

13 January 2011

**FAIRPOINT.**

## **Fairpoint Group plc**

### **Trading Update**

Fairpoint Group plc ("Fairpoint" or "the Group"), the leading provider of advice and solutions to financially stressed consumers, today releases a trading update ahead of its preliminary results announcement, which will be made on 15 March 2011.

#### **Financial performance in line with expectations and outlook**

Financial performance has been in line with expectations, with profits from continuing activities ahead of the corresponding period in 2009. The number of financially distressed consumers is expected to grow in 2011 as public sector cost savings are realised and this positions the Group well for further growth in 2011.

#### **Strong growth in customer numbers and a broader business**

The Group's strategic priority continues to be to create a broader business serving the wider needs of financially distressed consumers and an update on these priorities will be given with the preliminary results. The Group has continued to make good progress in this regard.

- Fairpoint now has 35,300 (31 December 2009: 26,342) customers in long term debt solutions, and the Group has built a compelling proposition across the full range of debt solution products and services.
- In particular our debt management business has grown rapidly, supported by the successful integration of third party case portfolios, with four transactions completed during 2010. Fairpoint now has over 12,750 customers on debt management plans (31 December 2009: 5,539).
- Our roll out of value added services has proven popular with customers, providing over 25,000 solutions in 2010 (Year to 31 December 2009: 4,706) and we have returned our Financial Services business segment to profitability.
- Profits have grown in our debt solutions business through continued disciplined marketing investment and operating efficiency in a relatively quiet market place.
- Operating cash flow remains healthy and has allowed the Group to invest over £3.0million on acquisitions and £1.5million on returns to shareholders during the year whilst maintaining borrowings to prudent levels of £5.0million (FY2009: £4.5million).
- The Moneyextra business acquired in July 2010 has now been successfully integrated and is on track, adding to our financial service revenues in 2011.
- Exceptional and discontinued activity costs to deliver the integration of Moneyextra have been £0.3m higher than anticipated. As a result the earnout provisions of the deal have



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