



HANSARD
GLOBAL PLC

7 May 2020

Hansard Global plc
Update on trading for the period ended 31 March 2020 and impact of COVID-19

Hansard Global plc ("Hansard" or "the Group"), the specialist long-term savings provider, issues its trading update for the quarter ended 31 March 2020 ("Q3 2020"). All figures refer to this period, except where indicated. Year to date figures refer to 1 July 2019 to 31 March 2020.

Summary

- New business for Q3 2020 was £38.4m in PVNBP ("Present Value of New Business Premiums") terms, an increase of 12.6% on Q3 2019.
- For the year to 31 March 2020, new business was £118.5m, an increase of 9.4% on the comparative prior year period.
- Our Latin American region continues to lead the way in terms of new business growth as our Hansard Worldwide proposition and award-winning levels of customer service continue to be well received.
- Assets under administration suffered in line with the global stock market sell-off in March and were £953.5m at 31 March 2020, down 12% from £1,085.4m at 31 December 2019.
- The Covid-19 virus has had a limited impact on our new business in Q3 2020. We expect Q4 to be more challenging but believe our business model is well positioned to manage through these economic and operational difficulties.
- The Group remains well capitalised and in a position to satisfy its financial obligations. We have not required any government-backed financial support nor placed any staff on furlough.
- Our previously announced dividend was paid as planned on 21 April 2020. The Board will continue to monitor the current and future financial position of the Group in respect of future dividends, taking into account the outlook for the global economy and markets.

Gordon Marr, Group Chief Executive Officer, commented:

"The global spread of Covid-19 has presented unprecedented challenges to public health and businesses. The well-being and safety of our employees has been paramount and it is to their great credit in these difficult times that our business has continued in a positive way.

We were pleased to see our Q3 new business levels hold up so well, but are realistic that this is unlikely to be maintained in Q4. We are utilising our on-line technology to mitigate against many of the challenges presented both for new business on-boarding and for back-office processing. Our core strategic projects of Japan and our systems upgrade continue to operate, albeit at a slower pace due to Covid-19. As things currently stand, we intend to launch our new proposition in Japan before the end of the calendar year 2020."

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HANSARD GLOBAL plc

TRADING UPDATE FOR THE PERIOD ENDED 31 MARCH 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.

Notwithstanding the challenges presented by the Covid-19 pandemic, new business for Q3 2020 grew 12.6% to £38.4m in Present Value of New Business Premiums ("PVNBP") terms. New business for the nine months to 31 March 2020 was £118.5m, 9.4% up on the prior year comparative period. The primary driver of this growth has come from regular savings products in Latin America.

COVID-19 AND FUTURE OUTLOOK

During the past quarter, the wide-ranging impact of the Covid-19 pandemic became apparent with many countries around the world implementing unprecedented actions to seek to contain the spread of the virus.

For Hansard this has meant almost our entire workforce working remotely and effectively since 23 March 2020. For our Independent Financial Advisor ("IFA") network, the difficulties in meeting clients, providing advice and concluding sales in the current environment are self-evident.

Our new business performance for Q3 2020 has been resilient, benefiting from a pipeline built up in the earlier part of the quarter. Our business overall is well protected through its model of recurring income via regular premiums and asset-based annual management charges. We are realistic however in our outlook for Q4 and expect that period to be a challenging one with a decline in both new business and income.

We have taken significant actions to facilitate the on-boarding of new business. Hansard has always maintained a strong reputation for its systems and technology and we have rolled out additional tools to allow customers and IFAs to provide and sign documentation electronically.

Our back-office systems and infrastructure are also serving us well. With a seamless transition to homeworking, we have been able to operate all our client servicing and processing activities remotely, with little impact to turn-around times.

We have not to date seen any significant deterioration in our experience with redemptions, lapses or premium payments, but we are committed to supporting and working with those of our clients who are experiencing personal financial difficulties.

Assets under administration ("AuA") have been impacted by the major stock market declines in March 2020. Overall our AuA have declined 12% since 31 December 2019. We estimate that each 10% decline in market value for a full period of 12 months has a £1.6m impact to our annual management charge income. This is an area we are monitoring closely and represents the most significant near-term financial risk. As part of our upcoming annual budgeting and planning process, we will be considering contingency expense actions that can be taken to mitigate such impact if global markets enter a prolonged recession or depression.

In relation to dividends, the Board considered carefully the impact of proceeding with its recent interim dividend (1.8p per share) given a call from regulators for capital prudence and the protection of policyholders in these uncertain times. Given the nature of our business and the lack of any immediate cash flow impact or impairment, the Board saw no reason to cancel the payment of its previously announced dividend. The Group remains well capitalised and in a position to satisfy all of its financial obligations. With respect to future dividend payments, the Board will continue to monitor the current and future financial position of the Group, taking into account the outlook for the global economy and markets.

NEW BUSINESS FLOWS

New business flows for Hansard International for the quarter and the nine months ended 31 March are summarised as follows:

Basis	Three months ended 31 March			Nine months ended 31 March		
	2020 £m	2019 £m	% change	2020 £m	2019 £m	% change
Present Value of New Business Premiums	38.4	34.1	12.6%	118.5	108.3	9.4%
Annualised Premium Equivalent ("APE")	6.2	6.0	3.3%	19.0	17.8	6.7%

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

PVNBP by product type	Three months ended 31 March			Nine months ended 31 March		
	2020 £m	2019 £m	% change	2020 £m	2019 £m	% change
Regular premium	24.4	19.6	24.5%	76.0	57.0	33.3%
Single premium	14.0	14.5	(3.4%)	42.5	51.3	(17.2%)
Total	38.4	34.1	12.6%	118.5	108.3	9.4%

PVNBP by geographical area	Three months ended 31 March			Nine months ended 31 March		
	2020 £m	2019 £m	% change	2020 £m	2019 £m	% change
Middle East and Africa	13.8	14.5	(4.8%)	44.6	39.2	13.8%
Rest of World	12.0	11.7	2.6%	36.2	37.9	(4.5%)
Latin America	10.0	4.5	122.2%	29.7	17.6	68.8%
Far East	2.6	3.4	(23.5%)	8.0	13.6	(41.2%)
Total	38.4	34.1	12.6%	118.5	108.3	9.4%

New business in Latin America continued to grow strongly in Q3 2020 compared to Q3 2019, up 122.2%. It is up 68.8% for the nine months ended 31 March 2020. 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.

While down slightly quarter on quarter, our Middle East & Africa region held up well in light of the challenges of Covid-19 restrictions. The region continues to be up for the financial year to date, driven primarily by our strategic relationship in the UAE.

The Rest of World region was up 2.6% in Q3 2020 compared to Q3 2019, although remains slightly lower for the nine months ended 31 March 2020 due to less single premium business sold this year.

As previously outlined, 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 33.3% and single premiums falling 17.2% for the nine months ended 31 March 2020 compared to the prior year comparative period.

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 Q3 2020 AuA decreased by £131.9m or 12%, reflecting the significant sell-off in global stock markets due to Covid-19.

	Three months ended 31 March		Nine months ended 31 March	
	2020 £m	2019 £m	2020 £m	2019 £m
Deposits to investment contracts – regular premiums	22.4	19.9	64.4	59.6
Deposits to investment contracts – single premiums	12.9	14.1	42.5	51.1
Withdrawals from contracts and charges	(35.8)	(39.2)	(113.7)	(116.9)
Effect of market and currency movements	(131.4)	55.8	(119.4)	(3.7)
	(131.9)	50.6	(126.2)	(9.9)
Opening balance	1,085.4	975.5	1,079.7	1,036.0
Assets under Administration at 31 March	953.5	1,026.1	953.5	1,026.1

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

	Nine months ended	
	31 March	
	2020	2019
	£m	£m
Hansard International	(102.9)	3.4
Hansard Europe	(23.3)	(13.3)
Decrease in period	(126.2)	(9.9)

RESULTS FOR THE YEAR ENDING 30 JUNE 2020

New business results for the full year are scheduled to be announced on 23 July 2020. Trading results for the full year are expected to be announced on 24 September 2020.

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.

Legal Entity Identifier: 213800ZJ9F2EA3Q24K05