



Money in Motion

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Brisbane QLD 4000

EML Payments Limited

20 May 2019

ASX Market Announcements

20 Bridge Street
SYDNEY NSW 2000

EML PAYMENTS ACQUIRES FLEX-E-CARD LIMITED

- **Gross Debit Volume to increase by an estimated \$180m**
- **Expected to generate \$10m in revenue & \$4.1m of EBTDA in the first year of ownership**
- **Purchase consideration is wholly cash, no dilution for shareholders**
- **Brings 226 shopping mall gift card programs to our portfolio with EML now participating in Poland and the U.A.E.**
- **Globally, EML will now support over 800 shopping mall gift card programs**
- **Investor call scheduled for Monday 20th May 2019 at 10am**

EML PAYMENTS LIMITED (ASX: EML) (“EML”) is pleased to announce the acquisition of Flex-e-Card Limited (‘FEC’). 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.

On 17 May 2019 (London), EML executed a Share Purchase Agreement (SPA) to acquire 100% ownership share in FEC for a total consideration of GBP21.6 million (approx. AUD 40.5 million).

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

The transaction is expected to complete on 28 June, subject to satisfaction or waiver of conditions precedent. EML expects to consolidate 100% ownership share in FEC into our financial results from 28 June 2019 (FY20) onwards.

EML reaffirms our EBTDA guidance range of \$27 million - \$28 million inclusive of transaction costs and without consolidating earnings from the acquisition in the FY19 year.

Purchase price of GBP 21.6 million (c. AUD 40.5 million)

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

- GBP 19.4 million (c AUD 36.4 million), will be paid to the vendors in cash on 28 June 2019.
- GBP 2.2 million (c AUD 4.1 million), or 10% of the purchase price will be held in escrow for 12 months pending any warranty claims.

Source of funding - group cash reserves & debt facility

- EML Group Cash reserves GBP 13.7m (c AUD 25.5m) representing approximately half of group cash reserves
- Debt Facility with a major Australian Bank – GBP 8.0m (c. AUD 15.0m) drawn down, 12 month facility maturing in FY20.

FEC will be immediately earnings and cash flow accretive

FEC is expected to generate \$4.0m - \$4.1m of EBTDA in the first year of ownership

At the midpoint of EMLs’ FY19 guidance this equates to approximately 14.5% EBTDA accretion.

There is no working capital input requirement from EML post-close as the business is cash generative.

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Acquisition Rationale

- **Enhances a core segment**
 - FEC enhances our Gift & Incentive segment with the addition of 226 new shopping malls, which will be largely self-issued by EML in FY20.
 - Increased penetration into the shopping mall vertical, securing EML's global leadership of this segment with more than 800 shopping mall gift card programs under management.
 - Deepens EML's relationship with existing mall operators such as ECE and Unibail-Radamco-Westfield, and new relationships with major mall owners including Intu (UK) and EMAAR (UAE)
- **Geographic Expansion**
 - FEC has had significant success and is demonstrating rapid growth in Poland (74 programs) and United Arab Emirates (24 programs) where EML does not currently operate.
 - FEC consolidates our market leading positions in Europe.
 - FECs' operations in the UAE include incentive programs for car dealerships, which represents a sizeable growth opportunity.
- **Expand Product Capabilities**
 - FEC has strong online sales capabilities, which will complement the deployment of EML's innovative mobile pays technology to the segment.
- **Track Record of Results**
 - FEC has delivered consistent growth with a 3 year Gross Debit Volume CAGR of 24.7% to 2018.
 - FEC is profitable and cash generative with significant growth potential in all regions.
 - Negligible 3 Year Customer Churn of 0.24% of 2015 GDV. Growth in GDV in the same 3 year period of 94%.
- **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.

Investor Teleconference Details

- **Monday 20th May 2019 at 10am**
- **Participant numbers**
 - +61 2 8038 5221 (Australia)**
 - 0800 452 782 (New Zealand)
 - 0808 234 0757 (United Kingdom)
 - 1855 293 1544 (United States)
 - For countries not listed please dial the Australian number above
- **Conference ID** **878 946 8**
- **To ask a question, participants will need to dial *1 (star, 1)**
- **A transcript of the call will be released to the ASX**

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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 Australia.

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

For further information, please contact:

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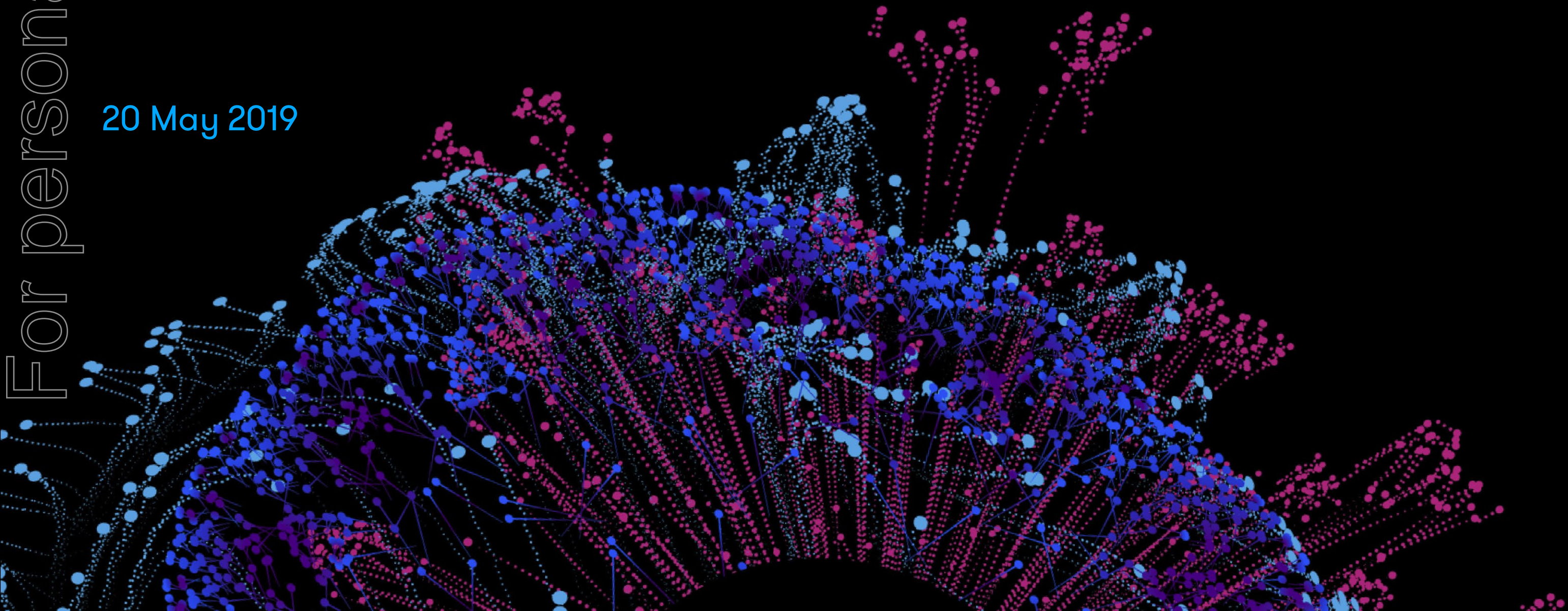
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Acquisition of Flex-e-Card Limited



20 May 2019

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Investor Teleconference Details



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Participant numbers

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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 and Flex-e-Card Limited, 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 twelve months ended 31 December 2018 ('CY18'), and is presented in Australian Dollars. Unless otherwise stated, the prior comparative period refers to the twelve months ended 31 December 2017 ('CY17').

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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.

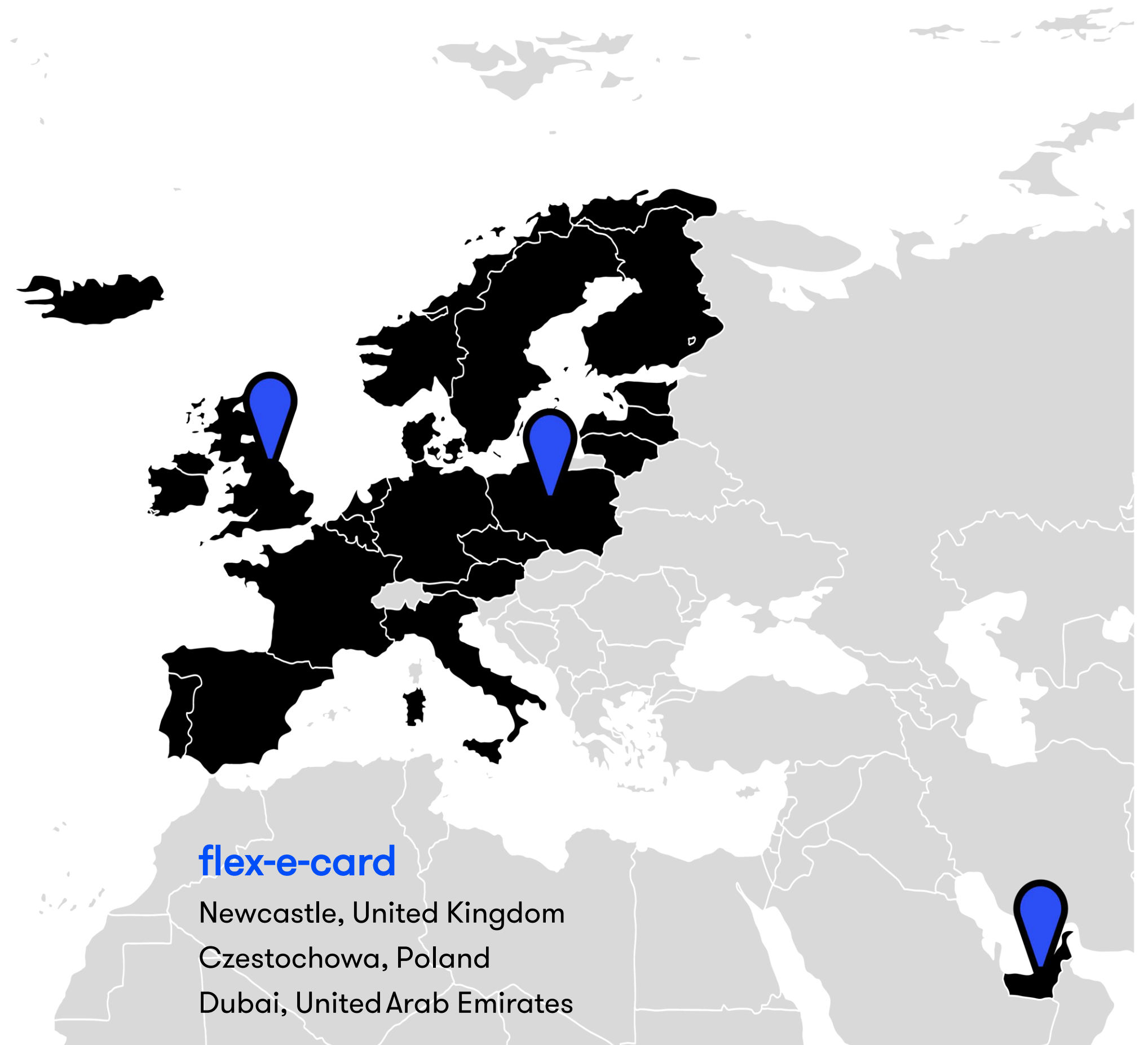
EML executed a Share Purchase Agreement (SPA) to acquire 100% ownership share in FEC on 17 May (London) for a total consideration of GBP21.6 million (approx. AUD 40.5 million).

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

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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

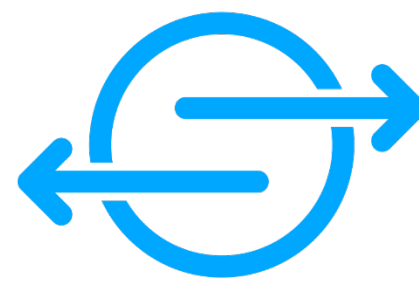
Deepens relationship with existing mall operators such as Unibail Rodamco Westfield, ECE (Poland) and new relationships with major mall owners Intu (UK) and EMAAR (UAE)



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 (cAUD 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 (cAUD 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).

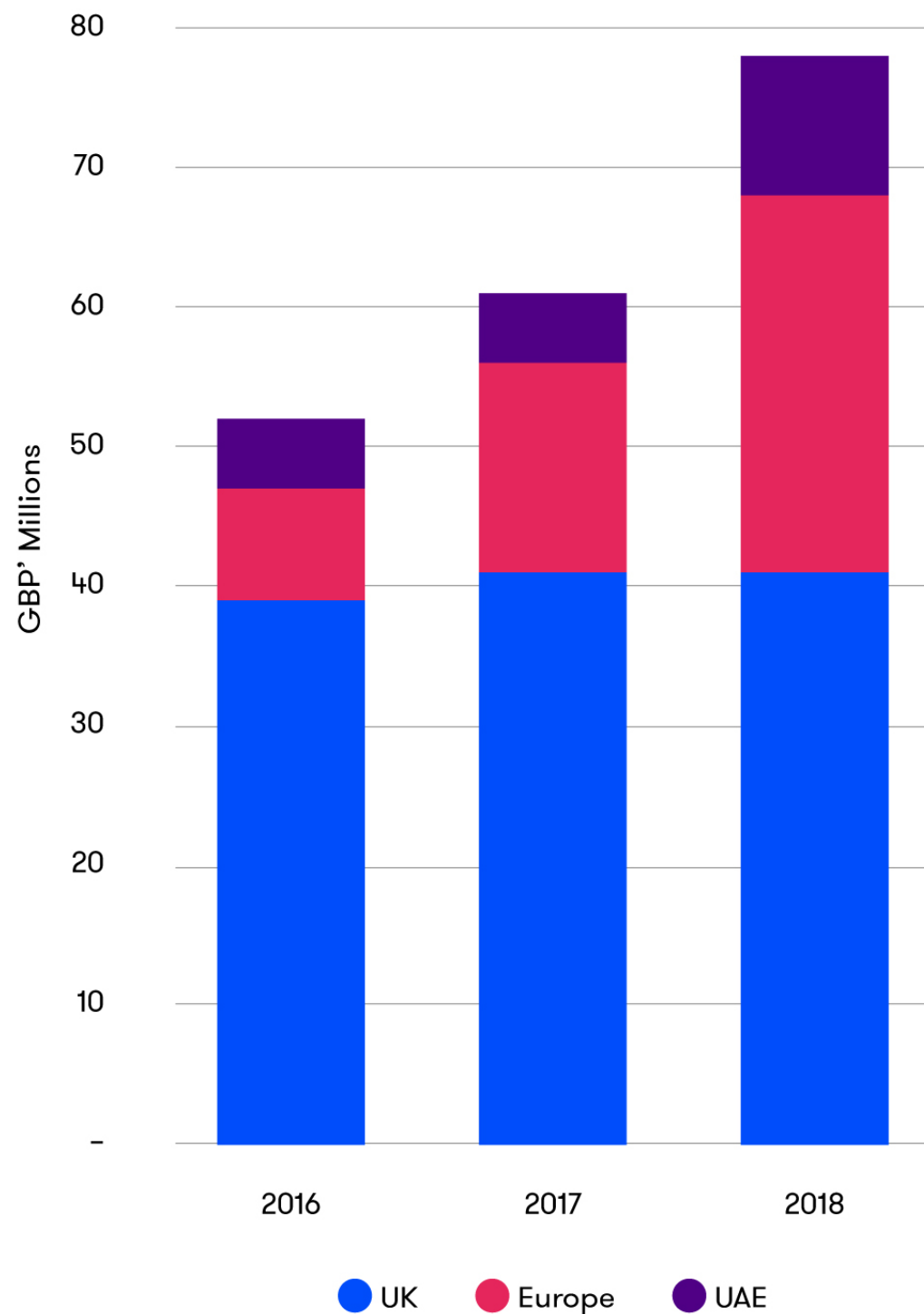
Source of funding - Group cash reserves & debt facility

- 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

Profit and loss of Flex-e-Card

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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.

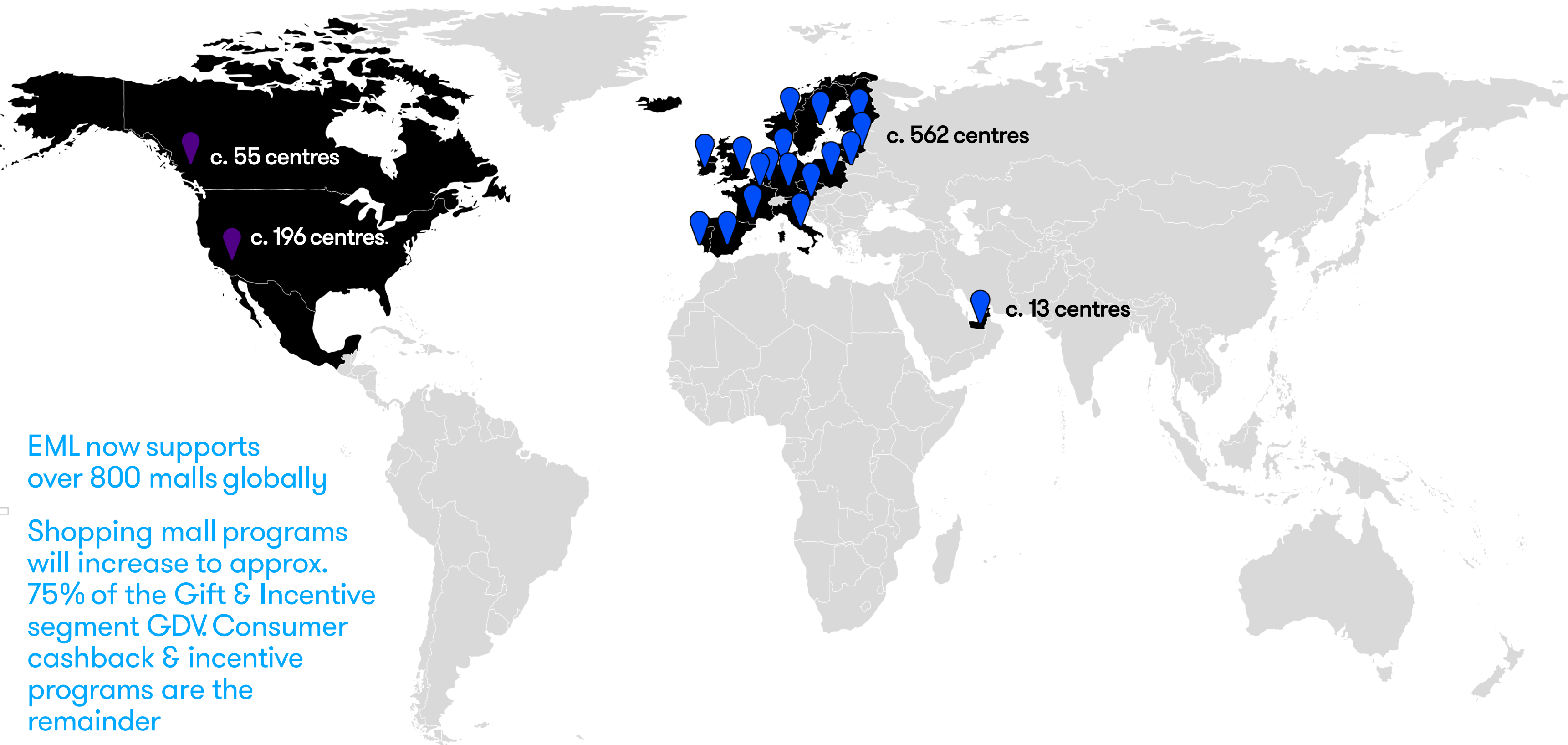
Pro forma 14.5% accretion (1.6c) to EBTDAPS in FY20

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)	(3,504)
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

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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

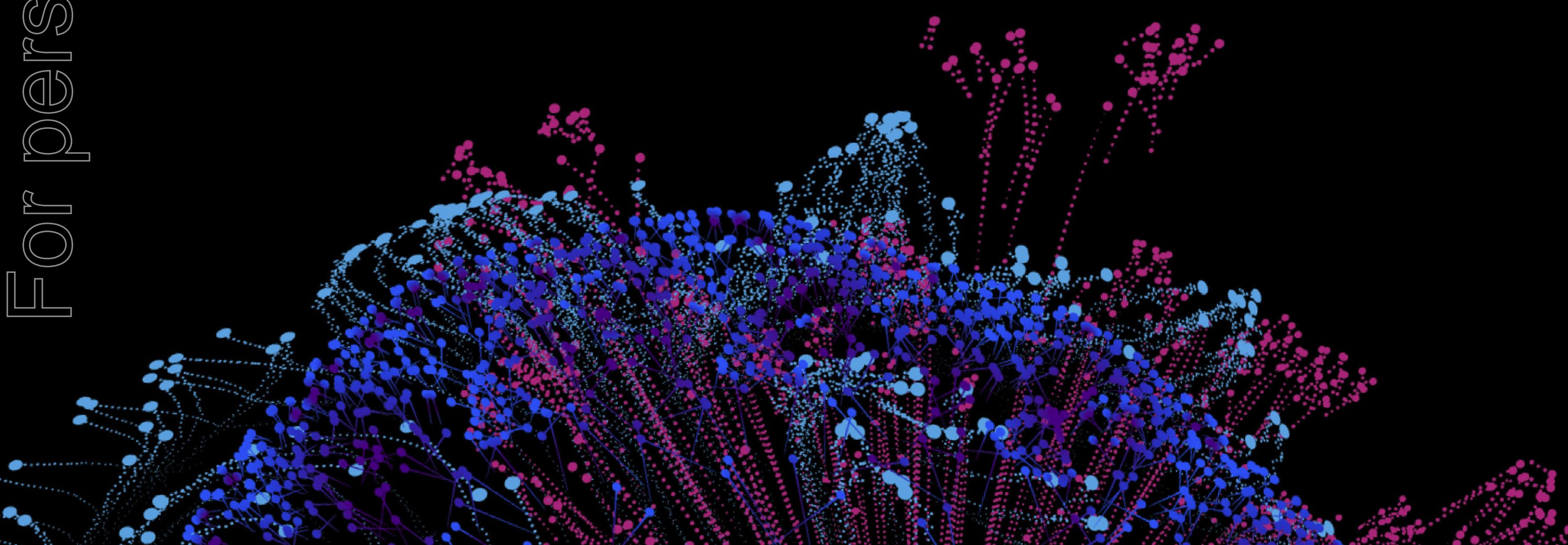


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Thank you



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