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Announcement of sale of PayPoint's Mobile Payments business

PayPoint plc announces the sale of Mobile Payments to Volkswagen Financial Services AG for £26.5 million paid in cash at completion today. A dividend of the gross sale proceeds, which amounts to 38.9p per share, will be paid on 11 January 2017 to shareholders on the register on 6 January 2017.

This sale marks the conclusion of the restructuring set out in the announcement made in May 2015 and follows the sale of Online Payments in January this year. The mobile payments business is performing better than expected, with record transaction volumes and mobile app downloads driving growth in revenue. However, its sale is in line with PayPoint's strategy of narrowing our focus on multi-channel payments in territories in which we have retail networks.

The mobile payments business comprised PayByPhone Technologies Inc., PayByPhone Limited, Mobile Payment Services SAS and Adaptis Solutions Limited. The aggregate loss before tax of the mobile business was £2.6 million for the year ended 31 March 2016. The gross assets were £5.2 million at 30 September 2016. The business contracts with parking authorities to provide mobile phone payment of parking charges in the UK, USA, Canada, France and Switzerland. The net book value at completion was £2.3 million and there was an adverse balance on the exchange translation reserve of £2.0 million, in relation to the non-UK mobile payment subsidiaries.

Dominic Taylor, Chief Executive said: "I am delighted to have found such a well suited company to acquire our PayByPhone business and take it forward. We wish the buyer and the employees of PayByPhone the best for the future. With the major restructuring completed in line with our strategy, we can now direct our entire focus on the development of our retail business, including the continued rollout of our new PayPoint One terminal and EPoS."

Deloitte LLP acted as corporate finance adviser and Mills & Reeve LLP as legal adviser to PayPoint on the sale.

The information contained in this announcement includes inside information for the purposes of the Market Abuse Regulations (EU) No.596/2014