



Investor presentation

Ric Traynor – Executive Chairman

July 2022

Nick Taylor – Group Finance Director

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



1,000
partners and staff
following all recent acquisitions



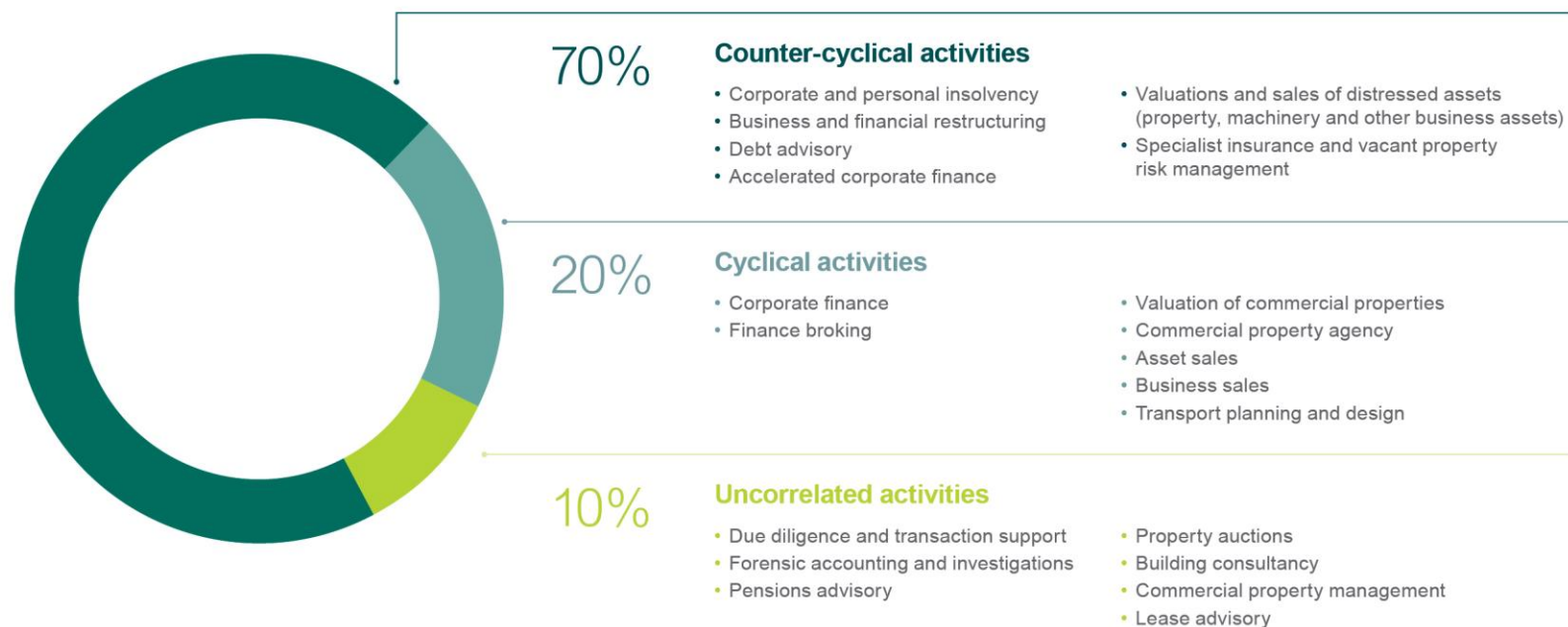
CAGR in adjusted EPS
of 23%
in last four years



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

Well placed with counter-cyclical focus

Our activities



Profile reflects current group activities

Our businesses



Full year results

Highlights - strong performance ahead of original expectations

REVENUE

£110.0m (+31%) (2021: £83.8m)

ADJUSTED PROFIT BEFORE TAX

£17.8m (+55%) (2021: £11.5m)

ADJUSTED EPS

9.1p (+32%) (2021: 6.9p)

PROPOSED TOTAL DIVIDEND

3.5p (+17%) (2021: 3.0p)

FREE CASH FLOW

£14.0m (2021: £12.3m)

NET CASH

£4.7m (2021: £3.0m)

- A further successful and record year for the group
- Financial performance comfortably ahead of original expectations
- Results for the year reflect
 - Material increase in scale and service offerings
 - Organic and acquisitive growth strategy
 - All areas have contributed to the growth
 - Further improvement in operating margins
- Continued to generate substantial free cash flow
- Recommended 17% increase in dividend
- Group in strong position as we start new financial year

Growth across both operating divisions

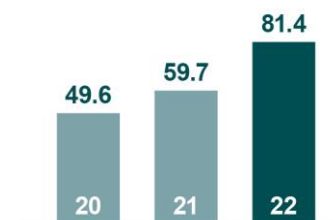
BUSINESS RECOVERY AND FINANCIAL ADVISORY

- Revenue growth of 36% (5% organic)
 - Margins increased to 25.8% (2021: 24.6%)
 - Profit increase of 43%
- Significant increase in scale of activities following insolvency acquisitions late in FY21 and finance broking at start of financial year
- Organic activity increased as Government's pandemic support measures removed
 - Corporate insolvencies nationally increased by 50% to 16,648 (2021: 11,134)
- Successful year for corporate finance in active M&A market

REVENUE (£m)

£81.4m

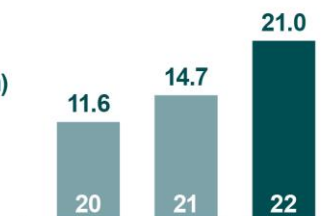
(2021: £59.7m)



SEGMENTAL PROFITS (£m)

£21.0m

(2021: £14.7m)



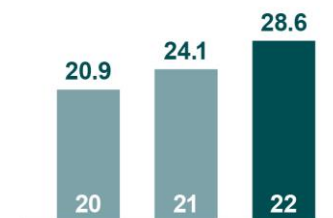
PROPERTY ADVISORY AND TRANSACTIONAL SERVICES

- Revenue growth of 19% (10% organic)
 - Margins increased to 16.8% (2020: 16.2%)
 - Profit increase of 23%
- Organic growth of key service lines: professional services (real estate valuations) and building consultancy
- Recovery in activity levels compared to lockdown impacted comparative period
- First time contribution from acquisitions

REVENUE (£m)

£28.6m

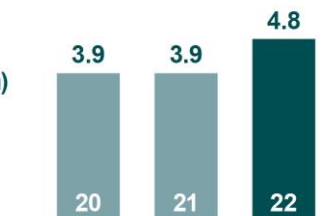
(2021: £24.1m)



SEGMENTAL PROFITS (£m)

£4.8m

(2021: £3.9m)



Strong financial position with significant liquidity

£m	2022	2021
Free cash flow	14.0	12.3
Net proceeds from share issues	0.5	20.9
Acquisition and deferred consideration payments	(8.2)	(23.9)
Dividends	(4.6)	(3.6)
Increase in net cash	1.7	5.7
Net cash	4.7	3.0

- Group remains strongly cash generative
- Increased free cash flow from operating profit increase
- Acquisition payments of £8.2m: current year acquisitions of £2.9m and prior year acquisitions of £5.3m
- Significant liquidity in committed facilities
 - £25m unsecured, committed RCF - £5m utilised at April 2022
 - £5m unsecured acquisition/growth facility
 - Facilities extended to August 2024

Material increase in scale and service offerings from acquisitions

Business recovery

- CVR (Jan 21) and DRP (Mar 21) acquisitions
- Significantly increased scale of insolvency business
 - Notably in key London marketplace
- Integration completed on target
 - Local teams merged in common locations

Financial advisory

- Finance broking – MAF Finance Group (May 21) and Mantra Capital (Jul 22)
- Complements existing services
- Two businesses will form BTG Funding Solutions
 - Broad sector expertise and national coverage
 - Annual fee income c£8m and arranged finance of c£800m in last 12 months
- Acquisitive and organic growth opportunities

Property services

- Acquisitions enhancing our national coverage
 - HNG (Feb 21 in London), Fernie Greaves (Oct 21 in Sheffield) and Budworth Hardcastle (Jun 22 in Eastern England)
 - Daniells Harrison (Jan 22 in Southern England)

Acquired c£34m of revenue and c£9m of profits since Jan 21

Outlook - start new financial year in strong position

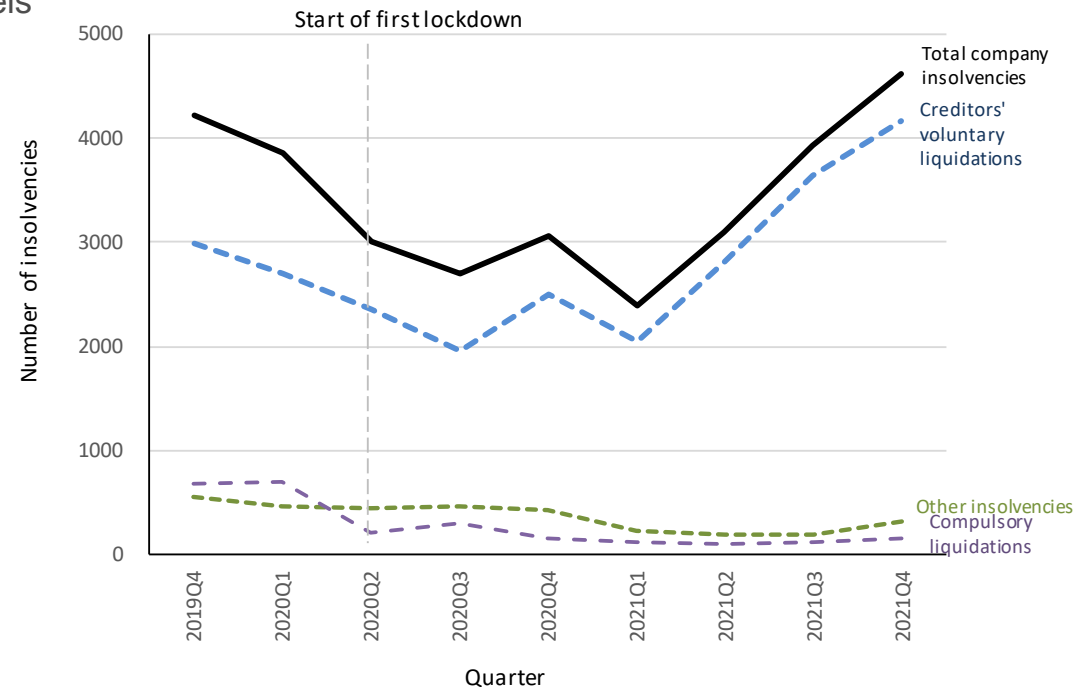
- Confident of delivering plans for further growth towards the top end of original market expectations
 - Anticipate cost inflation more than offset by revenue growth
- Business recovery well-placed to continue track record of growth
 - Order book increased
 - Increased market activity
- Advisory encouraging pipeline of organic growth and acquisitions
- Further expansion in property services both organically and through recent acquisitions
- Healthy balance sheet and cash generation underpin capacity to
 - Progress pipeline of acquisitions
 - Deliver organic growth initiatives
 - Whilst funding dividends and deferred consideration payments
- Update at AGM in September 2022

Operating and strategic review

Insolvency market

- Final Government support measures removed in March 2022
- Volumes* increased significantly over last year
 - 16,648 to 31 March 2022 (2021: 11,134, 2020: 16,840)
- Increases to date largely from smaller companies
 - Liquidation volumes moving ahead of pre-pandemic levels
 - Administrations increased in recent months
 - but remain significantly below pre-pandemic levels
- Growth in insolvencies anticipated
 - End of support measures
 - Creditor pressures increasing
 - Inflation and supply chain issues
 - Significant increase in corporate debt
 - Working capital funding pressures

* Insolvency Service quarterly statistics seasonally adjusted basis



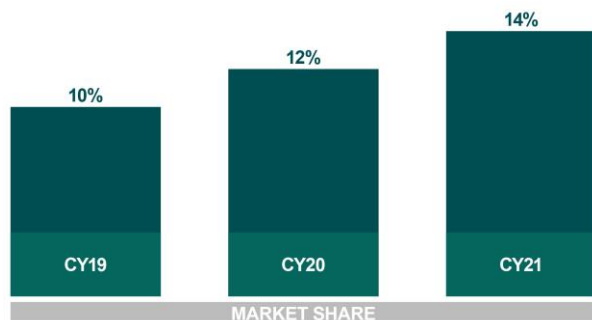
Insolvency marketplace

Firms
EY, PWC, Teneo (ex-Deloitte), Interpath (ex-KPMG) American boutiques <i>Alvarez & Marsal, FTI, Alix Partners, Kroll (Duff & Phelps)</i>
National accountancy firms <i>Grant Thornton, BDO, RSM</i> National specialists <i>Begbies Traynor, FRP, Quantuma, Leonard Curtis</i>
Local boutiques

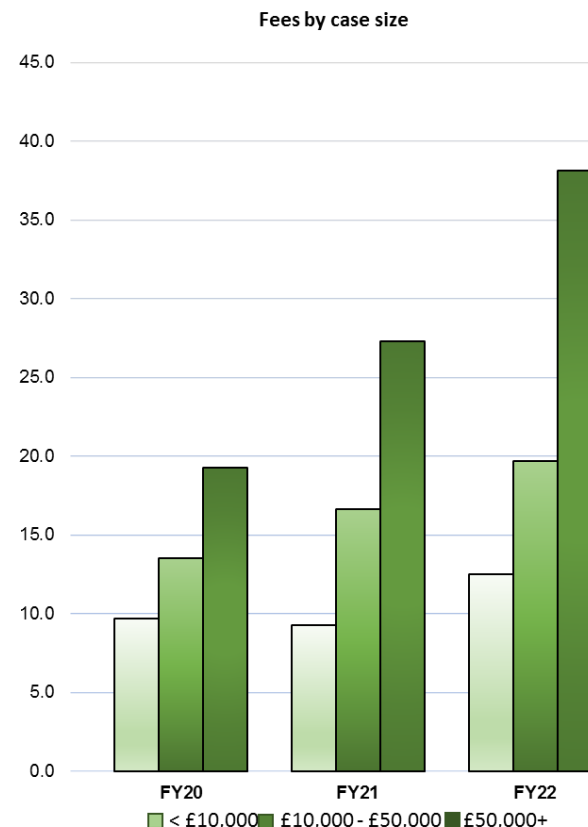
Largest appointment takers	Number of corporate appointments in 2021
Begbies Traynor	2,104
Other national specialists	1,544
Big 4	189
National accountancy firms	175
American boutiques	134
Local boutiques	11,048
TOTAL	15,194
Market share	14%*
Source: Administrations, CVLs and CVAs as disclosed in the London, Edinburgh and Belfast Gazettes, Accountant in Bankruptcy, Companies House and excluding compulsory liquidations in calendar 2021	

Business recovery: significant increase in scale of division

- Activity balanced across SME and mid-market
- Increased fees across all case sizes:
 - Smaller more routine cases from regional network and digital marketing expertise
 - Larger more complex appointments following integration of acquisitions
- Anticipate increase in administrations as market recovers
 - Typically higher margin engagements
- Progressive increases in insolvency market share (by volume) in recent years from organic development and acquisitions



- Insolvency order book increased to £29.5m (2021: £28.3m)



* 2020 market share reflects combined CVL, administration and CVA appointments for Begbies Traynor, CVR and DRP in the 12 months to December 2020

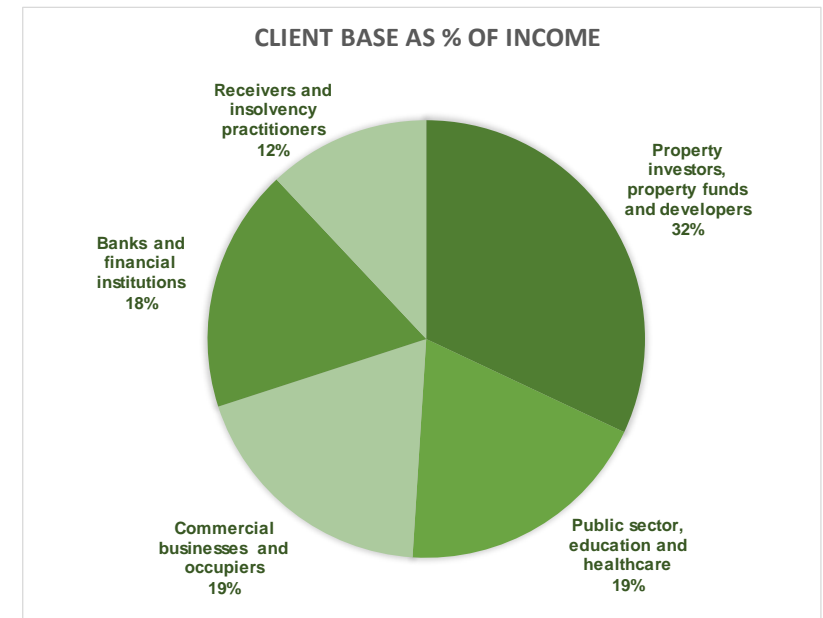
Property services: multiple opportunities for further growth

- Substantial increase in scale since inception of division in 2014
 - Annualised revenue now in excess of £30m from £13m in December 2014
 - Strong and growing profitability

- Durable income streams from a diversified client base

- Significant insolvency capability will benefit from market recovery
 - 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
 - Continued focus on education sector
 - Further opportunities for targeted organic growth
- Banks and financial institutions
 - Strong relationships embedded through panel positions

- Recent acquisitions provide a platform for ongoing growth
- Multiple acquisition opportunities in a fragmented market



Strategy

Strategy – delivering value through growth

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

Organic growth

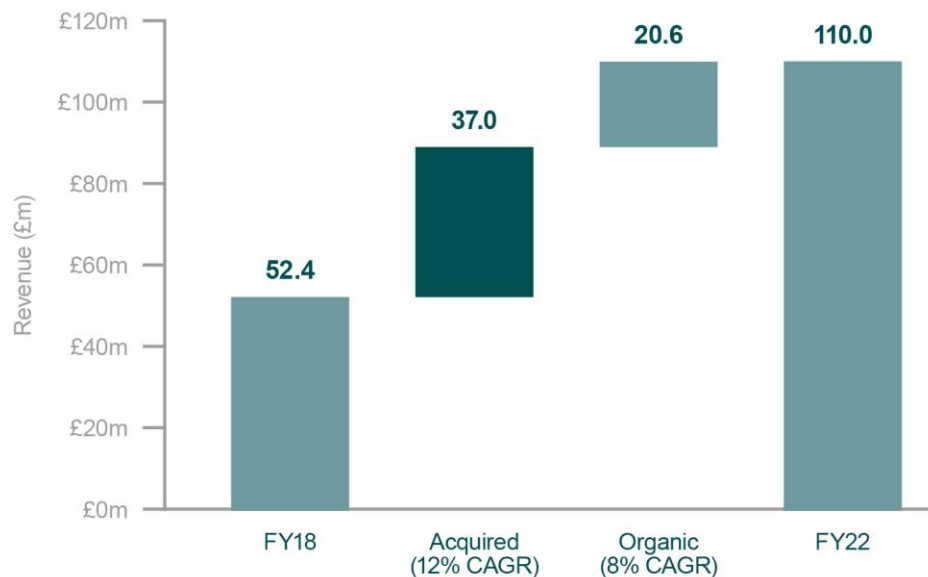
- Retention and development of our existing partners and employees
- Recruitment of new talent
- Enhanced cross-selling of our service lines and expertise to our wider client base
- Investment in technology and processes to enhance working practices and improve the service to our clients

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

Acquiring for growth – 20% revenue CAGR

Revenue growth since 2018



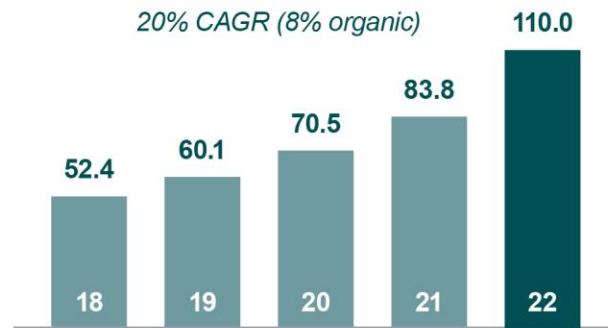
Acquired revenue of £37m by year of acquisition



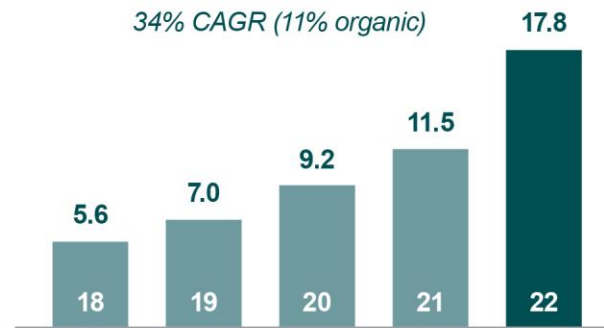
- Significant increase in scale of group resulting from growth strategy
- Acquisitions key driver of growth
 - 13 value enhancing acquisitions
- Well-defined process for identification, valuation, acquisition and integration of target businesses
- Healthy balance sheet and cash generation underpin capacity for acquisitions

Strong financial track record from growth strategy

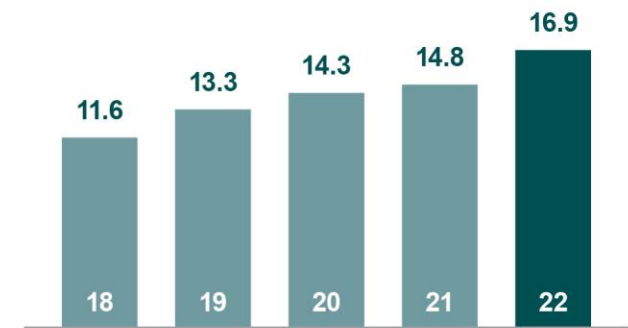
Revenue (£m)



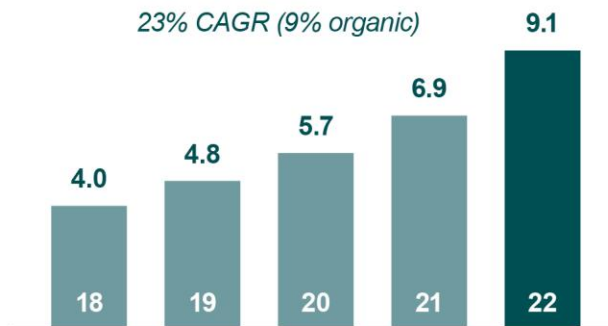
Adjusted profit before tax (£m)



Operating margin (%)



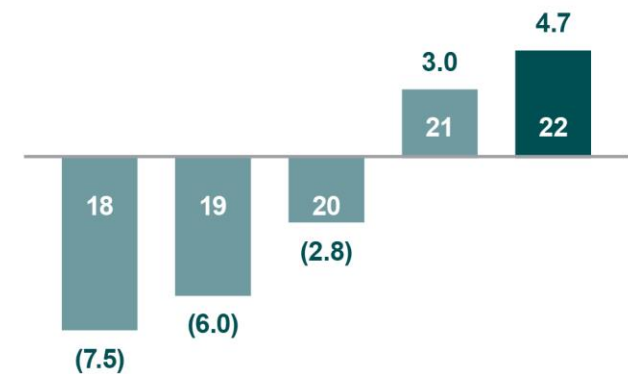
Adjusted basic EPS (p)



Dividend (p)



Net cash (debt) (£m)



Summary - strong position and confident of delivering further growth

- Material increase in scale of group and service offerings
 - Result of organic and acquisitive growth strategy
 - Well placed with counter cyclical focus
- Strong financial track record
 - Confident of delivering plans for further growth towards the top end of original market expectations
 - Progressive dividend policy with five years of 10% pa growth
- Healthy balance sheet and cash generation underpin capacity for further acquisitions and organic growth initiatives
 - Organic growth opportunities across the group
 - Good pipeline of acquisition opportunities
 - Well positioned to respond to challenging economic backdrop

Scale, capabilities and breadth of expertise gives ability to assist clients facing challenges of forthcoming year

Questions

Appendix

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
- SME market provides base level of insolvencies across the cycle

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

- Capacity to handle increased appointment levels

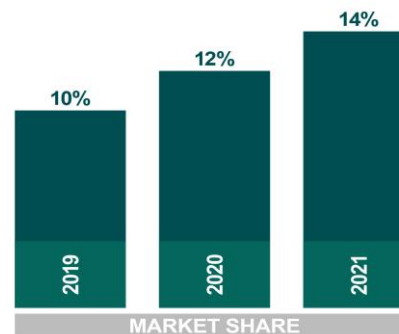
- **Strong referrer network complemented by internet presence:**

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

- **Typical case length of 2-3 years**

- Basis of remuneration:
 - Typically hours worked with fees paid from asset realisations
 - In limited occasions as a percentage of asset realisations
- Fee basis and levels are approved by creditors

- **Increase in market share (by volume)**



£69m
fee income



526
staff
including 92 licensed
insolvency practitioners



over 5,000
accountant contacts
with no conflicts



typical case length
2-3 years



31
principal office locations



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



86
dedicated staff
together with 37 staff working
across insolvency and advisory



buy and sell side support
on corporate transactions



raised finance in excess
of £300m for its clients
in last financial year



6
principal office locations

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



£29m
fee income



326
dedicated staff



24
office locations



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

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