

July 30th 2014

QUALITY FOCUS BEHIND 21% PROFIT INCREASE FOR PERSONAL TOUCH

Personal Touch Financial Services today announced its 2013 annual results showing a 21% increase in profits (PBIT) to £482,895 (2012: £399,431) at the end of the first year of the network's new long-term business strategy - focused on quality advice and putting the consumer at the heart of its business.

As part of the new strategy, 2013 saw a marked change to the shape of the membership profile as management focused on putting quality ahead of quantity and de-risking the business. In order to achieve the planned reduction in numbers of both low volume firms and larger firms which sat outside of the desired risk profile, the network increased fees and introduced enhanced support for its remaining core membership.

Overall gross profit margins increased 20% during the past year with total expenses, including board costs, down by a total of 11%. Despite significantly reduced network numbers (42%), annual turnover fell by just 20% (£51m 2012: £64.9m) with productivity increasing for the third consecutive year, now standing at £54,000 per member firm, 23% up on 2013

Max Wright, chief executive officer at Personal Touch, said:

“The past couple of years have put some major demands on the adviser sector and networks particularly with the additional regulatory costs and need for vigilant risk management. Over this period we have made decisions which at the time may well have appeared unusual or even reckless compared to others, but we knew it was absolutely essential for us to be ahead of the game and migrate to a new network model which put the consumer first. We had to get rid of the dabblers and the firms that were draining resource at the expense of others. No other network has pro-actively terminated firms in the way we did, but no doubt others will now follow our lead as those still practising the old model are increasingly proving how broken it is.

Wright continues:

“In the year of our 20th Anniversary we have a 20% growth in gross profit margin; 21% growth in profit before tax and a 23% growth in member productivity. On its own this represents a very positive achievement but we also have to put it in the context of a relentless focus on delivering value for money for our members. And as one of very few privately owned networks we are deservedly proud that even at the end of the first year of a long-term business strategy, we continue to have a positive balance sheet and the ongoing commitment and support of our major shareholder LDC”.

Business Volumes

As a major player in the intermediated mortgage market, Personal Touch reported a strong performance in this sector as the mortgage market generally saw a ‘significant recovery’ with continued low interest rates. According to the chief executive’s report from the results, “MMR places a much greater emphasis on the need for advice and ‘in a time of predicted growth in mortgage volumes, it is anticipated that the intermediated market share will grow further”.

Following the commencement of the Retail Distribution Review (RDR) in January 2013, Personal Touch invested in a period of specialist training and support for its wealth management advisers. Ahead of much of the competition, the network was responsible for pioneering the restricted advice model with a new wealth panel selected based on the providers’ abilities to ‘offer consumers a good choice across core product sectors and to reduce the risk level of the product range’.

ENDS

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Notes To Editors

About Personal Touch Financial Services

Personal Touch Financial Services is a 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. 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.

2014 is the 20th anniversary of the network which is now established as one of the leading mortgage distributors in the UK marketplace.