

12 January 2021

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TYRO PAYMENTS LTD (TYR)

Finance

UNDERPERFORM

TYR A\$3.29
TARGET PRICE A\$2.55

Tyro Payments Ltd. engages in the provision of merchant credit, debit and EFTPOS acquisition services. The company was founded by Peter Haig, Andrew Rothwell, and Paul Wood in 2003 and is headquartered in Sydney, Australia.

Company Data

Number of shares	507.6M
Market Capitalisation	\$1,670.1M
Free float	66.9%
12-month high/low	\$4.49/\$0.97
Average Daily Turnover	\$3.389M
% S&P/ASX200	0.09%
DDM Ranking	N/A
% All Ordinaries	0.08%
GICS Industry Group	Finance

Source: FactSet, Barclay Pearce Capital

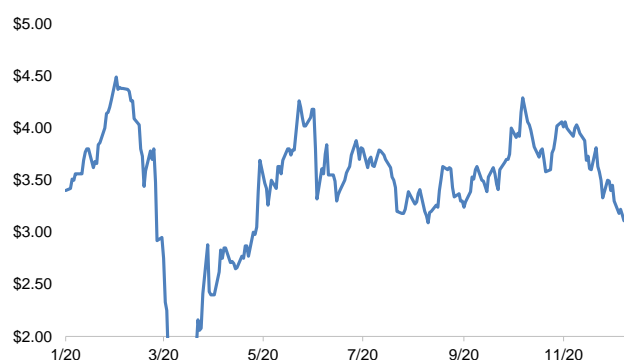
Earnings Summary (AUD)

Year end June	2020A	2021F	2022F	2023F
Revenue (\$M)	210.7	257.0	349.8	414.9
EBITDA (\$M)	-4.4	-1.3	20.0	37.0
Reported NPAT (\$M)	-38.1	-46.8	4.7	15.4
Adjusted NPAT (\$M)	-27.1	-16.8	0.5	12.1
Reported EPS (c)	-7.5	-6.1	0.9	2.9
Adjusted EPS (c - FD)	-5.5	-3.3	-0.5	2.2
Adjusted EPS growth (%)	N/A	N/A	N/A	N/A
Adjusted P/E (x)	N/A	N/A	N/A	148.4
Dividend (c/sh)	0.0	0.0	0.0	0.0
Gross yield (%)	0.0	0.0	0.0	0.0
Net yield (%)	0.0	0.0	0.0	0.0
ROIC (%)	-31.7	-14.8	-1.1	8.9

Source: Barclay Pearce Capital

Barclay Pearce Capital contributes all company estimates to Thomson Reuters, FactSet, Bloomberg and Capital IQ.

Share price performance



Source: FactSet, Barclay Pearce Capital

FY21 Trading Update

On 11 January 2021, Tyro Payments Ltd. (ASX.TYR) announced a trading update for FY21 with the following highlights:

Outlook

Transaction Value data up to and including 8 January 2021:

Period	FY20	FY19	% Increase
February	\$1.785B	\$1.377B	30%
March	\$1.600B	\$1.559B	3%
April	\$0.911B	\$1.468B	-38%
May	\$1.285B	\$1.562B	-18%
June	\$1.656B	\$1.553B	7%
FY20	\$20.131B	\$17.497B	15%
Period	FY21	FY20	% Increase
July	\$1.851B	\$1.667B	11%
August	\$1.701B	\$1.766B	-4%
September	\$1.787B	\$1.696B	5%
October	\$1.994B	\$1.817B	10%
November	\$2.159B	\$1.913B	13%
December	\$2.626B	\$2.206B	19%
Nov to 20 Nov (date-on-date)	\$1.398B	\$1.216B	15%
Nov (same day-on-day)	\$1.398B	\$1.216B	15%
Nov (year-to-date)	\$8.731B	\$8.612B	7%

Earnings changes

TYR reported an increase in transaction value from FY21 December of 19% from the prior year. This represents the highest level of monthly increase since February of last year.

However, the prior month improvement in transaction value increase from 13% is not significant enough to justify changes to forecast earnings at this stage. Hence, we do not expect any significant earnings revisions.

Valuation

We are initiating on Tyro Payments Ltd. with a 12-month price target of \$2.25 and an UNDERPERFORM recommendation. The price target is underpinned by our Valuation.

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Barclay Pearce Capital provides research services to its clients. Mr Wright is General Manager of Research and has over thirty (30) years' experience in the financial services industry, particularly in financial analysis and research report writing. Mr Wright joined the Barclay Pearce team in 2020 where he has been involved in the research and publication of reports. Prior to this Mr Wright worked at a number of entities where he held Director/Head of Research and General Manager of Research positions. Mr Wright holds a Bachelor of Mathematics (Honours) from Edinburgh University and has completed the SDIA Accreditation Program (RG146) through DeakinPrime.

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Buy – Describes stocks that we expect to provide a total return (price appreciation plus net yield) of 15% or more within a 12-month period.

Hold – Describes stocks that are neither a buy nor underperform.

Underperform – Describes stocks that we expect to provide a total return (price appreciation plus net yield) of less than minus 10% within a 12-month period.

NR – The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Barclay Pearce Capital policies.

Speculative Buy – Describes stocks we research with a positive bias, whose company fundamentals and/or financials are being covered, but for which there is insufficient information for Barclay Pearce Capital to assign a Buy or Underperform rating.

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Valuation Methodology

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Barclay Pearce Capital Recommendation Proportions

Buy	40.2%	(0.0% of stocks with recommendations are Barclay Pearce clients)
Speculative Buy	0.4%	(100.0% of stocks with recommendations are Barclay Pearce clients)
Hold	19.5%	(0.0% of stocks with recommendations are Barclay Pearce clients)
Underperform	40.0%	(0.0% of stocks with recommendations are Barclay Pearce clients)