



Investor and Analyst Presentation

Delivering, Growing, Innovating.



Mortgage Advice Bureau (Holdings) plc
Interim results – six months ended 30 June 2020



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Highlights

Financial Highlights

Revenue

£63.5m | +4%

(-6% excl. First Mortgage)

Gross Profit

£17.2m | +22%

(-6% excl. First Mortgage)

Adj. PBT¹

£7.9m | +6%

(-8% excl. First Mortgage)

Adj. EPS¹

13.2p | +7%

(-9% excl. First Mortgage)

Dividend

- The Board intends to only pay a final dividend in respect of the year ending 31 December 2020
- Intention to pay remaining 6.4p when the Board considers it prudent to do so

Cash conversion²

97%

1. In H1 2020, adjustments of £0.2m amortisation of acquired intangibles and £0.4m of additional non-cash operating expenses relating to the put and call option agreement to acquire the remaining 20% of First Mortgage, the loan write off and loan provision totalling £1.7m, and £0.5m of Government grant income (resulting in a £1.8m net adjustment in H1 2020), and £0.2m of one-off costs relating to the acquisition of First Mortgage in H1 2019.

2. Adjusted cash conversion is cash generated from operating activities adjusted for movements in non-trading items, including loans to Appointed Representative firms ("ARs") and associates totalling £0.3m in H1 2020, £(0.2)m of Government grant income received, and increases in restricted cash balances of £0.3m in H1 2020, as a percentage of adjusted operating profit.

Operational Highlights

Mortgage completions¹

£7.5bn | +8%

(-3% excl. First Mortgage)

Market share²

5.9% | +17%

(+7% excl. First Mortgage)

Strategic developments

- Meridian investment (40%) – MAB's leading new build AR
- Australia – Australia Finance Group Ltd as a new JV partner
- Launch of MAB Later Life

Adviser numbers³

1,470 | +14%

(+7% excl. First Mortgage)

Revenue per active Adviser⁴

£45.5k | -7%

(-11% excl. First Mortgage)

Technology platform

- Continued roll out following successful testing and pilot phases
- Many projects brought forward by the pandemic, e.g. new compliance platform

1. MAB's gross mortgage completions, including product transfers.

2. Market share of gross new mortgage lending (excluding product transfers).

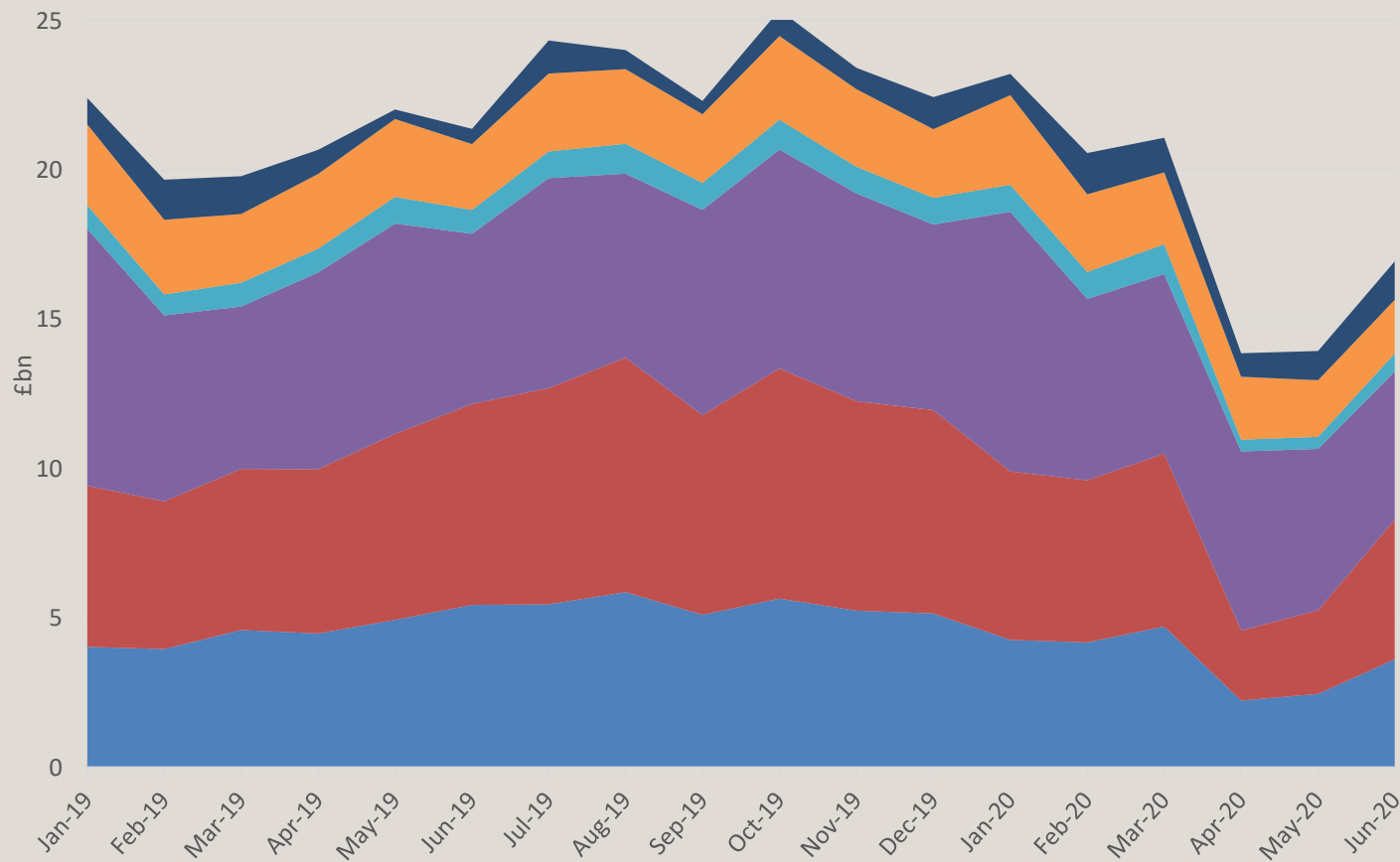
3. At 30 June 2020, including 101 furloughed Advisers.

4. Based on average number of active advisers for the period. An active adviser is an adviser who has not been furloughed, and is therefore able to write business.

Market backdrop

Mortgage lending market

Gross new mortgage lending volumes¹



Source: UK Finance

1. Chart excludes product transfers.

2. Includes further advances and lifetime mortgages, excludes product transfers.

Commentary

- Gross new mortgage lending of £109.7bn² in H1, down 13%
 - Q1: £64.9bn (+5%)
 - Q2: £44.8bn (-30%)
- Purchase mortgage activity down c.45% in Q2
- Re-financing less adversely affected in Q2, driven by product transfers
 - Home-owner re-mortgages down 15%
 - BTL re-mortgages down 21%
 - Product transfers: up 4% to c.£43bn

■ First time buyers

■ Home-owner remortgages

■ BTL remortgages

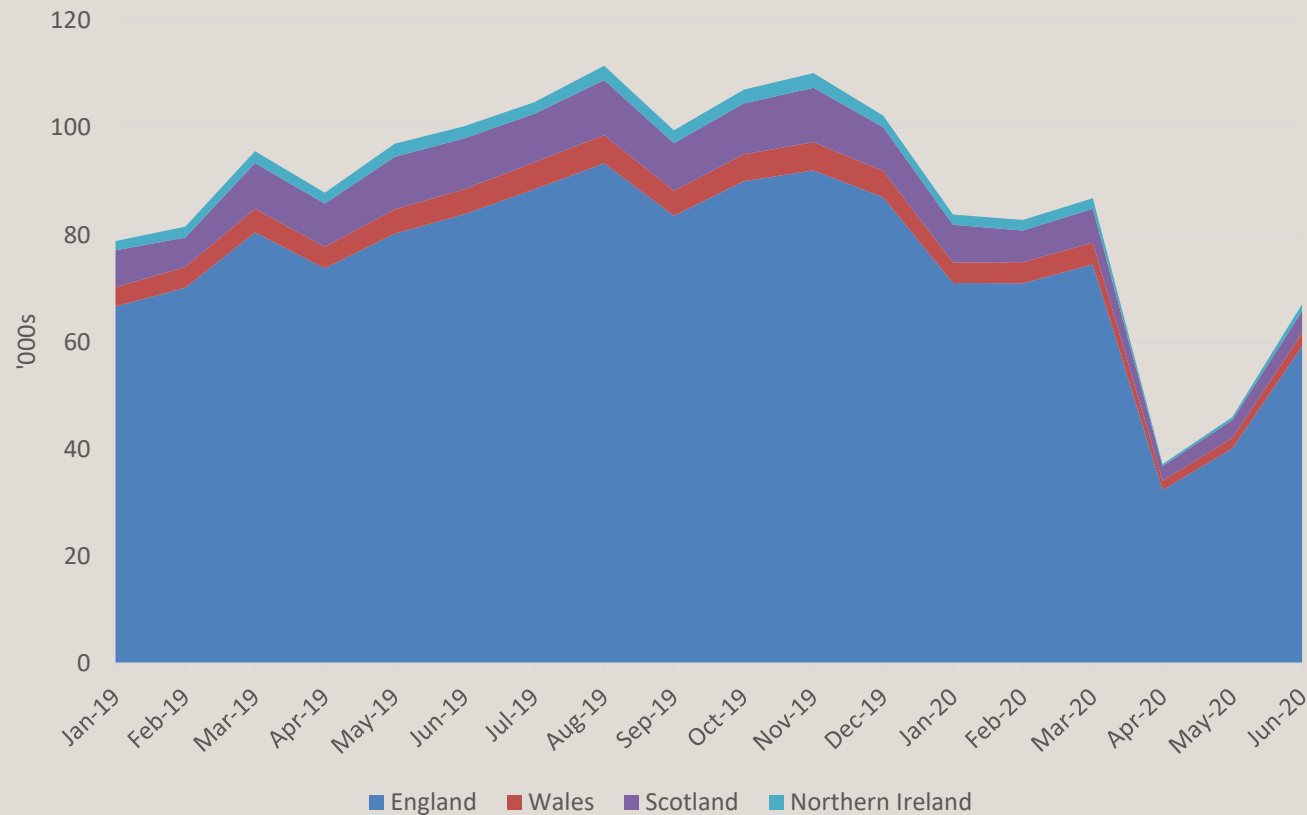
■ Home-owner movers

■ BTL purchases

■ Other (inc. lifetime and further advances)

Property market

UK property transactions by volume



Commentary

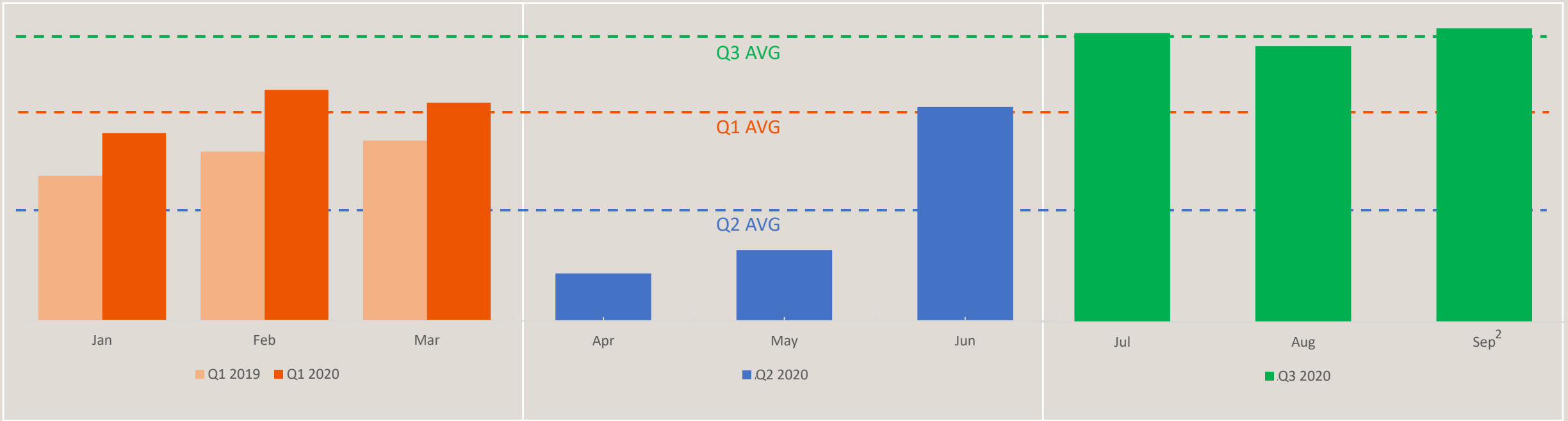
- Q1 broadly flat year-on-year (-1%)
- In England for Q2, volumes were down 56%, 50% and 29% in April, May and June respectively
- In Scotland for Q2, volumes were down 66%, 66% and 57% in April, May and June respectively
- Overall for H1, UK property transactions down 25%

2020 written purchase business

Q1: strong performance year-on-year

Q2: housing market shutdown¹

Q3: exceptionally strong activity



- Purchase written volumes up 29% year-on-year in Q1 overall (+17% excl. FMD)
- Improved customer sentiment in Q1 post UK General Election/Brexit

- Purchase written volumes down 48% in Q2 vs. Q1 2020 due to housing market shutdown
- Increased focus on retention, including product transfers, and protection

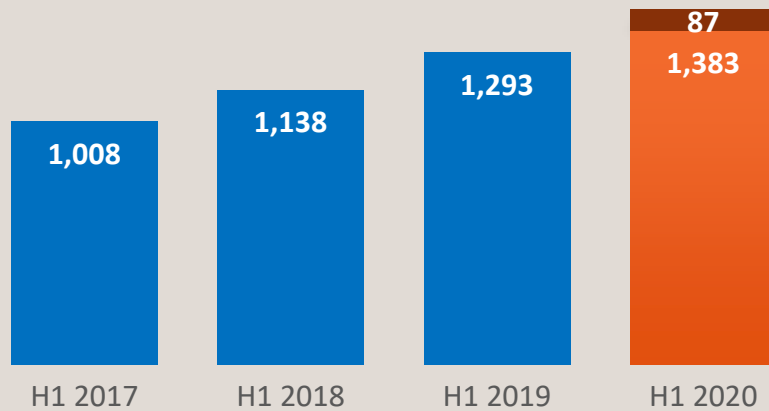
- Purchase written volumes up 159% vs. Q2 2020, and 35% vs. Q1 2020
- Despite continued lending restrictions

1. The housing market re-opened on 13 May 2020 in England, and then in Scotland, Wales and Northern Ireland at the end of June 2020.
 2. September purchase volumes extrapolated based on actual volumes as at 22 September 2020, and end of month historic trends.

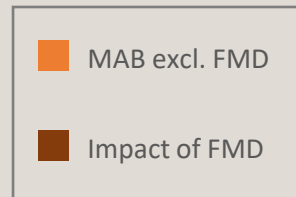
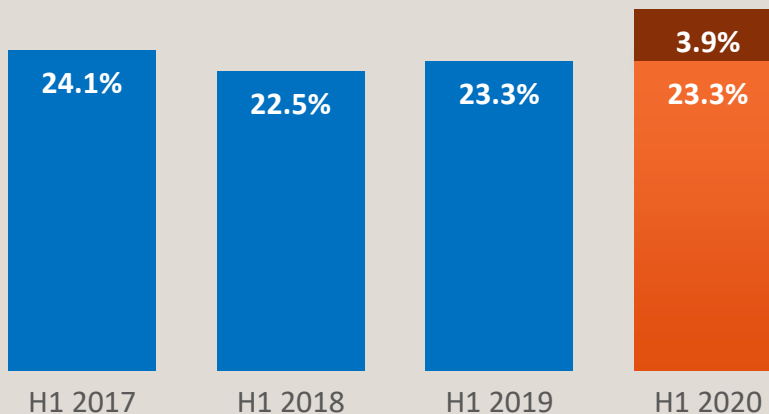
Financial review

Financial KPIs

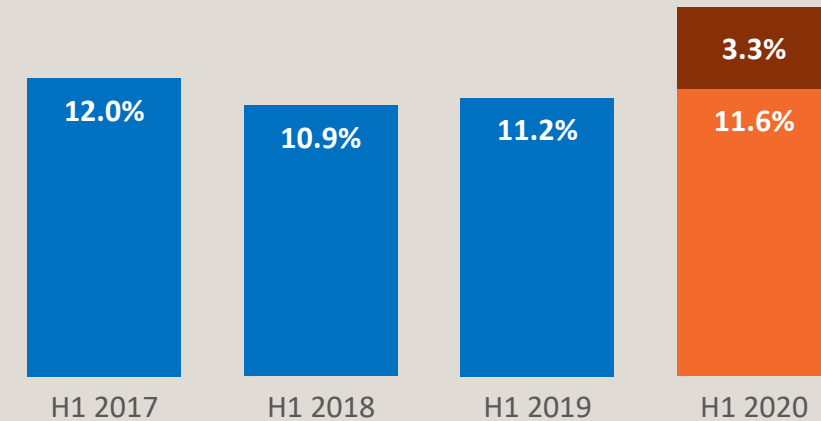
Number of advisers: 1,470



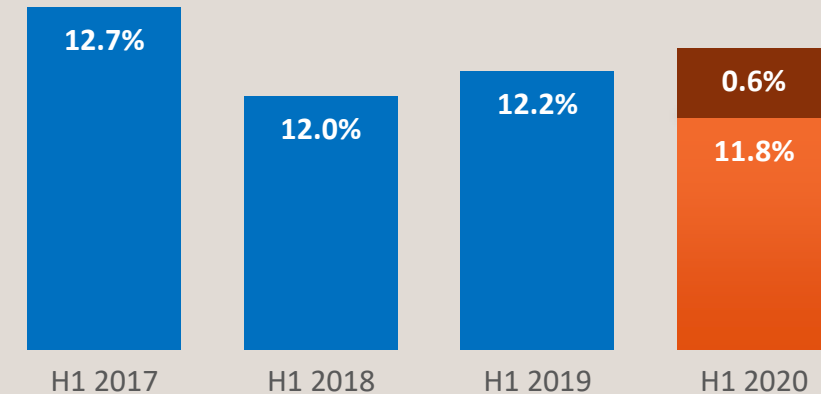
27.2% gross profit margin



14.9% overheads¹ as % of revenue



12.4% adj. PBT margin²



1. Excl. £0.6m of non-cash operating expenses relating to the acquisition of First Mortgage in H1 2020 and £0.2m of one-off costs associated with the First Mortgage acquisition in H1 2019.

2. Adjusted for items in note (1) above, the loan write off and loan provision totalling £1.7m in H1 2020, and £0.5m of Government grant income.

Revenue

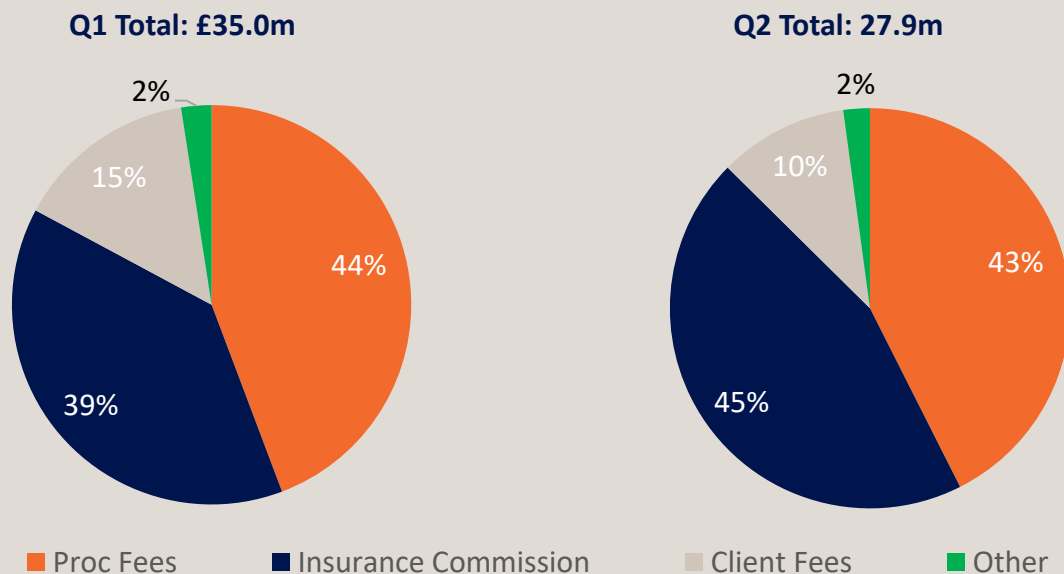
Q1	Q1 2020	Q1 2019	% change
Average advisers	1,457	1,221	+19%
Average revenue per adviser	£24.0k	£22.9k	+5%
Total Revenue	£35.0m	£27.9m	+25%

Q2	Q2 2020	Q2 2019	% change
Average active advisers	1,348	1,261	+7%
Average revenue per active adviser	£21.2k	£26.2k	-19%
Total Revenue	£28.5m	£33.0m	-14%

Income source	H1 2020	H1 2019	% change
Mortgage Procurement Fees	£27.6m	£26.7m	+3%
Protection and General Insurance Commission	£26.3m	£23.6m	+11%
Client Fees	£8.1m	£9.7m	-16%
Other Income	£1.5m	£0.9m	+63%
Total	£63.5m	£60.9m	+4%

Commentary

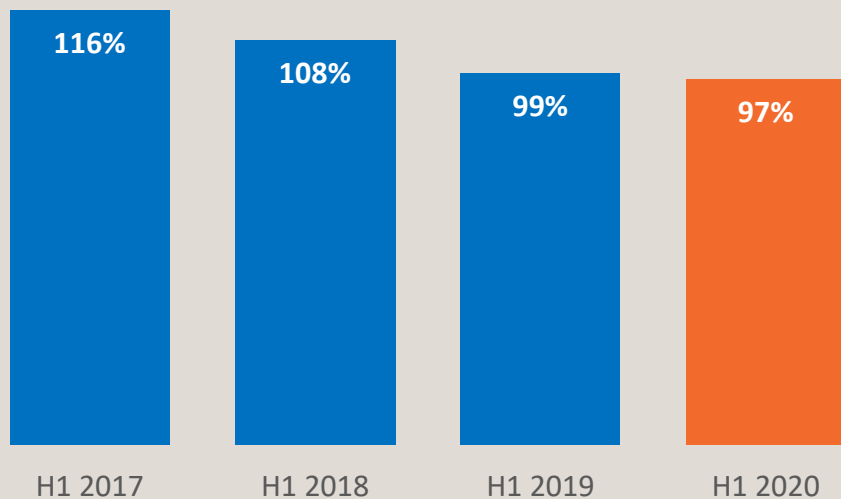
- Continued growth across all income sources other than client fees as a result of positive contribution from First Mortgage, despite pandemic impact in Q2
- Client fees reduced by 16% due to considerable fall in attachment rate of client fees and change in mortgage mix towards re-financing in Q2
- 11% increase in protection and general insurance commission driven by First Mortgage acquisition, increased attachment rates and freestanding protection sales in Q2



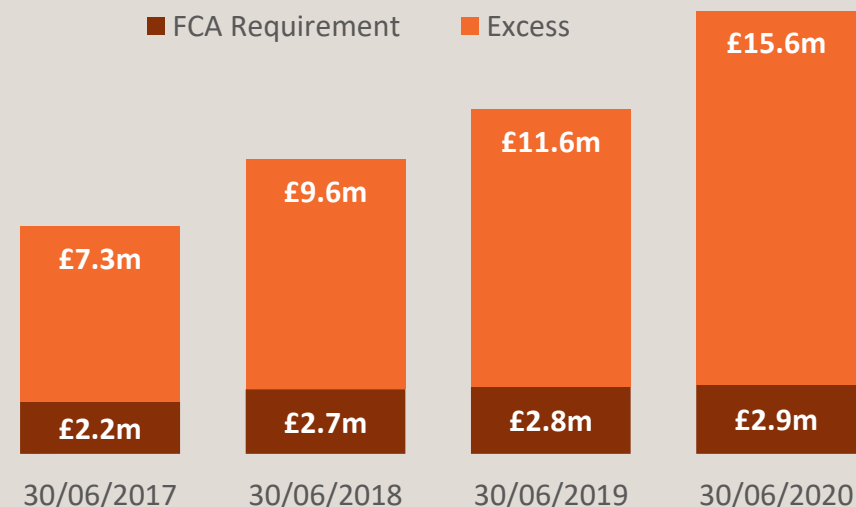
Continued strong cash conversion

- Unrestricted net cash balance² at 30 June 2020: £9.4m (31 December 2019: £7.5m)

97% cash conversion¹



£15.6m excess capital



- The Board remains committed to paying a further 6.4 pence per share when it considers it prudent to do so

1. Adjusted cash conversion is cash generated from operating activities adjusted for movements in non-trading items, including loans to Appointed Representative firms ("ARs") and associates totalling £0.3m in H1 2020, £(0.2)m of Government grant income received, and increases in restricted cash balances of £0.3m in H1 2020, as a percentage of adjusted operating profit.

2. Unrestricted cash balances are for operational purposes; they exclude restricted balances (AR retained commission) and the £12m Natwest Revolving Credit Facility.

Income statement

£m	H1 2020	H1 2019
Average number of active advisers ²	1,396	1,242
Average revenue per active adviser (£)	45,461	49,028
Revenue	63.5	60.9
Cost of Sales	(46.2)	(46.7)
Gross Profit	17.2	14.2
<i>Gross Profit margin</i>	27.2%	23.3%
Government grant income	0.5	0.0
Administrative expenses	(10.0)	(7.0)
Impairment losses	(1.7)	0.0
Share of profit of associates, net of tax	0.1	(0.0)
Net finance income / (expense)	(0.0)	0.1
Reported PBT	6.1	7.2
<i>Reported PBT margin</i>	9.6%	11.8%
Add back: Exceptional items ¹	1.8	0.2
Adjusted PBT	7.9	7.4
<i>Adj. PBT margin</i>	12.4%	12.2%
Tax	(0.8)	(1.1)
Reported PAT	5.4	6.1
Adjusted EPS	13.2p	12.3p
Basic EPS	10.1p	11.9p

Commentary

- Revenue up 4%, including £6.1m from First Mortgage
- Gross Profit margin and ratio of Overheads as % of revenue increases reflect shift between Cost of Sales and Admin expense as a result of the FMD acquisition
- Adjusted Profit Before Tax¹ up 6%
- Adjusted Profit Before Tax¹ Margin of 12.4% (H1 2019: 12.2%)
- Adjusted EPS¹ up 7% to 13.2p

1. Adjustments of £0.2m amortisation of acquired intangibles and £0.4m of additional non-cash operating expenses relating to the put and call option agreement to acquire the remaining 20% of First Mortgage, the loan write off and loan provision totalling £1.7m, and £0.5m of Government grant income.

2. An active adviser is an adviser who has not been furloughed, and is therefore able to write business.

Cash Balance Waterfall Unrestricted net cash balances¹



1. Unrestricted net cash balances are for operational purposes; they exclude restricted balances (AR retained commission in case of clawback) and £12m Natwest Revolving Credit Facility loan.
2. Cash generated from operating activities of £7.9m, less dividends received from associates of £0.1m and movements in restricted balances of £0.3m.
3. Principal elements of lease payments of £0.2m. Interest received of £0.05m, less interest paid of £0.03m.

Strategy

Good progress delivering on all our initiatives

Adviser Growth



Adviser Productivity



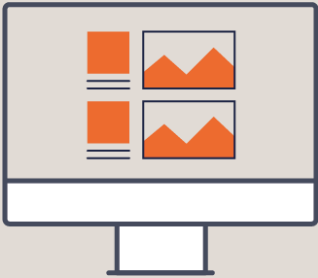
Lead Generation



Addressable Market



New Products & Services



Customer Experience



Underpinned by a **Strong Management Team, Technology** and **Culture**



Strategic developments

New build sector: Meridian



- Key part of our strategy in the specialist new build sector
- MAB's leading new build AR
- 40% investment
- Track record of growth and profitability, led by a strong management team
- Close links with builders nationwide
- >50 advisers

MAB Later Life



- Broadens our addressable market
- Exclusive strategic alliance with Key Group
- Unique broker proposition, with Key Group providing market leading infrastructure
- Comprises a panel of 4 lenders including more2Life, Key Group's lifetime mortgage lender
- Extends our opportunity for adviser growth

Australia: new JV partner



- International growth
- Australian Finance Group Ltd (ASX:AFG) our new JV partner in Australia
- Leading Australian mortgage network
- Extensive distribution channels and strong broker proposition
- Allows us to attract the best brokers across Australia into our differentiated business model
- Real step change in our growth plans in this strategic market

Transformation programme

Customers

Customer Portal – live and generating volume mortgage leads.
Quote Generation – all MAB branded businesses live.

Lead Generation

Affinity partner integration capability completed.
Integrations with partners now commenced.

Advisers

Platform rollout – commenced.
Features – new lead management and distribution capabilities.

MAB / AR Firms

Early customer capture and nurture capability completed.
Priority focus – customer retention / repeat business.

Lenders

Lender integration progressing.

Additional capabilities being deployed:

- Contact Centre solution
- API's for use by partners
- Enhanced Business Intelligence capabilities
- Reporting Suite and Data Science Tools
- Risk & Compliance – utilising robotics

Summary and outlook

Summary and outlook

- Strong performance in the period illustrates the resilience of our operating model
- Continued growth in market share in all market conditions
- Good progress on strategic initiatives
- Group currently trading strongly, with number of mortgage applications across the network reaching record levels
- Sharp resumption of recruitment activity, both in terms of organic growth and new ARs
- Financial resilience: strong balance sheet, regulatory capital position and cash conversion
- Absent any significant restrictions on the housing market, we expect adjusted PBT for the full year to be significantly ahead of market's current expectations

Appendices

Over 150 awards in the last 5 years

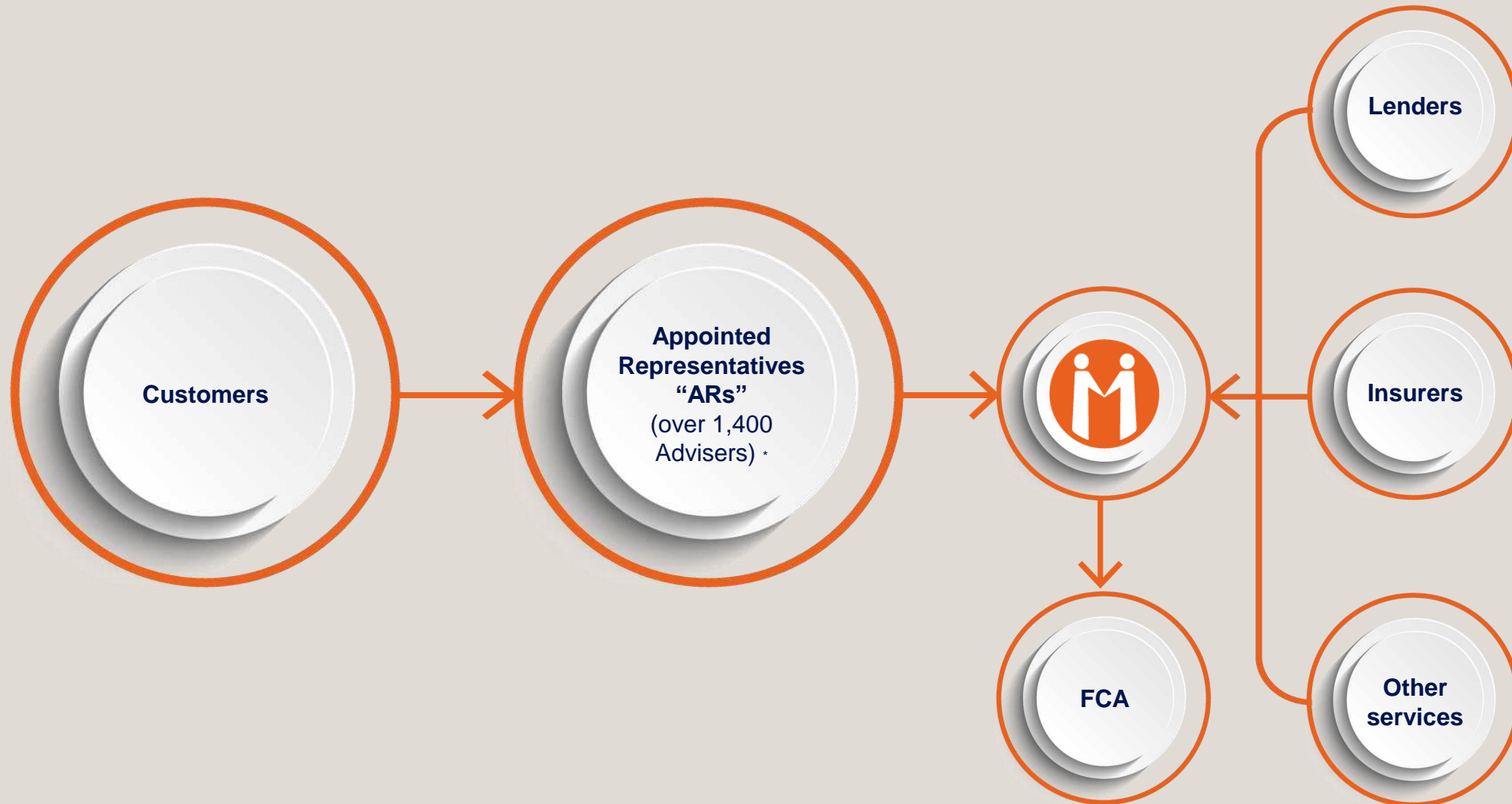


Company Overview

- Mortgage Advice Bureau (“MAB”) is a leading UK mortgage intermediary network
- Directly authorised by FCA, MAB operates an Appointed Representative (AR) network which specialises in providing mortgage advice to customers as well as advice on protection and general insurance
- Over 1,400 Advisers, almost all employed or engaged by ARs
- All compliance supervision undertaken by MAB employees
- Broad geographical spread across the UK, with just 7% of the Group’s revenue derived from the London market
- Developed leading in-house proprietary trading platform called MIDAS Pro
- Won over 150 awards in last 5 years



Our Business Model



* Including First Mortgage advisers.

Our Business Model

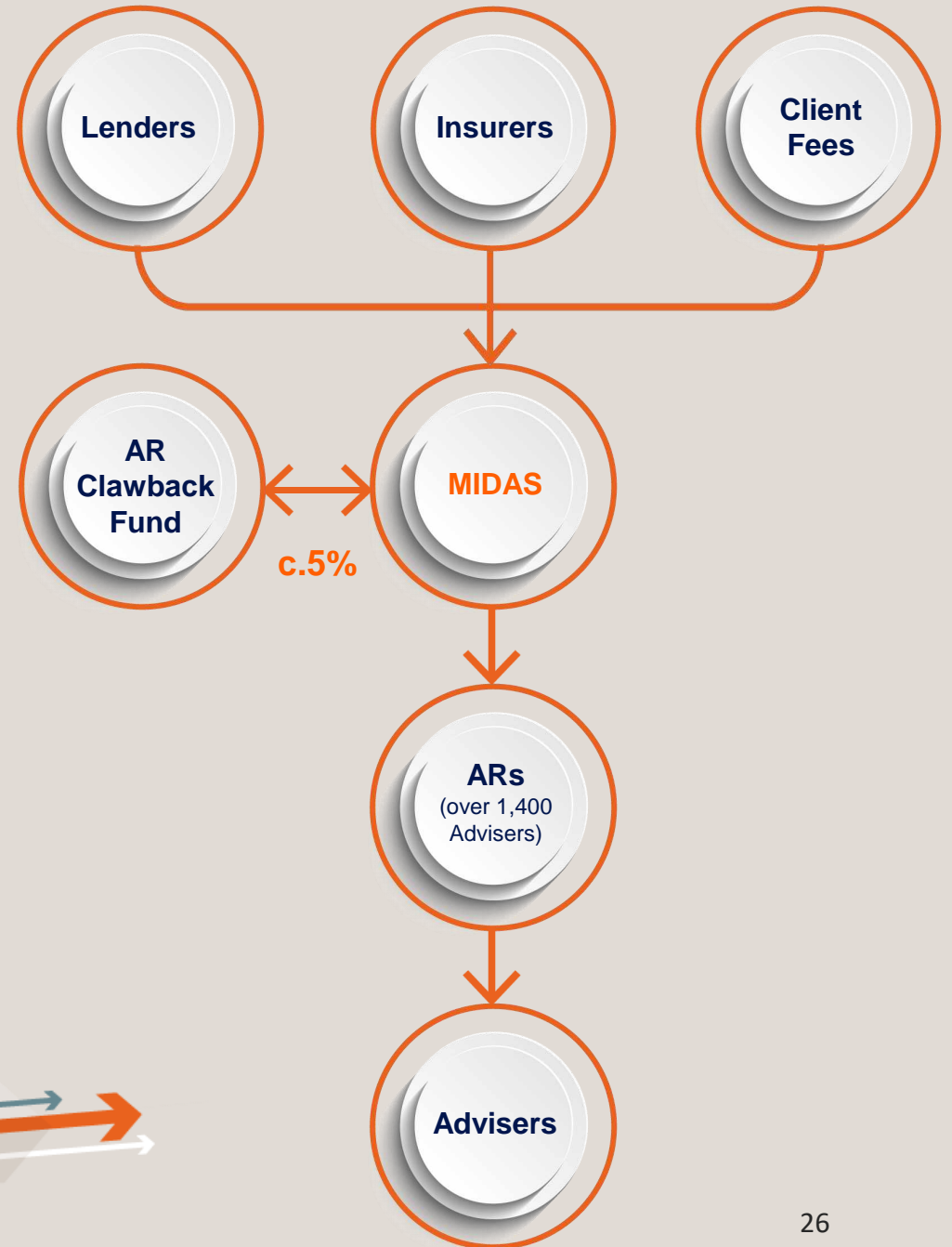
- One of UK's leading independent networks for mortgage intermediaries, with over 170 ARs and over 1,400 Advisers* nationwide
- Operates two models: (i) MAB-branded mortgage franchise and (ii) non-branded mortgage network
- Strong reputation for business quality, innovation and support
- Very low attrition rates of ARs
- 90% of ARs have contracts for duration of 5 years or more from commencement

* Including First Mortgage advisers.



Revenue and Cash Flow

- Highly cash generative
- All income is paid directly to MAB, from which it deducts its share of income
- Before paying the AR, MAB also retains typically 5% of the total amount due to the AR to protect the AR and MAB against potential future clawbacks of protection commission
- This retention is held in MAB's name and is segregated through the use of a separate bank account for each AR
- MAB pays the AR weekly
- AR pays its Advisers
- Materially MAB's profits = cash



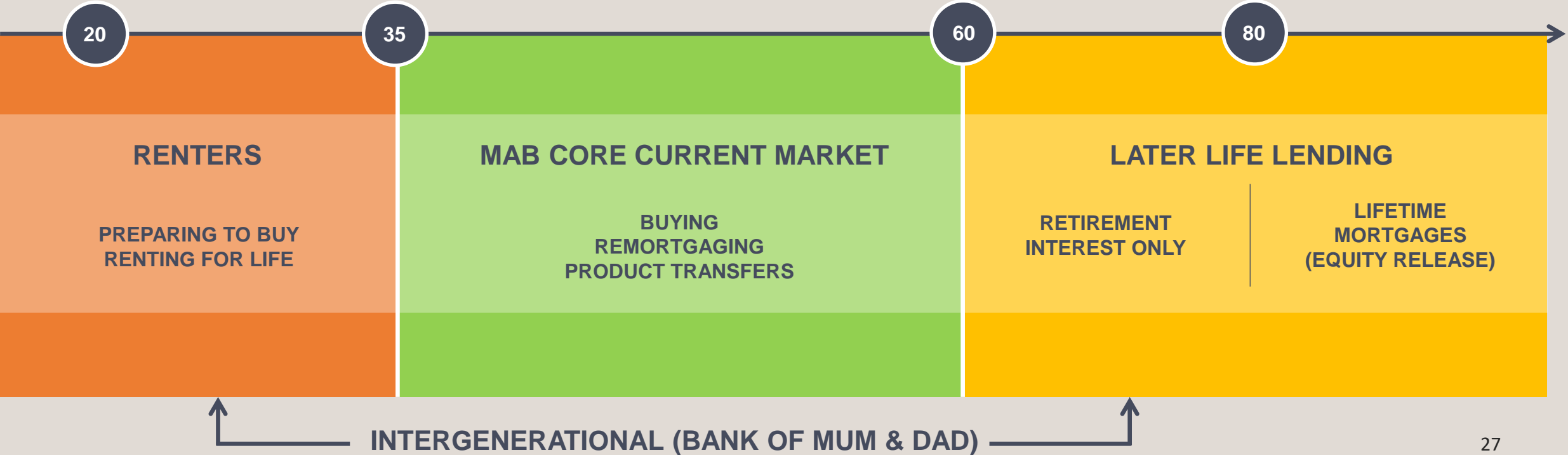
Growth Focus – broadening our addressable market

TENANTS/RENTAL

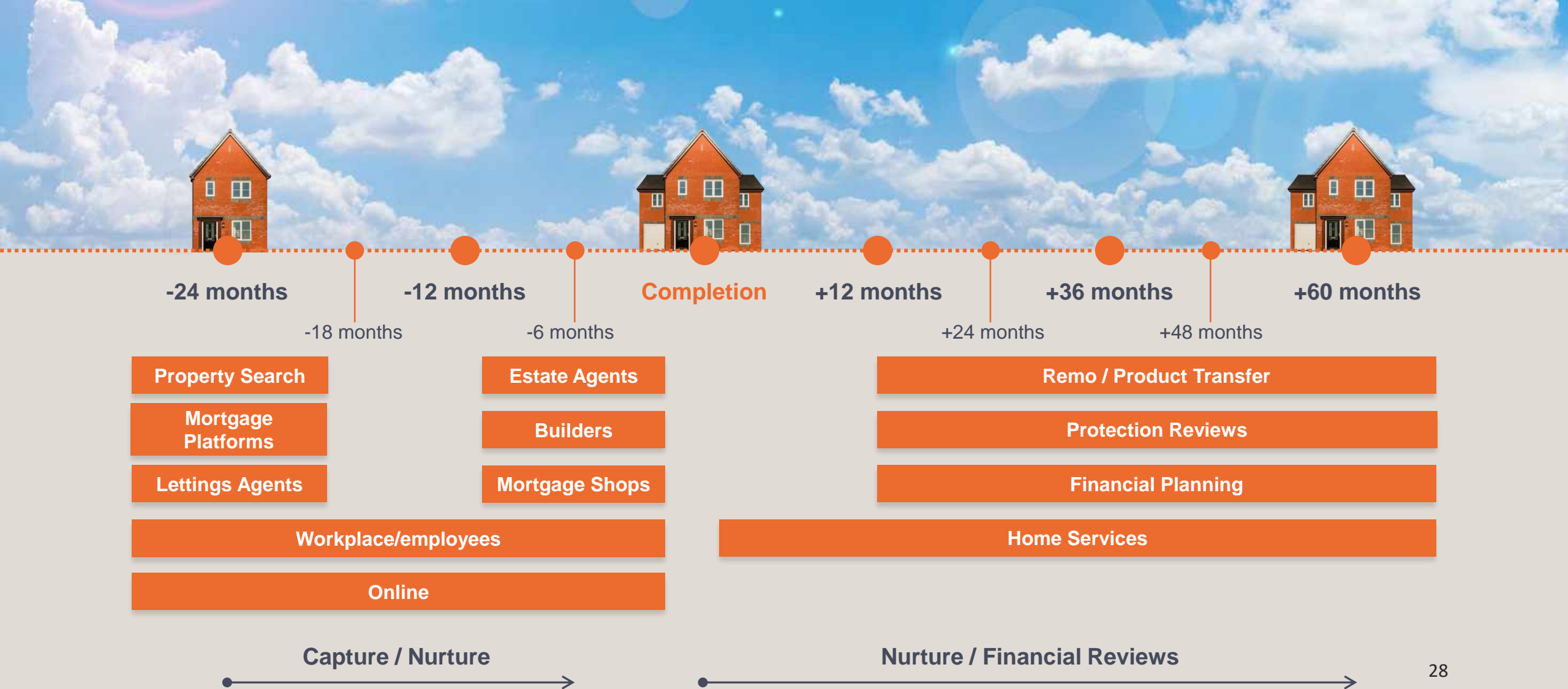
- using technology to fully leverage our significant estate agency and letting distribution.
- help tenants to become FTBs.
- protect tenants against inability to pay rent.

LATER LIFE LENDING (£65BN OF OUTSTANDING LENDING IN 2017 TO £142BN BY 2027)

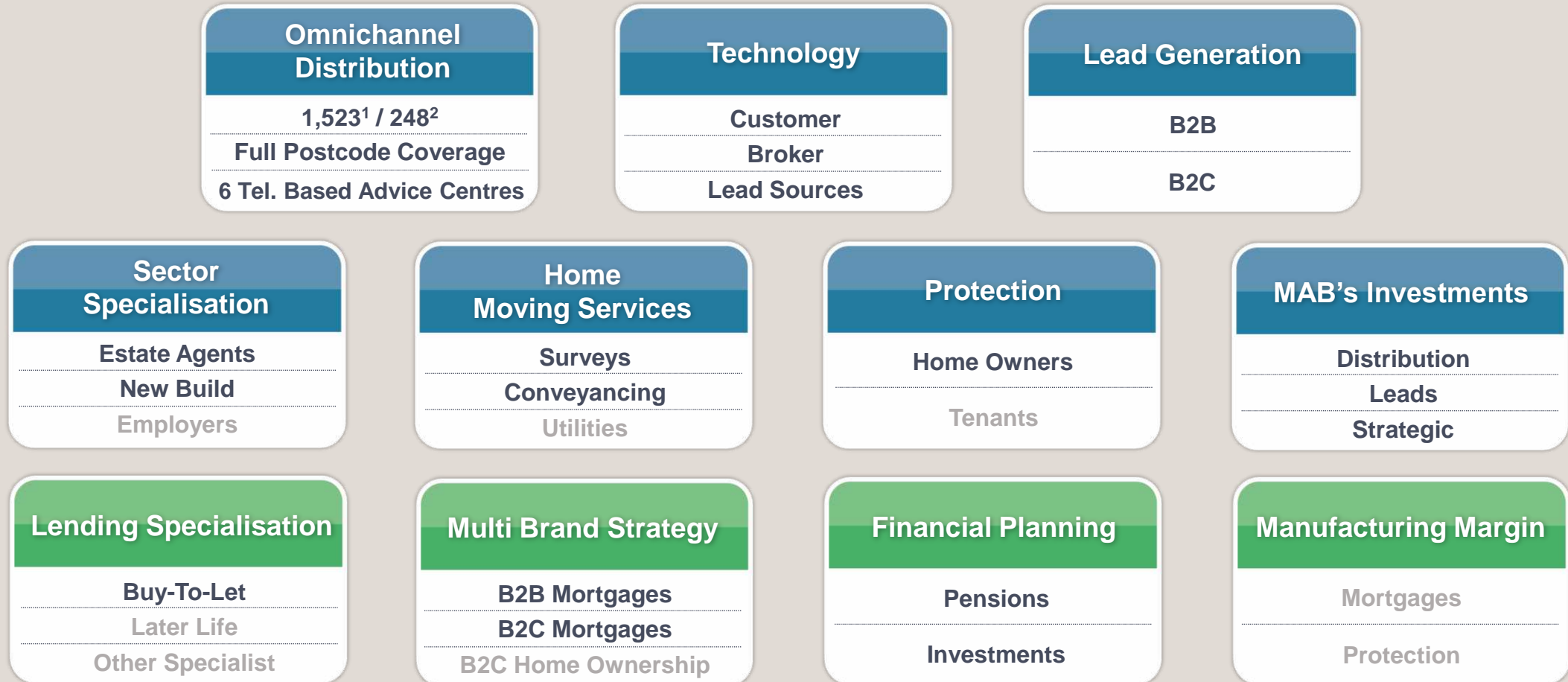
- growth in this market will be driven by intermediaries, not providers.
- intergenerational linkage with aspiring FTBs ('Bank of Mum & Dad').
- interest only mortgages/roll-off.
- shortfall in pensions/longer living & working.
- older FTBs = later mortgage maturity.



Growth Focus – early customer capture / nurture



Growth Focus – strengthening our proposition



Key:

- What we have today.
- What we are piloting and/or considering for the future.

1. Adviser numbers as at 25 September 2020. 2. Advisers in AR firm where MAB has a shareholding as at 25 September 2020 (includes Meridian).

Growth Focus – our investments

Distribution	Strategic	Specialism	Shareholding ¹
firstmortgage.co.uk	firstmortgage.co.uk	New Build	80% → 100%
 Clear	 Clear	Telephony / Network	25% → 49%
 The MortgageBroker	 The MortgageBroker	Telephony	25% → 49%
 Freedom 365	 Freedom 365	Telephony	35%
-	 Mortgage Focus	Online Leads	49%
 BUILDSTORE	 BUILDSTORE	Specialist New Build	25%
 Vita	 Vita	Protection	20% → 49%
-	 SortRefer	Conveyancing	39%
-	 Pinnacle Surveyors	Surveys	49%
-	 MAB Australia	International	48%
 MERIDIAN MORTGAGES	 MERIDIAN MORTGAGES	New build	40% → 49%

1. Initial → Maximum

Balance Sheet: strong financial position

£'000s	Jun-20	Dec-19
	£'000	£'000
Non-current assets		
Property, Plant and equipment	2,923	2,924
Right of Use Assets	2,722	2,907
Goodwill	15,155	15,155
Other intangible assets	478	596
Acquisition Intangibles	3,083	3,267
Investments in associates and joint ventures	3,163	3,133
Investments in non-listed equity shares	75	75
Other receivables	2,044	3,330
Deferred tax asset	1,201	1,517
Total non-current assets	30,844	32,903
Current assets		
Trade and other receivables	4,658	4,959
Cash and cash equivalents	35,635	20,867
Total current assets	40,293	25,826
Total assets	71,137	58,729
Equity and liabilities		
Share capital	52	52
Share premium	6,052	5,451
Capital redemption reserve	20	20
Share option reserve	2,368	2,799
Retained earnings	19,643	17,272
Equity attributable to owners of the parent company	28,134	25,595
Non-controlling interest	1,620	1,595
Total equity	29,755	27,189
Liabilities		
Non-current liabilities		
Provisions	3,977	3,735
Lease liabilities	2,477	2,645
Deferred tax liability	692	651
Total non-current liabilities	7,146	7,031
Current liabilities		
Trade and other payables	21,200	22,371
Loans and Borrowings	12,083	-
Lease Liability	317	334
Corporation tax	636	1,804
Total current liabilities	34,236	24,509
Total liabilities	41,382	31,540
Total equity and liabilities	71,137	58,729