



HANSARD
GLOBAL PLC

26 July 2018

Hansard Global plc
New business results for the year ended 30 June 2018

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 2018 ("FY 2018").

Summary

- Overall for the year to 30 June 2018, new business for Hansard International Limited ("Hansard International") was £146.6m in PVNBP ("Present Value of New Business Premiums") terms, similar to the prior year;
- New business for Q4 FY 2018 was £36.8m, up from £34.5m in Q4 FY 2017 and from £32.8m in Q3 FY 2018;
- Significant growth in the Middle East, Africa and Latin America during the quarter was offset by lower sales in the Far East;
- Assets under Administration of £1.04 billion are broadly in line with Q3 FY 2018.

Gordon Marr, Group Chief Executive Officer, commented:

"The actions we are taking to reposition the business are delivering encouraging results. Middle East and Africa are now generating improved sales levels and we plan to use our recently announced license in the Bahamas to support our rapidly growing Latin American and remaining global expatriate business. While our actions to exit certain distribution channels in the Far East have led to lower sales short term, we expect growth to return as we focus on more locally licensed opportunities in the future. We look forward to developing further licenses across our markets to support growth in the near, medium and long terms."

Results announcement

Hansard will announce its results for the financial year ended 30 June 2018 on Thursday 27 September 2018.

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HANSARD GLOBAL plc

NEW BUSINESS RESULTS FOR THE YEAR ENDED 30 JUNE 2018

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, levels of new business in Q4 FY 2018 were 6.7% ahead of the equivalent prior year quarter (Q4 FY 2017) and 12.2% ahead of Q3 FY 2018.

NEW BUSINESS FLOWS

New business flows for Hansard International for FY 2018 are summarised as follows:

Basis	Three months ended 30 June			Year ended 30 June		
	2018 £m	2017 £m	% change	2018 £m	2017 £m	% change
Present Value of New Business Premiums	36.8	34.5	6.7%	146.6	148.3	(1.1%)
Annualised Premium Equivalent	5.5	5.7	(3.5%)	22.4	23.2	(3.4%)

Present Value of New Business Premiums ("PVNBP")

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

PVNBP by product type	Three months ended 30 June			Year ended 30 June		
	2018 £m	2017 £m	% change	2018 £m	2017 £m	% change
Regular premium	18.4	12.4	48.4%	70.2	75.3	(6.8%)
Single premium	18.4	22.1	(16.7%)	76.4	73.0	4.7%
Total	36.8	34.5	6.7%	146.6	148.3	(1.1%)

PVNBP by geographical area	Three months ended 30 June			Year ended 30 June		
	2018 £m	2017 £m	% change	2018 £m	2017 £m	% change
Rest of World	15.2	15.3	(0.7%)	55.8	53.4	4.5%
Middle East and Africa	11.4	5.7	101.8%	40.5	40.6	(0.2%)
Latin America	6.2	4.3	44.2%	25.8	18.9	36.5%
Far East	4.0	9.2	(56.5%)	24.5	35.4	(30.8%)
Total	36.8	34.5	6.7%	146.6	148.3	(1.1%)

Growth in Q4 of FY 2018 compared to Q4 FY 2017 came from improved regular premiums in the Middle East, Africa and Latin America, offset by lower sales in the Far East.

Middle East & Africa has continued to grow as we concentrate on high quality business through our locally licensed partner in the UAE. We have successfully recovered from the position 12 months ago when one of our larger brokers in that region ceased writing business.

Enhanced relationships with brokers in Latin America has seen the region continue to grow strongly in Q4 and is our highest growth region for the year, up 36.5%. Our recently announced license in the Bahamas will assist us to further build and capitalise on growth in this market.

As announced in Q3, we have exited certain distribution channels in the Far East and this has continued to impact on our sales levels in Q4. Our strategy for this region in FY 2019 will be to focus on establishing locally licensed opportunities and to drive growth through those channels.

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 (including those withdrawn from Hansard Europe, which closed to new business in 2013), charges and the effect of investment market and currency movements. These factors ultimately affect the level of fund-based income earned by the Group.

During Q4 2018, fair value adjustments totalling £28.3m have been made to a range of contract holder assets held predominantly within Hansard Europe. These adjustments are made based on the most recent information available in relation to suspended funds or funds in the process of liquidation. They may be subject to refinement during the period up to the release of our audited financial statements.

	Three months ended		Year ended	
	30 June		30 June	
	2018	2017	2018	2017
	£m	£m	£m	£m
Deposits to investment contracts – regular premiums	16.7	22.6	74.0	84.5
Deposits to investment contracts – single premiums	20.7	18.0	78.1	66.4
Withdrawals from contracts and charges	(44.0)	(38.8)	(187.2)	(159.2)
Effect of market and currency movements	9.5	6.0	21.6	134.5
Increase in period	2.9	7.8	(13.5)	126.2
Opening balance	1,033.3	1,041.9	1,049.7	923.5
Assets under Administration at 30 June	1,036.2	1,049.7	1,036.2	1,049.7

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

	Three months ended		Year ended	
	30 June		30 June	
	2018	2017	2018	2017
	£m	£m	£m	£m
Hansard International	25.8	8.0	34.7	129.4
Hansard Europe	(22.9)	(0.2)	(48.2)	(3.2)
Increase (decrease) in period	2.9	7.8	(13.5)	126.2

RESULTS FOR YEAR ENDED 30 JUNE 2018

Full trading results for the year are scheduled to be announced on 27 September 2018.

New business margins (calculated on a PVNBP basis) are sensitive to sales levels, case size and product mix (regular premium products typically having a higher margin). During FY 2018, our product mix had continued to trend towards lower margin products and we have experienced increased costs arising from strategic and regulatory projects. We therefore expect to see a slightly lower full year margin than that announced at the time of our half year results (0.1%) when we release our full year results on 27 September 2018.

LITIGATION

The Group continues to carefully manage its litigation relating to the legacy operations of Hansard Europe, the majority of which relates to external funds which have become illiquid and/or lost a substantial amount of their value.

We were pleased to recently receive notification that we won our largest single case, based in Belgium, which had an exposure of £6.5m. We understand that some or all of the plaintiffs are expected to appeal the decision but are currently awaiting formal notification of their approach. We expect to be able to provide an updated estimate of exposure when we announce our full year results. We remain confident of concluding the process successfully as we have a track record of success in the Belgian courts.

We announced in our last trading update, dated 10 May 2018, that we had been notified of a new Italian action being brought by a group of contract holders relating to illiquid funds. A number of these funds are shortly to be placed into liquidation. The exposure relating to this case has moved from £1.9m to £5.2m primarily as a result of a lower assessment of the fair value of the contract holder assets available to offset any judgements that could be made against us.

We have also had a case recently brought against us in Hansard Europe's home jurisdiction of Ireland with an exposure of £3.2m. This is again related to substantial loss of value from funds advised by independent financial advisors.

Our view remains that we are not responsible for the investment advice of independent financial advisors or for the subsequent investment management of those external funds. We therefore continue to believe that we are more likely than not to win any such litigation.

OUTLOOK

Having re-positioned our business in the Middle East to locally licensed distribution, we plan to implement a similar licensed underpin to our Far East region later this financial year. We also intend to use our recently announced license in the Bahamas to support our rapidly growing Latin American business and our remaining global expatriate business. While the changing landscape has resulted in fluctuations in business levels over the past couple of years, we remain confident that we can capitalise on opportunities to successfully grow the business in the near and medium term.

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, in the case of Hansard International Limited, and Western Europe in the case of Hansard Europe dac, the Group's two life assurance companies. Hansard Europe dac 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.
- Following the closure of Hansard Europe dac to new business with effect from 30 June 2013, the Group continues to report new business performance of Hansard International Limited alone within this document. Reporting of Assets under Administration incorporates cash flows relating to insurance or reinsurance policies issued by both Hansard International Limited and Hansard Europe dac.

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 Regulation No 596/2014.

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