

24 August 2009

Monitise

Year End	Revenue (£m)	PBT* (£m)	EPS* (p)	DPS (p)	P/E (x)	Yield (%)
06/08	1.5	(11.9)	(4.7)	0.0	N/A	N/A
06/09e	2.7	(11.2)	(3.3)	0.0	N/A	N/A
06/10e	9.0	(7.8)	(1.9)	0.0	N/A	N/A
06/11e	14.3	(5.9)	(1.4)	0.0	N/A	N/A

Note: *PBT and EPS are normalised, excluding goodwill amortisation and exceptional items.

Investment summary: Acquisition of JV

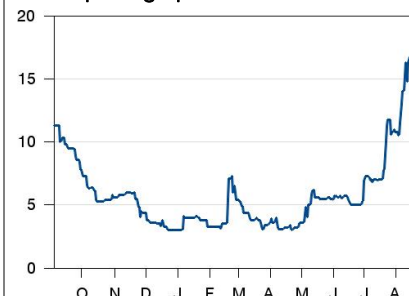
Monitise has announced that it has bought out partner VocaLink to take full ownership of its UK joint venture Monilink Ltd (currently a 50/50 JV). Monitise will pay an initial £1.5m in cash over three years (the business will be debt-free after the elimination of inter-company debt). This transaction follows the major deal with Visa last month.

VocaLink is owned by several UK banks and we believe they have a short-term focus on streamlining its development investments. VocaLink will continue to provide Monilink with full access to its world-leading banking and payments infrastructure, in return for service fees. The deal will simplify and streamline Monitise's group structure. In the short term Monitise will clearly have to recognise 100% of the cost base (we estimate the balance of extra gross profit and higher operating expenses will impact group profits by a modest additional £1m this year) but more importantly it gives Monitise a 100% of the future 'value' from the major opportunity in the UK.

The business has seen very strong subscriber and revenue growth in recent months. Through Monilink, Monitise supplies full mobile banking and payments services to banks representing over 55% of UK current account holders, including HSBC, Lloyds Group, NatWest, RBS and Alliance & Leicester, and as we highlighted in our report last month the growth prospects look well underpinned by the Visa deal. We will review our forecasts after Monitise reports full year results on Tuesday.

Price 16.0p
Market Cap £66m

Share price graph



Share details

Code MONI
Listing AIM
Sector Mobile Telecommunications
Shares in issue 413.4m

Price

52 week High Low
16.75p 2.95p

Business

Monitise provides a mass market technology platform that enables banks, card schemes and other financial providers to offer mobile banking and payment services.

Analyst

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