

# Bango Prelims for 12 months to 31<sup>st</sup> March 2009

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The logo for Bango, featuring the word "bango" in a bold, lowercase, yellow sans-serif font. A registered trademark symbol (®) is located at the top right of the letter "o".

June 9<sup>th</sup> 2009

# Who is Bango?



- Founded in 1999 to enable the marketing & monetization of digital goods to users of mobile phones with internet connectivity
- 50 people in New York and Cambridge (UK)
- Listed on London Stock Exchange June 2005 (BGO.L)
- Enabled over 30M users to transact with thousands of content providers across hundreds of mobile operators
- A profitable, fast growing, mobile success story with a reputation for innovation and service quality

## Chosen by mobile operators to drive off-portal business



## Chosen by leading businesses



## Award winning technology



## FY09 Financials

- Revenues & margins
- Operating expenses
- Profit & Loss
- Cashflow

## Operational Review

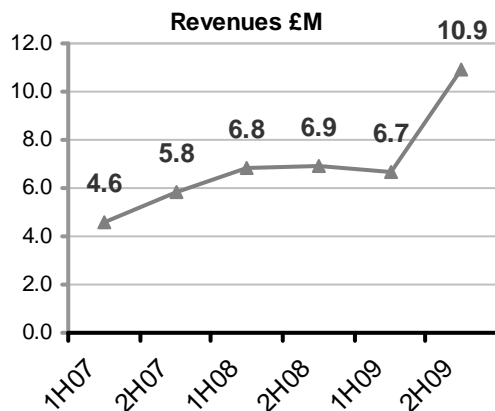
- Growing transaction volumes
- Growing customer base
- Sales and Marketing
- Product development

## Market developments & Outlook

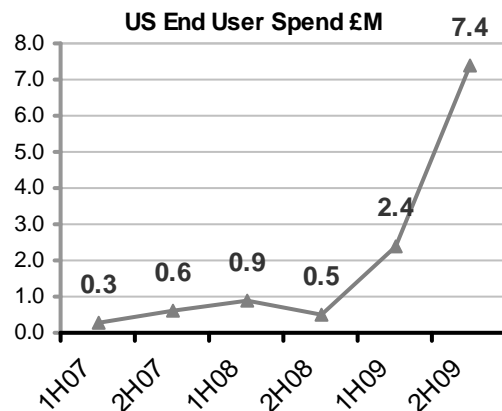
# Summary of Financial Indicators



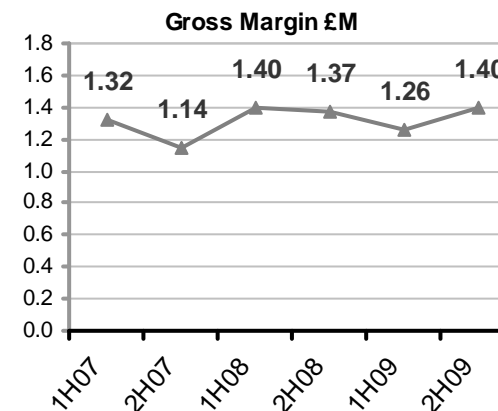
**Overall Revenues up 28% YOY**



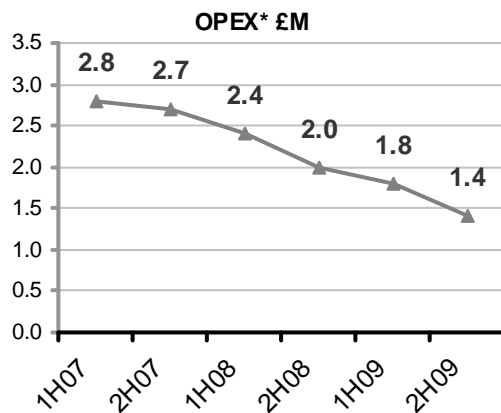
**High growth in US Revenues**



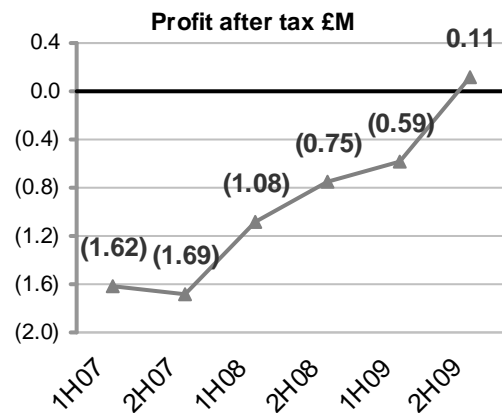
**Gross Margin maintained**



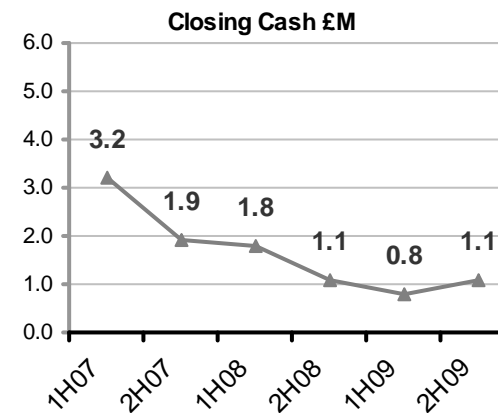
**Significant OPEX Reduction**



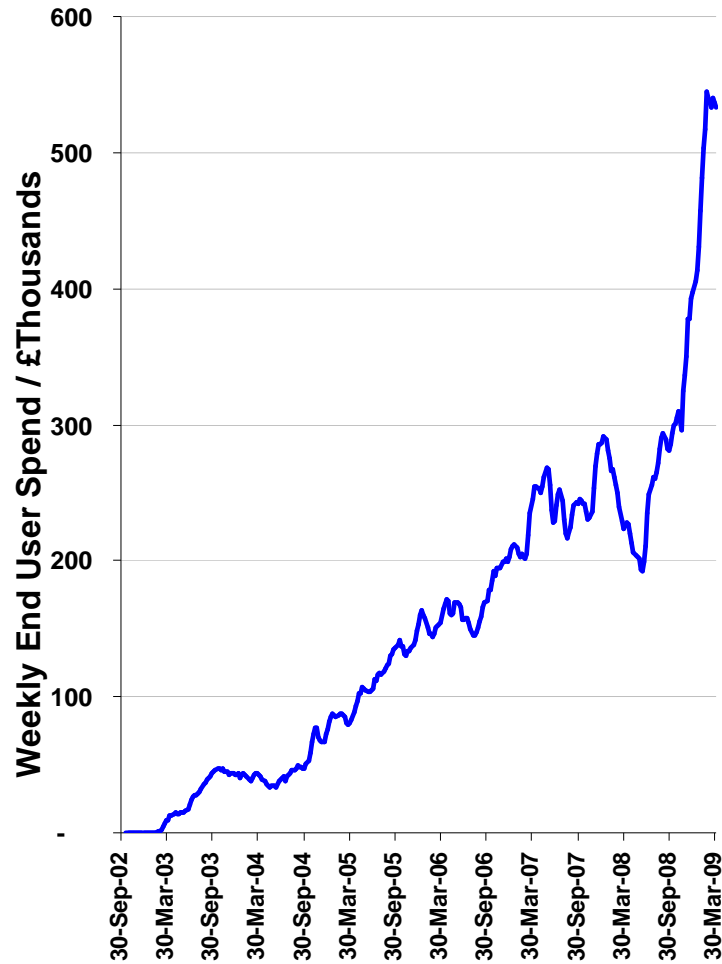
**Resulting in 2<sup>nd</sup> half break-even**



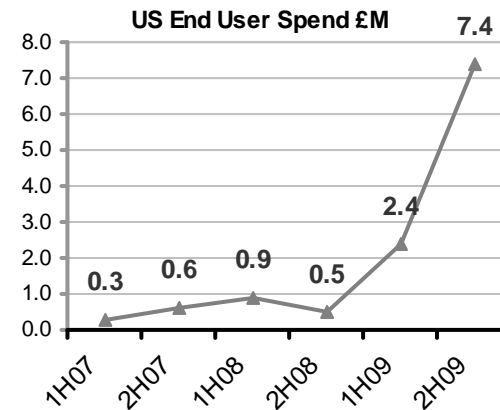
**And stable cash position**



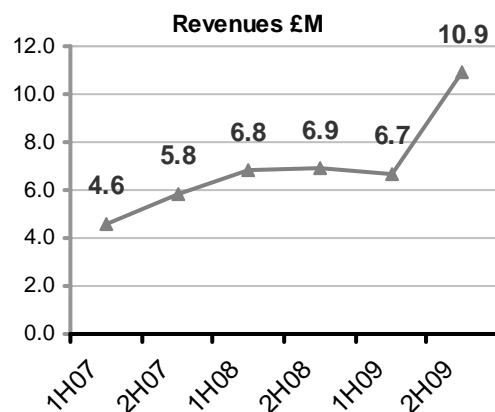
\*OPEX = Sales, Marketing, Overheads  
inc. R&D, Finance & Depreciation



- Significant growth in end user activity in 2H09
- US customers starting to move business to Bango
- Mix of games, music, videos, applications
- More than 30% now monthly subscriptions



# Revenue by segment



## Analysis by half year

	<b>FY 09</b> £'000	<b>FY 08</b> £'000	<b>H2 09</b> £'000	<b>H1 09</b> £'000	<b>H2 08</b> £'000	<b>H1 08</b> £'000
End user activity	<b>15,912</b>	11,723	9,997	5,915	5,934	5,789
<i>% of total</i>	<b>90%</b>	85%	92%	88%	86%	85%
Content provider fees	<b>1,695</b>	1,968	864	831	921	1,047
<i>% of total</i>	<b>10%</b>	14%	8%	12%	13%	15%
Services to MNOs & other revenue	<b>0</b>	67	0	0	67	0
<b>Total revenue</b>	<b>17,607</b>	13,758	10,861	6,746	6,922	6,836

# Revenue by geography



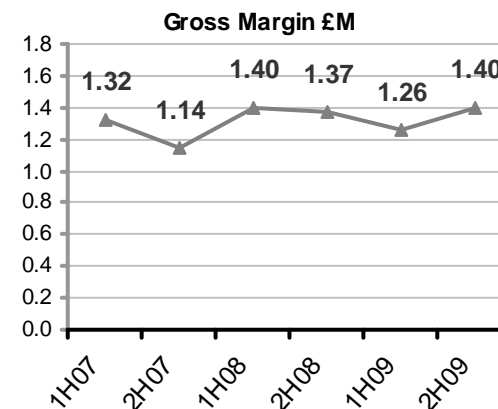
Revenue (£'000)	FY 09	FY 08	Analysis by half year		Revenue type	
			H2 09	H1 09	H2 09	
					End user	Content provider
United Kingdom <i>% of total</i>	<b>6,783</b> <b>38%</b>	10,680 <i>78%</i>	2,998 <i>28%</i>	3,785 <i>56%</i>	2,562 <i>26%</i>	436 <i>50%</i>
USA & Canada <i>% of total</i>	<b>9,807</b> <b>56%</b>	1,441 <i>10%</i>	7,444 <i>69%</i>	2,363 <i>35%</i>	7,183 <i>72%</i>	261 <i>30%</i>
Rest of EU	<b>635</b>	1,255	270	365	161	109
Rest of World	<b>382</b>	382	149	233	91	58
Total revenue	<b>17,607</b>	13,758	10,861	6,746	9,997	864

# Overall gross margins



Gross margin	FY 09 £'000	FY 08 £'000	Analysis by half year	
			H2 09 £'000	H1 09 £'000
End user activity	1,015	1,016	549	466
<i>% of total</i>	<b>38%</b>	37%	39%	37%
Content provider fees	1,644	1,721	855	789
<i>% of total</i>	<b>62%</b>	62%	61%	63%
Other <sup>(1)</sup>	0	28	0	0
Total margin	<b>2,659</b>	2,765	1,404	1,255
<b>Margin %</b>				
<i>End user activity</i>	6.4%	8.7%	<b>5.5%</b>	7.9%
<i>Content provider fees</i>	<b>97.0%</b>	87.5%	99.0%	94.9%

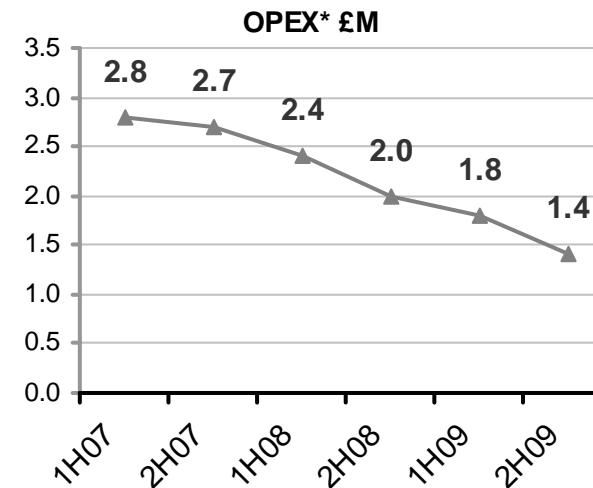
- Margin from end user spending increasing  
(Average % margin reducing as larger CP's grow fastest)
- Package fee revenue rising - Analytics not yet significant



<sup>(1)</sup> Services to MNOs and advertising revenue



- Expenses down 26% vs FY08
- Expected to remain broadly at present levels to Dec 09
- Current systems tested to \$100M/month capacity and 10 times current analytics transaction volumes



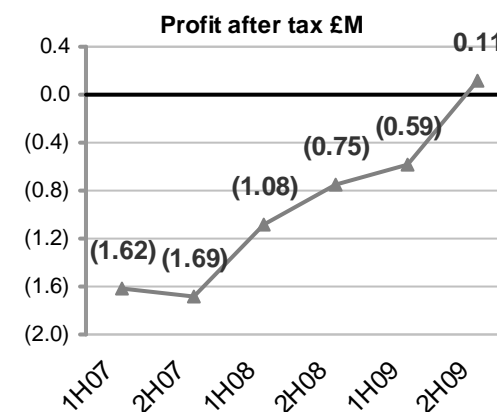
Minimal Capex / Opex expected to grow capacity to double this

- Capitalization of £29K/month spend on Analytics V4 in FY09

# Opex and P&L



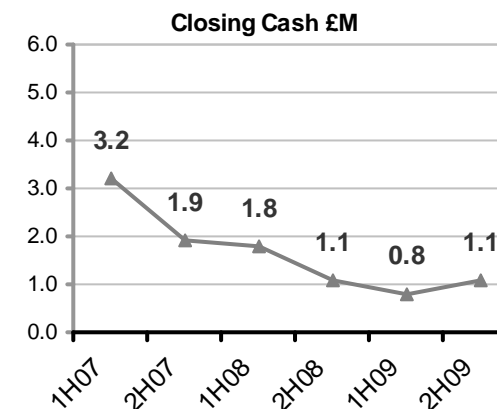
	Analysis by half			
	FY 09	FY 08	H2 09	H1 09
	£,000	£'000	£'000	£'000
<b>Administrative Expenses</b>				
Operating expenses	3,134	4,189	1,426	1,708
Depreciation	123	221	19	104
	<b>3,257</b>	4,410	1,445	1,812
Share based payments	62	258	19	43
	<b>3,319</b>	4,668	1,464	1,855
<b>Income statement</b>				
Revenue	17,607	13,758	10,861	6,746
Cost of sales	14,948	10,993	9,457	5,491
Gross profit	2,659	2,765	1,404	1,255
Administrative expenses	3,257	4,410	1,445	1,812
Share based payments	62	258	19	43
Operating loss	(660)	(1,903)	(60)	(600)
Investment income	13	67	6	7
Loss before taxation	(647)	(1,836)	(54)	(593)
R&D tax credits	169		169	
Profit / (loss) before taxation	<b>(478)</b>	(1,836)	115	(593)



# Cashflow & balance sheet



	FY 09 £'000	FY 08 £'000	Analysis by half	
			H2 09 £'000	H1 09 £'000
<b>Cashflow</b>				
Net cash generated / (used) by operations	(376)	(873)	667	(1,043)
Cash from / (used by) investing activities	(399)	45	(391)	(8)
	<b>(775)</b>	<b>(828)</b>	<b>276</b>	<b>(1,051)</b>
Cash from financing activities	475	23	24	451
Net increase / (decrease) in cash	<b>(300)</b>	<b>(805)</b>	<b>300</b>	<b>(600)</b>
<b>Balance Sheet</b>				
Non-current assets	612	323		234
Trade and other receivables	4,313	2,507		3,182
Cash and cash equivalents	826	1,126		526
Total assets	<b>5,751</b>	<b>3,956</b>		<b>3,942</b>
Equity and reserves	13,331	12,794		13,287
Accumulated losses	(12,385)	(11,908)		(12,500)
	<b>946</b>	<b>886</b>		<b>787</b>
Trade and other payables	4,805	3,070		3,155
Total equity and liabilities	<b>5,751</b>	<b>3,956</b>		<b>3,942</b>



- Extra working capital from equity issue July 08
- £750K RBS facility established: opportunity to generate extra margin through revenue acceleration or provides contingency source
- Around £300K advanced to content providers, as planned

## FY09 Financials

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## Operational Review

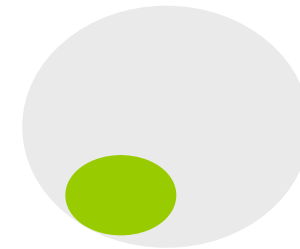
- Growing transaction volumes
- Growing customer base
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## Market developments & Outlook

- Grow market share with viable financial return
- Significant growth in end user spending as our “High potential customers” start to migrate from SMS aggregators to Bango

10+ customers  
US carriers +  
European countries

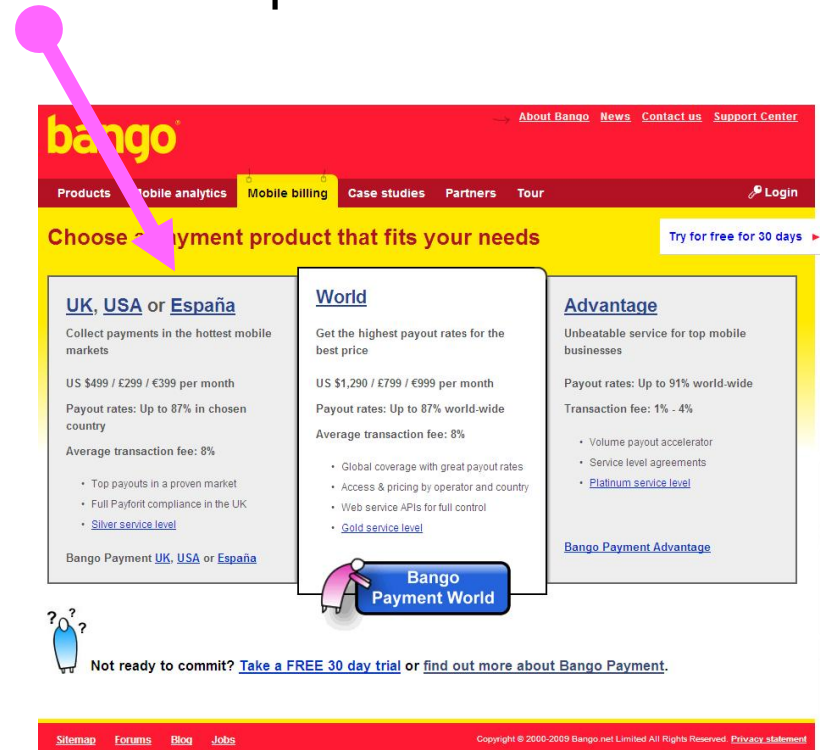
CP	Sprint	AT&T	New-USA	UK	CCard	DE	ES
A	✓						
B		✓					✓
C		✓					
D	✓			✓			
etc.							

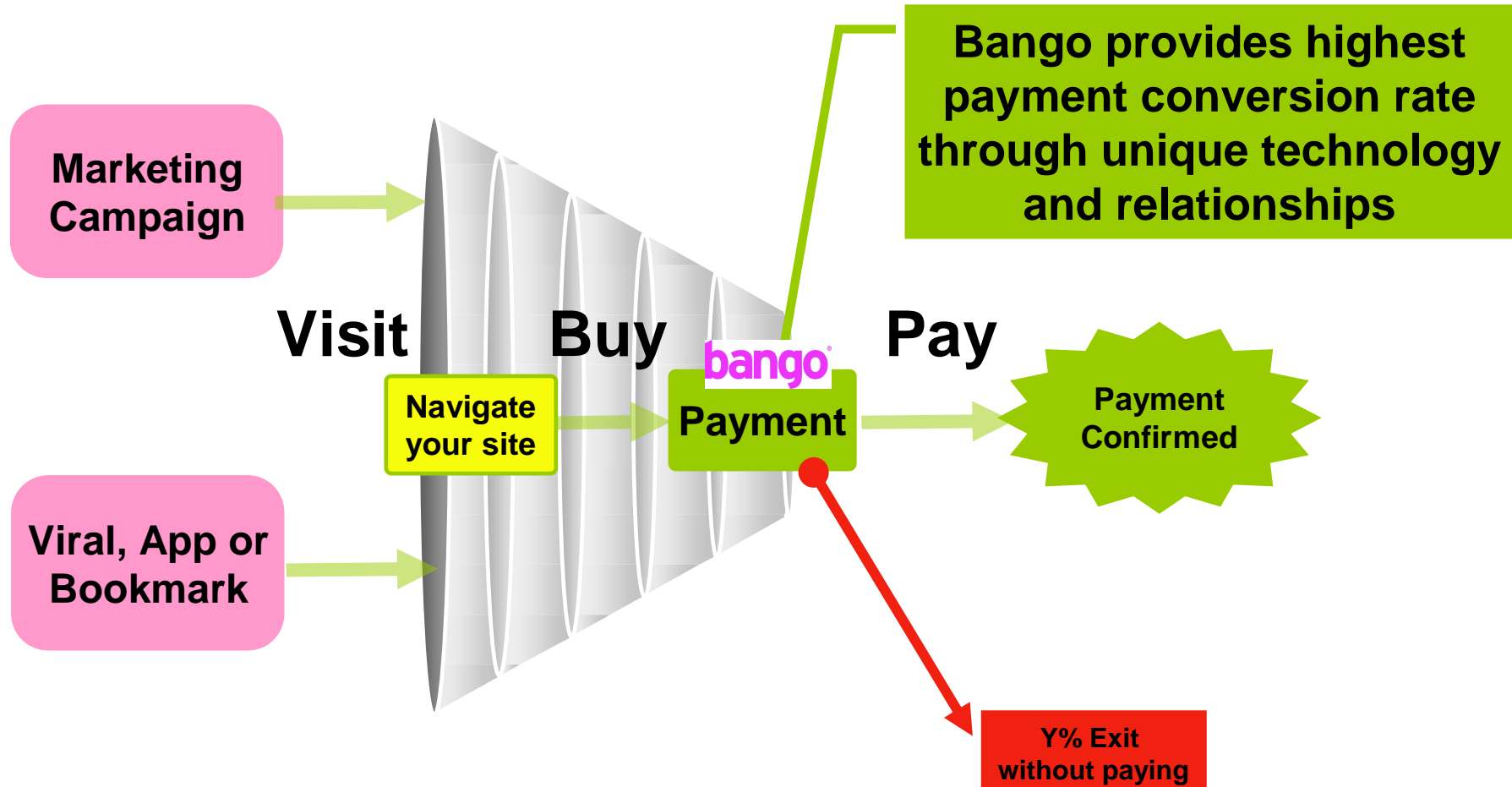


\$10-100M revenue each, monthly fee plus 1-3% margin  
Visibility into c.\$700M pa revenue, 7% migrated so far

- Further growth from hundreds of smaller customers
- New major operator relationships help drive growth
- Mobile marketing, search and advertising drive activity

- Introduced lower priced, market focussed products
- Easy web sign-up process
- 30 day free trial
- Telesales team to assist sign-ups
- Upgraded on-line customer service

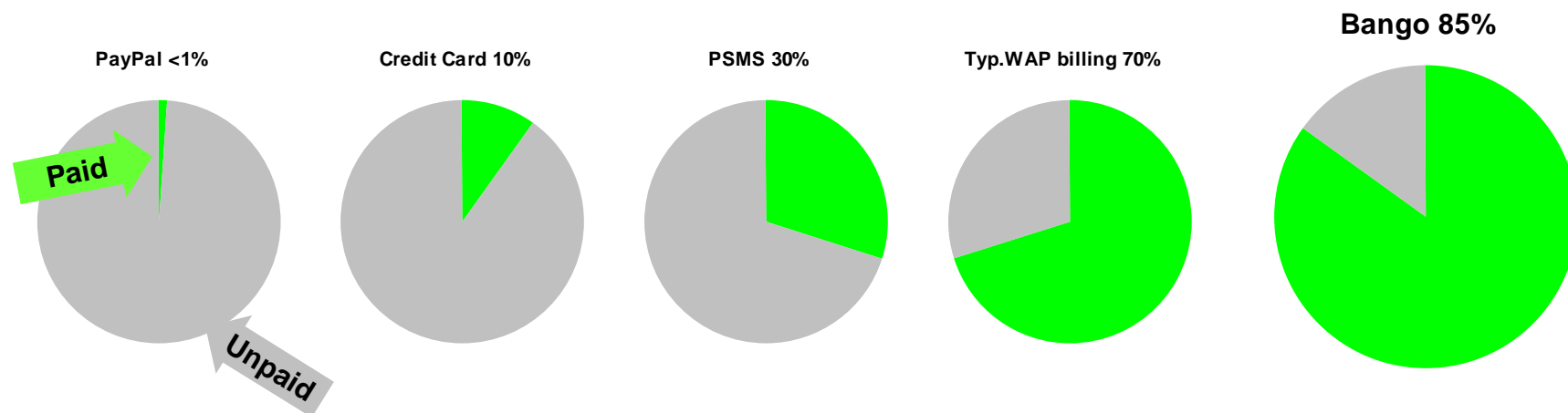
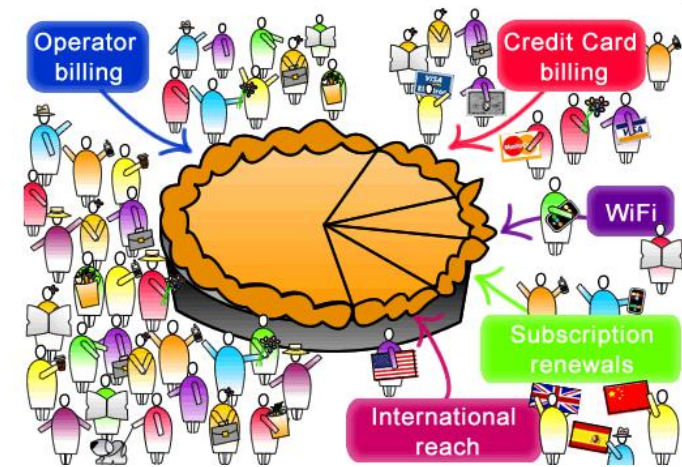




# Bango payment is increasingly compelling



- Bango delivers highest conversion rates
  - automatically select best option
  - best user experience on many devices
  - best operator billing connectivity
  - works on increasingly popular Wifi networks
  - handle international visitors
- Higher conversion rates deliver more profits to Bango customers





# Optimizing user experience:



## Example: Credit Card 1<sup>st</sup> time experience

Phone browser optimized flow to capture essential credit card information securely and enable customer support / marketing

## Credit Card Standard experience

Bango stores card data to enable single page confirmation of further payments. Works across multiple sites

## Optimum: Credit Card Single button

Subject to additional approval, payment screen can be eliminated into single "pay" button – generated by Bango

- Increasingly “content capable” devices
- More use of mobile internet
- Increasing use of Wifi alongside Operator networks
- Shift from “offline” to online: mobile web marketing
- Move back to “paid for” content as advertising rates fall
- Leaders in mobile content using Bango successfully
- Mobile operators encouraging migration to Bango

- Customers migrating their mobile content payment business to Bango to benefit from increasing conversion rates
- Analytics product is very complementary and starting to gain revenues
- Approaching profitability / positive cashflow
- Scalability of business enables significant growth in revenues and margins without increase in OPEX
- Strong technology & leading market position gives Bango confidence of significant value as mobile web takes off