

**PayPoint plc**  
**Interim Management Statement**  
**24 January 2013**

The board reports on events, transactions and trading since the half year results to 30 September 2012.

**Performance<sup>1</sup> for the third quarter period ending 31 December 2012<sup>2</sup>**

Overall transactions processed for the quarter were 193 million, up 5% compared to 183 million for the same quarter last year.

Revenues of £55 million were up 4% on the same period last year but net revenues<sup>3</sup>, which exclude retailer commission and the cost of mobile top-ups, were up 18% to £28.7 million. Strong growth in bill and general payments and retail services, partially offset a decline in net revenue from mobile top-ups. The increase in bill and general payments includes set-up fees for the Simple Payment service for the Department for Work and Pensions which contributed 6 percentage points of the overall growth in net revenue.

UK and Irish bill and general payment transactions were 8% up on the same period last year predominantly driven by an increase in the number of new prepay meters installed as well as higher consumer energy use in colder weather. Retail services transactions (from ATMs, debit / credit cards, parcels and mobile phone SIM cards) were up 23% on last year. Mobile top-ups continue to be adversely affected by the reduction in the prepaid sector. UK and Irish retail sites at 31 December numbered 24,733, up 181 since the half year end. In Romania, we processed 6.6 million bill payments in the period, up 32% on last year, whereas mobile top-ups were broadly the same as last year. We have increased our terminal estate since the year end by 177 sites to 7,179. Our Romanian business continues to grow profitably.

CollectPlus volume has grown 89% to 2.3 million transactions in the period, compared to 1.2 million in the same period last year, with a peak week of 222,000 transactions at Christmas. We have increased the number of sites offering CollectPlus since the half year end by 285 to 5,181.

Internet transactions increased 18% to 24 million over last year, driven by new and existing merchants. PayByPhone continued its development and transactions processed in the period were 5.8 million, up 33% on last year.

**Balance sheet**

The group has maintained a strong balance sheet. Net cash (excluding client cash) at 31 December 2012 was £26.6 million, after payment of the interim dividend of £6.9m in the period, compared to £25.6 million at 30 September 2012.

**Outlook**

Dominic Taylor, PayPoint's Chief Executive, said:

“Overall trading since 30 September 2012 was in line with market expectations, taking seasonality of trading into account. We are pleased with the growth across the group and continue to focus on driving improved returns on our invested capital.”

<sup>1</sup> PayPoint's auditors have not been requested to review the performance or financial position

<sup>2</sup> The reported period of 1 October to 31 December 2012 contains 92 days. Comparative data is given for the 91 day time period reported last year (i.e. 26 September to 25 December 2011).

<sup>3</sup> 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.

**Enquiries**

Finsbury +44 207 251 3801

Rollo Head/Don Hunter

## **ABOUT PAYPOINT**

PayPoint is a leading international operator of systems for 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 £12 billion from 659 million transactions annually for more than 6,000 clients and merchants. We deliver payments and services through a uniquely strong 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 24,000 terminals situated in local shops (including Co-op, Spar, McColls, Costcutter, Sainsbury's Local, One Stop, Asda, Londis and thousands of independent outlets) across the UK. Our terminals process energy meter prepayments, cash bill payments, mobile phone top-ups, transport tickets, BBC TV licences and a wide variety of other payment types for most leading utilities and many telecoms and consumer service companies.

In Romania, the branded retail network numbers over 7,000 terminals located in local shops across the country and is expanding. Our terminals process cash bill payments for utilities 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 5,000 of our convenience retail agents. Clients include ASOS, New Look, Boden, House of Fraser, ASDA Direct and Very. In addition, in the UK, we have over 2,500 LINK branded ATMs, mainly located in the same sites as our terminals.

### **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 5,600 web merchants, including Stan James, 32Red, Sportingbet, PKR, Betsson, Moonpig, WHSmith, Moneysupermarket.com, Hungryhouse and British Gas Home Vend. 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 reporting and optimisation products for sale to our merchants.

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

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 sustains its competitive differentiation by aiming to meet a range of clients' needs, not just through a wide spectrum of payments, but also with 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.