

Press Release

16th September 2013

Consumer-First Strategy Brings Increased Productivity for Personal Touch Financial Services

Personal Touch Financial Services ('PTFS'), one of the UK's largest privately-owned networks, has today published its 2012 annual results showing a growth in productivity and turnover.

Gross profit for the year stood at £11.1m with profit before tax of £0.4m (2011: £1.2m). Annual turnover for the year grew 15.7% to £64.9m, compared to a fall the previous year of 6.3% (2011: £56.1m).

During 2012 the directors undertook a review of strategy which involved focusing on retaining a smaller number of quality firms with higher productivity levels. A new fee structure was introduced together with a new executive team and staff infrastructure designed to reduce costs whilst increasing the focus on providing competitive member services.

Max Wright, chief executive officer, said:

"2012 was a significant year for the business. As part of our long-term strategy to focus on quality, we made significant steps to create a more refined adviser community with higher standards and better productivity, whilst simultaneously removing significant costs from the business through staff realignment. The business had traditionally operated at the smaller end of the network member market and the executive team felt this approach needed modification to ensure future stability and growth".

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Wright continues:

“Our quality strategy may well have drawn some negative attention for those within the industry who remain focused on numbers but we believe this is an outdated and largely irrelevant criteria to judge distributors on in a consumer-focused era. We are also confident that our ultimate audience, the consumers of our member firms, will be the biggest beneficiary, which is exactly how we believe a responsible financial services industry should operate.”

“Our new focus on quality has been warmly welcomed by product providers, lenders and of course our adviser members who have chosen to remain with our new, more efficient and wholly service-driven network. Importantly, LDC, our largest major investor, showed great support for our new business strategy, demonstrating their ongoing belief in our future prospects with a significant cash injection adding to our robust financial position”.

Supporting this strategic realignment, LDC, the largest shareholder of PTFS's holding company, injected a further £12.6m during the 2011/12 financial year.

As part of the business's strategic plans, member firm numbers reduced 21% on 2011 but annual productivity per adviser in the 'new community' rose 16% to £44k and gross profit margins remained stable at 17%. With only minimal expected exposure to commission clawback or compliance risks, the business confirmed it had not needed to make any significant provisions in 2012 and continued to operate a robust credit control strategy. Solvency margins are measured on a regular basis and members continue to receive commission payments on a weekly basis which can be tracked online via the Company's Toolbox technology solution.

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Notes To Editors

Personal Touch Financial Services is the UK's largest privately-owned professional adviser network. Established in 1994, the Company is authorised and regulated by the Financial Conduct Authority (FCA). Personal Touch Financial Services provides business, technical and regulatory support to a community of highly-qualified member firms, with a focus on the mortgage and protection sector.

Personal Touch is committed to running a consumer-focused organisation with professional standards and service quality at the core of this.

A new management team was appointed in 2012 headed-up by Chief Executive Officer, Max Wright. The team of board directors, senior management and staff are committed to ensuring adviser members are given all the support they need to deliver professional, impartial financial advice to consumers, whilst maximising income with complete cost transparency.

In its investment and pensions operation, Personal Touch operates a broad-based, restricted advice proposition with professionally qualified advisers supported by dedicated bespoke technology, compliance and business development resources. Adviser members benefit from the additional support of a robust PI policy giving legal protection which can otherwise cost firms considerable additional expenditure.

Distributing a diverse range of products from a comprehensive panel of major and specialist lenders, the company has four main areas of business:

- Protection
- Mortgages
- Investments and pensions
- General Insurance

Other more specialist business areas include:

- Private medical insurance
- Equity release and loans