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AIB FORMS JOINT VENTURE TO ACQUIRE PAYZONE

- Acquisition of Payzone - Ireland's largest consumer payments network
- Enhanced fintech capability to strengthen AIB's position as Ireland's leading digitally-enabled bank
- Opportunity to provide more customer choice and convenience in post PSD2/Open Banking economy

AIB Group plc ("AIB") is pleased to announce that it has formed a new joint venture with First Data Corporation ("FDC") (the "Joint Venture") to acquire 95.9% of Payzone, a leading Irish fintech payments business. The Joint Venture, which will be 75% owned by AIB and 25% owned by FDC, will acquire the ownership interest in Payzone from existing shareholders including Carlyle Cardinal Ireland Fund for an enterprise value of up to €100 million.

Payzone is a leading branded provider of specialised payment services in Ireland facilitating consumer payments by cash, card and card-not-present for every day consumer needs. Payzone has a strong track record of delivering innovation and new product development and has a suite of online and mobile payment solutions servicing in excess of 300,000 registered consumers in over 7,000 retail outlets throughout Ireland. Payzone will continue to be led by CEO, Jim Deignan, and CFO, Nigel Bell, who will remain as shareholders in the business.

For the year ended 30 September 2018, Semeral Limited ("Semeral"), the holding company of Payzone reported EBITDA¹ before exceptional items of €8.3 million and gross assets of €59.0 million. The initial cash consideration being paid by the Joint Venture for the 95.9% stake of Payzone is c. €61 million, which excludes expected net debt² of approximately €25 million which will be settled by the Joint Venture on completion. Additionally there is an amount of c. €11 million deferred consideration, contingent on the achievement of certain conditions. A mechanism has also been agreed for the Joint Venture to acquire the remaining 4.1% of Semeral which is held by the Payzone management team.

The proposed acquisition is consistent with AIB's strategy to make selective investments to evolve our customer service and product proposition in our core market. It will bring significant fintech capability to AIB and will further strengthen our digital agenda in a post PSD2/Open Banking economy. The expected return on investment comfortably exceeds AIB's cost of capital.

Colin Hunt, Chief Executive Officer of AIB, said:

"For AIB, this transaction means acquiring significant fintech capability and Payzone's substantial payments footprint in Ireland. This will allow AIB to continue to evolve and enhance our customer offering, enable us to pioneer digital ecosystem products and services and represents growth potential. We are delighted to partner again with First Data Corporation in setting up this new joint venture and look forward to working with Payzone management to further build on their success."

Completion of the Joint Venture and the acquisition is conditional on the satisfaction of customary conditions including competition clearance.

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¹ Earnings before interest, tax, depreciation and amortisation (EBITDA). In the year ended 30 Sep 2018, Semeral reported a loss before tax of €0.2 million having incurred exceptional items of €0.8 million.

² Including shareholder loans.

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Forward Looking Statements

This announcement contains certain forward-looking statements with respect to the financial condition, results of operations and business of AIB Group and certain of the plans and objectives of the Group. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as 'aim', 'anticipate', 'target', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe', 'may', 'could', 'will', 'seek', 'continue', 'should', 'assume', or other words of similar meaning. Examples of forward-looking statements include, among others, statements regarding the Group's future financial position, capital structure, Government shareholding in the Group, income growth, loan losses, business strategy, projected costs, capital ratios, estimates of capital expenditures, and plans and objectives for future operations. Because such statements are inherently subject to risks and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking information. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These are set out in the 'Principal risks and uncertainties' on pages 62 to 68 of the Annual Financial Report 2018. In addition to matters relating to the Group's business, future performance will be impacted by Irish, UK and wider European and global economic and financial market considerations. Any forward-looking statements made by or on behalf of the Group speak only as of the date they are made. The Group cautions that the list of important factors on pages 62 to 68 of the Annual Financial Report 2018 is not exhaustive. Investors and others should carefully consider the foregoing factors and other uncertainties and events when making an investment decision based on any forward-looking statement.