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ASX Market Announcements  
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## CHAIRMAN'S ADDRESS TO EML'S 2016 ANNUAL GENERAL MEETING

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EML has made very significant progress in establishing a robust, globally diversified business in 2016. With the acquisition of Store Financial Services, LLC and the European business growing strongly, 2017 is shaping up as another year of rapid and profitable expansion for the Company.

I am delighted to be able to report that during 2016, EML continued to fulfil its promise to create a significant, globally diversified business in the rapidly growing business of prepaid debit in a variety of business verticals. Even more encouraging is the fact that the growth in business volumes was accompanied by a significant increase in the generation of free or sustainable cash flows, the measure by which a business of this type should be valued. It is also extremely encouraging that these cash flows are coming from a much broader base of products and services spread over a dramatically increased global footprint.

EML's business plan is to grow both by organically generated opportunities and through carefully planned acquisitions. Organic growth in the prepaid space involves extended lead times of up to 18 months or 2 years but the benefits are generally strong margins and long term contracts with key players. We have seen this in Australia with our relationships in the gaming space where all the major operators are clients of EML.

Acquisitions, on the other hand, are more difficult to find and equally as time consuming. For EML, they have to meet strict criteria:

- cash flow positive;
- earnings accretive(as defined by EBITDA per share);
- adding product or market opportunities;
- increasing the global footprint; and
- adding expertise to the management team.

Given the reasonably limited size of the Australian market to deliver rapid growth, it has been clear that the greatest opportunities lie overseas. Australian companies on the whole have been poor at executing a growth strategy that relies significantly on overseas expansion. The question for the Board and management of EML has been how to meet these objectives while actually systematically reducing the operating risks of the company. This is usually a contradiction in terms. Most overseas acquisitions fail the test and the great majority are unsuccessful.

The answer has been provided by our CEO, Tom Cregan, who has extensive international experience in the prepaid world. It is simply to acquire solid companies that you know at the right price, run by people with whom you have done business with for many years and who are looking for the opportunities that can be provided by leveraging a much larger business base. Hence the acquisition of Store Financial Services UK Limited in 2014 with a footprint in 10 countries in Europe followed by Store Financial Services, LLC in June 2016 with a well-established business in the US and Canada. Both businesses benefit from the reloadable prepaid technology developed by EML in Australia and both offer established and growing products and services in other verticals.

The future for the company looks very bright. The cross-fertilisation of products and technology began with the introduction, earlier this financial year, of Australian reloadable technology into the UK online gaming sector via bet365, the largest online player in the world. Other major European clients are also evaluating the product although firm contracts have yet to be secured.

Another exciting initiative resulting from the US acquisition is the entrance of PayWith technology from the US into the Australian market. EML acquired 5% of PayWith when it acquired Store Financial Services, LLC. This is the first time this technology has been offered and it is groundbreaking, providing the ability to use a cash balance on a prepaid card, plus accrued loyalty points converted into cash, and other funding via payment methods such as a credit card at the same time to make a purchase. Australian clients are showing significant interest in this new opportunity. The technology will also be introduced into Europe during 2017.

Once again I must thank our CEO Tom Cregan and his greatly expanded management team for a terrific year in 2016. I'm sure all of our stakeholders including clients, employees and shareholders will benefit from another great year ahead in 2017.

#### **ABOUT EML**

Emerchants Limited, Store Financial Europe, Store Financial Canada and Store Financial USA have come together under one exciting new brand: EML. EML's proprietary payment solutions will empower its clients with more control, transparency and flexibility over their payment processes. EML's combined portfolio offers innovative payment technology solutions for payouts, gifts, incentives and rewards, and supplier payments. EML issues mobile, virtual and physical card solutions to some of the largest corporate brands around the world, and manages more than 850 programs across North America, Europe and Australia. For more information please visit: [www.EMLpayments.com](http://www.EMLpayments.com).

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