



Agenda

01

02

03

04

Introduction

Summary

COVID-19

Strategic & Operational Review

05

Financial Review 06

Summary & Outlook

07

Q&A



FINANCIAL HEADLINES

	H1 2020	H1 2019	Change
Revenue (£m)	243.0	275.1	•
EBITDA (£m)	41.5	60.9	•
Cash flow conversion (%)	68	83	•
Profit after tax (£m)	0.2	9.3	•
Net Debt (£m)	355.3	370.2	•
Leverage (x)	3.0	2.8	
Free cash flow (£m)	(2.5)	3.5	•
Dividend (pence)	-	1.95	•



SUMMARY

- COVID-19 impacts from interest rates and capital markets
- Strong operational resilience
- Service levels sustained and digitisation accelerated
- Client base maintained with significant number of client wins
- Recurring revenue sustained
- Liquidity and balance sheet strength
- Focus on debt reduction and deleverage



COVID-19
IMPACT of £25m
in H1 2020

	H1 2020 £m	FY 2020 £m
Interest rate reduction	3	8*
Cancelled dividend and dealing programmes	4	9
Cancelled software sales	2	4
Delayed corporate actions	5	8
Delayed / cancelled software projects	6	6
Delayed remediation projects	3	3
Holiday provision	2	3
Gross Impact	25	41

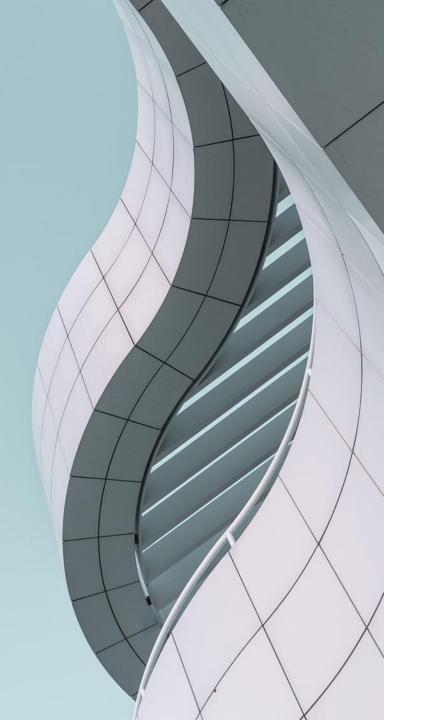


COST REDUCTION MEASURES of £7m in H1 2020

	H1 2020 £m	FY 2020 £m
Consultancy and contractors	1	3
Pay reviews	1	2
Hiring avoided	2	4
Incentives	2	5
Third party spend	1	2
Gross Savings	7	16

- £1.5m cost to deliver savings in H1 2020
- £16m incremental run rate expected in FY 2021 as the full year effect of actions flow to trading and we look at further initiatives to manage the cost base





Strategic & Operational Review

Operational Review



Our purpose is to care for every customer and simplify every transaction

INVESTMENT SOLUTIONS

EQBOARDROOM

Share registration, share plans and governance solutions for UK listed businesses

EQ US

EQUS

Transfer agency, equity compensation and related services for North American corporates

INTELLIGENT SOLUTIONS

EQDIGITAL

Regulatory technology and services for credit, remediation and risk/fraud

PENSION SOLUTIONS

EQPAYMASTER

Pensions administration, payments and software for Government and employers of life companies

EQBOARDROOM

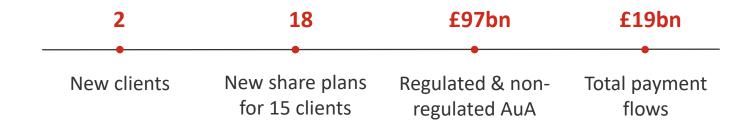


Organic Growth (14.5%)

Margin **29.2%**

Market Share c50%

Recurring Revenue c80%



Challenges

- Dividend programmes
- Dealing volumes
- Corporate actions



- Multi-currency CREST dividends
- Continued market share growth
- EQi launched
- Continuing digitisation and automation

EQUS



Organic Growth (14.3%)

Margin **16.4%**

Market Share **c15%**

Recurring Revenue c70%



Challenges

- Interest rates
- Corporate actions
- Dividend and share dealing programmes

- Strong momentum in equity compensation services with two new channel partners signed
- 50 virtual meetings including 8 with competitors' clients
- Continued market share growth
- On track to deliver \$10m synergies

EQDIGITAL



Organic Growth (15.3%)

Margin **19.0**%

Market Share

#1 Unsecured Loans (Retail Finance)

#2 Motor Finance

#2 Remediation Services

Recurring Revenue **c40%**



Challenges

Delayed buying decisions for:

- Project work
- Consumer credit

- Good pipeline in remediation services
- Software sales to ABN AMRO & LBG
- SaaS platforms for credit risk and loan management launched

EQPAYMASTER



Organic Growth (8.3%)

Margin **9.9%**

Market Share c25%

Recurring Revenue c80%



Challenges

- Delays to project work
- Step down in MyCSP contract

- Significant client renewals
- Increased client advocacy
- Investment in automation and selfservice

Total balances £3.2bn

Average hedged cover 40% to December 2021

Average blended rate 0.93%

Interest Income



UK BALANCES*	£bn
SAYE	0.9
Pensions	0.2
Retail Share dealing	1.0
Registration	0.5
Total balances	£2.6bn
Blended rate	0.63%
Hedged cover	50% to December 2021

US BALANCES**	\$bn
Client balances	0.6
Corporate actions	0.1
Total balances	£0.7bn
Blended rate	1.92%
Hedged cover	100% to March 2021

£8m** impact in 2020 and further £17m in 2021 from rate reductions

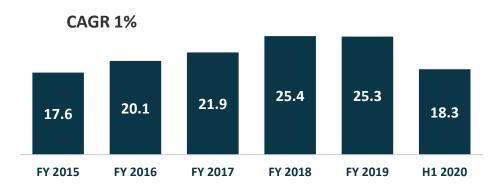
^{*} Average balances in the period

^{**}Excludes change in level of activity from corporate actions

Structural Growth in Equiniti's Core Shareholder Markets



1 UK Regulated Assets under Administration £bn

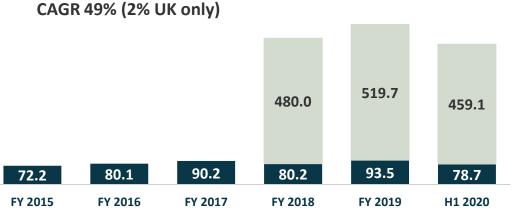


3 On register shareholders and retail customers (m)

CAGR 12% (4% UK only)



2 Non-Regulated Assets under Administration £bn



4 Payment flows £bn

FY 2015 to FY 2019 CAGR 35% (6% UK only)



UK

US







Group Income Statement



£m	H1 2020	H1 2019	Change %*
Revenue	243.0	275.1	(11.7)
EBITDA**	41.5	60.9	(31.9)
Depreciation	(6.9)	(6.3)	9.5
Amortisation – software	(14.7)	(13.2)	11.4
Amortisation – acquired intangibles	(13.4)	(15.8)	(15.2)
EBIT prior to non-operating charges	6.5	25.6	(74.6)
Non-operating charges	-	(5.5)	(100.0)
EBIT	6.5	20.1	(67.7)
Finance costs	(7.2)	(8.5)	(15.3)
(Loss) profit before tax	(0.7)	11.6	(106.0)

Cessation of non-operating charges following separation of EQ US in May 2019

^{*}Change at actual foreign exchange rates. Revenue change at constant foreign exchange rates is (12.1%) and EBITDA is (32.2%)

^{**} Prior period includes non-operating charges of £5.5m relating to the acquisition of EQ US

Group Income Statement



£m	H1 2020	H1 2019	Reported Change %*	Organic Change %**
Revenue				
EQ Boardroom	64.8	73.1	(11)	(15)
EQ Digital	71.1	83.9	(15)	(15)
EQ Paymaster	57.5	62.7	(8)	(8)
Interest Income	5.7	6.6	(14)	(14)
Total UK & Europe	199.1	226.3	(12)	(13)
EQ US	43.9	48.8	(10)	(14)
Group Revenue	243.0	275.1	(12)	(13)
EBITDA				
EQ Boardroom	18.9	23.4	(19)	
EQ Digital	13.5	19.8	(32)	
EQ Paymaster	5.7	9.0	(37)	
Interest Income	5.7	6.6	(14)	
Total UK & Europe	43.8	58.8	(26)	•
EQ US**	7.2	10.6	(32)	
Divisional Total	51.0	69.4	(27)	•
Central Costs	(9.5)	(8.5)	12	
Group EBITDA	41.5	60.9	(32)	•
Group EBITDA margin %	17.1	22.1	(5)	-

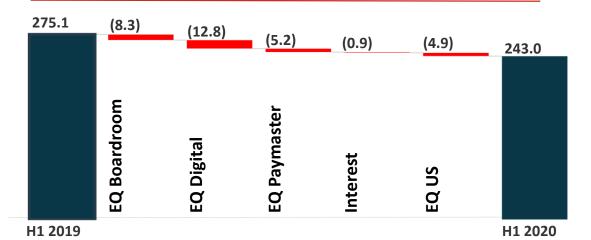
^{*}EQ US reported revenue change at constant foreign exchange rates is (12.4%) and EBITDA is (33.9)%.

^{**}Organic change % is at constant foreign exchange rates.

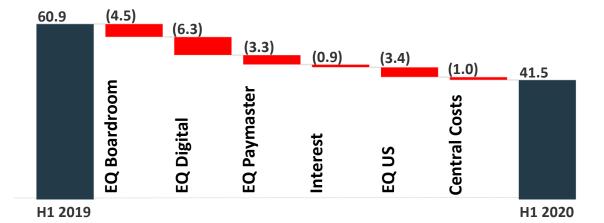
Trading Performance



Revenue



EBITDA



EQ Boardroom

- Strong client retention, new client wins and increased share dealing activity.
- Lower corporate actions (£3.2m v £8.1m), fewer share dealing programmes and reduced dividend commissions.

EQ Digital

- Lower remediation volumes as some clients closed sites and deferred projects in the short term.
- Slower software sales.

EQ Paymaster

- MyCSP price step-down of £1.2m.
- Delayed project work.

Interest

• UK interest rate cut from 0.75% to 0.1%.

EQ US

- Market share gains.
- Strong traction with cross-selling of products.
- Lower corporate actions (£2.1m v £5.5m), dividend payments and share dealing programmes.
- US interest rate cut from 1.75% to zero.

Central Costs / Group

- Increase in central costs due to holiday provision of £2m caused by abnormal holiday delays through COVID-19.
- Offset trading pressures across the business with cost action and reducing capital spend. Expected to yield incremental run rate savings of £16m in 2021.
- c£1.5m restructuring costs incurred in H1 and property portfolio under review.

Cash Flow

4	
Ü	4
N	

£m	H1 2020	H1 2019
EBITDA	41.5	60.9
Working capital movement	(13.2)	(10.2)
Operating cash flow prior to non-operating charges	28.3	50.7
Operating cash flow conversion (%)	68	83
Cash outflow on non-operating charges	-	(11.0)
Capital expenditure	(22.4)	(25.7)
Net interest costs	(5.4)	(7.0)
Taxes paid	0.3	0.4
Employee benefit trust – share purchase	-	(0.2)
Finance lease payments	(3.3)	(3.7)
Free cash flow attributable to equity holders	(2.5)	3.5
Investment in current and prior year acquisitions	(5.6)	(7.5)
Dividends paid (including payment to non-controlling interest)	(1.4)	(14.8)
Underlying cash movement	(9.5)	(18.8)

Operating Working Capital Movements



£m	H1 2020	H1 2019
EBITDA	41.5	60.9
Change in receivables and accrued income	(1.7)	(2.6)
Change in operating payables and prepayments	(14.9)	(1.3)
Share-based payments expense	1.2	1.2
VAT deferral	8.7	-
Incentives	(6.0)	(6.5)
Other	(0.5)	(1.0)
Operating cash flow prior to non-operating charges	28.3	50.7

Key 2020 Movements

- DSO increased 9 days to 65 as clients took longer to pay in a COVID-19 environment
- Change in receivables and accrued income includes changes to deferred income
- Creditors declined with less third party spend as we have driven cost out of the business as well as an increase in supplier prepayments in H1 2020. This has increased with seasonality and a change in the pattern of prepayments linked to certain critical IT suppliers.
- Incentive accruals unwind with 2019 incentives paid and no payments expected or accrued for 2020
- Business utilised the UK VAT deferral scheme to preserve liquidity which will unwind in 2021

Accrued Income / Receivables

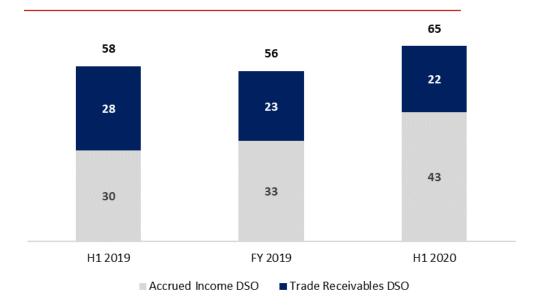


Receivables £m



- Overall debtors flat despite revenue declining with clients taking longer to pay in COVID-19 environment
- Minimum bad debts of £0.1m recorded (2019: £0.1m) despite challenging environment reflecting quality of client base

Days Sales Outstanding



- No revenue recognised without a contract in place
- The Group has access to a £20.0m receivables financing facility of which £8.0m was utilised at the end of the period (2019: £10.2m); this facility is expected to reduce further, subject to commercial requirements

Capital Expenditure



£m	H1 2020	H1 2019
Property	(2.2)	(0.3)
Software development and IT infrastructure	(20.2)	(18.4)
EQ US integration	-	(7.0)
Total capital expenditure (cash)	(22.4)	(25.7)
As % of Group revenue	9.2%	9.3%

- Level of capital expenditure has started to decline with EQ US integration complete
- Capex as a % of Group revenue is high in H1 2020 with revenue declining in a very challenging Q2
- Significant projects in the period included completion of the roll-out of Workday, investment in data centres across the Group and investment in US product lines
- Less investment expected in H2 2020 as investment plans are adjusted to align with the economic environment

Net Debt and Leverage

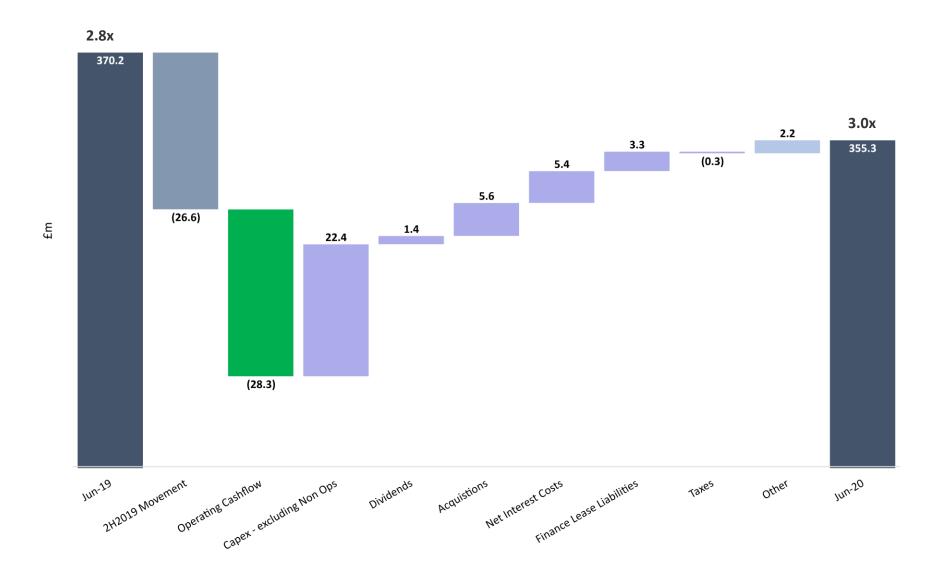


£m	H1 2020	H1 2019
Term loan	264.6	322.5
Revolving credit facility	100.0	63.0
Finance lease liabilities	38.7	42.9
Cash and cash equivalents	(48.0)	(58.2)
Total net debt	355.3	370.2
Net debt/EBITDA (x)	3.0	2.8

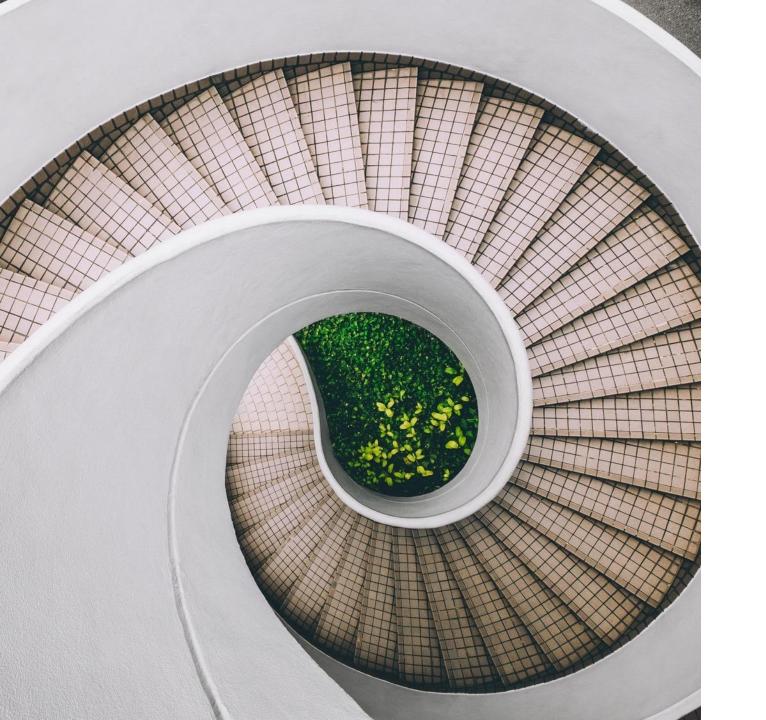
- Reduction in net debt compared to 30 June 2019; Leverage of 3.0x reflecting lower level of EBITDA
- Debt facility runs to July 2024; £520.0m facility split between term loan and RCF
- Cash and undrawn RCF at 30 June 2020 of £208.0m giving significant liquidity to support the business
- The financial covenant attached to committed facility is net debt/underlying EBITDA excluding the finance lease liability should be no more than 4.0x in 2020, 3.75x in 2021 and 3.50x in 2022 - This covenant ratio was 2.9x at 30 June 2020 and excludes IFRS 16 lease liabilities from the calculation

Net Debt Reconciliation









Summary & Outlook



CAPITAL ALLOCATION

- Continuing investment in core platforms and digitisation of service
- **✓** Reduction of net debt and leverage
- ✓ Pause to M&A activity
- Resumption of dividend when:
 - Leverage reduced
 - Order book growth translates to profit growth
 - Free cash generation to equity holders



OUTLOOK

- Expectation of continuing low interest rates
- ✓ Underlying drivers of growth in regulated markets remain
- Capital market recovery expected, with resumption of dividend flow and corporate actions
- Continuing progress with underlying revenue and market share
- Liquidity and covenant headroom comfort
- Disciplined focus on cash generation and debt reduction







Questions



Disclaimer

This presentation may contain 'forward-looking statements' with respect to certain of the Group's plans and its current goals and expectations relating to its future financial performance condition, performance, results, strategic initiatives and objectives. Generally, words such as "may", "could", "will", "expect", "intend", "estimate", "anticipate", "aim", "outlook", "believe", "plan", "seek", "continue" or similar expressions identify 'forward-looking statements.

These forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond the Group's control, including amongst other things, UK domestic, US and global economic business conditions, market-related risks such as fluctuation in interest rates, the policies and actions of regulatory authorities, the impact of competition, inflation, deflation, the timing impact and other uncertainties of future acquisitions or combinations within relevant industries, as well as the impact of tax and other legislation or regulations in the jurisdictions in which the Group operates.

As a result, the Group's actual future financial condition, performance and results may differ materially from the plans, goals and expectations set forth in the Group's forward looking statements.

Forward-looking statements in this presentation are currently only as of the date on which such statements are made. The Group undertakes no obligation to update any forward-looking statements, save in respect of any requirement under applicable law or regulation. Nothing in the presentation should be construed as a profit forecast.







Capital Allocation Model



Organic business

Operating cash flow deployment

Structural growth
Strong cash generation
Strong operating leverage

Organic investment 6 – 7% of revenue

Deleverage 2.0 – 2.5x

Acquisitions > 15% ROCE

Shareholder returns 30% of underlying profit

3 – 7% Organic revenue growth



Optimised capital allocation



Equiniti Group plc 2020

Tax Attributes

Œ	

£m	H1 2020
Future tax deductions on tax losses carried forward	205.5
Future tax deductions on intangible assets	442.5
Future tax deductions on property, plant and equipment	18.3
Future tax deduction on employee benefits and other timing differences	59.2
Total tax assets	725.5

- The Group has recognised deferred tax on £725.5m of gross tax attributes representing future tax deductions which will reduce the cash effective tax rate as compared to the underlying effective tax rate over time. Net future deductions are expected to be in the region of £106.3m, on which a net deferred tax asset of £20.1m has been recognised at the relevant local statutory rate.
- Included within intangibles above is the goodwill and customer relationship intangible assets related to the acquisition of EQ US on 1 February 2018. These intangible assets are tax deductible for US tax purposes.
- Tax losses above primarily relate to amounts carried forward within Equiniti Limited. These losses continue to be utilised at an increasing rate and therefore the deferred tax asset is considered to be recoverable in full.
- A cash effective tax rate of c10% applies for 2020 and 2021, rising to c13% thereafter. The rate has been revised downwards to reflect the impact of COVID-19 on the profitability and expected cash tax outflows for the group for this and subsequent years. The cash tax rate is determined through a detailed calculation of the future expected cash tax liabilities of the group against our profit forecasts, adjusting for known variables such as changes in tax rates, known changes in tax legislation and full implementation of the group transfer pricing policy.
- We consider the underlying cash effective tax rate to be an appropriate measure, as it best reflects the anticipated economic outflows from the business, taking into account our assessment of how our deferred tax attributes will unwind and reduce our cash tax liabilities over time.