

# SMARTPAY SHAREHOLDERS PRESENTATION

FEBRUARY 2010

**We provide**

**MERCHANT SERVICES**

to a

**SIGNIFICANT CUSTOMER BASE**

and have

**RECURRING AND REPEATABLE REVENUE  
STREAMS**

OUR FOCUS AND STRATEGY IS:

TO PROVIDE AN

INCREASING NUMBER OF SERVICES

to the

SAME MERCHANT BASE

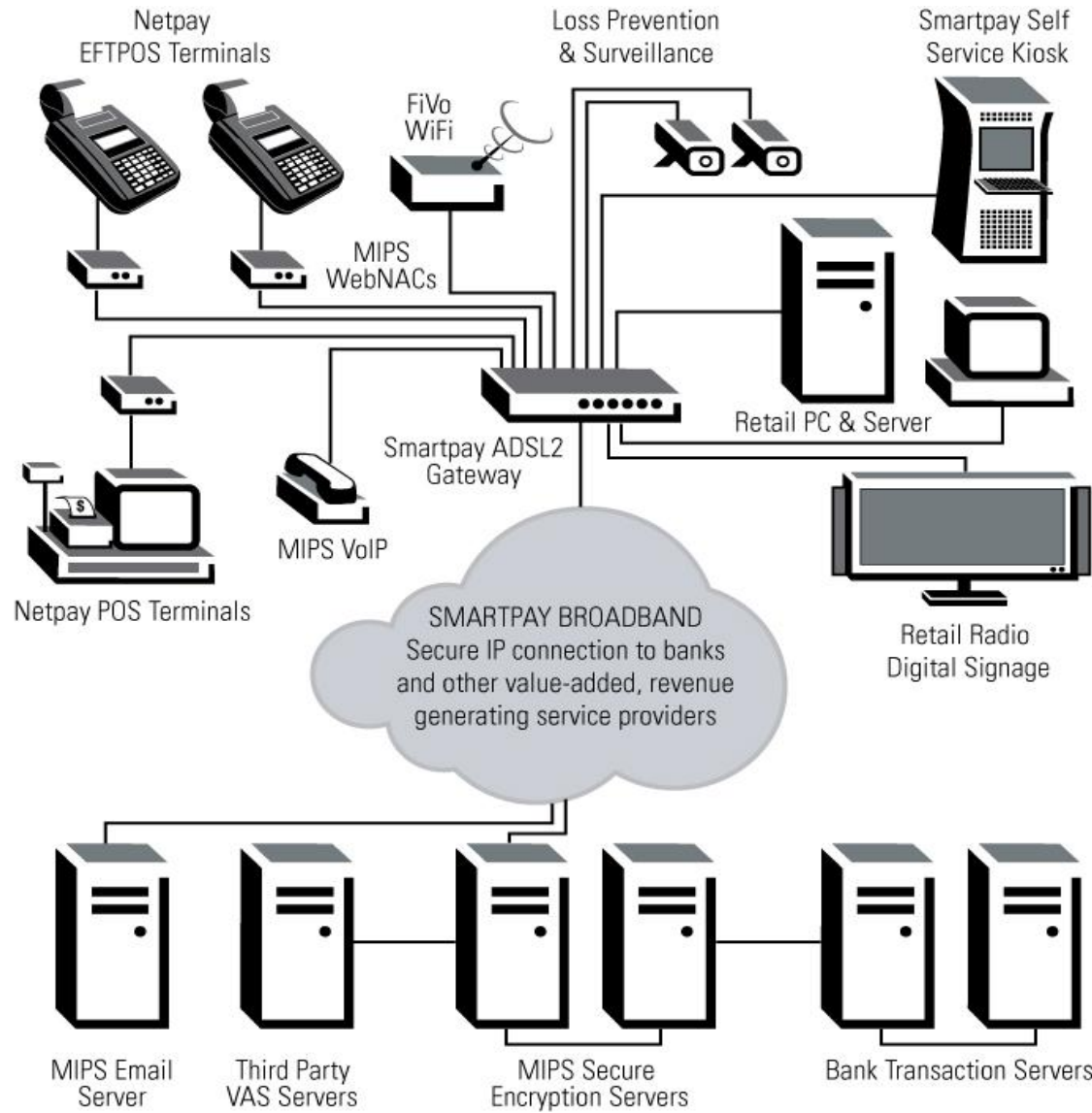
and

OWN THE MERCHANT SPACE

# Merchant infrastructure diagram

**Product**

- EFTPOS terminals
- TCP/IP interface for EFTPOS
- Retail Radio – Audio
- Retail Radio – Video, signage
- SmartPay Top-Up (prepaid)
- Loyalty
- Gift cards
- Smart gifts
- VPN – internet payments
- Kiosk
- Wi-Fi
- Payment transaction processing
- VOIP
- Broadband connectivity
- Finance
- Security/Surveillance



# Our Business Sectors

Subscription services to merchant

OUR CUSTOMER – THE MERCHANT

Payments

- Broadband EFTPOS
- Wireless terminals
- Prepaid vouchers
- Taxi systems and processing
- IP-POS EFTPOS network

Telecommunications

- Wi-Fi and GPRS
- VOIP Telephony
- Broadband EFTPOS
- GPRS Wireless terminals
- IP-POS EFTPOS network
- IP-PBX hardware

Marketing/Media

- In-Store Radio
- In-store audio advertising
- In-store video
- Music licensing
- Managed services

# Cadmus vs. Provenco

- Prior to merger Cadmus generated circa \$7M EBITDA on \$25M revenues (see merger documents)
- Had \$6M cash in bank
- 15,000 customers
- PVO failed due to high debt and focus on selling “boxes”
- Had a high staff count – 180, multiple offices, international focus and infrastructure, capital not available
- Focused on international business more than local
- They sold all “key assets”

# Smartpay business is:

- Subscription revenue based
- Provides repeatable earnings and cash flows
- We provide “Services” which includes a hardware component
- We do not just sell terminals
- Is focused on only NZ and Australia
- We manage our customer directly

# Why did we purchase it?

- Expanded Smartpay customer base to circa 30,000
- Over 360 corporate customers
- Australian business in place
- Ongoing subscription revenues available
- Business management know-how
- Fitted into the Smartpay growth strategy but moved it forward 24 – 36 months.
- Gives us critical mass

# The Old “Cadmus” model

- Old team back at Cadmus – we know this business!!!!
- Focus on building customer base and renewable business
- Reduced staff count to same as prior to merger
- Reviewing manufacturing vs. importing and will do both
- Rebuilding finance facility
- All staff in one office
- Core business NZ and Australia only

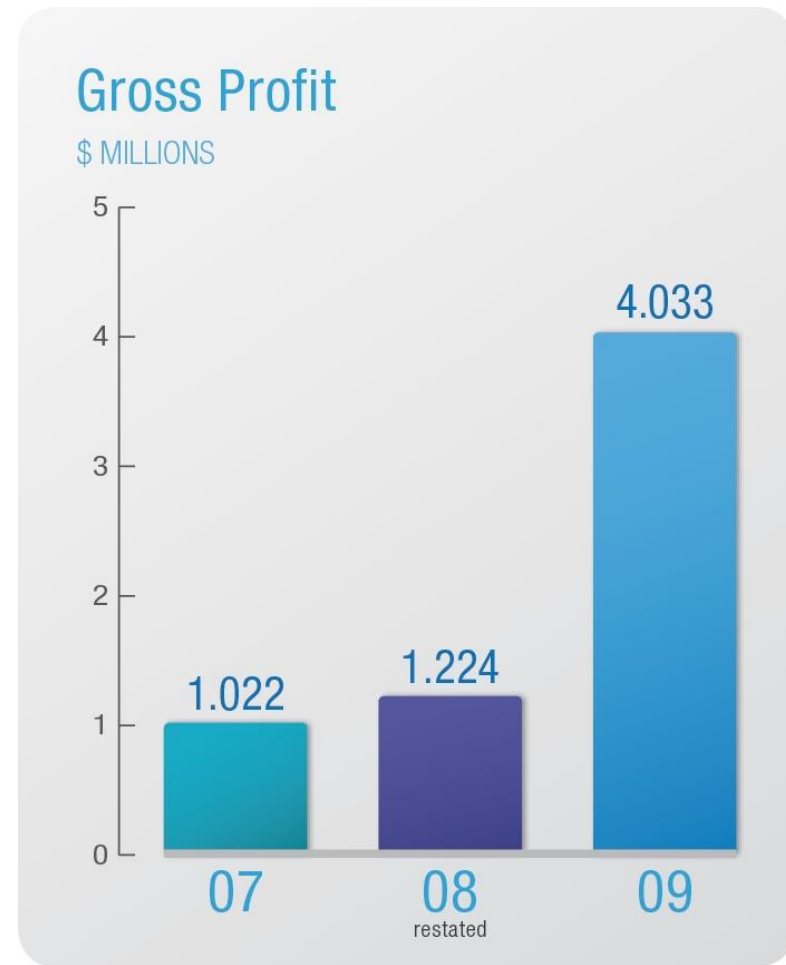
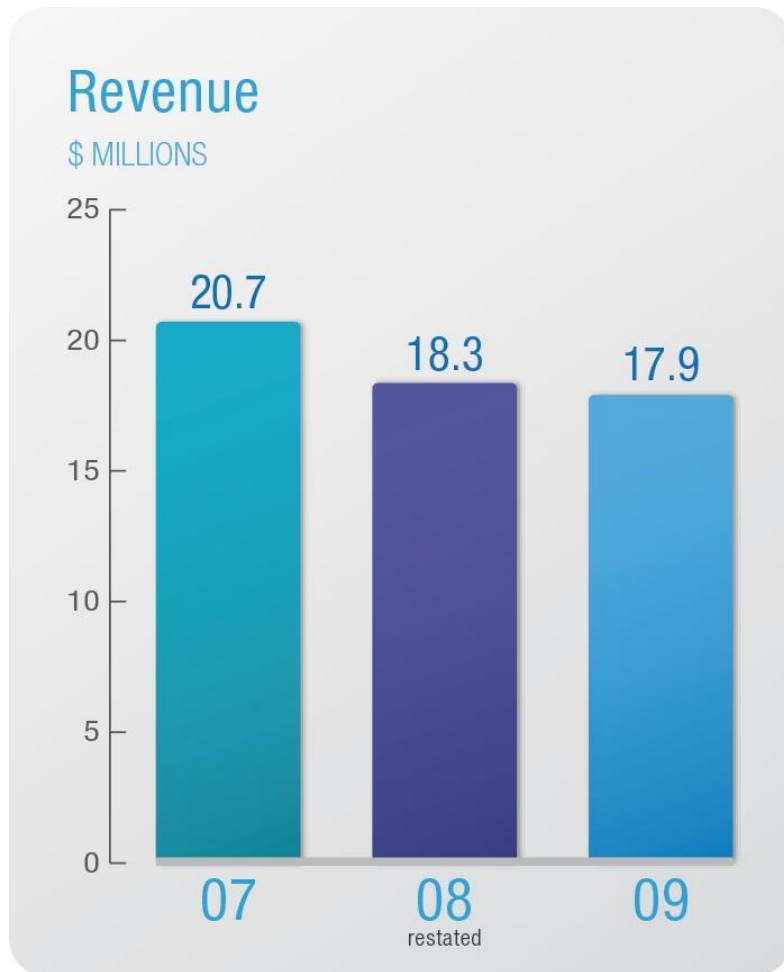
# The purchase

- Opportunistic
- Had less than 10 days to arrange the deal
- Purchased for \$6M
- Funds/capital hard to find
- Used combination of debt and equity
- Needed to provide incentive to secure funding
- Options are Equity NOT free; they must be paid for and were set at above the market price at the time.
- Increased company value from circa \$10M to circa \$30M

# Smartpay strategy

- Higher margin business
- Subscription model business
- Focused on multiple revenue streams
- Own the Intellectual property
- Own the customer
- Look for more services to same base
- New Zealand and Australia only - Focus
- Reduce overheads

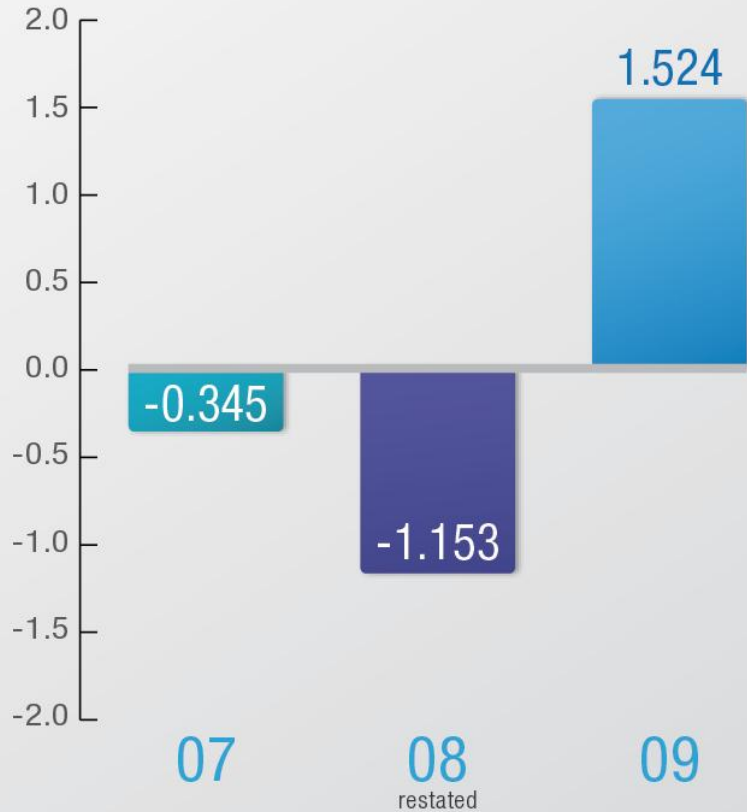
# The Proof!!!!



# The Proof!!!!

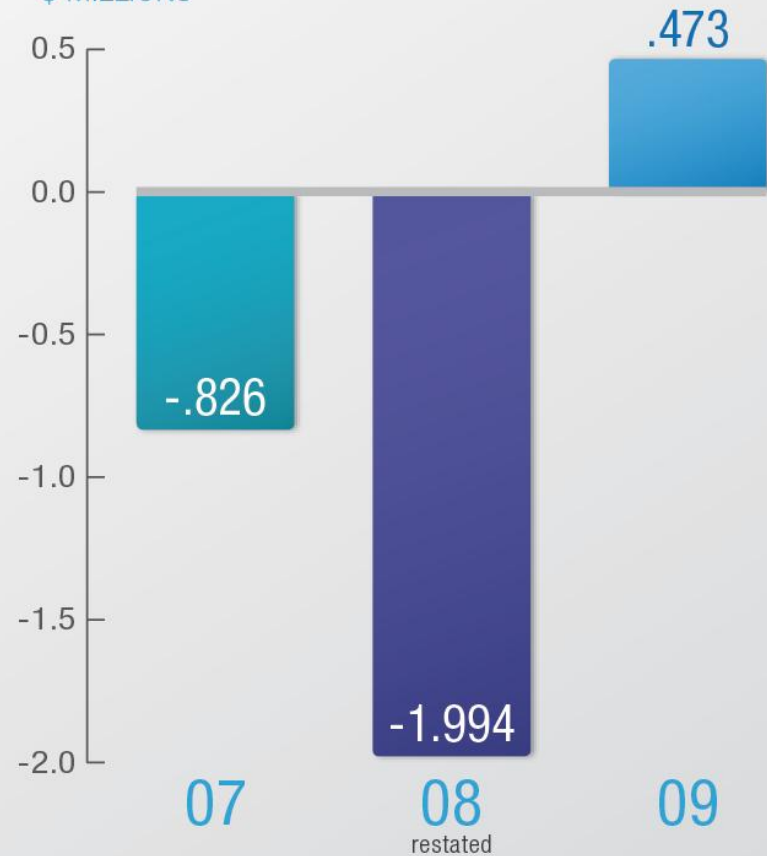
## EBITDA

\$ MILLIONS



## NPBT

\$ MILLIONS



# Share price movement – last 6 months

SPY.NZSE from 03/08/2009 to 02/02/2010



# Questions