

# **PAYPOINT PLC**

## **INTERIM MANAGEMENT STATEMENT**

### **26 January 2012**

The board reports on events, transactions and trading since the half year results for the six months ended on 25 September 2011.

#### **Performance<sup>1</sup> for the third quarter period ended 25 December 2011<sup>2</sup>**

Overall transactions processed for the period were 183 million, up 13% compared to 162 million for the same period last year.

Revenues of £52.6 million are up 3% and net revenues<sup>3</sup> were up 8% to £24.3 million on the same period last year.

#### **Established business streams**

UK and Irish bill and general payment transactions were 13% up on last year. Retail services transactions from ATMs, debit / credit cards, parcels and mobile phone SIM cards were up 23% on last year. Top-ups increased as a consequence of transactions for the recently launched Health Lottery, mitigated by the continued decline in prepaid mobile top-ups. UK and Irish retail sites (including virtual terminals, the software version of the terminal on retailers' till systems) at 25 December numbered 24,391, up 229 since the half year end.

Internet transactions increased 22% to 21 million over the same quarter last year, largely from existing merchants but revenue growth has yet to benefit from the new transaction optimisation and reporting products which should be delivered early in the new financial year.

#### **Developing Businesses**

In Romania, we have processed 5.0 million bill payments in the period, up 53% on last year. Money transfer with Western Union has been launched as our first retail service. We have increased our terminal estate since the half year end to 6,600. Encouragingly, our Romanian business has made a small profit in the quarter.

PayByPhone transactions processed in the period were 4.4 million, up 22% on last year. Parking authority delays in tendering, contracts and implementation have adversely affected revenue growth but the implementation of San Francisco and three London boroughs has been started in the period.

Collect+ volumes have more than trebled to 1.2 million transactions in the period compared to 0.4 million in the same period last year, with a peak week of 125,000 transactions at Christmas. Collect+ deliveries are now available on eBay. We have increased the number of sites offering Collect+ since the half year end to 4,600.

#### **Balance sheet**

The group has maintained a strong balance sheet. Net cash at 25 December was £21.3 million (excluding client cash of £3.0 million), compared to £18.5 million (excluding client cash of £3.0 million) at 25 September 2011.

Dominic Taylor, PayPoint's Chief Executive, said:

"Overall trading for the period to 25 December was in line with market expectations, taking seasonality of trading into account. We are pleased with the continuing growth of our established business streams this year and progress in our developing businesses"

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

2. Comparative data is given for the similar 13 week period last year (i.e. 26 September to 26 December 2010)

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.