17 August 2021

Tilney Smith & Williamson Limited

("Tilney Smith & Williamson" or the "Company" or the "Group")
Unaudited financial results for the Six Months Ended 30 June 2021

First half EBITDA rises by 132.2% as the Group reaps the benefits of last year's merger, strong new business flows and buoyant markets

Tilney Smith & Williamson is pleased to announce unaudited interim financial results for the six months ended 30 June 2021.

Financial Highlights[1] for the six months to 30 June 2021:

- Assets under Management (AUM) increased to £54.8 billion, up 7.0% from £51.2 billion at 31 December 2020 (30 June 2020: £25.6 billion).
- Gross new business inflows of £3.2 billion (H1 2020: £1.4 billion), representing 12.5% of opening assets on an annualised basis.
- Net new business inflows of £1.0 billion (H1 2020: £0.4 billion), representing 3.9% of opening assets on an annualised basis.
- Group operating income increased 157.5% to £261.9 million (H1 2020: £101.7 million), with Smith & Williamson contributing £139.1 million of operating income during H1 2021 following on from the merger in 2020. On a pro forma basis, operating income increased by 5.9% (H1 2020 pro forma: £247.2 million)
    - Financial Services segment generated £203.7 million of operating income (H1 2020: £101.7 million)
    - Professional Services segment, created following the acquisition of Smith & Williamson, generated £51.3 million with significant growth across all business lines
    - Fund Administration segment, created following the acquisition of Smith & Williamson, generated £6.8 million of operating income
- Adjusted EBITDA[2] increased by 132.2% to £91.7 million (H1 2020: £39.5 million).
- Adjusted Operating profit[3] increased by 130.9% to £80.6 million (H1 2020: £34.9 million).
- Balance sheet strengthened with Net Assets of £1.35 billion (H1 2020: £0.39 billion)

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[1] First half 2020 figures represent Tilney Group Limited unless stated otherwise. Tilney Group Limited changed its name to Tilney Smith & Williamson Limited following completion of the Smith & Williamson transaction on 1 September 2020. Where pro forma figures are provided for H1 2020, these reflect the combined position of the legacy Tilney and Smith & Williamson businesses prior to completion of the merger on 1 September 2020.

[2] Adjusted Earnings Before Interest, Tax, Depreciation and Amortisation is defined as operating profit of £38.6 million (30 June 2020: £8.3 million), adding back exceptional costs of £11.6 million (30 June 2020: £4.5 million) and amortisation and depreciation totalling £41.5 million (30 June 2020: £26.7 million).

[3] Adjusted Operating Profit is defined as operating profit of £38.6 million (30 June 2020: £8.3 million), adding back exceptional costs of £11.6 million (30 June 2020: £4.5 million) and amortisation of intangible assets (customer lists, brand and IFA relationships) totalling £30.4 million (30 June 2020: £22.1 million). The latter are non-cash items.

Chris Woodhouse, Chief Executive, commented:

“Following on from the merger of Tilney and Smith & Williamson last September, the first half of 2021 has been a positive period for the Group, characterised by a combination of sharply rising equity markets and very healthy new business generation in both our Financial Services and Professional Services businesses. Alongside strong organic growth, we made further progress with our M&A strategy with the completion of the acquisition of HFS Milbourne which added £376 million AUM in the second quarter.

“After a record first half performance resulting in a 132.2% increase in EBITDA compared to the same period in 2020 and an industry leading 35.0% EBITDA margin, we are in a very healthy position and are optimistic about the remainder of the year. We have a strong pipeline of new business opportunities across both Financial Services and Professional Services and also have an active hiring programme for additional talent across both divisions.

“Since the merger transaction completed, excellent progress has been made with the integration and we are also ahead of where we expected to be in realising the merger synergies. The design of operating models for central functions is complete and largely implemented.

“We are also making good progress in consolidating our offices in those locations where there was overlap and remain on course to move into our new headquarters at 45 Gresham Street, London in spring 2022, with the fit-out having started in May of this year. This will provide us with a modern and spacious location in the heart of the City, designed to the highest standards of environmental sustainability and fully able to support a smart working model that can accommodate colleagues operating in the office, from their homes or other locations.

“A key component of our strategy is our digital transformation agenda, which is aimed at enhancing client experience, developing our propositions and simplifying the business to support productivity. The acceleration in our pace of digital transformation this year is the start of a multi-year plan to create leading-edge and scalable front-to-back Financial Services and Professional Services platforms.

“The combination of robust growth and good progress with the integration and our strategic priorities is testament to the hard work and dedication of our people and a shared sense of purpose. Together we have created a business that is stronger and uniquely well placed to support our clients with both the management of their personal wealth and business interests. As a result of the merger, we now have a greatly enhanced service offering for clients and the scale to invest further in technology, innovation and new talent.

“We have also been pleased to announce the appointment of new Directors to the Board since the start of the year. Chris Grigg joined the Board this month and will become Chair upon receipt of regulatory approval and Bill McNabb joined as an Independent Non-Executive Director in January. Both Chris and Bill bring extensive experience and insight to the business.”