



2014 Results Presentation / February 2015

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## **1** Key highlights

- 2 Financial performance
- 3 Growth strategy and outlook
- 4 Appendix

## KEY HIGHLIGHTS

99 Wuxian delivers significant and profitable growth in FY2014...

**+113%**

Net revenue

RMB 154.2m / AUD 27.7m

**+132%**

EBITDA

RMB 11.8m / AUD 2.1m

**+160%**

NPAT

RMB 7.0m / AUD 1.3m

**+65%**

Gross Transaction Value

RMB 8.2bn / AUD 1.5bn

**+32%**

Total Transactions

33.3m

Note: RMB translated into AUD using the average rate of AUD/RMB 5.5634 for the period 1 January 2014 to 31 December 2014.

## KEY HIGHLIGHTS

... and has delivered on numerous operational initiatives



### Key trends

- ✓ Added 12.9 million registered users, taking the total registered user base to 40.8 million
- ✓ Transaction volumes increased 32% to 33.3 million
- ✓ Increased user engagement (transaction frequency, user retention and ATV)



### Progress on operational initiatives

- ✓ Significantly diversified the business by expanding into new channels to market
- ✓ Launched e-coupon and mobile gaming products
- ✓ Onboarded 18 new high quality business partners
- ✓ Initiated O2O business strategy
- ✓ Commenced B2B rewards redemption operations with 4 contracted partners
- ✓ Successfully launched the inaugural “99 Shopping Carnival” event
- ✓ Conducted highly effective joint marketing campaigns with business partners
- ✓ Continued to develop data mining and direct marketing technology



## KEY HIGHLIGHTS

99 Wuxian has delivered strong triple digit growth across the platform

	RMB millions		AUD millions		Change
31 December year end	FY2013 <sup>1</sup>	FY2014	FY2013 <sup>1</sup>	FY2014	(%)
Total revenue	75,913,830	163,244,357	13,645,222	29,342,553	115%
<b>Net revenue</b>	<b>72,336,601</b>	<b>154,225,315</b>	<b>13,002,229</b>	<b>27,721,414</b>	<b>113%</b>
Gross profit	26,599,825	79,830,967	4,781,217	14,349,313	200%
<i>margin (%)</i>	<i>36.8%</i>	<i>51.8%</i>	<i>36.8%</i>	<i>51.8%</i>	<i>1,499bps</i>
<b>EBITDA</b>	<b>5,080,590</b>	<b>11,767,997</b>	<b>913,217</b>	<b>2,115,253</b>	<b>132%</b>
EBIT	3,408,363	8,665,902	612,640	1,557,663	154%
<b>PBT</b>	<b>3,423,449</b>	<b>8,937,577</b>	<b>615,352</b>	<b>1,606,495</b>	<b>161%</b>
NPAT	2,682,093	6,982,568	482,096	1,255,090	160%
<b>Underlying<sup>2</sup> EBITDA</b>	<b>7,890,798</b>	<b>17,665,716</b>	<b>1,418,341</b>	<b>3,175,345</b>	<b>124%</b>
<b>Underlying PBT</b>	<b>6,233,657</b>	<b>14,835,296</b>	<b>1,120,476</b>	<b>2,666,588</b>	<b>138%</b>
Cash and cash equivalents	59,721,007	67,779,281	11,742,466	13,326,900	13%

1. Period from 7 May 2013 (date of incorporation) to 31 December 2013.

2. Underlying information excludes exceptional items (exchange gains and losses). 99 Wuxian considers underlying information to be a more suitable indicator of operating performance. References to 'underlying' information are to non-IFRS financial information. Non-IFRS financial information has not been audited or reviewed. See Appendix for further information.

Note: RMB translated into AUD at the average rate of AUD/RMB of 5.5634 for the period 1 January 2014 to 31 December 2014. Cash and cash equivalents translated into AUD at the spot rate of AUD/CNY 5.0859 as at 31 December 2014.

## KEY HIGHLIGHTS

Financial performance underpinned by significant growth across key operating metrics

	RMB millions		AUD millions		Change
	CY2013 <sup>1</sup>	CY2014	CY2013 <sup>1</sup>	CY2014	(%)
New registered users	9,233,645	12,871,970	9,233,645	12,871,970	39%
<b>Total registered users</b>	<b>27,918,751</b>	<b>40,790,721</b>	<b>27,918,751</b>	<b>40,790,721</b>	<b>46%</b>
<b>Gross Transaction Value (GTV)</b>	<b>4,956,691,244</b>	<b>8,189,624,814</b>	<b>890,946,408</b>	<b>1,472,053,926</b>	<b>65%</b>
<b>Average Transaction Value (ATV)</b>	<b>197</b>	<b>246</b>	<b>35</b>	<b>44</b>	<b>25%</b>
Net commission rate	2.5%	2.0%	2.5%	2.0%	(46bps)
<b>Transactions</b>	<b>25,203,593</b>	<b>33,307,476</b>	<b>25,203,593</b>	<b>33,307,476</b>	<b>32%</b>
New business partners	13	18	13	18	38%
<b>Total business partners</b>	<b>42</b>	<b>60</b>	<b>42</b>	<b>60</b>	<b>43%</b>

- Exceptional growth in registered users
  - Effective joint marketing campaigns with business partners and launch of the inaugural “99 Shopping Carnival” event
  - Addition of 18 new business partners to the platform
- GTV grew strongly through a combination of increasing registered users and engagement, which drove transaction volumes and higher ATV, as well as business partner uptake of the B2B rewards redemption platform
- Commission rate declined in FY2014 due to promotional discounts designed to attract users

1. CY2013 metrics based on management accounts for the period 1 January 2013 to 31 December 2013. CY2013 metrics have not been audited or reviewed.  
 Note: RMB translated into AUD at the average rate of AUD/RMB of 5.5634 for the period 1 January 2014 to 31 December 2014.

1 Key highlights

**2 Financial performance**

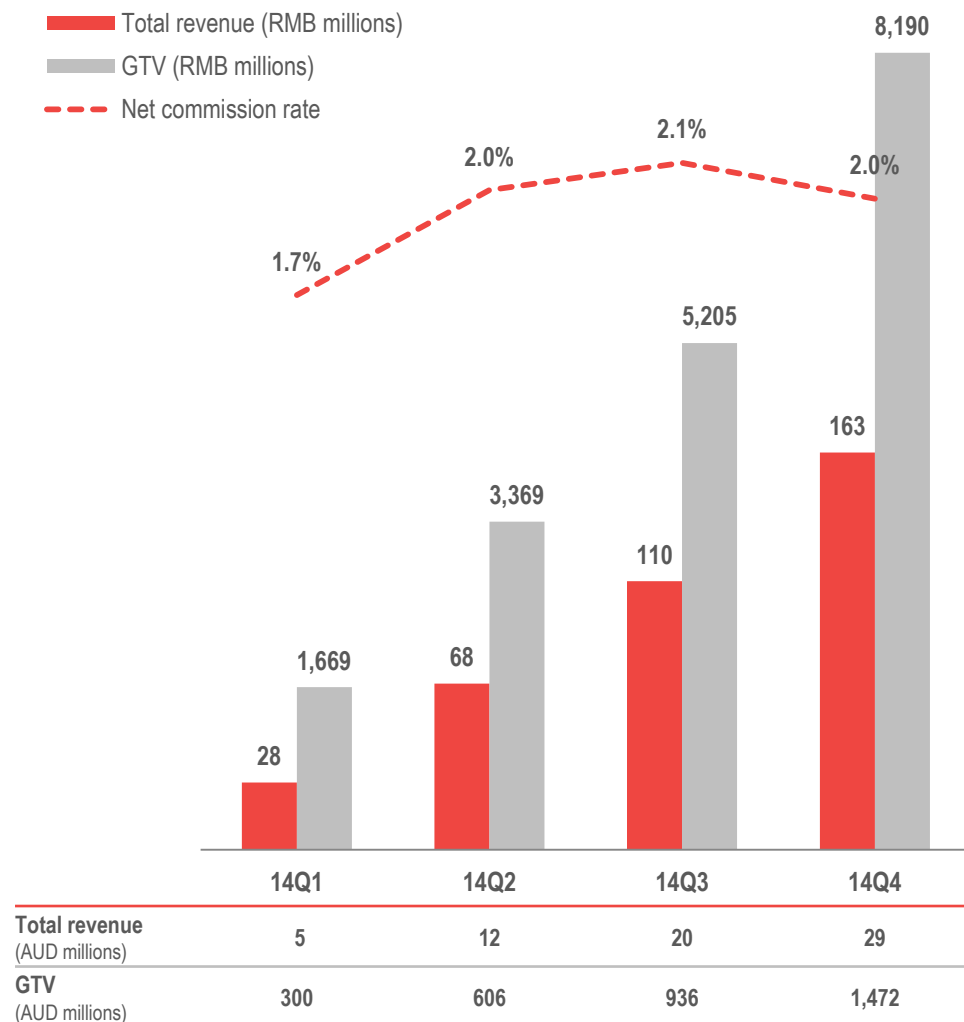
3 Growth strategy and outlook

4 Appendix



## Growing GTV has delivered consistent revenue growth

### CUMULATIVE GTV AND REVENUE PERFORMANCE



- **Total revenue growth of 115% driven by GTV and commission rates**
- **65% growth in GTV, driven by**
  - Increasing user retention and engagement, generating higher ATV and transaction frequency rates
  - Strong growth in registered users
  - Successful launch of the B2B rewards redemption platform
  - Effective joint marketing campaigns with business partners, driving traffic and user engagement
- **Net commission rates have increased throughout the year**
  - Product mix shifting towards higher commission products
  - Net commission rates converging to gross commission rates
  - Commission rate lower than in 2013 as a result of discounts offered to attract customers

Note: Quarterly figures have not been audited or reviewed.

RMB translated into AUD at the average rate of AUD/RMB of 5.5634 for the period 1 January 2014 to 31 December 2014.

# SUMMARY PROFIT AND LOSS

## Strong financial performance with the continued growth of the 99 Wuxian platform

	RMB millions		AUD millions		Change
31 December year end	FY2013 <sup>1</sup>	FY2014	FY2013 <sup>1</sup>	FY2014	(%)
Total revenue	75.9	163.2	13.6	29.3	115%
<b>Net revenue</b>	<b>72.3</b>	<b>154.2</b>	<b>13.0</b>	<b>27.7</b>	<b>113%</b>
<b>Gross profit</b>	<b>26.6</b>	<b>79.8</b>	<b>4.8</b>	<b>14.3</b>	<b>200%</b>
margin (%)	36.8%	51.8%	36.8%	51.8%	1,499bps
Selling expenses	(3.0)	(11.2)	(0.5)	(2.0)	274%
Administration expenses	(17.4)	(54.1)	(3.1)	(9.7)	211%
Other gains and losses	(2.8)	(5.9)	(0.5)	(1.1)	110%
<b>EBITDA</b>	<b>5.1</b>	<b>11.8</b>	<b>0.9</b>	<b>2.1</b>	<b>132%</b>
margin (%)	7.0%	7.6%	7.0%	7.6%	61bps
Net interest expense	0.0	0.3	0.0	0.0	nm
<b>PBT</b>	<b>3.4</b>	<b>8.9</b>	<b>0.6</b>	<b>1.6</b>	<b>161%</b>
Tax	(0.7)	(2.0)	(0.1)	(0.4)	164%
<b>NPAT</b>	<b>2.7</b>	<b>7.0</b>	<b>0.5</b>	<b>1.3</b>	<b>160%</b>
margin (%)	3.7%	4.5%	3.7%	4.5%	82bps
<b>Underlying EBITDA</b>	<b>7.9</b>	<b>17.7</b>	<b>1.4</b>	<b>3.2</b>	<b>124%</b>
margin (%)	10.9%	11.5%	10.9%	11.5%	55bps
<b>Underlying PBT</b>	<b>6.2</b>	<b>14.8</b>	<b>1.1</b>	<b>2.7</b>	<b>138%</b>
margin (%)	8.6%	9.6%	8.6%	9.6%	100bps

- Net revenue growth of 113%
- Gross margin expansion to 52%
- Exceptional operating performance
  - Underlying EBITDA up 124%
  - Underlying PBT up 138%
- Statutory performance adversely impacted by the depreciation of the Australian dollar during the period between fund raising and deployment of funds

1. Period from 7 May 2013 (date of incorporation) to 31 December 2013.

Note: RMB translated into AUD at the average rate of AUD/RMB of 5.5634 for the period 1 January 2014 to 31 December 2014.

# SUMMARY BALANCE SHEET

## Balance sheet continues to evolve in line with the business

	RMB millions		AUD millions	
31 December year end	FY2013	FY2014	FY2013	FY2014
Cash and cash equivalents	59.7	67.8	11.7	13.3
Trade and other receivables	36.8	160.0	7.2	31.5
Inventory	-	17.2	-	3.4
Intangibles	54.7	52.9	10.8	10.4
Property, plant & equipment	0.2	3.7	0.0	0.7
Other assets	3.6	3.4	0.7	0.7
<b>Total assets</b>	<b>155.0</b>	<b>305.1</b>	<b>30.5</b>	<b>60.0</b>
Trade and other payables	3.2	11.5	0.6	2.3
Other liabilities	9.9	11.9	2.0	2.3
<b>Total liabilities</b>	<b>13.1</b>	<b>23.4</b>	<b>2.6</b>	<b>4.6</b>
<b>Net assets</b>	<b>141.9</b>	<b>281.7</b>	<b>27.9</b>	<b>55.4</b>
Share capital	0.8	272.0	0.2	53.5
Reserves	141.1	9.7	27.7	1.9
<b>Total equity</b>	<b>141.9</b>	<b>281.7</b>	<b>27.9</b>	<b>55.4</b>

- 99 Wuxian remains debt free and is well positioned for growth
- Net assets increased to RMB 281.7 million
- Receivables balance of RMB 160.0 million
  - Predominantly relates to increases in prepayments and the launch of the B2B rewards redemption platform
  - Includes receivables due from Handpay derived from legacy contracts

Note: RMB translated into AUD at the spot rate of AUD/RMB of 5.0859 as at 31 December 2014.

# SUMMARY CASH FLOW

## Strong cash balance

	RMB millions	AUD millions
31 December year end	FY2014	FY2014
Underlying EBITDA	17.7	3.2
Net interest expense	0.3	0.0
Movement in working capital	(133.0)	(23.9)
<b>Cash flow from operations</b>	<b>(115.1)</b>	<b>(20.7)</b>
Capital expenditure	(3.8)	(0.7)
<b>Cash flow from investing</b>	<b>(3.8)</b>	<b>(0.7)</b>
Net proceeds from issue of ordinary shares	132.8	23.9
<b>Cash flow from financing</b>	<b>132.8</b>	<b>23.9</b>
<b>Net increase in cash</b>	<b>14.0</b>	<b>2.5</b>
Opening cash balance	59.7	10.7
Effect of exchange rate movements	(5.9)	(1.1)
<b>Closing cash balance</b>	<b>67.8</b>	<b>12.2</b>

- **Cash balance has grown to RMB 67.8 million as at 31 December 2014**
- Operating cash flow is being invested in the growth of the platform, predominantly in the expansion of the B2B rewards redemption business
  - Working capital funding B2B rewards redemption (high credit quality receivables from leading Chinese banks)
  - Working capital also negatively impacted by increased prepayments (prepaid games and mobile top-up) to accommodate higher customer holiday activity
    - RMB 25 million of prepayments returned as cash in January 2015

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## 99 Wuxian has a compelling 5-point growth strategy



1

- Increase penetration rates among mobile banking users
- Drive user engagement
- Covert existing B2B2C partners to B2B partners

2

- Add new business partners in China
- Continue to expand B2B platform among potential business partners

3

- Expand distribution channels
- Introduce new product offerings
- Add new merchandise categories

4

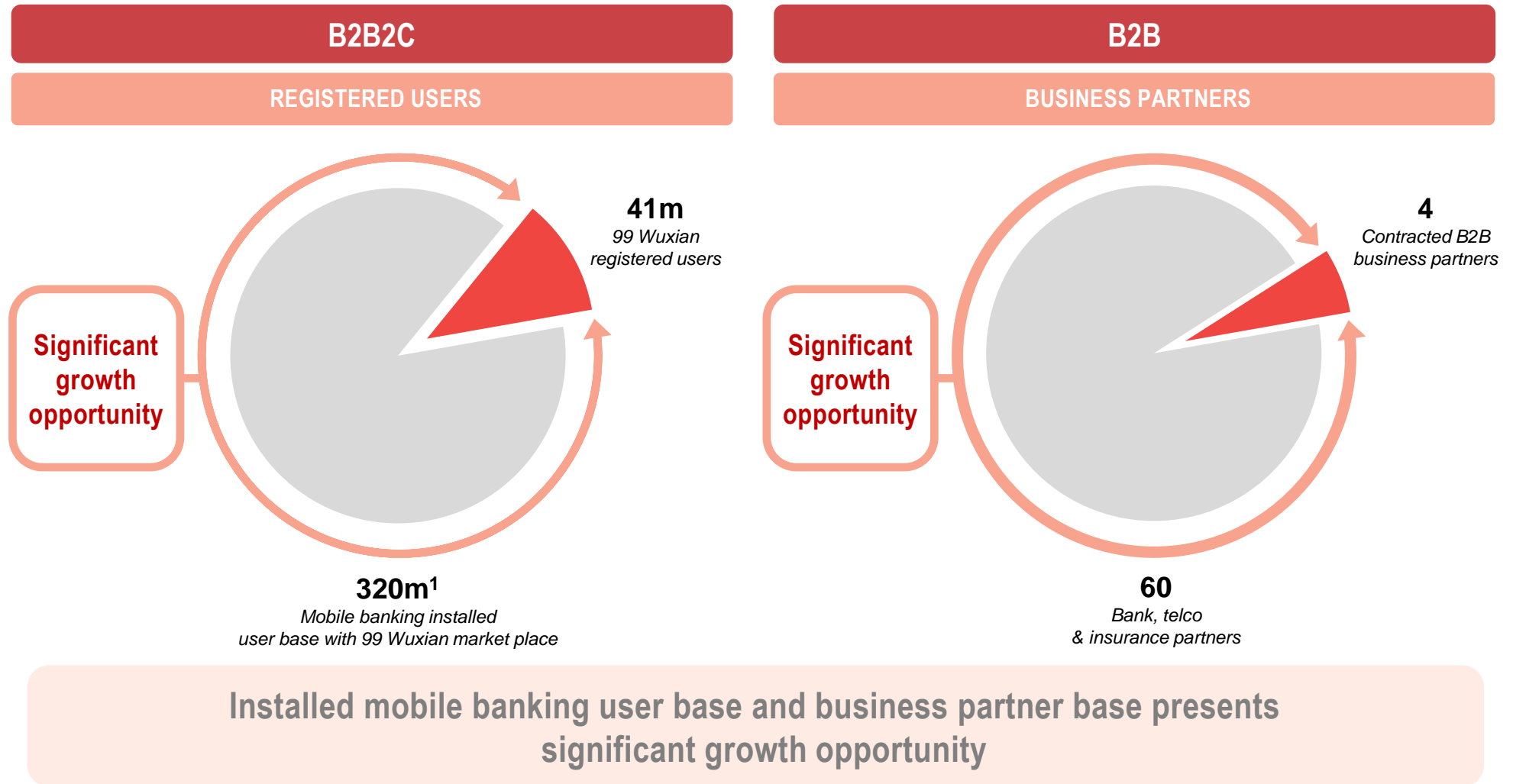
- Enable consumers to access the 99 Wuxian marketplace at the physical POS
- Enable bank partner customers to purchase goods and services at the physical POS using electronic coupons purchased on 99 Wuxian marketplace

5

- Drive optimisation of business and marketing decisions through proprietary direct marketing
- Data mining

## GROWTH STRATEGY

Significant opportunity to grow the business with existing business partners



1. Based on management estimates and industry research



## Disciplined focus on executing growth strategy

Strategy	FY2014 accomplishments	FY2015 strategy and growth opportunity
Grow the existing business with current business partners	<ul style="list-style-type: none"> <li>✓ Delivered 13m growth in registered users, 39% increase compared to CY2013.</li> <li>✓ Increased user engagement</li> <li>✓ Significant growth in B2B business</li> </ul>	<ul style="list-style-type: none"> <li>• Continue to drive registered user growth and engagement</li> <li>• Grow B2B segment and increase B2B penetration of existing 60 business partners</li> </ul>
Grow the existing business with new business partners	<ul style="list-style-type: none"> <li>✓ Onboarded 18 new business partners</li> </ul>	<ul style="list-style-type: none"> <li>• Continue to increase business partners</li> </ul>
Expand business	<ul style="list-style-type: none"> <li>✓ Entered new channels to market,</li> <li>✓ Added new merchants</li> <li>✓ Launched e-coupons and mobile gaming products</li> </ul>	<ul style="list-style-type: none"> <li>• Deliver GTV and revenue from new channels and products launched in FY2014</li> <li>• Continue business expansion – new high quality merchants, channels to market and new product offers on platform</li> </ul>
Bridge online and offline	<ul style="list-style-type: none"> <li>✓ Initiated and prepared for O2O business and strategy</li> </ul>	<ul style="list-style-type: none"> <li>• O2O system development , testing and implementation</li> <li>• Deliver GTV and revenues in Q4 FY2015/ Q1 FY2016</li> </ul>
Know the customer	<ul style="list-style-type: none"> <li>✓ Implementation of big data strategy and continued development of data mining systems</li> </ul>	<ul style="list-style-type: none"> <li>• Continue development, improvement and implementation of big data strategy</li> </ul>

Well placed to execute on growth strategy and deliver strong revenue and earnings growth

- 99 Wuxian continues to deliver exceptional growth, with record results achieved in 2014 across key financial and operating metrics
- Looking forward, 99 Wuxian is focused on exploiting its dominant position in B2B2C m-commerce in China and driving growth in FY2015 underpinned by significant market opportunity and positive growth trends in Chinese m-commerce
- 99 Wuxian expects to deliver strong growth in FY2015 and benefit from operating leverage as the business continues to scale

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## UNDERLYING EARNINGS

### Reconciliation of statutory to underlying results

31 December year end	RMB millions		AUD millions	
	FY2013 <sup>1</sup>	FY2014	FY2013 <sup>1</sup>	FY2014
<b>Statutory EBITDA</b>	<b>5,080,590</b>	<b>11,767,997</b>	<b>913,217</b>	<b>2,115,253</b>
Other gains and losses	2,810,208	5,897,719	505,124	1,060,093
<b>Underlying EBITDA</b>	<b>7,890,798</b>	<b>17,665,716</b>	<b>1,418,341</b>	<b>3,175,345</b>
Depreciation and amortisation	(1,672,227)	(3,102,095)	(300,576)	(557,590)
Net interest expense	15,086	271,675	2,712	48,833
<b>Underlying PBT</b>	<b>6,233,657</b>	<b>14,835,296</b>	<b>1,120,476</b>	<b>2,666,588</b>

1. Period from 7 May 2013 (date of incorporation) to 31 December 2013.

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