

7 December 2017

## **Proposed Acquisition of three businesses from Punter Southall Group Limited for up to £153 million**

Xafinity plc (“**Xafinity**” or the “**Company**”), the pensions actuarial, investment consulting and administration business, today announces the proposed acquisition from Punter Southall Group Limited (“**Punter Southall Group**”) of its actuarial consulting, pensions administration and investment consulting businesses (the “**Target**”) for a total consideration of up to approximately £153 million (the “**Acquisition**”). As part of the transaction, Xafinity’s HR Trustees business will be transferred to Punter Southall Group which, following the proposed deal, will comprise a range of businesses focused on workplace savings, health and protection consulting and wealth management.

The transaction represents a compelling opportunity for Xafinity to progress its strategy of consolidating the mid-market in actuarial, investment and administrative services to trustees and sponsors of UK DB schemes, by creating a new leading player with increased capability to challenge the global consultancies.

### **Rationale for the deal:**

- Xafinity and the Target are two highly complementary businesses that, if combined, would create the largest “pure-play” pensions consultancy in the UK, with approximately 900 employees in 15 offices spread across the UK, around 1,000 clients and revenues of over £100 million. The Xafinity Directors believe that the two groups’ comparable actuarial, investment consulting and administration businesses, each of which has a strong market reputation, a diversified client base, long-standing client relationships and a collegiate employee culture, are very well suited to a merger.
- The Xafinity Directors believe that the Acquisition will enable clients of both Xafinity and the Target to benefit from the capabilities of the combined businesses. For example, Xafinity’s market leading de-risking solutions and integrated actuarial & investment software (called “Radar”) are likely to be attractive to clients of the Target. Similarly, the Target has strong capabilities in other areas which the Directors believe will be attractive and beneficial to clients of Xafinity, such as pension scheme administration and advice on corporate mergers and acquisition activity. The Xafinity Directors consider that the Acquisition would therefore enable both firms to ‘level up’ in such areas across the combined business.
- The Xafinity Directors believe that the enlarged group will have a high profile in the pensions industry. The Board believes this may lead to an increase in the number of invitations and opportunities received by Xafinity to increase its client base for the provision of actuarial, administration and / or investment consulting services.
- The transaction resolves the potential conflict between the core Xafinity businesses and HR Trustees, enabling both to flourish unencumbered by a common ownership structure.

### **About the Target**

The Target operates across nine UK offices with approximately 450 employees and comprises three businesses: (i) the Actuarial Consulting Business, which provides actuarial advice to approximately 425 UK occupational pension schemes; (ii) the Pensions Administration Business which administers pensions for approximately 380,000 scheme members; and (iii) the Investment Consulting Business which provides specialist consulting services to over 115 UK occupational pension schemes. The Target reported revenue for the year ended 31 December 2016 of approximately £51 million and Adjusted EBITDA of approximately £11 million.

The consideration for the Acquisition will be satisfied through a payment of £92.52 million in cash, the issue of [25,766,871] new ordinary shares worth approximately £42 million, the transfer of the operating company of Xafinity's HR Trustees business to Punter Southall Group at an agreed value of £8.48 million, and the issue of up to [6,134,969] earn out shares valued at approximately £10 million for the purposes of the Acquisition.

**Paul Cuff & Ben Bramhall, co-CEOs of Xafinity plc, said:**

*"We are delighted to announce the merger of Xafinity and the actuarial, administration and investment consulting divisions of Punter Southall Group. The deal will create the largest "pure-play" pensions consultancy firm in the UK market. We both have a personal and long-standing affiliation with Punter Southall Group, and we believe that the addition of their like-minded and high-quality staff will contribute significantly to Xafinity's position in the market. This transaction marks another significant step in our strategy towards becoming the pre-eminent mid-tier pensions consultancy firm in the UK, with the combination of these businesses providing an expanded, yet focused, offering for clients that will position us as the primary alternative to the big three Global Consultancies."*

**John Batting, CEO of Punter Southall Group's Actuarial Consulting Business, said:**

*"This morning's announcement is very exciting news for clients and employees of the actuarial, administration and investment consultancy businesses at Punter Southall Group. This deal will bring together complementary businesses that will ultimately provide increased scale and expertise, an enhanced range and quality of service. Paul and Ben's history with Punter Southall Group, and their clear understanding of our reputation and culture has been vitally important to this merger, and I am confident that our current employees will benefit from this unique opportunity to be part of a publicly listed company poised for an exciting growth journey."*

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**Notes to Editors**

Xafinity is a UK specialist in pensions actuarial, consulting and administration, providing a wide range of services to over 550 pension scheme clients. The Company combines expertise, insight and technology to address the needs of both pension trustees and sponsoring companies. The Xafinity Group has more than 400 employees, of which approximately 90 per cent are client facing, with offices in Reading, Leeds, Stirling, Belfast, London and Manchester providing it with access to staff, expertise and clients in geographic locations across the UK.