

20th January 2015

Fairpoint Group plc

Trading Update

Notice of Final Results

Fairpoint Group plc ("**Fairpoint**" or "**the Group**"), one of the UK's leading providers of consumer professional services, today issues a trading update on the Group's performance for its financial year ended 31 December 2014, ahead of announcing its final results on Tuesday, 17 March 2015.

Overall the Group's adjusted* results are expected to be in line with market expectations, with double digit growth in both revenues and profitability and substantial progress in our goal of diversifying group revenues.

Highlights are as follows:

- *Legal services*: Simpson Millar LLP ("**Simpson Millar**"), acquired in June 2014, delivered a strong performance in the second half, with growth in both revenue and profit margin. This strong performance was boosted by the acquisition and integration of Fosters and Partners in July 2014, commencing the Group's stated programme of consolidation in the legal services market. Good progress has been made on integration activities.
- *DMP*: The debt management segment also grew strongly, largely as a result of successful acquisition activity during the year. A rigorous regulatory agenda has been driven by the FCA across the sector since April 2014 and we expect this to result in both change and further consolidation. Subject to consideration of forthcoming FCA thematic reviews on this sector, we anticipate playing a continued role in consolidation.
- *IVA*: The challenging market conditions in the IVA segment experienced in the past few years have continued as expected. However, we have successfully maintained profit margins, despite falling revenue compared to 2013, as we continue to concentrate on margin management.
- *Claims*: As outlined at the half year, claims levels from existing IVA clients have reached maturity, whilst those from our growing number of debt management clients are still under development. This has resulted in an anticipated reduction in claims revenues and profitability when compared to 2013.

As previously announced, the Group incurred exceptional legal and professional costs associated with the acquisition of Simpson Millar of £0.7m, and transaction and restructuring costs totalling £1.3m relating to DMP acquisitions.

To support the Group's growth strategy through consolidation opportunities, we announced a new committed five year bank facility of £20m with AIB Group (UK) plc in May 2014, which incurred one off legal, professional and other costs of £0.5m. Group net debt as at 31 December 2014, including asset related finance, was £7.6m (31 December 2013: net cash of £2.8m). The increase in net debt reflects the total of £14m cash cost of acquisitions (including related expenses) during the year.

Chris Moat, Chief Executive Officer, commented:

"The Group continues to make substantial progress in its diversification agenda and with double digit revenue and profit growth, performed in line with expectations in 2014. Our entry into the legal services market has started well and has enhanced profitability. In the second half, this new segment represented over forty percent of Fairpoint's revenues and going forward, is a strong platform for further growth.

“We remain well placed to pursue our strategy of selectively consolidating in our chosen markets, where we can deploy our core skill of applying process to professional services.”

*profit before tax adjusted for amortisation of acquired intangible assets and exceptional items

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