



Mattioli
Woods plc

Interim Results

For the six months ended
30 November 2020

Ian Mattioli MBE, Chief Executive Officer
Ravi Tara, Group Finance Director
Michael Wright, Group Managing Director
Simon Gibson, Chief Investment Officer

February 2021



INTERIM RESULTS | AGENDA

- Overview
- Highlights
- Strategy and vision
- Financial results
- Technology
- Asset management
- ESG
- Consultancy
- Acquisitions
- Investment rationale

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

INTERIM RESULTS | OVERVIEW



Responsible integration

- High quality of earnings
- Comprehensive offering
- Addressing more of the value chain
- High proportion of recurring revenues 94%
- Primarily fee-based revenues
- Investing for growth and future proofing
- Multiple distribution channels
- Cascading wealth through the generations

INTERIM RESULTS | HIGHLIGHTS

Total client assets¹

£10.6bn

with £59m of benefits paid
31 May 20: £9.3bn



+13.7%

Revenue²

£29.5m

1H20: £30.3m



-2.6%

Recurring revenues

94.3%

1H20: 91.5%



Adjusted EBITDA⁴

£8.9m

1H20 (restated): £8.3m



+7.2%

Adjusted EBITDA margin

30.2%

1H20 (restated): 27.4%



Adjusted PBT⁵

£7.0m

1H20 (restated): £6.7m



+4.5%

Gross discretionary AuM⁶

£3.3bn

31 May 2020: £2.6bn



+28.5%

Investing in technology,
compliance and
training



Strong financial position

£18.2m cash

1H20: £20.1m



Recent acquisitions
performing well



Hurley Partners +£0.7m EBITDA

Adjusted EPS⁷

20.4p

1H20 (restated): 20.2p



+1.0%

Interim dividend

7.5p

1H20: 7.3p



+2.7%

Resilient operating model

- Delivered AuM and EBITDA growth during market and economic uncertainty
- Fee-based³ revenues 54%
- Growth in revenue from acquisitions +£2.3m
 - Empathy with client positions
 - Chose not to apply annual fee increases
- Underlying improvement in adjusted EBITDA margin
- PLC Board strengthened by recent appointments
- Trading continues to be in line with our expectations

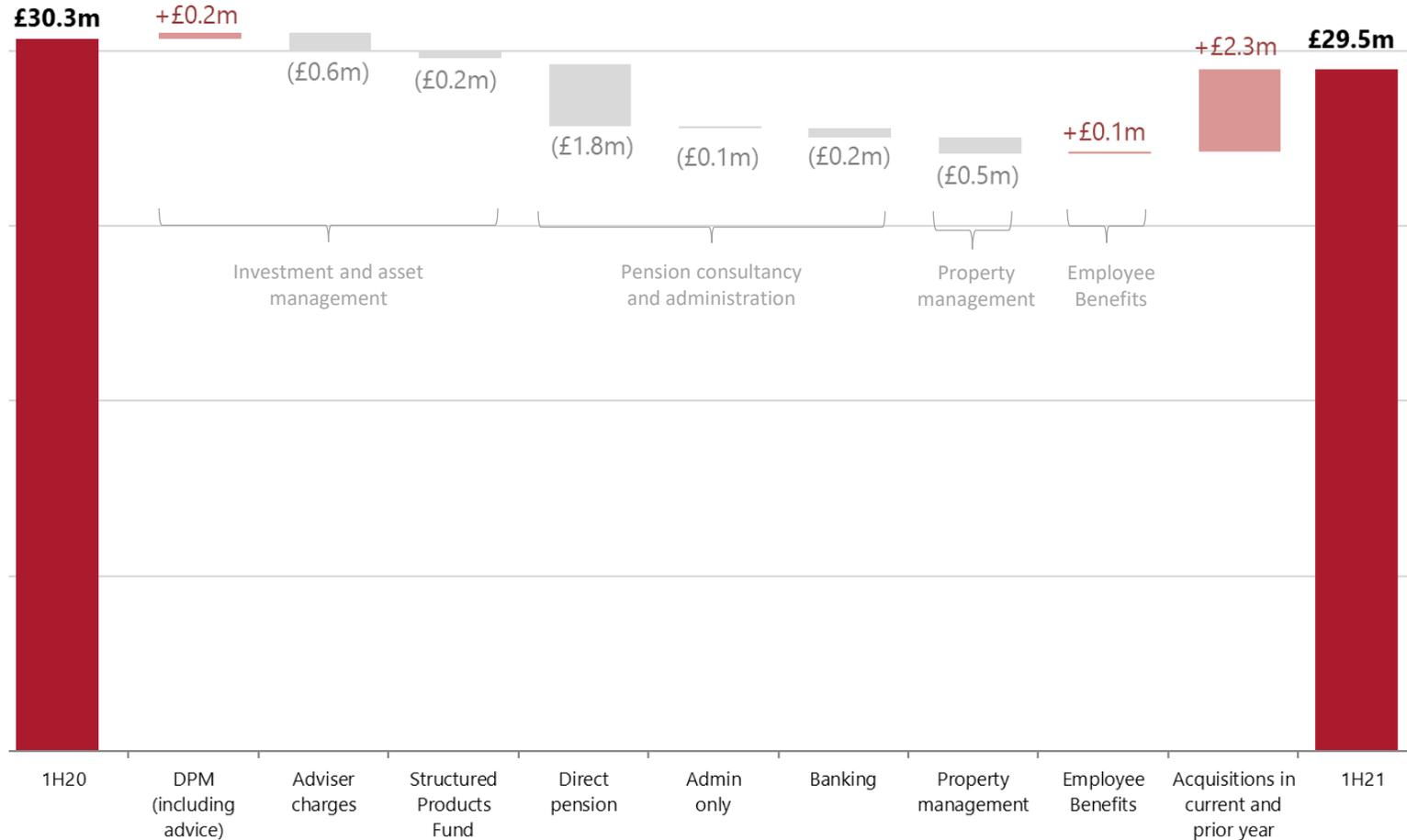
INTERIM RESULTS | STRATEGY AND VISION



Strategic goals

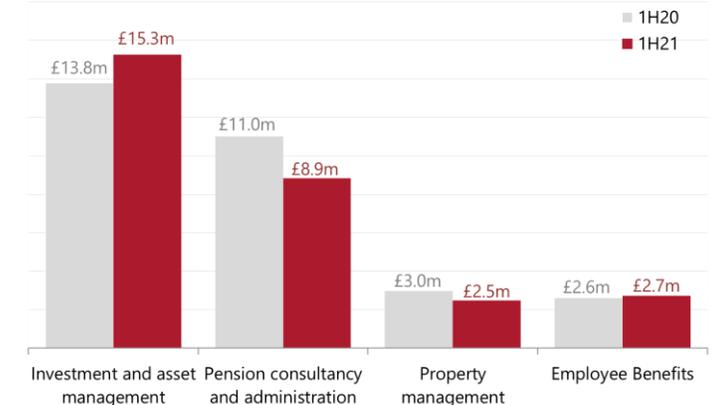
- **£300m** Revenue
- **£30bn** of AuM
- **£100m** Profit
- Sustainable shareholder returns
- Social responsibility
- Simple fee models and attractive client TERs
- Incentivise, reward and retain our key people

INTERIM RESULTS | SEGMENTAL REVENUE



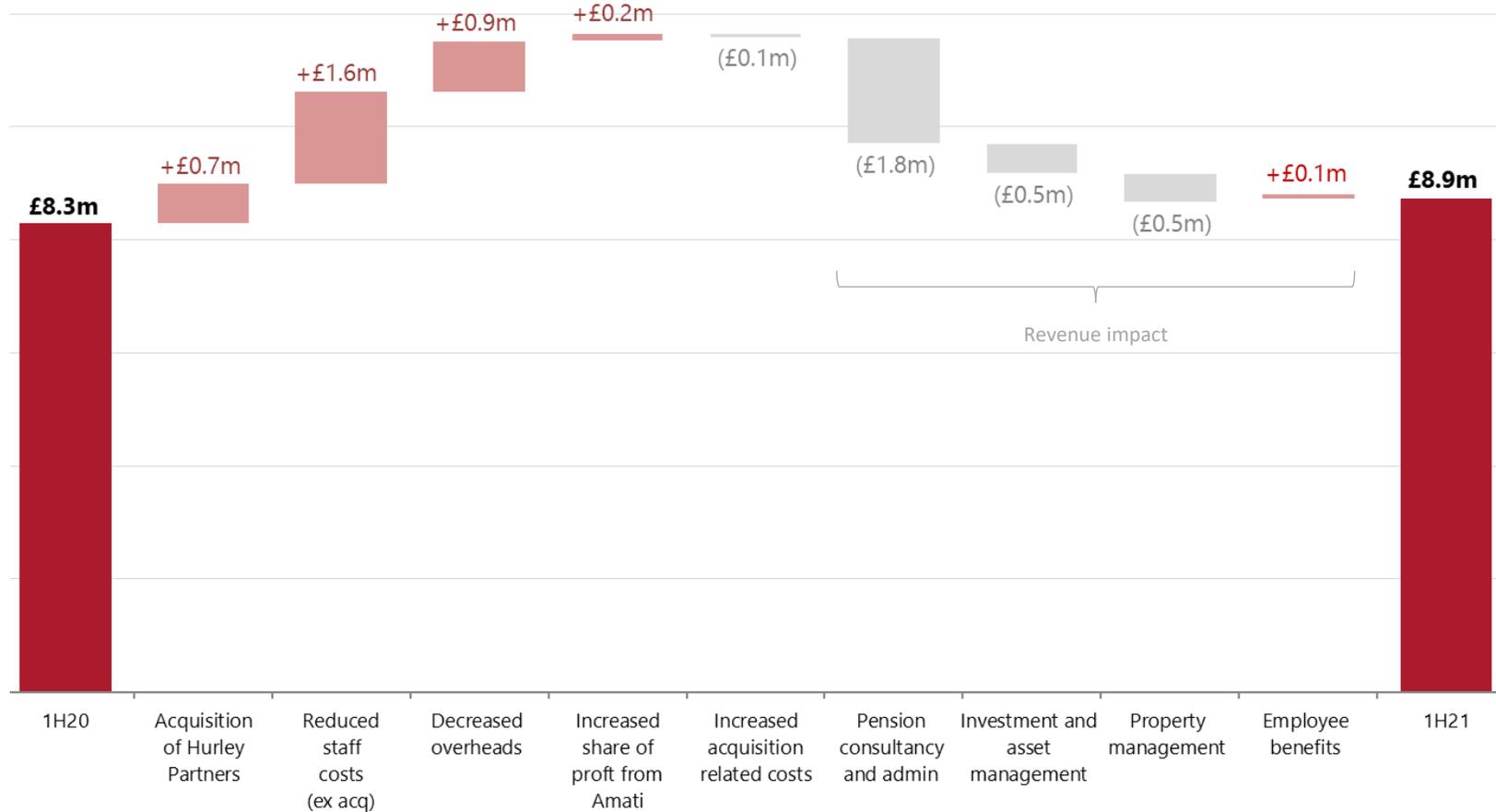
Multiple income streams

- Recurring revenues 94.3%
- Continued focus on wealth preservation and sustainability
- Proposition adjusts to clients' needs
- £90m (1H20: £73m) net inflows into AuM
- +£2.3m revenue from recent acquisitions



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

INTERIM RESULTS | ADJUSTED EBITDA BRIDGE

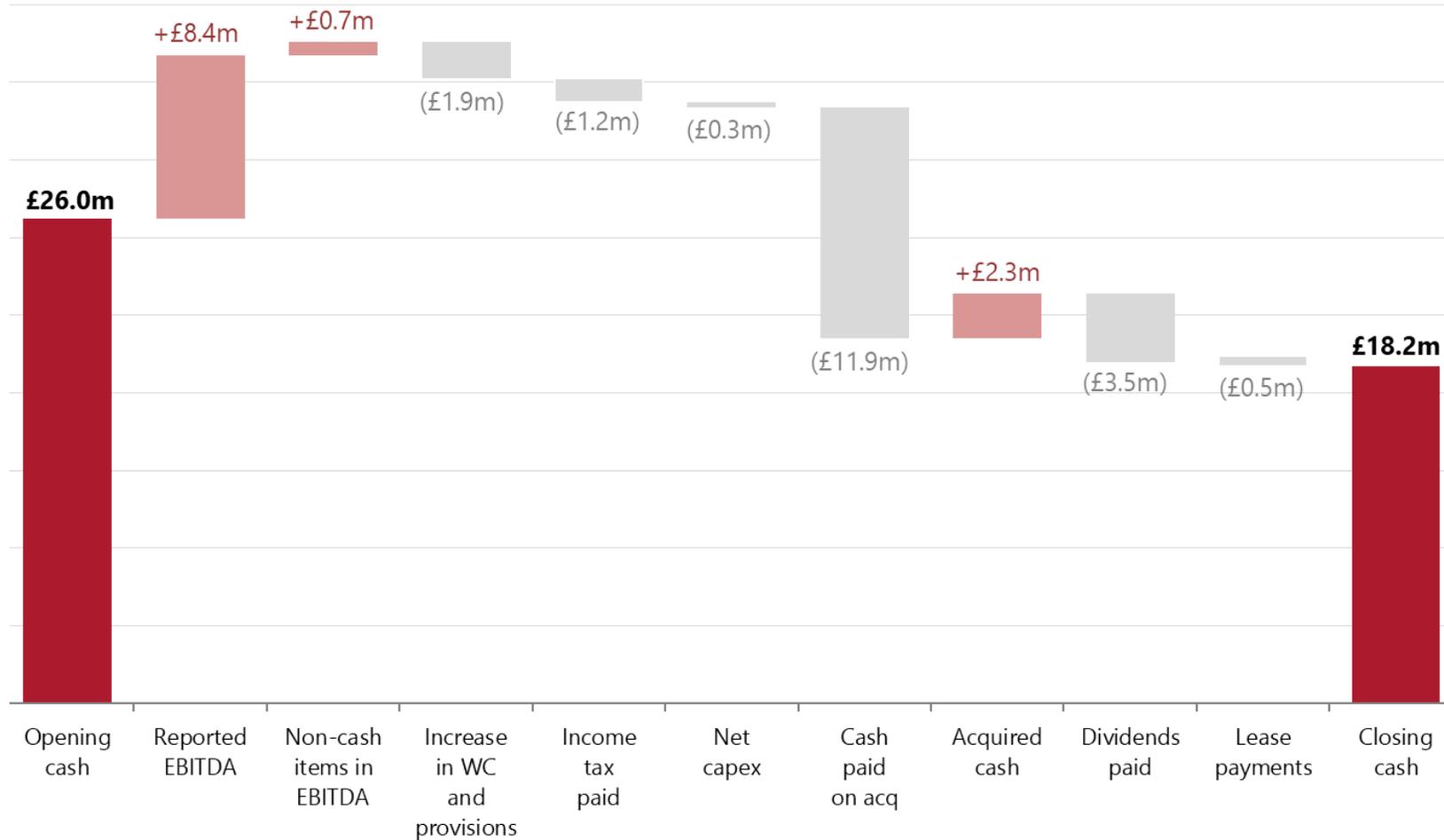


Adjusted EBITDA +7.2%

- Adjusted EBITDA margin of 30.2% (1H20 restated: 27.4%):
 - +1.2% management of variable overheads
 - +0.6% share of Amati profit
 - +0.5% reduced bad debt provision
 - +0.3% reduced EB expense
 - Improved operational efficiency and further cost savings during pandemic
- 642 (1H20: 606) staff at period end:
 - Team operated remotely for entire period
 - Acquisition of Hurley Partners
 - Staff costs 51.4% of revenue (1H20: 51.7%)
- Adjusted EPS¹ +1.0% to 20.4p
- Improved cash conversion to 86% of EBITDA (1H20: 37%)

1. Basic EPS down 3.8% to 16.3p (1H20 restated: 16.9p). 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% (1H20: 18.7%)
 2. Pension consultancy and admin and Investment and asset management revenues include historic acquisitions.

INTERIM RESULTS | CASH FLOW



Cash generative

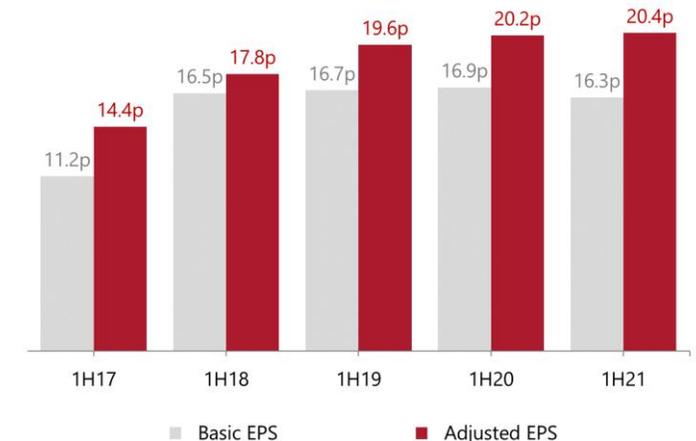
- 86% of EBITDA converted to cash (31 May 2020 restated: 78%)
- Increase in working capital:
 - £1.9m decrease in payables
 - £0.4m increase in receivables
 - £0.3m decrease in provisions
- £3.5m of dividends paid
- Accelerated tax payments
- £11.9m paid on acquisitions
- £0.3m net capex in period

INTERIM RESULTS | INTERIM DIVIDEND

- Interim dividend of 7.5p (1H20: 7.3p):
 - Cash generative business
 - Recognise importance of dividends to shareholders
 - Balanced with payment of staff bonuses in 1H21
- Well-covered by earnings:
 - 2.2x basic EPS
 - 2.7x adjusted EPS
- Increased cash flow cover:
 - 2.9x operating cash flow (1H20: 0.5x)
 - £4.2m increase in cash generated from operations
 - £1.2m (1H20: £1.9m) tax paid in period

Interim dividend +2.7%

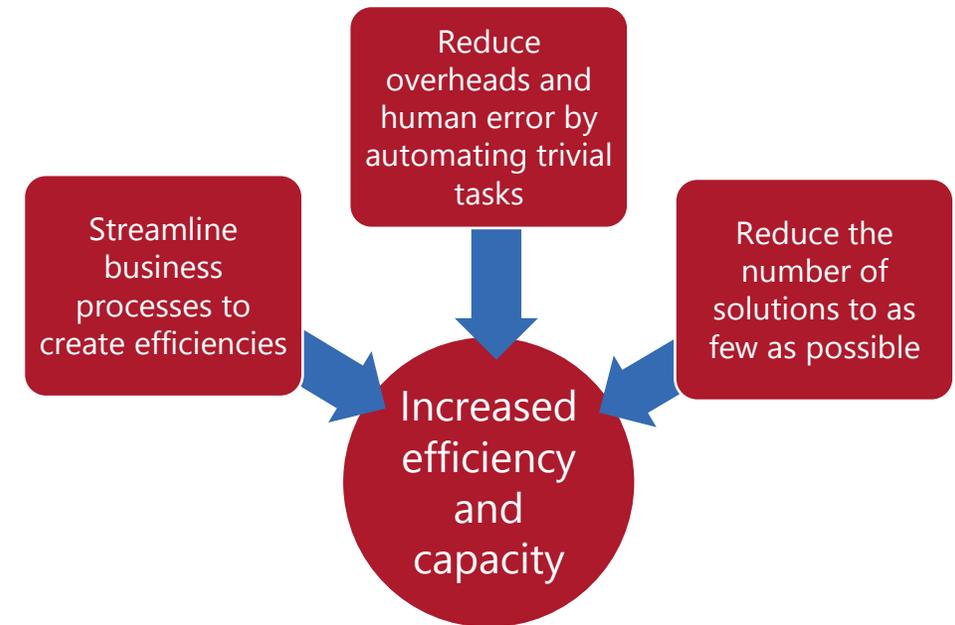
- Progressive policy
- Maintains strong financial position
- 14% CAGR in interim dividend over last five years



INTERIM RESULTS | TECHNOLOGY

- Successful implementations:
 - Consolidation of pension platforms into MWeb
 - Improved governance, audit and testing
- Further projects to transform landscape:
 - Consolidation of legacy systems
 - Investment in development team of 12 staff (1H20: 9)
 - Continuing investment in platform c.£2.5m p.a.
 - Tiller Technologies
 - Client portal and app, drives efficient on-boarding and risk profiling
- Key outcomes:
 - Enhanced client experience
 - Improved security and operational resilience
 - Process simplification

Stability, scalability, and agility



INTERIM RESULTS | ASSET MANAGEMENT

- Business as usual, supplemented by acquisitions/recruitment:
 - Four Multi Asset Funds have more than doubled in value since July 2017
 - Morningstar five star rating for Adventurous Fund
 - Successfully blending Mattioli Woods and the best of what others do
 - Hurley Partners bring direct equity experience
 - Senior appointments supplementing home-grown team
- Developing talent and creating more options for clients:
 - Mentoring and training are delivering our next Fund Managers
 - Providing excellent options for our clients and other investors
 - Individual Structured Products delivered, new Funds planned
- Amati:
 - £120m assets up to more than £840m
 - Mattioli Woods is supporting further growth plans

Consultants have peace of mind



Lauren Wilson



Chris White

INTERIM RESULTS | ESG – 30 YEARS IN THE MAKING

- Recognising our responsibilities:
 - Modern offices, lower emissions
 - Significant reduction in use of paper through on-line client portal
 - 10% of Amati profit donated to charity
 - Focus on employee well-being
 - Support of local charities, key workers and communities
 - Chose not to use any Government support
- Positive culture, good governance:
 - Balanced board, increasing diversity
 - High percentage share ownership by management and staff
 - Client focus and respect for staff
- Sustainable, progressive client proposition:
 - Attractive client TERs, with focus on value
 - Responsible investment processes
 - New funds to include Responsible Equity option

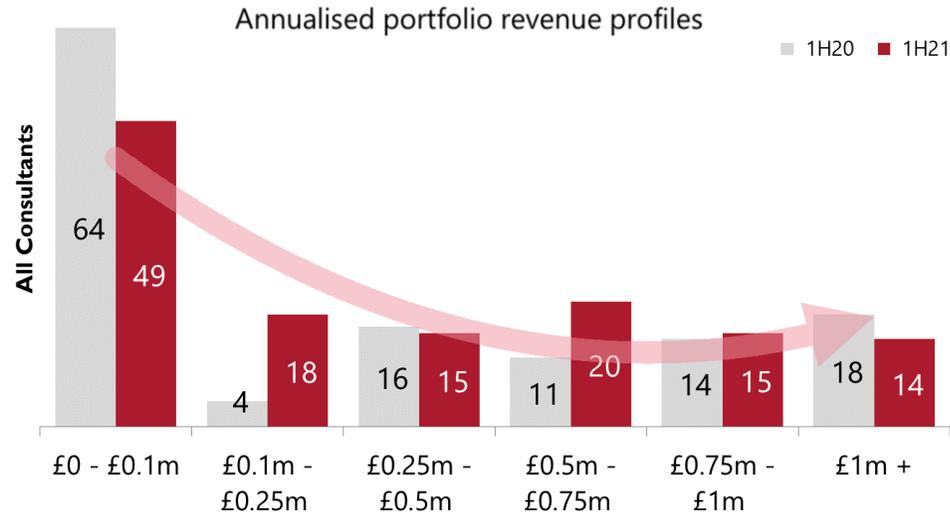
Enriching the lives of clients and the communities we work in

- Response to Covid-19
- Client outcomes mean more than just investment performance



- National charity partner – Alzheimer’s Research UK

INTERIM RESULTS | CONSULTANCY



Expanding experience

- Integrity, expertise and passion
- 131 (1H20: 127) consultants:
 - Average consultant age 38 vs average IFA 58
 - Multi-generational cascading of wealth
 - New development programme
 - Revisited long-term remuneration strategy
- Capacity for new business:
 - Increased mentoring during Covid-19
 - Apprenticeships
 - Graduate programmes
 - ‘Life-served’ people
 - Proven training

New Business	1H21	1H20	New Enquiry pipeline	1H21	1H20
Value of client assets (£m)	78.5	87.6	Value of client assets (£m)	160.1	156.6
Number of clients	316	277	Number of enquiries	556	492

INTERIM RESULTS | ACQUISITION CRITERIA

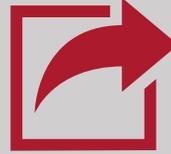
Strategic and cultural fit



Enhances client proposition



Enhances distribution



Ability to integrate



Access to technology/IP



Nature and quality of client base



Deliverable synergies



Sustainable margins



Deal structure that mitigates risks



Attractive market

- Key characteristics:
 - Ageing population
 - Highly fragmented
 - Numerous business models
 - Clear economies of scale
 - Centralised investment propositions
 - Increasing regulatory burden
 - Greater fee transparency and margin pressure
- Significant corporate activity:
 - Consolidation
 - New entrants
 - Private equity and financial investors
- Strong MTW culture and ethos is attractive to acquisition targets
- Exciting pipeline of opportunities

INTERIM RESULTS | INVESTMENT RATIONALE

- Clear strategy to drive:
 - New client wins, greater integration across value-chain for existing clients
 - Strategic acquisitions
 - Further investment in digital platform and client portal
 - Broaden our investment proposition
 - Simplification of administration processes
- Attractive market and demographic landscape:
 - We provide trusted advice and valuable support
- Responsibly integrated:
 - Positive culture with clients at the centre
 - Expanding across the value chain
 - Model facilitates lower client costs, improved client service
- Remaining agile and competitive
- Continue to trade in line with management's expectations

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

APPENDICES

Interim Results 2021

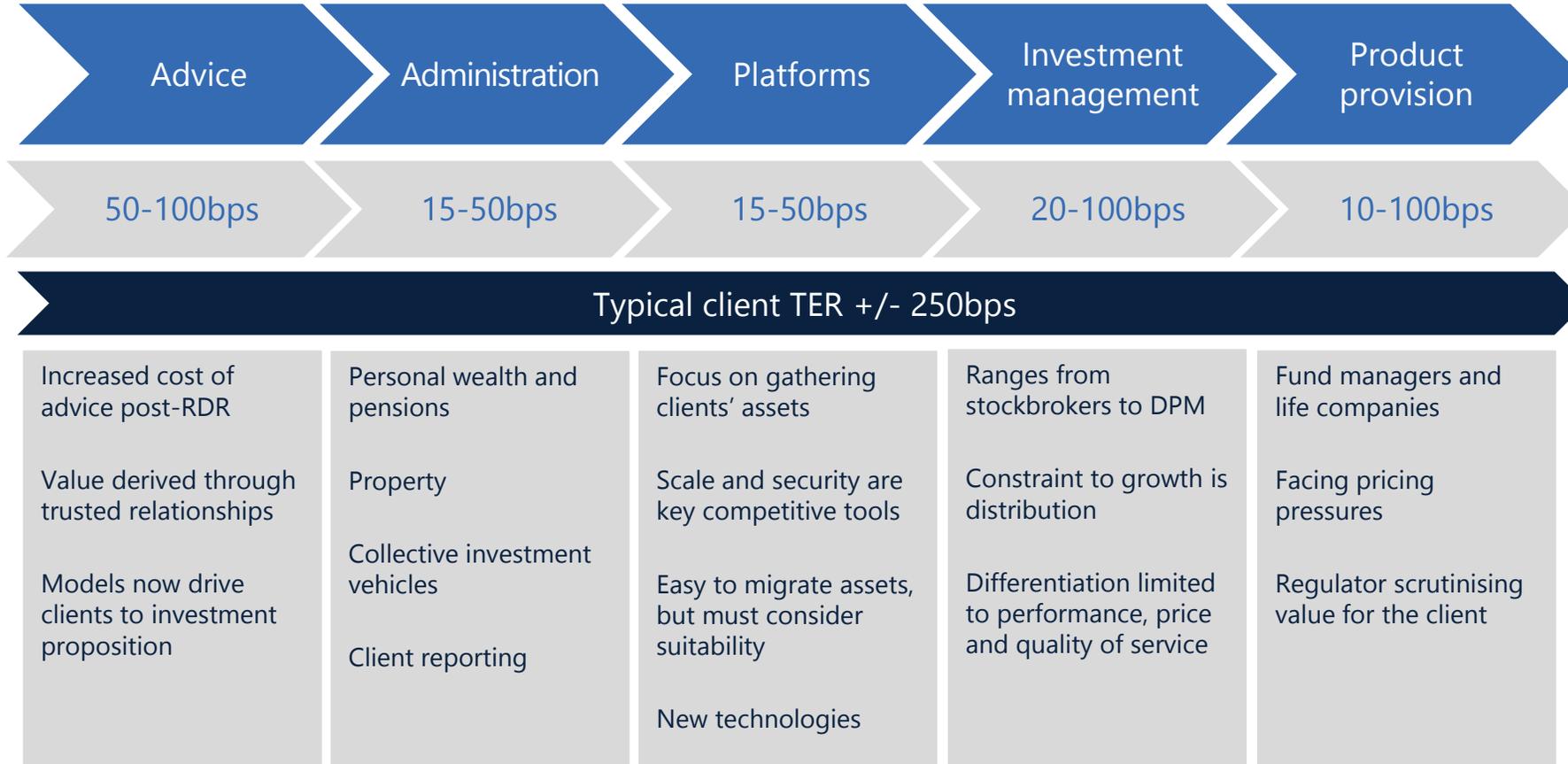
INTERIM RESULTS | APPENDICES

- Market landscape
- Income statement
- Earnings per share
- Segment results
- Revenue yields
- Client assets
- Regulatory capital
- Acquisitions

Robust, sustainable model

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

INTERIM RESULTS | MARKET LANDSCAPE



Attractive market and demographic backdrop

- Increasing need and demand for advice
- Underpinned by regulatory and fiscal changes
- Fragmented landscape, with variety of participants within each vertical
- Savings market remains dominated by pensions, but is changing

INTERIM RESULTS | INCOME STATEMENT

	1H21 £m	1H20 (restated) £m	%△	Recurring revenues
Investment and asset management	15.3	13.8	10.5%	94.8%
Pension consultancy and administration	9.1	10.9	-16.8%	95.5%
Property management	2.5	3.0	-16.7%	97.5%
Employee benefits	2.7	2.7	2.5%	84.8%
Revenue	29.5	30.3	-2.7%	94.3%
Employee benefits expense	(15.2)	(15.7)	-3.2%	
Other administrative expenses ²	(5.3)	(5.8)	-8.8%	
Share based payments	(0.7)	(0.7)	-1.9%	
Impairment loss on financial assets	0.0	(0.1)	-114.4%	
Loss on disposal of property, plant and equipment	(0.0)	(0.0)	38.4%	
EBITDA	8.4	8.0	4.5%	
Share of profit from associates, net of tax	0.4	0.3	57.6%	
Gain on revaluation of Amati option	0.1	0.0	371.4%	
Acquisition-related costs	8.9	8.3	7.4%	
Adjusted EBITDA	8.4	8.0	4.5%	
Depreciation, amortisation and impairment	(3.0)	(2.5)	17.9%	
Net finance costs	(0.3)	(0.1)	247.2%	
Share of profit from associates, net of tax	0.4	0.3	57.6%	
Profit before tax	5.6	5.7	-2.2%	
Income tax expense	(1.1)	(1.1)	-4.2%	
Profit for the period (PAT)	4.5	4.6	-1.7%	

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 impairment loss on receivables.

INTERIM RESULTS | EARNINGS PER SHARE

	Profit 1H21 £m	EPS 1H21 pps	Profit 1H20 (restated) £m	EPS 1H20 (restated) pps	△ in EPS
Statutory PBT	5.6		5.7		
Income tax expense	(1.1)		(1.1)		
Statutory PAT / Basic EPS	4.5	16.3	4.6	16.9	-3.8%
Statutory PBT	5.6		5.7		
Amortisation on acquired intangibles	1.3		1.0		
Acquisition-related costs	0.1		0.0		
Adjusted PBT	7.0		6.7		
Income tax expense at standard rate	(1.3)		(1.3)		
Adjusted PAT / Adjusted EPS	5.7	20.4	5.5	20.2	0.8%
Basic weighted average number of shares (m)	27.7		27.1		
Effective tax rate	19.2%		19.6%		
Standard rate of tax	19.0%		18.7%		

Adjusted EPS+0.8%

- Like-for-like comparison
- Effective corporation tax rate:
 - Decreased to 19.2% (1H20 restated: 19.6%)
 - Reversal of proposed cut to 17.0% from 1 April 2020 increased deferred tax liabilities
 - Certain marketing costs not tax deductible

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

INTERIM 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>Six months ended 30 Nov 2020</i>							
Revenue	15.3	9.1	2.5	2.7	29.5	-	29.5
Segment profit before tax	4.6	2.3	0.5	0.3	7.6	(2.1)	5.6
Segment margin	30%	25%	22%	10%	26%		19%
<i>Six months ended 30 Nov 2019</i>							
Revenue (restated)	13.8	10.9	3.0	2.7	30.3	-	30.3
Segment profit before tax (restated)	4.6	2.6	0.7	0.2	8.1	(2.4)	5.7
Segment margin (restated)	33%	24%	23%	8%	27%		19%

Revenue synergies

- Business referred between segments

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

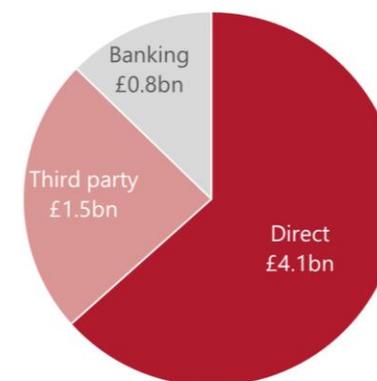
INTERIM RESULTS | REVENUE YIELDS

By division	Client assets		Annualised revenue yield	
	1H21 £bn	1H20 £bn	1H21 bps	1H20 bps
Wealth Management ¹	8.66	7.92	62	70
Employee Benefits ²	1.24	1.02	44	52
Total (excluding Amati)	9.90	8.94	60	68
By segment ³				
Pension consultancy and administration	6.49	6.14	28	36
Investment and asset management	4.09	3.84	75	72
Property management	0.48	0.58	103	102

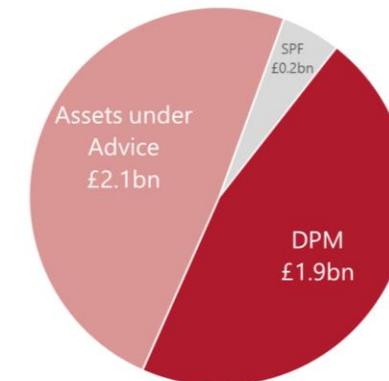
Responsibly integrated

- Allows us to address more of the value chain
- Attractive clients' costs while maintaining revenue yield
- Changing revenue mix in 1H21

Pension consultancy and administration



Investment and asset management

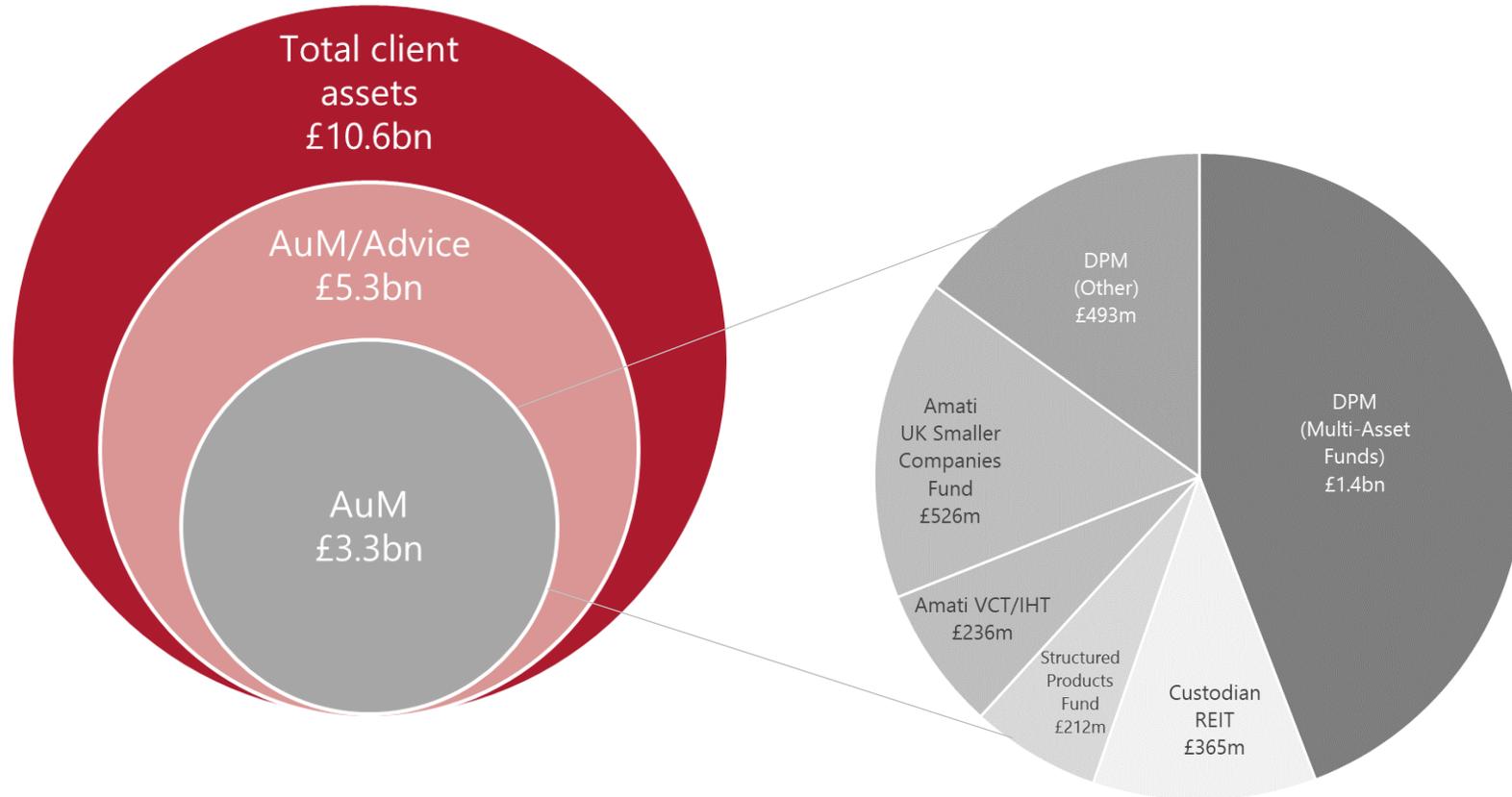


1. Comprises pension consultancy and administration, investment and asset management and property management.

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").

INTERIM RESULTS | CLIENT ASSETS



Sustainable model

- Strong investment performance relative to market
- Fee-based revenues less sensitive to market performance
- £180m increase in Amati AuM

INTERIM RESULTS | CLIENT ASSETS

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 2020	6,029.1	1,024.1	1,731.3	8,784.5	515.8	9,300.3
Acquisition of Hurley	362.9	-	230.9	593.9	-	593.9
Net inflows/(outflows), including market movements	93.6	214.2	203.4	511.2	172.6	683.7
At 30 Nov 2020	6,485.6	1,238.3	2,165.6	9,889.5	688.4	10,577.9

Total client assets of £10.6bn

- Gross AuM of £3.3bn

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 2020	1,412.6	354.5	204.0	581.4	2,552.6	(128.0)	(11.5)	2,413.1
Acquisition of Hurley	392.9	-	-	-	392.9	-	-	392.9
Inflows	72.4	-	-	76.5	148.9	(8.9)	(2.0)	138.0
Outflows	(43.2)	-	(6.2)	(9.1)	(58.6)	-	-	(58.6)
Market movement	107.3	10.1	13.9	112.7	244.0	-	-	244.0
At 30 Nov 2020	1,941.9	364.6	211.7	761.5	3,279.7	(136.9)	(13.5)	3,129.3

1. Excludes £59.6m (31 May 2020: £46.7m) of Mattioli Woods' client investment and £13.5m (31 May 2020: £12.7m) of cross-holdings between the TB Amati Smaller Companies Fund and the Amati AIM VCT plc.
2. Comprises £26.0m (31 May 2020: £31.9m) invested in Custodian REIT, £61.0m (31 May 2020: £85.8m) in MW SPF and £49.9m (31 May 2020: £40.0m) in Amati funds.
3. Cross-holdings between TB Amati Smaller Companies Fund and Amati AIM VCT plc.
4. Note certain figures in the tables above may not add due to rounding.

INTERIM RESULTS | REGULATORY CAPITAL

- Strong capital position:
 - Capital resources are 186% of requirement
 - Platform for growth
 - Flexibility to pursue acquisitions
- Common Equity Tier 1 (CET1) capital:
 - Total equity less intangibles and other deductions
 - Acquisition of Hurley Partners reduced capital resources by £17.1m
- Pillar 1 own funds requirement:
 - Fixed overhead risk has become the key due to acquired overheads
- Pillar 2A requirement:
 - Mitigation of risks within the business sees this falling below Pillar 1 requirement
- New Prudential Regime:
 - Preparations underway
 - New regime not expected to materially change requirement
 - Capital resources would reduce by £3.1m under new regime due to withdrawal of reliefs

Understanding our capital position

Strong balance sheet

	Nov 2020 £m	May 2020 £m
Regulatory capital		
Net assets at period end	99.5	91.6
Capital deductions	(77.4)	(55.4)
Capital resources ¹	22.1	36.2
Pillar 1 minimum capital requirement	11.9	10.7
Surplus before Pillar 2A	10.2	25.5
Incremental Pillar 2A requirement	-	2.9
Regulatory capital requirement	11.9	13.6
Surplus	10.2	22.6
<i>Surplus as % of requirement</i>	<i>86%</i>	<i>166%</i>

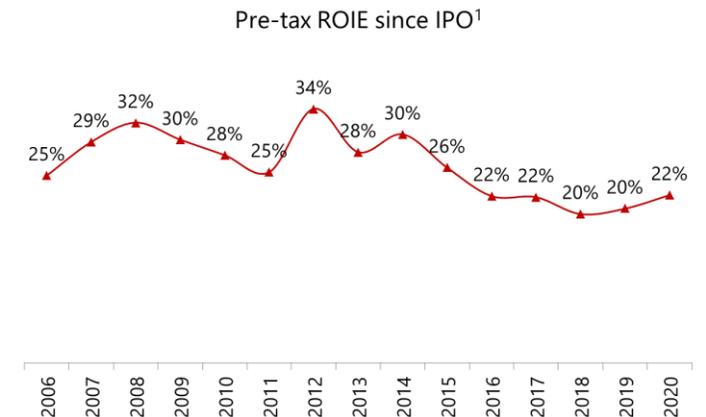
1. Capital resources based on Common Equity Tier 1 ("CET1") capital including: shares issued during the period and admitted to CET1 capital following the period end, proposed dividends and retained earnings for the period.

INTERIM RESULTS | ACQUISITIONS

- Over £81m invested since IPO:
 - Completed 26 earnings-enhancing transactions
 - Focus on building shareholder value
- Recent acquisitions performing well:
 - Hurley Partners
 - The Turris Partnership
 - SSAS Solutions
- Strategic rationales:
 - Promoting broader proposition to acquired clients
 - Extending geographic footprint
 - Adding scale to existing operations
 - Bringing experienced staff into the Group

Pipeline of opportunities

- Fragmented markets
- Well-defined acquisition criteria
- EPS accretive



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.

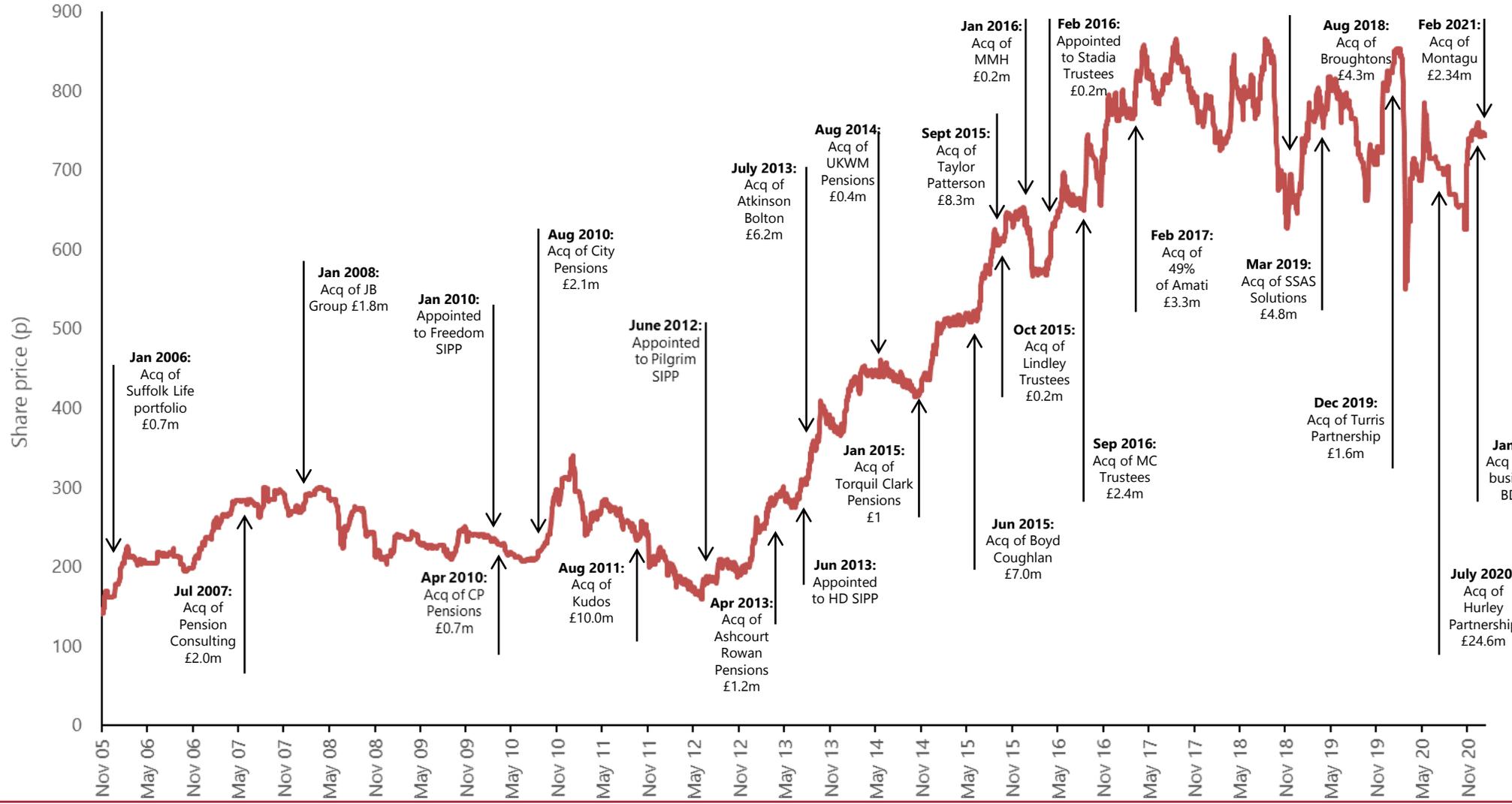
INTERIM RESULTS | MONTAGU LIMITED

- Total consideration of up to £2.34m:
 - Initial consideration of £1.09m cash plus £0.3m shares
 - Contingent consideration of up to £0.95m
- Compelling rationale:
 - £80m of client assets
 - Extends footprint into Twickenham
 - Experienced team of 4 staff
 - Potential revenue synergies
 - Expected to be earnings enhancing in first full year
- Year ended 31 July 2020:
 - Revenue of £0.8m
 - PBT of £0.3m

Strong cultural fit

- Clients at heart of everything we do
- Wealth management advice and administration
- Knowledge and expertise

INTERIM RESULTS | ACQUISITIONS



Track record of adding value

26 transactions since IPO

Track record of successful integration

£24.6m acquisition of Hurley Partners in July 2020

INTERIM RESULTS | IMPORTANT NOTICE

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