

# Your n°1 payments partner

## VFB Happening March 2017



# Disclaimer

This presentation was prepared by Keyware Technologies NV/SA (the “Company”) solely for use at investor presentations. By receiving this presentation and participating in this meeting, you acknowledge having been informed of the following restrictions.

This presentation has been prepared for circulation and does not constitute an offer to subscribe or the solicitation of an offer to subscribe for securities or fund raising. This document or any part thereof shall not be used as the basis for any contract or undertaking, and must not be used for the purpose of supporting such contractor or undertaking. Hence, no investment recommendations are included herein.

In case a reader would make an investment decision, this should be based on their specific investment objectives. Any decision to acquire or subscribe for shares in connection with any future offering shall be based solely on information contained in a separately prospectus that would have to be drafted and cleared by the FSMA (Financial Services & Markets Authority) or any other offering document drawn up and issued by the Company in connection with said offering. Therefore, this presentation is not a prospectus.

This presentation is provided exclusively to you for your information only and may not be used for purposes other than the presentation of the Company. This presentation and its content are confidential and may not be copied, distributed or transmitted to any other person or be published, or reproduced, directly or indirectly, in full or in part, by any means whatsoever, and in any form and for any purpose whatsoever. You must comply with all laws applying to possession of such information including laws governing insider trading and regulations in force or recommendations of the FSMA. Neither this presentation nor any information contained herein, may be delivered, communicated or distributed, directly or indirectly, to the United States, Canada, Japan or Australia or to any residents of these countries. Noncompliance with any of these restrictions may constitute a violation of legal restrictions governing the offering of financial instruments in the United States, Canada, Japan or Australia. Distribution or presentation of this document in other countries may be subject to legal restrictions and persons coming into possession of this document must inform themselves about the existence of such restrictions and comply therewith.

This presentation was prepared by the Company under its sole liability. The information contained herein has not been subject to independent verification by the Company, its advisors or any other person and may be updated, supplemented, revised, or amended, and such information may be subject to significant changes.

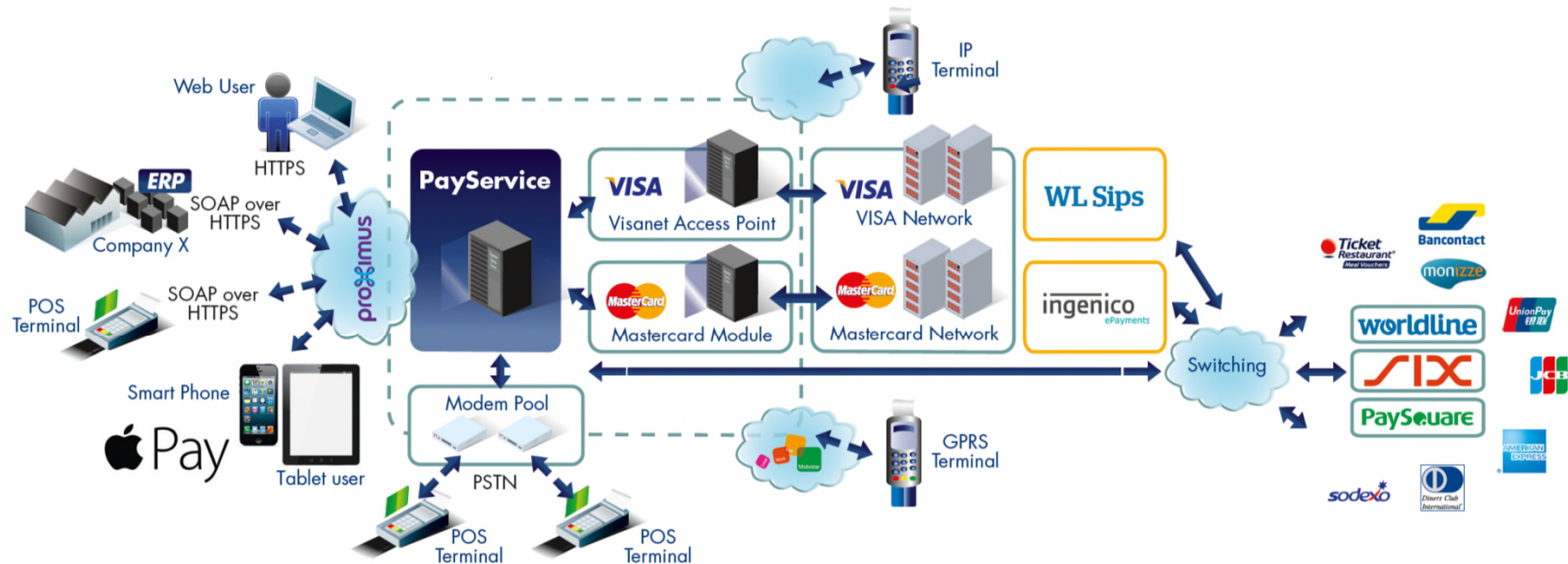
No representation, warranty or undertaking, explicit or implied, is made as to the accuracy, completeness or appropriateness of the information and opinions contained in this document. The Company, its advisors or representatives decline any responsibility or liability resulting from any use made of this presentation or its content or related in any manner to this presentation. The Company is not under any obligation to update the information contained herein and information contained herein may be subject to change without prior notice.

This presentation contains forward-looking information as to the targets and development strategies of the Company. Such forward-looking information can sometimes be identified by use of the future tense, the conditional tense or forward-looking terms such as “expect”, “may”, “estimate”, “intend”, “plan”, “anticipate” and other similar terms. This data is subject to risk and uncertainties that may result, in due course, in actual data that is materially different. These targets and development strategies are not historical data and should not be construed as any form of guarantee that forecast figures or events will materialize, that the hypotheses presented will be verified, or that the targets will be reached. Given their nature, should the targets not be met and the information in this presentation prove to be erroneous, neither the Company, nor its advisors or their representatives shall be obliged to update said information, unless otherwise required by law.



# Keyware is an Independent NSP

- Keyware is an independent electronic payment transactions NSP (Network Service Provider) and has its own transaction platform
  - with a selected number of strategic partners for
    - payment terminals
    - acquiring services
    - e-commerce & m-commerce
    - air time



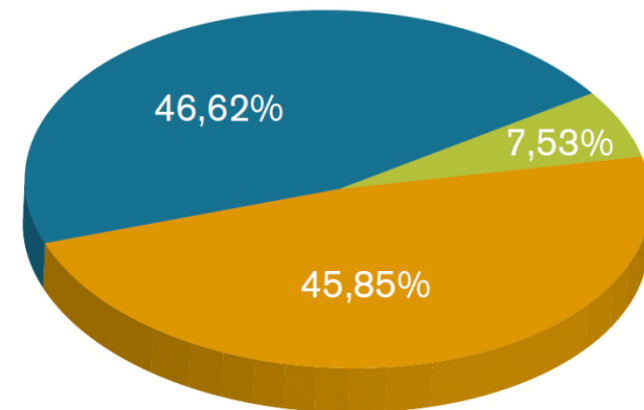
VALUE CHAIN

# Corporate Fact Sheet

- ▶ Keyware is public company since June 2000 (Nasdaq Europe : KEYW) and trades since 2003 on NYSE-Euronext, now Euronext (KEYW)
- ▶ statutory capital of Keyware Technologies : € 7.870.294
- ▶ N° of shares : 21.223.793; fully diluted : 23.543.793
- ▶ CAGR of 16,9% since FY 2012
- ▶ EBITDA of almost 28%
- ▶ First time distribution of dividend : € 0,02 per share
- ▶ N° of employees : 68 FTE (Belgium + Germany + France)
- ▶ Subsidiary incorporated in Germany (June 2016) operational in Q4-2016
- ▶ Participation of 40% in Magellan SAS, a French innovator in electronic payment transactions software and solutions
- ▶ Acquisition of EasyOrder VOF, an innovative web shop, tablet and smart phone app for intuitive ordering and payment to further complete Keyware's omnichannel strategy

Our vision :  
to reduce the cost of cash by using electronic payment

Shareholder structure as at  
31 December 2016  
Shares



- Parana Management Corp. BVBA
- Powergraph BVBA
- Guido Van der Schueren
- Big Friend NV
- Stéphane Vandervelde
- Others





# Organisation



# Management Team Belgium



Stéphane Vandervelde, CEO

- over 30 years of experience in technology organisations
- co-founder of Keyware
- several positions as Board Member in multiple industries
- electronics engineer specialised in micro-electronics and chip design



Alain Hubert, CFO

- over 20 years of experience in finance
- former E&Y-director Transaction Advisory Services
- certified Auditor
- master in Applied Economics
- due diligence, quality & risk management specialisations
- @ Keyware since 2013

Wim Verfaillie, COO

- over 25 years of experience in streamlining operations
- extensive knowledge of retail, telco and payment technologies
- @ Keyware since 2007
- industrial engineer electricity



Joris Maes, CCO

- over 20 years of experience in international sales & marketing positions
- Master in Industrial Engineering
- MBA in General International Management
- @ Keyware since 2010



# Local Management Teams



Laurent Vandervelde, Country Manager Germany

- Master Commercial Engineer @ Solvay Business School
- sales and Marketing development at Readz
- experienced in international sales and marketing strategies
- market analysis for technology start-ups



Franck Willmann, CEO Magellan

- over 20 years of experience in payment solutions
- co-founder of Magellan
- co-creator of Caravel monetary solutions
- product and services director of Magellan for 12 years
- DESS Informatique Images et Réseaux (UCB)
- 16 years @ Magellan



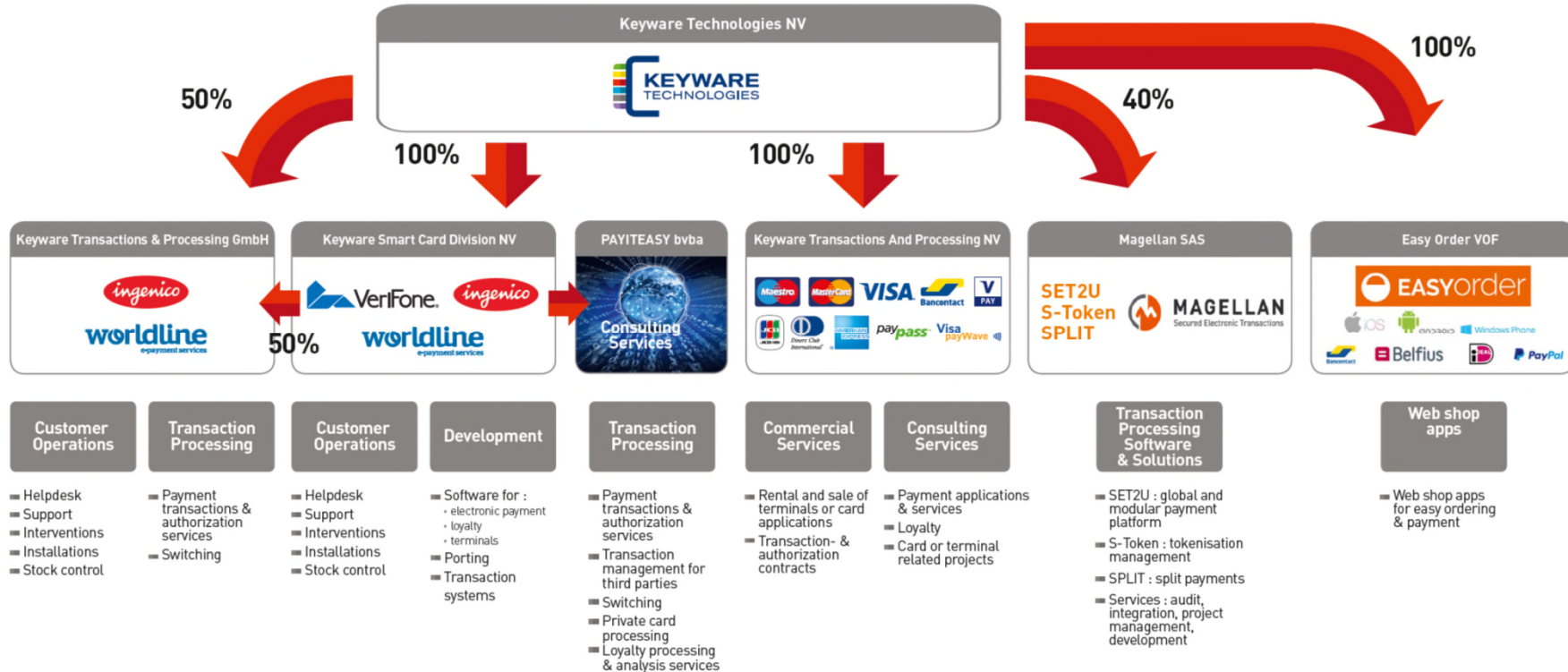
Jean-Pierre Michon, President Magellan

- over 20 years of experience in payment solutions
- general manager and co-founder of Magellan
- co-creator of Caravel monetary solutions
- consulting, project management and development for financial transactions software
- ESIGETEL (Ecole Supérieure d'Ingénieurs en Informatique et Génie des Télécommunications)
- 16 years @ Magellan







# Organisational Structure





# Board of Directors – Audit Committee – Remuneration Committee

Representative		Position	Membership
■ Guido Van der Schueren		Non-executive	Chairman of the Board Remuneration committee Audit committee
■ 3C Consulting BVBA represented by Bruno Kusters		Independent, non-executive	Director Chairman of the Remuneration committee
■ COFIRANS SA, represented by Pierre Delhaize		Non-executive	Director Audit committee
■ Sofia BVBA represented by Chris Buyse		Independent, non-executive	Director Remuneration committee Audit committee
■ Big Friend NV represented by Stéphane Vandervelde		Executive - CEO	President of the Management Committee Director
■ Moirai Management BVBA represented by Johan Behets		Independent, non-executive	Director
■ Galileo SAS represented by Franck Willmann		Non-executive	Director

# Milestones 2016-2017



# Magellan

- ▶ French company with over 16 years of experience specialising in innovative software, solutions and services for electronic payment transactions management; solutions are :
  - SET2U : a global, modular and future-proof platform for the management of electronic payment transactions
  - S-Token : a tokenization management solution, PCI DSS and EMVCo compliant
  - SPLIT : an easy to implement split payment solution for payment card holders
- ▶ Financial KPIs :
  - 2016 EBITDA : € 617K
  - 2016 turnover : € 3.257K
  - 16 FTE + 5 freelance workers
- ▶ Participation of 40% in the share capital of Magellan SAS for € 4.000 K (equity method)
- ▶ Option for remaining 60% @ same value
- ▶ Products, solutions and services
  - enrichment of Keyware's portfolio in Belgium and Germany, bringing new and innovative solutions to these markets, hence entering new and highly profitable market segments
  - optimisation and cost reduction for Keyware's PayItEasy transaction platform
  - USP for Keyware
  - new type of customers (banks, larger retailers,...)
  - access to large French acquirers



# EasyOrder

► Innovative web shop, tablet and smart phone app for intuitive ordering and payment of goods or services

- In a few clicks only, merchants can expand their brick and mortar business revenues with an e-commerce offering

## Advantages for the merchant

- easily add pictures and descriptions of sales items
- manage and interact with customers
- follow up orders and payments
- multiple payment solutions
- solid back-office integrations possible

## Advantages for the consumer

- easy to use on PC, tablets or smart phones
- pay on beforehand, deferred or at delivery
- create your profile for repeated ordering

► Enables businesses to better compete with large e-commerce competitors like Zalando, Amazon, Bol.com, etc

► Partners like :

- Worldline : acquiring services
- Belfius : bank payment app
- Lightspeed : ECR solutions
- Citie : city-oriented, app-based solution for customer loyalty, promotions management , digital coins etc





# EasyOrder

- ▶ 100% participation for a maximum of € 700K
  - fixed amount of € 500K (85% in cash, 15% in shares of Keyware Technologies)
  - variable amount of maximum € 200K, depending on KPIs (75% in cash, 25% in shares of Keyware Technologies)



# Why Invest ?



# Insights into Keyware's Attractiveness for Investors

## ► Mature Group with diversified activities

- ability to quickly adopt new technologies, partners, products and solutions (e.g. Keyware's PayService platform)
- valuable partnerships with the world's industry leaders
- participation in innovative and profitable payment solutions providers (e.g. Magellan)

## ► Robust financial results

- increasing share of recognized/recurring revenue
- decreasing financial leverage in the coming years
- EBITDA-margin stable at approx. 29% of revenues
- increasing weight of transactions generated revenues (highly profitable)
- start of dividend policy

## ► High barriers to enter the market

- economies of scale, capital requirements
- brand identity
- access to partners and distribution
- development experience and costs
- PCI/DSS compliancy, Bancontact certificate holder

## ► Quests for growth by increasing market share

- steadily increasing market share in electronic payments
- seeking opportunities through acquisitions
- grasping market opportunities abroad (France, Germany)
- measuring and enhancing customer's satisfaction
- need for local service providers in a globalized payment landscape
- additional market growth by European laws on prohibiting cash
- accelerated potential for payment transactions (new mobile payment devices, e-commerce and electronic payment solutions for micro-payments)
- huge potential in terms of market penetration

## ► Low risk

- future-proof developments, agile operational performance
- experienced and well-balanced product development team
- disruptive cost model



# Financials



# Consolidated Income Statement

Consolidated income statement	Fiscal year 2015	Fiscal year 2016
	(in 000 €)	(in 000 €)
	(audited)	(audited)
Revenues	16.803	18.721
Other profits and losses	314	470
Raw materials and consumables	-6.625	-7.834
Salaries and employee benefits	-1.508	-1.438
Depreciation	- 251	- 268
Net impairment of current assets	-1.785	-1.897
Other expenses	-3.712	-4.580
Operating result	3.236	3.174
<b>EBITDA</b>	<b>4.993</b>	<b>5.224</b>
Financial income	1.141	1.207
Financial expenses	- 349	- 189
<b>Profit before taxes</b>	<b>4.028</b>	<b>4.192</b>
Taxes on the result	1.263	-1.196
Result from Joint Ventures	0	105
<b>Profit for the period from continued operations</b>	<b>5.291</b>	<b>3.101</b>
<b>Profit for the period</b>	<b>5.291</b>	<b>3.101</b>
<b>EBITDA / revenues (%)</b>	<b>29,7</b>	<b>27,9</b>
<b>EBIT / revenues (%)</b>	<b>19,3</b>	<b>17,0</b>
<b>Gross profit margin (%)</b>	<b>60,6</b>	<b>58,2</b>

IFRS Standards

# Gross Profit Margin by Activity

Breakdown per segment	Fiscal year 2015	Fiscal year 2016
	(in 000 €) (audited)	(in 000 €) (audited)
Revenues terminals	11.562	11.116
Cost of sales terminals	-2.313	-1.944
Gross margin terminals	<b>9.249</b>	<b>9.172</b>
Revenues authorizations	5.241	7.605
Cost of sales authorizations	-4.312	-5.890
Gross margin authorizations	<b>929</b>	<b>1.715</b>
Revenues	16.803	18.721
Cost of sales	-6.625	-7.834
Gross margin	<b>10.178</b>	<b>10.887</b>
<i>Gross profit margin terminals (%)</i>	79,99	82,51
<i>Gross profit margin authorizations (%)</i>	17,73	22,55
<i>Gross profit margin aggregate (%)</i>	60,57	58,15

IFRS Standards

# Consolidated Balance Sheet - Assets

Consolidated balance sheet	Fiscal year 2015	Fiscal year 2016
	(in 000 €)	(in 000 €)
<b>Assets</b>	<b>(audited)</b>	<b>(audited)</b>
<b>Non-current assets</b>	<b>24.605</b>	<b>26.979</b>
Goodwill	5.248	5.248
Intangible assets	200	150
Property, plant and equipment	428	491
Investments in associates	0	4.105
Other participations	250	400
Other assets	75	80
Deferred tax assets	3.058	2.020
Long term trade receivables	15.346	14.485
<b>Current assets</b>	<b>6.413</b>	<b>9.219</b>
Inventories	992	1.201
Financial lease receivables	3.806	5.961
Trade receivables and other receivables	626	976
Deferred charges and accrued income	8	36
Cash and cash equivalents	981	1.045
<b>Total assets</b>	<b>31.018</b>	<b>36.198</b>

IFRS Standards

# Consolidated Balance Sheet - Liabilities

Consolidated balance sheet	Fiscal year 2015	Fiscal year 2016
	(in 000 €)	(in 000 €)
	(audited)	(audited)
<b>Equity and liabilities</b>		
<b>Shareholder's equity</b>	<b>23.683</b>	<b>26.436</b>
Issued capital	8.771	7.194
Share premiums	4.846	2.868
Reserve warrants	797	797
Treasury shares	0	-19
Retained earnings	9.269	15.596
<b>Provisions</b>	<b>0</b>	<b>0</b>
Provisions	0	0
<b>Liabilities due after one year</b>	<b>2.718</b>	<b>4.585</b>
Financial debts due after one year	2.675	4.547
Lease debts due after one year	43	38
<b>Liabilities due within one year</b>	<b>4.617</b>	<b>5.177</b>
Financial debts due within one year	1.514	1.745
Lease debts due within one year	26	45
Trade debts	2.252	2.430
Social and fiscal debts	322	489
Other liabilities	11	0
Deferred income and accrued charges	492	468
<b>Total liabilities and shareholder's equity</b>	<b>31.018</b>	<b>36.198</b>

IFRS Standards



# Consolidated Cash Flow Statement

Consolidated cash flows	Fiscal year 2015	Fiscal year 2016
	(in 000 €) (audited)	(in 000 €) (audited)
<b>Cash flow from operating activities</b>		
Profit for the period	5.291	3.101
Deferred taxes	-1.373	1.038
Financial income	-1.141	-1.207
Financial expenses	349	189
Depreciations and amortisations	251	268
Impairment on finance lease receivables	1.224	1.565
Write-offs on inventories	561	332
<b>Operating cash flow before changes in working capital components</b>	<b>5.162</b>	<b>5.286</b>
Decrease / (increase) of inventories	- 817	- 541
Decrease / (increase) of finance lease receivables	-3.308	-2.859
Decrease / (increase) of trade and other receivables	217	- 350
Decrease / (increase) of of deferred charges and accrued income	11	-28
Increase / (decrease) of trade debts	-1.259	178
Increase / (decrease) in other liabilities	114	132
Changes in working capital components	-5.042	-3.468
Interest paid	- 337	- 172
Interest received	1.129	1.190
<b>Cash flow from operating activities</b>	<b>912</b>	<b>2.836</b>

IFRS Standards

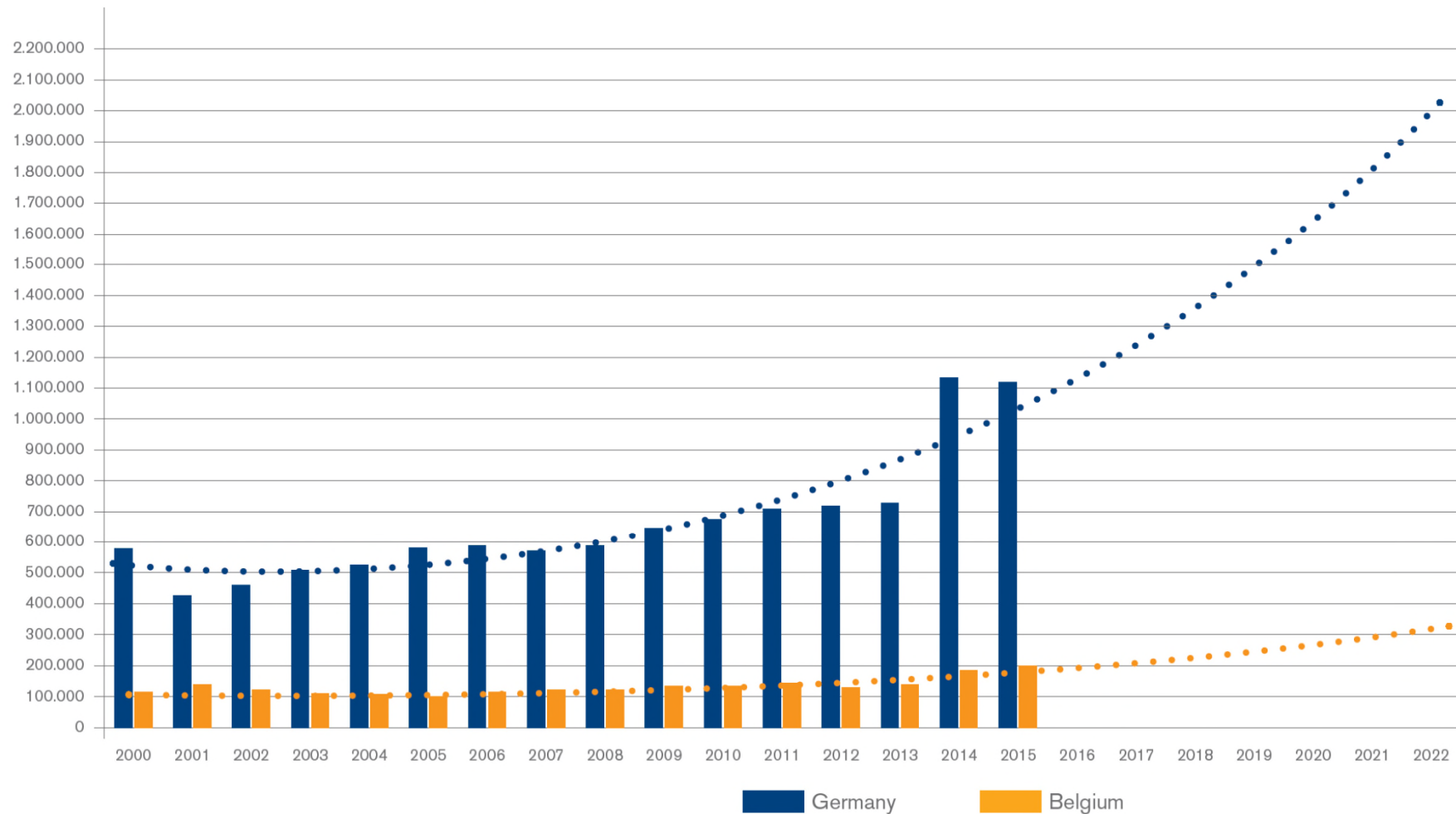
# Consolidated Cash Flow Statement ctd.

Consolidated cash flows	Fiscal year 2015	Fiscal year 2016
	(in 000 €) (audited)	(in 000 €) (audited)
<b>Cash flow from operating activities</b>	<b>912</b>	<b>2.836</b>
<b>Net cash from investing activities</b>		
Acquisition of intangible and tangible fixed assets (Capex)	- 380	- 311
Disposals of intangible and tangible fixed assets	-	30
Investments in financial fixed assets	- 250	- 150
Investments in associates	-	-4.000
Result from investments in associates	-	- 105
(Increase)/decrease in warranties	-1	-5
<b>Cash flow from investing activities</b>	<b>- 631</b>	<b>-4.541</b>
<b>Net cash from financing activities</b>		
Capital increase	411	95
(Reimbursements) / Proceeds from borrowings	- 596	2.103
(Reimbursements) / Proceeds from lease debts	-30	14
Treasury shares (buy back)	-	-19
Payment of dividends	-	- 424
<b>Cash flow from financing activities</b>	<b>- 215</b>	<b>1.769</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>66</b>	<b>64</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>915</b>	<b>981</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>981</b>	<b>1.045</b>

IFRS Standards

# POS Terminals : Market Trends Belgium & Germany

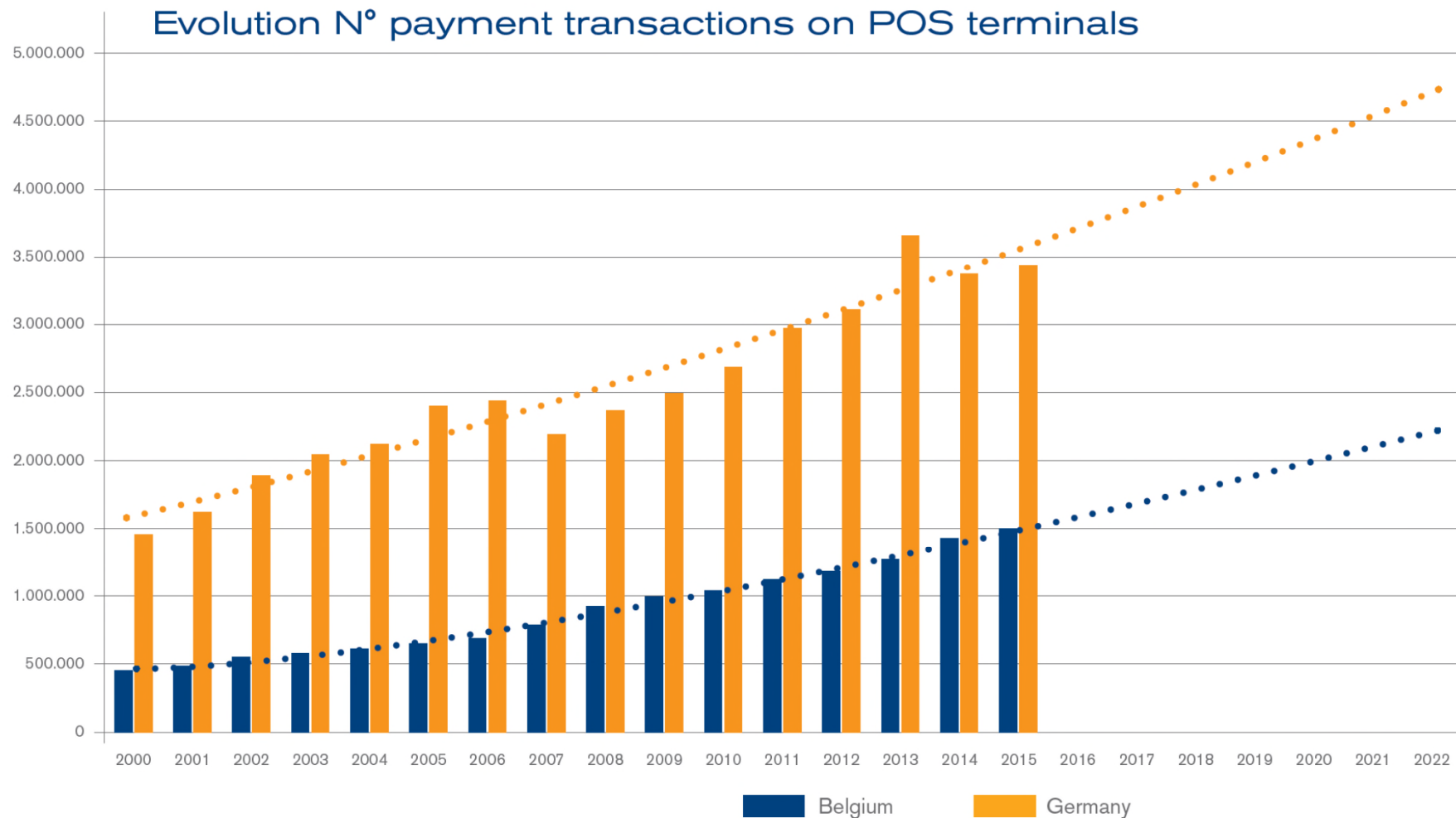
Evolution N° of POS terminals



Source : ECB



# Payment Transactions : Market Trends Belgium & Germany



Source : ECB





# Operations



# Organisation : Headcount

	BELGIUM	GERMANY	FRANCE
SALES & MARKETING	22 FTE	7 FTE	1 FTE
DEVELOPMENT	2 FTE	-	15 FTE
ACCOUNTING, FINANCE & ADMIN	4 FTE		1 FTE
LEGAL & HR	1 FTE	-	1 FTE
CUSTOMER SUPPORT & INSTALLATIONS	11 FTE	- (*)	3 FTE
	<hr/> 40 FTE	<hr/> 7 FTE	<hr/> 21 FTE

(\*) outsourced



# Operational Excellence

## SAP Backbone



- ▶ Keyware has an end-to-end integrated business process based on SAP
- ▶ Advantages for our customers :
  - at any moment and for each division : up-to-date customer status
  - less overhead triggers lower operating costs, hence better prices
  - faster order and fulfillment process, reduced support and intervention time
  - substantial error reduction
- ▶ Advantages for Keyware :
  - ability to serve more customers in less time with better results
  - automation reduces stress and results in a positive customer interaction
  - reduction and better forecast of operational costs, thus better competitive positioning
  - fast, precise and effective integration of new services, terminals or partnerships
  - accurate forecasting
  - transparency on all levels : stock, sales, finance, support, installed base,...
  - complex processes are fully automated :
    - billing plans
    - depreciation / amortization tables
    - service and installation ticket allocation
  - easily replicated on other entities (Keyware Transactions & Processing GmbH)



# Certificates



## ■ PCI-DSS COMPLIANCE

A set of security standards for all organisations that manage and store credit and debit card information



## Certificate Holder - POS Gateway



## Certificate Holder - Terminal Provider

Keyware is the only provider for Bancontact on APAX-terminals



## electronic cash Netzbetreiber

Keyware provides an end-to-end solution for debit and credit card transactions



## PCI PA-DSS 3.1 compliance

SET2U has received the PCI PA-DSS certificate





# Customers

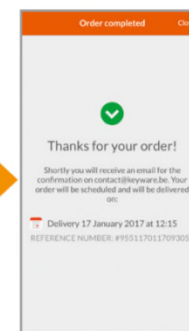
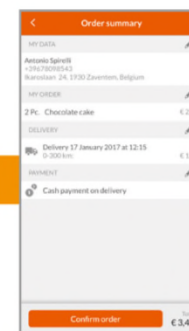
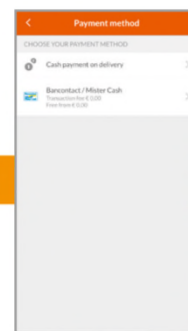
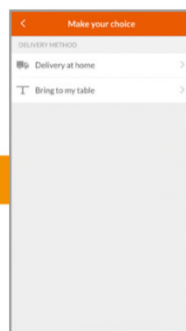
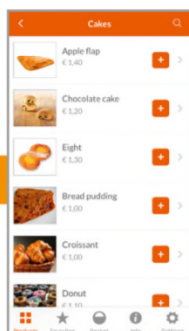


# On our way to serve 20.000 customers...









download app – register  
select products and confirm

choose delivery  
method and time

choose  
payment  
method

confirm

get  
confirmation





# Find us on youtube...



Da Pino  
Lichttaart



Boretti  
Boom



Traiteur  
Pomodoro  
Kortrijk



Frando  
bvba  
Anzegem



Benvolios  
Herentals



Diet Centers  
Group  
Schoten



La Vita  
et Bella  
Deerlijk



Ducla  
Lichtadvies  
Rekkem



Proshop Jan  
Verplancke  
Sint-Martens  
Latem



Restaurant  
Asti  
Liège



Street Wear  
Frameries



Dienst  
Toerisme  
Knokke Heist



Six bvba  
Izegem



Brasserie / Restaurant  
Le Cambridge  
Louvain-la-Neuve



Car & Truck  
Charleroi



GSL Groupe  
Charleroi



Jetaircenter  
Horizon Oasis  
Huy



Brasserie / IJstezalen  
Keyershof  
Sinaai



Commune  
Durbuy



Groupe  
Literie Prestige  
Beuzet



Martins  
Visrestaurant  
Zeebrugge



Stad  
Ninove



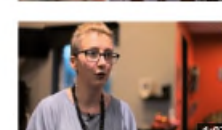
Taxi  
Rousseau  
Oudenaarde



Defrancq  
Roeselare



Carlson  
Wagonlit Travel  
Liège



Newstyle Isa  
Gesves



La Meridienne  
Watermael  
Boitsfort

# Valuation

## Arrowhead (based on Q3 2016 figures)



► Report : [www.keyware.com](http://www.keyware.com) – Investor - Reports

- fair value : € 2,69 - € 3,26 ; average € 2,98
- P/E Keyware in 2016/2017 : 10,8 – 9,1
- P/E Peer group in 2016/2017 : 21,1 – 18,6

## AlphaValue (based on Q3 2016 figures)



► Report : [www.keyware.com](http://www.keyware.com) – Investor - Reports

- fair value : (target price) € 2,94
- buy advice
- on the basis of the FY 2016 figures the fair value has been set at € 2,48 with still a buy advice



# Share Price Evolution 2015 - 2016

## Price Chart

02/01/2015 – 05/01/2017

Price

Jan. 2017



## Keyware Technologies NV

Ikaros Business Park, Ikaroslaan 24, B-1930 Zaventem, Belgium

tel : +32 (0) 2 346 25 23 – fax : +32 (02) 347 16 88 – [ir@keyware.com](mailto:ir@keyware.com) – [www.keyware.com](http://www.keyware.com)

