

XPS Pensions Group plc

Results for the half year ended 30 September 2019

28 November 2019



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Welcome and introductions



Ben Bramhall
Co-Chief Executive
Officer



Paul Cuff
Co-Chief Executive
Officer



Snehal Shah
Chief Financial
Officer





» Highlights & Overview

Highlights

Trading in line with expectations

- Revenue growth of 8% versus H1 2019
- Pensions Actuarial & Consulting returning to growth
- Robust performance in other business units
- Adj. EPS flat versus H1 2019 ⁽¹⁾ in line with expectations

Completed operational integration

- Exit completed from IT Transitional Services Agreement
- Key central functions all transitioned 'in-house'

Strong client retention rate and new wins

- Transitions on key PS accounts successfully completed
- Continued access to bigger mandates, strong win rate
- Net 'annuity' new business wins during H1 of c.£2m

Pensions Actuarial & Consulting issues addressed

- Resourcing levels increased and key strategic hires made
- 'Streamlined' structure yielding results
- Growing momentum going in to H2

Continuing to build our brand

- Winner of 'Actuarial / Pensions Consultancy of the Year' and 'Administrator of the Year' in the UK Pensions Awards
- NPT achieves master trust authorisation

Bolt-on acquisition strategy continuing well

- Integration of Royal London progressing well
- Acquisition of Trigon Pensions (October 2019)

Market update

Continued regulatory changes...

Overhaul of defined benefit pension funding

- > New guidance on funding due to be issued by the Pensions Regulator.

GMP Equalisation

- > Growing client appetite to move forward as barriers increasingly removed

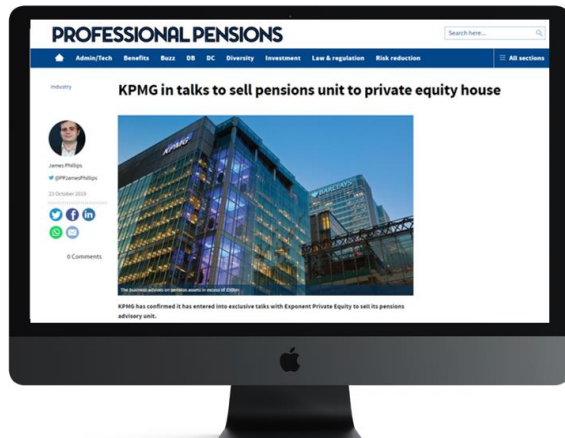
CMA Review

- > Continued market fallout creating opportunities on fiduciary management oversight

Master Trust Authorisation regime

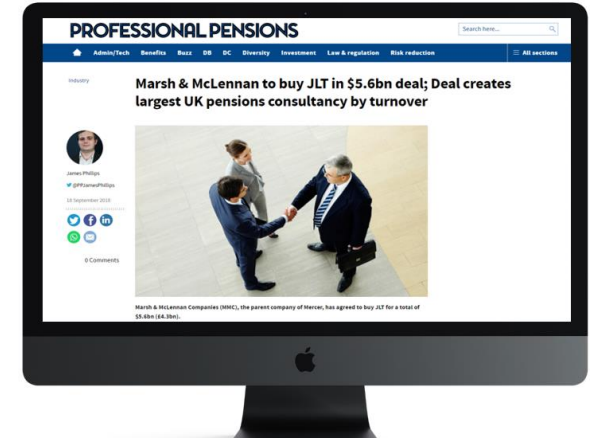
- > Significant reduction in master trusts in the market – from over 85 to 37

Competitive landscape is creating opportunities to win clients and hire people...



Good source of opportunities received in H1 2020

- > Trustee opportunities excluding admin only : 65% (by value) from Big 3
- > For administration only opportunities, vast majority from large outsourcing firms



Operational Progress

Progress in the Pensions Actuarial & Consulting business

- > New Head of Pensions, Patrick McCoy, in role since 1 April
- > Progress on resourcing – increased graduate intake from 20 to 30, success in other hires
- > Streamlining of the business – increasing focus on getting solutions to clients

The end of the Transitional Services Agreement

- > Up-scaled Finance and HR completed their first six months post-TSA successfully
- > Exit from IT TSA achieved in September
- > Only remaining aspect of the TSA is Facilities, anticipate completing exit by end of 2019
- > Cost of increased central functions broadly in line with expectations (albeit earlier, and higher than significantly discounted cost of TSA)

Royal London acquisition

- > All clients and staff successfully transitioned
- > New Edinburgh office, merged with existing XPS to one location
- > Transition to XPS administration systems during 2020



Financials

Income statement

Strong growth in revenues; Pensions Actuarial & Consulting recovery underway

	Excl. IFRS 16 impact HY 2020 £m	Incl. IFRS 16 impact HY2020 £m	HY 2019 £m	Excl. IFRS 16 impact Change %	Incl. IFRS 16 impact Change %
Revenue					
Pensions Actuarial & Consulting	27.7	27.7	27.7	0%	0%
Pensions Administration	20.3	20.3	17.0	19%	19%
Pensions Investment Consulting	4.2	4.2	3.8	11%	11%
SSAS/SIPP	3.0	3.0	3.0	0%	0%
NPT	1.1	1.1	0.7	56%	56%
Total Revenue	56.3	56.3	52.2	8%	8%
 Adj. EBITDA ⁽¹⁾	 12.2	 13.3	 12.0	 1%	 10%
 Depreciation/Amortisation	 0.8	 1.9	 0.6	 23%	 200%
Adj EBIT ⁽¹⁾	11.4	11.4	11.4	(0%)	(0%)
 Net finance costs	 1.0	 1.1	 0.8	 19%	 34%
Tax	1.8	1.8	1.9	(6%)	(7%)
Adjusted profit ⁽¹⁾	8.6	8.5	8.7	(1%)	(2%)
 Adjusted basic EPS (pence)	 4.2	 4.1	 4.2	 0%	 -2%
DPS (pence)	2.3	2.3	2.3	0%	0%

Exceptional and non-trading items

Exceptional items	1.9	1.9	1.0
Share-based payments	0.5	0.5	2.6
Acquisition amortisation	3.6	3.6	8.0
Tax	(0.7)	(0.7)	(2.1)
Total	5.3	5.3	9.7

- Group revenues up 8% YoY;
- Adjusted EBITDA flat as expected – impact of changing mix and increased central costs
- Net finance costs up in line with net debt
- Adjusted fully diluted EPS of 4.2p is flat YoY; down 0.1p after the impact of IFRS 16
- The Board has declared an interim dividend of 2.3p; (HY 19: 2.3p)

Exceptional & non-trading items:

- £1.1m of integration costs mainly relating to IT;
- £0.4m of corporate transaction costs (Royal London & Trigon);
- and £0.4m in respect of settlement of a historic contract dispute
- Acquisition related amortisation is consistent with prior year treatment
- Share based payment charge is low due to lower expected vesting of historical awards

Costs

Progression in line with expectations

	HY 20	% of revenue	HY 19	% of revenue
Staff costs (incl bonus)	28.4	50%	25.4	49%
Property	2.3	4%	2.0	4%
IT	4.3	8%	2.9	6%
Professional fees	1.6	3%	2.4	5%
Marketing	0.4	1%	0.4	1%
Central overheads	4.9	9%	4.3	8%
Other cost of sales	1.0	2%	1.7	3%
Travel & subsistence	0.5	1%	0.5	1%
Other	0.8	1%	0.6	1%
	<u>44.1</u>	78%	<u>40.2</u>	77%

The above table shows the operating costs excluding the impact of IFRS 16 to aid comparability.

- Overall costs as % of revenue higher in HY 20 reflecting the additional hires and the lower costs in the comparative period under the discounted TSA
- All increases in costs lines also reflect Kier pensions unit and Royal London pensions unit acquisitions (not in the comparative)
- Number of employees at 30 September 19: 1,181 vs at 30 September 2018: 943 (Acquisition of Kier Pensions unit, Royal London Corporate Pension Services Limited and ongoing recruitment)
- IT spend has increased due to higher infrastructure costs as we moved off the discounted TSA and for client-facing business units as we on-boarded new clients

Cash flow

Timing issues negatively impact working capital; expect to reverse in H2

	H1 2020 £m	H1 2019 £m
Operating		
Adjusted EBITDA	13.3	12.0
Change in net working capital	(5.9)	(0.3)
Taxes paid	(1.4)	(1.8)
Other	(1.0)	(1.1)
Operating cash-flow	5.0	8.9
OCF conversion	37%	74%
Financing		
Net finance expense	(0.9)	(0.5)
Proceeds from new loans (net of repayments)	10.0	-
Repayment of lease liabilities	(0.8)	(0.0)
Proceeds from issue of shares	0.0	2.0
Net cash-flow after financing	13.3	10.4
Investing		
Acquisition (net of cash acquired)	(4.7)	(1.4)
Capex	(1.1)	(1.3)
Restricted cash (NPT)	(0.3)	-
Net cash-flow after investing	7.1	7.7
Dividends paid	(8.7)	(8.5)
Exceptionals	(2.4)	(0.8)
Movement in cash	(4.0)	(1.7)
Net debt	65.7	47.5
Leverage	2.34x	1.77x

- > Adjusted EBITDA up £1.3m mainly due to impact of IFRS 16 (removal of rental expense replaced by depreciation and finance costs). Excluding IFRS 16, adjusted EBITDA is up £0.2m
- > OCF conversion impacted negatively due to a number of reasons:
 - > Debt collection has been slower since coming off the TSA – but no write offs in the period and post 30 September
 - > Timing of some large creditor payments
 - > Change in payment of staff pensions contributions – now paid monthly in advance vs in arrears previously
- > The Group paid £4.7m for the acquisition of the Royal London pensions unit
- > Capex in the half year was £1.1m
- > £0.3m increase in restricted cash driven by FCA capital requirement for all Master Trust operators
- > The Group paid the final dividend in respect of FY 19 (£8.7m)
- > Exceptional items paid in the half year mainly relate to IT integration, corporate transaction costs and settlement of contractual dispute
- > Net debt at 30 September 2019 was £65.7m; leverage 2.34x. £80m RCF in place until December 2022. Expect year end leverage to be c. 2.0x
- > At 30 September 2019, the Group had undrawn committed facility of £12.75m.



Business review

Pensions Actuarial & Consulting – HY 20 performance

A key focus for H1 2020 has been improving the performance of Pensions Actuarial & Consulting

- > At start of period, challenges relating to resource model and getting solutions to clients
- > New Head of Pensions Actuarial & Consulting appointed – key aim to address these challenges, and exploit market opportunity as ‘firm of the year’
- > Resourcing increased as H1 went on, and record number of graduates hired (30 in total, up from 20)
- > Development of collateral and client solutions simplified and streamlined – creation of ‘Pensions Solutions’ group
- > Integration of the RL business has been successful, continuing to introduce new services
- > The new business pipeline grew throughout the year and we won new appointments on a number of large schemes

KPIs – change during year

- ➡ Revenue £27.7m (HY19: £27.7m)
- ⬆ Number of client facing staff
(Sep 19: 336, Mar 19: 294)
- ⬆ Client activity KPI
(Sep 19: 534, Mar 19: 485, Sep 18: 493)
- ⬇ Number of client projects over £0.5m revenue
(Sep 19: 0, Sep 18: 1)
- ⬆ New logo wins versus losses (6 wins
vs 2 losses and 3 wind-ups)

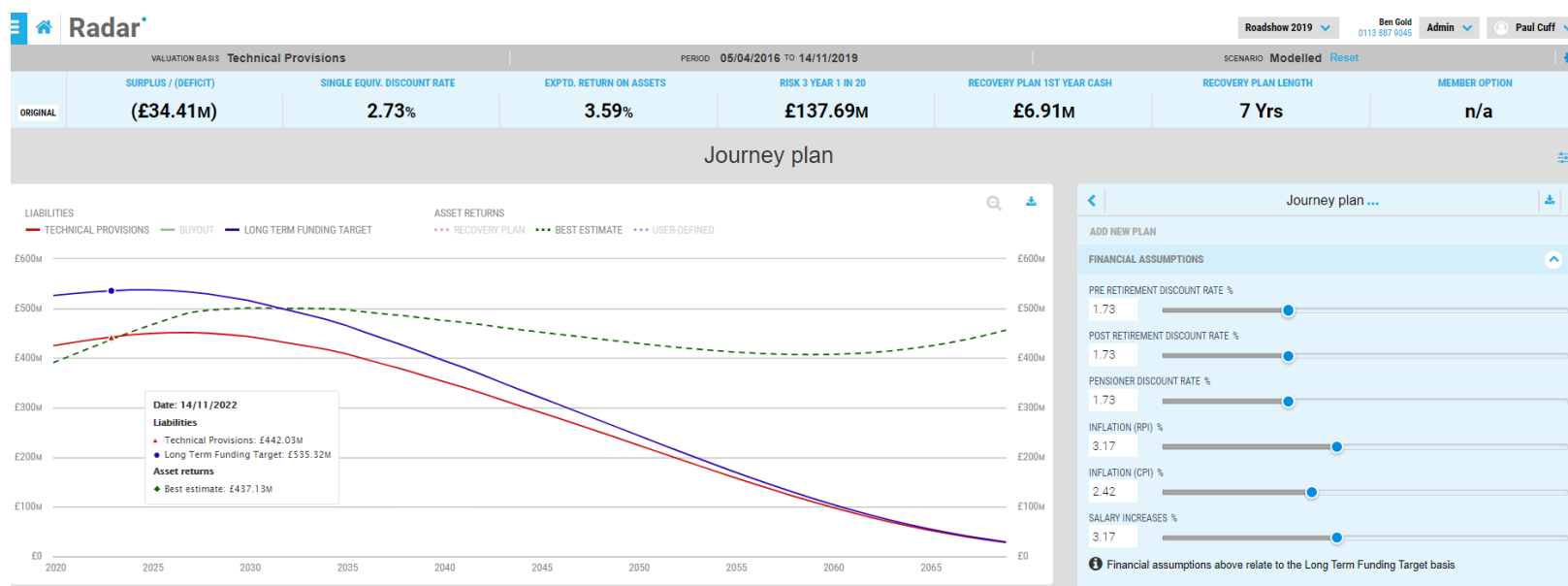
Case study – winning from Big 3

- > Large scheme – c. £4bn assets
- > Big 3 incumbent – all big 3 invited to pitch, XPS made final 4
- > XPS won, formal appointment as scheme actuary from 1 January 2020
- > Reasons:
 - Enthusiasm and passion of the team
 - Highly relevant experience on other large scheme
 - Technology

Pensions Actuarial & Consulting – outlook

Pensions Actuarial & Consulting returning to growth in H2 20

- > Resourcing issues addressed
- > New clients coming on stream during H2 and beyond
- > End of integration distraction – business more streamlined, and final structural changes to be made in H2
- > Opportunity to increase client activity - Regulatory pressure from Annual Funding Statement, GMP equalisation gathering momentum
- > Strong pipeline of opportunities (including large schemes) and improved conversion rate
- > Industry recognition through awards should continue to boost profile and access to opportunities



Pensions Administration – HY 20 performance & outlook

Strong performance in H1 at both revenue and operational level

- > Strong revenue growth vs H1 2019 reflects increase in members under administration
- > Activity levels have increased in line with business growth & delivery / quality maintained
- > Current focus on client transitions due to come on stream in H2 & integration of bolt-on acquisitions
- > Strong new business performance – positive pipeline for H2 – busy market
- > Winner in Professional Pensions survey – 5th time in 6 years (see below) & Awarded Administration Provider of the Year by Professional Pensions

KPIs – change during year

- ↑ Revenue in HY 20: £20.3m (HY 19: £17.0m)
- ↑ Number of members under administration (Sep 19: 884k, Mar 19: 877k; Sep 18: 633k)
- ↑ New logo wins versus losses (8 wins vs 2 loss)
- ↑ Number of administration staff (Sep 19: 622, Mar 19: 572, Sep 18: 467)

Outlook

- > New clients will add net c.45,000 new members during H2
- > Increasing client focus on member engagement & communications and GMP equalisation
- > Data cleansing & GMP rectification work (and revenue) slowed due to HMRC delays – expected to be resolved from December 2019
- > Transition of Royal London / Trigon clients to XPS administration systems

	Overall ranking
XPS Administration	1
Barnett Waddingham	2
Premier Pensions	3
Trafalgar House	4
Xerox	5
Spence	6
Willis Towers Watson	7
Hymans Robertson	8
Equiniti Pensions	9
RPMI	10
Aon Hewitt	11
Mercer	12=
JLT Employee Bens	12=
Capita Emp Bens	14

Pensions Investment Consulting – HY 20 performance & outlook

KPIs – change during year

- ↑ Revenue HY 20: £4.2m (HY 19: £3.8m)
- Client activity
(Sep 19: 190, Mar 19: 190, Sep 18: 195)
- ↑ Number of clients with assets over £0.5bn
(Sep 19: 15, Mar 19: 13, Sep 18: 14)
- ↑ Number of client facing staff
(Sep 19: 61, Mar 19: 53, Sep 18: 39)
- ↑ New logo wins versus losses
(2 wins vs 1 loss)

Outlook

- > CMA review driving clients to carefully consider alignment of interests with adviser which is creating opportunity
- > Significant growth in FM oversight opportunities
- > Conflict free approach – resonating with clients

Continued strong revenue growth, and key strategic hires

- Strong revenue growth driven by new clients coming on stream
- CMA review still generating opportunities - 5 new fiduciary monitoring appointments won in H1 20
- Senior external hires arrived – Head of Manchester, Head of Edinburgh
- Activity levels supported by Radar Version 3
- Continued development of new business pipeline

Case study – fiduciary oversight

- > Client where XPS acts as scheme actuary
- > Fiduciary manager involved on assets – no prior investment role for XPS
- > XPS appointed in fiduciary oversight role, in line with CMA recommendations
- > Ongoing monitoring work (recurring) plus opportunity for wider strategic opportunities

Acquisition of Trigon Pensions



Deal completed 31 October 2019

**Purchase price of £3.9m, with up to
£1.1m deferred for retention of client
revenue**

▶ 'Bolt-on' acquisitions part of core strategy

- > To access broader opportunities or enhance capabilities
- > Earnings enhancing transactions, funded out of cash-flow

▶ High quality consulting and administration business

- > Owner managed business with 20+ years experience
- > c.40 people based in one office in Bristol, around 40 clients
- > Revenue of £2.8m in last financial year to 31 March 2019
- > Strong client retention, but challenges over scale
- > Actuarial services outsourced in respect of 17 clients

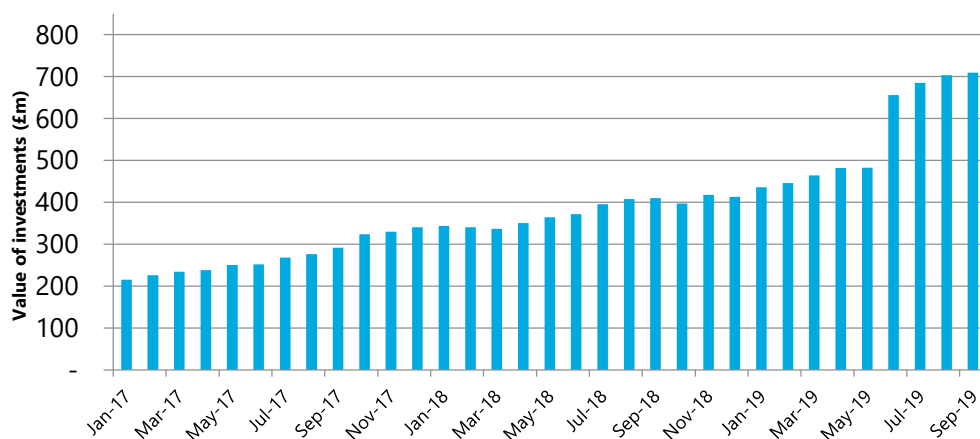
▶ An attractive opportunity

- > Boosts presence in Bristol to achieve critical mass (now around 80 staff)
- > Ability to provide all services from Bristol (previously admin only)
- > Ability to bring actuarial contracts in house, to improve profitability
- > Ability to introduce wider XPS services to Trigon clients
- > Deal structure includes deferred consideration

Other business units

National Pensions Trust – Revenue £1.1m (+56%)

- Defined contribution Mastertrust arrangement
- Achieved authorisation from TPR in August 2019
- Competitive market - New authorisation regime could enhance opportunity
- Strong growth – assets increased 53% during the period to £710m



SSAS / SIPP – Revenue £3.0m (+0%)

- New SIPP activity slightly subdued by political / economic instability
- SSAS sales starting to re-emerge as new scheme approval timescales by HMRC markedly improve.
- Implementation of automated client on-boarding process
- Redevelopment of secure online member / adviser portal for H2 progressing to plan
- Winner of Service Beyond the Call of Duty category, and commended Best SIPP Provider, in the 2019 Investment Life & Pensions Moneyfacts Awards



Feedback from staff and clients....

Annual staff survey 20 months after merger

- > Conducted in September 2019 – high level of engagement
- > Pleasing overall outcomes, improvements in scores in most areas:
 - > 86% agree XPS is a good place to work for
 - > 97% aware of our Company Values
 - > 73% have had opportunity to develop knowledge and skills

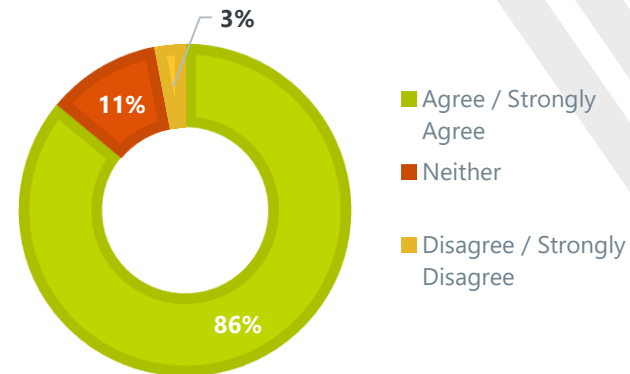
Wide ranging client survey, September 2019

- > Online survey of all clients
- > Strong scores across the board, direct follow up with any client not completely happy

**Still has the attitude
that the client comes
first – unlike the big
consultancies**

Source: Quote from client satisfaction survey, September 2019

XPS is a good company to work for



94%

of clients expressed satisfaction with the overall relationship... including **nearly 8 out of 10** who were 'very satisfied' or 'delighted'



Guidance and Outlook

Guidance



Trading in line with expectations: Total revenue growth of mid single digit %, with Pensions Actuarial & Consulting broadly flat, other divisions showing good YoY growth



'One-off' increase in cost base in FY20 as expected, based on early exit from TSA and larger central functions.



Exceptional costs for H2 – Trigon transaction costs and remainder of IT integration costs not yet invoiced



Capex spend of c£3m for the full year; higher margin on RCF of 2% + LIBOR (as leverage at HY was above 2.0x); Trigon consideration



Expect DSO to come down and an improvement in overall working capital position leading to higher OCF conversion; expect leverage to be c.2.0x at year end

Outlook



Actions taken in Pensions Actuarial & Consulting to address challenges – trading improving and business well placed



Integration complete – platform created for organic and inorganic Revenue growth



Regulatory changes for next 12 months on scheme funding, CMA review and GMP equalisation should drive client activity



Continued strong new business pipeline and clients to come on stream in H2 and beyond. Winning on big opportunities



Continue to monitor M&A opportunities



Expect to deliver full year results in line with Board's expectations.



Appendix

Divisional KPIs

	31.03.18	30.09.18	31.03.19	30.09.19
Pensions Actuarial & Consulting				
Reported revenue (£'000)	22,495	27,756	28,978	27,742
No. of fee earners ¹	293	310	294	336
Average charge out rate (£) ²	326	313	333	329
Client activity KPI ⁽³⁾	505	493	485	534
Recurring revenue ⁴	91%	92%	93%	92%
New logo wins (>£40k Annual revenue)	6	12	11	6
Losses (>£40k Annual revenue)	(2)	(5)	(4)	(5)

1. Number of fee earners definition: headcount of the relevant departments within the business at the end of the reporting period

Restated figures to show XPS classification on consistent basis. Previously published figures were from two information sources under the TSA, with different treatment of central staff. These figures showed changes between periods on a consistent basis. Following the exit from the TSA we are moving to one definition and restating the start of the period to allow comparison.

2. Average charge out rate definition: sum of charge out rates for all staff in the relevant departments, divided by total staff (excluding support staff)

3. Number of clients (Pensions) definition: this is the number of clients in the 6 month period where annual income exceeds £10,000

4. Recurring revenue definition: revenue from customers who have a regular revenue stream. The revenue is either earned from the same customer every month, or in some cases every quarter.

	31.03.18	30.09.18	31.03.19	30.09.19
Pensions Administration				
Reported revenue (£'000)	9,701	16,973	20,519	20,210
No. of schemes	408	399	454	588
Average fees per scheme (£'k)	34	43	45	34
No. of members	561,971	632,579	876,987	883,778
Average fees per member (£)	24	27	23	23
No. of staff ¹	390	467	572	622
New logo wins (>£40k Annual revenue)	3	2	13	8
Losses (>£40k Annual revenue)	(1)	0	(1)	(2)

Divisional KPIs

	31.03.18	30.09.18	31.03.19	30.09.19
Pensions Investment Consulting				
Reported revenue (£'000)	2,836	3,793	4,329	4,221
No. of fee earners ⁵	34	39	53	61
Average charge out rate ⁶	307	320	316	314
Client activity KPI ⁷	182	195	190	190
Recurring revenue ⁸	75%	73%	83%	78%
New logo wins (>£40k Annual revenue)	3	4	6	2
Losses (>£40k Annual revenue)	(1)	0	(1)	(1)

5. Number of fee earners definition: headcount of the relevant departments within the business at the end of the reporting period

Restated figures to show XPS classification on consistent basis. Previously published figures were from two information sources under the TSA, with different treatment of central staff. These figures showed changes between periods on a consistent basis. Following the exit from the TSA we are moving to one definition and restating the start of the period to allow comparison.

6. Average charge out rate definition: sum of charge out rates for all staff in the relevant departments, divided by total staff (excluding support staff)

7. Number of clients (Investment) definition: this is the number of clients in the 6 month period where annual income exceeds £5,000

Client activity threshold amended to £5k, from £1k previously adopted – provides a better indicator of client activity

8. Recurring revenue definition: revenue from customers who have a regular revenue stream. The revenue is either earned from the same customer every month, or in some cases every quarter.

	31.03.18	30.09.18	31.03.19	30.09.19
SSAS/SIPP				
Reported revenue (£'000)	2,859	3,009	3,090	3,036
No. of schemes - Total	3,625	3,734	3,835	3,852
No. of schemes - SSAS	1,181	1,136	1,102	1,080
No. of schemes - SIPP	2,444	2,598	2,733	2,772
£ per scheme (£) - Total	789	806	806	788
£ per scheme (£) - SSAS	1,395	1,543	1,607	1,549
£ per scheme (£) - SIPP	496	483	483	491
No. of staff	63	65	65	69
NPT				
Reported revenue (£'000)	526	677	767	1,055
Value of assets (£'m)	337	410	464	710
Average charge per £ of asset (bp)	32	35	36	35

IFRS 16 – Accounting for leases

Impact on financial statements

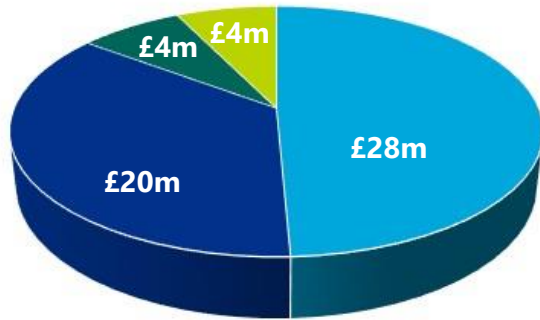
	Current H1 2020 £'000	IAS 17 H1 2020 £'000	Difference
Revenue	56,264	56,264	0
Rental cost	(149)	(1,226)	1,077
Dilapidation charge	-	(51)	51
Other underlying operating expense	(42,828)	(42,828)	-
Adjusted EBITDA	13,287	12,160	1,127
IFRS 16 Depreciation	(1,133)	-	(1,133)
Other depreciation and amortisation	(785)	(785)	-
Adjusted operating profit	11,369	11,374	(5)
IFRS 16 Interest cost	(121)	-	(121)
Other net finance cost	(954)	(954)	-
Adjusted profit before tax	10,294	10,420	(126)
Tax impact			15
PAT impact			(111)

	Current H1 2020 £'000	IAS 17 H1 2020 £'000	Difference
Balance sheet impact:			
Non-current assets	225,176	214,292	10,884
Current assets	38,698	38,710	(12)
Total assets	263,874	253,003	10,871
Liabilities	112,304	101,321	10,983
Net assets	151,570	151,681	(111)

- > IFRS 16 adopted from 1 April 2019 - no adjustments to prior periods
 - > Majority of property leases impacted
 - > Rental cost in the income statement replaced by IFRS 16 amortisation and IFRS 16 interest cost
-
- ↑ EBITDA
 - ↑ D&A
 - ↑ Interest cost
 - ↓ PBT
 - ↑ Gross assets
 - ↓ Net current assets
 - ↓ Net assets
-
- > Leverage covenants based on pre-existing GAAP (IFRS 16 impact ignored)
 - > Expect full year PBT impact to be £0.2m

XPS overview

H1 20 Revenue by business division



■ Pensions Actuarial & Consulting
 ■ Pensions Administration
■ Pensions Investment Consulting
 ■ Other

Business Line	Client facing staff Sep 19
Pensions Administration	622
Pensions Investment Consulting	61
Pensions Actuarial & Consulting	336
NPT / SSAS & SIPP	81
Total	1,100

Larger clients (£1bn+) - commonly use different providers for different services

Mid to smaller clients (<£1bn) - often have a common provider across multiple service lines

Pensions Actuarial & Consulting – overview

Typical work includes advising Trustees on funding, regulatory compliance, benefit design, member communication, risk management and wider pensions issues

- > Clients can either be through wider 'full services' engagement or 'actuarial only'
- > Fees a mix of fixed fee and time-cost / hourly rates (typically with inflationary increases built in)
- > Compliance activity on individual clients highly predictable. Wider activity often lumpy depending on client appetite for transformation projects, changes in regulation and wider corporate activity
- > High level of client loyalty as lead actuary / consultant often has 'trusted advisor' status

Key revenue KPIs

- > Number of client facing staff
- > Number clients with revenue above £10k
- > Number client projects over £0.5m

Other KPIs

- > Number of wins versus losses

Key opportunities

- > New client wins from competitors
- > Increased activity levels through de-risking
- > Enhancing capabilities in specialist areas
- > Regulatory developments such as Annual Funding Statement new Funding Code of Practice
- > Increased efficiency and quality of service through use of technology

Pensions Administration – overview

Regular work includes record keeping, liaising with members, calculating and paying benefits

- > Clients can either be through wider 'full services' engagement or an 'administration only' contracts
- > Schemes range in size from less than 100 members to schemes with c. 100,000 members
- > Fees typically inflation linked and based on number of members with an element dependent on client / member activity
- > High level of client loyalty driven by perceived 'barriers' and 'cost' associated with changing providers

Key revenue KPIs

- > Number of members under administration
- > Revenue in excess of 'core fee'
- > Volume of wins versus losses

Other KPIs

- > No. of administration staff

Key opportunities

- New client wins from competitors
- Outsourcing of 'in-house' administered teams
- Access to public sector following Kier Pensions Unit acquisition
- Increased activity levels due to regulatory changes (i.e. GMP equalisation) or de-risking
- Increased efficiency through automation and more member 'self-service'

Pensions Investment Consulting – overview

Typical work includes advising Trustees on asset allocation, hedge design and manager selection.

- > Clients can either be through wider 'full services' engagement or 'investment only'. Smaller schemes typically through 'bundled service' with larger schemes often a standalone appointment.
- > Fees typically based on time-cost / hourly rates with some fixed fee elements
- > Activity on individual clients typically lumpy with periodic wide ranging reviews (at Trustee discretion) followed by monitoring
- > High level of client loyalty although fewer barriers to switching between providers

Key revenue KPIs

- > Number of clients
- > Number of clients with assets over £0.5bn
- > Number of client facing staff

Other KPIs

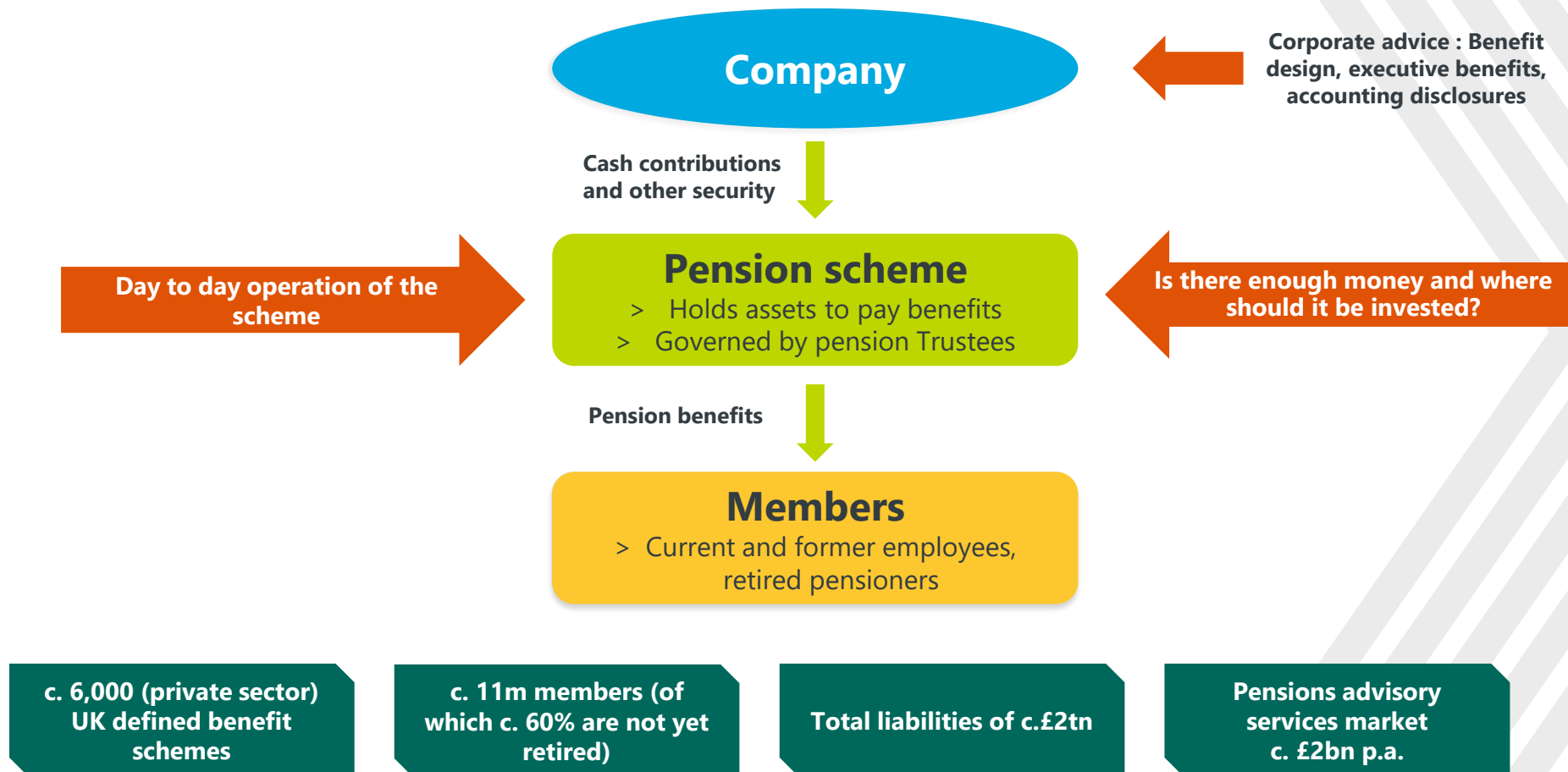
- > Volume of wins versus losses

Key opportunities

- New client wins from competitors
- Fall-out from CMA review, including fiduciary manager selection / oversight role
- Increased activity due to market volatility and de-risking
- Regulatory developments such as journey planning 'requirement'
- Increased efficiency and quality of service through development of technology

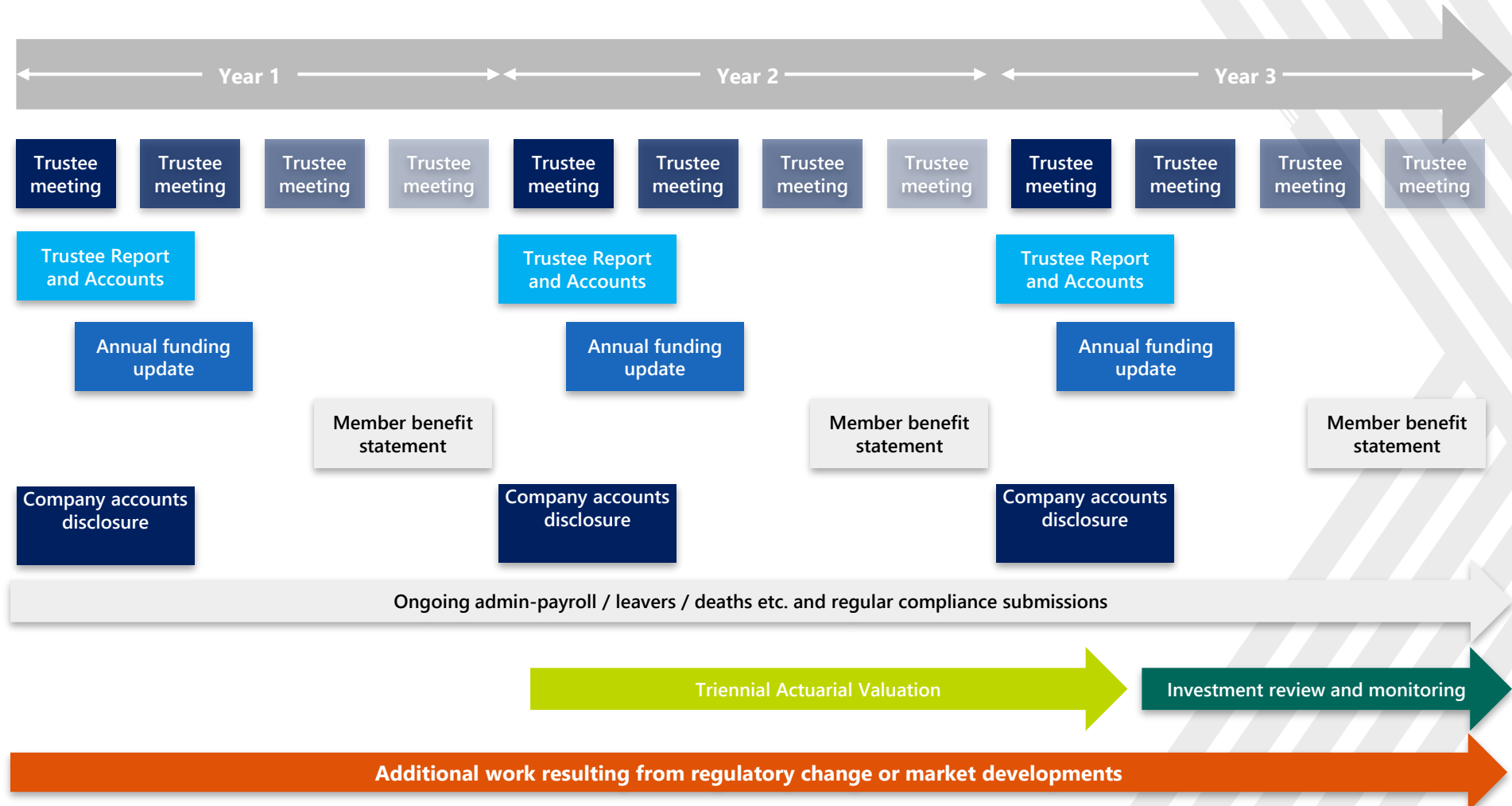
Who are our clients....

An example defined benefit pension scheme client



Statutory Timetable – 3 years in the life.....

Fee delivery throughout the life of the scheme





Registration

XPS Pensions Consulting Limited, Registered No. 2459442.

XPS Investment Limited, Registered No. 6242672.

XPS Pensions Limited, Registered No. 3842603.

XPS Administration Limited, Registered No. 9428346.

XPS Pensions (RL) Limited, Registered No. 5817049.

All registered at: Phoenix House, 1 Station Hill, Reading, RG1 1NB.

Authorisation

XPS Investment Limited is authorised and regulated by the Financial Conduct Authority for investment and general insurance business (FCA Register No. 528774).