



Mobile financial services to emerging markets

Canaccord Genuity
34th Annual Growth Conference
13-14 August 2014, Boston, MA



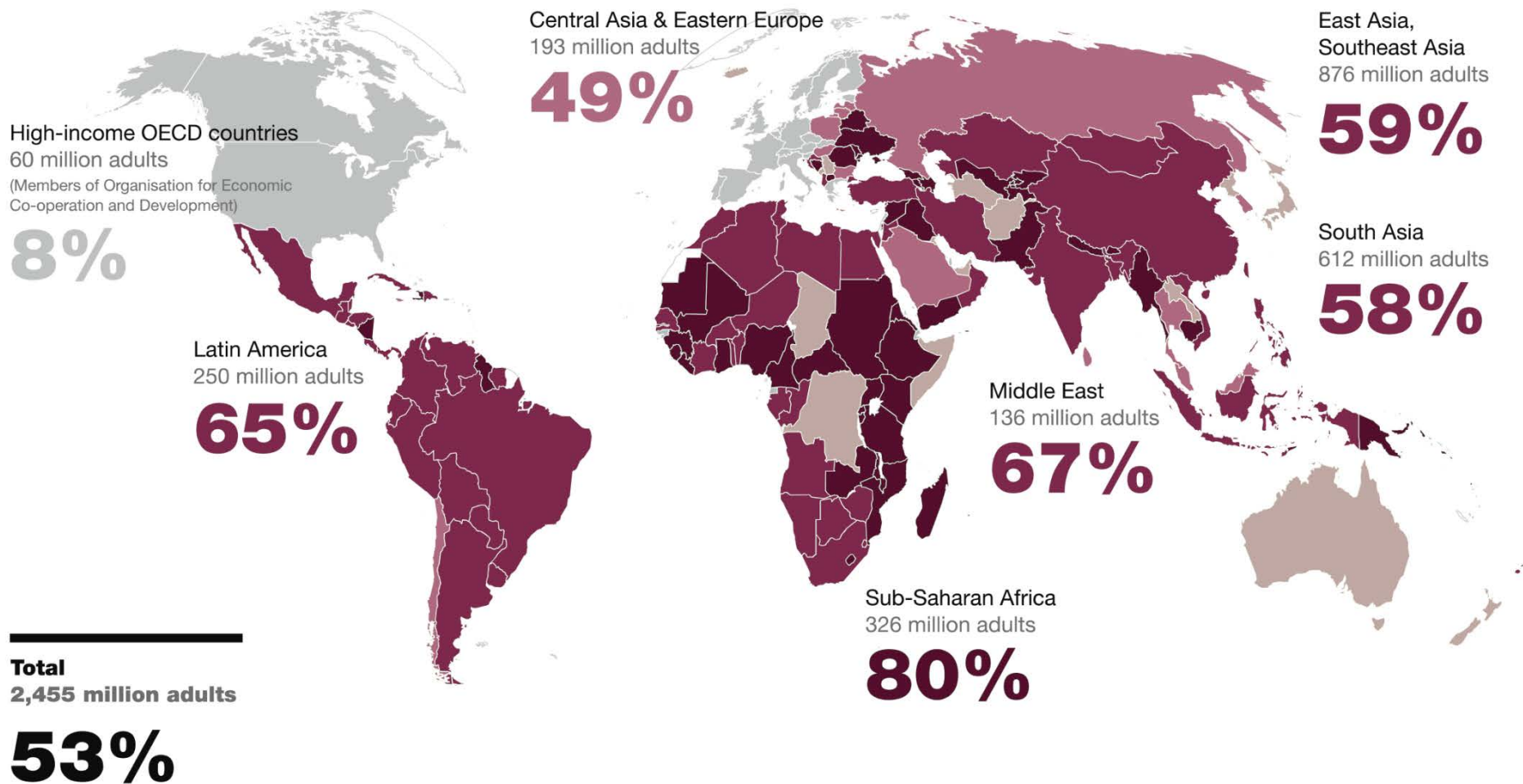
2.5 BILLION WORKING AGE ADULTS ARE UNBANKED



Percentage of total adult population who do not use formal or semiformal financial services

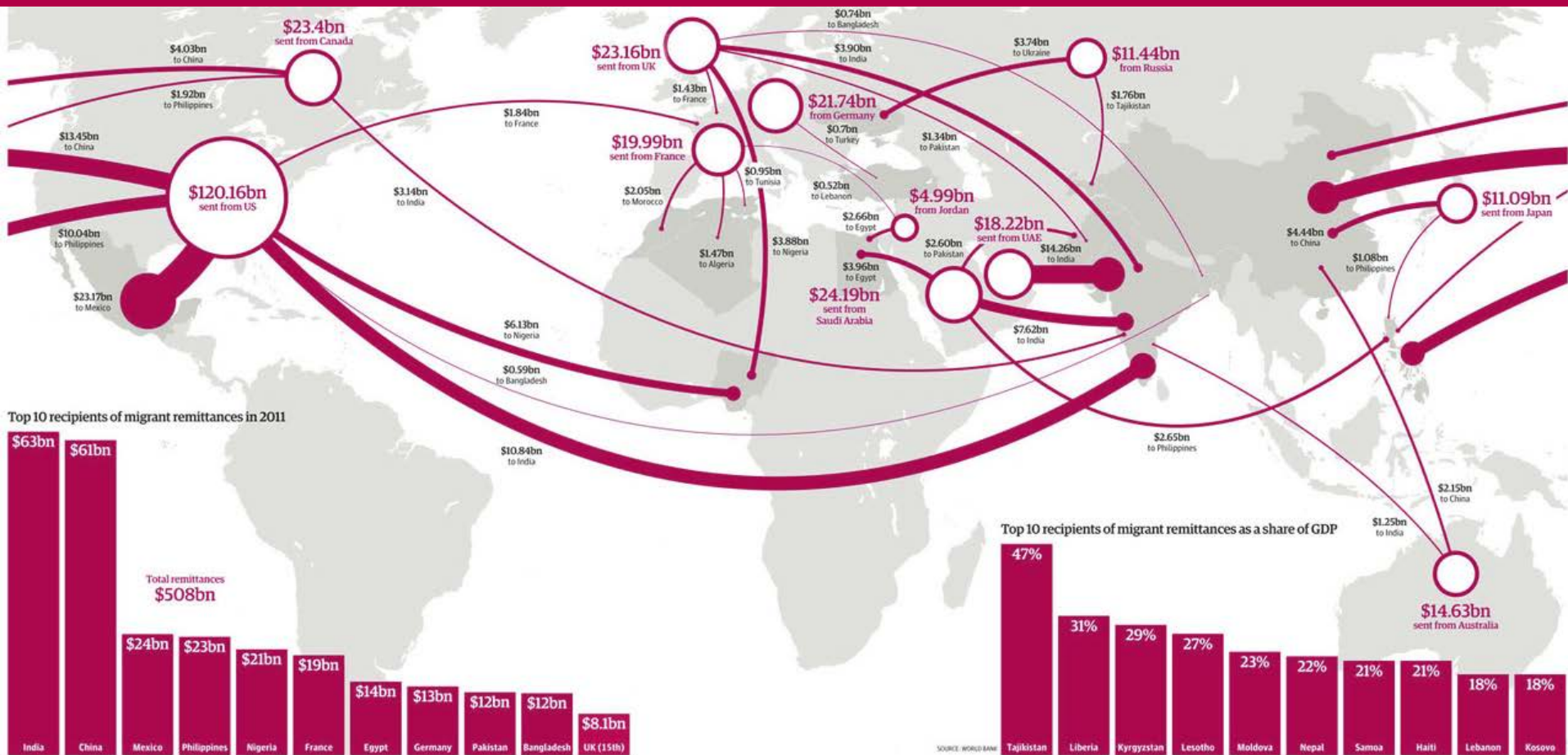
0-25% 26-50% 51-75% 76-100%

Estimates used to calculate regional averages



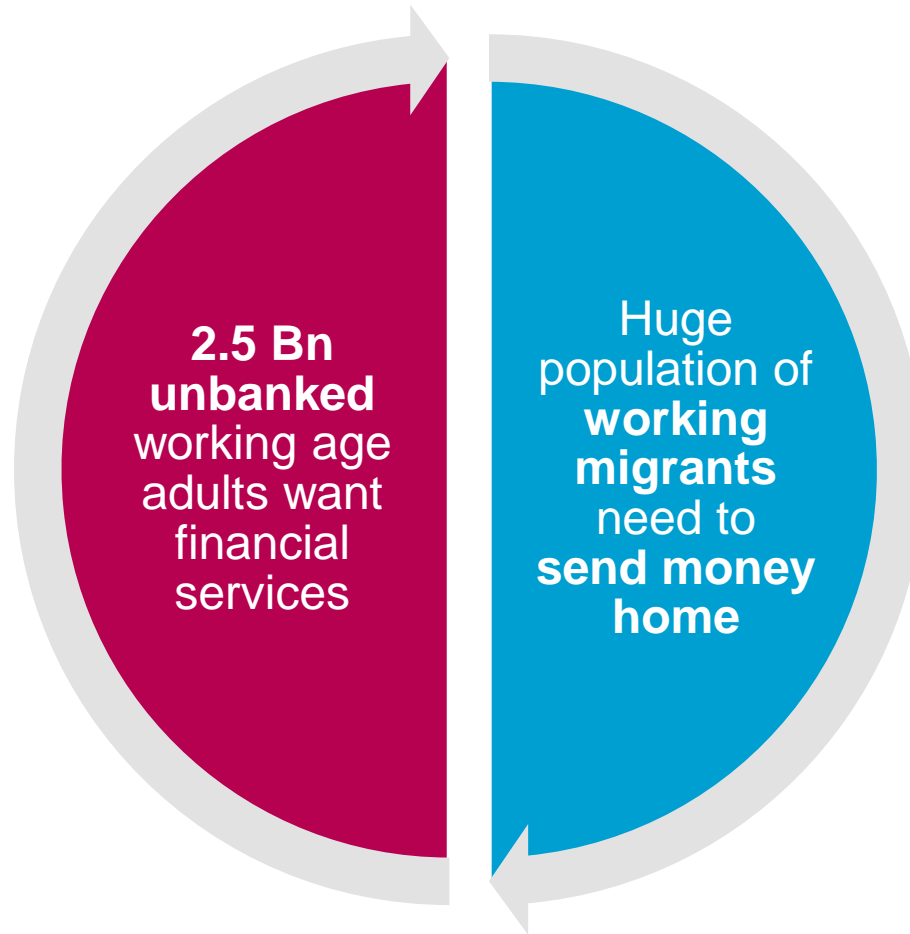
US\$436bn

in international remittance will be sent by migrants to developing countries in 2014 through official channels



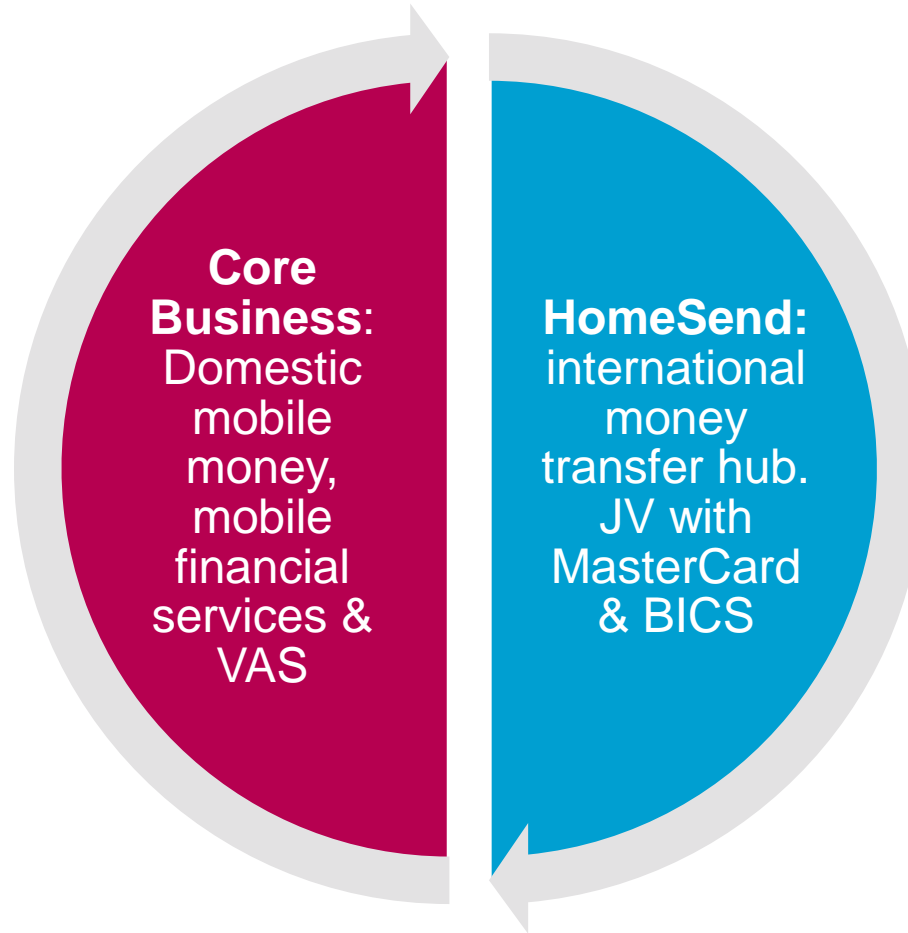
Source: The Guardian, data from the World Bank 2011, US\$

Two different, but related markets, with enormous potential



Introducing eServGlobal

Established end-to-end technology. Distinct but complementary solutions.



Our goal is that any person in the world
can use their mobile to simply and safely
access financial services.

Mobile Money in practice





www.airtel.com



transfer money,
top up & pay bills
with airtel money



Enough time for class.

My education has moved on to greater things with MTN Mobile Money school fees.

No more stress. No more lines. Now everyone can pay school fees instantly anywhere, any time with MTN Mobile Money*.



everywhere y



Orange Money

now available at all Equity
agent outlets **countrywide**

iko pesa pia at:

- Orange Shops
- Orange Money agents
- Mobicom shops
- Equity branches
- Equity ATMs

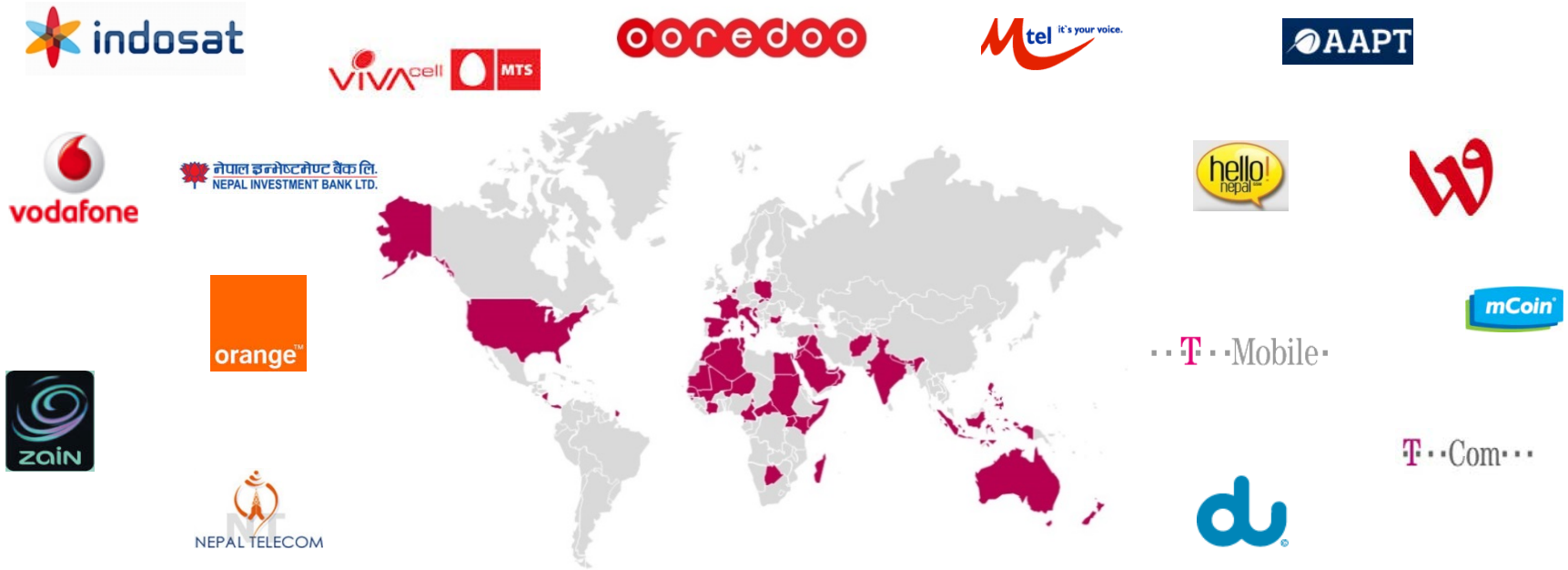
Customer Care:
1434 or 020222 1434



www.orange.co.ke



Global, established, growing customer base



- ▶ More than **65 customers** across more than **50 countries**.
- ▶ Our customer footprint includes presence in **four Tier-1 operator groups** (Zain, Orange, Ooredoo and Vodafone),
- ▶ **Strong pipeline** of work with new and existing customers which is expected to convert to revenues in H2 FY2014 and FY2015.
- ▶ 45% of our revenue is recurring in nature

Next Steps – Business evolution

- ✓ Achieve profitability
- ✓ Presence in Tier 1 Groups (Zain & Ooredoo)
- ✓ Top 3 Mobile Money vendor
- Continue to aggressively expand the number of subscribers using eServGlobal mobile money solutions
- Continue to push geographic diversification
- Nourish product portfolio with market leading features

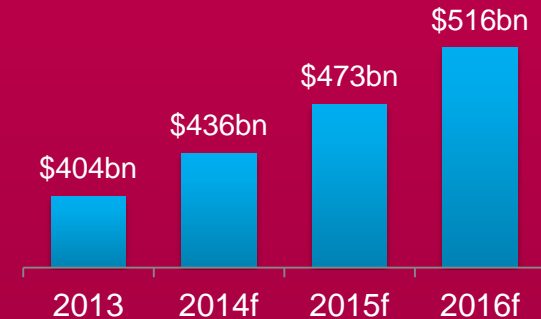


The HomeSend Joint Venture is a disruptive solution which is changing the way money is transferred around the globe.

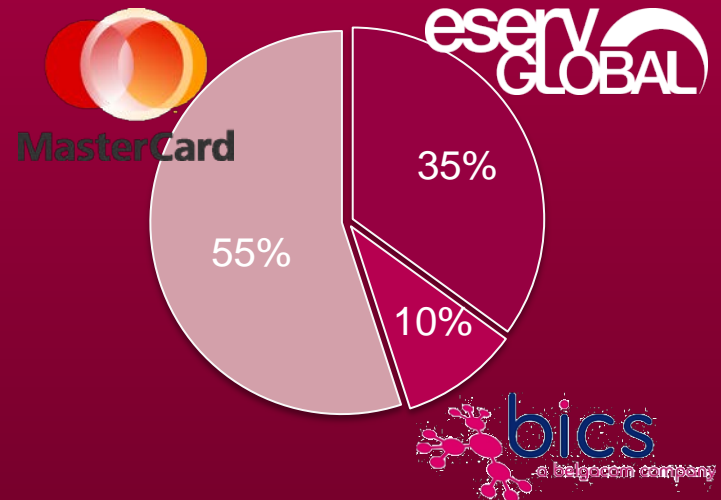
HomeSend has a significant established base of over 1.2bn potential recipients in emerging markets.

As a central point for global remittance, HomeSend provides a simple, safe and cost effective way for telcos, banks, financial services providers and traditional money transfer organizations to connect directly to this previously hard to reach market.

HomeSend is a white-label solution, which is capable of expanding the addressable market of all market players.



International Remittance flows by migrants to developing countries
Source: World Bank, US\$



The opportunity in international remittance

HOW MUCH IS BEING SENT?

Estimated remittance sent by migrants to developing countries in 2014:

\$436
BILLION
through
official channels

\$218
BILLION
through
unofficial channels

\$654
BILLION
Estimated to be sent
by migrants
to developing
countries in 2014

GROWTH

Remittance flow growth is expected to accelerate to an annual average of **8.4% over the next 3 years.**

METHODS

Current methods for transfer include:

- ▶ MTOs
- ▶ Banks
- ▶ Hawala

BARRIERS

Barriers which exist today for end-users:

- ▶ Price
- ▶ Security
- ▶ Convenience
- ▶ Speed

THE OPPORTUNITY



Market share	5%	3%	1%
Value of remittance transactions in 2014	\$32.7 bn	\$19.62 bn	\$6.54 bn
HomeSend receives 1.5% commission	\$490.5 m	\$294 m	\$98.1 m
HomeSend EBITDA	\$441.5 m	\$264 m	\$78.5 m
eServGlobal 35% share	\$154.5 m	\$92.4 m	\$27.5 m

NOTE: the figures on this slide are for illustrative purposes only and are not financial estimates or guidance.

The World Bank: "Remittances to developing countries to stay robust this year" April 2014

<http://www.worldbank.org/en/news/press-release/2014/04/11/remittances-developing-countries-deportations-migrant-workers-wb>

RECEIVING SIDE

Emerging markets

SENDING SIDE

Developed markets

Established base of over **1.2 billion** potential receivers in emerging markets



Hard to reach market

HomeSend

Financial Service Providers



Connection to 24,000 financial institutions & 1.8bn cardholders

Banks



Telcos



Money Transfer Organisations



Results

H1 FY2014

H1 FY2014 - Overview

- ▶ H1 FY2014 EBITDA reported profit of A\$34.3m (£19.0m)
 - ▶ Core business adjusted EBITDA* of A\$0.9m (£0.5m) showing a significant improvement over H1 FY2013
 - ▶ Gain on sale of HomeSend business and assets of A\$33.9m (£18.7m)
 - ▶ Healthy cash balance of A\$11.6m reflecting receipt of proceeds of A\$8.2m following the closure of the HomeSend JV and the issuance of new shares
- ▶ H1 FY2014 revenue increased by 24% to A\$16.9m (£9.3m**)
 - ▶ Solid recurring revenue (45% of total revenue)
- ▶ Strong organic growth in the core business driven by both new customer wins and expansions within existing customers.
 - ▶ Customer footprint includes presence in four Tier-1 operator groups (Zain, Orange, Ooredoo and Vodafone), reducing customer concentration and providing geographic diversification.
- ▶ The HomeSend global payment hub joint venture with MasterCard and BICS was successfully closed on 3 April 2014, taking the international money transfer platform to its next level of worldwide expansion.

* Excludes gain on sale of HomeSend business assets, non-recurring items, foreign exchange gains, share based payments and loss attributable to associate resulted in a net loss of A\$0.4m (1H FY2013 net gain of A\$0.4m)

** Average exchange rate over the period was 0.5518 GBP to AUD

Summary P&L

	FY14 H1 A\$M	FY14 H1 £M	FY13 H1 A\$M	FY13 H1 £M
Revenue	16.9	9.3	13.6	9.0
Cost of sales	6.4	3.5	5.3	3.5
Gross profit	10.5	5.8	8.3	5.5
Gain on disposal of HomeSend	33.9	18.7		
Adjusted Operating Costs	9.6	5.3	9.0	6.0
Adjusted EBITDA*	34.8	19.2	-0.7	-0.5
Net Interest	-0.1	-0.1	-0.3	-0.2
Amortization			-1.2	-0.8
Depreciation	-0.4	-0.2	-0.3	-0.2
Adjusted PBT*	34.3	18.9	-2.5	-1.7

*Excludes non-recurring items, foreign exchange gains, share based payments and loss attributable to associate resulted in a net loss of A\$0.4m (1H FY2013 net gain of A\$0.4m)

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