Alpha
Financial Markets Consulting

A leading global consultancy to the asset and wealth management industry

Audited Preliminary Results for the 12 months ended 31 March 2019

5 June 2019

Presentation Team

Euan Fraser

Global Chief Executive Officer

- Has led Alpha as CEO since 2013
- During this period, the business has increased EBITDA eight-fold
- Led the business through two successful private equity transactions and a public listing
- Alpha UK CEO from 2011 to 2015
- Over 20 years' financial services experience in both consulting and industry at Merrill Lynch
- Qualified as a chartered accountant with KPMG

John Paton

Chief Financial Officer

- Joined Alpha as CFO in February 2018
- Over 20 years' experience across corporate finance, banking and audit
- Qualified as a chartered accountant with KPMG
- Holds an Executive MBA
- Prior to Alpha, worked at HSBC in both Global and Commercial Banking divisions
- Latterly at HSBC, he was a director within UK Banking

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Full year results presentation

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Key Highlights

Alpha

Key Financial Highlights[1]

We continue to grow successfully our global business

Revenue

↑ 15.1%

FY 19: £76.0m

FY 18: £66.0m

Adjusted EBITDA[2]

↑ 18.0%

FY 19: £16.5m

FY 18: £14.0m

Operating Profit

↑ 46.9%

FY 19: £12.6m

FY 18: £8.6m

Adjusted Cash Conversion[3]

↑

FY 19: 101%

FY 18: 83%

Adjusted Earnings per Share[4]

↑ 23.0%

FY 19: 12.05p

FY 18: 9.80p

Total Dividend per Share

↑ 16.1%

FY 19: 6.00p

FY 18: 5.17p

1. "FY 19". Comparative period references ("FY 18") are to the 12-month period ended 31 March 2018. All rounding and percentage change calculations are from the basis of the financial statements in £'000s. 2. Adjusted EBITDA is operating profit before foreign exchange, interest, tax, depreciation, amortisation and other adjusting non-operational costs including acquisition costs, AIM admission costs, restructuring costs, earn-out costs and share-based payment charges. FY 18 has been recalculated to exclude foreign exchange gains or losses. 3. Adjusted cash conversion is net cash from operating activities divided by adjusted operating profit. Adjusted operating profit is adjusted EBITDA less depreciation. 4. Adjusted EPS is adjusted PAT over the weighted average number of shares in issue in the period. FY 18 recalculated to exclude FX.

Key Operational Highlights[1]

Delivering growth through global operations

Clients[2]

- Consulting to 38 new clients
- New clients in recently launched markets, Singapore and Switzerland
- Growing client base includes 80% of world's top 20 asset managers by AUM[3]

FY 18: 241 | FY 19: 279

Practices

- Two new practices: FinTech & Innovation and ETF & Indexing
- FY 18 practices, Digital and Alpha Data solutions, established within the service proposition
- Continued roll-out of Alpha practices globally

FY 18: 10 | FY 19: 12

Offices

- Opening of first office in a German-speaking market, Zurich
- Appointment of new CEO in the Netherlands
- Newly opened (FY 18) Singapore office well established in Asia

FY 18: 9 | FY 19: 10

Acquisitions

- Acquisitions remain a key aspect of the growth strategy
- Ongoing review of acquisition opportunities during the year
- Post balance sheet acquisition of Axxsys

FY 18: 1 | FY 19: –

Headcount[4]

- Number of consultants increased by 19%
- Largest graduate intake since scheme launch in 2012
- Hiring of two directors globally and promotion of one UK director

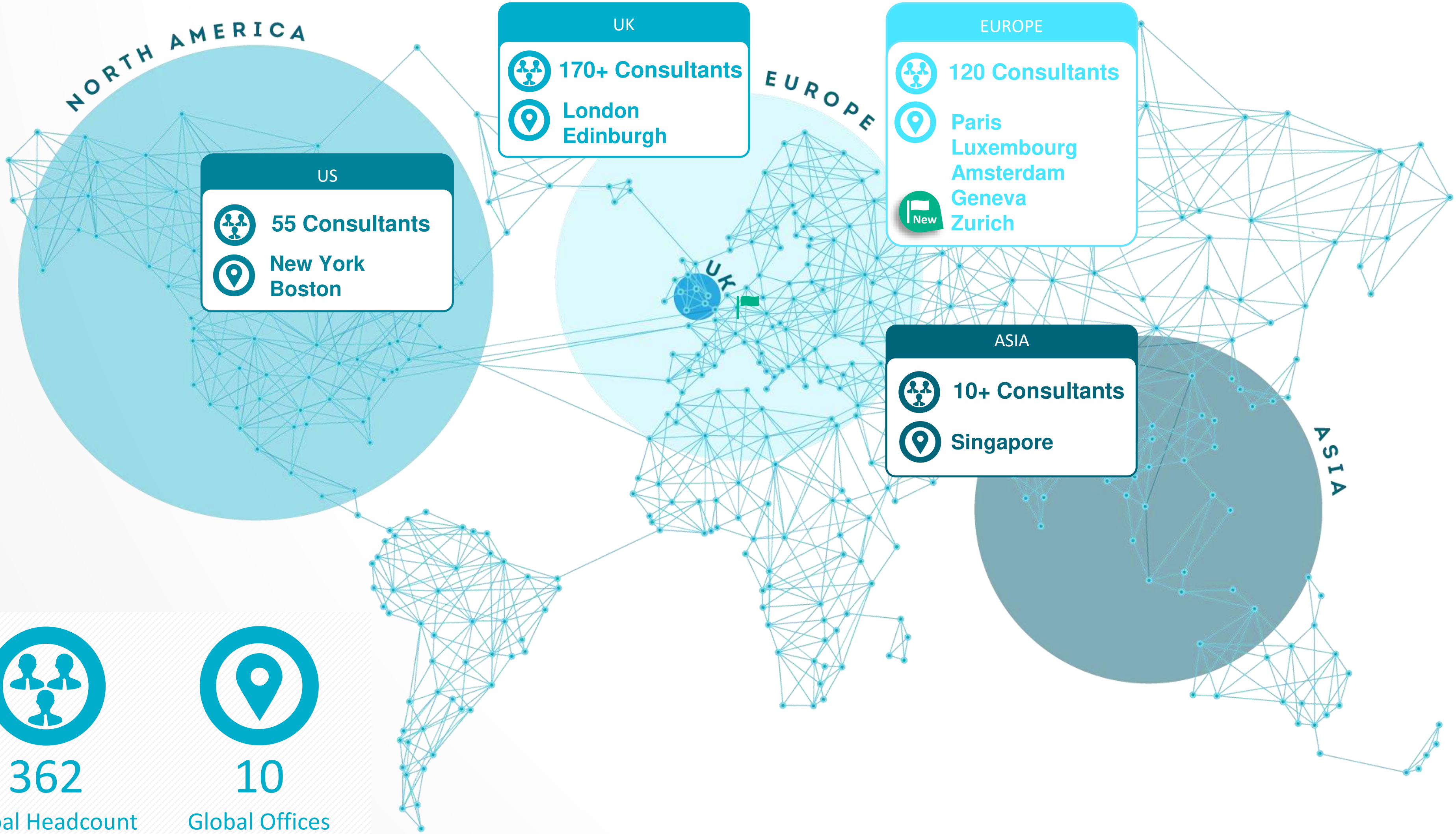
FY 18: 305 | FY 19: 362

1. All operational highlights figures are total numbers as at the end of the reporting period with the exception of Acquisitions, which reflects the number of acquisitions undertaken in the reported period. 2. Client numbers are cumulative. 3. Investment & Pensions Europe 2018, "The Top 400 Asset Managers". 4. Except where noted, "headcount" and "consultants" refers to total fee generating consultants at the year end: employed consultants plus utilised contractors.

Alpha

Our Regional Businesses at a Glance

Consolidating our position as a leading global consultancy to the asset management industry



US
- 55 Consultants
- New York, Boston

UK
- 170+ Consultants
- London, Edinburgh

EUROPE
- 120 Consultants
- Paris, Luxembourg, Amsterdam, Geneva, Zurich (New)

ASIA
- 10+ Consultants
- Singapore

362
Global Headcount

10
Global Offices

Strategic Highlights: acquisition of Axxsys

Alpha has acquired 100% of Axxsys Limited and its subsidiaries

Overview:

Axxsys is a **specialist SimCorp advisory and implementation consultancy**, with expertise across a range of additional investment management solutions.

2003 established
Over 15 years' experience in consulting and technology

28 people
Employees at acquisition

3 global offices
UK (headquarters), Denmark and Canada

£9 million
Base cost of acquisition plus performance earn-out paid in installments

£6.2 million
FY 18 annual revenues

Strategic drivers:

The addition of Axxsys to the Alpha Group **creates additive revenue** as well as bringing a strong **complementary, technology focussed service to the client proposition**

Extends the service offering
SimCorp and investment management platforms

Add-on consulting business
Niche consulting within investment management

Broadens geographic reach
Develops Alpha's footprint in the Nordics and Canada

Positive pipeline of work
Creates strong revenue visibility

Cross-selling opportunity
Brings new clients to the distribution model

Accretive
Positive impact on EPS due to cash purchase

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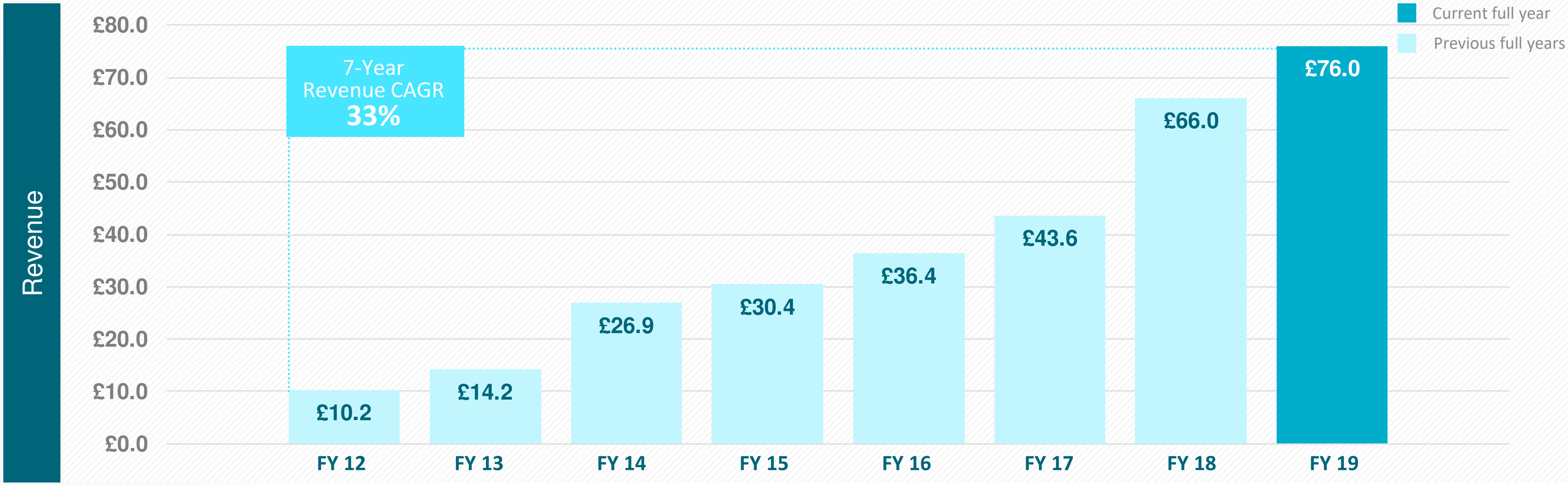
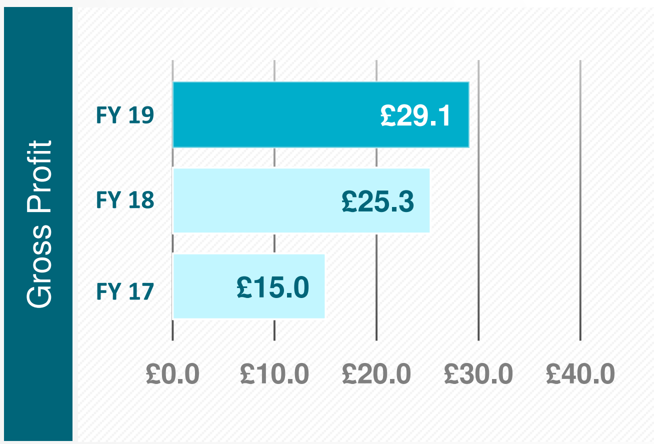
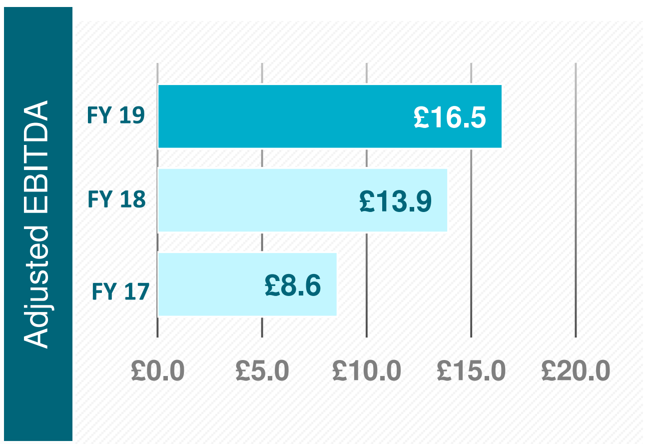
Key Financials

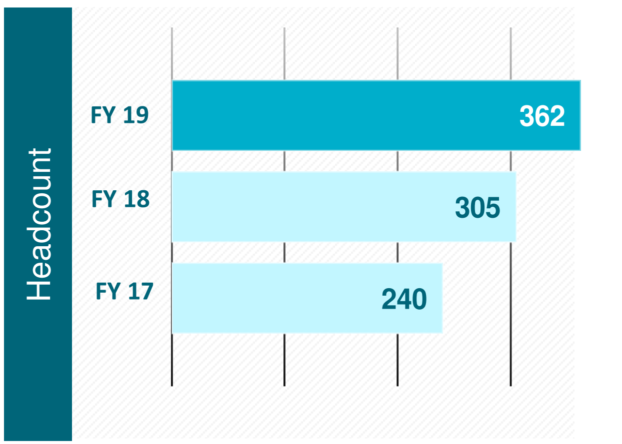
Key Performance Indicators

Historic track record









Group Income Statement

12 months ended 31 March 2019

£'000	FY 19	FY 18	% change
Revenue	**75,960**	**66,009**	**15.1%**
Gross profit	29,082	25,261	15.1%
Gross profit margin %	*38.3%*	*38.3%*	
Administration expenses[1]	(12,604)	(11,292)	11.6%
Adjusted EBITDA	**16,478**	**13,969**	**18.0%**
Adjusted EBITDA margin %	*21.7%*	*21.2%*	
Depreciation	(263)	(297)	11.5%
Adjusted operating profit	**16,215**	**13,672**	**18.6%**
Adjusting expense items	(3,643)	(5,114)	(28.8%)
Operating profit	**12,572**	**8,558**	46.9%
Interest	(52)	(7,059)	
Profit before tax	**12,520**	**1,499**	735.2%
Adjusted profit after tax	**12,240**	**9,984**	**22.6%**
Adjusted earnings per share	12.05p	9.80p	23.0%
Dividend per share - Interim	1.91p	1.48p	
- Final (proposed)	4.09p	3.69p	
Total dividend per share	**6.00p**	**5.17p**	**16.1%**

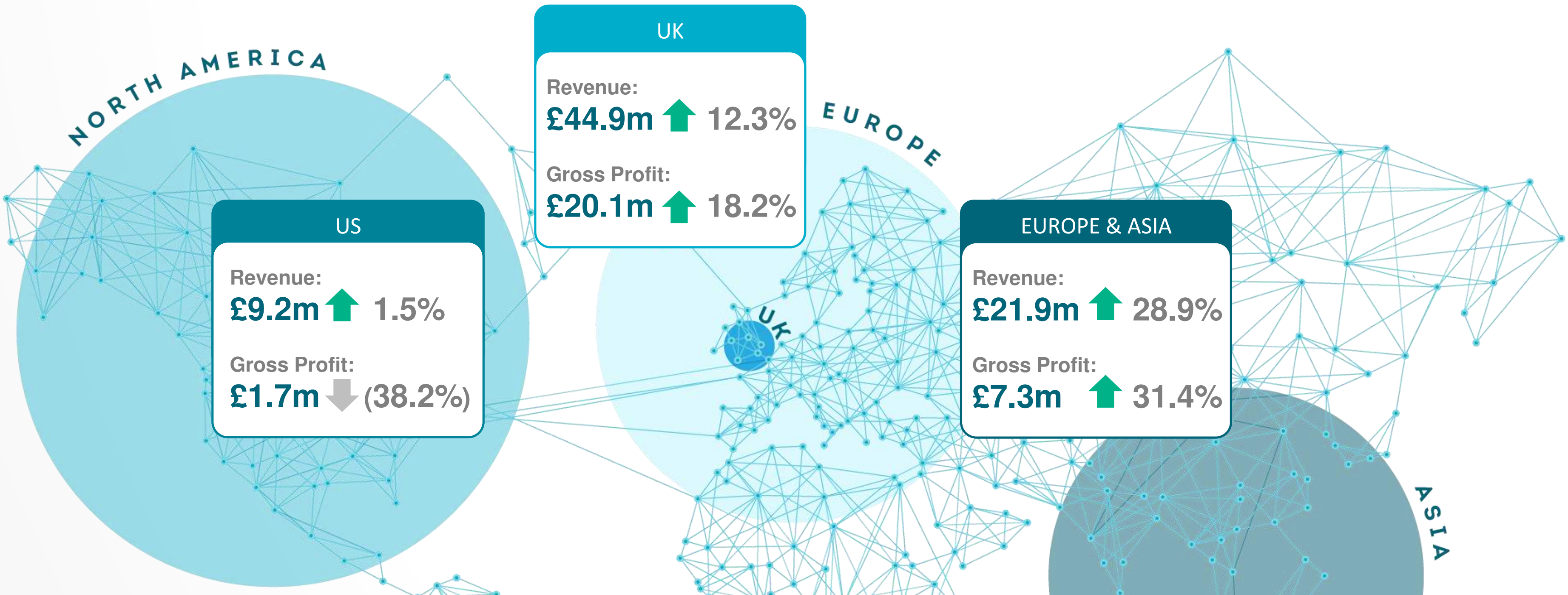
Key highlights:

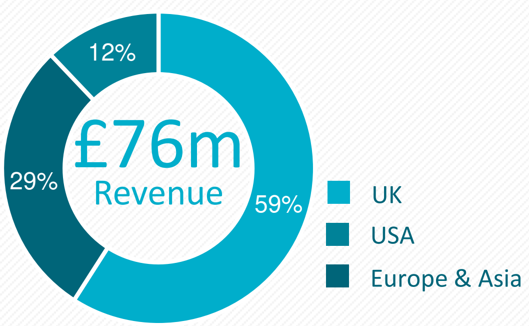
- Strong 15.1% organic revenue growth; nil FX impact
- Consistent 38.3% gross profit margins
- Administration expenses increase of 11.6%
- Adjusted EBITDA margin continued to improve to 21.7%
- Reduction in interest costs reflects post AIM admission structure
- Adjusted EPS increased 23.0% as adjusted effective tax rate normalises
- 4.09p per share dividend recommendation, in line with 50% pay-out policy, on an adjusted PAT basis

1. Administration expenses stated before non-operating costs including foreign exchange movements, acquisition costs, AIM admission costs, restructuring costs, earn-out costs and share-based payment charges.

Regional Performance

12 months ended 31 March 2019





Key highlights:

- Revenue growth across all regions as Alpha continues to internationalise
- Europe & Asia delivered best regional performance; with Swiss and Singapore revenues doubling, while maintaining gross profit margin
- UK grew revenue and improved gross profit margin, while utilisation levels normalised through the year from FY 18 highs
- US business grew, experiencing lower utilisation levels as it consolidated progress, strengthening the team and adding new domestic clients

Adjusting Expense Items

12 months ended 31 March 2019

Non-recurring:

£'000	FY 19	FY 18
AIM admission costs	–	1,621
US restructuring & secondment costs	–	251
Acquisition costs	–	241
Total non-recurring costs	–	2,113

Non-underlying:

£'000	FY 19	FY 18
Amortisation	2,586	2,383
Share-based payments charge	872	191
Earn-out consideration	295	391
Loss on disposal of fixed assets	6	–
(Gains)/losses on foreign exchange	(116)	36
Total non-underlying operating costs	**3,643**	**3,001**
Total adjusting non-operating costs	**3,643**	**5,114**

Key highlights:

- No non-recurring expenses in the current year
- The comparative period includes one-off AIM admission costs, TrackTwo acquisition expenses and costs relating to a specific successful US restructuring
- Non-underlying expenses include:
    - Amortisation of acquired intangible assets
    - Management and employee share-based incentive reward charges under IFRS 2, including relevant social security taxes
    - TrackTwo earn-out payments expensed per IFRS 3
    - FX (gains) / losses separated from the underlying trading results

Group Balance Sheet

As at 31 March 2019

£'000	FY 19	FY 18
Non-current assets	76,344	75,936
Trade receivables	16,639	17,851
Accrued income	1,540	2,743
Other receivables	1,501	648
Cash	18,581	9,774
Trade payables	(1,437)	(2,362)
Deferred income[1]	(662)	(989)
Other payables	(19,687)	(17,270)
Deferred tax provision	(3,193)	(3,401)
Other non-current liabilities	(486)	(277)
Net Assets	**89,140**	**82,653**
Issued share capital	76	77
Other reserves	90,134	89,663
Retained earnings[1]	(3,165)	(6,677)
Foreign exchange reserve	2,095	(410)
Shareholders' Equity	**89,140**	**82,653**

Key highlights:

- No impairment of non-current assets; ongoing investment in the 360 SalesVista product
- Significant working capital improvements in the current year
- Debt free capital structure post-AIM admission; strong £18.6m closing net cash position
- Undrawn £5.0m committed revolving credit facility in place since AIM admission
- Other payables include accruals, tax liabilities and other creditors

1. Retained earnings and deferred income FY 18 restated to reflect adoption of the new accounting standard, IFRS 15.

Group Cashflow

12 months ended 31 March 2019

£'000	FY 19	FY 18
Operating profit	**12,572**	**8,558**
Non-cash items	3,352	4,733
Net movement in working capital	2,440	(732)
Income taxes paid	(1,996)	(1,222)
Net cash from operating activities	**16,368**	**11,337**
Adjusted cash conversion rate %	*101%*	*83%*
AIM admission costs	-	(892)
Capex	(728)	(243)
Cost relating to acquisitions	(1,113)	(2,183)
Net cash used in investing activities	**(1,841)**	**(3,318)**
Equity raise	-	34,348
Loans & preference shares repaid	-	(33,602)
Interest paid	(45)	(5,469)
Dividends paid	(5,687)	(1,508)
Net cash from financing activities	**(5,732)**	**(6,231)**
Net increase in cash & equivalents	**8,795**	**1,788**
Exchange rate fluctuations on cash	12	(37)
Net cash at start of year	9,774	8,023
Net cash at end of year	**18,581**	**9,774**

Key highlights:

- Improved 101% adjusted cash conversion; better working capital management
- Ongoing 360 SalesVista product enhancement investment
- Deferred acquisition and earn-out payments were made in the year relating to TrackTwo
- Reduction in interest paid as a result of the Group's debt-free structure
- Strong cash generation after investment, acquisition and dividend payments
- Significantly improved year end cash position at £18.6m

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Market & Operating Review

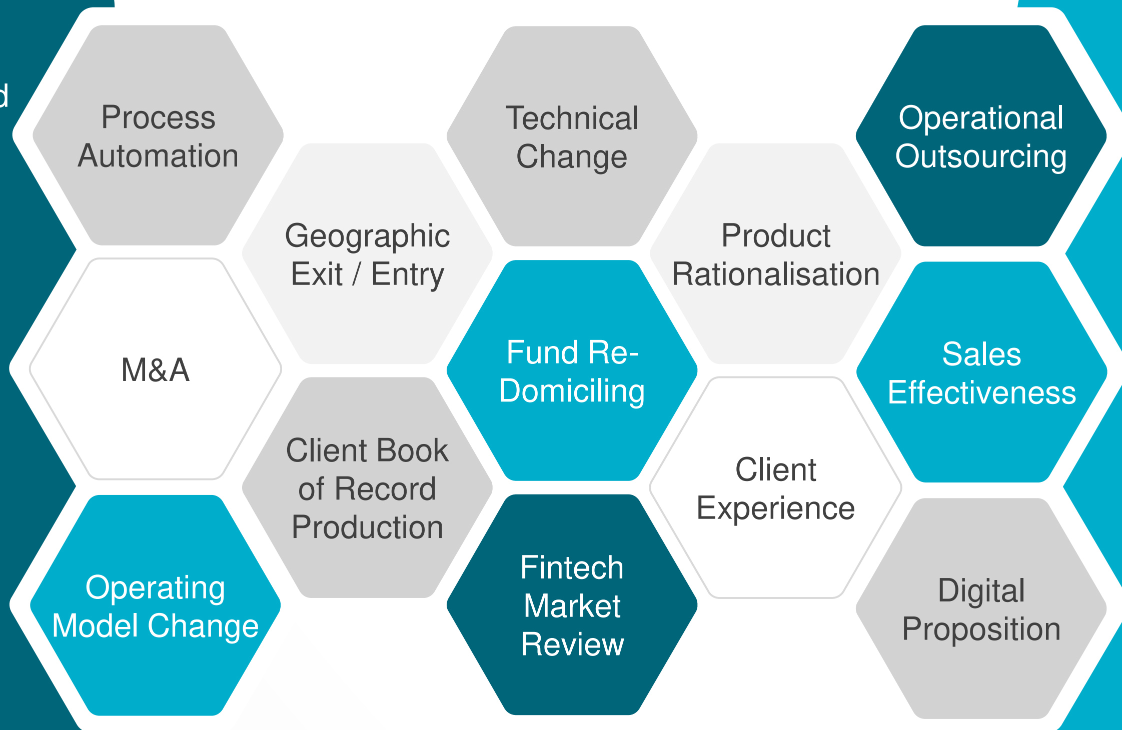
Proposition & Capabilities

Structural drivers of market change

Our clients are confronted with a series of key structural drivers..

1. **Growth in Global AUM**
2. **Cost Pressures**
3. **Regulatory Demands**

The focus of our clients’ responses is varied and includes..



.. Alpha supports clients through all stages of their response.

Strategy & Advisory
Alpha understands the industry macro-drivers and supports clients in translating these into tangible change initiatives

Planning & Selection
Alpha helps clients to prioritise these change initiatives and create achievable, risk-managed plans

Implementation
Alpha leads or supports the execution of these change initiatives, often focused on the most “mission-critical” programmes

Key Alpha Differentiators

Our clients recognise the quality and experience of our people

Alpha's 12 practice areas..

Core
- Benchmarking
- Operations & Outsourcing
- M&A Integration

Established
- Front Office
- Distribution
- Alpha Technology Services

Growth
- Regulatory Compliance
- Investment Guidelines
- Alpha Data Solutions
- Digital

New
- FinTech & Innovation
- ETF & Indexing

.. supported by a unique blend of expertise and insight

- **Subject matter expertise:** Focussing exclusively on asset and wealth management, we provide relevant, up-to-date industry knowledge and experience
- **Delivery excellence:** Our robust consulting and project management expertise extends across the asset and wealth management value chain
- **Proven approach:** We bring together deep industry experience, relevant methodologies and significant proprietary data to provide our clients comprehensive value outcomes

Revenue Visibility

Major Programmes	Large Programmes	Smaller Projects
£2m+, typically multi-region	£1m to £2m, single or multi-region	Up to £1m, typically single region

ETF & Indexing Practice Spotlight

Responding to the growing significance of index funds and ETFs, and demand for consulting support

Index and ETFs at a glance

Year-on-year flows into index strategies as many active funds underperform after fees

In Europe **ETF AUM exceeds that of both** index pooled funds and hedge funds

$30 trillion by 2030 global ETF growth projection from current level of $5 trillion

Key topics driving growth

- **Flows from active** to index funds / ETFs
- **Active asset allocation** of index funds / ETFs
- Focus on fees and **total cost of ownership**
- Regulatory scrutiny: **"value for money"**
- ETFs are **wrappers, not businesses**
- Index funds deliver **alpha and beta**
- **Technological** innovators
- **Disruptive distribution** models

Alpha's proposition

- New practice brings a **highly relevant market proposition**
- Complements Alpha's existing **specialist knowledge and delivery capabilities** in the industry
- Strong market opportunity that includes cross-sell to **existing clients** and potential **new clients**
- **Demand extends across** existing ETF issuers, new entrant ETF issuers and asset servicers
- Alpha has supported a number of **ETF market entry projects** in Europe and the US
- Uniquely positioned to support the **breadth of client challenges and opportunities**, including:

- Index & ETF strategy
- Target operating model design
- RFP & partner selection
- Implementation & launch
- Benchmarking
- Market positioning
- Client onboarding
- Distribution strategy

Alpha

Key Alpha Differentiators

Our clients recognise the quality and experience of our people

We attract and retain the highest calibre individuals in the industry

The most talented consultants in the industry join Alpha for:

- **Industry reputation** as a leading consultancy meaning candidates actively approach Alpha
- **Invaluable experience** through working on impactful, industry defining projects
- **Unique culture** placing people at the heart of the Alpha business
- **Open, diverse and inclusive environment** delivered through a dedicated support programme
- **Market-leading compensation package**, including differentiating profit share
- **Sharing success**, with employees offered equity and a management incentive plan for directors
- **Comprehensive training and development,** building consulting skills and industry knowledge

THE SUNDAY TIMES 100 BEST SMALL COMPANIES TO WORK FOR 2017 2018 2019

We are a Living Wage Employer

30% Club GROWTH THROUGH DIVERSITY

THE SUTTON TRUST

glassdoor 4.7

Our people deliver unrivalled outcomes to clients

Alpha's successful talent management approach provides the foundation upon which we offer the following differentiators:

- **High performing team** bringing indispensable experience and personal credentials to the corporate proposition
- **Focussed proposition** with unparalleled insights in implementing responsive strategies for clients
- **Industry track record** with a strong reputation for successfully delivering business critical change
- **Global presence** for serving our expanding client base and delivering large cross border programmes
- **IP and benchmark data** grown over 15 years, offering unique intelligence on how our clients run their businesses

"Alpha's greatest strength is having **good people**, and with Alpha you can be **sure of what you are getting**"
Director, global asset manager

"Alpha has one of the **highest quality of people** I have seen"
COO, service provider

Agenda

Outlook

Platform for Growth

We continue to build on our success by investing in people, business practices and geographies

Strong financial progress in FY 19

- Continued increase in **annual revenue and EBITDA**
- **Strong cash position** at end of year
- Organic growth across **all the Group's geographies**

Growing our talent base

- Constantly reviewing market-leading proposition for attracting and retaining **outstanding talent**
- **Increased headcount** of highly skilled consultants
- **Expanded management team** through key hires and promotions

A market-leading reputation for quality

- Ability to **respond effectively to demand**
- Record of **delivering exceptional quality** to clients
- **Growth in number of clients** supported globally

Delivering our strategic objectives

- Objective remains to be **the leading asset management consultancy**
- Extended the depth and **range of services**
- Continuing to **build scale** in all markets
- Recent **bolt-on acquisition** expands services and geographic reach further

Outlook

Board expects to deliver a strong performance in the year ahead and is confident of the Group's growth prospects

Strong market drivers

- **Structural drivers** in the asset management industry remain very prominent
- **Strong addressable market** that is forecast to grow

Good momentum at the year start

- FY 20 has begun well with **trading consistent** across all the Group's geographies
- **Healthy business pipeline** of new and existing clients

Multiple growth opportunities

- **Growth in scale and strength** achieved during FY 19 across practices, geographies and people will be consolidated and built upon
- **Global opportunities** to extend further the range of services and service locations

- Strong financial prospects
- Advantage built upon highly skilled team
- Comprehensive proposition and capabilities
- Growth opportunities and blueprint to expand

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Appendices

Regional Breakdown

£'000	FY 19	FY 18	% change
UK	44,937	40,020	12.3%
US	9,172	9,036	1.5%
Europe & Asia	21,851	16,953	28.9%
Revenue	**75,960**	**66,009**	**15.1%**
UK	20,139	17,034	18.2%
US	1,658	2,683	(38.2%)
Europe & Asia	7,285	5,544	31.4%
Gross Profit	**29,082**	**25,261**	**15.1%**

Notes:

- Group is currently organised into three geographical operating divisions: UK, US, Europe & Asia
- Europe & Asia was the strongest performing segment in FY 19

Basic and Adjusted Earnings per Share

£'000	FY 19	FY 18
Profit after tax	9,199	(442)
Weighted average number of ordinary shares	101,604	90,185
Weighted average number of ordinary shares, including potentially dilutive shares	104,020	90,185
Basic EPS (p)[1]	**9.05p**	**(0.49p)**
Diluted EPS (p)[2]	**8.84p**	**(0.49p)**
Adjusted profit after tax	12,240	9,984
Weighted average number of ordinary shares	101,604	101,860
Weighted average number of ordinary shares, including potentially dilutive shares	104,020	101,860
Adjusted basic EPS[3] (p)	**12.05p**	**9.80p**
Adjusted diluted EPS[4] (p)	**11.77p**	**9.80p**

Notes:

- Basic and diluted earnings per share data is presented, both adjusted and unadjusted for the Group's ordinary shares
- Potential ordinary shares are only treated as dilutive when their conversion to ordinary shares would decrease EPS (or increase loss per share)
- There were 2.4 million potentially dilutive ordinary shares in FY 19
- Alpha's management incentive plan anticipates performance related dilution of up to 10% over three years from AIM admission

1. Basic EPS is calculated by dividing the profit/(loss) for the year by the weighted average number of ordinary shares outstanding in the year. To aid comparability, the prior year considers the number of shares in issue immediately before AIM admission. 2. Diluted EPS considers the weighted average number of dilutive shares outstanding in the period. Due to the loss in the prior year, comparative ordinary shares were not diluted. 3. Adjusted basic EPS is adjusted PAT over the weighted average number of shares in issue in the period; the comparative considers the number of shares in issue at and since AIM admission. 4. Adjusted diluted EPS considers the weighted average number of dilutive shares outstanding in the period.

Caution Statement

Forward looking statements

This presentation may contain and the Company may make verbal statements containing "forward-looking statements" with respect to certain of the Company's plans and its current goals and expectations relating to its future financial condition, performance, strategic initiatives, objectives and results. Forward-looking statements sometimes use words such as "aim", "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe", "seek", "may", "could", "outlook" or other words of similar meaning. By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond the control of the Company, including amongst other things, UK domestic and global economic business conditions, market-related risks such as fluctuations in interest rates and exchange rates, the policies and actions of governmental and regulatory authorities, the effect of competition, inflation, deflation, the timing effect and other uncertainties of future acquisitions or combinations within relevant industries, the effect of tax and other legislation and other regulations in the jurisdictions in which the Company and its respective affiliates operate, the effect of volatility in the equity, capital and credit markets on the Company's profitability and ability to access capital and credit, a decline in the Company's credit ratings; the effect of operational risks; and the loss of key personnel. As a result, the actual future financial condition, performance and results of the Company may differ materially from the plans, goals and expectations set forth in any forward-looking statements. Any forward-looking statements made herein by or on behalf of the Company speak only as of the date they are made. Except as required by applicable law or regulation, the Company expressly disclaims any obligation or undertaking to publish any updates or revisions to any forward-looking statements contained in this presentation to reflect any changes in the Company's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based.

No statement in this presentation is intended to be a profit forecast, and no statement in this presentation should be interpreted to mean that earnings per share of the Company for the current or future financial years would necessarily match or exceed the historical published earnings per share of the Company.