



PayPoint plc

26 May 2011





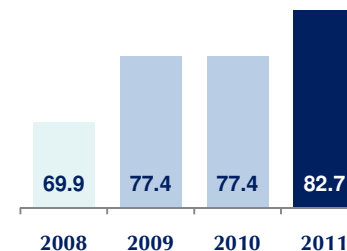
PayPoint's results summary and key trends



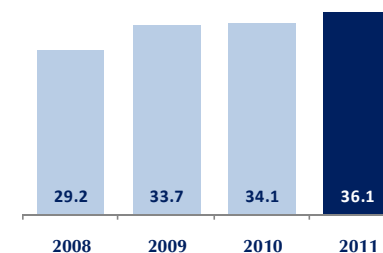
Results summary

- A strong set of operational and financial results
- With the Camelot issue now concluded, we are now focused on driving our strategy forward to achieve shareholder value
- We have made good progress in our established business stream
 - Won DWP giro cheque replacement benefit payment scheme, under negotiation
 - UK retail services have shown strong transaction growth 24%
 - Internet payment transactions are up by 35%
- Our developing business stream has made good progress
 - Romanian bill payment transactions continue to grow as the business approaches breakeven, up 118%
 - PayByPhone transaction growth
 - Collect+ transactions ramp up as business starts to scale, up over 4 times
- Debt repaid and year end net cash (excluding £6.1m client cash) £20.4m
- Full year proposed dividend of 23.4p per share, up 7.3%

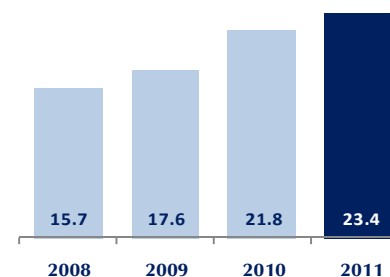
Net revenue £m



Operating profit £m



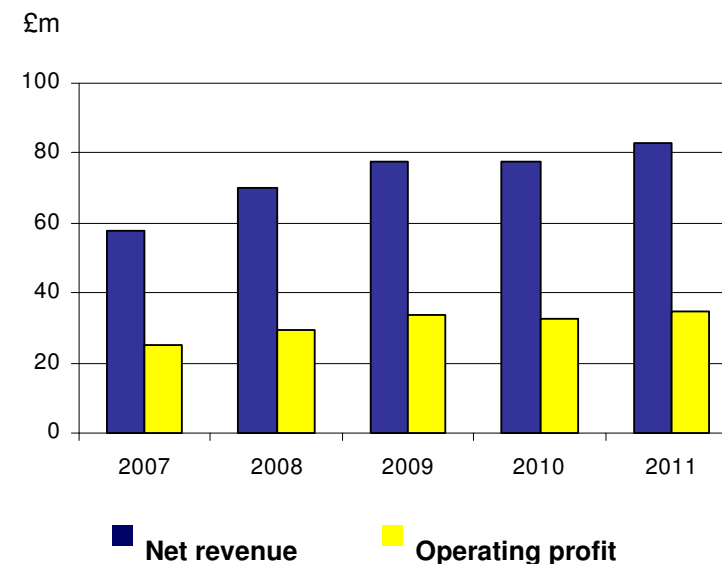
Dividends per share p





Strong business momentum

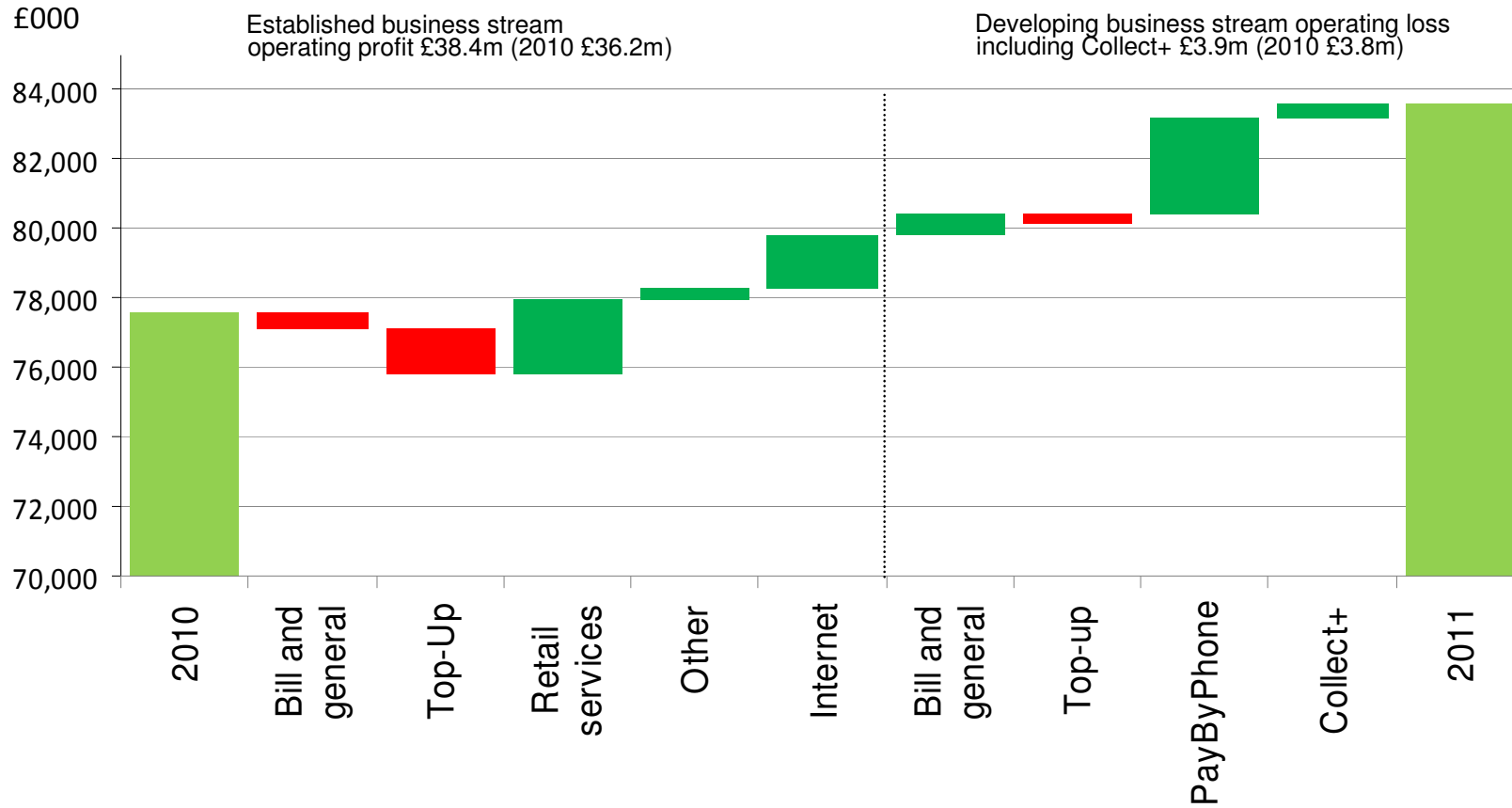
March year end	2007	2008	2009	2010	2011
	£m	£m	£m	£m	£m
Transactions	414.1	503.3	544.6	551.9	589.7
Net revenue¹	57.7	69.9	77.4	77.4	82.7
Net revenue per transaction ¹	13.9p	13.9p	14.2p	14.0p	14.0p
Operating profit	25.2	29.2	33.7	34.1	36.1
Profit before taxation	26.6	30.4	34.6	32.6	34.5
Dividends	8.1	9.7	11.0	12.9	15.0



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.



Net revenue¹ bridge 2010 to 2011



¹ Net revenue including PayPoint's 50% share of Collect+



Cash generation and use

March year end	2007	2008	2009	2010	2011
	£m	£m	£m	£m	£m
Operating profit	25.2	29.2	33.7	34.1	36.0
Amortisation	3.8	5.7	5.7	4.8	3.6
Share based payments	-	1.1	0.8	0.9	1.1
Operating cash flows	29.0	36.0	40.1	39.8	40.7
Working capital	5.2	(0.2)	0.5	(1.1)	1.5
Cash generated by operations	34.2	35.8	40.6	38.7	42.2
Tax paid	(6.0)	(6.4)	(7.9)	(13.7)	(11.0)
Interest	(0.0)	(0.0)	-	-	(0.1)
Net cash inflow from operating activities	28.2	29.4	32.7	25.0	31.2
Investment income	1.3	1.3	1.2	0.2	-
Capital expenditure	(6.5)	(5.5)	(9.1)	(2.6)	(3.2)
Acquisitions	(19.8)	(8.6)	(2.6)	(30.7)	(1.4)
Purchase of own shares	-	(3.5)	(2.5)	(0.5)	-
Net cash used in investing activities	(24.9)	(16.3)	(13.1)	(33.6)	(4.6)
Financing	(0.1)	(0.0)	(0.1)	(0.0)	-
Bank loan	-	-	-	6.0	(6.0)
Equity dividends	(8.2)	(9.7)	(11.1)	(12.9)	(15.0)
Net cash used in financing activities	(8.3)	(9.7)	(11.1)	(6.9)	(21.0)
Net increase/(decrease) in cash	(4.9)	3.4	8.5	(15.4)	5.6
Cash at beginning of year	29.3	24.3	27.7	36.3	20.8
Cash at end of year	24.3	27.7	36.3	20.8	26.5

£191.5m FIVE YEAR TOTAL

£63.2m FIVE YEAR TOTAL

£63.4m FIVE YEAR TOTAL¹

- strong consistent conversion of operating profit to cash
- capital expenditure requirements are low
- substantial dividends to shareholders and investment

¹ Returns to equity shareholders in dividends and shares purchased total £63.4 million



Great positioning

We have high expectations for our business following the work done over the past three years

We now have ...

- a powerful platform for growth
- stronger management teams
- with a very cash generative and growing established business platform
- combined with good growth opportunities in our developing business streams

which will allow us to fulfil our strategic objectives



PayPoint's strategy





The four key elements of PayPoint's strategy

Payments capability

Multiple payment media
Multiple payment channels



Selected vertical markets

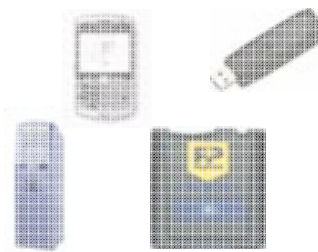
High volume recurring payments
Ability to add value

energy/utilities
telecoms & media
financial
transport/parking
public sector/
social housing
retail (incl eCommerce)
gaming/leisure

Value added services / content

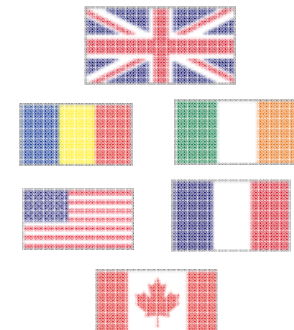
Differentiation to channel through products & services
Deeper role in payments value chain

collect+



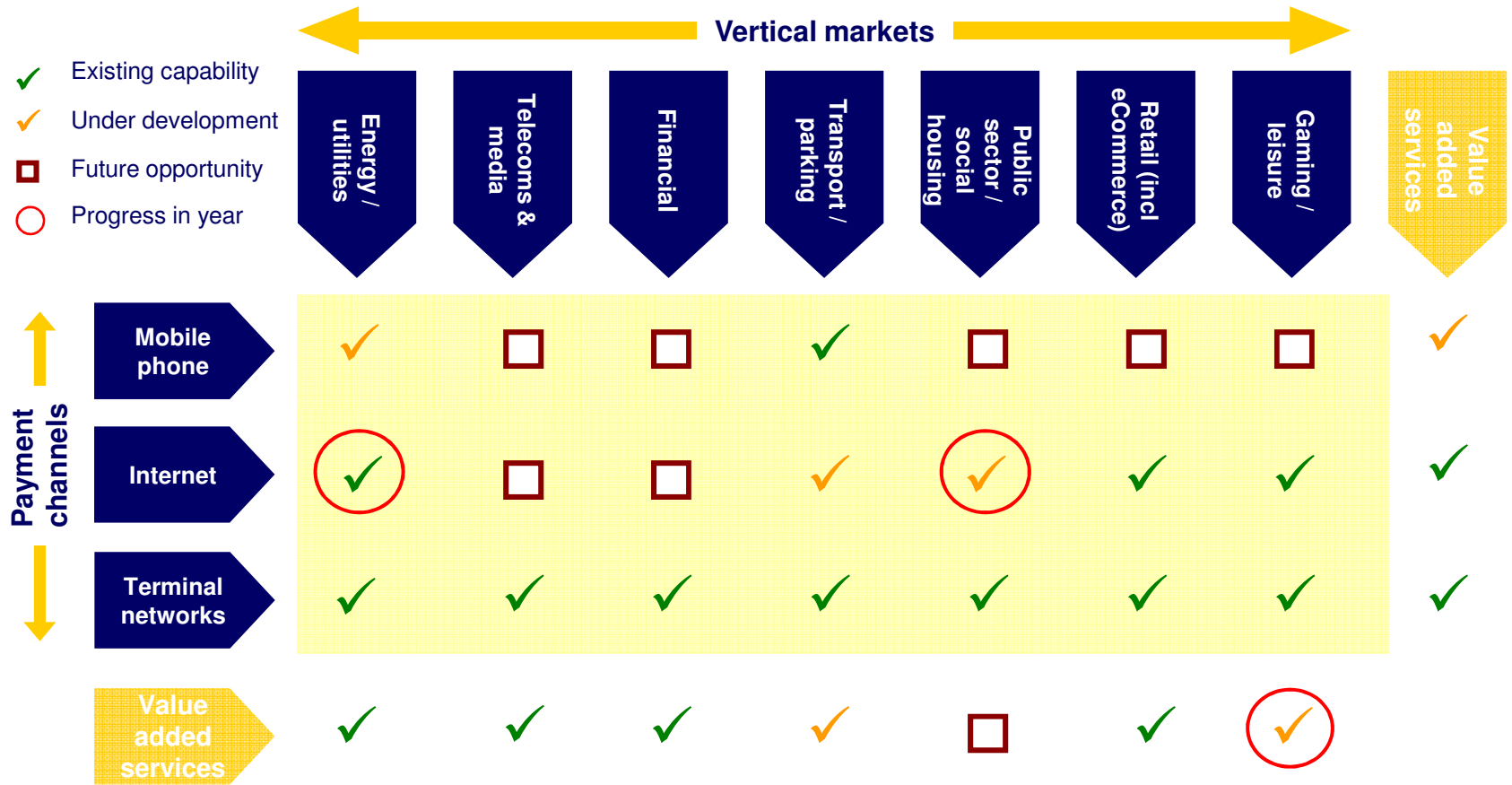
Geographic reach

Ability to import know how and replicate UK strategy





Progress and opportunity





PayPoint's businesses



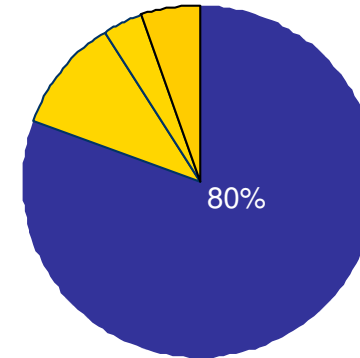
UK and Ireland retail network

- Market leading 'over the counter' payments proposition
- Established retail network handling household bill payments, mobile phone top-ups and retail services
 - 23,000 terminals
 - 99.1% of UK population within 1 mile urban or 5 miles rural of a PayPoint store
 - Contracted with most major utilities and service companies across the UK
 - Stable net revenue (long client contracts, often with exclusivities)
 - Strong and stable relationships with retailers (churn c. 5% pa)
- Highly cash generative installed base from which to leverage value added services
 - Low maintenance capex requirement (<£4m)
 - Stable running cost

Multiple retail partners include

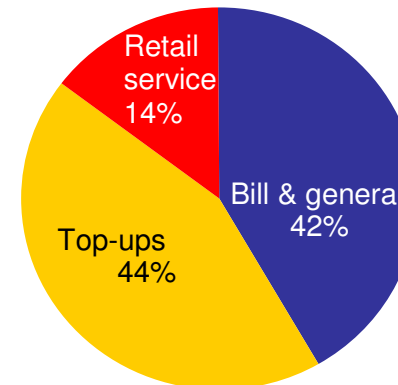


2011 Group net revenues £m



	2010	2011
Transactions (m)	496	500
Average spend per transaction (£)	14.9	15.0
Transaction value (£m)	7,376	7,484
Net revenue (£m)	66.5	68.0

2011 Net revenue mix by sector £m





UK and Ireland retail networks

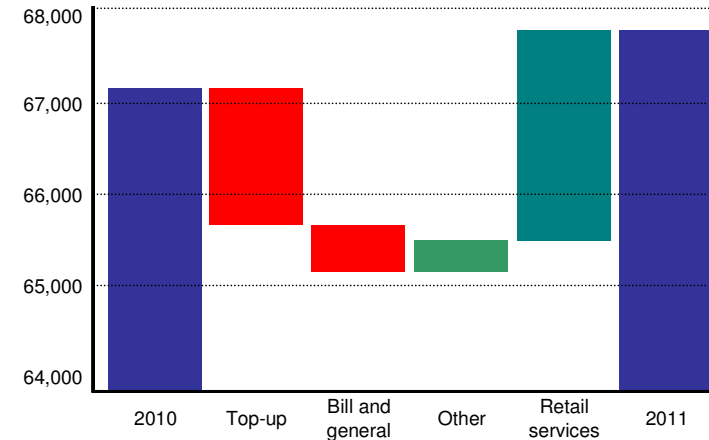
Current dynamics

- Relatively mature payments revenues, but with opportunities for further growth
- Decline in mobile more than offset by growth in retail services
- Good prospects for continued growth overall

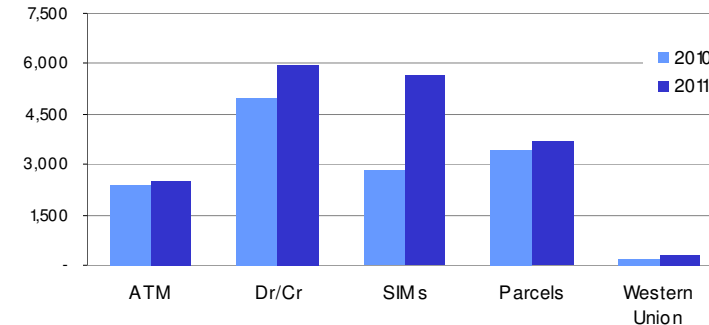
Growth strategy

- Leverage network to drive new revenues
- Continued retail service innovation
 - Parcels (from Collect+)
 - Money transfer (via Western Union)
 - Advertising on receipts (TAGS)
 - Sims
 - ATMs including 'free-to-use'
- New government customer partnership
 - Local authorities
- Continue to grow payment volumes
 - Scale cash-out schemes driven by DWP

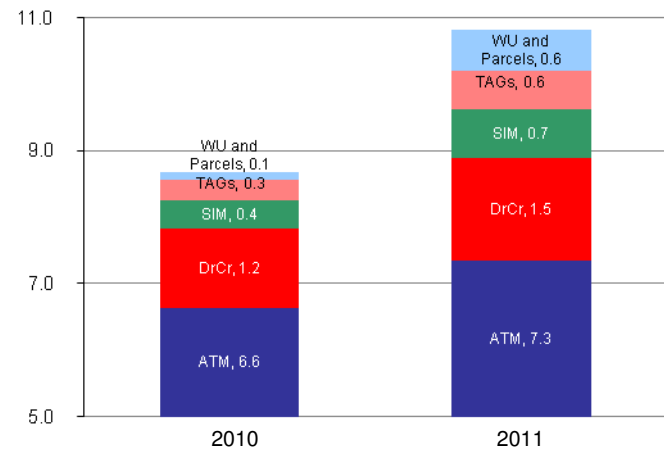
UK net revenue waterfall £000



Sites offering retail services products



Retail services net revenue £m





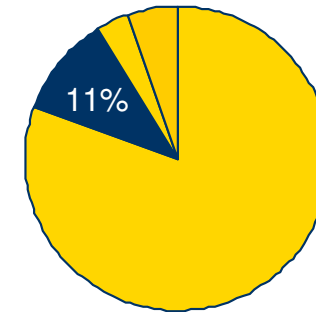
Internet

- A young entrepreneurial business in a fast growing market
- Established management team driving growth through differentiation
- Created through two acquisitions in 2006/7 for aggregate consideration of £20m
- Provides secure credit card, debit card and other payments for web merchants
- High transaction growth post acquisition
 - Number and value of transactions increased by 30% CAGR
 - Gaming and financial services each 45% higher than last year
 - Unique bureau and gateway proposition for merchants

Web merchant partners include

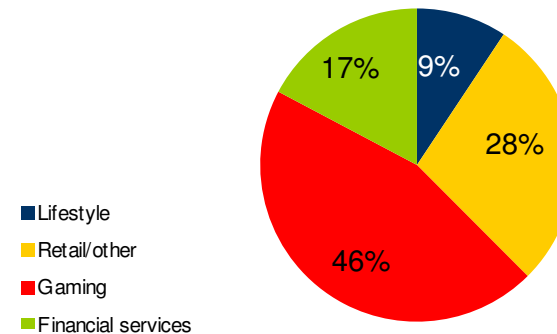


2011 Group net revenues £m



	2010	2011
Transactions (m)	43.5	58.5
Average spend per transaction (£)	50.9	48.5
Transaction value (£m)	2,216	2,838
Net revenue (£m)	7.5	8.7

2011 Net revenue mix by segment £m





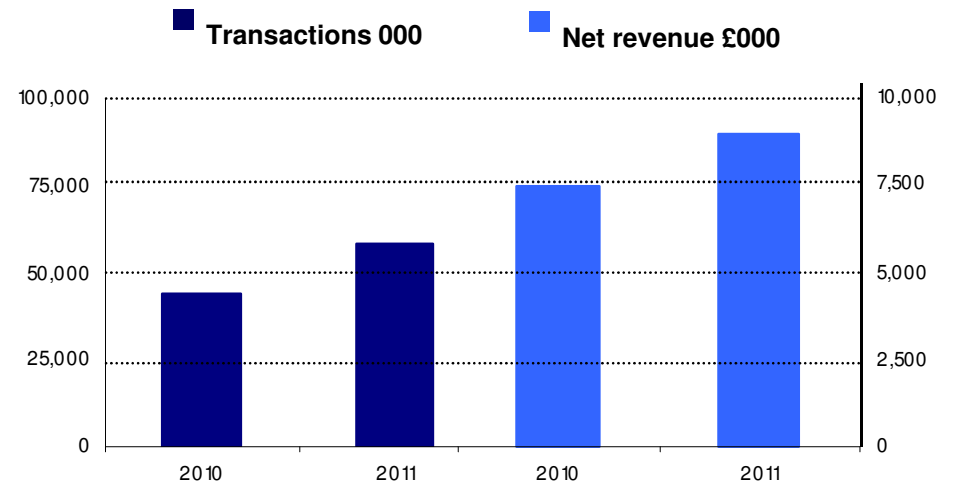
Internet

Current dynamics

- Strong transaction and net revenue growth
- Positioning attracting tier 1 merchants
 - Stan James, Sportingbet, 32 Red
- Transaction volumes growing from UK client base
- Progressing international opportunities – e.g. France

Growth strategy

- Leverage UK retail proposition
 - Sales to UK clients as part of payment hub proposition
 - Promotion of Collect+ and PayCash
- Extension of consumer payment choices
 - PayCash and PayPal solutions
 - Collect+
- International opportunities
- Drive value added services to merchants
 - Value added management information and fraud screening tools
 - Enhanced SME offer





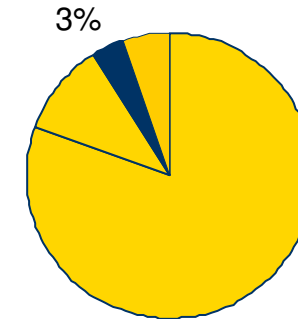
Romanian retail network

- Intention is to recreate UK retail success in strong cash based economy (22m population)
- Acquired mobile top up provider in 2007 – invested £15.6m to date
- Established management team in place
- Retail network handling household bill payments and mobile phone top-ups
 - 6,000 terminals and growing
 - Bill payment growing strongly
 - All major utilities now signed up
 - All mobile only sites replaced with full service terminals
- Good opportunities for continued growth
 - Market for bill payments remains fragmented, inefficient and underdeveloped

Romanian clients include

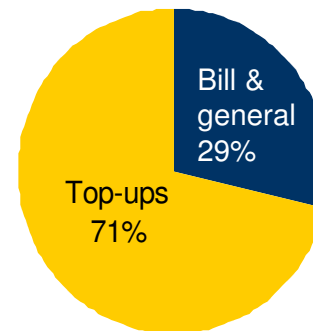


2011 Group net revenues £m

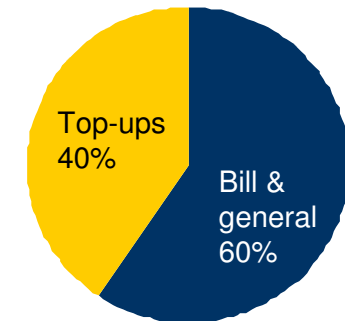


	2010	2011
Sites	4,816	5,995
Transactions (m)	11	17
Average spend per transaction (£)	11.4	13.7
Transaction value (£m)	125	233
Net revenue (£m)	2.6	2.9

2010 Net revenue mix by sector
£m



2011 Net revenue mix by sector
£m





Romanian retail network

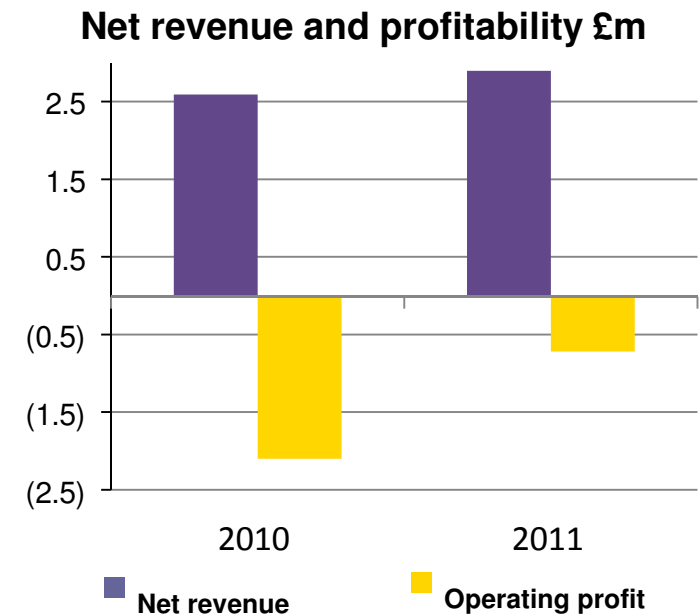
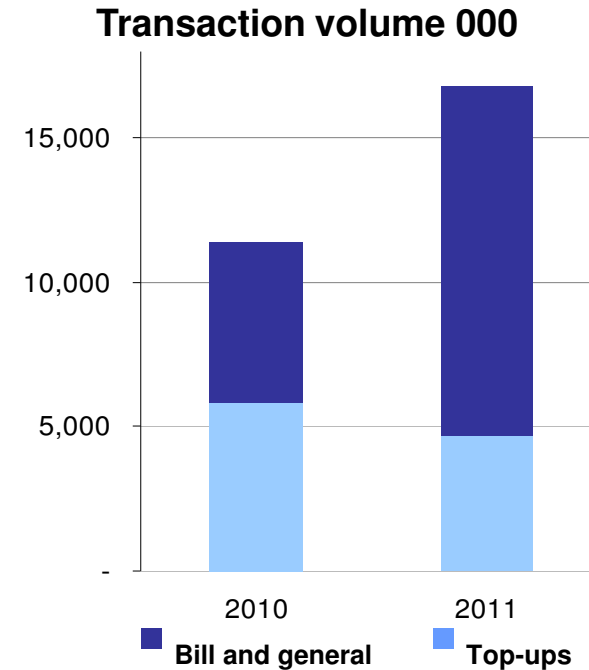
Current dynamics

- Strong growth in bill payment revenues, offsetting decline in top-ups
- Successfully signing up new bill payment clients
- About to launch first retail service (money transfer via Western Union)
- Strong control of costs as business approaches breakeven

Growth strategy

- Continued expansion of retail network
- Improve efficiency of network
- For bill payments, increase share within contracted clients, currently 8%
- Sign up new clients (commercial and government)
- Launch and grow Western Union money transfer service this year, followed by other retail services

Expect break-even in the current financial year





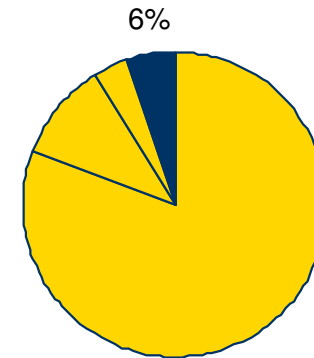
PayByPhone

- Acquired business in a very exciting market
- Mobile payment capability is central to PayPoint's payment hub strategy
- We are investing to create substantial value
 - Development resource – platform
 - Sales resource – land grab
 - Management

PayByPhone

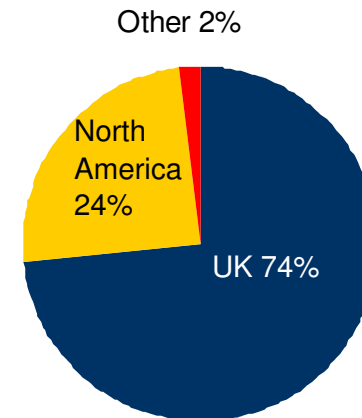
- Leader in mobile phone payments for parking in the UK, France and North America
- Acquired for £29m in 2010
- Drives increased revenue at lower cost for parking operators
 - Westminster estimated 45% rise in revenue and a 20% cut in costs
- Fast growing
 - Last quarter annualised transaction volume of 15.7m compares to 12.9m for the first quarter
 - Registered users up 34% to 3m

2011 Group net revenues £m



	2010	2011
Transactions (m)	0.8	14.1
Average spend per transaction (£)	4.0	3.9
Transaction value (£m)	3.1	55.0
Net revenue (£m)	0.3	3.0

2011 Net revenue mix by country £m





PayByPhone

Current dynamics

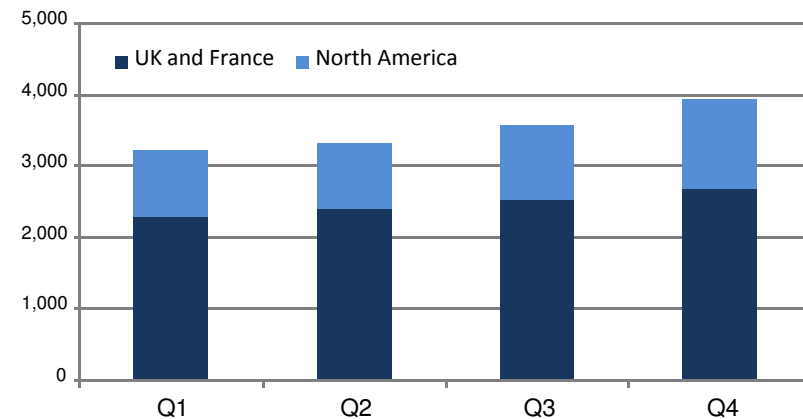
- Investing in sales, development and management
- Platform being developed further - mobile web app launched
- Significant tender activity with over 15 large cities in play
- Strong transaction growth from existing contracts
- Continued growth in users

Growth strategy

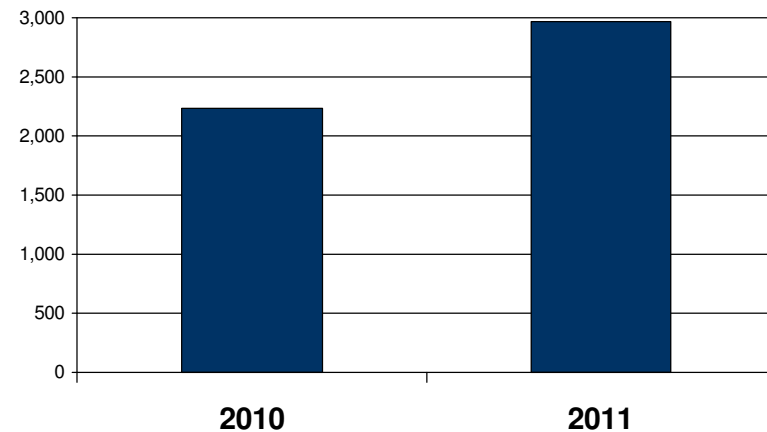
- Focus on UK, France and North America for parking payments
 - New contracts drive new registered users, leading to increased transaction volumes
 - New applications will increase convenience for consumer
- Identify new international markets
- Continue to develop consumer experience - smart phone apps, NFC etc.
- Drive higher rate of adoption in existing clients – meter removal
- Develop non-parking mobile payments offering

Expect to turn to profit in year ending March 2013

2011 transaction volume 000



Registered users at year end 000



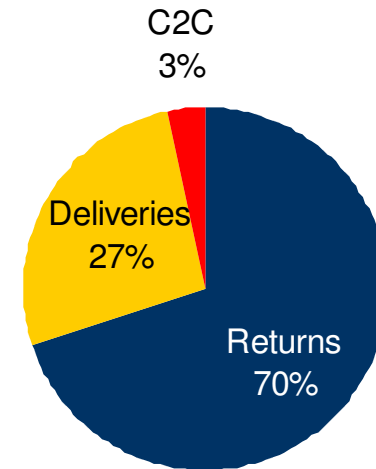


Collect +

- Opportunity to provide consumers with radical new solution for online parcel fulfilment
- Joint venture launched in 2009 by PayPoint and Yodel to service fast growing e-commerce / mail order (B2C) opportunities
- Strong management team in place delivering against plan
- Collect+ provides B2C and C2C parcel services through PayPoint retailers
 - more than 3,700 sites in the UK and growing
 - 30 online merchants/mail order companies now signed up
- Clear benefits to consumer
 - More convenient proposition
 - 40% of transactions take place outside of normal working hours
 - Typically gain 15-20% of retailer return volumes within weeks of launch
- More efficient and economical service for on-line retailers

	2010	2011
Transactions (m)	0.2	1.1
Collect+ net revenue (£m)	0.2	0.6

2011 Collect+ revenue by service



Corporate customers include





Collect +

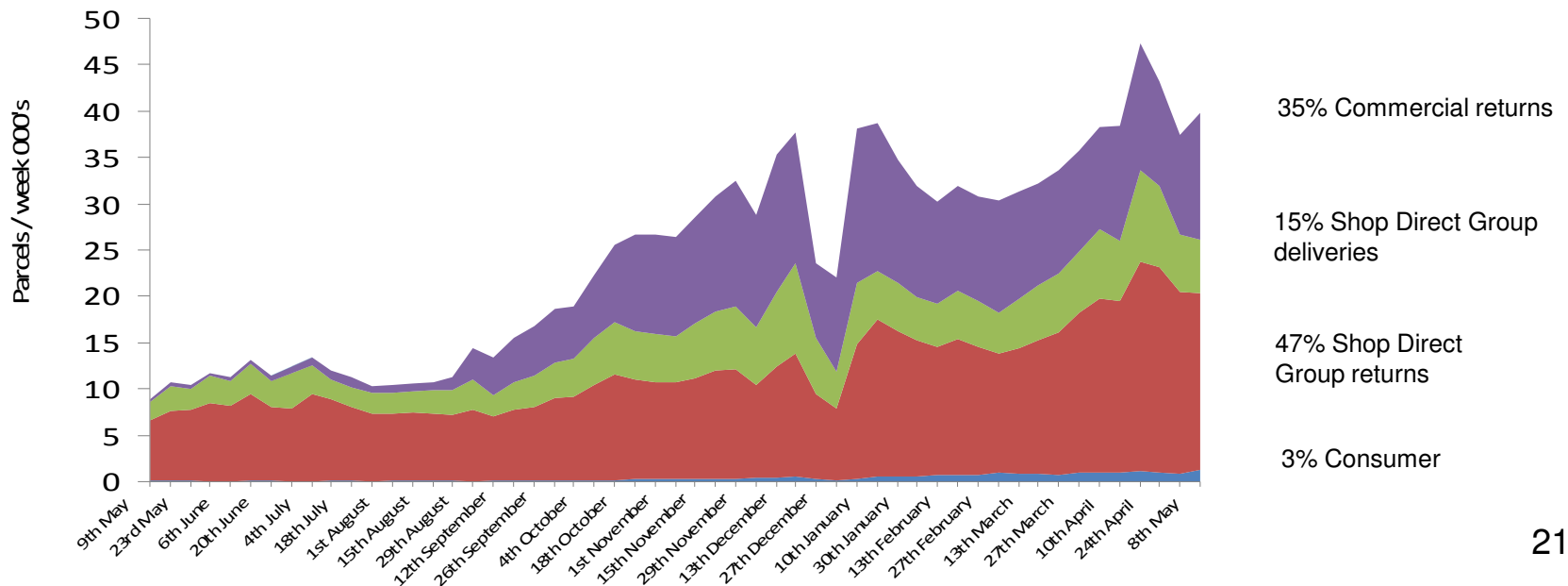
Current Dynamics

- Strong growth in underlying market driven by online shopping
 - Small packet (<2kg) delivery service launched to further widen market potential
- Service now scalable across returns and deliveries
- Strong interest across online retailing community
 - 11 new clients signed since year end
- C2C proposition launched (store to door) and growing

Growth strategy

- New client and marketplace relationships
- Growth driven by differentiated service – focus on simple consumer service delivery

Breakeven volume of 6-8 million parcels expected in year ending March 2013





Summary





Summary

- We continue to invest to deliver our group strategy
 - Building management teams to drive growth
 - Opportunities for revenue and cost synergies are being pursued
- Established business streams are strong, with further growth expected
 - Retail yield benefits through our retail services proposition underpinned by technology
 - Launch of DWP 'cash out' benefits payments in 2012 (contract under negotiation)
 - Growth in online transactions as we sign up new internet merchants
- Developing business streams show strong growth potential in growing markets
 - Rollout services to a wider base
 - Improved profitability
- Together, these businesses provide a solid foundation to deliver value for shareholders
- Current year trading is in line with the company's expectations



Appendices

1. Financial review
2. PayPoint management team
3. Five year trading record
4. Strategy
5. Materials to support the consumer transaction



Appendix 1

Financial review



Appendix 1

Revenue and net revenue bridge

	Revenue £000	Net revenue £000
2010	196,603	77,406
Bill and general	(675)	220
Top-ups	(9,665)	(1,589)
Retail services	3,434	2,143
Internet	(1,029)	1,470
PayByPhone	4,218	2,726
Other	347	347
2011	193,233	82,723



Appendix 1

Revenue and net revenue bridge

	Revenue £000	Net revenue £000
2010	196,603	77,403
Bill and general	(675)	220
Top-ups	(9,665)	(1,589)
Retail services	3,434	2,143
Internet	(1,029)	1,470
PayByPhone	4,218	2,726
Other	347	347
2011	193,233	82,723

Increase in bill and general

- Increase in transactions in UK prepaid energy
- Increase in bill payment transaction volume in Romania
- Improved mix in electricity prepaid energy

Decrease in top-ups

Continuing decline driven by operators' preference for monthly postpay contracts

	£000
UK mobile	(1,680)
Romania and Ireland mobile	(324)
Other (e-money)	414

Increase in retail services

	£000
ATMs	702
SIMs	312
Dr/Cr	354
Western Union	205
Other	571

Advertising on till receipts attracts no retail agent commission

Increase in internet

Growth from existing merchants, signup of new merchants, improved rates from card scheme sponsors less retention of merchants on lower margins

Decrease in top-ups

	£000
UK mobile	(3,257)
Romania and Ireland mobile	(6,708)
Other (e-money)	301

Bill and general Revenue vs net revenue

Increased exclusivity resulted in lower revenues and agent commission

Internet Revenue vs net revenue

Merchant service charge from card scheme sponsor recharged through PayPoint last year £2.5m

Increase in PayByPhone

UK / Europe accounts for £2.1m



Appendix 1

Revenue to net revenue

Year ended March	2011 £000	2010 £000	Increase / (decrease)
Revenue	193,233	196,603	(1.7%)
Agent commission	(71,322)	(73,178)	
Mobile top-ups and SIM cards	(37,696)	(43,520)	
Other	(1,492)	(2,499)	
Net revenue	82,723	77,406	6.9%



Appendix 1 Revenue to net revenue

Year ended March	2011 £000	2010 £000	Increase / (decrease)
Revenue	193,233	196,603	(1.7%)
Agent commission	(71,322)	(73,178)	
Mobile top-ups and SIM cards	(37,696)	(43,520)	
Other	(1,492)	(2,499)	
Net revenue	82,723	77,406	6.9%

Agent commission		£000
2010		75,677
Bill and general		(895)
Top-ups		(2,078)
Retail services		1,117
2011		71,322

Mobile top-ups and SIMs		£000
2010		43,520
Romania and Ireland		(5,995)
SIM cards		172
2011		37,697

Other costs		£000
2010		2,499
Merchant service charges no longer charged in revenue (internet channel)		(2,499)
PayByPhone call centre and merchant service charges		(1,492)
2011		(1,492)



Appendix 1 Costs

Year ended March	2011 £000	2010 £000	Increase / (decrease)
Net revenue	82,723	77,406	6.9%
Depreciation/amortisation	(3,612)	(4,820)	25.1%
Other cost of sales	(8,445)	(9,093)	7.1%
Operating costs	(34,614)	(29,421)	(17.7%)
Operating profit	36,052	34,072	5.8%



Appendix 1 Costs

Year ended March	2011 £000	2010 £000	Increase / (decrease)
Net revenue	82,723	77,406	6.9%
Depreciation/ amortisation	(3,612)	(4,820)	25.1%
Other cost of sales	(8,445)	(9,093)	7.1%
Operating costs	(34,614)	(29,421)	(17.7%)
Operating profit	36,052	34,072	5.8%

UK terminal estate and ATMs becoming fully depreciated

no significant obsolescence

Original rollout of Collect+ outsourced, which increased costs in 2010

The increase is 5.4% (excluding PayByPhone), increased by one-off costs, notably legal costs on NLC consultation



Appendix 1

Profit

Year ended March	2011	2010	Increase / (decrease)
	£000	£000	
Operating profit	36,052	34,072	5.8%
Share of loss on JV	(1,541)	(1,601)	3.7%
Interest	(55)	174	
Profit before tax	34,456	32,645	5.9%
Tax	(10,614)	(10,513)	
Profit after tax	23,842	22,132	7.7%



Appendix 1

Cash flow

Year ended March	2011	2010
	£000	£000
Profit before tax	34,456	32,645
Add back non cash items	6,296	7,189
Changes in working capital	1,384	(1,103)
Capital expenditure	(3,160)	(2,700)
Bank loan	(6,000)	6,000
Tax paid	(10,950)	(13,702)
Acquisition, investment and joint venture loan	(1,380)	(30,722)
Dividends paid	(15,041)	(12,856)
Other including exchange movement	90	(327)
Total increase / (decrease) in cash	5,695	(15,576)
Cash at beginning of year	20,769	36,345
Cash at end of year	26,464	20,769



Appendix 1 Cash flow

Year ended March	2011 £000	2010 £000
Profit before tax	34,456	32,645
Add back non cash items	6,296	7,189
Changes in working capital	1,384	(1,103)
Capital expenditure	(3,160)	(2,700)
Bank loan	(6,000)	6,000
Tax paid	(10,950)	(13,702)
Acquisition and investment in joint venture loan	(1,380)	(30,722)
Dividends paid	(15,041)	(12,856)
Other payments	90	(327)
Total increase / (decrease) in cash	5,695	(15,576)
Cash at beginning of year	20,769	36,345
Cash at end of year	26,464	20,769

Non cash items 000

Depreciation	3,295
Loss on joint venture	1,541
Share based payments	1,088
Amortisation	317
Other	55

Capital expenditure 000

Terminals	2,433
ATM's	122
Hardware	605

Loan repaid in full during the year

2010 included a payment for prior year.

Effective rate 30.8% (2010, 32.2%)



Appendix 2

PayPoint management team



Appendix 2

Management team

- **David Newlands** (Non Executive Chairman) formerly GEC, Deputy Chairman of Standard Life and currently Chairman of Tomkins and KESA
- **Dominic Taylor** (Chief Executive) formerly Vodafone, Granada
- **George Earle** (Finance Director) formerly Centrica, GEC, Saatchi, Deloitte & Touche
- **Tim Watkin-Rees** (Business Development Director) formerly Lloyds Bank, KPMG, Atos
- **Experienced non-executives** – Andrew Robb (Chair – Remuneration), David Morrison, Nick Wiles, Eric Anstee (Chair - Audit) and Steve Rowley.



Appendix 3

Five year trading record



Appendix 3

Five year trading record

March year end	2011	2010	2009	2008	2007
	£m	£m	£m	£m	£m
Transactions	589.7	551.9	544.6	503.3	414.1
Revenue	193.2	196.6	224.4	212.1	157.1
Net revenue⁽¹⁾	82.7	77.4	77.4	69.9	57.7
Net revenue per transaction ^(1,2)	14.0p	14.0p	14.2p	13.9p	13.9p
Costs ⁽³⁾	(44.3)	(40.1)	(38.3)	(35.0)	(28.7)
EBITDA⁽⁴⁾	38.4	37.3	39.1	34.9	29.0
EBIT ⁽⁴⁾	34.5	32.5	33.4	29.2	25.2
Profit before taxation ⁽⁴⁾	34.5	32.6	34.6	30.4	26.6

⁽¹⁾ Net revenue is revenue less commissions paid to retail agents, the cost of mobile top-ups where PayPoint is principal and acquiring bank charges

⁽²⁾ Based on internal, unaudited PayPoint data

⁽³⁾ Costs include share of loss on joint venture (2011: £1,541k, 2010: £1,601k, 2009: £323k)

⁽⁴⁾ After deducting loss on share of joint venture



Appendix 3

Five year cash flow

March year end	2011	2010	2009	2008	2007
	£m	£m	£m	£m	£m
Operating profit	36.0	34.1	33.7	29.2	25.2
Adjustments for depreciation and amortisation	3.6	4.8	5.7	5.7	3.8
Share based payment reserve	1.1	0.9	0.8	1.1	-
Operating cash flows before movements in working	40.7	39.8	40.1	36.0	29.0
Movement in working capital	1.5	(1.1)	0.5	(0.2)	5.2
Cash generated by operations	42.2	38.7	40.6	35.8	34.2
Corporation tax paid	(11.0)	(13.7)	(7.9)	(6.4)	(6.0)
Interest paid	(0.1)	-	-	(0.0)	(0.0)
Net cash inflow from operating activities	31.2	25.0	32.7	29.4	28.2
Investment income	-	0.2	1.2	1.3	1.3
Purchases of property, plant and equipment	(3.2)	(2.6)	(9.1)	(5.5)	(6.5)
Acquisition of subsidiaries & investment	(1.4)	(29.0)	(2.6)	(8.6)	(19.8)
Purchase of own shares	-	(0.5)	(2.5)	(3.5)	-
Loan to joint venture	-	(1.8)	-	-	-
Net cash used in investing activities	(4.6)	(33.6)	(13.1)	(16.3)	(24.9)
Financing	-	(0.0)	(0.1)	(0.0)	(0.1)
Bank loan	(6.0)	6.0	-	-	-
Equity dividends paid and consortium relief	(15.0)	(12.9)	(11.1)	(9.7)	(8.2)
Net cash used in financing activities	(21.0)	(6.9)	(11.1)	(9.7)	(8.3)
Net increase/(decrease) in cash and cash equivalents	5.6	(15.5)	8.5	3.4	(4.9)
Cash and cash equivalents at beginning of year	20.8	36.3	27.7	24.3	29.3
Cash and cash equivalents at end of year	26.5	20.8	36.3	27.7	24.3



Appendix 3 Balance sheet

March year end	2011	2010	2009	2008	2007
	£m	£m	£m	£m	£m
Non-current assets					
Goodwill	57.1	56.9	27.6	27.4	18.2
Other intangible assets	1.3	1.4	2.0	2.7	2.8
Property, plant and equipment	14.5	14.8	16.1	13.5	11.8
Deferred tax asset	1.0	1.2	1.6	1.6	1.6
Investment	0.6	0.7	0.6	-	-
	<u>74.6</u>	<u>74.9</u>	<u>47.9</u>	<u>45.2</u>	<u>34.5</u>
Current assets					
Inventories	0.9	1.6	1.2	1.3	1.7
Trade and other receivables	17.1	23.5	26.3	28.3	20.7
Cash and cash equivalents	26.5	20.8	36.3	27.7	24.3
	<u>44.5</u>	<u>45.8</u>	<u>63.8</u>	<u>57.3</u>	<u>46.6</u>
Total assets	<u>119.1</u>	<u>120.8</u>	<u>111.7</u>	<u>102.5</u>	<u>81.1</u>
Current liabilities					
Trade and other payables	33.0	37.9	40.8	45.3	36.2
Current tax liabilities	5.2	5.7	9.7	7.2	4.1
Borrowings	0.0	6.0	-	-	-
Obligations under finance leases	0.0	0.0	-	0.1	-
	<u>38.3</u>	<u>49.6</u>	<u>50.5</u>	<u>52.6</u>	<u>40.3</u>
Non-current liabilities	<u>0.2</u>	<u>0.4</u>	<u>0.3</u>	<u>0.3</u>	<u>0.4</u>
Net assets	<u>80.6</u>	<u>70.7</u>	<u>60.9</u>	<u>49.6</u>	<u>40.4</u>
Equity					
Share capital	0.2	0.2	0.2	0.2	0.2
Investment in own shares	(0.2)	(0.4)	(0.9)	(0.9)	(0.0)
Share premium	0.0	0.0	0.0	-	-
Share based payment reserve	3.0	2.7	2.5	2.3	1.7
Translation reserve	0.5	0.5	0.5	0.3	-
Retained earnings	77.1	67.6	58.6	47.7	38.4
Total equity attributable to equity holders of the parent company	<u>80.6</u>	<u>70.7</u>	<u>60.9</u>	<u>49.6</u>	<u>40.4</u>



Appendix 4

Strategy



Changing landscape drives opportunity

Technology

High levels of internet penetration
Wireless communications
New payment media
New payment technology
EPOS integration

Market

Growth in new economy payments
Banks return to core business
Leap-frog technology in developing markets
Competitor specific issues

- Creating new markets
- Opening markets previously dominated by banks

Regulatory

Banking regulations
Data security standards
Cross-border developments
Cheques being phased out

Consumer

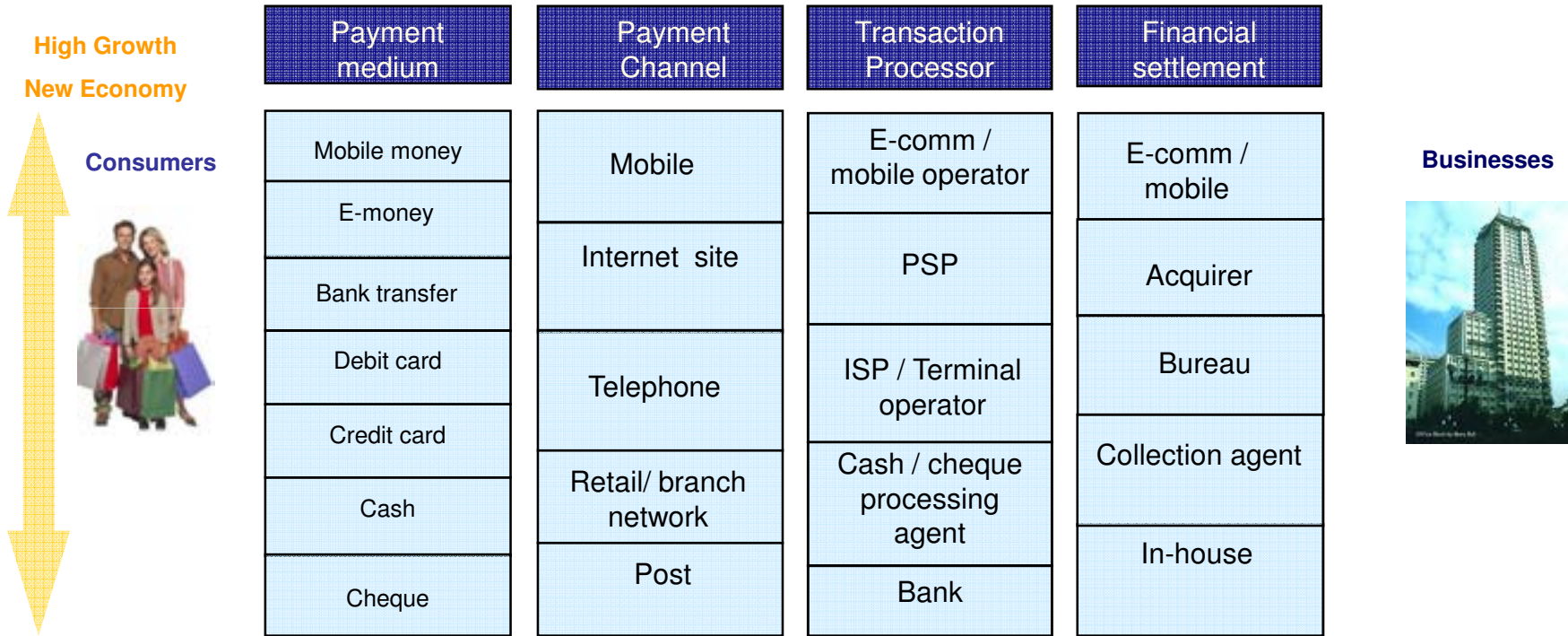
New technology adoption
Reduced trust in banks
Choice and convenience
Control and transparency
Speed and information





Appendix 4

Consumer payments value chain

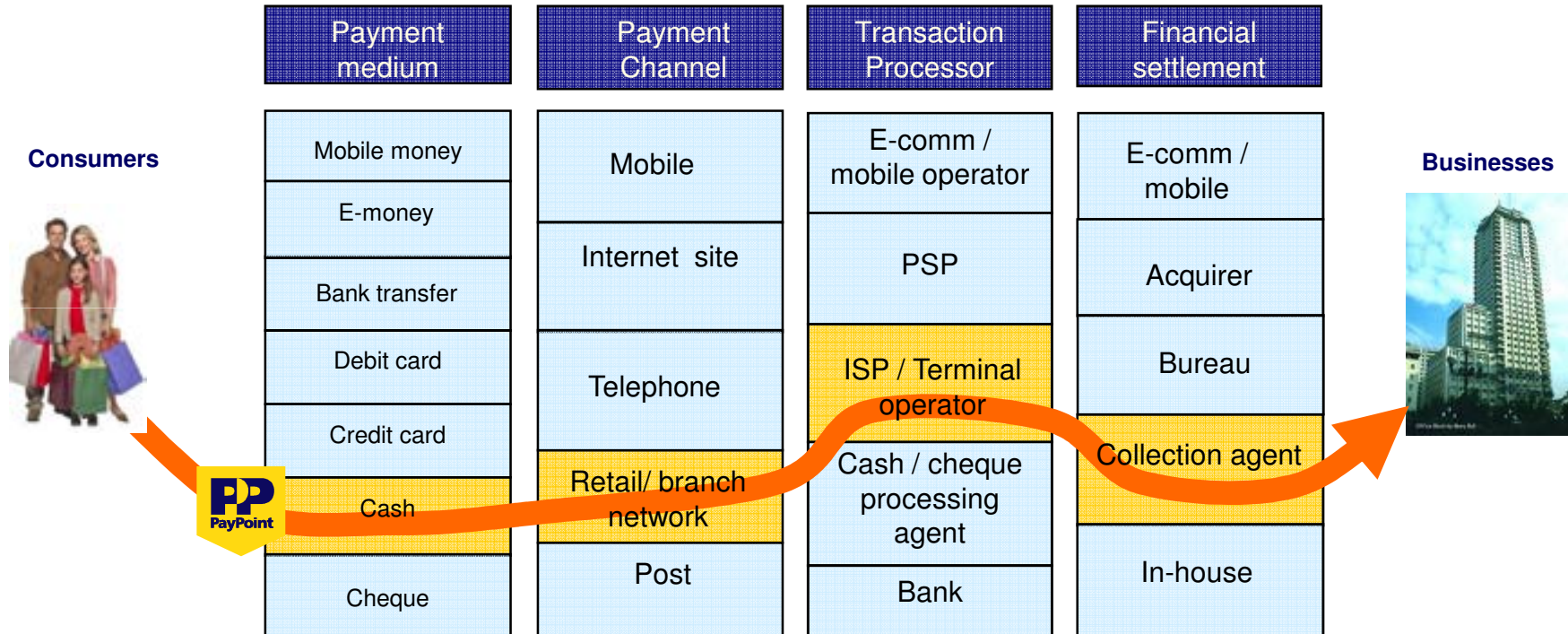


- Consumers can pay using multiple payment media, through multiple channels
- A wide range of organisations act as intermediaries



Appendix 4

PayPoint at float

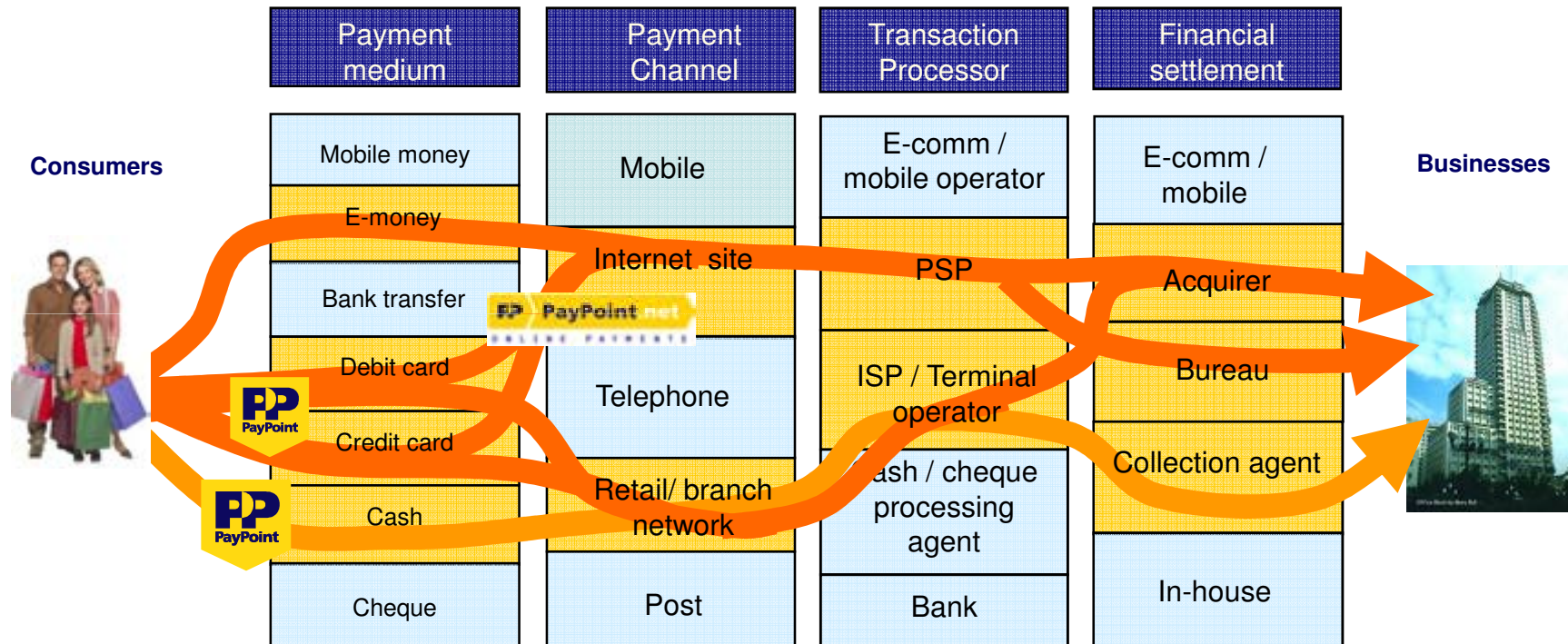


Narrow capability in limited vertical markets

- Single payment medium through a single channel



Appendix 4 PayPoint with internet payments

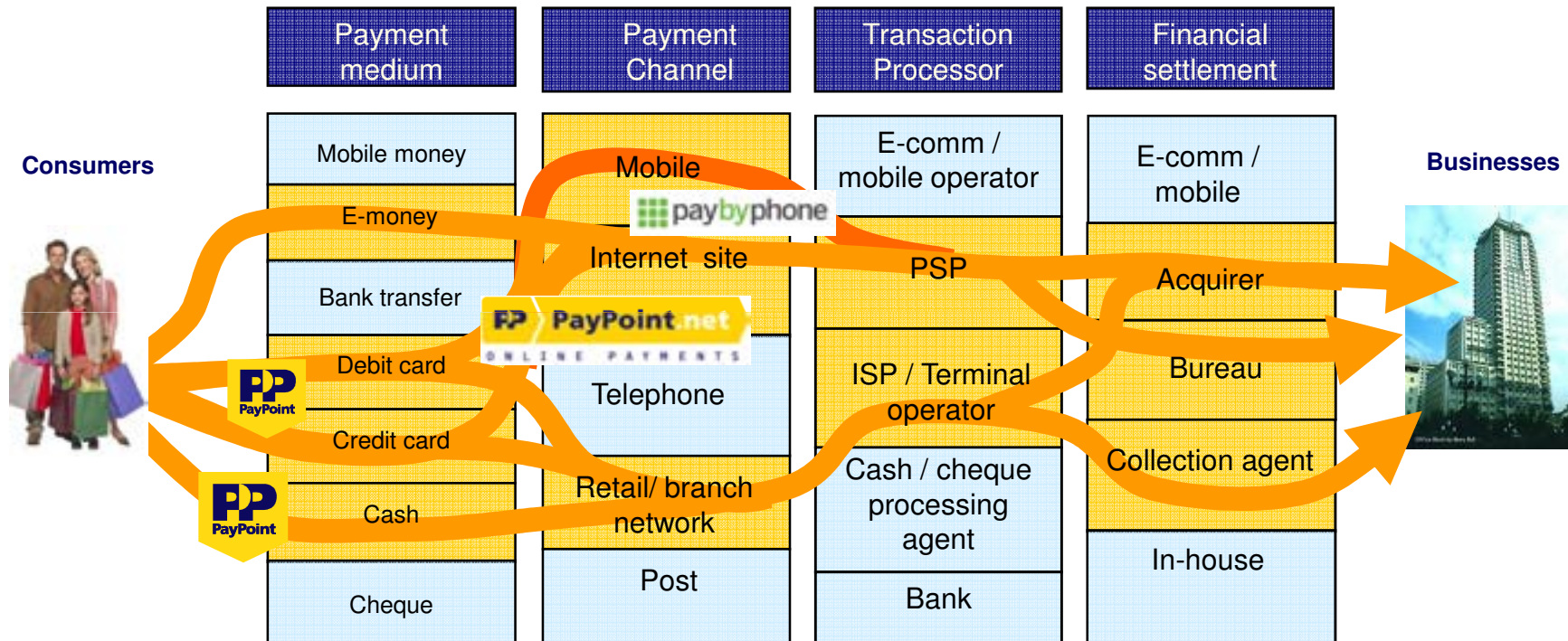


- Added credit and debit card payment capability within retail
- Acquired internet payment capability via our own Payment Service Provider (PSP)



Appendix 4

PayPoint today



- Multiple capability for consumer payments
- Enabled from acquisitions and organic development
- New high volume sectors



Four elements of strategy

Payments capability

Multiple payment media

Multiple payment channels



Selected vertical markets

High volume recurring payments
Ability to add value

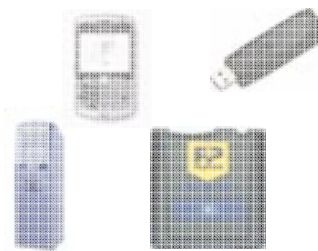
energy/utilities
telecoms & media
financial
transport/parking
public sector/
social housing
retail (incl eCommerce)
gaming/leisure

Value added services / content

Differentiation to channel through products & services

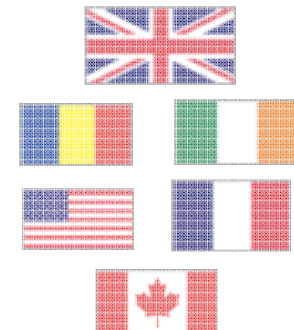
Deeper role in payments value chain

collect+



Geographic reach

Ability to import know how and replicate UK strategy





Appendix 4 Progress and opportunity

← Vertical markets →

	Energy / utilities	Telecoms & media	Financial	Transport / parking	Public sector / social housing	Retail (incl eCommerce)	Gaming / leisure	Value added services
Existing capability	✓	✓	✓	✓	✓	✓	✓	✓
Under development	✓	□	□	✓	□	□	□	✓
Future opportunity	□	□	□	□	□	□	□	□
Progress in year	○	□	□	○	○	✓	✓	○
Mobile phone	✓	□	□	✓	□	□	□	✓
Internet	○	□	□	✓	○	✓	✓	✓
Terminal networks	✓	✓	✓	✓	✓	✓	✓	✓
Value added services	✓	✓	✓	✓	□	✓	○	✓



Appendix 5

Materials to support the consumer transaction



Appendix 5 UK Retail: 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

GIROBANK Trans cash bank giro credit **ABC**

Reference (customer number) 337911903001 Credit account number 125 0205 Amount due (standard fee payable in PO counter) £ 47.97

Cashier's stamp and initials: 3790/000008 Mr & Mrs Dean 222 Longheath Gardens Croydon Cro 77R

Signature: _____ Date: _____

Barcode: 98051286023791190300014

TELEWEST COMMUNICATIONS

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 10105, London E1 6TW**

OUTRIDER 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



Appendix 5
UK Retail: Retailer external signage





Appendix 5 UK Retail: PPOS merchandising





Appendix 5
UK Retail: PPOS virtual terminal





Appendix 5 UK Retail: Terminals and ATMs





Appendix 5 UK Retail: Terminal / PPOS receipts



Sample SPAR Tag



Transport Ticketing

E-TopUp



E Voucher



Utility Payment





Appendix 5

PayByPhone: Parking payment: IVR, SMS, mobile web

ISLINGTON

paybyphone

New customers call
020 7005 0055
and follow instructions

Existing customers either call
020 7005 0055
or text 'info' to
07950 080 201
for instructions on how to pay by text

Paying by phone offers you:

- optional text reminders before your parking expires
- easy top-up payments without returning to your car

Convenient, easy, and safe

You will need your:

- phone number
- date of birth card number
- valid UK registration number
- location number shown below

Payment must be made at time of parking.
Each location is subject to a maximum service charge of 50p.
Optional text services are charged at 15p per text.
Network charges apply where relevant.

The full terms and conditions are at www.islington.gov.uk/paybyphone

See signage in parking bay for location number





Appendix 5

PayByPhone: Consumer value proposition



All you need is
your mobile phone



Be automatically
reminded when
time is almost up



Extend your time
from any phone



Stay safe &
comfortable
while paying



View & print parking
transactions online



Appendix 5 www.collectplus.co.uk – Parcel delivery

The screenshot shows the Collect+ website interface in a Windows Internet Explorer browser. The page title is "Parcel details :: Send a parcel :: Collect+". The URL is "https://www.collectplus.co.uk/parcels/new?to_postcode=W5+1AB".

The main content area is titled "collect+ parcels made easy" and includes navigation links: "find your shop", "return a parcel", "send a parcel", and "track". There are also links for "create account" and "sign in".

The "Enter parcel details" section contains the following form fields:

- Recipient's name:
- House No. or Company:
- Address line 1: [Add another line](#)
- Town/City:
- County:
- Postcode:
- Standard Parcel (up to 5kg) £4.99 [More info](#)
- Upgrade from £50 to £100 cover for £1
- Your email address:

At the bottom of the form are "Checkout" and "Add a new parcel" buttons.

The right side of the page features a map of the Brent area in London. The map is populated with "here" icons representing delivery points. A callout box for "W5 1AB" indicates "delivered to the door from £3.99". A legend at the bottom of the map explains the icons:

- Delivered to the door from £3.99
- Delivered to a local shop for the recipient to collect, just £3.49. We'll tell them when it arrives, ready for them to collect for up to 10 days.



Appendix 5

www.collectplus.co.uk – Parcel returns

The screenshot shows the 'Return a parcel' page on the Collect+ website. The page features a navigation bar with options like 'find your shop', 'return a parcel', 'send a parcel', and 'track'. Below this, a section titled 'Returns made easy - at your local shop' outlines a three-step process: 1. Attach a Collect+ label (with sub-points: 'You can easily print one online' and 'Choose your retailer to begin'), 2. Drop off your parcel at a shop (with sub-points: 'Over 3,500 shops open late, 7 days a week' and 'No more lost Saturdays or lunchtime queues'), and 3. Retain (with sub-points: 'You'll receive proof of postage' and 'Online tracking on all parcels').

Below the process, users are prompted to 'Choose your retailer from the list below or try typing their name.' This leads to a list of retailers, each with a 'Book a return' button. The retailers listed are: Littlewoods, very, MinDirect!, ASOS, Boden, Additions, Andrew James, ARK-H, Arigiano, ASOS, B&K, Barcelona, Baigan Cray, Boden, Canterbury, Celtic Superstore, Chelsea Megastore, Choice, and Florence.

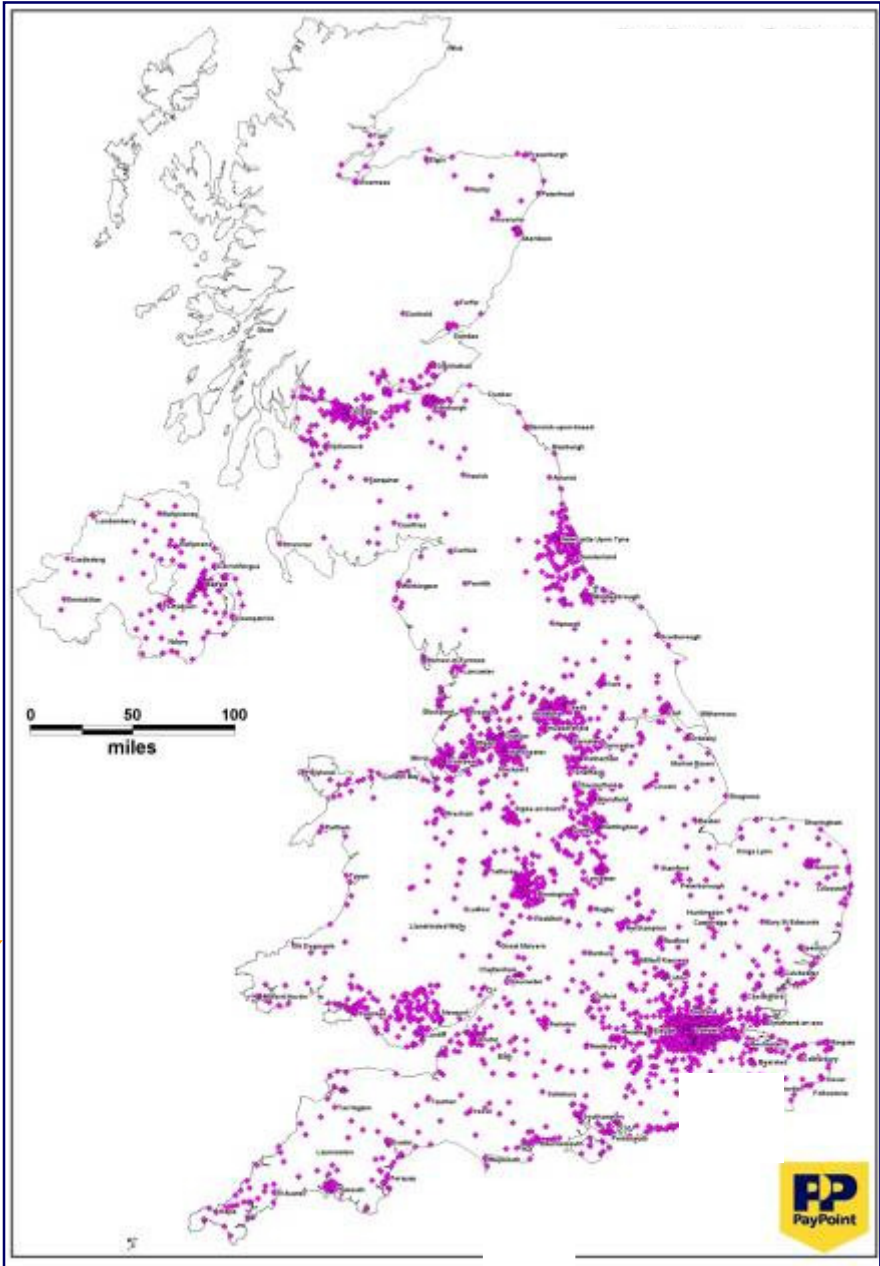
At the bottom of the page, there are social media icons, a 'Terms & conditions / Privacy policy' link, and copyright information: '© 2011 DDP and Collect Ltd. Trading as Collect+ Registered Number: 03982231 / VAT Number: 349330971 Registered Address: Stone Way, OSA Industrial Estate, OSA, Northampton, NN4 7SL.'



Appendix 5 Collect+: UK Network

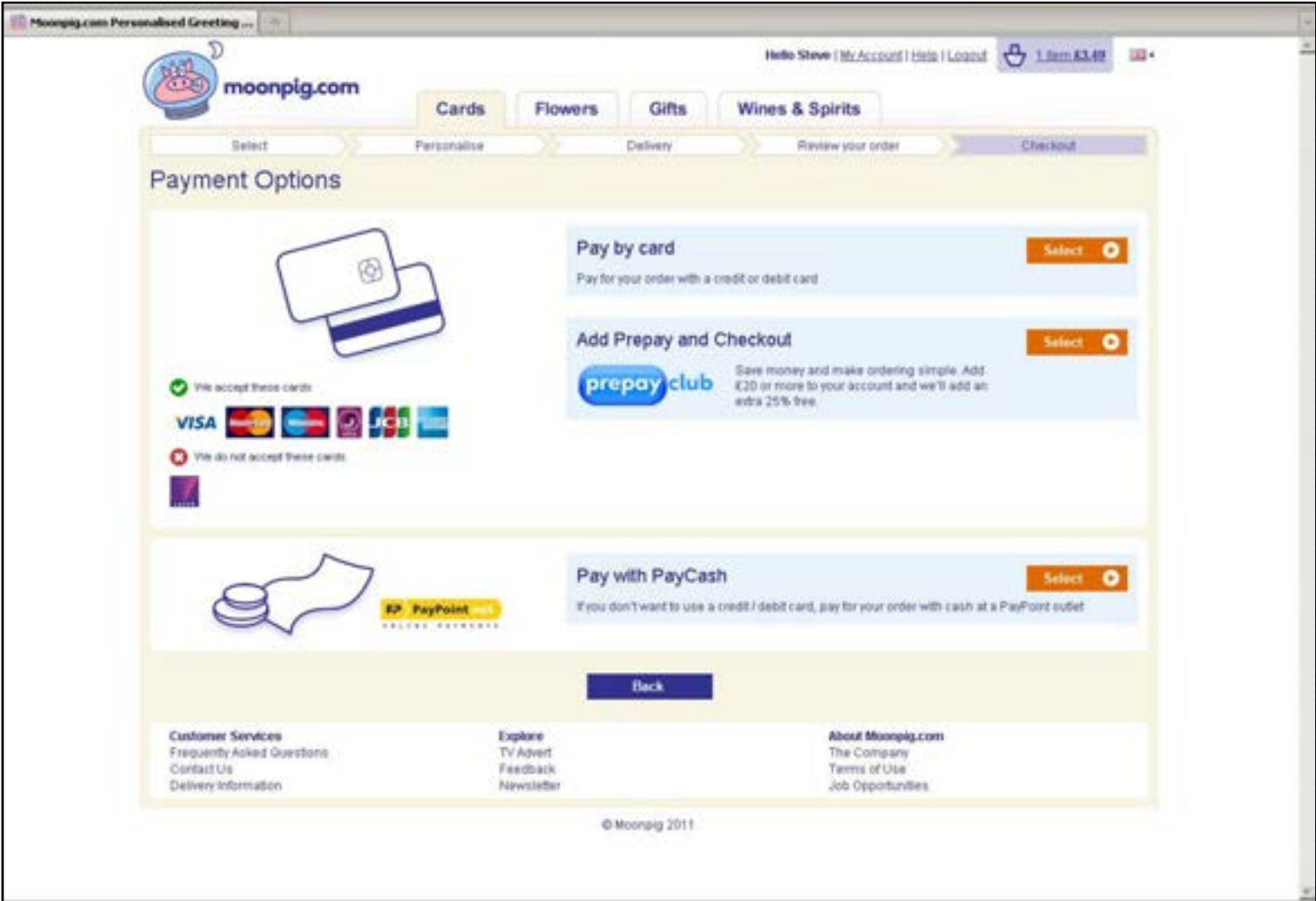
- Target network density
 - 1 Mile urban
 - 5 Mile rural

3,700 locations live





Appendix 5 PayCash – merchant’s website





Appendix 5 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: **ZynC7B1WBoeB9dEtf07IRKQKnHp10Jsl**



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.