

WELCOME

HALF YEAR RESULTS 2017/18



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GLOBAL PLC





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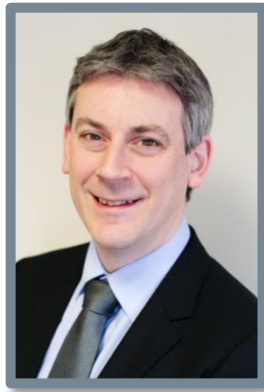
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Gordon Marr
Chief Executive Officer



Tim Davies
Chief Financial Officer



Graham Morrall
Global Sales &
Marketing Director

AGENDA



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..... Introduction & Overview

..... Our Business Strategy

..... Results H1 2018

..... New Business

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HIGHLIGHTS



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New Business of
£77.1m PVNBP
(H1 2017: 74.9m)

IFRS profit
of £3.5m
(H1 2017: £4.4m)

New business
margin of 0.1%
(H1 2017: 1.3%)

Value of future
profits of £148.2m
(H1 2017: £145.9m)



Assets under
Administration
of £1.09bn
(June 2017: £1.05bn)

Union Insurance
strategic alliance
providing material
contribution

Increasing licensed
footprint

Interim dividend of
1.8p per share
(H1 2017: 3.6p)

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OUR BUSINESS STRATEGY



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To add significant **scale** to the business, on a more **diversified** basis, through **organic** growth at acceptable levels of risk & **profitability**

To be the preferred choice of distributors when recommending international savings and investment products to their clients

STRATEGIC OBJECTIVES



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More long-term **relationships**
with distributors



Better **value** for Customers



A more **visible** profile in the
market



Excellent customer service



Market **leading** online
systems



Motivated & **engaged**
workforce

STRATEGIC MANAGEMENT



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FOCUS

- Capitalise on near term strategic opportunities
- Ensure the Group is correctly positioned for future regulatory developments and change
- Consider and plan for longer term industry and technological evolution

HANSARD EUROPE & JAPAN



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HANSARD EUROPE

- Outstanding litigation down €0.5m from date of full year results to €16.4m
- Two further cases won in Belgium in 2018 (totalling €1m)
- Largest case in Belgium recently concluded with judgement expected by year-end
- Additional activity in Italy

JAPAN

- Positive regulatory developments

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RESULTS - H1 2018

Summary Results



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	H1 2018	H1 2017
New business sales – PVNBP	£77.1m	£74.9m
New business margin	0.1%	1.3%
Operating cash surplus	£8.3m	£9.3m
IFRS profit after tax	£3.5m	£4.4m
EEV operating loss after tax	(£1.9m)	(£2.4m)
EEV profit after tax	£3.9m	£8.5m
European Embedded Value	£192m	£197m
Assets Under Administration	£1,087m	£1,001m
Interim dividend per share	1.8p	3.6p

RESULTS - H1 2018

New Business



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	H1 2018 £m	H1 2017 £m
Present Value of New Business Premiums		
Regular premiums	37.9	42.6
Single premium	39.1	32.3
PVNB	77.0	74.9
Annual Premium Equivalent ("APE")	12.1	11.7
New Business Margin (PVNB basis)	0.1%	1.3%

Sales up, driven by
single premium growth

New business
margin reduced
due to:

- higher level of
expenses
allocated towards
new business and
strategic
development

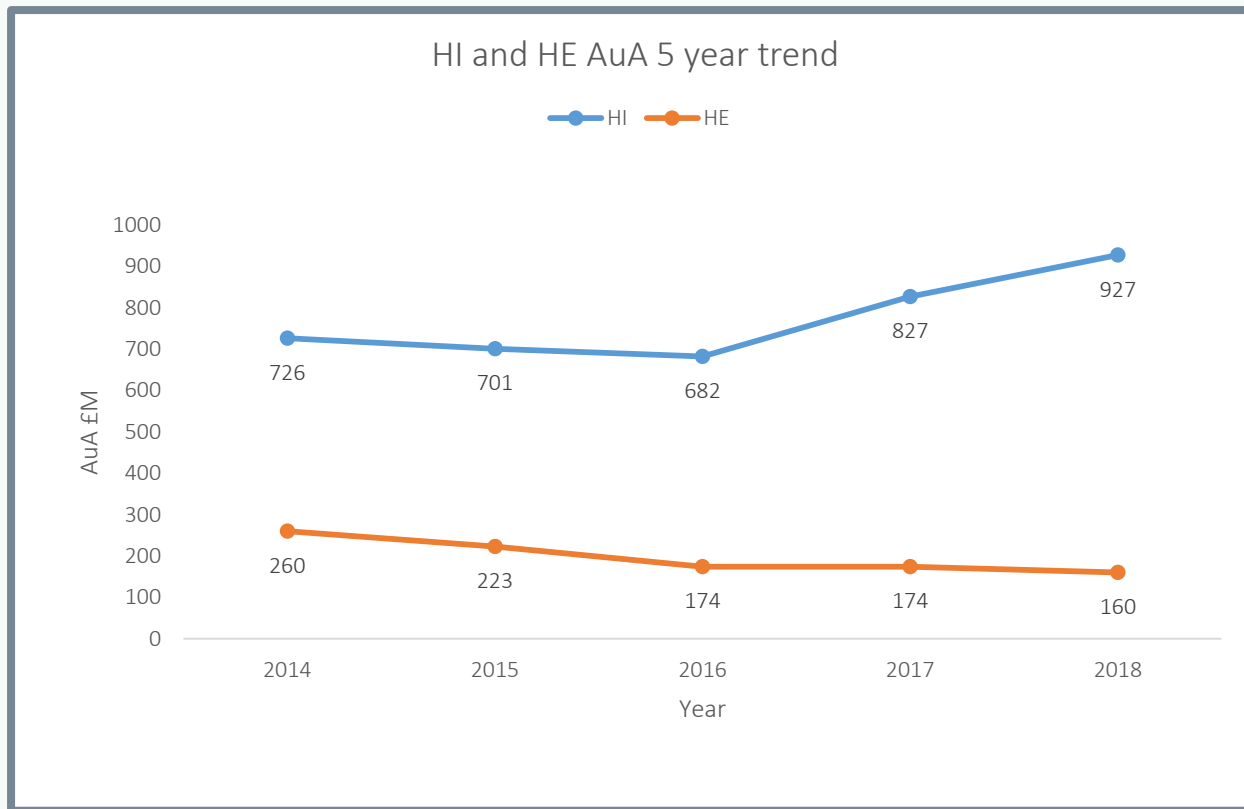
- business mix

RESULTS - H1 2018

Assets under Administration development



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HI: AuA reflecting increased new business and positive stock market

HE: Decline after closure to new business in 2013 has levelled out

RESULTS - H1 2018

Cash Flows

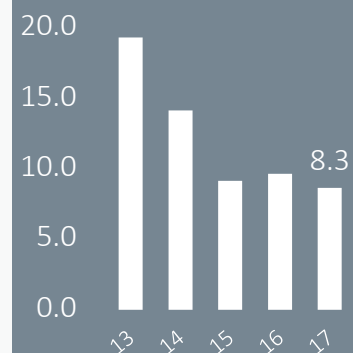


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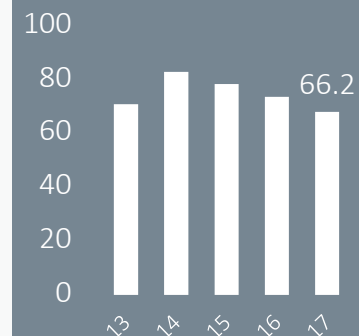
	H1 2018 £m	H1 2017 £m
Operating cash surplus	8.3	9.3
Interest and other income	0.5	0.4
Cash inflow	8.8	9.7
Investment in new business	(9.1)	(8.7)
Capital expenditure	(0.4)	(0.3)
Net Cash inflow before dividends	(0.7)	0.7
Dividends paid	(7.2)	(7.3)
Net Cash outflow for the year	(7.9)	(6.6)

Net cash flow outflow will be mitigated going forward by previously flagged reduction in dividend.
Improvement in new business and expense reductions will improve future Operating Cash.

Operating cash surplus in
period to 31 December (£m)



Shareholder cash at
31 December (£m)



RESULTS - H1 2018

Free Cash



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	H1 2018 £m	H1 2017 £m
Total Group cash + deposit balances	66.2	71.8
Net shareholder payables	(1.1)	(1.4)
Policyholder claims payable	(23.8)	(21.8)
Minimum regulatory capital of Hansard Int'l*	(8.0)	(7.6)
	33.3	41.0
Net assets restricted within Hansard Europe*	(19.7)	(20.4)
"Free" Group cash + deposit balances	13.6	20.6

Headline cash balance is allocated to a number of constituents before true free cash can be identified

Depletion of cash balances to be addressed going forward through previously flagged reduction of dividend

* Sum = "Required Capital" in Report & Accounts of £27.7m
Entirety of HE capital considered constrained until resolution of litigation claims

RESULTS - H1 2018

Reduction in Dividend



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- ⋮ The Board is implementing the 50% dividend reduction which was highlighted this time last year.
- ⋮ The key dynamics for the reduction remain:
 - ⋮ Continuing positive growth in new business which has an upfront cash strain;
 - ⋮ Significant amount of incremental new business opportunity via licensed markets in UAE and Japan;
 - ⋮ Investment necessary to develop additional markets and business opportunities to comply with emerging Isle of Man and global regulatory developments;
 - ⋮ Greater scale necessary in more competitive markets before operating cash flows can return to past levels.

RESULTS - H1 2018

IFRS – Abridged income statement



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	H1 2018 £m	H1 2017 £m
Fees and commissions		
- Hansard International	20.8	21.3
- Hansard Europe	2.4	3.1
	23.2	24.4
Investment and other income	0.5	0.9
	23.7	25.3
Original costs	(9.1)	(9.5)
Administrative and other expenses	(10.2)	(9.7)
Strategic spend	(0.9)	(1.0)
	3.5	5.1
Provision for bad debts	-	(0.7)
Profit for the period	3.5	4.4

Fee income declining as HE book reduces and lower initial fees in HI

Administrative expenses up due to increased litigation support costs and employee-related expenses.

RESULTS - H1 2018

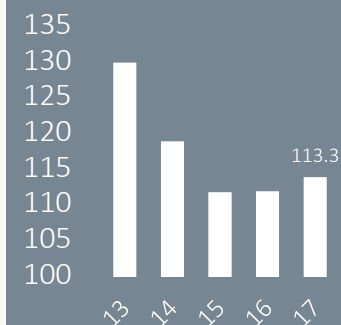
IFRS – Abridged balance sheet



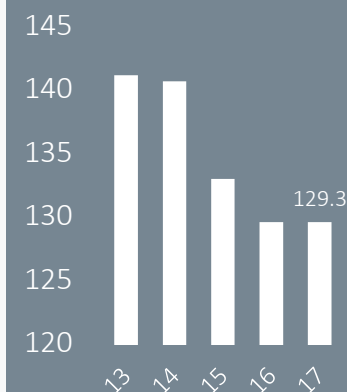
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	H1 2018 £m	H1 2017 £m
Deferred origination costs	113.3	111.3
Other assets	10.5	8.6
Shareholder cash and bank deposits	66.2	71.8
Total assets	190.0	191.7
Deferred income	129.3	129.3
Other payables	32.7	29.1
	162.0	158.4
Net assets	28.0	33.3
Shareholders' equity	28.0	33.3

Deferred Origination Costs
at 31 December (£m)



Deferred Income
at 31 December (£m)



RESULTS - H1 2018

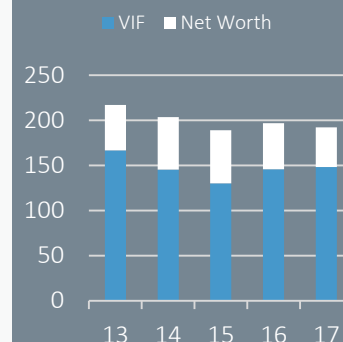
EEV – balance sheet



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	H1 2018 £m	H1 2017 £m
Free surplus	16.3	23.2
Required capital	27.7	28.0
Net worth	44.0	51.2
Value of future profits	148.2	145.9
European embedded value	192.2	197.1

EEV balance sheet
as at 31 December (£m)



EEV per share = 140p
(H1 2017: 143p)

Value of future profits has increased for the past 3 years as new business levels have recovered.

Change in EEV from H1 2017 includes pay out of £12.1m dividends (from Free Surplus).

RESULTS - H1 2018

EEV return after taxation



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	H1 2018 £m	H1 2017 £m
New business contribution	0.1	1.0
Expected return	0.4	0.4
Experience variances	(1.8)	(1.8)
Assumptions and other changes	(0.6)	(2.0)
EEV operating profit	(1.9)	(2.4)
Investment return variances	6.3	12.1
Economic assumption variances	(0.5)	(1.2)
EEV profit for the year	3.9	8.5

New business contribution affected by increased strategic and business development costs.

Experience variances include premium underpayments, higher expenses and lower contract-holder margins.

Positive investment return variances driven by stock market gains.

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H1 - 2018



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PVNB P



3.0%

Union Insurance strategic
alliance providing
material contribution to
new business



REGIONAL REVIEWS

**Continued
Digital
Promotion
Activities**



**Key distribution
agreements**

LONG-TERM RELATIONSHIPS



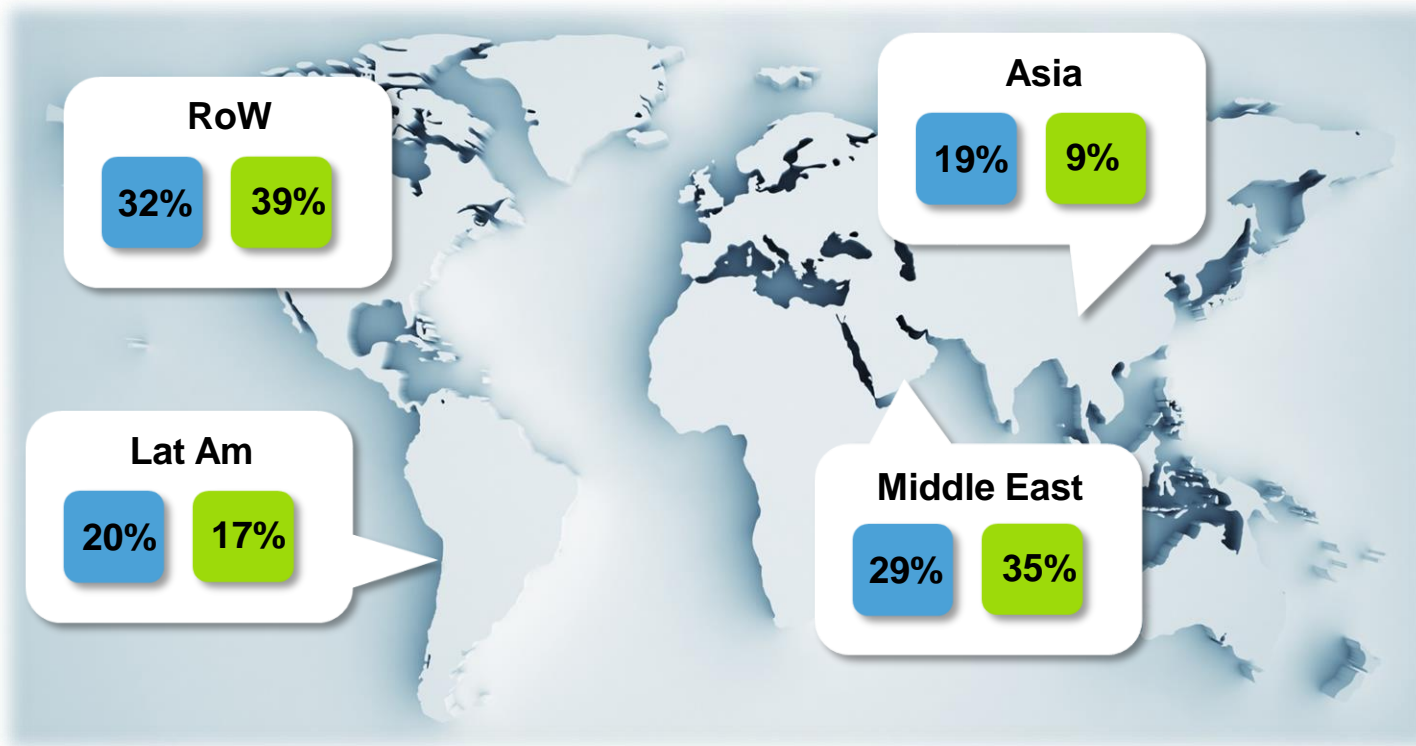
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New Business received from all
Distributors worldwide, of which...



Top 20 Distributors accounted for 69%
of H1 2018 Production, of which...

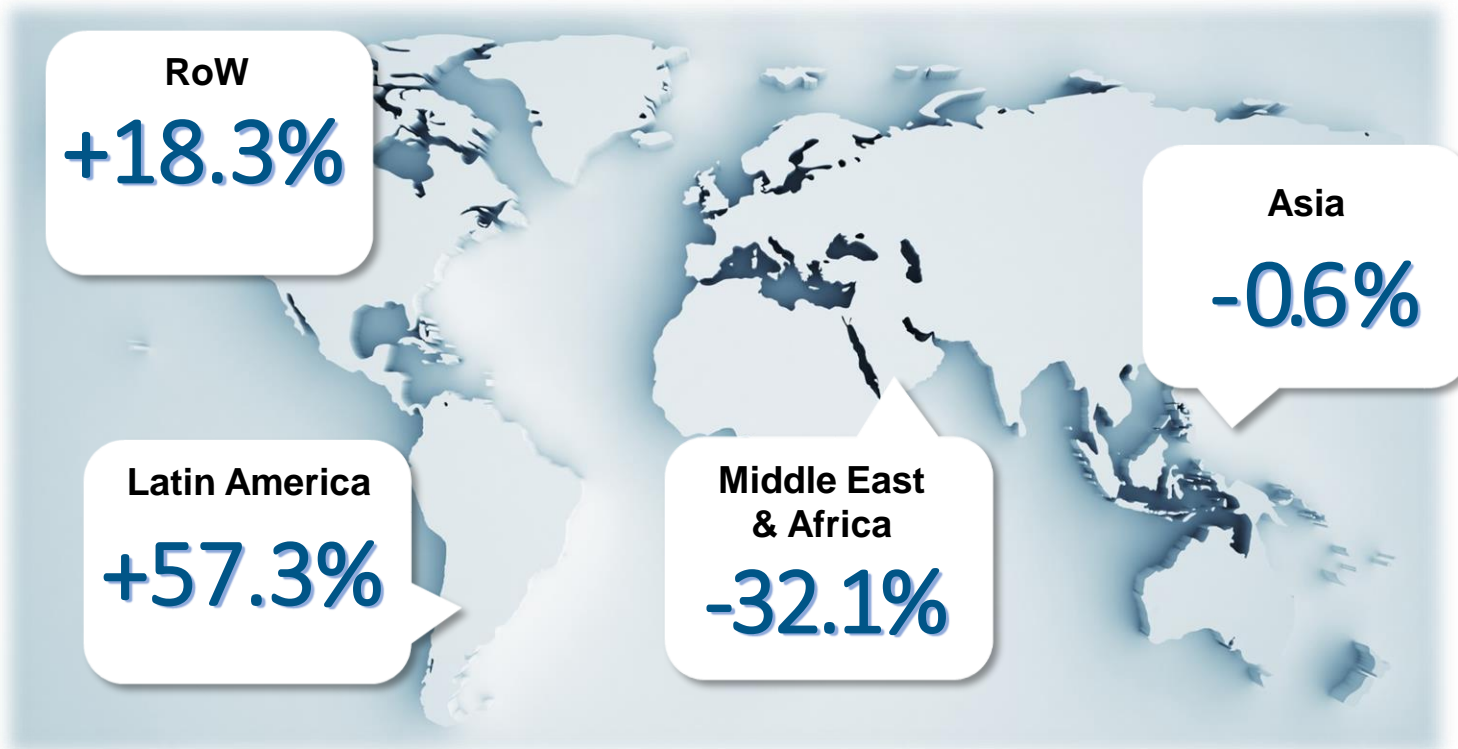


“The top 20
distributors
accounted for
69% of
production”

REGIONAL NEW BUSINESS GROWTH



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IMPROVED PROPOSITION



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PRODUCTS



- Revised version of CB2 launched with tiered allocation rates to increase average case size
- Strategic broker partnerships developed in Malaysia
- Union business gathering momentum

INVESTMENTS



- A number of funds added to the internal range on request of major distribution partners
- Fidelity Model Portfolios gathering significant momentum & attracting good regular premium inflows

PROPOSITION



- Significant activity with offshore pensions
- Engaged with independent rating agency; AKG

PROMOTIONAL ACTIVITY



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The direction of travel
'All change'

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FORWARD TO A COLLEAGUE VISIT OUR WEBSITE FOLLOW US

As financial advisors in the UAE eagerly await clarification of new regulation, our Global Sales & Marketing Director, Graham Morrall gives his thoughts on what lies ahead for the region alongside other industry leaders in the international investment, Dubai Special e-zine.

READ THE FULL ARTICLE

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Risk...
Where do your clients sit?

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Fidelity Model Portfolios
We understand that assessing a client's attitude to risk and choosing suitable funds can be a time consuming task, so we've made it simple!

We have partnered with Fidelity International to create a one-stop, dedicated microsite where you will find our intuitive, online Attitude to Risk Questionnaire (ATRIQ). The results of the ATRIQ will help you to discover which fund could create the cornerstone of your client's investment – take a look below!

START

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We dedicate lots of our time to develop (what we think) is the best online platform in our industry! We like to think of Hansard Online as being rather awesome. So too, it appears, do a panel of industry experts & financial advisers - find ...see more

"Making the simple complicated is commonplace, making the complicated simple, awesomely simple, that's creativity"
Charles Mingus

INTERNATIONAL LIFE AWARDS 17
WINNER BEST ONLINE PROVIDER

Hansard International
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Graham Morrall, Global Sales and Marketing Director, shares with Hubbis how Hansard International sets sights on new markets with strategic alliances and new products <https://lnkd.in/g3A6Cr2>

HANSARD INTERNATIONAL
30 YEARS OF EXCELLENCE 1987-2017

INDUSTRY RECOGNITION



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SUMMARY



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POSITIVE OUTLOOK

- New Business (PVNBP) of £77.1m (H1 2017: 74.9m)
- Value of future profits of £148.2m (H1 2017: £145.9m)
- Assets under Administration of £1.09bn (June 2017: £1.05bn)
- Positive outlook for growth



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