



STARGROUP LIMITED ASX:STL

Investor Presentation
1HY'2017 Results and Strategy Update
27 FEBRUARY 2017



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Corporate overview

MAJOR SHAREHOLDERS	% OWNERSHIP
DIRECTORS, MANAGEMENT, RELATED PARTIES	18.78%
TOP 20	62.95%
OGNENIS GROUP	18.94%
ZANI GROUP	10.83%
NEOICP KOREA INC	5.30%

CORPORATE SNAPSHOT	
ASX CODE	STL/STLO
CASH AND EQUIVALENTS (HY17)	\$1.5MIL
MARKET CAP (\$0.037/SHARE)	\$21.99MIL
52 WEEK HIGH (\$/SHARE / \$/OPTION)	0.046 / 0.015
52 WEEK LOW (\$/SHARE / \$/OPTION)	0.029 / 0.007
SHARES/OPTIONS ON ISSUE	594MIL/48MIL

Board of directors



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 capitalisation of \$34.45 million.

He 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.



EVAN MCGREGOR
NON-EXECUTIVE DIRECTOR

Mr McGregor has a wide range of business development skills as a result of many years' involvement with listed companies such as Asia Infrastructure, Entertainment World, Zeolite Australia, Media Entertainment Group and London Securities

He has served as a Chairman, Chief Executive Officer and Non-Executive Director of several large organisations and his experience includes strategic analysis, negotiations on complex commercial matters and corporate and financial management.



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 casino cash handling business in Asia.

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



ATM SWITCHING AND
PROCESSING COMPANY

Key Financial Results Summary

	1HY'2017 (‘000’s)	1HY'2016 (‘000’s)	% Change	
Revenue from continuing operations	4,017	1,225	228%	▲
Gross Profit	1,397	380	267%	▲
Operating expenses (including depreciation)	(5,508)	(2,301)	139%	▲
Profit (Loss) from Continuing Operations	(1,498)	(1,071)	40%	▲
EBITDA	(327)	(880)	63%	▲
Other Income ¹	-	1,689	100%	▼
Statutory profit (loss) after tax	(1,498)	618	342%	▼
Basic/Diluted profit (loss) per share (in cents)	(0.25)	(0.45)	44%	▲

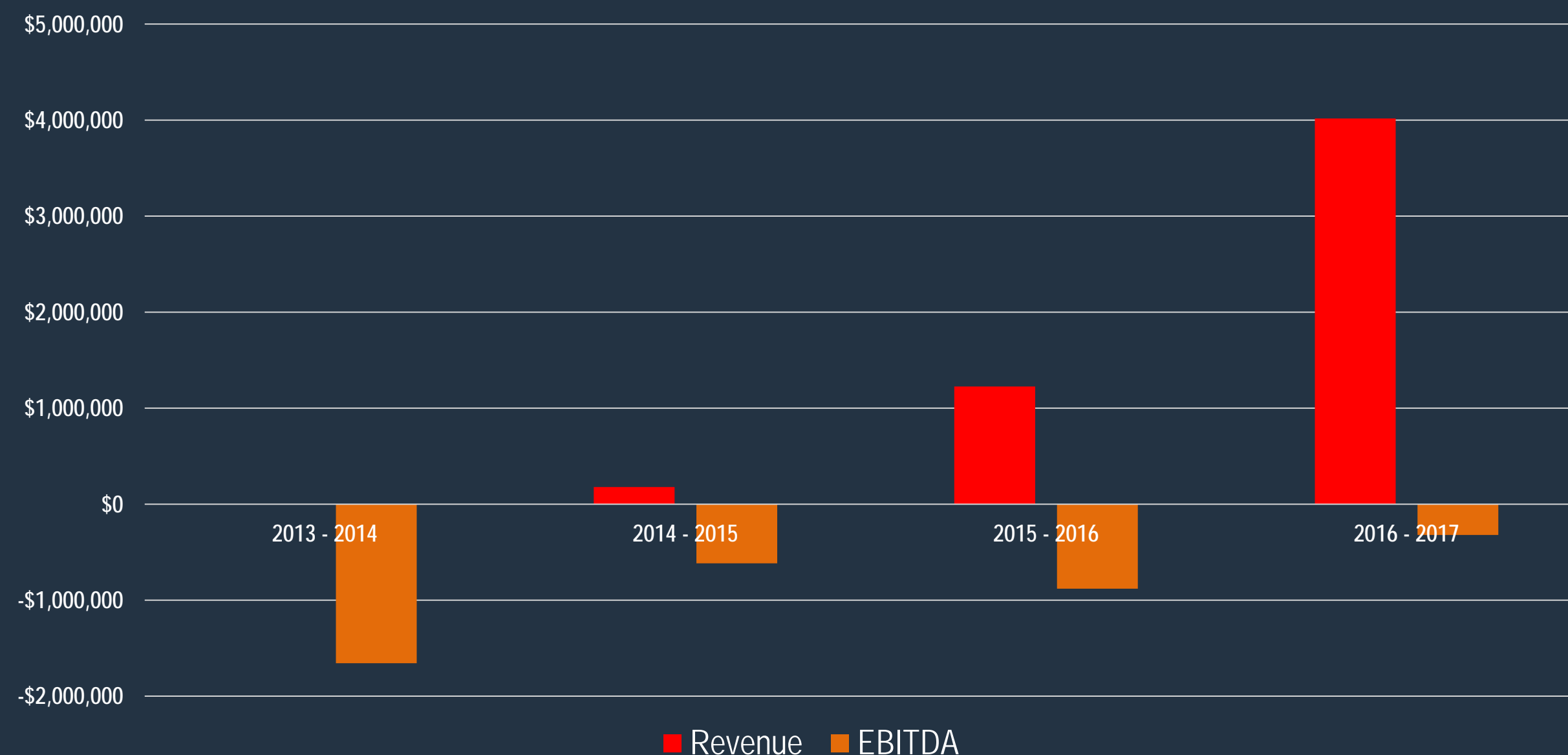
- ¹ Represents the discount on acquisition of the iCash purchase by Stargroup in August 2015 and the revaluation increment of the holding in NeoICP in the HY'2016 financial result

Record 1HY'2017 Revenue and EBITDA Results

"A 228% increase in revenues and a 68% increase in the EBITDA result for the 1HY'2017 result is a great result.

This result was achieved entirely off the back of our organic growth and improved product sales in the first half."

TODD ZANI
CEO & EXECUTIVE CHAIRMAN



Record Revenue in All Segments

	1HY'2017 ('000's)	1HY'2016 ('000's)	% Change	
ATM Network Revenues	3,166	1,036	205%	▲
ATM and EFTPOS Product Sales	851	188	452%	▲

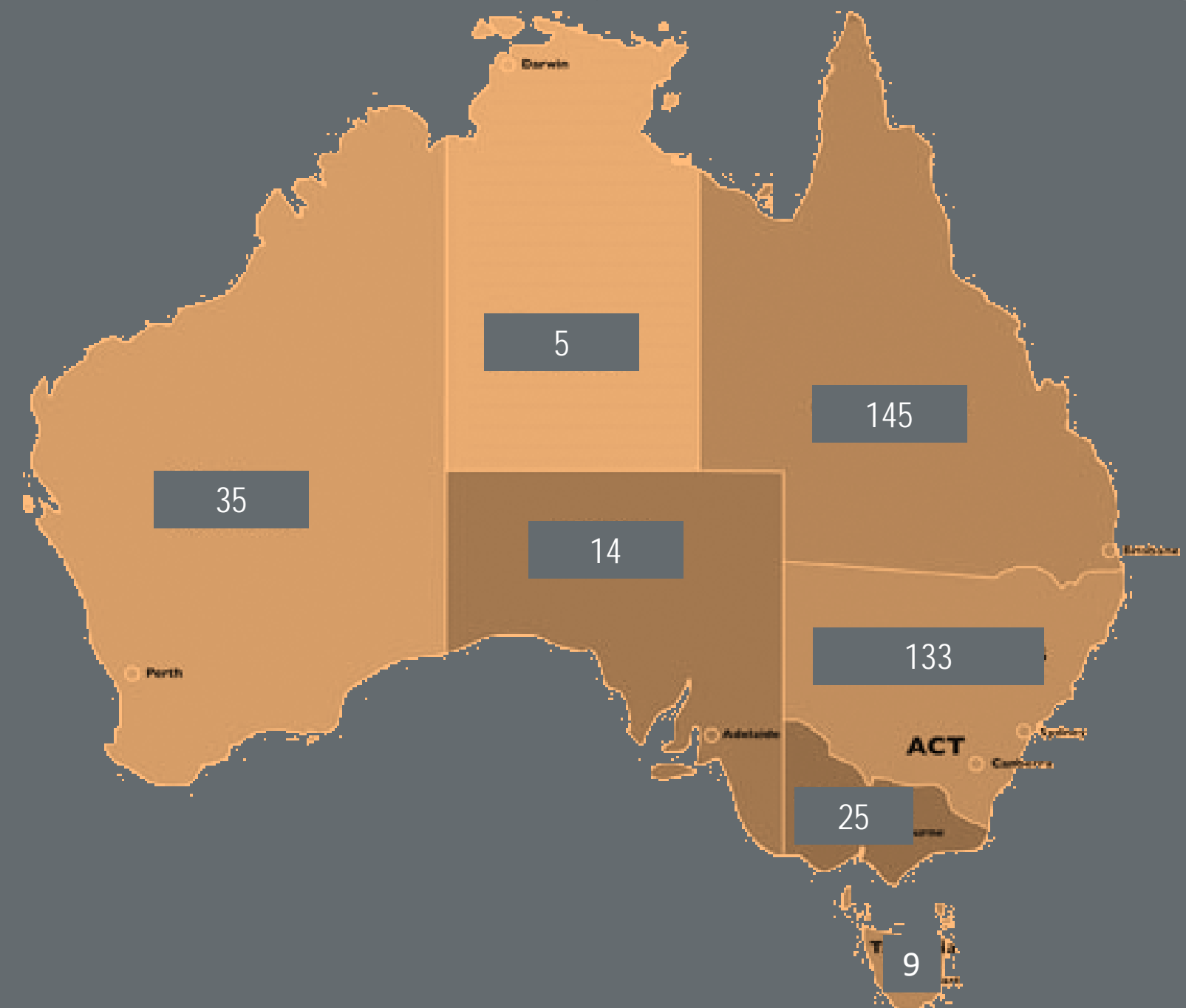
- Continued return in customer confidence in the cashPod ATM hardware and software range was regained in 1HY'2017
- First sale and deployment of Recycler ATM technology occurred in November on behalf of Goldfields Money as part of branch transformation for this approved deposit taking institution and further scheduled roll out of these technologies is planned in 2HY'2017 for Goldfields Money and others
- EMV Compliance achieved for the cashPod ATM range on the CUSCAL processing network on behalf of a major cashPod ATM customer
- EMV Compliance on the Indue, First Data and other processing networks expected in March 2017 and further product sales expected as independent ATM Deployers upgrade their equipment to meet this technological upgrade required



ATM Network Growth and Performance YTD

	1HY'2017	FY'2016	Change 1HY'2017 v FY'2016	
Total Active ATMs	366	348	5.2%	▲
Annualised Transactions	2,740	2,400	14.2%	▲
Average Transactions per machine per calendar month for the year	624	574	8.7%	▲
Average Gross Profit per transaction	1.21	0.72	68.1%	▲

- The impact of the 52% reduction in the major cost of goods sold within the ATM network has seen the gross profit per transaction increase 68%. This will be further improved with the vertical integration of the Indue processing business scheduled for settlement in March 2017.
- The continued placement of ATMs into strategic convenient locations has continued to see the key metric of transactions per machine, per month rise by a further 8.7% YTD



\$15m cash agreement with >50% reduction in costs

- Star Payment Systems signed a three-year Cash Convenience Agreement with an initial limit of \$15m for its national ATM network with Goldfields Money
- Initial drawdown of this facility and payout of the previous facility occurred in December 2016 and the cost savings to Star Payments in 2HY17 are >\$600k and the savings in the FY'2018 year will be >\$1.5mil on projected cash costings
- Star Payments to provide Goldfields Money with its own state-of-the-art Recycler ATMs to service customers in remote locations where major banks have withdrawn services. First regional installation occurred in November.
- Stargroup to partner with Goldfields Money to roll out "Star-labelled" financial products to GMY customers and also Star labelled banking products to the Star customers.
- Valuable resource to pick up additional revenue streams for Stargroup



Strategic Acquisition of ATM Processing Business

- Upon completion Stargroup will provide ATM switching to 70 ATM deployers, 1,700 ATMs, 1,350 modems and process 12million transactions a year
- Purchase price of \$6.5m, fully funded by way of debt
- Projected annualised revenue increase of \$4.1m
- Projected annualised EBITDA increase of \$1.7m
- Completion expected in Mar 2017
- Enhanced overall service offering to Indue customers to include improved 24/7 Help Desk Services, Cash Convenience Facility and improved Telco offering to ATM Deployers
- Significant synergies and further cost savings to Stargroup and additional and diversified income stream in FY'2017 and beyond



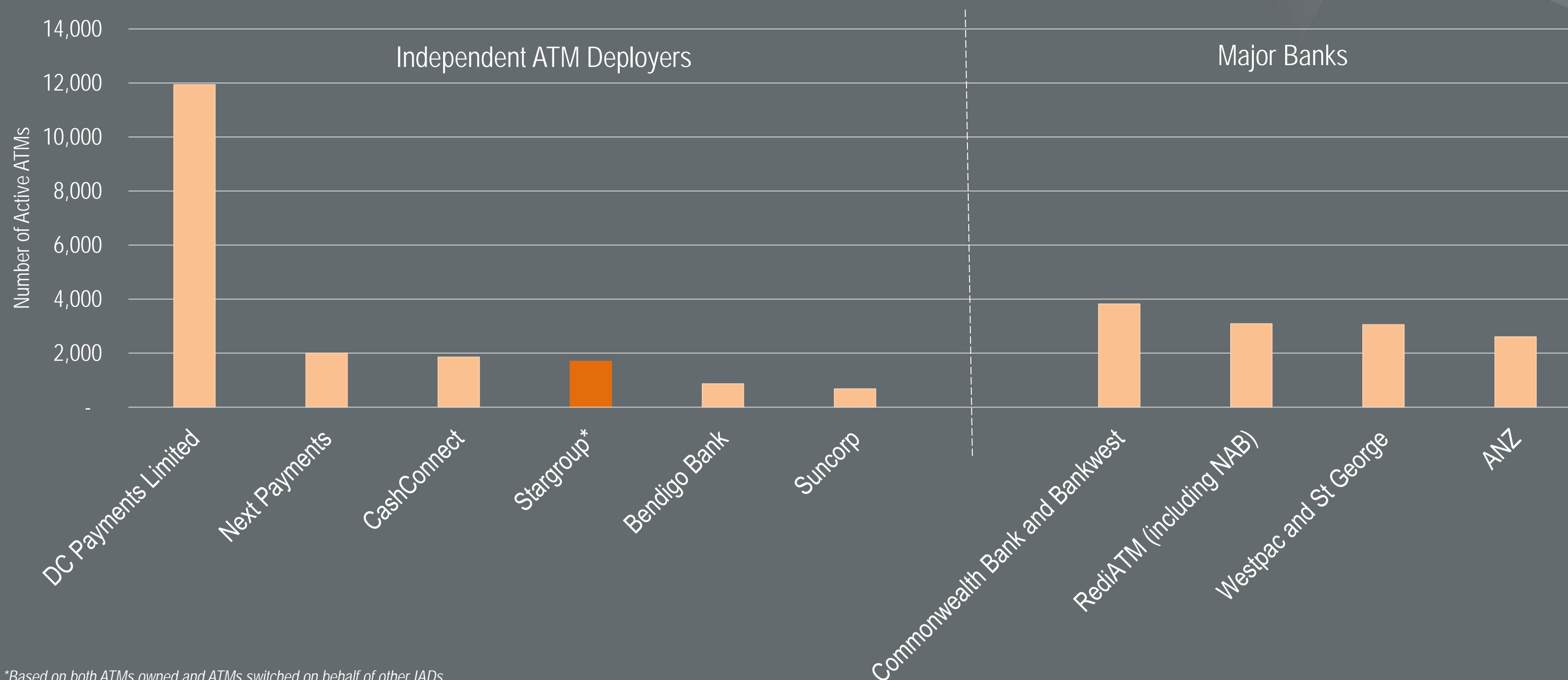
Transaction Highlights

#1	On completion the business will be the 4 th largest independent ATM operation in Australia ¹
#2	<p>Portfolio of 1,700+ owned ATMs and ATMs which switching services will be provided for (>70 Independent ATM Deployers)</p> <ul style="list-style-type: none"> • Operations to result in >12,000,000+ transactions per calendar year² • Further reduced switching costs having vertically integrated our current switching services provider • 1,350 modems and recurring revenues from other ATM Deployers • Further opportunity to offer ATM hardware and software and support services • Scale of the completed business and financial flexibility will enable further growth opportunities
#3	<p>The size and flexibility of the Completed Business enables an aggressive approach to growth opportunities</p> <ul style="list-style-type: none"> • Scope to drive further consolidation of small ATM deployers; and • Strength to pursue large financial institution and national franchise group opportunities both locally and internationally
#4	Strong financial platform to pursue growth with cash of more than \$4m post proposed debt facility minimum of \$10mil. Debt facility approval for a maximum of \$15mil to pursue further EPS accretive acquisitions
#5	Proven management team
#6	Substantial re-rating potential for the combined business through earnings growth.

1. Based on Reserve Bank report of June 2015 and ATMs in network at completion

2. Based on annualised current transaction levels of the combined business

ATM Industry Snapshot post acquisition



*Based on both ATMs owned and ATMs switched on behalf of other IADs

Financial Summary post Indue Settlement

Metrics (\$millions unless otherwise stated)	Stargroup Balance Sheet (as at 31 Dec 2016)	Pro Forma Balance Sheet Acquired by Stargroup and Funding	Deferred Tax Asset Adjustment in FY17	Financial Position Post Acquisition (FY 17 Result + An annualised Indue Impact)
Cash ¹	1.50	8.50		10.00 ²
Total Current Assets	3.52	8.50		12.02
Total Non Current Assets	13.12	6.50	6.31	25.93
Total Assets	16.64	15.00	6.31	37.95
Total Current Liabilities	3.00	0.00		3.00
Debt	0.00	15.00		15.00
Total Non Current Liabilities	0.56	15.00		15.56
Total Liabilities	3.56	15.00		18.56
Net Assets	13.08	0.00	6.31	19.39
Estimated Annualised Turnover	8.00	4.10	6.31	18.41
Estimated Annualised EBITDA	1.28	1.65	6.31	9.24

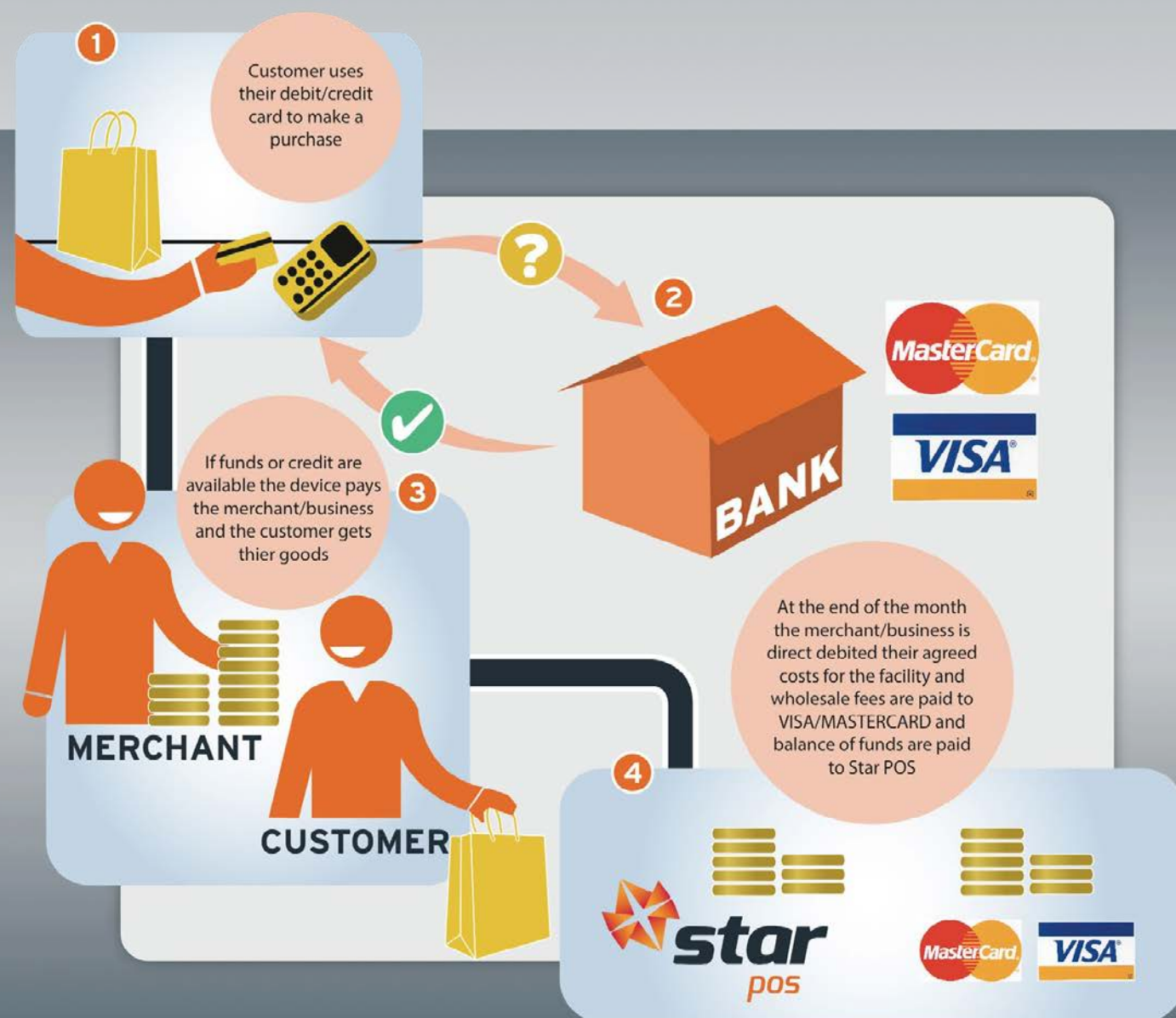
1. Based on Cash and Cash Equivalents at 31 December 2016
2. Does not include transaction costs which will include stamp duty and legal costs

Indue Transaction Benefits to STL shareholders

Creation of a leading independent ATM Network	<ul style="list-style-type: none"> • Shareholders benefit from combination of stable producing assets with substantial growth opportunities in the industry • Combined operations to produce: <ul style="list-style-type: none"> • >12,000,000 transactions p.a.; • ATM network of 1,700+ ATMs, 1,350 modems and support services to >75 ATM Deployers; • 4th largest independent ATM operation; • Increase in Gross Revenue by \$4.1mil and an increase in EBITDA by \$1.65mil;and • Opportunity to provide additional services to Deployers including cash convenience facility, 24/7 help desk and other services
Increased financial strength and capacity to pursue clear growth strategy	<ul style="list-style-type: none"> • Enhanced balance sheet strength through scale and available funds via agreed debt facility to support further investment in industry and other payment technologies and white label opportunities (cards, bank accounts and POS). • Scale and flexibility to take opportunistic approach to consolidation of other ATM Deployers. • Enhanced relationship with Indue/First Data to pursue major contracts with confidence of switching and processing support.
De-risking of portfolio while retaining exposure to growth	<ul style="list-style-type: none"> • Diversifies the asset base; • Stargroup to further transform its operations; and • 100% debt funding to complete transaction with free cash flow from resultant operations of circa \$700k per annum
<p><i>"This deal is a major step in our national expansion strategy and determination to become a market leader" - Todd Zani, Chief Executive Officer</i></p>	

StarPOS revenue rising

THE STAR POS PROCESS HOW IT WORKS



- Fee of 1.00 - 2.50% charged to the business owner for acceptance of VISA and Mastercard based on their card payment metrics
- Fee of \$0.15 - \$0.40 charged for the processing of Debit Card transactions
- Fee of 0.70 - 0.95% charged to StarPOS for the processing of VISA and Mastercard transactions dependent upon type of card used by customer
- Fee of \$0.14 charged to StarPOS for processing of debit card transactions
- 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)

Stargroup to distribute next generation payment solutions in Australia and New Zealand

- StarApps signed a five-year distribution deal for EFTPOS terminals and software with Swedish NASDAQ listed group West International AB
- StarApps to own and be in control of the source code within the EFTPOS terminals
- Further development of API integration into the EFTPOS terminals in Australia and New Zealand
- Proven software applications with VISA, Mastercard and local EFTPOS schemes in Europe, Asia and South Africa
- Can fast track completion of EFTPOS technology development with major partner with >45,000 business customers to become the largest ISO provider of EFTPOS in Australia
- Typically 6 to 7 Month Payback on 36 month contract
- Certification and deployment of new technologies expected in 2H'2017



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, manufacturer of ATMs, back office and casino settlement solutions (11.28%)
- > NeolCP at 31 Dec 2016 had AUD\$16.7mil in net assets
- > NeolCP is a private South Korean company with >80% of the back office market in that country through relationships with the following conglomerate customers:
 - > Half Year Gross Revenues of \$13.2 million
 - > HY'2017 EBITDA of \$1.1mil
 - > HY'2017 NPAT of \$0.8mil
- > NeolCP finalised a successful pilot of its unique casino settlement solutions with four Macau casinos and is now distributing this technology throughout Asia.



Significant progress in 2016 and further catalysts in 2017

STARGROUP LIMITED
ASX:STL



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