



H1 2019 Interim Results Presentation

26 September 2019

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In the tables accompanying this presentation the Company sets forth its supplemental non-IFRS figures for revenue at constant currency, Adjusted EBIT, Adjusted EBIT at constant currency, Operating profit and Adjusted EBIT margins, Adjusted Earnings and Adjusted earnings per share- diluted. Adjusted EBIT and Adjusted Earnings, exclude the effect of IPO-related charges and Pre-IPO share based payment expenses, and the income tax effect of the non-IFRS adjustments on Adjusted Earnings. The tables also set forth the most comparable IFRS financial measure and reconciliations of this information with non-IFRS information.

See the “Definitions” slide at the back of this presentation for further information.



Agenda

Introduction and key highlights

Andrew Denton, CEO

Financial review

John Miller, Interim CFO

Business and sales update

Andrew Denton, CEO

Summary

Andrew Denton, CEO

Q&A

Definitions



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Introduction and Key Highlights

Andrew Denton, CEO



Overview

Revised guidance, 16 September 2019

- Revenues declining due to delays in implementation projects and reduced discretionary spend by ODS customers
- Cost pressures are increasing, particularly with respect to remunerating and retaining skilled staff
- Conditions expected to continue into 2020

Long-term market prospects are promising, market fundamentals remain attractive but current macro-economic uncertainty driving changes in customer buying behaviour

- Pipeline remains healthy but time to convert opportunities is increasing
- Less reliance on single large wins

Alfa's fundamentals remain compelling with strong delivery track-record, market-leading software and excellent customer relationships

- Strong implementation execution across five customers (31 December 2018: four ongoing software implementation customers)
- Continued enhancement and improvement of Alfa Systems, and expansion of partner ecosystem

Strong free cash flow conversion performance in H1 2019 and robust balance sheet position at period end

H1 2019 – at a glance

Financial and operational highlights

£30.9m

Revenue

H1 2018: £32.9m

(9%)

Revenue movement⁽¹⁾

At constant currency

£5.4m

Operating profit

H1 2018: £8.6m

17 %

Operating profit margin

H1 2018: 26%

5

Implementation projects⁽³⁾

H1 2018: 4 ongoing implementations

12

ODS customers⁽²⁾

H1 2018: 15

304

Headcount

30 June 2018: 337

82%

Staff retention rate

Over the last twelve months

(1) Constant currency, Operating profit and Operating profit margin are not measures specifically defined by IFRS. See "Definitions" for further information.

(2) ODS customers contributing >£100,000 in revenue in six month period

(3) Includes 4 ongoing implementation projects and 1 new implementation project

The Alfa Romeo logo, consisting of the word "Alfa" in a bold, sans-serif font with a small triangle above the letter "a".

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Financial Review

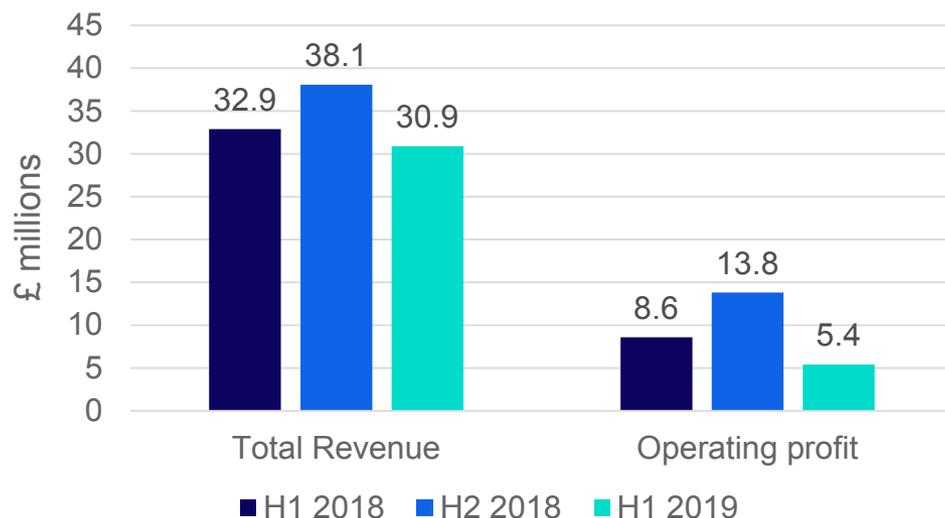
John Miller, Interim CFO



H1 2019 Income Statement analysis

An overview of key metrics

Key Financial Metrics	HY 2018 £m	HY 2019 £m	Change	% Change
Revenue	32.9	30.9	(2.0)	(6%)
Revenue – constant currency	33.9	30.9	(3.0)	(9%)
Operating profit	8.6	5.4	(3.2)	(37%)
Operating profit margin	26%	17%	n/a	n/a
Operating profit – constant currency	9.2	5.4	(3.8)	(41%)
Profit for the period	6.7	4.0	(2.7)	(40%)

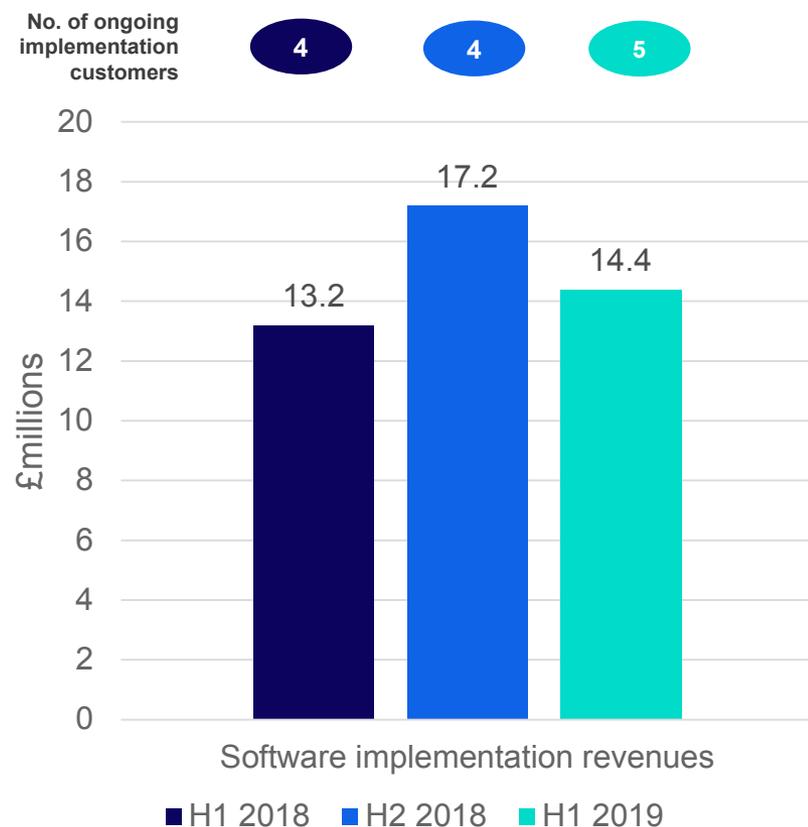


Overview

- 2019 revenue primarily impacted by:
 - Delays in implementation of certain projects
 - Broader macro-economic uncertainties which have led to a reduction in customer spend on optional upgrades and non-critical work
 - New implementation customer in H1 2019 – in H2 2018 revenues re design work for this customer were classified within ODS.
 - ODS revenue decline partly offset by new customer in pre-contract implementation services (within ODS)
- Operating profit margin directly impacted by decreased revenue and increasing cost pressure
- TCV of £70.1 million (31 Dec 2018: £79.0 million) comprising:
 - £21.0 million software implementation revenues
 - £6.4 million ODS
 - £42.7 million maintenance

H1 2019 Income Statement analysis

Software implementation revenues



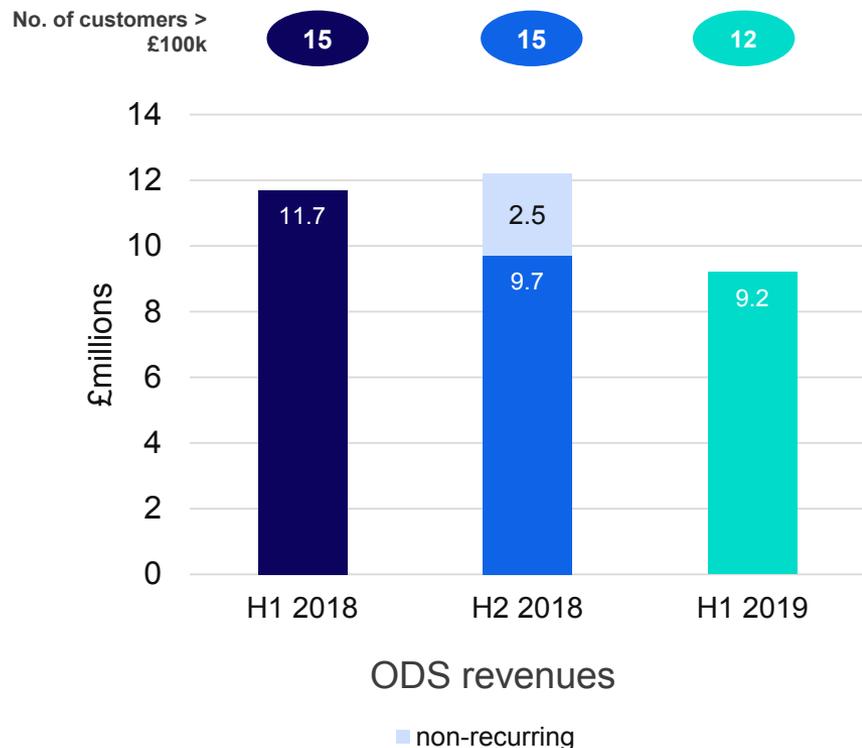
£m	H1 2018	H2 2018	H1 2019
New	-	-	3.9
Ongoing	12.4	17.0	10.7
Paused	0.9	0.2	(0.2)
Unrealised gain/(loss)	(0.1)	-	-
Total software implementation revenues	13.2	17.2	14.4

Software implementation revenues

- 4 continuing software implementations
 - 1 which pre-dates 1 Jan 17, 2 won in June 2017 and 1 won in March 2018
- 1 new implementation customer for which implementation work started in H1 2019
 - Revenue from this customer was reclassified from ODS in H1 2019 to reflect the nature of the work performed during this period
 - The software licence and maintenance agreements in respect of this new implementation customer are nearing finalisation.
- As announced on 1 June 2018, 1 paused ongoing software implementation
- Certain ongoing software implementation projects have deferred go-live dates, increasing the overall length of the projects and resulting in write-backs of licence revenue
- 62% of software implementation revenues denominated in US dollars (H1 2018: 84%).

H1 2019 Income Statement analysis

ODS revenues



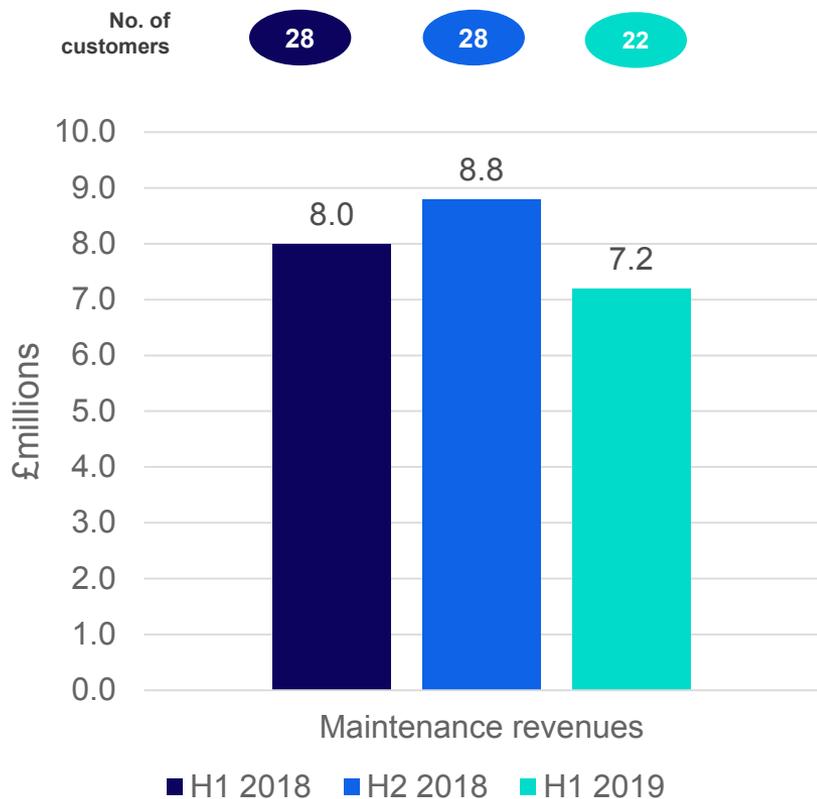
£m	H1 2018	H2 2018	H1 2019
New	-	-	1.7
Ongoing	10.9	9.5	7.5
Completed	0.8	0.2	-
Non-recurring	-	2.5	-
Total ODS revenues	11.7	12.2	9.2

ODS revenues

- Customer numbers decreased from H1 2018 due to a number of ODS customers who have completed and fewer customers transitioning from implementation to ODS than in the prior year
- New ODS revenues generated £1.7 million
 - Of the 3 new ODS customers, 2 are in respect of pre-implementation projects which contributed £1.0m
 - The remaining new ODS customer is an ongoing implementation customer who has also contracted for additional ODS work
- Previously disclosed £2.5 million non-recurring release of deferred revenue in H2 2018 relates to termination payments
- Broader macro-economic uncertainties have led to an overall reduction in ODS revenues as customer spend on optional upgrades and non-critical work has decreased

H1 2019 Income Statement analysis

Maintenance revenues



£m	H1 2018	H2 2018	H1 2019
Ongoing	6.3	7.5	7.0
New	-	-	0.1
Lost	1.2	1.2	0.1
Paused	0.5	0.1	-
Total maintenance revenues	8.0	8.8	7.2

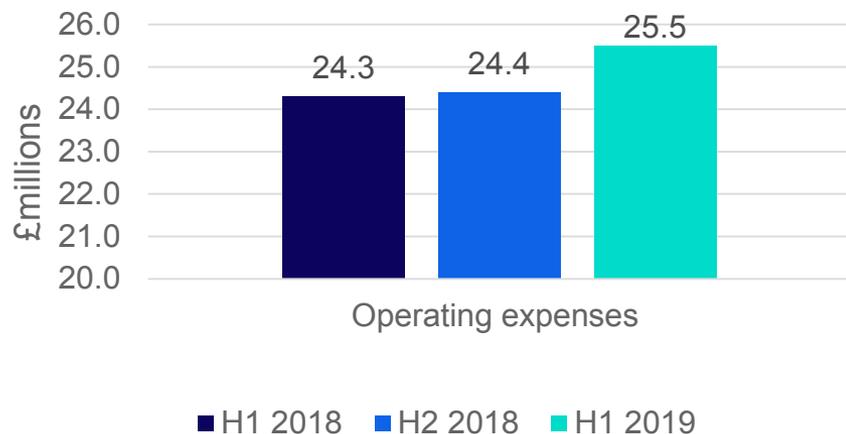
Maintenance revenues

- Ongoing maintenance increased by 12% in comparison to H1 2018 due to
 - Underlying annual increases generally agreed in May of each year; and
 - Benefits of increased portfolio sizes
- New maintenance relates to a customer currently in the software implementation phase. This customer was won in June 2017 and recently went live with an initial phase of their software implementation project
- Total maintenance revenue declined due to effects of customers who had served notice during the second half of 2018 or the first half of 2019.
- No non-recurring items in H1 2019

H1 2019 Income Statement analysis

Expense analysis

£m	H1 2018	H2 2018	H1 2019
Personnel related expenses	19.0	19.2	18.6
Advertising, sponsorship and marketing costs	0.4	0.4	0.3
Depreciation and amortisation	0.4	0.4	1.4
Property costs	1.2	1.6	0.1
Travel costs	1.1	1.1	1.2
IT costs	0.6	0.9	0.7
Insurance and professional fees	1.3	0.6	1.8
Foreign currency differences	(0.2)	(0.3)	-
Share based compensation	0.1	0.2	0.4
Other	0.4	0.3	1.0
Total operating expenses	24.3	24.4	25.5



Expenses

- Personnel expenses account for 73% of operating expenses (H1 2018: 78%)
- Decreased headcount in period although average annualised cost per person rose in H1 2019. With inflationary cost pressures, trend expected to continue in H2 2019.
- Expenses other than personnel include:
 - Insurance and professional fees increased primarily due to additional legal and professional fees incurred during the period
 - Property costs reduced due to the adoption of IFRS 16 from 1 January 2019. IFRS 16 resulted in the recognition of right-to-use assets and lease liabilities in respect of all lease held by the Group (with the exception of short-term leases or lease for low value assets). The lease payments were treated as repayments of the lease liabilities and are split between the finance element and the principal element of the repayment. The right-to-use assets are depreciated over the life of the lease
 - Depreciation and amortisation increased due to the additional amortisation in respect of the new HR and finance system capitalised in the prior year, increased computer hardware investment and the adoption of IFRS 16, as referred to above
 - Share-based compensation in respect of the LTIPs granted in May 2018 increased
 - Other office costs increased due to increases in office space and inflationary cost pressures
- There were no exceptional items in the period

H1 2019 Cash flow data

£m	H1 2018	H1 2019
Operating profit	8.6	5.4
Depreciation and amortisation	0.4	1.4
Share based payments	0.1	0.5
Interest element on lease payment	-	(0.3)
Unrealised loss on derivative financial instruments	0.1	-
Movements in trade and other receivables	(2.8)	(0.3)
Movements in trade and other payables	(3.0)	0.1
Movement in deferred license and maintenance	6.5	6.1
Cash generated from operations	9.9	12.9
Capital expenditure	(0.6)	(0.8)
Operating free cash flow generated	9.3	12.1
Tax paid	(4.1)	(2.8)
Principle element of lease payment	-	(0.9)
Foreign exchange	(0.2)	(0.1)
Cash (outflow)/inflow in period	5.0	8.3
Cash and cash equivalents at end of period	36.3	53.3

Cash and cash equivalents

- Cash increase of £8.3 million
- H1 2019 Free Cash Flow Conversion of 205% compared to 109% in H1 2018 due to
 - The collection of £9.7 million of annual maintenance amounts in Q2 19
 - The receipt of £3.2 million of non-recurring settlement and termination payments during the period, for which the revenue was recognised in prior periods
 - Increased focus on cash management by the Group
 - Offset by bonus payments in April and increased capital expenditure
- While the adoption of IFRS 16 by the Group on 1 January 2019 has not had an impact of the overall cash flows, it has led to the reclassification of the operating lease payments from Operating Profit as below:
 - the interest element of the lease payments which is shown within the reconciliation from operating profit to cash generated from operations in H1 2019
 - the principal element of the lease payments which is shown as a financing cash flow in H1 2019

H1 2019 Balance Sheet

Assets

£m	Dec 2018	Jun 2019
Total non-current assets	27.4	46.5
Current assets		
Trade receivables and accrued income	13.8	14.5
Prepayments and other receivables	2.4	2.0
Cash and cash equivalents	44.9	53.3
Total current assets	61.1	69.8
Total assets	88.5	116.3
Current liabilities		
Trade and other payables	7.6	5.9
Contract liabilities – software	1.7	3.2
Contract liabilities - maintenance	3.8	8.3
Current portion of lease liabilities	-	1.9
Corporation tax	2.4	0.8
Total current liabilities	15.5	20.1
Total non-current liabilities	0.1	19.9
Total liabilities	15.6	40.0
Equity attributable to parent	72.9	76.3
Total liabilities and equity	88.5	116.3

Balance sheet

- The Group adopted IFRS 16 on 1 January 2019 as described above. This had a material impact on the balance sheet:
 - Non-current assets increased by £19.8 million due to the recognition of the right to use assets at 1 January 2019
 - Current liabilities increased by £1.8 million and non-current liabilities increased by £20.2 million due to the recognition of the lease liability at 1 January 2019
- Non-current assets was also impacted by increased investment in new HR and finance system
- Trade receivables and accrued income increased due to
 - Trade receivable increasing due to the annual maintenance invoice being raised in May 2019
 - This was partially offset by accrued income decrease of £4.2 million due to the invoicing, and receipt of, £3.2 million in non-recurring settlement and termination fees in the period, as well as overall decreased in ODS activity
- Prepayments decrease due to timing
- Cash increased by £8.3 million to £53.3 million

H1 2019 Balance Sheet

Liabilities

£m	Dec 2018	Jun 2019
Total non-current assets	27.4	46.5
Current assets		
Trade receivables and accrued income	13.8	14.5
Prepayments and other receivables	2.4	2.0
Cash and cash equivalents	44.9	53.3
Total current assets	61.1	69.8
Total assets	88.5	116.3
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Total current liabilities	15.5	20.1
Total non-current liabilities	0.1	19.9
Total liabilities	15.6	40.0
Equity attributable to parent	72.9	76.3
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Balance sheet (continued)

- Trade and other payables decreased due to bonus payment in April 2019
- Deferred software revenue increased due to
 - Deferrals of go-live dates for certain projects, increasing the overall length of the project and resulting in write-backs to software license revenues over the period
 - Write-back of software license revenue over the period due to the recognition of the IFRS 15 performance obligation with respect to the material right to use Alfa in the future, post go-live
- Deferred maintenance revenue increased due to
 - Invoicing of annual maintenance amounts in May 2019 of £12.5 million

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Business and Sales Update

Andrew Denton, CEO



Organisational changes

Added deep knowledge of the asset finance industry to the Board while retaining strong financial and PLC operating knowledge:

- Chris Sullivan (SID), David Stead, Steve Breach

Improved organisational structures and strategic processes to support Alfa's vision and long-term ambitions

- Global delivery through Client Account Directors
- Product Engineering group created
- Clear accountability for all delivery through COO
- New Roles: Director of Strategy and Investment, Head of Product Strategy
- Management changes resulting in a new leadership team that blends experienced home-grown talent and external experience

Internal changes to refresh the structure and leadership of business development function

- Global Director of Revenue overseeing commercial, sales and marketing
- Tighter coupling of sales, commercial and finance functions
- Business development directors for Americas, EMEA and AsiaPac
- LATAM business development capability

Right mix of skills and experience to take Alfa forward through the next phase of its strategic development

Projects update



- Four ongoing and one new software implementation project during the first half of the year.
- Work to date in respect of the new customer has been performed under specific fixed term engagement letters whilst the software licence and maintenance agreements are being finalised
- During the period we started pre-implementation design work for a new customer. As this work is still in the design phase it has been classified within the ODS segment.



- H1 19 saw an initial key go-live of a point of sale system in Spain, the first of three countries for the finance arm of a global OEM
 - Second go-live in Germany post period end
- Initial go-live in the Netherlands implementing a contract management system post period end
 - First of a multi-country European roll-out for the finance arm of a global OEM

Implementation update

H1 19: four ongoing and one new implementation projects

Client descriptor	Status	Territory
Auto Finance A	User testing completed; final preparations for initial go-live in 2020. Run rate continues at the current level on second phase.	US
Auto Finance B	Development complete. Testing will continue through 2020.	US
OEM A	Front end live in Spain H1 19; live in Germany H2 19; UK implementation in user testing	Europe
OEM B	Live in Netherlands in H2 19; planning subsequent phases for multiple countries	Europe
Auto Finance C	Implementation work in advance of software licence and maintenance contracts being finalised	Europe

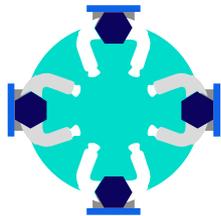
Market overview

Long-term market prospects are promising, market fundamentals remain attractive but current macro-economic and political uncertainty driving customer buying behaviour



- Decisions driven by digital adoption and operating efficiencies
- OEMs affected by uncertainty of trading relationships
- Banks and institutions affected by macroeconomic uncertainty and softening business sentiment

Medium to long term confidence in most industry sectors:



- The rise in the demand for electric (EVs) and autonomous vehicles, the rising adoption of e-commerce business platform are expected to fuel the growth of the global automobile finance market
- Equipment finance outlook highly dependent on sector (mining and materials handling strong, agriculture weak according to ELFA)
- Time to convert opportunities is increasing
- Pipeline remains healthy but time to convert opportunities is increasing
- ‘Digital Darwinism’, cost pressures and a changing regulatory landscape means that decision cannot wait forever

Late stage pipeline

Potential client descriptor	Size	Partnership	Territory
Auto OEM B	Medium	N	Europe
Wholesale Finance A	Medium	N	US
Retail Bank C	Alfa Start	N	UK
OEM C	Medium	N	LATAM
Auto Finance D	Large	Y	US
Retail Bank B	Large	Y	Europe
Auto OEM A	Large	Y	UK

Product development and innovation



Ongoing investment in R&D is key to maintaining leadership of the Alfa Platform

Started development in July moving Alfa Start (“Business in a Box”) towards maturity for the UK equipment finance market

Generating returns on 2018’s digital investment

- Digital capability is giving an advantage across the sales pipeline with digitalisation continuing to be a dominant theme in purchasing decisions



Digital investment continues in 2019:

- Enhancement of our mobile application functionality to support the full asset finance customer journey
- Further enhancements to the maturity of Alfa’s library of APIs

Additional enhancements to the platform include:

- Step change in performance
- UI/UX
- Development of Cash Accounts functionality
- Further development of cloud hosting tooling and automation
- PostgreSQL support
- AI thought leadership campaign for H2



Partnerships



Additional element to Alfa's growth strategy

Two types of implementation partners:

- Staff augmentation partners
- System Integrators



Delivered product and implementation induction training to a group of 8 staff augmentation partner team members in H1 19

- Have given standard partner onboarding training to further ten partner team members during H1 19



Late stage pipeline contains three co-bids with implementation partners which includes two that were already underway at the end of 2018

Total partner ecosystem includes agreements with three implementation partners

In discussions with potential implementation partners

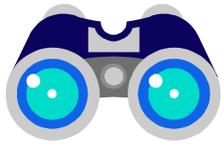


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Summary

Andrew Denton, CEO

Summary



- Difficult trading conditions have affected financial performance in 2019
- Alfa continues to make steady progress against its objectives, benefitting from a strong installed customer base, solid recurring revenues and committed implementation
- Implementation revenue was enhanced by the addition of one new customer in the European automotive finance
- Pre-implementation design work commenced in respect of a generalist in a new geographical market
- Uncertainty affecting buying behavior and pressure on optional spend expected to continue, encouraging short-term pipeline nonetheless
- Market fundamentals for asset finance software remain robust in the medium to long term
- Alfa remains committed to product leadership, building our partner ecosystem, leading the digital transition and expanding into the volume market
- Going forward into 2020, anticipate macro headwinds and cost pressure continuing

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Q&A

Definitions

Measures not specifically defined by IFRS

Total contracted value

- TCV is calculated by analysing future contracted revenue based on the following components:
 - (i) an assumption of three years of current maintenance payments (actual maintenance contracted length varies by customer);
 - (ii) the estimated remaining time to complete any software implementations and recognise deferred and material right to use licence amounts; and
 - (iii) ODS work which is contracted under a statement of work.

Constant Currency

- When Management believes it would be helpful for understanding trends in its business, Management provides percentage increases or decreases in its revenue or Operating Profit to eliminate the effect of changes in currency values.
- When trend information is expressed herein "in constant currencies", the comparative results are derived by re-calculating non GBP denominated revenue and/or expenses using the average exchange rates of the comparable period in the current year, excluding gains or losses on derivative financial instruments. The material applicable rates are as follows:

Average	HY 2018	HY 2019
USD	1.3760	1.2940
EUR	1.1366	1.1454

Operating free cash flow conversion

- Operating cash conversion is calculated as cash from operations less gains or losses on settlement of derivative instruments and margin calls, less capital expenditures and the principal element of lease payments, as a percentage of Operating Profit.

£'000s	H1 2018	H1 2019
Cash generated from operations	9,948	12,890
Settlement of derivative financial instruments and margin calls	21	-
Principle element of lease payments	-	(907)
Capital expenditure	(591)	(891)
Operating Free Cash Flow generated	9,378	11,092
Operating Free Cash Flow Conversion	109%	205%