Begbies Traynor Group

Half year results presentation

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December 2022

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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

Over 1,000 colleagues

CAGR in adjusted EPS
of 23%
in last four years

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

Highlights - strong first half performance and confidence in full year outlook

REVENUE

£58.5m (+12%) (2021: £52.3m)

ADJUSTED PROFIT BEFORE TAX

£9.0m (+13%) (2021: £8.0m)

ADJUSTED EPS

4.4p (+13%) (2021: 3.9p)

INTERIM DIVIDEND

1.2p (+9%) (2021: 1.1p)

NET (DEBT) CASH

£(2.4)m (2021: £1.2m)

- Double digit revenue and profit growth in both divisions
  - Building on consistent track record of growth
- Continuing growth in business recovery and financial advisory
  - Market-leading positions maintained (by volume)
  - Increased number and value of insolvency appointments
  - Advisory services performed well
- Property advisory and transactional services
  - Resilient income streams enabled strong performance
  - Growth from organic initiatives and acquisitions
- Dividend increase builds on 10% compound annual growth since 2017

Finance review

Financial highlights

£m	6 months to Oct 2022	6 months to Oct 2021	12 months to Apr 2022
Revenue	**58.5**	52.3	110.0
Adjusted EBITDA	**11.9**	11.1	24.0
Operating profit (before amortisation and transaction costs)	**9.5**	8.4	18.6
Operating margin	***16.2%***	*16.0%*	*16.9%*
Adjusted profit before tax	**9.0**	8.0	17.8
Adjusted diluted EPS	**4.4p**	3.9p	8.8p
Dividend	**1.2p**	1.1p	3.5p
Net (debt) cash	**(2.4)**	1.2	4.7

- Double digit growth in both divisions
- Revenue growth of 12% (6% acquired, 6% organic)
- 13% increase in adjusted profit before tax and EPS
- Net debt of £2.4m, after £7.4m of acquisition payments in the period

Double digit growth from both divisions (1)

	Revenue (£m)			Operating profit (£m)		
	2022	2021	*growth*	**2022**	2021	growth
Business recovery and financial advisory	**42.4**	38.7	*10%*	**10.7**	9.7	*10%*
Property advisory and transactional services	**16.1**	13.6	*18%*	**2.8**	2.4	*17%*
Shared and central costs	**-**	-	-	**(4.0)**	(3.6)	10%
Total	**58.5**	52.3	*12%*	**9.5**	8.4	*13%*

Business recovery and financial advisory

- Revenue growth of 10% (7% organic, 3% acquired)
  - Increase in number and value of insolvency appointments compared to prior period
    - Liquidations and higher value administrations
    - Driving revenue growth and 15% increase in order book to £33.9m (Apr 2022: £29.5m)
  - Advisory services performed well
    - Mantra Capital (acquired July 22) performed in line with expectations and integration proceeding well
    - Corporate finance completed buy-side, sell-side and fundraising projects
- Operating margins of 25.2% (2021: 25.1%)

Double digit growth from both divisions (2)

	Revenue (£m)			Operating profit (£m)		
	2022	2021	*growth*	**2022**	2021	growth
Business recovery and financial advisory	**42.4**	38.7	*10%*	**10.7**	9.7	*10%*
Property advisory and transactional services	**16.1**	13.6	*18%*	**2.8**	2.4	*17%*
Shared and central costs	**-**	-	-	**(4.0)**	(3.6)	10%
Total	**58.5**	52.3	*12%*	**9.5**	8.4	*13%*

Property advisory and transactional services

- Resilient income streams enabled strong performance in a challenging economic environment
- Revenue growth of 18% (13% acquired, 5% organic)
  - Budworth Hardcastle (acquired June 22) performed in line with expectations and integration proceeding well
  - Organic growth in consultancy services
  - Transactional volumes robust in spite of headwinds
- Operating margins of 17.4% (2021: 17.6%)

Shared and central costs

- Increase principally due to investment in IT and HR capability
- Broadly unchanged as percentage of revenue 6.8% (2021: 6.9%)

Robust financial position maintained

£m	6 months to Oct 2022	6 months to Oct 2021	12 months to Apr 2022
Adjusted EBITDA	**11.9**	**11.1**	**24.0**
Working capital	**(4.8)**	**(3.5)**	**(1.3)**
Cash from operating activities	**7.1**	**7.6**	**22.7**
Accelerated tax payment – previously guided change in due dates	**(1.0)**	**-**	**-**
Other payments (underlying tax, interest, capex, lease payments)	**(4.3)**	**(4.3)**	**(8.6)**
Free cash flow	**1.8**	**3.3**	**14.1**
Dividends	**(1.7)**	**(1.5)**	**(4.5)**
Acquisition payments (net of cash acquired)	**(7.4)**	**(3.6)**	**(8.6)**
Net proceeds on share issues	**0.2**	**-**	**0.5**
Cash outflow	**(7.1)**	**(1.8)**	**1.5**

- Working capital increase (£4.8m) from seasonal payments (£1.4m) and debtors/WIP increase (£3.4m)
  - Lock up days broadly maintained from year end position
- Acquisition payments of £7.4m comprise: initial £5.2m, contingent (prior year) £1.9m, acquisition costs £0.3m
- Net debt at Oct 22 of £2.4m (Apr 22: net cash £4.7m, Oct 21: net cash £1.2m)
  - Significant headroom in facilities (to August 2024)
  - £25m unsecured, committed RCF and £5m unsecured acquisition/growth facility

Full year outlook – confident of delivering market expectations

- Business recovery - increased activity levels in largest service line
  - Order book increased by 15% to £33.9m in the six months
  - Higher level of enquiries and increasing economic headwinds
  - Confident of delivering growth through second half year and thereafter
- Financial advisory - encouraging pipeline of engagements gives confidence for H2
- Property services - expectations unchanged despite challenging economic environment
  - Resilient income streams, continuing flow of instructions and developing mix of services
- Confident of delivering market expectations* for the full year following H1 performance
  - Extending our strong financial track record of growth
  - Update on Q3 in late February 2023

** current range of analysts' forecasts for year ended 30 April 2023 - revenue of £117.7m-£121.4m and adjusted PBT of £19.7m-£20.6m (as compiled by the company)*

Strategic and operating review

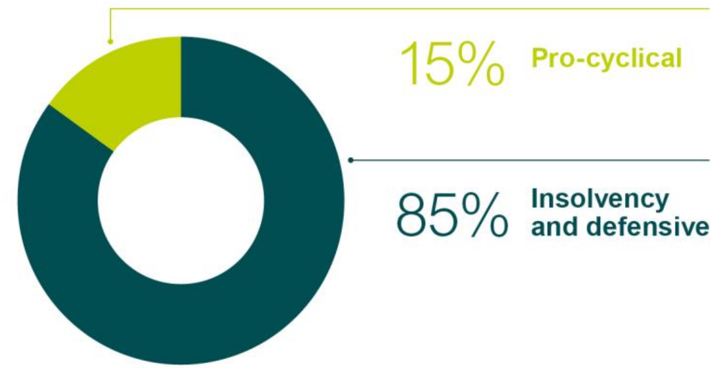
Continuing momentum in recovery and restructuring

- Market leading insolvency practice
  - 14% share of overall market* – ranked first nationally
  - 10% share of administration market* – ranked second nationally
  - 92 appointment takers compared to 65 in 2020

  ** by volume*

- Well-positioned to deliver further growth
  - Benefit of market position and national office network
  - Expanded London office and offshore practice increases mid-market exposure
  - Increased number and value of appointments driving growth in revenue and order book
- Higher profile administration appointments in the period include
  - Worcester Rugby Club, Avonside Group, Silverbond Enterprises, Jehu Group
- Advised on first SME court-sanctioned restructuring plan
- Innovative pilot project with major bank to assist in recovery of bounce back loans
  - Initial results indicate may provide means for bank and Government to maximise recovery

Recovery and advisory



Insolvency and defensive activities currently represent 85% of divisional income

UK insolvencies continue to increase

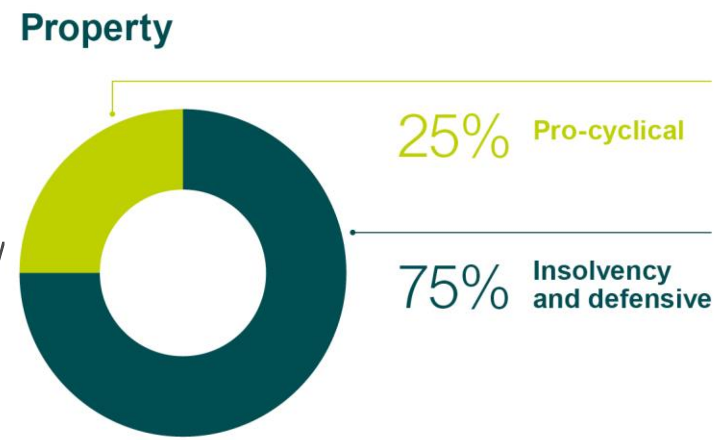
- Number of corporate insolvencies* increased to 20,731 in 12 months to 30 September 2022
  - Reflects removal of Government support measures post-pandemic
  - 23% higher than comparable pre-pandemic period (2019: 16,836, 2020: 13,781, 2021: 12,492)
- Increase largely from increased liquidations (typically insolvencies of smaller companies)
- Administration numbers (typically larger and more complex insolvencies) have begun to increase
  - Still c.35% below pre-pandemic levels
  - Current run rate of c.1,000 pa significantly below peak of 4,800 in 2008
- Continuing economic headwinds anticipated to drive higher activity levels
  - Higher interest rates and inflation expected to continue through calendar year 2023
  - Contrasts with benign environment during and following 2008-2010 recession
  - We have increased our insolvency practitioner capacity since last recession

Further development of advisory services

- Advisory services of finance broking and corporate finance complement insolvency business
  - Finance broking - commercial and residential real estate, asset finance
  - Corporate finance - buy-side, sell-side and fundraising projects
  - Synergy of client base and referral network with other group businesses
- Acquisition of Mantra Capital (July 22) continues development of BTG Funding Solutions, our finance brokerage
  - London finance and insurance brokerage focussed on commercial and residential real-estate lending and refinance
  - Complements MAF Finance Group (acquired May 21)
  - Combined team has strong relationship with banks and specialist lenders enables cross-selling debt advisory, restructuring, valuation and sale services
  - Results in line with expectations in the period with organic and acquisitive opportunities to continue development
- Springboard Corporate Finance team had successful period across a range of projects
- Good pipeline of instructions across advisory services gives confidence in activity levels for H2
  - Ability to pivot resource to restructuring, debt advisory and cash raising activities

Resilient income streams drive strong property performance

- Professional services team performed well with good level of instructions
  - Provide real estate valuation services
    - Good book principally for lenders
    - Bad book for lenders and IPs, can also lead to transactional workflow
  - Activity levels in H1 predominantly weighted to good book advice
- Consultancy services delivered strong performances
  - Largely defensive mix of services with broad client base
  - Includes public sector, contracted and recurring income streams, long-term projects
- Transactional teams robust performance in spite of economic headwinds
  - Diversified mix of services
    - Commercial property sales and lettings, online property auctions, business sales agency and plant and machinery sales
  - Work across insolvency, defensive and pro-cyclical transactions
- Organic and acquisitive opportunities to continue developing the division

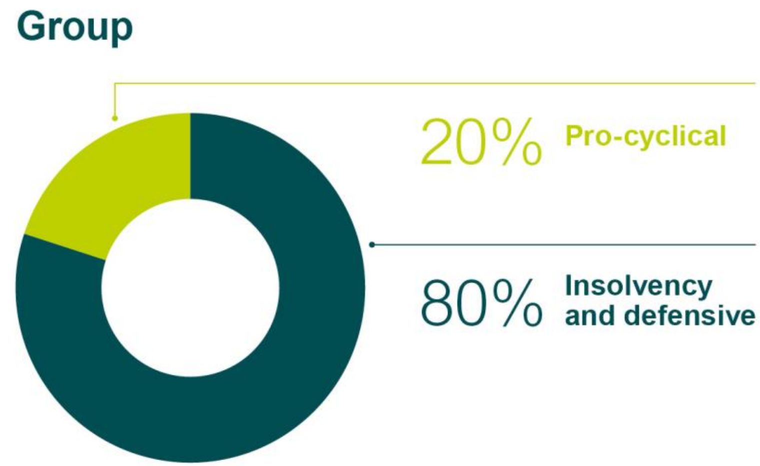


Insolvency and defensive activities currently represent 75% of divisional income

Outlook

Outlook: well-positioned in a deteriorating economic environment

- Confident of delivering on market expectations in current year
- Group well-positioned in a deteriorating economic environment
  - 80% of income from insolvency and defensive activities
- Strong balance sheet underpins continued investment in successful organic and acquisitive growth strategy

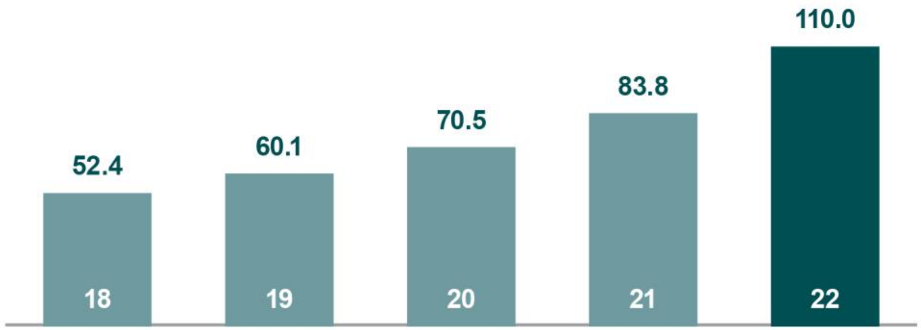


Expect to continue building on our strong track record in the current year and beyond

Strong track record of sustained growth

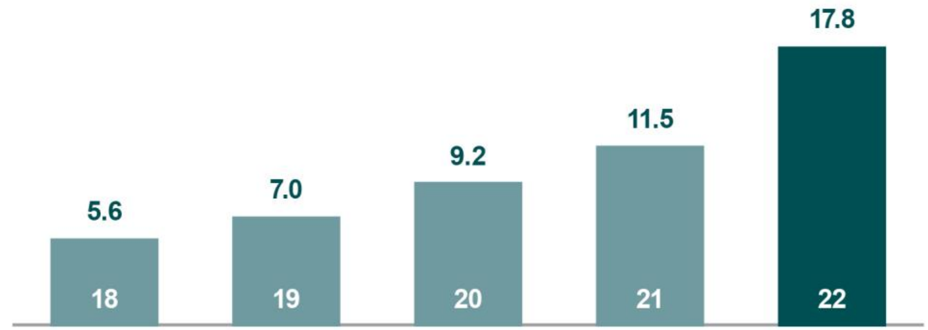
Revenue (£m)

20% CAGR (8% organic)



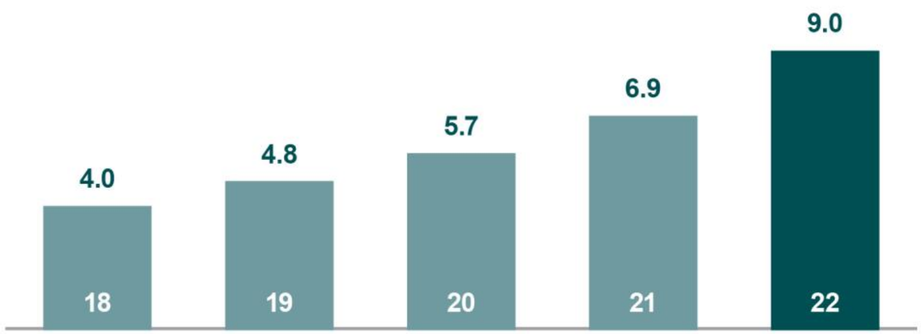
Adjusted profit before tax (£m)

34% CAGR (11% organic)



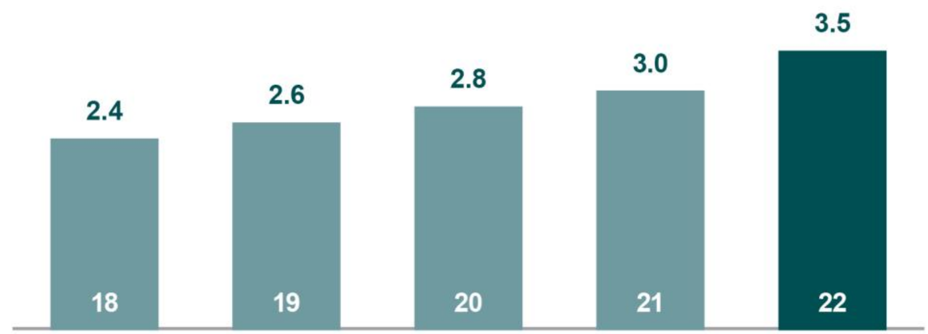
Adjusted basic EPS (p)

23% CAGR (9% organic)



Dividend (p)

10% CAGR



Questions

Appendix

H2 analysts metrics

- Profit expectations for the full year unchanged
  - H2 flow through of FY23 acquisitions: revenue £1.4m and costs £1.0m
  - Continued growth in insolvency income in H2 giving second half weighting to divisional income
  - Property expectations unchanged for full year - anticipate revenue weighted to H1 in current year
  - Central costs and finance costs in H2 maintained at H1 run rate
- Adjusted tax rate 21% (FY22: 21%)
- Weighted average shares for FY23 EPS calculation: basic c156m; diluted c162m
- Share based payment charge (£0.7m) and depreciation (£1.7m) in line with H1
- Transaction/amortisation costs:
  - Acquisition consideration (P&L charge) £7.1m (Full year: £12.5m)
  - Amortisation £3.1m (Full year: £6.2m)
- Cash flow
  - Working capital – reversal of H1 seasonal payments outflow c£1.4m
  - Cap-ex of c£0.5m
  - Tax payments of £3.3m (£1.0m accelerated payment and underlying payment £2.3m)
  - Lease payments of £1.4m
  - Final dividend of £3.7m paid in November 2022
  - Deferred consideration payments of £5.4m in H2
    - Anticipated payments of £19.0m between FY24 and FY28
    - £4.5m FY24, £6.8m FY25, £5.3m FY26, £2.3m FY27, £0.3m FY28