

**ASX Release
15 March 2016**

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 held in investor meetings in Sydney, Melbourne and Perth, this week.

FURTHER INFORMATION

For further information, please contact:

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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 Update
MARCH 2016



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Building a leading financial technology company

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



Corporate overview

MAJOR SHAREHOLDERS	% OWNERSHIP
DIRECTORS, MANAGEMENT, RELATED PARTIES	58.95%
TOP 20	70.95%
ZANI GROUP	17.87%
OGNENIS GROUP	16.70%
CASH PLUS AUSTRALIA PTY LTD	15.91%
NEOICP KOREA INC	6.39%

CORPORATE SNAPSHOT	
ASX CODE	STL/STLO
CASH AND EQUIVALENTS	\$0.7MIL
MARKET CAP (\$0.035/SHARE)	\$14.1MIL
52 WEEK HIGH (\$/SHARE)	0.041
52 WEEK LOW (\$/SHARE)	0.023
SHARES/OPTIONS ON ISSUE	415MIL/48MIL

Board of directors



TODD ZANI
CEO & EXECUTIVE CHAIRMAN



SHAUN SUTTON
EXECUTIVE DIRECTOR



JONG HO (JAY) KIM
NON-EXECUTIVE DIRECTOR



TAEJIN KIM
NON-EXECUTIVE DIRECTOR



DAVID DICKINSON
NON-EXECUTIVE DIRECTOR

CEO and executive director



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 capitalization of \$34.45 million.

Mr Zani 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.



SHAUN SUTTON
EXECUTIVE DIRECTOR

Mr Sutton has extensive experience in running and operating ATM networks in the Australian ATM industry and was for the former National Logistics Manager of Ezeatm Limited and in that capacity oversaw the significant growth and national expansion of the Ezeatm business.

Non-executive directors



TAEJIN KIM
NON-EXECUTIVE
DIRECTOR

Mr Kim is a trained attorney-at-law, holding degrees at Masters from both the Korean University and the University of California.

He is a partner of K & P Law Firm, Seoul, Korea and has served as external legal counsel to NeolCP for a number of years.



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 casinos cash handling business in Asia.



DAVID DICKINSON
NON-EXECUTIVE
DIRECTOR

Mr Dickinson is an experienced ATM entrepreneur who has built significant ATM networks in both Australia and New Zealand.

Mr Dickinson also has an 'internet of things' business in New Zealand called Vcomms which provides wireless modems to ATM Deployers in Australia, New Zealand and in Asia.

ATM industry statistics

THE AUSTRALIAN ATM INDUSTRY IS STILL GROWING AND PROVIDES VALUABLE ECONOMIC BENEFITS TO SOCIETY.

73% of the total number of withdrawals of cash are from ATMs

\$140.8 Billion Cash withdrawn from ATMs in 2015

55% of ATMs are owned by Independent Service Operators (ISOs)

700 Million Cash withdrawals from ATMs in 2015

31,661 ATMs in Australia as at 31 Dec 2015

\$2.00 TO \$10.00 is the range of direct charge fees for using ISO ATMs in Australia

EFTPOS industry statistics

EFTPOS CONTINUES GROW WITH THE INTRODUCTION OF PAYWAVE, THUS PROVIDING AN OPPORTUNITY FOR STARGROUP TO PROVIDE ITS TECHNOLOGIES TO BUSINESSES.

956,167 EFTPOS terminals at
30 December 2015

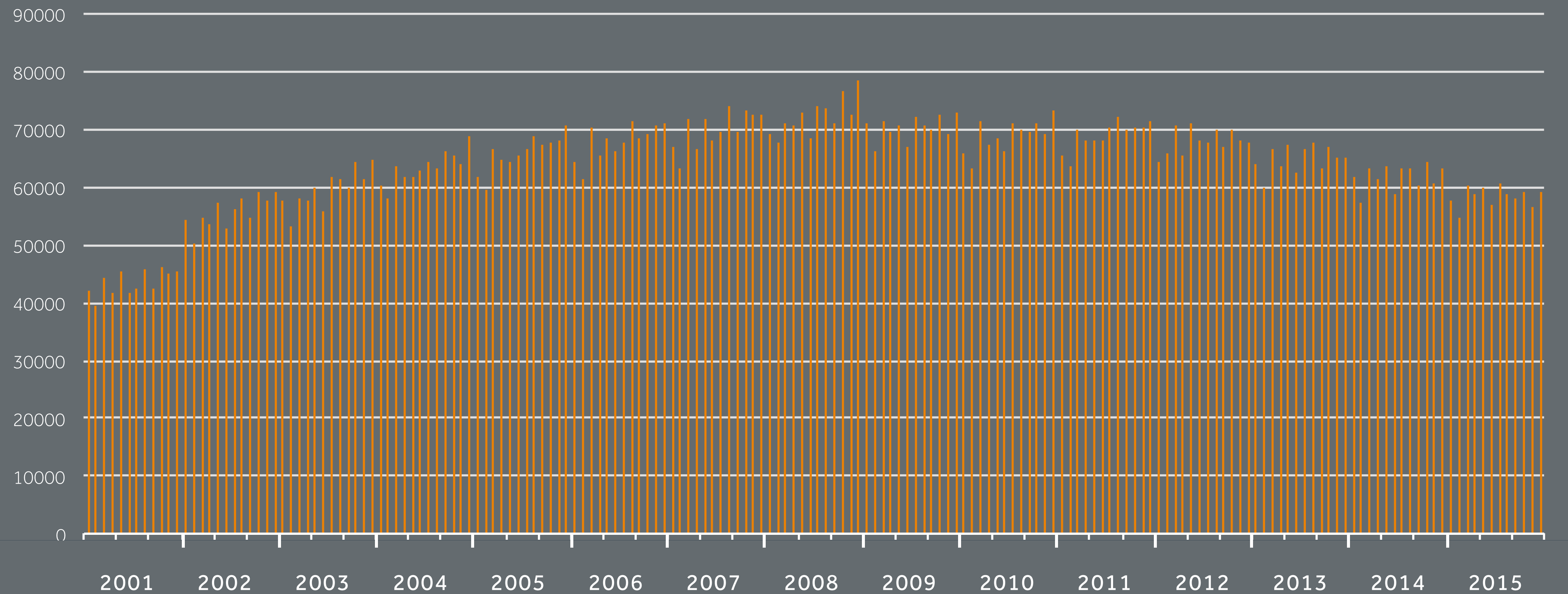
\$529.2 Billion in purchases through
debit and credit
cards in 2015

13.34% growth in the number
of EFTPOS Terminals
in 2015

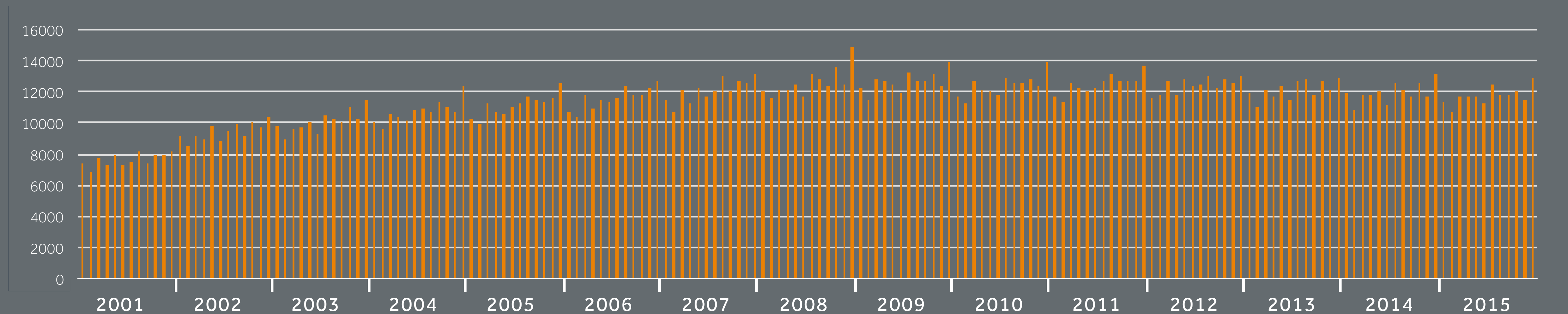
6,357 Billion transactions on debit
and credit cards in 2015

9.24% increase in number of
transactions on debit and
credit cards in 2015

Number of ATM Withdrawals for the last 15 years ('000s)



Total value of ATM Withdrawals for the last 15 years (\$millions)



Key investment highlights

- ▶ Proven monetisation model and profitable business post completion of Cash Plus acquisition completed on 1 December 2015
- ▶ Highly experienced Board and Management Team with over 100 years experience and track record of building large scale operations
- ▶ Recurring revenue from long term contracts in both ATM and EFTPOS Businesses
- ▶ Gross revenue FY 2015 \$1.5mil, Increased by 840%. Estimated revenue for FY 2016 \$5mil, Increase of >200%. (Potential for additional revenue from the launch of the EFTPOS and RATM technologies)
- ▶ Attractive entry point, EV of \$5mil, 1 x FY16 Gross Revenue
- ▶ Growth in EFTPOS/PayWave business in Australia will be captured by StarPOS division in FY2016
- ▶ Further EPS accretive ATM acquisition opportunities
- ▶ 5 year Exclusive Distribution Agreement of world leading ATM, back office and casino settlement solutions
- ▶ Significant catalysts expected to be delivered by calendar year end and Q1 2016, including but not limited to, large preferred supplier deals in both StarATM and StarPOS, the launch of the recycler ATM and casino settlement solutions

Current growth drivers



- ▶ Intelligent Deposit certification to be completed in Q2 2016.
- ▶ New tenders being pursued with large Australian businesses
- ▶ New EMV technology upgrades required by Australian businesses and significant upgrade revenue agreed with major customer (1,000 ATMs)
- ▶ In negotiation with multiple targets for EPS accretive roll up



- ▶ 5 year wholesale EFTPOS/payWave agreement signed with world's leading payment processing Company
- ▶ First terminal installed in late July and soft pilot concluded in September
- ▶ Customers include any business looking to accept Visa, Mastercard and debit card payments
- ▶ 3 year contracts with merchants
- ▶ Announced preferred supplier status with one of the largest Australian buying groups on November 24, 2015

NeolCP provides strategic advantage

STARGROUP IS THE ONLY ASX-LISTED COMPANY WITH A DIRECT OWNERSHIP INTEREST IN THE MANUFACTURER OF ITS ATMS

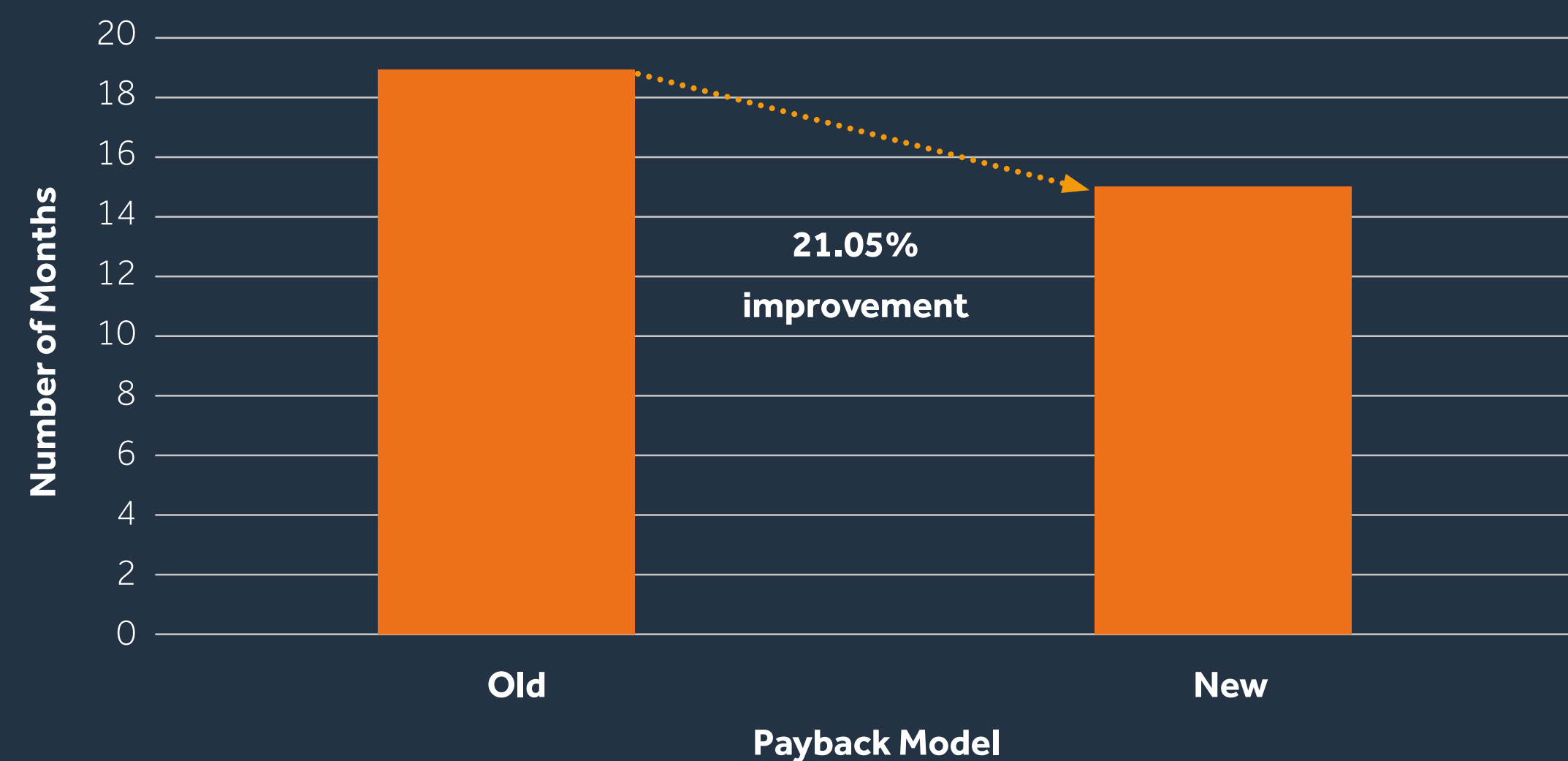
- Direct ownership interest in NeolCP, the manufacturer of the ATMs, back office and casino settlement solutions (11.28%)
- NeolCP at 31 December 2015 had AUD\$18.3million in net assets
- Three year dividend policy with Stargroup
- NeolCP is currently finalising the pilot of its unique casino settlement solutions with four major casinos in Macau and significant orders are expected in FY 2016
- NeolCP is a private South Korean Company with >80% of the back office market with the following conglomerate customers in Korea:



Significantly lower operating costs and reduced payback by +20%

- Star Payment Systems has reduced major operating costs of its ATM network by 52.90%
- The reduction has accelerated the payback on initial investment per ATM by 4 months (over 20% reduction in payback period), to 15 months
- Star Payment Systems expects further cost savings in 2016 as part of ongoing negotiations with other key suppliers

Star Payments typical return on initial investment per ATM



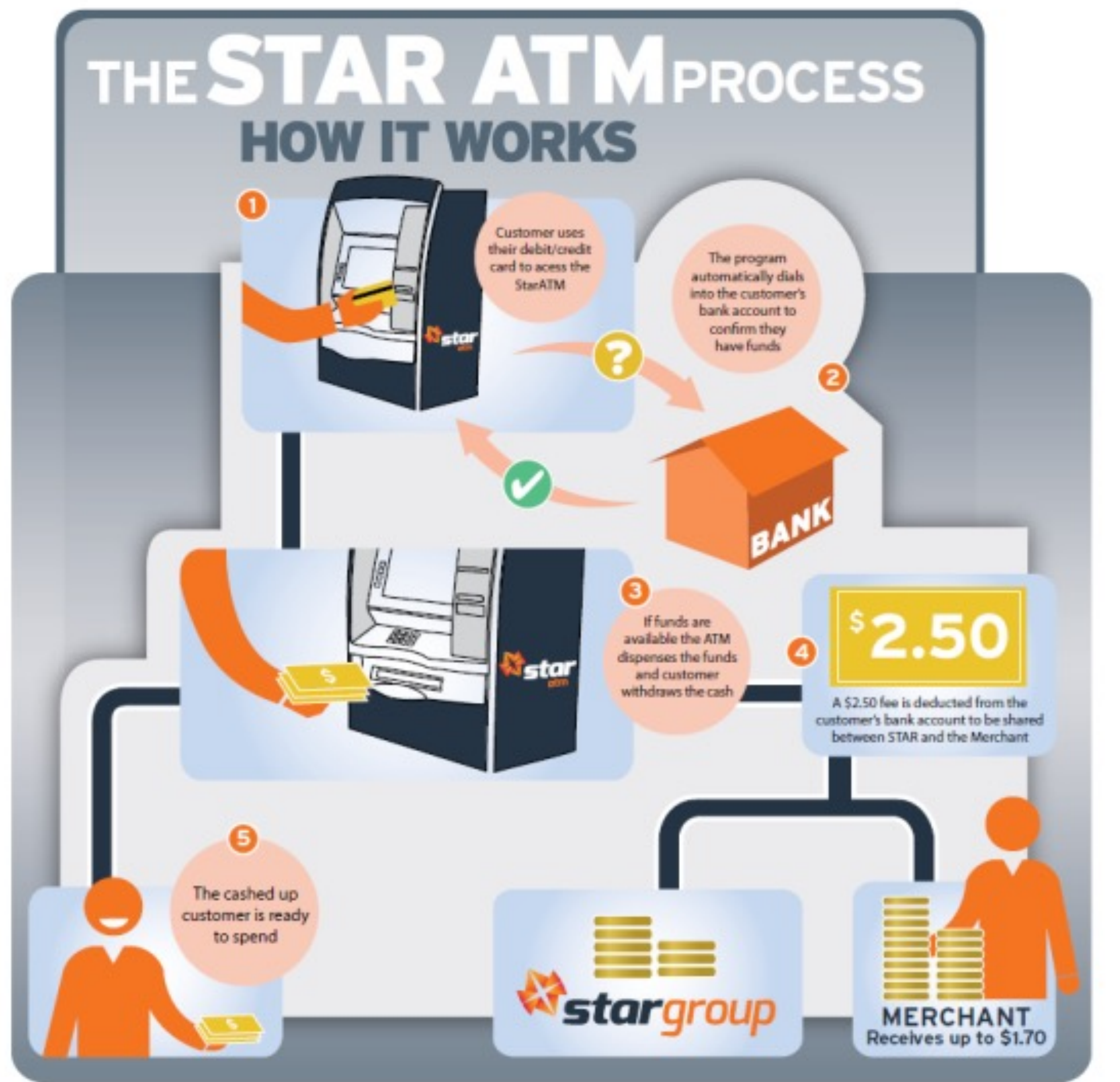
Half Yearly Operational Results

STARGROUP CONTINUES TO OUTPERFORM

- ▶ 209% improvement in result of operations
- ▶ Revenue from Ordinary Activities rose by 653%
- ▶ Active ATMs at balance date were 230 ATMs, a 766% increase
- ▶ Revenue from sale of ATMs and ATM parts and software was up 1,409%
- ▶ Encouraging results post acquisition of Cash Plus network in December with full benefit to be realised in 2016
- ▶ Current cash and cash equivalents of \$767,700 at end of December

StarATM revenue has increased every quarter

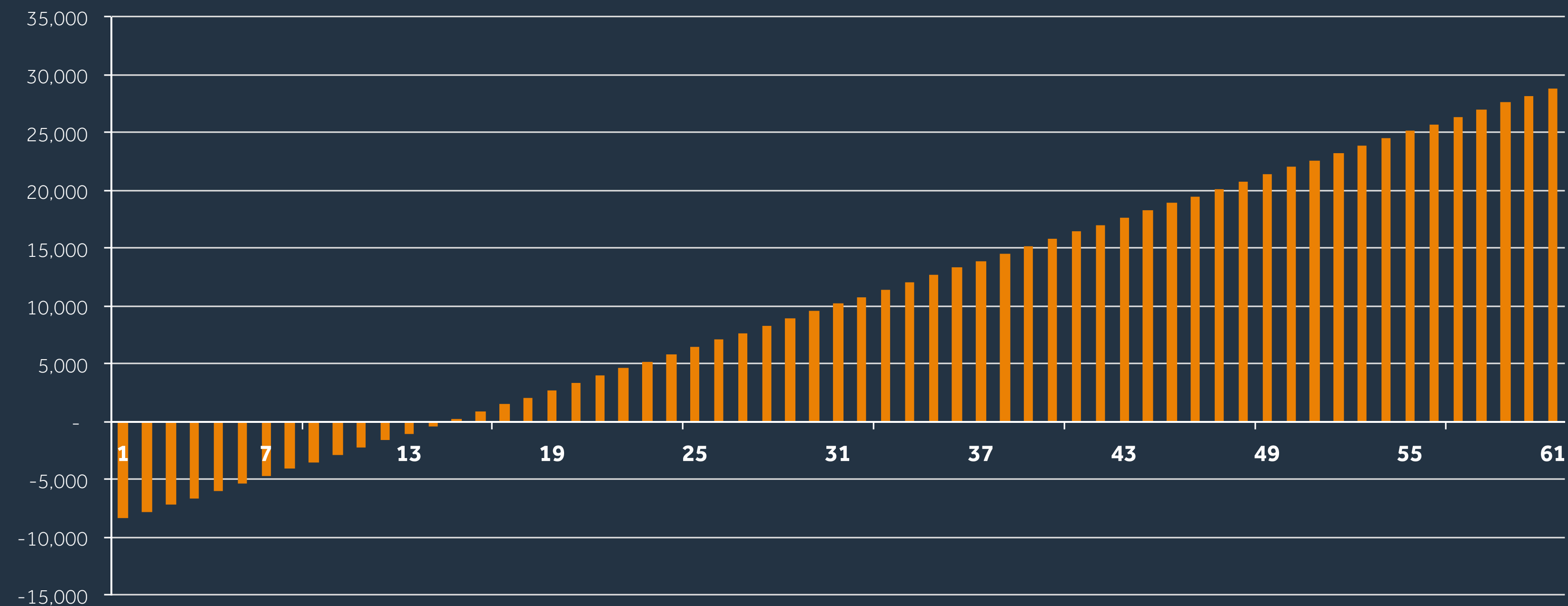
STARATM/STAR PAYMENT SYSTEMS PROCESS



- \$2.50 direct charge to customer for making a withdrawal or balance enquiry from our ATMs
- \$0.20 fee payable to the switching company for the processing of each withdrawal and balance enquiry transactions
- \$0.80 to \$1.70 fee payable to the business owner where the ATM is located. The fee is dependent upon whether or not the business owner/merchant provides the cash float in the ATM
- \$0.60 to \$1.50 net fee to Stargroup depending on the individual ATM contract in place at each site
- Internal rate of return is based on a net profit of \$400 per machine per month

StarATM typical return on initial investment per ATM

STARGROUP CONTINUES TO OUTPERFORM



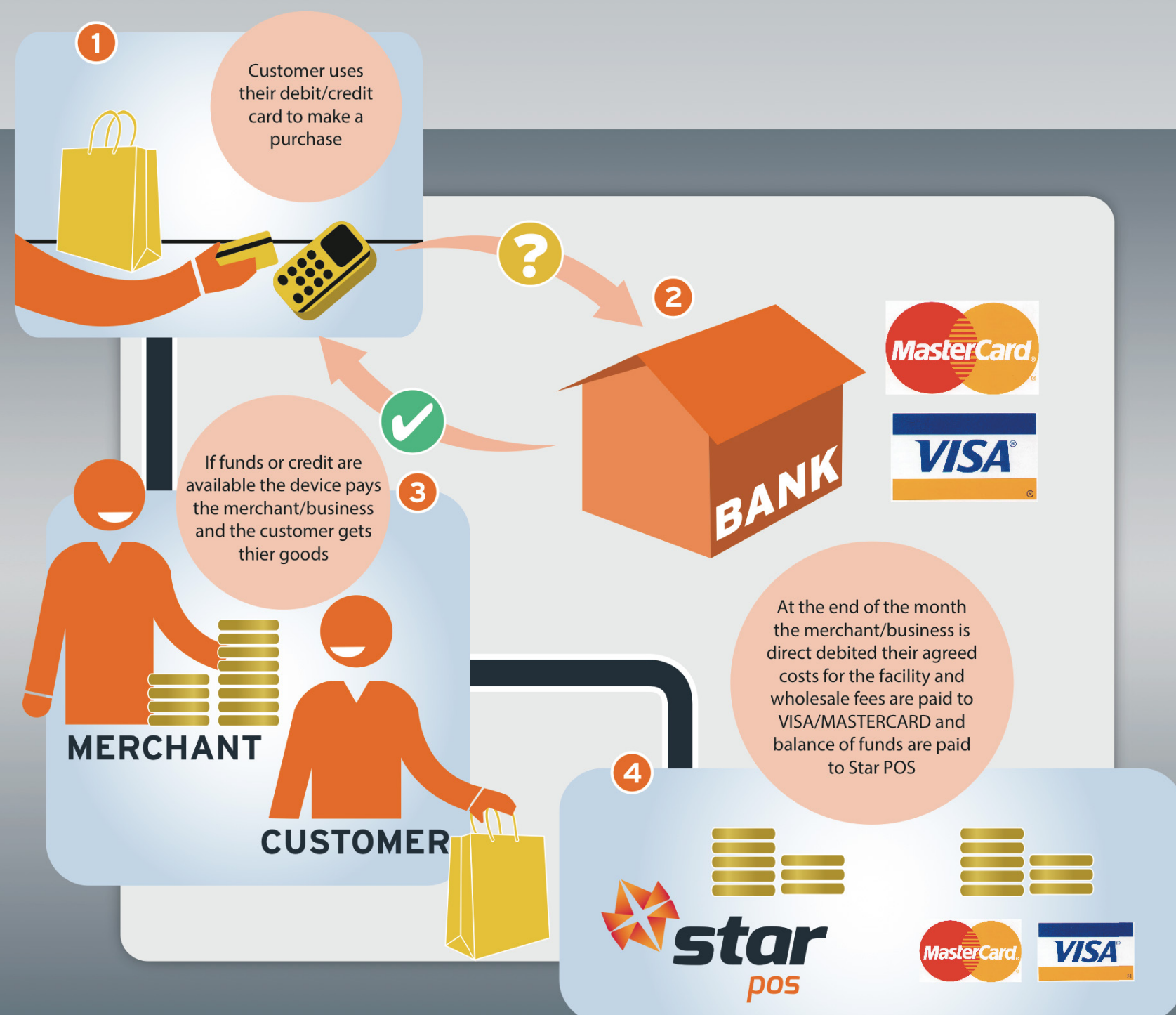
- Typically an 15 month payback on initial capital investment
- >240 ATMs across Australia
- \$2.50 charge for withdrawal

StarPOS revenue rising

STARPOS PROCESS

- A 1.00% to 2.50% fee is charged to the business owner for acceptance of VISA and Mastercard based on their card payment metrics
- A \$0.15 to \$0.40 fee is charged for the processing of Debit Card transactions
- A 0.70% to 0.95% fee is charged to StarPOS for the processing of VISA and Mastercard transactions dependent upon the type of card used by the customer.
- A \$0.14 fee is charged to StarPOS for the processing of debit card transactions
- The average EFTPOS device in Australia processes approximately \$27,000 per month in VISA and Mastercard transactions (219 transactions) and \$24,000 in debit card transactions (410 transactions)

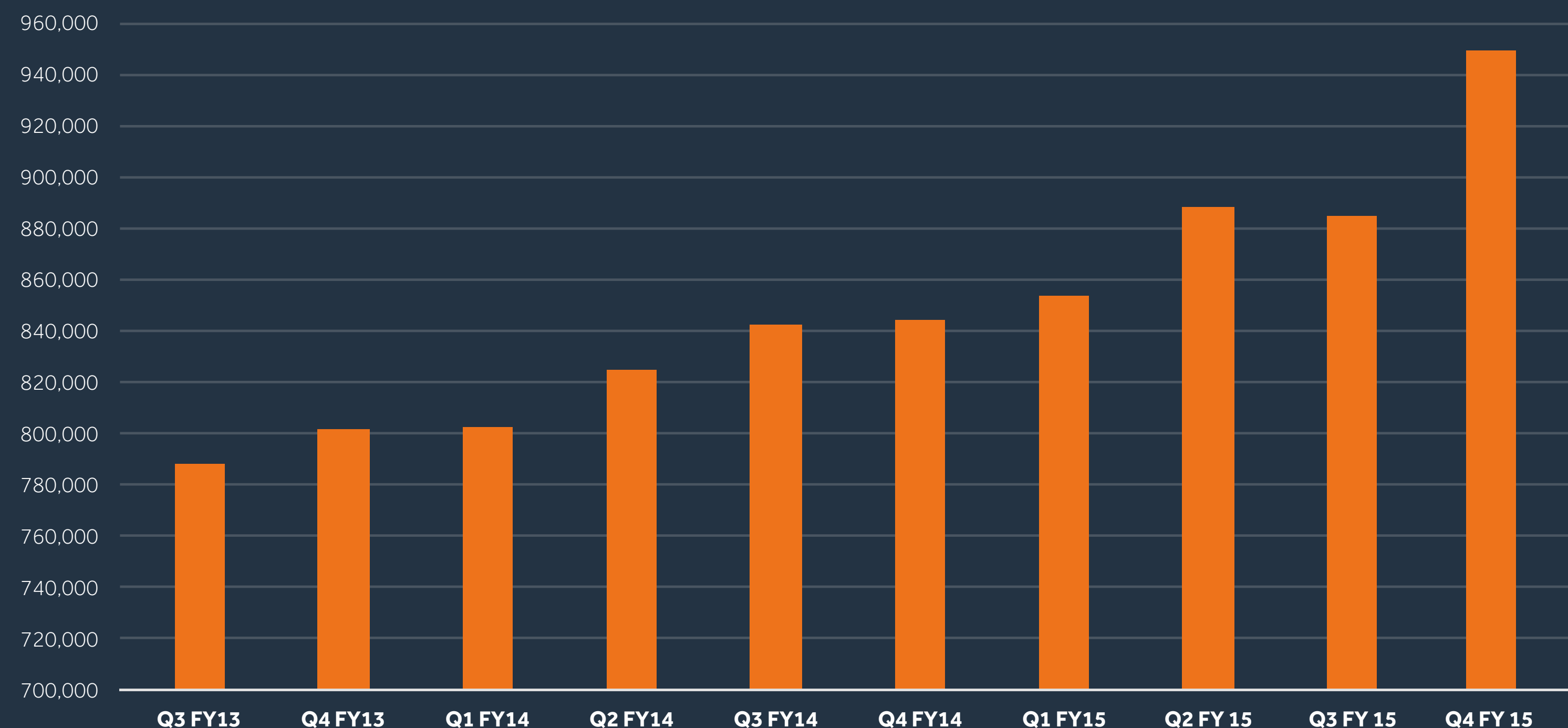
THE STAR POS PROCESS HOW IT WORKS



EFTPOS/PayWave terminals growing rapidly in Australia

NUMBER OF EFTPOS/PAYWAVE TERMINALS IN AUSTRALIA

- Significant increase in number of terminals since June 2014 attributed to Australia's early adoption of PayWave technologies.
- A large number of current EFTPOS machines in the market are not PayWave ready, creating an opportunity for StarPOS to provide the new technologies to businesses.



Revenue profile for expanded ATM network

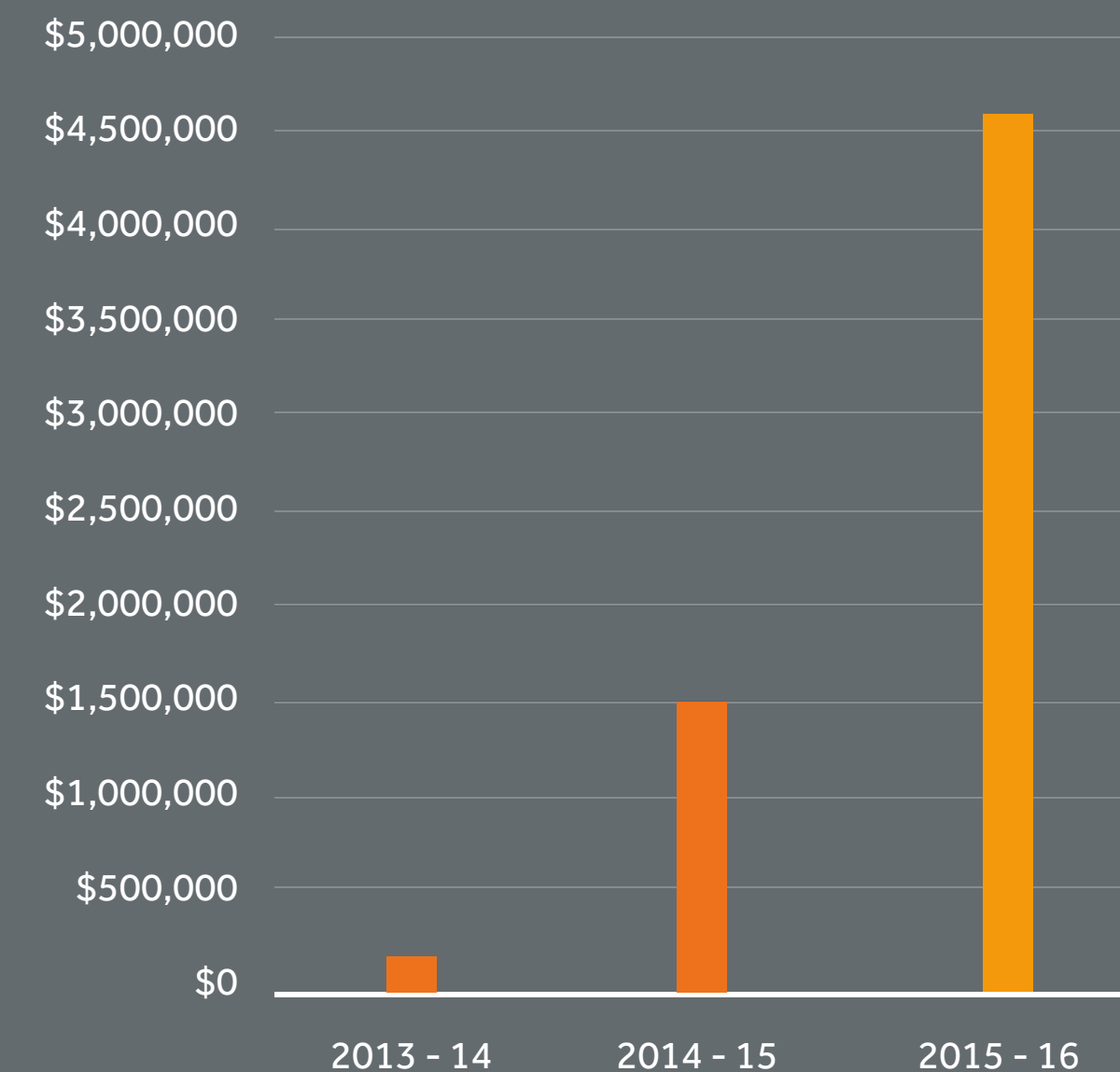
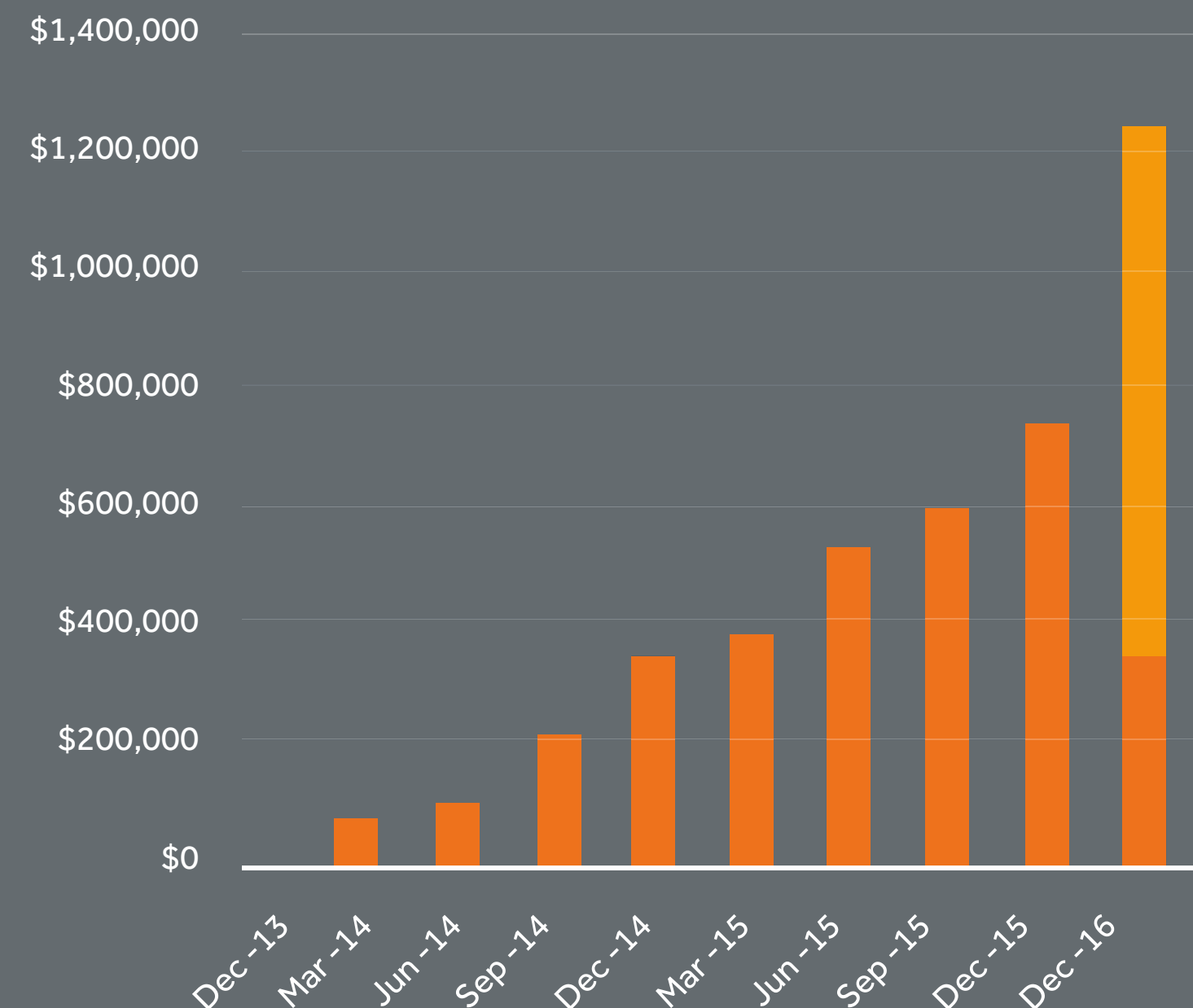
NUMBER OF EFTPOS/PAYWAVE TERMINALS IN AUSTRALIA

QUARTERLY GROUP REVENUE **ACTUAL** AND **ESTIMATED**

ACTUAL REVENUE **FY 14**, **FY15** AND **PROJECTED FY16**

QUARTERLY REVENUE UPDATE

- 60% increase in revenue expected this quarter, on track for 9th consecutive quarterly revenue record



ANNUAL REVENUE UPDATE

- 840% increase in revenue in last financial year
- 305% projected revenue increase in 2015-16

Significant progress in Q4 2015 / Q1 2016

STARGROUP LIMITED
ASX : STL



Summary

- ▶ STL is profitable post Cash Plus acquisition
- ▶ Recurring revenue from long term contracts in ATM business
- ▶ Growth in EFTPOS/PayWave business in Australia will be captured by StarPOS division in FY2016
- ▶ Multiple targets under contract being rolled up into ATM business
- ▶ Disruptive new technologies including the intelligent deposit/recycling ATMs and casino back office technology being launched in FY2016
- ▶ Highly experienced Board and Management Team with combined >100 years experience and track record of building large scale operations
- ▶ Growing revenue base from multiple divisions
- ▶ Reduced major operating costs of ATM network by 52.90%, accelerated the payback on initial investment per ATM by 4 months (over 20% reduction in payback period), to 15 months
- ▶ Significant catalysts expected to drive value in 2016, following launch of StarPos and the recycler ATM

Contacts

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