



22 July 2015

PayPoint plc

Interim Management Statement

Ahead of PayPoint's annual general meeting today, the board reports on events, transactions and trading for the first quarter ended 30 June 2015.

Performance¹ for the first quarter

Overall trading for the period was in line with the company's expectations. Transactions processed for the quarter were 201.6 million, up 6% on the 189.3 million transactions processed in the same period last year.

Net revenues² were £29 million, up 1% on last year with growth in retail services partially offset by a decline in Mobile and Online, mobile top-ups and bill and general. Revenues of £51 million were down 2% on last year.

UK and Irish bill and general transactions were in line with last year with a continuation of low levels of energy consumption. Retail services transactions (ATMs, debit/credit cards, parcels, money transfer and mobile phone SIM cards) were up 24% on last year. While 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 28,702, up 395 since the financial year end.

In Romania, profitable growth continues. We have processed 14.5 million bill payments in the period, up 18% on last year. We have 9,272 outlets in Romania, up 38 since the financial year end and continue to add new clients and services.

Collect+ volumes increased by 22% to over 4.9 million transactions in the period, from 4.0 million last year. We continue our discussions with Yodel with respect to its proposed cost increases to Collect+. There has been a small increase in Collect+ sites by 25 to 5,856 since the financial year end.

Mobile and Online transactions increased by 16% to 41.8 million in the period, compared to 36.1 million last year with parking transactions up 11% to 11.5 million and online payment transactions up 18% to 30.3 million.

Balance sheet

The group has maintained a strong balance sheet. Net cash at 30 June was £47 million³, compared to £44 million³ at 31 March 2015. The final dividend of £18 million is due for payment on 23 July 2015, subject to approval at our annual general meeting today.

Outlook

Dominic Taylor, PayPoint's Chief Executive, said:

"We have had an encouraging start to the year and remain excited about the growth opportunities presented by our retail businesses. The proposed sale of our parking and online payment processing companies is progressing satisfactorily and we will update shareholders further in due course."

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.

³ Including client cash, but excluding cash held in our parking and online payment processing companies which are for sale.

Enquiries

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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, e-commerce, gaming and government clients.

PayPoint delivers payments and services through its unique combination of local shops, mobile and online distribution channels, delivered both through its owned businesses and by integrating the best services from more specialised suppliers. It handles over £14 billion from over 812 million transactions annually for more than 5,500 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 27,800 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 9,200 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.

In the UK, Collect+, a joint venture with Yodel, provides a parcel drop-off and pick-up service at more than 5,800 PayPoint retailers. PayPoint's ATM network numbers more than 4,000 'LINK' branded machines across the UK, and 9,800 PayPoint terminals enable retailers to accept credit and debit cards.

Mobile and Online

PayPoint Mobile and Online handles over 145 million payments for parking, payments and consumer services. In the UK, Canada, USA, France, Switzerland and Australia, its parking solutions make it easy for people to pay for parking by mobile, increasingly through its own app. It also provides electronic parking permits, automatic number plate recognition systems for car parks and penalty charge notices.

PayPoint's online payments platform is linked to 16 acquiring banks in the UK, Europe and North America, delivering secure credit and debit card payments for over 4,600 online merchants, including MoonPig, WHSmith, London and Zurich Insurance, Moneysupermarket.com, Severn Trent and British Gas. Its suite of products ranges from a 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, Cardlock, an innovative solution for PCI compliance, PayCash through the PayPoint network and Cashier, one of the most advanced hosted digital payment solutions.