

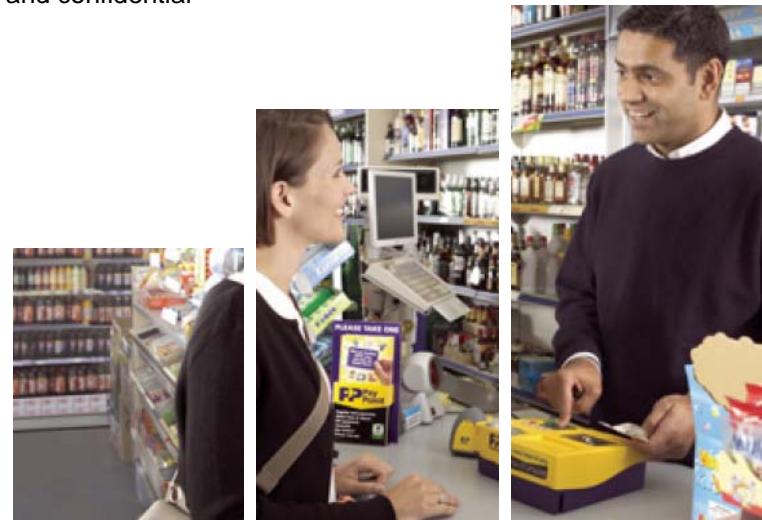


PayPoint plc

Interim Results Presentation

20 November 2008

Strictly private and confidential





Agenda

- Highlights and operations review
- Financial review
- Summary
- Q&A
- Closing



Highlights and operations review

Dominic Taylor
Chief Executive



PayPoint overview

- Strong half year's performance, driven by a combination of steady revenue growth (8%)* and operational gearing (40% operating margin)
- Results driven through implementation of PayPoint's core business strategy, namely:
 - broadening our customer proposition by increasing the range and volume of payments across our network
 - growing and optimising our network coverage

* On a like-for-like basis which adjusts the comparative period to 26 weeks



PayPoint overview

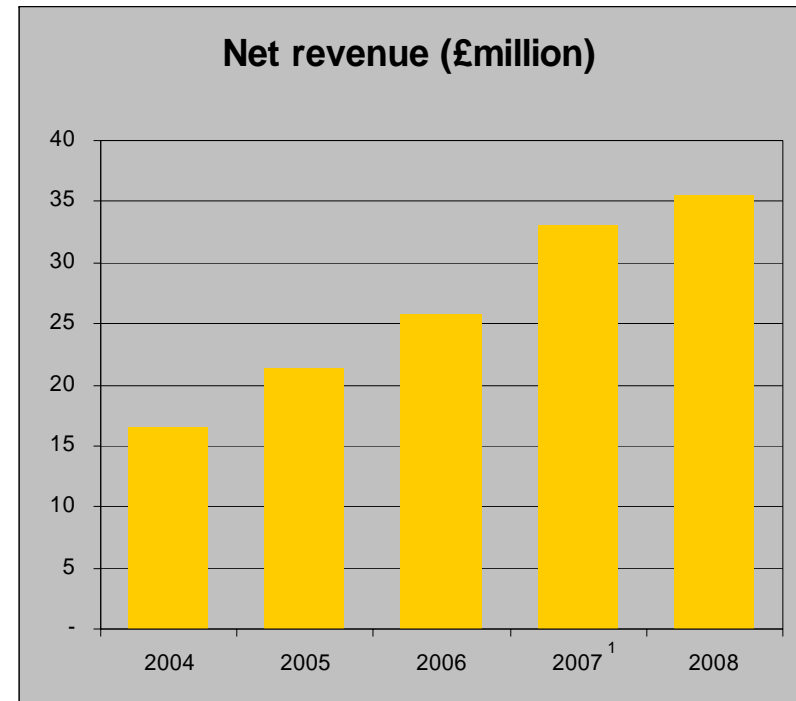
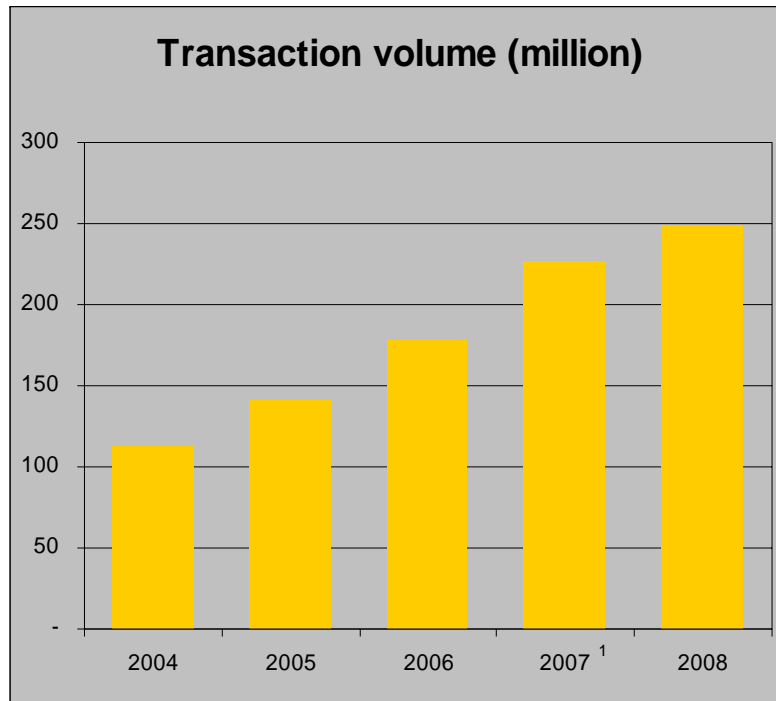
Our investment in the business continues

- Two internet companies integrated successfully as a single business, PayPoint.net
- Launched bill payment in Romania
- Increase in all sites
 - Terminal estate in the UK and Ireland increased by 9%
 - Romania terminal estate increased by 31% with 1,200 bill payment branded PayPoint terminals
 - ATM estate grown by 11%
 - Internet merchants increased by 12%



PayPoint highlights

For the six months ended September each period

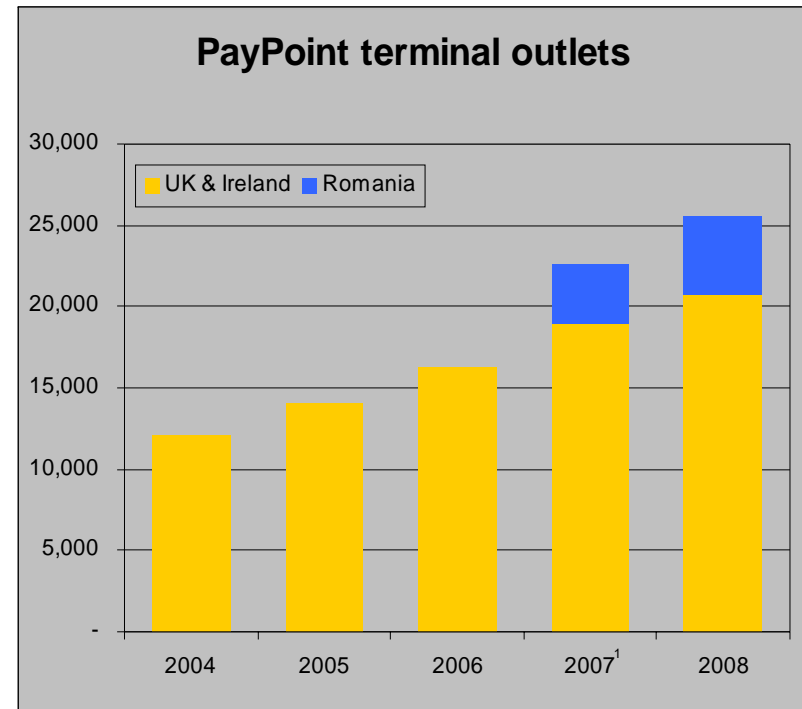
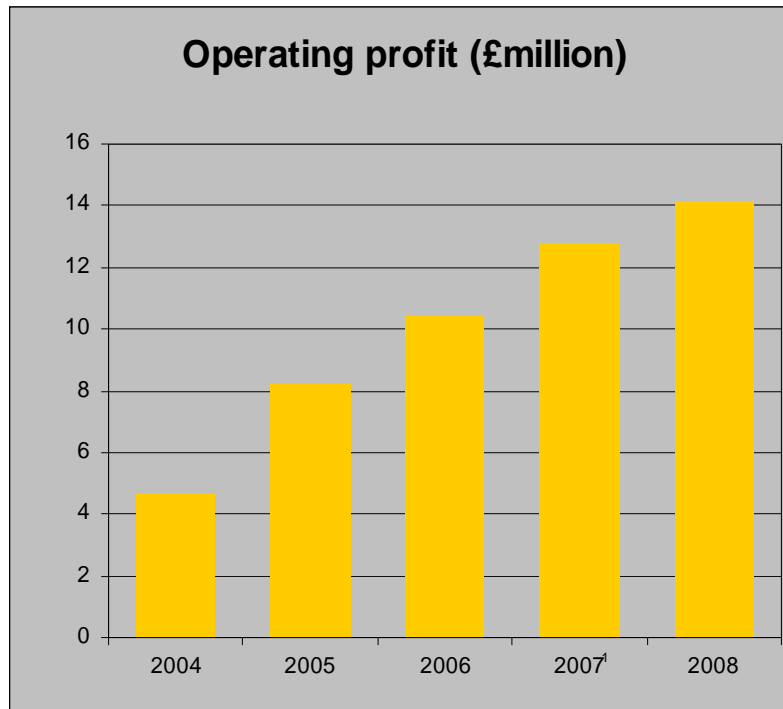


¹The comparative figures for 2007 have been adjusted to 26 weeks



PayPoint highlights

For the six months ended September each period



¹The comparative figures for 2007 have been adjusted to 26 weeks



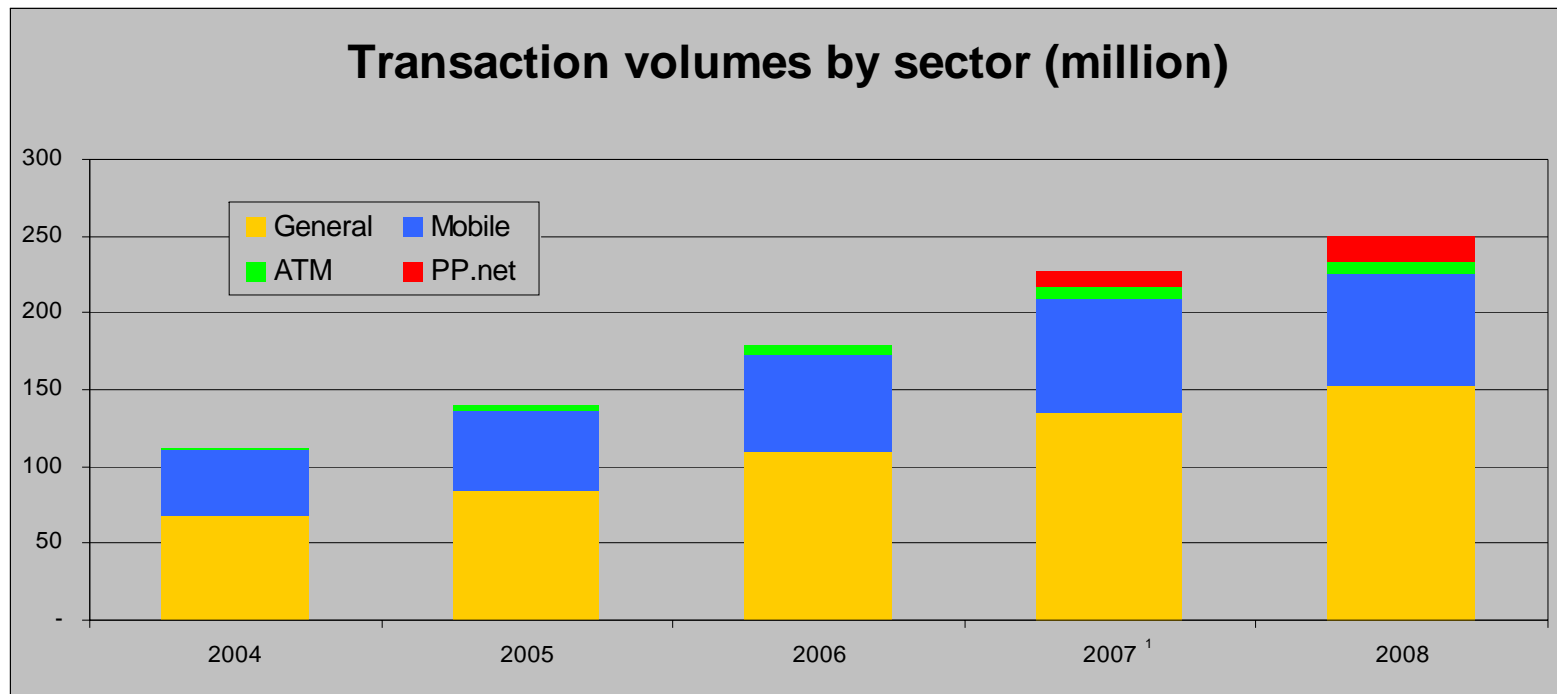
Trading in today's economic climate

- PayPoint's business model is one that ...
 - is based on recurring revenue streams
 - drives strong retail and client loyalty
 - is differentiated through a broad product offering
 - drives good operational gearing and cashflows
- Majority of PayPoint transactions relate to non discretionary spend
- In a slowing economy consumers likely to ...
 - make smaller payments more frequently
 - use cash over credit
 - use prepay products



Operations review

For the six months ended September each period



¹The comparative figures for 2007 have been adjusted to 26 weeks

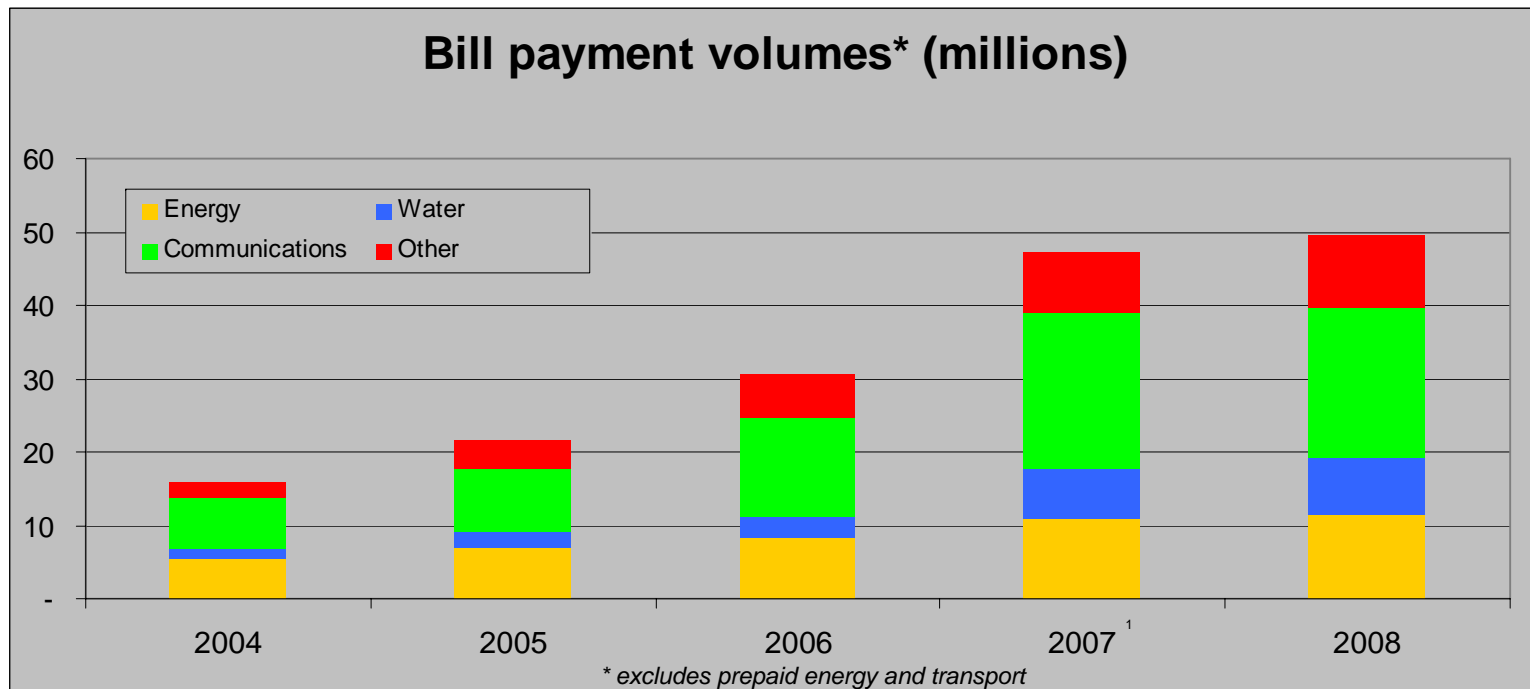


Bill and general payments

- Improved coverage, high quality of the retail network and signage/brand awareness are increasing share
- Increases in domestic gas and electric prices have helped prepaid energy volumes grow by 13% on a like for like basis
- Continued growth as E.ON and British Gas roll out key meters
- Good growth in water bill payment (up 14%) and Local Authorities (up 20 %)
- Preferred choice for new schemes e.g. PrePay cards, Football Pools



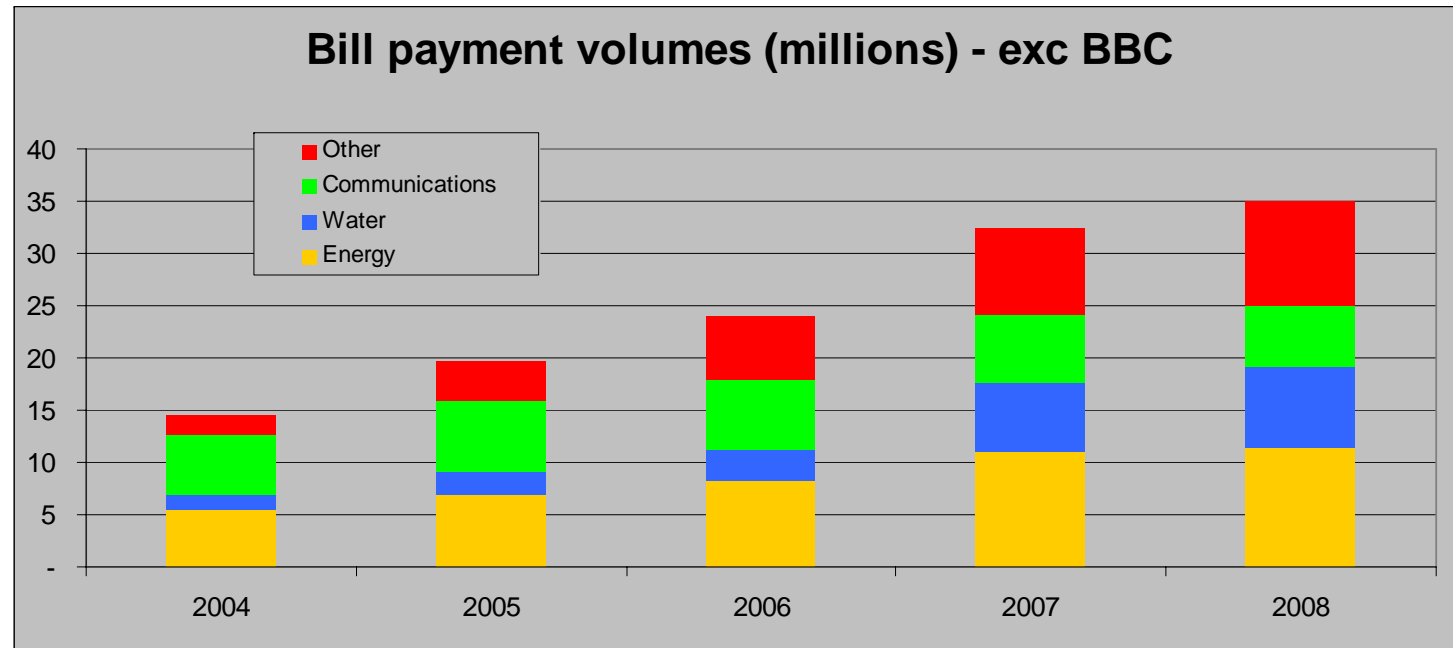
Bill and general payments ...



¹The comparative figures for 2007 have been adjusted to 26 weeks



Bill and general payments ...



¹The comparative figures for 2007 have been adjusted to 26 weeks



Mobile payments

- UK volumes down overall (c.2%) with evidence of reduced consumer spending and networks offering more free airtime
- PayPoint UK volumes are down 1% on a like-for-like basis lower than the market decrease as we have installed nearly 900 extra terminals but revenue is up by 3% on a like-for-like basis
- PayPoint UK volume growth
 - driven by more terminals - increased awareness/visibility
 - sector share 32% (excludes Cr/Dr)
 - several new smaller MVNO clients e.g Lebara
- PayPoint in Romania – volumes up 8%, despite a delay in launching Cosmote (3rd largest mobile operator) on the new PayPoint branded terminals

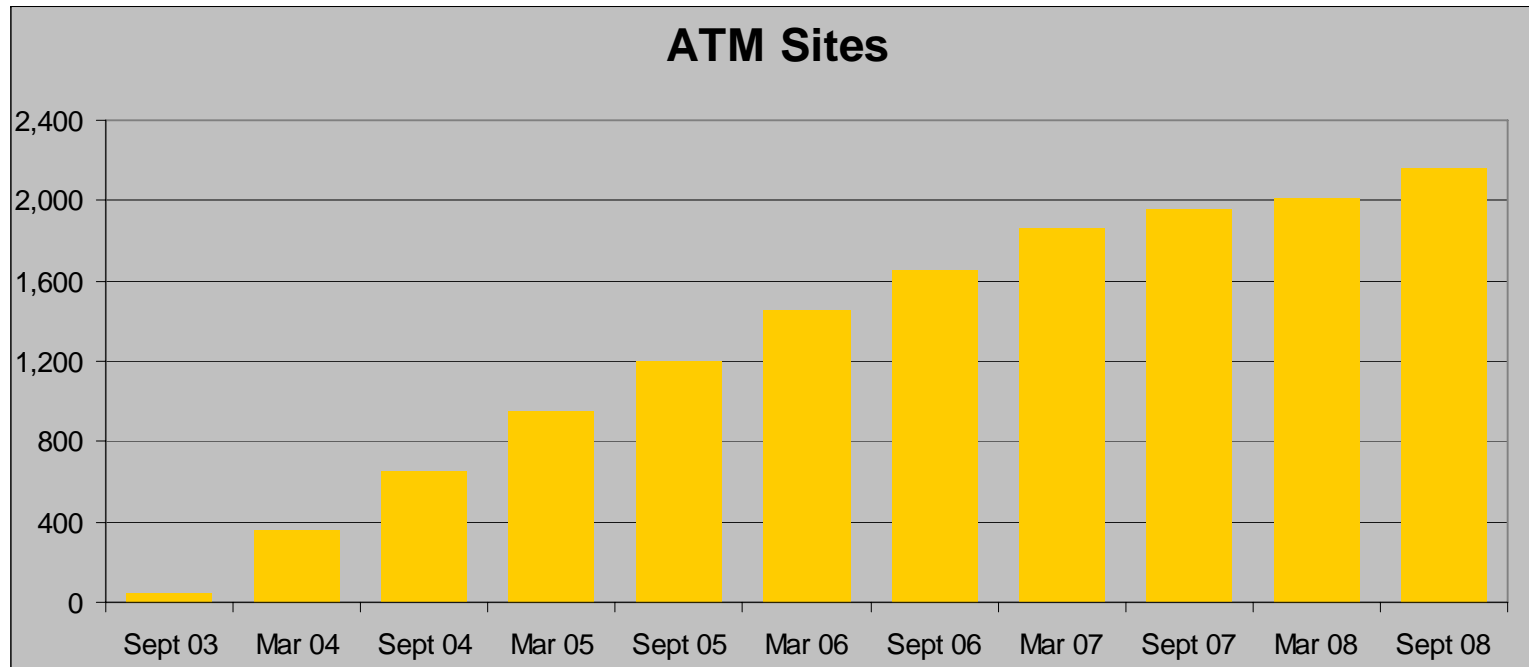


ATMs

- Surcharge self replenishment model remains successful – low fixed costs
- Installed 238 new sites in the first six months, net increase 149 (25 per month), to achieve a network size of 2,165
- Decrease of 2% in the number of transactions processed by self-fill independent ATM deployers
- Our transactions flat as we have rolled out further ATMs, however transaction per ATM have fallen to 568 per month



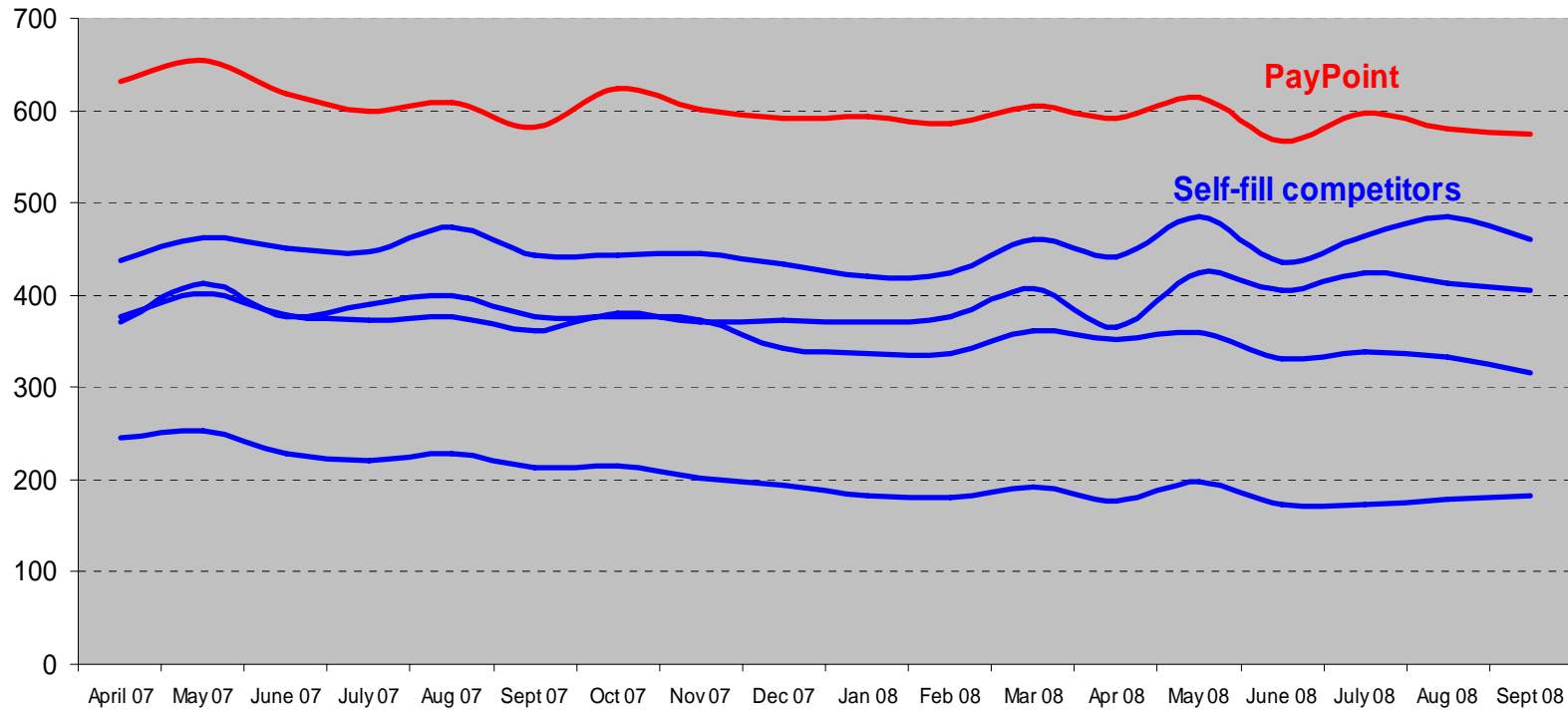
ATMs ...





ATMs

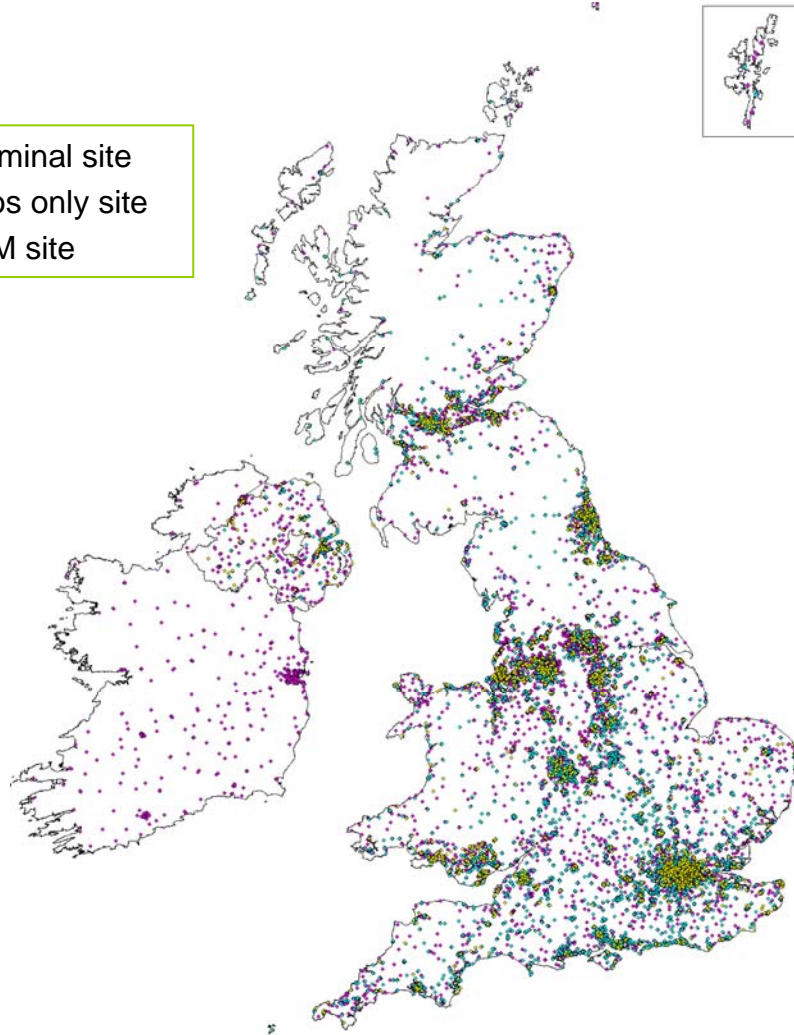
Average Monthly Transactions by Independent ATM Deployer Self-Fill Model





Retail (UK & Ireland)

- ◆ Terminal site
- ◆ Epos only site
- ◆ ATM site



- 20,772 PayPoint terminal outlets (September 2008)
- Rolled out over 1,518 (net 894) agents in 6 months
- Continuing to rollout agents to 21,350 target by year end
- Continued strong demand with churn remaining at 6%pa



PayPoint's value to retailers

- Bill pay consumers visit store >25% more frequently than normal shoppers
- 82% retailers believe footfall benefit is either 'very good' or 'fairly good'
- Bill pay consumer spends 172% more per week than normal shopper (excluding bill value)
- PayPoint facility increases instore spend across each category by approx. 10%

Source: Harris International Marketing (him!) convenience store tracking research on shoppers and shopping, May 2008 - >30k shopper interviews; 4.5k staff interviews



Romania



- All transactions now processed on UK host
- Relationships with all mobile operators – leading migration from scratch to electronic
- Bill Payment launched with four founding clients in August
- Second phase of four clients to go live this year
- Continued investment and knowledge transfer
 - increased retail sales force
 - optimisation of existing PayStore network
 - additional 800 bill pay sites this financial year (2,000 total)
- Expect Romania to be profitable next financial year



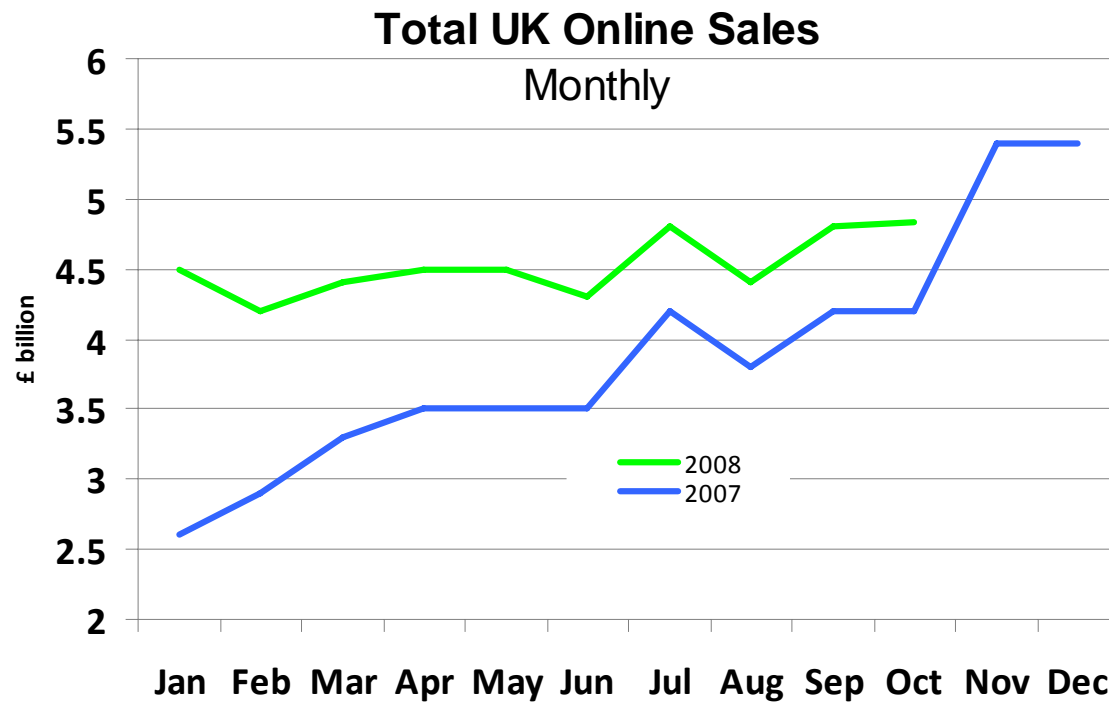
PayPoint in Romania





PayPoint.net (Internet payments)

- Business now trading as one company in a growing market



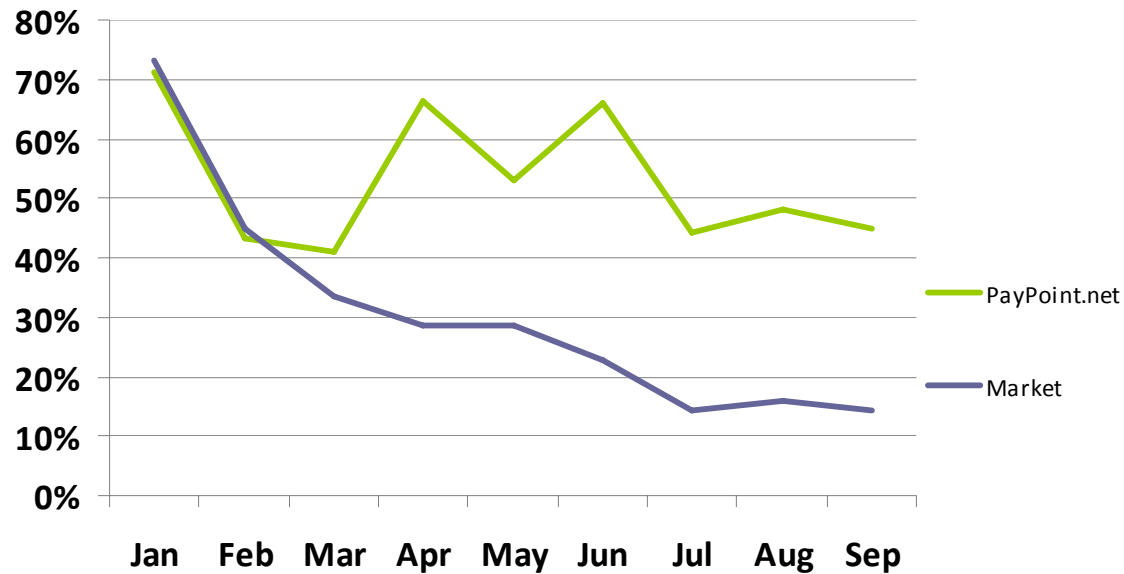
Source IMRG/Cap Gemini



PayPoint.net

- Transactions up 46% as 303 new merchants added
- Cross sell internet business to PayPoint's existing clients

Monthly growth rates
% growth in on-line sales 08 v 07



Source IMRG/Cap Gemini/PayPoint

- New tenders drawing on combined cash and web payment offers
- PayCash now launched allowing internet customers to pay in cash at PayPoint agents



PayCash – merchant's website

Pink Corsage: Silk Wedding... x
http://www.pinkcorsage.co.uk/checkout_payment.php
World business, finan... Other bookmarks

Pink Corsage

HOME | ABOUT US | CONTACT US | CHECKOUT

Wedding Bouquets
Corsages
Wrist Corsage
Hair Corsages
Buttonholes
Flower Table Decorators
Wedding Cake Toppers
Tiaras
Hair Accessories
Wedding Gifts
Wedding Accessories
Flower Cage
Scented Candles
Handmade Soap

Terms & Conditions
Shipping & Returns
Links

Search
OK

Payment Information


Billing Address
Please choose from your address book where you would like the invoice to be sent to.
Change Address

Billing Address: Alessandro Hatami
24 Walpole Street
London, SW3 4QS
London, United Kingdom

Payment Method
Please select the preferred payment method to use on this order.
Please Select

Credit/Debit Card (via PayPal)

Pay cash at PayPoint

 Pay for your purchase at any one of our nationwide PayPoint stores
Click here for our Store Locator

Credit/Debit Card

Add Comments About Your Order

Continue Checkout Procedure to confirm this order. **Continue**

Delivery Information | **Payment Information** | Confirmation | Finished



PayCash – consumer voucher

Your order invoice

Thank you for your order. Please print off this invoice and take it to a PayPoint retailer. In the event of you not being able to print this off then make a note of the 19 digit number below the barcode now. When making payment, you must pay the full amount shown in order for your order to be dispatched.

Amount payable: **£41.15**

Order Number: **ZynC7B1WBoeB9dEtf07IRKQKnHpl0Jsl**



Pay cash at PayPoint



9826 1645 0165 7915 599

£41.15

£41.15

Expires on: 26/11/2008

You can pay at any PayPoint outlet by taking your printed invoice and presenting it to the cashier. You can find your nearest payment outlet at

<http://www.paypoint.co.uk/locator.htm>

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.



Cashier 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.



Continued differentiation

- Maintain leadership in retail point of sale technology
 - most advanced terminal
 - enhanced Epos integration
 - broadband opportunity
 - contactless payment devices
- Strength of branded retail network a key asset in driving new products
- Internet differentiation centres on cross synergies
 - Leveraging client base
 - Development of PayCash
 - Technical synergies



Financial review

George Earle
Finance Director



Volume driven top line growth

£000s	H1 08/09	H1 07/08		% increase	like for like % increase
Revenue	109,341	103,950		5%	9%
Cost of sales	<u>80,931</u>	<u>76,645</u>		6%	9%
Gross profit	<u>28,410</u>	<u>27,305</u>		4%	9%
Margin	26%	26%			
Margin excluding top-ups as principal	36%	35%			



Volume growth

£000s	H1 08/09	H1 07/08		% increase
Revenue	109,341	103,950	▲	5%
Cost of sales	<u>80,931</u>	<u>76,645</u>	▲	6%
Gross profit	<u>28,410</u>	<u>27,305</u>	▲	4%
Margin	26%	26%		

Revenue	£000s
H1 06/07	103,950
Volume	4,577
Mix/price	(277)
PP.net and Pay Store	524
Other	567
H1 07/08	<u>109,341</u>



Cost of sales

£000s	H1 08/09	H1 07/08		% increase
Revenue	109,341	103,950	▲	5%
Cost of sales	<u>80,931</u>	<u>76,645</u>	▲	6%
Gross profit	<u>28,410</u>	<u>27,305</u>	▲	4%
Margin	26%	26%		

Cost of sales	H1 08/09	H1 07/08
	£000s	£000s
Commissions paid	41,235	41,463
Depreciation/amortisation	3,171	2,643
Mobile top-ups as principal	30,749	26,688
Acquiring bank charges	1,797	1,618
Other	<u>3,979</u>	<u>4,233</u>
	<u>80,931</u>	<u>76,645</u>



Operational gearing remains strong

£000s	H1 08/09	H1 07/08		% increase	like for like % increase
Net revenue	35,561	34,181	▲	4%	8%
Operating profit	14,166	13,946	▲	2%	11%
<i>Operating margin</i>	<i>40%</i>	<i>41%</i>	▼	-1ppts	
Interest	1,138	543	▲		
Profit before tax	15,304	14,489	▲	6%	15%
Tax	(4,475)	(4,353)	▲		
Profit after tax	10,829	10,136	▲	7%	



Operating costs under control

£000s	H1 08/09	H1 07/08		% increase
Net revenue	35,561	34,181	▲	4%
Operating profit	14,166	13,946	▲	2%
Interest	<u>1,138</u>	<u>543</u>	▲	
Profit before tax	15,304	14,489	▲	6%
Tax	<u>(4,475)</u>	<u>(4,353)</u>	▲	
Profit after tax	10,829	10,136	▲	7%

Operating profit	£000s
H1 07/08	13,946
Increase in gross profit	1,105
Staff costs	(318)
Other costs	(567)
H1 08/09	<u>14,166</u>



Strong cash flow

Six months to 30 September	2008	2007
	£000s	£000s
Operating cash flow before movements in working capital	17,756	16,666
Change in working capital [#]	<u>660</u>	<u>(2,465)</u>
Operating cash flow	18,416	14,201
Capital expenditure	(2,097)	(1,801)
Net investment income	1,016	549
Corporation tax paid	<u>(5,074)</u>	<u>(3,732)</u>
Cash flow before dividends	<u>12,261</u>	<u>9,217</u>

[#] Working capital excludes creditors in respect of client cash



Net cash of £28m

Six months to 30 September	2008
	£000s
Net cash at start (including client cash* £8.0 million)	27,727
Cash inflow	12,261
Dividends	(7,024)
Acquisition of Pay Store	(2,109)
Purchase of own shares	(2,489)
Other	(142)
	<hr/>
Net cash at end (including client cash* £8.0 million)	<u>28,224</u>

* Client cash is cash to which PayPoint has legal title, but for which an equal amount is included in creditors



Summary & outlook

- Robust business model with recurring revenues
- Core business continues to deliver strong profitable growth through implementation of strategy
- Romania terminal rollout to continue as platform for growth in mobile top ups and bill payments
- PayPoint.net focused on growth, enhanced by the launch of PayCash
- Second half trading has been in line with company's expectations
- Confident of continuing growth



Q & A



Appendix 1

Materials to support the consumer transaction



Appendix 1

Client payment media



Telewest

At this late stage it is advisable to make your payment only by Debit / Credit Card or through a Pay Point outlet - further details are on the reverse of this bill.

If you are experiencing problems paying your bill, please call us immediately

Page 1 of 2

GIROBILL

bank giro credit **ABC**

Reference (customer number) 337911903001

Credit account number 125 0205

Amount due (standard fee payable at PO counter) £ 47.97

By transfer from Alliance & Leicester / Giro account number

Cashier's stamp and initials

Signature

Date

3790100008
Mr & Mrs Dean
222 Longheath Gardens
Croydon Cro 7Tt

BARCLAYS BANK PLC
AUTOMATED BULK
CREDIT CLEARING
TELEWEST COMMUNICATIONS
(LONDON SOUTH) LTD
30/02/04

Items

Fee

20-13-42

Please do not write or mark below this line and do not fold the payment slip

BILL

Following methods:

T/ DEBIT CARD

Pay your bill by Mastercard (Eurocard), Visa, or any other card accepted by the bank. Please refer to the back of the bill for details. If you are paying by card, please quote your card number and card details. If paying by cheque, please quote your account number and card details. If you are paying by cheque, please quote your account number and card details. If you are paying by cheque, please quote your account number and card details.

DIFFICULTIES

If you are experiencing problems paying your bill, please call us immediately. Please quote your account number as shown on the bill.

SERVICES DEPARTMENT

Customer Services are available to take your call 8.30am to 8.30pm Monday - Friday and 8.30am - 5.30pm Saturday and Sunday. Staff are available to deal with any queries or problems you may have. Simply call us on 150.

Any correspondence should be sent to the following address and

of your cheque or postal order. Cheques should be made payable to: **Telewest Communications** and sent in the envelope provided together with your payment slip to the following address: **Telewest Communications, P.O.Box 10103, London E1 8TW**



Appendix 1

Retailer external signage





Appendix 1 POS merchandising





Appendix 1

Terminals and ATMs





Appendix 1

Terminal receipts

ARRIVA

WEEKLY

Valid for 7 days from the date of purchase, throughout the Arriva Scotland West network. It cannot be used for return journeys.

Buy your weekly ticket from your mobile bus station or your friend or at selected Arriva agents.

Students require to show a valid identification card at time of purchase to claim concession.

Unlimited travel - week long valid.

Day and 4 weekly travel on all routes.

12.50

5164

ET

T ON

AVEL T AND

IT CALL

L

FOR THE TIMES VISIT www.arriva.co.uk OR CALL 0870 608 2 608

To make a complaint call 0870 20 10 00

Tickets are valid from your best PayPoint agent.

WEEKLY

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.

50p off **SPAR** Gourmet Ready Meals

Present this coupon at the till when buying a SPAR Gourmet Ready Meal in any Tates store in London to receive your 50p discount.

Transport Ticketing

E-TopUp

PayPoint 20213

TEST 1

IN THE TESTROOM

UGC

ORANGE

PAY-AS-YOU-GO

6944128990323614957

17:38 03/06/04

SN 023050071 TXN 5258

PAYMENT SUCCESSFUL

CLIENT SITE PPOTF0020213

REF ETPPCC467842476

Please Dial 2345 to link card with mobile phone for use of credit.

Utility Payment

PayPoint 31906

TEST 3

3 THE TESTROOM

UGC

Severn Trent Water

Watercard Payment

303675999338

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

E Voucher

PayPoint 20213

TEST 1

IN THE TESTROOM

UGC

VODAFONE UK

PAYT TOPUP VOUCHER

9826134608801000009

AMOUNT GBP 5.00

17:16 03/06/04

SN 023050071 TXN 5247

VODAFONE E-VOUCHER SCHEME

Payment Successful

REF PEV155000247

PIN 240860572939

SN 880104161



Appendix 1

PSP transaction flow

