

CPPGROUP PLC
30 OCTOBER 2013

INTERIM MANAGEMENT STATEMENT

CPPGroup Plc ("CPP" or the "Group") today publishes its Interim Management Statement ("IMS"), for the period since 30 June 2013 to the date of publication. Unless stated otherwise, comparative references are to the equivalent period in 2012 on a continuing operations basis and exclude the impact of foreign exchange.

Group performance

The Group's performance continues to reflect the challenges of its operating environment. Group revenue has declined by 38% primarily due to the trading performance in the UK. Outside of the UK, performance is consistent with the trends reported at the Half Year. The Group's reduction in its cost base is on plan.

A further decline in the UK renewal rate has driven a 0.6% decrease in the annual renewal rate for the Group from the Half Year to 70.7%, with contributing factors believed to relate to publicity and communications with customers in connection with the proposed Scheme of Arrangement ("Scheme"). The UK renewal rate may continue to decline in the short-term. Live policies are 0.3 million lower than reported at 30 June 2013 at 7.6 million reflecting a reduction in policyholders in the UK. Outside of the UK the live policy base has remained stable.

The Group confirms that, as previously announced, the Packaged Accounts contract with Santander (UK) ceased in October 2013.

Organisational structure and strategy

The Group appointed a new Chief Executive Officer, Brent Escott, and Chief Financial Officer, Craig Parsons, with effect from 1 September 2013. The new leadership team is focused on developing the Group's operational capability and controls, realigning the cost-base and successfully completing the Scheme.

To support the future development of CPP, the Group has made further appointments to its Board and management. In addition to the previously announced appointments of Shaun Astley-Stone and Ruth Evans as Non-Executive Directors, the Group has also appointed a Group Commercial Director and a Group IT Transformation Director.

Customer redress

The Group is committed to achieving a fair and reasonable outcome for customers that may have been affected by historical issues in the UK business, in and before 2011. Following recent court approval, the next phase of customer contact in which customers will be invited to vote on the Scheme will begin in November. If the requisite majority of customers vote in favour of the Scheme it then requires approval from the High Court, expected to be in the first quarter of 2014. Only once the Scheme is approved by the High Court will the claims review process commence and redress paid as appropriate to those who are entitled.

In the period, a further £1.8 million has been provided for other redressable items, taking the total amount provided for customer redress and associated costs to £55.8 million.

Financial position

As announced on 31 July 2013, the Group has agreed new financing arrangements totalling up to £36.0 million. The Group's current borrowings are £19.2 million representing £13.0 million bank debt and £6.2 million Business Partner deferred commission currently accrued under this arrangement.¹ There remains a further nine months over which future commission payments will continue to accrue.

As expected, the Group's net funds position has increased to £41.7 million² from the Half Year position of £38.8 million, due to working capital movements.

Outlook

The Group is in the early stages of repositioning the business and developing its longer-term strategy. Significant risks and uncertainties remain in the short to medium term, particularly in relation to the Scheme, liquidity and the on-going challenges of the operating environment. In line with previous guidance, the Group's performance for 2013 is expected to be significantly lower than 2012.

Brent Escott, Chief Executive Officer, commented:

"Our immediate priority is to strengthen the Group as we enter the next phase of our development. We are working towards rebuilding CPP's reputation and repositioning our business model to provide longer-term stability, continuing the improvements required to operate in a regulated environment and create a sustainable business proposition for the long-term."

¹ As reported at 30 June 2013, the Group cash balance included £12.0 million held in a blocked account in favour of the lenders. In the period this account has been used in full to reduce the bank debt from £25.0 million to the current level of £13.0 million.

² Net funds comprises cash and cash equivalents of £59.1 million partially offset by bank loans and Business Partner deferred commission of £19.2 million and unamortised debt issue costs of £1.8 million. Cash and cash equivalents includes cash held for regulatory purposes of £21.8 million and cash restricted by the terms of the Voluntary Variations of Permissions ("VVOPs") agreed with the FCA within the UK regulated entities of £29.1 million. Whilst not available to the wider Group, the restricted cash is available to the regulated entity in which it exists including for operational and customer redress purposes.

Note: Financial Conduct Authority (FCA) (or, as the context may require, the Financial Services Authority as predecessor entity thereto prior to 1 April 2013).

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Notes to Editors

CPPGroup Plc (CPP) is an International Assistance business operating in the UK and overseas with more than 200 Business Partners worldwide. Via its Business Partners, CPP provides Life Assistance products to consumers, which includes annually renewed and packaged products that provide assistance and insurance across a wide range of market sectors designed to make everyday life easier to manage.

For more information on CPP visit www.cppgroupplc.com

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 the 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.