



Preliminary Statement

For the year ended 31st December 2017

March 2018

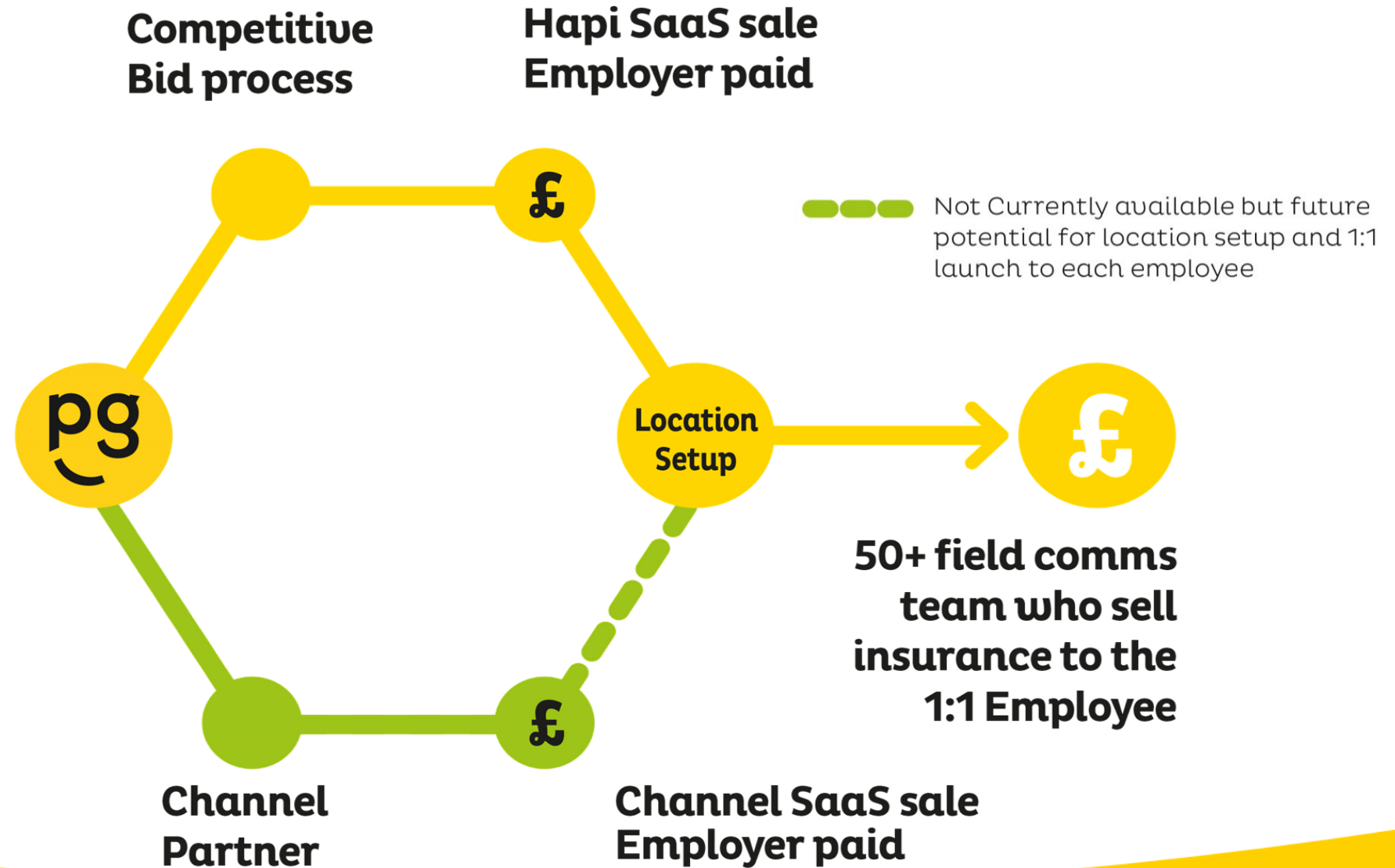
Hapi



Financial Highlights

- Group revenue of £45.2m (2016: £53.6m)
- EBITDA from continuing operations of £10.8m (2016: £11.4m)
- Profit before tax from continuing operations of £9.5m (2016: £10.5m)
- Basic EPS from continuing operations of 26.1p (2016: 29.7p)
- Balance sheet remains strong with cash and deposits of £16.2m
- Dividend per share paid in the period up 3.2% to 22.7p (2016: 22.0p), maintaining progressive dividend policy
- No debt

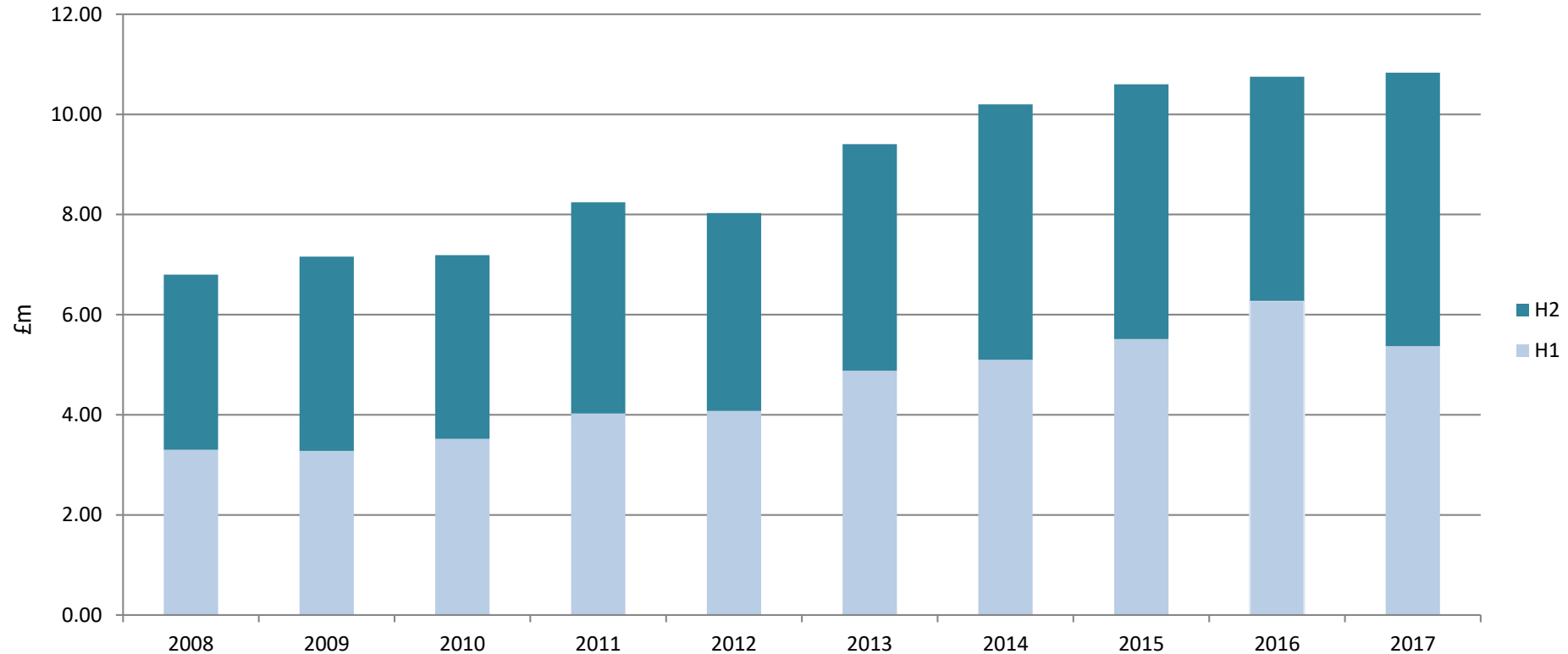
Revenue Generation



Operational Highlights

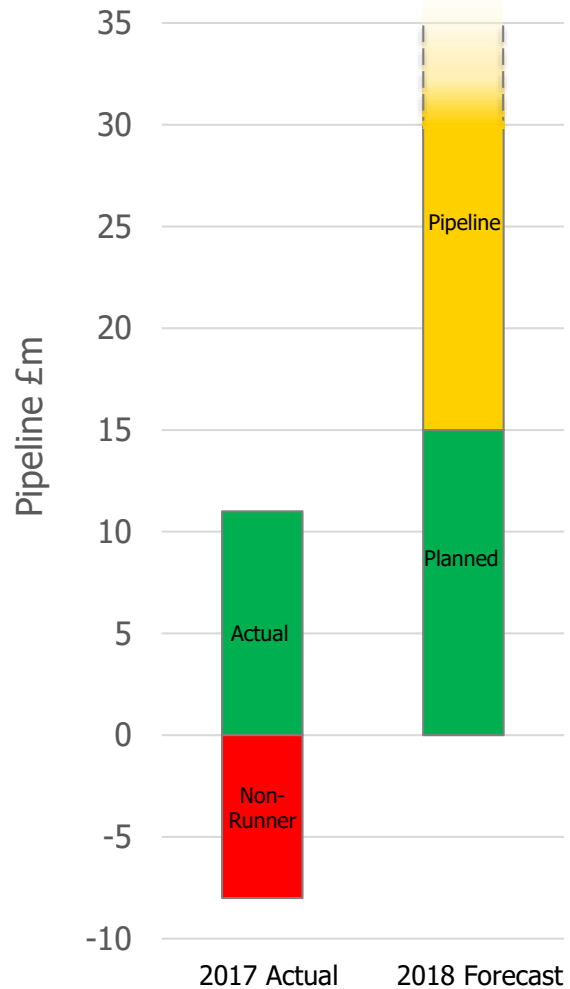
- 5th year in a row record New Insurance Sales, momentum carried on into 2018
- Tested Payment Safety Net (PSN) for 2018 deployment which potentially improves insurance lapse rates
- SaaS income up by 77% to £2.7m (2016: £1.5m)
- New product development with loan product, new app and forthcoming video doctor capability
- Sage added 1400+ payroll customers to December 2017 and will now launch a stand alone product aimed across all their customers
- PG Let's Connect (LC) suffered at the top line which had a £1.5m EBITDA impact. We expect a bounce back in 2018

New Insurance Sales



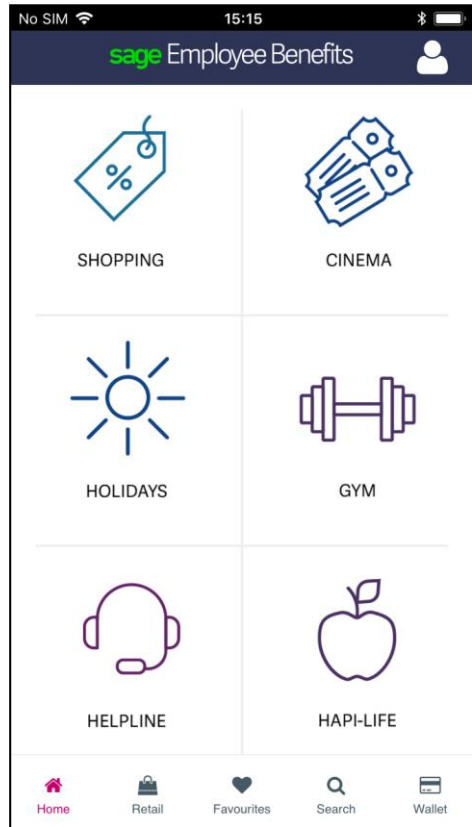
* Annualised revenue from Hospital Cash and Convalescence Plans, Death Benefit and Voluntary Group Income Protection Plans

PG Let's Connect



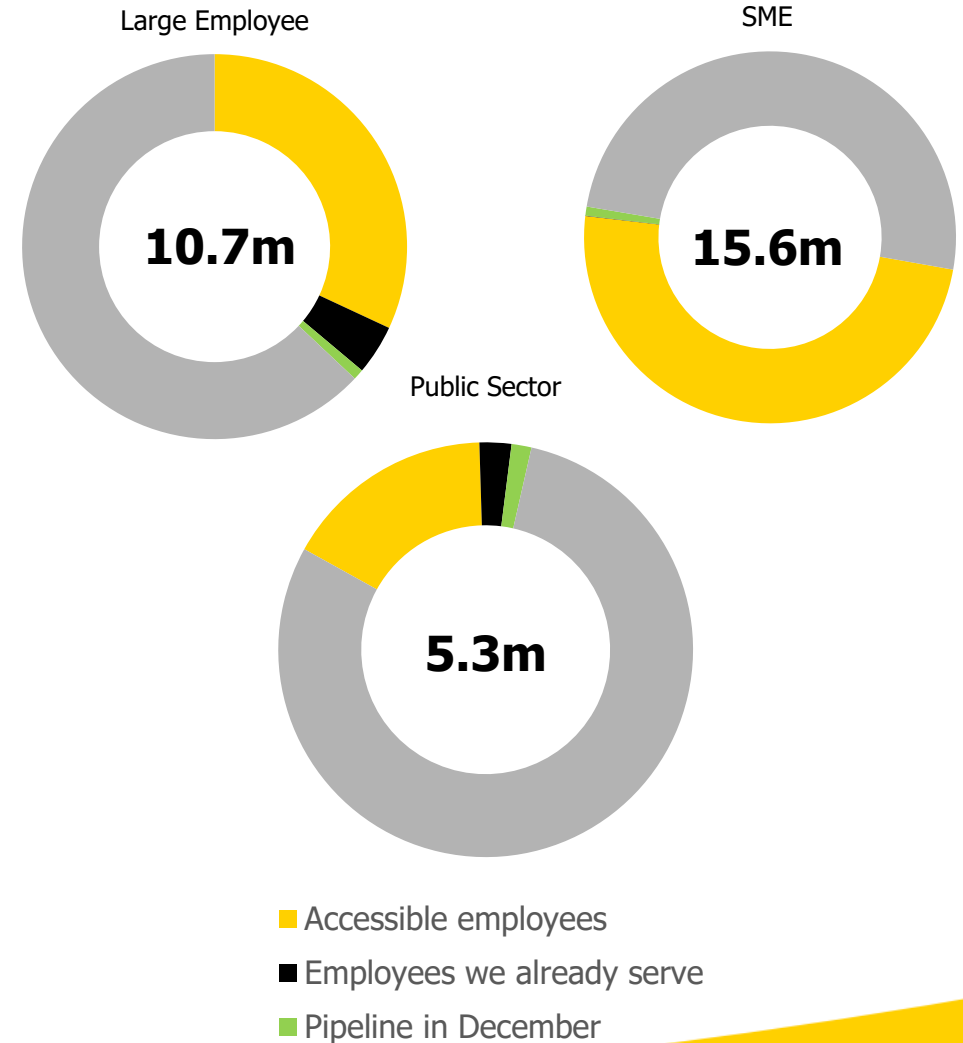
- HMRC legislation clear and LC has had its own clearance letter
- Delayed roll-outs now planned and commencing
- Systems revamp complete
- Cost structure reduced
- Significant pipeline growth in Public Sector and NHS

Selling into Market Sectors



- 55,000 employees won last year, highest in 3 years
- Very successful at NHS Sandwell and West Birmingham Hospital Trust leading to many more enquiries with some 100,000 NHS employees
- Appointed to Crown Commercial Service Procurement Framework for LC which is >500,000 employees DWP, HMRC, DEFRA
- Sage Employee Benefits active in payroll division with standalone version launch in April

UK Workforce
31.8m people

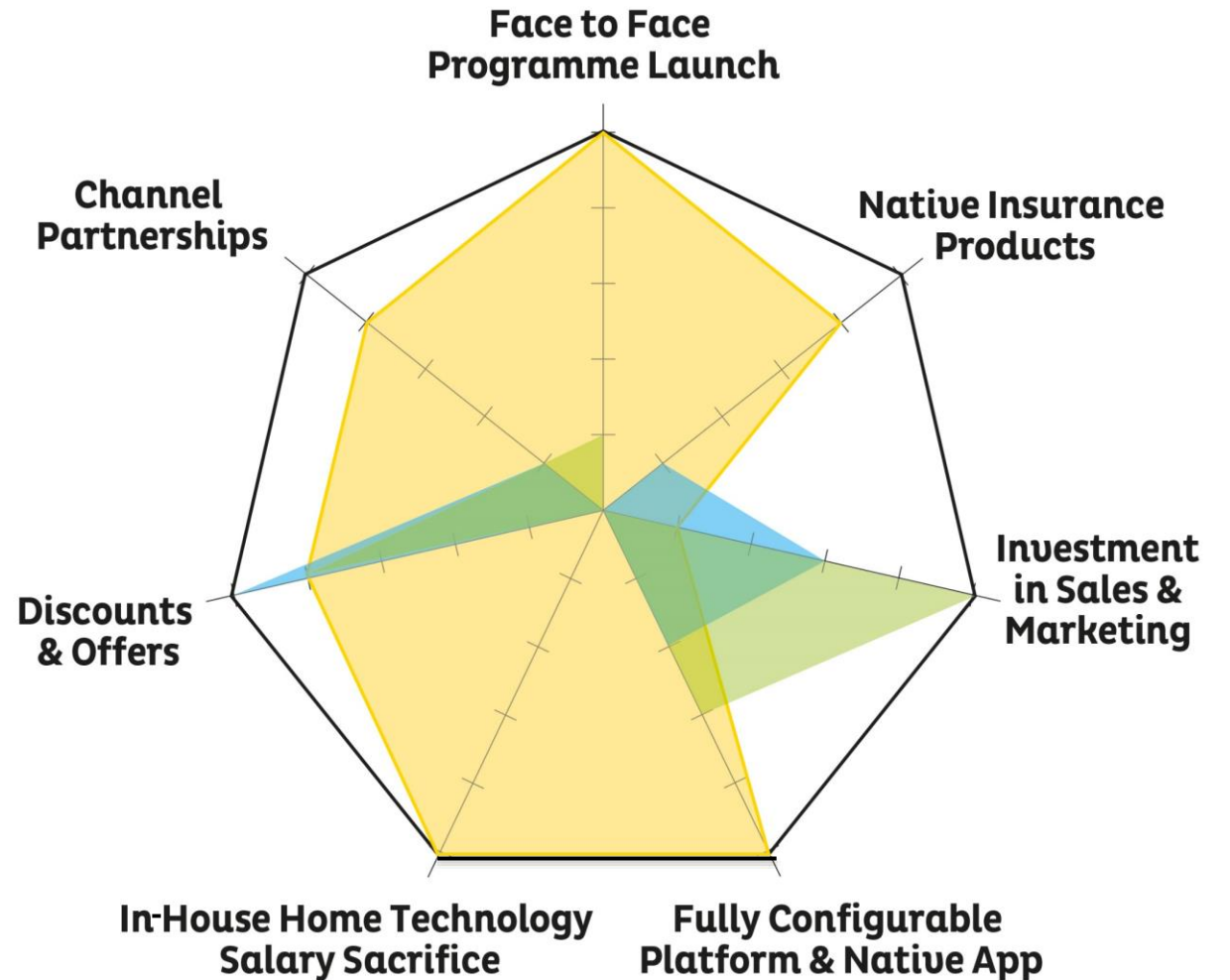


Competitive Position

Competitor Capability Review

This chart compares the capability of the products, services and delivery of Personal Group with its two closest competitors, a discount focused newcomer to the market and a more established benefits platform provider with a digital focus.

- Personal Group
- Employee discount start-up
- Platform provider with digital focus



Financial Performance

For the year ended 31st December 2017

Group Results

	Dec-17	Dec-16
	£000	£000
Continuing Operations		
Revenue	45,233	53,620
EBITDA*	10,812	11,396
Operating profit	9,512	10,257
Profit before tax	9,510	10,521
Tax	1,486	1,479
Profit for the period	8,024	9,042
Discontinued Operations		
Profit / (loss) for the period	238	(1,758)

* EBITDA is defined as earnings before interest, tax, depreciation, amortisation of intangible assets, goodwill impairment, share based expense payments, corporate acquisition costs, restructuring costs, write back of contingent consideration and release of tax provision

Profit & Loss

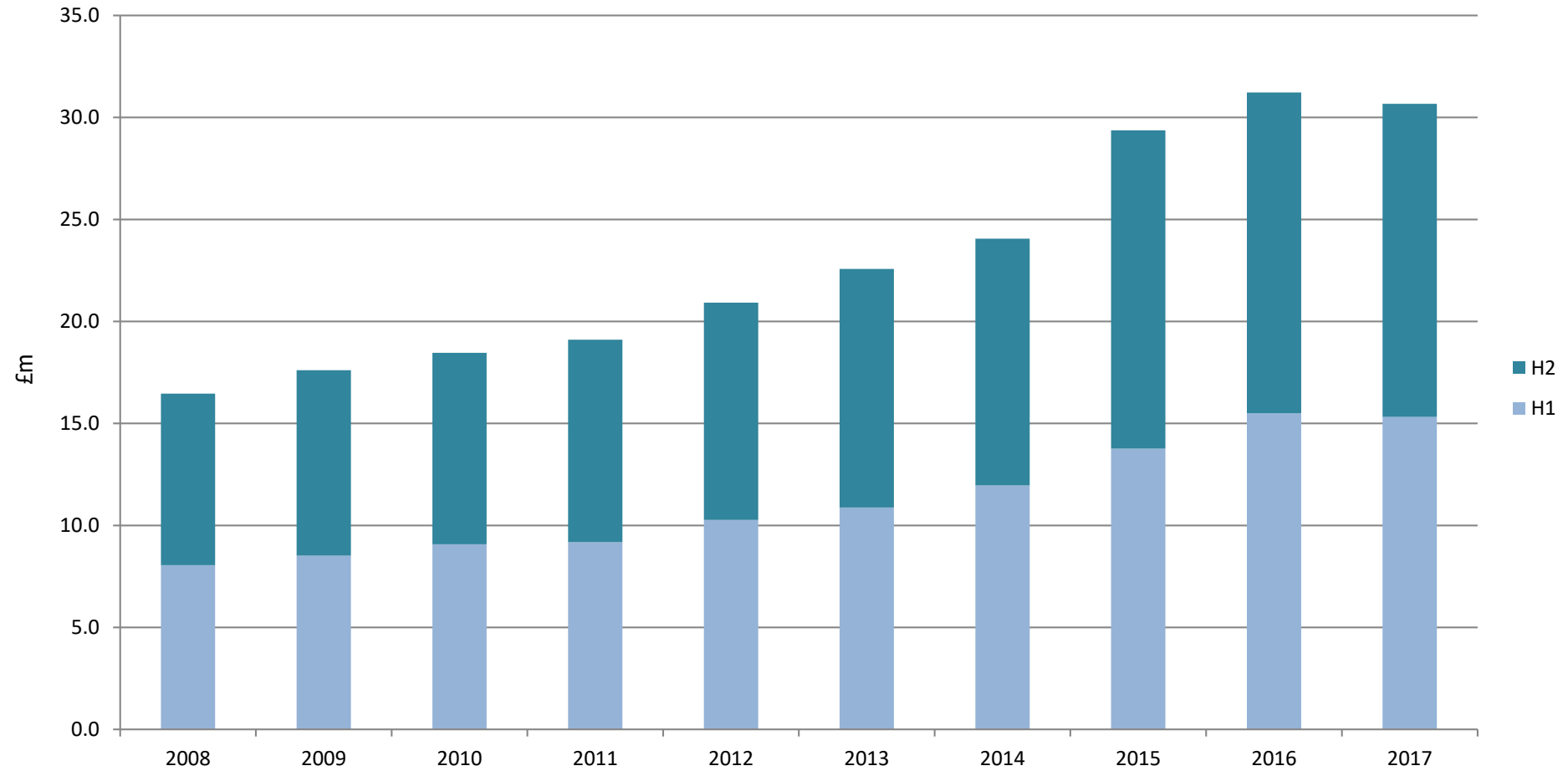
- Revenue from continuing operations of £45.2m (2016: £53.6m)
 - New insurance sales £10.8m (2016: £10.7m)
 - Core insurance (PHP & DB) earned premium £30.3m (2016: £29.9m)
 - Impact of Finance Bill following HMRC consultation in 2016 drove weaker technology salary sacrifice sales
 - SaaS income £2.7m (2016: £1.5m)
- EBITDA of £10.8m from continuing operations (2016: £11.4m)
 - Impact of Finance Bill on salary sacrifice business drove £1.5m deterioration in LC (2017 £0.3m , 2016 £1.8m)
- Dividend increased by 3.2% to 22.7p
 - Strong yield circa 6%
 - Reflects continued strong cash generation and confidence in the future potential of the business
 - Based on progressive dividend policy

New Business Insurance Sales Ratios

	2017 FY	2016 FY	2015 FY	2014 FY
Enrolled to presented %	52%	51%	54%	55%
Acquisition cost of £100 API*	£69	£72	£72	£66
Av API per employee enrolled	£237	£232	£210	£193
Sales executive daily API	£1,207	£1,145	£1,100	£1,105

* Annualised Premium Income

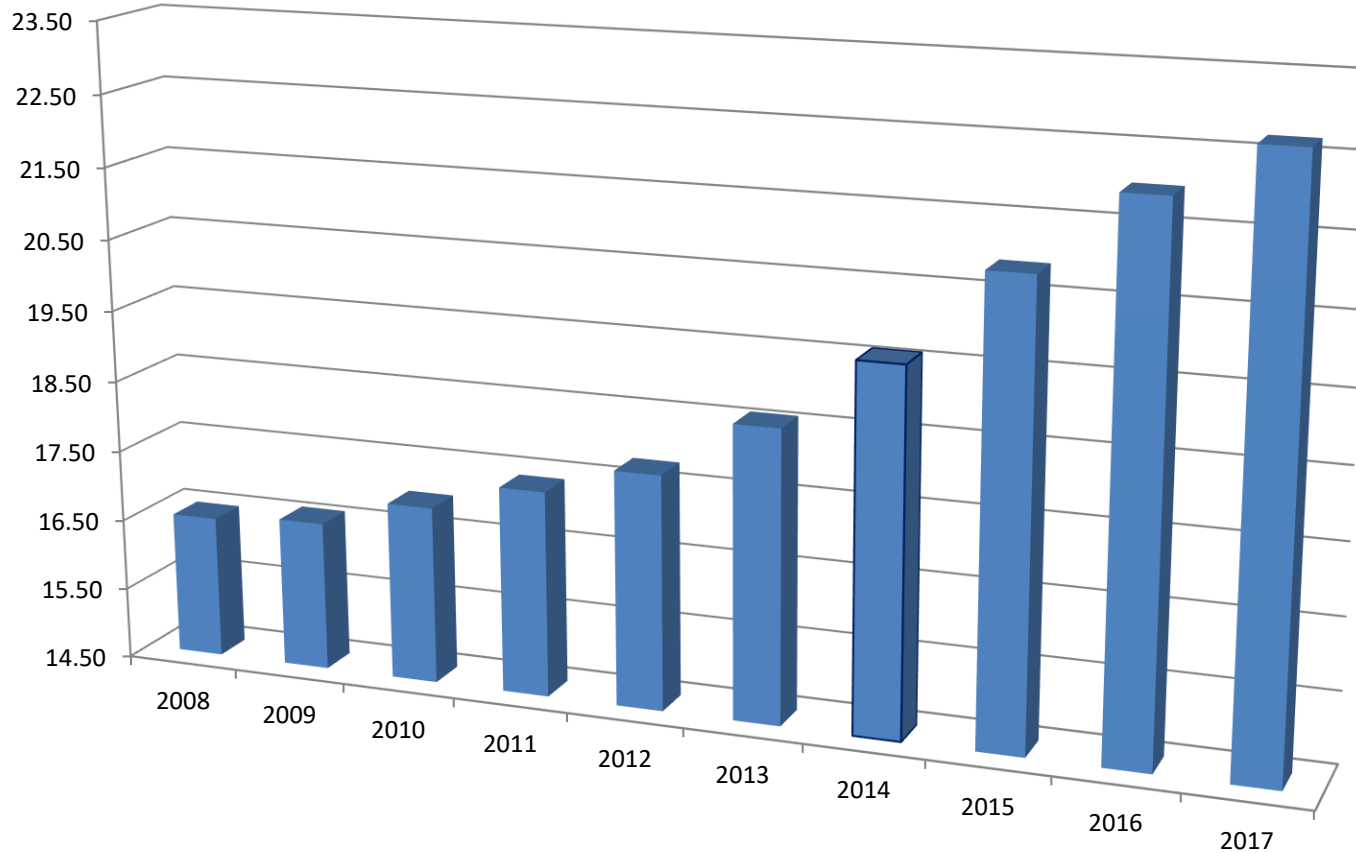
Earned Premium



Segmental Analysis

	Dec-17	Dec-16
	£000	£000
Continuing Operations		
Total Revenue		
Insurance	30,727	31,209
Let's Connect	11,292	20,069
SaaS	2,657	1,498
Other	557	844
Total	<u>45,233</u>	<u>53,620</u>
EBITDA		
Insurance	9,960	9,939
Let's Connect	288	1,806
SaaS	344	(383)
Other	220	34
Total	<u>10,812</u>	<u>11,396</u>
Discontinued Operations		
Revenue	63	2,024
EBITDA	70	(1,157)

Dividend Record 2008 - 2017



* First quarterly dividend of 5.75p will be paid 23 March 2018

Significant Shareholders

	%
Christopher Johnston	40.2
Miton Asset Management Limited	8.3
Investec Wealth & Investment Limited	7.1
Royal London Asset Management Ltd	5.6
Chelverton Asset Management Ltd	4.6
NN Group N.V.	4.6
Other directors, staff and AESOP Trust	1.1

Source: NASDAQ (as at 31 December 2017)

Summary

- Core insurance income remains strong with an expected increase in output again in 2018
- PG Let's Connect is through the legislative upheaval and primed for a strong 2018
- SaaS Hapi income is up 77% in the year, our SaaS platform Hapi is complete and now deployed in all market segments
- Strategically added functionality like loans and video doctor to the offering which brings additional income
- Good start to 2018 particularly in Insurance and PG Let's Connect
- Looking forward to 2018 with confidence

Appendices

Summary Income Statement

	Dec-17 £000	Dec-16 £000	Better/(worse) £000
Net premiums earned	30,679	31,224	(545)
Less: claims incurred	<u>(6,780)</u>	<u>(7,318)</u>	<u>538</u>
Insurance underwriting profit	23,899	23,906	(7)
Other income	496	678	(182)
Salary Sacrifice profit	258	1,788	(1,530)
SaaS profit/(loss)	189	(409)	598
Other expenses	<u>(14,483)</u>	<u>(15,031)</u>	<u>573</u>
Operating profit before tax	10,359	10,933	(549)
Investment income, charitable donations and finance costs	18	51	(57)
Share based payment expenses	(192)	(222)	31
Amortisation	<u>(673)</u>	<u>(504)</u>	<u>(168)</u>
Group profit before tax	9,512	10,257	(743)
Share of profit from equity accounted investee	(2)	(6)	0
Exceptionals	<u>0</u>	<u>270</u>	<u>(270)</u>
Statutory profit before tax from continuing operations	<u>9,510</u>	<u>10,521</u>	<u>(1,013)</u>
Profit/(loss) before tax from discontinued operations	295	(1,758)	2,050

Earned Premium & Claims

	<u>Dec-17</u>				<u>Dec-16</u>			
	PHP	DB	Other	Total	PHP	DB	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Earned premium	24,034	6,294	351	30,679	23,905	6,028	1,291	31,224
Claims	(4,977)	(1,181)	(622)	(6,780)	(5,364)	(931)	(1,023)	(7,318)
	19,057	5,113	(271)	23,899	18,541	5,097	268	23,906
Loss ratio %	20.7	18.8	177.1	22.1	22.4	15.4	79.3	23.4

- 'Other' includes PMI, VGIP and the claims handling costs of the business

EBITDA Reconciliation

	Dec-17	Dec-16
	£000	£000
Continuing Operations		
Profit before tax	9,510	10,521
LC – tax provision	-	(270)
LC - amortisation	330	330
Share-based payments	192	222
Depreciation	437	419
Amortisation (other)	343	174
EBITDA	10,812	11,396

Summary Balance Sheet

Balance sheet

	Dec-17	Dec-16	Increase/(reduction)
	£'000	£'000	£'000
Tangible fixed assets (buildings, cars, computer, FF&F)	4,747	5,096	(349)
Intangible fixed assets (computer software)	986	1,478	(492)
Investment properties	130	1,070	(940)
Equity - accounted investee	638	639	(1)
Equities	801	672	129
Financial assets	3,691	5,465	(1,774)
Cash and cash equivalents	12,641	7,206	5,435
Trade & other receivables	14,799	20,510	(5,711)
Inventories	560	428	132
Deferred tax	-	3	(3)
Total without goodwill	38,993	42,567	(3,574)
Add goodwill & intangible assets	10,575	10,575	(0)
Total assets	<u>49,568</u>	<u>53,142</u>	<u>(3,574)</u>
Current tax	681	240	441
Trade & other payables	15,110	20,577	(5,467)
Deferred tax	21	-	21
Total liabilities	<u>15,812</u>	<u>20,817</u>	<u>(5,005)</u>
Total Equity	<u>33,756</u>	<u>32,325</u>	<u>1,431</u>

The Average UK Employee



WAGES
Earns £27,600*

DEBT
Has household debt of £11,306†

FAMILY
Has 2 children‡

HOLIDAYS
Spends £1,300 on household holidays per year§

HEATING & FUEL
Has household spend of £314 per month on heating & fuel*

CLOTHING
Has household spend of £101 per month on clothing*

FOOD
Has household spend of £244 per month on food*

RECREATION
Has household spend of £295 per month on recreation*

SOURCE
* incometaxcalculator.org.uk (per FTE)
† (Excluding mortgage & student loans) DNA of Financial Wellbeing, Heyber, 2017
‡ thisismoney.co.uk
§ ONS Average Household Numbers, 2015/16
mind.org.uk

Our Impact



**EQUIVALENT TO A
13% pay rise
VIA SAVINGS OF OVER £3,000**


Category	Save	Details
EVERYDAY DISCOUNTS	£1,080	on household spend per year via shopping & recreation discounts*
CHILDCARE	£930	per year on childcare costs (under childcare voucher scheme) or up to £2,000 per child via Tax Free Childcare†
FAIR VALUE LOAN	£1,695	per year on debt interest payment (based on 5% APR versus 20% APR)‡ on average household debt

SOURCE
* ONS Average Household Numbers, 2015/16 & Personal Group client statistics, 2016
† Sodexo, 2017
‡ DNA of Financial Wellbeing, Heyber, 2017

BUT REMEMBER...
This doesn't account for the impact of an EAP on employee wellbeing, peace of mind from employee insurance or our other benefits

A Sample UK Employer

Our Impact



**EQUIVALENT TO OVER
£125,000[†]
COST SAVINGS EACH YEAR**

PAYSLIPS
£12,000
saving
per year via
e-payslips

HEALTH & WELLBEING
5%
(0.3 days)
improvement of the
current absence rate

SALARY SACRIFICE
Tax
savings
through provision of
cycle to work and
holiday buy/sell[‡]

ATTRITION
5%
improvement of
current attrition
from 15% to 14.25%

EMPLOYS
1,000 employees

ABSENCE
Suffers 6 days absence
per employee, per year

RECRUITMENT
Spends £5,433
to replace each employee^{*}

STAFF ATTRITION
Has 15% attrition
(UK average)^{*}

PAYSLIPS
Spends £1 per payslip
per employee per payslip

SOURCE
* Monster, 2017

BUT REMEMBER...

This doesn't account for additional tax savings from car salary sacrifice schemes, further cost savings if employee usage is more than 1% for cycle to work & 2% holiday buy/sell, or the average lost productivity of £25,000 during the first 28 weeks of each new hire

SOURCE
* Personal Group client statistics, 2016
† Based on 1% uptake of cycle to work and only 2% of employees purchasing 1 week additional holidays.
Employer savings exclude cost of platform