

Chairman's Statement

A year of significant delivery across all aspects of the business.

Introduction

The Group's performance in 2015 reflects sound organic growth in our main employee benefits and insurance business, major growth in our Lets Connect business, and material investment both in our technology platform and in the broadening of our product offering.

Total Group revenue increased by 27% to £59.6m (2014: £47.0m), with significant growth in the Lets Connect salary sacrifice business we acquired in 2014, and also included £1.5m revenue from PG Mobile, the mobile virtual network operator (MVNO) business we acquired in April 2015. As mentioned in our statement at the time of acquisition, we invested materially in this business in 2015. Even with this expenditure, and our continuing investment in our technology platform, overall EBITDA has increased by 5%, to £11.6m (2014: £11.0m), and profit before tax has increased by 14%, to £10.4m (2014: £9.2m). Earnings per share were up 23%, at 30.8p (2014: 25.1p).

Dividend

The Group has adopted a progressive dividend policy in recent years, and the Board has proposed we maintain this, along with the payment of dividends quarterly.

The Board therefore recommends a 5% increase in the dividend payable in 2016, to 22.0p (2015: 20.9p) per share. We made the first of these quarterly dividend payments, of 5.5p per share, on 24 March 2016.

Business review

Our main insurance business has again performed strongly in 2015. It was another record year for generating new business, and EBITDA from these activities was up 11% at £9.5m (2014: £8.6m).

We introduced our new technology platform, 'Hapi', the product of our Zeus programme, to 26 of our clients during 2015. It has been extremely well received, and is proving to be an exceptionally valuable component in our sales presentations to prospective new clients. Hapi is a state-of-the-art platform which is very customer-friendly, being easy to navigate and use. Through its wide functionality, it provides a strong digital connection with our individual employee customers. Hapi's versatility makes it attractive to businesses of all sizes, which opens up the SME market to us in a way which was not feasible before.

We have been very pleased with the performance of Lets Connect. In 2015, its first full year under our ownership, its revenue and EBITDA increased by 49% and 62% respectively, to £25.5m (2014: £17.0m) and £2.3m (2014: £1.4m).

In April 2015, we announced the acquisition of the trade and certain assets of an MVNO business which we have rebranded as PG Mobile. The announcement referred to the impact the investment would have on our 2015 outcome due to restructuring, relaunch and other costs. PG Mobile enables us

to offer airtime tax efficiently, both as part of our smartphone Lets Connect package and as a stand-alone part of our employee benefits offering.

Governance

Although as an AIM-traded Group we are not required to comply with all the provisions of the Combined Code, we do try to comply with it in most areas, particularly in our Board structure, in the operation of our Board and wider governance areas, and in our disclosures.

Our business would be nothing without its employees. Personal Group has always had an employee-oriented ethos, and our success over the years is significantly attributable to the genuinely distinctive commitment and enthusiasm of our employees – for which I thank them most sincerely on behalf of the Board.

Over the past two years, we have involved our employees in a long-term charitable project, supported financially from the Personal Assurance Charitable Trust (PACT), to build a school in Kenya. In 2015, 19 of our employees visited the project in Kenya, some to help with building work and others to work with the children. Employees have universally found this a richly rewarding, and in many cases, a life-changing experience.

Prospects

Opportunities to increase our shareholder value continue to develop as the Group broadens the range of its products and services to clients, and to the employees of these companies. We have recently invested, and will in 2016 continue to invest, in PG Mobile and the Hapi platform. The Board considers the potential of both areas of our business to be considerable, in their own right and in the way they complement and strengthen our Lets Connect and our employee benefits and insurance areas. The Group is therefore very well placed to continue its excellent progress in its mission to be an innovative, technologically enabled employee engagement business of scale, providing consistently good returns to its shareholders.

I have informed the Board that I will be standing down as Group Chairman at the AGM on 5 May 2016, after more than six years in the role and a further seven years before then as a Non Executive Director. It has been an immense privilege to have played a role in this fine business, which has developed so significantly over the years whilst retaining a compelling culture both in its employee ethos and in its customer focus. I am delighted that Mark Winlow, who has exceptionally wide experience across the insurance industry and has been a Non Executive Director of Personal Group for the past two and a half years, will succeed me as Chairman. I wish him, the Board, and all those others who contribute to the success of the Group, well for the future.

Chris Curling
Non Executive Chairman
29 March 2016