

BPS TECHNOLOGY LIMITED  
RESULTS PRESENTATION FOR FY2017



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## AGENDA

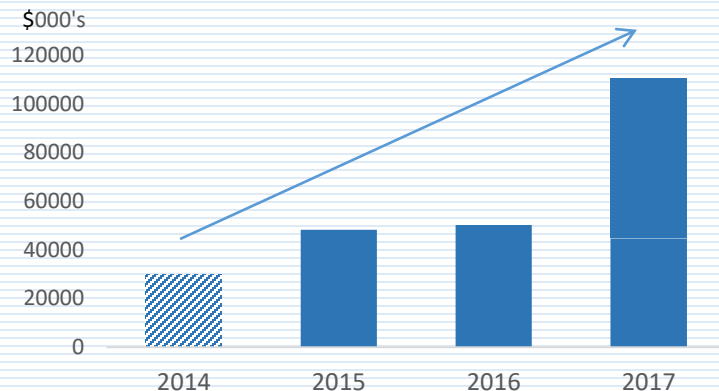
- ❖ Overview of FY2017
- ❖ Results Analysis
- ❖ Operational Review
- ❖ Outlook

## 4 YEAR CAGR

## REVENUE

**\$110.5m** +32% pa

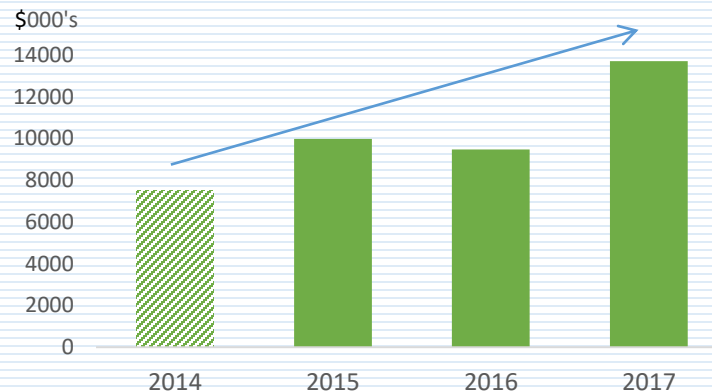
Revenue in FY17 increased 120% on prior year  
Entertainment acquisition contribution: \$65.8m



## EBITDA

**\$13.7m** +22% pa

EBITDA in FY17 increased 45% on prior year  
Entertainment contribution: \$6.0m



## OPERATIONAL HIGHLIGHTS

- ❖ Acquired Entertainment Publications Australia and NZ for \$25m, funded through a successful \$30m placement to institutions and the vendor, plus an SPP, in September 2016
- ❖ Major continued focus on Digital transformation and cost reductions across the BPS Group
- ❖ Agreement signed with iSynergi Limited, Alibaba.com's Global Service Partner in Australia, enabling BPS's merchant base to be registered on the Alibaba platforms – positive cash generator
- ❖ Expanded Bartercard USA from 10 to 20 franchises
- ❖ Bartercard France, the second Bartercard licensee in Europe, launched operations in June. Licence for Bartercard Israel sold to the ZAP Group with operations scheduled to launch in January 2018
- ❖ Acquired 2 key metro Bartercard franchises in Australia, BPS now control 82% of members
- ❖ Launched merchant finance product – Finance Plus – in partnership with Get Capital, servicing the SME market

## FINANCIAL HIGHLIGHTS

\$'000	FY17	FY16	% Change
<b>Revenue</b>			
Fee income <sup>1</sup>	36,218	32,206	12%
Franchise and licence sales	1,641	6,266	-74%
Membership subscriptions	49,391	8,923	454%
Gift Card sales	21,889	—	na
Other	1,325	2,777	-52%
<b>Total Revenue</b>	<b>110,464</b>	<b>50,172</b>	<b>120%</b>
<b>Costs</b>			
Direct expenses	20,395	11,571	76%
Gift Card costs	20,796	—	na
Building occupancy	4,660	2,540	83%
Employee	38,674	21,163	83%
Other	12,238	5,428	125%
<b>Total Expenses</b>	<b>96,763</b>	<b>40,702</b>	<b>138%</b>
<b>Gross Profit margin</b>	<b>63%</b>	<b>77%</b>	<b>-18%</b>
<b>EBITDA</b>	<b>13,701</b>	<b>9,470</b>	<b>45%</b>
Margin %	12.4%	18.9%	-34%
Depreciation & Amortisation	1,586	802	98%
Net Interest paid/(received)	766	534	43%
Pre tax Profit	11,349	8,134	40%
Tax expense	1,061	789	34%
<b>Net Profit after Tax</b>	<b>10,288</b>	<b>7,345</b>	<b>40%</b>
EPS (cents)	12.10	12.57	-4%
EPS diluted (cents)	11.80	11.71	1%
DPS (cents)	4.50	4.00	13%
Issued shares (weighted)	85,169,123	58,521,153	46%

<sup>1</sup> Transaction, trading and commission fees

- ❖ **Sales revenue +120% to \$110.4m following the acquisition of Entertainment**
  - Entertainment consolidated for the full twelve months with performance ahead of acquisition forecast
  - Number of planned country licence sales did not complete but remain ongoing
  - Other than Licence sales, Bartercard overall revenues declined by 2%
- ❖ **Gross Profit margin and EBITDA margins reduced**
  - Integration of the Entertainment business including the lower margin Gift Cards operation
  - Occupancy costs \$368,000 more than forecast. Company owned sites reduced from 68 to 65
- ❖ **EBITDA +45% to \$13.70m**
  - 3.2% below early guidance of \$14.16m provided in August 2016 but at top of guidance range in June 2017
- ❖ **EPS of 12.1 cents above guidance (11.8 cps)**
- ❖ **Final dividend per share of 2.25 cents, fully franked**
  - Total dividend per share of 4.50 cents, fully franked (+13%)

## KEY LEVERS FOR GROWTH

### LEVERS

### ACHIEVED IN FY2017

<ul style="list-style-type: none"> <li>❖ <b>Add more SMEs</b> <ul style="list-style-type: none"> <li>– an additional 4,000 SME's over the next three years should generate additional EBITDA of \$3.0m</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>+ 12,000 SMEs in tourism and hospitality sector through Entertainment acquisition</li> <li>+ \$1.6m from sale of licences and franchises               <ul style="list-style-type: none"> <li>– expanding footprint</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>❖ <b>Add more Consumers</b> <ul style="list-style-type: none"> <li>– 10,000 extra EB app sales via NFP's should generate additional EBITDA of \$460,000</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>+ 590,000 Entertainment members giving total consumer reach of circa 2 million</li> <li>+ new revenue model created via access to Alibaba platform</li> </ul>
<ul style="list-style-type: none"> <li>❖ <b>Add more Not-For-Profits (NFPs)</b> <ul style="list-style-type: none"> <li>– add an additional 500 NFP's each with 100 EB app sales should generate additional EBITDA of \$2.3m</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>+ 20,000 Entertainment NFP's</li> </ul>
<ul style="list-style-type: none"> <li>❖ <b>Faster adoption of digital practices by consumers, merchants and staff saves \$1.0m</b></li> </ul>	<p>42% digital acceptance of Entertainment Book App</p>
<ul style="list-style-type: none"> <li>❖ <b>Redirect more people into income generating activities</b> <ul style="list-style-type: none"> <li>– additional 4 major Frequent Values sales will generate \$700,000</li> </ul> </li> </ul>	<p>Strong control on costs of human capital</p>

## CAPITAL MANAGEMENT

### EQUITY RAISING

- ❖ Funding of the acquisition of Entertainment
  - Institutional placement and SPP raising net \$25.7m (27.3m shares issued @ 94 cents)
  - Additional vendor placement of 2.7m shares, issued @ 94 cents (\$2.5m)

### DEBT MANAGEMENT

- ❖ \$10m term loan established with CBA in August 2016 and drawn down in December 2016
- ❖ \$5m Convertible Note, first raised in December 2015, redeemed in December 2016 and new note provided by Alceon on improved terms
- ❖ Net debt reduced from \$7.7m to \$4.9m

*Post 30 June:*

- ❖ Convertible Note redeemed on 8 August 2017
- ❖ Expanded seasonal finance facility taken out with CBA to complement the timing of cash flows from Entertainment

### FINAL DIVIDEND

- ❖ Final dividend of 2.25 cents per share, fully franked
- ❖ Full Year dividend of 4.50 cents per share, fully franked
  - Payout ratio of 37%
  - Actual lower than August 2016 guidance of 5.0 cents per share, fully franked, due to 3.2% reduction in actual EBITDA
- ❖ Dividend policy remains unchanged



# RESULTS ANALYSIS

## FY2017

## FY17 PERFORMANCE BY HALF YEAR

\$'000	2H17	1H17	% Change	2H16
<b>Revenue</b>				
Fee income <sup>1</sup>	17,464	18,754	-7%	14,008
Franchise and licence sales	276	1,365	-80%	3,974
Membership subscriptions	24,541	24,850	-1%	4,365
Gift Card sales	11,386	10,503	8%	–
Other	887	438	103%	2,777
<b>Total Revenue</b>	<b>54,554</b>	<b>55,910</b>	<b>-2%</b>	<b>25,124</b>
<b>Costs</b>				
Direct expenses	10,321	10,074	2%	8,266
Gift Card costs	10,848	9,948	9%	–
Building occupancy	2,296	2,364	-3%	1,246
Employee benefits	17,330	21,344	-19%	8,376
Other	6,960	5,278	32%	2,415
<b>Total Expenses</b>	<b>47,755</b>	<b>49,008</b>	<b>-3%</b>	<b>20,303</b>
Gross Profit Margin	61%	64%		67%
<b>EBITDA</b>	<b>6,799</b>	<b>6,902</b>	<b>-1%</b>	<b>4,821</b>
EBITDA margin	12.5%	12.3%	1%	19.2%
Depreciation & Amort	871	715	22%	364
Net interest paid	446	320	39%	424
Pre tax Profit	5,482	5,867	-7%	4,033
Tax	753	308	144%	199
<b>Net Profit after Tax</b>	<b>4,729</b>	<b>5,559</b>	<b>-15%</b>	<b>3,834</b>

<sup>1</sup> Transaction, trading and commission fees

## INTEGRATING ENTERTAINMENT

- ❖ Revenue remains equally divided between 1H and 2H post the Entertainment acquisition
  - Entertainment ahead of budget for FY17, supported by strong growth in Gift Card sales
  - Slower Bartercard transaction volumes in 2H consistent with prior years
  - Reduction in franchise and licence sales reflects both a reduced reliance on this as budgeted income as well as delays in completing several agreements – which are ongoing
- ❖ Overheads fell 6% in 2H17 compared to 1H17
  - Employee costs down as transferred to prepaid production costs for the 2018 EB edition, matching revenue treatment
  - Reductions in building occupancy costs will be driven by timing of lease expiries over the next 2-3 years
- ❖ Net interest expense rose in 2H as borrowings increased in Q3 to accommodate the short sales season in Entertainment
  - Cash flow weighted to the end of the second half

## BALANCE SHEET

\$'000	FY17	FY16	% Change
<b>Assets</b>			
Cash and cash equivalents	15,330	906	↑
Trade and other receivables	12,380	12,315	1%
Inventories	5,269	5,793	-9%
Intangible assets	77,975	32,206	142%
Plant and Equipment	3,295	958	244%
Deferred tax assets	8,014	742	↑
Prepayments	9,800	696	↑
Investments	1,500	1,500	–
<b>Total assets</b>	<b>133,563</b>	<b>55,116</b>	<b>142%</b>
<b>Liabilities</b>			
Trade and other payables	11,431	7,886	45%
Deferred tax liability	4,953	–	↑
Deferred revenue	22,916	–	↑
Borrowings	20,238	8,613	135%
Provisions	2,881	1,892	52%
<b>Total liabilities</b>	<b>62,419</b>	<b>18,391</b>	<b>239%</b>
<b>Net assets</b>	<b>71,144</b>	<b>36,725</b>	<b>94%</b>
<b>Equities</b>			
Issued capital	54,554	26,277	108%
Reserves	(668)	(349)	91%
Retained earnings	17,258	10,847	59%
<b>Total equity</b>	<b>71,144</b>	<b>36,725</b>	<b>94%</b>

- ❖ The lift in cash reflects the increased revenue from Entertainment
- ❖ Increase in intangibles +\$45.8m
  - Acquisition of EB including goodwill and all intangible assets (\$36m)
  - Investment in technology software (\$3.6m)
  - Purchase of franchises, development of territories and other (\$6.2m)
- ❖ Plant and equipment (+\$2.3m) includes office furniture and equipment acquired as part of the EB acquisition
- ❖ Net deferred tax assets of \$3.1m include tax differences associated with EB
- ❖ Prepayments of \$9.8m includes upfront payment of EB's 2018 production costs
- ❖ Trade payables include Entertainment payables
- ❖ Deferred revenue of \$22.9m is revenue received upfront for the Entertainment membership subscriptions
- ❖ Net Debt decreased from \$7.7m to \$4.9m, reducing gearing (net debt/equity) from 21% to 7%
- ❖ Net assets doubled to \$71.1m with Net Asset Backing per share increasing 24% to 78 cents

## CASH FLOW

\$'000	FY17	FY16
<b>Cash flows from operating activities</b>		
Receipts from customers	128,711	49,886
Payments to suppliers and employees	(115,576)	(44,713)
Income tax payable	(383)	(55)
<b>Net cash flows from operating activities</b>	<b>12,752</b>	<b>5,118</b>
<b>Cash flows from investing activities</b>		
Investment in developing new territories	(1,115)	(1,375)
Payment for Entertainment acquisition	(23,509)	–
Payment for PP&E	(421)	(277)
Purchase of investments	–	(1,500)
Payments of intangibles	(4,190)	(6,563)
<b>Net cash flows from investing activities</b>	<b>(29,235)</b>	<b>(9,533)</b>
<b>Cash flows from financing activities</b>		
Share issue proceeds net of costs	25,732	–
Net Proceeds from Convertible Notes	–	4,598
New borrowing	12,426	3,543
Repayment of loans/facilities	(2,608)	(1,972)
Dividends paid	(3,877)	(3,071)
Net Interest paid	(766)	(520)
<b>Net cash flows from financing activities</b>	<b>30,907</b>	<b>2,578</b>
Net increase/(decrease) in cash held	14,424	(1,837)
Cash & cash equivalents at start of financial year	906	2,743
<b>Cash &amp; cash equivalents at end of financial year</b>	<b>15,330</b>	<b>906</b>

- ❖ Cash generated from operations (\$12.8m) increased +148% on pcg
  - Increased cash held at balance date to \$15.3m
  - EBITDA to operating Cash conversion ratio at healthy 93%
- ❖ Entertainment acquired in 1H2017 funded by
  - Institutional share placement and SPP raising \$25.7m (net of costs)
- ❖ New borrowings of \$12.4m (1H2017) funded:
  - Interest payments (\$0.8m) and repayment of loans (\$2.6m)
  - Investments in developing new territories (\$1.1m) including the US and Europe as well as bucqi in NZ
  - Payment of intangibles (\$4.2m) includes purchase of new technology and franchises
  - Working capital during Q3 due to the seasonal nature of EB's cash flow
- ❖ Payment of 4.25 cps fully franked dividend (\$3.9m)

## RECONCILIATION WITH FORECAST

- ❖ Revenue exceeded but lower margin  
Gift Cards impacted gross profit margin
- ❖ Overheads lower than forecast
- ❖ Cash generated exceeds forecast  
mainly due to lower tax paid
- ❖ EPS up on forecast due to lower weighted  
average issued capital
- ❖ Opening cash balance less by \$7.2m  
due to delayed settlement of EB
- ❖ Shortfall of opening cash offset by new  
Convertible Note of \$5m. CBA overdraft  
partly redrawn by year's end

\$'000	FY17	FY17E	Variance
<b>Profit and Loss comparison</b>			
Revenues	110,464	109,140	1,324
Direct costs	41,191	37,677	(3,514)
Gross profit	69,273	71,463	(2,190)
Gross profit margin %	63%	65%	(2%)
Total Expenses	55,572	57,301	1,729
Employee expenses	38,674	42,574	(3,900)
Occupancy expenses	4,660	4,292	368
Other expenses	12,238	10,435	1,803
EBITDA	13,701	14,162	(461)
EBITDA margin %	12.4%	13.0%	(0.6%)
Earnings per share (cents)	12.1	11.8	0.3
<b>Cash Flows Statement comparison</b>			
Net cash flows from operating activities	12,752	12,032	720
Purchase of PP&E	(421)	–	(421)
Investments in Technology and franchise acquisition	(4,190)	(2,675)	(1,515)
Investment in developing new territories	(1,115)	–	(1,115)
Acquisition of Entertainment	(23,509)	(22,500)	(1,009)
Share issue proceeds net of raising costs	25,732	26,000	(268)
New borrowings from CBA	10,000	10,000	–
Proceeds from Convertible Notes – Alceon	5,000	–	5,000
Net repayment of loans/facilities	(5,182)	(11,285)	6,103
Dividends paid	(3,877)	(3,540)	(337)
Net Interest paid	(766)	(775)	9
<b>Net increase/(decrease) in cash held</b>	<b>14,424</b>	<b>7,257</b>	<b>7,167</b>
Cash & cash equivalents at start of financial year	906	8,106	(7,200)
<b>Cash &amp; cash equivalents at end of financial year</b>	<b>15,330</b>	<b>15,363</b>	<b>(33)</b>

OPERATIONAL PERFORMANCE FY2017  
BARTERCARD/BUCQI/TESS



## FINANCIAL

\$'000	FY17	2H17	1H17	FY16
Revenue	44,613	21,453	23,160	50,172
Expenses <sup>1</sup>	30,441	14,105	16,336	34,702
EBITDA	14,173	7,349	6,824	15,470
Depreciation	933	510	423	802
Segment Profit before Tax	13,240	6,839	6,401	14,668
Operating Margin	30%	32%	28%	29%

<sup>1</sup> FY16 Expenses exclude \$6m in corporate costs  
FY17 Corporate Costs reported as a separate segment

- ❖ **Revenue declined 11% to \$44.6m**
  - Income from licence and franchise sales declined by \$4.6m, as forecasts now less reliant on these sales
  - Income from core business transactions, trading and subscriptions declined by \$934,000 (2%)
- ❖ **EBITDA decreased by 8.4% but margins improved**
  - Costs reduced by 12% over the year, particularly in 2H lifting operating margins to 32%

## OPERATIONAL

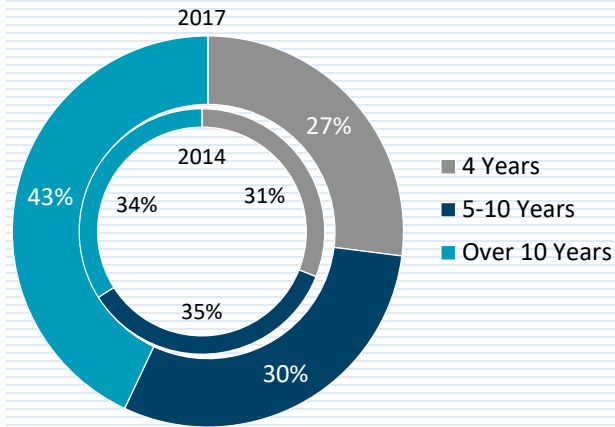


- ❖ **Four new product offerings introduced**
  - Travel plus
  - Export plus
  - Finance plus
  - Insurance plus
- ❖ **Agreement signed with iSynergi, Alibaba.com's Global Service Partner in Australia to deliver new cash business across platform**
  - BPS merchants to be registered on Alibaba's online "Australia Channel" via Bartercard's Members Plus programme
- ❖ **Licences for France and Israel sold**
- ❖ **Introduction of new mobile technology**
  - Enhanced search function for members and operational staff
- ❖ **Development of new technology in NZ for trading online using gift vouchers – BC Express**

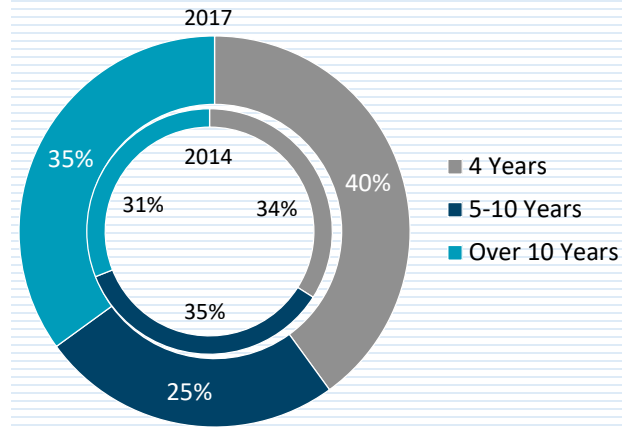
## TRANSFORMING A SUSTAINABLE BUSINESS MODEL



## Trade Volume by Age



## Merchants by Duration





## PLATFORM REVENUE GENERATORS

**Bartercard enables SMEs to use Trade Dollars, not cash, to pay for the exchange of goods and services**

- ❖ Bartercard members pay a monthly fee
  - minimum \$39 per month up to \$249 per month
  - ~70% paying \$39 per month
- ❖ Bartercard members pay transaction fees of 6.5% cash and 1.0% Trade Dollars on every transaction
  - global average is circa 6.0% on cash fees
- ❖ Bartercard charges a variety of other fees – joining fee, late payment, featured advertising, overdrawn fees, etc.
- ❖ Royalties of 8% from revenues generated by existing Bartercard Licensees
- ❖ Sale of new country Bartercard Licences
  - upfront \$0.2m to \$2.0m depending on the territory

OPERATIONAL PERFORMANCE FY2017  
ENTERTAINMENT



## FINANCIAL

\$'000	FY17	2H17	1H17
Revenue	65,806	33,056	32,750
Subscriptions	43,917	21,670	22,247
Gift Card	21,889	11,386	10,503
Expenses	59,793	29,996	29,797
EBITDA	6,013	3,060	2,953
Depreciation	416	239	177
Segment Profit before Tax	5,597	2,821	2,776
Operating Margin	8.5%	8.5%	8.5%

- ❖ Budget for FY2017 exceeded by more than 10%
  - Delivered record revenue of \$65.8m
- ❖ EBITDA of \$6.0m with both revenue and earnings increasing in the second half
- ❖ Operating Margin of 8.5% impacted by lower margin Gift Card business irrespective of increased sales
  - 52% Gross margin including Gift Cards
  - 75% Gross margin excluding Gift Cards

## OPERATIONAL



- ❖ “Go-digital” strategy has accelerated Entertainment subscriptions to 42% digital in FY17 from 30% in FY16
- ❖ Frequent Values Programme
  - Multiple customer agreements signed in Q4
  - HSBC, Commonwealth Bank, Zurich Insurance, Kiwi Saver, Intrust Super, Youi NZ, Access Pay, Optus
- ❖ Executing on 25 key efficiency improvement actions

## PLATFORM REVENUE GENERATORS



### ❖ Entertainment Books and App Platform

- average \$65.00 per region
- 590,000 subscribers
- 12,000 merchants in Australia and New Zealand

### ❖ Frequent Values Books and App Platform

- large Corporates pay for white label offers (\$200k to \$750k)
- ~900,000 users

### ❖ Entertainment Corporate Platform

- Gift Card sales from major business chains generate ~\$21m in revenues at a ~4.0% margin

### ❖ In FY18 will offer associated revenue generating deals via buccq, Alibaba, Alipay, Finance Plus, Export Plus, Honan Insurance

## MIGRATION TO DIGITAL PLATFORM

- ❖ Overall membership of 590,000 in FY17 (+7%)
  - ~1.5m users across the Entertainment platform
  - Reaches more than 1 million homes in Australia and New Zealand
- ❖ Digital membership has gone from zero to 42% in 3 years (target was 35% in FY17)
  - Targeting +50% of Entertainment members using digital in FY18
- ❖ Print quantities reduced in FY17 by 50,000 units saving ~\$350,000 p.a.



OUTLOOK FOR FY2018  
TRANSITIONING TO DIGITAL



## DIGITAL ROADMAP KEY TIMINGS

### Mobile First Focus

- ❖ Global deployment of existing digital offering as a Mobile First and insight driven model rather than the current desktop offering
- ❖ Introduce Visa Bartercard and make app transactional for cash, cash and barter and pure barter by Dec 2017 across all BPS platforms

### Self Service and Go-Digital Focus

- ❖ Peer to Peer enhancement launched for improved digital self-service marketplace trading
- ❖ Increased marketing automation features
- ❖ Divest and cease all paper based trading and existing paper systems

### Commodity Trading

- ❖ Automated trading options for merchants
- ❖ Set and forget trading
- ❖ Deploy BC Express with Home Barter version to follow in second half of 2018



## eCOMMERCE PARTNERSHIP STARTS NOW



Joined Alibaba.com's Australia Channel in June 2017, through BPS's Gold Supplier status with iSynergi

- ❖ Contracts with SmartTrans in place for members to gain preferential entry into Chinese markets
- ❖ \$2m distribution agreement into China with Morlife in June 2016, exceeding expectations
- ❖ Digital marketing partners include Digital Jungle and Stone Drums

Bartercard members being uploaded on alibaba.com from August 2017

- ❖ Tiered subscription model from free to \$249 per month
- ❖ Revenue from 75% of monthly fee and 6.5% transaction fee

Members offered bespoke marketing campaign in China including 1688.com et al

- ❖ Targeting 2000 Australian exporters into China wholesale channel
- ❖ 40 currently identified and in process
- ❖ Revenue 10% of sales



## DIGITAL FOCUS FOR FY18



### Community Connection

Build a stronger connection between members, merchants and fundraisers by:

- ❖ Increasing member to fundraiser connection by tracking funding goals
- ❖ Improving fundraising offering and marketing kits
- ❖ Introducing peer to peer sharing
- ❖ Developing socially generated content
- ❖ Introducing content by expert bloggers and gurus
- ❖ Improving merchant offerings such as rewards, accumulations, management and redemptions

### Discover

Know our customer; help them to explore new experiences and offers by:

- ❖ Personalising the experience
- ❖ Including AI integration to surface content
- ❖ Using notifications and prompts to encourage engagement
- ❖ Including a concierge, chat bot service

### Smart Perks

Give members more perks so they know they are being smart with their money while belonging to an exclusive and unique community.

**Provide them with:**

- ❖ Varied deals
- ❖ Unbeatable offers and experiences
- ❖ Combined memberships
- ❖ Simplified registration process
- ❖ Easier access for family members

### Self Service

Make it easy and convenient; giving our customers control through:

- ❖ Mobile payments
- ❖ 24/7 self managed account
- ❖ Enhanced profiling
- ❖ In app mybookings and reservation/delivery
- ❖ One place to view all orders
- ❖ Watch lists
- ❖ Using customer choice of credit or debit card

## ALIPAY IN FY18



- ❖ BPS will act as a Gold Supplier to deploy AliPay™ as a payment method throughout its network of 36,000 merchants via Bartercard™ and Entertainment Book™/ Frequent Values™
- ❖ BPS will target the Chinese tourist market (\$8.9 Billion expenditure in Australia last year) offering AliPay™ as a payment option
  - Q1FY2018 – 150 merchants on Gold Coast installed via EFTPOS terminals
  - Q2FY2018 – 1200 merchants Gold Coast, Melbourne and Sydney
- ❖ BPS merchants on Alipay™ and Fliggy™ platforms
- ❖ Engagements to include Gold Coast Tourism, Gold Coast Council, Airports and Minister of Tourism, MP Ciobo
- ❖ BPS Revenue – 10% of transaction
- ❖ Powered by bucci with transactions attracting 5% bucci rewards

# CHINESE TOURISTS IN AUSTRALIA TARGETED FY18



Alipay™ API is added to the Entertainment™ or Frequent Values™ mobile application

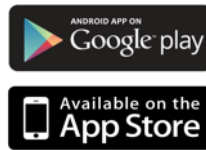


20% of \$8.9 billion spent on food and drink by Chinese tourists who want to use Alipay™.

BPS Technology and Alipay™ are meeting an unmet need.



Tourist coming into Australia download the Entertainment™ or Frequent Values™ Mobile App.



Tourist use the app to search Alipay™ merchants.



Tourist enjoys one of the thousands of Entertainment™ & Frequent Values™ venues.



Tourist pays with Alipay™ using the same Mobile Entertainment™ or Frequent Values™ app they used to find the venue.

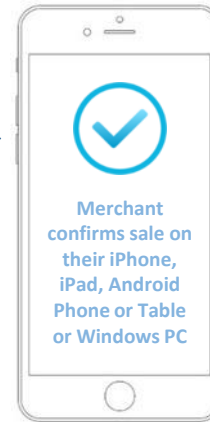
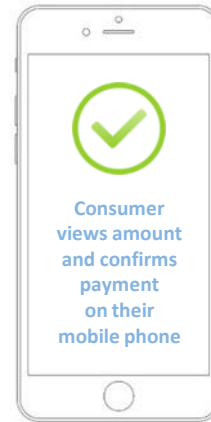


Payment is distributed to Alipay™, Entertainment™ or Frequent Values™ and the Merchant.

## PAYMENTS PARTNERSHIP



Leveraging the TESS™ platform, BPS Technology is able to provide AliPay™ through a union of the AliPay™ API and their current payment technologies.



Integrating AliPay™ into BPS' current mobile member applications and payment solutions will not only bring its existing merchants and members onboard but also provide a springboard for AliPay™ into the Australian Market.

## SUMMARY

- ❖ Entertainment business acquired for \$25m and consolidated for twelve months
  - Performance well ahead of budget resulting in higher group revenue (\$110.5m) than originally forecast for the year (\$109.1m)
  - Gross profit margin declined from 77% to 63%, consistent with expectations given the lower margin nature of the Entertainment and Gift Cards businesses
- ❖ EBITDA up 45% to \$13.7m on pcp at the top end of recent guidance
- ❖ Net Operating Cash flow of \$12.7m, exceeding forecasts of \$12.0m, and consistent with anticipated weighting of cash flow in the latter months of the financial year
- ❖ Net Debt decreased from \$7.7m to \$4.9m, reducing gearing (net debt/equity) from 21% to 7%
- ❖ Continued focus in FY18 on lowering costs and improving productivity through transitioning both Bartercard and Entertainment to digital platforms
- ❖ Major push in FY18 to leverage our payments partnership with Alipay and Alitrip as well as executing Bartercard Australia's e-commerce partnership with Alibaba.com

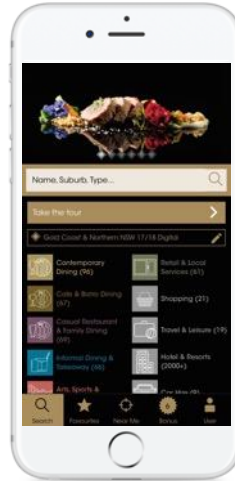
## DRIVING B2B &amp; B2C ENGAGEMENT



## DEALS



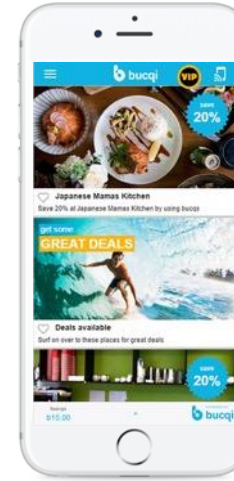
A white label B2B sales channel utilizing an **alternate digital currency** to monetize merchants spare capacity.



## INCENTIVES



A white label platform for large companies to offer ongoing unique lifestyle **discount benefits** to staff, members & clients.



## REWARDS



A white label mobile payment and rewards platform offering consumers **instant dollar for dollar rewards** and redemptions across multiple merchants.

BPS Technology Ltd currently houses  
**36,000 merchants, 20,000 not for profit groups & 1.5 million consumers**  
 Transacting in excess of \$1 billion per year





# BPS

Technology