

14 October 2021

XPS Pensions Group plc

Pre-close trading update

XPS Pensions Group plc (“XPS” or the “Group”) is pleased to provide its pre-close trading update for the six months ended 30 September 2021.

The performance of the Group was strong with revenues growing organically 10% year on year.

Advisory revenues grew 10% year on year, comprising Pensions Actuarial & Consulting growth of 7% year on year and 26% year on year growth in Pensions Investment Consulting. The growth figures reflect high client activity levels in the face of regulatory change, and new business wins coming on stream. Pensions Administration grew by 9% year on year. As expected, revenues in the SIPP business were down 1% year on year, reflecting the reduction in the bank base rate.

The National Pensions Trust (‘NPT’) business has continued to perform well with revenues growing 49% year on year, with a faster than expected recovery in asset prices contributing to the growth. Assets under management within the NPT business are now above £1.2 billion.

The period has been a successful one for the Group more widely. The Group won both ‘Actuarial and Pensions Consulting Firm of the Year’ and ‘Investment Consulting Firm of the Year’ at the recent UK Pensions Awards, whilst also being highly commended in two other categories, including ‘Pensions Administrator of the Year’. The Group was also highly commended at the UK Business Culture Awards, in the category of ‘Leading with Purpose’. Finally, in September 2021, XPS Investment Limited became a recognised signatory to the FRC’s UK Stewardship Code.

During the period, the pipeline of new business opportunities grew significantly, having previously been suppressed by the pandemic. The pipeline has now returned to pre-pandemic levels, and there has been pleasing new business success across all business lines, which is expected to support growth in FY23 and beyond.

In line with the continued growth of the business, the Group is pleased to announce that it has agreed terms with HSBC UK, National Westminster Bank Plc, Bank of Ireland and Citi on a new £100 million revolving credit facility and accordion of £50 million for a term of four years from October 2021, with a one-year option to extend. This new RCF replaces the previous £80 million facility which was due to expire in December 2022.

The Group has begun a trial of a new flexible working model, called ‘My XPS My Choice’, which has been warmly received by staff and is key in our ambition to make XPS the employer of choice in our market.

In line with the return of higher levels of business activity, as demonstrated by our strong first half performance, the Group now expects to deliver higher single digit revenue growth for the Full Year. This will be accompanied by some additional investment in headcount and associated costs to drive the Group’s mid-term growth in light of increasing demand for our services. The Group is encouraged by the strong start to the year and confirms that it remains on track for financial performance for the full year to be in line with expectations.

Paul Cuff, Co CEO commented:

“The first half of the year has been a pleasing one in many ways. We have been very busy helping our clients against a backdrop of continued regulatory change, and we have continued to develop innovative solutions to support them. It has been particularly pleasing that our approach to GMP equalisation has gained real traction in the market, and alongside delivering many projects across our client base we have also won a number of large projects externally.

As the UK returns to some normality, we have seen this reflected in our new business pipeline, which has continued to strengthen and is now at pre-pandemic levels. We have had some significant new wins over the period which will contribute to continued growth in FY23 and beyond.

The revenue growth we have seen reflects the strong market position we have, as a high-quality provider of all the services the UK corporate pensions market needs. The recognition we recently won at the UK Pensions Awards further enhances this market position.

To meet the demand from our clients and to continue to capitalise on the opportunities around us, we continue to hire more people. Competition in the market for good people is strong, but with a reputation for a strong employee focused culture we are well placed.

I would like to thank our people for their hard work during the period, and together we look forward to a successful second half of the year.”

Analyst and Investor Presentation

XPS Pensions Group plc expects to report its half-year results to 30 September 2021 on 25 November 2021.

A presentation will be held for equity analysts and investors at 9:30 a.m. on 25 November 2021 via a Zoom webinar. Those analysts and investors wishing to attend are asked to contact Nick Hennis at Camarco on +44 (0)20 3781 8330 or at nick.hennis@camarco.co.uk

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For further information, contact:

Enquiries:

XPS Pensions Group

+44 (0)20 3978 8626

Snehal Shah
Chief Financial Officer

Canaccord Genuity (Joint Broker)

+44 (0) 20 7523 8000

Adam James

RBC Capital Markets (Joint Broker)

+44 (0)20 7653 4000

James Agnew

Jonathan Hardy

Jamil Miah

Media Enquiries

Camarco

Gordon Poole

+44 (0)20 3757 4997

Nick Hennis

+44 (0)20 3781 8330

Notes to Editors:

XPS Pensions Group plc is the largest pure pensions consultancy in the UK, specialising in pensions actuarial & consulting, investment consulting and pensions administration. The XPS Pensions Group business combines expertise, insight and technology to address the needs of both pension trustees and sponsoring companies for over 1,500 pension schemes on an ongoing and project basis. These clients include 25 schemes with over £1bn of assets, and we undertake pensions administration for over 900,000 scheme members.