



Money in Motion

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333 Ann Street
Brisbane QLD 4000

EML Payments Limited

21 October 2020

ASX Market Announcements

20 Bridge Street
SYDNEY NSW 2000

INVESTOR BRIEFING AND FY21 Q1 TRADING UPDATE

EML PAYMENTS LIMITED (ASX: EML) (“EML”) provides the attached investor briefing and FY21 Q1 trading update for release to the market.

EML’s Managing Director & Group CEO, Tom Cregan and Group CFO, Rob Shore will present the attached briefing & Q1 update for shareholders and the investment community at:

- Goldman Sachs 4th Annual Virtual Tech Forum on Wednesday 21st October; and,
- Morgan Stanley’s Virtual Australian Emerging Companies Forum on Monday 26th October.

About EML Payments Limited

At EML we develop tailored payment solutions for brands to make their customers lives simpler. Through next-generation technology, our portfolio of payment solutions offers innovative options for disbursement payout’s, gifts, incentives and rewards. We’re proud to power many of the world’s top brands and process over \$19 billion in GDV each year across 28 countries in Australia, EMEA and North America. Our payment solutions in 27 currencies are safe and secure, easy and flexible, providing customers with their money in real-time. We know payments are complex, that’s why we’ve made the process simple, smart and straightforward, for everyone.

We encourage you to learn more about EML Payments Limited, by visiting: EMLpayments.com

This announcement has been authorised for release by the Joint Company Secretaries.

For further information, please contact:

Robert Shore
Group CFO

EML Payments Limited (ASX: EML)

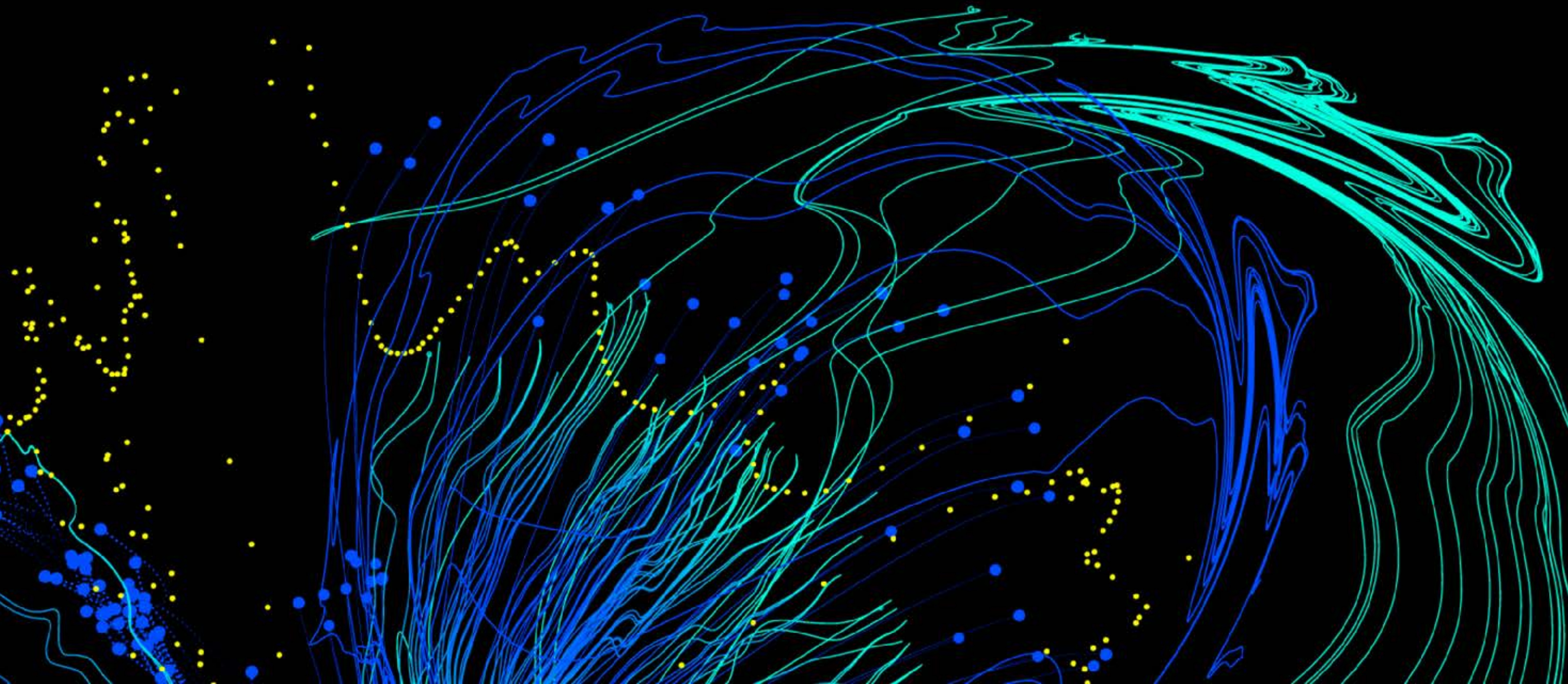
rshore@emlpayments.com.au

+61 (0) 419 590 128

Investor Briefing & FY21 Q1 Update

October 2020

EMI.



Money in Motion

Mission.

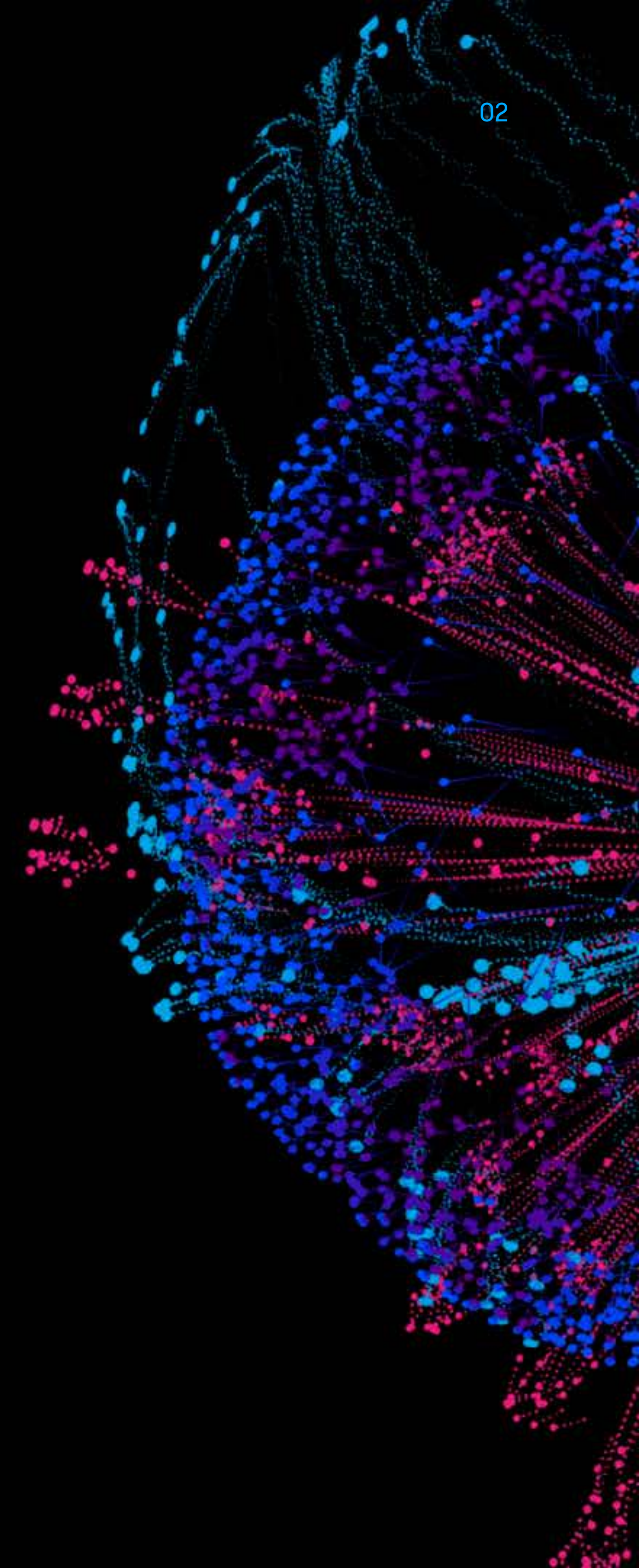
We create awesome, instant and secure payment solutions that connect our customers to their customers, anytime, anywhere, wherever money is in motion.

Vision.

To offer customers a feature rich, fully embedded payment solution, via a simple, single touchpoint.

Purpose.

Inspiring transformative digital change for our customers and communities.



About Us – EML Snapshot

OPERATE IN

28

COUNTRIES

450

EMPLOYEES



GROUP GDV¹

\$19bn

ANNUALISED GDV
RUN RATE

GPR

55%

COMBINED GROUP
FORWARD REVENUES¹

ANNUAL ISSUE IN EXCESS OF

11M

GIFT & INCENTIVE
CARDS

2M

GENERAL PURPOSE
RELOADABLE CARDS

TECHNOLOGY PLATFORMS

SUPPORTING THOUSANDS OF PROGRAMS
ACROSS MULTIPLE INDUSTRIES

EML is an ASX listed (ASX:EML) Payments Technology company operating proprietary processing platforms that enable Fintech disruption, with offices in Australia, United Kingdom, Europe, and the United States of America.

GROUP GDV (FY20)

\$13.88bn

↑ 54%

GROUP EBITDA² (FY20)

\$32.5M

↑ 10%

GROUP REVENUE² (FY20)

\$121.6M

↑ 25%

GROUP NPATA² (FY20)

\$24.0M

↑ 17%

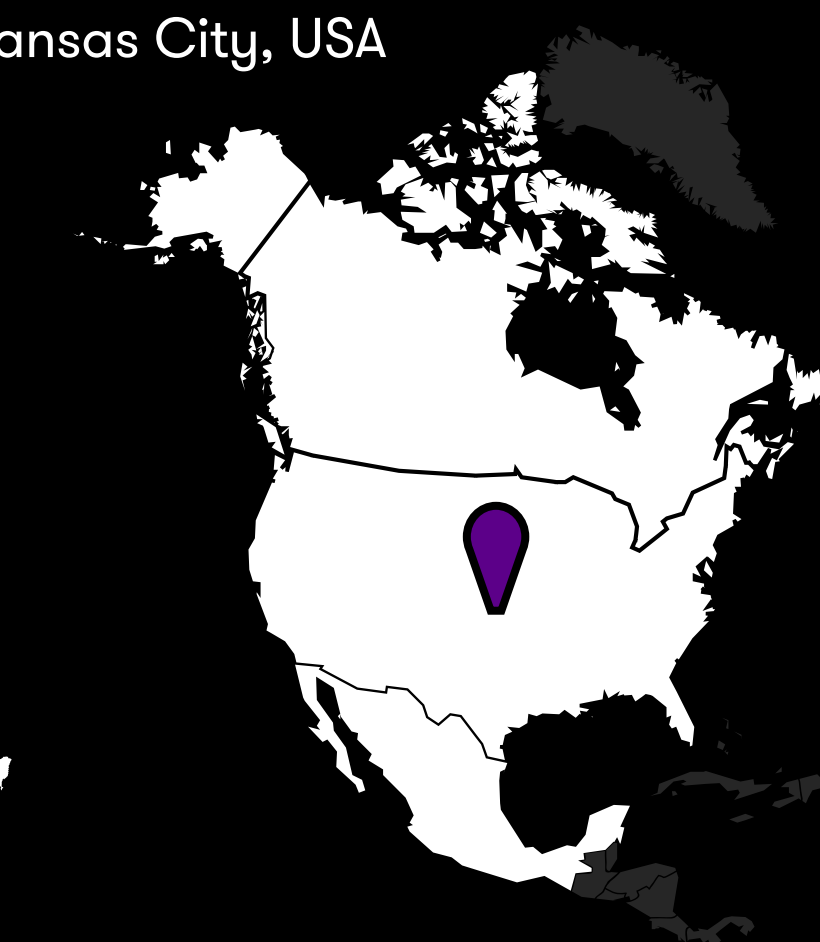
Australia

Head Office
Brisbane, Australia
Melbourne, Australia



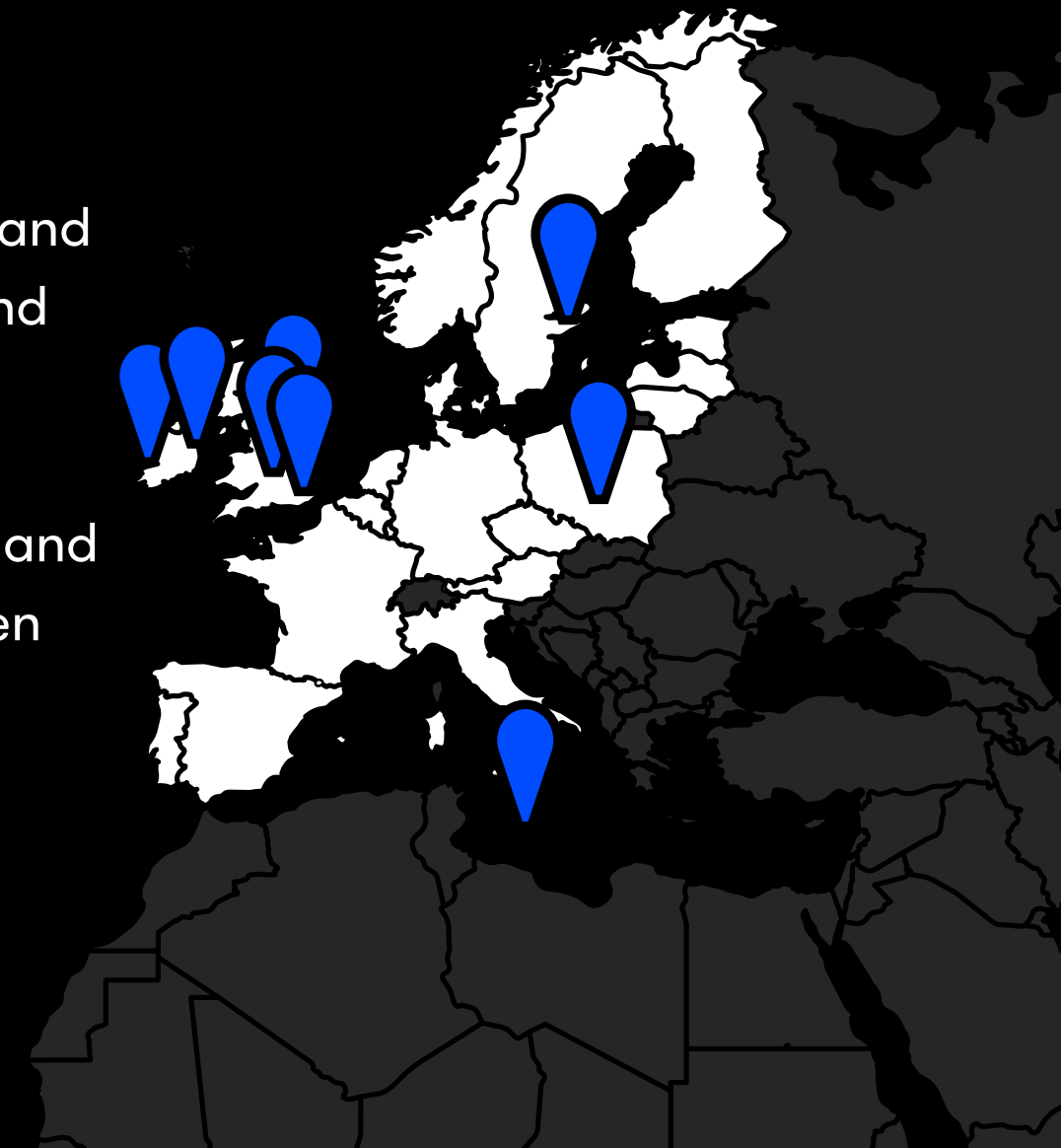
Americas

Kansas City, USA



Europe

London, England
Birmingham, England
Newcastle, England
Dublin, Ireland
Galway, Ireland
Czestochowa, Poland
Stockholm, Sweden
Malta



¹ GDV forward estimate based on FY21 Q1 run rate

² Revenue, EBITDA & NPATA are stated excluding the impacts of AASB3 Business Combinations, a full reconciliation is provided in the FY20 Investor Presentation

Our Journey

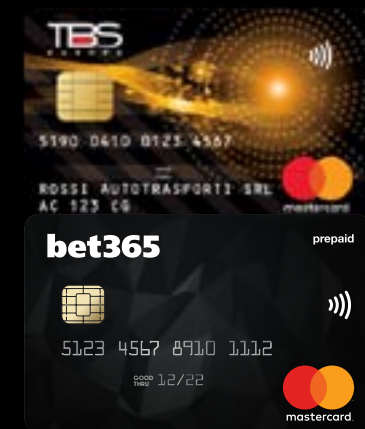
Incentives
+ B2B & B2C Cards



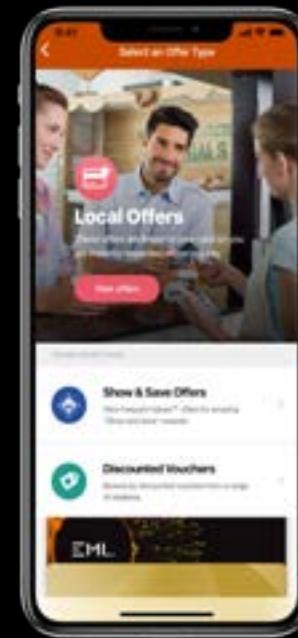
Launch of GPR
in Australia



Launch of GPR in
UK and Europe
+ Mastercard licence



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



Launch of largest
European mall
program

- + Expand into Poland
- + Expanded technology use cases
- + Delegated authority
- + Instant mobile gift

EML launches EML Finlabs and proudly announces the first partner:



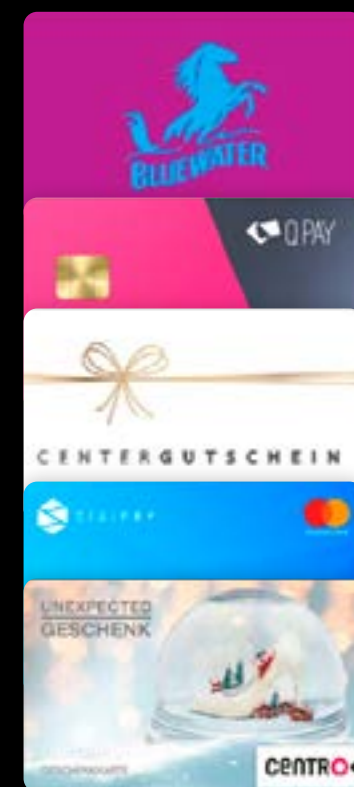
2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 Project Accelerator



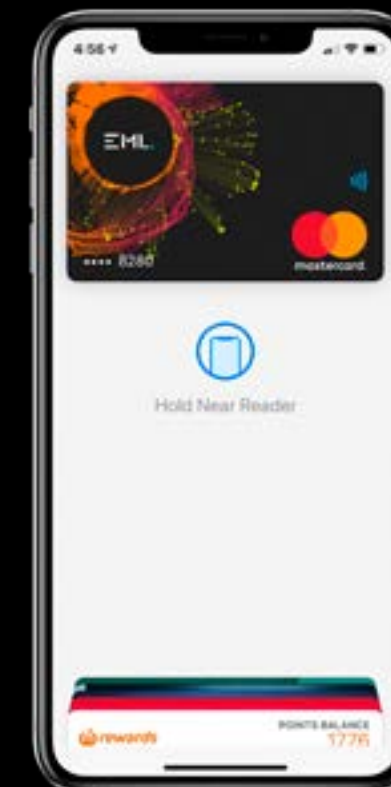
Heritage-Issued
Visa Integration



Expansion into the
UK and Europe



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



Launch of
mobile payments
+ Obtain E-money
licence in Europe



Acquisition of Prepaid
Financial Services (PFS):
+ Multi Currency
+ Payments as a Service
+ Banking as a Service

EML operates in a Trillion dollar industry



EML.

Global:
e-commerce sales by 2023 - \$6.5 Trillion
[Source: "Emarketer Global E-Commerce 2019"]

USA Prepaid Market:

- Transaction value Total \$395.5B USD
- Significant existing market opportunities for EML to continue to grow market share

[Source: 2019 Euromonitor]

Global: number of debit and prepaid cards in market = 799 million
[Source: Nilsson Report February 2020]

United Kingdom & Europe Prepaid Market:

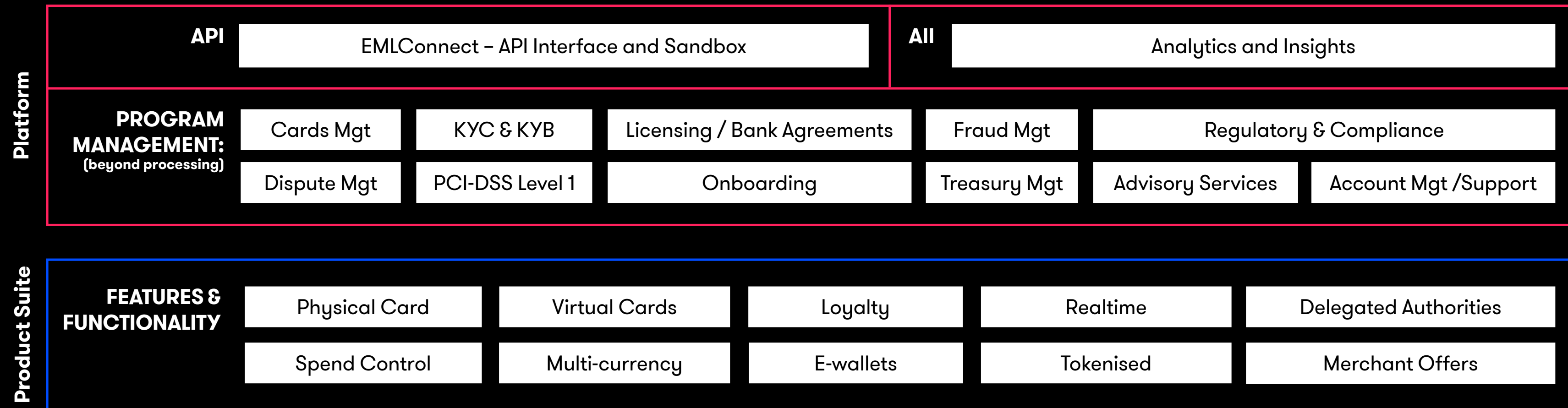
- Transaction Value \$23.7B pounds growing to \$26.3B by 2024
- EU prepaid market expected to reach EU\$371B by end of 2023
- Fast growing market provides significant opportunities for continued growth

[Source: Businesswire.com "Europe Prepaid Card Business and Investment Opportunities - Market Size and Forecast 2014-2023", Research and Markets]

Australian Prepaid Market:

- Total stored value June 2020: \$1.1B
[Source: "RBA July 2020"]
- Significant market participant but with <20% market share the market continues to provide significant opportunities for growth
- Total GDV 2019 \$11.8B AUD
[Source: Euromonitor]

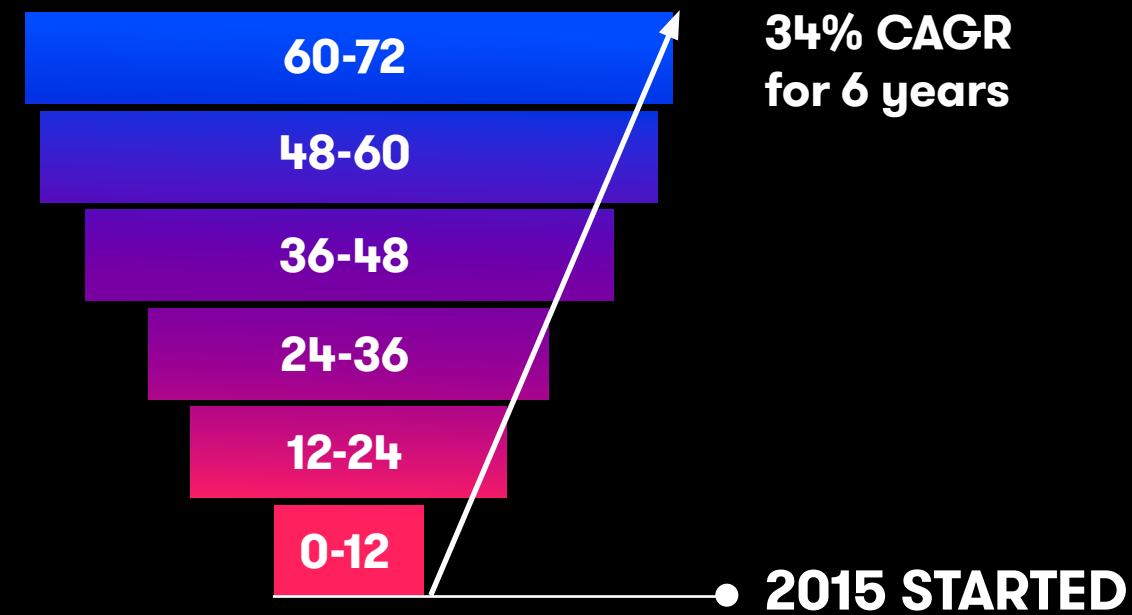
Solution Suite



Business Model – Cohort Analysis

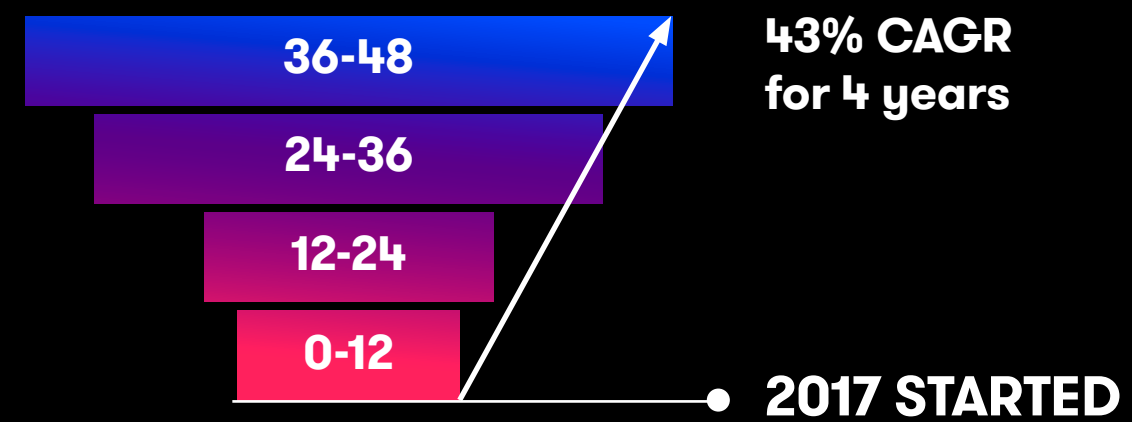
Distribution as a Service Customer

This gaming industry customer uses our cards to distribute funds to their customers. The programs loads have grown 34% over the last 6 years in GDV.



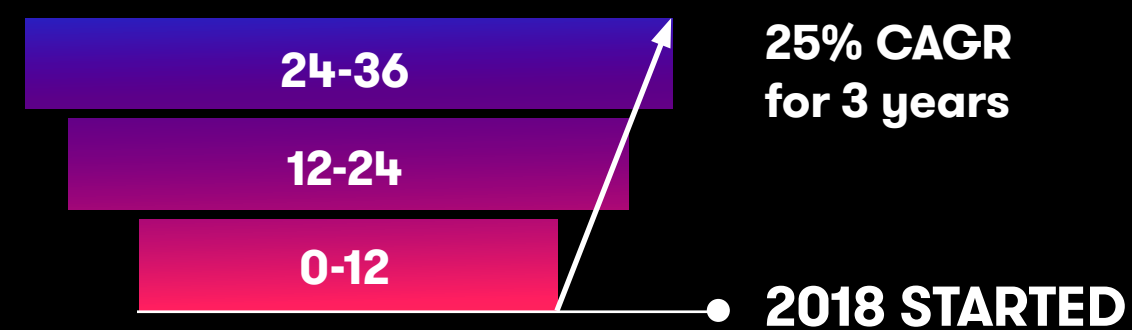
Banking as a Service Customer

This BaaS customer uses our full technology suite so that their customers can access the funds that they have in various accounts with us. The programs load have grown 43% over the last 4 years in GDV.

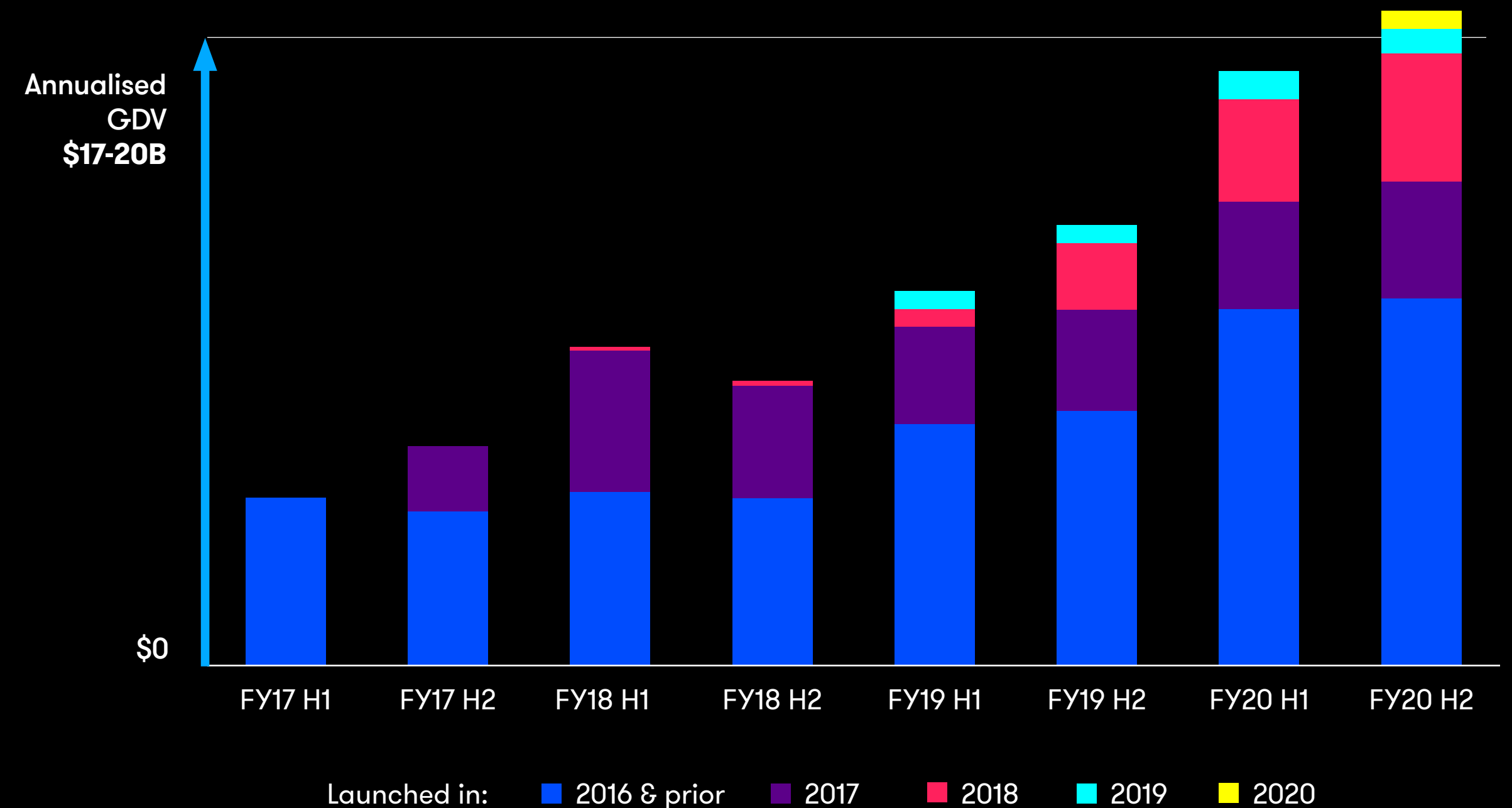


Salary as a Service Customer

This salary packaging program has cards to distribute pre-tax funds to their customers in accordance with government regulations for spend on various merchant categories. The programs load have grown 25% over the last 3 years in GDV.

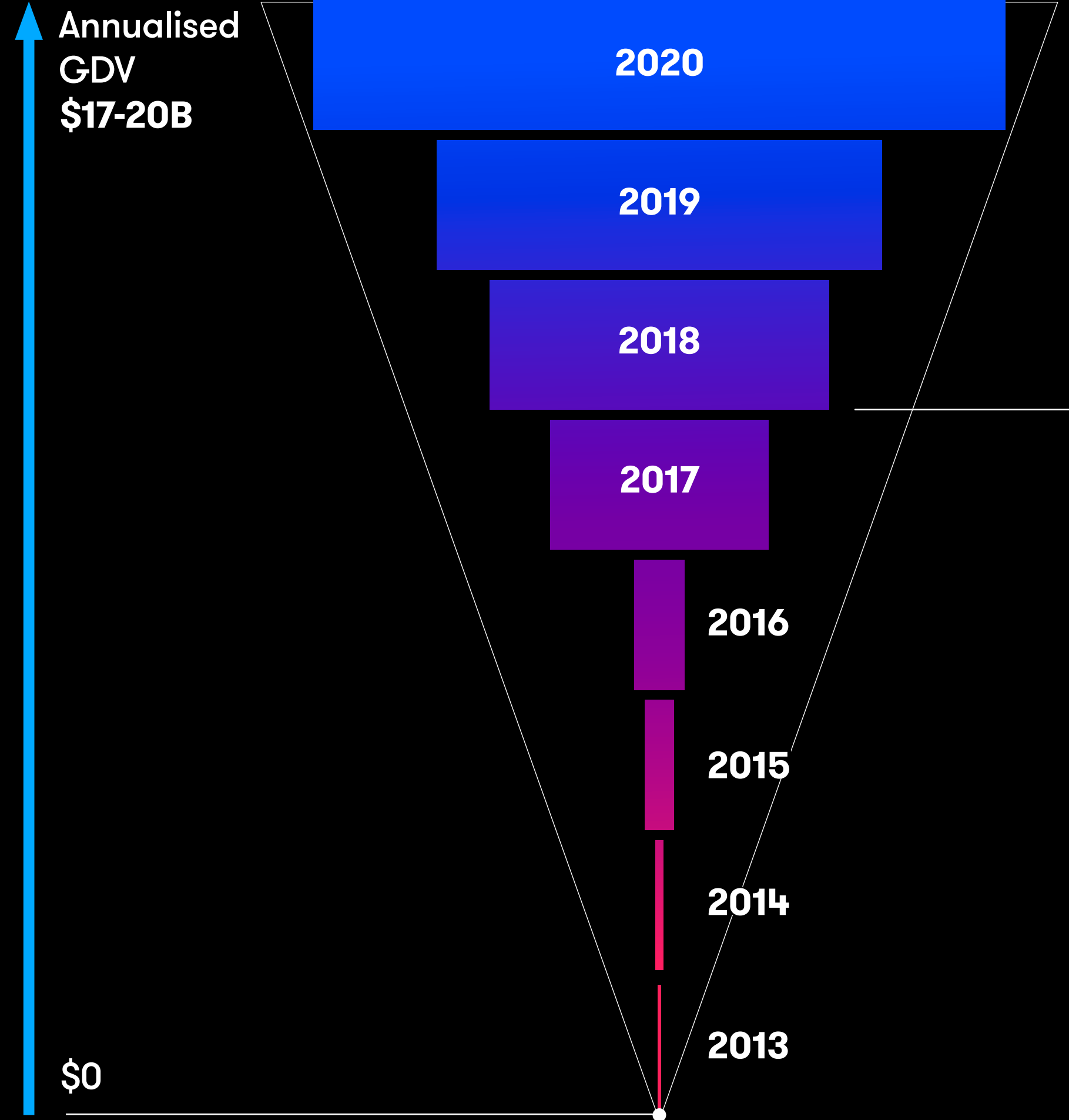
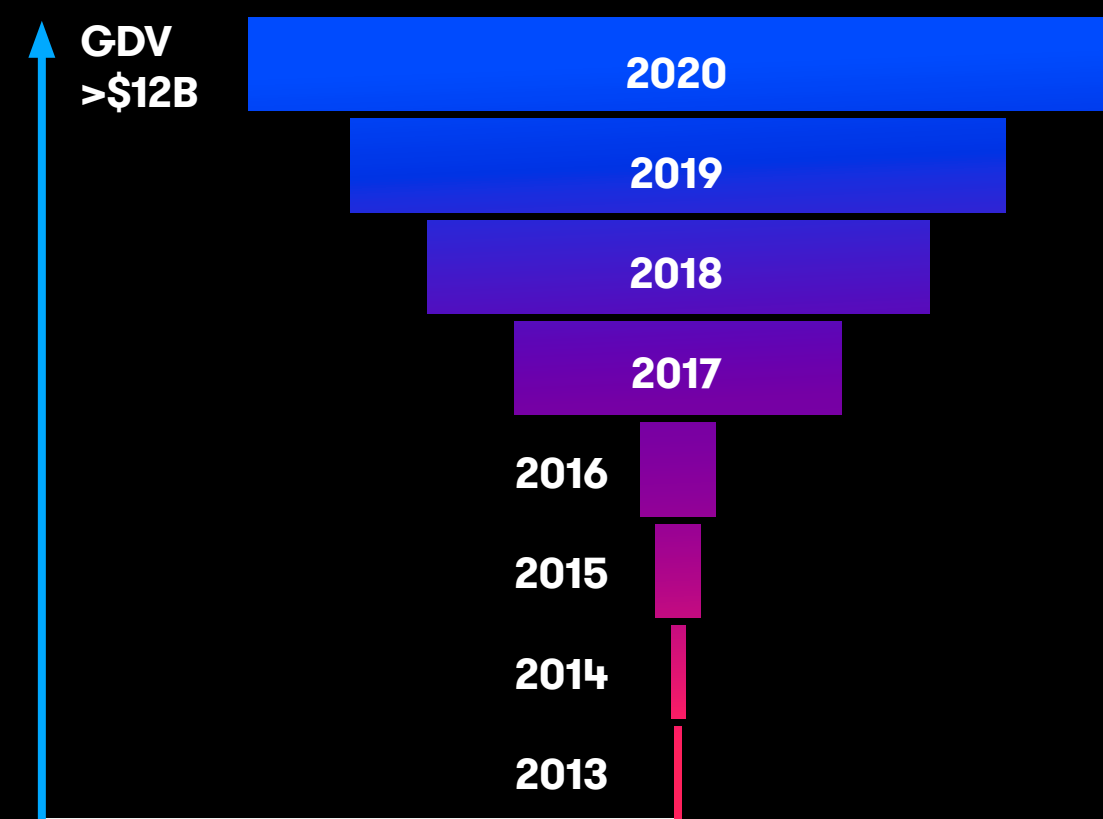


Cohort – Half Year

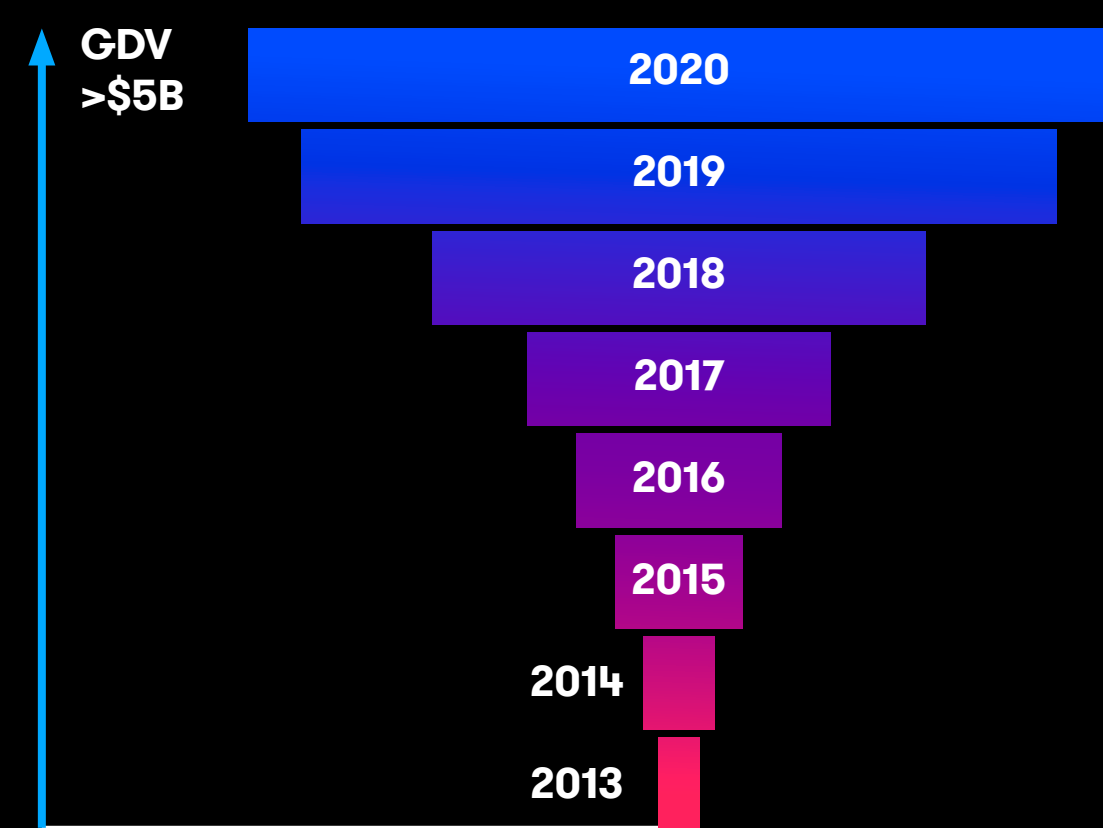


Business Model – Cohort Analysis

GDV – EML



GDV – PFS



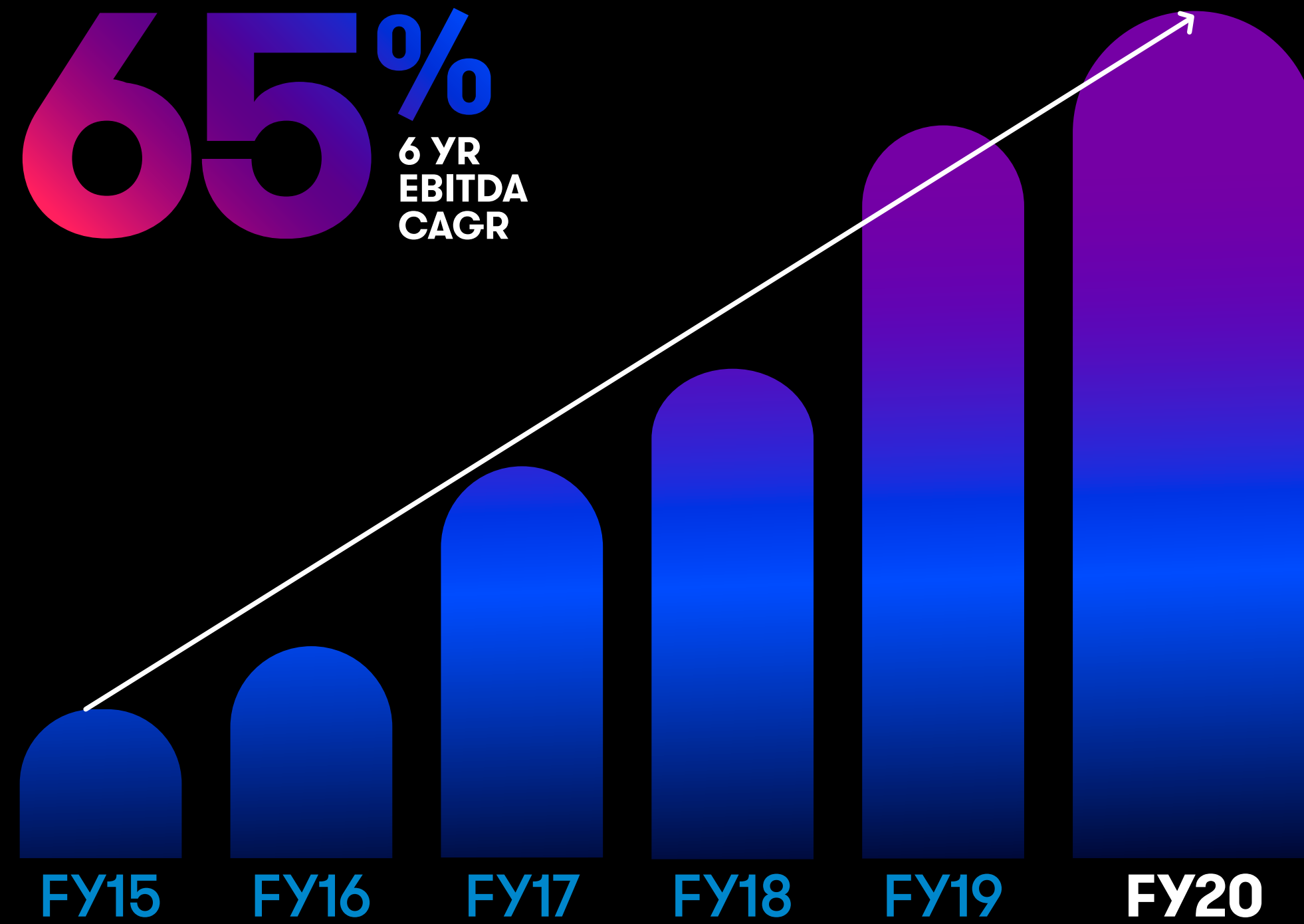
SALES PIPELINE



Customer attrition has been calculated based on GDV from active customers in 2017, and the cumulative GDV loss for FY2018, FY2019 and FY2020 over cumulative volume for the same period.

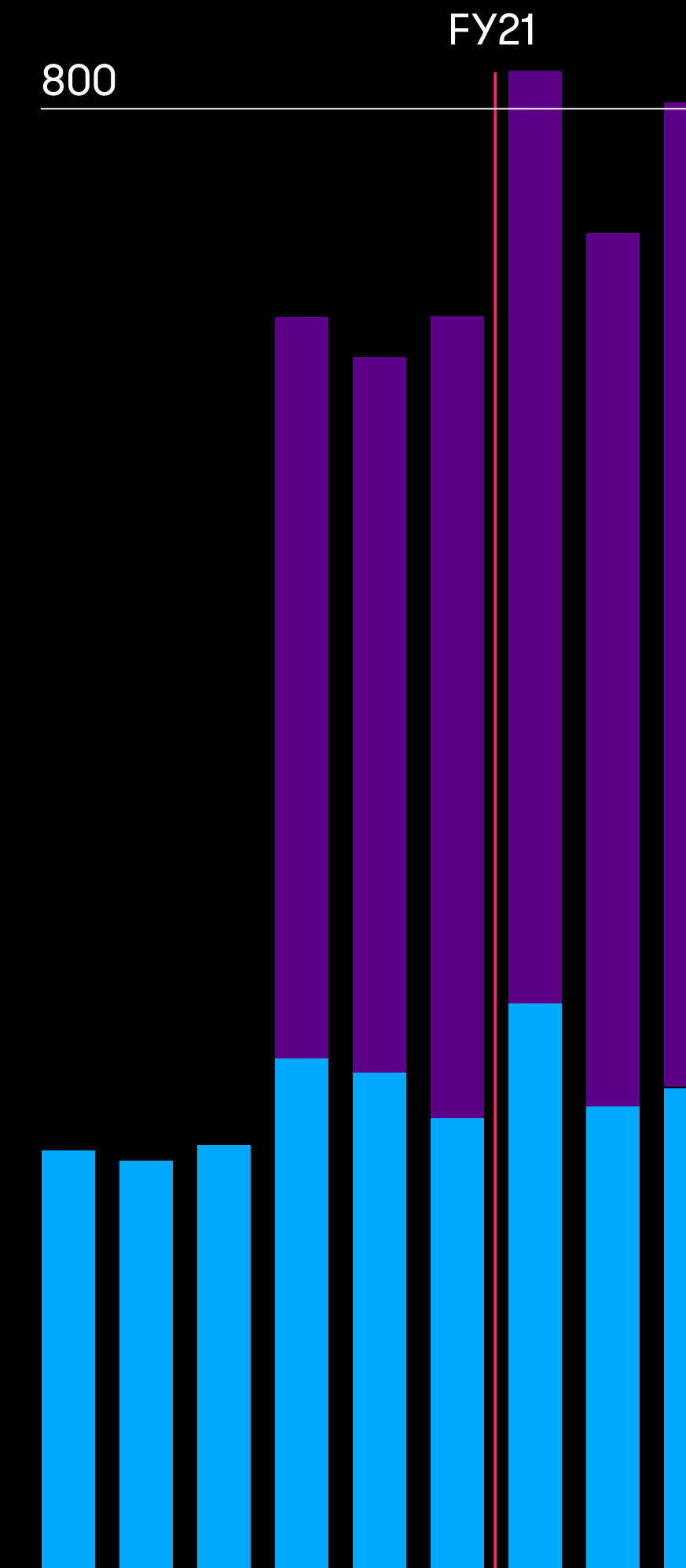
EML data is presented for the Financial Years ending 30 June. PFS data is presented for the calendar years ending 31 December, 2020 is extrapolated for illustration. Combined pro forma group ignores immaterial seasonality in the PFS data and timing of EML gaining control over PFS being illustrative only.

Track Record of Growth

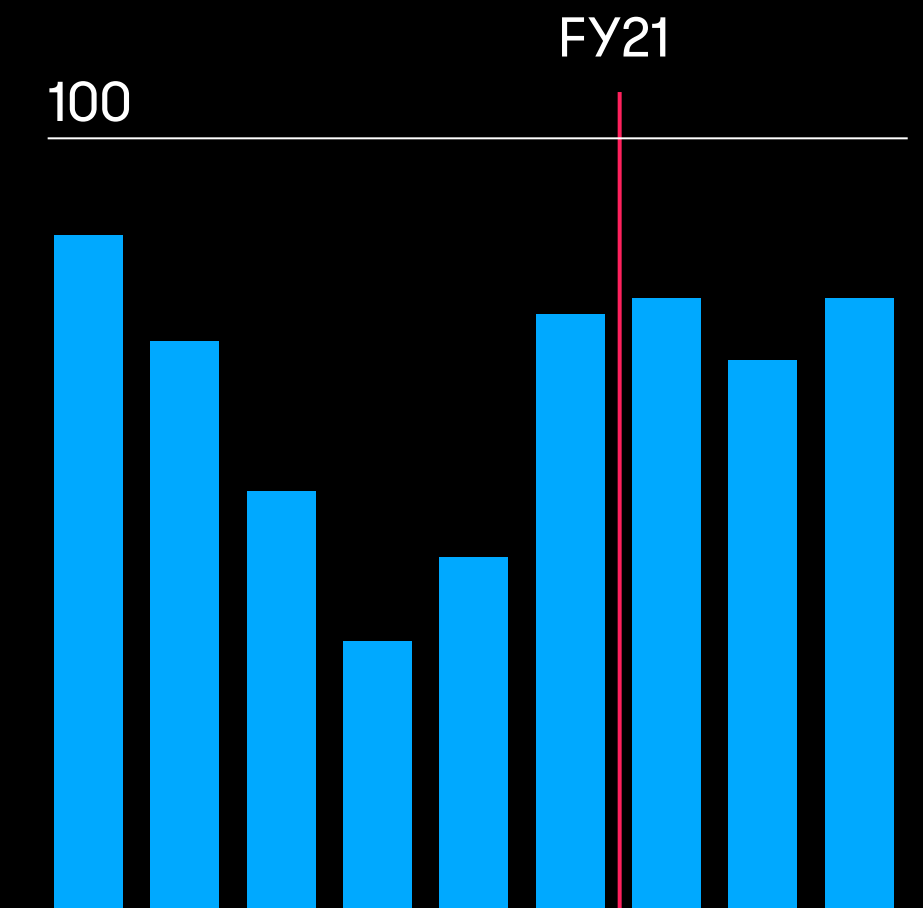


	FY15	FY16	FY17	FY18	FY19	FY20
GDV	\$0.5B	\$1.0bn	\$4.4bn	\$6.8bn	\$9.0bn	\$13.9bn
REVENUE	\$14.4m	\$23.3M	\$58.0M	\$71.0M	\$97.2M	\$121.6M
EBITDA	\$2.6M	\$5.0M	\$14.5M	\$21.0M	\$29.7M	\$32.5M
HEADCOUNT	55	150	170	182	275	450
COUNTRIES	10	13	13	21	23	28

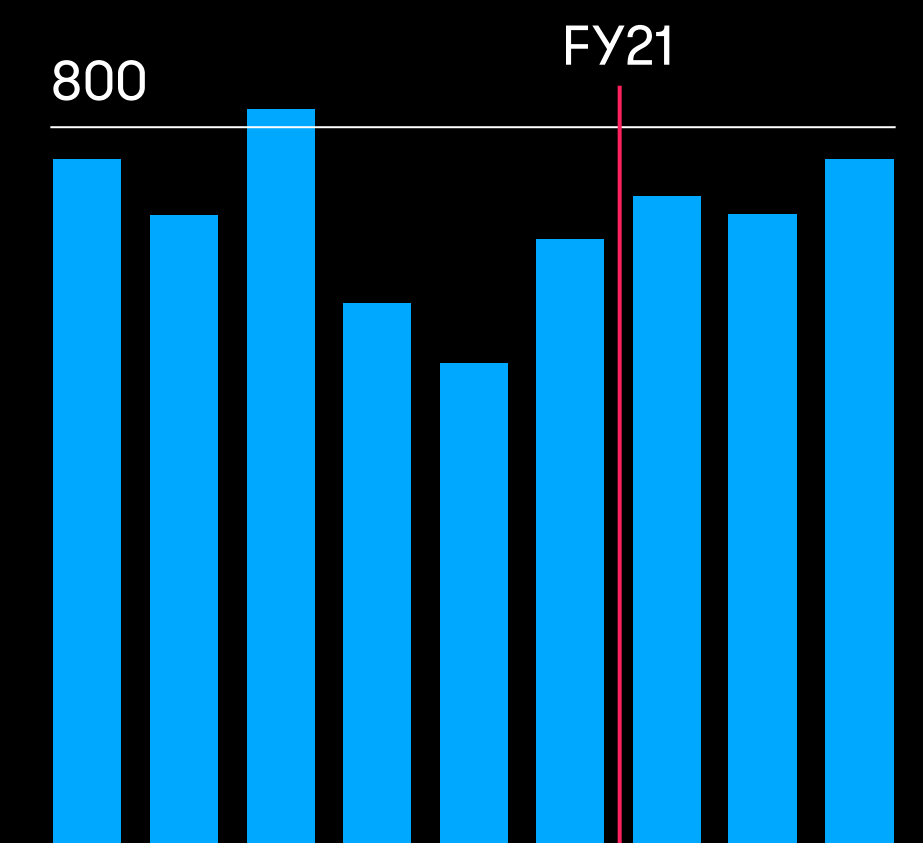
GPR GDV
January – September 2020



G&I GDV
January – September 2020



VANS GDV
January – September 2020



Business Model - Barriers to Entry

End to end

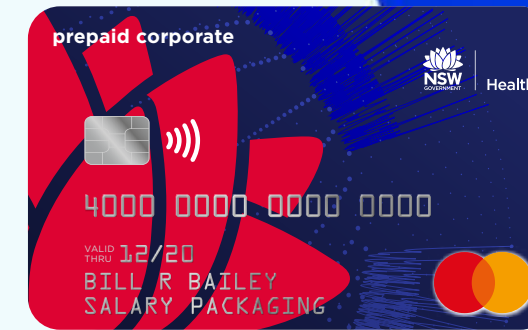
End to End payment processing platform
(card issuing, transaction processing, fraud control, settlement and reconciliation)



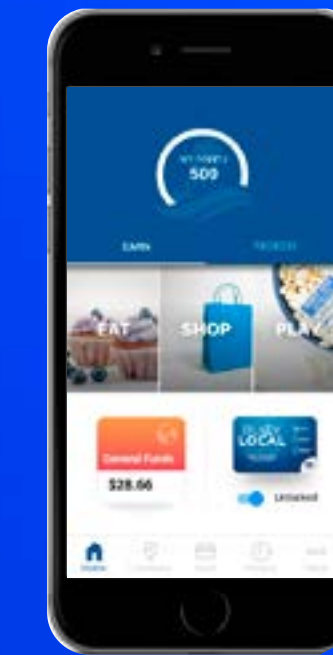
Non-reloadable



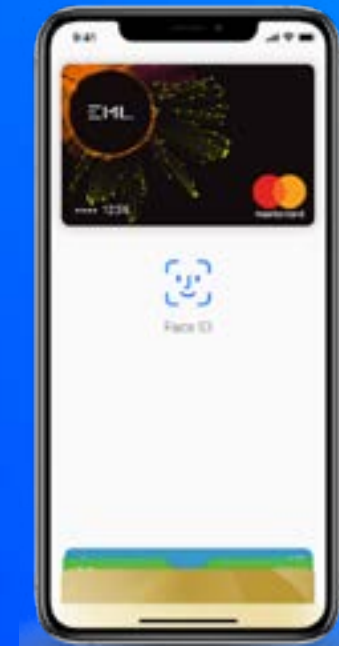
Virtual



Reloadable



Mobile Merchant Rewards



Mobile Payments



Regulatory and compliance across the globe

9 Issuing bank agreements

>50 Regulations / laws

21 Compliance with regulatory authorities

- 5 Major licences**
- AFS Licence (Australia)
 - Mastercard membership (Australia, UK & Europe)
 - BPay (Australia)
 - E-Money Licence FCA (United Kingdom)
 - E-Money Licence CBol (Ireland)

People

450 Employees servicing 28 countries

200 Over 200+ years prepaid experience in group leadership team

Information Technology

3 In-house, prepaid, processing platforms

LEVEL 1
PCI-DSS Level 1 compliant

6 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-factor (Plastic, Virtual, Mobile) & Multi-lingual

Fraud Monitoring

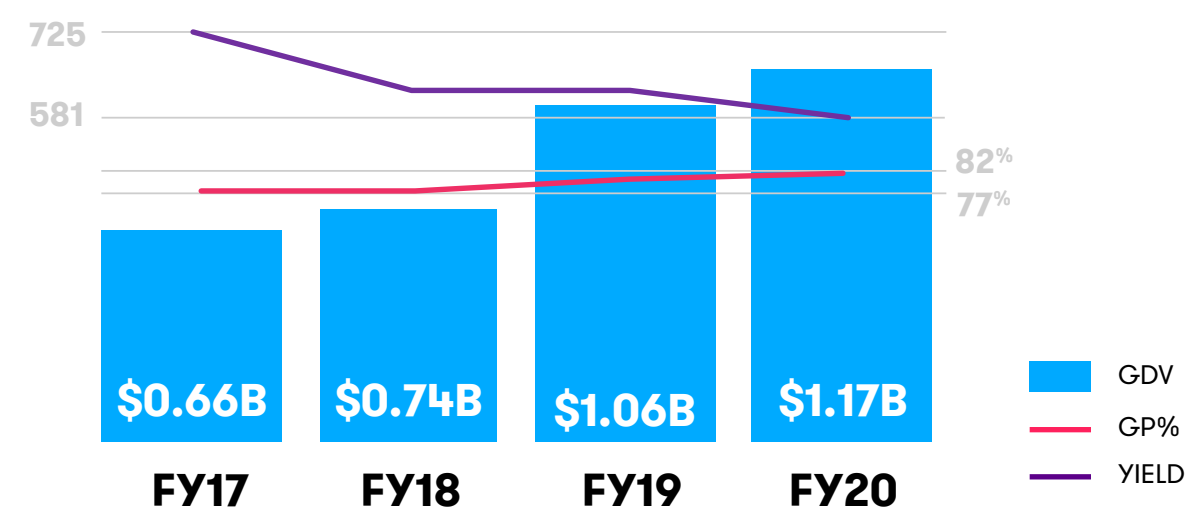
24-7
Fraud Monitoring & Detection across 14 different currencies

REALTIME ID
decision & action on suspect card transactions

3D Secure Capability

Segment Analysis

Gift & Incentive (G&I)



REVENUE

\$68.2M

PCP \$66.4M

GP%

82.1%

PCP 78.9%

YIELD

581bps

PCP 627bps

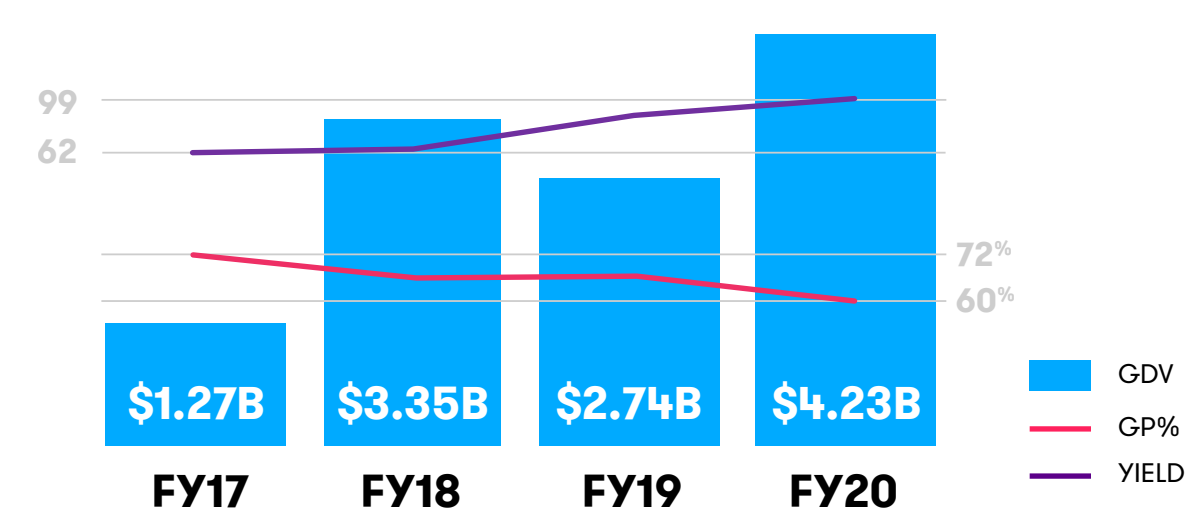
Use Cases

- Mall Gift Cards
- Employer incentives
- Cross-Sell
- Consumer incentives

Growth Thematics

- Physical incentive gift card business transitioning to digital
- Adoption of digital gifting
- Recovery of Mall volumes post COVID

General Purpose Reloadable (GPR) (Including PFS for 1 April to 30 June 2020)



REVENUE

\$41.9M

PCP \$23.9m

GP%

59.7%

PCP 66.0%

YIELD

99bps

PCP 86bps

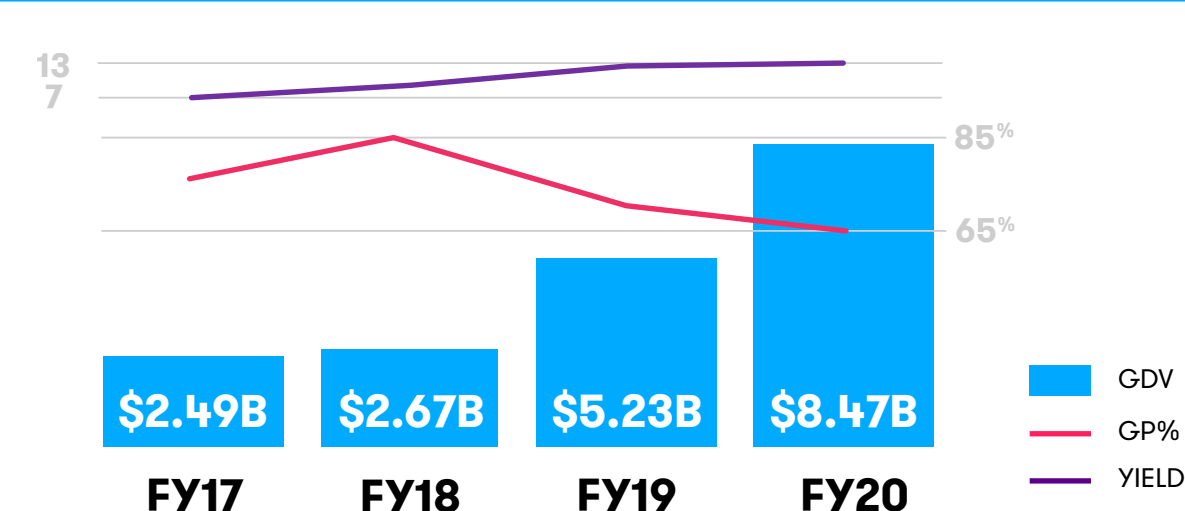
Use Cases

- Banking as a Service
- Software as a Service
- Neo-lending
- Multi-currency
- Government
- Non Governmental Organizations

Growth Thematics

- Digital payments transformation
- Disruptive Fintech
- Expanding PFS offerings - Banking as a Service
- Expansion of Disbursements as a Service in Europe and North America
- Rollout of ControlPay solution to existing markets

Virtual Account Numbers (VANS)



REVENUE

\$10.7M

PCP \$6.4M

GP%

64.8%

PCP 68.1%

YIELD

13bps

PCP 12bps

Use Cases

- Commercial Payments
- Buy Now Pay Later

Growth Thematics

- Volume growth through servicing payment aggregators

Figures specified above are for the twelve months ended 30 June 2020 ('FY20'), presented in Australian Dollars. Unless otherwise stated, the prior comparative period refers to the twelve months ended 30 June 2019 ('FY19').

Q1 Trading Update

Strong GPR growth and improved trading conditions in G&I drove a record first quarter

GDV:	\$4.85bn
PCP Q1FY20	\$3.21bn ↑51%
Prior Quarter Q4FY20	\$4.05bn ↑20%

REVENUE:	\$40.6m
PCP Q1FY20	\$23.2m ↑75%
Prior Quarter Q4FY20	\$33.9m ↑20%

EBITDA:	\$10.0m
PCP Q1FY20	\$3.2m ↑215%
Prior Quarter Q4FY20	\$6.0m ↑69%

Record Q1 EBITDA up 215% on PCP

Historically, Q1 is the weakest quarter of the year

Cost control initiatives reduced cash overheads \$0.7m over the PCP (excludes PFS).

Group Cash Overheads are in line with top end of guidance previously given (\$64-72m) inclusive of accrued FY21 STIP, and costs associated with Brexit and integration of PFS

H1 / H2 split is expected to be between 48 - 52% of full year profits

Q1 FY21 Bridge of EBITDA

Category	Value
FY20 Q1 EBITDA	\$3.2m
Lower G&I Gross Profit	(\$0.9m)
Growth in EML GPR	\$6.5m
Reduction in EML Cash Overheads	\$0.7m
Other	\$0.6m
FY21 Q1 EBITDA	\$10.0m

Q1 Trading Update

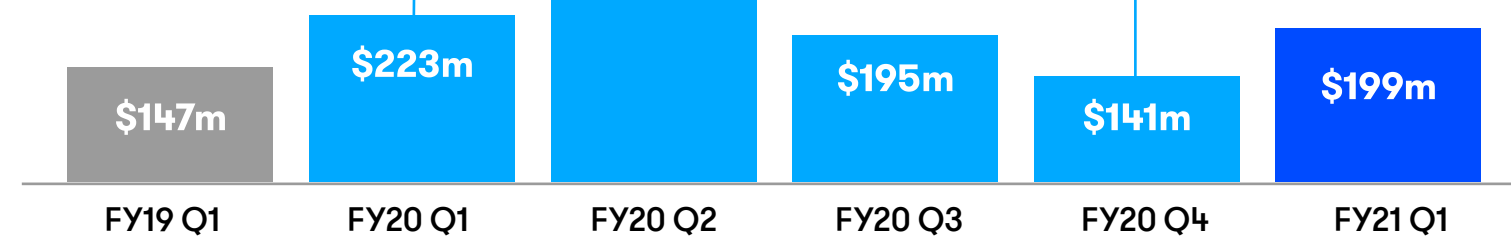
Gift & Incentive (G&I)

GDV: 11% reduction in GDV relative to FY20 Q1 due to Covid impact on malls.
Yield: minor 16bps reduction from Q1FY20 to Q1FY21

GDV: 41% growth from FY20 Q4.
Yield: slight improvement on FY20 yield at 598bps (+17bps) and ahead of expectations

Gift & Incentive volumes recovered significantly in the first quarter following the initial impacts of Covid-19

- GDV recovered in Q1 (up 41% on Q4 of FY20) and finished 11% below PCP
- Yield ahead of expectations at 598 bps due to improved trading in mall programs
- Trading through the three months to December is crucial to the results of this segment
- FY20 Q2 seasonal gift card volumes were approximately \$0.4bn generating c. \$24m of Revenue and \$19m Gross Profit



General Purpose Reloadable (GPR)

GDV: 234% growth from FY20 Q1.
Yield: yield increased 21 bps reflecting new customer mix post PFS acquisition

GDV: 16% growth from FY20 Q4.
Yield: yield unchanged at 110bps reflecting consistent customer mix

General Purpose Reloadable volumes grew significantly in the first quarter driven by BaaS and Government

- GDV grew strongly in Q1 (up 16% on Q4 of FY20) and finished 234% above PCP
- Yield in line with expectations at 110 bps (no change from Q4FY20) with stable program mix
- Excluding PFS, EML grew GDV & GP by 16% over the PCP (Q1FY20) driven by Australian payroll and gaming payout volumes
- PFS grew GDV & GP by 24% in Q1FY21 over Q4FY20
- PFS recorded two new record GDV months in July & September to drive growth in GPR.



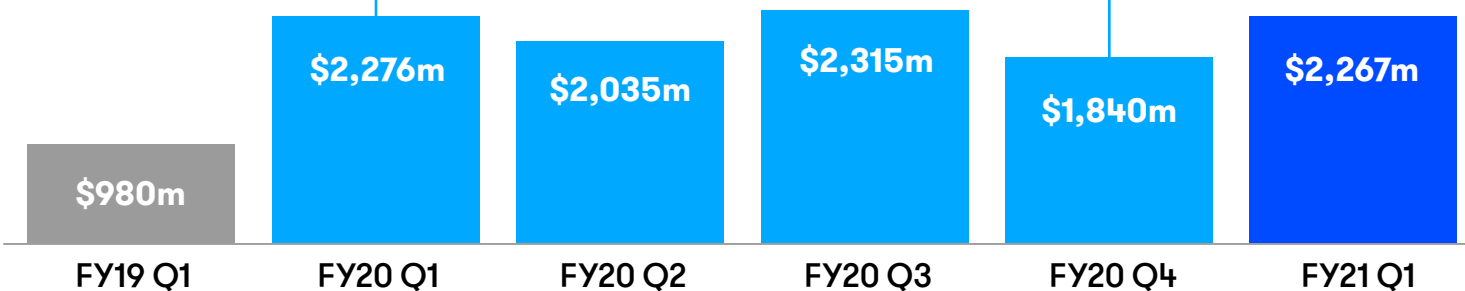
Virtual Account Numbers (VANS)

GDV: In line with FY20 Q1
Yield: yield in line with FY20 Q1

GDV: 23% growth from FY20 Q4.
Yield: yield flat at 12.4bps

Virtual Account Numbers volumes recovered to pre-Covid levels in the first quarter

- GDV recovered in Q1 (up 23% on Q4 of FY20) and finished in line with PCP
- Yield in line with expectations at 12.4 bps



Project Accelerator

Technology

Single global integration touchpoint

Cloud native

Low/no-code

API integration

Support payments on mastercard and visa networks

Products

Leverage expanded product suite to drive incremental revenue for EML and partners

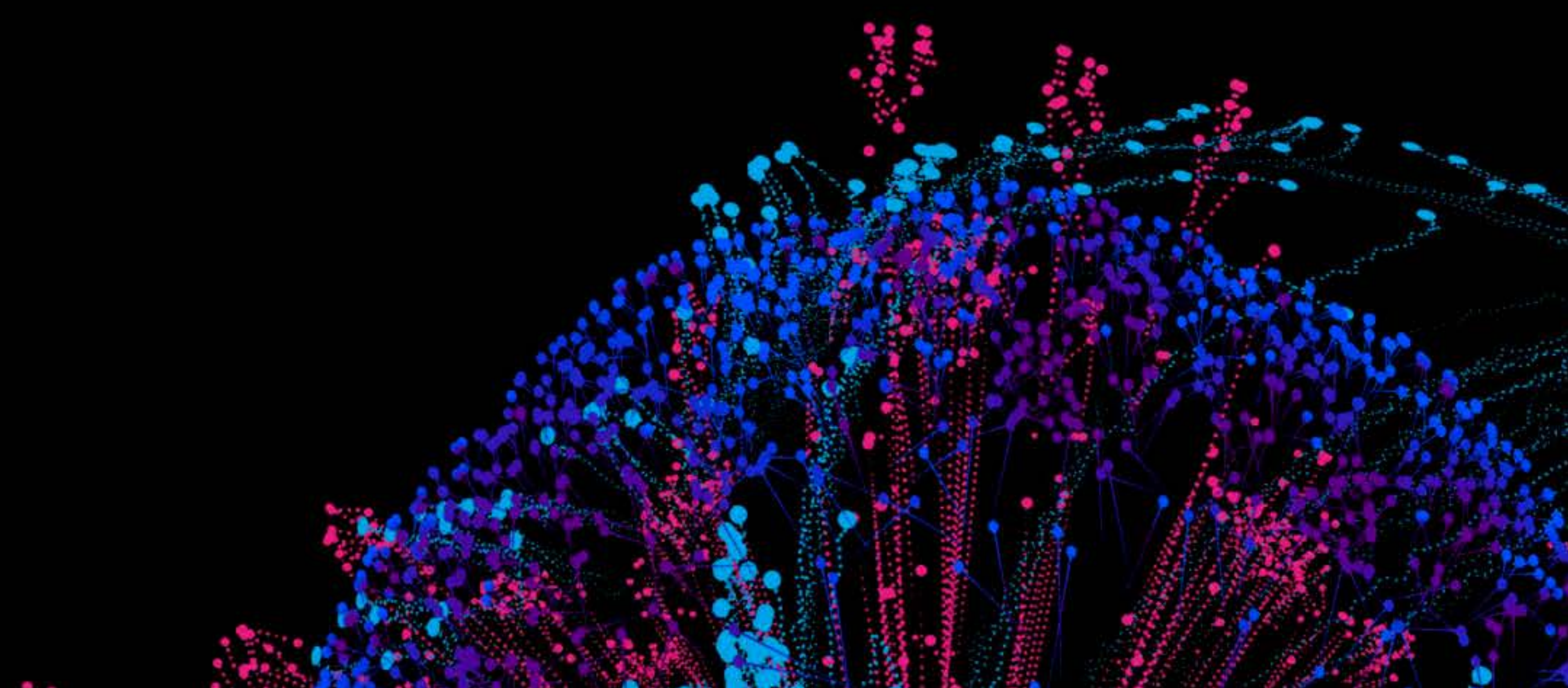
Expand to include non-card payments

Expand to include open-banking payments

Investment

Internal investment in technology and platform \$10-15m over 2021/2022

External investments in Fintech innovators





Gus Balbontin.

Founder and Director at Roshambo



Watch EML's own Eric Mettemeyer, Chief Corporate Development Officer open the conversation on

FinLab.



Get to see EML's very own Andrew Betts, Group Chief Risk & Regulatory Officer, introduce the conversation on EML's latest achievement

NSW Transit.



Look out for EML's Sarah Bowles, Chief Product Officer talk

Open Banking.



At EMLCON 2020, Rachelle St Ledger, EML's CEO of Australia speaks to industry leaders on

Buy Now Pay Later (BNPL).



Watch EML's Deirdre Ives, Chief Digital Transformation Officer lead the discussion on the

Digital Revolution.

Premiere EML Virtual Event

Date: **29th October 2020**

[Click here to register for EML.CON](#)

Speakers will include:

Partners, Customers, Capital Markets, Schemes, FinLabs, Industry Experts, Global Perspective

Building the EML Global Brand

Press releases have generated 2,814 stories, featured in Forbes, Wall Street Journal, Financial Time, Bloomberg, Sky news, and the Times

Estimated global news impressions reached 10,804,177,808.

4775 uses of the Social Media images.

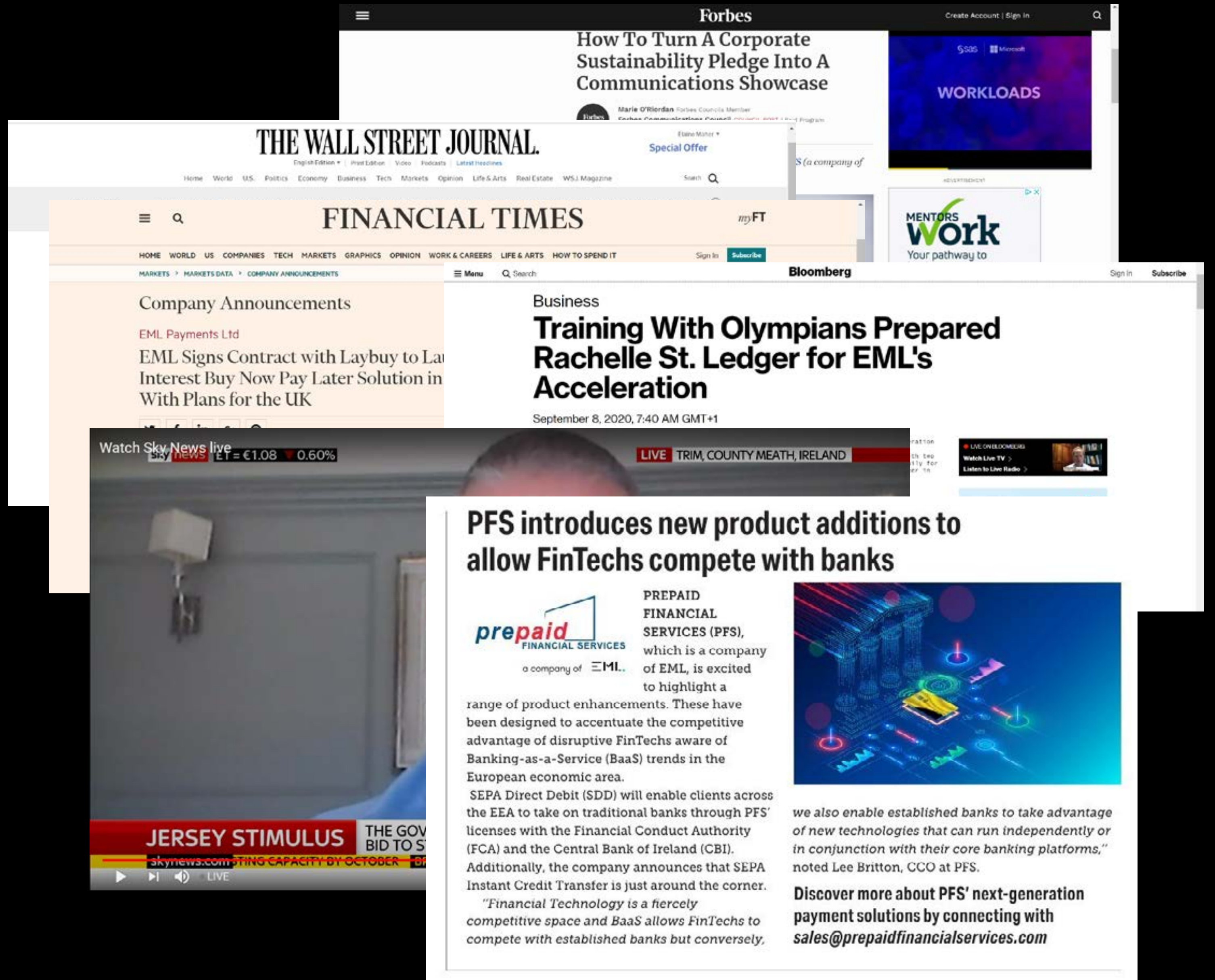
News in an average of 203 cities in 66 countries, per press release.

Stories found 1596 times via Google searches in: Australia, New Zealand, US, UK, Ireland, Spain, Italy, Germany, Canada, Switzerland, France, Singapore, Taiwan, Hungary, Hong Kong, Norway and Romania.

82,325 Newswire Subscriber emails read.

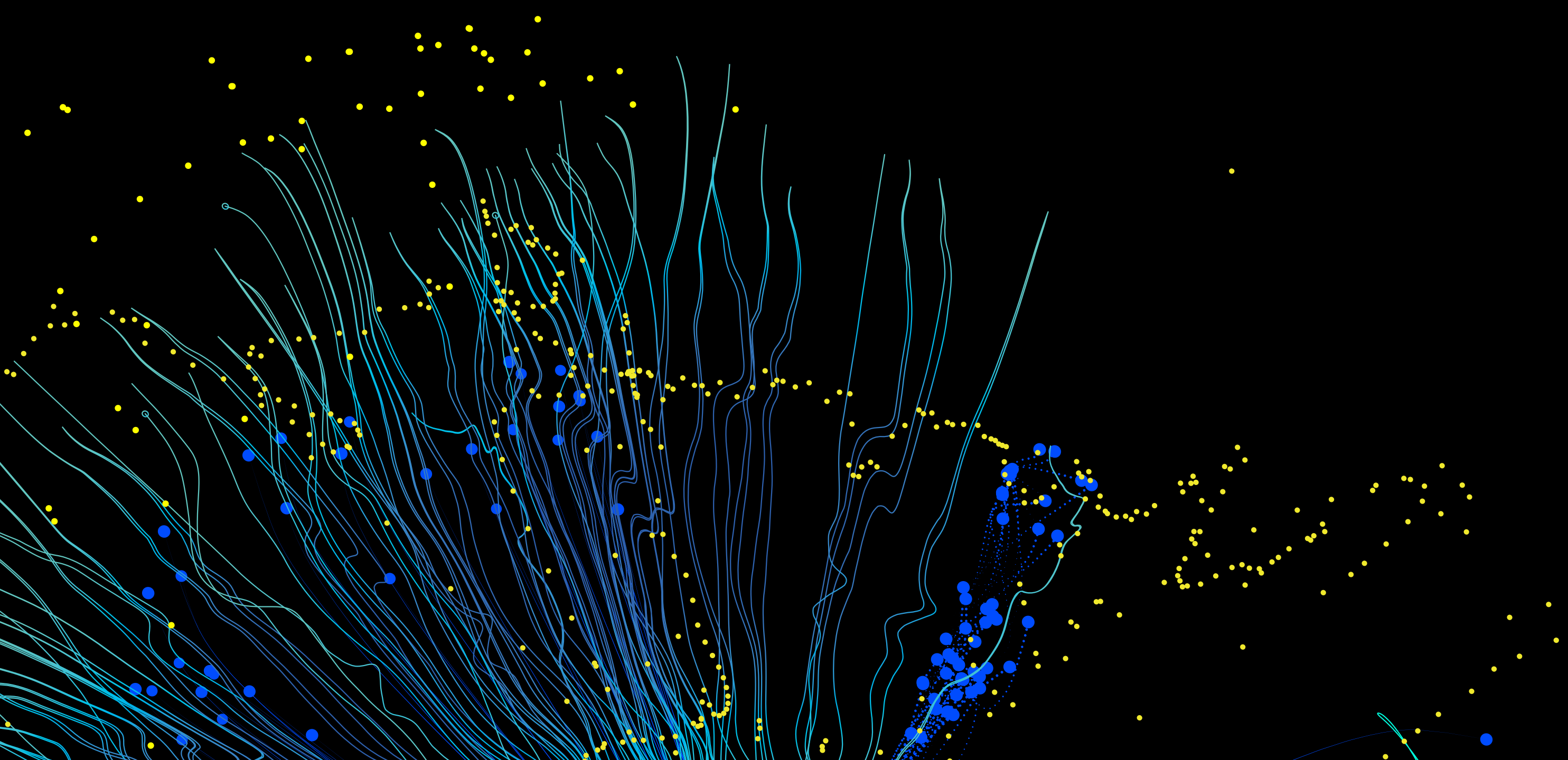
15,824 Newswire RSS feed reads.

548 clicks on the EML website just from the Business Wire link.



Q&A

EML.



Money in Motion