



PRELIMINARY RESULTS FY 2017
28 JUNE 2017

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WELCOME & INTRODUCTIONS

Welcome and introductions



Ben Bramhall

Co-Chief Executive Officer

- Primary Responsibility: day to day running of business



Paul Cuff

Co-Chief Executive Officer

- Primary Responsibility: new business and strategic M&A



Mike Ainslie

Chief Financial Officer

- Primary Responsibility: finance and legal



Jonathan Bernstein

Head of Pensions

- Responsibility: pensions and administration business

Overview and Highlights

Financial performance and business metrics

Market developments and growth opportunities

Wider investment – People & Technology

Overview and highlights

**Revenues of
£52.0m**

Increase of c.1% on FY16

**Adjusted EBITDA
of £17.5m**

Increase of c. 5% on FY16

33.5%

Adj. EBITDA margin
versus prior year
32.3%

91%

Cash
conversion

82%

Revenues recurring in
nature

520+

Corporate clients

New clients wins

- Growing number of 'annuity income' wins
- Transformation of pipeline from one year earlier

De-risking

- Completed trivial commutation projects to date increased to 82 (from 45)
- Breakthrough trivial commutation win on FTSE30 pension scheme

National Pensions Trust

- Growth in assets under management of 67% (to £235m)
- Number of participating employers increased by 46% to 89

Technology

- Development of proprietary Radar software
- Key to client wins; will be rolled out to existing clients to drive de-risking

People

- Strengthened executive and management team through key hires
- Significant investment in people through over 2,500 hours of training

IPO

- Reduced leverage with permanent capital
- Brand profile enhanced; staff incentive plan

Financials

Segmental business line KPIs

	2017	2016	% change
Pensions advisory & admin			
Revenue (£ millions)	43.5	43.2	1%
No. of clients	262	268	-2%
Av FTEs (fee earners)	288	291	-1%
SSAS / SIPP			
Revenue (£ millions)	5.0	4.9	2%
No. of clients	3,447	3,168	9%
Av FTEs (fee earners)	56	54	4%
HR Trustees			
Revenue (£ millions)	2.6	2.5	2%
No. of clients	101	101	0%
Av FTEs (fee earners)	17	15	13%
Healthcare			
Revenue (£ millions)	1.0	1.1	-10%
No. of clients	43	42	2%
Av FTEs (fee earners)	4	4	0%

Notes on No. of clients:

1. Above figures represent clients serviced during relevant period
2. Where client relationship has more than one billing entity, only one client is counted

3. Pension clients include those where income > £10k in relevant period.
4. Independent Trustees & Healthcare include those where income > £1k in relevant period.
5. Figures have been adjusted for PPF clients in each period.

Financial highlights

All figures £ millions	Reported 2017	Exceptional 2017	Adjusted 2017	Actual 2016	Exceptional 2016	Adjusted 2016	YoY Change in Adjusted
Revenue	52.0		52.0	51.8		51.8	+1%
Wages and salaries	(25.0)		(25.0)	(25.7)		(25.7)	-3%
Property & general business costs	(9.6)		(9.6)	(9.4)		(9.4)	+2%
Share based payment costs IFRS2	(0.0)	(0.0)					
Share based payment costs EBT related	(14.3)	(14.3)					
Exceptional expenses IPO	(1.9)	(1.9)					
Exceptional expenses other	(1.0)	(1.0)		(0.5)	(0.5)		
EBITDA	0.2		17.5	16.2		16.7	+5%
Depreciation of tangible assets & software	(1.0)		(1.0)	(0.9)		(0.9)	
Amortisation of acquisition intangibles	(3.7)	(3.7)		(4.1)	(4.1)		
Profit from Operating activities	(4.5)		16.5	11.2		15.8	+4%
Net finance costs	(8.6)	(2.9)	(5.8)	(7.9)	(2.0)	(5.9)	-2%
Profit before tax	(13.2)		10.7	3.3		9.9	+8%
Tax	0.4	2.8	(2.4)	(0.3)	(2.0)	(2.3)	
Profit after tax	(12.8)		8.3	3.0		7.6	+9%
EPS Basic (pence)	(12.5)		8.1	3.1		7.8	
EPS Diluted (pence)	(12.5)		8.0	3.1		7.8	

Average cash conversion of over 90% and Capital Expenditure of c.£1m p.a.

£'m	2014	2015	2016	2017
Revenue	46.9	50.0	51.8	52.0
Costs	32.4	34.4	35.1	34.5
Adj. EBITDA	14.5	15.6	16.7	17.5
Margin	31%	31%	32%	33.5%

Capex	1.3	1.9	0.6	1.3
Cashflow	10.8	14.0	14.7	11.6
Cash conversion	86%	95%	91%	91%

Cash conversion

- Client billing primarily on monthly basis with the remainder subject to quarterly or annual billing
- Fees can be paid from scheme assets
- Cashflow above shown after capex and before tax
- Cash conversion as % of EBITDA

Dividend

- Stub dividend (final) of 0.73p per share (£1m) proposed for the period from IPO to 31.3.17
- Dividend policy remains to pay out up to two-thirds of Adjusted profit after tax (i.e. after adding back Acquisition Amortisation and share related charges). One-third as interim, two-thirds as final.

Cost characteristics

- Breakdown of total operating costs 2017 :
 - Staff: 72%
 - Property: 5%
 - Technology: 5%

- Capital light
 - Fixed asset cost: £4m
 - Regulatory capital requirement: <£1.5m
- Capex expected to continue at £1m p.a.

Balance sheet

£'m	2014	2015	2016	2017
Fixed Assets	1.1	2.0	1.5	1.3
Intangibles	69.5	65.9	61.9	58.6
Receivables	12.4	11.4	12.5	12.3
Cash	9.9	6.7	2.7	4.9
Other Assets	0.7	0	0.2	0.7
Total Assets	93.6	86.0	78.8	77.8

Fixed Assets & Intangibles

- Ongoing low requirement for fixed assets
- Large intangibles balance represents acquisition related intangibles with a small amount of software
- The Other long term liabilities represents the deferred tax on the intangibles

Receivables

- Trade debtors well managed, provision of £0.2m

Cash

- Strong cash generation used to pay down borrowings rather than build up excess cash

£'m	2014	2015	2016	2017
Total equity	(1.9)	(1.1)	(21.3)	28.9
Borrowings	74.2	67.9	83.3	32.9
Other long term liabilities	9.8	8.8	7.2	6.6
Other Current liabilities	11.5	10.4	9.6	9.4
Total equity and liabilities	93.6	86.0	78.8	77.8

Borrowings

- Significantly reduced at IPO
- Net debt at year end of £28m
- Leverage of less than 1.6x Adj. EBITDA at year end

Market developments and growth opportunities

Increased regulation and market change are typically drivers of revenue for Xafinity

UK DB pensions increasingly high profile issue

- Parliamentary inquiry into BHS Scheme - members benefits cut
- TATA Steel proving difficult barrier to restructuring exercise

Government Green Paper out for consultation

- Sought views on improving safety net for stressed DB schemes
- Small schemes: high costs, lack of scale and poor advice

Annual Funding Statement issued by Pensions Regulator

- Increases pressure on trustees and employers to deal with deficits
- Could put pressure on company dividends



Security and Sustainability in Defined Benefit Pension Schemes

Presented to Parliament
by the Secretary of State for Work and Pensions
by Command of Her Majesty
February 2017
Cm 9412



We are likely to
intervene where
we believe
that schemes
are not being
treated fairly.

Source : tPR annual statement,
May 2017

Increased regulation and market change typical drivers of revenue

FCA's interim review of asset management and investment consultants within pensions industry

- Conflicts of interests with some FM firms?
- Consultants ability to identify out-performing managers?

Review should not pose threat to Xafinity

- Do not offer a 'fiduciary management' solution
- Opportunity to be part of solution, as third party evaluator of FM providers

Political environment and Brexit could impact on future pensions regulatory change



Growth areas, past and future

Growth areas

Management have identified 4 areas for growth

De-risking

New clients wins

National Pensions Trust

Acquisitions

Strong growth in investment advisory practice – client focus on asset de-risking less on liability

Key focus for FY18

Educating clients on Integrated Risk Management (IRM) framework

- IRM highlighted by Pensions Regulator in 2017 Annual Funding Statement

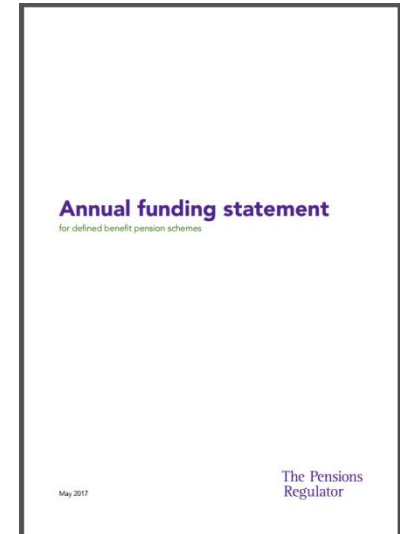
Framework for clients to assess de-risking options

- Likely to drive increased sales of value-add services to clients

Wider support offering developed for other advisers in market

- Secondary route to growing market

Increased staff training on de-risking opportunities



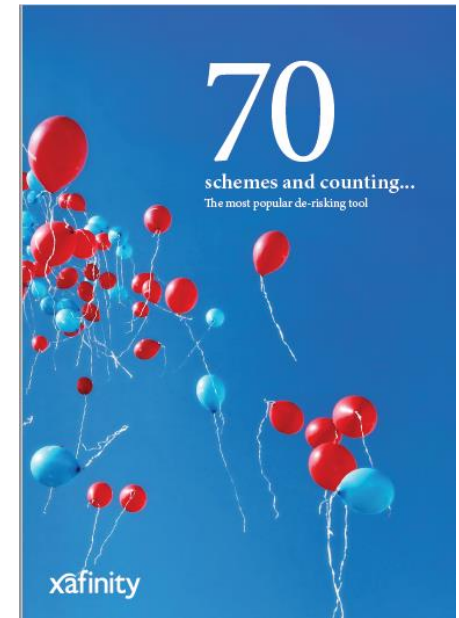
● ● ●
Trustees need
to have a
contingency
plan in place in
the event of a
downside risk
materialising.

Significant progress during year

- 37 exercises completed during FY17
- Total of 82 now completed
- Further 13 exercises currently in progress

Breakthrough win on FTSE30 with £11bn pension scheme

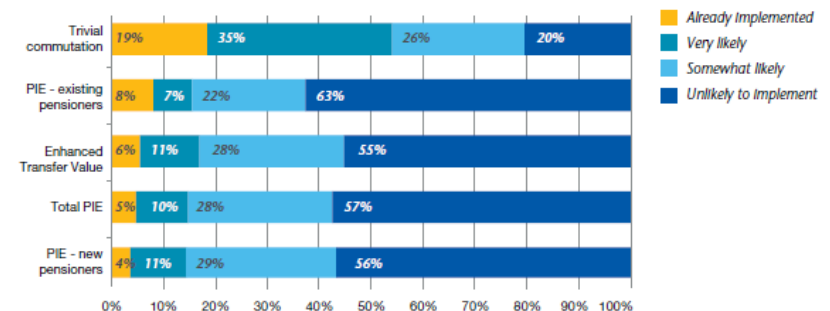
- Over 10,000 members in scope in initial project
- Delivery over January to October 2017



Healthy pipeline of prospects

- Potential to leverage growing experience
- Increasing market interest in exercises

What is your attitude towards the following strategies over the next 12-24 months?



New client wins – developments during FY17

Prior to Autumn 2016, primary business focuses were:

- Separation
- Developing additional services
- Operational efficiency
- Building new business capabilities

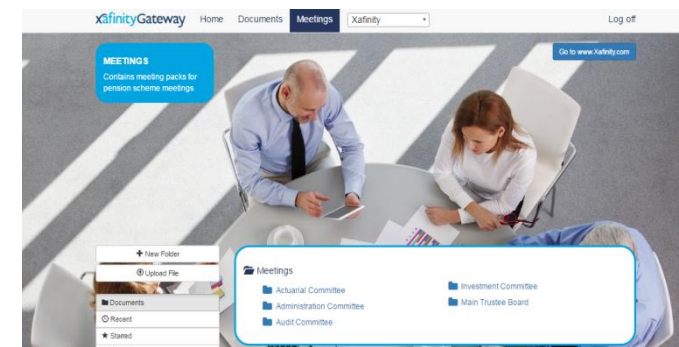
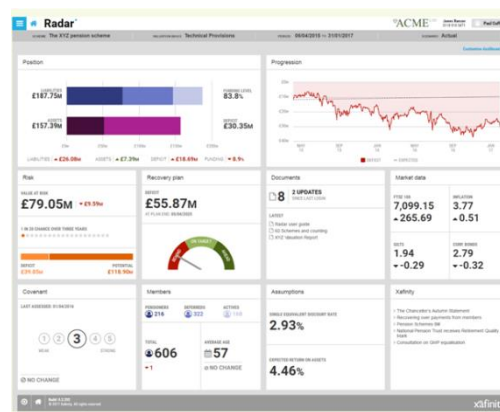


Focus in H2 FY17 on raising profile and pursuing new full services

- Arrival of Paul Cuff to drive new business activity
- Training of new business teams
- Initiatives to raise profile, build network across key buyers / evaluators
- Internal restructuring of business development process
- Image refresh and developing collateral



Technology presented as key differentiator alongside specialist teams



New client wins – success during FY17

- During 2H 2017 new ‘annuity income’ contract wins within Pensions & Administration
- Includes full services, administration only and investment advisory only
- New client project wins where Xafinity has specialist offering

Ongoing services		
Type of business	Month	Scheme size
Full services	December 2016	Sub £100m
Administration (1st time outsourcing)	February 2017	£100m – £250m
Administration (1st time outsourcing)	February 2017	£100m-£250m
Administration	February 2017	£250m - £500m
Administration	March 2017	£250m - £500m
Administration	March 2017	£100m – £250m
Full services	March 2017	£100m – £250m
Investment advisory	March 2017	Sub £100m

Note : Includes ‘wins’ where contract is not signed but management have been informed that they are the successful candidate. Includes existing clients where Xafinity plc has been appointed to provide a new ‘ongoing’ service

Projects		
Type of business	Month	Scheme size
Trivial commutation	January 2017	£500m – £1billion
Trivial commutation	January 2017	£1billion+
Data cleansing	February 2017	£1billion+
Trivial commutation	February 2017	Sub £100m

Note : Includes ‘wins’ where contract is not signed but management have been informed that they have been awarded the contract. Excludes projects on existing Xafinity clients where services are provided on an ongoing basis

- Initiatives to raise profile and build relationships with Independent Trustees and intermediaries
- Increased number of tender opportunities being received
- Pipeline transformed versus previous year

New client wins – our latest initiative

Developed offering specifically aimed at smaller schemes



- 2,000 schemes with less than 100 members
- Highlighted as key area for industry wide improvement in Green Paper
- Launched April 2017

Drives economies of scale, technology and quality of advice into smaller schemes

Xafinity provide full services (actuarial, administration, investment) on streamlined basis

Fund manager charges based on overall 'size' of platform rather than individual scheme size



**Reduce the cost
of your DB pension scheme**

Save £137,500 per annum
on an average scheme*

Reduce the cost, governance burden and hassle of your DB pension legacy

➤ Lower direct costs

You'll benefit from us negotiating investment costs with leading asset manager, LGIM, which reflect the overall pooled value of assets of schemes participating in DB Sense. You will get the purchasing power of a large scheme.

You'll receive world class consulting advice and administration that is paid for entirely by the reduction in LGIM's fund manager charges – delivered efficiently through economies of scale.

➤ Greater chance of meeting your benefit promise

We'll provide you with access to suitable funds that are appropriate for your situation – a bespoke strategy designed specifically for your scheme, with the optimum combination of return seeking and matching assets.

Your chances of meeting your objectives are improved through having better assets to invest in – assets previously available only to large schemes.

➤ More effective decisions made in less time

In the background you'll have access to leading edge technology. We'll allow you to monitor your funding and investment position in real time, all year round using our RADAR software.

➤ Lower management costs

You'll benefit from simply having less hassle. You'll be able to free up your people who currently act as trustees and give them more time in the business.

Your governance costs will reduce, whilst at the same time...

➤ Less risk

...you'll have higher levels of governance. You'll have a professional trustee, proactively managing the scheme for the benefit of members and the employer.

You'll also have access to **proactive risk management** and future liability management will be carried out on an 'opt in' basis. You can select from a menu style approach. Exercises that would not make sense for you on your own will deliver benefit for you and for members when carried out collectively.

The model

We'll provide the means by which you can move towards the consolidation model that the government and the industry are striving for. It effectively allows you to:

- Reduce risk
- Minimise the hassle factor
- Improve your governance
- Reduce costs



Adapted from: The PLSA DB Task Force Reports The Case for Consolidation, 9 March 2017

“Good governance could add up to 1% to a scheme's assets in a year” PLSA Green Paper



Industry adoption of retirement flexibilities remains slow

Nevertheless, NPT achieved good growth in FY2017

- Participating employers increased from 61 to 89
- AuM increased from c. £140m to c. £235m

Authorisation process (October 2018) expected to reduce number of MasterTrusts in market

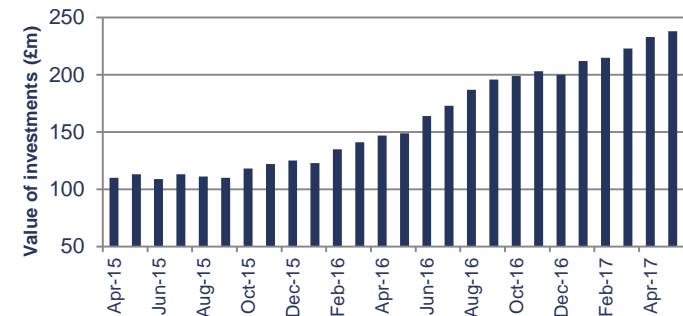
- Xafinity fully expect to achieve authorisation

Growing market acknowledgement and industry acclaim

Key hire as new Head of NPT with strong track record

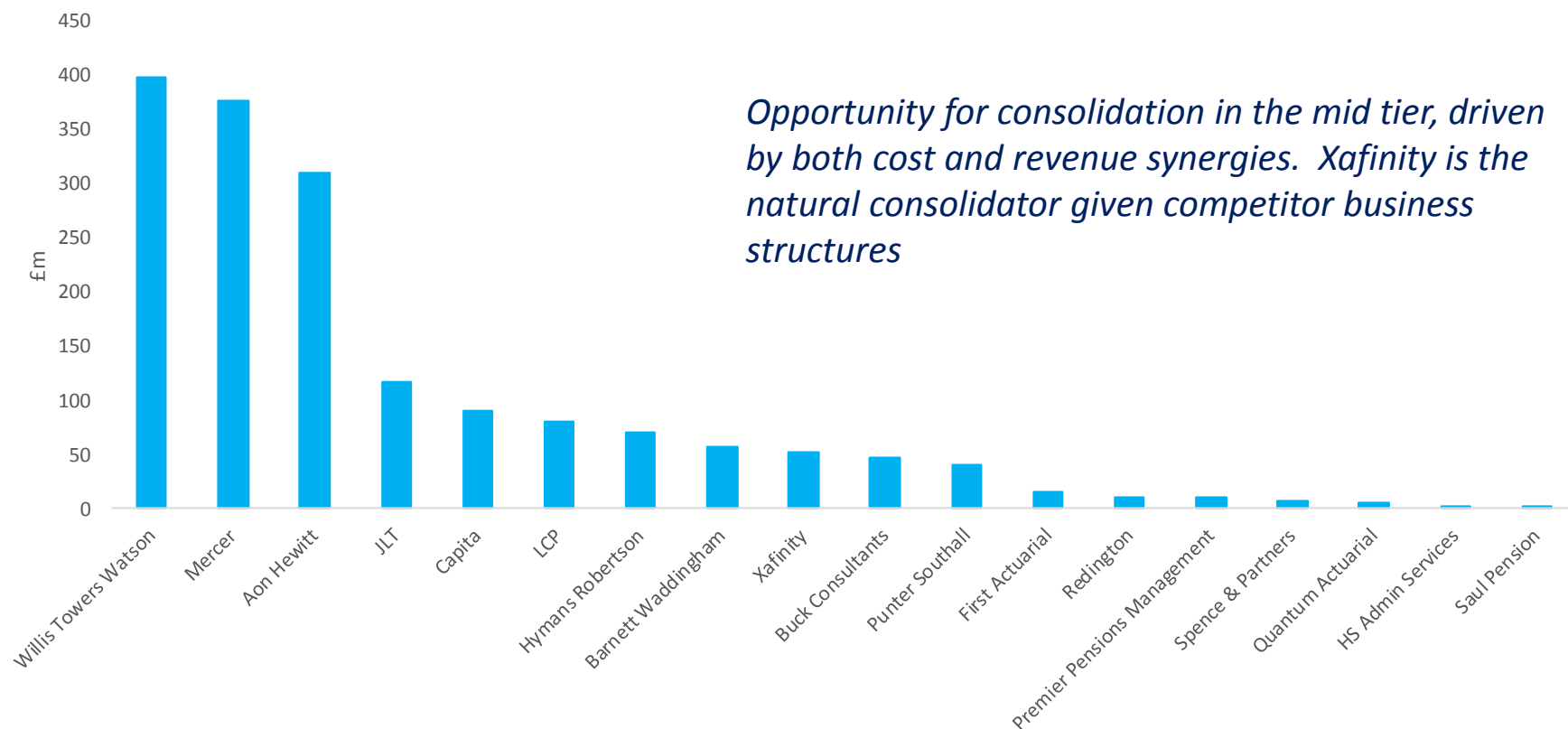
Strong pipeline of potential further transfers

Employer use of NPT	31 March 2017	31 March 2016
Accumulation / deferred transfer	50	30
De-cumulation only	39	31
Total no. of participating employers	89	61



Finalist : DC MasterTrust of the Year
Highly Commended : Retirement Income Provider of the Year

Continue to monitor and evaluate potential acquisition opportunities



Wider investment

Investment in people

Strengthened Executive and Senior Management team through key hires

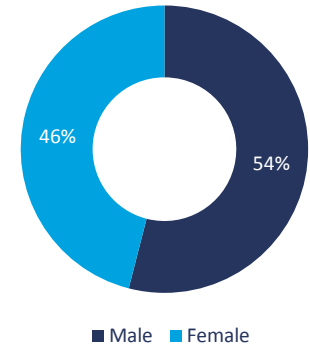
Increased focus on training for existing staff, both technical and soft skills

- 2,500 hours of training provided (excludes technical training)

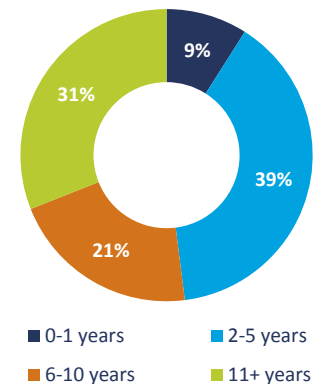
Consultants Masterclass

- 3 day intensive course focused on building relationships
- Being attended by 45 senior staff focussed on client service
- Wider cascading of ideas through business planned

Further support provided to consultants on market developments and opportunities to help clients through regular 'Client Hot Topic' webinars



Employee Tenure



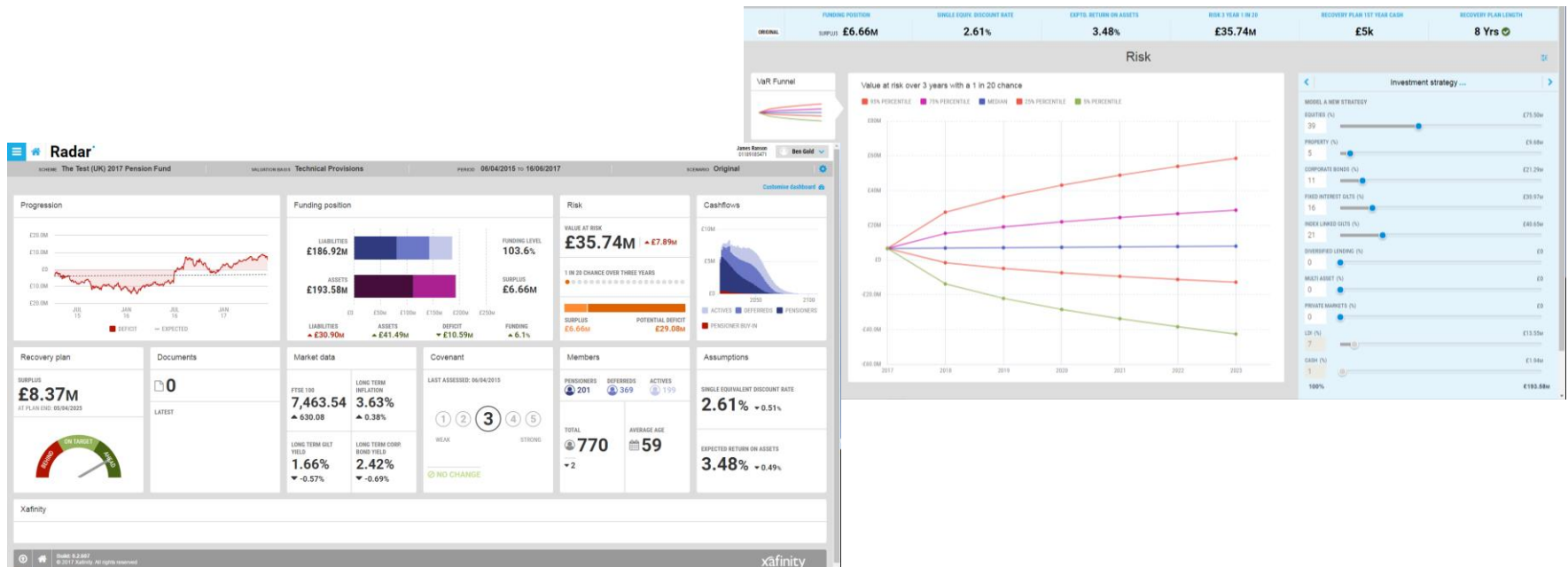
Training
2500+
hours of training
(excluding technical training)



Radar has been key to recent new business wins - will be rolled out to existing clients in FY18

Radar is proprietary software developed by Xafinity

- Developed by our actuaries, with external design expertise
- Client focused, online technology to bring insight
- Helps clients make better decisions and take action to improve position of their scheme



Summary

1.

Transformational year with listing on London Stock Exchange

2.

Well positioned for future success on new business

3.

Development of proprietary Radar technology to drive new business and de-risking projects

4.

Exciting market opportunities driven by regulation & potential consolidation

5.

Board confident in the long term prospects of business

Appendices

Successful listing on the Main Market of the London Stock Exchange in February 2017,

- valuing business at £179.6 million

Offer raised net proceeds of £46 million for Company;

- used to repay existing debt facilities and reduce debt to £33 million

Offer raised net proceeds of £125.1 million for the selling shareholders, including CBPE Capital LLP

IPO has increased industry profile and enables better staff incentivisation

- Offer price (16 February 2017) : **139p**
- Current price (27 June 2017) : **173p**
- Major shareholders at IPO include:
 - Schroders
 - Blackrock
 - Invesco
 - Axa
 - Franklin Templeton
 - Threadneedle
 - Wellington



Xfinity plc share price over the period from 16th February 2017 to 26 June 2017

Established and UK centric business

A pensions consulting and administration business...

Our history

1970s

Hogg Robinson Benefit Consultants was formed

1980s

Rebranded to Hogg Robinsons Financial Services

1998

Company rebranded to Entegria

2005

Entegria was acquired by Duke Street Capital and formed part of the Xafinity Group

2007

Entegria rebranded to Xafinity Consulting

2010

Xafinity Group acquired by Advent International. Xafinity purchased PriceWaterhouseCoopers LLP UK trustee pension scheme actuary, trustee investment consulting and scheme administration client business

2013

Xafinity Consulting is acquired by funds managed by CBPE Capital and leaves the Xafinity Group to become independent

Office locations

Stirling

Total staff: 68

Belfast

Total staff: 34

Manchester

Total staff: 11

Leeds

Total staff: 90

London

Total staff: 22

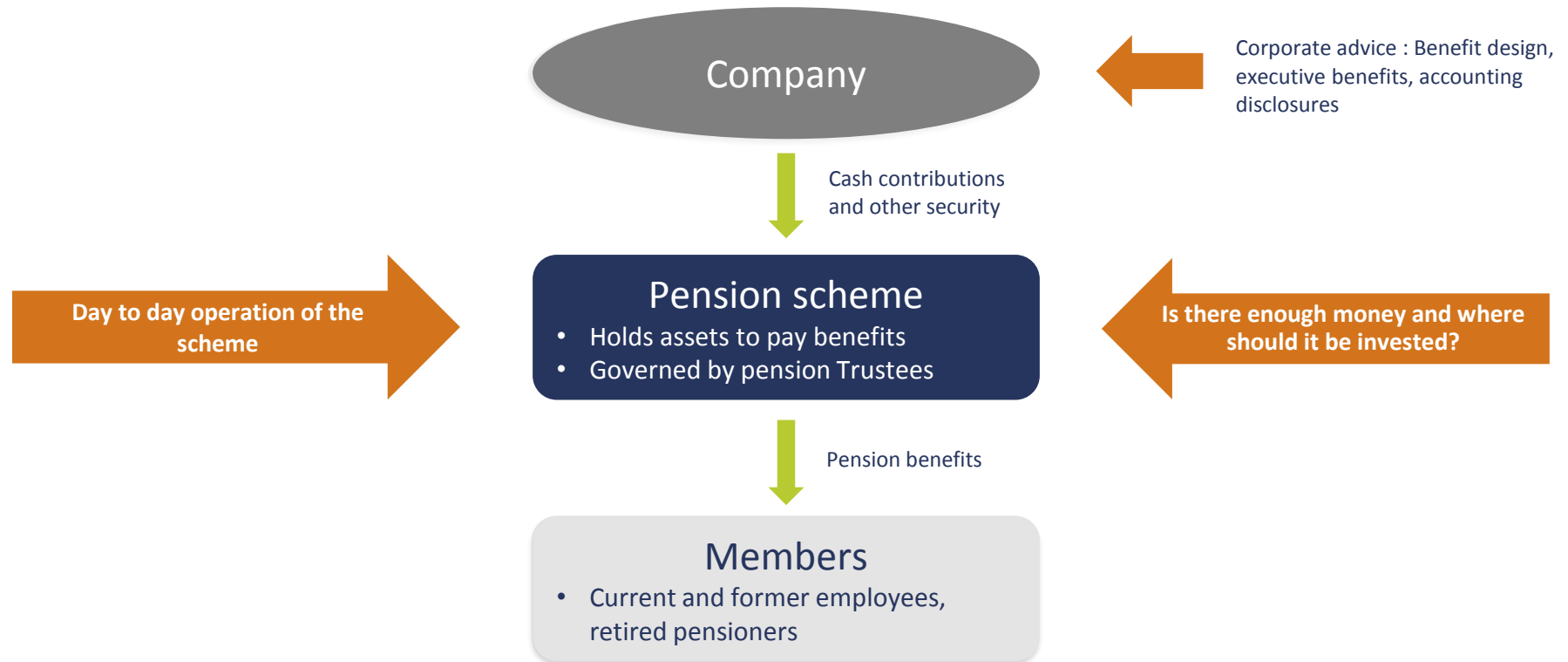
Reading

Total staff¹: 189

..... with more than 400 staff operating from six regional offices

Who are our clients?

An example defined benefit pension scheme client



c. 6,000 (private sector)
UK defined benefit
schemes

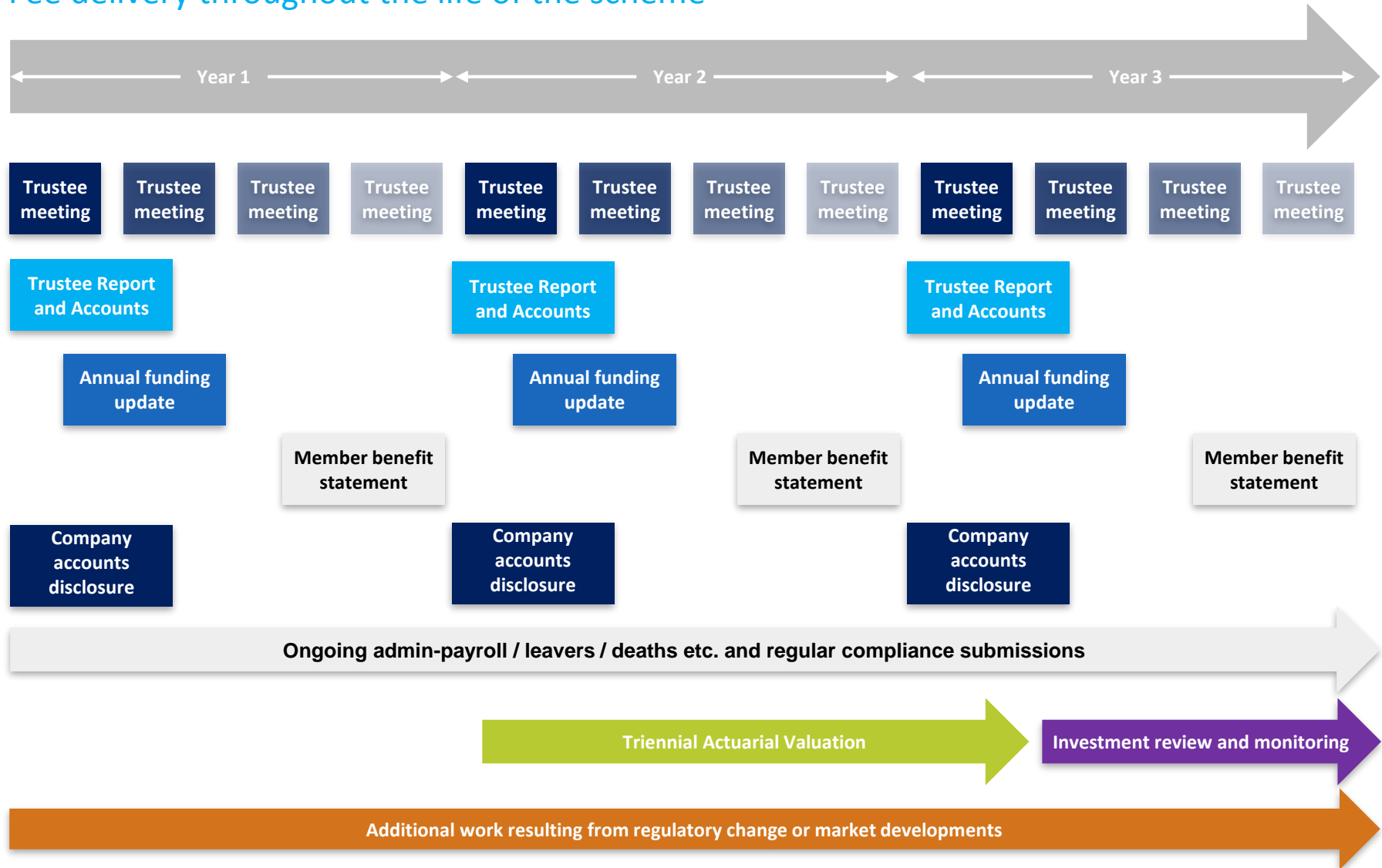
c. 11m members (of
which c. 60% are not yet
retired)

Total liabilities of c.£2tn

Pensions advisory services
market c. £1.7bn p.a.

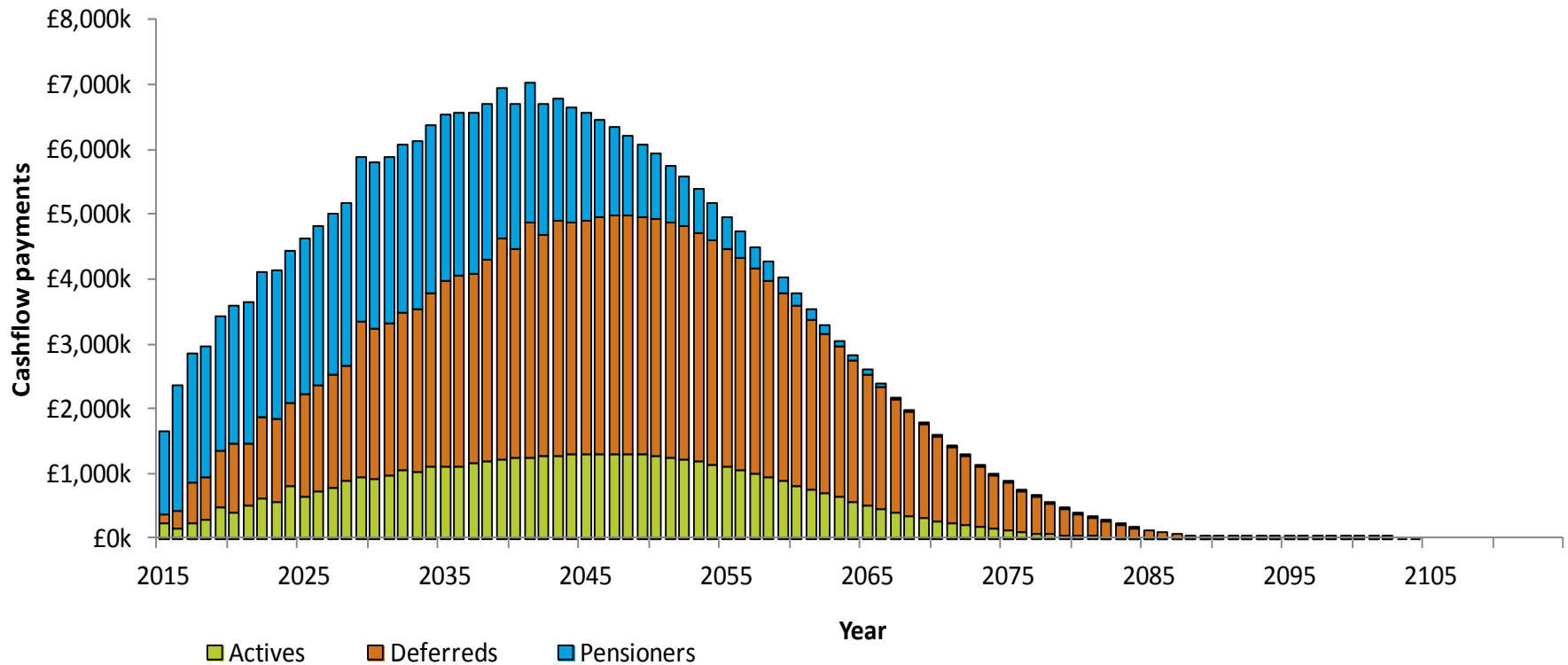
Statutory timetable - 3 years in the life...

Fee delivery throughout the life of the scheme



Our clients will need these services for a long time...

Pension payments from example representative closed¹ pension scheme



Pension payments do not peak for 25 years

Magnitude of liability continues to grow for 10 – 20 years...

...even if all schemes are closed to future build up of benefits

As at 31st March 2015, there were still 1.75m members still building up benefits