

# Collins Stewart plc

2006 Results

March 2007

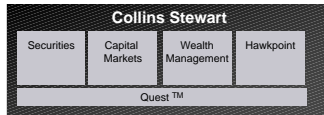
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## Highlights

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- Best year of trading since formed
- New management team appointed May 2006
- Transfer of US Equities business to Collins Stewart
- Demerger 19 December
- Acquisition of Hawkpoint 22 December



# Collins Stewart: a diversified group

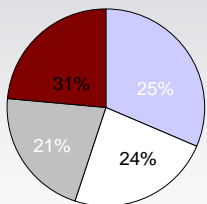
Largest and most profitable UK independent stockbroker

Over 600 staff

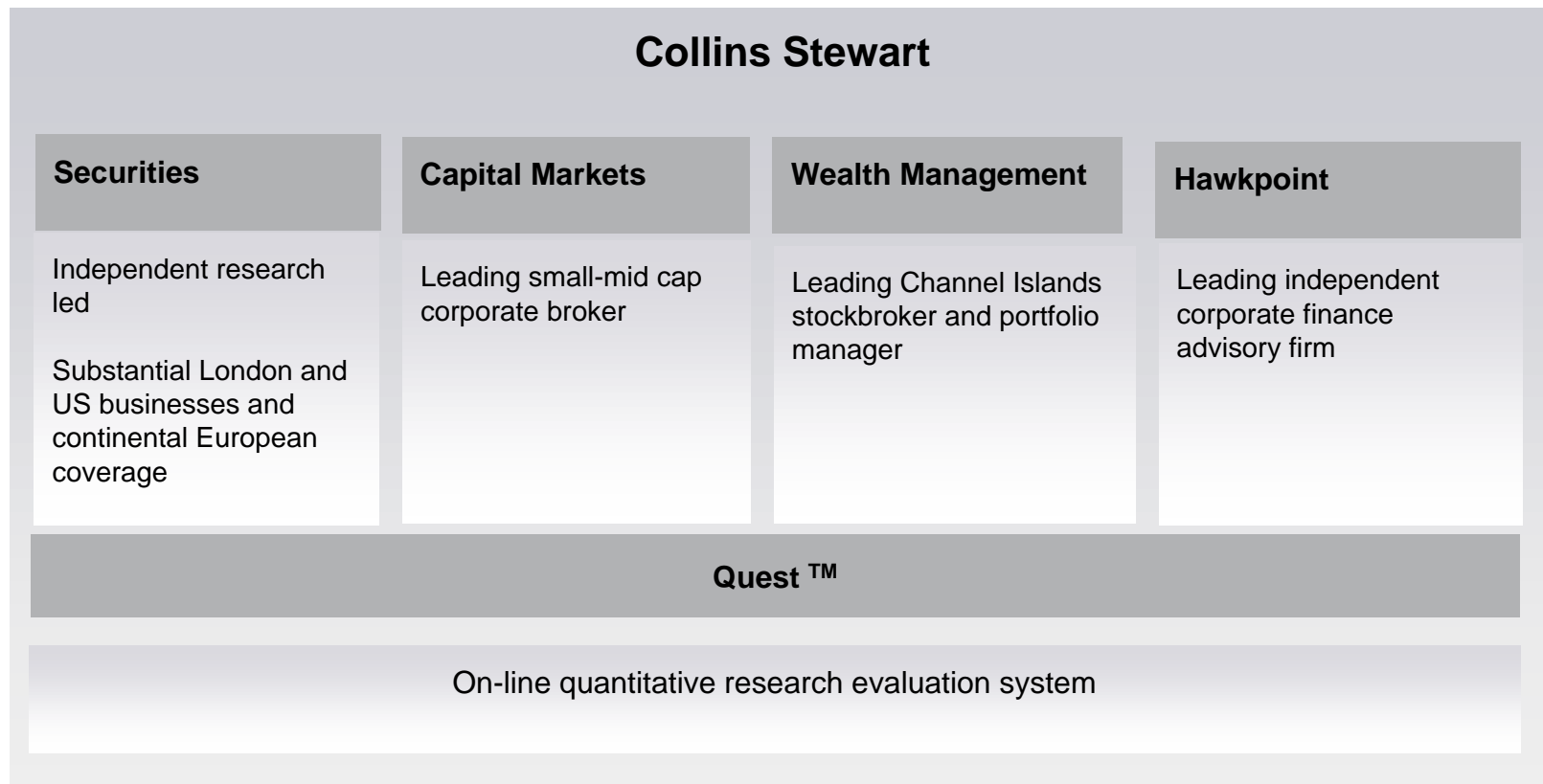
12 Jurisdictions

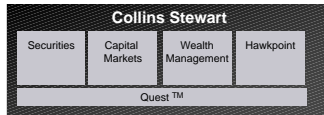
## Collins Stewart Revenue By Business

2006

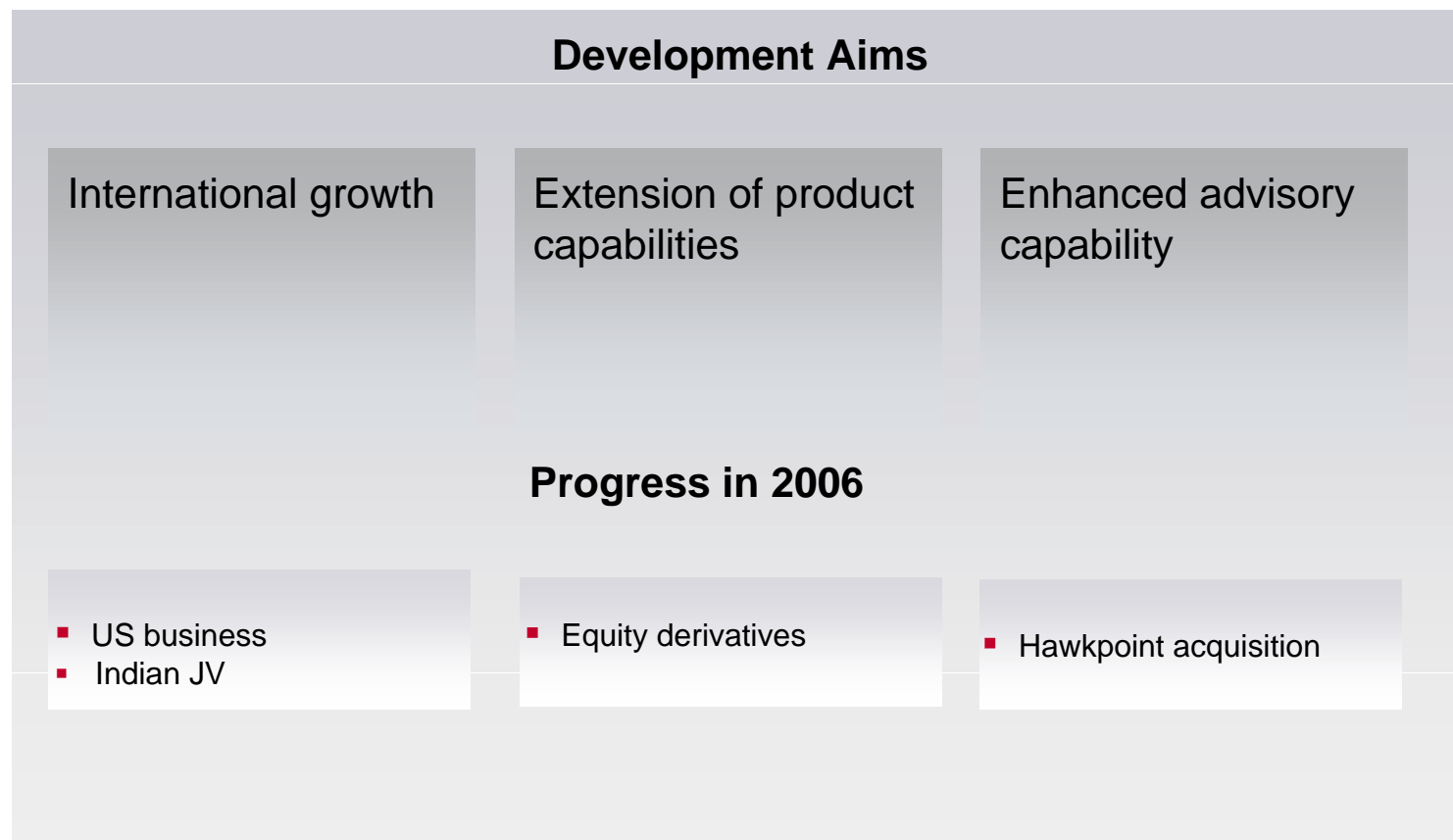


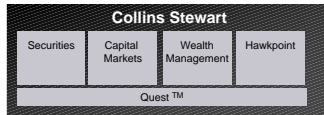
- Securities
- Capital Markets
- Wealth Management
- Hawkpoint



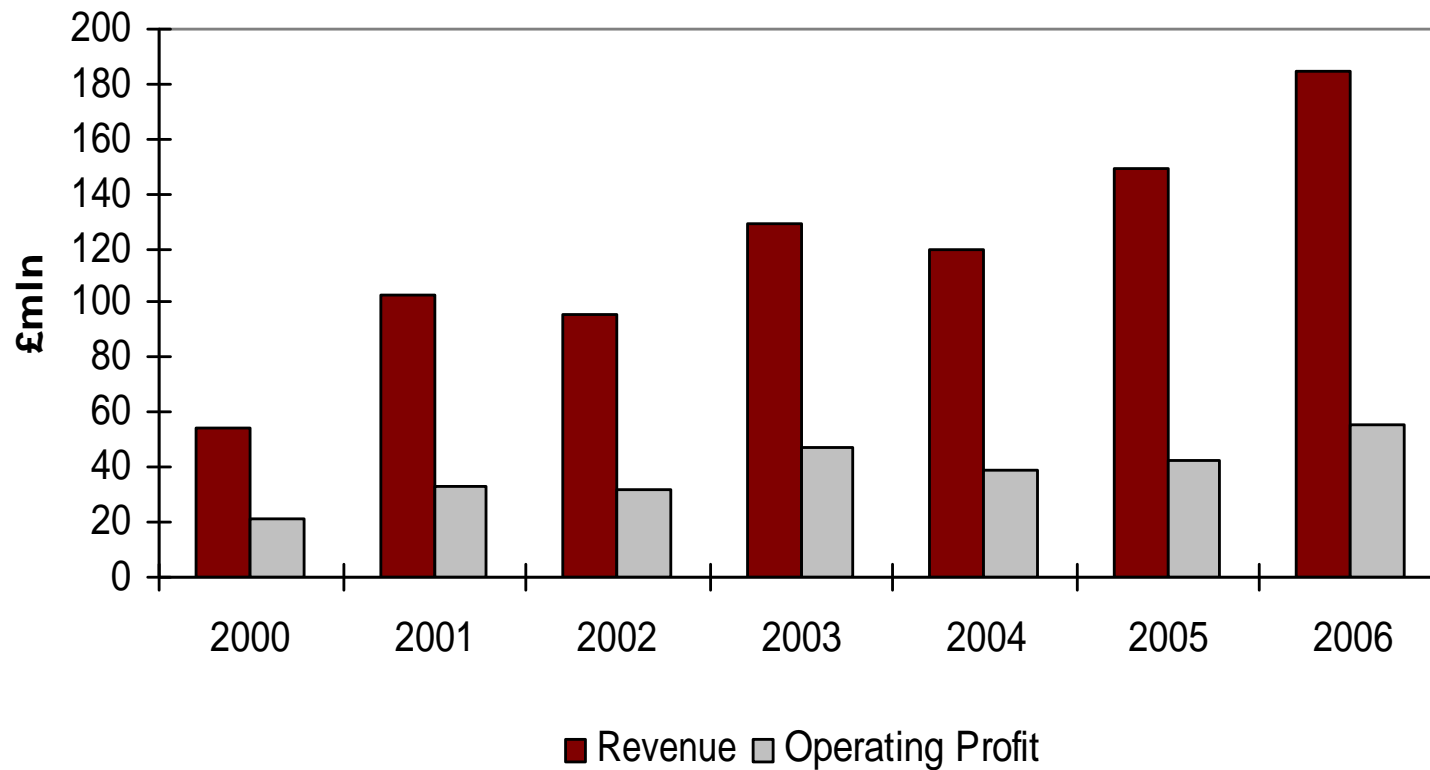


## Strategy Development

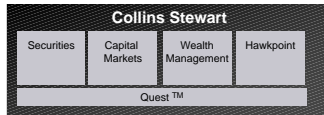




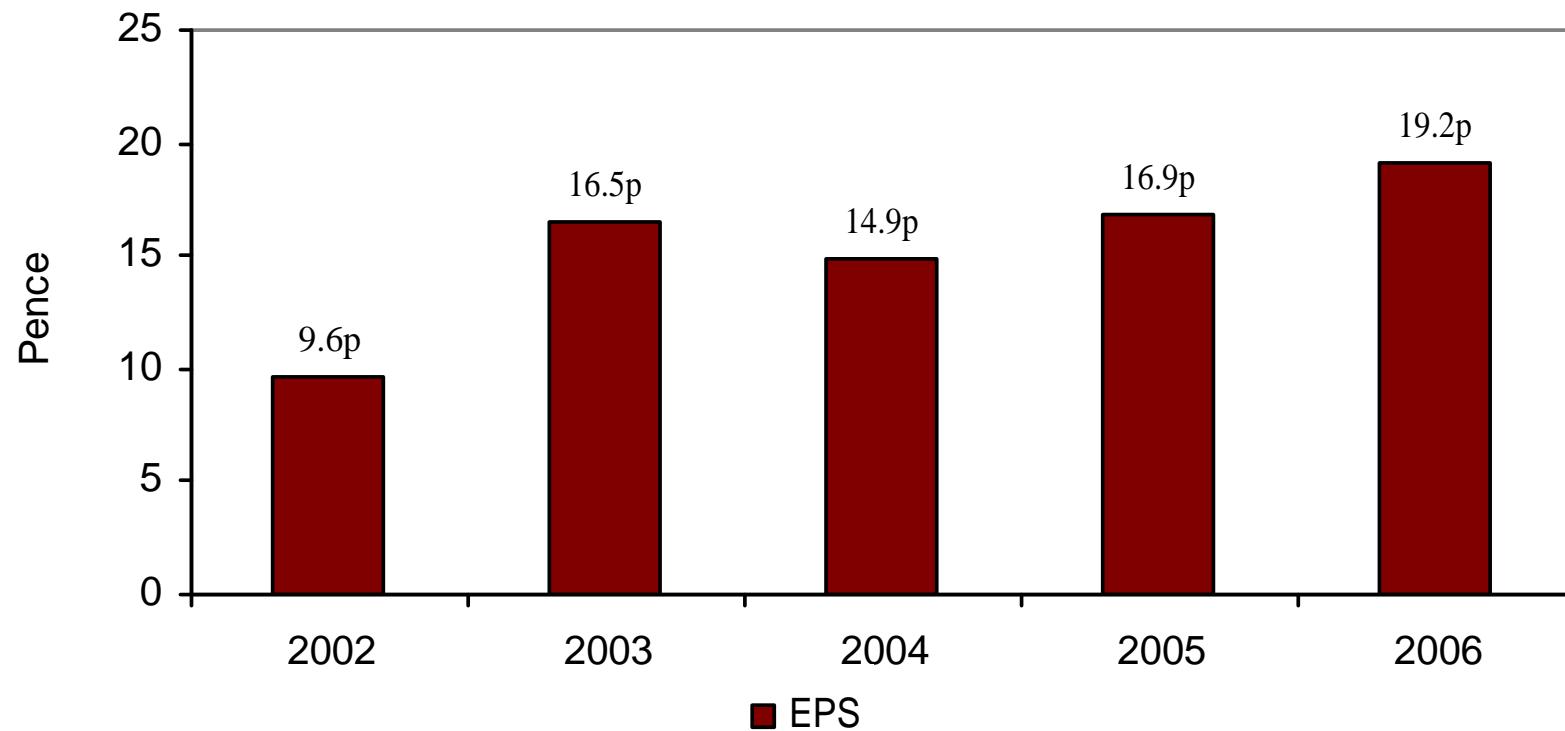
## Performance since original float



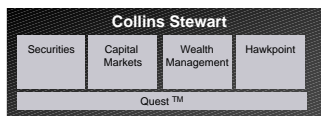
*Note: 2000 to 2002: UK GAAP adjusted to exclude goodwill amortisation; 2003-2006: IFRS*



## EPS – basic before exceptional items



*Notes : 2005 and 2006 numbers are pro forma ( including US Equities business, but excluding Hawkpoint)  
 All calculations based on Collins Stewart plc share capita  
 2002: UK GAAP; 2003-2006 IFRS*

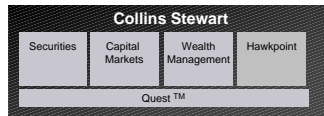


## Sector comparison

	Revenue (£m)	Operating Profit (£m)	Operating Margin	Funds Raised (£bn)	FUM (£bn)
<b>Collins Stewart</b>	<b>184.8</b>	<b>55.5</b>	<b>30.0%</b>	<b>1.9</b>	<b>3.1</b>
Evolution	88.5F	21.4F	24.2%	0.4	0.8
Numis	73.1	31.9	43.6%	0.5	n/a
Close Brothers	536.3	157.3	29.3%	–	8.2
Investec	955.4	367.4	38.4%	0.6	31.7
Rathbones	130.5	41.5	31.8%	–	12.2
Brewin Dolphin	164.6	26.9	16.3%	–	18.9

Notes: Operating profits are stated before exceptional items and after share option charges

Evolution consensus forecast for year ended 31 December 2006, Close Brothers 31 July 2006, Investec, Numis and Brewin Dolphin 30 September 2006



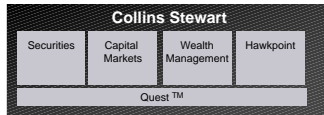
## Financial Highlights

£m	Pro Forma <sup>(i)</sup>		
	2006	2005	Change
Revenue	184.8	148.7	+24%
Operating profit before exceptional income <sup>(ii)</sup>	55.5	43.0	+29%
Profit before taxation	64.8	46.6	+39%
EPS before exceptional income	19.2p	16.9p	+14%
First final dividend per share	5p		
ROCE	115%		
Adjusted ROCE <sup>(iii)</sup>	39%	30%	

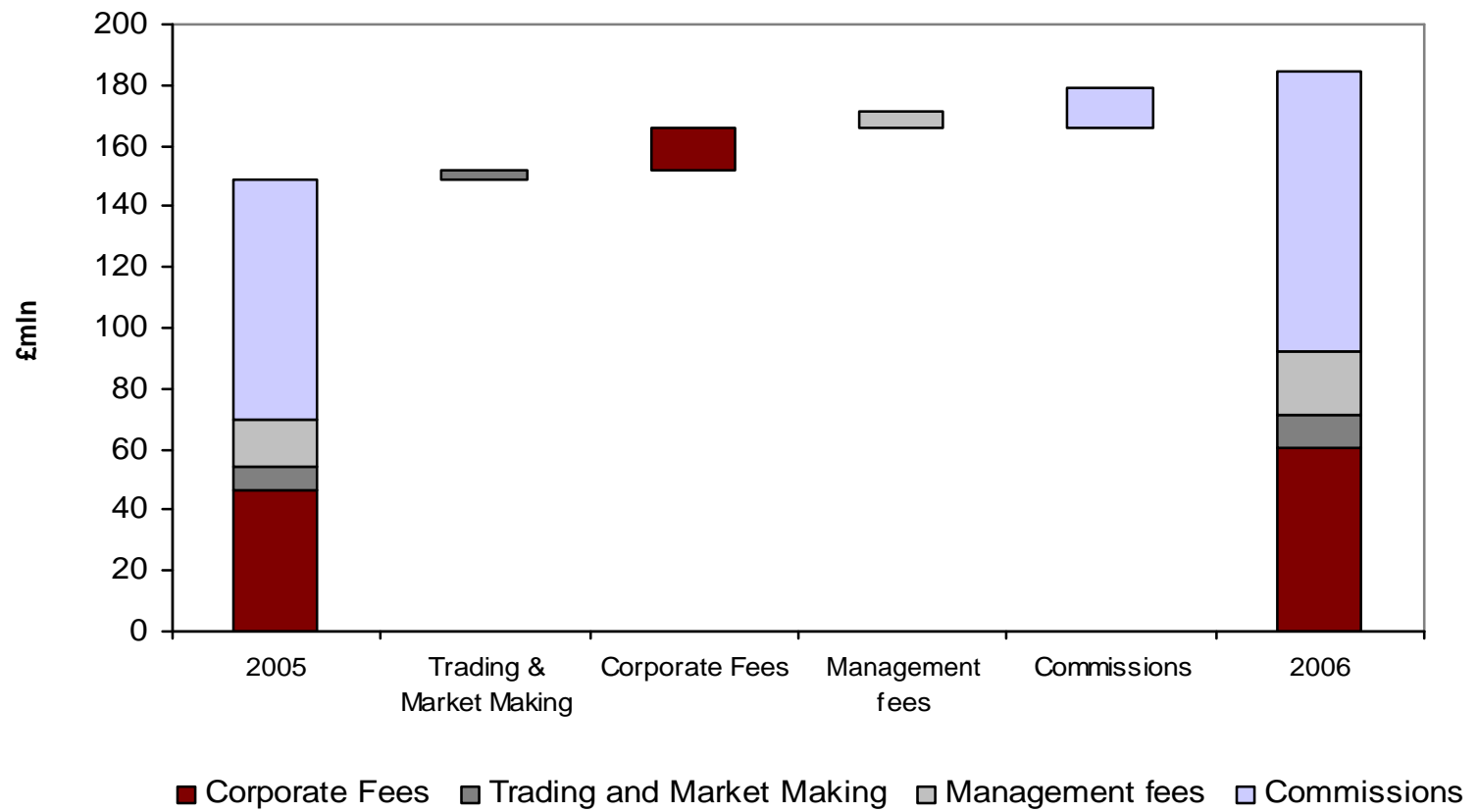
Notes: (i) All figures are on a pro forma basis, including the results of the US Equities business but excluding Hawkpoint

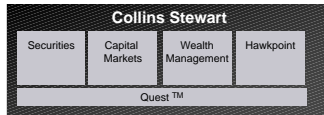
(ii) Exceptional income: £3.9m split capital investment trust insurance settlement and £1m proceeds from sale of fund management administration contracts

(iii) includes goodwill arising on MBO of CSEL



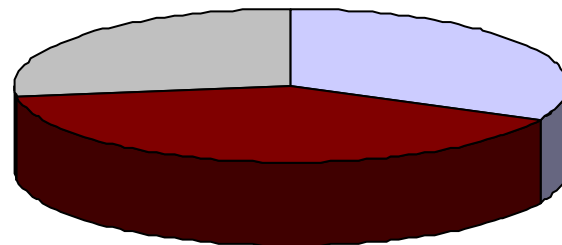
# Revenue growth





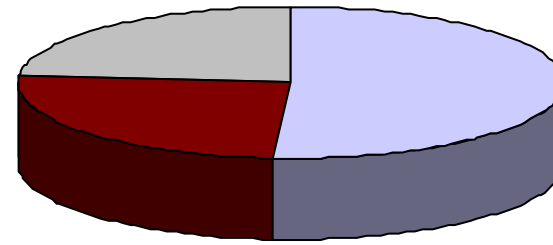
# Divisional and Segmental analysis

Revenues



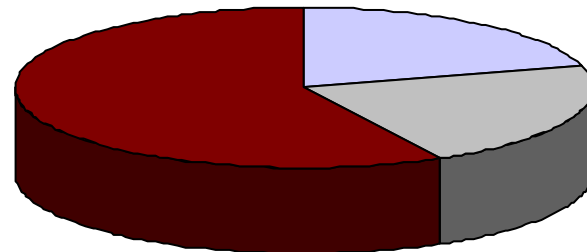
□ Capital Markets ■ Securities □ Wealth Management

Operating Profits



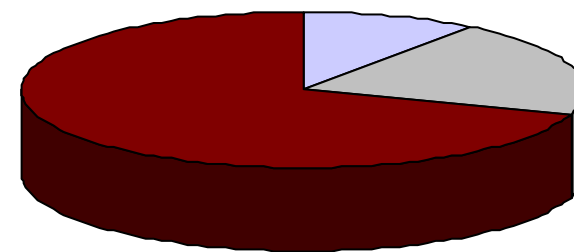
□ Capital Markets ■ Securities □ Wealth Management

Revenues

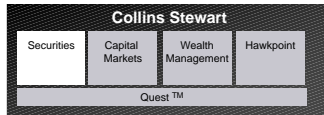


□ USA □ Channel Islands ■ Europe

Operating Profits



□ USA □ Channel Islands ■ Europe



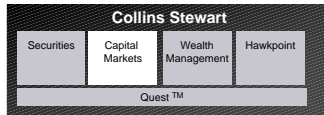
## Securities

Headcount 117

£m	2006	2005
Revenues (£m)	74.6	66.2
Operating Profit (£m)	14.1	10.2
Operating Margin (%)	18.9	15.4

- Strengthened Larger Companies analysts team
- Growth in all areas of Securities business
- Significant business in the US
- Unbundling – limited impact to date; adapting to changing market

*Includes Smaller Companies and Investment Funds market making and secondary broking  
Headcount: front office*



## Capital Markets

Headcount 56

£m	2006	2005
Revenues (£m)	59.4	44.7
Operating Profit* (£m)	28.3	23.9
Operating Margin (%)	47.6	53.5

Headcount: front office

- Leading fundraiser on AIM (more than double nearest competitor) – 12% market share
- Raised £1.9bn (2005: £1.3bn)
- 81 transactions (2005: 72)
- Average fundraising size: £35.3m (2005: £31.8m)
- Quality of new issues: 15% growth (AIM: 1%)
- 120 clients including 45 overseas



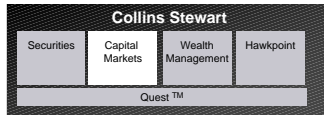
Shares Awards 2005  
IPO of the Year - Foseco



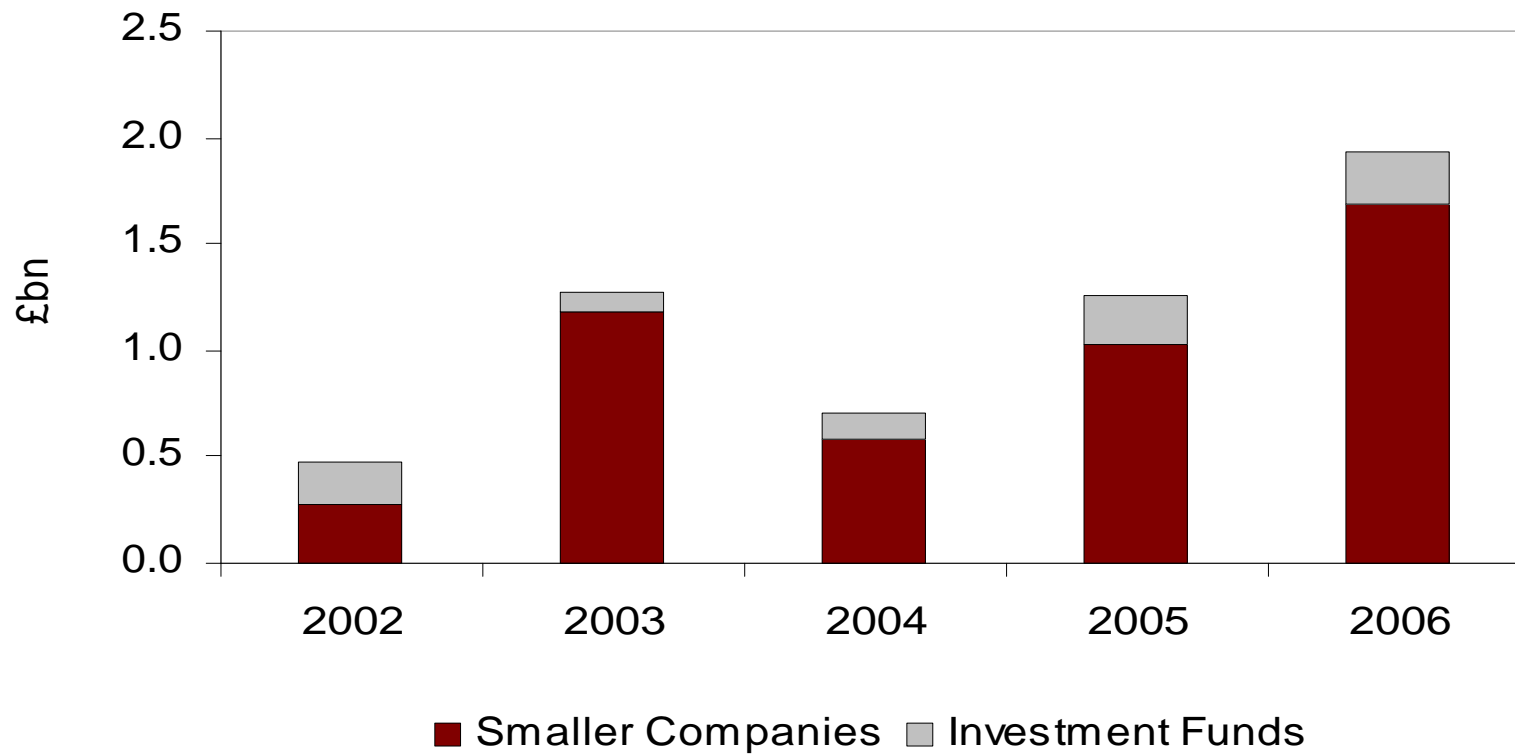
AIM Awards 2005  
Media Square  
Best Use of AIM

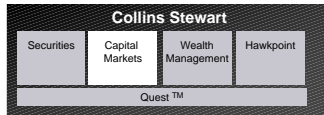


AIM Awards 2006  
Griffin Mining  
Best Performing AIM Share Over 5 Years



## Total funds raised





## 2006 Fundraising

### New Issues Full List and AIM - UK Market only - 2006

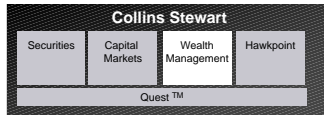
Broker	Total raised (£m)	Number of issues
1 UBS Investment Bank	3,894.2	12
<b>2 Collins Stewart</b>	<b>1,752.2</b>	<b>37</b>
3 JPMorgan Cazenove	1,030.3	13
4 Citigroup	1,006.3	3
5 Merrill Lynch Europe	905.6	3
6 Credit Suisse	842.9	5
7 Deutsche Bank	768.5	5
8 Fairfax	486.2	5
9 Numis Securities	486.1	9
10 NM Rothschild	473.3	6

### AIM NEW ISSUES - Full year 2006

#### Brokers' Performance, By Total Raised

Broker	Number of issues	Total raised (£m)	Average price perf (%)
1 <b>Collins Stewart</b>	<b>28</b>	<b>1685.55</b>	<b>16.51</b>
2 Deutsche Bank	5	768.49	16.68
3 Credit Suisse	4	632.47	3.39
4 Fairfax	5	486.21	7.75
5 HSBC	3	441.31	13.42
6 Numis	5	413.60	-2.18
7 Evolution	14	386.56	16.11
8 JP Morgan Cazenove	6	375.96	11.66
9 NM Rothschild	5	356.52	11.68
10 Panmure Gordon	9	315.32	-7.57

Source: London Stock Exchange excluding GDRs



## Wealth Management

Headcount 106

	2006	2005
£m		
Revenues (£m)	50.8	37.8
Operating Profit (£m)	13.1	8.9
Operating Margin (%)	25.8	23.5

Headcount: front office

- FUM £3.1bn (£2.5bn discretionary)
- Successful integration of Insinger
- Successful transfer of London settlement operations to Guernsey
- Minority investment in Maltese firm, Charts
- More Investors Chronicle Awards



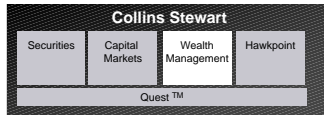
Collins Stewart:

Best Portfolio Manager  
Best Advisory Stockbroker for Customer Service  
Best Advisory Stockbroker: Security & Admin

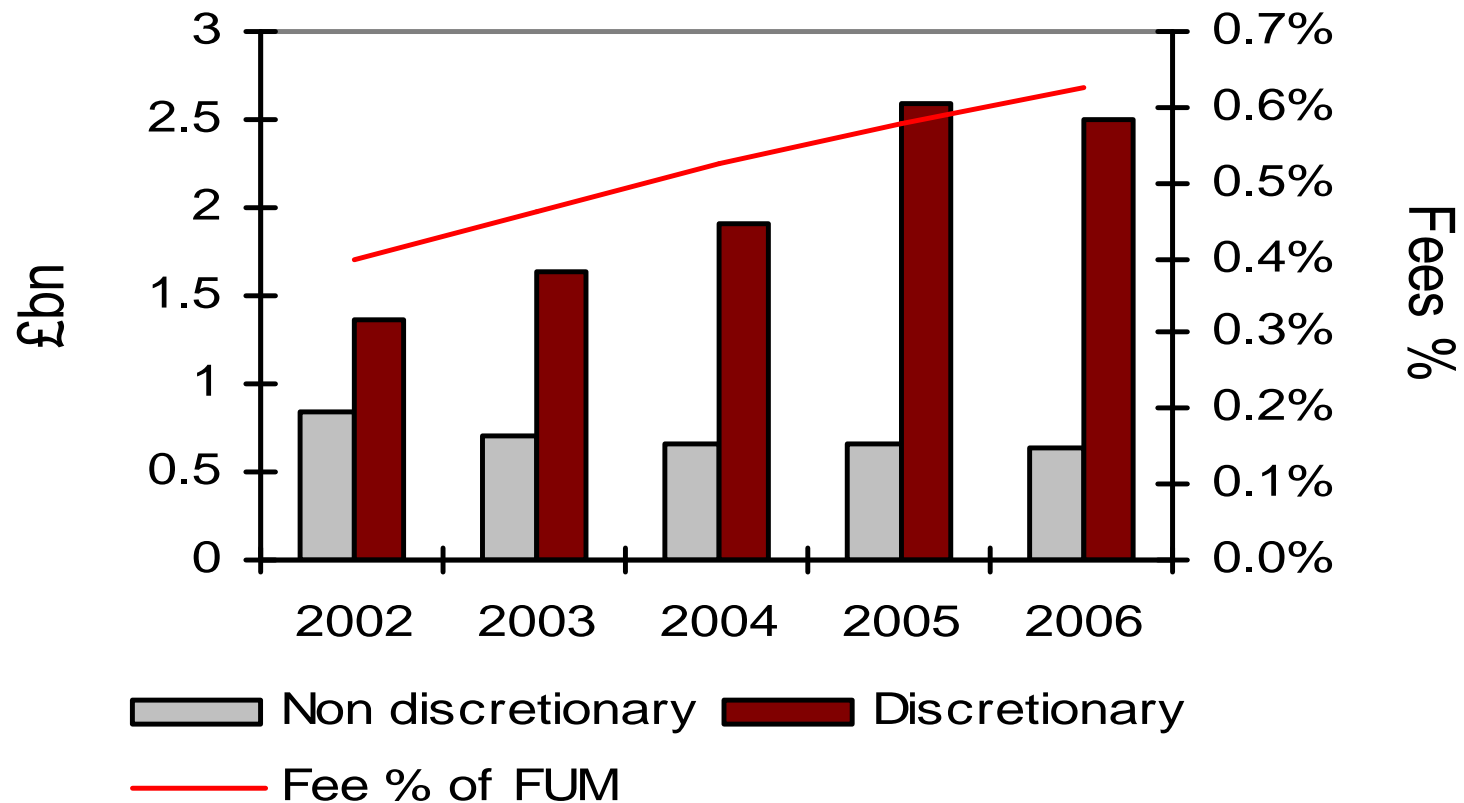


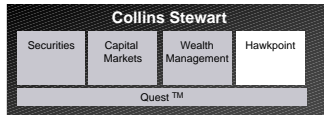
Collins Stewart:

Best Advisory Stockbroker for Customer Service  
ServiceBest Portfolio Manager



## Assets under Management





# Hawkpoint

Headcount 70

	FY 2006	FY 2005
Revenues (£m)	57.3	38.4
Operating Profit (£)	15.0	7.7
Operating Margin (%)	26.2	20.1

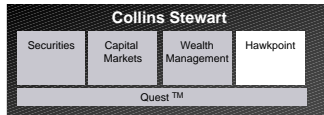
- 2006: best year of trading since founded in 1999
- Leading UK corporate finance advisory firm
- London and Paris offices 120 staff (70 professionals)
- Paul Baines joined board as Executive Director
- Financial adviser of the year BVCA/Real Deals Private Equity Awards 2006
- UK independent Corporate Finance House of the year 2006, Acquisitions Monthly

*Notes:*

(1) 2006 results adjusted to exclude property relocation

(2) Not included in Group Statement as acquired 22 December 2006

(3) Headcount: front office



## Hawkpoint: The Opportunity

### Collins Stewart

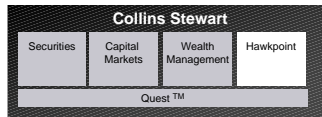
Strong broking capability  
Extensive distribution  
High quality research  
trading

### Hawkpoint

Respected independent corporate  
advisory practice  
Growing international  
corporate network

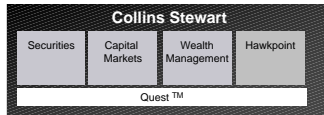
**Complementary nature  
of respective capabilities  
and client reach**

**Extend services to  
respective clients**



## Hawkpoint Acquisition

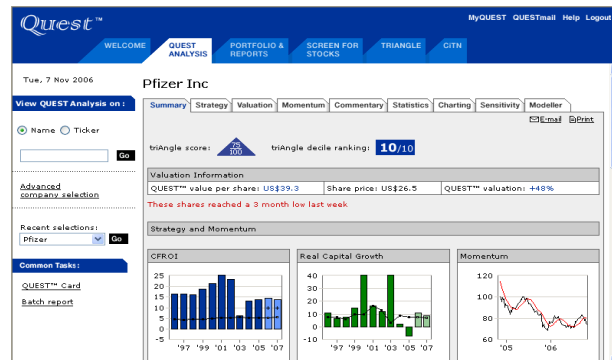
	£m
Net assets	22.5
Goodwill	114.2
	<u>136.7</u>
Satisfied by	
Shares	79.7
Cash	32.7
Loan notes	7.3
Deferred consideration	15.0
Acquisition costs	2.0
	<u>136.7</u>



# Quest™

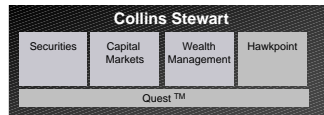
## Positioning

- Collins Stewart's brand of on-line valuation model, financial database and research publications
- Used throughout the business
- Platform for CS Large Cap institutional franchise ("powered by Quest™")
- All Quest™ products supplied on-line: [www.csquest.com](http://www.csquest.com)
- 2,450 companies: 600 in UK, 650 in US, 500 in Europe (outside UK)
- 150 institutional investors in UK, 90 in North America; 60 in continental Europe and Asia



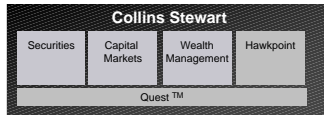
### Research Publications and Commentary

- CITN™
- triAngle™
- Newsletter
- CS Analysts Reports



## Balance Sheet

£m	2006	2005
Goodwill	145.1	29.4
Intangible assets	0.5	0.5
Other non-current assets	11.8	5.7
Net funds	123.6	48.3
Net current assets/ liabilities	(39.8)	10.9
Non-current liabilities	(3.3)	(0.9)
	<b>237.9</b>	<b>93.9</b>
Share capital	61.9	20.8
Retained earnings	380.1	73.1
Merger reserve	70.9	-
Reverse acquisition reserve	(275.0)	-
	<b>237.9</b>	<b>93.9</b>



## Cash Flow

£m	2006	2005
Operating profit	56.9	42.6
Non-cash items	3.6	2.8
	<b>60.5</b>	<b>45.4</b>
Working capital	27.8	10.8
Net interest	3.5	4.5
Tax	(19.1)	(3.9)
Capital expenditure	(0.9)	(0.7)
Cash flow before acquisitions and financing	<b>71.8</b>	<b>56.1</b>
Acquisitions	1.9	(3.0)
Financing	1.4	-
Dividends	(5.0)	(46.0)
	<b>70.1</b>	<b>7.1</b>
Operating cash flow return *	145%	122%

\* Cashflow before acquisitions and finance, adjusted for tax and interest as a percentage of operating profit before non cash items

## Future Developments

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- Hawkpoint revenue referrals
- Indian JV
- Strong deal pipeline

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## Major Shareholders at 1 March 2007

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<b>Shareholder</b>	<b>No</b>	<b>%</b>
Scottish Widows Investment Partnership	15,921,292	6.44
Legal & General Investment Management	15,379,629	6.22
Lazard Asset Management	9,525,796	3.85
TIAA-CREF	9,038,873	3.65
Terry Smith	8,859,000	3.58
Aberforth Partners	8,757,400	3.54
JP Morgan Fleming Asset Management	7,564,469	3.06
Standard Life	6,002,158	2.43
HSBC Investments	5,901,127	2.39
State Street Global Advisors	5,877,812	2.38
Henderson Global Investors	5,412,714	2.19

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## Collins Stewart Office Locations

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### London

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### Hawkpoint

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### Uxbridge - Middlesex

CNC House  
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### Isle of Man

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### Malta

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Malta, VLT 15

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2006 Results

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