



# ACQUISITIONS OF TALBOT AND MUIR AND DUNSTAN THOMAS

23 JULY 2020



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# EXECUTIVE SUMMARY

- Business largely unaffected by COVID-19
- Announcing two acquisitions, in line with strategy to increase its scale and grow complementary revenue streams, both of which are materially earnings enhancing
  - Talbot and Muir, a high-quality provider of SIPP and SSAS schemes, for £16.5m upfront and up to £8.75m earn-out
  - Dunstan Thomas' financial services arm, a technology provider for the SIPP and SSAS market for £21.5m upfront and up to £6m earn-out
- Funded through cash and equity placing
- Transaction materially earnings enhancing



# CURRENT TRADING

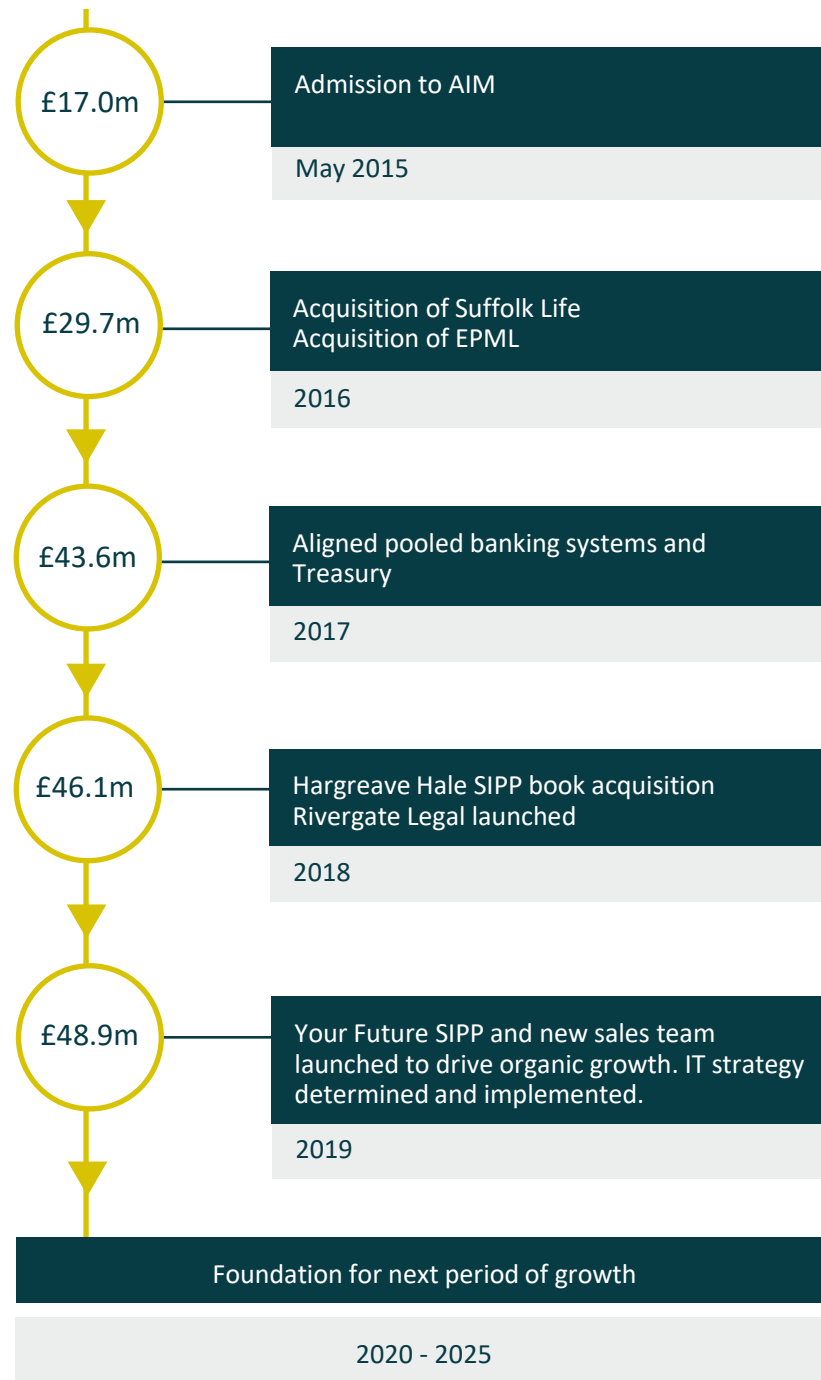
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- Trading in line with market forecasts as at end of May
- Outlook for the year likely to be affected by COVID-19, there remains uncertainty over this, however we have full confidence in our business model and operations
- Quick and successful implementation of Business Continuity Plan
- New business growth to end June 2020 ahead of same period last year

# CURTIS BANKS WELL POSITIONED FOR CONTINUED GROWTH

- Curtis Banks delivered strong growth ahead of admission to AIM, organically and via a series of acquisitions
- Over 76,000 self-invested pensions, primarily SIPPs with a modest number of SSAS, are administered, with assets totalling £29.1bn
- Over 6,300 commercial properties are owned on behalf of clients
- Acquisition of Suffolk Life was transformational, introducing enhanced governance and revenue potential
- Next generation of management introduced
- Enhanced margin opportunities realised through closer alignment of past acquisitions and strong cost controls
- Diversification proof of concept launched and realised with Rivergate Legal
- Your Future SIPP and new sales team launched
- System strategy formulated for core administration and Target Operating Model, with additional potential

## Annual Revenue



# CONTINUED DELIVERY OF OUR STATED COMPLEMENTARY GROWTH STRATEGY

✓ Organic – continuing to capture market share

✓ Acquisition – “bolt-on” businesses

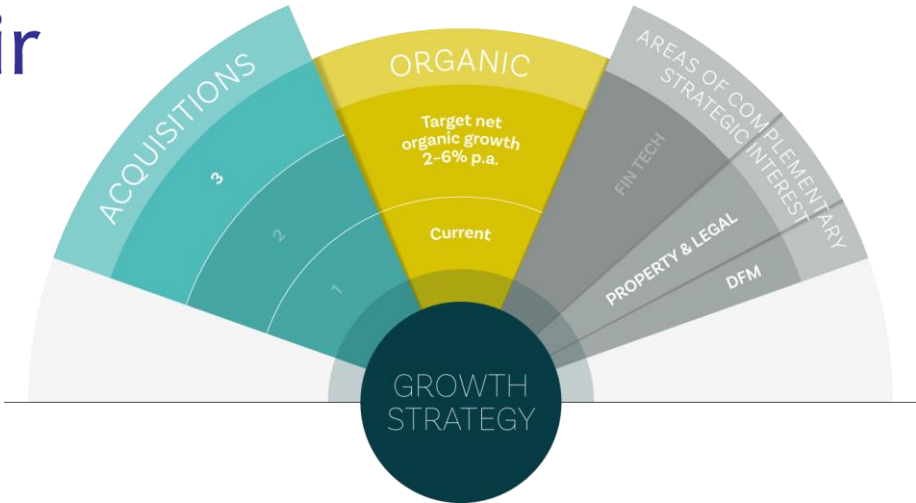
**talbotandmuir**

SIPP and SSAS provider

✓ Complementary strategic interest

**dt** dunstan thomas

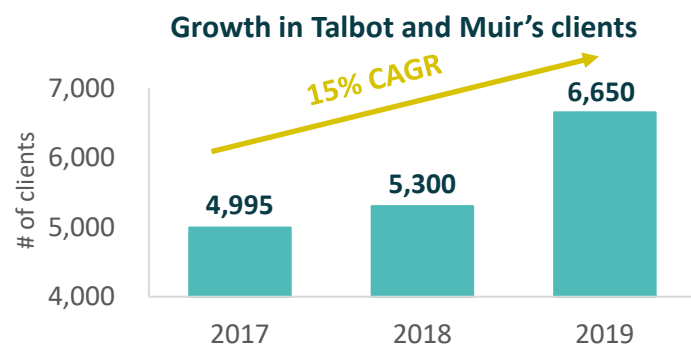
Technology solutions provider to the Wealth Management and Pension Market



Vision to provide a greater range of services, via UK regulated financial advisers, to meet the complementary needs of high net worth clients

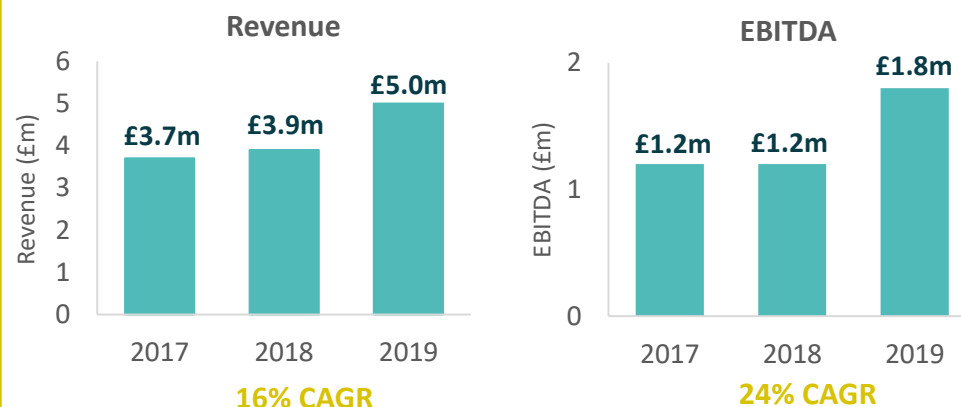
# TALBOT AND MUIR – GROWING OUR MARKET POSITION

- Founded in 1993, Talbot and Muir is a high-quality provider of SIPPs and SSAS schemes
  - over 6,600 plans; and
  - Assets under Administration (“AuA”) of circa £3.6bn<sup>1</sup>
- Includes The Pension Partnership Ltd, a recent acquisition of Talbot and Muir
- Provide similar pension administration services as Curtis Banks within the same market
- 71 employees, across offices in Nottingham and Leeds<sup>2</sup>
- Curtis Banks has undertaken a detailed due diligence process, using both internal and external parties
- Completion conditional on regulatory approval and placing



## Key financial metrics

(Statutory Basis)



	2017	2018	2019	CAGR
Revenue	£3.7m	£3.9m	£5.0m	16%
EBITDA	£1.2m	£1.2m	£1.8m	24%
EBITDA margin	32%	30%	37%	-
Profit after tax	£0.9m	£0.7m	£1.2m	18%

Source: figures from Deloitte due diligence, year ending 31 December

- Materially earnings enhancing
- Estimate current year EBITDA multiple of 6.3x based on initial consideration
- £3.9m average annual EBITDA required to maximise deferred consideration
- Full consideration represents an EBITDA multiple of 6.5x

# BENEFITS OF THE TALBOT AND MUIR ACQUISITION FOR CURTIS BANKS

## Rationale

Reinforces position as a leading SIPP provider

Cultural and structural fit

Attractive acquisition and financial metrics

Strong track record of successfully integrating businesses

## Fit for Curtis Banks

- Resilient, high quality business with a strong market reputation
- Delivers additional scale to Curtis Banks' core business

- Similar product offering as Curtis Banks and same customer profile and operating models
- Client base a natural fit with Curtis Banks, operations will integrate into Curtis Banks' existing business

- Materially earnings enhancing

- Founder succession planning
- Expected cost synergies from integrating operations and revenue synergies
- Further operational alignment will dovetail in Curtis Banks' 5 year system strategy plan



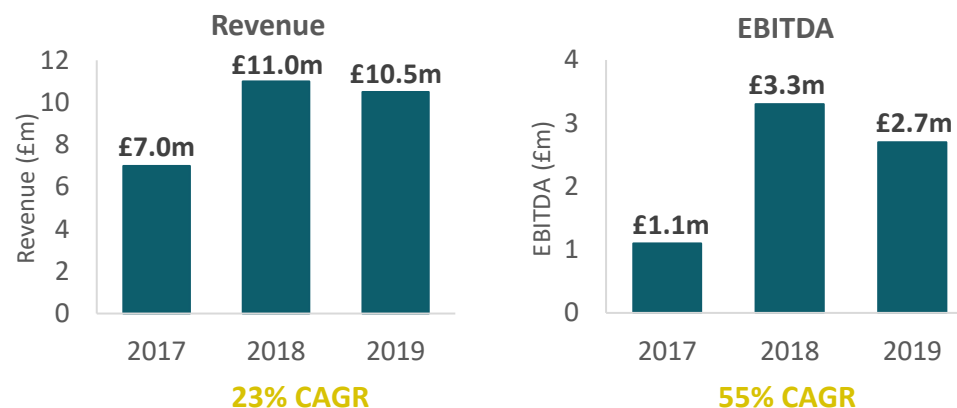
# DUNSTAN THOMAS – COMPLEMENTARY STRATEGIC INTEREST

- Founded in 1986, the Dunstan Thomas Group has grown to become a leading Fintech provider
- Dunstan Thomas’ financial services arm delivers technology solutions and services for wealth managers, platforms and providers under licence
- 93 employees, across offices in Watford and Portsmouth, providing the Imago and Integro CX product families
- Clients include Seven IM, Benchmark Capital, Close Brothers and Canada Life
- Provides the technology behind Curtis Banks’ new secure portal, reducing the time advisers spend on administration, as well as providing support for Curtis Banks’ Navision administration system
- Curtis Banks has undertaken a detailed due diligence process, using both internal and external parties
- Completion not inter-conditional on placing



## Key financial metrics

(Normalised Figures)



	2017	2018	2019	CAGR
Revenue	£7.0m	£11.0m	£10.5m	23%
EBITDA	£1.1m	£3.3m	£2.7m	55%
EBITDA margin	16%	30%	25%	-

Source: figures from Deloitte due diligence, year ending 30 September

- Materially earnings enhancing
- Estimate current year EBITDA multiple of 6.7x based on initial consideration
- £10.9m of EBITDA in 36 months to 31.12.22 required to maximise deferred consideration
- Full consideration represents an EBITDA multiple of 7.6x

# BENEFITS OF THE DUNSTAN THOMAS ACQUISITION FOR CURTIS BANKS

## Rationale

High quality business

Delivers an enhanced customer experience in our target market

Accelerates growth into complementary markets

Attractive acquisition and financial metrics

Strong track record of successfully integrating businesses

## Fit for Curtis Banks

- A resilient, well managed business with an established client base and track record of diversifying revenue
- Long standing working relationship
- Client loyalty
- Supports the successful delivery of Curtis Banks' own technology strategy driving internal efficiencies and external attractiveness
- Access to broader product and service offering for existing and future customers
- Opportunity to take Curtis Banks product offering to other target markets
- Diversified client base provides the opportunity to leverage existing relationships
- Materially earnings enhancing
- Founder to remain in place as Dunstan Thomas CEO
- Initially to continue to trade under its own brand
- Continue with its own growth strategy and explore opportunities to deepen services provided

# CONCLUSION

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- Two high-quality businesses being acquired on attractive financial metrics focused on our resilient core market
  - Combined revenues of £19.6m
  - Combined EBITDA of £5.8m
  - 6,600 new plans with £3.6bn of AUA<sup>1</sup>
- Foundation set for future growth
- Transaction materially earnings enhancing
- Clearly delivering on stated growth strategy





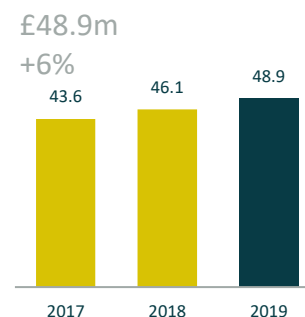
# APPENDIX



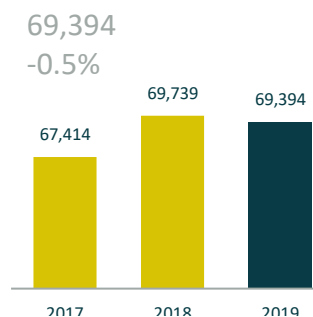
# CURTIS BANKS – A RESILIENT BUSINESS

- Curtis Banks has established itself as one of the leading independent self-invested pension operators in the UK in 11 years of trading
- The company employs circa 560 staff across three locations – Bristol, Ipswich and Dundee
- New business sourced via UK regulated financial advisers, together with strong controls governing acceptance of permitted investments
- Smoothly transitioned from founder-managed to experienced executive and senior management team
- The cash generative financial model of Curtis Banks has proved resilient to COVID-19 transitions and market conditions, as has the business continuity response
- Continued ambition to grow and diversify, and provide a wider range of solutions to our core high net worth and mass affluent clients, via UK regulated financial advisers
- Sustained financial performance – delivering consistent results
- A robust and well capitalised business with a strengthening balance sheet
- High degree of recurring revenues continue, combined with efficiencies and effective cost control continue to deliver margin improvement
- Progressive dividend policy

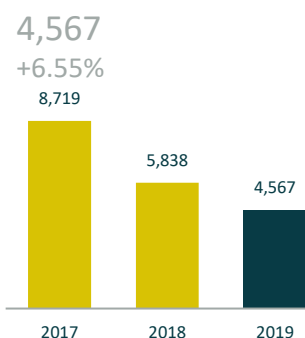
## REVENUE (£'m)



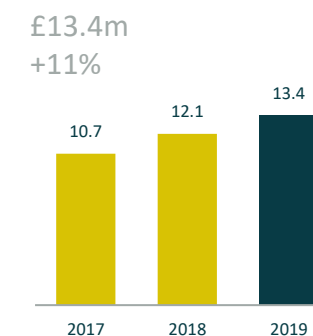
## OWN SIPPs (Excludes TPA plans)



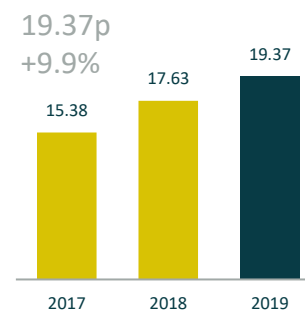
## GROSS INCREASE TO OWN SIPPs



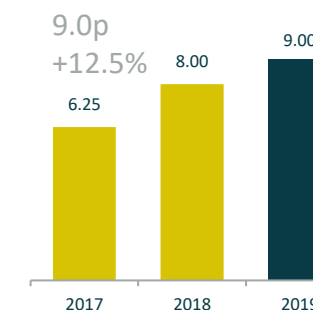
## ADJUSTED PROFIT BEFORE TAX (£'m)



## ADJUSTED DILUTED EPS (p)



## DIVIDENDS (p)



\* Including a proposed 2019 final dividend of 6.5p, making a total 2019 full year proposed payment of 9.0p

# FINANCIAL SUMMARY FULL YEAR 2019

Profit and Loss (£m)	2019	2018	2017
Operating revenue	48.9	46.1	43.6
Administrative expenses	35.2	33.6	32.3
Finance Costs (net)	0.4	0.4	0.5
Adjusted Operating profit *	13.4	12.1	10.7
Statutory profit before tax	10.9	10.1	5.9
Tax	2.0	1.9	0.6
Profit after tax	8.9	8.2	5.2
Other data			
Total dividends per share (pence)	9.00	8.00	6.25
Diluted earnings per share (pence)	15.85	14.71	9.26
Adjusted diluted earnings per share (pence)**	19.37	17.63	15.38
Number of SIPPs administered (no.)	76,541	77,739	76,474
Assets under administration (£bn)	29.1	24.8	24.7

Final dividend of 6.5p making a full year payment of 9.0p  
(2018: 8.0p)

1. Profit before tax, amortisation and non-recurring costs
2. The ratio of operating profit before net finance cost, amortisation and non-recurring costs to operating revenues

# BALANCE SHEET AS AT 31 DECEMBER 2019

Balance Sheet (£'000)	2019	2018
Intangible Assets	43,427	44,110
Property Plant and Equipment	6,195	1,216
Deferred Consideration	(214)	(380)
Deferred Income	(12,415)	(11,407)
Borrowings	(11,111)	(14,448)
Other Net Assets (Liabilities)	(1,657)	2,561
Cash	31,228	28,018
<b>Net Assets</b>	<b>55,453</b>	<b>49,670</b>
Share Capital + Share Premium	33,930	33,720
Retained Earnings + Option Reserve	21,523	15,950
<b>Shareholder's Equity</b>	<b>55,453</b>	<b>49,670</b>

