1pm plc

(the "Group" or the "Company")

Trading update

Final results will show record year on year increase in revenue and profit
Earnings per share increase in excess of 20%

1pm plc, the AIM listed alternative finance provider to the SME sector is delighted to announce the following strong trading update ahead of the publication of its final audited results for the financial year ended 31 May 2018, which are scheduled to be announced in early September 2018.

The unaudited trading results for the year demonstrated further strong growth in both revenue and profits compared with the prior year. Group revenue was slightly ahead of market expectations with profits in line following further investment in operations.

Highlights*

- Deal origination for the year in excess of £140 million, an increase of 70%, of which 44% was funded on balance sheet and 56% broked-on, a similar mix to the prior year
- Revenue for the year expected to be £30.0 million, an increase in excess of 75%, of which over 30% is organic growth
- Over 50% of revenue for the current year to 31 May 2019 is already secured as "unearned income"
- Basic earnings per share expected to increase by more than 20% notwithstanding the increase in shares in issue in June 2017 to fund acquisitions
- Own-book portfolio as at 31 May 2018 expected to be in excess of £130 million, up 50%, of which 10% is organic growth
- Aggregate borrowing facilities, i.e. wholesale funding to deploy, in excess of £160 million, an increase of more than 2 times over the prior year
- Blended cost of borrowing reduced to less than 4.0% (2017: approximately 5.3%) and will reduce further as the facility with British Business Bank is utilized
- Improved Net Interest Margin compared with prior year
- Net write-off experience in the year in line with the prior year, reflecting the Group's cautious approach to underwriting and provisioning

**unaudited*

Strategy

1pm's strategy is to focus on providing or arranging the finance which UK SMEs require to fund their businesses. The SME market continues to provide substantial scope for organic growth for the Group's multi-product range, which includes asset, vehicle, loan and invoice finance facilities. An operational synergy arising from being a multi-product provider is the opportunity to cross-sell among the various trading entities in the Group. A cross-selling culture is being embedded at all sites and the rate of deal origination from cross-selling is increasing month on month. The Group operates a “hybrid” lending and broking model, which is fundamental to the Group’s cautious risk management strategy and which enables it to optimize business levels through market and economic cycles.

Borrowing facilities

The Group’s raw material is cash. The Group is pleased to report continuing and increasing support from the providers of wholesale funding facilities and debt investors. As at 31 May 2018, total borrowing facilities stood in excess of £160 million (2017: £74.5 million), an increase of over 2 times. With these facilities in place the Group has the headroom it requires to fund its planned growth over the next 12 to 24 months. The Group saw a reduced cost of borrowing in the year to less than 4.0% (2017: approximately 5.3%) and was therefore able to record an increase in Net Interest Margin.

Integration

The Group has successfully completed 7 acquisitions in the past 3 years. Whilst new business origination activities at each acquired company have deliberately not been changed other than the cross-selling initiative, the Company has integrated all the business support functions including marketing, underwriting, compliance, funding and treasury, accounting, and human resources, which are now operated on a group-wide basis. The Group is currently implementing its “Platform1” systems project aimed at harmonizing its digital capability across all of the Group’s entities and harnessing the benefits of ‘FinTech’ to enhance service for customers. This project will be completed during the current calendar year.

Management

Given the evolving integration and development of the Group, with effect from the start of the current financial year, 1 June 2018, Ed Rimmer has taken on an expanded role as Chief Operating Officer for the Group encompassing his existing role as Managing Director of the Commercial Finance Division. Also with effect from 1 June 2018 and in accordance with the planned succession in the Asset Finance Division, Mike Nolan has stepped down from his day-to-day duties pending his previously announced retirement in December 2018.

Ian Smith, Chief Executive Officer, commented:

“The preliminary results for the year ended 31 May 2018 mark the successful culmination and implementation of the buy-and-build strategy pursued over the past three years, the strength of our operating model of being both a funder and a broker and our cautious approach to risk. These results reflect both the organic growth we anticipated and the expected growth from our strategic acquisitions and have produced a strong uplift in earnings per share.

“The Group is now better placed than ever to benefit from further organic growth and the operating synergies that flow from being a multi-product provider of finance to the resilient UK SME sector. We look forward to continuing to build value for our shareholders.”

For an audio interview with Ian Smith about this trading update, follow this link:
http://bit.ly/OPM_FY18TU

27 June 2018

For further information, please contact:

1pm plc
Ian Smith, Chief Executive Officer 01225 474230
James Roberts, Chief Financial Officer 01225 474230

Cenkos (NOMAD)
Max Hartley, Julian Morse (Sales) 0207 397 8900

Walbrook PR 0117 985 8989
Paul Vann 07768 807631
paul.vann@walbrookpr.com