

PayPoint Simplifying payments for everyone

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Results for the half year ended 30 September 2014

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Highlights



Half year results summary

- A solid set of results with progress across all parts of the business
- One PayPoint
 - Mobile and Online combined
 - Retail working more closely with Mobile and Online
- Net revenue up 7.0%¹ and operating profit up 6.0%²
- Retail continues to grow with net revenue up 8.1%:
 - UK & Ireland retail network net revenue increased 6.5%
 - Romanian bill payment transactions up 53.0%
 - Collect+ transactions up 48.5% to 8.4 million
- Mobile and Online net revenue up 0.2% despite loss of Westminster:
 - Transactions increased to over 70 million, up 11.3%
 - Business combined, reorganisation progressing satisfactorily and new product sales emerging
- New subsidiary authorised by the FCA as a Payment Institution
- Interim dividend per share of 12.4p, up 8.8%
- Net revenue is revenue less commissions paid to retail agents, the cost of mobile top-ups and SIMs where PayPoint is principal, card scheme sponsors' charges and out sourced call centres.
- 2. Operating profit including our share of joint venture results

49.3 54.1 57.9 2012 2013 2014 Operating profit £m² 18.2 21.2 22.4 2012 2013 2014 Dividend per share pence 10.2 11.4

2013

2014

2012

Net revenue £m



PayPoint differentiation

True multi-channel capability, providing ease of access; when, where and how the customer needs

Business to business

- One stop 'app to bank' service proposition for our clients
- A mobile company that understands payments
- A payments company that understands the consumer
- Specialised integrated services to vertical markets
- Best retail systems platform provider to the convenience retailer
- Driver of increased footfall and basket spend for retail stores
- Scale delivery of services that consumers use and value

Consumer

- c.8 million consumer parking registrations
- Over 12 million retail consumer transactions every week



Financial review



A solid set of results from continued retail business growth

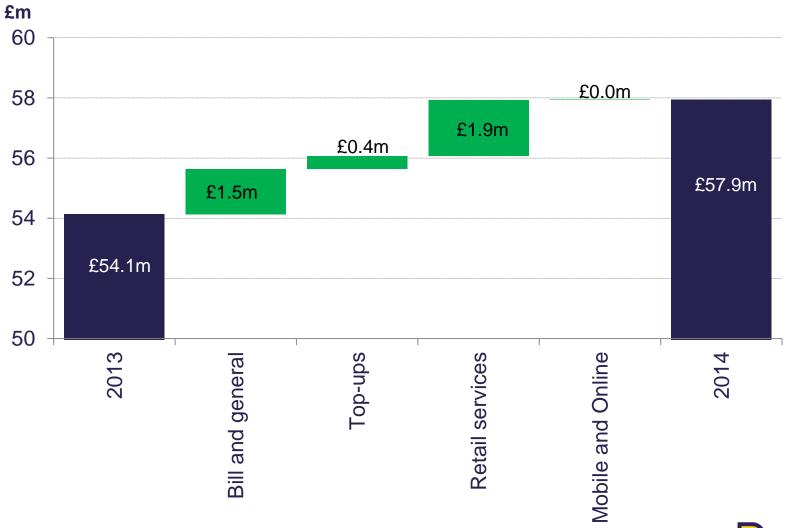
Period ended September	6 months 2013	6 months 2014
	£m	£m
Net revenue ¹	54.1	57.9
Other cost of sales	(8.1)	(7.9)
Administrative costs	(25.1)	(27.8)
Share of Collect+ JV	0.2	0.2
Operating profit ²	21.2	22.4
Investment income less costs	0.1	0.0
Profit before tax	21.3	22.5
Tax	(4.9)	(4.7)
Diluted earnings per share	24.0p	26.0p
Dividend per share	11.4p	12.4p

^{1.} Net revenue is revenue less commissions paid to retail agents, the cost of mobile top-ups and SIMs where PayPoint is principal, card scheme sponsors' charges and out sourced call centres.



^{2.} Operating profit including our share of joint venture results.

Net revenue grows by 7.0%





Cash generation and use

Period ended September	6 months 2013	6 months 2014
i enou enueu September	£m	£m
Operating cash flows	24.1	25.9
Working capital	(7.0)	(8.9)
Cash generated by operations	17.1	17.0
Tax paid	(5.0)	(5.0)
Net cash inflow from operating activities	12.1	12.0
Net cash used in investing activities	(5.6)	(5.2)
Cash settled share based remuneration	(5.3)	(2.8)
Equity dividends: - Final	(13.7)	(16.3)
- Special	(10.2)	-
Net cash used in financing activities	(29.2)	(19.1)
Net decrease in cash	(22.7)	(12.3)
Cash at beginning of period	46.6	41.6
Effects of foreign exchange rate changes	(0.4)	(0.6)
Cash at end of period	23.5	28.7



Financial review - summary

- Strong balance sheet
- Continued growth in:
 - net revenues
 - earnings
 - dividends
- Ongoing investment to secure future growth



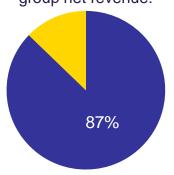
Operational review



Retail Payments and Services

- Strongly differentiated, over-the-counter payment proposition
- The network:
 - UK, Ireland and Romania
 - Over 36,700 convenience stores open early til late
 - Major utilities and service companies under long term contracts, with some exclusivity
 - Across multiples, symbol groups and independents
- Offering a variety of services:
 - Cash in: household bills, mobile top-ups, taxes and emoney loads
 - Cash out: DWP's Simple Payment service, energy company rebates and local authority payments
 - Retail services: Parcels, ATMs, broadband, money transfer, SIMs, debit/credit processing, receipt advertising
- Leading technology partner
 - Retail systems provider, uniquely positioned to drive growth in the convenience sector
 - Market leading point of sale for payments and services
 - Full range of point of sale with appropriate connectivity

Retail as a percentage of group net revenue:



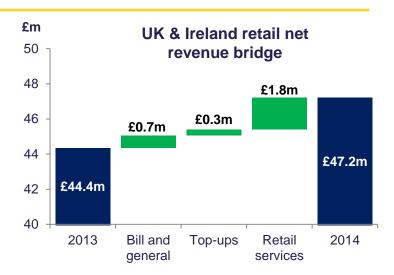
Retail	2013	2014
Transactions (m)	289	303
Average spend per transaction (£)	15.3	15.4
Transaction value (£m)	4,428	4,657
Net revenue (£m)	46.7	50.5

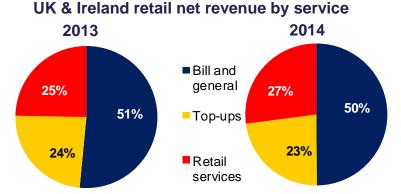




Retail Payments and Services – UK and Ireland

- Bill and general net revenues continued to show growth, despite reduced gas volume
- Top-ups net revenue increased despite mobile top-up decline
- Retail services net revenue growth driven by parcels, debit/credit and ATMs
 - Added 190 ATMs, 680 debit/credit sites, 40 money transfer sites
 - Retail services net revenue growth of 16.8%
- Low churn (c.3.5% per annum) and over 750 new sites added. Sales success in retail services has helped to increase yield
- Continued retail service innovation
 - Roll out of EPoS integrated solution has now reached over 6.750 sites
 - Over 55% of volume now on fast broadband lines
 - Development of multi-channel payment solution for future utility smart meter roll out is progressing well





Clients include:









e.on







Multiple partners include:











Costcutter

Retail Payments and Services - Romania

- Bill payment transactions increased by 53.0%
- Top-ups transactions up by 9.4% reflecting strength of network
- Bill payment market share 18.8% (September 2014), up 5ppts from last September, with significant growth opportunities supported by national advertising campaigns to increase awareness
- Fast growing list of local clients: water; financial; and refuse collection; providing further differentiation
- Retail network (approaching 8,800 sites) continued to grow
- Road tax payments success and new retail services opportunities under review
- Money transfer developing well with transactions up 78.4% year on year and in 1,500 sites

Clients include:

	6		Enel
upc	vodafon	e ENERGIA	IN RITMUL TALL



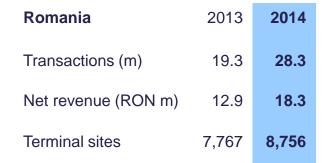




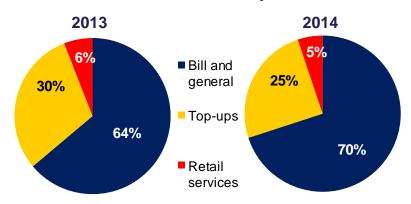








Romania net revenue by service



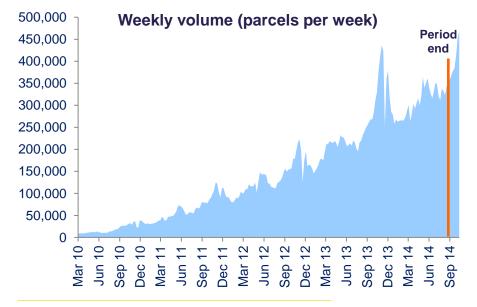


Collect+

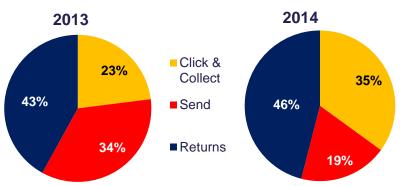
- Joint venture with Yodel to transform shopping fulfillment for consumers
- Pioneer and clear market leader in parcel collection and returns through local shops, as convenient alternatives to home delivery or Post Offices
- B2C (Click & Collect and returns) parcel services have experienced strong growth with C2C (send) volumes reduced
 - 5,617 sites (3.2% growth since last year)
 - Total volume growth 1.5x and revenue growth 1.4x
 - Over 260 participating brands
 - Market leader in a competitive landscape
- The majority of our margin is made in the UK Retail business

Collect+ at 100%	2013	2014
Transactions (m)	5.7	8.4
Collect+ revenue (£m)	14.3	20.6
JV profit* (£m)	0.5	0.5

^{*} JV loss/profit at 100%. PayPoint reports 50% of this profit in the Consolidated Income Statement as well as the revenues arising in PayPoint UK Retail.



Revenue by service:







Collect+

Service developments include:

In-store processes reviewed with a reduction in transaction time, reducing queues and improving customer service

Partner developments include:

- John Lewis Click & Collect+ service rolled out nationwide
- Nespresso fully rolled out for return parcels a significant recycling client

Network developments include:

- Continuing to trial new locations including five major shopping centres and initial development for universities
- Return service with Parcel Motel in the Republic of Ireland gaining momentum

Customer experience improvements:

- New consumer customer service operation is fully embedded and performing well
- Website refresh and further developments to come
- Customer satisfaction with the service is strong





- **75%** of shoppers would be more likely to use an online retailer if it offers free returns
- 77% of Collect+ customers rate overall satisfaction with Collect+ as 8 out of 10 or higher
- 96% of M&S shoppers that used Collect+ would do so again

Clients include:























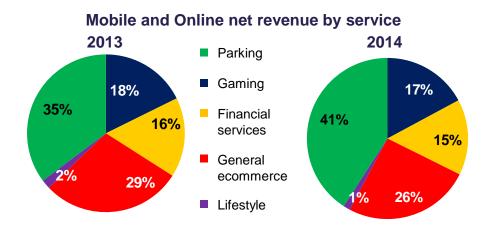




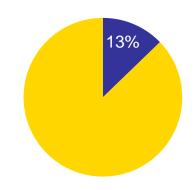


Mobile and Online

- Mobile and Online operating as one business (a combination of PayPoint.net, PayByPhone and Adaptis in March 2014) under our new PayPoint group brand
- Reorganisation progressed satisfactorily
 - first two new payments products launched as part of our new advanced payments platform, and
 - new mobile apps under development for release in the new year
- Transaction growth was 11.3% and net revenue growth of 0.2% with strong growth in parking net revenue (16.1%), driven by 19.5m transactions (up 32.8%) despite loss of Westminster



Mobile and Online as a percentage of group net revenue:



Mobile and Online	2013	2014
Transactions (m)	63	70
Transaction value (£m)	2,485	2,424
Net revenue (£m)	7.4	7.4



Mobile and Online

Parking vertical:

- Flagship Mobile and Online consumer product
- Leader in mobile parking payments in UK, France, **USA** and Canada
- Processed over 120 million transactions since launch
- Launched first phase of parking services in Paris
- US launches include Massachusetts Bay Transport Authority
- Retained Miami contract, with first North American commitment for permits

Consumer:

- Opportunity to:
 - grow our consumer base beyond parking by extending into other verticals, such as utilities
 - add value through consumer engagement
- Over 8 million have registered on our parking system since inception
- Over 140,000 new parking users added on average, every month
- 1 million consumers currently use the parking service every month

Payment services:

- Payments platform links into 16 major acquiring banks in the UK, Europe and North America
- Secure debit/credit card and other payments for online merchants, as well as fraud screening and reporting systems
- Broad portfolio of large and medium online merchants and also mobile parking clients

Research and development:

- New mobile parking app due for launch early in 2015
- Multi-channel product under development to address payments challenges faced by utilities as smart meters are rolled out

Parking clients include:

ISLINGTON Massachusetts Bay















Transportation Authority





Summary and future developments



Summary and future developments

Current year trading is in line with the company's expectations and provides a strong foundation for future growth

We will continue to execute our strategy:

- Continued investment into the group payments platform to drive greater multi-channel capability and efficiencies
- Leverage and grow our retail business
 - retail network expansion
 - continued development of our retail services proposition
 - further investment in retail technology
 - new clients, increase market share in existing clients
- Mobile and Online at the heart of the group will enhance our capability and opportunity for profitable growth in fast growing markets
- Seek further insight into our consumers and other international markets

PayPoint UK Retail, Romania, mobile parking and Collect+ are all market leaders and are getting stronger in their markets



Appendices



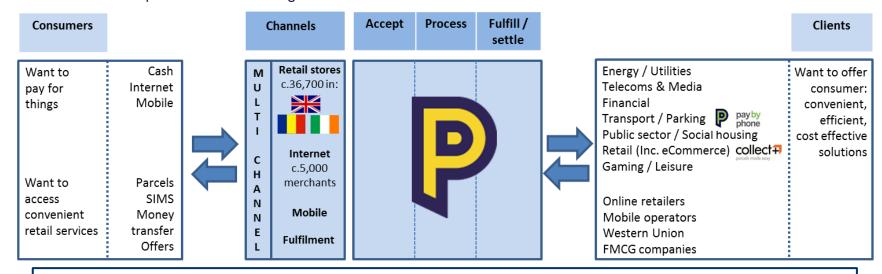
Appendix 1

The 'essence' of what we do



The 'essence' of what we do

- We process high volume consumer transactions, for **multi-channel payments** and **retail services** (e.g. parcels) for clients in **vertical markets**, through **integrated flexible platforms**
- Payments are typically low value and cover retail, internet and mobile, with money flowing to and from clients and consumers
- The platform connects to retailers and internet merchants, across different geographies, to whom we add value by providing new services
- We aim to help our clients deliver greater convenience to their consumers



We aim to grow by leveraging our platform in targeting more clients, merchants and retailers, in turn attracting more consumers to use our services



Appendix 2

PayPoint Intelligent Commerce Platform



The PayPoint Intelligent Commerce Platform: Purpose built for the digital connected age

Rich functionality includes:



Advanced Payments

- Payments Acceptance
- Innovative Features
- Enterprise Ready
- Flexible Integrations
- Full PCI DSS solution



Consumer Experience

- Designed around the user
- All Payment Products
- Mobile and Web Ready
- 8m Direct Consumers
- Apps & Multi-channel



Smart Controls

- Powerful Fraud Solution
- Real-Time Management
- Easy-to-use Tools
- Optimise Risk Control
- Automate Processes



Intelligent Reporting

- MI & Live Dashboards
- Any Payment Processor
- Any Transaction Data
- Fully Self Service
- Build Your Own Reports



Appendix 3

Materials to support the consumer transaction – UK retail



UK Retail: Client media payment





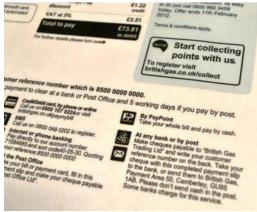














UK Retail: Retail store









UK Retail: Retailer external signage











UK Retail: In store merchandising



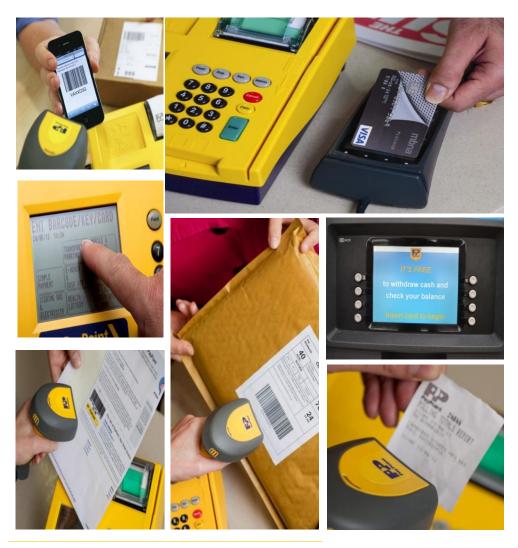








UK Retail: Terminals, Pin Pads and ATMs









UK Retail: Receipts



Transport Ticketing

Sample SPAR Tag



E Top-up





E Voucher



UtilityPayment



UK Retail: PPOS virtual terminal











UK Retail: New and developing sectors

Digital content







PIN: 7R8E-6RNM-B597

TXN:000000000001717726124

REDEMPTION INSTRUCTIONS
1.Go to Playstation(R)
store
2.Sign in to your Sony
Entertainment Network
Account
3.Select "Redeem Codes"
(For PS Vita, First tap
Options icon at foot of
the screen)
4.Follow on-screen
instructions to redeem
code

Code issued by Sony Network Entertainment Europe Ltd Expires 12 months from purchase Full terms apply at sonyentertainment network.com/legal



Thank you!

Cash Out









BEST ALTERNATIVE PAYMENTS PROGRAMME

Category Winner



Appendix 4

Materials to support the consumer transaction – PayByPhone



PayByPhone: Parking payment via IVR, SMS, mobile web









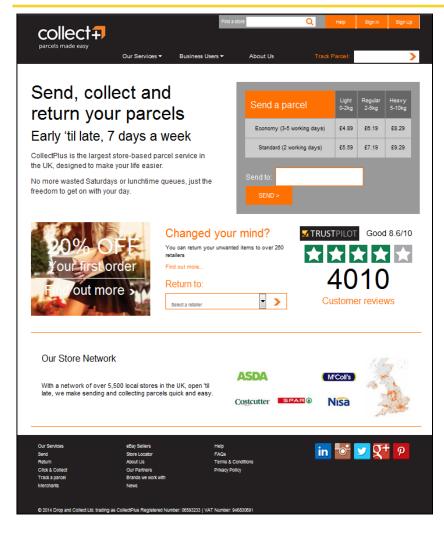


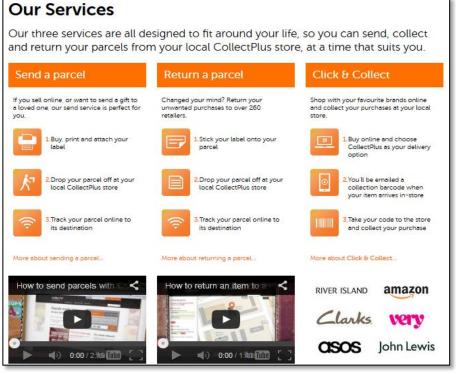
Appendix 5

Materials to support the consumer transaction – Collect+



www.collectplus.co.uk





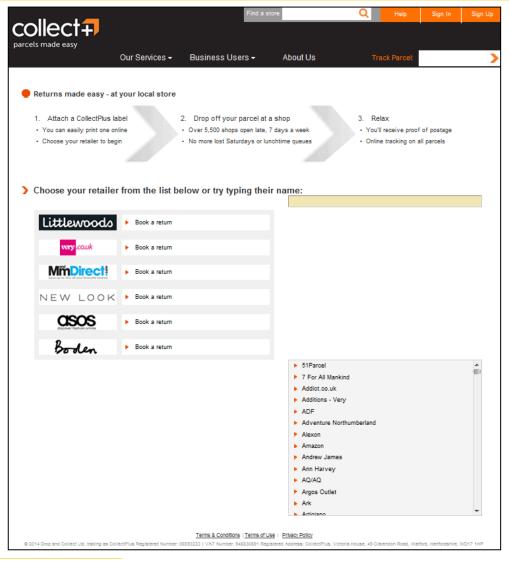


www.collectplus.co.uk





www.collectplus.co.uk





Collect+: Phone pick up barcode





Collect+: UK network

- Target network density
 - 1 Mile urban
 - 5 Mile rural

Over 5,800 locations live



