

Sanne Group plc

2020 Full Year Results Presentation

For year ended 31 December 2020

19 March 2021

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Forward looking statement

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Agenda

- 1 2020 Full Year Results Highlights
- **2** Operational Review
- 3 Financial Review
- 4 Strategic Overview
- 5 Summary and Outlook
- 6 Q&A



Martin Schnaier
Chief Executive Officer



James Ireland
Chief Financial Officer





defines us, empowers you



Highlights for 2020

A year of resilient delivery and continued investment despite COVID-19



- Net revenue growth of 7.7% (5.8% c.c. organic)
- Annualised, recurring new business wins of £22.5m
- Underlying operating profit margin up 100bps to 28.3%
- Cash conversion of 99.5%
- Underlying EPS growth of 19.2% (12.2% c.c.)
- Final dividend of 9.9p (total dividend 14.7p)



Strategic progress and M&A momentum

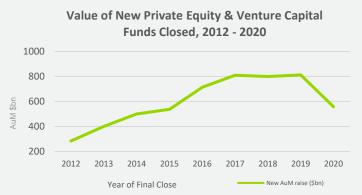
- Continued investment in organic growth initiatives including global rebrand and launch of new products and services
- Implementation of new technology strategy and continued client service innovation
- Signing of five M&A deals in 2020 enhancing global footprint and deepening product expertise
- Disposal of legacy Jersey Private
 Client business



Alternative assets market trends

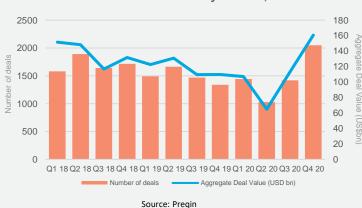
Strong growth fundamentals despite COVID-19 delays

Delays in new funds and drop-in activity...



Source: Pregin Special Report: Future of Alternatives 2025

Number of deals and values by Quarter, 2018-2020



- COVID-19 uncertainty caused Q2 delays
- Concerns on timing of capital deployment weighed on Q3 & Q4
- Led to a 30% drop in PE/VC AuM raised - similar picture across all asset classes
- Significant drop in M&A volumes in Q2
- Drop in capital deployment due to deal volumes; also delayed closing of funds raised in late 2019 and early 2020

...but the structural growth drivers remain strong



Source: Pregin Special Report: Future of Alternatives 2025

Alternative Assets under Management and Forecast, 2016 - 2025* 12.6 (\$tn) 14 12 7.8 7.0 7.0 5.9 5.0 4.3

2019

2020

2021

2025

2018 Source: Pregin Special Report: Future of Alternatives 2025

2016

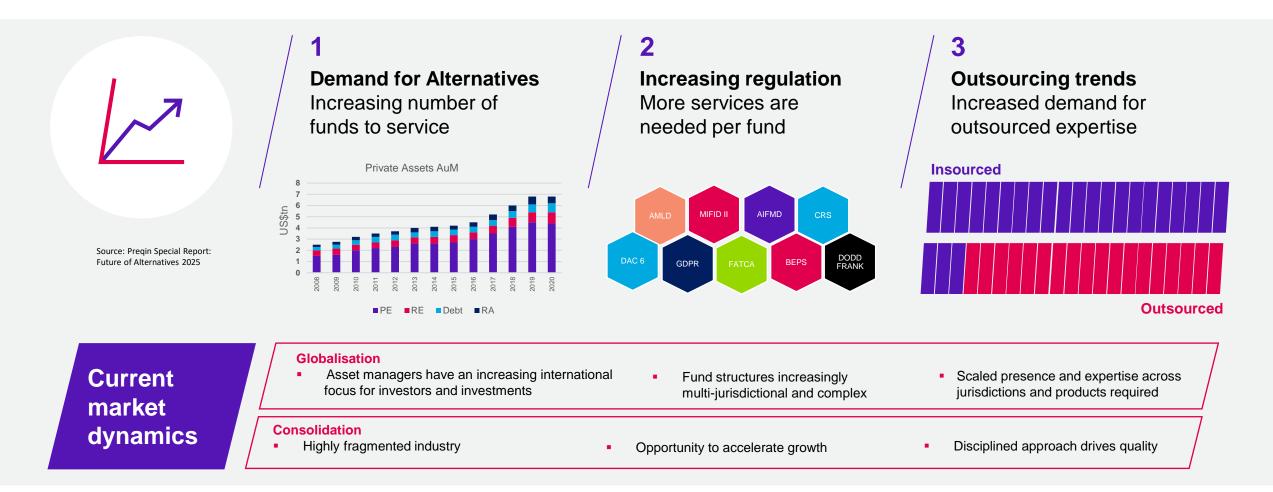
2017

- Investor demand higher than ever for Private Asset Alternatives
- 81% of investors will increase or significantly increase their allocations over the next five years
- Market forecasts indicate a +12% growth in AuM in 2021 and +12.6% CAGR over the next five years
- Started to see improving trends from Q4 20 and into Q1 2021



Attractive structural growth drivers

Sanne is well placed to capture medium and long term growth globally





Resilient business model

2020 has proven the stability and resilience of the Group



Long-term recurring revenues

- 7-12 year contracts
- Negligible mid-life attrition in structures
- Inflation linked contracts

2

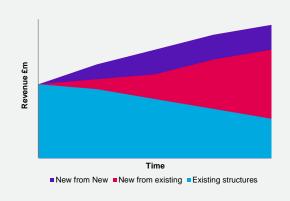
Professional services profit margins

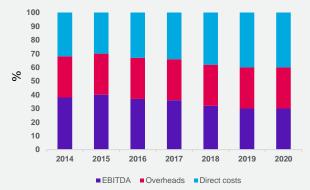
• c. 33% EBITDA margin

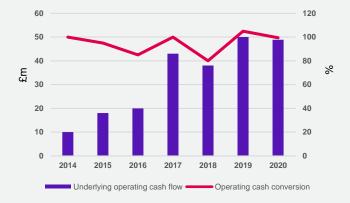
3

Highly cash generative

- Strong operational cash generation > 90% conversion
- Capital light business









Our strategy for growth

Clear and consistent strategy that has positioned Sanne to be a sector winner



Differentiated best-in-class services

- Quality people and professional training
- Accredited business processes
- New capabilities and advanced technology offering



Successful business development

- Cross-selling to existing clients
- New clients wins



Expand services across jurisdictions

- Rollout full service offering at scale to each office
- Ensure complete solution for clients



Expand Footprint

- Add new locations to support client demand
- Access new clients in new markets



Invest in platform

- Resilient and scalable platform
- Enhancing technology and data capabilities



Inorganic growth

- Disciplined and well considered approach to M&A
- Scaled resources to ensure agile completion and integration





Segmental performance

Regional breakdown at a glance

Europe, Middle East & Africa



- Robust Constant Currency revenue growth of 7.6% despite headwinds in the South African Hedge business
- Good growth in Private Equity across UK and Luxembourg and Loan Agency and Real Assets in the year
- Full year margin improved on H1 2020 and further progress expected in 2021
- Integration of the Inbhear business in Ireland and good performance post acquisition

Channel Islands



- Constant Currency organic growth of 6.9%, despite COVID-19 and Brexit concerns
- Good performance across the business with strong new wins in Private Debt
- Continued to invest into the local management team and business development resources
- The acquisition of PEA (completed 1 March 2021) will add additional scale and growth prospects to the existing Guernsey business



Segmental performance

Regional breakdown at a glance

Asia-Pacific & Mauritius



- Constant Currency revenue growth of 5.2%, despite full year of COVID-19 conditions in APAC region
- Strong double-digit growth in Singapore and Japan with good visibility for new business
- China saw good progress whilst Hong Kong continued to be impacted by civil unrest in 2019 closely followed by COVID-19 in 2020
- Mauritius saw low growth as its key market in India was badly impacted by the pandemic
- The Japan office was further enhanced with the Deutsche Bank's Trust Company deal that completed in H2 2020

North America



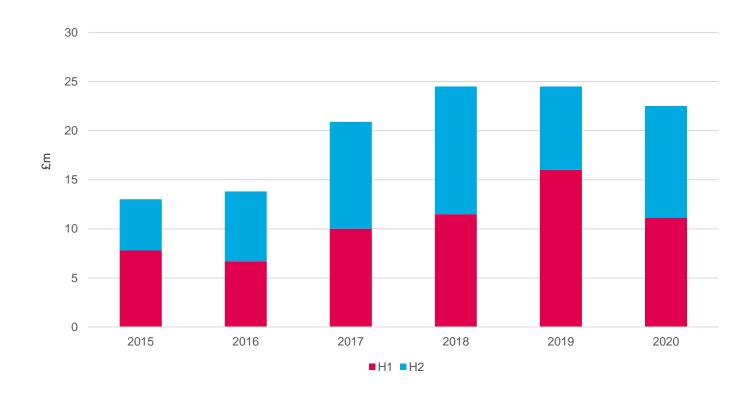
- Strong Constant Currency revenue growth of 9.7% with good margin improvement
- Good performance despite COVID-19 impact and political tensions
- Expansion of products and services including Loan Agency and Real Assets
- Remains one of the largest and fastest growing market opportunities



New business wins

For the year ended 31 December 2020

Year-on-year performance



Key highlights

- Annualised, recurring new business wins of £22.5m
- Positive pick-up in new wins during Q4 across all major asset classes
- New wins split 58%"new-existing" and42% "new-new"
- Good momentum continuing into 2021





Key financial highlights

For the year ended 31 December 2020

NET REVENUE FY 2020

£169.7m

FY 2019 **£157.5m**

UNDERLYING
OPERATING PROFIT
FY 2020

£48.0m

FY 2019 **£43.0m**

NEW BUSINESS WINS FY 2020

£22.5m

FY 2019 **£24.5m**

UNDERLYING FREE CASH FLOW ATTRIBUTABLE TO EQUITY HOLDERS FY 2020

£33.6m

FY 2019 **£35.1m**

UNDERLYING DILUTED EPS FY 2020

25.4p

FY 2019 **21.3p** DIVIDEND PER SHARE FY 2020

14.7p

FY 2019 14.1**p**

Total Group Income Statement

For the year ended 31 December 2020

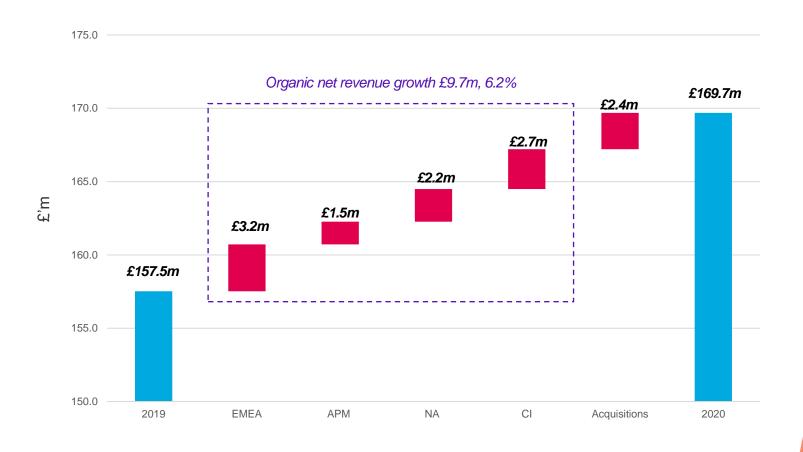
	FY 2020	FY 2019		
	£'m	£'m	% change	cc change
Turnover	174.9	159.7	9.5%	9.0%
Third-party fees	(5.2)	(2.2)		
Net Revenue	169.7	157.5	7.7%	7.3%
Gross Profit	100.6	94.0		
Gross Profit margin	59.3%	59.7%		
Operating Profit	48.0	43.0	11.7%	8.4%
Operating profit margin	28.3%	27.3%		
Net finance cost	(3.2)	(4.3)		
Profit before tax	44.9	38.7	15.9%	9.4%
Tax	(7.9)	(7.8)		
Profit after tax	37.0	31.0		
Diluted EPS	25.4	21.3	19.2%	12.2%
Dividend per share	14.7p	14.1p		
Non-underlying items	16.6	29.2		
Amortisation, acquisition and integration costs	19.2	17.1		
Acquisition related earn-out and share based payments	2.4	8.1		
Lease and intangibles impairment	1.2	2.4		
Regulatory settlement and other	1.6	1.5		
Gain on disposal	(7.7)			
Discontinued operations				
Revenue	2.0	5.7		
Profit before tax	1.0	3.7		
Profit after tax	0.9	3.3		

- Resilient c.c. net revenue growth of 7.3% (5.8% organic) impacted by delays to new funds and closing of won funds
- 100 bps underlying operating profit margin improvement
- H1 FX gain reduces net finance cost
- Underlying tax rate of 17.4% in the year
- Double digit EPS growth despite market headwinds
- Decrease of 16.1% in nonunderlying items (excl. gain on disposal) despite increased acquisition costs



FY 2020 Net Revenue Bridge

Organic growth seen across all segments

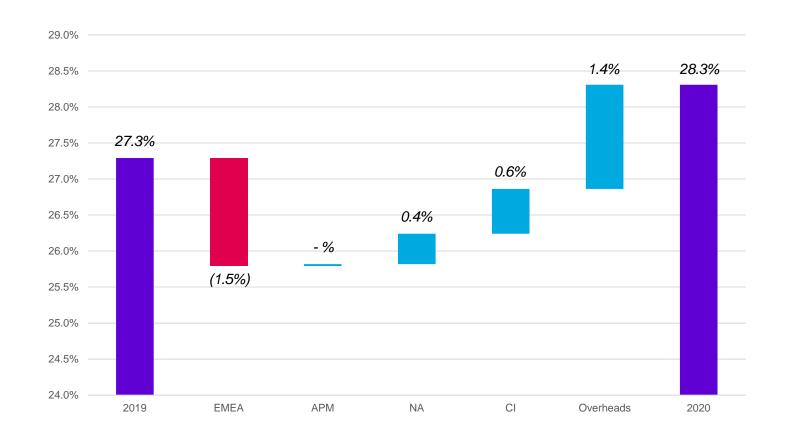


- Continued growth across all geographies
- Net organic revenue increase of £9.7m substantially below average new business win rates highlighting delays in revenues from won business
- Catch up of delayed revenues expected in 2021



Margin bridge

Year-on-year margin improvement of 100bps



- 100bps margin improvement
- EMEA margin reflects headwinds from SA Hedge business and elevated H1 costs in Luxembourg
- APM margin improvement offset by dilutive impact of new Japan office
- Good margin improvement across NA and CI as jurisdictional model beds in
- Overheads improvement driven from prior year management actions



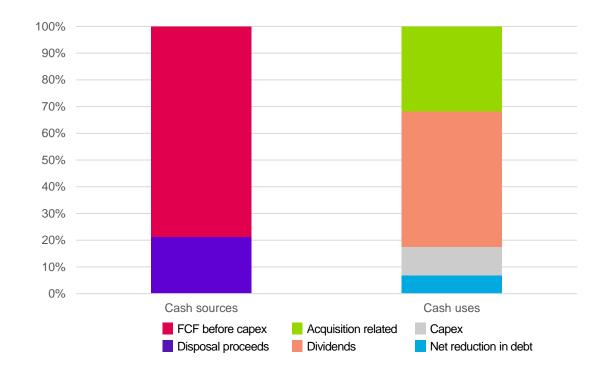
Cash flow statement and uses of cash

Another period of strong cash generation

Operating Profit to free cash flow

	FY 2020	FY 2019	
	£'m	£'m	
Underlying total group operating profit	49.1	46.7	
Depreciation (equipment and IFRS 16)	4.5	8.2	
Other items	(2.2)	0.4	
Change in working capital	(3.5)	3.2	
Operating cashflows	54.5	58.5	
IFRS 16 lease cost cash charge	(6.5)	(6.4)	
Non-underlying items in accruals	0.8	(2.9)	
Underlying total group operating cash flows	48.8	49.3	
Underlying cash conversion	99.5%	105.5	
Capital expenditure	(4.3)	(4.2)	
Tax charge	(7.6)	(7.6)	
Loan to minority interest	(0.8)	0.0	
Net finance cost	(2.6)	(2.3)	
Underlying free cash flow attributable to equity holders	33.6	35.1	

Uses of Cash flow





Working capital and indebtedness

Robust balance sheet position

Working capital position		
	FY 2020	FY 2019
	£'m	£'m
Contract assets	8.2	6.5
Trade receivables	46.4	42.6
Contract liabilities	(18.5)	(17.6)
Net working capital	36.1	31.4
- As a % of last months continuing reviews	21.3%	19.9%

- Successful refinancing to increase facilities by 40%
- New £210 committed RCF with £100m accordion
- New facility on similar terms

Net indebtedness		
	FY 2020	FY 2019
	£'m	£'m
Gross debt balance	133.5	129.6
Gross cash balance	(57.1)	(51.5)
Restricted cash balance	13.4	10.1
Group net debt	89.8	88.2
Underlying operating profit from continuing operations	48.0	43.0
Add back: Depreciation (excl IFRS 16 lease depreciation)	2.9	2.9
EBITDA less lease depreciation	50.9	45.9



Medium-term guidance for continuing business

Organic revenue growth

Underlying operating profit margin

Underlying effective tax rate

Underlying operating cash conversion

Capital expenditure

Double digit

28-30%

19-21%

> 90%

c. 3% of Group revenue





Growth in industry

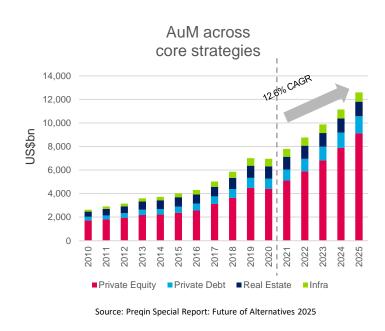
Strong structural growth drivers remain



1 Demand for Alternatives

2 Increasing regulation

3
Outsourcing trends



- Investor demand remains as high as ever
- Confidence in timing of capital deployment should drive recovery in fund raising activity

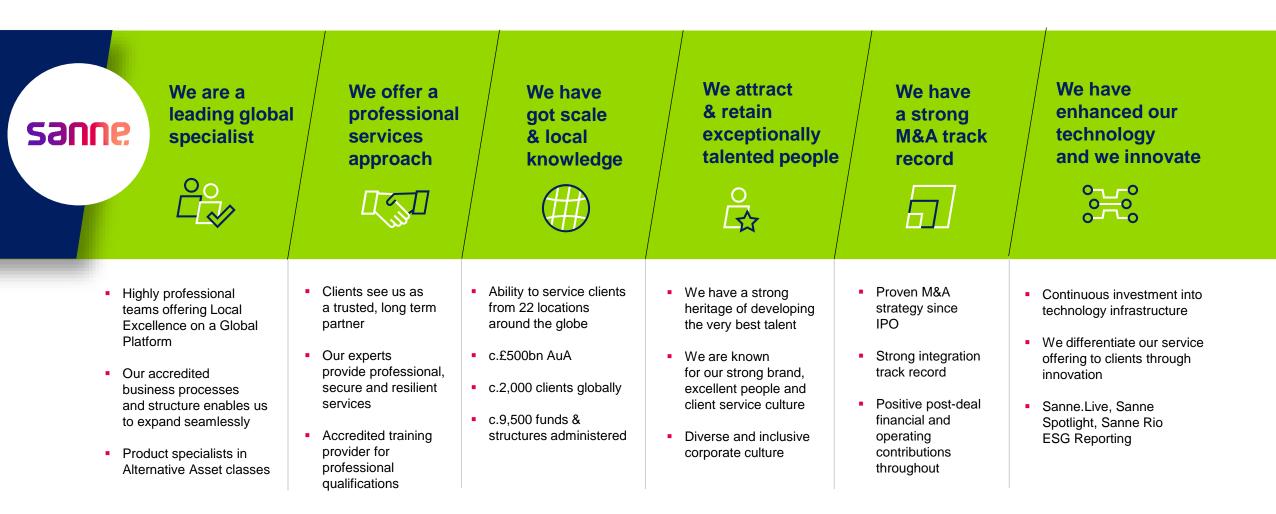
- New legislation from authorities to encourage the flow of alternative investment
 - Irish ILP
 - Singapore VCC
 - Hong Kong LPF
 - HM Treasury consultation underway
- Increased regulatory oversight

- COVID has highlighted the challenge of managing remote in-house teams and need for well invested, robust infrastructure
- Maturing outsourcing model in APAC and a shift to outsource in North America



Market leading capability & platform

Sanne is a global leader and perfectly placed to support clients





Client focused innovation

Our areas of focus supporting clients



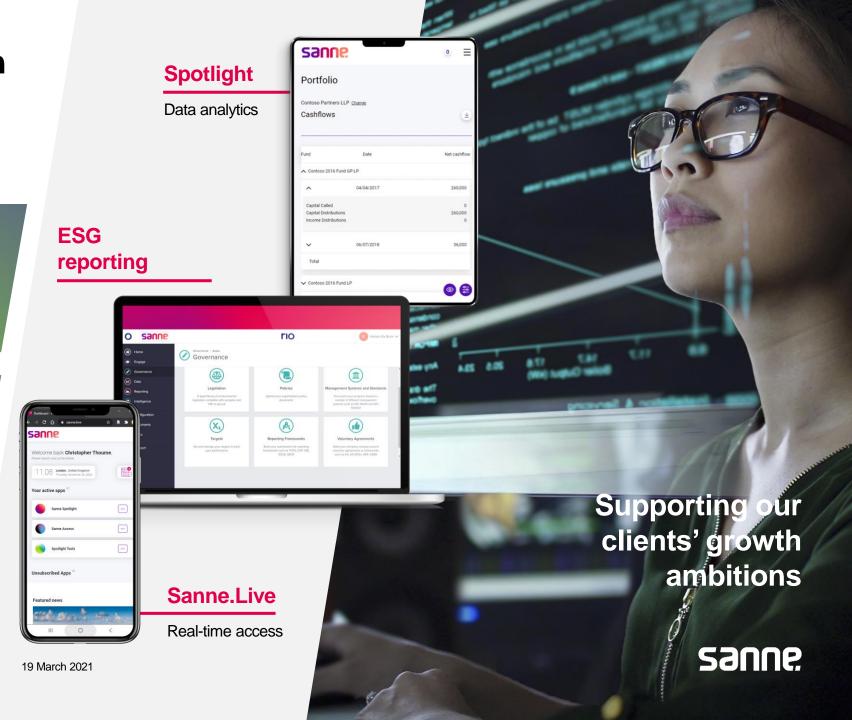


Technology centre of excellence





Data security & Cyber defence

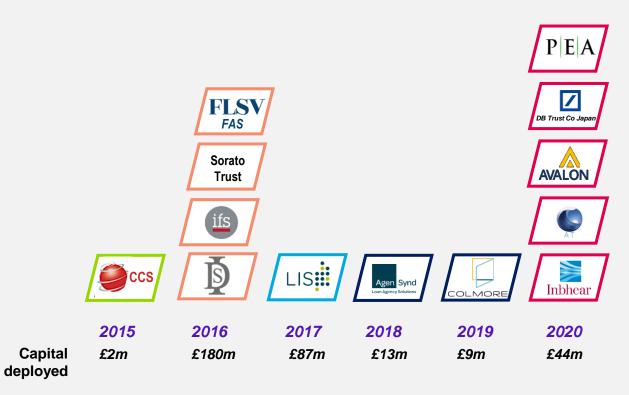


Our M&A strategy

To accelerate growth of our market leading proposition

- We are agile and have an efficient and centralised M&A decision making process
- Our listed status is attractive to many founders and their management teams
 - Our culture is focused on providing high-quality client service and inclusive working environment
 - We have long-term strategic plans
- We have a disciplined approach to pricing and structuring of transactions in order to generate the best long term returns for our shareholders

Proven track record of M&A since IPO





Momentum in M&A strategy

Insight into deals signed during 2020



Rationale:

- Added fund administration capability to Ireland operation
- Provided Sanne with first footprint into the Cayman Islands
 strategically important fund jurisdiction



Rationale:

- Enhanced Japan operation which boosted ability to win new business in 2020
- Adds a high-quality existing client book



Rationale:

- Augmented existing Cayman Islands operation
- Provides further management bandwidth and new product capabilities





- Adds strategically important Scandinavian footprint
- Adds scale and further expertise to Guernsey operation



Rationale:

 Minority investment into start-up technology business focused on accounting, reporting and delivery for Private Asset administration

Locations

- Ireland
- Cayman Islands

People

10

Location

Japan

People

25

Location

Cayman Islands **People**

10

People

55

Locations

- Denmark
- Sweden
- Guernsey

Location

New York

M&A outlook

Healthy pipeline



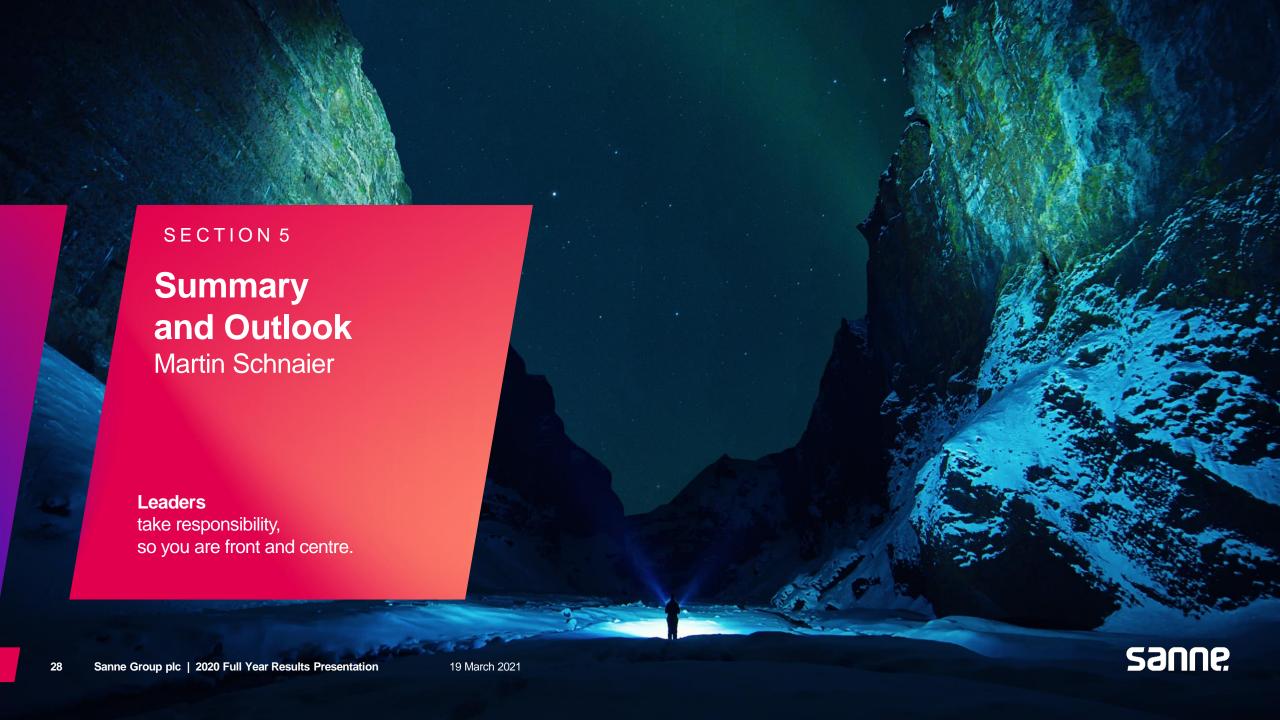


Target 2-3 deals

To be completed each year







Summary and Outlook

Robust delivery and well placed to take advantage strong market growth

We have continued to perform well

We have continued to innovate and enhance our technology

We have continued to deliver on strategy



We are talented professionals who are aligned to achieve our vision

We are confident in delivering our expectations for 2021







sanne

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