

PayPoint plc
Interim Management Statement
23 January 2014

The board reports on events, transactions and trading since the half year results to 30 September 2013.

Performance¹ for the third quarter period ending 31 December 2013

Overall transactions processed for the quarter were 206 million, up 6% compared to 193 million for the same quarter last year.

Revenues of £57 million were up 4% on the same period last year. PayPoint's net revenues² were up 8% to £31 million as a result of the growth in bill and general payments, retail services and PayByPhone.

In the UK and Irish retail networks, bill and general payment transactions were 2% up on the same period last year. Retail services transactions (ATMs, debit / credit cards, parcels and mobile phone SIM cards) were up 28% on last year. Top-ups were down 11%, continuing to be adversely affected by the reduction in the mobile prepaid sector. Retail sites at 31 December numbered 26,683, up 554 since the half year end.

In Romania, profitable growth continues. We have processed 10.8 million bill payments in the period, up 64% on last year and mobile transaction numbers were 8% up in the period. We have increased our terminal estate since the year end by 358 sites to 8,125.

Collect+ volume has grown 87% to 4.2 million transactions in the period, compared to 2.3 million in the same period last year, with a peak week of 436,000 transactions at Christmas. We have increased the number of sites offering Collect+ since the half year end by 173 to 5,617. Collect+ continued to trade profitably in the quarter.

New management is providing greater focus in our e&m commerce (internet and PayByPhone) businesses. Internet transactions increased to 25 million, up 4% over last year, driven by new and existing merchants. PayByPhone continued its development and transactions processed in the period were 8.2 million, up 42% on last year.

Balance sheet

The group has maintained a strong balance sheet. Net cash at 31 December 2013 was £24.4 million (excluding client cash of £6.4 million), after payment of the interim dividend of £7.7m in the period, compared to £20.2 million at 30 September 2013 (excluding client cash of £3.3 million).

Outlook

Dominic Taylor, PayPoint's Chief Executive, said:

"Overall trading for the period to 31 December 2013 was in line with market expectations, taking seasonality into account. Our retail businesses are continuing to generate satisfactory growth this year. Bringing the e&m businesses under single management will provide the opportunity to unlock better growth, which should lead to improved returns on our invested capital in these businesses."

¹ PayPoint's auditors have not been requested to review the performance or financial position

² Net revenue is revenue less the cost of mobile top-ups (where PayPoint is principal), SIM cards and other costs incurred by PayPoint, which are recharged to clients and merchants. These costs include retail agent commission, card payment merchant service charges and costs for the provision of call centres for PayByPhone clients. Net revenue is a measure which the directors believe assists with a better understanding of the underlying performance of the group.

Enquiries

PayPoint plc (telephone: 01707 600 317)
Dominic Taylor, Chief Executive
George Earle, Group Finance Director

Finsbury (telephone: 0207 2513 801)
Rollo Head
Charlotte Whitley

ABOUT PAYPOINT

PayPoint is a leading international service provider of convenient payments and value added services to major consumer service organisations in the utility, telecoms, media, financial services, transport, retail, gaming and public sectors. We handle over £14 billion from 760 million transactions annually for more than 6,000 clients and merchants. We deliver payments and services through a unique combination of local shops, internet and mobile distribution channels.

Retail networks

PayPoint operates branded retail networks in the UK, Ireland and Romania. The network in the UK numbers over 26,100 terminal sites in local shops (including Co-op, Spar, McColls, Costcutter, Sainsbury's Local, Tesco Express, One Stop, Asda, Londis and thousands of independent outlets) and is growing. Our terminals process energy meter prepayments, bill payments, mobile phone top-ups, transport tickets, BBC TV licences, cash withdrawals and a wide variety of other payments for most leading utilities and many telecoms and consumer service companies.

In Romania, the branded retail network numbers over 8,100 terminals located in local shops across the country and is expanding. Our terminals process cash bill payments for utilities, money transfers and mobile phone top-ups. In the Republic of Ireland, we have 500 terminal sites in shops and Credit Unions processing mobile top-ups and bill payments.

We also supply added value services to our retail agents to improve the yield from our network. In the UK, we have a consumer parcel drop off and collection service using PayPoint's retail network through Collect+, a joint venture with Yodel. This service is available in over 5,600 of our convenience retail agents. Clients include Amazon, eBay, ASOS, New Look, Boden, John Lewis, House of Fraser, Asda Direct and Very. In addition, in the UK, we have 3,400 LINK branded ATMs, mainly located in the same sites as our terminals, and 8,000 of our terminals provide debit and credit card acceptance for our retailers.

e&m commerce

PayPoint.net is an internet payment service provider, linking into 16 major acquiring banks in the UK, Europe and North America, delivering secure online credit and debit card payments for over 5,300 web merchants, including Hungry House, Moonpig, WHSmith, Lovestruck, London and Zurich Insurance, Moneysupermarket.com and British Gas. We offer a comprehensive set of products ranging from a bureau service, in which we take the merchant credit risk and manage settlement for the merchants, to a transaction gateway. We offer real-time reporting for merchant transactions and FraudGuard, an advanced service to mitigate the risk of fraud for card not present transactions. We are introducing real-time transaction management and optimisation products for sale to our merchants.

PayByPhone enables consumers to make payments using their mobile phones. It is a leading international provider of services to parking authorities, enabling consumers to use their mobile phones to pay for their parking by credit or debit card. It has contracts in the UK, Canada, USA, France and Australia.

PayPoint is widely recognised for its leadership in payment systems, smart technology and consumer service. Our high quality services are backed by a 24/7 operations centre with dual site processing for business continuity.

PayPoint maintains its competitive differentiation by serving a range of clients' needs, through a wide spectrum of payments, products and services that span different channels. For example, PayCash enables cash payment for internet transactions at PayPoint retail agents and our home vending solutions allow consumers to pay across the internet as well as through our retail network.