# 2020 INTERIM RESULTS FOR JTC PLC

ADAPTING TOGETHER

JTC

# AGENDA

**CEO HIGHLIGHTS**
NIGEL LE QUESNE

**FINANCIAL REVIEW**
MARTIN FOTHERINGHAM

**BUSINESS REVIEW**
NIGEL LE QUESNE

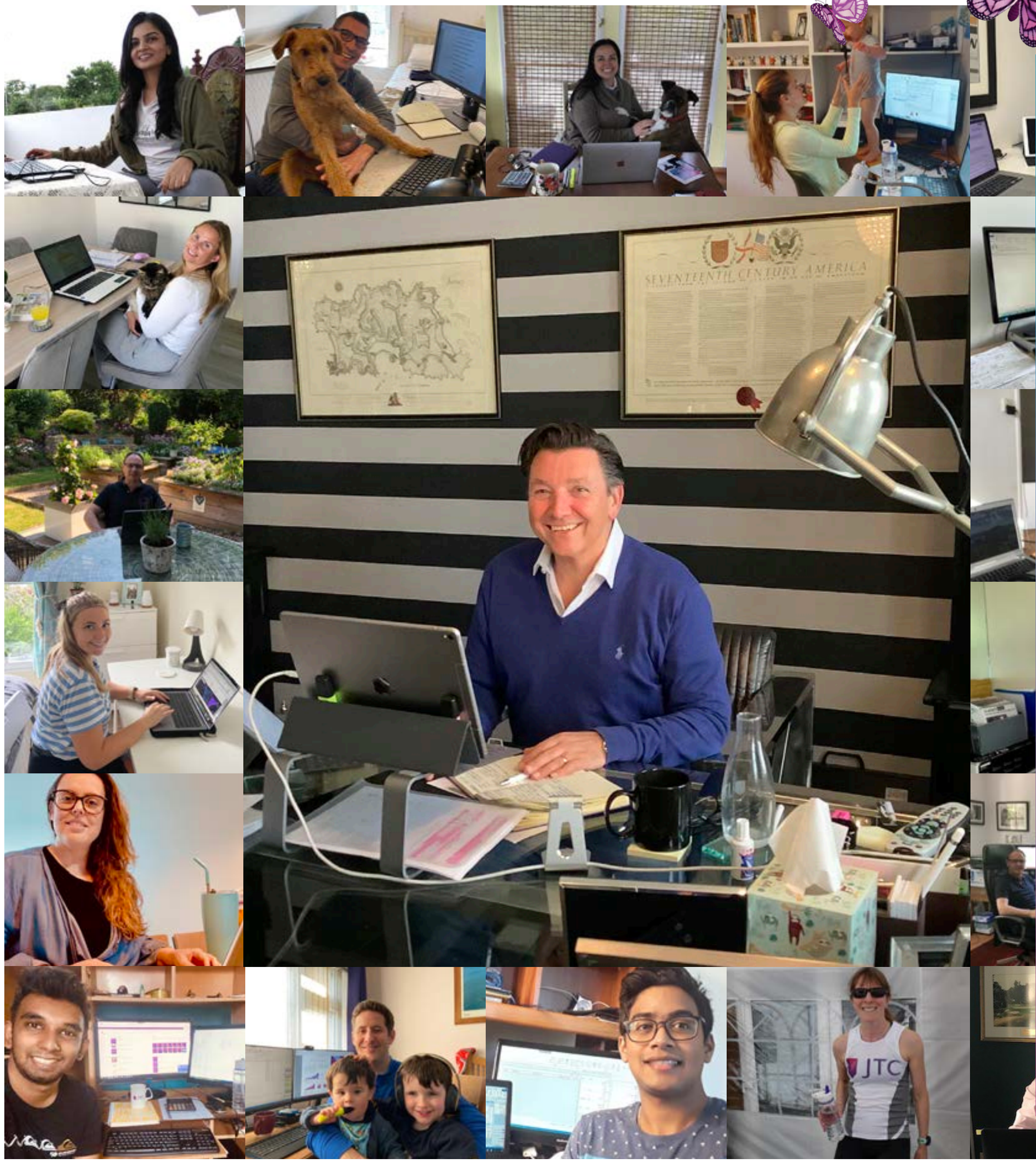
**COVID-19 UPDATE**
NIGEL LE QUESNE

**INORGANIC GROWTH STRATEGY**
NIGEL LE QUESNE

**SUMMARY AND OUTLOOK**
NIGEL LE QUESNE

**Q&A**
NIGEL LE QUESNE & MARTIN FOTHERINGHAM

**APPENDICES**




# CEO HIGHLIGHTS

"In the first half of 2020 we all faced extreme challenges at very short notice. At JTC our priorities were the safety of our people, uninterrupted service for our clients and maintaining the long-term performance of the Group. The strong results delivered in H1 are testament to the highly resilient nature of our business, the outstanding quality of our people and the loyalty of our client base.

Based on our more than 30 years' experience, our outlook remains positive. We will continue to focus on the smooth integration of the Sanne private client and NESF businesses while simultaneously working to grow the Group through client service excellence, improving operational efficiencies and making even greater use of technology. We will also remain open to acquisition opportunities that fit our disciplined approach to inorganic growth."

**NIGEL LE QUESNE, CEO**

SOLID RESULTS AND GOOD GROWTH IN CHALLENGING TIMES

# CEO HIGHLIGHTS


| WHAT WE SAID FY19 | 2020 PROGRESS |
|---|---|
| Target net organic growth in the range 8% - 10% | Net organic growth of 10.1% at Group level (17.7% gross) ✓ |
| Target EBITDA margin in the range 33% - 38% post IFRS 16 | Underlying EBITDA margin of 33.3% ✓ |
| Maintain our balanced approach to both divisions and deliver consistent growth | Strong growth from both Divisions, with continued exceptional performance from PCS ✓ |
| Continue with our disciplined approach to inorganic growth | Acquired Sanne private client business (Jersey) and NES Financial (tech-enabled fund services) in the US ✓ |
| Always ensure that we have a well invested and scalable global platform | Further technology & process improvements Group-wide, management enhancements, service line expansion & premises upgrades ✓ |
| Protect and develop our shared ownership culture as a key differentiator | True value of JTC culture demonstrated during Covid-19 period ✓ |
| Continue to advance JTC through a process of evolution rather than revolution | Demonstrated excellent resilience, client focus and strong financial performance ✓ |

"It's about building a quality business for the long-term."

JTC MAXIM, C.1998

"We are pleased with our results for 2019, especially the strong performance and growth of the underlying core business."

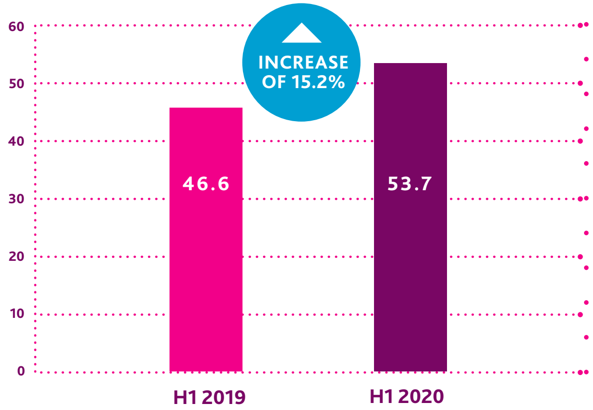
NIGEL LE QUESNE, MARCH 2020

"JTC's robust performance during H1 is testament to the highly resilient nature of our business and the outstanding quality of our people."

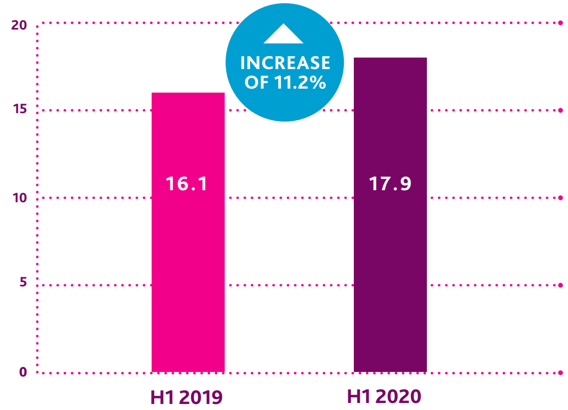
NIGEL LE QUESNE, SEPTEMBER 2020

# CEO HIGHLIGHTS

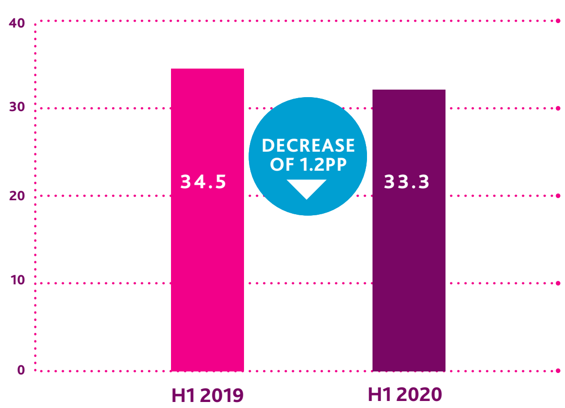
## REVENUE GROWTH (£M)




## UNDERLYING EBITDA GROWTH (£M)

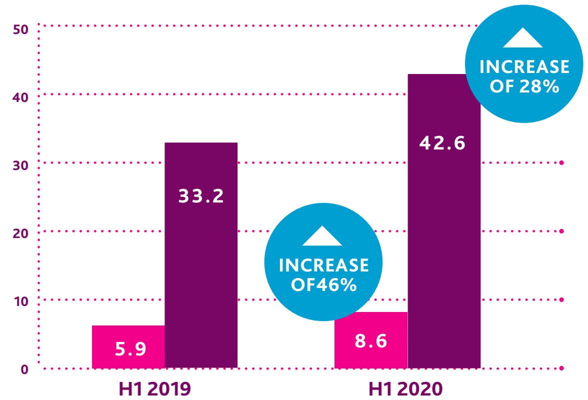



## UNDERLYING EBITDA MARGIN (%)




## NEW BUSINESS WINS AND PIPELINE (£M)

= PIPELINE = NEW BUSINESS WINS




## LIFETIME VALUE WON* (£M)

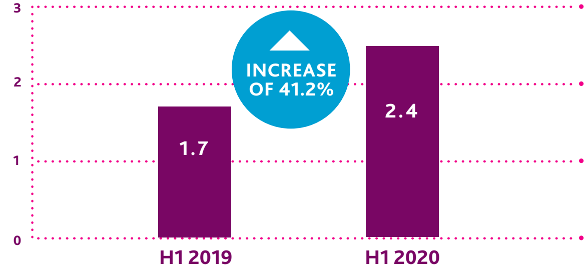
£80.2M

+ 44.1%

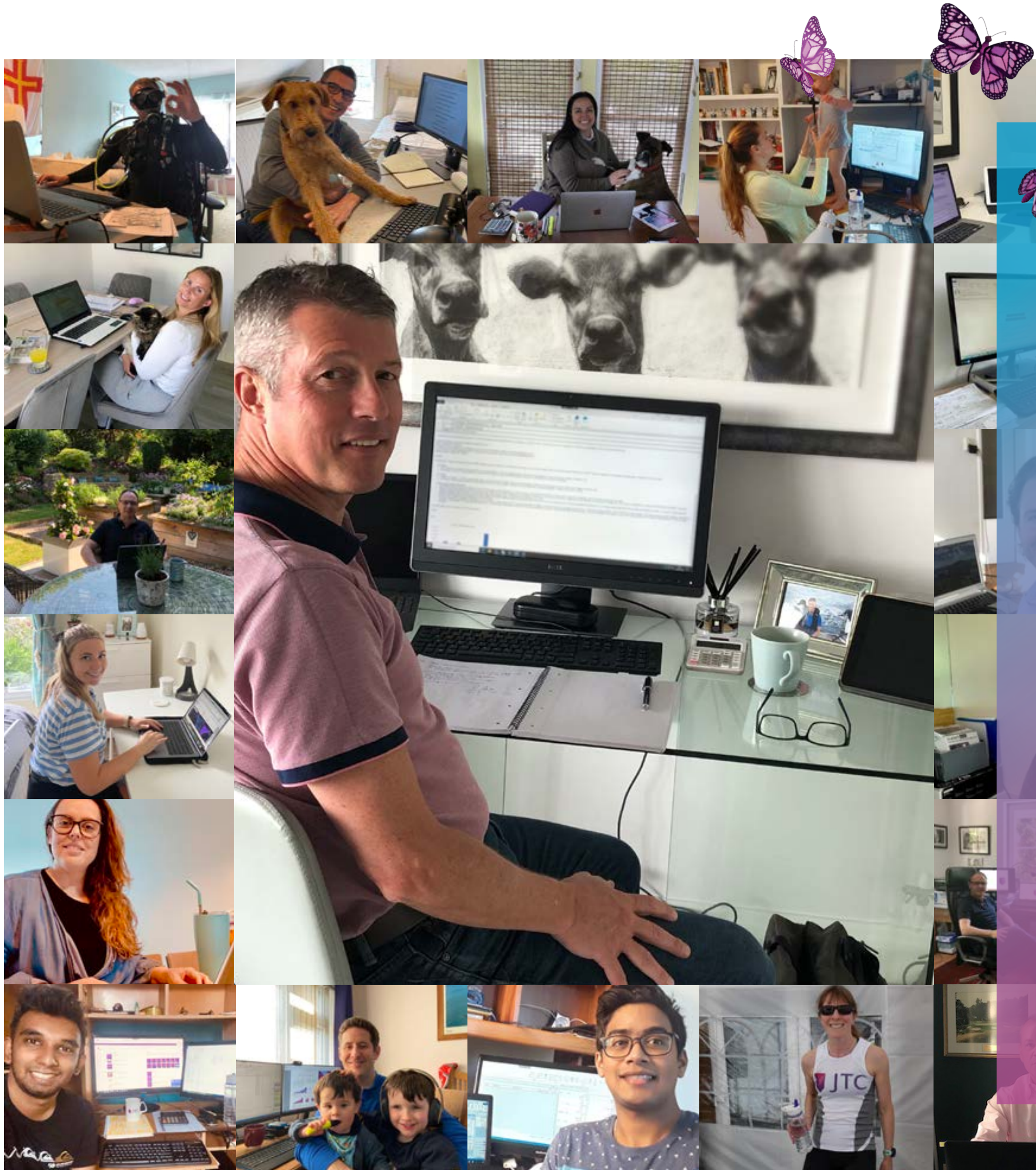
£55.7M

*BASED ON AVERAGE CLIENT LIFESPAN OF 10 YEARS AND NET OF CURRENT YEAR ATTRITION

## INTERIM DIVIDEND PER SHARE (P)




# FINANCIAL REVIEW




# CFO HIGHLIGHTS

"We have delivered another strong set of results. Positives were organic growth rates, cash conversion, new business wins and the successful completion of one acquisition with a second following in July. The core business has performed well but NESF trading has been impacted by Covid-19. We are implementing the necessary changes to address this."

**MARTIN FOTHERINGHAM, CFO**

# GROUP INCOME STATEMENT

## FOR THE 6 MONTHS ENDING 30 JUNE 2020

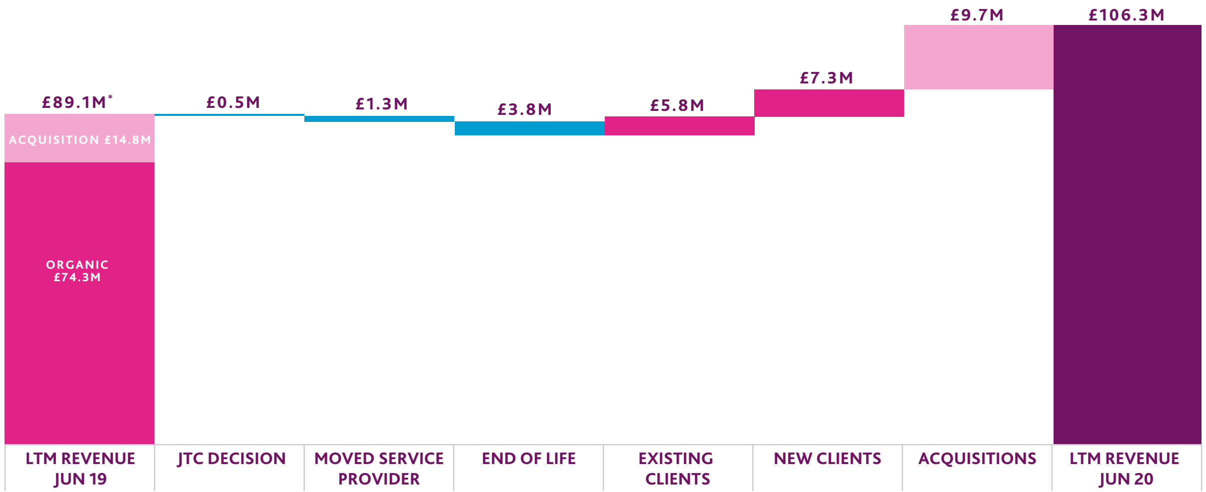
| | H1 2020 | H1 2019 | Growth |
|---|---|---|---|
| | £m | £m | |
| **Revenue** | 53.7 | 46.6 | 15.2% |
| **Underlying EBITDA** | 17.9 | 16.1 | 11.2% |
| *Underlying EBITDA margin* | *33.3%* | *34.5%* | |
| **Profit from operating activities** | 10.2 | 10.7 | |
| **Underlying profit before tax** | 11.6 | 9.5 | 22.1% |
| Tax | (0.5) | (1.2) | |
| **Underlying profit** | 11.1 | 8.3 | 33.2% |
| **Underlying basic EPS (p)** | 12.03 | 9.61 | 25.2% |

"Growth in revenues, PAT and EPS despite fall in EBITDA margin."

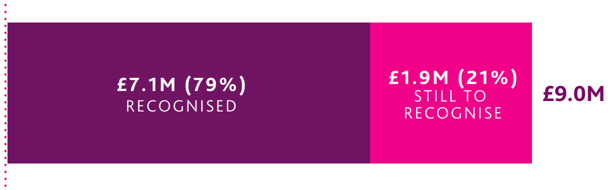
## COMMENTARY

- Revenue increased by 15.2%
- Underlying EBITDA margin fell by 1.2pp
  - PCS improved by 4.2pp from 37.2% to 41.4%
  - ICS fell from 32.2% to 27.1%, excluding NESF ICS margin was 29.4%
- Strong performances in Channel Islands, Cayman, Netherlands
- Reported tax charge low due to tax credit from deferred tax impact of intangible assets
- Underlying EPS increased by 25.2%

# LTM REVENUE BRIDGE




## H2 2019 NEW BUSINESS WINS
**REVENUE RECOGNITION**




## H1 2020 NEW BUSINESS WINS
**REVENUE RECOGNITION**

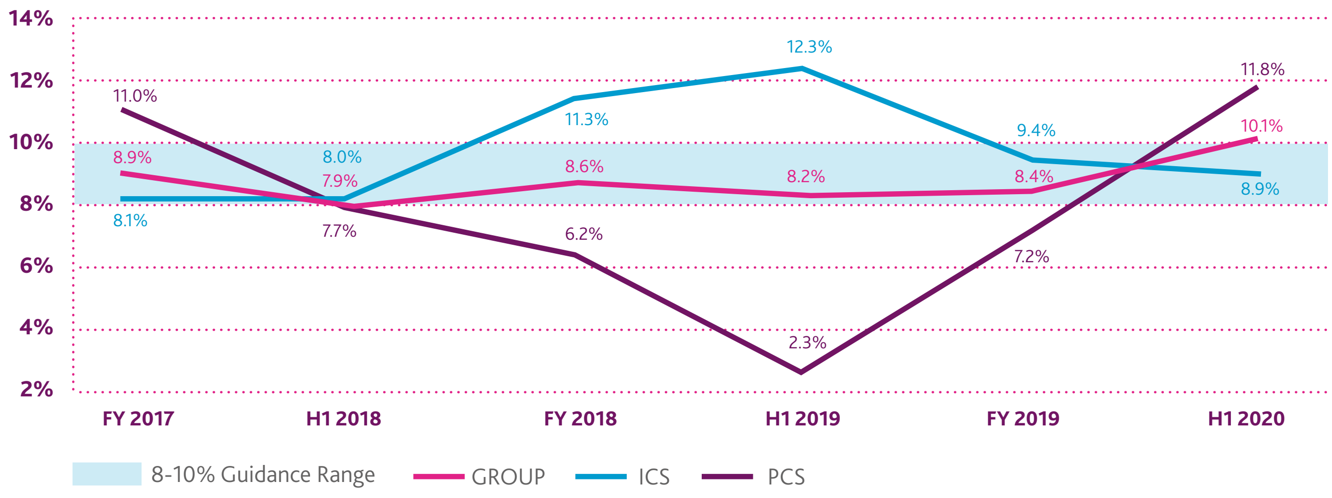

*Presented as constant currency using H1 2020 Consolidation Income Statement exchange rates

"A good balance of growth from new and existing clients. Good volume of work won in H1, with significant proportion still to impact the P&L."

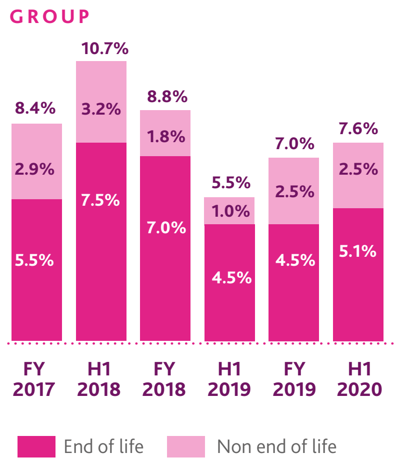
## COMMENTARY

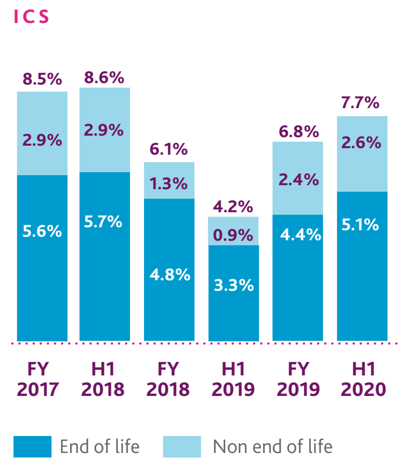
- Net revenue growth 15.2% (H1 2019 32%) driven by LTM net organic growth of 10.1%
- LTM attrition £5.6m (7.6%), FY 2019 (7.0%)
- 97.5% of non end-of-life revenue retained (FY 2019 : 97.4%)
- Net new LTM organic revenue of £13.1m (FY 2019: £11.1m). Significant wins in both PCS and ICS
- £8.6m of work won in H1,20 with £6.7m still to be recognised in Income. Equivalent H1 2019 new business wins £5.9m
- New business pipeline at 30.06.20 £42.6m (30.12.19: £30.4m)

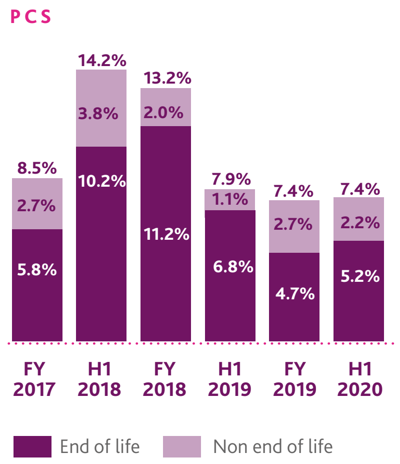
## LTM ORGANIC REVENUE GROWTH




## LTM ATTRITION



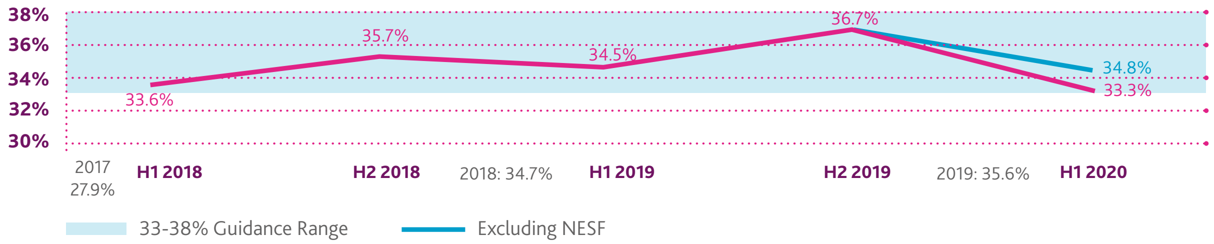

"We remain confident that our 8 – 10% guidance range for net organic growth is achievable."

## COMMENTARY

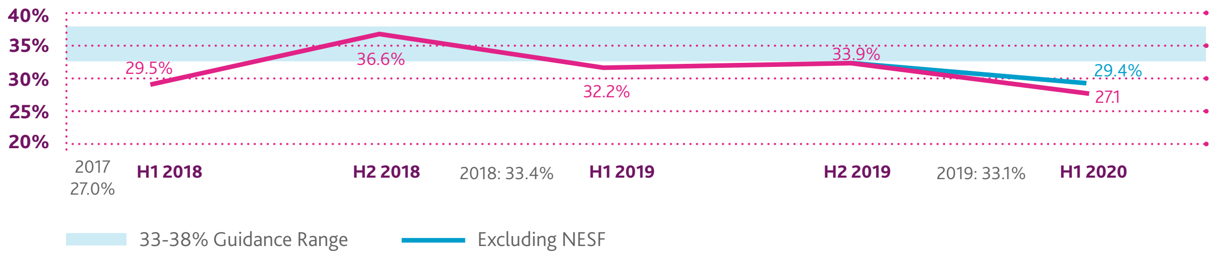
- LTM organic growth at 10.1%
- Strong growth in period in both divisions – PCS 11.8%, ICS 8.9%
- PCS organic growth lower in previous periods as impact of closure of Latin America sales offices impacted (positive impact on EBITDA margin)
- Attrition levels in line with expectations
- Increase in attrition in period due to higher number of end of life structures

# UNDERLYING EBITDA MARGIN*

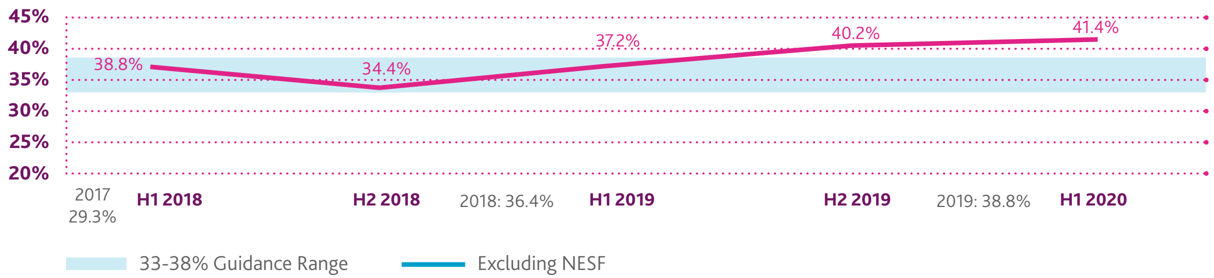
### GROUP




### ICS




### PCS




*Prior periods have been restated to show a comparable post IFRS 16 EBITDA margin

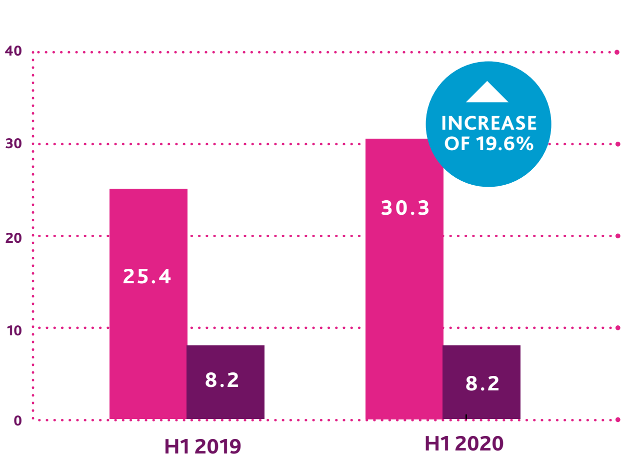
"EBITDA margin is typically better in H2, but due to Covid-19, NESF will drag this. Despite this we maintain our group guidance metric of 33-38% underlying EBITDA."

## COMMENTARY

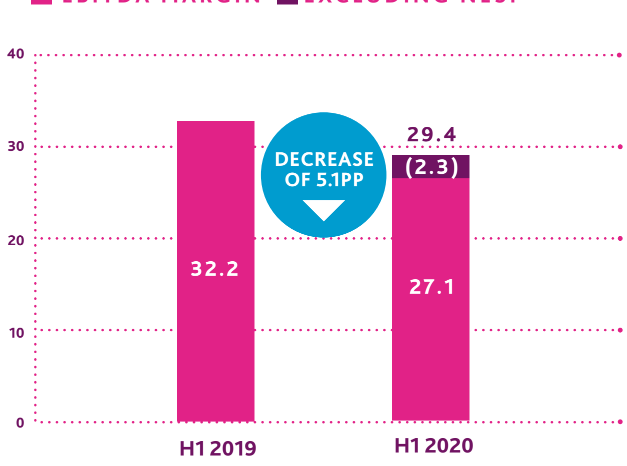
- H2 performance typically stronger than H1
- Delay in fund launches/ fund raising
- Organisation structured for sales growth
- Full 6 month impact in H2
- Core ICS margins being addressed with a specific project to reorganise operations taking into account technology upgrades and optimal business model
- PCS margins above guidance levels and expect these to drop back to top of range
- Delayed implementation leads to expected ICS margin improvements from 2021

# ICS DIVISION

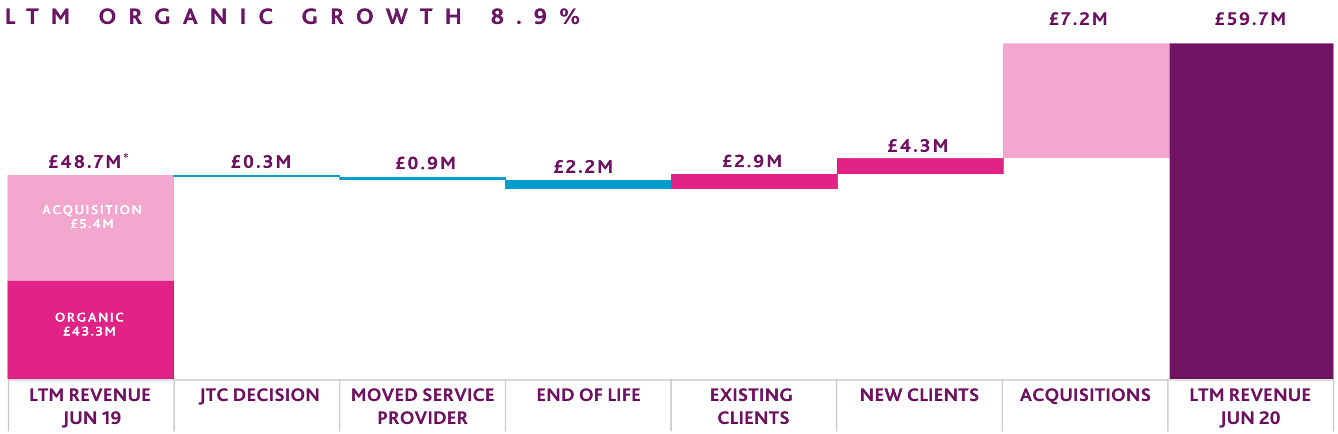
REVENUE AND UNDERLYING EBITDA(£M)




UNDERLYING EBITDA MARGIN(%)




LTM ORGANIC GROWTH 8.9%




*Presented as constant currency using H1 2020 Consolidation Income Statement exchange rates

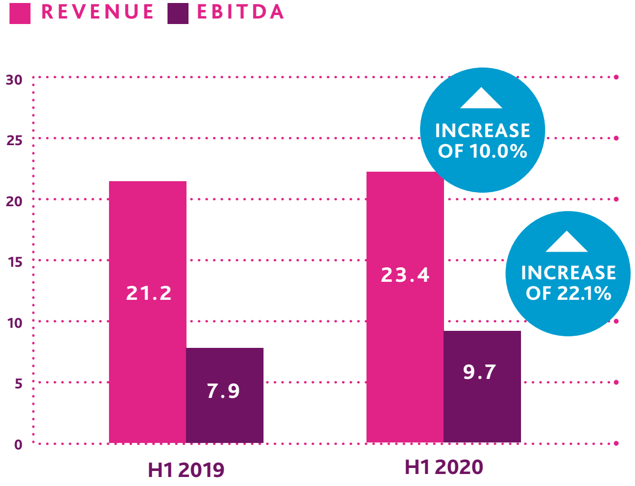
"Drop in margin but we have made the first steps to address this and are ready to implement the necessary change."

## COMMENTARY

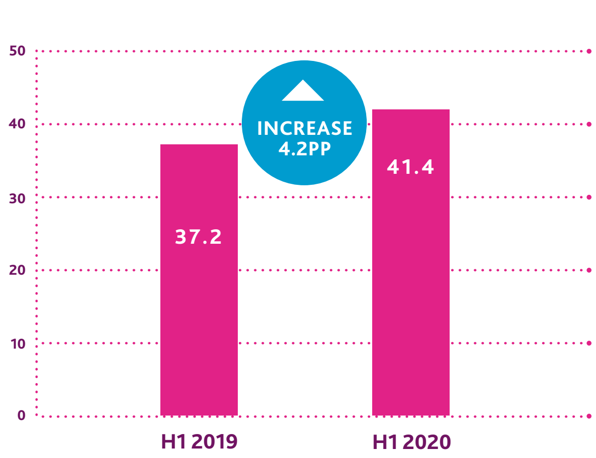
- Net Revenue growth 19.6%; net organic 8.9% (gross 16.6%), inorganic 10.7%
- Attrition £3.4m (7.7%)
- Net new organic revenue of £7.2m
- New business pipeline £29.3m (31.12.19 £19.5m)
- Overall EBITDA margin fell YoY by 5.1pp
- EBITDA margin excluding NESF fell by 2.8pp
- NESF adversely affected by Covid-19, lower fund activity and reduced interest rates. Business model being pivoted to time and materials based billing. Forthcoming US elections an additional factor

# PCS DIVISION

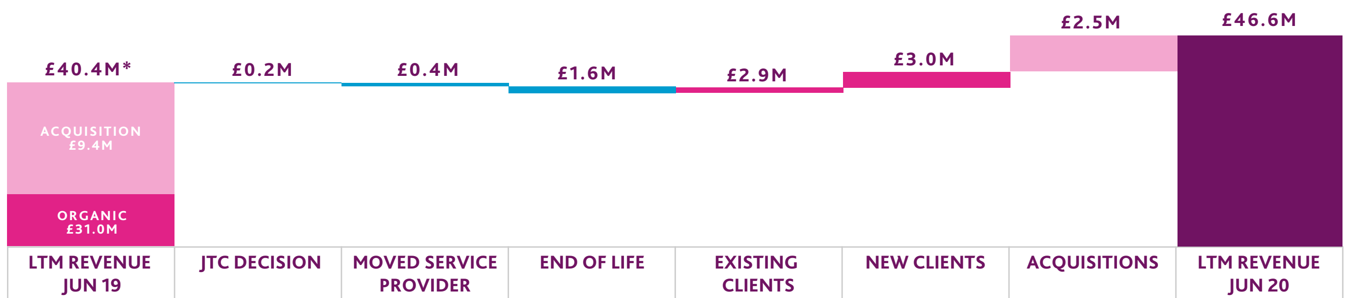
REVENUE AND UNDERLYING EBITDA(£M)




UNDERLYING EBITDA MARGIN(%)




LTM ORGANIC GROWTH 11.8%




* Presented as constant currency using H1 2020 Consolidation Income Statement exchange rates

"Excellent performance – strong growth and margins. Sanne PCS acquisition expected to be a good deal."

## COMMENTARY

- Net Revenue growth period on period 10.0%; driven by LTM net organic growth of 11.8% (gross 19.2%)
- Attrition £2.2m (7.4%)
- Net new organic revenue of £5.9m
- New business pipeline £13.3m (31.12.19 £10.9m) EBITDA margin improved YoY by 4.2pp
- Sanne private client business acquired 1 July 2020. £4.1m of annual revenues transferred, anticipate the transaction to be immediately earnings enhancing

# GROUP BALANCE SHEET

## FOR THE PERIOD ENDED 30 JUNE 2020

| | 30.06.2020 £m | 31.12.2019 £m |
|---|---|---|
| **Non-current assets** | | |
| Property, plant and equipment | 38.6 | 37.9 |
| Goodwill | 176.9 | 124.9 |
| Other intangible assets | 54.2 | 48.0 |
| Investment in equity-accounted investee | 1.4 | 1.1 |
| Other | 1.0 | 1.3 |
| **Total non-current assets** | **272.1** | **213.2** |
| **Current assets** | | |
| WIP, trade receivables and accrued income | 42.3 | 38.5 |
| Other receivables | 10.7 | 9.2 |
| Cash and cash equivalents | 41.0 | 26.3 |
| **Total current assets** | **94.0** | **74.0** |
| **Non-current liabilities** | | |
| Trade and other payables | 16.3 | - |
| Loans and borrowings | 104.4 | 86.7 |
| Leases liabilities | 29.0 | 28.6 |
| Other | 11.0 | 9.3 |
| **Total non-current liabilities** | **160.7** | **124.6** |
| **Current liabilities** | | |
| Trade and other payables | 14.1 | 21.1 |
| Loans and borrowings | 4.6 | 0.5 |
| Other | 18.8 | 12.5 |
| **Total current liabilities** | **37.5** | **34.1** |
| **Total equity** | **167.9** | **128.5** |

Source: Company information



"Significant level of intangible assets in the business. No impairment indicators at the present time."

## COMMENTARY

- Increases in Goodwill and Other intangible assets due to acquisition of NESF
- Net Investment Days (Trade Receivables + accrued income + WIP – Deferred revenue) / Revenue) = 103 Days , 31.12.2019: 116 days. Improvement due to timing of Exeqtive acquisition in 2019 and timing of their billing cycle
- Increase in trade and other payables reflects estimated deferred consideration for NESF (due mid 2022). Maximum earnout potential is $125m but currently we are forecasting $60.3m

# GROUP CASH FLOW STATEMENT

## FOR THE PERIOD ENDED 30 JUNE 2020

| | H1 2020 £m | H1 2019 £m |
|---|---|---|
| **Operating cash flows before movements in working capital** | **16.8** | **15.9** |
| Movement in working capital | (1.3) | (3.1) |
| Income taxes paid | (0.6) | (0.7) |
| **Net cash from operating activities** | **14.9** | **12.1** |
| **Cash generated from underlying activities** | **19.4** | **16.5** |
| Non-underlying cash items | (3.9) | (3.7) |
| Tax Paid | (0.6) | (0.7) |
| Net movement in cash from operating activities | 14.9 | 12.1 |
| **Investing activities** | | |
| Acquisitions | (8.7) | (21.3) |
| Other investing activities | (1.8) | (1.1) |
| **Net cash used in investing activities** | **(10.5)** | **(22.4)** |
| **Financing activities** | | |
| Interest on loans | (1.1) | (1.0) |
| Bank loan draw down | 17.9 | 15.5 |
| Dividends paid | (4.4) | (2.2) |
| Other financing activities | (2.8) | (2.4) |
| **Net cash from financing activities** | **9.6** | **9.9** |
| **Net increase/decrease in cash and cash equivalents** | **14.0** | **(0.4)** |
| EBT cash paid | 2.6 | 3.0 |
| Loan draw down (acquisition not made in period) | (10.0) | - |
| **Net cash generated** | **6.6** | **2.6** |

Source: Company information.

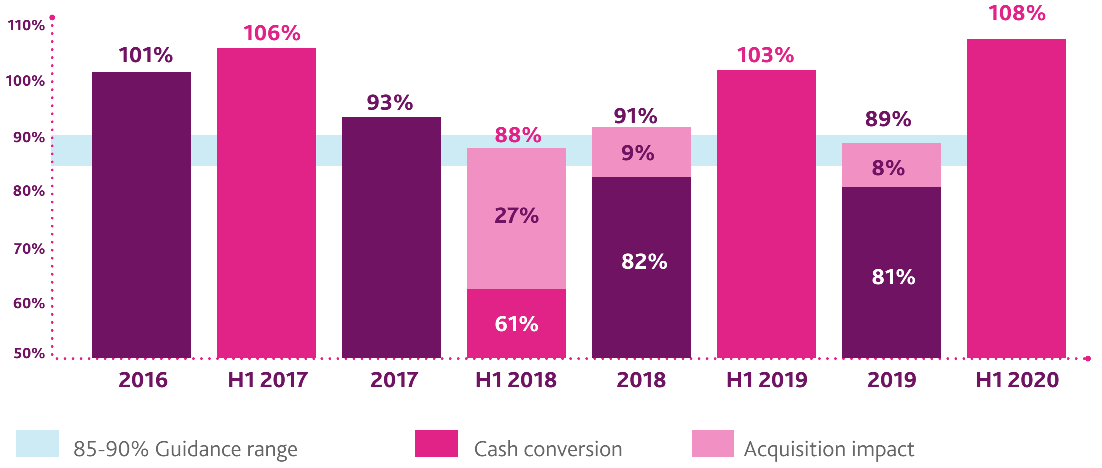
"The business remains highly cash generative and asset light. No impact on cash collections from Covid-19. In the first 6 months of 2020 group cash increased by £6.6m"

## COMMENTARY

- Underlying cash generated of £19.4m (H1 2019: £16.5m)
- Underlying cash conversion 108% (H1 2019: 103%)
- Non underlying cash items consist primarily of acquisition and integration costs
- Balance of remaining pre IPO EBT cash distributed in period
- £10m bank loan drawn down on 30.06.20 to make payment for Sanne private client acquisition on 01.07.20

# UNDERLYING CASH CONVERSION

## FOR THE PERIOD ENDED 30 JUNE 2020




| Underlying cash generated | H1 2019 £m | H1 2020 £m |
|---|---|---|
| Net cash from operating activities | 12.1 | 14.9 |
| Non-underlying cash items | 3.7 | 3.9 |
| Taxes paid | 0.7 | 0.6 |
| Underlying cash generated | 16.5 | 19.4 |
| Acquisition normalisation | - | - |
| **Normalised underlying cash generated** | **16.5** | **19.4** |
| | | |
| **Underlying EBITDA** | **16.1** | **17.9** |
| **Underlying cash conversion** | **103%** | **108%** |

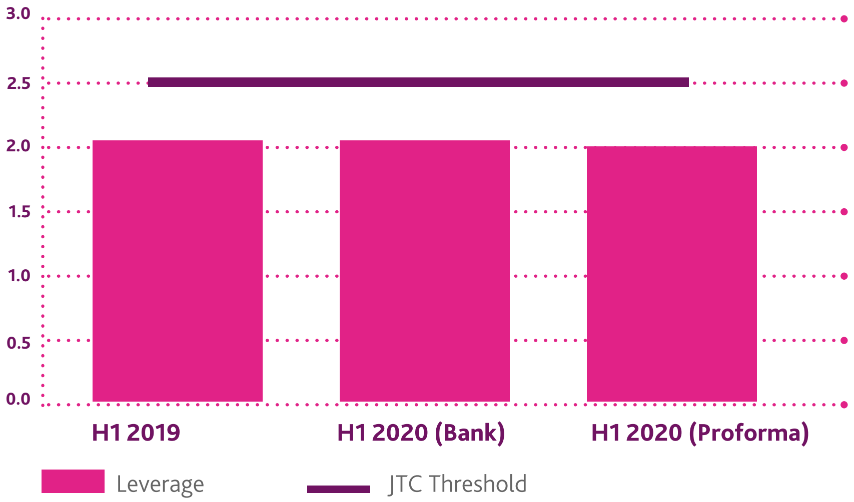
"Cash conversion is typically stronger in H1. Expect full year to be within guidance range."

## COMMENTARY

- H1 2020 normalised underlying cash conversion 108% (H1 2019 103%)
- Note H1 always stronger because of – annual billing cycle etc
- Maintaining annual cash conversion guidance at 85-90%

# NET DEBT

## FOR THE PERIOD ENDED 30 JUNE 2020

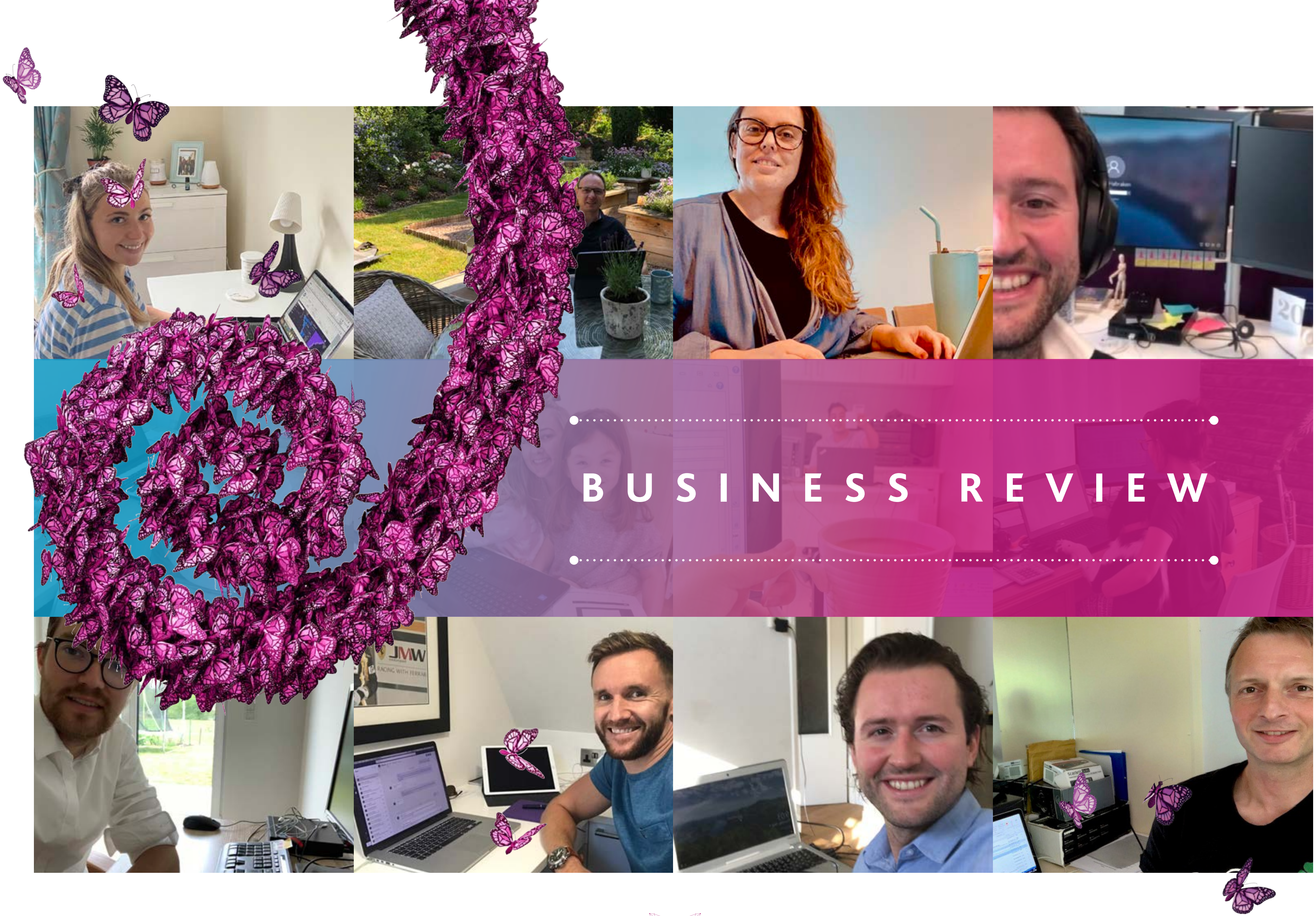



| | H1 2019 £m | H1 2020 £m |
|---|---|---|
| Cash balances | 30.5 | 41.0 |
| Bank debt | (87.9) | (107.5) |
| Other debt | (0.8) | (1.5) |
| Cash held on behalf of JTC EBT | (2.7) | - |
| **Net debt** | **(60.9)** | **(68.0)** |
| Underlying EBITDA | 29.3 | 32.8 |
| **Leverage** | **2.1** | **2.1** |

"Management typically expect leverage to be at <2 times proforma EBITDA. Will consider increasing up to 2.5 times given availability of facility and acquisition opportunities."

## COMMENTARY

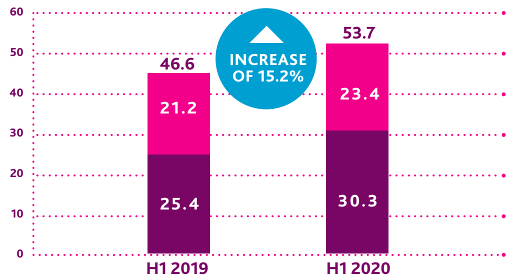
- Leverage at period end at 2.0 times proforma EBITDA
- Bank covenant calculation excludes proforma impact of NESF
- Management target for net debt up to 2.0 times underlying proforma EBITDA
- Management comfortable with taking leverage up to 2.5 times given current M&A pipeline and opportunities
- Banking leverage test at 3.25 times underlying LTM EBITDA at 30.06.2020. Margin at LIBOR plus 2%



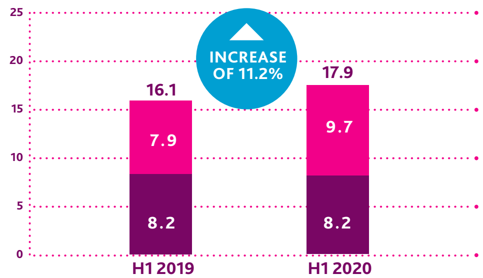
# BUSINESS REVIEW

# GROUP OVERVIEW

REVENUE GROWTH (£M) ICS PCS



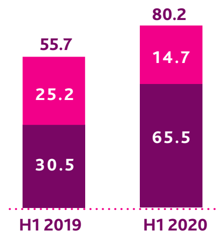

UNDERLYING EBITDA GROWTH (£M) ICS PCS




Annualised value of new business wins in 2019 of £8.6m. Enquiry pipeline of £42.6m. ICS PCS

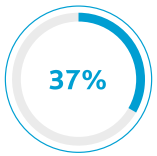
NEW BUSINESS WINS AND PIPELINE (£M)


LIFETIME VALUE WON* (£M)

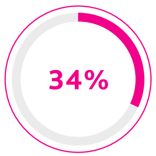



*BASED ON AVERAGE CLIENT LIFESPAN OF 10 YEARS AND NET OF CURRENT YEAR ATTRITION

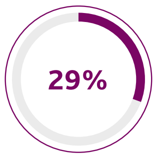
GOOD REVENUE BALANCE BETWEEN SERVICE LINES




FUND SERVICES
(H1 2019: 36%)




CORPORATE SERVICES
(H1 2019: 33%)




PRIVATE WEALTH SERVICES
(H1 2019: 31%)

## HIGHLIGHTS

### COMPLEMENTARY DIVISIONS

- Fundamental service is professional administration of entities & assets
- Common skill sets, infrastructure & technology opportunities
- Diversification at Group level with cross-pollination at client level
- Positive long-term growth drivers – outsourcing, regulation, globalisation, wealth creation, technology & consolidation
- Acquisition opportunities to increase market share & expand service range
- JTC is a ‘top tier’ provider in both

### H2 AND OUTLOOK

- Safe & orderly return to work
- Continue with re-organisation of fund services
- Progress the integration of NESF & Sanne
- Accelerated technological developments for enhanced client services & efficiencies across the Group
- Consider further acquisition opportunities

# COVID UPDATE

## CLIENTS

- Existing clients more active & cash collection strong
- Won £1m+ mandates under 'lockdown', but engagement hampered and some work on hold (especially US)
- More demand & larger mandates – business reconfigurations & outsourcing for 'leaner' models
- Flight to quality effect benefits larger, established providers like JTC

## OPERATIONS & EMPLOYEES

- Shared ownership culture matters – excellent team spirit and effort globally
- More and better management interaction and reporting
- Well-invested platform performed & Business Continuity team delivered
- Restrictions slowed operational change & integration programmes


## ESG

- Even more important than pre-pandemic, especially social impact
- Positive for JTC. Builds on 20+ years of shared ownership & community support
- A growth area for us to support clients & win new business
- NESF tech-enabled solutions to support impact investing & reporting

## M&A ACTIVITY

- Activity slowed over summer, but has now re-ignited and is accelerating
- JTC remains a popular acquirer – shared ownership & straightforward approach
- Prices may soften due to volume, distracted buyers & ongoing uncertainty
- Expect to see larger opportunities, but will always maintain discipline & know when to say no

# INORGANIC GROWTH STRATEGY

## NESFinancial

USA

FUNDS

TECH ENABLED PEOPLE

- Completed 29 April 2020
- All share deal with 2-year EBITDA-based earn-out. Strong alignment with downside protection.
- 'Beach head' fund administration platform to build out US institutional offering
- Silicon Valley tech capabilities to drive client experience & efficiencies (Group-wide)
- Excellent cultural fit & shared vision for the US market, Group tech strategy & global cross-selling
- Covid-19 has slowed integration and impacted revenues (new business, AuM fees & low interest rates)
- Clear plan to develop the business and operating model e.g. charging regime
- Group R&D lead for ESG / impact investing solutions

## sanne

JERSEY

PCS

PEOPLE + RELATIONSHIPS

- Completed 1 July 2020
- Straightforward due to scale & single employee jurisdiction, despite lockdown
- Book c.20% smaller than advertised, but consideration adjusted accordingly
- Pleased with the team (and they with us) and the client base
- Our new colleagues have growth opportunities as part of an award-winning PCS platform
- Active cross and up-sell activity – JTC Private Office & Treasury Services

## M&A OUTLOOK

- Initial slowdown over the summer
- Activity levels re-ignited & accelerating
- Good visibility of most deals (PCS & ICS)
- A popular acquirer - shared ownership & straightforward approach
- May see some softening on price
- Expect to see some larger opportunities
- Always disciplined & know when to say no

"We believe there will be opportunities at attractive price points that fit with our disciplined approach and commitment to both Divisions. As ever, knowing when to say no remains a key JTC attribute."

NIGEL LE QUESNE, CEO

# KEY TAKEAWAYS

## H1 2020

- Revenue growth of 15.2% to £53.7m with 10.1% net organic growth
- Underlying EBITDA growth of 11.2% to £17.9m at a margin of 33.3%
- Good contributions from both Divisions with strong new business wins
- Resilient and highly effective response to Covid-19 with seamless client service provided by a world-class team
- Acquisition of NES Financial a strategic entry into US fund services market. Acquisition of Sanne private client business a good value bolt-on
- Continued investment in our scalable global platform

## H2 2020

- Maintain net organic revenue growth target of 8% - 10% at Group level
- Maintain EBITDA margin target of 33% - 38% at Group level
- Net debt / Underlying EBITDA up to 2.0x
- Integration of NES Financial and Sanne acquisitions
- Focus platform development around technology capabilities and go-to-market strategy
- Maintain disciplined M&A approach

"JTC has prided itself on having a robust and resilient business model for 32 years. The Covid-19 pandemic is the latest global event to test our ability to thrive and grow and in general terms we have coped very well in H1 2020. We continue to believe the Group remains resilient, diversified and well-organised for success."

NIGEL LE QUESNE, CEO

# THANK YOU

# QUESTIONS

# APPENDICIES

# THE PRESENTERS


**NIGEL LE QUESNE**
Chief Executive Officer

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E: nigel.lequesne@jtcgroup.com



**MARTIN FOTHERINGHAM**
Group Chief Financial Officer

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E: martin.fotheringham@jtcgroup.com


Nigel Le Quesne has been the key figure in the development of the JTC Group over the last 30 years.

As Chief Executive Officer, Nigel provides strategic leadership and management for all areas of JTC's operations, as well as developing the people he works with. Nigel draws on extensive experience gained from roles as diverse as personal trustee through to directorships of quoted companies.

Nigel is a Fellow of the Institute of Chartered Secretaries and Administrators and the Chartered Management Institute. He is also a member of the Society of Trust Estate Practitioners, the Jersey Taxation Society, the Institute of Directors and the Jersey Funds Association.

Nigel currently holds and has held a number of directorships across several business sectors in both private and quoted companies.

Martin joined JTC in 2015 as Group Chief Financial Officer with responsibility for the financial strategy, planning and forecasting for the Group. He also ensures that all financial management information and reporting is in line with the strategic and operational objectives of the business.

A chartered accountant, Martin started his career with BDO Binder Hamlyn. He subsequently worked with Deloitte, PwC, The Thomson Corporation and Bureau Veritas before taking the role of Group CFO for Moody International, a private equity backed technical inspection business. He spent eight years at Moody helping to see the business through two successful buyouts and a trade sale to Intertek plc (FTSE 100 Company).

# ABOUT JTC

ESTABLISHED
1987

2018
LISTED ON
London Stock Exchange

GLOBAL PLATFORM

C.130 BILLION USD
GROUP AUA

SHARED OWNERSHIP CULTURE

C.900 PEOPLE

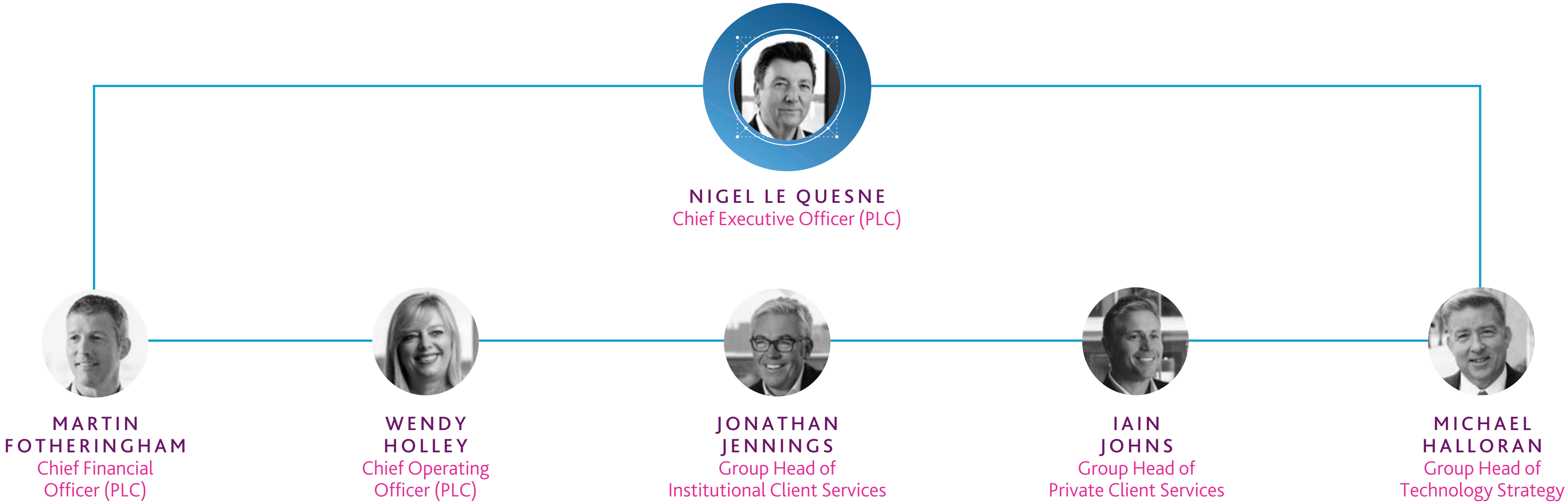
CLIENT SERVICE EXCELLENCE

AWARD WINNING

32
YEARS

REVENUE + PROFIT GROWTH

# SENIOR EXECUTIVE MANAGEMENT TEAM



# JTC OVERVIEW

**JTC PROVIDES 'FULL LIFE' SERVICES INCLUDING ACCOUNTING, REPORTING AND THE SET-UP,OPERATIONAL MANAGEMENT AND DISSOLUTION OF LEGAL ENTITIES**

## INSTITUTIONAL CLIENT SERVICES

Provides fund and corporate administration services to institutional clients, primarily fund managers, listed companies and multi-nationals.

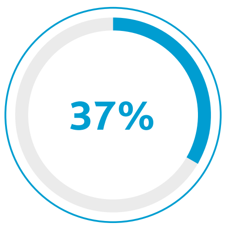
VISION:
Be acknowledged as a top-tier global provider of fund and corporate services.

## PRIVATE CLIENT SERVICES

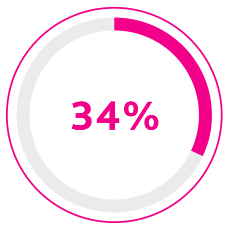
Provides trust and corporate administration services to meet the personal and business needs of private clients, including HNW and UNHW individuals and families, as well as family and private offices and international wealth management firms.

VISION:
Be recognised as the best private client practice in the world.

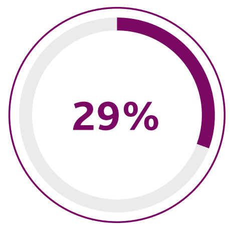
### FUND SERVICES (FS)




### CORPORATE SERVICES (CS)




### PRIVATE WEALTH SERVICES (PWS)



# INSTITUTIONAL CLIENT SERVICES DIVISION

**REVENUE**
£30.3M
H1 2019: £25.4M

**EBITDA**
£8.2M
H1 2019: £8.2M

**MARGIN**
27.1%
H1 2019: 32.2%

**NBW**
£6.9M
H1 2019: £3.2M

**LVW**
£65.5M
H1 2019: £30.5M

## H1 HIGHLIGHTS

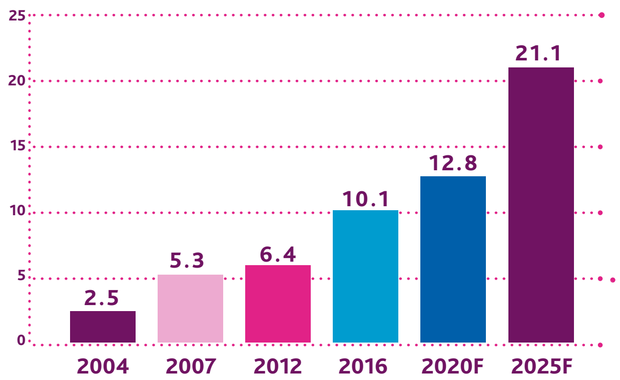
- Strong organic revenue growth of 8.9%
- Significant new business wins, strong pipeline momentum and growing profile in the market
- Disappointing margin performance in fund services, but a plan is in place to fix the issues, which are understood
- Acquisition of NES Financial a strategic entry into the high potential US market and also brings new technology capabilities
- Seamless client service delivered while remote working

## H2 & OUTLOOK

- Encouraging for revenue with strong pipeline and new business momentum
- Rapid implementation of changes to fund services operating model to deliver material margin improvement by year end
- Integration of NES Financial onto our global platform
- Continue to deliver process and service improvement through technology
- Focus on US, Luxembourg, UK and Dublin for growth

## THE GLOBAL ICS MARKET

### GLOBAL ALTERNATIVE AUM GROWTH ($TRN)




Source: PwC Research Centre Analysis

- Strong market fundamentals remain
- Increasing demand for a global administration service with optimal blend of expertise, scale and technology
- Strong growth opportunities exist within the alternative assets market, especially in the US due to increased outsourcing trends

"We have delivered a good performance overall, particularly in the volume and quality of new business won. The NES Financial transaction is an important entry into the US market and we remain fully committed to improving our fund services operating model to bring margins back in line with where we know they can be. I am excited for the second half of the year and beyond."

**JON JENNINGS**
Group Head of ICS

NBW = New Business Won is the annualised value of work won in the year
LVW = Lifetime Value Won is 10 times annualised value of work won minus attrition in past year

# PRIVATE CLIENT SERVICES DIVISION

**REVENUE**
£23.4M
H1 2019: £21.2M

**EBITDA**
£9.7M
H1 2019: £7.9M

**MARGIN**
41.4%
H1 2019: 37.2%%

**NBW**
£1.7M
H1 2019: £2.7M

**LVW**
£14.7M
H1 2019: £25.2M

## H1 HIGHLIGHTS

- Very good performance on revenue, EBITDA and margin
- Organic revenue growth of 11.8%
- New business pipeline is increasing and should bear fruit in H2
- Acquisition of Sanne PCS business a good value bolt-on
- Seamless client service delivered while working remotely
- Very strong operating and governance model

## H2 & OUTLOOK

- Strong financial results to build on in H2 with particular focus on winning more new business from a strong pipeline
- Apply new technology capabilities to develop JTC Private Office and our Edge client portal
- Increase our focus on the US and Asian markets as part of a long-term strategy
- Develop our market positioning through thought leadership
- Increase revenue via 'first cousin' services such as treasury services and tax compliance

## THE GLOBAL PCS MARKET

| | UHNWIs (US$30m+) | | | | % change | | |
|---|---|---|---|---|---|---|---|
| | 2014 | 2018 | 2019 | 2024 | 2014 - 2019 | 2018 - 2019 | 2019 - 2024 |
| **World** | 396,368 | 482,176 | 513,244 | 649,331 | 29% | 6% | 27% |
| Africa | 4,070 | 4,428 | 4,501 | 5,934 | 11% | 2% | 32% |
| Asia | 69,528 | 91,547 | 103,335 | 148,758 | 49% | 13% | 44% |
| Europe | 97,031 | 106,164 | 110,846 | 135,966 | 14% | 4% | 23% |
| Latin America | 15,981 | 14,148 | 14,190 | 16,536 | (11%) | 0% | 17% |
| Middle East | 10,043 | 14,169 | 14,178 | 16,581 | 41% | 0% | 17% |
| North America | 183,236 | 235,989 | 249,900 | 305,064 | 36% | 6% | 22% |

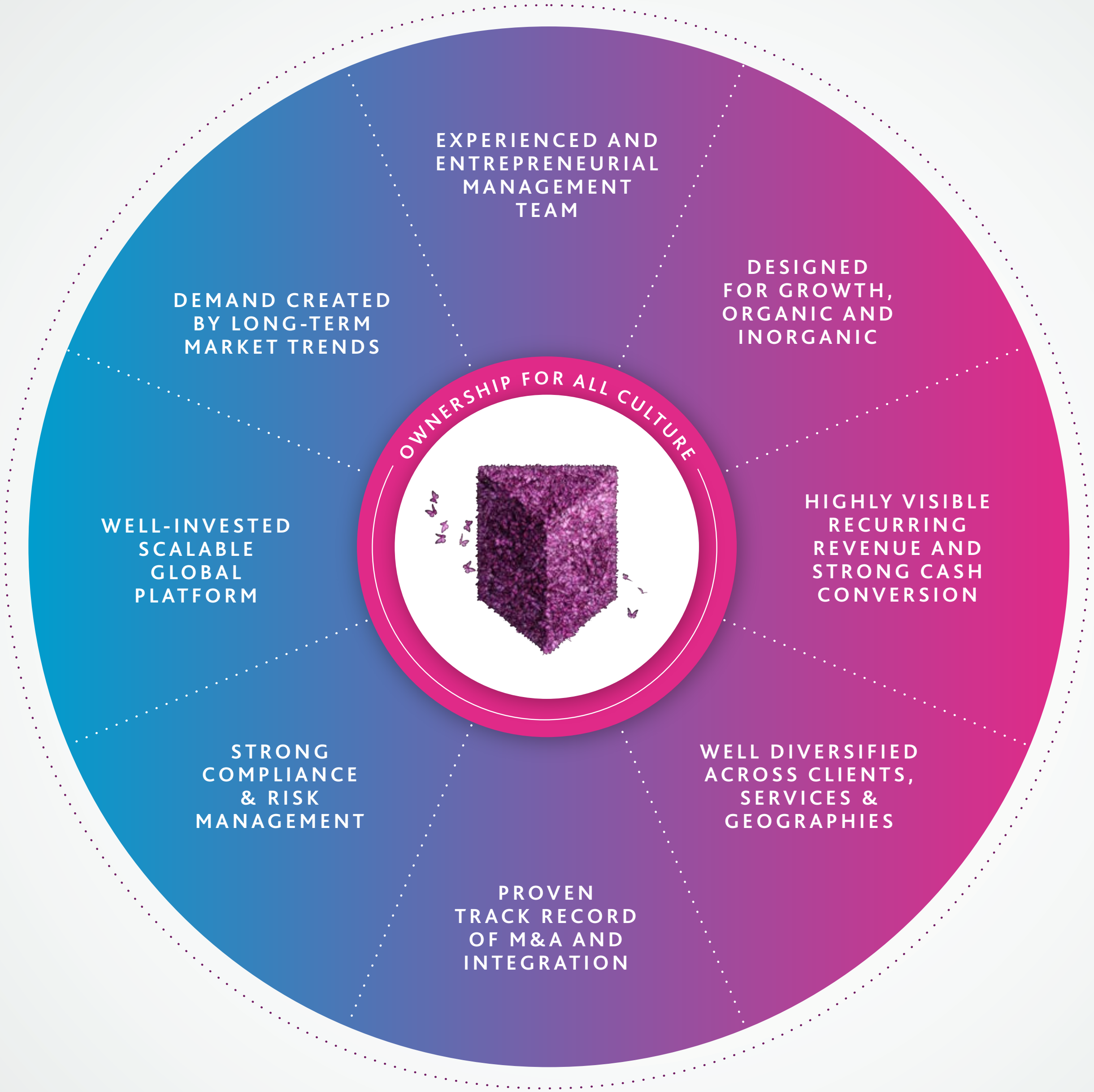
Source: Knight Frank Wealth Report March 2020

"I am delighted with our strong performance in H1, which comes as the result of an outstanding team effort on a global basis. We will remain disciplined going into the second half of the year seek to build on our positive results and continued momentum to finish 2020 as strongly as possible."

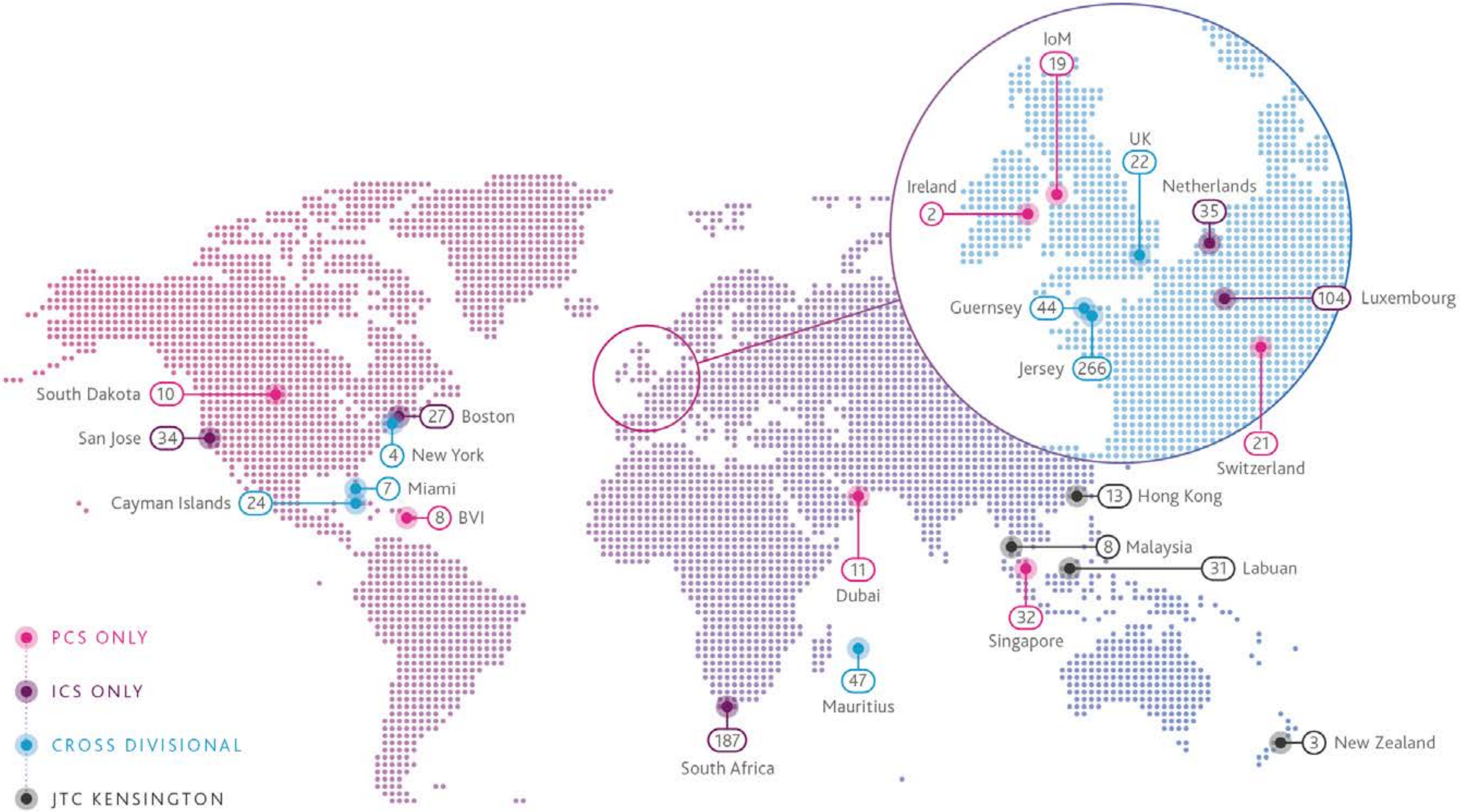
**IAIN JOHNS**
Group Head of PCS

NBW = New Business Won is the annualised value of work won in the year
LVW = Lifetime Value Won is 10 times annualised value of work won minus attrition in past year

# THE JTC INVESTMENT CASE



# GLOBAL REACH




Source: Company information

# MACRO MARKET TRENDS

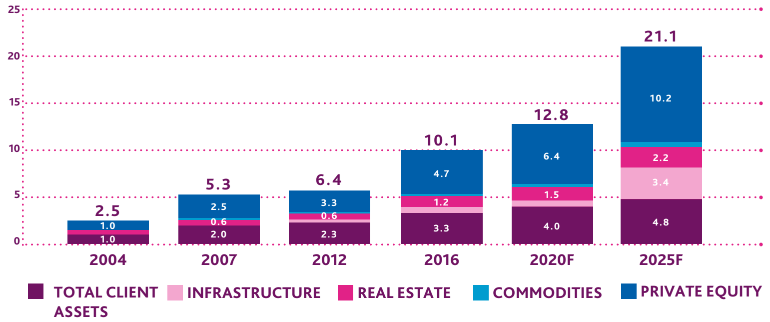
## INSTITUTIONAL CLIENT SERVICES

We continue to see strong growth potential for fund and corporate services, underpinned by robust, ongoing long-term market fundamentals.

Recent market uncertainty has lead to fund restructurings and recapitalisations which has supported increased administration activity, client lifetime values and additional fee income.

We expect to see the events of H1 2020 lead to a greater demand for outsourcing and technology solutions to meet the higher expectations of regulators and investors for information and transparency, leading to a greater ESG focus.

### GLOBAL ALTERNATIVE AUM GROWTH BY TYPE ($TRN)[1]

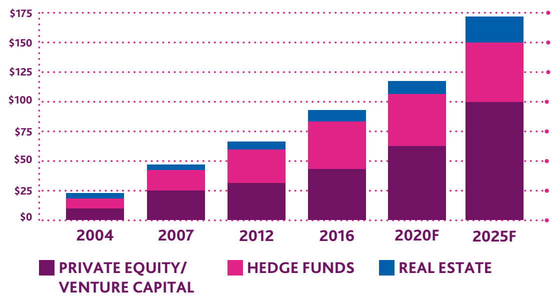



| | 2016A-20F | 2020F-25F |
|---|---|---|
| TOTAL | 8.5% | 8.7% |
| PRIVATE EQUITY | 7.8% | 9.8% |
| COMMODITIES | 17.1% | 8.3% |
| REAL ESTATE | 6.9% | 7.5% |
| INFRASTRUCTURE | 27.5% | 15.0% |
| TOTAL CLIENT ASSETS | 4.5% | 3.8% |

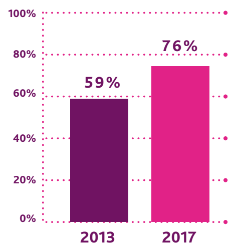
1 - Source: PwC Research Centre Analysis

### THE US ALTERNATIVE MARKET HAS STRONG GROWTH POTENTIAL

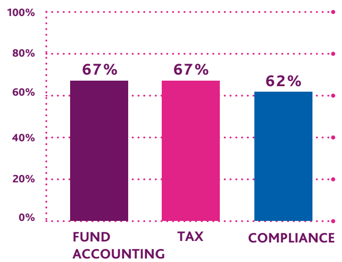
#### GROWTH IN ALTERNATIVE ASSETS BY TYPE[1]




#### INCREASE IN PE OUTSOURCING[2]




#### OUTSOURCING OPPORTUNITIES[3]




1 - in $ billions. Source: PriceWaterhouseCoopers
2 - Percentage of private equity funds launched that used a fund administrator. Source: Ipes
3 - The most valuable areas for ongoing success when shifting tactical finance to a third party, according to percentage of CFO respondents.Source: Emst & Young

## GROWTH DRIVERS

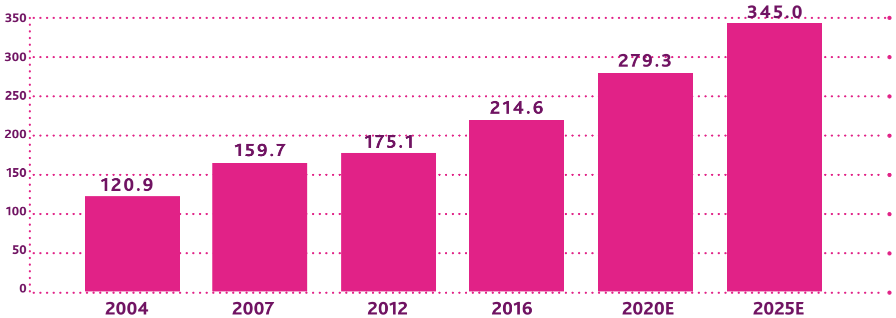
- **Market Prospects:** Capital allocation to alternatives is forecast to continue growing strongly on a global basis and expected to increasingly require fund administration and related services as a result of Covid-19
- **Outsourcing:** Increasing pressure on fund managers to demonstrate high standards of transparency, operational governance and ESG practices in response to ever-greater investor demands. Fund managers increasingly seeking administration partners that can deliver the optimal blend of expertise, scale and technology to meet their future needs. The US continues to be a particular opportunity, with outsourcing levels lagging Europe, but accelerating
- **Regulation:** Increasing volume and complexity of regulation and global scrutiny is creating growth opportunities due to the high cost of potential failure and increased reporting requirements and need for greater transparency. Specific market initiatives, such as Opportunity Zones in the US, provide further potential for growth off the back of heightened socio-economic impacts seen during 2020
- **Globalisation:** Growing demand for de-risking services from foreign investors who are crossing borders and need 'one-stop-shop' support to navigate an increasingly complex global regulatory environment
- **Further Consolidation:** The market remains fragmented and is undergoing continued consolidation – albeit at a slower rate in 2020. Global players with the experience, capability and resources to acquire and integrate seamlessly continue to gain the most from the external environment

# MACRO MARKET TRENDS

## PRIVATE CLIENT SERVICES

Increasing global wealth, more extensive and complex regulation and demand for more sophisticated and technology-enabled services underpin the continued and growing demand for private client services – which globally is estimated to be worth c.£1bn pa in fees.

### TOTAL CLIENT ASSETS ($TRN)[1]




TOTAL CLIENT ASSETS

CAGR 2016-2025E 6.2%

### GLOBAL GROWTH IN UHNW WEALTH

| | UHNWIs (US$30m+) | | | | % change | | |
|---|---|---|---|---|---|---|---|
| | 2014 | 2018 | 2019 | 2024 | 2014 - 2019 | 2018 - 2019 | 2019 - 2024 |
| **World** | **396,368** | **482,176** | **513,244** | **649,331** | **29%** | **6%** | **27%** |
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| North America | 183,236 | 235,989 | 249,900 | 305,064 | 36% | 6% | 22% |

Source: Knight Frank Wealth Report March 2020

## GROWTH DRIVERS

- **Wealth creation:** The ultra-wealthy are getting wealthier and there are more of them. It is anticipated that the global population of UHNW individuals and families will grow by 27% to 2024, with growth anticipated in all continental regions
- **Regulation:** The impact of politicised regulation and increasing global scrutiny is creating growth opportunities due to the high cost of any potential failure (CRS, FATCA, Beneficial Ownership Registers, Directors Registers, EU Savings Directive, GDPR, Economic Substance and BEPS). Delivering best-practice compliance for clients requires high levels of expertise and a global footprint
- **'Institutional-style' services:** wealthy individuals and families are spending more on external service providers as they seek to professionalise their private and family offices. This can lead to strong organic growth opportunities and increased average mandate size
- **Technology:** Growing demand for technology-enabled services that deliver secure, customisable and always-on access to data and services. Technology capabilities are required in addition to, not instead of, high-touch client relationships
- **Further consolidation:** The market remains fragmented with over 40 'top tier' providers and consolidation continuing. Global players with the experience, capability and resources to acquire and integrate seamlessly continue to gain the most from the external environment

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