Travelex

Q1 2014 Results Presentation

12 May 2014

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1. Key highlights

2. Financial performance

3. Summary and conclusions

4. Questions

5. Further information

Three months ended 31 March 2014 – key highlights

Financial highlights

- Core Group Revenue increased by 7% to £155.8m (15% to £167.9m at constant exchange rates)[1,2]
- Core Group EBITDA increased by 266% to £11.7m (309% to £13.1m at constant exchange rates)[1,2]
- Grupo Confidence was acquired in April 2013; Brazil contributed £13.3m and £2.3m to Core Group Revenue and Core Group EBITDA, respectively
- Growth in EBITDA achieved across all segments despite Easter falling outside the first quarter in 2014
- Retail like-for-like revenue growth of 7%
- Usable cash inflow from operating activities of £20.0m (and usable cash at 31 March 2014 of £126.1m)

Operating highlights

- Continued progress against our four strategic priorities:
  - Depth – expanding distribution and business models in existing countries
    - Further network expansion – 17 stores opened during the period and 71 additional ATMs over Q1 2014
    - Online and mobile sales increased by 19% globally
  - Breadth – new countries
    - Agreement to acquire a 75% controlling stake in Arti Döviz takes Travelex into its 28th country, adding nine stores in Turkey's three leading international airports
  - Develop payments proposition
    - Travelex International Payments launched in US and Canada and now available in five countries
  - Leveraging our scale
    - Continued progress towards migration of certain back office activities to our Global Delivery Centre in Mumbai, which opened in February 2013
- Current trading
  - The Group is trading in line with management expectations for the year to date

1 Core Group metrics include 100% of Revenue and EBITDA from Joint Ventures. This is a change from previously reported Adjusted metrics which included the Group's proportionate share of Joint Venture revenue and EBITDA. Please see Further information for comparison to Adjusted metrics as previously reported

2 Results at constant exchange rates are Core Group metrics retranslated at the average rates for Q1 2013

1. Key highlights

2. Financial performance

3. Summary and conclusions

4. Questions

5. Further information

Three months ended 31 March 2014 – Group financial performance

Financial Summary

£m, three months ended 31 March	2013	2014	*Change*	2014 CER[2]	*Change*
Core Group Revenue[1]	145.5	155.8	*7%*	167.9	*15%*
Core Group EBITDA[1]	3.2	11.7	*266%*	13.1	*309%*
Core Group EBITDA % Margin	2.2%	7.5%	*5.3%*	7.8%	*5.6%*
Operating Exceptional Debit[3]	3.1	4.4	*42%*		

Capex: *£m, three months ended 31 March*	2013	2014	*Change*
System Development & Shared Service Migration	7.8	4.2	*(46)%*
Expansionary & Maintenance	4.1	4.6	*12%*
Total capex	**11.9**	**8.8**	***(26)%***

Balance sheet	Dec 2013	2014
Usable cash	140.1	126.1
Net debt	(180.3)	(197.3)

1 Core Group metrics include 100% of Revenue and EBITDA from Joint Ventures. This is a change from previously reported Adjusted metrics which included the Group's proportionate share of Joint Venture revenue and EBITDA. Please see Further information for comparison to Adjusted metrics as previously reported
2 Results at constant exchange rates are Core Group metrics retranslated at the average rates for Q1 2013 except for Brazil
3 Operating exceptional costs principally relate to redundancy costs associated with the Group's cost savings initiatives, including costs relating to the Systems Development and Shared Service Migration that do not meet the Group's criteria for capitalisation, and to other corporate projects

Three months ended 31 March 2014 – financial performance by segment

Segmental results

Core Group Revenue[1] *£m, three months ended 31 March*	**2013**	**2014**	***Change***	***2014 CER***[2]	***Change***
Retail	108.4	103.9	*(4)%*	112.6	*4%*
Wholesale & Outsourcing	22.7	23.5	*4%*	24.7	*9%*
Payments & Technology	5.6	6.1	*9%*	7.6	*36%*
Brazil	1.0	13.3	*1,230%*	13.3	*1,230%*
Other Trade	7.8	9.0	*15%*	9.7	*24%*
Core Group	**145.5**	**155.8**	***7%***	**167.9**	***15%***

Core Group EBITDA[1] *£m, three months ended 31 March*	**2013**	**2014**	***Change***	***2014 CER***[2]	***Change***
Retail	1.7	7.8	*359%*	8.3	*388%*
Wholesale & Outsourcing	9.7	9.8	*1%*	10.3	*6%*
Payments & Technology	0.8	1.0	*25%*	1.2	*50%*
Brazil	-	2.3	-	2.3	-
Other Trade	1.7	2.1	*24%*	2.3	*35%*
EBITDA Contribution	13.9	23.0	*66%*	24.4	*76%*
Central & Shared Costs	(10.7)	(11.3)	*6%*	(11.3)	*6%*
EBITDA	**3.2**	**11.7**	***266%***	**13.1**	***309%***

1 Core Group metrics include 100% of Revenue and EBITDA from Joint Ventures. This is a change from previously reported Adjusted metrics which included the Group's proportionate share of Joint Venture revenue and EBITDA. Please see Further information for comparison to Adjusted metrics as previously reported

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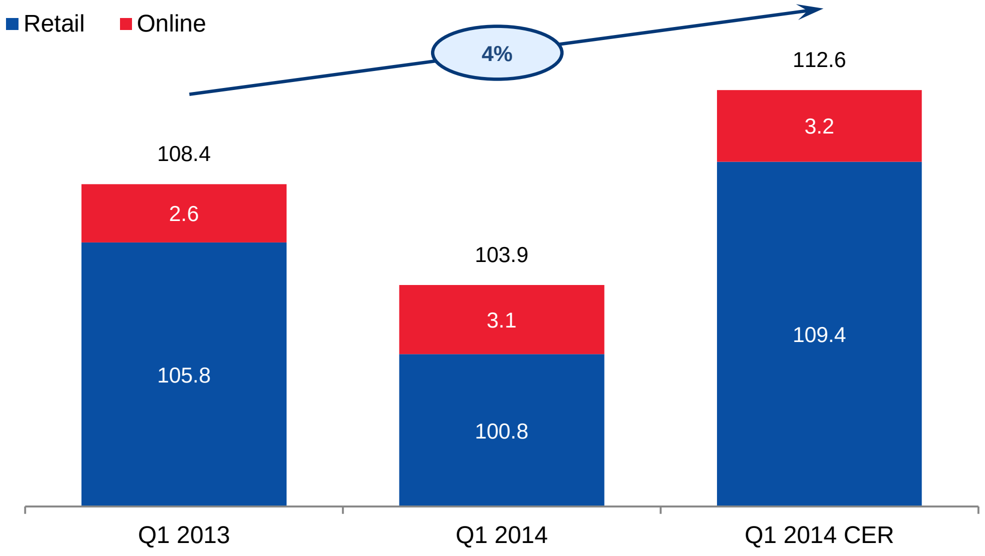
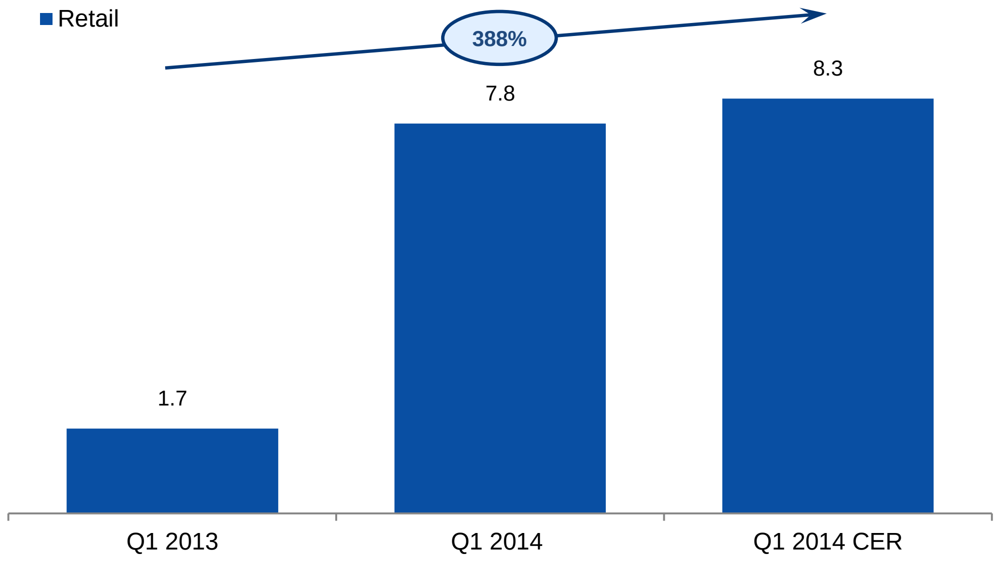
Retail – Strong LFL revenue growth despite Easter timing; significant EBITDA margin improvement

Retail revenue[1,3] (£m)



Retail EBITDA[1,2,3] (£m)



Retail KPIs

Key drivers	Q1 2013	Q1 2014
LFL revenue growth (%)	4%	7%
Rent as percentage of revenue	50.0%	45.7%
Other costs as a percentage of revenue	48.4%	46.8%
EBITDA margin (%)	1.6%	7.5%

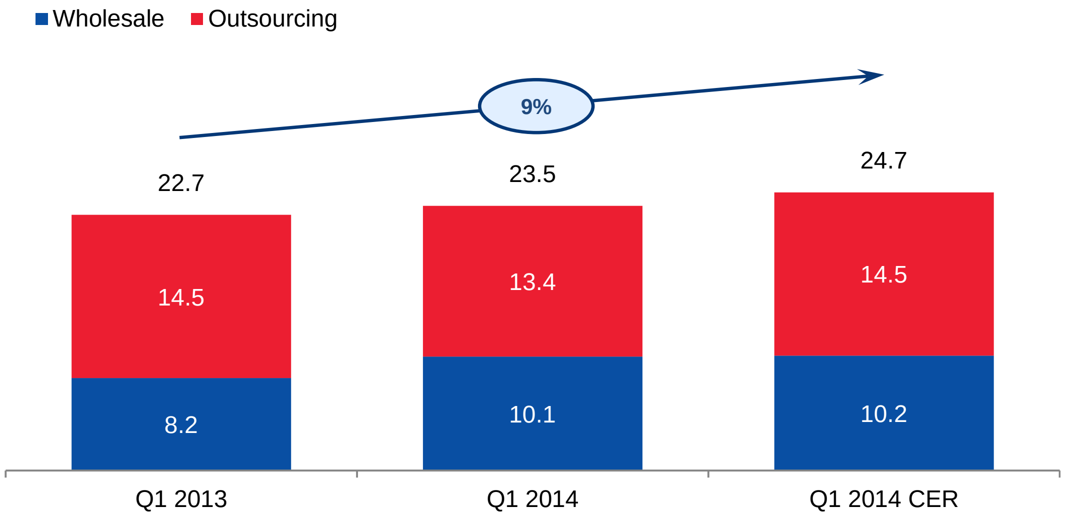
1 All figures are shown on a “Core Group” basis i.e. including 100% of JVs
2 EBITDA before Central & Shared Costs
3 Q1 2014 CER shows results retranslated at 2013 exchange rates

Commentary

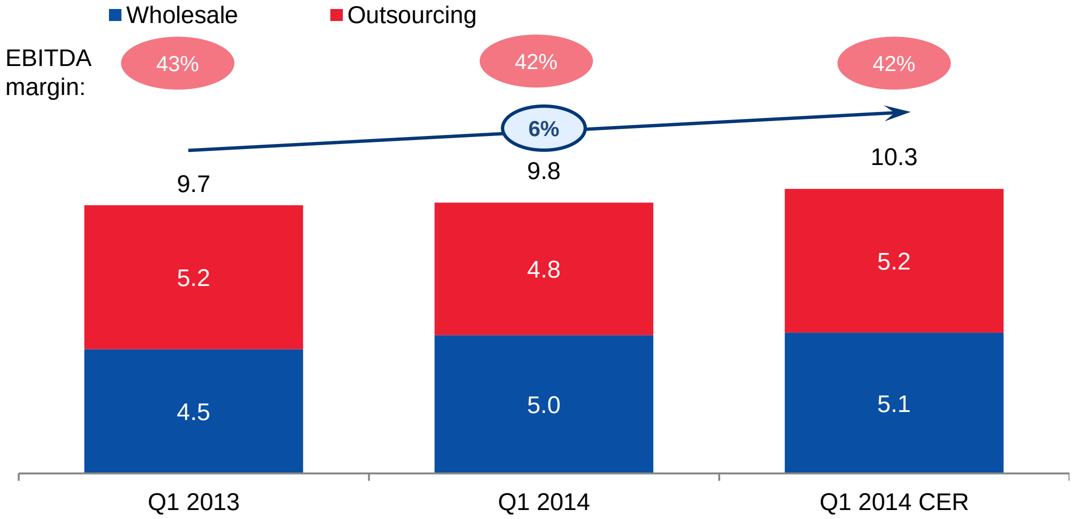
- LFL revenue growth spread evenly with all geographical regions achieving growth in excess of 5%. Highlights include:
  - Australia capitalising on passenger growth through major airports
  - VAT Refunds performance in the UK and Europe through operational enhancements and continued growth in the number of forms processed
  - Hong Kong airport achieving growth through all Retail channels
  - Maturing supermarkets estate in the UK achieving incremental growth
- EBITDA margin improvement is attributable to LFL revenue growth as well as the following factors:
  - Non-recurrence of losses during Q1 2014 from contracts terminated in prior year
  - Benefit of prior-year cost saving initiatives, particularly in Europe
  - Utilisation of onerous lease provisions against three loss-making contracts (£1.4m)

Wholesale & Outsourcing – revenue growth from new business; margins remain strong

Wholesale & Outsourcing revenue[1,3] (£m)



Wholesale & Outsourcing EBITDA[1,2,3] (£m)



Wholesale & Outsourcing KPIs

Sub-segments	Key drivers	Q1 2013	Q1 2014
Wholesale	Revenue growth (%)	-	23.2%
	EBITDA margin (%)	54.9%	49.5%
Outsourcing	Revenue growth (%)	-	(7.6)%
	EBITDA margin (%)	35.9%	35.8%

[1] All figures are shown on a “Core Group” basis i.e. including 100% of JVs
[2] EBITDA before Central & Shared Costs
[3] Q1 2014 CER shows results retranslated at 2013 exchange rates

Commentary

Wholesale

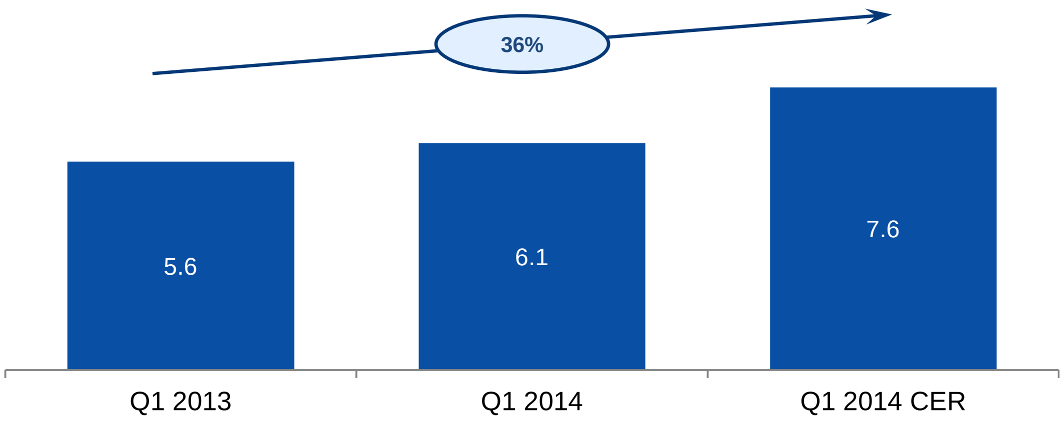
- GTMS acquisition completed on 31 December 2013, contributed revenue of £1.2m.
- Revenue growth driven by increased volumes in African countries and launch of the cash processing business in Nigeria in April 2013
- Margins impacted by the GTMS acquisition but remain very strong

Outsourcing

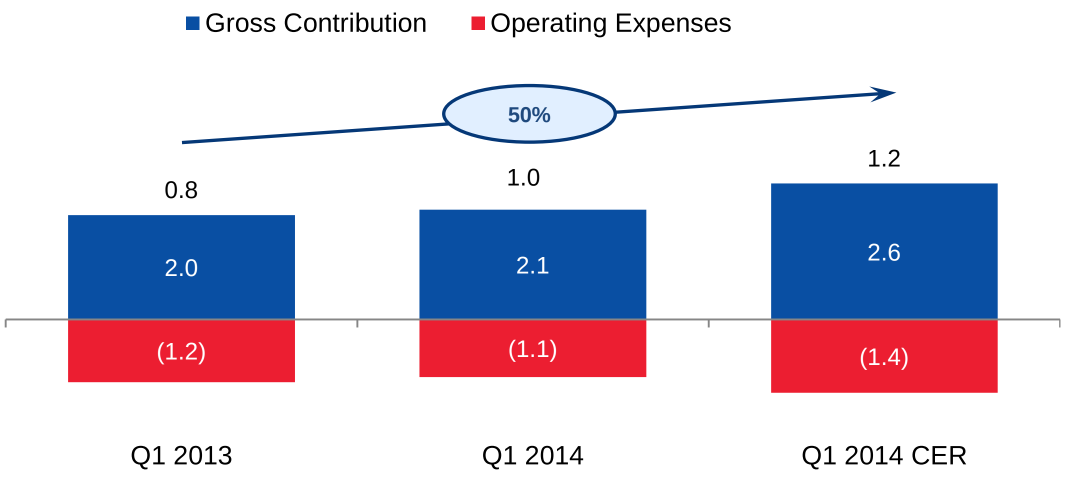
- Expansion of our Malaysian business (launched in 2013) and higher volumes with financial institutions in Australia was offset by the impact of exchange rate movements

Payments & Technology – Strong growth from Currency Select

Payments & Technology revenue[1,3] (£m)



Payments & Technology EBITDA[1,2,3] (£m)



Payments & Technology KPIs

Key drivers	Q1 2013	Q1 2014
Revenue growth (%)	-	8.9%
Gross margin (%)	35.7%	34.4%
EBITDA margin (%)	14.3%	16.4%

Commentary

- Growth has been driven by strong POS and ATM volumes for Currency Select
- Historically, Currency Select has benefited from a favourable application of spot rates in the DCC margin application on certain transactions which is being adjusted to comply with the relevant scheme requirements. The adjustment is currently being rolled out across the client base and will be completed in the remainder of 2014

1 All figures are based on a "Core Group" basis i.e. including 100% of JVs
2 EBITDA before Central & Shared Costs
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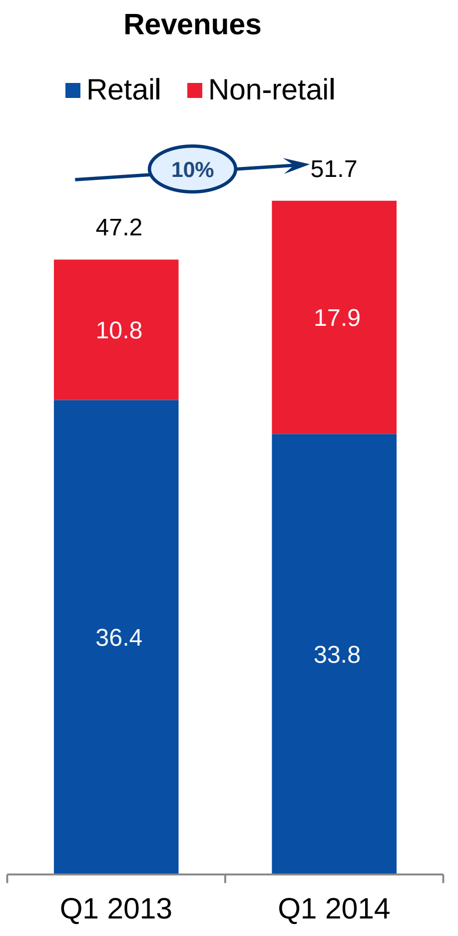
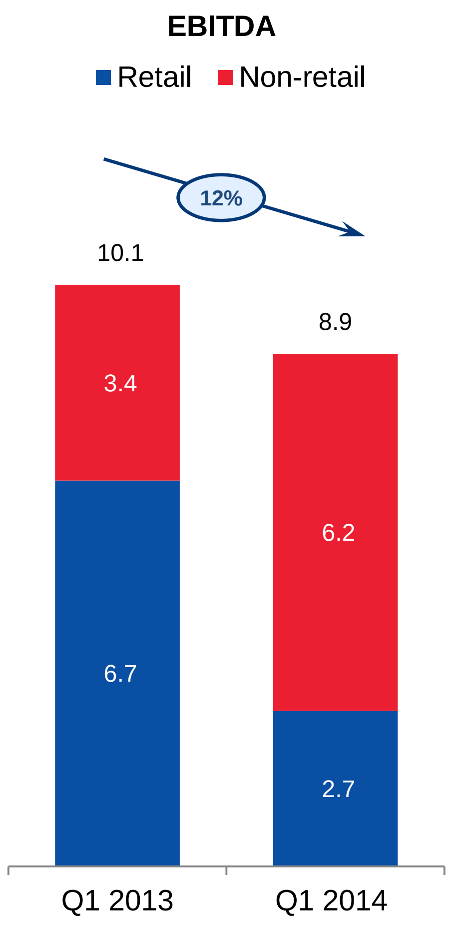
Brazil – increased remittance and banknote sales has softened the impact of the change in tax on prepaid cards

Revenue & EBITDA[1,2] (R$m)





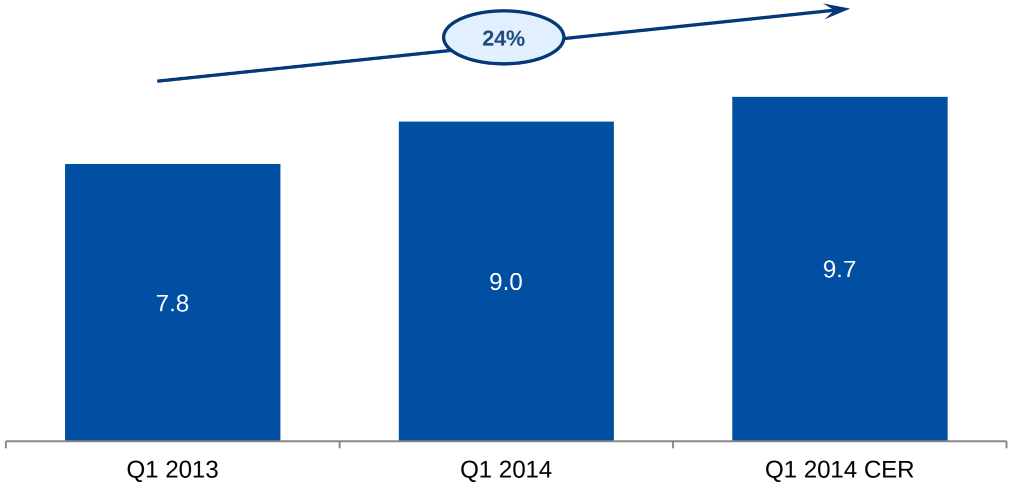
Key highlights

- 49% acquired in April 2013 (following receipt of regulatory approval). Remaining 51% to be acquired by November 2014 with price based on earn-out
- Fully consolidated (100%) in Travelex Group accounts since 11 April 2013 and contributed £2.3m in EBITDA in Q1 2014
- Total consideration of c.£119m for 100% ownership; the remaining consideration is estimated to be £36m (on a discounted basis) based on current estimates of performance
- On 27 December 2013, the Brazilian government announced an increase in the tax rate on the use of prepaid cards abroad to 6%. For the Retail business this has resulted in a 46% reduction in prepaid card volumes with a revenue impact of £3.2m compared to Q1 2013 however the supply of retail banknotes volumes has increased by 41% (revenue impact of £1.9m)
- The shift from prepaid cards to physical bank notes has resulted in volumes increasing in Banco Cambio by 80%, and gross revenues by 101%
- The Real has weakened against sterling over the last twelve months and this will have a negative impact on the reported results for the balance of the year compared with 2013
- In 2013 Brazil contributed £12.7m from the date of acquisition (£11.5m at March 2014 exchange rates)

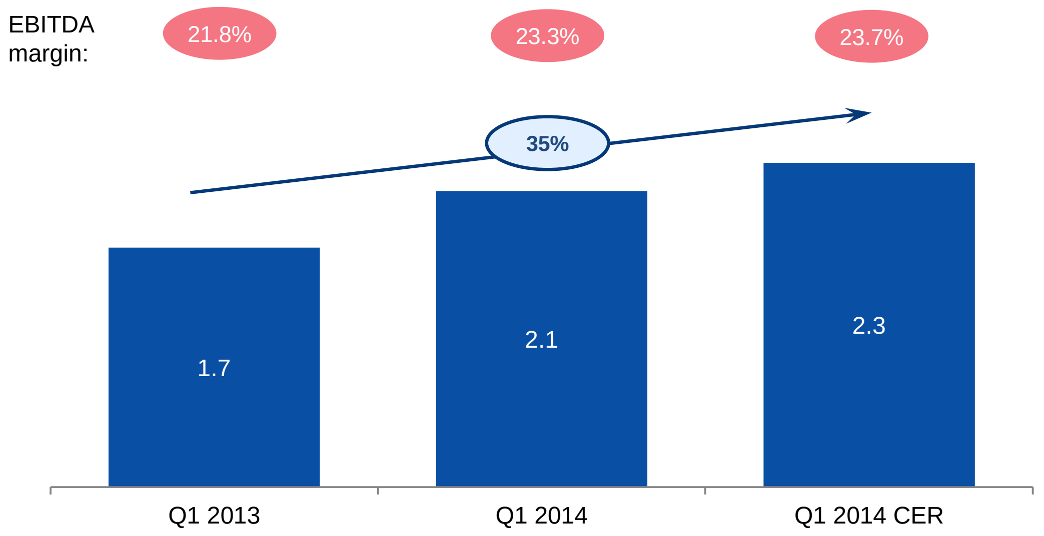
[1] EBITDA before the Group's Holding Company and Central & Shared costs
[2] Q1 2013 results relate to the period before acquisition and are shown to aid comparability

Other Trade – Principally Travelex Insurance Services (TIS)

Other Trade revenue[1] (£m)



Other Trade EBITDA[1,2] (£m)



Other trade KPIs

Key drivers	Q1 2013	Q1 2014
EBITDA margin – insurance (%)	20.7%	23.4%
EBITDA margin – other (%)	47.7%	37.1%

Commentary

Insurance revenue growth is driven by:

- Recent investment in online marketing driving site traffic and policy counts
- Maturity of new accounts in 2013 which are driving increased wholesale and timeshare revenue. Strong LFL growth across wholesale and a key consortium
- Increased holiday costs in the US which are a key driver of insurance premiums and revenue

1 All figures are based on a “Core Group” basis i.e. including 100% of JVs
2 EBITDA before Central & Shared Costs
3 Q1 2014 CER shows results retranslated at 2013 exchange rates

Central & Shared Costs

Central & Shared Costs

	Q1 2013	Q1 2014
Central	2.8	3.3
Shared	7.7	6.9
Total Central and Shared (excl. Bonus)	**10.5**	**10.2**
Bonus provision	0.2	1.1
Total Central and Shared (incl. Bonus)	**10.7**	**11.3**

Commentary

- The Group is in the process of migrating to a shared service model, with principal back office functions being controlled by functional heads and centralised where practical, with partial offshoring to our Global Delivery Centre in Mumbai
- Centralisation and offshoring of back office functions continues to reduce overall functional costs. The savings will be realised principally in the Retail and Wholesale & Outsourcing segments as the migration towards the Shared Service model continues.

Usable cash flow statement

Summary consolidated usable cash flow statement

£m, three months ended 31 March	2013	2014
Core Group EBITDA	3.2	11.7
Less: Unconsolidated Joint Ventures	(3.1)	(1.4)
Dividends received from Joint Ventures	6.4	0.3
Movements in cash inventory (cash in tills & vaults)	26.6	(33.2)
Other movements in working capital	6.6	42.6
Net usable cash inflow from operating activities	**39.7**	**20.0**
Taxation received/(paid)	2.1	(5.7)
Purchase of PP&E, software & development	(11.9)	(8.8)
Other net investing activities	0.9	(0.1)
Net usable cash used in investing activities	**(11.0)**	**(8.9)**
Interest paid	(1.3)	(10.8)
Repayment of shareholder loans	-	(4.2)
Purchase of own shares for employee share schemes	-	(0.4)
Capital element of finance lease payments	(0.1)	(0.2)
Net usable cash used in financing activities	**(1.4)**	**(15.6)**
Net usable cash outflow from one-off items	**(1.5)**	**(3.9)**
Exchange gains on usable cash	0.7	0.1
Net increase (decrease) in usable cash	28.6	(14.0)
Usable cash at the beginning of the period	159.5	140.1
Usable cash at the end of the period	**188.1**	**126.1**

Key highlights

- JV adjustments in 2013 include TCS. The residual 20 % minority interest was acquired on 31 December 2013. The EBITDA of that business (after management recharges) was £2.4m and dividends received were £6.4m. In 2014, the business is fully consolidated
- Cash tax payments in 2014 were £5.7m. Of this £2.4m relates to Australian GST recovered relating to prior years
- Capital expenditure includes amounts incurred in respect of the System Development and Shared Service Migration projects (£4.2m) and expansionary and maintenance capex (£4.6m)
- Interest payments relate to the £350m senior secured notes. The annual interest cost is approximately £26m[1]. One half yearly payment on the fixed rate notes and one quarterly payment on the floating rate notes were made in the period
- One-off items include exceptional costs relating to the company's cost savings initiatives and other corporate projects

[1] Based on 8% coupon on £200m and L + 600bp (3 month Sterling Libor: 0.52469% as at 9 April 2014) on £150m

Usable cash, free cash & net debt

Free cash & usable cash *£m*	**31-Dec 2013**	**31-Mar 2014**
Cash and cash equivalents	582.5	802.6
Ring-fenced cash and term deposits	(49.2)	(43.2)
Short-term bank borrowings	(0.5)	(0.7)
Prepaid debit card floats	(162.5)	(143.6)
Banknotes prepayments	(12.8)	(241.1)
Unrestricted cash	**357.5**	**374.0**
Cash in tills and vaults	(179.2)	(212.4)
Management estimate of regulatory cash	(15.0)	(15.0)
Free cash	**163.3**	**146.6**
Cash in business	(23.2)	(20.5)
Usable cash	**140.1**	**126.1**

Net debt *£m*	**31-Dec 2013**	**31-Mar 2014**
Fixed & floating rate notes	(341.5)	(342.0)
Finance leases	(2.1)	(1.9)
Gross debt	**(343.6)**	**(343.9)**
Free cash	163.3	146.6
Net debt	**(180.3)**	**(197.3)**

Commentary

- Free cash – adjusts unrestricted cash for cash allocated to working capital (cash in tills and vaults) and management's estimate of cash required locally for regulatory purposes
- Usable cash – adjusts free cash using a notional estimate of local working capital requirements
- Cash and cash equivalents includes banknote prepayments amounting to £241.1m at 31 March 2014 (£12.8m at 31 December 2013) which are deducted in arriving at unrestricted cash
- Prepaid card floats have reduced following the change in tax rate in Brazil on the use of prepaid cards abroad to 6%
- Lower free and usable cash reflects cash tax paid (£5.7m), interest payments (£10.8m) and shareholder loan re-payments (£4.2m)
- Usable cash at March 31 2014 will fund one off outflows:
  - Acquisition of Grupo Confidence (c.£36m, discounted)
  - Travellers' Cheques insurance policy (c.£8m)
  - Turkey acquisition (c.£25m)
  - Further expenditure on Systems Delivery and Shared Service Migration
- As noted in the full year results, the Company is currently evaluating its strategic options which may include an IPO. The proceeds may be in part used to repay a portion of the floating rate high-yield bond.

In March 2014, subject to regulatory approvals, Travelex acquired a 75% stake in Turkish foreign exchange operator Arti Döviz

Business overview

- Arti Döviz is an FX business operating 9 stores in Turkey's 3 leading international airports i.e. Istanbul Ataturk (5), Ankara (2) and Izmir (2)
- EBITDA for the year ended December 2013 was £5.0m

Key transaction terms

- The transaction involves the acquisition of a 75% stake in Arti Döviz and the formation of a JV with all current shareholders
- The acquisition values 100% of Arti Döviz at c.£33 million. The funding requirement for Travelex is 75% of headline consideration or c.£25 million
- The JV will be governed by a shareholders' agreement which provides that Travelex will have operational control as well as for accounting purposes
- Completion is expected upon receipt of the requisite Turkish regulatory approvals

The opportunity

Attractive market	▪ 6th most popular tourist destination in the world ▪ Growing regional business hub ▪ Large population (c.80 million) and a growing middle class expected to travel
Attractive airports	▪ Istanbul Ataturk – hub of Turkish Airlines; 3rd largest number of passengers in Europe after London Heathrow and Paris Charles de Gaulle ▪ Ankara – significant hub for international connections for smaller Turkish airports (used by Turkish residents abroad) ▪ Izmir - significant tourist destination on Turkish West Coast
Value creation	▪ Brand – all 9 stores to be re-branded as Travelex; store design to be significantly improved ▪ Customer engagement – iCARE sales methods to be applied to improve hit rate and ATV ▪ Dynamic pricing – to be driven by location, transaction size and time, also to improve hit rate and ATV
Quality partners	▪ Shareholders are established operators in the Turkish market ▪ Attractive range of possible business development opportunities at other airports operated by TAV in Turkey and the region

1. Key highlights

2. Financial performance

3. Summary and conclusions

4. Questions

5. Further information

Summary and conclusions

- Strong Q1 financial performance, despite the timing of Easter, and the impact of Sterling strengthening
  - Core Group Revenue growth of 7% (15% to £167.9m at constant rates)
  - Core Group EBITDA of £11.7m, up 266% (309% to £13.1m at constant exchange rates)
- Further progress against the Group’s strategic objectives
  - Agreement to enter Turkey via the acquisition of Arti Döviz
  - Roll out of Travelex International Payments into US and Canada
  - Online now available in 21 markets
  - Continued progress on Shared Service Migration project
- The Board continues to review its strategic options which may include an IPO

Our debt investor relations website can be found at http://www.travelex-corporate.com

1. Key highlights

2. Financial performance

3. Summary and conclusions

4. Questions

5. Further information

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2. Financial performance

3. Summary and conclusions

4. Questions

5. Further information

Summary balance sheet

Summary consolidated balance sheet

£m	Dec 2013	Mar 2014	Travellers' Cheques[1]	Apax Goodwill	Mar 2014 excl. Travellers' Cheques
Intangible assets	400	405	-	245	160
Property, plant & equipment	45	44	-	-	44
Investments	27	26	26	-	-
Financial assets	119	117	117	-	-
Other	29	27	-	-	27
Non current assets	**620**	**619**	**143**	**245**	**231**
Trade and other receivables	102	223	5	-	218
Cash and cash equivalents	583	803	44	-	759
Other	28	25	12	-	13
Current assets	**713**	**1,051**	**61**	**-**	**990**
Trade and other payables	(693)	(1,041)	(277)	-	(764)
Provisions	(16)	(16)	-	-	(16)
Financial liabilities	(67)	(72)	-	-	(72)
Other	(12)	(7)	(4)	-	(3)
Current liabilities	**(788)**	**(1,136)**	**(281)**	**-**	**(855)**
Net current (liabilities) assets	**(75)**	**(85)**	**(220)**	**-**	**135**
Trade and other payables	(1)	(1)	-	-	(1)
Borrowings – non-shareholder	(343)	(343)	-	-	(343)
Borrowings - shareholder	(1,048)	(1,079)	-	-	(1,079)
Financial liabilities	-	-	-	-	-
Other	(28)	(23)	-	-	(23)
Non current liabilities	**(1,420)**	**(1,446)**	**-**	**-**	**(1,446)**
Net liabilities	**(875)**	**(912)**	**(77)**	**245**	**(1,080)**

[1] Includes Travellers' Cheques business outside of the core group; no adjustment has been made for intercompany balances which eliminate on consolidation

Key highlights

- The assets and liabilities relating to the Travellers' Cheques business are separate to the "Core Group"
- Intangible assets at Mar-14 include goodwill of £245m relating to the 2005 acquisition by funds advised by Apax Partners
- Trade receivables include amounts due from some wholesale banknote customers which are settled within less than one week of being incurred
- Whilst the Core Group holds £803m of cash and equivalents at Mar-14, the amount that is classified as "Usable Cash" by management is lower (£126m at Mar-14)
- Trade and other payables include loads on Cash Passports awaiting redemption, trade creditors and accruals
- Financial liabilities include the redemption liability for the remaining 51% shareholding in Grupo Confidence and the share based payment liability

Working capital

Working capital components					
£m	**Q1 2013**	**Q2 2013**	**Q3 2013**	**Q4 2013**	**Q1 2014**
Cash in tills and vaults	**104.9**	**158.2**	**170.1**	**179.2**	**212.4**
Debtors					
Trade receivables	110.9	101.7	125.7	56.2	159.4
Banknote prepayments	84.4	189.8	2.5	12.8	241.1
Other receivables	31.2	43.9	33.5	29.1	30.1
Prepayments and accrued income	32.5	26.6	24.1	13.0	29.2
Plus (less): Travellers' cheques amts.	1.3	(3.6)	(3.8)	(2.5)	(3.1)
Less: Brazil acquisition prepayment	(17.3)	(9.5)	(8.8)	(8.1)	(8.5)
Total debtors	**243.0**	**348.9**	**173.2**	**100.5**	**448.2**
Creditors					
Trade payables	(197.7)	(310.2)	(136.5)	(101.0)	(487.7)
Other payables	(26.2)	(37.8)	(33.2)	(30.6)	(31.6)
Accruals and deferred income	(88.8)	(92.2)	(112.8)	(117.9)	(106.3)
Less: Travellers' cheques amounts	27.4	25.8	39.3	35.6	34.3
Add: Brazil prepaid card float liability	-	(39.4)	(36.3)	(35.5)	(24.7)
Total creditors	**(285.3)**	**(453.8)**	**(279.5)**	**(249.4)**	**(616.0)**
Net working capital	**62.6**	**53.3**	**63.8**	**30.3**	**44.6**

Reconciliation from Core Group Revenue to Statutory Revenue

Reconciliation to Statutory Revenue[1]		
£m, three months ended 31 March	**2013**	**2014**
Core Group Revenue	**145.5**	**155.8**
Joint Venture adjustment for equity accounting[2]	(13.9)	(7.3)
TCS joint venture adjustment[2]	0.2	-
Travellers' Cheques	1.9	0.4
Other adjustments	1.0	1.1
Statutory Revenue	**134.7**	**150.0**

Source: Company information
1 Historical FX rates used are actual average rates for each period
2 Net of recharges

Travelex worldwide money

Reconciliation from Statutory EBITDA to Core Group and Economic EBITDA

Reconciliation to Statutory and Economic EBITDA[1]		
£m, three months ended 31 March	**2013**	**2014**
Operating loss	(9.7)	(3.1)
Depreciation and amortisation	5.5	6.1
Exceptional items	3.1	4.4
Statutory EBITDA	**(1.1)**	**7.4**
Joint Venture adjustment for equity accounting[2]	1.2	1.4
Travellers' Cheques	(1.3)	0.3
Share based payment charge (non-cash) / PE structure	1.5	3.1
TCS joint venture adjustment[2]	1.9	-
Other adjustments	1.0	(0.5)
Core Group EBITDA (100% of JVs)	**3.2**	**11.7**
Adjustment for Non-Consolidated JVs[3]	(0.7)	(0.7)
Adjustment for Minorities in Consolidated JVs[3]	(0.2)	(0.2)
Economic EBITDA (Proportionate share of JVs)	**2.3**	**10.8**

Source: Company information

1 Historical FX rates used are actual average rates for each period

2 Net of recharges

3 No adjustment for TCS since Travelex acquired the remaining 20% in TCS on 31 December 2013, or Brazil as adjustment for balance of consideration has been deducted from cash

Summary key financial metrics for Q1 2014

Commentary	Metrics (£m)
Q1 2014 Core Group EBITDA	11.7
Economic EBITDA adjustment	(0.9)
Q1 2014 Economic EBITDA	10.8
Q1 2014 Depreciation & Amortisation (excluding amortisation of intangible assets recognised on acquisition)	(5.4)
Q1 2014 Economic EBIT (excluding amortisation of acquired intangibles)	**5.4**

Statutory EBITDA and earnings are impacted by non-cash and exceptional items

Financial summary

£m, three months ended 31 March	2013	2014
Core Group EBITDA	**3.2**	**11.7**
Adjustments to arrive at Statutory EBITDA *(see further information)*	(4.3)	(4.3)
Statutory EBITDA	**(1.1)**	**7.4**
Depreciation	(4.5)	(3.8)
Amortisation of intangible assets	(1.0)	(1.6)
Amortisation of customer relationships and other intangible assets acquired in business combinations	-	(0.7)
Share of profit in equity accounted investments	1.3	0.5
Net finance costs (cash – pay)	(0.5)	(6.5)
Net finance costs (non-cash – pay)	(38.9)	(34.9)
Exceptional items	2.1	(4.9)
Tax	1.5	(0.9)
Discontinued	-	0.6
Statutory loss after tax	**(41.1)**	**(44.8)**

Commentary

- Depreciation and amortisation of hardware and software related to the Shared Service Migration initiative will commence in 2014, with the first full year effect in 2015
- Finance costs relate to cash-pay debt, which is debt that requires cash interest payment, and non-cash pay debt which is debt whose interest compounds and does not require settlement until maturity – see slide 27 for further analysis of finance income and finance costs
- Exceptional items relate to costs associated with the Global Reorganisation initiative, Systems Delivery and Shared Services Migration initiative, and other corporate initiatives
- As noted in the full year results, the Company is currently evaluating its strategic options which may include an IPO. The proceeds may be in part used to repay the floating rate high-yield bond. This is expected to reduce the effective tax rate

Net finance costs include significant non-cash pay amounts relating to shareholder loans

Finance costs and income

£m, three months ended 31 March	2013	2014
Finance costs		
Shareholder Loans and preference shares	30.6	34.6
Senior PIK notes	6.3	-
Movement in Brazil Redemption Liability	-	0.4
Interest on senior secured notes	-	6.5
Other interest costs	1.3	1.3
FX losses	2.1	-
Total finance costs	**40.3**	**42.8**
Finance income		
FX gains	-	1.3
Interest receivable	0.9	0.1
Total finance income	**0.9**	**1.4**
Net finance costs	**39.4**	**41.4**
Analysed as:		
Cash- pay	0.5	7.8
Non cash pay	38.9	33.6

Commentary

- Ongoing finance costs include:
  - The cost of the senior secured notes, c.£26 million on an annualised basis[1]
  - Other interest costs including amortisation of deferred finance costs, interest payable on guarantees, swaps and finance leases, including commitment and utilisation fees.

[1] Based on 8% coupon on £200m and L + 600bp (3 month Sterling Libor: 0.52469% as at 9 April 2014) on £150m

Travelex operates with local partners in a number of geographies – Economic EBITDA for the three months ended 31 March 2014 is £0.9m lower than Core Group EBITDA

Travelex partnerships

Non-consolidated (£m)

Country	Travelex share
UAE	49%
FX Africa	49%
Qatar	49%
Malaysia	70%
	Economic EBITDA
Total EBITDA	**1.5**
Minority Adjustment	(0.7)
Economic EBITDA	**0.8**

Consolidated (£m)

Country	Travelex share
Bahrain	75%
Oman	70%
Panama	60%
Turkey[3]	75%
	Economic EBITDA
Total EBITDA	**0.6**
Minority Adjustment	(0.2)
Economic EBITDA	**0.4**

Brazil

- 49% owned by Travelex
- Travelex has commitment to buy balancing 51% in November 2014. Not adjusted because of cash required to complete the deal is deducted in arriving at economic net debt

1 Historical FX rates used are actual average rates for each period
2 Travelex acquired the remaining 20% share of TCS on 31 December 2013 and therefore owns 100% of the economic EBITDA in 2014. For reference 100% of TCS for the three months ended 31 March 2013 was £2.4m, resulting in a £0.5m minority adjustment on a non-pro forma basis
3 Included in 2014 from date of acquisition (post 31 March 2014)

Further reconciliations

Adjusted metrics to Core Group metrics

£m, for the three months ended 31 March	2013	2014
Adjusted income	**141.2**	**152.7**
Additional JV income	5.4	4.2
Income netted against costs[2]	(1.0)	(1.1)
Core Group revenue on 100% basis	**145.5**	**155.8**
Adjusted EBITDA[1]	**1.7**	**11.5**
Additional JV EBITDA	0.5	0.7
Other adjustments[3]	1.0	(0.5)
Core Group EBITDA on 100% basis	**3.2**	**11.7**

Usable cash flow from operating activities to statutory measure

£m, for the three months ended 31 March	2013	2014
Usable cash flow from operating activities	**39.7**	**20.0**
Dividends received from joint ventures net of cash paid on investment in joint ventures	(6.4)	(0.3)
Movement in cash held in tills and vaults	(31.9)	32.3
Movement in banknotes prepayment	80.0	228.3
Movement in cash and deposits held for the Travellers' Cheques business	27.0	(6.0)
Movement in prepaid card float deposits	(16.8)	(18.7)
Movement in cash in business	49.6	(2.7)
Less: cash exceptional items	(1.4)	(3.9)
Cash flow from operating activities (statutory)	**139.8**	**249.0**

1 Adjusted income and Adjusted EBITDA as previously reported included the Group's proportional share of Joint Venture Income and EBITDA
2 Income netted against related costs for internal reporting and reclassified as income for statutory reporting
3 Other adjustments include items not classified as EBITDA for internal reporting (e.g. gains/losses on sale of fixed assets) and differences in classification of exceptional items between internal reporting and external reporting

Adjusted cash flow from operating activities and reconciliation to statutory measure

Adjusted cash flow from operating activities		
£m, for the three months ended 31 March	**2013**	**2014**
Adjusted cash flow from operating activities	**25.3**	**46.4**
Adjustments for Travellers' Cheques business:		
Increase (decrease) in Travellers' Cheques awaiting redemption	1.4	(6.2)
(Increase) decrease in Travellers' Cheques structured deposits	(4.1)	0.9
Decrease (increase) in float deposits	31.1	2.4
Decrease in financial assets relating to Travellers' Cheques business	-	3.0
Non-cash interest recorded as revenue	1.8	0.4
	30.2	0.5
Adjustments for customer funds:		
Decrease (increase) in prepaid cards awaiting redemption	4.3	(26.2)
Increase (decrease) in customer settlements received in advance	80.0	228.3
	84.3	202.1
Cash flow from operating activities (statutory)	**139.8**	**249.0**