



# Full year results presentation

## 29 February 2016



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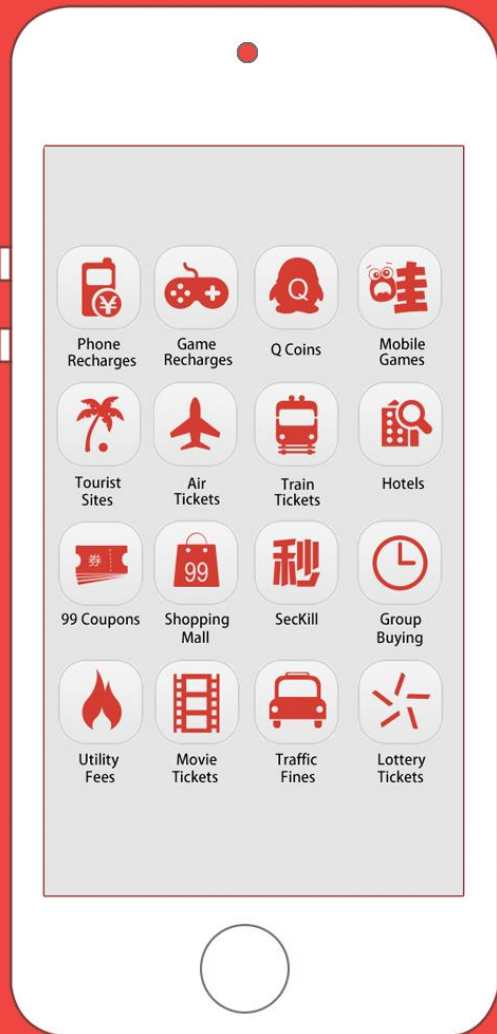
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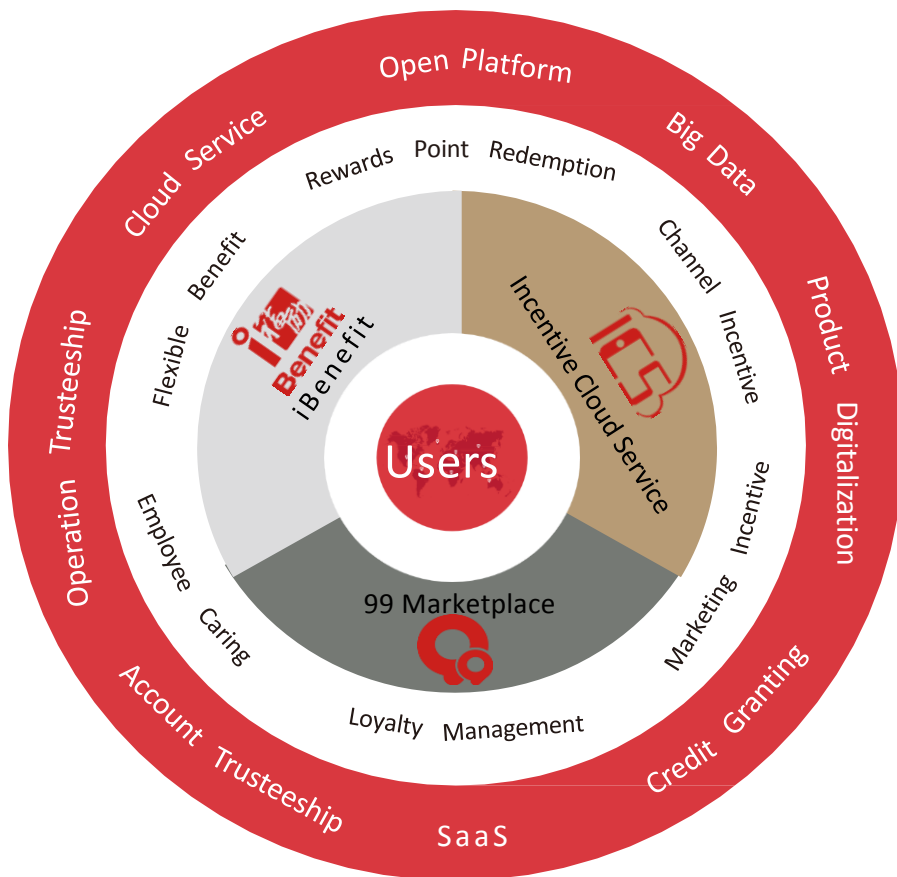


***99 Wuxian is a leading mobile internet gateway, providing comprehensive solutions for businesses partners, connecting their customers and employees with high quality merchants for transactions.***



# Gateway + Service + Transaction

## Unique Ecosystem



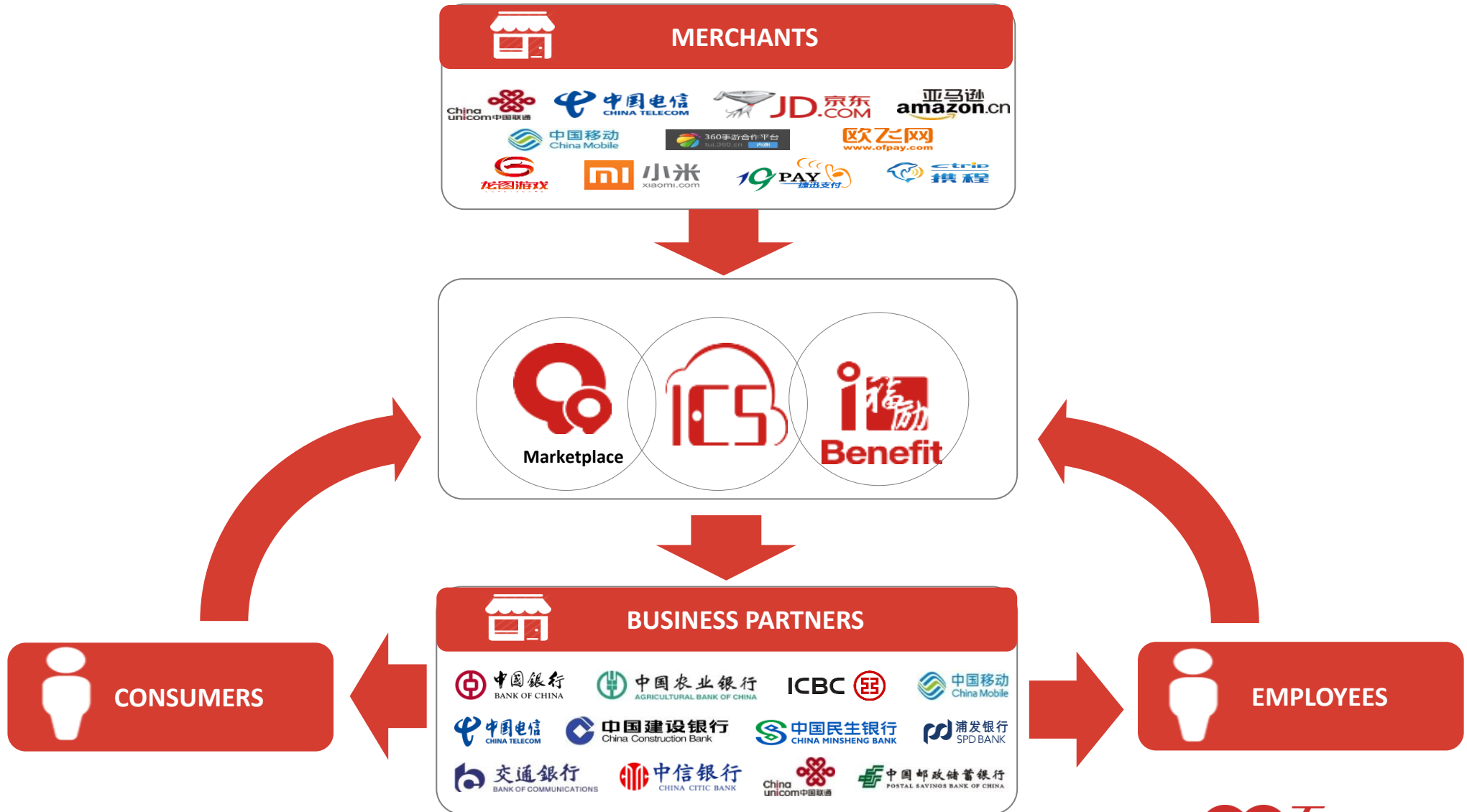
## Connecting business to their customers and employees

- 99 Wuxian is a leading Chinese enterprise-level mobile internet gateway, focused on providing comprehensive solutions allowing businesses partners and their customers and employees to connect with leading merchants for transaction based revenues.
- With the advanced cloud based technology and a solid experience gained from years of operation with the mobile Internet, 99 Wuxian provides business partners with value-added applications, m-commerce, user and employee incentive solutions, data mining, precision marketing and other mobile Internet services via its proprietary platforms including 99 Marketplace, Incentive Cloud Service (“ICS”) and iBenefit.
- Further, 99 Wuxian is continuing to expand its traditional business partners namely China’s leading Financial Institutions to other industries, through user incentive and employee incentive solutions.



# Unique Ecosystem

*Offers a value proposition that connects business partner's high-value consumers with merchants*



# Current Business Offerings



## 99 Marketplace

### Convenient mobile marketplace

99 Marketplace is a convenient mobile market gateway focusing on providing virtual and physical products including phone and game recharge, shopping, utilities payment, transportation, e-coupons and other O2O services.

Designed to enhance business partner engagement with their customer's base by providing a convenient platform to connect with the market place.

Offers business partners a one-stop solution including whole-process operation services and precision marketing based on consumer behavior analysis.



## Incentive Cloud Service

### Clouded service platform for flexible incentives

Incentive Cloud Service ("ICS") focuses on providing loyalty point platform for business partners to manage their customer's rewards redemption and provide marketing and channel incentives.

ICS provides a one-stop incentive solution for business partners creating a streamline, transparent and cost effective platform for business partners to engage with their customers.



### Employee loyalty and reward benefits

iBenefit provides and employee loyalty and reward benefit redemption platform for business partners to efficiently manage their employees benefit, incentive and loyalty programs.

iBenefit provides a one-stop employee benefits solution designed to incentivise performance and increase employee retention and through employee loyalty rewards redemption.



## Key Highlights

*99 Wuxian delivers significant profitable growth in FY 2015 from FY 2014*

**+25%**

Net Revenue

RMB 192.3m / AUD 40.7m

**+25%**

Underlying EBITDA

RMB 22.0m / AUD 4.7m

**+46%**

NPAT

RMB 10.2m / AUD 2.2m

**+66%**

Gross Transaction Value

RMB 13.6bn / AUD 2.9bn

**+71%**

Total No. of Transactions

56.8m

Note: RMB translated into AUD using the average rate of AUD/RMB 4.7275 for the period 1 January 2015 to 31 December 2015. Cash and cash equivalents translated into AUD at the spot rate of AUD/RMB 4.7442 as at 31 December 2015.

Underlying information excludes exceptional items (exchange gains and losses). 99 Wuxian considers underlying information to be a more suitable indicator of operating performance. References to 'underlying' information are to non-IFRS financial information. Non-IFRS financial information has not been audited or reviewed.

FY2015 information has not been audited or reviewed.

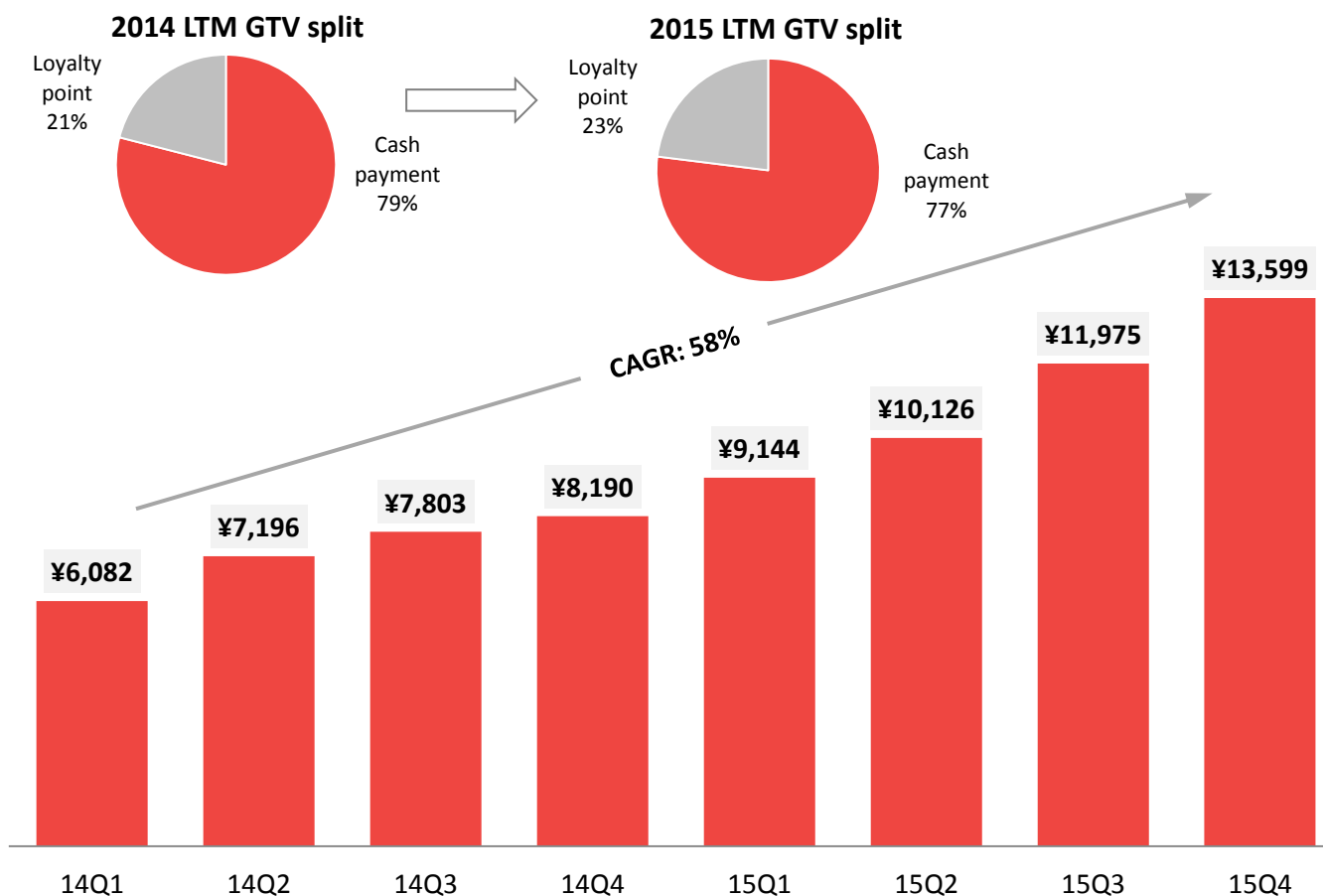




# Financial overview

99 Wuxian provides business partners with a cash payment marketplace and loyalty point redemption platform

## Quarterly LTM GTV (RMB mm)



## Commentary

- GTV growth driven by increase in registered users and user engagement, benefiting from proactive user acquisition and engagement strategy
- Contracted partners on 99 Marketplace and Rewards Redemption Platform expanded from large banks to regional banks, rural credit cooperatives and insurance companies, enlarging pool of underlying customer base
- Successfully established cooperation with insurance companies on Incentive Cloud Service Platform
- Ongoing discussions with current and future business partners to adopt the Rewards Redemption Platform and iBenefit Platform

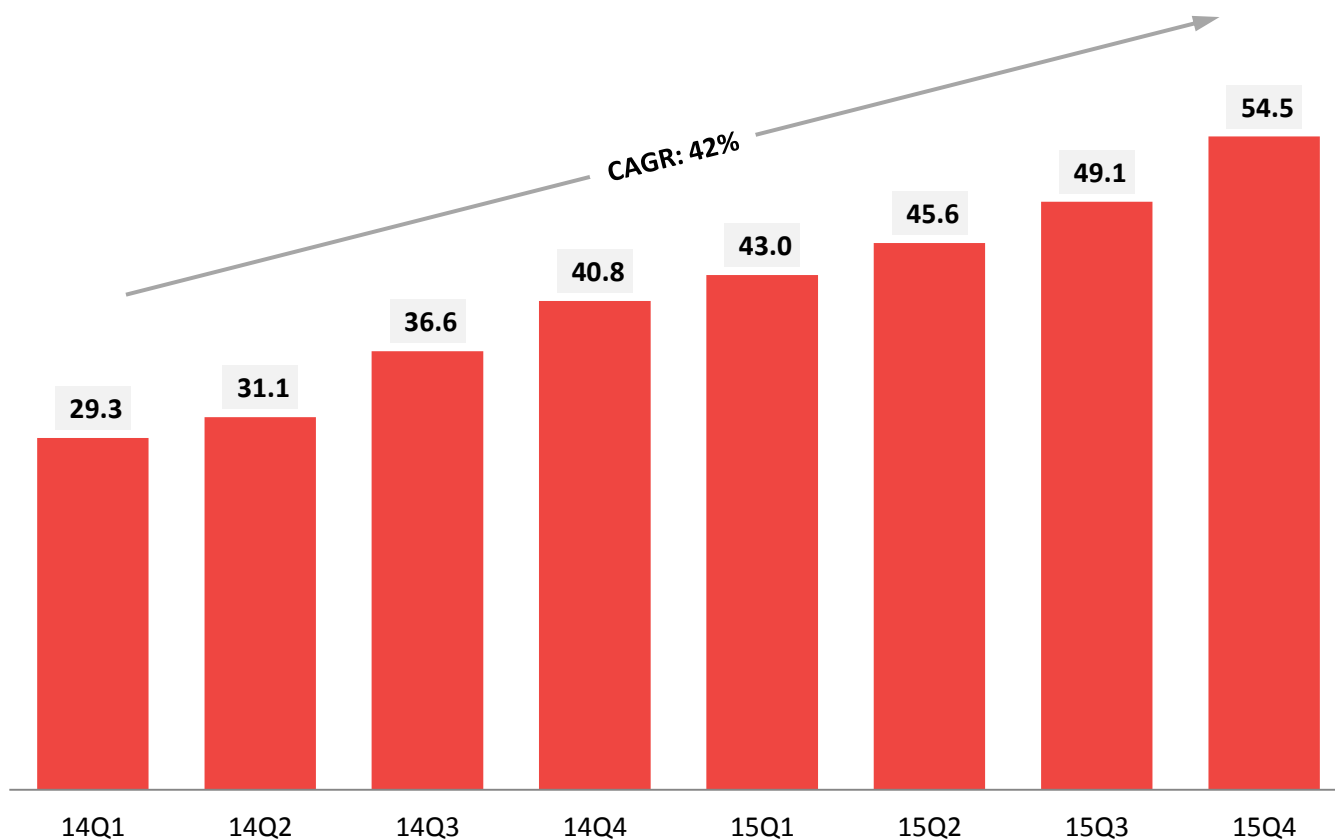




## Financial overview (cont'd)

*Significant business growth with +42% annual registered user growth*

### Registered users (mm)



### Commentary

- Growth driven by:
  - increase in number of business partners; and
  - joint marketing campaigns with business partners to successfully drive traffic and user engagement
- Registered users represent those who have transacted on the platform

Note: The registered users information has not been audited or reviewed.

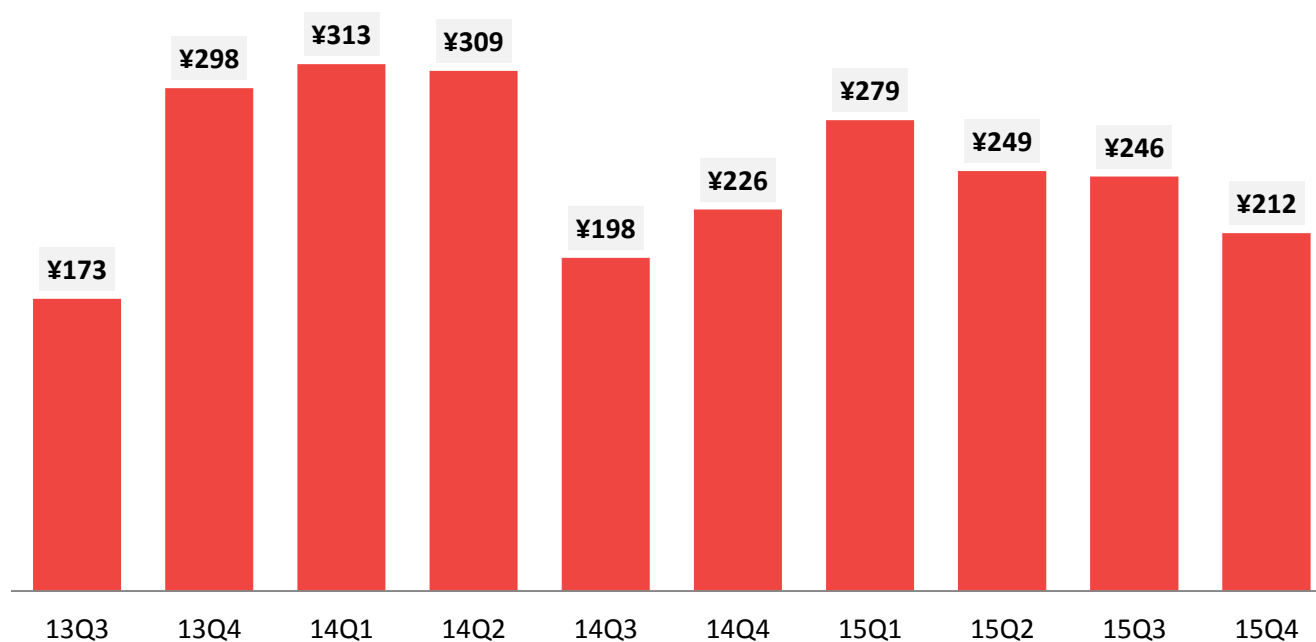




## Financial overview (cont'd)

*With ATV development reflecting market preference change*

### Quarterly ATV (RMB)



### Commentary

- The movement in ATV is the result of
  - Change in user behavior
  - Change in product mix
  - Proactive strategy to increase user engagement on the platform through marketing initiatives including the use of promotions

Note: The quarterly ATV information has not been audited or reviewed.

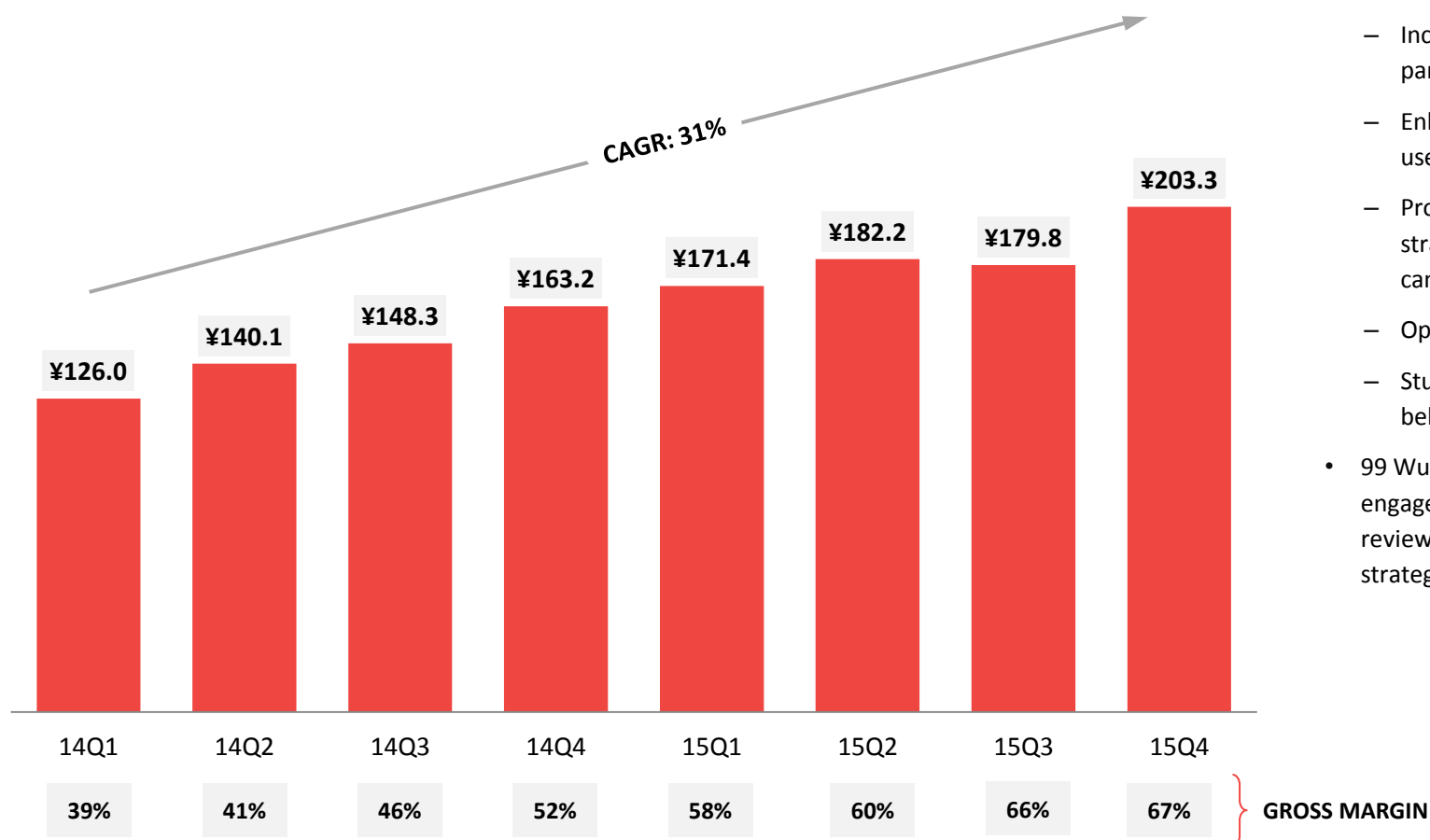




## Financial overview (cont'd)

99 Wuxian has experienced consistent revenue growth and has a stable gross margin profile

### Quarterly LTM revenue (RMB mm)



### Commentary

- Revenue growth is fueled by
  - Increase in the number of business partners including partners in new sectors
  - Enlarging user base and reaching more users
  - Proactive user acquisition and engagement strategy including joint marketing campaigns with business partners
  - Optimizing product and product mix
  - Studying market preference and user behavior
- 99 Wuxian actively manages its acquisition and engagement strategy and will continue to review, consider and implement appropriate strategies to drive the future growth

Note: The LTM revenue information has not been audited or reviewed.





## Results Highlights<sup>1</sup>

*99 Wuxian delivers strong financial performance underpinned by exceptional operating performance...*

- Strong financial performance in FY2015, highlighted by:
  - Net revenue of RMB 192.3mm (AUD 40.7mm), up 25% on FY2014
  - Gross margin expansion to 67%, up from 52% in FY2014
  - Underlying<sup>2</sup> EBITDA of RMB 22.0mm (AUD 4.7mm)
  - Underlying profit before tax of RMB 16.7mm (AUD 3.5mm)
- Financial result underpinned by exceptional FY15 operating performance:
  - Gross Transaction Value of RMB 13.6bn (AUD 2.9bn), up 66% on FY2014
  - 56.8mm transactions on the platform, up 71% on FY2014
  - Registered user base of 54.5mm, up 34% on FY2014

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1. RMB translated into AUD using the average rate of AUD/RMB 4.7275 for the period 1 January 2015 to 31 December 2015. FY2015 information has not been audited or reviewed.  
2. Underlying information excludes exceptional items (exchange gains and losses). 99 Wuxian considers underlying information to be a more suitable indicator of operating performance. References to 'underlying' information are to non-IFRS financial information. Non-IFRS financial information has not been audited or reviewed.



## Operations Highlights

*... and continues to successfully execute its growth strategy*

- New contract with the world's largest bank, ICBC for 2016 marketing campaign
- Strategic partnership with SIM Technology to implement employee benefit management programs
- Two new contracts signed with the Fujian and Hubei Rural Credit Cooperatives delivering access to an additional customer base of 96.3 million people and expansion of operations to rural China
- First travel industry contract signed with Jinjiang International Travel, marking 99 Wuxian's entry into a new market
- Incentive Cloud Service contract signed with Ping An Property & Casualty Insurance Company of China Ltd, China's second largest property and casualty insurer
- iBenefit contract signed with Rongzi.com, a one-stop online financing platform for small and medium sized enterprises across China
- New business partner, Wanlitong Loyalty, China's largest loyalty point redemption platform with more than 68 million users
- New contract with online insurance agent XinYi Zhan to provide Incentive Cloud Service platform
- High quality merchant additions headlined by leading online food provider and electrical appliance retailer



## Acquisition Overview

*... Strategic upstream acquisition to enhance business focus on downstream business partner engagement*

- 99 Wuxian entered into an agreement to acquire Jiangsu Ofpay E-commerce Limited (“Ofpay”) a leading upstream wholesaler of online transaction services and products.
- The acquisition provides 99 Wuxian with the following key benefits:
  - An enhanced online market channel visibility
  - Increased virtual product supply continuity
  - Increased virtual product diversity
  - Increased competitive market positioning
  - Expanded scale of operations in preparation of future partner engagement growth
  - Independent operational efficiency
- Upfront acquisition cash consideration of RMB 160.0mm (A\$34.1mm) with maximum RMB 297.4mm (A\$63.5mm) deferred consideration / vendor finance payable in three tranches between 31 December 2015 to 30 June 2017 and is contingent on certain performance targets being achieved. Acquisition funded from existing liquidity, major shareholder loan, 99 Wuxian subsidiary funding and private placement.
- FY14 Gross Transaction Value (“GTV”) of RMB 14.6bn (A\$3.2bn), total revenue of RMB 75.6mm (A\$16.7mm) and net profit of RMB 30.9mm (A\$6.8mm). <sup>1</sup>



# Marketing initiatives

*99 Wuxian continues to partner with leading Chinese banks on effective marketing campaigns*



**July – December 2015**

- Marketing campaign carried out on SPD Bank's internet banking platform
- Campaign enabled SPD Bank customers to purchase discounted e-coupons provided by SINOPEC through their mobile banking app or official Wechat account



**February – December 2015**

- Joint marketing campaign with China Minsheng Bank
- Customers will be entered into a lucky draw for the chance to win instant prizes after processing any transactions including account transfer, remittance, top-ups and payment on their mobile banking app



**March – June 2015**

- Joint marketing campaign with the Agricultural Bank of China ("ABC")
- Campaign designed to drive use of the lifestyle application services, such as mobile phone recharge, provided through ABC's mobile banking app



**March – April 2015**

- Campaign coincided with launch of electronic gift cards on China Construction Bank ("CCB") mobile banking application
- Customers offered discounts and coupons across a range of leading e-commerce merchants, such as Danddang.com, JD.com and VIP.com



# Summary profit and loss

Record FY15 revenue and gross profit

31 December year end	RMB millions		AUD millions <sup>1</sup>		Change (%)
	FY2014	FY2015 <sup>2</sup>	FY2014 <sup>2</sup>	FY2015 <sup>2</sup>	
Total revenue	163.2	203.3	34.5	43.0	25%
<b>Net revenue</b>	<b>154.2</b>	<b>192.3</b>	<b>32.6</b>	<b>40.7</b>	<b>25%</b>
<b>Gross profit</b>	<b>79.8</b>	<b>128.2</b>	<b>16.9</b>	<b>27.1</b>	<b>61%</b>
margin (%)	51.8%	66.7%	51.8%	66.7%	1,489bps
Selling expenses	(11.1)	(26.8)	(2.4)	(5.7)	141%
Administration expenses	(51.0)	(80.9)	(10.8)	(17.1)	59%
Other revenue	-	1.6	-	0.3	na
Other gains and losses	(5.9)	(0.5)	(1.2)	(0.1)	(91%)
<b>EBITDA</b>	<b>11.8</b>	<b>21.5</b>	<b>2.5</b>	<b>4.5</b>	<b>83%</b>
margin (%)	7.6%	11.2%	7.6%	11.2%	355bps
D&A	(3.1)	(5.3)	(0.7)	(1.1)	72%
Net interest expense	0.3	0.0	0.1	0.0	(83%)
<b>PBT</b>	<b>8.9</b>	<b>16.2</b>	<b>1.9</b>	<b>3.4</b>	<b>81%</b>
Tax	(2.0)	(6.0)	(0.4)	(1.3)	207%
<b>NPAT</b>	<b>7.0</b>	<b>10.2</b>	<b>1.5</b>	<b>2.2</b>	<b>46%</b>
margin (%)	4.5%	5.3%	4.5%	5.3%	78bps
<b>Underlying EBITDA</b>	<b>17.7</b>	<b>22.0</b>	<b>3.7</b>	<b>4.7</b>	<b>25%</b>
margin (%)	11.5%	11.5%	11.5%	11.5%	0bps
<b>Underlying PBT</b>	<b>14.8</b>	<b>16.7</b>	<b>3.1</b>	<b>3.5</b>	<b>13%</b>
margin (%)	9.6%	8.7%	9.6%	8.7%	(92bps)

## Commentary

- Net revenue growth of 25%
- Gross margin expansion to 67%
- Outstanding operating performance
  - Underlying EBITDA up 25%
  - Underlying PBT up 13%

Note: 1. RMB translated into AUD using the average rate of AUD/RMB 4.7275 for FY2015 and FY2014 to eliminate the exchange rate impact.  
2. Financial information has not been audited or reviewed.





# Summary balance sheet

*Strong balance sheet which continues to evolve in line with the business*

31 December year end	RMB millions		AUD millions <sup>1</sup>	
	FY2014	FY2015 <sup>2</sup>	FY2014 <sup>2</sup>	FY2015 <sup>2</sup>
Cash and cash equivalents	67.8	40.9	14.3	8.6
Trade and other receivables	160.0	194.3	33.7	41.0
Inventory	17.2	17.4	3.6	3.7
Intangibles	52.9	53.2	11.2	11.2
Property, plant and equipment	3.7	10.0	0.8	2.1
Deposit for acquisition of subsidiaries	-	160.0	-	33.7
Other assets	3.4	21.3	0.7	4.5
<b>Total assets</b>	<b>305.1</b>	<b>497.0</b>	<b>64.3</b>	<b>104.8</b>
Trade and other payables	11.5	52.8	2.4	(11.1)
Other liabilities	11.9	152.3	2.5	(32.1)
<b>Total liabilities</b>	<b>23.4</b>	<b>205.1</b>	<b>4.9</b>	<b>(43.2)</b>
<b>Net assets</b>	<b>281.7</b>	<b>291.9</b>	<b>59.4</b>	<b>61.5</b>
Share capital	272.0	272.0	57.3	(57.3)
Reserves	9.7	19.9	2.0	(4.2)
<b>Total equity</b>	<b>281.7</b>	<b>291.9</b>	<b>59.4</b>	<b>61.5</b>

## Commentary

- Cash balance of RMB 40.9mm (AUD 8.6mm)
  - Well positioned for future growth
- Deposit for acquisition of subsidiaries of RMB 160.0mm
  - Acquisition of Ofpay, a leading upstream wholesaler of online transaction services and products in China
- Trade and other receivables balance of RMB 194.3mm
  - Growth due to increased transaction value generated by the rewards redemption business
  - High quality receivables from leading Chinese financial institutions
  - Includes prepayments to enable real-time virtual product delivery and receivables due from Handpay as a result of legacy contracts
- Net assets of RMB 291.9mm

Note: 1. The spot rate of AUD/RMB 4.7442 as at 31 December 2015 is used for balance sheet items translation to eliminate the exchange rate impact.  
2. Financial information has not been audited or reviewed.





# Summary cash flow

*Continued cash investment in the platform*

	RMB millions <sup>1</sup>	AUD millions <sup>2</sup>
31 December year end	FY2015	FY2015
Underlying EBITDA	22.0	4.7
Net interest expense	0.0	0.0
Loss on disposal of PP&E	0.3	0.1
Income taxes paid	(2.7)	(0.6)
Movement in working capital	(14.8)	(3.1)
<b>Cash flow from operations</b>	<b>4.8</b>	<b>1.0</b>
Deposit paid for acquisition of equity interests of an entity	(160.0)	(33.8)
Purchases of PP&E and additions of intangible assets	(11.2)	(2.4)
<b>Cash flow from investing</b>	<b>(171.2)</b>	<b>(36.2)</b>
Advance from a shareholder	140.0	29.6
<b>Cash flow from financing</b>	<b>140.0</b>	<b>29.6</b>
<b>Net increase (decrease) in cash</b>	<b>(26.3)</b>	<b>(5.6)</b>
Opening cash balance	67.8	14.3
Effect of exchange rate movements	(0.5)	(0.1)
<b>Closing cash balance</b>	<b>40.9</b>	<b>8.6</b>

## Commentary

- Disciplined management of operating cash flow
- Operating cash flow continues to be invested into the growth of the platform
  - Development and launch of new product initiatives, such as iBenefit
  - Recruitment of high quality staff
  - Funding working capital associated with the increased scale of the Incentive Cloud Service
  - Marketing initiatives
- Capital expenditure
  - Deposit for acquisition of subsidiaries
  - Additions of PP&E and intangible assets

Note: 1. Financial information has not been audited or reviewed.

2. RMB translated into AUD at the average rate of AUD/RMB of 4.7275 for the period 1 January 2015 to 31 December 2015, and financial information has not been audited or reviewed.



## Outlook

*Disciplined focus on executing growth strategy to deliver strong GTV and revenue growth*

- 99 Wuxian has delivered outstanding growth, with record results achieved in FY15 across key operating and financial metrics
- 99 Wuxian will continue to invest in future growth
  - Development and launch of new product initiatives
  - Investment in the 99 Wuxian platforms
  - Marketing initiatives
  - Investment in high quality staff
- Looking forward, 99 Wuxian expects to continue delivering growth in the future underpinned by the significant market opportunity and positive growth trends in the Chinese mobile marketplace