

FINAL RESULTS
For the year ended
31 May 2019

Ian Mattioli **MBE**, Chief Executive Officer
Nathan Imlach, Chief Financial Officer
Simon Gibson, Chief Investment Officer

September 2019



FINAL RESULTS | IMPORTANT NOTICE

These presentation slides contain forward-looking statements and forecasts with respect to the financial condition and the results of Mattioli Woods plc.

These statements are forecasts involving risk and uncertainty because they relate to events and depend upon circumstances that may or may not occur in the future.

There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts. Nothing in this presentation should be construed as a profit forecast.

Nothing in this presentation should be seen as a promotion or solicitation to buy shares in Mattioli Woods plc. It should be remembered that the value of shares can fall as well as rise and therefore you could get back less than you invested.

Information in this presentation reflects the knowledge and information available at the time of its presentation.

FINAL RESULTS | AGENDA

- Our purpose
- Highlights
- Executing our strategy
- Financial results
- Fitter for the future
- Acquisitions
- Investment case

FINAL RESULTS | OUR PURPOSE

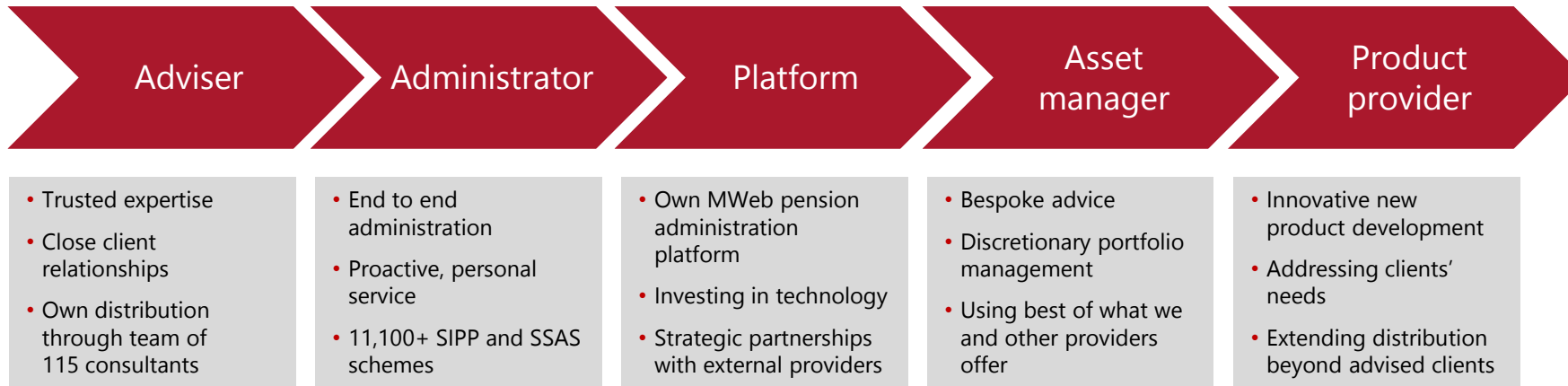
Creating and **preserving** wealth,
our **trusted advice** gives clients
the understanding to achieve
their objectives



Mattioli Woods

using the best of what we have and the best
of what other providers can offer to create
great client outcomes

FINAL RESULTS | OUR MODEL



Integrated model allows us to address more of value chain

- Economies of scale
- Operational efficiencies
- Lower client costs
- Sustainable shareholder returns

Leading UK provider of **wealth management** and **employee benefits**

FINAL RESULTS | HIGHLIGHTS

Revenue

£58.5m

2018: £58.7m



Revenue mix remains primarily fee based¹

Recurring revenues²

90.2%

2018: 84.8%



Adjusted EBITDA³

£14.5m

2018: £12.5m



+16.0%

Adjusted EBITDA margin

24.8%

2018: 21.3%



Improved margin through operational efficiencies



Adjusted PBT⁴

£12.3m

2018: £11.3m



+8.8%

Adjusted EPS⁵

37.3p

2018: 34.4p



+8.4%

Proposed total dividend

20.0p

2018: 17.0p



+17.6%

Client focus on wealth preservation

- Growth in underlying profit
- Profit before tax +4.1% to £10.2m (2018: £9.8m)
- EBITDA +10.2% to £14.0m (2018: £12.7m)
- Building brand and enhancing reputation
- Uncertainty over Brexit
- Complex investment markets
- Reduced investment activity

1. Revenue for 2019 split 52% (2018: 58%) fixed, initial or time-based fees and 48% (2018: 42%) based on the value of assets under management, advice and administration.
 2. Annual pension consultancy and administration fees; ongoing adviser charges; level and renewal commissions; banking income; property, discretionary portfolio and other annual management charges.
 3. Earnings before interest, taxation, depreciation, amortisation, impairment, changes in valuation of Amati option and acquisition-related costs, including share of profits from Amati (net of tax).
 4. Profit before acquisition-related costs, amortisation and impairment of acquired intangibles, changes in valuation of Amati option, non-cash interest charges on provisions and tax.
 5. Basic EPS of 30.8p (2018: 30.8p). Adjusted profit after tax is calculated as adjusted profit before tax less income tax at the standard rate of 19.0% (2018: 19.0%).

FINAL RESULTS | HIGHLIGHTS

Total client assets¹

£9.38bn

31 May 2018: £8.73bn +7.4%



Gross discretionary AuM²

£2.57bn

31 May 2018: £2.34bn +9.8%



Lowered clients' costs



(£3.1m)

Historic acquisitions performing well



October 2018

New £15.3m freehold Leicester office fully operational



Continued investment in technology, compliance and training



Acquisition of Broughtons in August 2018



Acquisition of SSAS Solutions in March 2019



Strong financial position

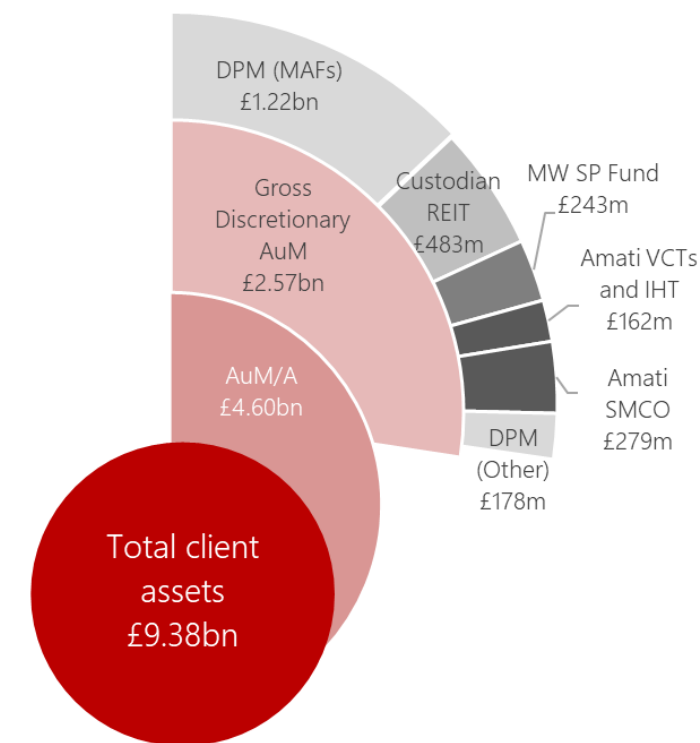
Net cash £23.2m

2018: £20.2m



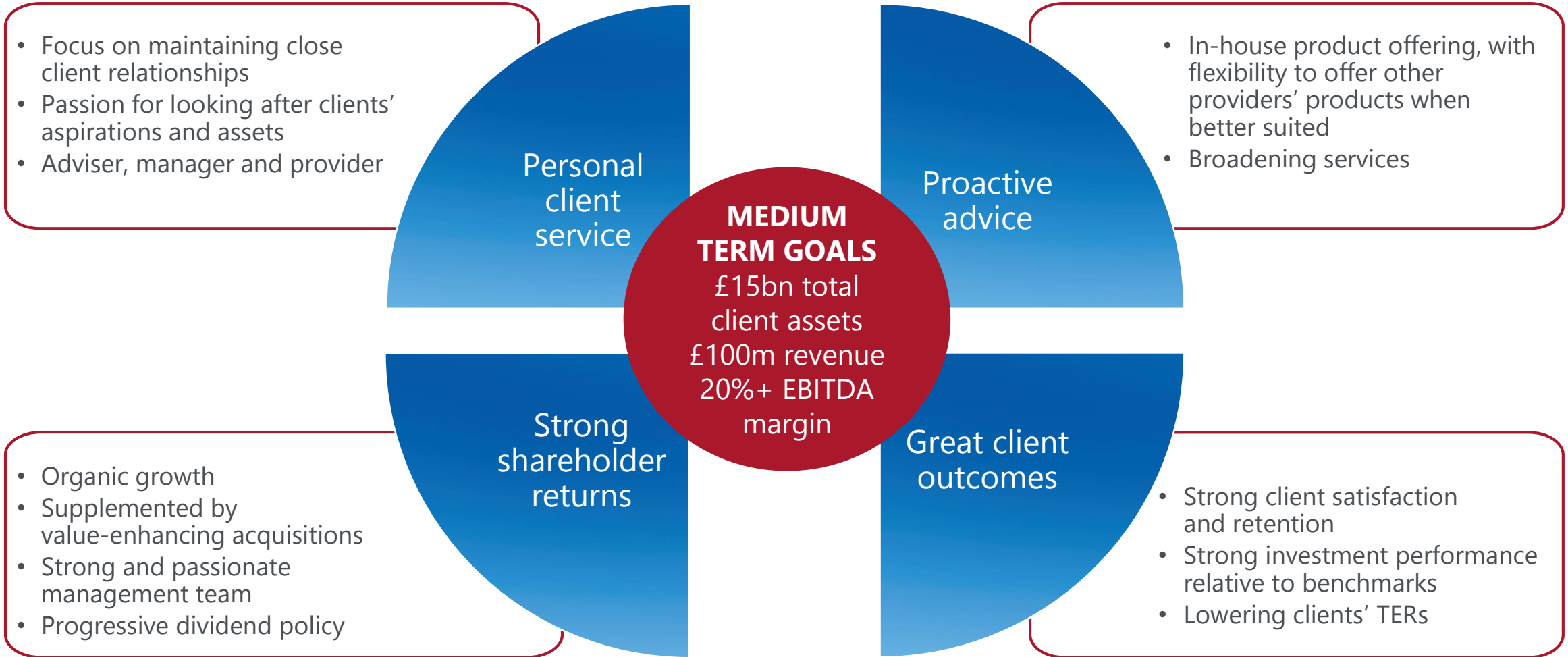
Sustainable model

Inherent flex within our business model allows us to adapt quickly

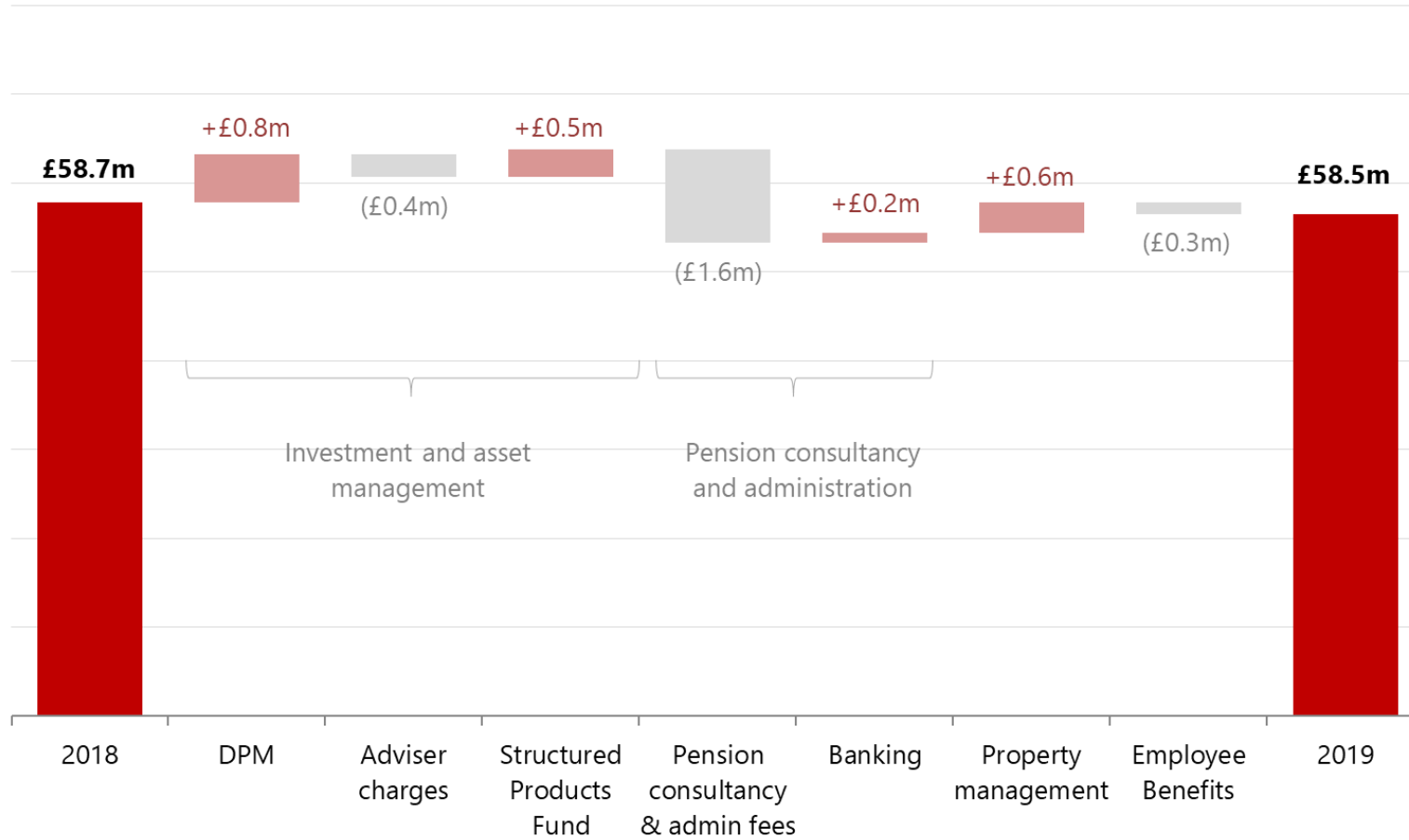


- Includes £409.0m (2018: £286.0m) of funds under management by the Group's associate, Amati, excluding £31.9m (2018: £27.0m) of Mattioli Woods' client investment and £11.9m (2018: £12.1m) of cross-holdings between TB Amati Smaller Companies Fund and Amati AIM VCT plc.
- Includes £452.8m (31 May 2018: £325.1m) of funds under management by Amati, including Mattioli Woods' client investment and cross-holdings between TB Amati Smaller Companies Fund and Amati AIM VCT plc.

FINAL RESULTS | EXECUTING OUR STRATEGY

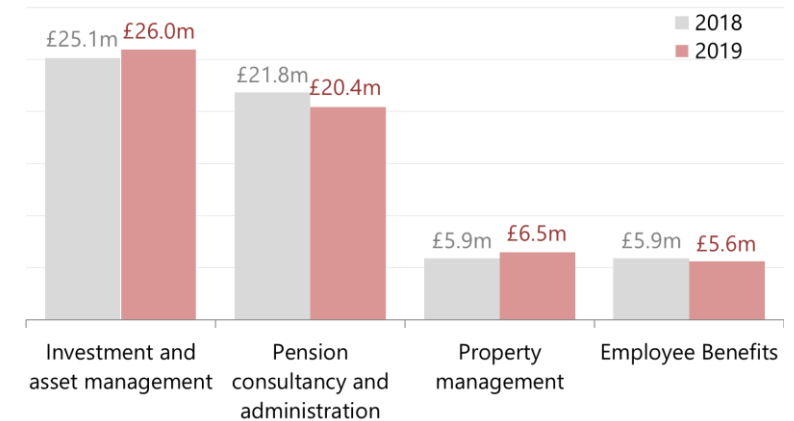


FINAL RESULTS | SEGMENTAL REVENUE

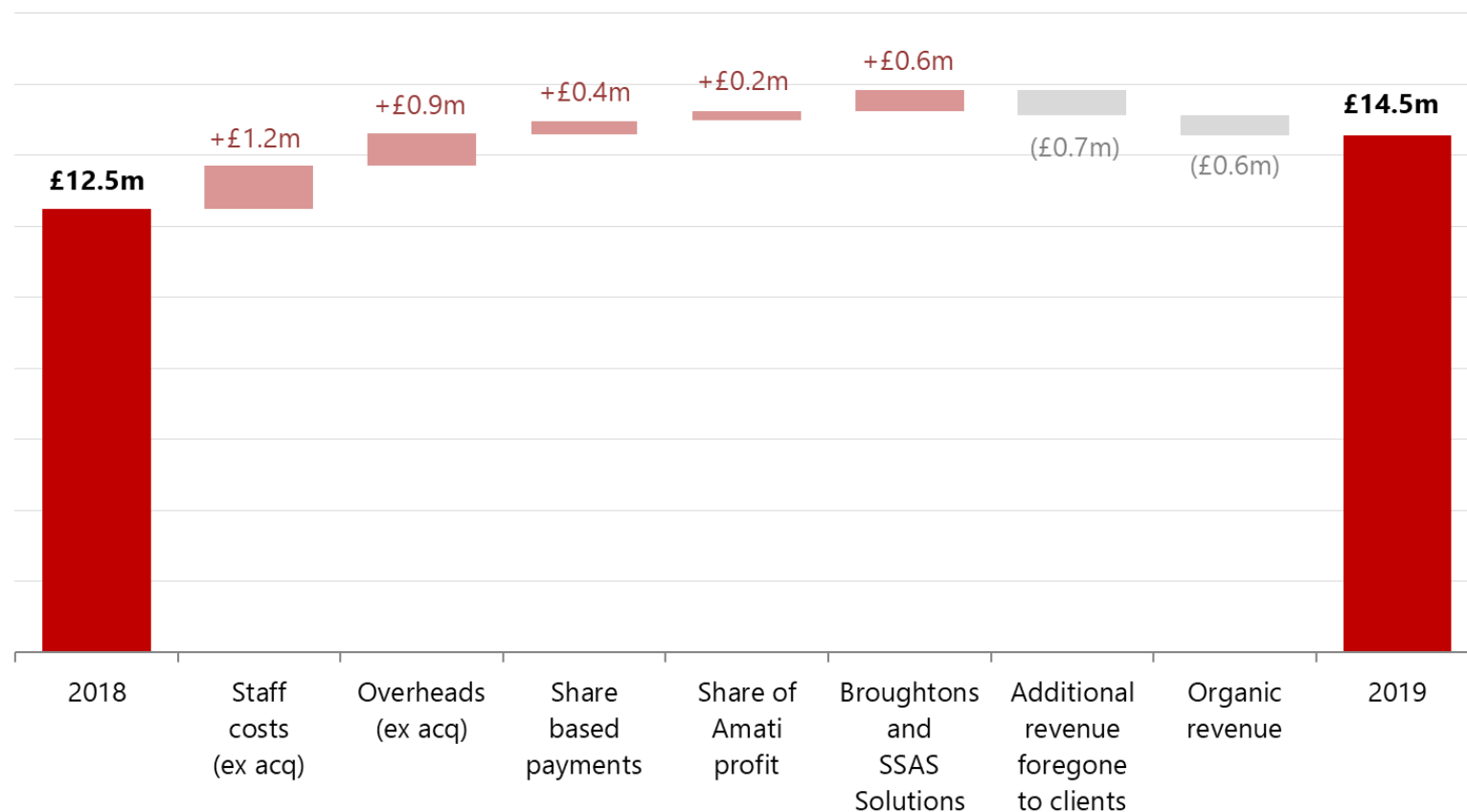


Recurring revenues 90.2%

- Our business and our clients focussed on wealth preservation and sustainability
- Period of consolidation after two years of double-digit organic growth
- £254.1m net inflows to AuM
- Client activity impacted by uncertainty
- +£1.1m revenue from recent acquisitions



FINAL RESULTS | ADJUSTED EBITDA BRIDGE



Adjusted EBITDA +16.0%

- Adjusted EBITDA margin 24.8% (2018: 21.3%):
 - Improved through operational efficiencies
 - Other one-off and recurring cost savings
 - Further investment in infrastructure and sustainability
- Headcount was 586 (2018: 622) at year end:
 - Relocation of MC Trustees
 - Staff costs 53.3% of revenue (2018: 54.7%)
- Adjusted EPS¹ +8.4% to 37.3p
- Effective tax rate of 20.0% (2018: 16.2%)
- Adjusted cash conversion 103%² of EBITDA (2018: 118%)

1. Basic EPS of 30.8p (2018: 30.8p). Adjusted profit after tax used to derive adjusted EPS is calculated as adjusted profit before tax less income tax at the standard rate of 19.0% (2018: 19.0%).

2. Excluding receipt of £0.1m of VAT reclaimed on behalf of clients' (2018: £3.2m) and £3.4m distributed in year (2018: £nil). Cash generated from operations was £11.0m or 78% of EBITDA (2018: £18.2m or 143%).

FINAL RESULTS | EARNINGS PER SHARE

	2019 £m	2019 pps	2018 £m	2018 pps	△ in EPS
Statutory PBT	10.2		9.8		
Income tax expense	(2.0)		(1.6)		
Statutory PAT / Basic EPS	8.2	30.8	8.2	30.8	-
Statutory PBT	10.2		9.8		
Amortisation on acquired intangibles	1.9		1.8		
Gain on revaluation of Amati option	(0.1)		(0.5)		
Non-cash interest charges on provisions	0.1		0.2		
Acquisition-related costs	0.1		0.1		
Adjusted PBT	12.3		11.3		
Income tax expense at standard rate	(2.3)		(2.1)		
Adjusted PAT / Adjusted EPS	9.9	37.3	9.1	34.4	+8.4%
Basic weighted average number of shares	26.6m		26.6m		
Effective tax rate	20.0%		16.2%		
Standard rate of tax	19.0%		19.0%		

Adjusted EPS +8.4%

- Like-for-like comparison to prior year
- £0.75m consideration to be received for cancellation of Amati option
- Two acquisitions in year
- Reduction in non-cash interest charges
- Increase in effective tax rate:
 - Certain marketing costs not tax deductible
 - R&D relief claimed in prior year

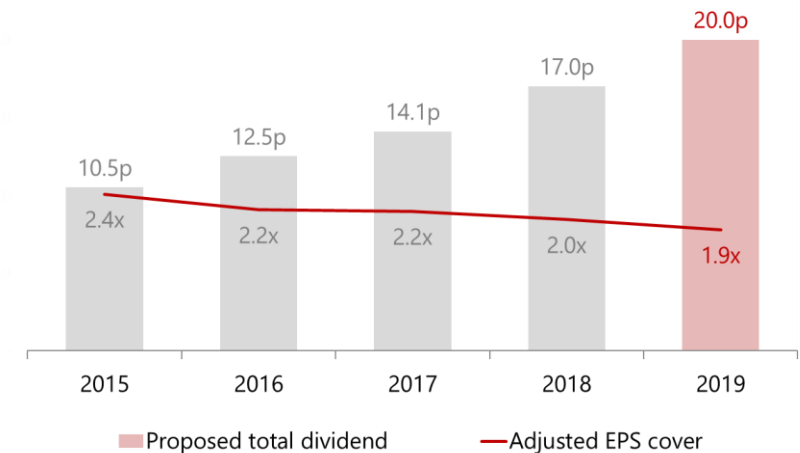
1. Note certain figures in the table above may not add due to rounding.

FINAL RESULTS | DIVIDEND

- Proposed total dividend of 20.0p (2018: 17.0p):
 - Interim dividend of 6.33p (2018: 5.5p)
 - Proposed final dividend of 13.67p (2018: 11.5p)
- Remains well-covered:
 - 1.5x basic EPS (2018: 1.8x)
 - 1.9x adjusted EPS (2018: 2.0x)
 - 2.3x operating cash flow¹ (2018: 2.9x)
- Progressive policy:
 - 17% CAGR in total dividend over last 5 years
 - 23% CAGR in total dividend since IPO

Proposed total dividend +17.6%

Committed to growing the dividend, while maintaining an appropriate level of cover



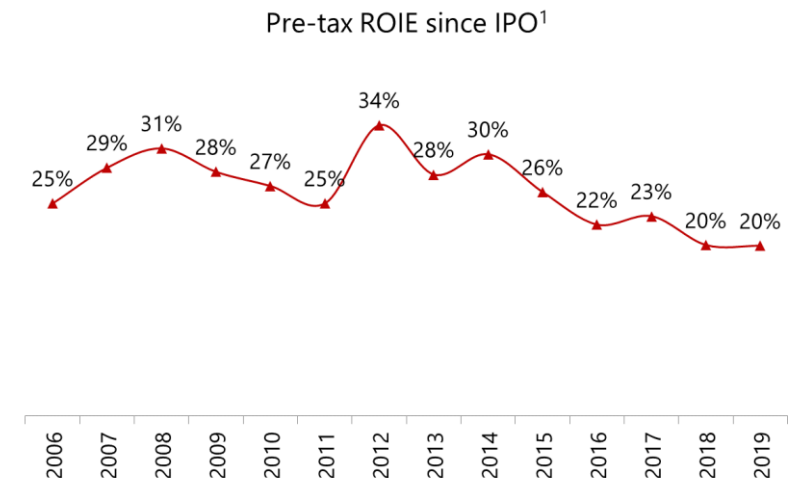
1. Operating cash flow excludes receipt of £0.1m of VAT reclaimed on behalf of clients' (2018: £3.2m) and £3.4m distributed in year (2018: £nil).

FINAL RESULTS | ACQUISITIONS

- Over £50m invested since IPO:
 - Recent acquisitions performing well
 - Completed 22 earnings-enhancing transactions
 - Focus on building shareholder value
- Broughtons Financial Planning:
 - Bespoke wealth management
 - Adds scale to existing operations
 - Opportunity to promote additional services to acquired clients
- SSAS Solutions:
 - Specialist pension adviser
 - Extends footprint into Northern Ireland
 - Opportunity to promote broader SIPP and wealth proposition

Pipeline of opportunities

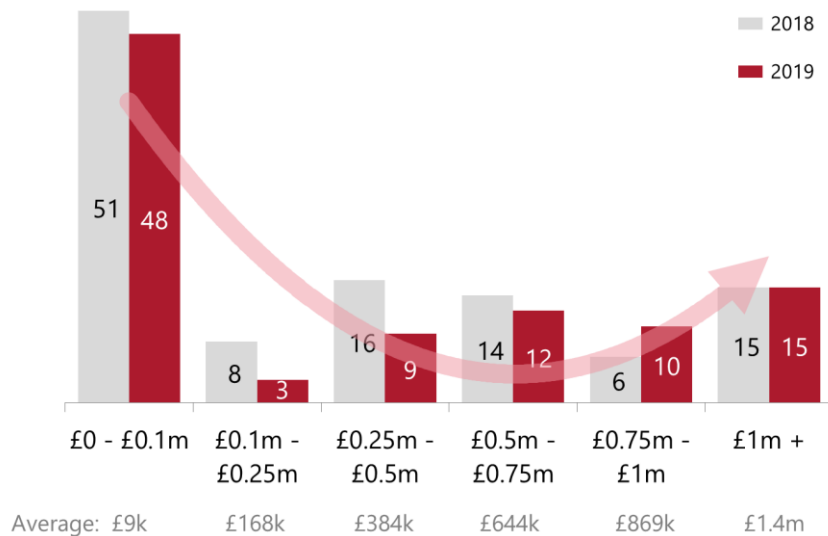
- Strong balance sheet offers flexibility to make further acquisitions
- Fragmented markets
- Well-defined acquisition criteria



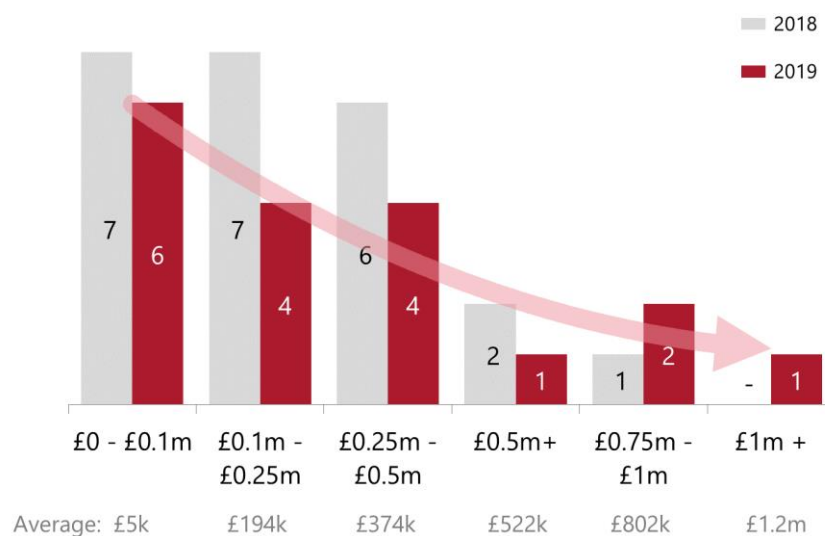
1. Return on invested equity, calculated as Cash PBT² divided by equity less intangibles at book value plus intangibles at consideration paid.
2. Profit before taxation, amortisation and impairment of intangibles, share based payments, profit/(loss) on disposals and acquisition-related costs.

FINAL RESULTS | CONSULTANCY

Wealth Management consultants' revenue profile



Employee Benefits consultants' revenue profile



Maturing team

Integrity, expertise and passion

- 115 (2018: 133) consultants¹:
 - Restructured EB team
 - Exit of vendors post earn-outs
 - 84 (2018: 84) core consultants, average revenue +6% to £0.56m (2018: £0.53m)
 - New development programme
 - Revisited remuneration and retention strategy
- Capacity for new business:
 - Apprenticeships
 - Graduate programmes
 - 'Life-served' people
 - Proven training and mentoring

1. Includes associate consultants and business development managers.

FINAL RESULTS | FITTER FOR THE FUTURE

- Industry challenges:
 - Increasing competition and scrutiny on charges
 - Complex regulatory changes and industry issues
 - Evolving client needs and new technologies
- Continuity of client relationships:
 - Young consultancy team, multi-generational cascading of wealth
 - Securing operational efficiencies and lower TERs
 - Differentiating our proposition through innovation
- Operational priorities:
 - Develop digital platform and client portal
 - Integrate acquisitions
 - Simplify fee models
 - Review administration process and structure
 - Evolution of management and governance frameworks

Clients at the core of everything we do

- Some similarities to post-financial crisis
- Providing valuable advice to clients in good and bad times
- Delivering strong investment performance
- Lowering clients' costs
- Remain agile and competitive

FINAL RESULTS | INVESTMENT CASE

- Clear strategy to grow and diversify:
 - Resilient fee model through the cycle
 - Operating in growing markets
 - Investing in people, technology and infrastructure
- Scalable business with integrity at its core:
 - Retaining existing clients, seeking new clients
 - Right people, right culture, right skills
 - Lowering clients' costs, without compromising on quality
- Consolidation in our key markets:
 - Expanding across the value chain
 - Organic and inorganic growth strategy
 - Pipeline of well-considered acquisition opportunities
- Current trading in line with the Board's expectations

Securing sustainable shareholder returns

- Robust business model
- Track record of growth
- Innovation
- Acquisitions

Great client outcomes
lead to **strong retention**
and **sustainable returns**

APPENDICES

Final Results 2019



FINAL RESULTS | APPENDICES

- Income statement
- Segment results
- Cash flow
- Client assets
- Revenue yields
- Technology
- Regulation
- Acquisitions

Robust, sustainable model

Allows us to deliver great client outcomes and secure further profitable growth

FINAL RESULTS | INCOME STATEMENT

	2019 £m	2018 £m	%Δ	Recurring revenues
Investment and asset management	26.0	25.1	+3.6	88.9%
Pension consultancy and administration	20.4	21.8	-6.4	93.6%
Property management	6.5	5.9	+10.2	90.6%
Employee benefits	5.6	5.9	-5.1	82.5%
Revenue	58.5	58.7	-0.3	90.2%
Employee benefits expense	(31.2)	(32.1)	-2.8	
Other administrative expenses ²	(12.1)	(12.3)	-1.6	
Share based payments	(1.1)	(1.5)	-26.7	
Loss on disposal of property, plant and equipment	(0.1)	(0.1)	-	
EBITDA	14.0	12.7	+10.2	
Share of profit from associates, net of tax	0.5	0.2	+150.0	
Gain on revaluation of Amati option	(0.1)	(0.5)	-80.0	
Acquisition-related costs	0.1	0.1	-	
Adjusted EBITDA	14.5	12.5	+16.0	
Depreciation, amortisation and impairment	(4.3)	(3.0)	+43.3	
Net finance costs	(0.0)	(0.1)	-100.0	
Share of profit from associates, net of tax	0.5	0.2	+150.0	
Profit before tax	10.2	9.8	+4.1	
Income tax expense	(2.0)	(1.6)	+25.0	
Profit for the period (PAT)	8.2	8.2	-	

Strong underlying profit growth

High recurring revenues

Exceeding target margins

1. Note certain figures in the table above may not add due to rounding.

2. Includes gain on Amati option and impairment loss on receivables.

FINAL RESULTS | SEGMENT RESULTS

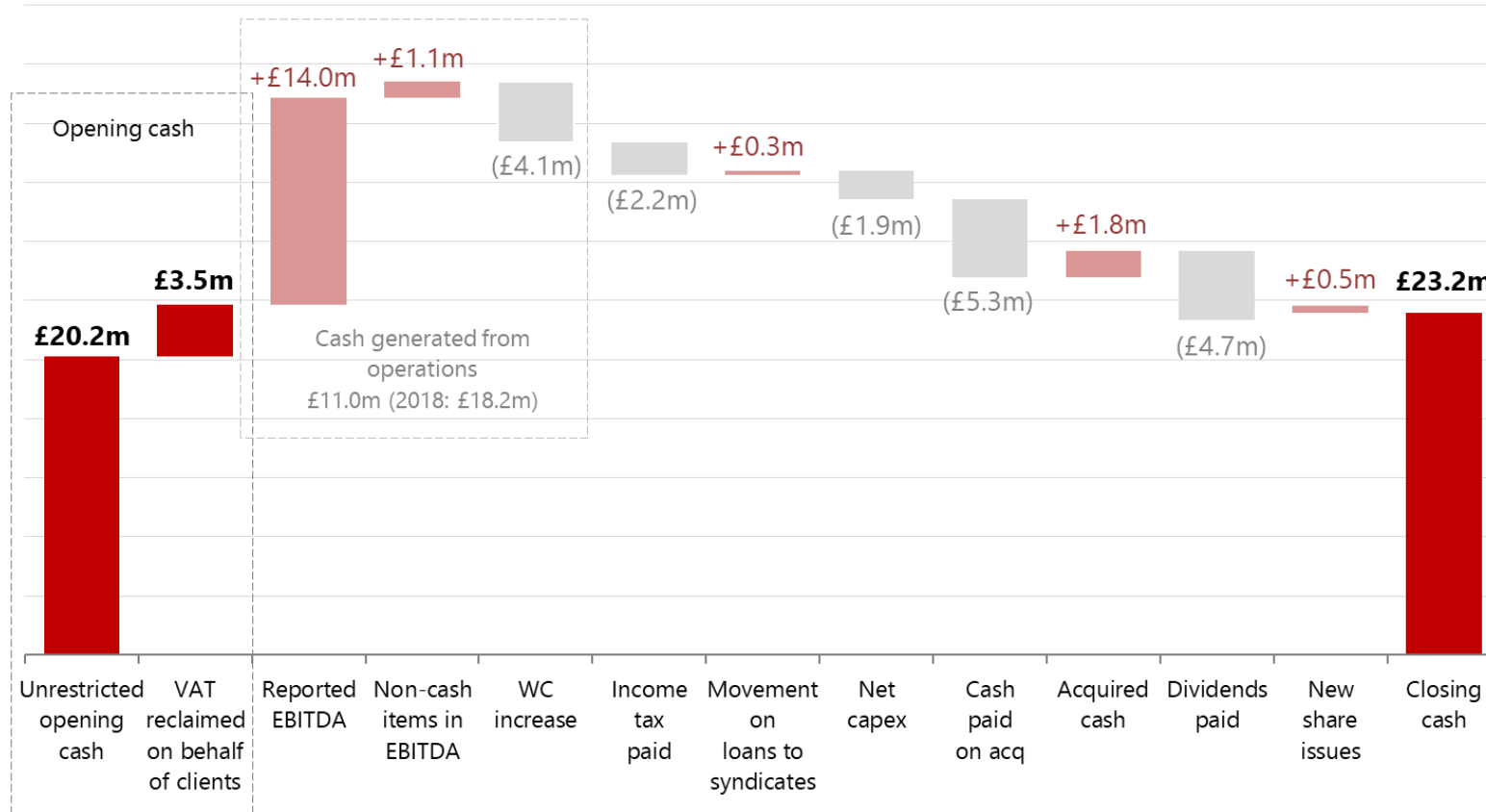
	Investment and asset management £m	Pension consultancy and admin £m	Property management £m	Employee benefits £m	Total segments £m	Corporate costs £m	Consolidated £m
<i>Year ended 31 May 2019</i>							
Revenue	26.0	20.4	6.5	5.6	58.5	-	58.5
Segment profit before tax	7.1	4.4	1.5	0.7	13.6	(3.3)	10.2
Segment margin	27%	22%	23%	13%	23%		17%
<i>Year ended 31 May 2018</i>							
Revenue	25.1	21.8	5.9	5.9	58.7	-	58.7
Segment profit before tax	8.3	3.7	1.0	0.1	13.1	(3.4)	9.8
Segment margin	33%	17%	17%	2%	22%		17%

Revenue synergies

Business referred between segments

1. Note certain figures in the table above may not add due to rounding.

FINAL RESULTS | CASH FLOW



Cash generative

Headroom on working capital requirements

- Increase in working capital:
 - £4.2m decrease in payables
 - £0.7m decrease in receivables
 - £0.6m decrease in provisions
- £1.9m net capex in period
- £5.3m paid on acquisitions:
 - £2.5m initial on Broughtons
 - £2.0m initial on SSAS Solutions
 - £0.8m contingent consideration paid on historic acquisitions

FINAL RESULTS | CLIENT ASSETS

Total client assets
+7.4% to £9.38bn

Gross AuM +9.8% to £2.57bn

Assets under management, administration and advice	SIPP and SSAS £m	Employee benefits £m	Personal wealth and other assets £m	Sub-total £m	Amati ¹ £m	Total £m
At 1 June 2018	5,485.9	1,237.9	1,719.4	8,443.2	286.0	8,729.2
Acquisition of Broughtons	-	-	120.5	120.5	-	120.5
Acquisition of SSAS Solutions	380.0	-	-	380.0	-	380.0
Net inflows/(outflows), including market movements	185.7	(41.2)	(114.7)	29.8	123.0	152.8
At 31 May 2019	6,051.6	1,196.7	1,725.2	8,973.5	409.0	9,382.5

Assets under management	DPM £m	Custodian REIT £m	Mattioli Woods SPF £m	Amati £m	Gross AuM £m	Cross- holdings in DPM ² £m	Cross- holdings in Amati funds ³ £m	Net AuM £m
At 1 June 2018	1,341.1	462.6	213.8	325.1	2,342.6	(121.0)	(12.1)	2,209.5
Inflows	174.8	22.8	45.9	154.9	398.4	(11.3)	-	387.1
Outflows	(114.5)	-	(9.9)	(8.8)	(133.2)	-	0.2	(133.0)
Market movement	(7.4)	(2.1)	(7.3)	(18.4)	(35.2)	-	-	(35.2)
At 31 May 2019	1,394.0	483.3	242.5	452.8	2,572.6	(132.3)	(11.9)	2,428.4

- Assets under management of £409.0m (2018: £286.0m) exclude £31.9m (2018: £27.0m) of Mattioli Woods' client investment included within SIPP and SSAS, employee benefits and personal wealth and other assets and excludes £11.9m (2018: £12.1m) of cross-holdings between the TB Amati Smaller Companies Fund and the Amati AIM VCT plc.
- Comprises £29.7m (2018: £30.4m) invested in Custodian REIT, £76.6m (2018: £69.2m) in the Mattioli Woods Structured Products Fund and £26.0m (2018: £21.4m) in Amati funds.
- Cross-holdings between TB Amati Smaller Companies Fund and Amati AIM VCT plc.

FINAL RESULTS | REVENUE YIELDS

By division	Client assets		Average annual revenue yield	
	2019 £bn	2018 £bn	2019 bps	2018 bps
Wealth Management ¹	7.77	7.20	68	73
Employee Benefits ²	1.20	1.24	47	47
Total (excluding Amati)	8.97	8.44	65	69
By segment ³	£bn	£bn	bps	Bps
Pension consultancy and administration	6.05	5.49	34	40
Investment and asset management	3.66	3.60	71	70
Property management	0.59	0.54	110	109

Integrated model

Allows us to address more of the value chain, reducing clients' costs

1. Comprises pension consultancy and administration, investment and asset management and property management.

2. Employee benefits revenues are not typically linked to the value of client assets.

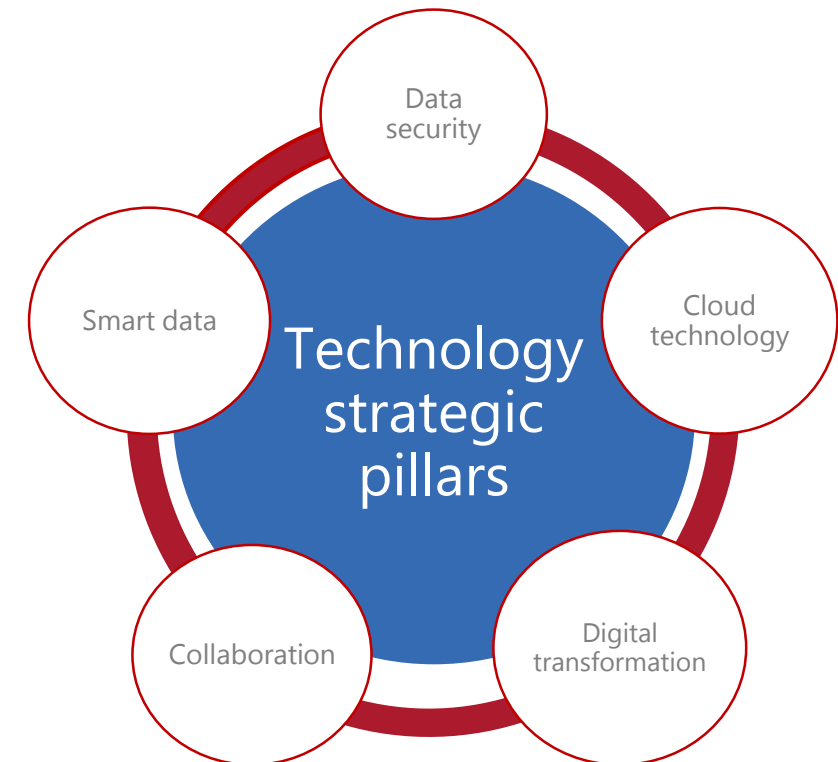
3. Certain assets are included in more than one segment (for example, assets under advice held within a client's pension scheme are included in "pension consultancy and administration" and "investment and asset management").

FINAL RESULTS | TECHNOLOGY

- Recent successful implementations:
 - Cloud migration to Azure
 - Workday HR and payroll system
- Further projects to transform landscape:
 - Condensing of existing systems
 - Group-wide CRM system
 - Client portal
 - Enhancement of MWeb and migration of legacy systems
- Key outcomes:
 - Consolidated view of all a client's assets on web-based or mobile app
 - No servers in any of our offices, significantly improved security
 - Operational efficiencies
- Expenditure in line with budget

Scalable, agile
and stable

One platform, one solution



FINAL RESULTS | REGULATORY CAPITAL REQUIREMENT

- Flexibility to pursue acquisitions:
 - Broughtons acquisition reduced surplus at 31 May 2019 by £3.2m
 - SSAS Solutions acquisition reduced surplus at 31 May 2019 by £3.1m
- Common Equity Tier 1 (CET1) capital:
 - Total equity less intangibles
- Pillar 1 own funds requirement:
 - Credit risk
 - Market risk
 - Operational risk
- Pillar 2A requirement:
 - Stress-testing key risks over a one year horizon

Understanding our capital position

Strong balance sheet

Regulatory capital	2019 £m	2018 £m
CET1 capital after adjustments ¹	29.6	29.7
Pillar 1 minimum capital requirement	10.3	10.1
Surplus before Pillar 2A	19.3	19.6
Incremental Pillar 2A requirement	2.0	0.8
Regulatory capital requirement	12.3	10.9
Surplus	17.3	18.8
<i>Surplus as % of requirement</i>	<i>141%</i>	<i>172%</i>

1. Common Equity Tier 1 ("CET1") capital including: shares issued during the period and admitted to CET1 capital following the period end, proposed dividends and retained earnings for the period.

FINAL RESULTS | ACQUISITIONS

Track record of adding value

22 acquisitions since IPO

Track record of successful integration

£4.3m acquisition of Broughtons in Aug 2018

£4.8m acquisition of SSAS Solutions in Mar 2019

