

Mattioli Woods plc

Final results for the
year ended 31 May 2011



Important information

Mattioli Woods plc

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 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.

Mattioli Woods' final results

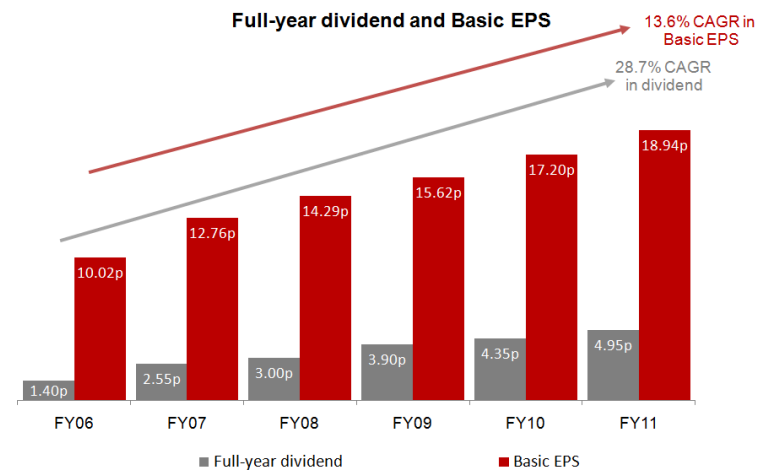
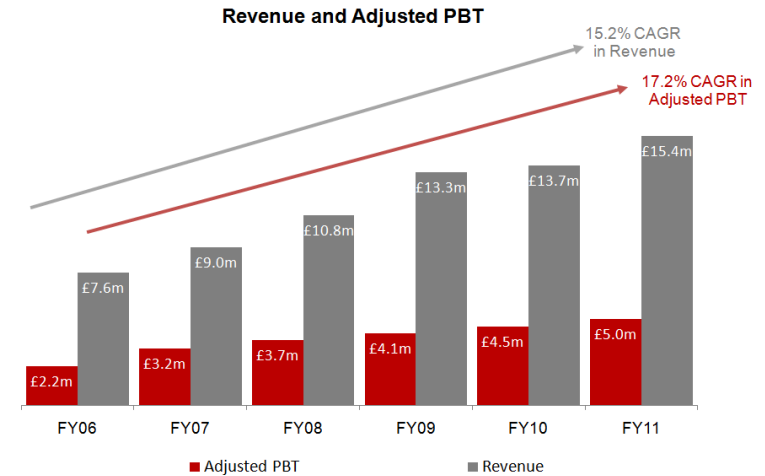
- Introduction
- Highlights
- Revenues and profit growth
- Cash flows
- Strategy
- Targeted acquisitions:
 - Kudos
 - Track record
 - Future
- Outlook

Introduction

Mattioli Woods plc

20 years of growth

- Continued revenue and profit growth
- Trusted adviser status remains core
- Extending our proposition due to client demand:
 - Systems
 - Development of consultancy team
 - Recruitment
 - Acquisition
- Developing discretionary management



Continuing record of double digit growth

- Revenue up 12.3% to £15.36m (2010: £13.68m)
- Adjusted EPS¹ up 14.1% to 21.22p (2010: 18.60p)
- Adjusted PBT² up 9.8% to £4.95m (2010: £4.51m)
- Proposed total dividend up 13.8% to 4.95p (2010: 4.35p)
- Net cash at period end of £4.61m (2010: £5.79m)

1. Before acquisition costs expensed under IFRS3 (Revised) and amortisation of intangible assets other than computer software.
Basic EPS up 10.1% to 18.94p (2010: 17.20p).

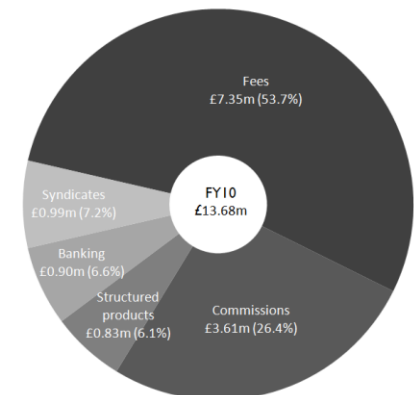
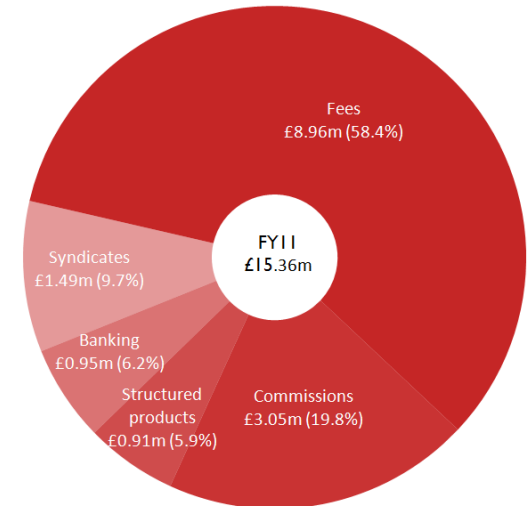
2. Profit before tax, acquisition costs expensed under IFRS3 (Revised) and amortisation of intangible assets other than computer software.

Investing for future growth

- Assets under administration and advice up 21.7% to £2.30bn (2010: £1.89bn)
- Total scheme numbers up 32.9% to 4,350 (2010: 3,273)
- Acquisition of City Trustees in August 2010
- Helen Keays appointed as NED
- Acquisition of Kudos in August 2011

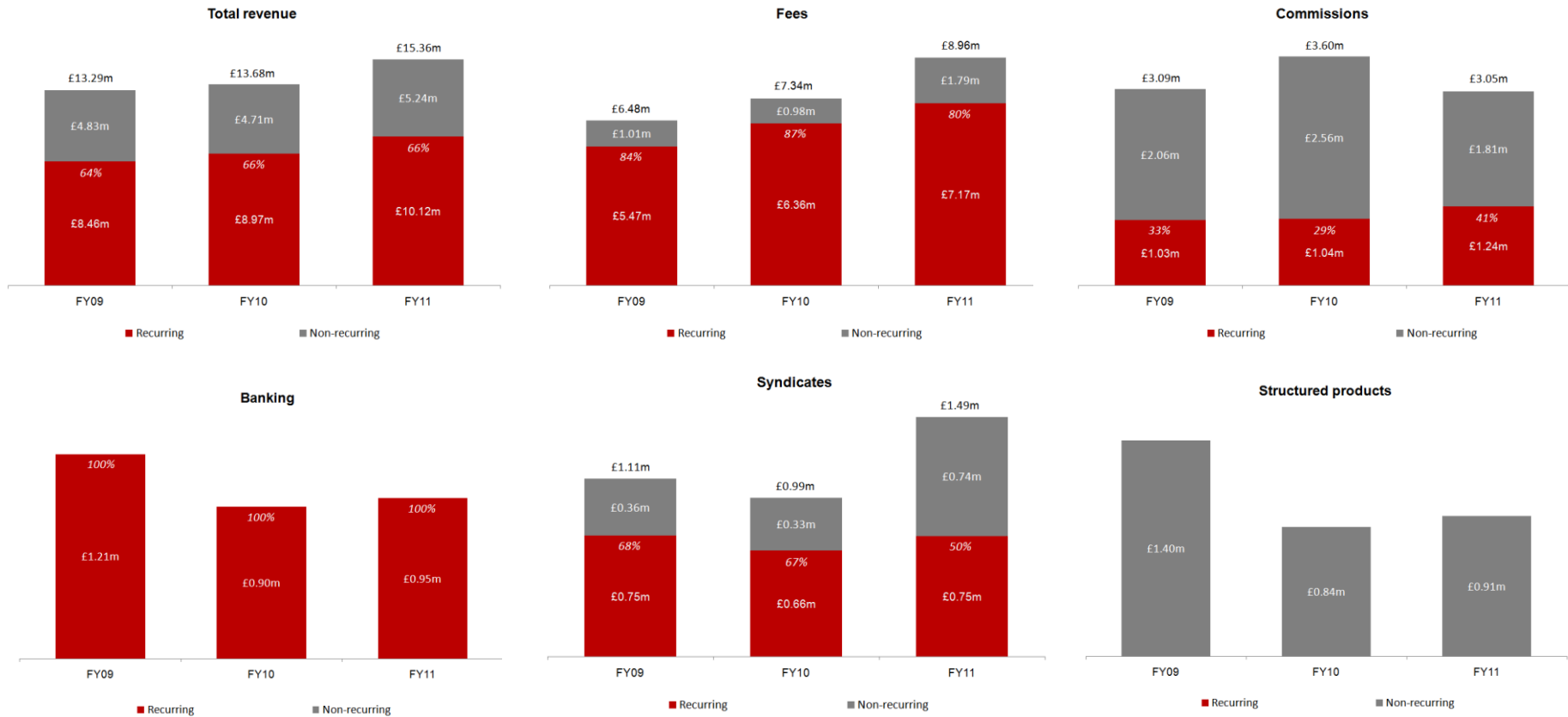
Revenue up 12.3% to £15.36m

- Organic revenue growth¹ +7.8% (2010: +2.8%)
- Revenue of £0.90m from last two acquisitions
- Strong recurring revenues and client retention:
 - 65.9% recurring revenue (2010: 65.6%)
 - Overall client attrition rate² of 5.1% (2010: 4.3%)
- New pension legislation driving need for consultancy
- Changing investment markets shaping advice

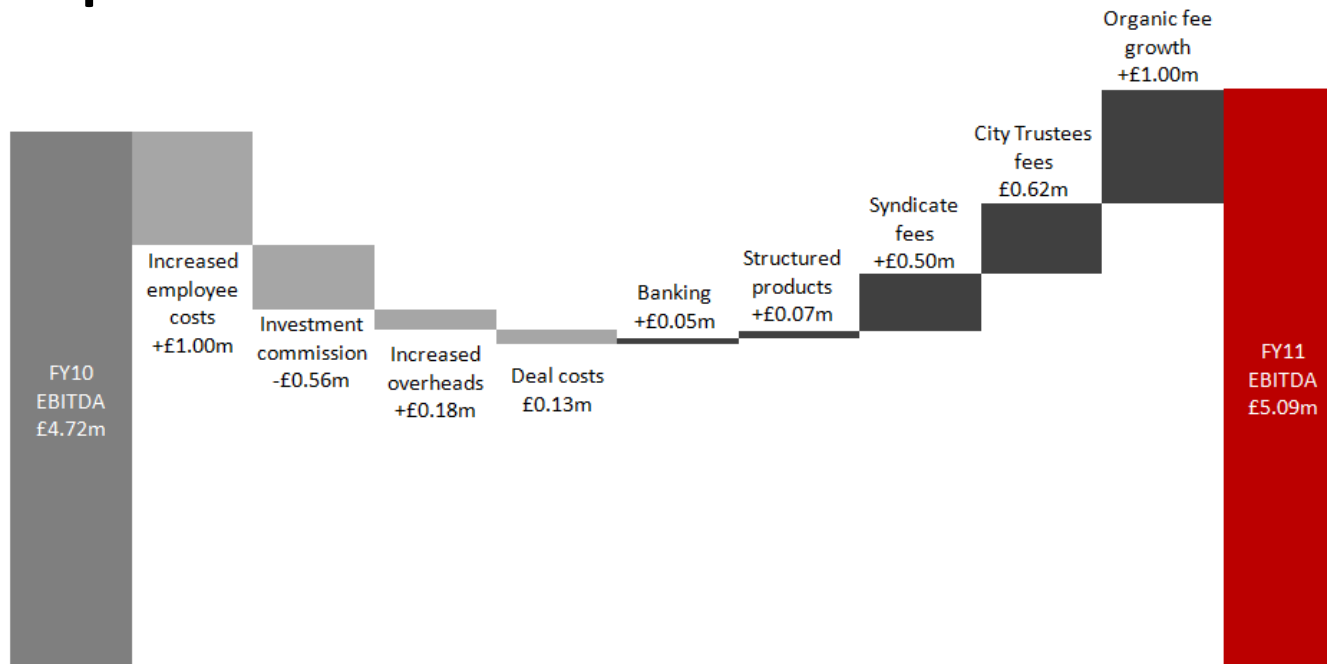


1. Organic revenue growth excludes acquisitions completed during the year.
2. Core SSAS and SIPP schemes lost as a result of death, annuity purchase, external transfer or cancellation as a percentage of average core scheme numbers during the period.

Resilient fee model with strong recurring revenues

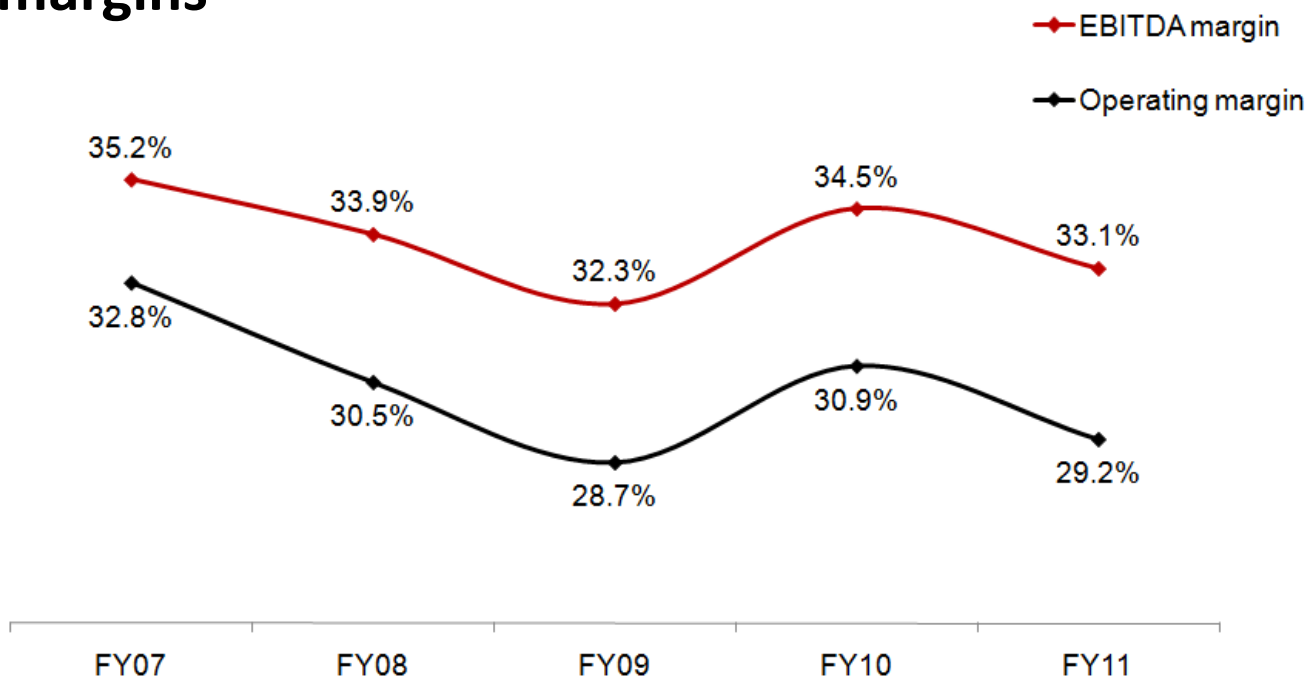


EBITDA up 7.8% to £5.09m



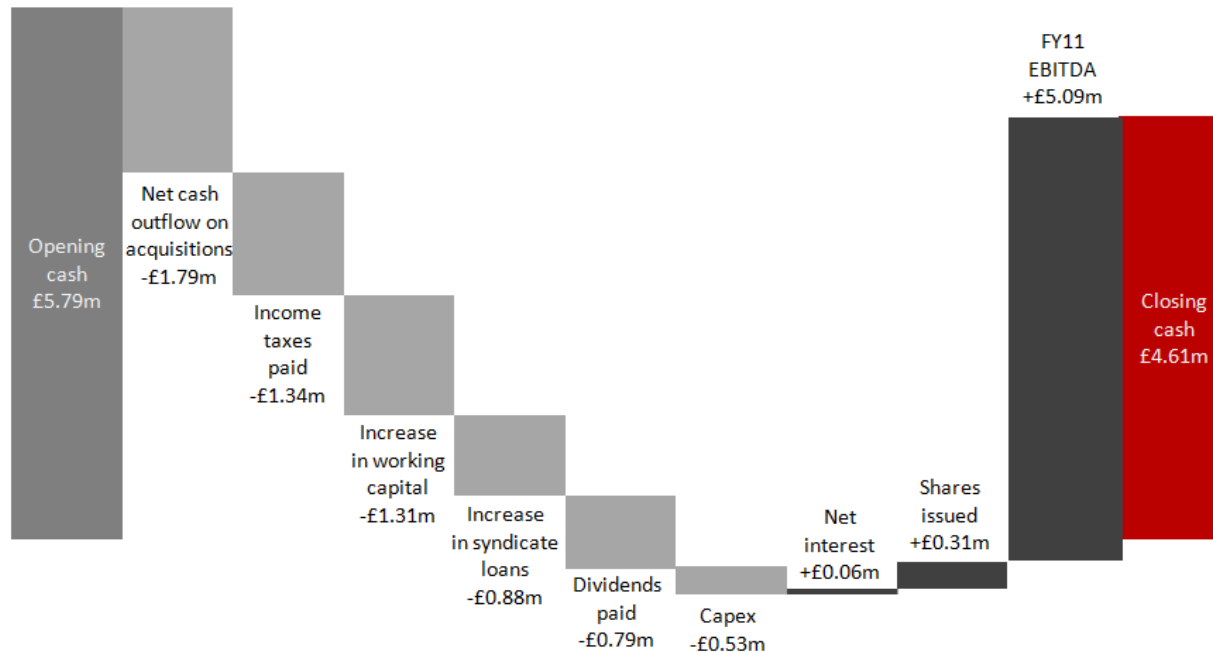
- Employee costs 51.5% of revenue (2010: 50.5%)
- £0.13m of FSCS interim levy offset by £0.24m release of provision for contingent consideration
- £0.07m of deal costs added back for Adjusted PBT
- Acquisition of City Trustees in August 2010
- Fee growth driven by legislative changes

Strong margins



- Increasing amortisation due to recent acquisitions
- Fees up to 58.4% of revenue (2010: 53.7%)
- City Trustees break-even in FY11
- Expect short term compression of margin as invest to secure future growth

Cash generative and dividend paying



- Conversion of 74.4% of EBITDA to cash (2010: 81.6%)
- Migration of acquired clients to time-costs:
 - Headline debtors' days up to 78 days (2010: 71)
 - Enables capture of ad hoc, high-value work
- Deferred consideration of up to £0.30m on CP Pensions acquisition
- Increasing capex on platform development
- Effective tax rate 26.8% (2010: 29.6%)
- Proposed total dividend up 13.8% to 4.95p (2010: 4.35p)
- Initial net cash outflow of £2.40m on Kudos acquisition

Demand for a wider service proposition

- Increasing volatility in global markets
- Increasing complexity of financial services
- Speed of development of new technology
- Clients want :
 - Trusted adviser
 - Clear understanding of financial position
 - High service levels and personalised delivery
 - On-line facilities (viewing and dealing)
 - Advice across wealth management spectrum

Delivering a wider proposition

- Capturing assets under administration and advice
- Developing core and complementary services:
 - SIPP and SSAS
 - Employee benefits
 - Personal investments
- Creating platform for integrated wealth management:
 - Strengthening client relationships
 - Higher margins
 - Increasing average revenue per client
- Launch of discretionary fund management
- Kudos strengthens trust, taxation and investment services

Extending distribution

- Existing sales channels:
 - Network of professional connections
 - Client referral
 - Seminars
- New sales channels:
 - Employee benefits client base
 - Direct marketing
 - Custodian Capital
 - City Trustees
- Synergies within group



Cultural and strategic fit

- Revenue of £4.26m and PBT of £0.53m in FY10¹
- Employee benefits business:
 - Strong pensions core
 - c. £208m² of DC and £122m² of DB assets
 - Corporate clients with over 27,000² employees
- Expertise around wealth management:
 - c. £200m² of assets under advice and administration
 - Trusts, taxation and protection
- Extends geographic reach

1. Year ended 30 September 2010.

2. Unaudited estimates from Kudos management.

Employee benefits and wealth management

- Total up front consideration of £3.94m:
 - £2.75m cash
 - £1.19m equity (subject to lock-ins)
 - Plus estimated surplus cash of £1.30m
- Estimated net cash out flow of £2.40m on completion
- £4.75m “earn-out” over three years
- Earnings enhancing in current financial year:
 - Proven management and sales team
 - Profitable, cash generative business
 - Synergies with Mattioli Woods Group
 - Legislative growth drivers

Record of creating value

- City Trustees and CP Pensions fully integrated
- Increasing revenues through:
 - Broader service proposition
 - Platform synergies
 - Changes to billing model
- Strong client retention
- Loss rates priced into deals:
 - Initial expectations
 - Claw back of purchase consideration

Acquisition	Geoffrey Bernstein	Suffolk Life	PCL	JBFS	Polaris	CP Pensions	City Trustees
Plan type	SSAS	SSAS	SSAS & SIPP	SSAS & SIPP	SSAS & SIPP	SSAS & SIPP	SSAS & SIPP
Date of acquisition	Jun 05	Jan 06	Jul 07	Feb 08	Feb 08	Apr 10	Aug 10
Schemes acquired	93	170	348	290	404	295	1,088
Schemes retained at 31 May 2011	60	124	299	236	263	286	1,064
Retention	65%	73%	86%	81%	65%	97%	98%
Average annual attrition rate	6%	5%	4%	6%	11%	3%	3%
Expected annual loss rate ¹	11%	5%	9%	5%	33%	5%	5%
Average revenue ² per scheme at acquisition	£1,505	£2,078	£2,006	£2,356	£808	£1,177	£564
FY11 annualised average revenue ² per scheme	£2,537	£3,372	£2,523	£3,538	£1,887	£982	£704
Aggregate revenues since acquisition	£0.99m	£2.22m	£3.14m	£2.82m	£1.39m	£0.31m	£0.67m
Estimated total consideration	£0.40m	£0.71m	£1.84m	£1.82m	-	£0.97m ³	£1.85m
EPS accretion	✓	✓	✓	✓	✓	✓	Expected ⁴

¹ Claw back of initial consideration post-acquisition based on expected annual loss rate.

² Fees and investment commissions (excludes banking, property syndicates and structured products).

³ Estimated total consideration, including contingent deferred consideration payable.

⁴ Expected in first full year following acquisition.

Capitalising on the opportunity

- Accelerate organic growth:
 - Create capacity in sales team
 - Increase average revenue per client
 - Extend distribution via employee benefits
 - Marketing and brand development
- Evolution of wealth management proposition
- Strategic acquisitions
- Deliver further earnings and dividend growth
- Current trading in line with board's expectations

Appendices

Mattioli Woods plc



Executive directors

Mattioli Woods plc

Bob Woods

Executive Chairman

- Co-founder in 1991
- Over 30 years' experience in pensions industry
- Developed UK's second SIPP

Ian Mattioli

Chief Executive

- Co-founder in 1991
- Over 25 years' experience in pensions industry
- Previously with Pointon York and Phoenix Assurance

Nathan Imlach

Finance Director

- Joined in 2005
- Previously with Johnston Carmichael Corporate Finance and Ernst & Young
- Over 15 years' corporate finance experience

Murray Smith

Sales and Marketing Director

- Joined in 1995
- Pension transfer specialist with over 15 years' experience in financial services
- Manages consultancy team

Mark Smith

Operations Director

- Joined in 2000
- Compliance and Money Laundering Officer
- Over 20 years' financial services experience

Retirement wealth management

- Full-service pension consultancy formed in 1991
- Developing complementary services around core
- Experienced management team
- High net-worth clients
- Robust fee-based model
- Strong client retention
- Strong balance sheet – no debt
- Cash generative and dividend paying

Track record of profitable growth



2011	Kudos acquisition
2011	£15m+ revenue
2010	£2bn+ assets under administration and advice
2010	Acquisition of CP Pensions and City Trustees
2008	£10m+ revenue
2008	JB Group acquisition
2007	£1bn+ assets under administration and advice
2007	Introduction of SIPP regulation and PCL acquisition
2006	Suffolk Life SSAS portfolio acquired and “A-Day”
2005	First acquisition, move to Leicester and admission to AIM
2003	Mattioli Woods Pension Consultants Limited incorporated
2001	FSA regulation of investment firms
1998	First graduate recruit qualifies as a consultant
1997	£1m+ revenue
1992	Initiated graduate recruitment model
1991	Established as a Partnership

Creating value

Acquisition	Geoffrey Bernstein	Suffolk Life	PCL	JBFS	Polaris	CP Pensions	City Trustees
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3 Estimated total consideration, including contingent deferred consideration payable.

4 Expected in first full year following acquisition.

Increasing financial resources requirement

Date	Review of Retail Distribution (RDR)	Actions	IPRU-INV Chapters 1 and 13	IPRU-INV Chapters 1 and 5	MIFID
Current	Policy statements and final rules	Respond to consultation and consider impacts on business model			
End 2011	Prudential Rules for Personal Investment Firms (PIFs)	<ul style="list-style-type: none"> Own funds requirement increasing from £10,000 to £20,000 in 2011 Extension of Expenditure Based Requirements (EBR) to all firms EBR increases from 4 weeks to 13 weeks over next three years Professional Indemnity excess concession requires further £86,172 of own funds 	Mattioli Woods is categorised as an exempt CAD firm and therefore falls under the requirements of Interim Prudential sourcebook for Investment Businesses (IPRU-INV) Chapters 1 and 13.	City Pensions is categorised as an investment management firm and therefore falls under the requirements of IPRU-INV Chapters 1 and 5.	Mattioli Woods and Kudos need to comply with MIFID because they provide regulated investment advice for individuals resident in EEA states.
End 2012	Professionalism	Depending on existing qualifications, advisers need to qualify at the new level or complete any additional CPD top up	Kudos is categorised as a personal investment firm and therefore falls under the requirements of Interim Prudential sourcebook for Investment Businesses (IPRU-INV) Chapters 1 and 13.	Custodian Capital is categorised as an investment management firm and therefore falls under the requirements of IPRU-INV Chapters 1 and 5.	City Pensions and Custodian Capital do not need to comply with MIFID as they provide no relevant services.
	Remuneration	All advisers and product providers must prepare and be ready to operate Adviser Charging and meet associated requirements from January 2013			
	Description of services	<ul style="list-style-type: none"> All advisers and product providers must prepare to describe services as independent or restricted advice from January 2013 All advisers must prepare and start complying with new independence and product requirements from January 2013 			
End 2013	Prudential Rules for PIFs	PIFs must comply fully with the new rules from 31 Dec 2013			