every country. We note that Netflix has a contract with Boku to trial its service and, if it decides to roll out DCB more widely, Boku should be well placed to benefit.

Product development: Registration, verification and location

While some product development resource will be focused on billing solutions, the company is also keen to widen its product range to take advantage of the platform it has built and the network of operator connections it has already made. As MNOs have access to a certain amount of information on subscribers such as name, age, postal address, email address, credit status (for post-paid contracts) and location, Boku believes it can help operators to provide services that make use of some of these data. This includes services related to registration (eg form-filling), verification (eg provision of utility bill, confirming address) and location. The company has created a new division, Boku Mobile Identity, to develop these solutions and will consider both in-house development and/or the acquisition of relevant companies to accelerate the process. The intention is that these new products would start to contribute revenues from FY19.

¹ [Extending the reach of digital content merchants](#), 28 February 2018.

Changes to forecasts

We have made minimal changes to our forecasts, as the outlook for FY18 is unchanged. The table below summarises the changes. We have made small adjustments to our amortisation forecasts to reflect the amounts reported in FY17; this results in small changes to our operating profit and net income forecasts.

Exhibit 2: Changes to estimates

| \$m | FY18e | | | | FY19e | | | | FY20e | | | |
|------------------------------------|--------|--------|--------|-------|--------|--------|--------|---------|--------|--------|--------|--------|
| | Old | New | Change | y-o-y | Old | New | Change | y-o-y | Old | New | Change | y-o-y |
| Revenues | 32.7 | 32.7 | 0.0% | 33.8% | 40.1 | 40.1 | 0.0% | 22.7% | 47.8 | 47.8 | 0.0% | 19.4% |
| Gross profit | 30.3 | 30.3 | 0.0% | 36.8% | 37.4 | 37.4 | 0.0% | 23.4% | 44.7 | 44.7 | 0.0% | 19.7% |
| Gross margin | 92.8% | 92.8% | 0.0% | 2.0% | 93.3% | 93.3% | 0.0% | 0.5% | 93.5% | 93.5% | 0.0% | 0.2% |
| EBITDA | 4.9 | 4.9 | -0.4% | N/A | 11.6 | 11.6 | 0.3% | 138.2% | 18.5 | 18.5 | 0.2% | 59.9% |
| EBITDA margin | 15.0% | 14.9% | -0.4% | N/A | 28.9% | 29.0% | 0.3% | 14.0% | 38.7% | 38.8% | 0.2% | 9.8% |
| Normalised operating profit | 3.3 | 3.5 | 6.2% | N/A | 10.2 | 10.4 | 1.5% | 199.9% | 18.0 | 18.1 | 0.2% | 74.0% |
| Normalised operating profit margin | 10.0% | 10.6% | 0.6% | N/A | 25.5% | 25.9% | 0.4% | 15.3% | 37.7% | 37.7% | 0.1% | 11.8% |
| Reported operating profit | 0.9 | 1.0 | 13.9% | N/A | 7.8 | 7.9 | 1.0% | 686.5% | 15.7 | 15.6 | -0.3% | 96.9% |
| Reported operating margin | 2.7% | 3.1% | 0.4% | N/A | 19.6% | 19.8% | 0.2% | 16.7% | 32.7% | 32.6% | -0.1% | 12.8% |
| Normalised PBT | 2.5 | 2.7 | 8.1% | N/A | 9.7 | 9.8 | 1.6% | 264.3% | 17.5 | 17.5 | 0.2% | 78.2% |
| Reported PBT | 0.1 | 0.2 | 102.6% | N/A | 7.3 | 7.4 | 1.1% | 2939.0% | 15.1 | 15.0 | -0.3% | 104.3% |
| Normalised net income | 2.0 | 2.1 | 8.1% | N/A | 7.6 | 7.8 | 1.6% | 264.3% | 13.8 | 13.8 | 0.2% | 78.2% |
| Reported net income | 0.1 | 0.2 | 193.8% | N/A | 6.9 | 7.0 | 1.1% | 3699.3% | 13.6 | 13.5 | -0.3% | 93.5% |
| Normalised basic EPS | 0.01 | 0.01 | 8.1% | N/A | 0.04 | 0.04 | 1.6% | 264.3% | 0.06 | 0.06 | 0.2% | 78.2% |
| Normalised diluted EPS | 0.01 | 0.01 | 8.1% | N/A | 0.03 | 0.03 | 1.6% | 264.3% | 0.06 | 0.06 | 0.2% | 78.2% |
| Reported basic EPS | 0.00 | 0.00 | 193.8% | N/A | 0.03 | 0.03 | 1.1% | 3699.3% | 0.06 | 0.06 | -0.3% | 93.5% |
| Net debt/(cash) | (20.8) | (21.4) | 2.7% | 31.8% | (31.9) | (32.0) | 0.4% | 49.8% | (49.3) | (49.0) | -0.5% | 53.2% |

Source: Edison Investment Research

Valuation

We have compared Boku's valuation metrics to the wider payment processing market on a two-year view – by FY19, Boku is trading on an EV/EBITDA multiple of 20.6x, compared to the peer group average of 16.4x. By FY20, we expect this to reduce to 12.9x. Over this period, Boku is forecast to grow revenues faster than the peer group average. On a free cash flow basis, we forecast that Boku will be yielding 4.4% in FY19 compared to the 6.1% average for the peer group (excluding First Data, which is heavily indebted). As Boku moves into FY20, we forecast a free cash flow yield of 6.9%; only limited consensus data are available for this period.

Exhibit 3: Peer group financial metrics

| | Share price | Market cap | EV | Rev growth | | | EBITDA margin | | | EBIT margin | | |
|-----------------------------------|-------------|------------|---------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|--------------|
| | List ccy | List ccy | Rep ccy | 2017 | 2018e | 2019e | 2017 | 2018e | 2019e | 2017 | 2018e | 2019e |
| Boku | 84.5 | 181 | 238 | 42.0% | 33.8% | 22.7% | -9.5% | 14.9% | 29.0% | -34.5% | 3.1% | 19.8% |
| Bango | 157.5 | 110 | 105 | 58.2% | 97.5% | 53.0% | -55.6% | 23.2% | 46.2% | -93.7% | 15.9% | N/A |
| Ingenico | 67.88 | 4,233 | 5,750 | 8.6% | 11.0% | 7.0% | 19.2% | 19.9% | 20.3% | 14.8% | 16.2% | 16.9% |
| Safecharge | 296 | 438 | 510 | 7.3% | 14.2% | 13.0% | 26.7% | 29.3% | 29.3% | 22.1% | 24.9% | 24.9% |
| Worldline | 41.1 | 5,463 | 5,329 | 21.7% | 7.1% | 6.9% | 17.3% | 22.3% | 23.3% | 11.6% | 17.0% | 17.9% |
| Wirecard | 101.25 | 12,511 | 11,739 | 43.9% | 27.4% | 21.3% | 27.8% | 28.6% | 29.8% | 22.3% | 23.3% | 25.0% |
| FIS | 97.15 | 32,177 | 40,351 | -1.3% | -6.2% | 3.4% | 31.6% | 36.6% | 37.3% | 16.4% | 28.5% | 29.5% |
| First Data Corp | 15.845 | 14,717 | 33,489 | 3.7% | -3.0% | 4.8% | 34.3% | 42.2% | 42.6% | 21.1% | 26.5% | 28.0% |
| Fiserv | 71.02 | 29,334 | 33,909 | 3.5% | 3.0% | 4.3% | 34.5% | 36.3% | 36.6% | 26.9% | 31.2% | 31.9% |
| Global Payments | 110.37 | 17,607 | 21,737 | 37.2% | -0.7% | 9.9% | 25.4% | 34.0% | 34.6% | 14.1% | 31.4% | 32.1% |
| PayPal | 76.59 | 91,884 | 87,261 | 20.8% | 16.4% | 15.9% | 22.4% | 26.3% | 26.5% | 16.2% | 20.1% | 21.1% |
| Square | 47.07 | 18,645 | 18,144 | 43.3% | 36.0% | 29.5% | 14.1% | 18.8% | 24.6% | -5.5% | 0.2% | 7.2% |
| Worldpay | 80.65 | 25,235 | 30,884 | 11.5% | 82.3% | 9.5% | 39.6% | 46.8% | 50.1% | 24.6% | 41.9% | 47.1% |
| Average payment processors | | | | 21.5% | 23.8% | 14.9% | 26.6% | 30.4% | 33.4% | 16.8% | 23.1% | 25.6% |

Source: Edison Investment Research, Bloomberg (as at 9 April)

Exhibit 4: Peer group valuation multiples

| | EV/EBITDA | | | P/E | | | FCF yield | | |
|-----------------------------------|-------------|-------------|-------------|-------------|--------------|-------------|-------------|-------------|-------------|
| | 2017 | 2018e | 2019e | 2017 | 2018e | 2019e | 2017 | 2018e | 2019e |
| Boku | N/A | 49.0 | 20.6 | N/A | 133.7 | 36.7 | N/A | 2.3% | 4.4% |
| Bango | N/A | 55.4 | 18.2 | N/A | 787.5 | 31.5 | | | |
| Ingenico | 11.9 | 10.4 | 9.5 | 15.6 | 13.8 | 12.3 | 6.3% | 9.7% | 10.7% |
| Safecharge | 17.1 | 13.6 | 12.0 | 24.7 | 20.6 | 18.2 | 5.8% | 5.2% | 5.8% |
| Worldline | 19.3 | 14.0 | 12.5 | 40.3 | 30.9 | 26.3 | 3.3% | 5.7% | 6.4% |
| Wirecard | 28.5 | 21.8 | 17.2 | 46.7 | 35.3 | 27.4 | 4.0% | 4.8% | 5.8% |
| FIS | 14.0 | 12.9 | 12.2 | 39.5 | 18.7 | 16.8 | 5.0% | 7.1% | 8.1% |
| First Data Corp | 12.0 | 10.1 | 9.5 | 14.9 | 11.4 | 10.2 | 10.4% | 10.3% | 11.5% |
| Fiserv | 17.3 | 15.9 | 15.1 | 30.7 | 22.8 | 20.2 | 4.0% | 4.9% | 5.7% |
| Global Payments | 21.5 | 16.2 | 14.5 | 43.5 | 21.8 | 18.8 | 1.9% | 5.5% | 6.0% |
| PayPal | 29.8 | 21.8 | 18.6 | 44.7 | 33.5 | 27.6 | 2.0% | 5.2% | 5.7% |
| Square | N/A | 72.2 | 42.6 | N/A | 103.4 | 61.3 | 0.6% | 1.5% | 2.0% |
| Worldpay | 36.8 | 17.1 | 14.6 | 87.3 | 21.7 | 18.1 | 5.2% | 3.9% | 4.4% |
| Average payment processors | 20.8 | 23.4 | 16.4 | 38.8 | 30.4 | 24.1 | 4.4% | 5.8% | 6.6% |
| Exclude First Data | | | | | | | 3.8% | 5.3% | 6.1% |

Source: Edison Investment Research, Bloomberg (as at 9 April)

Exhibit 5: Financial summary

| | \$'m | 2014 | 2015 | 2016 | 2017 | 2018e | 2019e | 2020e |
|---|---------|--------|--------|--------|--------|--------|---------|---------|
| 31-December | | IFRS | IFRS | IFRS | IFRS | IFRS | IFRS | IFRS |
| INCOME STATEMENT | | | | | | | | |
| Revenue | | 18.3 | 19.2 | 17.2 | 24.4 | 32.7 | 40.1 | 47.8 |
| Cost of Sales | | (4.1) | (4.0) | (3.2) | (2.3) | (2.4) | (2.7) | (3.1) |
| Gross Profit | | 14.2 | 15.2 | 14.0 | 22.1 | 30.3 | 37.4 | 44.7 |
| EBITDA | | (9.6) | (11.4) | (12.3) | (2.3) | 4.9 | 11.6 | 18.5 |
| Normalised operating profit | | (9.8) | (12.4) | (13.8) | (4.0) | 3.5 | 10.4 | 18.1 |
| Amortisation of acquired intangibles | | (0.8) | (1.9) | (1.7) | (1.3) | (1.3) | (1.3) | (1.3) |
| Exceptionals | | (2.1) | (0.1) | (2.4) | (2.2) | 0.0 | 0.0 | 0.0 |
| Share-based payments | | (1.7) | (1.8) | (2.1) | (0.9) | (1.2) | (1.2) | (1.2) |
| Reported operating profit | | (14.4) | (16.2) | (19.9) | (8.4) | 1.0 | 7.9 | 15.6 |
| Net Interest | | (0.6) | (0.4) | (1.2) | (2.4) | (0.8) | (0.6) | (0.6) |
| Joint ventures & associates (post tax) | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Exceptionals | | 0.0 | 0.0 | 0.0 | (17.1) | 0.0 | 0.0 | 0.0 |
| Profit Before Tax (norm) | | (10.4) | (12.8) | (15.0) | (6.4) | 2.7 | 9.8 | 17.5 |
| Profit Before Tax (reported) | | (15.0) | (16.6) | (21.1) | (28.0) | 0.2 | 7.4 | 15.0 |
| Reported tax | | (0.4) | (0.4) | 0.5 | (0.1) | (0.1) | (0.4) | (1.5) |
| Profit After Tax (norm) | | (7.8) | (9.6) | (11.2) | (4.8) | 2.1 | 7.8 | 13.8 |
| Profit After Tax (reported) | | (15.4) | (17.0) | (20.6) | (28.1) | 0.2 | 7.0 | 13.5 |
| Minority interests | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Discontinued operations | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net income (normalised) | | (7.8) | (9.6) | (11.2) | (4.8) | 2.1 | 7.8 | 13.8 |
| Net income (reported) | | (15.4) | (17.0) | (20.6) | (28.1) | 0.2 | 7.0 | 13.5 |
| Basic ave. number of shares outstanding (m) | | 21.3 | 27.4 | 140.1 | 150.3 | 213.6 | 213.6 | 213.6 |
| EPS - basic normalised (\$) | | (0.36) | (0.35) | (0.08) | (0.03) | 0.01 | 0.04 | 0.06 |
| EPS - diluted normalised (\$) | | (0.36) | (0.35) | (0.08) | (0.03) | 0.01 | 0.03 | 0.06 |
| EPS - basic reported (\$) | | (0.72) | (0.62) | (0.15) | (0.19) | 0.00 | 0.03 | 0.06 |
| Dividend (\$) | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Revenue growth (%) | #DIV/0! | 4.7 | (10.4) | 42.0 | 33.8 | 22.7 | 19.4 | |
| Gross Margin (%) | | 77.6 | 79.1 | 81.4 | 90.7 | 92.8 | 93.3 | 93.5 |
| EBITDA Margin (%) | | (52.5) | (59.2) | (71.4) | (9.5) | 14.9 | 29.0 | 38.8 |
| Normalised Operating Margin | | (53.2) | (64.4) | (80.0) | (16.5) | 10.6 | 25.9 | 37.7 |
| BALANCE SHEET | | | | | | | | |
| Fixed Assets | | 32.7 | 30.8 | 26.8 | 26.9 | 25.1 | 23.3 | 21.3 |
| Intangible Assets | | 32.5 | 30.1 | 25.7 | 25.8 | 23.6 | 21.6 | 20.4 |
| Tangible Assets | | 0.2 | 0.7 | 0.5 | 0.4 | 0.5 | 0.5 | 0.7 |
| Investments & other | | 0.0 | 0.0 | 0.6 | 0.7 | 1.1 | 1.1 | 0.3 |
| Current Assets | | 72.5 | 53.0 | 48.9 | 79.3 | 92.7 | 116.5 | 144.4 |
| Stocks | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Debtors | | 59.7 | 43.3 | 37.1 | 59.1 | 67.4 | 80.6 | 91.4 |
| Cash & cash equivalents | | 12.0 | 9.0 | 11.3 | 18.7 | 23.9 | 34.5 | 51.6 |
| Other | | 0.7 | 0.6 | 0.5 | 1.4 | 1.4 | 1.4 | 1.4 |
| Current Liabilities | | (69.6) | (65.5) | (61.0) | (77.5) | (87.8) | (101.5) | (112.7) |
| Creditors | | (64.6) | (60.4) | (54.9) | (75.0) | (85.3) | (99.0) | (110.2) |
| Tax and social security | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Short term borrowings | | (5.0) | (5.1) | (6.1) | (2.5) | (2.5) | (2.5) | (2.5) |
| Other | | 0.0 | 0.0 | 0.0 | (0.0) | (0.0) | (0.0) | (0.0) |
| Long Term Liabilities | | 0.0 | (0.3) | (15.2) | (0.1) | (0.1) | (0.1) | (0.1) |
| Long term borrowings | | 0.0 | (0.2) | (15.1) | (0.0) | (0.0) | (0.0) | (0.0) |
| Other long term liabilities | | 0.0 | (0.1) | (0.1) | (0.1) | (0.1) | (0.1) | (0.1) |
| Net Assets | | 35.5 | 18.0 | (0.4) | 28.6 | 30.0 | 38.2 | 52.9 |
| Minority interests | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Shareholders' equity | | 35.5 | 18.0 | (0.4) | 28.6 | 30.0 | 38.2 | 52.9 |
| CASH FLOW | | | | | | | | |
| Op Cash Flow before WC and tax | | (9.6) | (11.4) | (12.3) | (2.3) | 4.9 | 11.6 | 18.5 |
| Working capital | | 9.3 | 11.6 | (3.4) | 1.0 | 2.0 | 0.6 | 0.3 |
| Exceptional & other | | (1.6) | 1.1 | 4.2 | (5.5) | 0.0 | 0.0 | 0.0 |
| Tax | | (0.0) | (0.0) | (0.0) | 0.0 | (0.4) | (0.4) | (0.7) |
| Net operating cash flow | | (1.9) | 1.3 | (11.5) | (6.8) | 6.5 | 11.8 | 18.2 |
| Capex | | (1.1) | (3.6) | (1.5) | (0.3) | (0.5) | (0.6) | (0.6) |
| Acquisitions/disposals | | 5.9 | 0.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net interest | | (0.3) | (0.3) | (0.3) | (0.9) | (0.8) | (0.6) | (0.6) |
| Equity financing | | 0.2 | 0.1 | 0.1 | 19.8 | 0.0 | 0.0 | 0.0 |
| Dividends | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other | | 0.6 | (0.0) | 0.1 | (1.1) | 0.0 | 0.0 | 0.0 |
| Net Cash Flow | | 3.3 | (2.2) | (13.1) | 10.6 | 5.2 | 10.6 | 17.0 |
| Opening net debt/(cash) | | (4.9) | (7.0) | (3.6) | 9.9 | (16.2) | (21.4) | (32.0) |
| FX | | (1.2) | (0.8) | (0.4) | 0.4 | 0.0 | 0.0 | 0.0 |
| Other non-cash movements | | 0.0 | (0.4) | (0.0) | 15.1 | 0.0 | 0.0 | 0.0 |
| Closing net debt/(cash) | | (7.0) | (3.6) | 9.9 | (16.2) | (21.4) | (32.0) | (49.0) |

Source: Company accounts, Edison Investment Research

Edison is an investment research and advisory company, with offices in North America, Europe, the Middle East and AsiaPac. The heart of Edison is our world-renowned equity research platform and deep multi-sector expertise. At Edison Investment Research, our research is widely read by international investors, advisers and stakeholders. Edison Advisors leverages our core research platform to provide differentiated services including investor relations and strategic consulting. Edison is authorised and regulated by the [Financial Conduct Authority](#). Edison Investment Research (NZ) Limited (Edison NZ) is the New Zealand subsidiary of Edison. Edison NZ is registered on the New Zealand Financial Service Providers Register (FSP number 247505) and is registered to provide wholesale and/or generic financial adviser services only. Edison Investment Research Inc (Edison US) is the US subsidiary of Edison and is regulated by the Securities and Exchange Commission. Edison Investment Research Pty Limited (Edison Aus) [46085869] is the Australian subsidiary of Edison. Edison Germany is a branch entity of Edison Investment Research Limited [4794244]. www.edisongroup.com

DISCLAIMER

Copyright 2018 Edison Investment Research Limited. All rights reserved. This report has been commissioned by Boku and prepared and issued by Edison for publication globally. All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report. Opinions contained in this report represent those of the research department of Edison at the time of publication. The securities described in the Investment Research may not be eligible for sale in all jurisdictions or to certain categories of investors. This research is issued in Australia by Edison Investment Research Pty Ltd (Corporate Authorised Representative (1252501) of Myonlineadvisers Pty Ltd (AFSL: 427484)) and any access to it, is intended only for "wholesale clients" within the meaning of the Corporations Act 2001 of Australia. The Investment Research is distributed in the United States by Edison US to major US institutional investors only. Edison US is registered as an investment adviser with the Securities and Exchange Commission. Edison US relies upon the "publishers' exclusion" from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940 and corresponding state securities laws. As such, Edison does not offer or provide personalised advice. We publish information about companies in which we believe our readers may be interested and this information reflects our sincere opinions. The information that we provide or that is derived from our website is not intended to be, and should not be construed in any manner whatsoever as, personalised advice. Also, our website and the information provided by us should not be construed by any subscriber or prospective subscriber as Edison's solicitation to effect, or attempt to effect, any transaction in a security. The research in this document is intended for New Zealand resident professional financial advisers or brokers (for use in their roles as financial advisers or brokers) and habitual investors who are "wholesale clients" for the purpose of the Financial Advisers Act 2008 (FAA) (as described in sections 5(c) (1)(a), (b) and (c) of the FAA). This is not a solicitation or inducement to buy, sell, subscribe, or underwrite any securities mentioned or in the topic of this document. This document is provided for information purposes only and should not be construed as an offer or solicitation for investment in any securities mentioned or in the topic of this document. A marketing communication under FCA Rules, this document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research. Edison has a restrictive policy relating to personal dealing. Edison Group does not conduct any investment business and, accordingly, does not itself hold any positions in the securities mentioned in this report. However, the respective directors, officers, employees and contractors of Edison may have a position in any or related securities mentioned in this report. Edison or its affiliates may perform services or solicit business from any of the companies mentioned in this report. The value of securities mentioned in this report can fall as well as rise and are subject to large and sudden swings. In addition it may be difficult or not possible to buy, sell or obtain accurate information about the value of securities mentioned in this report. Past performance is not necessarily a guide to future performance. Forward-looking information or statements in this report contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations. For the purpose of the FAA, the content of this report is of a general nature, is intended as a source of general information only and is not intended to constitute a recommendation or opinion in relation to acquiring or disposing (including refraining from acquiring or disposing) of securities. The distribution of this document is not a "personalised service" and, to the extent that it contains any financial advice, is intended only as a "class service" provided by Edison within the meaning of the FAA (ie without taking into account the particular financial situation or goals of any person). As such, it should not be relied upon in making an investment decision. To the maximum extent permitted by law, Edison, its affiliates and contractors, and their respective directors, officers and employees will not be liable for any loss or damage arising as a result of reliance being placed on any of the information contained in this report and do not guarantee the returns on investments in the products discussed in this publication. FTSE International Limited ("FTSE") © FTSE 2018. "FTSE®" is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under license. All rights in the FTSE indices and/or FTSE ratings vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and/or FTSE ratings or underlying data. No further distribution of FTSE Data is permitted without FTSE's express written consent.