

7 March 2017

## WORLDPAY GROUP PLC

### Results for the 12 months ended 31 December 2016

**Very strong results: net revenue and underlying EBITDA up 15%; five-fold increase in cash flow**

	2016	2015	Change
Number of transactions <sup>1</sup> (bn)	14.9	13.1	+14%
Transaction value <sup>1</sup> (£bn)	451.1	404.2	+12%
Revenue (£m)	4,540.8	3,963.0	+15%
Net revenue <sup>2</sup> (£m)	1,124.2	981.7	+15%
Underlying EBITDA <sup>3</sup> (£m)	467.6	406.1	+15%
Profit before tax (£m)	264.1	19.1	+£245.0m
Diluted earnings/(loss) per share (p)	6.6	(1.8)	+8.4p
Dividend per share (p)	2.0	-	n/a
Free cash flow <sup>4</sup> (£m)	170.9	32.4	+£138.5m

- Very strong financial performance: net revenue and underlying EBITDA growth of 15%
- Substantial increase in free cash flow to £170.9m, despite high levels of investment
- Significant progress on our strategy: further strengthened our customer relationships, product offering, market reach, people capabilities and technology
- Thousands of customers successfully transacting on the new acquiring platform; expect majority of customers to be migrated by end of 2017; some more complex customers migrating in 2018
- Strengthened leadership team with new appointments to the Board and Executive Committee
- Medium-term guidance unchanged: continue to expect net revenue to grow c.9% to 11% CAGR
- Expect modest underlying EBITDA margin improvement in 2H 2017 with full year benefit in 2018
- Continue to expect capex to reduce to c.10% of net revenue in 2018

*“We had a very strong 2016, both in terms of financial performance and strategic progress, and we’re starting 2017 better placed than we’ve ever been. The substantial investments we’ve made in leading edge technology, innovative products, deep market reach and talented people are delivering real benefits for our customers, and our momentum with them is in turn further increasing our confidence in delivering our medium-term growth ambitions. We are continuing to strengthen our global leadership position in payments, and we are well positioned to capitalise on the opportunities for further growth we see in our markets.”*

**Philip Jansen, Chief Executive Officer**

<sup>1</sup>2015 transaction numbers and value have been restated to include the SecureNet numbers following integration of their operational reporting. This impacts Group and WPUS segmental KPIs.

<sup>2</sup> Net revenue is defined as revenue less interchange and scheme fees.

<sup>3</sup> Underlying EBITDA is defined as earnings before interest, tax, depreciation and amortisation. It also excludes separately disclosed items which are discussed in the Financial review. A table showing how underlying EBITDA reconciles to profit before tax is also provided in the Financial review.

<sup>4</sup> Free cash flow reflects the net cash flow from operating activities of £318.6m (2015: £337.1m) adjusted to remove the working capital and other movements associated with the IPO (2016: £(21.4)m; 2015: £25.0m) and the tax paid in respect of the CVR holders’ 90% share of the taxable gain in relation to the Visa Europe transaction (2016: £(44.1)m; 2015: nil); less net capital expenditure of £160.8m (2015: £179.0m) and underlying net finance costs paid of £52.4m (2015: £100.7m). A table showing how free cash flow reconciles to the net increase/(decrease) in own cash and cash equivalents is provided in the Financial review.

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**Results presentation**

The Full Year 2016 results presentation for analysts and investors will be held in London at 9:30am today and a simultaneous webcast will be available at <http://investors.worldpay.com>

**Financial calendar**

Worldpay's Annual General Meeting (AGM) will take place at 11.00am on 10 May 2017 at the offices of Allen & Overy LLP, 1 Bishop Square, London, E1 6AD. The Group's Half Year Results will be announced on 8 August 2017.

**Forward-looking statements**

This announcement contains certain forward-looking statements with respect to the financial condition, results of operations and businesses of Worldpay Group plc. Such statements and forecasts by their nature involve risk and uncertainty because they relate to future events and circumstances. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements. Worldpay Group plc cautions readers that no forward-looking statement is a guarantee of future performance. Nothing in this announcement should be construed as a profit forecast. These forward-looking statements are made at the date of this announcement. Except as required by law or regulation, Worldpay Group plc has no obligation to update the forward-looking statements or to correct any inaccuracies in them.

**About Worldpay**

Worldpay is a leading payments company with global reach. We provide an extensive range of technology-led payment products and services to around 400,000 customers, enabling their businesses to grow and prosper. We manage the increasing complexity of the payments landscape for our customers, allowing them to accept the widest range of payment types around the world. Using our network and technology, we are able to process payments from geographies covering 99% of global GDP, across 146 countries and 126 currencies. We help our customers to accept more than 300 different payment types.

For more information, visit <http://investors.worldpay.com>



## Chief Executive's statement

In 2016, we delivered very strong financial results and made significant progress on our strategy, by further deepening our relationships with customers, extending our market reach, and developing our technology, products and people capabilities. We are continuing to capitalise on the strong structural growth drivers in our marketplace: the growth of digital transactions and ecommerce, and the increasing complexity of payments for our merchant customers, particularly for those who operate across multiple channels or on a broad international basis.

Our strategy is focused on helping our customers to prosper, by using our payments expertise and insight to increase their sales, and reduce their costs and risk. It is designed to ensure the continued success of our business in a competitive and rapidly changing market, in order to deliver sustainable value to our customers, colleagues and shareholders. We expect that realising the full potential of our business model will drive robust, visible and recurring organic revenue growth over the medium-term.

### A very strong financial performance in 2016

We processed around 15 billion transactions, an increase of 14% compared to 2015. Total transaction value was £451bn, up 12%, and net revenue rose by 15%, to £1,124m.

We delivered increased profitability, with underlying EBITDA growing 15% to £467.6m, and a substantial improvement in free cash flow to £170.9m, despite high levels of investment.

At a divisional level, Global eCom delivered strong and broadly based growth, with transactions growing 30% to 5 billion, supporting net revenue growth of 22%. Underlying EBITDA increased 18%. In WPUK, net revenue grew 8%, supported by transaction volume growth of 7%, and, with ongoing good cost discipline, underlying EBITDA rose 11%.

In the US, we delivered better operational execution in 2016 and are making good progress towards building a sustainably stronger business. Underlying EBITDA increased by 9% at constant currency and transactions rose by 7%. However, we are not yet seeing the benefits of the execution of our strategy on our top line, and net revenue grew 2% in 2016. This will be a key focus in 2017 and 2018.

### Market environment

The dynamic nature of our markets presents both opportunities and challenges, which we are tracking closely. We are actively involved in shaping these developments with our merchants and partners, industry and technology bodies, and with regulators.

An important regulatory development in Europe is the implementation of the Second Payment Services Directive (PSD2), which is a significant step in building a Digital Single Market in the region. It aims to build a more integrated and efficient payments market across Europe, and to promote competition, bringing into scope new types of payment services and enhancing customer protection and security.

Overall, we see an opportunity in PSD2 to help our customers navigate this new payments landscape, and we will continue to work closely with EU and UK regulators and our merchant customers on the implications and details of its implementation.



## **Substantial progress on our strategy**

We made substantial progress on our strategy in 2016. We further strengthened our customer relationships, product offering, market reach, technology and people capabilities, making improvements across a broad front, underpinned by a large number of individual initiatives.

### ***Extending our market reach and expanding our products and services***

We further extended our market reach, and delivered a substantial number of proposition upgrades and new products in 2016.

We gained new licences in a number of jurisdictions, including Hong Kong, Singapore and Australia, and added Brazil in early 2017. Work is currently underway to develop further partnerships and licences across Europe, Asia and Latin America, and this is being reinforced by a strengthening of our capabilities in regional offices to support the growth of our business, notably in Asia and South America.

We launched a large number of new customer products and services in 2016. These included the launch of Your Marketplace in the UK, a new insight and reporting tool; major upgrades to alternative payment methods; and extensions to our bankout products, supporting cost-efficient cross-border payments. We also increased security for our customers, with advances such as cross-tokenisation, which creates common payment tokens across every channel, and point-to-point encryption.

The successful development of our omni-channel product, Worldpay Total, continues and is now available across all three divisions. In the UK, momentum is building strongly, and we have added further functionality, including high value contactless and cross-tokenisation. We were pleased to launch Worldpay Total in the US in the fourth quarter, offering functionality specific to the American marketplace, having announced a European product for Global eCom customers earlier in the year.

### ***Further development in technology and innovation***

Our strategy is to continually invest in technology and products so that we can achieve better business outcomes for our customers. We believe that these investments in technology and engineering talent will extend our competitive advantage. We made good progress on strengthening our technological capabilities in the year.

Our new acquiring platform is a key component of our technology infrastructure, and will deliver significant enhancements in terms of agility, flexibility and efficiency. We have made good progress and now have thousands of new customers successfully transacting on it. We have, however, made a judgement call to alter the rate of migration to ensure that we maintain our current strong growth trajectory and the accelerating pace of product development. By the end of 2017 we expect to have migrated the majority of customers onto the new platform, including a significant number of our SME customers and some of our highest volume merchants. For more complex customers, the pace of further migration is likely to be more determined by their preference, and given that a number will not want to migrate to the new platform in the run up to the holiday season, we now anticipate that these customers will migrate in 2018. As a result, we will incur some modest incremental operating costs, but we do not expect a material increase in capital expenditure.

Elsewhere in our technology estate, we are also investing in a next-generation payment 'routing' layer that enhances our existing investment in technology assets such as our payment gateways,

enabling the intelligent routing of payments. We expect to begin trials with customers at the end of 2017.

In addition, we have been developing a new capability for analysing and reporting on data across the entire organisation through our new Enterprise Data Platform (EDP). By industrialising our use of data, particularly in areas such as decision services, data visualisations and technical insights, we have enhanced our capabilities to better serve our merchants, partners and colleagues. We expect the use of EDP to permeate more widely into our operations and systems in 2017.

We continue to place a central focus on digital innovation, and expect to commence customer trials of our research and development projects and investments in 2017, including in advanced technologies around identity and mobile-based payments acceptance.

### ***Strengthening our leadership team***

We have continued to build our senior leadership team over the course of the year. We were delighted to welcome Karen Richardson and Deanna Oppenheimer to the Board, bringing extensive knowledge of the industry as well as substantial commercial and financial experience. James Brocklebank and Robin Marshall, who were the representatives of Advent and Bain respectively, resigned from the Board in September following the reduction in Advent and Bain's combined holding to 10.7%.

Given our growth ambitions, we have also made several changes to strengthen our Executive Team, drawing on the best talent from both inside and outside the business, and demonstrating our managed approach towards achieving evolution and continuity in our leadership team.

Appointments in 2016 included Kim Crawford Goodman as CEO of Worldpay US, Kevin McCarten as Group Chief Strategy Officer, Ruth Prior in the newly created role of Chief Operating Officer, and Ruwan De Soyza as Group General Counsel. In 2017, we also appointed Peter Jackson as CEO of Worldpay UK.

### ***Investing in our people***

We are continuing to invest in our people, to ensure they have the skills they need to deliver for our customers, and that they have sustainable and fulfilling careers at Worldpay. We launched our first ever graduate and return to work programmes, both of which were considerably oversubscribed, and also supported over 40 colleagues in their participation in a Master's degree programme on International Payments in collaboration with the University of Middlesex.

We have a committed and engaged workforce. We are pleased to have received a 'one star' rating in The Best Companies engagement survey for the second year running, with 86% of colleagues participating in the survey compared to 72% in 2015, and also to have had 60% of UK colleagues participate in our first ever Save as You Earn Scheme, and 41% of US colleagues in our Employee Stock Purchase Plan.

I would like to thank all of our colleagues for their continued commitment and dedication to driving our success.

**Dividend**

The Board is recommending the payment of a final dividend of 1.35p per ordinary share, making a total dividend for the 2016 financial year of 2.00p. The final dividend will be paid to shareholders on 27 June 2017, subject to their approval at our Annual General Meeting on 10 May.

**Outlook**

We delivered a very strong financial performance in 2016, and our guidance for the medium term, which includes targeting compound annual net revenue growth of approximately 9% to 11%, remains unchanged.

2017 has started well and as we look forward, we believe we are well placed to take advantage of the many opportunities we see in our markets, given our robust business model and the investments we are making in our capabilities and resources to support our strategy. We therefore remain confident in our future prospects and our ability to continue to deliver strong, visible and recurring shareholder returns.

## Financial review

The information presented and discussed in this section includes a number of measures that are not defined or recognised under IFRS including net revenue, underlying EBITDA, underlying earnings per share and free cash flow. These are considered to be key measures of the Group's financial performance and as such have been included here to aid comparability and enhance usefulness.

Net revenue, defined as revenue less interchange and scheme fees, is presented and discussed in this section as the Directors believe that this best reflects the relationship between revenue and profitability. Underlying EBITDA, being earnings before interest, tax, depreciation and amortisation, excluding separately disclosed items, is considered by the Directors to give a fairer view of the year-on-year comparison of underlying trading performance. Separately disclosed items are costs or income that have been recognised in the income statement which the Directors believe, due to their nature or size, should be disclosed separately to give a more comparable view of the year-on-year underlying financial performance. These are explained further later in this section.

Underlying earnings per share is calculated by taking profit for the year before separately disclosed items, divided by the weighted average number of shares in issue during the year. For the prior year, the number of shares in issue at the end of 2015 (2 billion) has been used as this avoids the distortion caused by the pre-IPO position and therefore aids comparability.

Free cash flow represents the Group's net cash inflow from operating activities less net capital expenditure and underlying finance costs. It excludes any working capital movements associated with the IPO and any cash received and tax payments made in respect of the Contingent Value Rights (CVR) holders' 90% share of the taxable gain in relation to the Visa Europe transaction. The Directors believe that free cash flow provides a better reflection of the underlying, recurring cash being generated by and used in the business to deliver the Group's strategy.

In providing commentary on the Group's trading performance in this section, we make reference to constant currency year-on-year growth in a number of places. Constant currency has been calculated by applying the Group's current year's average US dollar exchange rate to the US-denominated income in the prior year. In the current year, the US dollar average rate applied was \$1.359 compared with \$1.530 in 2015. Given the significant movement in exchange rates during the year, the Directors believe that including these adjusted growth metrics allows for a more meaningful comparison of the underlying year-on-year trading performance of the Group and the US division.

## Group performance metrics

	Year ended 31 December 2016	Year ended 31 December 2015	Change
Total transactions (bn) <sup>5</sup>	14.9	13.1	+14%
Total transaction value (£bn) <sup>5</sup>	451.1	404.2	+12%
Average transaction value (£) <sup>5</sup>	30.3	30.9	-2%
Net revenue/transaction value (%) <sup>5</sup>	0.25%	0.24%	+1bp

## Income statement

	Year ended 31 December 2016 £m	Year ended 31 December 2015 £m	Year-on-year change £m
<b>Revenue</b>	<b>4,540.8</b>	<b>3,963.0</b>	<b>577.8</b>
Interchange and scheme fees	(3,416.6)	(2,981.3)	(435.3)
<b>Net revenue<sup>6</sup></b>	<b>1,124.2</b>	<b>981.7</b>	<b>142.5</b>
<b>Gross profit</b>	<b>985.2</b>	<b>860.4</b>	<b>124.8</b>
<b>Underlying EBITDA<sup>7</sup></b>	<b>467.6</b>	<b>406.1</b>	<b>61.5</b>
<i>Underlying EBITDA margin<sup>8</sup></i>	<i>41.6%</i>	<i>41.4%</i>	<i>20bps</i>
Underlying depreciation and amortisation	(78.4)	(65.6)	(12.8)
Underlying finance costs	(60.3)	(151.2)	90.9
Share of results of joint venture and associate	(1.5)	(1.2)	(0.3)
<b>Underlying profit before tax</b>	<b>327.4</b>	<b>188.1</b>	<b>139.3</b>
Separately disclosed items:			
- affecting EBITDA	(62.4)	(103.7)	41.3
- affecting depreciation and amortisation	(50.3)	(69.9)	19.6
- affecting finance income/(costs)	49.4	4.6	44.8
	(63.3)	(169.0)	105.7
<b>Profit before tax</b>	<b>264.1</b>	<b>19.1</b>	<b>245.0</b>
Tax charge on underlying profit	(82.1)	(49.7)	(32.4)
Tax (charge)/credit on separately disclosed items	(50.5)	0.8	(51.3)
<b>Profit/(loss) for the year</b>	<b>131.5</b>	<b>(29.8)</b>	<b>161.3</b>
<b>Earnings/(loss) per share</b>			
Underlying diluted EPS (p) <sup>9</sup>	<b>12.3p</b>	<b>6.9p</b>	<b>5.4p</b>
Reported diluted EPS (p)	<b>6.6p</b>	<b>(1.8)p</b>	<b>8.4p</b>

<sup>5</sup>2015 transaction numbers and value have been restated to include the SecureNet numbers following integration of their operational reporting. This impacts Group and WPUS segmental KPIs.

<sup>6</sup> Net revenue is defined as revenue less interchange and scheme fees.

<sup>7</sup> Underlying EBITDA is defined as earnings before interest, tax, depreciation and amortisation. It also excludes separately disclosed items which are discussed in the Financial review.

<sup>8</sup> Underlying EBITDA margin is calculated by dividing underlying EBITDA by net revenue.

<sup>9</sup> Underlying diluted earnings per share is calculated by taking profit for the year before separately disclosed items, divided by the weighted average number of shares in issue during the year. For the prior year, the number of shares in issue at the end of 2015 (2 billion) has been used as this avoids the distortion caused by the pre-IPO position and therefore aids comparability.



### **Revenue**

Revenue of £4,540.8m (2015: £3,963.0m) was £577.8m, or 15%, higher than in the prior year. This reflected a 12% increase in total transaction value driven by a 14% increase in total transactions, partly offset by a 2% fall in average transaction value. The year-on-year increase also benefited from foreign currency translation on our WPUS revenue of £248.7m.

### **Net revenue**

Net revenue increased by £142.5m, or 15%, to £1,124.2m (2015: £981.7m) and net revenue as a percentage of total transaction value increased by one basis point to 0.25%. On a constant currency basis, the growth was 11% and reflects a 22% increase in our Global eCom business, an 8% increase in WPUK and a 2% increase in WPUS.

The increase in Global eCom reflects strong growth across a number of products, especially net acquiring income and treasury management and foreign exchange services. We also benefited from the translation of non-Sterling trading as a result of the weakening of Sterling. Transaction volumes increased by 30%, which was higher than expected due to the unusually strong performance in the first half and the benefit of some non-recurring items. Volumes were particularly strong in our Digital Content vertical where transaction values are typically lower. As a result, the average transaction value fell by 6% but net revenue as a percentage of transaction value remained strong at 0.32%.

In WPUK, strong customer acquisition and cross-sales, particularly in SME and Small Corporate, as well as continuing growth in the use of cards as a payment mechanism, led to a 7% increase in transaction volumes. Total transaction value grew by 3%, reflecting the increase in the use of contactless payments for lower value purchases and the continued retail price deflation. Net revenue as a percentage of total transaction value increased by one basis point to 0.21%, benefiting from increased cross-sales of transformational products and services, and, in the first half, the effect of lower interchange costs on the acquiring margin.

In WPUS, the 2% underlying growth was driven principally by acquiring volume growth, reflecting an increase in transaction volumes in both the Small and Corporate Business segments. Transaction volumes were up 7%, principally driven by growth in the Corporate segment where margins are typically lower than in the Small Business Unit. Continued downward pressure on petrol prices led to a decline in average transaction values of 2%.

Further detail on the segmental breakdown of net revenue performance is provided later in this report.

### **Gross profit**

Gross profit increased by £124.8m, or 15%, to £985.2m (2015: £860.4m). On a constant currency basis the growth was 11% and reflects a 21% increase in our Global eCom business, an 8% increase in WPUK and a 3% increase in WPUS.

The increase in Global eCom and WPUK was driven by the net revenue improvements noted earlier. In WPUS, lower commission payments resulted in a slight improvement in the gross profit growth rate compared to the net revenue growth rate.

***Underlying personnel and net operating expenses***

Underlying personnel and net operating expenses increased by £63.3m, or 14%, to £517.6m (2015: £454.3m). On a constant currency basis the increase was 10%, and reflected both higher staff and non-staff costs.

The average number of employees increased to 5,095 from 4,982 in the prior year. The increase was largely driven by recruitment in the latter half of 2015 to enhance capabilities in sales, marketing and lead generation, product development and product management. In addition, there was further investment in 2016 in technology expertise and data analytics to support the ambitious growth plans of the Group, and in central functions to support listed company requirements. Bonus costs also increased reflecting the higher headcount and the outperformance against targets.

Non-staff cost increases included higher rent costs following the move to a new WPUS office and data centre in Atlanta; increased security spend; higher advertising costs reflecting the growth in sales; and additional costs in Corporate as a result of becoming a listed company. In addition, bad debt expenses increased by £5.3m to £20.8m, partly reflecting the increased transaction volumes and partly as a result of a specific provision for chargebacks in relation to a car hire company which went into administration in January 2017.

***Underlying EBITDA***

Underlying EBITDA increased by £61.5m, or 15%, to £467.6m (2015: £406.1m). On a constant currency basis the growth was 13%, reflecting an 18% increase in Global eCom, an 11% increase in WPUK, a 9% increase in WPUS, and a 28% increase in Corporate costs. Underlying EBITDA as a percentage of net revenue was 41.6% compared with 41.4% in the prior year.

Further detail on the segmental breakdown of underlying EBITDA performance is provided later in this report.

***Underlying depreciation and amortisation***

Underlying depreciation and amortisation increased by £12.8m, or 20%, to £78.4m (2015: £65.6m). On a constant currency basis, the increase was 16%. This increase reflects higher levels of capital expenditure (excluding expenditure on our new acquiring platform). At 31 December 2016, the total amount recorded in assets under construction in relation to our new acquiring platform was £291.5m (31 December 2015: £235.3m). Amortisation on our new acquiring platform has been low to date. However, as the assets become available for use, this will lead to a substantial increase in the underlying depreciation and amortisation charge. Once in use, these assets will be depreciated over 10 years.

***Underlying finance costs***

Underlying finance costs at £60.3m (2015: £151.2m) were £90.9m lower than the prior year. The substantial decrease reflects the benefit from the change in the Group's capital structure following the IPO in October 2015. The average cost of debt was 3.1%.

***Disposal of interest in Visa Europe***

On 21 June 2016, the Group disposed of its interest in Visa Europe to Visa Inc. and received a mixture of cash and non-cash consideration valued at €1,051.3m. The consideration was made up of €589.7m up-front cash, €405.4m of Series B preferred stock in Visa Inc. and €56.2m deferred cash which will be paid in three years. €547.5m of the up-front cash consideration and all of the preferred

stock may be reduced by any final settlement of potential liabilities relating to ongoing interchange-related litigation involving Visa Europe. On disposal of the Visa Europe shares, the Group, along with the other former members of Visa Europe, entered into a Litigation Management Deed (LMD). Under this arrangement, potential losses from Visa Europe interchange litigation will be set against the preferred stock, through adjusting the ratio of conversion to ordinary stock. A Loss Sharing Agreement (LSA) entered into by Worldpay, along with the ten other largest UK members of Visa Europe, provides a second level of protection to Visa Inc., capped at the €547.5m of up-front cash consideration.

The holders of the CVRs (a separate class of shares in the Company) are entitled to 90% of the net post-tax proceeds of the disposal in accordance with the terms of the CVRs (subject to the Company's right of retention), with Worldpay retaining 10% of the net proceeds.

The Visa Europe asset was recognised in the Group's balance sheet at 31 December 2015 as a fair value through profit and loss financial asset. On disposal, it has been derecognised from the Group's balance sheet and the elements of consideration and the potential losses related to the interchange litigation set out above, recognised along with the corresponding tax liabilities. The CVR liabilities have also been revalued to reflect the impact of the transaction.

The initial gain on the disposal of the Visa Europe shares of £207.0m (2015: share revaluation gain of £195.7m) together with related fair value and FX gains and dividends received on the preference shares and cash received of £64.6m (2015: nil) has been recognised in finance income in the Group's income statement as a separately disclosed item. These have been partly offset by a loss on valuation of the related CVR liabilities of £161.7m (2015: £140.9m). Tax on the above gain was £91.9m. The cumulative post-tax gain attributable to the shareholders of Worldpay is £33.6m, of which £18.0m was recognised in 2016 and £15.6m in 2015.

A table showing the balance sheet and income statement impact of the transaction is provided in note 5 to the financial information.

Following the disposal, Worldpay continues to be a participant in the Visa payments system but will no longer be entitled to receive certain rebates that are determined by reference to the volume of transactions Worldpay processes through the scheme.

### Separately disclosed items

	Year ended 31 December 2016 £m	Year ended 31 December 2015 £m	Year-on-year change £m
<b>Affecting EBITDA</b>			
Separation – platform costs	(30.2)	(33.3)	3.1
Separation – other costs	(17.5)	(20.1)	2.6
Costs of IPO	(4.9)	(35.0)	30.1
Reorganisation and restructuring costs	(6.0)	(6.4)	0.4
Other costs	(3.8)	(8.9)	5.1
<b>Total affecting EBITDA</b>	<b>(62.4)</b>	<b>(103.7)</b>	<b>41.3</b>
<b>Affecting depreciation and amortisation</b>			
Amortisation of business combination intangibles and impairment of other intangibles	(50.3)	(69.9)	19.6
<b>Total affecting depreciation and amortisation</b>	<b>(50.3)</b>	<b>(69.9)</b>	<b>19.6</b>
<b>Affecting finance income/(costs)</b>			
Finance income – Visa Europe	271.6	195.7	75.9
Finance costs - CVR liabilities	(161.7)	(140.9)	(20.8)
Foreign exchange losses	(60.5)	(5.5)	(55.0)
Costs associated with refinancing	-	(44.7)	44.7
<b>Total affecting finance income/(costs)</b>	<b>49.4</b>	<b>4.6</b>	<b>44.8</b>
<b>Total (pre-tax)</b>	<b>(63.3)</b>	<b>(169.0)</b>	<b>105.7</b>
Tax (charge)/credit	(50.5)	0.8	(51.3)
<b>Total (post-tax)</b>	<b>(113.8)</b>	<b>(168.2)</b>	<b>54.4</b>

Separately disclosed items are costs or income that have been recognised in the year which the Directors believe, due to their nature or size, should be disclosed separately to give a more comparable view of the year-on-year underlying financial performance.

Platform-related separation costs of £30.2m (2015: £33.3m) are non-capitalised costs associated with the upgrade and migration of the Group's core systems from RBS. They are principally staff and maintenance costs and decommissioning costs payable to RBS. Total costs incurred to 31 December 2016 on the new acquiring platform programme are £541.5m (2015: £449.8m), of which £352.0m (2015: £289.4m) has been included within tangible and intangible assets on the balance sheet, with the remainder charged directly to the income statement through separately disclosed items.

Other costs related to the separation from RBS of £17.5m (2015: £20.1m) principally relate to the costs of interim staff required to test and double-run systems as we ramp up to full platform launch.

The costs of IPO of £4.9m (2015: £35.0m) largely comprise the costs of the one-off share awards granted to management as part of the IPO as well as costs which have been levied on Worldpay as a result of a change of control clause triggered by the IPO.

Reorganisation and restructuring costs of £6.0m (2015: £6.4m) are largely costs incurred in the turnaround of our WPUS business. These include consultancy fees, redundancy costs and other staff-related costs.

Other costs of £3.8m (2015: £8.9m) include the costs associated with a long-standing litigation claim together with costs incurred on aborted M&A activity.

Separately disclosed items affecting depreciation and amortisation amounted to £50.3m (2015: £69.9m). These predominantly relate to the non-cash charge for amortisation of business combination intangible assets recognised on the divestment of the business from RBS, as well as subsequent strategic business acquisitions. The reduction reflects the fact that some assets recognised as part of the divestment from RBS were fully amortised at the end of 2015. In addition, the 2015 charge included £2.0m for the impairment of software development costs in WPUS.

There was a net gain in the year in relation to separately disclosed items affecting finance income/(costs) of £49.4m (2015: gain of £4.6m). This comprised a gain on the disposal of the Visa Europe shares of £207.0m (2015: share valuation gain of £195.7m), together with subsequent related fair value and FX gains, dividends received on the preference shares, and cash received which together amounted to £64.6m (2015: nil), partly offset by a loss on valuation of the related CVR liabilities of £161.7m (2015: £140.9m). There was also a net FX loss of £60.5m (2015: loss of £5.5m) resulting from the period-end translation of the Group's assets and liabilities denominated in currencies other than Sterling (excluding the assets and liabilities related to the Visa Europe disposal). Whilst we expect to see non-cash gains and losses as a result of exchange rate movements, this was substantially larger than expected as a result of the significant depreciation of Sterling following the UK's decision, on 23 June 2016, to leave the European Union and therefore has been reported within separately disclosed items.

We expect separately disclosed items affecting EBITDA to reduce to approximately £40m-£50m in 2017 and to be around £10m-£20m in 2018, as the new acquiring platform becomes fully operational. We expect to see continued volatility in separately disclosed items affecting finance income/(costs) in respect of the Visa Europe transaction (as the consideration received is denominated in euros and US dollars and will be revalued at each balance sheet date) and foreign exchange-related gains and losses to the extent that they are material and require separate disclosure.

### ***Profit before tax***

Profit before tax was £264.1m (2015: £19.1m). The improvement reflects the strong underlying trading performance, together with a reduction in underlying finance costs and the net gain in relation to the disposal of Visa Europe, partly offset by the foreign exchange losses.

### ***Tax***

The tax charge on underlying results for the Group increased by £32.4m, or 65%, to a charge of £82.1m in the year ended 31 December 2016 (2015: £49.7m), representing both current tax and deferred tax charges. The underlying tax charge was driven principally by taxable profits arising in the UK, US and Netherlands, partly offset by utilisation of brought forward taxable losses in the US.

The charge reflects an effective tax rate on underlying results of 25.1%, which is higher than the UK headline rate for the year of 20.0% primarily due to profits in overseas territories with higher taxation rates, along with non-deductible costs.

The tax charge of £50.5m (2015: credit of £0.8m) arising on separately disclosed items includes a tax charge of £91.9m relating to the disposal of the interest in Visa Europe. This is relatively high as no deferred tax asset has been recognised on the estimated liability under the LSA in excess of that which has been offset against the Visa Inc. preference shares.

After including separately disclosed items, the Group's total tax charge increased by £83.7m to £132.6m in the year ended 31 December 2016 (2015: £48.9m), inclusive of the tax on the disposal of Visa Europe.

### ***Earnings per share and dividends***

Diluted underlying earnings per share was 12.3p (2015: 6.9p), an increase of 78% on the prior year earnings per share. Underlying earnings per share is calculated by taking the profit for the year before separately disclosed items, divided by the weighted average number of shares in issue during the year. For the prior year, the number of shares in issue at the end of 2015 (2 billion) has been used as this avoids the distortion caused by the pre-IPO position and therefore aids comparability.

On a reported basis, the diluted earnings per share for 2016 was 6.6p compared with a loss per share in the prior year of 1.8p.

The Group's dividend policy is based on a pay-out ratio of 20% to 30% of reported profit after tax per annum, with approximately one-third of any annual dividend to be paid in respect of the first half and two-thirds in respect of the second half.

The Board is recommending the payment of a final dividend in relation to the year ended 31 December 2016 of 1.35p per ordinary share which, together with the interim dividend paid of 0.65p, brings the total dividend in respect of the year to 2.00p. The final dividend will be recommended for shareholder approval at the Company's Annual General Meeting on 10 May 2017 and, subject to approval, is expected to be paid on 27 June 2017 to those shareholders on the register on 26 May 2017.

In calculating the dividend, the profit after tax for the full year has been adjusted to exclude the gain on the disposal of our Visa Europe asset and related fair value and FX gains and dividends received on the preference shares and cash received; the loss on the related CVR liabilities; and the FX gains and losses arising on the revaluation of our non-Sterling denominated debt and assets. The gains and losses relating to Visa Europe have been excluded to be consistent with our treatment in relation to the distribution of proceeds to the CVR holders. The FX gains and losses have been excluded as these reflect material non-cash movements which are outside of our control. We expect to continue to exclude any future material gains or losses in relation to these items from future dividend calculations.

## Cash and liquidity

### Cash flow

	Year ended 31 December 2016 £m	Year ended 31 December 2015 £m	Year-on-year change £m
Underlying EBITDA	467.6	406.1	61.5
Separately disclosed items affecting EBITDA <sup>10</sup>	(64.8)	(103.7)	38.9
Working capital <sup>11</sup>	5.5	29.2	(23.7)
Tax paid <sup>12</sup>	(29.7)	(8.6)	(21.1)
Non-cash items	5.5	(10.9)	16.4
<b>Adjusted net cash inflow from operating activities<sup>13</sup></b>	<b>384.1</b>	<b>312.1</b>	<b>72.0</b>
Capital expenditure	(160.8)	(179.0)	18.2
Underlying finance costs paid	(52.4)	(100.7)	48.3
<b>Free cash flow<sup>14</sup></b>	<b>170.9</b>	<b>32.4</b>	<b>138.5</b>
Acquisitions	(4.1)	(16.6)	12.5
Underlying movement in borrowings	(42.2)	(59.1)	16.9
Dividends paid	(12.9)	-	(12.9)
Purchase of own shares	(6.9)	-	(6.9)
Net impact of IPO and refinancing	(21.4)	37.7	(59.1)
Own cash from disposal of Visa Europe	45.3	-	45.3
CVR-related cash from disposal of Visa Europe (net of tax paid)	363.4	-	363.4
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>492.1</b>	<b>(5.6)</b>	<b>497.7</b>

The adjusted net cash inflow from operating activities increased by £72.0m, or 23%, to £384.1m (2015: £312.1m). The increase largely reflects improvements to underlying trading, and a reduction in separately disclosed items.

The working capital inflow of £5.5m (2015: £29.2m) largely reflects the timing of receipts and payments around the year end together with an increase in payroll-related accruals. The reduction year-on-year reflects the growth in the business.

Tax paid of £29.7m (2015: £8.6m) represents payments on account in the UK of £30.9m (of which £4.6m relates to the tax paid in relation to our share of the proceeds on disposal of Visa Europe), in

<sup>10</sup> Separately disclosed items shown here exclude accrual releases associated with the IPO (2016: £2.4m; 2015: nil).

<sup>11</sup> Working capital shown here excludes any movements associated with the IPO (2016: £(23.8)m; 2015: £25.0m).

<sup>12</sup> Tax paid shown here excludes the tax paid in respect of the CVR holders' 90% share of the taxable gain in relation to the Visa Europe transaction (2016: £(44.1)m; 2015: nil).

<sup>13</sup> Adjusted net cash inflow from operating activities excludes the working capital and other movements associated with the IPO (2016: £(21.4)m; 2015: £25.0m) and the tax paid in respect of the CVR holders in relation to the Visa Europe transaction (2016: £(44.1)m; 2015: nil).

<sup>14</sup> Free cash flow represents the Group's adjusted net cash inflow from operating activities, after accounting for the Group's net capital expenditure and underlying finance costs.



the Netherlands of £3.4m and in other territories of £0.3m; offset by tax refunds received in the US of £4.9m relating to the prior year.

Expenditure on tangible fixed assets and software was £160.8m (2015: £179.0m). This includes the ongoing investment in software and licences for our new acquiring platform; the costs associated with our data centre relocation in WPUS and with enhancing data security; and the purchase of new terminals and spend to develop a number of new customer propositions and improve our data analytics capability to support the growth plans of our operating divisions. The cash capital expenditure of £160.8m is lower than guidance previously given due to the timing of payments and commitments. We expect cash capital expenditure for 2016 and 2017 combined to be between £340m and £360m as previously indicated, and to reduce to approximately 10% of net revenue in 2018.

Underlying finance costs paid were £52.4m (2015: £100.7m). The decrease reflects the reduction in net debt following the reduction of borrowings as a result of the IPO in October 2015.

As a result of the above movements, free cash flow increased to £170.9m in 2016 (2015: £32.4m).

Expenditure on acquisitions in the year of £4.1m (2015: £16.6m) reflects further investments in Pazien Inc. and Blue Star Sports Holdings, Inc. (formerly known as SPay, Inc.) and deferred consideration payments in respect of the acquisitions of Century Payments Holdings, Inc. and Cobre Bem Tecnologia.

The underlying movement in borrowings of £42.2m outflow (2015: outflow of £59.1m) included the repayment, in the first half of 2016, of £40.0m that had been drawn under the Group's revolving credit facility (RCF) in 2015.

In October 2016, dividends totalling £12.9m (2015: nil) were paid to shareholders reflecting the interim dividend of 0.65p per ordinary share. Also in the year, £6.9m was spent on purchasing own shares to hedge potential obligations to deliver shares under the Group's long-term incentive plan which was introduced earlier in the year.

The net cash outflow in relation to IPO costs of £21.4m (2015: inflow of £37.7m) represents the payment of fees which were incurred in the prior year.

Following the disposal of our share in Visa Europe on 21 June 2016, we received £452.8m of cash, of which £407.5m was received in relation to the CVR holders' 90% share of the taxable gain on disposal, leaving £45.3m available for use within Worldpay. During the period from disposal until 31 December 2016, £44.1m of tax was paid in relation to the transaction in respect of the CVR holders' share, resulting in a CVR-related net cash flow of £363.4m.

Net debt at 31 December 2016 (excluding the cash held in respect of the CVR holders) was £1,368.0m (2015: £1,425.3m), representing 2.93 times underlying EBITDA (2015: 3.51 times). The reduction reflects the net cash inflow in the year offset by the impact of foreign exchange on net borrowings.



## Segmental review of performance

The Group reports four segments: Global eCom, WPUK, WPUS and Corporate. Corporate principally contains central personnel costs and Group strategy and plc costs. Further details about the three trading segments are provided below. The information presented and discussed in this section is based on underlying financial performance as this is the way that we monitor and assess the performance of each Business Unit. These underlying performance measures are explained in the Financial review.

In providing commentary on the WPUS trading performance in this section, we make reference to constant currency year-on-year growth. Constant currency has been calculated by applying the Group's current year's average US dollar exchange rate to the US-denominated income in the prior year. In the current year, the US dollar average rate applied was \$1.359 compared with \$1.530 in 2015. Given the significant movement in exchange rates during the year, the Directors believe that including these adjusted growth metrics allows for a more meaningful comparison of the underlying year-on-year trading performance of the US division.

Our Global eCom division focuses on large, internet-led multinationals that operate in fast-growing markets and have complex payment needs. We provide a wide range of payment services, both online and by mobile, to accept, validate and settle payments in 126 currencies across 146 countries, using any one of over 300 payment methods. Our customers also use our payments technology to maximise the rate at which payments are approved, manage the risk of fraud, and optimise their costs of operating globally. We focus on five priority verticals: Digital Content, Global Retail, Airlines, Regulated Gambling and Travel.

WPUK provides in-store, phone, online and mobile payment acceptance solutions for approximately 300,000 UK and Ireland-based customers, from SMEs to large corporates (including Tesco, Asda and Next).

WPUS provides in-store, online and mobile payment acceptance solutions for US-based customers, with a focus on developing omni-channel and integrated payment solutions for over 100,000 SME customers, and vertical-specific solutions for approximately 15,000 enterprise customers in the Grocery, Petroleum, Restaurant and Retail industries. In addition, we provide ATM services to a number of organisations across the United States.

	Year ended 31 December 2016 £m	Year ended 31 December 2015 £m	Year-on-year change
<b>Net revenue</b>			
Global eCom	386.6	317.7	+22%
WPUK	438.6	405.2	+8%
WPUS	299.0	258.8	+16%
<b>Group net revenue</b>	<b>1,124.2</b>	<b>981.7</b>	<b>+15%</b>
<b>Underlying EBITDA</b>			
Global eCom	216.9	184.2	+18%
WPUK	198.3	179.2	+11%
WPUS	77.4	62.3	+24%
Corporate	(25.0)	(19.6)	-28%
<b>Group underlying EBITDA</b>	<b>467.6</b>	<b>406.1</b>	<b>+15%</b>

### Global eCom

	Year ended 31 December 2016	Year ended 31 December 2015	Year-on-year change
Net revenue (£m)	386.6	317.7	+22%
Underlying EBITDA (£m)	216.9	184.2	+18%
Total transactions (bn)	5.0	3.8	+30%
Total transaction value (£bn)	120.9	99.3	+22%
Average transaction value (£)	24.3	25.9	-6%
Net revenue/transaction value (%)	0.32%	0.32%	-

Global eCom had another strong year of growth in 2016 with transactions up 30% to 5.0 billion. This reflects increased volumes across a range of products and verticals, but most significantly in Global Retail which accounted for almost half of the transaction growth and Digital Content which accounted for almost a quarter of the growth. As a result, average transaction values fell 6% as higher volume, lower value transactions are typically predominant in these two verticals.

Net revenue increased by £68.9m, or 22%, to £386.6m in the year ended 31 December 2016 (2015: £317.7m). Growth in the first half of the year was unusually strong, as a result of some non-recurring volumes and foreign exchange business, and we saw a return to more normal levels in the second half. Higher income from treasury management and foreign exchange services<sup>15</sup>, net acquiring income<sup>16</sup>, and gateway services income contributed the vast majority of the growth.

Net acquiring income grew by 24% in 2016 as a result of the growth of existing customers, particularly in Digital Content and Global Retail, and new business wins. Revenue from treasury management and foreign exchange services grew by 25% as a result of increased volumes,

<sup>15</sup> Income from treasury management and foreign exchange services is generated from settling foreign currency transactions on behalf of customers in the currency and transfer mechanism of their choosing.

<sup>16</sup> Net acquiring income is defined as transaction service charges less interchange and scheme fees. Transaction service charges are payable for services provided to process transactions between the customer and an acquiring bank, which is a bank that accepts card payments from the card-issuing banks.

particularly in the Airlines, Travel and Digital Content verticals. Income from gateway services rose 19%, driven by volume increases, particularly in the Global Retail and Travel verticals. Volume growth was partly offset by lower net revenue per transaction, driven largely by mix of customers.

We also benefited from the translation of non-Sterling trading as a result of the weakening of Sterling. These effects were partly offset by the impact of refunds and lost revenue in relation to an isolated issue that occurred with one of our gateways earlier in the year, which affected settlement for a small number of customers. This issue has now been fully resolved and we announced that we had restored normal processing for new transactions on 24 July 2016.

Global eCom's net revenue as a percentage of total transaction value remained strong at 0.32%, in line with the prior year.

Underlying EBITDA increased by £32.7m, or 18%, to £216.9m (2015: £184.2m). This increase was driven principally by the growth in net revenue noted above. Divisional operating costs increased by 4%, reflecting higher commissions and marketing spend in line with revenue growth, as well as significant improvements in operating efficiency. After technology and head office allocations, operating costs grew by 25% as a result of the investment in organisational capability and technology expertise across the Group.

#### WPUK

	Year ended 31 December 2016	Year ended 31 December 2015	Year-on-year change
Net revenue (£m)	438.6	405.2	+8%
Underlying EBITDA (£m)	198.3	179.2	+11%
Total transactions (bn)	5.8	5.4	+7%
Total transaction value (£bn)	209.0	202.8	+3%
Average transaction value (£)	36.2	37.5	-4%
Net revenue/transaction value (%)	0.21%	0.20%	+1bp

WPUK performed well in 2016 with transactions up 7% to 5.8 billion, driven by new customer wins and strong cross-sales and retention in both the Corporate and SME sectors, as well as continuing growth in the use of cards as a payment mechanism. Total transaction value increased by only 3%, however, as average transaction values continued to fall (down 4%) largely reflecting UK retail price deflation, particularly in the grocery sector (where Worldpay has a high market share), and the continued increase in the use of contactless card payments for small -value transactions.

Net revenue increased by £33.4m, or 8%, to £438.6m (2015: £405.2m), with net acquiring income accounting for the majority of the increase. Net acquiring income grew by 17% and Gateway income by 14%, reflecting the impact of strong customer acquisition and cross-sales, as well as a net positive impact of lower interchange costs on the acquiring margin in the first half of the year. We saw strong transformational product income growth but also made changes to our product offering

which introduced new pricing tariffs for our SME customers and removed some of our statement and management fee income. As a result, ancillary income<sup>17</sup> declined by 5%.

WPUK's net revenue as a percentage of total transaction value increased slightly to 0.21% from 0.20% in the prior year, largely reflecting the timing of re-pricing and faster growth in our higher margin SME channel.

Underlying EBITDA increased by £19.1m, or 11%, to £198.3m (2015: £179.2m). This improvement was driven by the growth in net revenue noted above and strong cost control. Divisional operating costs increased by only 2%, despite an increase in bad debts, reflecting significant improvements in operating efficiency. After technology and head office allocations, operating costs grew by 6% as a result of the investment in organisational capability and technology expertise across the Group.

## WPUS

	Year ended 31 December 2016	Year ended 31 December 2015	Year-on-year change
Net revenue (£m)	299.0	258.8	+16%
Underlying EBITDA (£m)	77.4	62.3	+24%
<i>Net revenue (\$m)</i>	<i>403.9</i>	<i>396.0</i>	<i>+2%</i>
<i>Underlying EBITDA (\$m)</i>	<i>104.5</i>	<i>96.0</i>	<i>+9%</i>
Total transactions (bn) <sup>18</sup>	4.2	3.9	+7%
Total transaction value (\$bn) <sup>18</sup>	163.9	156.2	+5%
Average transaction value (\$) <sup>18</sup>	39.5	40.4	-2%
Net revenue/transaction value (%) <sup>18</sup>	0.25%	0.25%	-

While performance in WPUS in 2016 has been subdued, we continue to see signs that the investment and the actions we are taking to turn around this business are proving successful. Transactions were up 7% to 4.2 billion, driven by increased volumes in both our Small (+7%) and Corporate Business (+9%) segments, partly offset by continued decline in our ATM business (-4%). Total transaction value was up 5% reflecting the lower average transaction value in our Corporate Business segment, notably in the Petroleum sector which was impacted by continued low oil prices.

Net revenue increased by £40.2m, or 16%, to £299.0m (2015: £258.8m). On a constant currency basis, the increase was 2% and was driven principally by growth in acquiring transaction volumes, offset by the decrease in average transaction value and an increase in scheme fees which we were not able to fully pass on to customers.

Net revenue as a percentage of total transaction value decreased slightly in the year ended 31 December 2016, largely reflecting strong growth in our lower margin Corporate Business segment.

<sup>17</sup> Ancillary income includes fees charged per transaction for providing gateway services, fraud and risk management services, float income, and charges levied for the acceptance of alternative payments. Gateway services work in the same manner as transaction processing services, but are provided for online transactions only.

<sup>18</sup> 2015 transaction numbers and value have been restated to include the SecureNet numbers following integration of their operational reporting. This impacts Group and WPUS segmental KPIs.

Underlying EBITDA increased by £15.1m, or 24%, to £77.4m in the year ended 31 December 2016 (2015: £62.3m). On a constant currency basis, the increase was 9%. Operating costs (on a constant currency basis) were broadly flat, as controlled spend on commissions and third-party payables were offset by an increase in rent following the office and data centre moves in the year. We expect operating costs to increase in 2017 as we continue to invest in the expertise and technology we require to drive this business forward.

## APPENDIX 1

### CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2016

	Note	Year ended 31 December			Year ended 31 December		
		2016			2015		
		Underlying result £m	Separately disclosed items (Note 3) £m	Total £m	Underlying result £m	Separately disclosed items (Note 3) £m	Total £m
<b>Revenue</b>	2	<b>4,540.8</b>	-	<b>4,540.8</b>	3,963.0	-	3,963.0
Interchange and scheme fees		(3,416.6)	-	<b>(3,416.6)</b>	(2,981.3)	-	(2,981.3)
<b>Net revenue</b>	2	<b>1,124.2</b>	-	<b>1,124.2</b>	981.7	-	981.7
Other cost of sales		(139.0)	-	<b>(139.0)</b>	(121.3)	-	(121.3)
<b>Gross profit</b>		<b>985.2</b>	-	<b>985.2</b>	860.4	-	860.4
Personnel expenses General, selling and administrative expenses		(313.6)	(26.4)	<b>(340.0)</b>	(271.9)	(62.6)	(334.5)
<b>EBITDA*</b>	2	<b>467.6</b>	<b>(62.4)</b>	<b>405.2</b>	406.1	(103.7)	302.4
Depreciation, amortisation and impairment		(78.4)	(50.3)	<b>(128.7)</b>	(65.6)	(69.9)	(135.5)
<b>Operating profit</b>	2	<b>389.2</b>	<b>(112.7)</b>	<b>276.5</b>	340.5	(173.6)	166.9
Finance Income – Visa Europe	4	-	271.6	<b>271.6</b>	-	195.7	195.7
Finance costs	4	(60.3)	(60.5)	<b>(120.8)</b>	(151.2)	(50.2)	(201.4)
Finance cost – CVR liabilities	4	-	(161.7)	<b>(161.7)</b>	-	(140.9)	(140.9)
Share of results of joint venture and associate		(1.5)	-	<b>(1.5)</b>	(1.2)	-	(1.2)
<b>Profit/(loss) before tax</b>		<b>327.4</b>	<b>(63.3)</b>	<b>264.1</b>	188.1	(169.0)	19.1
Tax (charge)/credit	6	(82.1)	(50.5)	<b>(132.6)</b>	(49.7)	0.8	(48.9)
<b>Profit/(loss) for year</b>		<b>245.3</b>	<b>(113.8)</b>	<b>131.5</b>	138.4	(168.2)	(29.8)
<b>Total earnings/(loss) per share (pence)</b>							
Basic	8	<b>12.3</b>		<b>6.6</b>	8.2		(1.8)
Diluted	8	<b>12.3</b>		<b>6.6</b>	8.2		(1.8)

\*EBITDA is defined as earnings before interest, tax, depreciation and amortisation.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2016

	Year ended 31 December 2016	Year ended 31 December 2015
	£m	£m
<b>Profit/(loss) for the year</b>	<b>131.5</b>	<b>(29.8)</b>
<i>Items that are or may subsequently be reclassified to profit or loss:</i>		
Currency translation movement on net investment in subsidiary undertakings	63.6	1.2
Currency translation movement due to net investment hedging	(21.8)	(8.2)
<b>Total comprehensive income/(loss) for the year</b>	<b>173.3</b>	<b>(36.8)</b>

## CONSOLIDATED BALANCE SHEET

As at 31 December 2016

		Year ended 31 December	Year ended 31 December
	Note	2016	2015
		£m	£m
<b>Non-current assets</b>			
Goodwill		1,336.8	1,275.3
Other intangible assets	9	813.6	719.4
Property, plant and equipment	10	124.7	122.3
Investment in joint venture and associate		4.3	5.2
Investment		3.3	-
Deferred consideration – Visa Europe	5	48.0	-
Financial assets – Visa Inc. preference shares	5	192.1	-
Deferred tax assets		4.6	12.9
		<b>2,527.4</b>	<b>2,135.1</b>
<b>Current assets</b>			
Inventory		2.7	0.4
Trade and other receivables		473.8	396.5
Financial assets – Visa Europe shares	5	-	195.7
Scheme debtors		1,821.8	534.5
Current tax asset		10.5	7.5
Merchant float		1,012.1	696.4
Own cash and cash equivalents	12	714.4	165.3
		<b>4,035.3</b>	<b>1,996.3</b>
<b>Current liabilities</b>			
Trade and other payables		(432.5)	(334.3)
Merchant creditors		(2,833.9)	(1,230.9)
Current tax liabilities		(94.5)	(9.6)
Derivative financial instruments		-	(0.2)
Financial liabilities – CVR liabilities	5	(302.5)	(140.9)
Borrowings	12	(11.2)	(9.2)
Finance leases		(13.8)	(15.0)
Provisions	5	(272.8)	(8.0)
		<b>(3,961.2)</b>	<b>(1,748.1)</b>
<b>Non-current liabilities</b>			
Borrowings	12	(1,637.5)	(1,552.2)
Finance leases		(18.5)	(14.2)
Provisions		(1.3)	(0.7)
Deferred tax liabilities		(112.3)	(145.1)
		<b>(1,769.6)</b>	<b>(1,712.2)</b>
<b>Net assets</b>		<b>831.9</b>	<b>671.1</b>
<b>Equity</b>			
Called-up share capital		60.0	60.0
Share premium		883.8	883.8
Own shares		(30.6)	(23.7)
Capital contribution reserve		38.1	38.1
Merger reserve		(374.5)	(374.5)
Foreign exchange reserve		32.5	(9.3)
Retained earnings		222.6	96.7
<b>Total equity</b>		<b>831.9</b>	<b>671.1</b>



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

	Called-up share capital	Share premium	Own shares	Capital contribution reserve	Merger reserve	Foreign exchange reserve	Retained earnings/ (deficit)	Total
	£m	£m	£m	£m	£m	£m	£m	£m
<b>At 1 January 2015</b>	<b>50.0</b>	<b>818.7</b>	<b>-</b>	<b>6.7</b>	<b>(374.5)</b>	<b>(2.3)</b>	<b>(690.7)</b>	<b>(192.1)</b>
Loss for the year	-	-	-	-	-	-	(29.8)	(29.8)
Capital reduction	-	(818.7)	-	-	-	-	818.7	-
Ordinary shares conversion	(1.8)	-	-	-	-	-	-	(1.8)
Ordinary shares issuance	11.8	936.0	-	-	-	-	-	947.8
IPO fees capitalised	-	(52.2)	-	-	-	-	-	(52.2)
Capital contributions received from former parent companies	-	-	-	31.4	-	-	-	31.4
Dividend paid	-	-	-	-	-	-	(1.5)	(1.5)
Investment in own shares	-	-	(23.7)	-	-	-	-	(23.7)
Foreign currency translation	-	-	-	-	-	1.2	-	1.2
Foreign currency translation - net investment hedging	-	-	-	-	-	(8.2)	-	(8.2)
<b>At 31 December 2015</b>	<b>60.0</b>	<b>883.8</b>	<b>(23.7)</b>	<b>38.1</b>	<b>(374.5)</b>	<b>(9.3)</b>	<b>96.7</b>	<b>671.1</b>
Profit for the year	-	-	-	-	-	-	131.5	131.5
Dividend paid	-	-	-	-	-	-	(12.9)	(12.9)
Share-based payments	-	-	-	-	-	-	7.3	7.3
Investment in own shares	-	-	(6.9)	-	-	-	-	(6.9)
Foreign currency translation	-	-	-	-	-	63.6	-	63.6
Foreign currency translation - net investment hedging	-	-	-	-	-	(21.8)	-	(21.8)
<b>At 31 December 2016</b>	<b>60.0</b>	<b>883.8</b>	<b>(30.6)</b>	<b>38.1</b>	<b>(374.5)</b>	<b>32.5</b>	<b>222.6</b>	<b>831.9</b>

## CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2016

		Year ended 31 December	Year ended 31 December
	Note	2016	2015
		£m	£m
<b>Cash flows from operating activities</b>			
Cash generated by operations	11	392.4	345.7
Tax paid		(73.8)	(8.6)
<b>Net cash inflow from operating activities</b>		<b>318.6</b>	<b>337.1</b>
<b>Investing activities</b>			
Cash received from sale of Visa Europe	5	452.8	-
Purchase of intangible assets		(124.6)	(148.8)
Purchases of property, plant and equipment		(36.2)	(30.2)
Acquisitions		(4.1)	(16.6)
<b>Net cash inflow/(outflow) from investing activities</b>		<b>287.9</b>	<b>(195.6)</b>
<b>Financing activities</b>			
Finance costs paid		(55.5)	(208.7)
New finance leases		25.0	15.8
Repayment of finance lease obligations		(21.9)	(14.5)
Repayment of loan notes		-	(101.8)
Proceeds on issue of shares		-	947.8
Costs incurred for the issue of shares, taken directly to equity		-	(52.2)
Proceeds on new borrowings		-	1,895.3
Repayment of borrowings		(40.0)	(2,615.4)
Payment of borrowing fees		(2.2)	(19.6)
Equity contributions received from shareholders		-	31.4
Investment in own shares		(6.9)	(23.7)
Payment of dividend		(12.9)	(1.5)
<b>Net cash used in financing activities</b>		<b>(114.4)</b>	<b>(147.1)</b>
<b>Net increase/(decrease) in own cash and cash equivalents</b>		<b>492.1</b>	<b>(5.6)</b>
Own cash and cash equivalents at beginning of the year		165.3	168.7
Effect of foreign exchange rate changes		57.0	2.2
<b>Own cash and cash equivalents at end of the year*</b>		<b>714.4</b>	<b>165.3</b>

\* Includes cash held in relation to the CVR holders at 31 December 2016 of £401.4m (2015: nil).

## **Note 1**

### **General information and basis of preparation**

#### **General information**

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 December 2016 or 2015. Statutory accounts for 2015 have been delivered to the registrar of companies, and those for 2016 will be delivered in due course. The auditor has reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

#### **Basis of preparation**

The Group's consolidated financial information includes that of the Company and its subsidiaries (together referred to as the 'Group') with equity accounting for the Group's interest in joint ventures and associates.

The Group includes a column for separately disclosed items on the face of its consolidated income statement. Separately disclosed items are costs or income that have been recognised in the income statement which the Directors believe, due to their nature or size, should be disclosed separately to give a more comparable view of the year-on-year underlying financial performance. They are presented in their relevant income statement category, but highlighted through separate disclosure.

Net revenue which is defined as revenue after deducting interchange and scheme fees, is presented on the face of the income statement as the Directors believe that this best reflects the relationship between revenue and profitability.

The Group's cash flow statement is presented excluding merchant float. Merchant float represents surplus cash balances that the Group holds on behalf of its customers when the incoming amount from the card schemes or networks precedes when the funding to customers falls due. The funds are held in a fiduciary capacity and cannot be utilised by the Group to fund its own cash requirements. The merchant float is also subject to significant period by period fluctuations depending on the day of the week a period end falls. For these reasons, the Directors have excluded the merchant float from the cash flow statement to allow a better understanding of the Group's underlying own cash flows.

#### **Going concern**

The Directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of approval of the Annual Report and Accounts 2016. Accordingly, the Directors believe that it is appropriate to prepare the financial statements on a going concern basis.

## Note 2

### Segmental information

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker (the Executive Committee) to allocate resources and assess performance. For each identified operating segment, the Group has disclosed information for the key performance indicators that are assessed internally to review and steer performance in the Segmental review of performance section of this report.

The Group reports four segments: Global eCom, WPUK, WPUS and Corporate which are described in the Segmental review of performance section of this report.

### Year ended 31 December 2016

	Global eCom £m	WPUK £m	WPUS £m	Corporate £m	Total £m
<b>Income statement</b>					
Revenue	1,174.6	1,027.7	2,338.5	-	<b>4,540.8</b>
Net revenue	386.6	438.6	299.0	-	<b>1,124.2</b>
Underlying EBITDA	216.9	198.3	77.4	(25.0)	<b>467.6</b>
Underlying depreciation and amortisation	(22.0)	(37.5)	(18.3)	(0.6)	<b>(78.4)</b>
<b>Underlying operating profit</b>	<b>194.9</b>	<b>160.8</b>	<b>59.1</b>	<b>(25.6)</b>	<b>389.2</b>
Separately disclosed items	(15.6)	(27.6)	(27.5)	(42.0)	<b>(112.7)</b>
<b>Operating profit</b>	<b>179.3</b>	<b>133.2</b>	<b>31.6</b>	<b>(67.6)</b>	<b>276.5</b>
Underlying finance costs					<b>(60.3)</b>
Separately disclosed items affecting finance income/(costs)					<b>49.4</b>
Share of results of joint venture and associate					<b>(1.5)</b>
<b>Profit before tax</b>					<b>264.1</b>
Tax					<b>(132.6)</b>
<b>Profit for the year</b>					<b>131.5</b>

## Note 2 (continued)

Year ended 31 December 2015

	Global eCom £m	WPUK £m	WPUS £m	Corporate £m	Total £m
<b>Income statement</b>					
Revenue	898.6	1,130.7	1,933.7	-	<b>3,963.0</b>
Net revenue	317.7	405.2	258.8	-	<b>981.7</b>
Underlying EBITDA	184.2	179.2	62.3	(19.6)	<b>406.1</b>
Underlying depreciation and amortisation	(13.6)	(34.0)	(17.4)	(0.6)	<b>(65.6)</b>
<b>Underlying operating profit</b>	<b>170.6</b>	<b>145.2</b>	<b>44.9</b>	<b>(20.2)</b>	<b>340.5</b>
Separately disclosed items	(16.2)	(28.0)	(44.3)	(85.1)	<b>(173.6)</b>
<b>Operating profit</b>	<b>154.4</b>	<b>117.2</b>	<b>0.6</b>	<b>(105.3)</b>	<b>166.9</b>
Underlying finance costs					<b>(151.2)</b>
Separately disclosed items affecting finance income/(costs)					<b>4.6</b>
Share of results of joint venture and associate					<b>(1.2)</b>
<b>Profit before tax</b>					<b>19.1</b>
Tax					<b>(48.9)</b>
<b>Loss for the year</b>					<b>(29.8)</b>

## Segmental information by revenue streams

	Year ended 31 December <b>2016</b> £m	Year ended 31 December <b>2015</b> £m
Transaction service charges	4,037.7	3,508.1
Terminal rental fees	65.1	65.7
Treasury management and foreign exchange services	158.6	128.8
Ancillary income	279.4	260.4
<b>Revenue</b>	<b>4,540.8</b>	<b>3,963.0</b>

The Group's revenue is generally consistent with the geographical locations of the operating segments, with the exception of the Global eCom business, whose revenue is derived from worldwide sources. No individual customer accounts for more than 10% of Group revenue.

### Note 3

#### Separately disclosed items

Separately disclosed items are costs or income that have been recognised in the income statement which the Directors believe, due to their nature or size, should be disclosed separately to give a more comparable view of the year-on-year underlying financial performance. They are presented in their relevant income statement category, but highlighted through separate disclosure. The following table gives further details of the items included.

	Year ended 31 December 2016 £m	Year ended 31 December 2015 £m
<b>Affecting EBITDA</b>		
Separation - platform costs	(30.2)	(33.3)
Separation – other costs	(17.5)	(20.1)
Costs of IPO	(4.9)	(35.0)
Reorganisation and restructuring costs	(6.0)	(6.4)
Other costs	(3.8)	(8.9)
<b>Total affecting EBITDA</b>	<b>(62.4)</b>	<b>(103.7)</b>
<b>Affecting depreciation and amortisation</b>		
Amortisation of business combination intangibles	(50.3)	(67.9)
Impairment of intangible assets	-	(2.0)
<b>Total affecting depreciation and amortisation</b>	<b>(50.3)</b>	<b>(69.9)</b>
<b>Affecting finance income</b>		
Finance income – Visa Europe	271.6	195.7
<b>Affecting finance costs</b>		
Foreign exchange losses	(60.5)	(5.5)
Finance costs - CVR liabilities	(161.7)	(140.9)
Costs associated with refinancing	-	(44.7)
<b>Total affecting finance income/(costs)</b>	<b>49.4</b>	<b>4.6</b>
<b>Total (pre-tax)</b>	<b>(63.3)</b>	<b>(169.0)</b>
Tax (charge)/credit	(50.5)	0.8
<b>Total (post-tax)</b>	<b>(113.8)</b>	<b>(168.2)</b>

## Note 4

### Finance income/(costs)

	Year ended 31 December 2016 £m	Year ended 31 December 2015 £m
<b><i>Separately disclosed finance income</i></b>		
Finance income - Visa Europe shares	-	195.7
Net gain on disposal of financial assets - Visa Europe	207.0	-
Fair value gain on Visa Inc. preference shares	4.3	-
Dividend income on Visa Inc. preference shares	1.7	-
Foreign exchange gains	58.6	-
<b>Finance income - Visa Europe</b>	<b>271.6</b>	<b>195.7</b>
<b><i>Underlying finance costs</i></b>		
Effective interest on borrowings	(51.9)	(119.8)
Effective interest on finance leases	(1.7)	(1.1)
Loan notes - interest	-	(12.1)
Amortisation of banking facility fees	(4.7)	(11.9)
Fair value gains/(losses)	2.1	(0.6)
Other finance costs	(4.1)	(5.7)
<b>Finance costs</b>	<b>(60.3)</b>	<b>(151.2)</b>
<b><i>Separately disclosed finance costs</i></b>		
Foreign exchange losses	(60.5)	(5.5)
Costs associated with refinancing	-	(44.7)
<b>Finance costs</b>	<b>(60.5)</b>	<b>(50.2)</b>
<b>Finance costs - CVR liabilities</b>	<b>(161.7)</b>	<b>(140.9)</b>

## Note 5

### Visa Europe

#### *Disposal of Visa Europe shares*

On 21 June 2016, the Group disposed of its interest in Visa Europe to Visa Inc. and received a mixture of cash and non-cash consideration valued at €1,051.3m. The consideration is made up of €589.7m up-front cash, €405.4m of Series B preferred stock in Visa Inc. and €56.2m deferred cash which will be paid in three years. €547.5m of the up-front cash consideration and all of the preferred stock may be reduced by any final settlement of potential liabilities relating to ongoing interchange-related litigation involving Visa Europe. On disposal of the Visa Europe shares, the Group, along with the other former members of Visa Europe, entered into a Litigation Management Deed (LMD). Under this arrangement, potential losses from Visa Europe interchange litigation will be set against the preferred stock, through adjusting the ratio of conversion to ordinary stock. A Loss Sharing Agreement (LSA) entered into by Worldpay, along with the ten other largest UK members of Visa Europe, provides a second level of protection to Visa Inc., capped at the €547.5m of up-front cash consideration.

## Note 5 (continued)

### *Contingent Value Rights ('CVRs')*

The holders of the CVRs (a separate class of shares in the Company) are entitled to 90% of the net post-tax proceeds of the disposal in accordance with the terms of the CVRs (subject to the Company's right of retention), with Worldpay retaining 10% of the net proceeds. The settlement of the CVR liabilities could take up to 12 years depending on the settlement of the claims under the LSA.

The CVRs are non-voting and are not convertible into Ordinary Shares. Given the nature of the CVRs, they are classified as financial liabilities recognised initially at fair value and subsequently at a amortised cost, with the gain or loss recognised in "Finance costs – CVR liabilities" in the Group's income statement.

### **Accounting treatment**

#### *Visa Europe asset*

The Visa Europe asset was recognised in the Group's balance sheet at 31 December 2015 as a fair value through profit and loss financial asset. On disposal, it has been derecognised from the Group's balance sheet with the net gain on disposal recognised in "Finance income – Visa Europe" in the Group's income statement.

#### *Consideration from disposal of Visa Europe shares*

"Own cash and cash equivalents" includes £401.4m in relation to the CVR holders. The deferred cash consideration has been included in non-current "Deferred consideration – Visa Europe". All balances have been revalued to period end rates in the Group balance sheet as at 31 December 2016.

The preference stock received on disposal of our interest in Visa Europe has been recognised as a financial asset under the non-current "Financial assets – Visa Inc. preference shares" category. It has been recognised at fair value initially and has been classified as fair value through profit and loss. Subsequent movements on the fair value of the preferred stock are recognised in "Finance income – Visa Europe" and the movement on the CVR liabilities is recognised in "Finance costs – CVR liabilities" in the Group's income statement. The value of the Visa Inc. preference shares is based on the expected conversion ratio, which will be adjusted by Visa Inc. based on the potential losses from Visa Europe interchange litigation under the LMD. Any excess of the potential losses from Visa Europe interchange litigation under the LSA has been included in "Provisions" within current liabilities.

When measuring the fair values of the financial asset – Visa Inc. preference shares as well as the LSA liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

**Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

**Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Visa Inc. preference shares are classified as Level 3 as the valuation is dependent upon both the value of Visa Inc. ordinary shares, which have a quoted price, and the conversion ratio which will be adjusted for potential losses from Visa Europe interchange litigation under the LMD, for which there are no identical transactions with regularly available market prices. The LSA liability is classified as Level 3 due to the lack of identical transactions with regularly available market prices.

In order to fair value the Visa Inc. preference shares and the LSA liability as at 31 December 2016, the Directors have considered a range of potential outcomes, including the likely value of the potential level of losses from Visa Europe interchange litigation that the Group may be liable for, and calculated a weighted average. It is reasonably possible that if the Visa Europe interchange litigation progresses within the next financial year and more information becomes available about the likely value of the potential losses, changes in assumptions



## Note 5 (continued)

determining the fair value could require a material adjustment to the carrying amount of the Visa Inc. preference shares and the LSA liability. The uncertainties inherent in the determination of the fair value of the Visa Inc. preference shares and the LSA liability will not be resolved until the obligations under the LMD and the LSA are extinguished which is dependent upon final resolution of all related claims.

### *CVR liabilities*

The CVR liabilities have been classified as financial liabilities at amortised cost based on a re-estimation of future cash flows, with any changes being recognised in "Finance costs - CVR liabilities" in the income statement.

### **Conclusion**

Based on the above, the following has been recognised in the financial statements:

	Year ended 31 December 2016 £m	Year ended 31 December 2015 £m
<b>Balance sheet</b>		
<i>Non-current assets</i>		
Deferred consideration – Visa Europe	48.0	-
Financial assets – Visa Inc. preference shares	192.1	-
<i>Current assets</i>		
Financial assets – Visa Europe shares	-	195.7
Own cash and cash equivalents*	446.5	-
<i>Current liabilities</i>		
Current tax liabilities	(49.4)	-
Provisions	(268.5)	-
Financial liabilities – CVR liabilities	(302.5)	(140.9)
Deferred tax liabilities	(32.6)	(39.2)
<b>Net assets</b>	<b>33.6</b>	<b>15.6</b>

\* Includes £401.4m of cash in relation to the CVR holders.

	Year ended 31 December 2016 £m	Year ended 31 December 2015 £m
<b>Income statement</b>		
Finance income – Visa Europe shares	-	195.7
Net gain on disposal of financial assets – Visa Europe	207.0	-
Fair value gain on Visa Inc. preference shares	4.3	-
Foreign exchange gains	58.6	-
Dividend income on Visa Inc. preference shares	1.7	-
Finance costs – CVR liabilities	(161.7)	(140.9)
<b>Profit before tax</b>	<b>109.9</b>	<b>54.8</b>
Tax	(91.9)	(39.2)
<b>Profit after tax</b>	<b>18.0</b>	<b>15.6</b>

## Note 6

### Tax

	Year ended 31 December	Year ended 31 December
	2016	2015
	£m	£m
<b>Tax (charge)/credit:</b>		
On underlying results	(82.1)	(49.7)
<i>On separately disclosed items</i>		
On gain on disposal of Visa Europe	(91.9)	(39.2)
On other separately disclosed items	41.4	40.0
	<b>(50.5)</b>	<b>0.8</b>
<b>Total tax charge</b>	<b>(132.6)</b>	<b>(48.9)</b>

The tax charge on underlying results for the Group increased by £32.4m, or 65%, to a charge of £82.1m in the year ended 31 December 2016 (2015: £49.7m), representing both current tax and deferred tax charges. The underlying tax charge was driven principally by taxable profits arising in the UK, US and Netherlands, partly offset by utilisation of brought forward taxable losses in the US.

The charge reflects an effective tax rate on underlying results of 25.1%, which is higher than the UK headline rate for the year of 20.0% primarily due to profits in overseas territories with higher taxation rates, along with non-deductible costs.

The tax charge of £50.5m (2015: £0.8m) arising on separately disclosed items includes a tax charge of £91.9m relating to the disposal of the interest in Visa Europe. This is relatively high as no deferred tax asset has been recognised on the estimated liability under the LSA in excess of that which has been offset against the Visa Inc. preference shares.

After including separately disclosed items, the Group's total tax charge increased by £83.7m to £132.6m in the year ended 31 December 2016 (2015: £48.9m), inclusive of the tax on the disposal of Visa Europe.

## Note 7

### Dividends

The Board is recommending the payment of a final dividend in relation to the year ended 31 December 2016 of 1.35p per ordinary share which, together with the interim dividend paid of 0.65p, brings the total dividend in respect of the year to 2.00p. The final dividend will be recommended for shareholder approval at the Company's Annual General Meeting on 10 May 2017 and, subject to approval, is expected to be paid on 27 June 2017 to those shareholders on the register on 26 May 2017.

## Note 8

### Earnings per share

Basic earnings/(loss) per share amounts are calculated by dividing the profit/(loss) attributable to shareholders of Worldpay Group plc by the weighted average number of ordinary shares in issue during the financial year.

Diluted earnings/(loss) per share amounts are calculated by dividing the profit/(loss) attributable to shareholders of Worldpay Group plc by the weighted average number of ordinary shares in issue during the financial year, adjusted for the effects of potentially dilutive options. The dilutive effect is calculated on the full exercise of all potentially dilutive ordinary share options granted by the Group, including performance-based options which the Group considers to have been earned.

Underlying basic and diluted earnings per share are included as the Directors believe this provides a better reflection of the Group's performance.

	Year ended 31 December 2016	Year ended 31 December 2015
<b>Profit/(loss) (£m)</b>		
Underlying results	245.3	138.4
Total profit/(loss) for the year	131.5	(29.8)
<b>Weighted average number of shares for (millions):</b>		
Basic	1,988.2	1,690.5
Diluted	1,992.8	1,691.0
<b>Basic earnings/(loss) per share (pence)</b>		
Underlying basic earnings per share	12.3	8.2
Total basic earnings/(loss) per share	6.6	(1.8)
<b>Diluted earnings/(loss) per share (pence)</b>		
Underlying diluted earnings per share	12.3	8.2
Total diluted earnings/(loss) per share	6.6	(1.8)

During 2015, the Company's 50,000,000 ordinary shares were split into 1,605,083,333 ordinary shares without a corresponding change in share capital.

## Note 9

### Other intangible assets

During the year, additions to other intangible assets amounted to £170.1m (2015: £144.7m). At 31 December 2016, the net book value of other intangible assets was £813.6m (2015: £719.4m), of which £291.5m are under the course of construction and are not yet being amortised (2015: £235.3m).

## Note 10

### Property, plant and equipment

During the year, additions to property, plant and equipment amounted to £33.8m (2015: £34.3m). At 31 December 2016, the net book value of property, plant and equipment was £124.7m (2015: £122.3m) of which £49.8m are under the course of construction and are not yet being amortised (2015: £51.3m).

## Note 11

### Note to cash flow statement

Cash and cash equivalents comprises cash and demand deposits with banks, together with short-term highly liquid investments that are readily convertible to known amounts of cash and subject to insignificant risk of change in value. Merchant float is excluded from the cash flow statement.

The table below reconciles the profit for the year before tax to cash generated by operations:

	Year ended 31 December 2016 £m	Year ended 31 December 2015 £m
<b>Operating activities</b>		
Profit before tax	264.1	19.1
<b>Adjustments for :</b>		
Depreciation and impairment of property, plant and equipment	35.0	34.6
Amortisation and impairment of intangible assets	93.7	100.9
Foreign exchange losses/(gains)	5.5	(10.1)
Profit on sale of assets	-	(0.8)
Share of results of joint venture and associate	1.5	1.2
Finance costs	10.9	146.6
<b>Net cash inflow from operating activities before movements in working capital</b>	<b>410.7</b>	<b>291.5</b>
Increase in trade and other receivables	(50.7)	(9.5)
Increase in trade and other payables	33.8	63.2
(Decrease)/Increase in provisions	(1.4)	0.5
<b>Cash generated by operations</b>	<b>392.4</b>	<b>345.7</b>

## Note 12

### Net debt and borrowings

	Own cash and cash equivalents*	Senior bank borrowings	Senior unsecured notes	Sub - ordinated borrowings	Loan notes	Finance leases	Total
	£m	£m	£m	£m	£m	£m	£m
<b>At 1 January 2015</b>	168.7	(1,826.1)	-	(450.5)	(118.0)	(28.2)	<b>(2,254.1)</b>
Cash flows	(5.6)	769.5	(356.6)	483.0	130.1	0.1	<b>1,020.5</b>
Finance costs	-	(85.3)	(2.0)	(32.5)	(12.1)	(1.1)	<b>(133.0)</b>
Fair value losses	-	(0.6)	-	-	-	-	<b>(0.6)</b>
Other non-cash flows	-	(38.5)	4.9	-	-	-	<b>(33.6)</b>
Exchange movements	2.2	(14.8)	(11.9)	-	-	-	<b>(24.5)</b>
<b>At 31 December 2015</b>	<b>165.3</b>	<b>(1,195.8)</b>	<b>(365.6)</b>	<b>-</b>	<b>-</b>	<b>(29.2)</b>	<b>(1,425.3)</b>
Cash flows	492.1	75.2	15.7	-	-	(1.4)	<b>581.6</b>
Finance costs	-	(36.5)	(15.4)	-	-	(1.7)	<b>(53.6)</b>
Fair value gains	-	1.9	0.2	-	-	-	<b>2.1</b>
Other non-cash flows	-	(3.9)	(0.8)	-	-	-	<b>(4.7)</b>
Exchange movements	57.0	(65.4)	(58.3)	-	-	-	<b>(66.7)</b>
<b>At 31 December 2016</b>	<b>714.4</b>	<b>(1,224.5)</b>	<b>(424.2)</b>	<b>-</b>	<b>-</b>	<b>(32.3)</b>	<b>(966.6)</b>

\*Own cash and cash equivalents at 31 December 2016 includes £401.4m held in respect of CVR holders.

The Group's borrowings comprise of a £248.4m three year Term Facility (Facility 1), a £900m five year Term Facility (Facility 2) and a €500m 3.75% senior unsecured notes due in 2022. The rates of interest on the term facilities are LIBOR based plus a margin dependent on leverage. The maximum margin for Facility 1 is 2.00% and 2.50% for Facility 2. The Group also has access to a £200m revolving credit facility (RCF).

## Note 13

### Subsequent events

There were no events between the balance sheet date and the date of release of this consolidated financial information that required disclosure.