



SMALL-CAPS

RECOMMENDATION

FINDI

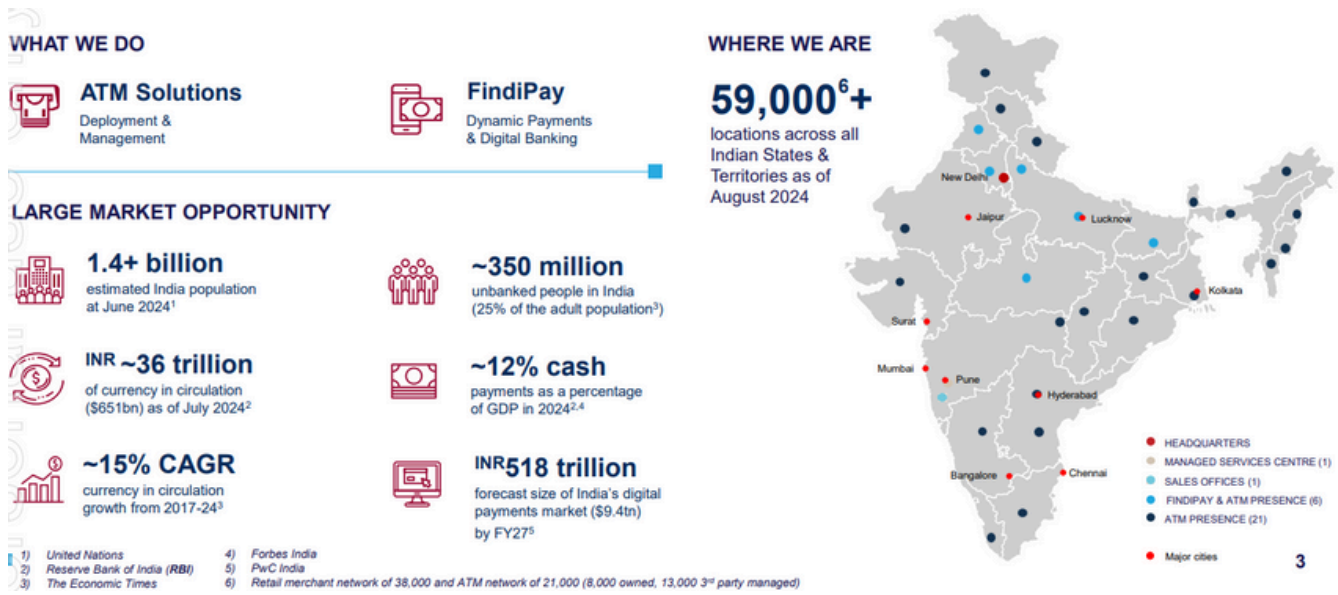
FND:ASX
November 2024

GENERAL ADVICE ONLY - THIS RECOMMENDATION IS GENERAL ADVICE ONLY AND DOES NOT TAKE INTO ACCOUNT YOUR SPECIFIC CIRCUMSTANCES

SMALL-CAPS RECOMMENDATION

Findi FND:ASX

Findi Limited is an ASX-listed fintech company providing ATM and digital payment solutions in India. The company operates over 21,000 ATMs and has a network of 38,000+ merchants offering digital payment services across India. Findi is strategically positioned to capitalize on India's large unbanked population and the country's transition towards digital payments. The company's core business segments include ATM Solutions, which deploys and manages ATMs for major Indian banks, and FindiPay, a rapidly growing digital payments platform. Findi's operations span 30+ states and territories in India, supported by over 650 employees. The company's strategy aims to leverage its strong ATM footprint to scale its digital payments offerings, creating an ecosystem of complementary financial solutions. Findi is also in the process of obtaining a White Label ATM (WLA) license, which will allow it to deploy Findi-branded ATMs and create valuable cross-selling opportunities between its ATM and digital payment services. This comprehensive approach positions Findi to play a pivotal role in India's financial inclusion efforts and its transition to digital banking over the next 5-10 years

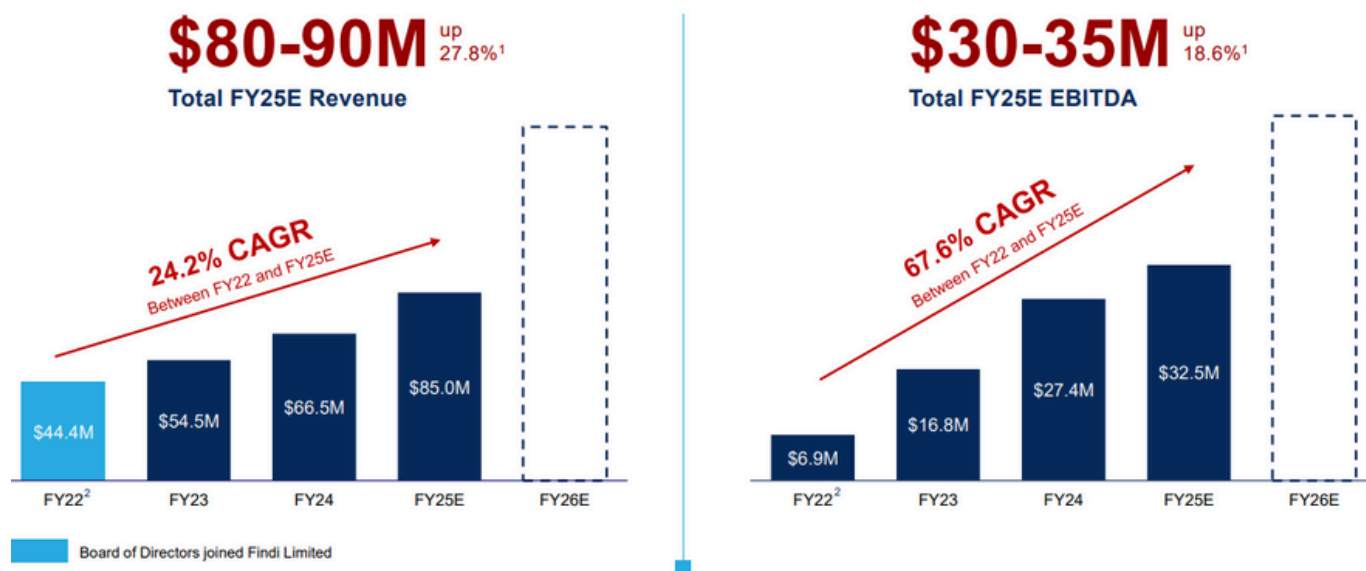


INVESTMENT CONSIDERATIONS

Leadership

Findi's leadership team brings deep expertise in fintech and the Indian market. The company is led by Executive Chairman Nicholas Smedley, an experienced investment banker and M&A advisor with 14 years at UBS and KPMG. Smedley's transition to Executive Chairman for a 3-year term demonstrates his commitment to overseeing Findi's inorganic acquisition pipeline and the anticipated IPO of TSI India in late 2026. The Indian operations are headed by CEO Mohnish Kumar, who brings extensive knowledge of the local market. The board is further strengthened by Non-Executive Directors Jason Titman and Simon Vertullo, who bring valuable experience in scaling up companies and financial management. Titman's background spans roles as CEO, COO, and CFO across eCommerce, fintech, and cryptocurrency businesses, with international exposure. Vertullo, a Chartered Accountant, has significant experience as a board director and finance executive, including roles as CFO of an ASX300 company. This blend of local market knowledge, financial expertise, and international experience positions Findi's leadership team well to execute on the company's growth strategy and navigate the evolving Indian fintech landscape

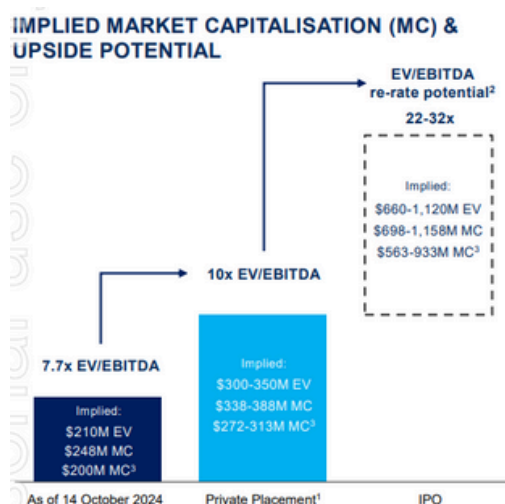
Financial Performance



INVESTMENT CONSIDERATIONS

Valuation

Findi trades at a 4.5x FY2025E EV/EBITDA multiple, significantly discounted compared to Indian fintech peers at 15-35x, offering an attractive entry point. The \$8.00 target price implies a conservative 10x multiple, considering growth potential. With \$106.6M cash and \$37.6M net cash, Findi has resources for growth and acquisitions. Strong cash flows (\$26.7M in FY2024) support valuation. The expected Indian interchange rate increase in FY2025 could boost profits. TSI India's planned IPO on the Bombay Stock Exchange by 2026 is a potential catalyst, likely providing a liquidity event for Findi shareholders through a compulsory sell-down during the IPO process. These factors combined present a compelling investment opportunity in Findi.



1) Placement of Compulsory Convertible Debentures to Piramal which convert to equity at IPO. TSI India also has a call option to buy back these securities at a 18% IRR.
 2) Re-rate potential is illustrative only. FND's unique circumstances may differ from comparable companies. Indicative EV/EBITDA range reflects the market average, with the lower bound 10 turns below or the median
 3) Represents FND's 80.6% share in TSI India
 4) Retail individual investors
 5) Refer Appendix 1 – Comparable Companies

TSI INDIA IPO / LIQUIDITY EVENT

- TSI India's intended IPO on the BSE provides liquidity for Findi shareholders.
- Indian IPOs must allocate a minimum 35% of the issue for RILs⁴, requiring a sell-down.
- Australian investors can continue to diversify portfolios and access the growing Indian fintech market via listed investments.

SIGNIFICANT FURTHER RE-RATE POSSIBLE

- Findi experienced a partial re-rating and transitioning further, following recent share price appreciation.
- Findi trades at a trailing EBITDA multiple of 7.7x, a deep discount to the average multiple of 32.8x for comparable companies.
- Findi currently trades a forward FY25E multiple of 6.5x.

TSI India intended IPO by the end of 2026

FND market cap: \$248M as of 14 October 2024

Presents a **re-rate opportunity**, with Findi currently trading at **7.7x** compared to market average of **32.8x⁵**

Sociological Factors

Findi is a key player in India's financial inclusion efforts, providing banking access to underserved rural and semi-urban areas where 25% of adults remain unbanked. The company offers ATM services and digital payment solutions, bridging the gap between cash and digital transactions. Findi aims to expand to 60,000+ merchant locations by March 2025. In partnership with Central Bank of India, they're introducing BC Max Centres, one-stop banking hubs offering branch-like experiences seven days a week. These centers will provide a wide range of banking products and services. As Findi evolves into a full-service finance hub, it has the potential to significantly impact financial literacy and economic participation for millions of Indians, contributing to the country's overall economic development.

RISKS

Risks

It's important to consider potential risks. Regulatory changes in the Indian financial services sector could impact the company's operations and profitability. The Reserve Bank of India's policies on ATM deployment, interchange rates, and digital payment regulations need to be closely monitored. Increased competition from other fintech players and traditional banks expanding their digital offerings could pressure Findi's market share and margins. The rapid pace of technological change in the fintech sector requires continuous innovation and investment to maintain competitiveness. Cybersecurity threats to digital payment platforms represent an ongoing risk that requires constant vigilance and investment in security measures. Currency exchange rate fluctuations between the Indian Rupee and Australian Dollar could impact reported financial results for ASX investors. Additionally, execution risks associated with the rapid expansion of the FindiPay network and the deployment of White Label ATMs should be considered. The success of cross-selling initiatives between ATM and digital services will be crucial for realizing the full potential of Findi's ecosystem strategy

WHY HOLD THE COMPANY?

Why hold the Company?

Findi offers investors a unique opportunity to gain exposure to India's rapidly growing digital payments market while maintaining a strong cash-generating ATM business. The company is well-positioned to benefit from India's shift towards digital banking, supported by favorable demographics and government policies. With its recent white label ATM license and expanding merchant network, Findi has multiple avenues for growth. The company's strategy of creating a 'circular' ecosystem connecting cash and digital economies across India is particularly compelling, as it addresses the needs of both traditional cash users and those transitioning to digital payments. The current valuation provides an attractive entry point for investors to gain exposure to India's fintech revolution. The anticipated IPO of TSI India by the end of 2026 offers a clear path to value realization. Findi's strong financial position, experienced management team, and clear growth strategy make it a compelling investment opportunity in the evolving Indian financial services landscape

WHERE ARE WE GOING

- Findi aims to deliver to the underbanked of India a full-service finance hub, creating an ecosystem between the ATM and merchant services space, and offering a wide array of financial products.

FULL-SERVICE FINANCE HUB



- As Findi transitions to a B2C provider, it seeks to leverage its WLA licence to deploy ATMs, capture market data and bring the full-stack of basic financial services solutions to India's under/unbanked.
- This consumer-focused shift will enhance financial inclusion in India and enable Findi to maintain end-to-end customer relationships.

Disclaimer



Our Commitment

recommendations, managed and presented by Milton Park Equities Pty Ltd (ABN 33 668 234 562), as a Corporate Authorised Representative of LeMessurier Securities Pty Ltd (ABN 43 111 931 849) (LemSec), holder of Australian Financial Services Licence No. 296877, offers insights and analyses formulated in good faith. Our evaluations and projections are grounded in the known facts at the time of creation and aim to provide a comprehensive view of the anticipated financial landscape in 2024. However, readers should be aware that these projections are estimates and may not fully materialize.

Scope and Application

The insights within MPC Markets are crafted for a broad audience and do not specifically cater to individual investment objectives, financial situations, or needs. Readers should consider the suitability of the advice in relation to their personal circumstances before making any investment decisions.

Research Integrity and Use

The research and content of MPC Markets are intended solely for our readers and should not be copied, distributed, or shared without proper attribution. While we strive to ensure accuracy and relevance, Milton Park Equities cannot guarantee the continuous updating or correction of the information or opinions expressed within the publication.

Disclaimer of Liability

Milton Park Equities, in its capacity as a Corporate Authorised Representative of LemSec, disclaims any responsibility for losses or damages arising from reliance on the opinions, advice, recommendations, or information—whether direct or implied—contained in the MPC Markets Discount Entry Note, notwithstanding any errors, omissions, or instances of negligence.

Analyst Objectivity

All research analysts contributing to the MPC Markets Discount Entry Note affirm that the views expressed represent their personal opinions regarding the subject companies and financial products covered in the publication.

Copyright and Usage Rights

The content of MPC Markets Discount Entry Note is the property of Milton Park Equities Pty Ltd, either through ownership or licensing agreements. Unauthorized reproduction, adaptation, linkage, framing, broadcasting, distribution, or transmission of this material is prohibited without express written permission from Milton Park Equities, except for personal use or as allowed by applicable laws.