



Half year results presentation

Ric Traynor – Executive Chairman

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Nick Taylor – Group Finance Director

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A leading professional services consultancy with a differentiated service offering

Insolvency

Corporate and personal insolvency

Market leading position from a national office network and selective offshore locations

Provide advice and assistance to SME and mid-market corporates



c60% of revenue

Advisory and transactional services

Financial advisory

Transactional support

Funding

Valuations

Projects and development support

Asset management and insurance



c40% of revenue

80% of revenue from insolvency and defensive activities from a common network of clients and professionals

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

REVENUE

£65.9m (+13%) (2022: £58.5m)

- Double digit revenue and profit growth
- Building on consistent track record of growth

ADJUSTED PROFIT BEFORE TAX

£9.9m (+10%) (2022: £9.0m)

- Insolvency and financial advisory performed well overall
- Increased year on year insolvency activity levels
- Market-leading position maintained (by volume)
- Resilient advisory performance

ADJUSTED EPS

4.6p (+5%) (2022: 4.4p)

- Property advisory and transactional services

INTERIM DIVIDEND

1.3p (+8%) (2022: 1.2p)

- Continues to provide solid platform for growth
- Acquisitions trading well and in line with expectations

NET CASH (DEBT)

£1.1m (2022: £(2.4)m)

- Dividend increase extends six consecutive years of growth since 2017

Finance review

Financial highlights – double digit revenue and profit growth

£m	6 months to Oct 2023	6 months to Oct 2022	12 months to Apr 2023
Revenue	65.9	58.5	121.8
Adjusted EBITDA	12.8	11.9	26.6
Operating profit (before amortisation and transaction costs)	10.7	9.5	21.8
<i>Operating margin</i>	16.2%	16.2%	17.9%
Adjusted profit before tax	9.9	9.0	20.7
Adjusted diluted EPS	4.6p	4.4p	10.1
Dividend	1.3p	1.2p	3.8
Net cash (debt)	1.1	(2.4)	3.0

- Revenue growth of 13% (8% organic, 5% acquired)
- Operating margins maintained, with improvements in insolvency and property offset by financial advisory
- 10% increase in adjusted profit before tax, having absorbed increased finance costs
- EPS growth reflects increased UK corporation tax rates
- Net cash of £1.1m, after £4.0m of acquisition payments in the period

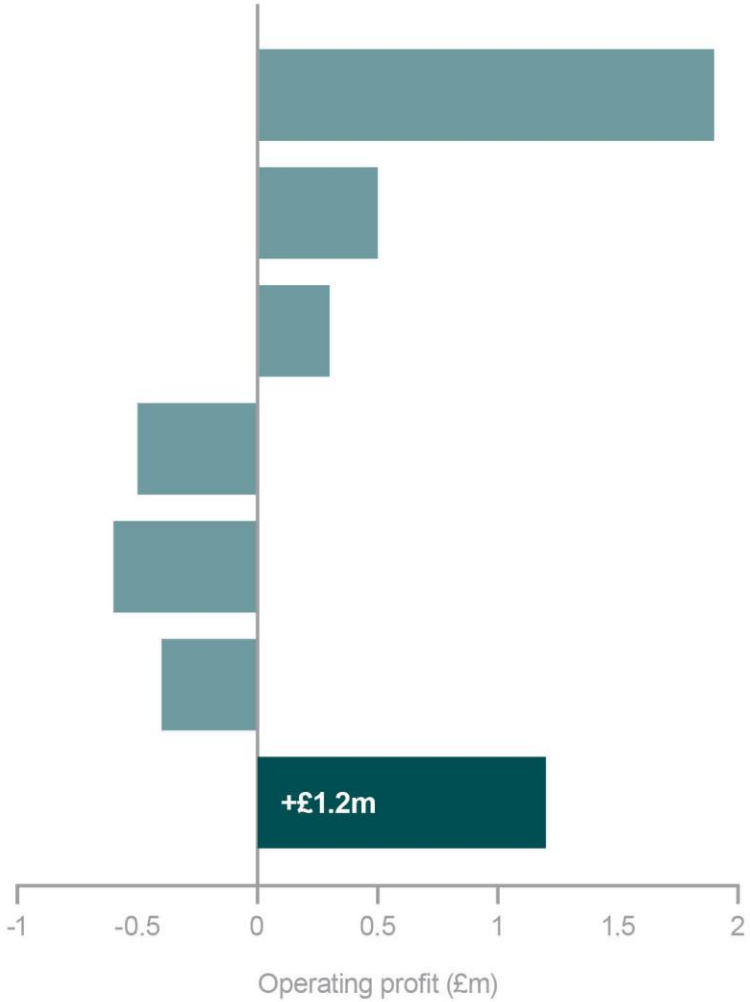
Acquisition-related adjusting items

£m	6 months to Oct 2023	6 months to Oct 2022
Adjusted profit before tax	9.9	9.0
Acquisition consideration	(4.5)	(5.4)
Gain on acquisition	0.7	4.9
Acquisition costs	(0.1)	(0.3)
Total transaction costs	(3.9)	(0.8)
Amortisation of acquired intangibles	(3.0)	(3.2)
Adjusting items	(6.9)	(4.0)
Statutory profit before tax	3.0	5.0

- **Transaction costs**
 - Acquisition consideration (both initial and earn outs) with 'lock-in' obligations from vendors (deemed remuneration under IFRS 3)
 - consideration charged to profit over lock-in period
 - Gain on acquisition – non-cash exceptional gain where fair value of acquired assets exceeds IFRS 3 consideration
 - Acquisition costs – legal and professional fees
- **Amortisation of acquired intangibles (non-cash)**
 - Intangible assets recognised through acquisition accounting (typically brands, customer relationships, order books and websites)

Balanced mix of services driving double digit growth

- Insolvency** – higher activity and increase in team drove increased revenue, profit and margin in the period
- Property** – breadth of expertise and services enabled growth and increased margins – valuations, building consultancy and auctions mitigated agency and business sales
- Acquisitions** – current and prior year transactions
- Strong comparative period in financial advisory** – benefitted from number of contingent fees
- Resilient trading performance in financial advisory** – refinancing and restructuring advice mitigated reduction in corporate transactions
- Shared and central costs** – investment in IT and HR capability
- OVERALL OPERATING PROFIT GROWTH**



Revenue and profit growth from both divisions

	2023	2022	growth
Revenue			
Insolvency and advisory	47.0	42.4	11%
Property advisory and transactional services	18.9	16.1	17%
Total	65.9	58.5	13%
Operating profit			
Insolvency and advisory	11.4	10.7	7%
<i>Margin</i>	24.2%	25.2%	
Property advisory and transactional services	3.7	2.8	32%
<i>Margin</i>	19.5%	17.6%	
Segmental result	14.1	13.5	
Shared and central costs	(4.4)	(4.0)	10%
<i>Central costs as % of revenue</i>	6.7%	6.8%	
Operating profit	10.7	9.5	13%
<i>Margin</i>	16.2%	16.2%	

Continuing strong cash generation funding investment and dividends

£m	6 months to Oct 2023	6 months to Oct 2022	12 months to Apr 2023
Adjusted EBITDA	12.8	11.9	26.6
Working capital	(4.6)	(4.8)	(2.8)
Cash from operating activities	8.2	7.1	23.8
Tax, interest, capex, lease payments	(4.2)	(5.3)	(9.7)
Free cash flow	4.0	1.8	14.1
Dividends	(1.9)	(1.7)	(5.4)
Acquisition payments (net of cash acquired)	(4.0)	(7.4)	(10.6)
Net proceeds on share issues	-	0.2	0.2
Cash outflow	(1.9)	(7.1)	(1.7)

- Working capital absorption broadly unchanged
 - Lock up days broadly maintained from year end position
- Acquisition payments of £4.0m comprise: initial £0.8m, earn-outs £3.1m, acquisition costs £0.1m
- Net cash at Oct 23 of £1.1m (Apr 23: net cash £3.0m, Oct 22: net debt (£2.4)m)
 - Significant headroom in facilities (to August 2025)
 - £25m unsecured, committed RCF and £5m unsecured acquisition/growth facility

Full year outlook – confident of delivering market expectations*

- Insolvency
 - Anticipate activity levels will continue to increase
 - Corporate financial stress from higher interest rates and inflation
 - Expect growth through second half year and thereafter
- Financial advisory
 - Anticipate broadly consistent second half performance
- Property services
 - H2 expected to be ahead of comparative period, but lower than H1 due to seasonality of project work
 - Expect to report another year of strong growth
- Confident of continuing to build on strong track record in current year and beyond
- Update on Q3 in late February 2024

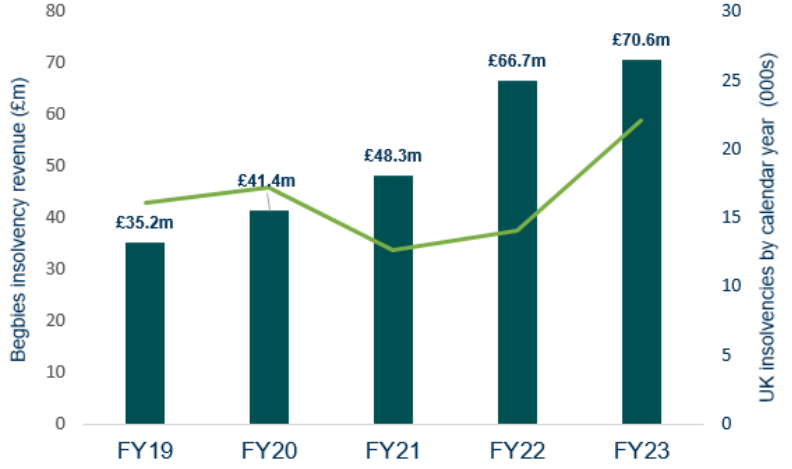
** current range of analysts' forecasts for year ended 30 April 2024 - adjusted PBT of £21.9m-£22.5m (as compiled by the company)*

Strategic and operating review

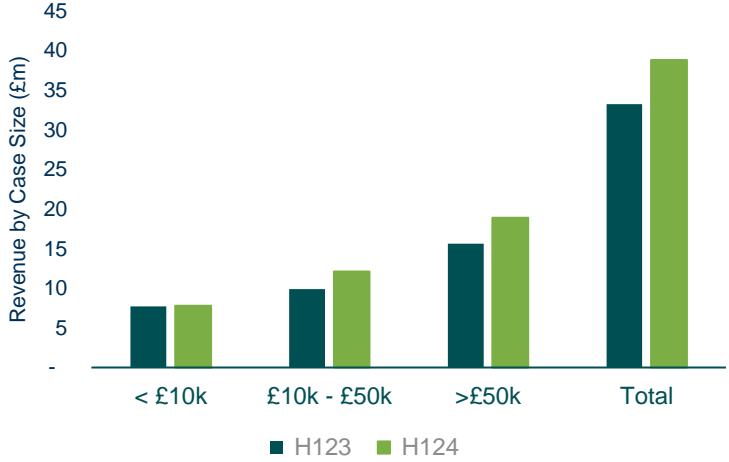
UK insolvency growth continues

- Insolvencies now higher than pre-pandemic
 - Largely from liquidations
 - Administrations approaching pre-pandemic level
- Insolvency revenue has doubled to £71m since 2019
 - Compared to market volumes up 37%
- High interest rates and inflation anticipated to drive higher activity levels
 - Contrasts with benign period post GFC and COVID
- Team increased by 12% since Oct 22 (6% since May 23)
 - Retaining headroom for growth
- Increase in revenue in the period from larger appointments
- Bounce back loan recovery project continues
 - Further tranche of cases following successful pilot
- Increase in fraud and investigation cases

Begbies insolvency revenue vs UK corporate insolvencies



Revenue by case size



Continuing to develop and invest in property services

- **Strategy to enhance and broaden service offerings and geographical coverage**
 - Increased scale of division to a current annualised revenue run rate of c£40m
 - Delivering earnings enhancement from both organic growth and acquisitions
- **Organic growth across broad base of service lines**
 - Investment in sustainability capability in building consultancy
 - Recruitment in property auctions team delivering growth
 - Strengthened property insolvency position
- **Two acquisitions since beginning of financial year**
 - **Banks Long & Co (May 2023) – multi disciplinary chartered surveyors**
 - Commercial property agency, property management, building consultancy and valuation
 - Strong regional offering across Lincolnshire and Humberside
 - Strengthens Eddisons team across Eastern England and South Yorkshire
 - **Andrew Forbes (November 2023) – valuation specialist**
 - Extends Eddisons regional coverage into the South West
 - National valuations team now over 100 colleagues

Excellent opportunities for further organic and acquired growth

Investing in our people and processes to support growth

People

- Continue to invest in developing talent and learning opportunities
 - Increase in apprenticeship opportunities
 - Developed in-house learning pathway for early career professionals
 - Set up graduate development support for chartered surveyor qualifications
 - BTG Academy programme to provide development support to qualified colleagues
- Wellbeing awareness programme launched
 - 24/7 health and wellbeing support service for all colleagues provided by Smart Health

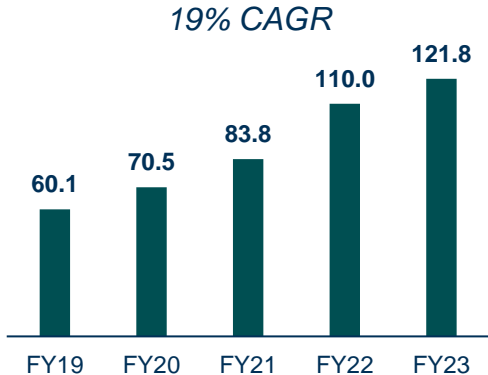
Processes

- Investing in third party software applications to improve processes
 - Scale and improve operational processes through increased levels of automation
 - Utilising in-house skills to deliver successful implementation
- Ongoing projects to migrate to cloud based solutions

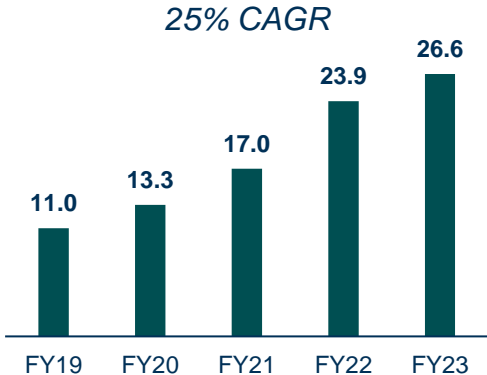
Summary

Strong financial track-record delivering shareholder value

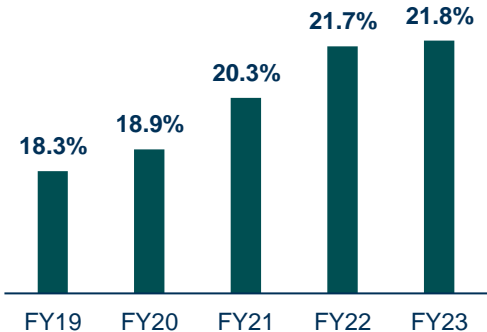
Revenue (£m)



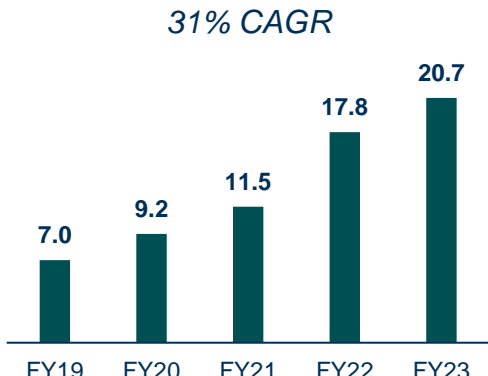
Adj. EBITDA (£m)



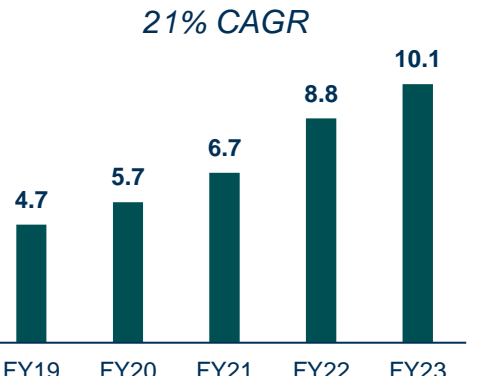
Adj. EBITDA margin



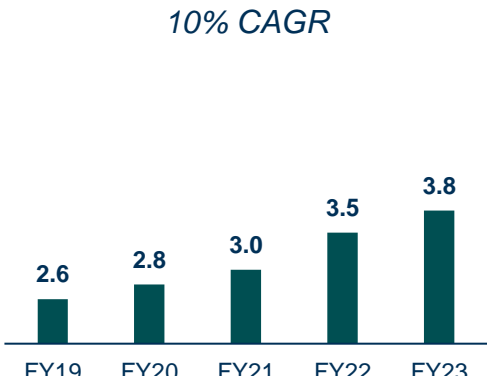
Adj. PBT (£m)



Adj. diluted EPS (p)



DPS (p)



Ambition to maintain growth track record with medium-term revenue target of £200m

Summary – confidence in full year outlook

- Strong first half performance delivering double digit growth
- Continued to execute our proven growth strategy
 - Since 2019 we have doubled revenue and tripled profit
 - Growth from both divisions in the half year, both organically and through acquisitions
- Strong position to continue investing in the business to build scale and range of complementary services
- Ambition to maintain growth track record with medium term revenue target of £200m

Continuing to build upon our strong track record in the current year and beyond

Questions

Appendix

H2 analysts metrics

- Profit expectations for the full year unchanged
- H2 guidance
 - Anticipate H2 increase in insolvency
 - Property – phasing of project work H1 weighted (£0.5m)
 - H2 acquisition – revenue £0.9m costs £0.8m
 - Central costs and finance costs maintained at H1 run rate
- Adjusted tax rate 26% (FY23: 21%)
- Weighted average shares for EPS calculation: basic (158.9m FY24, 159.8m FY25); diluted (163.0m FY24, 167.7m FY25)
- H2 share based payment charge (£0.8m) depreciation (£1.9m)
- Transaction/amortisation costs:
 - Acquisition consideration (P&L charge) £5.4m (Full year: £9.9m)
 - Amortisation £2.5m (Full year: £5.5m)
- Cash flow
 - Working capital – broadly neutral
 - Cap-ex of c£0.5m
 - Tax payments of £4.5m
 - Lease payments of £1.4m
 - Final dividend of £4.1m paid in November 2023
 - Acquisition payments of £0.5m
 - Deferred consideration payments of £1.1m in H2
 - Anticipated payments of £16.8m between FY25 and FY28
 - £6.6m FY25, £5.2m FY26, £4.6m FY27, £0.4m FY28



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