

**BPS** Technology

'A Financial Technology Company'

***'Trading and Payment Platforms  
driving consumers to merchants.'***





# Vision

*To be the world's leading loyalty and rewards system  
that attracts consumers to merchants*

# Mission

*BPS will achieve this Vision via our global platforms  
using digital currency alternatives*

# BPS Technology - Overview

To be the world's leading loyalty and rewards system that attracts consumers to merchants

Share information	
Issuer	BPS Technology Ltd
ASX Ticker	BPS
Share price <sup>1</sup>	\$0.865
Shares on issue	58.5m
Market cap <sup>1</sup>	\$50.6m

Shareholding structure	
Directors/M'ment	60%
Free float	40%

P&L (A\$ million)	H1 FY15 Actuals 31 Dec 2014	Forecast FY15
Revenue	24.9	51.7
EBITDA	4.4	9.9
NPAT	3.3	6.9
EV / EBITDA		4.8x
P/E		7.3x
Interim / Proposed dividend	2.25 cents	7.25 cents

## Key investment highlights

- Stable cashflows with two high growth technologies
- Proven management ability to execute
- Low cost well defined growth strategies
- Significant position in a fast growing market

<sup>1</sup> As at 12 February 2015

# BPS Technology - Investment Case

## Stable cashflows with two high growth technologies

### ASX listing to accelerate growth

- Growth capital for international expansion of Bartercard, including acquisition of New Zealand Bartercard operation
- Rollout TESS as a global SaaS
- Launch bucqi

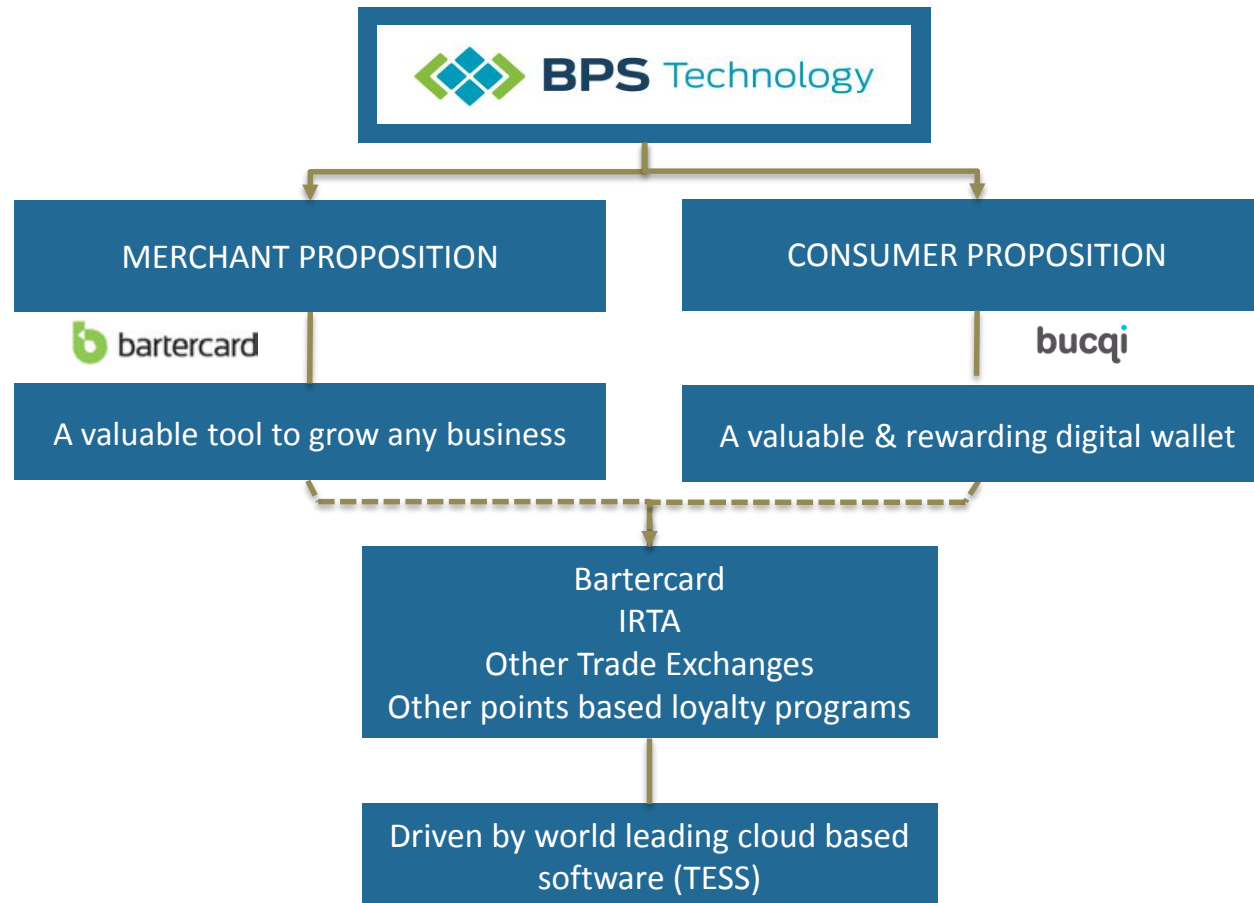
### Investment Protection

- Reliable cashflows, TESS technology is proven, bucqi has an identified large initial target base
- Proven management ability to execute
- Low cost well defined growth strategies
- Share price supported by expected total 7.25 cents dividend for FY15 (interim dividend of 2.25cents declared for payment day 22 April)

### Investment Growth

- Bartercard: **addressing US\$20 billion<sup>1</sup> market**
  - Targeting 100,000 cardholders by end of CY16
  - Industry consolidation acquisitions
- TESS: **addressing US\$20 billion<sup>1</sup> market**
  - First release of sophisticated technology, with exclusive endorsement from the prominent industry body
  - Valuation step change in becoming the industry defacto software platform
- bucqi: **addressing global loyalty payments market**
  - Best practice industry features (loyalty, payment, security, privacy)
  - Captive initial merchant base in seven countries
  - Innovative ongoing merchant participant cash commission structure
  - Alliances with community groups (charities, sporting clubs, churches, unions etc)

# *Taking business strategy and translating it into an action plan*



# Overview of Trade Exchanges

Enables SMBs to trade goods & services

## ***What is a trade exchange?***

- *Network of merchants that seek to trade their spare capacity or stock for items that they would otherwise have to buy with cash*
- *A platform which standardizes any good/service into an alternate digital currency – priced as if cash*
- *“Trade Dollars” are accounted for and taxed in exactly the same way as “cash dollars”*
- *“Trade Dollars” can be stored or used for purchases at participating merchants of the Trade Exchange*
- *Settlement occurs via secure web transactions, mobile devices, SMSPOS or card based EFTPOS terminals*

## ***Why merchants participate - why is it compelling?***

- *Utilize spare capacity or dispose of excess stock without having to discount*
- *An additional sales channel for merchants – another market into which to sell their goods*
- *“Trade Dollars” earned used to replace existing cash spends within the business*
- *Merchants are contracted to the Exchange*
- *Merchant access a captive audience of willing buyers and sellers who are happy to accept “Trade Dollars”*

## ***Nature of the market.***

- *Over 2,000 individual exchanges globally*
- *Exchanges generally are community centric*
- *Estimated trading US\$20 billion p.a. in goods and services growing at 15% p.a.*

# Bartercard Trade Exchange Platform

## Existing Bartercard Footprint



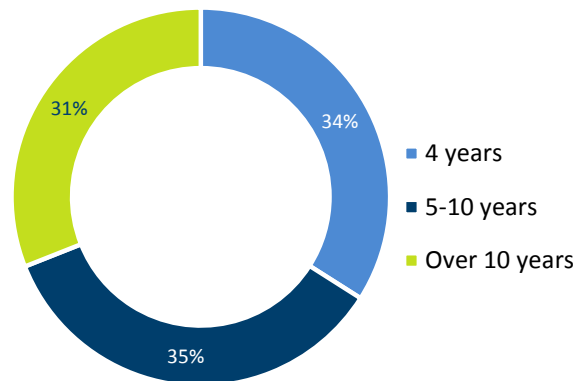
## Worlds largest..

- Operating for 24 years, highly sophisticated operations
- Mix of franchise and directly owned operated
- Operating in 10 countries through 75 offices with 600 staff (including Franchise operations)
- ~24,000 merchants (SMBs) including ~54,000 cardholders
- Alternate multi currency, multi lingual high volume transactional platform

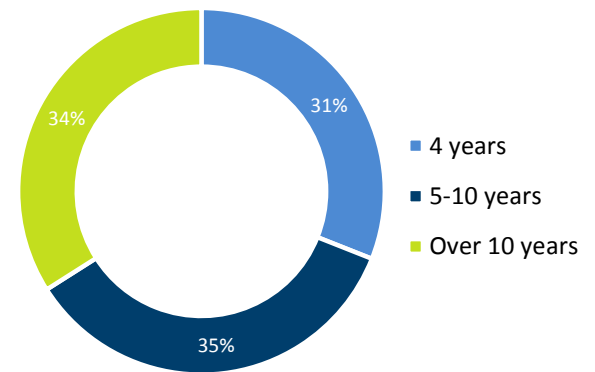
## Deep Relationships with merchants..

- Consistent usage over many years
- Becomes an integral part of SMBs business
- 66% of merchants have been trading with Bartercard for more than 5 years
- Trusted relationship and strong loyalty to the Trade Exchange channel and the Bartercard Brand

## Merchants by Duration



## 12mth Trade Volume by Merchants Duration



# Bartercard Growth Opportunities

Well positioned to expand trade value

## Background

- Average annual transaction value of Bartercard Merchants is \$25,000 p.a.

## Growth

- Targeting 100,000 card holders by end of CY16
- Opportunities in new countries
- Exchange migration with TESS rollout
- Compounding network effect

## Industry Catalyst

- Knowledge of digital currency alternatives
- Cloud computing
- Smart phone adoption

## Step Change Potential

- Consolidation of fragmented industry via bolt on acquisitions under Bartercard brand
- BPS (via TESS) the defacto exchange to the world - consolidation of exchange member based on TESS platform
- Commercialization of BIG data mining





# Bartercard Growth Opportunities

Well positioned to expand trade value

## United Kingdom

### 10yr Growth Target

40 new franchises  
 $\times 500$  merchants per franchise  
 = 20,000 new merchants

Currently: 2,300 merchants



## United States of America

### 10yr Growth Target

Open 300 new franchises  
 across the greater US

300 franchises  
 $\times 500$  merchants per franchise  
 = 150,000 new merchants

Currently: 300 merchants  
 Acquisition opportunities



## India

All regions license for India

Open first office in H2FY15



## South Africa

### Johannesburg license

Open 3 new franchises in  
 H2FY15



## Peoples' Republic of China

### 10yr Growth Target

21 new regions  
 $\times 10$  franchises per region  
 $\times 500$  merchants per franchise  
 = 105,000 new merchants  
 Training commences H2FY15



# TESS - Overview

The TESS Software is the only software for Trade Exchanges operating globally



<b>Proven Global Platform</b>	<ul style="list-style-type: none"><li>• Trade Exchange Software Services (TESS) is a scalable cloud based payment platform for trade exchanges</li><li>• The TESS Platform currently settles ~1.8m transactions worth ~\$600m annually on behalf of Bartercard's ~ 54,000 card holders</li><li>• TESS is a multi-site, multi-national, multi-currency Trade Exchange platform.</li></ul>
<b>Proprietary Technology</b>	<ul style="list-style-type: none"><li>• Recognised as the world's leading platform by International Reciprocal Trade Association (IRTA)</li><li>• BPS owns the IP and technology behind the TESS worldwide cloud based payment platform</li><li>• Enables integration and connection of trade exchanges within communities, countries and globally</li><li>• Highly scalable, links to global banking networks</li></ul>
<b>Sound Business Model</b>	<ul style="list-style-type: none"><li>• Software as a Service model (white label)</li><li>• BPS receives a fixed, scaled monthly fee dependant on size plus 0.5% of the value of every trade transaction made by members of every trade exchange which uses TESS</li><li>• Seek to capture a share of the US\$19.4 billion<sup>1</sup> not currently being traded through Bartercard</li></ul>
<b>High Growth</b>	<ul style="list-style-type: none"><li>• Growth from multiple sources including:<ul style="list-style-type: none"><li>• Clearly defined target market with limited competition and creditable endorsement</li><li>• Underlying growth in trade exchange volume</li></ul></li></ul>

# TESS - Economics



TESS is the only software for Trade Exchanges recommended by IRTA

## Why a trade exchange operator will adopt TESS...

- There are over 2,000 trade exchanges globally (fragmented and comparably primitive)
- Exchanges are too small for in-house software development and innovation. There are no other credible software vendors
- Enables them to trade locally, nationally and globally – enhances their offerings to members
- Reduces their costs and simplifies their operations
- First major TESS sale in place with Indian trade exchange – commence in April 2015
- IRTA will use TESS Software

## TESS Economics...

Seek to become the world's  
dominant trade exchange platform

- TESS charges 0.5% of the transaction value
- High operating leverage
- Currently approximately US\$19.4 billion traded on non TESS supported exchanges
- IRTA projects 15% growth p.a.

## TRANSACTION REVENUE POTENTIAL (\$MILLION)

MARKET GROWTH ASSUMPTION		Current	5%	10%	15%	20%
MARKET PENETRATION	5%	\$5	\$5	\$6	\$6	\$6
	20%	\$21	\$22	\$23	\$23	\$24
	50%	\$53	\$55	\$58	\$58	\$60
	75%	\$79	\$83	\$86	\$86	\$90

# bucqi - Overview



Merchant centric loyalty programs with a seamless secure mobile App payment platform

Loyalty Tool	<ul style="list-style-type: none"><li>• <i>A loyalty platform designed for SMBs combined with a robust mobile payment App for both merchants and consumers</i></li><li>• <i>bucqi is a comprehensive loyalty and mobile payments platform that allows consumers to pay by scanning a QR code using their mobile device</i></li></ul>
Business Model	<ul style="list-style-type: none"><li>• <i>Targeting cash transactions initially via trade exchange merchant channels</i></li><li>• <i>Only merchants pay a fee to bucqi – free for consumers</i></li><li>• <i>BPS receives a commission of 6.5% on the transaction value of all Bucqi transactions between a consumer and the merchant</i></li><li>• <i>1.0% is passed back to the person or entity originating the consumer</i></li><li>• <i>Entities that introduce merchants and customers to bucqi can secure a recurring revenue stream. This may be particularly significant to those with large customer bases and should contribute to bucqi's viral spread</i></li><li>• <i>Viewed by the merchant as a cost of customer acquisition not a transaction processing fee</i></li></ul>

# bucqi - Differentiation



BPS is well positioned to gain widespread market adoption ... not just another payment play

<b>Merchant driving loyalty and reward program</b>	<ul style="list-style-type: none"><li>• <i>Merchants set the offers that are relevant for them</i></li><li>• <i>Driving customers to merchants</i></li><li>• <i>Engendering customer loyalty and repeat business</i></li><li>• <i>Ability to use Bartercard Trade Dollars to reward consumers</i></li></ul>
<b>Best of breed features</b>	<ul style="list-style-type: none"><li>• <i>Seamless payment capability (store multiple cards)</i></li><li>• <i>Mobile offering: security, privacy, easy look &amp; feel, simple for merchants to use</i></li></ul>
<b>Innovative commission structure</b>	<ul style="list-style-type: none"><li>• <i>Automatically pays 1.0% commission to person or entity originating the consumer</i></li><li>• <i>Promotes mass adoption and viral growth</i></li><li>• <i>Ideal for sporting bodies and community group as an income source</i></li></ul>
<b>Market entry opportunity</b>	<ul style="list-style-type: none"><li>• <i>Bartercard has a deep and trusted relationship with 24k merchants and 54k cardholders in 7 countries (soon to be 10) and has deep sponsorship relationships with large sporting and community groups</i></li><li>• <i>This provides an ideal route to quickly rollout bucqi on a large scale</i></li></ul>

# bucqi - Differentiation



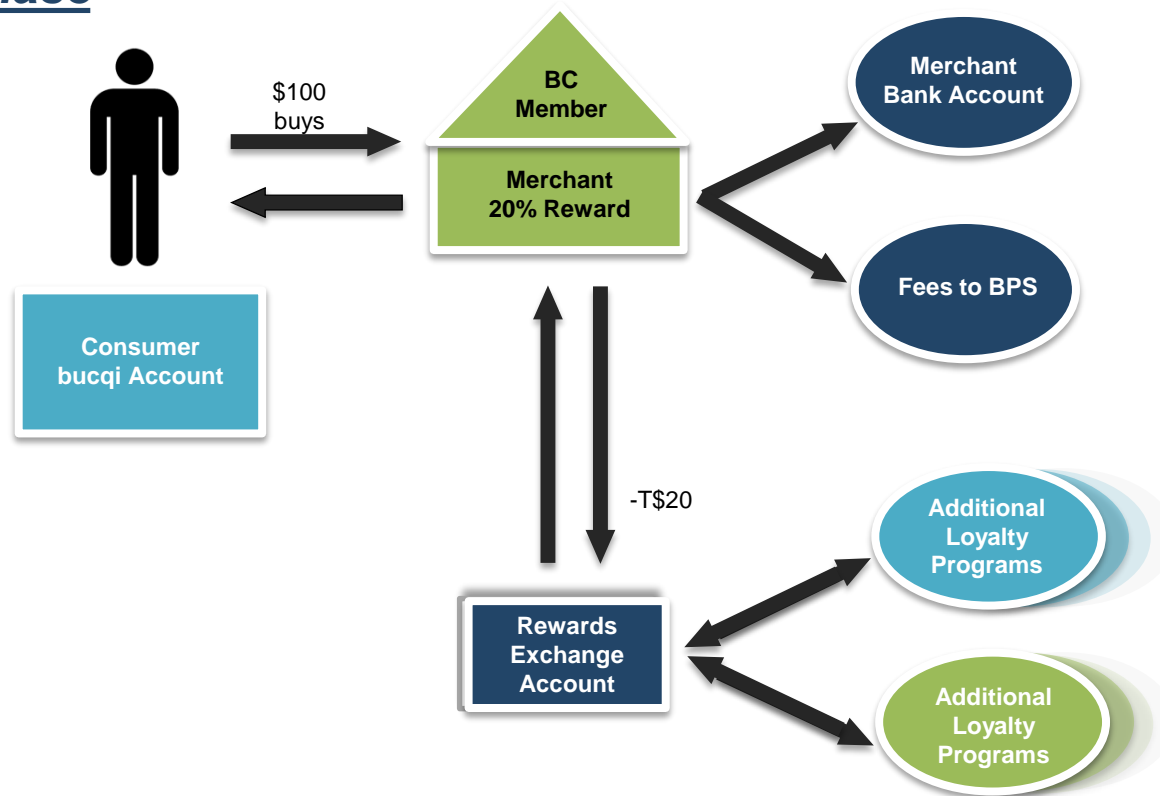
BPS is well positioned to gain widespread market adoption ... not just another payment play

<b>Proven ability to execute</b>	<ul style="list-style-type: none"><li>• <i>BPS management have a 24 year history of detailed inter-action with and managing merchants</i></li><li>• <i>Systems and procedures for mass roll-out and ongoing support and promotion in place</i></li><li>• <i>Proven marketing experience across all media formats</i></li></ul>
<b>Security: Fraud Prevention</b>	<ul style="list-style-type: none"><li>• <i>Where consumers are increasingly concerned about privacy and fraud control bucqi is well positioned to be the secure, easy payment system of the future</i></li><li>• <i>bucqi is not a “pay wave” payment system and thus not susceptible to the types of fraud that are prevalent in those systems</i></li></ul>
<b>Security: Card Details</b>	<ul style="list-style-type: none"><li>• <i>All transactions completed using bank standard encryption technology</i></li><li>• <i>bucqi splits credit card details, half are kept on the mobile device and the other half kept on bucqi servers. Both systems must connect to allow a transaction to occur</i></li><li>• <i>No credit card data given to merchants therefore reducing the chance of misuse or fraud</i></li></ul>
<b>Security: Payment Limits</b>	<ul style="list-style-type: none"><li>• <i>Users can set the limit for payment amounts they feel safe with for bucqi’s “Scan and Scoot” feature – just like “tap and go” on NFC enabled cards – but more secure</i></li><li>• <i>If the mobile device is lost/stolen users have the protection of both the PIN and their pre-set payment limit</i></li></ul>

# BPS's Bartercard/bucqi Platform

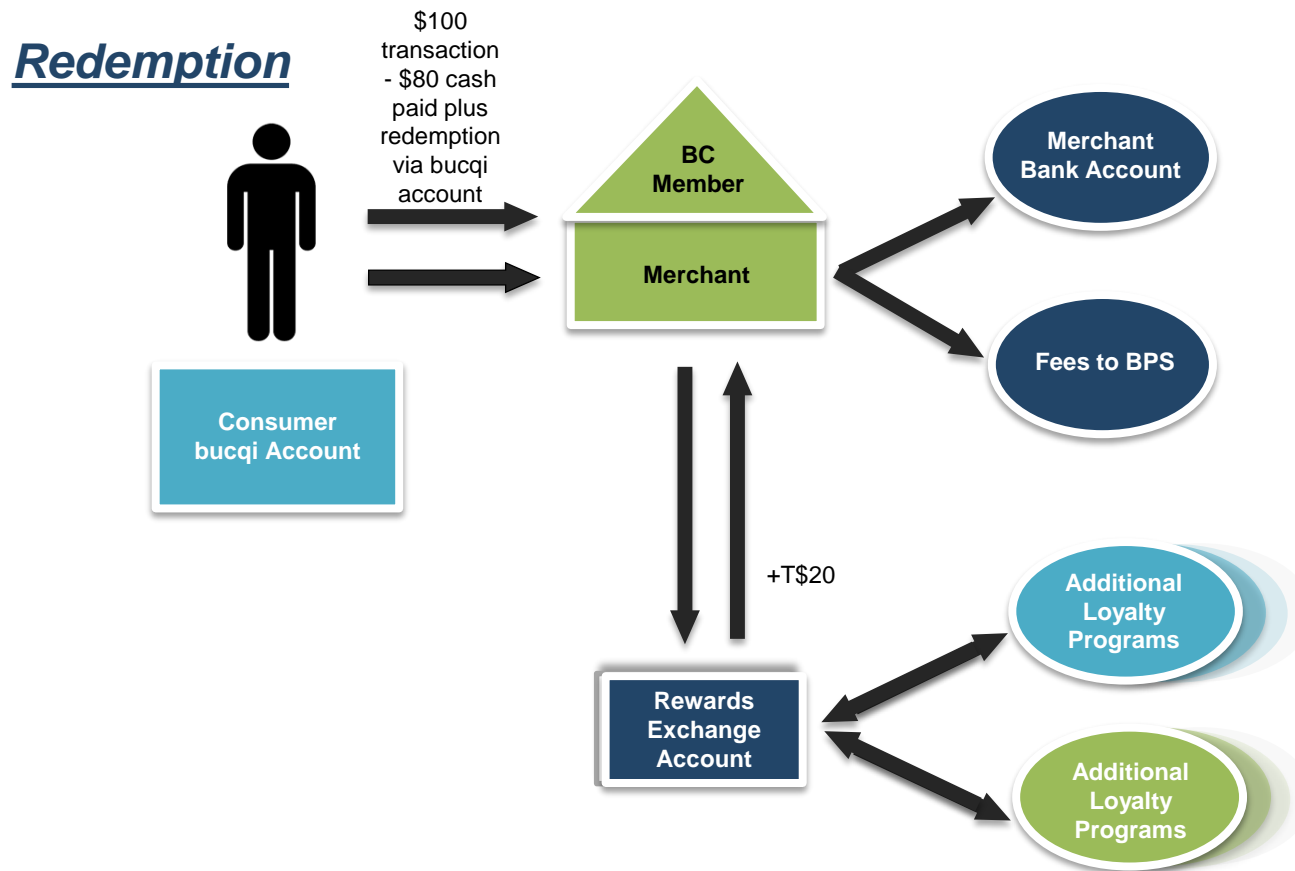
Bartercard merchants able to use Trade Dollars as an exclusive mechanism to reward everyday consumers who shop with cash at their business.

## Purchase



# BPS's Bartercard/bucqi Platform

Consumers are able to redeem their Rewards with Bartercard Merchants which are in turn credited back to the Merchant's Bartercard Account.







The bucqi technology will be adopted by one of Australia's largest travel reward companies – RewardsCorp, part of the Ignite Travel Group – who have over 200,000 consumers linked to their platform.



# Results – what did we achieve?

## BPS Technology exceeded Prospectus Forecasts for Half Year

### *Key H1 FY15 highlights*

- ***Revenue of \$24.9 million, ahead of Prospectus forecast of \$24.7 million***
- ***EBITDA of \$4.5 million, ahead of Prospectus forecast of \$4.39 million***
- ***Net Profit after Tax of \$3.3 million, 14.3% ahead of Prospectus forecast of \$2.9 million***
- ***Earnings per share of 5.6 cents, 14.3% ahead of Prospectus forecast of 4.9c***
- ***Interim unfranked dividend for FY15 of 2.25 cents confirmed – as per Prospectus***
- ***Solid balance sheet with zero borrowings and cash position as at 31 December 2014 of \$3 million***
- ***Key agreement signed for expansion into China and South Africa. No profits from the China transaction were recognized in the first half-year***
- ***Additional operations set to open in India and South Africa in H2 FY15***
- ***Expectation of being operational in 10 countries by the end of CY15.***

# Financial Forecast

## BPS Technology exceeded Prospectus Forecasts for Half Year

P&L FY15 (June Year End)	H1FY15 (forecast)	H1FY15 (actual)	H2FY15 (forecast)	FY15 (forecast)
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Revenue	24,749	24,912	26,816	51,728
EBITDA	4,396 18%	4,450 18%	5,497 20%	9,947 19%
EBIT	4,090 16%	4,093 16%	5,191 19%	9,284 18%
NPAT	2,863 12%	3,273 13%	3,634 13%	6,907 13%
EPS (cents)	11.8			

### Dividend

- BPS anticipates paying a total dividend of 7.25 cents per share for FY15 (an interim dividend of 2.25cents has been declared, payable 22 April 2015)
- BPS anticipates a dividend payout ratio of up to 70% of NPAT

## Balance sheet – 31 December 2014

	Actual H1FY 15
<b>Current Assets</b>	
Cash and cash equivalents	3,016
Trade and other receivables	7,102
Inventories	4,210
Other	316
<b>Total current assets</b>	<b>14,644</b>
<b>Non Current Assets</b>	
Property, plant & equipment	1,653
Technology & IP	3,378
Goodwill	14,654
Deferred tax asset	2,130
Other	4,238
<b>Total non current assets</b>	<b>26,053</b>
<b>Total Assets</b>	<b>40,697</b>
<b>Current Liabilities</b>	
Trade, payables & provisions	7,065
<b>Total current liabilities</b>	<b>7,065</b>
<b>Non Current Liabilities</b>	
<b>Total non current liabilities</b>	<b>4,111</b>
<b>Total Liabilities</b>	<b>11,176</b>
<b>Net Assets</b>	<b>29,521</b>
<b>Net Assets - Prospectus</b>	<b>27,904</b>

# Appendix –

1. bucqi for Merchants
2. bucqi for Consumers
3. Leadership Team
4. Historic Financials

# bucqi for Merchants



*'No terminal or card needed'*

## Real Time Payments

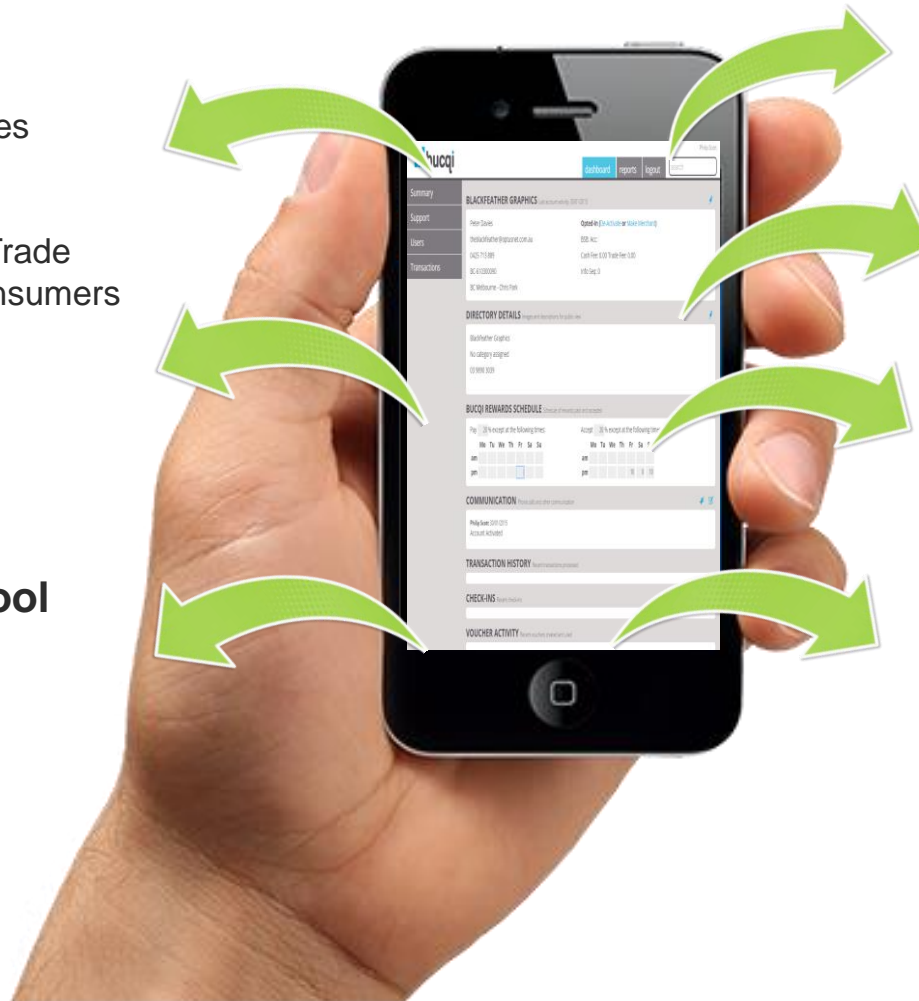
- Cash currency
- Digital currency alternatives
- Combination of both
- Part or full payment
- Ability to pay Bartercard Trade Dollars as a reward to consumers

## New Customers

- Merchant directory
- Use e-vouchers
- Take part in promotions

## Powerful Marketing Tool

- M-commerce platform
- Gift certificate coupons
- Smart e-vouchers
- Special offer applications



## Own Loyalty Program

- Automatically builds the program
- No cards to find or handle

## Commission Income

- Merchant commission income

## Customer Metrics

- Smart campaign tracking
- Advanced sales tracking

## Improved Security

- No transfer of sensitive data
- No cash handling
- Reduced possibility of fraud

# bucqi for Consumers



*'No terminal or card needed'*

## Free & Easy to Use

- Simply download the Bucqi App
- No cards required, operates on a QR code scan platform
- Can make full or part payment
- Delivery details are automatically shared with vendor where appropriate

## Versatile

- Ideal for micro payments
- Purchase and send mobile e-gift vouchers
- Can manage various "points based" loyalty programs

## Convenient

- Easy to use merchant directory and directional mapping
- Compatible with multiple credit and debit cards
- PIN Code and "Scan & Scoot" option



## Management & Rewards

- One place to store all your rewards
- Easy to see what you have
- No cards to lose or store
- Automatically finds your vouchers and rewards
- Stores and manages redemptions of "Bucqs"

## Special Offers From Merchant

- Rewards in various forms
- Great deal and discount offers
- Buy direct from magazines, billboards, websites, shops, etc (QR Code)

## Better Security

- No sensitive information transmitted
- More secure than a credit card
- Flexible security settings at your finger tips

# Leadership Team

## Board of Directors has deep experience



**Murray d'Almeida** – Non-Executive Chairman

- **Corporate Governance & Strategy**
- Previous Roles: Founded and expanded globally Retail Food Group (ASX:RFG)
- Director Beacon Hill Resources (LSE), Pacific Environment, Chair Management Resources Solution, Chair Barrack Investment (multiple other notable board positions)



**Andrew Pipolo** – Independent Non-Executive Director

- **Payments Industry**
- Previous Roles: - Managing Director PayPal Australia, Head eCommerce for MasterCard Europe and Country Manager Australia for MasterCard



**Tony Lally** – Independent Non-Executive Director

- **Public Capital Markets**
- Previous Roles: CEO of Sunsuper (third largest superannuation fund in Australia), Senior funds management roles at Deutsche Asset Management (Japan & India), Deloitte and Commonwealth Bank Australia

**Philip Scott**, GM Mobile Payment Systems



- Created Bucqi
- Software & Hardware developer focused on consumer market

**Peter Fenton**, GM Digital Strategy Implementation



- 20+ yrs experience with rolling out new technologies
- Previously owned a Trade Exchange in Canada

**Scott Chappel**, Head Software Innovation & Development



- Proficient with multiple development languages & methodologies
- Developed retail Point of sale systems

## Management has track record of delivery

- *Proven: Trade Exchange industry, digital payment systems, software design, implementation and international rollout*
- *Proven: Systems to drive merchant activity beyond initial adoption*



**Trevor Dietz**, CEO & Director (22 years at Bartercard)

- 30 yrs experience banking and barter digital currency
- Proven ability to delivery technology and business systems
- Proven ability to efficiently run a global operation



**Tony Wiese**, CFO & Director (8 years at Bartercard)

- 25 yrs experience in financial management
- Previously Director of two publically listed companies
- Completed over 20 acquisitions



**Brian Hall**, Managing Director (24 years at Bartercard)

- Bartercard co-founder
- 26 yrs experience in Sales and Sale Management
- Experience developing systems and technologies to drive sales and manage a franchise network



# Historic Financials

Summary P&L (June Year End)	FY12 (\$'000)	FY13 (\$'000)	FY14 (\$'000)
Transaction Value	607,000	608,000	611,000
<b>Revenue</b>	<b>32,667</b> 100%	<b>34,348</b> 100%	<b>35,840</b> 100%
COGS	14,705 45%	13,285 39%	13,668 38%
<b>Gross Profit</b>	<b>17,962</b> 55%	<b>21,063</b> 61%	<b>22,172</b> 62%
Expenses	11,227 34%	13,504 39%	15,821 48%
<b>EBITDA</b>	<b>6,735</b> 21%	<b>7,559</b> 22%	<b>6,351</b> 18%

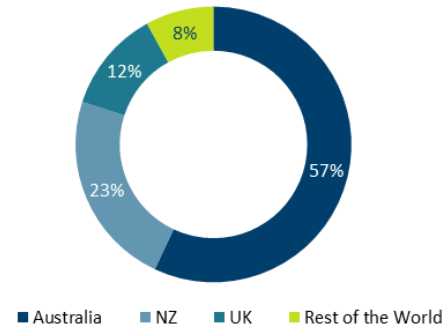
## Notes

- Financial amounts excludes New Zealand acquisition
- FY12 and FY13 based on audited financials
- FY14 based on management accounts

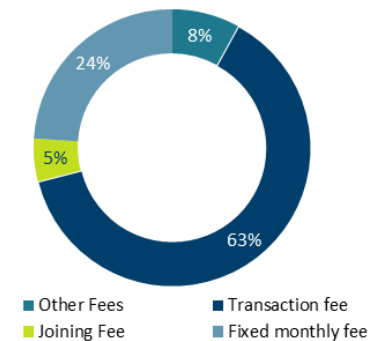
## Analysis

- Owned & franchised have similar EBITDA margin
- Average spend per merchant per year: \$25,000
- Average spend per transaction: \$320
- Break even Transaction Value: \$400m p.a.

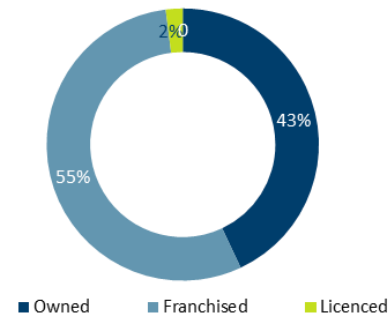
FY14 Transaction Value  
by Region



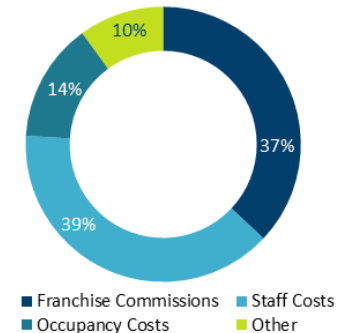
FY14 Revenue  
by Source



FY14 Revenue  
by Business Model



FY14 Expenses  
by Type





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