



23 July 2014

PayPoint plc Interim Management Statement

Ahead of PayPoint's annual general meeting today, the board reports on events, transactions and trading since the last financial year end on 31 March 2014.

Performance¹ for the first quarter ending 30 June 2014

Overall transactions processed for the 91 day period since year end were 189.3 million, up 5% on the 179.9 million transactions processed in the same period last year.

Revenues of £53 million were up 4% on last year. PayPoint's net revenues² were £29 million, up 9% against £27 million last year with growth seen in bill and general, top-ups, retail services and Mobile and Online.

UK and Irish bill and general transactions were down 4% on last year due to lower gas consumption. Retail services transactions (ATMs, debit/credit cards, parcels, money transfer and mobile phone SIM cards) were up 29% on last year. Mobile top-ups continue to decrease as a result of the decline in the prepaid mobile sector. Other top-ups are growing. UK and Irish retail sites at 30 June numbered 27,705, up 463 since the financial year end.

In Romania, profitable growth continues. We have processed 12.3 million bill payments in the period, up 65% on last year. We have increased our terminal estate since the year end by 173 sites to 8,527. Our Romanian business continues to add new clients and services, including the recently launched service allowing Romanians to pay for their road tax at PayPoint sites.

Collect+ volumes increased by 43% to over 4.0 million transactions in the period, compared to 2.8 million last year, but costs have increased. There has been a small decline in Collect+ sites by 67 to 5,515, whilst we have been planning the next stage of our network expansion, which will be in place ahead of the Christmas peak.

Mobile and Online transactions increased by 14% to 36.1 million in the period, compared to 31.8 million last year with mobile transactions of 10.3 million up 45% and online transactions of 25.8 million up 5%. The business has rolled out the first phase of parking payment services in central Paris in the period, which in total has 155,000 parking spaces and will help mitigate the end of the Westminster contract earlier this month.

Balance sheet

The group has maintained a strong balance sheet. Net cash at 30 June was £34 million (excluding client cash of £5 million), compared to £35 million (excluding client cash of £6 million) at 31 March 2014. The final dividend of £16 million is due for payment on 24 July 2014, subject to approval at our annual general meeting today.

Outlook

Dominic Taylor, PayPoint's Chief Executive, said:

"Overall trading, taking seasonality of trading into account, for the period to 30 June 2014 was in line with the company's expectations. Our retail businesses are continuing to generate satisfactory growth this year. Combining the Mobile and Online businesses under the unified group brand should unlock better growth opportunities for the group over time. We have increased development, marketing and IT spend in the first half, the benefits of



which are expected in the second half of the year and therefore, profit growth will be lower than net revenue growth in the first half.

“David Newlands and Andrew Robb will be retiring at the annual general meeting today. On behalf of the company, I would like to thank David and Andrew for the significant contributions they have made to our success and all of us at PayPoint wish them happy retirements.”

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, merchant service charges for card payments 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.

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ABOUT PAYPOINT

PayPoint is an international leader in payment technologies, its solutions transforming payments for everyone from consumer and financial services companies to retailers, utilities, media, ecommerce, gaming and government clients.

PayPoint delivers payments and services by taking the complexity of multi-channel payments and translating it into convenient, simple, value-added solutions. It handles over £14 billion from 775 million transactions annually for more than 6,000 clients and merchants. With the backing of 24/7 operations centres with dual site processing, PayPoint is widely recognised for its leadership in payment systems, smart technology and service.

Retail networks

The PayPoint retail network across the UK numbers over 27,200 local shops (including Co-op, Spar, McColls, Costcutter, Sainsbury's Local, Tesco Express, One Stop, Asda, Londis and thousands of independents), where it processes energy meter pre-payments, bill payments, benefit payments, mobile phone top-ups, transport tickets, BBC TV licences, cash withdrawals and a range of other transactions. In Romania, the retail network numbers over 8,500 terminals in local shops, helping people to make cash bill payments, money transfers, road tax payments and mobile phone top-ups. In the Republic of Ireland, over 500 terminals in shops and credit unions process mobile top-ups and bill payments.

Collect+, a joint venture with Yodel, provides a parcel drop-off and pick-up service at more than 5,500 PayPoint retailers. PayPoint's ATM network numbers more than 3,600 'LINK' branded machines across the UK, and 9,100 PayPoint terminals enable retailers to accept credit and debit cards.



Mobile and Online

PayPoint Mobile and Online (formerly trading as PayPoint.net, PayByPhone and Adaptis) handles over 135 million payments for parking, payments and consumer services. In major cities in the UK, Canada, USA, France, Switzerland and Australia, its parking solutions make it easy for people to pay for parking by mobile, as well as providing electronic parking permits, automatic number plate recognition systems for car parks and penalty charge notices.

PayPoint's core online payments platform is linked to 16 major acquiring banks in the UK, Europe and North America, delivering secure credit and debit card payments for 5,100 online merchants. Its suite of products ranges from transaction gateway to a bureau service, in addition to value added services such as FraudGuard, an advanced service that mitigates the risk of fraud in card not present transactions.