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Introduction & Overview



Our Business Strategy



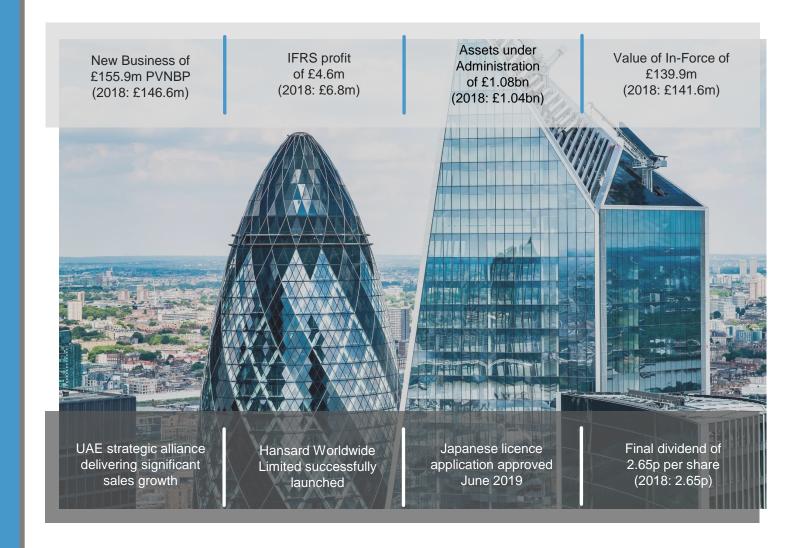
Results 2018/2019



Summary



OVERVIEW FY 2019









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IMPLEMENTING OUR GROWTH STRATEGY

12 month commitments from this point last year



Roll-out of new Group insurance company in the Bahamas



Rationalisation of our broker universe



IoM Regulatory Roadmap implementation



Complete regional office review



Cost efficiency target of £500k p.a.



Conclusion of non-Italian litigation and clarification of insurance position



Conclude Japanese licence process

Complete	Complete	Complete 🗸	Complete	Complete 🗸	On-going	Complete
Seamless transition	Higher quality and closer relationships	Seamless transition	Two offices closed with £0.35m p.a. savings	Annualised savings identified of £1m for FY 2020 to mitigate increased legal and IT expenditure	However, positive insurance coverage positions have been indicated for our largest cases	Japanese investment management licence granted in June 2019

IMPLEMENTING OUR GROWTH STRATEGY

SHORT TERM (WITHIN 12 MONTHS)

MEDIUM TERM (12-24 MONTHS)

LONG TERM (24+ MONTHS)

- Japanese proposition to be launched with first distribution partner in H2 FY2020.
- Rationalise IT architecture and move to the Cloud.
- Replace IT admin systems (policy admin, channel admin, investment admin & online portals)
 - Agility to develop & administer future products, at speed.
 - Scalable for future growth.
 - Reducing future risk of legacy system issues.
 - Continuity of award-winning service & online proposition.

- Expansion of Japanese proposition to additional Japanese distributors.
- Build and enhance initial systems implementation.
- Cost efficiency target of £2.5m p.a. from new systems architecture.
- Conclusion of non-Italian
 litigation and pursue insurance
 recoveries.

- Extension of Japan-style proposition, globally.
- 'Next-generation' propositions.
- Conclusion of final litigation in Italy.
- Release of Hansard Europe capital.



JAPAN THE OPPORTUNITY

THE MARKET



Onshore accumulation savings market forecast to reach \$14.5 trillion by 2020



\$9 trillion in cash, no interest, negative real returns



Trend away from low return traditional life insurance policies towards asset backed fund investment



Regulatory Landscape changing-Banks voluntary disclosure since 2016



Banks control 54% of distribution

THE OPPORTUNITY



Japanese propensity to save



Small shift away from cash to risk assets will benefit Hansard



Top 20 Regional Banks have 20% of the deposit market



The Hansard product



Fintech is in very early stages in Japan

Source: Hansard Global PLC, 2019

JAPAN ROUTE TO LAUNCH

BUILDING BLOCKS IN PLACE

ROUTE TO LAUNCH

POST LAUNCH BUILD

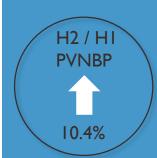
- Investment management licence acquired in June 2019.
- Registration statement filed to place back-book within the structure desired by the Japanese regulator.
- New product for future via regional bank distribution currently with regulator for approval.
- General Manager with over 30 years experience of insurance and securities business started in July 2019.
- Branch in Tokyo will shortly be up to a headcount of seven.
- Working actively with four banks to develop proposition and operational models (under NDA arrangements).
- Business will sit on new back-office IT systems optimised for efficiency of processing.
- No upfront commission within the product = no cash strain.

- Regulatory sign-off of new product targeted prior to end of 2019.
- First distribution agreement with regional bank targeted for signing by end of 2019.
- New IT infrastructure will be ready by end of 2019.
- Operational testing and sales force training in early 2020.
- Launch calendar Q1 2020.

- Additional distribution agreements with further three regional banks over the course of 2020.
- Expansion of branch
 headcount to support local
 language administration and
 sales.
- Optimisation of operational procedures and IT.





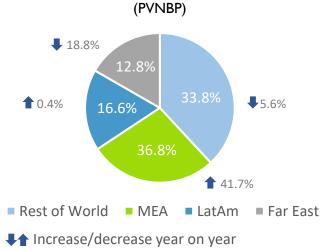


BUILDING NEW BUSINESS

- New Business through our locally licensed partner in the UAE continued to grow over 2019.
- Due to repositioning towards locally licensed business in the Far East, new business fell in 2019. Work on Japanese distribution agreements well advanced.
- Latin American new business levels recovered as we consolidated our position. Use of Hansard Worldwide now embedded within our key accounts.



REGIONAL CONTRIBUTIONS



MARKETING & PROMOTION

- Launched Hansard Worldwide Limited (HWL) on January 1st 2019 and successfully transitioned our Key Accounts over to HWL.
- Tactical amendments to existing products to support new business enabled us to grow new business Q4 2019 over 2018.
- Continued focus on regular savings and offshore pensions enabled us to grow PVNBP in 2019.
- Five Star Service Rating from AKG.



BUILDING NEW BUSINESS

- New Business 2019 more than doubled year on year
- Reputation growing rapidly in the UAE
- Online New Business approach is highly valued by distributors
- Relationship with our strategic partner is going extremely well
- Further developments planned for 2020





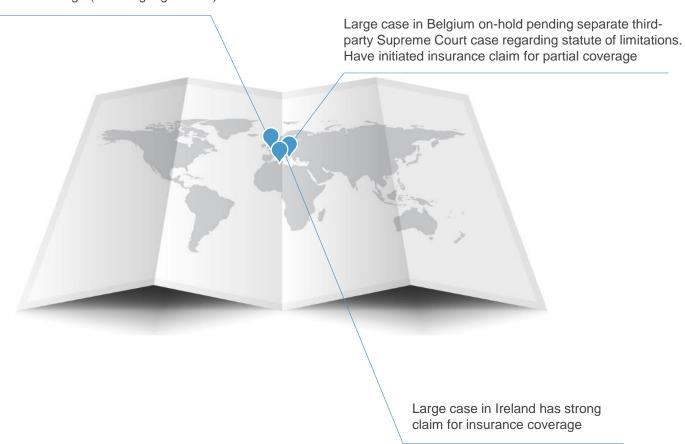
Exposures from outstanding writs of £19.4m (2018: £17.8m)

Ten smaller cases won during the year, although consistent with historical experience most have appealed, extending the time to conclude.

These exposures are retained within contingent liabilities

HANSARD EUROPE LITIGATION

Group action in Italy related to illiquid assets continues to grow, but strong claim for insurance coverage (including legal costs)









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Summary Results	FY 2019	<u>FY 2018</u>
New business sales – PVNBP New business margin	£155.9m (0.6 %)	£146.6m (0.7 %)
IFRS profit after tax Underlying IFRS profit Operating cash surplus	£4.6m £6.1m £20.6m	£6.8m £8.6m £25.0m
Assets Under Administration Value of In-Force	£1,080m 139.9 ¹	£1,036m 143.9 ²
Final dividend per share	2.65p	2.65p

^{1.} Regulatory (solvency II or equivalent) basis as at 30/06/19 2. EEV basis as at 30/06/18



Strategic partnership in UAE is driving regular premium growth.

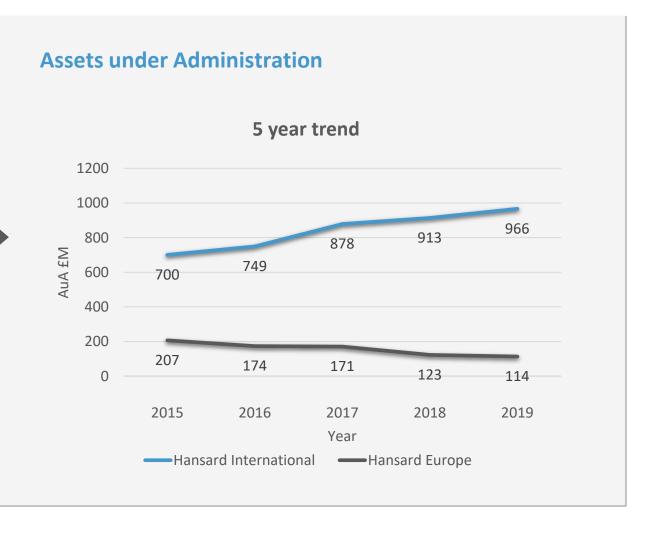
Additional scale and expense management continues to be required to improve new business margins.

New Business			
	FY 2019	FY 2018	
Present Value of New Business Premiums	£m	£m	
Regular premiums	85.5	70.2	
Single premium	70.4	76.4	
PVNBP	155.9	146.6	
Annual Premium Equivalent ("APE")	24.7	22.4	
New Business Margin (PVNBP basis)	(0.6%)	(0.7%)	



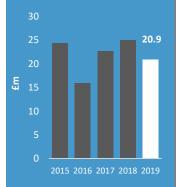
Global markets recovered in H2 2019 to offset declines in H1.

Hansard Europe closed to new business in 2013.





Operating cash surplus in year ended 30 June



Cash Flows

Operating cash surplus

Interest and other income

Cash inflow

Investment in new business

Capital expenditure

Net Cash inflow before dividends

Dividends paid

Net Cash outflow for the year

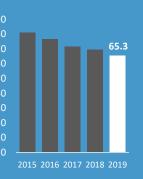
FY 2019	FY 2018
£m	£m
20.6	25.0
1.4	1.3
22.0	26.3
(17.5)	(18.5)
(2.5)	(0.9)
2.0	6.9
(6.0)	(9.8)
(4.0)	(2.9)

Operating cash flows down on last year due to lower upfront and surrender fee income levels, the run-off of Hansard Europe and movements in debtors and creditors.

Capital expenditure reflects our investment in replacement administration systems.



Shareholder cash balances at 30 June



Headline cash balance is allocated to a number of constituents before available cash can be identified.

Available Cash

Total Group cash and deposit balances	Total Group	cash	and	deposit	balances
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Less net shareholder payables

Less policyholder claims payable

Less cash restricted within Hansard Europe

Available Group cash and deposit balances

<u>FY 2019</u> £m	<u>FY 2018</u> £m
65.3	69.4
(4.1)	(3.9)
(24.2)	(23.7)
(21.9)	(21.9)
15.1	19.9

Note: regulatory capital no longer deducted from available cash in this table as under new risk based capital requirements, Own Funds have sufficient other assets to cover the Solvency Capital Requirement.

Note: Hansard Europe cash considered restricted until resolution of litigation claims.



Fee income reduced due to:

- HI: lower income amortisation from prior years (see offset in origination costs) and lower surrender charge income
- HE: on-going run-off since closure in 2013.

Administrative and other expenses increase includes salary inflation and higher premium collection costs.

Strategic spend relates to positioning for future growth and future cost efficiencies.

Litigation costs continue to be significant, but cases being won and progress made with insurance coverage.

IFRS - Abridged income statement	FY 2019	<u>FY 2018</u> £m
Fees and commissions	£m	IIII
- Hansard International	39.9	42.4
- Hansard Europe	3.9	4.8
	43.8	47.2
Investment and other income	2.3	1.5
	46.1	48.7
Origination costs	(16.7)	(18.0)
Administrative and other expenses	(21.5)	(20.1)
Strategic spend	(1.8)	(2.0)
Litigation costs and other non-recurring items	(1.5)	(1.7)
Profit for the period before taxation	4.6	6.9
Tax	-	(0.1)
Profit for the period	4.6	6.8



IFRS - Abridged balance sheet

	FY 2019	FY 2018
	£m	£m
Deferred origination costs	118.0	113.8
Other assets	10.1	8.0
Shareholder cash and bank deposits	65.3	69.4
Total assets	193.4	191.2
Deferred income	133.2	130.3
Other payables	33.0	32.4
	166.2	162.7
Net assets	27.2	28.5
Shareholders' Equity	27.2	28.5



Value of in-force has been relatively stable, supported by positive investment and foreign exchange factors.

Risk margin under SII / IoM RBC incorporates a much higher cost of capital (set by regulation) than previous EEV.

Net Worth under the regulatory basis incorporates probabilistic outcomes for litigation and other regulatory reserves. It is net of the payment out of £6m dividends during the year.

Own Funds

Value of In-Force
Risk Margin
Net Worth
Total

2019 Own Funds per share: 111p. 2018 EEV per share: 131p.

Own Funds	Own Funds	<u>EEV</u>
FY 2019	FY 2018	FY 2018
£m	£m	£m
139.9	141.6	143.9
(22.8)	(20.6)	(8.6)
35.1	35.6	44.5
152.2	156.6	179.8
132.2	130.0	1/9.0





Primary item negatively impacting operating experience was a reduced outlook for treasury margins due to long term low interest rates.

Main assumption change relates to FX modelling in the SCR calculation.

Positive investment return and foreign exchanges variances driven by stock market gains and weakening of sterling.

Change in Risk Based Solvency Surplus

Operating experience
Investment performance
Foreign exchange
Assumption changes
Dividends
Change in Risk Based Solvency Surplus

<u>FY 2019</u>
£m
(4.3)
2.3
2.7
1.6
(6.0)
(3.7)







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IFRS profit of £4.6m (2018: £6.8m)



Year-on-year new business growth driven by success with locally-licensed UAE distribution



Japanese licence acquired



Upgrading systems to achieve significant cost savings and future agility



Positive progress with litigation rulings and insurance position



Level dividend of 2.65p per share (2018: 2.65p)