



Money in Motion

28 May 2019

ASX Market Announcements

20 Bridge Street
SYDNEY NSW 2000

EML Investor Update

EML PAYMENTS LIMITED (ASX: EML) (“EML”) is presenting at a number of investor events on Tuesday 28th May and Thursday 30th May in Sydney and Melbourne. The presentation for these events is attached.

+61 (07) 3557 1100

Level 12

333 Ann Street

Brisbane QLD 4000

EML Payments Limited

About EML Payments Limited

With EML, you will be empowered with more control, transparency and flexibility over your payment processes. Whether you serve businesses or consumers, EML makes your payment processing more efficient and secure from start to finish, while helping you improve customer service and increase brand loyalty.

Our portfolio offers innovative financial technology that provide solutions for payouts, gifts, incentives and rewards, and supplier payments. We issue mobile, virtual and physical card solutions to some of the largest corporate brands around the world, processing billions of dollars in payments each year, and manage more than 1,200 programs across 21 countries in North America, Europe and Australia¹.

For more information on EML Payments Limited, visit: EMLpayments.com

For further information, please contact:

Robert Shore

Group Chief Financial Officer

EML Payments Limited (ASX: EML)

rshore@emlpayments.com.au

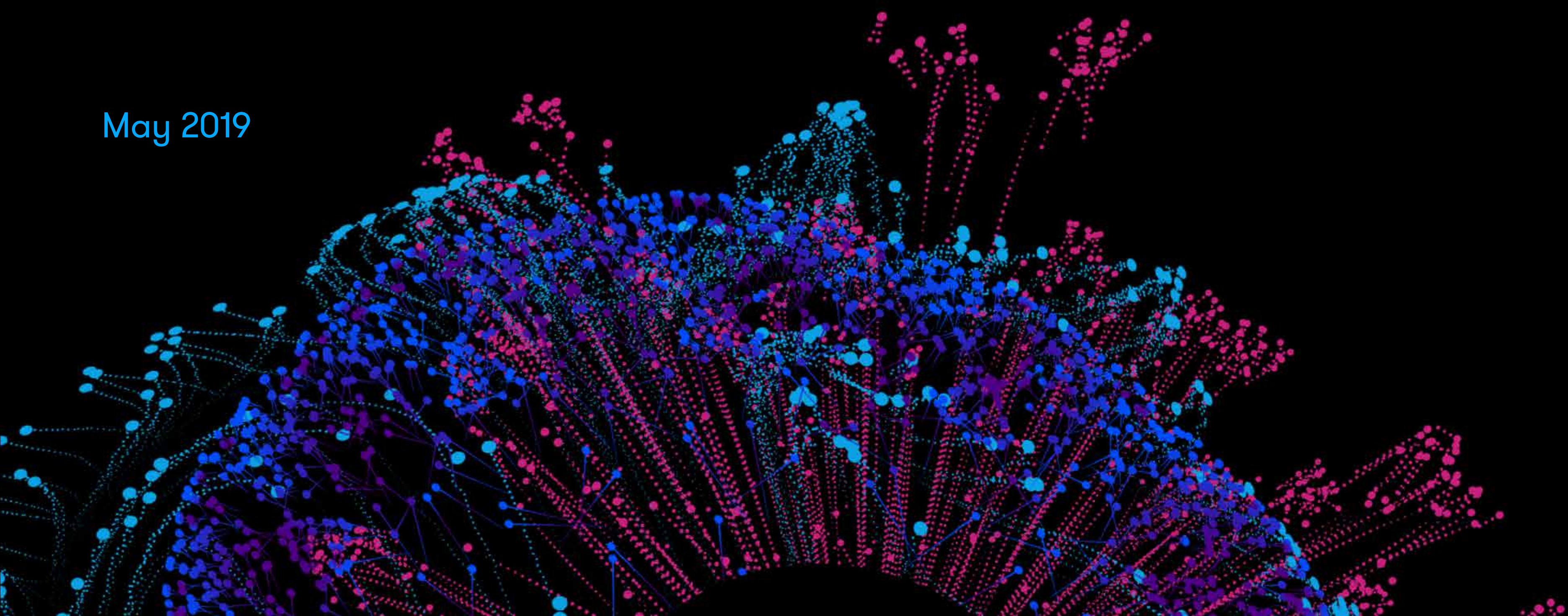
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Investor Update

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May 2019

Money in Motion



01 EML Business Model

02 Business Update

03 Q&A

Important Notice

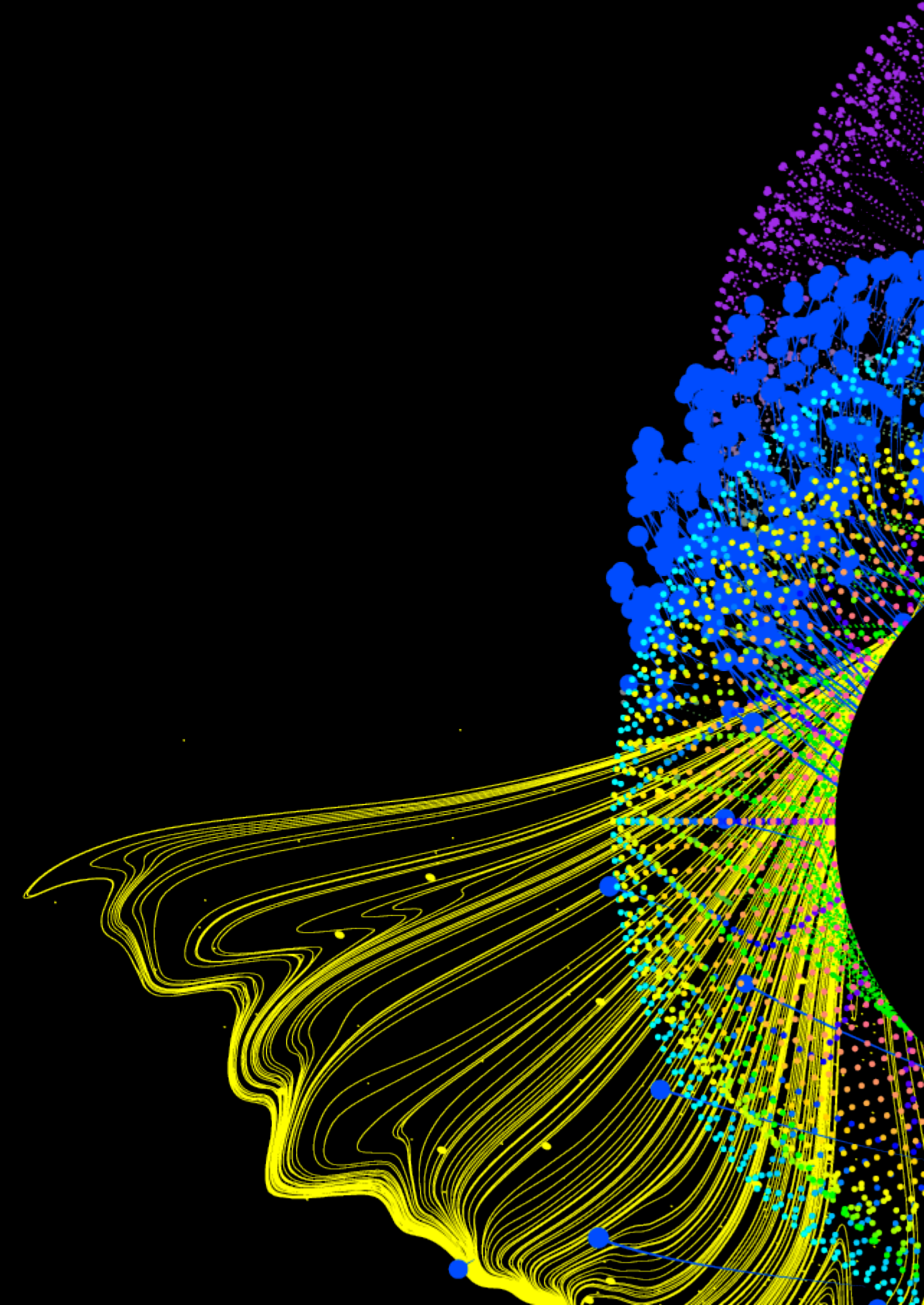
This investor presentation has been prepared by EML Payments Limited ABN 93 104 757 904 (EML) and is general background information about EML's activities current as at the date of this presentation. This information is given in summary form and does not purport to be complete. Information in this presentation should not be considered as advice or a recommendation to investors or potential investors in relation to holding, purchasing or selling securities and does not take into account your particular investment objectives, financial situation or needs. Before acting on any information you should consider the appropriateness of the information having regard to these matters and seek independent financial advice. An investment in EML securities is subject to known and unknown risks, some of which are beyond the control of EML. EML does not guarantee any particular rate of return or the performance of EML.

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 six months ended 31 December 2018 ('H1FY19'), and is presented in Australian Dollars. Unless otherwise stated, the prior comparative period refers to the six months end 31 December 2017 ('H1FY18' or 'PCP'). H1FY18 has been re-presented to show pro forma adjusted results as if the Group had reported under AASB15 Revenue from contracts with customers. A reconciliation is provided in the appendices to this presentation.

Our Mission

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

EML.



About Us – EML Snapshot

EML is an ASX listed (ASX:EML) financial services company specialising in prepaid stored value products with offices in Australia, United Kingdom, Europe and the United States of America.

GROUP GDV (H1FY19)

\$4.15bn

↑16%

GROUP REVENUE (H1FY19)

\$47.2m

↑39%

GROUP EBTDA (H1FY19)

\$13.74m

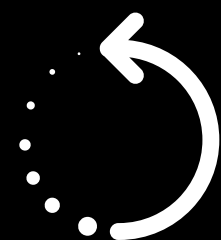
↑48%

Australia

Head Office
Brisbane, Australia
Melbourne, Australia



Australia



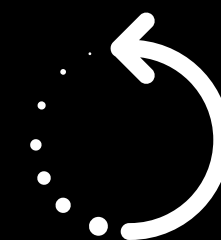
One processor

Americas

Kansas City, USA



Rest of the world



One processor

Europe

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



Our Journey

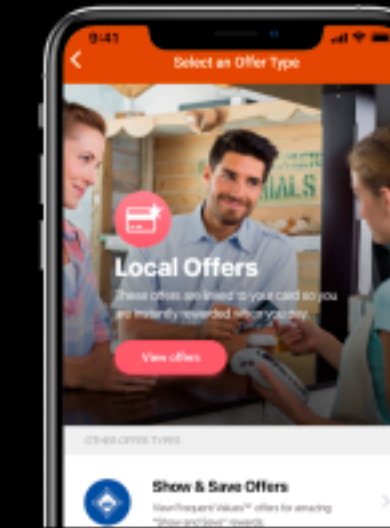
Incentives



Launch of GPR in Australia



Launch of GPR in UK and Europe + Mastercard licence



Launch of GPR in North America + Launch of Mobile Rewards + Expansion into Scandinavia

2011

2012

2013

2014

2015

2016

2017

2018

B2B & B2C Cards Gifting Made Simple



Heritage-Issued Visa Intergration



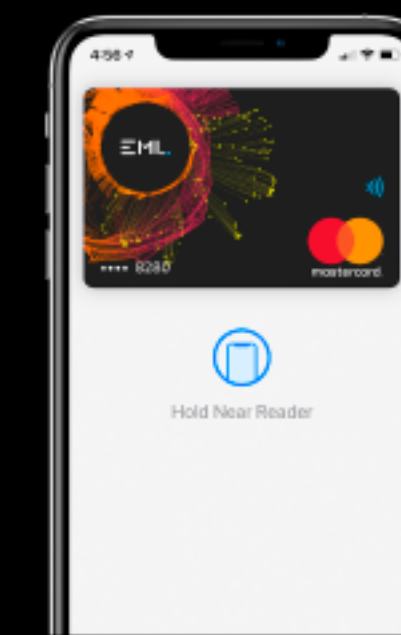
Expansion into the UK and Europe



Expansion into the USA and Canada + Obtain MC license in Australia



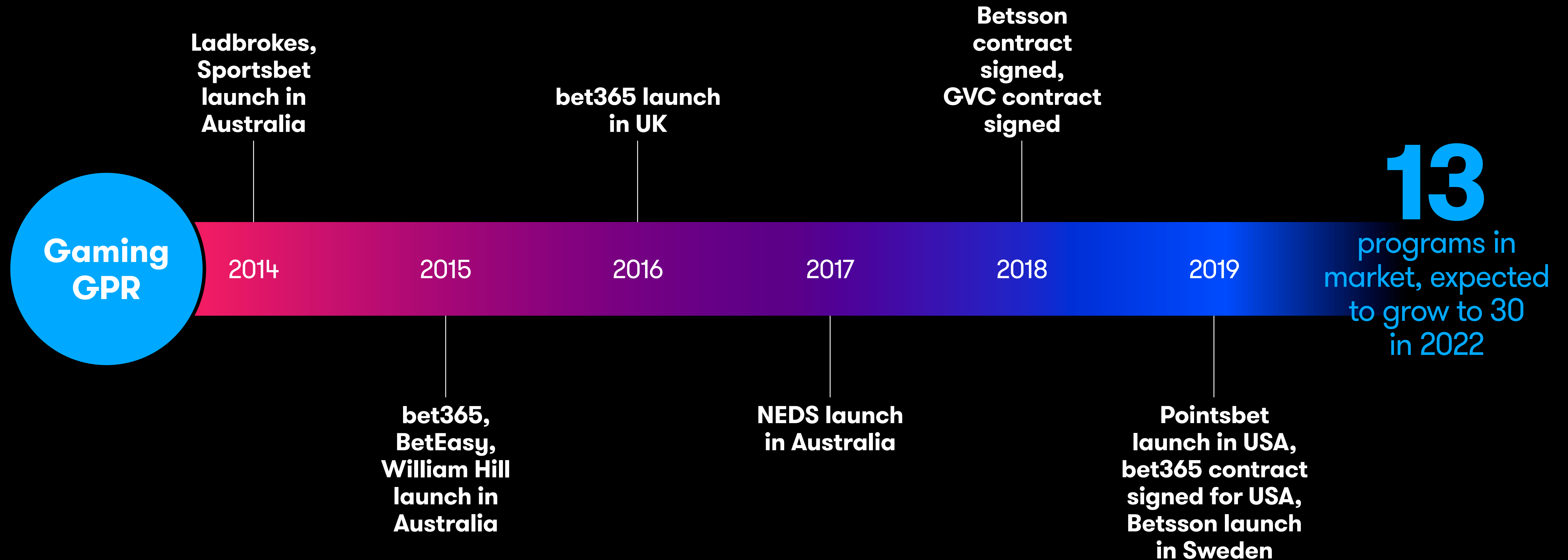
Launch of mobile payments + Obtain E-money license in Europe + Delegated authority



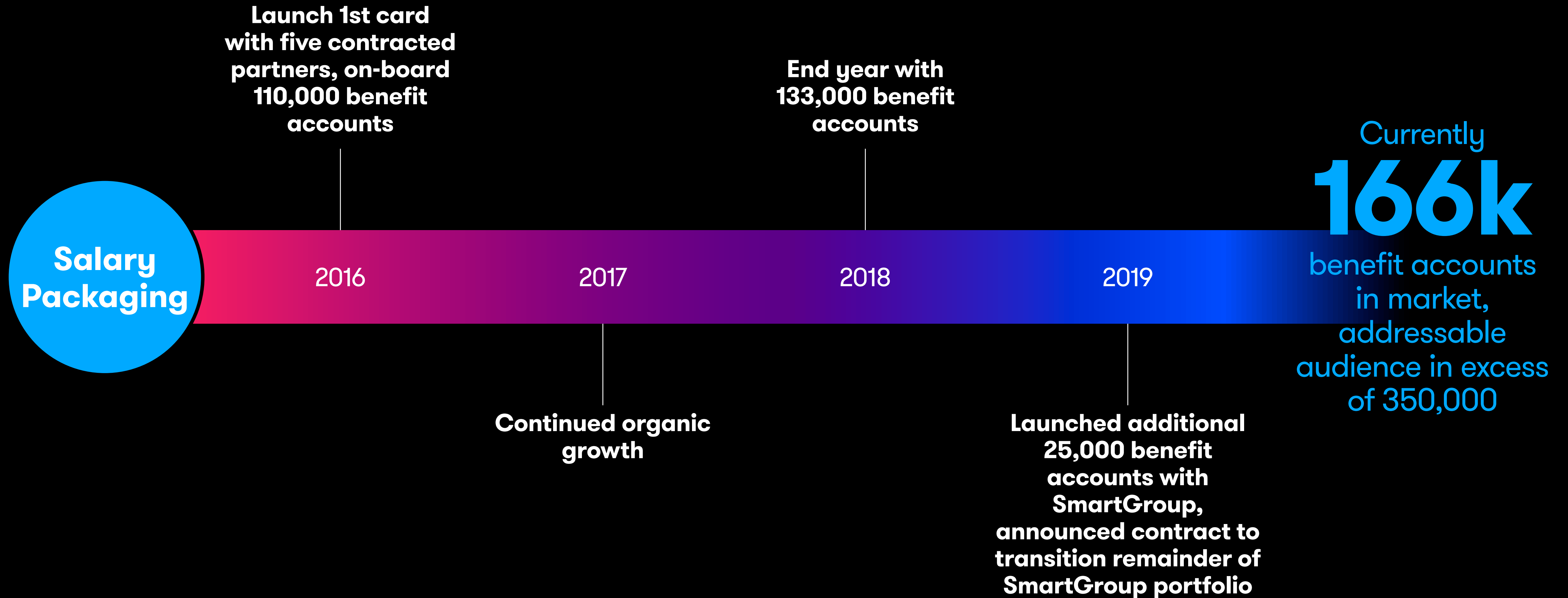
Our Progress - Malls



Our Progress - Gaming GPR



Our Progress – Salary Packaging



Brands Who Trust Us



A Unique Difference



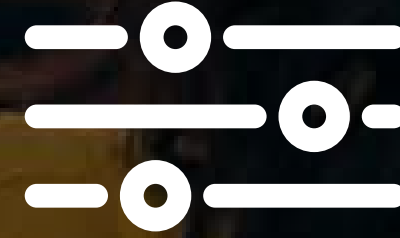
AGILE

- Being quick and responsive
- Bespoke solutions
- Prepaid specialists



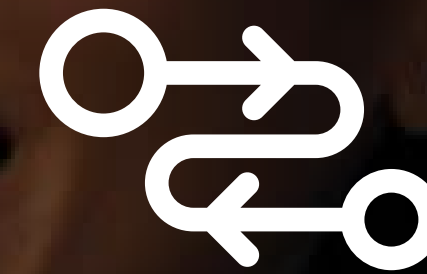
GLOBAL PARTNERSHIPS

- Local team networks
- High level system integrations
- Long-term exclusive contracts
- Major brands have benefited in multiple market roll outs and avoided needless third party integrations.



TAILORED

- White labeled customised offering
- Merchant restrictions RAN
- Transactions delegation authority
- Self Issuance
- Commercial model



OPERATIONAL EXECUTION

- Diligence and commitment to local support
- Full end to end solution comprising issuing, processing, fraud monitoring, treasury, regulatory, customer support and account management



INNOVATION

- Constantly evolving product suite aimed at eliminating friction points by being quick and responsive

Strong Barriers to entry, alongside long term contracts

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



Customers



Merchants



Regulatory and compliance across the globe

9 Issuing bank agreements

52 Abiding by over 52 regulations / laws

21 Compliance with regulatory authorities

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

People

236 Employees servicing 21 countries

200 Over 200+ years prepaid experience in group leadership team

Information Technology

2 In-house, prepaid, processing platforms

LEVEL 1
PCI-DSS Level 1 compliant

4 Data Centres

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

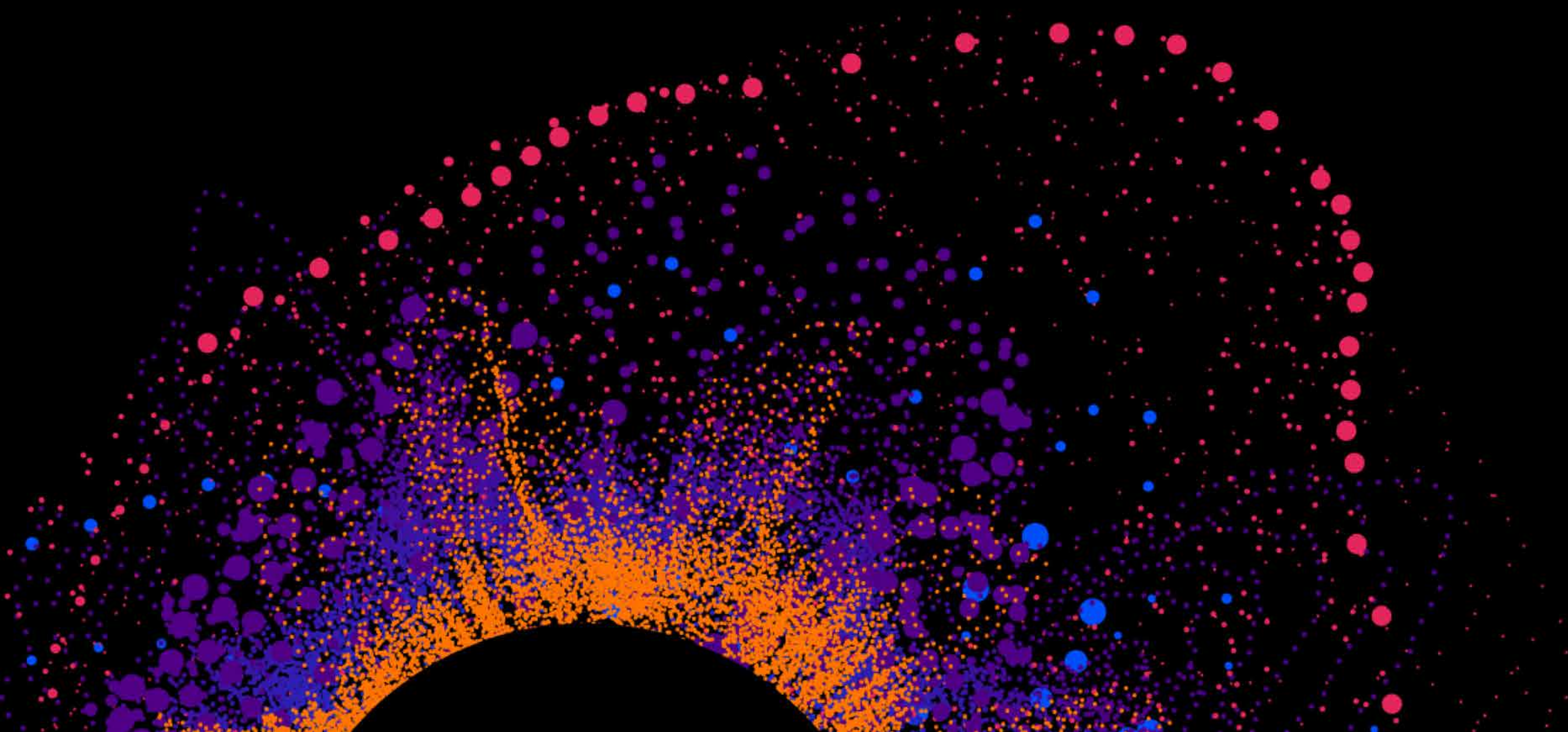
30% Staff are IT based

5 Connectivity to 5 major card schemes

MULTI Multi-currency & Multi-lingual

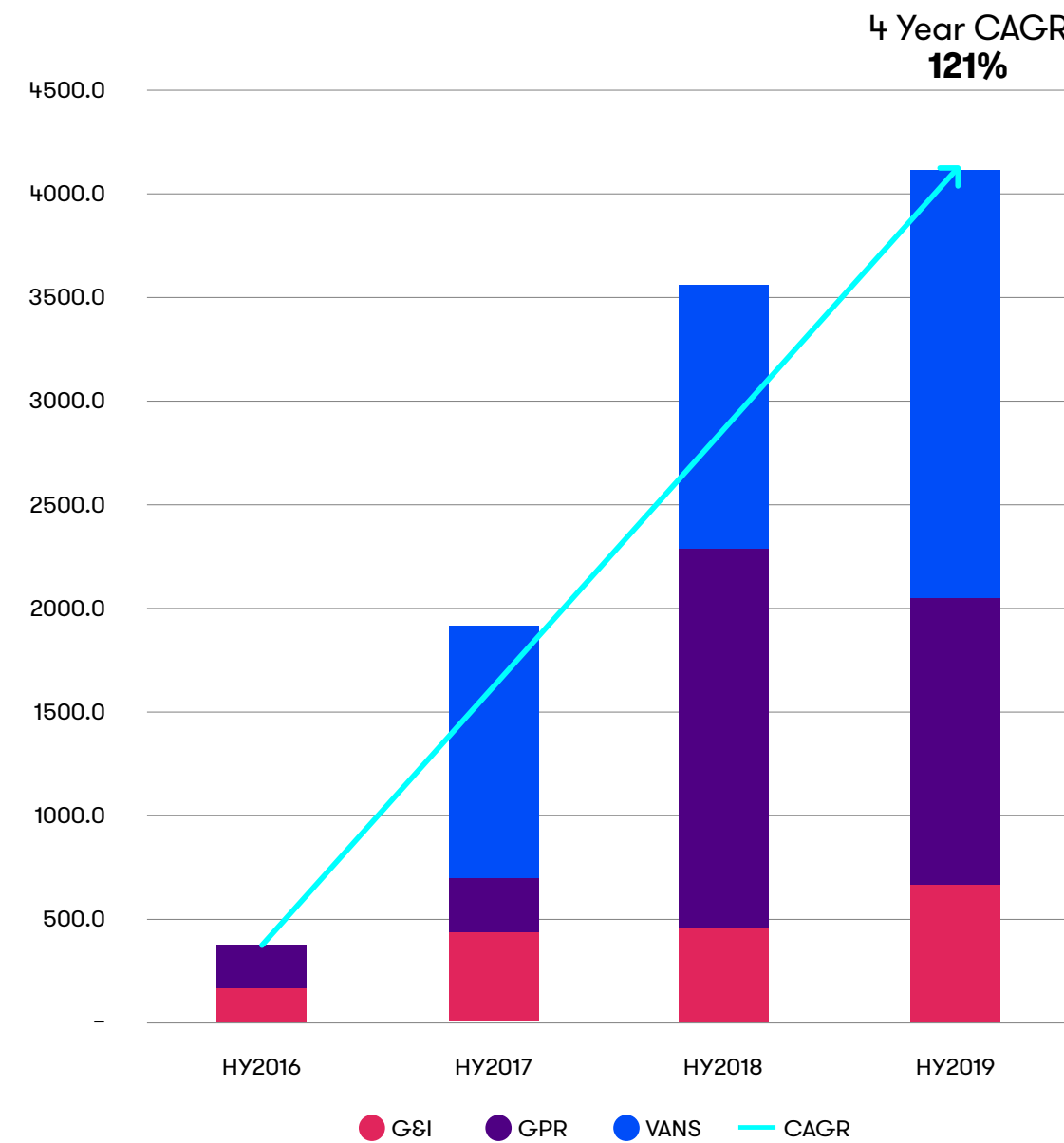
Business Update

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EML reaffirms full year FY19 guidance of \$27-28m EBTDA inclusive of FEC acquisition costs



GDV by Segment (A\$m)

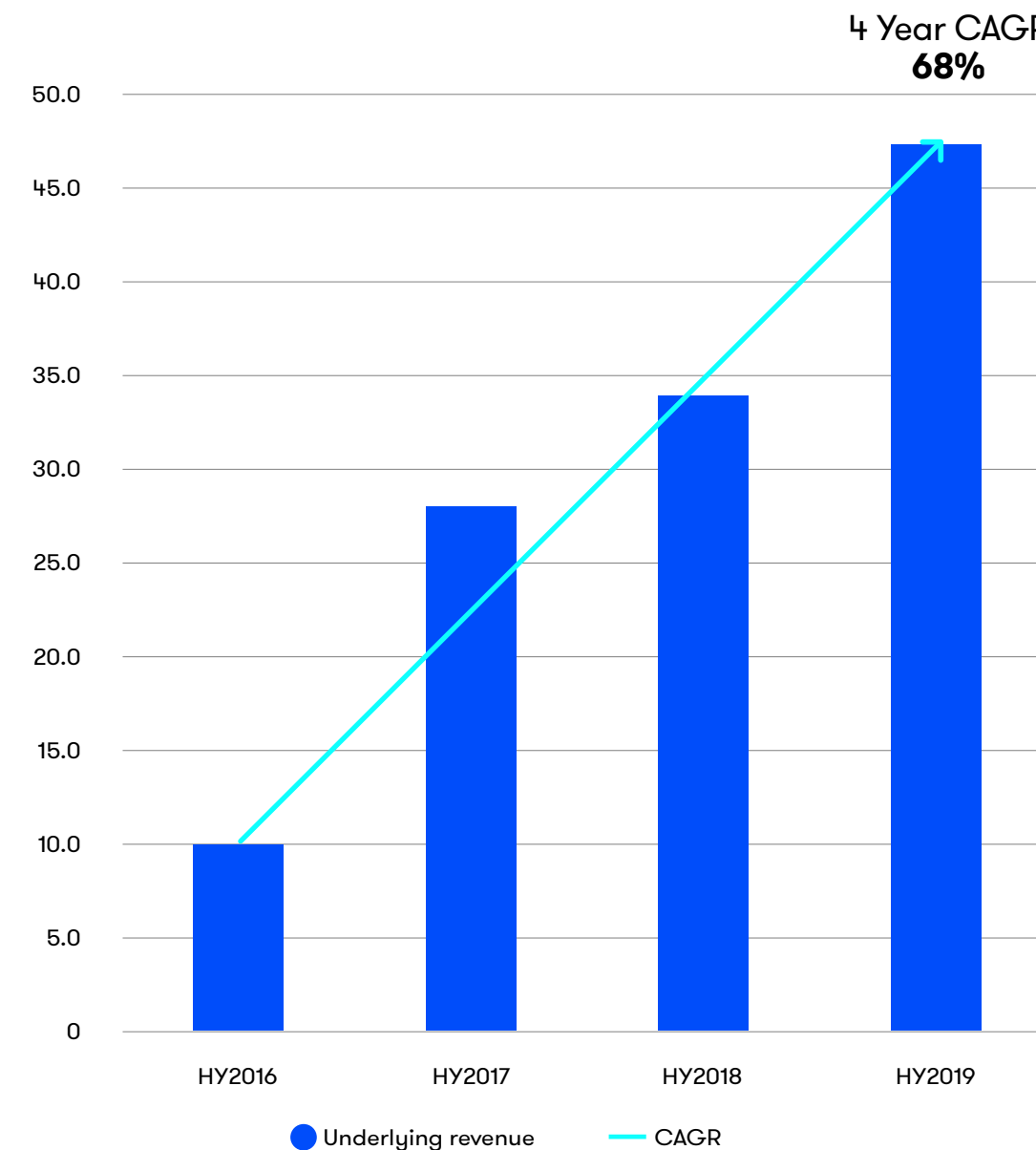
\$4.15bn ↑ **16%**

GDV growth of \$1.2bn, offset by \$590m of lower GDV from US customer LuLaRoe, netting to \$570m Group GDV growth.

Excluding LuLaRoe, GDV from GPR programs grew \$140m.

In particular, GDV from our Gaming vertical grew 28% against the prior comparative period.

EML generates revenues from processing payment volumes of prepaid stored value products on our processing platforms. The gross value of these transactions are defined as Gross Debit Volumes ('GDV') and are a key indicator of current & future revenues.



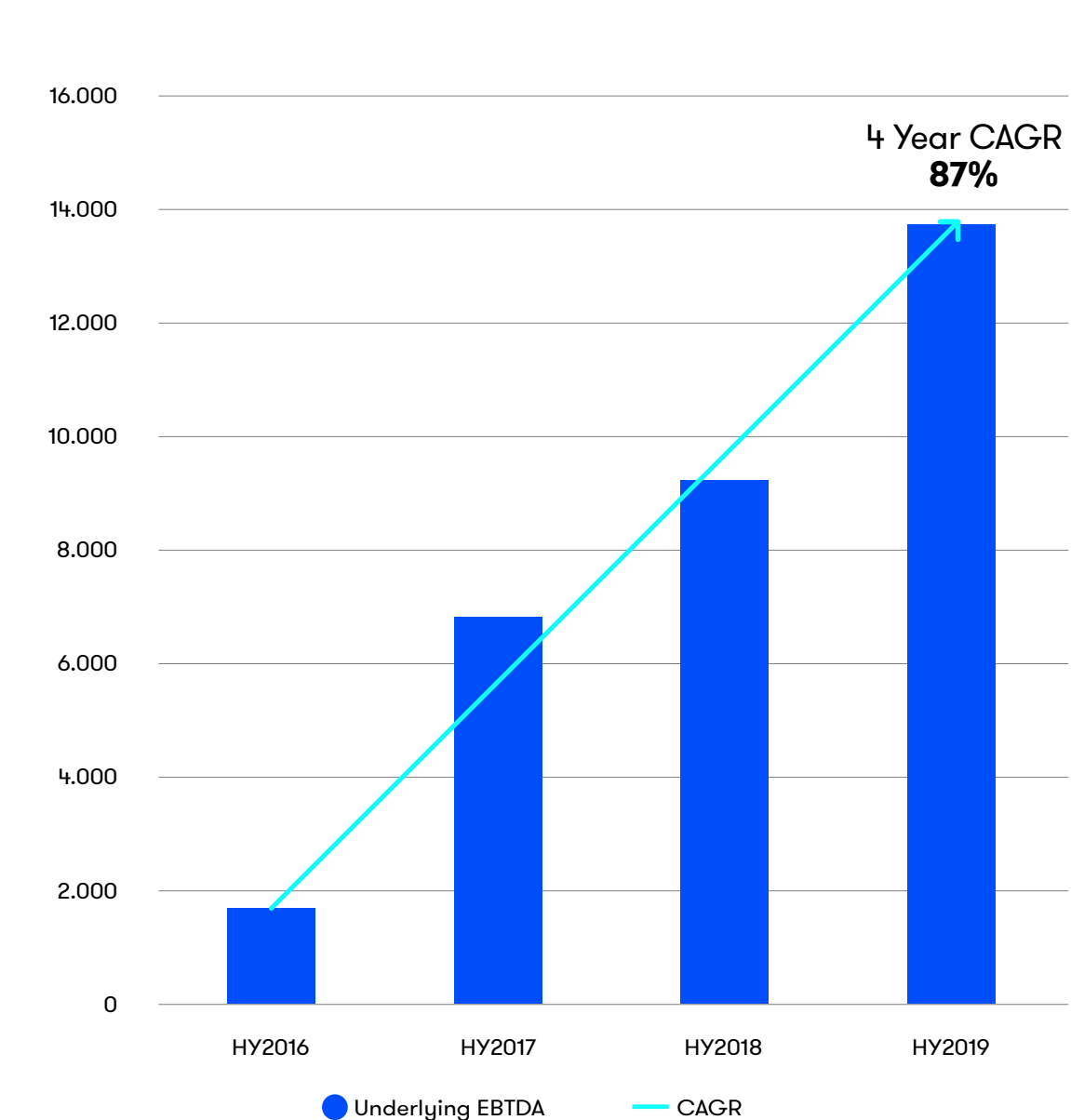
Total Revenue (A\$m)

\$47.2m ↑ **39%**¹

Approximately \$4.5m of breakage revenue will be recognised in H2 following the Group's adoption of AASB15 Revenue from contracts with customers.

¹ Underlying H1FY18 adjusts Gift & Incentive revenue for approximately \$4.3m of revenue that would have been deferred into H2 had the group reported under AASB15 Revenue from contracts with customers. A reconciliation of underlying to reported results is presented in the appendices.

* H1FY18 has been re-presented to show pro forma adjusted results as if the Group had reported under AASB15 Revenue from contracts with customers. A reconciliation is provided in the appendices to this presentation.



Total EBITDA (A\$m)

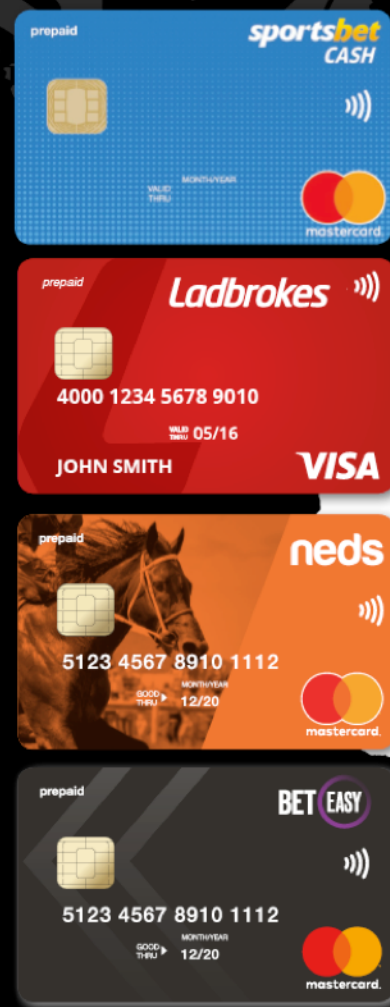
\$13.74m ↑ **50%**^{*}

Group EBTDA for HY2019 was \$13.74m, up 50% on underlying prior period result¹.

EML generates interest income on Stored Value balances and as such is a source of core revenue. Earnings Before 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 HY2019 Interim Report.

Reloadable cards for the sports betting segment continue to scale globally



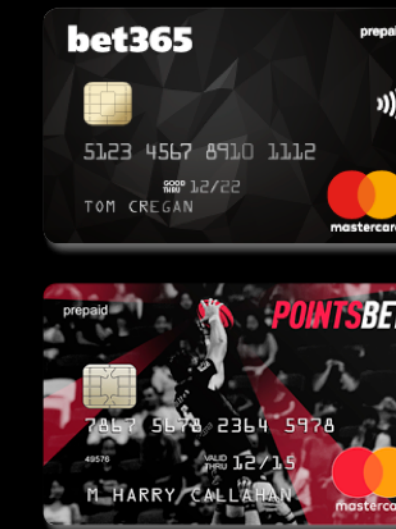
Australia

Estimated size of the online gaming market is \$12 Billion



Europe

Estimated size of the online gaming market in the UK is \$38 Billion



Americas

Estimated size of the online gaming market is \$90 Billion

Products with international appeal

GPR card
launched in
Australia in
2015

GPR card
launched in UK
in 2016

Contract signed
to launch GPR in
card in the USA
(NJ) in June 2019



bet365

bet365 Group Ltd is a British online gambling company based in the United Kingdom. bet365 has more than 35 million customers globally. The Group employs around 4,300 people.

Leveraging EML's local and global capabilities

Leveraged relationships and technology developed in Australia to expand to the USA

Got it built and approved within 90 days

EML eases expansion to USA

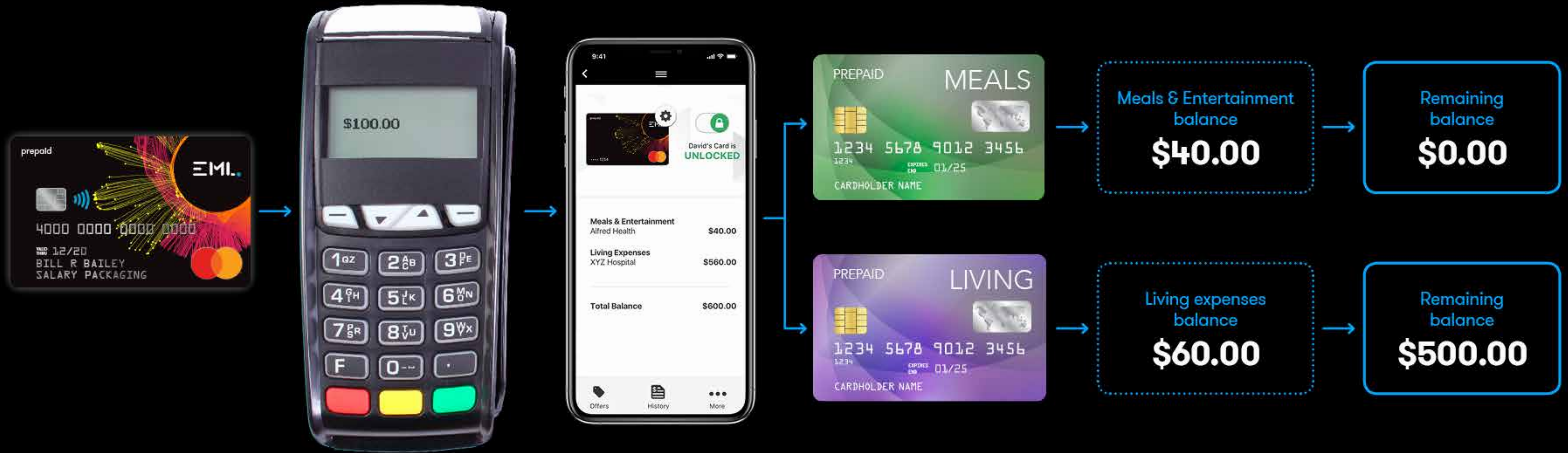


PointsBet

PointsBet is a new Australian and United States online corporate bookmaker, offering traditional fixed odds markets (Sports & Racing) as well as the world's most exciting sports betting format, Spread Betting. EML provides PointsBet with a branded reloadable winnings card for their customers.

Innovative Solution disrupted the Salary Packaging Industry

End to End Delivery in 4 Months



Salary Packaging Proxy Card

\$100 Transaction

Mobile wallet solution

Back to back funding sources

White listing and Black listing

Salary Packaging Update

166k BENEFIT ACCOUNTS

at May 2019

260k BENEFIT ACCOUNTS

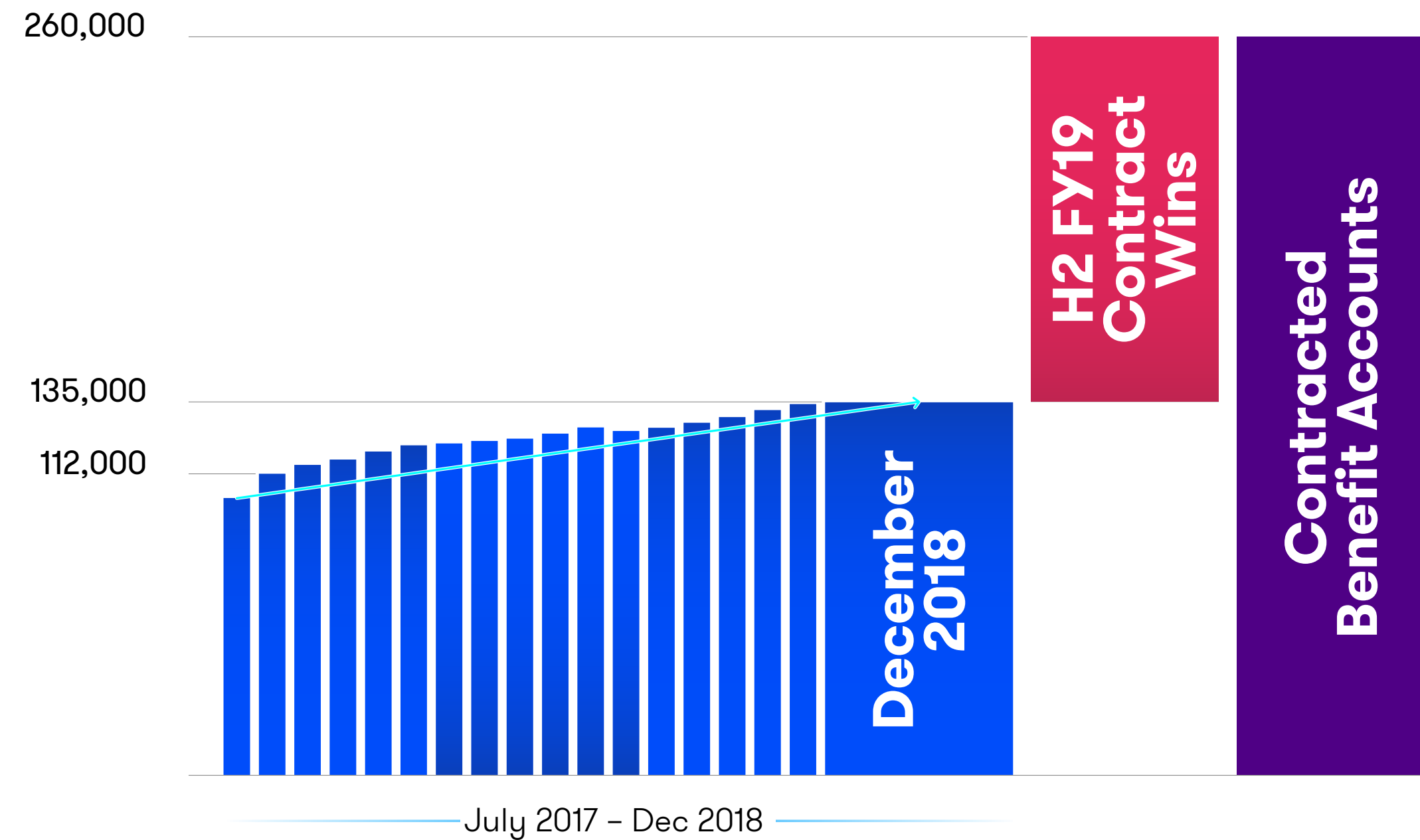
by April 2022

Addressable audience exceeds 350k benefit accounts

20% ORGANIC GROWTH

in the 18 month period between launch in July 2017 and December 2018

Salary Packaging Benefit Accounts



McMillanShakespeareGroup

smart
group
corporation

eziway[®]

paywise
salary packaging

EML is the largest provider of payment solutions to the Salary Packaging industry with more than 166,000 benefit accounts already in market.

Total annual Gross Debit Volume for this vertical is expected to be approximately \$2 billion once the transition is complete.

In May, EML announced it had entered into an eight year agreement to be their provider of branded General Purpose Reloadable card programs for payout of Salary Packaging benefits.

Executive Summary – Flex-e-Card Acquisition

EMLs' wholly owned subsidiary, EML Payments Europe Limited has agreed to acquire 100% of Flex-e-Card Limited ('FEC') which trades as flex-e-card and flex-e-vouchers.

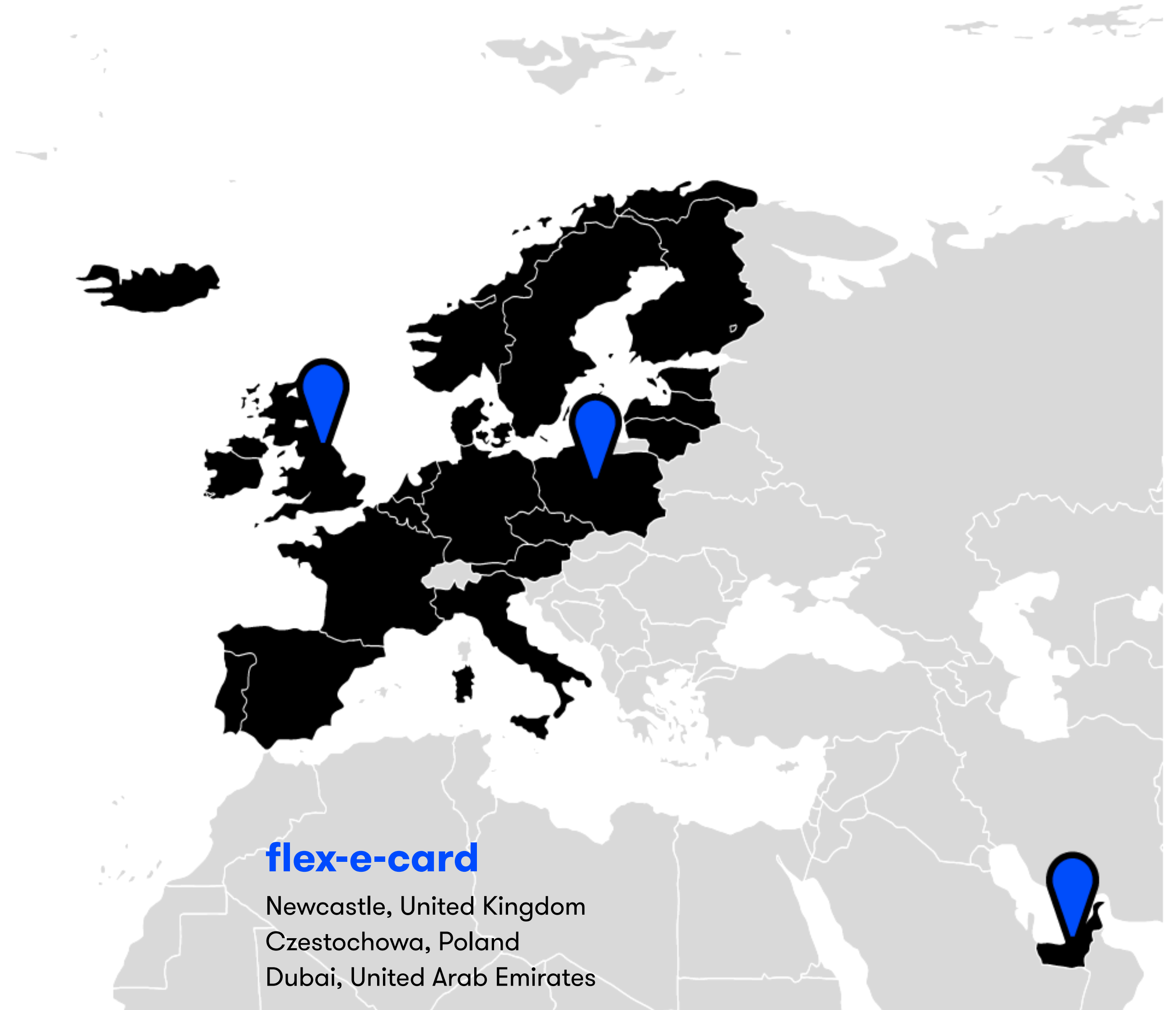
EML executed a Share Purchase Agreement (SPA) to acquire 100% ownership share in FEC on 17 May (London) for a total consideration of GBP21.6 million (approx. AUD 40.5 million).

FEC is a FinTech company providing gift and incentive solutions to the shopping mall sector with 226 malls under contract in the United Kingdom, Europe (principally Poland, Italy, Finland and France), and the United Arab Emirates.

The acquisition is contingent upon satisfaction or waiver of Conditions Precedent. EML expects this to be completed with control passing to EML no later than 28 June 2019.

EML expects to consolidate 100% ownership share in FEC into our financial results from 28 June 2019 onwards.

EML reaffirms our FY19 EBTDA guidance range of \$27 - \$28 million inclusive of transaction costs, excluding any contribution from FEC



Strategic Rationale

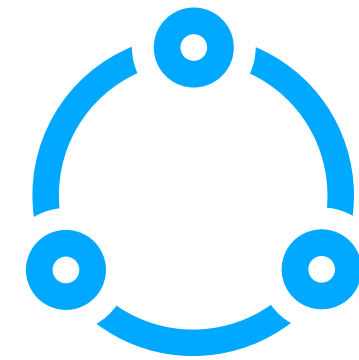


ENHANCE CORE SEGMENT

Enhances our Gift & Incentive segment with addition of 226 new shopping malls which will be largely self issued by EML in FY20.

Increased penetration into the shopping mall vertical securing EMLs' global leadership of this segment with more than 800 shopping malls under management

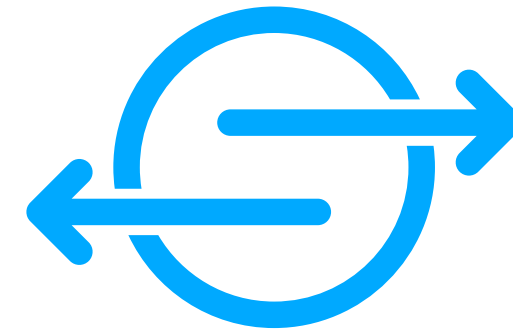
Deepens relationship with existing mall operators such as Unibail Rodamco Westfield, ECE (Poland) and new relationships with major mall owners Intu (UK) and EMAAR (UAE)



GEOGRAPHIC EXPANSION

FEC has a significant presence in Poland (74 programs) and United Arab Emirates (24 programs) where EML does not currently operate. These fast growing regions open new channels for EMLs' expansion.

FEC consolidates our market leading positions in the UK, Ireland and Europe. UAE includes incentive programs for car dealerships which represents a sizeable growth opportunity.



EXPANDED PRODUCT CAPABILITIES

FEC has strong online sales capabilities which will complement the deployment of EMLs' innovative mobile pays technology to the segment within FY20.



TRACK RECORD OF RESULTS

FEC has delivered consistent growth with a 3 year Gross Debit Volume CAGR of 24.7% to 2018.

Negligible 3 Year Customer Churn of 0.24% of 2015 GDV. Growth in GDV in the same 3 year period of 94%.

FEC is profitable and cash generative with significant growth potential in all regions



CULTURAL FIT

Low integration challenge with primary office in Newcastle, UK. Neil Wake, Flex-e-Card Managing Director has run the business since 2015 and will remain in the role. FEC staff are specialists in the mall space and bring significant expertise to EML.

FEC will bring 52 employees to the EML Group - UK (41), Poland (7) and UAE (4).

Purchase Price & Funding

Purchase price paid upfront based on consistent historical earnings profile and growth potential

10% of the purchase price is held in escrow for approx. 12 months from completion (est. 28 Jun 2020)

EML is paying an implied acquisition multiple of 10x forecast CY19 EBTDA

No working capital input requirement from EML post-close as business is cash generative

Purchase price is an upfront cash payment of GBP 21.6 million (c AUD 40.5 million) which equates to an EBTDA multiple of approx. 10x forecast EBTDA for the calendar year ending 31 December 2019

Upfront payment of GBP 21.6 million (c AUD 40.5 million).

- GBP 19.4 million (c. AUD 36.4 million). Paid to the vendors in cash on 28 June 2019
- GBP 2.2 million (c. AUD 4.1 million). Held in escrow pending satisfactory completion of warranties for up to twelve months.
- Represents implied multiple of 10x FEC forecast EBTDA to 31 December 2019 (before synergies).

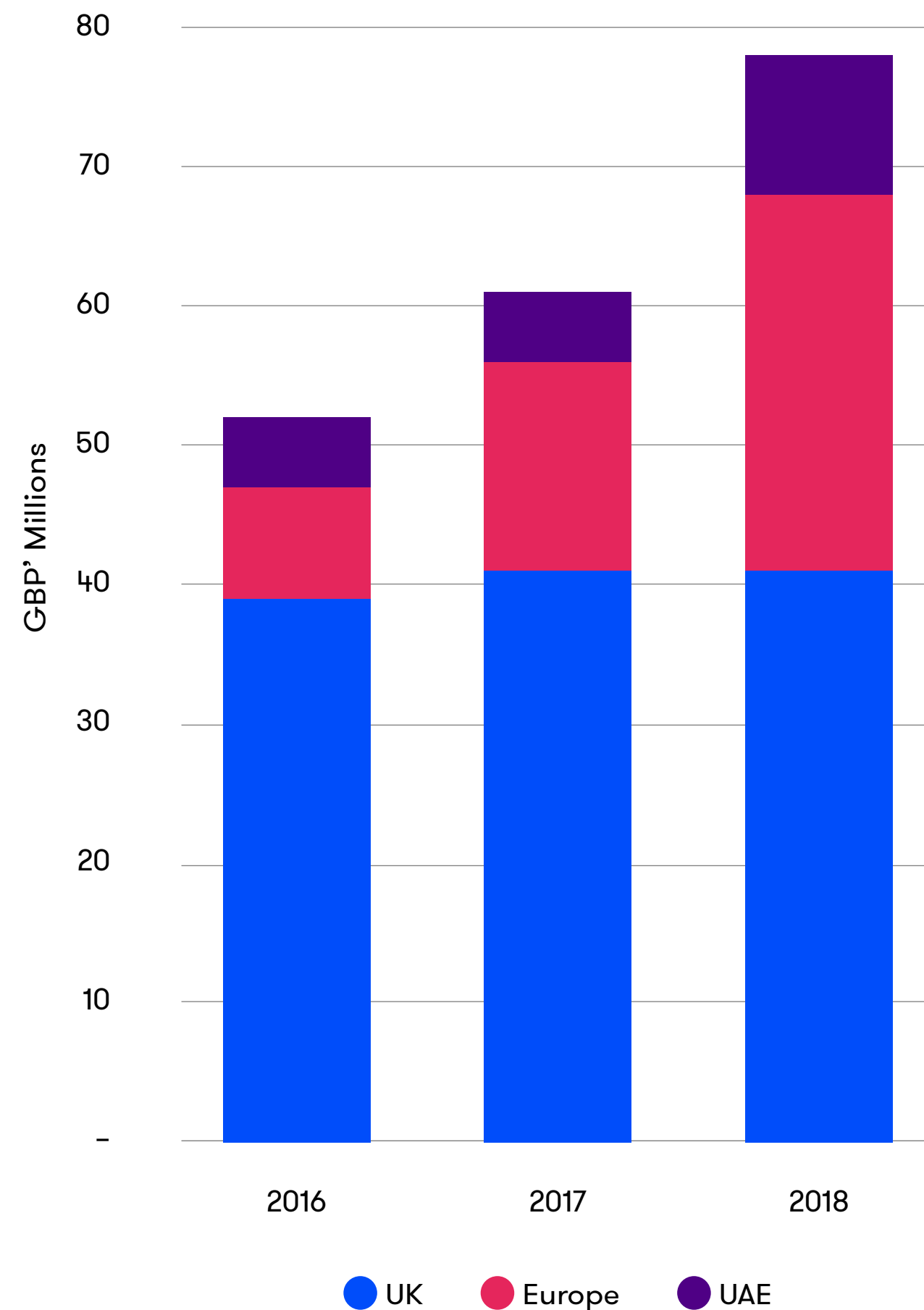
Source of funding - Group cash reserves & debt facility.

- EML Group cash reserves GBP 13.7 million (c. AUD 25.6 million) representing approximately half of the Group's cash reserves.
- Debt Facility with a major Australian Bank – GBP 8.0 million (c. AUD 15.0 million) drawn down. 12 month facility maturing in FY20. The Group will continue to be in a net cash surplus position after taking on this debt facility.

Numbers have been translated to Australian dollars at a constant rate of 1 Australian dollar = 0.533 GBP.

Profit and loss of Flex-e-Card

FEV Gross Debit Volume
2016 – 2018 (GBP)



Net of integration costs, FEC expected to deliver EBTDA of ~ AUD 4.0M – AUD 4.1M in FY20

Longer term, we expect international growth and volume synergies in scheme costs to further expand revenues and earnings

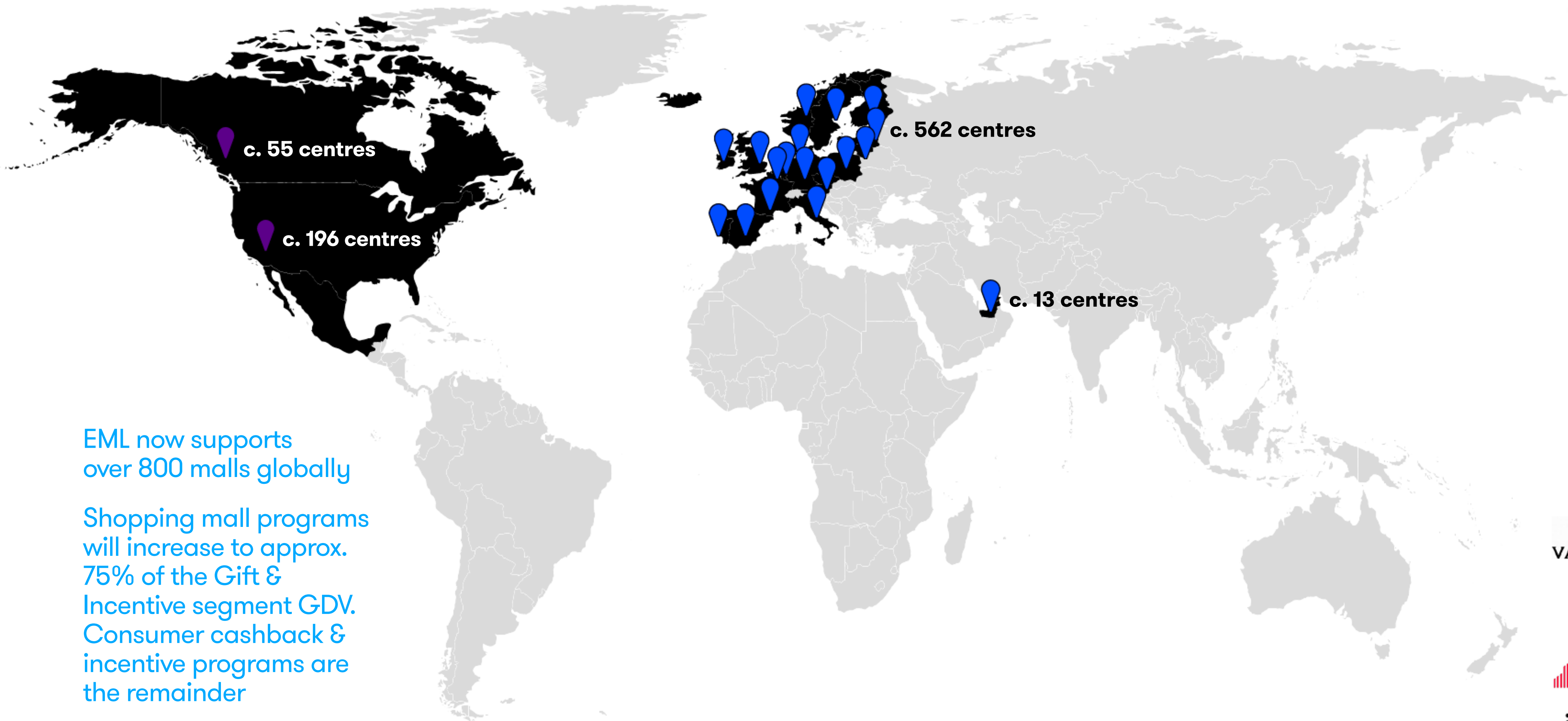
Flex-e-Card acquisition is immediately accretive to FY20 earnings and cash flows including one off IT & integration costs.

Pro forma 14.5% accretion (1.6c) to EBTDAPS in FY20

AUD'000	12 months to 31 December 2018 Actual	12 months to 31 December 2019 Forecast
Gross debit volume	147,190	181,176
Revenue	8,146	10,178
Revenue conversion rate	553 bps	562 bps
Gross Profit Margin	6,197	7,745
GP %	76.1%	76.1%
Cash Overheads	(3,345)	(3,880)
R&D Tax Credit	311	188
EBTDA	3,163	4,053
EBTDA %	38.8%	39.8%

Numbers above have been translated to Australian dollars at a constant rate of 1 Australian dollar = 0.533 GBP

EML's Global Shopping Mall Presence

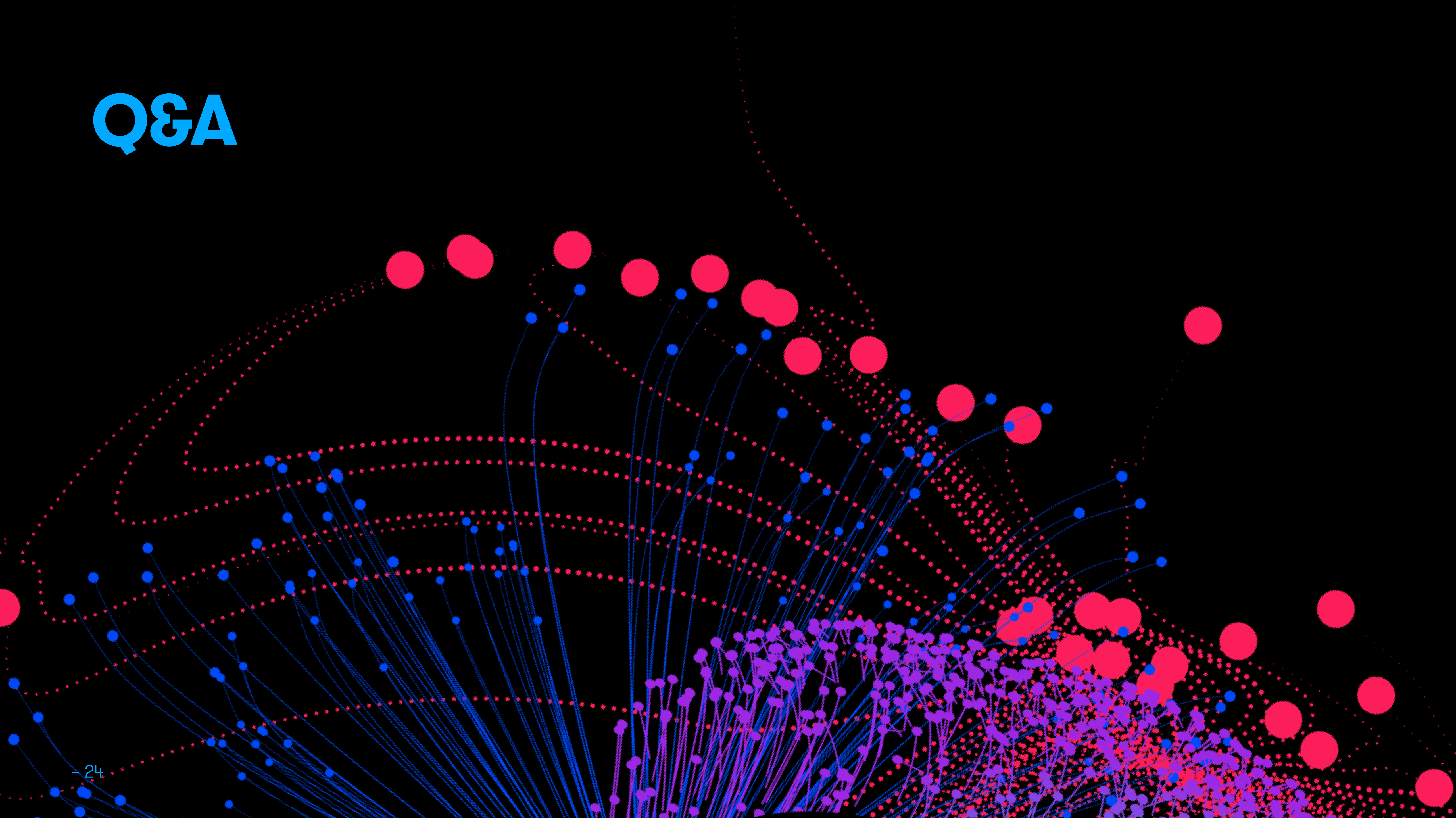


EML now supports over 800 malls globally

Shopping mall programs will increase to approx. 75% of the Gift & Incentive segment GDV. Consumer cashback & incentive programs are the remainder



Q&A



Thank you

Tom Cregan.

Managing Director and
Group Chief Executive Officer

tcregan@emlpayments.com.au

M +61 488 041 910

Rob Shore.

Group Chief Financial Officer

rshore@emlpayments.com.au

M +61 419 590 128

EMI.

Level 12, 333 Ann Street
Brisbane City, QLD 4000
Telephone: (61) 7 3557 1100
emlpayments.com

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