



# Half year results presentation

## August 2015

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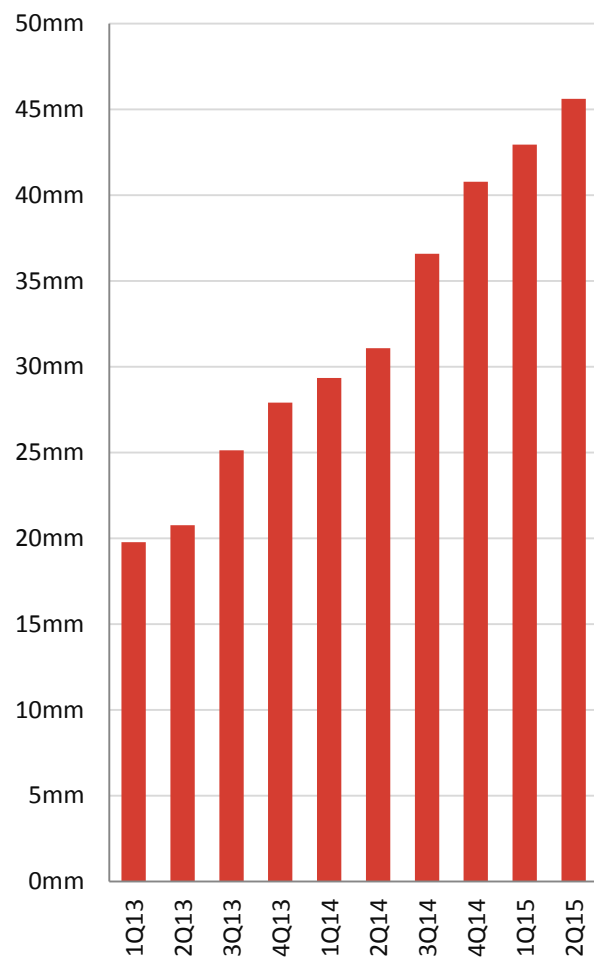
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*99 Wuxian owns and operates an m-commerce platform which is embedded within the mobile applications of China's leading financial institutions. 99 Wuxian aggregates over 300 million high quality consumers and leading merchants providing a wide range of products and services*

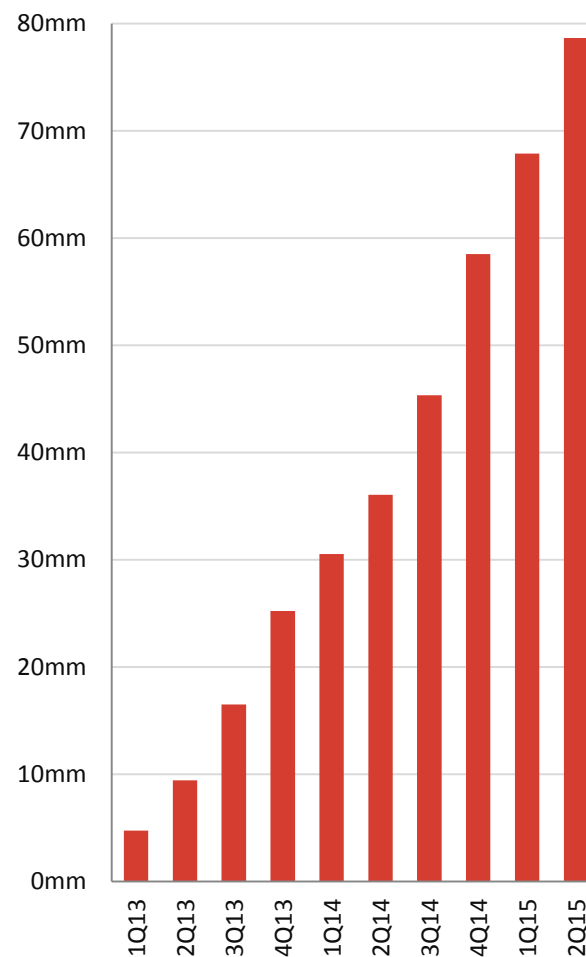
# Sustained platform growth

*Continued growth in registered users, transactions and GTV*

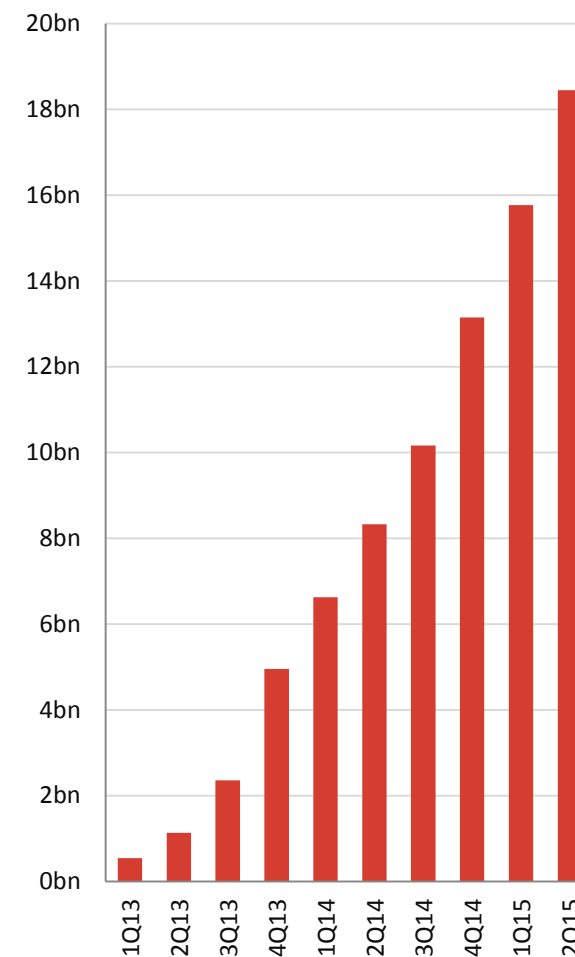
Registered users



Cumulative Transactions



Cumulative GTV (RMB)



Note: Based on management accounts that have not been audited or reviewed.

# Result highlights

*99 Wuxian delivers strong financial performance underpinned by exceptional operating performance...*

- Strong financial performance in 1H15, highlighted by:
  - Net revenue of RMB 81.0mm (AUD 16.6mm<sup>1</sup>), up 28% on the prior corresponding period (“pcp”)
  - Gross margin expansion to 64%, up from 47% in the pcp
  - Underlying<sup>2</sup> EBITDA of RMB 5.4mm (AUD 1.1mm)
  - Underlying profit before tax of RMB 3.2mm (AUD 0.7mm)
  - Cash and cash equivalents of RMB 34.1mm (AUD 7.2mm), up 52% on the pcp
- Financial result underpinned by exceptional 1H15 operating performance:
  - Gross Transaction Value of RMB 5.3bn (AUD 1.1bn), up 57% on the pcp
  - 20.1mm transactions on the platform, up 86% on the pcp
  - Registered user base increased over 14.5mm since 1H14 to 45.6mm

1. RMB translated into AUD using the average rate of AUD/RMB 4.8693 for the period 1 January 2015 to 30 June 2015. Cash and cash equivalents translated into AUD at the spot rate of AUD/RMB 4.7661 as at 30 June 2015.

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.

## Result highlights (cont'd)

*... and continues to successfully execute its growth strategy*

- Launched 99Wuxian's employee loyalty platform, iBenefit in June 2015
- Added new bank and insurance partners across the cash and loyalty point redemption businesses
- Partnered with new leading merchants on 99 Wuxian's platform, including
  - Kuaidi Dache, the leading Chinese taxi hailing application
  - LaiYiFen, a leading Chinese online retailer of fresh and packaged food
  - Gome.com, a leading Chinese online electrical appliance retailer
- Expanded 99Wuxian's O2O<sup>1</sup> strategy with the integration of leading electronic coupon suppliers including Haagen-Dazs and 7-11 convenience stores
- Conducted highly successful joint marketing campaigns with various business partners, including China Construction Bank, China Minsheng Bank, SPD Bank and Agricultural Bank of China
- 99 Wuxian was awarded the highly prestigious iResearch "Best Partner for Mobile Finance" in China award within the 'Best Growth' category of companies in April 2015

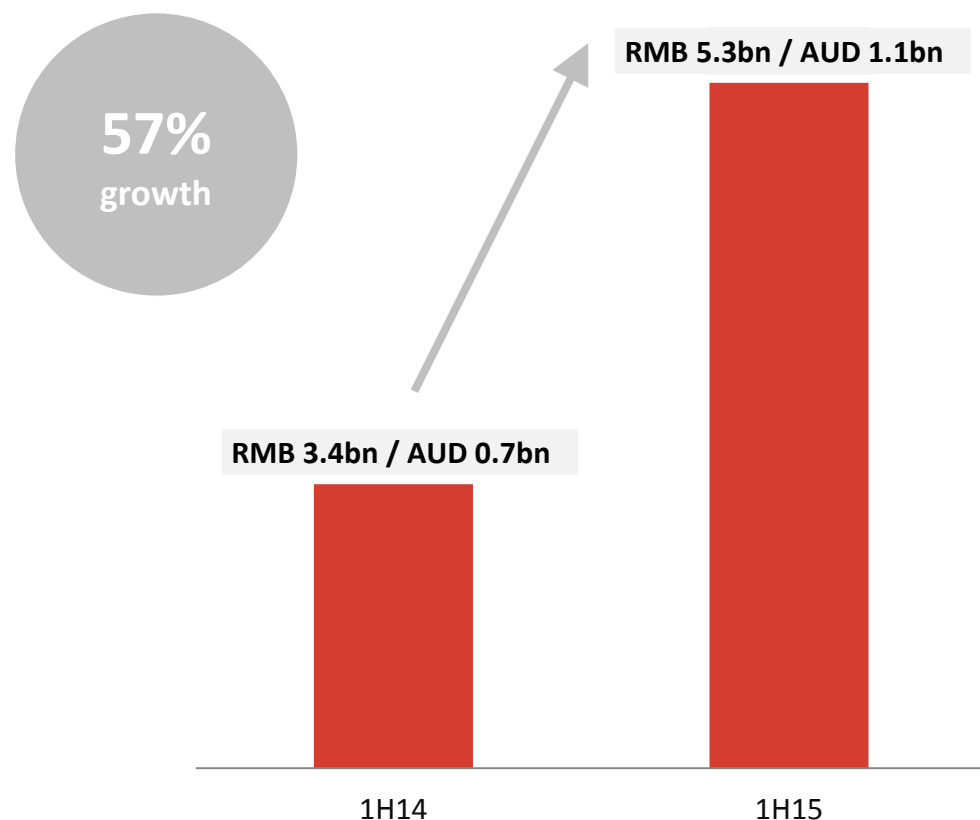
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1. O2O refers to online-to-offline and offline-to-online.

# Operating performance

Record half yearly platform GTV

## Gross Transaction Value



Total revenue	RMB 66.9mm / AUD 13.7mm	RMB 85.9mm / AUD 17.6mm
Avg. commission	2.0%	1.6%

## Commentary

- Record GTV of RMB 5.3bn (AUD 1.1bn<sup>1</sup>) up 57% on 1H14
- Key GTV growth drivers:
  - Increase in registered users
  - Improving user engagement - increased retention rates, transaction frequencies and spend
  - Growth in loyalty point redemption platform
  - Successful joint marketing campaigns with business partners
- Total revenue of RMB 85.9mm (AUD 17.6mm), up 28% on 1H14
  - Commission rate lower than in 1H14 as a result of promotional discounts to customers (variable cost spend during marketing initiatives vs fixed cash spend)

1. RMB translated into AUD at the average rate of AUD/RMB of 4.8693 for the period 1 January 2015 to 30 June 2015.  
Note: Based on management accounts that have not been audited or reviewed.

# Marketing initiatives

99 Wuxian continues to partner with leading Chinese banks on highly effective marketing campaigns



## March – April 2015

- Campaign coincided with launch of electronic gift cards on China Construction Bank (“CCB”) mobile banking application
- Customers offered discounts and coupons across a range of leading e-commerce merchants, such as Danddang.com, JD.com and VIP.com



## March – June 2015

- Joint marketing campaign with the Agricultural Bank of China (“ABC”)
- Campaign designed to drive use of the lifestyle application services, such as mobile phone recharge, provided through ABC’s mobile banking app



## March – June 2015

- Marketing campaign carried out on SPD Bank’s internet banking platform
- Campaign enabled SPD Bank customers to purchase discounted e-coupons provided by SINOPEC through their mobile banking app or through SPD Bank’s official WeChat accounts



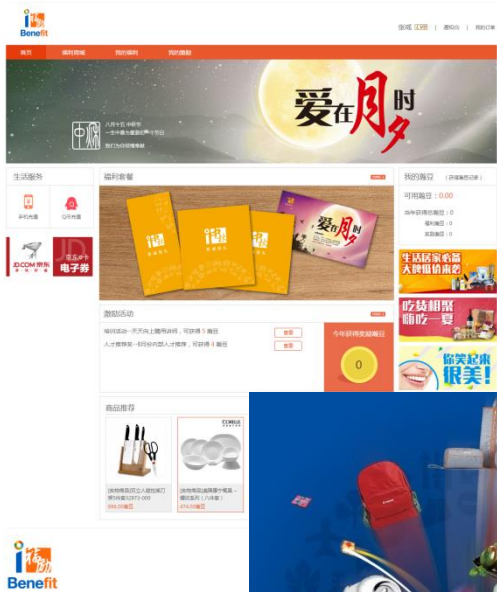
## June – July 2015

- Marketing campaign carried out in conjunction with the launch of 99 Wuxian’s e-card platform on ICBC’s mobile banking application
- Marketing campaign conducted with JD.com, ICBC’s website, mobile banking, home page, Weibo and WeChat account



# New product initiatives

## Development and enhancement of the 99 Wuxian platform and product offering



- Launched 99 Wuxian's software-as-a-service (SaaS) employee loyalty platform, iBenefit in June 2015
  - Fully customisable and one stop solution that enables Chinese employers to manage their employee benefit, incentive and loyalty programs
  - Designed to incentivise performance and increase employee retention
  - Tracks an employee's loyalty value, with employee's able to use loyalty points to purchase goods and services through the 99 Wuxian platform
- Signed two top tier employers in China in Qunar, China's leading mobile and online travel platform, and Wall Street English, a global leader in English language training services



# Summary profit and loss

Record 1H15 revenue and gross profit

	RMB millions		AUD millions		Change
Half-year to 30 June	1H 2014	1H 2015	1H 2014	1H 2015	(%)
Total revenue	66.9	85.9	13.7	17.6	28%
<b>Net revenue</b>	<b>63.2</b>	<b>81.0</b>	<b>13.0</b>	<b>16.6</b>	<b>28%</b>
<b>Gross profit</b>	<b>29.9</b>	<b>51.7</b>	<b>6.2</b>	<b>10.6</b>	<b>73%</b>
<i>margin (%)</i>	47.4%	63.8%	47.4%	63.8%	1,637bps
Selling expenses	(5.6)	(12.4)	(1.1)	(2.5)	121%
Administration expenses	(19.6)	(34.8)	(4.0)	(7.2)	78%
Other gains and losses	2.8	(0.5)	0.6	(0.1)	(116%)
<b>EBITDA</b>	<b>8.5</b>	<b>5.0</b>	<b>1.8</b>	<b>1.0</b>	<b>(42%)</b>
<i>margin (%)</i>	13.5%	6.2%	13.5%	6.2%	(735bps)
D&A	(1.6)	(2.3)	(0.3)	(0.5)	45%
Net interest expense	0.0	0.0	0.0	0.0	nm
<b>PBT</b>	<b>7.0</b>	<b>2.7</b>	<b>1.4</b>	<b>0.6</b>	<b>(61%)</b>
Tax	(1.0)	(1.0)	(0.2)	(0.2)	(1%)
<b>NPAT</b>	<b>6.0</b>	<b>1.7</b>	<b>1.2</b>	<b>0.4</b>	<b>(71%)</b>
<i>margin (%)</i>	9.5%	2.1%	9.5%	2.1%	(735bps)
<b>Underlying EBITDA</b>	<b>5.7</b>	<b>5.4</b>	<b>1.2</b>	<b>1.1</b>	<b>(4%)</b>
<i>margin (%)</i>	9.0%	6.7%	9.0%	6.7%	(229bps)
<b>Underlying PBT</b>	<b>4.2</b>	<b>3.2</b>	<b>0.9</b>	<b>0.7</b>	<b>(23%)</b>
<i>margin (%)</i>	6.6%	3.9%	6.6%	3.9%	(266bps)

## Commentary

- Net revenue growth of 28%
- Gross margin expansion to 64%
- Underlying EBITDA performance impacted by continued investment in future growth
  - Development and launch of new product initiatives
  - Investment in the 99 Wuxian platform
  - Marketing initiatives
  - Recruitment and investment in high quality staff
    - 192 employees at June 2014
    - 289 employees at December 2014
    - 317 employees at June 2015

Note: RMB translated into AUD at the average rate of AUD/RMB of 4.8693 for the period 1 January 2015 to 30 June 2015.

# Summary balance sheet

*Strong balance sheet which continues to evolve in line with the business*

Half-year to 30 June	RMB millions		AUD millions	
	1H 2014	1H 2015	1H 2014	1H 2015
Cash and cash equivalents	22.5	34.1	4.7	7.2
Trade and other receivables	83.0	212.3	17.4	44.5
Inventory	0.5	3.6	0.1	0.8
Intangibles	53.8	52.0	11.3	10.9
Property, plant & equipment	0.5	6.3	0.1	1.3
Other assets	3.4	3.4	0.7	0.7
<b>Total assets</b>	<b>163.6</b>	<b>311.7</b>	<b>34.3</b>	<b>65.4</b>
Trade and other payables	4.8	18.0	1.0	3.8
Other liabilities	11.0	10.2	2.3	2.1
<b>Total liabilities</b>	<b>15.7</b>	<b>28.3</b>	<b>3.3</b>	<b>5.9</b>
<b>Net assets</b>	<b>147.9</b>	<b>283.4</b>	<b>31.0</b>	<b>59.5</b>
Share capital	139.2	272.0	29.2	57.1
Reserves	8.7	11.4	1.8	2.4
<b>Total equity</b>	<b>147.9</b>	<b>283.4</b>	<b>31.0</b>	<b>59.5</b>

## Commentary

- Cash balance of RMB 34.1mm (AUD 7.2mm)
  - Debt free and well positioned for future growth
- Net assets of RMB 283.4mm
- Trade and other receivables balance of RMB 212.3mm
  - Growth due to increased transaction value generated by the loyalty points redemption business
  - High quality receivables from leading Chinese financial institutions
  - Includes prepayments to enable real-time virtual product delivery and receivables due from Handpay as a result of legacy contracts

Note: RMB translated into AUD at the spot rate of AUD/RMB of 4.7661 as at 30 June 2015.

# Summary cash flow

## *Continued cash investment in the platform*

	RMB millions	AUD millions
Half-year to 30 June	1H 2015	1H 2015
Underlying EBITDA	5.4	1.1
Net interest expense	0.0	0.0
Movement in working capital	(35.3)	(7.2)
<b>Cash flow from operations</b>	<b>(29.8)</b>	<b>(6.1)</b>
Capital expenditure	(3.4)	(0.7)
<b>Cash flow from investing</b>	<b>(3.4)</b>	<b>(0.7)</b>
Net proceeds from issue of ordinary shares	-	-
<b>Cash flow from financing</b>	<b>-</b>	<b>-</b>
<b>Net increase in cash</b>	<b>(33.2)</b>	<b>(6.8)</b>
Opening cash balance	67.8	13.9
Effect of exchange rate movements	(0.5)	(0.1)
<b>Closing cash balance</b>	<b>34.1</b>	<b>7.0</b>

## Commentary

- Disciplined management of operating cash flow
- Operating cash flow continues to be invested into the growth of the platform
  - Development and launch of new product initiatives, such as iBenefit
  - Recruitment of high quality staff
  - Funding working capital associated with the increased scale of the loyalty point redemption business
  - Marketing initiatives
  - Capex

Note: RMB translated into AUD at the average rate of AUD/RMB of 4.8693 for the period 1 January 2015 to 30 June 2015.

# iResearch – Online banking services research report

*Report highlights the significant growth opportunities for Chinese financial institutions in e-commerce and the pivotal role of specialist providers such as 99 Wuxian*



- iResearch Consulting Group is China's leading independent research authority on the internet industry
- The report into online banking services in China highlighted:
  - The Chinese e-commerce sector is poised for significant future growth underpinned by the world's largest online user base and rising internet penetration rates
  - Chinese banks well positioned to capitalise on the significant growth opportunities given their vast platforms, high levels of customer interaction and trusted reputations
  - Chinese banks are focused on enhancing the mobile banking user experience in order to attract more users and drive growth
  - Specialist m-commerce services providers, such as 99 Wuxian, will play a pivotal role in, and significantly benefit from, the growth of the industry
  - The size of the Chinese m-commerce market is expected to grow approximately 5.0x to RMB 4.5 trillion in 2018

# Outlook

*Disciplined focus on executing growth strategy to deliver strong GTV and revenue growth*

- 99 Wuxian has delivered exceptional growth, with record results achieved in 1H15 across key operating and financial metrics
- Looking forward, 99 Wuxian expects to continue delivering growth for full year FY2015 underpinned by the significant market opportunity and positive growth trends in Chinese m-commerce