



PSI capital market day 2014

December 3rd 09:00 -12:00

Jørgen Waaler, CEO





Agenda

- PSI Group going forward – Jørgen Waaler, CEO PSI Group ASA
- The Future of Cash payments – Roine Gabrielsson, CEO CashGuard AB
- PSI Group entering the Baltics – Evaldas Budvilaitis, CEO NewVision Baltija UAB
- Lunch at noon





PSI Group going forward

- PSI Group – Mission and Vision
- Financial recap YTD Q3 2014
- PSI Group Business model & Value proposition
- Verticals expansion; future technological solutions, omni channel concepts
- Horizontal expansion; possible market expansion and opportunities
- Recent client examples
- Q & A's



PSI Group mission

“Driving Retailers’ productivity by providing innovative integrated Technology Solutions”





PSI Group vision

“Becoming a recognized global provider of Retail Technology Solutions”





Financial highlights YTD Q3 2014

Three official segments

| MNOK | YTD 2014 | | YTD 2013 | |
|----------------|--------------|-------------|--------------|-------------|
| | Revenues | EBITDA | Revenues | EBITDA |
| PSI Technology | 332,5 | 26,7 | 258,0 | 18,4 |
| PSI Retail | 140,7 | 8,4 | 209,2 | 27,0 |
| PSI Label | 124,4 | 8,6 | 65,0 | 0,9 |
| Group | 0,4 | -9,5 | 0,4 | -7,9 |
| Eliminations | -21,6 | 0,0 | -2,3 | 0,3 |
| Total | 576,4 | 34,2 | 530,3 | 38,6 |



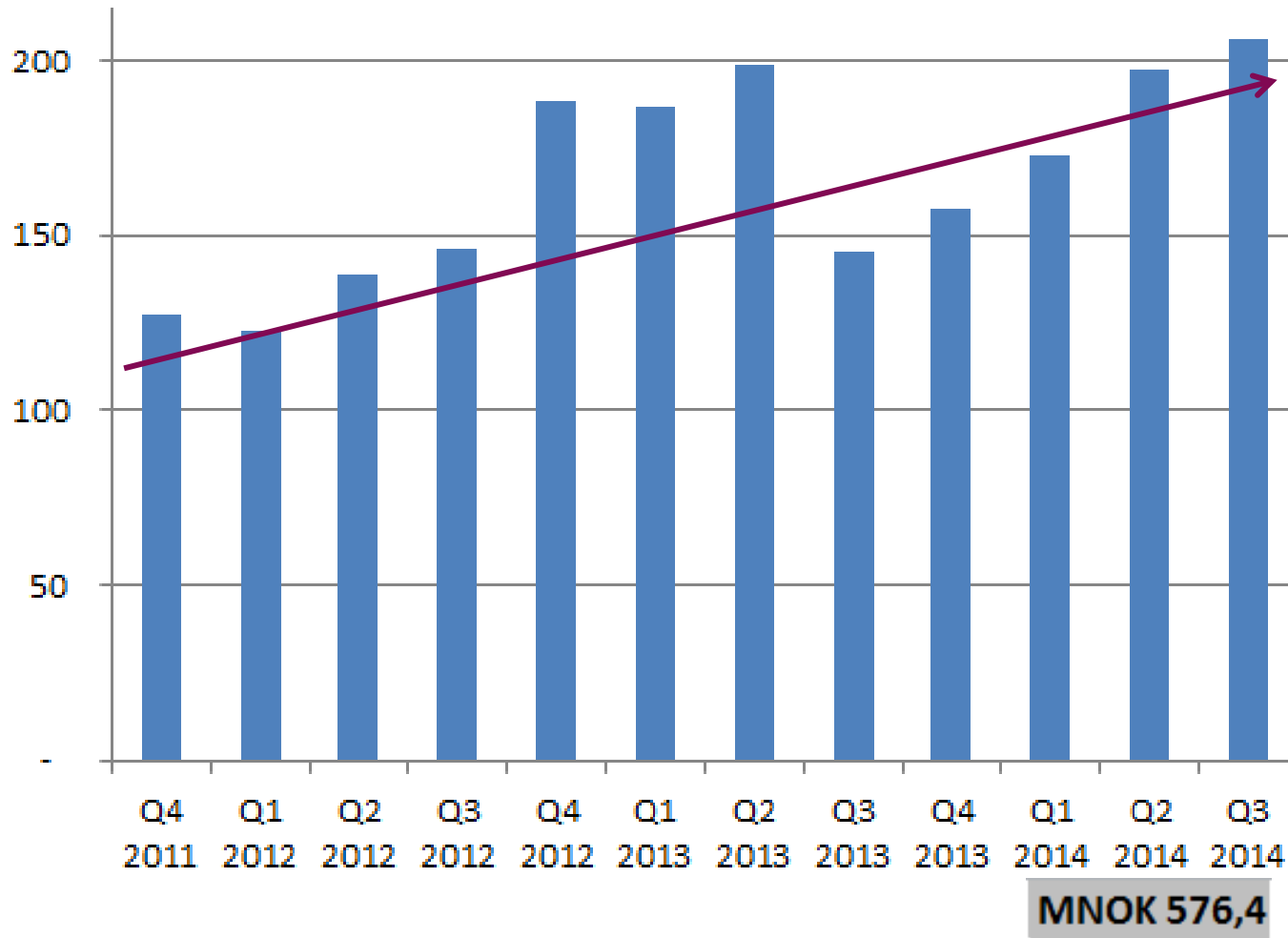
Financial highlights YTD Q3 2014

Per geographical market

| MNOK | YTD 2014 | | | YTD 2013 | | |
|----------------|--------------|--------------|---------------|--------------|--------------|---------------|
| | Norway | Sweden | Other markets | Norway | Sweden | Other markets |
| PSI Technology | 93,7 | 154,5 | 84,3 | 94,4 | 86,3 | 77,3 |
| PSI Retail | 46,7 | 72,5 | 21,5 | 124,5 | 84,4 | 0,4 |
| PSI Label | 44,4 | 77,9 | 2,0 | 27,2 | 37,8 | 0,0 |
| Group | 0,4 | 0,0 | 0,0 | 0,4 | 0,0 | 0,0 |
| Eliminations | -1,0 | -20,3 | -0,4 | -0,7 | -0,6 | -0,9 |
| Total | 184,3 | 284,6 | 107,4 | 245,6 | 208,0 | 76,8 |

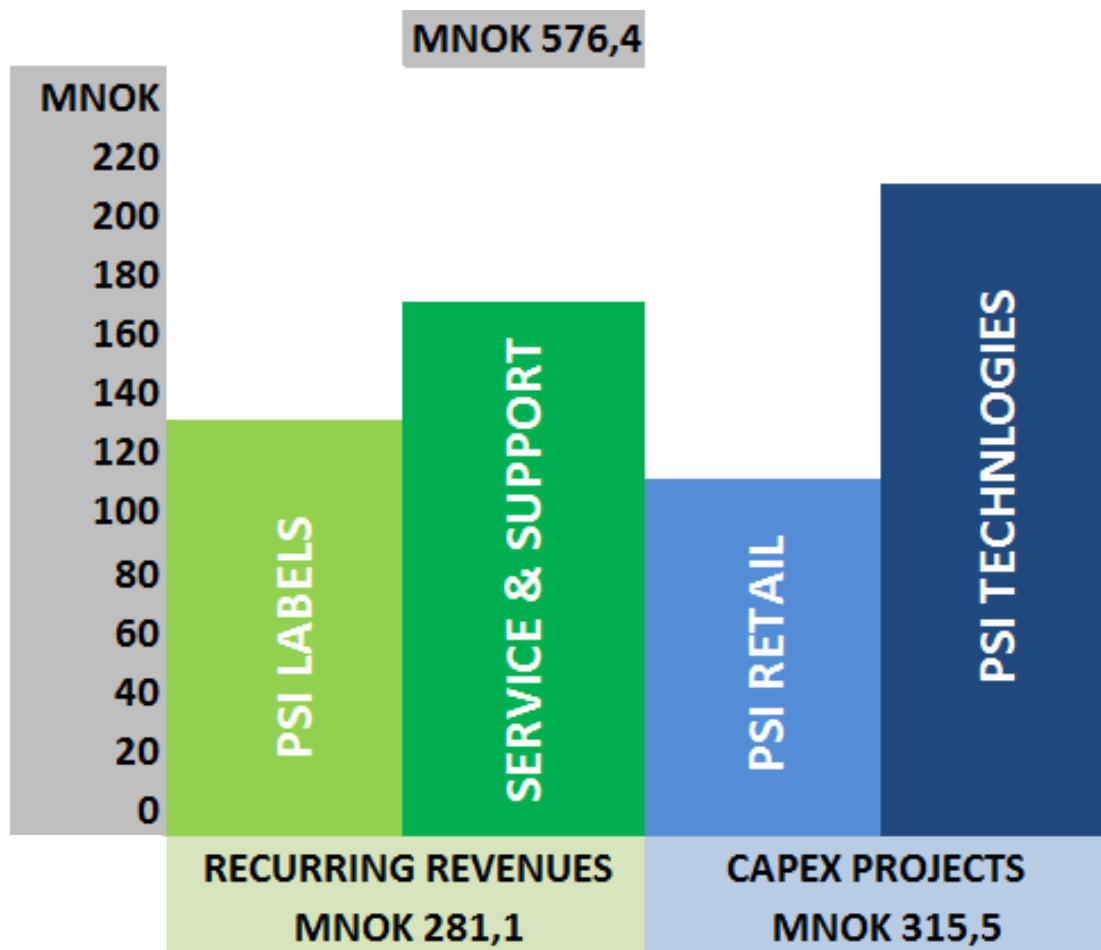


PSI Group – Revenues last 12 quarters





Revenue categories YTD Q3 2014





STORE MANAGERS' DAILY WORRIES

The Retail Solutions experts

**REDUCE THEFT -
INCREASE SECURITY**



**REDUCE CHECKOUT
QUEUES – PRICE
INTEGRITY**



**INCREASE REVENUE –
REDUCE COST**



We drive retailers productivity

- Retail technology consulting
- Sales & marketing
- System integration



- Installation and education
- Project planning and rollouts
- Service & support

We drive retailers productivity

**HOW CONSUMERS
BUY**



**HOW CONSUMERS
ARE REWARDED**



**HOW CONSUMERS
PAY**

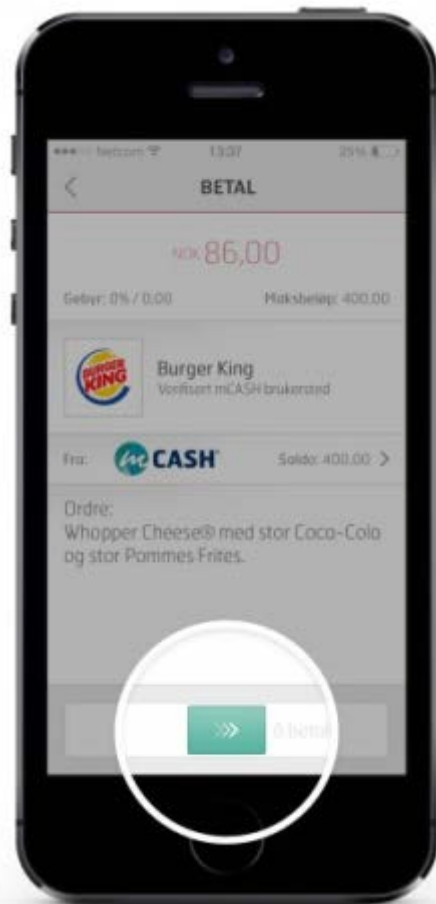


CONSUMER BEHAVIOR AND TRENDS





Verticals; future technological solutions



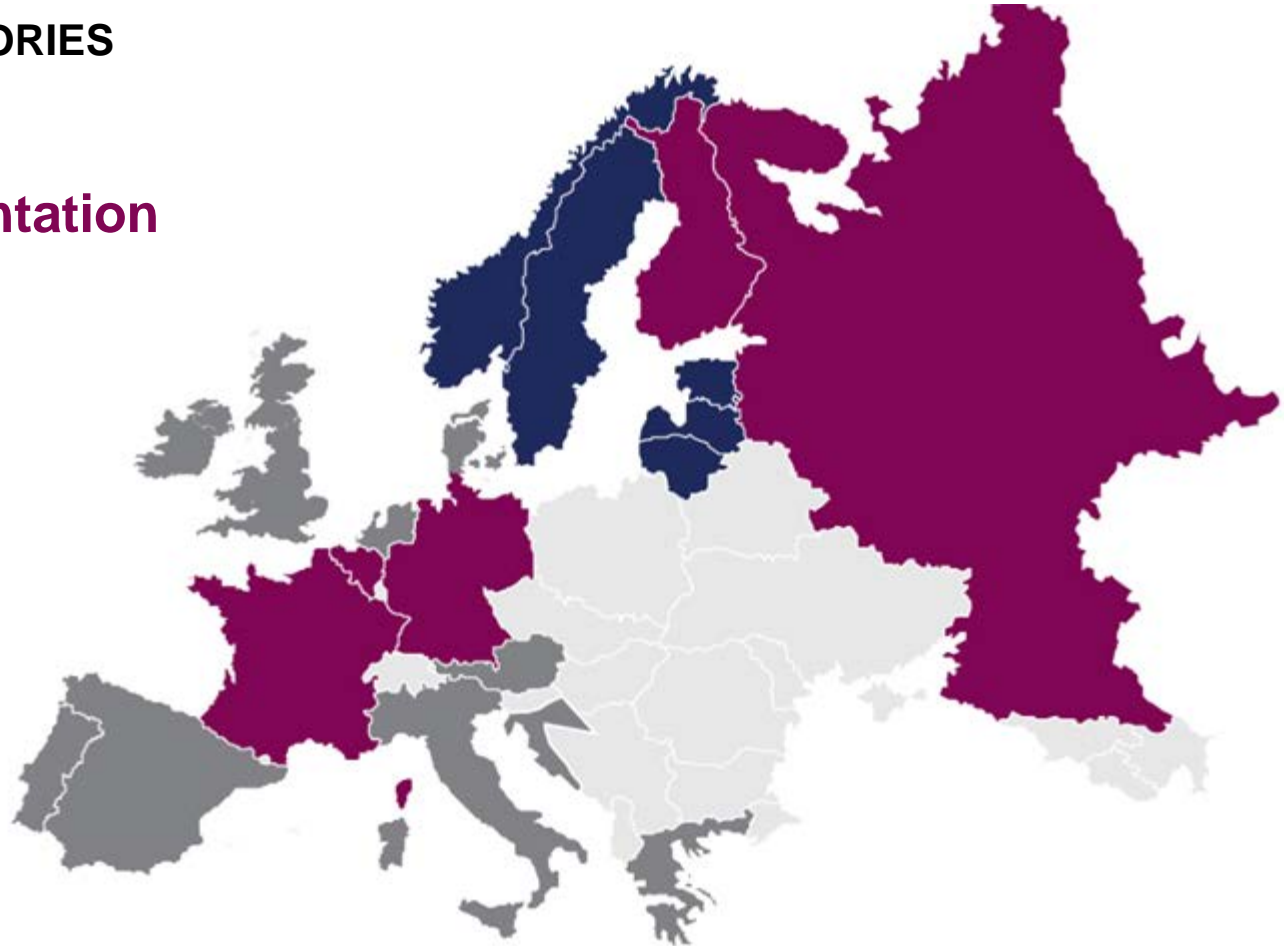


**Horizontals;
Reaching our vision
New and possible geographical
footprints**



THREE STAGES - CATEGORIES

- Home markets
- PSI office/representation markets
- Channel markets





Why New Vision acquisition?



- Large step towards our internationalization strategy
- Baltic market leader within Retail Solutions
- Advanced software solutions and software development competence and business consultancy
- New geographical footprint for New Vision applications in Norway and Sweden & for CashGuard & Vensafe in Baltics
- Highly valued by customers within Retail technology, Retail equipment field service, Self checkout competence and a skilled consulting organization



LS Retail
Partner of the Year 2014
Europe

ISO 9001 - ISO 20000
ISO 27001

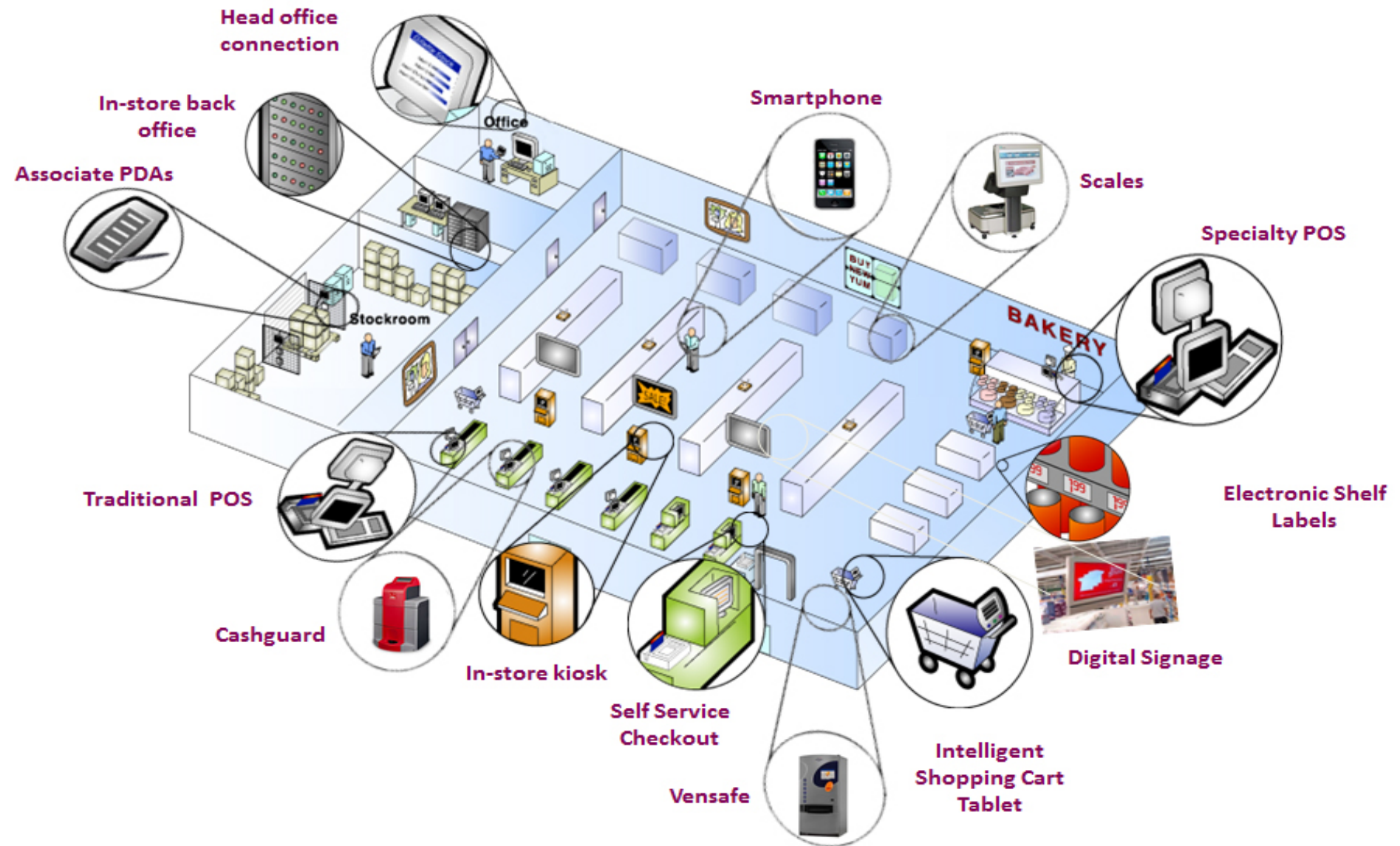
BUREAU VERITAS
Certification





PSI Group customer ambitions

- **Thought leader within Retail Technology trends**
- **Trusted consultants & advisors within Retail Solutions**
- **ONE stop shopping**
- **Comprehensive provider of Retail Solutions in all areas where consumers interact with the stores**





One stop Shopping

Coop Åsane – new store opening November





Omni channel

Lefdal Sandvika – new store opening TODAY



lefdal

SANDVIKA | CONCEPT STORE

**LEFDAL SANDVIKA HOLDER STENGT 2/12.
VELKOMMEN TIL STOR ÅPNINGSFEST
ONSDAG 3/12. LES MER HER.**



Hoover Telios støvsuger T...

TE70TE31011



På hovedlager (100+)

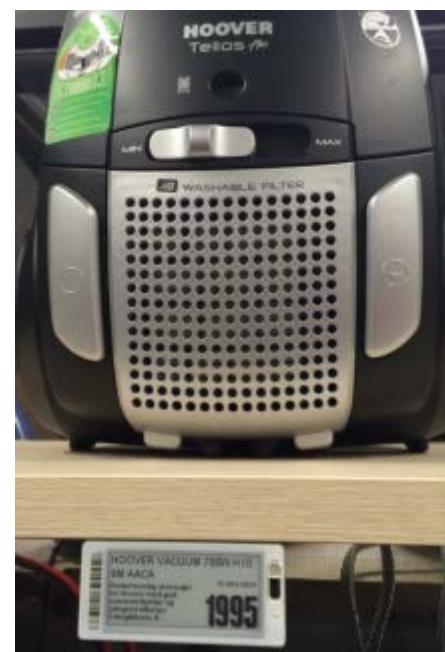


☐ Sammenlign

1995



- HEPA-filter
- Rekkevidde: 9 meter
- Energiklasse A





Questions?







PSI capital market day - summary

- **Comprehensive provider of Retail Solutions in all areas where consumers interact with the stores**
- **Stronger international focus and resource allocations**
- **Cash payments solutions will remain a significant part of our business**
- **Expanding our retail software offerings through New Vision**
- **Strengthened executive management**



The future of cash payments



About CashGuard

- Founded in 1991
- Head office in Stockholm, Sweden
- Sales offices in France, Germany, Malaysia and Singapore
- 20 global business partners
- Market share in Europe over 70%
- Close to 25 000 sold systems





A company in change



THE

CASH MANAGEMENT SPECIALISTS

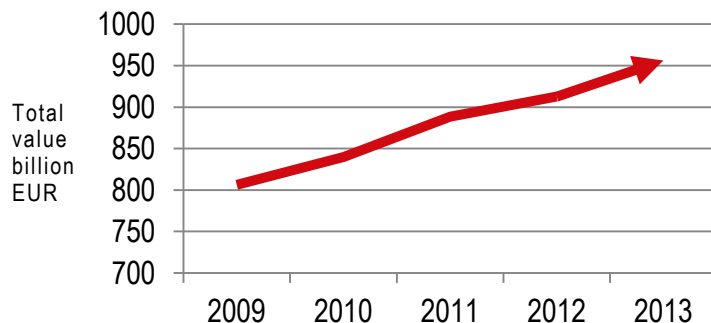
*"We create a world class point of sale experience
by making cash payments competitive"*





Cash trends

- The US dollar increased with 42% from 2007 to 2012
- The U.K. Pound increased with 29% from 2008 to 2013
- The Euro increased with 34% from 2008 to 2013*
- The Malaysian Ringgit reached 70 billion in 2012
- Cash accounts for 70-80% of transactions**
- Total cash-spending is increasing***



*

*Armin Greif, Head of Issue and Circulation, ECB, Germany

**British Retail Consortium, 2012

***Paying with Cash: A Multi-Country Analysis of the Past and Future of the Use of Cash for Payments by Consumers, 2013





Cash trends

- Card payments continue to increase
- Mobile payments are gaining ground
- Sweden closer to a cashless society
- Banks are encouraging this move
- The cost of handling cash is too high
- Cash-spending share is declining*



*Evans, David S. and Webster, Karen and Colgan, Gloria Knapp and Murray, Scott R., Paying with Cash: A Multi-Country Analysis of the Past and Future of the Use of Cash for Payments by Consumers (June 2, 2013).



People like cash...



- Cash is the most viable payment method
- Cash protects against electronic theft/fraud
- Cash leaves no electronic traces
- People trust cash in difficult economic times
- There is a strong cultural connection to cash
- 2,5 billion adults in the world are unbanked*



“Society is not ready to abandon cash”

ECB, 2013



But retailers don't





Retail cash handling

- The cash payment process has stayed stagnant for decades
- 90% of retailers lack a secure and efficient cash management process*
- Most retailers still handle their cash manually
- Shrinkage and counting errors directly effect profits
- Robberies are expensive and adds stress to the staff
- Cash is still the cheapest payment method**

MANUAL CASH HANDLING

- Exposes everyone to cash
- Costs time and money
- Diverts resources from the core business
- Leads to a suspicious work environment
- Negatively affects the customer experience

*Vinnova, the Swedish public innovation agency. Report: *Faster Cash – Efficient Cash Handling is a Growing Market*, 2013

**British Retail Consortium, 2013



Focus on core business



HOW TO IMPROVE YOUR BUSINESS:

- 1. STOP CASH HANDLING**
- 2. START CASH MANAGEMENT**

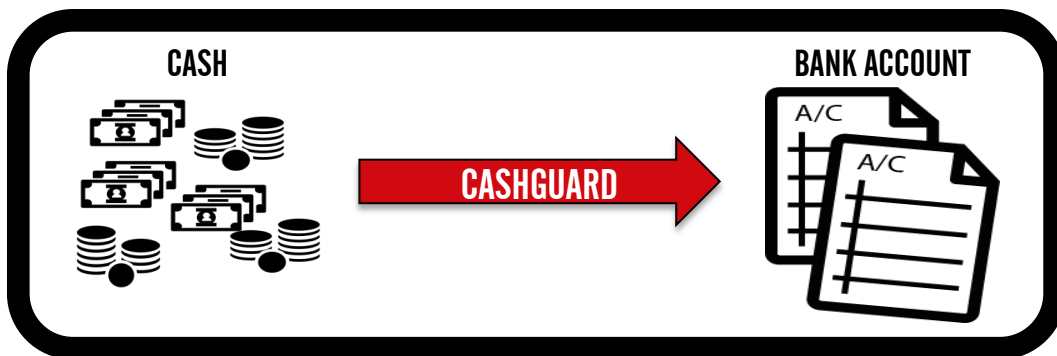






Retail cash management

- Automating payments at checkout
- Enabling in-store recycling of cash
- Streamlining float levels, replenishment and collection
- Eliminating reconciliation, shrinkage and counting
- Optimizing cash collection from CIT
- Reviewing all processes and resources





Benefits of cash management

Increased revenue

- Focus on revenue-generating activities
- Faster customer throughput
- Cash recycling
- Same-day-banking

Lowered costs

- 50% less time spent on cash
- 30% cut in cash-related costs
- Fewer staff = lower salary costs
- Lower insurance costs

Improved customer service

- Minimize queues at checkout
- Staff is freed up
- Always correct change
- Customer trust

Enhanced security

- Cash is inaccessible to staff
- Internal theft is eliminated
- Safer work environment
- Robbery risk is minimized



Cash management specialists



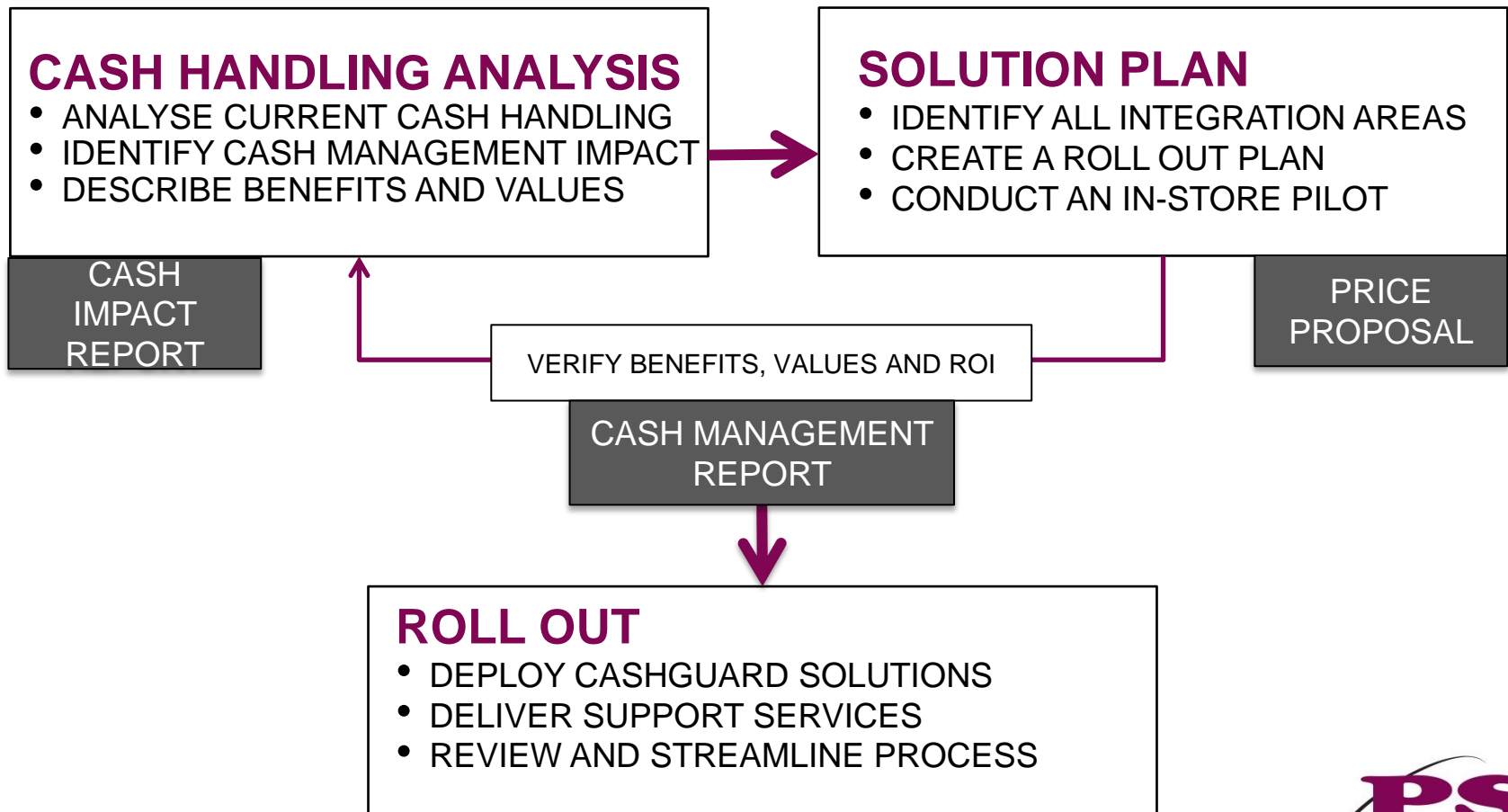
HOW TO IMPROVE YOUR BUSINESS:

- 1. STOP CASH HANDLING**
- 2. START CASH MANAGEMENT**





Solution approach



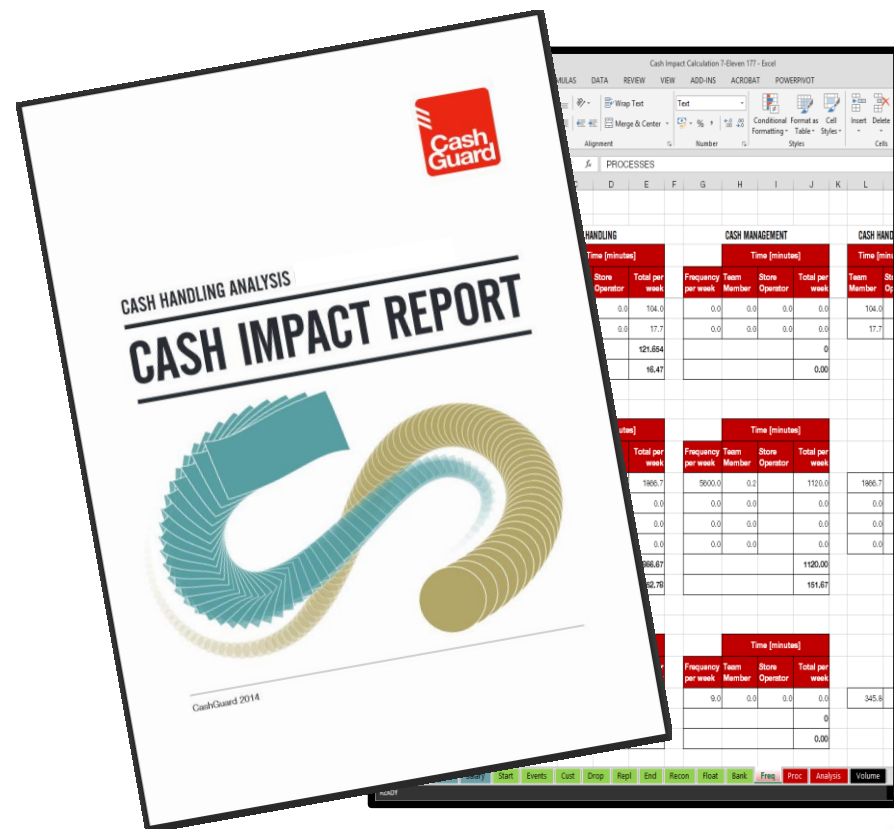


Solution approach



Cash handling analysis

1. 2 day study
2. Interviews/data collection
3. In-store analysis
4. Solution proposal
5. Cash impact report



THE **CASH** MANAGEMENT SPECIALISTS





CashGuard in South East Asia



- 620 million people
- Annual GDP growth rate is 5,4 %*
- The world's largest retail market
- Growing middle class
- Cash is still king according to retailers
- Productivity and efficiency is key



*Economic Outlook for
Southeast Asia, China and India
2014, OECD



CashGuard in South East Asia



- Regional office in Kuala Lumpur, Malaysia
- Direct sales approach
- Local service provider
- Addressing large chains and SME
- 15 analyses done, 2 pilots ongoing
- 4 pilots confirmed for Q1, 2015
- Strong pipeline for 2015-2016
- First deal in December 2014



CASHGUARD SDN.BHD

Suite 16-08, Level 16, G Tower, 199 Jalan Tun Razak,
Kuala Lumpur, Malaysia

CASHGUARD PTE.LTD

111 Sommerset Rd #07-04, TripleOne Sommerset,
Singapore



CashGuard – future

- Cash payments continue to be key focus
- New markets are and will be explored
- New payment methods are monitored and evaluated
- New product line launched 2015 – focus on software
- Checkout experience
- Increased collaboration with New Vision

THE **CASH** MANAGEMENT
SPECIALISTS





THE

CASH MANAGEMENT SPECIALISTS

www.cashguard.com





NEW VISION BALTIJA

Background and organisation
Products / solutions
Long term outlook

Evaldas Budvilaitis, NVB co-founder & CEO
PSI Group Capital Market Day, December 3rd, 2014





Evaldas Budvilaitis



- 46 years young Lithuanian
- Electronic Engineer from Kaunas University of Technology (1993) and MBA from ISM Management University / BI (2002)
- 21 years together with Retail systems and Retailers
- Experienced - start up, going outside Lithuania, Joint Ventures, M&A, MBO, repositioning company, regional multicultural
- „Love“ retail technologies and solutions
- Business friends WW within business segment
- Good knowledge about WW market Retail solution offering, new technologies and competition



NEWVISION

to business technologies





NVB Vision 2010 - 2017

- We strive to be the most valued business technology partner for retailers in Baltic countries.
 - Constantly look for opportunities to expand to other markets with the help of gained specialized skills and
 - to encourage employees and retail or IT community members to develop innovative products that can grow into new businesses.



It started in New York

- 2010 we were standing in front of NYSE building and thinking, why don't we start thinking big and try playing in another league
- The difference between „dream“ and „vision“ is ones role
- In 2014 July NEW VISION became part of PSI Group ASA





Why PSI and NVB is good fit

- **Customers**

- Our big corporate customers appreciates, that we are part of Scandinavian Public Company
- NVB opens the customers for PSI Technologies products

- **Colleagues**

- Our skilfull staff are available and can be shared among the group

- **Solutions synergies and growth opportunity**

- PSI opens customers in Norway and Sweden for NVB solutions
- Together we can go better to new markets



Our company

A leading partner for retailers in Baltic countries

Wholly owned subsidiary of PSI GROUP ASA, as of July 3, 2014

| | | | | |
|--|---|--|--|--|
| | <p>21 years of experience within complete integrated retail management solutions</p> | | <p>205 experienced professionals comprising the largest provider of retail solutions in the Baltics</p> | <p>In-house software development competence</p> |
|--|---|--|--|--|

Key solution areas



Enterprise solutions



Store solutions

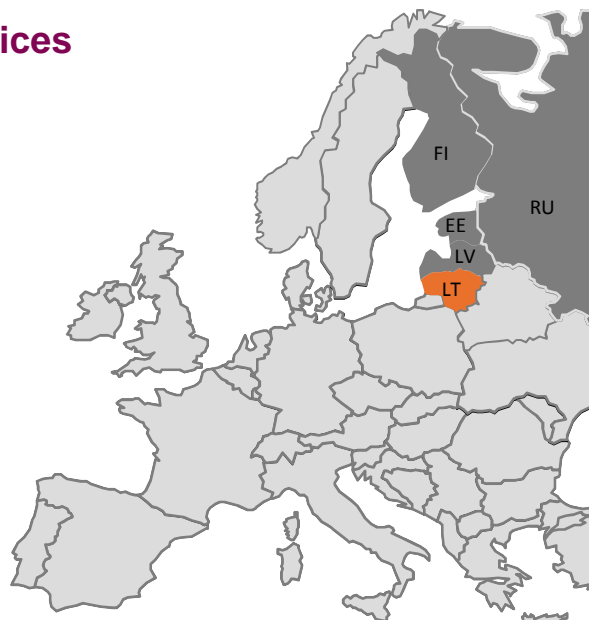


Self service &
checkout efficiency



After sales service

Offices



Key segments



International retailers



Food retailers



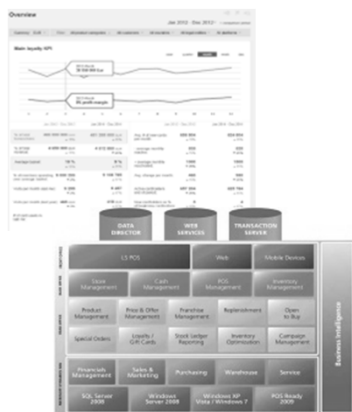
Domestic speciality
retailers



Hospitality chains



Our portfolio



1

Enterprise solutions

Product examples

- MS Dynamics NAV
- LS Retail Back office
- Loyalty systems including customer analysis and mobile applications
- BI solution



2

Store solutions

- POS hardware & peripherals
- POS SW
- Scales
- Digital signage
- Barcode scanners & mobile computers
- Security systems



3

Self service and checkout efficiency

- NCR Self Service Checkout
- RetApps mobile shopping application
- ReVision Self Scanning solution
- Irisys que prediction & staff management solution
- Capacity model



4

After sales service

- Multi (5) lingual call center & centralized helpdesk operating 24/7/365
- Remote service
- On-site service
- Workshops repair

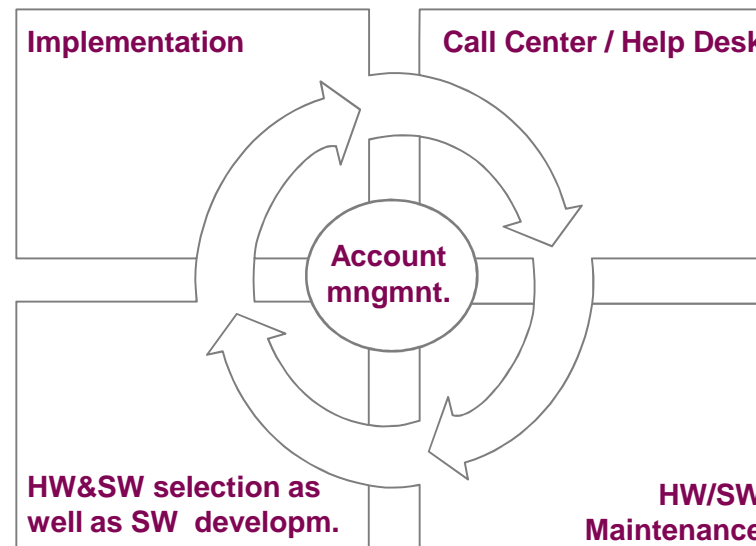


Our business model

Significant part is stable and recurring business

We insure retailers systems operate and bring value

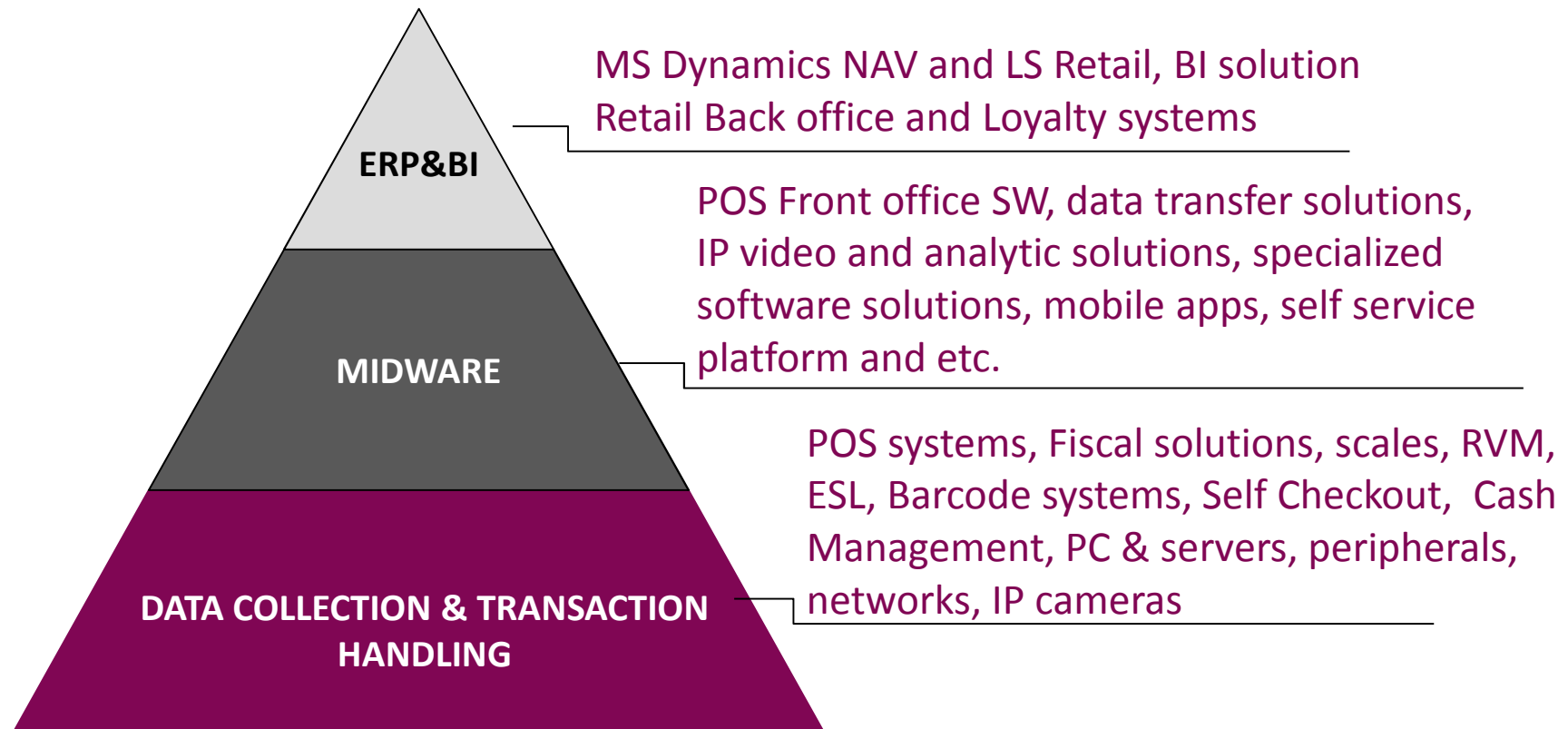
- HW/SW installations
- **HW/SW Master systems**
- New stores openings, remodeling
- **Roll-out management**
- **New ideas & products**
- New Features or Requests
- Patches and bug fixes
- SW compliance with laws



- **Single Point of Contact**
- Problem dispatch to appropriate solver
- Fast solutions to known problems by providing online consultation or remote support;
- Escalation for more complex problems to 3rd level
- SLA level ensurance
- On-site Support for HW Issues
- **Own HW and 3rd party HW service**
- HW warranty and post warranty repair
- Periodical preventive maintenance



Our total solution approach





Focus on the hole your customer needs to make,
not on the drill.



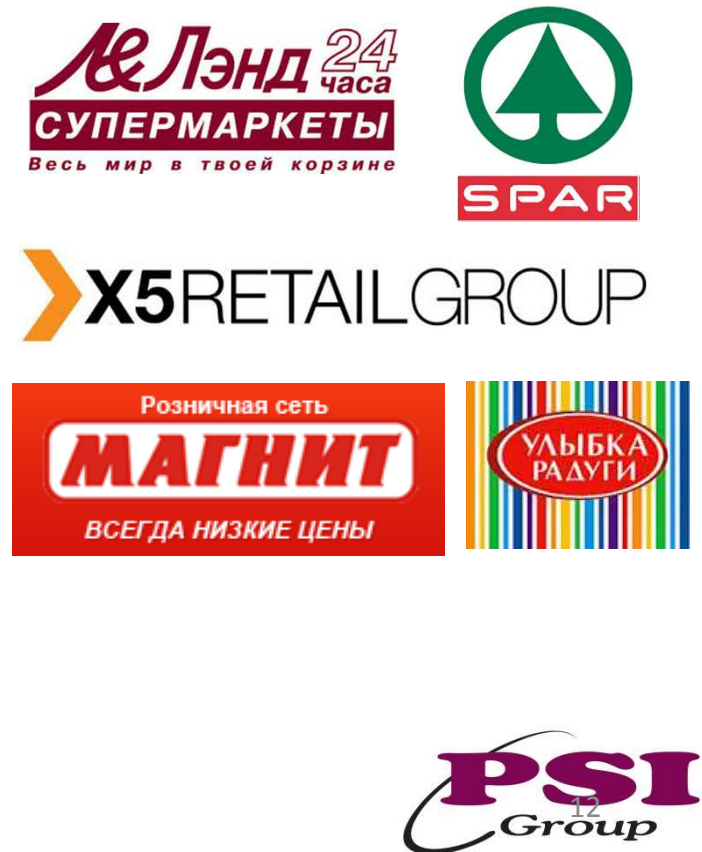


Our customer references

BALTICS



RUSSIA





What do our customers say

Customer requirement



In-depth retail competence and understanding of retail operations



Solution orientation and "one stop shop" for retail IT/POS systems



Added value and competence within both topline and efficiency tools

Quotation

"We've chosen a company capable to ensure high quality services of our IT systems through the Baltics and has deep competence in retail management"

Mr. Valerijus Budiak
CIO at "Apranga" group

"New Vision are experts of integrated retail systems with the ability to measure the impact of the fault on business processes, prioritize fault repair properly or simply give advice on the phone. This is a great advantage compared to providers of general help desk or call center services".

Mr. Andrius Šemeškevičius
IT Director
RIMI BALTIC

"NCR, as the global market leader in self-checkout technology, excelled against its competition. NCR and its local partner New Vision really focused on our business need and challenges".

Mr. Marcel Haraszti
Chief Executive Officer
PALINK





Key customer segments

- Local food retailers Baltic
- Local speciality retailers Baltic
- International retail and hospitality chains in Baltics
- Local Hospitality chains Baltic
- Activities outside Baltics



FOOD RETAILER



- Chain currently operates 233 stores
 - 51 – Hypermarkets, 73 - Supermarkets, 109 – Discounters
- Scale in 2013
 - Revenue – SEK 10'333 million, Employees – 8'248
- Business priorities 2014 from ICA Gruppen anual report
 - develop and strengthen the Rimi brand
 - **open new Rimi stores, primarily in Lithuania**
 - develop private label products
 - **continued development of the customer loyalty program**
 - efficiency improvement in sourcing and logistics



NV and RIMI BALTIC PARTNERSHIP

- **New Vision is our strategic partner in Store Systems area**, said Andrius Šemeškevičius Rimi Baltic CIO speaking at NV Staff conference in 2013
- Areas of our current collaboration:
 - Department scales (Digi HW, field services)
 - Price checkers (SW, support)
 - **HelpDesk (platform, call center, remote support)**
 - **Loyalty system (SW development, support)**
 - **POS and BackOffice systems (SW licensing, development, support)**
 - POS and related equipment (HW, field services)
 - Customer terminal/kiosk (HW, field services)





SPECIALITY RETAILER

APRANGA

- Apranga Group is a leading fashion retailer in the Baltic States which has partnerships with the most famous European and global brands. Apranga Group is consisted of main company Apranga APB and 17 subsidiary companies. **Main company Apranga APB is listed on Nasdaq Vilnius Stock Exchange since 1997.**



Apranga in figures:

Revenue 2013 – NOK 1'495 million

Stores – 160 across Lithuania, Latvia & Estonia

Employees – 1'858



Brands represented in the Baltics

ZARA MARINA RINALDI MEXX promod

AJ | ARMANI JEANS BOSS HUGO BOSS PULL&BEAR strellson city men&women

BURBERRY Dezzigual® MARELLA

EMPORIO ARMANI A PRANGOS galerija Ermenegildo Zegna Massimo Dutti

Bershka MANGO TOMMY HILFIGER

NEWVISION
to business technologies

MaxMara

APRANGA

PSI
Group



NV PARTNERSHIP WITH APRANGA

- Partnership with all NV product range
- **LS RETAIL retail management system**
- Microsoft Dynamics NAV ERP
- **All instore IT HW equipment**
- Service contract for all Baltic countries
- **Proactive role in solution design**
- Mobile computers and SW for multiply needs
- Gift cards solutions
- IP video systems, like people counting currently and consumer behaviour comming next





INTERNATIONAL



- 1 store in Baltics, operated by European franchise partner
- NV and IKEA Lithuania partnership:
 - Localized and implemented LS Retail and Microsoft NAV under supervision of K3 Solutions from Netherlands
 - Installed POS HW and Credit card payment systems
 - Store IT service and support
 - Discussion about new solutions for 2015





RESTAURANT CHAIN



- The largest public catering chain in the Baltic States, with 59 own restaurants in Lithuania and Latvia. Additionally, 23 restaurants operate under franchise agreements, 14 in Lithuania and 9 in Latvia. Every year at least 5 new Čili restaurants opens.
- At present, Čili Holdings operates „Čili Pica“, „Čili Kaimas“, "SOYA", "Forest" and a food manufacturing unit "Maisto Namai"; also manages a chain of Japanese restaurants "Tokyo" and provides food delivery services.
- **NEW VISION solutions consist of:**
 - **LS Hospitality** and MS Dynamics NAV for full enterprise business management
 - POS HW and all restaurant IT equipment implementation and services
 - **Web ordering and home delivery management IT solutions**
 - **LOYALTY system**





RETAILER IN RUSSIA



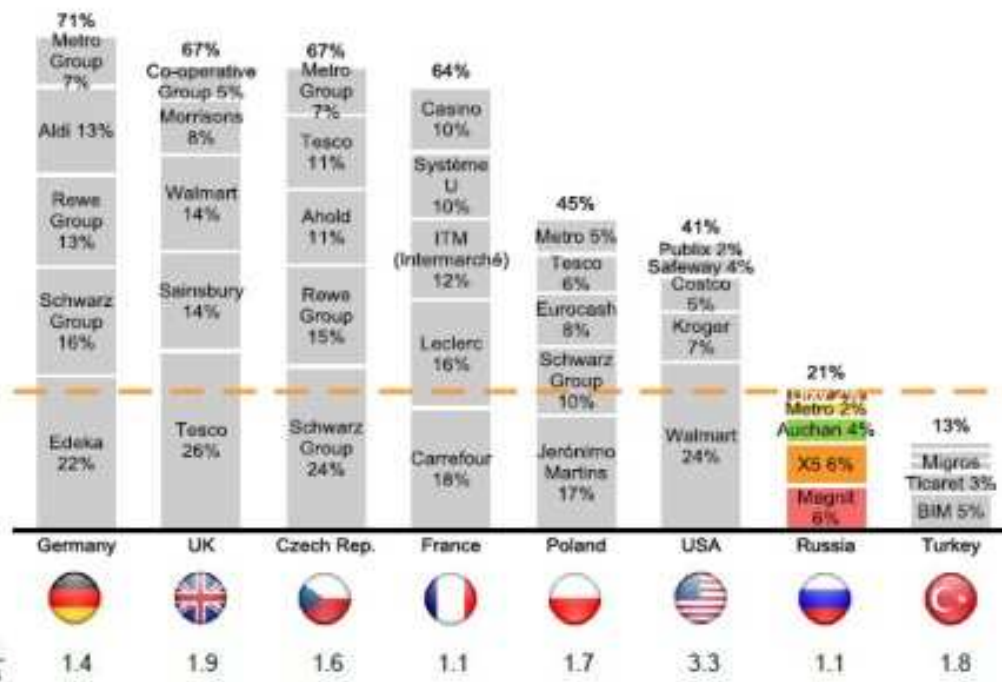
- LEADING RETAILER in RUSSIA. X5 Retail Group N.V.'s global depository receipts have been traded on the London Stock Exchange since Pyaterochka's IPO in May 2005 under the ticker "FIVE LI".
- Stores as of September 30th, 2014: neighborhood – 4342, supermarkets -389, hypermarkets – 81
- One of TOP Strategic initiatives:
 - **Improve service (que management) and shelf availability**
 - NEW VISION opened 8 stores across Russia with 3rd party Self Checkout equipment during last 12 months and gained the reputation of trusted supplier-partner.
 - Now we in discussion about new (own) products among them:
 - Self Scanning on mobile
 - Cash management with CashGuard

X5 Retail has more than 20'000 POS systems installed



X5 RETAIL GROUP Russia

The top 5 grocery retailers in Russia are 21% of the market
(vs. 60-70% in established markets)



Source: Company Reports, Planet Retail, Euromonitor

Перекресток
СУПЕРМАРКЕТ

5 Тятёрочка

КАРУСЕЛЬ

E5 RU



Our achievements

Well balanced customer portfolio in home markets with >50% recurring revenue

- ✓ Be independent service provider
- ✓ Focus on mid size retailers in Baltics
- ✓ Export niche competence



- ✓ Adding the competence of advisor
In addition to total solution provider
- ✓ Change structure and GTM
- ✓ Re-design website and
marketing materials

- ✓ Develop POS and Back Office SW suitable for international markets
- ✓ Gather the product portfolio to address retailers check-out efficiency
- ✓ Increase supplier base with innovative products



Service Focus

- Team of 80 retail experienced professionals, largest in Baltics
- Full coverage of Lithuania, Latvia & Estonia
- Single point for all inquiries
- Operating 24/7/365
- Available in 5 languages



- Call Center
- Remote fault elimination
- Fault elimination in the shop and restaurant
- Preventive maintenance
- ERP systems support
- Proactive system monitoring



Retail 24

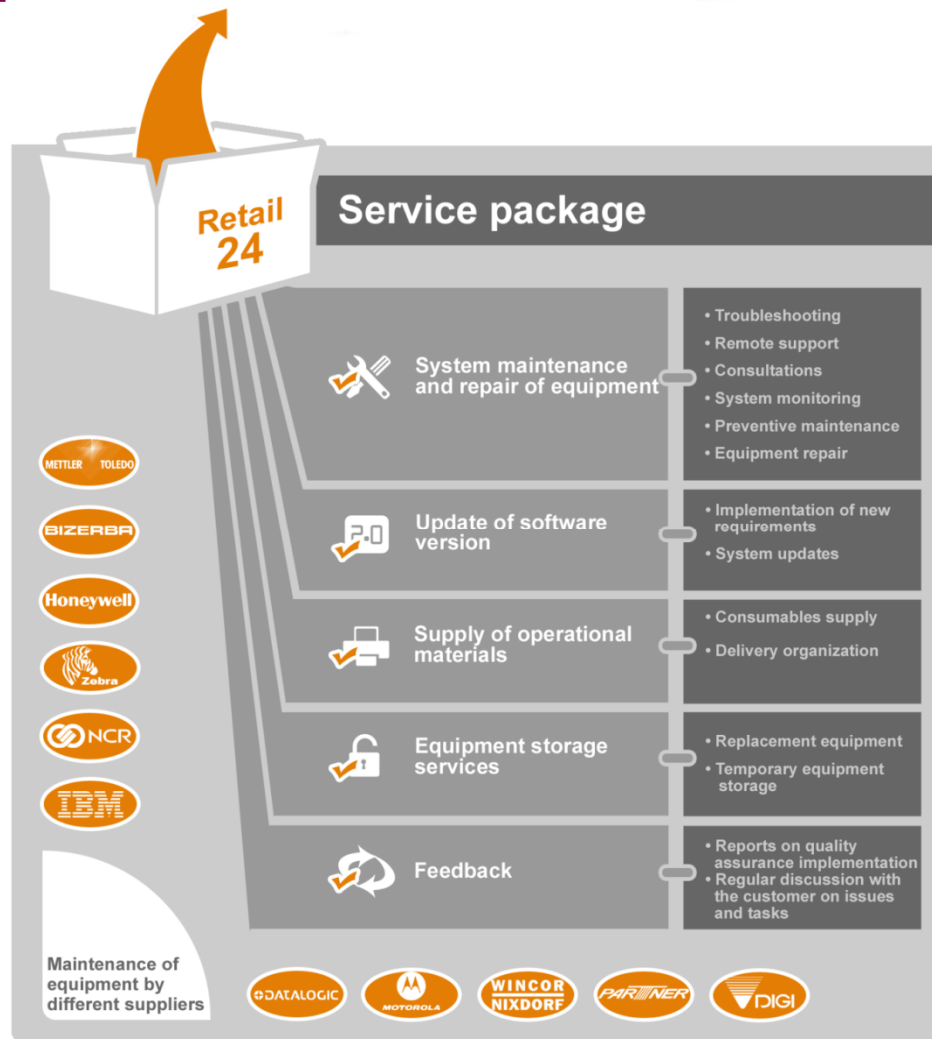
**System maintenance
Retail 24**

 **60%**
of all incidents
are solved remotely

Working 24/7

2500 POS
in Latvia

700 POS
in Estonia





ISO CERTIFICATION – ONE MORE STEP





Forward looking trends

Times are changing



Understanding and satisfying the consumer is more complex than before



Multichannel becomes omnichannel



Self Service – new way to be Retailer and improve consumer service

Trends/drivers

Implication

- Consumers needs personalized approach, means more sophisticated systems for retailers
- Traditional HW and POS SW providers can't meet needs of retailers
- Traditional ERP companies don't have required retail know how

- New opportunities with mobile devices for retailer staff
- New generation of ERP and Retail solutions, with integration to various external solutions, will require providers with integration experience
- Large variances within ERP SW whether they are adapted to new channel strategies

- Suppliers must be Experienced independant solution providers with knowledge in Self Checkout, Self scanning on mobile and traditional one are well positioned for growth
- Providers with business consultancy tools and know how on how to organize check out for general retail will be sought after



NVB are participating in





How future
consumers will
SHOP, PAY and
WANT TO BE
REWARDED?





Store productivity growth areas





How PSI Group will benefit from NV

- Total solution and system integration know how and potential synergy
- Potential to create new solution for CHECKOUT EXPERIENCE together with CashGuard and Vensafe
- Proprietary software products and R&D capacity
- Market leadership in Baltics with channel for own technology sales and 3rd party distribution attractiveness
- Knowledge and contacts with key retailers in Russia



Thank you !

Takk !

QUESTIONS?

