

Planet Payment Inc.

PPT : AIM : 85p

BUY

Target: 110p

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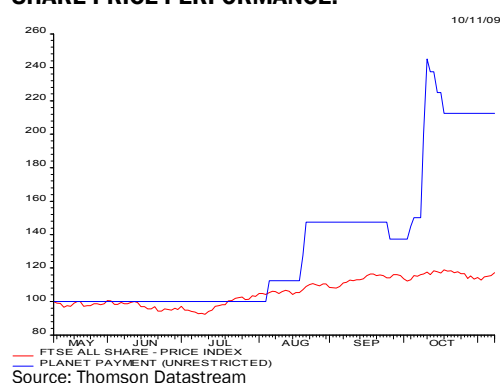
COMPANY STATISTICS:

52-week Range: 40.0p - 98.0
 YTD Price Change %: 70.0
 Avg. Daily Vol. (000s): 40
 Shares Out (m): 37.6
 Market Cap (m): £28.8

EARNINGS SUMMARY:

| FYE Dec | 2007A | 2008A | 2009E | 2010E |
|--------------------------|-------|-------|-------|-------|
| Revenue (US\$m): | 17.2 | 36.2 | 47.3 | 59.2 |
| Gross profit (US\$m): | 6.3 | 11.5 | 16.7 | 20.9 |
| EBITDA (US\$m): | -8.3 | -6.3 | 1.2 | 4.0 |
| Op Income (US\$m): | -12.0 | -10.3 | -1.9 | 1.0 |
| Pre-tax Profit (US\$m): | -12.7 | -11.3 | -3.1 | -0.2 |
| EPS (US\$): | -0.59 | -0.41 | -0.09 | -0.01 |
| Cash (US\$m): | 2.8 | 0.2 | 4.1 | 4.3 |
| Net cash (debt) (US\$m): | -7.4 | -13.0 | -9.0 | -8.4 |
| EV/EBITDA (x): | -5.9 | -9.6 | 57.6 | 18.0 |

SHARE PRICE PERFORMANCE:



COMPANY SUMMARY:

Planet Payment is a multi-currency payment and data processor, enabling processors, acquiring banks and their merchants to accept, process and reconcile credit card transactions in multiple currencies, allowing cardholders to view prices and settle transactions in their native currency. This transaction model provides significant financial incentives to Merchants and Acquiring Banks for utilising the service.

All amounts in £ unless otherwise noted.
 Share price data COB 11 November 2009.

Technology -- Internet -- Internet

Q3 RESULTS

Building a strong financial track record

Planet Payment has met expectations for the fourth straight quarter in a row, at both the revenue and profit levels. Revenue was US\$11.7 million compared to our forecast of US\$11.8 million. Multicurrency Processing (MCP) revenues were US\$8.5 million up 39% year-on-year. Gross margin at 35% was in line with forecasts and drove 29% growth in gross profit.

Sign of market recovery.

Q3 MCP transactions volume processed per active merchant location, which is typically down seasonally, was insignificantly changed sequentially at US\$32,000. Merchant business volumes appear to be at the early stages of recovery. Revised MCP merchant additions continued to accelerate encouragingly to 750 from 591 in Q2 and 376 in Q1.

Exciting operating leverage trends

Strong top line growth and gross margin performance has been leveraged into strong improvement in operating profits. The company recorded its second quarter of positive EBITDA (US\$0.2 million), compared to a US\$1.4 million EBITDA loss a year ago. Operating expense trends lead us to expect a strong operating margin performance. Despite strong growth, cash expenses were unchanged at US\$3.9 million from H1 run rates.

Approaching positive operating cash flow and well funded

Based on strong growth trends and tight expense management, management expects to achieve positive operating cash flow in Q4. After the US\$4 million gross equity funding in October, we expect the company to end the year with US\$4.1 million in cash, enough to manage seasonality.

We leave our 2009 forecasts unchanged and introduce 2010 conservative forecasts with 25% top line growth (2009E: 31%) and a 6.7% EBITDA margin (2009E: 2.5%). These forecasts do not include business development initiatives that may result in significant upside to revenues.

We maintain our DCF-based target price of 110p and BUY rating.

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Investment risks

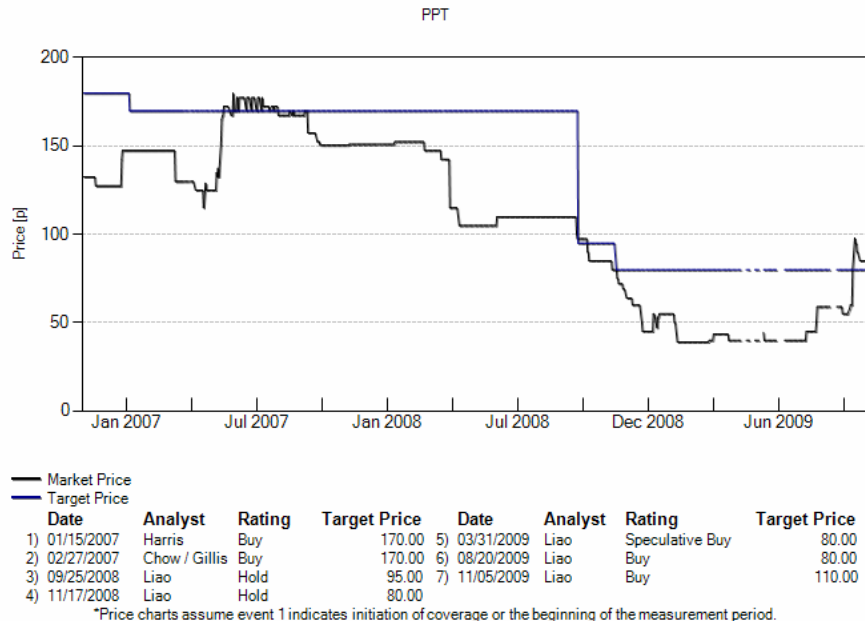
While we believe Planet Payment has reached important operational milestones and its business model is maturing, quarterly revenue can still be volatile. In particular, revenues depend on its partners' rollout of its systems and end customer volumes that are dependent on the broader retail environment.

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Site Visit: An analyst has not visited the issuer's material operations in Long Beach, New York.

Price Chart:*



Distribution of Ratings:
Global Stock Ratings
(as of 2 November 2009)

| Rating | Coverage Universe | | IB Clients |
|-----------------|-------------------|--------|------------|
| | # | % | % |
| Buy | 364 | 56.9% | 27.7% |
| Speculative Buy | 70 | 10.9% | 52.9% |
| Hold | 186 | 29.1% | 17.2% |
| Sell | 20 | 3.1% | 5.0% |
| | 640 | 100.0% | |

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|---------------------|-------------------|
| Planet Payment Inc. | 1A, 2, 3, 4, 5, 7 |

| | |
|-----------|---|
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