

ASX Release  
1 October 2015

## STARGROUP TO ACQUIRE QUALITY UNLISTED ATM OPERATOR

### HIGHLIGHTS

- Stargroup to acquire a 109 ATM machine network from Cash Plus Australia Pty Limited for \$6.5 million paid 50% in cash and 50% in Stargroup shares.
- Stargroup to become cash flow positive after a minimum of \$1.3m EBITDA to be added to bottom line. Additional financial synergies expected.
- Shares for the acquisition to be issued at \$0.04 a share.
- Completion expected in November 2015.
- Acquisition to be part-funded by a fully underwritten non-renounceable 2 for 5 rights issue to raise \$3m with overs up to \$4 million, at \$0.035 per share, with 1 for 2 free options attached, exercisable at \$0.05 with a 3 year exercise period.

### BACKGROUND

The Board of Stargroup Limited ACN 061 041 281 (**ASX: STL**) is pleased to announce that through its wholly-owned subsidiary, Stargroup Investments Limited, it has agreed to acquire a 109 Automatic Teller Machine (**ATM**) network from Cash Plus Australia Pty Limited ACN 132 882 690 (**Cash+**) taking the total number of operational Stargroup ATM's to 230 machines processing some 1.8m transactions each year.

The ATMs to be acquired are deployed in Western Australia, Queensland, New South Wales, South Australia, Tasmania, Victoria and the Northern Territory and together process some 1,040,000 transactions annually.

### THE ACQUISITION

The assets to be acquired comprise 109 Cash+ ATMs. The Cash+ ATM network has been in operation for 8 years.

Also to be acquired are all supporting ATM site agreements and modems supplied and maintained by VComms Connect Limited of New Zealand (**VComms**). The Cash+ brand does not form part of the acquisition, nor do any existing Cash+ liabilities.

## CONSIDERATION

Stargroup has agreed to pay \$6.5 million for the assets: 50% in cash and the balance in new Stargroup shares (the **Consideration Shares**). The consideration has and will be paid and provided:

- \$325,000 by way of a cash deposit on entry into the Sale Agreement;
- \$1,500,000 in cash on pre-completion;
- \$3,250,000 worth of new Stargroup shares on completion, and
- \$1,425,000 in cash on completion.

The share/cash consideration ratio may be adjusted to ensure that Cash+ does not on completion acquire a relevant interest in Stargroup shares of 20% or more Stargroup shares on issue.

## MATERIAL CONDITIONS

Completion of the acquisition is subject to the following material conditions precedent:

- Stargroup completing due diligence to its satisfaction on the ATM network
- Stargroup and Cash+ obtaining all necessary shareholder and regulatory approvals for the transaction, including that ASX advise that no more than shareholder approval of the acquisition is required under ASX Listing Rule 11.1
- Stargroup completing a capital raising of at least \$3,000,000
- ASX advising that the Consideration Shares are not subject to escrow restrictions
- Stargroup and VComms entering into a Service Agreement in respect of the VComms modems.

Stargroup and Cash+ anticipate that, subject to the Stargroup shareholder approvals being obtained, the conditions precedent will be readily satisfied.

## FUNDING

The cash components for the acquisition are intended to be funded as follows:

- the pre-completion cash payments will be funded from Stargroup's existing cash holdings
- the completion cash payment will be funded from the proceeds of the fully underwritten rights issue referred to below.

The new Stargroup shares to be issued to Cash+ on completion will be issued at an issue price of \$0.04 per share.

No debt funding is needed to complete the acquisition.

## PROPOSED CAPITAL RAISING

To in part fund the completion cash payment, Stargroup will raise \$3 million and with overs up to \$4 million by way of a fully underwritten non-renounceable 2 for 5 rights issue of between 100,000,000 and 133,333,333 fully paid ordinary shares at an issue price of \$0.035 per share, with a 1 for 2 free option attached, exercisable at \$0.05 per option to acquire one Stargroup share, with a 3 year exercise period.

The balance of the funds raised will be used by Stargroup for general working capital purposes.

## SHAREHOLDER APPROVALS TO BE SOUGHT

Stargroup will provide shareholders with a notice of meeting and explanatory statement detailing the approval resolutions sought for the proposed acquisition and raising. The resolutions are proposed to be put to members at the upcoming AGM.

For personal use only

## EXPECTED IMPACT ON FINANCIAL POSITION

Stargroup's expected capital structure on completion of the acquisition and raising is set out below:

ASX: STL	Shares \$3 mil capital raise	Shares \$4 mil capital raise
Existing shares*	240,534,739	240,534,739
Stargroup capital raising	85,714,285	114,285,714
Subtotal : Shares pre- acquisition	326,249,024	354,820,453
Shares issued to Cash+	61,987,314	67,415,886
<b>Total</b>	<b>388,236,338</b>	<b>422,234,339</b>

\*Post the buy-back from the iCash/Stargroup merger

Stargroup also expects that on completion of the acquisition with a \$3mil capital raise, as if the acquisition completed on 31 August 2015:

- that its total assets will increase from \$4,752,877 to \$11,255,877
- that its total equity interests will increase from \$4,140,307 to \$10,640,307
- that its annual revenue for the period 1 July 2015 to 30 June 2016 will increase from \$2,608,302 to \$4,608,498, and
- that its annual profit before tax and extraordinary items (EBITDA) for the period 1 July 2015 to 30 June 2016 will increase from a loss of (\$731,916) to a profit of \$592,464.

## EXPECTED TIMETABLE

Stargroup expects that the timetable for the acquisition and capital raising will be as follows:

Event	Proposed Date
Entry into Sale Agreement	1 October 2015
Announcement of transaction and rights offer	1 October 2015

For personal use only

Lodgment with ASX of Appendix 3B and s708AA Corporations Act 2001 notice, pre-opening	8 October 2015
Letter sent to shareholders detailing the rights offer	9 October 2015
Rights offer ex date	12 October 2015
Rights offer record date	14 October 2015
Notice of AGM, offer document and entitlement and acceptance form despatched to eligible shareholders and despatch announced to ASX	19 October 2015
Rights offer opening date	19 October 2015
AGM proxies close	18 November 2015
Rights offer closing date (5.00 pm (AEST))	18 November 2015
Deferred settlement trading	19 November 2015
AGM held and ASX confirmation of passage of resolutions	20 November 2015
Rights offer shortfall date	23 November 2015
Issue date, completion of acquisition and new director appointment	25 November 2015
Normal trading commences	26 November 2015

The above timetable is indicative only and may be subject to change including in accordance with the requirements of the *Corporations Act 2001* and the ASX Listing Rules.

#### **VIEWS OF THE PARTIES**

The Boards of Stargroup and Cash+ recently met to finalise the agreement.

Mr Todd Zani, Stargroup's CEO and Executive Chairman said "Stargroup is excited to make this acquisition. Earnings accretive acquisitions are very much a part of the strategy that we laid out when we first merged with iCash and we are delighted that this first acquisition is such a high quality one.

David Dickinson is also an experienced ATM entrepreneur who has built significant ATM networks in both Australia and New Zealand. This acquisition is part of our commitment to becoming the largest ASX-listed ATM and payment services provider in Australia.



The most important aspect of this acquisition is that it will result in Stargroup becoming profitable and cash flow positive."

Mr David Dickinson, CEO of Cash+, said "I know that this is an excellent acquisition for Star Payments and Mr Zani and his team are as committed as we are to providing the highest quality service and technologies for our merchants and card holders."

#### **FURTHER INFORMATION**

For further information, please contact:

**Todd Zani – CEO and Executive Chairman  
Stargroup Limited**

Tel: +61 (08) 9200 5834

E: [todd@starpaymentsystems.com.au](mailto:todd@starpaymentsystems.com.au)

**Media**

**Matt Birney  
Managing Director – Birney Corporate**

Tel: +61 419 217 090,

E: [matt@birneycorporate.com.au](mailto:matt@birneycorporate.com.au)

For personal use only

