

Bango plc

Annual Results

Year ended 31<sup>st</sup> March 2006

[www.bango.com](http://www.bango.com)

investor@bango.com

**bango**<sup>®</sup>

# Bango FYE 31<sup>st</sup> March 2006

- **Strong financial performance demonstrates sound business model**
- **Wide range of customer wins**
- **Expansion into 3 new countries with strong growth in content provider sign-ups**
- **Powerful position starting new financial year**
- **Market continues to evolve in Bango's favour but longer than expected lead times to end user revenue outside UK**
- **Well financed to capitalize on growth opportunities**

# Contents

- What Bango does
- Financial Highlights
- Operational Highlights
- Financial Review
  - P&L, Margins, Expenses, Margins, Cashflow
- Business Review
  - Key Business Drivers
  - Customer wins and end user activity
  - Product mix
  - Regional Sales Expansion
  - Key agreements announced
  - Product Development
  - 2007 outlook
- Supplementary Information

# What Bango Does

Businesses with valuable content and services

Content Providers of all sizes pay Bango to use its unique “browse & buy” platform, enabling them to offer content and services quickly and easily to consumers through the mobile internet

## On-Portal

Commercial Relationship with each Mobile Operator

## Direct to Consumer

Promote and engage directly with phone users



Bango



Whole Market



The Bango Service is open to all, quick and easy to use

# Financial Highlights FYE 31<sup>st</sup> March 2006

- Revenues up 121% to £7.53m (FY05: £3.41m)
- Gross Profit up 125% to £2.19m (FY05: £0.97m)
- Opex up 92% to £3.72m (FY05: £1.93m)  
due to planned expansion
- Pre-tax loss £1.33m down to 17.7% t/o (FY05: £0.92m, 26.9%)
- UK operation profitable & cash generative as at 31 Mar '06
- £6.2m net raised at IPO to support Bango growth plans
- Cash balance of £4.8m as at 31 Mar '06 (FY05: £0.32m)

# Operational highlights

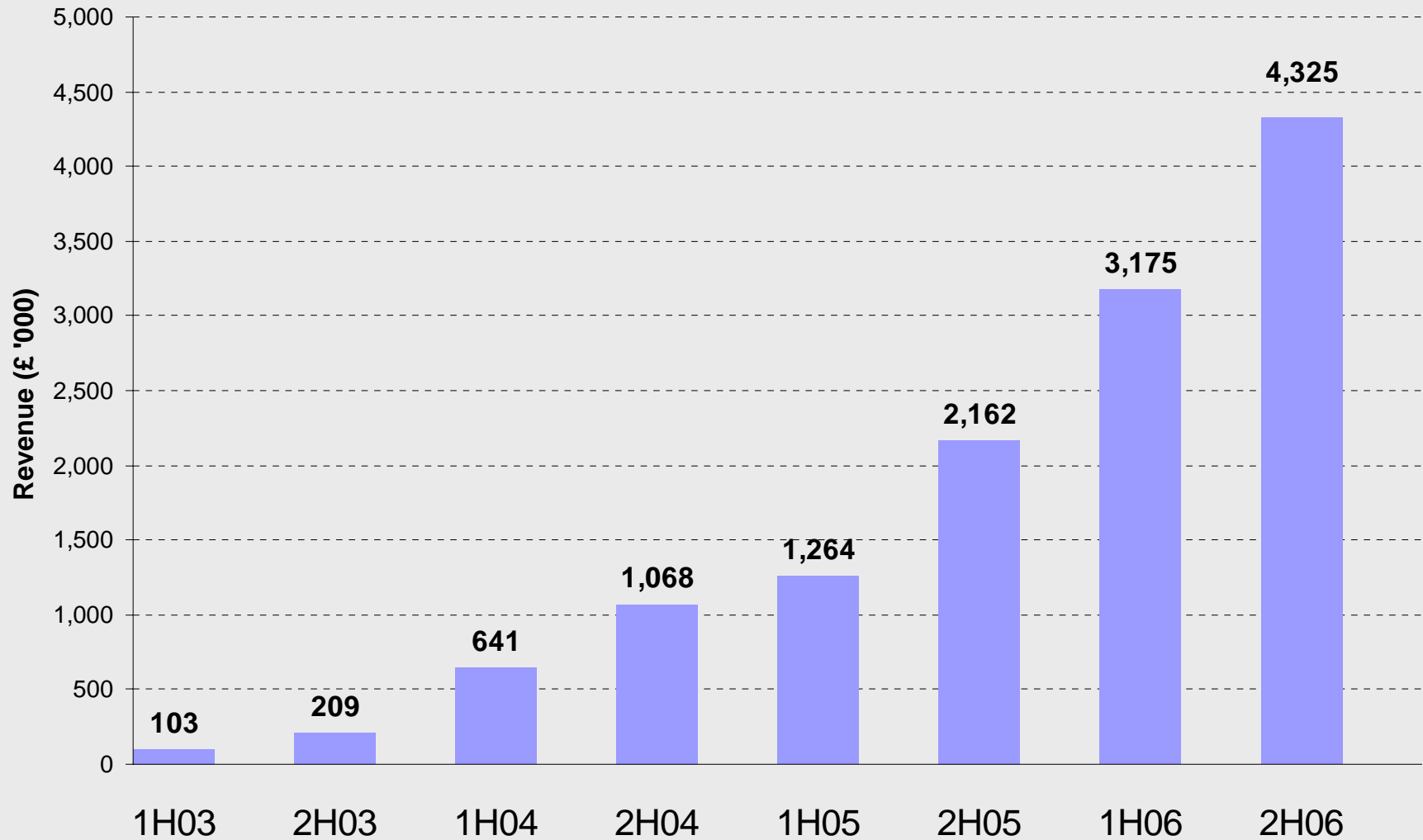
- Strong progress during the year:
  - Major Customer Wins



- Number of sign ups from high value customers increased by 250%
- Solid base for continued growth
  - USA, Spain, Germany operations established and productive
  - Partner Program grew from 3 to 14 accredited partners at year end
  - Unique Agreements: Cingular, Orange, Proximus
  - New "high end" product launched mid year (Bango Target)
  - Major product and website upgrades to launch later in 2006

# Financial Review

# Revenue Chart





# P&L

£000's FYE 31 March	YE 2006	YE 2005
Total revenues	7,533	3,414
<i>% growth on FY 2005</i>	121%	
Total gross profit	2,191	975
<i>% gross margin</i>	29.1%	28.6%
Total operating expenses	3,643	1,891
Other operating income	0	26
EBITDA	(1,452)	(890)
Depreciation	76	43
Interest receivable	195	15
Earnings before tax	(1,333)	(918)
Taxation payable	0	0
Earnings for the year	(1,333)	(918)

# Operational Efficiency

Approx. £1.5million of FY06  
Opcost invested in:

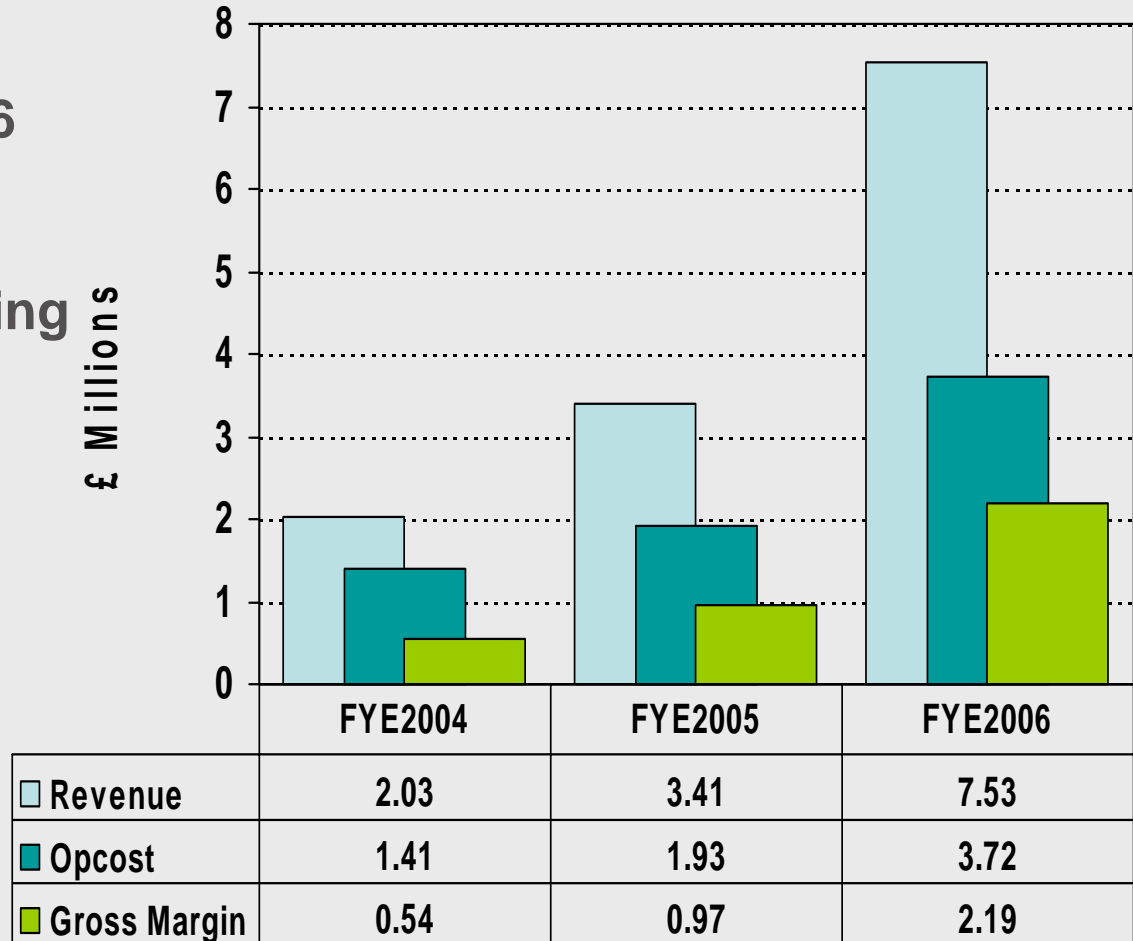
Regional sales and marketing  
presence:

USA (East & West)

Germany

Spain

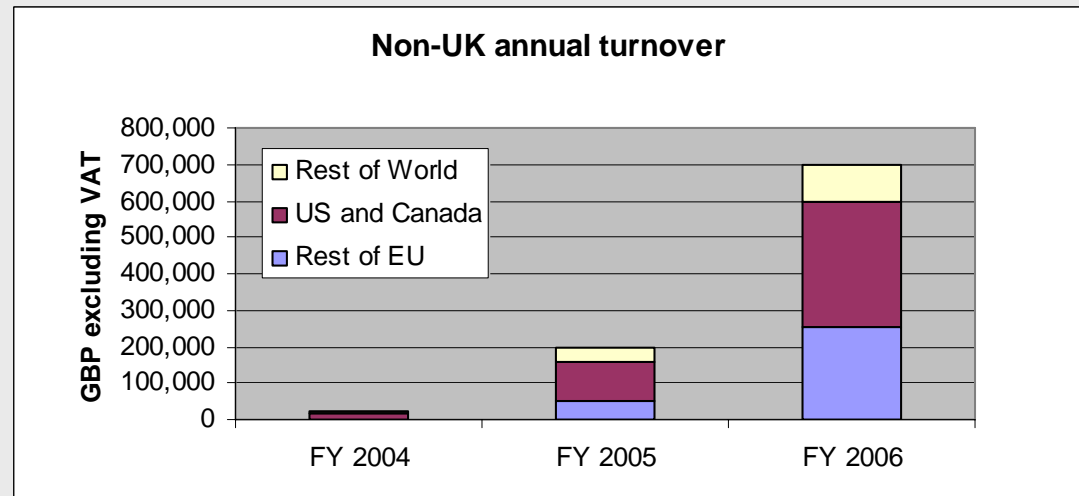
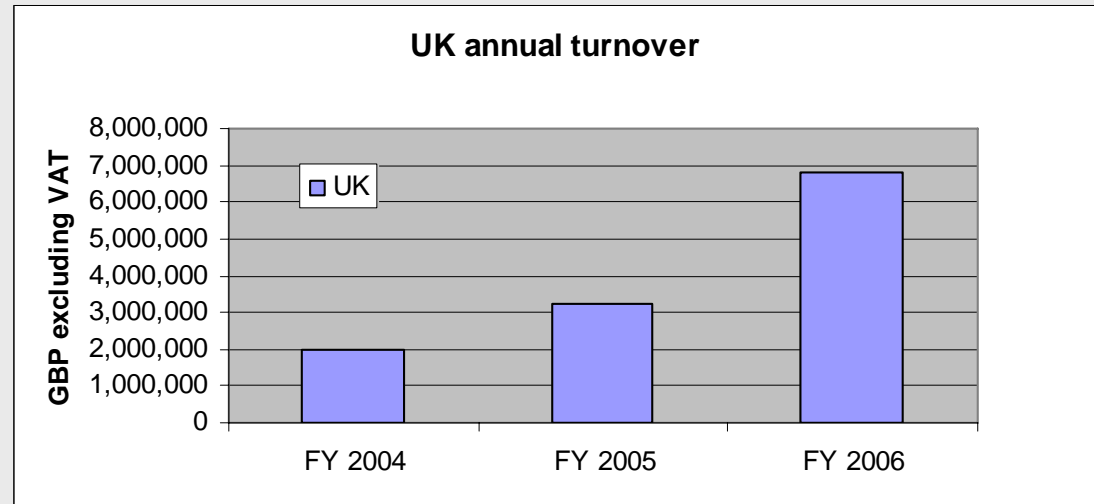
Product  
Development.



# Results of New Country Investment

Turnover outside UK is starting to grow more rapidly as:

- overseas sales teams win non-UK content providers
- new Mobile Operator relationships are activated.



# Balance Sheet

£000's	31 Mar 2006	31 Mar 2005
Fixed assets		
Tangible assets	343	88
Current assets		
Debtors	2,267	1,048
Cash at bank	4,863	320
Creditors - amounts falling due within one year	2,186	1,211
Net current assets	4,944	157
Total assets less current liabilities	5,287	245
Capital and reserves		
Called up equity share capital	5,307	10
Share premium account	5,255	5,413
Merger reserve	1,236	0
Profit & loss account	(6,511)	(5,178)
Shareholders funds	5,287	245

# Cash Flow Statement

£000's	Year 2006	Year 2005
Net cash flow from operating activities	(1,652)	(583)
Returns on investment and servicing of financing	195	15
	(1,457)	(568)
Taxation	0	0
Capital expenditure	(334)	(62)
Financing (net of costs)	6,334	805
Increase/(decrease) in cash	4,543	175

# Business Review

# Growth strategy

- **Signing-up more content providers to the Bango Platform (high margin monthly recurring package fees)**

- By continuing to develop our products and services

- By direct sales and marketing activity

- By enabling and supporting partners to sell our products

- **Increasing the number of premium transactions through Bango (lower margin transaction based revenue)**

- By increasing the efficiency of payment processes

- By encouraging and enabling content provider sales & marketing

- **Increasing number of end users using the platform (drives both transactions and CP package sales)**

- By providing “viral” and “community” tools to spread good content

- By integration with search engines and other traffic providers

# Sales and Marketing Activity

- **UK:**

- Leverage “thought leader” position in the UK market.
  - Maintain stable costs associated with proven model.
- Business is accelerating with many new customer wins.



- **USA:**

- Established US focussed sales & mktg team is twice size of UK operation
- Global base for largest content Providers
- Excellent “reference customers”. Good visibility and strong pipeline.



- **Spain and Germany:**

- Total teams around same team size as UK operation
- Won initial “reference customers”.



# End User Activity

- **Established Markets:**

UK, Germany, Scandinavia, Spain, Belgium, Netherlands :

Bango has strong position for shift to mobile internet in these markets and operator support

- **Emerging Market:**

USA                    40% relatively open (Cingular). Others slower to open  
Slow to implement “adult policies”

We have observed slower initial take-off

NOTE: US content providers using Bango to go global

- **Relatively Closed Markets:**

France, Italy, India, Japan

Mobile Operators slower to transition to open model

Continuing early stage preparation / partnering

Recruiting content providers for “export” model

- **Overall, longer lead time to end user spend outside UK**

# Product Development

- **New products introduced**

- Bango Target: maximize revenues by geo-targeting
- Bango Identifier: more flexibility for smaller customers
- “MaxPay” upgrade deliver benefits of no VAT and PayPal

- **IP Protection**

- Second European patent granted
- Protected Bango brand in UK
- Secured valuable “wap.com” domain name

- **New bango.com in beta test**

- Faster sign up for smaller content providers

- **Other Developments**

- Involvement in O2’s i-Mode project
- Worked with Sun Microsystems to develop mobile.java.com

# Key Agreements

- Formed Unique D2C Alliances with Mobile Operators
  - Cingular (number 1 US operator)
  - Proximus (Belgium)
  - Orange (France and UK)
  - Telefonica (Spain)
- Other Payment Providers
  - Strengthened Global P-SMS coverage with mBlox deal
  - Unique PayPal mobile relationship
  - Rationalised and renegotiated P-SMS deals in UK

# Summary

## Sales, Support & Marketing Doubled in Size

- focussed on new markets
- leveraging strong network of partners

## 4 Times more medium or large content providers “live”

- more marketing of premium content to end-users
- Reference customers won in USA, Germany, Spain

## Enhanced “bango.com” goes live in June/July 2006

- reducing time and cost of sale & adding new product features

## International expansion moving forward

- USA, Germany, Spain expected to follow UK model

## Increasing Market Opportunity

- many more end users connected to internet on mobiles
- US market starting to “open up”

## Building scaleable business and to deliver future growth

# Supplementary Slides

# Benefits of the Bango Service

## For Content Providers

- Quickly and easily create a money making mobile internet site
- Increase revenues using pre-integrated billing services (world-wide, multi currency)
- No need to deal with Mobile Network Operators

## For Mobile Operators

- Content Provider promotions get people using their mobiles → more data revenues
- Share of charges billed to mobile phone user
- Radically reduced cost by not dealing with Content Providers



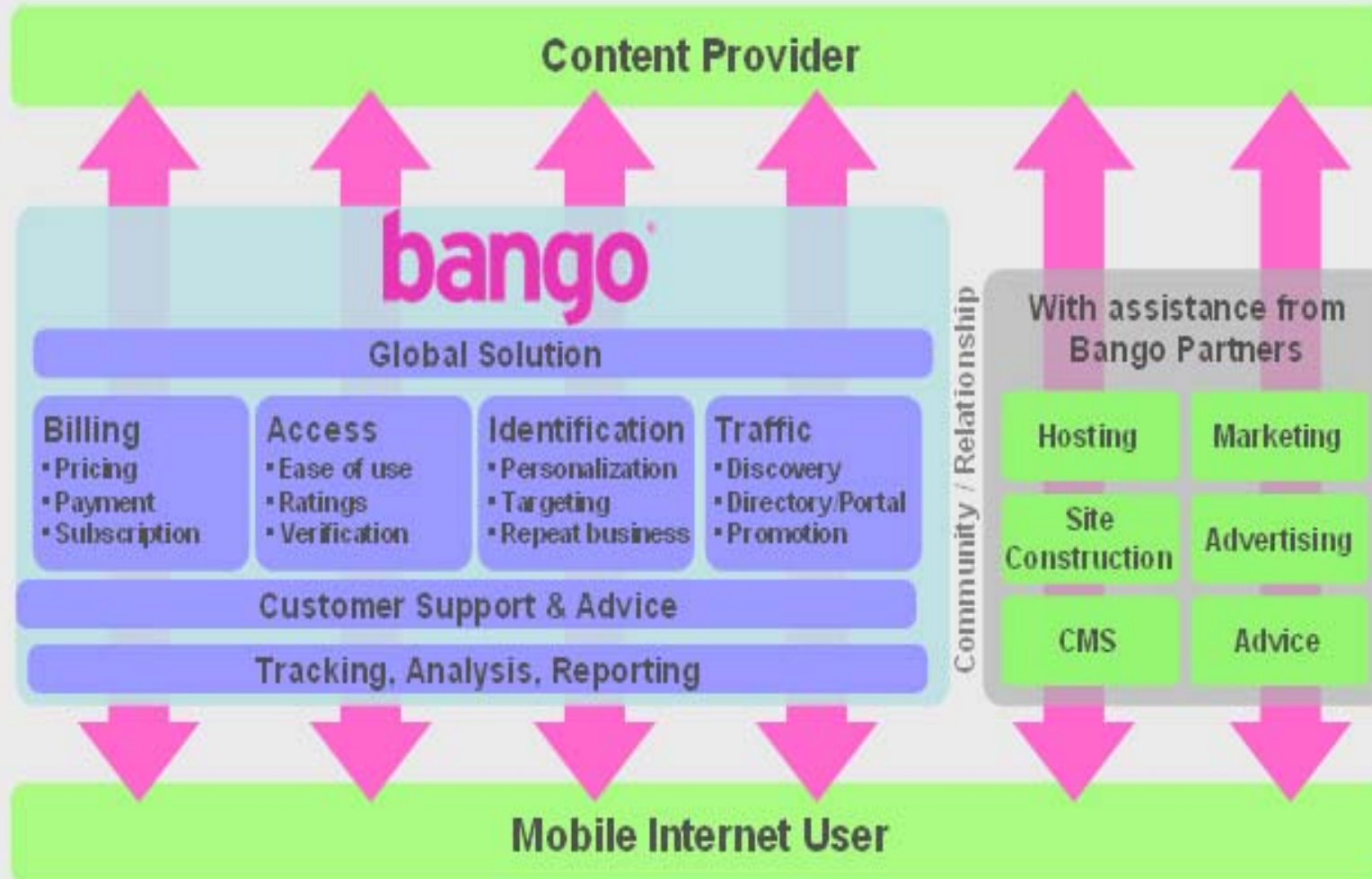
**MDA Award 2004:**  
 “Greatest Contribution to Mobile Data in the last 10 years”

Selected by the Mobile Operator’s Trade Association

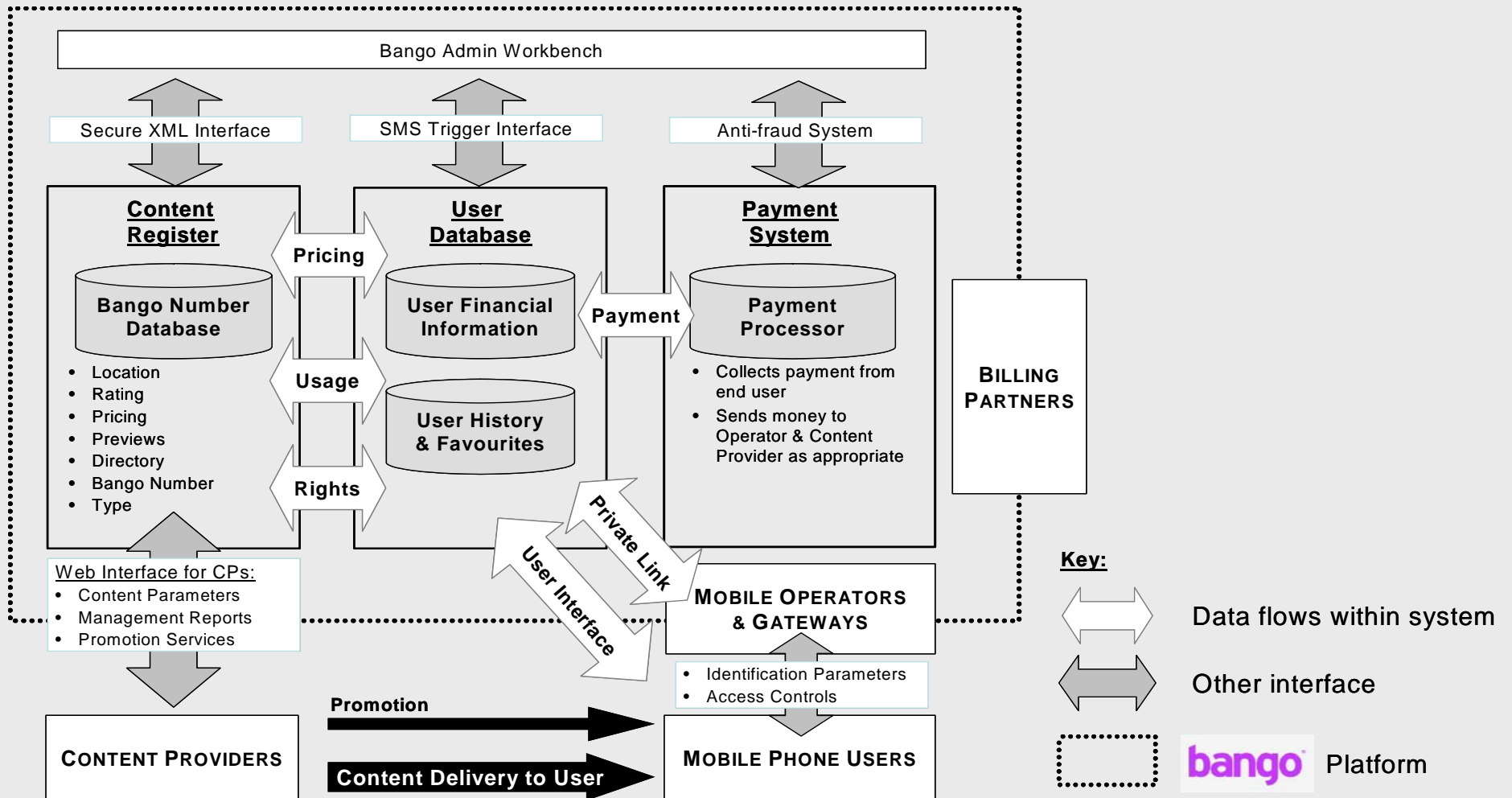
1<sup>st</sup> – Bango  
 Runners up:  
 Vodafone live!, T-Mobile t-zones



# Unique Bango Technology



# The Bango Service - Architecture





# Browse & Buy

- Simplifies selection and purchase
- Only show user content that they can use, so much less support overhead
- Ts&Cs on screen – no subscriptions

