



Acquisition of Lighthouse Group plc

3 April 2019

Quilter

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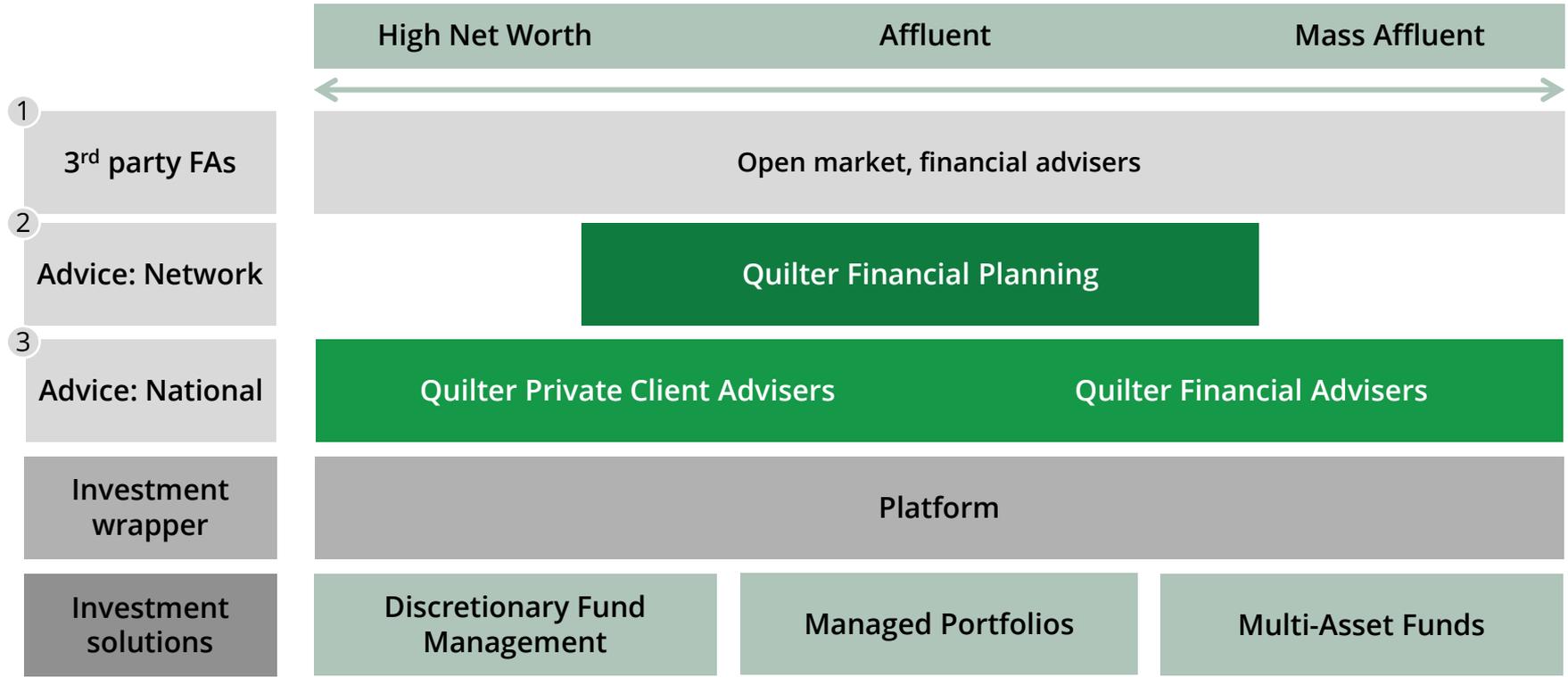
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Presentation agenda

- Introduction and advice strategy Paul Feeney – CEO, Quilter plc
- Advice market and the opportunity Andy Thompson – CEO, Quilter Financial Planning
- Financials and timetable Mark Satchel – CFO, Quilter plc
- Q&A

Advice is at the heart of what we do





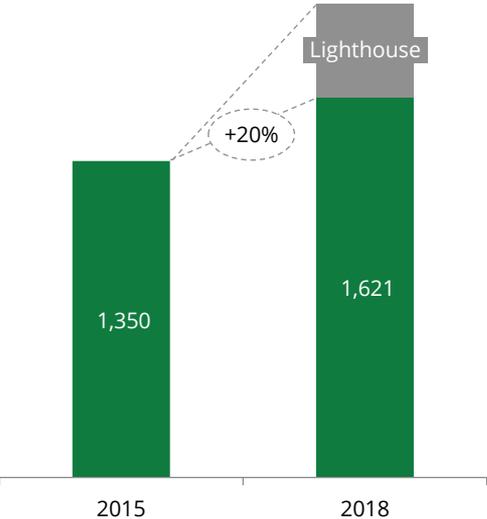
Advice market and the opportunity

Andy Thompson

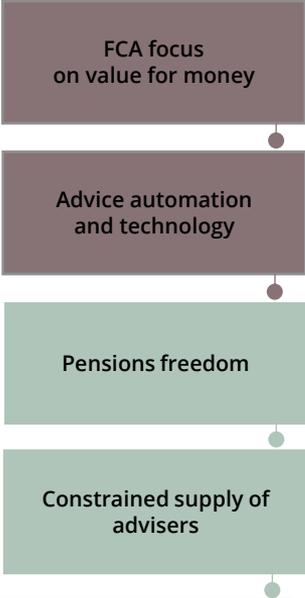
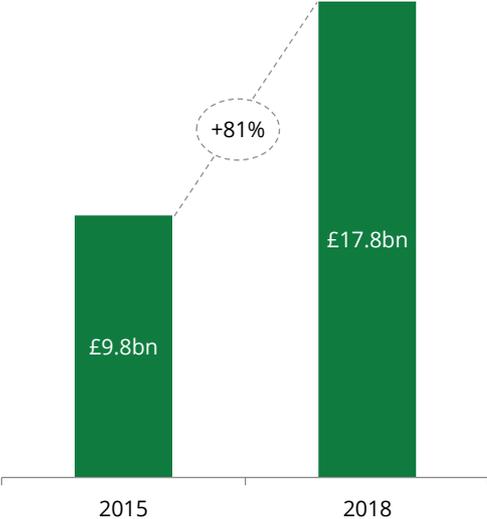
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Evolution of the advice model

Quilter RFPs



Quilter Investors' AuM



Race for distribution



Diminished number of advisers



Increased demand for advice

Winners:

- Scale players
- Successful consolidators
- Regional boutique players

New entrants:

- Re-emergence of banks
- Potential scale acquirer?
- Guided / Robo-advice player

Losers:

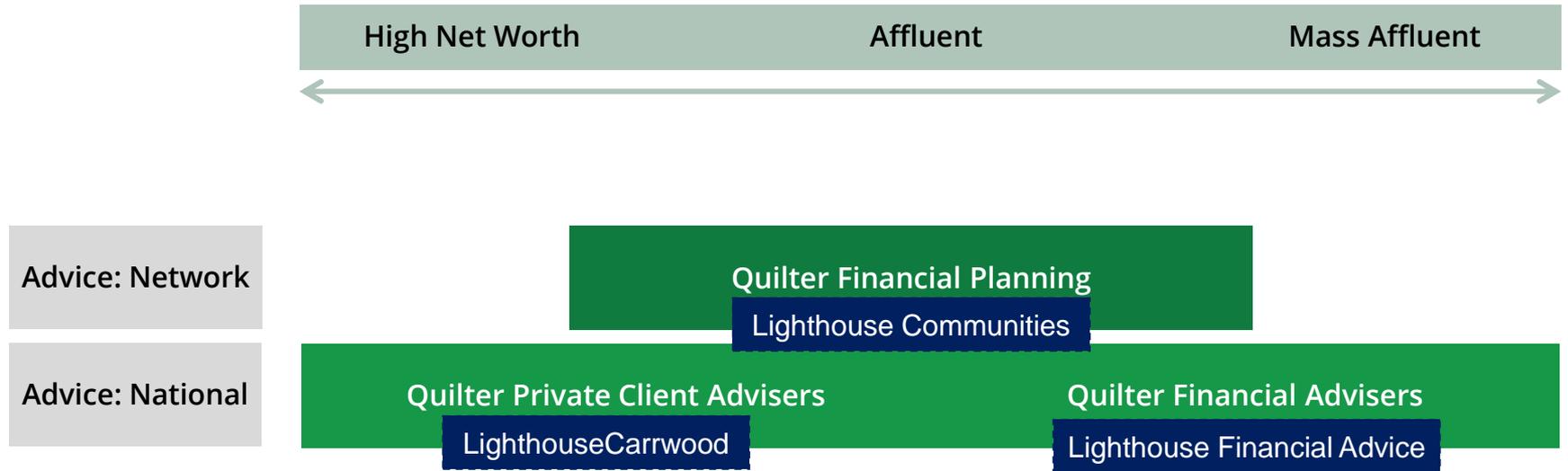
- Sole traders
- Unsuccessful consolidators
- Subscale networks

About Lighthouse

AIM listed advice business delivering advice profits and strong business development

- Profitable, AIM-quoted, directly-authorised advice business
- Approximately 400 financial advisers
- 3 core advice channels:
 - **Lighthouse Financial Advice**, a national business and a market leader for the provision of advice to **affinity group members, with 23 contractual relationships** providing **access to 6m people** in aggregate
 - **LighthouseCarrwood**, a national business with employed advisers advising clients of 40 accounting businesses and professional connections
 - **Communities**, a network of appointed representative firms providing advice to customers in local communities
- Lighthouse's strategy has focussed growth on its national channels and has been particularly successful in growing the number of its affinity relationships and the penetration thereof

The Lighthouse opportunity



- Shared focus on delivering good customer outcomes
- Brings considerable scale to the National advice strategy
- Enhances Lighthouse customer proposition by offering Quilter's Investment Solutions and Platform



Financials and timeline

Mark Satchel

Quilter

Transaction structure

A quality, scale business with considerable growth opportunities

- Quilter to acquire 100% of the issued share capital of Lighthouse at closing
- Recommended all-cash offer of 33 pence per share – equivalent to £46.2m¹
 - Represents approx. 26% premium to the volume-weighted average price for the prior six months
 - Represents 2018 profit after tax multiple of approx. 18x
 - Multiple is approx. 17x after deduction of cash
 - Multiple is approx. 10x after deduction of cash and delivery of synergies
- Funded through existing Quilter cash resources
- Lighthouse shareholders entitled to Lighthouse 2018 final dividend of 0.5 pence per share

1. £42.2m, adjusting for approximately £4.0m excess cash held on Lighthouse's balance sheet.

Financial impact

Revenue enhancing acquisition achieving benefits through Quilter's vertically integrated model

- £5-8m¹ one-off transaction and integration costs, including IT investment
- Expect to achieve £2m annualised cost savings from the acquisition, which will be fully realised by March 2021
- Expect Return on Investment to be in mid-teens within 3 years, consistent with Quilter's historical acquisitions
- Group 2020 and 2021 operating margin targets remain unchanged
- Run-rate operating expenses expected to be c.£12m per annum

1. Includes £2 million of costs to achieve synergies.

Transaction timeline

Event	Timeline
Regulatory approvals	Engagement with the FCA and CMA to commence
Posting of Scheme documentation	No later than 28 days post Announcement
Lighthouse shareholder meeting	At least 21 days after posting of the Scheme documentation
Expected completion	During the second quarter 2019 ¹
Payment of consideration	No later than 14 days after the Scheme effective date

1. Subject to the satisfaction (or, where applicable, waiver) of the Conditions set out in the “Conditions and Further Terms of the Acquisition” in the Announcement.



Q&A

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Appendix

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Summary of Lighthouse financials

Balance sheet ¹ (£m)	2018
Intangible assets	5.3
Property, plant and equipment	1.3
Investment held as fixed asset	1.0
Deferred tax asset	0.8
Fixed assets	8.4
Trade and other receivables	4.4
Cash and cash equivalents	9.6
Current assets	14.0
Trade and other payables	(7.7)
Provisions	(0.4)
Current liabilities	(8.1)
Net current assets	5.9
Non-current provisions	(0.4)
Net assets	13.9
Less intangible assets	(5.3)
Less declared final dividend	(0.6)
Pro forma adjusted net assets²	8.0

Pro forma key financials ^{1,3} (£m)	2018	2017
Net revenue	14.6	14.7
Total administrative expenses	(11.8)	(12.0)
Adjusted profit before tax	2.8	2.7
Adjusted profit after tax	2.5	2.7

1. Lighthouse's disclosure has been adjusted to align with Quilter's reporting definitions to aid comparability and modelling, and is unaudited.
2. Adjusted to reflect intangible assets reduced to nil as will be replaced with goodwill and other intangibles arising from Quilter's acquisition of the business, and the final dividend payment of 0.5pence per share to Lighthouse shareholders. Numbers may not cast due to rounding.
3. Adjustment reflects the netting of Lighthouse's "Cost of Sales" against "Revenues" to derive Net revenue and reclassification of "Amortisation of Intangible Assets" from Total administrative expenses to below the line expenses. Lighthouse's full, audited financial disclosure prior to the aforementioned adjustments can be found on page 41 of Lighthouse's 2018 Annual Report and Accounts.

The background is split into two main sections. The left section is a large triangle pointing to the right, filled with a complex pattern of overlapping green squares and rectangles in various shades of green. The right section is a rectangular area with a pattern of overlapping grey and white squares and rectangles, creating a 3D effect of cubes.

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