



NEWS RELEASE

November 14, 2016

*TSX: DCI*

*For immediate release*

**DIRECTCASH PAYMENTS INC. ANNOUNCES RESULTS OF OPERATIONS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2016**

**Calgary, Alberta** – DirectCash Payments Inc. (“DCPayments” or the “Company”) today announced consolidated financial results for the three and nine months ended September 30, 2016.

**Highlights for the Nine Months ended September 30, 2016:**

- **Successfully acquired the Australian retail ATM and managed services ATM business from First Data Resources Australia Limited and CashCard Australia Limited, comprising approximately 3,500 ATMs for cash consideration of A\$55 million**
- **Entered into a bridge loan facility agreement for a \$70 million non-revolving bridge loan facility**
- **Entered into a second vault cash rental agreement in Australia with a A\$180 million limit maturing in 18 months to fund the vault cash usage of the ATM business acquired in Australia**
- **Subsequent to the quarter, announced a definitive agreement under which Cardtronics plc would acquire DCPayments for a purchase price of \$19.00 per share, expected to close in the first quarter of 2017**

**Management’s Commentary**

“We are pleased with our Australian acquisition of First Data’s retail ATM network and managed service business, adding approximately 3,500 additional ATMs, as well as our ability to create value for shareholders with our proposed acquisition by Cardtronics” said Jeffrey Smith, DCPayments’ President and Chief Executive Officer.

Summary financial and operating results for the three and nine months ended September 30, 2016 are set forth below and complete copies of the Company’s consolidated Financial Statements and Management’s Discussion & Analysis (“MD&A”) are available on SEDAR at ([www.sedar.com](http://www.sedar.com)).

## Summary Operating and Financial Results

	Three months ended		Nine months ended	
	September 30		September 30	
	2016	2015	2016	2015
<b>Summary operating results</b>				
Active ATM terminals <sup>(1)</sup>	21,617	21,824	21,617	21,824
ATM transactions, thousands	33,616	35,195	98,130	98,626
Other services transactions, thousands <sup>(2)</sup>	87,776	89,842	260,700	257,453

	Three months ended		Nine months ended	
	September 30		September 30	
	2016	2015	2016	2015
<b>Summary financial results</b>				
<b>(\$ thousands, except for per share amounts)</b>				
Gross profit	\$33,433	\$35,586	\$98,928	\$102,178
Gross profit margin <sup>(3)</sup>	45.8%	47.1%	46.9%	48.3%
Adjusted EBITDA <sup>(4)</sup>	15,685	18,626	47,784	52,293
Adjusted EBITDA margin <sup>(5)</sup>	21.5%	24.7%	22.6%	24.7%
Realized loss (gain) on foreign exchange	1,478	(1,155)	1,168	(1,754)
Normalized EBITDA <sup>(6)</sup>	17,163	17,471	48,952	50,539
Net loss	(3,992)	(3,601)	(5,474)	(6,034)
Per share, basic and diluted	(0.23)	(0.21)	(0.31)	(0.35)
Dividends declared	6,312	6,324	18,937	18,988
Dividends declared per share	0.36	0.36	1.08	1.08
Total assets	\$408,904	\$364,369	\$408,904	\$364,369
Total debt <sup>(7)</sup>	297,977	214,223	297,977	214,223
Cash	(26,042)	(17,752)	(26,042)	(17,752)
Net debt <sup>(8)</sup>	\$271,935	\$196,471	\$271,935	\$196,471
Common shares outstanding, end of period	17,534	17,556	17,534	17,556

<sup>1</sup>DCPayments has included statistics only for sites that recorded a transaction in the last calendar month of the period indicated and excluded approximately 3,500 ATMs acquired from First Data on September 30, 2016.

<sup>2</sup>DCPayments has included the Financial Institution customers' transactions, point of sale transactions, debit and credit cards transactions.

<sup>3</sup>Gross profit margin means gross profit expressed as a percentage of Revenue.

<sup>4</sup>An additional GAAP measure – see definition under "Additional GAAP Measure".

<sup>5</sup>A non-GAAP measure – see definition under "Non-GAAP Measures".

<sup>6</sup>Normalized EBITDA is calculated as Adjusted EBITDA less realized loss (gain) on foreign exchange.

<sup>7</sup>Total debt is calculated as long-term debt including current portion and other current debt but excluding unamortized transaction costs, as at the end of the period.

<sup>8</sup>Net debt is calculated as total debt less cash.

The increase in total debt from September 30, 2015 to September 30, 2016 was mainly due to: \$70 million bridge loan facility drawn to fund the purchase price payable for the First Data Acquisition, pay fees and expenses incurred in connection with the acquisition and fund necessary ATM upgrades and expenses related to the First Data Acquisition.

In addition, the Company needed to fund the \$12.5 million CashStore settlement payout (\$10.0 million paid in Q4 2015 and \$2.5 million paid in April 2016), the Canadian acquisition of \$4.0 million in Q4 2015 and the GRG acquisition of A\$1.9 million in Q1 2016. The increase in total debt was partially offset by significant repayments made during the periods demonstrating management's efforts in debt reduction and financing cost control. The net debt for September 30, 2016 increased by \$75.5 million to \$271.9 million from \$196.5 million at September 30, 2015 for the reasons described above.

### **Outlook**

Effective September 30, 2016, DCPayments acquired the ATM business and assets of First Data Resources Australia Limited and Cashcard Australia Limited (collectively "First Data"). The assets includes First Data's Australian retail ATM and managed services ATM business, comprising approximately 3,500 ATMs and associated contracts in the Australian market for cash consideration of A\$55 million including taxes, subject to customary closing purchase price adjustments.

On October 3, 2016, Cardtronics plc ("Cardtronics") and the Company announced a definitive agreement under which Cardtronics would acquire DCPayments. The purchase price of \$19.00 per share includes the assets of First Data's retail ATM and managed services ATM business in Australia which closed on September 30, 2016. The acquisition by Cardtronics is expected to close in the first quarter of 2017 and subject to shareholder approval at a special meeting of shareholders scheduled for December 2, 2016 as well as certain covenants and conditions contained in the agreement between the parties.

### **Conference Call**

A conference call will be held on Tuesday, November 15, 2016 at 10:00 a.m. Mountain Standard Time (MST) to review third quarter 2016 results. Jeffrey J. Smith, President & CEO, Patrick W. Moriarty, Chief Financial Officer, and Amanda J. Gallacher, Vice President, Corporate Strategy & Acquisitions, will host the call. The financial results, and an accompanying presentation, will be available on the Company's website at [www.directcash.net](http://www.directcash.net) prior to the conference call.

DCPayments invites participants to listen to the webcast of the conference call by entering: <http://www.gowebcasting.com/8226> in your web browser.

To participate in the Q&A session, please call the conference operator by dialing toll-free 1-866-225-6564 or locally 1-416-340-2219. A replay of the conference call will be available until Tuesday, November 22, 2016 by dialing toll-free 1-800-408-3053 or locally 1-905-694-9451 and entering passcode 1487930.

### **Additional GAAP Measure:**

*DCPayments has presented adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA") as a subtotal in its condensed consolidated statement of operations and comprehensive income (loss). Adjusted EBITDA is an important measure utilized by management in assessing the financial performance of the Company relative to its operating plans and budgets. It is also the measurement utilized by the holders of the Company's long-term debt, as described in note 5 to the condensed consolidated interim financial statements, in calculating financial covenants. The Company has presented Adjusted EBITDA prior to unrealized foreign exchange gains and losses and non-recurring other gains (loss). The Company utilizes this presentation of Adjusted EBITDA because it is consistent with the definition of EBITDA under DCPayments' credit facility agreement. DCPayments has also presented*

*Adjusted EBITDA prior to the deduction for acquisition-related expenses. These expenses relate only to business combinations which are complex, require the pre-approval of the Company's lenders and are financed utilizing long-term debt or the issue of equity or a combination thereof. Costs incurred on recurring asset acquisitions are not considered acquisition-related expenses and are included with other expenses in the condensed consolidated statement of operations and comprehensive income (loss). The Company's Adjusted EBITDA may differ from similar computations as reported by other issuers and, accordingly, may not be comparable to Adjusted EBITDA as reported by such issuers. The Company has provided a reconciliation between Adjusted EBITDA and net income (loss) which is disclosed in the MD&A for the three and nine months ended September 30, 2016.*

**Non-GAAP Measures:**

*There are a number of financial calculations that are not defined performance measurements under GAAP but which DCPayments believes are useful and accepted performance measurements utilized by the investing public in assessing the overall financial performance of the Company and to compare cash flows between entities.*

**Adjusted EBITDA margin:**

*Adjusted EBITDA margin means Adjusted EBITDA expressed as a percentage of Revenue.*

**Adjusted EBITDA per share:**

*Adjusted EBITDA per share is calculated on the same basis as net income (loss) per share, utilizing the basic and diluted weighted average number of common shares outstanding during the period presented.*

**Funds from operations and funds from operations per share:**

*DCPayments calculates funds from operations as net income (loss) plus or minus depreciation, amortization, deferred income taxes expense (recovery), non-cash finance costs, unrealized foreign exchange gains (losses), non-recurring other gains (loss) and other non-cash charges and after provision for productive capital maintenance expenditures (see discussion below). Funds from operations per share is calculated on the same basis as net income (loss) per share, utilizing the basic and diluted weighted average number of common shares outstanding during the period presented. Readers are cautioned that funds from operations cannot be assured to continue at equivalent levels in the future. DCPayments' funds from operations and funds from operations per share may differ from similar computations as reported by other issuers and, accordingly, may not be comparable to funds from operations and funds from operations per share as reported by such issuers. The reconciliation between funds from operations and net income (loss) is disclosed in the "Funds from Operations" discussion in the MD&A for the three and nine months ended September 30, 2016.*

**Productive capital maintenance expenditures:**

*DCPayments differentiates capital expenditures between growth and productive capital maintenance. There is no such distinction under GAAP, however DCPayments believes it is important to differentiate between them. Maintenance capital expenditures, excluding non-recurring maintenance capital, represent an adjustment to funds from operations while growth capital does not.*

*Maintenance capital expenditures are defined as expenditures required to service and maintain DCPayments' existing productive capacity, while growth capital is expended to increase DCPayments' productive capacity by adding additional sources of revenue not currently in existence. Current measures of productive capacity that DCPayments utilizes include ATMs and debit terminals under contract. Maintenance capital expenditures include software and hardware upgrades to existing infrastructure, ATM and debit terminal equipment upgrades necessary to meet changing regulatory requirements, minor contract extension incentives including replacement of equipment under existing or renewed contracts, and fleet vehicle purchases and upgrades. Examples of growth capital expenditures include the acquisition of a competitor's*

assets, the cost of an ATM in a new location, or technology costs related to new sources of revenue.

Readers are cautioned that the Company's computation of maintenance capital expenditures may differ from similar computations as reported by other issuers and, accordingly, may not be comparable to productive capital maintenance expenditures as reported by such issuers.

**Funds from operations payout ratio:**

Funds from operations payout ratio means dividends declared as a percentage of funds from operations.

**Non-cash working capital:**

Non-cash working capital is not a defined GAAP measure. DCPayments calculates changes in non-cash working capital as changes during a reporting period in current assets (excluding cash, cash in circulation, cash in escrow and restricted funds) and current liabilities (excluding bank overdraft, restricted funds and current portion of long-term debt).

**Dividends:**

Shareholders of DCPayments receive monthly payments in the form of dividends. Dividends are funded by the generation of funds from operations of the business. All of the income generated at the level of the various subsidiaries of the Company is taxed by applicable government authorities with the remaining after-tax funds either being retained by the subsidiary or distributed up to the Company where it can be made available for payment of dividends by DCPayments. Continued future distribution of dividends (and the amount of any dividends) is subject to DCPayments' Board of Directors approval. DCPayments' Board of Directors is not obligated to distribute all net available cash as dividends to shareholders.

**Forward Looking Information:**

This press release offers our assessment of DCPayments' future plans and operations and contains "forward-looking information" relating to future events as defined under applicable Canadian securities legislation.

The Company's actual results or performance could differ materially from those expressed in, or implied by, this forward-looking information. DCPayments can give no assurance that any of the events anticipated will transpire or occur or, if any of them do, what benefits or costs we will derive from them. Forward-looking statements are subject to numerous risks and uncertainties, certain of which are beyond DCPayments' ability to control, including but not limited to general economic conditions, interest rates, foreign currency rates, consumer spending, borrowing trends and regulatory changes to name a few. Additional risks and uncertainties are described in DCPayments' Annual Information Form for the year ended December 31, 2015 which is available at [www.SEDAR.com](http://www.SEDAR.com).

The forward-looking information contained in this press release is expressly qualified by this cautionary statement. Certain statements that contain words such as "could", "may", "believe", "should", "expect", "will", "intends", "plan", "anticipates", "potential", "estimates", "continues" or similar words relating to matters that are not historical facts constitute "forward-looking information" within the meaning of applicable Canadian securities legislation.

Forward-looking information and statements contained in this press release include statements related to DCPayments' anticipated acquisition of the Company by Cardtronics, ability to upgrade ATMs for EMV compliance, anticipated growth in business, operations and product offerings in our various business segments in the Americas, Australasia and Europe, ability to manage its existing business while focusing on adding new products and services, ability to further diversify domestic customer relationships and expand internationally intention and ability to complete quality accretive acquisitions at reasonable multiples on a go forward basis as opportunities arise, ability to provide consistent cash dividends, ability to drive growth, increase our margins and maintain per ATM profitability, expansion of DCPayments' merchant base through new and

*innovative products and services, the expectation that the Company will realize positive results from launching DCC and implementing surcharge increases in international markets, ability to realize on expected synergies and ability to realize significant economies of scale and cost savings on acquisitions, ability to continue to acquire long-term recurring services contracts and negotiate renewals thereof in advance of their expiry, ability to maintain current customer relationships, ability to add product offerings in the markets we operate in, ability to diversify both domestically and internationally, ability to increase the servicing of customer relationships and increase our sales presence with other clients, the anticipated benefits of acquisitions, the expectation that acquisitions will be accretive to funds from operations per share in the first fiscal year following the transaction, or at all, and the sufficiency of funds generated from operations to fund the business.*

*Readers are cautioned that our expectations, estimates, projections and assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. With respect to forward-looking statements contained within this Press Release, expectations are based on our current strategic plan and management forecasts, the historical financial performance and operational data of acquired entities, our existing contracts schedule, forecast and budgeted projections of increased capital expenditures required based on management's view of the age of capital assets currently in use by DCPayments.*

*The assumptions and estimates relating to the forward-looking information referred to above are updated quarterly and except as required by law, we do not undertake to update any other forward-looking information.*

Additional information about DCPayments is available on SEDAR ([www.sedar.com](http://www.sedar.com)) or DCPayments' website at [www.directcash.net](http://www.directcash.net).

For further information please contact:

Amanda J. Gallacher  
Vice President, Corporate Strategy & Acquisitions  
Direct Telephone: (403) 387-2158  
e-mail: [investorrelations@directcash.net](mailto:investorrelations@directcash.net)

or

Patrick W. Moriarty  
Chief Financial Officer  
Direct Telephone: (905) 461-2285  
e-mail: [pmoriarty@directcash.net](mailto:pmoriarty@directcash.net)