

True Potential Q2 2022 Results Call.



true potential 

Presenting today.



Daniel Harrison

CEO, Co-founder,
Senior Partner



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CFO, Co-founder,
Senior Partner



Steven Rutter

Head of
Financial Reporting

Q2-22: Continued strong momentum despite market conditions.

403k

True Potential clients
+24k vs Q1-22

98%

Client retention
(Q1-22: 98%)

£1.4bn

Net inflows
26% BoP AuM (Q1-21:38%)

96%

Fully integrated flows
Increasing fully integrated
AuM to 90%

4.9

Trustpilot score
(Q1-22: 4.9)

£20.9bn

Total AuM
-£0.3bn vs Q1-22

104bps

Net revenue margin
+1bps vs Q1-22

76%

EBITDA margin as a
% net revenue
-2% vs Q1-22

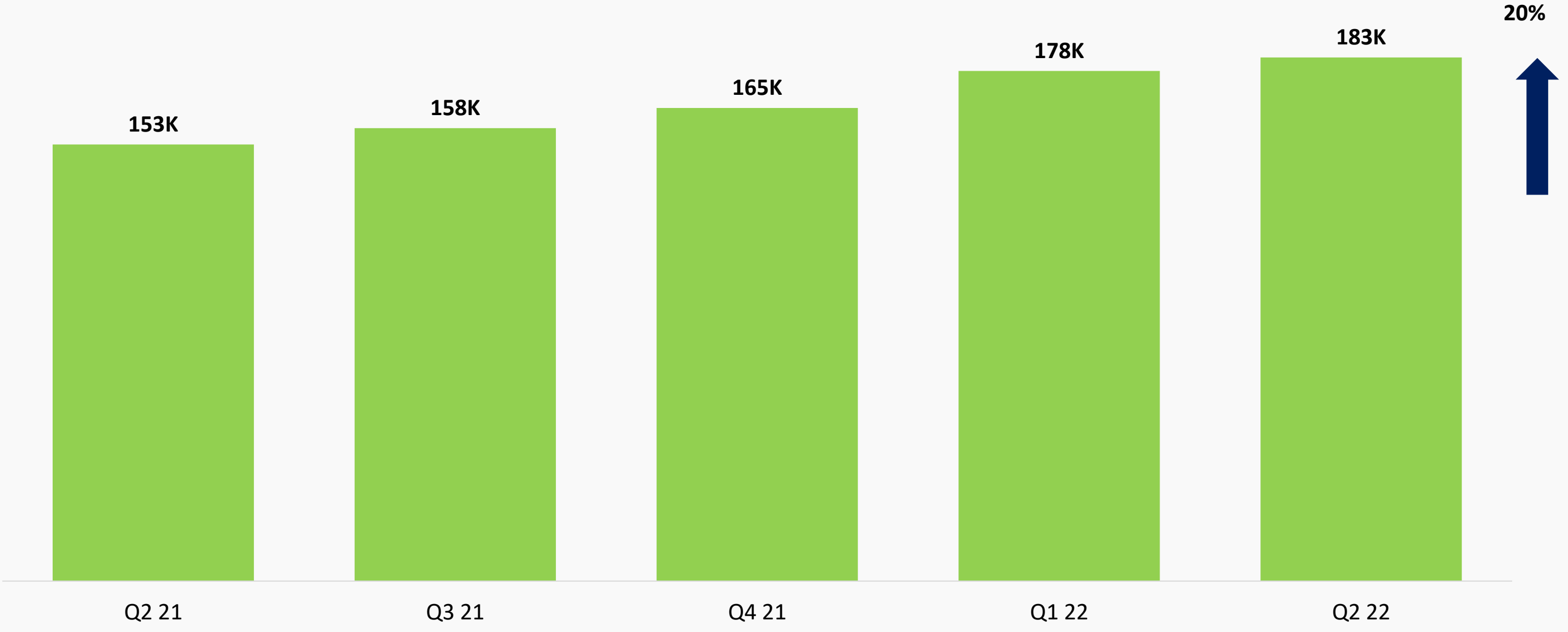
Inflows remain very strong; client behaviour not impacted by market. Market performance reflected in stable stock of AuM.

Multi-channel strategy...



Hybrid Advice refers to Central Advice Team Clients, Face to Face Advice refers to all other advice channels and D2C refers to direct to consumer clients

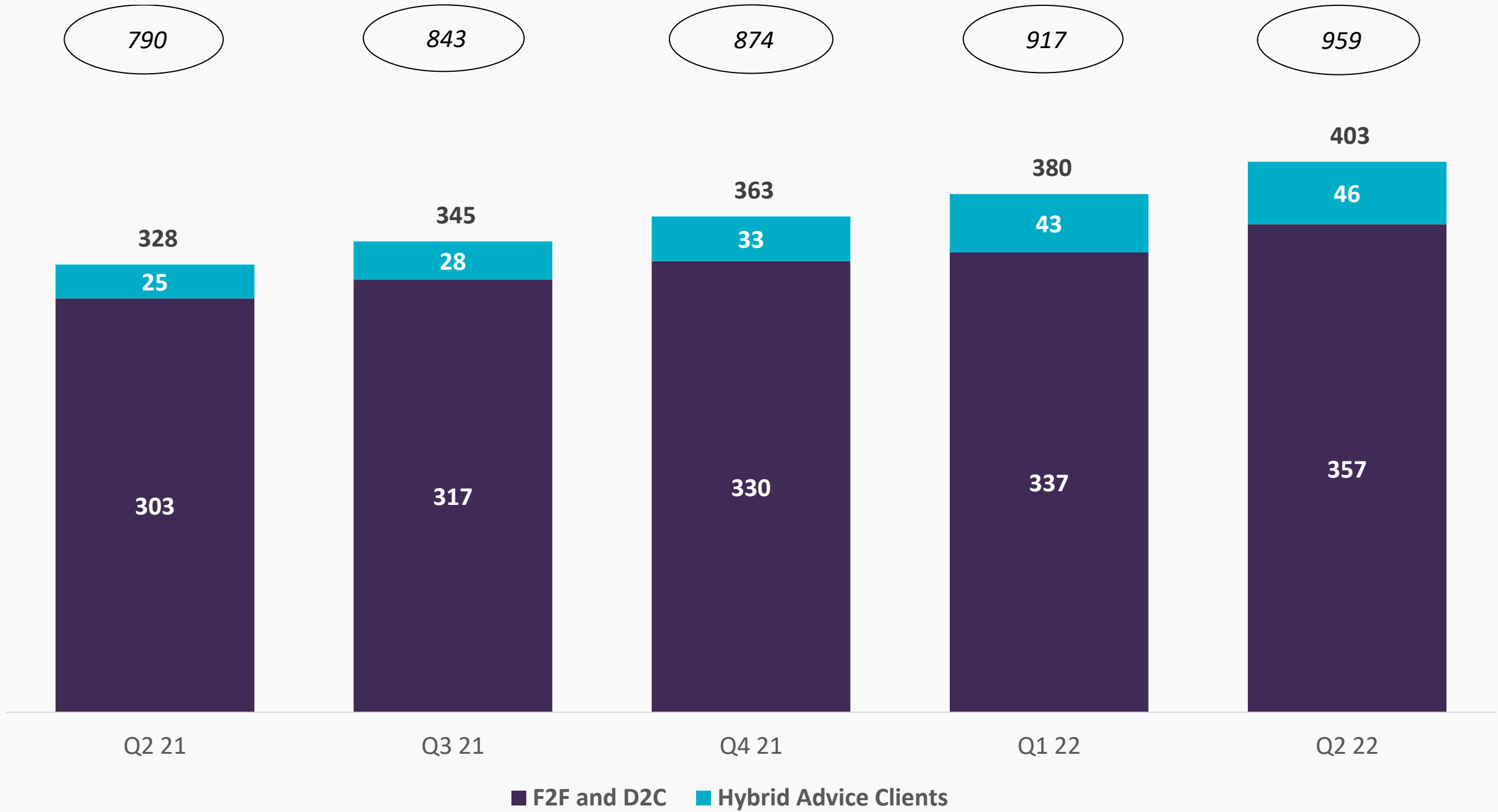
Inflows remain very strong; client behaviour not impacted by market. Market performance reflected in stable stock of AuM.
...driving increasing scale in transaction numbers...



Inflows remain very strong; client behaviour not impacted by market. Market performance reflected in stable stock of AuM.
...with continued growth in True Potential clients.

True Potential
 Wealth Management
 Advisers

True Potential Clients ('000)

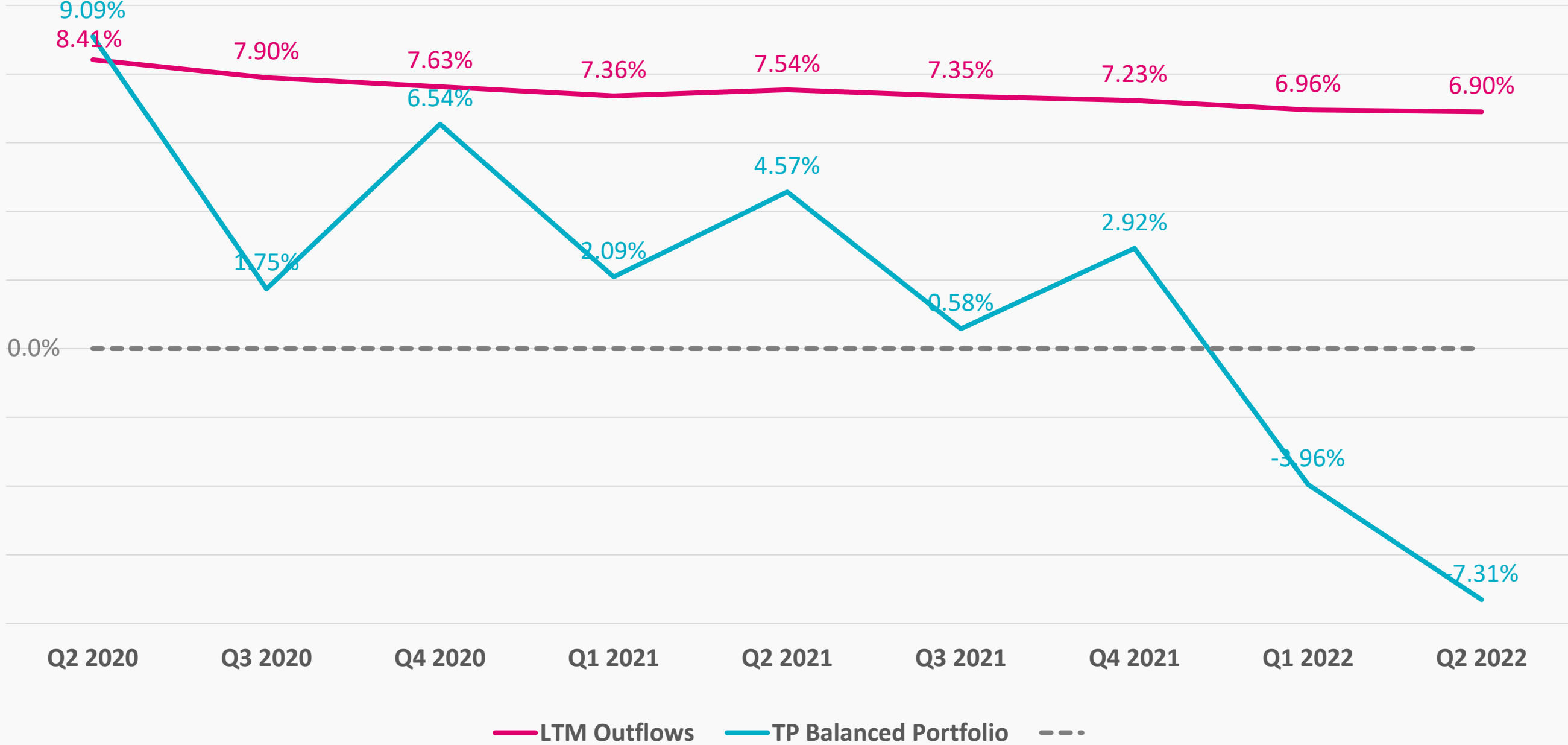


Inflows remain very strong; client behaviour not impacted by market. Market performance reflected in stable stock of AuM.

Stable outflows despite market performance...

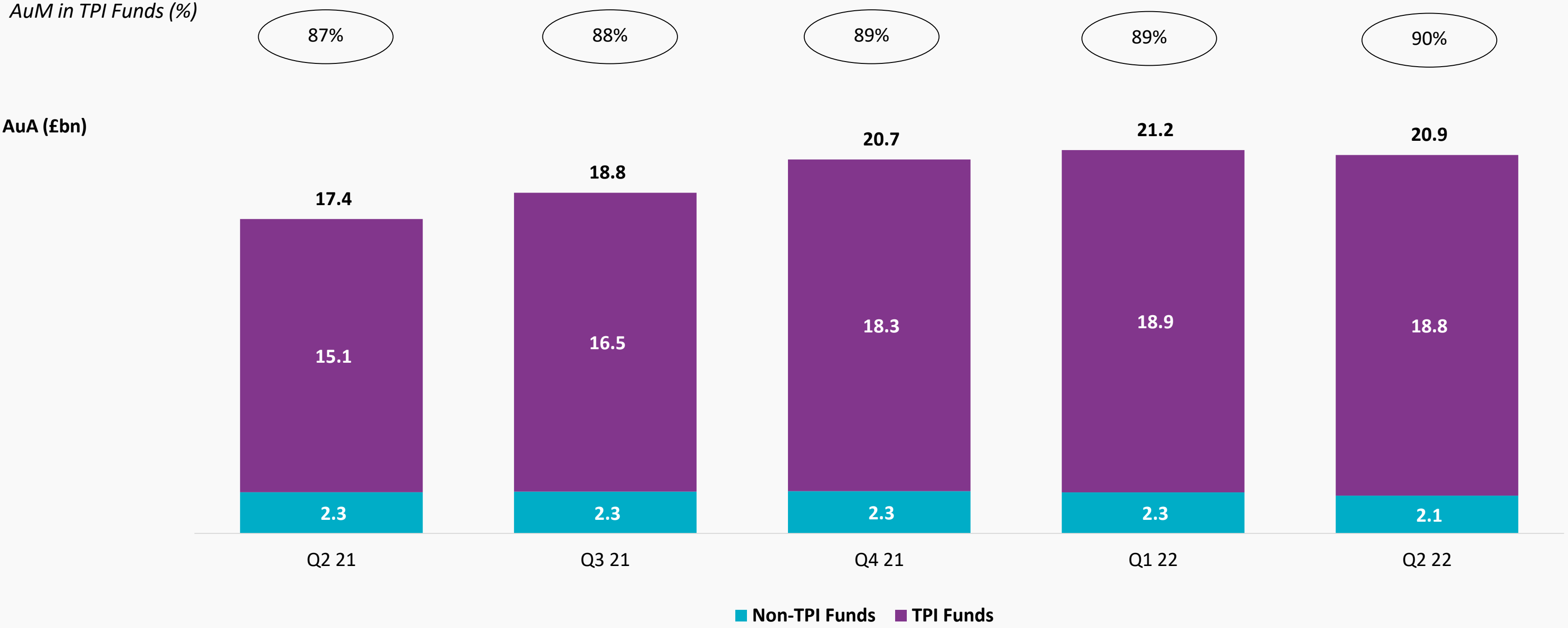
LTM outflows (%)

TP balanced portfolio performance in the quarter (%)



Inflows remain very strong; client behaviour not impacted by market. Market performance reflected in stable stock of AuM.

...underpins AuM growth...



Inflows remain very strong; client behaviour not impacted by market. Market performance reflected in stable stock of AuM.
...further demonstrated by relative performance against the industry.

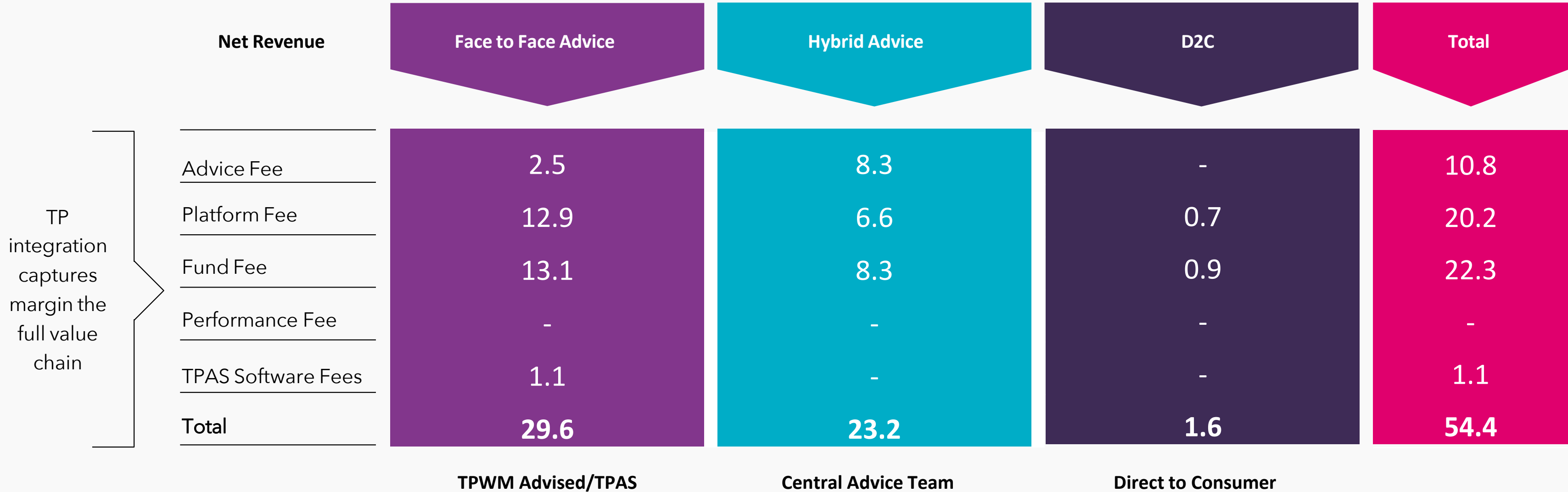


Source: Fundscape Platform Report: Q222 issue, August 2022

Diversified net revenue through multi-channels.

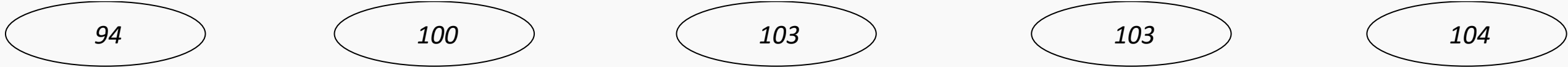
Net revenue (£m)

Vertically integrated multi-channel strategy

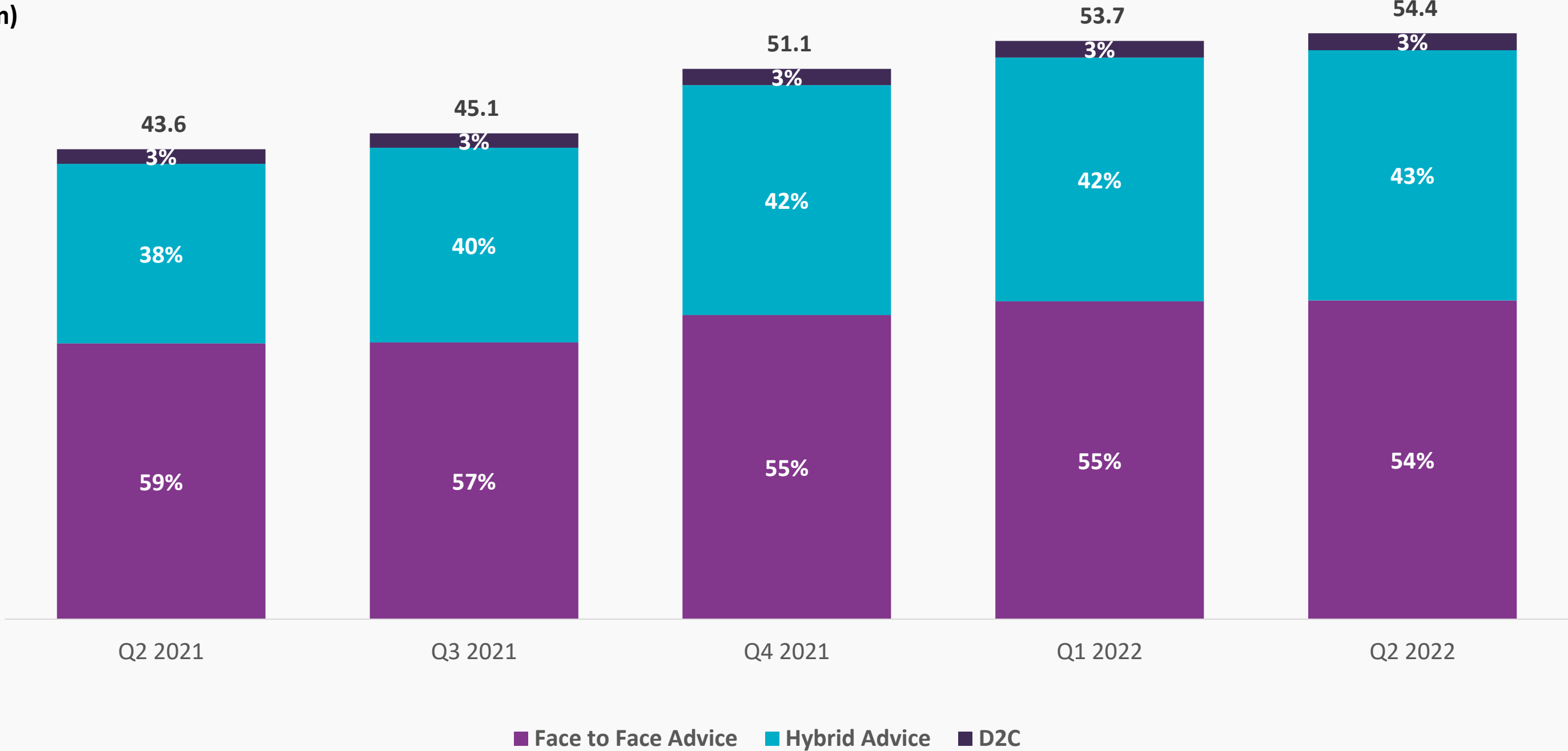


Diversified net revenue through multiple channels.

Net revenue margin (bps)

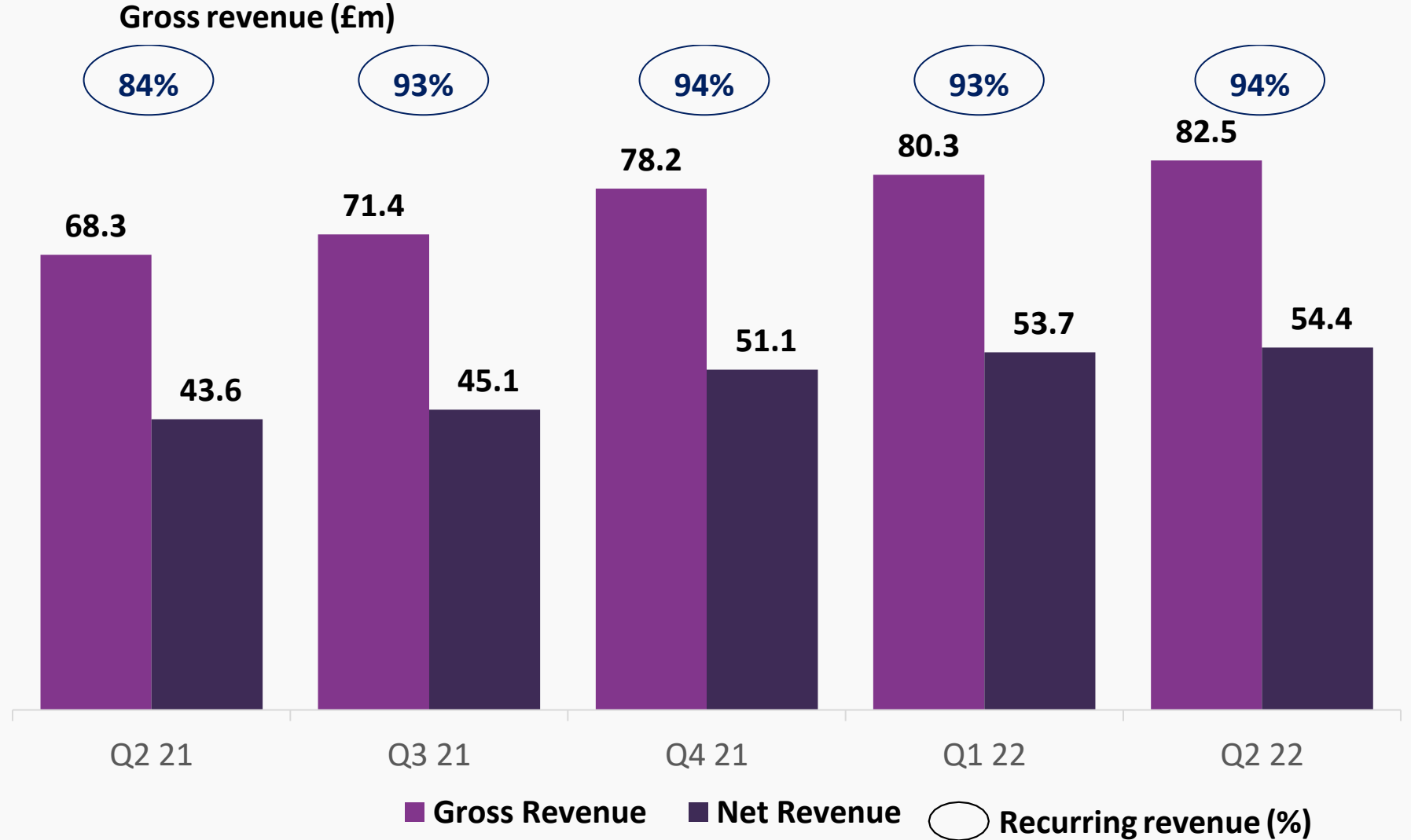
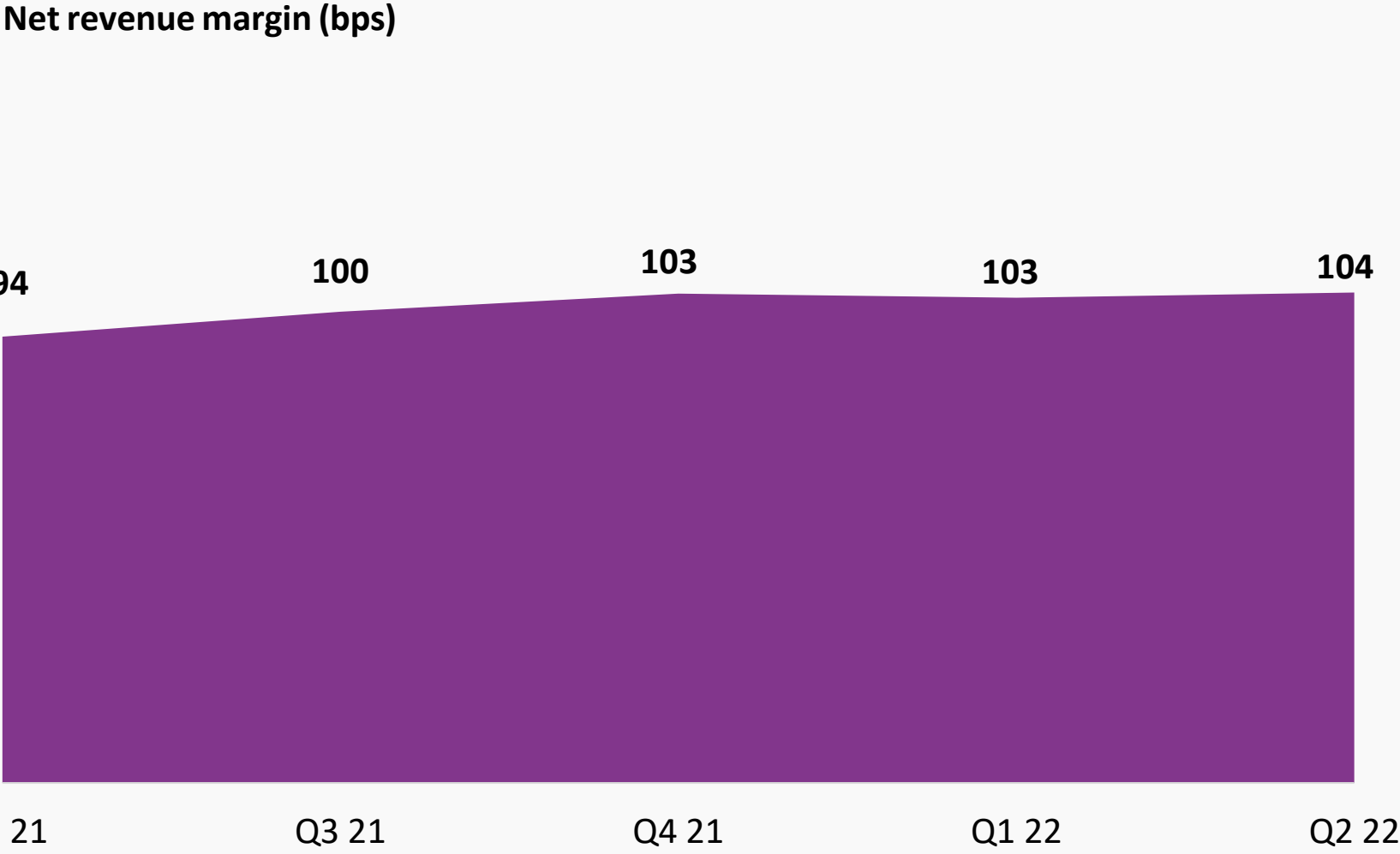


Multi-channel (£m)



Fully integrated and scalable model drives revenue and EBITDA growth.

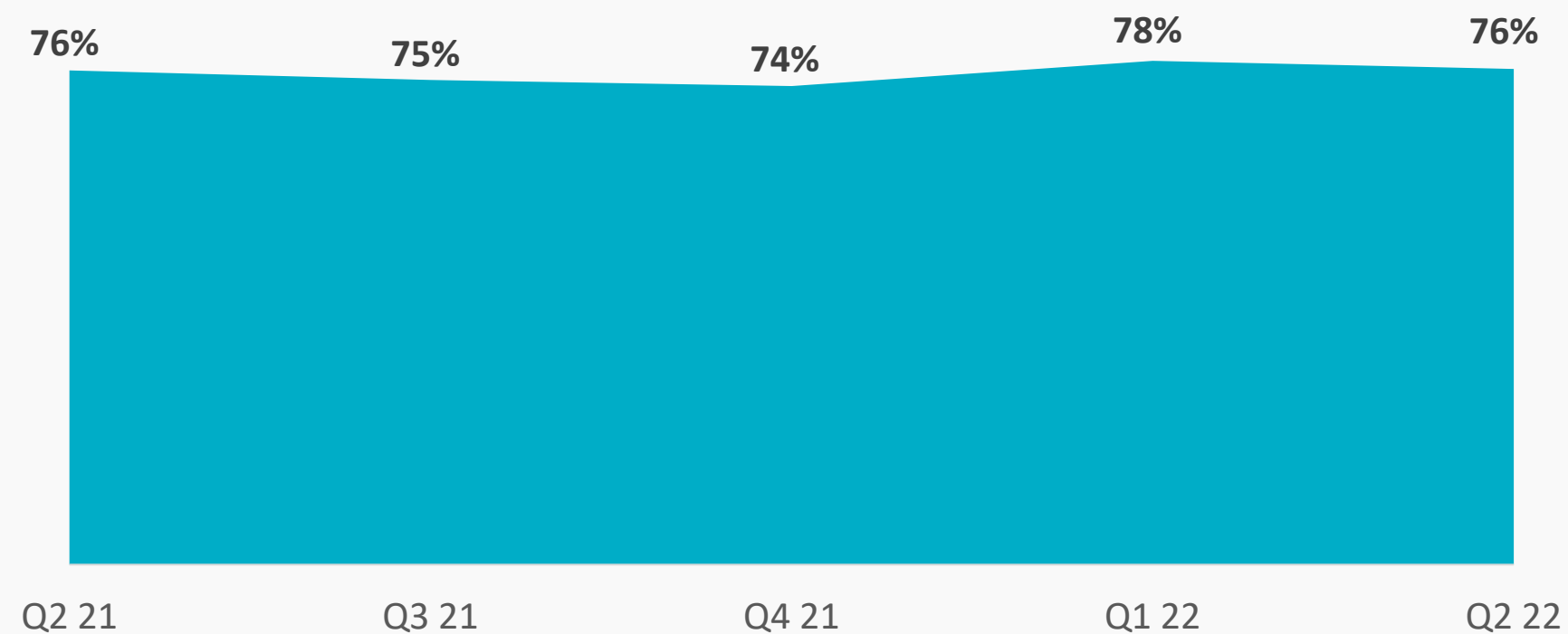
Full integration supports higher revenue margin



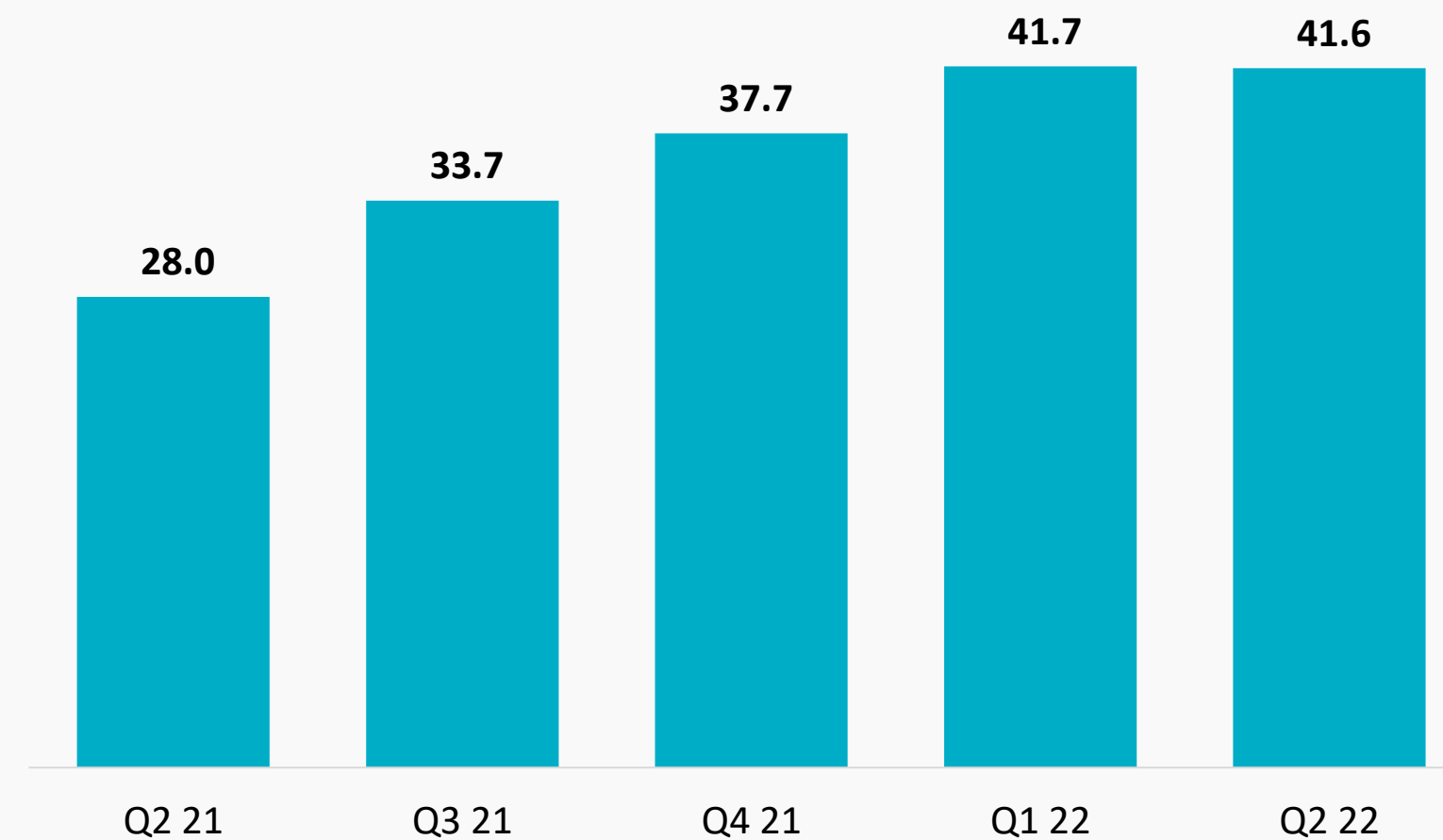
Fully integrated and scalable model drives revenue and EBITDA growth.

Technology and operating model drives EBITDA

EBITDA margin (% net revenue)

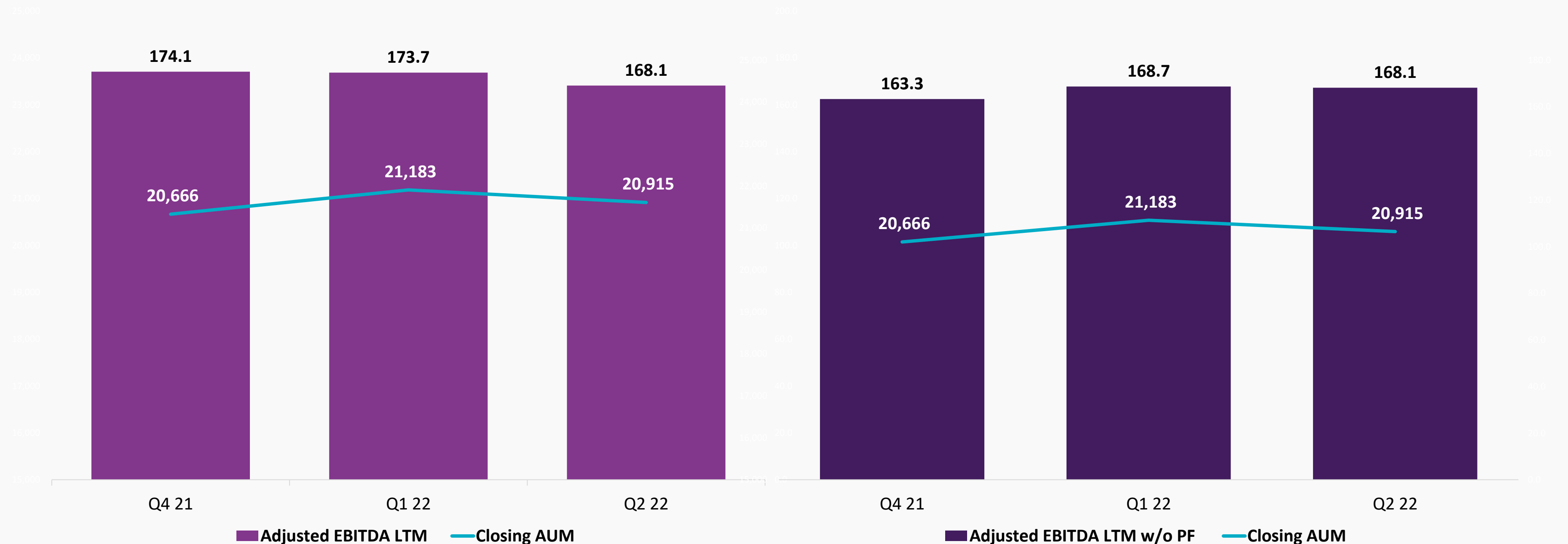


EBITDA (£m)



EBITDA excludes performance fee and exceptional items

And on an LTM basis, performance is stable given AuM trends through the quarter.



Adjusted EBITDA represents EBITDA adjusted for run-rate impact of the movement in AUM to the end of the current period, to reflect the financial performance already embedded

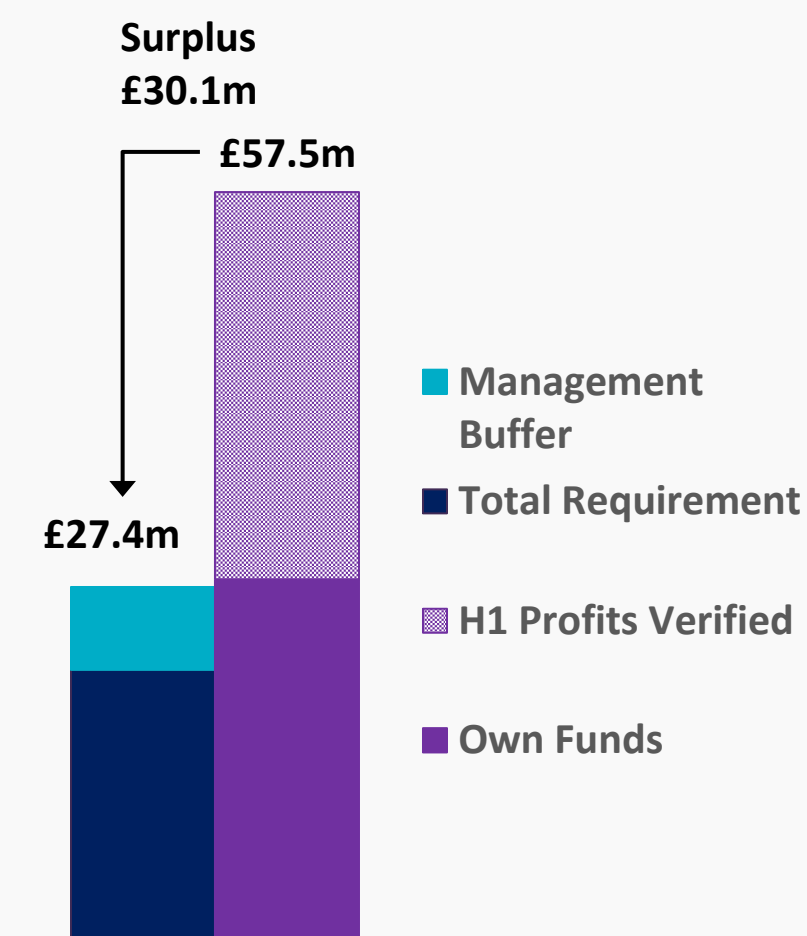
Strong operating cashflow generation and regulatory capital.

Cashflow	2020	2021	Q1 2022	Q2 2022	YTD 2022
EBITDA	74.0	132.2	41.7	41.6	83.2
Net working capital movement	(11.3)	10.9	3.3	2.7	6.0
Transaction related costs	-	-	(11.0)	-	(11.0)
Taxes paid	(9.3)	(19.0)	(6.5)	(5.3)	(11.9)
Interest paid	(32.8)	(35.3)	(27.5)	(0.0)	(27.5)
Cashflow from operating activities	20.6	88.8	(0.1)	39.0	38.9
Maintenance capex	(3.1)	(2.2)	(0.3)	(0.1)	(0.4)
Growth capex	(70.5)	(179.5)	(34.0)	(46.7)	(80.0)
Recruitment loans	(5.9)	(20.5)	(5.1)	(4.9)	(10.0)
Discretionary spend	(76.4)	(200.0)	(39.1)	(51.6)	(90.0)
Cashflow from investing activities	(79.6)	(202.2)	(39.4)	(51.8)	(90.4)
Cashflow from financing activities	60.1	118.0	106.0	37.4	143.5
Net cash movement	1.1	4.6	66.6	24.6	91.9
Opening cash balance	22.7	23.8	28.5	95.8	28.5
Closing cash balance	23.8	28.5	95.0	120.4	120.4

EBITDA Leverage	Jun-22
Adjusted EBITDA LTM	168.1
Gross debt	
HYB	700.0
RCF	65.0
Internal shareholder loan	36.7
Total gross debt	801.7
Less: cash	(120.4)
Net debt	681.3
Leverage multiple	4.1x

Interest	Q2 total
Bond interest	12.8
RCF interest	0.6
Internal shareholder loan interest	0.2
Interim bridge	-
Total interest	13.6

Regulatory capital on a consolidated basis – IFPR regime (£m)



The internal shareholder loan of £36.7m carries an interest rate of 2%, mirroring HMRC's official rate, with interest capitalisation. The loan is repayable on demand.

We continue to monitor our financing requirements and may consider engaging in discussions with potential investors on raising additional financing as appropriate.

Summary.

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