

Tungsten Corporation plc

Results for the year ending 30 April 2014

July 2014

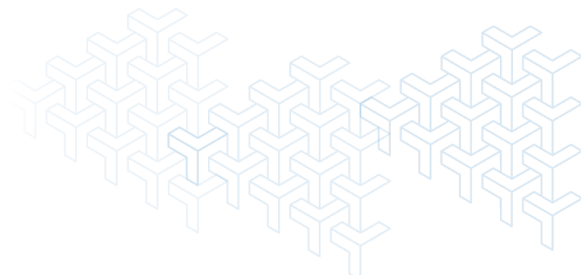


Important information

This document contains forward-looking statements that may or may not prove accurate. For example, statements regarding expected revenue growth and trading margins, market trends and our product pipeline are forward-looking statements. Phrases such as "aim", "plan", "intend", "anticipate", "well-placed", "believe", "estimate", "expect", "target", "consider" and similar expressions are generally intended to identify forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to differ materially from what is expressed or implied by the statements. Any forward-looking statement is based on information available to Tungsten as of the date of this statement. All written or oral forward-looking statements attributable to Tungsten are qualified by this caution. Tungsten does not undertake any obligation to update or revise any forward-looking statement to reflect any change in circumstances or in Tungsten's expectations.

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Agenda

- > Delivery
- > Investment in growth
- > Monetising the global supply chain
- > Strategy update

Appendix

- > Financial statements



Delivery

The building blocks are now in place



Our business model

Tungsten Network connects buyers to their suppliers enabling tax-compliant invoicing:

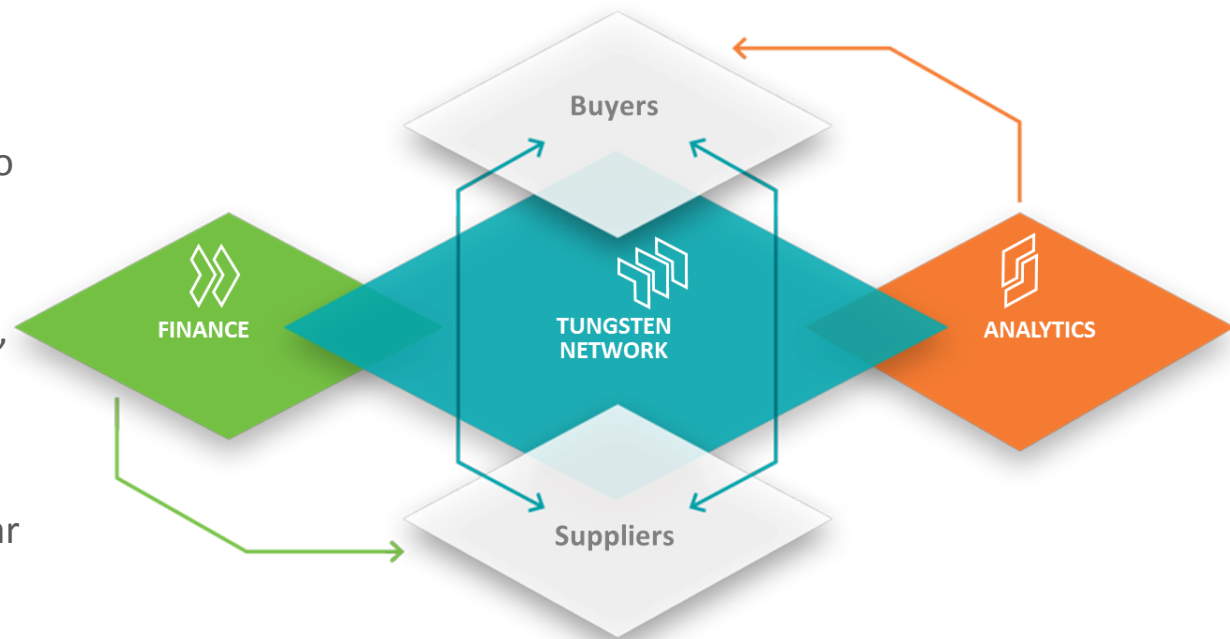
- > **13.4m invoices sent** in year to 30 April 2014

Initially through **Tungsten Bank**, **Tungsten Network Finance** offers suppliers access to early payment on approved invoices

- > **\$187bn of invoice flow** in year to 30 April 2014

Tungsten Network Analytics provides real-time, line level analysis to identify instances of price variance for buyers

- > **\$700bn invoice archive**



Highlights

- > Completed IPO raising £160m
- > Acquired OB10, now **Tungsten Network**, and full approval for **Tungsten Bank**
- > Created the **Tungsten Network Analytics** service and deployed to pilot customers
- > Strengthened key management
 - Group: COO
 - Network: Head of Americas; Strategic Account Management
 - Tungsten Network Finance: Bank board and full executive complement
- > Focus on long-term Tungsten Network growth
 - 20% annual growth in e-Invoicing
 - Net eight new buyers, including GE and Caterpillar, and drive to purely digital invoices among existing customers
 - Government pilot contracts – Germany, UK
 - Safer, more secure and now compliant with e-Invoicing regulations in 46 countries
- > Built **Tungsten Network Finance** infrastructure and financed first invoices

Our customers

- > **124 buyers**
 - Multinational corporations
 - G7 Government bodies
- > **168,000 suppliers**
 - Corporations, government bodies and NGOs
- > Customers include:



Secure

- > Stable and secure systems
- > Experts in legal, tax and process compliance

Smart

- > Real-time insights
- > Intelligent invoicing and cash management

Fast

- > Streamlined processes
- > Faster payment
- > Automated, real-time analytics

Why customers choose
Tungsten Corporation

Buyer acquisition

Increasing current buyer customer penetration

- > Currently servicing 18% of addressable market flow
- > Roll out to more countries
- > Converting 'paper' invoicing to true e-Invoicing

New G20/Fortune 500

- > Multinational corporations
- > More US/UK/German government departments
- > US, Latin American and EU mandates
- > Greater focus on verticals

Resellers to large buyers

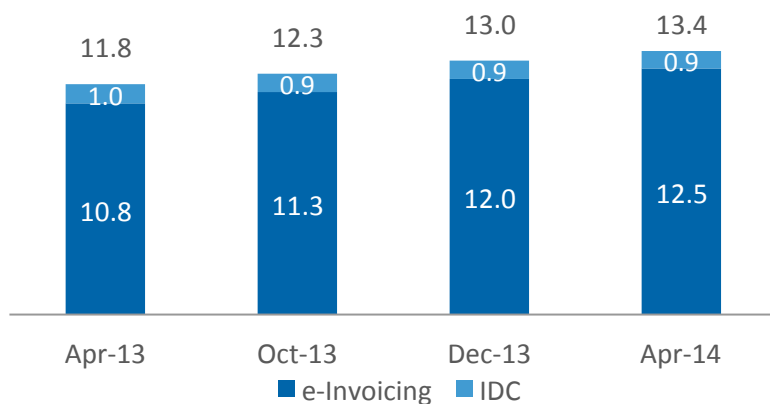
- > PNC
- > 9 of 12 leaders in Finance & Accounting BPOs



Growing the network

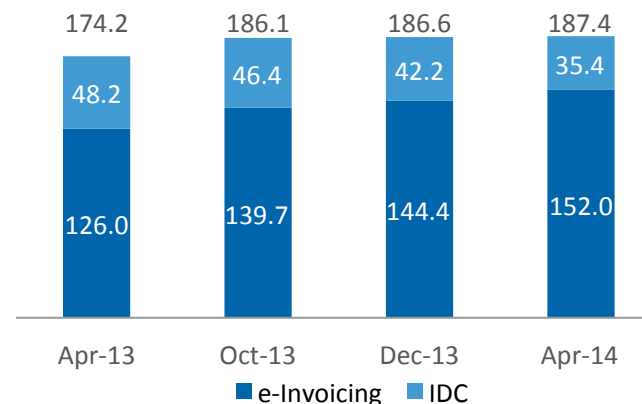
Number of transactions **+13%**
e-Invoices **+15%**

(Annual, millions)



Value across the network **+6%**
e-Invoices **+20%**

(Annual, \$billions¹)



¹All invoice values translated at \$1.70:£1.00

Increasing our footprint

Tax and legally compliant e-Invoicing in 46 countries

Recently added

- > Brazil
- > Turkey
- > Saudi Arabia
- > UAE

FY2015 pipeline includes

- > Russia
- > Japan
- > Qatar
- > Chile
- > Colombia

Discussions commenced on China



- e-Invoicing compliant countries
- Pipeline for future countries
- Location of key operations

Our markets

- > **e-Invoicing** expansion:
 - Multiple pressure points from governments and corporates driven by efficiency and compliance
- > **Receivables financing** to displace traditional forms of financing:
 - Asset-based financing increased by 29% since 2009-10, while net traditional lending fell 19% in the same period
- > **Spend analytics** a key area of focus for CPOs:
 - 68% of CPOs investing in analytics
 - Tungsten provides the only real-time line-level analysis

170bn invoices sent globally
Digital invoices: 8%

17bn invoices sent in Europe
Digital invoices: 24%

€2.2tr global market for receivables (as factoring)

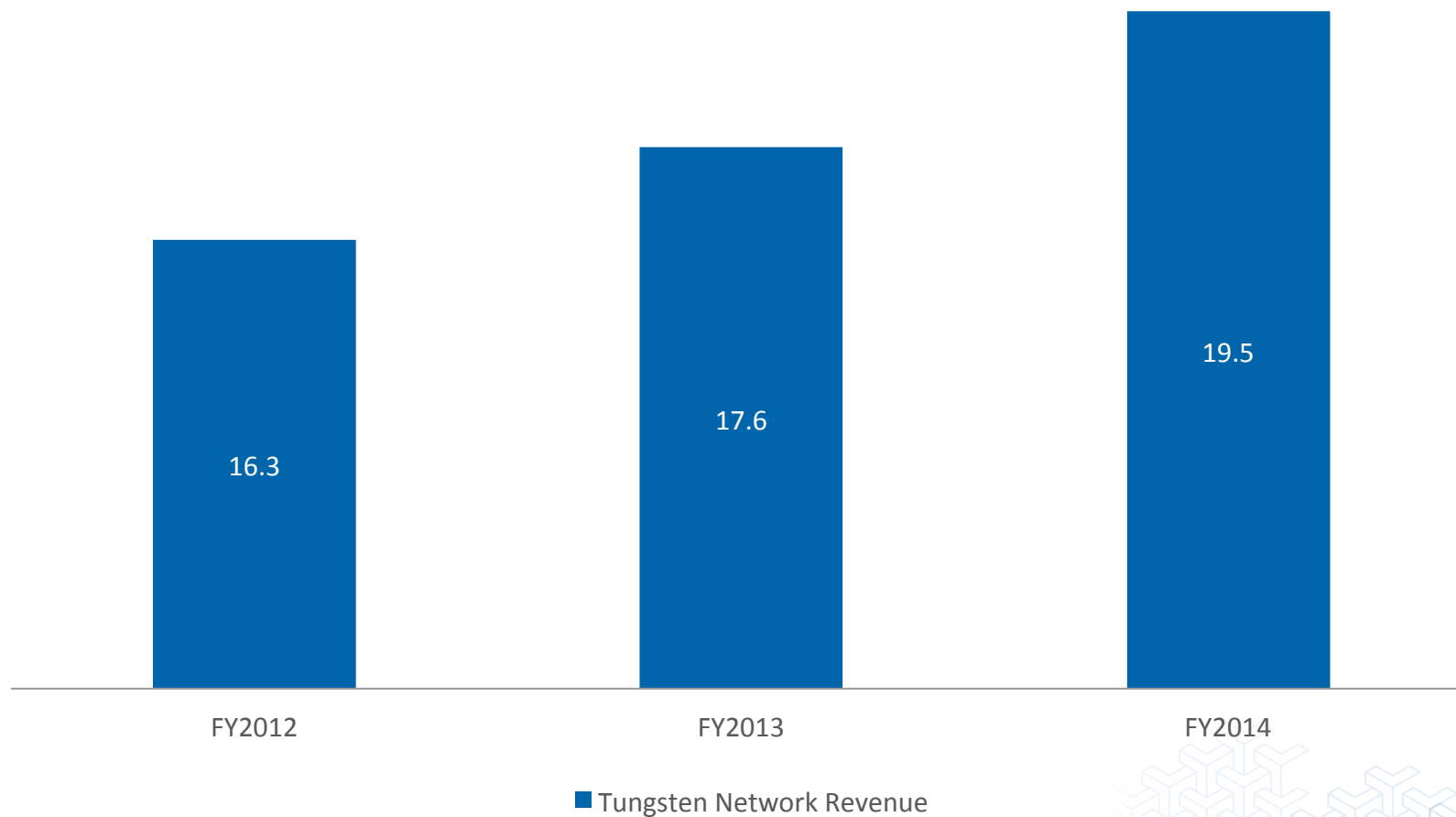
- EU: €1.2tr

- UK: £62bn

Investment in growth

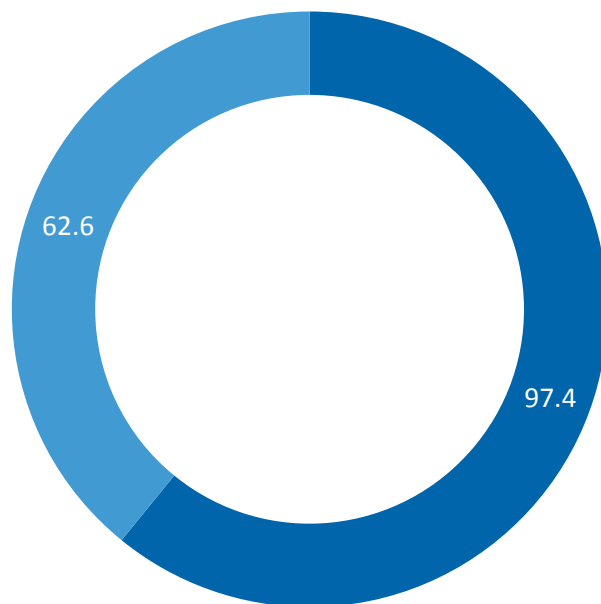


Underlying Tungsten Network revenue growth



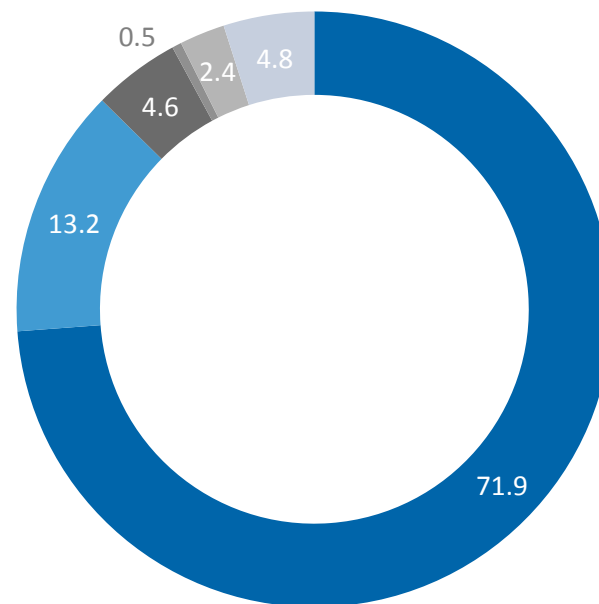
Source of and use of funds

Source (£160m)



- Cash usage
- Cash balance

Use (£97.4m)



- Acquisition of Tungsten Network
- IPO & transaction costs
- Tungsten Bank / TNF
- Tungsten Network Analytics
- Investment in Tungsten Network
- Other investments & costs

Expanding our organisation

New posts to be filled:

- > Buyer CRMS
- > Service Delivery Managers
- > Supplier Relationship Managers
- > Tungsten Network Finance Sales
- > Tungsten Bank Treasury
- > Government policy formulations
- > Technical developers
- > Buyer and supplier mapping teams
- > Investor Relations

FY2015: attracting and retaining the right people:

- > Creating over 100 jobs in FY2015
- > Launching employee recruitment, incentive and retention schemes
 - Employee matched share scheme
 - SAYE



Monetising the global supply chain

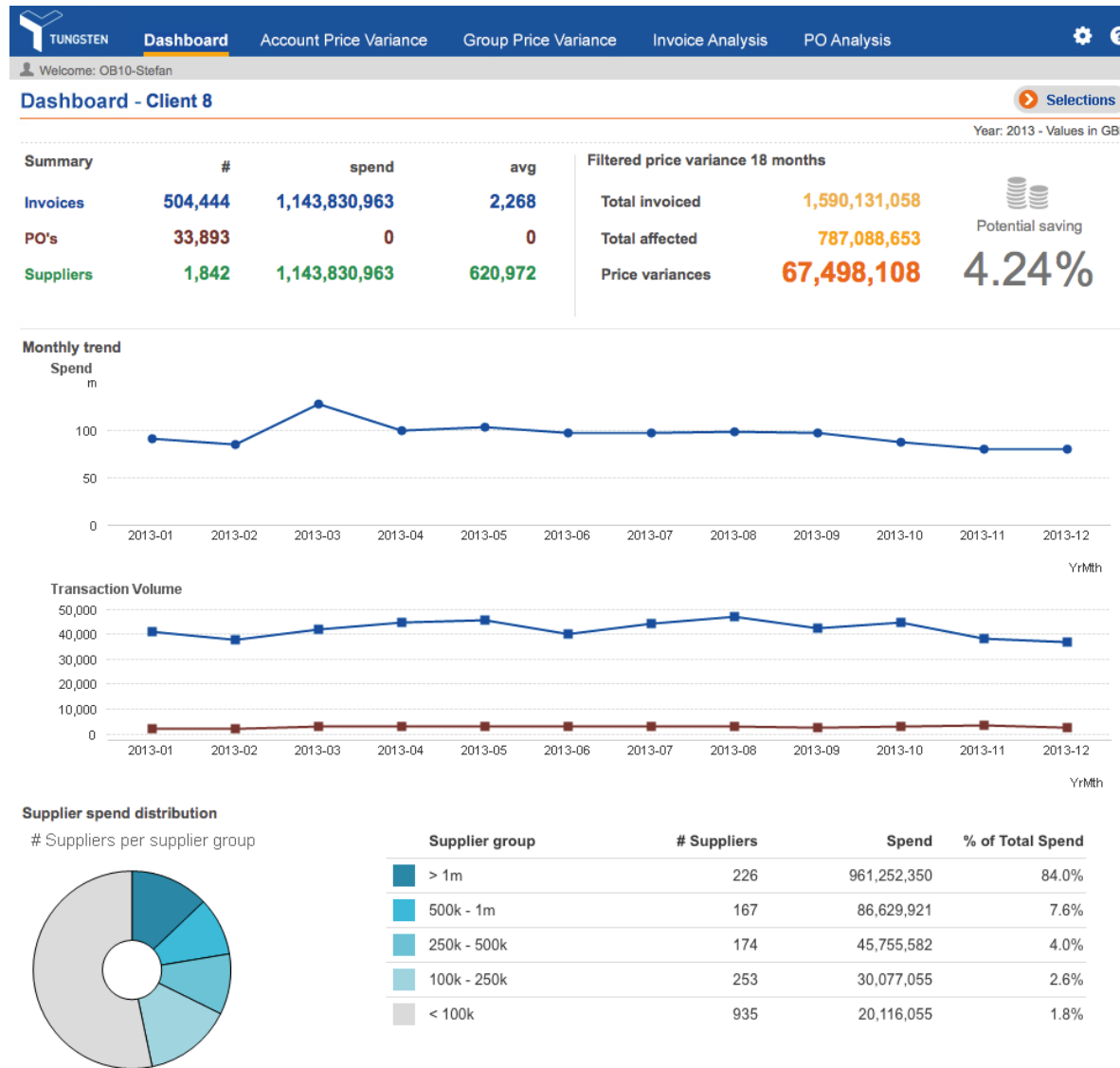
Adding value to buyers and suppliers

Tungsten is adding value by:

- > Growing our e-Invoicing network by:
 - Making it even easier to use
 - Revising the supplier pricing model
- > Offering peerless invoice financing to suppliers through Tungsten Network Finance
- > Integrating a ground-breaking spend analytics tool with our e-Invoicing repository to give buyers:
 - Real-time, line-item insight
 - Smarter purchasing decisions
 - Millions in cost savings




Tungsten Network Analytics: identifying price variance



Tungsten Network Finance: taking early payment

Dynamic Deliverables

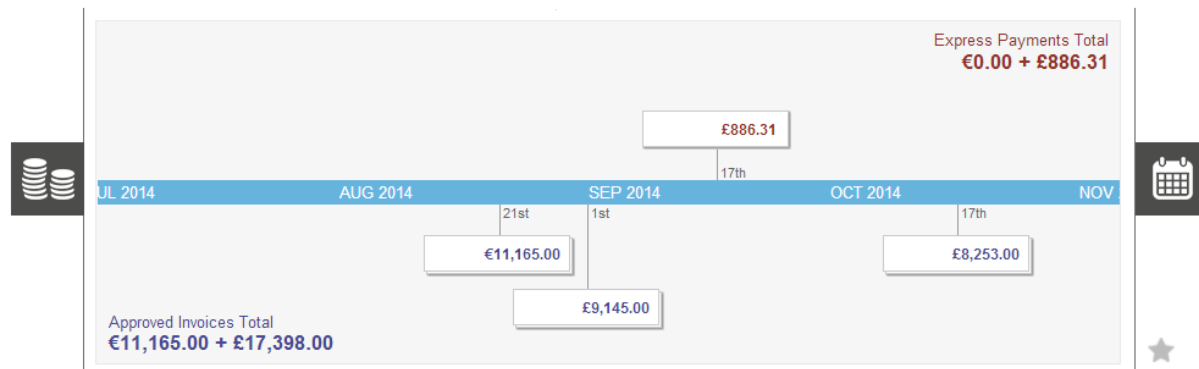
Welcome back, [John](#) 

[My Account](#) [Help & Support](#) [Log Out](#)

[Home](#) [Invoicing](#) [My POs](#) [Customers](#) [Reporting](#)

Express Payments

Receive early payment of your invoices.



[CONTINUE >](#)

INVOICES AVAILABLE EARLY PAYMENT

Customer Name	Invoice Number	Payment Due Date	Gross Invoice Value	Discount	Early Payment Amount	Early Payment Date	<input type="checkbox"/>
Exel Logistics	INV-0	21/8/2014	€1,000.00	2.5%	€976.87	22/7/2014	<input type="checkbox"/>
Exel Logistics	INV-1	1/9/2014	€901.00	2.5%	£877.87	1/8/2014	<input type="checkbox"/>
Exel Logistics	INV-2	17/10/2014	€902.00	1.74%	£886.31	17/9/2014	<input checked="" type="checkbox"/>
Exel Logistics	INV-3	21/8/2014	€1,003.00	2.5%	€979.87	22/7/2014	<input type="checkbox"/>
Exel Logistics	INV-4	1/9/2014	€904.00	2.5%	£880.87	1/8/2014	<input type="checkbox"/>
Exel Logistics	INV-5	17/10/2014	€905.00	2.5%	£881.87	26/8/2014	<input type="checkbox"/>
Exel Logistics	INV-6	21/8/2014	€1,006.00	2.5%	€982.87	22/7/2014	<input type="checkbox"/>
Exel Logistics	INV-7	1/9/2014	€907.00	2.5%	£883.87	1/8/2014	<input type="checkbox"/>
Exel Logistics	INV-8	17/10/2014	€908.00	2.5%	£884.87	26/8/2014	<input type="checkbox"/>
Exel Logistics	INV-9	21/8/2014	€1,009.00	2.5%	€985.87	22/7/2014	<input type="checkbox"/>

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Strategic goals

Connected supply chains

Flow of ISS invoices provides:

- > Data for analytics
- > SCF opportunities
- > AP savings and mandatory adoption

Goal: \$1,000bn of annual invoice flow

e-Invoicing network

Invoice financing

Spend analytics

Enabling business growth

Early payment drives:

- > Supplier enrolment
- > Demand for Invoice Status Service (ISS)
- > Cross-border rollout
- > Elongated payment terms and buyer finance involvement

Goal: \$100bn of annual finance flow

Better buying decisions

Purchasing efficiency drives:

- > Mandatory adoption
- > Global rollout for international comparison

Goal: \$10bn of annual cost saving

Key business objectives

- > Raise the run rate flow of invoice value
- > Increase the number of compliant countries
- > Capture addressable market for current customers
- > Improve network capability, stability and security
- > Enable a fully automated supplier experience
- > Embed the new organisation and recruitment
- > Ensure all new buyers and renewals adopt ISS
- > Commence revenue from Tungsten Network Analytics
- > Commence invoice finance funding to suppliers



Where is investment going in FY2015?

- > Multinational rollout
- > New buyer enrolment
 - The J curve of new buyers
 - Tungsten Network Analytics installation
- > Tungsten Network technical and supplier experience improvements

- > Tungsten Network Finance and Bank approval and global launch costs
- > Bank and TNF capital



Source of funds

Internal

- > Cash on hand
- > Revenue improvements
- > Working capital improvements from introducing 'pay to play' for suppliers

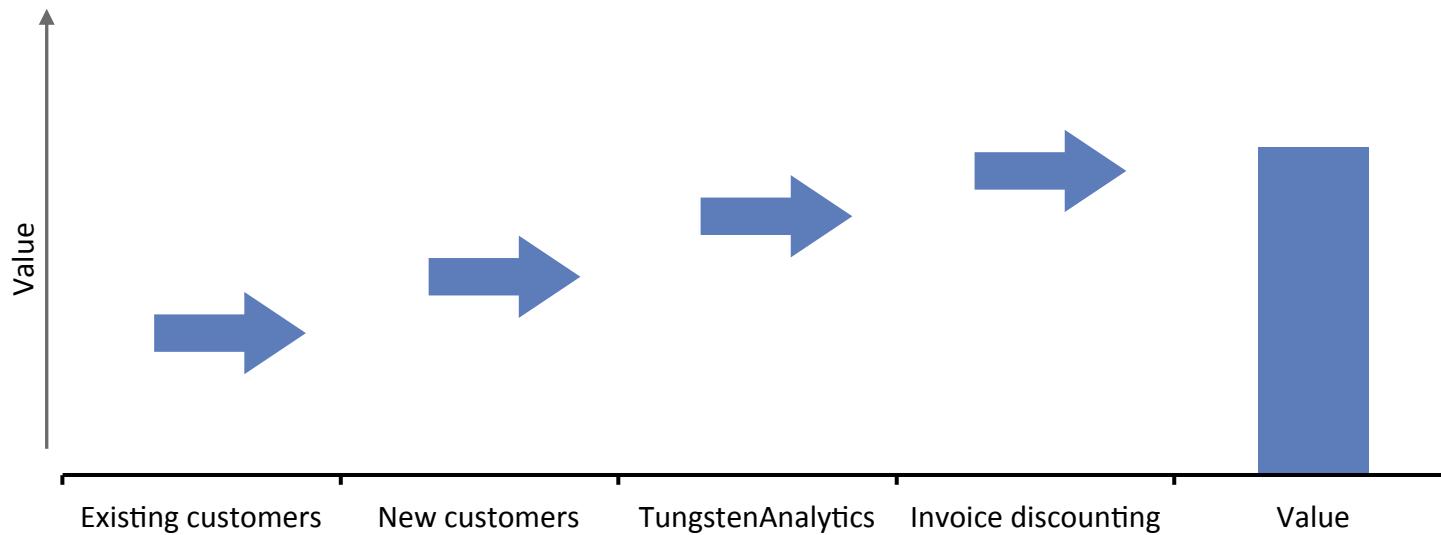
External

Should demand for invoice discounting exceed expectations, more capital may be required. In addition to bond or equity issues at the plc level, we have been developing:

- > Blackstone Tactical Opportunities fund
- > Strategic Bank partnerships
- > Buyer-centric finance structures



Added value: illustrative medium-term value creation



Adding value: business plan drivers

Integrated technology platform

\$1,000bn of volume

- Grow volume and value by rolling out current buyers with ISS, mandatory adoption and into all addressable territories
- Add 400 new buyers and 1m new suppliers to platform

Invoice finance opportunity

\$100bn in financing

- Underpinned by blue-chip credit risk on approved invoices
- >10% penetration rates of supply chain finance easily accessed by suppliers on the network
- Flex pricing to average 10% per annum

Embed analytics across the buyer network **\$10bn in savings**

- License Tungsten Network Analytics technology as a value-added service to all buyers
- Share in the savings created for buyers

Contact details

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Financial statements



Financial summary: FY 2014

- > Reported revenue of £10.8m (prior period: nil) = Tungsten Network revenue from 16 October 2013 to 30 April 2014
- > Pro-forma annual Tungsten Network revenue of £19.5m (prior period: £17.6m)
- > Reported EBITDA loss of £10.2m (prior period: £9.9m), split:
 - Tungsten Network: £1.3m
 - Tungsten Network Finance: £1.9m
 - Corporate: £7.0m
- > Pro-forma annual Tungsten Network EBITDA loss of £2.7m (prior period £2.6m)¹
- > Cash balance at 30 April 2014 of £62.6m
 - £30.1m spent on Tungsten Bank in June 2014, including purchase of £25m cash / cash equivalents

	FY2014 £m	FY2013 £m
Revenue	10.8	-
Operating loss	(10.9)	(9.9)
Loss before tax	(11.1)	(9.9)
EBITDA	(10.2)	(9.9)
Cash flow from operations	(8.1)	(5.0)
Net cash inflow	59.2	3.4
Cash balance	62.6	3.4

¹Excludes share based payment charges incurred prior to acquisition by Tungsten of £4.1m (prior period £0.5m)



Segment breakdown

	FY2014 Segmental breakdown	Tungsten Network £m	Tungsten Network Finance £m	Corporate £m	Total
> All revenue from Tungsten Network only for period since acquisition					
> Tungsten Network EBITDA loss of £1.3m (16 October 2013 to 30 April 2014)	Revenue	10.8	-	-	10.8
	Operating loss	(2.4)	(1.9)	(6.7)	(10.9)
> Tungsten Network Finance EBITDA loss of £1.9m	Loss before tax	(2.7)	(1.9)	(6.6)	(11.1)
– Primarily professional fees	EBITDA	(1.3)	(1.9)	(7.0)	(10.2)
> Corporate EBITDA loss of £7.0m:	Cash flow from operations				(8.1)
– Transaction costs	Net cash inflow				59.2
– Professional fees	Cash balance				62.6
– Group payroll costs					
– Excludes £10.8m IPO costs recognised against share premium					
> Cash of £62.6m (£30m subsequently spent on the Bank, £25m of it now restricted in Bank)					

