



**FOCUSED
ON THE
FUTURE**

**Full year results
presentation**
April 2020

INTRODUCTION

“2019 was a challenging year for the Group... Despite this, we continued to make progress in implementing the necessary strategic changes to better position our business for long-term growth.

“2020 is presenting a new set of challenges related to the spread of Covid-19. Our number one priority is the safety, wellbeing and health of our people across the business, along with our customers and partners. Since the emergence of the virus in the UK, we have taken various measures to reduce our costs and ensure we have sufficient liquidity to run the business through a prolonged period. ”

- Our strategy
- Our markets
- Financial review
- Operational review
- Covid-19 impact
- Summary and outlook

2019 IN SUMMARY

A challenging year for NAHL...

Financial Summary

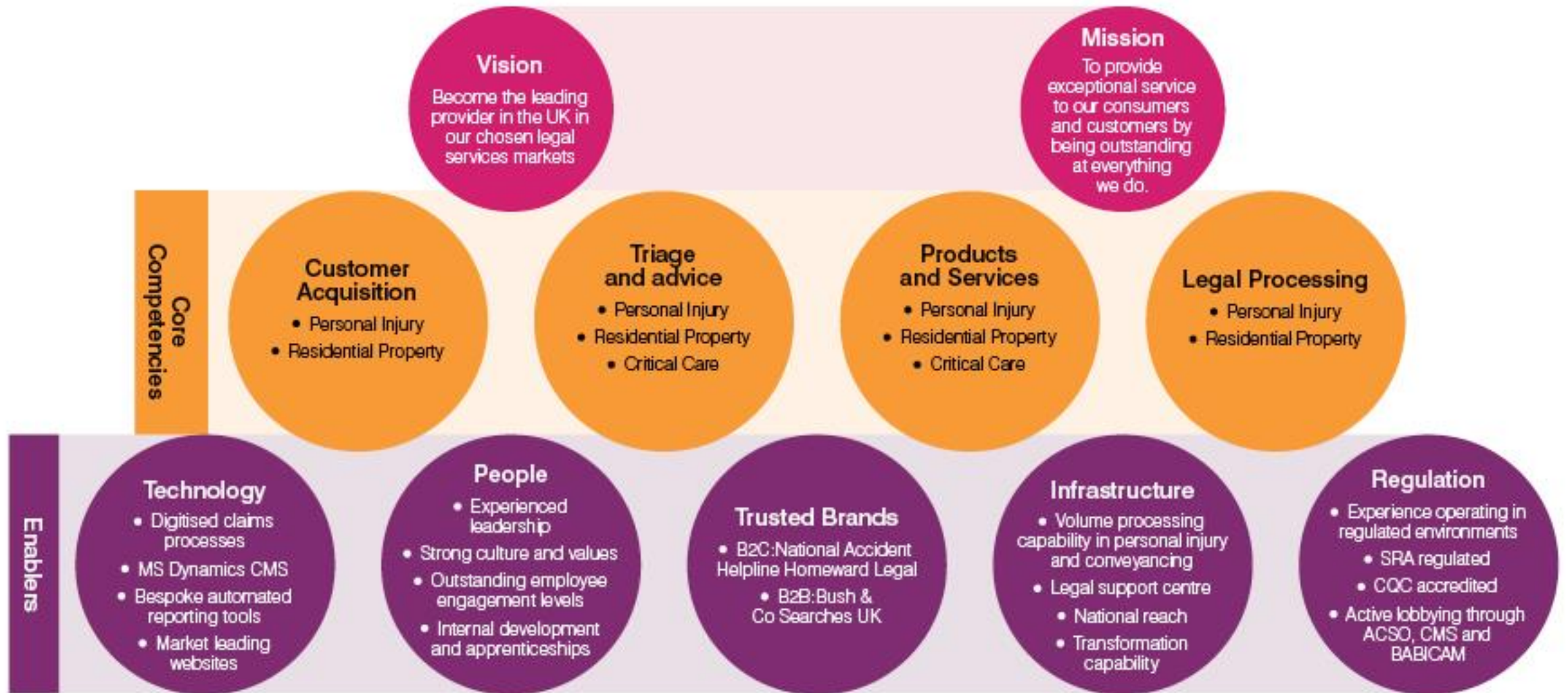
- Revenue increased by 4.8% to £51.3m (2018: £49.0m)
- Underlying operating profit maintained at £12.2m (2018: £12.1m)
- Profit before tax decreased to £2.2m (2018: £9.8m), a result of previously announced exceptional costs in Personal Injury and an impairment charge of £5.3m recognised in respect of the Residential Property division
- Underlying EPS (before NAL start-up losses) of 14.4p (2018: 18.2p)
- Net debt at 31 December 2019 £21.0m (2018: £15.5m)

Operational Summary

- Continued progress made in transforming and positioning Personal Injury business for long-term growth, including launch of National Accident Law, on time and on budget in April 2019
- Launch of fourth ABS law firm, Law Together LLP, in October 2019 and agreement reached to terminate the Group's relationship in National Law Partners with effect from 2 January 2020
- Claim volumes in Group's ABS law firms increased by 46.0%
- Critical Care achieved growth in underlying operating profit of 10.9%. This is the fourth consecutive year of growth since acquisition in 2015
- NAH recognised by The Sunday Times as one of the Top 100 Best Small Companies To Work For 2019



OUR STRATEGY FOR GROWTH



MARKET UPDATE

Volatile and challenging markets impacting the business...

Critical Care

- Mature market generally growing in line with inflation
- Competition mainly focused around attracting and retaining self employed talent

Business impact

- Brand leadership places us well but underpinning long term growth requires us to move into new markets
- New technology that Bush & Co are developing can help retain consultants and improve efficiency

Personal Injury

- Further delays in reform implementation with outcome now due in April 2021
- Continued volatility in panel demand
- Further competitive pressure from larger non panel firms

Business impact

- Reform delays extend competition from larger firms and create uncertainty amongst traditional panel
- Competition means fewer leads being generated at higher cost resulting in fewer enquiries being processed in the ABSs. This impacts future years
- Continual re-balancing of working capital investment

Residential Property

- Significant market decline which continued throughout the year
- Division grew market share in 2019
- Signs of improvement in Q1 2020 but subsequent impact of Covid-19 illustrated continued fragility of the market

Business impact

- Continued market share growth achieved but at higher acquisition cost
- In response to market fragility, the Group has taken an exceptional impairment charge of £5.3m
- January and February 2020 performance demonstrates that business continues to be viable, subject to significantly lowering the cost base

STRATEGIC PROGRESS

Despite the challenges, we made solid strategic progress...

Critical Care

- Implementing technology to facilitate a move into adjacent markets
- New servers installed and case management system successfully upgraded

Strategic impact

- Underpin growth in future years by accessing adjacent markets using our core competencies
- Create platform for business efficiencies including automated reporting
- Technology enhancements result in an even more resilient business

Personal Injury

- Launched National Accident Law in April 2019, on time and on budget
- Introduced a new ABS venture, Law Together, in October 2019, with HCC
- 13,800 ongoing claims in our self-processing operations with key metrics performing well

Strategic impact

- Created a scalable, technologically enabled business unit that allows us to process our own claims
- Allows us to take advantage of opportunity provided by small claims changes
- Building a significant WIP that will unfold into profit in future years

Residential Property

- Developed and implemented our own processing operation in conjunction with a partner
- Small scale trial underway

Strategic impact

- Strengthen our marketing proposition through a better end-to-end service offering
- Low working capital investment
- Aligns well with our Legal Services operation

FINANCIAL HIGHLIGHTS

Revenue +4.8%

£51.3m

2018: £49.0m

Underlying operating
profit +0.5% ¹

£12.2m

2018: £12.1m

PBT after
exceptional costs ²

£2.2m

2018: £9.8m

Underlying EPS (before
NAL start-up losses)

14.4p

2018: 18.2p

Free cash flow

£(1.7)m

2018: £2.9m

Net debt at 31 December

£21.0m

2018: £15.5m

¹ Includes £(0.9)m of planned start-up losses of new ABS law firm, National Accident Law ("NAL"). Before these losses, up +8.4% to £13.1m

² Net of £(7.9)m of exceptional costs, comprising an impairment charge of £5.3m recognised in respect of the Residential Property division; £1.3m of planned restructuring costs associated with the Group's strategic transformation and a £1.2m write-down to terminate its partnership in National Law Partners

INCOME STATEMENT

£m	2019	2018	Growth
Personal Injury	31.7	29.5	7.4 %
Critical Care	13.6	12.4	9.6 %
Residential Property	6.0	6.4	(5.3)%
Personal Injury - pre-laspo ATE	-	0.7	(100.0)%
Revenue	51.3	49.0	4.8 %
Personal Injury	9.1	8.4	8.1 %
Critical Care	5.0	4.5	10.9 %
Residential Property	(0.3)	0.7	(142.4)%
Group costs	(1.6)	(1.5)	5.0 %
Underlying operating profit	12.2	12.1	0.5 %
NAL start-up losses	(0.9)	-	n/a
Underlying operating profit before NAL start-up losses	13.1	12.1	8.1 %
Exceptional items	(7.9)	(0.4)	1941.0 %
Other adjustments	(1.8)	(1.7)	2.5 %
Net interest	(0.4)	(0.2)	66.5 %
Profit before tax (stated)	2.2	9.8	(78.0)%
Taxation	(0.6)	(1.4)	(54.3)%
Profit after tax	1.5	8.4	(81.9)%
Minority interests	(4.5)	(1.7)	161.8 %
Profit attributable to shareholders in NAHL	(3.0)	6.7	(144.3)%
Underlying operating profit margin	23.8%	24.8%	(4.1)%
Underlying EPS (before NAL start-up losses) (p)	14.4	18.2	(20.9)%

Our performance in 2019

- Revenue growth of +4.8% to £51.3m, compared to (5.7)% last year
 - Critical Care – growth in both case management (12.0%) and expert witness (3.3%)
 - Personal Injury – 6.0% growth in enquiries being placed into our ABS law firms, generating more revenue
 - Residential Property – revenue decline due to challenging market but still grew market share
- Underlying operating profit flat at £12.2m
 - Critical Care – consistent, strong organic growth fuelled by increased instructions
 - Personal Injury – Growing contribution from ABS law firms
 - Residential Property – small loss in challenging market
- Exceptional items comprise £5.3m impairment charge to write off goodwill and intangibles in Residential Property; £1.3m of planned restructuring costs in Personal Injury; and £1.2m write-down on National Law Partners contract, previously announced
- Minority interests arise from partners' holdings in ABS law firms. This increased to £4.5m demonstrating the success of NAHL's PI model
- Underlying EPS 14.4p, (20.9)% less than last year

CASH FLOW STATEMENT

£m	2019	2018	Growth
Underlying operating profit	12.2	12.1	0.5 %
Depreciation and amortisation	0.9	0.4	160.6 %
Exceptional items	(2.5)	(0.8)	233.7 %
Working capital	(7.0)	(4.6)	53.6 %
Underlying operating cash flow	3.6	7.1	(50.3)%
Tax and net interest	(2.0)	(2.6)	(24.1)%
Capital expenditure	(0.7)	(0.7)	(8.2)%
Minority interest drawings	(2.1)	(0.9)	143.5 %
Lease payments	(0.5)	-	n/a
Free cash flow	(1.7)	2.9	(158.7)%
Net borrowings (net)	6.5	4.1	57.6 %
New share issue		0.1	(100.0)%
Dividends	(3.8)	(6.4)	(39.9)%
Change in cash	1.0	0.7	30.5 %
Underlying cash conversion	40.5%	65.6%	

Our performance in 2019

- Free cash flow reduced from £2.9m to £(1.7)m for the following reasons:
 1. Delays in receiving amounts due from the Group's partner in National Law Partners. As previously announced, £5m (including VAT) is now due in 2020 – 2022, of which £4.3m is included in accrued income at year-end
 2. The impact of the £(0.3)m loss in Residential Property in the year
 3. An increase in minority interest drawings from £0.9m to £2.1m to reflect the increase in settled claims during the year
 4. Planned increases in exceptional restructuring costs associated with the Group's strategic transformation (2019: £1.3m; 2018: £0.8m)
- Underlying cash conversion decreased from 65.5% to 40.5% as a result of the delay in receipts from our partners in NLP
- Net borrowings increased by £6.5m to fund the decrease in FCF
- Dividends decreased to £3.8m as they were calculated with reference to underlying EPS, which also decreased in the period

KEY ITEMS IN STATEMENT OF FINANCIAL POSITION

Goodwill and intangibles

£m	2019	2018
Brought forward	66.8	67.7
Additions	0.5	0.6
Impairment of Residential Property assets	(5.3)	-
Amortisation	(1.4)	(1.5)
Carried forward	60.6	66.8

- £5.3m impairment of goodwill and other intangible assets attributed to the Residential Property division booked, given:-
 - levels of uncertainty in the UK housing market;
 - disappointing performance of the Residential Property division in 2019; and
 - further evidence of market weakness provided by the impact of the Covid-19.

Working capital

£m	2019	2018
Trade receivables	10.2	15.8
Accrued income	18.8	8.4
Other	8.9	4.6
Trade and other receivables	37.9	28.8
Trade and other payables	17.2	15.1
Trade and other receivables less trade and other payables	20.7	13.7
Increase in working capital	7.0	4.6

- £7.0m invested in working capital in 2019, as the Group increases levels of self-processing in its ABS law firms
- £18.8m of accrued income at 31 December 2019 (2018: £8.4m), comprising £9.3m of revenue guarantees with ABS partners (2018: £5.9m), £4.1m of personal injury WIP (2018: £1.4m); £4.3m relating to amounts recoverable from partners in NLP (2018: nil); and £1.1m in legacy profit share deals (2017: £1.6m)

Net debt

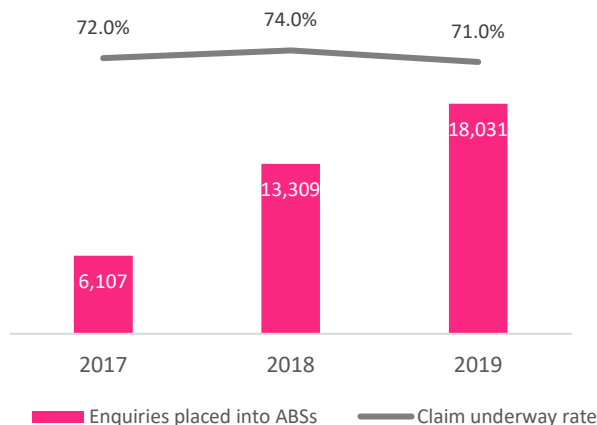
£m	2019	2018
Cash at bank	2.6	1.6
Borrowings (margin 1.25-1.65%)	(23.6)	(17.1)
Net debt	(21.0)	(15.5)
Increase in net debt	(5.5)	(3.5)

- £25m RCF with Clydesdale bank, expires December 2021
- Headroom in RCF of £1.3m at 31 December 2019 plus £2.6m of cash
- Increased usage due to delays in receipt of amounts recoverable from NLP partners and payment of dividend
- Net debt at 31 March 2020 £21.0m. Following suspension of dividend and Covid-19 response the Group anticipates to be able to operate within the current headroom of the RCF

BUILDING THE UK'S LEADING VOLUME PROCESSOR

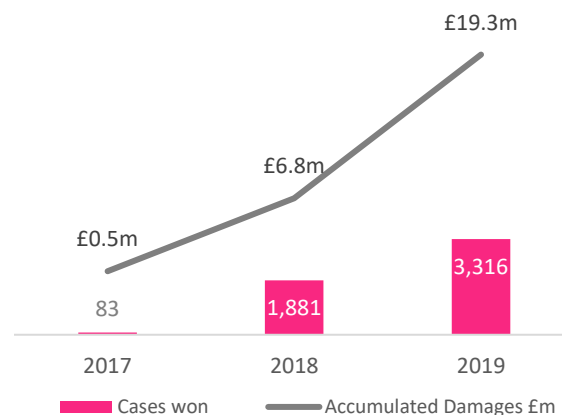
1. Successfully converting enquiries into claims

35% increase in enquiries placed into our ABSs in 2019. We continue to convert into claims underway ahead of our target of 67%



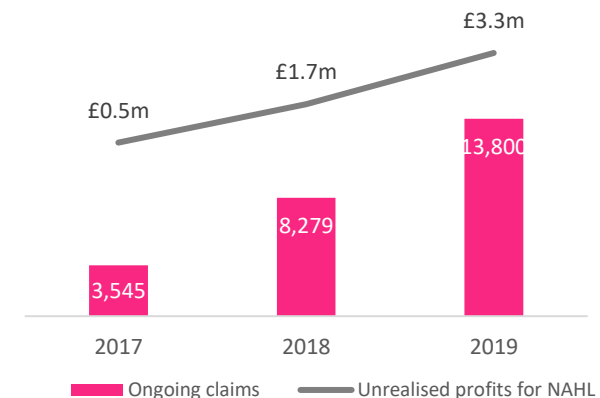
2. Winning claims, delivering for customers

76% growth in claims won in 2019, delivering accumulated damages of £19.3m to the end of 2019



3. Building a store of value to drive future growth

67% increase in ongoing claims at the end of 2019 (ex. NLP). This represents a store of future value which we estimate at £3.3m (after deduction of processing costs and minority interest)



TECHNOLOGY

Future business growth is based on investment in key technology...

Critical Care

- Core case management systems upgraded
- State of the art reporting tool in development

Business impact

- Improved offering for consultants thus helping retention, improved operational efficiency
- New products and markets can be developed on the back of flexible technology

Personal Injury

- Microsoft Dynamics based case management system introduced
- Digital small claims processing to be introduced when final policy details are clarified
- Call centre technology upgrade planned for 2020
- Upgraded web platform to increase site speeds

Business impact

- Fundamental building block of transformation strategy in place and working
- Digital processing key to small claims efficiency
- Operational and marketing efficiency improved through technological innovation

Residential Property

- Upgraded web platform to increase site speeds and improve our ability to adapt at speed
- Utilising technology provided by our partner to improve conveyancing transaction process

Business impact

- Improved marketing efficiency and better organic performance
- Improved service supports the roll out of our B2B offering

COVID-19 RESPONSE

Reaction



Month 0 – 1

Address the immediate challenges to our people, customers, business partners and liquidity

- Followed Government instructions and ensured staff were safeguarded
- Implemented business continuity plans which enabled uninterrupted trading from Day 1
- Identified and executed immediate, low-risk levers to improve cash position

Resilience



Month 1 – 6

Address near-term cash management, liquidity challenges and broader resilience issues during lockdown and into recovery

- Refine remote working model
- Develop financial scenarios for 2020 to stress test cash flows
- Identify and execute medium-term, higher-risk levers to right-size cost base (e.g. Group synergies, premises)
- Make use of Government support, where appropriate
- Renegotiate contracts, where necessary
- Develop resilience dashboard of leading indicators to ensure we remain on-track

Return



Month 1 – 12

Create a plan to return the business to growth, scaling quickly as lockdown eases and the longer-term impact becomes clearer

- Conducted a review of divisional strategies and strategic projects
- Ongoing review of changing consumer behaviour as a result of the prolonged lockdown period
- Investigate opportunities to accelerate self-processing
- Realign incentivisation of key employees to new reality to ensure retention
- Embed learnings from agile working during lockdown to create competitive advantage

COVID-19 IMPACT

Critical Care

- Critical Care has remained resilient with only a modest impact to date
- Changes to the way we provide service, remotely, may reduce revenue in Case Management
- Face to face assessments and Expert Witness work may be impacted in the short to medium term
- Some level of reduced instructions are likely in future months due to activity levels during lockdown

Personal Injury

- Market volumes have significantly reduced
- Our ABSs are continuing to progress ongoing claims, agreeing settlements and generating cash
- We are focusing on cash and reducing marketing costs while optimising placement and reducing overheads
- Volume and placement decisions are likely to impact both 2020 results and future years' performance

Residential Property

- Market volumes have been severely impacted
- Confidence in house purchasing had been improving, but now reversed
- Viewings have come to a standstill
- Transfer of equity and re-mortgages will continue but this will not compensate for the reduction in core conveyancing and searches

Outlook

- Our priority is the wellbeing of our employees and supporting our customers and business partners through these unprecedented times
- We have developed several scenarios to help us model the potential financial impacts on our business, although at present it is difficult to predict the broader and on-going economic ramifications of the situation
- We have taken proactive measures to reduce our costs to and ensure we have sufficient liquidity to run the business through a prolonged period of disruption
- NAHL is a strong business with talented and committed people who are diligently working through the impacts of this rapidly changing environment . Our experience in managing change in difficult markets will hold us in good stead.



NAHL – AT A GLANCE

Our vision

To become the leading provider in our chosen consumer legal services markets by:

- Creating trusted brands that enable consumers to access the law
- Forging strategic customer partnerships that create mutual value
- Embracing developing technologies to reach and interact with our consumers and customers



Personal Injury

Attracting customers via its market leading brand, sympathetically validating the legitimacy of their claim and connecting to an appropriate expert law firm or our own self-processing operations.



Our mission

To provide exceptional service to our consumers and customers by being outstanding at everything we do.



Critical Care

Market leading provider of case managers and expert witnesses to solicitors and insurance companies in support of clients who have sustained serious and catastrophic injuries.



Our values

- We are curious
- We are driven
- We are passionate
- We are unified

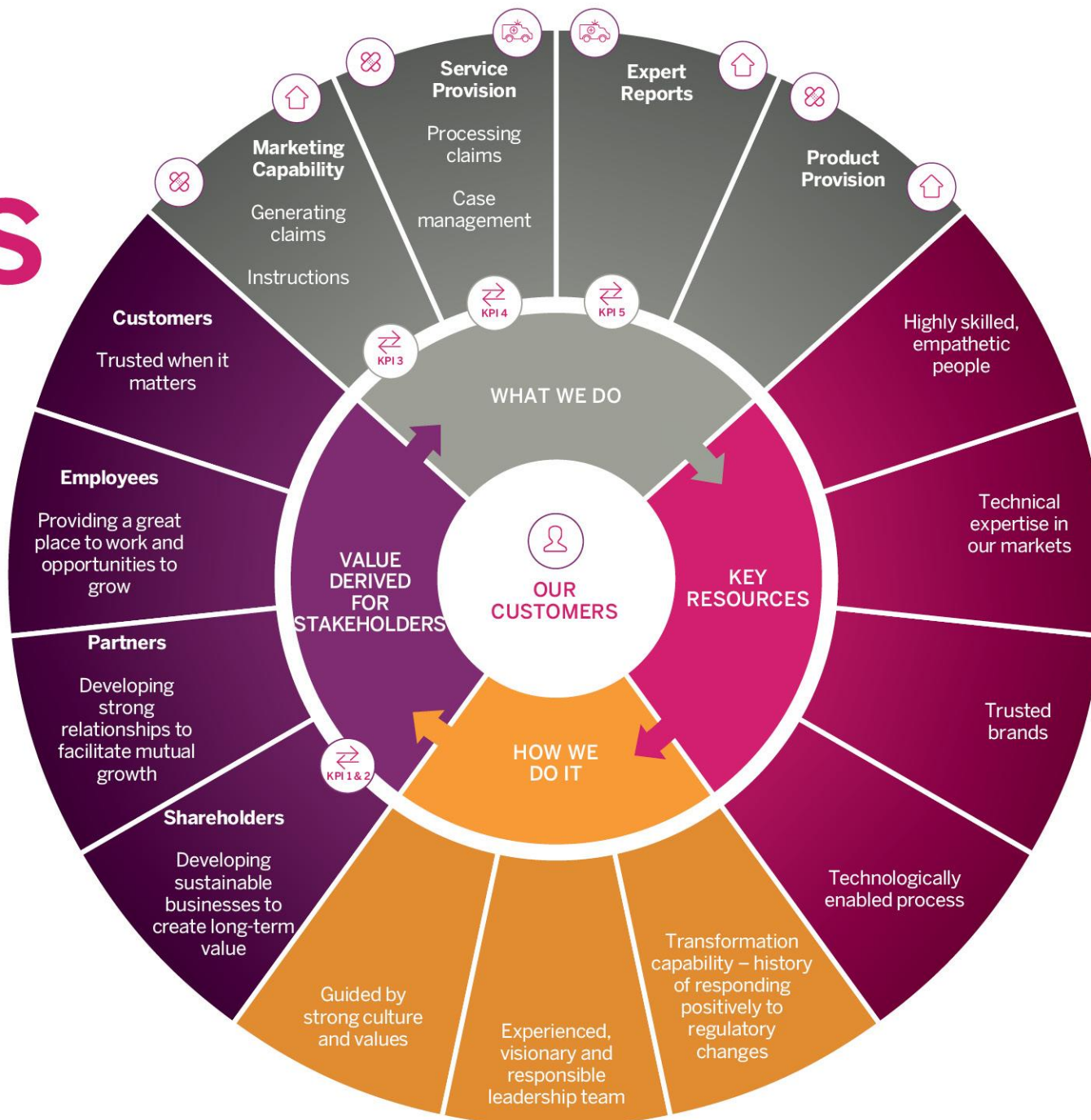


Residential Property

Provide support and information for consumers seeking conveyancing, searches and survey services, customers are then connected to a member of our carefully selected panel of law firms, conveyancers and solicitors.



OUR BUSINESS MODEL

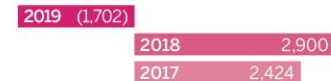


KEY PERFORMANCE INDICATORS

1 Cash generation Free cash flow

Free cash flow comprises the cash that the Group has generated from operations less amounts invested in capital items, lease payments and payments to/from non-controlling interests. The reduction of free cash flow is as a result of a delay in receiving amounts due from the Group's partners in National Law Partners. Following a settlement reached in December 2019, £5m will be paid to the Group in this regard over the next three years.

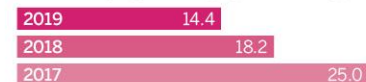
● Free cash flow (£'000)



2 Profitability Underlying Earnings per share (EPS)

Underlying EPS excludes the non-controlling interests' share of profits along with exceptional items and certain one-off costs, to derive a profit metric on a per share basis that reflects the underlying performance of the business. Underlying EPS has decreased year on year due to a higher proportion of profits being attributable to non-controlling interests (2019: £4.5m, 2018: £1.7m).

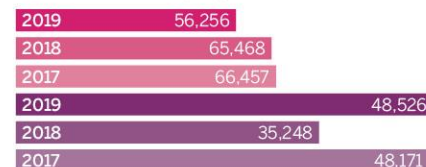
● Underlying Earnings per share (p)



3 Marketing services Enquiries/ Instructions generated

Our ability to generate personal injury enquiries and conveyancing instructions and balance these against market demand and available working capital, are a core element of our transforming business model. These represent leading indicators of our ability to generate revenue. Competitive pressure in the personal injury market and panel volatility led to a decline in enquiry volumes in National Accident Helpline whilst Residential Property were able to grow enquiry volume, albeit at an increased cost of acquisition.

● National Accident Helpline
● Residential Property



4 Service provision Ongoing claims/ Open case management cases

Our ability to generate revenue on processing personal injury claims is dependent on successful settlement of claims. Our ongoing claims represents a store of value that will convert to revenue in future years as the claims progress through the legal process and, ultimately, settle. In Critical Care, we invoice on a monthly basis for support provided to clients. The growth in ongoing claims in ABSs is expected to grow in the mid-term as our two new ABSs launched in 2019 (National Accident Law and Law Together) continue to scale. Critical Care continues to grow case management cases organically.

● Open case management cases in CC
● Ongoing claims in ABSs



5 Expert reports Reports issued – Critical Care/ Residential Property

We charge fees for expert reports. In Critical Care we issue expert witness reports and initial needs assessments and in Residential Property we issue surveys and search reports.

● Critical Care
● Residential Property

