



TSi

TRANSACTION SOLUTIONS INTERNATIONAL



SHAPING SECURE PAYMENTS

Investor Presentation – Feb 2018

ASX: TSN

Transaction Solutions International Ltd (ABN 98 057 335 672)

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Positioning Statement

Transaction Solutions International is an ASX-listed financial services-focused technology company committed to delivering shareholder value via the sustained growth of its core business units which operate in major growth sectors:

- **Cybersecurity:** TSN owns 100% of Australian cybersecurity business Decipher Works;
- **ATM:** TSN holds a 24.89% interest in established Indian-focused e-banking and payment solutions business TSI India; and

via Complementary, value-accretive acquisitions

Corporate Overview

Capital Structure

Ticker	ASX: TSN
Share Price (as at 16 th February 2018)	\$0.011
Total Shares On Issue	2.13bn
Market Capitalisation	~\$23.4m
Debt (Convertible Notes)	\$0.67m
Enterprise Valuation	\$22.83
<u>Funds Outstanding & Available</u>	
Cash at Bank*	\$2.56m

* As at 31st December 2017

12 Month Share Price Performance



Share Holder Breakdown

- ❖ Top 10 Share Holders hold 36% of the shares on issue.
- ❖ Top 20 Share Holders hold 44% of the shares on issue.
- ❖ Top 50 Share Holder Hold 56% of the shares on issue.

Board & Management Team



Jeffrey Lai

Managing Director and Group CEO

- 25+ years experience in the financial services and technology sectors.
- Previously a Managing Director of Accenture and Arthur D. Little.
- Extensive network across Asia and the Middle East.
- Engineering degree (University of Melbourne) and MBA (INSEAD).



Gary Foster

Co-Founder & Chairman

- Group Managing Director prior to being appointed as Chairman in March 2017.
- Experienced in executive leadership and management roles across three financial companies.
- Instrumental in building one of the largest Australian electronic transaction companies, Transact Pty Ltd.
- Member of the Australian Institute of Company Directors.



Gernot Abl

Non-Exec Director

- Managing Director of ASX listed Esport Mogul Asia Pacific.
- Entrepreneur holding directorships in several technology start-ups.
- 16+ years corporate advisory experience working across gaming, poker and resource sectors.
- Bachelor of Law and Commerce with Hons in Finance (UWA).

The Story So Far...

2005

Founded and licensed to own, operate and manage ATMs by Reserve Bank of India.

2009

Successful ASX listing – ASX: TSN.

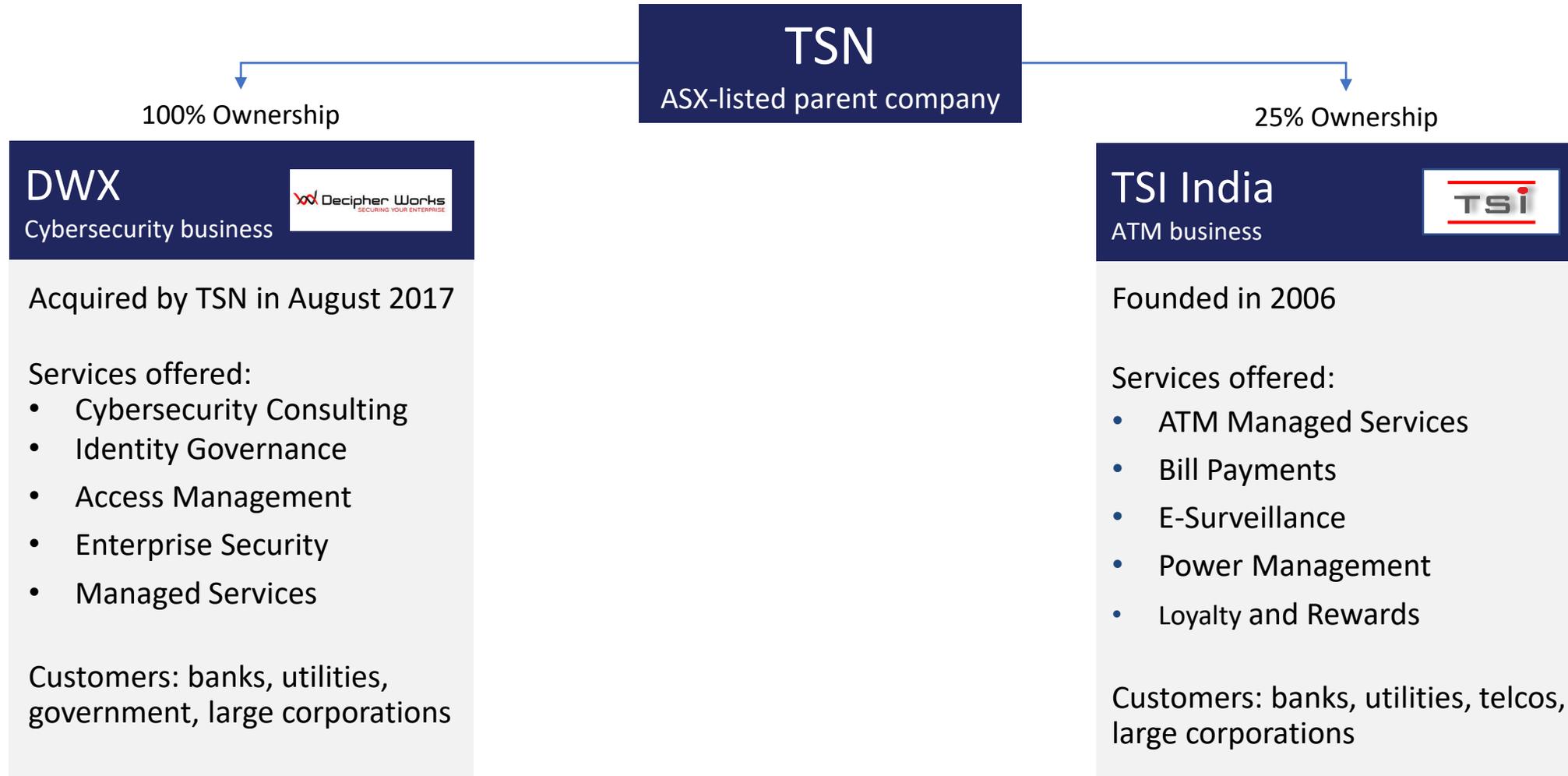
2013

Investment of \$22m by CX Partners to fund growth in exchange for 75% of TSI India. TSN remains a 25% shareholder.

2017

Entry into cybersecurity with acquisition of Decipher Works (DWX).

Company Structure and Core Business Activities



Cybersecurity:

Decipher Works Pty Ltd (DWX)

Why Cybersecurity?

Attractive Market

	Market Size (2017)	Growth (till 2020)
Australia	\$3.7b	7.5%
Asia	\$31b	9%

* Source: Gartner, internal analysis

Room for Expansion

Room to expand into new services due to fragmented market:

- Global firms (Accenture, IBM, Big 4, etc)
- Indian “pure plays” (e.g. Tata, Infosys, etc)
- 50-100 domestic service providers

* For the Services segment, which accounts for 70% of the cybersecurity market

Opportunity to Consolidate Market

To capture new markets and gain share through M&A:

- Full suite of services
- Leverage of client base for cross-selling
- Economies of scale
- Broader geographic market

Good Fit with TSN

Existing market relationships provides potential to:

- Expedite growth into Indian market
- Leverage existing India managed services business

Market Opportunity

- Services segment is \$2.6 billion or 70% of the total cybersecurity market in Australia
- Consolidation in the Services segment – many IT security providers have been acquired by global firm entering the market
- Currently, global firms share roughly 2/3 of the Australian Services segment; the remaining 1/3 is shared by Australian service providers

A\$3.7b

Total expenditure on cybersecurity in Australia annually

7.5%

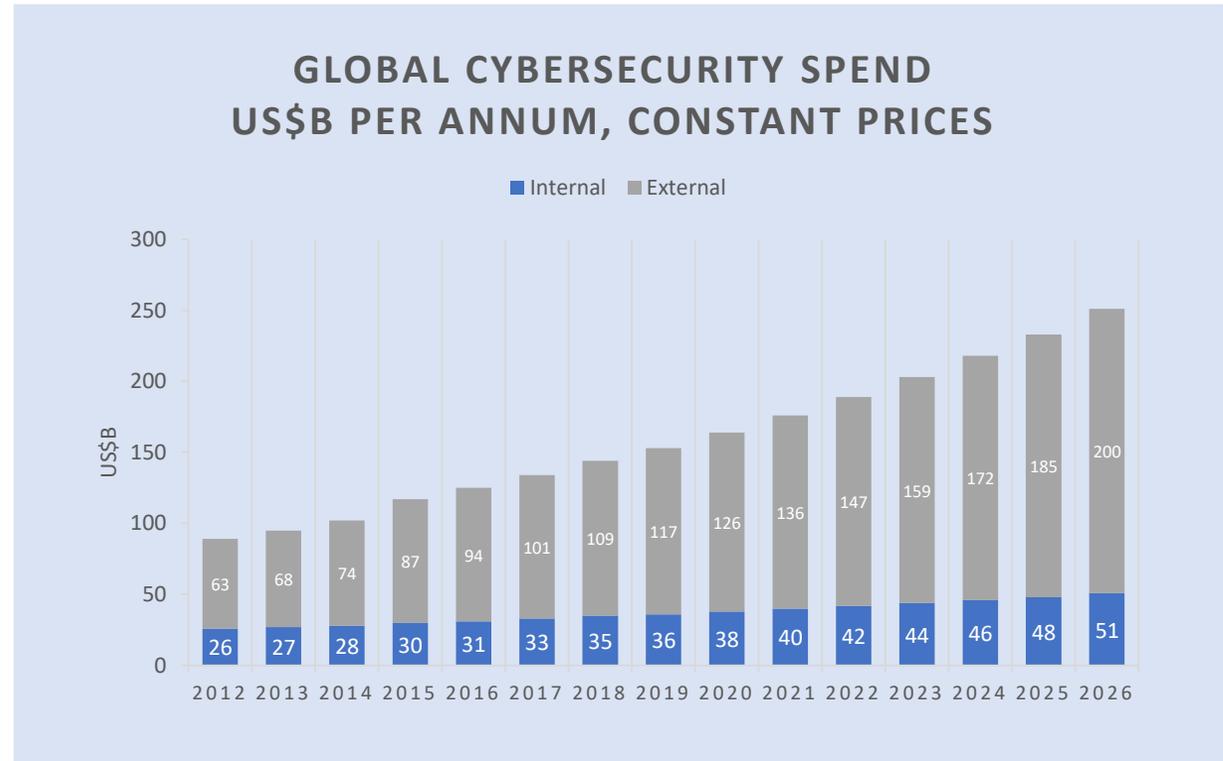
Annual growth expected over next decade in Australia

56%

Of Australian companies increased spending on cybersecurity in 2014

70%

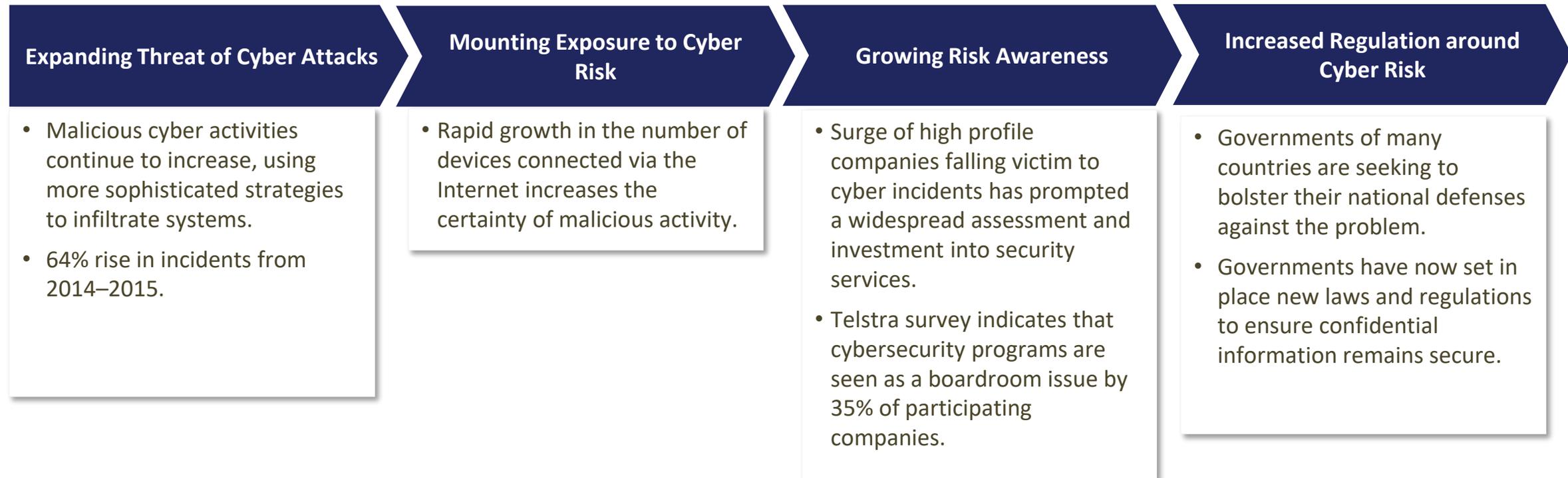
Of market demand in Australia is for Services segment



Source: Gartner, Australian Government’s Cyber Security Growth Network, internal analysis

Trends Supporting Growth

A report published in April 2017, titled 'Cyber Security Sector Competitiveness Plan' published by Australian Cyber Security Growth Network, believes there are a number of key trends which will drive growth for the industry



Decipher Works: Our First Move into Cybersecurity

Business Overview

- Decipher Works Pty Ltd is a cybersecurity specialist founded in 2007.
- Services a portfolio of blue-chip clients including major financial institutions, utilities and logistics companies.
 - High repeat clients – top 12 clients are repeat clients (which account for 88% of revenue)
- Highly experienced team of 18 professional staff.
 - Average 12 years of relevant experience
- Substantial intellectual property accumulated over the last 10 years (incl. codes, designs, interfaces, documentation, training, etc.)
- Strong EBITDA margin of 25-30%

Clients



Business Partners



Decipher Works: Acquisition Rationale

Highly Attractive Fundamentals

Stable revenue stream of \$3.0-3.5 million p.a.*

EBITDA margin of 26-28%*

Attractively priced at ~3.6x EBITDA**

Initial earnings accretive for TSN***

- * Based on FY15, FY16 and FY17 financials. Profit adjusted for non-recurring items.
- ** Excludes surplus cash and working capital included as part of the acquisition
- *** Earnings accretive of 0.04 cents per share, based on FY17 EBITDA and diluted shareholder base of 2.2b shares

Strong Strategic Fit

Fit with TSN's growth strategy in cybersecurity

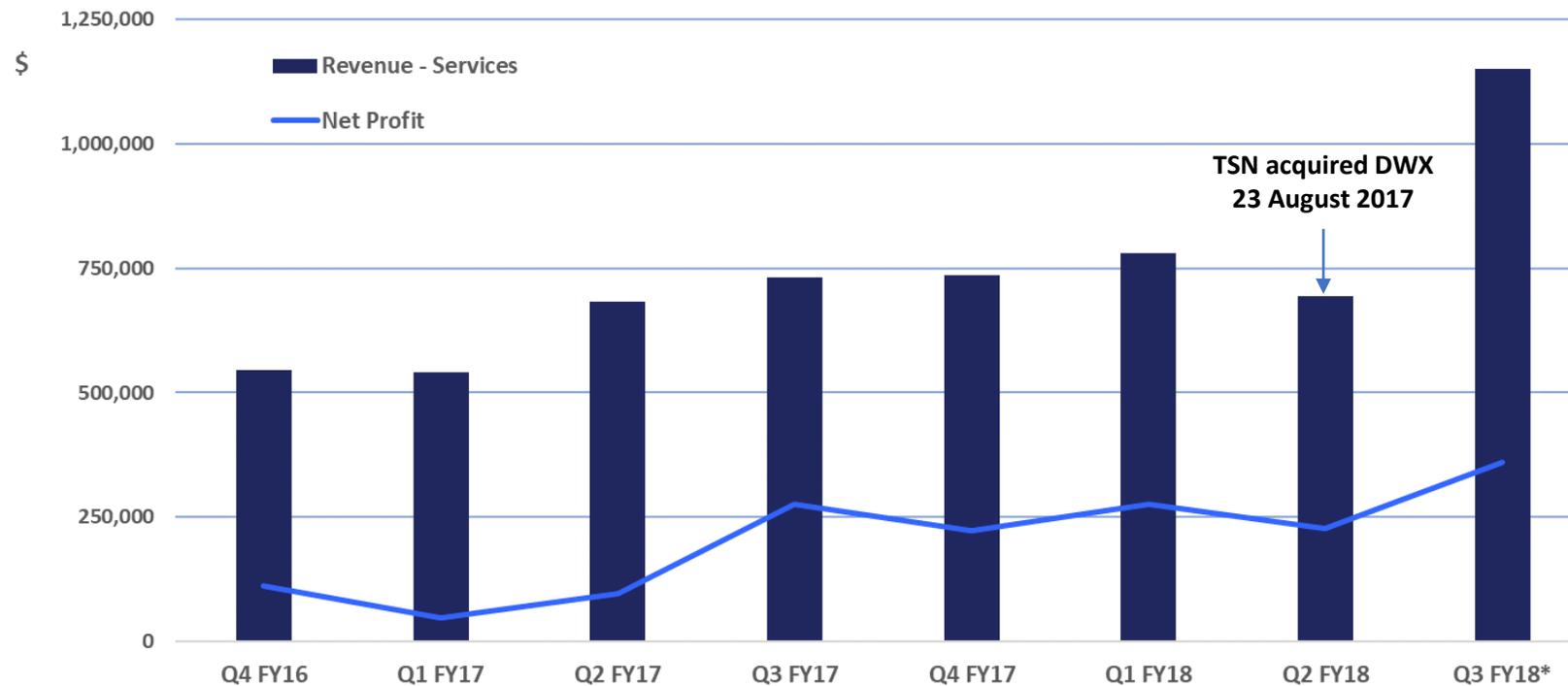
Strong credentials in banking and corporate sector

Deep technical expertise in cyber protection

Potential ability to leverage expertise throughout Australia and Asia

Decipher Works: Financials

DWX's Financial Performance



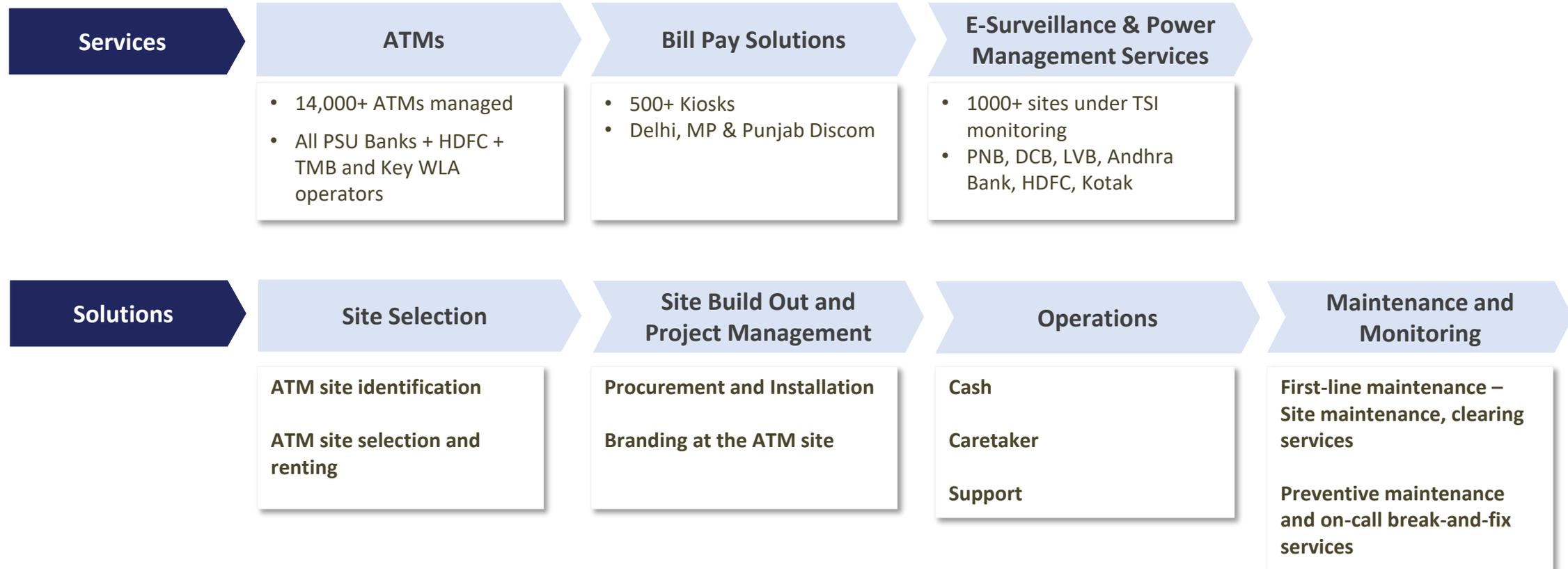
* All revenue excludes software sales

Banking:

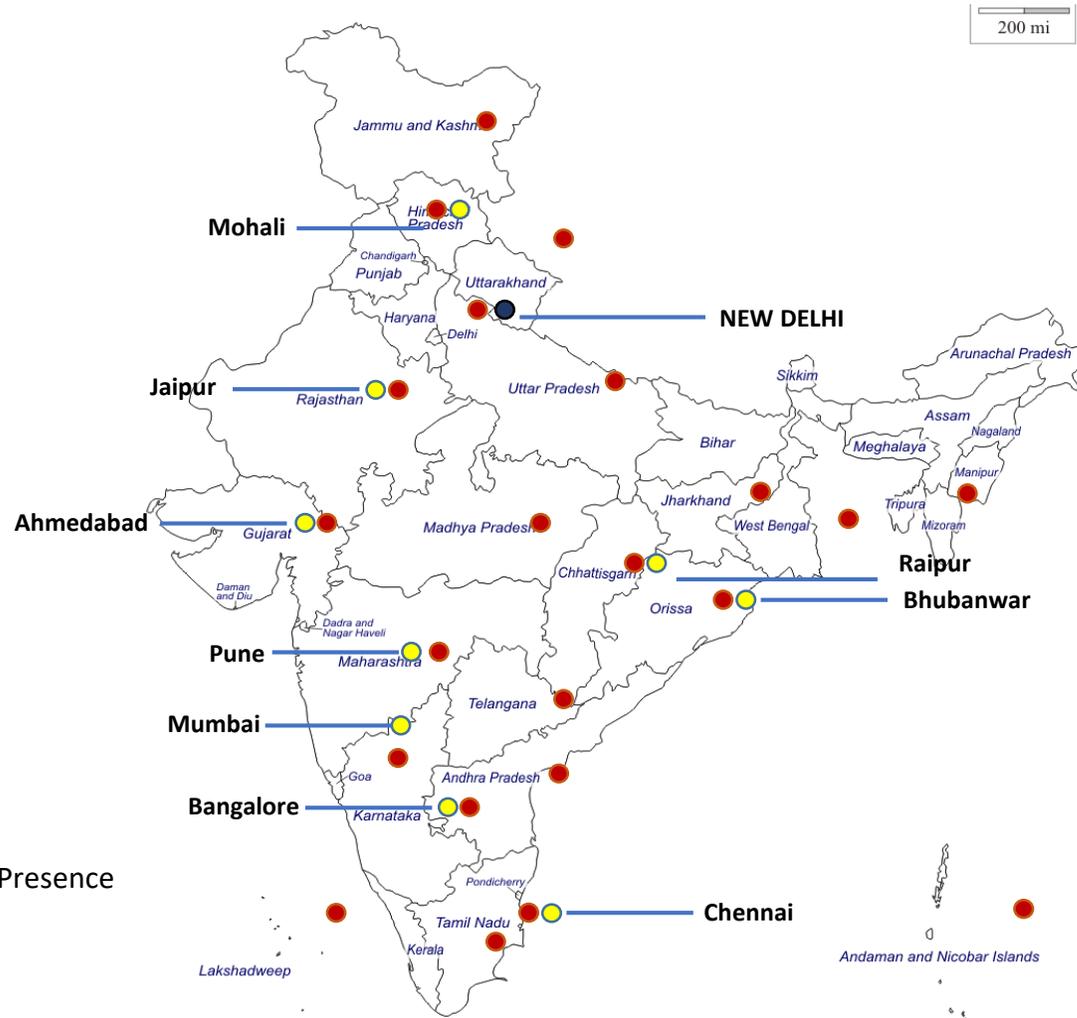
Transaction Solutions International India
(TSI India)

TSI India: ATM Services & Solutions

- TSI is a provider of ATM outsourcing solutions to the Indian banking sector. Performs all the key activities involved in the set up and management of an ATM.



TSI India Footprint



<p>450+ Employees across all locations in India</p>	<p>INR1.5t Transacted by TSI annually</p>
<p>14,500+ ATMs for 35 Tier-1 Banks</p>	<p>550m Transactions facilitated by TSI annually</p>

- Headquarters + Product Presence
- TSI Offices
- Product Presence

TSI India Key Relationships



Acquisition Strategy to Bolster Growth

- Implemented an acquisition strategy to target new businesses in the cybersecurity space.
- Actively seeking opportunities which would be value accretive to shareholders when acquired on EBITDA multiples of 3–5x.
- Targeting complementary businesses to extend:
 - Range of service offering
 - Client base
 - Geographic footprint

For More Information

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