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Ramsdens Holdings PLC

Results for the year ended 31 March 2018

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Ramsdens overview

Complementary product offering

Ramsdens is a growing diversified financial services provider and retailer

Business segments

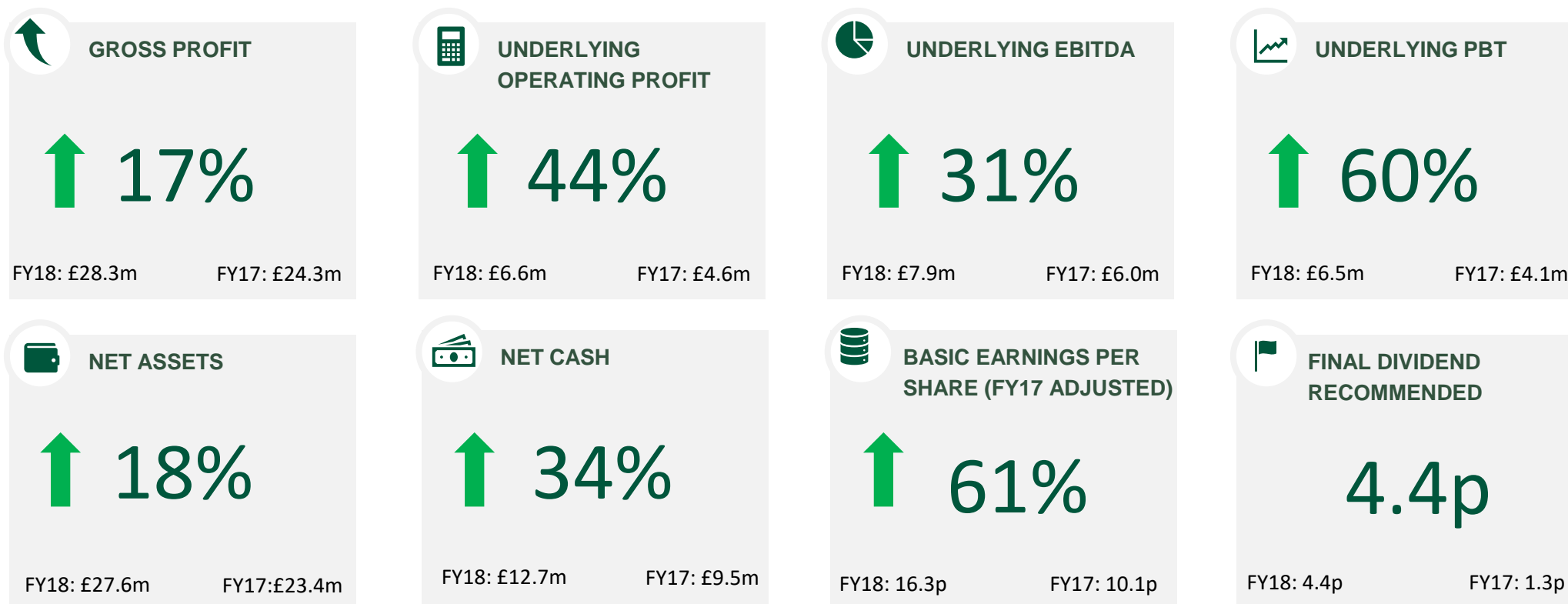
-  Foreign Currency Exchange (FX)
-  Pawnbroking
-  Purchases of Precious Metals
-  Jewellery Retail
-  Other Services (including cheque cashing)



Financial Highlights

To provide a meaningful comparison to the prior financial year and for future reporting periods, share based payments and exceptional costs which consist of IPO related costs in FY17 have been removed to give the following underlying results. To aid comparison with FY17 EPS, the closing number of shares has been used in FY17 and exceptional costs have been excluded.

Strong growth across financial KPIs



Strategic & Operational Highlights



Drive growth from core estate

- Strong growth in FX, Pawnbroking and Retail, ahead of expectations
- Precious metals weight purchased flat but strong profits driven by gold price being higher than long run average
- Total active customers up 11% to over 800k
- FX customers up 13% to 687k
- 4 stores relocated in the year



Expand the store estate

- 3 greenfield sites opened, in Newton Mearns, Braehead and Workington
- A jewellery store was acquired in Northallerton and converted to a Ramsdens
- Strong store opening pipeline into FY19



Grow online presence

- Online jewellery sales up 242%
- Online click and collect FX volume up 117%

FINANCIAL REVIEW

Summary profit & loss

- Strong revenue & gross profit growth in foreign currency exchange, retail and pawnbroking.
- Underlying profit before tax growth of 60%
- Administrative expenses up following investment in staff and the costs associated with being a PLC
- Finance costs down following repayment of loan notes on IPO
- LTIP share based payments:
 - FY17 - £7k
 - FY18 - £161k

Underlying profit before tax

£000s (year to 31 March)	FY18	FY17	% Change
Profit before tax	6,312	2,936	115%
Exceptional items - IPO	-	1,110	
LTIP share based payments	161	7	
Underlying profit before tax	6,473	4,053	60%

Consolidated profit & loss

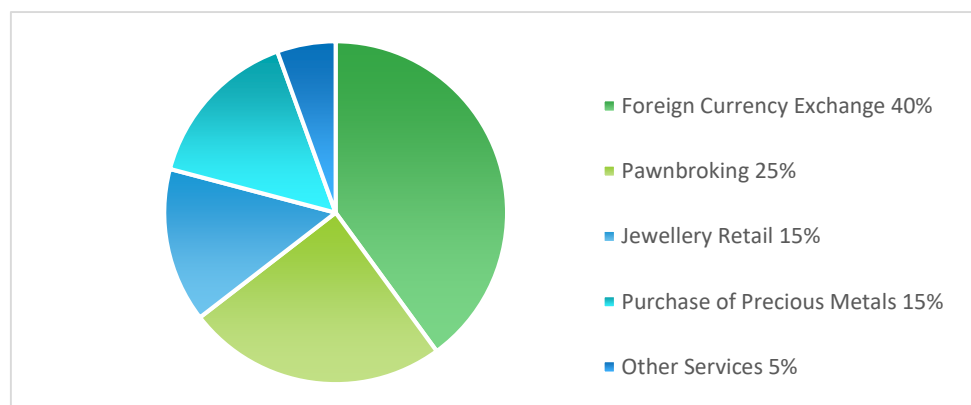
£000s (year to 31 March)	FY18	FY17	% Change
Revenue	39,942	34,516	16%
Cost of sales	(11,595)	(10,228)	13%
Gross profit	28,347	24,288	17%
Administrative expenses	(21,937)	(19,735)	11%
Operating profit before effects of exceptional items	6,410	4,553	41%
IPO fees	-	(1,110)	(100%)
Operating profit after effects of exceptional items	6,410	3,443	86%
Finance costs	(177)	(614)	(71%)
Gain on fair value of derivative financial liability	79	107	(26%)
Profit before tax	6,312	2,936	115%
Income tax expense	(1,278)	(926)	38%
Profit after tax for the period	5,034	2,010	150%

Business segments

Diversified and growing revenue streams

£000s (year to 31 March)		Revenue			Gross profit		
		FY18	FY17	% Change	FY18	FY17	% Change
1	Foreign Currency Exchange (FX)	11,329	8,971	26%	11,329	8,971	26%
2	Pawnbroking	6,966	6,128	14%	6,966	6,128	14%
3	Jewellery Retail	7,960	5,909	35%	4,130	3,321	24%
4	Purchase of Precious Metals	10,936	10,839	1%	4,356	4,336	0%
5	Other Services	2,751	2,669	3%	1,566	1,532	2%
Total		39,942	34,516	16%	28,347	24,288	17%

FY 18 gross profit mix



Cash flow statement

Strong cash generation

- Strong cash generation continues with £7.9m underlying EBITDA generated in the year
- £2.8m increase in net cash during the year
- £1.3m capex on four new stores, four relocations and IT equipment
- £1.2m invested in pawnbroking growth during the year
- £2.2m increase in inventories includes continuing investment into core stores and holding stock for new store openings
- £2.4m increase in creditors is due to the timing with the level of foreign currency orders at period end, and shop fitting costs
- £0.4m maiden final dividend for FY17 paid, and £0.7m interim FY18 dividend paid

Progressive dividend policy

Progressive dividend policy to reflect cash flow generation and earnings potential

- Final dividend of 4.4p per share proposed, subject to approval, payable on 20 September 2018 for those on the register as at 24 August 2018.
- Subject to approval of the final dividend, the total dividends for the year will be 6.6p with the interim dividend of 2.2p paid in February

Cash flow statement

£000s (year to 31 March)	FY18	FY17
EBITDA	7,729	4,893
Exceptional expenses	-	1,110
Share based payments	161	7
Underlying EBITDA	7,890	6,010
Movement in trade and other receivables	(1,251)	(693)
Movement in inventories	(2,229)	(2,002)
Movement in trade and other payables	2,350	170
Exceptional expense – IPO bonus	-	(172)
Interest paid	(173)	(614)
Income tax paid	(999)	(704)
Net cash flows from operating activities	5,588	1,995
Investing activities		
Proceeds from sale of property, plant and equipment	1	-
Purchase of property, plant and equipment	(1,201)	(451)
Purchase of intangible assets	(111)	(41)
Net cash flows from investing activities	(1,311)	(492)
Financing Activities		
Dividends paid	(1,079)	-
Payment of finance lease liabilities	(8)	(8)
Exceptional expenses – IPO fees	-	(938)
Bank loans drawn down	1,875	2,310
Repayment of bank borrowings & Loan Notes	(2,310)	2,900
Repayment of Loan Notes	-	(4,000)
Proceeds of issue of ordinary shares	-	4,950
Net cash flows from financing activities	(1,522)	(586)
Net increase in cash and cash equivalents	2,755	917

Balance sheet

- Strengthening balance sheet with net assets of £27.6m including net cash of £12.7m
- Intrinsic value of metals underpinning the inventory value
- Trade and other receivables are pawnbroking loans secured on jewellery and watches
- £7.0m revolving credit facility provides working capital flexibility for Ramsdens' continued growth and funding for summer currency requirements. The facility has a 3 year term and expires in March 2020.

Balance sheet

<i>£000s (year to 31 March)</i>	FY18	FY17
Non-current assets		
Property, plant and equipment	4,302	4,210
Intangible assets	429	529
Investments	-	-
Deferred tax	84	-
	4,815	4,739
Current Assets		
Inventories	7,567	5,338
Trade and other receivables	10,613	9,362
Cash and short term deposits	14,619	11,864
	32,799	26,564
Total assets	37,614	31,303
Current liabilities		
Trade and other payables	5,793	3,843
Interest bearing loans and borrowings	1,883	2,318
Accruals and deferred income	1,281	773
Income tax payable	633	305
	9,590	7,239
Net current assets	23,209	19,325
Non-current liabilities		
Interest bearing loans and borrowings	1	9
Accruals and deferred income	300	404
Derivative financial liabilities	40	119
Deferred tax liabilities	115	137
	456	669
Total liabilities	10,046	8,008
Net assets	27,568	23,395

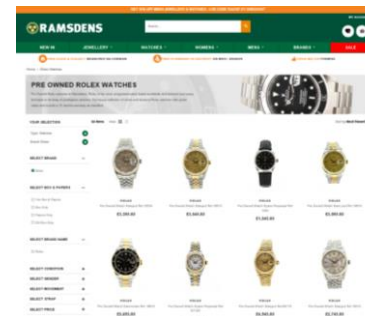
Operational review and outlook

Drive growth from core estate

Expand store estate

Grow online presence

Capitalise on consolidation opportunities



Well invested systems

Marketing & Brand

People, culture & customer service

Strategy 1. Drive growth from core estate - Foreign Currency Exchange (FX)

Segment overview

Ramsdens offers FX services through its branch network, with a small and growing online presence. The service is predominantly cash but the Group also sells Ramsdens Mastercard® pre-paid travel cards in US Dollar and Euro and is growing its international FX payments through a joint venture.

- Largest segment of the business, contributing 40% of gross profit
- Mintel estimate that in the calendar year 2017, total expenditure abroad grew 4%.
- 18% growth in volume indicates growing market share from competitors. We estimate we have approximately an average 12% market share in towns where we operate
- Initiatives to grow average transaction value and improve margins have been successful
- Income growing from international payments and pre-paid cards but more work to do



Continued growth in foreign currency exchange

£000s (12 months to 31 March)	FY18	FY 17	% Change
Total currency exchanged	£483,364	£407,892	18%
Gross profit	£11,329	£8,971	26%
Customer numbers ('000s)	687	606	13%

Strategy 1. Drive growth from core estate - Pawnbroking

Segment overview

Ramsdens offers loans secured against valuable jewellery items that the Group stores during the loan term. At maturity the customer repays the capital & interest and the pledge is returned. Ramsdens retails or scraps the pledged items upon default to repay the loan, any surplus is returned to the customer.

- Pawnbroking contributes 25% of gross profit
- Improvements in retail operations have led to customers being offered higher lending values for their pledged jewellery. This has led to increased loan books and interest income from repaying customers
- The past due or expired levels have been well controlled maintaining the quality of the loan book
- Increased income has been achieved from the defaulted pledges from improved retail results and the favorable gold price has assisted proceeds when goods have been scrapped
- Improving yield off flat interest rate charges

Live loan book

£000s (as at 31 March)	FY18	FY 17	% Change
Within contractual term	5,432	5,402	6%
Past due	699	572	
Total	6,431	5,974	8%

Financial contribution

£000s (year to 31 March)	FY18	FY 17	% Change
Revenue	6,966	6,128	14%
Gross Profit	6,966	6,128	14%
<i>Yield on average loan book</i>	112%	107%	5%

Strategy 1. Drive growth from core estate - Jewellery Retail

Segment overview

Ramsdens retails new and second-hand jewellery through its 127 managed store network.

Jewellery Retail enhances Pawnbroking income as defaulted pledges attract significantly higher values when sold via retail versus scrapping.

- Jewellery retail accounts for 15% of gross profit
- The reduction in margin is a combination of product mix, pricing initiatives and promotions. This strategy has resulted in improved profitability
- Ramsdens online jewellery revenue is now c3% of total jewellery turnover
- Project commenced to segregate new jewellery from second hand
- Philosophy of 'more stock = more sales' is working but we have good control of aged stock which is being scrapped periodically



Financial contribution

£000s (year to 31 March)	FY18	FY 17	% Change
Revenue	7,960	5,909	35%
Gross Profit	4,130	3,321	24%
<i>Gross margin</i>	52%	56%	(7)%
Jewellery Retail Stock	6,214	4,354	43%

Strategy 1. Drive growth from core estate - Purchases of Precious Metals

Segment overview

Ramsdens purchases unwanted jewellery items and scrap precious metal from customers.

Purchased items are retailed through the branch network or smelted in-house for sale in wholesale markets.

- The purchase of precious metals, selling for intrinsic value, represents 15% of gross profit
- The average higher gold price in FY17 and FY18 has benefited the business. In our FY18 expectations, we budgeted for a lower gold price. For FY19, we anticipate the gold price being similar to FY18
- Volumes of precious metals purchased have been consistent with the prior year
- Jewellery purchased and selected for retail is retained at the purchase price and when sold the profit realised through retail segment



Financial contribution

£000s (year to 31 March)

	FY18	FY 17	% Change
Revenue	10,936	10,839	nil
Gross Profit	4,356	4,336	nil

Strategy 1. Drive growth from core estate - Other Services

Summary

Ramsdens also provides additional services including: cheque cashing; Western Union money transmission; and sale and buyback of electronics. The Group also receives income from its three franchisees and from credit broking introducer arrangements.

- Stable performance from the Other Services which account for 5% of gross profit and include:
 - Cheque cashing – Ramsdens provides immediate clearance for cheques to customers who do not wish to wait for bank clearance or who may not have a bank account
 - Western Union – the Company acts as an agent facilitating payments from or to customers via Western Union money transmission service
 - Sale and buyback of electronics – Ramsdens buys the item and grants the customer an option to repurchase at a fixed price
 - Franchisees pay the Group franchise fees for use of its brand and infrastructure
 - Credit broking revenues are generated from referrals to other credit providers e.g. lending secured on vehicles

Financial contribution

£000s (year to 31 March)	FY18	FY 17	% Change
Revenue	2,751	2,669	3%
Gross Profit	1,566	1,532	2%

Strategy 1. Drive growth from core estate - Relocations & Refurbishments

Summary

Some of the older Ramsdens network in suburban sites and are 'old model' pawnbrokers.

Relocating to higher footfall high street / shopping centre stores compliments the strategy to grow FX and retail.

Careful appraisal of the store network has been undertaken to ensure that relocations will add to the bottom line and not simply chase revenue.

Store relocations – Stockton & Lancaster



Fraserburgh:

Refurbished a former Cheque Centres store –
acquired December 16

Strategy 2. Expand the store estate

- Maintained disciplined approach to store openings
- 3 Greenfield sites opened – Newton Mearns, Braehead and Workington
- 1 jewellery store acquired in Northallerton and converted to a Ramsdens
- Strong pipeline of potential new stores
 - Kendal is being shop fitted
 - 7 in legals
 - 2 at heads of terms stage
 - Other opportunities identified and being progressed



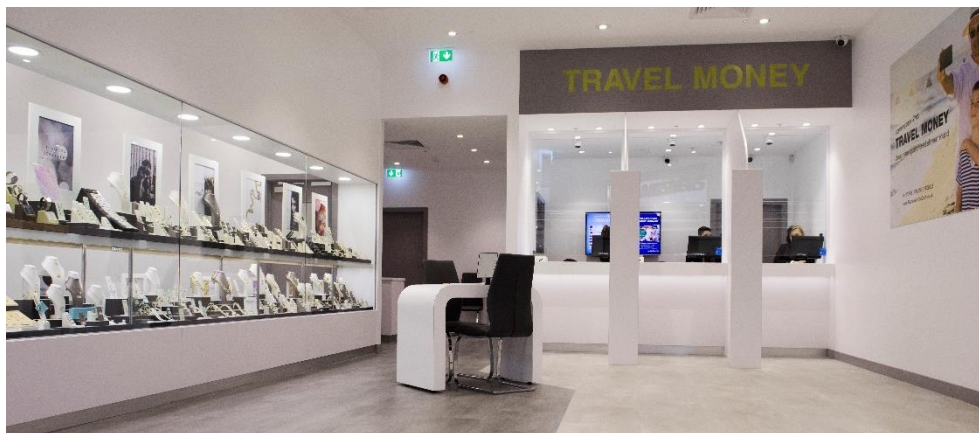
Ramsdens' Intu Braehead team

Retail store estate (March 2018)



Strategy 2. Expand the store estate

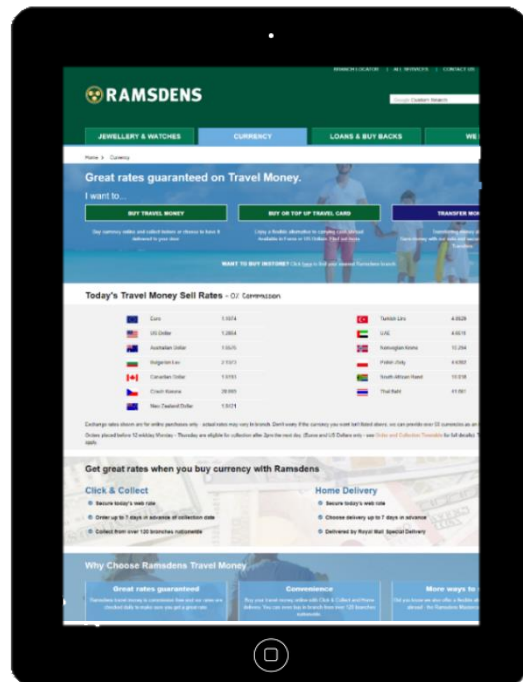
Intu Braehead a new concept – Opened March 18



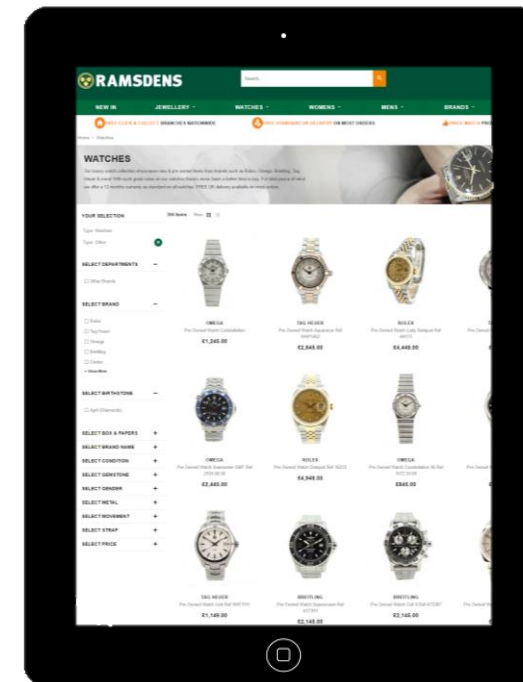
New Stores – Newton Mearns, Workington & Northallerton



Strategy 3. Grow online presence



- Dedicated Travel Money website www.RamsdensCurrency.co.uk.
- Mobile friendly
- Click & Collect
- Online FX volume (notes and card) grew by 117% in FY18 to £20.8m (FY17 £9.6m)
- International Money Transfers website launched September 2017



- Dedicated jewellery retail website www.RamsdensJewellery.co.uk plus eBay as a distribution channel
- Mobile friendly
- Click & Collect and Home Delivery available
- Gross jewellery sales up 242% on FY17 and now represents 3% of gross jewellery sales.
- Best individual 'branch' for sales but also assists all branches with visibility of what stock is available for sale across the Ramsdens network

Summary & Outlook



Good progress seen in FX and retail initiatives with the higher gold price benefitting pawnbroking and precious metals buying



Continued investment in IT Infrastructure, software and stores.



We are in a good position as we approach the important summer period for foreign currency.



Well positioned for future growth:

- Diversified and complementary offering
- Recognised and strong brand
- Loyal and growing customer base
- Experienced and motivated management team
- Good pipeline of new store opportunities

APPENDICES

The Ramsdens team



Peter Edward Kenyon (53), Chief Executive Officer

Peter joined Ramsdens in November 2001 as Operations Director and was appointed Chief Executive Officer in January 2008. Peter led the MBO in 2014 and has been responsible for over 25 acquisitions for the Group. He is responsible for overseeing all operations of the business and for setting the Group's strategy. Prior to joining Ramsdens, Peter's early career was with Yorkshire Bank for 17 years. He is a Council Member of the National Pawnbrokers Association and became a director of the Company at the time of the MBO in September 2014.



Martin Anthony Clyburn (36), Chief Finance Officer

Martin joined Ramsdens in 2009 and is a Chartered Accountant having previously qualified with respected North East firm, Keith Robinson & Co. Martin joined the board of the Company as Chief Financial Officer in August 2016. Martin is responsible for the finance function within the Group and also works closely with the IT team ensuring the IT and accounting systems are fully integrated. Martin lectured part time at the University of Teesside from 2006 – 2012. Martin holds a degree in MORSE from Warwick University.

The Ramsdens NEDs



Andrew David Meehan, (63) Non-Executive Chairman

Andy is a highly experienced retail executive with over 30 years' experience in roles at the Co-Operative Retail Services, Storehouse plc and Sears plc. For the last 10 years he has held a number of chairmanships and non-executive positions in many retail and consumer product businesses including Fortnum and Mason, GHD Group and American Golf. Andy is a chartered accountant and holds a degree in Politics & Economics from Oxford University. He has been Chairman of the Company since September 2014 and chairs the nominations committee.



Simon Edward Herrick, (54)

Simon joined the Board on 1 January 2017. Simon has significant experience in senior finance roles including positions as CFO of Debenhams plc, Northern Foods PLC, Kesa Electricals plc and PA Consulting Limited. Since leaving Debenhams Simon has undertaken consultancy work in a number of sectors, most recently as interim CEO of Blancco Technology Group PLC. Simon is a Chartered Accountant and holds an MBA from Durham University. Simon chairs the Audit & Risk and Remuneration committees.



Stephen John Smith, (60)

Steve joined the Board on 1 January 2017. Steve retired as CEO of Northgate plc in 2010 after a career with Northgate spanning over 20 years. Since leaving Northgate, Steve has served as a non-executive director on the boards of various family and private equity backed businesses, including four positions as Chairman. Steve is a Chartered Accountant and holds a degree in Economics from the London School of Economics.