



28 July 2016

PayPoint plc

Interim Management Statement¹

Ahead of PayPoint's annual general meeting today, the board reports on events, transactions and trading for the three months ended 30 June 2016.

Performance² for the first quarter

Transactions increased to 172.8 million, up 1%, excluding transactions for the online payments business, which was sold on 8 January 2016, from the prior year comparative.

Revenue increased to £51 million, up 3%, and net revenue³ increased to £29 million, up 8%, excluding the online payments business revenues in the prior year comparative.

In the UK and Ireland, retail services transactions (ATMs, debit/credit cards, parcels, money transfers and mobile phone SIM cards) growth continued, up 11.7% on last year. Bill and general transactions were 5% lower than last year primarily due to reduced levels of energy consumption. Top-ups decreased 17.3% from last year as a result of the decline in top-ups other than e-money. UK and Irish retail sites at 30 June numbered 28,896, down 191 sites since the year end as a consequence of natural churn and the decision to pause the roll out of sites pending the introduction of the new PayPoint One terminal. Sites are expected to increase in the balance of the year.

In Romania, profitable growth continued. The business processed 16.0 million bill payments in the period, up 10% on last year. The terminal estate increased by 197 sites since the year end to 10,338 sites. The business continues to add new clients and services.

Collect+ volumes increased by 5.8% to 5.2 million transactions in the period, compared to 4.9 million last year. There has been a small decrease in Collect+ sites by 10 to 5,926 since year end. Discussions with Yodel about Collect+ are progressing.

In the mobile payments business, transactions increased by 35.1% to 15.5 million in the period, compared to 11.5 million last year, mainly as a result of additional volumes from existing clients. The sale of this business is ongoing.

Balance sheet

The group has maintained a strong balance sheet. Net cash at 30 June was £74million⁴, compared to £81 million⁴ at 31 March 2016. The final dividend of £19 million is due for payment on 29 July 2016, subject to approval at our annual general meeting today. The gross proceeds from the sale of the online payments business of £14 million, will also be paid on this date. We expect to distribute the sale proceeds of the mobile payments business, when sold. We will also pay the first part of the £25 million special annual dividend announced in the last year's results, which will amount to £8.3 million with the interim dividend in December this year.

Outlook

Dominic Taylor, PayPoint's Chief Executive, said:

"Overall trading for the first quarter remains in line with our expectations. We continue to make good progress on our strategy. The commercial trial of PayPoint One is encouraging. Together with MultiPay, which is also progressing well, I am confident we have the platforms for extending and enhancing our proposition for clients and retailers."

1. This announcement contains insider information for the purposes of Article 7 of Regulation (EU) No. 596/2014.
2. PayPoint's auditors have not been requested to review the performance or financial position.
3. 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 other costs include retail agent commission, card payment merchant service charges and costs for the provision of call centres for PayByPhone.
4. Including client cash of £7 million (31 March: £22 million), but excluding cash held in Mobile of £2 million (31 March: £2 million), which is held for sale.



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ABOUT PayPoint

We support market leading national networks across 39,000 convenience stores in the UK and Romania so that our customers are always close to a PayPoint store. In thousands of locations, as well as at home or on the move, people use us better to control their household finances, essential payments and in-store services, like parcels. Our UK network contains more branches than all banks, supermarkets and Post Offices together, putting us at the heart of communities for over 10 million regular weekly customers.

We have a proven track record of decades of tech-led innovation, providing retailers with tools that attract customers into their shops. Our industry-leading payments systems give first class service to the customers of over 1,500 clients - utility companies, retailers, transport firms and mobile phone providers, government and more.

We are on and offline; providing for payments by cash, card including contactless; retail, phone and digital; at home, work and whilst out and about from Land's End to the highlands and islands – helping to keep modern life moving.

Multichannel payments

We offer clients streamlined consumer payment processing and transaction routing in one, seamlessly integrated solution, through MultiPay. This gives customers the flexibility to pay in the way that best suits them; including mobile app, online, text, phone/IVR and cash in-store.

MultiPay is live with Utilita, a fast growing challenger energy supplier. We have signed several other energy companies, a framework agreement with Procurement for Housing and, significantly, Scottish and Southern Energy, our first Big 6 energy client.

Retail networks

In the UK, our network includes 29,000 local shops including Co-op, Spar, Sainsbury's Local, Tesco Express and thousands of independent outlets. These outlets are quick and convenient places to make energy meter prepayments, bill payments, benefit payments, mobile phone top-ups, transport tickets, TV licenses, cash withdrawals and more.

Our Romanian network continues to grow profitably. We have over 10,000 local shops, helping people to make cash bill payments, money transfers, road tax payments and mobile phone top-ups. Our clients include all the major utilities and telcos and many other consumer service companies.

In the UK, our Collect+ joint venture with Yodel offers parcel drop-off and pick-up services in nearly 6,000 convenience stores. Customers use Collect+ to handle parcels from major retailers including Amazon, eBay, ASOS, New Look, John Lewis, House of Fraser, M&S and Very.

The UK network also includes 4,200 LINK branded ATMs, and 10,000 of our terminals enable retailers to accept debit, credit and contactless payments, including Apple Pay.

We operate over 3,000 Western Union agencies in the UK and Romania for international and domestic money transfers.