

# Goldman Sach's Emerging Tech Conference

EMI.

Money in Motion



→  
**Tom Cregan**  
**Managing Director**  
**& Group CEO**

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#### Important Notice

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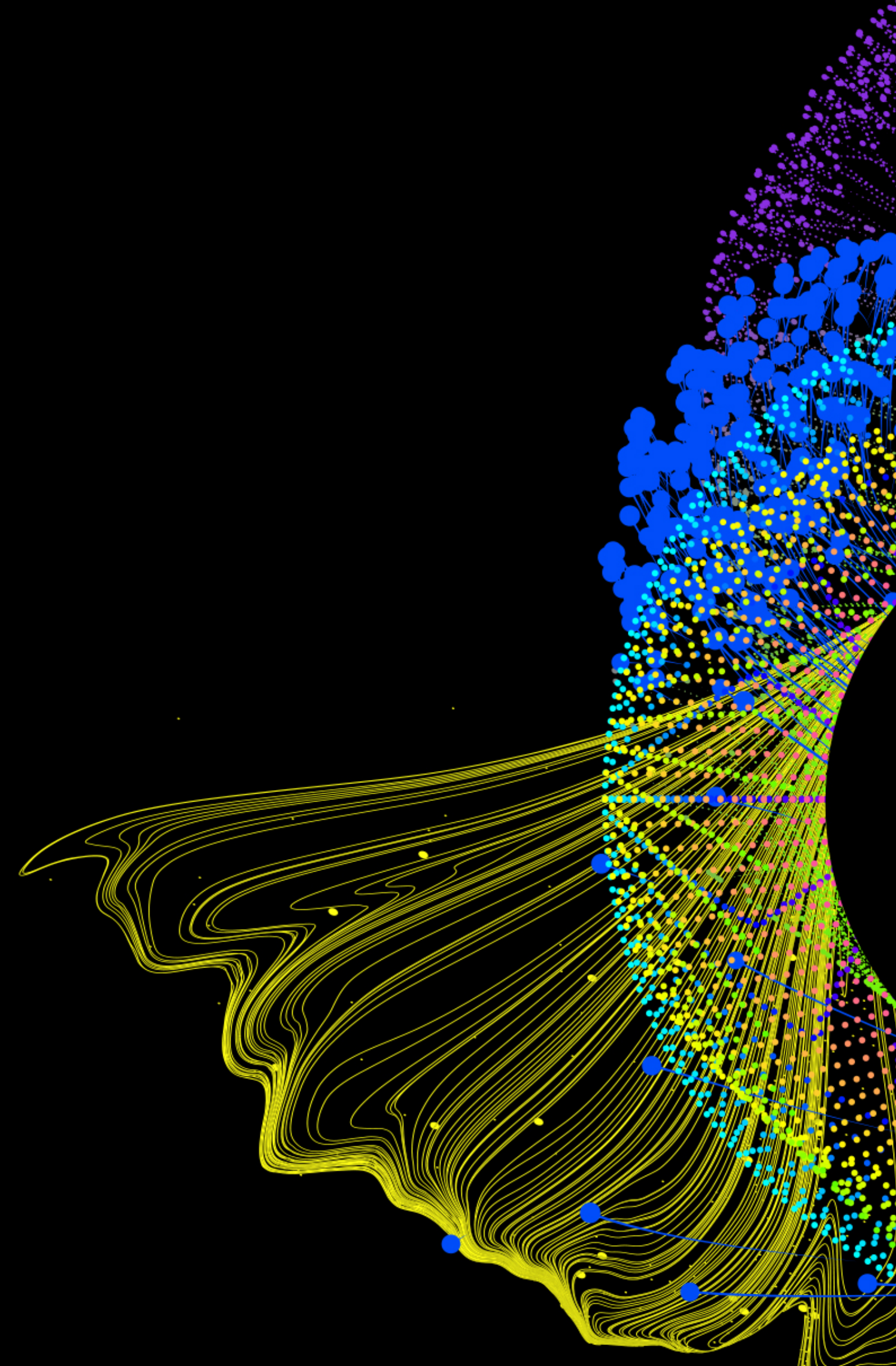
This presentation may contain forward looking statements including statements regarding our intent, belief or current expectations with respect to EML's businesses and operations, market conditions, results of operation and financial condition, capital adequacy, specific provisions and risk management practices. Readers are cautioned not to place undue reliance on any forward looking statements. Unless otherwise specified all information is for the twelve months ending 30 June 2018 ('FY2018'), and is presented in Australian Dollars. Unless otherwise stated, the prior comparative period refers to the twelve months ending 30 June 2017 ('FY2017' or 'PCP')

## About Us

### EML mission statement

**We create awesome, instant and secure payment solutions that connect our customers to their customers, anytime, anywhere, wherever money is in motion.**

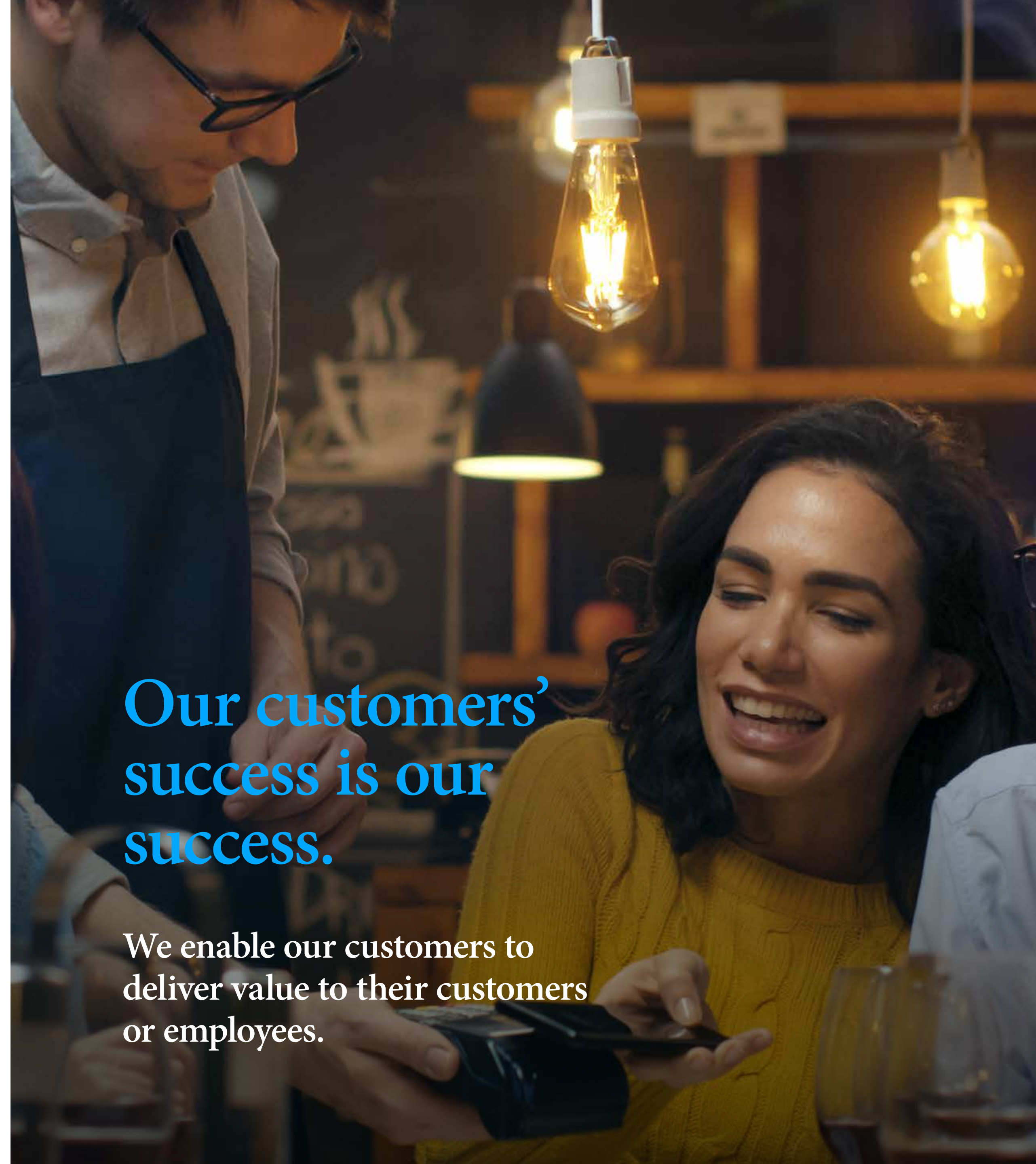
**EML.**





## Innovative salary packaging solutions.

EML enable McMillan Shakespeare, AccessPay, Paywise and Eziway to offer a tax compliant product to their customers including Mobile Merchant Rewards.



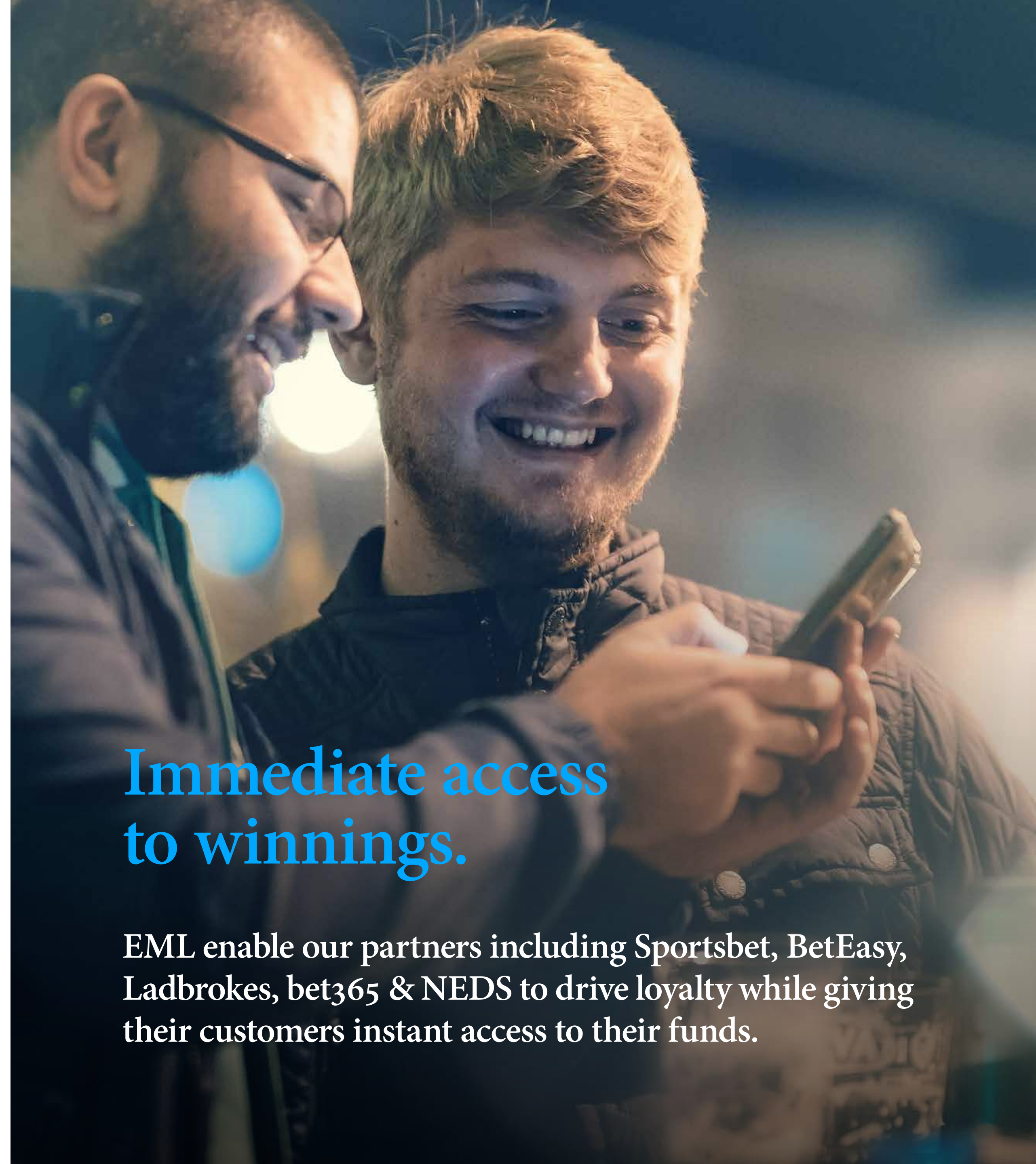
## Our customers' success is our success.

We enable our customers to deliver value to their customers or employees.



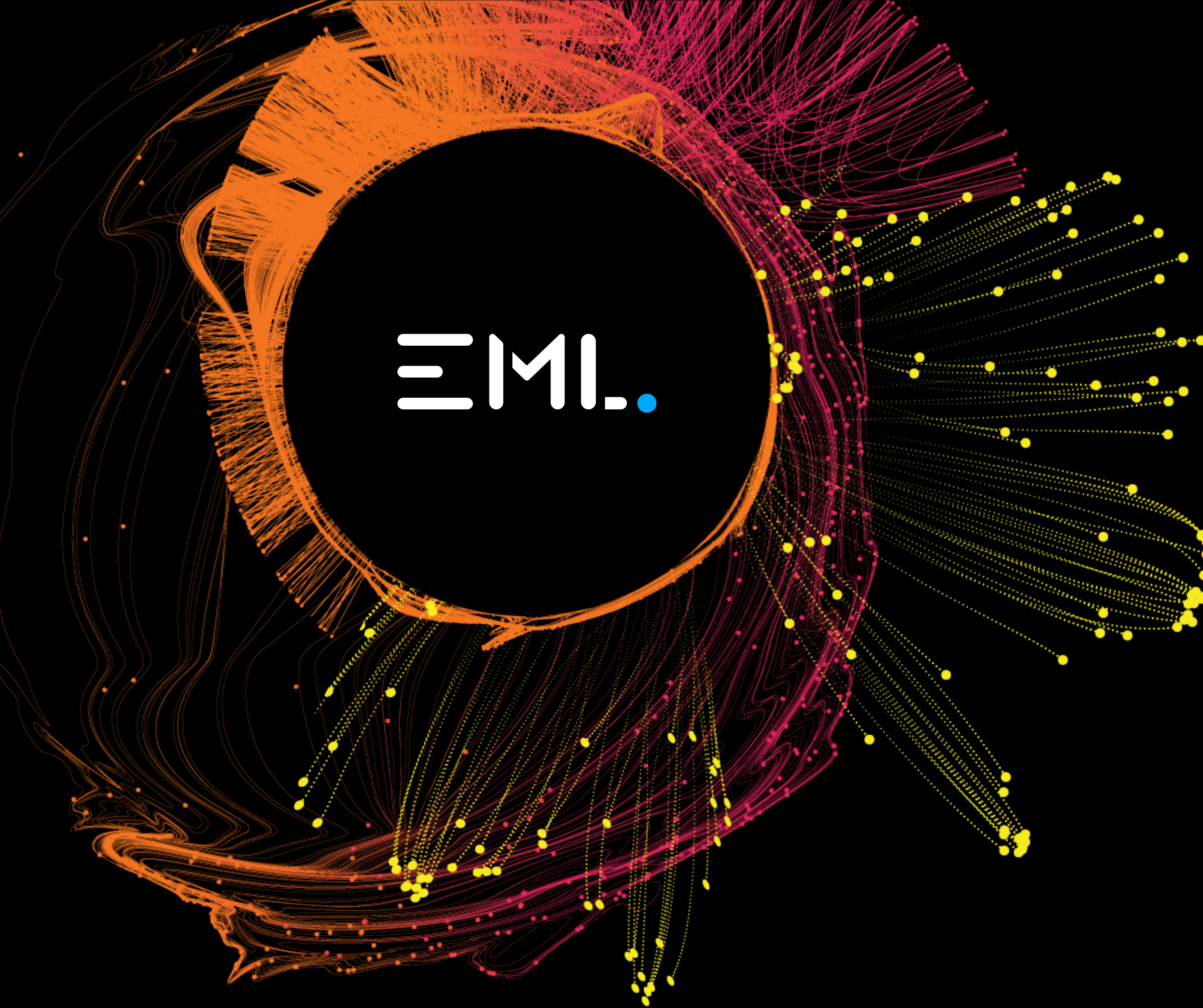
## Driving loyalty and footfall.

EML enable our customers to deliver value and drive revenue into their business.



## Immediate access to winnings.

EML enable our partners including Sportsbet, BetEasy, Ladbrokes, bet365 & NEDS to drive loyalty while giving their customers instant access to their funds.

The logo features the letters 'EML' in a white, sans-serif font, with a small blue dot at the end of the 'L'. The logo is centered within a dark circular area. Surrounding this circle is a complex network visualization consisting of numerous thin, overlapping lines in shades of orange, pink, and purple, with small yellow and blue dots scattered throughout, suggesting a dynamic and interconnected system.

EML.

## Your invitation.

### EMLCON Event

Tuesday 13 November  
9.30am until 12 noon

Museum of Contemporary Art  
Quayside Room  
140 George Street,  
The Rocks NSW 2000

RSVP to Noreen Messenger  
[nmessenger@EMLpayments.com.au](mailto:nmessenger@EMLpayments.com.au)

Money in Motion

# About Us

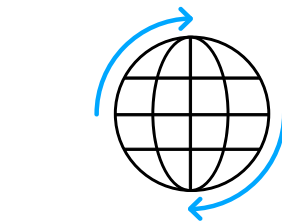
## EML snapshot



APPROXIMATELY

**1,200**  
CARD PROGRAMS

IN



**21**  
COUNTRIES

GROUP GDV (FY18)

**\$6.75bn** ↑ **53%**

### Australia



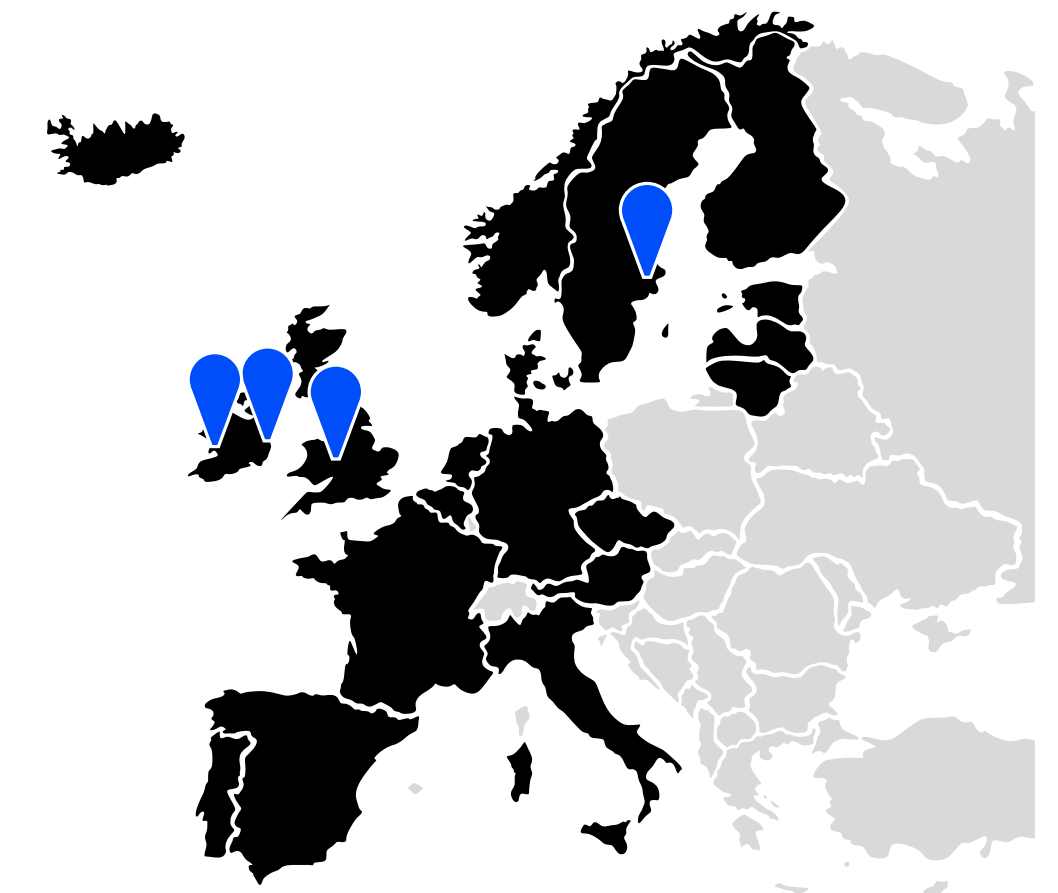
→ Brisbane, Australia

### North America



→ Kansas City, USA

### Europe



→ Birmingham, England  
Dublin, Ireland  
Galway, Ireland  
Stockholm, Sweden

# About Us

Who trusts us

McMillanShakespeareGroup

MCARTHURGLEN  
GROUP

Ladbrokes

COINJAR

myCryptoWallet

LandSecurities

betsson

VALUE RETAIL

TangerOutlets

Morguard

RemServ

fortuna  
E-SPORTS

LulaRoe

ECE

GVC  
Holdings

AccessPay

bet365

BET EASY

British  
Land

centre:mk  
MILTON KEYNES

neds

Cabcharge

CF Cadillac  
Fairview

CAFARO

Hammerson

Comina

DIDIX  
gifting & promotions

edge

payplus  
Solutions, Inc.

centreviews  
BUSINESS INTELLIGENCE SUITE



Shell  
Canada

sportsbet  
.com.au

Primaris

ImpactPay

Instabank

W.  
Waasland  
Shopping Center

epipoli

WOW!

Etsy



MACQUARIE  
BANK

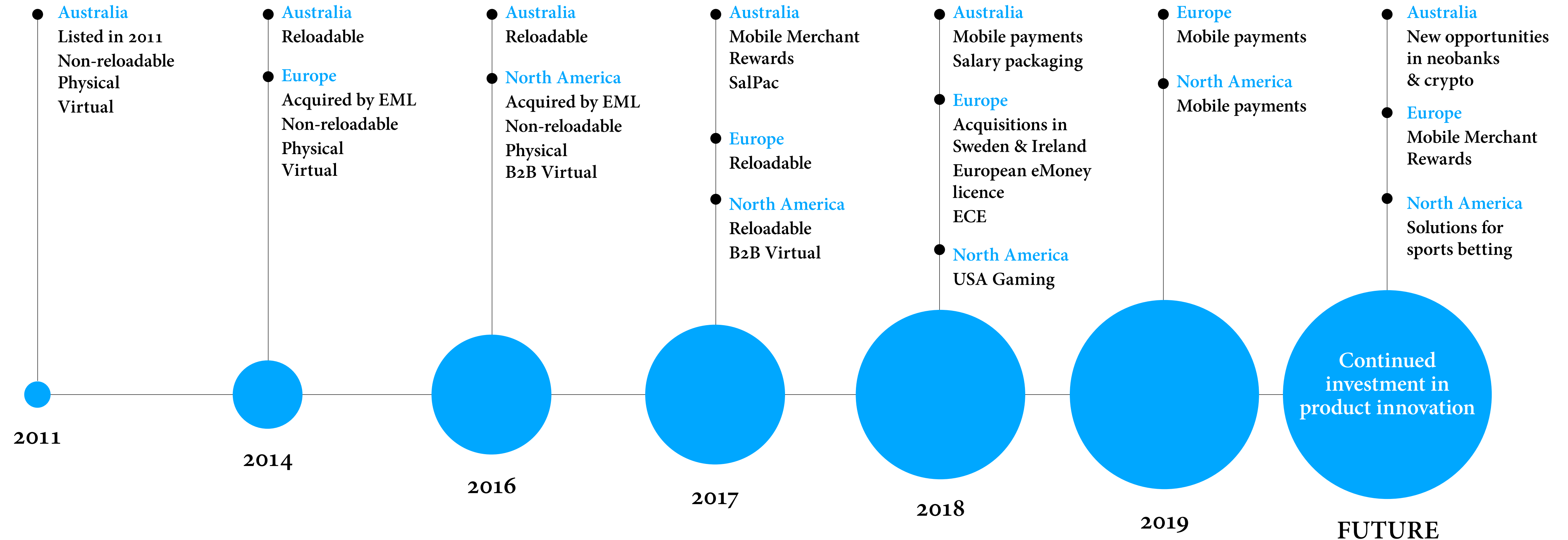
Ivanhoé  
Cambridge



# About Us

## Our history - Product & technology

EML invest in growth verticals and future opportunities through product and technology innovation. We continue to actively investigate and discover new market niches in the FinTech Industry across all regions, recognising our business units evolve independently of each other.



# Product and regulatory diversification

Public facing products & solutions:



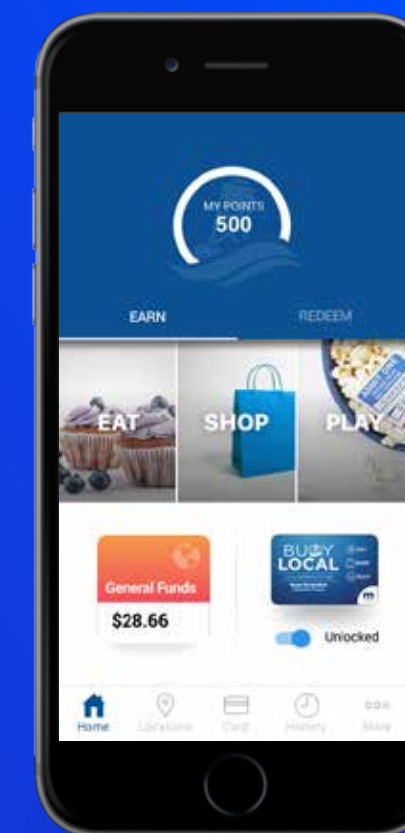
Non-reloadable



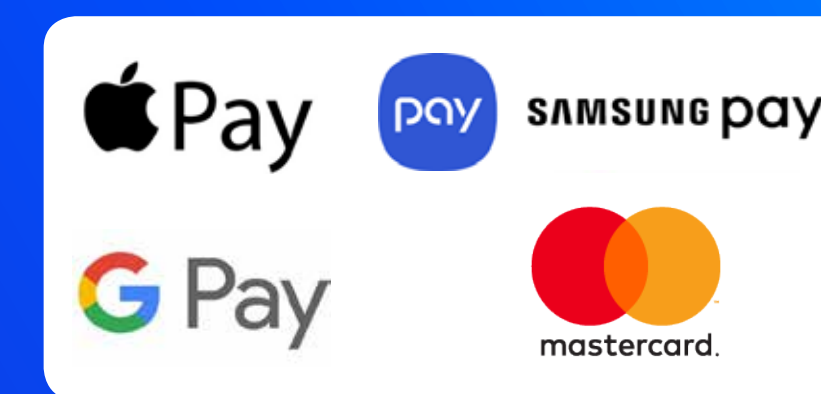
Virtual



Reloadable



Mobile Merchant Rewards



Mobile payments

## Non-public facing operations:

End to end  
End to End payment processing platform  
(card issuing, transaction processing, fraud control, settlement and reconciliation)

## Information Technology

**2** In-house, prepaid, processing platforms

**4** Data Centres

**30** % Staff are IT based

**MULTI** Multi-currency & Multi-lingual

**LEVEL 1**  
PCI-DSS Level 1 compliant

**~\$30m**  
Over ~\$30m invested in our platforms to date

**5** Connectivity to 5 major card schemes

## Regulatory and compliance across the globe

**9** Issuing bank agreements

**21** Compliance with regulatory authorities

## People

**210** Employees servicing 21 countries

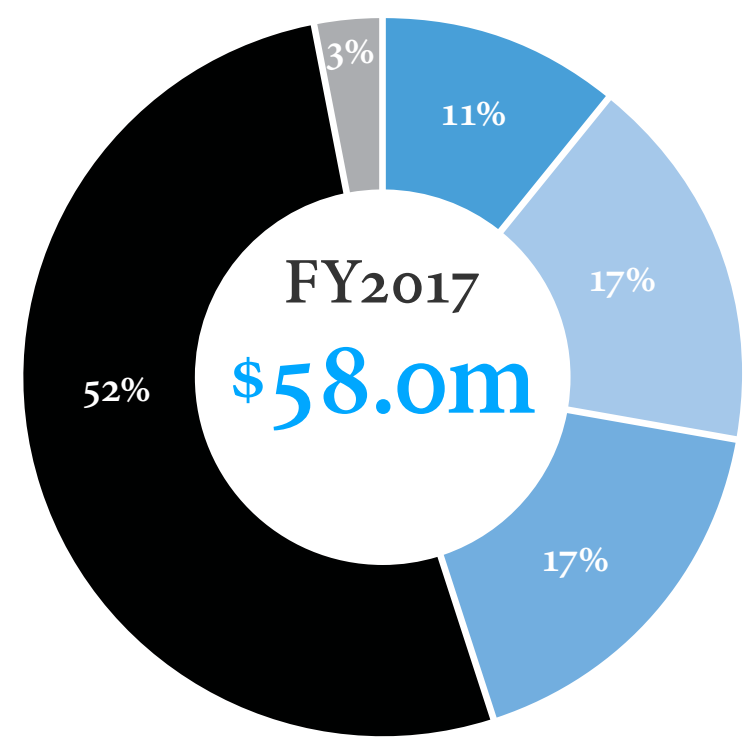
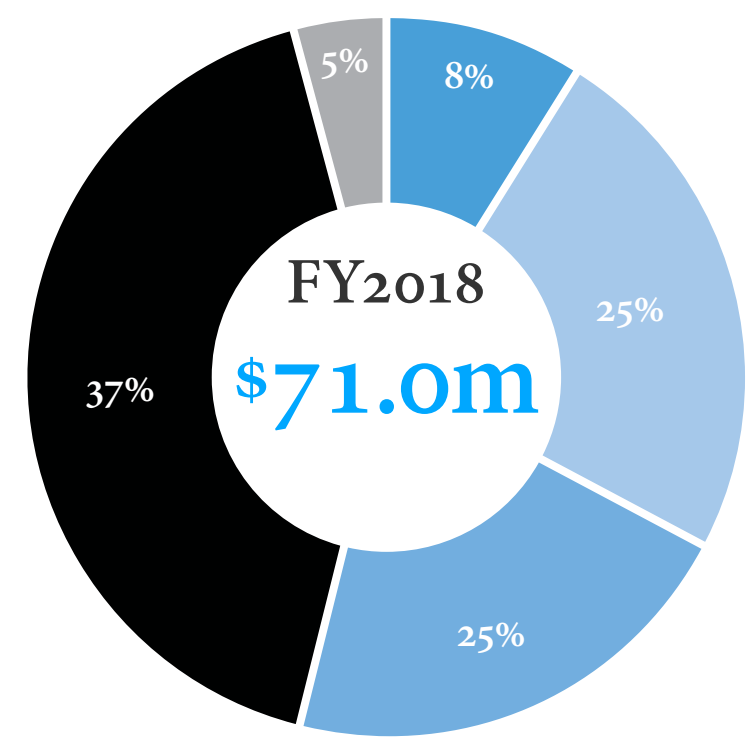
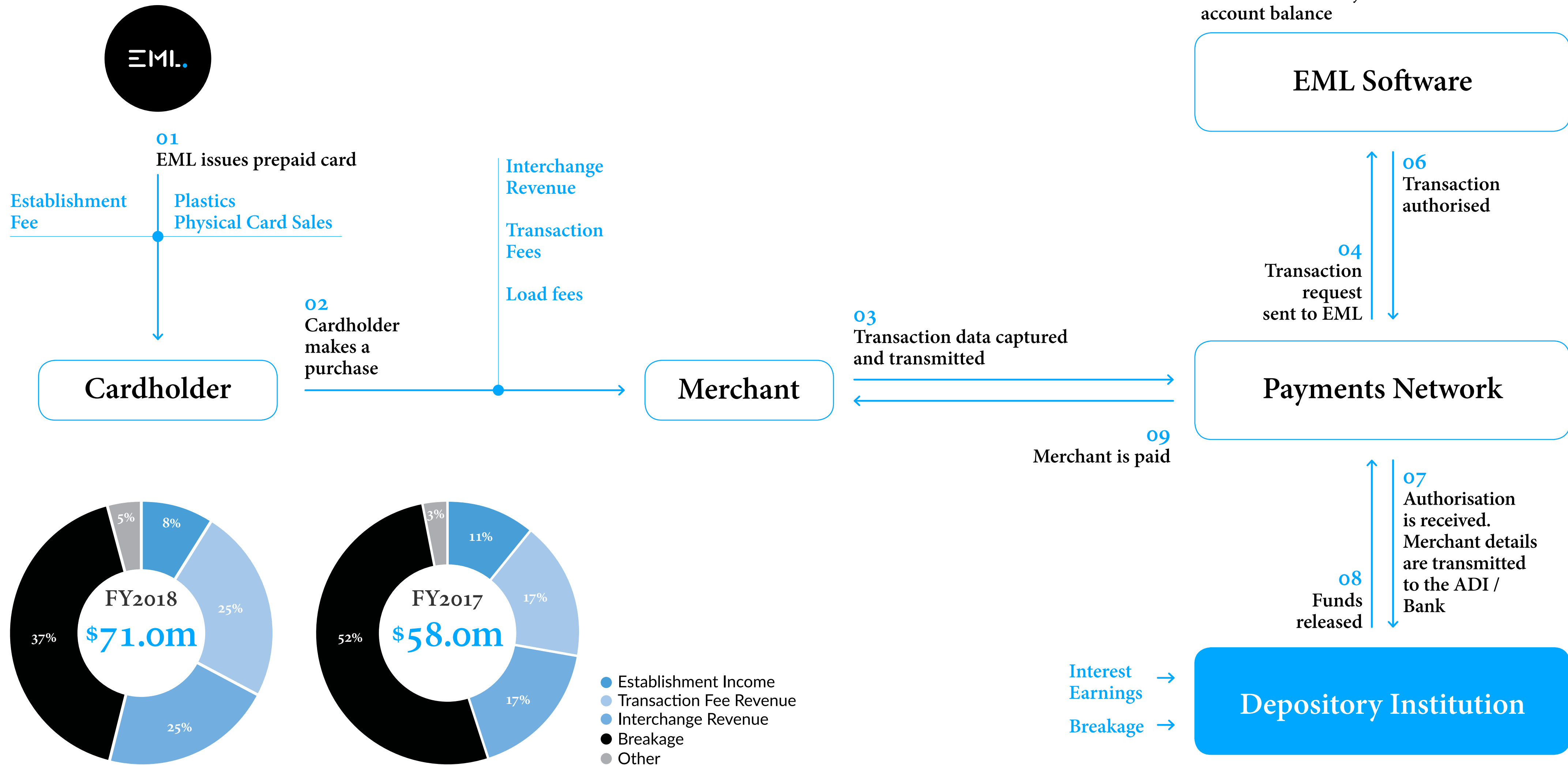
**52** Abiding by over 52 regulations / laws

**5** Major licences  
→ AFSL (Australia)  
→ MasterCard membership (Australia)  
→ BPay (Australia)  
→ Mastercard private label issuance (UK and Europe)  
→ European eMoney

**100** Over 100+ years prepaid experience in group leadership team

# Business model

## Sources of revenue



- Establishment Income
- Transaction Fee Revenue
- Interchange Revenue
- Breakage
- Other

# Business model

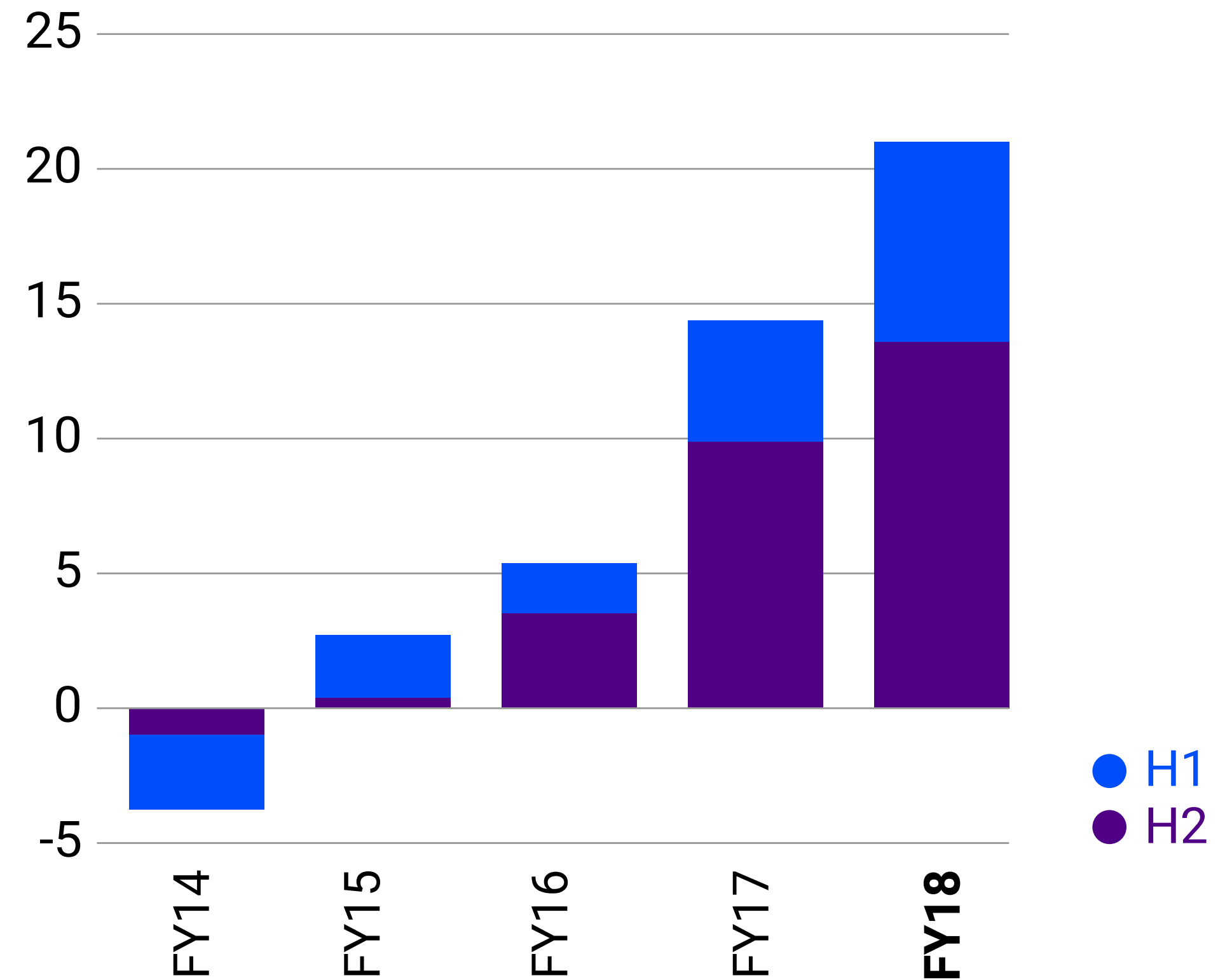
Track record of delivering results - EBTDA

**\$20.8m** ↑ **43%**  
FY18 EBTDA

**247%**  
FIVE-YEAR EBTDA CAGR

→ Strong Organic Growth from existing programs complements new program launches & acquisitions

(AUD' millions)



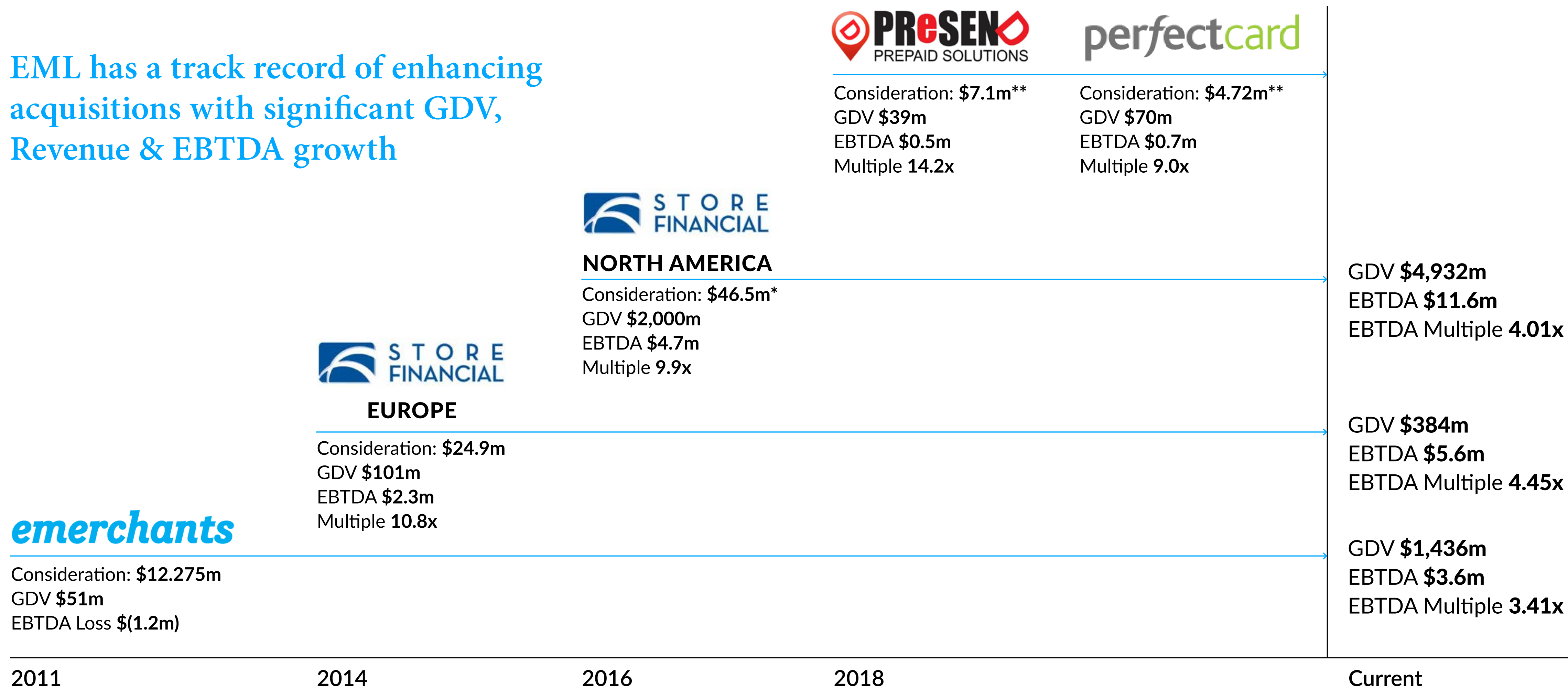
EML generates interest income on Stored Value balances and as such is a source of core revenue. Earnings Before Interest Expense, Tax, Depreciation & Amortisation ('EBTDA') is used as the most appropriate measure of assessing performance of the group.

EBTDA includes R&D tax offset & excludes share based payments, and is reconciled to the statutory profit and loss within the FY2018 Annual Report.

# Business model

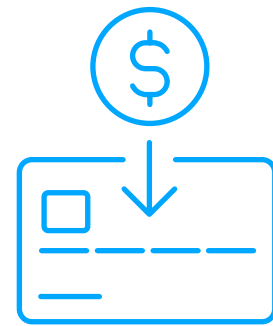
## Highlights - Success in Developing Acquisitions

EML has a track record of enhancing acquisitions with significant GDV, Revenue & EBTDA growth



# Outlook

## FY2019 - Growth from new launches

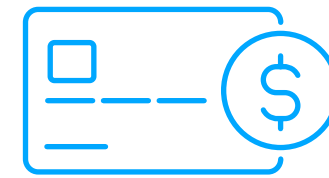


### Non-Reloadable

5 year agreement for a Non-Reloadable consumer gift card in 87 German malls.

GDV is estimated at €90 Million (A\$142 million). Launch completed 24-26 Oct 2018

EML now has over 300 shopping mall programs operating across 18 European countries and 5 currencies



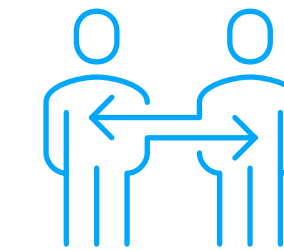
### Reloadable

GVC plc is a GBP 6bn, UK Listed Gaming Group operating in more than 20 regulated jurisdictions

GVCs' brands include bwin, Coral, Ladbrokes & Sportingbet

GVC signed in late June 2018, with a launch expected within FY19

Neobank & crypto currency programs expected to launch in FY19, include our first Reloadable product in the Nordics



### B2B Supplier Payments

52 Programs in market vs 15 at December 2017

Annualised run rate from new launches of \$0.5bn in July 2018 excluding non-core processing only volumes.

Total annualised run rate, including processing only volumes, is approx \$3.5bn

52 Program in market VS 15 at December 2017



PANDORA

CENTRO  
centre:mk  
MILTON KEYNES

ECE

fortuna  
E-SPORTS

CAESARS  
ENTERTAINMENT

betsson

Instabank

GVC Holdings

myCryptoWallet

ImpactPay

# Outlook

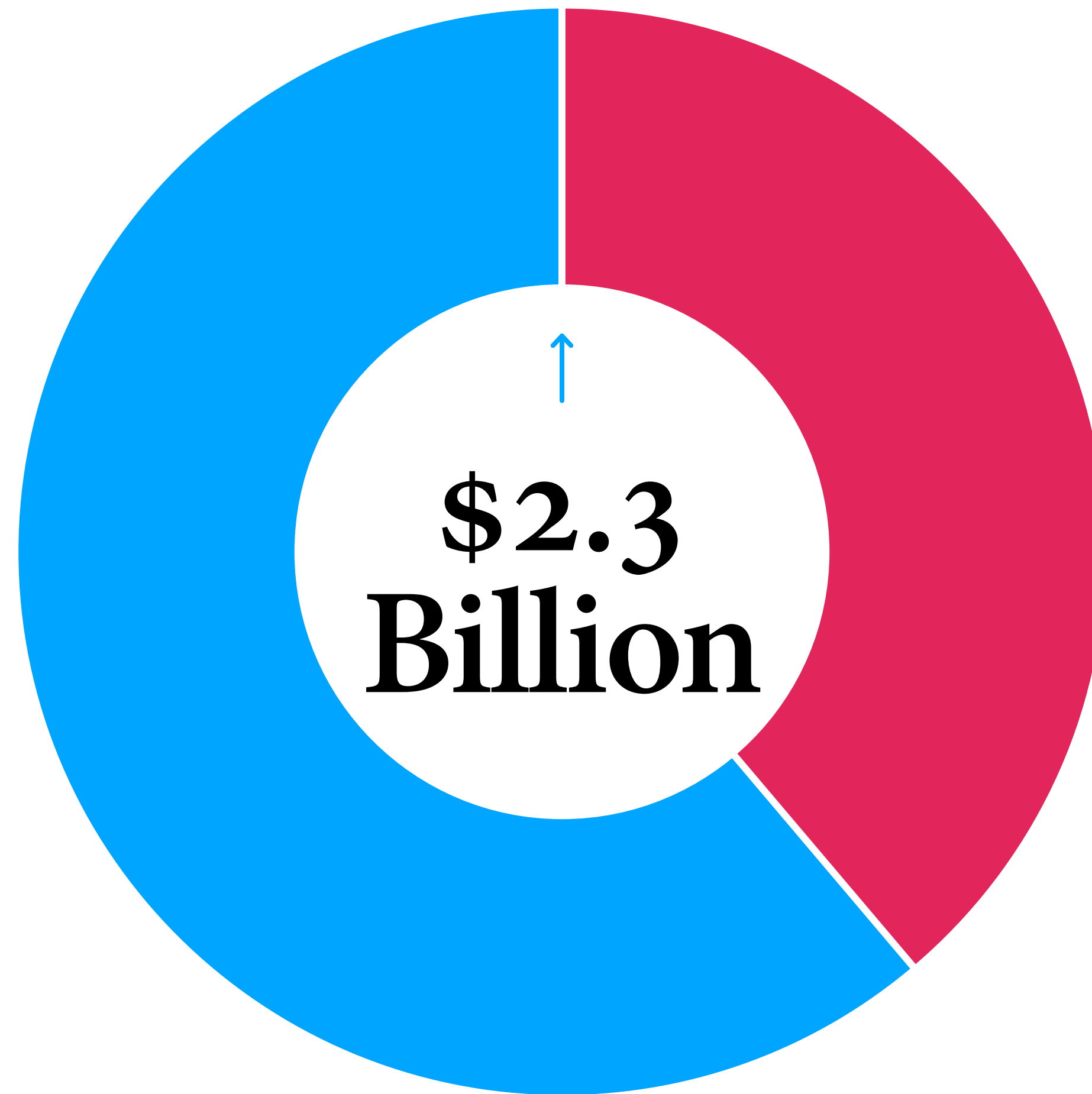
## FY2019 - Growth from new launches

### Strong Organic Growth

with major contracts launched for salary packaging alongside growth in our Reloadable segment.

### Material growth driver

Expected revenue - \$1m higher year over year



GDV Growth from existing customers in FY18 \$1.4 Billion

**\$1.4 Billion**

GDV Growth from new customer launches in FY18

**\$914 Million**

- New Business
- Existing Business

From non-reloadable to reloadable

# In time, cards will migrate to mobile payments

EML is the first non bank self-issuer in Australia providing a secure alternative to cash or card payments.





# Outlook

## Revised segment reporting

### New Segment Reporting

21 Countries – 8 Currencies – 1200 Programs

As the Group’s operations continue to increase in scale & reach, product segments provide a clearer view of the Group's results. As a result, in FY2019 the Group will now report its primary segments as:

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Gift & Incentive (formerly Non-Reloadable)

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General Purpose Reloadable (formerly Reloadable)

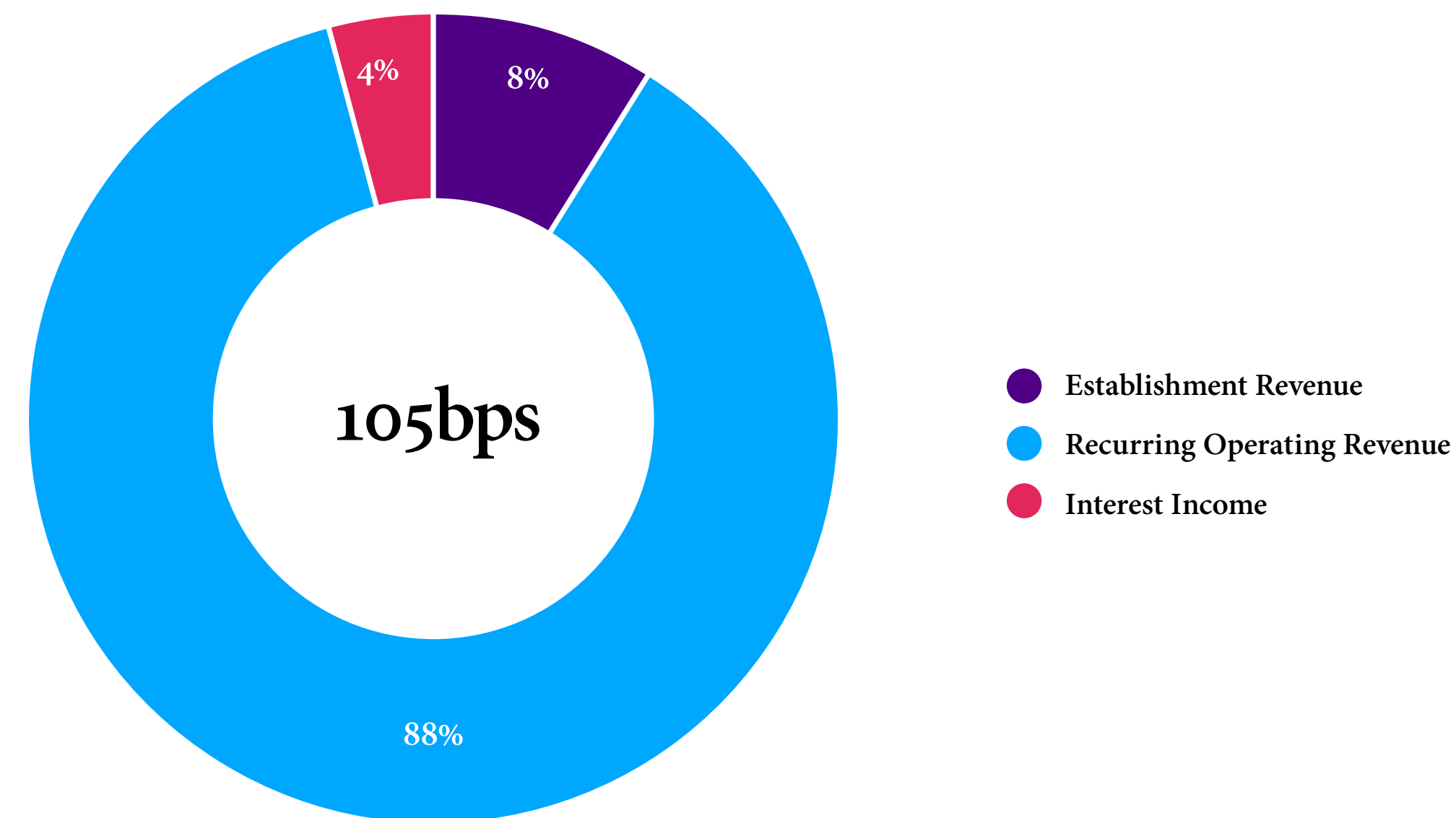
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B2B Virtual Account Numbers (formerly B2B Virtual Payments)

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FY18 performance is restated on the following pages.

### Group Sources of Revenue



GDV

**\$6,752m**

\$4,422m (2017)

GDV / Active account

**\$857**

\$691 (2017)

Revenue

**\$71.0m**

\$58.0m (2017)

Revenue conversion

**105bps**

130bps (2017)

# Outlook

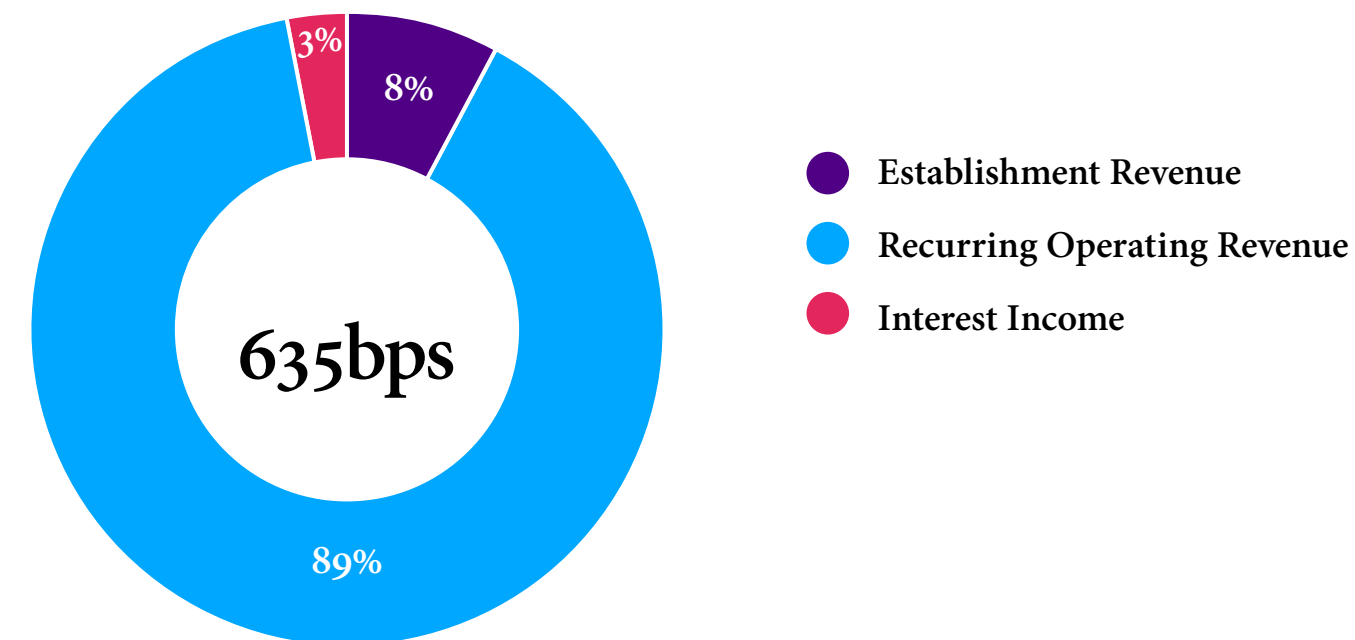
## Revised segment reporting

Gift & Incentive	
GDV	Revenue*
<b>\$737m</b> \$661m (2017)	<b>\$46.2m</b> \$47.9m (2017)
GDV / Active account	Revenue conversion
<b>\$102</b> \$111 (2017)	<b>635bps</b> 633bps (2017)

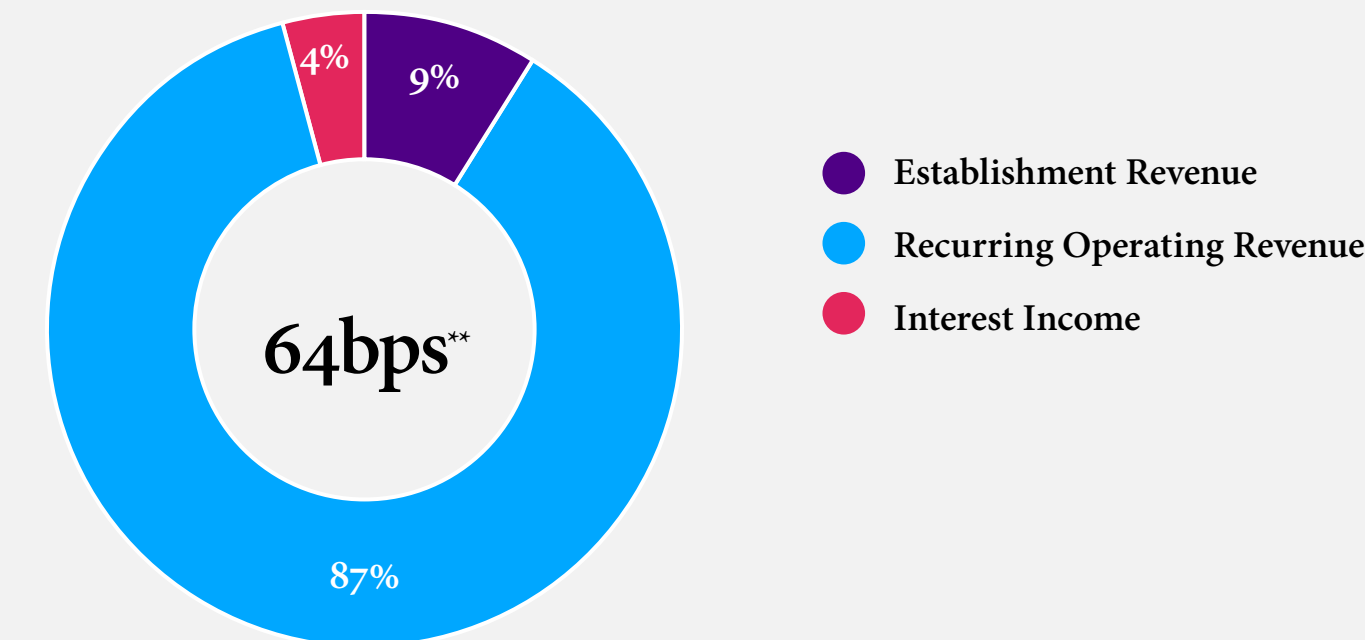
General Purpose Reloadable (GPR)	
GDV	Revenue*
<b>\$3,349m</b> \$1,272m (2017)	<b>\$21.6m</b> \$47.9m (2017)
GDV / Active account	Revenue conversion
<b>\$6,239</b> \$3,322 (2017)	<b>64bps</b> 62bps (2017)

Virtual Account Numbers (VANS)	
GDV	Revenue*
<b>\$2,666m</b> \$2,489m (2017)	<b>\$2.4m</b> \$1.7m (2017)
GDV / Active account	Revenue conversion
<b>\$38,634</b> \$37,812 (2017)	<b>9bps</b> 7bps (2017)

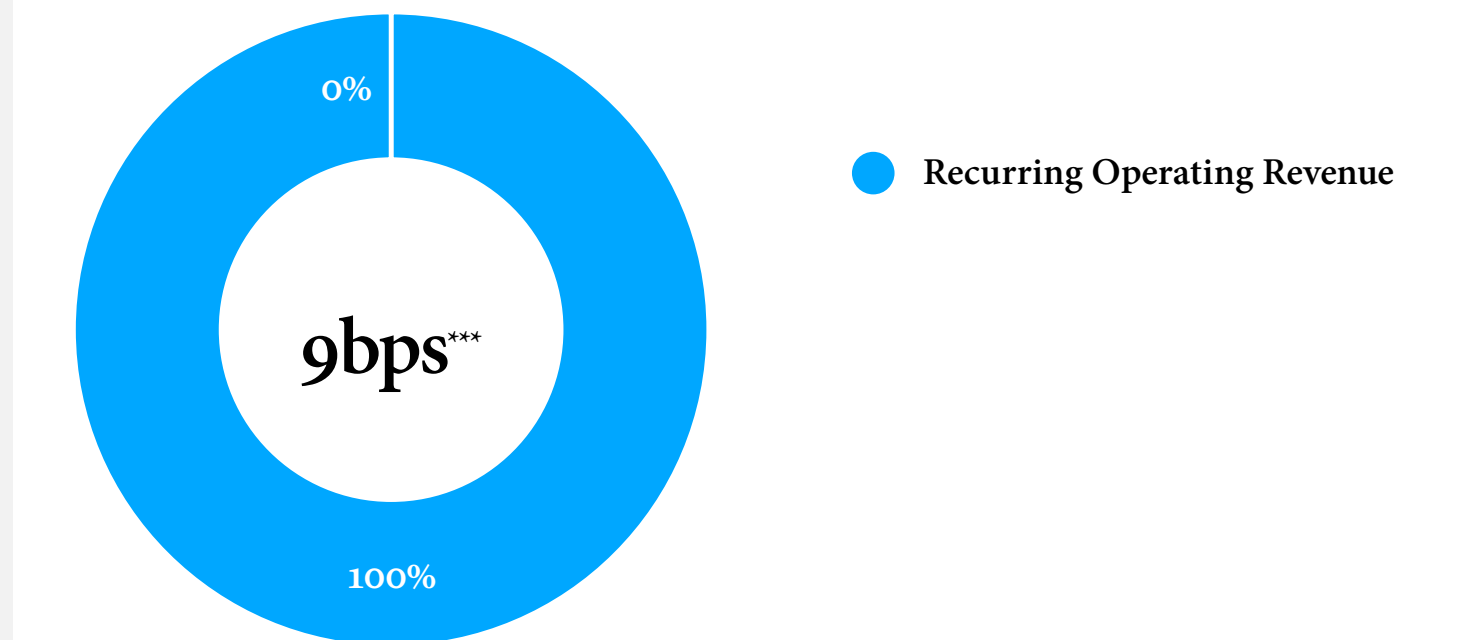
Sources of revenue



Sources of revenue



Sources of revenue



\* Segment Revenue excludes Group interest & adjustments

\*\* Excluding LLR volumes respent with the merchant earning no revenue, GDV:Revenue converts at 121bps

\*\*\* Excluding non-core processing only VANS programs converting at 5bps, GDV:Revenue is 83bps

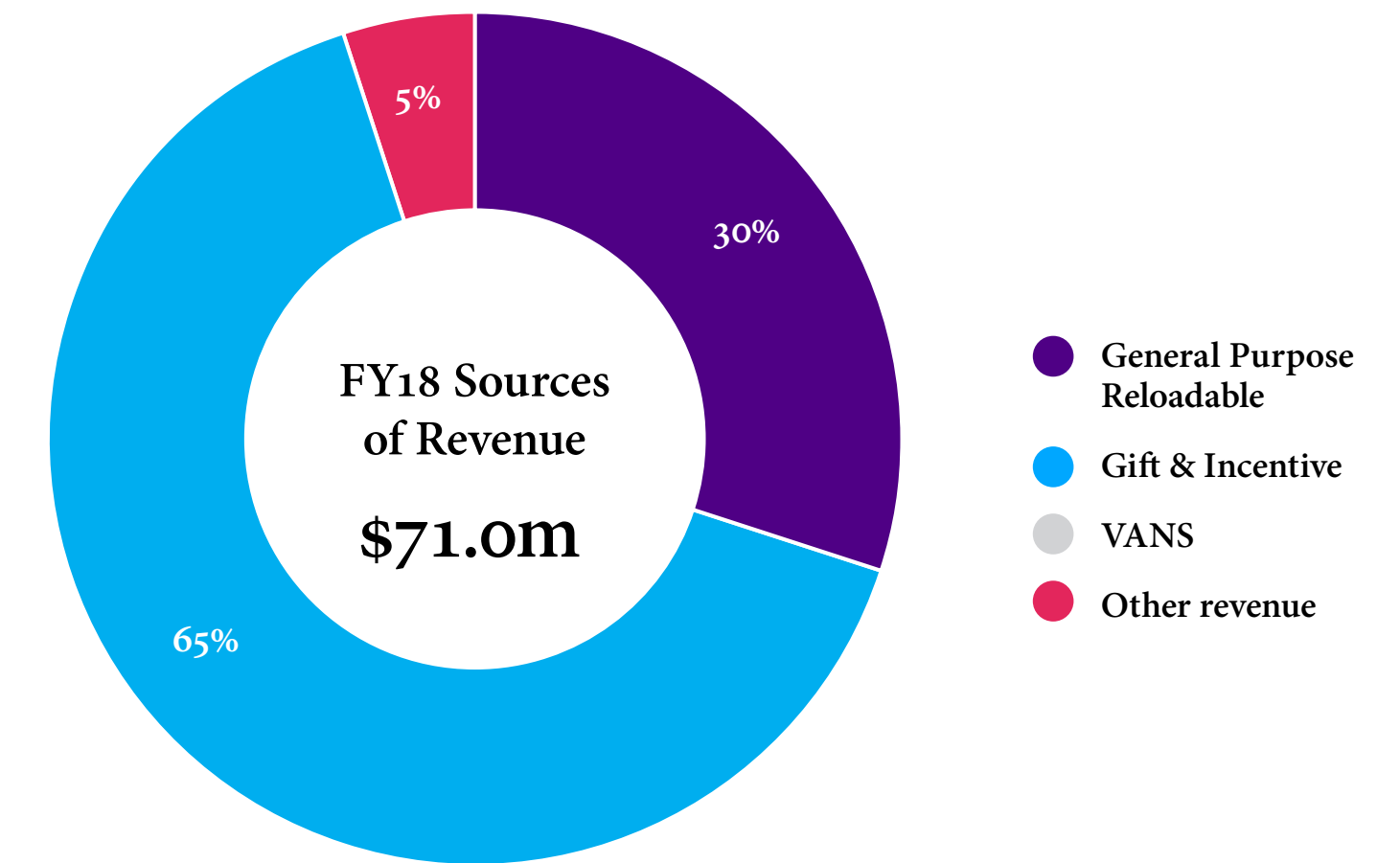
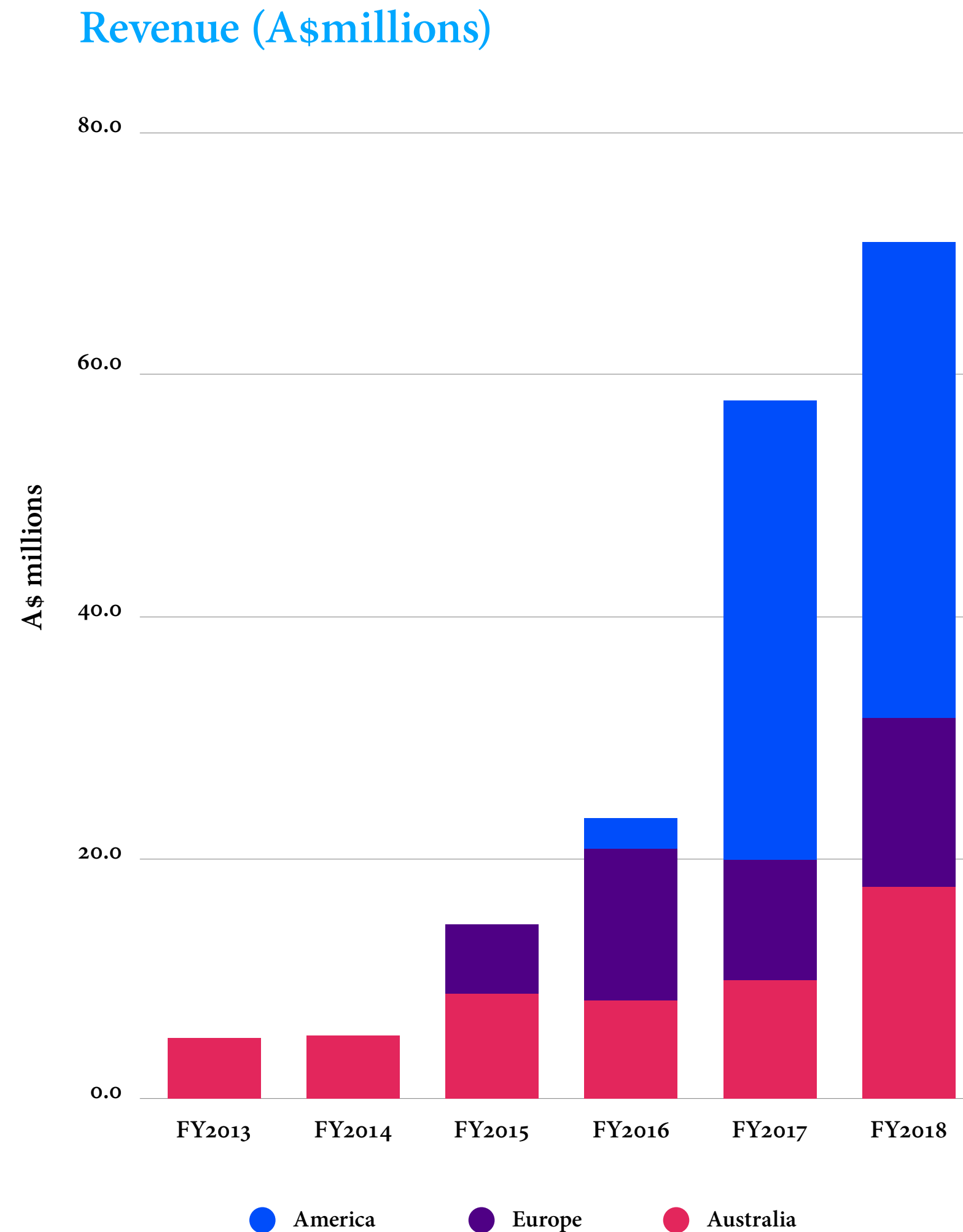
# Outlook

## Adoption of AASB15 - Revenue standard

### Adoption of AASB15 - Revenue

AASB15 - Revenue from contracts with customers is effective for EML from 1 July 2018 and applies to all Revenue unless covered by another standard.

The core principle of AASB15 is that an entity should recognise revenue as performance obligations are satisfied.



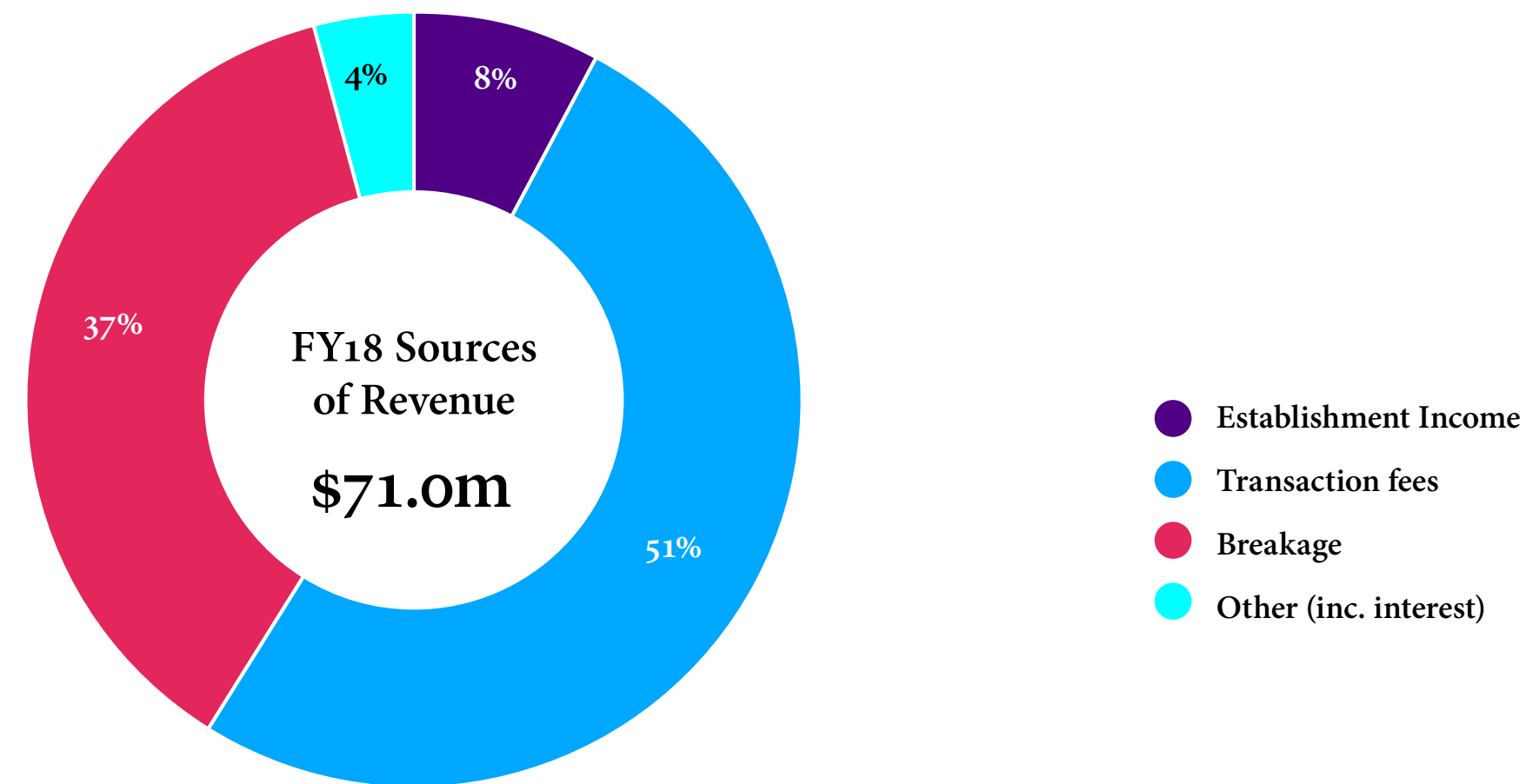
EMLs sources of revenue are diversified across countries & segments

There is no material impact to revenue generated in our GPR or VANS segments which is earned as transactions occur.

The timing of recognising breakage revenue from our Gift & Incentive segment will be less seasonal, however there will be no material impact on full year results.

# Outlook

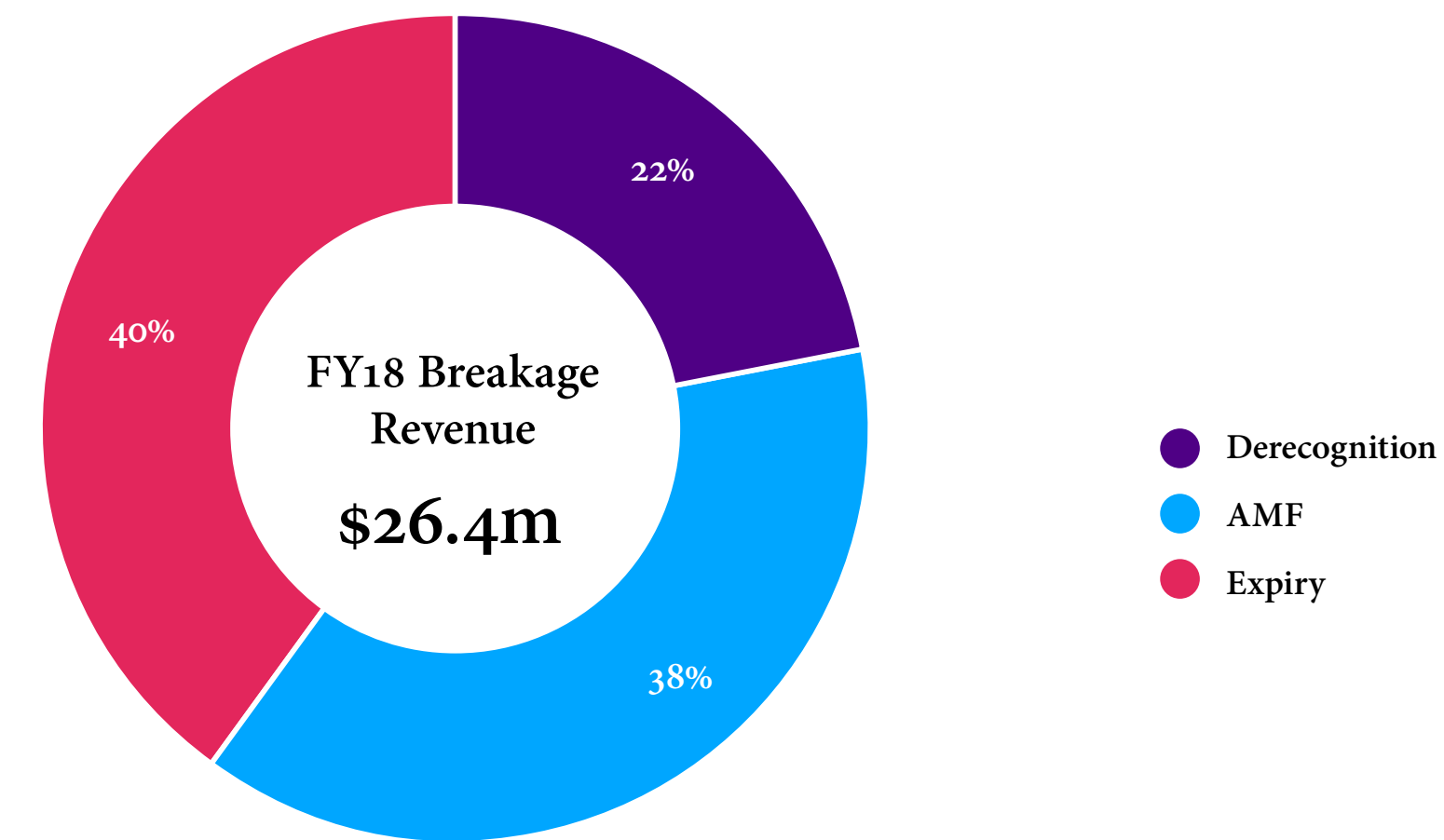
## Adoption of AASB15 - Revenue standard



The Group derives 37% of total revenues from breakage (\$26.4m)

Breakage income is recognised based on agreed terms and the residual percentage of the initial load amount that is expected to be left on a card upon expiry.

In prior years Revenue has been recognised in the month of load. Recognising revenue as performance conditions are satisfied results in breakage revenue being recognised over approximately three to four months rather than the month of load. This will reduce seasonality between H1 & H2 in our results.



Breakage revenue from Expiry & AMF will now be recognised over three to four months.

DeRecognition is already recognised in this way

Breakage income is generated through three mechanisms:

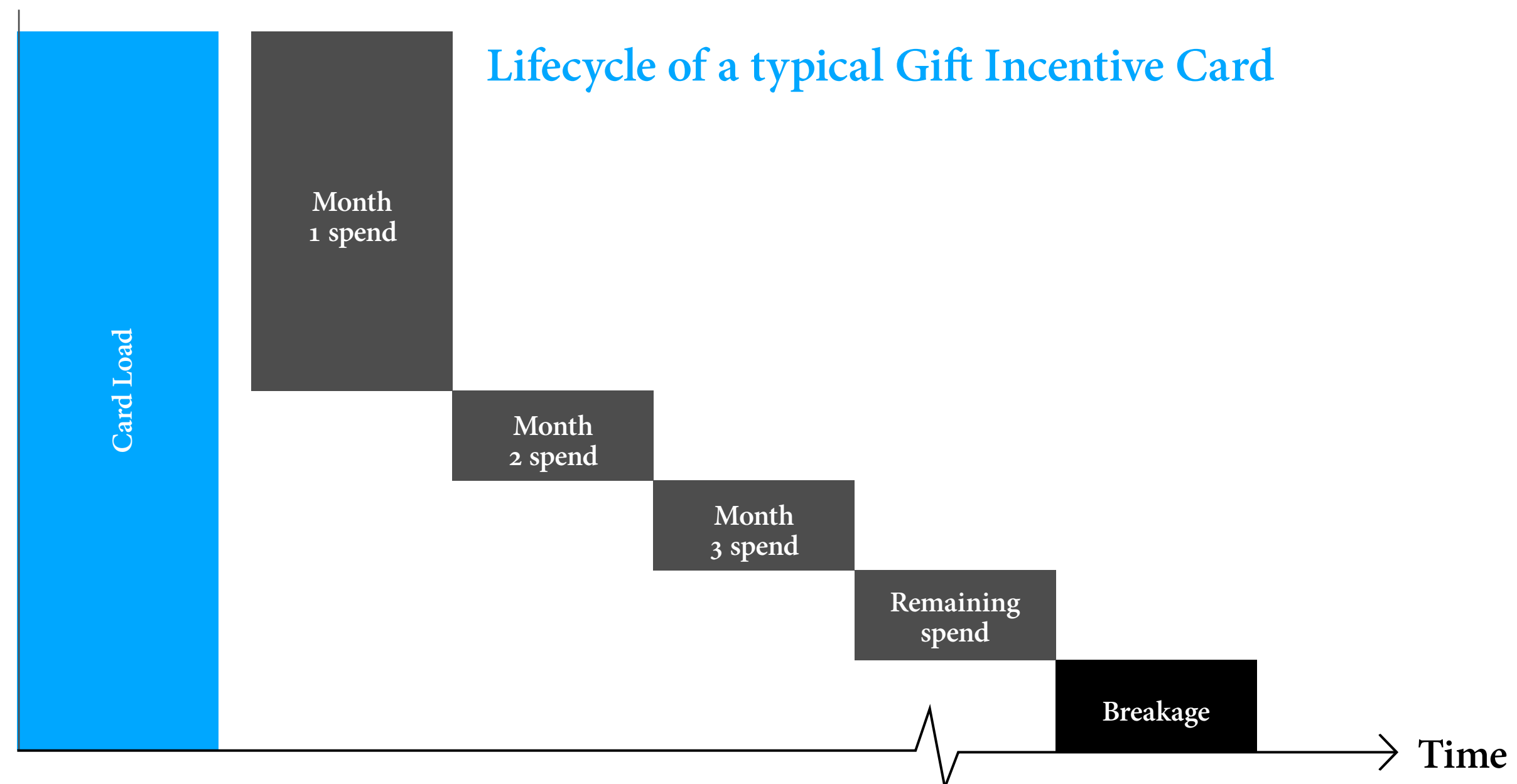
Expiry - Revenue recognised according to the expected residual balance at expiry

Account Management Fees (AMF) - An amount charged per month on inactive accounts

Derecognition - Where cards in certain jurisdictions, or due to contractual agreements, do not have an expiry date, external expert advisors are used to estimate residual value

# Outlook

## Adoption of AASB15 - Revenue standard



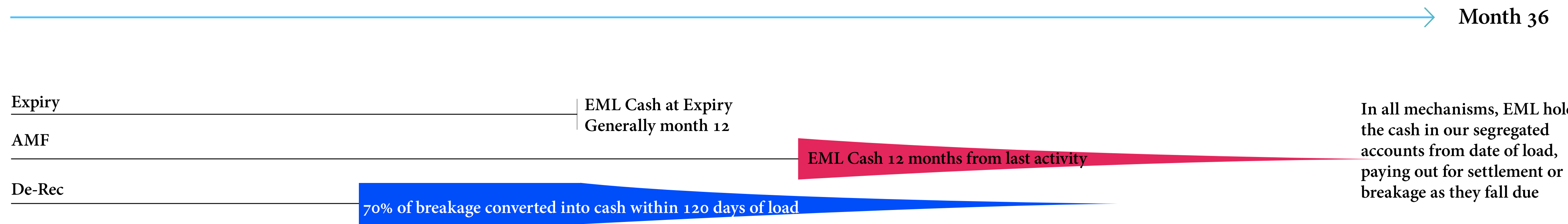
Cardholder behaviour is consistent across the world with approx 75% of funds spent within three months

Breakage income will be recognised in accordance with the same profile as cardholder spend

Previously 41% of total breakage revenue was recognised in October to December, this will now be recognised between October & April

There will be no material impact to full year results

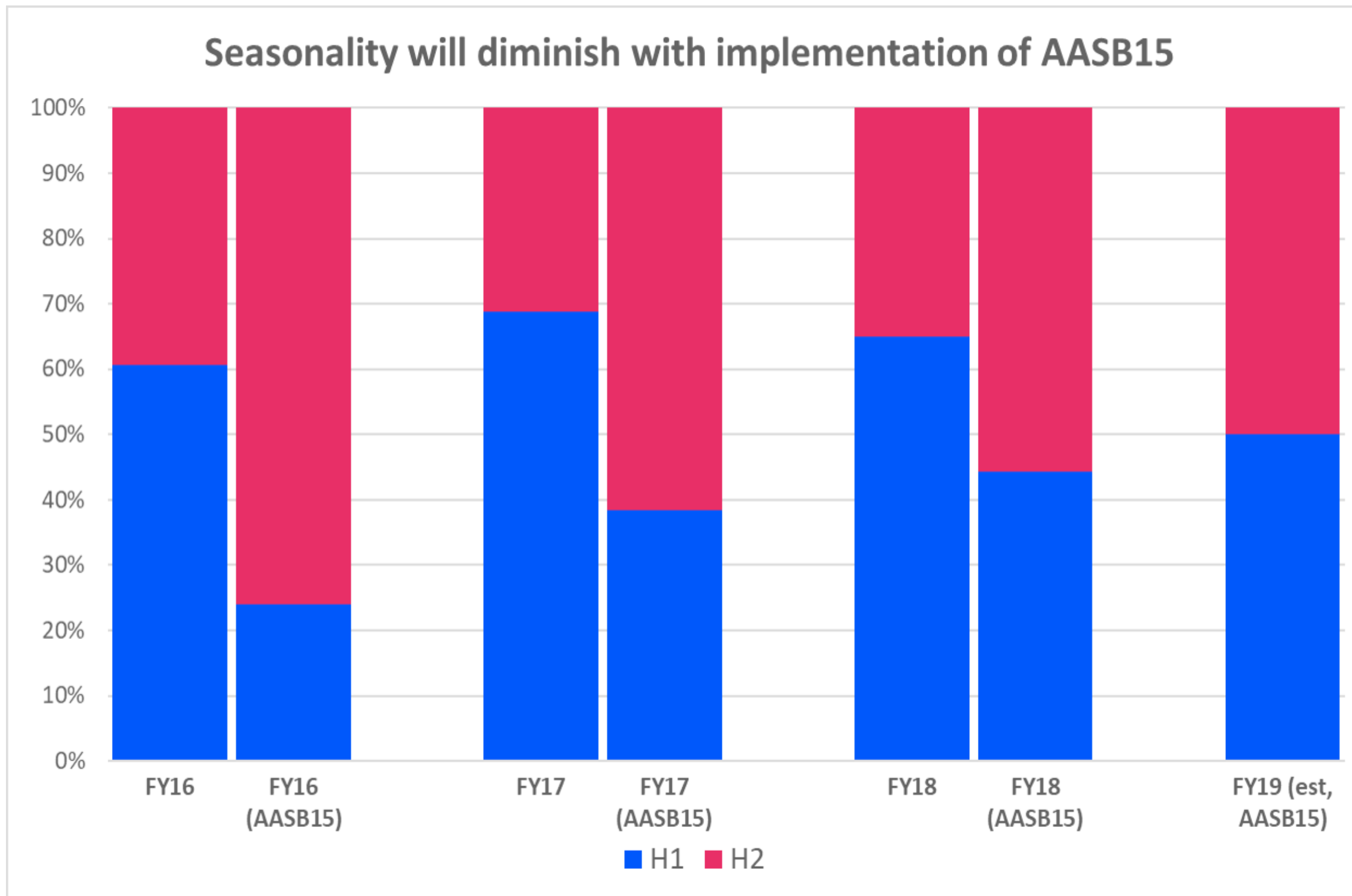
There is no change to the timing of cashflows from breakage



In all mechanisms, EML holds the cash in our segregated accounts from date of load, paying out for settlement or breakage as they fall due

# Outlook

## Adoption of AASB15 - Revenue standard



Seasonality has been diminishing over the past three years due to the increase in Reloadable products

AASB15 leads to further reduced seasonality between our H1 & H2 reporting with no material impact on the full year results

# Appendices

## Key Data - 3 Years

KEY METRICS (\$'000s)	H1 2016A	H2 2016A	FY2016A	H1 2017A	H2 2017A	FY2017A	H1 2018A	H2 2018A	FY2018A
	6mnths	6mnths	12 mnths	6mnths	6mnths	12 mnths	6mnths	6mnths	12 mnths
Headcount (closing)	59	150	150	168	170	170	184	182	184
Average Headcount for the period	57	71	64	158	169	160	174	185	180
Gross debit volume (GDV)	\$383,419	\$602,625	\$986,044	\$1,930,241	\$2,492,532	\$4,422,774	\$3,583,289	\$3,168,912	\$6,752,201
Non-Reloadable	\$178,432	\$133,088	\$311,521	\$438,008	\$223,003	\$661,010	\$467,085	\$270,287	\$737,372
Reloadable	\$204,986	\$251,941	\$456,928	\$272,738	\$999,628	\$1,272,366	\$1,840,281	\$1,508,166	\$3,348,447
B2B Virtual Payments	\$0	\$217,596	\$217,596	\$1,219,495	\$1,269,902	\$2,489,397	\$1,275,924	\$1,390,459	\$2,666,382
Total Stored Value	\$131,499	\$219,620	\$219,620	\$392,819	\$302,001	\$302,001	\$514,521	\$411,069	\$411,069
Interest on Stored Value (exc group funds)	\$399	\$496	\$894	\$549	\$647	\$1,197	\$1,116	\$1,227	\$2,343
Effective Interest Rate (%)	0.61%	0.45%	0.41%	0.28%	0.43%	0.40%	0.43%	0.60%	0.57%

# Thank you



EMI.

Level 12, 333 Ann Street  
Brisbane QLD 4000  
Telephone: +61 7 3557 1100  
[emlpayments.com](http://emlpayments.com)

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