

# Numis

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# Investor presentation

## Full Year Results 2020

# FY20 Results overview

## Summary financials

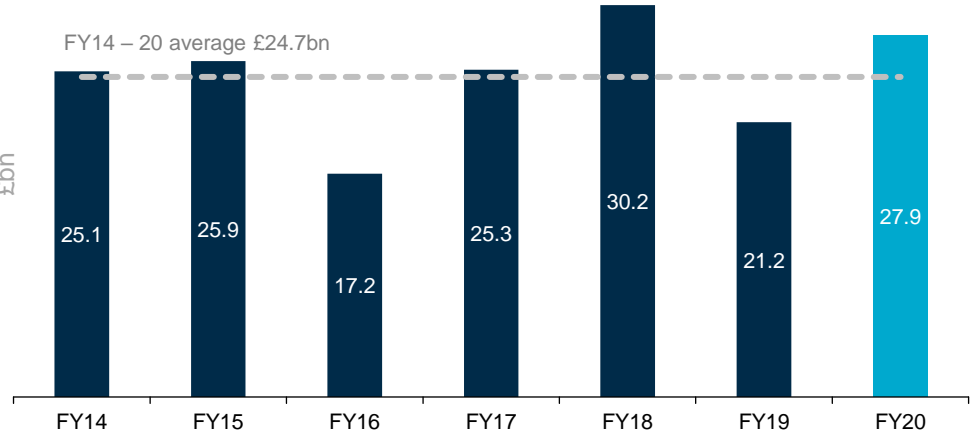
£m	2020	2019	Change (%)
Revenue <sup>(1)</sup>	154.9	111.6	38.8%
Investment Income	0.3	(2.2)	n.a.
Staff costs <sup>(2)</sup>	86.0	64.5	33.2%
Non-staff costs	32.4	33.0	(1.6%)
Operating profit	36.8	11.9	209.6%
Underlying Operating profit <sup>(3)</sup>	37.8	14.1	168.3%
PBT	37.1	12.4	198.0%
Net income	31.3	9.3	236.2%
EPS (pence) <sup>(4)</sup>	29.9p	8.8p	239.8%
Dividend (pence)	12.0p	12.0p	-
Net Assets	157.6	138.2	14.1%
Cash and cash equivalents	125.2	84.2	48.7%
Underlying Operating profit margin	24.4%	12.6%	11.8ppts

## Highlights

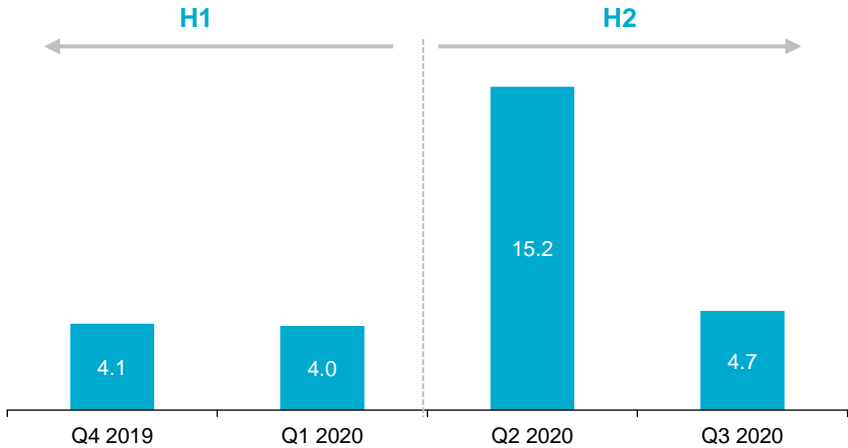
- Record revenue performance in a challenging year
  - IB revenues +36.9%
  - Equities revenue +42.5%
- Underlying operating profit of £37.8m, up 168% on prior year
- Operating margin of 24.4% (FY 19: 12.6%)
- Full year dividend maintained at 12.0p for 5<sup>th</sup> consecutive year
- Cash spend on share repurchases in the period total £9.8m (FY19: £12.0m)
- Average market cap of client base +£1bn for first time
- Strong performance from Growth Capital Solutions
- H2 momentum continued into Q1 FY21

# Market backdrop

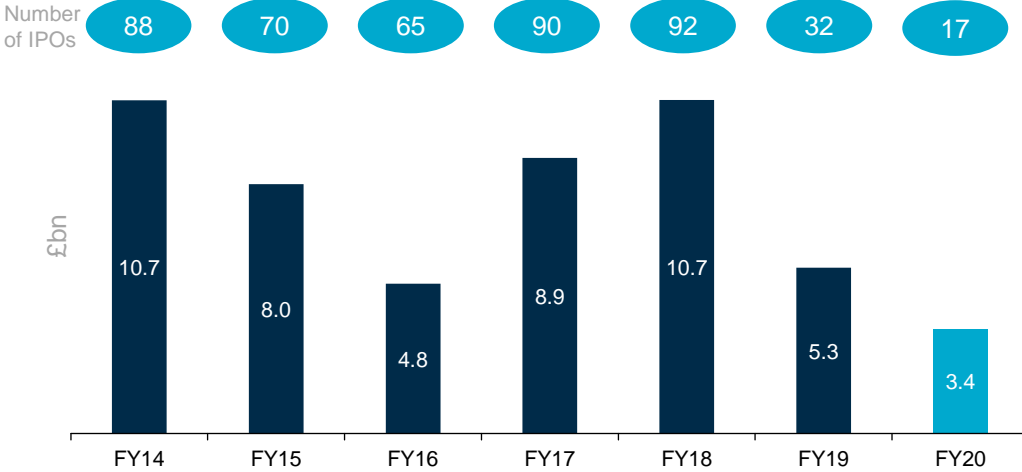
Strong growth in UK ECM...but not an exceptional year



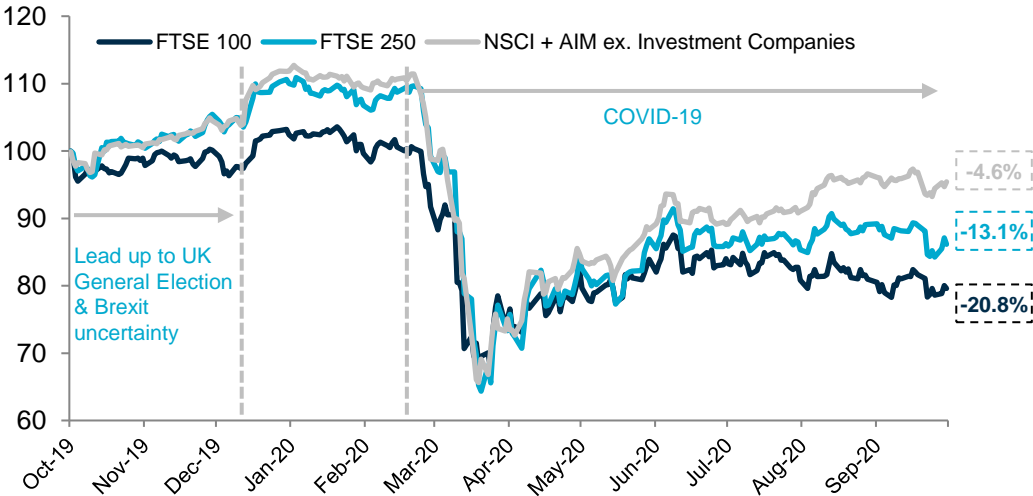
Impact of COVID-19 in calendar Q2 benefitted H2 performance



UK IPO volumes lowest for 8 years



Volatile markets across a year including General Election and COVID-19



# Revenue analysis

## Revenue bridge FY 19 – FY 20



## FY 20 Revenue analysis

£m	FY20	FY19	Change
<b>Total revenue</b>	<b>155.2</b>	<b>109.4</b>	<b>41.9%</b>
Capital markets	77.0	48.4	59.3%
Advisory	11.1	12.6	(11.4%)
Retainers	13.5	13.4	1.3%
<b>IB Revenue</b>	<b>101.7</b>	<b>74.3</b>	<b>36.9%</b>
Trading	16.0	4.0	299.3%
Institutional income	37.2	33.3	11.6%
<b>Equities Revenue</b>	<b>53.2</b>	<b>37.3</b>	<b>42.5%</b>
Investment income	0.3	(2.2)	114.0%

- Broad improvement in revenue performance across the business following a quiet FY19
- IB revenue growth of 37% attributable to average deal fee growth and a recovery in corporate client secondary issuance
- Equities revenue benefited from strong trading gains and growth in execution commission due to market share gains and volatile backdrop
- Small gain on investment portfolio following recovery from COVID-19 impacted H1 valuations

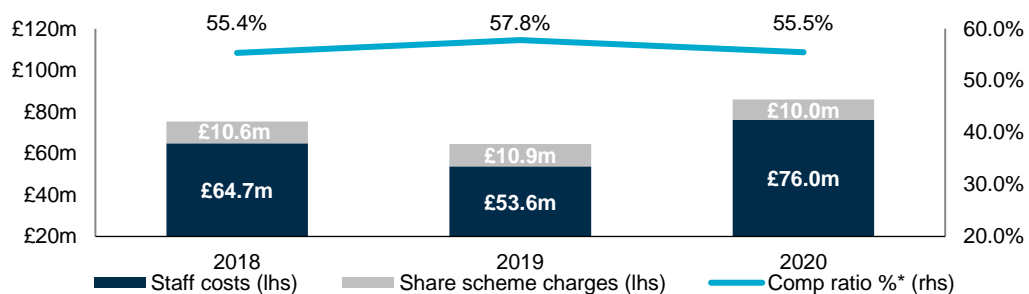
# Variable cost growth due to performance - other costs controlled

## Costs analysis

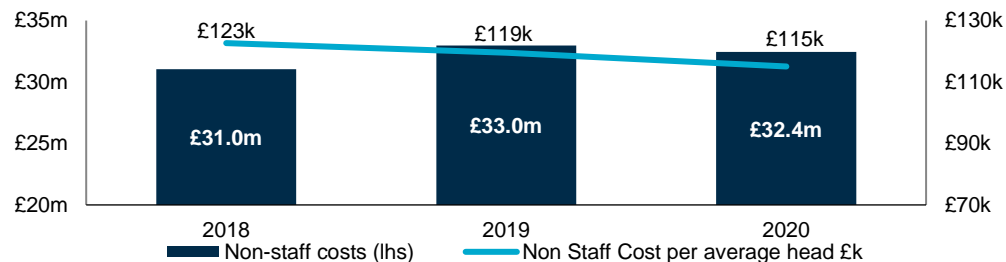
£m	FY20	FY19	Change
Staff costs	86.0	64.5	33.2%
Non-staff costs (ex relocation costs)	31.1	33.0	(5.7%)
Relocation costs	1.3	-	-
Non-staff costs	32.4	33.0	(1.6%)
Operating Margin %	24.4%	12.6%	11.8ppts

Headcount	FY20	FY19	Change
Period End	292	277	5.4%
Average over 12 month period	282	276	2.2%

## Staff costs



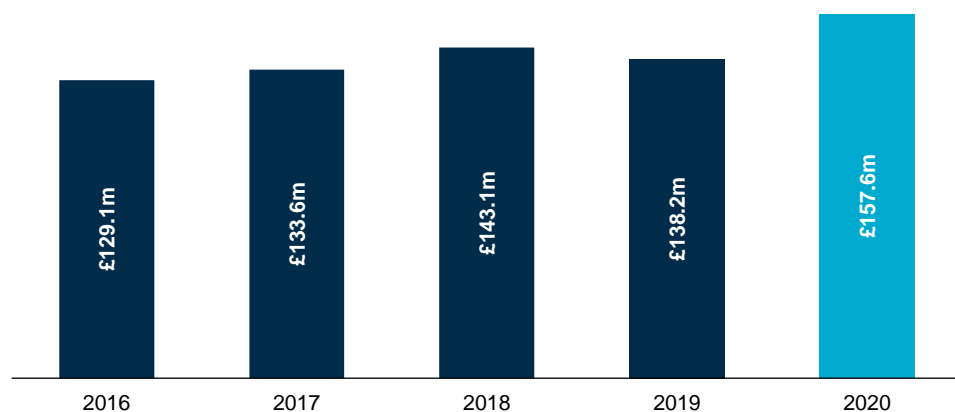
## Non-staff costs



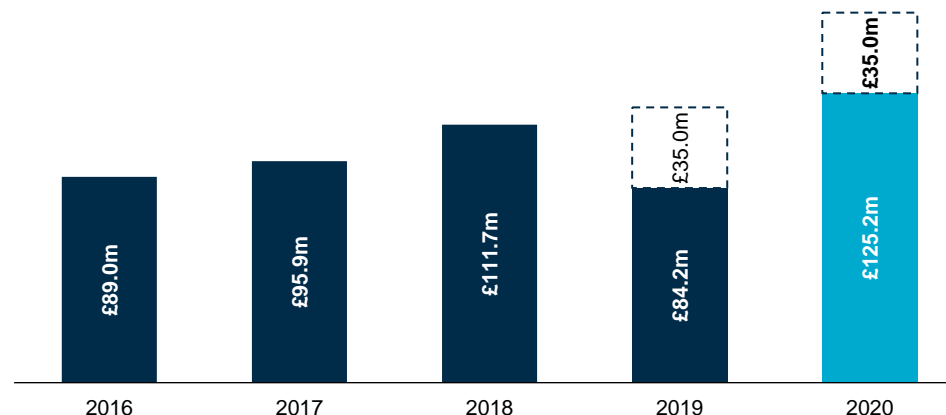
- Staff cost increase due to materially higher variable compensation following improved operating performance
- Comp ratio declined c. 230bps to the middle of our target range
- Non-staff costs declined c.6% - COVID related savings from T&E more than offset incremental IT spend to facilitate WFH
- Office move delayed until end FY21. New lease commences during H1 – no changes to property strategy plans
- £1.3m relocation costs incurred this year – further one-off relocation costs will be incurred next year
- New head office will result in c. £3m additional occupancy costs on an ongoing basis – additional £1m expected in FY21 due to overlap period

# Balance sheet and returns

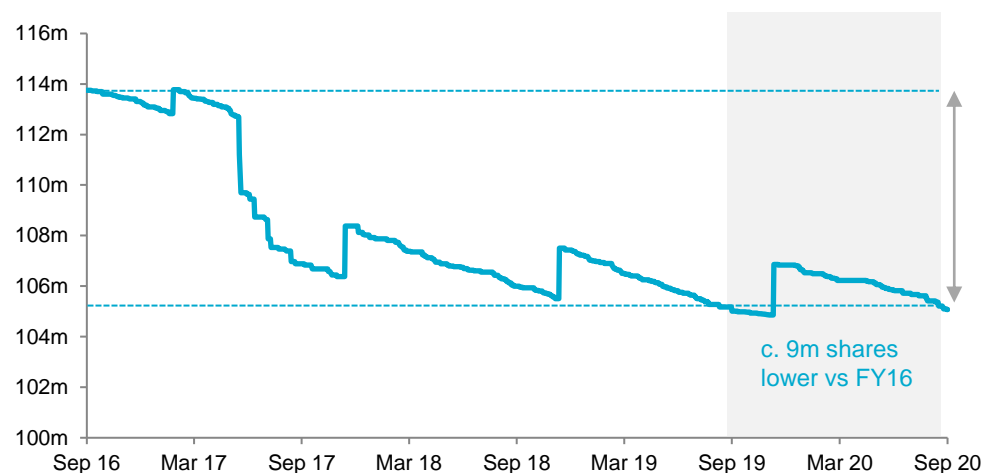
## Net asset growth



## Liquidity



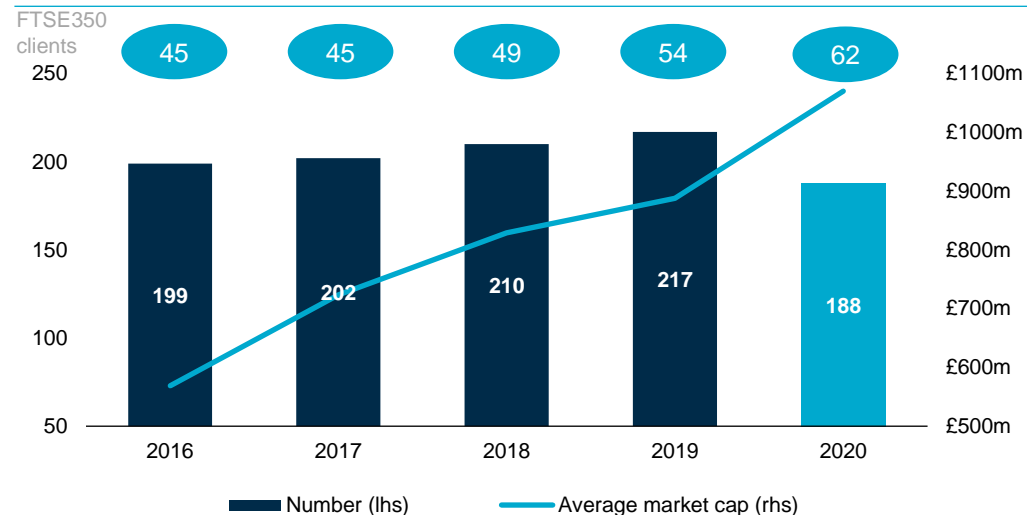
## Significant reduction in share count over past 4 years



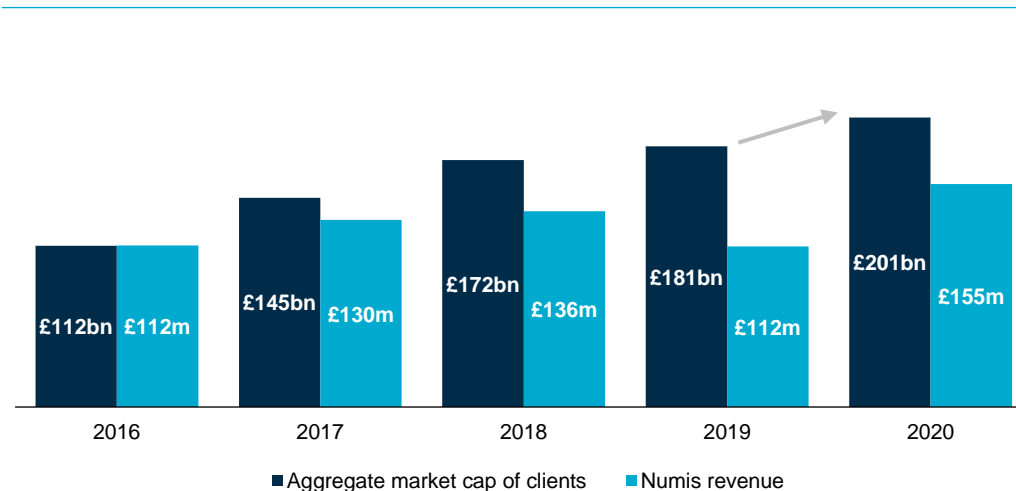
- Capital position strengthened more than offsetting decline in prior year - significant regulatory capital headroom
- Liquidity position increased 49% to £125m excluding undrawn RCF. Significant variance across the year – peak to low of c.£80m. Average daily position £89m.
- Share count flat for the year – slightly fewer shares repurchased due to COVID disruption
- Increase in share count expected in FY21 due to LTIP and other awards vesting

# Corporate client base progression

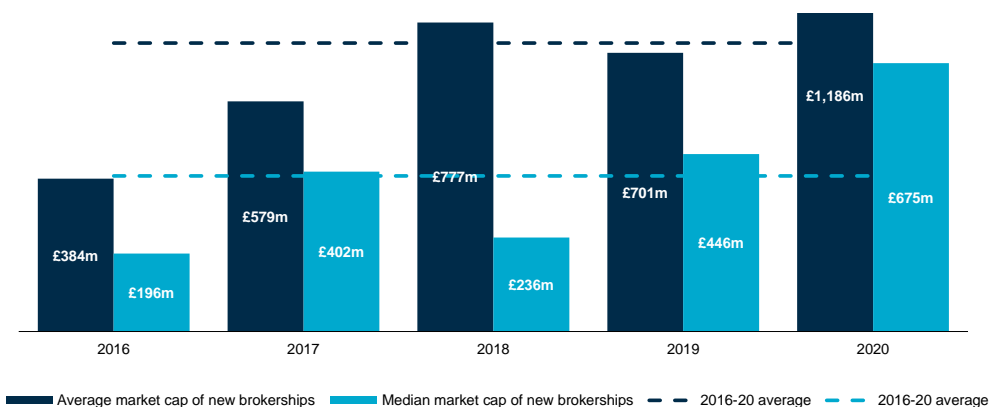
## Average market cap of client base >£1bn



## Growth in aggregate market cap despite fewer clients and market decline



## Client wins demonstrate continued momentum in client base development



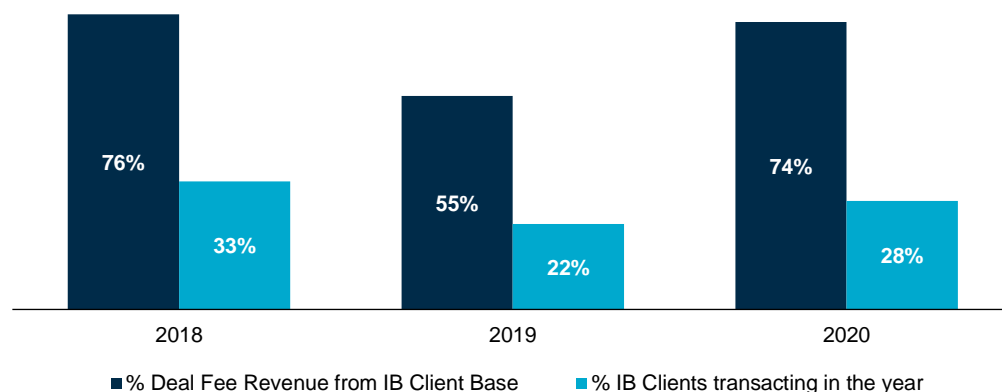
- Client numbers reduced due to exit of Natural Resources sector (18 clients) in 2<sup>nd</sup> half of FY20
- Average market cap continues to trend upwards and is now +£1bn
- 62 FTSE350 clients and 6 of the 10 largest companies on AIM
- Over 100 clients have retained us as broker / adviser for more than 5 year
- Further opportunities to develop the corporate client over the coming months

# Investment Banking performance

IB revenue bridge FY 20 vs FY 19



Higher proportion of retained client deal revenues due to increased activity



- Raising capital for corporate clients and private markets transaction more than offset IPO and M&A declines
- Significant volume of 'front-foot' fund raises as well as recapitalisations
- Client activity levels increased in H2 but still below recent levels
- Growth Capital Solutions contributed c.20% of Capital markets revenue during the year
- IPO and M&A pipeline impacted by COVID-19 but both are showing signs of recovery
- Retainers expected to marginally decline next year due to lower opening client numbers



# Growth capital solutions

A strong revenue contributor in FY20



## ...where we focus

**FinTech**

**Consumer**

**Healthcare / MedTech**

**Enterprise / Software**

## ...what we do

**Primary Equity**

**Cap Table Condensation**

**Investor Engagement**

**Convertibles**

**Employee Option Liquidity**

**Strategic Partnerships**

**Venture Debt**

**Secondary Share Sale**

**M&A**

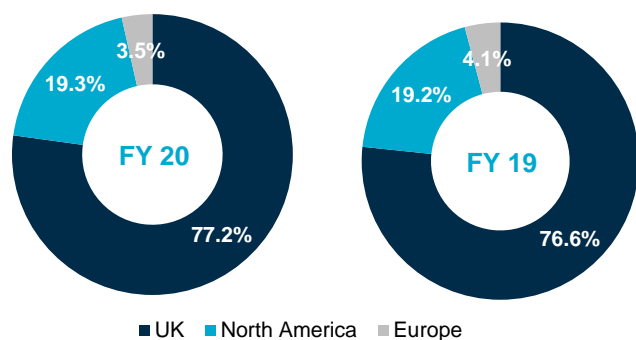
# Equities

## Institutional income (incl. research) and trading gains

£m	H1 20	H2 20	FY 20	FY 19	Change
Institutional income	19.7	17.5	37.2	33.3	11.6%
Trading gains	6.5	9.5	16.0	4.0	299.3%
Equities Revenue	26.2	27.0	53.2	37.3	42.5%

- Institutional income up 12% reflecting market share gains and high volumes at start of pandemic
- Growth in execution commissions more than offset marginal reduction in research payments
- Volatile markets successfully navigated - strong trading gains (prior year included Kier underwrite loss)
- Quality of equities franchise recognised in Extel survey
- Less than £2m of institutional income from EU accounts

## Institutional income by region



## Electronic trading

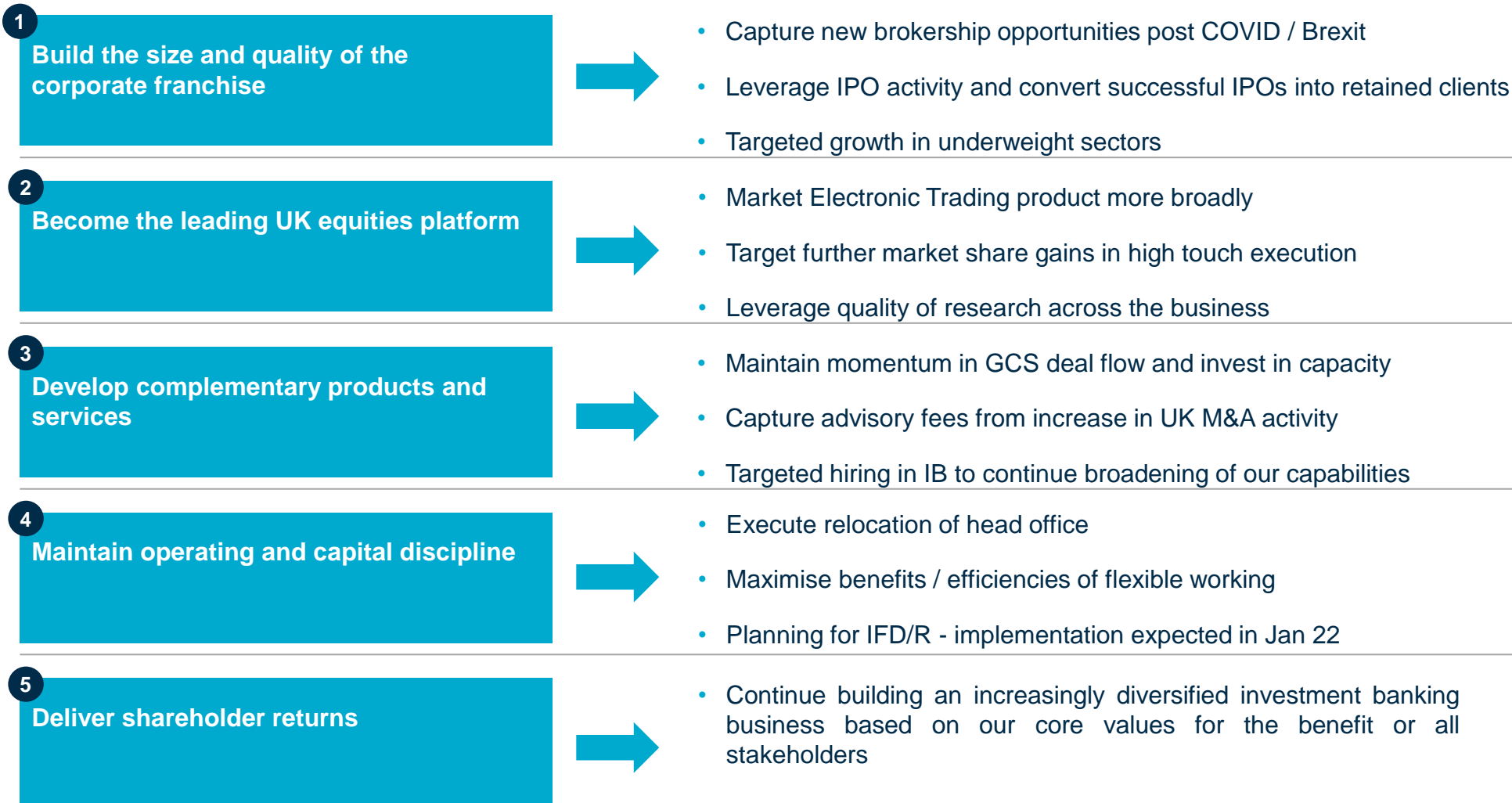
- Performing in line with expectations
- Incremental revenue – largely non-UK securities traded
- Broadens client base
- Complements our strong UK high-touch offering and market position
- Structural growth market

## Current trading and outlook

- Momentum from H2 FY20 continued in Q1 FY21
  - Good start to the year for Growth Capital Solutions
  - Improvement in Advisory revenues
  - Average deal fee levels have been maintained
  - Equities revenues benefitted from market volumes in reaction to vaccine newsflow
- IB Pipeline looks encouraging
  - IPO pipeline strongest for some time
  - UK M&A activity recovering
  - Client activity levels could benefit from:
    - Emerging post COVID trends
    - Brexit certainty
- We will support our clients, focus on delivering market share gains, and ensure we are well positioned to take advantage of market opportunities

# Priorities for FY21

Our strategy remains consistent as we aim to build on our track record of success



# Selected Transactions

	IPOs	Capital raises	Sell downs	M&A
	<p><b>THE HUT GROUP</b></p> <p>IPO with Primary Proceeds of c.£920m and Secondary Proceeds: c.£950m</p> <p><b>IPO Joint Bookrunner</b></p> <p>September 2020</p>	<p><b>bluefield</b> Solar Income Fund</p> <p>£45m Placing</p> <p><b>Broker, Financial Adviser and Bookrunner</b></p> <p>November 2020</p>	<p><b>TELECOMPLUS PLC</b></p> <p>£43m Placing on behalf of directors</p> <p><b>Joint Bookrunner and Broker</b></p> <p>June 2020</p>	<p><b>pets at home</b></p> <p>c. £100m proposed disposal of Vet Group Specialist division</p> <p><b>Joint Bookrunner and Joint Corporate Broker</b></p> <p>December 2020</p>
	<p><b>ARGENTEX</b></p> <p>£120m IPO on AIM, raising c.£47m via a Placing</p> <p><b>NOMAD and Sole Broker</b></p> <p>June 2019</p>	<p><b>AVEVA</b></p> <p>£2.8bn rights issue to fund acquisition of OSIssoft</p> <p><b>Joint Global Co-Ordinator, Joint Bookrunner, Joint Broker and Sole Sponsor</b></p> <p>November 2020</p>	<p><b>AJBell</b></p> <p>c.£124m placing on behalf of Invesco</p> <p><b>Sole Broker and Sole Bookrunner</b></p> <p>May 2020</p>	<p><b>FUTURE</b></p> <p>Recommended cash and share offer to acquire GoCo Group</p> <p><b>Sole Sponsor, Joint Financial Adviser and Joint Corporate Broker</b></p> <p>November 2020</p>
	<p><b>trainline</b></p> <p>c.£951m Placing and £1.7bn Admission to the Official List</p> <p><b>Joint Bookrunner</b></p> <p>June 2019</p>	<p><b>synairgen plc</b></p> <p>£87m Placing and Open Offer</p> <p><b>Joint Broker and Bookrunner</b></p> <p>October 2020</p>	<p><b>HARGREAVES LANSDOWN</b></p> <p>£550m placing on behalf of co-founder</p> <p><b>Joint Bookrunner</b></p> <p>February 2020</p>	<p><b>WATERFALL</b> Asset Management</p> <p>£639m recommended cash offer for Alternative Credit Investments plc</p> <p><b>Sole Financial Adviser</b></p> <p>November 2020</p>
	<p><b>Aquila Capital</b></p> <p>c.€154m Placing and Admission to the Official List</p> <p><b>Sole Bookrunner and Financial Adviser</b></p> <p>May 2019</p>	<p><b>Aquila Capital</b></p> <p>c.€128m Placing</p> <p><b>Broker, Financial Adviser and Joint Bookrunner</b></p> <p>October 2020</p>	<p><b>AJBell</b></p> <p>c. £23m placing on behalf of CEO to provide additional liquidity</p> <p><b>Sole Broker and Sole Bookrunner</b></p> <p>December 2019</p>	<p><b>horizon</b> INSPIRED CELL SOLUTIONS</p> <p>Recommended £296m cash offer from Perkin Elmer</p> <p><b>Joint Financial Adviser, Corporate Broker and NOMAD</b></p> <p>November 2020</p>
	<p><b>Finablr</b></p> <p>£306m Placing and £1.2bn Admission to the Official List</p> <p><b>Joint Bookrunner</b></p> <p>May 2019</p>	<p><b>Klarna.</b></p> <p>\$650m primary capital raise and &gt;\$100m secondary sale, at \$10.65 billion post-money valuation</p> <p><b>Exclusive Financial Adviser and Placement Agent</b></p> <p>September 2020</p>	<p><b>AJBell</b></p> <p>c.£26m ABB on behalf of Directors, Senior Managers &amp; Employees</p> <p><b>Sole Broker and Sole Bookrunner</b></p> <p>December 2019</p>	<p><b>AVEVA</b></p> <p>Proposed acquisition of OSIssoft, LLC for \$5.0bn</p> <p><b>Sole Sponsor and Joint Broker</b></p> <p>August 2020</p>

# Strategy overview

