

7 January 2019

Mattioli Woods plc

("Mattioli Woods" or "the Group")

Trading Update, Appointment of Joint Broker and Notice of Interim Results

Mattioli Woods plc (AIM: MTW.L), the specialist wealth management and employee benefits business, today issues the following trading update in advance of its interim results for the six months ended 30 November 2018, which are to be announced on Tuesday, 5 February 2019.

Highlights

- Strong growth in adjusted EBITDA¹ and adjusted PBT² versus prior year
- EBITDA margin in first half substantially ahead of 20% target
- Total client assets³ at the period end of £8.8 billion
- Gross discretionary assets under management⁴ of £2.4 billion
- Recent acquisitions performing and integrating well
- Strong financial position, with cash of over £16 million
- Profit outlook for year in line with management's expectations

Ian Mattioli, Chief Executive, comments:

"I am pleased to report the first half of this financial year represented a period of further sustainable profit growth in a complex market, notwithstanding a lower level of client activity over the last six months due to generally poor investment sentiment and prolonged uncertainty over Brexit.

"Slightly lower than expected revenue growth is a combination of the Group reducing our clients' costs and general market conditions. The impact of this has been more than offset by a continued focus on operational efficiencies and other administrative cost savings, resulting in strong profit growth and our EBITDA margin for the period tracking substantially ahead of our 20% target.

"We completed a seamless move to our new Leicester office in October, incurring significantly lower downtime and relocation costs than anticipated. This more flexible working environment allows us to continue growing the business and realise further operational efficiencies, whilst ensuring our client services remain first class. In addition, we will benefit from future rental savings of approximately £0.85 million per annum.

"We also completed a number of other projects during the period, including the implementation of a cloud hosted IT architecture across the Group, the introduction of an integrated human resource management and payroll system and the launch of a refreshed Mattioli Woods brand, with the one-off costs associated with these projects and the reorganisation of certain elements of our operations more than offset by cost savings recognised during the period.

"We intend to continue managing the cost base against the backdrop of an uncertain market outlook. I have previously indicated that I believe fees for financial services in the UK are too expensive and have set out our aim to lower client costs, whilst building a long-term sustainable business. Securing operational efficiencies and economies of scale, particularly through the integration of acquired businesses and clients, are key elements of our aim to reduce clients' total expense ratios and ensure sustainable returns for our shareholders.

"Growth in profit for the period includes a positive contribution from the Broughtons Financial Planning business we acquired in August 2018 and an increased share of profit from the Group's associate company, Amati Global Investors, with the value of its gross funds under management⁵ increasing to over £348 million at the period end.

"Amati was named the Best AIM IHT Portfolio Service for the third year running at the Investment Week Tax Efficient Awards in November, following on from Amati's Paul Jourdan being named best UK Smaller Companies Fund Manager at

the FE Alpha Manager of the Year Awards in May. Since the Group's purchase of 49% of Amati in February 2017 we have been reviewing how best to attract and retain talent within the Amati business. Given the success of the current arrangement, I believe the Group retaining a minority interest in the joint venture offers the optimal structure for all its stakeholders. Accordingly, the Group has agreed to cancel its option to acquire the remaining 51% of Amati in return for a payment of £0.75m, equivalent to the fair value of the option at 30 November 2018.

"The bespoke investment services the Group has developed enjoyed aggregate net inflows (before market movements) of over £140 million, with gross discretionary assets under management increasing to £2.4 billion at the period end. However, unlike many wealth managers, most of our revenues are fee-based, rather than being linked to the value of assets under management, administration or advice⁶.

"The successful implementation of our cloud hosted IT architecture offers the Group enhanced data security, business continuity and scalability for future growth, whilst our integrated human resource management and payroll system allows us to engage with all our people through one platform. We have reviewed our capital investment in IT, including how to continue to develop our CRM system and improve our client propositions, which has resulted in the accelerated amortisation of some of our existing IT systems. As previously stated, we intend to continue investing in a stronger infrastructure base and our IT spend remains in line with expectations.

"With many geopolitical uncertainties in the world at present, this is the time to engage with our clients and ensure we address their changing needs and requirements for advice, administration and review. I believe our focus on client service and the inherent flex within our business model will allow us to continue to adapt to the changing wealth and asset management marketplace.

"Although there is some caution around markets, we believe the Group is well placed to secure further growth, both organically and by acquisition, and further consolidation within our core markets remains likely. Our profit outlook for the year remains in line with management's expectations and I am confident we can secure further progress towards the ambitious longer-term goals we have set."

Appointment of Joint Broker

Mattioli Woods is pleased to announce the appointment of Nplus1 Singer Advisory LLP ("N+1 Singer") as Joint Broker to the Company with immediate effect, working alongside Canaccord Genuity Limited, who remains the Company's Nominated Adviser and Joint Broker.

Notice of Interim Results

Mattioli Woods will be announcing its interim results for the six months ended 30 November 2018 on Tuesday, 5 February 2019. An analyst briefing given by Ian Mattioli, Chief Executive and Nathan Imlach, Chief Financial Officer will be held at 09:30 hrs on 5 February 2019 at Canaccord Genuity Limited, 88 Wood Street, London, EC2V 7QR.

Those analysts wishing to attend are asked to contact Ed Gascoigne-Pees at Camarco on +44 (0) 20 3757 4984 or at ed.gascoigne-pees@camarco.co.uk.

¹ Earnings before interest, taxation, depreciation, amortisation, impairment, changes in valuation of derivative financial instruments and acquisition-related costs, including share of profit from associates (net of tax).

² Profit before tax, adding back amortisation and impairment of acquired intangibles, acquisition-related costs and changes in valuation of derivative financial instruments.

³ Includes £309 million of funds under management by the Group's associate, Amati Global Investors, excluding £29 million of Mattioli Woods' client investment and £11 million of cross-holdings between the TB Amati Smaller Companies Fund and the Amati AIMVCT.

⁴ Includes £348 million of funds under management by the Group's associate, Amati Global Investors, including £29 million of Mattioli Woods' client investment and £11 million of cross-holdings between the TB Amati Smaller Companies Fund and the Amati AIMVCT.

⁵ Includes £11 million of cross-holdings between the TB Amati Smaller Companies Fund and the Amati AIMVCT plc

⁶ Revenue for the year ended 31 May 2018 was split 58% fixed, initial or time-based fees and 42% ad valorem fees based on the value of assets under management, advice and administration.

- Ends -

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Notes to editors

Mattioli Woods is one of the UK's leading and fastest growing providers of specialist pension, wealth management and employee benefit services. Its core pension and wealth management offerings serve the higher end of the market including controlling directors and owner-managed businesses, professionals, executives, and affluent retirees. Its comprehensive range of employee benefit services is particularly suitable for medium-sized to larger corporates.

The Group's broader wealth management proposition has grown from its strong pensions advisory and administration expertise, with a client base of over 10,000 self-invested personal pensions ("SIPP") and small self-administered pension schemes ("SSAS") throughout the UK. The Group's assets under management, administration and advice total £8.8 billion.

Mattioli Woods has a focus on holistic planning and providing the highest level of personal service, maintaining very close relationships with all its clients. The strength of its personal relationships has led to high levels of client satisfaction, retention and referrals. For more information, visit www.mattioliwoods.com.

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