

ASX Release
4 February 2016

INVESTOR UPDATE

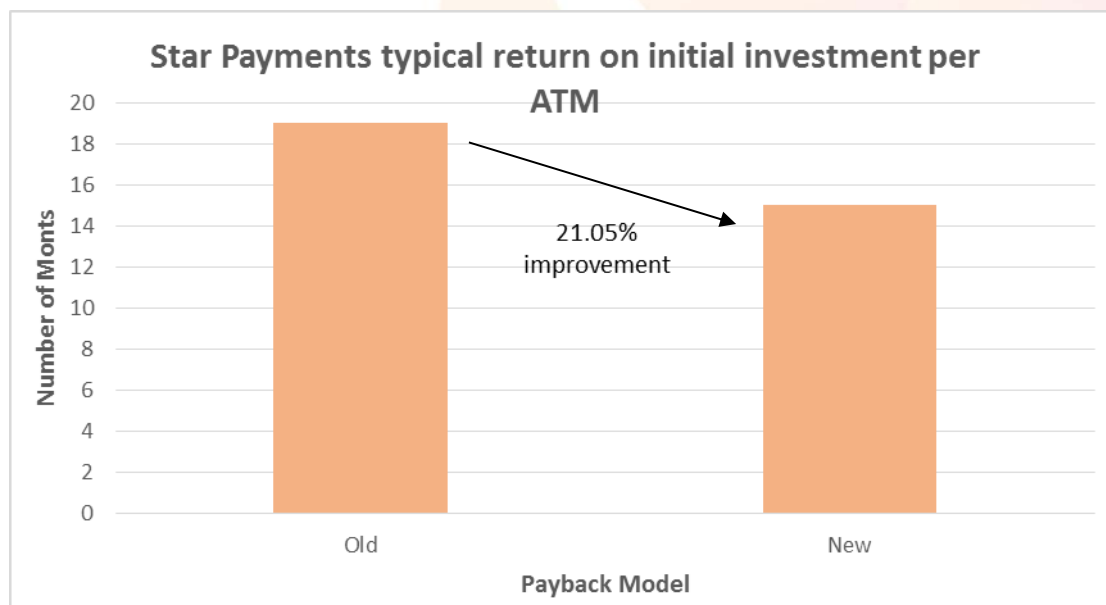
Stargroup Slashes Operating Costs and Reduces Pay Back on ATM Network by more than 20%

HIGHLIGHTS

- Star Payment Systems has reduced major operating costs of its ATM network by 52.90%.
- The reduction has accelerated the payback on initial investment per ATM by 4 months (over 20% reduction in payback period), to 15 months.
- Star Payment Systems expects further cost savings in 2016 as part of ongoing negotiations with other key suppliers.

BACKGROUND

The Board of Stargroup Limited (**ASX: STL**) is pleased to announce that it has recently renegotiated a number of the key supply contracts in its ATM division, namely Star Payment Systems, with the most significant renegotiations resulting in a 52.90% reduction in costs.



Mr Todd Zani, Stargroup's CEO and Executive Chairman said *"The recent significant increase in the scale of our business and our accelerated growth*

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plans in 2016 enabled us to renegotiate a number of key supply contracts in our ATM division. The major impact of these negotiations is that the payback on the initial investment per ATM has reduced by 4 months, to 15 months from our initial investment which is a significant saving to the business."

"We also anticipate further savings in the ATM division as a result of ongoing discussions with other key suppliers as part of a review of all operating costs with our suppliers given the change in scale of our operations."

"We now have more than 230 ATMs operating in every Australian state, our monthly transactions are among the industry best, and with further costs savings to come, we are well placed for growth in 2016."

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 merged with iCash Payment Systems Limited (ASX:ICP) on 7 August 2015 and as part of the acquisition 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.

Stargroup Limited, via its wholly owned subsidiary, StarPOS, is also an EFTPOS and payWave technologies provider via its leveraged wholesale Visa and Mastercard agreement and the launch of StarPOS occurred on 1 October 2015.

About NeolCP

Stargroup Limited owns 19.25% of NeolCP Korea Inc, a South Korean private company that provides integrated and innovative self-service solutions to the banking and retail market.

NeolCP has brought together a combination of innovation, expertise and quality service to become a global leader in the ATM manufacturing industry and a technology leader in cash management and cash handling solutions.

As at 31 December 2015, NeolCP had \$28.6 million in net assets and there is a three year dividend policy in place as between NeolCP and Stargroup Limited.

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