worldpay

9 August 2017

WORLDPAY GROUP PLC

Results for the 6 months ended 30 June 2017

	H1 2017	*H1 2016*	Change
Revenue (£m)	2,509.5	*2,135.6*	+18%
Net revenue[1] (£m)	600.5	*539.7*	+11%
Underlying EBITDA[2] (£m)	247.5	*217.9*	+14%
Profit after tax (£m)	93.1	*58.6*	+59%
Diluted earnings per share (p)	4.7	*2.9*	+1.8p
Dividend per share (p)	0.80	*0.65*	+23%
Free cash flow[3] (£m)	60.3	*82.9*	-27%
Transaction value (£bn)	241.4	*217.1*	+11%

Financial and Operating Highlights

- Strong progress across the business: acceleration of our technology, innovation and product development; further strengthened customer relationships and market reach
- Robust financial performance against tough comparatives: net revenue grew 11%; underlying EBITDA increased 14% and underlying EBITDA margin[4] up 80 bps; free cash flow of £60.3m, reflecting higher tax and increased investment; medium-term net revenue growth guidance unchanged
- Continued successful boarding and migrating of customers onto the new acquiring platform; some more complex customers to be migrated in 2018, in line with previous guidance
- Sustained strong Global eCom performance, lapping exceptional growth in H1 2016: net revenue +17% and underlying EBITDA +20%. Very strong new business pipeline; continue to broaden and deepen global network, including in high growth regions in Latin America and Asia-Pacific
- Resilient UK performance: net revenue +2% against very strong H1 2016; principally reflects scheme fee increases and consumer spending trends. Expect a strong H2, primarily driven by changes in sales strategy, pricing and take-up of value-added products and services
- Stable US performance: net revenue +18% (+3% constant currency) with growth in Corporates and Partnerships offset by continued decline of ATM business. Further progress on EMV and Worldpay Total, and on improving resilience, customer service and sales capacity
- The boards of directors of Vantiv and Worldpay have announced that they have reached agreement on the terms of a recommended merger of Worldpay and Vantiv. Further details are contained in a separate announcement released today
- Interim dividend of 0.8 pence per share, up 23%, reflecting confidence in our prospects. A special dividend of 4.2 pence per share will be paid conditional upon completion of the merger (for details see the merger announcement)

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[1] Net revenue is defined as revenue less interchange and scheme fees.
[2] 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.
[3] Free cash flow reflects the net cash flow from operating activities of £191.2m (2016: £187.7m) adjusted to remove the working capital and other movements associated with the IPO (2017: nil; 2016: £20.7m) and the tax paid in respect of the CVR holders' 90% share of the taxable gain in relation to the Visa Europe transaction (2017: £44.2m; 2016: nil); less net capital expenditure of £100.5m (2016: £81.6m) and underlying net finance costs paid of £30.4m (2016: £23.2m). 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.
[4] Underlying EBITDA margin is defined as underlying EBITDA (see footnote 2) divided by net revenue (see footnote 1).

"We delivered a strong first half performance, further extending our long-term track record of substantial growth. This performance has been achieved through our relentless focus on meeting the changing needs of our customers in an increasingly global and dynamic payments market.

We have accelerated the pace of delivery across our technology and product offerings, driving more opportunities in our chosen markets and strengthening our new business pipeline for Global eCom, which is the biggest it has ever been and continues to deliver sustainable returns. Today, I am pleased to announce our recommended merger with Vantiv. The combination of scale and presence that the merger will bring is an exciting step in the creation of a truly global leader in payments."

Philip Jansen, Chief Executive Officer

Performance summary and outlook

The commentary below summarises Group and divisional performance for the six months to 30 June 2017. Except where otherwise stated, comparisons are made with the same period in 2016.

Group performance: Strong progress across the business and a robust financial performance

The Group made strong progress in the first half of 2017, with an accelerating pace of technology, innovation and product development, and a further strengthening of our customer relationships and market reach. These enhanced capabilities have reinforced the Group's ability to drive future growth by capitalising on the structural growth drivers in the payments market, and have further increased the Group's already strong visibility of future earnings.

The Group delivered a robust financial performance, against the exceptionally strong growth we saw in the first half of 2016. The value of transactions processed increased by 11% to £241.4bn, similar to the rate of growth in 2016. This supported net revenue growth of 11% which, while it included a benefit from the translation of overseas earnings into Sterling, was consistent with our guidance range of 9% to 11% compound annual net revenue growth over the medium-term. Underlying EBITDA grew more strongly at 14%, and underlying EBITDA margin increased by 80 basis points, reflecting good cost control and the benefits of the operating leverage inherent in our business model.

This performance, together with strong free cash flow generation of £60.3m despite continued high levels of investment and higher tax payments, support the payment of an interim dividend of 0.8 pence per share, a 23% increase, to be paid on 23 October 2017.

Global eCom

Global eCom delivered further strategic and financial progress. Net revenue grew 17%, representing a sustained strong performance given the 25% growth in the first half of 2016. The majority of Global eCom's growth continues to be derived from its existing portfolio of customers, notably in this half year in the Retail, Airline and Digital industry verticals, benefiting from both their underlying growth, and wallet share gains as we enhance the value we deliver to them. In terms of products, Acquiring, Treasury Management and Foreign Exchange Services, and Gateway saw strong growth in this period. Global eCom also performed well in retaining and expanding contracts with existing customers, including Azul, Hong Kong Express and DWI digital cameras, amongst others.

Global eCom's pipeline of potential new business remains very strong, further supporting the visibility of growth in the division over the longer-term. In the first half of the year, Global eCom signed a number of contracts with new customers from a broad mix of industry verticals and geographies, including Vanilla Air, Hobby King, Televisa and COPA.

Global eCom continues to increase its exposure to faster-growing regions in terms of geography, with the division's Asia-Pacific and Latin American business growing at substantial rates. The strong growth in these regions is being supported by new acquiring capabilities in Brazil and Argentina which have created a strong platform for growth in the Latin American region. The Group also continued to further strengthen its global acquiring network, with the launch of domestic acquiring capabilities in Malaysia and Turkey, helping to improve transaction acceptance, while maintaining their full compliance with local rules and regulations.

The strength of Global eCom's customer proposition was further reinforced in the first half by the delivery of a broad range of new products and enhancements. These included updates to the ApplePay and AndroidPay mobile wallets, updates to alternative payment methods including Klarna, MOLPay, Billdesk and Trustly, and the commencement of development for single click functionality for China UnionPay. We also commenced the migration of our Global eCom customer base onto Pazien, our reporting and data insight platform, in the first half of the year.

WPUK

WPUK made good progress in the first half on its strategy to deliver more value for merchants, and delivered net revenue growth of 2%. This result reflects a demanding comparative period in the first half of 2016 (with very strong net revenue growth of 12%), year-on-year increases in scheme fees, and the deceleration in UK consumer spending growth towards the end of the first half of 2017. WPUK is expected to deliver strong net revenue growth in the second half of the year, primarily driven by changes in sales strategy, pricing changes to recover the increased scheme fees, and the accelerated take-up of value-added products and services. Underlying EBITDA also grew 2%, a strong performance given a £3.3m bad debt charge relating to the collapse of a travel sector merchant. Underlying EBITDA also included for the first time an allocation of costs relating to the New Acquiring Platform; excluding these, operating costs fell by 3%.

In the SME segment, My Business Dashboard, WPUK's online merchant tool, now has over 100,000 users, with over 80% of these regularly active. In addition, the usage of ecommerce and business finance products continues to grow, increasing the average number of products used by merchants and growing the average value per merchant. Approximately £20m has now been advanced to small businesses through Worldpay Business Finance (in partnership with Liberis), and customer advocacy of the product is high with repeat business generated from over half of the initial customers. WPUK also continued to improve its service to SME merchants, with the launch of an online "self-service" function, alongside a number of other initiatives. As a result, WPUK's Net Promoter Score increased five points and SME customer churn reduced.

Volumes processed on Worldpay Total, WPUK's omni-channel solution for medium to larger corporates, were approximately double compared with the comparable period in 2016, reflecting the completion of the product's roll-out with a number of larger merchants. WPUK continued to invest in broadening the functionality of the product, enhancing its ease of use and applicability in a variety of merchant settings: for example, in hospitality, where the use of built-in receipt printers is now supported. The M010 mobile device on Windows is now also supported, complementing existing support for iOS and Android, and the initial continental European rollout of the product has commenced, starting with existing merchant customers in France, with more to follow in the second half of the year.

WPUS

WPUS net revenue grew 18% in the first half of the year, or by 3% on a constant currency basis. The 3% underlying growth benefitted from a reclassification of debit routing income from the schemes to net revenue from cost of sales. There was no impact on gross profit or underlying EBITDA. Excluding this, net revenue and transaction volumes were broadly flat year-on-year as growth in Corporate and Partnerships was offset by the continued decline in ATMs and an increase in scheme fees.

WPUS made further progress towards its goal of building a stronger business, capable of delivering sustainable and growing revenue and profitability. The investment made in infrastructure delivered benefits with better resilience and performance in the business' underlying technology as measured by uptime. In addition, improvements to customer service quality delivered a 5 point increase in WPUS' Net Promoter Score.

WPUS also made further progress on EMV delivery. The monthly rate of external certifications to our US EMV solutions tripled in the period compared with the average monthly rate in 2016 as the processes improved and matured. Our most recent virtual terminal product in also now fully available in the marketplace, and Worldpay Total, our Application Program Interfaces product (APIs) which allows Independent Software Vendors (ISVs) and domestic ecommerce customers to develop software applications, is in full deployment and live with over 200 customers. Feedback from our ISV partners on our developer tools and the API integrations is very positive.

Finally WPUS continues to rebuild its sales capacity with high quality teams across its attractive customer segments, including Alliance Partners, SME Direct, Midmarket Corporate, Domestic eCommerce and ISVs.

Accelerating our pace of technology development and innovation
The pace of the Group's technology, innovation and product development further accelerated across a broad front in the first half of 2017, in support of our goal of achieving better outcomes for customers through market-leading technology. The new acquiring platform is a key part of this new technology architecture, and will deliver significant enhancements in terms of agility, flexibility and efficiency. We are successfully boarding new customers and migrating existing customers onto the new acquiring platform; some more complex customers will be migrated in 2018, in line with previous guidance.

The first half also saw the further build of our Enterprise Data Platform capability, offering improved functionality, insight and optimisation for customers. Further progress was also made on "Gateway 2.0", and we expect to deliver a number of product propositions to merchants by the end of the year. The Group also continued to invest in delivering best-in-class security to remain ahead of cyber-threats, supported by initiatives such as the launch of our bug-bounty programme and enhanced simulated cyber-attack exercises. We also established the Worldpay Security Advisory Board, a forum for Worldpay's executive leadership and external cyber-security experts to challenge, advise and guide the overall security programme.

A number of new innovative products were launched in the first half in addition to those already mentioned. These included the My Business Mobile app, the first software only point of sale, which has attracted positive feedback in its pilot trial.

Market environment

The Group is well-positioned to capitalise on the developments in its markets, given its scale and global reach, the strength of its network, its leading-edge technology, and strong relationships. These enable the Group to address the increasing complexity of the payments market for its customers, from the smallest high street merchants to the largest, most complex global ecommerce merchants.

The Group continues to be actively engaged with merchants, partners, regulators, and industry and technology bodies, on the implications of the EU Second Payment Services Directive (PSD2). The Directive, which now seems likely to be fully implemented towards the end of this decade, has the goal of building a more integrated and efficient payments market across Europe, promoting competition and new payment types, and enhancing consumer choice protection and security.

The Group continues to see opportunities in helping our customers respond to the requirements of PSD2, and achieve the best commercial outcomes as the EU payments landscape evolves as a result of the Directive.

Outlook

The Group made strong progress in the first half of 2017, and is well positioned to deliver a good performance in the second half of the year.

The Group's guidance for medium-term net revenue growth remains unchanged and we remain confident in our future prospects and our ability to continue to deliver strong, visible and recurring shareholder returns. This confidence is reflected in the declaration of an interim dividend of 0.8 pence per share, an increase of 23% compared to the first half of 2016.

The boards of directors of Vantiv and Worldpay have announced that they have reached agreement on the terms of a recommended merger of Worldpay and Vantiv. Further details about the possible merger are contained in a separate announcement released today.

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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 www.worldpay.com

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.

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.

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 average US dollar exchange rate for the six months to 30 June 2017 to the US-denominated income attributable to WPUS in the six months to 30 June 2016. In the current year, the US dollar average rate applied was $1.257 compared with $1.436 in 2016. Given the significant movement in exchange rates during the period, 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

	Six months ended 30 June 2017	Six months ended 30 June 2016	Change
Total transactions (bn)	7.7	7.2	+6%
Total transaction value (£bn)	241.4	217.1	+11%
Average transaction value (£)	31.3	30.0	+4%
Net revenue/transaction value (%)	0.25%	0.25%	-

Income statement

	Six months ended 30 June 2017 £m	Six months ended 30 June 2016 £m	Change £m
Revenue	**2,509.5**	**2,135.6**	**373.9**
Interchange and scheme fees	(1,909.0)	(1,595.9)	(313.1)
Net revenue[5]	**600.5**	**539.7**	**60.8**
Gross profit	**523.7**	**472.8**	**50.9**
Underlying EBITDA[6]	**247.5**	**217.9**	**29.6**
Underlying EBITDA margin[7]	*41.2%*	*40.4%*	*+80bps*
Underlying depreciation and amortisation	(57.2)	(36.4)	(20.8)
Underlying finance costs	(29.3)	(28.2)	(1.1)
Gain/(loss) on disposal of investment and subsidiary	6.9	-	6.9
Share of results of joint venture and associate	(0.6)	(0.5)	(0.1)
Underlying profit before tax	**167.3**	**152.8**	**14.5**
Separately disclosed items:			
- affecting EBITDA	(23.6)	(35.6)	12.0
- affecting depreciation and amortisation	(23.7)	(24.9)	1.2
- affecting finance income/(costs)	8.9	76.3	(67.4)
	(38.4)	15.8	(54.2)
Profit before tax	**128.9**	**168.6**	**(39.7)**
Tax charge on underlying profit	(38.8)	(40.5)	1.7
Tax credit/(charge) on separately disclosed items	3.0	(69.5)	72.5
Profit for the period	**93.1**	**58.6**	**34.5**
Earnings per share			
Underlying diluted EPS (p)[8]	**6.4p**	**5.6p**	**+0.8p**
Reported diluted EPS (p)	**4.7p**	**2.9p**	**+1.8p**

[5] Net revenue is defined as revenue less interchange and scheme fees.
[6] Underlying EBITDA is defined as earnings before interest, tax, depreciation and amortisation. It also excludes separately disclosed items which are discussed in note 3 to the condensed financial statements.
[7] Underlying EBITDA margin is calculated by dividing underlying EBITDA by net revenue.
[8] Underlying diluted earnings per share is calculated by taking profit for the period before separately disclosed items, divided by the weighted average number of shares in issue during the period.

Revenue
Revenue of £2,509.5m (2016: £2,135.6m) was £373.9m, or 18%, higher than in the prior year. This reflected an 11% increase in total transaction value driven by a 6% increase in total transactions and a 4% increase in average transaction value. The year-on-year increase also benefited from foreign currency translation on our WPUS revenue of £152.4m, therefore on a constant currency basis, revenue increased by 10%.

Net revenue
Net revenue at £600.5m increased by £60.8m, or 11% (2016: £539.7m) and net revenue as a percentage of total transaction value remained stable at 0.25%. On a constant currency basis, the growth in net revenue was 7% and reflects a 17% increase in our Global eCom business, a 2% increase in WPUK and a 3% increase in WPUS.

The increase in Global eCom reflects strong growth across most products and verticals and all geographic regions. We also continued to benefit from the translation of non-Sterling trading as a result of the weakening of Sterling.

In WPUK, transaction volumes grew by 9% and value grew by 4% as we saw strong growth in the Large Corporates sector offset by weaker trading in our Small Corporate and SME business. Also affecting the net revenue performance year-on-year was the loss of Visa Europe rebates in late 2016 (following the acquisition of Visa Europe by Visa Inc.) as well as increases in scheme fees year-on-year, and a one-off timing benefit from a reduction in interchange costs in the first half of 2016. We also experienced a slowdown in consumer spending and weaker sales in the last two months of the period.

In WPUS, the 3% underlying growth benefitted from a reclassification of debit routing income from the schemes to net revenue from cost of sales. There was no impact on gross profit or underlying EBITDA. Excluding this, net revenue and transaction volumes were broadly flat year-on-year as growth in Corporate and Partnerships was offset by the continued decline in ATMs and an increase in scheme fees.

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

Gross profit

Gross profit increased by £50.9m, or 11%, to £523.7m (2016: £472.8m). On a constant currency basis the growth was 7% and reflects an 18% increase in our Global eCom business and a 2% increase in WPUK. Gross profit in WPUS was unchanged.

Underlying personnel and net operating expenses

Underlying personnel and net operating expenses increased by £21.3m, or 8%, to £276.2m (2016: £254.9m) and included for the first time from 1 April 2017, the costs associated with the running of the New Acquiring Platform of £5.9m. On a constant currency basis, the increase in net operating costs was 4% which was significantly lower than the net revenue growth and demonstrates a continued focus on cost control and operating efficiency.

Underlying EBITDA

Underlying EBITDA increased by £29.6m, or 14%, to £247.5m (2016: £217.9m). On a constant currency basis the growth was 11%, reflecting a 20% increase in Global eCom, a 2% increase in WPUK and a 12% increase in WPUS, offset by a 9% increase in Corporate costs. Underlying EBITDA as a percentage of net revenue was 41.2% compared with 40.4% 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 £20.8m, or 57%, to £57.2m (2016: £36.4m). On a constant currency basis, the increase was 52% and reflects higher levels of capital expenditure as well as the commencement, in April 2017, of amortisation on the remaining components of our new acquiring platform which adds approximately £18m this financial year to the Group's depreciation and amortisation charge.

Total costs incurred to 30 June 2017 on the new acquiring platform programme are £569.7m, of which £368.6m has been included within tangible and intangible assets on the balance sheet and is being depreciated, with the remainder charged directly to the income statement.

Underlying finance costs

Underlying finance costs at £29.3m were broadly in line with the prior year (2016: £28.2m). The average cost of debt during the period was 3.1%.

Gain on disposal of investment and subsidiary

During the period the Group made a partial disposal of its investment in Blue Star Sports Holdings Inc., realising a gain on disposal of £7.5m. It also disposed of its Swedish subsidiary realising a loss on disposal of £0.6m.

Share of results of joint venture and associate

The share of results of joint venture and associate was a loss of £0.6m in the period (2016: loss of £0.5m) and reflects our remaining investment in Pazien Inc..

Separately disclosed items

	Six months ended 30 June 2017 £m	Six months ended 30 June 2016 £m	Change £m
Affecting EBITDA			
Separation – platform costs	(11.4)	(15.3)	3.9
Separation – other costs	(8.4)	(8.0)	(0.4)
Costs of IPO	(1.8)	(4.6)	2.8
Reorganisation and restructuring costs	(0.7)	(4.5)	3.8
Other costs	(1.3)	(3.2)	1.9
Total affecting EBITDA	**(23.6)**	**(35.6)**	**12.0**
Affecting depreciation and amortisation			
Amortisation of business combination intangibles	**(23.7)**	**(24.9)**	**1.2**
Affecting finance income/(costs)			
Finance income – Visa Europe	56.7	208.7	(152.0)
Finance costs - CVR liabilities	(43.5)	(108.3)	64.8
Foreign exchange losses	(4.3)	(24.1)	19.8
Total affecting finance income/(costs)	**8.9**	**76.3**	**(67.4)**
Total (pre-tax)	**(38.4)**	**15.8**	**(54.2)**
Tax credit/(charge)	3.0	(69.5)	72.5
Total (post-tax)	**(35.4)**	**(53.7)**	**18.3**

Separately disclosed items are costs or income that have been recognised in the period 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.

Separately disclosed items affecting EBITDA amounted to £23.6m (2016: £35.6m) and comprised platform-related and other costs incurred in the separation from RBS, IPO-related costs, reorganisation and restructuring costs, and other costs.

Platform-related separation costs of £11.4m (2016: £15.3m) 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. As the new platform is substantially complete and ready for use, we expect platform-related separation costs to reduce significantly in the second half of the year.

Other costs related to the separation from RBS of £8.4m (2016: £8.0m) principally relate to the costs of interim staff required to test and double-run systems throughout the migration period.

The costs of IPO of £1.8m (2016: £4.6m) comprise the costs of the one-off share awards granted to management as part of the IPO.

Reorganisation and restructuring costs of £0.7m (2016: £4.5m) represent the residual costs of the WPUS transformation together with costs associated with the restructuring and relocation of parts of our Group Technology and Engineering division.

Other costs of £1.3m (2016: £3.2m) include the costs incurred in relation to a number of M&A projects.

Separately disclosed items affecting depreciation and amortisation amounted to £23.7m (2016: £24.9m). 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 are now fully amortised.

There was a net gain in the period in relation to separately disclosed items affecting finance income/(costs) of £8.9m (2016: gain of £76.3m). This comprised fair value and FX gains in relation to the disposal of the Visa Europe shares in 2016, together with dividends received on the preference shares, partly offset by a loss on valuation of the related CVR liabilities. There was also a net FX loss of £4.3m (2016: loss of £24.1m) resulting from the period-end translation of the Group's external debt and internal funding denominated in currencies other than Sterling (excluding the assets and liabilities related to the Visa Europe disposal).

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 £128.9m (2016: £168.6m). The movement year-on-year reflects the continued strong underlying trading performance in our Global eCom division and strong cost control throughout the Group, as well as the reduction in separately disclosed items affecting EBITDA, offset by increased depreciation and the movements in separately disclosed items affecting finance income/(costs).

Tax
The tax charge on underlying results for the Group was £38.8m (2016: £40.5m), representing both current tax and deferred tax charges. The underlying tax charge has been calculated by applying an estimate of the underlying effective tax rate for the full year of 23.2% which is higher than the UK headline rate for the year of 19.25% primarily due to profits in overseas territories with higher taxation rates, along with non-deductible costs.

The tax credit of £3.0m (2016: charge of £69.5m) arising on separately disclosed items comprises a credit of £11.4m offset by a tax charge of £8.4m in relation to Visa Europe. The prior year charge for the six months to 30 June 2016 includes a tax charge of £86.5m relating to the disposal of the interest in Visa Europe.

After including separately disclosed items, the Group's total tax charge for the period was £35.8m (2016: £110.0m).

Earnings per share and dividends

Underlying diluted earnings per share for the period was 6.4p (2016: 5.6p), an increase of 14%. On a reported basis, the diluted earnings per share was 4.7p compared with 2.9p in the prior year.

The Board has approved the payment of an interim dividend in relation to the six months ended 30 June 2017 of 0.8p per share which will be paid in October 2017 to those shareholders on the register on 29 September 2017. 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.

In calculating the dividend, the profit after tax has been adjusted to exclude the fair value and FX gains and dividends received on the preference shares and cash received in relation to the disposal of its shares in Visa Europe; 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

	Six months ended 30 June 2017 £m	Six months ended 30 June 2016 £m	Change £m
Underlying EBITDA	247.5	217.9	29.6
Separately disclosed items affecting EBITDA	(23.6)	(35.6)	12.0
Working capital[9]	(3.4)	(1.2)	(2.2)
Tax (paid)/received[10]	(30.8)	5.9	(36.7)
Non-cash items	1.5	0.7	0.8
Adjusted net cash inflow from operating activities[11]	**191.2**	**187.7**	**3.5**
Capital expenditure	(100.5)	(81.6)	(18.9)
Underlying finance costs paid	(30.4)	(23.2)	(7.2)
Free cash flow[12]	**60.3**	**82.9**	**(22.6)**
Net cash from Visa Europe disposal (excl. term deposits)	(43.3)	68.9	(112.2)
Proceeds from sale of investment and subsidiary	9.0	-	9.0
Acquisitions	(1.8)	(4.1)	2.3
Underlying movement in borrowings	(1.2)	(42.2)	41.0
Working capital movements related to refinancing and IPO	-	(20.7)	20.7
Dividends paid	(26.8)	-	(26.8)
Purchase of own shares	-	(6.9)	6.9
Net (decrease)/increase in cash and cash equivalents	**(3.8)**	**77.9**	**(81.7)**

The adjusted net cash inflow from operating activities increased by £3.5m, or 2%, to £191.2m (2016: £187.7m). The increase reflects improvements to underlying trading and a reduction in separately disclosed items, largely offset by increased tax payments.

The working capital outflow of £3.4m (2016: £1.2m) is broadly in line with the prior year and largely reflects the timing of receipts and payments around the period end.

Tax paid of £30.8m (2016: net refund of £5.9m) represents payments on account in the UK of £20.4m (of which £4.9m relates to the tax paid in relation to our share of the proceeds on disposal of Visa Europe), in the US of £5.2m, and in the Netherlands of £5.2m.

[9] Working capital shown here excludes the working capital and other movements associated with the IPO (2017 nil; 2016: £(20.7)m).

[10] 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 (2017 £(44.2)m; 2016: nil).

[11] Adjusted net cash inflow from operating activities excludes the working capital and other movements associated with the IPO (2017: nil; 2016: £(20.7)m); the tax paid in respect of the CVR holders in relation to the Visa Europe transaction (2017: £(44.2)m; 2016: nil) and the dividend received on the Visa Inc. preference shares on behalf of the CVR holders (2017: £0.9m; 2016: nil).

[12] Free cash flow represents the Group's adjusted net inflow from operating activities, after accounting for the Group's net capital expenditure and underlying finance costs.

Expenditure on tangible fixed assets and software was £100.5m (2016: £81.6m). This includes the ongoing investment in software and licences for our new acquiring platform and gateways; the purchase of new terminals in the UK; and expenditure to develop a number of new customer propositions and improve our data analytics capability to support the growth plans of our operating divisions.

Underlying finance costs paid were £30.4m (2016: £23.2m). The increase reflects the timing of finance leases raised.

As a result of the above movements, free cash flow was £60.3m in the first half of 2017 (2016: £82.9m).

As noted above, the net cash outflow in relation to the disposal of Visa Europe in the period of £43.3m (2016: inflow of £68.9m) represents tax payments made in relation to the CVR holders' 90% share of the taxable gain (£44.2m) offset by the dividend received in respect of the CVR holders in relation to the Visa Inc. preference shares.

During the period, the Group made an additional investment of £1.7m in Blue Star Sports Holdings Inc. to avoid dilution of our holding. Subsequently, it then partially disposed of the investment realising cash of £9.0m.

The underlying movement in borrowings of £1.2m outflow (2016: £42.2m) represents the costs incurred in relation to the increase of the Group's revolving credit facility to £500m (previously £200m).

Dividends totalling £26.8m (2016: nil) reflect the cost of the final dividend of 1.35p per ordinary share in relation to the year ended 31 December 2016 which was paid to shareholders in June 2017.

Net debt at 30 June 2017 (excluding the cash held in respect of the CVR holders) was £1,309.1m (31 December 2016: £1,368.0m). The reduction in the period reflects the net cash inflow in the period (excluding cash flows in respect of the CVR holders) and 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 period's average US dollar exchange rate to the US-denominated income in the prior year period. In the six months to 30 June 2017 the US dollar average rate applied was $1.257 compared with $1.436 in the six months to 30 June 2016. Given the significant movement in exchange rates, 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.

Group

	Six months ended 30 June 2017 £m	Six months ended 30 June 2016 £m	Change
Net revenue			
Global eCom	221.2	189.3	+17%
WPUK	218.7	213.9	+2%
WPUS	160.6	136.5	+18%
Group net revenue	**600.5**	**539.7**	**+11%**
Underlying EBITDA			
Global eCom	127.1	106.1	+20%
WPUK	94.6	93.1	+2%
WPUS	37.8	29.7	+27%
Corporate	(12.0)	(11.0)	-9%
Group underlying EBITDA	**247.5**	**217.9**	**+14%**

Global eCom

	Six months ended 30 June 2017	Six months ended 30 June 2016	Change
Net revenue (£m)	221.2	189.3	+17%
Underlying EBITDA (£m)	127.1	106.1	+20%
Total transactions (bn)	2.6	2.4	+8%
Total transaction value (£bn)	71.1	60.7	+17%
Average transaction value (£)	26.9	24.8	+8%
Net revenue/transaction value (%)	0.31%	0.31%	-

Our Global eCom division delivered another strong set of results in the six months ended 30 June 2017 with transaction value and net revenue up 17%, reflecting growth in all geographic regions and products. Transactions were only up 8% to 2.6 billion reflecting the reduction of high volume, low transaction value business from three customers following the incident with our high capacity gateway last year. Excluding this, like-for-like transaction volume increased by 26%. Average transaction values were up 8% driven by the resultant change in customer mix.

Net revenue increased by £31.9m, or 17%, to £221.2m in the period (2016: £189.3m), reflecting growth in all our product lines, especially treasury management and foreign exchange services[13] and gateway services. We also continued to see some benefit in the period from translation of non-Sterling trading and balances as a result of the weakening of Sterling, particularly against US Dollar and Euro.

Revenue from treasury management and foreign exchange services grew by 21% as a result of continued increased volumes across the whole portfolio, with the strongest contribution coming

[13] 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.

from the Airlines, Digital Content and Retail verticals. Income from gateway services rose 31%, driven predominantly by growth in the Digital Content vertical.

Net revenue from acquiring grew by 10% in the period with volume growth in Retail and Digital Content being partly offset by margin pressure as a result of expected re-prices and higher scheme fees.

Global eCom's net revenue as a percentage of total transaction value remained strong at 0.31%, in line with the prior year.

Underlying EBITDA increased by £21.0m, or 20%, to £127.1m (2016: £106.1m). This increase was driven principally by the growth in net revenue noted above. Operating costs increased by 15% but included the first-time allocation of costs associated with the running of the New Acquiring Platform of £2.9m. Excluding this, like-for-like operating costs increased by 11% reflecting higher headcount, commission costs and marketing spend to support the business growth as well as some adverse foreign currency translation (as some costs arise in currencies other than Sterling).

WPUK

	Six months ended 30 June 2017	**Six months ended 30 June 2016**	**Change**
Net revenue (£m)	218.7	213.9	+2%
Underlying EBITDA (£m)	94.6	93.1	+2%
Total transactions (bn)	3.0	2.7	+9%
Total transaction value (£bn)	104.4	100.1	+4%
Average transaction value (£)	34.7	36.4	-5%
Net revenue/transaction value (%)	0.21%	0.21%	-

Performance in our WPUK division was mixed in the first half of 2017. Transactions were up 9% to 3.0 billion, driven by strong growth in the large Corporate sector, in particular in Grocery where spend has increased due to rising food price inflation and, more recently, good weather. Total transaction value increased by only 4%, however, as average transaction values continued to fall (down 5%) due to the ongoing trend towards using contactless cards for lower-value transactions.

Net revenue increased by £4.8m, or 2%, to £218.7m in the period (2016: £213.9m), with net acquiring income being the main driver of the increase. The relatively modest increase reflects the fact that transaction growth has largely come from our lower margin large Corporate sector.

In our smaller Corporates business and the SME sector, we have undertaken a reorganisation within the sales teams to re-focus our sales strategy on value rather than volume. We expect to start to see the benefits of this reorganisation in the second half of the year, but this led to a temporary drop in performance in the first half as we re-trained staff and embedded the new practices. In addition, the loss of Visa Europe rebates in late 2016 (following the acquisition of Visa Europe by Visa Inc.) as well as increases in scheme fees year-on-year which we expect to start to pass on to customers in the second half, and a one-off timing benefit from a reduction in interchange costs in the first half of 2016 have adversely impacted the year-on-year performance. We also experienced a slowdown in consumer spending and weaker sales in the last two months of the period.

We continue to see strong transformational product income growth (up 16%) but the changes we made in 2016 to our product offering (which introduced new pricing tariffs for our SME customers and removed some of our statement and management fee income) meant that ancillary income[14] grew by only 4% in aggregate. WPUK's net revenue as a percentage of total transaction value at 0.21% was in line with the prior year.

Underlying EBITDA increased by £1.5m, or 2%, to £94.6m (2016: £93.1m) as year-on-year operating costs were adversely impacted by the first-time allocation of costs associated with the running of the New Acquiring Platform of £3.0m and a bad debt write-off of £3.3m relating to the collapse of a travel merchant in the period. Excluding these, operating costs were down 3% reflecting improved operating efficiency and continued strong cost control.

WPUS

	Six months ended 30 June 2017	Six months ended 30 June 2016	Change
Net revenue (£m)	160.6	136.5	+18%
Underlying EBITDA (£m)	37.8	29.7	+27%
Net revenue ($m)	*202.0*	*195.9*	*+3%*
Underlying EBITDA ($m)	*48.1*	*43.1*	*+12%*
Total transactions (bn)	2.1	2.0	-
Total transaction value ($bn)	82.8	80.9	+2%
Average transaction value ($)	40.3	39.5	+2%
Net revenue/transaction value (%)	0.24%	0.24%	-

Performance in our WPUS division remains stable, and whilst we continue to see signs that the investment and the actions we are taking to turn around this business are proving successful, this is taking longer to achieve than originally anticipated. Transactions at 2.1 billion were flat year-on-year, as increases in the Corporate Business (+2%) and in Partnerships (+9%) were offset by the continued decline in our ATM business (-12%). Total transaction value was up 2% reflecting the overall growth in the Corporate Business and rising petrol prices.

Net revenue increased by £24.1m, or 18%, to £160.6m (2016: £136.5m) reflecting an FX translation benefit and the reclassification of debit routing incentives from cost of sales to net revenue (no impact at gross profit or underlying EBITDA level). On a constant currency basis, the increase in net revenue was 3% and was driven principally by the reclassification noted above. Net revenue as a percentage of total transaction value was in line with the prior year at 0.24%.

Underlying EBITDA increased by £8.1m, or 27%, to £37.8m. On a constant currency basis, the increase was 12%. Operating costs (on a constant currency basis) were down 4% year-on-year due to continued controlled spend on commissions and third-party payables and lower bad debt charges.

[14] 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.

Principal risks and uncertainties

The principal risks and uncertainties facing the Group were reported under the heading 'Principal Risks and Uncertainties' on pages 36 to 45 of the Annual Report and Accounts for the year ended 31 December 2016, a copy of which is available on the Group's website: http://investors.worldpay.com

The principal risks, including a description of the risk, the Group's risk appetite, risk indicators, potential impacts, mitigants and actions taken in 2016, are reported in the Annual Report and Accounts under the headings listed below:

- Industry;
- Legal, Compliance and Regulatory;
- Settlement;
- Credit;
- Data Security;
- Technology;
- Scale of Change;
- Third Parties;
- People; and
- Competitive Landscape.

As part of their ongoing review of risk, Management and the Group Risk Committee have concluded that in addition to the principal risks and uncertainties disclosed in the above section of the Annual Report and Accounts, the Group also faces risks and uncertainties for the remaining six months of the current financial year in respect of regulation and compliance which warrants the separation of regulatory and compliance from the legal risk – increasing regulation in the payments sector could result in Worldpay inadvertently breaching of regulation resulting in fines, financial loss and reputational damage.

To mitigate this risk, the Group has in place a number of key controls and is executing its strategy as described on pages 18 to 21 of the Annual Report and Accounts. The Board, having taken advice from the Group Risk Committee has approved the principal risks being faced by the Group and the above statement.

Responsibility statement

The Directors confirm that, to the best of their knowledge, this condensed consolidated interim financial information has been prepared in accordance with IAS 34 as adopted by the EU and that the interim management report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

By order of the Board

Philip Jansen **Chief Executive Officer**	**Rick Medlock** **Chief Financial Officer**

Independent review report to Worldpay Group plc

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2017 which comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated balance sheet, the condensed consolidated cash flow statement, the condensed consolidated statement of changes in equity and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2017 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted by the EU.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

John Bennett
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London E14 5GL

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2017

		Unaudited Six months ended 30 June 2017			**Unaudited Six months ended 30 June 2016**		
	Note	**Underlying result**	**Separately disclosed items (Note 3)**	**Total**	**Underlying result**	**Separately disclosed items (Note 3)**	**Total**
		£m	**£m**	**£m**	**£m**	**£m**	**£m**
Revenue	2	**2,509.5**	**-**	**2,509.5**	2,135.6	-	2,135.6
Interchange and scheme fees		(1,909.0)	-	(1,909.0)	(1,595.9)	-	(1,595.9)
Net revenue	2	**600.5**	**-**	**600.5**	539.7	-	539.7
Other cost of sales		(76.8)	-	(76.8)	(66.9)	-	(66.9)
Gross profit		**523.7**	**-**	**523.7**	472.8	-	472.8
Personnel expenses		(167.1)	(11.8)	(178.9)	(153.1)	(11.8)	(164.9)
General, selling and administrative expenses		(109.1)	(11.8)	(120.9)	(101.8)	(23.8)	(125.6)
EBITDA*	2	**247.5**	**(23.6)**	**223.9**	217.9	(35.6)	182.3
Depreciation, amortisation and impairment		(57.2)	(23.7)	(80.9)	(36.4)	(24.9)	(61.3)
Operating profit	2	**190.3**	**(47.3)**	**143.0**	181.5	(60.5)	121.0
Finance Income – Visa Europe	4	-	56.7	56.7	-	208.7	208.7
Finance costs	4	(29.3)	(4.3)	(33.6)	(28.2)	(24.1)	(52.3)
Finance cost – CVR liabilities	4	-	(43.5)	(43.5)	-	(108.3)	(108.3)
Gain/(loss) on disposal of investment and subsidiary	5	6.9	-	6.9	-	-	-
Share of results of joint venture and associate		(0.6)	-	(0.6)	(0.5)	-	(0.5)
Profit/(loss) before tax		**167.3**	**(38.4)**	**128.9**	152.8	15.8	168.6
Tax (charge)/credit	7	(38.8)	3.0	(35.8)	(40.5)	(69.5)	(110.0)
Profit/(loss) for period		**128.5**	**(35.4)**	**93.1**	112.3	(53.7)	58.6
Earnings per share (pence)							
Basic	9	**6.5**		**4.7**	5.6		2.9
Diluted	9	**6.4**		**4.7**	5.6		2.9

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2017

	Unaudited Six months ended 30 June 2017	Unaudited Six months ended 30 June 2016
	£m	£m
Profit for the period	**93.1**	**58.6**
Items that are or may subsequently be reclassified to profit or loss:		
Currency translation movement on net investment in subsidiary undertakings	(7.5)	29.1
Currency translation movement due to net investment hedging	(5.3)	(17.8)
Total comprehensive income for the period	**80.3**	**69.9**

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2017

		Unaudited		Audited
		At 30 June		At 31 December
	Note	2017	2016	2016
		£m	£m	£m
Non-current assets				
Goodwill		1,318.4	1,308.7	1,336.8
Other intangible assets	10	834.2	769.1	813.6
Property, plant and equipment	11	94.0	124.0	124.7
Investment in joint venture and associate		3.4	8.1	4.3
Investment		3.5	-	3.3
Deferred consideration – Visa Europe	6	49.3	46.9	48.0
Financial assets – Visa Inc. preference shares	6	239.6	153.2	192.1
Deferred tax assets		4.1	9.4	4.6
		2,546.5	**2,419.4**	**2,527.4**
Current assets				
Inventory		1.6	3.4	2.7
Trade and other receivables		468.9	422.1	473.8
Scheme debtors		683.7	651.1	1,821.8
Current tax asset		2.3	1.0	10.5
Merchant float		1,418.6	1,076.5	1,012.1
Own cash and cash equivalents	13	716.7	266.9	714.4
Financial assets - term deposits	6	-	417.3	-
		3,291.8	**2,838.3**	**4,035.3**
Current liabilities				
Trade and other payables		(397.4)	(348.8)	(432.5)
Merchant creditors		(2,102.1)	(1,727.6)	(2,833.9)
Current tax liabilities		(47.3)	(143.4)	(94.5)
Derivative financial instruments		-	(9.7)	-
Financial liabilities – CVR liabilities	6	(346.0)	(265.2)	(302.5)
Borrowings	13	(8.4)	(10.6)	(11.2)
Finance leases		(14.0)	(16.2)	(13.8)
Provisions	6	(277.0)	(271.5)	(272.8)
		(3,192.2)	**(2,793.0)**	**(3,961.2)**
Non-current liabilities				
Borrowings	13	(1,629.6)	(1,597.5)	(1,637.5)
Finance leases		(16.6)	(15.8)	(18.5)
Provisions		(1.5)	(0.9)	(1.3)
Deferred tax liabilities		(109.2)	(117.6)	(112.3)
		(1,756.9)	**(1,731.8)**	**(1,769.6)**
Net assets		**889.2**	**732.9**	**831.9**
Equity				
Called-up share capital		60.0	60.0	60.0
Share premium		883.8	882.6	883.8
Own shares		(30.6)	(30.6)	(30.6)
Capital contribution reserve		38.1	38.1	38.1
Merger reserve		(374.5)	(374.5)	(374.5)
Foreign exchange reserve		19.7	2.0	32.5
Retained earnings		292.7	155.3	222.6
Total equity		**889.2**	**732.9**	**831.9**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

	Called-up share capital	Share premium	Own shares	Capital contribution reserve	Merger reserve	Foreign exchange reserve	Retained earnings	Total
	£m	£m	£m	£m	£m	£m	£m	£m
At 1 January 2017	**60.0**	**883.8**	**(30.6)**	**38.1**	**(374.5)**	**32.5**	**222.6**	**831.9**
Profit for the period	-	-	-	-	-	-	93.1	**93.1**
Dividend paid	-	-	-	-	-	-	(26.8)	**(26.8)**
Share-based payments	-	-	-	-	-	-	3.8	**3.8**
Foreign currency translation	-	-	-	-	-	(7.5)	-	**(7.5)**
Foreign currency translation - net investment hedging	-	-	-	-	-	(5.3)	-	**(5.3)**
At 30 June 2017	**60.0**	**883.8**	**(30.6)**	**38.1**	**(374.5)**	**19.7**	**292.7**	**889.2**

For the six months ended 30 June 2016

	Called-up share capital	Share premium	Own shares	Capital contribution reserve	Merger reserve	Foreign exchange reserve	Retained earnings	Total
At 1 January 2016	**60.0**	**883.8**	**(23.7)**	**38.1**	**(374.5)**	**(9.3)**	**96.7**	**671.1**
Profit for the period	-	-	-	-	-	-	58.6	**58.6**
Investment in own shares	-	-	(6.9)	-	-	-	-	**(6.9)**
IPO fee capitalisation adjustment	-	(1.2)	-	-	-	-	-	**(1.2)**
Foreign currency translation	-	-	-	-	-	29.1	-	**29.1**
Foreign currency translation - net investment hedging	-	-	-	-	-	(17.8)	-	**(17.8)**
At 30 June 2016	**60.0**	**882.6**	**(30.6)**	**38.1**	**(374.5)**	**2.0**	**155.3**	**732.9**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2017

	Note	Unaudited Six months ended 30 June 2017	Unaudited Six months ended 30 June 2016
		£m	**£m**
Cash flows from operating activities			
Cash generated by operations	12	222.0	161.1
Tax (paid)/received		(75.0)	5.9
Net cash inflow from operating activities		**147.0**	**167.0**
Investing activities			
Cash received from sale of Visa Europe*	6	-	452.8
Movement of funds from sale of Visa Europe to financial assets - term deposits*	6	-	(383.9)
Purchase of intangible assets		(86.3)	(66.4)
Purchases of property, plant and equipment		(14.2)	(15.2)
Proceeds from sale of investment	5	9.0	-
Acquisitions		(1.8)	(4.1)
Net cash outflow from investing activities		**(93.3)**	**(16.8)**
Financing activities			
Finance costs paid		(28.6)	(26.0)
Dividend income		0.9	-
New finance leases		7.2	11.2
Repayment of finance lease obligations		(9.0)	(8.4)
Repayment of borrowings		-	(40.0)
Payment of borrowing fees		(1.2)	(2.2)
Investment in own shares		-	(6.9)
Payment of dividend		(26.8)	-
Net cash used in financing activities		**(57.5)**	**(72.3)**
Net (decrease)/increase in own cash and cash equivalents		**(3.8)**	**77.9**
Own cash and cash equivalents at beginning of period		714.4	165.3
Effect of foreign exchange rate changes		6.1	23.7
Own cash and cash equivalents at end of period		**716.7**	**266.9**

* Cash received from sale of Visa Europe in 2016 includes £407.5m held in relation to CVR holders, of which £383.9m was transferred to term deposits.

Note 1

General information and basis of preparation

General information

The comparative figures for the financial year ended 31 December 2016 are not the company's statutory accounts for that financial year. Those accounts have been reported on by the company's auditor and delivered to the registrar of companies. The report of the auditor was (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 annual financial statements of Worldpay Group plc are prepared in accordance with IFRSs as adopted by the European Union.

The condensed set of financial statements included in this interim financial report has been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting', as adopted by the European Union.

As required by the Disclosure and Transparency Rules of the Financial Conduct Authority (FCA), the condensed set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the Group's published Consolidated Financial Statements as at and for the year ended 31 December 2016.

In preparing the condensed set of financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Consolidated Financial Statements as at and for the year ended 31 December 2016.

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 this report. Accordingly, they continue to adopt the going concern basis in preparing the condensed set of financial statements.

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.

Six months ended 30 June 2017

	Global eCom	WPUK	WPUS	Corporate	Total
	£m	£m	£m	£m	£m
Income statement					
Revenue	722.3	528.8	1,258.4	-	**2,509.5**
Net revenue	221.2	218.7	160.6	-	**600.5**
Underlying EBITDA	127.1	94.6	37.8	(12.0)	**247.5**
Underlying depreciation and amortisation	(17.9)	(27.9)	(11.1)	(0.3)	**(57.2)**
Underlying operating profit	**109.2**	**66.7**	**26.7**	**(12.3)**	**190.3**
Separately disclosed items	(6.8)	(13.7)	(9.2)	(17.6)	**(47.3)**
Operating profit	**102.4**	**53.0**	**17.5**	**(29.9)**	**143.0**
Underlying finance costs					**(29.3)**
Separately disclosed items affecting finance income/(costs)					**8.9**
Gain on disposal of investment and subsidiary					**6.9**
Share of results of joint venture and associate					**(0.6)**
Profit before tax					**128.9**
Tax					(35.8)
Profit for the period					**93.1**

Note 2 (continued)

Six months ended 30 June 2016

	Global eCom £m	WPUK £m	WPUS £m	Corporate £m	Total £m
Income statement					
Revenue	573.0	485.7	1,076.9	-	**2,135.6**
Net revenue	189.3	213.9	136.5	-	**539.7**
Underlying EBITDA	106.1	93.1	29.7	(11.0)	**217.9**
Underlying depreciation and amortisation	(7.9)	(20.2)	(8.0)	(0.3)	**(36.4)**
Underlying operating profit	**98.2**	**72.9**	**21.7**	**(11.3)**	**181.5**
Separately disclosed items	(8.7)	(14.2)	(13.6)	(24.0)	**(60.5)**
Operating profit	**89.5**	**58.7**	**8.1**	**(35.3)**	**121.0**
Underlying finance costs					**(28.2)**
Separately disclosed items affecting finance income/(costs)					**76.3**
Share of results of joint venture and associate					**(0.5)**
Profit before tax					**168.6**
Tax					**(110.0)**
Profit for the period					**58.6**

Segmental information by revenue streams

	Six months ended 30 June 2017 £m	Six months ended 30 June 2016 £m
Transaction service charges	2,237.1	1,894.7
Terminal rental fees	31.7	32.7
Treasury management and foreign exchange services	95.7	78.3
Ancillary income	145.0	129.9
Revenue	**2,509.5**	**2,135.6**

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.

	Six months ended 30 June 2017 £m	Six months ended 30 June 2016 £m
Affecting EBITDA		
Separation - platform costs	(11.4)	(15.3)
Separation – other costs	(8.4)	(8.0)
Costs of IPO	(1.8)	(4.6)
Reorganisation and restructuring costs	(0.7)	(4.5)
Other costs	(1.3)	(3.2)
Total affecting EBITDA	**(23.6)**	**(35.6)**
Affecting depreciation and amortisation		
Amortisation of business combination intangibles	**(23.7)**	**(24.9)**
Affecting finance income		
Finance income –Visa Europe	56.7	208.7
Affecting finance costs		
Foreign exchange losses	(4.3)	(24.1)
Finance costs - CVR liabilities	(43.5)	(108.3)
Total affecting finance income/(costs)	**8.9**	**76.3**
Total (pre-tax)	**(38.4)**	**15.8**
Tax credit/(charge)	3.0	(69.5)
Total (post-tax)	**(35.4)**	**(53.7)**

Separately disclosed items affecting EBITDA amounted to £23.6m (2016: £35.6m) and comprised platform-related and other costs incurred in the separation from RBS, IPO-related costs, reorganisation and restructuring costs, and other costs.

Platform-related separation costs of £11.4m (2016: £15.3m) 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. As the new platform is substantially complete and ready for use, we expect platform-related separation costs to reduce significantly in the second half of the year.

Other costs related to the separation from RBS of £8.4m (2016: £8.0m) principally relate to the costs of interim staff required to test and double-run systems throughout the migration period.

Note 3 (continued)

The costs of IPO of £1.8m (2016: £4.6m) comprise the costs of the one-off share awards granted to management as part of the IPO.

Reorganisation and restructuring costs of £0.7m (2016: £4.5m) represent the residual costs of the WPUS transformation together with costs associated with the restructuring and relocation of parts of our Group Technology and Engineering division.

Other costs of £1.3m (2016: £3.2m) include the costs incurred in relation to a number of M&A projects.

Separately disclosed items affecting depreciation and amortisation amounted to £23.7m (2016: £24.9m). 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 are now fully amortised.

There was a net gain in the period in relation to separately disclosed items affecting finance income/(costs) of £8.9m (2016: gain of £76.3m). This comprised fair value and FX gains in relation to the disposal of the Visa Europe shares in 2016, together with dividends received on the preference shares, partly offset by a loss on valuation of the related CVR liabilities. There was also a net FX loss of £4.3m (2016: loss of £24.1m) resulting from the period-end translation of the Group's external debt and internal funding denominated in currencies other than Sterling (excluding the assets and liabilities related to the Visa Europe disposal).

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.

Note 4

Finance (costs)/income

	Six months ended 30 June 2017 £m	Six months ended 30 June 2016 £m
Separately disclosed finance income		
Net gain on disposal of financial assets - Visa Europe	-	207.0
Fair value gain/(loss) on Visa Inc. preference shares	71.5	(14.0)
Dividend income on Visa Inc. preference shares	1.5	-
Foreign exchange (losses)/gains	(16.3)	15.7
Finance income - Visa Europe	**56.7**	**208.7**
Underlying finance costs		
Effective interest on borrowings	(23.0)	(25.3)
Effective interest on finance leases	(0.8)	(0.9)
Amortisation of banking facility fees	(2.4)	(2.2)
Fair value (losses)/gains	(0.1)	2.0
Other finance costs	(3.0)	(1.8)
Finance costs	**(29.3)**	**(28.2)**
Separately disclosed finance costs		
Foreign exchange losses	**(4.3)**	**(24.1)**
Finance costs – CVR liabilities	**(43.5)**	**(108.3)**
Total finance (costs)/income	**(20.4)**	**48.1**

Note 5

Gain/(loss) on disposal of investment and subsidiary

	Six months ended 30 June 2017 £m	Six months ended 30 June 2016 £m
Gain on disposal of investment	7.5	-
Loss on disposal of subsidiary	(0.6)	-
Gain on disposal of investment and subsidiary	**6.9**	**-**

In April 2017, part of the investment in Blue Star Sports Holdings Inc. was sold for $11.3m, reducing the investment from 6.5% to 1.47%. Tax of £2.8m was charged on the gain on disposal.

On 31 May 2017 100% of the share capital of Worldpay Sweden AB with net assets of £0.6m was sold to GVC holdings plc for £1.

Note 6

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.

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 amortised cost, with the gain or loss recognised in "Finance costs – CVR liabilities" in the Group's income statement. Further details of the CVRs are set out in Worldpay's 2016 Annual Report and Accounts.

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 £357.2m (six months ended 30 June 2016: £25.6m; year ended 31 December 2016: £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 30 June 2017.

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 valuation of the Visa Inc. preference shares is based on the expected conversion ratio. The conversion ratio will be adjusted by Visa Inc. based on the potential losses from Visa Europe interchange litigation under the LMD. The conversion ratio has been adjusted by Visa Inc. from the original ratio of 13.952 preference shares to Ordinary shares to 13.077 as Visa Inc. incurs costs in settling claims. Any excess of the potential losses from Visa Europe interchange litigation under the LSA has been included in "Provisions" within current liabilities.

The Visa Inc. preference shares, based on the conversion ratio to Ordinary shares, are entitled to the quarterly Ordinary dividend declared by Visa Inc..

Note 6 (continued)

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 30 June 2017, 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 and more information becomes available about the likely value of the potential losses, changes in assumptions 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.

Note 6 (continued)

Conclusion

Based on the above, the following has been recognised in the Group's 2017 half year financial statements:

	As at 30 June 2017	As at 30 June 2016	As at 31 December 2016
	£m	£m	£m
Balance sheet			
Non-current assets			
Deferred consideration – Visa Europe	49.3	46.9	48.0
Financial assets – Visa Inc. preference shares	239.6	153.2	192.1
Current assets			
Dividend receivable	0.6	-	-
Own cash and cash equivalents*	412.0	74.8	446.5
Financial assets - term deposits	-	417.3	-
Current liabilities			
Accruals	-	(0.8)	-
Current tax liabilities	(0.6)	(98.1)	(49.4)
Provisions	(275.8)	(262.3)	(268.5)
Derivative financial instruments	-	(8.7)	-
Financial liabilities – CVR liabilities	(346.0)	(265.2)	(302.5)
Deferred tax liabilities	(40.7)	(27.6)	(32.6)
Net assets	**38.4**	**29.5**	**33.6**

* Includes cash in relation to the CVR holders of £357.2m (six month period ended 30 June 2016: £25.6m; year ended 31 December 2016: £401.4m).

	Six months ended 30 June 2017	Six months ended 30 June 2016	Year ended 31 December 2016
	£m	£m	£m
Income statement			
Net gain on disposal of financial assets – Visa Europe	-	207.0	207.0
Fair value gain/(loss) on Visa Inc. preference shares	71.5	(14.0)	4.3
Foreign exchange (losses)/gains	(16.3)	15.7	58.6
Dividend income on Visa Inc. preference shares	1.5	-	1.7
Finance costs – CVR liabilities	(43.5)	(108.3)	(161.7)
Profit before tax	**13.2**	**100.4**	**109.9**
Taxation	(8.4)	(86.5)	(91.9)
Profit after tax	**4.8**	**13.9**	**18.0**

Note 7

Tax

	Six months ended 30 June 2017 £m	Six months ended 30 June 2016 £m
Tax (charge)/credit:		
On underlying results	**(38.8)**	**(40.5)**
On separately disclosed items		
On gain on disposal of Visa Europe	(8.4)	(86.5)
On other separately disclosed items	11.4	17.0
	3.0	**(69.5)**
Total tax charge	**(35.8)**	**(110.0)**

The tax charge for the period of £38.8m (2016: £40.5m) arising on the underlying profit before tax has been calculated by applying an estimate of the underlying effective tax rate for the full year of 23.2%. The charge is higher than the UK headline rate for the year of 19.25% primarily due to higher overseas tax rates and non-deductible costs.

The tax credit of £3.0m (2016: charge of £69.5m) arising on separately disclosed items includes a tax charge of £8.4m (2016: £86.5m) relating to the disposal of the interest in Visa Europe. There is also an unrecognised deferred tax asset of £46.9m (2016: £44.6m) in relation to the Loss share Agreement with respect to the Visa Europe transaction. The deferred tax asset has not been recognised as, depending on the timing of the final resolution on the indemnity position, the availability of tax relief will be conditional on HMRC accepting a concessionary treatment.

After including separately disclosed items, the Group's total tax charge for the period was £35.8m (2016: £110.0m).

Note 8

Dividends

The Board is recommending the payment of an interim dividend of 0.80p per share (2016: 0.65p per share), which will be paid on 23 October 2017 to those shareholders on the share register at the close of business on 29 September 2017.

The interim dividend was approved by the Board after 30 June 2017 and accordingly, has not been recognised as a liability at the period end.

Note 9

Earnings per share

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

Diluted earnings per share amounts are calculated by dividing the profit for the period attributable to shareholders of Worldpay Group plc by the weighted average number of ordinary shares in issue during the financial period, 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.

	Six months ended 30 June 2017	Six months ended 30 June 2016
Profit (£m)		
Underlying results	128.5	112.3
Total profit for the period	93.1	58.6
Weighted average number of shares for (millions):		
Basic	1,987.6	1,988.7
Diluted	1,994.5	1,990.5
Basic earnings per share (pence)		
Underlying basic earnings per share	**6.5**	**5.6**
Total basic earnings per share	**4.7**	**2.9**
Diluted earnings per share (pence)		
Underlying diluted earnings per share	**6.4**	**5.6**
Total diluted earnings per share	**4.7**	**2.9**

Note 10

Other intangible assets

During the period, additions to other intangible assets amounted to £67.0m (six month period ended 30 June 2016: £84.4m; year ended 31 December 2016: £170.1m). As at 30 June 2017, the net book value of other intangible assets was £834.2m (six month period ended 30 June 2016: £769.1m, year ended 31 December 2016: £813.6m), of which £83.3m are under the course of construction and are not yet being amortised (six month period ended 30 June 2016: £288.0m, year ended 31 December 2016: £291.5m).

Note 11

Property, plant and equipment

During the period, additions to property, plant and equipment amounted to £10.6m (six month period ended 30 June 2016: £16.0m; year ended 31 December 2016: £33.8m). As at 30 June 2017, the net book value of property, plant and equipment was £94.0m (six month period ended 30 June 2016: £124.0m, year ended 31 December 2016: £124.7m) of which £8.8m are under the course of construction and are not yet being amortised (six month period ended 30 June 2016: £49.2m; year ended 31 December 2016: £49.8m).

Note 12

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 period before tax to cash generated by operations:

	Six months ended 30 June 2017 £m	Six months ended 30 June 2016 £m
Operating activities		
Profit before tax	128.9	168.6
Adjustments for :		
Depreciation of property, plant and equipment	19.2	16.1
Amortisation of intangible assets	61.7	45.2
Foreign exchange gains	1.5	0.7
Gain on disposal of investment and subsidiary	(6.9)	-
Share of results of joint venture and associate	0.6	0.5
Finance costs/(income)	20.4	(48.1)
Net cash inflow from operating activities before movements in working capital	**225.4**	**183.0**
Increase in trade and other receivables	(0.8)	(21.6)
Increase/(decrease) in trade and other payables	0.5	(3.8)
(Decrease)/increase in provisions	(3.1)	3.5
Cash generated by operations	**222.0**	**161.1**

Note 13

Net debt and borrowings

	Own cash and cash equivalents	Senior bank borrowings	Senior unsecured notes	Finance leases	Total
	£m	£m	£m	£m	£m
At 1 January 2017	**714.4**	**(1,224.5)**	**(424.2)**	**(32.3)**	**(966.6)**
Cash flows	(3.8)	18.9	8.0	2.5	**25.6**
Finance costs	-	(15.0)	(8.0)	(0.8)	**(23.8)**
Fair value gains	-	-	0.1	-	**0.1**
Other non-cash flows	-	(2.0)	(0.4)	-	**(2.4)**
Exchange movements	6.1	20.5	(11.4)	-	**15.2**
At 30 June 2017	**716.7**	**(1,202.1)**	**(435.9)**	**(30.6)**	**(951.9)**
At 1 January 2016	**165.3**	**(1,195.8)**	**(365.6)**	**(29.2)**	**(1,425.3)**
Cash flows	77.9	57.0	7.5	(1.9)	**140.5**
Finance costs	-	(18.1)	(7.2)	(0.9)	**(26.2)**
Fair value gains	-	1.9	0.1	-	**2.0**
Other non-cash flows	-	(1.8)	(0.4)	-	**(2.2)**
Exchange movements	23.7	(37.4)	(48.3)	-	**(62.0)**
At 30 June 2016	**266.9**	**(1,194.2)**	**(413.9)**	**(32.0)**	**(1,373.2)**
At 1 January 2016	**165.3**	**(1,195.8)**	**(365.6)**	**(29.2)**	**(1,425.3)**
Cash flows	492.1	75.2	15.7	(1.4)	**581.6**
Finance costs	-	(36.5)	(15.4)	(1.7)	**(53.6)**
Fair value gains	-	1.9	0.2	-	**2.1**
Other non-cash flows	-	(3.9)	(0.8)	-	**(4.7)**
Exchange movements	57.0	(65.4)	(58.3)	-	**(66.7)**
At 31 December 2016	**714.4**	**(1,224.5)**	**(424.2)**	**(32.3)**	**(966.6)**

*Own cash and cash equivalents at 30 June 2017 includes £357.2m held in respect of CVR holders (six month period ended 30 June 2016 £25.6m; year ended 31 December 2016 £401.4m).

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 £500m revolving credit facility (RCF) which was increased from £200m in May 2017.

Note 14

Contingent liabilities

Contingent liabilities are disclosed when the associated outflow of economic benefits is considered possible. These have not substantially changed since 31 December 2016, the details of which are disclosed in note 7a of the Annual Report and Accounts.

Note 15

Related party transactions

There have been no significant changes to the nature of related parties disclosed in the full consolidated financial statements for the Group as at and for the year ended 31 December 2016.

All transactions in the period arose in the normal course of business on an arm's length basis.

Note 16

Subsequent events

On 9 August 2017, the boards of directors of Vantiv and Worldpay announced that they had reached agreement on the terms of a recommended merger of Worldpay and Vantiv. Further details are contained in a separate announcement released today.