

ASX Release
26 September 2017

Investor Update

Stargroup Limited (**Stargroup**) (**ASX : STL**) is pleased to provide a copy of the investor presentation by its CEO and Executive Chairman, Todd Zani, to be presented to a number of high net worth individuals, shareholders and other investors at PAC Partners Technology Investor Forum in Melbourne this week.

FURTHER INFORMATION

For further information, please contact:

Todd Zani
CEO and Executive Chairman
Stargroup Limited
Tel: +61 (08) 9200 5834
E: todd@starpaymentsystems.com.au

Media
Matt Birney
Director – Cannings Purple
Tel: +61 419 217 090
E: mbirney@canningspurple.com.au



About Stargroup

Financial technology company Stargroup Limited is the only ASX listed company deploying ATM machines in Australia and importantly, the only listed ATM company having a direct ownership interest in the manufacturer of its ATM technologies, namely NeolCP, a south Korean private company.

Stargroup Limited became the exclusive distributor of the cashPod ATM range including the recycler ATM, back office and payment technologies in Australia for the next 5 years on 7 August 2015.

Stargroup Limited, via its wholly owned subsidiaries, StarPOS and StarApps, is also an EFTPOS and payWave technologies provider and developer of the source code in its terminals via its 5 year distribution agreement with West International AB, a Swedish NASDAQ listed company, to distribute next generation EFTPOS payment terminals and solutions in Australian and New Zealand.

Important Note

This announcement contains “forward looking statements” that are based on the Board’s beliefs, assumptions and expectations and on information currently available to management. That information includes information provided to the Company by the management of NeolCP Korea Inc., which has not been independently verified. All statements that address operating performance, events or developments that the Company expects or anticipates will occur in the future are forward-looking statements, including without limitation the Company’s expectations with respect to potential revenues, costs, profitability and financial performance. The Board believes that the forward-looking statements are reasonable as and when made.





STARGROUP LIMITED ASX:STL

Investor Presentation

PAC PARTNERS TECHNOLOGY INVESTOR FORUM – 27 SEPTEMBER 2017



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Investor Summary

Core business: ATM business continues to grow with lower cost base and additional revenue streams

International expansion: market opportunities to provide world leading hardware and software technologies to drive growth of the core business

Experienced team: Highly experienced team with proven track record of building large scale businesses from start up

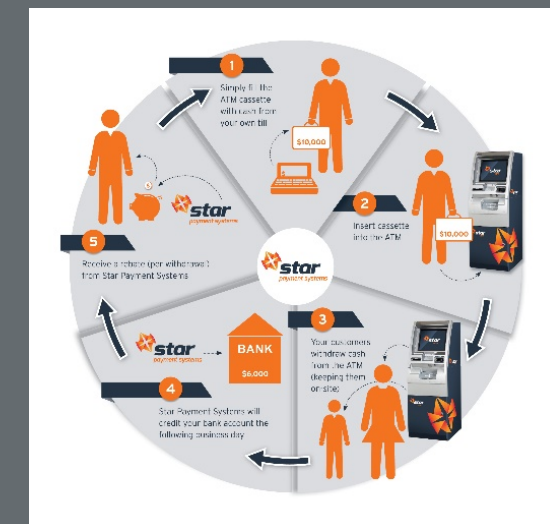


Financial product releases: market launch of disruptive financial products to Star customers and shareholders in FY18 as part of delivering superior benefits and returns to shareholders

FY 18 guidance and undervalued when compared to peers:
Revenue \$20m - \$21m, EBTIDA \$5m - \$6m,
NPAT \$2m - \$2.5m

Who is Stargroup?

THE ONLY VERTICALLY INTEGRATED, AUSTRALIAN AUTOMATIC TELLER MACHINE ("ATM") DEPLOYMENT COMPANY ON THE ASX



WHOLESALE DISTRIBUTOR OF
ATMs, RECYCLER ATMs AND BACK
OFFICE TECHNOLOGIES



ATM DEPLOYMENT
COMPANY



EFTPOS AND PAYWAVE
TERMINAL PROVIDER



ATM SWITCHING AND
PROCESSING COMPANY

Board of directors



TODD ZANI
CEO & EXECUTIVE CHAIRMAN

Mr Zani was the founder of Ezeatm in early 2000 and subsequently vended that business into Ezeatm Limited in 2011, which became the largest ASX-listed ATM deployer with a market capitalisation of \$34.45 million.

He is a Chartered Accountant with over 25 years' experience and is a director of Ezetax Pty Ltd, a chartered accounting firm he founded in 1999. Mr Zani was the CEO and CFO of Ezeatm from 2006 to 2013.



EVAN MCGREGOR
NON-EXECUTIVE DIRECTOR

Mr McGregor has a wide range of business development skills as a result of many years' involvement with listed companies such as Asia Infrastructure, Entertainment World, Zeolite Australia, Media Entertainment Group and London Securities

He has served as a Chairman, Chief Executive Officer and Non-Executive Director of several large organisations and his experience includes strategic analysis, negotiations on complex commercial matters and corporate and financial management.



JONG HO (JAY) KIM
NON-EXECUTIVE DIRECTOR

Mr Kim is CEO and President of Design Studio Inc. and an Adjunct Professor at Hanyang University in Korea. He has been educated in the US in Urban Design and held a prior non-executive role with LG. Mr Kim is also a respected executive with extensive networks in the casino gaming industry across Macau, Hong Kong and Japan.

Mr Kim brings valued business and advisory experience to assist in securing casino cash handling business in Asia.

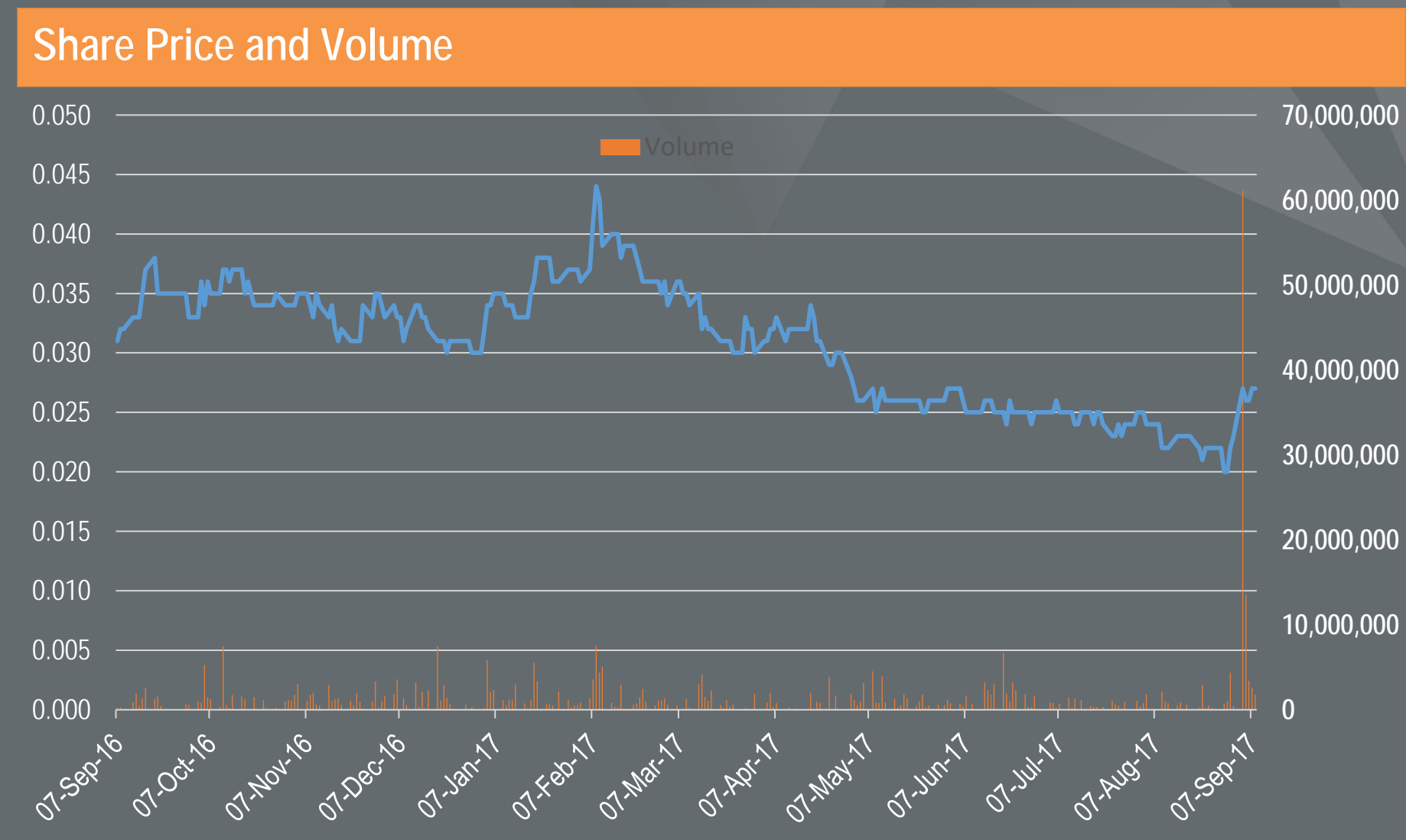
Corporate Overview



Capital Structure	
Current Share Price ¹	\$0.018
Shares/Options on Issue ³	727m/175m
Market Capitalisation	\$13.1m
Cash ^(30 June 2017)	\$1.6m
Unlisted Investment ²	\$2.6m
Debt ⁴	\$9.4m
Enterprise Value	\$18.3m

Board and Management	
Todd Zani	CEO and Executive Chairman
Evan McGregor	Non Executive Director
Jong Ho Kim	Non Executive Director
Sungki Lee	Company Secretary
Trena Briggs	Chief Operating Officer
Melisa Bendikas	Chief Financial Officer

¹ As at 25 September 2017
² Represents valuation of NeolCP investment (11.28% ownership of ATM Manufacturer)
³ STL options (ASX : STLO) have a strike price of \$0.05 and expire in November 2018
⁴ \$3mil debt with NeolCP @ 10% and balance at 15%



Top Shareholders	
Ognenis Family	16.46%
Zani Family	8.86%
Directors and Management	15.13%
Top 20 (Grouped Basis)	57.02%
Institutions	1.15%

Key Financial Performance YTD v FY16 Result

	FY15 (‘000’s)	FY16 (‘000’s)	FY17 (‘000’s)	Current Annualised Change FY’2017 v FY’ 2016	
Revenue from continuing operations	589	3,659	8,358	128%	▲
Gross Profit	150	1,051	3,641	246%	▲
EBITDA	(1,201)	(151)	(1,021)	576%	▼
NPAT	(2,875)	(1,258)	1,938	254%	▲
Earnings Per Share	(3.74)	(0.37)	0.31	183%	▲
Total Assets	2,071	18,435	33,940	84%	▲
Net Assets	1,884	14,516	19,955	37%	▲
Cashflow from Operating Activities	(956)	(1,501)	1,378	192%	▲

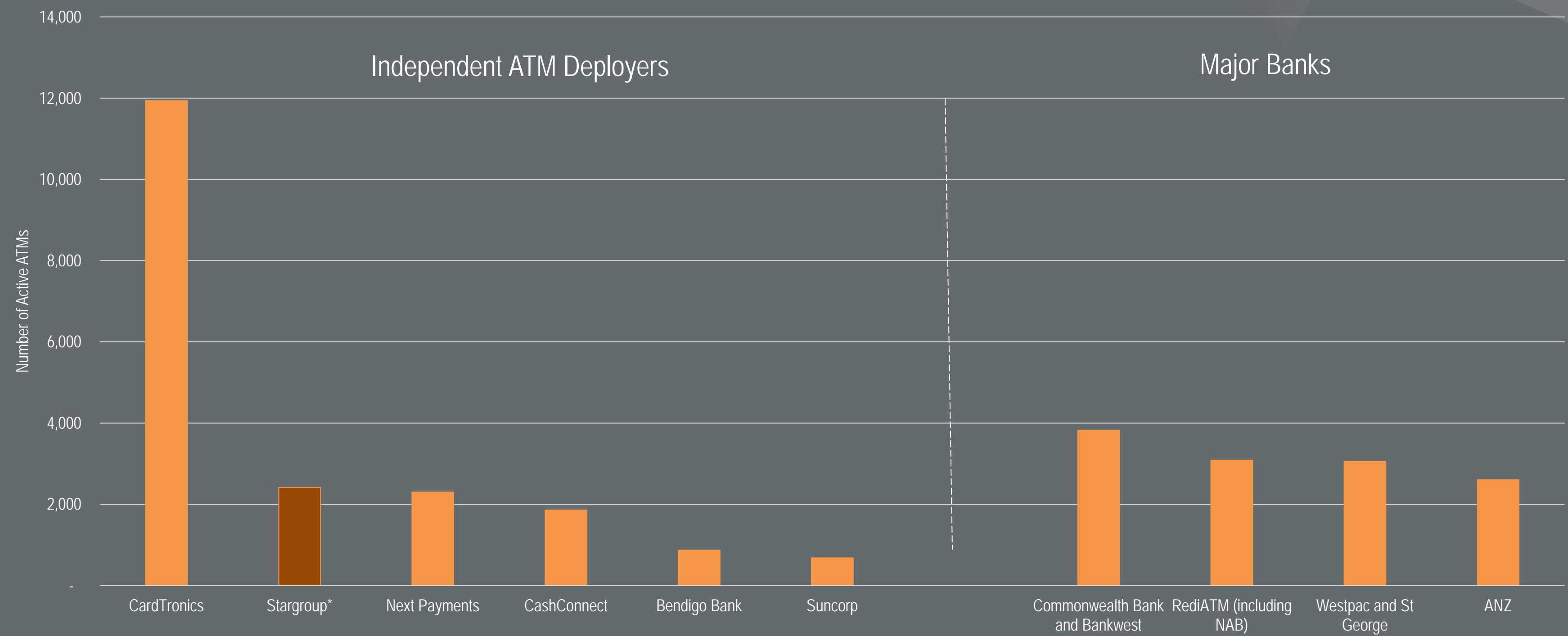
Financial Summary

Free Cash Flow from Operations

	Actual FY15 ('000's)	Actual FY16 ('000's)	Actual FY17 ('000's)	Projected FY18 ('000's)
Operating Cash Flows	(956)	(1,501)	1,378	5,750
Investing – PP&E (Organic growth capex)	(1)	(1,450)	(1,088)	(1,080)
Net free cash flow (FCF) from operations	(957)	(2,951)	290	4,670
Acquisitions / mergers	-	(2,623)	(8,023)	-
Proceeds from sale of investments	721	-	-	-
Proceeds from Borrowings and/or (repayments – interest only)	50	(55)	3,260	(1,885)
Proceeds of share issue (net)	-	7,997	3,448	-
Net Cash Flow	(186)	2,368	(1,025)	2,785

- Significant increase in operating cash flows in FY18 on back of free cash flow generation from completed acquisitions in FY17 and reduced costs.
- Reduced repayment costs projected due to part equity/part debt funding of Indue acquisition which was originally to be fully debt funded
- Could be further enhanced free cash flow from Step Out offerings not factored into this table

Stargroup is now #2 Independent ATM Deployer

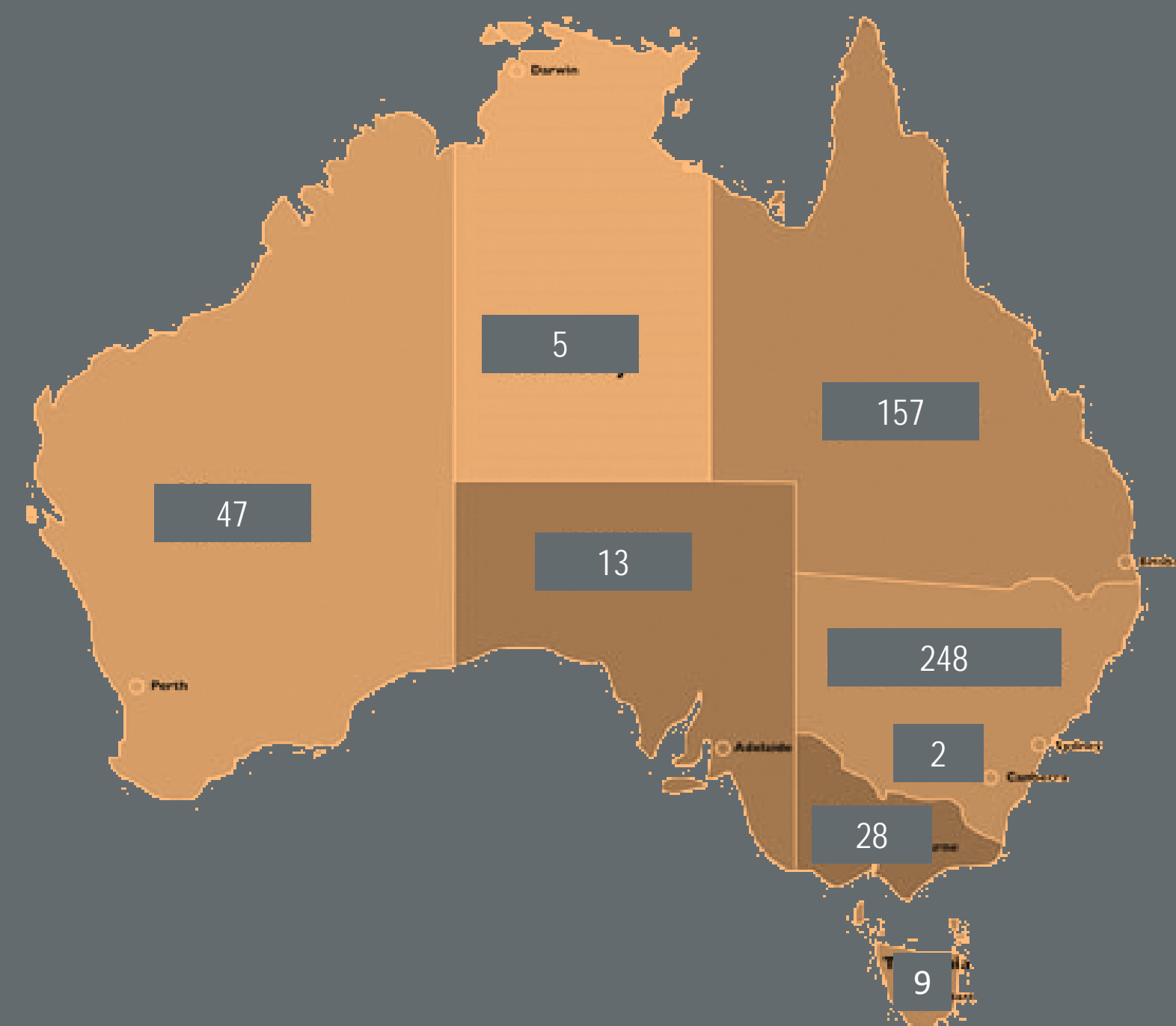


*Based on both ATMs owned and ATMs switched on behalf of other IADs

ATM (Owned) Network Growth and Performance

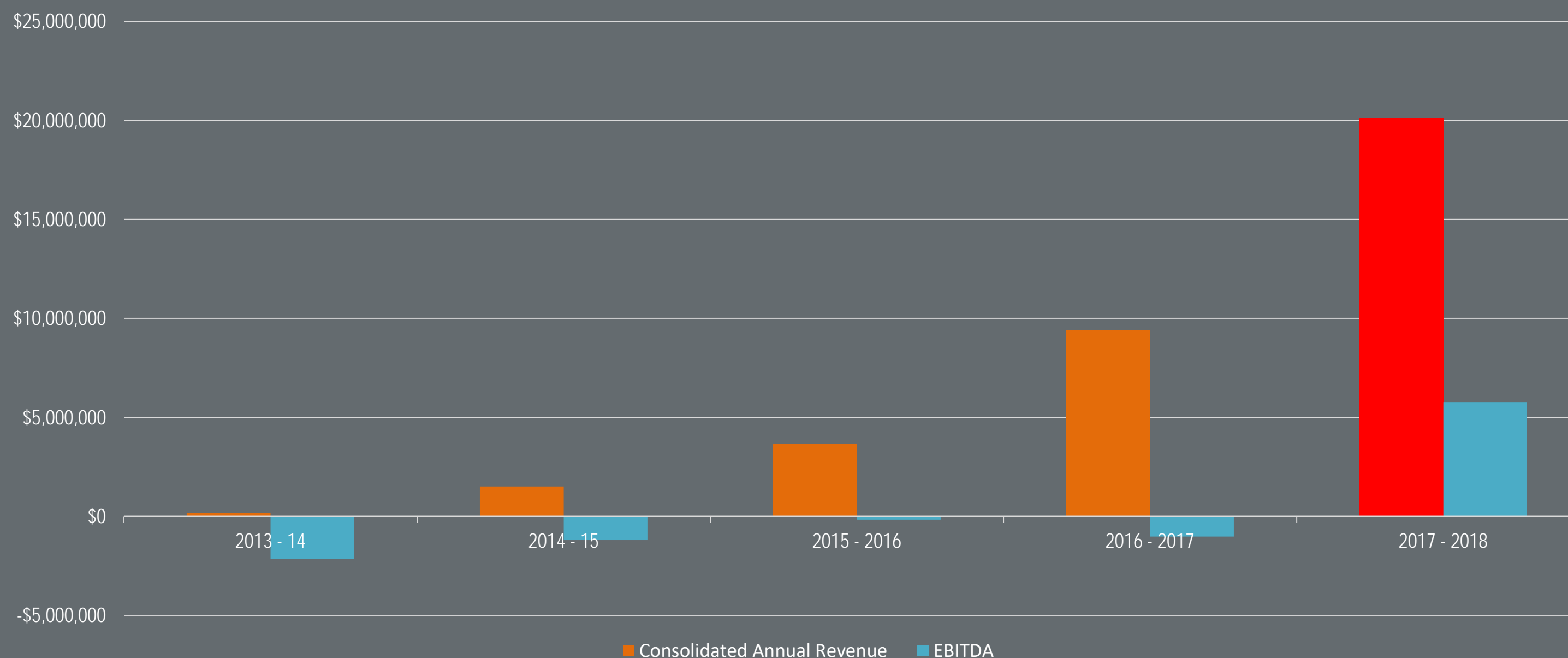
	FY15	FY16	FY17	Change FY'2017 v FY16	
Total Active ATMs	40	348	509	46%	▲
Annualised Transactions	140	2,400	3,600	50%	▲
Average Transactions per machine per calendar month for the year	291	574	595	4%	▲
Average Gross Profit per transaction	0.31	0.72	1.02	42%	▲

- The impact of the 52% reduction in the major cost of goods sold within the ATM network has seen the gross profit per transaction increase 42%. This will be further improved with the vertical integration of the processing business.
- The continued placement of ATMs into strategic convenient locations has continued to see the key metric of transactions per machine, per month rise by a further 4% YTD. This would have been higher if not for the Fast Cash acquisition.



Record Revenue and EBITDA and still rising

REVENUE AND EBITDA ACTUAL AND PROJECTED



"We have achieved triple digit revenue growth for the last three years and with the recent vertical integration of the Indue ATM businesses, we will easily achieve that level of growth again in FY18.

Its an exciting time at Stargroup."

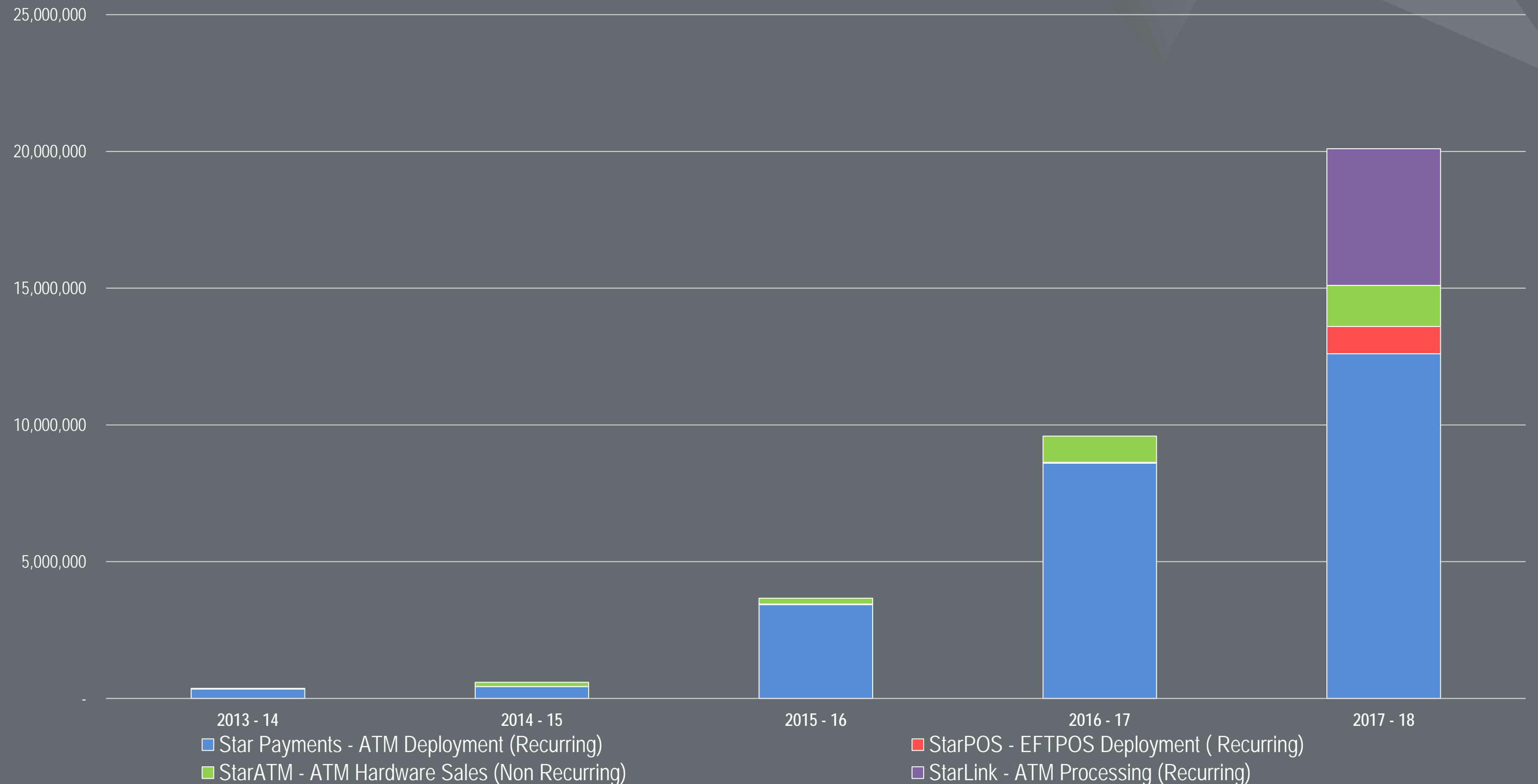
TODD ZANI
CEO & EXECUTIVE CHAIRMAN

*The 2016 - 2017 result excludes EBITDA impact of deferred tax asset

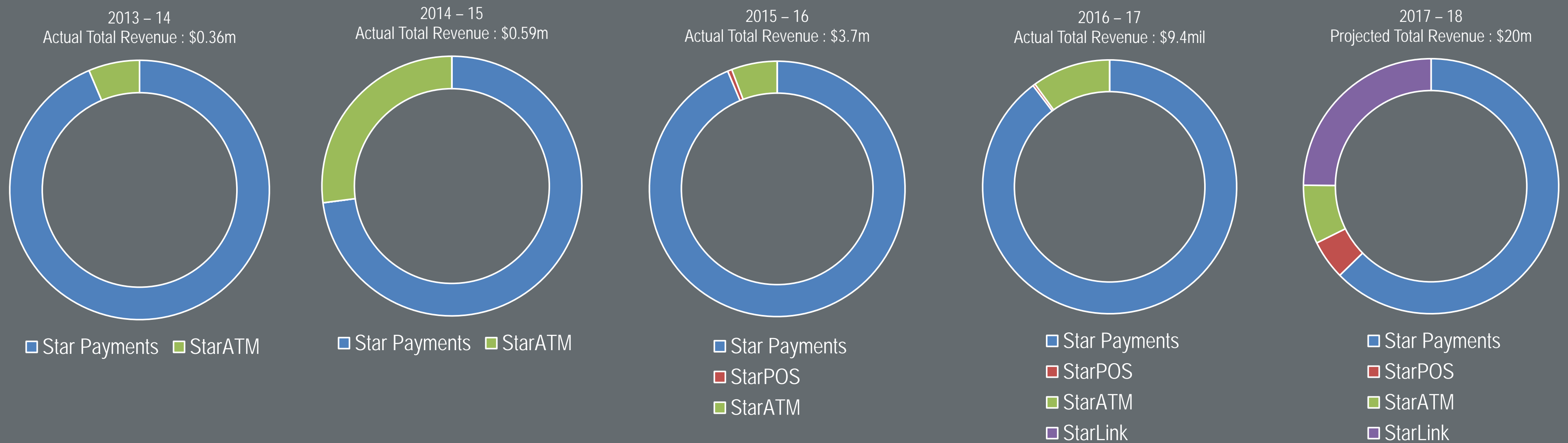
Revenue Profile – Historical and FY18

“Our current recurring annualised revenues are circa \$17mil and our projected FY18 revenues are \$20mil. This is not an unrealistic expectation of the anticipated organic growth across our four divisions.”

TODD ZANI
CEO & EXECUTIVE CHAIRMAN

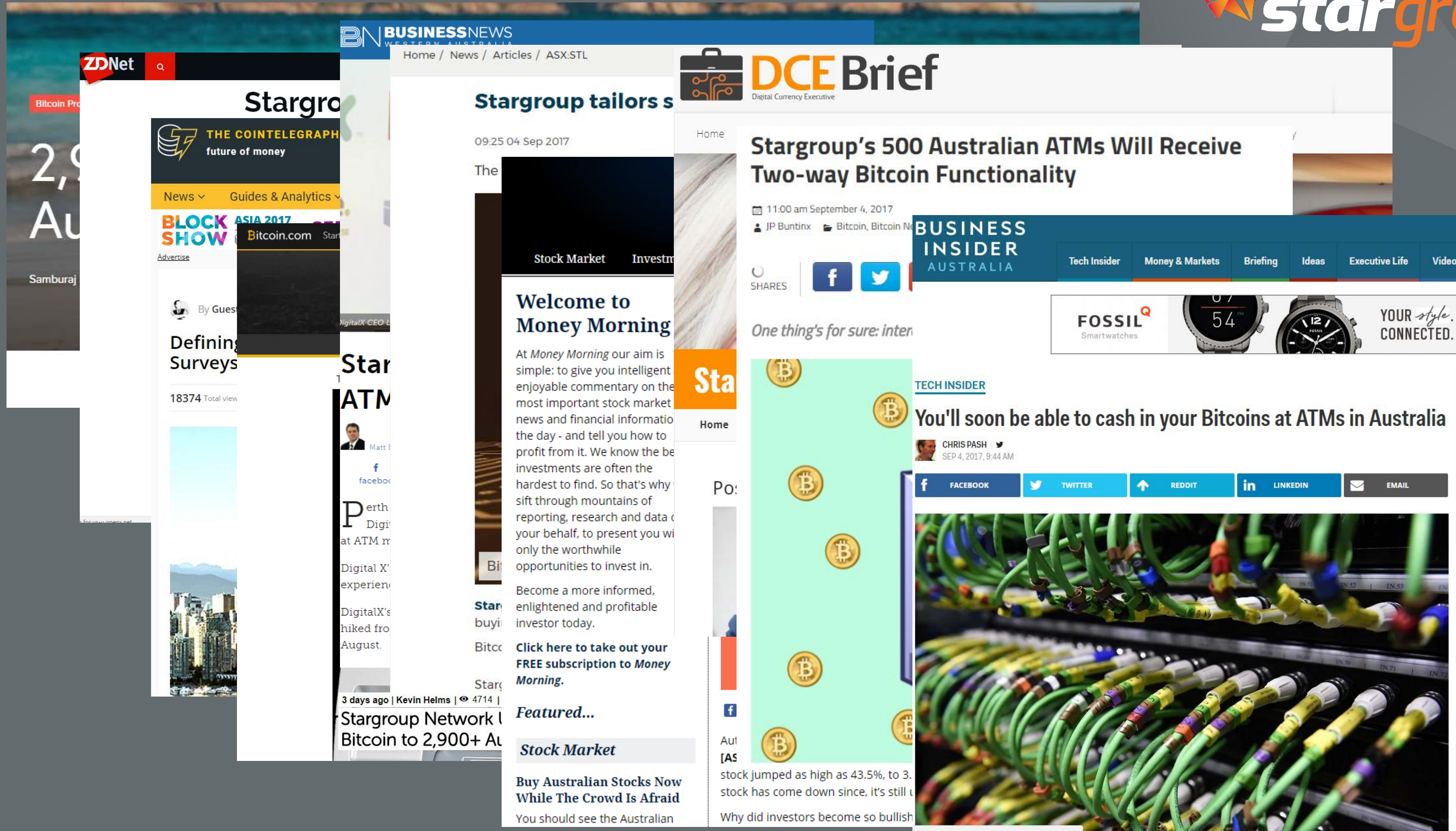


Revenue Composition by Division – Historical and FY18



Peer Comparison

Company Name (Country/Exchange Code)	Revenue EBITDA Market Capitalisation (AUD)	Business model/notes
DC Payments Limited (Canadian Listed TSX : DCI)	\$270 million \$69 million \$520 million	Global ATM business. 21,575 Active ATMs at 30 June 2016. Number 1 IAD ATM Company in Australia with >11,000 ATMs in Australia. Average transactions per ATM, per month of 508, Net assets of \$100 million (Debt of \$218million). 85% of revenue from ATM Network. Recently sold to US Listed Cardtronics for >\$500 million.
Tyro Payments Limited (Australian Unlisted Public)	\$95 million \$0.8 million >\$400 million	Australian EFTPOS merchant provider to 15,565 merchants. Owns its own EFTPOS payments and processing business. Recently became an Approved Deposit Taking Institution ("ADI") post a \$100million capital raising in 2016, valuing the company at >\$450million. \$128million in Net Assets. Further developing white label banking products now that an ADI.
Mint Payments Limited (ASX Listed MNW)	\$5.5 million (\$4.9 million) \$27.00 million	Predominantly Australian EFTPOS and payment technology business with 9,800 EFTPOS merchants with >50% of these in Australia. Global ambitions and further product expansion into Asian markets in 2017/18 (\$0.2mil) in Net Assets
Transaction Solutions International Ltd (ASX Listed TSN)	\$91,766 (\$1.3 million) \$19.00 million	25% owners of an Indian ATM Management Company that manages approx. 14,000 ATMs in India. Announced intention to NOT acquire remaining 75% of interest due to regulatory changes and impact on Indian ATM businesses and regulatory changes in that region. Just acquired Cybersecurity business. Net Assets of \$12.2 million.
Stargroup Limited (ASX Listed STL)	\$9 million (\$1 million) \$13.1 million FY 18 Outlook \$20million* \$5.75million*	Only ASX Listed ATM operator deploying in Australia and only ATM operator that has an ownership interest in its manufacturer, South Korean based NeoICP which also manufactures back office, coin counting and casino settlement solutions. Average transactions per ATM, per month of approx. 600 and rising. STL Net assets of \$19.3 million Recent acquisition of Indue ATM businesses will see Stargroup become its own ATM payments and processing provider for 70 other IADs, >2,400 ATMs and 1,350 modems in Australia, processing >17 million transactions per annum. Also an EFTPOS provider developing unique EFTPOS facility and processing for existing partner client base of >45,000 businesses for rollout to that customer based in 2018 and future years.



DigitalX's and Stargroup's Bitcoin exposure trampolines the companies to ASX Most Traded

14:23 04 Sep 2017

Share ▾

Investors have embraced the joint venture with shares in both companies gaining.



The ASX Most Traded at 2pm

Stargroup Ltd (ASX:STL) is an ATM provider, and **DigitalX Ltd (ASX:DCC)** is a Blockchain technology advisor, and the companies have teamed to position themselves to make money from the buying and selling of Bitcoin.

DigitalX is the most traded today with 56 million, and a gain of 9% to \$0.085.

Stargroup is not far behind in second with 55 million, with its shares up 13% to \$0.026.

Stargroup beats one-day trading record by ten times following Bitcoin deal

12:54 05 Sep 2017

Share ▾

Bitcoin has reached a level where a large-scale ATM roll-out provides an opportunity.



Stargroup has entered the cryptocurrency sector

Stargroup Ltd (ASX:STL) was at the forefront of investors' minds yesterday, trading just shy of 100 million shares across the ASX and Chi-X platforms.

This eclipsed the previous company trading record by ten times.

Growth Opportunity #1 - Bitcoin Deal

Opportunity	Market & Competition	Plan	Outcome
<p>Stargroup and DigitalX signed a JV to jointly tailor and offer a “Two Way ATM” for buying and selling bitcoin.</p> <p>Present market is there is no instant cash out ATMs operating in Australia and only cash out option is via a P2P to online exchange</p>	<p>At present there are less than 20 ATMs in Australia that can facilitate a bitcoin transaction and conversion fees are in the range of 4% to 8% of the transaction value.</p> <p>The vast majority of these ATMs are only “One-Way ATMS”; meaning users can only acquire Bitcoin and add it to their Bitcoin wallet via the ATM.</p>	<p>H1 FY18 – Sign JV with Digital X to develop Bitcoin ATMs (Done and announced)</p> <p>H1FY18 – Develop unique ATM software and Bitcoin API to allow “Two Way” bitcoin functionality at the ATM. and commence pilot in major cities.</p> <p>H2FY18 – Rollout new technology across Star Payments 500+ ATM fleet and then StarLink 2,400+ ATM fleet and then take global with initial roll out in South Korea with NeoICP on its 16,000+ ATMs</p>	<p>Subject to successful pilot the outcome is expected to capture part of the \$20billion market which is earmarked to grow to \$70billion and answer a significant demand in the market.</p> <p>The EBITDA impact will be projected post pilot but as an example the fees for conversion on 1 bitcoin at present = \$232 AUD as opposed to the \$2.50 fixed fee on a cash transaction.</p>

Big banks follow CBA in ditching ATM fees for customers of other banks

Australia's big four banks have ditched ATM fees

NEWS

THE AUSTRALIAN

Business

NEWS OPINION | Deborah Snow

Just In

Big

ALAN KOHLER

ATM fees: the banks' rainy-day PR win

Print Email

Sophie El
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ATM fees

By Sarah Hawke, staff
Updated Sun at 4:05pm

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"We have been listening to our customers and understand the

For the banks, the cost of dropping ATM fees is being replaced by something much better. Pic: AAP

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Growth Opportunity #2 – Bank ATMs and Fee Deal

Opportunity

Initially CBA and then the other three majors all announced that they would scrap ATM fees at their ATMs.

STL believes eventually the banks will outsource these networks as part of say a "StarAlliance" to reduce costs and remove these networks from their balance sheets.

Star has been and is positioning itself to be at the table to have such discussions with the majors.

Market & Competition

STL operates in a different vertical to the banks and in fact is arguably not in the same market as it operates in the convenience market, placing ATMs in locations like, pubs, clubs, hotels, service stations, 7-eleven stores, 24/7 venues and remote locations.

A key decision in the site placement is to identify where bank ATMs are to not place in close proximity to those sites, for obvious reasons.

STL is the 2nd largest independent ATM network.

Plan

H1 FY18 – To continue to grow the existing STL business of <2,400 ATMs and attract further IADs and smaller banks to StarLink. This size network is larger than some of the banks.

H1FY18 – Meet with and discuss with the major banks about their outsourcing plans and how they can outsource to STL and the benefits that STL can offer to the majors.

The majors spend >\$100mil each on operating their ATM networks each year and this cost could be outsourced to a more nimble and capable operator like Star and arguably see cost savings to the banks.

Outcome

STL is the #2 independent operator and has the capacity to pick up such outsourcing of large corporate and banking customers with the recent acquisition of the Indue ATM businesses by StarLink.



Stargroup Executive Chairman and CEO Todd Zani at the Australasian Gaming Expo in Sydney

Stargroup enters casino equipment market



Matt Birney | Wednesday, 16 August, 2017 - 06:23

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Stargroup's Todd Zani brings casino cash and Bitcoins to Proactive's CEO Sessions

09:34 08 Sep 2017

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Find out more from Todd Zani at Proactive's CEO Sessions.



Todd Zani, CEO, Stargroup

Stargroup Ltd (ASX:STL) has a core business model of an ATM distribution network, and the company is now leveraging this position to potentially allow these machines to facilitate Bitcoin transactions.

Growth Opportunity #3 – Casino Settlement Solution

Opportunity	Market & Competition	Plan	Outcome
<p>Stargroup launched a casino table deposit solution and other gaming and foreign currency exchange technologies at the Australasian Gaming Expo in August 2017.</p> <p>Star to partner with and licence technologies in Australia and other global locations with Partners to distribute this ground breaking technology</p>	<p>At present there is no similar type device at the table and these technologies are fully adaptable to varying tables and gaming consoles.</p> <p>Other devices allow for singular currency conversion at the table or there are multiple currency conversion devices that allow conversion of currency to occur away from the table.</p> <p>Most machines are single note load. This can take up to 200 notes at a time and 5 different typed of currency</p>	<p>H1 FY18 – Launch technologies at AGE Expo in Sydney and seek expressions of interest from gaming distributors and gaming licence holders to partner and distribute technologies in Australia and abroad.</p> <p>H1 FY18 – Sign at least 1 or 2 distribution deals, post completion of successful integration of technologies into their platforms</p> <p>H2 FY18 – Sign as many further distribution deals as possible as technology has global appeal.</p>	<p>Launched in Aug 2017</p> <p>NDA's signed with numerous distributors at AGE and in weeks post AGE and Board will keep shareholders informed of further developments.</p>

Growth Opportunity #4 – Attract Additional IADs to StarLink

Opportunity	Market & Competition	Plan	Outcome
<p>StarLink will be one of four independent ATM processing providers in Australia (other than the major banks).</p> <p>There are >120 IADs in Australia and over 20,000 ATMs owned by IADs of which presently 2,414 is managed by Star.</p> <p>Star to attract other IADs away from present providers with better pricing and service offerings</p>	<p>Four other ATM processing companies.</p> <p>StarLink has 10% of IAD market and 7% of total Australian market.</p> <p>The competition primarily are only processors and can not provide the full service offering that Star can provide with its vertical integration to the IADs.</p> <p>The dominant existing player is CUSCAL who provides services to the largest IAD with over 12,000 ATMs</p>	<p>H2 FY17 – Engage with >50 IADs not presently StarLink customers and offer ATM Deployment Facility Agreements</p> <p>H1 FY18 – Sign at least 5 new IADs to StarLink and resign existing 70+ ATM Deployers. Already overachieved.</p> <p>H2 FY18 – Sign as many IADs as possible to StarLink as technological capacity exists to expand services offered.</p>	<p>StarLink implements new online portal and live monitoring access to IADs as part of industry best service offering and pricing.</p> <p>Launched in Sept 2017</p> <p>Expected gross revenues from attraction of new customers to be \$0.5m to \$1mil.</p>

Current growth drivers



- Revenues Increased Reduced COGS in FY17 by >50%. Further 15% reduction in FY18
- Savings of 25% in CIT costs in FY17 and >50% in FY18
- Accelerated payback on ATMs by 20% to 15 months on the 5 to 7 year contracts
- Ideally positioned to further accelerate growth



- Increased ATM and ATM software sales by 374% in FY17
- Further sales expected in FY18 as Independent ATM Deployers update their technology to meet new EMV standards
- First sale of Recycler ATM technologies to a banking customer in Australia in FY17
- Expansion into international markets in FY18

Current growth drivers

- Opportunity to significantly grow the Australian business through technology development with channel partners
- Certification of world-best application software sourced from Europe for Australian market
- Distribution of new technologies via multi-channels
- Ideally positioned to use EFTPOS offering with point of sale products for “bundled offering”



- Earnings accretive acquisition via vertical integration of Indue ATM Businesses
- Free cash flow of > \$1.5m from division in FY18
- Opportunity to aggregate further “smaller” Independent Deployers from 70+ deployers that services provided to
- Further earnings to flow though FY18 – FY20 from white labelling of Goldfields Cash Agreement to 70+ deployers
- Larger scale of assets acquired than expected



Current growth drivers

- Strong reputation and brand name and opportunity to leverage branding into other banking verticals
- Core business continues to grow with the lower costs and addition of new products
- Launch of www.stargroup.com.au website and new product offerings in FY18
- Earnings initiatives signed in FY17 to flow through in FY18 – FY20 and beyond.
- Expansion of sales force and channels in FY18 to accelerate organic growth
- Distribution of further new technologies via multi-channels
- Further earnings to flow through FY18 – FY20 from white labelling of Goldfields Cash Agreement to 70+ deployers



Contacts

Todd Zani

CEO & Executive Chairman

M +61 419 912 566

E todd@starpaymentsystems.com.au