



Group overview

Ric Traynor – Executive Chairman

June 2021

Nick Taylor – Group Finance Director

Disclaimer

The information contained in this document and the accompanying webinar (the “Presentation”) has been prepared by, and is the sole responsibility of, Begbies Traynor Group plc (the “Company”) and is for information purposes only.

This Presentation has not been approved by an authorised person in accordance with Section 21 of the Financial Services and Markets Act 2000, as amended (“FSMA”). The Presentation does not constitute, and the Company is not making, an offer of transferable securities to the public within the meaning of sections 85b and 102b of FSMA. The Presentation is simply a summary of the Company’s activities together with details of the historical financial performance of the Company. Existing and prospective investors should rely on other published information together with any other analyst presentations (which can be found on the investor page of the Company’s website) and on their own examination of the legal, taxation, financial and other consequences of an investment in the Company, including the merits of investing and the risks involved. Existing and prospective investors should not treat the contents of this Presentation as advice relating to legal, taxation and investment matters and are advised to consult their own professional advisers concerning any acquisition of shares in the Company.

With the exception of references to current market consensus (slides 4, 5 and 18) which has been compiled by management from analysts’ forecasts, all statements of opinion and/or belief contained in this Presentation and all views expressed represent the directors’ own current assessment and interpretation of information available to them as at the date of this Presentation. In addition, this Presentation contains certain “forward-looking statements”, including but not limited to, the statements regarding the Company’s overall objective and strategic plans. Forward-looking statements express, as at the date of this Presentation, the Company’s plans, estimates, projections, opinions, expectations or beliefs as to future events, results or performance. Forward-looking statements involve a number of risks and uncertainties, many of which are beyond the Company’s control, and there can be no assurance that such statements will prove to be accurate. No representation is made or assurance given that such statements or views are correct or that the objectives of the Company will be achieved. Existing and prospective investors are cautioned not to place reliance on the statements or views and no responsibility is accepted by the Company or any of its directors, officers, employees or agents in respect thereof. The Company does not undertake to update any forward-looking statement or other information that is contained within this Presentation. Neither the Company nor any of its shareholders, directors, officers, agents, employees or advisers take any responsibility for, or will accept any liability whether direct or indirect, express or implied, contractual or tortious, statutory or otherwise, in respect of the accuracy or completeness of the information contained in this Presentation or for any of the opinions contained herein or for any errors, omissions or misstatements or for any loss howsoever arising, from the use of this Presentation.

This Presentation (including the market consensus views derived from analysts’ forecasts on slides 4, 5 and 18) should not be considered a recommendation by the Company or any of its affiliates or any analyst in relation to any prospective acquisition of shares in the Company and does not form part of any offer for sale or solicitation of any offer to buy or subscribe for any securities or act as an inducement to enter into any contract or commitment in respect of the securities of the Company. No undertaking, representation, warranty or other assurance, express or implied, is made or given by or on behalf of the Company or any of its affiliates, any of its directors, officers or employees or any other person as to the accuracy, completeness or fairness of the information or opinions contained in this Presentation and no responsibility or liability is accepted for any such information or opinions or for any errors or omissions.

A leading professional services consultancy



Corporate and personal insolvency

We handle the largest number of corporate appointments in the UK, principally serving the mid-market and smaller companies.



Corporate finance

Buy and sell side support on corporate transactions.



Financial advisory

Debt advisory, due diligence and transactional support, accelerated corporate finance, pensions advisory, business and financial restructuring, forensic accounting and investigations, finance broking.



Valuations

Valuation of property, businesses, machinery and business assets.



Transactional services

Sale of property, machinery and other business assets through physical and online auctions; business sales agency; commercial property agency.



Property consultancy, planning and management

Building consultancy, lease advisory, commercial property management, specialist insurance and vacant property risk management, transport planning and design.



Comprehensive Network
of locations across the UK



985
partners and staff
following all recent acquisitions



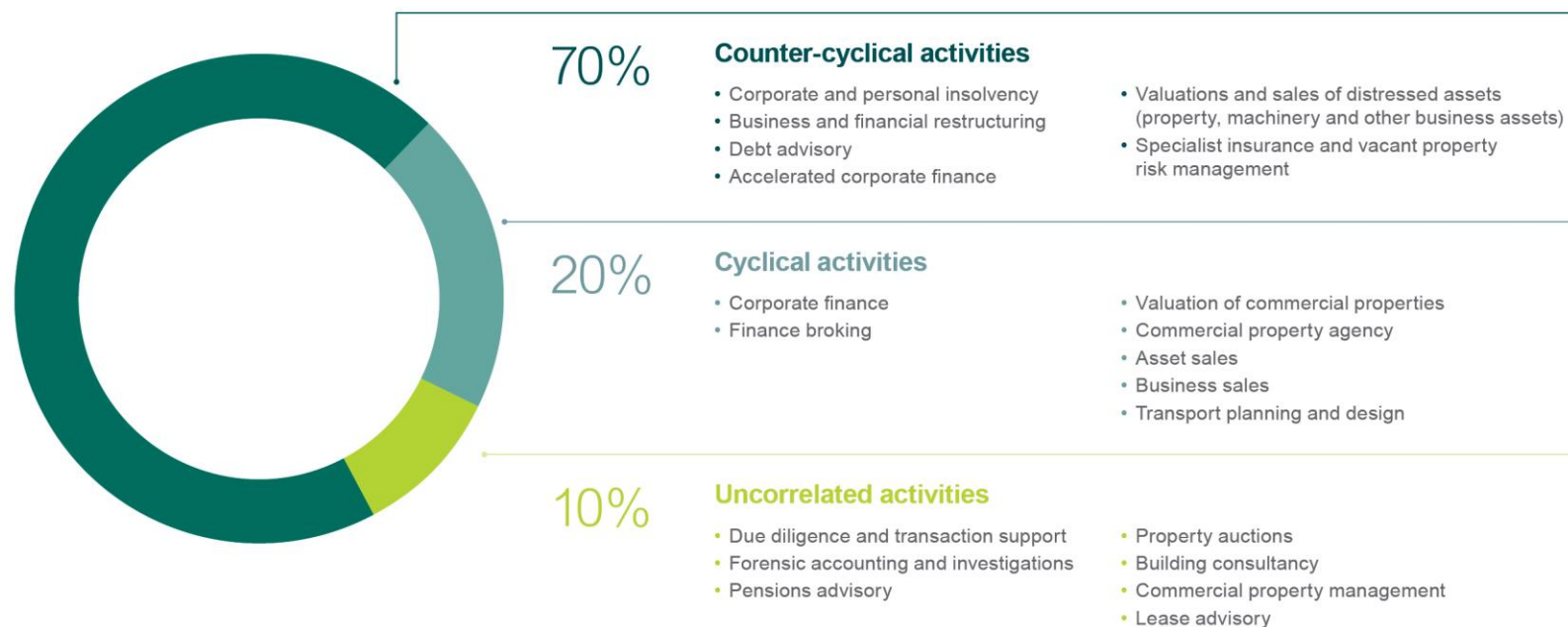
Strong track record
of earnings growth



Professional Staff
Licensed Insolvency Practitioners / Accountants /
Chartered Surveyors / Lawyers

Well placed with counter-cyclical focus

Our activities



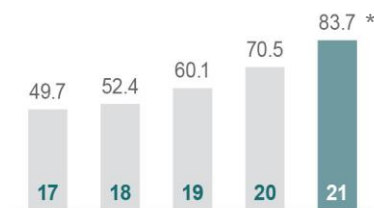
Profile reflects current group activities

Our businesses

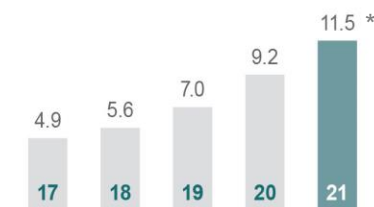


Strong financial track record

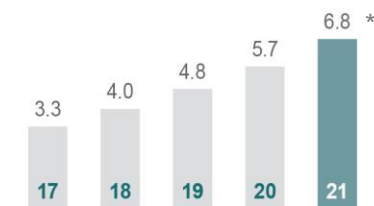
- Revenue growth* of 14%*** from organic development and acquisitions
- Progressive margin enhancement
- Earnings growth** of 20%***
 - Significantly ahead of insolvency market
 - Development of market-leading insolvency practice
 - Expansion of advisory services
 - Buy and build of property services
- Strong balance sheet
 - Consistent operating cash generation
 - Net cash position at 30 Apr 2021*
- Dividend growth of 8% pa since 2017 whilst increasing dividend cover



REVENUE (m)



ADJUSTED PROFIT BEFORE TAX (m)



ADJUSTED BASIC EPS (p)



NET (DEBT) CASH (m)

* FY21 revenue, adjusted PBT and net cash are expected results detailed in full year trading update on 20 May 2021 (subject to audit)

** FY21 adjusted EPS from analysts consensus forecasts (see slide 18)

*** CAGR from FY17 to FY21

Value enhancing growth strategy

To enhance shareholder value through the delivery of strong, sustainable financial performance

Organic growth

- Retention and development of our existing partners and employees
- Recruitment of new talent
- Enhanced cross-selling of our service lines and expertise to our wider client base
- Investment in technology and processes to enhance working practices and improve the service to our clients

Acquisition strategy

- Value-accretive acquisitions in any of the following market segments
- Insolvency to increase market share
- Property services to enhance expertise or geographical coverage
- Complementary professional services businesses to continue the development of the group and its service offering

Our strategic objectives

1

Increase the scale and quality of our businesses both organically and by acquisition

- Buy and build of property services
- Development of advisory offering
- Significant increase in scale and specialisms following recent acquisitions

2

Deliver sustainable profitable growth, enabling increased shareholder value

- Strong financial track record
- EPS growth of 20% (CAGR) from FY17-FY21*

* FY21 adjusted EPS as per analysts consensus forecasts (see slide 18)

3

Maintain our strong financial position enabling the investment in and development of the group and our people

- Strong balance sheet
- Consistent operating cash enabling
 - Net debt reduction
 - Acquisition funding
 - Dividend increase

4

Continue to ensure high standards of corporate governance and responsibility

- Highly experienced board and senior management team
- Four independent non-exec directors

Business recovery and financial advisory

Business recovery

- **UK's leading independent business recovery practice**

- Handle the largest number of corporate appointments in the UK
- c. 2,000 new appointments per year
- Focus on the mid-market and smaller companies

- **Corporate insolvency:**

- Aim to rescue the business (where feasible) or realise the value of assets and distribute available funds to creditors
- Administrations, liquidations, receiverships, CVAs

- **Personal insolvency:**

- Provide advice to debtors and creditors on all aspects of personal insolvency
- Bankruptcy and IVAs (England and Wales); Trust deeds and sequestrations (Scotland)

- **All formal insolvency appointments require a licensed insolvency practitioner**

- **Sources of work:**

- Professional community
- Financial institutions
- Internet queries and direct communications
- Existing contacts of the firm

- **Basis of remuneration**

- Typically on the basis of hours worked with fees paid from asset realisations
- In limited occasions based on a percentage of asset realisations
- Fee basis and levels are approved by creditors



£64m*
fee income

*pro forma including impact of
CVR and DRP acquisitions



526
staff
including 92 licensed
insolvency practitioners



over 5,000
accountant contacts
with no conflicts



31
principal office locations



typical case length
2-3 years



5
offshore offices and
international capabilities
through BTG Global Advisory

Financial advisory

• Services:

- Advisory - Debt advisory, due diligence and transaction support, accelerated corporate finance, pensions advisory, business and financial restructuring
- Corporate finance - Buy and sell side private company transactions
- Finance broking
- Forensic accounting and investigations - fraud and financial crime investigations, expert witness for dispute resolution
- Complementary to business recovery
- Use of similar resource or contact basis

• Clients:

- Businesses
- Legal and professional community
- Banks and financial institutions
- Investment community

• Remuneration basis:

- Typically: hours worked
- Corporate finance: fixed retainer fees with contingent success fee on completion of transaction
- Finance broking: commission on finance raised

• Opportunity to broaden and develop service lines



£12m*
fee income

*pro forma including impact of
CVR and MAF acquisitions



82

dedicated staff
together with 24 staff working
across insolvency and advisory



buy and sell side support
on corporate transactions



raised finance in excess
of £150m for its clients
in last financial year



6

principal office locations

Business recovery and advisory – multiple growth drivers

- Strong market presence and reputation
 - Local office network gives market leadership in SME market
 - Strong reputation and expertise gives access to larger cases
 - Extensive network of national work referrers
 - Leading digital marketing activity generating work
- SME market provides base level of insolvencies across the cycle
- Case profile includes large fee cases in addition to volume cases
- Advisory adds complementary expertise and introductions to larger insolvency cases
- Internal referrals to property services
- Highly experienced partner group
 - Incentive plans in place encourage teamworking and growth
 - Annual bonus based on regional and national profitability
 - LTIP based on divisional and group earnings growth
 - Track record of developing and promoting through to partner
 - Ability to attract quality fee earners
- Capacity to handle increased appointment levels

Property advisory and transactional services

Property services

- **Services**

- **Valuations**

- valuation of property, small to medium sized businesses, machinery and business assets

- **Asset sales**

- sales of property, machinery and other business assets through physical and on-line auctions;
- business sales agency
- commercial property agency

- **Consulting, planning and management**

- Building and project consultancy: project management, surveys, dilapidations, space planning and fit out
- Commercial property management: rent, service charge and insurance collection; financial control; service charge management
- Lease advisory
- Specialist insurance services: insolvency, commercial and property investor insurance; vacant property risk management
- Transport planning and design: transport and highways advice

- **Clients**

- banks and financial institutions, insolvency practitioners, commercial property owners and occupiers, property agents, public sector bodies, property developers and land owners

- **Remuneration basis**

- Quoted fee for valuations, building and project consultancy, transport planning
- Percentage of asset realisations for auctions and asset sales; fixed charge property receiverships
- Commission on insurance policies written

Eddisons



£24m*
fee income

*pro forma including impact of HNG acquisition

Pugh

Part of Eddisons

**largest regional
property auctioneer**



**largest insolvency
focussed plant &
machinery team in the UK**



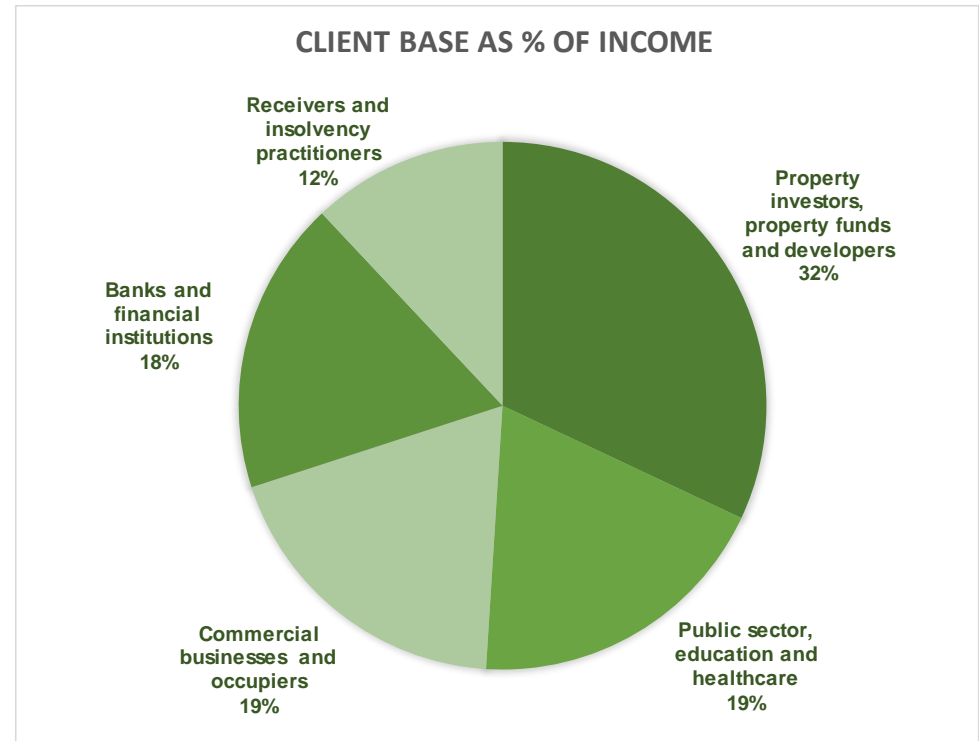
20
office locations



306
dedicated staff

Property – growing client base and referral network

- Strength of referral network and client base leads to high levels of repeat business
- Significant insolvency expertise
 - Plant and machinery valuation and disposal
 - Property – receivership, auctions and agency
 - Specialist insurance broker – property and other assets
 - Vacant property risk management
- Public sector growth opportunities
 - Increased focus for organic growth in recent years
 - Education sector – CIF bids and larger academy groups
 - Homes England – gained panel position in 2019 and being appointed on auctions, agency and consultancy work
 - NHS – lease advisory recent contract win
 - Property management – local government tender opportunities
 - Auctions – sales for local government
- Banks and financial institutions
 - Panel positions provide barriers to entry
 - Instructions received from 24 institutions in the year
- Property management medium and long-term contracts and relationships lead to advisory and agency instructions



Recent acquisitions

Recent acquisitions

CVR Global – Jan 21

- Insolvency and advisory – London, South of England and offshore
- Significant insolvency expertise – cases sourced from professional intermediaries
- Strong contentious insolvency practice
- Forensic accounting, expert witness and pensions advisory develop BTG Advisory
- Offshore operations (BVI, Jersey, Gibraltar, Cyprus) enhance BTG Advisory
- Revenue £9.5m and adj PBT £1.2m - synergies of at least £0.75m when fully realised
- Max consideration £20.8m (initial £12.0m)

DRP – Mar 21

- Insolvency – London and Guernsey
- Long-established insolvency practice with a strong reputation
- Mix of routine engagements together with some larger and more complex assignments
- Builds on CVR Global acquisition
- Significant increase in scale of recovery and advisory – notably in key London market
- Revenue £10.3m and adj PBT £3.3m
- Max consideration £25.0m (initial £12.0m)

HNG – Feb 21

- Property consultancy – London
- Enhances existing commercial property management services
- Improves coverage of commercial property agency
- Increases capabilities of lease advisory team
- Revenue £1.5m and adj PBT £0.2m
- Max consideration £1.0m (initial £0.4m)

MAF – May 21

- Finance broking – national team from Midlands HQ
- Arrange finance for investment in new asset purchases and refinance/restructure existing facilities
- Broad sector expertise
- Work with large panel of banks and specialist funders
- Complements existing services and deepens relationships with lenders
- Revenue £3.1m and adj PBT £0.3m
- Max consideration £11.75m (initial £3.0m)

Case studies

Case studies

Administration of property lender

- £0.5bn loan book of property loans and development finance
- Administrators worked with retained staff to collect out loan book and complete development projects
- Eddisons involved for property sales, appointment as receivers, insurance and strategy advice
- Likely final fees of c£3m

School improvement projects

- Condition improvement fund (CIF) enables academies to bid for development finance from central government
- Funding secured of £28m in 2020 funding round (50% increase on prior year)
- Fourth year of Eddisons activity in this marketplace
- Project management and consultancy fees of £2.2m in FY21 (Prior year : £1.3m)

Advisory project for financial institution

- Advising on recovery of distressed debt portfolio
- To date recovered £120m of impaired debt - £20m in excess of carrying value
- Managed over 500 cases, of which over 420 resolved without litigation
- Average annual fee income over project of c£1m

Contentious insolvency

- Case involved tax avoidance creditor claims from HMRC
- Significant level of claims including transactions at undervalue and misfeasance
- Litigation funding obtained to pursue claims
- Agreement reached at mediation including significant recovery for HMRC
- Fees of £0.9m

Corporate finance transaction

- Originally appointed to advise on an unsolicited approach
- Deal did not proceed but subsequently appointed three years later
- Negotiated deal structure to enable vendors to gain significant value
- Project managed due diligence and legals to completion
- Business sold for c.£80m with fees of c.£1m

Compulsory liquidation following winding up petition

- Major creditor was HMRC fraud and investigation team
- Appointed to investigate tax fraud and recover funds
- Investigations completed by insolvency, advisory, forensics and property teams
- Litigation to recover funds ongoing
- £15m recovered to date with further anticipated
- Likely fees in excess of £4m

Market consensus forecasts

Market consensus forecasts

Year end 30 April	FY20A	FY21E	FY22E
Revenue (£m)	70.5	83.7*	101.1
Adjusted PBT (£m)	9.2	11.5*	17.5
Adjusted EPS (p)	5.7	6.8	9.2

FY20 actual results from audited consolidated accounts

** FY21 revenue and adjusted PBT from full year trading update on 20 May 2021 (subject to audit)*

Consensus FY21 adjusted EPS and FY22 revenue, adjusted PBT and adjusted EPS: an arithmetic average of forecasts by analysts from Canaccord Genuity, Shore Capital, Equity Development and Berenberg and not in any way based on the internal budgets of the group. The underlying forecasts are the responsibility, and constitute the judgement, of each individual contributing analyst alone. In providing this analysis, the group does not imply its endorsement of, or concurrence with, such information, conclusions or recommendations.

Summary and Investment Case

Summary and Investment Case

- Strong track record of cash generative, profitable growth with a well-established progressive dividend policy
 - AIM listed since 2004
 - highly experienced board and senior management team
 - long-established corporate structure with separation of equity, management and fee earners
 - Strongly positioned in counter-cyclical activities, representing 70% of total revenue
 - Market leading business recovery practice taking the largest number of corporate insolvency appointments in the UK, with a focus on mid-market and smaller companies
 - Strong referral network across the group leading to high levels of repeat business
 - Diverse income streams provide multiple sources of growth across the economic cycle in fragmented markets
 - Growth strategy of organic investment and value-accretive acquisitions across our service lines
- With the benefit of our recent acquisitions and organic growth opportunities, we are well positioned to deliver the anticipated material growth in earnings in the new financial year**

** per commentary in full year trading update on 20 May 2021*



Offices across the UK. www.begbies-traynorgroup.com

Begbies Traynor Group plc; registered in England No: 5120043, registered office: 340 Deansgate, Manchester, M3 4LY, a member of the Begbies Traynor Group; Specialist Professional Services.