

Strictly private and confidential



Interim Results Presentation

23 November 2005

Agenda



- ◆ Highlights and Operations Review
- ◆ Financial Review
- ◆ Summary
- ◆ Q&A
- ◆ Closing



Highlights & Operations Review

Dominic Taylor

Chief Executive



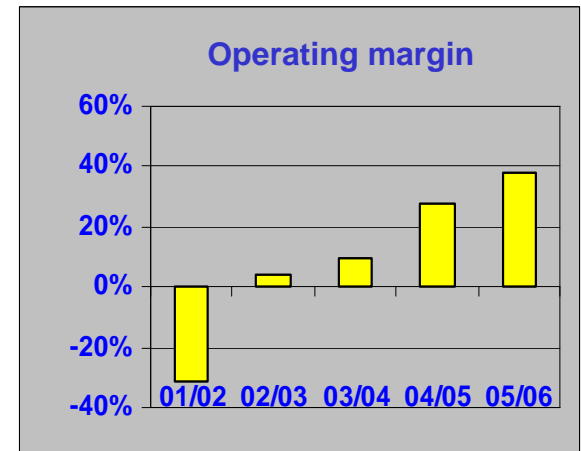
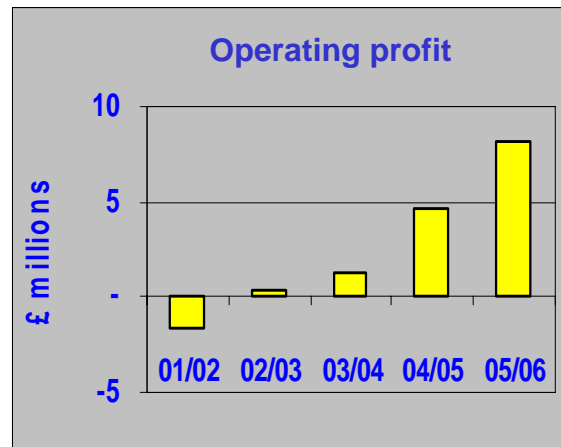
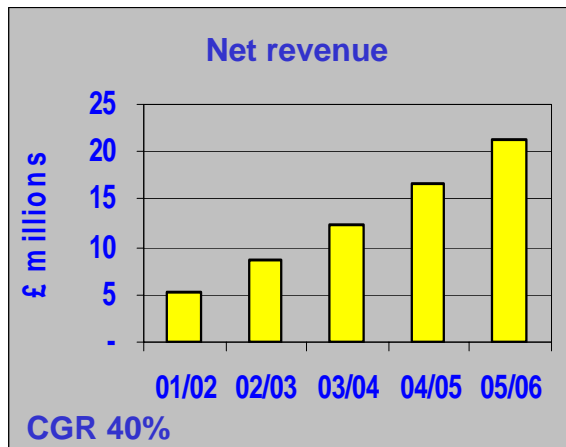
PayPoint overview

- ◆ Branded cash payment collection network
- ◆ Founded in 1996 by client investors; listed in September 2004
- ◆ Strategy based on differentiation from competitors through:
 - ◆ the breadth of the consumer offer/brand
 - ◆ the quality and convenience of the retail network
 - ◆ technology & know how for an efficient service
- ◆ Business model drives large marginal contribution per transaction through to profit and cash

PayPoint highlights



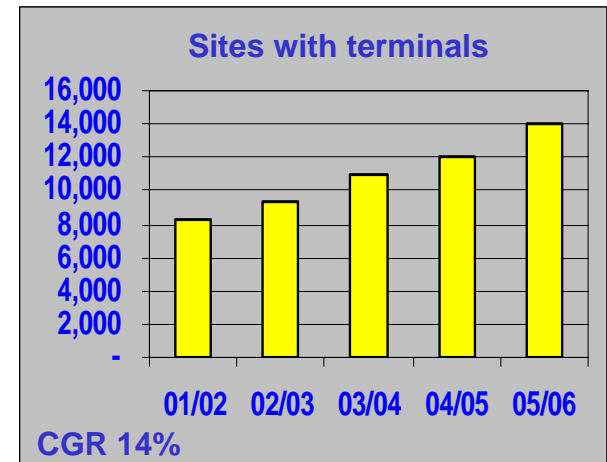
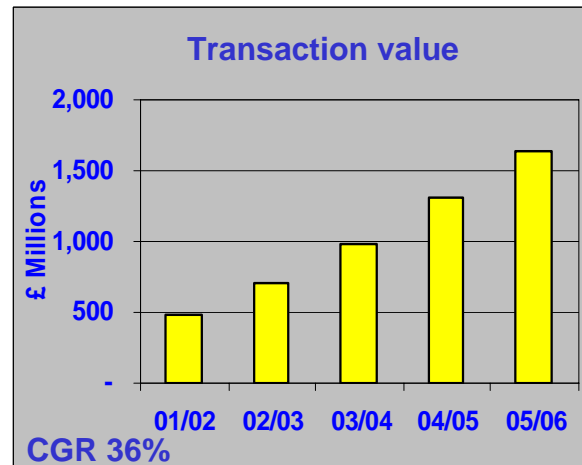
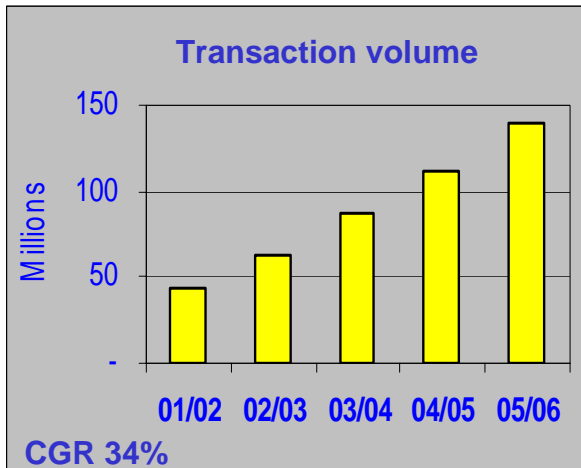
For the six months ended 30 September each period



PayPoint highlights



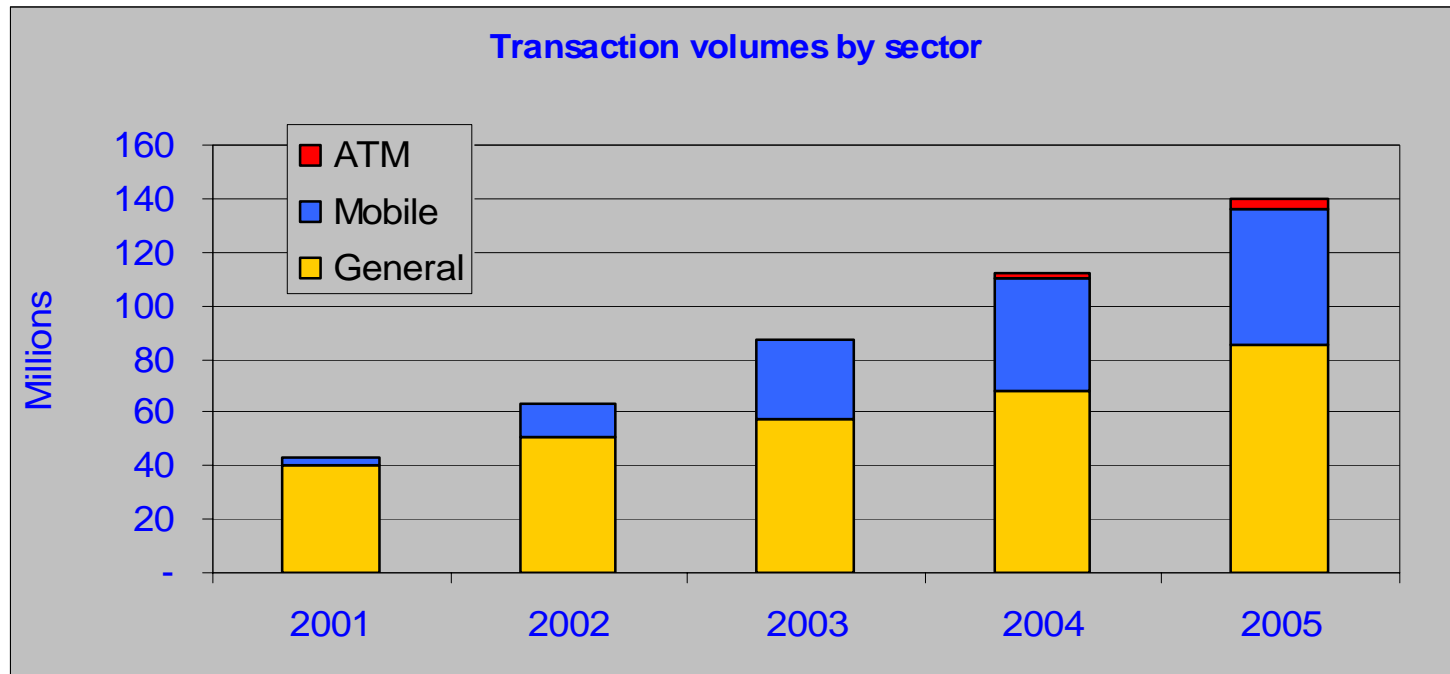
For the six months ended 30 September each period



Operations review



For the six months ended 30 September each period



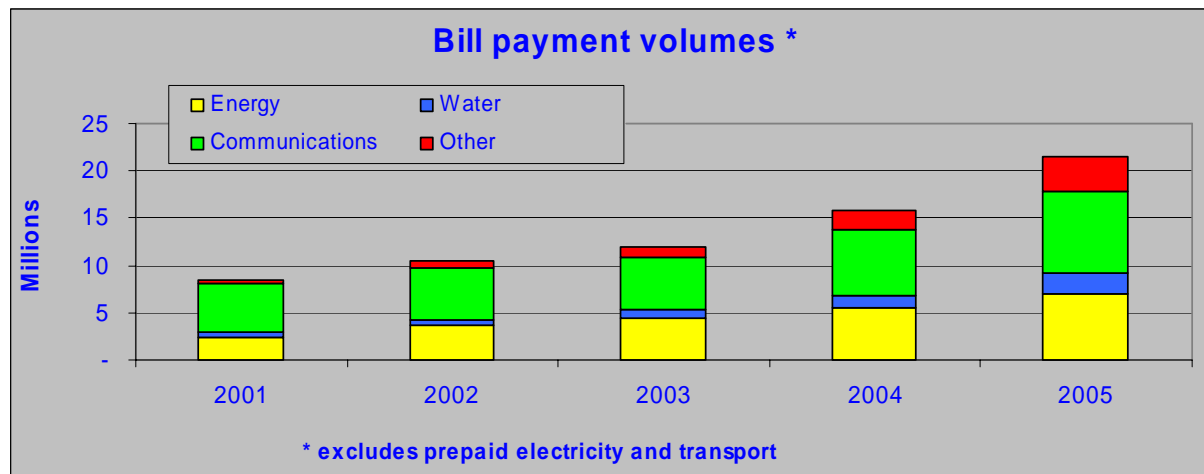
Sector and market review



Bill and general payment

- ◆ General growth across all sectors;
- ◆ Electricity and gas have benefited from an increase in volume as a result of domestic prices increasing, resulting in consumers topping up more frequently.
- ◆ Bill payment growth continues with more to come

For the six months ended 30 September each period





Sector and market review

Bill and general payments – new developments

- ◆ Emerging transport sector:
 - Exclusive retail channel for Greater Manchester travel cards, rolling out from Feb '06
 - FirstGroup, starting in York, from Dec '05
 - Blackpool (Jan '06) with other cities to come

- ◆ Western Union money transfer through selected PayPoint outlets
 - Capability for money in and out
 - Simple consumer solution
 - Roll out to c. 1000+ agents over time

- ◆ Mail order payments now live for a year and delivering c.1m transactions per annum



Sector and market review

Mobile

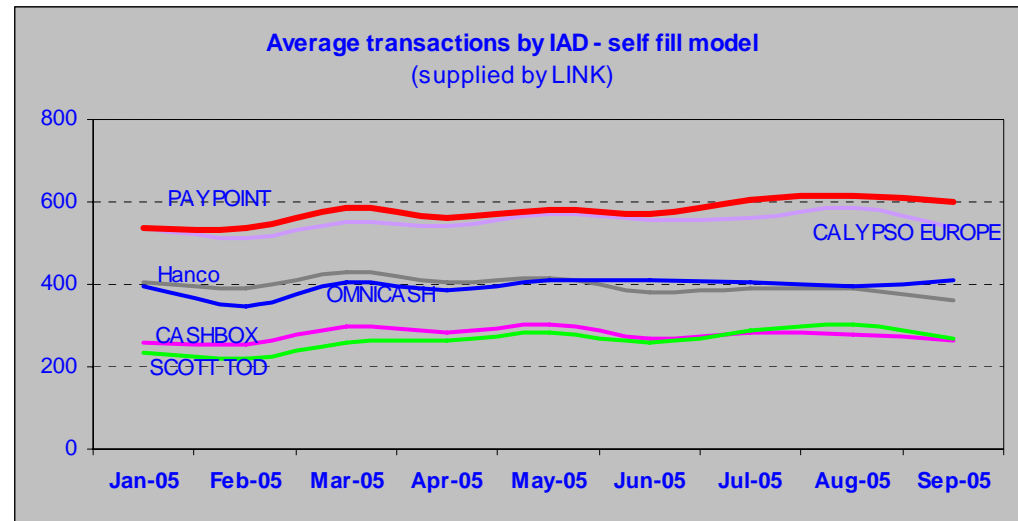
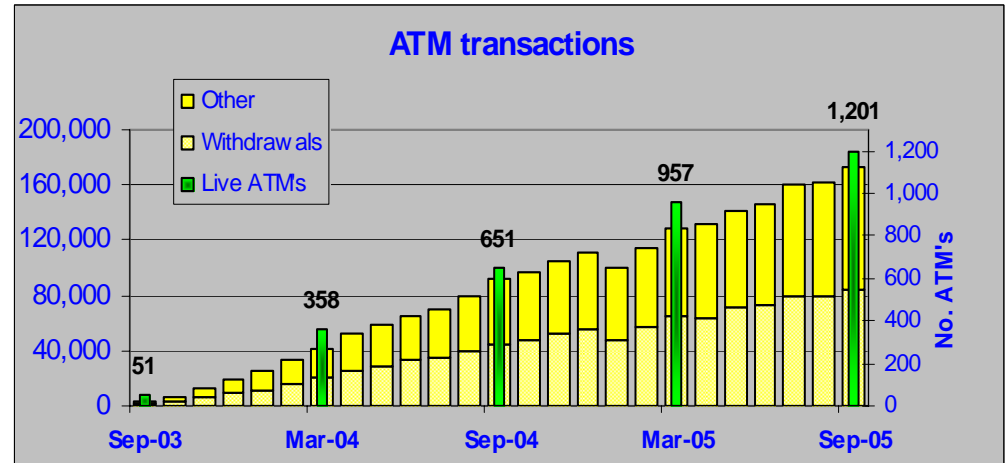
- ◆ Paper top ups substantially removed – therefore reduction in the rate of market growth.
- ◆ PayPoint continued growth – from new terminal sites and epos
- ◆ Slower than expected migration from the terminal to retailers' own till systems gives a benefit to mobile margins (two major multiple retailers - one retailer is part way through the migration and the other will start April 06)

Sector and market review

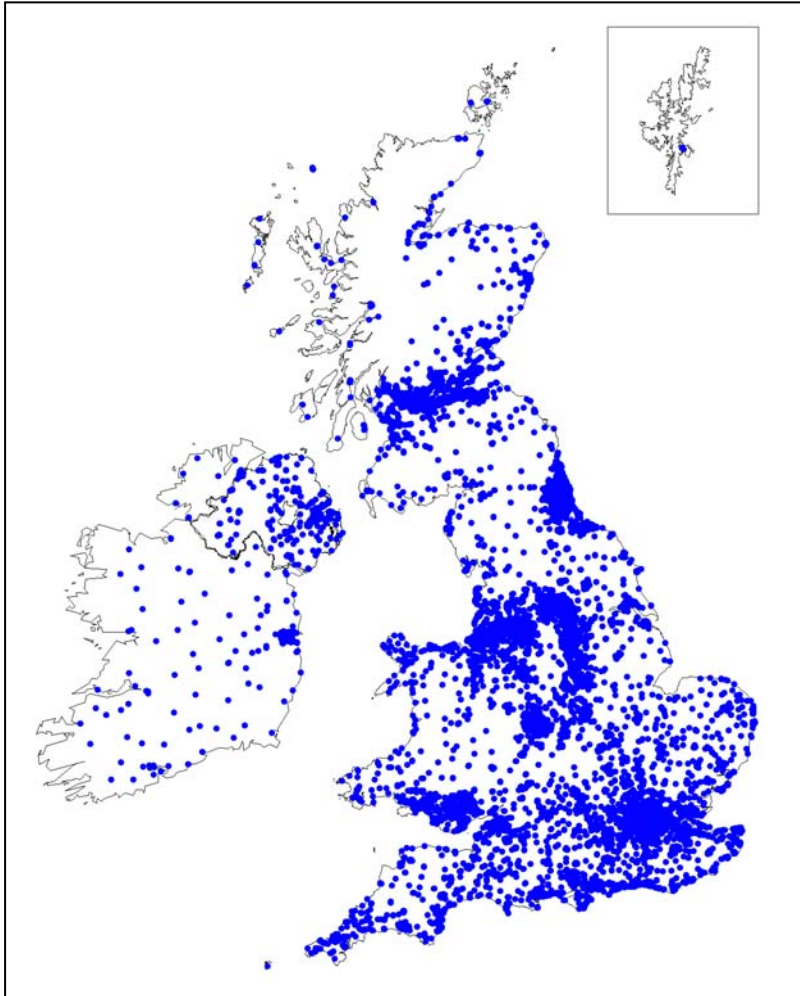


ATMs

- ◆ Surcharge self fill model
- ◆ Rolled out at 50+ new sites per month since Mar 05
- ◆ Proactive decommissions of low performers to improve quality of transacting base
- ◆ 1,300 ATM sites live at 22 November with an initial target of 2,000
- ◆ Average transactions per ATM is c.600 per month



Retail Review



- ◆ 14,000 PayPoint terminal outlets, complimented by 4,880 Epos sites (of which 2,000 also have a PayPoint terminal)
- ◆ Of the 3,000 new terminal sites that we targeted to have live by March 06, we have 2,000 live with the remaining 1,000 due to be installed within the next 6 months.
- ◆ Demand remains strong
- ◆ Churn 6.5% per annum



New terminal (T2)

- ◆ 10,150 T2s at 22 November 2005 - will be substantially rolled out by Apr 06
- ◆ The most advanced retail terminal of its type
- ◆ Provides for:
 - faster and better communication links
 - lower cost of operation, 2.5 x more reliable than T1
 - contactless smart card capability
 - touch screen
 - chip and pin compliant
- ◆ Spent £4m out of planned £6m.





Financial Review

George Earle
Finance Director

Strong, volume driven top line growth and margin enhancement

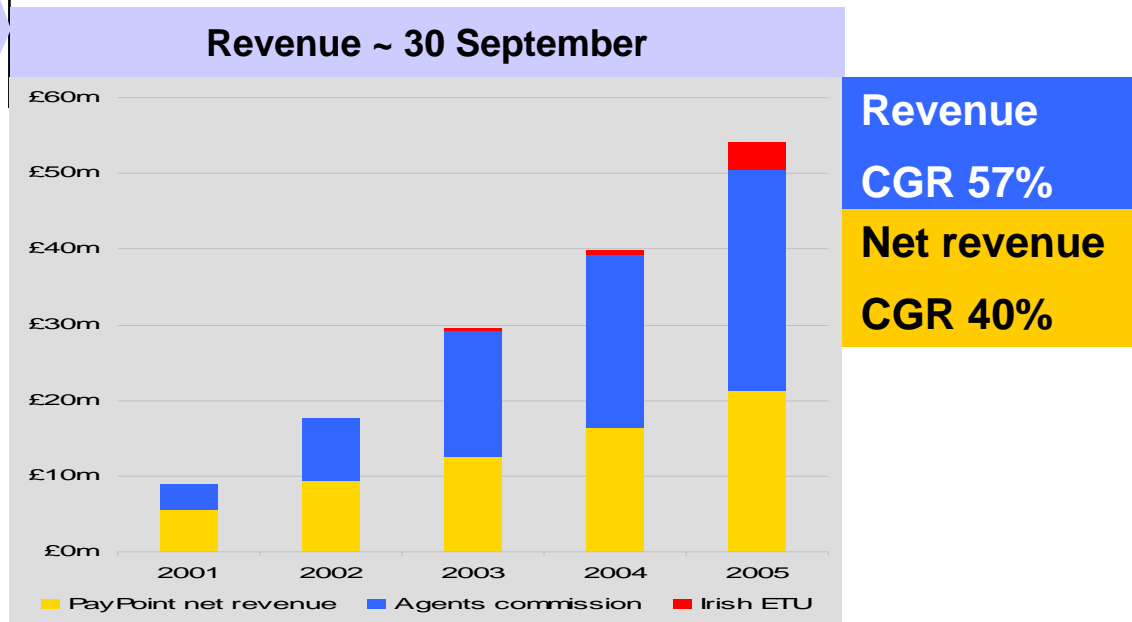


£000's	H1 05/06	H1 04/05		% increase
Revenue	54,113	39,949		35%
Cost of sales	<u>37,374</u>	<u>27,862</u>		34%
Gross profit	<u>16,739</u>	<u>12,087</u>		38%
Margin	31%	30%		

Growth in agents' commissions and net revenue



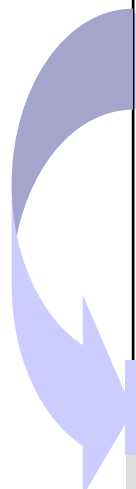
£000's	H1 05/06	H1 04/05		% increase
Revenue	54,113	39,949	▲	35%
Cost of sales	37,374	27,862	▲	34%
Gross profit	16,739	12,087	▲	38%
Margin	31%	30%	▲	





Volume and commission growth

£000's	H1 05/06	H1 04/05		% increase
Revenue	54,113	39,949	▲	35%
Cost of sales	37,374	27,862	▲	34%
Gross profit	16,739	12,087	▲	38%
Margin	31%	30%	▲	



Revenue	£000's
H1 04/05	39,949
Commissions paid	6,160
Volume	4,116
Mix/price	253
Gross up Irish ETU	3,203
Other	432
H1 05/06	54,113



Gross margin improved

£000's	H1 05/06	H1 04/05		% increase
Revenue	54,113	39,949	▲	35%
Cost of sales	<u>37,374</u>	<u>27,862</u>	▲	34%
Gross profit	<u>16,739</u>	<u>12,087</u>	▲	38%
Margin	31%	30%	▲	

Cost of sales	H1 05/06	H1 04/05
	£000's	£000's
Commissions paid	29,073	22,913
Depreciation	1,048	1,196
Gross up Irish ETU	3,709	506
Other	3,544	3,197
	<u>37,374</u>	<u>27,862</u>

Operational gearing improves operating margins



£000's	H1 05/06	H1 04/05		% increase
Net revenue	21,331	16,530		29%
Operating profit*	8,187	4,665		75%
<i>Operating margin</i>	38%	28%		10ppts
Interest	254	219		
Profit before tax*	8,441	4,884		73%
Tax	(1,315)	(855)		
Profit after tax*	7,126	4,029		77%

* Before exceptional items

Operating costs increase small compared to gross profit increase



£000's	H1 05/06	H1 04/05		% increase
Net revenue	21,331	16,530	▲	29%
Operating profit*	8,187	4,665	▲	75%
Interest	254	219	▲	
Profit before tax*	8,441	4,884	▲	73%
Tax	(1,315)	(855)	▲	
Profit after tax*	7,126	4,029	▲	77%

Operating profit

£000's

H1 04/05

4,665

Increase in gross profit

4,652

Staff costs

(888)

Other costs

(242)

H1 05/06

8,187

* Before exceptional items



Strong cash flow

Six months to 30 September	2005	2004
	£000's	£000's
EBITDA*	9,234	5,861
Change in working capital#	850	962
Operating cash flow	10,084	6,823
Capital expenditure	(3,113)	(1,179)
Interest received	254	219
Cash flow before dividends	7,225	5,863

* Before exceptional items

Working capital excludes creditors in respect of client cash and exceptional costs



Net cash of £22m

Six months to 30 September

	2005
	£000's
Net cash at start (including client cash* £11.1 million)	25,950
Cash inflow	7,225
Reduction in client cash	(6,942)
Dividends	(3,473)
	<hr/>
Net cash at end (including client cash* £4.1 million)	22,760

* Client cash is cash to which PayPoint has legal title, but for which an equal amount is included in creditors



Positioned for growth

- ◆ New terminal will allow for continuing development of volume, products and services
- ◆ The unique range of products and services continues to widen
- ◆ Strong ongoing retail demand for the PayPoint proposition
- ◆ Reinforced management team in place over the past 3 months



Summary & outlook

- ◆ Strong half year growth, driven through successful implementation of strategy
 - volumes driving top line growth
 - operational gearing delivering margins
 - reinforced by continued service differentiation against competitors
- ◆ Volume growth expected to continue in the second half....
 - with a good performance in October
 - expected seasonal uplift in transaction volumes
- ◆ Retail network expansion on track for 15,000 sites this year. We now intend to continue expanding the network, optimised against volume
- ◆ We continue to review opportunities to extend to new product sets and new geographies



Q & A

Appendix 1



Materials to support the consumer transaction

Appendix 1

Client payment media



Telewest

At this late stage it is advisable to make your payment only by Debit / Credit Card or through a PayPoint outlet - further details:

If you a bill, please

PAYING YOUR TELEPHONE BILL

Payment of this bill should be NOW by one of the following methods:

DIRECT DEBIT - EASIER PAYMENT

You can save money on your telephone bill if you pay by Direct Debit, the convenient and simple way to pay. If you would like to pay any future bills by Direct Debit, call one of our Customer Services staff who will be happy to send you an application form.

CREDIT/ DEBIT CARD

You can pay your bill by Mastercard (Eurocard), Visa, Switch or Delta using one of the following methods:

1. Simply call us on 150. Please have available your telephone account number and card details. If paying by Switch, you will also need to quote your card issue number.
2. Visit us at the address below and pay with your card in the normal way.
3. Complete both sides and detach the slip, returning it in the envelope provided.

AT A PAYPOINT OUTLET

Paypoint is the latest method of High Street payment. No charge is made for this service. Take your bill to any PayPoint outlet and make your cash payment (cheques / credit cards not accepted). You will receive a receipt for your payment. You will find it convenient as there are outlets in most High Streets. Look for the distinctive yellow PayPoint logo.

BY POST

Please write your telephone account number on the back of your cheque or postal order. Cheques should be made payable to:

Telewest Communications
and sent in the envelope provided together with your payment slip to the following address:
Telewest Communications, P.O.Box 10103, London E1 8TW

PAYMENT DIFFICULTIES

If you are having difficulties paying your bill, then please call our Customer Services Department so that we can suggest ways we may be able to help you. Please quote your account number as shown overleaf.

CUSTOMER SERVICES DEPARTMENT

Customer Services are available to take your call 8.30am to 8.30pm Monday - Friday and 8.30am - 5.30pm Saturday and Sunday. Staff are available to deal with any queries or problems you may have. Simply call us on 150.

Any correspondence should be sent to the following address and

Appendix 1

Retailer external signage



Appendix 1

POS merchandising



Appendix 1

Terminals and ATMs



Terminal receipts



Congestion Charging



E-TopUp



E Voucher



Utility Payment



Transport Ticketing