



Tungsten Corporation plc

RESULTS FOR THE SIX MONTHS ENDED 31 OCTOBER 2016 (H1-FY17)

14 December 2016



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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H1-FY17 HIGHLIGHTS & STRATEGIC PROGRESS



Richard Hurwitz, Chief Executive Officer



H1-FY17 HIGHLIGHTS

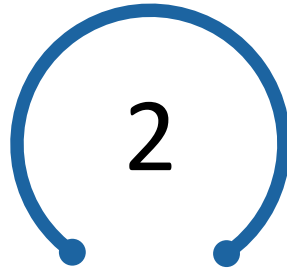
- **Positive momentum – on track to deliver FY17 guidance**
 - Good progress towards strategic goals, especially in areas where investing
 - Encouraging retention, price increases and contracted new business
 - Implemented targeted operational efficiencies – financial benefits to follow
 - Major restructuring complete with scheduled sale of Tungsten Bank on 21 December 2016
 - Restart of Tungsten Network Finance to result in profitable growth of receivables financing
- **Core Network business performing strongly, even as organisational change progresses**
 - 4 new Buyers with contracted revenue of £1.1 million; 178 total net Buyers
 - 10,000 net new Suppliers added to Network to bring total Suppliers to 213,000
 - Total invoice volumes up 6% to 8.4 million – record volume in maiden HY of new strategy
- **Improving financial results – committed to EBITDA breakeven in calendar 2017**
 - Revenue up 20% to £15.5 million
 - EBITDA¹ loss down by £1.9 million to £6.3 million
 - Cash £2.6 million, excluding cash proceeds from sale of Tungsten Bank

STRATEGIC PROGRESS



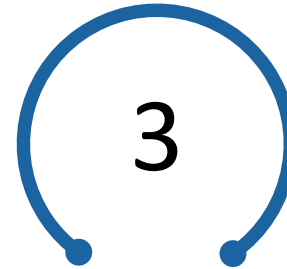
Focus On Our Core

- Enhanced Buyer sales channels
- Launched new Invoice Data Capture (IDC) product
- Launched new Supplier online portal
- Signed 560 Integrated Solution (IS) Suppliers



Improve Operational Performance

- FY17 cost savings of £1.4m (£0.5m secured in H1-FY17)
- Tungsten Workflow enhancing transparency of spend & process efficiency
- Phase 1 of move to Finance & HR shared services done – on schedule to be fully completed by Apr 2017



Distinctive Invoice Financing

- £60m of invoices financed for 6.8% mean gross yield – passed £200m milestone
- Results exclude £0.25m of Tungsten Bank revenue (discontinued) and benefit of new Insight arrangement
- Tungsten Network Finance restarted in Nov 2016 with higher revenue share



Expand Adjacent Services

- Launched FX conversion product with Payoneer, a service provider of Mastercard
- More targeted new partner initiatives in the pipeline

TRANSFORMATION OF INVOICE FINANCING

- Tungsten Network Finance restarted with strengthened supplier financing offer in November 2016
- Re-launched Early Payment product includes a new online customer portal; a simplified and more competitive pricing structure; and streamlined customer onboarding
- Strengthening of Tungsten Network Finance management and wider team with recruitment of high-calibre individuals with significant experience in receivables' financing
- Confident refreshed Early Payment offering, supported by revised funding arrangement, will permit an increase in the volume and average yield of Tungsten's invoice financing solution
- Completion of sale of Tungsten Bank scheduled for 21 December 2016
- Cash consideration received since end of October 2016 of £3.95 million – balance of total divestment realisation of approximately £30 million to be paid at completion
- Strongly committed to Tungsten Network Finance – continue to expect Early Payment financing levels to double by the end of FY17, with material increases in this revenue from FY18

FINANCIAL REVIEW



David Williams, Chief Financial Officer



H1-FY17 PERFORMANCE

- Group **Revenue** up 20% to £15.5 million (H1-FY16: £13.0 million)
- Group **EBITDA**¹ loss of £6.3 million down 23% (H1-FY16: £8.2 million loss) – excludes **Tungsten Bank**, now discontinued
- Group **Statutory Loss after tax** of £4.5 million (H1-FY16: £19.9 million loss), excluding £4.0 million non-cash charge for **Currency Translation Differences**
- Group **Net Cash** of £2.6 million (30 April 2016: £9.3 million), excluding £19.2 million of cash and £4.3 million receivables in Tungsten Bank

Tungsten Network

- Revenue up 20% to £15.5 million (H1-FY16: £13.0 million), or up 11% at constant exchange rates
- Buyer revenues up 33% to £6.7 million (H1-FY16: £5.1 million), or up 22% at constant exchange rates
- Supplier revenues up 11% to £8.8 million (H1-FY16: £7.9 million), or up 4% at constant exchange rates

Tungsten Network Finance

- Tungsten Early Payment revenue of £251k (H1-FY16: £84k)
- £60.1 million invoices financed (H1-FY16: £43.2 million); average gross yield of 6.8% (H1-FY16: 6.2%)

H1-FY17 PROFIT & LOSS

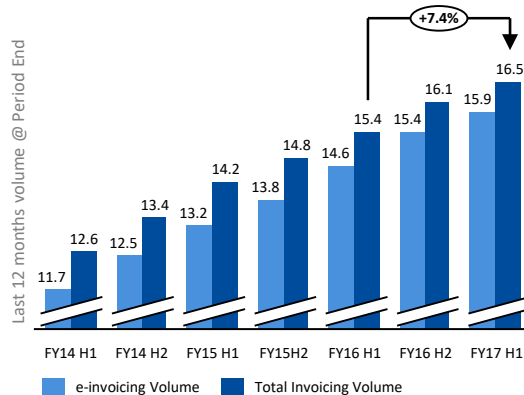
£'000 (unless stated)	H1-FY17	H1-FY16	Variance
Revenue			
Tungsten Network	15,528	12,976	+20%
Tungsten Network Finance	10	-	-
Total revenue	15,538	12,976	+20%
Adjusted operating expenses	(21,833)	(21,198)	+3%
EBITDA¹	(6,295)	(8,222)	-23%
Depreciation/amortisation	(1,396)	(1,216)	+1%
Share-based expense	(171)	(267)	-4%
Operating loss	(7,862)	(9,705)	-19%
Net finance costs	4,782	(12)	n/a
Taxation	127	189	-3%
Discontinued operations	(1,504)	(8,069)	-81%
Loss for the period	(4,457)	(19,919)	-78%
Basic & diluted loss per share	(3.53)p	(16.52)p	-79%

¹ EBITDA is defined as operating loss before depreciation, amortisation, impairment, discontinued operations and share-based payments charges

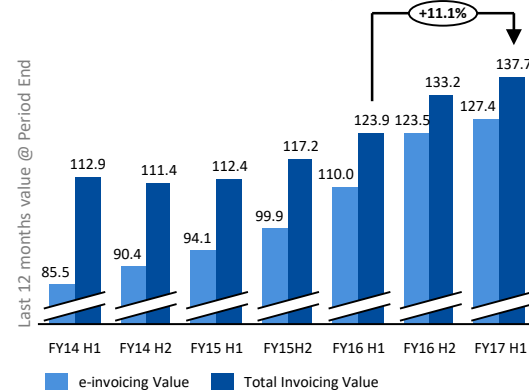
TUNGSTEN NETWORK

	H2-FY15	H1-FY16	H2-FY16	H1-FY17
Revenue	£12.2m	£13.0m	£13.1m	£15.5m
EBITDA	(£3.2m)	(£2.7m)	(£3.0m)	(£2.2m)
No. of buyers	173	178	175	178
No. of suppliers	181,000	194,500	203,000	213,000

- Annualised Network Invoicing Volume (# million)



- Annualised Network Invoicing Value (£billion)

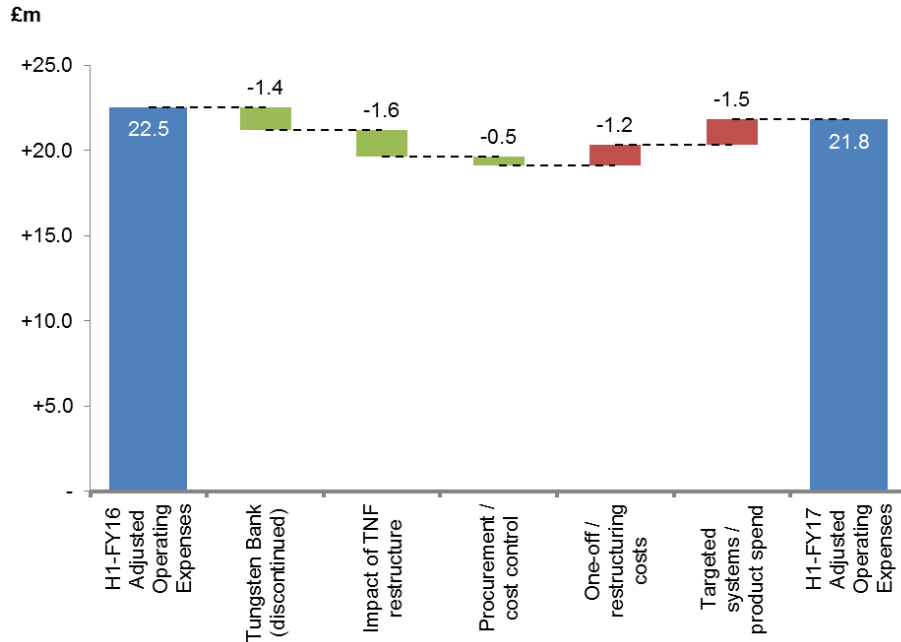


TUNGSTEN NETWORK FINANCE

	H1-FY16	H2-FY16	H1-FY17
Revenue	-	De min	De min
EBITDA	(£1.3m)	(£2.5m)	(£0.8m)
Average value outstanding	£10m	£13m	£14m
Average financed duration	40 days	34 days	38 days
Average yield	6.2%	6.3%	6.7%

- Tungsten Network Finance originates all invoice receivables which are sold to Tungsten Bank or Insight Investment
- Revenue and EBITDA excludes Tungsten Bank, which is now held for sale:
 - Revenue generated by Tungsten Bank, exclusively from invoices originated by Tungsten, has grown as follows:
 - H1-FY16: £84,000
 - H2-FY16; £96,000
 - H1-FY17: £241,000
 - H1-FY17 Tungsten Bank EBITDA loss of £1.3 million (H1-FY16: £1.2 million)
- Cost base of Tungsten Network Finance rightsized – expect annualised cost run-rate of circa £2.5 million
- Results do not reflect relaunch of Tungsten Network Finance in November 2016

RESHAPING OUR COST BASE



- Reshaping our cost base to deliver sustainable future profitable growth
- Rightsized costs to deliver our restructured and restarted Supplier invoice financing proposition
- Continue to identify procurement and cost control opportunities; £0.5 million in H1-FY17 with full-year impact of £1.4 million
- Incurring some one-off expenditure to secure future run-rate cost savings
- Targeting where to invest further

PROGRESSING TO BREAKEVEN

The operational initiatives we are undertaking to achieve EBITDA breakeven are advanced

Revenue

Pricing

- Successfully pricing to value: 67% on FY16 Buyer renewals; 47% YTD on FY17 Buyer renewals – benefits to continue to impact revenue

New customers

- 6 new buyers YTD; 560 new Integrated Solution Suppliers
- Solid pipeline of potential new Buyer and Suppliers

New product sales / upsells

- Newly launched Invoice Data Capture product with two sales
- Launched FX conversion product in partnership with Payoneer
- Relaunch of TNF with improved Early Payment product
- Pipeline of other new products

Costs

Operational efficiencies

- Moving to shared services in Finance and HR
- Building enhanced automation in sales, operations and support functions
- Further £0.9m of gross cost savings expected in H2-FY17
- One-off cost of investments in systems upgrades to fall from run-rate costs from FY18

Procurement / spend management

- Delivered £1.4 million of annualised savings in H1-FY17
- Ongoing programmes to renegotiate supplier contracts

FY17 OUTLOOK & STRATEGIC PRIORITIES



Richard Hurwitz, Chief Executive Officer



FY17 OUTLOOK

Strengthened leadership with appropriate, shareholder-aligned incentives and focused on delivering against its strategic plan of achieving profitable growth:

- On track to deliver:
 - Revenue of at least £30 million for FY17;
 - EBITDA loss (now excluding the discontinued operations of Tungsten Bank) of less than £13 million for FY17; and
 - Net cash in excess of £20 million at 30 April 2017
- Remain committed to achieving monthly EBITDA breakeven during calendar 2017, with precise month dependent on the phasing of new customer and product sales
- Anticipate Early Payment financing levels to double by the end of FY17, with material increases in this revenue from FY18, including enhanced revenue share from revised agreement with external funding partner

THE PATH FORWARD

- Revenue and cost initiatives to achieve EBITDA breakeven during calendar 2017
- Restart of Tungsten Network Finance
- New product pipeline
- Partnership opportunities
- Automation of our own business



Q&A