Sanne Group plc

H1 2021 Results Presentation

For the six months ended 30 June 2021

14 September 2021

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Forward looking statement

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Agenda

1 H1 2021 Highlights

2 Financial Review

3 Operational Review

4 Summary and Outlook

5 Q&A

Martin Schnaier

Chief Executive Officer

James Ireland

Chief Financial Officer

SECTION 1

H1 2021 Highlights

Martin Schnaier

Insight
we look harder,
so you can see further.

Key highlights

For the six months ended 30 June 2021

Robust financial performance

- Return to double digit net revenue growth of 12.5% on a constant currency basis with momentum building organically
- Underlying operating profit growth of 12.4% on a constant currency basis
- Significant new business wins up 41.4% compared to H1 2020 with annualised wins of £15.7m
- Underlying operating profit margin maintained at 27.3% on a constant currency basis
- Strong cash conversion in excess of 100%
- No interim dividend proposed due to Apex offer

Strategic progress and M&A momentum

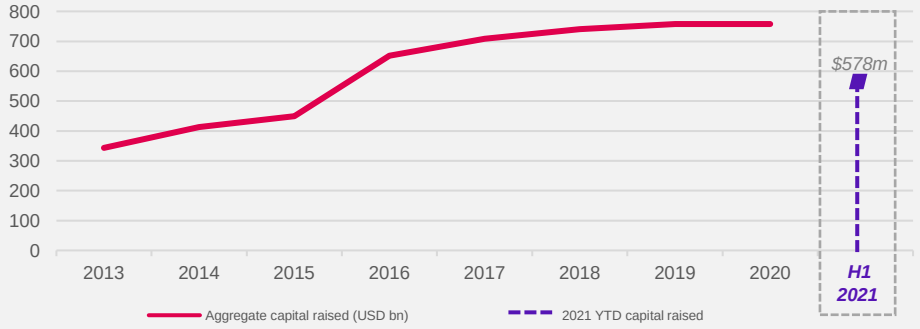
- Successful completion of a £79.5m equity placing and refinancing the Group's revolving credit facility to support the Group's disciplined acquisition strategy
- Completed acquisitions of PEA and Strait Capital to add new presence in Scandinavia and augment North America footprint
- Agreed acquisition of PraxisIFM's Fund Administration business during July to strengthen European listed funds capability
- Realisation of Colmore investment with a return of 2.3 times original investment after two years following sale to Preqin
- Positive progress on roll-out of new Group technology strategy
- On 25th August 2021, Sanne announced that the Board had reached an agreement with Apex on the terms of a recommended all cash offer of 920p per share

Global alternatives market recovery trends

How the market has continued to evolve in the period to near pre-COVID levels

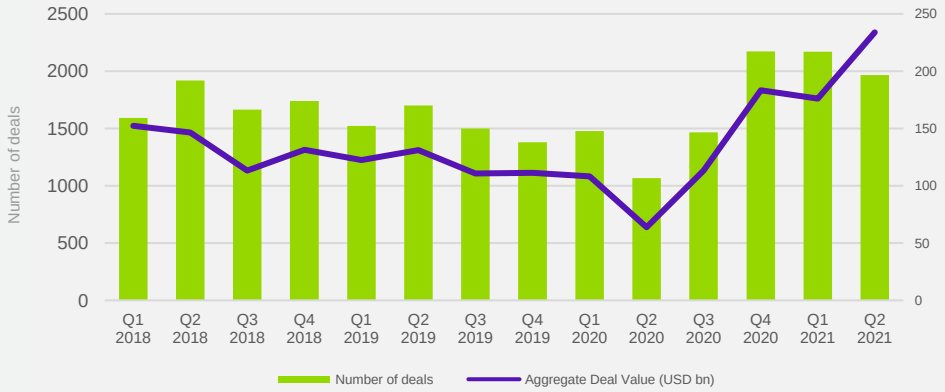
Activity has continued to recover…

Value of capital raised year-on-year, 2013 to 2021 YTD



Source: Preqin Special Report: Future of Alternatives 2025

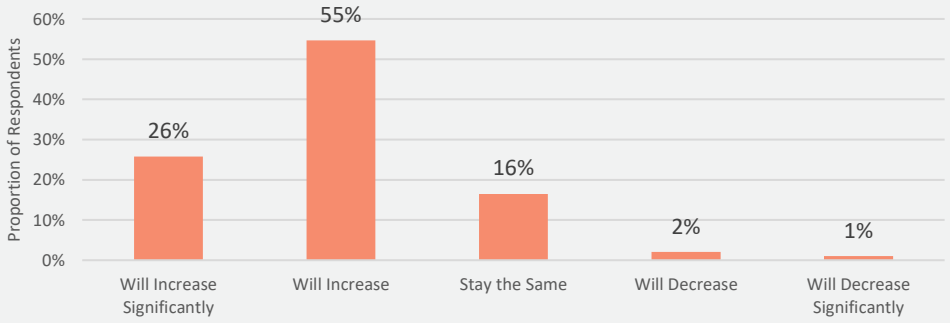
Number of deals and values by Quarter, Q1 2018 - Q2 2021



Source: Preqin Special Report: Future of Alternatives 2025

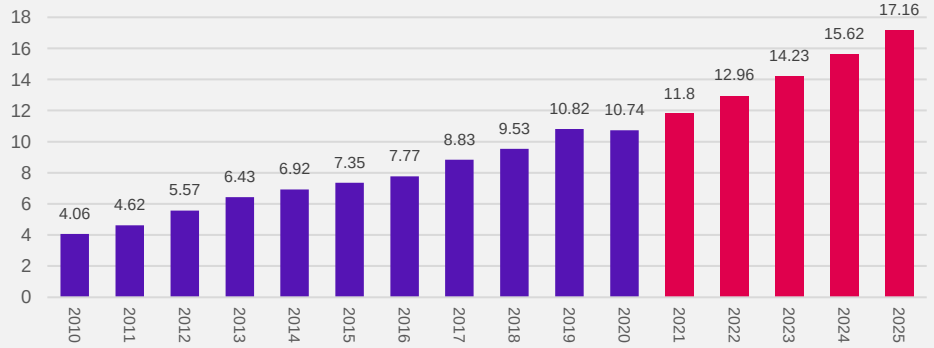
…with an unwavering appetite for alternatives

Investors' intentions for their allocation to alternatives by 2025



Source: Preqin Special Report: Future of Alternatives 2025

Alternative Assets under Management & Forecast, 2010 – 2025*



* 2020 figure is annualised based on data to October

Source: Preqin Special Report: Future of Alternatives 2025

SECTION 2

Financial Review

James Ireland

Accountable
we take ownership,
so you are assured.

Key financial highlights

For the six months ended 30 June 2021

NET REVENUE H1 2021

£90.7m

H1 2020
£83.9m

UNDERLYING OPERATING PROFIT H1 2021

£24.0m

H1 2020
£23.0m

NEW BUSINESS WINS H1 2021

£15.7m

H1 2020
£11.1m

UNDERLYING FREE CASH FLOW ATTRIBUTABLE TO EQUITY HOLDERS H1 2021

£14.7m

H1 2020
£14.0m

UNDERLYING DILUTED EPS H1 2021

11.5p

H1 2020
12.3p

Total Group Income Statement

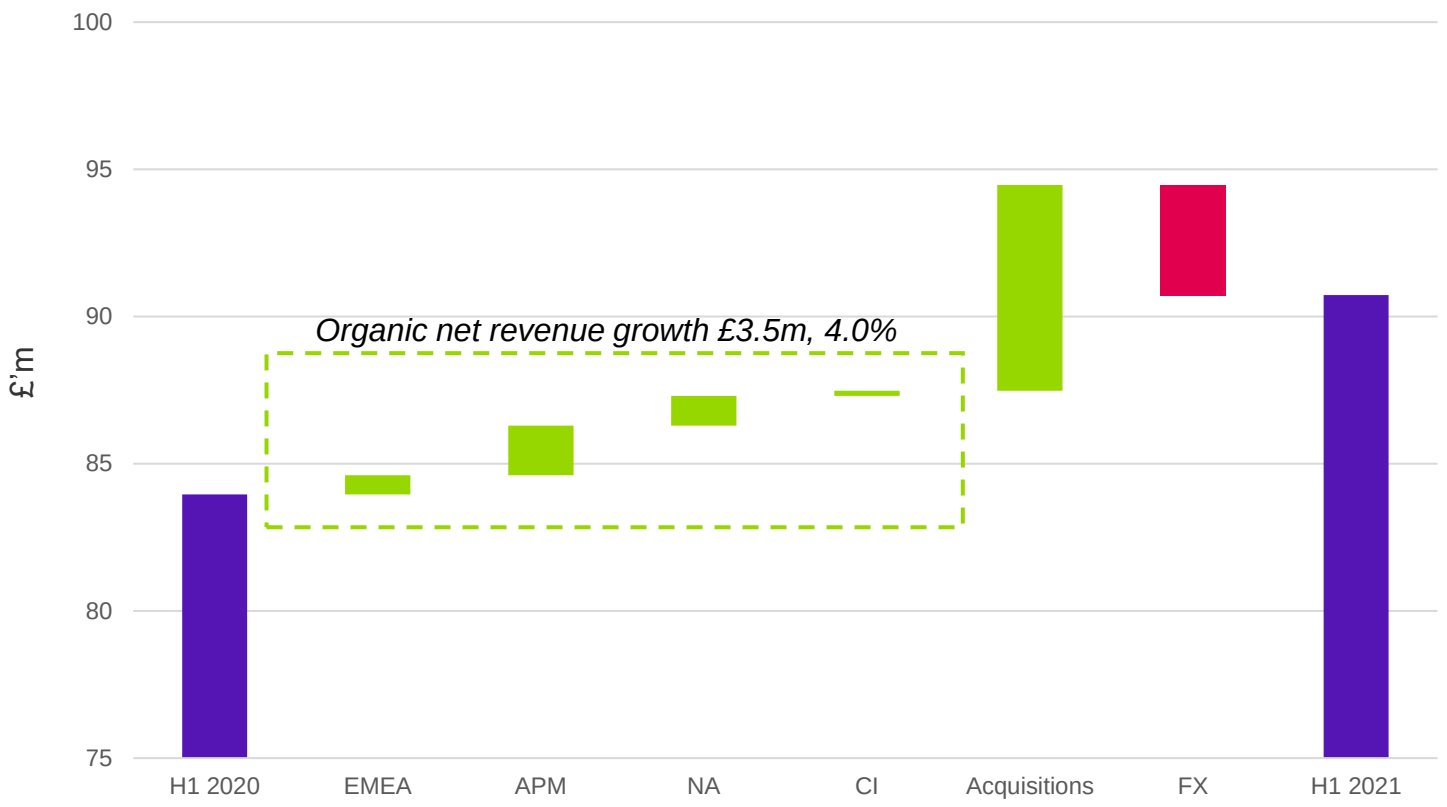
For the six months ended 30 June 2021

	HY 2021 £m	HY 2020 £m	% change	cc change
Turnover	96.2	86.5	11.2%	15.6%
Third-party fees	(5.4)	(2.5)		
Net Revenue	**90.7**	**83.9**	8.1%	12.5%
Gross Profit	**51.8**	**49.6**		
Gross Profit margin	*57.1%*	*59.1%*		
Underlying Operating Profit	**24.0**	**23.0**	2.4%	14.7%
Underlying operating profit margin	*26.4%*	*27.4%*		
Net finance cost	(1.8)	(0.7)		
Underlying profit before tax	22.2	22.3	-0.5%	6.4%
Tax	(4.3)	(4.3)		
Underlying profit after tax	17.9	18.0		
Diluted EPS	**11.5**	**12.9**	-6.5%	2.4%
Dividend per share	**- p**	**4.8p**		
Non-underlying items	***11.3***	***10.7***		
Amortisation, acquisition and integration costs	*9.4*	*9.3*		
Acquisition related earn-out and share based payments	*1.1*	*1.3*		
Other	*0.8*	*0.1*		

- Strong recovery in net revenue growth driven by acquisitions
- Strengthening of sterling has created a year-on-year FX headwind
- 14.7% underlying operating profit growth
- Underlying operating profit margin flat at constant currency, despite acquisitions
- EPS impacted by dilution of April 21 equity fund raise
- Non-underlying items almost entirely acquisition related

H1 2021 Net Revenue Bridge

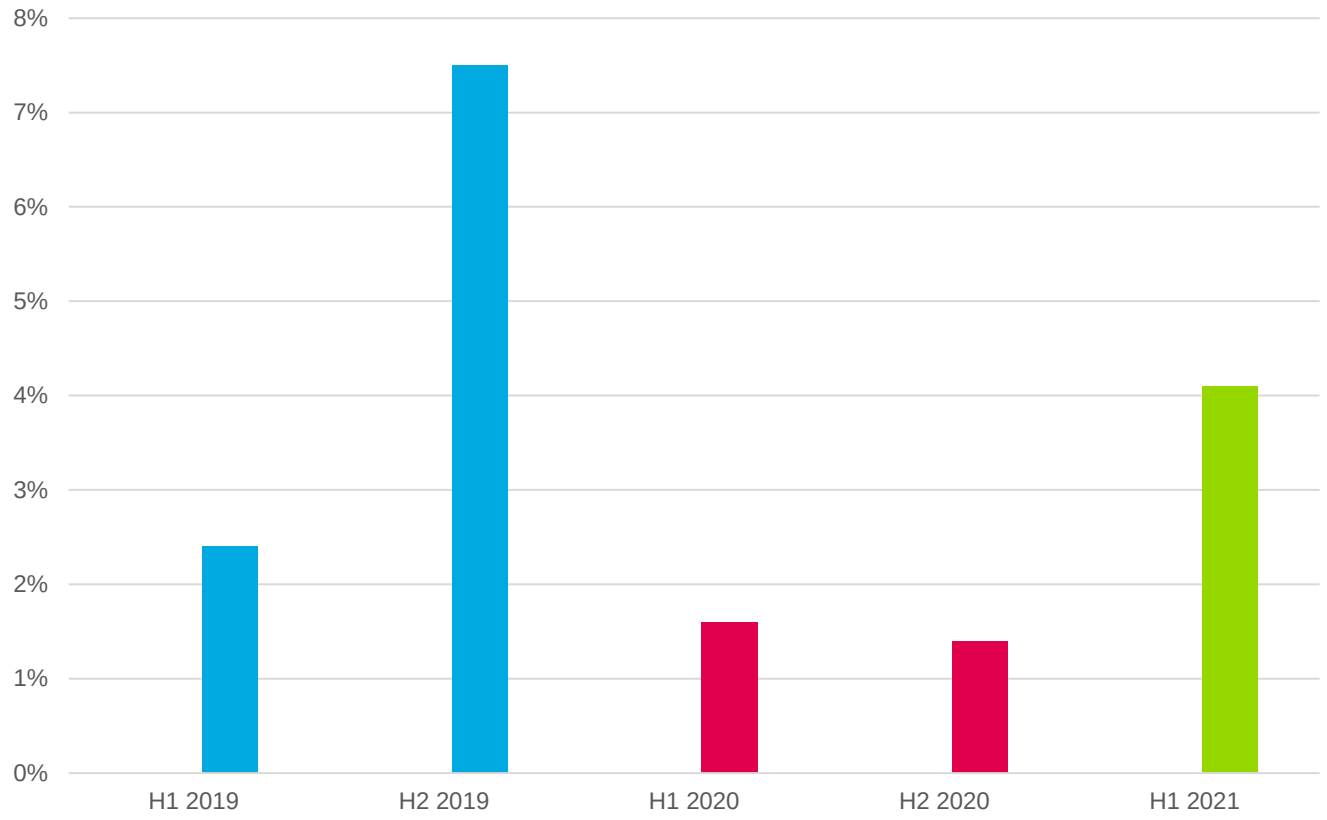
Organic growth seen across all segments with double digit absolute growth



- Continued growth across all geographies
- Net organic revenue increase of £3.5m
- Substantial acquisition growth contribution as acquired businesses perform well
- FX headwind of 4.5% driven by strengthening of sterling in 2021

Half on half c.c. organic revenue growth

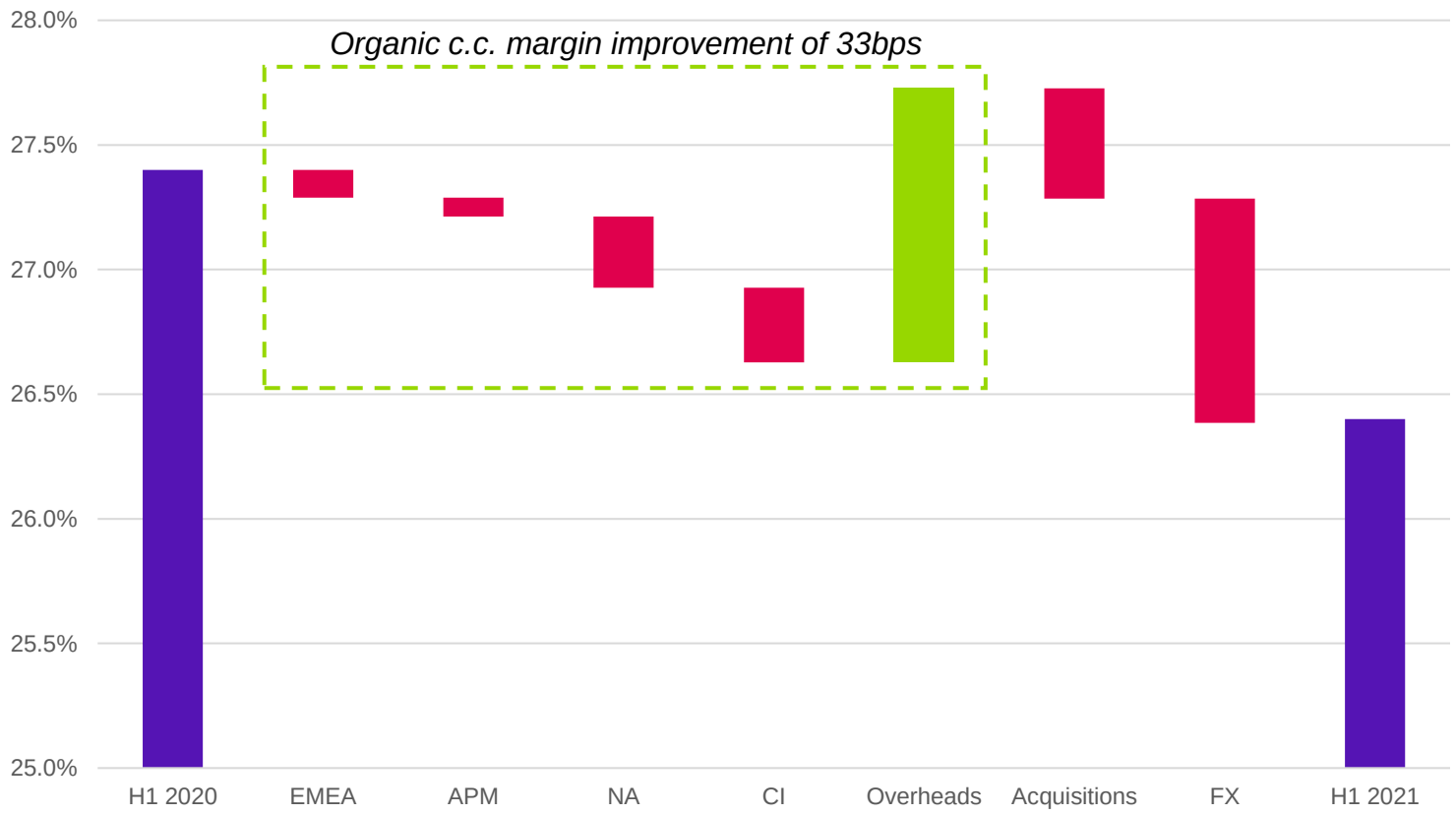
Organic growth seen across all segments



- H1 2021 demonstrates a return to half-on-half c.c. organic growth
- New business momentum expected to drive further second half improvement
- Momentum supports the Board's full year expectations

Margin bridge

Flat year on year margin performance at constant currency



- Margin flat on a constant currency basis
- Margin up 33bps on an organic constant currency basis
- Gross profit reductions across all organic regions due to hiring into strong win rates
- Continued overhead control drives improvement despite significant increase in technology spend
- Acquisitions and FX have diluted H1 margins

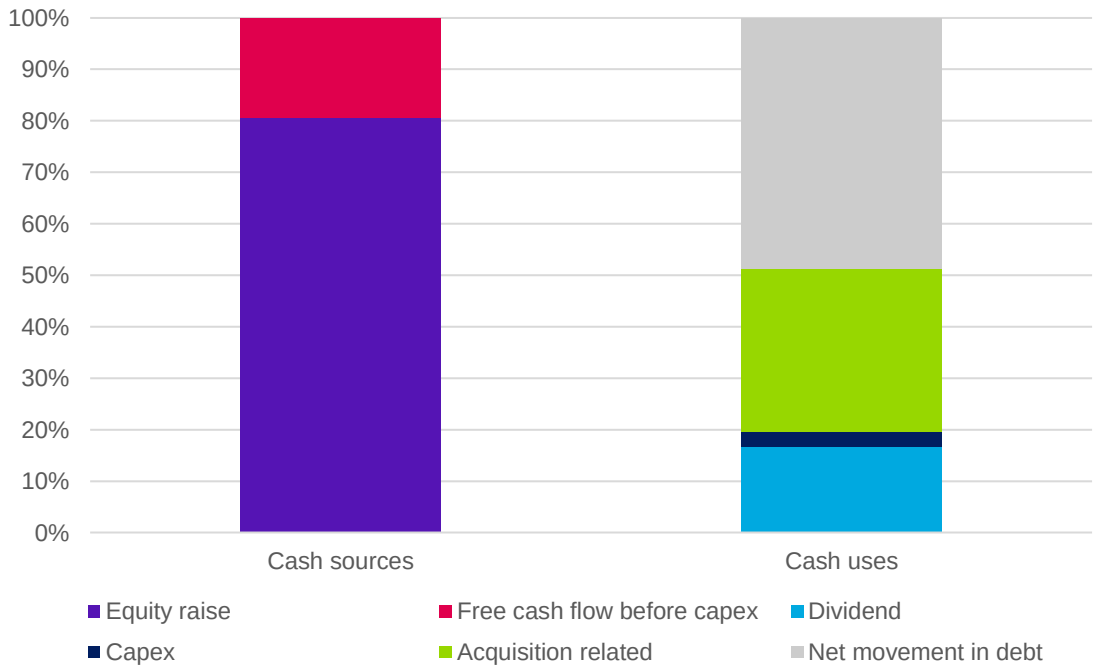
Cash flow statement and uses of cash

Another period of strong cash generation

Operating Profit to free cash flow

	HY 2021 £m	HY 2020 £m	
Underlying total group operating profit	24.0	23.0	*20.9%*
Depreciation (equipment and IFRS 16)	4.1	4.5	
Other items	1.5	(2.2)	
Change in working capital	(3.3)	(3.5)	
Operating cashflows	**26.3**	**21.8**	
IFRS 16 lease cost cash charge	(3.5)	(3.3)	
Non-underlying items in accruals	1.3	3.7	
Underlying total group operating cash flows	**24.1**	**22.1**	*9.0%*
Underlying cash conversion	***100.4%***	***96.1%***	
Capital expenditure	(2.8)	(1.9)	
Tax charge	(4.1)	(4.0)	
Loan to minority interest	-	(0.8)	
Net finance cost	(2.6)	(1.4)	
Underlying free cash flow attributable to equity holders	**14.7**	**14.0**	*5.0%*

Uses of cash flow



Working capital and indebtedness

Robust balance sheet position

Working capital position

	H1 2021	H1 2020
	£'m	£'m
Contract assets	10.4	9.9
Trade receivables	58.5	49.1
Contract liabilities	(24.3)	(15.4)
Net working capital	**44.6**	**43.6**
- As a % of last 12 months continuing reviews	25.3%	25.6%

Net indebtedness

	H1 2021	H1 2020
	£'m	£'m
Loan debt (including loan fees)	75.6	138.8
Gross cash balance	(40.7)	(51.5)
Restricted cash balances	11.5	13.3
Group net debt	**46.4**	**100.5**
LTM EBITDA (pre-IFRS 16 for covenants)	53.6	51.7
Net debt to LTM EBITDA *(per covenant methodology)*	**0.9x**	**1.9x**

SECTION 3

Operational Review

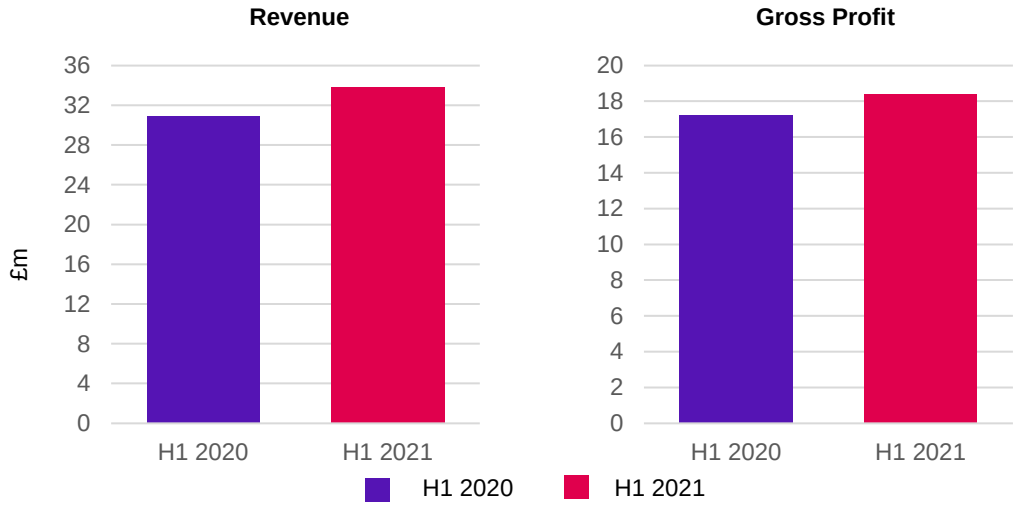
Martin Schnaier

Flexibility
means we achieve more,
gives you new possibility.

Segmental performance

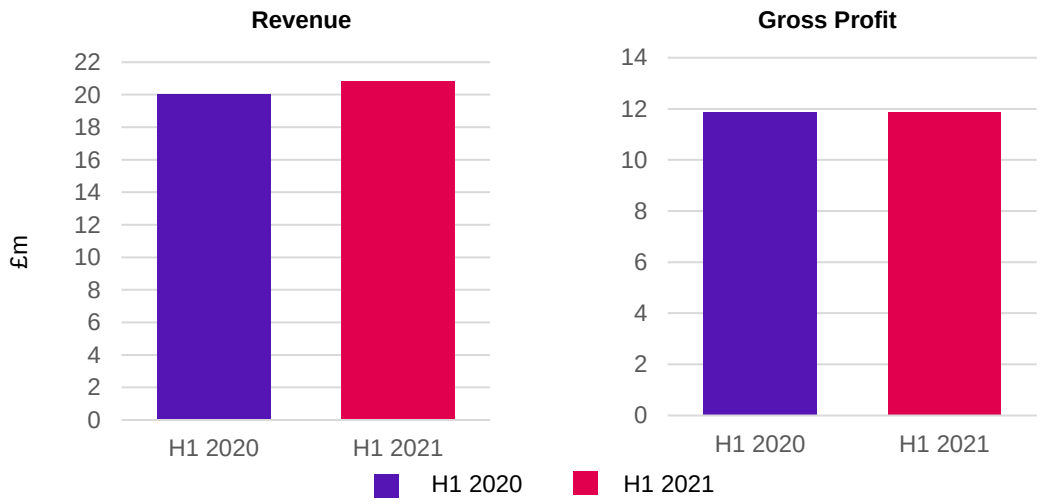
Regional breakdown at a glance

Europe, Middle East & Africa



- Robust revenue growth of 10.3% and gross profit growth of 9% on a constant currency basis
- Good performances across most jurisdictions within the region and across all product offerings
- Margin improvement in Luxembourg and South Africa, although overall regional margin impacted by mix effect of PEA business joining with lower margins
- Strong momentum in new business wins in H1 2021, especially in Luxembourg

Channel Islands

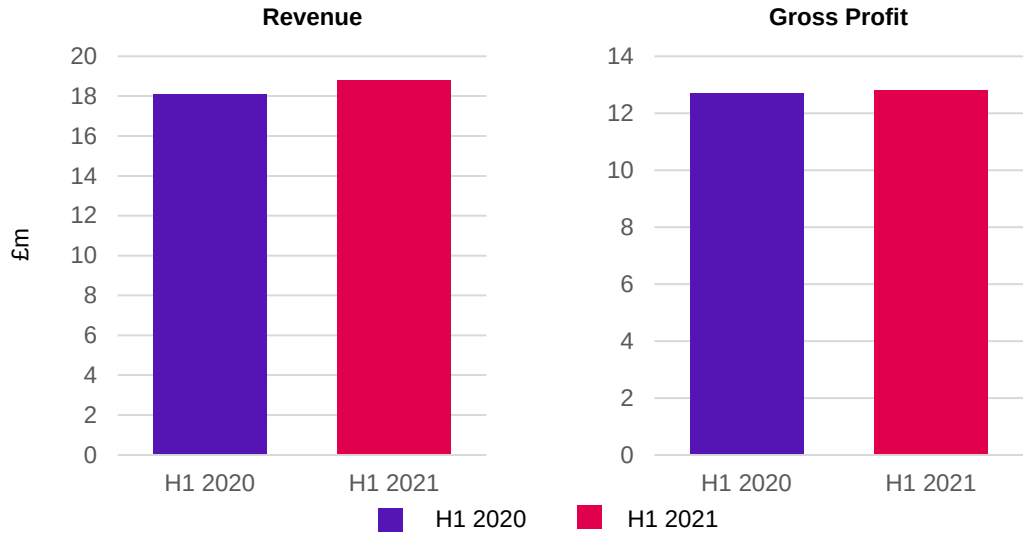


- Revenue growth of 4.3%, with marginal uptick in gross profit on a constant currency basis
- Continued enhancement of management teams across both Jersey and Guernsey improving capability and quality of the business.
- Good performances across Private Equity, Real Assets and Private Debt
- PEA team in Guernsey integrating well into the existing business

Segmental performance

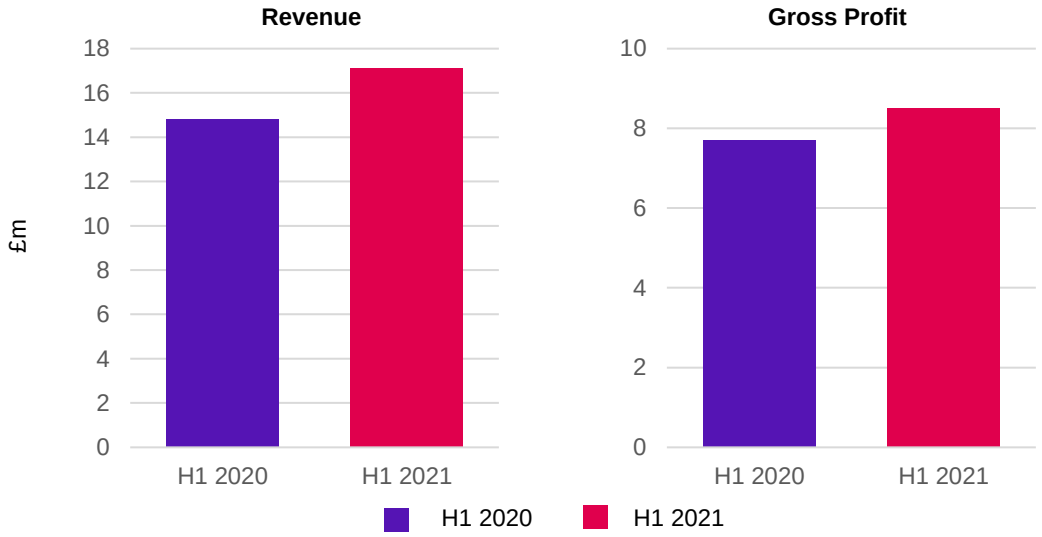
Regional breakdown at a glance

Asia-Pacific & Mauritius



- Strong revenue growth of 13.5% and gross profit growth of 11% on a constant currency basis
- Very good revenue performance in Singapore, Japan and Shanghai.
- Positive contribution from the Deutsche Bank acquisition in Japan driving strong momentum in new business opportunities
- Mauritius delivering solid performance despite EU and FATF blacklist status

North America

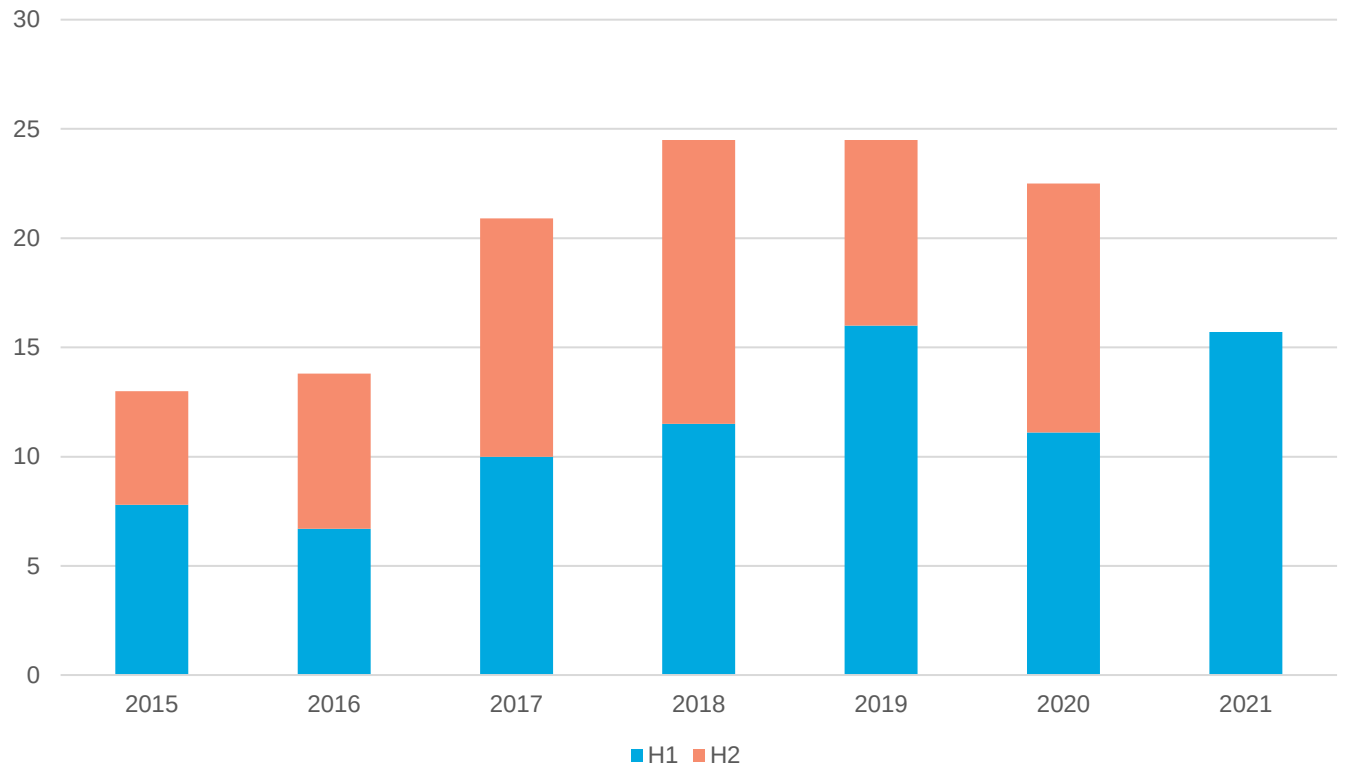


- Strong revenue growth of 27.2% and gross profit growth of 20.7% on a constant currency basis
- Avalon integration progressing well in Cayman and Strait Capital acquisition in Dallas further augments North America footprint
- Mix effect of acquisitions impacted regional margin but opportunities to improve
- Product expansion opportunities across loan agency, real assets and hedge

New business wins

For the six months ended 30 June 2021

Year-on-year performance



Key highlights

- New business wins up 41.4% on H1 2020, with annualised revenue of £15.7m secured in H1 2021
- Encouraging spread of new business across all regions and all products
- New wins split 62% “new-existing” and 38% “new-new”
- Good momentum continuing in H2 2021

M&A momentum continues

Strategically enhancing our product and services expertise

PEA

Deal completed:
Q1 2021

Rationale:
Added strategically important markets of Denmark and Sweden to the Group
Enhanced scale and expertise in Guernsey

Number of people:
55 professionals

Locations:
Denmark / Sweden / Guernsey

STRAIT

Deal completed:
Q2 2021

Rationale:
Added new location, scale and expertise to expand Group's US footprint which now covers all time zones to better serve clients

Number of people:
50 professionals

Locations:
Dallas, Texas

M&A activity post period

Strategically enhancing our product and services expertise

Praxis IFM Fund Administration Business

Deal completed:
Announced in Q3 2021, expected to complete Q4 2021

Rationale:
Addition of market leading listed funds business and further enhances EMEA and CI private equity capability

Number of people:
80+ professionals

Locations:
Guernsey / Jersey / London / Luxembourg / Malta

COLMORE

Investment realised:
Q3 2021

Rationale:
Investment realised upon sale of Colmore to Preqin.

Productive partnership
Development of data analytics capability, including Sanne Spotlight. Realised a return of 2.3x return on original investment

Post realisation, Sanne remains a close strategic partner of Colmore and Preqin

SECTION 4

Summary and Outlook

Martin Schnaier

Professionalism
sets us apart,
strengthens your business.

Summary and Outlook

Continued strategic progress to take advantage strong market growth

Return to double digit new revenue growth

Material growth in new business wins

We have continued to deliver on strategy

Continued recovery in the global alternative markets

Our platform enables us to capitalise on opportunities

The Board remains confident in delivering its expectations for 2021

SECTION 5

Q&A

Energy
keeps us motivated,
to find you new solutions

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Service defines us, empowers you

14 September 2021

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