

21 January 2014

Fairpoint Group plc

Trading Update and 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 2013, ahead of announcing its final results on Thursday, 13 March 2014.

Group trading update

Adjusted* profit before tax for the financial year ended 31 December 2013 is expected to be in line with market expectations. The Group’s claims management services contributed strongly to revenues and profits. Market conditions in the Group’s core IVA services have remained challenging and accordingly management have continued to focus on cost control. DMP services were broadly stable.

The Group has continued to pursue its diversification strategy, particularly through back book acquisition activity. Shortly before the year end, a book of 500 DMP plans was acquired, bringing the total number of DMP book acquisitions to four in 2013 (comprising 3,500 plans). In addition, two further books have been purchased since the year end for an initial cash consideration of £4.0m. This has substantially expanded the DMP portfolio by adding a further c.9,000 plans, bringing the total to c.24,000 plans. In addition, a small book of PPI claims was also acquired in late December and we continue to build a good pipeline of both DMP and PPI book acquisition opportunities, as the market for these services consolidates further.

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

Exceptional items

As expected and as indicated in the half year results announcement in September, the Group incurred exceptional restructuring costs of £0.5m in the second half of 2013 in relation to cost reduction activities. In addition, £0.1m of costs were incurred relating to aborted acquisitions.

Financing

Group net cash as at 31 December 2013, net of asset related finance, was £2.8 million (31 December 2012: £1.6 million). As noted above, since the year end the Group has paid £4.0m in initial consideration for two DMP back book acquisitions, funded from both its own cash resources and its long term bank facilities of £13.0m.

Chris Moat, Chief Executive Officer of Fairpoint said:

“The Group has delivered its traditional strong second half performance, despite continued subdued conditions within the IVA market. At the same time, we have continued our diversification strategy with a number of further acquisitions both before and after the 2013 year end.”

Enquiries

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