cmc markets

Results presentation

Year ended 31 March 2020

11 June 2020

Introduction
Today's presenters

Peter Cruddas
Chief Executive Officer

Euan Marshall
Chief Financial Officer

Dave Fineberg
Deputy Chief Executive Officer

Matthew Lewis
Head of APAC & Canada

COVID-19 update and FY20 highlights

COVID-19 Update

- Swift response to the pandemic, with a smooth transition to remote working for all staff and with key processes unaffected
- The Group's CFD platform continued to perform extremely well, with best-in-class availability and execution times maintained during the extraordinarily high levels of trading activity within the underlying markets and exchanges
- The Group has not furloughed or reduced any of its permanent workforce in response to the pandemic, nor has it requested any government aid in any location

FY20 Full Year Results

- Net operating income increased to £252.0m and PBT to £98.7m (FY19: £130.8m and £6.3m respectively)
- Significantly improved CFD revenue performance through both higher levels of gross client income and higher client income retention
- Stockbroking net trading revenue growth of 106% driven by the first full year of the ANZ Bank partnership
- Ongoing development and investment in our technology B2B business supporting exceptional performance and future growth
- Final dividend of 12.18p; total dividend of 15.03p

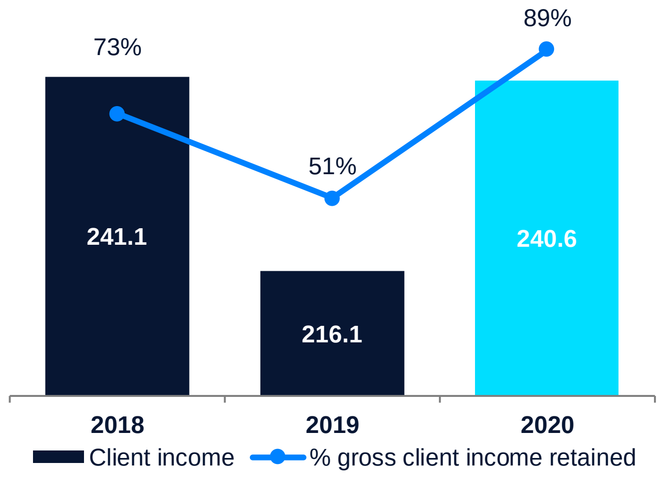
Financial performance

Euan Marshall, CFO

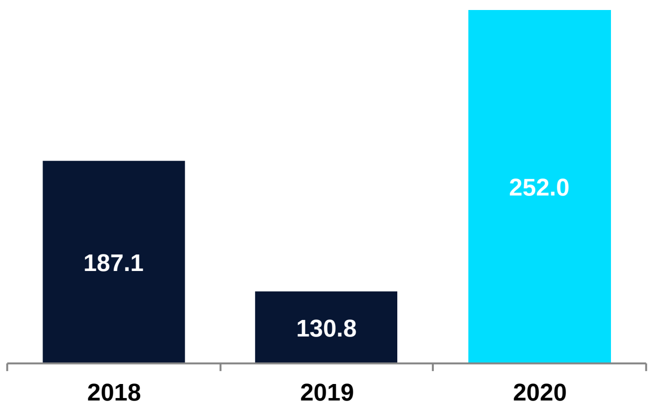
KPIs

Improvement across all KPIs drives strong results

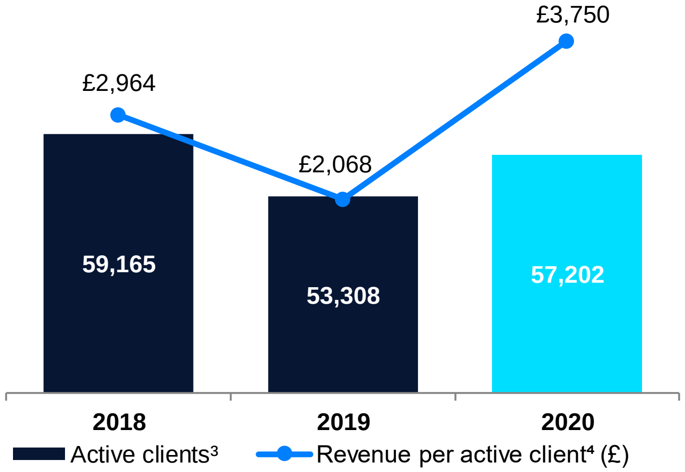
CFD gross client income[1] (£m) and retention (%)



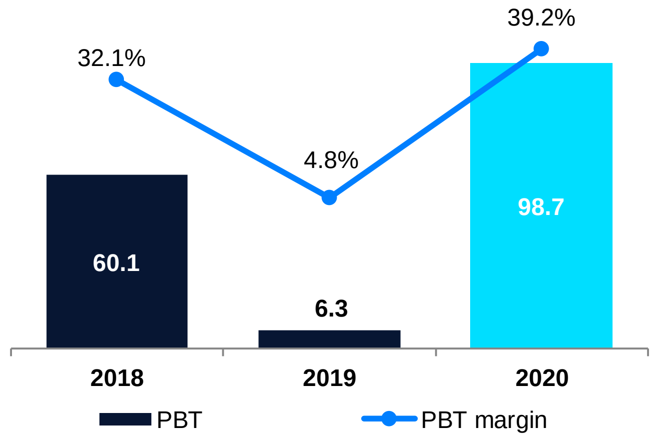
Net operating income[2] (£m)



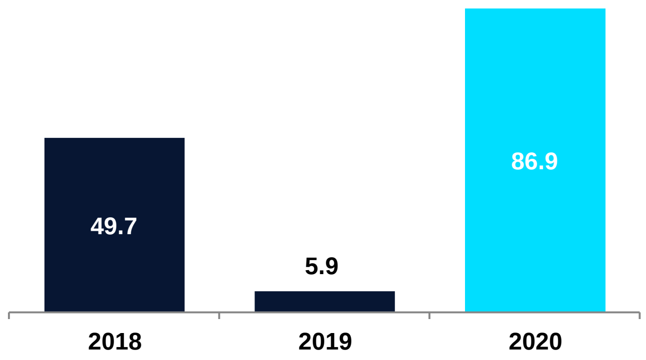
Active clients[3] and Revenue per active client[4] (RPC)



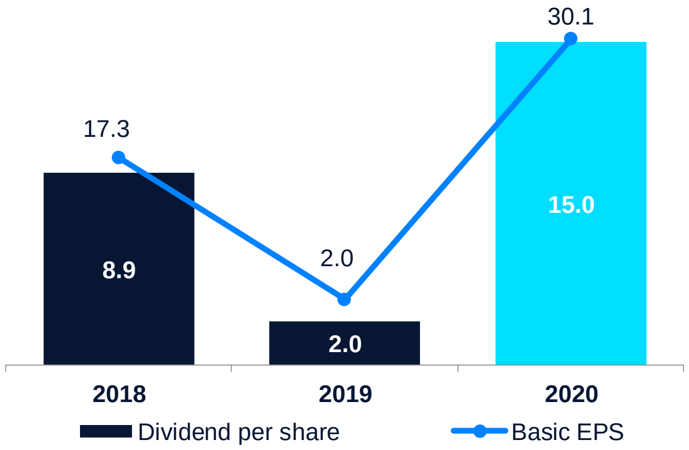
Profit before tax (£m) and margin (%)



Profit after tax (£m)



Basic earnings per share and dividend per share (pence)



1. CFD gross client income represents spreads, financing and commissions charged to clients (client transaction costs) before rebates and levies. See slide 12 for further detail.
2. Net operating income represents total revenue net of introducing partners' commissions and spread betting levies.
3. Active clients represent those individual clients who have traded with or held CFD or spread bet positions with CMC Markets on at least one occasion during the period.
4. Revenue per active client represents total trading revenue from CFD and spread bet active clients after deducting rebates and levies.

Income statement

Operational leverage results in significant increase in PBT

Group (£m)	2020	2019	YoY %
CFD and spread bet net trading revenue[1]	214.5	110.2	95%
Stockbroking net trading revenue	31.8	15.5	106%
Interest income	3.3	3.4	(3%)
Sundry income	2.4	1.7	36%
Net operating income[2]	**252.0**	**130.8**	**93%**
Operating expenses (excl. variable remuneration)	(137.3)	(120.5)	(14%)
Variable remuneration[3]	(14.0)	(2.6)	(479%)
Finance costs	(2.0)	(1.4)	(42%)
Profit before taxation	**98.7**	**6.3**	**1,463%**
PBT margin	39.2%	4.8%	
Tax	(11.7)	(0.4)	(2,503%)
Profit after tax	**86.9**	**5.9**	**1,379%**
Profit / (loss) before taxation	**98.7**	**6.3**	**1,459%**
CFD and spread bet	90.1	8.1	1,015%
Stockbroking	8.6	(1.8)	-

Net operating income

- 95% increase in CFD net trading revenue to £214.5m
  - Driven by improved client income retention to 89% (2019: 51%) and 11% (£24.5m) growth in gross client income
  - Increase is despite the prior year comparative including four months where ESMA regulations were not in force
- Stockbroking revenue up £16.3m (106%) driven by first full year of the ANZ Bank partnership deal

Operating expenses

- Increase in operating expenses (excl. variable remuneration) primarily driven by variable costs in light of increased client activity in Q4
- Higher variable remuneration driven by strong Group financial performance in FY20. Whilst being significantly higher than a weaker comparative, remuneration is in line with similar comparable prior years
- Stockbroking costs (excluding variable remuneration) increased by 26% (£4.6m), largely due to annualisation of ANZ Bank costs commencing part way through 2019

1. Includes binary products.
2. Net operating income represents total revenue net of introducing partners' commissions and spread betting levies.
3. Includes share based payments.

CMC

Operating expenses

Cost increases driven by Q4 activity and higher variable remuneration

Group (£m)	2020	2019	YoY %
Net staff costs (excl. variable remuneration)	53.8	49.1	(10%)
IT costs	21.5	20.0	(7%)
Sales and marketing	18.1	16.3	(11%)
Premises	3.1	7.3	58%
Legal and professional fees	5.2	4.6	(12%)
Regulatory fees	5.2	2.9	(76%)
Depreciation and amortisation	11.0	7.3	(50%)
Irrecoverable sales tax	5.1	5.2	3%
Other	14.3	7.8	(89%)
Operating expenses (excl. variable remuneration)	**137.3**	**120.5**	**(14%)**
CFD operating expenses	114.6	102.4	(12%)
Stockbroking operating expenses	22.7	18.1	(26%)
Variable remuneration[2]	14.0	2.6	(439%)
Finance costs	2.0	1.4	(42%)
Total costs	**153.3**	**124.5**	**(23%)**
Average headcount	**697**	**681**	**2%**
Average CFD headcount	538	536	1%
Average Stockbroking headcount	159	145	10%

1. Excluding variable remuneration
2. Includes share based payments

- Operating expense[1] increase of £16.8m (14%)
- Net staff costs (excl. variable remuneration) increased by 10% due to:
  - Lower capitalised development costs in the current year; and
  - One-off costs relating to restructuring undertaken in H1, with savings reinvested in additional technology staff
- Higher marketing costs driven by a higher H2 spend compared to the same period last year in light of market conditions
- Lower premises costs are offset by higher depreciation and amortisation. This follows changes to accounting for leases under IFRS 16
- Higher regulatory fees driven by a higher FSCS levy, and higher transactional fees in the Stockbroking business, due to a full year of costs relating to the enlarged Stockbroking business and increased client activity in Q4
- Increase in other costs driven by:
  - Higher bad debt; and
  - Increase in bank charges
- Increase in variable remuneration following strong financial performance

Liquidity and regulatory capital

A strong foundation for ongoing investment and growth

Regulatory capital Group (£m)	2020	2019
Core Equity Tier 1 Capital[1]	247.6	203.1
Less: intangibles and deferred tax assets	(10.9)	(10.5)
Capital Resources	**236.7**	**192.6**
Pillar 1 requirement[2]	81.4	88.7
Total risk exposure[3]	1,017.9	1,108.9
Capital ratio %	**23.3%**	**17.4%**

Regulatory capital

- **Capital ratio** of 23.3% (FY19: 17.4%)
- Higher capital ratio driven by an increase in capital resources and lower market risk exposure

Liquidity

- Increase in **own funds** primarily driven by FY20 operating cash inflow
- The **syndicated facility** of £40.0m was renewed in March 2020, with the maximum amount available for use dependent upon initial margin requirements at brokers and margin received from clients
- **Blocked cash** increase driven by the new German subsidiary and a higher requirement for the Stockbroking business

Total available liquidity Group (£m)	2020	2019
Own funds	**238.3**	**149.8**
Non-segregated client and partner funds	8.7	7.6
Available syndicated facility	21.3	40.0
Total available liquidity	**268.3**	**197.4**

Net available liquidity Group (£m)	2020	2019
Total available liquidity	**268.3**	**197.4**
Blocked cash[4]	(40.2)	(25.8)
Initial margin requirement at broker	(39.0)	(68.3)
Net available liquidity	**189.1**	**103.3**

1. Core Equity Tier 1 capital – total audited capital resources and verified profits as at the end of the financial period, less dividends paid or proposed. Prior period comparative is presented using the same methodology.
2. Pillar 1 requirement – the minimum capital requirement required to adhere to CRD IV.
3. Total risk exposure – the Pillar 1 requirement multiplied by 12.5, as set out by the FCA.
4. Blocked cash relates to cash needed to support regulatory and overseas subsidiaries operational requirements.

FY21 financial outlook

Net operating income expected to exceed current consensus

- **Net operating income**
  - Current trading conditions:
    - FY21 to-date: Market activity has resulted in gross CFD client income in the region of double that experienced in the same period last year
    - Client income retention remains strong
    - Stockbroking performance continuing to benefit significantly from increased market activity
  - Continued confidence in the underlying business when normalised market conditions return:
    - Client income retention anticipated to remain above 80%
    - Growth in client income supported by progress being made on strategic initiatives
    - ASIC implementation not expected to have a material impact in FY21

FY21 financial outlook

Other assumptions

- **Operating costs**
  - Excluding variable remuneration, costs are projected to be slightly higher year-on-year driven by higher marketing spend
  - Investment in technology staff and IT infrastructure expected to be largely offset by capitalisation of development costs
- **Tax**
  - Effective tax rate expected to increase to in excess of UK corporation tax rate
- **Financial strength**
  - The Group has a strong balance sheet and net available liquidity position, which has increased £85.8m year-on-year, to further progress its strategic initiatives
- **Dividend**
  - Board confident of medium-term strategic delivery and remains committed to paying **a total dividend of 50% of profit after tax**

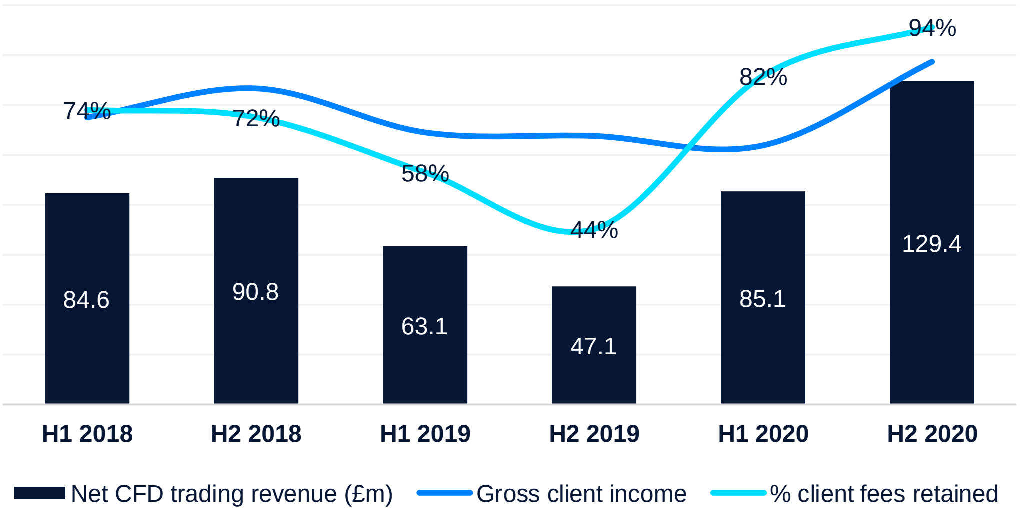
Client trading, market conditions and COVID-19 update

David Fineberg, Deputy CEO

CFD client income

95% increase in net CFD trading revenue year-on-year

£m	2019 H1	2019 H2	FY19	2020 H1	2020 H2	FY20	FY20 vs FY19 £	FY20 vs FY19 %
Gross CFD client income[1]	108.7	107.4	216.1	103.5	137.1	240.6	24.5	11%
Rebates and levies	(11.1)	(9.7)	(20.8)	(7.5)	(9.0)	(16.5)	4.2	20%
Net CFD client income	**97.6**	**97.7**	**195.3**	**96.0**	**128.1**	**224.1**	**28.8**	**15%**
Risk management gains / (losses)	(16.8)	(32.7)	(49.5)	0.6	13.1	13.7	63.2	128%
Hedging costs	(17.7)	(17.9)	(35.6)	(11.4)	(11.9)	(23.3)	12.4	36%
Net CFD trading revenue	**63.1**	**47.1**	**110.2**	**85.1**	**129.4**	**214.5**	**104.3**	**95%**
% client income retained	*58%*	*44%*	*51%*	*82%*	*94%*	*89%*		

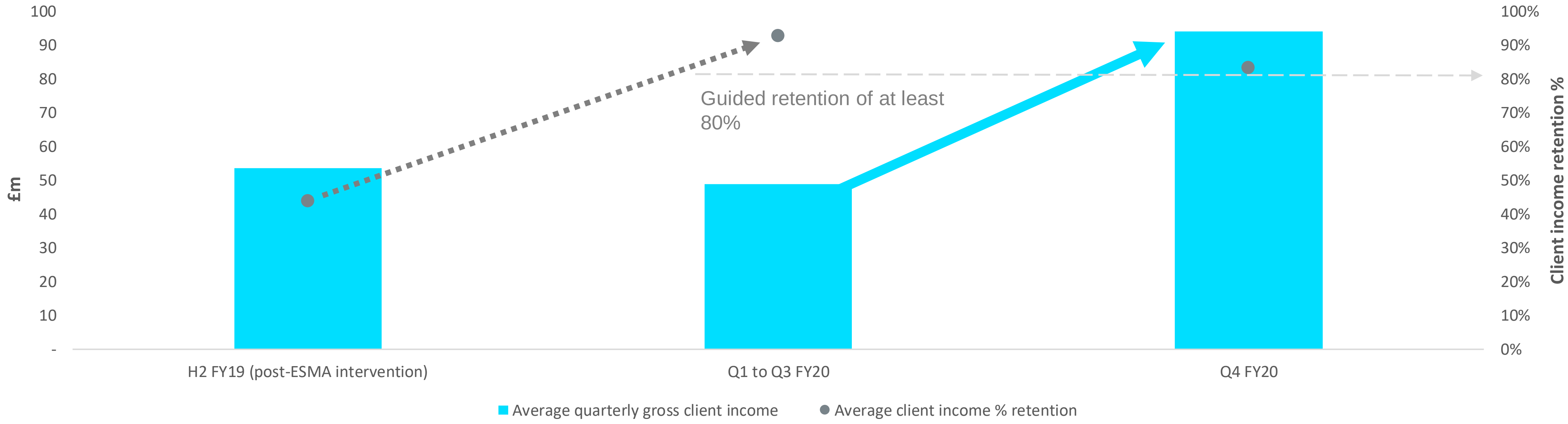


- 95% increase in net CFD trading revenue to £214.5m driven by a combination of:
  - 11% growth in client income driven by heightened client activity in Q4
  - Better informed hedging decisions, which have improved the proportion of client income retained as revenue
  - Changes to the risk management strategy implemented at the end of FY19 have saved c.£12.0m in hedging costs this year

1. Client income refers to spreads, financing and commissions charged to clients. Includes binary products.

Quarterly performance

Improved performance throughout FY20

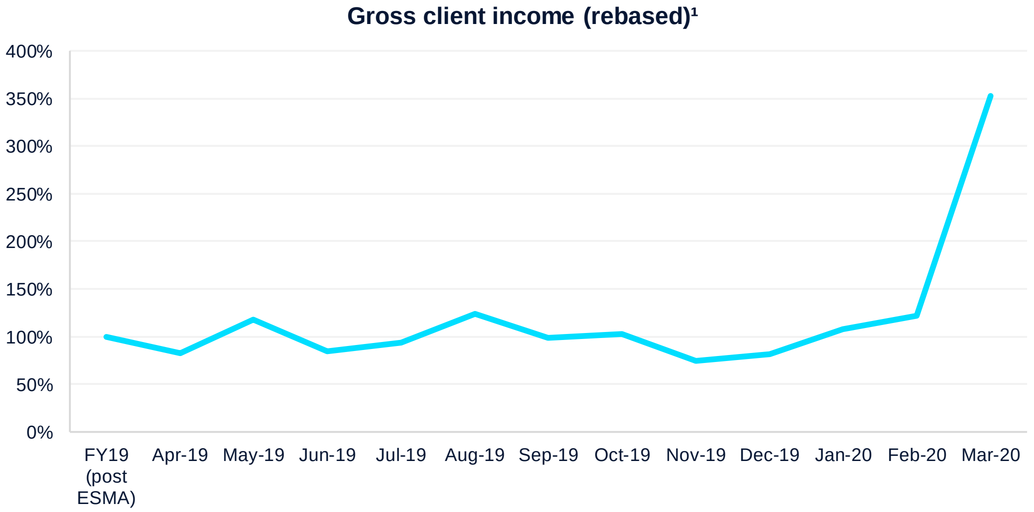


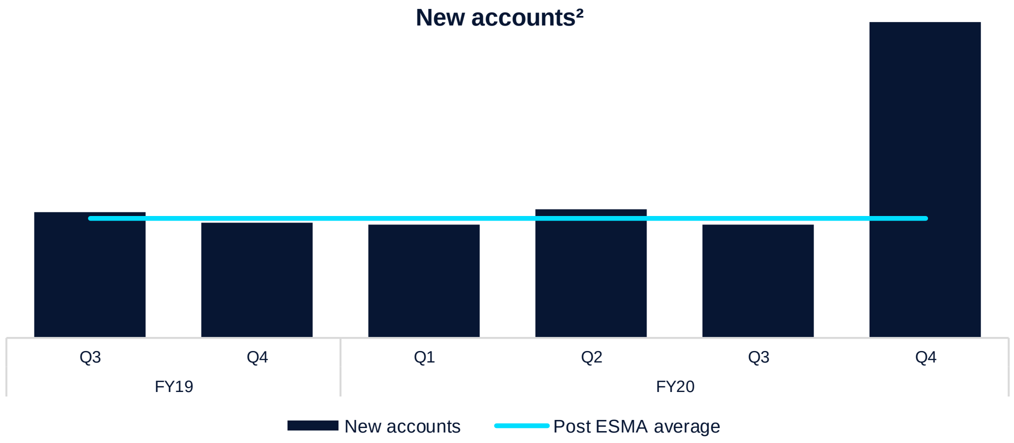
- Revenue performance throughout the whole of FY20 was significantly better than FY19
- Q1 to Q3 performance improvement was driven by client income retention percentage almost doubling in comparison to H2 FY19
- Q4 client income was almost double previous periods due to clients trading on opportunities presented by market volatility related to COVID-19

1. Rebased to the FY19 monthly average (post implementation of ESMA leverage restrictions).

Client trading trends

Reactions to Q4 market volatility





- The final weeks of Q4 were exceptional, with client trading activity significantly elevated in light of increased volatility across markets
- This was reflected in higher gross client income across our client base, driven by a combination of:
  - **Higher spread revenue** during extremely volatile periods as illiquidity in the underlying markets forced spreads to widen
  - Increased interest from **non-Professional** clients, whose activity typically increases with higher market volatility as clients find opportunities to trade
  - Whilst less incentivised by volatility, **ESMA Professional** clients also increased their trading volumes, and remain a steady and loyal portion of our client base
- The number of active clients was significantly higher in the latter months of the year, with Q4 seeing significant increases in both reactivations and new accounts
  - In time, likely that clients attracted by volatile markets will see some churn, though this will be mitigated to some extent by increased marketing spend and platform development

1. Retail ("B2C") clients only. Rebased to the FY19 monthly average (post implementation of ESMA leverage restrictions).
2. New accounts refer to accounts where client placed a trade for the first time during the quarter. Quarterly average excludes Q4 2020 outlier.

COVID-19 update

Utilising our technology to look after our stakeholders

Ensuring the safety of our staff	Uninterrupted support for our clients	Financial resilience for the future
• We are supporting our staff to stay safe by working at home • The shift to remote working has been smooth, with no major operational issues • No staff furloughed as a result of the pandemic • We have not subscribed to any government aid programmes in any location • We can run the business in this way for as long as is required	• CFD and Stockbroking platforms both supported a record number of trades during peaks in market volatility • No CFD platform outages, with up-time maintained at usual high levels • Client services teams dedicated to supporting clients as usual • c.15,000 new accounts opened seamlessly during period of high volatility[1]	• Maintained strong balance sheet and liquidity position • Underlying business growing and performing strongly, as demonstrated in the first three quarters of the year • Reaffirmed dividend policy of 50% of profit after tax • Maintaining our superior technology which further increases our sustainable income

Our ability to respond quickly and effectively has been driven by the strength of our technology

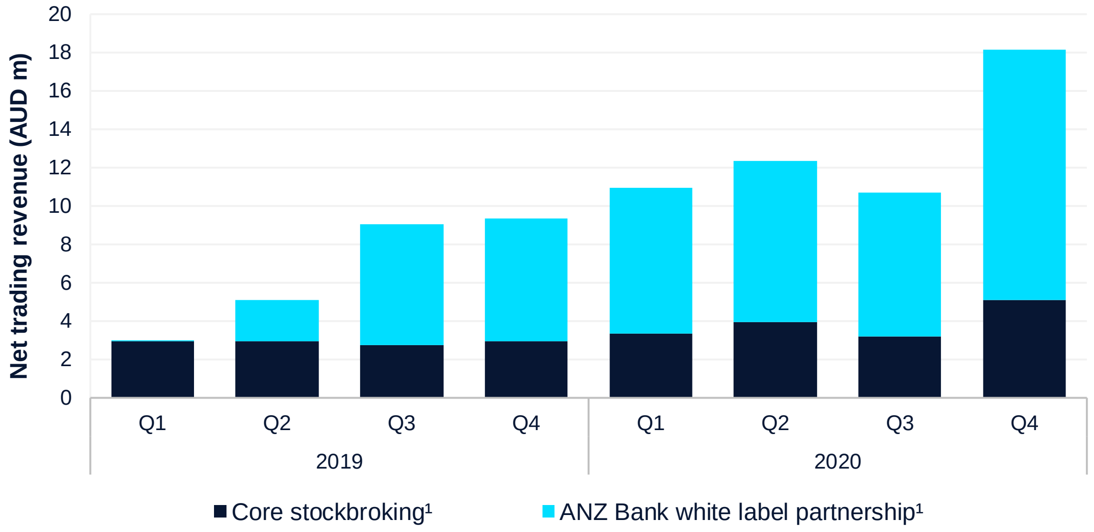
1. Refers to new accounts opened in the period of heightened market volatility from the end of February to the end of April 2020.

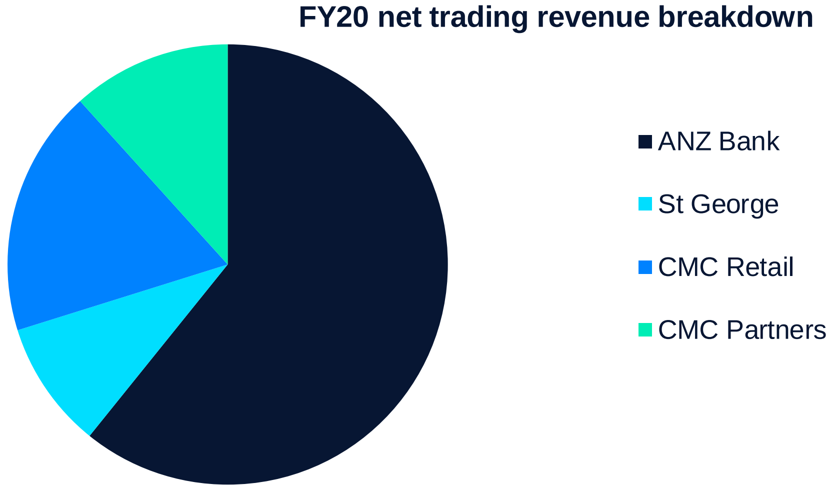
Stockbroking update

Matthew Lewis, Head of APAC & Canada

Stockbroking

First full year of ANZ partnership deal delivers strong results



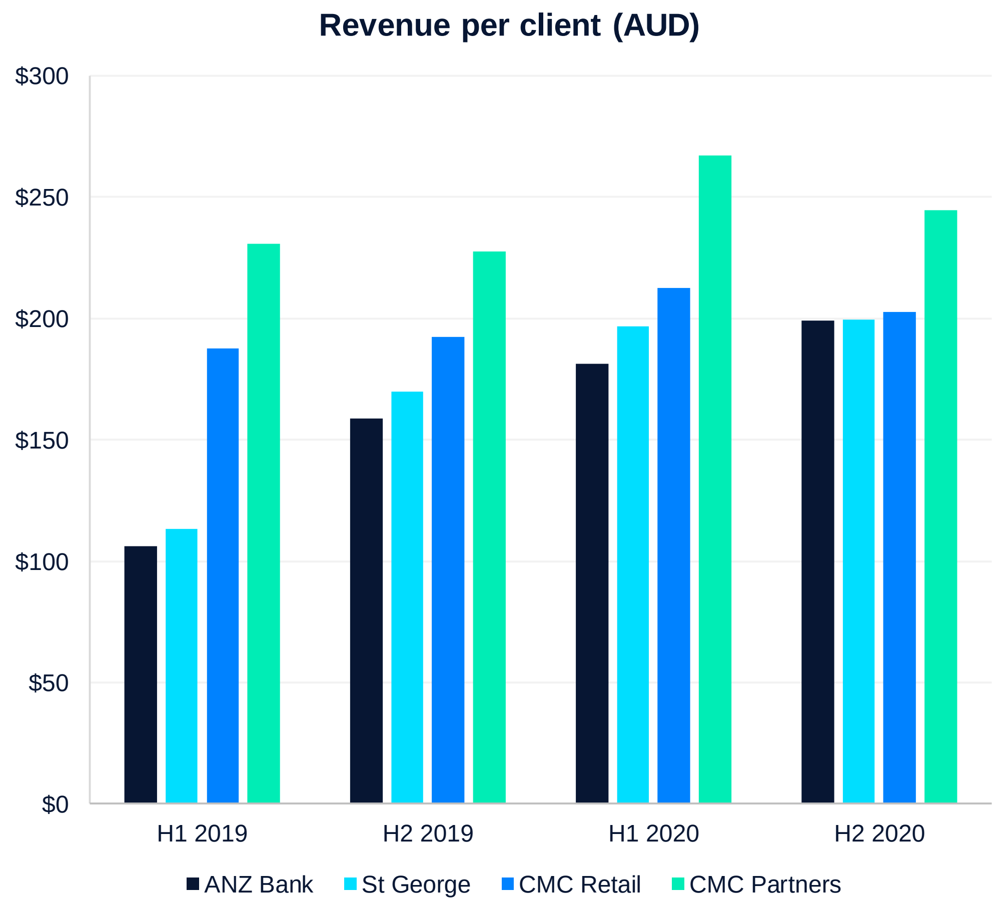


- The Stockbroking business has continued to grow since the go-live of the ANZ Bank white label partnership deal in Q2 2019, leading to a 106% (£16.3m) increase in net trading revenue year-on-year
- The **ANZ Bank white label partnership** drove overall performance, with net trading revenue up £13.6m (157%) to £22.3m
- The **core** business also performed strongly in FY20
  - Core net trading revenue up 40% to £9.5m
- Market conditions were favourable throughout the year with low interest rates and rising equity markets (Q1 to Q3) encouraging clients to invest
  - Lower net trading revenue during Q3 2020 driven by reduced local market volatility in light of Australian bushfires
- The Stockbroking business also benefitted from market volatility in Q4 2020, with increased client activity driving brokerage revenue

1. ANZ Bank white label partnership consists of ANZ Bank retail clients and intermediaries, plus the St. George white label partnership which formed part of the transaction. Core stockbroking consists of CMC stockbroking and partners.

Stockbroking

Well-positioned for continued growth



- Following the completion of the ANZ partnership deal, CMC now has a retail market share of c.17%[1] and is the second largest retail stockbroker in Australia[2]
- Our Stockbroking business continues to be recognised externally, receiving the Canstar Online Share Trading Broker of the Year award for the tenth consecutive year
- Looking ahead to FY21, we see further value and growth in:
  - A strengthened offering, with a new Stockbroking app due to be launched in the second half of FY21
  - Further expansion of our international shares offering which will:
    - Give clients access to new markets and provide additional order functionality
    - Deliver additional revenue due to being a higher margin product
      - International shares trading currently represents 1% of turnover but 11% of revenue, providing revenue growth potential

1. Source: ASX and Chi-X Combined Trading Statistics – IRESS.
2. As reported by IRESS, in terms of total value of trades executed by both CMC Markets' retail and partner clients.

Strategic update

Peter Cruddas, CEO

Our values

Put our clients first

Our business is built around our clients, we are proud to have long-lasting relationships by understanding and supporting them every step of the way.

Lead with quality

Our commitment to quality is at the heart of our culture. Whatever we do, we do it properly. When faced with the choice, we always prioritise quality over quantity.

Set the standards

We are clear, open and honest with our clients, and with each other. We don't wait for others, but set the standards for others to follow.

Support for our local communities and environment

Strategic update

The achievements made during 2020 place us in a strong position to deliver future value and diversification:

Initiative update	Underpinned by technology
Established markets • Australia office generated net CFD revenue of £58.0m (2019: £22.6m) • Numerous awards won for client service and products • We remain in good position to benefit from regulatory changes	• Technology used to maximise the % of client income retained as revenue • Proprietary technology easily adapted to meet regulatory requirements • Developing new products in response to client demand, such as share baskets
Institutional • £22.3m net trading revenue generated from ANZ Bank white label partnership deal in the first full year since go-live • We continue to develop our pipeline • Net trading revenue from technology partnerships up 66% year-on-year	• Our technology allows us to win business in a field with few competitors • Increased focus on the development and sale of optimised B2B products across CFD and Stockbroking businesses • Increased investment in technology development and infrastructure in FY20 and FY21 to extend our competitive advantage
Client journey optimisation • Numerous improvements made to our mobile and desktop onboarding processes, which have improved user experience and conversion rates • TrustPilot score of 4.5/5, among the highest in the industry	• In-house development means that we can address pinch points in the on-boarding process, and improve customer experience at all points of the client journey • Increased use of third party analytical tools to identify gaps in the market and spend efficiencies

Strategic update

Developing our technology

- FY21 will be a year of significant investment in our core pricing, risk management and trading infrastructure
    - Benefits:
        - Reduced latency and faster access to external connectivity
        - Co-location of core pricing, risk management and trading applications to be alongside Tier 1 liquidity providers at major financial data centres
        - Smarter analytics capability, leading to better-informed risk management decisions and lower hedging costs
- We are also investing in our technology to create a multi-asset class solution for our Institutional ("B2B") client base, built on our proprietary Next Generation technology
    - Benefits:
        - Comprehensive product range including Spot FX and Forwards, Equities and Futures
        - Single account delivering all products over multiple channels
        - Removes dependencies on third party providers

Strategic update

The Group will continue to deliver underlying growth and considerable value to stakeholders

1. **Strong results**: Net operating income increase of 93% year-on-year

2. **Stable dividend policy**: We are committed to paying a minimum total dividend of 50% of profit after tax

3. **Positive outlook**: April and May trading have continued to exceed expectations

4. **Strong momentum:** Strategy is being delivered through industry-leading technology, high client retention and value accretive, technology-led diversification

Q&A

Appendices

Appendix 1

Selected KPIs by half year

CFD gross client income (£m)

	2018			2019			2020		
	H1	H2	Full year	H1	H2	Full year	H1	H2	Full year
UK	44.9	49.3	94.2	41.5	41.8	83.3	37.4	49.0	86.4
Europe	29.6	33.6	63.2	24.2	19.0	43.2	17.1	26.5	43.6
APAC & Canada	40.3	43.5	83.8	43.0	46.6	89.6	49.0	61.6	110.6
Total	**114.8**	**126.4**	**241.2**	**108.7**	**107.4**	**216.1**	**103.5**	**137.1**	**240.6**

CFD net trading revenue[1] (£m)

	2018			2019			2020		
	H1	H2	Full year	H1	H2	Full year	H1	H2	Full year
UK	34.8	37.1	71.9	27.6	19.7	47.3	29.7	37.4	67.1
Europe	23.6	27.0	50.6	16.3	10.8	27.1	15.9	27.6	43.5
APAC & Canada	26.2	26.7	52.9	19.2	16.6	35.8	39.5	64.4	103.9
Total	**84.6**	**90.8**	**175.4**	**63.1**	**47.1**	**110.2**	**85.1**	**129.4**	**214.5**

Active clients[2]

	2018			2019			2020		
	H1	H2	Full year	H1	H2	Full year	H1	H2	Full year
UK	12,164	12,680	16,157	11,083	9,065	13,181	9,259	12,009	13,883
Europe	17,909	18,629	22,223	16,617	14,232	19,159	13,865	16,487	18,347
APAC & Canada	16,561	17,123	20,785	16,997	17,150	20,968	18,479	21,319	24,972
Total	**46,634**	**48,432**	**59,165**	**44,697**	**40,447**	**53,308**	**41,603**	**49,815**	**57,202**

1. CFD net trading revenue represents total trading revenue generated from CFD and spread bet clients after the impact of rebates & levies. Geographic segmentation is according to location of office which on-boards client rather than client residence.
2. Active clients represent those individual clients who have traded with or held CFD or spread bet positions with CMC Markets on at least one occasion during the preceding 6 months for half year figures and 12 months for full year.

Appendix 2

ESMA client trading

CFD net trading revenue (£m)	H1 2019	H2 2019	H1 2020	H2 2020
ESMA Professional		19.6	27.6	32.5
ESMA Retail		10.9	18.0	32.5
Total ESMA region	**43.9**	**30.5**	**45.6**	**65.0**

Active clients	H1 2019	H2 2019	H1 2020	H2 2020
ESMA Professional		2,095	2,002	2,046
ESMA Retail		21,202	21,122	26,450
Total ESMA region	**27,700**	**23,297**	**23,124**	**28,496**

1. Data based on regulatory classification as at period end. Regulatory classification split shown for H2 2019 onwards due to this being the first full period in which leverage restrictions applied for retail clients.

Appendix 3

Stockbroking KPIs

Net trading revenue (AUD m)	2019			2020		
	H1	H2	Full year	H1	H2	Full year
ANZ Bank white label	1.4	11.0	12.4	13.9	17.8	31.7
St. George white label	0.8	1.7	2.4	2.1	2.8	4.9
CMC Retail	3.5	3.4	6.9	4.3	5.1	9.4
CMC Partners	2.4	2.2	4.7	2.9	3.2	6.1
Total	**8.0**	**18.4**	**26.4**	**23.2**	**28.9**	**52.1**

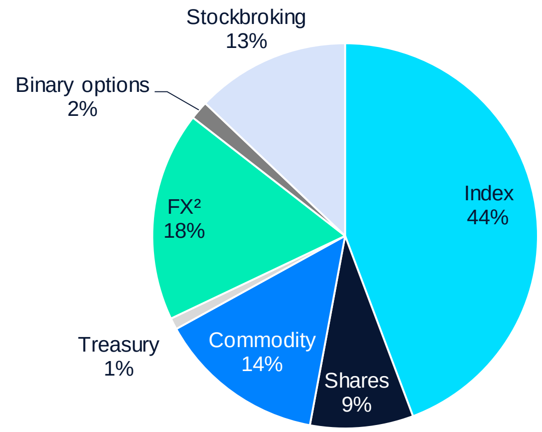
Turnover (AUD m)	2019			2020		
	H1	H2	Full year	H1	H2	Full year
ANZ Bank white label	1,595	10,680	12,274	13,911	16,587	30,499
St. George white label	683	1,492	2,175	1,940	2,416	4,355
CMC Retail	2,325	2,376	4,700	3,023	3,550	6,572
CMC Partners	5,427	5,088	10,514	6,434	5,459	11,894
Total	**10,029**	**19,635**	**29,664**	**25,307**	**28,012**	**53,319**

Active clients (‘000s)	2019			2020		
	H1	H2	Full year	H1	H2	Full year
ANZ Bank white label	13.0	69.4	72.1	76.3	89.6	116.0
St. George white label	6.7	9.8	12.0	10.9	13.7	17.6
CMC Retail	18.5	17.9	25.3	20.4	25.2	31.5
CMC Partners	10.5	9.9	14.1	10.9	13.0	16.5
Total	**48.7**	**107.0**	**123.5**	**118.5**	**141.5**	**181.6**

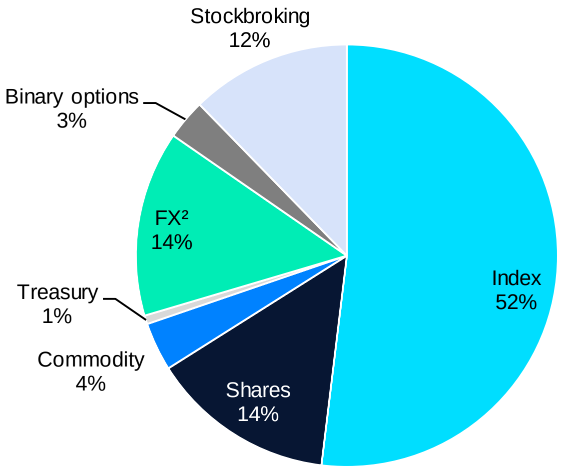
Appendix 4

Revenue composition

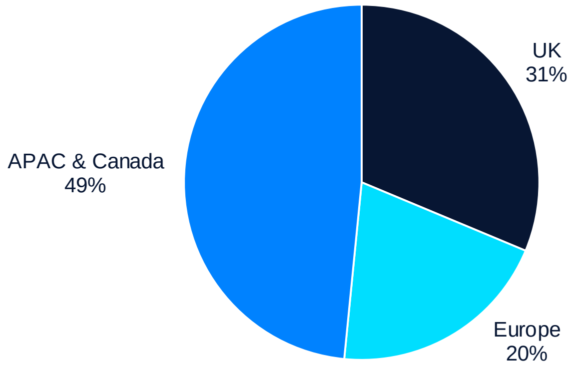
2020 CFD and Stockbroking revenue[1] by asset class



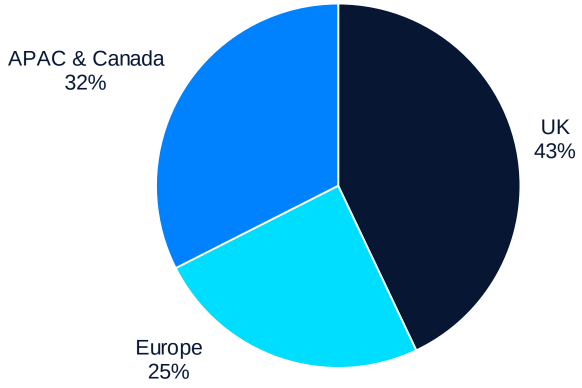
2019 CFD and Stockbroking revenue[1] by asset class



2020 CFD net trading revenue[3] by region



2019 CFD net trading revenue[3] by region



1. Net trading revenue generated from CFD and spread bet active clients, including Countdowns and Digital 100s after the impact of introducing partners’ commissions and spread betting levies.
2. FX includes cryptocurrencies.
3. CFD and Stockbroking revenue represents total revenue after the impact of introducing partners’ commissions and spread betting levies. Geographic segmentation is according to location of office which on-boards client, rather than client place of residence.

Appendix 5

Institutional (“B2B”) and retail (“B2C”) revenue

	2020			2019			Growth (£m)			Growth (%)		
Net trading revenue (£m)	**B2C**	**B2B**	**Total**	**B2C**	**B2B**	**Total**	**B2C**	**B2B**	**Total**	**B2C**	**B2B**	**Total**
CFD & spread bet net trading revenue	186.8	27.7	214.5	89.3	20.9	110.2	97.5	6.8	104.3	109%	32%	95%
Stockbroking net trading revenue	5.8	26.0	31.8	4.1	11.4	15.5	1.7	14.6	16.3	42%	129%	106%
Net trading revenue	**192.6**	**53.7**	**246.3**	**93.4**	**32.3**	**125.7**	**99.2**	**21.4**	**120.6**	**106%**	**66%**	**96%**
% share of Group	**78%**	**22%**		**74%**	**26%**							

Appendix 6

Income statement

Group (£m)	2020	2019	YoY %
Total revenue	**298.1**	**165.9**	**80%**
Rebates & levies	(46.1)	(35.1)	(31%)
Net operating income[1]	**252.0**	**130.8**	**93%**
Operating expenses	(151.3)	(123.1)	(23%)
Finance costs	(2.0)	(1.4)	(42%)
Profit before taxation	**98.7**	**6.3**	**1,459%**
Taxation	(11.7)	(0.4)	2,490%
Profit after tax	**86.9**	**5.9**	**1,379%**
Dividend per share (pence)	**15.03**	**2.03**	**640%**
Basic EPS (pence)	**30.1**	**2.0**	**1,405%**

1. Net operating income represents total revenue net of introducing partners’ commissions and spread betting levies

Appendix 7

Balance sheet

Group (£m)		2020	2019	Variance %
Non-current assets	Intangible assets	4.6	5.0	(8%)
	Property, plant and equipment	28.1	18.1	55%
	Financial investments	-	11.3	(100%)
	Deferred tax assets	16.5	11.6	42%
	Trade and other receivables	2.3	2.7	(16%)
	Total non-current assets	**51.5**	**48.7**	**6%**
Current assets	Trade and other receivables	186.3	118.0	58%
	Derivative financial instruments	5.4	2.9	86%
	Financial investments	25.4	10.7	137%
	Amounts due from brokers	134.3	88.1	53%
	Cash and cash equivalents	84.3	48.7	73%
	Current tax recoverable	0.8	3.4	(75%)
	Total current assets	**436.5**	**271.8**	**61%**
Current liabilities	Trade and other payables	177.1	100.6	76%
	Derivative financial instruments	2.4	4.3	(45%)
	Borrowings	0.9	1.1	(19%)
	Lease liabilities	4.7	-	-
	Short term provisions	0.5	0.2	122%
	Total current liabilities	**185.6**	**106.2**	**75%**
Non-current liabilities	Trade and other payables	-	4.8	(100%)
	Borrowings	0.8	1.2	(40%)
	Deferred tax liabilities	2.2	1.2	91%
	Lease liabilities	14.6	-	-
	Long term provisions	1.9	2.0	(4%)
	Total non-current liabilities	**19.5**	**9.2**	**111%**
	Total equity	**282.9**	**205.1**	**38%**

Appendix 8

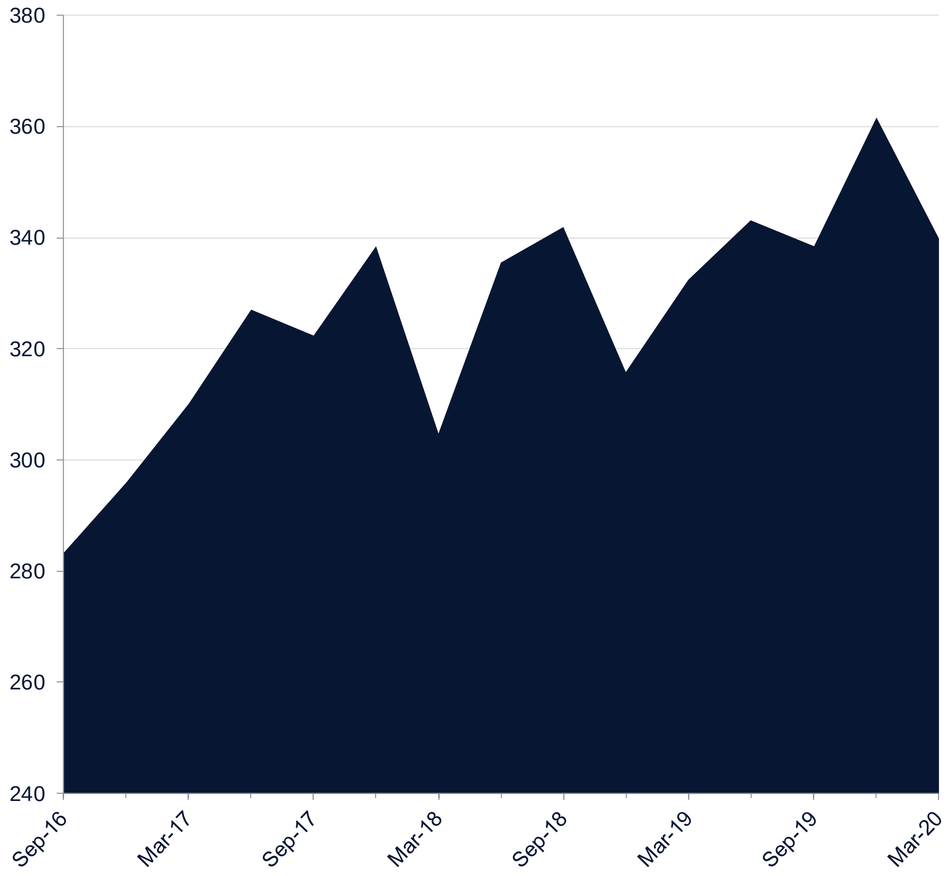
Own funds flow statement

Group (£m)	2020	2019	YoY %
Operating activities			
Profit before tax	**98.7**	**6.3**	1,459%
Adjustments for:			
Finance costs	2.0	1.4	42%
Depreciation and amortisation	11.0	7.3	50%
Other non-cash adjustments	3.4	0.7	405%
Tax paid	(13.1)	(7.6)	(73%)
Own funds generated from operating activities	**102.0**	**8.2**	1,147%
Movement in working capital	**12.2**	**(21.4)**	157%
(Outflow)/Inflow from investing activities			
Net Purchase of property, plant and equipment and intangible assets	(4.3)	(6.7)	36%
Other inflow/(outflow) from investing activities	1.1	(0.3)	418%
(Outflow)/Inflow from financing activities			
Interest paid	(2.0)	(1.4)	(42%)
Dividends paid	(10.2)	(21.1)	52%
Other inflow/(outflow) from financing activities	(7.1)	(1.4)	(408%)
Total outflow from investing and financing activities	**(22.5)**	**(31.0)**	27%
Increase/(decrease) in own funds	**91.7**	**(44.2)**	308%
Own funds at the beginning of the year	149.8	193.9	(23%)
Effect of foreign exchange rate changes	(3.2)	0.1	(3,558%)
Own funds at the end of the year	**238.3**	**149.8**	**59%**

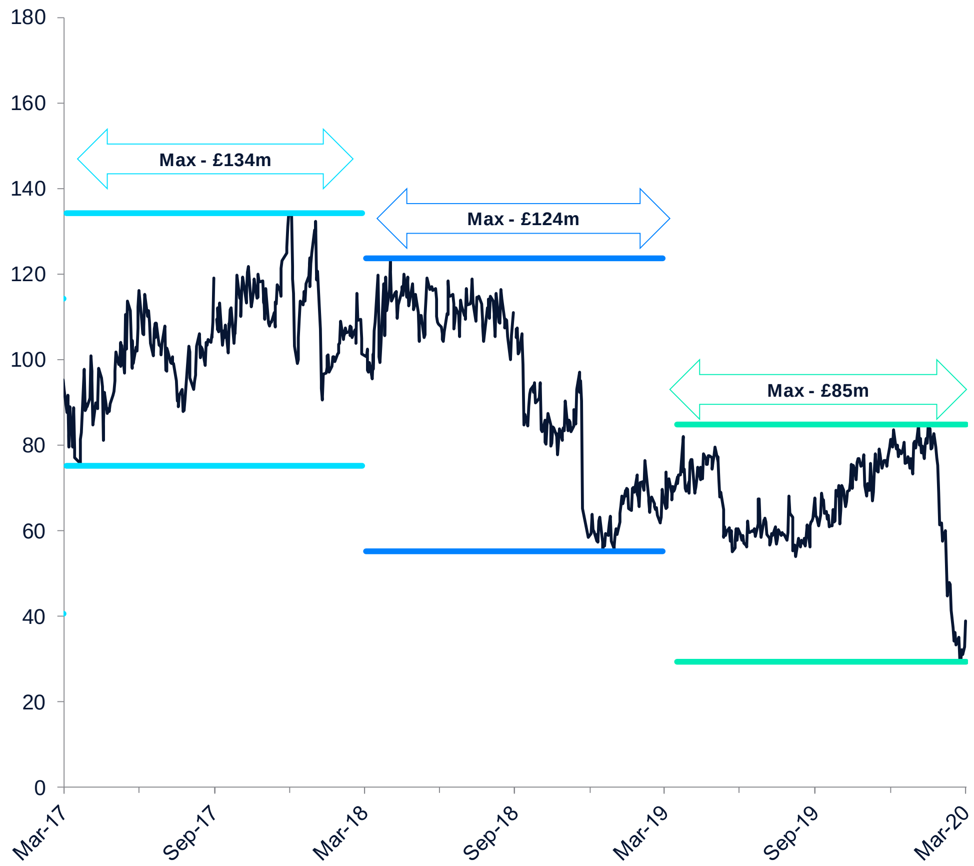
Appendix 9

Client assets and prime broker requirements

Client assets under management (£m)



Broker margin requirements (£m)



Appendix 10

Our institutional offering

	1 White label	2 Grey label	3 Liquidity services (Market access via API connection or Institutional User Interface)
Clients	Large banks and brokers	Introducing brokers / managers	Banks, brokers, hedge funds, trading desks
Purpose	"Own-branded" front-to-back brokerage solution	Introduce and/or trade on behalf of clients using Next Generation platform	Provide Direct Market Access ("DMA") and / or additional OTC liquidity
Products	All retail products	All retail products	FX spot CFD Index, Equities, Commodity and Treasury
RPC	**Institutional:** High ↑ **Partner:** Similar to retail →	**Institutional:** High ↑ **Partner:** Similar to retail →	Variable – wholesale clients trading high volumes at a lower cost
Active clients	**Institutional:** Fewer, larger clients ↓ **Partners**: Similar number of clients to retail as can be corporates or individuals →		
Cost implication	Low marketing spend ↓ Wholesale pricing ↑		

Benefits for CMC	Benefits for Institutional clients
✓ Provides presence in territories without a local CMC office	✓ Access to platform technology and infrastructure
✓ Access to new client pools and types	✓ Liquidity provision
✓ Parallel service which does not detract from ability to service core retail clients	✓ Well-capitalised financial counterparty
✓ Diversification	✓ Dedicated tools and reporting

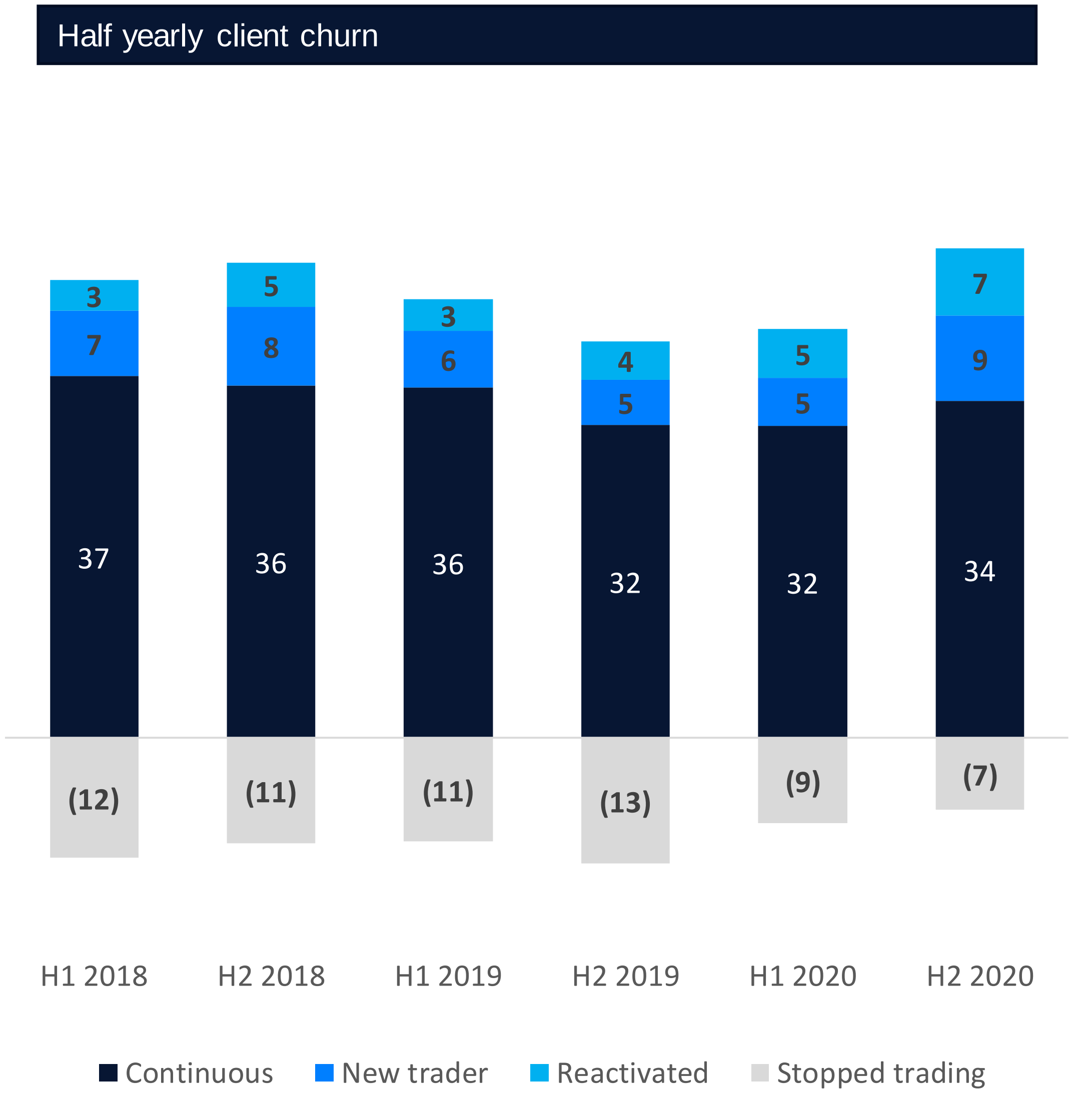
Criteria for professional designations

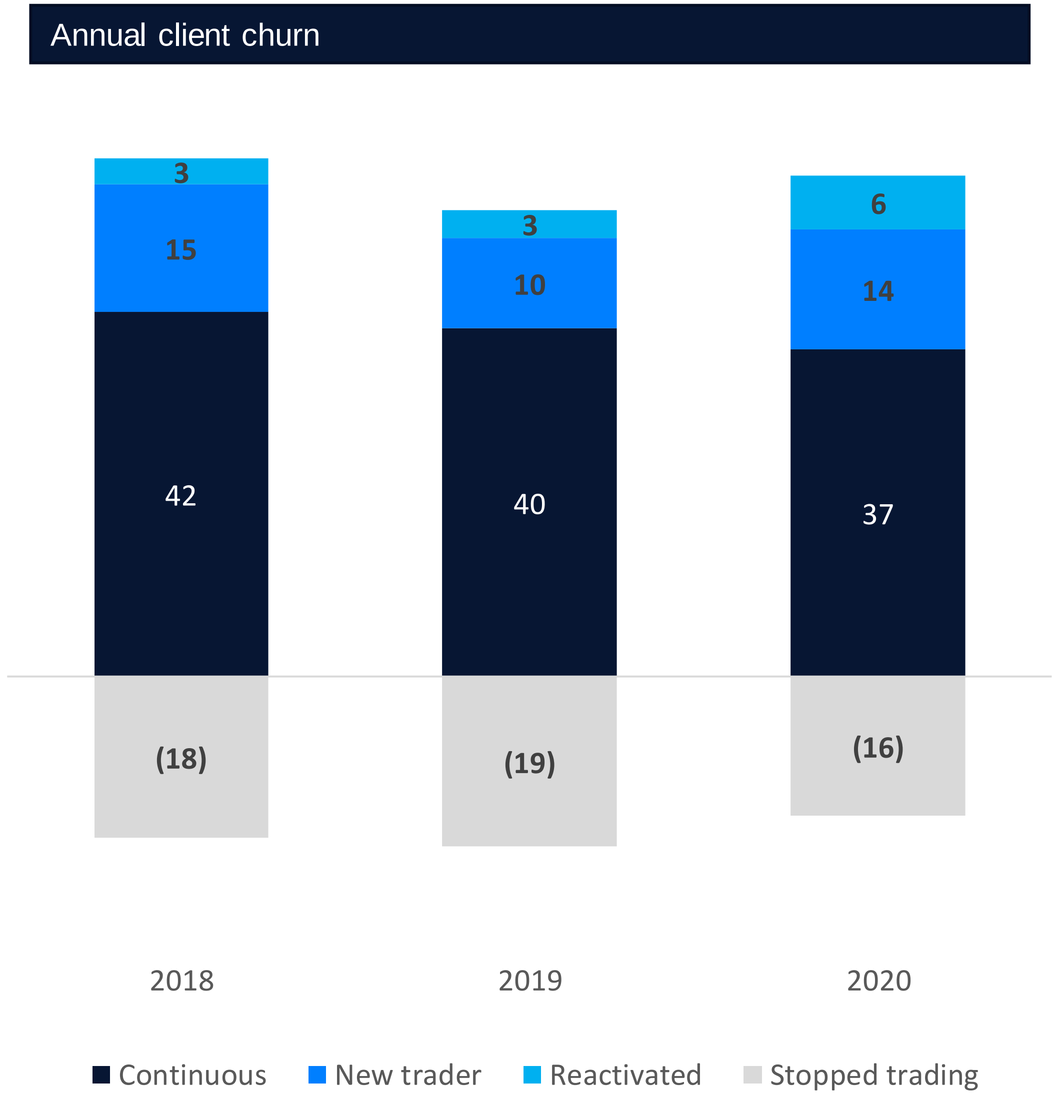
Different regulators apply different criteria:

Region (Regulator)	Designation		Criteria: Wealth	Criteria: Experience	Criteria: Other	No. of criteria to fulfil	Evidence required	Leverage limits apply from
UK & Europe (ESMA)	Elective Professional		Financial instrument portfolio ≥ €500,000	≥ 1 year of relevant work experience in the financial sector	≥ 10 trades of a significant size per quarter in the last year	2 out of 3	Various - at provider's discretion	Aug 2018
Singapore (MAS)	Accredited Investor		• Gross income ≥ \$300k • Net assets ≥ \$2.0m, (Property value capped at \$1.0m) • Net financial assets ≥ \$1.0m	N/A	N/A	1	Various - at provider's discretion	Oct 2019
APAC (ASIC)	Wholesale Investor	Meets wealth criteria	• Gross income ≥ \$250k in the previous 2 years • Net assets ≥ \$2.5m	N/A	N/A	1	Accountant's certificate (dated within 2yrs)	TBC
		Meets Professional investor criteria	Controls gross assets ≥ \$10m (either personally or through control of a company)	Financial services licensee	• Listed entities • Bodies regulated by APRA • Superannuation funds	1	Not specified	

Appendix 12

Client churn





Disclaimer

Certain statements in this presentation constitute or may constitute forward-looking statements. Any statement in this presentation that is not a statement of historical fact including, without limitation, those regarding the Company's future expectations, operations, financial performance, financial condition and business is or may be a forward-looking statement. These forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those projected or implied in any forward-looking statement. These risks and uncertainties include, among other factors, changing economic, financial, business or other market conditions. These and other factors could adversely affect the outcome and financial effects of the plans and events described in this presentation. As a result, you are cautioned not to place any reliance on such forward-looking statements. The forward-looking statements reflect knowledge and information available at the date of this presentation and the Company undertakes no obligation to update its view of such risks and uncertainties or to update the forward-looking statements contained herein. Nothing in this presentation should be construed as a profit forecast or profit estimate and no statement in this presentation should be interpreted to mean that the future earnings per share of the Company for current or future financial years will necessarily match or exceed the historical or published earnings per share of the Company.

This communication is directed only at (i) persons having professional experience in matters relating to investments who fall within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001; or (ii) high net worth bodies corporate, unincorporated associations and partnerships and trustees of high value trusts as described in Article 49(2) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001. Persons within the United Kingdom who receive this communication (other than those falling within (i) and (ii) above) should not rely on or act upon the contents of this communication. Nothing in this presentation is intended to constitute an invitation or inducement to engage in investment activity for the purposes of the prohibition on financial promotion contained in the Financial Services and Markets Act 2000.

This presentation has been furnished to you solely for information and may not be reproduced, redistributed or passed on to any other person, nor may it be published in whole or in part, for any other purpose.

This presentation does not constitute or form part of, and should not be construed as, an offer for sale or subscription of, or solicitation of any offer to buy or subscribe for, any securities of CMC Markets PLC ("CMC", or the "Company") in any jurisdiction nor should it or any part of it form the basis of, or be relied on in connection with, any contract or commitment whatsoever. This presentation does not constitute a recommendation regarding the securities of CMC. Without limitation to the foregoing, these materials do not constitute an offer of securities for sale in the United States. Securities may not be offered or sold into the United States absent registration under the US Securities Act of 1933 or an exemption there from.

CMC has not verified any of the information set out in this presentation. Without prejudice to the foregoing, neither CMC nor its associates nor any officer, director, employee or representative of any of them accepts any liability whatsoever for any loss however arising, directly or indirectly, from any reliance on this presentation or its contents.

This presentation is not being issued, and is not for distribution in, the United States (with certain limited exceptions in accordance with the US Securities Act of 1933) or in any jurisdiction where such distribution is unlawful and is not for distribution to publications with a general circulation in the United States.

Certain figures contained in this presentation, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances, the sum or percentage change of the numbers contained in this presentation may not conform exactly to the total figure given as percentage movements have been calculated from the underlying data before rounding.

By attending or reading this presentation you agree to be bound by the foregoing limitations.


Aug
Sep
Dec

Trade your way