

Billing Services Group Limited

Investor Presentation

March 30, 2009





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2008 Highlights and Financial Results





2008 Highlights and Financial Results

- Consolidated financial results are above expectations. Full-year operating performance demonstrates improvement over preliminary interim results
- Company-wide cost saving initiatives have been a success
 - Reduction in corporate expenses associated with transition and separation of senior management
 - Aggressive restructuring initiative reduced expenses through personnel reductions, office closures and off-shoring of certain non-core functions in 2006-2008
- Improved balance sheet position by reducing term debt balance through mandatory prepayments of \$11.2 million, voluntary prepayments of \$2.7 million and repurchases totaling \$5.0 million, resulting in total debt reduction of \$18.9 million in 2008
- New contracts during 2008 increased 41% to 296 (2007: 210)
- Significant improvement in new customer implementations
- Bill2Phone™ (Wireline) processing live transactions and slowly gaining carrier support



2008 Highlights and Financial Results



(\$ in thousands)	Twelve Months Ended	
	<u>31 December 2008</u>	<u>31 December 2007</u>
	(Audited)	(Audited)
Operating revenues	\$ 142,661	\$ 127,494
Cost of services	<u>82,635</u>	<u>72,583</u>
Gross profit	59,976	54,911
<i>Gross margin</i>	42.1%	43.1%
SG&A excluding corporate	<u>18,807</u>	<u>17,365</u>
EBITDA (Pre-Corporate)	41,169	37,546
Corporate expenses	<u>3,962</u>	<u>7,297</u>
EBITDA	<u>\$ 37,207</u>	<u>\$ 30,249</u>

- Increased revenue by 11.9% to \$142.7 million (2007: \$127.5 million)
- Increased EBITDA by 23.0% to \$37.2 million (2007: \$30.2 million), despite a reduction of 1.0% in gross margin
- Reduced corporate overhead expenses by 45.7% to \$4.0 million (2007: \$7.3 million)
- Reduced cash SG&A expenses to 13.2% of revenue (2007: \$13.6%)

(1) EBITDA (a non-GAAP measure) is computed as earnings before interest expense, income taxes, depreciation, amortization and other non-cash and/or non-recurring expenses.



2008 Financial Statements





2008 Financial Statements



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Corporate expenses	<u>3,962</u>	<u>7,297</u>
EBITDA	37,207	30,249
Depreciation and amortization expense	13,664	12,802
Stock-based compensation expense	213	1,388
Other nonrecurring expenses	<u>3,110</u>	<u>6,435</u>
Operating income	20,220	9,624
Interest expense	(10,354)	(12,971)
Interest income	1,626	2,182
Other income (loss), net	<u>964</u>	<u>(7,636)</u>
Income (loss) before income taxes	12,456	(8,801)
Income tax expense (benefit)	<u>4,595</u>	<u>(2,092)</u>
Income (loss) from continuing operations	7,861	(6,709)
Discontinued operations	<u>-</u>	<u>34,075</u>
Net income (loss)	<u>\$ 7,861</u>	<u>\$ 27,366</u>





2008 Financial Statements



(\$ in thousands)

(Audited)

(Audited)

Assets **31 Dec 2008**

Current Assets:

Cash and cash equivalents	\$ 27,354
Accounts receivable	22,188
Purchased receivables	18,259
Other current assets	<u>4,287</u>

Total current assets 72,088

Property, equipment and software	35,352
Less accumulated depreciation and amortization	<u>14,710</u>

Net property, equipment and software 20,642

Deferred finance costs, net 971

Intangible assets, net 51,453

Goodwill 34,739

Other assets 534

Total assets **\$ 180,427**

Liabilities and Shareholders' Equity **31 Dec 2008**

Current Liabilities:

Trade accounts payable	\$ 13,409
Third-party payables	45,247
Accrued liabilities	5,987
Current portion of long-term debt	<u>8,562</u>

Total current liabilities **73,205**

Long term debt, net of current portion and OID 81,769

Deferred taxes-non current 5,428

Other liabilities 11,362

Total liabilities **\$ 171,764**

Shareholders' equity **8,663**

Total liabilities and shareholders' equity **\$ 180,427**





2008 Financial Statements



(\$ in thousands)	Twelve Months Ended 31 Dec 2008 (Audited)	Twelve Months Ended 31 Dec 2008 (Audited)
Operating activities		
Net income	\$ 7,861	
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	4,323	
Amortization of intangibles	9,341	
Amortization of deferred finance costs	1,386	
Impairment loss	120	
Stock-based compensation expense	213	
Gain on early extinguishment of debt	(83)	
<i>Changes in operating assets and liabilities:</i>		
Increase in accounts receivable	(1,524)	
Decrease in income taxes receivable	4,725	
Increase in prepaid expenses and other assets	(12)	
Increase in trade accounts payable	1,845	
Decrease in third-party payables	(14,408)	
Decrease in accrued liabilities	(5,915)	
Provision for deferred taxes	(873)	
Decrease in other liabilities	(885)	
Net cash provided by operating activities	<u>\$ 6,114</u>	
Investing activities		
Purchase of property, equipment and software		\$ (2,789)
Net receipts on purchased receivables		<u>1,673</u>
Net cash used in investing activities		(1,116)
Financing activities		
Payments on long-term debt		(18,640)
Decrease in restricted cash		<u>7,858</u>
Net cash used in financing activities		(10,782)
Effect of exchange rate changes on cash		<u>9</u>
Net decrease in cash and cash equivalents		(5,775)
Cash and cash equivalents at beginning of period		<u>33,129</u>
Cash and cash equivalents at end of period		<u>\$ 27,354</u>



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