



PayPoint plc
Interim Management Statement
24 July 2013

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 2013.

Performance¹ for the first quarter ending 30 June 2013²

Overall transactions processed for the 91 day period since year end were 180 million, up 6% on a pro-rata basis (by comparison to the equivalent 91 day period last year), but down 1% compared to the 181 million transactions in the longer 97 day period reported last year.

Revenues of £51 million were up 3% on a pro-rata basis, but 3% lower than in last year's longer reporting period. PayPoint's net revenues³ were £27 million, up 13% on a pro-rata basis against £25 million last year as a result of growth in bill and general, retail services and PayByPhone, partially offset by a decline in top-ups.

UK and Irish bill and general transactions were up 5% on a pro-rata basis, but 1% fewer than in the longer period last year. Retail services transactions (ATMs, debit/credit cards, parcels and mobile phone SIM cards) were up 15% on last year². Top-ups continue to decline in line with the prepaid mobile sector. The decline in other top-ups has stabilised. UK and Irish retail sites at 30 June numbered 25,474, up 404 since the financial year end.

In Romania, profitable growth continues. We have processed almost 7.5 million bill payments in the period, up 31% on last year². We have increased our terminal estate since the year end by 228 sites to 7,567. Our Romanian business continues to add new clients including, since the period end, RCS & RDS, a pay TV and communications supplier and one of Romania's biggest bill issuers. This completes coverage of all the major bill issuers in Romania.

Collect+ volumes increased by 72%² to over 2.8 million transactions in the period, compared to 1.6 million last year. We have introduced a new standard two day delivery service in addition to the economy 3-5 day service and increased the number of sites offering Collect+ since the year end by 202 to 5,457.

New management is providing greater focus in our e&m commerce (internet and PayByPhone) businesses. Internet transactions increased by 16% to 25 million over last year², driven by new and existing merchants. PayByPhone transactions processed in the period were 7 million, up 42% on last year².

Balance sheet

The group has maintained a strong balance sheet. Net cash at 30 June was £40.8 million (excluding client cash of £5.2 million), compared to £39.6 million (excluding client cash of £7.0 million) at 31 March 2013. The final dividend of £13.7 million and the special dividend of £10.1 million are due for payment on 25 July 2013, subject to approval at our annual general meeting today.

Outlook

Dominic Taylor, PayPoint's Chief Executive, said:

"Overall trading for the period to 30 June 2013 was in line with market expectations, taking seasonality of trading into account. Our retail businesses are continuing to generate satisfactory growth this year. There are early but encouraging signs that bringing the e&m businesses under common management will unlock better growth opportunities, which should lead to improved returns on our invested capital in these businesses."

1 PayPoint's auditor has not been requested to review the performance or financial position.

2 The reported period of 31 March to 30 June 2013 contains 91 days. Comparative data is given for the 97 day time period reported last year (i.e. 25 March to 30 June 2012). Had we compared to the equivalent 91 day period last year the increase would be greater by between 6 to 8 percentage points.

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 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.



Enquiries

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ABOUT PAYPOINT

PayPoint is a leading international service provider of convenient payments and value added services to major consumer service organisations in the utility, telecoms, media, financial services, transport, retail, gaming and public sectors. We handle over £14 billion from 739 million transactions annually for more than 6,000 clients and merchants. We deliver payments and services through a unique combination of local shops, internet and mobile distribution channels.

Retail networks

PayPoint operates branded retail networks in the UK, Ireland and Romania. The network in the UK numbers over 25,400 terminal sites in local shops (including Co-op, Spar, McColls, Costcutter, Sainsbury's Local, Tesco Express, One Stop, Asda, Londis and thousands of independent outlets) and is growing. Our terminals process energy meter prepayments, bill payments, mobile phone top-ups, transport tickets, BBC TV licences, cash withdrawals and a wide variety of other payments for most leading utilities and many telecoms and consumer service companies.

In Romania, the branded retail network numbers over 7,500 terminals located in local shops across the country and is expanding. Our terminals process cash bill payments for utilities, money transfers and mobile phone top-ups. In the Republic of Ireland, we have over 500 terminals in shops and Credit Unions processing mobile top-ups and bill payments.

We also supply added value services to our retail agents to improve the yield from our network. In the UK, we have a consumer parcel drop off and collection service using PayPoint's retail network through Collect+, a joint venture with Yodel. This service is available in over 5,450 of our convenience retail agents. Clients include Amazon, eBay, ASOS, New Look, Boden, John Lewis, House of Fraser, Asda Direct and Very. In addition, in the UK, we have over 3,000 LINK branded ATMs, mainly located in the same sites as our terminals, and over 7,300 of our terminals provide debit and credit card acceptance for our retailers.

e&m commerce

PayPoint.net is an internet payment service provider, linking into 16 major acquiring banks in the UK, Europe and North America, delivering secure online credit and debit card payments for over 5,350 web merchants, including Stan James, Hungry House, Moonpig, WHSmith, Lovestruck, London and Zurich Insurance, Moneysupermarket.com and British Gas. We offer a comprehensive set of products ranging from a bureau service, in which we take the merchant credit risk and manage settlement for the merchants, to a transaction gateway. We offer real-time reporting for merchant transactions and FraudGuard, an advanced service to mitigate the risk of fraud for card not present transactions. We are introducing real-time transaction management and optimisation products for sale to our merchants.

PayByPhone enables consumers to make payments using their mobile phones. It is a leading international provider of services to parking authorities enabling consumers to use their mobile phones to pay for their parking by credit or debit card. It has contracts in the UK, Canada, USA, France and Australia.

PayPoint is widely recognised for its leadership in payment systems, smart technology and consumer service. Our high quality services are backed by a 24/7 operations centre with dual site processing for business continuity.

PayPoint maintains its competitive differentiation by serving a range of clients' needs, through a wide spectrum of payments, products and services that span different channels. For example, PayCash enables cash payment for internet transactions at PayPoint retail agents and our home vending solutions allow consumers to pay across the internet as well as through our retail network.