



HANSARD  
GLOBAL PLC

25 July 2019

**Hansard Global plc**  
**New business results for the year ended 30 June 2019**

Hansard Global plc ("Hansard" or "the Group"), the specialist long-term savings provider, issues its new business results for the financial year ended 30 June 2019 ("FY 2019").

**Summary**

- New business for the year ended 30 June 2019 was £155.9m in PVNBP ("Present Value of New Business Premiums") terms, up 6.3% from the prior year (FY 2018: £146.6m);
- New business for Q4 2019 was £47.6m, up from £36.8m in Q4 2018 and from £34.1m in Q3 2019;
- The momentum with our locally licensed venture in the UAE has continued and has delivered solid growth;
- Assets under administration continued to rise in the quarter in line with global stock markets and were £1.08 billion at 30 June 2019 (31 March 2019: £1.03 billion).

**Results announcement**

- Hansard will announce its full results for the financial year ended 30 June 2019 on Thursday 26 September 2019. We are guiding that profits for the second half of FY 2019, while positive, will be significantly lower than those reported for H1 2019. The reasons for this include previously announced initiatives such as the development costs for a new administration system and licensing and development costs for our Japanese proposition, together with increased litigation defence costs, lower surrender charge income from contractholder withdrawals and lower fee income from Hansard Europe.

**Gordon Marr, Group Chief Executive Officer, commented:**

"We are delighted to have achieved a 6% growth in sales in the 2019 financial year given the amount of regulatory change taking place in our market. While we have incurred a number of costs for the full year to support future growth and improve operational efficiency, our implemented strategy in the UAE is proving a significant success and we look forward to capitalising on our recently announced licence in Japan during the course of the current financial year."

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## HANSARD GLOBAL plc

### NEW BUSINESS RESULTS FOR THE YEAR ENDED 30 JUNE 2019

#### OVERVIEW

The Group continues to focus on the distribution of regular and single premium products in a range of jurisdictions around the world, achieving well diversified new business growth.

In Present Value of New Business Premiums ("PVNBP") terms, new business for Q4 2019 grew to £47.6m, 29.3% ahead of the equivalent prior year quarter (Q4 2018). After a challenging start to the year, new business for the full year to 30 June 2019 was £155.9m, 6.3% up on the prior year.

The primary driver of growth in 2019 was our strategic relationship in the UAE.

#### NEW BUSINESS FLOWS

New business flows for Hansard International for FY 2019 are summarised as follows:

Basis	Three months ended 30 June			Year ended 30 June		
	2019 £m	2018 £m	% change	2019 £m	2018 £m	% change
Present Value of New Business Premiums	<b>47.6</b>	36.8	29.3%	<b>155.9</b>	146.6	6.3%
Annualised Premium Equivalent	<b>6.9</b>	5.5	25.5%	<b>24.7</b>	22.4	10.3%

The present value of new business premiums is influenced, among other factors, by the Group's expectations of future premium collections on regular premium contracts issued during the year. Where these expectations at year end are different from the assumptions used in the calculation in prior quarters, the assumptions are amended in Q4 to better report the cumulative value of new business. This adjustment is reflected in the Q4 reported new business figures.

The impact of assumption changes in the current year, the largest of which relates to improved persistency rates, has been to increase PVNBP for the year by £6.3m compared with the assumptions used in the previous year. Before that adjustment, cumulative new business flows for FY 2019 would have been reported as £149.6m and new business in Q4 2019 would have been reported as £41.3m.

In APE terms new business was up 10.3% for the year, which is unaffected by the above assumption changes. APE shows a higher growth rate than PVNBP as the increased level of regular premiums written this year get a higher proportional credit under the APE metric.

New business flows on the basis of PVNBP are broken down as follows:

PVNBP by product type	Three months ended 30 June			Year ended 30 June		
	2019 £m	2018 £m	% change	2019 £m	2018 £m	% change
Regular premium	<b>28.5</b>	18.4	54.9%	<b>85.5</b>	70.2	21.8%
Single premium	<b>19.1</b>	18.4	3.8%	<b>70.4</b>	76.4	(7.9%)
Total	<b>47.6</b>	36.8	29.3%	<b>155.9</b>	146.6	6.3%

PVNBP by geographical area	Three months ended 30 June			Year ended 30 June		
	2019 £m	2018 £m	% change	2019 £m	2018 £m	% change
Middle East and Africa	18.2	11.4	59.6%	57.4	40.5	41.7%
Rest of World	14.8	15.2	(2.6%)	52.7	55.8	(5.6%)
Latin America	8.4	6.2	35.5%	25.9	25.8	0.4%
Far East	6.2	4.0	55.0%	19.9	24.5	(18.8%)
Total	47.6	36.8	29.3%	155.9	146.6	6.3%

In general we have seen strong competition in the marketplace this year with upward pressure on commission rates to win new business. After a challenging first quarter, we finished the year very strongly, up 29.3% year-on-year for Q4 and up 6.3% for the full year.

Our Middle East and Africa region continues to outperform, driven primarily by the continuing growth of our strategic relationship in the UAE. New business was up 59.6% for the quarter and 41.7% for the full year. This business is predominantly regular premium, which can be seen in the overall regular premium growth of 54.9% for Q4 2019 compared to Q4 2018.

The Rest of World region was slightly lower than a strong prior year comparative, primarily due to lower single premium business. We have seen the market for single premiums become increasingly competitive and have chosen not to pursue business where margins are too low. During the past two quarters, we have successfully transitioned clients in this region to our recently launched insurer in the Bahamas, Hansard Worldwide Limited ("Hansard Worldwide").

In Latin America, we noted last quarter that we expected a stronger Q4 and this has been the case, with sales up 35.5% to £8.4m. Overall sales for the full year were slightly up on the prior year, at £25.9m. We have also successfully transitioned this region to Hansard Worldwide.

As communicated in previous announcements, new business in our Far East region is down this year while we re-position towards locally licensed business in a similar manner to that successfully implemented in the Middle East. Notwithstanding this, a recent sales campaign has yielded an improvement in Q4 sales.

## ASSETS UNDER ADMINISTRATION ("AUA")

The composition and value of AuA is based upon the assets selected by or on behalf of contract holders to meet their savings and investment needs. Reflecting the wide geographical spread of the Group's customer base, the majority of premium contributions and of AuA are designated in currencies other than sterling. Over 60% of Group AuA are denominated in US dollars.

The total of such assets is affected by the level of new premium contributions received from new and existing policy contracts, the amount of assets withdrawn by contract holders, charges and the effect of investment market and currency movements. These factors ultimately affect the level of fund-based income earned by the Group.

Net withdrawals are typically experienced in Hansard Europe dac ("Hansard Europe"), which closed to new business in 2013.

During Q4 2019 AuA increased by £53.6m or 5%, reflecting the continuing improvement in global stock markets during the second half of the financial year compared to the declines experienced in H1 2019. Levels of withdrawals were also significantly lower in FY 2019 compared to FY 2018. This reflects improved persistency rates and a large bulk redemption in the prior year. Total AuA at 30

June 2019 were £1,079.7m, of which £965.4m related to Hansard International, its highest ever reported level.

	Three months ended 30 June		Year ended 30 June	
	2019 £m	2018 £m	2019 £m	2018 £m
Deposits to investment contracts – regular premiums	20.2	16.7	79.8	74.0
Deposits to investment contracts – single premiums	13.5	20.7	64.6	78.1
Withdrawals from contracts and charges	(31.0)	(44.0)	(147.9)	(187.2)
Effect of market and currency movements	50.9	9.3	47.2	21.4
Increase in period	53.6	2.7	43.7	(13.7)
Opening balance	1,026.1	1,033.3	1,036.0	1,049.7
<b>Assets under Administration at 30 June</b>	<b>1,079.7</b>	<b>1,036.0</b>	<b>1,079.7</b>	<b>1,036.0</b>

The movement in AuA is split as follows between Hansard International and Hansard Europe:

	Year ended 30 June	
	2019 £m	2018 £m
Hansard International	51.8	34.7
Hansard Europe	(8.1)	(48.4)
Increase (decrease) in period	43.7	(13.7)

## RESULTS FOR YEAR ENDED 30 JUNE 2019

Full trading results for the year are scheduled to be announced on 26 September 2019.

Based on information available at this time, we are guiding that profits for the second half of FY 2019, while positive, will be significantly lower than for H1 2019. Some of the key factors driving this are as follows:

- Increased IT-related costs as we continue to develop a replacement policy administration system for launch in 2020. We have incurred approximately £1.6m of development costs this year which have been capitalised. Project and other cloud-related initiatives expensed to the profit and loss account for the year have been approximately £0.5m.
- Development costs for our new proposition in Japan.
- Legal costs have remained elevated as some of our larger Hansard Europe cases progress through the court system. We remain confident that ultimately our defences will be successful.
- Improved persistency levels this year have had the effect of reducing upfront surrender penalty income and the levels of deferred income released compared to 2018. Income on in-force contracts is instead earned over the lifetime of those contracts, ultimately providing a higher cumulative profit.
- Continued run-off of income from the Hansard Europe closed-book.

## **OUTLOOK**

With the announcement made on 21 June 2019 in relation to our Japanese licence, the priority for financial year 2020 is to sign up a number of key distribution partners and bring a product to market. We expect this to happen in the second half of financial year 2020.

The outlook for our licenced business in the Middle East and our recently launched business in the Bahamas, Hansard Worldwide, remain bright and trending upwards.

We also continue to focus on our cost base and have taken a number of actions to implement over £1m in annualised cost savings for the coming year. The most substantial single action that we can take in the near term is to successfully implement a significantly more cost-efficient policy administration system. This is planned for launch in 2020 with net savings to be realised by 2021.

**Notes to editors:**

- Hansard Global plc is the holding company of the Hansard Group of companies. The Company was listed on the London Stock Exchange in December 2006. The Group is a specialist long-term savings provider, based in the Isle of Man.
- The Group offers a range of flexible and tax-efficient investment products within a life assurance policy wrapper, designed to appeal to affluent, international investors.
- The Group utilises a controlled cost distribution model via a network of independent financial advisors, and the retail operations of certain financial institutions who provide access to their clients in more than 170 countries. The Group's distribution model is supported by Hansard OnLine, a multi-language internet platform, and is scalable.
- The principal geographic markets in which the Group currently services contract holders and financial advisors are the Middle East & Africa, the Far East and Latin America. These markets are served by Hansard International Limited and Hansard Worldwide Limited.
- Hansard Europe dac previously operated in Western Europe but closed to new business with effect from 30 June 2013.
- The Group's objective is to grow by attracting new business and positioning itself to adapt rapidly to market trends and conditions. The scalability and flexibility of the Group's operations allow it to enter or develop new geographic markets and exploit growth opportunities within existing markets without the need for significant further investment.

**Forward-looking statements:**

This announcement may contain certain forward-looking statements with respect to certain of Hansard Global plc's plans and its current goals and expectations relating to future financial condition, performance and results. By their nature forward-looking statements involve risk and uncertainties because they relate to future events and circumstances which are beyond Hansard Global plc's control. As a result, Hansard Global plc's actual future condition, performance and results may differ materially from the plans, goals and expectations set out in Hansard Global plc's forward-looking statements. Hansard Global plc does not undertake to update forward-looking statements contained in this announcement or any other forward-looking statement it may make. No statement in this announcement is intended to be a profit forecast or be relied upon as a guide for future performance.

This announcement contains inside information which is disclosed in accordance with the Market Abuse Regime.

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