



Personal
Group

PERSONAL GROUP HOLDINGS PLC

Preliminary Results & Strategy Update

March 2024

INTRODUCTIONS



Paula Constant -
CEO



Sarah Mace - CFO

AGENDA

- Financial review - Sarah Mace
- Progress & Opportunities - Paula Constant
- Q&A

PERSONAL GROUP AT A GLANCE

ABOUT US

We provide affordable benefits and services focused on improving employee health, wellbeing and engagement to 1.6 million employees, helping employers attract and retain their workforce.

UNIQUE INSURANCE PROPOSITION

Affordable insurance offering delivered via a face-to-face sales model

SIGNIFICANT LEVELS OF RECURRING REVENUES

Comprising Annualised Premium Income from our insurance book and Annual Recurring Revenue from our Benefits Platform

ADJUSTED EBITDA CONTRIBUTION

BENEFITS PLATFORM

Delivered directly & through partners.

OTHER OWNED BENEFITS

Access to consumer technology.

PAY & REWARD

Consultancy & software solutions.

AFFORDABLE INSURANCE

On weekly or monthly rolling contracts.





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FINANCIAL REVIEW

Sarah Mace | Chief Financial Officer



FINANCIAL HIGHLIGHTS

Strong H2 performance

- Year on year EBITDA growth of c35%
- Revenue growth across all areas outside of Let's Connect
- Growth in insurance book continuing to flow through to growth in EBITDA as anticipated

Final dividend

- Final dividend of 5.85p announced – 11.7p full year, up 10% (2022: 10.6p)

Strong financial position

- Cash generative
- Cash and deposits of £20.1m and no debt (Dec 2022: £18.7m)

35% increase in EBITDA, driven by growth in insurance contribution

	Dec 23 £m	Dec 22 (restated) £m	Change
Insurance Revenue	28.7	25.4	+13%
Employee benefits & services	20.0	24.0	-17%
Other	1.0	0.4	+148%
Total Revenue	49.7	49.8	-0%
Adj EBITDA*	8.1	6.0	+35%
Profit before tax**	5.3	3.8	+39%
Basic EPS**	13.8p	10.6p	+30%

*Adj EBITDA is defined as earnings before interest, tax, depreciation, amortisation of intangible assets, goodwill impairment, share-based expense payments, corporate acquisition costs and restructuring costs.

**2022 as stated excludes impact of goodwill impairment

SEGMENTAL ANALYSIS

We report our results under 4 core segments:

Segment	Description	Income streams
Insurance	A directly owned benefit; provision of simple insurance products underwritten by group subsidiaries	Premium income
Benefits Platform	Provision of a benefits platform to employers both directly and through channel partners; currently Sage for our SME solution	Digital platform subscriptions, commissions from third-party benefits which sit on the platform
Pay & Reward	Provision of a full reward service to employers through the Group's pay & reward subsidiaries, Innecto and QCG	Consultancy, surveys, digital platform subscriptions
Other Owned Benefits	Other directly owned benefits; sale of technology and other products to employers as part of their employee benefit provision through the group's subsidiary, Let's Connect	Retail sales directly to employers, commission introduction of third-party finance

EBITDA contribution for these segments reflects the direct costs of operation only; group overheads (sales & marketing costs, account management, finance, HR and other head office costs) are shown separately.

SEGMENTAL ANALYSIS

Underlying growth continues – recurring revenue streams up 14%

Revenue	Dec 23 £m	Dec 22 £m	Change %	ARR/API Dec 23	ARR/API Dec 22	Change %	Adj EBITDA Contribution	Dec 23 £m	Dec 22 £m	Change %
Insurance*	28.7	25.4	+13%	£31.6m	£28.0m	+13%	Insurance*	11.2	9.0	+24%
Benefits Platform	6.7	4.8	+28%	£6.1m	£5.0m	+22%	Benefits Platform	3.8	2.9	+34%
Pay & Reward	2.2	2.0	+12%	£0.6m	£0.5m	+6%	Pay & Reward	0.5	0.5	-0%
Other Owned Benefits	11.1	16.8	-34%				Other Owned Benefits	0.4	0.7	-44%
Other	1.0	0.4	+148%				Group Admin & Central Costs	(8.7)	(7.1)	+22%
Total Revenue	49.7	49.8	-0%	£38.3m	£33.5m	+14%	Other	0.9	0.0	+2,292%
							Total Adj EBITDA	8.1	6.0	+35%

* Insurance claims ratio 27.0% (2022: 27.7%)

CFO KEY MESSAGES

Underlying growth continues:
API up 13%
ARR up 20%



Insurance contribution continues to strengthen



Remain in strong financial position for future growth





OPPORTUNITY AND
PROGRESS

Paula Constant | Group Chief Executive

WHAT'S GREAT ABOUT THE BUSINESS (a recap)

STRONG INSURANCE BUSINESS

- 80%+ year on year retention
- Steadying claims / churn rates
- Best-ever day, month, year
- Affordable, dependable

TRANSFORMATIONAL SAAS

- Live on Hapi 2:0 (200+ clients)
- Migrated 600+ Sage clients
- Highly applicable: SME and Enterprise
- 'Best Use of Technology' Business Awards UK

SAGE PARTNERSHIP

- 4,100+ clients
- 60,000 employees
- Access to SME market at scale
- Proof point for partnerships

6 MONTHS IN.....

STRATEGY

- Market segmentation exercise
- Future for Benefits platform
- Market size for insurance today
- Future for Insurance

SALES

- Lead segmentation
- Lead conversion
- Insurance productivity
- Sage onboarding by channel

SIMPLIFICATION

- Senior leadership team reorg
- Streamlined operations
- Removing work and rework
- Objectives cascade

BENEFITS PLATFORM FINDINGS

STRONG OFFER for SME/mid-Enterprise

We can win with certain features

- Dominant platform recognised by SMEs via SAGE
- Strong Enterprise recognition – in line with competitors

Leading in

- Reward and Recognition (R&R)
- Account Management (AM)
- App User Experience (UX)

PLENTY TO GO AT

SME and mid-Enterprise single / no source

- 50%+ SMEs: no single benefits solution
- 9m employees suffering from no / single source platform (SME and Enterprise)
- SME opportunity largest in retail, production, health, accommodation
- Enterprise headroom in food, retail, education, accommodation

CLIENTS ARE STICKY

Cross-sell is vital

- Monetise platform through different avenues
- Extend health and wellbeing insurances
- Accelerate salary sac. options
- Consulting matters

EXISTING INSURANCE TARGET MARKET

SICK PAY PROVISION IS LIMITED

Exaggerated in blue collar markets

- 10m no/partial sick pay (employees)
- c. 50/50 SME / Enterprise split
- Blue collar markets typically provide cover only at HQ level
- PG existing clients c.12% share of short-term income protection market
- 12% penetration within existing clients

EMPLOYERS WANT F2F WITH BENEFITS PLATFORM

PG unique in market

- Unique: no one else provides platform activation with f2f
- Employers prefer to buy insurance via / with benefits platform
- Employers broadly see value in having insurance products explained one-on-one
- Recognition of PG as insurance provider is high: 1/ 4 know us

TARGET SECTORS PLAY TO BLUE COLLAR BASE

We must capitalise on unique offers

- Transport, production, logistics key sectors for 250+
- Health and retail secondary sectors – relevant only with large, fewer locations
- Construction relevant for SME and digital (SAGE)

INSURANCE OPTIONS TO EXPLORE

FINDINGS FROM CUSTOMER RESEARCH

Employers under pressure to respond

- Death in service provided for most; less for blue collar
- Increasing public pressure on **employers** to fund health
- Key options for SME-mid-Enterprise:
- **Income protection:** lots of provision. Low/medium growth
- **Personal insurance:** not widely provided. Low growth
- **Health benefits:** preventative & treatment options: high growth

POTENTIAL OPTIONS TO EXPLORE

1

Low-cost treatment cash plans &/or PMI &/or other core health benefits

2

Larger cash plan options

3

Exploit existing cash plan options



OUTLOOK

Paula Constant | Group Chief Executive

THREE KEY TAKEAWAYS

1.

Strong, repeatable
business, playing in
the right segments

2.

Large addressable
target market

3.

Clear options for
strategic growth to
maximise shareholder
value



QUESTIONS