



**PayPoint plc**  
**Interim Management Statement**  
**26 July 2012**

Ahead of PayPoint's annual general meeting to be held tomorrow, the board reports on events, transactions and trading since the last financial year end on 25 March 2012.

**Performance<sup>1</sup> for the first quarter period ending 30 June 2012<sup>2</sup>**

Overall transactions processed for the 97 day period since year end were 181 million, up 24% compared to 146 million for the 91 day period reported last year (up 16% on a pro-rata<sup>2</sup> basis).

Revenues of £53 million were up 10% on last year. PayPoint's net revenues<sup>3</sup> for the period were up 21% (up 14% on a pro-rata<sup>2</sup> basis) to £25 million as a result of the strong growth in bill payment and retail services, partially offset by a decline in mobile top-ups. In addition, set-up fees for the Simple Payment service for the Department for Work and Pensions have been taken to revenue to the extent of costs incurred, adding 3% to net revenue.

**Established business streams**

UK and Irish bill and general payment transactions were 21% up on last year (up 14% on a pro-rata<sup>2</sup> basis), with the poor weather across the quarter contributing to volume. Retail services transactions from ATMs, debit / credit cards, parcels and mobile phone SIM cards were up 26% on last year (up 18% on a pro-rata<sup>2</sup> basis). Mobile top-ups continue to be adversely affected by the reduction in the prepaid sector. UK and Irish retail sites at 30 June numbered 24,430, up 43 since the financial year end.

Internet transactions increased 24% (up 16% on a pro-rata<sup>2</sup> basis) to 21 million over last year, driven by new and existing merchants.

**Developing Businesses**

In Romania, we have processed almost 5.7 million bill payments in the period, up 42% on last year (up 34% on a pro-rata<sup>2</sup> basis). We have increased our terminal estate since the year end by 118 sites to 6,848. Our Romanian business continues to deliver profitable growth after reaching breakeven last financial year.

PayByPhone transactions processed in the period were 5 million, up 27% on last year (up 19% on a pro-rata<sup>2</sup> basis).

Collect+ volumes have more than doubled to over 1.6 million transactions in the period, compared to 0.6 million last year. We have increased the number of sites offering Collect+ since the year end by 124 to 4,845.

**Balance sheet**

The group has maintained a strong balance sheet. Net cash at 30 June was £34.4 million (excluding client cash of £5.1 million), compared to £30.4 million (excluding client cash of £5.1 million) at 25 March 2012. The final dividend of £12.1 million is due for payment on 30 July 2012, subject to approval at our annual general meeting on 27 July.

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

2 The reported period of 26 March to 30 June 2012 contains 97 days. Comparative data is given for the 91 day time period reported last year (i.e. 28 March to 26 June 2011).

3 Net revenue is revenue less the cost of mobile top-ups and SIM cards where PayPoint is principal and costs incurred by PayPoint which are recharged to clients and merchants. These costs include retail agent commission, merchant service charges levied by card scheme sponsors and costs for the provision of call centres for PayByPhone clients.



## **Outlook**

Dominic Taylor, PayPoint's Chief Executive, said:

“Overall trading for the period to 30 June 2012 was in line with market expectations, taking seasonality of trading into account. Our established business streams are continuing to generate satisfactory growth this year. The momentum in our developing businesses is also encouraging, which should lead to the improved returns we seek on our invested capital in these businesses.”

ENDS

## **Enquiries**

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## **ABOUT PAYPOINT**

PayPoint is a leading international operator of systems for 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 £12 billion from 659 million transactions annually for more than 6,000 clients and merchants. We deliver payments and services through a uniquely strong 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 24,000 terminals situated in local shops (including Co-op, Spar, McColls, Costcutter, Sainsbury's Local, One Stop, Asda, Londis and thousands of independent outlets) across the UK. Our terminals process energy meter prepayments, cash bill payments, mobile phone top-ups, transport tickets, BBC TV licences and a wide variety of other payment types for most leading utilities and many telecoms and consumer service companies.

In Romania, the branded retail network numbers over 6,800 terminals located in local shops across the country and is expanding. Our terminals process cash bill payments for utilities and mobile phone top-ups. In the Republic of Ireland, we have over 500 terminals 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 4,800 of our convenience retail agents. Clients include ASOS, New Look, Boden, House of Fraser, ASDA Direct and Very. In addition, in the UK, we have over 2,500 LINK branded ATMs, mainly located in the same sites as our terminals.

### **Internet**

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 5,700 web merchants, including Stan James, 32Red, Sportingbet, PKR, Betsson, Moonpig, WHSmith, Moneysupermarket.com, Hungryhouse and British Gas Home Vend. 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.

### **PayByPhone**

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

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 sustains its competitive differentiation by aiming to meet clients' payment needs, not just through a wide spectrum of payments, but also with products that span payment 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.