



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

AGM Statement

14 March 2016

eServGlobal (AIM: ESG & ASX: ESV), the provider of end-to-end mobile financial services to emerging markets, will hold its Annual General Meeting at 11am (AEDT) today in Sydney, Australia.

At the meeting John Conoley, Executive Chairman of the Company, will provide the following address to shareholders on behalf of the Board:

“The FY 2015 financial performance was poor due to slow project delivery and low sales activity. However, our changes in late 2015, which we executed with urgency, have generated increasing sales activity and a growing pipeline. Low sales persisted into Q1 FY 2016, but we can confirm our previously stated view that recovery is expected to begin in Q2 of FY 2016. This means that revenue and profitability will be second-half weighted, which is the Company’s traditional distribution.

As we have previously said, working capital has been tight and remains so today. We expect this to improve across H2 with the expected recovery in orders, helped by the return of the HomeSend escrow monies from MasterCard, which the Company expects to receive in April 2016.

Self-help measures previously announced to control costs and improve cash collection have already yielded benefits to the business and we continue to work on these areas. We previously indicated a breakeven point of €19 - 20 million in FY 2016. Due to continued efforts by the management team, we believe there is an opportunity to reduce that further within this year and we will update in due course. The Company expects to achieve a small EBITDA surplus for the core business in the 2016 financial year with some revenue growth and a substantially lower cost base.

The management continues to target the generation of cash from operations within the year as an important milestone. In FY2015 the debtor days of the company were 175, a very long time to collect cash. It is true that, at times, we have handled difficult projects in some difficult areas of the world and that will always have a bearing. However, we can do much better just through working more smartly and more commercially, irrespective of some of the challenges posed by the markets in which we operate. In Q1 of FY 2016, we planned to achieve 120 debtor days and this target was realised. There remains some unpredictability in cash collection for the time being, but over the medium to long term we expect consistently lower debtor days through better quality product, a better sales approach, and better processes across the company.

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Issues with delivering projects on time and within budget in 2015 calendar year are now behind this business. Attention has been very strongly focussed on restarting the sales engine of eServGlobal. Mobile World Congress, the largest mobile trade show in the world, has recently concluded. Each year this is a significant source of lead generation for eServGlobal, and from that point of view it has been our most successful event so far.

At the show we promoted the new level of our main product, PayMobile 3. As we hoped and planned, this has generated interest from a wider set of countries and partners than we have managed in recent years. Narrowness of geographical focus has been, and is today, a weakness of this business. PayMobile 3 is an important step forward in beginning to address that weakness. We will follow up these leads as quickly as possible and will consider in due course the full effect on overall pipeline.

We now have live reference accounts for PayMobile 3, which in themselves are generating interest from other potential customers.

Steady progress has continued in preparing the HomeSend business for faster growth. The granting of the Payment Institution Licence to HomeSend, and the successful Data Centre move, both recent events, were significant and mandatory milestones to increase growth. A webcast has been released today by eServGlobal featuring the CEO of HomeSend, Stephen Doyle, reviewing progress to date. This can be found at our website.

Corridor numbers and country coverage have been the key data points to understand this phase of HomeSend's development. Up to February 2016 these have reached 3,110. Over the rest of the HomeSend financial year to 21 December 2016, the emphasis will move towards volume and spread across those corridors rather than number of corridors.

Operating in the highly-fragmented and high-growth market of international payments and transfers, HomeSend is a disruptive technology, with a unique ability to address the challenges of both payment service providers and consumers. HomeSend's vision is to build a truly open and interoperable remittance ecosystem for all participants. In line with that vision, and building on the success already achieved connecting mobile wallet deployments, HomeSend are adding new 'end-points' for sending and receiving funds. The most exciting potential development in this regard is the expected launch of MasterCard Send.

This is a new MasterCard service which will use HomeSend as the global hub to allow money to be sent from MasterCard cards to other MasterCard cards, and also to other vendors' cards around the world. With over 1.2 billion MasterCard cards in existence, and MasterCard targeting the emerging markets to significantly grow that number in the years to come, the strategic nature of this initiative for both MasterCard and HomeSend is evident. The actual release will see a country-by-country enablement, with the current rolling plan looking out over the next three years. This application can be offered by HomeSend partners across all corridors. The MasterCard Send service demonstrates the continued commitment of MasterCard to the HomeSend Joint Venture.

On behalf of the Board of eServGlobal, I would like to finish by acknowledging the ongoing support of our shareholders during what has been a frustrating period. As I stated recently in the Annual Report, currently I see no intrinsic external reason why the core business cannot be a success. The shortcomings in FY 2015 have been a result of poor execution by us rather than market related issues. The pipeline has increased beyond historical levels and the main risk is our inability to control the timing. We are working very hard to realise the opportunity that is in front of the core business, firstly to restore acceptable performance and secondly to rebuild value. We look forward in addition to an exciting year for HomeSend”

A further announcement with the results of the AGM votes will be released after the close of the meeting.

We will also provide an accompanying presentation at the AGM which is available on the Company website at: <http://eservglobal.com/investors/>

The HomeSend webcast is available at:
<http://eservglobal.com/2016/03/13/homesend-progress-update/>

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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.

For more than 30 years, eServGlobal has been a source of innovation for telcos and financial institutions. Using carrier-grade, next-generation technology, eServGlobal aligns with the requirements of customers around the globe.

Together with MasterCard and BICS, eServGlobal is a joint venture partner of the HomeSend global payment hub, enabling cross-border money transfer between mobile wallets, cards, bank accounts or cash outlets from anywhere in the world.