



5 July 2018
ASX Market Announcements
20 Bridge Street
SYDNEY NSW 2000

EML PAYMENTS ACQUIRES PERFECTCARD DAC FOR €6.0 MILLION

EML PAYMENTS LIMITED (“EML”) is pleased to announce the acquisition of Perfectcard DAC.

- Effective 4 July 2018, EML Limited (**ASX: EML**) acquired 74.86% of Perfectcard DAC (**Perfectcard**), Ireland’s first authorised eMoney institution and a FinTech company providing incentive and corporate expense solutions.
- Total maximum acquisition price of €6,023,841 (A\$9,561,652), comprises:
 - Upfront cash payment of €2,722,743 (A\$4,321,814) paid on close from EML’s existing cash balances.
 - €250,000 (A\$396,825) Held by EML pending satisfactory completion of representations and warranties for up to six months post close.
 - Earn-out based on 10x average EBTDA generated in CY19 and CY20, capped at €3,051,098 (A\$4,843,013). Earnout is payable 82% in cash and 18% in EML shares with a price of A\$1.36. The share price was calculated based on the volume weighted average price of EML’s shares during the 20 days immediately preceding the completion date.
- Perfectcard will be acquired with €1.5 million in net assets.
- Perfectcard is expected to generate EBTDA of A\$400k – A\$600k in FY19 after first year integration costs to terminate processing agreements, reissue plastic gift card stock and integrate with EMLs processing engine.
- As Perfectcard is regulated by the Central Bank of Ireland, the regulator needs to approve EML as majority shareholder and we expect that approval to be forthcoming in the following months. Notwithstanding the fact that regulatory approval is pending, EML will consolidate Perfectcard into our financial results from 4 July 2018 onwards.
- EML expects to provide earnings guidance for the next financial year around the time of our AGM. Contributions from this acquisition will be factored into any guidance that we provide at the time.

Rationale for the Acquisition

- **Regulatory synergies.** Having an Irish eMoney license allows EML to self-issue regulated payment products across the European Union without the need for external third party bin sponsors, resulting in cost savings and provides our customers with greater regulatory certainty.
- **Expands our product capability,** enabling EML to become an Issuer, payment processor and program manager across the European Union. Perfectcard provides EML with an excellent corporate expense and corporate incentive solution that we can grow in our existing geographies.
- **Capability, Cost and Revenue synergies as** EML will provide processing services for Perfectcard, a service that they currently pay a third party for today. EML intends to merge the Perfectcard shopping mall business into EML Europe, removing duplication of costs and processes.
- **Represents limited integration risks** from a technical and operational perspective as Perfectcard will use the EML processing platform and EML will use Perfectcards' eMoney license for issuing regulated products.

ABOUT EML PAYMENTS LIMITED

With payment solutions from EML, you will be empowered with more control, transparency and flexibility over your payment processes. Whether you serve businesses or consumers, EML makes your payment process more efficient and secure from start to finish, while helping you improve customer service and increase brand loyalty. Our portfolio offers innovative payment technology solutions for payouts, gifts, incentives and rewards, and supplier payments. We issue mobile, virtual and physical card solutions to some of the largest corporate brands around the world, process billions of dollars in payments each year, and manage more than 1,100 programs across 19 countries in North America, Europe and Australia. Learn more at www.EMLpayments.com

For further information please contact:

Robert Shore

Group Finance Director
& Investor Relations Manager
EML Payments Limited (ASX: EML)
E: rshore@emlpayments.com.au
M: +61 (0) 419 590 128



Acquisition of Perfectcard

THURSDAY 5 JULY 2018

perfectcard



Nikki Evans (CEO)

EML Payments Limited has acquired 74.86% of Perfectcard DAC (Perfectcard) on 4th July via a Business Sale Agreement (BSA) for a total maximum consideration of €6,023,841 .

Perfectcard is Ireland's first authorised eMoney institution and a FinTech company providing incentive and corporate expense solutions to the business sector.

As Perfectcard is regulated by the Central Bank of Ireland, the regulator needs to approve EML as majority shareholder and we expect that approval to be forthcoming in the following months.

Notwithstanding the fact that regulatory approval is outstanding, EML will consolidate Perfectcard into our financial results from 4th July 2018 onwards.

Perfectcards' eMoney license allows EML to self-issue regulated payment products across the European Union without the need for the external third party bin sponsors.

Self issuance affords EML cost savings, flexibility and speed to market whilst providing our customers European regulatory certainty



History & Product

Perfectcard was founded in 2006 by Nikki Evans to provide gift cards to Irish shopping malls (perfectcentre).

In 2010 the product suite evolved to offer employee reward tools operated via a SaaS platform that tracks and manages card payments, but also allows customers to fulfil their own orders, top-up specific cards and generate virtual cards for their reward schemes (perfectincentive).

2018 saw the launch of a new tool for business, Pecan. Pecan is a company expense tool that helps companies manage their budget in real time. Pecan comes with a payment card, an app and a cloud-based management platform (pecan).

eMoney License

In 2015, Perfectcard became the first company to be awarded an eMoney license from the Central Bank of Ireland.

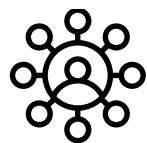
Along with Facebook, Perfectcard is only one of 2 companies in the world to have an Irish eMoney License today.

The license allows Perfectcard to issue regulated payment products across the European Union.

Customers & Partners

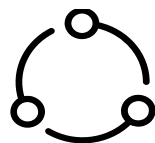
Perfectcard supports over 50 programs within Ireland and the United Kingdom including customers such as Dell, Deloitte, Allianz, PepsiCo.

EXECUTIVE SUMMARY – STRATEGIC RATIONALE



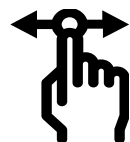
Issuing Capability

Having an Irish eMoney license allows EML to self-issue regulated payment products across the European Union without the need for the external third party bin sponsors that EML requires today. Self-issuing will provide cost savings but more importantly, allows us to be more flexible and faster to market and provides our customers regulatory certainty prior to entering into multi-year agreements with EML.



Cost Synergies

Perfectcard outsources its processing to a third party for which it incurs arms length fees. Post integration, Perfectcard will perform processing on EML's processing platform. In addition to cost savings, this will provide significant product flexibility to Perfectcard.



Expanded Product Range and Verticals

EML will become an Issuer, payment processor and program manager across the European Union driving additional revenue streams. Perfectcard provides EML with an excellent corporate expense (pecan) and corporate incentive (perfectincentive) solutions that we can grow in our existing geographies.



Earnings Upside

In FY19, Perfectcard is expected to contribute A\$400k - A\$600k in EBITDA to the Group (74.86% ownership) after first year integration costs



Cultural Fit

Low integration challenge. Nikki has run the business since 2006 and will remain in her role and will assume responsibility for EML European Issuing. Excellent cultural fit between the Perfectcard business and the rest of the Group.

EXECUTIVE SUMMARY – PURCHASE PRICE



EML is protected and the vendor is incented to perform by paying 50.6% of the purchase price in earn-out.

Earn-out paid after 31 December 2020.

Cap on the earn-out ensures EML pay a multiple of less than 10x on forward EBTDA.

No working capital input requirement from EML anticipated post-close as Perfectcard will be acquired with €1.5m in net assets.

Purchase price is split into 2 separate components, combining for a total maximum of €6,023,841 (A\$9,561,652). We expect this to equate to a forward EBTDA multiple of less than 10x based on the forecast earn out EBTDA.

① Upfront payment of €2,972,743 (A\$4,718,639).

- €2,722,743 (A\$4,321,814). Paid to the vendors in cash on 4th July 2018.
- €250,000 (A\$396,825). Held by EML pending satisfactory completion of representations and warranties for up to six months.
- Represents multiple of 6x Perfectcard reported EBTDA at 31 December 2017 (before EML synergies).

② Earn-out payment capped at €3,051,098 (A\$4,843,013).

- Based on 10x the average annual EBTDA achieved by Perfectcard in the 24 months from 1 Jan 2019 to 31 Dec 2020, but capped at €3,051,098.
- Payable 82% cash and 18% in EML shares with a price of A\$1.36 being 20 day VWAP prior to Completion (4th July 2018).

Numbers have been translated to Australian dollars at a constant rate of 1 Australian dollar = 0.63 Euro.

PROFIT AND LOSS OF PERFECTCARD

Net of integration costs,
Perfectcard expected to deliver
EBTDA of A\$400k – A\$600k in
FY19 (74.86% ownership)



Longer term, we expect
growth in Corporate Expense
and Corporate Incentive
products to further expand
revenues and earnings.



Perfectcard brand will
transition to the EML brand
in FY19.

	<i>YE Dec 2015</i>	<i>YE Dec 2016</i>	<i>YE Dec 2017¹</i>
Revenue	\$2,859,773	\$3,411,687	\$3,392,026
Gross Profit	\$1,570,963	\$1,956,334	\$2,384,367
Gross Profit %	54.9%	57.3%	70.3%
Total overheads	(\$1,220,207)	(\$1,588,595)	(\$1,611,402)
EBTDA	\$350,756	\$367,739	\$772,965
EBTDA margin %	12.3%	10.8%	22.8%
Depreciation / interest	(\$30,315)	(\$72,024)	(\$76,530)
Profit before tax	\$320,441	\$295,715	\$696,435
Tax expense	(\$31,649)	(\$48,361)	(\$87,143)
Profit after tax	\$288,792	\$247,354	\$609,292

Numbers above represent 100% of Perfectcard and have been translated to Australian dollars at a constant rate of 1 Australian dollar = 0.63 Euro
1. Revenue declined in the year ended 31 December 2017 following the loss of the Dundrum mall to EML Payments

ACQUISITION OF PERFECTCARD

PECAN > EXPENSE TOOL GIVING YOU MORE

Welcome to the Expense Revolution.

Control: manage wallets and cards from one place

Visibility: real-time overview of what is being spent

Time: no more hunting receipts

Money: Reduce exposure to currency FX with separate Sterling & Euro wallets + cards



Mobile App

Instantly match receipts on-the-go
Request top-ups
View balance and spend.



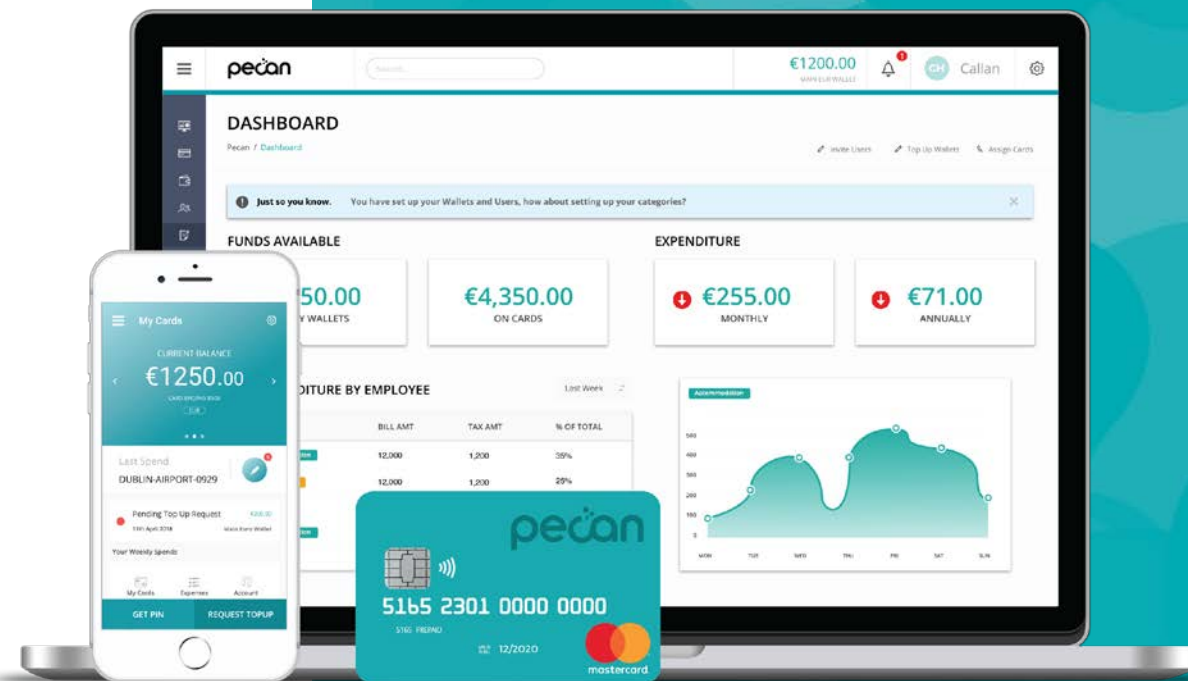
Platform

Cloud-based software Real-time expense and budget management
View. Report. Approve.



Card

Company payment card preloaded with real funds
Use at 32 million locations worldwide.
Use online and in store, Contactless and Chip and PIN.



pecan

spend your budget not your time

ACQUISITION OF PERFECTCARD REWARDING WORK



PerfectIncentive unleashes staff potential

One reward that suits everyone

98% would prefer to a store-card or gift card

Manage, generate and report through the online platform



Three cards. One happy team.

Reward

One-off reward card

Swipe and sign

Use at 32 million locations worldwide

Tax-free in Ireland up to €500

Customisable branding

Track and manage through the platform

Sterling + Euro



Top Up

Reloadable card for ongoing incentives

Chip & PIN/contactless

Use at 32 million locations worldwide

Customisable branding

Track and manage through the platform

Sterling + Euro



Virtual

Digital card sent by email

Use online

Track and manage through the platform

Sterling + Euro

perfectincentive

Thank you!

