



PayPoint

PayPoint plc
Trading update for the three months ended 30 June 2017
26 July 2017

- Group¹ organic net revenue² grew 4.2% from £27.3 million to £28.4 million
- UK retail services net revenue grew by 10.5% driven by PayPoint One, card payment transactions and ATM transactions
- Romania net revenue, reported in constant currency, grew by 16.1%
- UK parcel volumes grew by 16.6% to 6.1 million in the quarter

Dominic Taylor, PayPoint's Chief Executive, commented:

'We have continued our repositioning of the business in the new financial year, as we have driven profitable growth in UK retail services, increased parcel volumes and delivered another strong performance in Romania. The successful roll out of our innovative new PayPoint One terminal in the UK continues, following its launch last September. We are on target to achieve 8,000 installations by the end of this financial year, with 5,000 terminals already in service. This good progress underpins the Board's confidence in our strategy and our full year outlook remains in line with previous guidance.'

Performance³ for the first quarter period ending 30 June 2017

Group¹ organic net revenue grew 4.2% from £27.3 million to £28.4 million despite a 4.5% reduction in transaction volumes to 150.3 million, as a result of an expected decline in our UK prepay energy volume, which was partially offset by growth in our net revenue per transaction through a shift to smaller but higher yielding clients, combined with strong growth in our MultiPay platform, through which transactions doubled to 3.3 million. On a reported basis including the results of PayByPhone, which was sold on 23 December 2016, net revenue reduced 4.0% from £29.6 million to £28.4 million.

UK and Ireland retail services net revenue was up 10.5% driven by PayPoint One service fees, card payment transactions which grew by 8.3% to 24.1 million and ATM transactions which increased 5.0% to 10.2 million. Our PayPoint One terminal, which launched in September 2016, is now in operation in 5,000 sites³, an increase of 1,296 since the beginning of this financial year. We remain on target to reach 8,000 sites by 31 March 2018. Due to the strong take up of PayPoint One by our retailers, we have introduced and standardised the service fees for legacy terminals across 14,000 sites. As expected, this caused a small amount of retailer churn and our UK network reduced by 449 during the first quarter to 28,727 outlets. We are also pleased with the performance of our parcel service, which increased volume by 16.6% to 6.1 million. The Collect+ network expanded to 6,521 sites up by 354 since the beginning of the financial year.

As anticipated, net revenue in bill and general decreased by 2.7% as transaction volume declined by 11.2%, driven mainly by a 15.1% reduction in prepay energy volume, with the shift in mix towards smaller but higher yielding clients partially offsetting the decrease in transactions. Top-up transactions declined by 14.4% as the prepaid mobile sector continued to contract.

Romania continued to grow, net revenue reported in constant currency increased by 16.1% and in GBP increased by 25.3%. Total transactions increased 9.1% from last year to reach 19.3 million. Our Romanian network continued to expand with PayPoint at 11,477 retailer sites at 30 June 2017, up 175 since the beginning of the financial year.

Balance sheet at 30 June 2017

The group had net cash of £56.9 million (31 March: £53.1 million) including the balance held in respect of short term client settlement obligations which was £17.6 million (31 March: £20.2 million).

Enquiries

PayPoint plc

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1 Group consists of our UK, Ireland and Romanian retail networks and excludes PayByPhone which was sold on 23 December 2016.

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.

3 At 30 June 2017 PayPoint One was in 4,897 sites.

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



PayPoint

ABOUT PAYPOINT

We operate market leading national networks across 40,100 convenience stores in the UK and Romania so that our customers are always close to a PayPoint store. At these locations, whether at home or on the move, people use us to better control their household finances, make essential payments and use in-store services, like parcel drop and collect.

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 recently launched PayPoint One platform offers EPoS, card payments and PayPoint services, and is designed to help retailers run their whole store from one device.

Coupled with our industry-leading solutions, we provide a first class service to the customers of over 300 clients - utility companies, retailers, transport firms, 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

MultiPay is our multichannel payment service, offering consumer service providers a ready-made solution for their full range of payments via app, web, phone, text and IVR, complementing our cash in store services.

Clients benefit from streamlining their consumer payment processing and transaction routing in a seamlessly integrated and cost effective solution. The services are available either as a full portfolio or by the client's choice of preferred channels, including our app which has a 4 star rating on the Google Play and Apple App Stores. Clients can choose to access our services as a full outsourced model or by linking their own digital solutions to our MultiPay payment suite.

MultiPay is particularly targeted to serve the rollout of smart meters within the energy market. For example, our service has helped Utilita to become the fastest growing, challenger prepay energy supplier and we have also signed several other energy companies, including SSE, our first Big 6 energy client. Among other relevant sectors, MultiPay is available to the local authority and social housing sectors through a framework with Procurement for Housing.

Retail networks

In the UK, our network includes over 28,700 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 ticket payments, TV licence payments, cash withdrawals and more.

Our Romanian network continues to grow profitably. We have more than 11,400 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+ network offers parcel collection and return services in over 6,500 convenient outlets. Customers use Collect+ for their parcels from major retailers including Amazon, eBay, ASOS, New Look, John Lewis, House of Fraser, M&S and Very. The Collect+ brand is jointly owned with Yodel.

The UK network also includes over 4,100 LINK branded ATMs, and 9,700 of our terminals enable retailers to accept debit, credit and contactless payments, including Apple Pay. We operate over 4,100 Western Union agencies in the UK and Romania for international and domestic money transfers.