

BPS TECHNOLOGY LIMITED INVESTOR PRESENTATION

SEPTEMBER 2017



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AGENDA

- ❖ Overview of BPS and FY2017
- ❖ Entertainment/Bartercard/bucqi/TESS
- ❖ Outlook for FY2018

TRADING INFORMATION

ASX ticker symbol	BPS
Number of shares on issue	92.2m
Share price	\$0.73
Market capitalisation	\$67.3m
FY17 P/E	6x
Earnings per Share (EPS)	12.1¢
Dividend per Share (DPS) (fully franked)	4.5¢
Final Dividend (fully franked)	2.25c
Ex Dividend Date	3 November
Annual Dividend Yield (fully franked)	6.2%

TOP SHAREHOLDERS

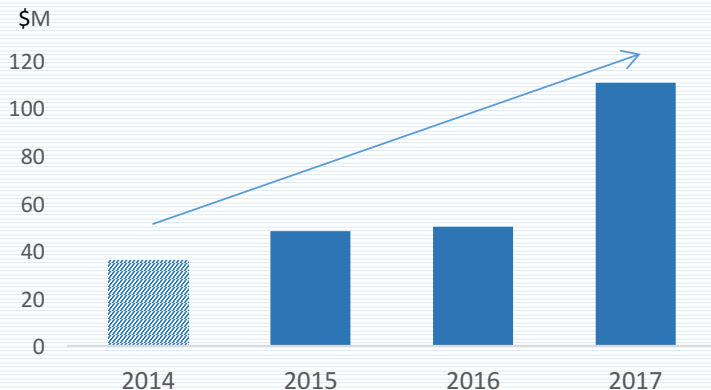
SENIOR MANAGEMENT	37.3%
J P MORGAN NOMINEES	11.8%
NATIONAL NOMINEES	6.2%
LHC CAPITAL PARTNERS PTY LTD	4.9%
ALCEON LIQUID STRATEGIES PTY LTD	3.6%
BNP PARIBAS NOMINEES	3.1%
PERSHING NOMINEES	2.0%
CVC LIMITED	1.6%
RBC NOMINEES	1.4%
CITICORP NOMINEES	1.4%
HSBC CUSTODY NOMINEES	1.1%
CREDIT SUISSE NOMINEES	1.0%
OTHERS	24.6%

4 YEAR GROWTH IN EARNINGS OF 21% PA

REVENUE

\$110.5m +32% pa

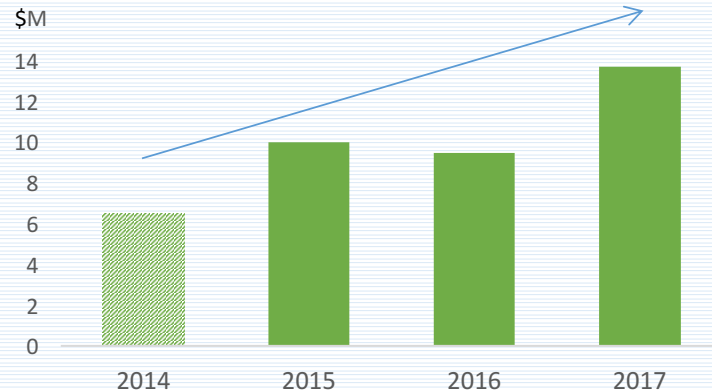
Revenue in FY17 increased 120% on prior year
Entertainment acquisition contribution: \$65.8m



EBITDA

\$13.7m +21% pa

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



FINANCIAL HIGHLIGHTS

- ❖ EPS of 12.1 cents – above guidance of 11.8 cps
- ❖ Sales revenue up 120% to \$110.4m
- ❖ EBITDA up 45% to \$13.7m
- ❖ Total dividend per share of 4.5 cents, fully franked (+13%)
- ❖ Cash generated increased to \$12.8m from \$5.1m in FY2016
- ❖ Net debt reduced from \$7.7m to \$4.9m (gearing 7%)

BPS IS ALL ABOUT CHANNEL ENABLEMENT

WE SOLVE REAL PROBLEMS FACED BY SMEs AND CONSUMERS EVERYWHERE



Clear excess inventory



Avoid discounting



Better resource utilisation



Helps with cash flow issues



Spare capacity



Lost or unused rewards



Lack of customer loyalty



Ineffective advertising

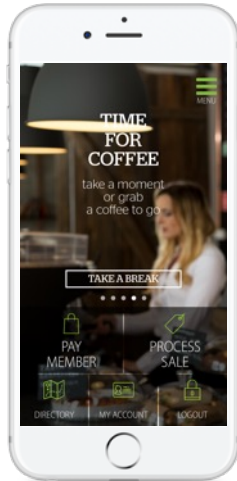


Reward portability



New sales channel

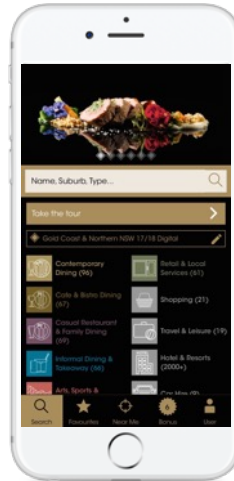
BPS IS A MARKETING AND PAYMENTS PLATFORM PROVIDER



DEALS



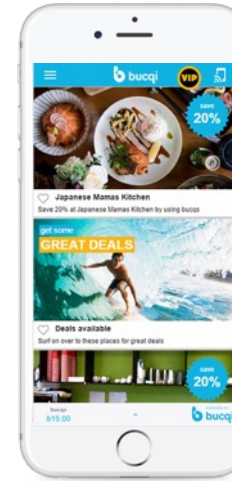
A B2B platform that acts as a sales channel for **deals** between businesses utilizing cash plus/or an alternate digital currency (trade dollars) for payment. Effectively monetizes spare capacity.



INCENTIVES



A B2C platform for restaurants, shops and hotels to offer ongoing unique lifestyle discount **incentives** to subscribers, staff, members & clients. Offered also as Frequnt Values platform to large Corporates



REWARDS



A mobile payment and rewards platform offering consumers instant dollar for dollar **rewards** (bucqs) at any business and redemptions across participating merchants.

36,000 merchants, 20,000 not for profit groups & 1.5 million consumers
Transacting in excess of \$1 billion per year





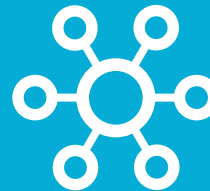
DEALS



INCENTIVES



REWARDS



CHANNEL ENABLEMENT

KEY LEVERS FOR GROWTH

LEVERS

ACHIEVED IN FY2017

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

OPERATIONAL HIGHLIGHTS

- ❖ Acquired Entertainment Publications Australia and NZ for \$25m
- ❖ Successful \$30m placement to institutions and the vendor
- ❖ Entertainment, Frequent Values, Bartercard Apps being made cash transactional by late 2017. EB Website redesign underway
- ❖ Agreement signed with iSynergi Limited, Alibaba.com's Global Service Partner in Australia – BPS's merchant base can be registered on the Alibaba platforms – new cash revenue generator
- ❖ Full focus on Digital transformation and cost reductions across the BPS Group
- ❖ Expanded USA from 10 to 20 franchises
- ❖ France launched operations in June.
- ❖ License for Israel sold to the ZAP Group will launch in January 2018
- ❖ BPS now control 82% of members in Australia
- ❖ Launched Finance Plus
- ❖ Created BPS Global which will now market all the BPS Platforms as a Licensed package

CHINESE TOURISTS IN AUSTRALIA TARGETED FY2018



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

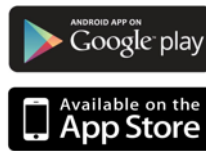


20% of \$8.9 billion spent on food and drink by Chinese tourists who want to use Alipay™.

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.



Target countries:

Northern Hemisphere – Germany, Italy, Spain, Portugal, Switzerland, Belgium, Austria, Greece, Turkey, Sweden, USA, Canada, Japan, Philippines, China (targeting Alibaba partner), Vietnam

Southern Hemisphere – Singapore, Malaysia, Africa, Indonesia, South America

ENTERTAINMENT/BARTERCARD/BUCQI/TESS



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

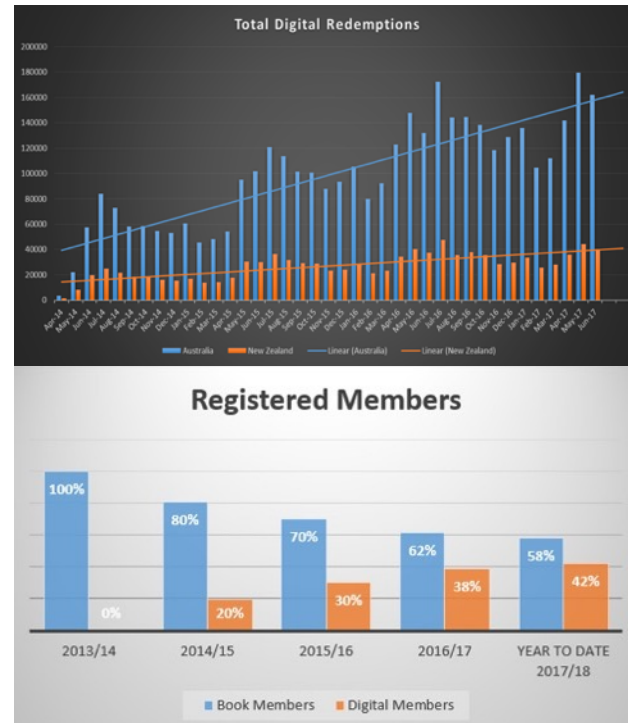
❖ Entertainment Corporate Platform

- 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 buccji, Alibaba, AliPay, Finance Plus, Export Plus, Honan Insurance

Entertainment provides a valuable network of SMEs, NFPs and consumers

- ❖ Entertainment provides restaurant and activity guides that contain special offers from SMEs across Australia and NZ
- ❖ Memberships are available in two formats – the Entertainment Book (in print) and the Entertainment Digital Membership (smartphone app)
- ❖ The Entertainment network consists of:
 - 12,000 SMEs (predominantly in the tourism and hospitality sector) and 18,000 NFPs¹
 - 590,000 Members, giving total reach of ~1.5 million users and over 1 million homes across Australia and New Zealand
- ❖ Entertainment has over 200 staff split across sales and support and operates in 21 specific geographical areas throughout Australia and NZ
- ❖ Digital membership has gone from zero to 42% in 3 years
 - Targeting +50% of Entertainment members using digital in FY18
- ❖ Print quantities reduced in FY17 by 50,000 units saving ~\$350,000pa
- ❖ FY17 revenue of \$65.8m and FY17 EBITDA of \$6.0m





PLATFORM REVENUE GENERATORS

Bartercard enables SMEs to use Trade Dollars to pay for the exchange of goods and services plus gain cash business via new sales channels e.g. Alibaba. Every transaction will earn a fee.

- ❖ 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 BPS Platform Licences via BPS Global that will include Bartercard
 - upfront \$0.2m to \$2.0m depending on the territory

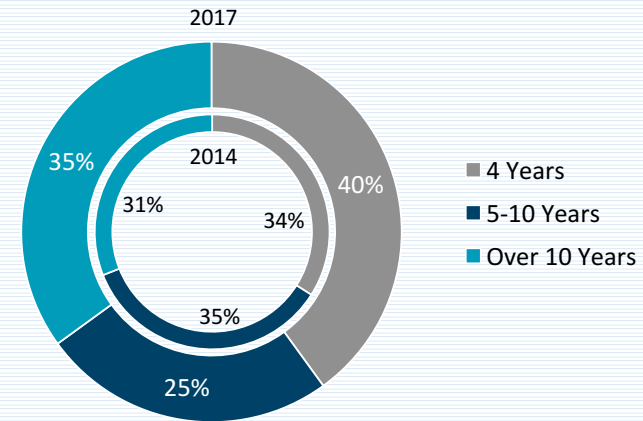
Profitable business, longstanding network of merchants, focused on transition to digital transactions

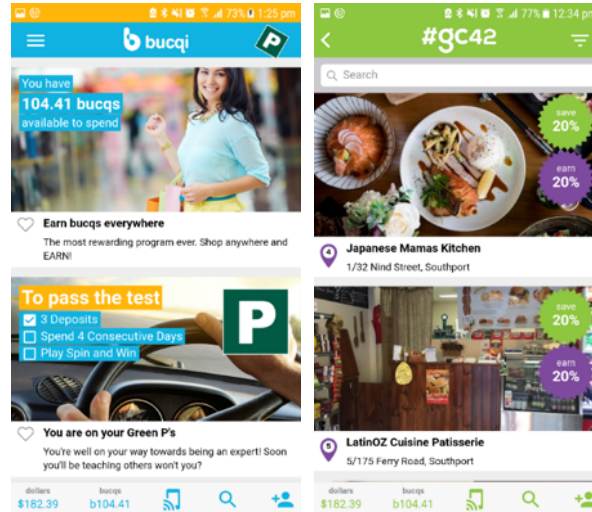
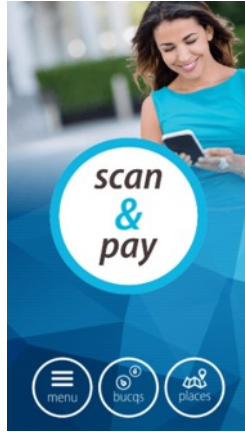
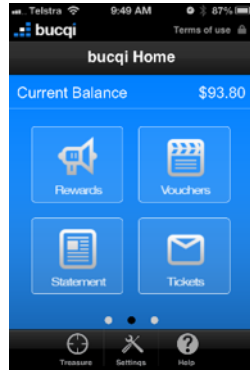
- ❖ The world's largest multi-national trade exchange¹, built up over 26 years
- ❖ Key statistics:
 - \$600m annual transaction value
 - 24,000 merchants and 50,000 cardholders
 - 78 offices across 9 countries
 - 500 staff
- ❖ Stable and highly cash generative business – future revenue growth driven by pivoting existing business to capture full cash, part cash/trade and full trade transactions
- ❖ Fees are earned on every transaction
- ❖ New mobile transactional technology – totally paperless
- ❖ Consolidating &/or removing non performing domestic franchisee businesses – now control 82% of members
- ❖ FY17 revenue of \$44.6m and FY17 EBITDA of \$14.2m²

1. Based on transactional value and number of transactions

2. BPS financial results for FY17 are actual and have been audited

Merchants by Duration





APP TRANSFORMATION

- ❖ Visually appealing
- ❖ Matching existing behaviours
- ❖ Familiar look, feel and operation
- ❖ Easy to rebrand for partners
- ❖ Integrated gamification
- ❖ Instant visual feedback
- ❖ Consumer engagement challenges



bucqi is the exciting new digital rewards app that customers use to save money by accumulating and spending bucqs with participating retailers.

bucqs

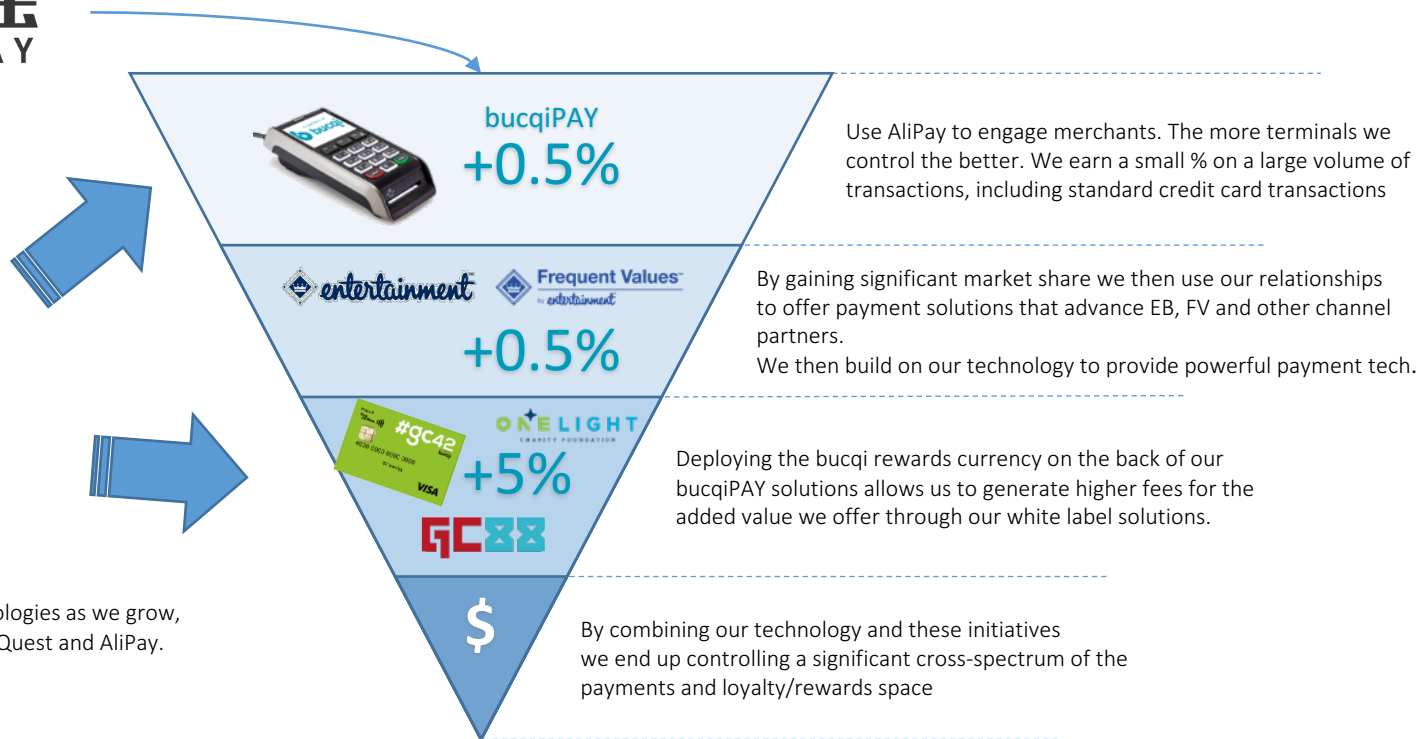
bucqs are the rewards customers can earn and then spend later.



TESS (Trade Exchange Software Services) is a software platform which supports all BPS Platforms globally (including Entertainment, Frequent Values, Bartercard & bucqi).



BPS OPPORTUNITY FUNNEL



By injecting additional technologies as we grow, we reduce dependencies on Quest and AliPay.

Deliver value in every transaction

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

Dec 2017

Q1 2018

Q2 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 prompters 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

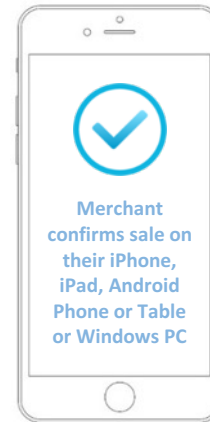
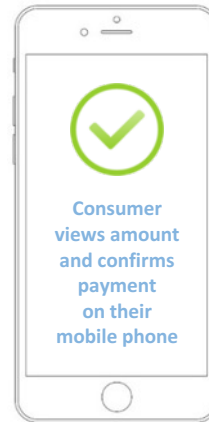


- ❖ BPS has been appointed as a Gold Supplier to deploy AliPay™ as a payment method throughout its network of 36,000 merchants via Bartercard™ and Entertainment Book™/Frequent Values™
- ❖ BPS will target the Chinese tourist market (\$8.9 Billion expenditure in Australia last year) offering AliPay™ as a payment option
 - Q2FY2018 – 150 merchants on Gold Coast installed via EFTPOS terminals
 - Q3FY2018 – 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 buqci with transactions attracting 5% buqci rewards
- ❖ Transactions done using Quest micro terminals that create a AliPay™ QR Code

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.



SUMMARY

- ❖ Successful integration of the Entertainment business acquired for \$25m in October 2016
 - Performance ahead of budget forecast
- ❖ EBITDA up 45% to \$13.7m on pcp
- ❖ Net Operating Cash flow of \$12.7m
- ❖ Net Debt decreased from \$7.7m to \$4.9m
 - Gearing (net debt/equity) reduced from 21% to 7%
- ❖ Continued focus in FY18 on lowering costs and improving productivity
 - Bartercard and Entertainment transitioning to digital platforms
- ❖ Major push in FY18 to leverage our payments partnership with AliPay™ and Fliggy™
- ❖ Pivoting Bartercard towards the cash generating e-commerce partnership with Alibaba.com
- ❖ By December 2017 Entertainment/Frequent Values/Bartercard Apps to be fully transactional, driving increased revenue

APPENDICES

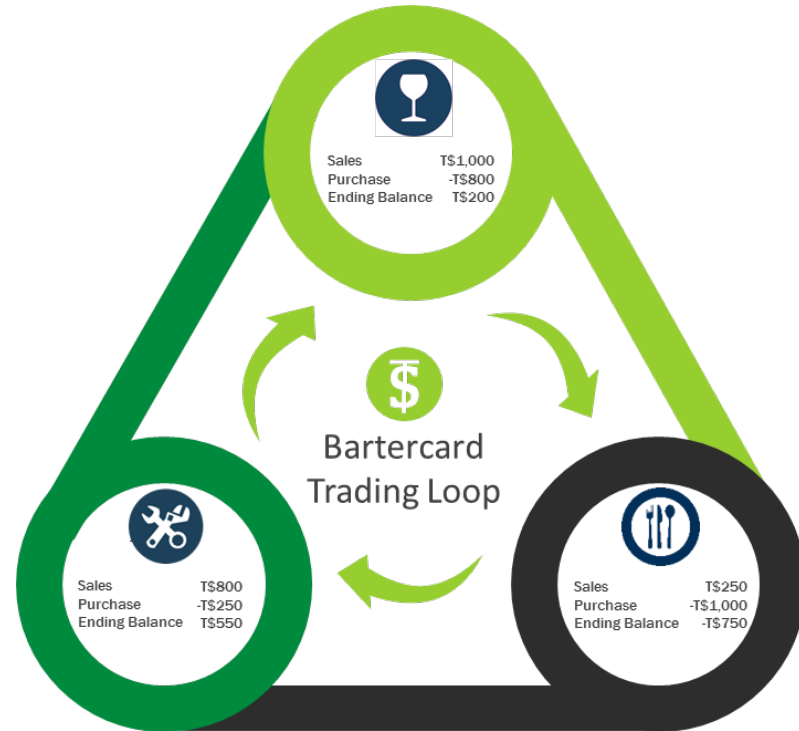


Bartercard enables SMEs to use Trade Dollars, not cash, to pay for the exchange of goods and services

Example:

1. Winery has \$1,000 of excess stock
2. Restaurant purchases wine with T\$1,000
3. Winery uses T\$800 on plumbing services
4. Plumber dines at restaurant and spends T\$250

B2B channel enablement





Susan Minnekeer
General Manager
Improvements and delivery
of services and technology



Andrew McIntyre
Chief Technology Officer
Big data, mobile app,
fintech specialist



Clive van Deventer
CEO Bartercard Australia
Tourism & hospitality,
sales & marketing specialist



John Scott
CEO Bartercard New Zealand
Sales, marketing, financial,
multi site specialist



Paul Bolte
CEO Bartercard USA
Sales management,
franchising specialist



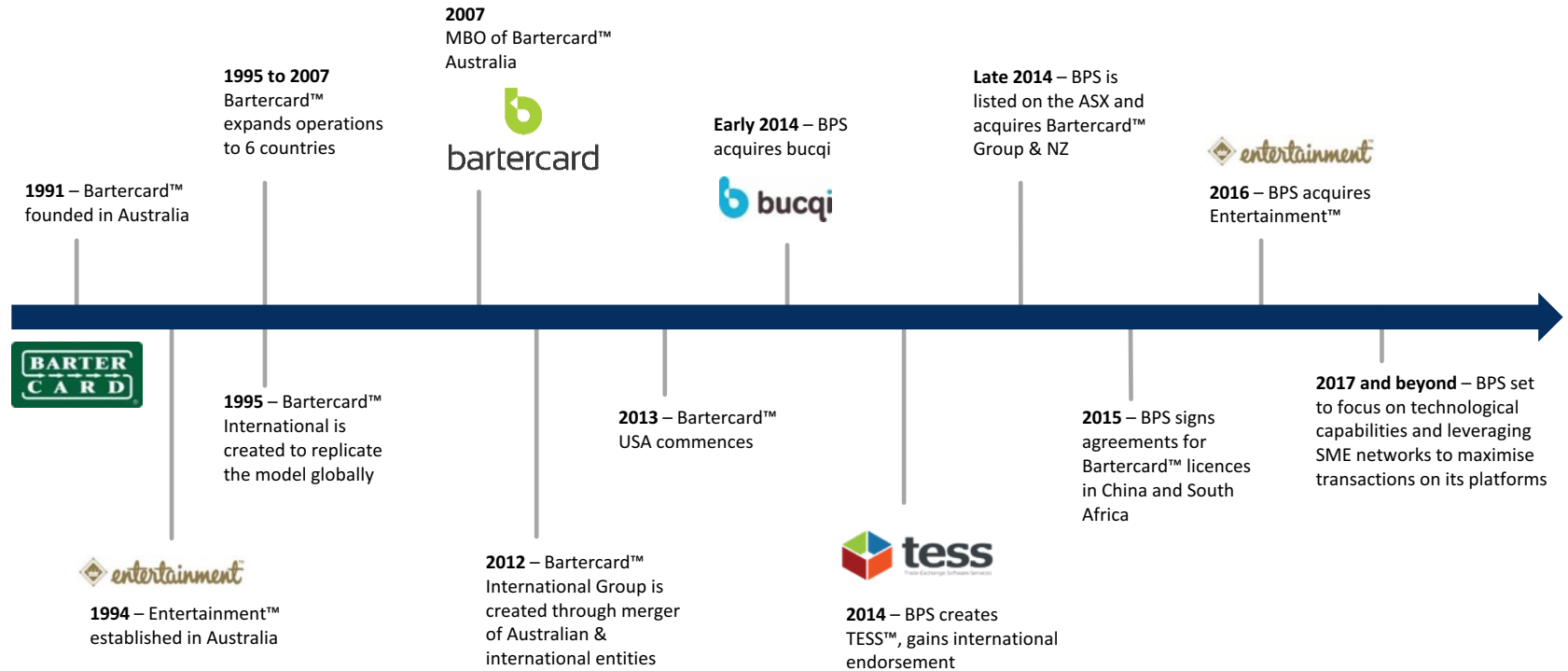
Phil Ciniglio
CEO Bartercard Europe
Franchising, sales,
marketing specialist



Phil Scott
Inventor of buqri
Computer engineer,
mobility specialist



Heidi Halson
Executive Director Entertainment
Tourism & hospitality specialist





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