



1HFY17 Financial Results  
Wednesday, February 23, 2017



## Important Notice

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This presentation may contain forward looking statements including statements regarding our intent, belief or current expectations with respect to EML's businesses and operations, market conditions, results of operation and financial condition, capital adequacy, specific provisions and risk management practices. Readers are cautioned not to place undue reliance on any forward looking statements.

Unless otherwise specified all information is for the half year ended 31 December 2016.



## A leader in prepaid payment technology



EML Payments Limited is an ASX listed (ASX:EML) financial services company, specialising in prepaid stored value products, with offices in Brisbane, Australia, Birmingham, United Kingdom and Kansas City, United States of America. We offer innovative prepaid debit card programs for commercial entities, corporations and government departments. We presently manage over 850 programs in 13 countries including Austria, Australia, Belgium, France, Germany, Italy, Ireland, Netherlands, Portugal, Spain, United Kingdom, Canada and the United States of America, using our proprietary payments technology to offer our partners unprecedented secure access to actively manage card programs.

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Our vision is to transform the commercial payments landscape by inspiring companies to demand more control, more transparency and more flexibility over their money.

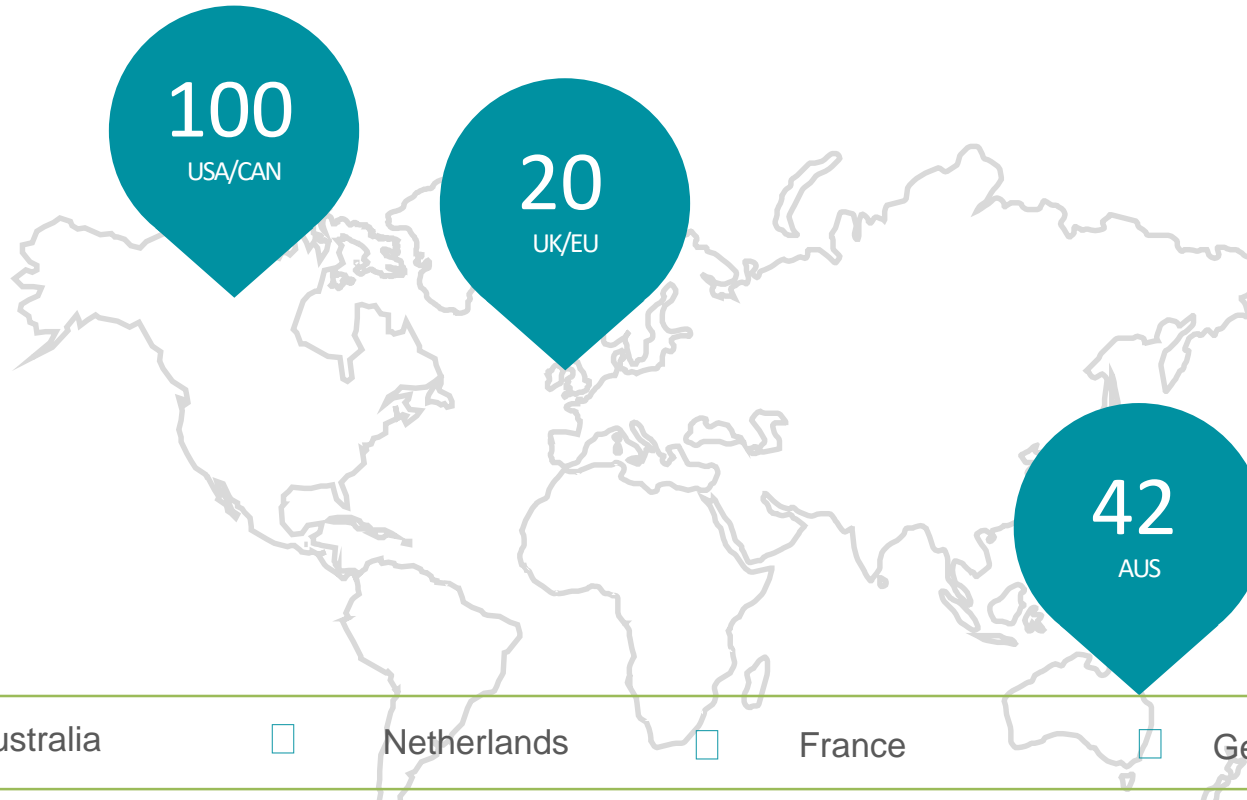


## Global Reach Partnerships

### Canadian Banking Partners



### United States Banking Partners



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<input type="checkbox"/>	Ireland	<input type="checkbox"/>	Italy	<input type="checkbox"/>	Belgium	<input type="checkbox"/>	Spain
<input type="checkbox"/>	United Kingdom	<input type="checkbox"/>	Portugal	<input type="checkbox"/>	Austria	<input type="checkbox"/>	Canada
						<input type="checkbox"/>	United States

### European Banking Partners



### Australian Banking Partners

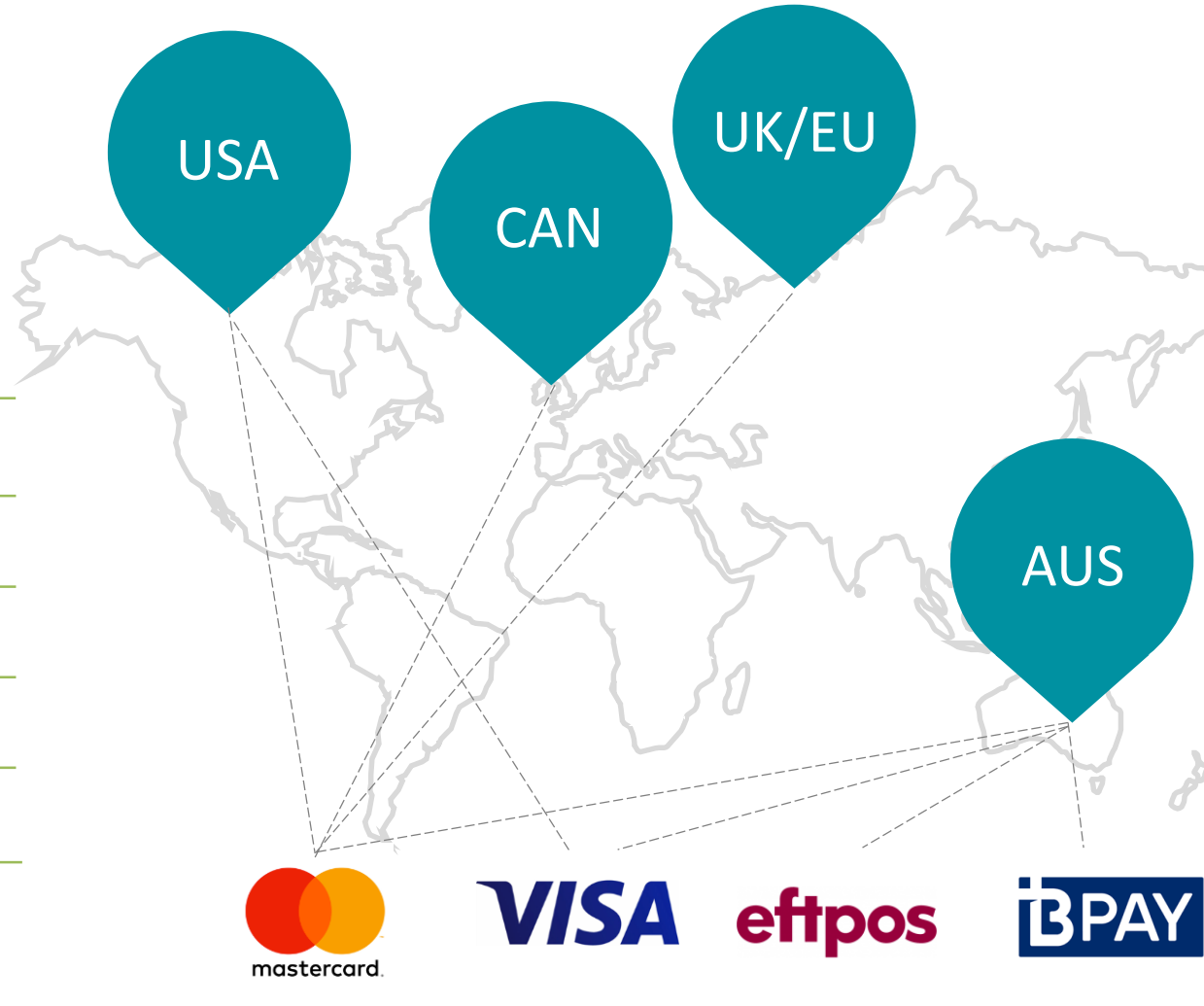




## Strategic Partnerships

Operating in 5 currencies

- Canadian Dollar (CAN)
- Pound Sterling (GBP)
- USA Dollar (USD)
- Australian Dollar (AU)
- Euro (EU)







Scheme Partners

Partnerships





# Sales Segments

Shopping Mall Gift Solutions	Incentive & Retail Gift Card Solutions	Reloadable Disbursement (GPR)	B2B Virtual Payments
 <p>cfshopcard.ca</p>			
AU UK EU US/C	AU UK EU US/C	AU UK* EU US/C	UK EU US/C



## Strong First Half Financial Result

\$32.4m

REVENUE

+207% INCREASE ON  
PCP

78.4%

GROSS MARGIN

+1.5% GROSS MARGIN  
IMPROVEMENT ON PCP

\$9.96m

EBITDA

+226% INCREASE  
ON PCP

\$9.64m

OPERATING CASH FLOW

+\$9.3m INCREASE  
ON PCP



## Result Driven By Organic Growth In Key Metrics

\$1.93B

**GROSS DEBIT VOLUME**

+403% OVER PCP ACROSS ALL  
REGIONS AND PRODUCT LINES

11.0m

**ACTIVE ACCOUNTS**

+389% OVER PCP

\$392.8m

**STORED VALUE BALANCES**

+168% OVER PCP

\$31.8m

**CASH ON BALANCE SHEET**

+\$4.87m / +18% OVER PCP  
ALL REGIONS GENERATED POSITIVE  
OPERATING CASH FLOW IN 1HFY17





## EBITDA Up 226% to A\$9.96m

- All regional business units contributed positive EBITDA to the group result.

## Revenue Up 207% to \$32.4m

- 85% of revenues generated offshore and 90% of revenues are recurring.
- Gaming revenues circa 7% of Group revenues.

## GDV Up 403% to \$1.93B

- Gross Debit Volume (Dollar Loads) of \$502m in December, the first time this milestone has been achieved in a month.

## Currency Impact

- We achieved the EBITDA result despite the appreciation of the AUD relative to all of our trading currencies, particularly GBP (+25%)
- On a constant currency basis, Group Revenue would have been 7% higher at \$34.6m versus \$32.4m and EBITDA would have been \$1.0m or 10% higher at \$10.9m versus reported \$9.96m



## Key Programs Contracted In 1HFY17

GPR (General Purpose Reloadable)	Non-Reloadable	B2B Payment
USA: Caesars Entertainment	Bellevue Malls (USA)	Sprint
AUS: McMillan Shakespeare Limited	Horizon Malls (USA)	Clarcor
AUS: Renewed Sportsbet and Ladbrokes in Australia, both contracted to launch EachWay cash loads	Wunderman B2B	Wide Open West





## Key Programs Contracted Post 1HFY17

GPR (General Purpose Reloadable)	Non-Reloadable	B2B Payment
AUS: Access Pay (Salary Packaging)	EU: Dundrum Mall (Ireland)	
AUS: Eziway (Salary Packaging)	AUS: The Star Entertainment Group Renewed	
AUS: Salary Solutions (Salary Packaging)		
AUS: PayWise (Salary Packaging)		
USA: LuLaRoe		
CAN: LUAS Pay (Sports Interactive)		





## Business Development Commentary General Purpose Reloadable

Over 300,000 GPR cards issued in Australia. Gaming programs represented only 7% of Group Revenue.

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Salary Packaging programs in Australia projected to load \$700m in FY18 across more than 120,000 cardholders with our initial launch partners. Upside through higher rates of customer adoption due to the product design/features and competitive churn to our solution.

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Bet365 (UK) launch imminent. UK/EU gaming sales pipeline remains solid with a number of important opportunities.

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Caesars Entertainment development in progress, launch date pending.

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LuLaRoe GPR program launched successfully to 72,000 cardholders in February 2017, our first GPR program in the USA market.

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Signed first e-gaming payout card program in Canada which is also our first GPR program in Canada. Likely launch 2HFY17.

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Likely GDV or Gross Debit Volume of \$1B+ from these programs alone in FY18.



## **Business Development Commentary**

### **Non-Reloadable**

B2B Gift card volumes in Australia marginally lower but softness has extended into the 2HFY17. If continued it will lower projected FY18 breakage and therefore EBITDA by \$0.4-0.5m.

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Several programs launched in Italy which is proving to be a strong market for us, including open loop gift cards in 700 tobacconists (BitKash), open loop gift cards in 2,200 Auchan supermarkets (EPIPOLI) by end Q4FY17 and Fuel card programs launched (TBS).

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Programs in the UK and Europe generated 17% and 30% organic growth respectively in terms of GDV.

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Material opportunities remain in our sales pipeline for Shopping Mall programs in Europe, which, if successful, would double our UK/EU Mall revenues.

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## Business Development Commentary B2B Payments

Economic model for EML is a net share of gross interchange revenues which is in the range of 250 bps.

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Conversion rates are the key driver – ie, of \$1B in potential B2B payments, what conversion rates can we generate in moving B2B payments from cheque and direct debit to a virtual Mastercard?

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Value of cheque payments remaining in the US market are estimated at \$2.2 Trillion per annum (Source: PYMNTS Global Cash Index 2016)

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Sales cycles vary from 6-18 months and program implementations also vary but are typically 3-6 months. Initial programs announced in 1HFY17 seeing conversion rates of 20-30%.

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Active opportunities in our sales pipeline are in excess of US\$10b in this product vertical. As such, we see this as a sales vertical providing several years of growth.

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## Corporate Commentary

Included in the ASX-300 in September 2016.

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Re-branded to EML Payments Limited and now operating under this brand in all regions, product and sales verticals.

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Increased our equity investment in PayWith Worldwide Inc.  
(See Slide 16).

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## Increased Ownership Stake in PayWith Worldwide Inc

EML acquired a 5% stake in PayWith Worldwide LLC (“**PayWith**”) when we acquired Store Financial Services in North America.

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PayWith is a financial technology company focused on building merchant coalitions and deriving revenue from 3rd party merchants who are making offers to groups of customers and cardholders.

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EML and PayWith are partnering on a number of programs, including the Caesars Entertainment m-Card program and the merchant coalition and mobile payments technology will feature heavily in our salary packaging solution and differentiate that product in the market.

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In addition, we are working on a number of joint prospects in Australia, Europe and North America that, if successful, would generate further earnings momentum in the coming 1-5 years.

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EML invested an additional AUS\$3.35m (US\$2.5m) into PayWith during the 1H, bringing our total equity stake in PayWith to 17% on a fully diluted basis.

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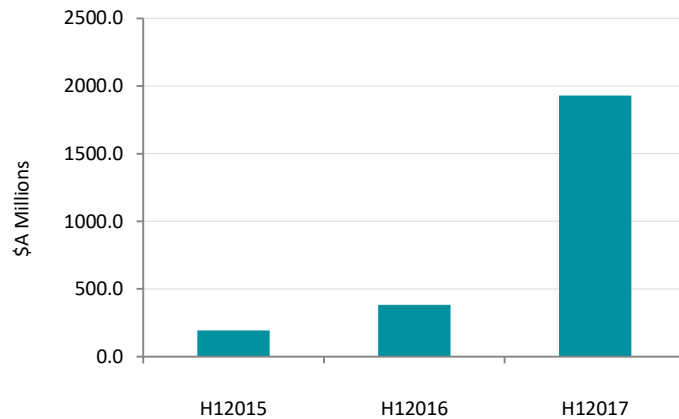
## Financials and Key Metrics



## Key Metrics

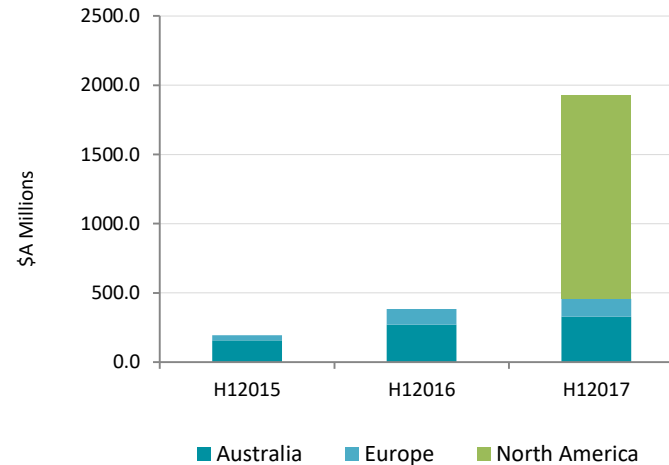
Group Results: Total GDV (A\$ millions)

Total Group



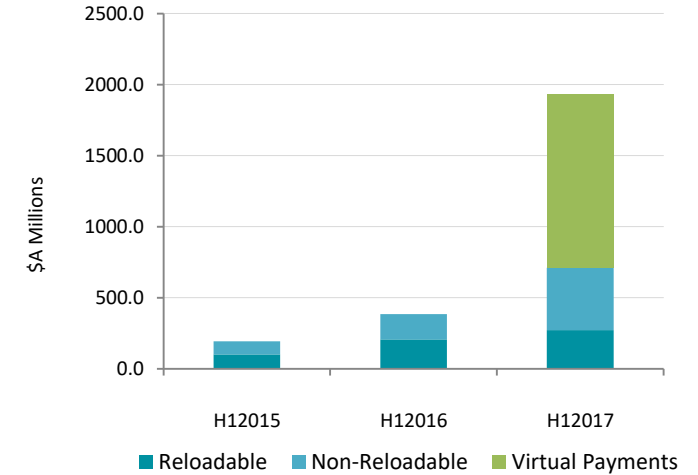
Total Gross Debit Volume (A\$ millions)

Graph split by region



Group Results: Total GDV (A\$ millions)

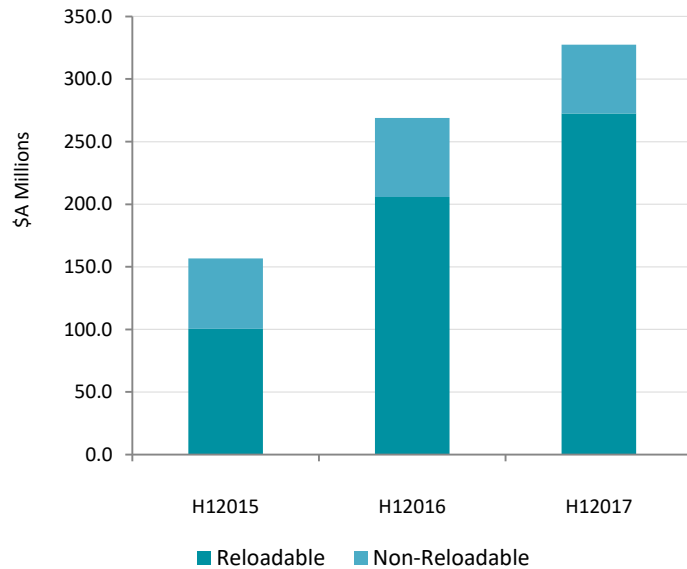
Total Group split by product type



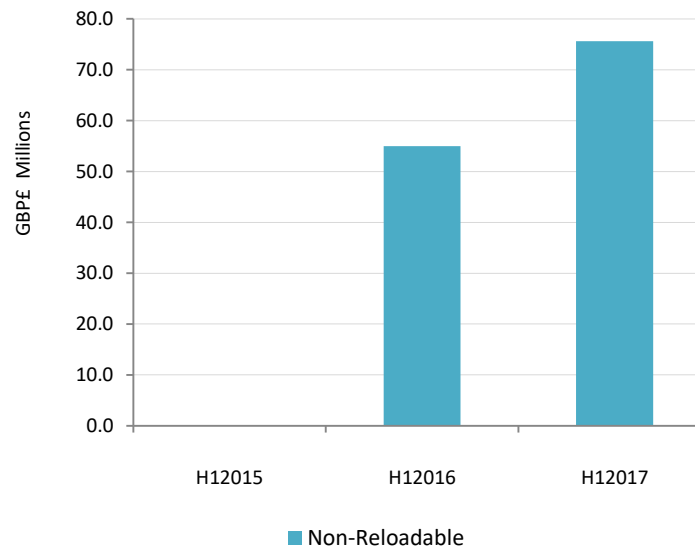


## Key Metrics

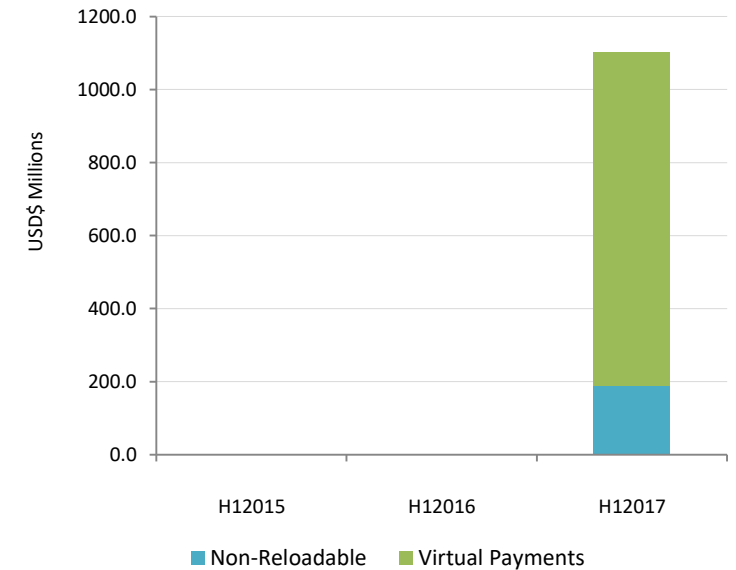
**Regional (Australia):  
Total Gross Debit Volume**  
(A\$ Millions)



**Regional (U.K/Europe):  
Total Gross Debit Volume**  
(GBP£ Millions)



**Regional (North America):  
Total Gross Debit Volume**  
(USD\$ Millions)

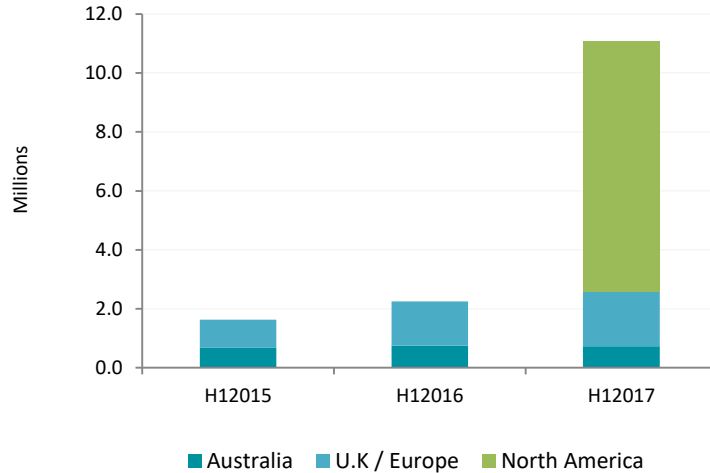




## Key Metrics

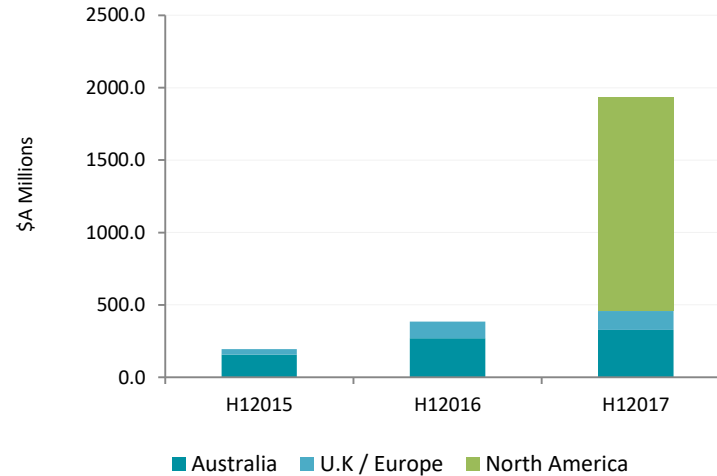
### Total Number of Active Accounts (millions)

Graph split by region



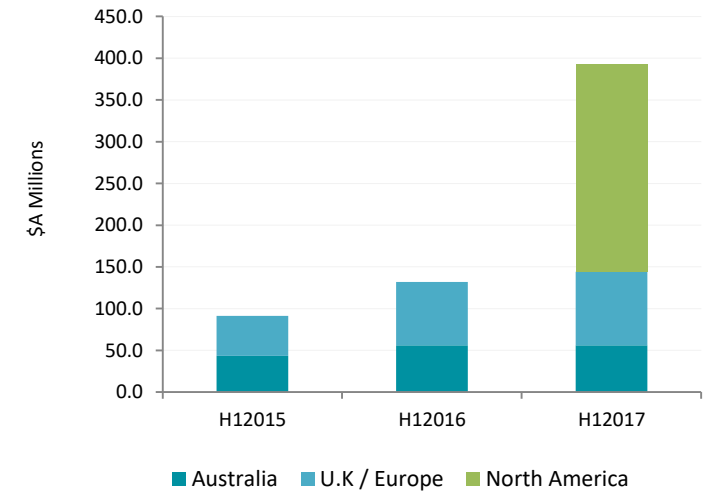
### Total Gross Debit Volume (A\$ millions)

Graph split by region



### Stored Value (A\$ millions)

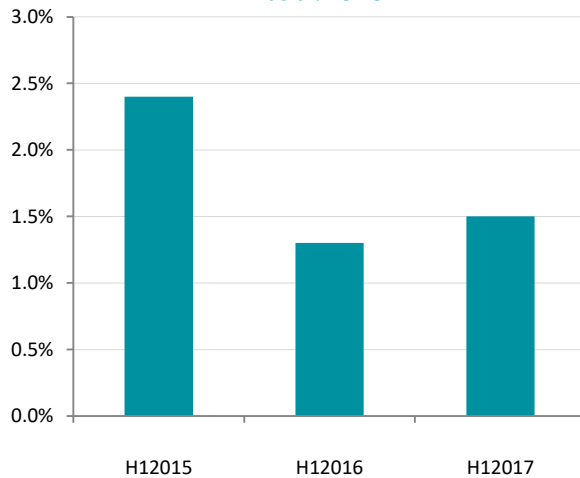
Graph split by region



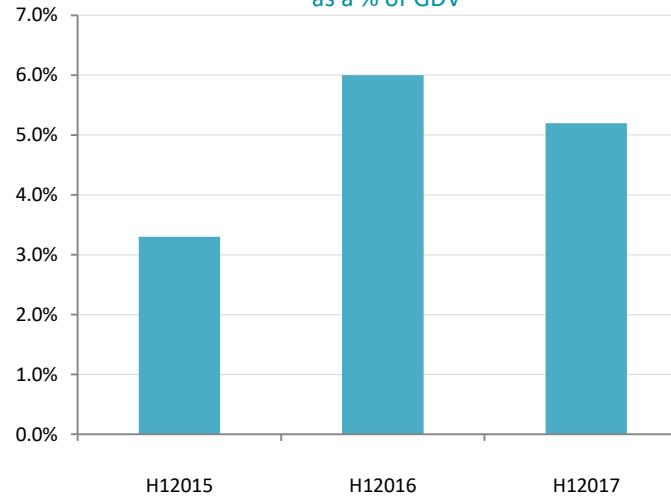


## Key Metrics

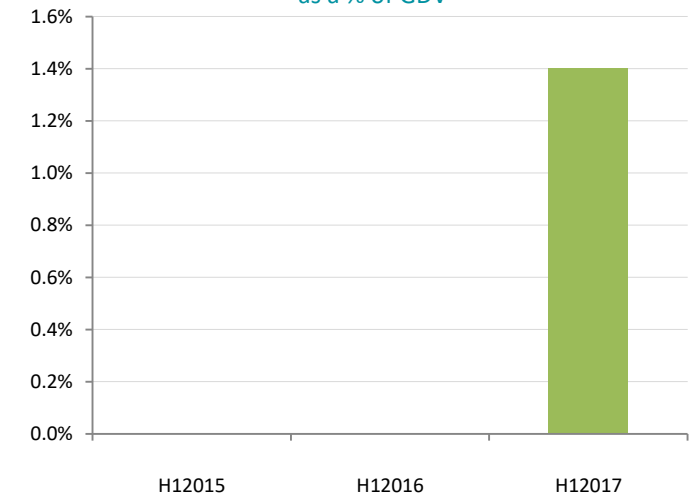
**Australia Revenue**  
as a % of GDV



**Europe Revenue**  
as a % of GDV



**North American Revenue**  
as a % of GDV



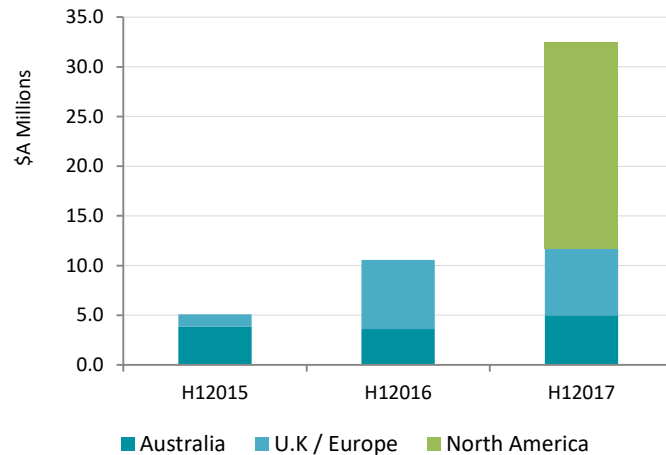


## Financial Results

### Graphs By Region

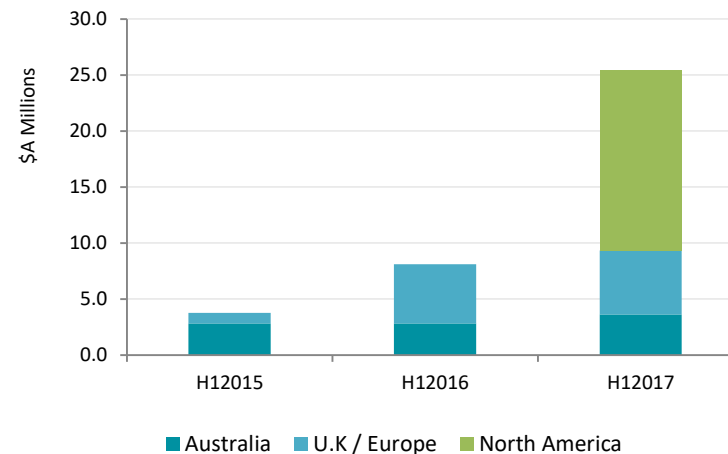
**Group Results: Revenue**  
(A\$ millions)

Graph split by region



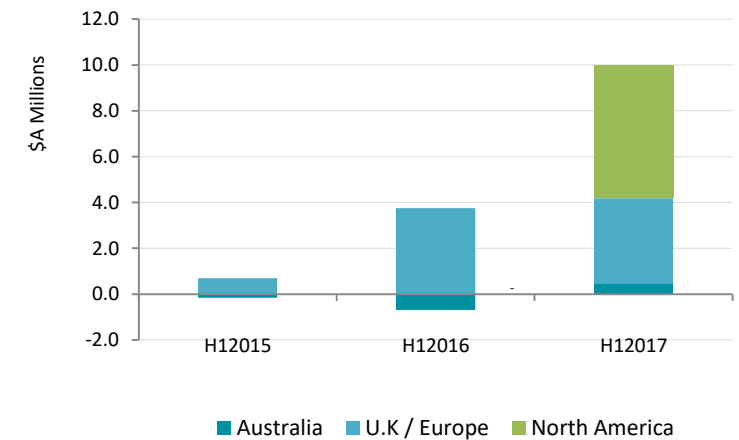
**Group Results: Gross Profit**  
(A\$ millions)

Graph split by region



**Group Results: EBITDA**  
(A\$ millions)

Graph split by region



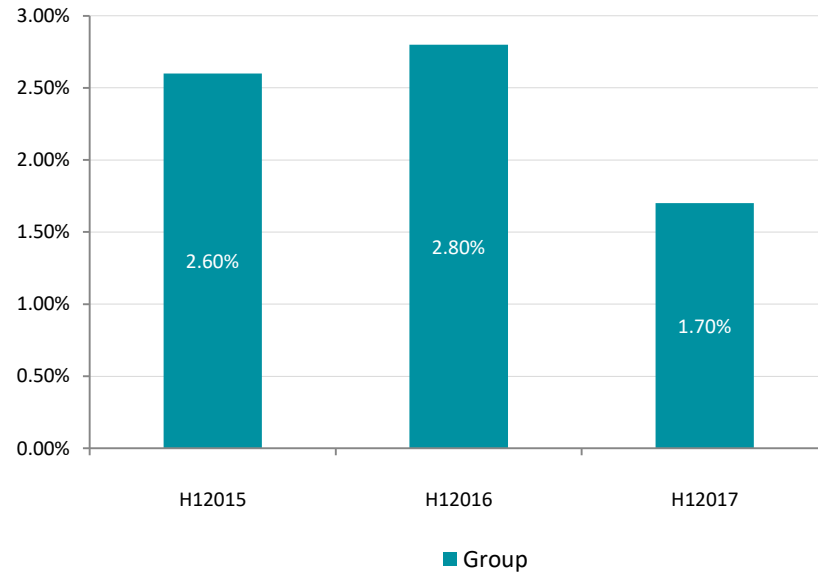


## Financial Results

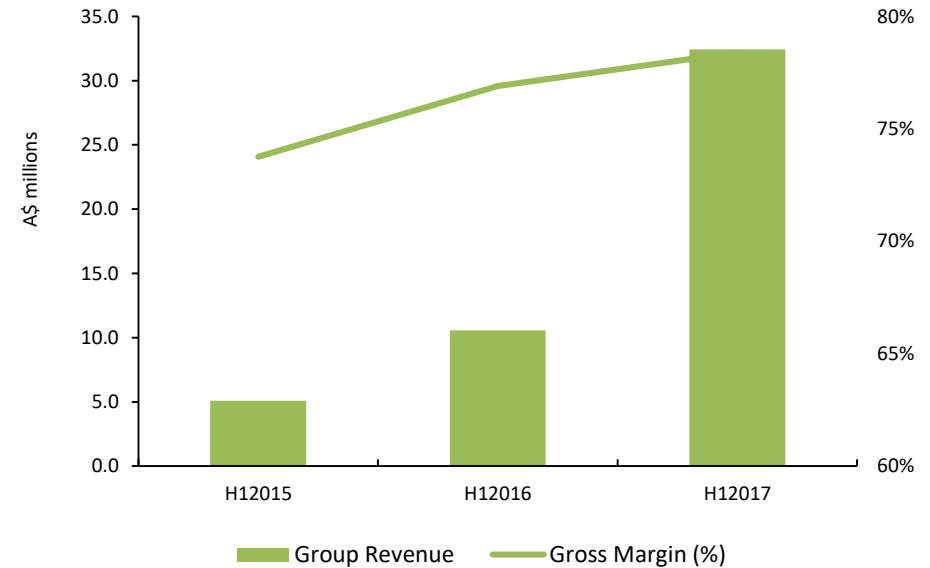
Total Group

### Group Results: Revenue / GDV (%)

Total Group



### Revenue (A\$ millions) & Gross Margin (%)



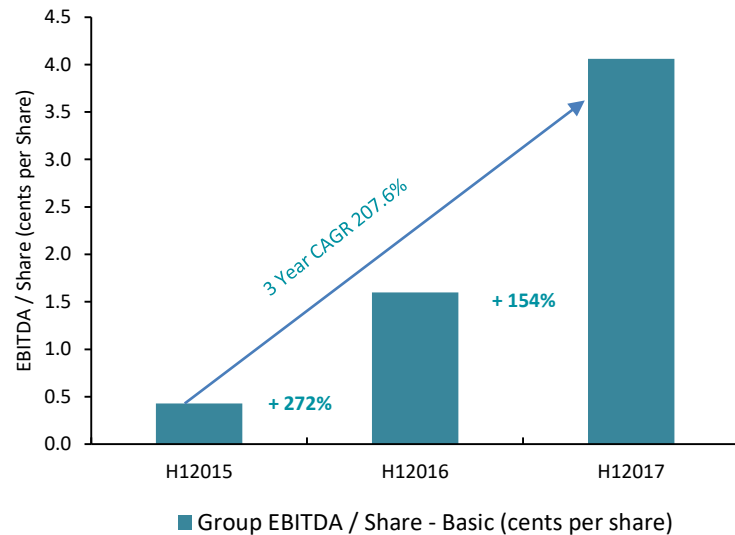
Revenue / GDV% is a factor of including Virtual Payments in for the first half



## Financials

EBITDA per share

### 3 Year growth in Group EBITDA per share



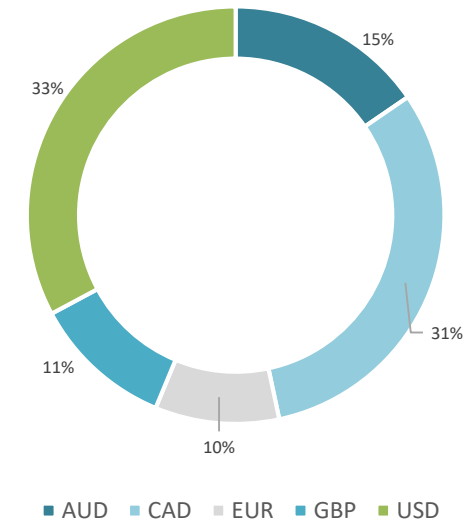
The Group continues to grow the key metric of EBITDA per share\* with 3 Year CAGR at 207.6%

\*calculated on the non-diluted number of shares in issue at each period end

## Group Results: Impact of Currency

Negative EBITDA Impact of \$1.0m in First Half

### Revenue Split by source currency (%)

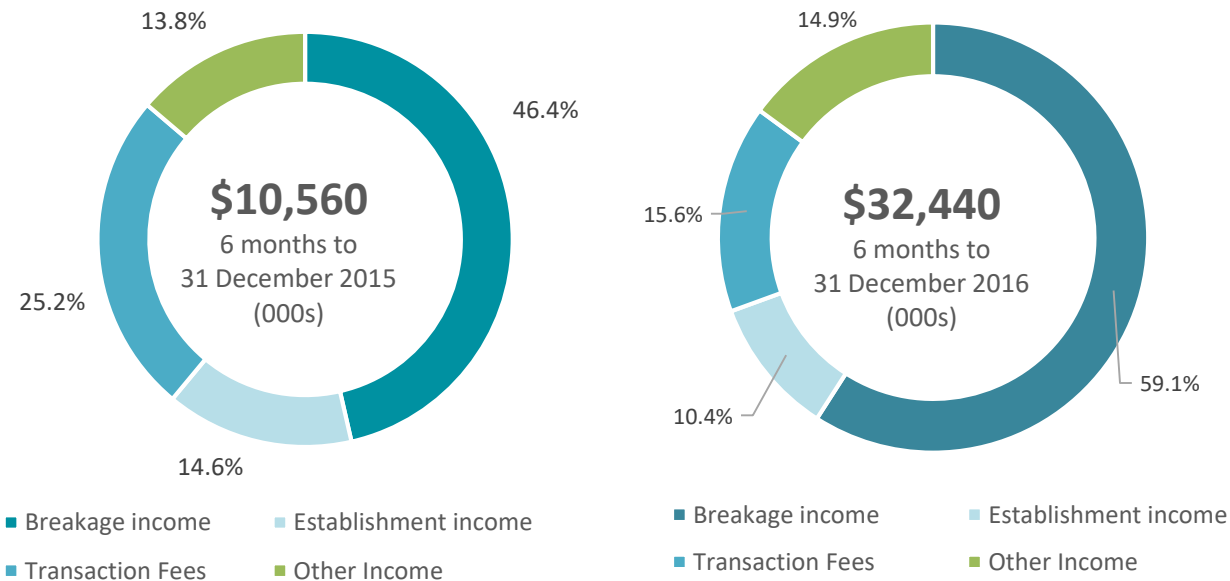


Movements in exchange rates are hedged through the basket of currencies in which the group transacts. The AUD appreciated against all trading currencies (CAD +4%, EUR +5%, GBP +25%, USD +4%) in the first half.





## Consolidated Profit & Loss



(\$000s)	31 Dec 2016 Six Months Ending	31 Dec 15 Six Months Ending	% Increase
Australia	5,004	3,606	39%
Europe	6,665	6,954	-4%
Americas	20,771	0	-
<b>Total Revenue</b>	<b>32,440</b>	<b>10,560</b>	<b>207%</b>
Australia	3,608	2,829	28%
Europe	5,718	5,292	8%
Americas	16,107	0	-
<b>Gross Profit</b>	<b>25,433</b>	<b>8,121</b>	<b>213%</b>
Australia	(3,166)	(3,524)	-10%
Europe	(1,978)	(1,542)	28%
Americas	(10,326)	0	-
<b>Overhead Expenditure (incl R&amp;D Tax Offset)</b>	<b>(15,470)</b>	<b>(5,066)</b>	<b>205%</b>
Australia	442	(695)	164%
Europe	3,740	3,750	0%
Americas	5,781	0	-
<b>EBITDA (incl R&amp;D Tax Offset)</b>	<b>9,963</b>	<b>3,055</b>	<b>226%</b>
Share-based payments	(2,576)	(699)	-269%
Depreciation and amortisation expense	(5,057)	(2,066)	-145%
Other non-cash items	6	32	-81%
Add back R&D offset incl EBITDA	(605)	(997)	-39%
<b>Net Profit / (Loss) before tax</b>	<b>1,732</b>	<b>(675)</b>	<b>357%</b>
Income tax (expense) / benefit	(348)	1,308	-127%
<b>Net Profit / (Loss) for the year</b>	<b>1,384</b>	<b>633</b>	<b>118%</b>



## Group Balance Sheet & Cash Flow

The cash balance as at 31 December 2016 was A\$31.8M, an increase of 18%. We continue to hold cash available for further investment within the business arising from our share issue in 2016 alongside generating positive cash flows.

We ended the period with a breakage accrual, which will largely convert to cash in the next 12 months, of A\$13.2M. This is an increase of 50% on the prior comparative period largely due to breakage accruals in our Americas business unit.

We invested in PP&E connected to the relocation of our USA business to a new facility which was completed during the year.

The group generated A\$9.64M of cash from operating activities and invested A\$3.51M to increase its stake in PayWith Worldwide, Inc. a company offering mobile reward program technology

(\$000s)	31 December 2016	30 June 2016	% Increase
Cash and cash equivalents	31,811	26,942	18%
Breakage accrued	13,207	8,816	50%
Other receivables and other assets	15,549	8,266	88%
Deferred tax asset	17,948	15,201	18%
Receivables from financial institutions	55,234	17,058	224%
Plant and equipment	3,196	2,209	45%
Goodwill and intangibles	64,871	71,408	(9%)
<b>Total assets</b>	<b>201,816</b>	<b>149,900</b>	<b>35%</b>
Trade and other payables	18,062	8,757	106%
Liabilities to stored value account holders	55,234	17,058	224%
Deferred Tax Liabilities	4,290	2,735	57%
Other Liabilities	2,092	2,144	(2%)
<b>Total Liabilities</b>	<b>79,678</b>	<b>30,694</b>	<b>160%</b>
<b>Equity</b>	<b>122,138</b>	<b>119,206</b>	<b>2%</b>

	31 December 2016	31 December 2015	% Increase
Cashflows from operating activities	9,640	317	2941%
Cashflows used in investing activities	(4,888)	(543)	800%
Cashflows from financing activities	204	56	264%



## Investment Fundamentals

### Sales Pipeline

We generate revenues from programs that are directly sold by our sales teams and from programs where we partner with companies such as Blackhawk, Edge Loyalty, PaySafe and PayWith. Given long lead times in our sales cycles, the strength of our pipeline is critical to future revenue generation.

### Diversification

We have transformed ourselves from a company in 2012 with operations only in Australia and with one customer representing 90% of revenues, with a market cap of \$10m, to a company with geographic diversification of revenues and earnings, with no material revenue concentration risk, and a market cap in excess of \$350m.

### Revenue Acceleration

Significant market potential exists in all of our core segments, driven by organic growth in existing programs, re-loadable programs in Europe and access to the largest prepaid market in the world in North America.

### Proprietary Technology

Proprietary technology supporting a diverse range of prepaid products.

### Management Depth

Highly experienced executives managing our business units providing a significant depth of management talent

### Scale

Gross margins averaging 78% and upwards of 90% on some programs, and on a relatively stable cost base, drives scale.

### Cash

We ended 1HFY17 with \$31.8m in cash, providing us with a strong balance sheet and the ability to use that cash for accretive investments and business development activities. In addition to our cash balances, our accrued breakage of \$13.2m continues to grow, and will convert to cash in the coming 12 months.

### Debt

Nil.