

ASX Release
6 February 2017

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 presented to a number of institutional investors in Sydney and Melbourne this week.

FURTHER INFORMATION

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About Stargroup

Financial technology company Stargroup Limited is the only ASX listed company deploying ATM machines in Australia and importantly, the only listed ATM company having a direct ownership interest in the manufacturer of its ATM technologies, namely NeolCP, a south Korean private company.

Stargroup Limited became the exclusive distributor of the cashPod ATM range including the recycler ATM, back office and payment technologies in Australia for the next 5 years on 7 August 2015.

Stargroup Limited, via its wholly owned subsidiaries, StarPOS and StarApps, is also an EFTPOS and payWave technologies provider and developer of the source code in its terminals via its 5 year distribution agreement with West International AB, a Swedish NASDAQ listed company, to distribute next generation EFTPOS payment terminals and solutions in Australian and New Zealand.

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 Presentation

6 FEBRUARY 2017



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Corporate overview

MAJOR SHAREHOLDERS	% OWNERSHIP
DIRECTORS, MANAGEMENT, RELATED PARTIES	18.80%
TOP 20	57.83%
OGNENIS GROUP	18.94%
ZANI GROUP	10.83%
NEOICP KOREA INC	5.30%

CORPORATE SNAPSHOT	
ASX CODE	STL/STLO
CASH AND EQUIVALENTS	\$1.7MIL
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.

Key Investment Highlights

- Proven monetization model and profitable business
- Highly experienced Board and Management Team with over 75 years experience and track record of building large scale operations
- Recurring revenue from long term contracts in both ATM and EFTPOS divisions
- Gross revenue FY 2016 of \$3.6mil, increased by 519%. Estimated revenue for FY 2017 of >10mil, a >200% increase
- Maiden dividend Payment anticipated to be paid in June 2017
- Attractive entry point. Undervalued compared to market peers and net assets are > market value.
- Further EPS accretive acquisitions under contract
- In complete control of the ATM cash cycle from switching, processing, deployment, manufacture and cash replenishment
- Significant catalysts to be delivered in 2017 including major cost savings of >50% since 1 July 2016, launch of new EFTPOS technologies in early 2017, the intelligent deposit ATM launched in October 2016 into remote communities, a significant % increase in revenue and EBITDA forecast for FY17 and maiden dividend payment earmarked for June 17

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



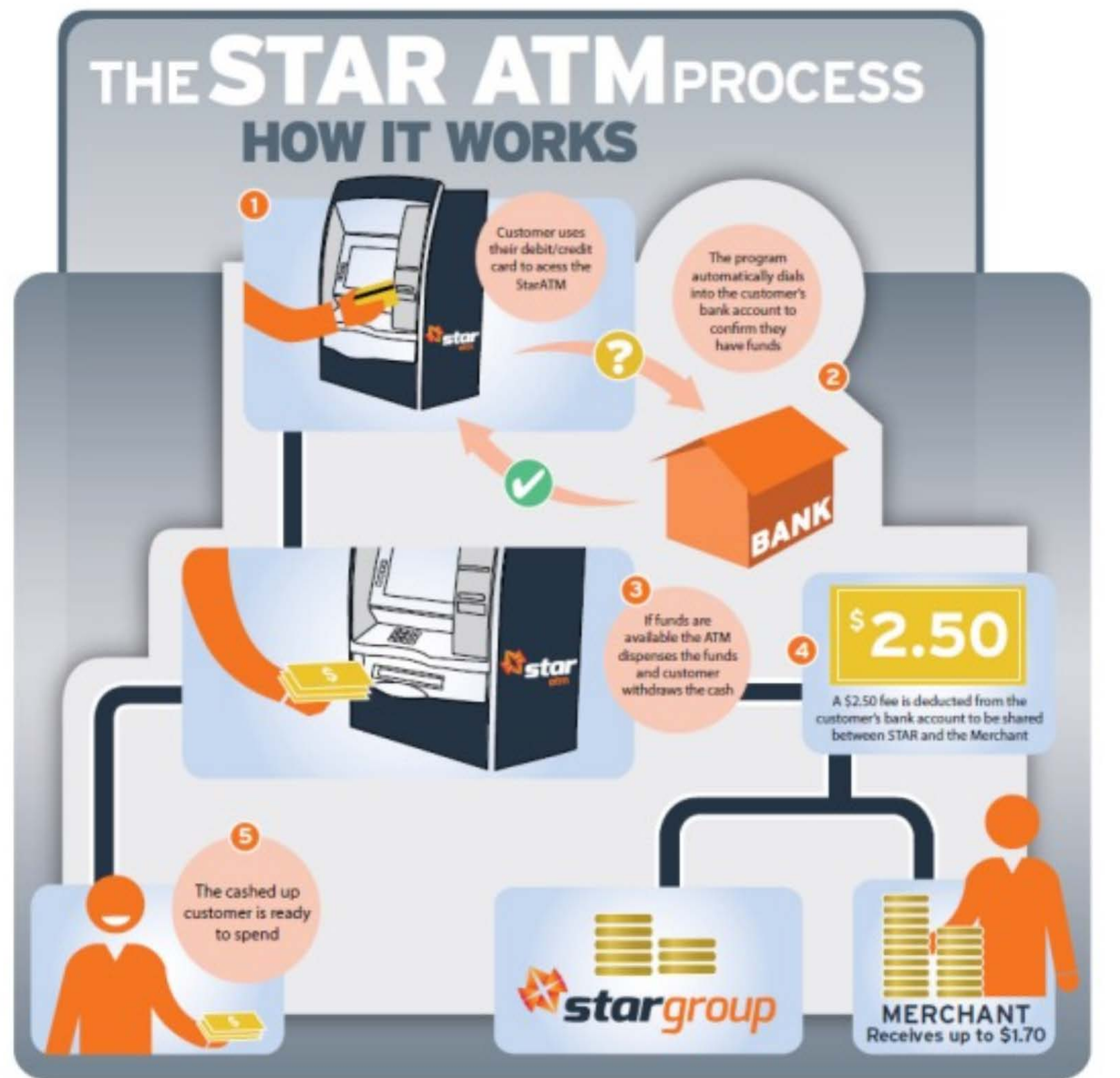
ATM SWITCHING AND
PROCESSING COMPANY

Key Financial Performance YTD v FY16 Result

	FY16 ('000's)	Actual FY17(Oct 16) ('000's)	Estimated Full FY17 ('000's)	Current Annualised Change Annualised FY'2017 v FY' 2016	
Revenue from continuing operations	3,659	2,907	10,771	194%	▲
Gross Profit	1,051	1,249	6,247	494%	▲
Other Income	2,164	-	6,314	192%	▲
Operating expenses (including depreciation)	(4,455)	(1,891)	(5,673)	27%	▼
Statutory profit (loss) after tax	(1,258)	(567)	6,888	647%	▲
EBITDA	(170)	102	9,147	5,480%	▲
Basic/Diluted profit (loss) per share (in cents)	(0.38)	0.02	1.53	502%	▲

- Stargroup anticipates that as a result of underlying profitability and EBITDA that the deferred tax assets will be booked to revenue account in FY17.
- Stargroup has scheduled to make its maiden dividend payment in June 2017, if not earlier.

StarATM revenue metrics



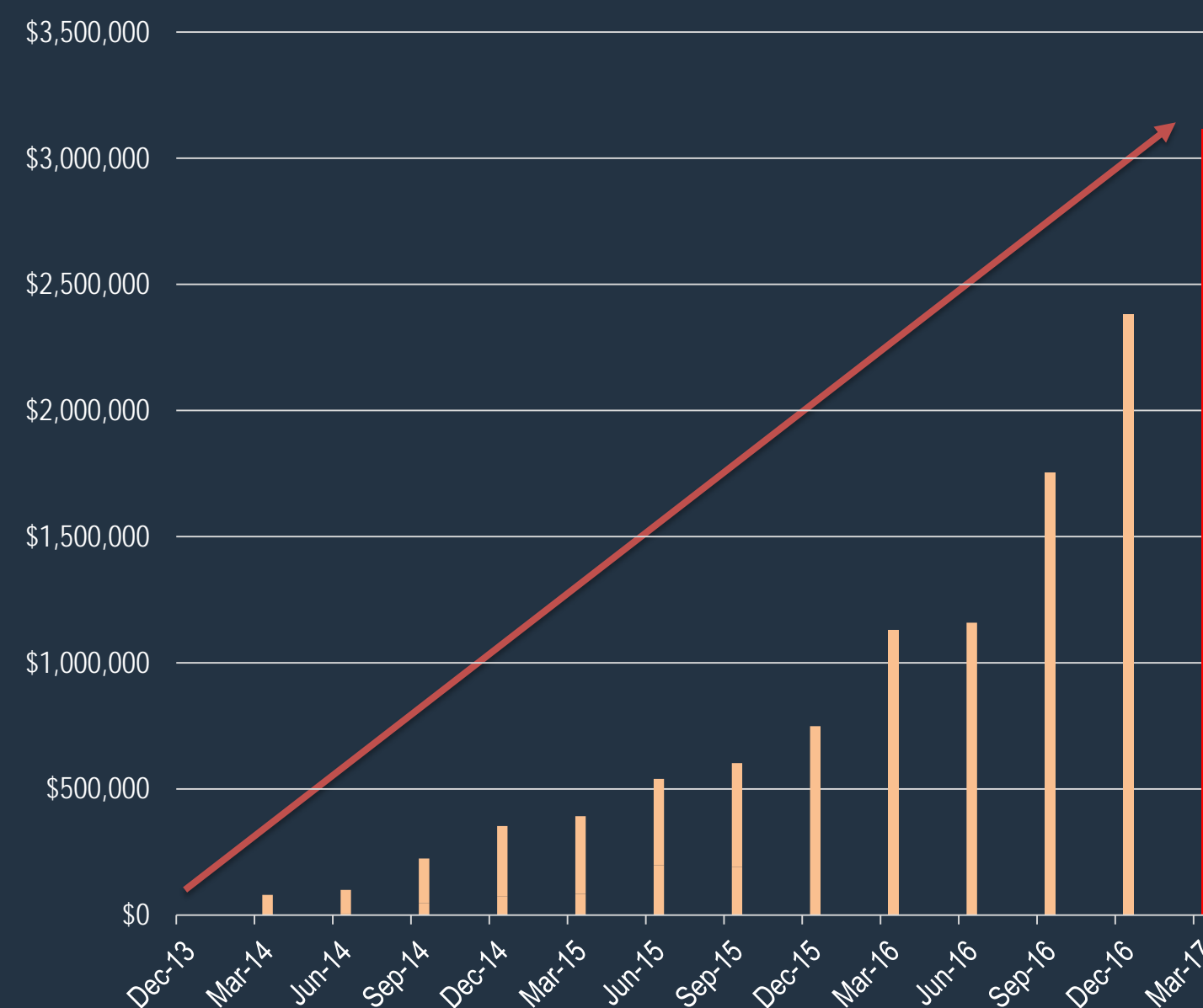
	Lowest Range Example of an ATM	Highest Range Example of an ATM	StarATM's Actual Average Results (Dec 2016)
Direct Charge incurred by the customer to use the ATM	\$1.50	\$3.00	\$2.32
Processing Fee paid to switching Company	\$0.20	\$0.20	\$0.16
Rental/Profit Share paid to Landlord/Merchant/CIT	\$0.80	\$1.50	\$0.96
Gross Profit per transaction	\$1.00	\$1.30	\$1.20
Average Number of Transactions	400	1,000	617
Number of Active ATMs	1	1	365 Active ATMs
Gross Profit per ATM	\$400	\$1,300	\$740.40

Record Revenue and EBITDA Results

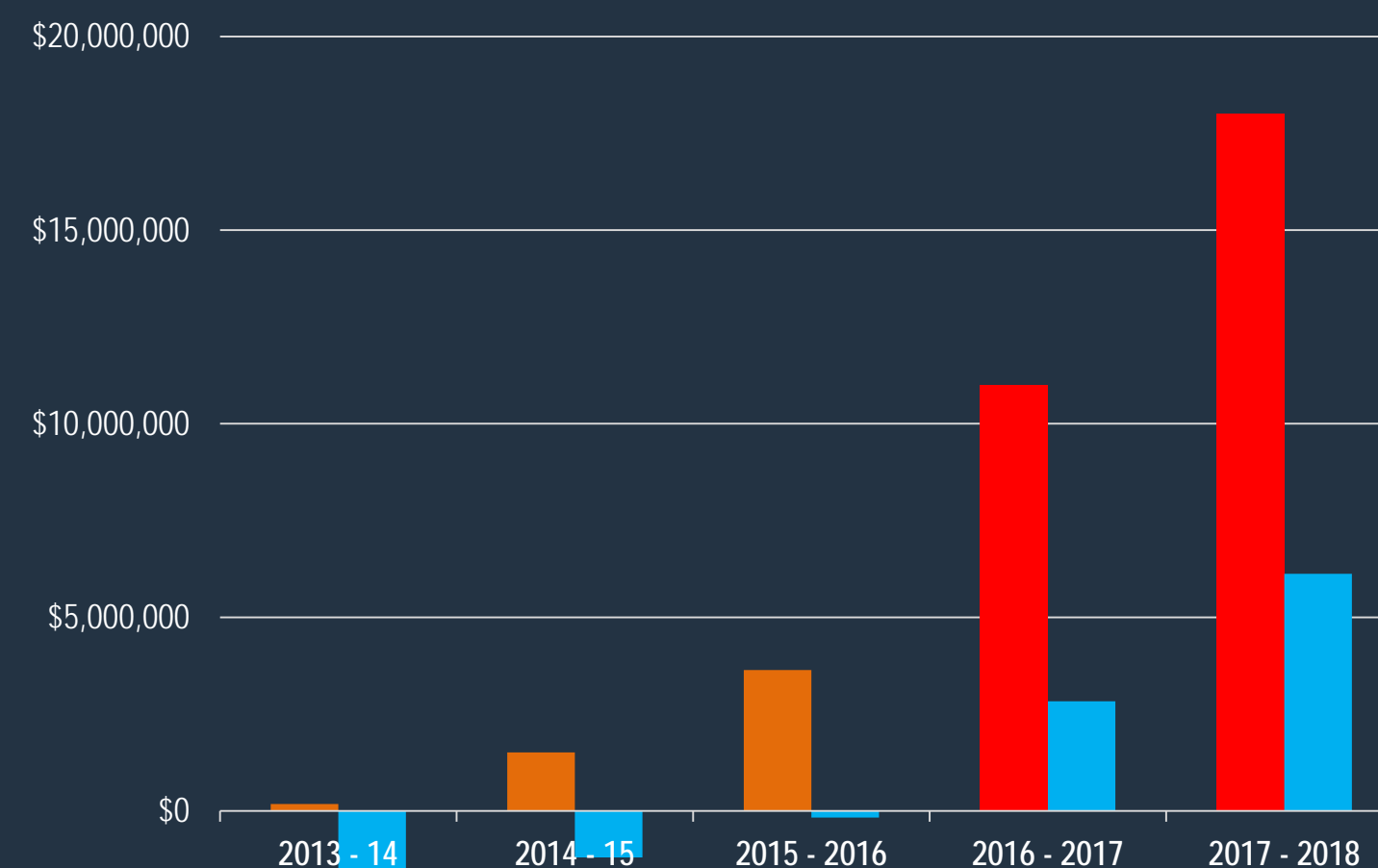
"A 521% increase in actual annual revenues in FY16 and a 299% improvement in 2016 YTD revenues compared to the corresponding period in 2015 is a very pleasing performance."

TODD ZANI
CEO & EXECUTIVE CHAIRMAN

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



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

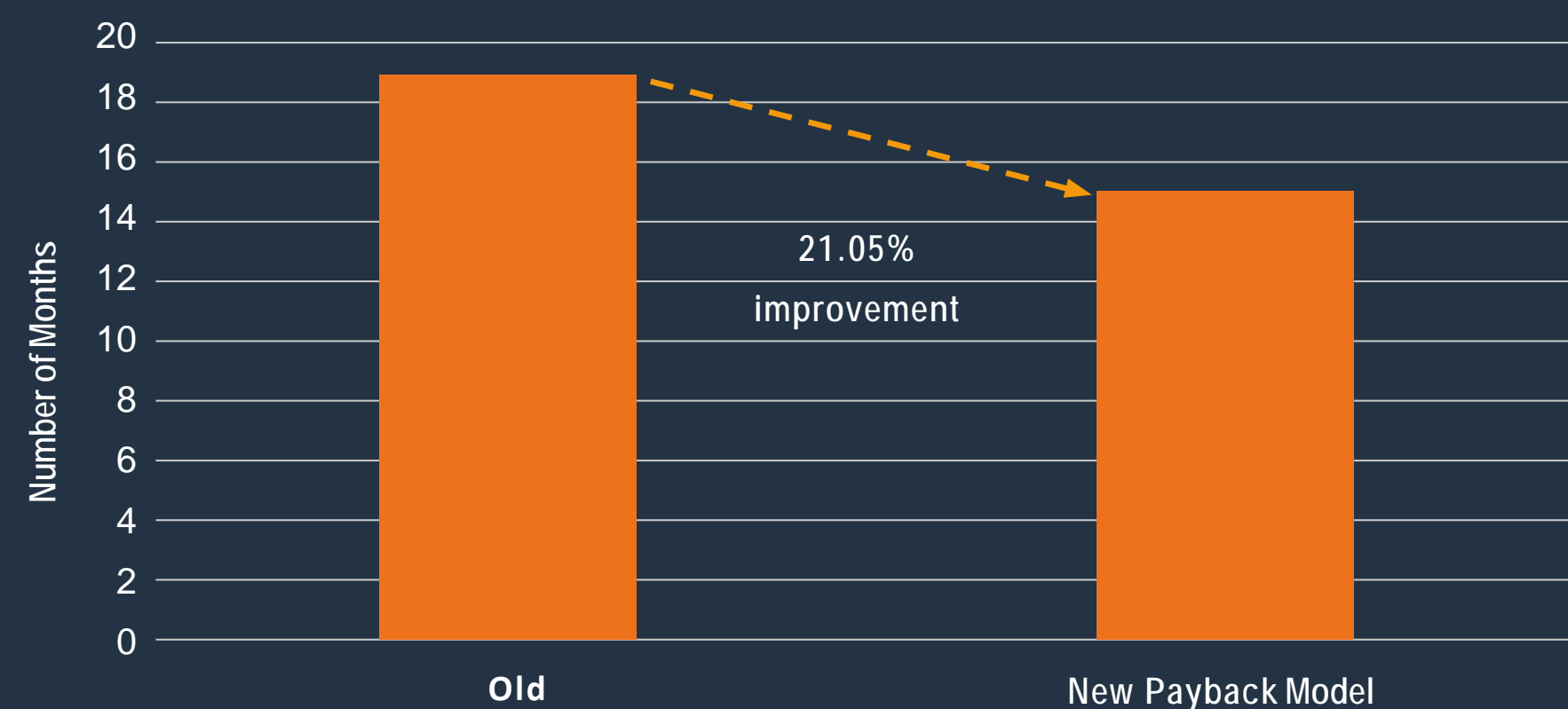


*The 2016 – 2017 result excludes EBITDA impact of realising the \$6,314,925 deferred tax asset

Significantly lowered operating costs and better payback

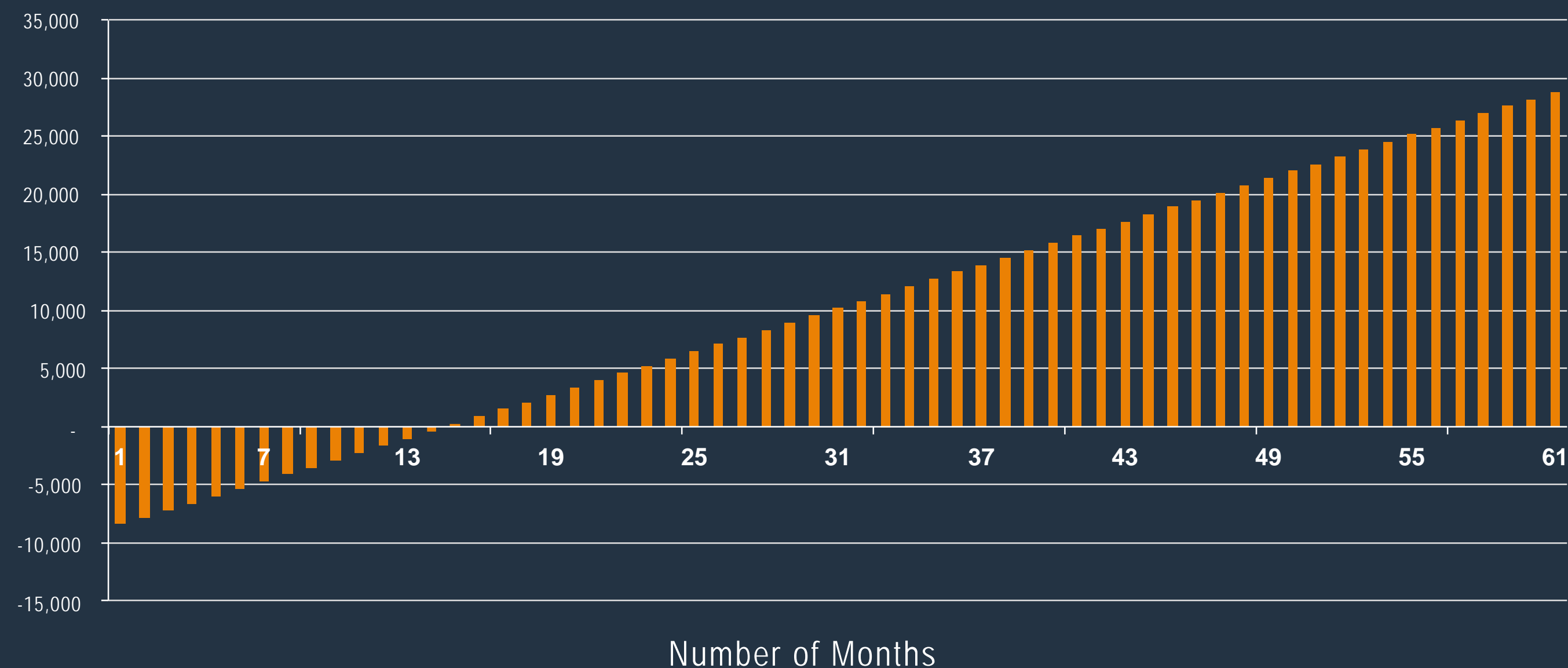
- > Star Payment Systems has reduced major operating costs of its ATM network by 52.90% with the major cost saving commencing on 1 July 2016.
- > The reduction has accelerated the payback on initial investment per ATM by four months to only 15 months (a reduction in payback period of more than 20%) on 5 to 7 year site contracts.
- > Star Payment Systems expects further cost savings in 2017 and 2018 years as part of ongoing negotiations with other key suppliers.
- > Indue Acquisition (completion in Feb 2017) will further lower processing costs and GMY cash convenience agreement to reduce CIT costs by >50% in 2017 and following years.

Star Payments typical return on initial investment per ATM



StarATM typical return on initial investment per ATM

STARGROUP CONTINUES TO OUTPERFORM



- > Typically a 15-month payback on initial capital investment on a 60 month contract based on \$400 GP per machine per month
- > More than 360 ATMs across Australia
- > \$2.50 charge for withdrawal

\$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
- 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
- Stargroup to partner with Goldfields Money to roll out "Star-labelled" financial products to GMY customers
- Star Payments will save >\$600k in cash costs in FY17 on current cash requirements and >\$1.5mil in future projected cash costs
- Valuable resource to pick up additional revenue from remote communities

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 Feb 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 FY17 and beyond



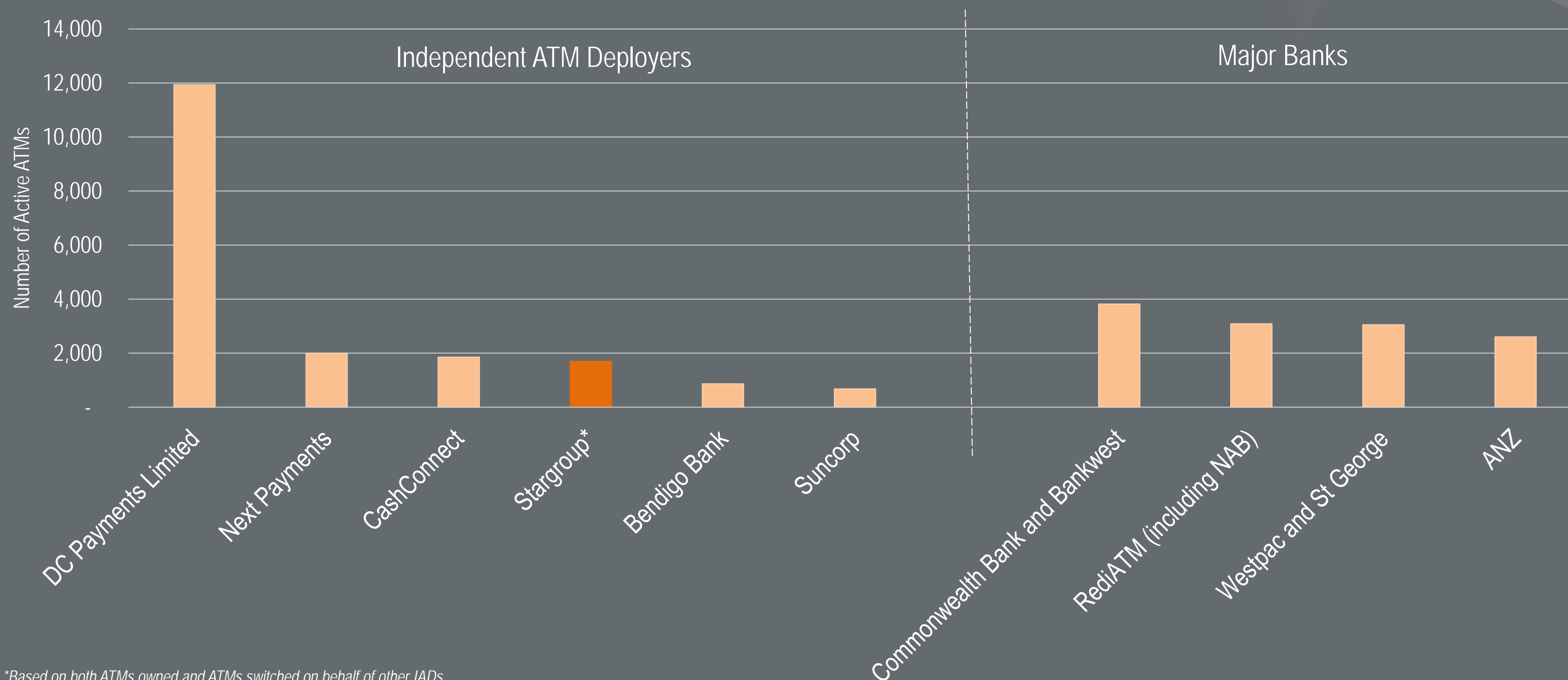
Transaction Highlights

#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 other 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

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	1.71	8.50		10.21 ²
Total Current Assets	3.67	8.50		12.17
Total Non Current Assets	13.08	6.50	6.31	25.89
Total Assets	16.75	15.00	6.31	38.06
Current Liabilities	3.37	0.00		3.37
Debt	0.30	15.00		15.30
Non Current Liabilities	0.00	0.00		0.00
Total Liabilities	3.67	15.00		18.67
Net Assets	13.08	0.00	6.31	19.39
Annualised Turnover	8.00	4.10	6.31	18.41
Estimated EBITDA	1.28	1.65	6.31	9.15

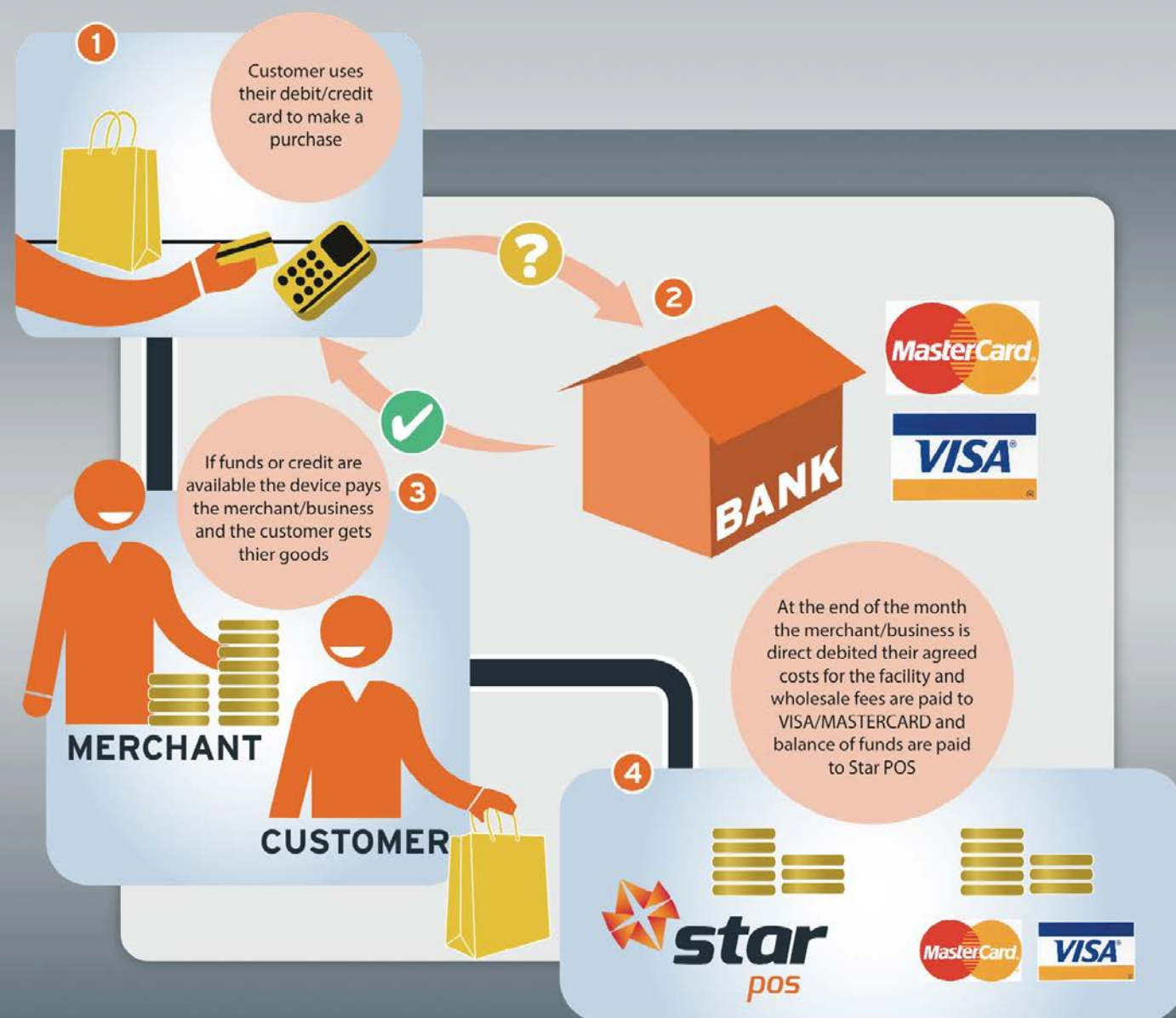
1. Based on Cash and Cash Equivalents at 31 December 2016
2. Does not include transaction costs which will include stamp duty and legal costs

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 signs 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 Q1 2017



NeolCP provides strategic advantage

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

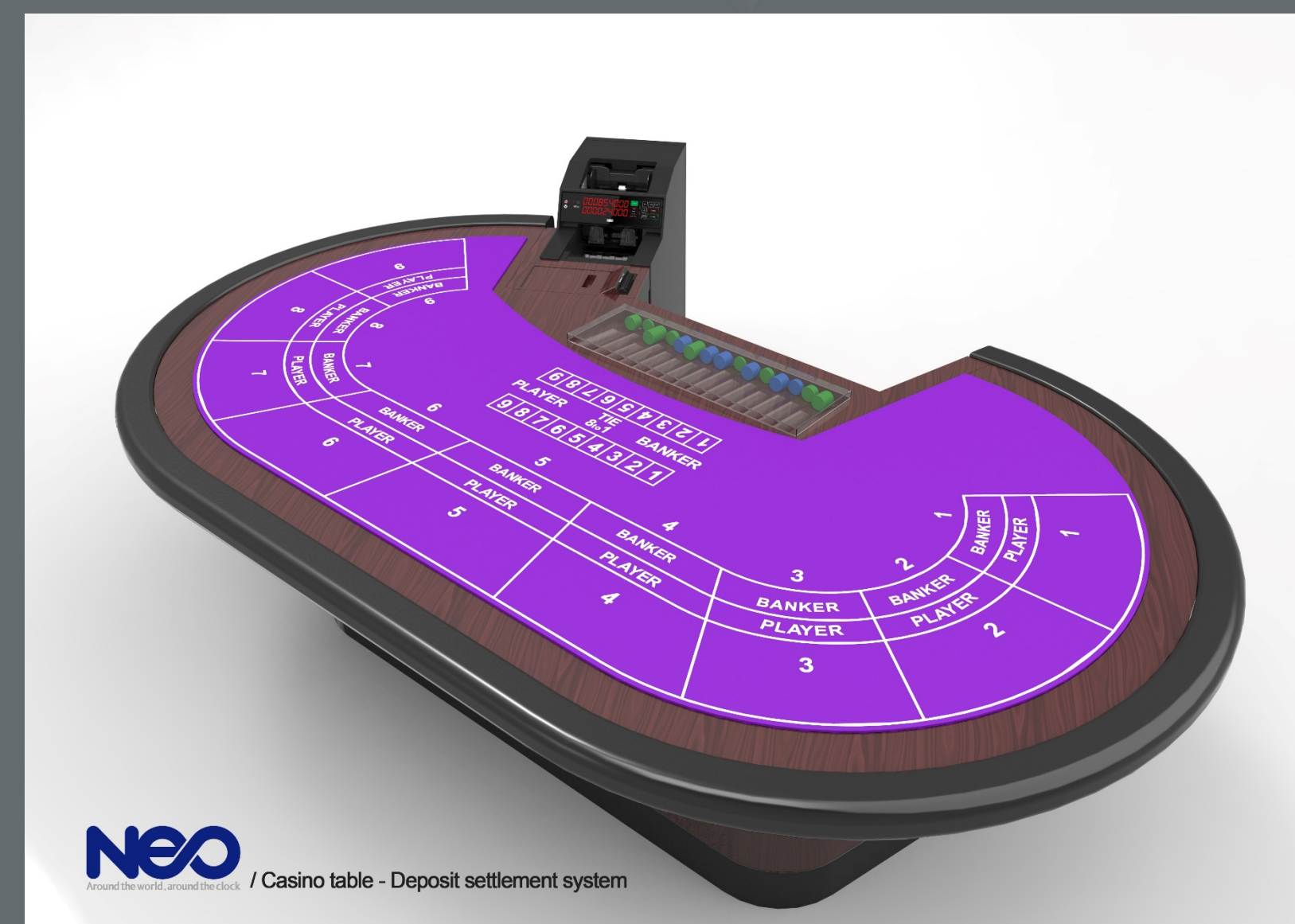
- > Direct ownership interest in NeolCP, manufacturer of ATMs, back office and casino settlement solutions (11.28%)
- > NeolCP at 30 June 2016 had AUD\$17.3mil in net assets
- > NeolCP is a private South Korean company with >80% of the back office market in that country through relationships with the following conglomerate customers:
- > Gross Revenues of \$25.4 million
- > EBITDA of \$2.3mil
- > NPAT of \$1.6mil
- > NeolCP finalised a successful pilot of its unique casino settlement solutions with four Macau casinos and is now distributing this technology throughout Asia.



NeolCP Financial Performance

	FY16 (‘000’s)	FY15 (‘000’s)	Change FY’2016 v FY’ 2015	
Revenue from Operations	25,405	21,381	19%	▲
EBITDA	2,319	1,795	29%	▲
Net Profit After Tax	1,605	998	61%	▲
Net Assets	17,292	15,538	11%	▲

- STL owns 11.28% of NeolCP and they have significantly improved their results in the last two years.
- NeolCP successfully piloted a casino settlement solution in late 2015 and also resolved a long running dispute with one of its major customers.



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) \$42.4 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) \$40.4 million	25% owners of an Indian ATM Management Company that manages approx. 14,000 ATMs in India. Announced acquisition of remaining 75% of interest and in process of raising capital of >\$47million for purchase. Net Assets of \$11.5 million.
Stargroup Limited (ASX Listed STL)	\$10 million* \$2 million* \$20.4 million	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 620. STL Net assets of >\$20million**. Recent acquisition of Indue ATM businesses will see Stargroup become its own ATM payments and processing provider for 70 other IADs, 1,700 ATMs and 1,350 modems in Australia, processing >12 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

Current growth drivers



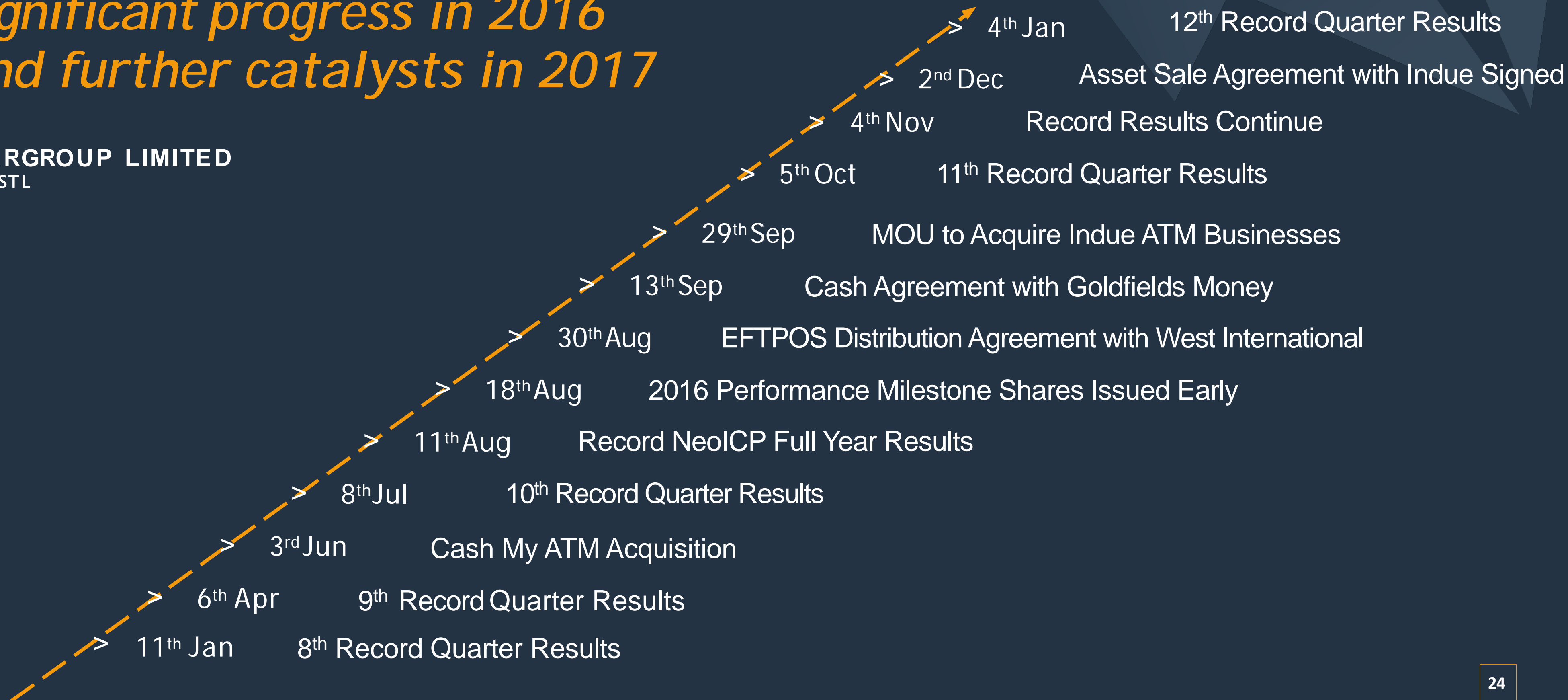
- > Intelligent Deposit certification to be completed in Q1 CY2017.
- > New tenders being pursued with large Australian businesses
- > Signed RATM distribution deal with 1st banking customer (Goldfields Money)
- > New EMV technology upgrades required by Australian businesses and significant upgrade revenue agreed with major customer (1,000 ATMs)
- > In negotiation with multiple targets for EPS accretive roll-up



- > Five-year distribution deal signed with European EFTPOS manufacturer and software provider
- > Five-year wholesale EFTPOS/PayWave agreement signed with world's leading payment processing company
- > Source code software available for API integration with other industries
- > Customers include any business looking to accept Visa, Mastercard and debit card payments
- > Three-year contracts with merchants
- > Announced preferred supplier status with one of the largest Australian buying groups on November 24, 2015

Significant progress in 2016 and further catalysts in 2017

STARGROUP LIMITED
ASX:STL



Key Investment Summary

- Significant % increase in revenue forecast for FY17 and maiden dividend payment earmarked for June 17
- Ownership interest in NeoICP, a leading Korean manufacturer of ATMs, back office, coin counting and casino settlement solutions
- In complete control of the ATM cycle from switching, processing, deployment, manufacture and cash replenishment
- Reduced major operating costs of ATM network by 52.90%, accelerating payback on initial investment per ATM by four months to 15 months (over 20% reduction in payback period) from 1 July 2016
- Disruptive new technologies including the intelligent deposit/recycling ATMs and casino back office technology being launched in FY2017
- Significant further cost savings in FY17 to improve profitability
- Owner of source code in EFTPOS terminal and five-year distribution agreement with leading European EFTPOS company to distribute hardware and software in Australia and New Zealand.
- Assisting credit unions and others on branch transformation and deployment of Recycler ATM technologies
- White labelling of other financial products to Star customers in FY17

Contacts

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