

18 January 2013

Fairpoint Group plc

Trading Update

Notice of Results

Fairpoint Group plc (“Fairpoint” or “the Group”) , the leading provider of advice and solutions to financially stressed consumers, today issues a trading update for the financial year ended 31 December 2012, ahead of announcing its final results on Thursday, 14 March 2013.

Group trading update

Adjusted* profit before tax for the financial year ended 31 December 2012 is expected to be in line with market expectations and substantially ahead of 2011. The Group’s claims management services contributed strongly to revenues and profits. Despite the anticipated subdued market conditions, the Group’s core IVA services maintained its improvement in performance and DMP services were broadly stable.

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

Exceptional items

In April 2012, the Group received a VAT refund of £9.0m from HMRC following the decision in *Paymex Ltd v HMRC*. This amount was deposited in a client account and since then, the Group has embarked on a programme of processing the refund through open and closed IVA cases. By 31 December 2012, almost half of the refund had been processed, principally relating to closed cases, which has resulted in exceptional cash income, net of costs, of £3.0 million in the year ended 31 December 2012. A further update on this programme will be provided with the final results on 14 March.

In addition, as previously reported in the first half of 2012, the Group incurred an exceptional charge of £0.2m in relation to legal and professional costs associated with the refinancing completed in April 2012.

Financing

Group net cash as at 31 December 2012, net of asset related finance, was £1.6 million (31 December 2011: net debt £6.4 million). As announced in April 2012, the Group also secured a four year £13 million asset based revolving credit facility with PNC Financial Services UK Limited.

Chris Moat, Chief Executive Officer of Fairpoint said:

“As expected, the second half continued the momentum achieved in the first half, resulting in a strong performance for the year as whole, from both a profitability and cash generation viewpoint.”

Enquiries

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