

## **FINAL RESULTS**

For the year ended 31 May 2018

Ian Mattioli MBE, Chief Executive Officer  
Nathan Imlach, Chief Financial Officer

**September 2018**



## FINAL RESULTS | IMPORTANT NOTICE

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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

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- Our vision and model
- Highlights
- Financial results
- Our goals
- Organic growth
- Acquisitions
- Investment case

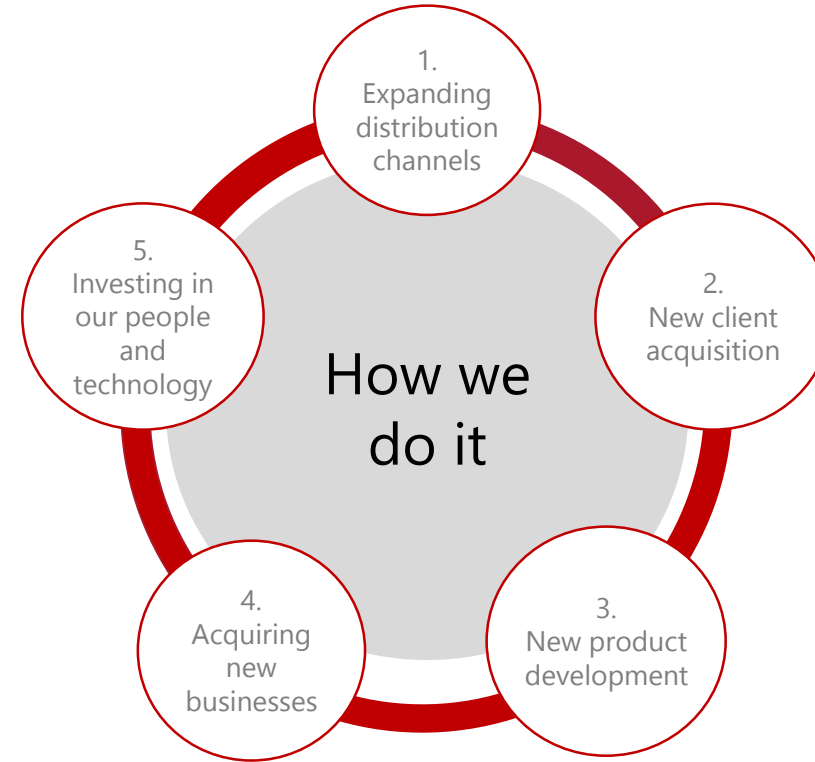
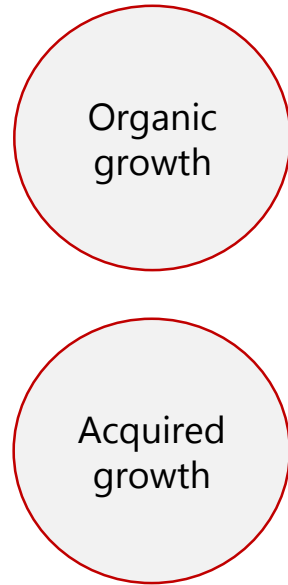
## FINAL RESULTS | OUR VISION



Our business model creates **great client outcomes** because we use our own products and advice when they are best and we use other providers' products and advice when better

We take care of over **£8.7 billion** of clients' assets

# FINAL RESULTS | A PLATFORM FOR GROWTH



Creating great client outcomes results in **strong client retention** and more clients choosing our integrated model

Enables us to deliver long term, **sustainable** shareholder returns

- |   |  |   |  |   |
|---|--|---|--|---|
| <p>1. <b>Expanding distribution channels</b><br/>134 consultants group-wide</p> | <p>2. <b>New client acquisition</b><br/>Over 1,300 new client wins during the period</p> | <p>3. <b>New product development</b><br/>Continued development and delivery of bespoke client propositions underpins organic growth</p> | <p>4. <b>Acquiring new businesses</b><br/>21 acquisitions completed since admission to AIM</p> | <p>5. <b>Investing in our people and technology</b><br/>First phase of bespoke client platform in place</p> |
|---|--|---|--|---|



# FINAL RESULTS | HIGHLIGHTS

Revenue

£58.7m

2017: £50.5m



+16.2%

Organic revenue growth<sup>5</sup>

15.6%

2017: 11.6%



Recurring revenues<sup>6</sup>

84.8%

2017: 85.1%

Adjusted EBITDA<sup>1,2</sup>

£12.5m

2017: £10.8m



+15.7%

Adjusted EBITDA margin<sup>1</sup>

21.3%

2017: 21.4%

Strong financial position

Net cash £20.2m

2017: £23.0m

Adjusted EPS<sup>3,4</sup>

37.0p

2017: 33.3p



+11.1%

Total dividend

17.0p

2017: 14.1p



+20.6%

## Double-digit growth

- Sustained demand for advice
- Strong new business flows
- Maturing consultancy team
- Recent acquisitions performing well
- Lowering clients' costs
- Building brand and reputation

1. Earnings before interest, taxation, depreciation, amortisation, impairment, changes in valuation of Amati option and acquisition-related costs, including share of Amati profits (net of tax).

2. Earnings before interest, taxation, depreciation, amortisation and impairment +22.1% to £12.7m (2017: £10.4m).

3. Before acquisition-related costs, amortisation and impairment of acquired intangibles, changes in valuation of Amati option and notional finance income and charges.

4. Basic EPS up 27.3% to 31.2p (2017: 24.5p).

5. Excluding acquisitions completed in the current and prior financial years.

6. Annual pension consultancy and administration fees; ongoing adviser charges; level and renewal commissions; banking income; property, discretionary portfolio and other annual management charges.

# FINAL RESULTS | HIGHLIGHTS

AuM/A/A<sup>1</sup>

£8.73bn

2017: £7.93bn



+10.1%

Gross discretionary AuM

£2.34bn

2017: £1.81bn



+29.3%

August 2017

Lowered custody charges and launched Mattioli Woods' multi-asset funds

Amati AuM<sup>2</sup>

£313.0m

2017: £165.9m



+88.7%

Mattioli Woods Structured Products Fund AuM

£213.8m

2017: £98.4m



+117.2%

Custodian Capital now manages over

£0.5bn

of property assets

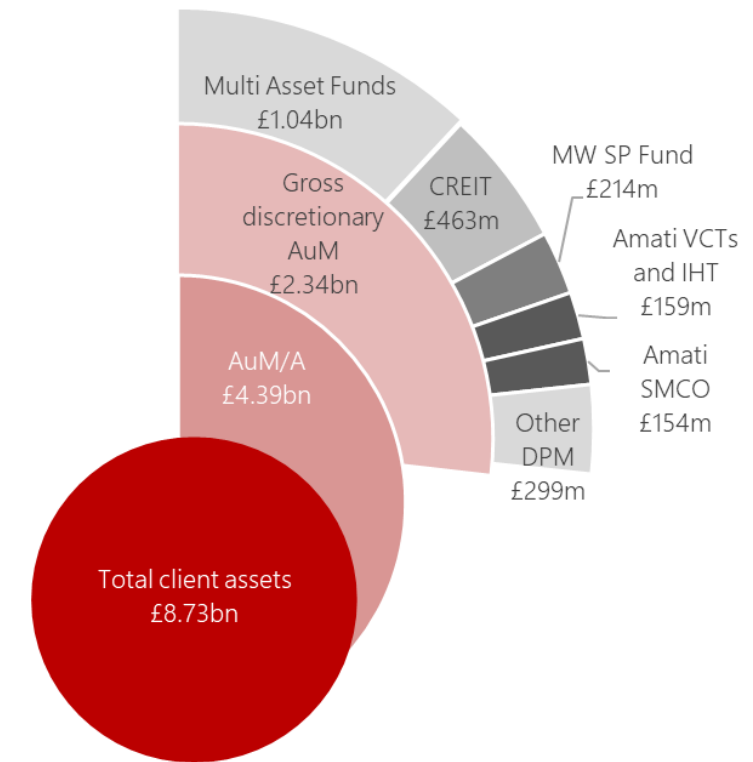
Recent acquisitions performing well and extending strategic geographic footprint

Doing more across the value chain positions us to succeed in our chosen markets

Continued investment in technology, compliance and training

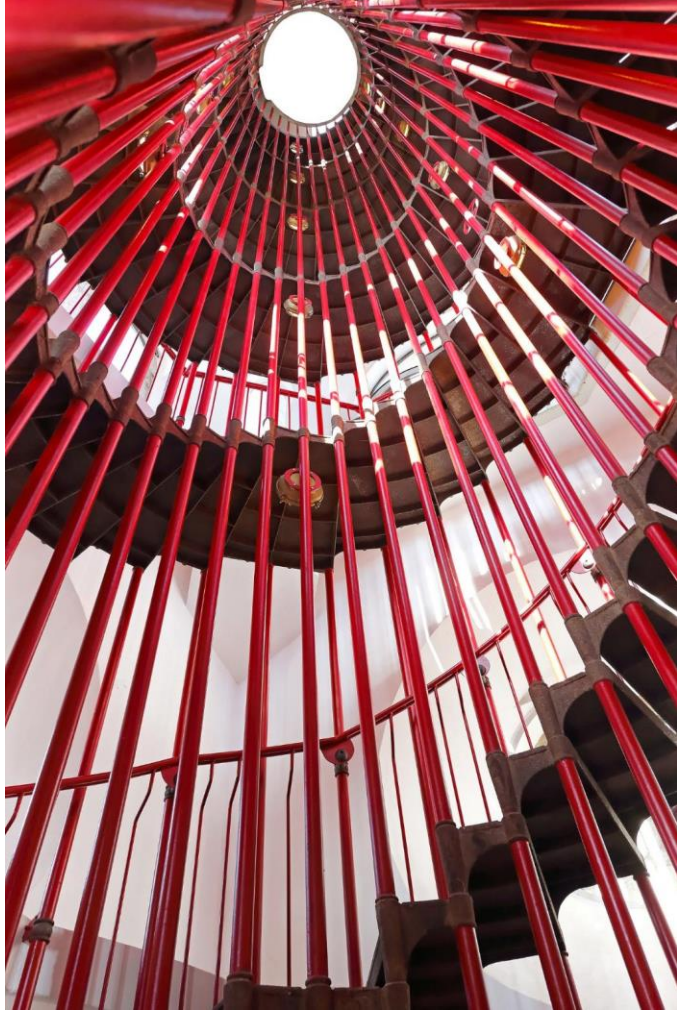
## Sustainable model

Inherent flex within our business model allows us to adapt quickly



1. Includes £286.0m (2017: £153.8m) of net funds under management by Amati, excluding £27.0m (2017: £12.1m) of Mattioli Woods' client investment and £12.1m (2017: £9.8m) of cross-holdings between the TB Amati Smaller Companies Fund and the Amati AIM VCT plc.
2. Gross assets under management by Amati, excluding £12.1m (2017: £9.8m) of cross-holdings between the TB Amati Smaller Companies Fund and the Amati AIM VCT plc.

# FINAL RESULTS | INNOVATION AND GROWTH



Advice and products designed around our clients' needs

## CUSTODIAN REIT – CONSOLIDATED £100M OF PROPERTY SYNDICATES

Has become **£0.5bn listed property fund**.

More secure, more liquid with high, fully-covered dividend.

## AMATI VCTs AND SMALLCAP FUND

Excellent team, great performance and **strong growth in gross AuM** to over £325m.

## MATTIOLI WOODS STRUCTURED PRODUCTS FUND

**£214m AuM** in unique investment proposition for retail investors.

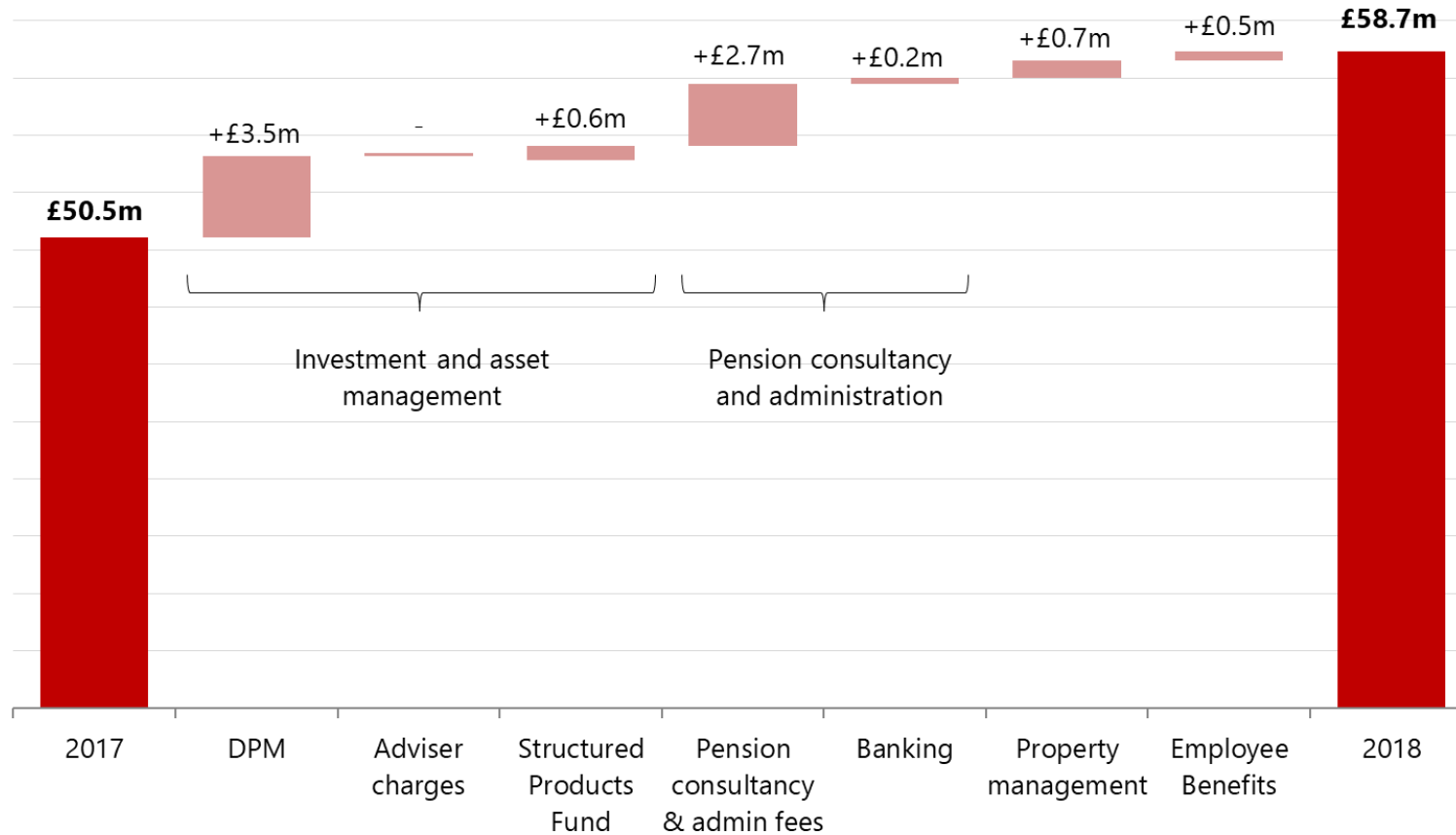
## PRIVATE INVESTORS CLUB

**£59m invested** in asset-backed investment opportunities.

Expanding across the value chain, lowering clients' costs

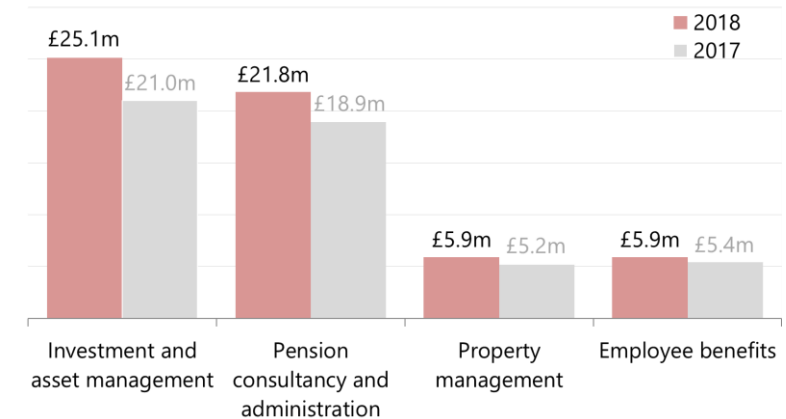


# FINAL RESULTS | SEGMENTAL REVENUE

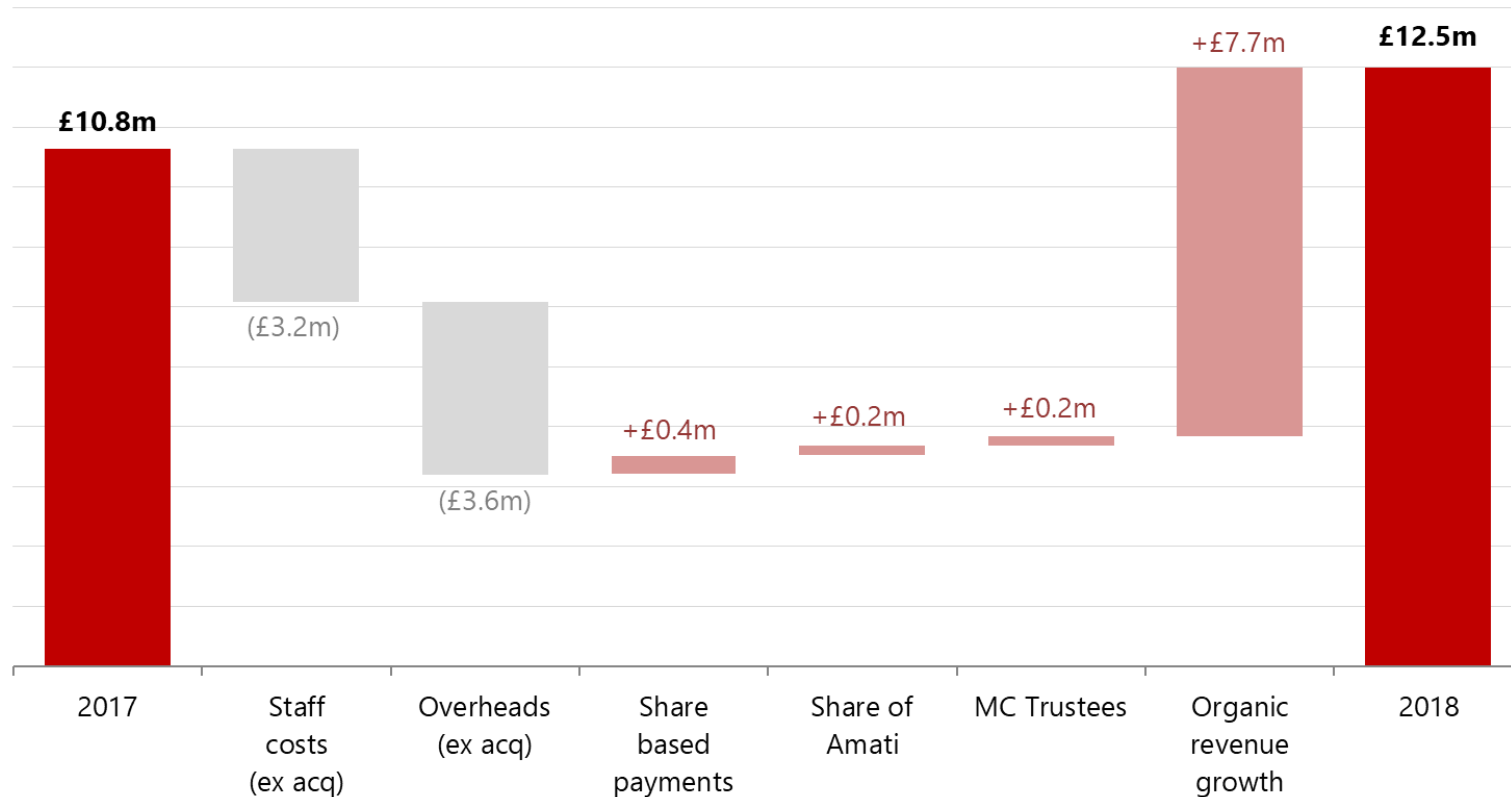


## Revenue +16.2%

- Organic growth of 15.6% (+£7.7m)
- Recurring revenues are 84.8% of total
- Strong inflows of new investment
- +£0.5m revenue from MC Trustees
- Growth in PIC and CREIT funds
- Synergy between EB and other service lines



# FINAL RESULTS | FINANCIAL RESULT



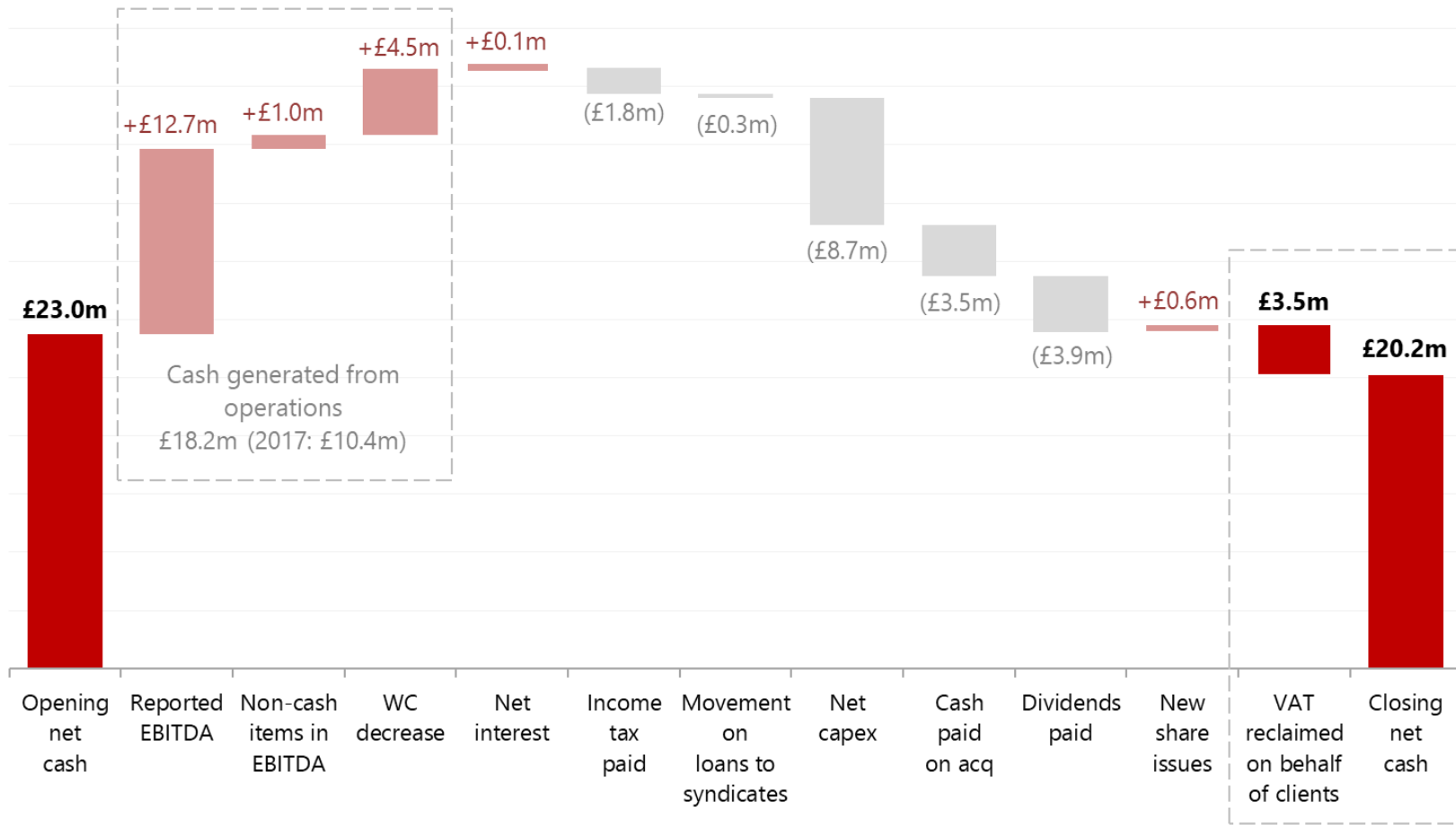
## Adjusted EBITDA<sup>1</sup> +15.7%

Training, developing and mentoring our people, building capacity to deliver sustainable growth

- Staff costs 54.7% of revenue (2017: 56.8%)
- Adjusted EPS +11.1% to 37.0p
- Underlying EPS<sup>2</sup> +10.6% to 35.9p
- Effective tax rate of 16.2% (2017: 16.9%)

1. Earnings before interest, taxation, depreciation, amortisation, impairment, changes in valuation of derivative financial instruments and acquisition-related costs, including share of profit from associates (net of tax).  
 2. Before acquisition-related costs, amortisation and impairment of acquired intangibles, changes in valuation of derivative financial instruments and notional finance income and charges.  
 3. See appendix.

# FINAL RESULTS | FINANCIAL RESULT



## Highly cash generative

Cash conversion 143% of EBITDA (2017: 100%)

Proposed total dividend +20.6% to 17.0p

- Decrease in working capital:
  - £5.1m increase in payables
  - (£1.0m) increase in receivables
  - £0.4m increase in provisions
- £7.0m capex on New Walk office
- £1.0m capex on software and IT development
- £3.5m of deferred consideration paid in year

# FINAL RESULTS | OUR GOALS

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- Great client outcomes:
  - Passion for looking after our clients' aspirations and their assets
  - Proactive, advice-led proposition
  - Bespoke, personalised service
- Strong, sustainable shareholder returns:
  - Broadening our proposition
  - Increasing organic operations
  - Recent acquisitions performing well
  - Continuing to review acquisition opportunities
  - Smaller strategic board, stronger management team
- Lower TERs:
  - Reduced custody, product and adviser charges
  - VAT exemption for pension schemes that are SIFs
  - New range of multi-asset funds

## Medium term goals

£15bn total client assets

£100m revenue

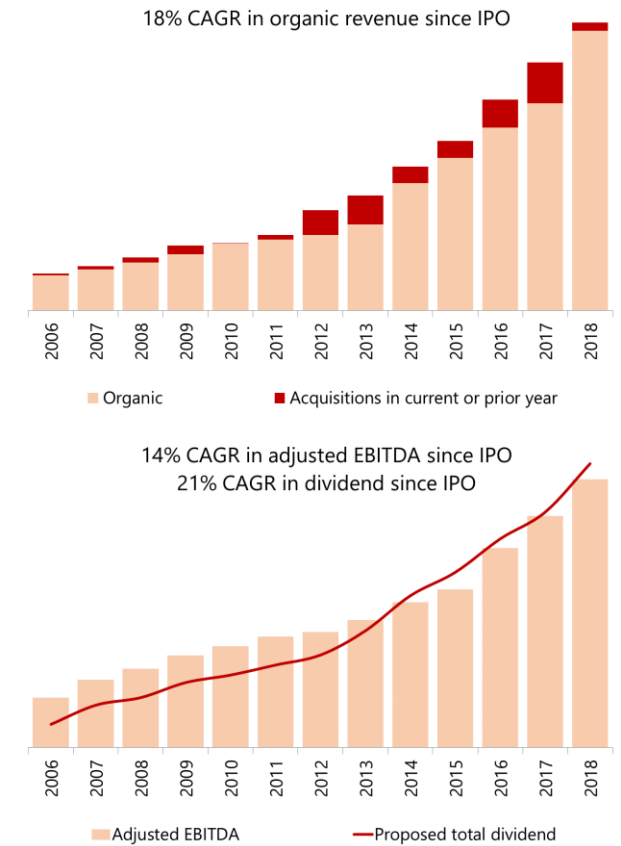
20% EBITDA margin

To create a 21<sup>st</sup> century financial services business built with **expertise** and **integrity**, and delivered with **passion**

# FINAL RESULTS | ORGANIC GROWTH +15.6%

- Strong flow of new business:
  - Progressive training and development programmes
  - 875 (2017: 764) direct SSAS/SIPPs, assets of £365m (2017: £337m)
  - 291 (2017: 350) personal clients, assets of £67m (2017: £69m)
  - 52 (2017: 104) corporate clients
  - Doing business tomorrow with people we don't know today
- Ownership of distribution:
  - Nationwide network of introducers
  - Long-term client relationships
  - Strategic partnerships
  - Direct marketing
- Developing our brand:
  - 27-year history, recognised as a trusted adviser
  - Branded bespoke products and services

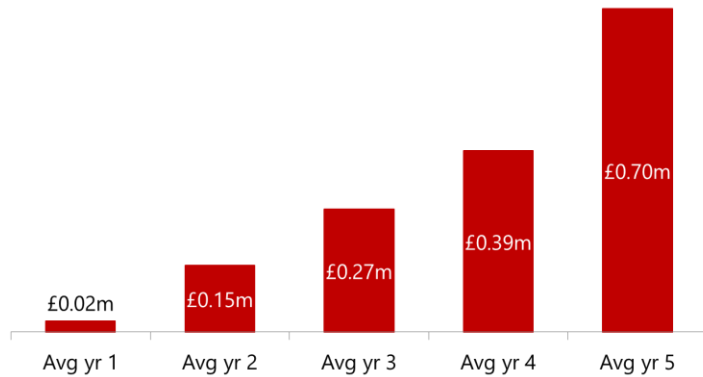
## Robust and sustainable business model



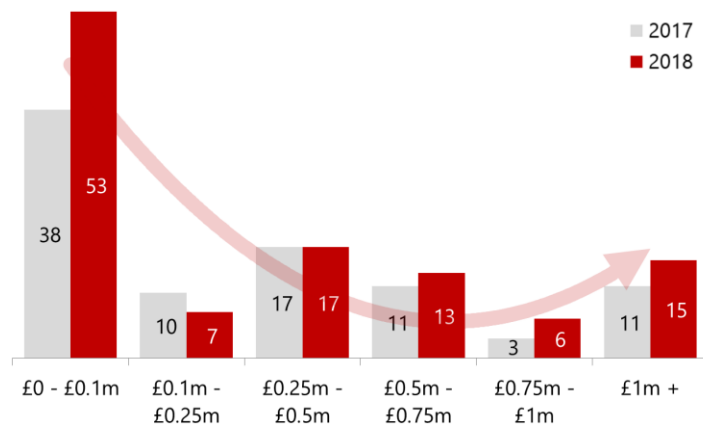


# FINAL RESULTS | CONSULTANCY DEVELOPMENT

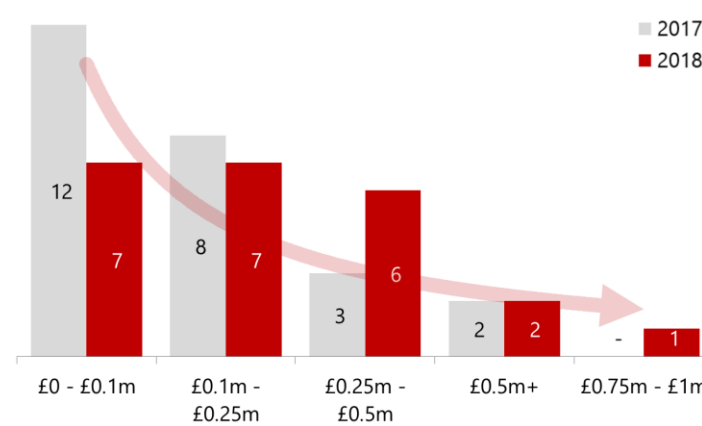
New consultant average revenues<sup>1</sup>



WM consultants' revenue profile



EB consultants' revenue profile



## Maturing team

Technical and specialist expertise

- 134 (2017: 115) consultants:
  - Collegiate team structures
  - Maintaining core values
- Expanding technical team
- Creating capacity for new business:
  - Apprenticeships
  - Graduate programmes
  - 'Life-served' people
  - Proven training and mentoring
- Integrity, expertise and passion

1. New WM consultants over the last five years.

# FINAL RESULTS | ACQUISITIONS

- Broughtons Financial Planning:
  - 250 clients with over £120m of assets under advice
  - Total consideration of up to £4.0m
  - £1.3m deferred over two years, subject to EBITDA hurdles
- Amati Global Investors:
  - Award-winning specialist fund manager
  - Own 49%
  - Total AuM<sup>3</sup> of £313m at year end (£120m at investment)
  - £0.2m share of profit in year
- MC Trustees:
  - SIPP and SSAS administration
  - Revenue of £1.7m, EBITDA of £0.5m in first full year
  - Deferred consideration of up to £0.5m

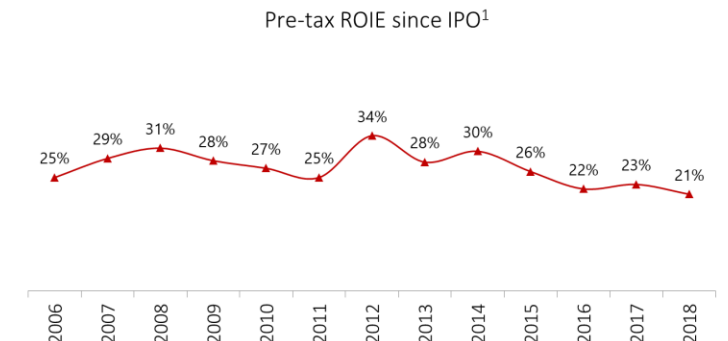
## Pipeline of new opportunities

Strong balance sheet offers flexibility to make further value-enhancing acquisitions

Fragmented markets

Larger opportunities

Well-defined criteria



1. Return on invested equity, calculated as Adjusted PBT<sup>2</sup> 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.  
3. Gross assets under management by Amati, excluding £12.1m (2017: £9.8m) of cross-holdings between the TB Amati Smaller Companies Fund and the Amati AIM VCT plc.

# FINAL RESULTS | FIVE STRATEGIC PILLARS



## PROPOSITION

*Great client outcomes*



## PEOPLE

*Right people, right place, right time*



## GROWTH

*Doing business tomorrow with people we don't know today*



## TECHNOLOGY

*One platform, one solution*



## ORGANISATION

*High performance and competitive advantage*

**Medium term goals: £100m revenue, £15bn AuM/A/A, 20% sustainable EBITDA margin**

# FINAL RESULTS | INVESTMENT CASE

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- Focus on strong shareholder returns:
  - Deliver great client outcomes
  - Grow and diversify revenues
  - Maintain margins, reduce clients' costs
  - Invest in people, technology and infrastructure
- Scalable business with integrity at its core:
  - Operating in growing markets
  - Culture of retaining existing clients, while seeking new clients
  - Right people, right place, right time
- Consolidation in our key markets:
  - Expanding across the value chain
  - Pipeline of well-considered acquisition opportunities
- Positive momentum across the business

## Securing profitable growth

Robust, sustainable model

Organic growth

Innovation

Acquisitions

Track record

# APPENDICES

## Final Results 2018





# FINAL RESULTS | APPENDICES

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- Income statement and underlying EPS
- Dividend
- Segment results
- Client assets
- Revenue yields
- Mattioli Woods Structured Products Fund
- Technology
- Regulation
- Acquisitions
- Shareholders

## Robust, sustainable model

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

# FINAL RESULTS | INCOME STATEMENT

	2018 £m	2017 £m	%Δ	Recurring revenues
Investment and asset management	25.1	21.0	+19.5	81.7%
Pension consultancy and administration	21.8	18.9	+15.3	87.7%
Property management	5.9	5.2	+13.5	89.8%
Employee benefits	5.9	5.4	+9.3	81.4%
<b>Revenue</b>	<b>58.7</b>	<b>50.5</b>	<b>+16.2</b>	<b>84.8%</b>
Employee benefits expense	(32.1)	(28.7)	+11.8	
Other administrative expenses	(12.3)	(9.5)	+29.5	
Share based payments	(1.5)	(1.9)	-21.1	
Loss on disposal of property, plant and equipment	(0.1)	(0.1)	-	
<b>EBITDA</b>	<b>12.7</b>	<b>10.4</b>	<b>+22.1</b>	
Share of profit from associates, net of tax	0.2	0.1	+100.0	
Gain on revaluation of Amati option	(0.5)	(0.1)	+500.0	
Acquisition-related costs	0.1	0.4	-75.0	
<b>Adjusted EBITDA</b>	<b>12.5</b>	<b>10.8</b>	<b>+15.7</b>	
Depreciation, amortisation and impairment	(3.0)	(2.6)	+15.4	
Net finance costs	(0.1)	(0.2)	-50.0	
Share of profit from associates, net of tax	0.2	0.1	+100.0	
<b>Profit before tax</b>	<b>9.8</b>	<b>7.7</b>	<b>+27.3</b>	
Income tax expense	(1.6)	(1.3)	-23.1	
<b>Profit for the period (PAT)</b>	<b>8.2</b>	<b>6.4</b>	<b>+28.1</b>	

## Strong revenue and profit growth

High recurring revenues

Maintaining target margins

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

# FINAL RESULTS | UNDERLYING EARNINGS

	2018 £m	2018 pps	2017 £m	2017 pps	△ in EPS
Reported profit before tax	9.8	37.2	7.7	29.5	
Income tax expense	(1.6)	(6.0)	(1.3)	(5.0)	
Statutory PAT / Basic EPS	8.2	31.2	6.4	24.5	27.3%
Amortisation on acquired intangibles	1.7	6.7	1.7	6.7	
Gain on revaluation of Amati option	(0.5)	(2.0)	(0.1)	(0.4)	
Notional finance costs	0.2	0.6	0.3	1.0	
Acquisition-related costs	0.1	0.5	0.4	1.5	
Adjusted PAT / Adjusted EPS	9.7	37.0	8.7	33.3	11.1%
Adjust income tax expense to standard rate	(0.3)	(1.1)	(0.3)	(0.8)	
Underlying PAT / Underlying EPS	9.4	35.9	8.4	32.5	10.5%
Basic weighted average number of shares	26.2m		26.0m		
Effective tax rate	16.2%		16.9%		
Standard rate of tax	19.0%		19.8%		

## Underlying earnings +10.5%

Like-for-like comparison to prior year  
£0.5m gain on revaluation of option  
Lower acquisition-related costs

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

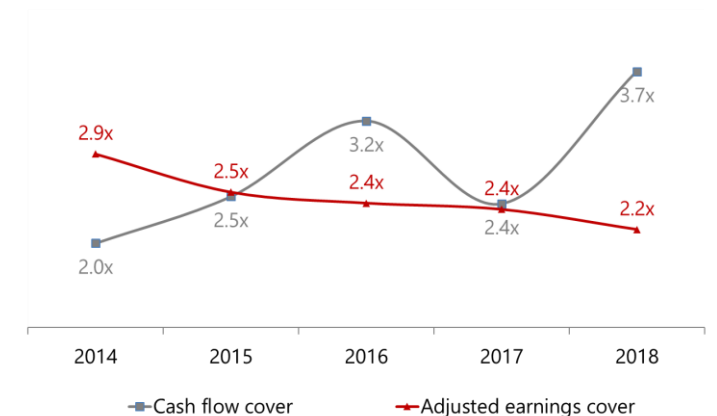
# FINAL RESULTS | DIVIDEND

- Cash generative business
- Proposed total dividend of 17.0p (2017: 14.1p)
- Remains well-covered:
  - 1.8x basic EPS (2017: 1.7x)
  - 2.2x adjusted EPS (2017: 2.4x)
  - 3.7x operating cash flow (2017: 2.4x)
- Progressive policy:
  - 19.4% CAGR in total dividend over last 5 years
  - 21.2% CAGR in total dividend since IPO

**Proposed total dividend +20.6%**

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

Dividend cover



# FINAL RESULTS | SEGMENT RESULTS

## Revenue synergies

New business referred between segments

	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>Audited</i>							
<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	(3.3)	9.8
<i>Audited</i>							
<i>Year ended 31 May 2017</i>							
Revenue	21.0	18.9	5.2	5.4	50.5	-	50.5
Segment profit before tax	5.0	3.6	1.2	0.5	10.3	(2.6)	7.7



# FINAL RESULTS | INVESTMENT AND ASSET MANAGEMENT

- Discretionary portfolio management:
  - AuM increased to £1.34bn (2017: £1.14bn)
  - Initial and ongoing charges of £14.2m (2017: £10.7m)
  - Launched multi-asset funds, reduced custody charges from 1 Aug 2017
- Mattioli Woods Structured Products Fund:
  - Annual management charges of £0.8m (2017: £0.2m)
  - Inflows of £115.4m, increasing AuM to £213.8m
- Adviser charges of £10.1m (2017: £10.1m):
  - Gross assets under advice increased to £2.04bn (2017: £1.52bn)
  - Increasing proportion invested in CREIT, MW SPF and Amati funds
- Enhancing quality of earnings:
  - Recurring revenues linked to value of AuM/A
  - Migrating assets under advice to AuM in acquired portfolios

Revenue +19.5%  
to £25.1m

Strong investment performance  
Lower adviser charges and TERs

# FINAL RESULTS | PENSION CONSULTANCY AND ADMINISTRATION

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- Direct fees +17.7% to £16.6m (2017: £14.1m):
  - 13.5% increase to 5,834 schemes
  - Strong client retention, overall attrition rate of 2.6%
- Admin-only fees +4.3% to £4.8m (2017: £4.6m):
  - Scheme numbers fell to 4,699 (2017: 4,881)
  - Winding-up distressed portfolios
  - Stadia Trustees' clients starting to receive FSCS compensation
- Reclaimed £3.5m of VAT on clients' behalf
- Banking revenue of £0.4m (2017: £0.2m)
- Future growth opportunities:
  - Consolidation in sector
  - Change and complexity driving demand for advice

Over 10,500  
SSAS and SIPP  
schemes

administered by the Group

# FINAL RESULTS | PROPERTY MANAGEMENT

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- Property investment services:
  - Discretionary manager of Custodian REIT
  - Direct investment on behalf of client syndicates
  - Consultancy and administration
  - Private Investors Club (PIC)
  - Property insurance
- Custodian REIT:
  - £0.5bn portfolio of real estate
  - High yield, coupled with potential for capital growth
  - Custodian Capital's fees linked to NAV
- Private Investors Club:
  - Sophisticated investors only
  - Asset-backed and equity investment opportunities
  - 8 (2017: 5) new syndicates, investing £26.3m (2017: £20.4m)

Revenue +13.5%  
to £5.9m

Facilitating pooled and direct  
property investment

# FINAL RESULTS | EMPLOYEE BENEFITS

- Consultancy replacing traditional broking service:
  - Flexible benefits
  - Workplace advice to address “advice gap”
  - Multi-generational engagement
  - Reduced pension-related revenues
- Diversifying ancillary revenues:
  - Specialist sectors, e.g. charities
  - Health insurance
  - MW Private Pension
- Strategic business aims:
  - Cross-referral between other service lines
  - Add services to existing clients
  - Increase referrals from Worldwide Broker Network
  - £20m revenue, 2,000 clients

Revenue +9.3% to £5.9m

Attract, retain, motivate, engage

83%

of employers feel that employees would benefit from financial advice<sup>1</sup>

56%

of employers plan to do more to help employees make informed choices<sup>1</sup>

28%

of employers anticipate including financial advice for employees in their budget<sup>1</sup>

1. Source: Mattioli Woods' 2017 Employee Benefits Insight Report.

# FINAL 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 <sup>1</sup> £m	Total £m
At 1 June 2017	5,031.3	1,102.3	1,638.1	7,771.7	153.8	7,925.5
Net inflow, including market movements	454.6	135.6	81.3	671.5	132.2	803.7
At 31 May 2018	5,485.9	1,237.9	1,791.4	8,443.2	286.0	8,729.2

Total client assets  
+10.1% to £8.73bn

Gross AuM +29.3% to £2.34bn

Assets under management	DPM £m	Custodian REIT £m	Mattioli Woods SPF £m	Amati £m	Gross AuM £m	Cross-holdings in DPM <sup>2</sup> £m	Cross-holdings in Amati funds <sup>3</sup> £m	Net AuM £m
At 1 June 2017	1,144.8	391.4	98.4	175.7	1,810.3	(76.9)	(9.8)	1,723.6
Inflows	273.7	49.1	115.4	103.8	542.0	(44.1)	(2.3)	495.6
Outflows	(88.7)	-	-	(2.9)	(91.6)	-	-	(91.6)
Market movement	11.3	22.1	-	48.5	81.9	-	-	81.9
At 31 May 2018	1,341.1	462.6	213.8	325.1	2,342.6	(121.0)	(12.1)	2,209.5

1. Assets under management of £286.0m (2017: £153.8m) excludes £27.0m (2017: £12.1m) of Mattioli Woods' client investment included within SIPP and SSAS, employee benefits and personal wealth and other assets and excludes £12.1m (2017: £9.8m) of cross-holdings between the TB Amati Smaller Companies Fund and the Amati AIM VCT plc.

2. Comprises £30.4m (2017: £28.3m) invested in Custodian REIT, £69.2m (2017: £36.7m) in the Mattioli Woods Structured Products Fund and £21.4m (2017: £11.9m) in Amati funds.

3. Cross-holdings between the TB Amati Smaller Companies Fund and the Amati AIM VCT plc.

# FINAL RESULTS | REVENUE YIELDS

	Client assets		Average annual revenue yield	
	2018	2017	2018	2017
<b>By division</b>	£bn	£bn	bps	bps
Wealth Management <sup>1</sup>	7.20	6.67	73	68
Employee Benefits <sup>2</sup>	1.24	1.10	47	49
<b>Total (excluding Amati)</b>	<b>8.44</b>	<b>7.77</b>	<b>69</b>	<b>65</b>
<b>By segment<sup>3</sup></b>	£bn	£bn	bps	bps
Pension consultancy and administration	5.49	5.03	40	38
Investment and asset management	3.60	2.77	70	76
Property management	0.54	0.44	109	116

## Integrated model

Addressing more of the value chain, with the aim of lowering clients' TERs

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 | STRUCTURED PRODUCTS FUND

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- Assets under management now exceed £200m
- Builds on existing structured product initiative
- Adds the benefits of:
  - Collateralisation
  - Instant diversification
  - Continuous availability
  - Liquidity
- Collateral in the form of UK Gilts
- Target average annual return is 3m GBP LIBOR + 6% over a rolling three-year period

Developing our  
funds business

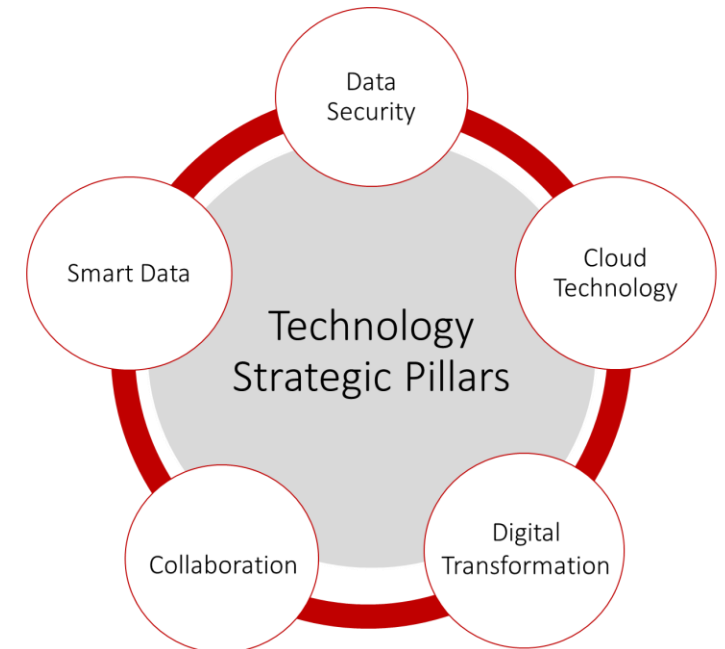
Innovative product development

# FINAL RESULTS | TECHNOLOGY

- Recent successful implementations:
  - Cloud migration to Azure
  - Workday HR and payroll system
- Further projects to transform landscape:
  - Group-wide Client Relationship Management system
  - Client portal
  - Enhancement of MWeb
- 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:
  - Capex of £1.0m on IT development

Scalable, agile  
and stable

One platform, one solution





# FINAL RESULTS | REGULATION

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- Regulated by FCA:
  - C3 “flexible portfolio” firm
  - P3 firm (prudentially non-significant)
  - IFPRU €50k limited licence firm
  - Custodian Capital is an AIFM
- Regulatory landscape:
  - FS18/8 and CP18/9 Asset Management Market Study
  - FCA CP18/17 Retirement Outcomes Review
  - FCA/tPR (Pensions Regulator) Campaign on pension scams and banning cold calling
  - FCA DP18/5 Duty of Care
  - Pushing burden onto providers to ensure products are suitable for ultimate intended customer

**Strong compliance culture**

Period of unprecedented change

# FINAL RESULTS | REGULATION

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- Withdrawn from giving transfer advice on DB pensions:
  - FCA continue to review market
  - Increasing costs of regulation and resources required
  - Evolving professional indemnity insurance market
- MiFID II in effect from 3 Jan 2018:
  - Inducements
  - Costs and charges
  - Product governance
  - Role of compliance
- Managing conflicts - our policy:
  - Transparent client communication and disclosure
  - Suitability checks on products and services
  - Delivering fair client outcomes
  - Remuneration structures avoid bias

## Integrated model to deliver better client outcomes

Regulator recognises demand for advice

RDR facilitates vertically-integrated models

Designed for long-term sustainability

Reducing client costs

# FINAL RESULTS | REGULATORY CAPITAL REQUIREMENT

- Flexibility to pursue acquisitions:
  - Broughtons acquisition reduces surplus by £3.2m
- 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

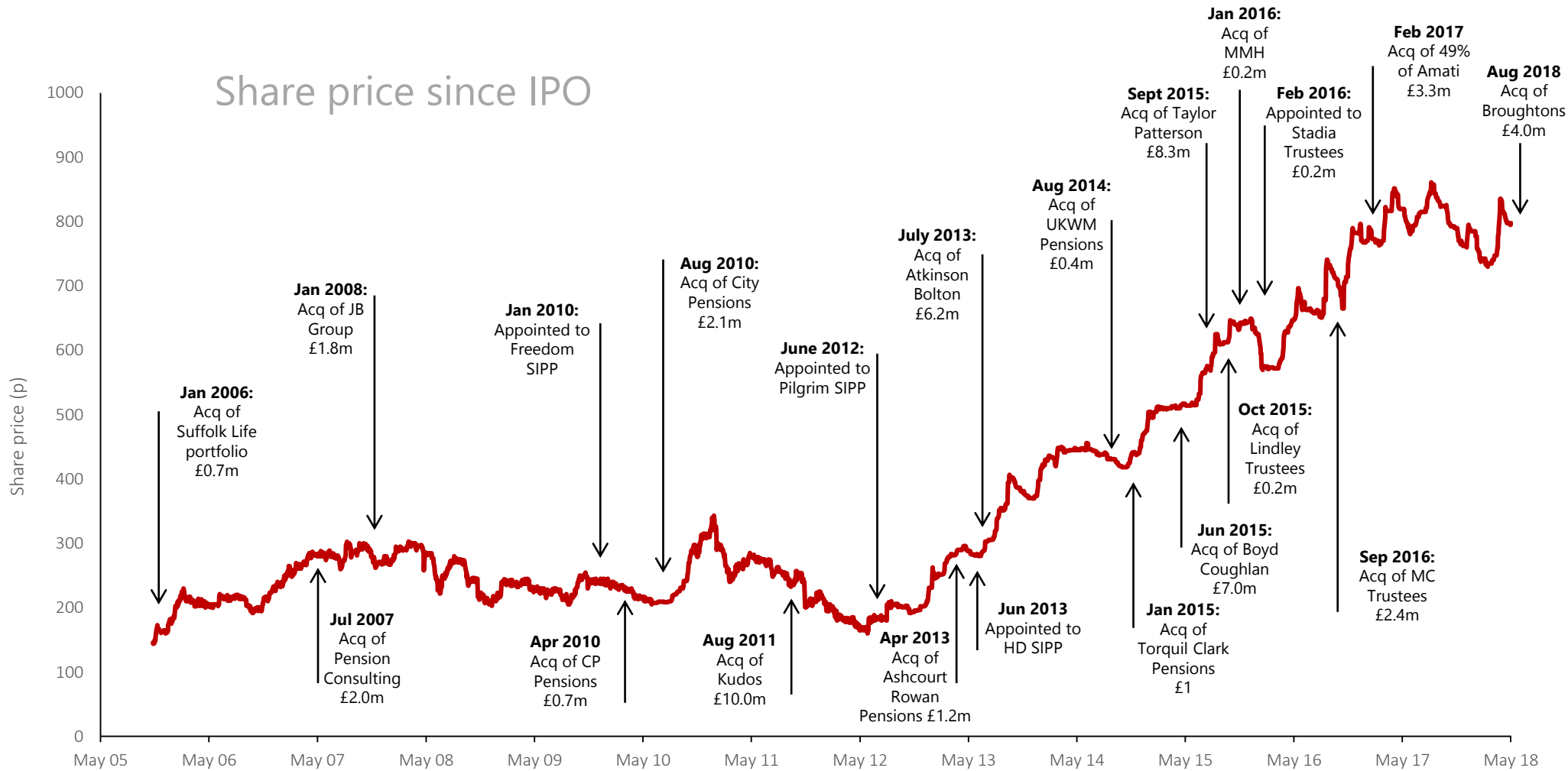
Strong balance sheet

	2018 £m	2017 £m
Regulatory capital		
CET1 capital after adjustments <sup>1</sup>	29.7	23.4
Pillar 1 minimum capital requirement	10.1	9.1
Surplus before Pillar 2A	19.6	14.3
Incremental Pillar 2A requirement	0.8	0.9
Regulatory capital requirement	10.9	10.0
Surplus	18.8	13.4
<i>Surplus as % of requirement</i>	172%	134%

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

# FINAL RESULTS | ACQUISITIONS

Share price since IPO



## Track record of adding value

21 acquisitions since IPO

Track record of successful integration

£4m acquisition of Broughtons Financial Planning in Aug 2018

# FINAL RESULTS | SHAREHOLDERS

- Top 10 external shareholders<sup>1</sup>:
  - Liontrust Asset Management 11.8%
  - Investec Wealth & Investment 11.2%
  - BlackRock Investment Management 10.5%
  - Aberdeen Standard Investments 9.1%
  - Unicorn Asset Management 4.4%
  - Canaccord Genuity Wealth Management 2.5%
  - Livingbridge 2.4%
  - Legal & General Investment Management 2.2%
  - Octopus Investments 2.1%
  - McInroy & Wood 1.2%
- Wide employee share ownership:
  - Directors hold 13.4%
  - Other employees hold 13.3%

Delivering strong,  
sustainable returns

Broadening our shareholder base

1. At 31 May 2018. Source: Orient Capital Pty Limited.