

Numis

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Investor presentation

Interim results 2019

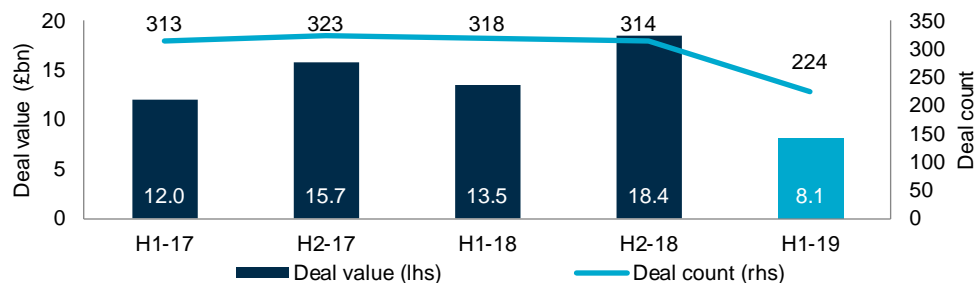
H1 2019 highlights

- Challenging market backdrop. Revenue performance -24.9% vs a strong comparative H1 2018
 - IB revenues -23.8%
 - Equities revenue -27.5%
- IB revenues in line with H2 2018 (+2.9%) despite sharp decline in market activity
- Operating margin of 14.6% (H1 2018: 26.0%, FY 18: 21.8%)
- Interim dividend maintained at 5.5p for 5th consecutive year
- Cash spend on share repurchases in the period total £7.5m (H1 2018: £9.7m)
- Additional source of liquidity - £35m RCF
- Continued development of the corporate franchise – 214 clients (54 FTSE350), with an average market cap of £836m
- Good pipeline and further client wins anticipated

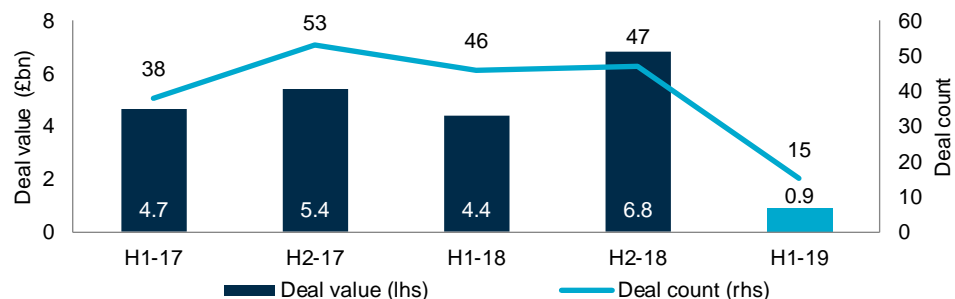
Market backdrop

Significant decline in UK ECM activity

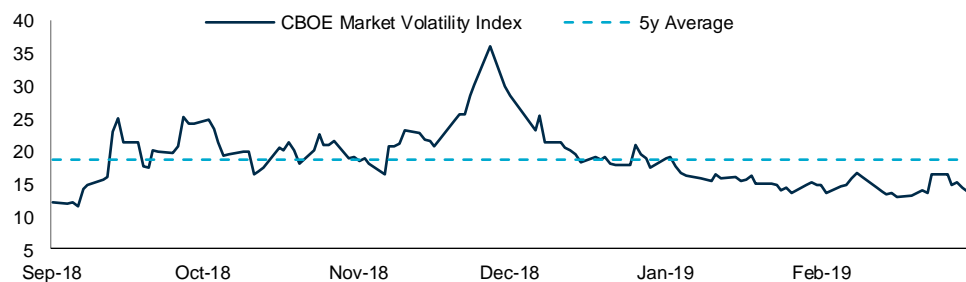
UK ECM activity⁽¹⁾



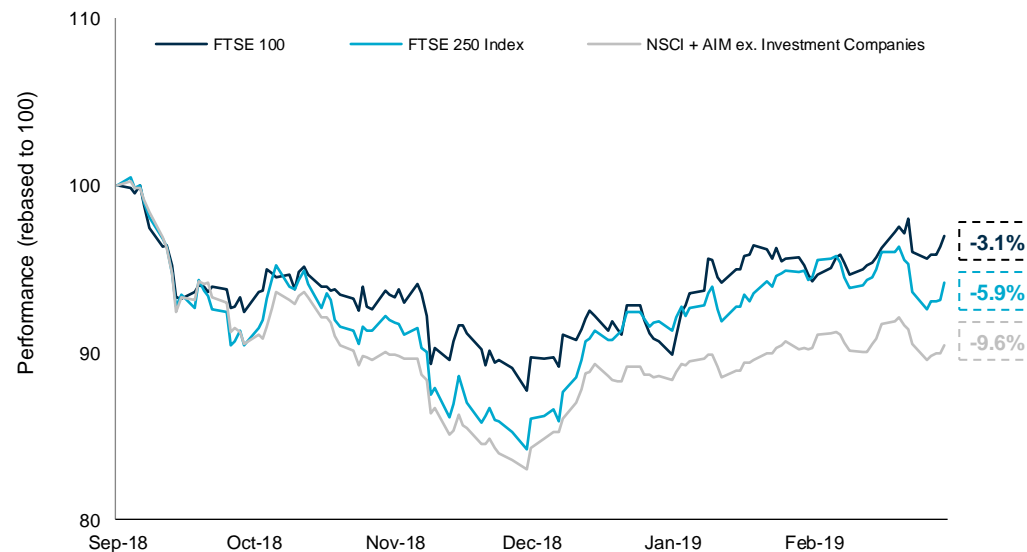
UK IPO activity⁽¹⁾



CBOE VIX Volatility Index⁽²⁾



H1-19 Equity market performance⁽²⁾



- Equity indices have had a mixed performance, with a sharp sell off in late 2018 followed by a recovery at the start of 2019
- The FTSE 100 and FTSE 250 index both outperformed the NSCI with smaller domestic stocks being hit particularly hard in the late 2018 sell-off
- ECM activity, in particular, the IPO market, has been materially down due to global geopolitical and Brexit uncertainty
- UK ECM is down over 50% and IPOs down over 85% relative to the previous 6 month period

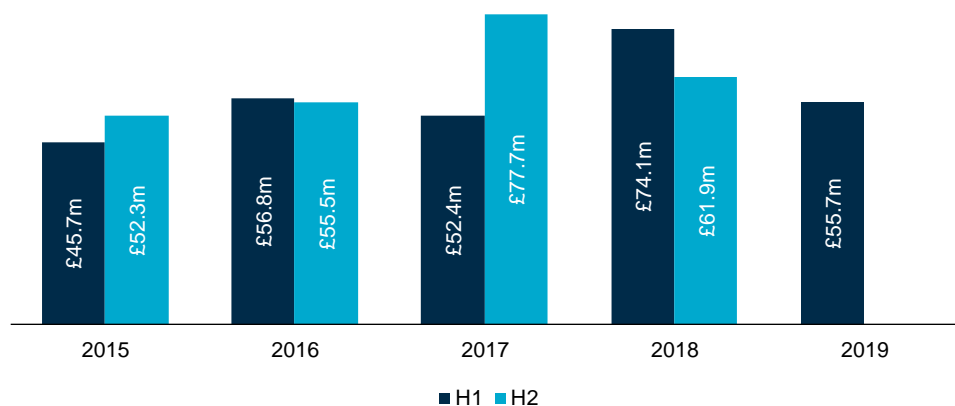
Income statement

£'000	H1 2019	H1 2018	Change (%)
Revenue ⁽¹⁾	55,689	74,140	(24.9%)
Investment Income	(1,428)	399	n.m.
Staff costs ⁽²⁾	30,200	39,967	(24.4%)
Non-staff costs	17,367	14,864	16.8%
Operating profit	6,694	19,708	(66.0%)
Underlying Operating profit	8,122	19,309	(57.9%)
PBT	7,108	19,526	(63.6%)
Net income	5,712	16,810	(66.0%)
EPS (pence) ⁽³⁾	5.4p	15.8p	(65.8%)
Dividend (pence)	5.5p	5.5p	0.0%
Net Assets	140,221	140,013	0.1%
Cash and cash equivalents	78,876	82,531	(4.4%)
Underlying Operating profit margin	14.6%	26.0%	(11.4pp)

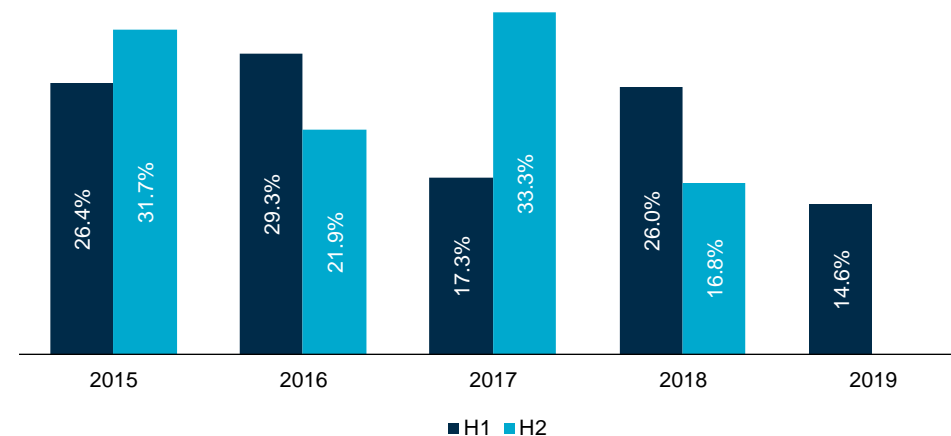
Performance summary

H1 2019 in the context of recent historic performance

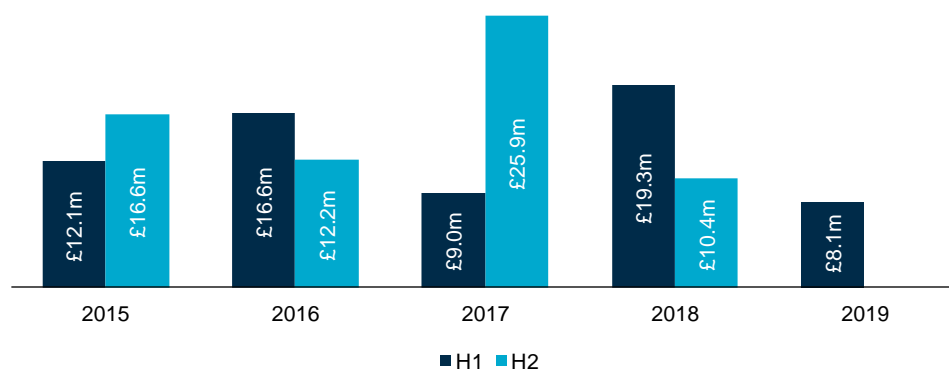
Revenue⁽¹⁾



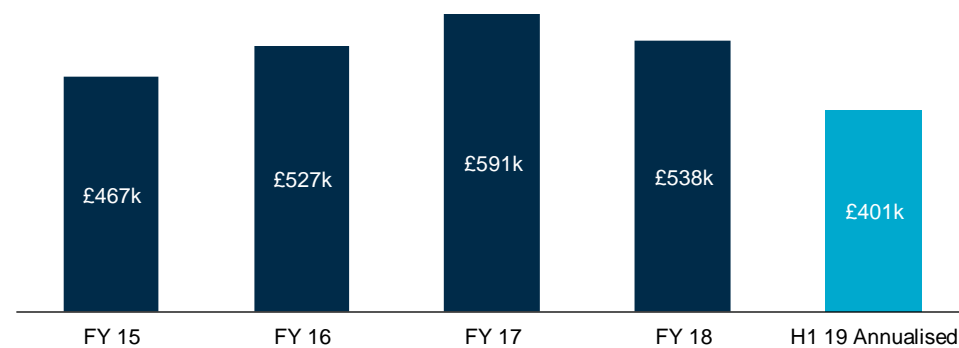
Operating margin



Underlying Operating profit⁽¹⁾

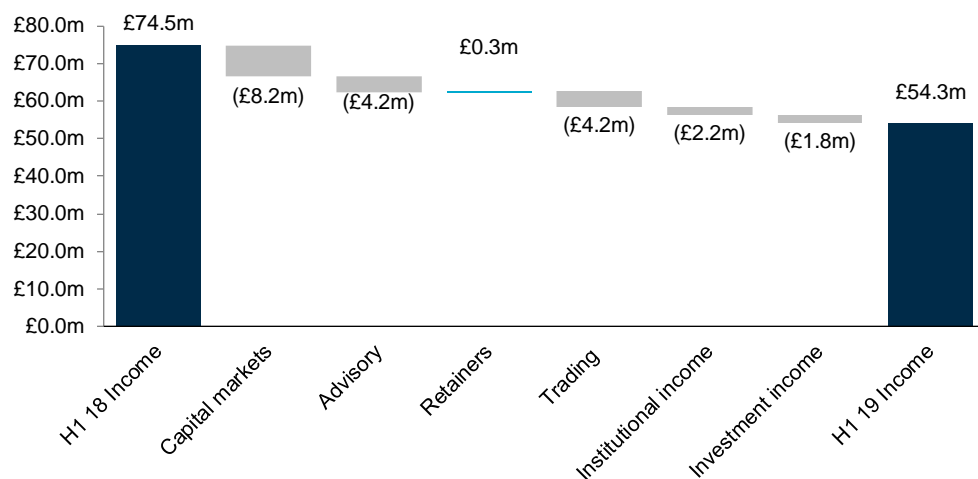


Revenue per head

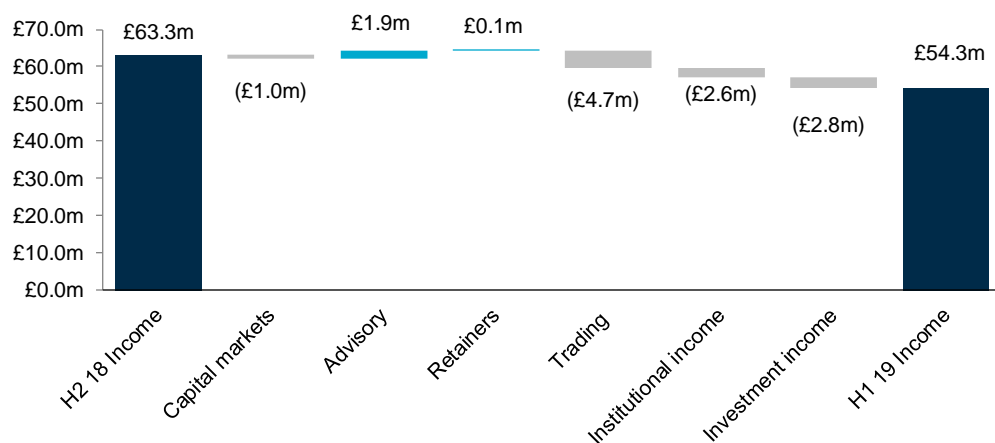


Revenue analysis

Revenue bridge H1 18 – H1 19



Revenue bridge H2 18 – H1 19



H1 19 Revenue analysis

£m	FY 19 H1	FY 18 H1	FY 18 H2	Change vs FY18 H1	Change vs FY18 H2
Total income	54.3	74.5	63.3	(27.2%)	(14.2%)
Capital markets	24.9	33.0	25.8	(24.7%)	(3.7%)
Advisory	7.5	11.7	5.6	(35.7%)	34.6%
Retainers	6.4	6.1	6.3	4.9%	1.8%
IB Revenue	38.8	50.9	37.7	(23.7%)	2.9%
Trading	0.4	4.6	5.0	(92.1%)	(92.9%)
Institutional income	16.5	18.7	19.1	(11.8%)	(13.7%)
Equities Revenue	16.9	23.3	24.2	(27.5%)	(30.2%)
Investment income	(1.4)	0.4	1.4	n.m.	n.m.

- Market conditions driving declines vs a strong H1 18
- IB impacted by weaker deal volumes but performance was in line with H2
- Equities decline over the period reflective of lower volumes and increased volatility
- Lower investment income due to unfavourable valuation movements of portfolio investments

Cost base analysis

Higher costs attributable to headcount growth

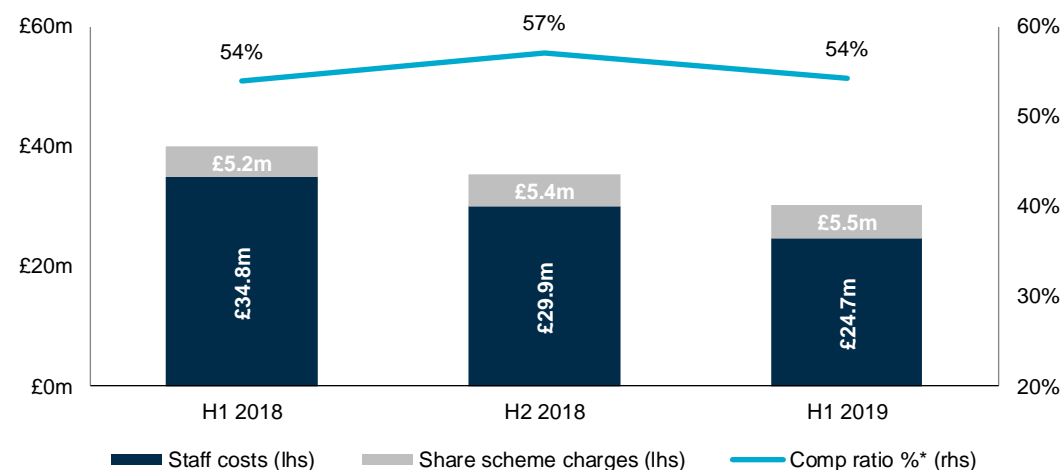
Costs analysis

Total costs £m	H1 2019	H2 2018	H1 2018	Change vs H1 18	Change vs H2 18
Staff costs	30.2	35.4	40.0	(24.4%)	(14.6%)
Non-staff costs	17.4	16.2	14.9	16.8%	7.5%
Operating Margin %	14.6%	16.8%	26.0%	(11.4ppts)	(2.2ppts)

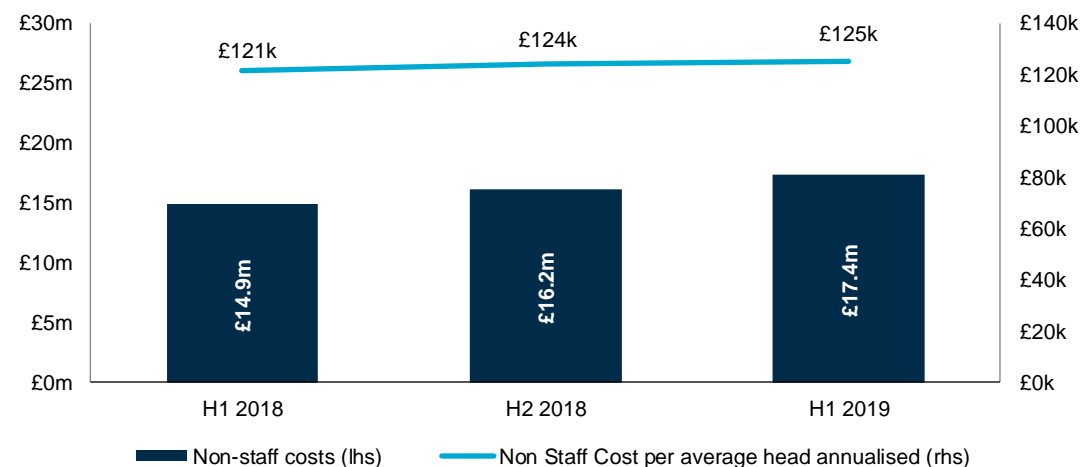
Headcount	Mar 2019	Sept 2018	Mar 2018
Period end	279	273	254
Average over 6m period	278	261	245

- Average headcount increased by 14% vs H1 2018 reflecting hiring activity in 2018
- Staff costs decrease attributable to lower variable compensation provision due to the weaker revenue performance
- Non-staff costs reflect higher information and data costs, partly attributable to higher headcount as well as further regulatory related spend

Staff costs

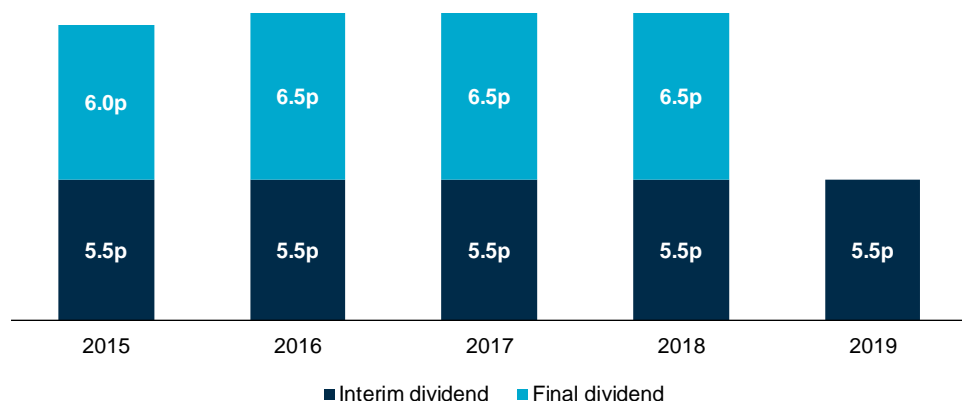


Non-staff costs

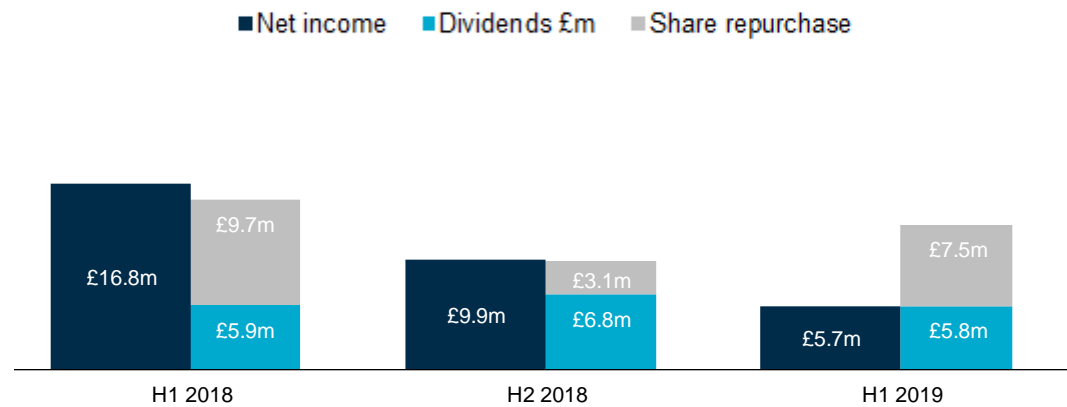


Dividends, buybacks and focus on shareholder returns

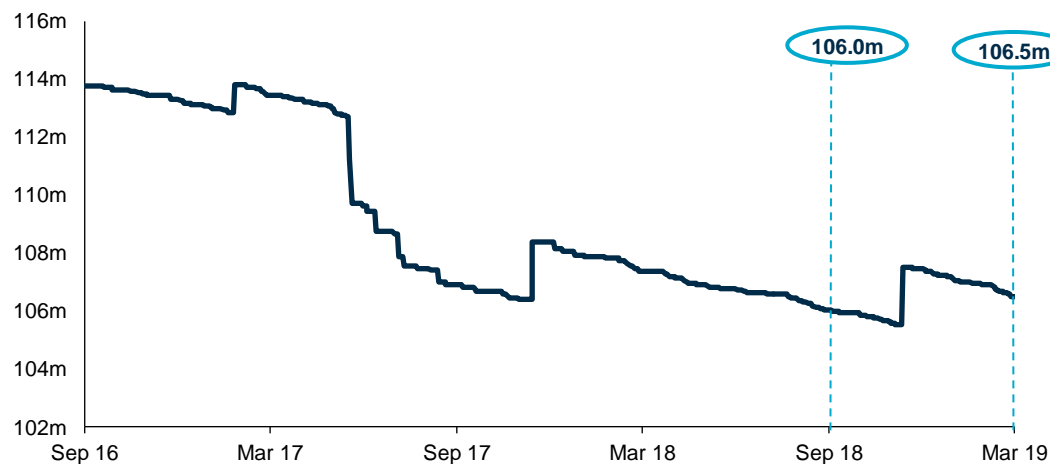
Dividend stability



Cash spend on dividends and share repurchases



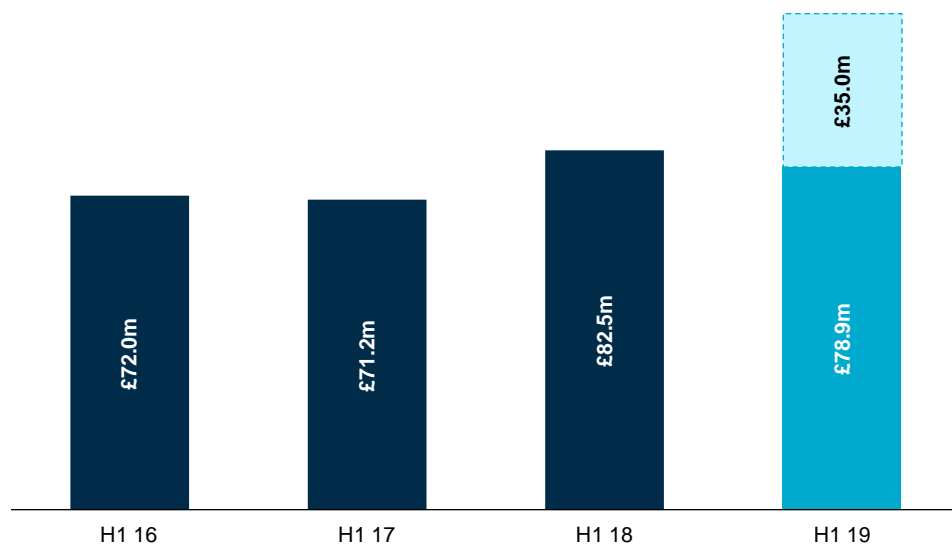
Share count (ISC net of treasury, inclusive of EBT)



- Dividend maintained at H1 18 level for 5th consecutive year
- £7.5m spent on share repurchase during the period to offset future dilutive impact of share awards granted
- Majority of vestings occur in H1
- Intention to continue share repurchases and actively manage shares in issue

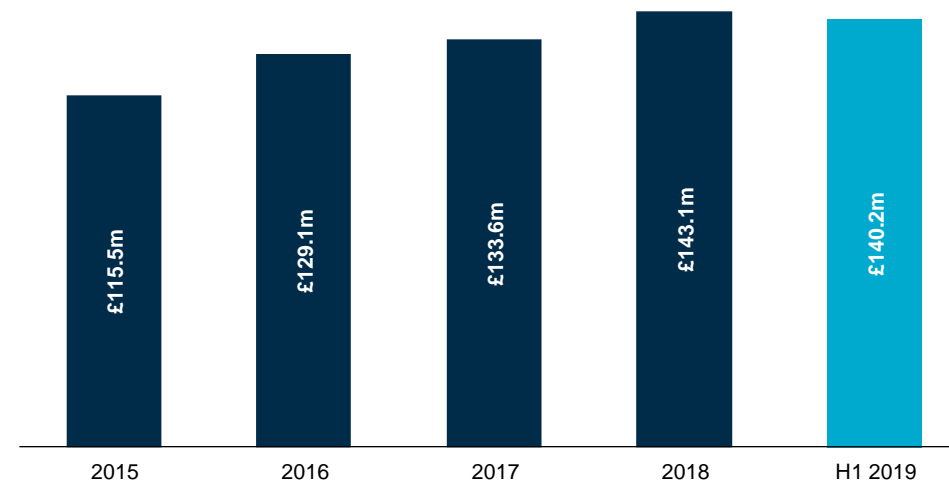
Balance sheet and liquidity

Liquidity position remains strong – enhanced by new RCF



- £35m RCF with Barclays and AIB agreed
- Provides additional source of liquidity to support the business
- Liquidity important to participation in certain ECM transactions
- Cost of facility offset by savings from reconfiguration of clearing arrangements

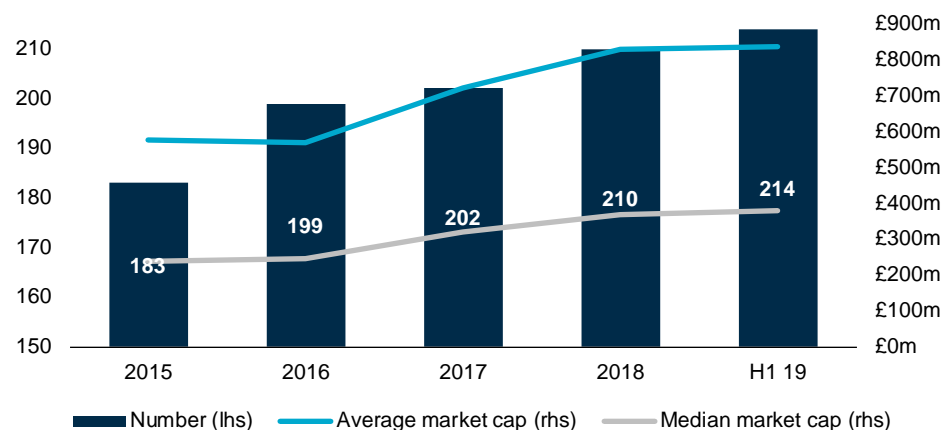
Net asset progression (£m)



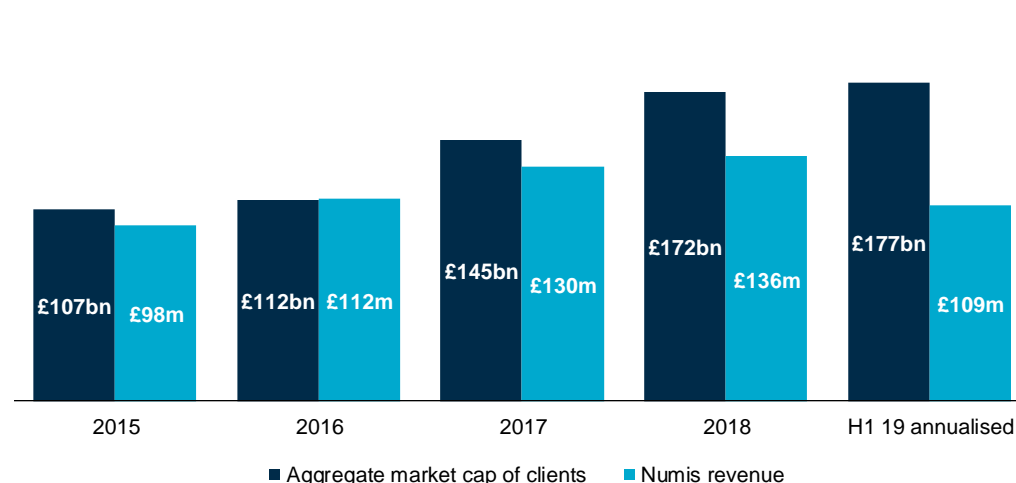
- Profitability offset by dividend in the period
- Reg cap cover maintained at c. 2x
- Ensures stability of the business and provides strategic flexibility

Quality of corporate client base continues to develop

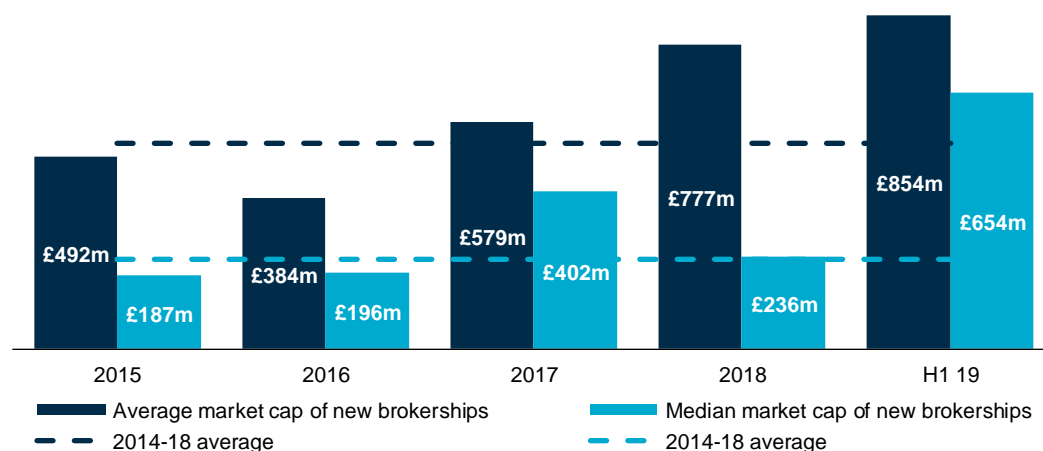
Growth in number and size of client base



Aggregate market cap of clients vs Numis revenue



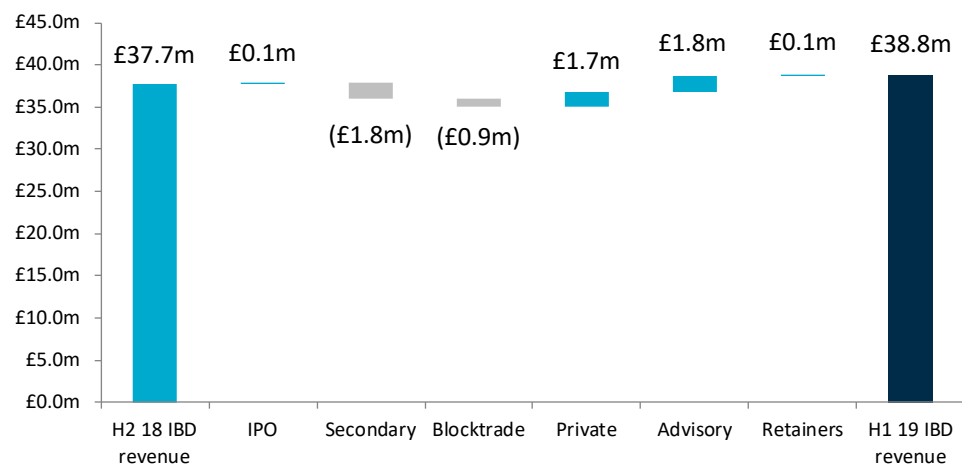
Average and median market cap of new corporate clients



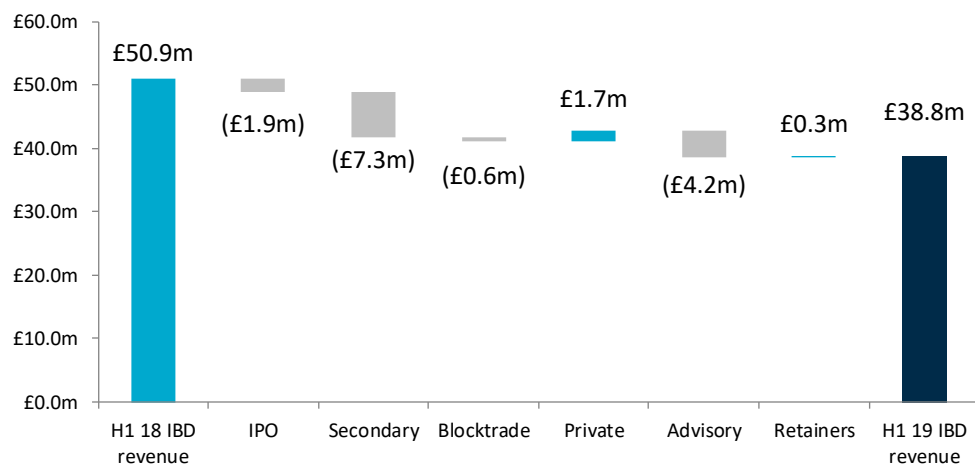
- Periods of lower deal activity generally lead to focus on client base expansion. Wins in the period include Fever-Tree and Euromoney
- Number of high quality wins expected to be announced in coming weeks
- Continued commitment to ambitious small caps – new corporate clients ranged from £107.5m to £3.2bn market cap at the time of appointment
- Corporate clients continue to be our key source of revenue opportunities

Investment Banking performance

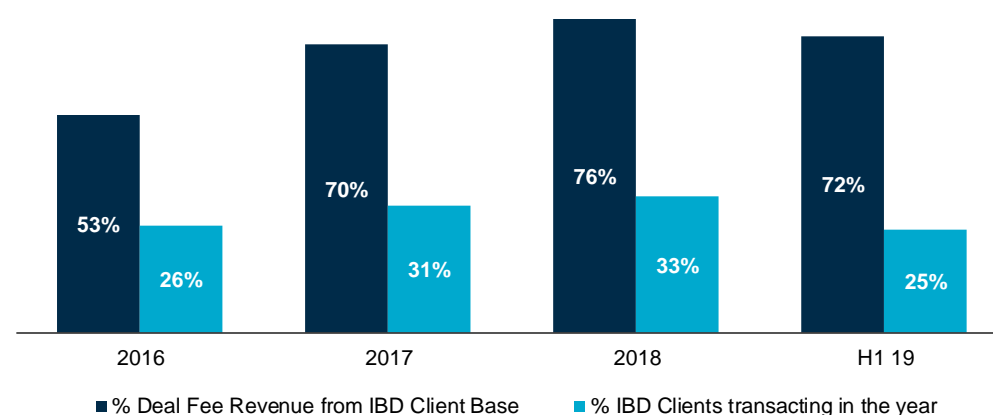
IB revenue bridge H1 19 vs H2 18



IB revenue bridge H1 19 vs H1 18



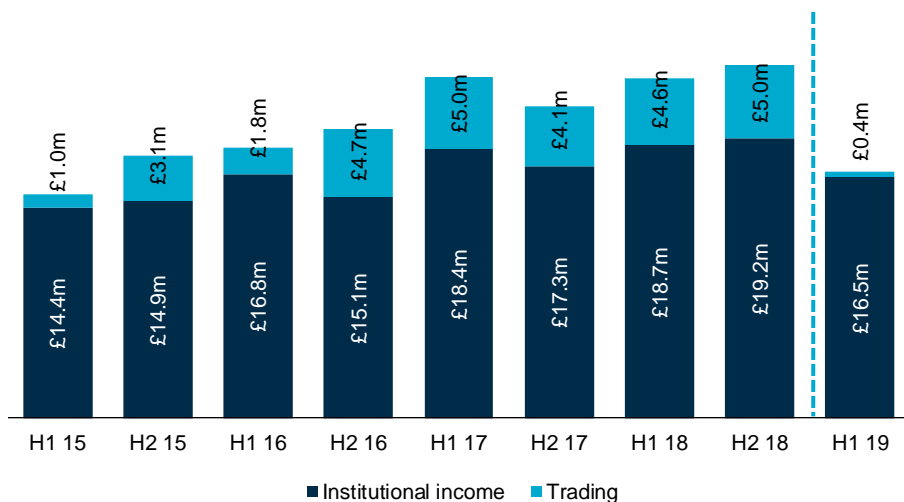
Decline in client activity levels



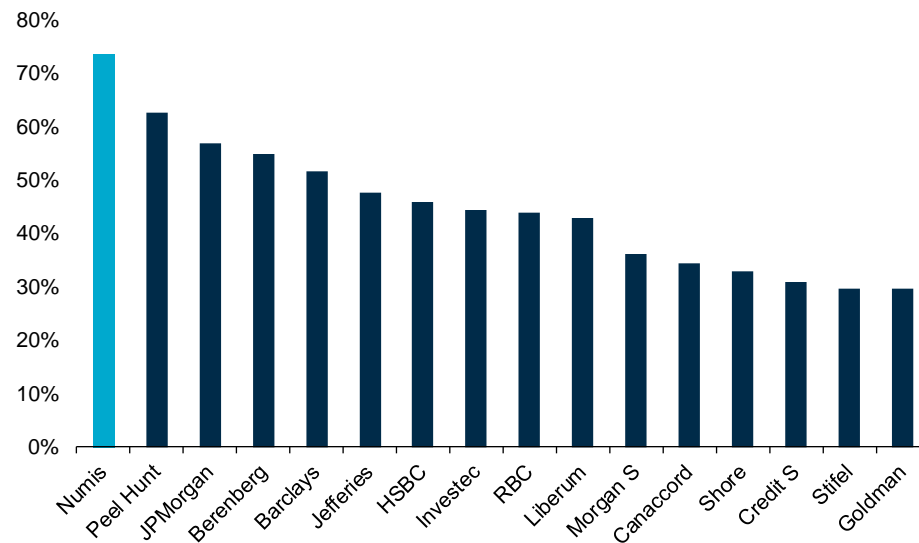
- Enhanced quality of the corporate client base increases the resilience of our business
- H1 19 revenue in line with H2 18 – despite significant decline in market activity
- Volume of completed transactions declined in the period, in particular secondary issuance for corporate clients
- Improvement in private capital markets performance
- M&A fees recovered following a quiet H2

Equities income

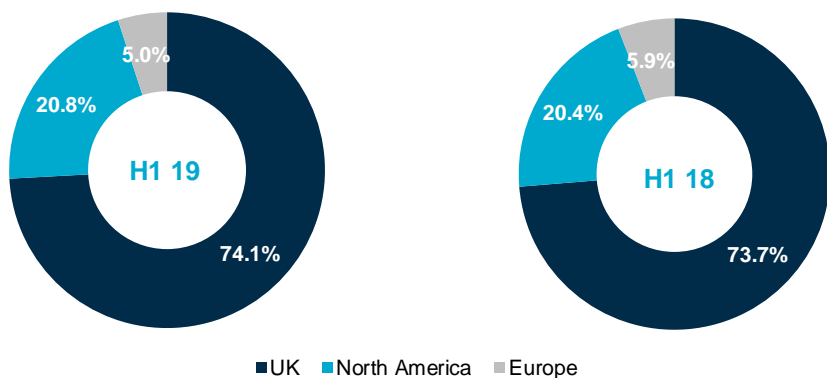
Institutional income (incl. research) and trading gains



Breadth of research coverage – FTSE250



Institutional income by region



- Institutional income 11.8% lower than H1 18 reflecting lower volumes in the UK and lower activity levels from UK long only accounts
- Research payments remain robust with Cal. 2019 expected to be in line with 2018 despite widespread budget cuts
- Distribution reach unchanged by MIFIDII - growth in number of institutional clients ranking Numis No.1 in UK
- Trading performance below prior year but includes loss associated with underwriting of Kier rights issue

Current trading and outlook

- Our pipeline remains encouraging with an increase in M&A fee opportunities offsetting a reduction in the IPO pipeline
 - A number of live, meaningful, capital raising opportunities in H2
- Once greater clarity regarding the UK political outlook becomes evident, we would expect a material improvement in corporate and institutional client activity
- We will support our clients, focus on delivering market share gains, and ensure we are well positioned to take advantage of market opportunities

Strategy overview



Selected Transactions

IPOS	 <p>£173m Placing and £651m Admission to the Official list</p> <p>Sole Global Coordinator, Sponsor and Bookrunner</p> <p>December 2018</p>	 <p>£1.19bn Placing and £4.33bn Admission to the Official List</p> <p>Co-lead Manager</p> <p>October 2018</p>	 <p>£485m Placing and £1.5bn Admission to the Official List</p> <p>Joint Bookrunner</p> <p>September 2018</p>	 <p>£50m Placing and £104m Admission to AIM</p> <p>Nomad and Sole Broker</p> <p>June 2018</p>	 <p>£243.8m Placing and £310m Admission to the Official List</p> <p>Joint Global Coordinator and Joint Bookrunner</p> <p>May 2018</p>
Capital raises	 <p>£25.9m placing to fund the acquisition of U₃O₈ from Kazatomprom</p> <p>Joint Bookrunner</p> <p>April 2019</p>	 <p>c.£75m placing by way of an ABB representing 9.99% of ISC</p> <p>Joint Global Coordinator</p> <p>March 2019</p>	 <p>c.£100m placing and a c.£7m open offer</p> <p>Nomad and Joint Bookrunner</p> <p>February 2019</p>	 <p>£100m fund raising by way of a placing</p> <p>NOMAD and Joint Broker</p> <p>January 2019</p>	 <p>Fully underwritten £347m Rights Issue to fund the acquisition of GRIP REIT</p> <p>Sole Sponsor, Joint Underwriter and Joint Bookrunner</p> <p>December 2018</p>
Sell downs	 <p>€23m secondary sell down on behalf of Co-Founders and Kevin Stanley</p> <p>Joint Bookrunner</p> <p>April 2019</p>	 <p>£149m secondary sell down on behalf of Euro Plaza, Walford and Arountown</p> <p>Joint Bookrunner</p> <p>March 2019</p>	 <p>£141m ABB in Syncona on behalf of the Wellcome Trust</p> <p>Co-Lead Manager</p> <p>March 2019</p>	 <p>£41m placing of LTG plc shares on behalf of management</p> <p>Joint Bookrunner</p> <p>October 2018</p>	 <p>£114m placing of ASOS plc shares on behalf of Bestseller</p> <p>Sole Bookrunner</p> <p>September 2018</p>
M&A	 <p>£392.9m all-share merger with Medicx</p> <p>Lead Financial Adviser, Sponsor and Joint Broker</p> <p>March 2019</p>	 <p>Acquisition of CSM Parent for an initial consideration of \$150m</p> <p>Joint Financial Adviser, Nomad and Joint Broker</p> <p>September 2018</p>	 <p>80% acquisition of Navence Healthcare Solutions for \$24m</p> <p>Joint Bookrunner and Joint Broker</p> <p>September 2018</p>	 <p>£Acquisition of the B2C business of Purch Inc. for a consideration of \$132.5m</p> <p>Sole Financial Adviser, Joint Bookrunner and Joint Broker</p> <p>August 2018</p>	 <p>Sale of UK Platforms Ltd. for £60.5m to Nationwide Platforms</p> <p>Sole Sponsor and Sole Financial Adviser</p> <p>July 2018</p>

Building & Construction	Healthcare (cont'd)	Investment Funds (cont'd)	Media	Oil & Gas (cont'd)	Specialty & Other Finance (cont'd)	Technology (cont'd)
Balfour Beatty	Benchmark Holdings	JPMorgan US Smaller Cos	Ascential	Velocys	Mortgage Advice Bureau	Satellite Solutions
Bellway	Circassia Pharmaceuticals	Jupiter UK Growth	Auto Trader Group		Polar Capital Holdings	ULS Technology
Bovis Homes	Clinigen	Keystone Investment Trust	Centaur Holdings	Real Estate	Premier Asset Management	
Breedon	e-Therapeutics	Kubera Cross Boarder	Ebiquity	Capital & Regional	River & Mercantile	Travel & Leisure
Countryside Properties	Ergomed	Menhaden Capital	Euromoney Institutional Investor	Grainger	Sagcor	Domino's Pizza
Forterra	Georgia Healthcare	Miton Global Opportunities	Future	Helical	TP ICAP	Ei Group
Foxtons	Horizon Discovery	NB Global Floating Rate Income Fund	Huntsworth	Palace Capital		Flybe
Grafton	hVIVO	Phoenix Spree Deutschland	ITE Group	Raven Russia	Support Services	Fuller Smith & Turner
Howden Joinery	IP Group	Primary Health Properties	Learning Technologies	St Modwen	BCA Marketplace	The Gym Group
Interserve	Scapa	Princess Private Equity	M&C Saatchi	Unite	Biffa	Hostelworld
Kier Group	Spire Healthcare	Riverstone Energy Limited	Mirriad Advertising	Retail	Clipper Logistics	Marston's
LSL Property Services	Vectura	RIT Capital Partners	Next15	AO World	Diploma	On The Beach
Marshalls		Schroder Asia Pacific Fund	Ocean Outdoor	ASOS	Electrocomponents	Restaurant Group
Morgan Sindall	Investment Funds	Schroder European REIT	Reach	B&M Europe	Gattaca	Ten Entertainment Group
Nexus Infrastructure	Aberdeen New Thai	Schroder Oriental Income Fund	Rightmove	French Connection	HSS Hire	
Norcros	Acorn Income Fund	Schroder REIT	St Ives	H&T	Keywords Studios	
Polypipe	Aberdeen Frontier Markets	Sherborne Investors B Ltd	Wilmington	Lookers	Knights plc	
Renew Holdings	Baker Steel Resources Trust	Sherborne Investors C Ltd	YouGov	McCull's Retail Group	Menzies (John)	
Savills	Better Capital	Stenprop	Metals & Mining	Mothercare	Northgate	
Stirling Industries	Bluefield Solar Income Fund	Symphony International	Base Resources	Motorpoint	Origin Enterprises	
Tyman	Catco Reinsurance	Syncona	Chaarat Gold	Ocado	Premier Technical Services	
	Custodian REIT	Triam Investors 1	Condor Gold	Pets at Home	RPS Group	
Capital Goods	Edinburgh Worldwide	Troy Income & Growth	Danakali		RWS	
Luceco	EJF Investments	TwentyFour Income Fund	Gold Road Resources	Speciality & Other Finance	Safe Harbour Holdings	
TT Electronics	EPE Special Opportunities	TwentyFour Select Monthly Income Fund	Highland Gold Mining	3i Group plc	Wincanton	
	Fair Oaks Income Limited	UK Mortgages Limited	Horizonte Minerals	AJ Bell		
Chemicals	Funding Circle SME Income Fund	VinaCapital Vietnam Opportunity	MOD Resources Limited	Arbuthnot	Technology	
Accsys Technologies	Georgia Capital Plc	VinaLand	Pan African Resources	Arrow Global	Accesso Technology	
Wilmcote Holdings	Henderson Smaller Companies		Peninsula Energy	Bank of Georgia	Alfa Financial Software	
	HG Capital		Orosur Mining	Burford Capital	Allied Minds	
FMCG	ICG Enterprise Trust	Insurance	Shanta Gold	Funding Circle Holdings	Aveva	
Fever-Tree	International Public Partnerships	Beazley	Yellow Cake	Hargreaves Lansdown	Draper Esprit	
Hilton Food Group	JPMorgan Brazil Inv. Trust	Just Group	Oil & Gas	IG Group	Emis	
PureCircle	JPMorgan Claverhouse Inv. Trust	Lancashire Holdings	Genel Energy	Intermediate Capital Group	LoopUp	
Stock Spirits	JPMorgan Indian	Randall & Quilter	Lekoil	International Personal Finance	Micro Focus International	
	JPMorgan Mid Cap Inv. Trust	Saga	Nostrum Oil & Gas	JTC	Redcentric	
Healthcare	JPMorgan Russian Securities	Sabre Insurance	PetroTal	Jupiter Fund Management	RM	
Alliance Pharma			Serinus Energy	Liontrust Asset Management		