



STARGROUP LIMITED ASX:STL

Investor Presentation Updated

1 JUNE 2017



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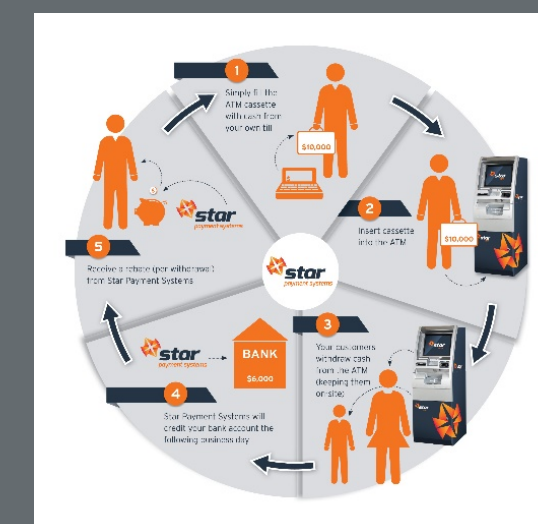
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Who is Stargroup?

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

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.

Corporate overview

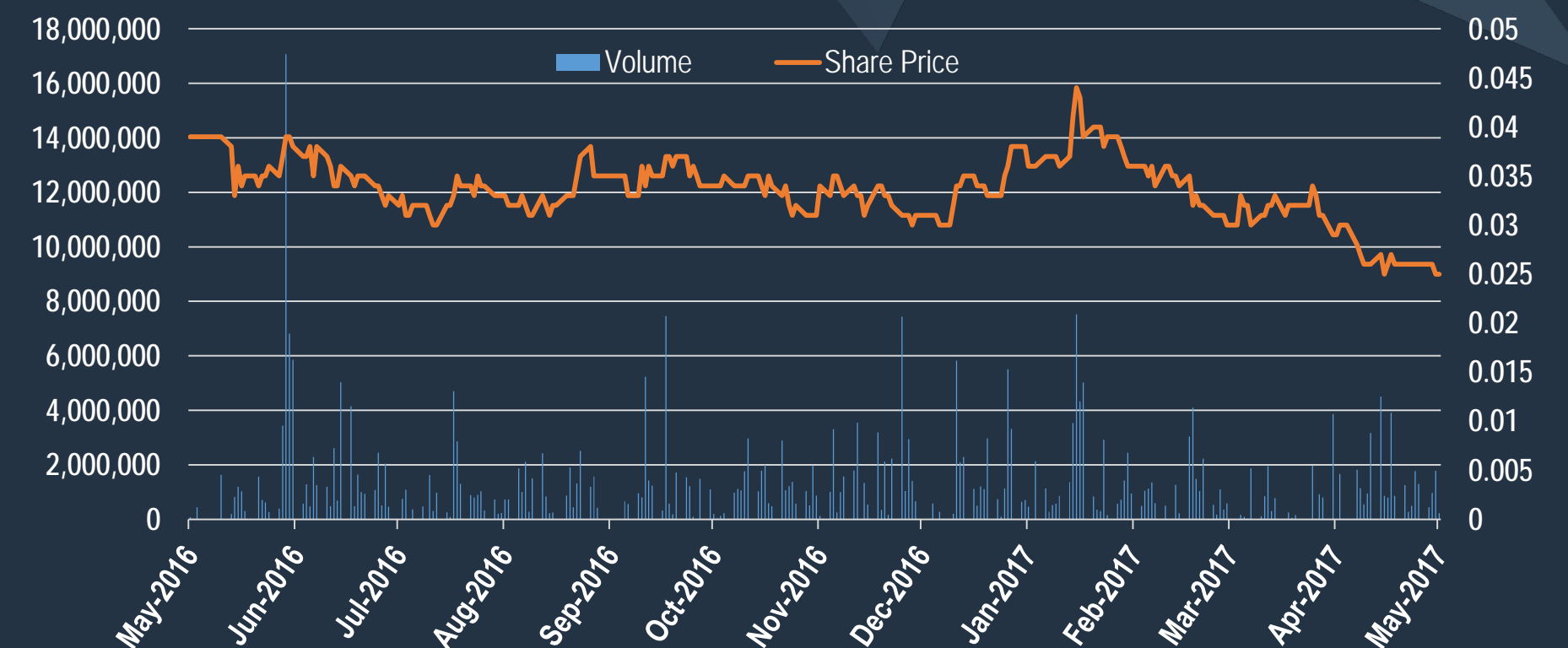
| Capital Structure | |
|----------------------------------|----------|
| Current Share Price ¹ | \$0.026 |
| Shares/Options on Issue | 723m/48m |
| Market Capitalisation | \$18.8m |
| Cash ^(30 April 2017) | \$1.5m |
| Unlisted Investment ² | \$2.3m |
| Debt | \$8.1m |
| Enterprise Value | \$23.1m |

| Board and Management | |
|----------------------|----------------------------|
| Todd Zani | CEO and Executive Chairman |
| Evan McGregor | Non Executive Director |
| Jong Ho Kim | Non Executive Director |
| Sungki Lee | Company Secretary |
| Trena Briggs | Chief Operating Officer |
| Melisa Bendikas | Chief Financial Officer |

¹ As at 30 May 2017

² Represents valuation of NeolCP investment (11.28% ownership of ATM Manufacturer)

Share Price and Volume



Top Shareholders

| | |
|--------------------------|--------|
| Ogneris Family | 16.55% |
| Zani Family | 9.48% |
| Directors and Management | 15.78% |
| Top 20 (Grouped Basis) | 55.04% |
| Institutions | 2.23% |

Key Financial Performance YTD v FY16 Result

| | FY16 ('000's) | Actual FY17(Apr 17) ('000's) | Estimated Full FY17 ('000's) | Current Annualised Change Annualised FY'2017 v FY' 2016 | |
|--|------------------|---------------------------------|---------------------------------|--|---|
| Revenue from continuing operations | 3,659 | 7,487 | 9,587 | 162% | ▲ |
| Gross Profit | 1,051 | 2,741 | 3,641 | 246% | ▲ |
| Other Income | 2,164 | - | 5,871 ¹ | 271% | ▲ |
| Operating expenses (including depreciation) | (4,455) | (5,200) | (6,240) | 40% | ▼ |
| Statutory profit (loss) after tax | (1,258) | (2,459) | 3,272 | 360% | ▲ |
| EBITDA from continuing operations | (170) | (504) | 500 | 394% | ▲ |
| Basic/Diluted profit (loss) per share (in cents) | (0.38) | (0.06) | 0.47 | 223% | ▲ |

- ¹ Stargroup performed a reverse takeover of iCash Payment Systems Limited in August 2015 and at 30 June 2016 the carried forward income tax losses were \$19.6mil and carry forward capital losses were \$10.9mil and at present these losses and tax benefits have not been brought to account.

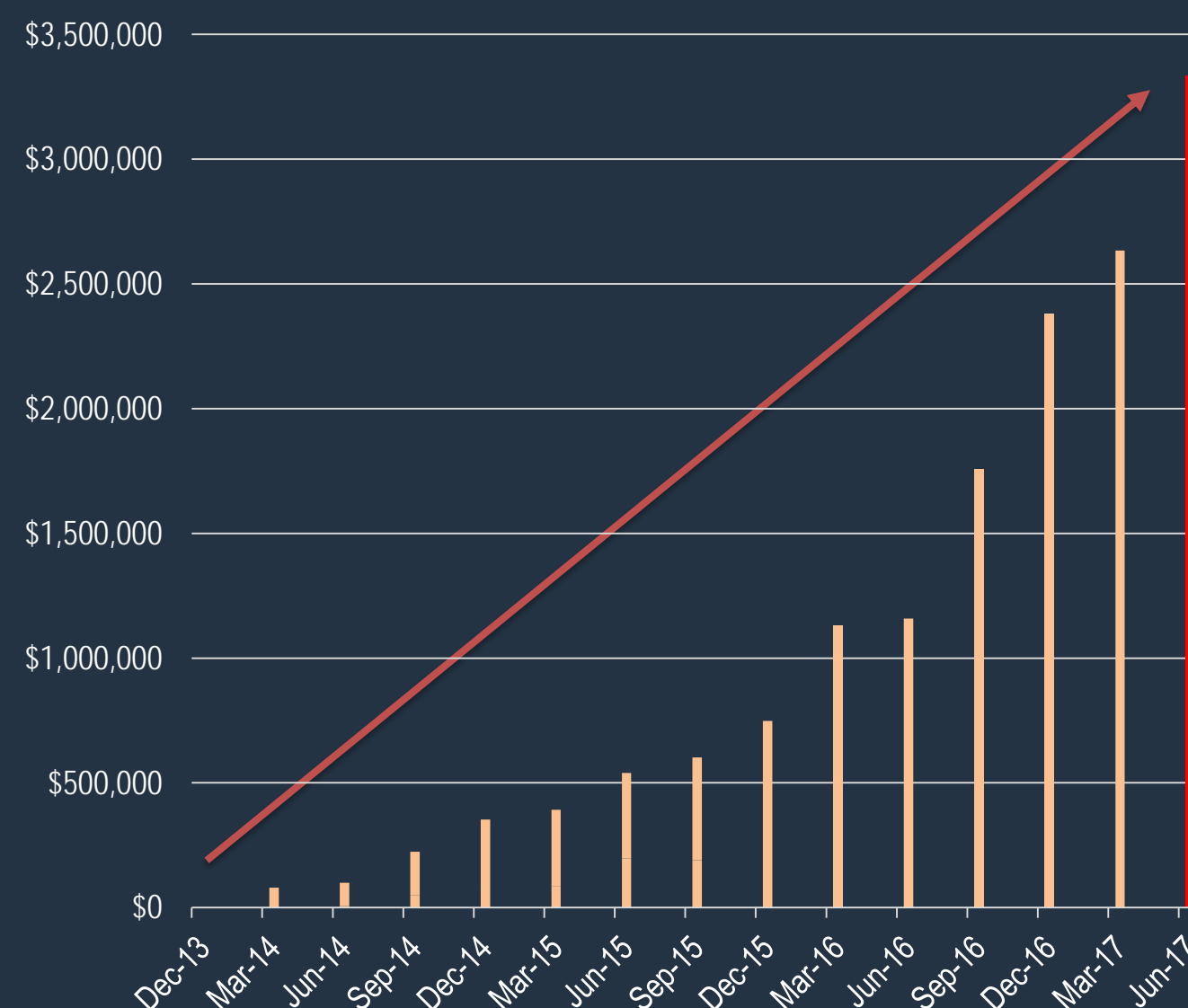
Record Revenue and EBITDA Results

"We have achieved triple digit revenue growth for the last three years and with the recent vertical integration of the Indue ATM businesses, we will easily achieve that level of growth again in FY18.

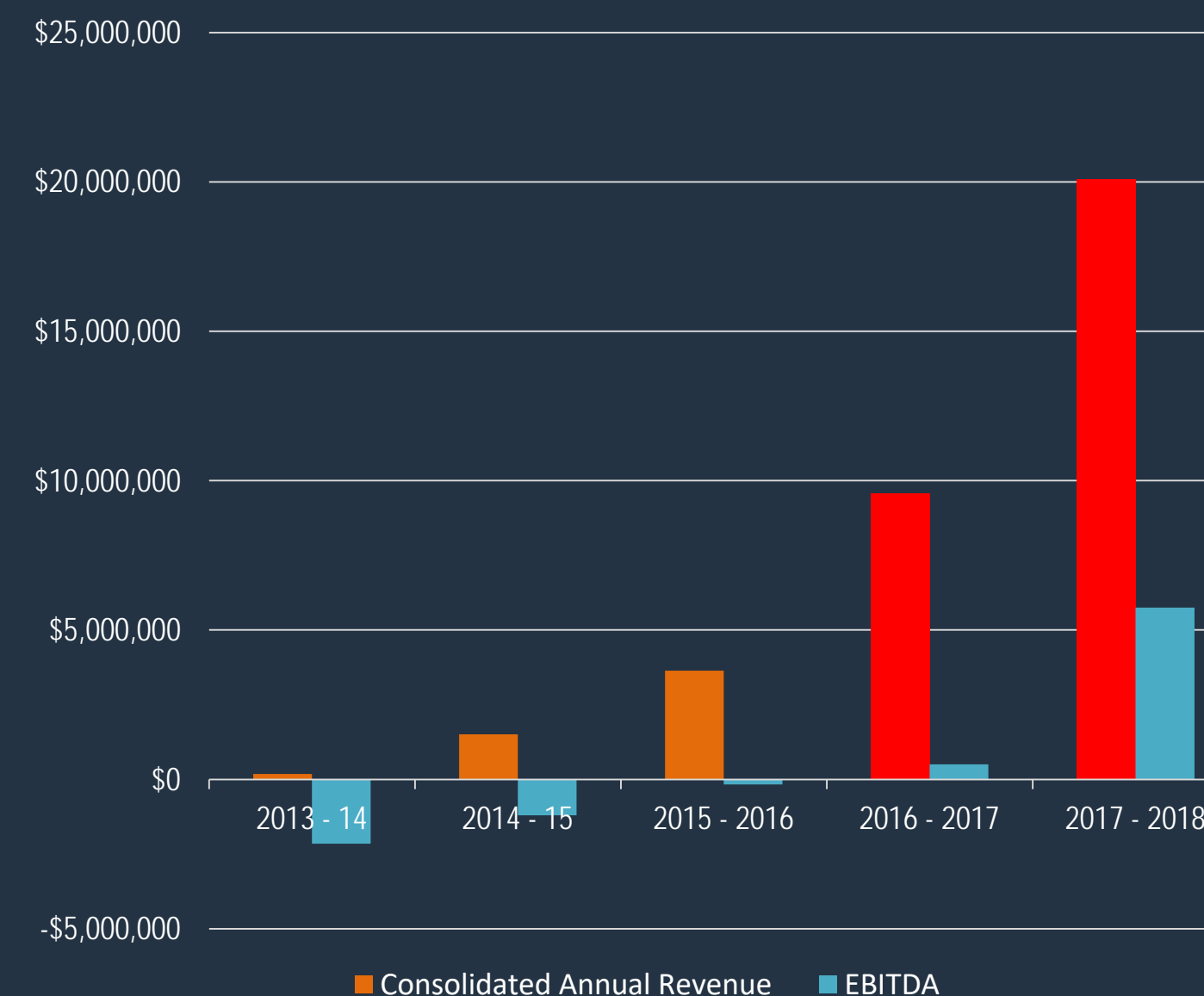
Its an exciting time at Stargroup."

TODD ZANI
CEO & EXECUTIVE CHAIRMAN

QUARTERLY GROUP REVENUE **ACTUAL** AND **PROJECTED**



REVENUE AND **EBITDA** **ACTUAL** AND **PROJECTED**



*The 2016 - 2017 result excludes EBITDA impact of deferred tax asset

Scale of Assets Acquired Revised Upward and Step-Out

| | Original Acquisition Metrics | Scale of Assets Acquired | Increase | Reasons for Revision/Comments |
|-------------------------|------------------------------|--------------------------|--------------|---|
| ATMs under management | 1,700 | 2,414 | 42% Increase | At time of acquisition 2 <i>largest ATM deployers uncontracted</i> and leaving. StarLink has agreed to terms with both parties. |
| Annualised transactions | 12,000,000 | 15,922,920 | 32% increase | |
| Annualised revenue | 4,100,000 | 5,500,000 | 21% increase | Re-contracted deployer Revenue and EBITDA impacts as a result of |
| EBITDA | 1,700,000 | 2,700,000 | 58% increase | <i>expected cash convenience agreement take up</i> and contracted metrics |

Step Out 1 – Cash Convenience Agreement

| Opportunity | Market & Competition | Plan | Outcome |
|--|--|---|--|
| <p>Star Payments has a market leading cash funding facility from GMY* and has advanced cash monitoring technologies to monitor ATM performance and cash replenishment cycle under development.</p> <p>Present market pricing is significantly higher than Stargroup wholesale pricing with GMY, thereby providing a margin opportunity</p> | <p>The cash funding market is dominated by one or two large entrenched providers whom have been providing these services to IADs** for some time.</p> <p>Proposed pricing is a significant discount to present offering and therefore to date expressions of interest for offering take up has been high</p> | <p>H2 FY17 – Sign an increased deal with GMY from \$15mil to \$30mil. (Done and announced)</p> <p>H1FY18 – Rebranded Stargroup website and Online Login and offering made to IADs and commence providing of cash convenience services to the 70+ IADs</p> <p>H2FY18 – Review usage of facility and forward planning of resources with GMY as part of 3 year plan.</p> | <p>Star plans to implement new Stargroup website and make offering of cash monitoring via Online Portal and launch product in June 2017.</p> <p>Expected gross revenue from offering to IADs to be \$1m - \$2m with an EBITDA of \$0.5m to \$1m based on expressions of interest already received.</p> |

*GMY = Goldfields Money

**IAD = Independent ATM Deployer

Step Out 2 – Attract Additional IADs to StarLink

| Opportunity | Market & Competition | Plan | Outcome |
|---|---|--|--|
| <p>StarLink will be one of four independent ATM processing providers in Australia (other than the major banks).</p> <p>There are >120 IADs in Australia and over 20,000 ATMs owned by IADs of which presently 2,414 to be managed by Star.</p> <p>Star to attract other IADs away from present providers with better pricing and service offerings</p> | <p>Four other ATM processing companies.</p> <p>StarLink has 10% of IAD market and 7% of total Australian market.</p> <p>The competition primarily are only processors and can not provide the full service offering that Star can provide with its vertical integration to the IADs.</p> <p>The dominant existing player is CUSCAL who provides services to the largest IAD with over 12,000 ATMs</p> | <p>H2 FY17 – Engage with >50 IADs not presently StarLink customers and offer ATM Deployment Facility Agreements</p> <p>H1 FY18 – Sign at least 5 new IADs to StarLink and resign existing 70+ ATM Deployers</p> <p>H2 FY18 – Sign as many IADs as possible to StarLink as technological capacity exists to expand services offered.</p> | <p>StarLink implements new online portal and live monitoring access to IADs as part of industry best service offering and pricing.</p> <p>Expected gross revenues from attraction of new customers to be \$0.5m to \$1mil.</p> |

Financial Summary

post Indue ATM Business Acquisition

| Metrics (\$millions unless otherwise stated) | Stargroup Balance Sheet (as at 30 Apr 2017) | Pro Forma Balance Sheet Post Indue + Fast Cash Acquisition and Funding | Financial Position Post Indue Acquisition (An Annualised Result + Indue Impact) |
|--|---|---|--|
| Cash ¹ | 1.52 | 0.00 | 1.52 ² |
| Total Current Assets | 9.88 | 0.00 | 9.88 |
| Total Non Current Assets | 12.25 | 10.70 | 22.95 |
| Total Assets | 22.13 | 10.70 | 32.83 |
| Current Liabilities | 3.38 | 0.00 | 3.38 |
| Debt | 0.62 | 7.20 | 7.82 |
| Non Current Liabilities | 0.00 | 0.00 | 0.00 |
| Total Liabilities | 4.00 | 7.20 | 11.20 |
| Net Assets | 18.13 | 3.50 | 21.63 |
| Annualised Turnover | 12.90 | 7.20 | 20.10 |
| Estimated EBITDA | 2.10 | 3.65 | 5.75 |

Further significant increases in EBITDA and Turnover could occur as a result of the new product offerings to the StarLink customers over and above what was previously offered by Indue, including

- 24/7 Help Desk + Servicing;
- Cash Convenience Facility and management;
- EFTPOS distribution
- Banking product distribution

1. Based on Cash and Cash Equivalents at 30 April 2017

2. Does not include transaction costs which will include stamp duty and legal costs

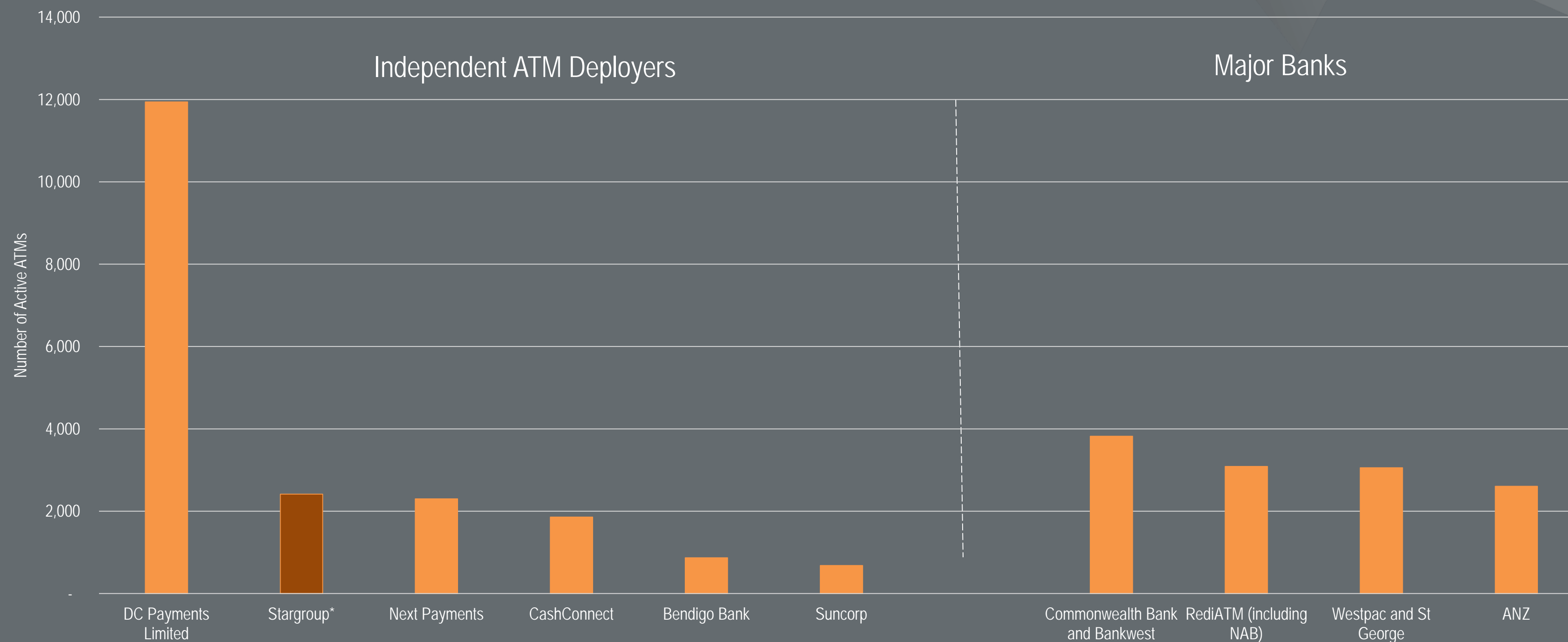
Financial Summary

Free Cash Flow from Operations

| | Actual FY15 (‘000’s) | Actual FY16 (‘000’s) | Actual FY17YTD (‘000’s) | Projected FY18 (‘000’s) |
|--|----------------------------|----------------------------|-------------------------------|-------------------------------|
| Operating Cash Flows | (956) | (1,501) | 866 | 5,750 |
| Investing – PP&E | (1) | (1,450) | (721) | (1,080) |
| Net free cash flow (FCF) from operations | (957) | (2,951) | 145 | 4,670 |
| Acquisitions / mergers | - | (2,623) | (8,848) | - |
| Proceeds from sale of investments | 721 | - | - | - |
| Proceeds from Borrowings and/or (repayments) | 50 | (55) | 3,347 | (1,885) |
| Proceeds of share issue | - | 7,997 | 4,422 | - |
| Net Cash Flow | (186) | 2,368 | (934) | 2,785 |

- Significant increase in operating cash flows in FY18 on back of free cash flow generation from completed acquisitions in FY17 and reduced costs.
- Reduced repayment costs projected due to part equity/part debt funding of Indue acquisition which was originally to be fully debt funded
- Could be further enhanced free cash flow from Step Out offerings not factored into this table

In Australia – Stargroup is now number 2 Independent



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

Peer Comparison

| Company Name (Country/Exchange Code) | Revenue EBITDA Market Capitalisation (AUD) | Business model/notes |
|--|--|--|
| DC Payments Limited (Canadian Listed TSX : DCI) | \$270 million \$69 million \$520 million | Global ATM business. 21,575 Active ATMs at 30 June 2016. Number 1 IAD ATM Company in Australia with >11,000 ATMs in Australia. Average transactions per ATM, per month of 508, Net assets of \$100 million (Debt of \$218million). 85% of revenue from ATM Network. Recently sold to US Listed Cardtronics for >\$500 million. |
| Tyro Payments Limited (Australian Unlisted Public) | \$95 million \$0.8 million >\$400 million | Australian EFTPOS merchant provider to 15,565 merchants. Owns its own EFTPOS payments and processing business. Recently became an Approved Deposit Taking Institution ("ADI") post a \$100million capital raising in 2016, valuing the company at >\$450million. \$128million in Net Assets. Further developing white label banking products now that an ADI. |
| Mint Payments Limited (ASX Listed MNW) | \$5 million (\$5.5 million) \$45.4 million | Predominantly Australian EFTPOS and payment technology business with 9,800 EFTPOS merchants with >50% of these in Australia. Global ambitions and further product expansion into Asian markets in 2016/2017. (\$1.1mil) in Net Assets |
| Transaction Solutions International Ltd (ASX Listed TSN) | \$125,127 (\$993,967) \$23.34 million | 25% owners of an Indian ATM Management Company that manages approx. 14,000 ATMs in India. Announced intention to acquire remaining 75% of interest but elected not to put option on purchase due to regulatory changes and impact on Indian ATM businesses and regulatory changes in that region. Net Assets of \$11.5 million. |
| Stargroup Limited (ASX Listed STL) | \$10 million* \$0.5 million* \$18.1 million FY 18 Outlook \$20million* \$5.75million* | Only ASX Listed ATM operator deploying in Australia and only ATM operator that has an ownership interest in its manufacturer, South Korean based NeolCP which also manufactures back office, coin counting and casino settlement solutions. Average transactions per ATM, per month of 608. STL Net assets of >\$25million**. Recent acquisition of Indue ATM businesses will see Stargroup become its own ATM payments and processing provider for 70 other IADs, 2,400 ATMs and 1,350 modems in Australia, processing >18 million transactions per annum. Also an EFTPOS provider developing unique EFTPOS facility and processing for existing partner client base of >45,000 businesses for rollout to that customer based in 2017 and future years. |

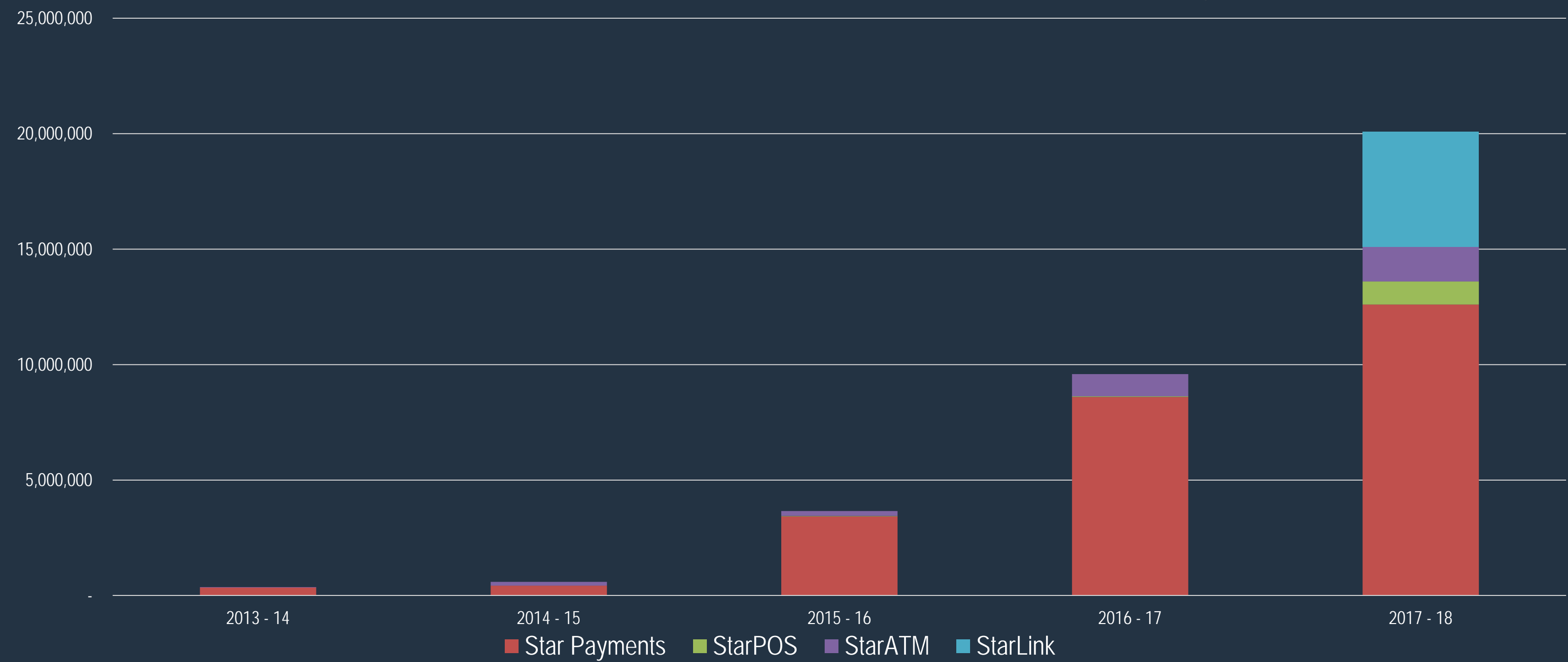
* Forecast 2016 – 2017 Revenue and EBITDA results as announced

** Includes deferred tax assets as disclosed in 2016 Annual Report

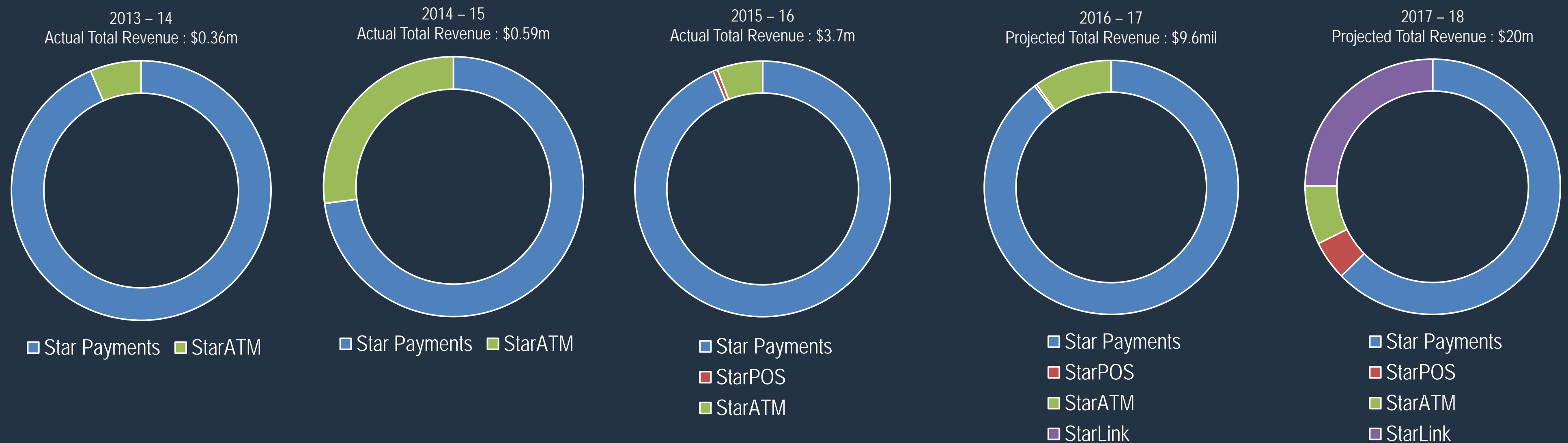
Revenue Profile - Historical and FY 18

"Our current annualised revenues are circa \$15mil and our projected FY18 revenues are \$18mil. This is not an unrealistic expectation of the anticipated organic growth across our four divisions."

TODD ZANI
CEO & EXECUTIVE CHAIRMAN



Revenue Composition by Division - Historical and FY 18



Current growth drivers



- Revenues Increased Reduced COGS in FY17 by >50%. Further 15% reduction in FY18
 - Savings of 25% in CIT costs in FY17 and >50% in FY18
 - Accelerated payback on ATMs by 20% to 15 months on the 5 to 7 year contracts
 - Ideally positioned to further accelerate growth
-



- Increased ATM and ATM software sales by 453% in FY17
 - Further sales expected in FY18 as Independent ATM Deployers update their technology to meet new EMV standards
 - First sale of Recycler ATM technologies to a banking customer in Australia in FY17
 - Expansion into international markets in FY18
-

Current growth drivers



- Opportunity to significantly grow the Australian business through technology development with channel partners
- Certification of world-best application software sourced from Europe for Australian market
- Distribution of new technologies via multi-channels
- Ideally positioned to use EFTPOS offering with point of sale products for “bundled offering”



- Earnings accretive acquisition via vertical integration of Indue ATM Businesses
- Free cash flow of > \$1.5m from division in FY18
- Opportunity to aggregate further “smaller” Independent Deployers from 70+ deployers that services provided to
- Further earnings to flow though FY18 – FY20 from white labelling of Goldfields Cash Agreement to 70+ deployers
- Larger scale of assets acquired than expected

Current growth drivers

- Strong reputation and brand name and opportunity to leverage branding into other banking verticals
- Core business continues to grow with the lower costs and addition of new products
- Launch of www.stargroup.com.au website and new product offerings in FY18
- Earnings initiatives signed in FY17 to flow through in FY17 – FY20 and beyond.
- Expansion of sales force and channels in FY18 to accelerate organic growth
- Distribution of further new technologies via multi-channels
- Further earnings to flow through FY18 – FY20 from white labelling of Goldfields Cash Agreement to 70+ deployers



Investor Summary

Core business: ATM business continues to grow with lower cost base and additional revenue streams

International expansion: market opportunities to provide world leading hardware and software technologies to drive growth of the core business

Experienced team: Highly experienced team with proven track record of building large scale businesses from start up

Financial product releases: market launch of disruptive financial products to Star customers and shareholders in FY18 as part of delivering superior benefits and returns to shareholders

FY 18 guidance: Revenue \$20m - \$21m, EBTIDA \$5m - \$6m, NPAT \$2m - \$2.5m



Contacts

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