PayPoint plc

Results for 26 weeks ended 30 September 2013



21 November 2013

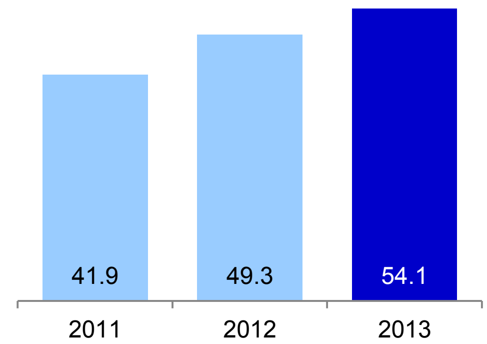
Agenda

Results summary

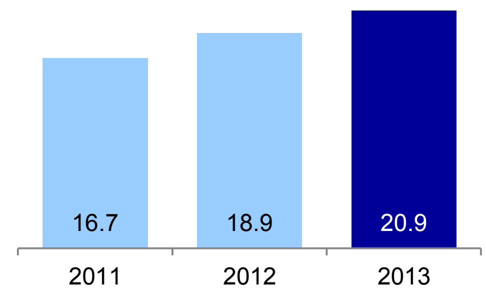
Period ended September[1]

- A set of strong results with progress across all parts of the business in line with our strategy
- Net revenue up 9.7% and operating profit up 10.9% to £20.9m
- Retail net revenue up 10.0%
  - UK and Ireland net revenue up 9.4%
  - Romanian network continued to grow profit with transactions up 33.7% and net revenue up 23.4%
  - Improved retail yield
  - Collect+ JV became profitable and started to scale with transactions up 72.2% to 5.7 million
- e&m commerce delivered top line growth with transactions up 22.2%, net revenue up 7.6%. Transaction growth:
  - Internet payments up 17.0%
  - PayByPhone up 43.1%
- Interim dividend of 11.4p per share, up 11.8%

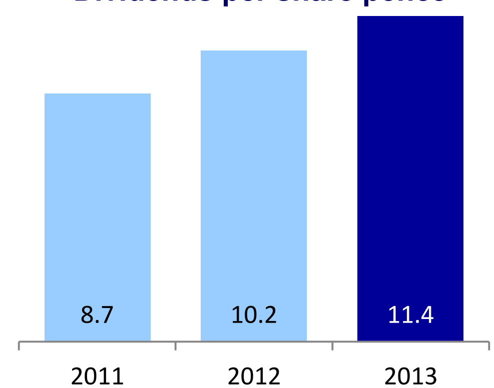
Net revenue £m



Operating profit £m



Dividends per share pence

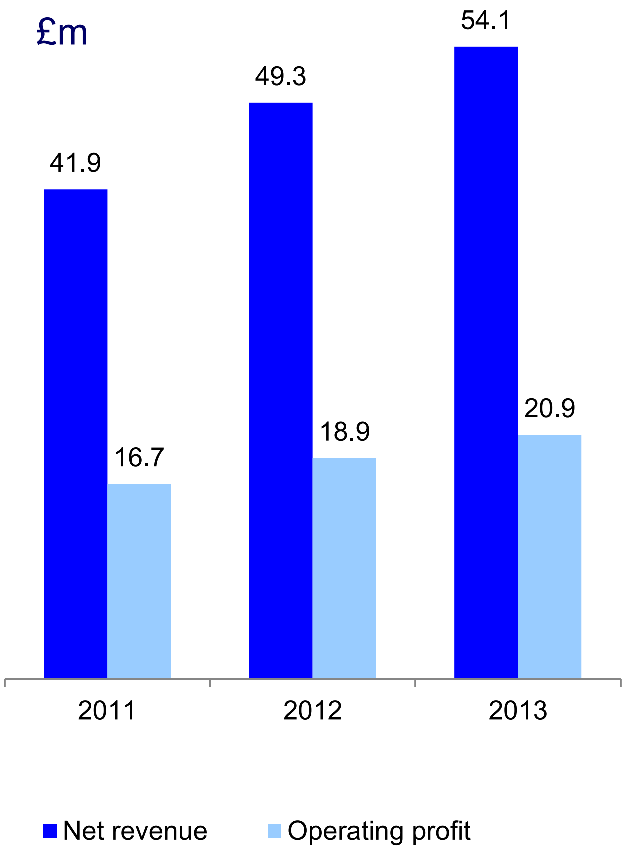


1. The 2013 results cover a period of 26 weeks (2012: 27 weeks) and as a consequence of an extra week in the prior period, percentage increases in the current period are lower.

Financial review

Strong business momentum

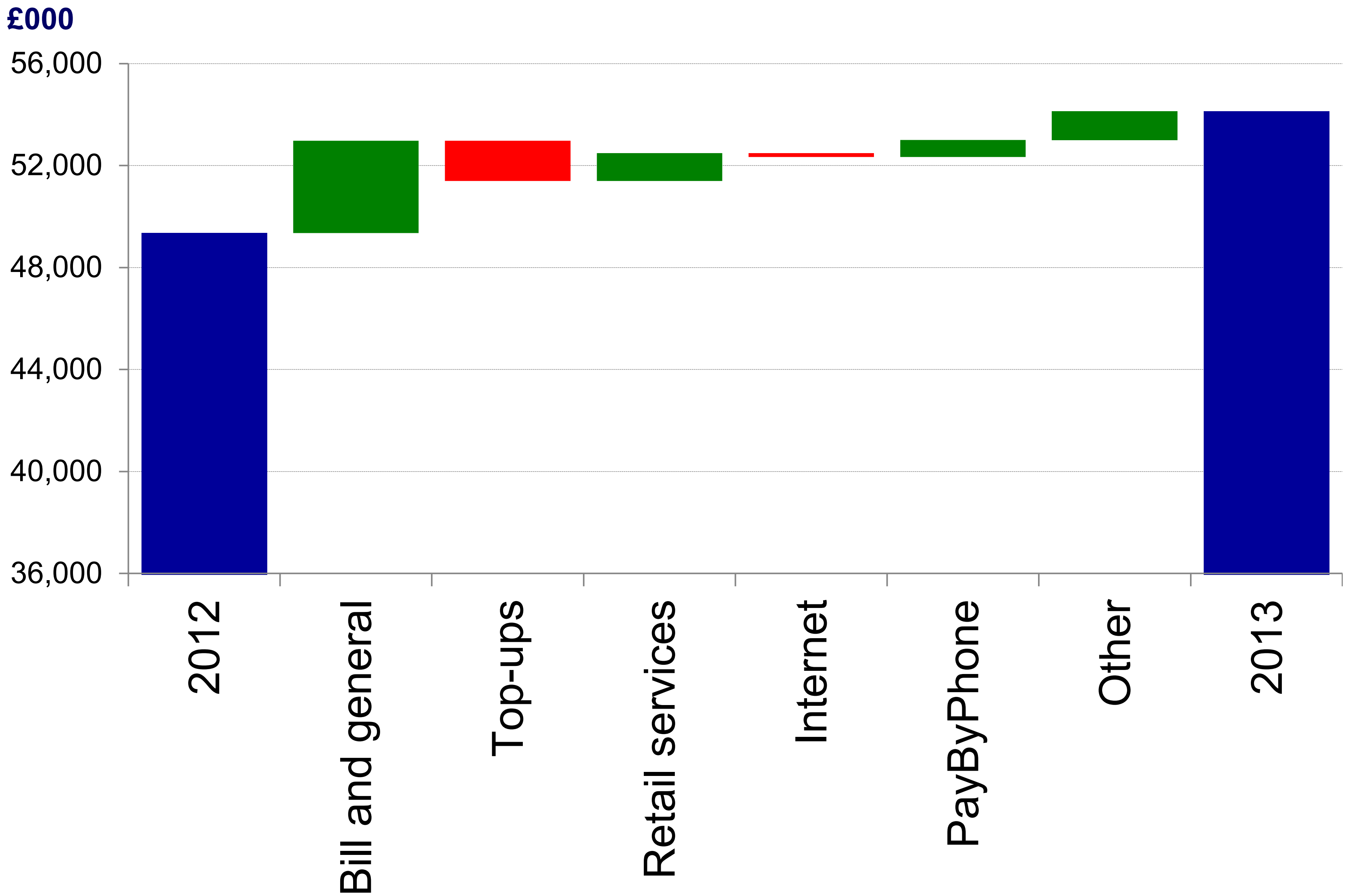
Period ended September	2011 £m	2012 £m	2013 £m
Net revenue [1]	41.9	49.3	54.1
Other cost of sales	(5.9)	(7.4)	(8.1)
Administrative expenses	(19.3)	(23.1)	(25.1)
Operating profit	16.7	18.9	20.9
Share of Collect+ JV	(0.9)	(0.7)	0.2
Investment income less costs	0.1	0.1	0.1
Profit before taxation	15.8	18.3	21.3
Tax	(4.5)	(4.6)	(4.9)
Diluted earnings per share	16.7p	20.2p	24.0p
Dividend per share	8.7p	10.2p	11.4p



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 the cost of out-sourced call centres.

Net revenue

Period ended September 2013



Cash generation and use

Period ended September	2011 £m	2012 £m	2013 £m
Operating cash flows	**18.9**	**21.4**	**24.1**
Working capital	(5.5)	(2.7)	(7.0)
Cash generated by operations	**13.4**	**18.7**	**17.1**
Tax paid	(5.3)	(5.2)	(5.0)
Net cash inflow from operating activities	**8.1**	**13.5**	**12.1**
Net cash used in investing activities	**(2.4)**	**(5.4)**	**(5.6)**
Cash settled share based remuneration	-	-	(5.3)
Equity dividends: - Final	(10.6)	(12.1)	(13.7)
- Special	-	-	(10.2)
Net cash used in financing activities	**(10.6)**	**(12.1)**	**(29.2)**
Net decrease in cash	(4.9)	(4.1)	(22.7)
Cash at beginning of period	26.5	35.5	46.6
Effects of foreign exchange rate changes	(0.1)	(0.4)	(0.4)
Cash at end of period	**21.5**	**31.0**	**23.5**

Financial review - summary

- Strong balance sheet
- Continued growth in:
  - net revenues
  - earnings
  - dividends
- On track to meet the company's expectations taking into account the timing of expenditures

Operational review

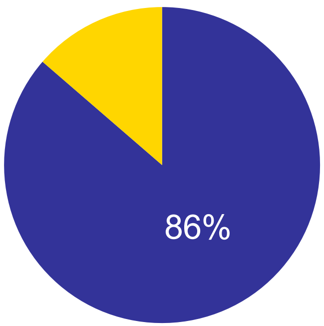


Retail (UK, Ireland & Romania)

- Strongly differentiated, over-the-counter payment proposition
- The network:
  - Over 34,000 convenience stores open early until late
  - Servicing most major utilities and service companies with long term contracts, some with exclusivities
  - In the UK, a good mix of major chains, buying groups and independents with low churn (c. 2% pa)
- Offering a variety of services:
  - *Cash in*: household bill payments, mobile top-ups and e-money loads
  - *Cash out*: DWP's Simple Payment service, energy company rebates, local authority payments
  - *Retail services*: Parcels, ATMs, broadband, money transfer, SIMs, debit/credit processing, receipt advertising
  - Collect+ JV profitable ahead of expectations
- Leading technology partner:
  - Market leading point of sale for payments and services

Period ended September 2013

Retail as a percentage of group net revenue



	2012	2013
Transactions (m)	293	**289**
Average spend per transaction (£)	14.6	**15.3**
Transaction value (£m)	4,264	**4,428**
Net revenue (£m)	42.5	**46.7**

UK multiple retail partners include:

UK clients include:

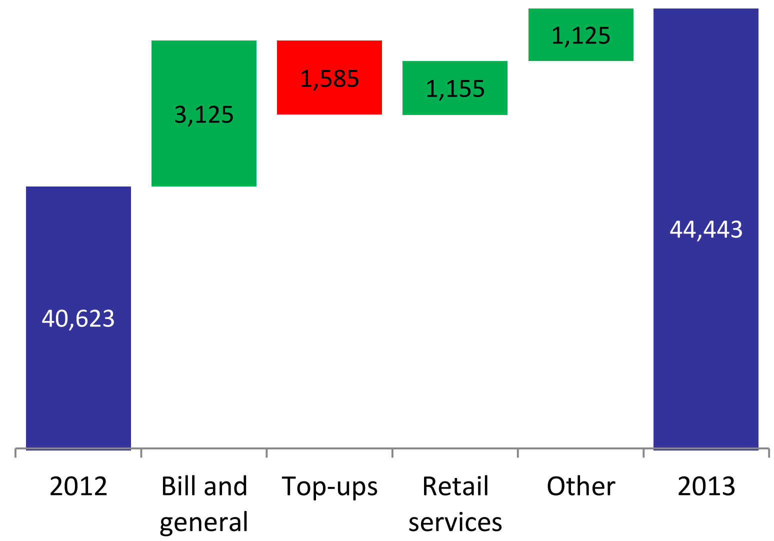
Retail

UK & Ireland

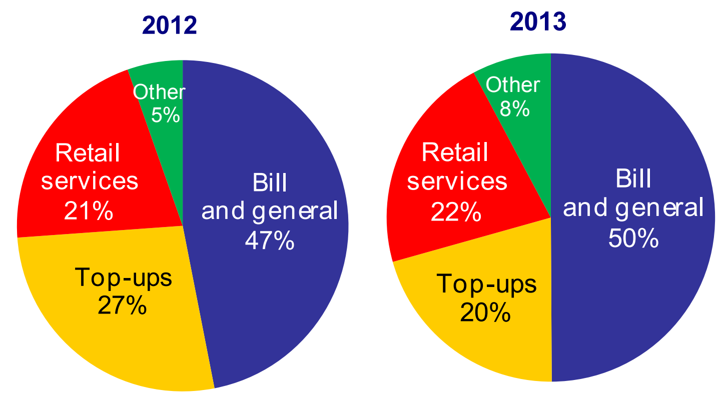
- Bill and general payment revenues continued to show growth, enhanced by the DWP's Simple Payment service
- Net revenue growth across most retail services products
  - Good retail services network growth: +400 ATMs, +900 credit/debit sites, +300 money transfer sites
  - ATM transactions +17.7%, credit and debit +13.3%, SIMs +26.2%, money transfer +59.1% and parcels volume up 72.2%
- Over 1,000 new PayPoint sites added. Sales success in retail services helped to increase retail yield
- Continued retail service innovation
  - Roll out of virtual terminals continued. Epos integration with most key providers
  - Broadband connectivity in nearly 6,000 sites, with new broadband ATM to be rolled out in the second half
  - Single daily settlement has benefited retailers

Period ended September

Retail net revenue £000



Retail net revenue by service



Other net revenue includes fees for SBI charging, early settlement, software development, configuration and settlement of claims

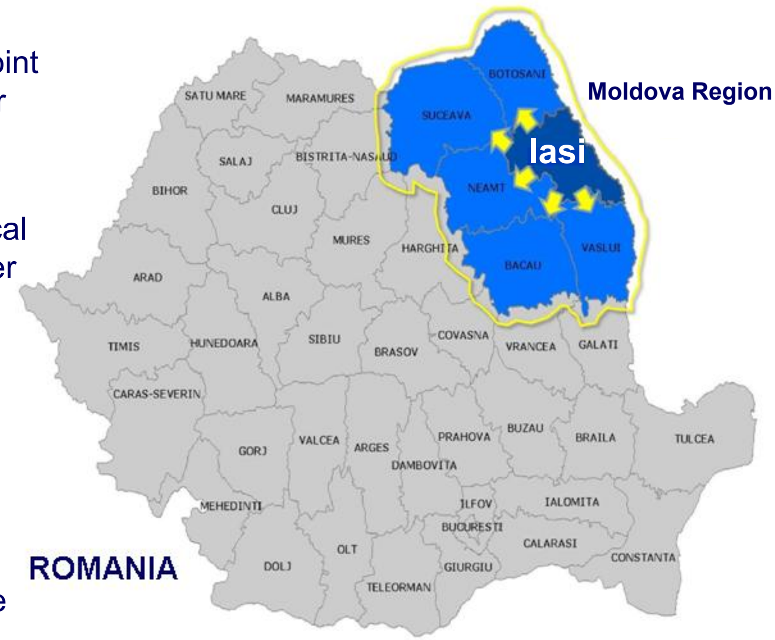
Retail

Romania

- Bill payment transactions increased by 40.9% helped by the addition of RCS & RDS (branded DIGI), one of the largest bill issuers in Romania, and top-ups by 1.6%
- Bill payment market share 13.7% (September 2013) with significant growth opportunities supported by national TV advertising campaigns to increase awareness
- Research has shown that prompted awareness of the PayPoint brand in Romania has risen from 33% to 47% in the last year (Catibus survey)
- In addition to national clients there is a fast growing list of local clients: water, financial and refuse collection, providing further differentiation
- Retail network (approaching 8,000 sites) continued to grow through initiatives with clients such as EoN (below) to encourage increases in market share
- Following the successful replacement of the Post Office in the county of Iasi for EoN, we have extended the programme across the remainder of the region of Moldova. Other utility clients across the country are also showing interest

Period ended September

	2012	2013
Transactions (m)	14.4	**19.3**
Transaction value (RON m)	1,106	**1,662**
Terminal sites	7,002	**7,767**



Romanian clients include:

ROMTELECOM GDF SUEZ Enel vodafone DIGI COSMOTE orange upc e-on

Collect+

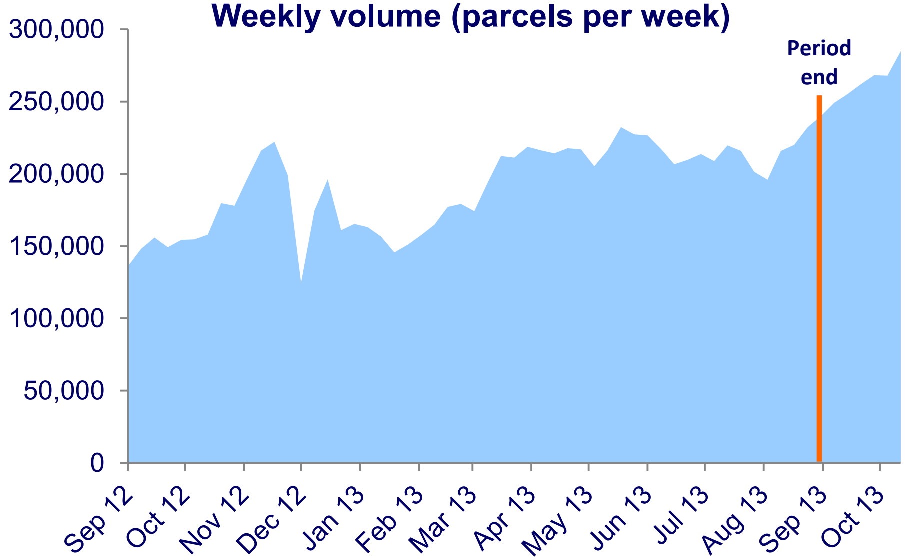
- JV with Yodel to transform shopping fulfilment for consumers
- Pioneer and clear market leader in parcel collection and returns through local shops, as convenient alternatives to home delivery or Post Offices
- C2C and B2C parcel services have experienced strong growth
  - 5,444 sites (+3.6% growth since year end)
  - 260 participating brands (+22.6% growth since year end)
  - Total volume growth 1.7x and revenue growth 1.9x
  - JV became profitable

Period ended September

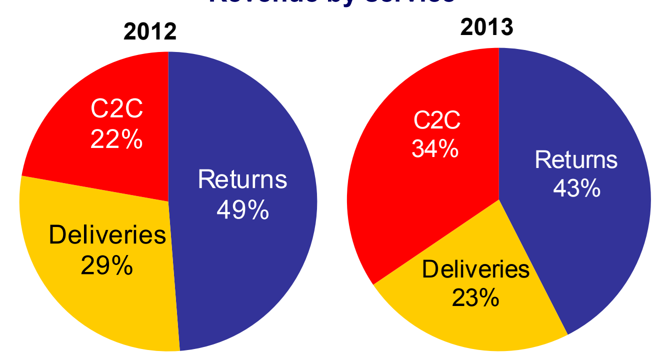
Collect+ at 100%	2012	2013
Transactions (millions)	3.3	5.7
Collect+ revenue (£m)	7.5	14.3
JV (loss)/profit* (£m)	(1.4)	0.5

* 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.

Weekly volume (parcels per week)



Revenue by service



Collect+ is reported in the Consolidated Income Statement on a profit after tax basis only and therefore its revenue and net revenue are not included in the consolidated revenue and net revenue.

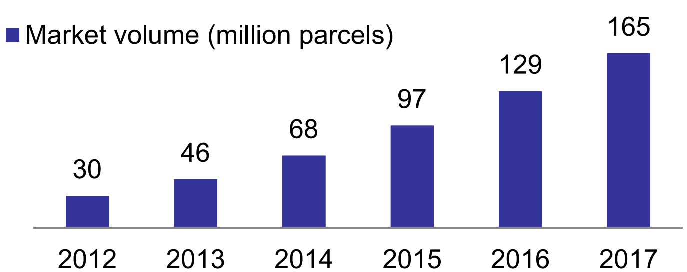
Corporate customers include:

Collect+

- Collect+ solves the retailer challenge to provide consumers with a more convenient and flexible delivery and returns service
- Customer research continues to demonstrate a growing preference for parcel collection point services; customers love the service
- Collect+ will continue to grow its network to complement customer lifestyles
- Choice of delivery options and ease of returns are key determinants in customer choice of retailer
- The click and collect market is anticipated to grow strongly as consumers adapt to alternative delivery locations
- Collect+ attracting competition but remains market leader

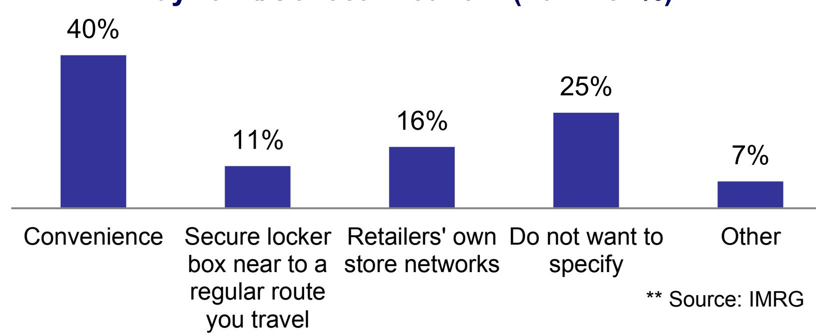
Source IMRG Home Delivery Report 2013 / Collect+/Opinion Matters research 2013 / Collect+/PayPoint research 2013:

Annual market growth of UK Click & Collect volume*



* Source: IMRG

If customers could choose alternative delivery locations, 40% would select locations consistent with the PayPoint/Collect+ network (2012: 37%)**



** Source: IMRG

Corporate customers include:

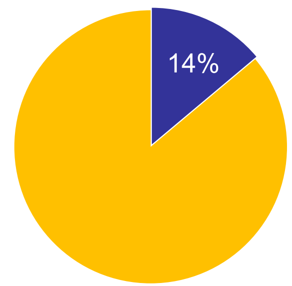
M&S, FatFace, Shop Direct, River Island, Fragrance Direct, Crew Clothing Co, Sports Direct.com, Pink, Ted Baker

e&m commerce

- Core to group strategy to provide clients with multi-channel payment capability
- Accesses fast growing markets and acts as a bridge for the eventual migration of cash to electronic payments
- Businesses now under single management to position better our capability to secure profitable growth
- Internet and mobile payments capabilities are being more closely integrated

Period ended September 2013

e&m commerce as a percentage of group net revenue



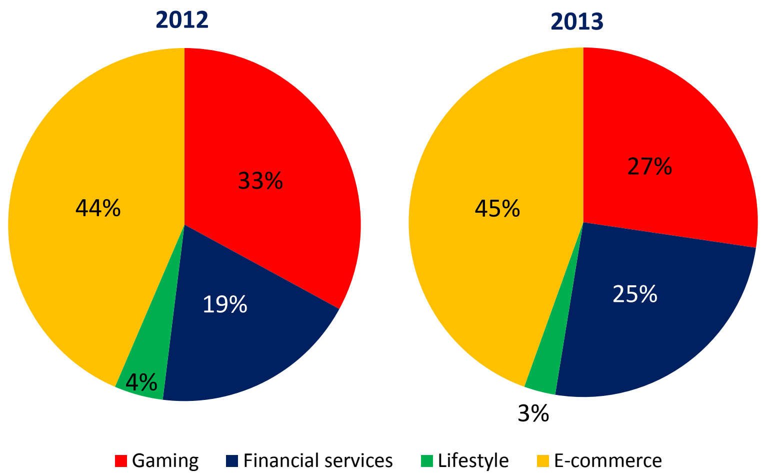
Period ended September	2012	**2013**
Transactions (m)	51.7	**63.2**
Transaction value (£m)	2,378	**2,485**
Net revenue (£m)	6.9	**7.4**

Web merchant partners include:

e&m commerce - Our Internet payment business (PayPoint.net)

- One of the largest independent PSPs in the UK, based on revenues
- Provides secure debit/credit card and other payments for web merchants as well as fraud screening and reporting systems
- Volumes growing (17%) but revenue marginally down
  - Growth in transactions dominated by larger merchants who benefit from lower pricing
  - Includes 1.3m energy prepayment transactions
- Broad, stable portfolio:
  - No single customer represents more than 5% of revenues
  - 90% of revenues from customers using us for more than 1 year; 47% more than 5 years
- Closer working with PayByPhone should bring revenue opportunities

Internet net revenue by service



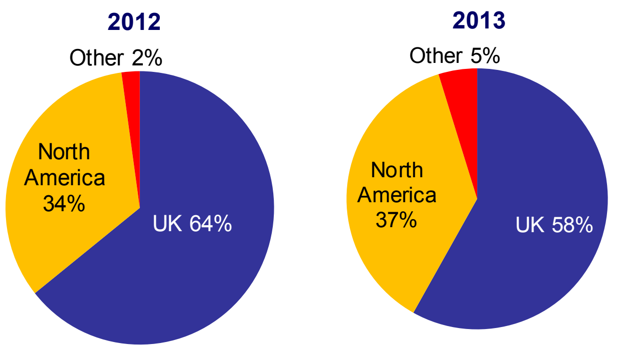
Web merchant partners include:

e&m commerce - Our mobile payment business (PayByPhone)

- Leader in mobile parking payments in UK, France, USA and Canada, and well placed in fast growing markets
- Processed more than 100 million payments since launch
- Over 6.5 million users have registered on our system since inception
  - Over 120,000 new users added on average every month, up 20% on last financial year
  - Over 250,000 individuals used the service on average every week
- Continued development
  - Focus on urban mobility (parking, toll payments, bicycle rental)
  - New API to allow non-parking payments
  - Les Taxis Bleus (2nd largest taxi operator in Paris) trial
- Success in sales and implementation
  - Launched across Southwark, Brighton and Lambeth in the UK
  - US recent launches include: Seattle, Dallas, Galveston - the first significant PBP-only initiative in North America
  - Won Massachusetts Bay Transport Authority from competitor
  - 8 further wins in France (including Montpellier and Nice) and 19 contracts in implementation
  - Geneva won
- Path to profitability through revenue growth and cost improvements e.g. call centre and text costs

Period ended September

PayByPhone net revenue by geography



PayByPhone transaction volume 000

PayByPhone clients include:

Islington, Les Taxis Bleus 3609, Massachusetts Bay Transportation Authority, Vinci Park, City London, City of Westminster, Aberdeen City Council, City of Vancouver, Newcastle City Council, Haringey Council

Summary and outlook

Summary and outlook

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:

- Leverage and grow our retail business
  - retail network expansion
  - continued development of our retail services proposition
  - new clients, increase market share in existing clients
- e&m commerce increasing integration between internet and PayByPhone will enhance our capability and opportunity for profitable growth in fast growing markets
- Continued investment into the group payments platform to drive greater multi channel capability and efficiencies

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

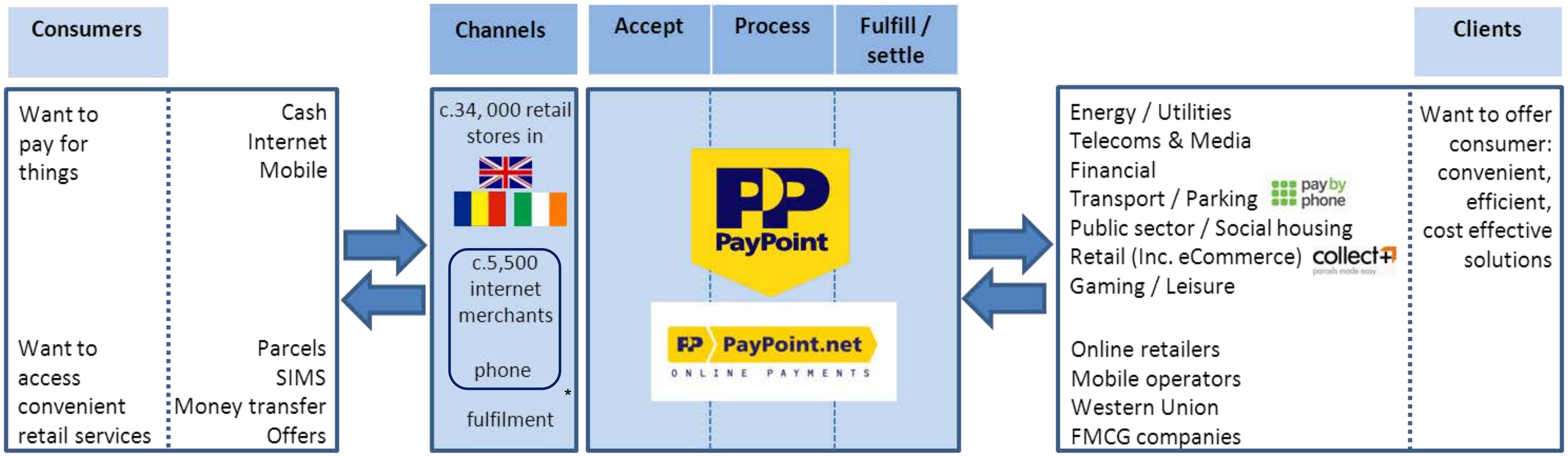
Appendix 1

The essence of what we do

Appendix 1

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



* e&m commerce

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

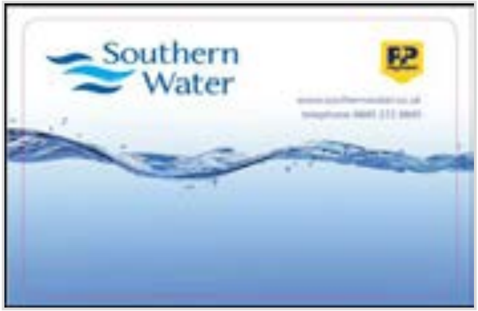
Materials to support the consumer transaction

UK Retail



Appendix 2

UK Retail: Client payment media



Appendix 2

UK Retail: Retail store

Appendix 2

UK Retail: Retailer external signage

Appendix 2

UK Retail: In store merchandising

Appendix 2

UK Retail: Terminals and ATMs

Appendix 2

UK Retail: Receipts

Transport Ticketing

Sample SPAR Tag

PayPoint 99999
Demo
Software
Receipt
BRITISH GAS HOME TRADING
Gas Payment Plan (GPP)
000005115
AMOUNT GBP 15.00
06:58 22/05/07 :
SN 023050001 TXN 3818
GAS PAYMENT PLAN (GPP)
PROVIDES THE FLEXIBILITY
TO SPREAD YOUR PAYMENTS.

E Top-up

PayPoint 20213
TEST 1
IN THE TESTROOM
UGC
ORANGE
PAY-AS-YOU-GO
8944129990323614957
17:36 03/06/04 :
SN 023050071 TXN 5258
PAYMENT SUCCESSFUL
CLIENT SITE PPOTP0020213
REF ETPPCC467842476
Please Dial 2345 to link
card with mobile phone
for use of credit

E Voucher

PayPoint 20213
TEST 1
IN THE TESTROOM
UGC
VODAFONE UK
PAYT TOPUP VOUCHER
9826134600801000009
AMOUNT GBP 5.00
17:16 03/06/04 :
SN 023050071 TXN 5247
VODAFONE
E-VOUCHER
SCHEME
Payment Successful
REF PEV155000247
PIN 240860572939
SN 000104161

Utility Payment

PayPoint 31906
TEST 3
3 THE TESTROOM
UGC
Severn Trent Water
Watercard Payment
303875999338
AMOUNT GBP 50.00
15:10 03/06/04 :
SN 023050050 TXN 5230
IF YOU HAVE DIFFICULTY
IN PAYING YOUR WATERBILL
PLEASE CALL 08457 500500

Appendix 2

UK Retail: PPOS virtual terminal

Appendix 3

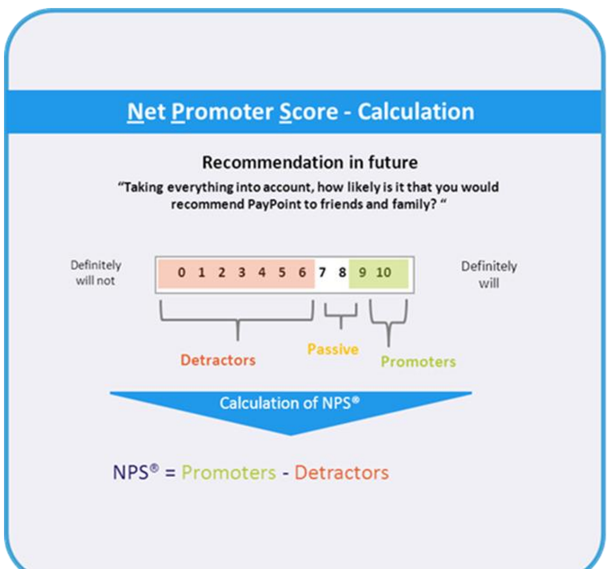
UK Retail consumer

Appendix 3

UK Retail consumer

- Almost 20% of UK adults have used a PayPoint UK Retail product or service in the last 12 months*
- Strong consumer advocacy
  - 98% customer satisfaction - very satisfied (86%) or satisfied (12%)**
  - High net promoter score of 71 (comparable to Apple and Virgin)*

*TNS Omnibus survey March 2013 ** IpsosMORI Customer Exit Poll December 2012



NPS® - Word of Mouth:

Promoters will talk positively about their (distributor) experience and will therefore be likely to recommend PayPoint to friends/relatives = GAIN of PROSPECTS

Detractors will not talk positively about their (distributor) experience, and could talk negatively ,thereby preventing friends/relatives from using PayPoint = LOSS OF PROSPECTS

Appendix 4

Materials to support the consumer transaction

PayByPhone

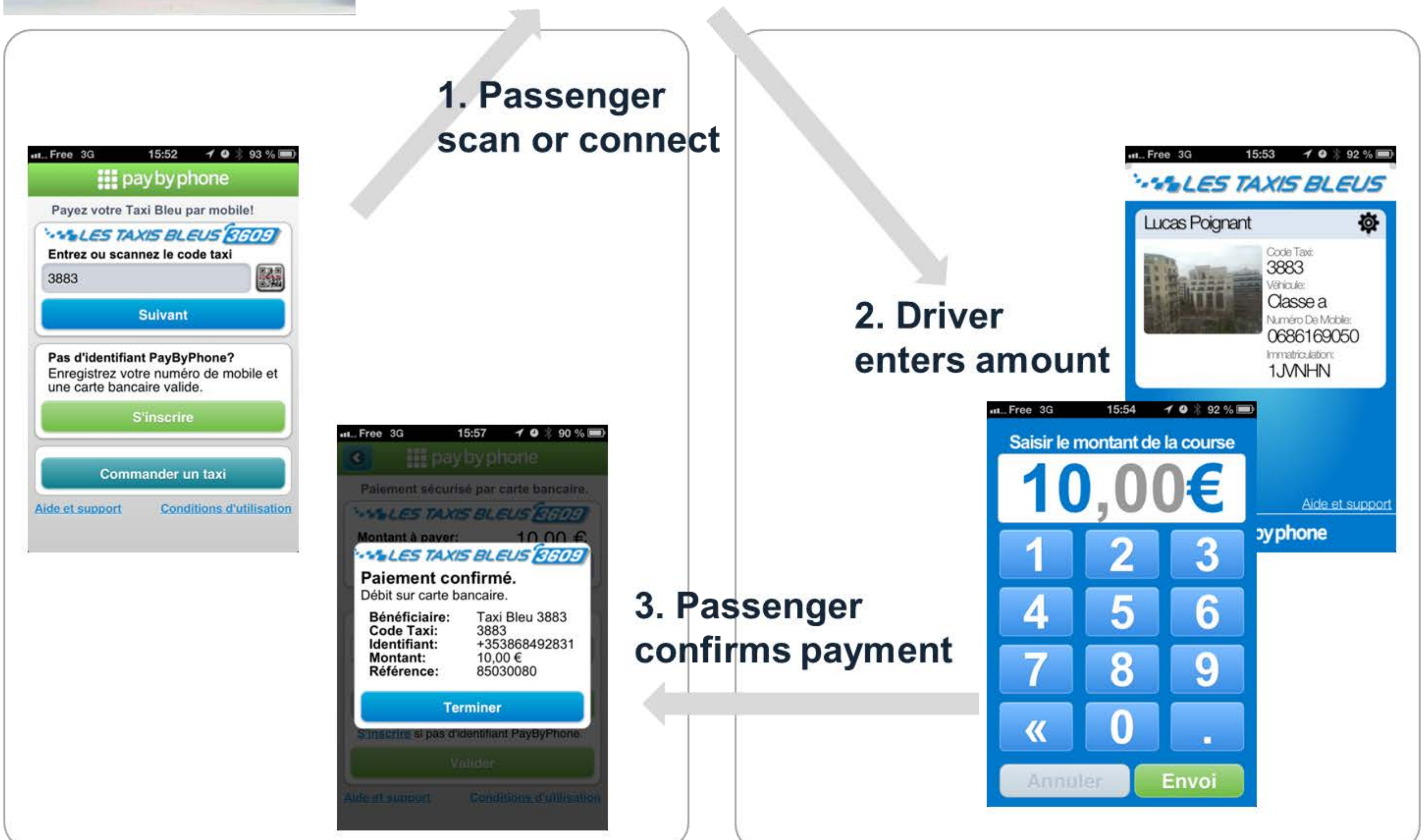


Appendix 4

PayByPhone: Parking payment: IVR, SMS, mobile web

Appendix 4

PayByPhone: Les Taxis Bleus



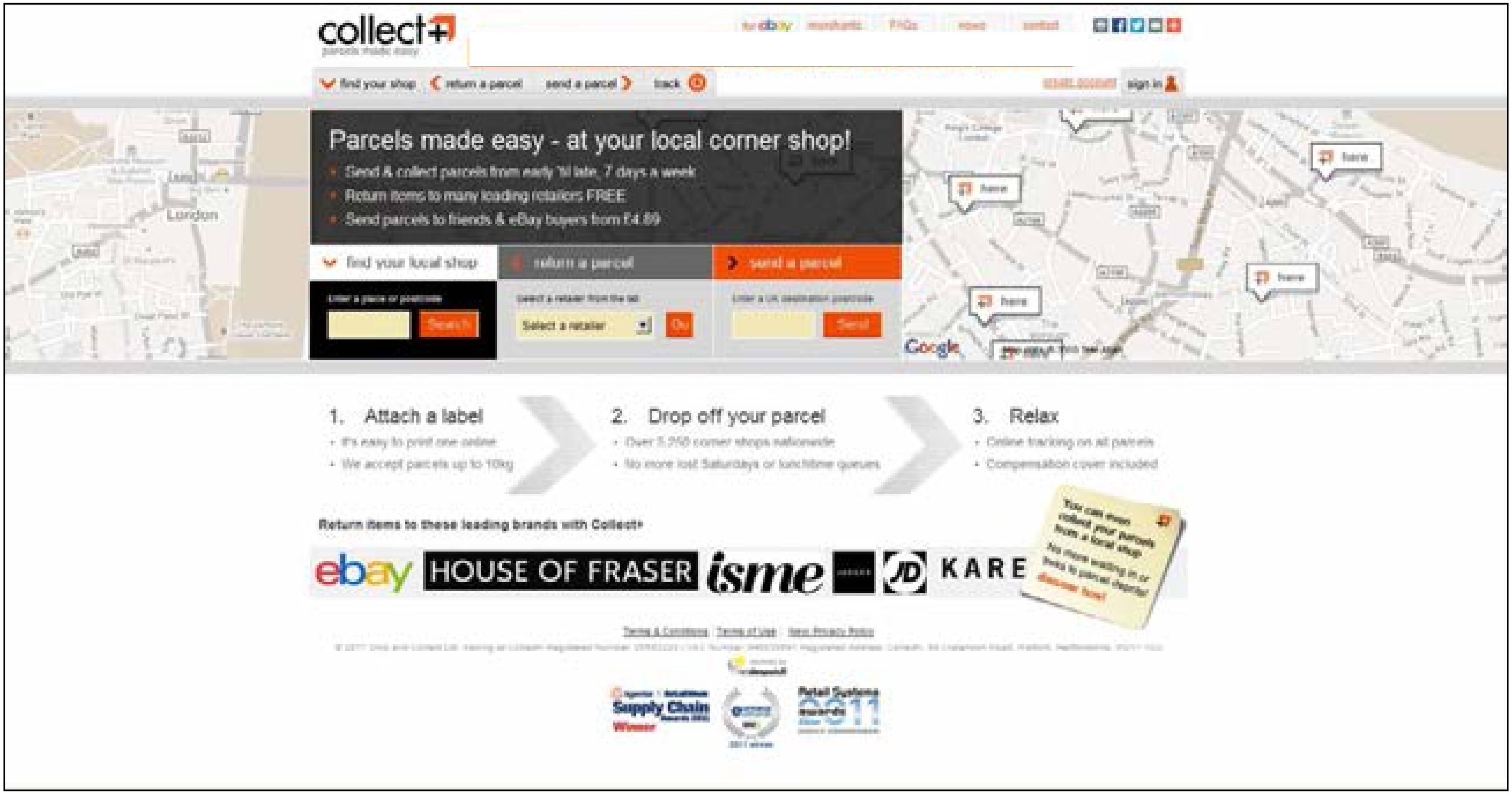
Appendix 5

Materials to support the consumer transaction

Collect+

Appendix 5

www.collectplus.co.uk

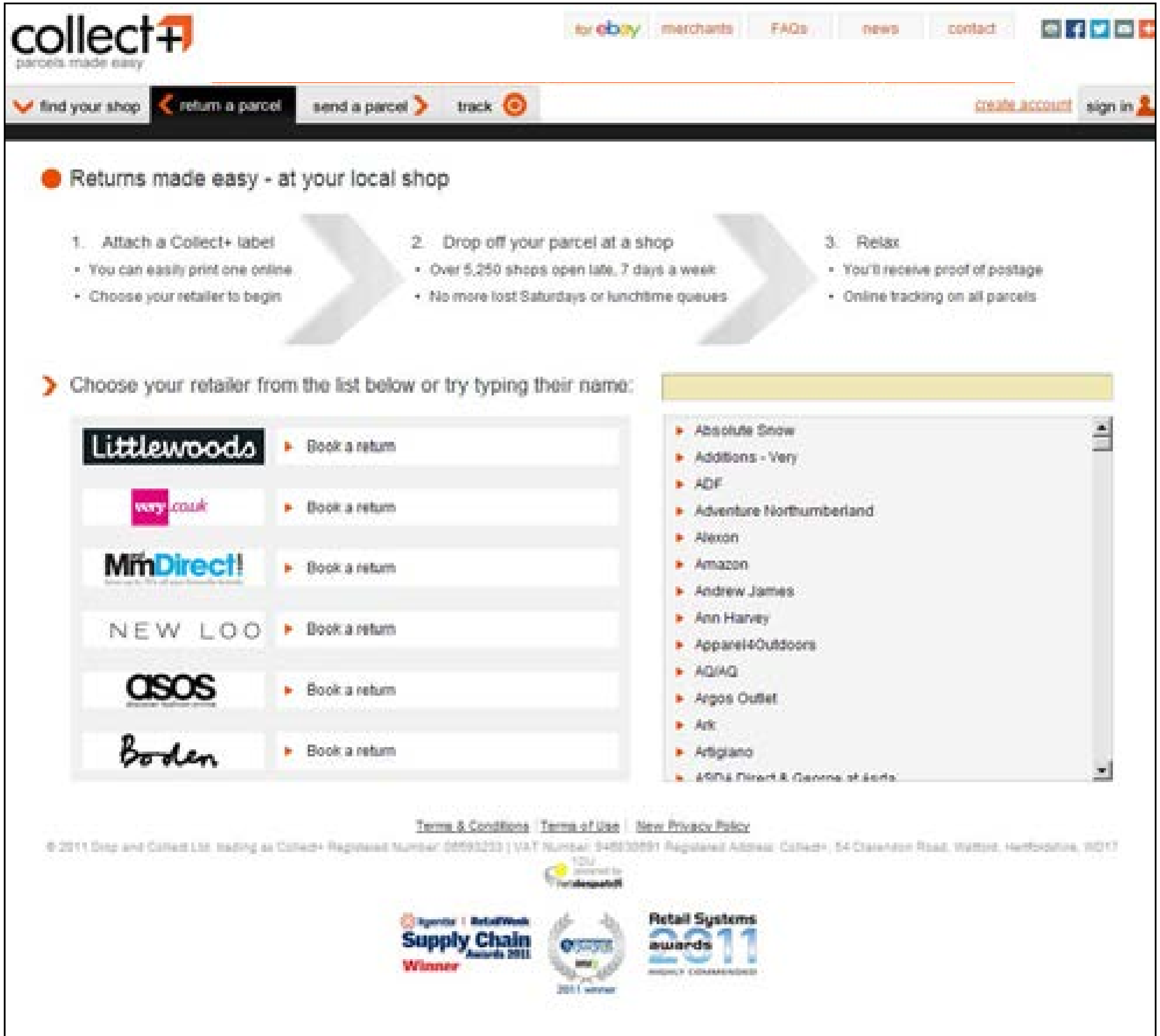


Appendix 5

www.collectplus.co.uk – Parcel delivery

Appendix 5

www.collectplus.co.uk – Parcel returns



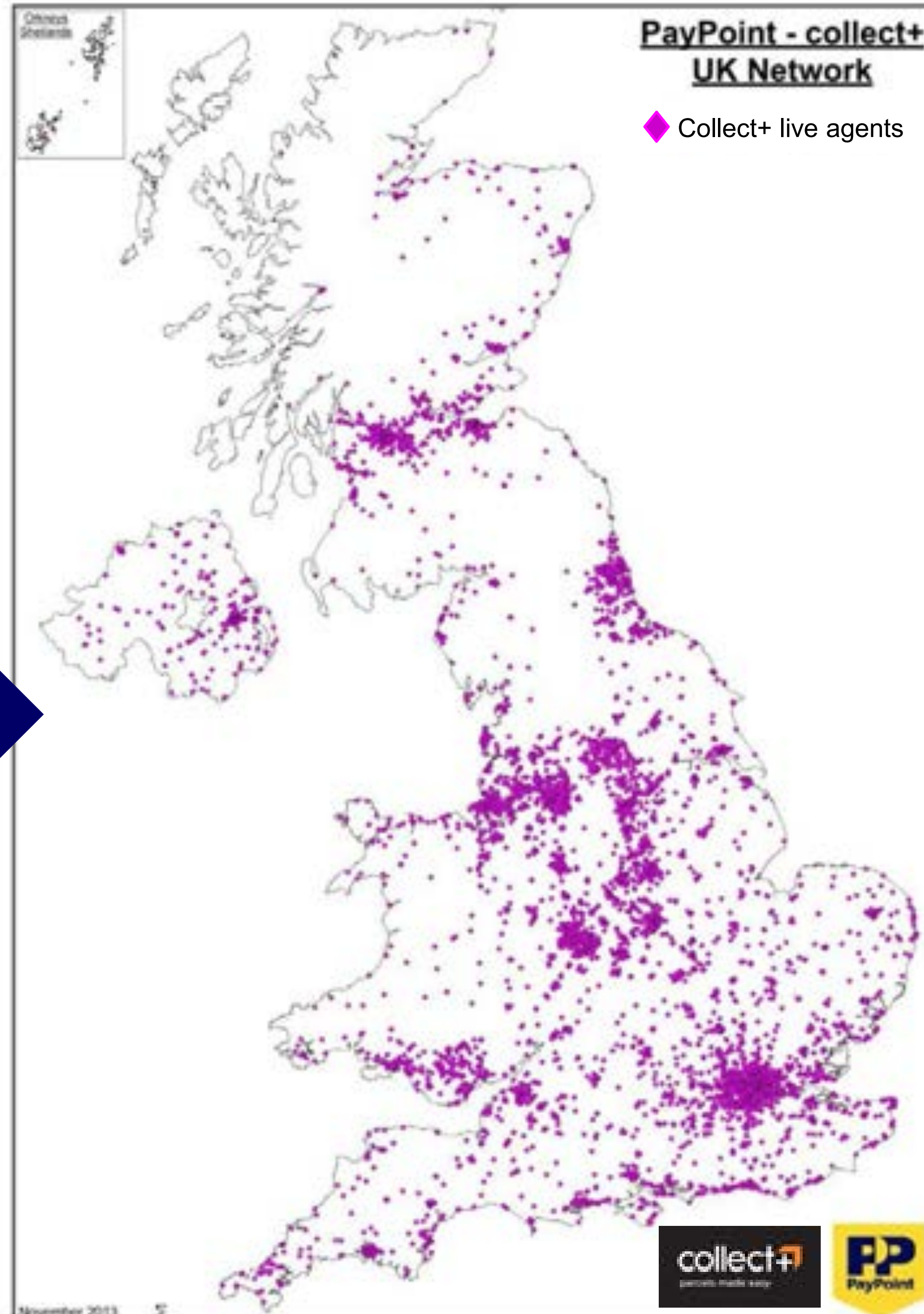
Collect+: Phone pick up barcode

Appendix 5

Collect+: UK Network

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

Over 5,500 locations live



Appendix 6

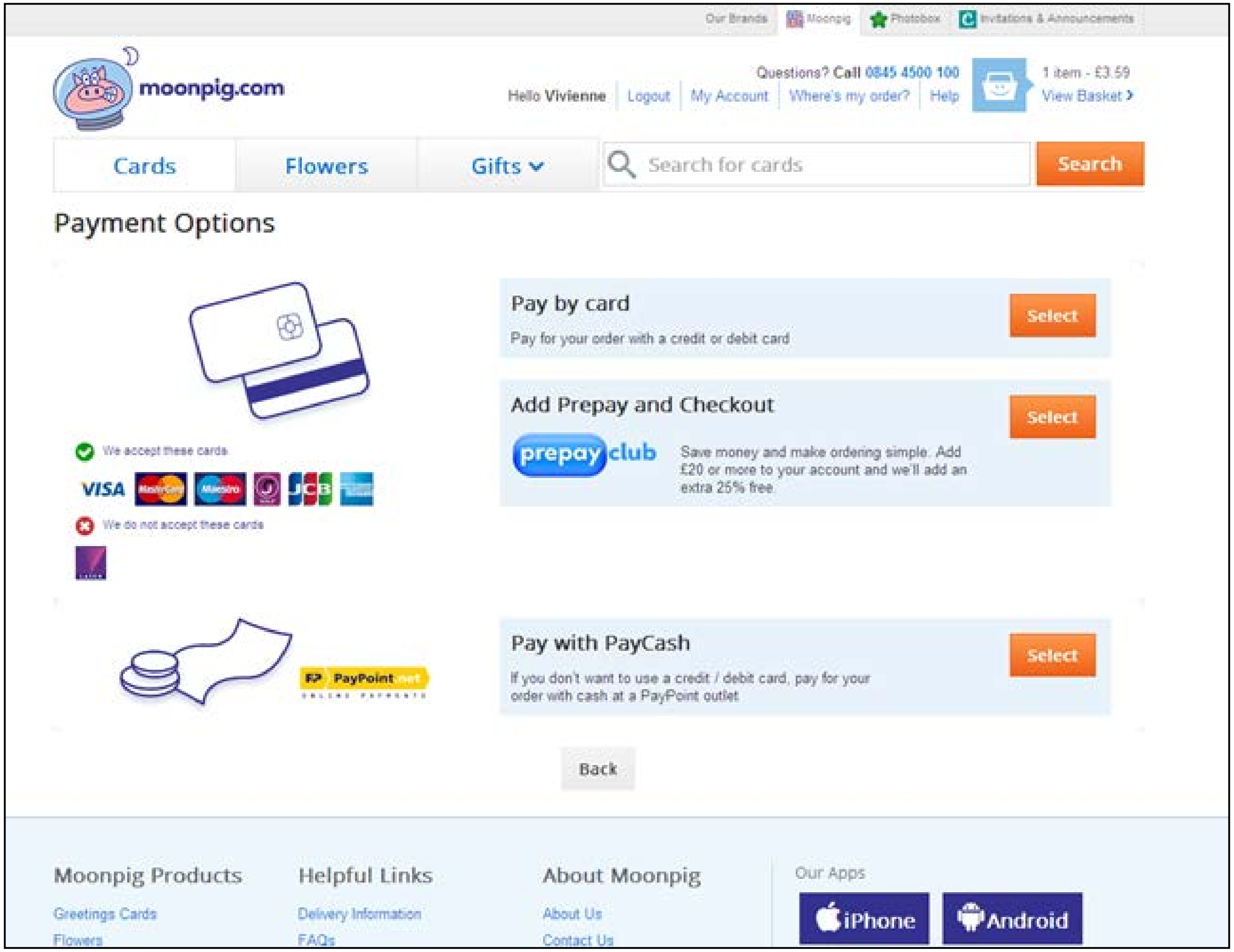
Materials to support the consumer transaction

PayCash



Appendix 6

PayCash – merchant's website



Appendix 6

PayCash – consumer voucher

Pay cash at PayPoint

Pay for your online purchase in cash at any one of nearly 20,000 PayPoint outlets across the UK!

moonpig.com

Thank you for your order, the details of which are as follows:

- Amount Payable: £10.76
- Order Number: ULWZR6

Please print out this invoice and take it to a PayPoint outlet. In the event that you are unable to print this invoice, please make a note of the 19 digit number below the barcode. When making payment, you must pay the full amount in order for your purchase to be confirmed.

To print this invoice, please click here.

Please note, to achieve same day despatch from Monday to Friday, we'll need confirmation of your cash payment from the PayPoint retailer by 2pm. It will take up to 15 minutes for the PayPoint system to confirm the payment to Moonpig. Therefore, please ensure you pay by cash at a PayPoint outlet by 1.45pm at the latest to have your order despatched on the same day.

Nearest PayPoint Outlet?

Over 95 per cent of all UK households are within one mile in urban areas or five miles in rural areas of the nearest PayPoint outlet.

To find your nearest outlet simply click here or visit www.paypoint.com/locator

9826 1645 0267 3384 851

£10.76

PayPoint.net ONLINE PAYMENTS

Pay cash at PayPoint: Your Order Invoice

Order ULWZR6
Expires on 05/06/2012

You can pay at any PayPoint outlet by taking this printed invoice and presenting it to the cashier. Your goods will be dispatched by the merchant once payment has been cleared. If you require any further assistance regarding this order, please contact the merchant.

Agent instructions: Take the customer's cash and scan the barcode on this invoice. If the barcode will not scan, type in the 19 digit code beneath the barcode and select 2=Barcode on the touch screen. Type in the invoice amount and press Enter. Select Confirm and hand the customer back their invoice and the PayPoint receipt.