



Patrick Headon, CEO
Rachel Kentleton, Finance Director

23 May 2019

Results for the year ended 31 March 2019

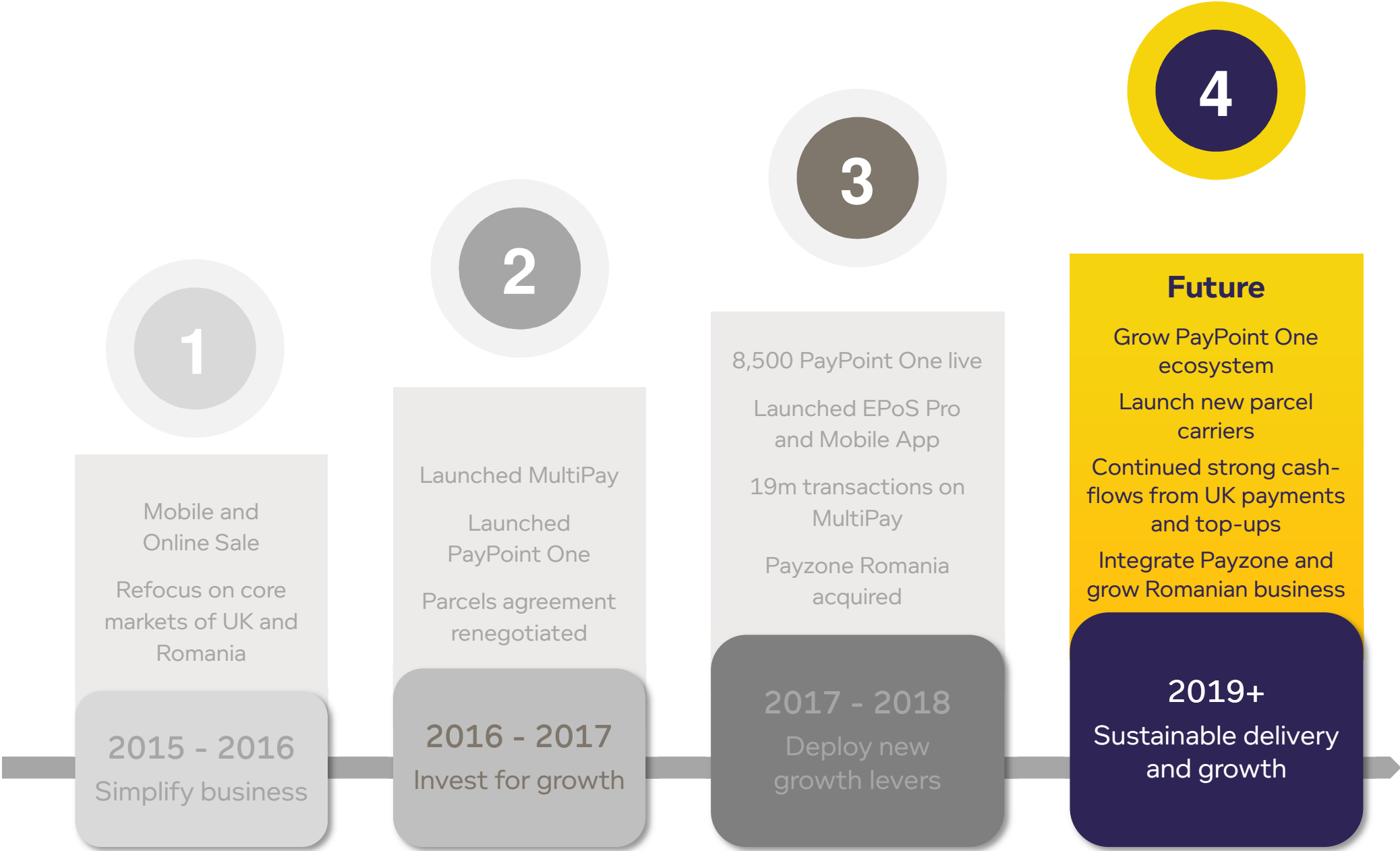
- **Strong market position in the growing convenience retail sector**
 - In over 47k convenience stores in UK and Romania
- **Leading provider of omnichannel payments**
 - Payments platform across digital, voice, cards, direct debit and cash
 - £9bn of payments processed annually
- **Broad range of retail technology and services**
 - Largest provider of EPoS-enabled technology in UK convenience retail
 - Collect+ parcels service for “pick up and drop off” at over 7k stores
 - Card payment solutions to circa 10k retailers and network of circa 4k ATMs
- **Strong growth drivers**
 - Grow PayPoint One ecosystem
 - Develop the definitive Parcel solution
 - Maintain bill payments and OTC leadership
- **Healthy cash generation and sustainable dividends**



Introduction

Patrick Headon, CEO

Our priorities for 2018/19 were...



Good progress against strategic priorities

Activities	Progress	
Grow PayPoint One ecosystem	<ul style="list-style-type: none">• PayPoint One in almost 13k sites	✓
Launch new parcel partners	<ul style="list-style-type: none">• eBay and three of UK largest carriers live	✓
Continued strong cash-flows from UK payments and top-ups	<ul style="list-style-type: none">• Transaction growth in MultiPay (+40.7%) and eMoney (+11.4%)	✓
Integrate Payzone and grow Romanian business	<ul style="list-style-type: none">• Payzone integration 1,500 retailers migrated• Net revenue up 16.8%	✓
Innovate for the future	<ul style="list-style-type: none">• Ready for roll out: LINK OTC initial trial, Card net settlement, MultiPay Direct Debit	✓





Financial review

Financial results – robust performance

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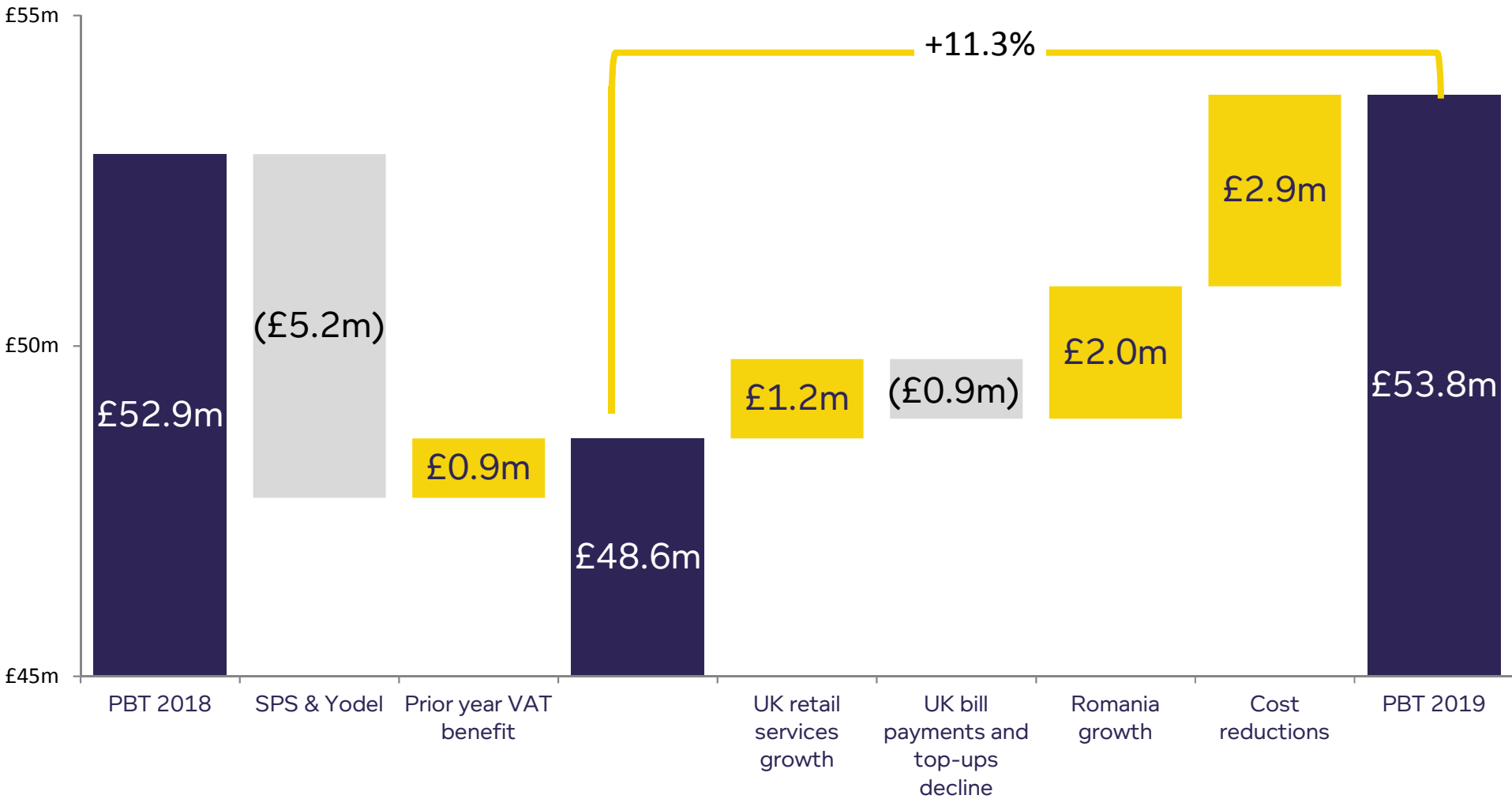
Year ended 31 March (£m)	2019	2018	% change
Gross revenue	211.6	213.5	(0.9%)
Net revenue	116.6	119.6	(2.5%)
Other costs of revenue	(18.4)	(19.6)	(6.4%)
Administration costs	(44.3)	(46.5)	(4.7%)
Net finance costs	(0.1)	(0.5)	(69.1%)
Profit before tax and exceptional item	53.8	52.9	1.6%
Exceptional item	0.9	-	
Profit before tax	54.7	52.9	3.3%
Underlying operating margin ¹ (%)	44.2%	43.5%	3.5%
Earnings per share (p)	64.8	62.7	3.3%
Dividends paid (£m)	56.6	55.9	1.2%
Reported Ordinary DPS (p)	39.2	45.9	(14.6%)
Reported Additional DPS (p)	30.6	36.6	(16.4%)
Total DPS (p)	69.8	82.5	(15.4%)

1. Underlying operating margin (%) is operating profit excluding the one-off VAT recovery benefit of £2.4m (2018: £1.5m) divided by net revenue.

The above presentation contains minor (£0.1m) roundings to ensure integrity of key numbers with those published in the preliminary statements.
Results for the year ended 31 March 2019



Underlying PBT up 11.3%

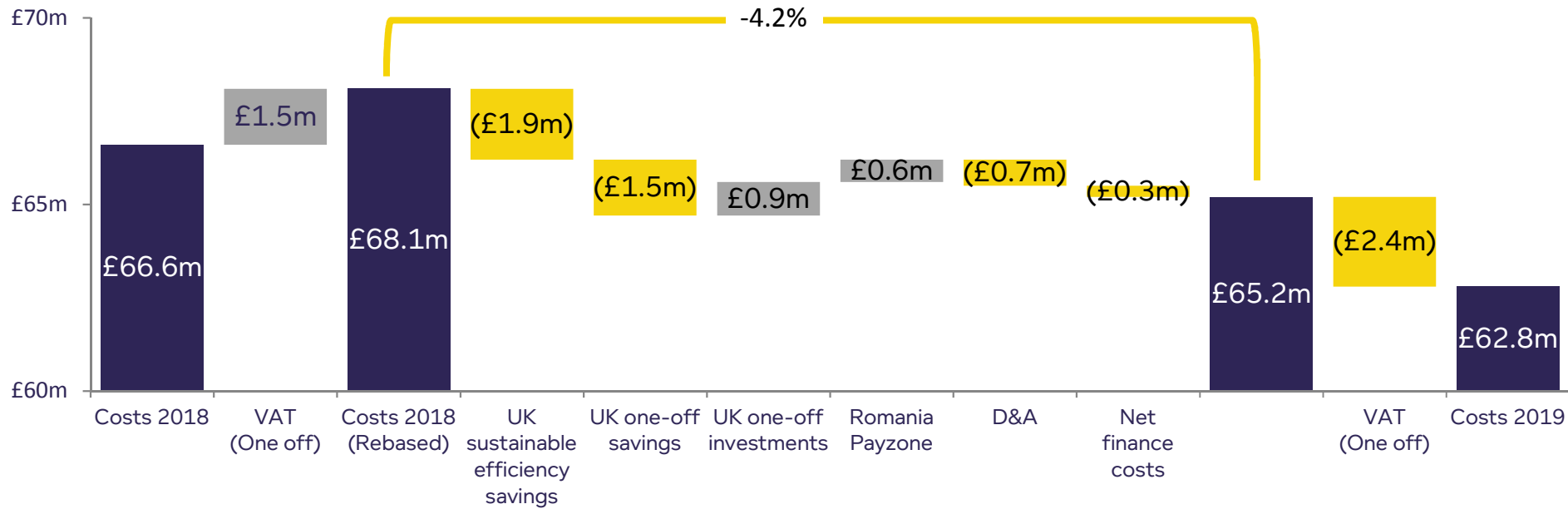
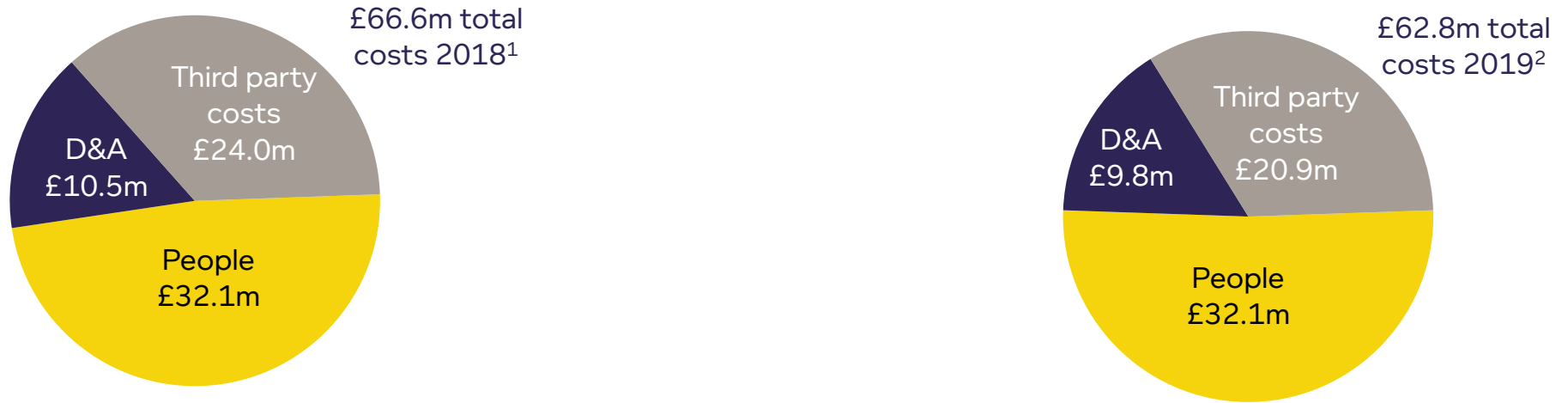


Underlying net revenue up 2.0%

Year ended 31 March (£m)	2019	2018	% change
Underlying:			
UK bill payments and top-ups	64.9	65.8	(1.3%)
Romania	13.9	11.9	16.8%
UK retail services	37.1	35.9	3.2%
- Service fees	10.3	7.7	33.6%
- Card payments rebate	7.9	7.5	5.5%
- ATMs	12.3	12.8	(3.9%)
- Parcels and other	6.6	7.9	(17.2%)
Total underlying	115.9	113.6	2.0%
SPS closure	-	4.2	
Yodel renegotiation	0.7	1.7	
Total	116.6	119.6	(2.5%)

The above presentation contains minor (£0.1m) roundings to ensure integrity of key numbers with those published in the preliminary statements.

Underlying costs reduced by 4.2%



1. Comprises £19.6 million other costs of revenue, administrative expenses £46.5 million and net financing costs of £0.5 million.
2. Comprises £18.4 million other costs of revenue, administrative expenses £44.3 million and net financing costs of £0.1 million.



Cash generation and use

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Year ended 31 March (£m)	2019	2018	% change
Profit before tax	54.7	52.9	3.3%
Exceptional items	(0.9)	-	0.0%
Depreciation and amortisation	9.8	10.5	(6.7%)
SBP and other items	(1.2)	1.1	(209.1%)
Working capital (corporate)	0.4	3.4	(82.4%)
Cash generation	62.8	67.9	(7.2%)
Taxation payments	(10.0)	(10.3)	(2.9%)
Capital expenditure	(11.0)	(13.4)	(17.9%)
Acquisition of subsidiary	-	(0.9)	(100.0%)
Dividends paid	(56.6)	(55.9)	1.3%
Net decrease in PayPoint's cash	(14.8)	(12.6)	15.9%
Clients' and retailers' cash	7.3	5.4	(9.3%)
Net decrease in cash and cash	(7.5)	(7.2)	34.7%
Cash at beginning of year	46.0	53.1	(13.4%)
Foreign exchange	(1.0)	0.1	n.m.
Cash at end of year	37.5	46.0	(23.3%)
- Corporate cash	3.5	18.5	(80.7%)
- Clients' funds and retailers' deposits	34.0	27.5	21.2%

	2019	2018	% chng
Stated	62.8	67.9	(7.2)%
VAT	2.1	(3.4)	-
Underlying	64.9	64.5	0.6%

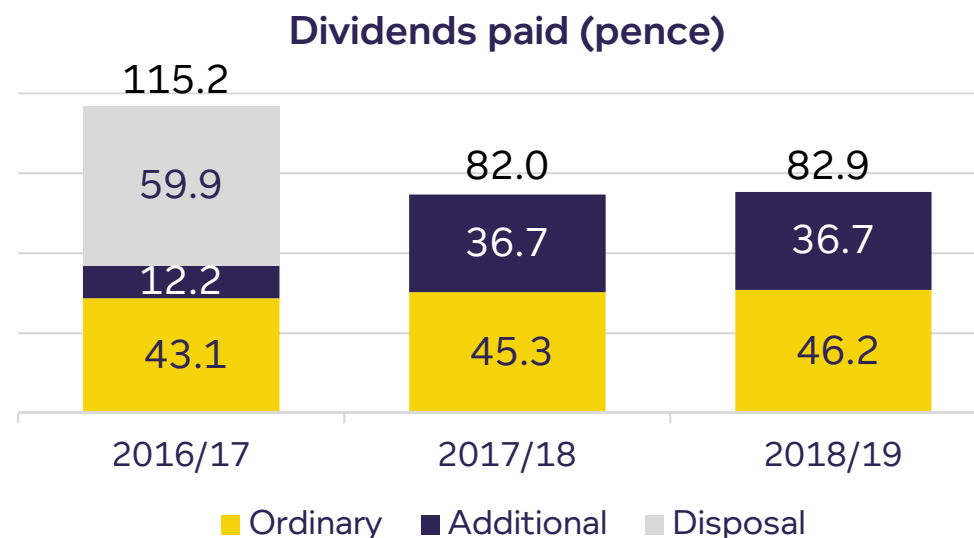
Balance sheet remains strong

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Year ended 31 March (£m)	2019	2018	% change
Goodwill	11.6	12.2	(4.5%)
Other intangible assets	15.9	13.6	16.8%
Property, plant and equipment	26.7	28.0	(4.9%)
Cash and cash equivalents:			
Corporate	3.5	18.5	(80.7%)
Clients' funds and retailers' deposits	34.0	27.5	21.2%
Working capital:			
Corporate	(3.8)	(7.2)	(25.6%)
Client and retailer liability	(34.0)	(27.5)	21.2%
Current and deferred tax	(3.7)	(3.9)	(4.9%)
Net assets	50.2	61.3	(20.5%)

Continued strong cash returns to shareholders

- Strong cash generation of £62.8m
- Ordinary dividend
 - cover ratio of 1.2 to 1.5x
- Additional dividend (£125m)
 - first payment – Dec 2016
 - final payment - Dec 2021



- Dividend payment profile:
 - Announced in May 2018 – move to quarterly dividends from Apr 2019
 - Cash paid to shareholders in 2019/20 remains consistent with old profile
 - Final dividends declared:
 - ordinary - 23.6p
 - additional - 18.4p
 - both payable in equal instalments on 29 Jul and 30 Sept



Operational review

- Grow PayPoint One ecosystem
- Definitive Parcel solution
- Bill payments and OTC leadership

Grow PayPoint One ecosystem

Progress in 2018/19

- Three quarters of our independent retailers now migrated
- Delivered 500 sites more than the 12.4k target

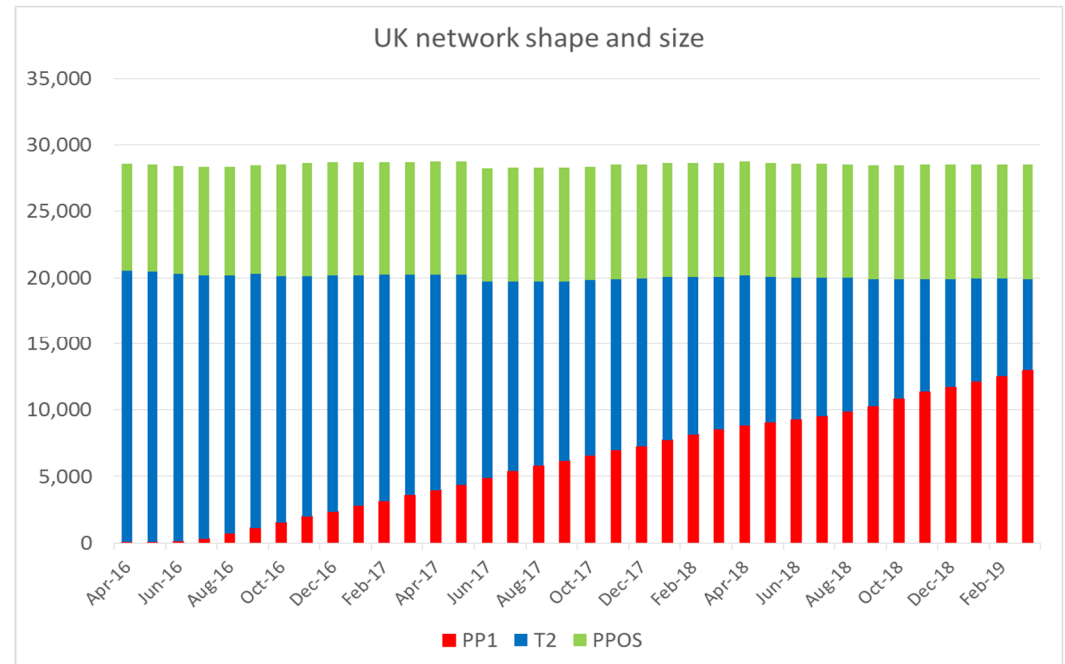
Innovation and service delivery

- Improving service delivery:
 - iOS app
 - CRM fulfilment / faster from sale to install
 - New IVR – less call waiting time
 - Claims – quicker recovery of monies
- Innovation for future growth:
 - Cards net settlement in pilot

Ambition for 2019/20

- Grow PayPoint One
 - Network to 15.8k
 - Return weekly service fee to growth
 - Continue to develop EPoS functionality and scalability
- Return card estate to growth

	PayPoint One Sites	
	31 Mar 19	31 Mar 18
Total	12,881	8,550
Base (£10pw)	6,337	3,718
EPoS Core (£15 pw existing, £20 pw new)	5,899	4,678
EPoS Pro (£30 pw)	645	154
Weekly fee (ave)	£15.1	£14.9



Definitive parcel proposition

Progress in 2018/19

- eBay live in c2.5k stores
- Three of UK's largest carriers signed up

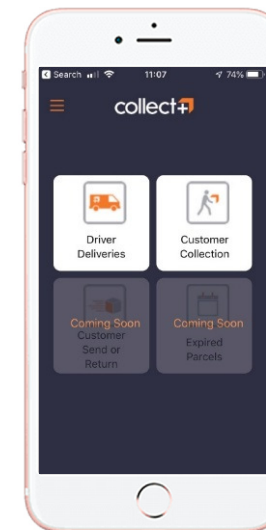
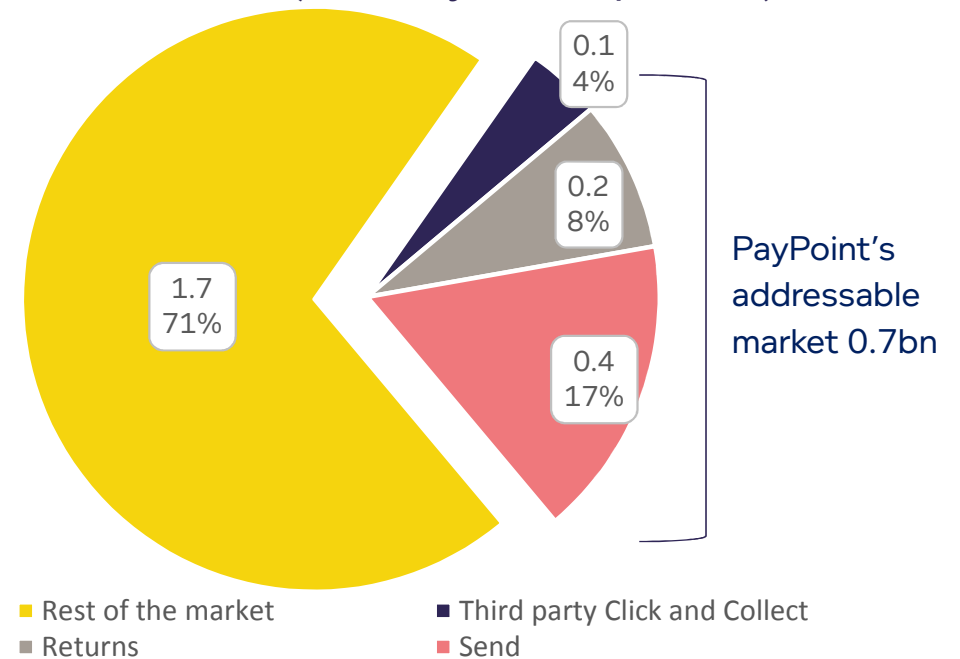
Innovation and service delivery

- Improving service delivery:
 - New mobile app for in-store operations
- Driving in store experience:
 - Collect+ Trust Pilot score of 9.2 maintained
 - Improved YOY operational KPIs

Ambition for 2019/20

- Leverage new partnerships to grow revenue
- Deliver operational excellence for partners
- Increase consumer relevance of Collect+

Parcel market (annually 2.4bn parcels)



Bill payments and OTC leadership

Progress in 2018/19

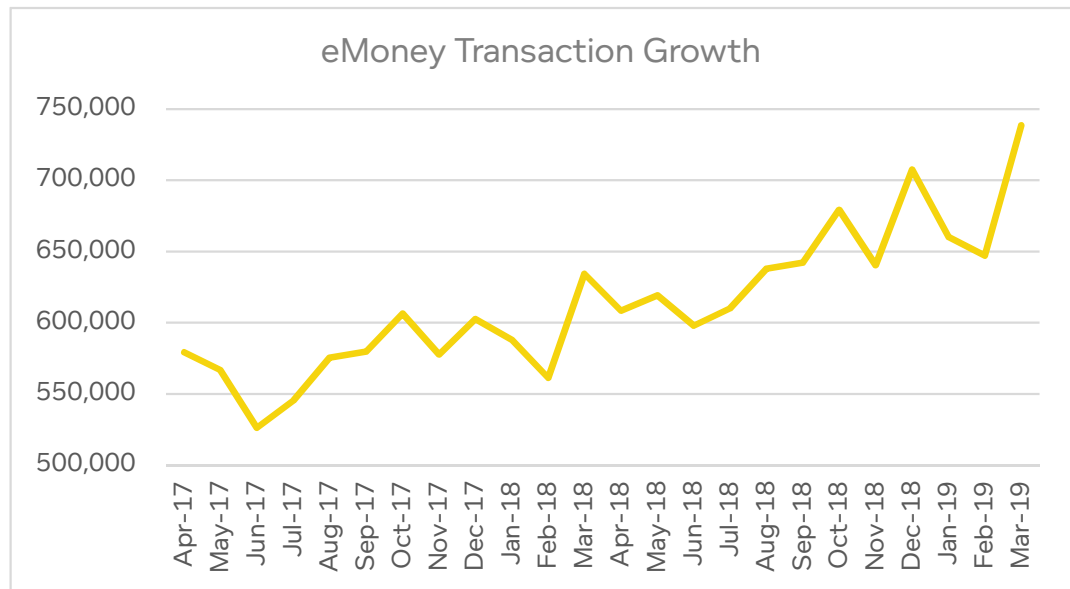
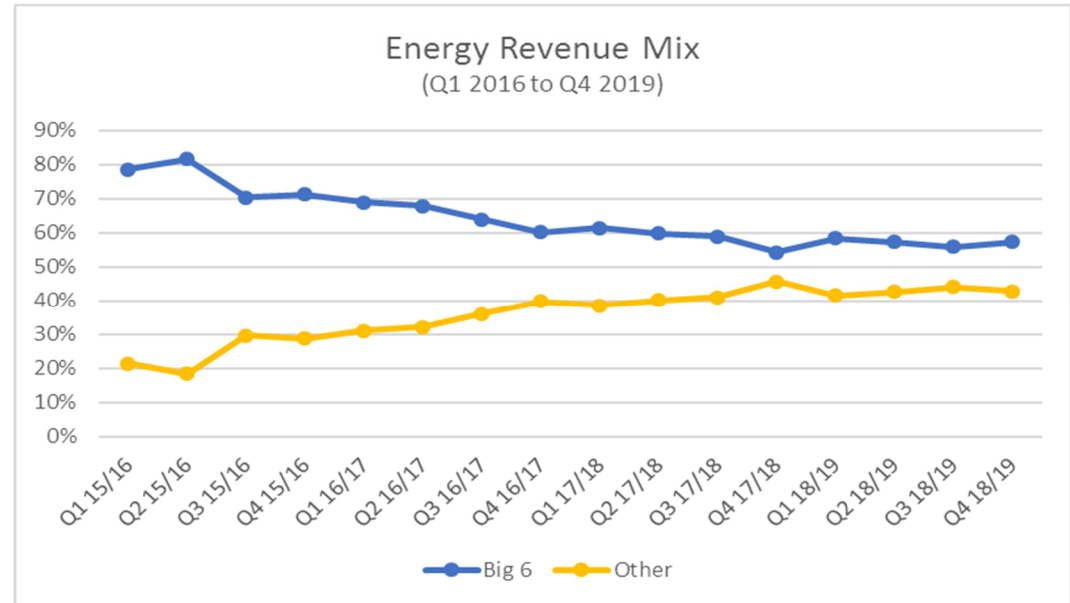
- 21 new clients set live, 250 in total
- Bill payments: net revenue per txn up 5.5%
- MultiPay: strong txn growth of over 40%
- eMoney: txn growth of 11.4%

Innovation and service delivery

- Strengthening our payment proposition:
 - Launched MultiPay direct debit feature
- Improved resilience:
 - Additional payment service provider

Ambition for 2019/20

- Secure further clients
- Drive growth from MultiPay
- Continue to grow eMoney



Romania - integrate Payzone and grow business

Progress in 2018/19

- Leadership in bill payments; 34% market share of cash bill payments
- 80% PayPoint brand awareness
- 27 new clients set live

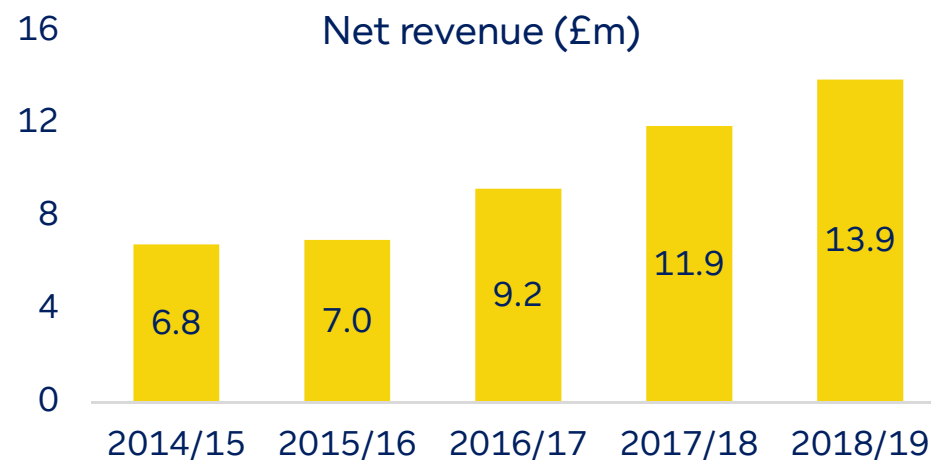
Innovation and service delivery

- Progress on Payzone integration:
 - 1,500 highest transacting Payzone retailers have chosen to migrate to PayPoint's platform
- Card payments rolled out to 1,300 sites

Ambition for 2019/20

- Roll out new terminal
- Extend card payments
- Launch new retailer app
- Grow revenue and profit

Net revenue Year ended 31 March (£m)	2019	2018	% change
Bill payments	8.8	7.7	14.3%
Top-ups	3.9	3.1	25.8%
Other	1.2	1.1	9.1%
Total	13.9	11.9	16.8%



- **Revenue**

- Limited one-off headwinds, £0.7m final year impact of Yodel renegotiation
- Growth drivers:
 - PayPoint One
 - Parcels
 - MultiPay
 - Romania
- Continued resilience in bill payments

- **Costs**

- Continued vigilance on cost
- VAT benefit (£2.4m) in 2018/19 not reoccurring
- Investment in improvement in customer service and business efficiency (circa £2m)

- **Summary**

Delivery of the financial result for the year ending 31 March 2020 requires revenue growth across PayPoint One, MultiPay, Romania and Parcels, as we scale up with our new partnerships, as well as continued resilience in bill payments and vigilance on costs. Despite the final year impact of the Yodel renegotiation (£0.7 million), investment in customer service and improved business efficiency (£2 million) and the uncertain broader economic environment, the Board is confident that there will be a progression in profit before tax for the year ending 31 March 2020.



CEO Patrick Headon

1. Strong business model
2. Key Foundations set for future growth
3. Navigating a changing environment
4. Committed and innovative employees

1. Delivery of growth in retail services
2. Focus on Customer
3. Salesforce CRM – next phase
4. Strategy – execution and further opportunities

- Robust FY 2018/19 financial performance
- Foundations set for future growth
- Initial priorities identified for the rest of the year
- Commitment in place for strong cash returns to shareholders



Appendix

PayPoint's business model

We help...	To...	How...
<p>Consumers (millions)</p>	<p>Conveniently make payments and collect parcels</p>	<p>Offering specialist products and services</p> <ul style="list-style-type: none"> • PayPoint One/EPOS • Collect+ • MultiPay, e-Money • Card Payments • ATMs <p>Across our market-leading retail network (and online)</p> <ul style="list-style-type: none"> • 29k convenience stores in UK • 18k in Romania <p>All sharing our low cost, scalable platform.</p> <ul style="list-style-type: none"> • Differentiated and resilient technology • Robust Settlement System • 24/7 Operations Support • Retailer support and management
<p>Convenience retailers (tens of thousands)</p>	<p>Offer more services to their local community</p> <p>Improve the performance of their business</p>	
<p>Businesses & public sector (hundreds)</p>	<p>Make it easy for their customers to pay bills and receive on-line purchases</p>	

As a result we also deliver benefits to

<p>Shareholders</p>	<p>Healthy margins & profitability</p> <p>Strong cash generation and dividends</p> <p>Investment in innovation</p>
<p>Our people</p>	<p>A good place to work, making a difference through our purpose</p>



Transition impact (at 1 April 2018):

- Deferred revenue £2.1m
- Deferred costs £3.0m
- Retained earnings increased by £0.9m (1 April 2018)
- No impact on prior year comparatives – applied limited retrospective method

Impact for year ended 31 March 2019:

- Deferred revenue £0.6m
- Deferred costs £0.6m
- Impact on P&L as expected (minimal)