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CPPGroup Plc
19 May 2010

CPPGROUP PLC

INTERIM MANAGEMENT STATEMENT

19 MAY 2010

CPPGroup Plc ("CPP" or the "Group") today publishes its first Interim Management Statement ("IMS") since its recent listing on the London Stock Exchange, for the period from 1st January 2010 to the date of publication. Comparative references are to the same period in 2009.

CPP is a fast-growing and leading international life assistance business with operations in 15 countries in both developed and emerging markets. CPP's products and services are designed to meet consumer needs across a range of requirements, in particular relating to credit and debit card ownership, personal identity, mobile telephones, travel and the home. The Group primarily focuses on providing customer assistance during stressful life events such as losing or having a wallet, purse, mobile telephone or keys stolen, as well as support in the event of identity theft.

Strategy execution and market update

In line with our strategy of product, channel and international expansion, we have continued to grow our business through the development of existing and new business partner relationships during the period.

As part of our initiative to develop our packaged current account business, we started providing mobile phone insurance for a range of RBS and NatWest packaged current account customers in the UK in March. This has the added benefit of diversifying the business partner base for our mobile phone insurance business.

In North America we commenced sales of Identity Protection from our new exclusive relationship with Sovereign Bank, a Santander Group subsidiary, in January.

The introduction of EMV "chip and pin" cards in Spain is underway, and we have started implementing card activation campaigns with existing business partners to take advantage of this opportunity. This initiative is expected to deliver growth in the medium term, however has a short term adverse impact on margins in our Southern Europe region.

Our recently launched markets continue to develop and grow. Following launch in 2008, our business in India has signed contracts with a further 3 business partners this year, taking our total number of business partners in India to 9. Indian revenues in 2010 now include renewals from existing customers. Card Protection sales in Mexico, where we commenced selling to HSBC customers in 2009 are growing well. In an important first small step in establishing CPP in China, we have signed a contract with Guangdong Development Bank for the wholesale provision of Card Protection within their new premium card offering.

The fundamental market drivers of our business continue to be favourable. In the UK for example, the growth of fraud and in particular identity fraud, shows no sign of slowing. In the first three months of 2010, CIFAS - the UK's Fraud Prevention Service - reported identity fraud had increased by 20%. In this



environment, our Identity Protection Alert product offers our customers a comprehensive solution to help them prevent, detect and if necessary resolve identity theft.

Financial performance

Group revenue has grown year on year in line with expectations. We have grown new assistance income year on year, despite the uncertain economic environment. The Group annual renewal rate has remained in line with prior years at approximately 77%.

Northern Europe has grown revenue through the continued expansion of Identity Protection, the continued roll out of higher priced product variants of Card Protection and Identity Protection and the ongoing development of the packaged accounts channel. We have successfully integrated the Leapfrog business acquired in 2009 and are growing revenues from the Airport Angel product.

The UK budget on 24 March 2010 delayed by three months from December 2009 the change in Insurance Premium Tax, which has become payable on the full price of UK sales of our Card Protection and Identity Protection products as disclosed in our IPO prospectus. We have already implemented measures jointly with our business partners to ensure that minimal margin erosion has been suffered as a result of this change in legislation.

Revenue in our Southern Europe region has been stable despite being impacted by the ongoing difficult economic conditions in that area, particularly in Spain.

As a result of the continued development of Card Protection sales in India, Asia Pacific achieved year on year revenue growth despite the impact of a new credit card tax in Malaysia. North America revenues are in line with expectations.

Group operating margins have continued to show some expansion mainly due to changes in product mix and the continued roll out of higher priced variants of existing products. As a result of consistent revenue growth and this margin expansion, underlying Group Operating Profit has grown in line with our expectations.

Following the refinancing of our borrowings, the remaining unamortised issue costs of £3 million on our previous facilities have been charged as financing costs in the period, as outlined in our IPO prospectus.

Financial position

On 24 March we successfully completed our listing on the London Stock Exchange, raising net proceeds of £26 million. The Group reconstruction and refinancing of our bank debt outlined in our IPO prospectus are now complete.

Since IPO, cash flows have remained strong and net debt has been subsequently reduced to £14 million at 30 April 2010 compared to £49 million at 31 December 2009, further strengthening our financial position.

Eric Woolley, Group Chief Executive commented,

"We are delighted to announce our first trading statement as a publicly listed company. In an uncertain economic environment we have grown income from new policies and maintained the Group annual renewal rate in line with previous years, demonstrating the strength of our business model and the global demand for our products. The year is progressing in line with expectations and we continue to grow our business through the development of existing and new business partner relationships. I am pleased with the progress we have made and look forward to the coming year with confidence."

A conference call for analysts will be held on 19 May 2010 at 8am, dial-in details for which are as follows:



Dial in: +44 (0) 1452 568 051
Participants ID: 74499574

For enquiries contact:

Eric Woolley, Group Chief Executive
Shaun Parker, Chief Financial Officer
Tel. +44 (0)1904 544702

Tulchan Communications
John Sunnucks
David Allchurch
Tel. +44 (0)20 7353 4200

Cautionary statement

This IMS has been prepared solely to provide additional information to shareholders as a body to meet the relevant requirements of the UK Listing Authority's Disclosure and Transparency Rules. The IMS should not be relied on by any other party or for any other purpose.

The IMS contains certain forward-looking statements. These statements are made by the directors in good faith based on the information available to them up to the time of approval of the IMS but such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information. Subject to the requirements of UK Listing Authority's Disclosure and Transparency Rules and Listing Rules, CPP undertakes no obligation to update these forward-looking statements and it will not publicly release any revisions it may make to these forward-looking statements that may result from events or circumstances arising after the date of this IMS.

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