



PayPoint

PayPoint plc
Trading update for the three months ended 30 June 2019¹
24 July 2019

GOOD FINANCIAL AND OPERATIONAL PROGRESS

- Group net revenue increased by £1.0 million (3.6%) to £28.7 million.
- Service fee growth of £0.7 million (30.7%) driven by the roll out of PayPoint One to 13,633 sites at 30 June 2019 and a 2.8% improvement in the average weekly service fee.
- UK parcel volumes increased by 11.9% to 5.6 million, due to new partner relationships converting to volumes, with three of the four new parcel partners now transacting.
- UK bill payments net revenue was up by 7.5%, driven by strong growth in MultiPay and a robust performance in the legacy business.
- Romania net revenue increased by 5.0%, due to improved client margins and growth in transactions.

Patrick Headon, PayPoint's CEO, commented:

"PayPoint has delivered a good financial and operating performance during the quarter, with group revenue increasing 3.6% to £28.7 million. PayPoint One is now operating in over 13,920² convenience retailers and we remain on track to meet our year-end target of 15,800 sites. Our parcels business is benefitting from our new partners, which were secured last year, with parcel volumes now having returned to growth. Bill payments in the UK and Romania delivered a robust performance with 12 new clients contracted and we saw continued strong growth in our MultiPay platform and eMoney services where transactions grew 38.5% and 16.3% respectively. We continue to believe these initiatives are key to driving future growth and profits. Consequently, the Board remains confident that there will be a progression in profit before tax and exceptional items for the year ending 31 March 2020."

Performance for the first quarter ending 30 June 2019

Net revenue increased by £1.0 million from £27.7 million to £28.7 million driven by an increase in service fees, through the ongoing roll out of PayPoint One and a robust performance in bill payments in the UK and Romania.

Progress during the period against our strategic priorities is set out below:

- **Embed PayPoint at the heart of convenience retail**
 - Retail services net revenue grew by 3.5% driven by the continued strong performance of the PayPoint One rollout. We remain on track to reach our year-end target of 15,800 PayPoint One sites with 13,633 sites at 30 June 2019, an increase of 752 since the start of the financial year.
 - Service fee net revenue increased by 30.7% to £3.1 million and PayPoint One's average weekly service fee per site increased by £0.40 (2.8%) to £15.70. EPoS Pro installations grew to 770 from 645, as at the 31 March 2019, as we build resilience in the platform ahead of driving significant penetration of the product.
 - Card payment transactions grew by 17.6% to 32.2 million, card payment rebate revenue increased 10.1% as lower average transaction values partially offset the volume growth. Our card payments service is in 9,788 sites at 30 June 2019, broadly unchanged from 31 March 2019, and we are planning to extend the card payment net settlement feature to further sites following the success of the initial pilot.
 - ATM net revenue decreased by 8.4% to £3.0 million due to LINK's 10% reduction in the interchange fee and a 3.0% reduction in transactions to 10.4 million. We secured a new significant ATM client and will commence in the second quarter with the rollout of 159 ATMs to its leisure centres.
 - Our retail network remains broadly stable with 28,483 (31 March 2019: 28,435) sites in the UK.
- **Become the definitive parcel point solution**
 - Underlying parcel net revenue³ increased by 15.2% and parcel volumes grew by 11.9% due to volumes from new partners.
 - Three of the four new parcel partners secured last year are now transacting, with the fourth expected to be live by September 2019.
 - The Collect+ network was in 7,100 sites at 30 June 2019.

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

² As at 22 July 2019.

³ Underlying net revenue excludes the impact of £0.2 million from the reduced Yodel parcel fees.



PayPoint

- **Sustain leadership in ‘pay-as-you go’ and grow digital bill payments**

- UK

- Bill payment net revenue increased by 7.5% driven by an increase in transactions of 3.2% to 75.0 million in the quarter.
 - MultiPay continues to grow strongly with transactions up by 38.5% to 7.4 million and net revenue increasing by 36.2%.
 - As announced on 28 June 2019, PayPoint was unable to agree appropriate renewal terms with British Gas and will cease working with British Gas on 31 December 2019. The impact on net revenue and contribution in the financial year to 31 March 2020 is expected to be around £1.4 million and in the financial year to 31 March 2021 is expected to be approximately £3.5 million. As previously referenced, plans are underway to mitigate this in part.
 - As expected, UK top-up and eMoney transactions reduced by 12.3% due to the declining prepaid mobile sector which resulted in a 6.3% decrease in net revenue. eMoney transactions increased by 16.3% driven by continued growth from existing clients which led to a 16.8% increase in eMoney net revenue.
 - Nine new clients were contracted in the period, including Utility Warehouse and Nabuh energy.

- Romania

- Transactions increased by 1.5% from the same period last year to reach 28.2 million. Net revenue increased by 5.0%⁴ driven by successful ongoing work to improve client margins.
 - Sites increased to 18,610 from 18,466 at 31 March 2019 and card payment sites increased to 1,518 sites at 30 June 2019.
 - Three new clients were contracted in the period.

Organisation and service delivery

- PayPoint and eBay won “Best Domestic or International Delivery Options” award at MetaPack’s Delivery Excellence Awards 2019.
- PayPoint One also won the “Best Use of Digital Devices and Software” at the UK Digital Experience Awards 2019.
- Development of the Salesforce CRM lead to sales feature has progressed well and remains on track for release in the second half of this financial year.

Balance sheet as at 30 June 2019

The Group had net cash of £36.1 million (31 March 2019: £37.5 million) including the balance held in respect of short term client settlement obligations which totalled £31.6 million (31 March 2019: £34.0 million).

Dividends

The final ordinary dividend of 23.6 pence per share will be paid in equal instalments of 11.8 pence per share on 29 July 2019 and 30 September 2019. The additional dividend of 18.4 pence per share will be paid in equal instalments of 9.2 pence per share and paid to shareholders on the same dates as the ordinary dividend.

Enquiries

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⁴ There was no change in net revenue when reported in constant currency.



PayPoint

ABOUT PAYPOINT

In thousands of retail locations, at home and on the move, we make life more convenient for everyone.

For retailers, we offer innovative and time-saving technology that empowers convenience retailers in the UK and Romania to achieve higher footfall and increased spend so they can grow their businesses profitably. Our innovative retail services platform, PayPoint One, is now live in over 13,900 stores in the UK and offers everything a modern convenience store needs, from parcels and contactless card payments to EPoS and bill payment services. Our technology helps retailers to serve customers quickly, improve business efficiency and stay connected to their stores from anywhere.

We help millions of people to control their household finances, make essential payments and access in-store services, like parcel collections and drop-offs. Our UK network of 28,400 stores is bigger than all banks, supermarkets and Post Offices together, putting us at the heart of communities nationwide.

For clients of all sizes we provide cutting-edge payments technologies without the need for capital investment. Our seamlessly integrated multichannel payments solution, MultiPay, is a one-stop shop for customer payments. PayPoint helps over 500 consumer service providers to save time and money while making it easier for their customers to pay – via any channel and on any device.