



Mattioli Woods plc

PENSIONS & WEALTH MANAGEMENT

INTERIM RESULTS

For the six months ended 30 November 2011

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.

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Information in this presentation reflects the knowledge and information available at the time of its presentation.



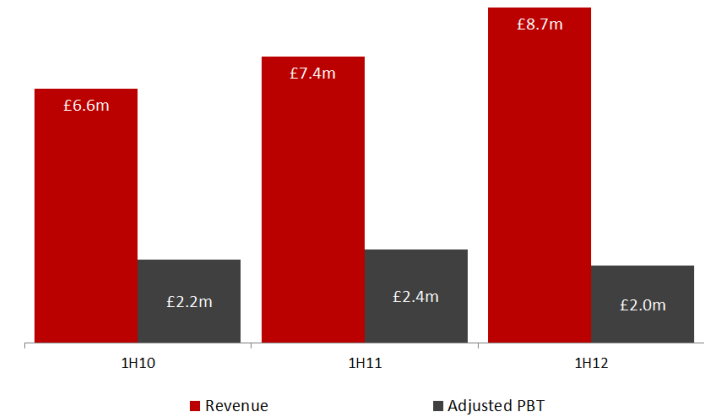
- Introduction
- Highlights
- Financials
- Market
- Strategy
- Kudos acquisition
- Summary and outlook
- Appendices



Pensions and Wealth Management – The Future

- Core SSAS and SIPP offering :
 - Focus at top end of market
 - SIPP becoming vehicle of choice for mass affluent
- Employee benefits expands our market
- Developing wealth management:
 - Kudos adds trust and taxation services
 - Broader service to existing clients
 - Widens market opportunity
- Portfolio management awaiting FSA approval
- Rebrand launched in Nov 2011

Group revenue and Adjusted PBT



Schemes	Mattioli Woods	City Trustees	Kudos	1H12 Total	1H11 Total	1H10 Total
SSAS	1,255	125	14	1,394	1,410	1,257
SIPP	2,042	906	183	3,131	2,938	1,677
Total	3,297	1,031	197	4,525	4,348	2,934
Growth	+0.9%	-4.6%	n/a	+4.1%	+48.2%	+1.5%
Avg value	£0.54m	£0.28m	£0.16m	£0.47m	£0.47m	£0.54m



Financial results

- Revenue up 17.0% to £8.69m (1H11: £7.43m)
- Adjusted PBT¹ down 17.4% to £2.00m (1H11: £2.42m)
- Adjusted EPS² down 18.7% to 8.57p (1H11: 10.54p)
- Interim dividend up 12.1% to 1.85p (1H11: 1.65p)
- Net cash at period end of £3.36m (1H11: £1.75m)

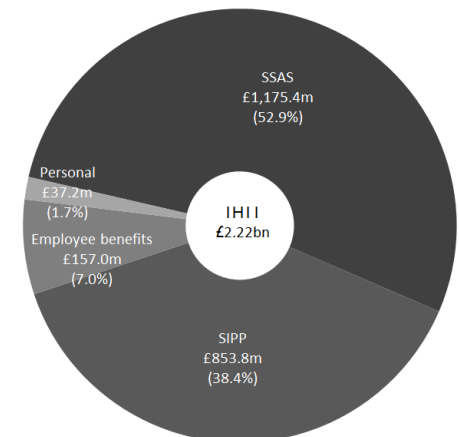
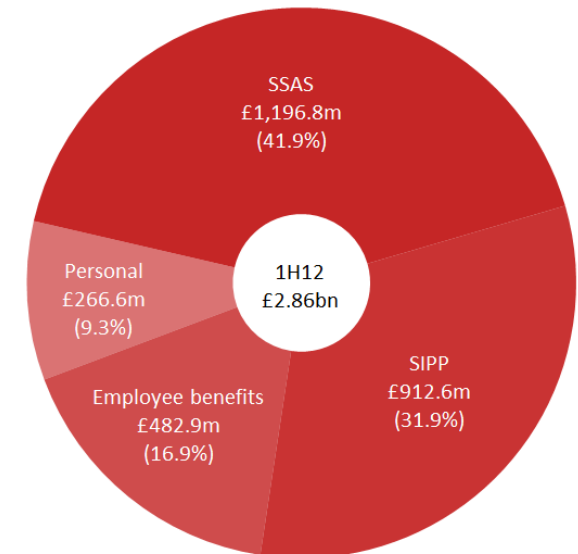
1. Profit before tax, acquisition costs expensed under IFRS3 (Revised) and amortisation of intangible assets other than computer software.
2. Before acquisition costs expensed under IFRS3 (Revised) and amortisation of intangible assets other than computer software.
Basic EPS down 36.3% to 5.61p (1H11: 8.80p).



Investing for future growth

- Assets under administration and advice¹ up 28.8% to £2.86bn (1H11: £2.22bn)
- Acquisition of Kudos in Aug 2011
- Custodian Capital launched in Oct 2011
- Continuing development of Group:
 - Integration of acquired businesses
 - Growth in consultant numbers² to 46 (1H11: 23)
 - Portfolio management

Assets under administration and advice

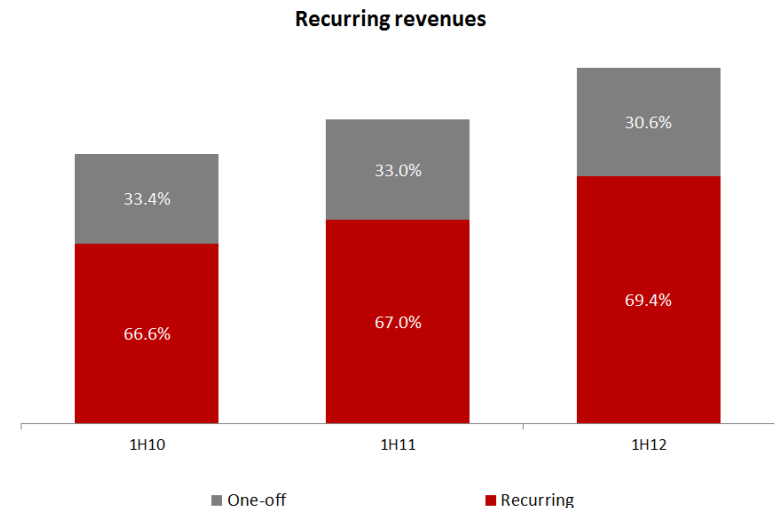
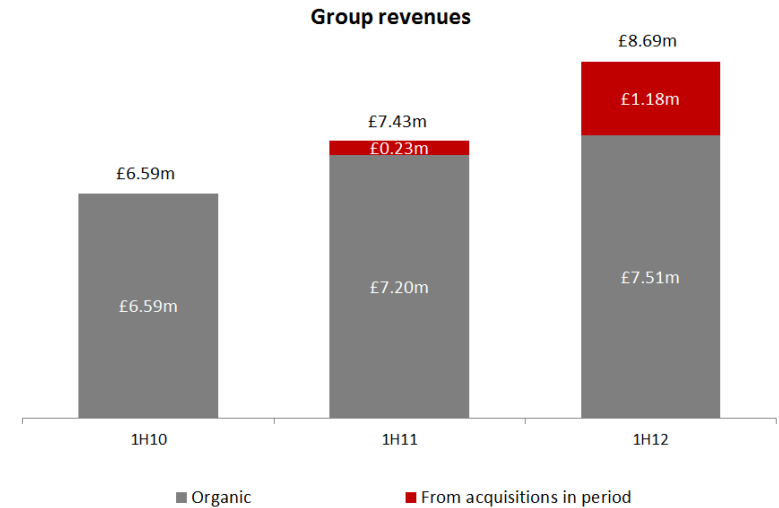


1. Includes £602.0m of assets under administration and advice at Kudos.
2. Includes 17 Kudos consultants.



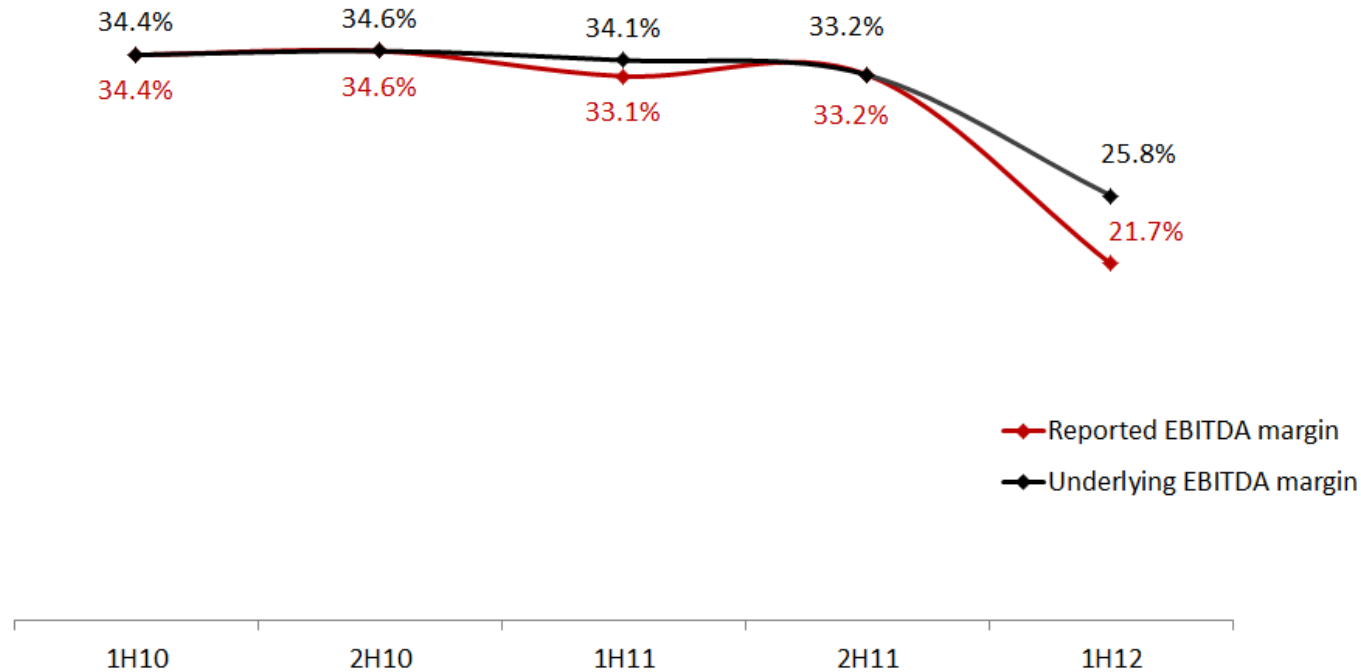
Revenues up 17.0% to £8.69m

- Three months' revenues from Kudos
- Robust consultancy and admin fees
- Cautious investment stance impacts:
 - Initial commissions
 - Aggregate bank balances
 - Time-costed administration activity
- Full period contribution from City Trustees
- 69.4% recurring revenues (1H11: 67.0%)





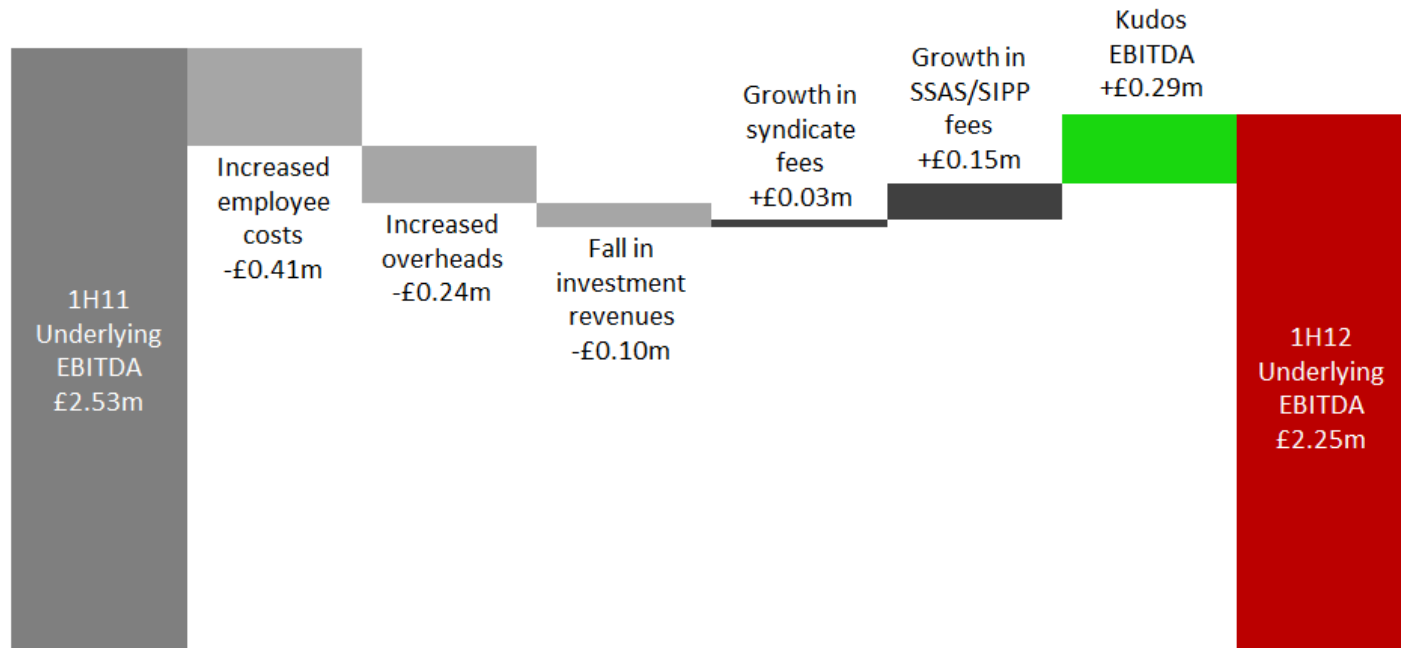
Margin compressed in first half



- Anticipated margin erosion:
 - Investment in group infrastructure
 - Branding and marketing costs
 - Development of consultancy team
 - Launch of Custodian Capital in Oct 2011
- Lower levels of investment activity
- Impact of acquisitions:
 - City Trustees' margin 11.8% (1H11: 13.9%)
 - Kudos' margin 24.9% in 1H12



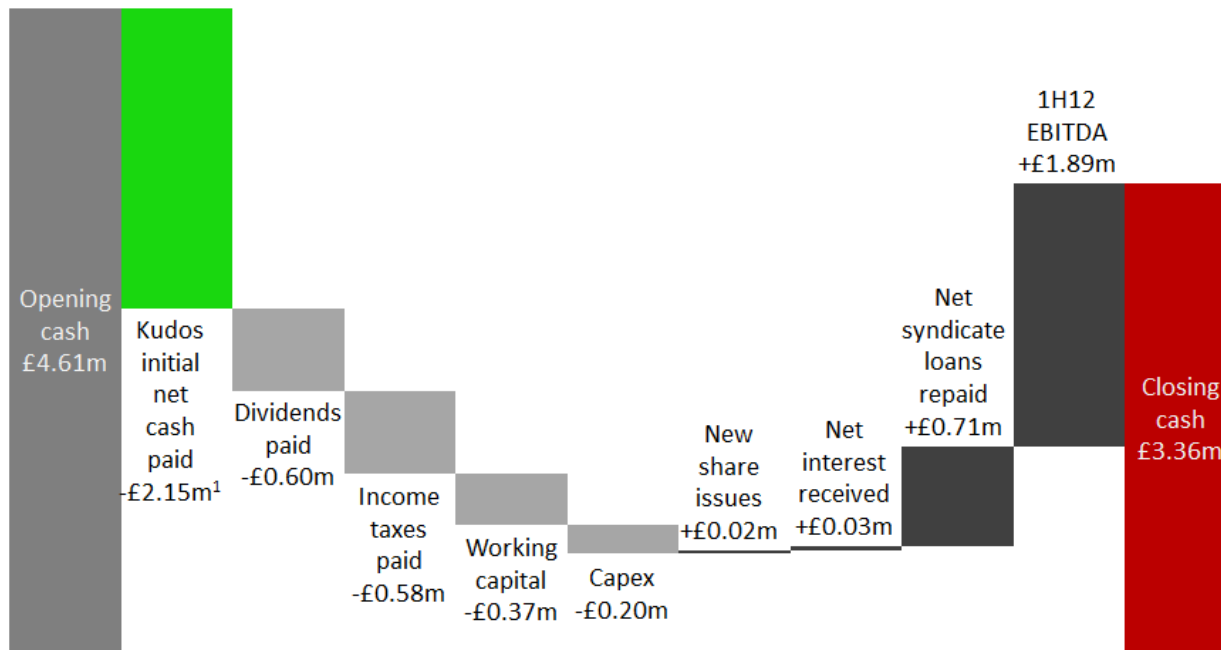
Underlying EBITDA down 11.1% to £2.25m



- Underlying EBITDA adds back:
 - £0.26m of IFRS3 acquisition costs (1H11: £0.07m)
 - £0.10m of rebrand costs in 1H11
- Employee costs 55.3% of revenue (1H11: 50.4%)
- Overheads include £0.08m of irrecoverable VAT



Improved cash conversion, dividend up 12.1%



1. Excludes acquisition costs included in EBITDA.

- 80.4% of EBITDA to cash (1H11: 61.0%):
 - Includes £0.26m of deal costs
 - Net outflow of £2.41m on Kudos
- Deferred consideration of up to £4.75m over three years
- Working capital movement:
 - Fall in WIP and debtors
 - Offset by bonuses and PAYE paid
- Headline debtors' ratio : 74 days' sales (FY11: 78 days; 1H11: 69 days)
- Effective tax rate 32.2% (1H11: 27.4%)



Changes enhance opportunity

- RDR predicted to reduce competition
- Clients want trusted adviser
- Changes in SIPP market:
 - Less price sensitivity
 - Volume SIPP market under pressure
 - Review of capital resources requirements
- Enduring economic weakness:
 - Impact on attitude to risk
 - Expect low returns to increase focus on TERs

Deliver broader services to mass affluent

- Maintain core values of honesty and integrity
- Continue to address demand for:
 - High service levels and personalised delivery
 - Specialist expertise
 - Advice across wealth management spectrum
- Focus on delivery of complimentary core services:
 - SSAS
 - SIPP
 - Employee benefits
 - Wealth management





Extend distribution and accelerate growth

- Development of sales team:
 - Expansion of professional connection
 - Now 46 (1H11: 23) consultants in Group
 - New sales manager recruited for City Trustees
 - Expanding consultancy training team
- Realise revenue synergies across Group:
 - Executive counselling via corporate clients
 - Kudos' SSAS and SIPP clients
 - Custodian Capital and City Trustees
- Launch portfolio management

Mattioli Woods new consultants' revenue



Mattioli Woods consultants' 1H12 revenues annualised





A great fit, bedding-in well

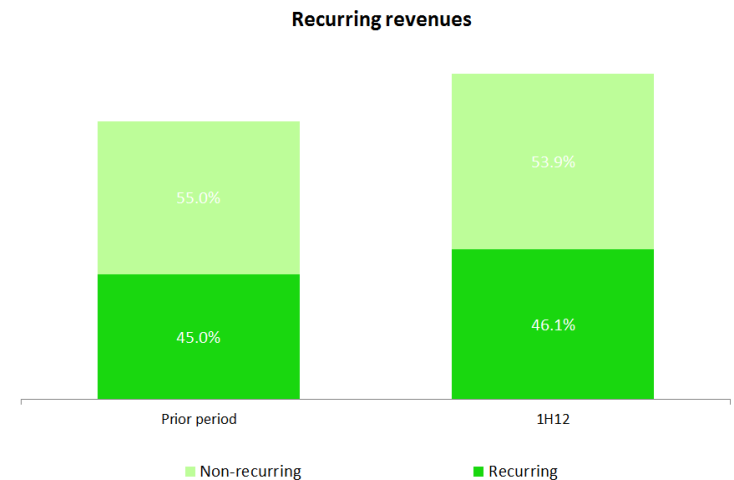
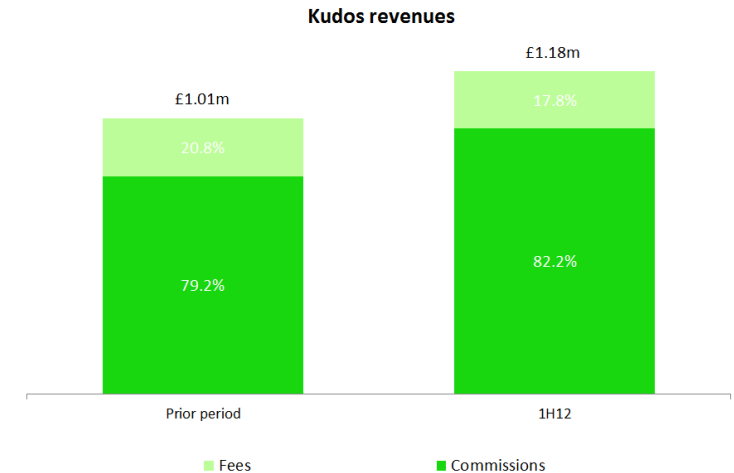
- Employee benefits and wealth management
- Headline price of £8.69m
- Total acquisition cost of £10.27m:
 - £2.75m cash
 - £1.19m equity (subject to lock-ins)
 - Up to £4.75m earn-out over three years
 - Plus “surplus” cash acquired of £1.58m
- Net cash out flow of £2.41m on completion

Earn-out hurdles	Year 1	Year 2	Year 3
EBITDA:			
> £0.75m < £1.00m	£0.75m	£Nil	£Nil
> £1.00m < £1.23m	£1.00m	£1.00m	£1.00m
> £1.23m < £1.48m	£1.25m	£1.25m	£1.00m
> £1.48m	£1.25m	£1.25m	£1.25m
EBITDA linked	Up to £1.25m	Up to £1.25m	Up to £1.25m
Recurring revenue:			
> £2.19m < £2.51m	£0.33m	£Nil	£Nil
> £2.51m < £2.89m	£0.33m	£0.33m	£Nil
>£2.89m	£0.33m	£0.33m	£0.33m
Recurring revenue linked	Up to £0.33m	Up to £0.33m	Up to £0.33m



Earnings enhancing in current financial year

- Revenues of £1.18m in 1H12:
 - Up 16.8% on equivalent period last year
 - Growing recurring revenues
- Strong enquiry pipeline
- Revenue synergies within Group:
 - Positive cross-referrals
 - 183 SIPP and 14 SSAS clients
 - Trusts
 - IHT mitigation
 - Treasury



Challenging economic conditions

- Deferral of investment activity
- Anticipated fall in margin:
 - Investment in group infrastructure
 - Expansion of consultancy team
 - Re-branding
 - Launch of Custodian Capital
- Integration of acquisitions
- Strong client retention



Extending our reach

- Planned future growth:
 - 18% increase in core consultancy capacity
 - Extending distribution via employee benefits
 - Delivery of complementary services
- Further investment in business
- Further acquisitions under review
- Maintain record of earnings and dividend growth



Appendices

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

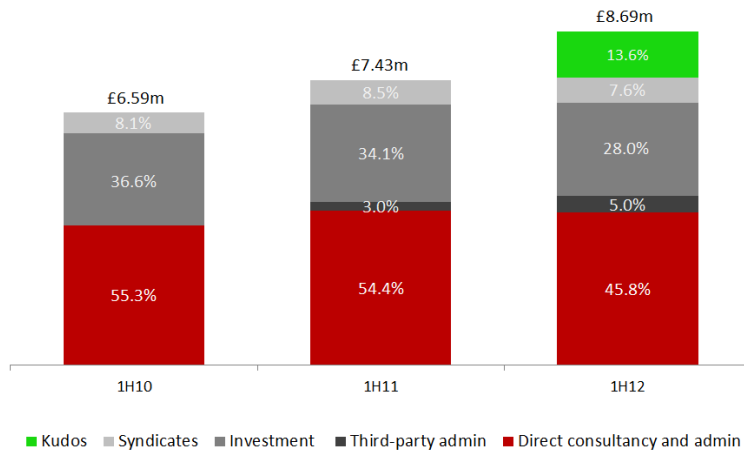


- 2011 Launch Custodian Capital with £105m of property under management
- 2011 £15m+ revenue and Kudos acquisition
- 2010 £2bn+ assets under administration and advice
- 2010 Acquisition of CP Pensions and City Trustees
- 2008 £10m+ revenue and JB Group acquisition
- 2007 £1bn+ assets under administration and advice and “R-Day”
- 2007 Introduction of SIPP regulation and PCL acquisition
- 2006 Suffolk Life SSAS portfolio acquired and “A-Day”
- 2005 First acquisition 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

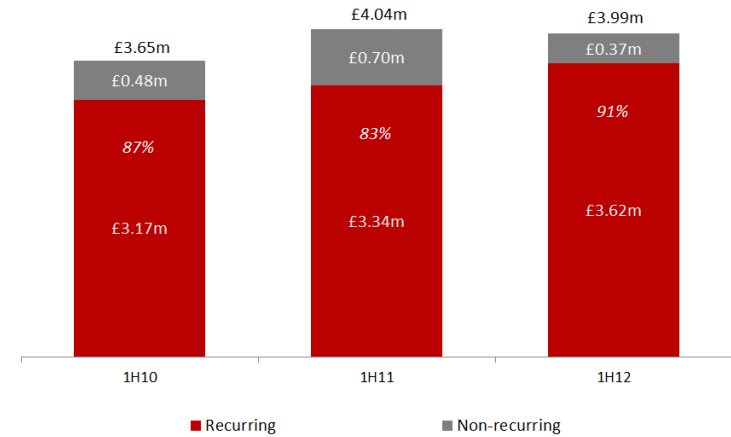


Strong recurring revenues

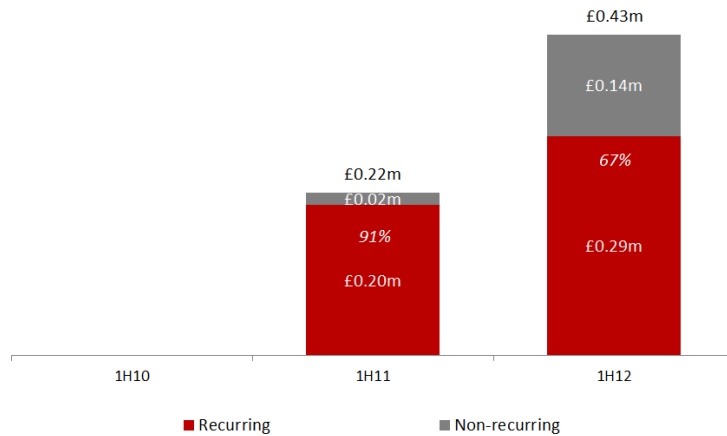
Segment revenues



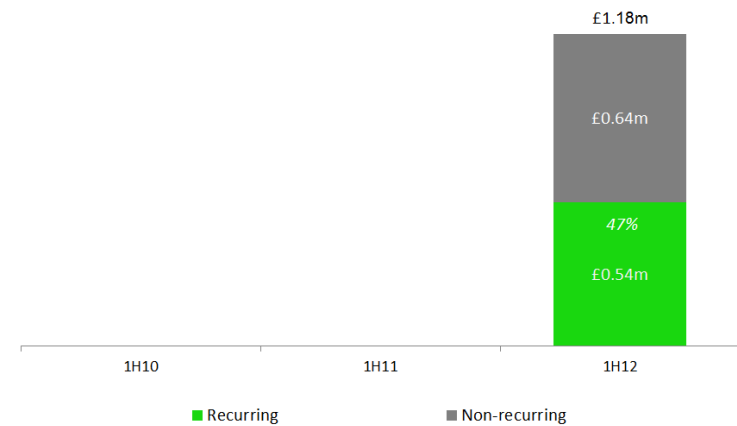
Direct consultancy and administration



Third-party administration



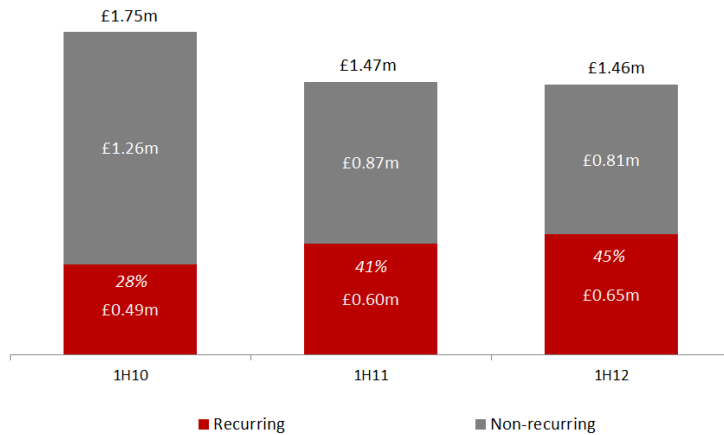
Kudos



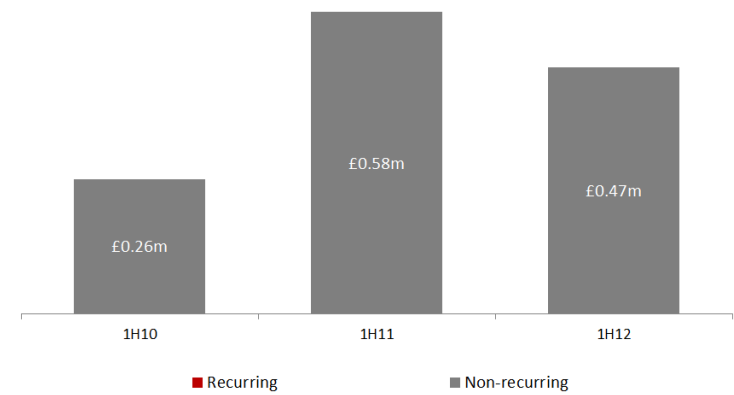


Challenging economic environment

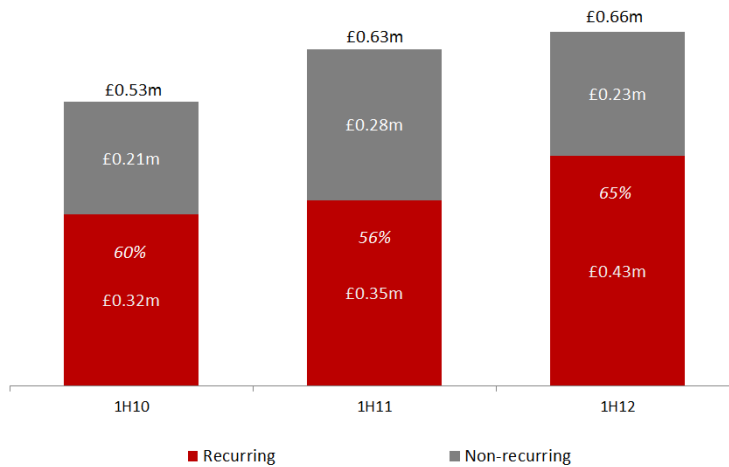
Commissions



Structured products



Syndicates



Banking



Note: Investment revenues analysed above exclude Kudos.



Positive transition

- RDR seeks to:
 - Improve clarity of description of services
 - Address potential for adviser remuneration bias
 - Increase professional standards
- Services either “independent” or “restricted”
- Separation of product and advice charges
- Commission from product providers:
 - Legacy commissions continue on existing business
 - Adviser or Consultancy Charging for new business

“firms providing independent advice will be expected to conduct a comprehensive and fair analysis of the wider range of retail investment products”

Source: Financial Services Authority
PS10/6: Delivering the RDR (March 2010)

“we propose to allow commission on existing GPPs to continue”

Source: Financial Services Authority
PS10/10: Corporate pensions (June 2010)

Revenue stream	Entity	Current revenue model	Post RDR model
Direct pension consultancy and administration	Mattioli Woods	Time-costed fees and disbursements	No change
Third-party administration	City Trustees	Annual and transactional fees, plus time-costed fees	No change
Investment	Mattioli Woods and Kudos	Time-costed fees or provider commission	Adviser Charging
Structured products	Mattioli Woods	Product charge	Clarification awaited from FSA
Banking	Mattioli Woods and City Trustees	Interest margin	No change
Property syndicates	Custodian Capital	Fees based on underlying asset values	No change
Employee benefits	Mattioli Woods and Kudos	Fees or provider commissions	Adviser Charging or Consultancy Charging
Wealth management	Mattioli Woods and Kudos	Provider commissions	Adviser Charging