

**Anexo Group plc**  
Interim Results  
for the six months ended 30 June 2018

12 September 2018

**Alan Sellers**

Executive Chairman

**Mark Bringloe**

Chief Financial Officer

**Anexo**

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# Operational Highlights

- Increased the vehicle fleet to 2,293 at 30 June 2018 (H1 2017: 1,568)
- Vehicles on hire increased sharply to 1,240 at 30 June 2018 (H1 2017: 974) – increase of 27%
- Maintained utilisation rates around target, reaching 82% at 30 June 2018 (H1 2017: 80%)
- Focused on settlement rates which are currently trending upwards
- Staff employed at Bond Turner reached 215 at 30 June 2018 (H1 2017: 167) – increase of 29%
- Successful recruitment for the new Bolton office which has widened the recruitment pool and injected the experience and skill of 12 highly experienced, industry renowned litigators (an increase of 27%) to increase settlements, and add to existing skill sets within the firm
- Number of new cases funded increased 12% to 2,588 (H1 2017: 2,306)

# Investment Highlights

- **Anexo is an integrated litigation focused group – acting for the Non Fault Motorist, particularly ‘impecunious’ claimants, providing hire at commercial credit hire rates**
- **Provision of replacement vehicles supported by Legal services to recover hire charges, repair and recovery charges from at-fault insurers**
- **Calendar 2017 – Turnover £44.8m, Profit Before Tax £14.6m and 33% operating margin**
- **Organic growth of c. 10% since 2015 despite capital constraints**
- **Established Direct Capture business model with operating margins in excess of 30% underpinned by UK case law that has affirmed the impecunious claimants’ legal right to recover credit hire costs**

# Financial Highlights

- Turnover reached £23.5 million in H1 2018 (H1 2017: £22.9 million), representing growth of 2.6% over the prior period and 6.9% above that reported in H2 2017 (£21.9 million)
- Adjusted profit before taxation reached £6.8 million in H1 2018 (H1 2017: £8.5 million.) This represents an 11.6% increase in adjusted profit before taxation over that reported for H2 2017 (£6.1 million)
- Adjusted EPS at 5.4 pence for H1 2018 (H1 2017: 6.4 pence)
- At June 2018 the Group had net cash balances of £6.0 million (June 2017: Net cash balance of (£6.9 million))
- Adjusted EBITDA reaching £7.8 million in H1 2018 (H1 2017: £9.0 million) reflecting one off insurance costs and planned cash management in H2 2017

\* Adjusted results exclude certain expenses incurred as part of the flotation

# Business Overview

## EDGE

(Formerly Direct Accident Management)

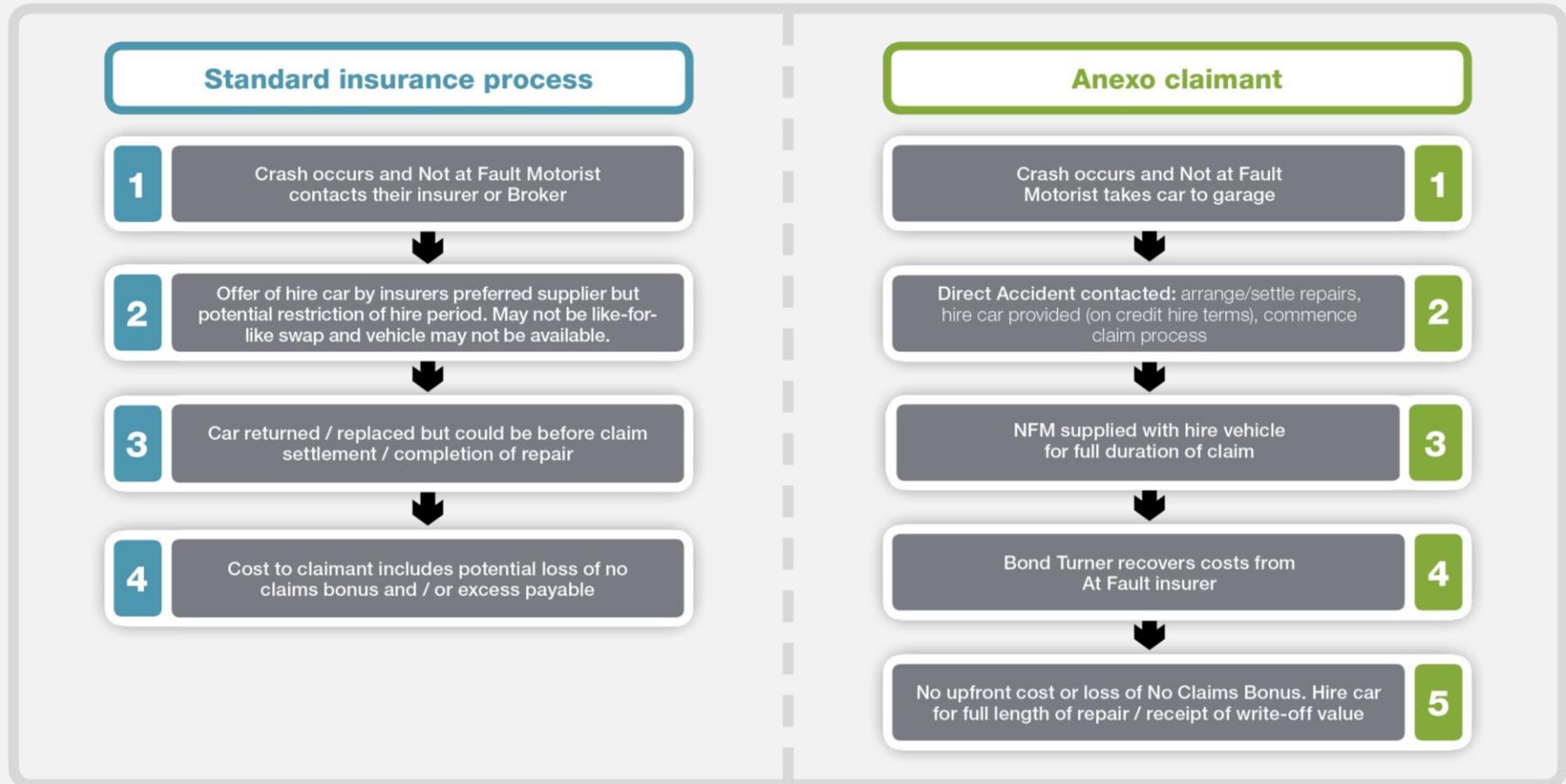
- Established in 1996
  - Complete solution for Non Fault Motorist
- Two key divisions:
  - DAMS – Provision of car and light commercial vehicles;
  - McAMS – provision of motorcycles
- National coverage
- Key route to market via local bodyshops and repairers

## BOND TURNER

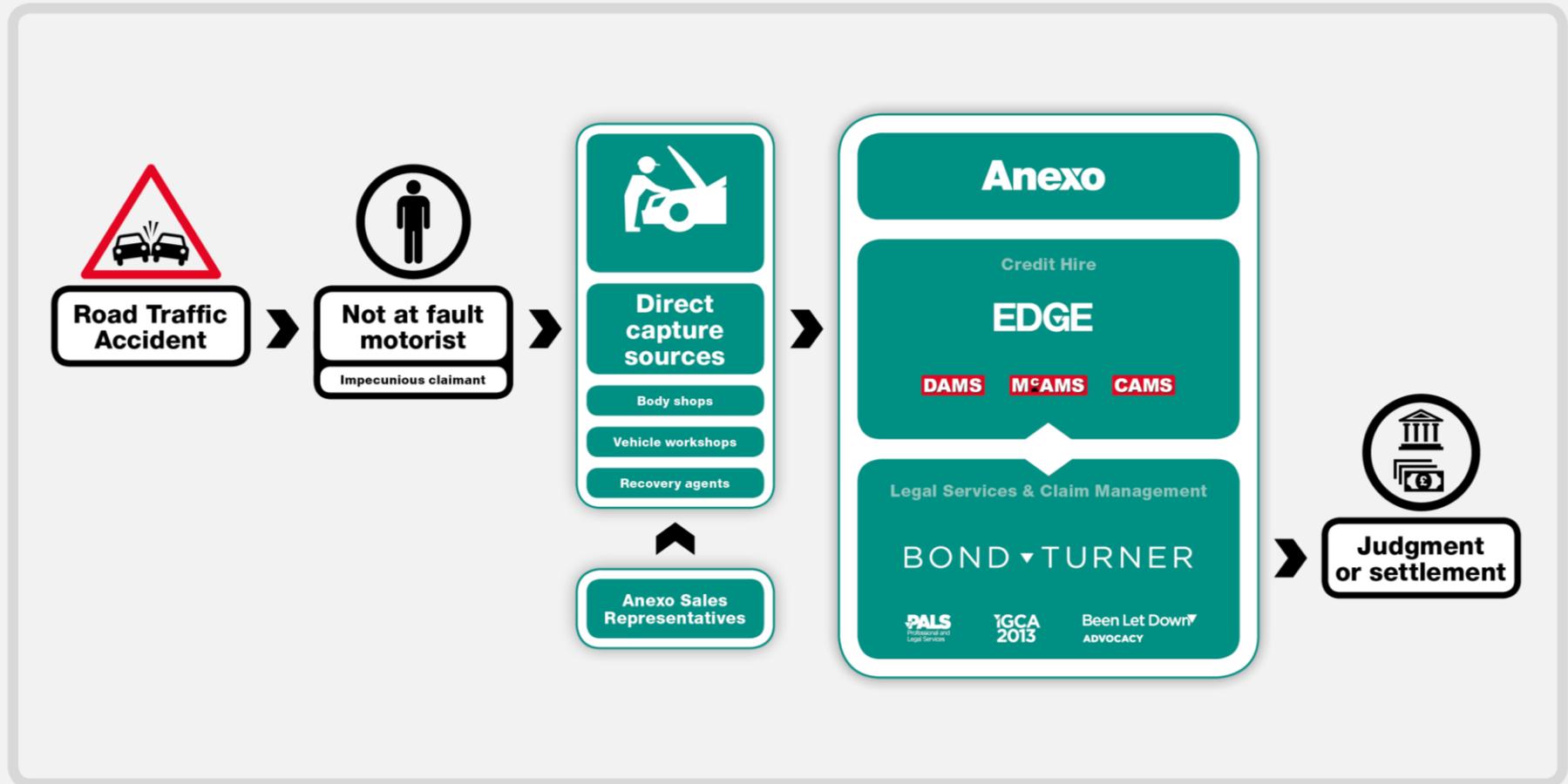
- Legal practice including:
  - Recovery of hire charges, repair from At Fault Insurer
  - PALS specialist reports
  - Personal Injury / IGCA
- Bond Turner acts on all claims generated by Edge
- Advocacy led by Alan Sellers

**Anexo Group is an integrated legal services and credit hire business giving the Group a strong business model and competitive advantage**

# Two Different Insurance Processes



# Anexo: The Direct Capture Model



# Our Differentiators

- Direct capture of customer from garages etc. – not from insurers / brokers
- Targeting the “impecunious” market: cars, motorcycles (couriers) and cycles
- Integrated approach more efficient: Credit Hire & Legal Services
- Alan Sellers has pioneered this niche – backed by a highly experienced team
- Effective screening and in-house databases - less than 2% failure rate of cases where litigation commenced

# Market Overview

No. of Vehicles  
on the Road



**37.7 million**

(Ministry of Transport)

Total Road  
Traffic Accidents<sup>1</sup>



**700,000<sup>2</sup>**

(Ministry of Justice)

Total Credit  
Hire 2014



**301,000**

(CMA)

## Anexo's opportunity:

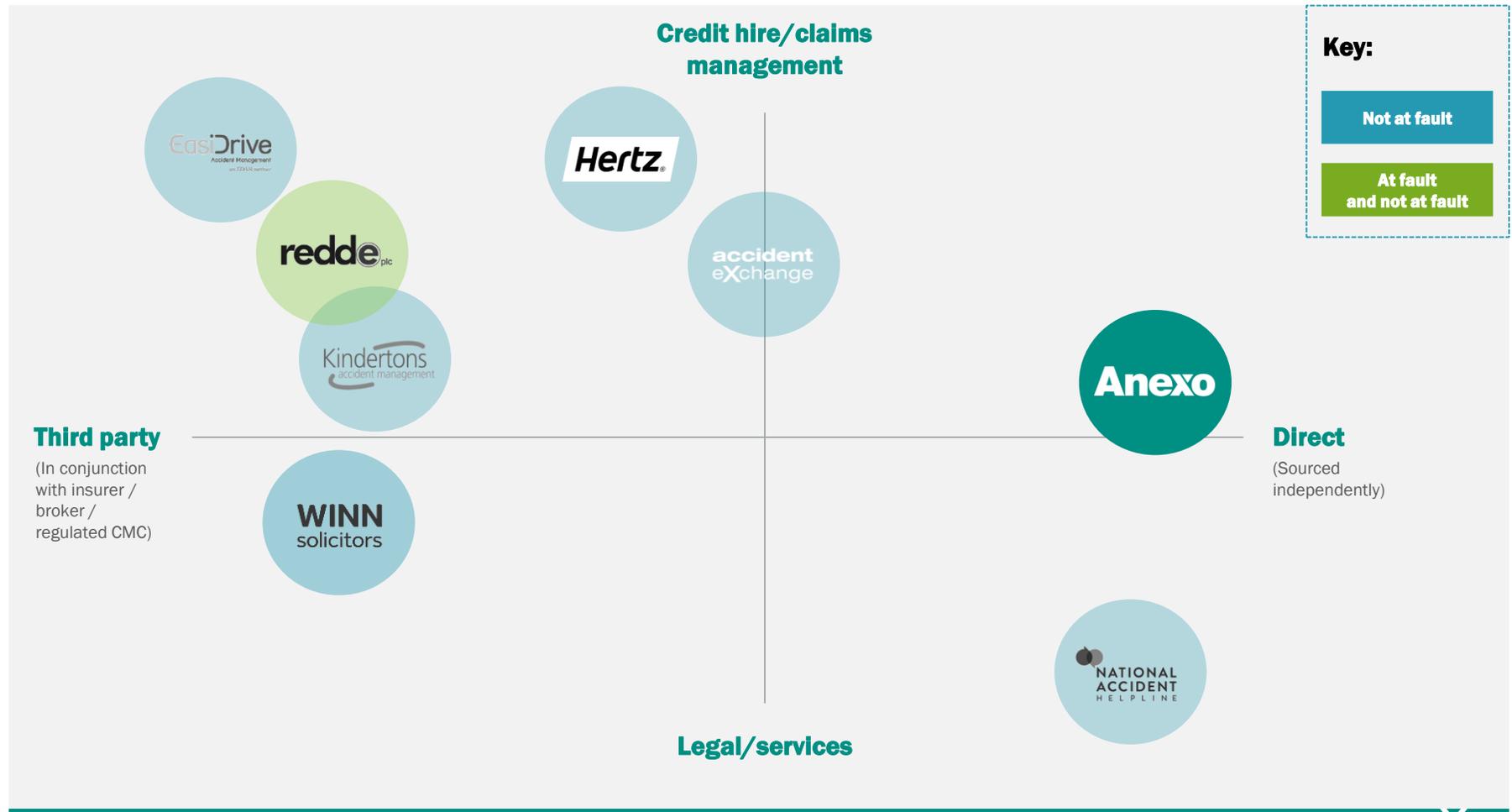
*2017: Only 15,000 RTA applications received & Anexo processed 4,500 of these claims*

1 Year to March 2018

2 PI claims reported to the police (March 2018)

# Competitors

End of competition from the High Street solicitor?



# Board Structure

## Executives



**Alan Sellers**  
Executive Chairman

Founder and practicing Barrister.

Instrumental in developing the Group's business model and operational structure, being heavily involved in all legal aspects of the Group.

Acts on behalf of the Group and their clients in Court and is one of the leading experts in credit hire litigation.



**Mark Bringloe**  
Chief Financial Officer

Board member.

Responsible for performance improvement across the Group, management of the Group restructure, liaison with the Group's advisers throughout the IPO process.

Qualified chartered accountant and prior to joining has worked as a consultant to the Group for a number of years.



**Samantha Moss**  
MD Bond Turner

Qualified as a Solicitor in 2008 and has been a Director of Bond Turner since 2009.

Specialist in credit hire and professional and clinical negligence claims.

Responsibilities include Client Care, Complex Claims, Staff Training, Staff Supervision, Accounts, Complaints Handling and Compliance

# Board Structure

## Non-Executives



**Chris Houghton**  
Senior Independent  
Non-Executive Director

Fellow of the Chartered Institute of Management Accountants.

Joined Park Group plc in 1986 rising to Finance Director in 2001. After taking on operational responsibilities became Chief Executive in 2001, retiring from the group at the end of 2017.



**Richard Pratt**  
Independent Non-  
Executive Director

Called to the Bar in 1980 and practised in Liverpool, specialising in criminal law.

Appointed a QC in 2006 and has been the head of his chambers since 2012 and leader of the Northern Circuit.

Also a recorder of the Crown Court.



**Elizabeth Sands**  
Independent Non-Executive  
Director

Currently Chairman of Great Bowery, a New York based fashion agency back by Private Equity.

Provided independent advice to a number of both private and public companies including a FTSE100 utilities company and an international investment bank.

Previously Head of Organisation and Transformation UK at AT Kearney following which she was Vice Chair of the Finance and Investment, and Workforce committees at the Devon Partnership NHS Trust.



**Roger Barlow**  
Independent Non-  
Executive Director

A Chartered Accountant and was a partner with KPMG until 2000.

Currently Chairman of Marsden Building Society and Senior Independent Non-Executive Director and Chair of Audit at Bank & Clients plc.

Also has been CFO and Chairman of two AIM listed companies.

# Income Statement

## for the six months ended 30 June 2018

	H1 2018 (£)	H1 2017 (£)	FY 2017 (£)
Revenue	23,458,090	22,878,908	44,824,561
Cost of sales	(6,880,075)	(5,873,908)	(11,206,564)
<b>Gross profit</b>	<b>16,578,015</b>	<b>17,005,000</b>	<b>33,617,997</b>
Other operating income	-	-	-
Depreciation	(605,867)	(307,051)	(759,718)
Transaction	(1,437,829)	-	-
Administrative expenses	(8,800,765)	(8,051,043)	(18,119,255)
Other operating expenses	-	-	-
<b>Operating profit</b>	<b>5,733,554</b>	<b>8,646,906</b>	<b>14,739,024</b>
Finance income	130,010	325,988	320,227
Finance costs	(525,281)	(475,362)	(492,598)
Net financing expense	(395,271)	(149,374)	(172,371)
<b>Profit before tax</b>	<b>5,338,283</b>	<b>8,497,532</b>	<b>14,566,653</b>
Taxation	(790,058)	(1,443,259)	(2,159,519)
<b>Profit for the period / year</b>	<b>4,548,225</b>	<b>7,054,273</b>	<b>12,407,134</b>
<b>Total comprehensive income for the year attributable to owners of the Group</b>	<b>4,548,225</b>	<b>7,054,273</b>	<b>12,407,134</b>
<b>Earnings per share</b>			
Basic and diluted earnings per share (pence)	4.1	6.4	11.3

# KPIs

for the six months ended 30 June 2018

	H1 2018	H1 2017	H2 2017
Available fleet size	2,293	1,568	1,501
Utilisation (%)	75	75	79
Average Hire period (days)	65	68	70
Gross Hire Value (£'000s)	23,029	26,150	25,663
Average Hire Value (£)	10,720	11,380	11,210
Average Settlement (£)	5,695	5,653	5,868
Completed Vehicle Hires	2,148	2,297	2,289
Cases settled	1,736	1,782	1,707
Carried forward to WIP	412	515	582
Staff employed	215	167	174
New cases funded	2,588	2,306	2,130

Source: Company historical financial information

# Balance Sheet

for the six months ended 30 June 2018

	H1 2018 (£)	H1 2017 (£)	FY 2017 (£)
<b>Non-current assets</b>			
Property, plant and equipment	1,917,779	1,187,448	1,520,466
<b>Current Assets</b>			
Trade and other receivables	81,173,616	74,880,483	80,428,408
Cash and cash equivalents	11,121,856	165,495	202,282
	92,295,472	75,045,978	80,630,690
<b>Total assets</b>	<b>94,213,251</b>	<b>76,233,426</b>	<b>82,151,156</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	55,000	50,000	50,000
Share premium	9,310,069	40,104	40,104
Merger reserve	-	-	-
Retained earnings	59,190,546	52,006,004	55,461,844
<b>Equity attributable to the owners of the Group</b>	<b>68,555,615</b>	<b>52,096,108</b>	<b>55,551,948</b>
<b>Non-current liabilities</b>			
Other interest-bearing loans and borrowings	5,566,252	4,724,944	5,475,470
Directors loan account	-	-	-
Deferred tax liabilities	20,178	-	20,178
	5,586,430	4,724,944	5,495,648
<b>Current liabilities</b>			
Bank overdraft	5,568,984	7,066,736	8,947,742
Other interest-bearing loans and borrowings	2,346,593	918,529	825,343
Trade and other payables	6,439,072	4,993,888	5,395,482
Corporation tax liability	5,716,557	6,433,221	5,934,993
	20,071,206	19,412,374	21,103,560
<b>Total liabilities</b>	<b>25,657,636</b>	<b>24,137,318</b>	<b>26,599,208</b>
<b>Total equity and liabilities</b>	<b>94,213,251</b>	<b>76,233,426</b>	<b>82,151,156</b>

# ▼ Cashflow

## for the six months ended 30 June 2018

	H1 2017 (£)	H1 2018 (£)	FY 2017 (£)
<b>Cash flows from operating activities</b>			
Profit for the period / year	4,548,225	7,054,273	12,407,134
Adjustments for:			
Depreciation and amortisation	605,867	307,051	729,704
Financial income	(130,010)	(325,988)	(320,227)
Financial expense	525,281	475,362	492,598
Taxation	794,658	1,443,259	2,159,519
	<b>6,344,021</b>	<b>8,953,957</b>	<b>15,468,728</b>
<b>Working capital adjustments</b>			
Increase in trade and other receivables (Decrease)/increase in trade and other payables	(1,012,310)	(6,797,146)	(12,345,071)
	<b>1,581,086</b>	<b>(730,953)</b>	<b>(329,359)</b>
Cash generated from operations	<b>6,912,797</b>	<b>1,425,858</b>	<b>2,794,298</b>
Interest paid	(525,281)	(475,362)	(492,598)
Interest received	130,010	325,988	320,227
Tax paid	(1,013,094)	(442,103)	(1,474,786)
Net cash from operating activities	<b>5,504,432</b>	<b>834,381</b>	<b>1,147,141</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment	103,593	-	183,397
Acquisition of property, plant and equipment	(1,106,713)	(534,265)	(1,473,063)
Net cash from investing activities	<b>(1,003,120)</b>	<b>(534,265)</b>	<b>(1,289,666)</b>
<b>Cash flows from financing activities</b>			
Net proceeds from the issue of share capital	9,324,965	-	-
Proceeds from new loan	609,824	4,600,000	5,608,333
Dividends	(1,015,289)	(1,804,185)	(3,701,206)
Repayment of borrowings	(80,773)	(388,000)	-
Payment of finance lease liabilities	(524,087)	(211,428)	(425,747)
New finance lease arrangements	711,943	632,689	1,205,555
Net cash from financing activities	<b>9,026,583</b>	<b>2,829,076</b>	<b>2,686,935</b>
Net increase in cash and cash equivalents	<b>13,527,895</b>	<b>3,129,192</b>	<b>2,544,410</b>
<b>Cash and cash equivalents at 1 January</b>	<b>(7,486,023)</b>	<b>(10,030,433)</b>	<b>(10,030,433)</b>
<b>Cash and cash equivalents at period end</b>	<b>6,041,872</b>	<b>(6,901,241)</b>	<b>(7,486,023)</b>



**Anexo**