



**Network** >

International Payment Solutions

# **Investor presentation**

## **November 2020**

# Disclaimer

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



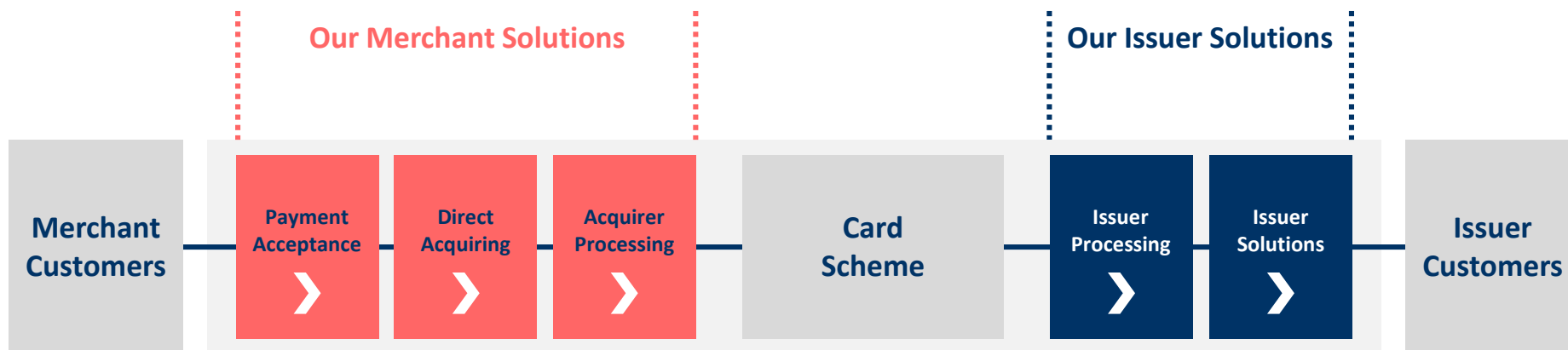
- **Markets continue to show a fast moving transition from cash to digital payments** with early evidence this is accelerating as a result of Covid-19
- **Covid-19 impacting near term performance, but we are confident this is temporary**  
Our strategy remains the right one and customer relationships 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



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# Business model

# Pan MEA diversified payments business



Operating across more than 50 countries



● Customers serviced by Network International



# Driving digital payment acceptance and usage

## Merchant Solutions

- Direct acquiring services for merchants
- Acquirer processing services for financial institutions
- Omnichannel payment acceptance solutions
- Value added services: loyalty solutions, dynamic currency conversion, data analytics, payment plans

Working with >70,000 merchants for >15 years



## Issuer Solutions

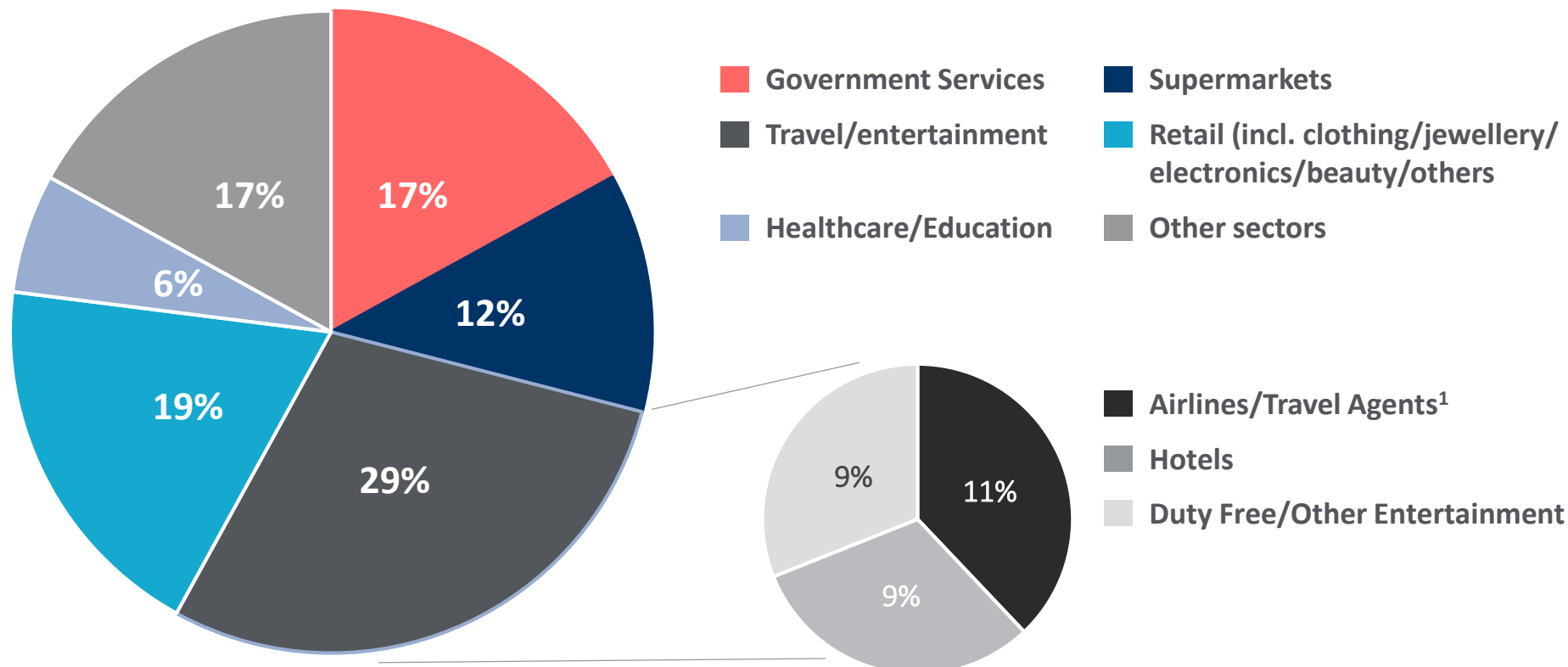
- Issuer processing services: hosting and processing credit, debit and prepaid card transactions
- Fraud solutions; both inbuilt and managed
- Value added services: loyalty solutions, card control services, data analytics, instant card issuance

Working with >200 financial institutions for >13 years



# A diversified range of sectors in Merchant Solutions

## Merchant sectors as a proportion of Total Processed Volume (FY 2019)



**75-80% of TPV represented by domestic transactions**

1. In 2020, a further reduction in airline TPV was expected, even prior to Covid-19, as a result of our proactive strategy to reduce our exposure in this sector

# End-to-end capabilities anchor our competitive position



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## Strategy

# Our strategic priorities



Providing solutions that  
allow our customers to  
bring digital payments to  
more consumers across our  
regions

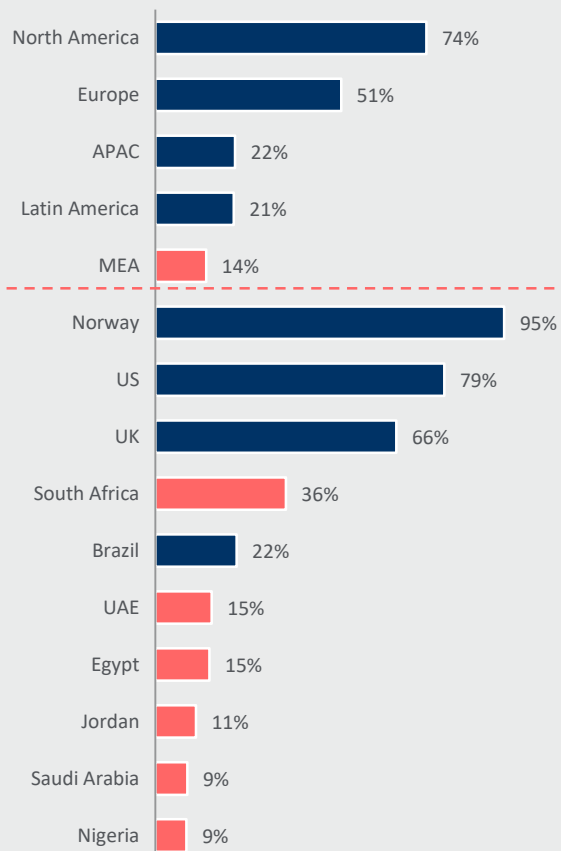


- > Capitalise on digital payments adoption
- > Expand customer base and focus on high value segments
- > Expand product range and market penetration
- > Leverage technology and build capabilities
- > Develop commercial arrangements with strategic partners
- > Pursue opportunities for acceleration

# Most under-penetrated digital payments regions

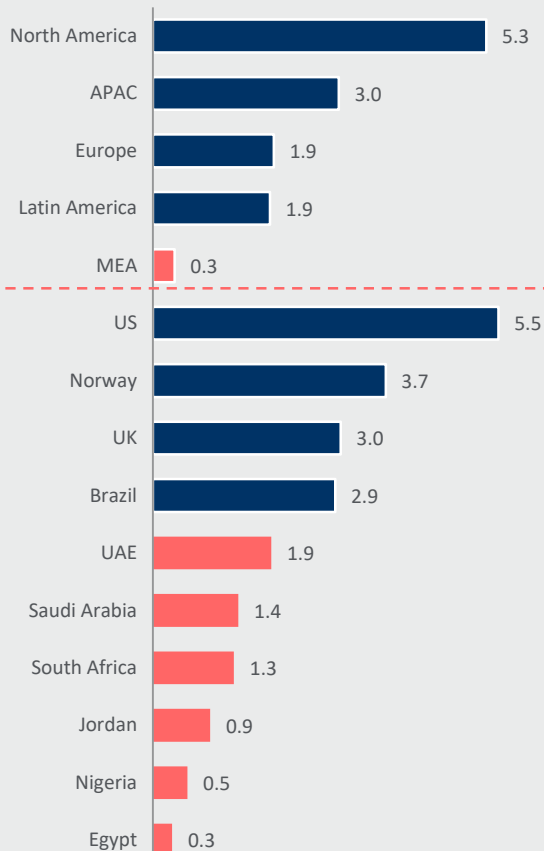
## High Reliance on Cash Payments

### Digital Payments Share of Transactions



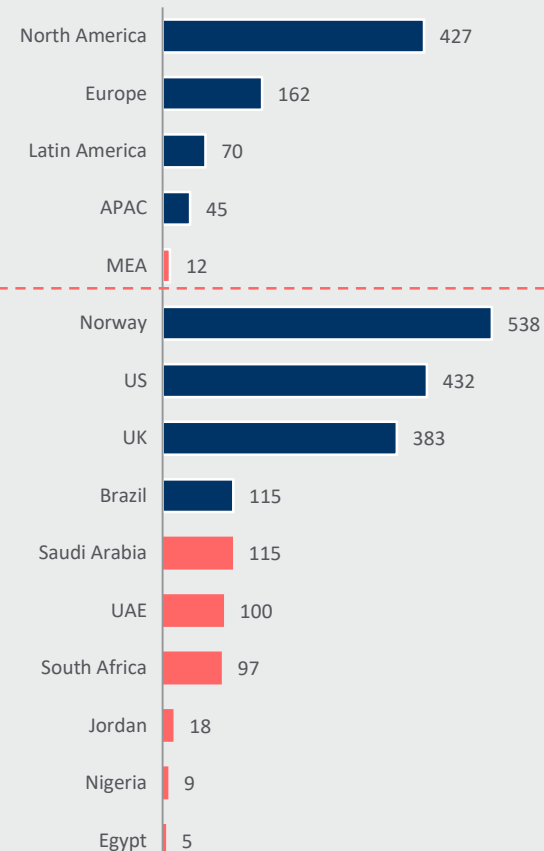
## Fewest Number of Cards

### Cards per Adult



## Limited Transactions per Adult

### Transactions per Adult p.a.

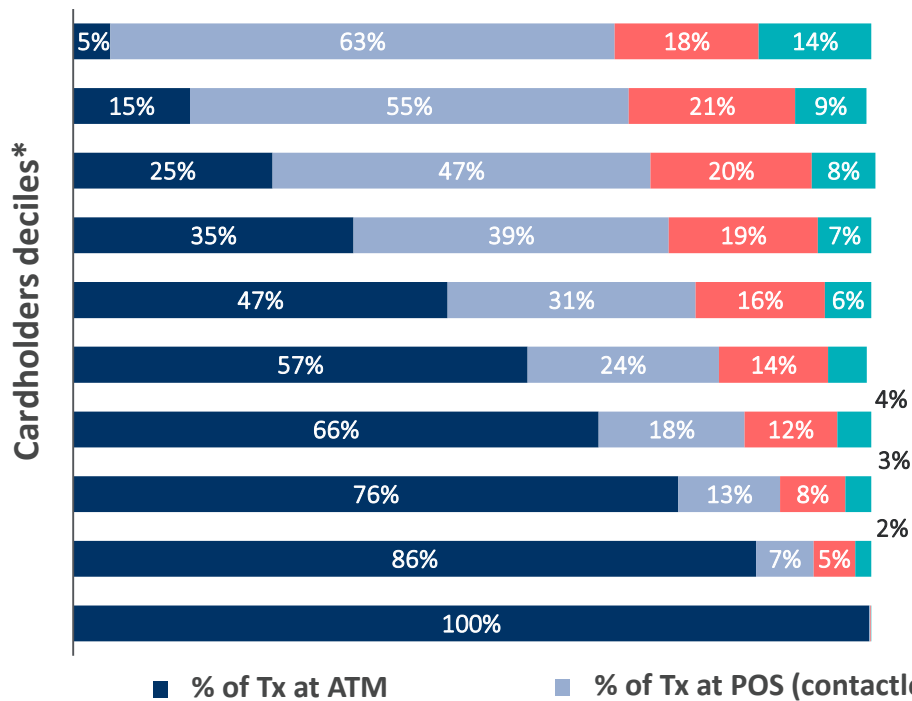


# Early evidence of an acceleration from cash to card payments **Network**

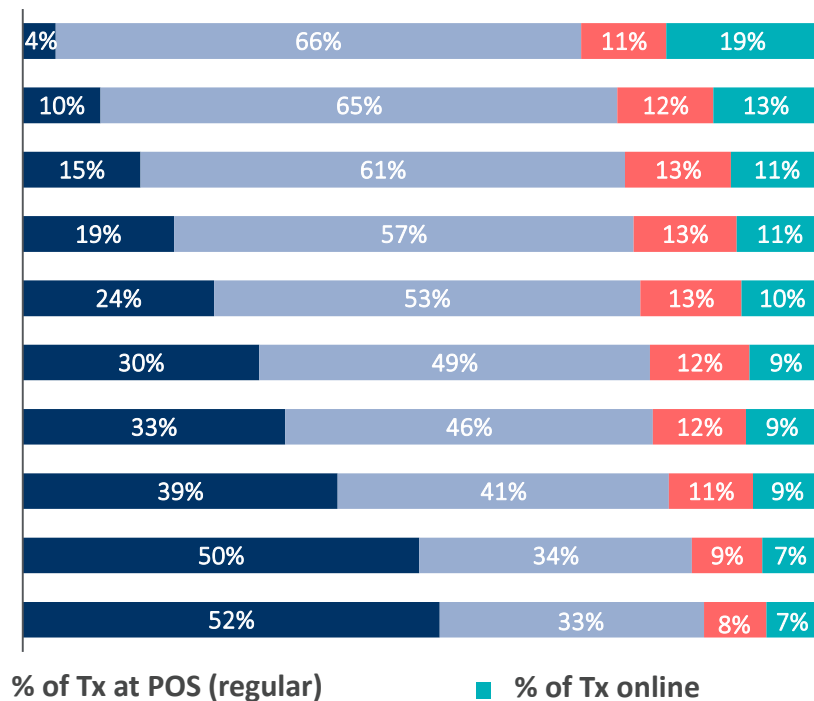
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**Mix of payment transactions on cards hosted by Network in the UAE, where card holders across all segments are showing increased adoption of digital payments**

**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

# A bespoke approach to our fast growing markets

## Consolidating our leading position in the Middle East

- End-to-end payment solutions, with direct acquiring in the UAE and Jordan
- Scale and leadership, given our 25+ year presence in the region and long term blue chip customer base
- Strategy focused on consolidation, high value customer segments and cross selling
- Customer demand for value added services such as fraud protection, loyalty solutions and data analytics
- Significant growth opportunity in Saudi Arabia

## Capitalising on Africa's nascent payments markets

- Established customer base in Issuer Solutions with growing presence in Merchant Solutions
- Hub and spoke approach to client servicing from our offices in Dubai, Egypt, Nigeria & South Africa
- Competitive strength rooted in a pan-Africa presence and localised approach
- Fast growing revenue base driven by nascent payments markets and developing customer base
- Significant headroom to grow and win outsourcing contracts

# Growing our relationships with customers

## Capabilities

Pan regional presence

Market leading products

Value added services

## Customer delivery



Merchant Solutions

Issuer Solutions

- Developed a large outsourcing relationship with one of Africa's largest banks
- Acquirer processing services started in Namibia, Uganda and Botswana in 2013
- Relationship widened to providing Merchant and Issuer Solutions across 13 countries



Merchant Solutions

POS solutions

- Long term direct merchant customer
- Recently rolled out our new N-Genius point of sale devices across their fleet
- Enables live processing of in flight transactions and reduces fraud rates



Issuer Solutions

Value added services

- Recently added Card Control services to the cards hosted on our platform
- Gives cardholders greater control by allowing them to turn cards on and off, limit transaction types and manage spending limits

# Online gateway merchant signings and e-commerce payments have accelerated through the Covid-19 period

## Year-on-year growth in directly acquired online TPV <sup>1</sup>(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

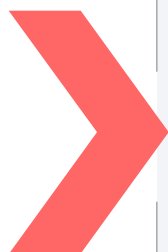
# Digitising our capabilities through our strategic partnership with Mastercard

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**Developing capabilities  
to lead and respond to  
digital trends in our  
region**



- > **Drive payments growth:** Using existing card and POS models, with a future vision to extend beyond
- > **Address regional trends:** Need for low cost solutions, low levels of financial inclusion, fragmented infrastructure
- > **Put customers first:** By improving interoperability between participants in the ecosystem and working with mobile network operators
- > **Develop new solutions and alternative payment methods:**
  - Enabling QR code or text message supported payments, through mobile devices, for issuers and merchants
  - Enabling mobile based virtual card creation for consumers

# Saudi Arabia remains a highly attractive new potential market but our entry is temporarily on hold due to border closures

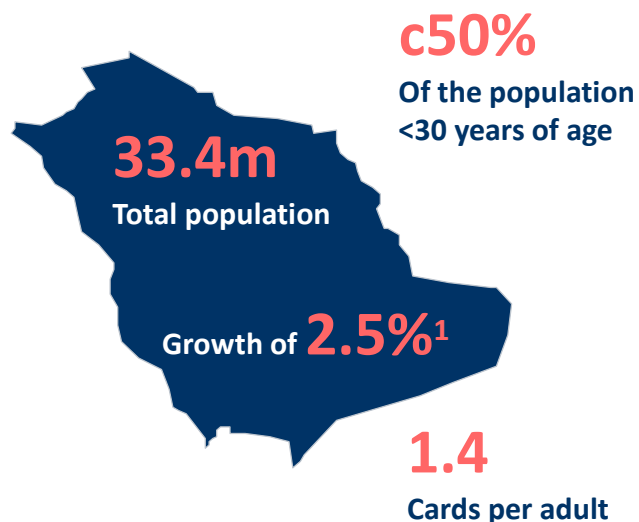
## Long term objectives

Establish on soil presence in market

Potential to generate up to 10% of total revenues

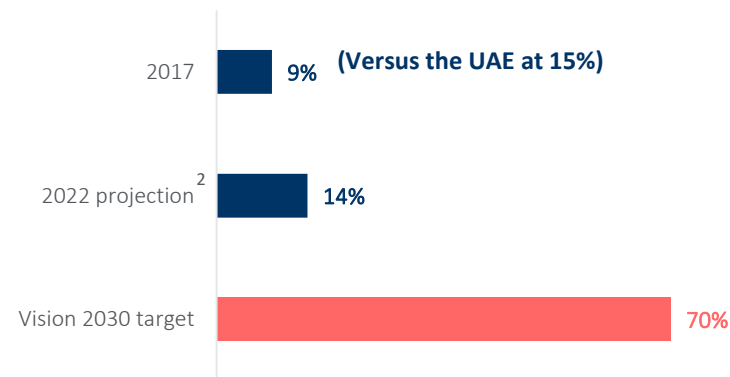
EBITDA margin slightly below Group average

## Card and digital payments adoption at an early stage



cUSD1bn addressable payments revenue pool

Market data: card share of transactions by volume



## Well positioned as an outsourcing partner



- Majority of transactions processed in-house by domestic banks
- Intention to deploy on-soil presence to meet outsourcing regulatory requirements
- Successful track-record of delivery in neighbouring UAE
- Working collaboratively with the regulator - SAMA

# Proposed acquisition of DPO will accelerate our growth



**> 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 significant cross-sell opportunities to our customers**

# DPO has a strong standalone growth profile, which combined with synergies, will deliver attractive returns



## Standalone

- Revenue trajectory:
  - Historical standalone revenue growth of c.40% (2017-2019 CAGR)
  - Future revenue growth assumed to be marginally lower than that achieved historically
  - Prudent considering market growth potential and indication of Covid-19 driven acceleration
- Cost base well-invested:
  - Established presence across the continent: local sales forces, local offices and license infrastructure
  - Integrated their technology platforms with the relevant acquiring banks and MNOs
- Clear path to profitability:
  - Well-invested business with high fixed cost base demonstrating strong operating leverage
  - Expected to deliver c.30% EBITDA margin within 3 - 4 years



## Synergies

- Predominantly revenue synergies
- 3 key areas:

1	1	Cross-sell of acquiring capabilities to Network International's existing Issuer Solutions Bank customers
	2	Improve transaction acceptance rates
	3	Cross-sell Network International's POS and mPOS solutions into DPO's customer base

- High contribution margin on incremental revenue synergies

**Underpins delivery of double digit ROCE within 3-4 years**

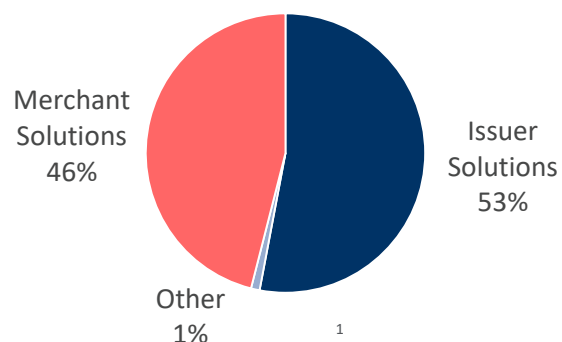
## Financials overview and latest financial statements

# Roadmap to our financials

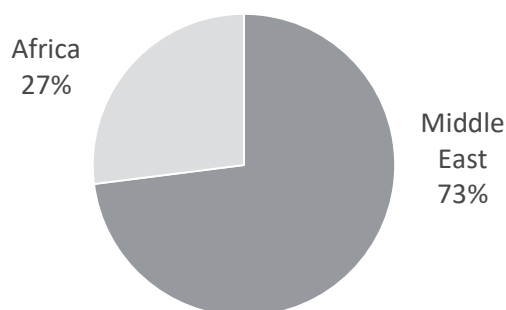
	Issuer Solutions	<b>Fee per card</b>  KPI: Number of cards	<b>Fee per transaction</b>  KPI: Number of transactions	<b>Other revenues</b>  Value Added Services (Fixed fee or Fee per Card / Transaction)
	Merchant Solutions	<b>Fee based on TPV</b>  Net Merchant Service Charge <i>= Gross Merchant Service Charge – Scheme Fee – Interchange Fee</i>  KPI: Total Processed Volume (“TPV”)		<b>Other revenues</b>  Transaction fees on FX, chargeback, etc Sale and rental of POS terminals Value Added Services
<b>Total Revenue</b>		With c96% pegged to USD (in 2019)		
	Underlying Opex	c 2/3 fixed		c 1/3 variable
<b>Underlying EBITDA</b>		Industry leading margin		

# Fast growing revenue and industry leading margins

## 2019 Revenue by business line



## 2019 Revenue by geography

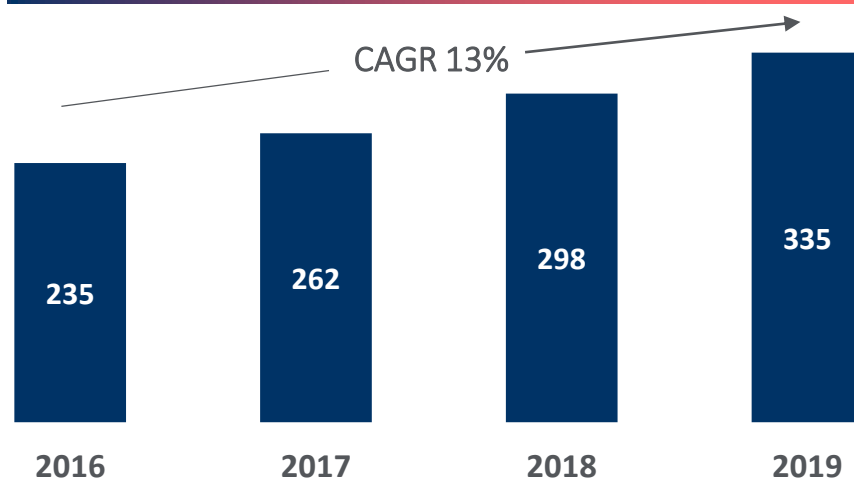


## High quality revenue

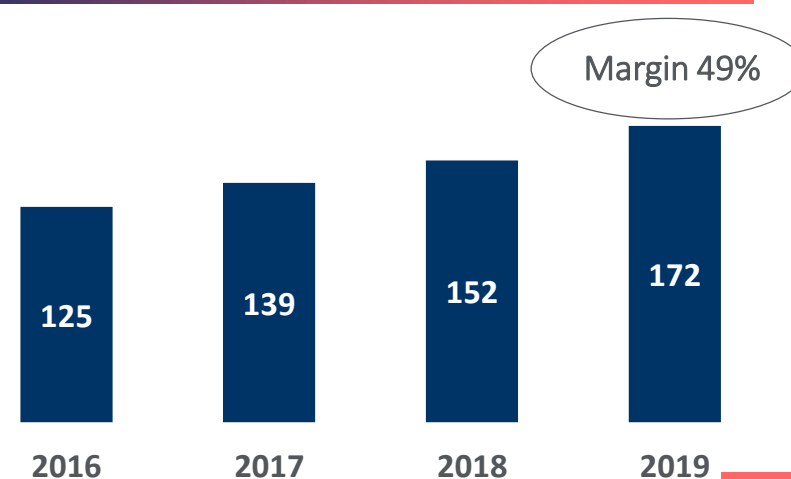


**Recurring revenue<sup>1</sup>**

## Total revenue (USDm)



## Underlying EBITDA (USDm)



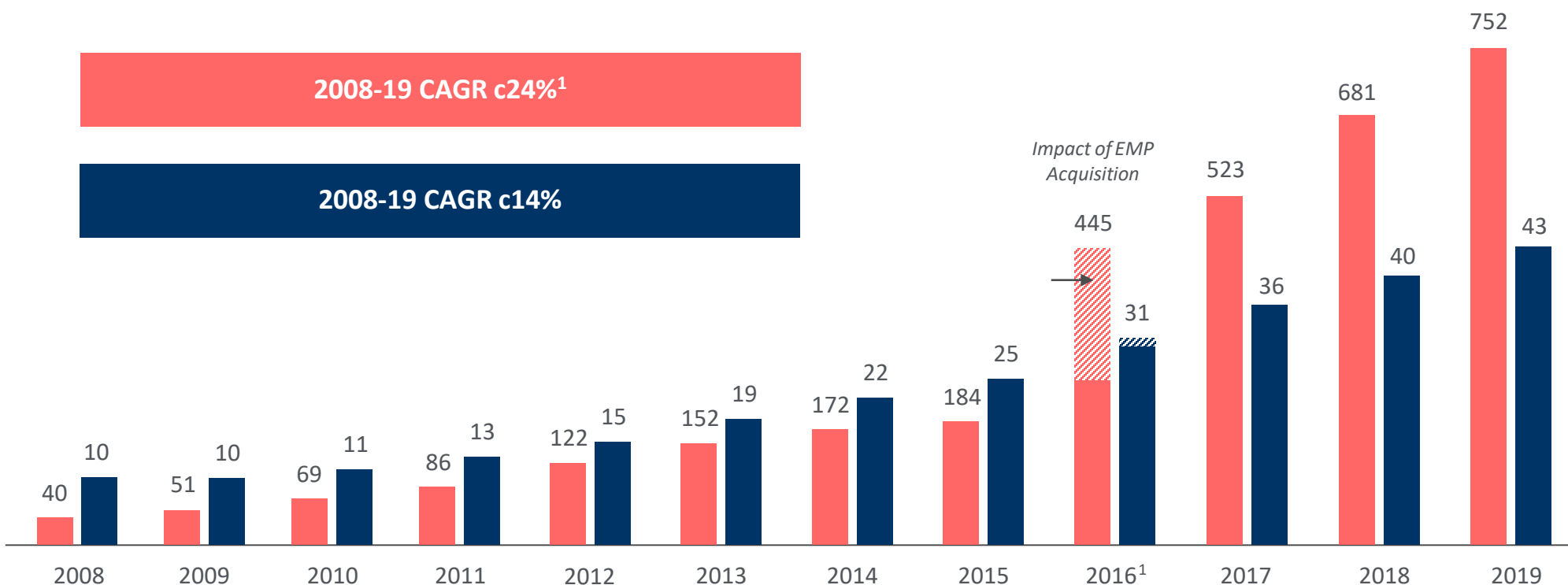
1. Recurring revenues are defined as revenues which are periodic in nature such as revenues based on volume of services provided during a contract term and exclude one-time revenues.

# Long term resilient growth across both business lines

- Issuer Solutions: Number of Transactions (m)
- Merchant Solutions: Total Processed Volume (USDbn)

2008-19 CAGR c24%<sup>1</sup>

2008-19 CAGR c14%



1. CAGR is normalised to remove the benefit from EMP acquisition in 2016

# Income Statement

	Period ended 30 June (Unaudited)	Year ended 31 December (Audited)		
	<b>H1 2020</b> (USD'000)	<b>2019</b> (USD'000)	<b>2018</b> (USD'000)	<b>2017</b> (USD'000)
<b>Revenues</b>	134,157	334,906	297,935	262,006
Personnel expenses	(43,115)	(95,178)	(88,084)	(63,775)
Selling, operating & other expenses	(48,202)	(107,751)	(85,455)	(72,070)
Depreciation and amortisation	(24,907)	(46,789)	(34,572)	(24,423)
Impairment losses on assets	-	-	(17,945)	-
Share of profit of an associate	2,451	5,299	3,325	3,493
<b>Profit before interest and tax</b>	<b>20,384</b>	<b>90,487</b>	<b>75,204</b>	<b>105,231</b>
Write-off of unamortised debt issuance cost	(6,721)	-	-	-
Gain on disposal of investment securities	-	-	2,648	-
Net interest expense	(11,716)	(24,844)	(20,159)	(18,921)
<b>Profit before tax</b>	<b>1,947</b>	<b>65,643</b>	<b>57,693</b>	<b>86,310</b>
Taxes	(2,097)	(6,632)	(10,956)	(5,694)
<b>(Loss) / profit from continuing operations</b>	<b>(150)</b>	<b>59,011</b>	<b>46,737</b>	<b>80,616</b>
<b>Discontinued operations:</b>				
Loss from discontinued operations, net of taxes	(786)	(2,053)	(23,317)	(27,106)
<b>(Loss) / profit for the period</b>	<b>(936)</b>	<b>56,958</b>	<b>23,420</b>	<b>53,510</b>
<b>Attributable to:</b>				
Equity holders of the Group	(622)	57,604	26,235	54,072
Non-controlling interest	(314)	(646)	(2,815)	(562)
<b>(Loss) / profit for the period</b>	<b>(936)</b>	<b>56,958</b>	<b>23,420</b>	<b>53,510</b>
<b>Underlying EBITDA</b>	<b>52,696</b>	<b>172,314</b>	<b>152,039</b>	<b>138,623</b>
<b>(Losses) / earnings per share (Basic and diluted) – in USD / cents</b>	<b>(0.1)</b>	<b>11.5</b>	<b>5.2</b>	<b>10.8</b>
<b>Underlying earnings per share (Basic and diluted) – in USD / cents</b>	<b>4.3</b>	<b>21.0</b>	<b>19.5</b>	<b>18.4</b>

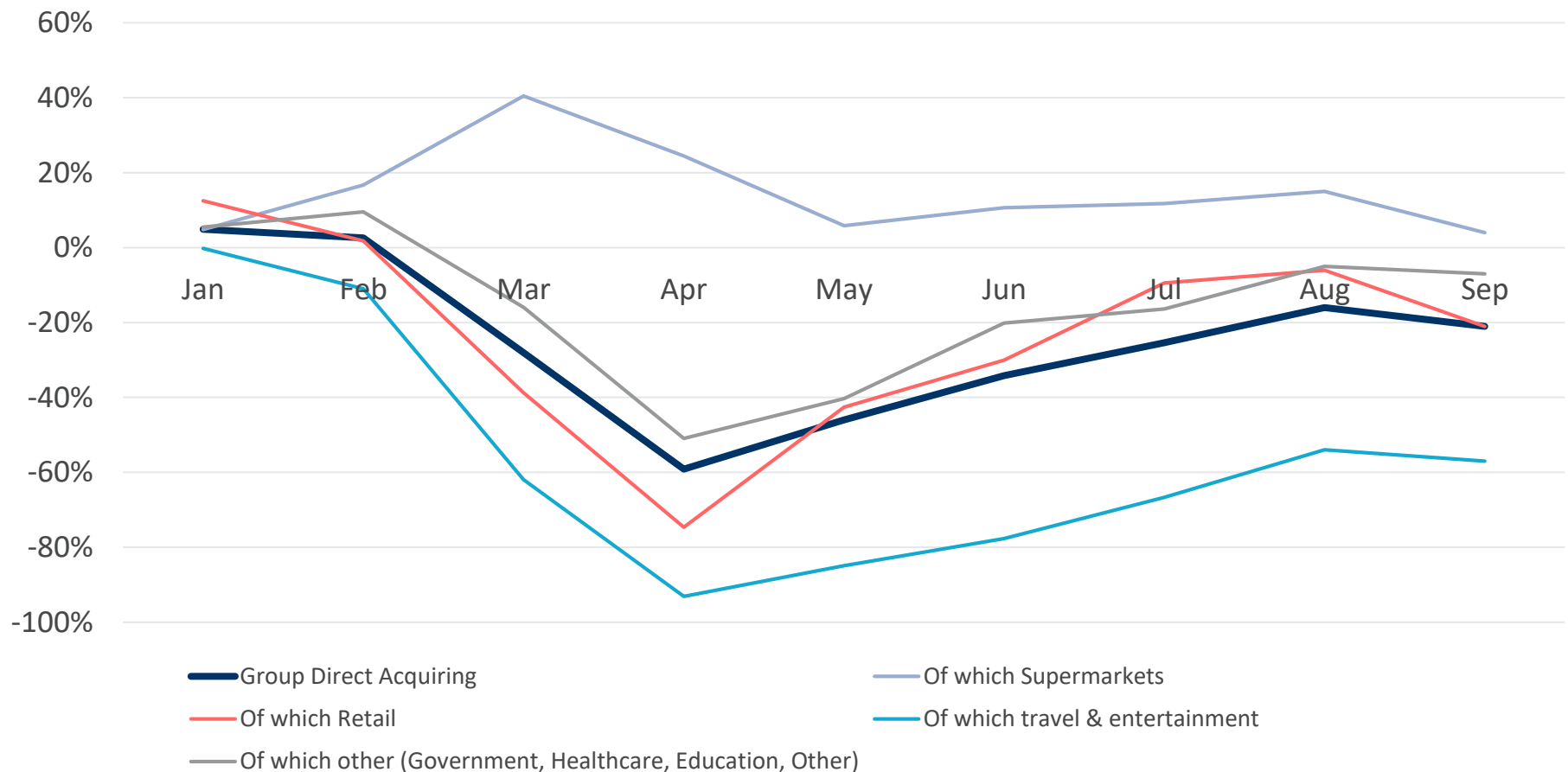
# Segment results, KPIs and revenue

	(Unaudited)	(Audited)		
	<b>H1 2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
	(USD'000)	(USD'000)	(USD'000)	(USD'000)
<b>Segmental Results</b>				
Middle East revenue	94,487	244,360	223,822	201,883
Africa revenue	36,566	90,546	74,113	60,123
Other revenue	3,104			
Middle East contribution	62,011	179,580	163,887	145,506
Africa contribution	24,540	63,964	52,358	43,261
Middle East contribution margin	65.60%	73.50%	73.20%	72.10%
Africa contribution margin	67.10%	70.60%	70.60%	72.00%
<b>Key Performance Indicators</b>				
Total Processed Volume (TPV) (USD m)	15,999	43,779	39,932	36,207
Total number of cards hosted (m)	13.8	14.2	13.6	12.6
Total number of transactions (m)	355.6	752.0	681.4	523.0

	(Unaudited)	(Audited)		
	<b>H1'2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
	(USD'000)	(USD'000)	(USD'000)	(USD'000)
<b>Revenue</b>				
Merchant Solutions	51,060	152,482	136,317	118,508
Issuer Solutions	78,832	177,572	157,069	138,496
Other revenue	4,265	4,852	4,549	5,002
	<b>134,157</b>	<b>334,906</b>	<b>297,935</b>	<b>262,006</b>

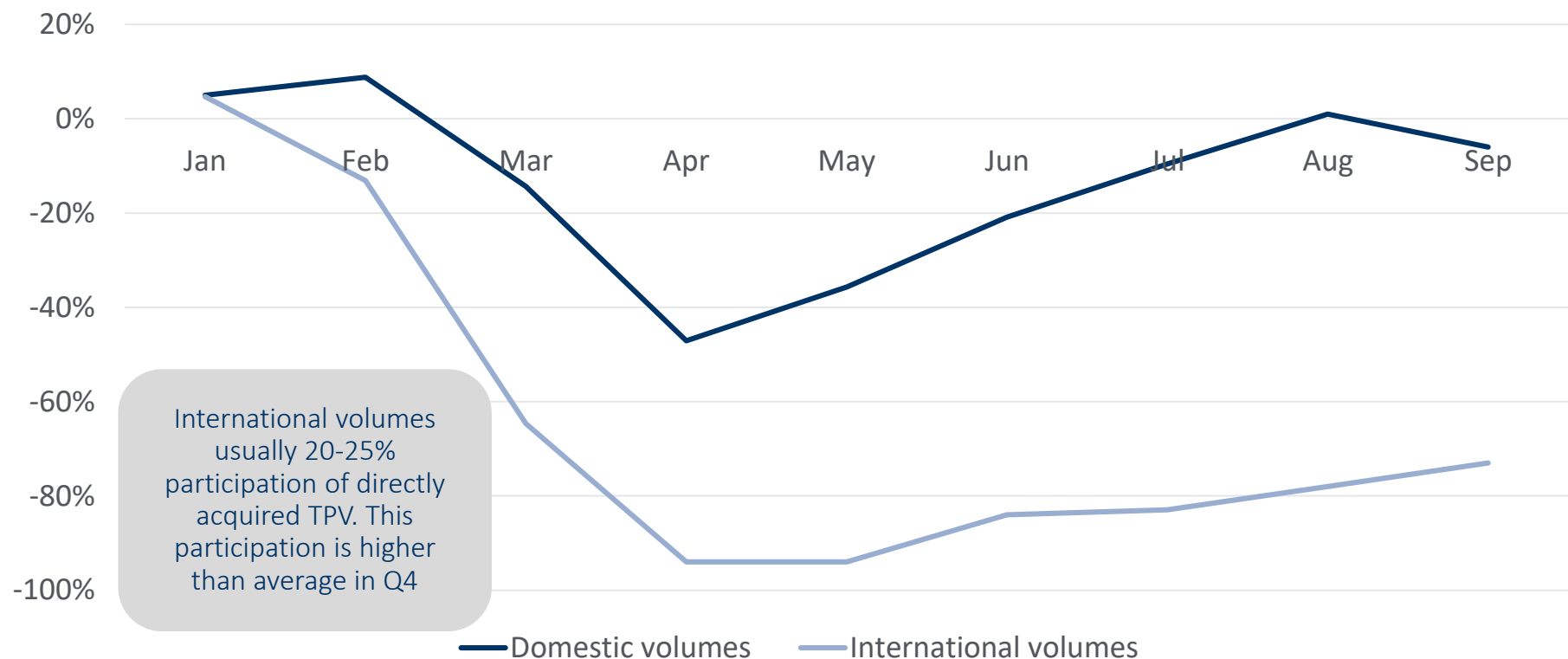
# All merchant sectors showing continued recovery

## 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



## Underlying EBITDA reflects our high fixed cost base, with some benefit from our cost mitigation programme

### Underlying EBITDA bridge (USDm)

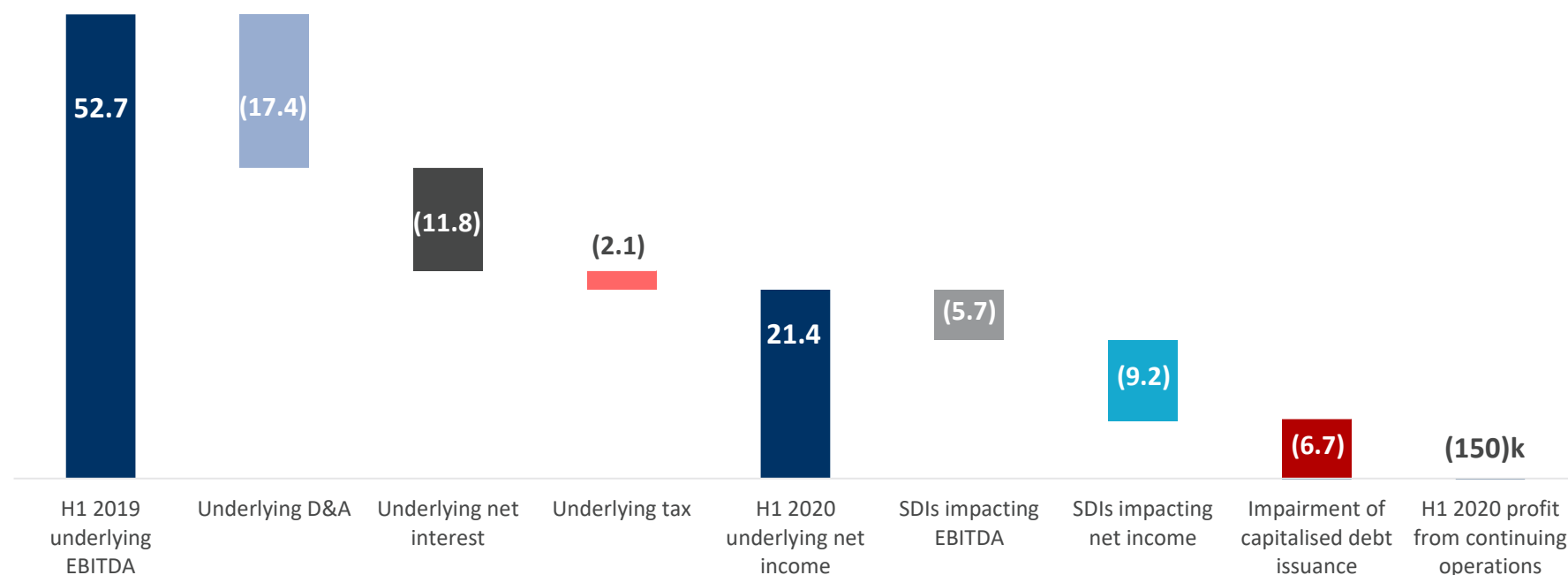


- Cost mitigation programme includes: hiring freeze, strict controls on discretionary spend (marketing, travel) and Executive pay reductions
- Savings from the programme partly realised in H1, with the full benefits to flow through in H2

# Profit from continuing operations impacted by revenue decline and write-off of capitalised fees from previous debt facility

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## Net income bridge (USDm)



- Growth in underlying D&A reflective of core capex investments in 2019 and H1 2020
- Net interest reduction, benefitting from lower underlying rates compared with prior year
- Underlying tax rate slightly higher due to the change in geographical profit mix as a result of Covid-19

# Specially Disclosed Items are presented in order to provide a more comparable view of underlying performance

USDm	FY19	H1 2020	FY20 guidance	FY21 and onwards
<b>SDIs affecting EBITDA</b>	<b>30.8</b>	<b>5.7</b>	<b>c24-25m</b>	
<b>M&amp;A and IPO related costs</b>	16.1	0.8	c11-12m M&A costs linked to DPO	No further IPO costs expected
<b>Share based compensation (IPO related)</b>	10.7	5.1	Similar to FY19	Significant decline in 2021 and no longer recurring from 2022 onwards
<b>Reorganisation, restructuring &amp; settlements</b>	2.1	-	Slightly lower than FY19	Expected continuation but at lower level
<b>Other one-off items</b>	1.9	(0.2)	Similar to FY19	Expected continuation
<b>SDIs affecting net income</b>	<b>14.9</b>	<b>9.2</b>	<b>c18m</b>	
<b>Amortisation related to IT transformation</b>	10.7	7.0	Higher than FY19 as a result of transformation programme completion	Amortisation ongoing
<b>Amortisation of acquired intangibles</b>	4.2	2.1	Similar to FY19	Associated with the acquisition of EMP and recurs until 2023
<b>Total SDIs</b>	<b>45.7</b>	<b>14.9</b>	<b>c43m</b>	

# Net interest cost reflects usage of debt facilities, amortisation of debt issuance costs and IFRS16 lease accounting charge

USDm	H1 2020	2019	
<b>Interest charged on syndicated loan facility<sup>1</sup></b>	6.5	16.8	<ul style="list-style-type: none"> <li>Average drawdown in H1 2020: USD330m<sup>2</sup>, average interest rate 3.8%</li> <li>Average drawdown in 2019: USD325m<sup>3</sup>, average interest rate 5.0%</li> </ul>
<b>Interest charged on revolving credit facility</b>	0.9	0.2	<ul style="list-style-type: none"> <li>Average drawdown in H1 2020: USD50m, average interest rate 3.5%</li> <li>Average drawdown in 2019: USD5m, average interest rate 3.7%</li> </ul>
<b>Interest charge on use of bank overdrafts for working capital</b>	2.6	2.8	<ul style="list-style-type: none"> <li>Reflects the average balance on the majority (c90%) of working capital overdraft facilities which are in the UAE</li> <li>Average utilization in H1 2020 cUSD110m (additional drawdown as precautionary liquidity buffer through height of lockdowns), average interest rate 3.8%</li> <li>Average utilization in 2019 cUSD55m, average interest rate 4.5%</li> </ul>
<b>Debt Amortisation costs</b>	1.3	4.5	<ul style="list-style-type: none"> <li>Amortisation of costs associated with issuance of the syndicated debt facility. Amortised over a 6 year period (tenure of the loan)</li> </ul>
<b>Financing charge related to IFRS16 lease accounting</b>	0.4	0.5	
<b>Total net interest charge</b>	<b>11.8</b>	<b>24.8</b>	

- Syndicated debt facility was refinanced during H1 2020. The interest rates associated with the new facility are 3 /6 month EIBOR + 1.95% on the AED tranche and 3/6 month LIBOR +2.2% on the USD tranche. Covenants set at 3.5x net debt : underlying EBITDA
- Opening balance USD290m, closing balance USD375m (gross of debt issuance costs)
- Opening balance USD334m, closing balance USD290m (gross of debt issuance costs)

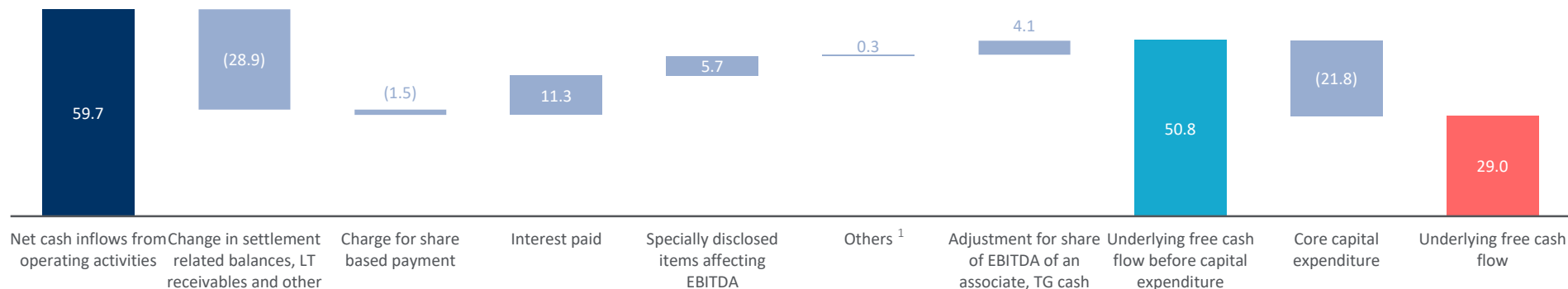
# Balance Sheet and Cash Flow

	Period ended 30 June	Year ended 31 December		
	(Unaudited)	(Audited)		
	<b>H1 2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
	(USD'000)	(USD'000)	(USD'000)	(USD'000)
<b>Assets</b>				
Total non-current assets	564,715	563,405	516,338	510,955
Total current assets	457,523	373,532	433,129	517,955
<b>Total assets</b>	<b>1,022,238</b>	<b>936,937</b>	<b>949,467</b>	<b>1,028,910</b>
<b>Liabilities</b>				
Total non-current liabilities	391,965	237,950	306,314	337,971
Total current liabilities	400,237	460,281	451,457	434,922
Total liabilities	792,202	698,231	757,771	772,893
Total shareholders' equity	230,036	238,706	191,696	256,017
<b>Total liabilities and shareholders' equity</b>	<b>1,022,238</b>	<b>936,937</b>	<b>949,467</b>	<b>1,028,910</b>

	Period ended 30 June	Year ended 31 December		
	(Unaudited)	(Audited)		
	<b>H1 2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
	(USD'000)	(USD'000)	(USD'000)	(USD'000)
<b>Net cash flows from operating activities before settlement related balances</b>	<b>28,836</b>	<b>88,365</b>	<b>104,843</b>	<b>103,859</b>
Changes in settlement related balances	30,885	42,828	12,685	(61,165)
<b>Net cash flows from operating activities</b>	<b>59,721</b>	<b>131,193</b>	<b>117,528</b>	<b>42,694</b>
<b>Net cash outflows from investing activities</b>	<b>(28,420)</b>	<b>(75,494)</b>	<b>(45,223)</b>	<b>(46,384)</b>
<b>Net cash inflows / (outflows) from financing activities</b>	<b>106,253</b>	<b>(30,036)</b>	<b>(92,764)</b>	<b>(80,870)</b>
Net increase / (decrease) in cash and cash equivalents	137,554	25,663	(20,459)	(84,560)
Cash as part of held for sale	(559)	257	(1,977)	(5,195)
Effect of movements in exchange rate on cash held	-	405	(40)	160
Cash and cash equivalents at the beginning of the year	(16,141)	(42,466)	(19,990)	69,605
<b>Cash and cash equivalents at the end of the year</b>	<b>120,854</b>	<b>(16,141)</b>	<b>(42,466)</b>	<b>(19,990)</b>

# Reconciliation of statutory to underlying free cash flow

## H1 2020 (USD m)



## 2019 (USD m)

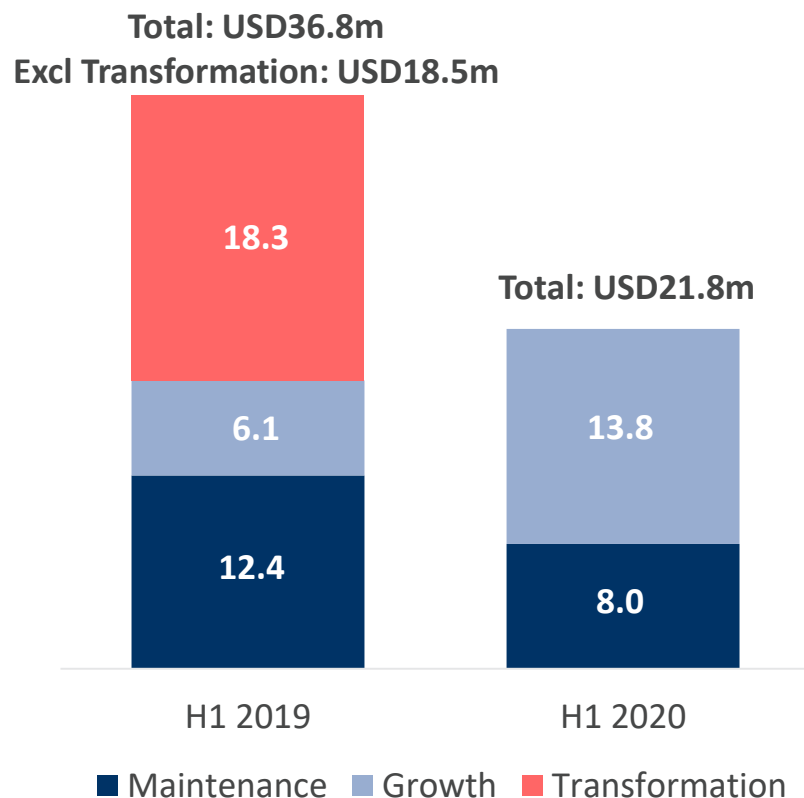


Notes: 1. Consists of certain non cash adjustments including: impairment losses, FX, loss from discontinued operations

# Prudent capital spending and deployment of growth capex to fund Mastercard initiatives



## Capital expenditure (USDm)



## Maintenance

- Enhancement of existing technology infrastructure; hardware, software, storage and compliance
- Procurement of POS terminals for existing customers
- Spend on ENBD separation before project was paused due to Covid-19

## Growth

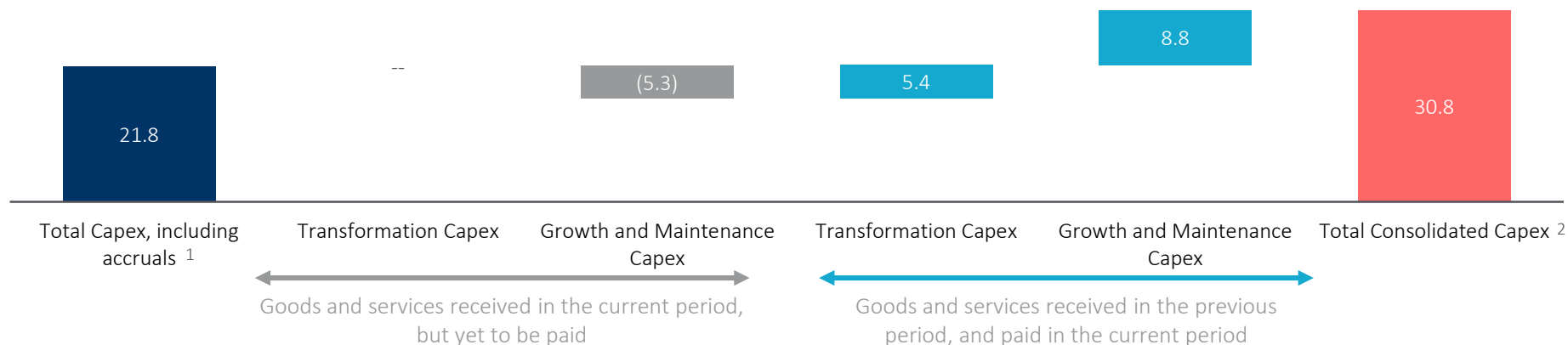
- Procurement of POS terminals for new customers
- On boarding new customers
- Product development and Mastercard funded initiatives

## Capex spend deferred

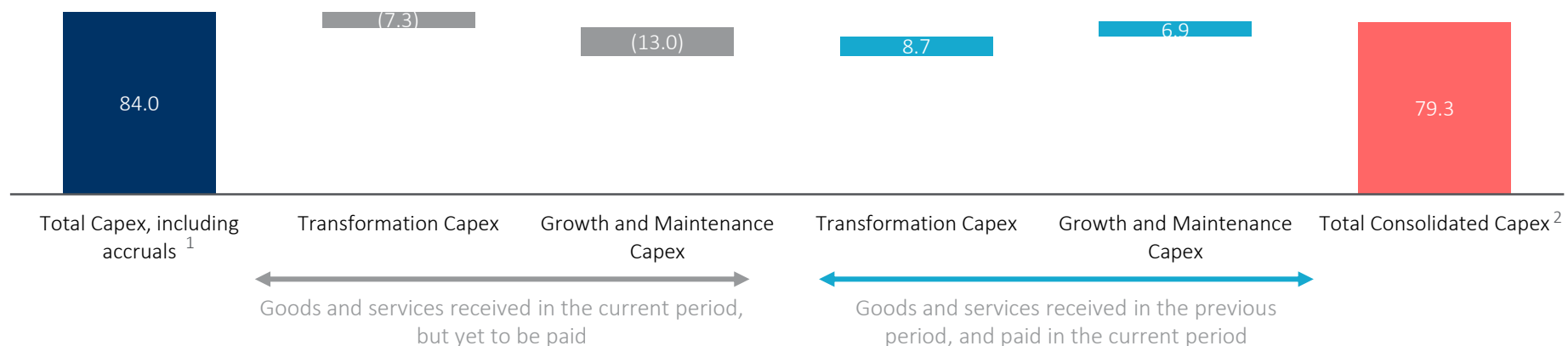
- Further spend on ENBD separation paused
- Saudi market entry also on hold but will resume when borders re-open

# Reconciliation of capital expenditure to the capital spend in the consolidated cashflow

H1 2020 (USD m)



2019 (USD m)



**Notes:** 1. As stated in the CFO statement. Represents cash payments made for capital expenditure during the period, plus accrual for goods and services received during the period, but where the invoice is yet to be paid. 2. As stated in the cashflow statement. Represents cash payments made for capital expenditure during the period.

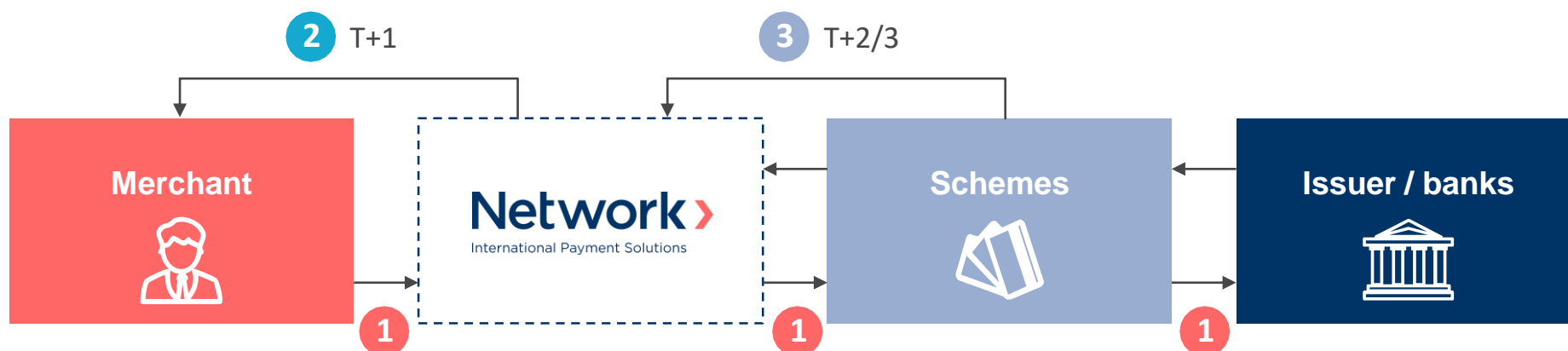
# Definition of net debt and reconciliation to the consolidated balance sheet

USD'000	H1 2020	FY 2019
<b>Non-current borrowings</b>	368,794	211,783
<b>Current borrowings</b>	123,892	165,661
<b>Cash balance</b>	(168,980)	(43,754)
<b>Net debt as per condensed consolidated interim financial statements</b>	<b>323,706</b>	<b>333,690</b>
<b>Less: Working capital facility overdraft<sup>1</sup></b>	(22,628)	(61,540)
<b>Less: Restricted cash</b>	(937)	(893)
<b>Less: Cash balance [Share of held for sales assets and associate]</b>	(7,129)	(5,317)
<b>Add: Unamortised debt issuance cost</b>	6,717	7,814
<b>Net debt as per the definition in the covenants of the syndicated debt facility</b>	<b>299,729</b>	<b>273,754</b>

1. Our definition of net debt is aligned to the definition contained within the covenants for the syndicated lending facility. This definition excludes bank overdrafts utilised to fund settlement working capital requirements, adjusted for any temporary end of day excess / short drawdown positions

# Overview of settlement related working capital process

- > Settlement related working capital balances only relevant to Network International's direct acquiring business in UAE and Jordan
- > Typically 1-2 day delta between payment to merchants and receipt of funds from schemes
- > Settlement process can be impacted by timing of weekends or public holidays in the United States (the region from where the majority of card scheme debtors are settled)



- 1** Initial authorisation process: no cash released by Network International until approval from schemes / issuers
- 2** Cash provided by Network International to merchant in relation the transaction; typically on T+1 basis; post confirmation settlement schemes will settle – no settlement risk
- 3** Equivalent sum provided to Network International by the schemes, on behalf of issuer bank (customer banks); typically provided on T+2/3 basis

# Understanding the movements in settlement related working capital balances

USDm	30 June 2020 Tuesday	31 Dec. 2019 Tuesday	Cash inflow/ (outflow)	
<b>Scheme debtors [A]</b>	<b>119.6</b>	<b>182.8</b>	<b>63.2</b>	Decline in scheme debtors linked to the reduction in TPV through H1 2020 as a result of Covid lockdowns
<b>Restricted cash</b>	<b>86.4</b>	<b>54.0</b>	<b>(32.4)</b>	Increase due to additional funds held against chargeback risk for certain merchants during the period, particularly through Covid lockdowns
<b>Merchant creditors</b>				
<b>Settlement balances on-hold</b>	(85.6)	(53.2)	32.3	Reflects an increase in settlement period / funds on hold for certain merchants with higher chargeback risk through the Covid-19 period, offset by the increase in restricted cash for such merchants
<b>Other merchant creditors [B]</b>	(81.6)	(113.9)	(32.3)	Reflects reduction in TPV processed through the period as a result of Covid-19 and lockdowns
<b>Total merchant creditors</b>	<b>(167.2)</b>	<b>(167.2)</b>	<b>-</b>	
<b>Settlement related balances</b>	<b>38.8</b>	<b>69.7</b>	<b>30.9</b>	

Note: Direct acquiring TPV at end June 2020 was USD66m, compared with end Dec 2019 at USD114m, a difference of USD(48.0)m. The differential in Net scheme debtors, which reflects [A] – [B], at end June 2020 compared with end Dec 2019 is USD(30.9)m. This relative movement in Net scheme debtors, as a proportion of the movement in TPV processed, is normal for a Tuesday. The majority of the balance movement represents funds due from local UAE based financial institutions which are largely collected on the same day as payout to the merchants

- › **Group revenue growth** c(17)% year-on-year, at the top end of our prior guidance range
- › **Underlying operating costs:** 2-3%-on-year, reflecting the cost mitigation programme
- › **Underlying depreciation and amortisation:** USD35 – 38 million
- › **Underlying net interest cost:** USD22 – 24 million
- › **SDIs will impact EBITDA** by cUSD24-25m (which includes USD11-12m related to DPO costs)  
› **SDIs will impact net income** by a further cUSD18m
- › **Underlying tax rate:** c7-8%, linked to the geographical profit mix as a result of Covid-19
- › **Capital expenditure:** USD40 – 45 million



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# Governance

# Strong governance, led by Board of Directors with substantial experience

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Extensive experience and expertise in payments, international finance and developed market regulation. Board of Directors that is majority independent and fully compliant with UK Corporate Governance Code



**Ron Kalifa OBE**  
*Independent Chairman*

- Previously CEO of Worldpay for over 10 year, building and leading Worldpay into a premier global payments company
- Significant UK PLC experience
- Awarded an OBE in 2018 for services to Financial Services and Technology



**Simon Haslam**  
*Chief Executive Officer*

- More than 35 years of experience in payments and banking
- Previously President and CEO of Elavon
- Prior Banking experience at Citigroup and HSBC



**Rohit Malhotra**  
*Chief Financial Officer*

- 20 years of experience in finance across the financial services and FMCG sectors
- Finance experience at Emirates NBD, American Express and Nestle



**Darren Pope**  
*Senior Independent Non-Executive Director*

- More than 30 years experience in financial services
- Currently Chair of Audit Committee at Virgin Money UK PLC
- Previously CFO of TSB Bank PLC
- Previously Independent Non-Executive Director and Chair of Audit Committee of Virgin Money Holdings (UK)



**Victoria Hull**  
*Independent Non- Executive Director*

- Significant PLC experience
- Previously an Executive Director of Invensys PLC and Telewest Communications PLC
- Extensive Corporate Governance and Remuneration Committee background



**Habib Al Mulla**  
*Independent Non- Executive Director*

- Extensive experience in UAE law
- Was Chairman of the Chartered Institute of Arbitrators UAE Committee
- Was Chairman of the board of trustees for the Dubai International Arbitration Centre
- Was Chairman of the Legislative Committee of the Dubai Financial Services Authority



**Ali Haeri Mazanderani**  
*Independent Non- Executive Director*

- Extensive experience in global payments industry
- Non-Executive Director for Net 1 UEPS Technologies, Inc.



**Anil Dua**  
*Independent Non- Executive Director*

- Extensive experience in the pan-African financial services sector
- Worked at Standard Chartered for over 35 years
- Founding Partner at Gateway



**Suryanarayan Subramanian**  
*Non- Executive Director*

- CFO of Emirates NBD for over 9 years
- Over 30 years' experience in Banking and Finance
- Experience with the Ministry of Finance and Accounting and Corporate Regulatory Authority in Singapore

# Supported by a wealth of experience across the Senior Management Team



**Samer Soliman**

*Managing Director – Middle East*

- Joined Network International in 2000
- Has over 20 years of experience in the retail business, card issuing, acquiring and third-party processing
- Previously part of the team that set up the consumer business at Citibank Egypt



**Andrew Key**

*Managing Director – Africa*

- Significant experience in payments and financial services
- Previously President of Elavon Europe
- Prior experience at Mastercard, Lloyds Banking Group and Barclaycard



**Mark Diamond**

*Group Chief Digital, Technology and Operations Officer*

- Over 20 years' experience of technology in the banking industry
- Previous experience includes CIO of Alrajhi Bank, Head of Transformation at Deutsche Bank and CIO of RBS's Retail Bank and Business Operations



**Jay Razzaq**

*Chief Risk Officer and Group Company Secretary*

- Significant legal and regulatory experience in developed markets
- Previously Head of Legal – International Markets at Elavon
- Over 20 years' experience at financial institutions including Citigroup and RBS PLC



**Paul Clarke**

*Head of Product and Innovation*

- Extensive experience across payment services
- Previously the Managing Director at Barclaycard Payment Services
- Prior experience at Elavon and Worldpay



**Hend Al Ali**

*Group Head of Human Resources and Facilities*

- Over 20 years' experience working with and leading HR departments at various national and international operations based in the UAE
- Part of the Women's Committee in the Banking Sector



**Andrew Hocking**

*Chief Strategy Officer*

- Previously Head of Strategic Planning at Elavon working across North America, South America and Europe
- Prior experience at Barclaycard, and Absa



**Mona Al Ghurair**

*Group Chief Marketing Officer*

- More than 18 years of experience in the marketing industry and has worked with Network International for more than 14 years

**Notes:** 1. Senior Management Team includes Simon Haslam and Rohit Malhotra. See the previous page for experience.

# Robust risk management framework

## 1 — Strong Internal Governance

Established a clear risk governance framework utilizing the three lines of defence model to ensure effective risk management, oversight and assurance



## 2 — High Regulatory and Compliance Standards

Compliance/  
AML/CTF

CDD/KYC

AML/CTF



Regulators



Principal  
member of  
schemes



## 3 — Clear Management of Key Risks



Principal Risks



Covid-19



Emerging Risks

## 4 — Data Security is Engrained in Our Culture

Fully compliant with  
international standards



ISAE 3402



Payment Card Industry (PCI)  
PIN Security

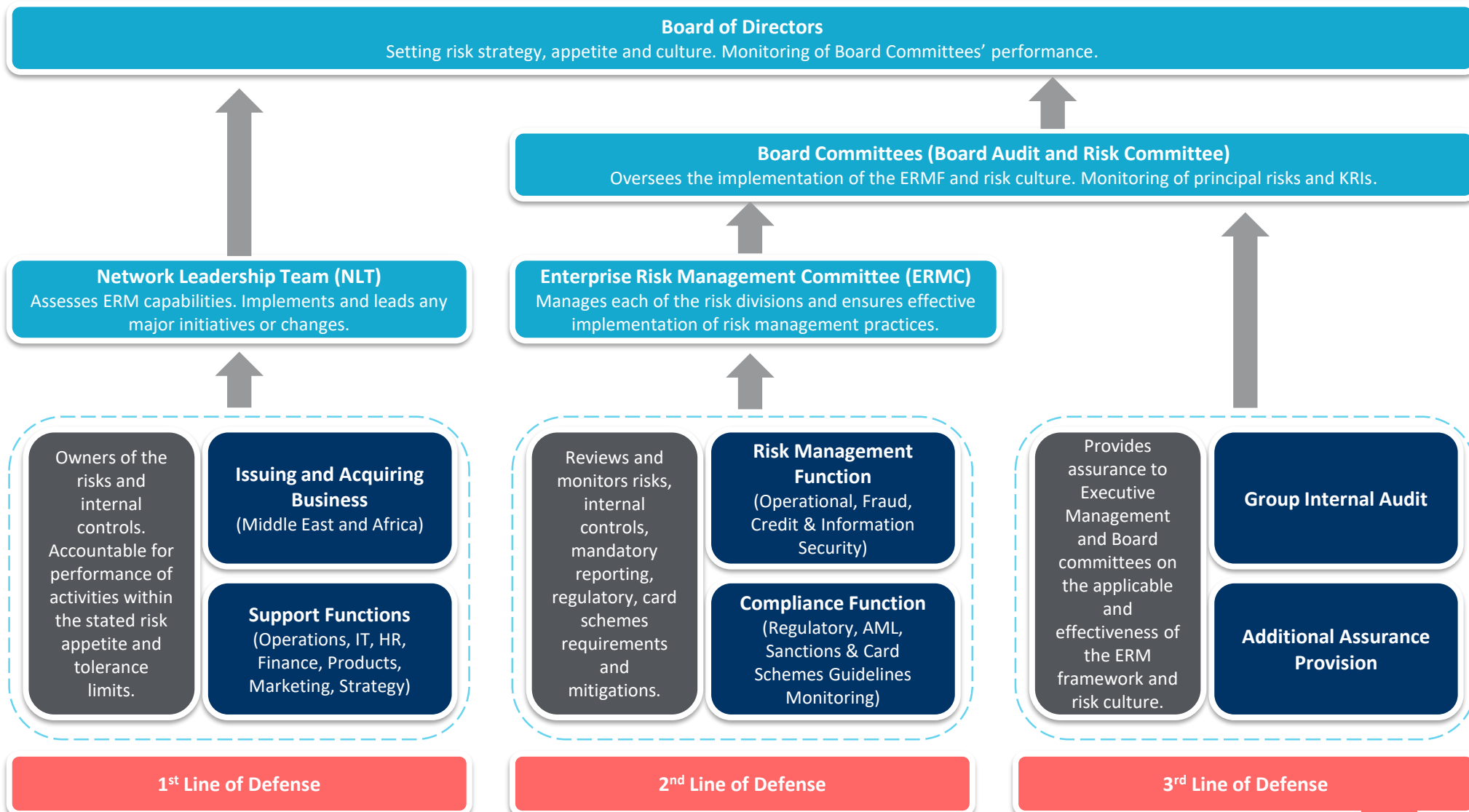


Business  
Continuity  
Management

# Strong internal governance ensures robust risk management **Network**

Three lines of defense to maintain effective control across the Group

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# Meeting high regulatory and compliance standards

## US/EU Style Compliance Framework

- ✓ **Comprehensive** compliance programme
- ✓ **Designed to align** with globally recognised compliance standards
- ✓ **Policies adopted:**

AML <sup>1</sup> / CFT <sup>2</sup>	Sanctions
Anti Bribery & Anti Corruption	Conflicts of Interest
Whistleblower	Code of Conduct
FCA Listing Rules	EU Market Abuse Regulations

- ✓ **In-line with sanctions regimes** imposed by international regulators:



## High Regulatory Standards

- ✓ **Deep understanding** of regulatory environment – own and customers' operations
- ✓ **Good relationships** with multiple regulators
- ✓ **Proactive engagement** with regulators on regular basis

## Local Regulators



South African Reserve Bank



Central Bank of Nigeria

## Major Scheme Memberships

- ✓ **Principal member** of the major payment schemes
- ✓ **Direct settlement** into the schemes for both issuer and merchant solutions
- ✓ **Compliance** with applicable scheme requirements
- ✓ **Excellent relationship** with scheme partners

## Major Schemes



# Management of key risks

## Principal Risks

- ✓ Principal Risks are linked with Group's strategic objectives
- ✓ Risk Appetites and Key Risk Indicators are regularly monitored by Board Committees
- ✓ Board's oversight on mitigation plans and updates



## Emerging Risks

- ✓ **Increasingly sophisticated Cybersecurity Threats:** Continued investment and implementation of new age security solutions to safeguard the Group from cyber security threats
- ✓ **Evolving payments regulation in the MEA:** Annual reviews of compliance policies and compliance assurance plans
- ✓ **Political change:** Continued management focus on executing acceleration opportunities to further diversify business mix



## Fraud Risk

- ✓ **Robust** fraud monitoring system capabilities.
- ✓ **Efficient** fraud detection processes running 24/7.
- ✓ **Very low** net fraud loss rate

**VISA** International Global Service Quality Award  
*Globally lowest reported fraud to sales ratio*

**Reported fraud  
to sales ratio at  
3.98 bps YTD'20**



## Credit Risk

- ✓ **Proactive monitoring** of delayed delivery merchants' risk profiles
- ✓ **Monitoring** of payments and receivables of merchant customers
- ✓ **Industry-specific approach** for large customers

**Low losses  
to sales ratio  
at 0.1 bps  
YTD'20**





International Payment Solutions

# Appendix

# Alternative performance measures

The Group uses these Alternative Performance Measures to enhance the comparability of information between reporting periods either by adjusting for uncontrollable or one-off items, to aid the user of the financial statements in understanding the activities taking place across the Group. In addition these alternative measures are used by the Group as key measures of assessing the Group's underlying performance on day-to-day basis, developing budgets and measuring performance against those budgets and in determining management remuneration.

**Constant Currency Revenue:** is current period revenue recalculated by applying the average exchange rate of the prior period to enable comparability with the prior period revenue. Foreign currency revenue is primarily denominated in Egyptian Pound (EGP). The other non US backed currencies that have a significant impact on the Group as a result of foreign operations in Nigeria and South Africa are the Nigerian Naira (NGN) and the South African Rand (ZAR) respectively.

**Contribution :** Contribution is defined as business segment revenue less operating costs (personnel cost and selling, operating & other expenses) that can be directly attributed to or controlled by the segments. Contribution does not include allocation of shared costs that are managed at group level and hence shown separately under central function costs.

**Underlying EBITDA :** is defined as earnings from continuing operations before interest, taxes, depreciation and amortisation, write-off of unamortised debt issuance cost, share of depreciation of an associate and specially disclosed items affecting EBITDA.

**Underlying EBITDA Margin Excluding Share of Associate :** is defined as Underlying EBITDA before Share of Associate divided by the total revenue.

**Underlying Effective Tax Rate :** is defined as the underlying taxes as a percentage of the Group's underlying net income before tax

**Underlying Net Income:** represents the Group's profit from continuing operations adjusted for write-off of unamortised debt issuance cost and specially disclosed items.

**Underlying Earnings per share :** is defined as the underlying net income divided by the number of ordinary shares (i.e. 500,000,000).

**Specially disclosed items:** are items of income or expenses that have been recognised in a given period which management believes, due to their materiality and being one-off / exceptional in nature, should be disclosed separately, to give a more comparable view of the period-to-period underlying financial performance

**Underlying Free Cash Flow :** is calculated as underlying EBITDA adjusted for changes in working capital before settlement related balances, taxes paid, maintenance capital expenditure and growth capital expenditure

# Key performance indicators

To assist in comparing the Group's financial performance from period-to-period, the Group uses certain key performance indicators which are defined as follows.

## **Total Processed Volume (TPV) (USD billion)**

TPV is defined as the aggregate monetary volume of purchases processed by the Group within its Merchant Solutions business line.

## **Number of cards hosted (million)**

Number of cards hosted is defined as the aggregate number of cards hosted and billed by the Group within its Issuer Solutions business line.

## **Number of transactions (million)**

Number of transactions is defined as the aggregate number of transactions processed and billed by the Group within its Issuer Solutions business line.

# The digital consumer payments industry

## How does it work?

