

Bango Final Results

For the year ended 31 March 2012

25th June 2012

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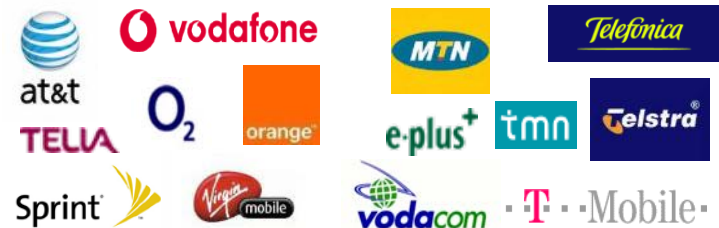


- Founded in 1999 to enable effective collection of payments from mobile device users over the internet
- Leading global brands choose Bango for mobile **payments** and **analytics**
- Bango technology, relationships and user data enable a superior user experience, higher sales and accurate analysis
- On London Stock Exchange since 2005 (AIM: BGO.L)
- Offices in Cambridge, UK and New York, USA

Bango customers include:



90+ Operator relationships include:



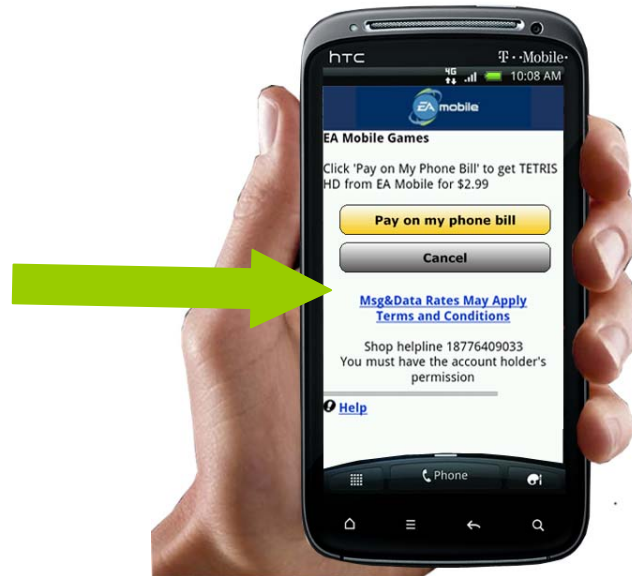
Award winning technology:



What Bango does



**Streamline
the user
payment
experience**



For thousands of digital merchants



Why Bango?



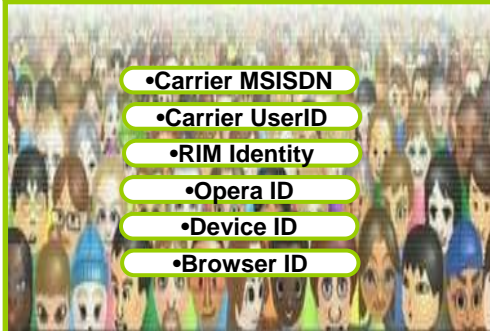
Common user identity across multiple services / apps

Enables better user experience than any other solution: more sales

Bango Payment Platform

User identity:

Bango ID merges multiple identities using cross-site & app history



Single technical and commercial integration with 90+ billing systems



Operational systems

Payment
Reduce ops. cost and risk

Analytics
High performance and scalability

Example: One-click billing over Wi-Fi



Visit #1 – via operator network



User identified over
operator network

...hours or days later...

Visit #2 – via Wi-Fi



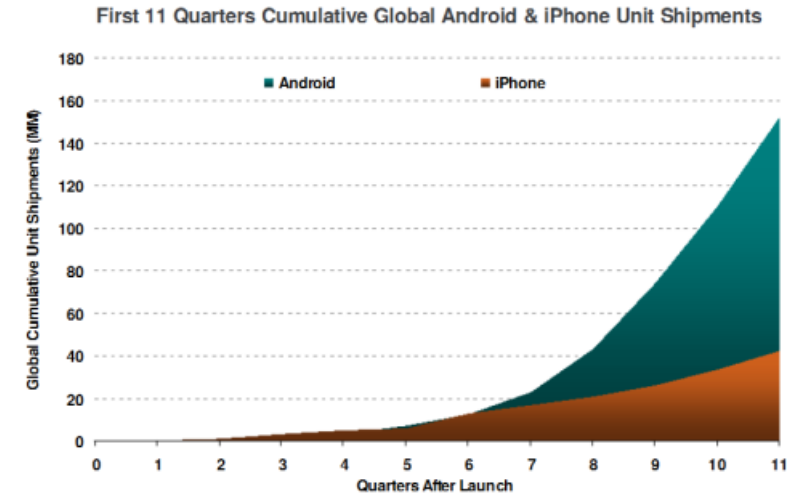
One-click billing
experience presented

The opportunity...

(1) Smartphone base growing fast:

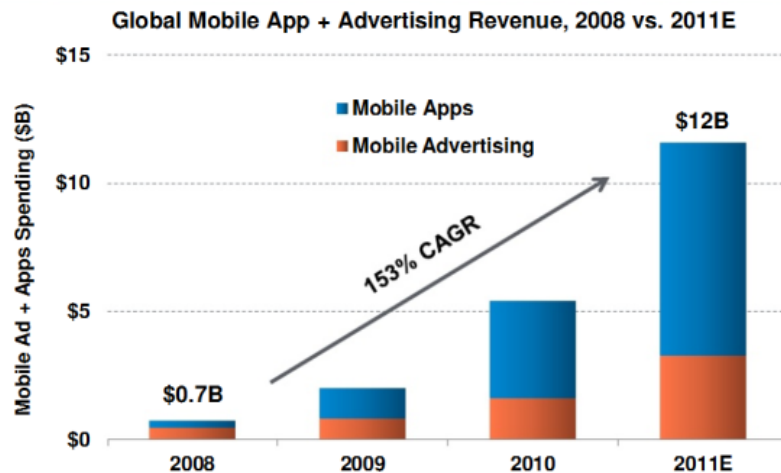
OS vendor	Q4 2010 shipments (M)	% share	Q4 2009 shipments (M)	% share	Growth Q4'10/Q4'09
Total	101	100%	54	100%	89%
Google*	33	33%	5	9%	615%
Nokia	31	31%	24	44%	30%
Apple	16	16%	9	16%	86%
RIM	15	14%	11	20%	36%
Microsoft	3	3%	4	7%	-20%
Others	3	3%	2	3%	65%

*Note: The Google numbers in this table relate to Android, as well as the OMS and Taps platform variants.
Source: Canalys estimates, ©Canalys 2011



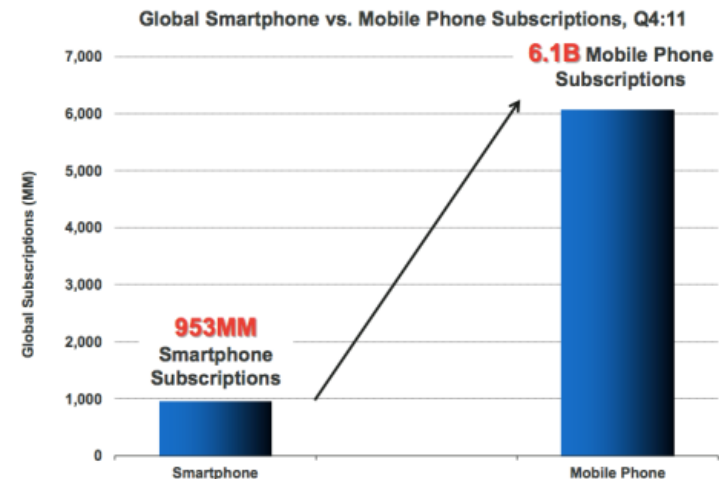
Source: Gartner, Morgan Stanley Research, as of Q2:11.

(2) Driving app and advertising revenues:



Source: Gartner. CAGR is compound annual growth rate.
Note: Apple has paid >\$3B \$'s to developers as of 9/11, implying gross app market revenue of \$4B in 3 years; Google indicated during CQ3 earnings call that it expects \$2.5B mobile ad revenue in 2011E.

(3) With much more growth to come:



Source: Mobile phone subscriptions per Informa (as of Q4:11). Smartphone subscriptions estimate based on Morgan Stanley Research's estimated smartphone user as % of total mobile user at the end of 2011 (16%).
Note: While there are 1B global 3G subscribers as of Q4:11, not all of them were smartphone users. One user may have multiple mobile subscriptions, therefore actual user #'s may be lower than subscriber #'s.

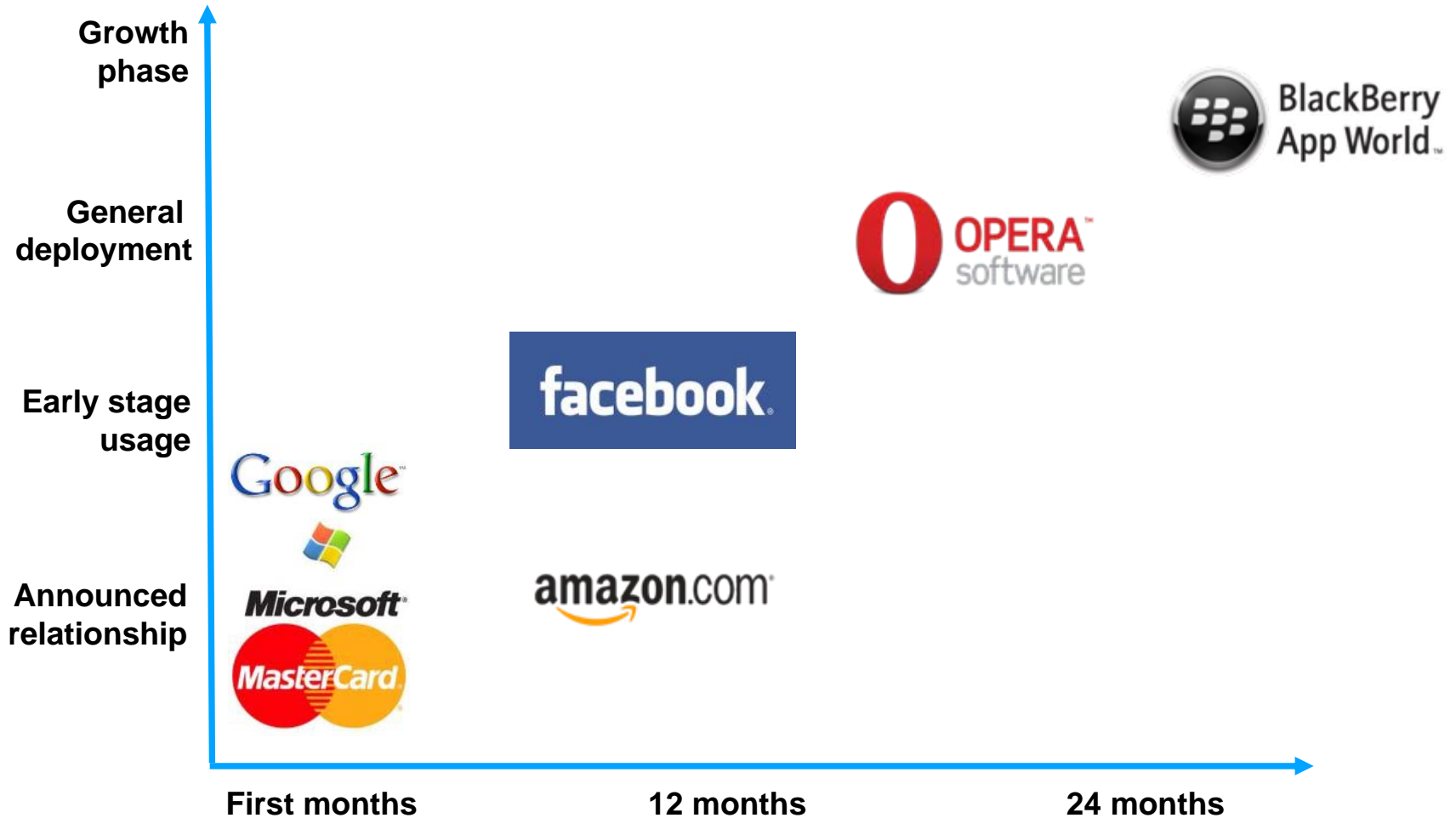
- Technology to enable mobile operator billing
(greater reach than credit cards)
- Unique common identity platform improves user experience & sales
(better results than direct connection or any potential competitor)
- Broad range of direct operator billing integrations
(>80 directly connected mobile operator billing systems – world leader)
- Automated “back-office” processes enable “scale”
(collects money from billers with conversion and tax processing)
- Rich interfaces (API’s) and analytics for developers
- Extensive analytics and anti-fraud tools

Bango is gaining momentum

bango



Progress with industry leaders



Note: Bango does not announce the revenues of its customers

Growth



- More than 40 direct carrier connections in 34 countries
- 125% uplift in monthly sales from carrier billing
- Carrier billing makes up 34% of all purchases
- 360m subscribers (116m in March 2011): new territories include South America and Asia
- Additional integration underway covering >900m subscribers

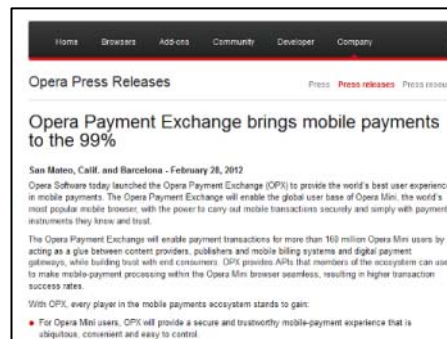


•Source: BlackBerry DevCon Europe Feb 2012 and
•<http://www.pocketgamer.biz>

Launch



“Opera is already working with several valuable partners including InMobi SmartPay, Yandex.Money and Bango to make Opera Payments Exchange a ubiquitous part of mobile payments in many regions, with coverage expanding to other parts of the globe rapidly in the coming year.”

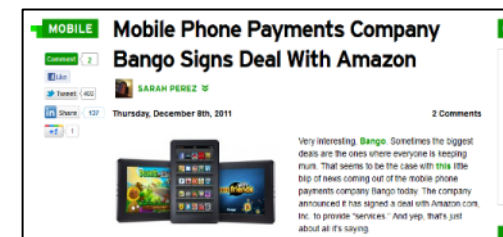


•Source:
http://www.opera.com/press/releases/2012/02/28_3/

Pre-launch



- Announced December 2011

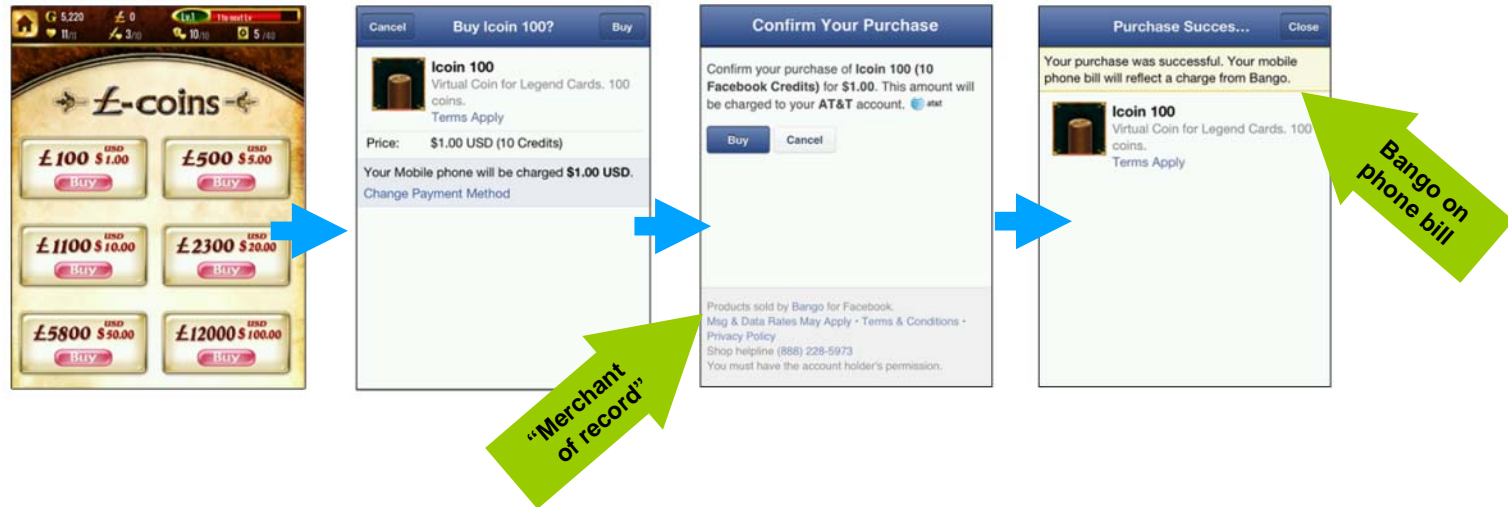


•Source:
•<http://techcrunch.com/2011/12/08/mobile-phone-payments-company-bango-signs-deal-with-amazon/>

Facebook started using Bango in June 2012



Screens generated by Bango for Facebook to collect payments



- Provide quick and easy payment for mobile apps
- Part of Facebook Platform for developers
- Early stage – developer roll-out – not yet in position to forecast transaction volumes
- Currently live in UK and USA



- MasterCard announced its PayPass Wallet Services at CTIA WIRELESS® in May 2012
- Announced Bango as payment provider for obtaining end user funds
- Useful benefit for Bango merchants alongside MNO billing, Credit Cards and PayPal
- Enable MasterCard to deploy PayPass more quickly



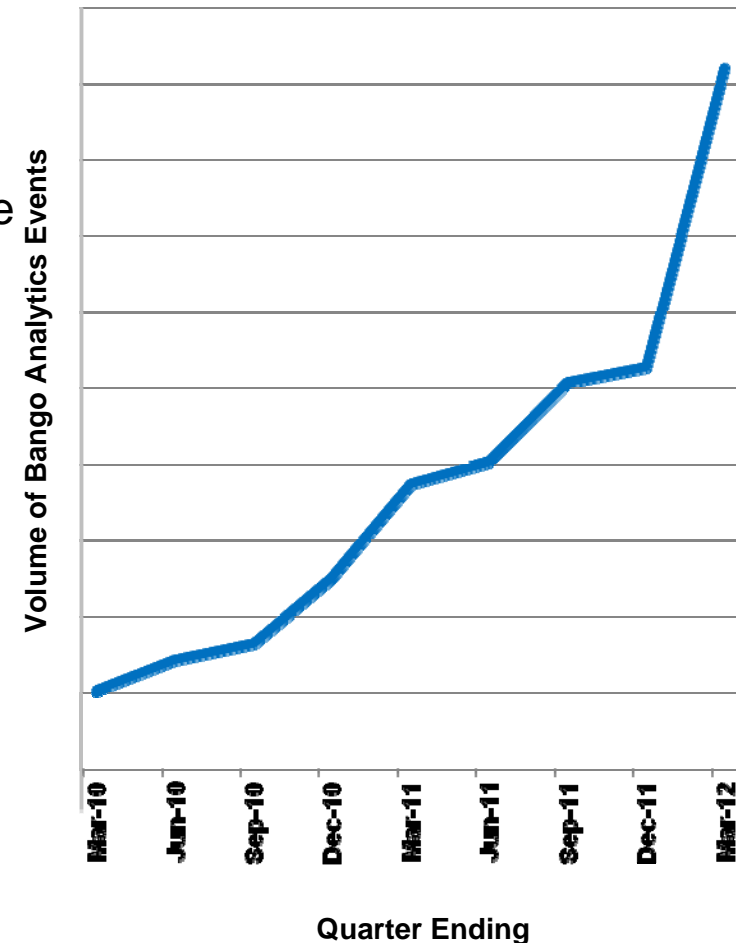
Microsoft®

- Microsoft has existing mobile payment capabilities and relationships which it uses to deliver payment platforms for its mobile users.
- Enabling agreement signed to add Bango's modern technology and relationships to enhance Microsoft's offering
- Microsoft Windows Phone is strategic direction for Nokia
- Windows 8 PC and tablet platform is merging with mobile platform



- Google Play is App and Media store for Android
- Mobile Network Operators (MNO) integrate with Google Play systems
- Bango platform can bridge MNO's to Google Play
- First integration underway

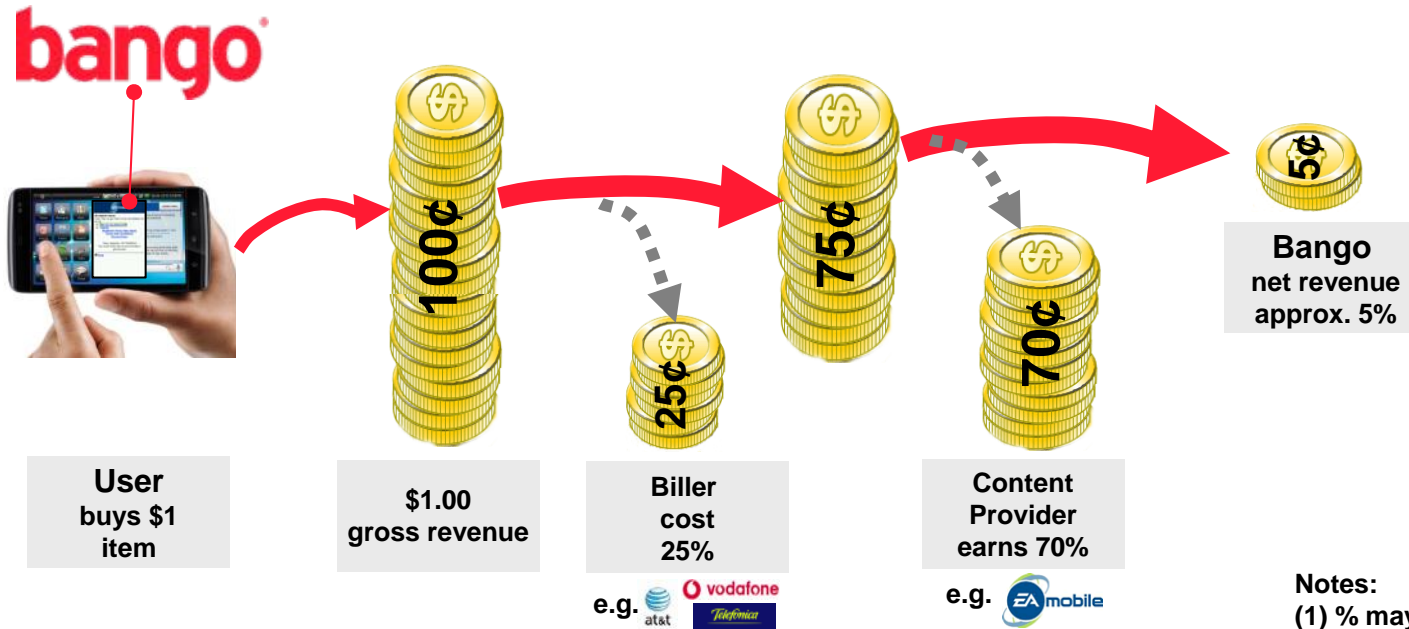
- Volumes more than doubled in last year
- Significant customers include:
NBA, CNN, Thomson Reuters, Telefonica-O2
- Growth driven by increasing deployment in mobile web sites and in downloaded applications
- Android, Apple, BlackBerry, Windows, HTML5 and other devices all driving traffic
- Improvements have been made to increase operating systems coverage, to improve HTML5 capabilities and to add functionality.
- Unique way to link web activity with app activity
- Technical and commercial synergy with payment platforms
- Approximately 25% of gross profit for FY2012



- Connected to in excess of 900 million consumers through more than 90 mobile operators world-wide
- Now including operators in South America, Africa and Asia
- Continuing momentum with industry leading names
- Superior user experience enhanced through product development
 - Powerful payments platform enhanced through increased scalability
 - New services launched to support new large scale customers
- Bango Analytics volumes have more than doubled in 12 months
- Strengthening management team by recruiting Chief Operating Officer
- New area of mobile wallets being developed with MasterCard in particular

- Turnover for the year of £15.6m (FY2011: £19.3m)
- Gross Profit £2.29m (FY2011: £2.49m)
- LBITDA & SBP at £0.45m (FY2011: loss of £0.40m)
- Total loss after tax £0.93m (FY2011: loss of £0.70m) reflecting an increased amortisation charge for previously capitalized R&D
- Cash balance of £1.79m (£2.71m at 31 March 2011)
- Successful Placing in May 2012 of £3m net with existing shareholders
- No significant contribution from Facebook & Amazon in financial year to March 2012, but some operational costs related to new opportunities incurred
- Financial year aligned to calendar year:
next FY results will be 9 months to 31December 2012 (9m2012)

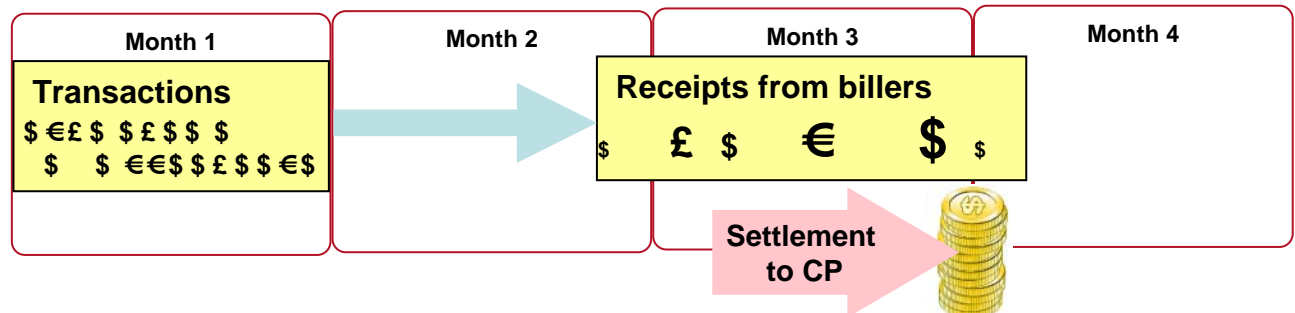
Bango business model



Notes:
 (1) % may vary by biller and CP
 (2) Taxes excluded for simplicity

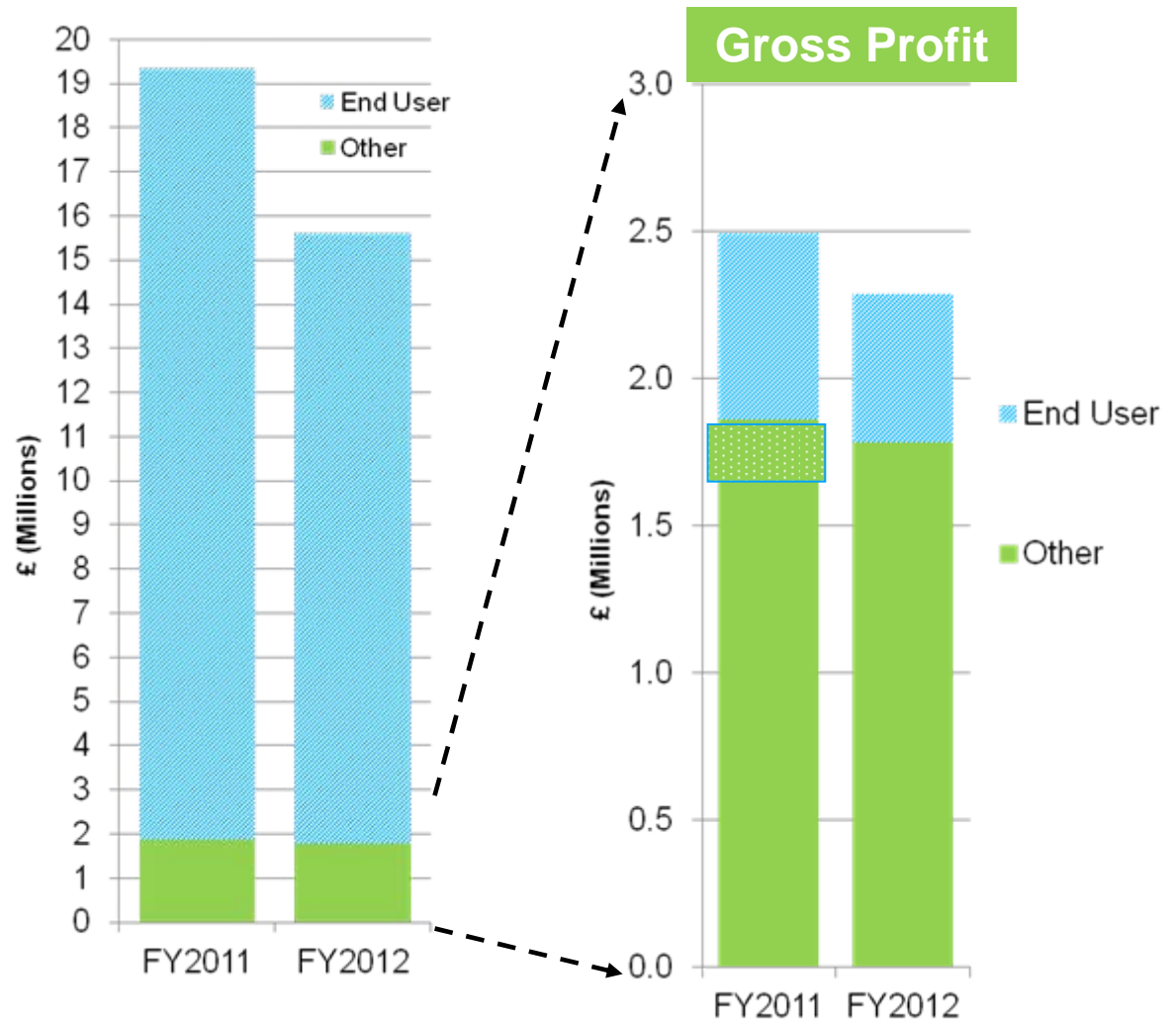
Settlement

Bango system aggregates cash from all billers, converts and pays 60 days after month end

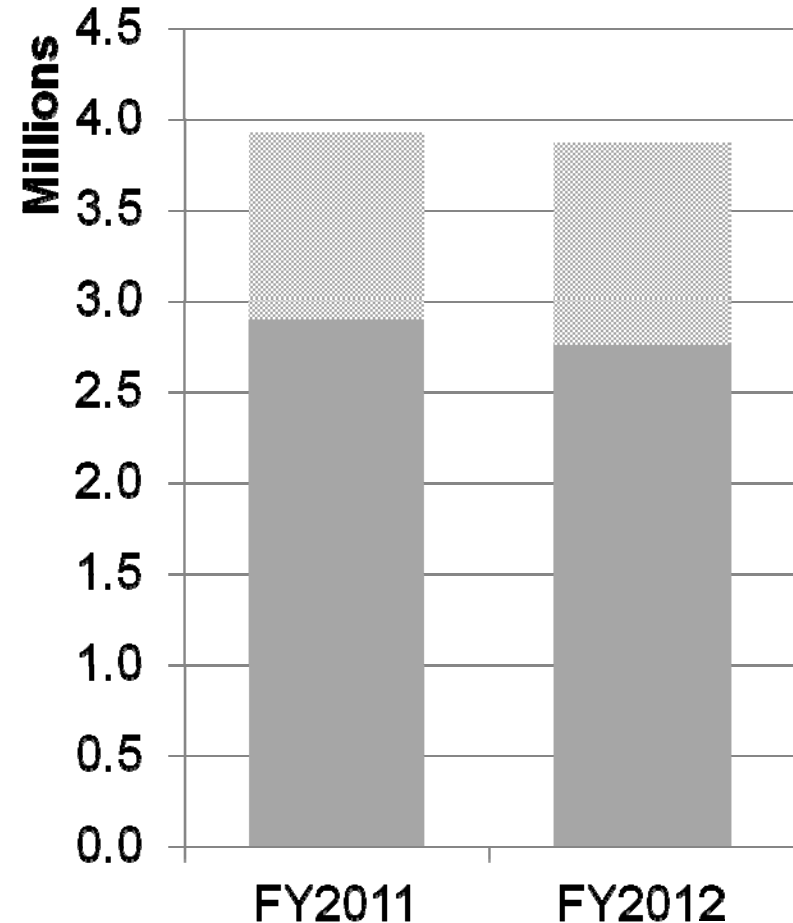


FY2012 : Turnover and Gross Profit

- Most of FY2011 end user spend was feature-phone legacy
- Most of FY2012 end user spend was smartphone
- Margin on end user spend stable at 3.7%
- FY2011 included one off revenue from a large app store



- Opex broadly stable YoY
- £300k saving from discontinued feature-phone activity partially offset by work on Amazon & Facebook activity
- Monthly Opex* expected to increase slightly from present levels in 9m2012 due to senior hires and Operational team growth
- Capitalized £1.1m for:
 - Future Scalability Project
 - Future HTML5 Project

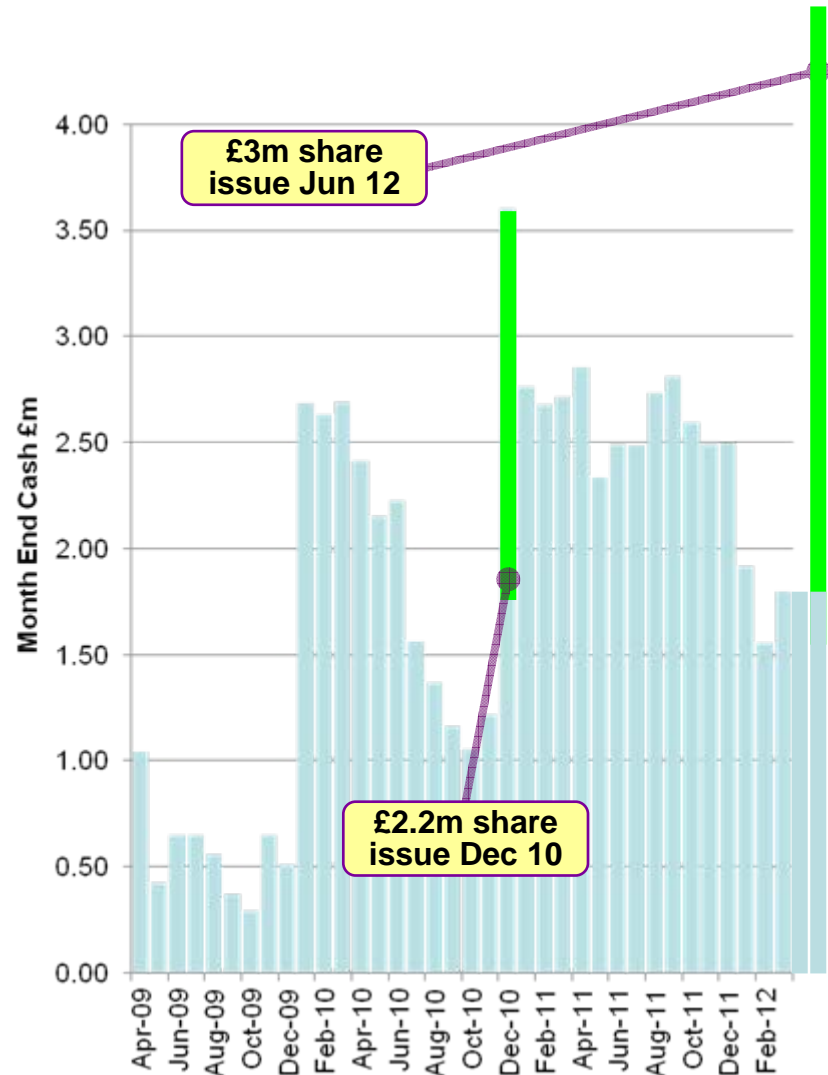


£m
Turnover
End user activity
Other fees
Total revenue
Gross profit
End user
Other fees
Total gross profit
<i>Margin %</i>
<i>End use activity</i>
<i>Other fees</i>
<i>Total margin %</i>
Operating costs
Adjusted EBITDA
Depreciation & amortisation
Share based payment charge
Loss before tax
Loss after tax

FY2011	FY2012
17.46	13.81
1.86	1.78
19.32	15.59
0.64	0.51
1.85	1.78
2.49	2.29
3.7%	3.7%
99.4%	100.0%
12.9%	14.7%
2.89	2.75
(0.40)	(0.46)
(0.32)	(0.51)
(0.12)	(0.14)
(0.84)	(1.11)
(0.70)	(0.93)

- Net cash 31 March 2012 £1.8m (£2.71m at 31 March 2011)

No borrowings during the half year
- Growth in transaction volumes is cash generative due to cash arriving before it is settled to content providers.
(and vice versa)
- Investment in platform hardware / software late in 2011 in advance of payment and analytics growth
- £3m net received June 2012



- In house development:
 - slow to deliver (unable to leverage existing connections)
 - expensive and risky
 - no cross supplier synergies
 - no access to special relationships
- PC / PSMS Approaches
 - poor user experience
 - legacy PSMS problems
 - do not exploit unique mobile device capabilities
- An evolving landscape
 - Mobile operator billing now widely accepted as important
 - Android open platform gaining momentum
 - Apps expanding to other content and services

- Mobile operator connections
 - ability to pay on phone bill increases sales
 - mobile operators more supportive of “on bill” app stores
- App store activity drives spending
 - The number of smartphones suited to that app store
 - The visibility of the app store on devices
 - Marketing programs to promote the app store
 - The quality and popularity of apps and services
 - The end user buying and downloading experience
 - In-application up selling
 - Promotions to users after sale to drive upgrades
 - Marketing programs by app developers themselves
- More major app stores and platforms
 - Now targeting second tier platforms and app stores

- Strengthen service and commercial offering
 - ensure continued high levels of service, operational delivery and scalability
 - enable more West Coast USA presence
 - strengthen management team
- Operational changes
 - recruiting into new COO role, to lead key operational functions
 - retirement of CFO, Peter Saxton: handover expected by Nov 2012
- Developing significant opportunities
 - remaining large app stores
 - increasing potential for Bango analytics technology
- MNO interest increasing
 - being approached by mobile operators to access merchants
 - particular interest in Google Play
- Capitalize on business momentum with major players

- 9m2012 is a pivotal year in Bango's development
 - Facebook and Amazon progressing well
 - Continuing build-up of business from app stores in growth and deployment phases, such as BlackBerry and Opera
 - Microsoft and other large scale opportunities being developed
- Expect further adoption of Bango technology by leading industry players
- Significant growth in analytics volumes from existing and new customers
- Increased interest from mobile network operators in Bango platform
 - approached by MNO's to access Bango app store base
 - interest in using Bango to quickly and easily connect to Google Play
- The Board believes there is potential for significant growth in business from existing and new app store, payment provider and content provider customers