



# Anexo

## Capital Markets Day

12 November  
2019



An aerial photograph of a two-lane road winding through a dense green forest. A dark car is visible on the road. A large, light gray diamond shape is superimposed over the center of the image, containing a portrait of a man.

# Anexo

## Group

**Alan Sellers** – Executive Chairman



# Capital Markets Day 2019

## Key objectives

How is the Anexo team involved in the claim lifecycle?

What is the structure of the Credit Hire and Legal Services Divisions?

How does Anexo generate and recognise its revenues?

How should we monitor Anexo's ability to generate cash?

How should we measure Anexo's overall growth?

What's Anexo's current strategy and what are the key catalysts for further growth?



# Introduction

**Anexo is an integrated credit hire and legal services group which acts for the Non Fault Motorist**

- ▶ Targets 'impecunious' claimants
- ▶ Operates two divisions: Credit Hire (EDGE) and Legal Services (Bond Turner)
- ▶ EDGE provides replacement vehicles at commercial credit hire rates
- ▶ Bond Turner collects cash from the At Fault insurer
- ▶ Over 600 employees
- ▶ Strong track record of profitable growth with c30% margin





# Credit Hire and the Law

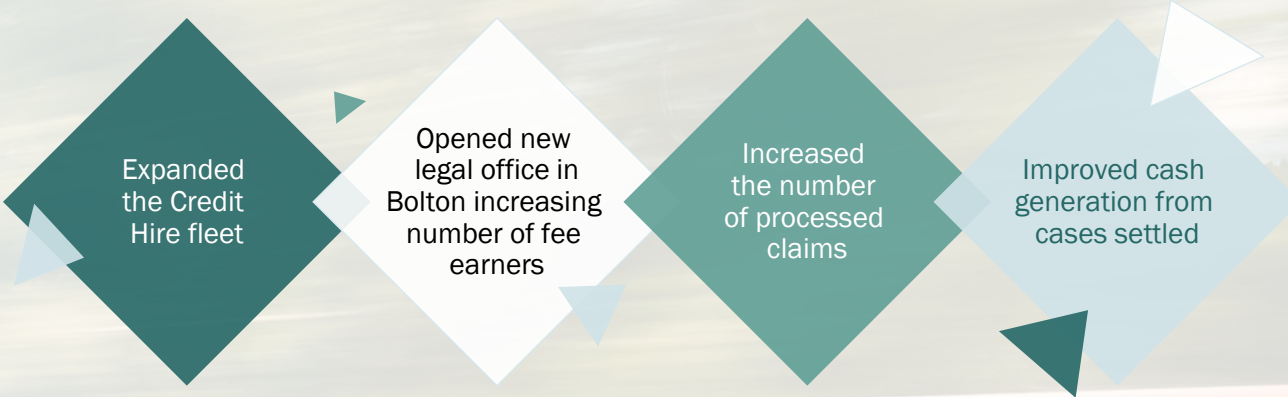
- ▶ Historical Background
- ▶ Anexo and the GTA
- ▶ Supreme Court Rulings
- ▶ CMA Review 2014





# Our PLC journey so far

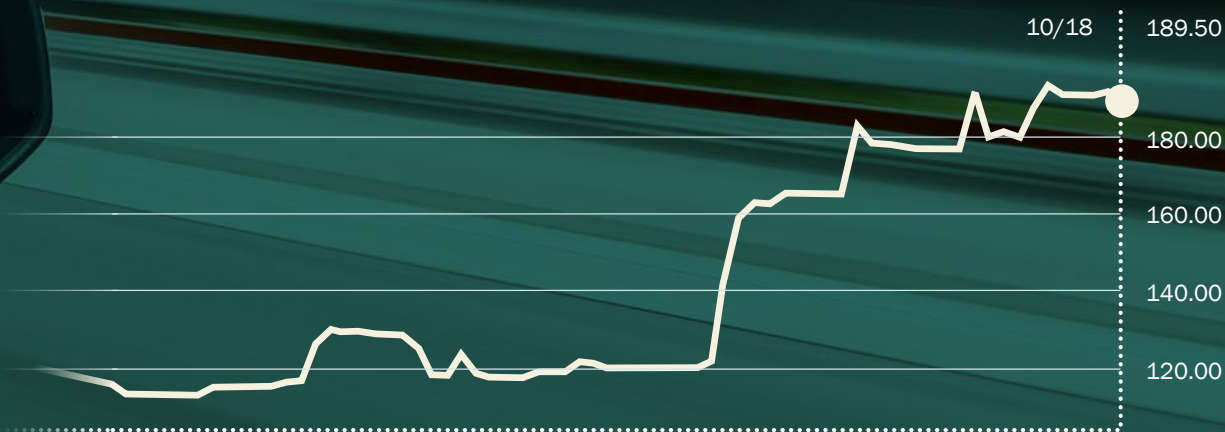
Since the IPO in June 2018 **all key strategic objectives have been met**



FY-2018 and HY-2019 Results were **ahead of market expectations**

**Five analyst upgrades** since IPO

Dividends totalling **2.5p per share paid** since IPO







**EDGE**

## Credit Hire Division

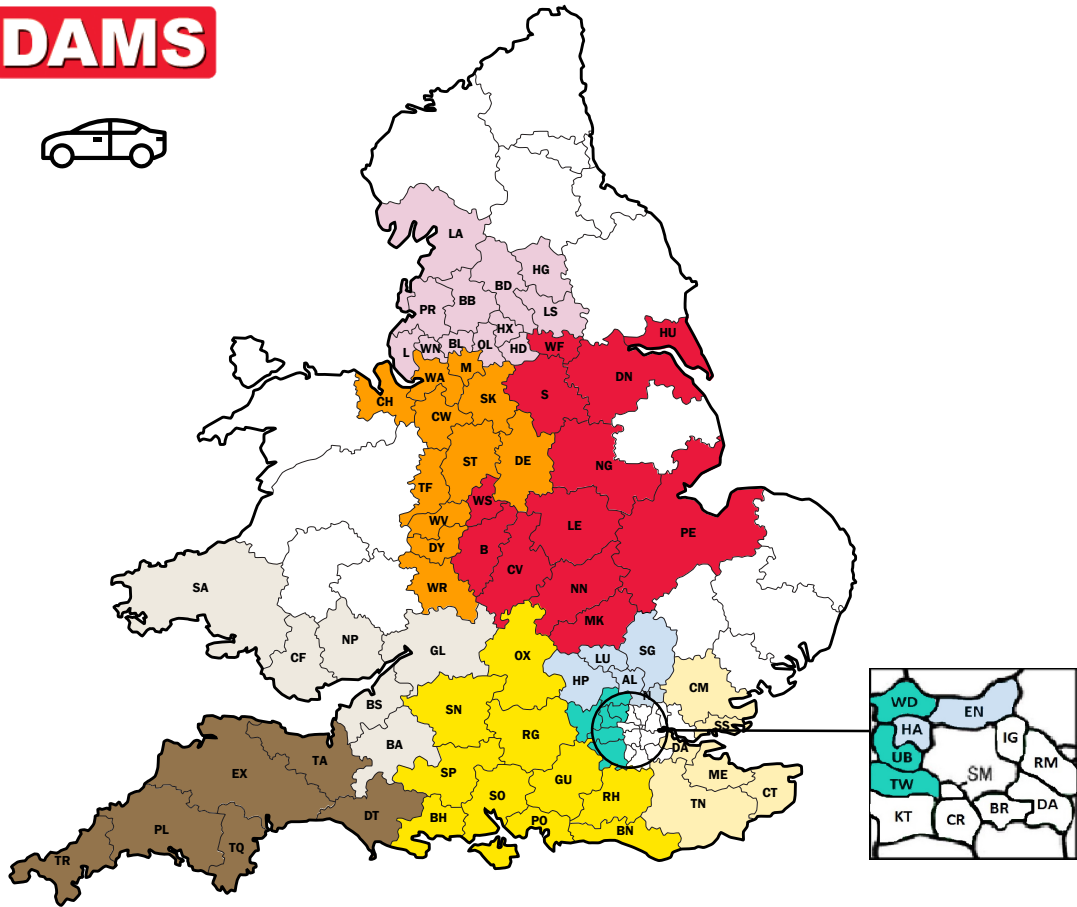
Valentina Slater – Sales Director



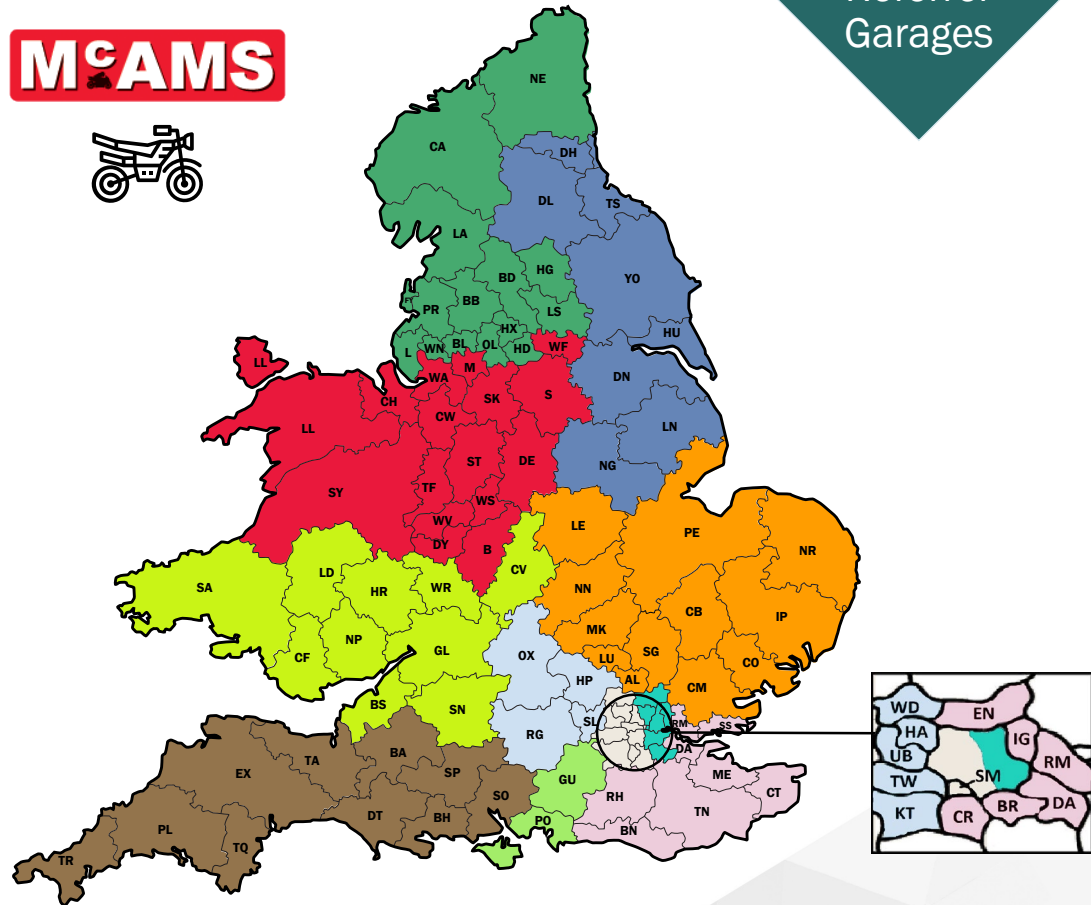
# The Accident

How Anexo wins business

DAMS



McAMS



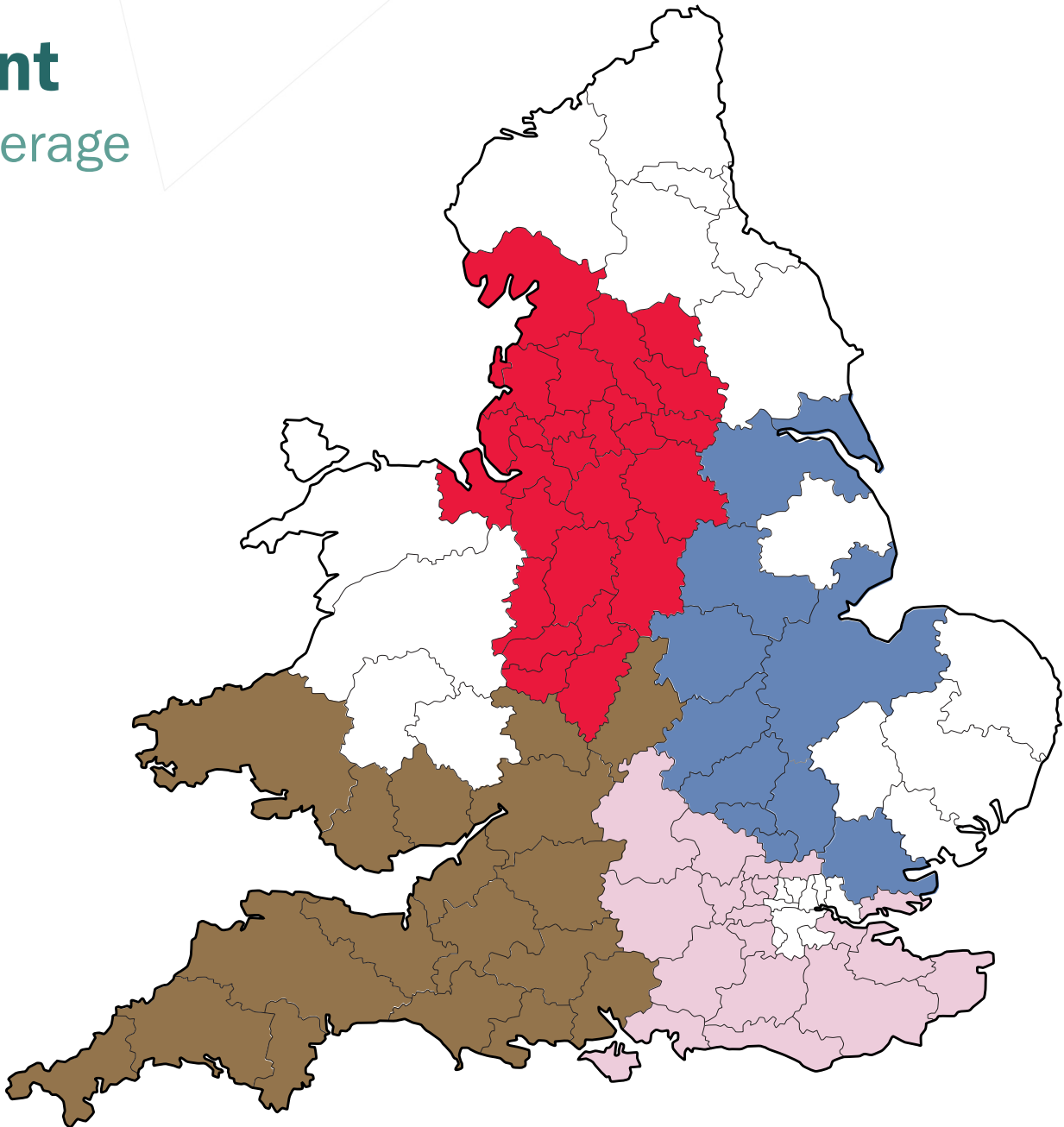
Sales  
force of  
**22**

**1,150**  
Referrer  
Garages



# The Accident

Nationwide Coverage

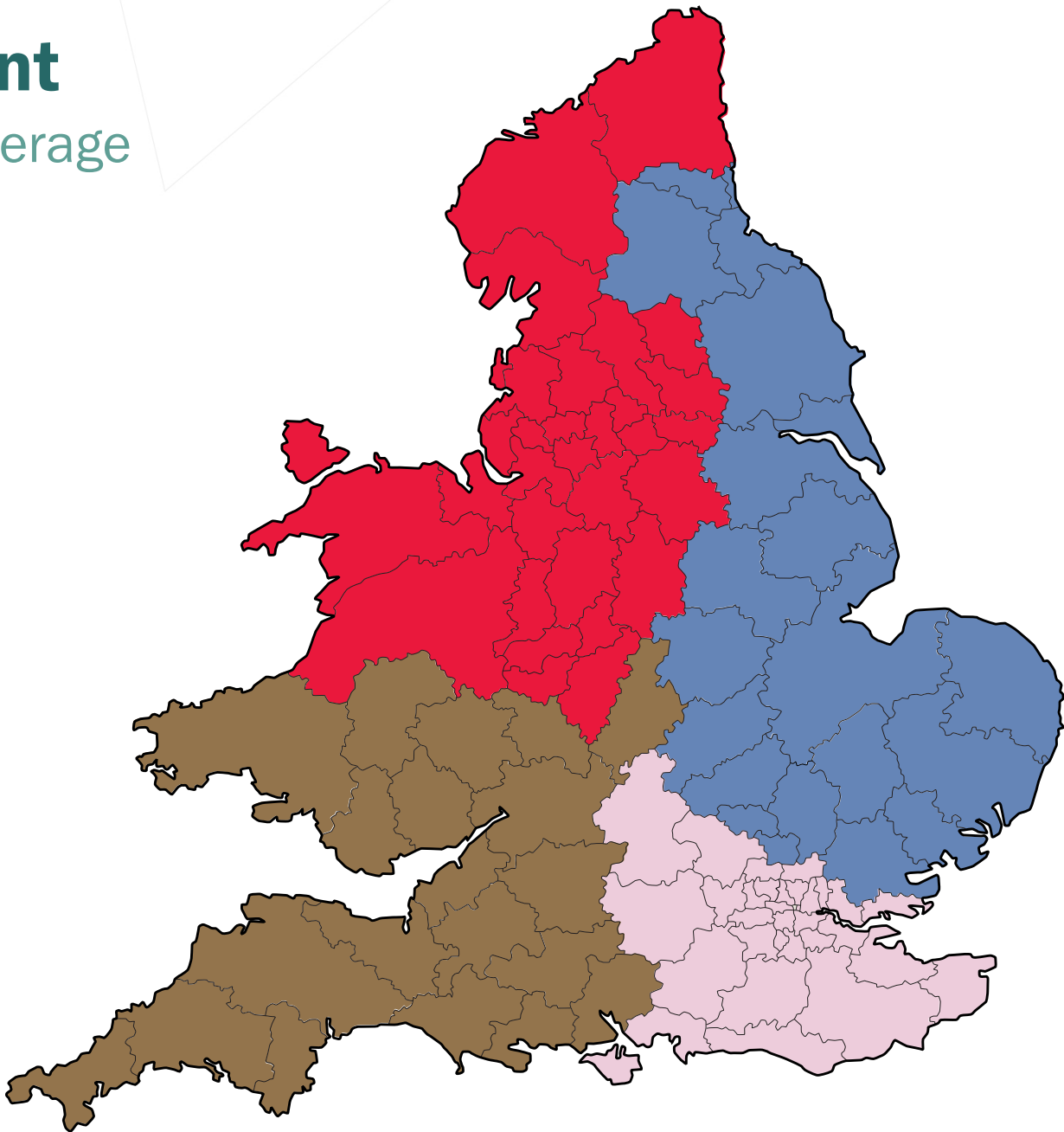


	Hires 2018	Garages
◆	731	175
◆	509	157
◆	311	106
◆	319	114



# The Accident

Nationwide Coverage



	Hires 2018	Garages
◆	129	101
◆	2875	193
◆	135	74
◆	163	85



# The Accident

How we win business

- ▶ Individual put in touch with **EDGE** by recommendation, by garage or website

- ▶ Claim split into **DAMS** or **MCAMS**

- ▶ Benefits for Garages





**EDGE**

## Credit Hire Division

**Paula Levens** – Head of Claims Department



# The Vetting Process

Ensuring only high quality claims

Claims  
Handling Team  
led by **Paula  
Levens**

**3**  
Major Validation  
Steps

01

Establishment of Liability

02

Customer Statement

03

Witnesses



# The Vetting Process

Ensuring only high quality claims

- ▶ **WWYF Form** for completion by Customer
- ▶ **Maps and road analysis**
- ▶ Stringent risk appraisal with **over 20 years' experience**
- ▶ Quality control resulting in **success rates in excess of 98%**
- ▶ **2018 – c12,000 opportunities** resulted in **c6000 vehicles** on the road







## Credit Hire Division

**James Slater** – Operations Director



# Issue of Vehicle

## Efficient Delivery and Processing

### Delivery Process:

After claim is  
validated vehicle  
will be issued

01

Fleet movements  
allocated by postcode and  
co-ordinated with depots

02

>80% delivered  
within 24 hours

03

Damaged vehicle  
inspected by independent  
court-appointed engineer

04

Determined  
reparable or  
written off

05

Client retains vehicle  
until repair completion or  
receipt of write-off cheque

06

Garage gets cost  
of repair or recovery  
and up to 28 days'  
storage charges

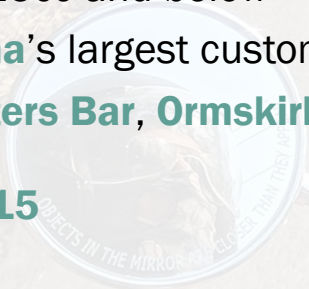
07



# Issue of Vehicle

## Comprehensive Fleet Range and Location

- ▶ **652** Cars
- ▶ **64** Vans
- ▶ **1399** bikes 125cc and below
- ▶ We are **Yamaha**'s largest customer in Europe
- ▶ Depots in **Potters Bar**, **Ormskirk**, **Frome** and **Solihull**
- ▶ Total fleet: **2115**





# Issue of Vehicle

## Maintenance and Availability of Vehicles

### Fleet Utilisation

- ▶ Cars 71%
- ▶ Vans 93%
- ▶ Motorbikes 89%

### Fleet Maintenance

- ▶ Returned cars valeted and checked for roadworthiness within 24 hours
- ▶ Returned motorcycles checked and serviced within 48 hours





BOND ▼ TURNER

## Legal Services

**Samantha Moss** – Managing Director

**Dawn O'Brien** – Director



# The Claim Process

This is how we collect the cash

- ▶ **Introduction to Bond Turner**
- ▶ Structure of the firm
- ▶ Types of work undertaken
- ▶ Insight into Credit Hire claims
- ▶ What makes us different and why it works





# The Claim Process

For Credit Hire Claims

- ▶ **Protocols**
- ▶ **Issuing Proceedings**
- ▶ **Negotiations**
- ▶ **Trial Dates**
- ▶ **How long does the process take?**
- ▶ **Enforcement and costs**



# The Claim Process

Support systems within Bond Turner

- ▶ Protecting the client
- ▶ Witness statements, Interpreters, Secretaries, Buddy system
- ▶ Compliance department
- ▶ Supervision and training
- ▶ Advocacy department / court department





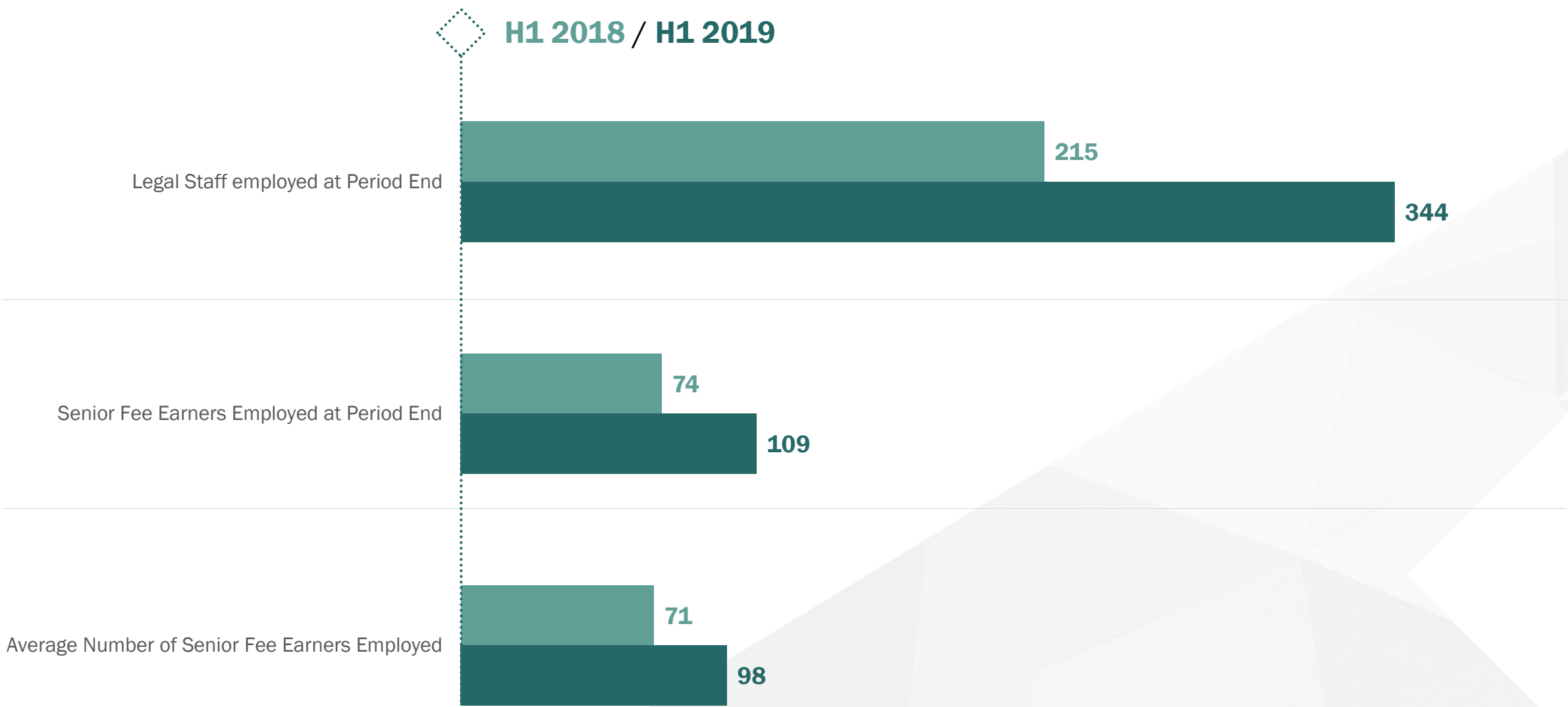
# The Claim Process

## Expansion

- ▶ Time line and plans
- ▶ Success of Bolton office
- ▶ Number of litigators
- ▶ Recruitment pipeline



# Bond Turner Headcount





An aerial photograph of a two-lane road winding through a dense green forest. A dark-colored car is visible on the road. A white diamond shape is superimposed over the center of the image, containing a portrait of a man.

# Anexo

## Group

**Mark Bringloe** – Chief Financial Officer



# Success and Settlement Rates

**98%**

Success rate  
in pre-court  
settlement

**56.5%**

Average settlement  
as proportion  
of total credit hire  
rate due to us



# Revenue Recognition Policies

## Credit Hire Division

- ▶ **Upon Hire Completion** – proportion of amount chargeable recognised
- ▶ **Upon Cash Settlement** – "top-up" revenue booked

## Legal Services Division

- ▶ Broadly Cash Accounting
- ▶ Flat Fee Recognised upon Admission of Liability



# The Importance of Receivables

as end H1 2019 in £m

Net Trade Receivables	89.9
Prepayments and accrued income	24.9
Other Debtors	2.0
<b>Total</b>	<b>116.8</b>

## Credit Hire

- ▶ **Net Trade Receivables** – c£63m is credit hire fees (net of provision for recoverability)
- ▶ c£7m is repair fees due from at-fault insurers
- ▶ **Prepayments and Accrued Income** - c£10m of WIP where cases remain on the road

## Legal Services

- ▶ **Disbursements** held on balance sheet at cost
- ▶ **Legal revenues** recognised on admission of liability - minimum £1,160
- ▶ Both received upon settlement

**Return on Investor capital of c85%**





# Outstanding Cases

	H2 2018	H1 2019
Cases Settled	(1,974)	(2,066)
Hires Completed	3,342	3,363
<b>Cumulative Backlog</b>	<b>19,095</b>	<b>20,392</b>

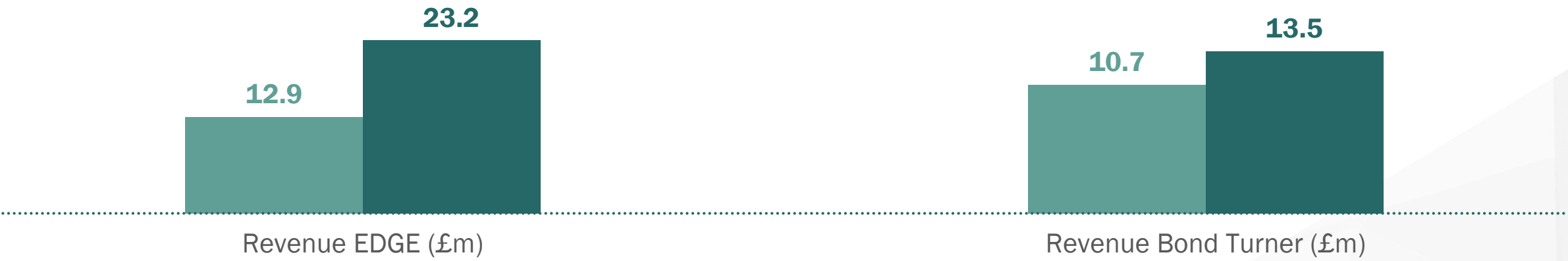
c 12,000 with admission of liability





# Financials

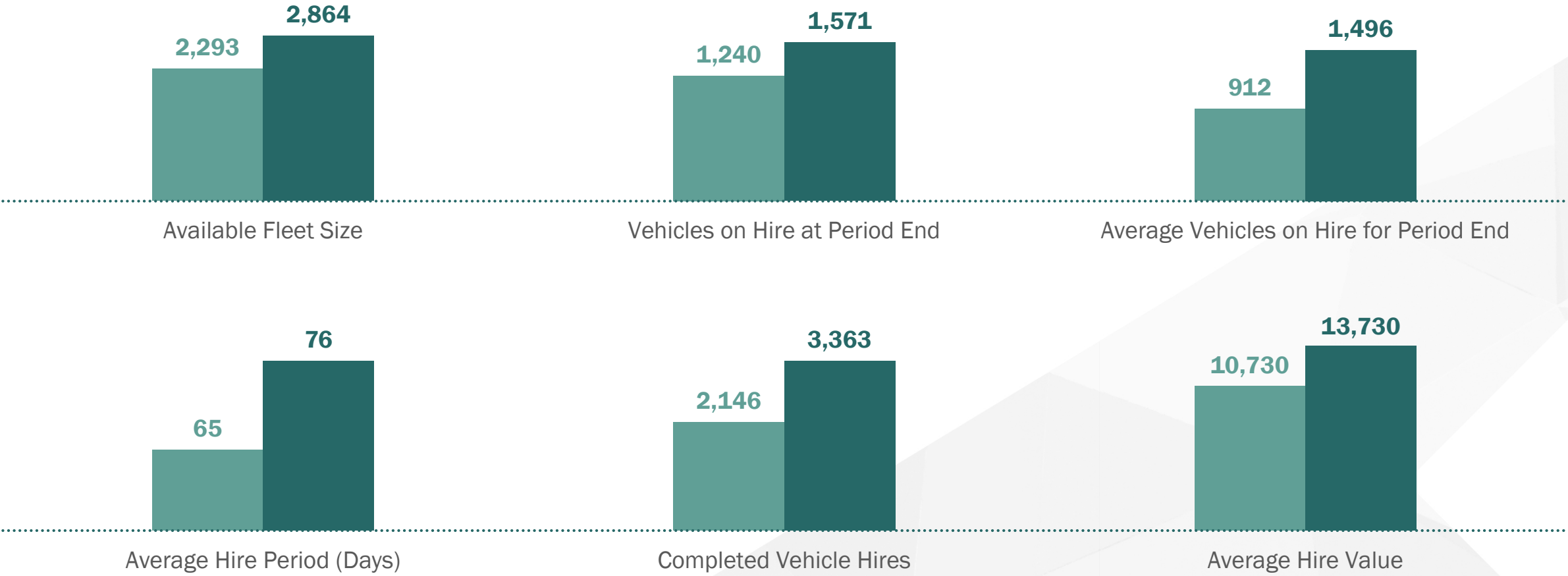
◆ H1 2018    ◆ H1 2019





# EDGE KPIs

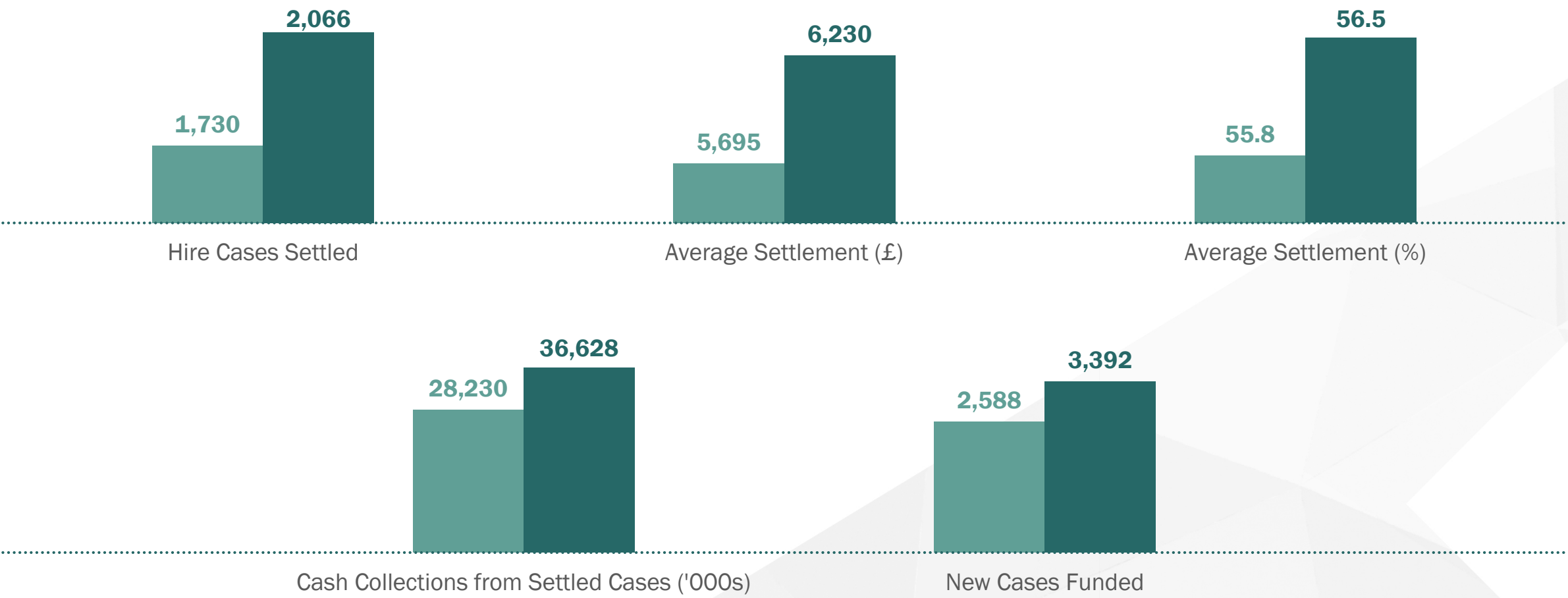
◆ H1 2018    ◆ H1 2019





# Bond Turner KPIs

◆ H1 2018    ◆ H1 2019





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**Alan Sellers** – Executive Chairman



# CMD Summary

## Strategic Focus into 2020

- ▶ Maintaining fleet at current levels
- ▶ Increasing number of litigators
- ▶ Targeting net cash generation
- ▶ In-house litigation arm makes us a unique proposition
- ▶ We have delivered on our promises since IPO
- ▶ An exciting outlook for 2020 and beyond





An aerial photograph of a two-lane asphalt road winding through a dense green forest. A dark-colored car is visible in the right lane, moving away from the viewer. The image is split diagonally by a white line, with the top-left portion being white and the bottom-right portion showing the road and forest. A dark green diagonal band is also visible across the top right.

# Anexo

## Appendices



# KPIs

for the six months ended 30 June 2019

	H1 2019	H1 2018	Movement
Available fleet size	2,864	2,293	+24.9%
Utilisation (%)	74	76	-3.0%
Vehicles on hire at period end(no)	1,571	1,240	+26.7%
Average vehicles on hire for the period (no)	1,496	912	+64.0%
Average Hire period (days)	76	65	+16.9%
Average Hire Value (£)	13,730	10,730	+28.0%
Average Settlement (£)	6,230	5,695	+9.4%
Average settlement (%)	56.5	55.8	1.26%
Completed Vehicle Hires	3,363	2,146	+56.7%
Hire Cases Settled	2,066	1,730	+19.4%
Cash Collections from Settled Cases (£'000s)	36,628	28,230	+29.7%
Legal staff employed at period end	344	215	+60.0%
Senior fee earners at period end (no)	109	74	+47.3%
Average number of senior fee earners	98	71	+38.0%
New cases funded	3,392	2,588	+31.1%



# Income Statement

for the six months ended 30 June 2019

	HY 2019 (£000)	HY 2018 (£000)
Revenue	36,717	23,588
Cost of sales	(7,225)	(6,880)
<b>Gross profit</b>	<b>29,492</b>	<b>16,708</b>
Depreciation & loss on disposal	(1,192)	(606)
Depreciation on right of use assets	(2,849)	-
Administrative expenses before exceptional items	(13,638)	(8,801)
<b>Operating profit before exceptional items</b>	<b>11,813</b>	<b>7,301</b>
Share based payment charge	(329)	-
Non-recurring administrative expenses	-	(1,438)
<b>Operating profit</b>	<b>11,484</b>	<b>5,863</b>
Finance income	-	-
Finance costs	(762)	(525)
Lease finance costs	(292)	-
Net financing expense	(1,054)	(525)
<b>Profit before tax</b>	<b>10,430</b>	<b>5,338</b>
Taxation	(2,045)	(790)
<b>Profit and total comprehensive income for the year attributable to the owners of the company</b>	<b>8,385</b>	<b>4,548</b>
<b>Earnings per share</b>		
Basic earnings per share (pence)	7.6	4.1
Diluted earnings per share (pence)	7.4	4.1



# Balance Sheet

for the six months ended 30 June 2019

	HY 2019 (£000)	HY 2018 (£000)
<b>Non-current assets</b>		
Property, plant and equipment	3,233	1,918
Right-of-use asset	9,815	-
	<b>13,048</b>	<b>1,918</b>
<b>Current Assets</b>		
Trade and other receivables	116,841	81,174
Cash and cash equivalents	491	11,121
	<b>117,332</b>	<b>92,295</b>
<b>Total assets</b>	<b>130,380</b>	<b>94,213</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Share capital	55	55
Share premium	9,235	9,310
Share based payments reserve	713	-
Retained earnings	72,862	59,191
<b>Equity attributable to the owners of the Group</b>	<b>82,865</b>	<b>68,556</b>
<b>Non-current liabilities</b>		
Other interest-bearing loans and borrowings	-	5,566
Lease Liability	5,150	-
Deferred tax liabilities	20	20
	<b>5,170</b>	<b>5,586</b>
<b>Current liabilities</b>		
Bank overdraft	14,532	5,080
Other interest-bearing loans and borrowings	9,382	2,835
Lease Liabilities	4,927	-
Trade and other payables	9,118	6,439
Corporation tax liability	4,386	5,717
	<b>42,345</b>	<b>20,071</b>
<b>Total liabilities</b>	<b>47,515</b>	<b>25,657</b>
<b>Total equity and liabilities</b>	<b>130,380</b>	<b>94,213</b>



# Balance Sheet

for the six months ended 30 June 2019

	HY 2019 (£000)	HY 2018 (£000)
<b>Cash flows from operating activities</b>		
Profit for the period / year	8,385	4,548
Adjustments for:		
Depreciation and loss on disposal	4,041	606
Financial expense	1,054	525
Taxation	2,045	795
	<b>15,525</b>	<b>6,474</b>
<b>Working capital adjustments</b>		
(Increase)/ decrease in trade and other receivables	(15,211)	(1,012)
(Decrease)/increase in trade and other payables	2,225	1,581
Cash generated from operations	2,539	7,043
Interest paid	(762)	(525)
Tax paid	(2,240)	(1,013)
Net cash from operating activities	(463)	5,505
<b>Cash flows from investing activities</b>		
Proceeds from sale of property, plant and equipment	195	104
Acquisition of property, plant and equipment	(1,349)	(1,107)
Net cash from investing activities	(1,154)	(1,003)
<b>Cash flows from financing activities</b>		
Net proceeds from the issue of share capital	-	9,325
Proceeds from new loan	-	609
Dividends	(1,650)	(1,015)
Repayment of borrowings	(210)	(81)
Lease Payments	(2,879)	-
Payment of finance lease liabilities	(681)	(524)
New finance lease arrangements	-	712
Net cash from financing activities	(5,420)	9,026
Net increase in cash and cash equivalents	(7,037)	13,528
<b>Cash and cash equivalents at 1 January</b>	<b>(7,004)</b>	<b>(7,486)</b>
<b>Cash and cash equivalents at period end</b>	<b>(14,041)</b>	<b>6,042</b>



An aerial photograph of a two-lane asphalt road winding through a dense green forest. A dark-colored car is visible in the right lane, moving away from the viewer. The road has yellow double lines in the center and white dashed lines on the right edge. The forest is lush and green, with some trees showing lighter green foliage. A large white diagonal shape cuts across the image from the top left towards the bottom right, creating a space for text.

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