Dominic Taylor, Chief Executive
Rachel Kentleton, Finance Director

30 November 2017

Results for the half year ended 30 September 2017

Agenda

Introduction

Continued progress in reshaping the business

- **Product and Network**
  - Continued successful rollout of PayPoint One, now in 6,898 sites, on track to deliver 8,000 target
  - EPoS Pro and Mobile App launched on 1st November 2017
  - Further growth in parcels up by 13.6% to 11.9 million; Collect+ network now expanded to over 7,200 outlets
  - Good momentum in MultiPay; transactions doubled to 6.7 million; now servicing 17 clients
  - Completed Payzone Romania acquisition substantially increasing our network and product range in Romania

- **Platform and service delivery**
  - CRM salesforce implementation progressing
  - Investment in data centres
  - PayPoint One prospecting to installation timeframe has reduced by 19% since last year

- **Financial**
  - Net revenue grew by 5% to £56.5 million[(1)]
  - Operating cash flows grew by 5.3% to £29.5 million[(2)]
  - Ordinary interim dividend of 15.3 pence per share, up by 2%
  - Additional interim dividend of 12.2 pence per share

(1) Retail networks performance
(2) Reported results

Financial review

Statutory results

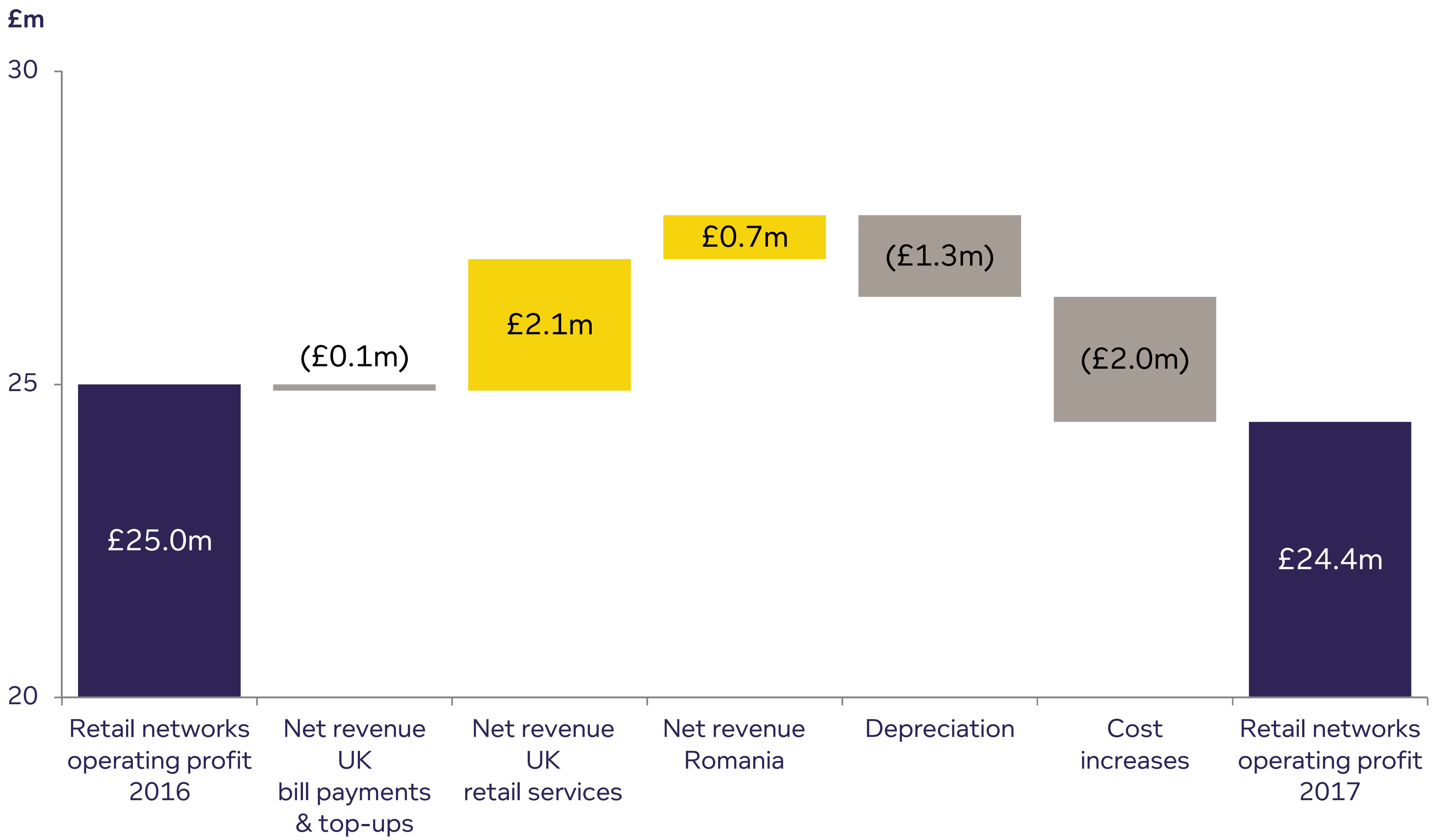
Half year 30 September	2017 £m	2016 £m	% change
Gross revenue	97.6	101.7	(4.1)
Net revenue	56.5	58.4	(3.2)
Other cost of revenue	(9.1)	(8.4)	8.9
Administrative costs	(23.0)	(25.7)	(10.8)
Operating profit before impairments and disposals	24.4	24.3	0.6
Share of Collect+ JV	-	0.4	(100.0)
Profit before tax	24.4	24.7	(1.5)
Tax	(4.6)	(5.0)	(8.4)
Earnings per share	29.1p	29.0p	0.3
Ordinary dividend per share	15.3p	15.0p	2.0
Additional dividend per share	12.2p	12.2p	-
Total dividend per share	27.5p	27.2p	1.1

Retail networks'* revenue growth continues

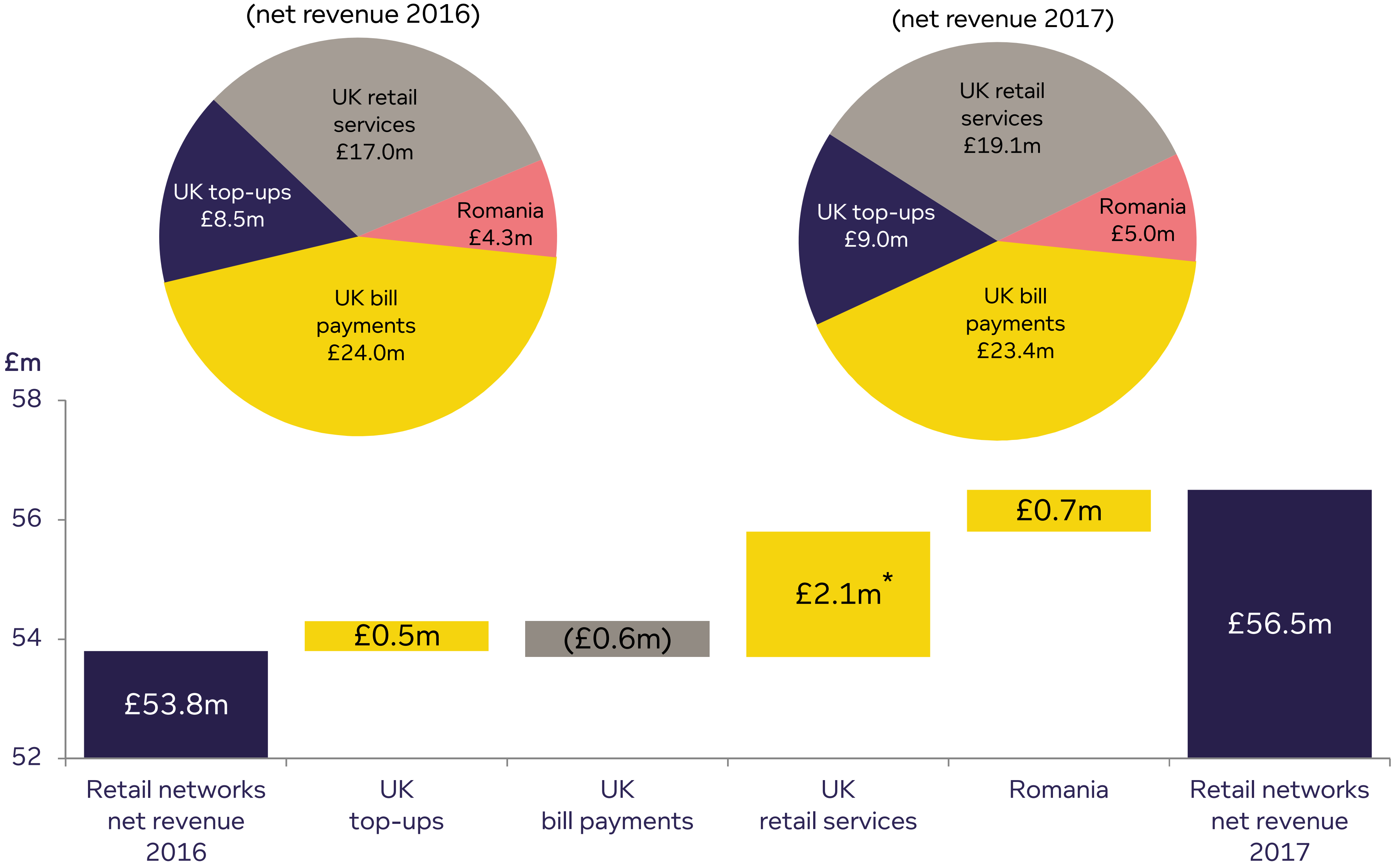
Half year 30 September	2017 £m	2016 £m	% change
Gross revenue	97.6	95.4	2.3
Net revenue	56.5	53.8	5.0
Other cost of revenue	(9.1)	(7.5)	21.6
Administrative costs	(23.0)	(21.3)	8.3
Operating profit	24.4	25.0	(2.7)

*Retail networks consists of our UK, Irish and Romanian retail businesses. A reconciliation, for each measure, from the statutory results to Retail networks is included in note 1 to the interim financial statements.

Analysis of retail networks' operating profit

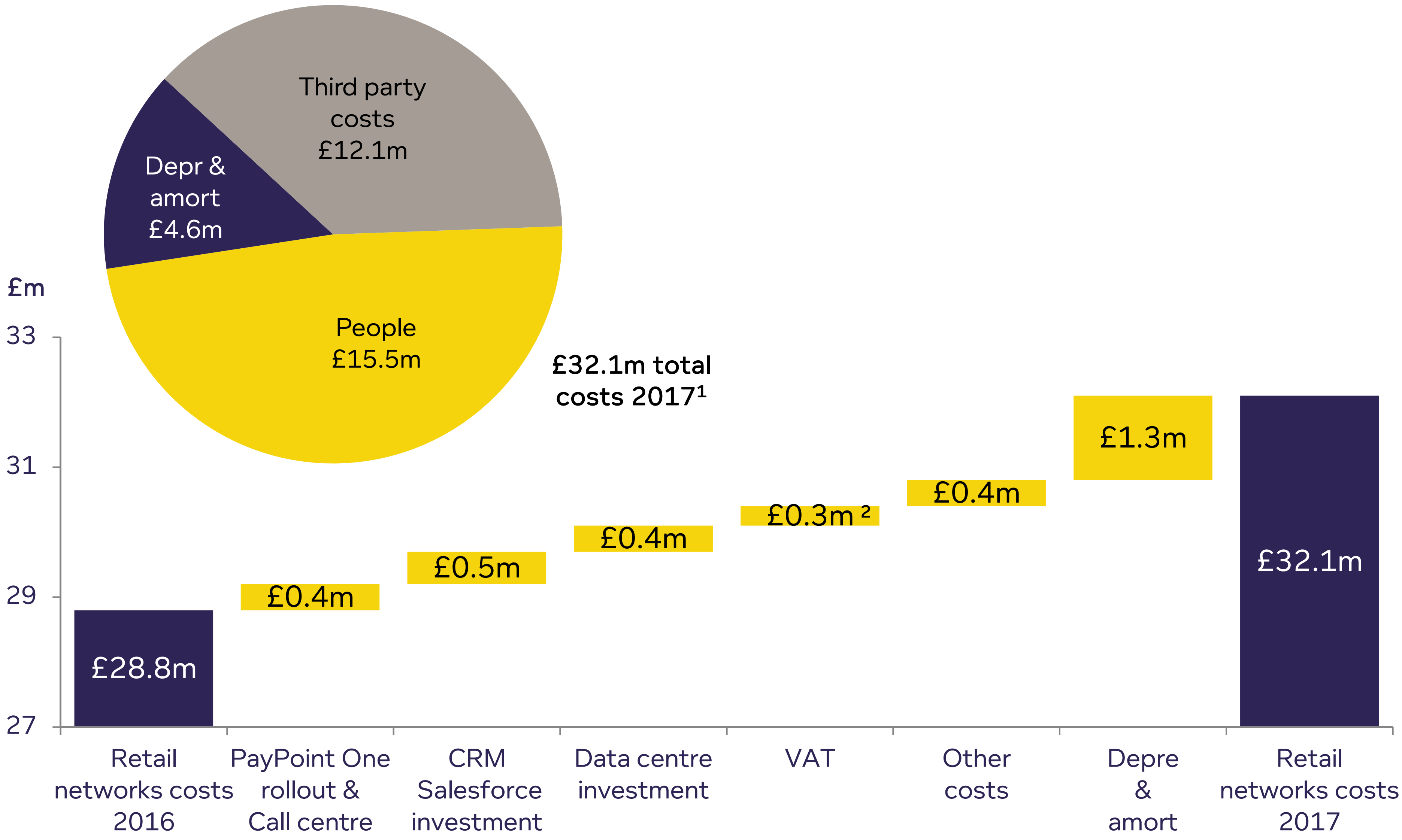


Analysis of retail networks' net revenue



* £0.5m relates to the change in VAT treatment for card payment revenue in the second half of 2017. As a consequence irrecoverable VAT increased £0.3m which is included in costs

Analysis of retail networks' costs



1. Total costs of £32.1 million consists £23.0 million of administrative costs and £9.1 million of other cost of revenue
2. Additional cost of £0.3m as a result of increased irrecoverable VAT arising from the change in the VAT treatment of card payment revenue. The £0.5m benefit of the change is included in net revenue

Balance sheet remains strong

Six months ended 30 September	2017 £m	2016 £m
Goodwill	8.4	8.5
Other intangible assets	13.8	9.8
Property, plant & equipment	28.9	25.0
Assets held for sale and Collect+	-	4.3
Cash[1]	27.6	49.6
Working capital	(18.3)	(16.2)
Current and deferred tax	(3.8)	(5.3)
Net assets	56.6	75.7
Equity shareholders' funds	56.6	75.8
Non-controlling interests	-	(0.1)
Total equity	56.6	75.7

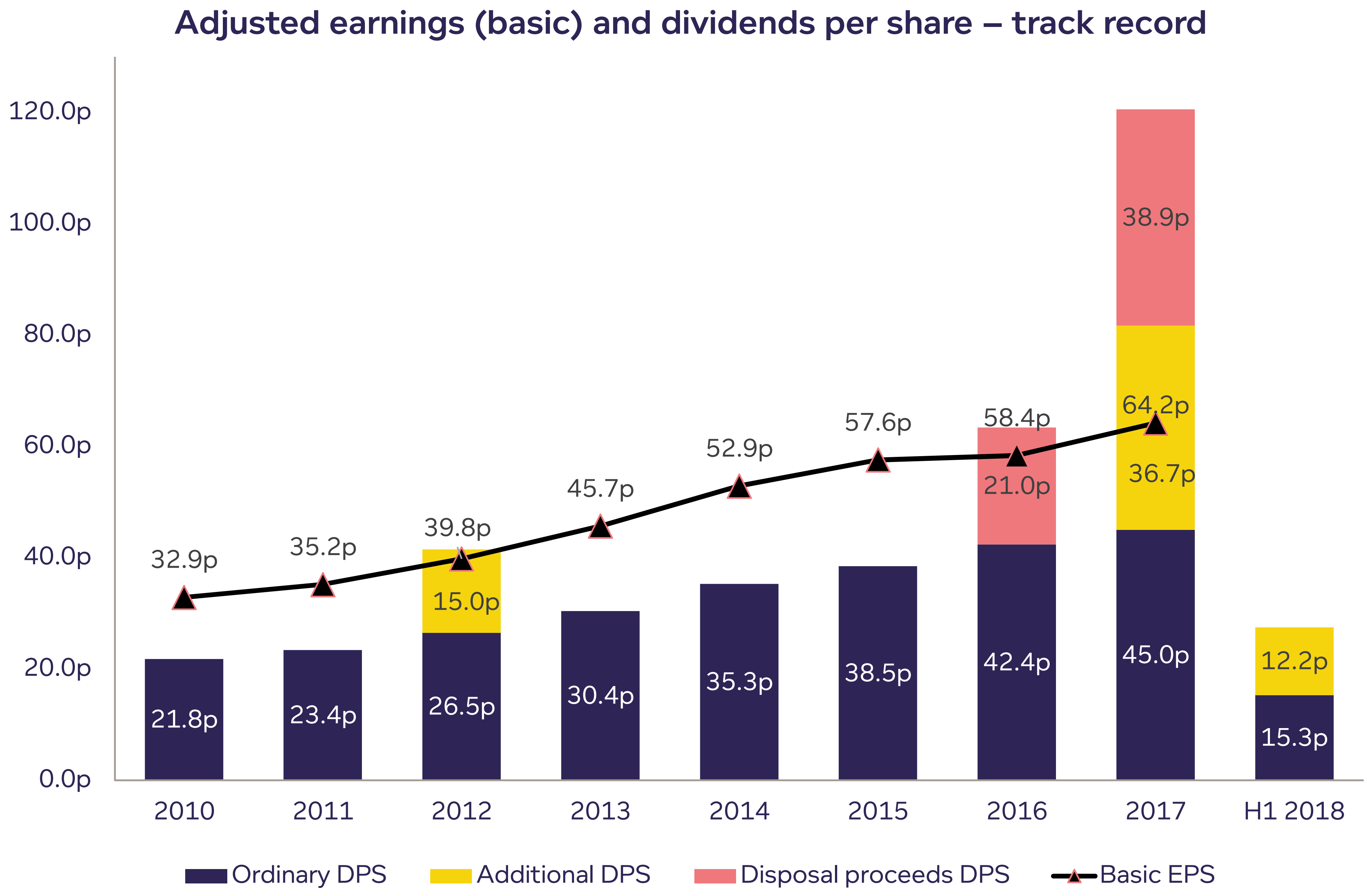
1. Cash balance in 2016 excludes £1.7 million of cash included in assets held for sale

Cash generation and use

Six months ended 30 September	2017 £m	2016 £m
Profit before tax	24.4	24.7
Non-cash items	5.1	3.4
Operating cash flows	29.5	28.1
Working capital	(3.0)	(0.6)
Tax paid	(5.0)	(3.1)
Capital and other expenditure	(8.1)	(9.1)
Free cash flow	13.4	15.2
Movement in client cash	(2.0)	(15.6)
Dividends paid	(37.2)	(33.5)
Effects of foreign exchange rate changes	0.2	2.0
Net cash movement	(25.5)	(31.9)
Cash at 30 September[1]	27.6	51.4
Client funds included in cash at 30 September	18.1	15.4

1. Cash balance in 2016 includes £1.7 million of cash included in assets held for sale

Shareholder returns



Outlook remains consistent with that given in May 2017

- **UK business in transition**
  - SPS contract expected to terminate sometime between September 2017 and March 2018. Full year effect £4m ✓
  - Reducing Yodel fee – impact £1.7m 2018, further £1.0m 2019 ✓
  - Impact of investment on PayPoint One, MultiPay, tools and capability ✓
  - Non-recurring net VAT recovery of £2.0 million ✓
- **Pressures in prepay energy**
  - Strong growth in MultiPay ✓
- **Opportunity in UK retail services**
  - Continued PayPoint One rollout ✓
  - Pro launch ✓
  - Card payments and ATM growth ✓
- **Continued organic growth in Romania** ✓

PayPoint's unique strategic positioning

PayPoint's differentiated business model

Growing portfolio

- Top ups
- Household bills
- Parcels
- Digital vouchers
- ATMs
- Contactless & card payments
- MultiPay
- EPoS

Popular services for customers, retailers and clients, which increase engagement

UK & Romania

- Differentiated & resilient technology
- Retailer support
- Robust settlement systems
- 24/ 7 Operational support

Low cost, scalable and technologically advanced platform

- Healthy margins
- Strong cash generation
- Investment in innovation
- Attractive dividends

Consistent value creation for shareholders

PayPoint's landscape in the UK

	Major multiple groups[1]	Symbols and independents
Sectors • Convenience • CTNs • Supermarkets • Forecourts • Specialist off licences	• Huge investment in latest technology • Highly complex organisations • Substantial buying power with suppliers	• Lower investment in technology • More fragmented • Less collective buying power and underserved
Technology	API+ 	API+  
PayPoint in store[2]	9,500	19,000
Totals stores in above sectors[3]	22,000	44,000

Source: PayPoint, William Reed Grocery Retail Structure 2017
(1) Including symbols managed as a multiple Group
(2) Excludes 2,000 retail stores with other non-bill payment services
(3) Excludes non-retail locations

Our five business priorities

Making good progress against our strategic priorities

1. Profitable growth in UK retail services

2. Deliver parcels growth

3. Optimise profits in UK bill payments and top-ups

4. Drive organic growth in Romania

5. Business optimisation

1. Profitable growth in UK retail services

Continued successful rollout of PayPoint One

- Rollout on track to achieve 8,000 sites by year end
- Successful launch of EPoS Pro (1 November)
  - Primarily targeting symbol retailers
  - Priced at £30 per week
  - Over 100 contracted to date
  - Rollout to commence in January
- Integrations being agreed with symbol groups
- Successful launch of free mobile app (for Base, Core and Pro)

Live Count 27th November	
Total	6,898
EPoS Base	2,927
EPoS Core	3,947
EPoS Pro (test sites)	24

PayPoint One – everything a modern convenience store needs

Contactless Card Payments

Parcel – pick up and drop off

Bill Payments

EPoS

Future proof technology

EPoS: Base, Core, Pro

	Base	Core	Pro
	£10** per week	£15** / £20* per week	£30 per week
Attract customers	• PayPoint services-footfall	• PayPoint services-footfall • Enhanced service (scanning) • Clear pricing & promotions	• PayPoint services-footfall • Enhanced service (scanning) • Clear pricing & promotions
Business insights	• Cash register	• Cash register • Sales & margin reports	• Cash register • Sales & margin reports • Wastage & shrinkage tracking • Payment type analysis
Store efficiency	• Integrated pin pad	• Integrated pin pad • Range tagging	• Integrated pin pad • Range tagging • Stock management & symbol links • News management
Cost benefits	• PayPoint benefits-commission • No upfront fees • Free updates	• PayPoint benefits-commission • No upfront fees • Free updates	• PayPoint benefits-commission • No upfront fees • Free updates • Accounting benefits

PayPoint mobile app

** Existing customers
* New customers

EPoS: Mobile App

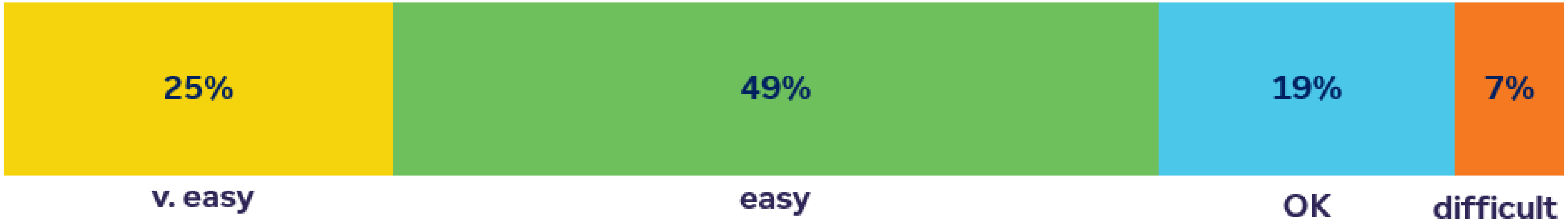
Allowing retailers to:

- See sales in real time
- Change prices and promotions instantly
- Control stock from anywhere

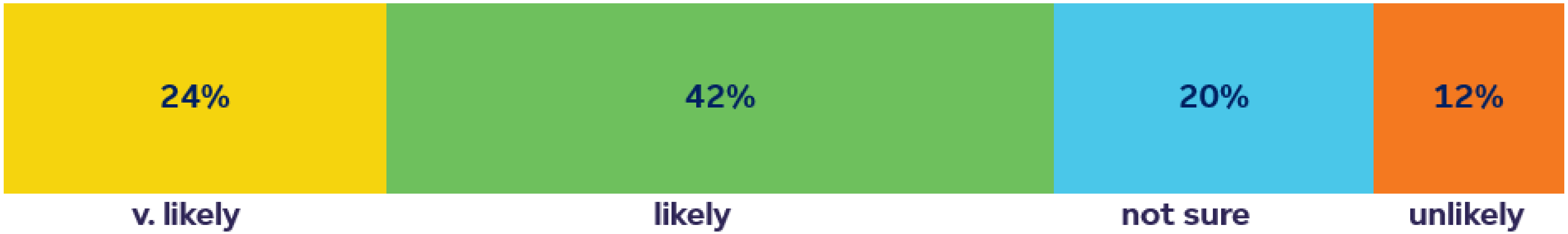
Available to all PayPoint One users with functionality aligned to their EPoS package

Positive customer feedback

How do you find PayPoint One to use?



How likely are you to recommend PayPoint One to another retailer?



from an outbound telephone customer satisfaction survey of 100 PayPoint One users

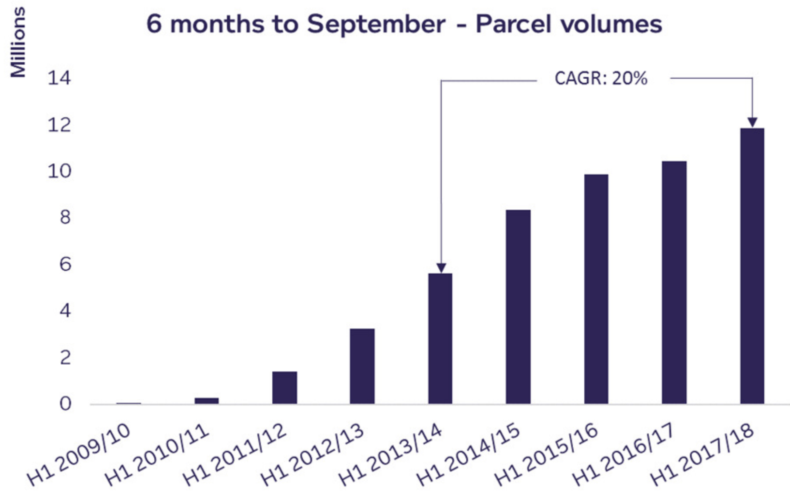
Positive customer feedback

2. Deliver parcels growth

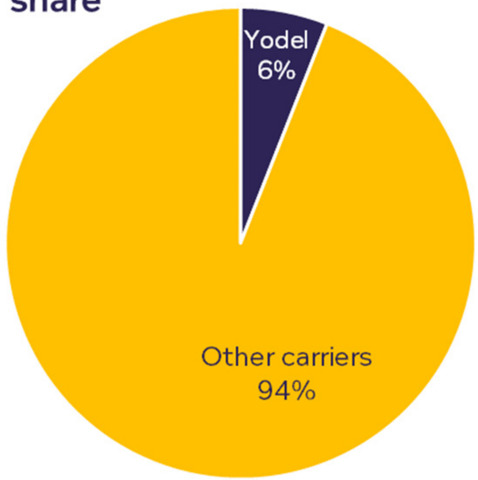
- **Growing market**
  - Home delivery market of over 2.4bn parcels, up c.16% first half
  - Returns growth driven by high volume fashion
  - Strong Click & Collect growth across 'own store' & third party outlets
  - Consumer environment volatile - debt rising, higher interest rates, more discerning

- **Collect+ is the market leader**
  - Servicing c.380 hybrid or pure play online retailers
  - Trusted brand (Trust Pilot: 9.3 out of 10)
  - Attractive to network (including Multiples) to drive footfall

- **Leading and growing network**
  - Network now at over 7,200 sites in advance of Christmas peak
  - Now in House of Fraser and increased trial participation from Tesco
  - Opportunity to serve other carrier networks – discussions progressing well



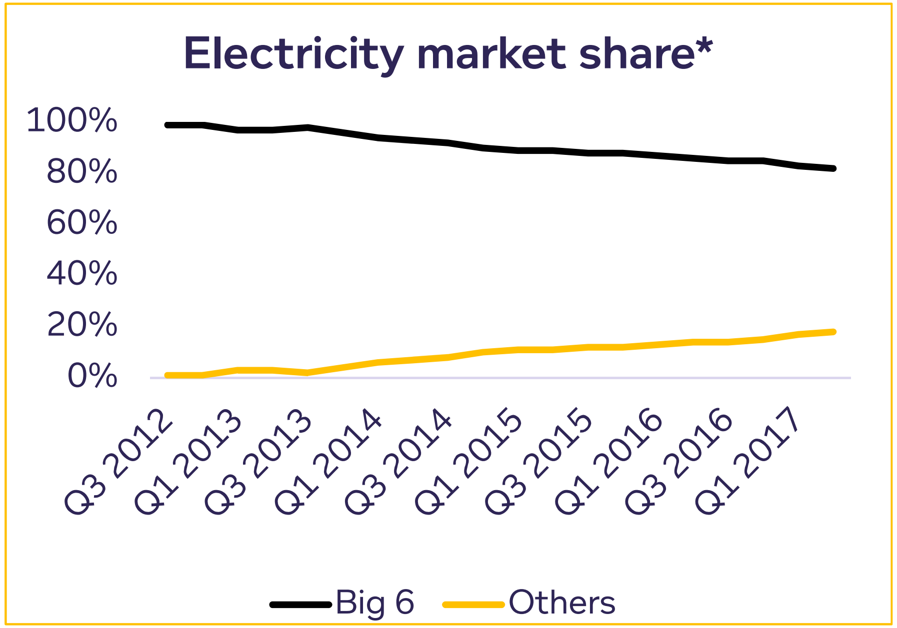
UK carrier market share

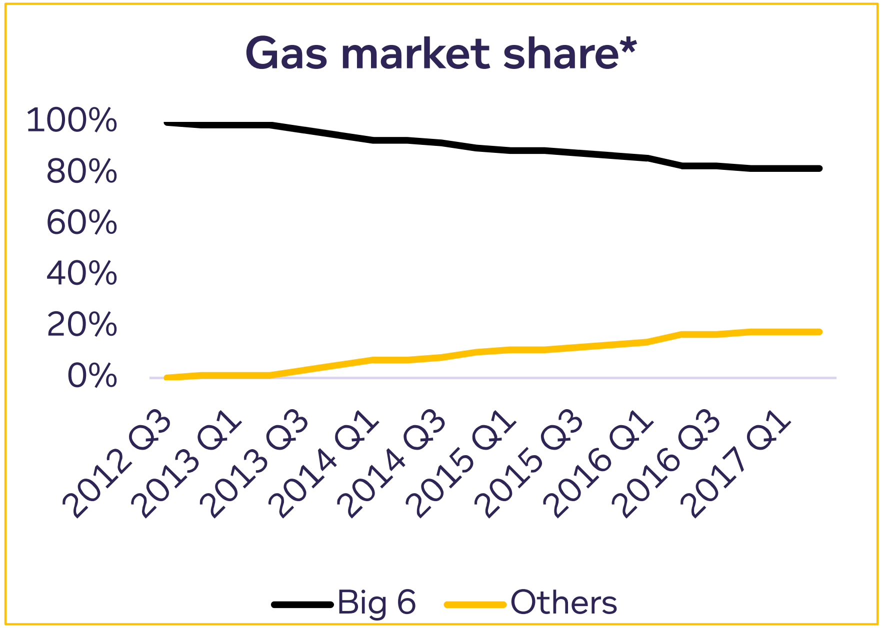


Source: IMRG - Market share based on the volume of parcels delivered

3. Optimise profits in UK bill payments

PayPoint has a significant number of opportunities to mitigate decline of 'Big 6' energy suppliers



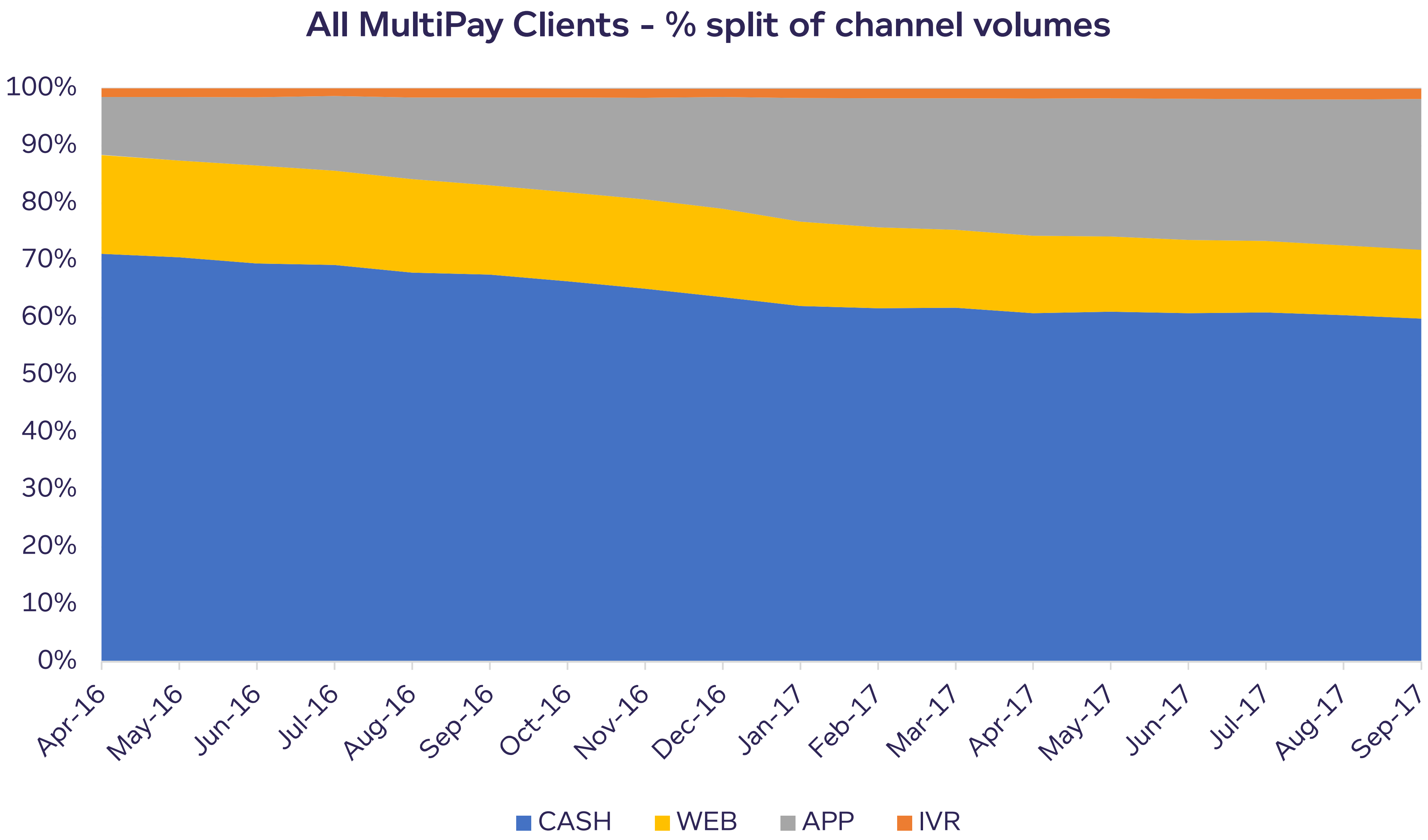


1. Cash still remains a relevant payment segment
2. Improving revenue per transaction is mitigating volume decline
3. Opportunities for MultiPay in energy and other segments
4. Scalable platform enables rapid deployment for minimal incremental cost

*Source: https://www.ofgem.gov.uk/data-portal/retail-market-indicators - Market share based on the number of households on the distribution networks

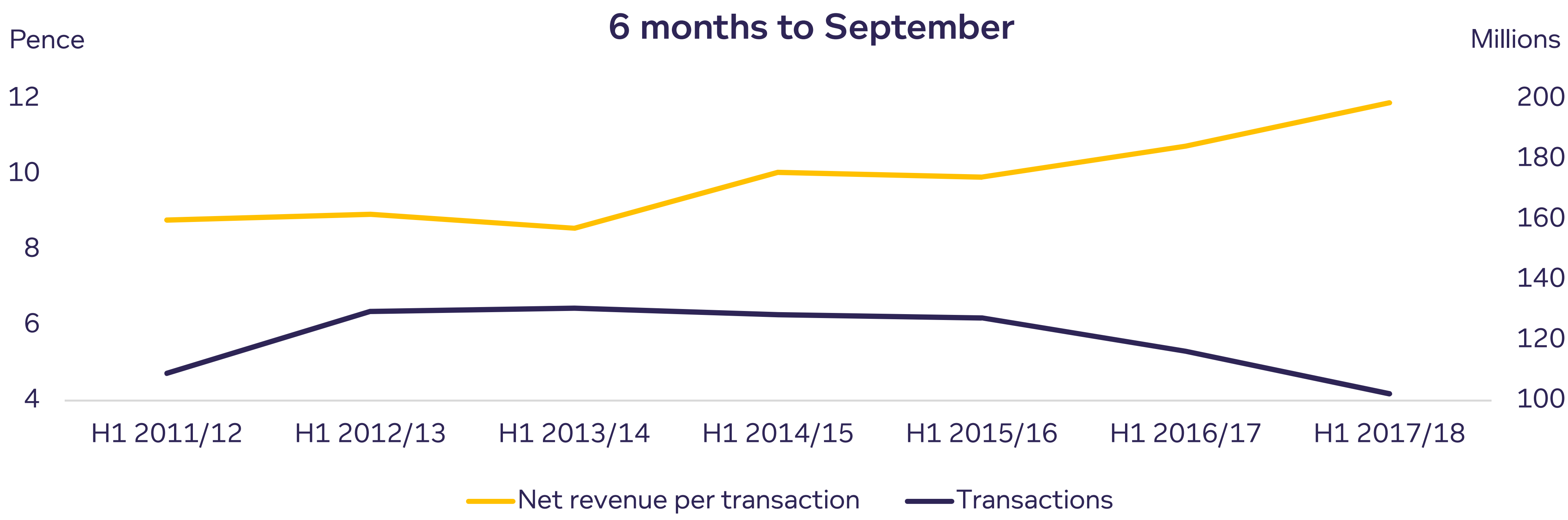
3. Optimise profits in UK bill payments

Cash still remains relevant, despite emerging channels



3. Optimise profits in UK bill payments

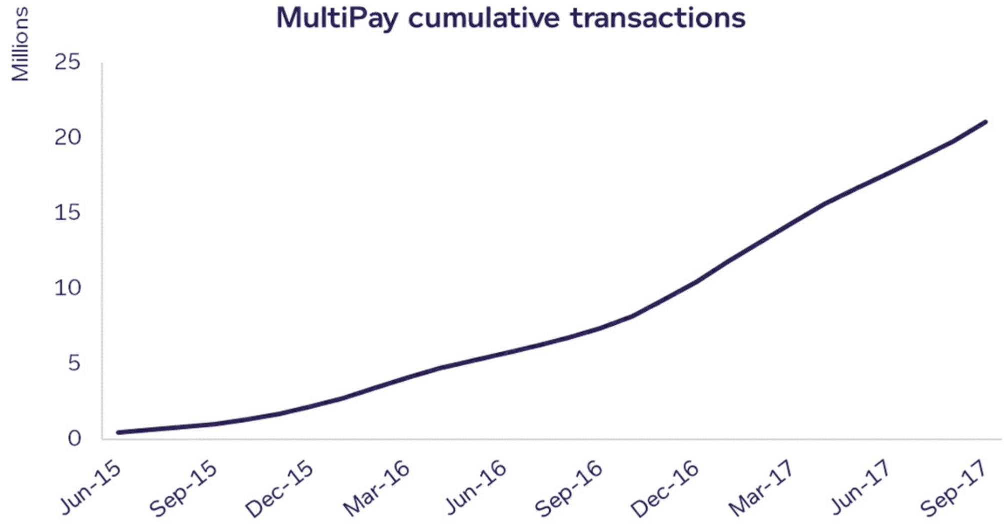
Improving revenue per transaction is mitigating energy volume decline



3. Optimise profits in UK bill payments

Opportunities in MultiPay and other non energy segments

- MultiPay momentum continues to build, with 17 clients live
- Transaction volume doubled in H1 vs same period last year
- Solution for SSE live and tender participation with other 'Big 6' suppliers
- Growth supported by continued smart* meter roll out, with 14% penetration of 50m meters as of end Q2 2017 (>1m installations in that quarter)
- DCC prepay further delayed to January
- PayPoint live with industry service** for Npower, the first such solution to be accredited by the DCC
- Product will evolve to fit needs of other business verticals beyond energy



** Unique Transaction Reference Number (UTRN) service for all cash and non cash transactions irrespective of source
* Smart includes SMET1 and SMET2 meters

Scalable platform enables rapid deployment for minimal incremental cost

- Exciting new capability developed – Amazon top up
- Unique barcode paired to Amazon account, enabling customers to top up cash directly into their account via a PayPoint store
- Good example of how PayPoint’s retail network can help bridge the physical and virtual worlds, as does Collect+
- Adding to a growing category of digital services including Xbox, Nintendo and Spotify

4. Romania

Progress last six months

- Cash dominates Romanian household payments (c.90% share)
- PayPoint now a strong consumer brand with 75%* recognition
- PayPoint share of the bill payment market is growing as Post Office and bank branches retrench
- Top-up transactions have grown by 11% reflecting strength of network, visibility and branding
- Parcels trial in Bucharest in 200 sites with 5 on-line merchants
- Card payment trial continues

Payzone Romania acquisition

- c.10,000 sites
- Net revenue of £1.7m**
- Costs of £1.5m**
- Consideration of £1.4m, plus shareholder loan £1m

Next steps

- Optimise PayPoint and Payzone networks
- Integrate back offices
- Extend product and services offering

* The data was sourced from the results of a national study conducted by Millward Brown for PayPoint Romania between April and May 2016, via phone interviews (1,000 respondents from urban and rural areas, 18-65 years old, responsible for making household payments)

** 6 months to Sept 2017

5. Business optimisation – improved service delivery

Operational & cost efficiencies

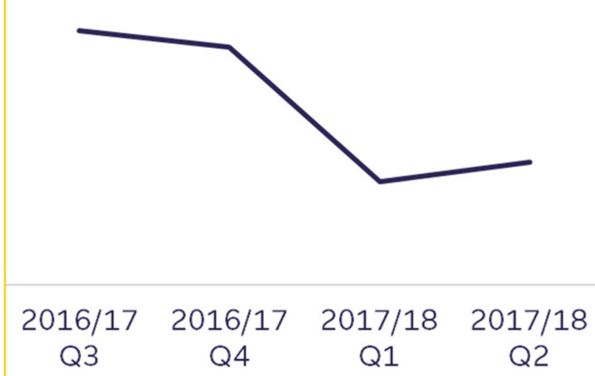
1. Investment in CRM/salesforce to drive productivity in contact centre, field team & operations and to improve retailer billing

2. Product and IT alignment to deliver improved efficiency and speed to market

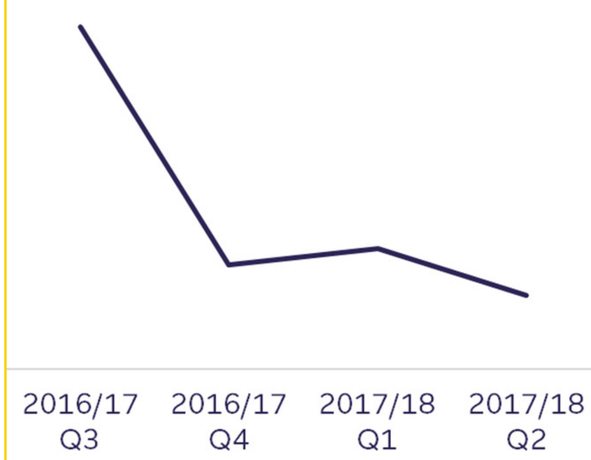
3. Third party cost review e.g. signage and outsourced suppliers

4. Planned capital expenditure is scheduled to reduce following two years of increased investment

Time to on-board PayPoint One Terminal (working days)



Speed of call answering



Summary

Summary

- Good first six months with reshaping of the core business firmly on track
- Further good progress in PayPoint One, retail services and MultiPay
- Romania growing strongly with new opportunities following completion of Payzone acquisition
- Scalable and technologically advanced platform in place to benefit from future growth possibilities
- Business continues to generate strong cash flow and distribute attractive shareholder returns