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CALPIAN
The World's Choice for Payments

Speakers: Adam Holdsworth, ProActive Capital Group
Harold Montgomery, Calpian Inc. CEO
Scott Arey, Calpian Inc. CFO

Operator: Good morning, and welcome to the Calpian First Quarter Fiscal 2015 Earnings Conference Call.

At this time, all lines have been placed in a listen-only mode. Later, we will conduct a question-and-answer session. If you would like to ask a question, please utilize the Q&A tool located to the right of the webcast player.

It is now my pleasure to introduce your host, Adam Holdsworth.

Please go ahead.

Adam Holdsworth: Thank you.

First, we'll do a safe harbor statement and pass the call over to Harold Montgomery, chairman and CEO.

We would like to note that statements about the company's future expectations, including future revenue and earnings and all other statements made during this conference call other than historical facts are forward-looking statements that are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve risks and uncertainties and are subject to change at any time.

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I will hand the call over to Harold Montgomery.

Harold?

Harold Montgomery: Thank you, Adam.

Good morning, everyone, and welcome to the Calpian Inc. Investor Call for the first quarter of the fiscal year 2015, which covers the calendar months of April, May and June of 2014. Thank you for joining us today. We appreciate your interest in Calpian and your support for the company and your participation in this call.

Our investors will recall that the company reset the fiscal year from a 12/31 year to a March 31 year earlier in 2014 in order to better harmonize our reporting with our Indian subsidiary, Money-On-Mobile. India requires a March 31 year by law.

I'm Harold Montgomery, and I'm the chairman of the board and the chief executive officer of Calpian Inc. I'm speaking to you today on this call from Mumbai, India, where I have been working on Money-On-Mobile this week to better improve results and our focus here.

If, for some reason, you're having trouble accessing the Web links for this call, you can always find the investor presentation website, as you see it here represented, from the Investor Relations tab. You can also find the recently-released annual report 10-K available on our site in the Investor Relations section.

For those new to Calpian, we have three business practices areas – payment processing for retail merchants in the United States through our Calpian Commerce Division, which is headquartered in Atlanta, Georgia. That means that we process debit and credit card payments for small merchants using the kind of point-of-sale terminal which you're probably familiar with as the retail point-of-sale. We handle the transaction once it leaves the retailer and assure that he gets paid in a timely fashion. We've served about 8,000 merchants with that service in the United States through our facility in Atlanta.

Our second line of business is the acquisition of credit card residual streams, which are cash flow streams driven off of merchant processing contracts already put in place by other sales agents in the business. We acquire these from entities known as independent sales organizations in the United States and we refer to this business simply as Calpian.

Our third line of business is Money-On-Mobile. It's India's largest mobile payments network, which allows Indian consumers to make small-value payments quickly, easily, safely and cheaply. You can find more information about Money-On-Mobile on their website, which is <http://www.money-on-mobile.com>. But, Money-On-Mobile has grown significantly in India over the last year and, particularly in the most recent quarter, we've had a good quarter. Domestically and in India (both), the company turned in good results, growing on all fronts.

So, let me introduce our chief financial officer, Scott Arey, to walk us through the company's results for fiscal – the first quarter of fiscal 2015.

Scott?

Scott Arey: Thank you very much, Harold.

The couple of – couple of housekeeping notes – as Harold mentioned, we changed our fiscal year end from December 31 to March 31 very recently and just this Tuesday released our Annual Report 2014, which is the year ended March 31, 2014. In that report, we (recast) financials for '12, '13 and '14 and our – those numbers are fully audited and set to good base for us to continue financial reporting on a go-forward basis, this being the first of those reports.

Part of that transition was the inclusion of Money-On-Mobile from an investment on our books to an equity accounting method where we're fully consolidating Money-On-Mobile's results. What we're going to show you now is the progress that we've made from the fourth quarter of our fiscal 2014 to the first quarter of – excuse me – 2014 to the first quarter of 2015, which is the quarter ended June 30. We are going to release the 10-Q associated with our first quarter results on August 19.

The consolidated revenue of the company has increased significantly on a quarterly basis. And in this chart that I'm presenting now, we're showing the first quarter of 2013, the first quarter of 2014, the fourth quarter of our fiscal 2014, which is the quarter that we just had prior to this quarter and the first quarter of 2015. So, all quarters on this chart are shown as ending June 30 except for the fourth quarter of '14.

And you can see from this chart that we've had very significant growth. The percentages are not necessarily meaningful because the growth has been so high '13 to '14 and from the '14 to '15 quarters. So, I'd like to draw your attention to the growth that we've had from the fourth quarter of 2014 to our current quarter, the first quarter of 2015, where we've had a 32-percent increase in revenue.

The breakdown of that increase in revenue is a 34-percent increase in the revenue from our subsidiary, Money-On-Mobile. That reflects a very big (inaudible) in business development in India, where we are currently providing service or have provided service to almost 100 million customers.

It also reflects an 11-percent increase in our domestic business which, as Harold mentioned, is the operating unit Calpian Commerce and our residual acquisition business which we call Calpian. Both of those have been driving the total revenue increase, and we've been very pleased with the results as we have continued to try and develop those businesses and create growth for the company.

The next section that I'd like to talk about is our current cash position. Again, I'm showing the same quarterly results in the same fashion. This slide is showing cash in the company from the first quarter of '13, first quarter of '14, the fourth quarter of '14, which is the quarter that just passed, and our most recently quarter, the first quarter of 2015.

You can see a steady growth of cash from '13 to the last quarter of '14 and, then, decline from Q4 '14 to the current quarter. That represents our investments and trying to make the businesses grow and is really – that is the cost of producing revenue growth that you've seen on the previous two slides. We're putting the cash that we raised most recently to work and creating revenue growth it and building these businesses.

With respect to the financing needs of the domestic businesses, we're still in the process of trying to secure a (line debt) that will help us to grow the residual acquisition business and, in the future, we see a lot of opportunity to continue to put capital work in India to grow the Indian businesses.

This is also reflected in the company's total equity. You can see that the equity has gone up steadily over the past quarters, in particular during the fiscal year 2014. And that's primarily due to fundraising efforts that we've put forward to bring equity into the company and the development of the value that's been created at Money-On-Mobile.

We also have had some operating losses which are reflected in the decline in equity from the last quarter of 2014 to our first quarter of 2015, as you can see the drop of about \$3.3 million in equity value.

So, I'm going to turn it back to Harold to summarize some of the key events for the first quarter of 2015. And, then, we will entertain questions.

Harold?

Harold Montgomery: Thanks, Scott. Sure. Thanks, Scott.

The key events, so far, for the 2015 year are – been in our U.S. domestic business. We beefed up our sales personnel with a few key leaders there in order to drive organic growth. We've completed the drive toward operational efficiency now and has adequately staffed the Atlanta facility (and quite also has slimmed down) by closing two satellite offices that were not productive for us, and we close some residual acquisitions in the company that will boost cash flow in the coming quarter, particularly using two temporary vehicles we created while we warehoused deals for the coming of the (Barger senior) line that will help bring us totally into the company. That will boost our cash flow in a material way in the coming quarters.

We also see a robust and continuing pipeline of acquisition opportunities in the U.S. So, we are keen to get the line in place so we can act on them.

In India, we increased our store count to almost 200,000 during the first quarter. Currently, it's at 204,810 as of July 31. We had incremental revenue increases that bring our run rate of revenue here to U.S. \$171 million approximately at current exchange rates. We have almost now touched 100 million cumulative unique users since April 2012, and I think that will be a banner when we do cross that number, which I expect to happen soon.

We've also seen the company grow to 7.5 million users accessing the service in the 30-day period ended July 31. As we continue to move forward with Money-On-Mobile, we'll be adding and

announcing new products to come out in the product line that will boost both traffic and frequency of user commitment to Money-On-Mobile. We expect to continue to see strong revenue growth in India for the foreseeable future.

And that concludes our formal presentation today. We're now happy to take questions and answers if you could type your question into the website and then we'll field them.

The first question that comes across is, "Who do we believe the two or three competitors are in India for Money-On-Mobile?"

We've been tracking several businesses in India to gauge them as competition. The primary one that we use in our public disclosures has been Beam Money, headquartered out of New Delhi. And Beam, when we started working with Money-On-Mobile, was larger than Money-On-Mobile. But, we have substantially eclipse Beam now by a factor of about 10 to 1 when measured by store count and process volume. Beam has not chosen to aggressively pursue the business.

In addition to that, we've had other players enter the market, Vodafone Money and airtel Money. But, recent disclosures out of Vodafone in particular indicate that the service is not taking off. I think, partly, that's due to the fact that Vodafone's coverage is inconsistent throughout the country.

It's the number two, or, in some markets, third or fourth, telephone player, giving it spotty coverage but, also, the lack of product utility that's built into the Vodafone product. They have chosen to emphasize domestic remittance, which is a product that we also have. But, we also have a much broader product range and a much broader distribution channel, and we have much higher density in certain markets like the Calcutta market.

airtel Money has been out there for about two years but does not seem to be making a lot of traction outside the airtel user universe. The numbers have not been publicly released. But, anecdotal evidence suggests that they're not a serious competitor for Money-On-Mobile. Other than that, we think that the playing field for Money-On-Mobile is wide open and we continue to exploit that first mover advantage as aggressively as we possibly can.

Are there any other questions forthcoming? We're happy to wait a little while for people to type in questions.

OK. Well, if there's no further questions, that concludes our call today. Of course, we're happy to support shareholders through our investor relations group called ProActive Capital or with direct email or phone inquiries to the company. We're happy to field any questions you may have. Thank you, all, very much for your time and attention.

We do have one more question that just came up. Could I talk about uplisting?

It is certainly our intent to uplist. We would like to list on the AMEX or the NASDAQ. I think the – we have achieved the appropriate number of shareholders to be considered for an uplisting and with any (luck), we'll see our share price rise to the minimum number of \$2 a share later in the year and we will be, then, in a position to file an application to uplist, at which point it will be up to the

exchanges whether or not they accept us and, if so, in what timeframe. But, it is our stated intention and has been for a long time to uplist.

Another question has just come up. “What type of new product offerings are you looking for in 2014 or ’15?”

I think high on our list in product introductions here in India is, certainly, the domestic remittance product, which is coming up. The – we are one participant of eight in the Reserve Bank of India’s domestic remittance pilot that allows users to send from a person to another person without a bank involved. That (test) is ongoing. In addition to that, we are intent on launching a person-to-bank domestic remittance product in September, and we’ll see how that goes.

I think, other products that we would very much like to introduce this fall include travel ticketing, especially rail ticketing, which is a significant purchase price and a significant commission point at 0.75 percent of the transaction value. And, in addition to that, we are working on and would like to introduce funding alternative for e-commerce purchases.

For those who are not familiar with the e-commerce model in India, it’s largely a COD model if you’re don’t have a credit card or you’re paying by COD. And, of course, the introduction of electronic money would short circuit that. So, we’re looking at various different ways of working with e-commerce companies that are here in India. It’s a limited set. There’s about a hundred that matter. And we are having conversation at various different stages and maturity with almost all of them about plugging into that – those websites as a payment alternative.

Another questions comes across – if we can talk about the valuation of Money-On-Mobile versus the valuation of QIWI.

For those who don’t know it, QIWI, Q-I-W-I, is listed on the NASDAQ as a payment systems company. It’s headquartered in Russia. We’re currently doing some onsite research at QIWI in Russia to understand better how it works and how we can learn from it.

QIWI processes about \$15 billion a year. Currently, Money-On-Mobile is processing about \$180 million a year. So, we’re slightly more than 10 percent QIWI-sized. QIWI has a 1.9-billion valuation and a growth rate of about 12 percent. The ticker symbol, again, is QIWI.

So, you know, arguably, QIWI is valued at somewhere in the neighborhood of about 15 percent of processed volume. Money-On-Mobile, with a growth rate of well over 100 percent a year, could arguably be valued somewhat higher than that ratio. But, I think, our valuation compared to QIWI rather on the low end if you look at the math that way. So, we are interested in continuing our growth rate and interested in continuing to inform the market and investors about Money-On-Mobile and what it means. We think the comparison to QIWI is quite favorable.

We have a question about “How much additional money do you need to raise?”

We are not raising in the market at the moment and, at the moment, have no plans to do a further raise. We believe we’re adequately capitalized for the near term.

And we have the next question. “Can you explain your Goodwill valuation?”

Scott, do you want to tackle that one, please?

Scott Arey: Sure.

Goodwill is – a small piece of it is Goodwill associated with the acquisition of Calpian Commerce. Calpian Commerce was acquired with very favorable terms (and minimal) Goodwill.

The other Goodwill amount is associated with the conversion from an investment to the equity method of accounting for Money-On-Mobile. In that case, what we did is take an extremely conservative valuation method and said essentially that we are going to put Money-On-Mobile on our books not at market value but at the value of the cash and stock that we had contributed up to the point where we acquired the majority ownership.

So, we have a minimal Goodwill number for Money-On-Mobile. We obviously think that it’s worth much, much more than what (is on our book’s worth). But, we thought it was in the interest of all parties that we represented it really at its minimum value, which is the value of the stock and cash that we put into it up to that point where we gain majority ownership. And that’s the basis for the Goodwill.

Harold?

Harold Montgomery: Yes. We have a question about, “What is the exit for Calpian? Will you be acquired?”

Of course, I can’t forecast that. I think it’s certainly possible that the company could be acquired by someone. There have been a couple of examples of acquisitions in the U.S. space of companies similar to our Calpian Commerce Division at very favorable valuations currently actually on a comparative basis much higher than our overall market cap. I think that’s certainly a possibility. But, to be clear, we’re not marketing that division of the company at this point. We’re intent on building it through organic growth and acquisition.

In India, I think there is certainly a possibility of an acquisition there. The e-commerce market, in particular, is heating up in India and some companies are raising funds at very high valuation. Certainly, we can see ourselves to be a key participant in the digital economy here in India. And, I think, it would – it will attract attention as we go forward. Whether or not we will be acquired is a matter of speculation. But, I think, it’s certainly possible that that could occur. Again, we are not marketing the company and that no such discussion are currently under way.

One question comes up. “What are you doing regarding getting more exposure (about) – to the sell-side analysts?”

After the Labor Day holiday, I’ll be appearing at three conferences, two in New York on the 9th, 10th and 11th. That will be the Rodman Conference on the 10th and the (Feature) Equity

Conference on the 11th. In addition to that, the – at the (EAGIS) Conference in Las Vegas on the 12th.

We have recently retained ProActive Capital to help us with our (IR) approach to create more visibility, especially in the brokerage and fund communities. And we will also – we have also retained a couple of private consultants to help us broadcast our message. In addition to that, we think that the disclosures that we've been making and the press releases that we've been making will heighten our profile additionally.

A question comes across about identity theft and laws regarding sending money overseas.

Calpian is not involved in international funds transfer and does not use or store any identity information on consumers, either in our Atlanta facility or in India. So, these kinds of data breaches and so on that you hear about in the press are not of concern to us at this point. We're sort of not in the (flow) of that kind of information.

An investor has written in, "I'm new to the (story). Can you provide some brief color on your (entry) in India? Do you have a legacy that led to the acquisition of Money-On-Mobile?"

We did not have a previous experience in India other than my own personal experience in the country. I first began travelling to India in 1982 and is familiar with the landscape here, as well as, to a limited extent, the business climate. I met – I ran into Money-On-Mobile because I was speaking at a conference in London in 2011 and met some Indian nationals who live there engaged in the payment business and they referred me to Shashank Joshi, the managing director of Money-On-Mobile.

I – because of my 25 years of experience in the payments business, when I heard about Money-On-Mobile, I instantly thought that it was a tremendous opportunity and a green field – playing field here in India. And that subsequently proved to be correct.

The laws around creating a mobile money system in India had only just become enacted and valid in late 2010. And, so, Money-On-Mobile began in 2010 – December of 2010 and was one of the early movers in the space and one of the more successful and aggressive players.

So, we felt very lucky in that sense to come in contact (within at that moment in near development when they needed capital) but also some expertise that we could provide because of our history in the payment space. As I mentioned, I've been 25 years in the business and my partner, Craig Jessen, who currently heads our Acquisition team, has spent 22 years in the payment space. So, we've been able to provide some guidance as board members and consultants, so to speak, to Money-On-Mobile that have really helped them out quite a bit over here.

In addition to that, we have a question about some metrics and what sort of margins you might expect once the business is built out.

Because we have a diverse product line here in India including mobile telephone top-up or purchase of pre-paid mobile time, purchase of pre-paid television time – many of our shareholders

may not know that television in India is pre-paid and delivered by satellite and when your pre-paid subscription runs out, your TV goes dark. It's metered at your set-top box. So, you constantly have to be buying additional cell phone time and TV time.

We also do utility bill payment, which is a low-margin product that has really driven some good user retention numbers for us here. In addition to that, we're looking at (a good set of) travel and e-commerce.

The margins on each one of those products are different. On TV and mobile, it's 0.4 to 0.5 percent of the transaction volume. At utility bill, it's 3 to 5 rupees per transaction. On e-commerce, it's 2 to 3 percent of the transaction. On travel, it's 0.75 to 1.5, depending on the type of ticket. On domestic remittance, it's 1.5 percent.

So, when you (blend) all that together and you look at what we expect the allocation to be across that product line not including anything else we may have (to do later), we believe that the margin will, later on in the life of the company, blend out to about 1 to 1.2 percent overall. It's currently less than that number, of course, because we have a heavy emphasis on the mobile top-up and the TV top-up transactions.

There's a question here about what volume do we believe we need to become cash flow positive in India.

We believe that the volume needs to be approximately twice that it is today. At the current growth rate, we expect to be there in 2015. If we are able to move aggressively into some of these higher-margin lines, obviously, that would make it a lower hurdle to meet. But, nevertheless, we are confident that we're on a track to hit breakeven and subsequently cash flow positive.

As you may know, the characteristics of payments are that once you achieve breakeven, you incrementally become very cash flow positive on your incremental transactions. They pretty much all go to the bottom line.

There's a question here. "According to press releases, it seemed that Money-On-Mobile revenue was around 2.8 billion rupees. The (PR) today has 2.38 billion. I wonder what the difference is."

Scott, can you comment on that into the possibility of a misprint there?

Scott Arey: Sure.

Press release on Money-On-Mobile is around 2.8 billion. I don't see the 2.8 billion that's being referred to. But – yes, I don't ...

Harold Montgomery: OK.

Scott Arey: (I have it). But, I don't – I don't it see that in the – in the numbers that we're looking at. Money-On-Mobile in the – in the previous – it's probably a release that was out earlier. It's

probably just a difference of timeframe. It may be that we've released something that is anticipating, you know, coming months or is in the middle of a month.

This 2.38 billion is for the quarter ended June 30, I believe. Is that what we (inaudible) (around here)? (And we had) – yes. So, we're up from the prior quarter. The prior quarter was 1.827 billion rupees and the quarter that we just complete, June 30, was 2.38 billion. So, that's about a 34-percent increase.

And I'm not sure where the other – where the other number is coming from. But, those are – those are the correct numbers from Money-On-Mobile for the quarter and the numbers that we consolidated into our financial statement (which you can all read).

Harold Montgomery: OK. And, Scott, do you want to comment on the last question there, number 17?

Scott Arey: “When will you release the full June 30 figures?” We are expecting to release that on August 19.

And, then, “What's the current cash drain per quarter?” You can see from the – what we did in the current quarter in terms of cash from the presentation that we just made was about \$2.2 million. I think that we would expect in the coming quarter to have less of the cash drain and less as we continue to move towards being cash flow positive. So, it's not a situation where we're going to have, you know, increasing cash drain. We're moving towards breakeven as we increase revenue. So, you know, we believe that we're adequately capitalized.

The tricky part about that is that there are tremendous opportunities for us for investment in India in particular. So, it's a real balancing act to decide is it a great – such a great opportunity to increase the size of the company and be able to be the dominant player that we want to use more of our cash or do we want to continue to use our cash the way that we're using it.

We think that a lot of those opportunities will come up and we've seen a lot of those types of opportunities. So, we really can't forecast that. We just have to take it on a quarter-by-quarter basis. I will say that we're very, very selective and very careful with how we use the company's cash.

Harold?

Harold Montgomery: I would also add that the cash drain is not necessarily an operating drain that we are making investments on acquisition of residuals and other things with that that add to cash flow. So, I tend to look at them more as uses of cash in the form of investment rather than operating burn.

Scott Arey: Good point.

Harold Montgomery: OK. I think that concludes that questions here. I don't see any more coming in.

So, we certainly appreciate your participation today and your support for Calpian and we look forward to being in touch with you between now and the next quarterly call.

Thank you, all, very much.

Operator: Ladies and gentlemen, on behalf of Calpian, we'd like to thank you for your participation. You may now disconnect and have a wonderful day.

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