Worldpay Group 2016 Half Year Results

9 August 2016

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Review of H1 2016

Philip Jansen, Chief Executive Officer

Strong performance in the first half of 2016

- Further expansion of our business with existing customers
- New customer wins increasing visibility of future growth
- Further good progress in rolling out new products and services
- Started boarding customers onto the new acquiring platform
- Confidence in our prospects reflected in accelerated investment in 2016
- Well positioned to deliver a good second half performance; guidance unchanged

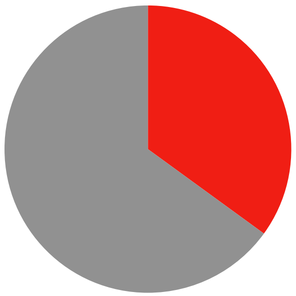
Strong performance in the first half of 2016: Financial highlights

	H1 2016	*H1 2015*	Change
Transaction value	£217.1 bn	*£196.5 bn*	+11%
No. of transactions processed	7.2 bn	*6.3 bn*	+15%
Net revenue	£539.7 m	*£465.7 m*	+16%
Gross profit	£472.8 m	*£406.4 m*	+16%
Underlying EBITDA	£217.9 m	*£182.6 m*	+19%
Free Cash Flow	£82.9 m	*£20.0 m*	+£62.9m

Global eCom: Very strong first half growth expected to moderate in H2

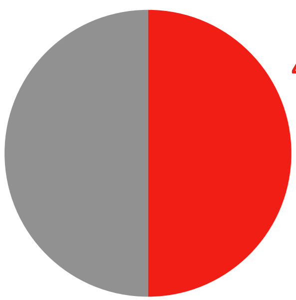
Net Revenue

£189.3m
+25%
35% of Group



Underlying EBITDA

£106.1m
+24%
48% of Group [1]



(1) *Corporate costs of £11.0m account for (5)% of Group underlying EBITDA*

- **Very strong first half performance, driven by expansion of our business with existing customers, underlying volume growth, and new customer starts**
- **Net revenue growth of 25%, supported by transactions up 33%; very strong acquiring and treasury management performance**
- **Continue to strengthen our capabilities with new products and innovation for our customers**
- **New customer wins include: China Eastern Airlines, Xiamen Airlines, Uvet Nordic, Despegar and Paddy Power Betfair**
- **Expect moderation of rate of growth in second half of 2016 as contract renewals secure future growth over the longer term**

Global eCom: New customers demonstrating our global reach

4th largest airline in the world

- Providing all payments infrastructure across the airline's 17 local websites
- 25% improvement in acceptance rates; now at 90%+ acceptance levels
- Data insights driving sales and expansion into new territories

#1 online English language service in Japan

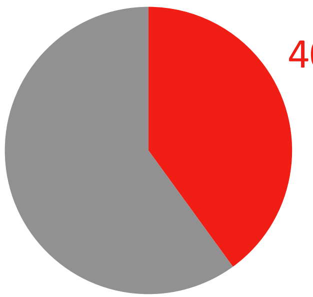
- Worldpay selected for all payments volumes in Asia-Pacific and other regions
- Worldpay's Hosted Payment Pages have enabled acceptance of over 60 payment types in 32 different languages
- Acceptance rates now 90%

Latin America's leading online travel agent

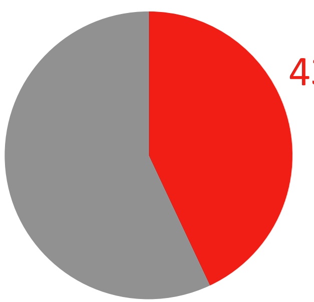
- Worldpay selected for all Latin American volumes & expansion to new markets
- After less than a year, payment acceptance has improved by c.5%
- Worldpay's technology has enabled automation of several services incl. chargebacks & dispute management

UK: Robust operational and financial performance

Net Revenue



Underlying EBITDA



Brilliant Basics

- Growing our customer base through improved customer service leading to a substantial increase in sales
- Launched new pricing plans for SME customers, including fixed price and pay as you go, to attract more new business
- Sales efficiency substantially improved through increased use of telesales and better sales conversion

Multi-Service Penetration

- Growing customer cross-sales in SME and Corporate: increased penetration of e-commerce products and transformed customer helpdesk into a sales-through service channel, delivering over 1,000 products monthly
- Worldpay Business Finance: close to £5 million of advances; increased penetration of ecommerce products in SMEs

Transformational Products & Services

- Strong Worldpay Total performance: good momentum in customer wins, with merchants signed including QHotels and Lloyds Pharmacy
- My Business Dashboard now in active use with over 60,000 customers; Business Hub unveiled

(1) Corporate costs of £11m account for (5)% of Group underlying EBITDA

UK: Worldpay Total – a flexible solution to help our customers prosper

Mobility

Omni-channel

Operational Simplicity

Security

MONSOON

- Development of "mobile first" in-store shopping experience
- UK sales increased by 4%
- Average queue times shortened
- Strong increase in Click-and-Collect customers

RFU

- Bringing all their payments under one solution
- Worldpay Total devices in the RFU's corporate boxes resulted in a 44% payment value increase
- Mobile payments and contactless have boosted bottom line
- Recognised with Payment Infrastructure Product Innovation Award 2016

City of Bradford MDC www.bradford.gov.uk

- Simplified on-the-spot payments
- Streamlined operations; reduced hassle of chasing late payments
- Field workers now able to collect card payments on the spot
- Worldpay working with other local councils

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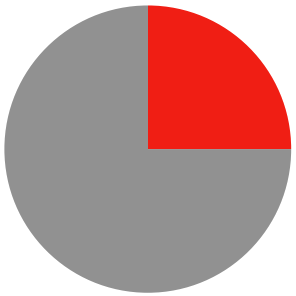
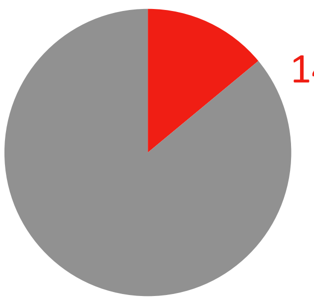
US: Improved financial performance and further progress on strategy

Net Revenue



Underlying EBITDA



- Number of transactions increased by 10%
- Small business unit new customer activations and existing customer retention ahead of plan
- Strong performance in Corporates: outlets grew by over 10% and transactions grew 13%
- Launching new omnichannel proposition with tablet-based POS solution later this year
- Launched 15 new business development partner relationships
- SecureNet technology integration progressing in line with revised plan
- EMV solutions being rolled out, including additional terminal and integrated partner EMV solutions; good progress in selected sub-segments
- Worldpay US named as Best Payment Services Provider at 2016 CNP Expo

(1) Corporate costs of £11m account for (5)% of Group underlying EBITDA

US: Helping our customers grow and prosper

- Supported ambitious growth plans of the petrol and convenience store operator in the Midwest and Southeastern US
- Worldpay helped to consolidate and simplify, and cut costs by 10% compared to previous processor
- Supported incorporation of two new acquisitions, with a further acquisition for delivery in October

- Supporting deployment of EMV for the American supermarket chain in 47 locations
- Reduced overall costs of accepting payments by 10%, with improved security and encryption services
- Vallarta will soon be at the forefront of grocery POS and a model for payment acceptance and service

Our technology: Further progress with new platform, and investing in capability and customer-focused innovation

New acquiring platform: Delivering on our plan

- Now commenced boarding customers onto the new platform to replace the last remaining component where we rely on RBS: the clearing and settlement engine
- c.300,000 Worldpay UK and Global eCom customers expected to be boarded in cohorts over the coming 12 months
- Completion of the migration expected in the summer of 2017
- Increasing investment behind the new platform and gateways to deliver greater flexibility, capacity and resilience

Innovative new products and services: Helping our customers prosper

- New integration methods including Client-Side Encryption (CSE)
- Enhanced tokenisation, to secure sensitive data and reduce PCI exposure
- Further capability to allow customers to submit additional information to optimise conversion rates
- Improvements to portals, helping customers manage transactions and their accounts; new developer portal in development
- Expanding our product footprint with BillDesk (India) and TenPay (China)

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H1 2016 Financial Results

Rick Medlock, Chief Financial Officer

Key financial highlights
H1 2016 underlying and reported measures

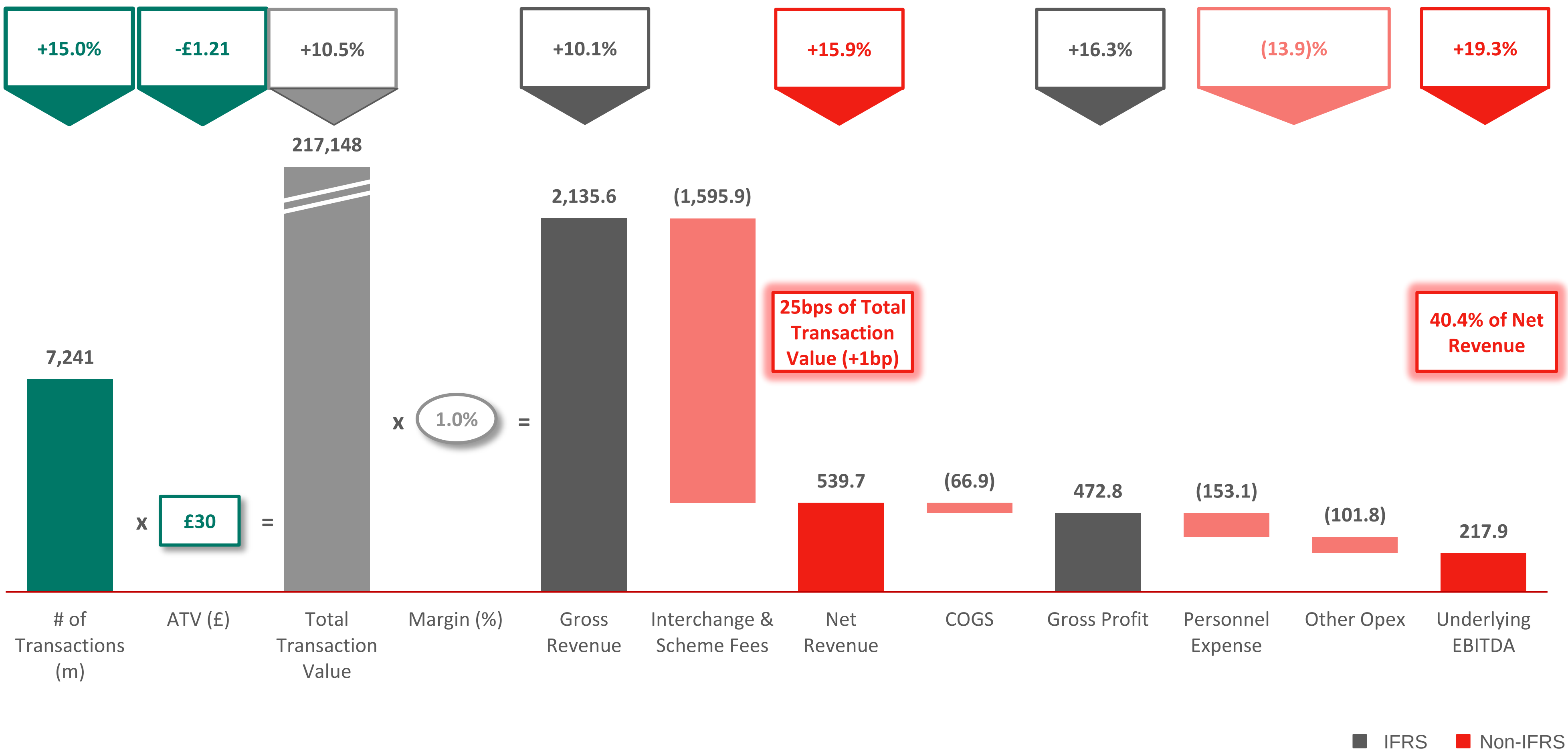
£m (except where stated)	Underlying	*Change vs H1 2015*	Reported	*Change vs H1 2015*
Revenue	2,135.6	*+10%*		
Net revenue	539.7	*+16%*		
Gross profit	472.8	*+16%*		
EBITDA	217.9	*+19%*	182.3	*+23%*
Profit before tax	152.8	*+144%*	168.6	*nm*
Profit after tax	112.3	*+93%*	58.6	*nm*
Earnings per share (p) [1]	5.6	*+93%*	2.9	*nm*
Dividend per share (p)	0.65	-	-	-
Free cash flow	82.9	*+62.9 m*		
Net debt	(1,373.2)	*+52.1m **		

** Change since 31 December 2015.*

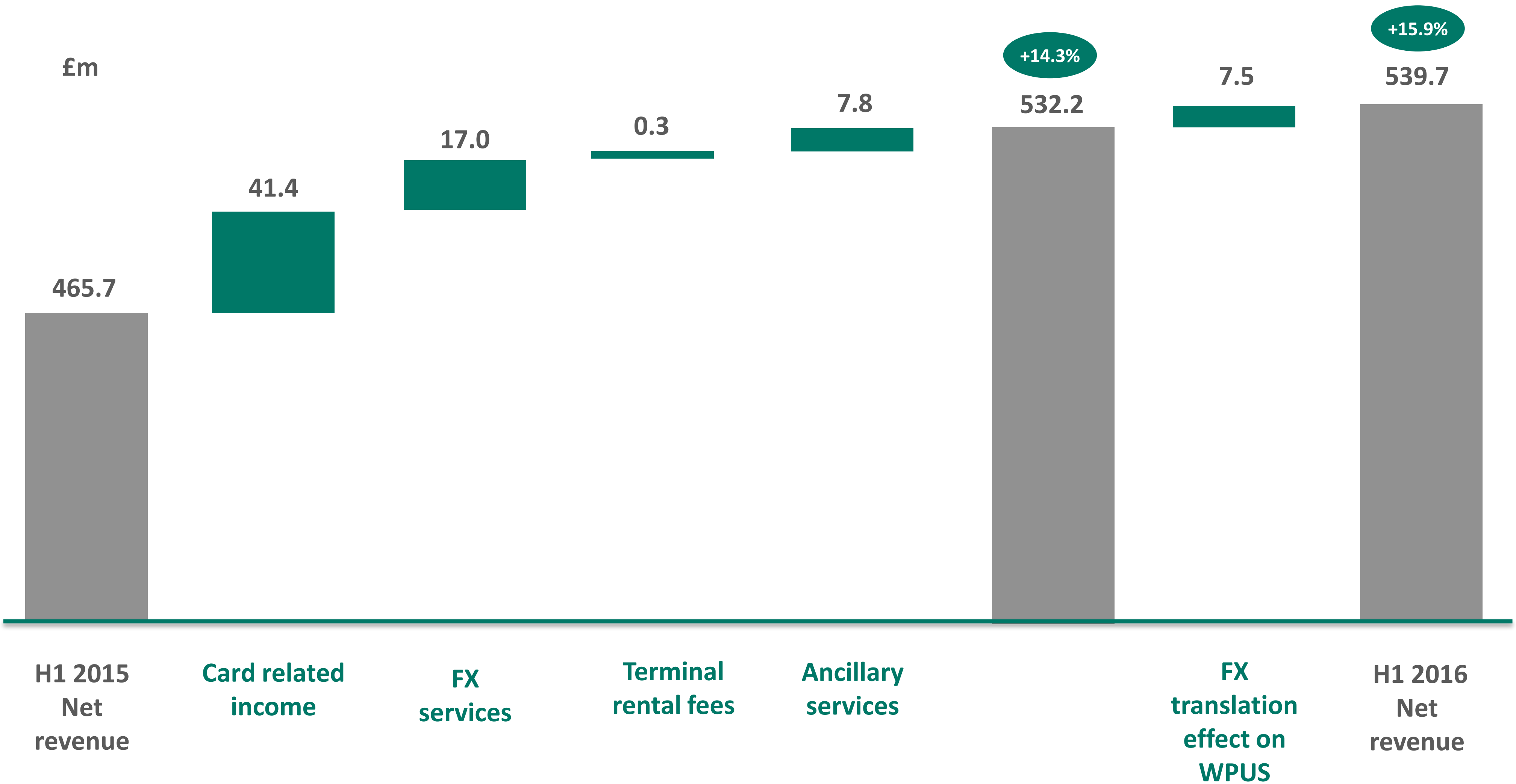
1. Underlying EPS is calculated by taking profit for the period before separately disclosed items, divided by the number of shares in issue at the end of the period. For the six months ended 30 June 2015, the number of shares in issue at the end of 2015 has been used to remove the distortion caused by the pre-IPO position.

Revenue and Underlying EBITDA

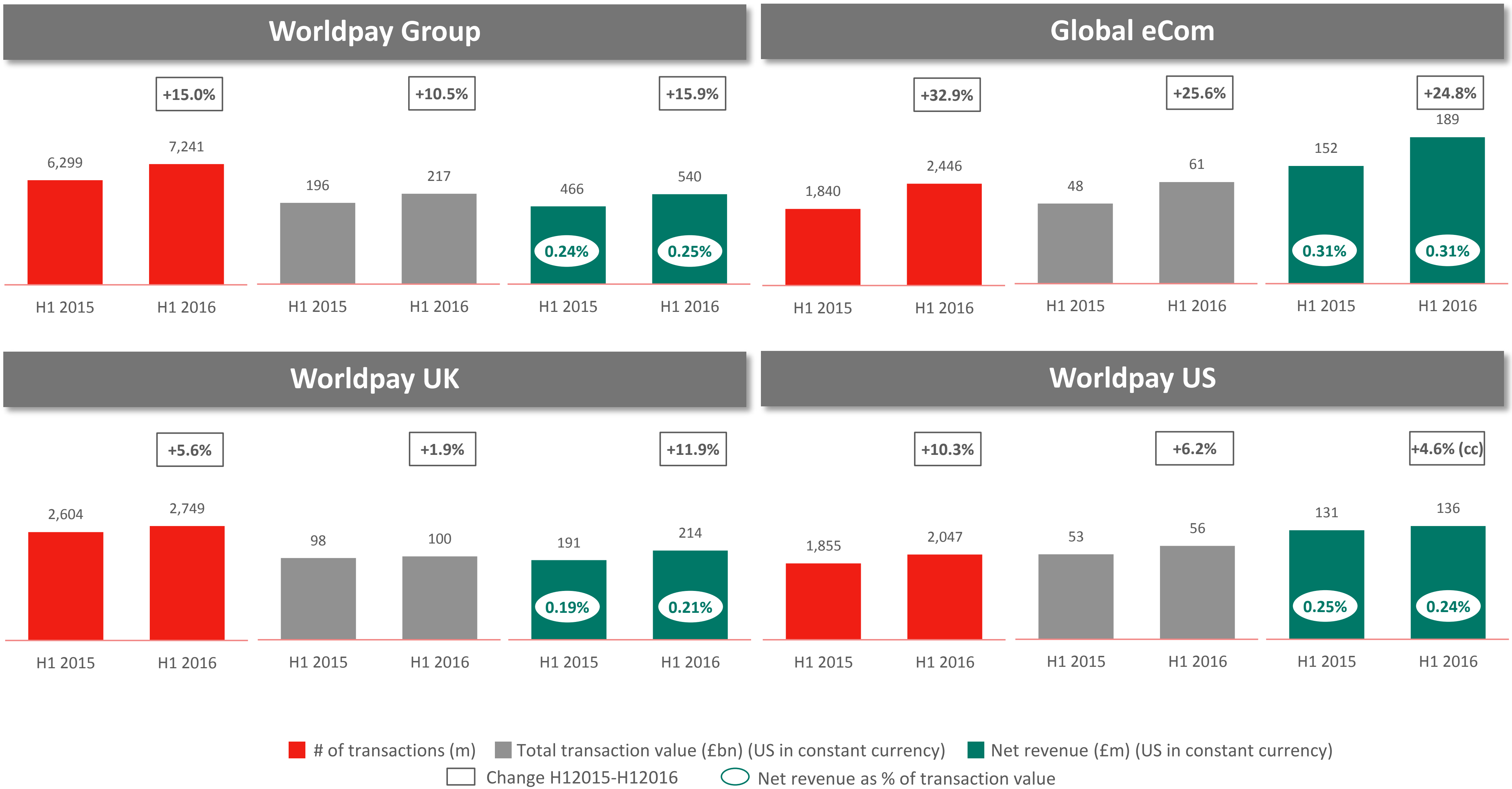
(in £m, unless stated otherwise; changes shown are vs HY 2015)



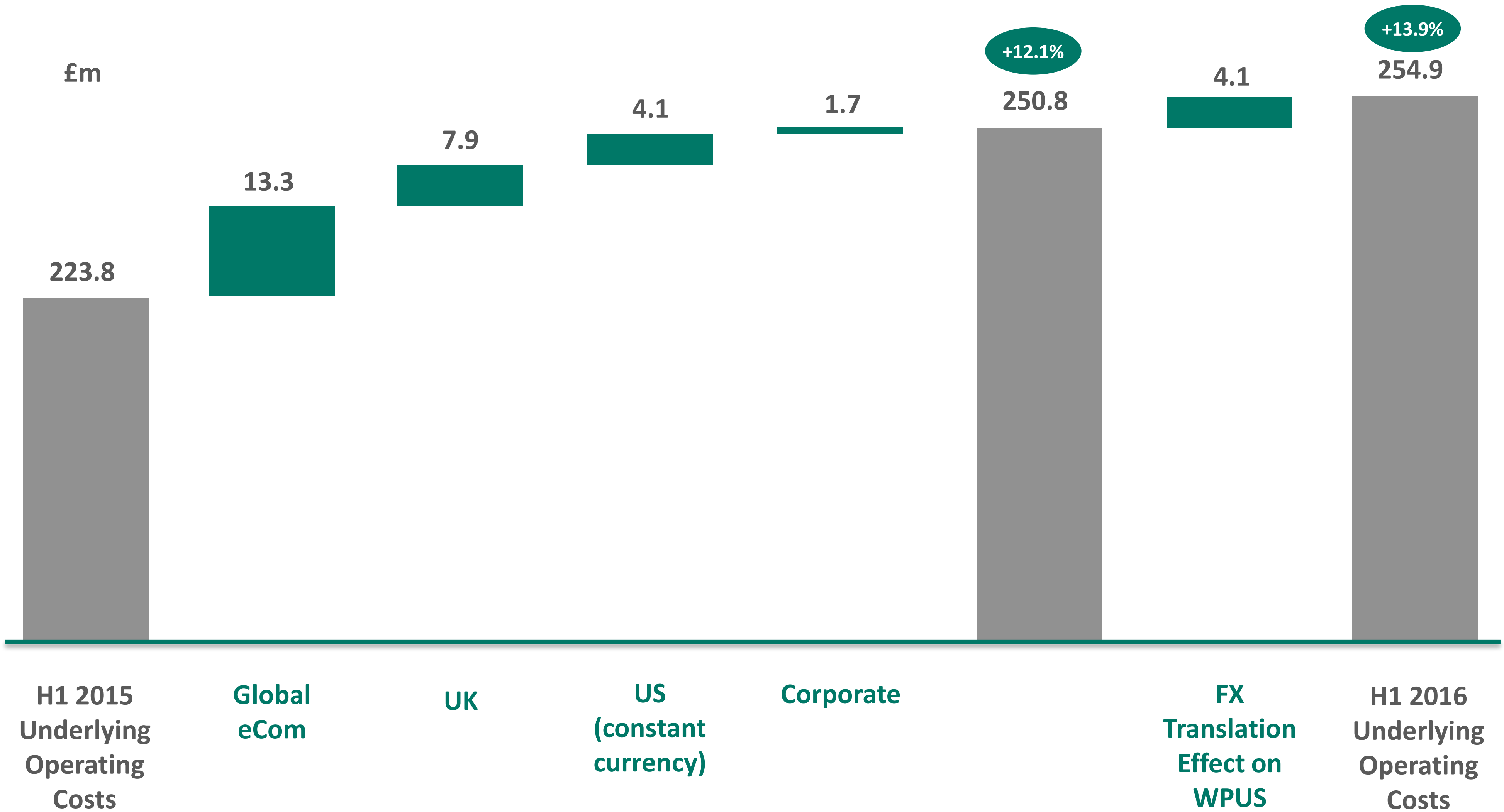
Net revenue drivers



Strong sales performance supported by a healthy growth in transactions



Underlying operating costs



Underlying net income and earnings per share

£m (except where stated)	H1 2016	*H1 2015*	% Change
Underlying EBITDA	**217.9**	***182.6***	**19%**
Underlying D&A	(36.4)	*(34.6)*	(5)%
Underlying operating profit	**181.5**	***148.0***	**23%**
Underlying finance costs	(28.2)	*(85.2)*	67%
Share of results of JV and Associate	(0.5)	*(0.3)*	(67)%
Underlying tax	(40.5)	*(4.4)*	nm
Underlying net income	**112.3**	***58.1***	**93%**
Underlying earnings per share (p) [1]	**5.6**	***2.9***	**93%**
Dividend per share (p)	**0.65**	**-**	**nm**

1. *Underlying EPS is calculated by taking profit for the period before separately disclosed items, divided by the number of shares in issue at the end of the period. For the six months ended 30 June 2015, the number of shares in issue at the end of 2015 has been used to remove the distortion caused by the pre-IPO position.*

- **Underlying D&A**
  - Increase reflects higher levels of capital expenditure
  - Expected to increase in 2017 as a result of platform commissioning in the second half of 2016
- **Underlying finance costs**
  - Mostly reflects change in capital structure at IPO
  - Finance costs also include:
    - Capitalised finance costs (£2m)
    - Swap and bank charges (£1m)
    - Finance lease costs (£1m)
- **Effective tax rate**
  - 2016 effective tax rate of 26.5%
- **Dividend per share**
  - Consistent with policy of 20% to 30% payout ratio of FY earnings, with approximately one-third paid at the interim stage

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Separately Disclosed Items (SDIs)

£m	H1 2016	H1 2015
SDIs affecting EBITDA	**(35.6)**	**(34.4)**
of which:		
Platform costs	*(15.3)*	*(18.2)*
Other separation costs	*(8.0)*	*(9.9)*
Reorganisation and restructuring costs	*(4.5)*	*(1.4)*
IPO related costs	*(4.6)*	*(2.6)*
Other costs	*(3.2)*	*(2.3)*
SDIs affecting D&A	**(24.9)**	**(37.0)**
SDIs affecting finance costs	**76.3**	**9.2**
of which:		
Net gain on Visa Europe	*98.7*	-
Fair value loss on Visa Inc preference shares	*(14.0)*	-
Foreign exchange (losses) / gains	*(8.4)*	*9.2*
Tax on SDIs	**(69.5)**	**7.2**
Total SDIs	**(53.7)**	**(55.0)**

- **SDIs affecting EBITDA**
  - Charge consistent with guidance for a further reduction in platform and separation costs in 2016
  - IPO related costs principally relate to employee share grants
- **SDIs affecting D&A**
  - Continue to expect a further reduction in FY 2016
- **SDIs affecting finance costs**
  - Includes net gain on Visa Europe and fair value loss on Visa Inc preference shares
  - Other costs reflect currency movements on debt balances
- **Expect SDIs in 2017 to consist of:**
  - Residual platform and separation costs (c.£30-35m)
  - Transitional Award Plan costs (c.£6m)
  - Amortisation of acquired intangible (c.£49m)
  - Fair value movements in respect of the gain on the disposal of our Visa Europe asset (affecting finance costs)
  - Any foreign exchange related gains and losses

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Cash flow

£m	HY 2016	HY 2015	Change
Underlying EBITDA	**217.9**	**182.6**	**19%**
Separately Disclosed Items	(35.6)	(34.4)	
Capex	(81.6)	(77.0)	
Working Capital	(1.2)	15.1	
Tax Received / (Paid)	5.9	(6.6)	
Non-cash items	0.7	(11.2)	
Underlying Finance Costs	(23.2)	(48.5)	
Free Cash Flow	**82.9**	**20.0**	**+£62.9m**

- **Capex**
  - Expect incremental capital expenditure of around £15m in 2016
  - Continue to expect 2016 capex to be high teens % of net revenues
  - Expect capex to reduce to c.10% of net revenues in 2018
- **Working capital**
  - Small outflow reflects business growth
  - Continue to expect a modest working capital outflow in 2016
- **Tax received**
  - Tax received position reflects timing of tax payments and receipts
  - Expect full year cash tax charge to be approximately two-thirds of the P&L charge
- **Underlying cash finance costs**
  - Lower than P&L charge mainly due to capitalised interest costs

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Net debt

£m	At 30 Jun 2016	*At 31 Dec 2015*	Change
Senior borrowings	(1,608.1)	*(1,561.4)*	(46.7)
of which:			
Term facility 1	(247.3)	*(247.1)*	(0.2)
Term facility 2	(946.9)	*(910.3)*	(36.6)
Revolving credit facility	-	*(38.4)*	38.4
Senior unsecured notes	(413.9)	*(365.6)*	(48.3)
Finance leases	(32.0)	*(29.2)*	(2.8)
Cash and cash equivalents	266.9	*165.3*	101.6
Net debt	**(1,373.2)**	***(1,425.3)***	**52.1**

- **Net debt reduced by £52.1m**
- **Reduction driven by strong cash flows, partially offset by adverse exchange movements totalling £62.0m**
  - £37.4m on US dollar denominated portion of senior bank borrowings
  - £48.3m on Euro denominated senior unsecured notes
  - Cash benefited from exchange movements by £23.7m

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Summary and guidance

- **Strong performance in the first half of 2016**
- **Medium-term guidance remains unchanged**
- **Our expectations are for:**
  - **Second half 2016 constant currency net revenue growth within our medium-term guidance range**
  - **Full year 2016 underlying EBITDA margin to be the same as in 2015**
  - **Stronger operating leverage and cash flow from the second half of 2017 onwards**
  - **An increase in capital expenditure of around £15m in each of 2016 and 2017**
- **Maiden interim dividend declared, in line with our guidance**

Conclusion

Philip Jansen, Chief Executive Officer

Strong performance in the first half of 2016

- Further expansion of our business with existing customers
- New customer wins increasing visibility of future growth
- Further good progress in rolling out new products and services
- Started boarding customers onto the new acquiring platform
- Confidence in our prospects reflected in accelerated investment in 2016
- Well positioned to deliver a good second half performance; guidance unchanged

Any questions?

Appendix

Income statement

	6 months ended 30 June 2016			6 months ended 30 June 2015			6 months ended 30 December 2015		
	Underlying Result	Separately disclosed items	TOTAL	Underlying Result	Separately disclosed items	TOTAL	Underlying Result	Separately disclosed items	TOTAL
Revenue	2,135.6	-	2,135.6	1,940.3	-	1,940.3	2,022.7	-	2,022.7
Interchange and scheme fees	(1,595.9)	-	(1,595.9)	(1,474.6)	-	(1,474.6)	(1,506.7)	-	(1,506.7)
Net Revenue	**539.7**	**-**	**539.7**	**465.7**	**-**	**465.7**	**516.0**	**-**	**516.0**
Other cost of sales	(66.9)	-	(66.9)	(59.3)	-	(59.3)	(62.0)	-	(62.0)
Gross profit	**472.8**	**-**	**472.8**	**406.4**	**-**	**406.4**	**454.0**	**-**	**454.0**
Personnel expenses	(153.1)	(11.8)	(164.9)	(134.9)	(12.1)	(147.0)	(137.0)	(50.5)	(187.5)
General, selling and administrative expenses	(101.8)	(23.8)	(125.6)	(88.9)	(22.3)	(111.2)	(93.5)	(18.8)	(112.3)
EBITDA	**217.9**	**(35.6)**	**182.3**	**182.6**	**(34.4)**	**148.2**	**223.5**	**(69.3)**	**154.2**
Depreciation, amortisation and impairment	(36.4)	(24.9)	(61.3)	(34.6)	(37.0)	(71.6)	(31.0)	(32.9)	(63.9)
Operating profit	**181.5**	**(60.5)**	**121.0**	**148.0**	**(71.4)**	**76.6**	**192.5**	**(102.2)**	**90.3**
Finance (costs)/income	(28.2)	76.3	48.1	(85.2)	9.2	(76.0)	(66.0)	(4.6)	(70.6)
Share of result of joint venture	(0.5)	-	(0.5)	(0.3)	-	(0.3)	(0.9)		(0.9)
Profit/(loss) before tax	**152.8**	**15.8**	**168.6**	**62.5**	**(62.2)**	**0.3**	**125.6**	**(106.8)**	**18.8**
Tax (charge)/credit	(40.5)	(69.5)	(110.0)	(4.4)	7.2	2.8	(45.3)	(6.4)	(51.7)
Profit/(loss) for the period	**112.3**	**(53.7)**	**58.6**	**58.1**	**(55.0)**	**3.1**	**80.3**	**(113.2)**	**(32.9)**
Total earnings/(loss) per share (pence)									
Diluted (PY adjusted to end 2015 shares)	**5.6**		**2.9**	**2.9**		**0.2**			

Visa Europe

- On 21 June, the Group disposed of its interest in Visa Europe to Visa Inc. for a consideration of €1.1bn
- The consideration comprises:
  - €589.7m in cash
  - €405.4m in Visa Inc. Series B preferred stock
  - €56.2m in deferred cash to be paid in three years
- Any final settlement of potential liabilities relating to ongoing interchange-related litigation regarding Visa Europe could reduce the up-front cash consideration and all of the preferred stock; any losses will be first set against the preferred stock, with the up-front cash consideration providing a second level of protection, capped at €547.5m
- 10% of the net proceeds (after tax and after exhaustion of Visa Europe contingent liabilities) will be retained by Worldpay, with the remainder being payable to the holders of the Contingent Value Rights (CVRs) which were issued by Worldpay at IPO
- Following the disposal, Worldpay continues to be a participant in the Visa payments system, although will lose certain cash distributions from Visa Europe arising from our former ownership
- The accounting treatment is as follows:
  - **Up-front cash consideration:** of which €30.7m held in "Cash and cash equivalents" and €500.0m in "Financial assets – term deposits", both held in relation to the CVR holders
  - **Preferred stock:** in "Financial assets – Visa Inc preference shares", at fair value, which is less a proportion of the estimated liability (any changes recognised in the income statement); remaining potential liability under the LSA recognised in Provisions
  - **Deferred cash:** in non-current "Other receivables"
  - **CVRs:** financial liabilities at amortised cost (any changes recognised in the income statement)
  - **In income statement:** net pre-tax gain of £98.7m in finance income (as an SDI): comprises £207.0m gain on disposal of Visa Europe asset less £108.3m revaluation of CVRs