



Hyve Group plc

Interim Results

Six months to 31 March 2020
and COVID-19 response

7 May 2020

Key messages

- › **Started the year in a very strong position**
- › **Made rapid response to changing circumstances with rolling postponement programme**
- › **Taken swift action to reduce costs and manage cash and liquidity**
- › **Working closely with customers who have been very supportive**
- › **Our strategy over last 3 years puts us in a strong position when market recovers**
- › **We are accelerating work to create a leading next generation omni-channel events business**
- › **Covenant waiver and further liquidity through payment deferrals secured from lending banks**
- › **Fully underwritten rights issue to raise £126.6m announced today to give security through the crisis and to ensure long-term success**

Agenda

- › **H1 highlights plus COVID-19 response**
- › **Interim results**
- › **COVID-19 financial impact & liquidity**
- › **Looking ahead**
- › **Q&A**

Mark Shashoua

Andrew Beach

Andrew Beach

Mark Shashoua

Mark Shashoua & Andrew Beach

H1 highlights

- › Q1 like-for-like revenue growth of 7% / 12%¹ mainly driven by continuing double-digit growth in Africa Oil Week and Yugagro
- › Product-led acquisition of two market-leading US events, Shoptalk and Groceryshop
- › H1 like-for-like revenue growth of 1% / 3%¹ as expected with Spring Fair included in like-for-like definition for first time
 - Mining Indaba and Bett delivered strong year-on-year growth
 - Slowed rate of decline at Spring Fair despite impact of Brexit and reduced attendance as result of COVID-19
- › 14 events rescheduled/cancelled, with adverse H1 revenue impact in excess of £35m



¹ Including biennial events and timing differences

Decisive response to COVID-19

- › When COVID-19 struck in Asia in January we immediately initiated a postponement programme and scenario planning
- › Current postponement plan assumes events take place from August onwards
- › For the purposes of liquidity and funding we have much more conservative planning assumptions:
 - Downside case¹ assumes no shows take place for the rest of the calendar year, except in China

Postponement programme

- › Postponement Plan implemented as soon as potential implications of COVID-19 became clear
- › Current operating assumption is that group events will not be held until August 2020
- › Close collaboration with customers and venue owners to optimise timing for rescheduled events

FY20	c.£80m revenue impact based on Postponement Plan events schedule
	Revenue estimated to be c.20% below FY19 ¹

	No. of impacted events	Key events		Key event date change	
Postponed to FY20	30	 TransRussia	 securika Moscow	 SHOP TALK	Q4 FY20
Postponed to FY21	18	 BREAKBULK EUROPE	 bett asia		Q1 FY21
Cancelled	13	 MosBuild			Cancelled



¹ FY19 revenue: £220.7m

Feedback from our customers on our COVID-19 response



Postponed:
22 March -> 14 September

Shoptalk is a leading e-commerce event – both sponsors and hosted buyers very supportive of event being moved:

- › Speakers: 88% reconfirmed for September
- › Sponsors: 83% rebooked for September
- › Hosted Retailers and Brands: 73% confirmed for September
- › *"Shoptalk postponed till September, which is the right and only decision to make right now"*
- › *"We're sorry to see Shoptalk postponed but fully support this decision given concerns over the oronavirus. Look forward to seeing everyone at the rescheduled event in September!"*



Postponed:
4 March -> 20 October

Bett Asia is a small but strategically important show held in Kuala Lumpur:

- › 95% of event sponsors/exhibitors have confirmed acceptance of new event date
- › Venue has agreed to move to new date at no additional cost
- › VIP speakers have welcomed postponement and 95% have reconfirmed attendance
- › *"This is a good step towards making sure the event is successful and all the participating companies have time to look at their priorities on international travel" (major customer)*



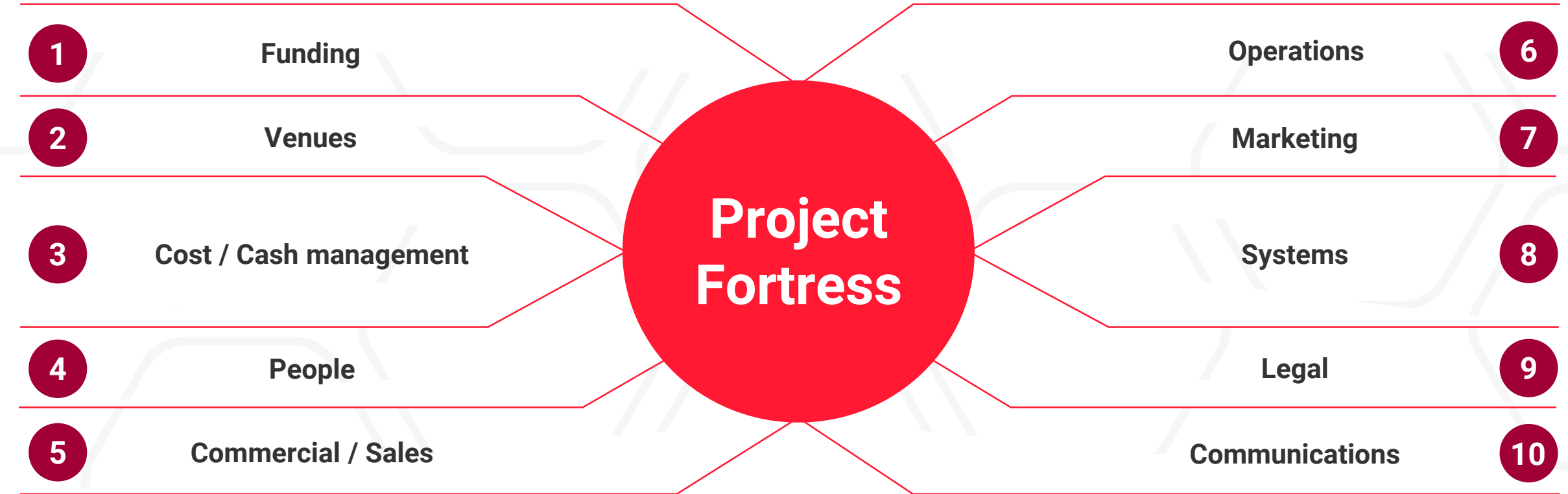
Cancelled in 2020

MITT is largest international tourism exhibition in Russia:

- › *"The most important thing for us is the understanding that HYVE has taken an extremely balanced and socially responsible approach" (national tourism organisation)*
- › *"After overcoming this global disaster, we believe that MITT will be one of the mechanisms for recovering the worldwide tourism industry" (tourism ministry)*



Project “Fortress” implemented with 10 cross-functional work streams ensuring swift execution



Focus on costs, cash and liquidity

› Annualised costs savings of £42m:

- Root and branch cost reductions – freeze on recruitment, salary rises and bonuses, plus management pay reductions, cancellation of contractors, etc
- In London 25% of employees furloughed and many on a 4-day week from 1 May
- Successfully negotiated terms with venues and majority of venue commitments have now been rolled over
- Reduction in capex

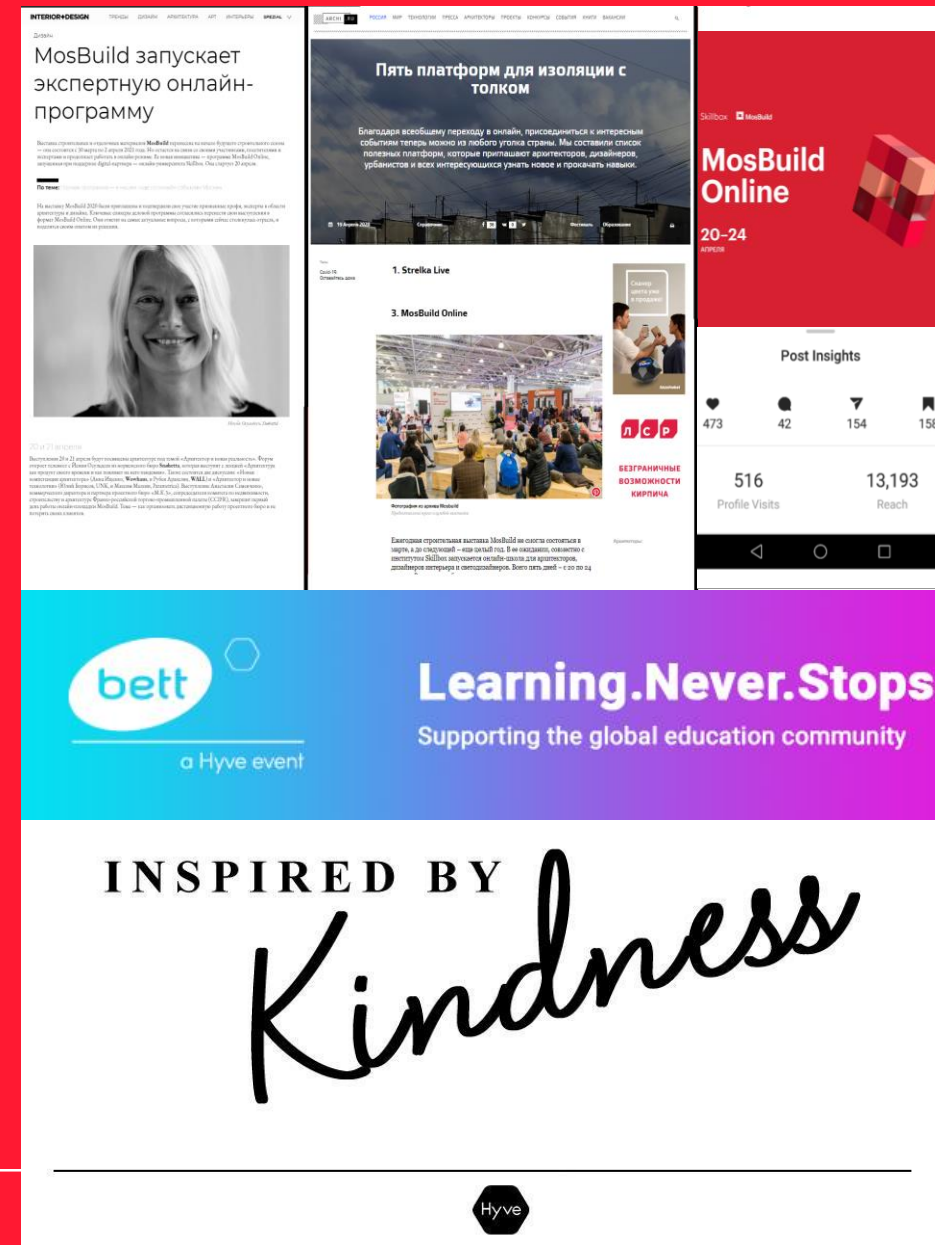
› Managing cash and liquidity:

- Dividend cancelled
- Covenant waivers and boost to cash via deferral of scheduled term-loan repayments
- £250m debt facility fully drawn down to maximise flexibility

› Fully underwritten rights issue to raise £126.6m announced today, to give security through the crisis and to ensure long-term success

Supporting our customers

- › **Mosbuild Online** launched in April with 35 speakers over 5 days
- › **Bett** supports home learning online with curated content, IT support, health and fitness classes, continuous professional development for teachers
- › **Global and UK brands** offer social media platforms for customers to stay connected within their communities
- › This work accelerates our development into an **omni-channel events business**



Safeguarding our people

- › Focused on the health, safety and wellbeing of our people worldwide following all relevant WHO and local government advice
- › Global teams working from home with necessary infrastructure in place thanks to TAG investment
- › For those working in office, new safety measures in place e.g. self-distancing, deep cleaning, hand-sanitisers and masks
- › Regular and frequent communication at all levels keeps our people informed and connected



Company
Update

Summary

- › **Swift action to:**
 - Reschedule events
 - Reduce costs in line with downside scenario
 - Support customers and colleagues through crisis

- › **Secured support from lenders:**
 - Covenant waivers and boost to cash via deferral of scheduled term-loan repayments

- › **Fully underwritten rights issue to raise £126.6m**, to give security through the crisis and to ensure long-term success



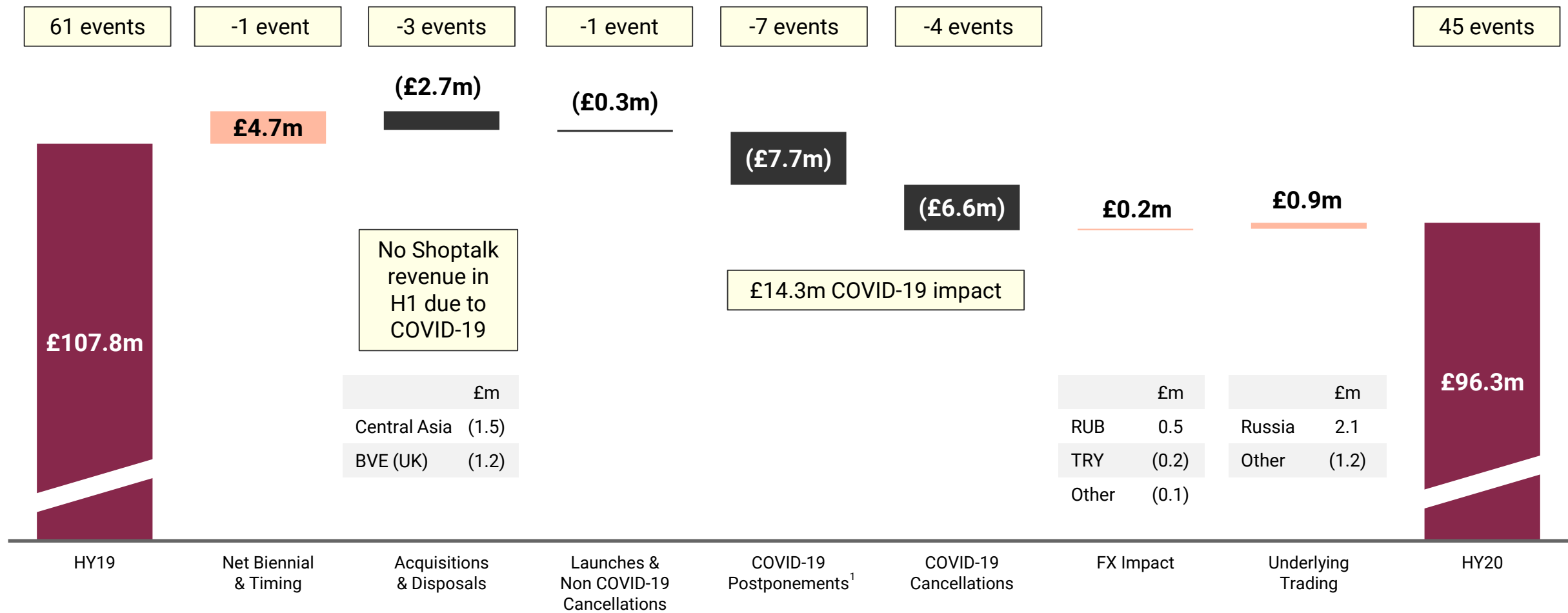
Interim results

Andrew Beach, CFO

HY20 financial summary

	HY20	HY19	
Revenue	£96.3m	£107.8m	LFL growth 1%; including biennials/timing 3%
Headline PBT	£19.8m	£24.5m	LFL growth 3%; including biennials/timing 7%
Operating profit margin	24.7%	25.1%	Underlying improvement offset by COVID-19 impact
Adjusted net debt	£157.2m	£108.9m	£90m cash in bank
Headline diluted EPS	2.0p	2.3p	Underlying improvement offset by COVID-19 impact
Dividend	-	0.9p	No dividend proposed

Revenue bridge








¹ £7.2m (6 events) postponed to later in FY20 and £0.5m (1 event) postponed to FY21

H1 revenue analysis

Top 5¹ events up 4%

1		UK	Feb 20	} up 11%
2		Global Brands	Jan 20	
3		Global Brands	Feb 20	
4		Russia	Nov 19	
5		Global Brands	Nov 19	

Top 5 H1 events postponed/cancelled due to COVID-19

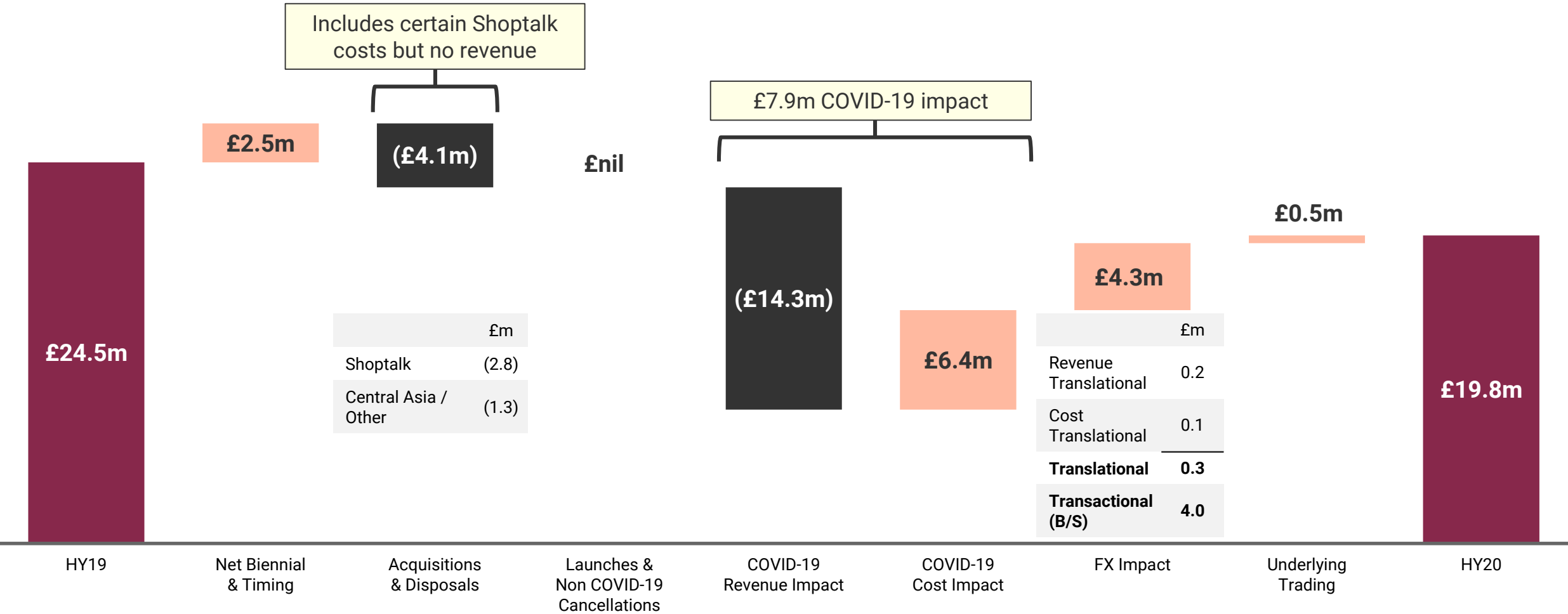
			Previous schedule	Current schedule
1		Global Brands	Mar 20	Q4 FY20
2		Russia	Mar 20	Cancelled
3		Russia	Mar 20	Q4 FY20
4		Asia	Mar 20	Q4 FY20
5		Global Brands	Mar 20	Q4 FY20



¹ 100% owned events only

² Shanghai International Hosiery Purchasing Expo

Headline PBT bridge



Financial summary

**LFL
growth**

**Strong margin
improvement**
pre COVID-19

**Results
impacted by
COVID-19**

**Successful
venue
negotiations**
limit negative impact
of COVID-19



COVID-19 Financial impact and liquidity

Andrew Beach, CFO

Delivering sufficient liquidity to weather the COVID-19 storm

1

**Downside
case
planning**

2

**Cost and cash
conservation**

3

**Financing
measures:
equity and debt**

Prudent scenario planning – Downside case

Key assumptions¹

- › No events take place prior to 1 January 2021 (except in China)
- › All other events currently scheduled prior to 30 September 2020 assumed cancelled
- › Events scheduled for October to December 2020 (Q1 FY21) are postponed and run later in FY21
- › Revenue for FY21 is below expectations prior to the outbreak assuming the global economic backdrop will take some time to stabilise and sales cycles will be reduced

Downside revenue impact

**FY20
revenue
impact**

**c.55% below FY19²
reported**

**c.60% below FY20
pre COVID-19
expectations**

**FY21
revenue
impact**

**c.10% below FY19²
reported**

**c.30% below FY21
pre COVID-19
expectations**



¹ 'Reasonable worst case' for purposes of rights issue Prospectus. Does not represent the Directors' view as to the likely duration of the disruption, but there has been prudent planning for the appropriate level of stress testing to reflect a 'reasonable worst case'

² FY19 revenue: £220.7m

Cost savings and cash conservation

- › Reduced hours / role removals / recruitment freeze
- › Temporary senior-level pay reductions
- › Removal of FY20 bonus scheme
- › Termination of contractor contracts
- › Furloughed 25% of London staff
- › Deferral of capital projects
- › Venue renegotiations
- › Withdrawal of dividends

**Delivering
savings¹ of
c.£10m in FY20
and c.£42m in
FY21**

FY20
£9m income statement
£1m capex

FY21
£40m income statement
£2m capex

Financing measures: debt and equity

Support secured from lenders

- › Agreement to waive covenants up to and including March 2022, replaced by basic liquidity test
- › Secured extra £35m of liquidity through deferral of scheduled term loan repayments in November 2020 and 2021 (£17.5m each) to maturity (December 2023)
- › Net debt:EBITDA on normalised look-forward basis expected to be below 2x by December 2021
- › Continue to pursue relevant government-backed lending schemes

Equity raise to strengthen balance sheet

- › Proposed equity fundraise of £126.6m through underwritten rights issue
- › Fundraise subject to shareholder approval on 27 May
- › Strengthens balance sheet with post-raise pro forma HY20 adjusted net debt of c.£40m

Agreement with lenders is conditional on the equity raise – Company requires additional liquidity by September 2020

Summary

**Cost reduction
programme**

**Managing
debt**

**Accessing
government
support**

**Equity
raise**

A close-up photograph of a human eye. The iris is a deep blue-grey color. Within the iris, there is a clear reflection of a cityscape, featuring buildings and a bright light source that creates a yellow and orange glow. The surrounding skin and eyelashes are visible, with a soft, out-of-focus background.

Looking ahead

Mark Shashoua

Events are reopening in some markets

- › Expect demand for events when temporary restrictions are lifted:
 - From businesses – an essential part of their ability to trade
 - From local and regional authorities – help generate local economic activity
 - From governments – help regenerate international trade
- › We are already seeing some markets reopen:
 - Exhibition venues in Italy reopen from mid May
 - Hunan province in China launched series of events, starting on 30 April with the Hunan Auto Show
 - Main venue in Shanghai planning events from July/August



Hunan Auto Show (non-Hyve event)



Greater focus on market-leading events post COVID-19

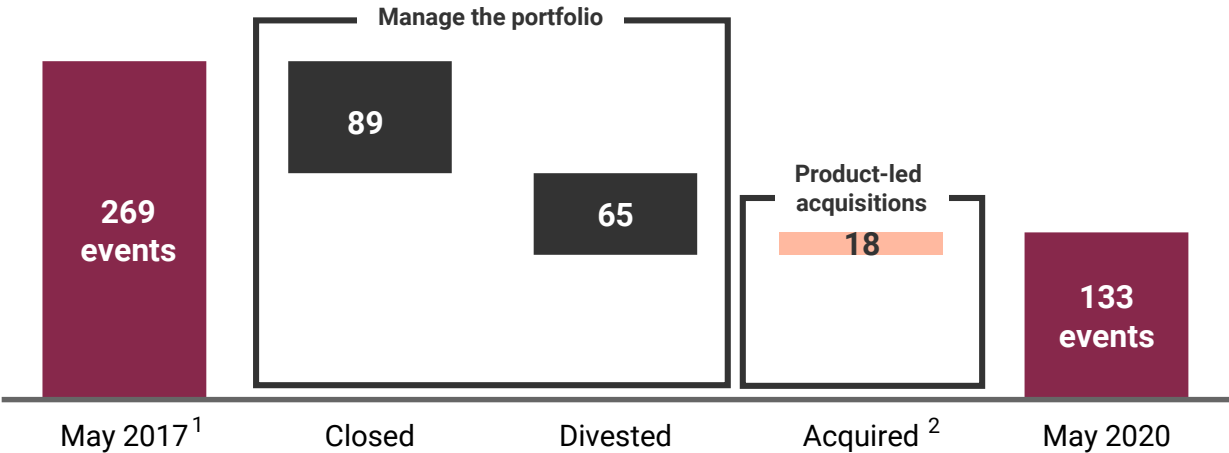
When industry returns we expect a greater focus on:

**Market-leading
events with hosted
meetings**

**Omni-channel
approach**

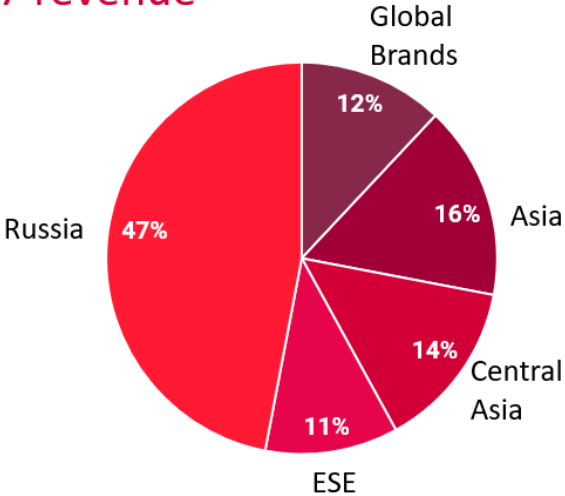
**Enhanced
health-and-safety
measures**

Have delivered a strong portfolio of market-leading events

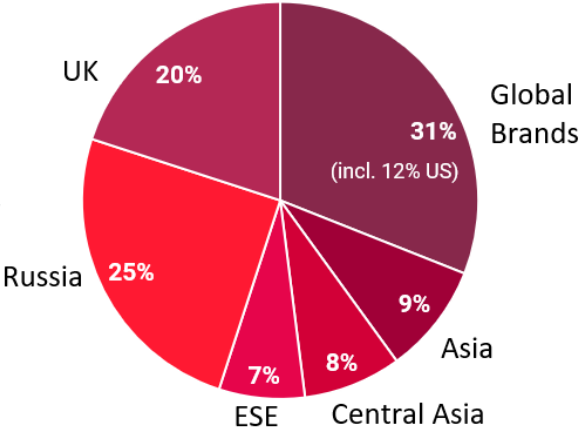


	May 2017	May 2020		
No. of events	269	133	↓	51%
Revenue	£134m ³	£256m ⁴	↑	91%
Revenue per event	£0.5m	£1.9m	↑	280%

FY17 revenue



FY19 pro forma revenue⁵



¹ Launch of TAG, May 2017
² Includes one new launch
³ FY16 reported revenue
⁴ FY20 market consensus pre COVID-19 impact
⁵ Includes Shoptalk and Groceryshop

Shoptalk & Groceryshop help accelerate an omni-channel strategy



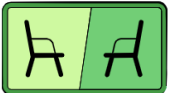
SHOPTALK VIRTUAL TABLETALKS

Launched April 2020



SHOPTALK VIRTUAL CONFERENCES

Launch late spring



SHOPTALK VIRTUAL MEETINGS

Launch later in 2020

- › Omni-channel combines face-to-face events with online content, networking and buying to provide customers with multiple touch points throughout the year
- › **Shoptalk Virtual** launched last month with three formats: Virtual TableTalks, Conferences and Meetings
- › **Shoptalk TableTalk**
Held over 50 events with over 200 participants from leading global consumer businesses
Very positive feedback:
 - *"It was a great networking experience, and nice to talk to others while going through all this"*
 - *"It was great to have real conversation instead of looking at a deck with data for an hour"*
 - *"It gave great insights into how others are handling the situation"*
- › **Shoptalk Virtual** – over 10,000 people expressed interest from companies including Amazon, Best Buy, Facebook, Google, IBM, Infosys, Microsoft, Pinterest and Visa

Hyve plays leading role ensuring safe return to business

- › Hyve Group plays leading role in efforts to ensure colleague and customer safety when restrictions are lifted
- › Member of advisory panel working with Minister of Tourism in UK as well as national and international industry bodies to develop safety guidelines
- › Measures being considered include temperature testing at venues, wider aisles, staggered attendance times, etc.

Our strategy positions us well for recovery

- › Our strategy has put us in a position to weather this storm and positions us well for a strong recovery
- › We have taken swift action to protect the business during 2020
 - Reducing costs, managing cash and liquidity
 - Supporting our customers, brands and people
 - Accelerating work to create omni-channel approach
- › Equity raise and agreement with lending banks gives us ability to navigate the crisis, cements our leadership position and ensures our long-term success

Q&A

Mark Shashoua
& Andrew Beach

Appendices

Postponement programme

Q1 FY20	Q2 FY20	Q3 FY20	Q4 FY20	Q1 FY21
Previously scheduled				
30 events	29 events	40 events	28 events	27 events
Postponements				
no events postponed no events cancelled	-8 events postponed to FY20 -2 events postponed to FY21 -4 events cancelled	-22 events postponed to FY20 -10 events postponed to FY21 -6 events cancelled +1 events from Q2	-6 events postponed to FY21 -3 events cancelled +7 events from Q2 +22 events from Q3	+2 events from Q2 FY20 +10 events from Q3 FY20 +6 events from Q4 FY20
Current schedule				
30 events held	15 events held	3 events currently expected to be held	48 events currently expected to be held	45 events currently scheduled to be held
30 events postponed to later in current FY		18 postponed to next FY		13 cancelled



Note: 1) Q4 includes 2 events due to take place in Q1 FY21 but rescheduled to Q4 FY20
2) Excludes rescheduled events within the same quarter

Consolidated income statement

Headline Results	HY20	HY19
	£m	£m
Revenue	96.3	107.8
Gross Profit	32.8	40.2
<i>Gross Profit Margin</i>	34%	37%
Admin Expenses/Operating Income	(19.7)	(20.5)
FX	4.2	0.1
Profit from Associates	6.5	7.3
Operating Profit	23.8	27.1
<i>Operating Profit Margin</i>	25%	25%
Net Finance Costs	(4.0)	(2.6)
PBT	19.8	24.5
EPS	2.0p	2.3p
Statutory Reconciliation	HY20	HY19
	£m	£m
Headline PBT	19.8	24.5
Adjusting Items	(188.1)	(22.6)
Statutory PBT	(168.3)	1.9

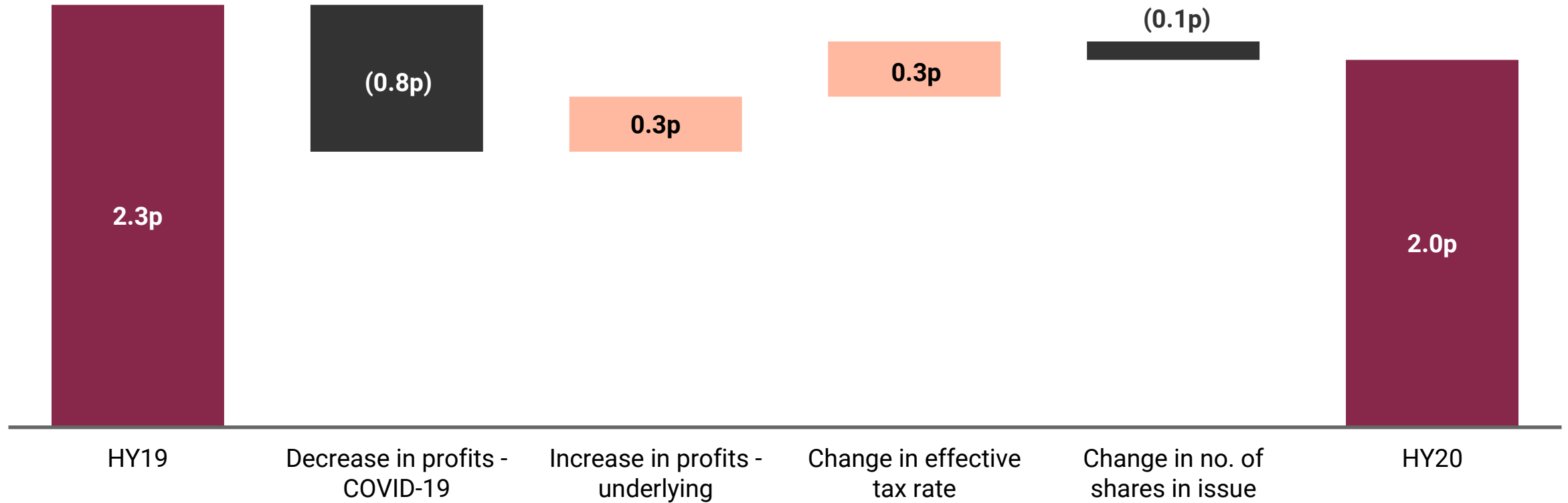
Divisional analysis

	HY20		HY19		
	Revenue £m	HPBT £m	Revenue £m	HPBT £m	
Global Brands	31.0	11.8	31.7	13.4	<ul style="list-style-type: none"> › Strong growth offset by event postponement › Includes Shoptalk acquisition - no revenue due to postponement but costs incurred
Asia	12.0	9.2	12.4	9.5	› Impact of biennial offset by event postponement including Debindo joint venture
Central Asia	5.7	0.4	6.7	0.7	› Disposal of stand construction business and Azerbaijan events
E/S Europe	2.9	(0.8)	3.7	-	<ul style="list-style-type: none"> › Ukraine event postponement › LFL growth in revenue
Russia	20.0	5.6	24.1	8.0	<ul style="list-style-type: none"> › Strong performance and biennial impact › Offset by event postponement and cancellation
UK	24.7	4.8	29.2	8.7	› Impact of Brexit and COVID-19
Other Income		0.1		0.1	› Management fee income from associates
Central Costs		(11.5)		(13.5)	› Cost savings including bonus removal
FX (loss)/gain		4.2		0.1	› Balance sheet retranslation of monetary assets and liabilities
Net Finance Costs		(4.0)		(2.5)	› Increased interest cost from borrowings to fund acquisitions
Total	96.3	19.8	107.8	24.5	

Performance analysis

		Metres	Revenue	Headline Profit Before Tax
		000s	£m	£m
HY19	Results from events	354	107.8	24.5
	Biennial	(2)	(0.7)	(0.2)
	Timing	(2)	(0.4)	(0.1)
	COVID-19 postponements	(31)	(7.7)	(3.8)
	COVID-19 cancellations	(18)	(6.6)	(4.1)
	Non-recurring	(4)	(0.5)	-
	Disposals	(6)	(2.7)	(0.6)
	Recurring events	291	89.2	15.7
HY20	Acquisitions	-	-	(3.5)
	Launches	2	0.2	-
	FX translation	-	0.2	4.3
	LFL change	(15)	0.9	0.5
HY20	Recurring events	278	90.5	17.0
	Biennial	29	5.8	2.2
	Timing	1	-	0.6
	Results from events	308	96.3	19.8
	LFL growth	(a/b)	-5%	3%

Headline diluted EPS bridge



Adjusting items

			HY20	HY19
			£m	£m
Operating items	Amortisation of acquired intangible assets	Non-cash	(14.0)	(12.0)
	Impairment of assets	Non-cash	(166.8)	-
	Loss on disposal	Non-cash	(5.6)	(2.4)
	Transaction costs	Cash	(2.6)	(1.4)
	Integration costs and costs of realising synergies	Cash	(0.7)	(3.4)
	Restructuring costs	Cash	(0.9)	(2.1)
	Tax on income from associates and joint ventures	Non-cash	(1.5)	(1.7)
Financing items	Revaluation of assets and liabilities on completed acquisitions and disposals	Non-cash	5.3	0.4
	Write-off of previously capitalised debt issue costs on refinancing	Non-cash	(1.3)	-
Total			(188.1)	(22.6)

Consolidated balance sheet

		HY20	HY19
		£m	£m
Non-current assets	Goodwill and intangible assets	428.6	491.8
	Other non-current assets	67.4	57.2
		496.0	549.0
Current assets	Trade debtors	36.4	35.2
	Prepayments	13.4	13.2
	Other current assets	13.3	17.0
		(93.1)	(78.6)
Creditors	Adjusted net debt	(157.2)	(108.9)
	Deferred revenue	(103.4)	(93.4)
	Trade and other payables	(39.5)	(33.6)
	Lease liabilities	(20.4)	-
	Deferred consideration and equity option liabilities	(9.4)	(21.1)
	Net deferred tax liabilities	(28.8)	(35.0)
	Provisions	(1.8)	(1.9)
		(360.5)	(293.9)
Net assets		198.6	320.5

Future consideration

Deferred Consideration – Cash Settle		
	£m	Financial Year Payable
ABEC	0.9	2020
	0.9	

Puts & Calls – Cash Settle		
	£m	Financial Years ¹
Fasteners	-	2020
Indobuild	1.9	2020
Scoop	-	2020
	1.9	

Puts & Calls – Equity Settle		
	£m	Financial Years ¹
ABEC	8.5	2020
	8.5	



¹ Earliest financial year Puts & Calls are exercisable

Current debt profile

Refinance – December 2019

Facility £m	Committed	Drawn	Repayments	Interest	Existing Financial Covenants
Term	100	100	£17.5 November 20 £17.5 November 21 £20.0 November 22 £22.5 November 23 £22.5 December 23	LIBOR + Margin (1.90-2.90%) determined by the Leverage Ratio	<ul style="list-style-type: none"> › Leverage Ratio of net debt to adjusted EBITDA $\leq 3x$ › Interest Cover Ratio of EBITDA to net finance charges $\geq 4x$ › Tested every quarter from 30 June 2020
Revolver	150	150	Amounts can be repaid, redrawn or rolled for periods of 1, 3, or 6 months up to maturity		
Total	250	250	Maturity : December 2023		

Waiver – May 2020

Waiver detail

- › Suspends the existing financial covenant tests for all periods up to and including March 2022
- › Defers the November 2020 and November 2021 repayments to maturity (December 2023)

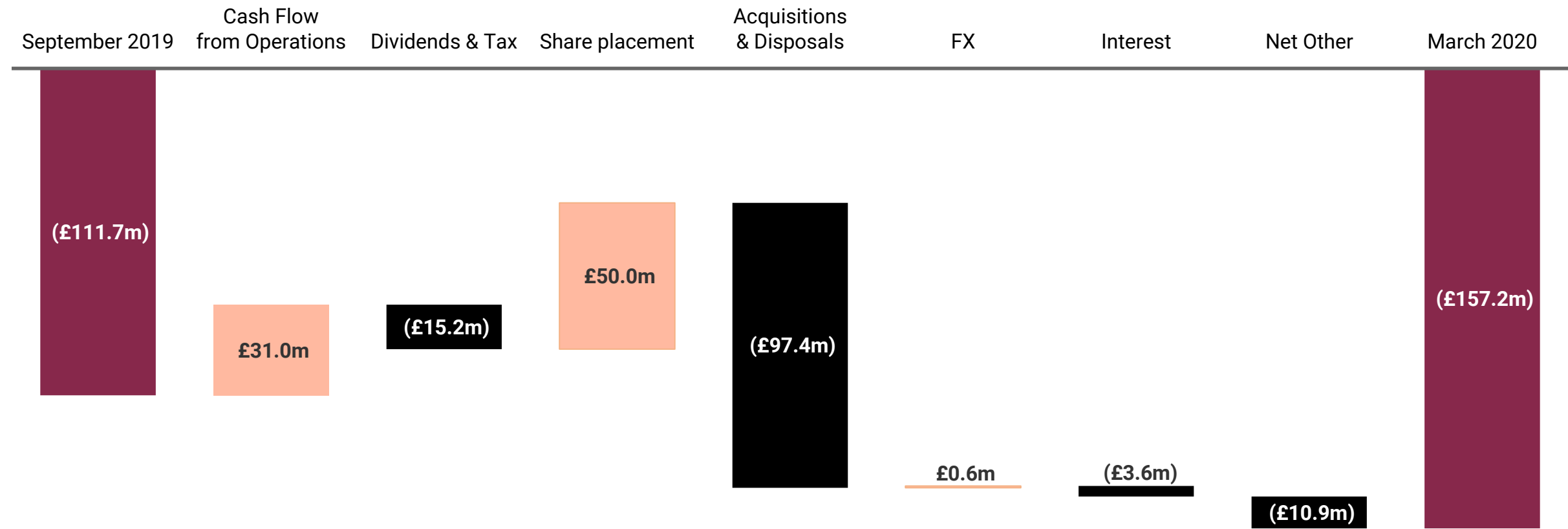
Waiver conditions

- › Replaces existing financial covenants with a minimum liquidity covenant: combined cash and undrawn facilities must be at least £30m or £40m (depending on the month), tested monthly
- › Existing financial covenants will still be reported every quarter but not tested
- › Interest margin increased to 3.40% but original ratchet levels still apply based on above financial covenant reporting every quarter
- › Insurance and disposal proceeds to be applied to any deferred repayments providing such deferred repayments are overdue from the original repayment date (maximum £35m)
- › Certain acquisition, disposal and dividend restrictions

Normalisation

- › The Group may at any time in its sole discretion nominate to revert to the original terms by reinstating the existing financial covenant testing and repayment dates, and immediately settling any deferred repayments that are overdue from the original repayment date
- › All waiver conditions will be cancelled once normalisation occurs

Adjusted net debt bridge



Cash generated from operations

	HY20	HY19
	£m	£m
Statutory operating profit	(168.4)	4.0
Adjustments	184.7	10.1
Operating cash flows before movements in working capital	16.3	14.1
Working capital movements	8.8	2.5
Cash generated from operations	25.1	16.6

	HY20	HY19
	£m	£m
Cash generated from operations	25.1	16.6
Interest received	0.4	0.3
Interest paid	(4.0)	(2.9)
Tax paid	(2.2)	(6.4)
Free cash flow from the business	19.3	7.6

Shareholder structure as at 24 April 2020

	Country of Shareholder	% of Total Shares	No. of Shares (millions)
RWC Partners	UK	12.5	102.3
BlackRock	UK, USA	7.9	64.7
Brandes Investment Partners	USA	7.9	64.5
Fidelity Management & Research	UK, USA	7.0	56.9
Amiral Gestion	France	5.6	45.8
Bestinver Asset Management	Spain	5.0	40.6
Legal & General Investment Management	UK	4.2	34.3
Invesco	Canada	4.1	33.5
JO Hambro Capital Management	UK	3.6	28.8
Franklin Templeton	USA	3.2	26.1
Directors		0.3	2.8
Other institutions and individuals		38.7	315.5
Total Shares in Issue		100	815.8