

*A Global Leader in Cross-Border  
P2P Money Transfers*

# MoneyGram

## First Quarter 2020 Earnings Call

*May 1, 2020*

# Forward-Looking Statements and Non-GAAP Measures

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## **Forward-Looking Statements**

This presentation contains forward-looking statements, which are predictions, projections or other statements about future events. These statements are based on current expectations and assumptions that are subject to risks and uncertainties. Actual results could materially differ because of factors discussed in today's earnings press release, in the comments made during the conference call, and in the Risk Factors section of our Form 10-K, Forms 10-Q, and other reports and filings with the Securities and Exchange Commission. Any forward-looking statements speak only as of the date on which they were made, and we do not undertake any duty to update forward-looking statements.

## **Non-GAAP Measures**

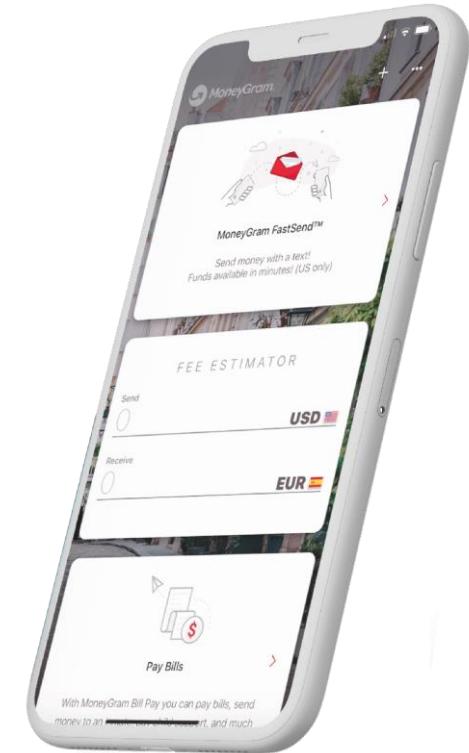
In addition to results presented in accordance with accounting principles generally accepted in the United States ("GAAP"), this presentation includes include certain non-GAAP financial measures, including a presentation of EBITDA (earnings before interest, taxes, depreciation and amortization, including agent signing bonus amortization), Adjusted EBITDA (EBITDA adjusted for certain significant items), Adjusted EBITDA margin, Adjusted Free Cash Flow (Adjusted EBITDA less cash interest, cash taxes and cash payments for capital expenditures and agent signing bonuses), constant currency measures (which assume that amounts denominated in foreign currencies are translated to the U.S. dollar at rates consistent with those in the prior year), adjusted diluted earnings per share and adjusted net income. In addition, we present adjusted operating income and adjusted operating margin for our two reporting segments. The following tables include a full reconciliation of non-GAAP financial measures to the related GAAP financial measures. The equivalent GAAP financial measures for projected results are not provided, and projected results do not reflect the potential impact of certain non-GAAP adjustments, which include (but in future periods, may not be limited to) stock-based, contingent and incentive compensation costs, compliance enhancement program costs, direct monitor costs, legal and contingent matter costs, restructuring and reorganization costs, currency changes and the tax effect of such items. We cannot reliably predict or estimate if and when these types of costs, adjustments or changes may occur or their impact to our financial statements. Accordingly, a reconciliation of the non-GAAP financial measures to the equivalent GAAP financial measures for projected results is not available.

We believe that these non-GAAP financial measures provide useful information to investors because they are an indicator of the strength and performance of ongoing business operations. These calculations are commonly used as a basis for investors, analysts and other interested parties to evaluate and compare the operating performance and value of companies within our industry. Finally, EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, Adjusted Free Cash Flow, constant currency, adjusted diluted earnings per share and adjusted net income figures are financial and performance measures used by management in reviewing results of operations, forecasting, allocating resources or establishing employee incentive programs. Although MoneyGram believes the above non-GAAP financial measures enhance investors' understanding of its business and performance, these non-GAAP financial measures should not be considered in isolation or as substitutes for the accompanying GAAP financial measures.

# **Q1 Summary & COVID-19 Response**

# Q1 Summary

- **MoneyGram delivered 2% global transaction growth and constant currency Adjusted EBITDA<sup>1</sup> growth of 4%**
  - Powered by digital transaction growth of 57%
- **Strong start to the quarter, prior to COVID-19 impacts on the walk-in business**
  - Prior to March 15, global transaction growth was 6%
  - Transaction growth in all channels accelerated from Q4 2019
- **As COVID-19 crisis arose, MoneyGram acted quickly to support employees, customers, and partners**
  - Shifted marketing and operational focus to digital business and proactively implemented expense reduction measures



**Delivered a solid quarter despite the disruption of COVID-19**

# Our comprehensive response to COVID-19

Employees	Customers	Expense Management	Communities
<ul style="list-style-type: none"><li>Launched COVID-19 Task Force to actively monitor global operations and employee health &amp; safety</li><li>Digital transformation enabled global workforce to work from home, including call center operations</li><li>Made COVID-19 related treatments free for many employees and continue to provide frequent updates on health plan benefits and resources</li></ul>	<ul style="list-style-type: none"><li>Quickly shifted marketing &amp; operational focus to digital capabilities – enabling customers to seamlessly send &amp; receive money from the safety of their own homes across 70+ countries</li><li>Worked proactively with agents around the world to ensure continuity of service</li><li>Engaged with the World Bank and governments to ensure money transfer locations were considered essential services</li></ul>	<ul style="list-style-type: none"><li>Proactively suspended a majority of discretionary expenses not directly related to revenue-generating activity</li><li>Borrowing under the revolving credit facility to bolster cash position and preserve financial flexibility</li></ul>	<ul style="list-style-type: none"><li>The MoneyGram Foundation partnered with the non-profit Save the Children and provided a grant to support COVID-19 relief efforts</li><li>Donated \$1 for every digital transaction on April 17<sup>th</sup></li></ul>



# Tale of two quarters as the business saw strong momentum prior to COVID-19

	Prior to COVID-19 <sup>1</sup>	After March 15 <sup>th</sup>	Full Quarter
Geography			
US- Outbound	 +5%	(7%)	+3%
Int'l	 +11%	(27%)	+5%
Channel			
Digital	 +56%	+58%	+57%
Walk-In	 (1%)	(29%)	(6%)
Global Money Transfer Transactions	 +6% ↑	(18%)	 +2% ↑

Strong growth of digital business throughout quarter

# Digital Business Update

# Digital transaction growth continues to accelerate

April  
2020<sup>1</sup>

+75%  
↑

+88%  
↑

+59%  
↑

+110%  
↑

**Digital** =



MGI Online /  
Consumer Direct



Digital  
Partners



Account Deposit  
& Wallets

Q1  
2020

+57%  
↑

+60%  
↑

+25%  
↑

+80%  
↑

At quarter end, digital represented 18% of all transactions and that accelerated to 28% in April

Strong customer growth for MoneyGram Online driven by the increasing popularity of our leading mobile app and high customer retention rates

Q1 2020

MoneyGram Online

💡 +21%

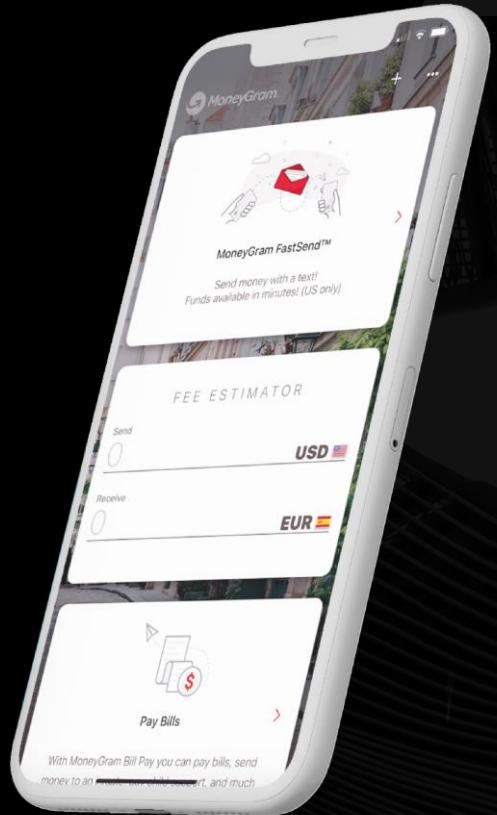
New Online  
Customers YoY

❤️ +23%

Customer Retention  
Rates YoY

👤 +40%

Monthly Active  
Customers YoY



+213% ↑

YoY transactions  
through the app

Some key markets have seen triple-digit increases in new customers in April

# Finance Update

# Q1 2020 Revenue Update

## Quarterly Revenue

*(\$ in millions, Reported)*

\$315

\$291

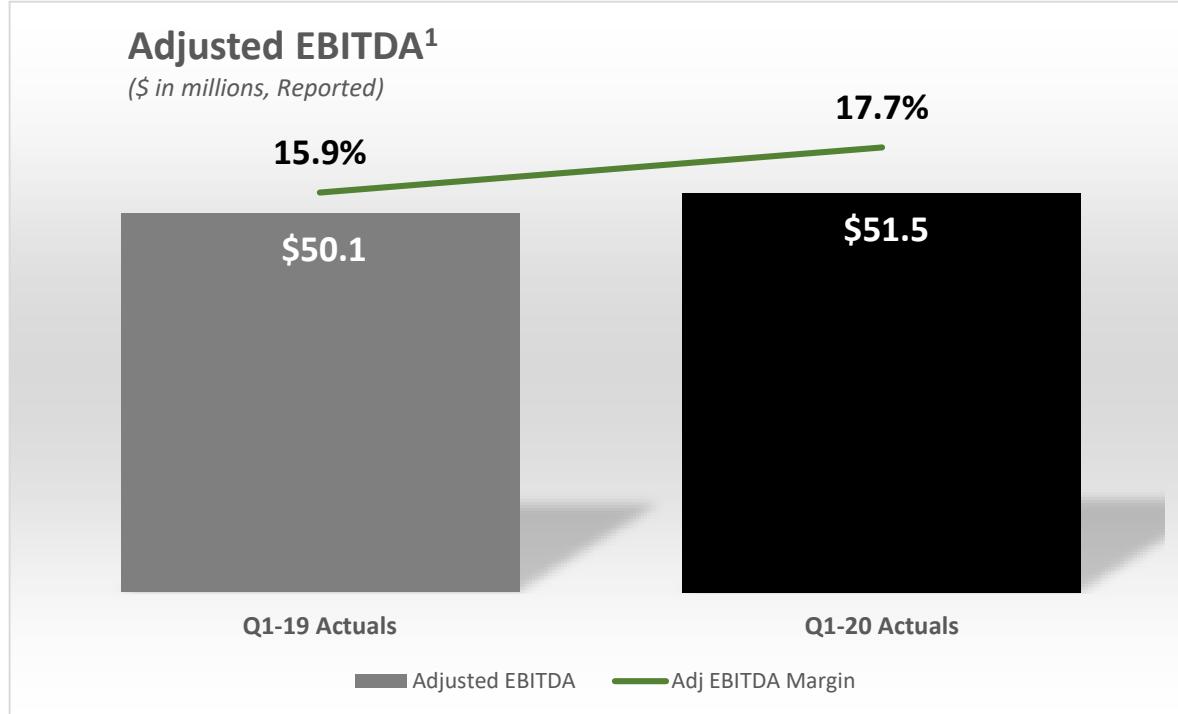
Q1-19 Actuals

Q1-20 Actuals

- Global transaction growth of 2%
- Digital growth continued to accelerate
- Walmart transactions unchanged from Q1 2019

**Revenue was on pace to exceed expectations prior to COVID-19 impact on walk-in business**

# Q1 2020 Adjusted EBITDA<sup>1</sup> Update



- Constant currency Adjusted EBITDA<sup>1</sup> growth of 4% over prior year, and significantly higher margin
- Increased contribution from Ripple in the first quarter
- Continued benefit from improvements in cost structure

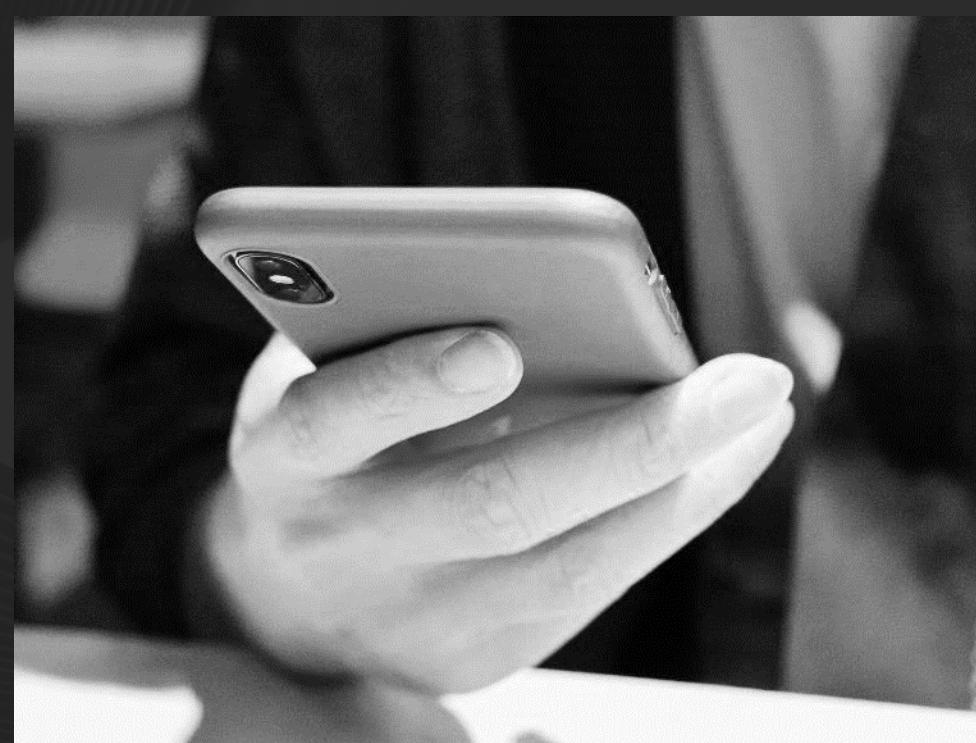
**Exceeded Adjusted EBITDA<sup>1</sup> and margin expectations**

1. See Appendix for reconciliation of GAAP and Non-GAAP measures

# Continued Execution of Growth Strategy

- Large, low-risk customer base
- Industry's best digital capabilities
- Global FX mgmt. and settlement engine
- Leading partnerships & distribution network

- Deliver a Differentiated Customer Experience
- Accelerate Digital Growth
- Be the Preferred Partner for Agents
- Develop New Revenue Streams



Core Assets

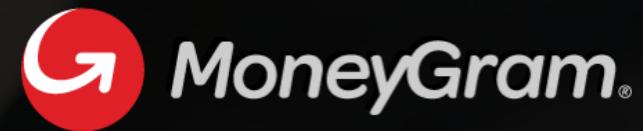


Growth Strategy



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Our strategy remains in tact, and we are committed to executing as we move from agile management through the crisis, into regaining the momentum we established to start the year



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**Modern**



**Mobile**



**API-Driven**

# APPENDIX

# Reconciliation of Non-GAAP Financial Measures

<i><b>(\$ in millions, Reported)</b></i>	<b>Three Months Ended March 31,</b>		<b>2020 vs 2019</b>
	<b>2020</b>	<b>2019</b>	
Loss before income taxes	\$ (11.8)	\$ (6.9)	\$ (4.9)
Interest expense	23.8	13.9	9.9
Depreciation and amortization	17.1	19.0	(1.9)
Signing bonus amortization	12.5	11.7	0.8
<b>EBITDA</b>	<b>41.6</b>	<b>37.7</b>	<b>3.9</b>
Significant items impacting EBITDA:			
Direct monitor costs	4.8	4.1	0.7
Compliance enhancement program	2.0	1.5	0.5
Stock-based, contingent and incentive compensation	2.0	2.6	(0.6)
Restructuring and reorganization costs	0.5	3.5	(3.0)
Legal and contingent matters	0.4	0.6	(0.2)
Severance and related costs	0.2	0.1	0.1
<b>Adjusted EBITDA</b>	<b>\$ 51.5</b>	<b>\$ 50.1</b>	<b>\$ 1.4</b>
<b>Adjusted EBITDA Margin<sup>1</sup></b>	<b>17.7%</b>	<b>15.9%</b>	<b>1.8%</b>

<sup>1</sup> Adjusted EBITDA Margin is calculated as Adjusted EBITDA divided by total revenue.