



# iCash Payment Systems

Investor Presentation - October 2010



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# Key investment highlights

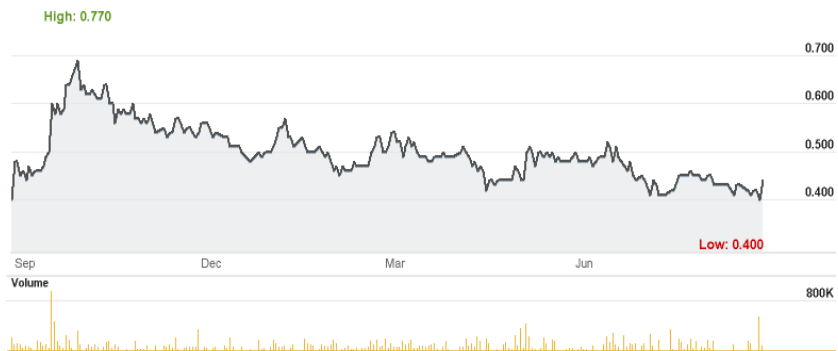
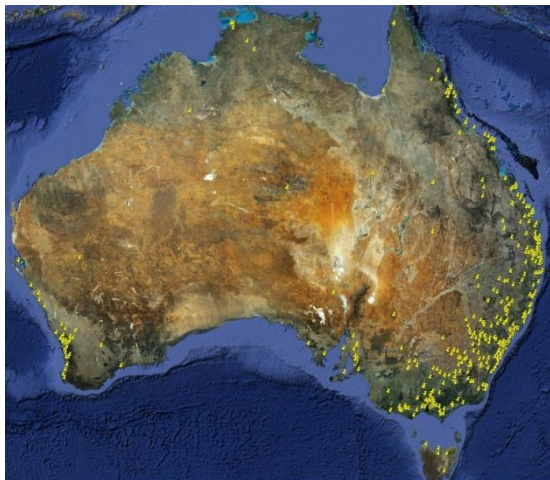
- ❑ Innovative and specialised ATM network provider with security software solutions
- ❑ Number one supplier of non-bank ATMs in the Korean market
- ❑ Established high quality client base
- ❑ Diversified and predictable revenue stream – Korean order book of \$50m
- ❑ Strong growth profile
- ❑ Competitive advantage against competitors
- ❑ Experienced management team

# Company Summary

- ❑ iCash specialises in the design, manufacture, sale, installation and maintenance of ATMs, switching and software solutions
- ❑ iCash has designed, manufactured and installed over 11,000 ATMs in Asia Pacific since 2001
- ❑ Global product range includes multi-function kiosks, automated cash sorting devices, public transport ATM solutions, and integrated settlement and back office automation systems.

# Company Summary (continued)

- ❑ Number of shares 85.4m\*
- ❑ Share price \$0.42
- ❑ Market Capitalisation \$36m
  
- ❑ No. employees (Australia) 25
- ❑ No. employees (Korea) 110
  
- ❑ \* 10:1 share consolidation effected Aug-10
- ❑ \* + 21.0m unlisted, out-of-the-money options



# Product Overview

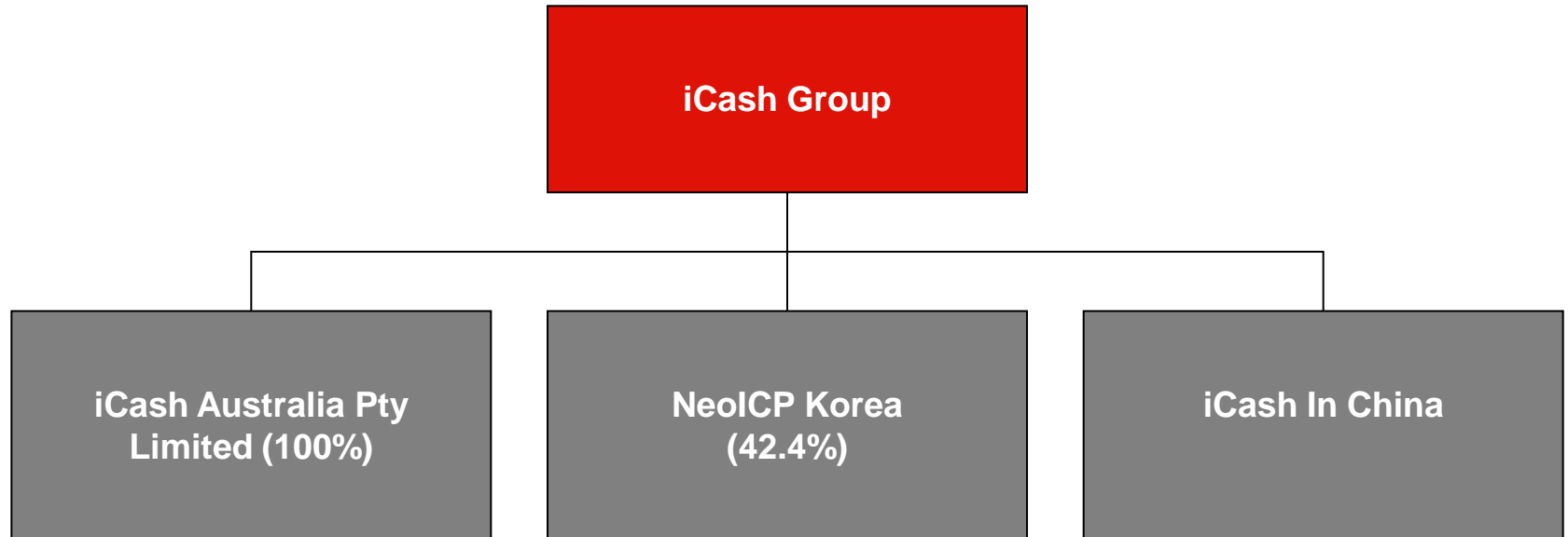
- cashPod is the first ATM designed specifically for the Australian market, and is the first ATM manufactured by an Australian-controlled company
- Target markets include locations such as supermarkets, shopping centres, petrol stations, convenience stores, pubs and clubs
- Achieved inclusion on the APCA Approved Devices List, without condition
- Released in 2008, cashPod features:
  - Windows® XP OS
  - 15.1' colour, infrared touch, LCD screen
  - Visa PED approved and Triple DES encrypted PINpad (EPP)
  - EMV Level I certification
  - Visual and two-way remote diagnostics
  - Wireless communication.



# Product overview

	<b>cashPod ATM</b>	<b>cashPod ATM</b> with UL291 safe	<b>Cash Recycling</b> ATM	<b>Bill Payment</b> ATM with note and coin dispenser	<b>Back Office Auto</b> <b>Settlements System</b> (note, coin and cheque)	<b>Integrated Payment</b> <b>Switching Software</b> with reconciliation and accounting modules
						
<i>Released</i>	February 2009	February 2010	November 2009	January 2004	July 2008	July 2008
<i>Current Markets</i>	Australia Korea	Australia Korea	Korea	Korea Taiwan	Korea	Australia Korea Taiwan
<i>Vertical Markets</i>	Small and mid-sized retail outlets	High volume retail sites	High volume retail sites	Specialist retail outlets	Large supermarkets Department stores Taxi and bus companies	Large supermarkets Department stores

# Corporate structure



- Owns and/or manages around 1500 ATMs
- Investing in technology to preserve and manage gaming market
- Implementing a business and technology strategy focussed on high margin markets e.g. cruise liners

- Leading and innovative manufacturing capability
- Deploying customised ATM's solutions as part non-branch banking network eg Lotte Group
- Has broad sector spread across Korea's largest retail groups by distributing cash handling machines.

- Joint venture with Nantian Electronics – China's largest business banking machine distributor (majority government owned)



# Operational Overview

## KOREA

- ❑ R&D and manufacturing facilities in Seoul, South Korea. Current output 7,200 units p.a.
- ❑ Number one position in the Korean non-bank ATM market
- ❑ Contract to supply 1,500 cash recycling machines to Lotte Group, Korea's 8th largest company, underpins revenue and earnings growth. Deployed 1000 units to date, potential to increase to 5,000 units.

## AUSTRALIA

- ❑ Australia-wide network of around 1500 machines
- ❑ Business characterised by predictable recurring revenue stream, 5 year contracts, 90% re-sign rate
- ❑ Processing over 5.8 million ATM transactions per annum.



# Operational Overview (cont'd)

## CHINA

- Presence established in Beijing, China in 2008
- Exclusive Technical and Commercial Agreement with Yunnan Nantian Electronics who have completed over 1,000 banking applications running in over 20,000 branches, including a network of over 3,000 ATMs

# Korea - Outlook

## KOREA

- Production facility in Seoul reorganised in FY10 to increase production capacity and efficiency.
  - A new production line was laid, the floor plan was re-organised, and traditional assembly methods were replaced with team orientated workgroups
- Last November we announced our \$30m contract with Lotte Group for 1,500 units, of which 1000 recycling ATMs have already been successfully deployed. Recent acquisitions by Lotte Group may see demand from Lotte rise by an additional 3,500 units in Korea
- Major supply agreements with Korean convenience store chain Family Mart and Korean discount retailer E-Mart may further add to this
- Margin expansion as capacity utilisation of the plant increased and increased volumes lowers cost of bill of material items

# Australia - Outlook

Our plan is to increase the domestic ATM fleet to over 2,000 within the next 3 years by:

- Organic growth / securing new contracts
- Product release of cashPod Kratos with 'level one' safe in Feb-10 opens up sales opportunities new markets
- Product release of high margin cash recycling ATM based on the Lotte ATM in FY11
- Economies of scale can increase the size of the ATM network by 25%, and requires very small increase in cost base
- New revenue sources – ATM advertising (display and on-screen), mobile phone recharge
- Expansion into New Zealand – hardware and software certification continues.

# China - Outlook

## CHINA

- Enhanced business development through technology sharing agreements focusing on recurring revenue models for iCash
- Direct agreements with Nantian via component supplies provides greater financial transparency and greater certainty in terms of revenues and earnings
- A continued disciplined approach to tendering will underpin margin growth.

# FY11 Earnings Guidance

- Revenue up 72% to \$73m
- EBITDA growth of 166% to \$17.3m
- NPAT (consolidated) up 161% to \$12m
- NPAT (att. to members) up 95% to \$6.2m
- EPS up 100% to 7.8cps

	FY09A	FY10A	FY11E
	\$m	\$m	\$m
Sales Revenue	19.1	42.4	73.0
EBITDA	2.6	6.5	17.3
NPAT (consolidated)	2.6	4.6	12.0
NPAT (att. To members)	2.5	3.2	6.2
EPS (cps)	3.5	3.9	7.8

# Balance Sheet

BALANCE SHEET	Jun-09	Jun-10
Cash and Receivables	5.4	14.0
Inventories	3.3	9.4
Other Current Assets	0.4	0.6
Receivables	2.5	2.8
Property, Plant, Eq	4.4	5.8
Goodwill and Intangibles	17.8	23.1
Other Non Current Assets	3.5	2.5
<b>Total Assets (a)</b>	<b>37.4</b>	<b>58.2</b>
Trade Liabilities	3.5	8.6
Interest Bearing Liabs	1.7	0.4
Other Liabs	4.8	11.1
<b>Total Liabilities (b)</b>	<b>10.0</b>	<b>20.2</b>
<b>Shareholder's Funds (a - b)</b>	<b>27.4</b>	<b>38.1</b>

June 09 Balance Sheet is restated



# Experienced Board and Management

- **James Manny** Executive Director / Chairman
  - Executive Chairman of iCash since August 2006 and Director since September 2005
  - Over 25 years Australian and international experience in the banking and financial services industry at the management and directorship level. Prior to 1996 James worked with Deutsche Bank Group.
  - He currently holds a non executive director role at Credit New Holland Group.
- **Kim Stewart** Executive Director
  - Mr Stewart has over 20 years experience in the electronic transaction industry across Australia, Asia and Europe. He has held senior marketing and management positions with local and international companies across a variety of industries.
- **SinPyng Teng** Director / Company Secretary
  - Mr Teng has held senior accounting and management positions with substantial companies across a range of industries. Since 1990 he has been a consultant involved with Merger and Acquisitions, restructuring and capital raisings.
  - Mr Teng is a CPA, Fellow of Australian Institute of Company Directors and an Associate Fellow of the Australian Institute of Management.
- **Kyung Shik Ham** Executive Director
  - Mr Ham has over 20 years experience in the development of banking automation products, network and systems integration in the ATM manufacturing industry.
  - He has held senior technical and marketing roles with emphasis on global ATM business development and has played a key role in iCash's technical development and introduction of the cashPod ATM into the Australian market.
  - He is currently a director of NeoICP
- Barry Sechos**
  - Director of Sherman Group with 20 years experience in corporate law and finance
  - Director of DIF Capital Partners and Sherman Contemporary Art Foundation.
  - Previously a director of Pulse International, a payments processing company, EquitiLink Funds Management and Aberdeen Asset Management Australia.



# Investment Proposition

**iCash is a profitable, expanding vertically integrated ATM and payments specialist**

Its strong growth profile going forward is based on:

- ❑ Securing business growth from new contracts and additional customer orders
- ❑ Innovative development of compact cash recycling machines and back office equipment
- ❑ Key existing customers are interested in new product offerings
- ❑ Expansion into new markets such as China and South East Asia