

STRICTLY PRIVATE & CONFIDENTIAL

# 2020 INTERIM RESULTS

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15 September 2020



# INTERIM RESULTS H1 2020

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NEIL STEVENS  
Joint CEO



MATT TIMMINS  
Joint CEO



GARETH HAGUE  
Group FD

## AGENDA

H1 Highlights

1

Accelerating  
Digital  
Strategy

2

Financial  
Performance

3

Clear  
Strategic  
Focus

4

RESILIENT PERFORMANCE – DIGITAL ACCELERATION



# RESILIENT PERFORMANCE – DIGITAL ACCELERATION

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## H1 2020 – FINANCIAL HIGHLIGHTS

**£28.9m**

**Revenue**

(1)% H1 2019

**£7.4m**

**Adjusted<sup>1</sup> EBITDA**

(8)% H1 2019

**25.5%**

**Adjusted<sup>1</sup> EBITDA Margin**

27.5% H1 2019

**£5.3m**

**Adjusted<sup>1</sup> PBT**

(14)% H1 2019

**4.22p**

**Adjusted<sup>1</sup> EPS**

(24)% H1 2019

**65%**

**Free cash flow conversion**

Net debt of £25.8m

**FULL YEAR EPS NO LESS THAN 11.0p**



# RESILIENT PERFORMANCE - DIGITAL ACCELERATION

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## H1 2020 – OPERATIONAL HIGHLIGHTS

**Scale** strong,

Subscriptions **growing**

Defaqto **strong  
delivery**

**Digital strategy**  
moved all services to  
platform

All intermediary  
**services delivered** to  
schedule

Customer **engagement  
& satisfaction** increased

Award Winning  
**Service**

**Effectively responded to COVID-19 disruptions**



# SIMPLYBIZ

## Fintech & Services to 5,600 retail intermediaries

Bankhall



Lloyd & Whyte



basi&basi



mha  
TAIT WALKER



beaufort  
FINANCIAL



Paradigm



BROOM  
IMAGINATIVE  
FINANCIAL  
ADVICE



Pareto  
ALL MATTERS FINANCIAL



BROWN SHIPLEY  
A QUINCY PRIVATE BANK



Prism Financial Advice Ltd  
Independent Financial Adviser



CHN  
FINANCIAL CONSULTANCY



Quilter



## Distribution Services to 400 financial institutions



Vitality



GUARDIAN  
LIFE. MADE BETTER.

canada  
life

embark  
group



JUST.

ROYAL  
LONDON



# Enabling better outcomes



## A Quality Business in a Quality Market

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**Market  
leading scale**

**Unrivalled  
breadth**

**Quality  
revenues**

**Strong  
margins**

**Accelerating  
digital  
strategy**

**£2.6 trillion retail market**



# FINANCIAL PERFORMANCE

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# H1 2020 Financial Performance

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£m	2020	2019	Change
Revenues	28.9	29.1	(1%)
EBITDA <sup>1</sup>	7.4	8.0	(8%)
EBITDA Margin <sup>1</sup>	25.5%	27.5%	(7%)
Profit before tax <sup>1</sup>	5.3	6.2	(14%)
EPS <sup>2</sup>	4.2p	5.6p	(24%)
Free cash flow conversion <sup>3</sup>	65%	43%	

1 - Adjusted EBITDA is earnings before interest, tax, depreciation, amortisation, share option charges and operating exceptional costs. Adjusted profit before tax excludes operating exceptional costs and amortisation of intangible assets arising on acquisition.

2 - Adjusted Earnings Per Share is calculated as adjusted profit after tax, which excludes operating exceptional costs and amortisation of intangible assets arising on acquisition, divided by the average number of ordinary shares in issue for the period.

3 - Free cash flow conversion is calculated as adjusted EBITDA, less working capital movements, lease payments, CAPEX, development expenditure, corporation tax paid and interest, as a percentage of Adjusted EBITDA.

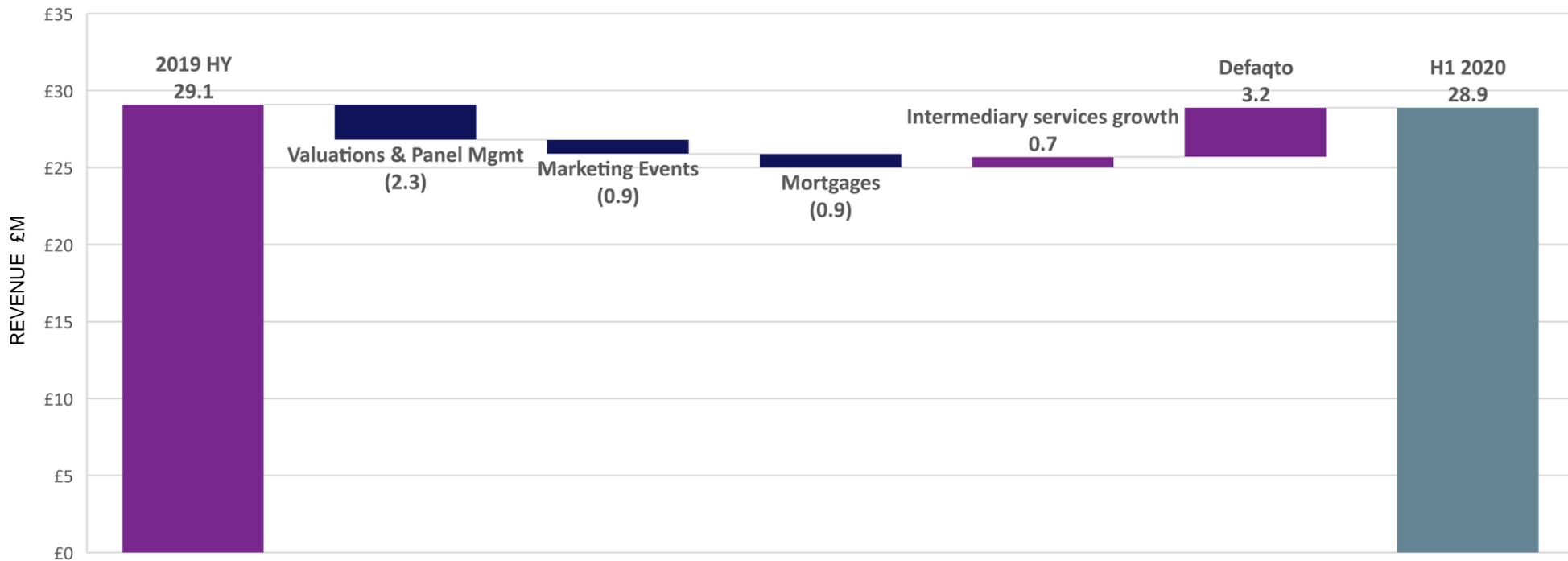


# RESILIENT PERFORMANCE

## H1 2020 – REVENUE

Revenue £m - Impacts in period

■ Increase ■ Decrease ■ Total



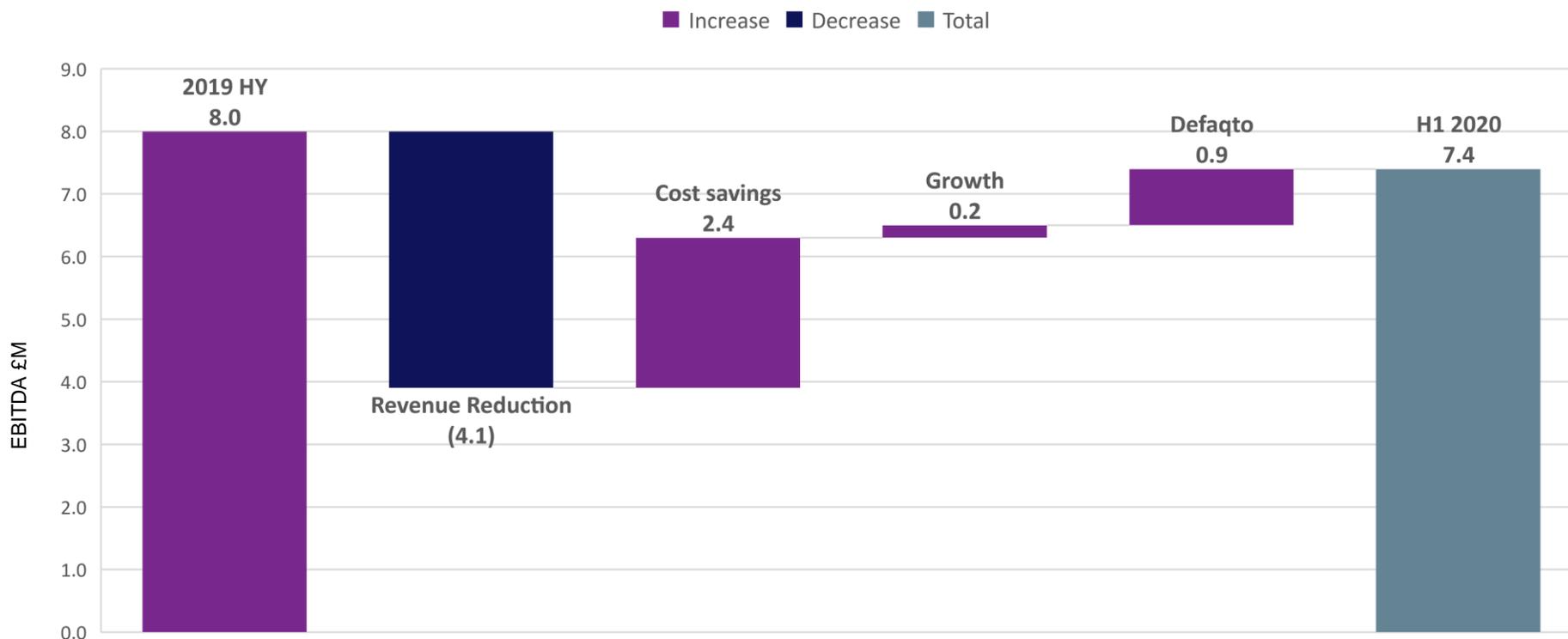
£4.1m of revenue impacted by Covid-19 lockdown



# RESILIENT PERFORMANCE

## H1 2020 – Adjusted EBITDA

EBITDA £m - Impacts in period



£1.7m of EBITDA directly impacted by Covid-19 lockdown



# H1 2020 - FREE CASH FLOW

£'000	Jun 20	Jun 19
Adjusted EBITDA <sup>1</sup>	7.4	8.0
Working Capital	1.8	(2.4)
Tax paid	(1.4)	(0.4)
CAPEX	(1.0)	(0.0)
Development spend	(1.4)	(0.9)
Interest	(0.3)	(0.4)
Lease Payments	(0.5)	(0.4)
Free cash flow	4.7	3.4
<b>Conversion (%)<sup>2</sup></b>	<b>65%</b>	<b>43%</b>

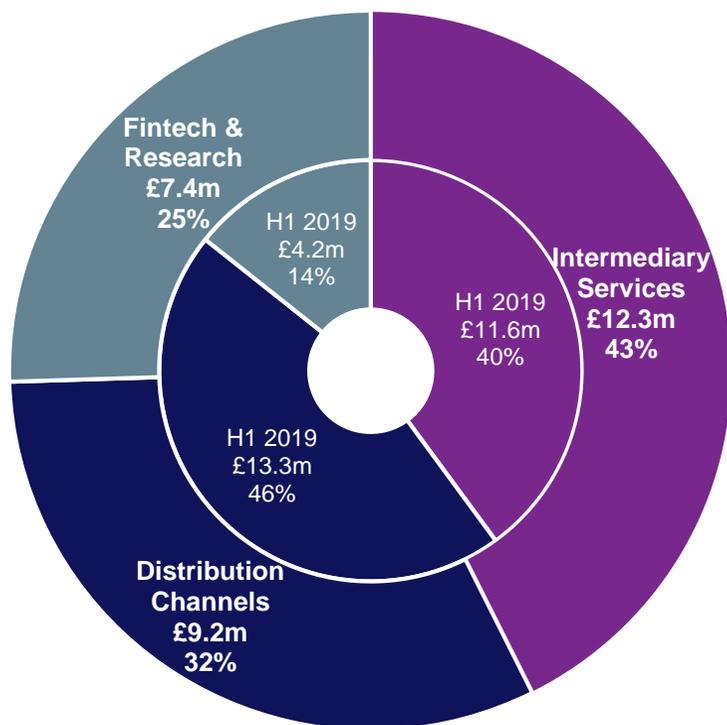
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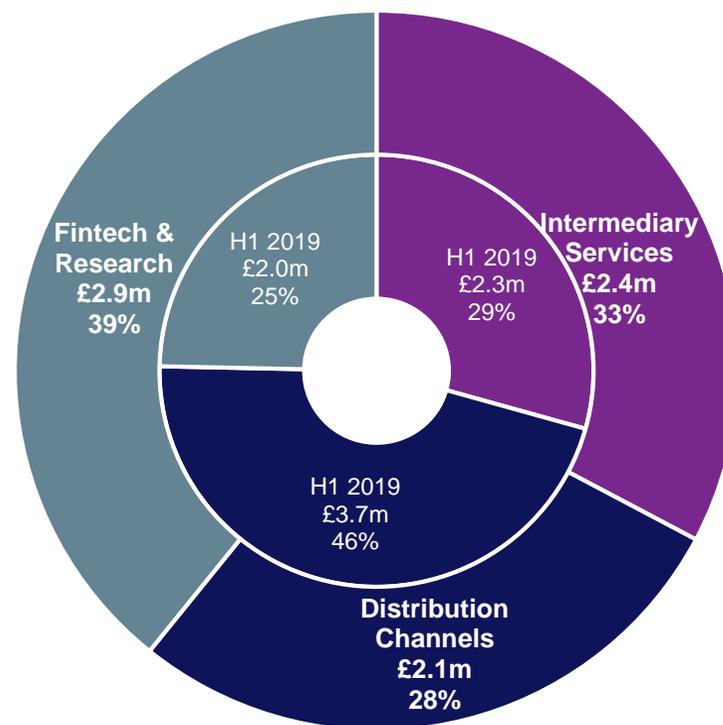


# GROWING QUALITY EARNINGS

## H1 2020 Revenue £m



## H1 2020 EBITDA £m



# STRATEGIC PRIORITIES

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# STRATEGIC PRIORITIES

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	Accelerating Digital delivery	✓
	Growth in value per customer	✓
	Growth in higher value customers	✓
	Effective cost control	✓
	Capital & Cash efficiency	✓



# DIGITAL ACCELERATION

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## RESILIENT PERFORMANCE



Resilient trading



Preserved scale and quality earnings



Strong margin



## DIGITAL ACCELERATION



Digital delivery to all customers



Improved customer journey



Digital platform for growth

**FULL YEAR EPS NO LESS THAN 11.0p**



# APPENDICES

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Business overview (18-22)

Market drivers (23-25)

Revenue model (26-30)

Product mix (31-33)



## PROVEN MANAGEMENT TEAM

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**MATT TIMMINS**  
**Joint CEO**

Joined the Group as Marketing Director at inception in 2002  
Appointed Joint Managing Director in May 2010



**NEIL STEVENS**  
**Joint CEO**

Joined the Group in 2003  
Appointed Joint Managing Director in May 2010



**GARETH HAGUE**  
**Group Finance Director**

Joined the Group in 2016 as Group Financial Controller  
Appointed Group Finance Director in April 2018

## NON-EXECUTIVE DIRECTORS



**KEN DAVY**  
**Non-Executive Chairman**



**TIM CLARKE**  
**Non-Executive Director**

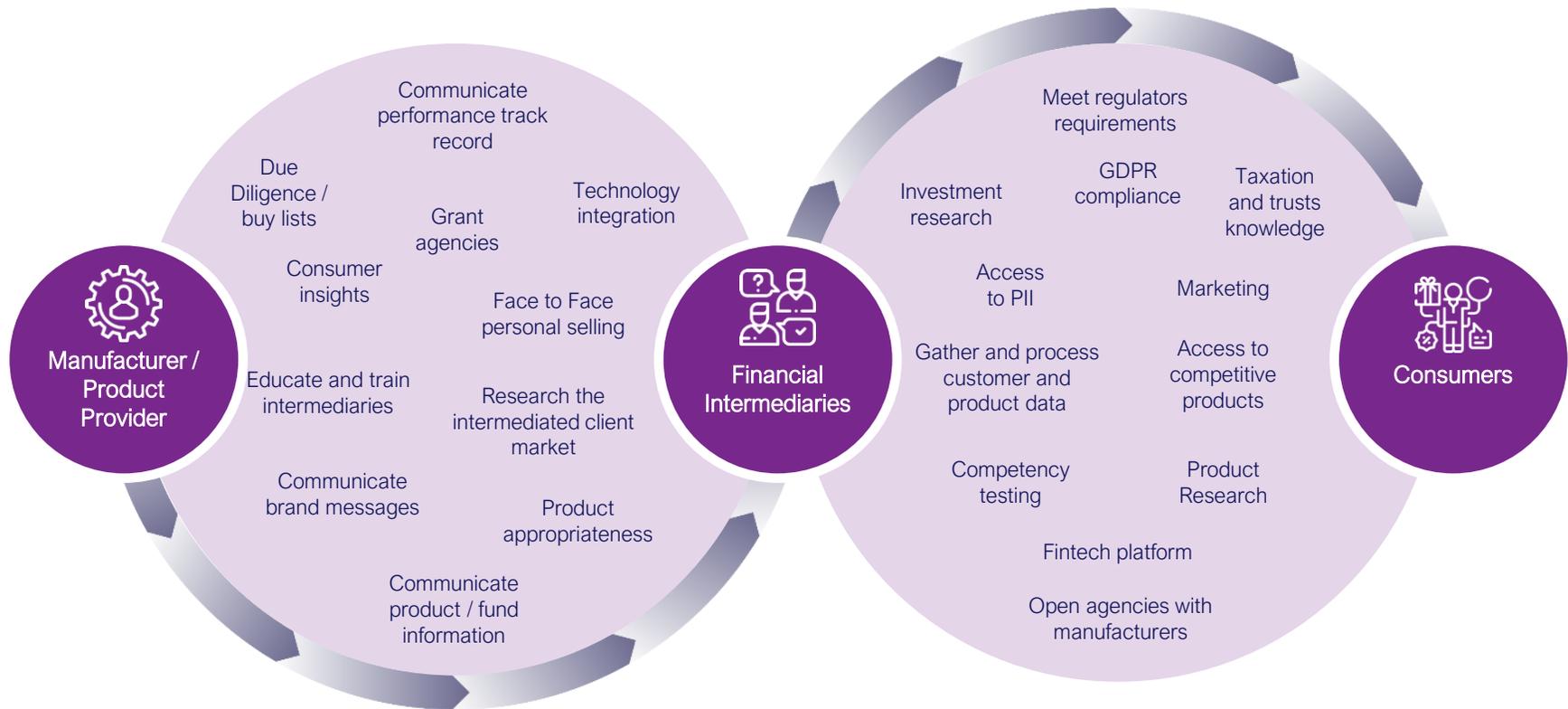


**GARY HUGHES**  
**Non-Executive Director**



# UK FINANCIAL SERVICES – AN INTERMEDIATED MARKETPLACE

## A HIGHLY FRAGMENTED MARKET WITH REGULATORY AND DISTRIBUTION CHALLENGES



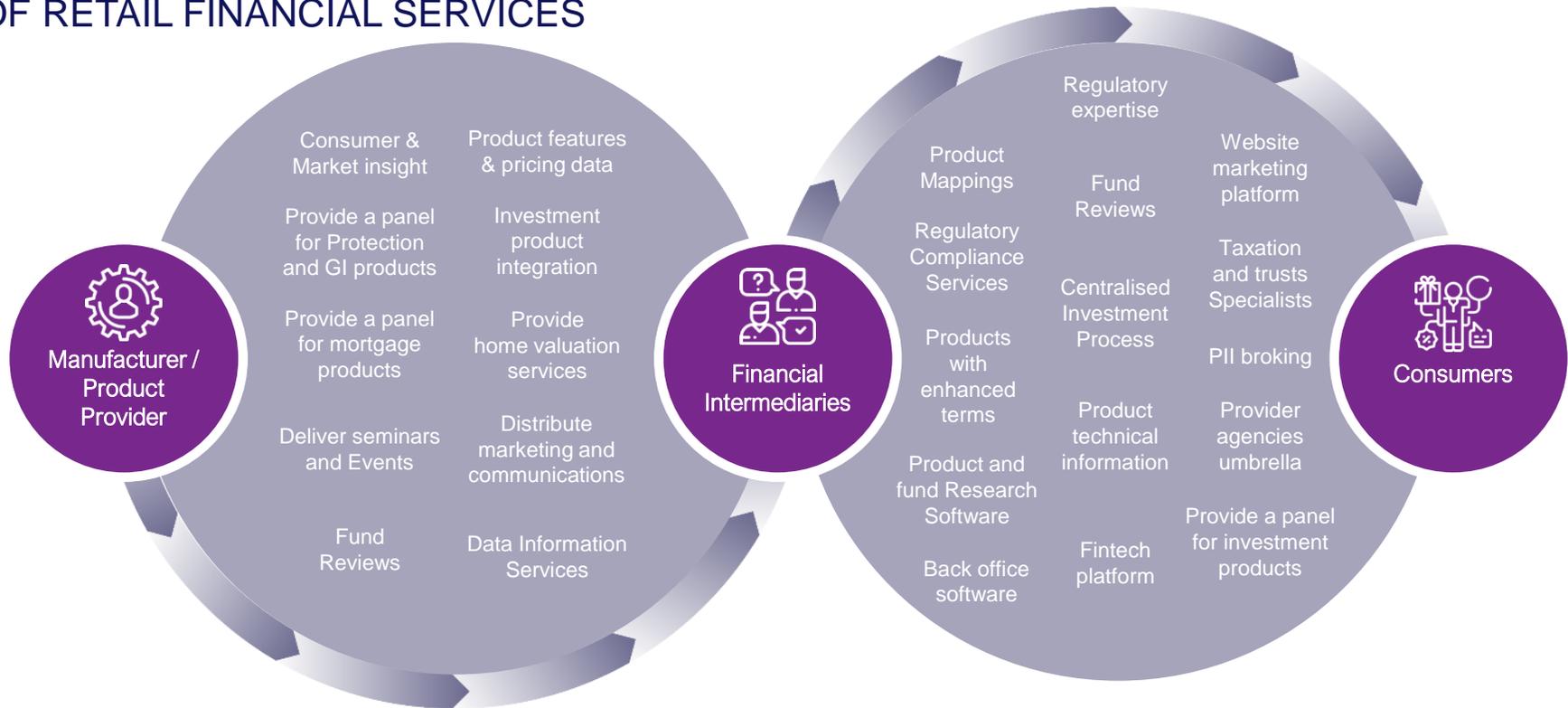
Est. 80% of UK Retail Asset Management sales are intermediated **£197bn in 2018\***  
 Est. 70%+ of UK Mortgages sales are intermediated **est. £187bn in 2018\*\***

\*Source: The Investment Association, 2019  
 \*\*Source: UK Finance



# MARKET ENABLER

## PROVIDING ESSENTIAL SERVICES TO THE SUPPLY-SIDE AND DEMAND-SIDE OF RETAIL FINANCIAL SERVICES



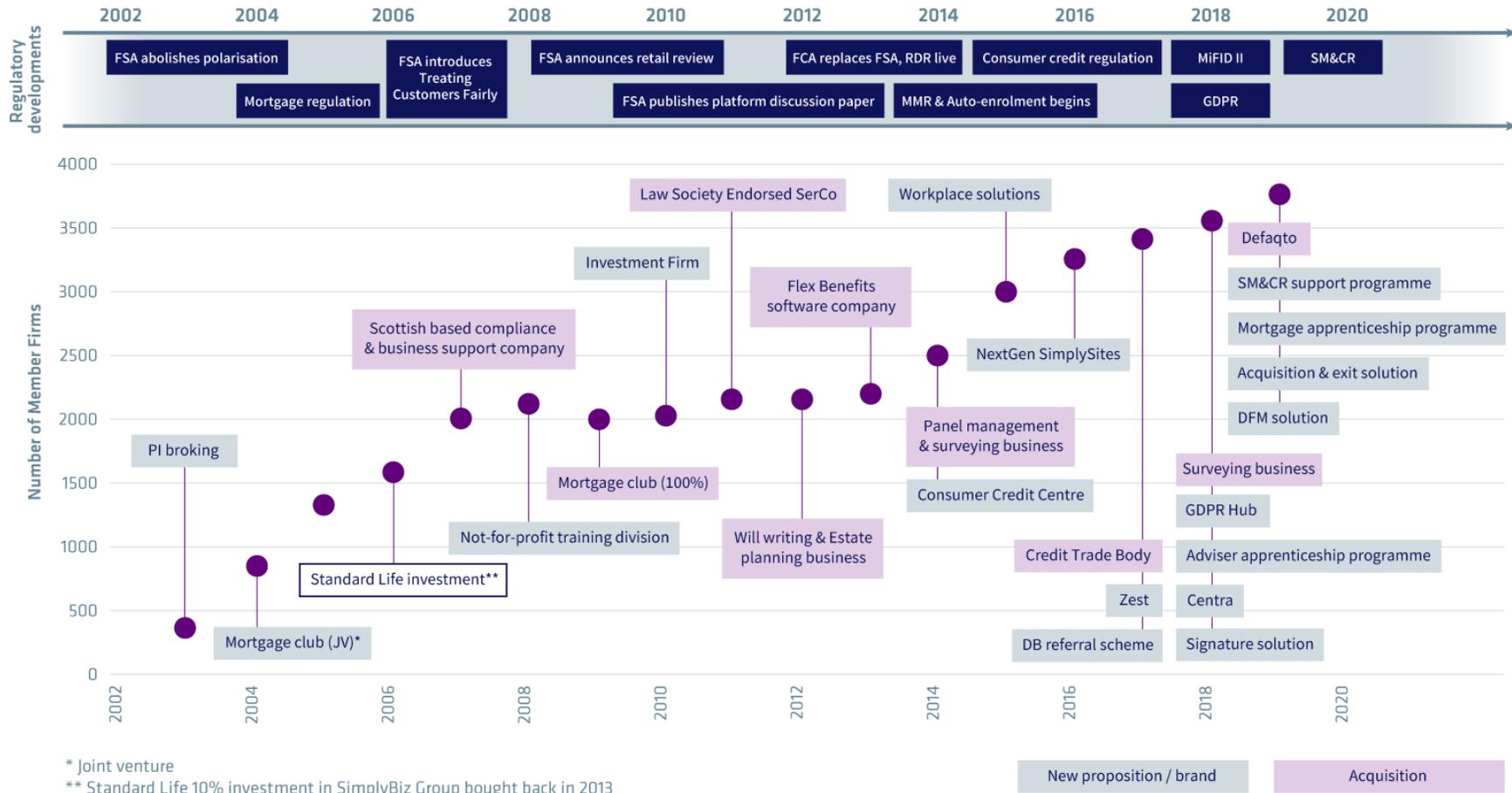
## OUR LOCATIONS AND TEAMS

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- 560 staff at 30/06/20
- Track record for recruiting and retaining talent across all business areas
- High level of staff retention, average tenure of 5 years
- Staff skill set and experience supports continued operational leverage



# DEFENSIVE GROWTH – BENEFICIARY OF CHANGING REGULATION



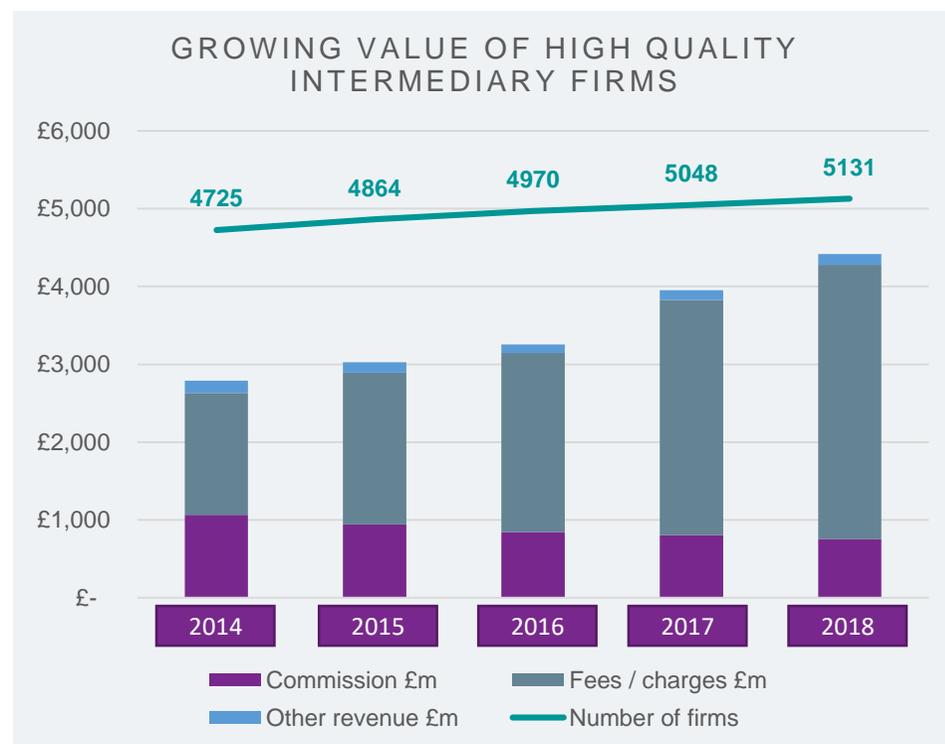
NEW SERVICE DEVELOPMENT TO RESPOND TO MARKET TRENDS, REGULATORY INTERVENTION AND MEETING ADVISER NEEDS...



# MARKET DRIVERS: INVESTMENT INTERMEDIARIES

## HIGH QUALITY CUSTOMERS WITH STRONG GROWTH DRIVERS

- Strong customer growth
- Rapid digital adoption.
- Regulatory drivers increase demand



Source: FCA Sector views 2020

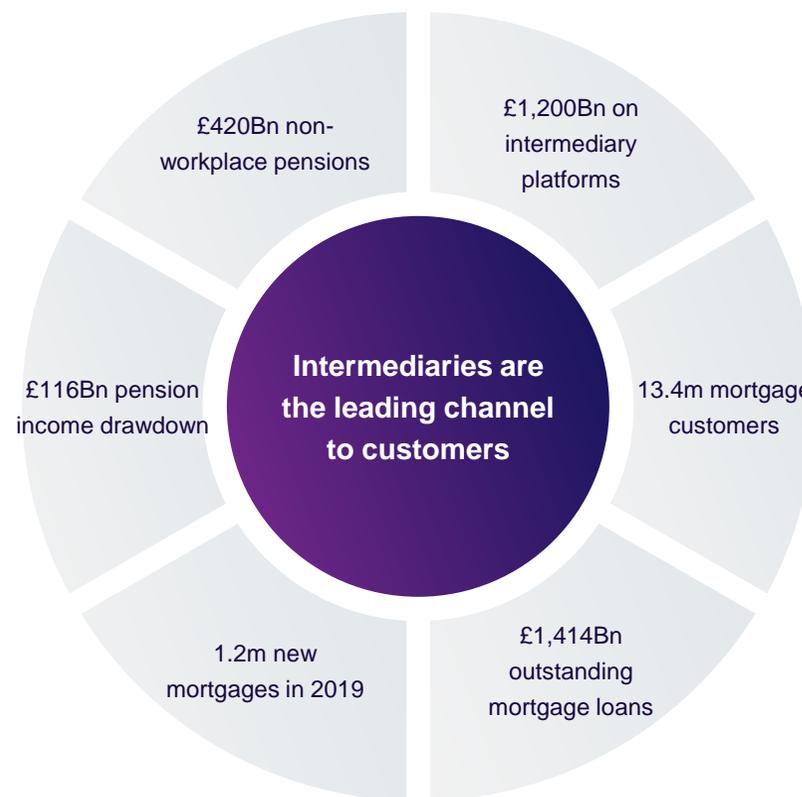


# MARKET DRIVERS: PRODUCT PROVIDERS

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## HIGH QUALITY CUSTOMERS WITH STRONG GROWTH DRIVERS

- Intermediary Market is no.1 channel
- Data on and engagement with intermediaries are essential
- Regulatory drivers increase demand



Source: FCA Sector views 2020



# MARKET DRIVERS: REGULATORY CHANGE

## REGULATORY DRIVERS ARE STRONG IN 2020/21 FROM DEAR CEO AND FROM FCA SECTOR VIEWS

Regulatory Drivers - Intermediaries	Regulatory Drivers – Product Providers
Advice Suitability	MiFID II
Fees	Costs and Charges
Defined Benefit Pensions	Investment Risk
Senior Manager's Regime	Product Design



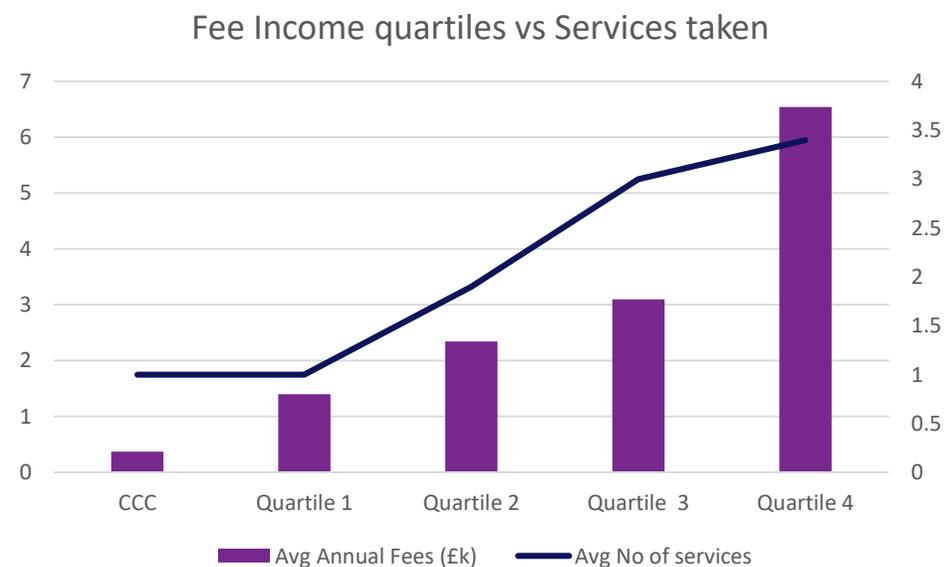
# STRATEGIC PRIORITIES - GROWTH IN VALUE PER CUSTOMER

## QUALITY CUSTOMER BASE WITH LATENT VALUE

- New customer wins focus on **value per customer**

Customer Case Study 1			B Group	Large IFA
Annual Fees (£)	£	33,792		
Turnover	£	4,000,000		
Services taken		5		
Customer Case Study 2			K St	Wealth Manager
Annual Fees (£)	£	29,664		
Turnover	£	800,000		
Services taken		3		

- Digitisation will **increase services** and **fee income**



# STRONG MARGIN WITH QUALITY EARNINGS

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## RESILIENT PERFORMANCE WITH ACCELERATED DIGITAL DELIVERY

- High-quality revenues delivered by a resilient business
- 58% SaaS and recurring revenues
- Accelerated digital delivery is expected to increase SaaS and recurring revenues

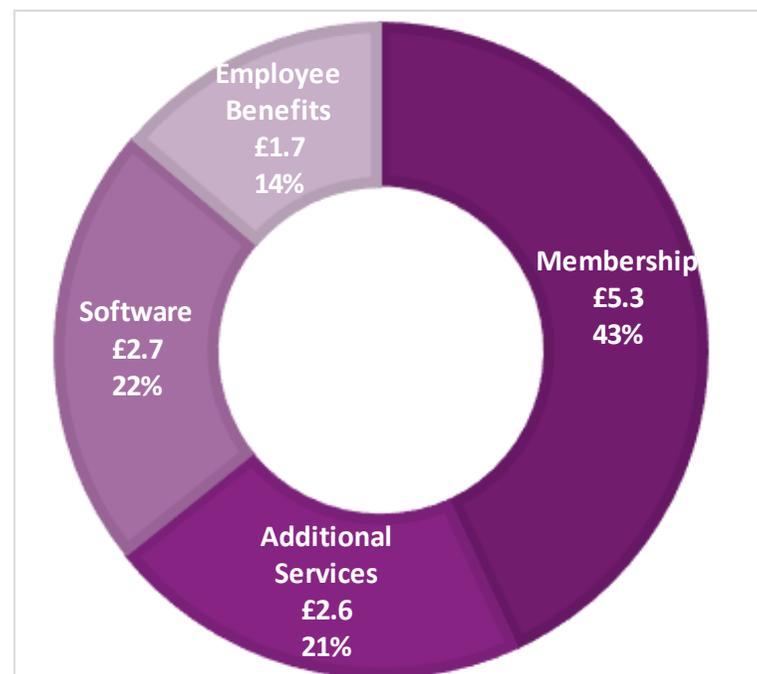


# DIVISIONAL PERFORMANCE

## INTERMEDIARY SERVICES

	H1 2020	H1 2019	Growth
Revenue £m	12.3	11.6	5.9%
% Group	43%	40%	
EBITDA £m	2.4	2.3	3%
% Group	33%	29%	
Margin %	19.6%	20.2%	

All services in the division are provided to and paid for by financial intermediaries and employee benefit providers



		H1 2020	% Division	Growth	Quality	Margin
Membership	Intermediary member fees for support services	£5.3	43%	4.4%	Recurring	High
Additional Services	Additional compliance and business support	£2.6	21%	9.0%	Recurring	Medium
Software	Reseller and proprietary Fintech	£2.7	22%	10.1%	SaaS	Medium
Employee Benefits	Zest Fintech for EBCs, Providers and Employers	£1.7	14%	1.0%	SaaS	Low

£ figures in £m

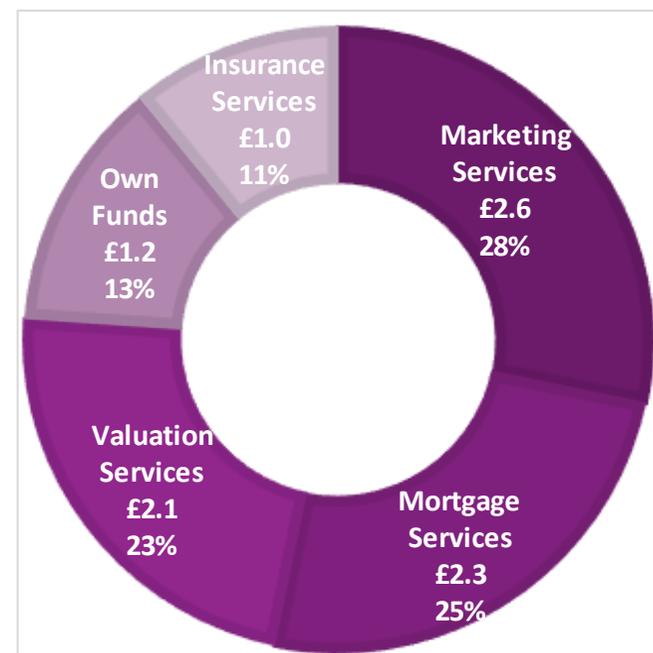


# DIVISIONAL PERFORMANCE

## DISTRIBUTION CHANNELS

	H1 2020	H1 2019	Growth
Revenue £m	9.2	13.3	-30.8%
% Group	32%	46%	
EBITDA £m	2.1	3.7	-44%
% Group	28%	46%	
Margin %	22.4%	27.7%	

All services in the division are provided to and paid for by product providers and employee benefit providers



		H1 2020	% Division	Growth	Quality	Margin
Marketing Services	Seminars and marketing content to advisers	£2.6	29%	-25.9%	Repeat	High
Mortgage Services	Mortgage club transaction fees on products	£2.3	24%	-28.2%	Repeat	High
Valuation Services	Property valuations for mortgage transactions	£2.1	23%	-52.0%	Repeat	Low
Own Funds	Investment solutions	£1.2	13%	1.6%	Repeat	High
Insurance Services	Commission income on product sales	£1.0	11%	-3.1%	AUM	High

£ figures in £m



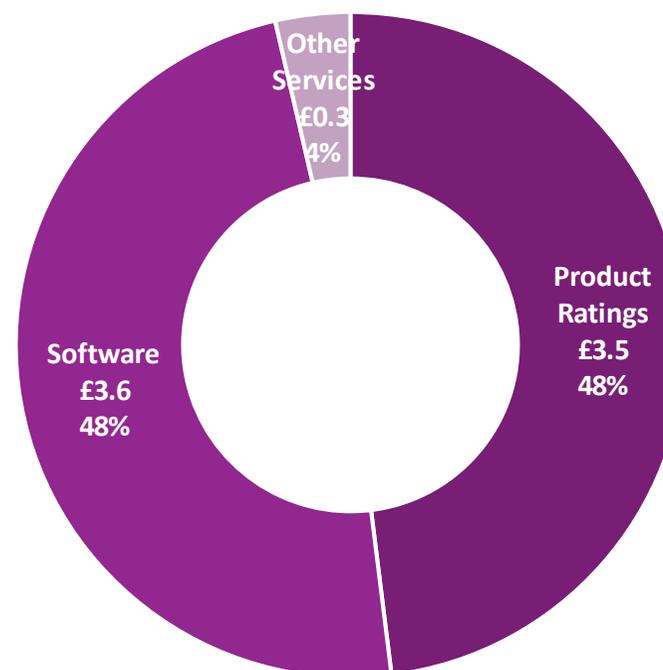
# DIVISIONAL PERFORMANCE

## FINTECH & RESEARCH –

EARNINGS ENHANCING RESULTS IN H1 2020

	H1 2020	H1 2019	Growth
Revenue £m	7.4	4.2	77.1%
% Group	25%	14%	
EBITDA £m	2.9	2.0	46%
% Group	39%	25%	
Margin %	39.2%	47.5%	

All services in the division are provided by Defaqto



		H1 2020	% Division	Growth	Quality	Margin
Product Ratings	Research and ratings for financial products	£3.5	48%	97%	Repeat	High
Software	Fintech and data services	£3.6	48%	86%	Saas	High
Other Services	Bespoke project and consultancy	£0.3	4%	-41%		Medium

£ figures in £m



# DELIVERING BETTER OUTCOMES FOR RETAIL FINANCIAL SERVICES

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**SimplyBiz**  
*Intermediary Services*

Membership

Additional services

Software

Employee Benefits



**SimplyBiz**  
*Distribution Channels*

Marketing Services

Mortgage & Valuation Services

Insurance Panel

Own products

Market and product insights



# DELIVERING BETTER OUTCOMES FOR RETAIL FINANCIAL SERVICES

defaqto

INTERMEDIARY SERVICES

Fintech  
(Engage + CENTRA)

Research and Panels

Data Services



defaqto

DISTRIBUTION CHANNELS

Ratings

Fund Reviews

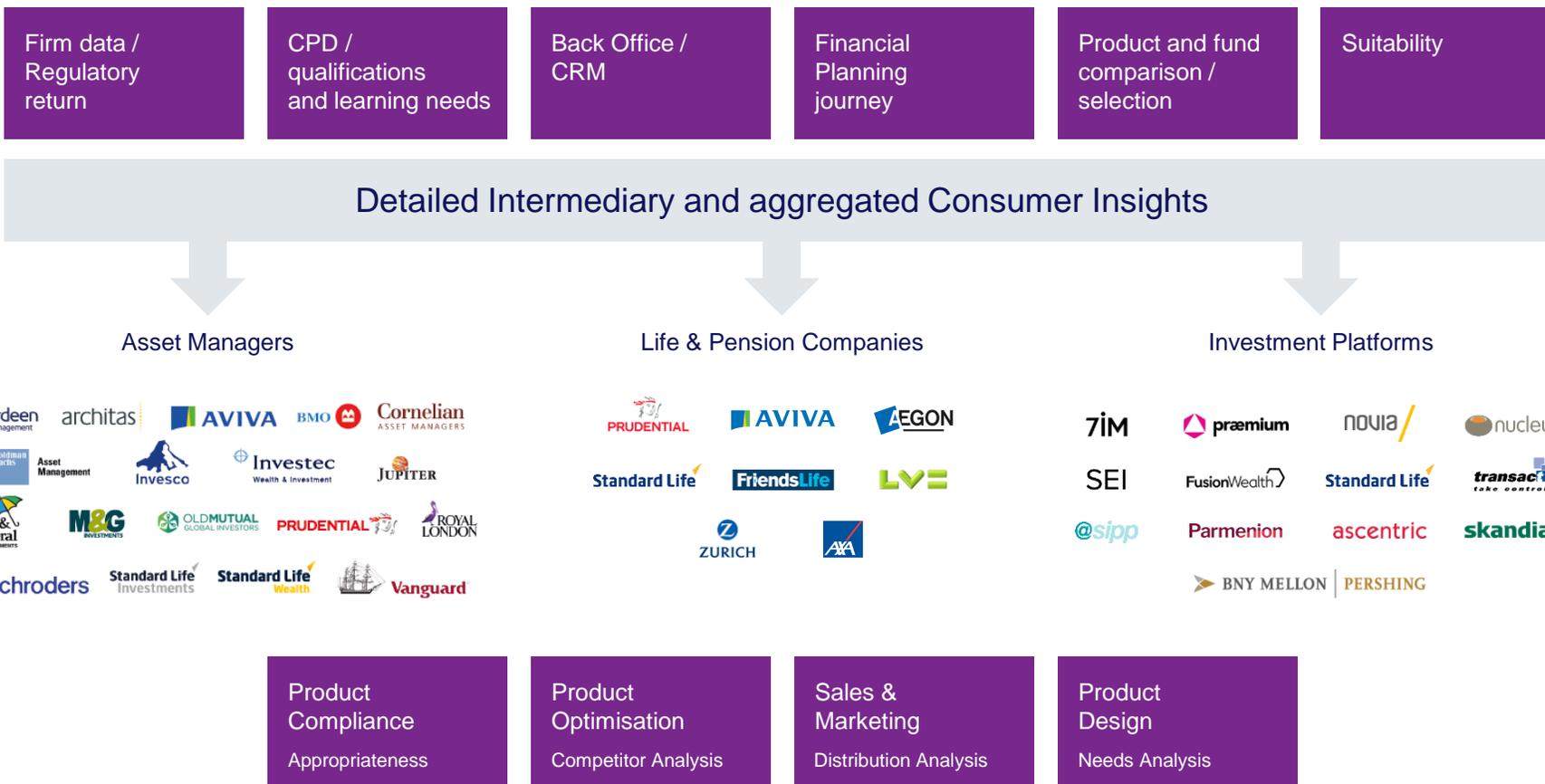
Mappings

Market Insights

FINTECH & RESEARCH THAT INFORMS CONSUMERS, ADVISERS AND PRODUCT PROVIDERS



# POWERFUL ANALYTICS DATA



THESE ARE EXAMPLES OF SERVICES AND TARGET CUSTOMERS WE CAN PURSUE



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