PAX Technology Limited, one of the world’s leading providers of electronic payment terminal solutions and related services, published the unaudited interim financial results for the six months ended 30th June 2019 (the “Period”).

The Group achieved impressive growth, yet again, during the interim period, as more Acquiring Banks and Payment Service Providers (PSPs) around the world use PAX Technology solutions. The Group's overall revenue increased by 26.2% to HK$ 2,366.3 million, with 93% generated from international markets (i.e. outside China) which represents an increase of 38.7% compared to the same period last year: HK$ 2,206.9 million (H1 2018: HK$ 1,591.2 million), and a sign that the PAX brand continues to receive widespread global recognition.

Profit attributable to the owners of the company increased by 25.9% to HK$ 325.5 million, with basic earnings per share of HK$ 29.6 cents (H1 2018: HK$ 23.5 cents) and the Board of Directors declaring an interim dividend of HK$ 0.04 per ordinary share.

Particularly impressive performance came from the LACIS and APAC regions, up by circa 50% and 58% respectively, while North America and the EMEA region grew by around 9% and 18% respectively.

PAX Technology's Android-based terminal portfolio, comprising SmartPOS, SmartECR and SmartKiosk solutions, continues to be very well received by merchants, with over 300,000 Android terminals alone shipping in the first half of 2019.

One of the Group's key competitive differentiators continues to be the innovative PAXSTORE platform, increasingly popular with PSPs and Acquirers and which has grown to over 70 independent marketplaces worldwide. An increasing array of value-added software applications are being delivered through PAXSTORE, which is fast enabling a more modern approach to terminal estate administration, customer relationship management and in-store data analysis.
Latin America & Commonwealth of Independent States (LACIS)

In the LACIS region, the Group recorded strong revenue growth of 50%. According to the Nilson report, PAX ranked no.1 in terms of shipments in Latin America.

The ongoing expansion of Brazil's electronic payment market is driving demand for terminals, with the Group's future prospects looking promising as more Acquirers enter into strategic partnership with PAX. The Android SmartPOS terminal portfolio, in particular, generated considerable revenue from Brazil.

In other Latin American countries, such as Mexico and Argentina, PAX also experienced encouraging sales growth during the first half of 2019.

PAX shipped over 150,000 terminals to Russia during the period, where the government's drive toward adoption of the national Mir payment card, as well as a number of financial inclusion initiatives, are contributing to the increasing popularity of debit card usage.

Europe, Middle East and Africa (EMEA)

Across the EMEA region, PAX continued to grow revenue and win new market share.

European PSPs and Acquiring Banks continue to drive strong demand for PAX's Android SmartPOS, SmartECR and PAXSTORE solutions, which are increasingly recognised as key elements to enhancing the competitiveness of their in-store merchant acquiring offering.

In Europe, notable growth was recorded in several countries, including the United Kingdom, Germany, Poland and Italy. During the first half of 2019, important software certifications were also obtained in Spain and France, positioning PAX for potentially impressive performance in these markets.

In Africa and the Middle East, demand for PAX solutions was strong, driven by a combination of government initiatives to promote cashless societies and the general trend of Acquiring Banks and PSPs switching to more modern Android based terminal solutions. Large-volume sales were recorded in North Africa, while PAX entered new markets in East and West Africa, where high mobile phone penetration has fostered the development of financial inclusion and mobile banking.

Asia Pacific (APAC)

Across the Asia Pacific region, demand continued to grow for the latest generation PAX payment terminal solutions, again where government efforts to advocate financial inclusion for the unbanked population, and the popularity of smartphones, continue to reshape how consumers transact electronically.

PAX experienced remarkably strong growth in India, Indonesia and Vietnam. In India over 200,000 payment terminals were shipped during the first half of 2019, with yet more Acquirers and PSPs working with PAX. The Group also successfully deployed large volumes of Android terminals in Hong Kong, Thailand and the Philippines.
The Group believes many of these emerging markets will become the principal sales growth driver in the APAC region in the coming years.

United States of America & Canada (USCA)

In the USA, PAX is focused on providing best-in-class solutions to top tier chain merchants, where the Group's innovative software management suite and the latest Android smart tablet terminals have been well received by the market. PAX continues to work with major US payment processors to bring its innovative Android terminal range to their nationwide network of ISOs (Independent Sales Organizations).

The Group further strengthened its partnership with third-party application providers to deliver more high-quality and diversified payment solutions through PAXSTORE. In the first half of 2019, pay-at-the-table software solutions were integrated into PAX payment terminals, enhancing the payment experience for restaurant and hospitality customers throughout North America.

China

From early 2018, the global economy has experienced uncertainties due to international trade disputes with China, where domestic Chinese companies continue to face challenges. The Chinese government and international organizations have lowered China's forecasted GDP growth rate for 2019.

Because of intensifying market competition and the increasing credit risk of some market participants, the Group has made specific adjustments to its strategy and structure in response to changes in the Chinese market. The Group will now focus primarily on serving reputable and financially solid customers, establishing stronger partnerships and further strengthening risk management procedures. The Group will also streamline the operating structure of its China division, thereby improving cost structures while maintaining overall competitiveness in the Chinese market. These strategic and structural adjustments are expected to positively impact the Group's overall profitability in the long run, as well as strengthen the risk assessment and management procedures of our local China market business.

Mr. Jack LU, Chief Executive Officer of PAX, commented:

"Now firmly at the forefront of the electronic payment terminal industry, PAX gives top priority to R&D, innovation and the pursuit of superior product quality, where we seek to continuously enrich the Group's comprehensive product portfolio.

As local governments accelerate financial inclusion around the world and market demand shifts to highly flexible Android-based platforms, our new generation of Android-based SmartPOS terminals, SmartECRs and SmartKiosks are attracting much interest. As our revolutionary terminal hardware design integrates more smartphone-like features, we expect demand to continue to grow for PAX's innovative suite of terminal hardware and related software solutions."
The Group maintains a prudently optimistic outlook regarding the prospect of the international electronic payment terminal industry.

PAX will continue to strengthen its partnerships with Channel Partners, Acquiring Banks, PSPs and Merchants worldwide, so that we can further expand our global sales pipeline and explore new market segments.

PAX is committed to carrying forward the sustainable development of the Group, creating greater value for our shareholders.

PAX Technology

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