

**19 May 2017**

**Smartpay Holdings Limited (NZX: SPY; ASX: SMP)**

**PRESENTATION**

Please see attached presentation presented by Bradley Gerdis, CEO, this afternoon to the “Australian Emerging Companies Conference” hosted by Petra Capital and Global Alliance Partners in Sydney, Australia.

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**ENDS**

# INTRODUCTION TO SMARTPAY

May 2017



**smartpay**  
payment solutions made easy

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# WHO WE ARE

- ❑ Smartpay is a merchant facing payments technology business
- ❑ We have a significant position in the New Zealand payments market and a growing Australian business

**Leading NZ Provider**

**>30% market share**

**Payments partner to 3 of 4 banks**

**~110 staff**

**Dominant provider to taxi market**



**Growing Market Share  
In Large Market**

# CURRENT REVENUE MODEL

Every 1,000 terminals adds ~\$500k incremental revenue / EBITDA



## Pure Rental Model

- Term: 3-5 year contracts
- Ave rental: NZ\$48 / month
- Terminal payback period: 6 - 8 months

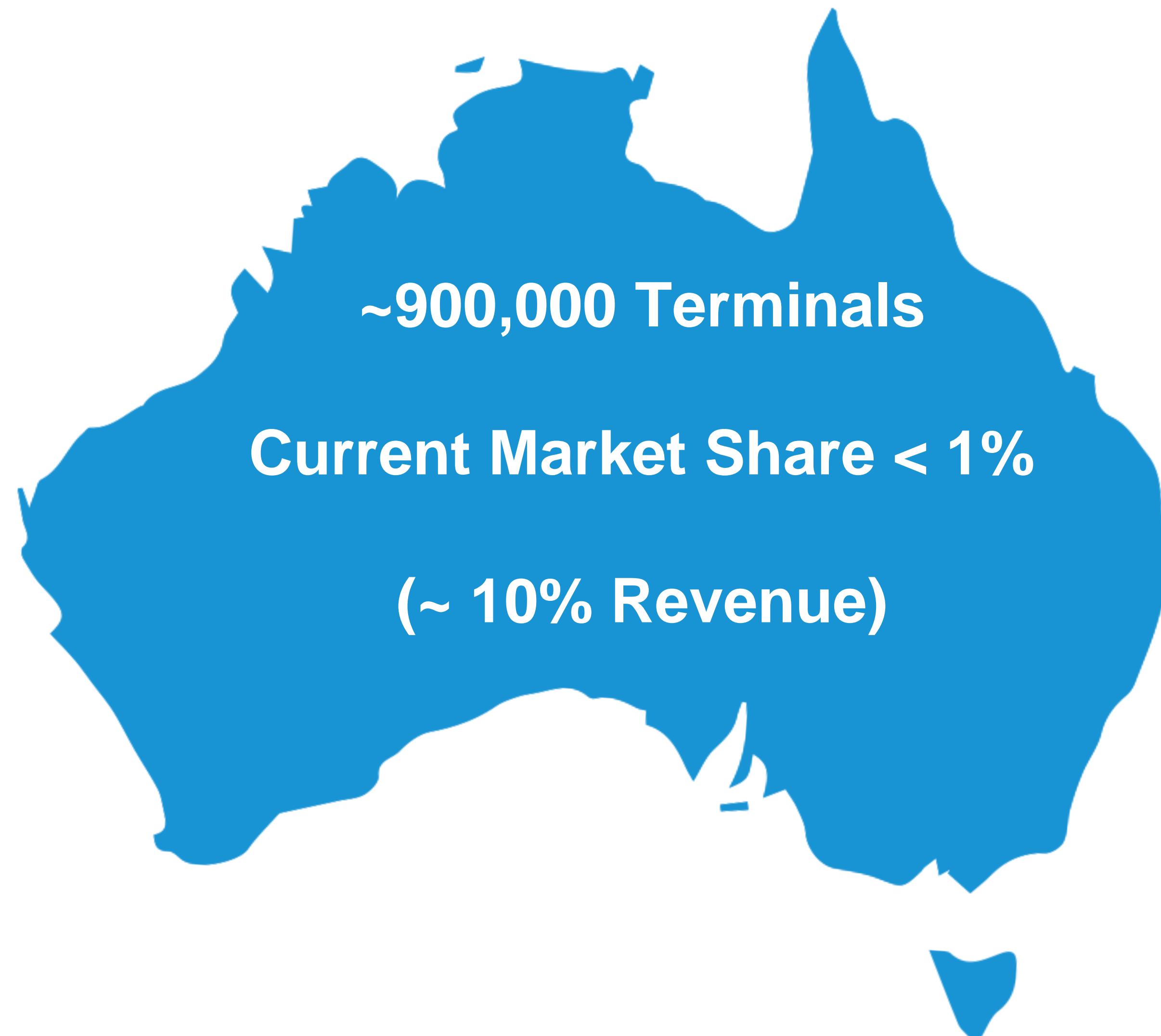


## Combination of rental + share of bank acquiring fee (% MSF)

- Term: Up to 3 years
- Target average revenue/unit = AU\$43 / month, includes:
  - Terminal rental and share of bank acquiring fee (share of the 1-2% of transaction value)
- Terminal payback period: 6 – 8 months

Other revenue lines: transaction processing, software development, terminal sales; content delivery; etc

# THE OPPORTUNITY IN CONTEXT



**~110,000 Terminals**

**>30% Market Share**

**~90% Revenue**







STRATEGY

# OUR STRATEGY

*“ UTILISE THE CRITICAL MASS OF OUR ESTABLISHED NZ  
BUSINESS*

*to:*

*SUPPORT OUR GROWTH INTO THE LARGE AUSTRALIAN  
OPPORTUNITY ”*



## 2 KEY FOCUS AREAS



***“ Add Acquiring Capability to  
Energize our Australian Business “***

***“ Payments to the Cloud “***

# VERTICAL INTEGRATION – AUSTRALIAN ACQUIRING OPPORTUNITY

1

The Australian EFTPOS/card acquiring market is worth in excess of A\$2Bn annually.

2

Historically there was a regulatory requirement in Australia to have a banking licence to acquire card transactions.

3

This regulatory requirement was recently removed.

4

These changes have opened access to participate in this A\$2Bn acquiring revenue to nimble, innovative merchant facing payments providers.

5

We believe Smartpay is well placed to participate.

6

This will move the business away from predominant reliance on hardware rental towards higher margin financial transaction revenue and ultimately position the business as a value add financial system access provider.

7

***Expected benefits:***

- ***higher margin*** through transaction participation;
- ***greater pricing flexibility*** leading to higher sales;
- ***New product opportunities***

8 - Status

- **Our project to participate is underway**
- **This is a complex project with timing dependant on external parties**
- **Targeting market launch this year**

# PRODUCT INNOVATION – PAYMENTS TO THE CLOUD



vend





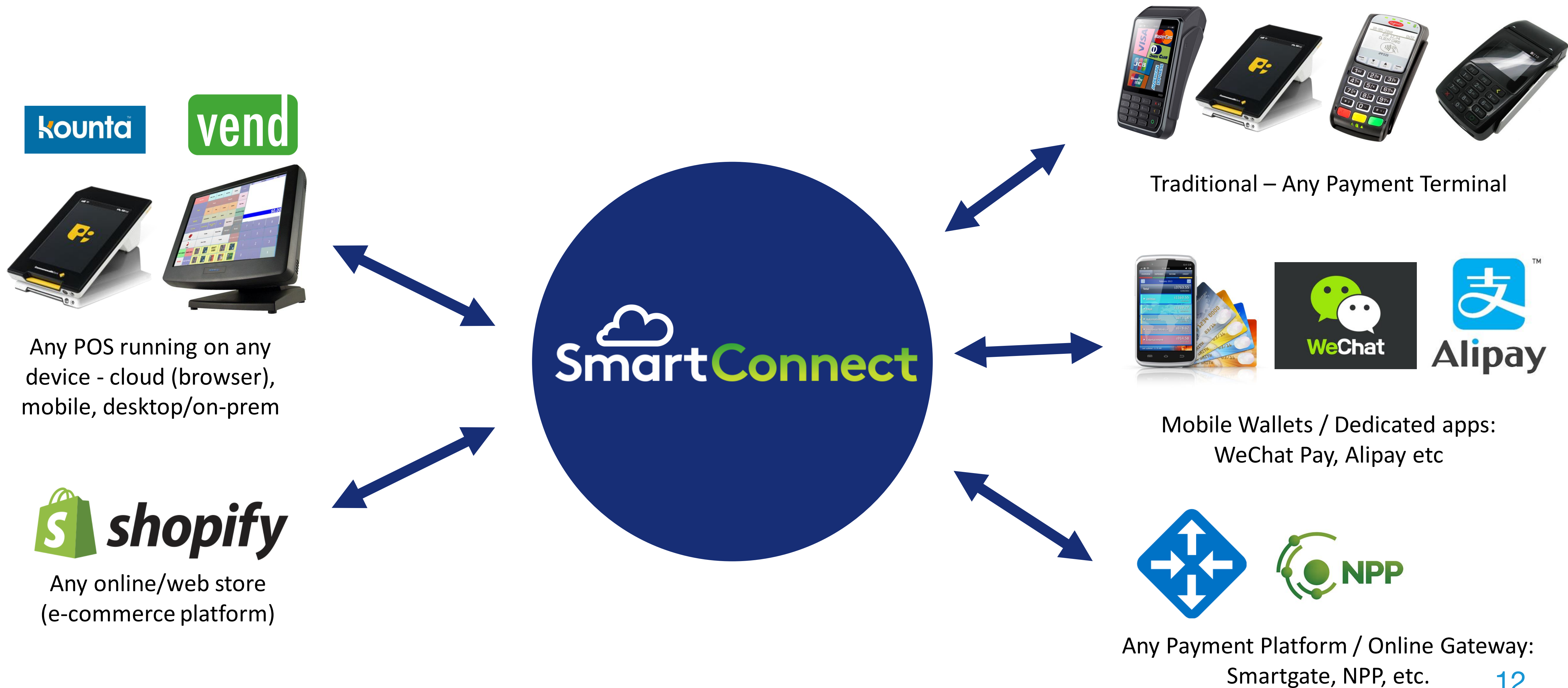
# PRODUCT INNOVATION – PAYMENTS TO THE CLOUD



vend



# One Platform for any Payment Solution







## SUMMARY AND OUTLOOK



# SUMMARY AND OUTLOOK

1. Smartpay offers a unique investment proposition as an ***established, profitable Fin-Tech growth*** company:
  - i. An ***established annuity*** style business with a leading market position in the NZ market; supporting
  - ii. An ***early stage growth*** business growing into the large, opening Australian market.
2. We operate in a changing industry of which we have deep understanding and proven capability.
3. We see significant opportunity in the two key areas of ***regulatory*** and ***technology change***, both of which are opening up the large Australian market to new and nimble challengers.



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QUESTIONS