Mattioli Woods plc

WEALTH MANAGEMENT & EMPLOYEE BENEFITS

FINAL RESULTS

For the year ended 31 May 2015

Important

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 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.

Vision

"Imagine a world in which financial advice is trusted, thoughtful and enriching – that is our vision"

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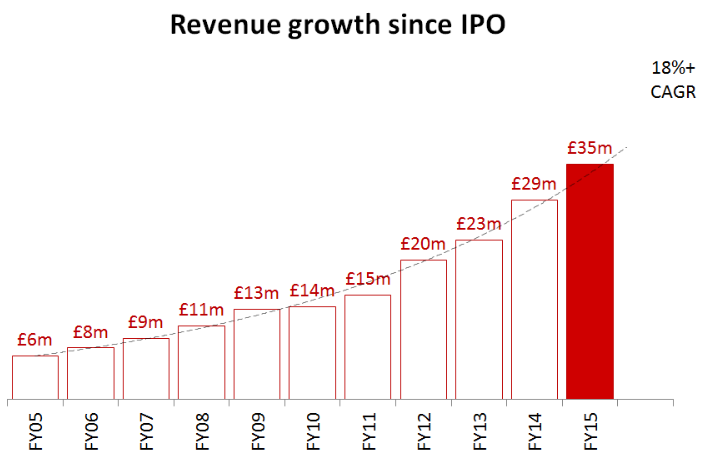
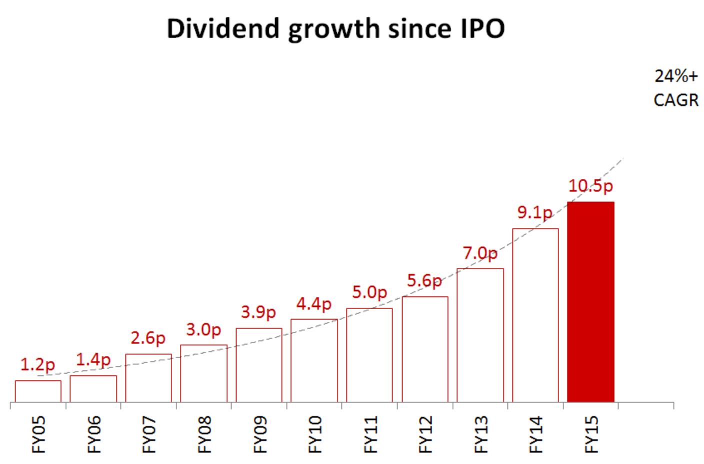
Contents

Overview

Clients at the core of what we do

- Adviser and provider:
  - Addressing individual and corporate needs
  - Client-driven advice
  - Suitable products, innovative solutions
  - Lowering total expense ratios
- Scalable model:
  - Organic growth, supported by acquisitions
  - Investment in technology
  - Ownership of distribution
- Trusted national brand
- Progressive dividend policy





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Our model

Built on the integrity and expertise of our people

Long-term client relationships

We provide trusted advice, high service standards and personalised delivery.

Delivering effective services

Our approach is integrated and all-embracing.

Continuous investment

We invest in our infrastructure and technology to develop our products, services and solutions.

Strategic acquisitions

We continue to develop as a broader wealth management business, providing additional value-added services.

GROWTH

Organic
Our strategy remains focused on the pursuit of organic growth

By acquisition
The acquisition of quality businesses provides clients with long term security, while enhancing profitability

Delivering strong, sustainable shareholder returns

Our model

Recurring revenues throughout value chain

	Adviser	Administrator	Platform	Discretionary manager	Product provider
Typical industry charges	50-200bps	25-50bps	25-45bps	100-175bps	15-300bps
Our revenues[1]	0-100bps	25-50bps	0-6bps	50-110bps	0-200bps
Direct pension and third party admin	Time-based fees	Time-based fees Fixed fees Transactional fees			Product fees Interest margin
Investment and asset management	Time-based fees Fixed fees AMCs on % of AuA	Time-based fees Fixed fees Transactional fees	Custody charges Platform fees	Initial set-up fees AMCs on % of AuM	Product fees Product commission
Property management	Fees	Fixed fees AMCs on % of AuA		AMCs on % of AuM	Product fees
Employee benefits	Fees Provider commission	Fees Provider commission	Custody charges Platform fees Licence fees		Product fees Product commission

1. Clients do not necessarily pay fees for all services across the value chain.

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Highlights

Delivering sustainable performance

- Revenue +17.8% to £34.57m (2014: £29.35m):
  - Recurring revenues are 81.4% (2014: 78.1%)
  - Organic revenue growth of 16.6% (2014: 11.3%)
- Adjusted EBITDA[1] +8.7% to £7.36m (2014: £6.77m):
  - Margin[1] of 21.3% (2014: 23.1%)
  - Adjusted EPS[2,3] up 0.8% to 27.54p (2014: 27.32p)
- Proposed total dividend +15.4% to 10.5p (2014: 9.1p)
- Net cash of £10.57m (2014: £9.51m) at year end

1. Earnings before interest, taxation, depreciation, amortisation and acquisition-related costs.
2. Before acquisition-related costs, amortisation and impairment of acquired intangibles, and notional finance income and charges.
3. Basic EPS down 9.8% to 19.83p (2014: 21.98p).

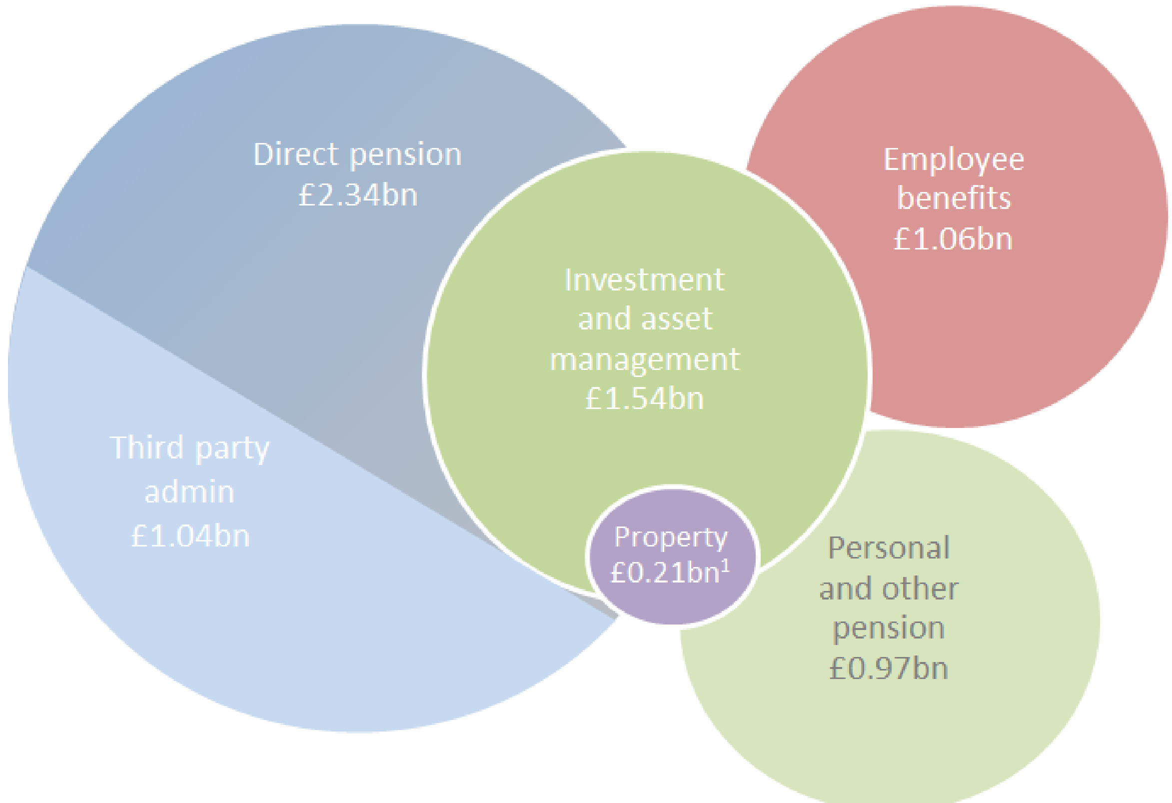
Highlights

Securing future growth

- Client assets up 16.8% to £5.41bn (2014: £4.63bn):
  - Discretionary AuM up 36.5% to £1.01bn (2014: £0.74bn)
  - £50.2m of new equity raised for Custodian REIT
- Further acquisitions:
  - UKWM pensions in August 2014
  - Torquil Clark pensions in January 2015
  - Boyd Coughlan in June 2015
  - Taylor Patterson in September 2015
- Placing raised £18.6m of new money in June 2015
- Joanne Lake appointed as Deputy Chairman in June 2015
- Agreement to develop new office for Leicester operations

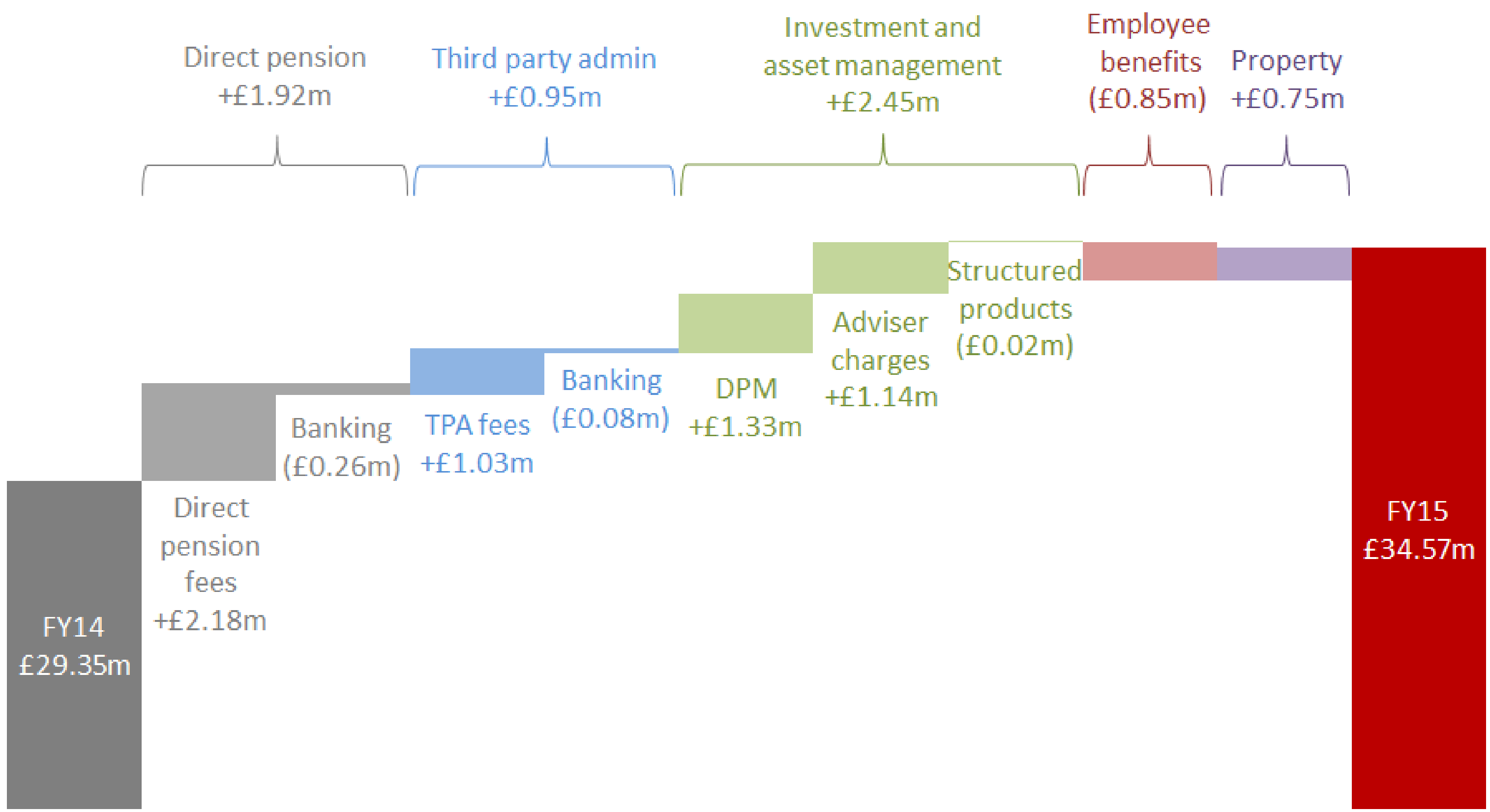
Client assets

Up 16.8% to £5.41bn



Revenue

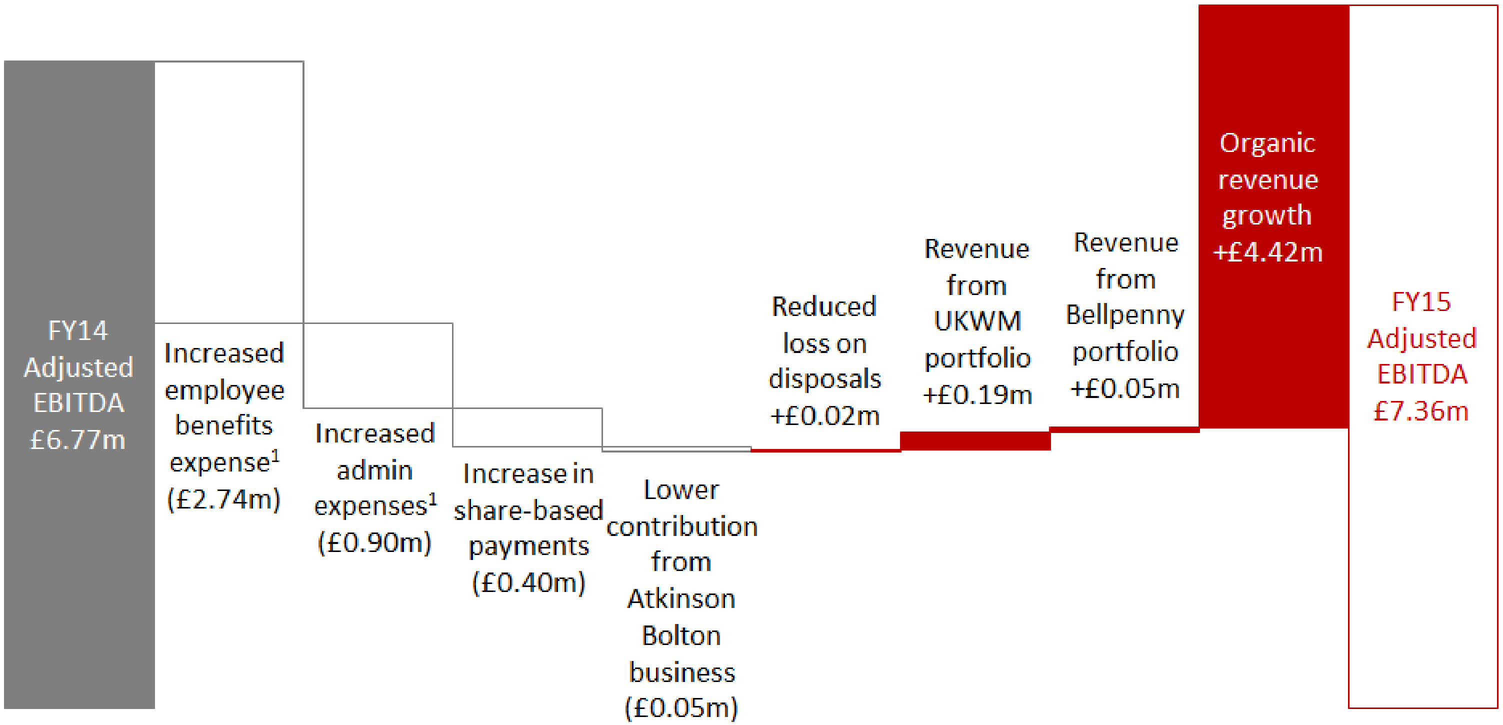
Strong growth across diverse income streams



Dynamic revenue mix

	2015 £m	2014 £m		Recurring revenues 2015	Recurring revenues 2014
Fees	11.61	9.43			
Banking	0.87	1.13			
Direct pension	12.48	10.56	*+18%*	89.4%	95.6%
Fees	2.75	1.73			
Banking	0.32	0.40			
Third party admin	3.07	2.13	*+44%*	72.8%	89.4%
Discretionary portfolio management	5.45	4.12			
Adviser charges	5.17	4.02			
Structured products	0.81	0.84			
Investment and asset management	11.43	8.98	*+27%*	78.2%	76.9%
Property management	2.79	2.04	*+37%*	90.3%	65.8%
Wealth Management	29.77	23.70	*+26%*	83.4%	85.4%
Employee Benefits	4.80	5.65	*-15%*	68.5%	47.4%
Total	34.57	29.35	*+18%*	81.4%	78.1%

Strong organic growth

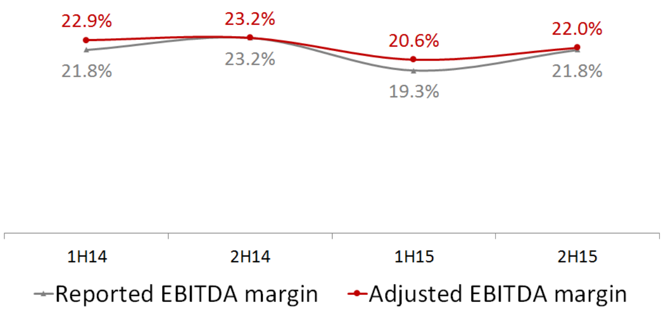


1. Excluding Atkinson Bolton costs.

Profitability

Target EBITDA margin is 20%+

- Adjusted margin of 21.3% (2014: 23.1%):
  - Expected falls in EB and banking revenue
  - £0.27m of deal costs
- EB expense up 18.9%, supporting growth:
  - Represents 58.0% (2014: 57.4%) of revenue
  - Average of 266 fee earners (2014: 224)
- Short term margin pressure:
  - Lower banking revenues
  - Commission ban on corporate pensions
  - Further LTIP awards
  - Integration of acquisitions
  - New office development
  - Market volatility



Underlying EPS up 10.6%

Basic and Adjusted EPS distorted by non-cash items and acquisitions

	2015 Pence per share	2015 Earnings £m	2014 Pence per share	2014 Earnings £m	EPS change
Reported profit before tax	26.08	5.29	26.26	5.16	
Income tax expense	(6.25)	(1.27)	(4.28)	(0.83)	
Reported profit for year	19.83	4.02	21.98	4.28	-9.8%
Acquisition-related costs	1.34	0.27	0.81	0.16	
Amortisation of acquired intangibles	5.51	1.12	5.30	1.03	
Notional finance charges / (income)	0.86	0.17	(0.77)	(0.15)	
Adjusted profit for year	27.54	5.58	27.32	5.32	+0.8%
Adjust income tax to standard rate	0.82	0.17	(1.67)	(0.33)	
Underlying profit for year	28.36	5.75	25.65	4.99	+10.6%
Effective tax rate		24.0%		16.3%	
Standard tax rate		20.8%		22.7%	
Basic weighted average number of shares	20.29m		19.48m		

Distorted by deferred tax movement following changes in standard rate – actual tax paid was £1.33m

Impact of increased acquisition activity

Unwinding of discount on deferred consideration

£0.8m of deferred consideration paid through allotment of new shares

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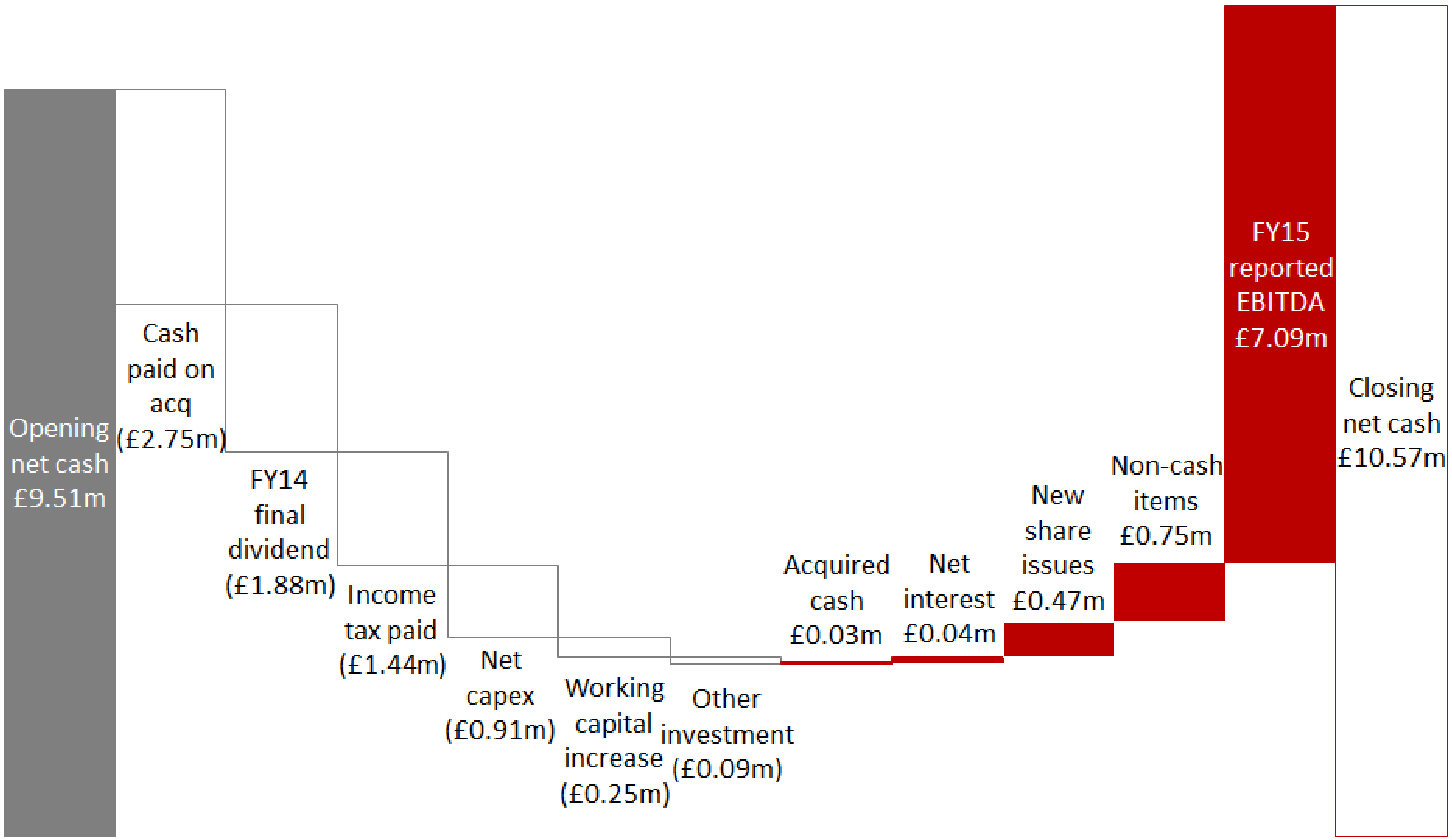
Cash flow

Improved conversion ratio, stronger cash position



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Dividend

Proposed total dividend up 15.4%

- Quality and visibility of earnings
- Proposed total dividend of 10.5p (2014: 9.1p)
- Progressive policy
- Remains well covered:
  - 1.9x basic EPS (2014: 2.4x)
  - 2.6x adjusted EPS (2014: 3.0x)
  - 2.5x operating cash flow (2014: 2.0x)
- 59% surplus on minimum capital requirement

Employee Benefits

Changing market, long term opportunity

- Corporates reviewing proposition and providers
- Growing demand for:
  - Financial counselling and education
  - Flex and “Flexi”
- Lower revenues in year:
  - Some providers “switched off” commission
  - Impact of lower oil price
  - Charge cap on auto-enrolment schemes
- Revenue synergies between EB and WM:
  - Transformational changes to pensions
  - Demand for advice accelerating WM enquiries
  - Strengthening delivery through acquisitions

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Strong organic growth

- Both pension and private clients:
  - Strong enquiry pipeline
  - Broadening distribution channels
  - Lower client loss rates[1,2]
- Growing consultancy team
- New pension freedoms
- Increase in discretionary AuM:
  - Up 36.5% to £1.01bn (2014: £0.74bn)
  - Custodian REIT NAV[3] of £183m (2014: £131m)

New business	FY15	FY14	Change
Total new client wins	764	504	+52%
Direct pension clients	521	316	+65%
Private clients > £100,000	88	40	+120%
Value of new AuM/A/A	£237m	£169m	+40%
Average new client size	£0.31m	£0.33m	-6%
Enquiry pipeline	£410m	£332m	+23%

	FY15	FY14	Change
Average number of WM consultants	61	50	22%
Average revenue per consultant	£0.49m	£0.47m	4%
Average client size	£0.47m	£0.45m	4%

1. Direct schemes lost as a result of death, annuity purchase, external transfer or cancellation fell to 3.0% (2014: 3.6%) of average scheme numbers.
2. Direct schemes lost to alternative provider fell to 2.8% (2014: 3.2%) of average scheme numbers.
3. Net asset values reported as at 30 June.

Acquisitions

Accelerating growth

- Proven ability to execute and integrate
- Recent acquisitions of:
  - UKWM pensions in August 2014
  - Torquil Clark pensions in January 2015
  - Boyd Coughlan in June 2015
  - Taylor Patterson in September 2015
- Key criteria:
  - Cultural fit
  - Nature of client base
  - Ability to integrate
  - Earnings enhancement and ROI
- Strong pipeline of further opportunities

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Acquisitions

Taylor Patterson

- Based in Preston with 38 staff:
  - WM, EB and pension business
  - Strong cultural fit
  - Management team being retained
  - Extends footprint into the North West
- Total consideration of up to £8.3m:
  - Initial: £5.0m (£2.5m cash + £2.5m shares)
  - Deferred: up to £3.3m cash over three years (subject to EBITDA and revenue hurdles)
- Expected to be earnings enhancing in first full year:
  - £640m+ of AuA/A
  - Strong margins and recurring revenues
  - Synergies in SIPP and SSAS administration

Taylor Patterson	Year ended 31 July 2015 £m
Revenue	3.21
Profit before tax	0.90
Net assets	0.50
Normalised EBITDA	0.80
WM revenue	2.67
EB revenue	0.54

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Acquisitions

Boyd Coughlan

- Based in Buckingham with 30 staff:
  - WM and EB business
  - Experienced management team retained
  - £250m+ of AuA/A
- Total consideration of up to £7.0m:
  - Initial: £4.5m (£3.3m cash + £1.2m shares)
  - Deferred: up to £2.5m cash over two years (subject to EBITDA hurdles)
- Expected to be earnings enhancing in first full year:
  - Strong margins and recurring revenues
  - Wider audience for Group's proposition
  - Trading in line with forecast

Boyd Coughlan	Year ended 30 Sept 2014 £m
Revenue	2.53
Profit before tax	1.26
Net assets	1.98
Normalised EBITDA	0.97
WM revenue	1.64
EB revenue	0.89

Outlook

A profitable, sustainable business

- Platform for future growth:
  - Experienced management team
  - Clear strategic vision
  - Maturing consultancy team
  - Ambitious medium term goals
  - Successful capital raise
- Strong new business growth
- Strong pipeline of acquisition opportunities
- Current trading in line with expectations

	FY15	Medium term goals
Revenue	£34.6m	£100m+
AuM/A/A	£5.4bn	£15bn+
EBITDA margin	20.5%	20%+
Pension clients	6,580	15,000
Average revenue per pension client	£2,362	£3,000
Investment and asset management AuM/A	£1.54bn	£4bn+
Average revenue yield	74bps	75bps
EB clients	399	1,250
Average revenue per client	£12,030	£20,000

Appendices

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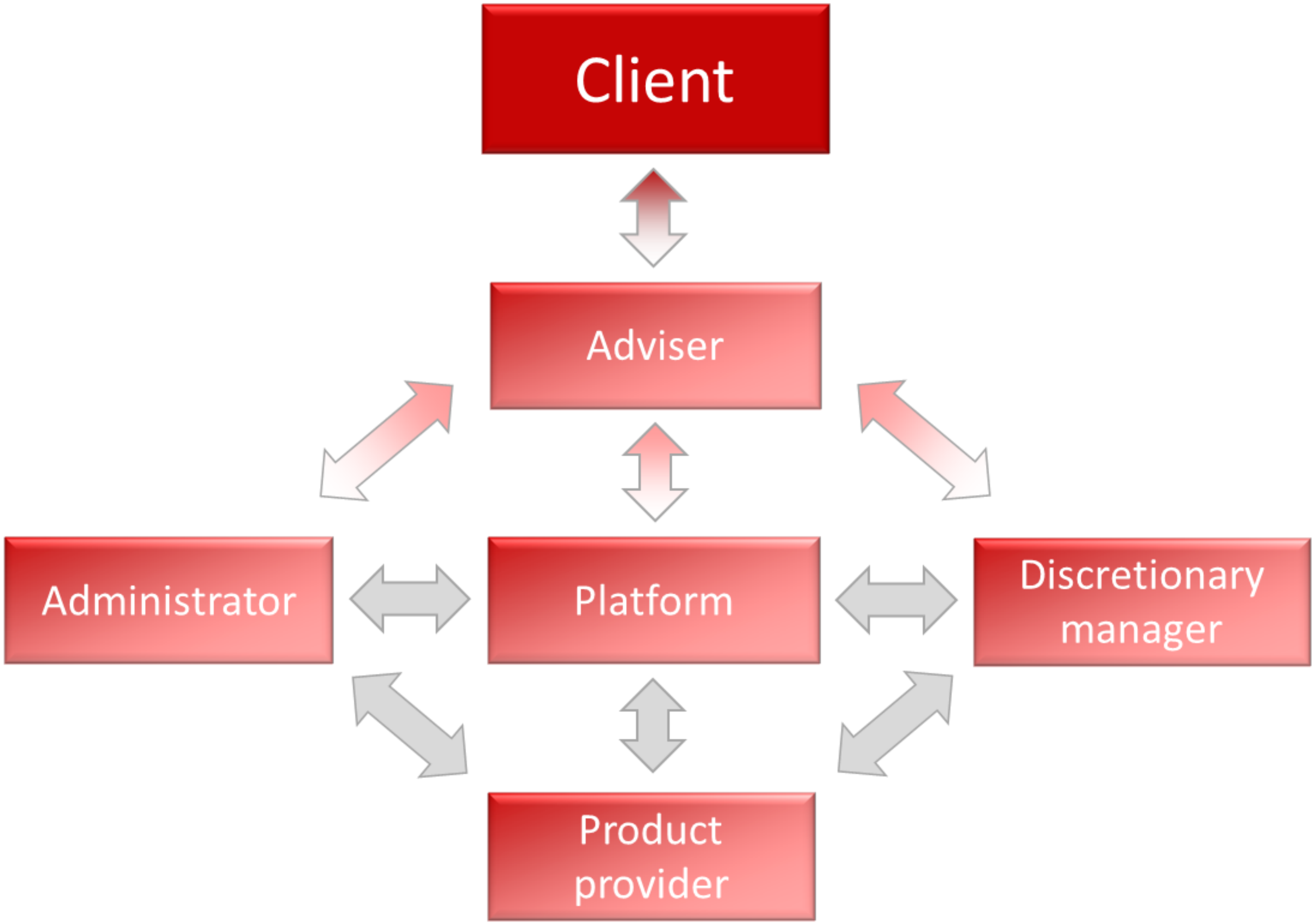
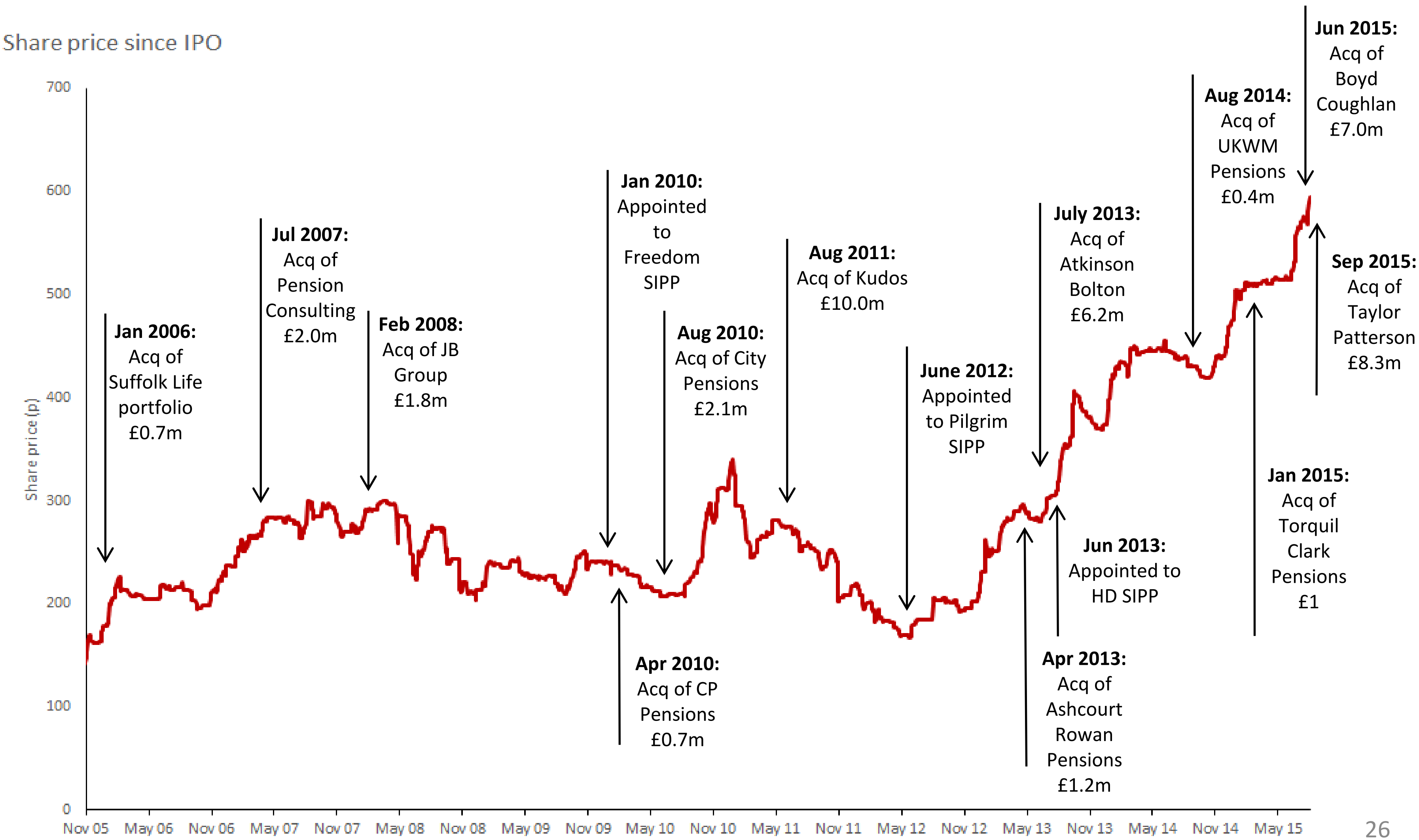
Our model



Acquisitions

Over £40m invested since IPO



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June 2015 placing

Accelerating growth

- Gross placing proceeds of £18.6m
- £9.6m utilised on earnings-enhancing acquisitions:
  - £3.8m cash consideration on Boyd Coughlan
  - £5.8m cash consideration on Taylor Patterson
- £8.3m available for:
  - General working capital purposes
  - Maintaining 25% headroom on increasing CRR
  - Pursuit of further acquisitions

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Client assets

AuM up 36.5% to £1.01bn

Total client assets	2015 £bn	2014 £bn		Investment and asset management AuM £bn	Investment and asset management AuA £bn	Admin £bn	Total £bn
Direct pension	2.34	2.06	*+14%*	0.42[1]	0.16	1.76	2.34
Third party admin	1.04	0.79	*+32%*	-	-	1.04	1.04
SIPP and SSAS funds under trusteeship	3.38	2.85	*+19%*	0.42	0.16	2.80	3.38
Employee benefits	1.06	0.93	*+14%*	0.05	-	1.01	1.06
Personal and other pension	0.97	0.85	*+14%*	0.54[2]	0.37	0.06	0.97
Total AUM/A/A	5.41	4.63	*+17%*	1.01	0.53	3.87	5.41
Investment and asset management	1.54	1.33	*+16%*				

Assets under management (AuM)	1 Jun 2014 £m	Inflow £m	Outflow £m	Market movement £m	31 May 2015 £m
Discretionary portfolio management (DPM)	592.9	198.1	(44.6)	69.2	815.6
Custodian REIT plc (CREI.L)	142.2	47.6	-	6.2	196.0
Sub-total	735.1	245.7	(44.6)	75.4	1,011.6

1. £105.3m invested in CREI.L
2. £8.5m invested in CREI.L

Revenue

Revenue yields

	Client assets		Average revenue yield	
By division	2015 £bn	2014 £bn	2015 bps	2014 bps
Wealth Management[1]	4.35	3.70	68	64
Employee Benefits[2]	1.06	0.93	45	61
Overall	5.41	4.63	64	63
By segment	£bn	£bn	bps	bps
Direct pension	2.34	2.06	53	51
Third party admin	1.04	0.79	30	27
Investment and asset management[3]	1.54	1.33	74	68
Property management[4]	0.21	0.16	133	127

1. Comprises direct pension, third party admin and £0.97bn (2014: £0.85bn) of personal and other pension assets.
2. Employee benefits revenues are not typically linked to the value of client assets.
3. Includes certain direct pension, property management, personal, other pension and employee benefits assets.
4. £0.20bn (2014: £0.14bn) included within investment and asset management.

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Segment results

Blend of EB/WM is powerful combination

	Direct pension £000	Third-party admin £000	Investment and asset management £000	Property £000	Employee benefits £000	Segments total £000	Corporate costs £000	Consolidated £000
Year ended 31 May 2015								
Revenue								
Total revenue[1]	12,475	3,070	11,430	2,790	4,800	34,565	-	34,565
Results								
Segment result	2,773	575	2,221	433	637	6,639	(1,349)	5,290
Year ended 31 May 2014								
Revenue								
Total revenue[1]	10,559	2,126	8,979	2,035	5,648	29,347	-	29,347
Results								
Segment result	2,023	460	2,195	209	1,128	6,015	(900)	5,115

- Synergy across Group activities:
  - EB clients generate top WM clients
  - WM clients introduce quality EB work
  - Higher earners need EB and WM

- Common products, services and platforms:
  - Lower TERs through economies of scale
  - Insurance, protection and legal
  - Information technology
  - Technical support and compliance

1. All external client.

Regulation

Surplus on regulatory capital requirement

- Regulated by FCA:
  - C3 “flexible portfolio” firm
  - P3 firm (prudentially non-significant)
  - IFPRU €50k limited licence firm
  - AIFMD effective from 22 July 2014
- Integration of acquisitions:
  - Kudos, City and ABC hived-up into plc
  - Subsidiary permissions cancelled
- MiFID II hot topics:
  - Inducements
  - Costs and charges
  - Product governance
  - Role of compliance

Regulatory capital	FY15 £m	FY14 £m
Common Equity Tier 1 capital	8.03	6.54
Minimum capital requirement	5.05	4.22
Surplus	2.98	2.32
Percentage surplus	*59.0%*	*55.0%*
Group’s net cash position	10.57	9.51

New rules for SIPP operators

- FCA PS14/12 effective 1 September 2016
- Concern some operators under-capitalised
- Significant increase in CRR:
  - Based on value and nature of AuA
  - Uncertainty on nature of commercial property
  - Need visibility of assets in discretionary portfolios
- Cost associated with quarterly valuations

Summary of proposed changes to the formula

3.6 Table 3 summarises the calculation to be used in the updated framework. Changes from the framework consulted on are shown in red.

Table 3

STAGE 1	**ICR = √AUM x K1** Where: ICR = Initial Capital Requirement AUM = Assets Under Management K1 = Constant (originally proposed to be 20 for all firms)	
	AUA	**K1 constant to be applied**
	<£100m	10
	£100-£200m	15
	>£200m	20
STAGE 2	**CS = (√p%) x K2 x ICR** Where: CS = Capital Surcharge p% = percentage of plans containing non-standard asset types K2 = Constant, proposed at ~~5~~ 2.5	
STAGE 3	***Total Capital Requirement = Initial Capital Requirement + Capital Surcharge***	

Source: FCA PS14/12

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Legislation

Transformational changes to pensions

- Flexible access to pensions from age 55
- 55% ‘death tax’ abolished
- Access to impartial guidance
- Retirement ages to increase
- Restriction on contributions for high earners
- Reduction in lifetime allowance
- Green paper on pension reform