



**Pitched by: Hamish Marsden**



An Introduction

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- Pushpay

# An Introduction

## Pushpay Share Price



## Metrics

<b>Current price (04/05/2020)</b>	\$7.91	<b>Market cap</b>	\$2.18B
<b>52 week range</b>	\$2.56 - \$9.4	<b>Enterprise value</b>	\$2.24B
<b>Annual Dividend Yield</b>	0%	<b>P/E Ratio</b>	84.15

- Founded in 2011, Pushpay is a rapidly growing company providing the global faith sector with a mobile and web-based donation system
- Primarily operates in North America targeting large Evangelical and Nondenominational churches

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# Investment Thesis

## Significant Growth Opportunities

- Operating in an underpenetrated market with a superior product

## Largely unaffected by COVID-19

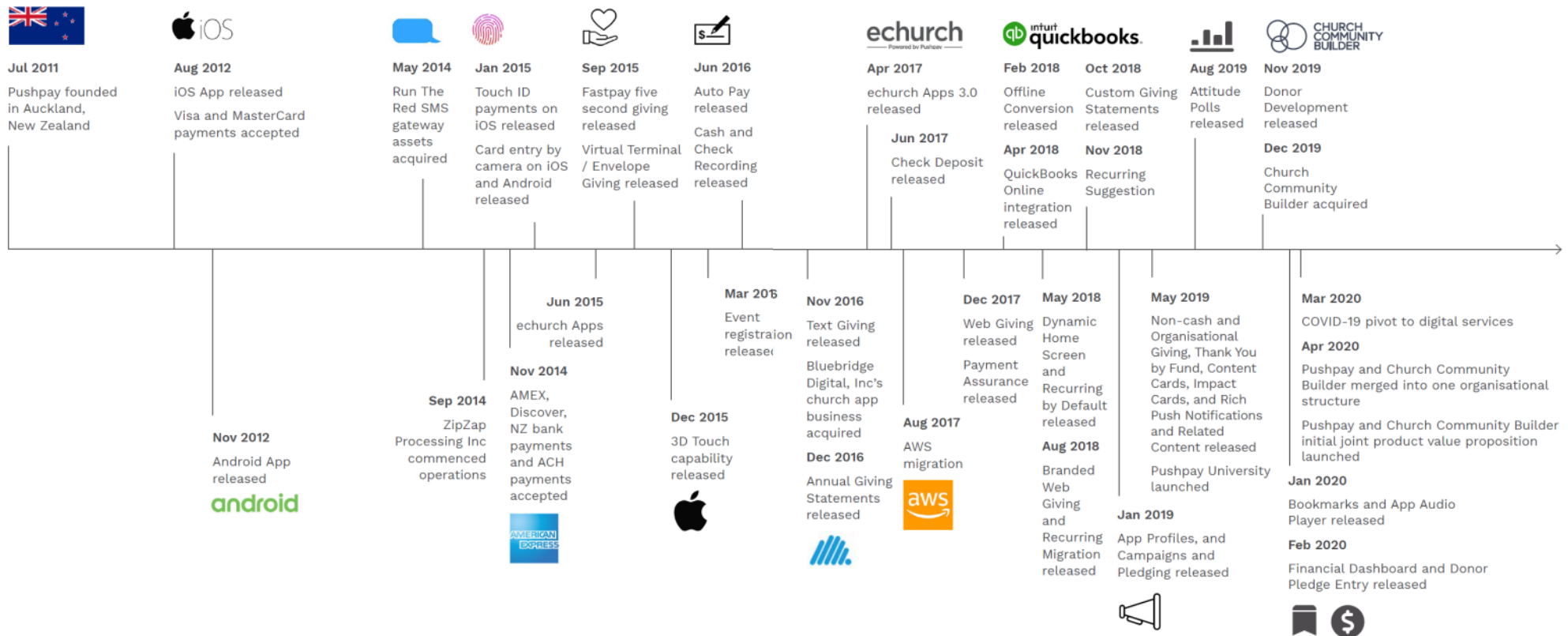
- Rise in social distancing and online congregations is promoting churches to seek alternate ways for members to give donations

## Trading a discount

- Share price has recently fallen from a YTD high of \$9.4



# Timeline



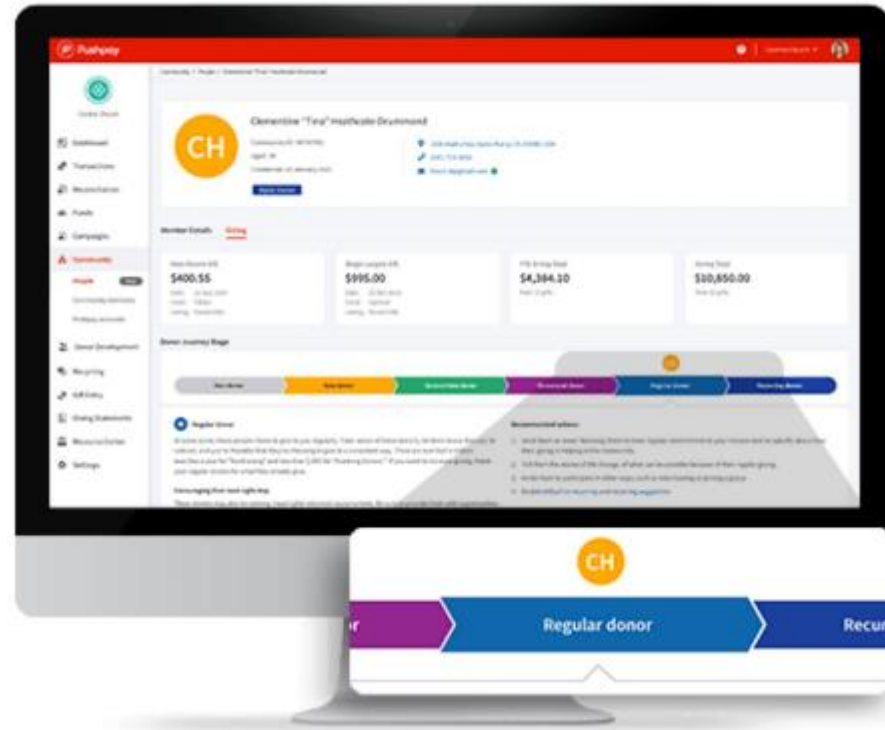


Business  
Segments



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# Software to facilitate web based giving



- Pushpays software allows for online, mobile and text giving
- Each church is charged a subscription fee based on the churches size and a 2% processing fee per donation

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# Donor Management Reporting System



- This allows churches to reach each donor and their donations.
- Allows new, recurring and top donors to be identified
- provides metrics, insights, and recommended actions to help church staff identify trends and activity within their congregation



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# Administrative Church Management System



- Pushpay acquired Church Community Builder in December 2019 for US\$87.5m
- Added a comprehensive Church Management System to Pushpays product offering
- Assists with scheduling of services, meetings, volunteer rosters
- Allows for church members to check in and follow along on their devices



Strategy and  
Competitive  
Advantage

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# Exposure to megachurch growth

- US Megachurches are primary target customer.
- 58 of the 100 largest churches current Pushpay customers
- 32.5% of Megachurches had annual attendance growth of over 50%
- Megachurches more inclined to adopt digital giving than traditional churches



# Quality of product in relation to competitors



- Pushpay offers a customised all-in-one bundle for large churches.
- Highly fragmented market with over 250 donation providers, however many are not for profit and only target a portion of the market
- Pushpay has very few to no competition for larger churches
- Revenue retention rate >100% and exceptional customer reviews

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# Large and growing market



- Giving is a bible based principle which church goers adhere to today
- Individual giving has grown at an annual rate of 6% per annum over the last 40 years
- Total addressable market estimated at US\$3bn, of which Pushpay has a 5% market share.
- Pushpays current customers make up 2.7% of all US churches



Risks



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# Improved competitor offering

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The logo for Subsplash, featuring the word "SUBSPASH" in white, uppercase letters with a registered trademark symbol, centered on a solid blue rectangular background.

- Currently no competitors offer a comprehensive product like Pushpay
- If M&A were to occur between competitors, there is a risk that a future competitor could begin to offer a comprehensive product that can compete with Pushpays in the megachurch segment

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# Reputation risk as a for profit

- Pushpay operates as a for profit company compared to most other not-for-profit competitors
- There is a risk that church customers may decide to switch to not-for-profit competitors as they believe their not-for-profit values align more closely with the church



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# Foreign exchange translation risk

- Pushpay operates almost exclusively in the North American market.
- \$NZ profits and share price tied heavily to NZD vs USD exchange rate





Appendices

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# Income Statement and Statement of Comprehensive Income

	Notes	Year ended 31 March	
		2020 US\$000	2019 US\$000
Revenue	3	129,797	98,365
Expenses			
Third party direct costs		(44,791)	(37,889)
Product design and development		(17,247)	(17,111)
Sales and marketing		(27,036)	(28,591)
Customer success		(7,275)	(5,868)
General and administration		(14,178)	(10,954)
Net foreign exchange gains		2,403	632
Total expenses	4	(108,124)	(99,781)
Net profit/(loss) before income tax		21,673	(1,416)
Income tax benefit/(expense)	5	(5,672)	20,243
Net profit for the year		16,001	18,827
Profit per share			
Basic profit per share	18	5.80	6.85
Diluted profit per share	18	5.77	6.80

	Note	Year ended 31 March	
		2020 US\$000	2019 US\$000
Net profit for the year		16,001	18,827
Other comprehensive income*			
Exchange differences on translation of foreign operations		(5,029)	(1,178)
Fair value gains recognised in the cash flow hedge reserve	20	167	-
Other comprehensive loss		(4,862)	(1,178)
Total comprehensive profit for the year		11,139	17,649

\* Items of other comprehensive income may be subsequently reclassified to the income statement.

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# Statement of Financial Position

Assets	Notes	As at	
		31 March 2020	31 March 2019
		US\$000	US\$000
<b>Current assets</b>			
Cash and cash equivalents	9	7,203	13,926
Trade and other receivables	10	15,862	11,869
Derivative financial asset	25	117	-
Deferred acquisition costs	8	1,816	1,300
Income tax receivable	5	728	-
<b>Total current assets</b>		<b>25,726</b>	<b>27,095</b>
<b>Non-current assets</b>			
Property, plant and equipment	6	4,443	1,221
Intangible assets	7	88,934	1,876
Deferred acquisition costs	8	1,112	1,464
Restricted cash balances	9	1,117	1,139
Derivative financial asset	25	50	-
Deferred tax asset	5	13,255	20,930
Other receivables	10	402	-
<b>Total non-current assets</b>		<b>109,313</b>	<b>26,630</b>
<b>Total assets</b>		<b>135,039</b>	<b>53,725</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	11	4,553	3,752
Unearned revenue	12	14,305	7,097
Employee entitlements	13	2,154	2,057
Lease liability	14	1,805	-
Borrowings	15	23,611	-
Income tax payable	5	-	25
<b>Total current liabilities</b>		<b>46,428</b>	<b>12,931</b>
<b>Non-current liabilities</b>			
Lease liability	14	2,338	-
Borrowings	15	33,333	-
<b>Total non-current liabilities</b>		<b>35,671</b>	<b>-</b>
<b>Total liabilities</b>		<b>82,099</b>	<b>12,931</b>
<b>Net assets</b>		<b>52,940</b>	<b>40,794</b>
<b>Equity</b>			
Share capital	16	94,609	93,666
Accumulated losses		(34,684)	(50,685)
Share-based payment reserve		1,401	1,337
Cash flow hedge reserve	20	167	-
Foreign currency translation reserve		(8,553)	(3,524)
<b>Total equity</b>		<b>52,940</b>	<b>40,794</b>



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# Statement of Cash Flows

		Year ended 31 March	
		2020	2019
	Notes	US\$000	US\$000
Operating activities			
Receipts from Customers		86,060	58,192
Other income		2,432	2,053
Interest received		204	122
Payments to suppliers and employees		(64,641)	(61,755)
Income tax paid		(534)	(1,369)
Net cash flows from operating activities	26	23,521	(2,757)
Investing activities			
Purchase of property, plant and equipment		(385)	(345)
Acquisition of Church Community Builder, net of cash acquired	22	(84,411)	-
Acquisition of intangible assets		-	(49)
Receipts from finance lease		30	-
Restricted cash balances		-	94
Net cash flows from investing activities		(84,766)	(300)
Financing activities			
Proceeds from borrowings		62,500	-
Repayment of borrowings		(5,556)	-
Payment of lease liability		(1,290)	-
Interest on borrowings		(687)	-
Net cash flows from financing activities		54,967	-
Net increase/(decrease) in cash and cash equivalents		(6,278)	(3,057)
Foreign currency translation adjustment		(445)	(903)
Cash and cash equivalents as at the beginning of the year		13,926	17,886
Cash and cash equivalents as at the end of the year	9	7,203	13,926