



eServGlobal Limited (“eServGlobal” or the “Company”)

## HomeSend Capital Raise and Core Business Update

28 September 2015

eServGlobal (AIM:ESG & ASX:ESV), the provider of end-to-end mobile financial services to emerging markets, announces that it expects the HomeSend board to approve a capital raise of €10M shortly and eServGlobal will be offered the chance to subscribe for shares so as to maintain its 35% holding.

The pro rata offer to eServGlobal is currently expected to be for partly paid shares, with full voting rights, with €875K payable in mid October 2015 and €2.625M in April 2016. Should eServGlobal fail to make the final payment in April 2016, the other JV partners are entitled (but not obliged) to acquire all of eServGlobal’s partly paid shares at the paid up amount. The shares will be issued, on a fully paid basis, at the same price as at inception of the JV and will represent 14.28% of the enlarged issued share capital of HomeSend.

The HomeSend investment proposition has improved since inception. The Board of eServGlobal recently commissioned an independent valuation of its investment in HomeSend that, on a DCF basis, valued eServGlobal’s interest in the enterprise value of HomeSend at €18.78M\* (compared to €16.8M post money valuation at inception, in April 2014)\*\*.

The funds raised are to be used to assist in a data centre move to achieve PCI DSS compliance, to enable the establishment and maintenance of a Payments Licence that will open up significant additional corridors, and finally to enable more marketing and co-marketing with partners to enhance take up of the HomeSend service.

### Core Business Update

In its trading update on 4 June 2015, the Company announced cost saving initiatives. These initiatives have gone beyond the Board’s original plans and, by the start of FY 2016, will offer an improved opportunity for profit and cash generation going forward. Overheads in FY 2016 are expected to be approximately 30% lower than FY 2015 overheads. Restructuring has removed excess cost at Board and management level, as well as targeting historical roles and structures which provide less value going forward.

The sales organisation restructure has already been completed, giving the sales team a stronger platform from the start of FY 2016. Irrespective of the FY 2015 result, the business will enter FY 2016 in an improved position to capitalise on its PayMobile 3 platform allied to a streamlined structure and cost base. PayMobile 3 is the Company’s newest generation of software that provides for faster implementation and conversion of sales to revenue and at a higher margin than the version it replaced.

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For the year to 31 October 2015, whilst the Company continues to work on a number of key sales opportunities, the Board now considers there to be an increased risk that revenue and EBITDA will be below market expectations. Traditionally the business has a back end loading to its revenue profile making it very fourth quarter sensitive. In addition, the opportunities currently being worked on are the highest margin deals of the financial year. Combined with cost overruns from long running historic projects, there will be a disproportionate impact on EBITDA if these higher margin deals are not closed before our financial year end. Whilst the Company has not closed key opportunities in the time frame expected, the Company has lost little of its pipeline.

The Board expects to be in a position to provide a fuller update to the Company's FY 2015 guidance during October 2015.

The delay in signing key opportunities will have consequent effect on cash collection, and therefore the Company expects to have limited working capital from operations over the next few months. In addition, the Board currently intends to participate in the capital raising in HomeSend referred to above. For these two reasons, the Board is looking to raise approximately £2.5M shortly and up to a total of £5M before April 2016. The Company is currently in discussions with a shareholder regarding a possible loan of up to £5M. The Company will make a further announcement in due course to update the market on the outcome of these discussions.

As previously stated at the Annual General Meeting on 24 March 2015, the Board is mindful that eServGlobal is a company of two parts – an established core business and a start-up with high growth potential. The Board continues to keep under continuous review the best ways in which to manage the Company to enhance shareholder value.

\*DCF valuation based on the HomeSend management business plan adjusted in July 2015, WACC of 13.5% and minority discount of 20%.

\*\* Based on MasterCard investment and with a minority discount of 20%.

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**About eServGlobal**

eServGlobal (AIM:ESG, ASX:ESV) offers mobile money solutions which put feature-rich services at the fingertips of users worldwide, covering the full spectrum of mobile financial services, mobile wallet, mobile commerce, recharge, promotions and agent management features. eServGlobal invests heavily in product development, using carrier-grade, next-generation technology and aligning with the requirements of more than 65 customers in over 50 countries.

Together with MasterCard and BICS, eServGlobal is a joint venture partner of the HomeSend global payment hub, a market leading solution based on eServGlobal technology and enabling cross-border money transfer between mobile money accounts, payment cards, bank accounts or cash outlets from anywhere in the world regardless of the users location.

eServGlobal has been a source of innovative solutions for mobile and financial service providers for 30 years.