

Network >

International Payment Solutions

Q3 2020 trading update

12 October 2020

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This announcement contains certain forward-looking statements with respect to the financial condition, results or operation and businesses of Network International Holdings plc. Such statements and forecasts by their nature involve risks and uncertainty because they relate to future events and circumstances.

There are a number of other factors that may cause actual results, performance or achievements, or industry results, to be materially different from those projected in the forward-looking statements. These factors include general economic and business conditions; changes in technology; timing or delay in signing, commencement, implementation and performance of programmes, or the delivery of products or services under them; industry; relationships with customers; competition; and ability to attract personnel.

You are cautioned not to rely on these forward-looking statements, which speak only as of the date of this announcement. We undertake no obligation to update or revise any forward-looking statements to reflect any change in our expectations or any change in events, conditions or circumstances.

Network International: a compelling growth opportunity in the world's most underpenetrated payments markets

- **Markets continue to show a fast moving transition from cash to digital payments** with early evidence this is accelerating as a result of Covid-19
- **Covid-19 impacting near term performance, but we are confident this is temporary**
Our strategy remains the right one and customer relationships are strong
- **Excited by the opportunity DPO presents;** near term enhancement to capabilities and acceleration in growth over medium to long term
- **Further growth accelerator opportunities remain:** through our entry to Saudi Arabia when borders re-open, or substantial outsourcing contracts

Q3 trading and business update

> Continued revenue recovery

- Q3 total revenue (17)% y/y, compared with Q2 where total revenue declined (23)% y/y
- Merchant Solutions revenue (30)% y/y, within which directly acquired TPV (21)% y/y and take rates lower y/y
- Issuer Solutions revenue (6)% y/y

> New business wins

Africa

- Renewed contract with Woolworths Financial Services
- Expanded card portfolios for 6 customers
- Successful migration of 2m cards for RCS in South Africa

Middle East

- New merchants wins across POS and online. Good demand for Easy Payment Plans
- Agreed to provide data services to Majid Al Futtaim Management Services

New merchants and customers, expanded relationships



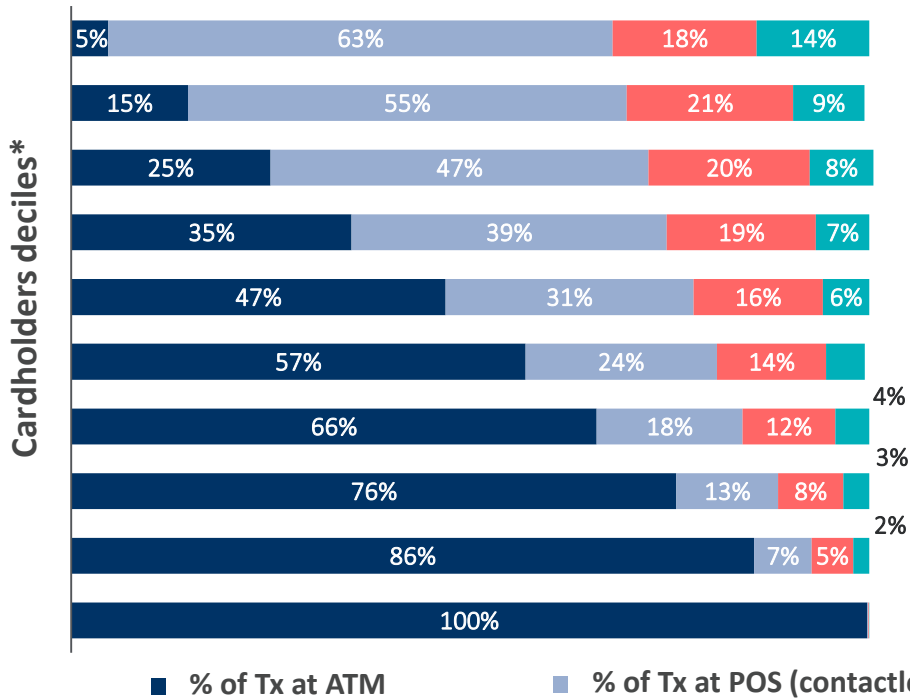
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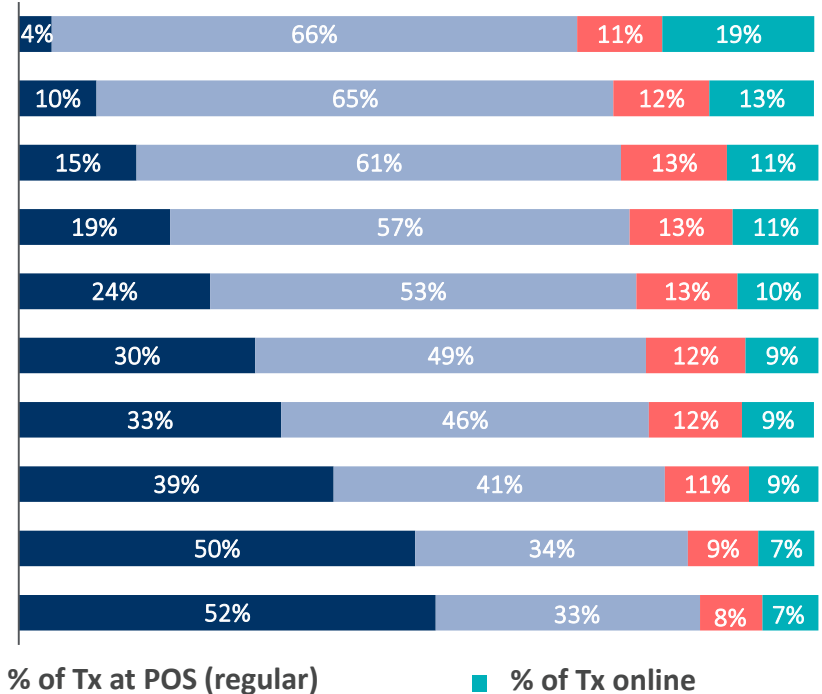
Ongoing evidence of an acceleration from cash to card payments, and increasing contactless transactions

Mix of payment transactions on cards hosted by Network in the UAE, where card holders across all segments are showing increased adoption of digital payments

Jan 2020: Cardholders split by spending behaviour and participation of their transactions at ATMs



September 2020: Change in behaviour by the same segments of cardholders. Those who mainly used their cards at ATMs are now using their cards with merchants, both online and at POS



*Cardholder deciles on cards hosted by Network International in the UAE. The left hand chart shows cohorts of cardholders from January 2020, split by their spend behaviours and whether they used their cards mostly at ATMs, or with merchants. The right hand chart shows the same cohorts of cardholders, and how their behaviours have changed, in Sept 2020

Proposed acquisition of DPO remains on track

DPO has seen continued strong TPV growth through Q3

Q3 TPV growth of >30% in constant FX¹



> Consolidates our presence in Africa, the most underpenetrated and fast growing payments market in the world

- Africa expected to be c40% of Group revenue by 2024



> Broadens our Merchant Solutions offering and strengthens our position across the payments value chain in Africa.

- Africa segment expected to have balanced revenue across Merchant & Issuer Solutions by 2024



> Widens our capabilities and exposure in fast growing online and mobile money

- Expected to double our e-commerce exposure over time

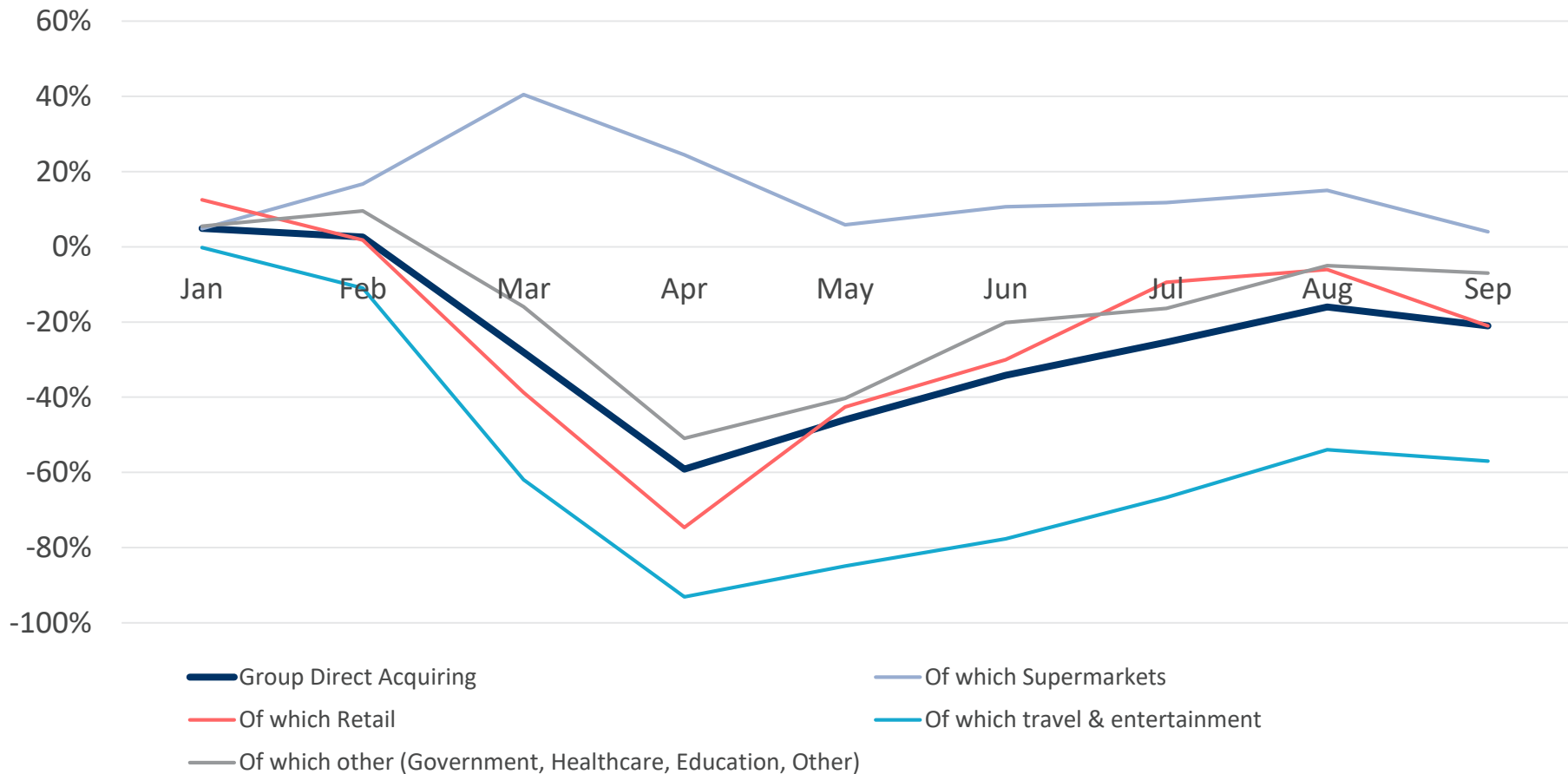


> Combined capabilities and solutions provide material cross-sell opportunities

- Cross-sell of acquiring capabilities to our existing Issuer Solutions bank customers
- Through improved online transaction acceptance rates

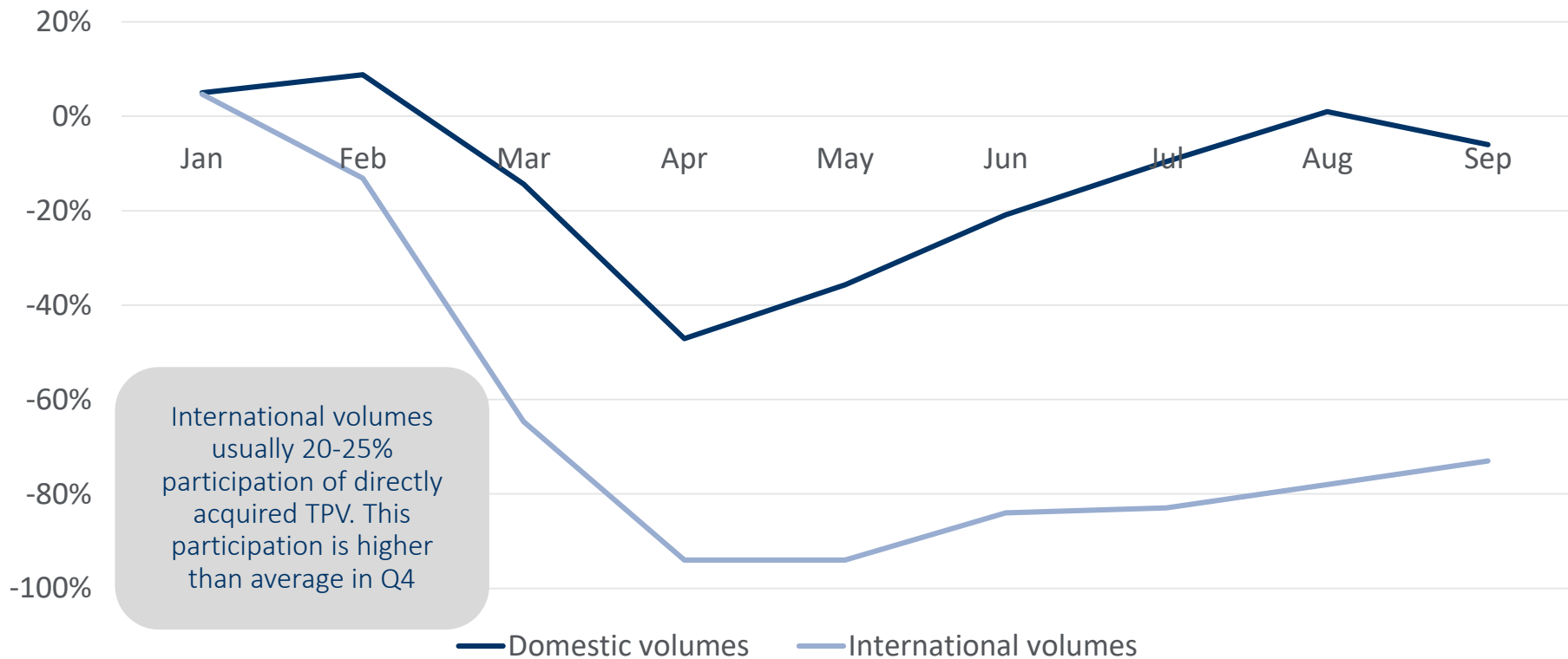
All merchant sectors showing continued recovery

Year-on-year growth in directly acquired TPV



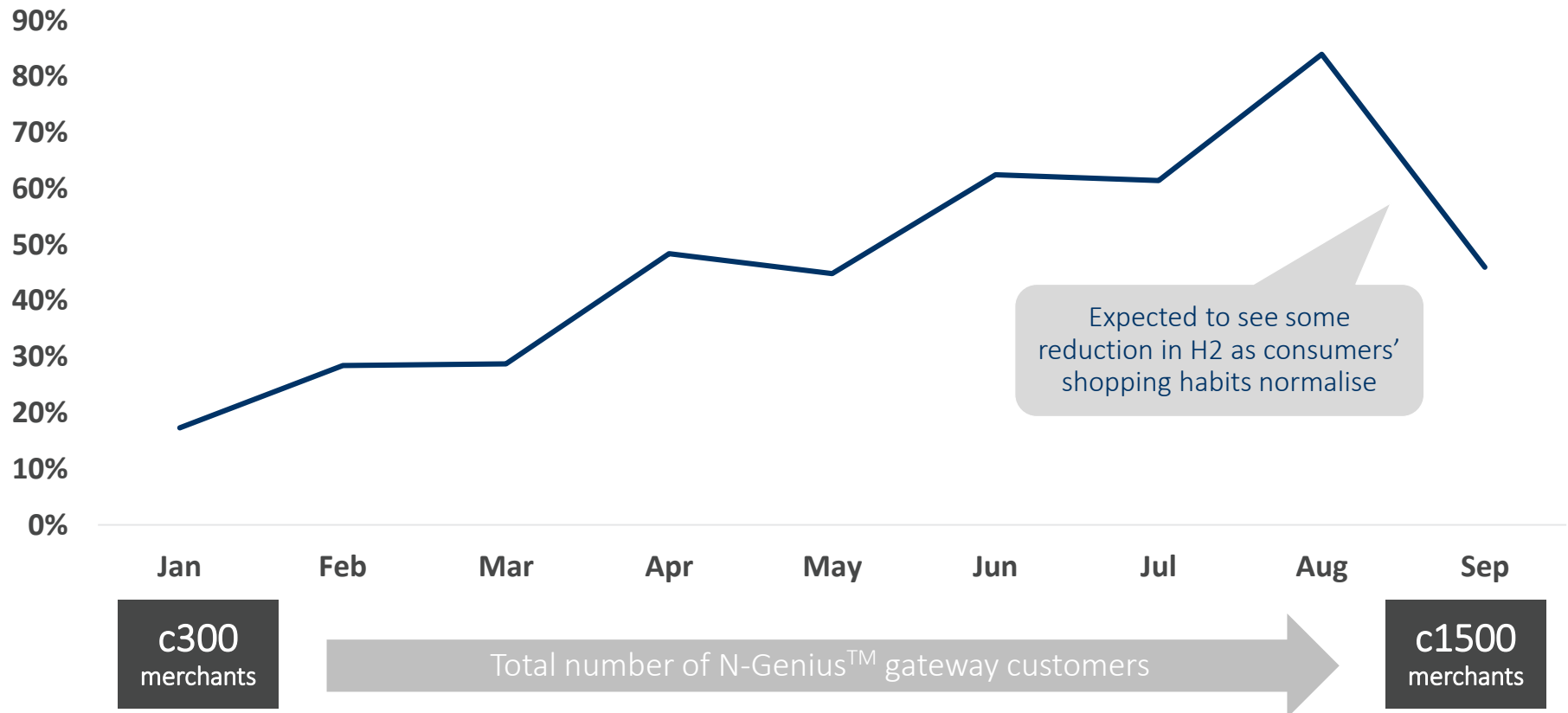
Domestic spending continues to improve, with some benefit in the summer from pent up retail demand and staycations

Year-on-year growth on domestic vs international cards in directly acquired TPV



Demand for online payment acceptance remains strong

Year-on-year growth in directly acquired online TPV ¹(excl. Government and airlines)



1. Growth in online TPV represents the increase in both TPV processed for existing merchants, as well as TPV processed for those merchants who are newly signed. Not all merchants who are signed in July may yet be generating online TPV, as there is often a short time delay between signup and transactions occurring

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- Revenue growth expected at (17)% y/y, at the top end of our guidance. Good recent momentum in both business lines, but Q4 is seasonally the largest comparator:
 - Q4 2019 total revenues were c20% higher than Q3 2019
 - Usually sees strong international tourism in the UAE, which will be significantly lower this year. International TPV c30% higher in Q4 2019 than Q3 2019
 - Usually sees higher card renewals and issuance in Africa, as banks utilise their budgets before year end. Africa Q4 2019 revenue c40% higher than Q3 2019. Banks currently limiting expenditure and therefore will see lower card renewals and new card issuance this year
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- Trading momentum has seen an increased mix of revenue streams that incur additional variable cost, but drive medium term revenue growth. Expect FY20 underlying cost growth of 2-3% y/y
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- Overall, underlying net income in line with current market expectations