



HANSARD  
GLOBAL PLC

# FULL YEAR RESULTS

2019/20





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# AGENDA



Introduction  
& Overview

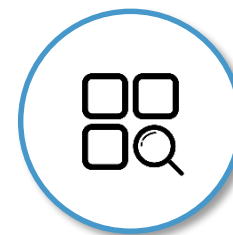
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Our Business  
Strategy



Results  
FY 19/2020



Summary



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# OVERVIEW

New Business of  
£159.8m PVNBP  
(2019: £155.9m)

IFRS profit before  
tax of £4.7m  
(2019: £4.6m)

Assets under  
Administration  
of £1.08bn  
(2019: £1.08bn)



Japan proposition  
progressing through  
review and testing with  
distributors

New administration  
system on-track for  
Japanese launch

Final dividend maintained  
at 2.65 per share  
(2019: 2.65p)



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# AGENDA



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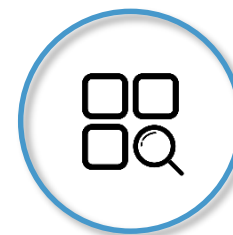


Our Business  
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# IMPLEMENTING OUR GROWTH STRATEGY

## SHORT TERM (WITHIN 12 MONTHS)

- Japanese proposition to be launched with first distribution partner
- 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.

## MEDIUM TERM (12-24 MONTHS)

- 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.

## LONG TERM (24+ MONTHS)

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

## BUILDING BLOCKS IN PLACE

- 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 regional bank distribution lodged with regulator pending finalisation of operational model
- Management and staff in Tokyo branch recruited. Current headcount of 9
- Working actively with four regional 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.

## ROUTE TO LAUNCH

- Sign-off of detailed operational processes, system testing and training with first regional bank
- Launch into production of new Hansard system infrastructure
- Launch Q1 (calendar) 2021 with first regional bank.

## POST LAUNCH BUILD

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



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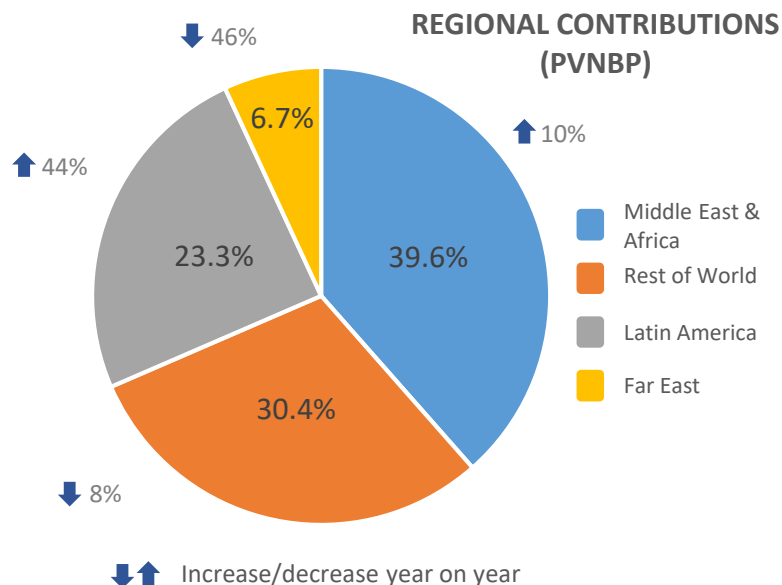
FY 20 v FY 19  
PVNBP

↑  
2.5%

Q4 20 v Q3 20  
PVNBP

↑  
8%

- New Business in the Middle East & Africa continued to grow
  - Changes to regulation in UAE take effect on 16<sup>th</sup> October 2020
- Due to repositioning towards locally licensed business in the Far East, new business continued to fall in 2020
- New business in Latin America was up 44%. Hansard Worldwide Limited continues to be well received by our key distributors.



## MARKETING & PROMOTION

- Retained Five Star Service Rating from AKG
- Tactical special offers for existing products to support new business in FY 2020
- Continued focus on regular savings and offshore pensions
- Extremely active with digital campaigns to support sales
- Secured 3 awards at industry flagship events.







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# COVID-19 APPROACH TO NEW BUSINESS

- New Business Q4 2020, although up on Q3 2020, was down 13.2% on Q4 2019 largely down to the effects of COVID-19
- A range of initiatives launched early in Q4 to help policyholders and distributors through the COVID-19 crisis
  - Online verification of customers
  - Flexibility in the products highlighted and payment deferrals offered to policyholders who may be in financial difficulty
  - Product Special Offers
  - Increased level of interaction with all distributors
- Zoom replaced travel, face to face and group meetings
  - Face to face meetings more possible/ acceptable in Asia and the Middle East
  - Increased use of Webinars to engage distribution
- Hansard Online New Business service is highly valued by distributors in all regions when it is difficult to meet clients
  - With 100% staff working from home no noticeable difference in service levels
- Outlook for FY 2021 is dependent on the level of on-going Covid-19 restrictions, but gradual recovery being seen in Q1 as distributors adapt.

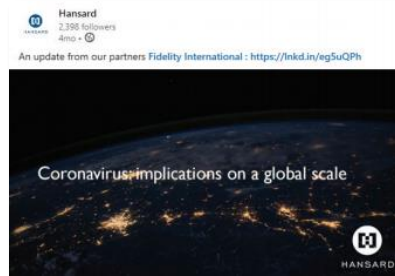


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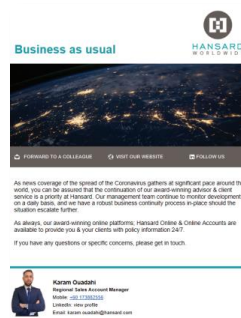
Maintaining an on-going dialogue with distributors throughout the Covid-19 pandemic has been a priority, communicating Hansard's plans, offering support and reassurance via various communication channels.

Webinars with the Hansard Executive team, online interviews, adviser sentiment surveys, topical sales messages & industry trade publication features have ensured that we maintained an on-going dialogue with distributors around the world.

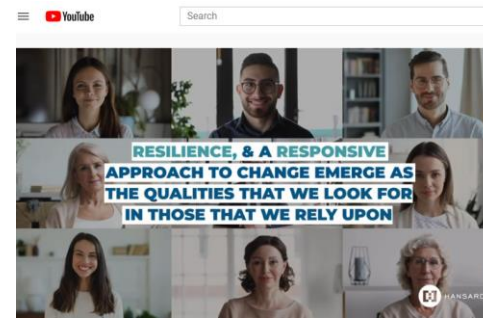
# MARKETING THROUGH COVID-19 'KEEPING THE CONVERSATION GOING'



Although it may not feel like it right now, unprecedented times present unprecedented opportunities to harness experience and resilience for the future. Wherever you are in the world, the Hansard team hope that you, your friends & family are safe & well <https://lnkd.in/gKqZH5G>



Our Global Head of Sales and Marketing, Graham Morral, speaks to International Investment as part of their 'Lockdown Interviews' series, discussing how tech has allowed many advisers to thrive and share personal experiences during t... see more



Read Ahead of the interview with our Global Head of Sales & Marketing, Graham Morral being published tomorrow, our Head of Marketing, Gareth Maguire explains the thinking behind our recent 'Adviser sentiment survey' <https://lnkd.in/dUmmtk>





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Exposures from  
outstanding writs  
of £23.4m  
(30/06/19: £19.4m)

Additional claimants in  
Italy, Belgium and  
Germany.

Value of offsetting  
investment assets has  
declined.

Exposures disclosed  
within contingent  
liabilities.

# HANSARD EUROPE LITIGATION

Group action in Italy related to illiquid assets continues to grow, however expected to be substantially covered by insurance. First payment on account of legal costs received in FY 2020.

Large case in Belgium on-hold pending separate third-party Supreme Court case regarding statute of limitations. Have initiated insurance claim for partial coverage.



Large case in Ireland – expected insurance coverage.



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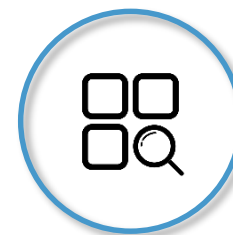


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## Summary Results

	<u>FY 2020</u>	<u>FY 2019</u>
New business sales – PVNBP	£159.8m	£155.9m
New business margin	(0.1 %)	(0.6 %)
IFRS profit before tax	£4.7m	£4.6m
Underlying IFRS profit	£6.2m	£6.1m
Operating cash surplus	£22.7m	£20.6m
Assets Under Administration	£1,081m	£1,080m
Value of In-Force	£148m <sup>1</sup>	£140m <sup>1</sup>
Final dividend per share	2.65p	2.65p

<sup>1</sup> Prepared on Isle of Man Risk Based Solvency basis (similar to solvency II). Basis was amended in FY 2020 to reflect implementation of Group Solvency in the Isle of Man. Amount for 2019 on an equivalent basis would have been £145m.



Strong sales in LatAm and UAE.

Focus on regular premiums.

Plan to address the improvement of new business margins via:

- i) Japanese business delivering additional scale.
- ii) New systems delivering recurring cost savings

## New Business

### Present Value of New Business Premiums

Regular premiums

Single premium

**PVNBP**

### Annual Premium Equivalent ("APE")

**New Business Margin (PVNBP basis)**

FY 2020

£m

102.0

57.8

159.8

24.0

(0.1%)

FY 2019

£m

85.5

70.4

155.9

24.7

(0.6%)



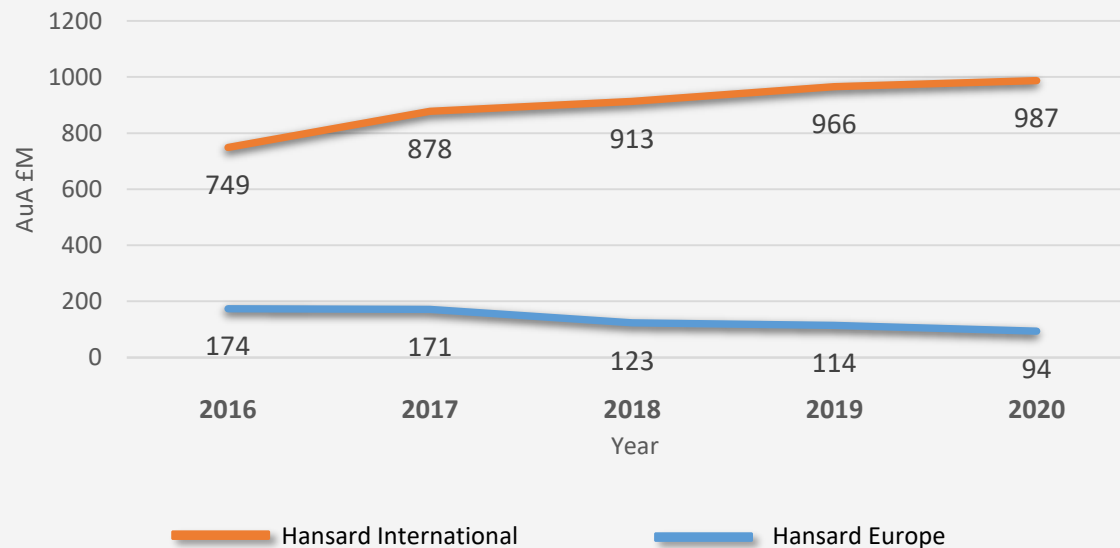


Hansard International  
continues upward  
trend

Hansard Europe closed  
to new business in  
2013.

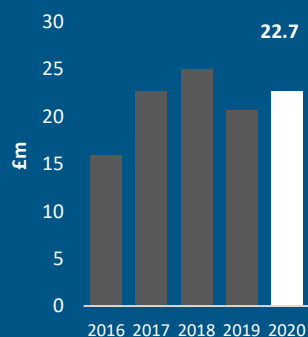
## Assets under Administration

### 5 year trend





Operating cash surplus  
in year ended 30 June



## Cash Flows

	<u>FY 2020</u>	<u>FY 2019</u>
	£m	£m
Operating cash surplus	22.7	20.6
Interest and other income	1.6	1.4
<b>Cash inflow from operations</b>	<b>24.3</b>	<b>22.0</b>
Investment in new business	(19.1)	(17.5)
Capital expenditure	(3.0)	(2.5)
Corporation tax	(0.1)	-
<b>Net Cash inflow before dividends</b>	<b>2.1</b>	<b>2.0</b>
Dividends paid	(6.0)	(6.0)
<b>Net Cash outflow for the year</b>	<b>(3.9)</b>	<b>(4.0)</b>

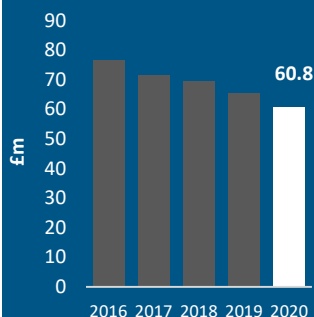
Operating cash flows up with increasing levels of amortisation of new business income and a return to more normalised surrender fee income this year compared to the low level in FY 2019.

Capital expenditure reflects our investment in replacement administration systems.



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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

Less net shareholder payables

Less policyholder claims payable

Less net cash restricted within Hansard Europe

### Available Group cash and deposit balances

FY 2020

£m

60.8

(3.7)

(23.9)

(16.6)

16.6

FY 2019

£m

65.3

(4.1)

(24.2)

(17.7)

19.3

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



Increased HI business levels leading to higher fee income and higher origination costs.

HE continues to run-off its business having closed in 2013.

Investment in Japanese branch offset by general administrative cost savings.

## IFRS - Abridged income statement

### Fees and commissions

- Hansard International
- Hansard Europe

### Investment and other income

### Origination costs

### Administrative and other expenses

### Strategic spend

### Litigation costs and other non-recurring items

### Profit for the period before taxation

### Tax

### Profit for the period

**FY 2020**  
£m

**FY 2019**  
£m

41.4

39.9

3.3

3.9

44.7

43.8

2.5

2.3

47.2

46.1

(18.0)

(16.7)

(21.2)

(21.5)

(1.8)

(1.8)

(1.5)

(1.5)

4.7

4.6

(0.2)

-

4.5

4.6



## IFRS - Abridged balance sheet

	<u>FY 2020</u>	<u>FY 2019</u>
	£m	£m
Deferred origination costs	122.3	118.0
Other assets	16.4	10.1
Shareholder cash and bank deposits	60.8	65.3
<b>Total assets</b>	<b>199.5</b>	<b>193.4</b>
Deferred income	137.8	133.2
Other payables	35.8	33.0
	173.6	166.2
<b>Net assets</b>	<b>25.9</b>	<b>27.2</b>
<b>Shareholders' Equity</b>	<b>25.9</b>	<b>27.2</b>



Value of in-force has been relatively stable on a like for like basis.

Net Worth incorporates a deduction for probabilistic outcomes for litigation. It also reflects the payment out of £6m dividends during the year and excludes capitalised software.

## Own Funds

	<u>Own Funds</u>	<u>Own Funds</u>	<u>Own Funds</u>
	<u>FY 2019</u>	<u>FY 2019</u>	<u>FY 2019</u>
	£m	(restated) £m	£m
Value of In-Force	147.9	145.4	139.9
Risk Margin	(29.5)	(30.7)	(22.8)
Net Worth	30.7	34.2	35.1
<b>Total Own Funds</b>	<b>149.1</b>	<b>148.9</b>	<b>152.2</b>
<b>Group Solvency Coverage</b>	<b>180%</b>	<b>186%</b>	<b>233%</b>

The basis of calculation has been updated this year to accord with the Isle of Man's Group Solvency regime. This has resulted in the non-insurance subsidiaries being incorporated into the Risk Margin and being assigned future profits to the VIF.

Own Funds per share: 108p (30/06/19: 111p).





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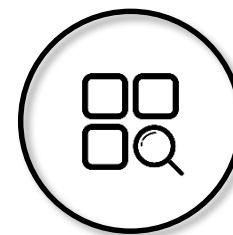
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## SUMMARY



**IFRS**

IFRS profit before tax of  
£4.7m (2019: £4.6m)



Year-on –year new business  
growth despite set-back  
of Covid-19 in Q4



Japan development  
progressing despite  
Covid-19 challenges



Upgrading systems to  
achieve significant cost  
savings and future agility



Expanding Hansard Europe  
litigation in Italy mitigated  
by insurance position



**2.65p**

Final dividend  
maintained at 2.65p  
per share (2019: 2.65p)