

25 March 2009

Monitise

Year End	Revenue (£m)	PBT* (£m)	EPS* (p)	DPS (p)	P/E (x)	Yield (%)
06/07	0.5	(7.9)	(3.4)	0.0	N/A	N/A
06/08	1.5	(11.9)	(4.7)	0.0	N/A	N/A
06/09e	3.0	(11.7)	(3.5)	0.0	N/A	N/A
06/10e	9.0	(7.5)	(2.2)	0.0	N/A	N/A

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

Investment summary: Foundations in place

Monitise recently announced a strategic alliance with Carphone Warehouse that will bring MONILINK mobile financial services to the UK mass market. The alliance covers a wide variety of initiatives ranging from the pre-seeding of Monitise's mobile money application on leading handsets to in-store and online promotions. With platforms live in the UK and the US, the foundations of key technologies and operating practices are in place for rapid development and international reach. This is reinforced by Monitise's recently announced East African joint venture, which will launch initially in Uganda during autumn 2009 and the intended launch of Monitise India in partnership with ICICI Bank, India's second largest bank. Monitise is uniquely positioned as a hub; multiple banks, telecom and other service operators roll out mobile financial services through its partnerships and relationships with the ATM and banking networks in the UK, the US and beyond.

Funded for expansion: Monthly cash flow break-even FY11

Total cash post the July £11.8m (gross) fund-raising was approximately £21m. Current cash balances are c £15m. Cash overheads for the forthcoming year are reducing to c £12m due to the efficiencies of the maturing Monitise platform, leaving the group well funded, with sufficient flexibility to continue to implement its development strategy. On projected revenue growth, Monitise will be cash flow break-even on a monthly basis by FY11.

Scalability of platform: 1m users forecast in 2009

Monitise's business model capitalises on the rapidly developing global mobile banking and payments market through building partnerships with major international retail banks and MNOs. Monitise's focus in FY09 is on driving consumers and ARPU in the UK, gaining additional bank coverage in the US and developing its business in new territories. One million users are forecast in calendar 2009.

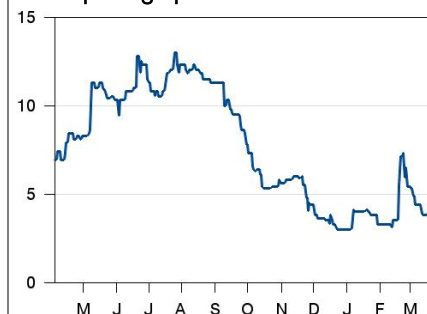
Conservative valuation: Own IP, strong market position

At a capitalisation of £11m, much of the current market uncertainty is reflected in the share price. Moreover, the group has agreements and technology that could prove attractive in a consolidating sector.

Monitise is a research client of Edison Investment Research Limited

Price 3.12p
Market Cap £11m

Share price graph



Share details

Code MONI
Listing AIM
Sector Mobile Telecommunications
Shares in issue 336.6m

Price

52 week High 12.5p Low 3.0p

Balance Sheet as at 31 December 2008

Debt/Equity (%) N/A
NAV per share (p) 4.5
Net cash (£m) 15.4

Business

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

Valuation

	2008	2009e	2010e
P/E relative	N/A	N/A	N/A
P/CF	N/A	N/A	N/A
EV/Sales	0.5	0.6	0.8
ROE	N/A	N/A	N/A

Revenues on geography

UK	Europe	US	Other
75%	0%	20%	5%

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Exhibit 1: Financials

Year end 30 June	£'000s	2006 UK GAAP	2007 IFRS	2008 IFRS	2009e IFRS	2010e IFRS
PROFIT & LOSS						
Revenue		240	472	1,492	3,000	9,000
Cost of Sales		(250)	(327)	(630)	(1,500)	(4,250)
Gross Profit		(10)	145	862	1,500	4,750
EBITDA		(3,338)	(7,909)	(12,786)	(11,750)	(7,250)
Operating Profit (before GW and except.)		(3,338)	(7,909)	(12,786)	(12,250)	(7,750)
Exceptionals		0	(596)	0	0	0
Share based payments		0	(183)	(2,107)	(2,000)	(2,000)
Operating Profit		(3,338)	(8,688)	(14,893)	(14,250)	(9,750)
Net Interest		7	8	919	600	300
Profit Before Tax (norm)		(3,331)	(7,901)	(11,867)	(11,650)	(7,450)
Profit Before Tax (FRS 3)		(3,331)	(8,680)	(13,974)	(13,650)	(9,450)
Tax		897	2,775	0	0	0
Profit After Tax (norm)		(2,434)	(5,309)	(11,867)	(11,650)	(7,450)
Profit After Tax (FRS 3)		(2,434)	(5,905)	(13,974)	(13,650)	(9,450)
Average Number of Shares Outstanding (m)		156.9	157	254	337	337
EPS - normalised (p)		(1.6)	(3.4)	(4.7)	(3.5)	(2.2)
EPS - FRS 3 (p)		(1.6)	(3.8)	(5.5)	(4.1)	(2.8)
Dividend per share (p)		0.0	0	0	0	0
Gross Margin (%)		N/A	31	58	50	53
EBITDA Margin (%)		N/A	N/A	N/A	N/A	N/A
Operating Margin (before GW and except.) (%)		N/A	N/A	N/A	N/A	N/A
BALANCE SHEET						
Fixed Assets		816	1,147	1,258	1,865	2,365
Intangible Assets		478	790	793	900	900
Tangible Assets		338	357	465	965	1,465
Current Assets		1,083	22,494	13,218	14,532	9,679
Debtors		0	185	642	300	800
Other		923	1,936	2,895	3,000	3,500
Cash		160	20,373	9,681	11,232	5,379
Current Liabilities		(4,923)	(2,705)	(5,250)	(6,732)	(8,829)
Creditors		(595)	(1,411)	(2,873)	(4,232)	(6,329)
Short term borrowings		(4,328)	(1,294)	(2,377)	(2,500)	(2,500)
Long Term Liabilities		0	0	(91)	0	0
Long term borrowings		0	0	(91)	0	0
Net Assets		(3,024)	20,936	9,135	9,665	3,215
CASH FLOW						
Operating Cash Flow		(3,902)	(8,680)	(13,010)	(10,049)	(5,653)
Net Interest		0	8	820	600	300
Tax		0	(56)	0	0	0
Capex		(125)	(541)	(517)	(500)	(500)
Acquisitions/disposals		(120)	0	0	0	0
Financing (including demerger adjustments)		(27)	32,516	126	11,500	0
Dividends		0	0	0	0	0
Net Cash Flow		(4,174)	23,247	(12,581)	1,551	(5,853)
Opening net debt/(cash)		0	4,168	(19,079)	(7,213)	(8,732)
Closing net debt/(cash)		4,168	(19,079)	(7,213)	(8,732)	(2,879)

Source: Monitise Report and Accounts and Edison Investment Research

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