



HANSARD  
GLOBAL PLC

23 July 2020

**Hansard Global plc**  
**New business results for the year ended 30 June 2020**

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 2020 ("FY 2020").

**Summary**

- New business for the year ended 30 June 2020 was £159.8m in PVNBP ("Present Value of New Business Premiums") terms, up 2.5% from FY 2019 of £155.9m.
- New business for Q4 2020 was £41.3m, 13.2% lower than Q4 2019 of £47.6m.
- The Covid-19 environment presented challenges for our distribution network to meet clients and conclude sales activity during Q4 2020. While this impacted our Q4 2020 new business, our technology-based processes and business continuity preparedness helped greatly to mitigate against these challenges.
- Our Latin American region was the highlight for new business growth over the course of FY 2020, finishing up 44.0% compared to FY 2019.
- Assets under administration recovered in Q4 2020 after the global stock market sell-off in March and totalled £1.09bn at 30 June 2020, up from £1.08bn at 30 June 2019.
- The Group remains well capitalised with highly liquid shareholder funds.

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

"In one of the most challenging periods in living memory, Hansard has delivered a resilient new business result for the year, finishing 2.5% up on 2019. Our staff and distribution partners have dealt admirably with the challenges presented and have shown that with flexibility, innovation and technology, many hurdles can be overcome."

While the outlook for new business depends largely on the severity of on-going Covid-19 restrictions, our core strategic projects of Japan and our systems upgrade continue to make progress. Importantly, we still plan to launch our new proposition in Japan before the end of this calendar year."

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## **HANSARD GLOBAL plc**

### **NEW BUSINESS RESULTS FOR THE YEAR ENDED 30 JUNE 2020**

#### **OVERVIEW**

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

In light of the significant challenges presented by the Covid-19 pandemic, new business for Q4 2020 was down 13.2% to £41.3m in Present Value of New Business Premiums ("PVNBP") terms. The result for the full year to 30 June 2020 remained positive with new business up 2.5% on FY 2019 to £159.8m. The primary area of growth during the year came from increased sales of regular savings products in Latin America.

#### **COVID-19 UPDATE**

We noted in our last trading update released on 7 May 2020 that our workforce moved to working remotely during March and that restrictions around the globe presented significant difficulties for our Independent Financial Advisor ("IFA") network in meeting clients, providing advice and concluding sales.

While Hansard is well supported by recurring income streams via regular premium products and asset-based annual management charges, the fourth quarter was, as expected, a challenging one for new business.

Where possible we sought to deploy technology to navigate a number of challenges. For example, we successfully rolled out additional tools to allow customers and IFAs to provide and sign documentation electronically. Our back-office systems and infrastructure served us well. With a seamless transition to homeworking, we were able to operate all our client servicing and processing activities remotely, with little impact to turn-around times.

The Isle of Man had significant success in containing and eradicating all known cases of the Covid-19 virus during Q4 which has meant a return of Isle of Man based employees to our head-office in mid-June.

We are committed to supporting and working with our customers where they may be experiencing personal financial difficulties, for example by allowing for premium holidays without incurring any additional charges or penalties.

We expect, like many industries, that a small number of IFAs will experience financial difficulty. We are carefully monitoring credit risk exposures with our IFA network and have not to date seen any material concerns. We do plan however to make some modest provisions in our year-end results for irrecoverable broker balances, currently estimated to be in the region of £0.2m.

Assets under administration ("AuA") were impacted quite significantly by the stock market declines in March 2020. Encouragingly the markets have since recovered over the course of Q4 and as at 30 June 2020 were slightly up on the level at 30 June 2019. Initial risks to asset-based fee income levels have therefore subsided although clearly significant market risks will continue to exist for the coming year.

## NEW BUSINESS FLOWS

New business flows for FY 2020 are summarised as follows:

Basis	Three months ended 30 June			Year ended 30 June		
	2020 £m	2019 £m	% change	2020 £m	2019 £m	% change
Present Value of New Business Premiums	41.3	47.6	(13.2%)	159.8	155.9	2.5%
Annualised Premium Equivalent	5.0	6.9	(27.5%)	24.0	24.7	(2.8%)

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 experience with paid-up policies, has been to increase PVNBP for the year by £8.5m compared with the assumptions used in the previous year. Excluding those updated assumptions, cumulative new business flows for FY 2020 would have been reported as £151.3m (a decline of 3.0% from FY 2019) and new business in Q4 2020 would have been reported as £32.8m (a decline of 31.1% from Q4 2019).

In APE terms, new business was down 2.8% for the year and 27.5% for the quarter. APE figures are unaffected by the updated assumptions above.

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		
	2020 £m	2019 £m	% change	2020 £m	2019 £m	% change
Regular premium	26.0	28.5	(8.8%)	102.0	85.5	19.3%
Single premium	15.3	19.1	(19.9%)	57.8	70.4	(17.9%)
Total	41.3	47.6	(13.2%)	159.8	155.9	2.5%

PVNBP by geographical area	Three months ended 30 June			Year ended 30 June		
	2020 £m	2019 £m	% change	2020 £m	2019 £m	% change
Middle East and Africa	18.6	18.2	2.2%	63.3	57.4	10.3%
Rest of World	12.4	14.8	(16.2%)	48.5	52.7	(8.0%)
Latin America	7.6	8.4	(9.5%)	37.3	25.9	44.0%
Far East	2.7	6.2	(56.5%)	10.7	19.9	(46.2%)
Total	41.3	47.6	(13.2%)	159.8	155.9	2.5%

Despite a challenging final quarter due to Covid-19, the year finished 2.5% higher than FY 2019.

Our largest region, Middle East & Africa, proved resilient despite the challenges of Covid-19 restrictions. New business was up 2.2% in Q4 2020 compared to Q4 2019 and up 10.3% for the full year.

The Rest of World region was down 16.2% in Q4 2020 compared to Q4 2019 and down 8% for the full year. The reduction was primarily due to a lower number of high value single premium cases.

New business in Latin America was down 9.5% in Q4 2020 compared to Q4 2019 as the region was hit particularly hard by Covid-19. Strong growth earlier in the year resulted in the full year still being up an impressive 44%. Our subsidiary in The Bahamas, Hansard Worldwide Limited, continues to be well received since its launch in 2019 and has allowed us to build on our key distribution relationships and deploy targeted initiatives to encourage adoption.

As outlined in previous reports, our current focus in the Far East region is to develop and bring our new Japanese proposition to market. We are still planning to achieve this before the end of calendar year 2020. We are also working with our existing distribution network to develop additional new business via our licence in Labuan, Malaysia.

In terms of business mix, we continue to focus on higher margin regular premium savings while selectively pursuing single premiums where the margin is acceptable. This has resulted in our regular premiums rising 19.3% and single premiums falling 17.9% for the year.

## 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 2020 AuA increased by £131.7m or 14%, reflecting the recovery of global stock markets since the sell-off experienced during March 2020. Total AuA at 30 June 2020 were £1,085.2m, up £5.5m since the start of the financial year, of which £987.5m relates to Hansard International.

	Three months ended 30 June		Year ended 30 June	
	2020 £m	2019 £m	2020 £m	2019 £m
Deposits to investment contracts – regular premiums	21.4	20.2	85.8	79.8
Deposits to investment contracts – single premiums	14.7	13.5	57.2	64.6
Withdrawals from contracts and charges	(29.9)	(31.0)	(143.6)	(147.9)
Effect of market and currency movements	125.5	50.9	6.1	47.2
Increase in period	131.7	53.6	5.5	43.7
Opening balance	953.5	1,026.1	1,079.7	1,036.0
<b>Assets under Administration at 30 June</b>	<b>1,085.2</b>	<b>1,079.7</b>	<b>1,085.2</b>	<b>1,079.7</b>

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

	<b>Year ended 30 June</b>	
	<b>2020 £m</b>	<b>2019 £m</b>
Hansard International	<b>22.1</b>	51.8
Hansard Europe	<b>(16.6)</b>	(8.1)
Increase in period	<b>5.5</b>	43.7

## **RESULTS FOR YEAR ENDED 30 JUNE 2020**

Full trading results for the year are scheduled to be announced on 24 September 2020.

## **OUTLOOK**

While restrictions related to Covid-19 have started to relax to varying degrees around the world, the economic environment remains uncertain and fragile. Although our technology-driven platform and processes offer significant advantages, it remains challenging for our distributors to sell international savings and investment products without face to face meetings, especially when many customers have concerns over their personal financial situation. The range of outcomes for new business in financial year 2021 is therefore particularly difficult to foresee. Our strong back-book and assets-driven income streams do however provide offsetting stability and cash flow during these challenging times and encouragingly assets under administration were marginally higher at 30 June 2020 than the corresponding period last year.

We also continue to invest for the future through the on-going development of our Japanese proposition and the upgrade of our systems environment. We still plan to launch our new product in Japan before the end of the calendar year.

**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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