



**PayPoint**

**Keeping modern life  
moving**



# **Results for the year ended 31 March 2016**

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**Focus on multi-channel payments and services where we have retail networks**

# We said we would...*continued*

1. Sell Online 
2. Sell Mobile 
3. Resolve future of Collect+ 
4. Restructure/business reorganisation 
5. Develop next generation retail systems 
6. Pilot MultiPay 
7. Continue investment in retail growth 
8. International 

**Progress in line with strategy**





# Financial review

# Results in line with expectations excluding impairment

6

Year ended 31 March	2015	2016
	£m	£m
Net revenue <sup>1</sup>	123.1	123.6
Other cost of sales	(18.0)	(17.6)
Administrative costs	(56.9)	(55.7)
Share of Collect+ JV	1.3	(0.2)
Operating profit before impairments and disposals <sup>2</sup>	49.5	50.1
Impairments and profit on disposal	-	(42.0)
Net finance income	0.1	0.1
Profit before tax	49.6	8.2
Tax	(10.4)	(10.2)
Adjusted earnings per share <sup>3</sup>	57.4p	58.4p
Dividend per share	38.5p	42.4p
Disposal proceeds dividend per share		21.0p

1. Net revenue is revenue less the cost of mobile top-ups (where PayPoint is principal), SIM cards and other costs incurred by PayPoint, which are recharged to client and merchants. These other costs include retail agent commission, card payment merchant service charges and costs for the provision of call centre for PayByPhone.

2. Profit before impairments and disposals includes our share of joint venture results

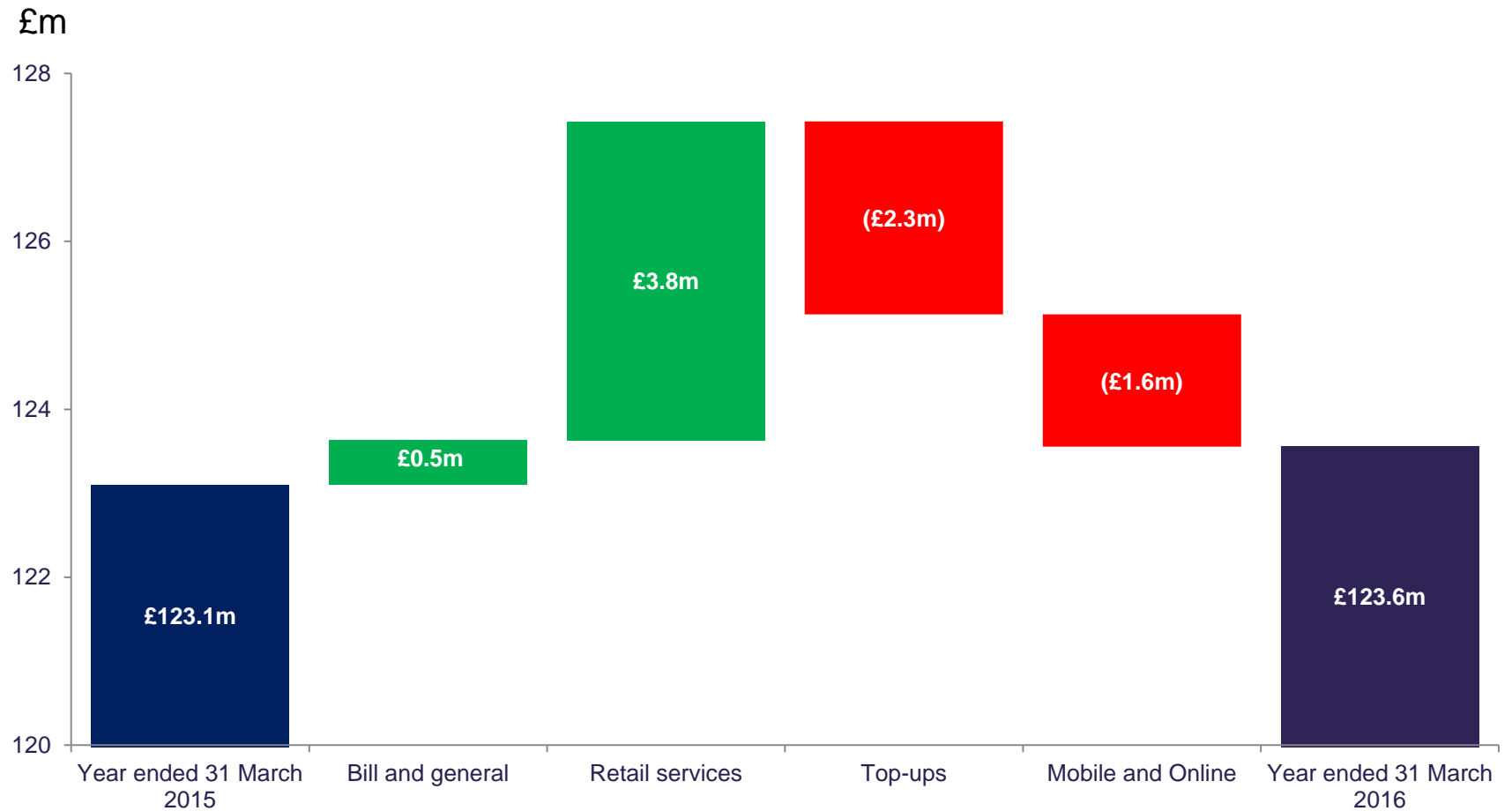
3. Adjusted earnings per share excludes impairments of £49.0m and profit on disposal of the online payments business of £7.0m

# Results excluding Mobile and Online

<b>Year ended 31 March</b>	<b>2015</b>	<b>2016</b>
	£m	£m
Net revenue	108.6	110.7
Other cost of sales	16.1	16.0
Administrative costs	41.9	41.9
Operating profit <sup>1</sup>	50.6	52.8

1. Excluding impairment, profit on sale of Online and share of Collect+

# Net revenue





# Impairment and sale of Online

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- Online impairment

At half year no reliable offer greater than book value. Therefore, wrote off goodwill of £18.2m

- Online sale

Sold 8 January 2016 for £14.4m, costs £2.1m, net assets £5.3m, profit £7.0m

- Mobile impairment

Similar to Online at half year, interested parties have not completed due diligence or negotiation. No indicative offers greater than the carrying value. We have written off the goodwill of £30.8m

- Total charge to profit and loss £42m

(Online £18.2m – £7.0m + Mobile £30.8m)

# Cash generation and use

Year ended 31 March	2015	2016
	£m	£m
<b>Operating cash flows</b>	<b>56.3</b>	<b>57.1</b>
Working capital	(2.7)	11.8
<b>Cash generated by operations</b>	<b>53.6</b>	<b>68.9</b>
Tax paid	(8.7)	(9.9)
<b>Net cash inflow from operating activities</b>	<b>44.9</b>	<b>59.0</b>
Capital and other expenditure	(9.9)	(8.1)
Net proceeds from disposal of online payments business <sup>1</sup>	-	12.0
<b>Net cash (used in) / generated by investing activities</b>	<b>(9.9)</b>	<b>3.9</b>
Cash settled share based remuneration	(2.9)	(0.6)
Equity dividends:	(24.7)	(27.4)
<b>Net cash used in financing activities</b>	<b>(27.6)</b>	<b>(28.0)</b>
Net increase in cash	7.4	34.9
Cash at beginning of year	41.6	47.2
Effects of foreign exchange rate changes	(1.8)	1.1
<b>Cash at end of year<sup>2</sup></b>	<b>47.2</b>	<b>83.2</b>

1. Net of cash in business on disposal of £0.3m and costs of disposal of £2.1m

2. Includes £2.4m of Mobile cash at 31 March 2016 and £3.3m Mobile and Online cash at 31 March 2015



# Capital allocation

## New special dividend programme

- Completed a review of our capital requirements and allocation following decision to sell the mobile and online payments businesses
- Simplified and focussed business reduces the capital headroom required
- We plan to release the surplus over a period of five years as special dividends\* of £25m recurring each year
- Current intention - we will not borrow more than one times EBITDA
- Acquisitions which offer better returns may replace the special dividend
- The first special dividend of £8.3m (one third of £25m) is planned for December this year

## Distribution of sales proceeds

- Online payments business sale proceeds will be distributed in July, together with the final dividend from the year under review
- Intend to distribute sale proceeds from the mobile payments business once completed

# Dividends

Financial year ending 31 March	2017	2018	2019	2020	2021
Ordinary	✓	✓	✓	✓	✓
Special	✓	✓	✓	✓	✓
Sale proceeds	✓				

- Ordinary and special dividends will be paid 1/3 July 2/3 December, matching cash generation in business. First special dividend December 2016 £8.3m
- Sale proceeds: Online sale proceeds (£14m / 21.0p per share) payable July 2016 and Mobile proceeds to follow

**Enhanced cash returns to shareholders and earnings growth**

- Profits convert into cash
- Low capital requirements
- Multiple and substantial growth prospects
- Prospects for growth in earnings **and** enhanced cash return to shareholders



# Operational review

# Retail payments and services

- Results in line with expectations for our underlying business
- Strongly differentiated, over-the-counter payment proposition
- The network:
  - UK, Ireland and Romania
  - Over 39,200 convenience stores open early till 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, rents, licenses taxes and e-money loads
  - Cash out: DWP's Simple Payment service, energy company rebates and local authority payments
  - Retail services: Parcels, ATMs, broadband, money transfer, SIMs, card payments, receipt advertising
- Leading technology partner
  - Multi-channel capability provided to clients extending our offer beyond cash payments
  - Retail systems provider, uniquely positioned to drive growth in the convenience sector
  - Market leading point of sale for payments and services
  - Leading provider of non cash payments to the convenience retail sector

Retail	2015	2016
Transactions (m)	667	668
Average spend per transaction (£)	15.3	15.6
Transaction value (£m)	10,181	10,391
Net revenue (£m)	108.6	110.7

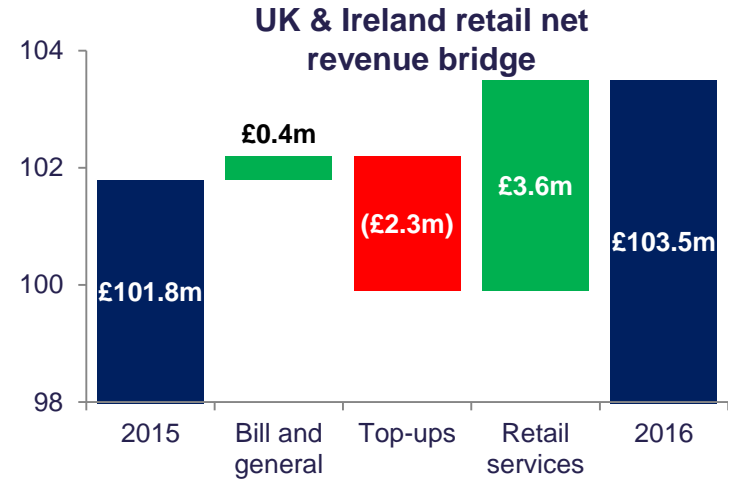
Contactless continues to boom



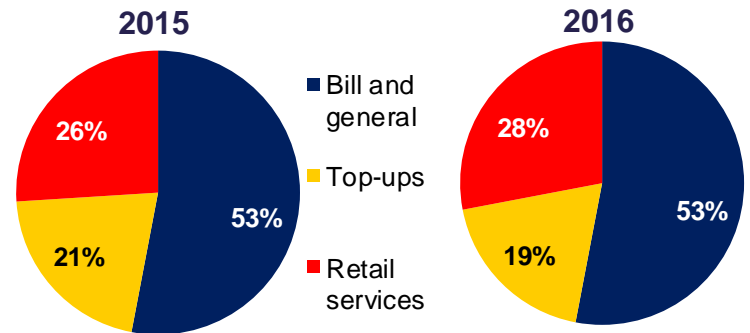


# Retail payments and services – UK & Ireland

- Bill and general net revenues continued to show growth, despite reduced electricity consumption
- Multi-channel payment solution attracting strong sales interest from clients across verticals
- Top-ups net revenue has continued to decline as expected
- Retail services net revenue growth of 14.3% driven by ATMs, debit/credit and parcels
- PayPoint One has commenced commercial trials before starting roll-out over the summer
- Strengthening retail relationships



## UK & Ireland retail net revenue by service



### Clients include:



### Retail partners include:

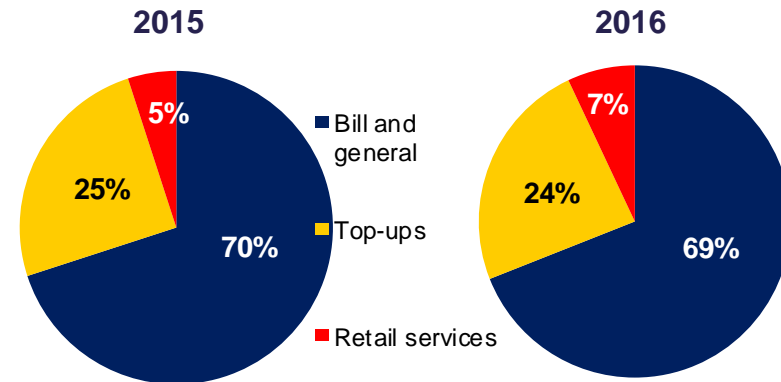


# Retail payments and services - Romania

- Bill payment transactions increased by 12.7%
- Bill payment market share 21.8%, up 1.8ppts from March 2015
- Fast growing list of local clients providing further differentiation: water, financial and refuse collection
- Electrica providing a new growth opportunity, by gradually ceasing collections through the Post Office
- Top-up transactions up by 6.3% reflecting strength of network, visibility and branding
- Retail network continued to grow, with differentiation through strong rural presence
- Road tax payments success – now available in all sites
- Money transfer developing well with transactions up 53.5% year on year
- Further retail services under review

Romania	2015	2016
Transactions (m)	59.6	66.9
Net revenue (RON m)	38.5	43.3
Terminal sites	9,234	10,141

Romania net revenue by service



## Clients include:



## Retail partners include:

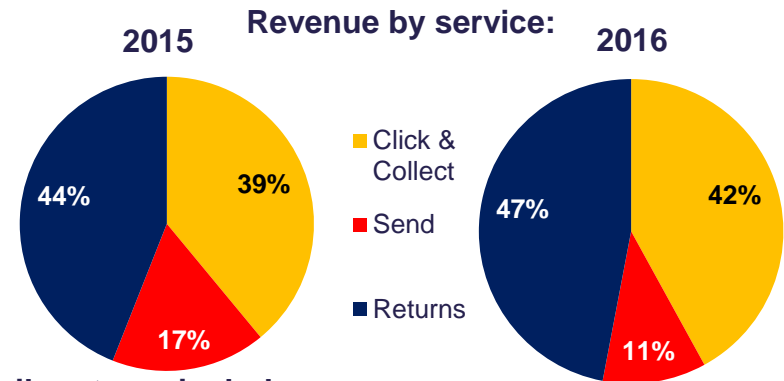
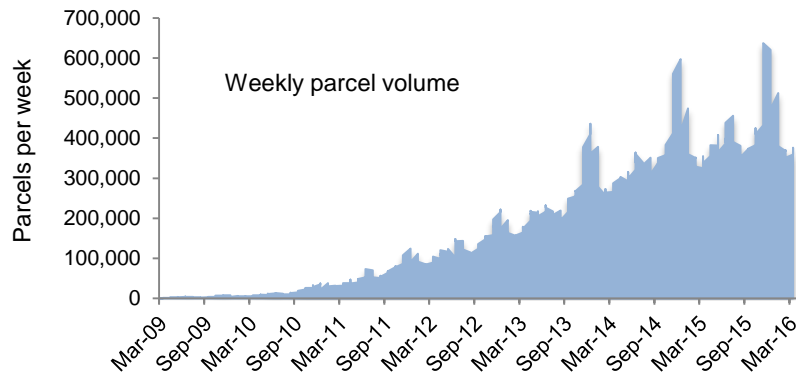


- Growth in volume 10.1% and revenue 7.7%
- 6,000 sites (2% growth since last year)
- Over 350 participating brands boosted by Click and Collect and returns (8% growth since last year)
- Leading third party parcel shop provider; locations, clients, service
- Rated via YouGov surveys as the No.1 provider of customer satisfaction and recommendations
- Customers rated in-store experience 4.8 out of 5
- JV loss reflects temporary Yodel increase in charges



Collect+ at 100%	2015	2016
Transactions (m)	18.8	20.7
Collect+ revenue (£m)	46.1	49.6
JV profit* (£m)	2.6	(0.4)

\* JV profit at 100%. PayPoint reports 50% of this profit in the Consolidated Income Statement as well as the revenues arising in PayPoint UK Retail.



Clients include:



Retail partners include:



- Online payments business sold 8 January 2016
- Mobile:
  - Net revenue growth of 21% on transactions up 30%
  - Leader in mobile parking payments, based in UK, France, USA, Canada and Switzerland
  - Currently over 12 million registrations
  - Paris and Transport for London projects successfully launched and usage growing quickly
  - Processed over 140 million transactions since launch
  - Market changing features will be released in 2016

Mobile and Online	2015	2016
Transactions (m)	145	151
Transaction value (£m)	4,575	3,651
Net revenue (£m)	14.5	12.9

## Clients include:

### North America



### United Kingdom



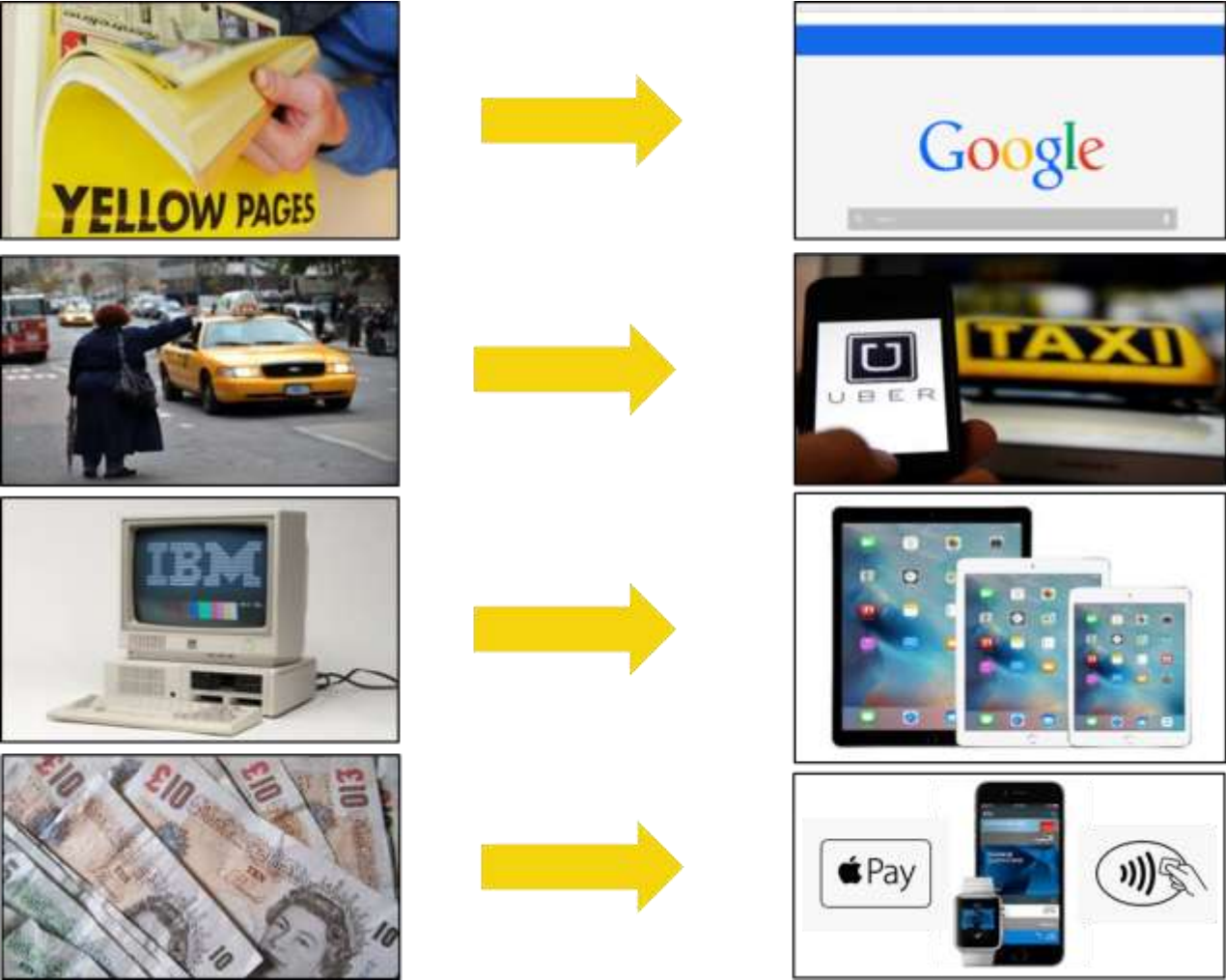
### Rest of Europe





# Strategy

# Strategy - the world has changed and disruption is the norm <sup>22</sup>



# ...and significant changes taking place on the high street <sup>23</sup>

The Telegraph

## **“Online shopping stealing footfall from Britain's high streets”** 20 July 2015

The rise of online shopping is continuing to hurt the British high street with footfall slumping

theguardian

pwc

## **“UK high streets running out of time as more shops close than new ones open”**

16 March 2015

Britain's high streets are fading away because new shops are not opening fast enough to replace those that close, despite the economic recovery.

While the 2014 rate of closures was similar to the previous year, 16 shops a day, the study of 500 UK town centres showed that net closures soared to 987, up from 371 in 2013.

DAILY Mirror

MINTEL

## **“Boom time for the British corner shop as customers ditch the weekly trolley dash”**

18 May 2016

Shoppers are giving traditional British corner stores a huge boost by increasingly popping in for top-up buys. The weekly supermarket trolley dash is now in slow decline.

Instead, millions are swapping bulk buying for their granny's method of shopping – preferring to buy bread, milk, fruit, veg and meat when they need it, research shows.

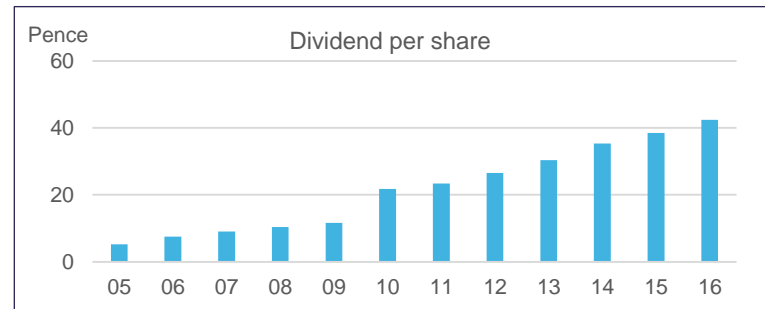
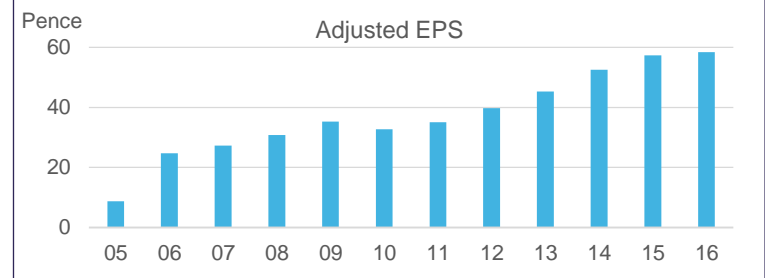
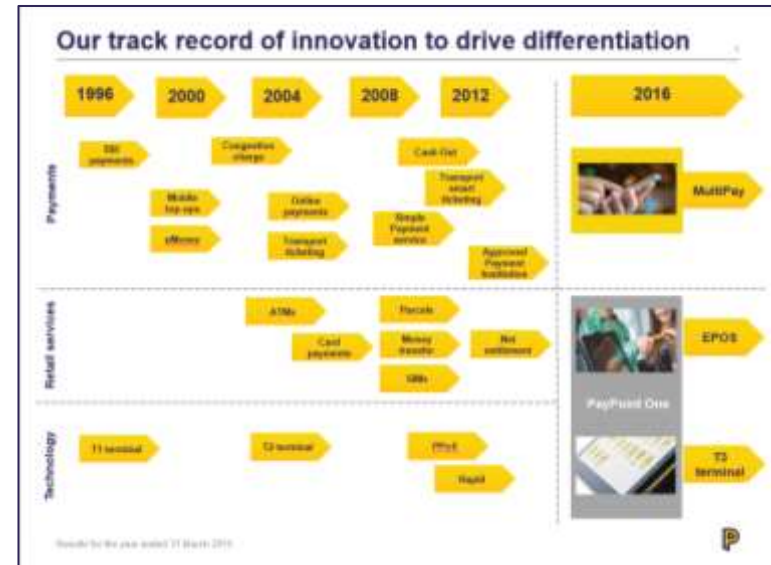
Almost half of shoppers “regularly” visit a convenience store, says a study by market analysts Mintel.

Of these, six in 10 buy top-up groceries at least twice a week, more than one in 10 visits up to six times a week and one in 20 pops in every day.

The “buy it when you run out of it” shopping system has lifted the convenience store market by almost 2% to £38.7billion in a year. Experts predict it will soar by 13% to £43.8billion by 2020.

# Our strategy has positioned us well

- Aligned to key structural trends
  - transition from cash to cashless
  - transition from high street to online
  - transition from analogue to digital
- Strong track record of innovation and differentiation
- Business model underpinned by long term contracts
- Market leadership
- Fast conversion of operating profit to cash
- Low capital intensive business
- Progressive dividend covered by cash





## 2015 – 2017 reshaping business

- Rationalise portfolio (M&O)
- Conclude Collect+ discussions
- Restructure from group to single company
- Improve innovation & focus
- Launch next generation of systems
  - retail
  - payments

## 2017 – 2021 building for future

- Evolve next generation of systems
  - retail
  - payments
- Leverage scale & capability
- Retail services
- New consumer services
- Develop Romanian business
- Build out geographic footprint

# Reshaping business

## Restructure from group to single company

- New Executive Board in place
- Single company vision; values; culture
- Significant restructuring to improve effectiveness and customer service underway

## Improve innovation & focus

- New Product Director
- Greater emphasis on longer term planning to maximise innovation
- Retail sales and operations restructuring

## Launch next generation of systems

Retail



Payments



## Rationalise portfolio

- Online sold on 8 Jan 2016 for £14.4m
- Mobile remains in a sale process
  - strong revenue growth, reduced loss
  - offers below carrying value, impairment £30.8m

## Conclude Collect+ discussions

- Discussions continue
  - service valued by participating brands and consumers
  - high ratings
  - drives footfall to retail services
  - retail service mainstay

# Next generation of retail systems – PayPoint One



# PayPoint One key attributes



High quality, feature-rich EPOS designed specifically for convenience stores

Cloud-based access from any device, anywhere

Integrated payments, broadband, PayPoint payments, contactless payments

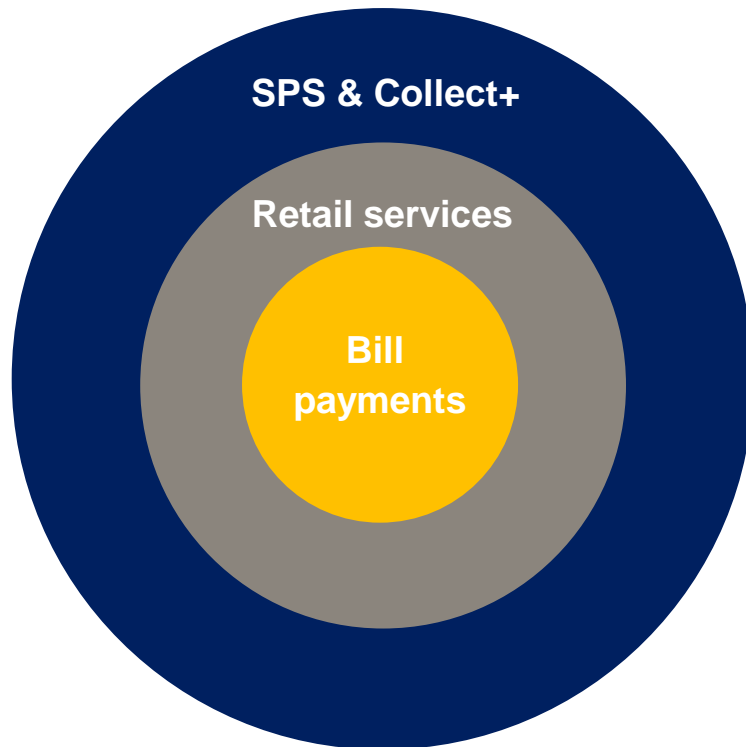
Superfast device saving time and money

Tablet design, android operating system, 11.6 inch screen

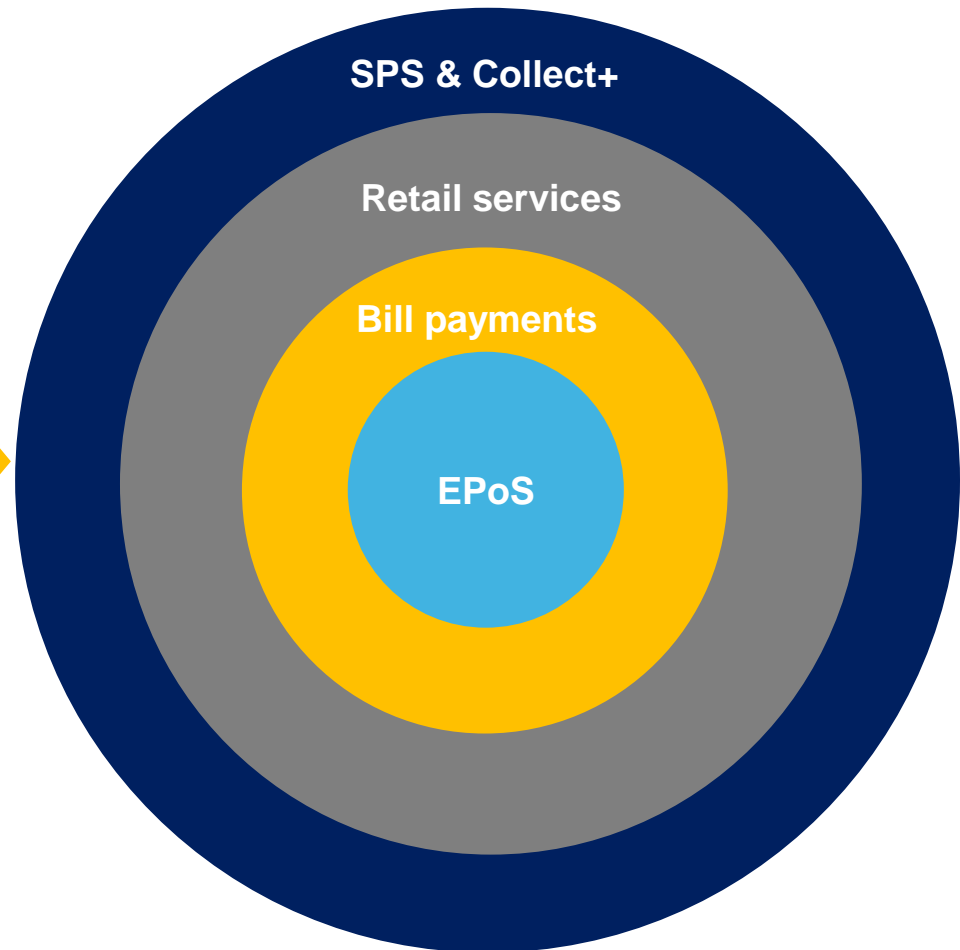
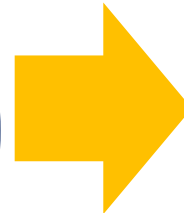
# PayPoint One – positions PayPoint at the centre of the store

29

Proposition before PayPoint One



PayPoint One proposition





Paul Baxter @PaulBaxterNFRN · 1h

just seen a demonstration of new PayPoint terminal, EPOS system and future development and I have to say it's **#excellent** for **#smallbusiness**



**Paul Baxter – CEO, National Federation of Retail Newsagents**  
**16<sup>th</sup> May 2016**

*“PayPoint One is really impressive. It’s fast, easy-to-use and looks great in my store. I’d definitely recommend it to other retailers”*

**Mr Ulam, Chocolate Star, Lancashire**  
**18th April 2016**

## Customer web view


### Quick & easy ways to top-up

**No more bills, just easy-to-manage top-ups, automatically credited to your smart meters**

In order to top-up your gas and/or electricity, all you need are your unique top-up card numbers. When your smart meters are installed, you will be issued with unique top-up cards (depending on your supply type); one for your gas and one for your electricity. Each top-up card will have a 19 digit top-up number along the front or back, which is unique to your meter. These numbers can be used to top-up your supplies in a number of different ways, enabling you to pay for your energy whenever and wherever you choose.



Top-Up Online



Download the App




Top-Up by Phone



Replacement Cards



Top-Up by Text Message



Find a PayPoint Outlet

## Customer app view



**Utilita Energy**  
PayPoint PLC  
★★★★☆ (20)

OPEN



pre-pay the smart way

Sign in

Register

Top-up now

OR

Store locator

Help

My account

Gas account

9628003801000000005

Electricity account

9628003801000000007

Top-up

Pay in store

My payments

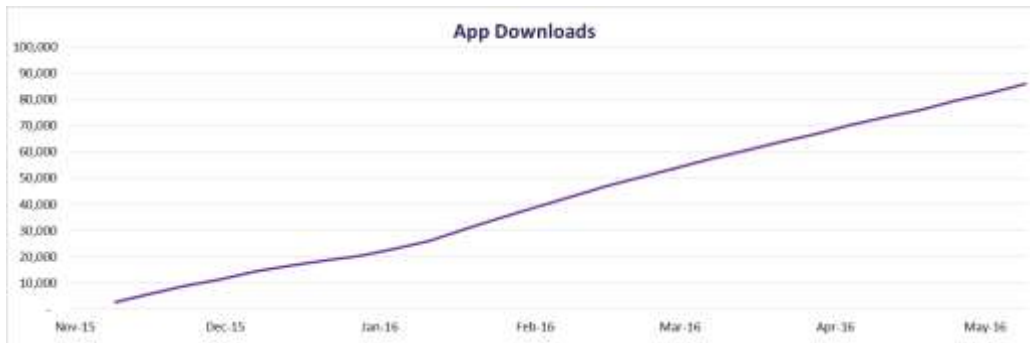
My payment cards

Manage accounts

My details

Store finder

# MultiPay – payment cards complement cash

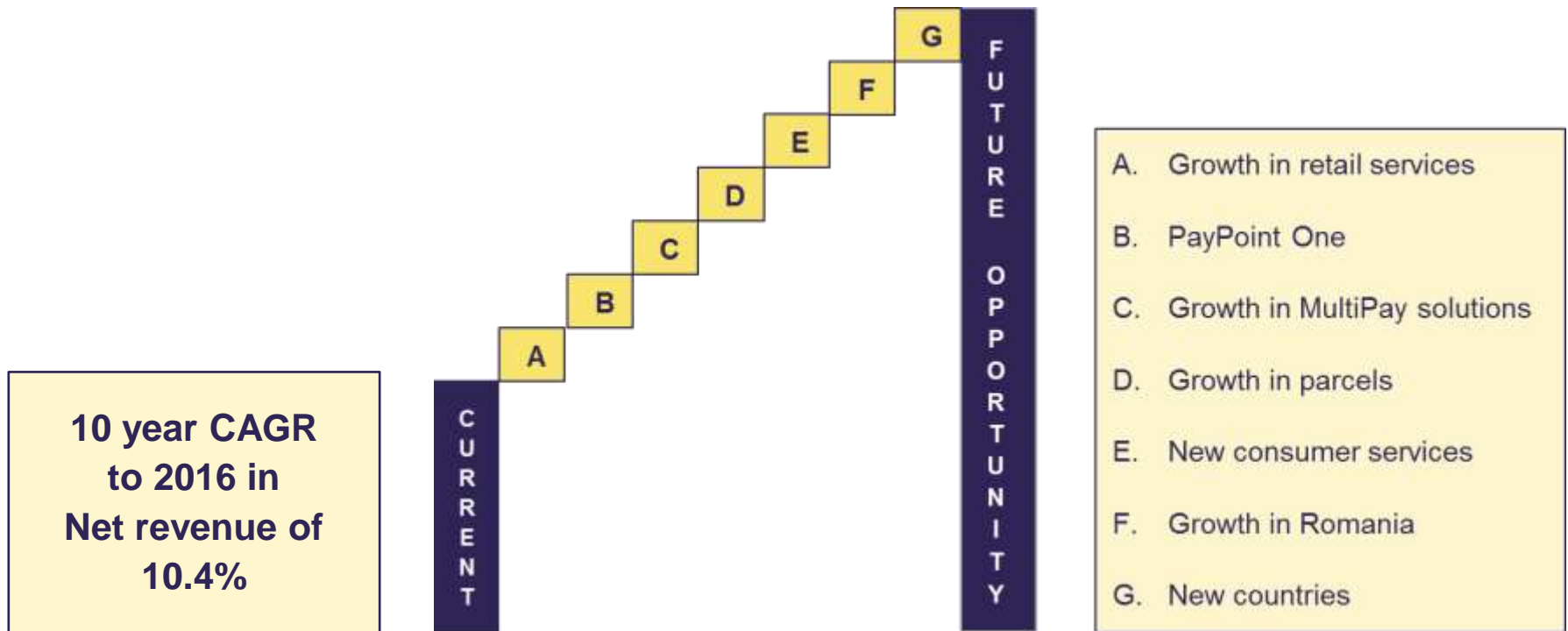


- 5 million pa run rate on non-cash channels
- Cash holding up well at >70% of all txns
- App is popular



# Long term strategic vision

**Our mission:** is to **lead the market** in the provision of products to consumer service companies and retailers, through **innovative solutions** and **first class customer service**



**Substantial opportunity for sustainable growth**



# Summary and future development

# Future developments

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- Current financial year trading in line with the Company's expectations
- Retail networks should continue to deliver profitable growth, with further leverage from performance improvements
- Investment in network expansion, PayPoint One and retail services, should increase retail yield
- Multi-channel payments and PayPoint One are a key focus
- Aim to complete Mobile sale, and Collect+ negotiations
- Opportunity for growth in earnings **and** enhanced shareholder cash return



# Appendices



# Appendix 1

Materials to support the consumer transaction  
UK retail

# Materials to support the consumer transaction

## UK Retail: Client media payment



# UK Retail: Retail store



# UK Retail: Terminals, Pin Pads and ATMs





# Materials to support the consumer transaction

## UK Retail: PPOS virtual terminal



## Digital content

**Top up your Xbox Credit today!**

Buy games, movies, TV shows, music, apps and more on Xbox and Windows.



AVAILABLE IN  
£5, £10, £15 AND £20



1. Buy chosen amount
2. Redeem code
3. Start shopping!



**Xbox eVouchers available at PayPoint.**




Do more at your local store

**Spotify eVouchers available at PayPoint.**




Do more at your local store

## Cash Out

**UTILITY WAREHOUSE**  
The Discount Club

Utility Warehouse Ltd  
100 Parkway Court  
Worthington Way  
Wokingham RG40 3YU  
Tel: 01329 412111 Fax: 01329 412120  
www.utilitywarehouse.co.uk/utilitywarehouse@utilitywarehouse.co.uk

Customer Ref: 12345

5th November 2015

Dear John Smith,

**Here's your dual fuel discount**

We pleased to enclose a voucher for your dual fuel discount covering the last 12 months with us.

Simply take this voucher, along with a suitable form of ID (listed below) to your local PayPoint outlet and they'll give you the voucher value in cash.

Suitable forms of ID include:

- ✓ Valid UK Passport
- ✓ Valid UK or EU Driving License
- ✓ Utility bill or Council Tax bill
- ✓ Pension Card
- ✓ Letter from Island Revenue or benefits agency

You'll need to do this by **31<sup>st</sup> May 2016**, after which the voucher will expire. If you have questions, please don't hesitate to give us a call on 0333 777 0777, we'll be happy to help.

Yours sincerely,  
  
 Michael Richards  
 Customer Service Manager




Voucher no: 0123456789  
**CASH VOUCHER**

**£15**

This voucher can be redeemed for a cash payout at any participating PayPoint outlet. To find your nearest PayPoint outlet, visit [www.paypoint.co.uk](http://www.paypoint.co.uk).  
 Terms and conditions overleaf.

Expires: 31 May 2016

**NOT VALID:** - Please scan the barcode to redeem for cash.  
 Further instructions overleaf - please follow them carefully.

Utility Warehouse Ltd (England) number: 0800 44 4444. Registered Office: Network Ltd, 100 Parkway Court, Wokingham RG40 3YU.  
 The PayPoint logo and name is a registered trademark owned by Utility Warehouse Ltd.

Simple   
 Payment





# Appendix 2

Materials to support the consumer transaction  
Collect+

**collect+**  
parcels made easy

Our Services + Business Users + About Us

Make sure you're ready for Spring bank holiday. [Click here](#) for info on changes to our services over the long weekend.

## Send, collect and return your parcels

### Early 'til late, 7 days a week

With thousands of parcel stores across the UK, CollectPlus is a convenient and easy to use parcel delivery and returns service.

No more wasted Saturdays or lunchtime queues, just the freedom to get on with your day.

Send a parcel	Light 0-2kg	Regular 2-5kg	Heavy 5-50kg
Economy (3-5 working days)	£4.99	£6.29	£8.39
Standard (Typically 2 working days)	£5.69	£7.29	£9.39

Send to:  [SEND >](#)

Sending more than 1 parcel? [Try our bulk-shipment tools](#)

**Save 10% when sending a parcel**  
By returning a parcel

**Changed your mind?**  
You can return your unwanted items to over 300 retailers. [Find out more...](#)

Returns to:  [>](#)

**TRUSTPILOT** Excellent 9.3/10  
★★★★★  
**23110**  
Customer reviews

**Our Store Network**  
With a network of over 5,000 local stores in the UK, open 'til late, we make sending and collecting parcels quick and easy.

Lloyds The Co-operative MCoF's  
Costcutler Nisa

Our Services  
Send  
Return  
Click & Collect  
Track a parcel  
Merchants

Help  
FAQs  
Terms & Conditions  
Privacy Policy

© 2016 Deep and Gilbert Ltd trading as CollectPlus. Registered Number: 3836222 | VAT Number: 948623891

Registered Address: CollectPlus, Victoria House, 28-30 Denmark Road, Watford, Hertfordshire, WD17 1AP

## Our Services

Our three services are all designed to fit around your life, so you can send, collect and return your parcels from your local CollectPlus store, at a time that suits you.

### Send a parcel

If you sell online, or want to send a gift to a loved one, our send service is perfect for you.

- Buy, print and attach your label
- Drop your parcel off at your local CollectPlus store
- Track your parcel online to its destination

[How about sending a parcel...](#)

**How to send parcels with C...**

Send to:  [SEND >](#)

### Return a parcel

Changed your mind? Return your unwanted purchases to over 300 retailers.

- Stick your label onto your parcel
- Drop your parcel off at your local CollectPlus store
- Track your parcel online to its destination

[How about returning a parcel...](#)

**How to return an item to a...**

Return to:  [>](#)

### Click & Collect

Shop with your favourite brands online and collect your purchases at your local store.

- Buy online and choose CollectPlus as your delivery option
- You'll be emailed a collection barcode when your item arrives in-store
- Take your code to the store and collect your purchase

[How about Click & Collect...](#)

**How to click and collect with...**

Visit a Click & Collect partner

Take a Click & Collect partner [>](#)

collect+
parcels made easy

[Find a store](#)  [Help](#) [Sign In](#) [Sign Up](#)

Our Services -
Business Users -
About Us
Track Parcel:

Make sure you're ready for Spring Bank Holiday. [Click here](#) for info on changes to our services over the long weekend.

1 Parcel details

2 Review

3 Pay

4 Order confirmation

## Add parcel details

Please choose a delivery method:

STORE TO DOOR

OR

STORE TO STORE

Send your parcel to recipient's address Send your parcel to a CollectPlus store near the recipient.

---

Send my parcel to a store near:

SEARCH

**Hanger Lane Food & Wine** 0.18 mi

7 Royal Parade London W5 1ET

Mon - Fri 07:00 - 23:00

Sat 07:00 - 23:00

Sun 07:00 - 22:30

Disabled access Reasonable

Select this store

**Alperton Service Stn** 0.57 mi

418 Ealing Road

Wembley Middlesex HA0 1JQ

Mon - Fri 24h

Sat 24h

Sun 24h

Disabled access Reasonable

Select this store

**Londis** 0.89 mi

74 Bilton Road Greenford

Middlesex UB6 7DE

Mon - Fri 06:00 - 23:00

Sat 06:00 - 23:00

Sun 06:00 - 23:00

Disabled access Good

Select this store

Map data ©2016 Google Terms of Use Report a map error

Results for the year ended 31 March 2016

The screenshot shows the CollectPlus website interface. At the top, there is a navigation bar with the CollectPlus logo and tagline 'parcels made easy'. To the right of the logo are links for 'Find a store', 'Town or postcode', 'Help', 'Sign In', and 'Sign Up'. Below this is a secondary navigation bar with 'Our Services', 'Business Users', and 'About Us', along with a 'Track Parcel' section containing a 'Tracking code' input field and a search icon. A promotional banner below the navigation bar reads: 'Make sure you're ready for Spring Bank Holiday. [Click here](#) for info on changes to our services over the long weekend.'

The main content area features a large heading: 'Easy returns to over 300 retailers'. Below this is a sub-heading: 'Try it, keep it, or CollectPlus it. Which retailer would you like to return to?'. A text block states: 'Drop off your returns to over 5,800 locations open early until late 7 days a week.' To the right of this text is a search bar labeled 'Search retailers' with a search icon. Below the search bar is a link for 'How it works'.

Underneath, there is a section titled 'Or choose to return to our most popular brands' which contains a grid of 18 retailer logos arranged in three rows and six columns:

HOUSE OF FRASER <small>BRICK TRAY</small>	Virgin <small>media</small>	NEW LOOK	DOROTHY PERKINS	ASOS <small>discover fashion online</small>	John Lewis
boohoo.com	wiggle	M&S <small>EST. 1884</small>	TOPSHOP	OASIS	surfdom.com
KAREN MILLEN	WAREHOUSE	Superdry.	NESPRESSO.	ziffit.com	very.co.uk

Below the grid is another 'How it works' section with three numbered steps:

- 1 Stick the CollectPlus returns label on your package.  
[No label? Create one here](#)
- 2 Drop it off at your local CollectPlus store
- 3 Keep the receipt and track your return online

# Collect+: Phone pick up barcode



## Collect+: UK network

Target network density  
- 1 mile urban  
- 5 mile rural

**Over 6,000  
locations live**

