

# True Potential Full Year Results

For the year ended  
31 December 2023

29 April 2024

true potential 



# Agenda

1. CEO Update
2. FY 2023 Financial Results
3. Q4 2023 Financial Results
4. Summary and Q&A



**Daniel Harrison**

Chief Executive Officer

Co-founder



**Ben Thorpe**

Chief Financial Officer



**Steven Rutter**

Head of Finance

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**Daniel Harrison**

Chief Executive  
Officer

Co-founder

# FY 23: Strong momentum and growth

507k

True Potential clients  
+68k vs FY 22

98%

Client retention  
(FY 22: 98%)

£3.9bn

Net inflows  
FY 22: £5.4bn net inflows

92%

Fully integrated AuM  
FY 22: Fully integrated  
AuM 91%

4.9

Trustpilot score  
(FY 22: 4.9)

£28.5bn

Total AuM  
+£5.2bn vs FY 22

106bps

Net revenue margin  
(FY 22: 104bps)

79%

EBITDA margin as a  
% net revenue  
flat vs FY 22

# True Potential: the UK's leading digital wealth manager

Unique proposition, best placed to win...

- ✓ Loyal, long-term and aspiring client base
- ✓ Huge and growing market opportunity
- ✓ Fully integrated multi-channel offering with attractive unit economics
- ✓ High growth, scalable and proprietary tech platform
- ✓ Superior financial profile

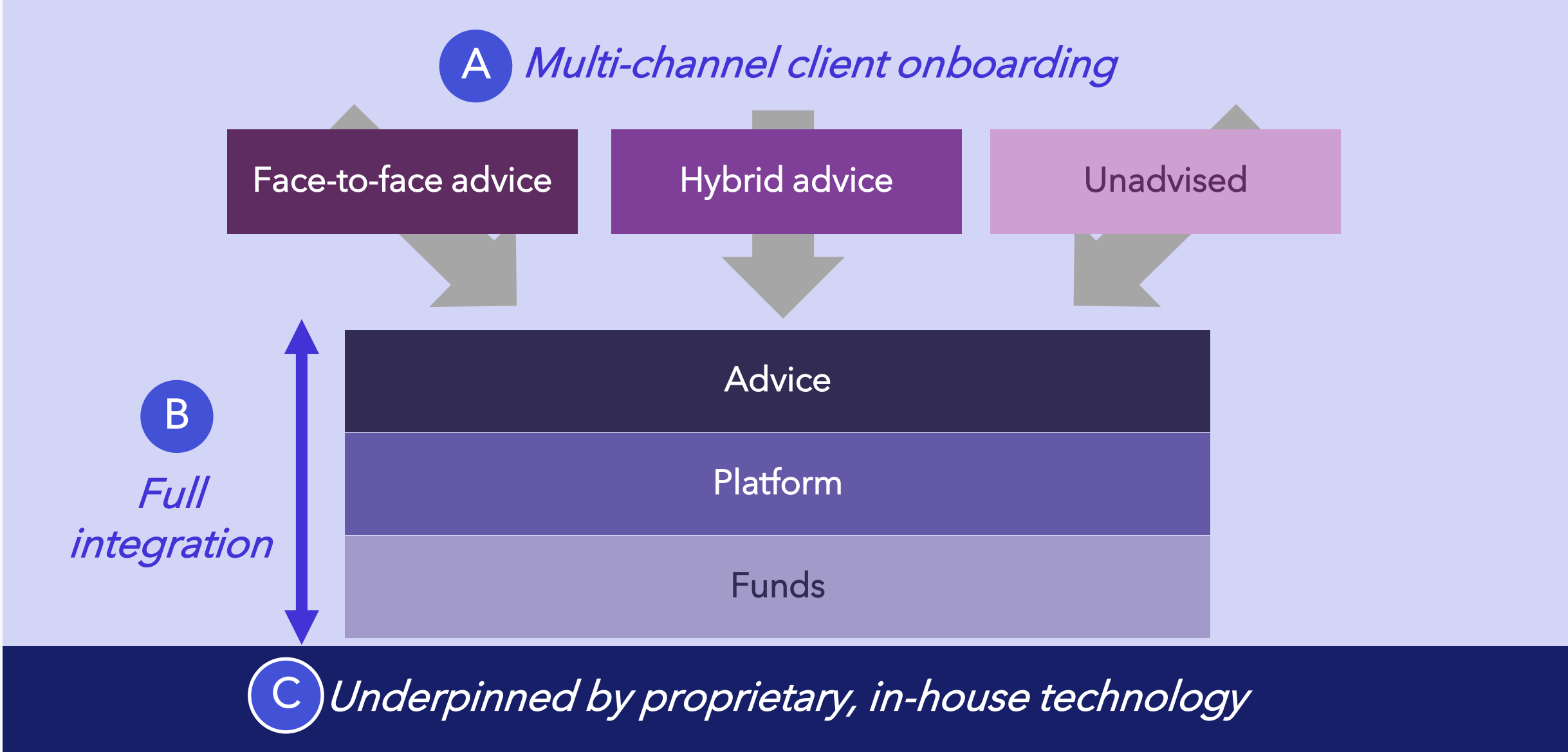
...leading to a superior financial profile

Flows and AuM	£29bn <i>AuM, &gt;£30bn as of Mar-24</i>	29% <i>AuM CAGR '19-'23</i>
	£6.2bn <i>Gross inflows</i>	27% <i>Gross inflow rate<sup>1</sup></i>
	£3.9bn <i>Net flows</i>	17% <i>Net flow rate<sup>1</sup></i>
Revenue and Profitability	£406m <i>Gross revenue</i>	157bps <i>Gross revenue margin</i>
	£279m <i>Net revenue</i>	108bps <i>Net revenue margin</i>
	£220m <i>EBITDA</i>	79% <i>EBITDA margin</i>

<sup>1</sup> Calculated as a percentage of opening AuM.

# Our performance comes from our unique business model

Our business is built to deliver the best client experience



*...which leads to...*

- 1 Loyal, long-term customers
- 2 Huge market opportunity
- 3 Attractive unit economics
- 4 High growth
- 5 Superior financial profile

# There is a huge and growing market opportunity

Large addressable market...

...which will continue to grow



- ✓ Deliberate focus on advised assets - sticky and stable clients and assets
- ✓ 90% of the market in resilient wrapped products: 70% in pensions, 20% in ISAs
- ✓ We can offer these clients a better offering than what they currently have



*Ageing UK population*



*Shift from DB to DC*



*Inter-generational wealth transfer*



*Emerging "pension savings gap"*



*Increasing need for financial advice & guidance*

Structural growth  
tailwinds

**+7%**

*Estimated market growth  
(CAGR 2022-32)*

Long runway  
ahead: **4%** current  
market share

# Our 2023 Awards



Pension and Protection Advisers

Discretionary Fund Manager

Best Office Support Service

Investment Provider

Platform Provider



Best Platform Service  
Best Platform Provider



Best Support Service for Advisers  
North East Adviser Firm of the Year  
(Highly Commended)



Best Online Service  
Best Use of Technology  
(Highly Commended)



Best Retirement Advice Firm



Digital Champion



Best Financial Adviser



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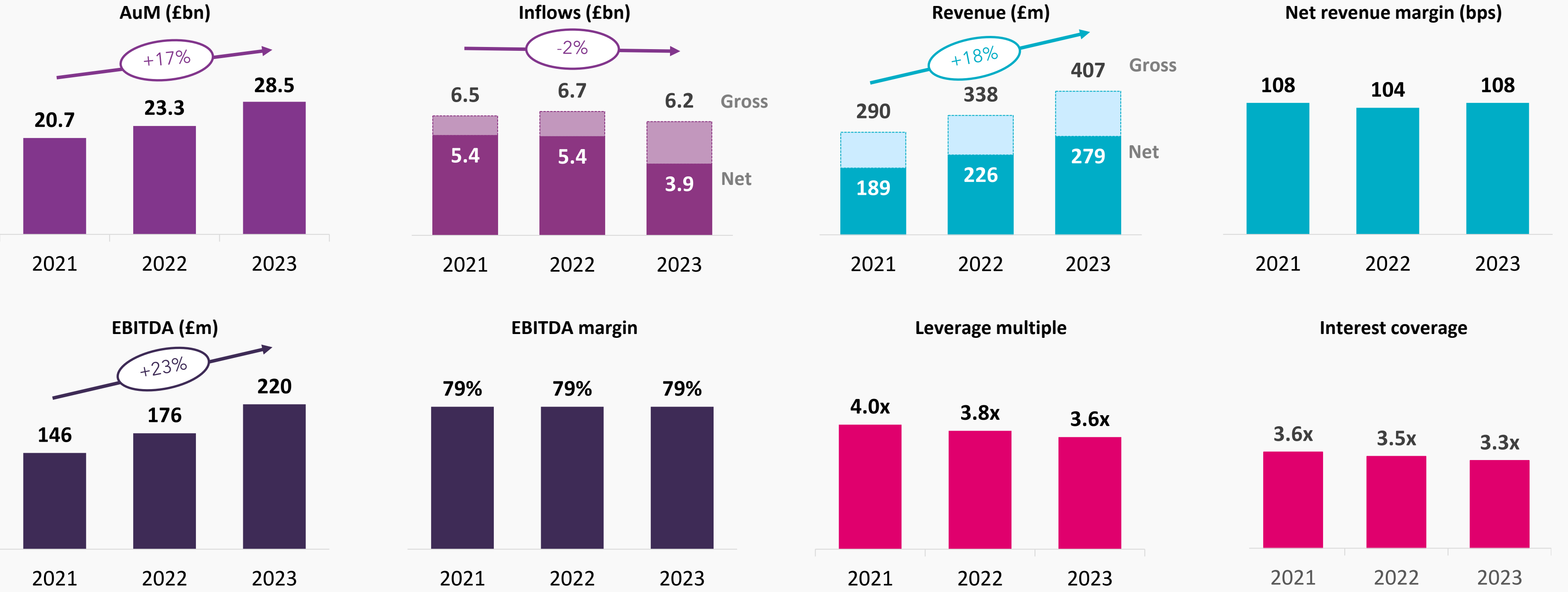
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**Ben Thorpe**

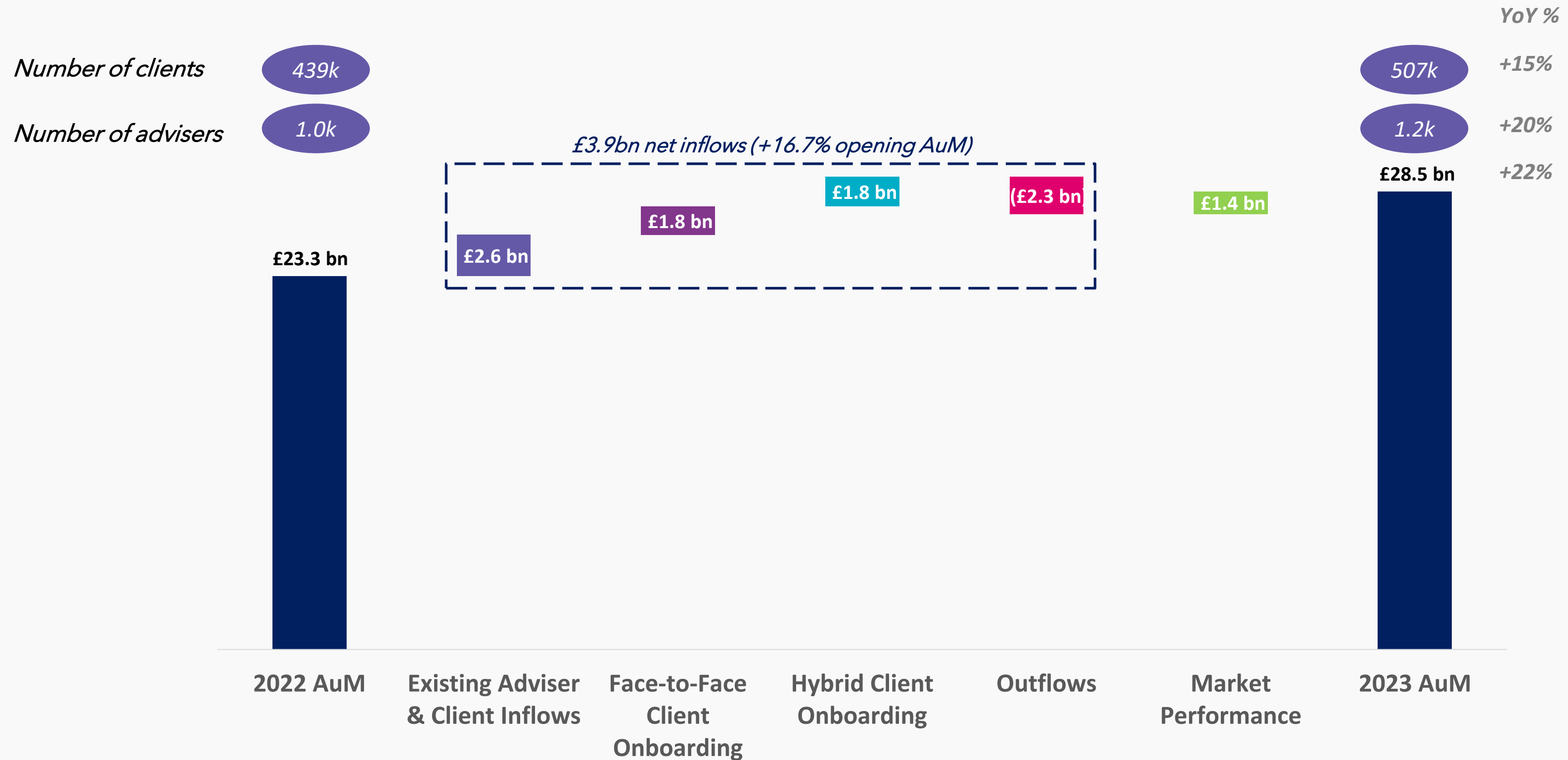
Chief Financial Officer

# Strong momentum and continued growth



○ '21-'23 CAGR

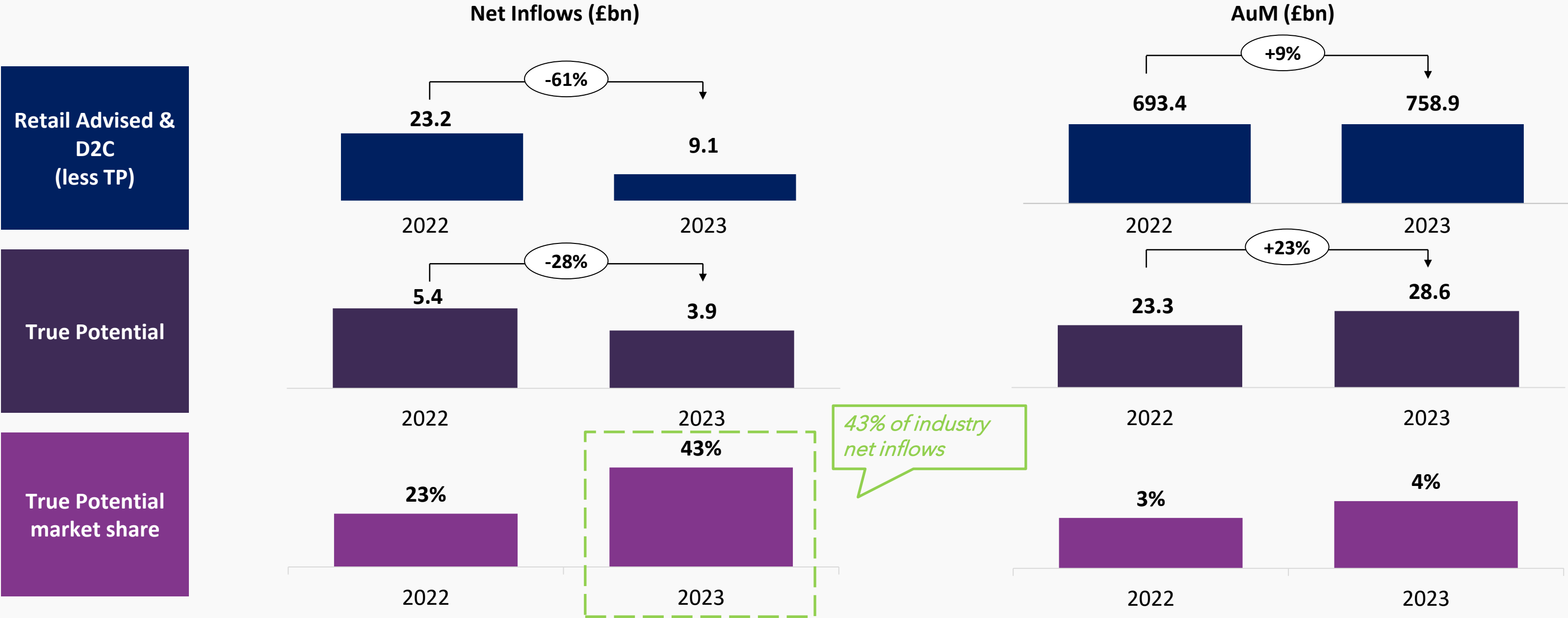
# AuM increase of 22% year-on-year



Hybrid Client Onboarding refers to new Central Advice Team Clients, Face to Face Client Onboarding refers to new TPWM adviser clients. Existing Adviser & Client inflows refers to all other advice channels.

# Multi-channel client onboarding model delivering strong results

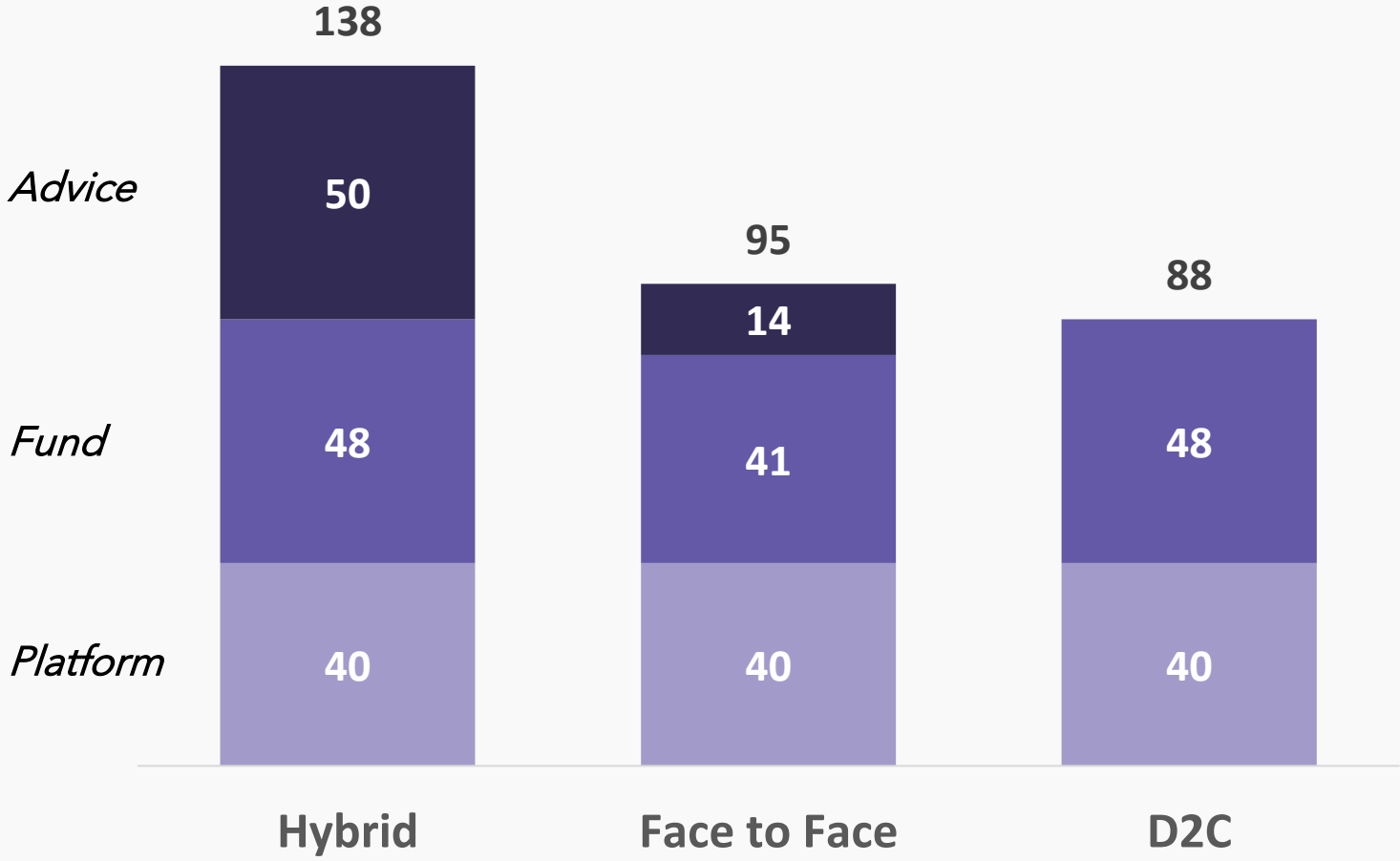
## Relative performance against the industry



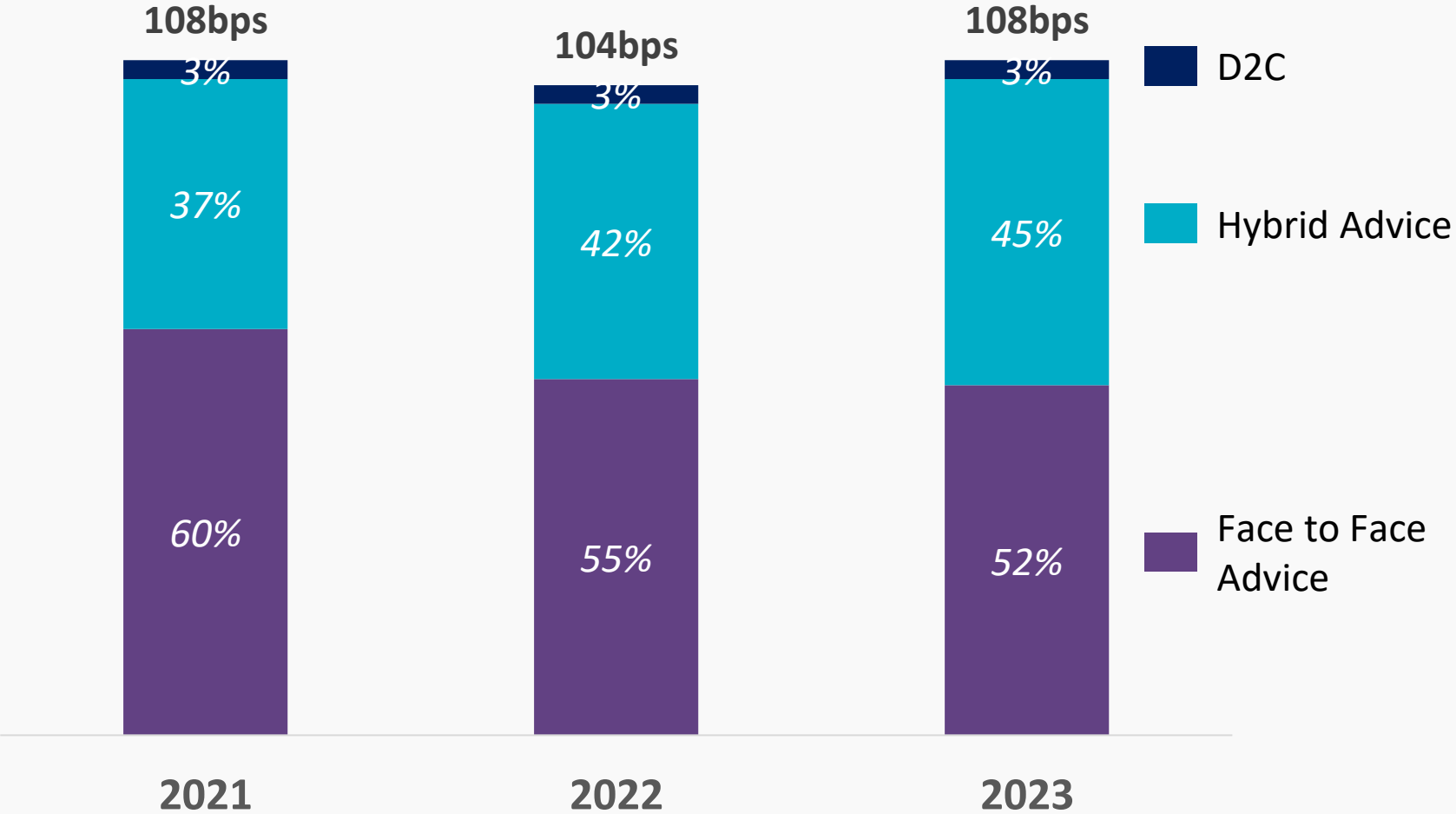
Retail Advised Source: Fundscape Platform Report 06/02/24

# Fully integrated multi-channel offering delivering diversified net revenue margin

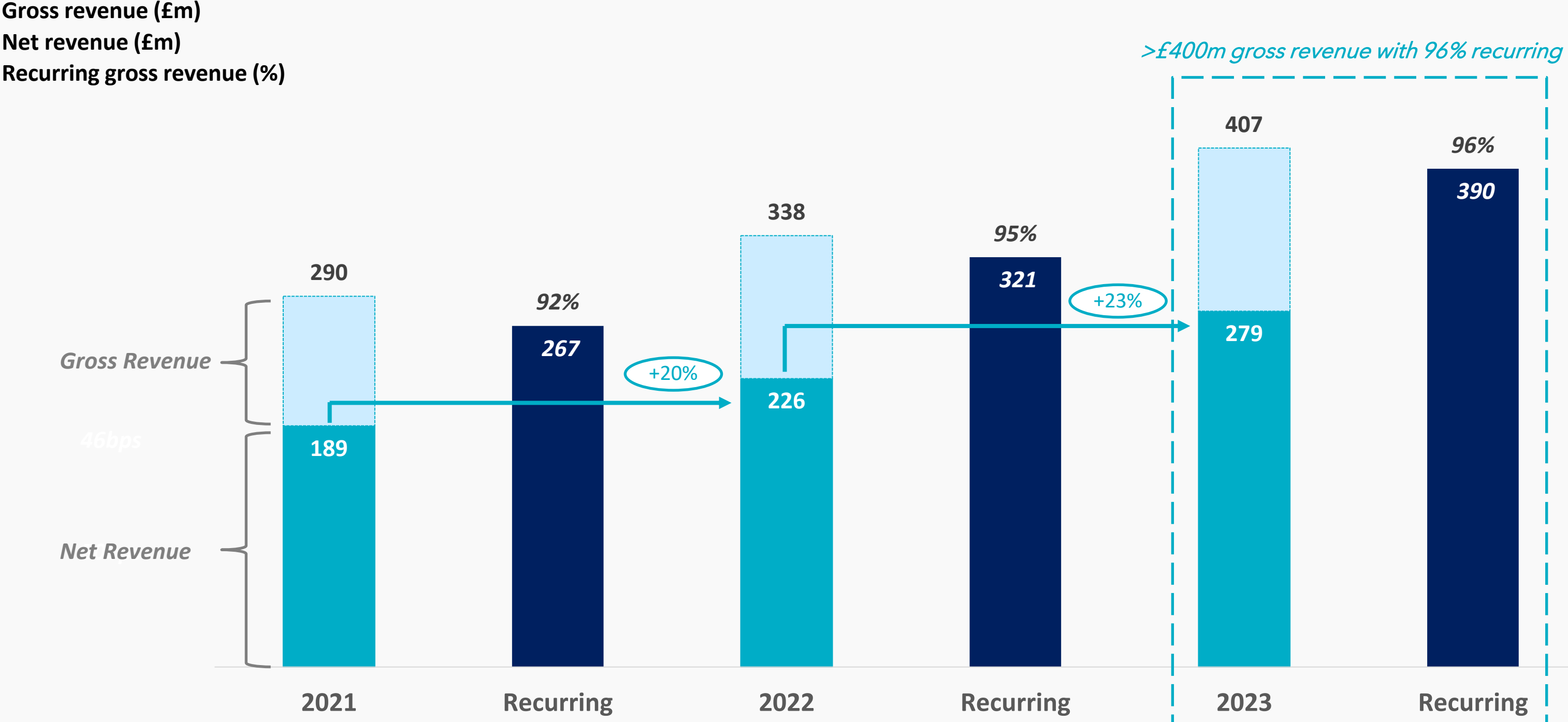
2023 Net revenue margin per product (bps)



2021-23 Net revenue margin per channel (bps)

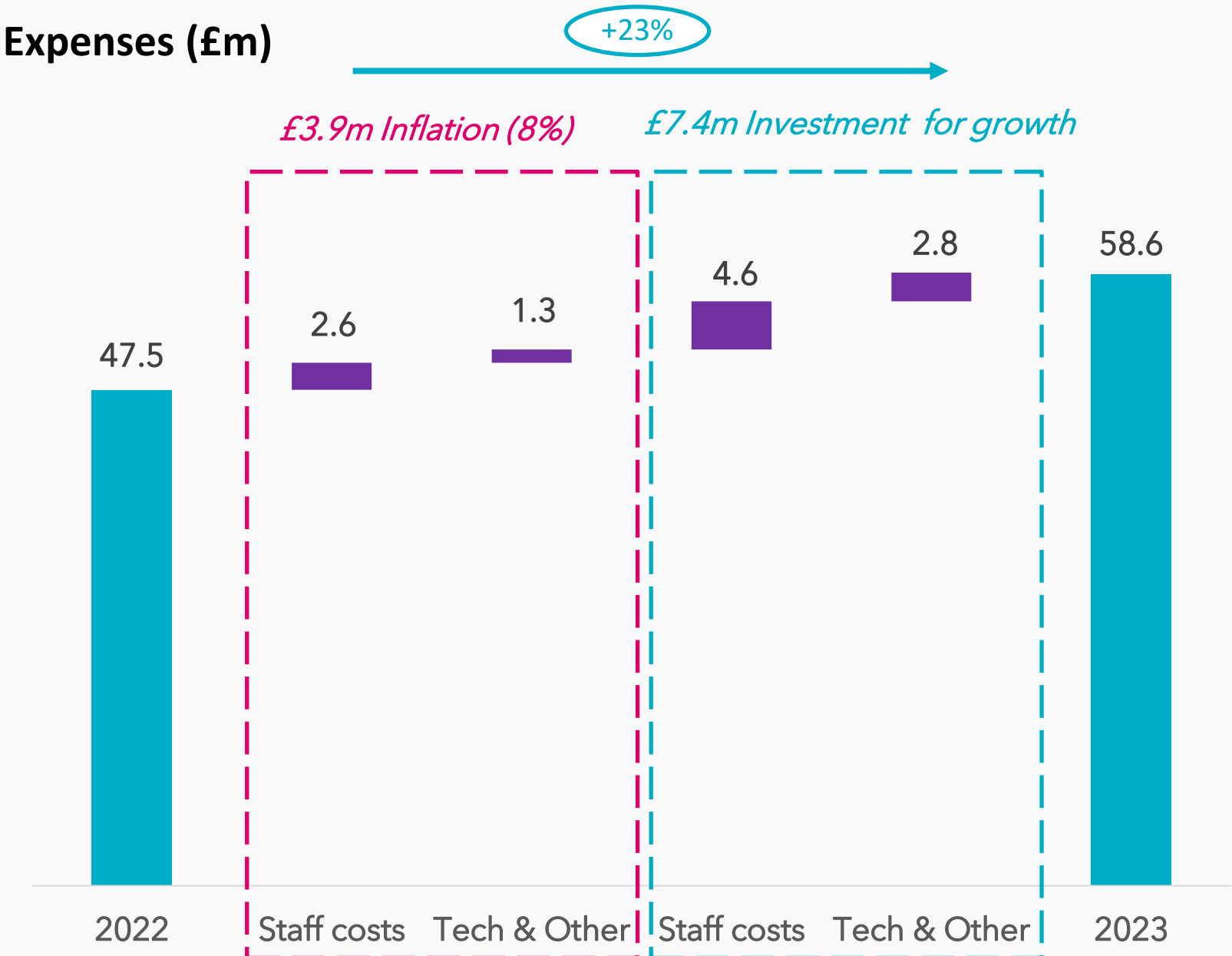


# High growth and high quality revenue

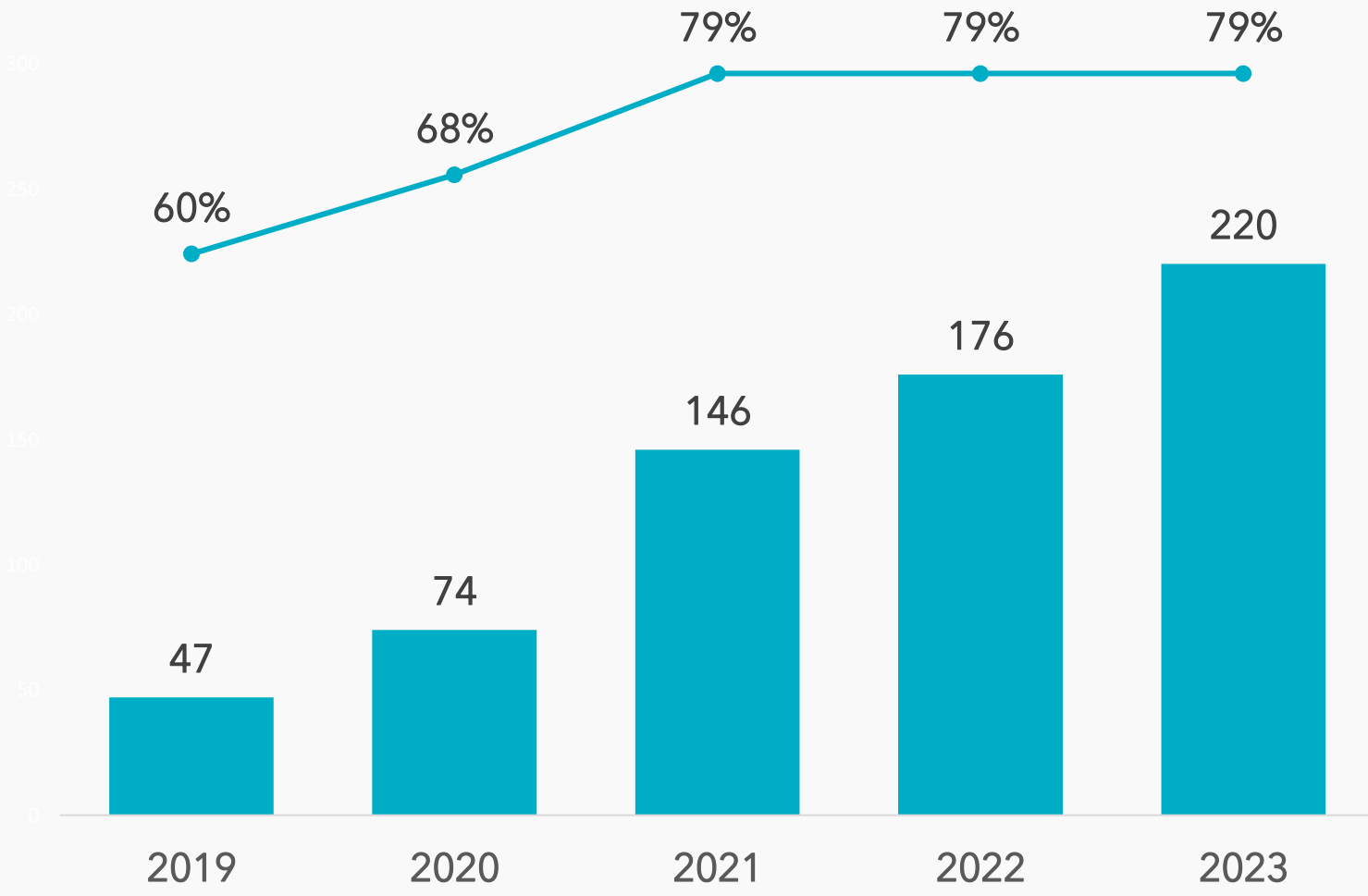


# Fully integrated model drives revenue and EBITDA growth

Investment into technology and operating model continues to support operating leverage



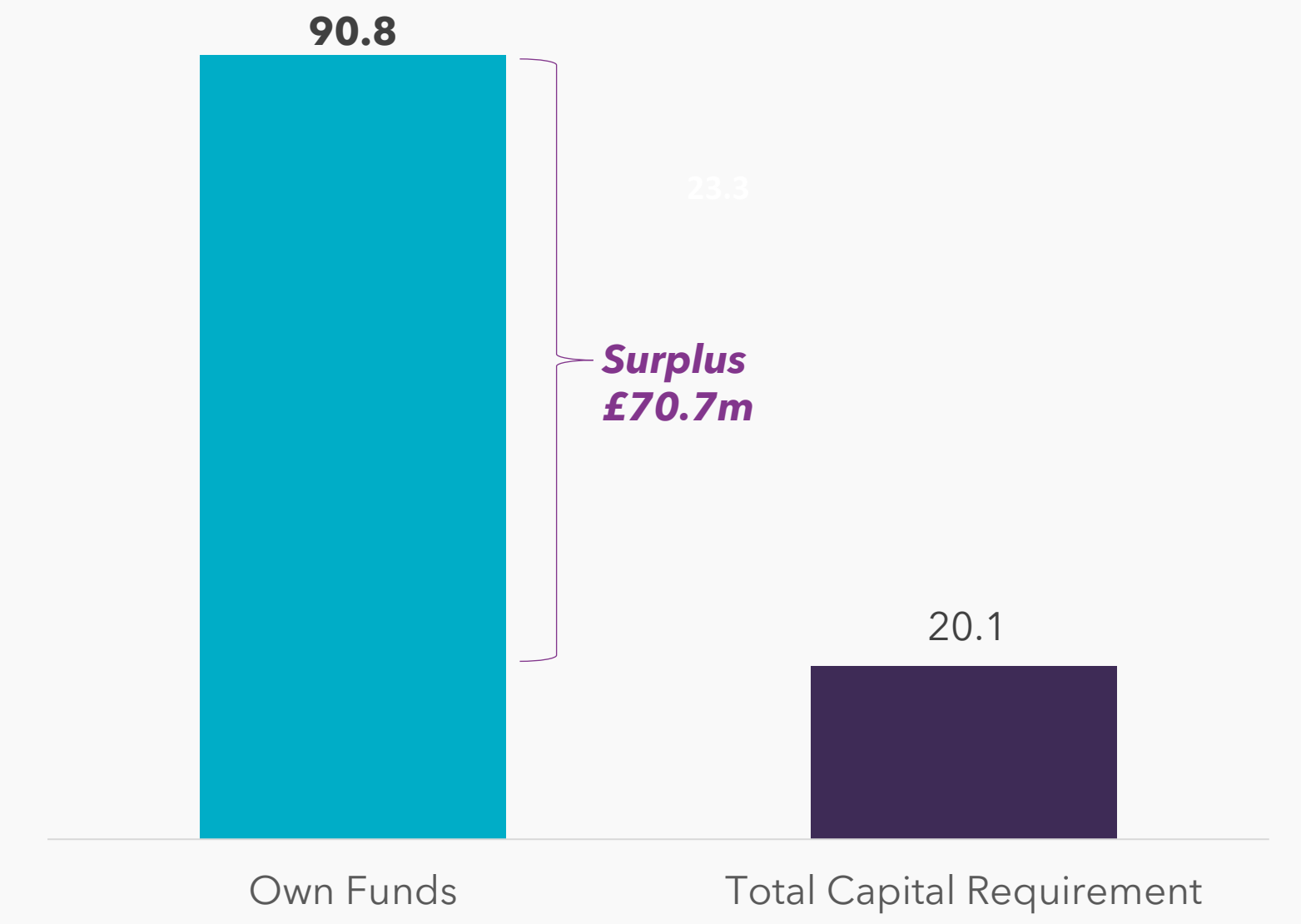
EBITDA (£m) / EBITDA margin (% net revenue)



# Well capitalised, with reducing leverage levels

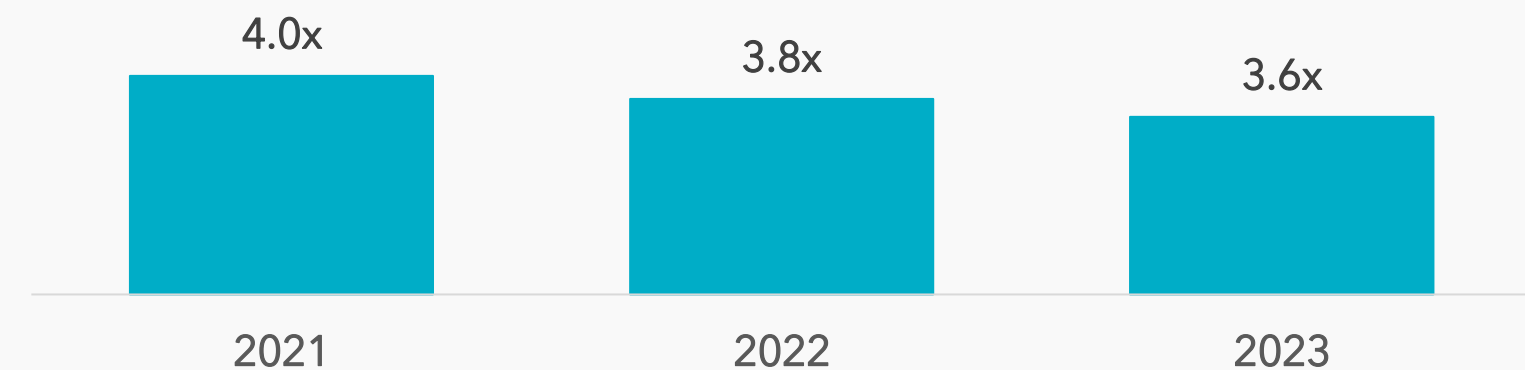
## Regulatory Capital (£m)

Dec-23



## Leverage Evolution

Leverage multiple (Net debt / EBITDA)



## Debt and Leverage (£m)

Dec-23

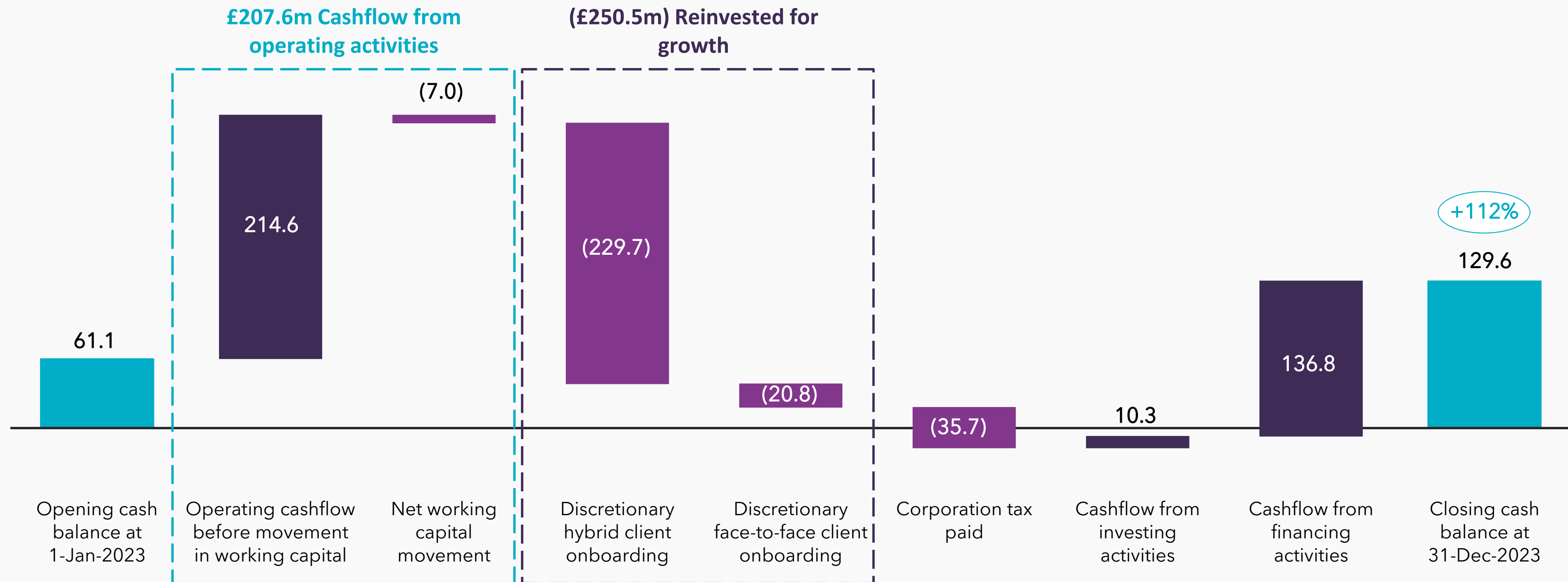
Adjusted EBITDA (£m)	247.0
Debt breakdown	
Total Gross debt	1,025.0
Less: Cash	(129.6)
Net debt	895.4
Leverage Multiple	3.6x

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. The internal shareholder loan of £29.8m carries an interest rate of 2%, mirroring HMRC's official rate, with interest capitalisation. The loan is repayable on demand.



# Strong underlying cash generation reinvested to support growth profile

Cash (£m)



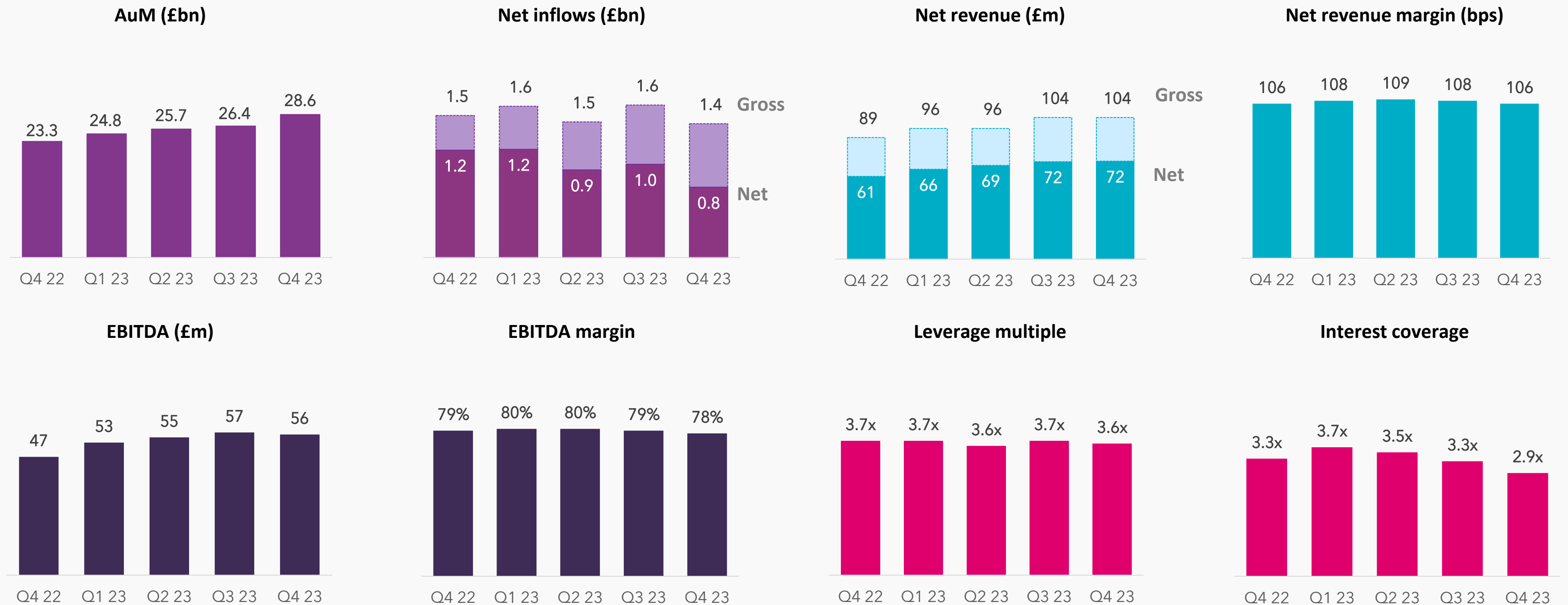
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**Steven Rutter**  
Head of Finance

# Consistent quarterly results delivery maintaining growth trajectory



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# Summary & Outlook

1. Supportive UK macroeconomic environment
2. Continued enhancement of the client and adviser experience
3. Evolution of our adviser recruitment offering
4. Well placed to deal with regulatory developments

# Q&A

# Appendix

# Annual P&L

*True Potential Group Ltd*

*Kane Bidco Ltd*

P&L (£m)	2021	2022	2023	2022	2023
<b>Revenue</b>	<b>290.4</b>	<b>337.9</b>	<b>406.5</b>	<b>319.8</b>	<b>406.5</b>
Fee expenses	(101.5)	(112.0)	(127.7)	(106.1)	(127.7)
<b>Net revenue</b>	<b>188.9</b>	<b>225.9</b>	<b>278.7</b>	<b>213.7</b>	<b>278.7</b>
Administrative expenses (excl, D&A)	(42.5)	(49.7)	(58.5)	(47.8)	(59.8)
<b>EBITDA</b>	<b>146.4</b>	<b>176.2</b>	<b>220.2</b>	<b>166.0</b>	<b>218.9</b>
D&A	(19.1)	(30.1)	(42.6)	(53.8)	(70.1)
Exceptional items	-	(11.9)	(4.3)	(38.9)	(4.3)
<b>Operating profit</b>	<b>127.3</b>	<b>134.2</b>	<b>173.3</b>	<b>73.3</b>	<b>144.5</b>
Finance income	-	0.2	2.3	0.2	2.3
Finance costs	(40.3)	(19.2)	(0.1)	(70.0)	(75.2)
<b>Profit before tax</b>	<b>87.0</b>	<b>115.2</b>	<b>175.5</b>	<b>3.5</b>	<b>71.5</b>
Taxation	(20.1)	(17.1)	(33.1)	(12.4)	(26.0)
<b>Profit for the year</b>	<b>66.9</b>	<b>98.1</b>	<b>142.4</b>	<b>(8.9)</b>	<b>45.6</b>



# Annual Cashflow

Cash Flow (£m)	True Potential Group Ltd		Kane Bidco Ltd	
	2022	2023	2022	2023
EBITDA excluding exceptional items and complaints provision	176.2	220.8	166.0	218.9
Less exceptional items	(11.9)	(4.3)	(38.9)	(4.3)
Less complaints provision	-	-	-	-
EBITDA including exceptional items and complaints provision	164.3	216.6	127.1	214.6
Operating cashflows before movement in working capital	164.3	216.6	127.1	214.6
Net working capital movement	4.4	(7.7)	(5.6)	(7.0)
Total discretionary client onboarding	(216.3)	(250.5)	(208.7)	(250.5)
<i>Discretionary hybrid client onboarding</i>	(195.2)	(229.7)	(188.4)	(229.7)
<i>Discretionary face-to-face client onboarding</i>	(21.1)	(20.8)	(20.4)	(20.8)
Corporation tax paid	(18.5)	(37.5)	(18.5)	(35.7)
Bidco intercompany loan	(35.3)	(16.2)	-	-
<i>Bond &amp; RCF Interest</i>	(34.6)	(39.1)	-	-
Cashflow from operating activities	(101.4)	(95.3)	(105.7)	(78.7)
Cashflow from investing activities	(1.0)	2.0	(1,775.1)	10.3
Cashflow from financing activities	135.0	161.8	1,942.0	136.8
Net cash movement	32.7	68.5	61.2	68.4
Opening cash balance	28.5	61.1	-	61.2
Closing cash balance	61.1	129.6	61.2	129.6

We continue to monitor our financing requirements and may consider engaging in discussions with potential investors on raising additional financing as appropriate. As part of ongoing capital structure reviews we may consider buying back bonds if deemed appropriate.

# True Potential Executive Committee



Daniel Harrison

Chief Executive Officer



Ben Thorpe

Chief Financial Officer



Earl Glasgow

Chief Recruitment Officer



Jeff Casson

Chief Investment Officer



Steve Hutton

Chief Product Officer



Jamie Sexton

Chief Client Officer



Gregg Lang

Chief Operations Officer



David Reid

Chief Technology Officer

# Contact

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