



## **Intertrust N.V. acquires Elian**

**Specialist in Capital Markets and Private Equity & Real Estate Fund Administration**

**6 June 2016**



**Intertrust**

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# Intertrust N.V. acquires Elian

Total consideration of £435m (€557m)

<b>Strong strategic rationale</b>	<ul style="list-style-type: none"><li>▶ Elian is a high growth, regional Trust &amp; Corporate Services leader with 615 dedicated, highly qualified employees and particular strength in services for Capital Markets and Private Equity &amp; Real Estate Fund Administration</li><li>▶ The market leader in Jersey, with strong presence in the UK and 13 other jurisdictions, 10 of which overlap with Intertrust</li><li>▶ In line with our strategy, adds scale to our existing operations and deepens offering to Capital Markets and to Funds</li></ul>
<b>Excellent cultural fit</b>	<ul style="list-style-type: none"><li>▶ Committed management with an excellent track record joining the Intertrust team; ~40 managers and key employees reinvesting £26m of proceeds into Intertrust shares</li><li>▶ Stringent compliance and KYC standards, comparable to Intertrust's</li><li>▶ Similar blue chip client base covering alternative investment funds, financial institutions and corporates</li></ul>
<b>Attractive value accretion</b>	<ul style="list-style-type: none"><li>▶ EV/EBITDA CY 2016E<sup>1</sup> acquisition multiple of 9.5x taking into account identified run-rate synergies of £10.4m</li><li>▶ Pre synergies, EV/EBITDA CY 2016E<sup>1</sup> of 12.3x, in line with recent sector transactions</li><li>▶ Double-digit ROIC by CY 2018E and accretive to EBITA margins including synergies</li><li>▶ ~10% accretion on a pro forma basis excluding synergies to CY 2016E adjusted net income per share<sup>2,3</sup> and ~20% accretion by CY 2018E including synergies<sup>4</sup></li></ul>
<b>Sound financing structure</b>	<ul style="list-style-type: none"><li>▶ Funded through €100m in cash, €315m<sup>5</sup> in debt and €155m<sup>6</sup> in equity</li><li>▶ Pro forma leverage up to a maximum of 4.0x LTM net debt/EBITDA at closing (including run-rate synergies per covenant)</li><li>▶ Leverage expected to be in medium term target range of 2.0 – 2.5x net debt/EBITDA by CY 2018E<sup>7</sup></li></ul>
<b>Closing in 2016</b>	<ul style="list-style-type: none"><li>▶ Expected to close in 2016</li><li>▶ The Board of Intertrust has approved the transaction and a majority of the shareholders have provided undertakings to vote in favour of the transaction</li><li>▶ Conditional on Extraordinary General Meeting approval and customary regulatory approvals</li></ul>

Note: £ financials converted to € at FX rate of 1.28 on 3-Jun-16; 1. CY2016E EBITDA of £35m (€45m), calendarised by taking 1/12 of FYE Jan-16 EBITDA and 11/12 of FYE Jan-17 EBITDA; 2. Adjusted net income per share is calculated as adjusted EBITA less net interest costs and less tax costs calculated at the applicable effective tax rate divided by the number of shares outstanding; 3. Compared to guidance of minimum €1.30; 4. Compared to Bloomberg consensus on 3-Jun-16; 5. Including revolver drawdown of ~€50m and €265m in new facilities; 6. Including management reinvestment of €33m (£26m), for which they will receive shares 12 months and 10 business days post closing of the acquisition; such shares may be provided through new issuance by Intertrust or by delivery of treasury stock by Intertrust; 7. Absent further M&A



# Eliau is the leader in Jersey in T&CS<sup>1</sup>, and a specialist in Capital Markets and Private Equity & Real Estate Fund Administration

Eliau was one of the top 10 targets on our M&A shortlist during IPO

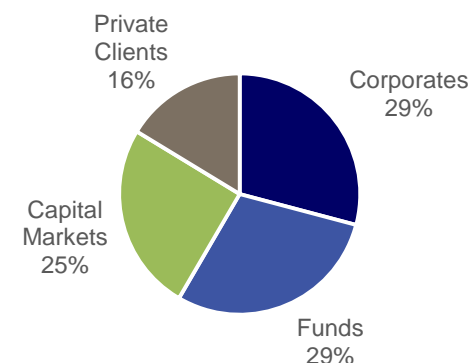
## Snapshot of Eliau

- ▶ Distinguished regional leader in T&CS, headquartered in Jersey expected to generate Revenue of £96m and EBITDA of £36m (37.4% margin) in FYE Jan-17E
- ▶ Significantly strengthened Capital Markets offering in 2015 through the acquisition of SFM, a leader in the UK with a strong presence in Luxembourg and Ireland
- ▶ Funds offering is recognised for its specific expertise in Private Equity & Real Estate Fund Administration services
- ▶ Broad range of high-value services provided to Corporates and Private Clients
- ▶ Highly diversified, loyal client base of blue chip clients (top 10 clients represent 16% of Revenue) including deep relationships with alternative investment funds and financial institutions
- ▶ Broad regional presence covering 15 jurisdictions<sup>2</sup> including: Jersey, Cayman, UK (London), Guernsey, Luxembourg, Ireland, Hong Kong, Spain and the Netherlands
- ▶ High quality management team supported by 615<sup>3</sup> highly qualified and motivated employees
- ▶ Formed by an MBO in Jun-14 backed by Electra Partners LLP

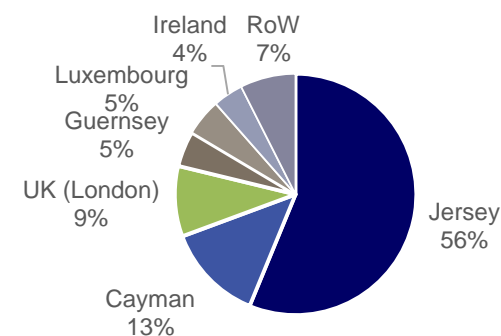
1. Trust & Corporate Services  
2. FYE Jan-16; includes JVs in Italy, Spain and Bahrain  
3. As of 29-Feb-16; excludes JV employees

## 2016 revenue breakdown<sup>2</sup>

### By client



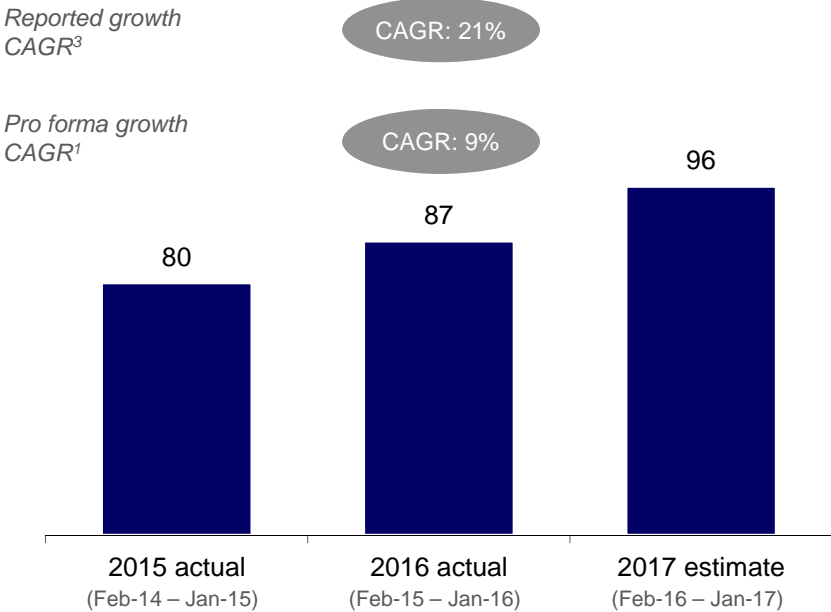
### By jurisdiction



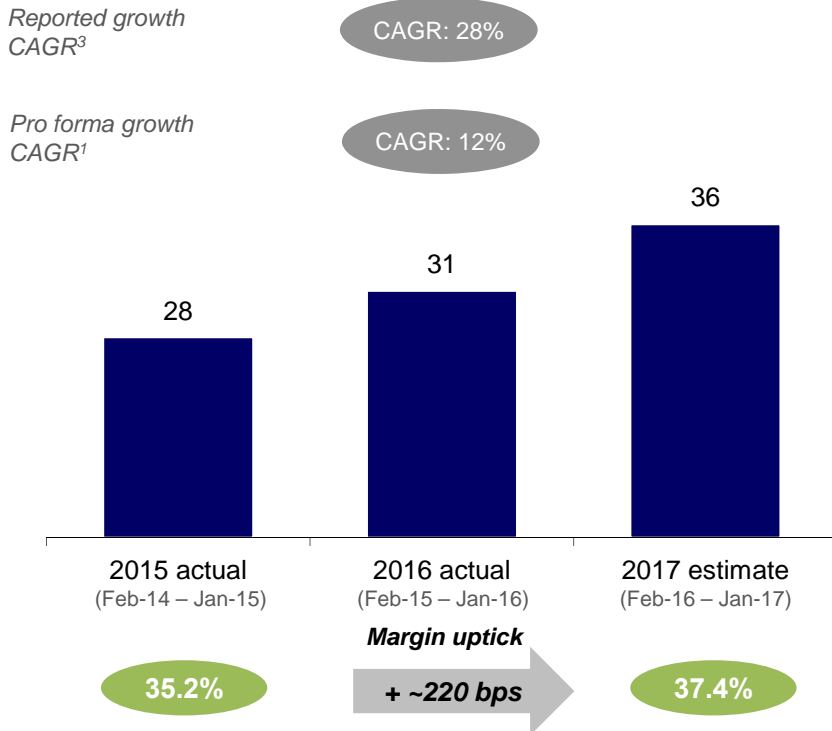
# Elian has a strong financial track record of growth and operational improvement

Delivering 12% EBITDA CAGR<sup>1</sup> in combination with strong margin improvement and cash conversion of 96%<sup>2</sup>

## Revenue (£m, FYE-Jan)<sup>1</sup>



## Adj. EBITDA (£m, FYE-Jan)<sup>1</sup>



**Strong pro forma growth complemented by acquisitions**


**Consistent margin improvement and significant investment in operational infrastructure**

1. Pro forma for Allied Trust and SFM acquisitions for all years, including FX. Allied Trust closed Jun-15 and SFM Dec-15  
 2. Defined as (adj. EBITDA – capex)/ adj. EBITDA; FYE Jan-16  
 3. Reported CAGR; excluding impact from Allied Trust and SFM acquisitions in 2015


# Strong strategic rationale and excellent cultural fit

Committed management and highly qualified employees with an excellent track record joining the Intertrust team


## Perfect alignment with Intertrust’s M&A strategy

- 

**Increase scale**

  - ▶ Significantly increase scale in the UK (London), Ireland and Spain
  - ▶ Further consolidation of Intertrust’s market leading positions in Cayman, Guernsey, Luxembourg and the Netherlands
- 

**Complementary services**



  - ▶ Capital Markets services
  - ▶ Private Equity & Real Estate Fund Administration services
- 

**Expand footprint**

  - ▶ Acquire a leadership position in attractive jurisdiction of Jersey

## Reinforcing global leadership

<b>Netherlands</b>		 #1
<b>Luxembourg</b>		 #2
<b>Cayman</b>		 #2
<b>Jersey</b>		 #1
<b>Guernsey</b>		 #2

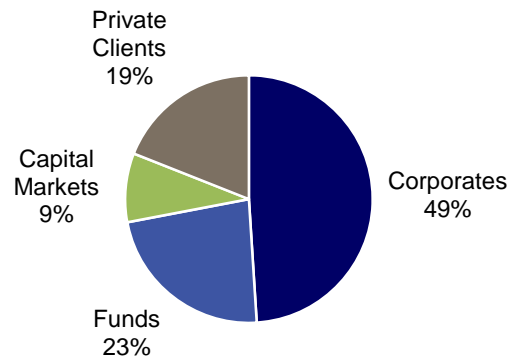
Legend:  Improved market share post acquisition  
 New leadership position post acquisition

# Attractive diversification

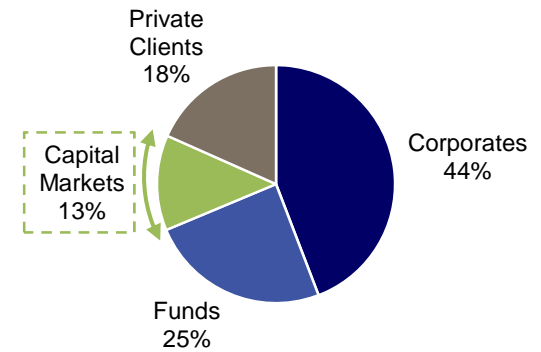
Eliau adds substantial positions in Capital Markets and Jersey and brings specialist expertise in Fund Administration

Revenue split by client type

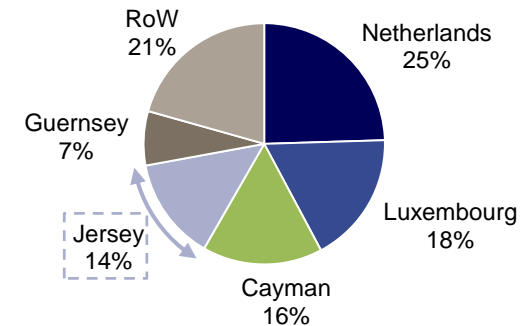
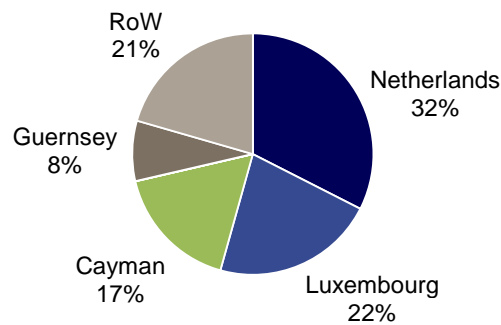
Intertrust 2015<sup>1</sup>



Intertrust + Eliau<sup>2</sup>



Revenue split by jurisdiction

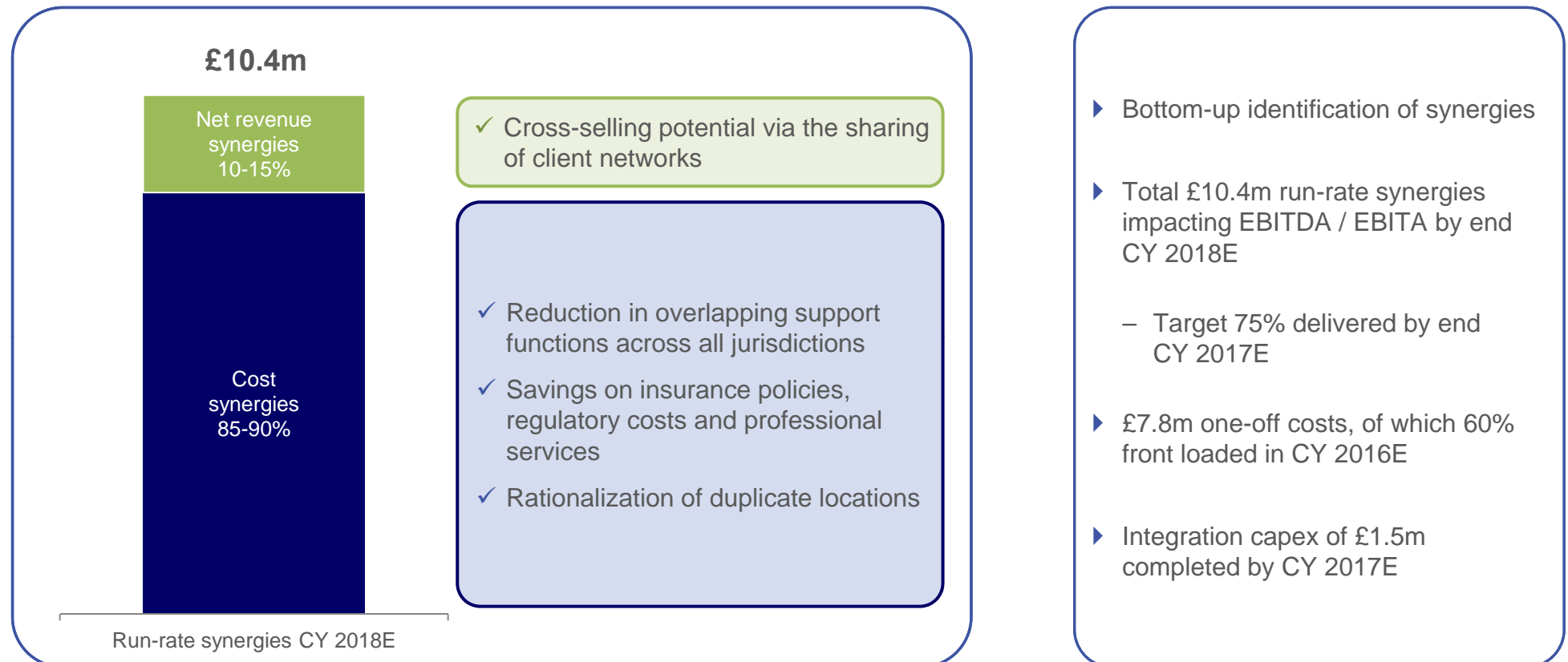


1. Intertrust revenue split per FYE Dec-15, excluding CorpNordic acquisition  
 2. Intertrust revenue split per FYE Dec-15. Eliau revenue split per FYE Jan-16, £ financials converted to € at FX of 1.28 on 3-Jun-16

# Unlocking of significant synergies managed by focused integration team from Day 1

Detailed analysis with Elian management buy-in and based on successful ATC experience

## Synergies breakdown





# Attractive value accretion

## Adheres to Intertrust's strict financial M&A criteria

### Multiple

(CY 2016E)<sup>1</sup>

- ▶ Acquisition multiple of 9.5x EV/EBITDA and 9.8x EV/EBITA, including run-rate synergies of £10.4m
- ▶ Acquisition multiple of 12.3x EV/EBITDA and 12.8x EV/EBITA, excluding synergies
  - In line with recent sector transactions

### ROIC > WACC

- ▶ Double-digit ROIC by CY 2018E including synergies
- ▶ Elian effective tax rate of ~10%

### Accretion

(Adj. net income per share)<sup>2</sup>

- ▶ ~10% accretion on a pro forma basis excluding synergies to CY 2016E guidance of minimum €1.30
- ▶ ~20% accretion by CY 2018E including synergies<sup>3</sup>

Note: £ financials converted to € at FX rate of 1.28 on 3-Jun-16


1. CY2016E EBITDA of £35m (€45m) and EBITA of £34m (€43m), calendarised by taking 1/12 of FYE Jan-16 EBITDA / EBITA and 11/12 of FYE Jan-17 EBITDA / EBITA

2. Adjusted net income per share is calculated as adjusted EBITA less net interest costs and less tax costs calculated at the applicable effective tax rate divided by the number of shares outstanding

3. Compared to Bloomberg consensus on 3-Jun-16

# Highly accretive and margin enhancing

## Illustrative combined financials

€m	 <b>Intertrust</b> (Dec-15 YE <sup>1</sup> )	<b>ELIAN</b> (Jan-16 YE)	Synergies	Intertrust + Elian
<b>Adj. revenue</b>	351	111	3 <sup>2</sup>	466
<b>Adj. EBITDA</b> % margin	149 42.5%	39 35.4%	13 <sup>3</sup>	202 43.3%
<b>Adj. EBITA</b> % margin	142 40.4%	37 33.5%	13 <sup>3</sup>	192 41.3%
<b>Tax rate</b>	~18%	~10%		~16%
<b>Adj. net income per share</b> (CY 2018E)				~20% accretion <sup>4</sup>

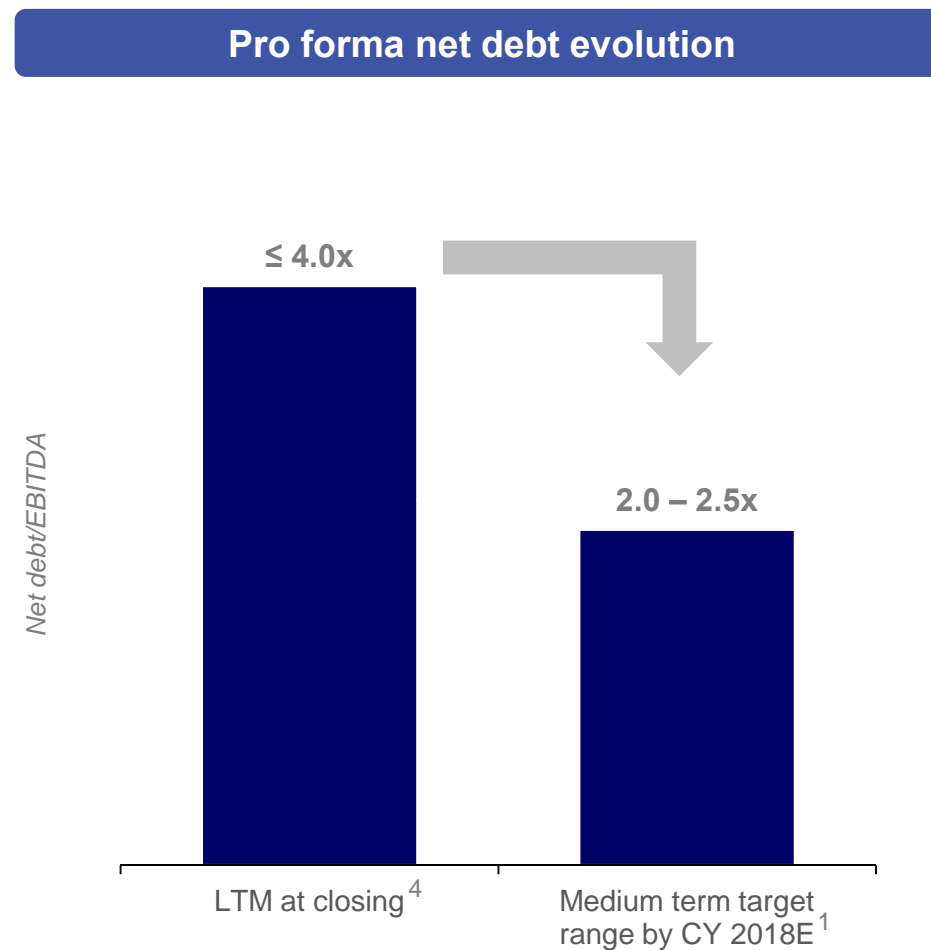
Note: £ financials converted to € at FX rate of 1.28 on 3-Jun-16

1. Pro forma for CorpNordic
2. Run-rate gross revenue synergies of £2.7m
3. Run-rate synergies of £10.4m, including net revenue synergies, by CY 2018E
4. Including synergies, compared to Bloomberg consensus on 3-Jun-16

# Sound financing structure

Leverage expected to be in medium-term target range of 2.0 – 2.5x by CY 2018E<sup>1</sup>

Sources & Uses (€m)			
Sources		Uses	
Cash on balance	100	Transaction price	557
Debt <sup>2</sup>	315	Transaction fees	13
Equity	122		
Management reinvestment <sup>3</sup>	33		
<b>Total</b>	<b>570</b>	<b>Total</b>	<b>570</b>



Note: £ financials converted to € at FX rate of 1.28 on 3-Jun-16

1. Absent further M&A
2. Including revolver drawdown of ~€50m and €265m in new facilities
3. Management reinvestment equal to £25.7m
4. Including run-rate synergies of £10.4m

# Timetable

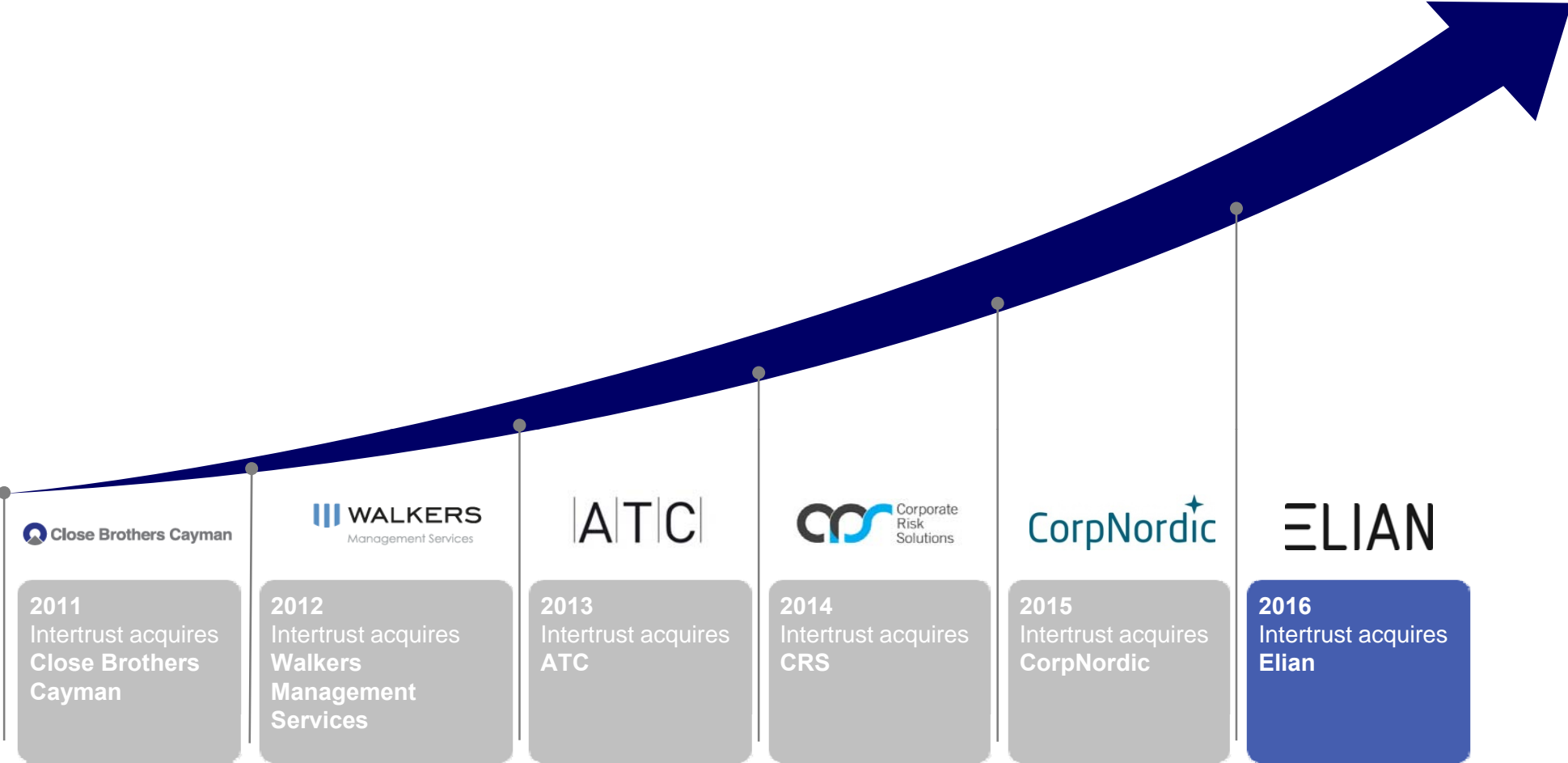
Expected to close in Q3 / Q4 2016

Date	Event
6 June	Announcement of acquisition, press conference call and investor conference call
July / August	Extraordinary General Meeting
Q3 / Q4 2016	Closing of acquisition



# Elian continues Intertrust's value-accretive M&A strategy

Strong fit with Intertrust strategic and financial criteria



# Intertrust is committed to medium term objectives and capital structure

## Outlook and medium term objectives

- ▶ ~10% accretion on a pro forma basis excluding synergies to CY 2016E adjusted net income per share guidance of minimum €1.30
  - ~20% accretion to adjusted net income per share by CY 2018E including synergies<sup>1</sup>
- ▶ Guidance reiterated of an adjusted net income per share of minimum €1.30 for Intertrust standalone in CY 2016E before the impact of the acquisition
  - takes into account expectation of Q2 2016 organic growth below Q1's, with a solid recovery in Q3 and Q4
- ▶ For the medium term, objective reiterated of organic revenue growth slightly above market growth of 5% (estimated market CAGR for CY 2015 - 2018E)
- ▶ Adjusted EBITA margin improvement objective increased by 100bps to 300 – 350bps by CY 2018E over the Intertrust stand-alone CY 2015 pro forma adjusted EBITA margin of 40.4%<sup>2</sup>
- ▶ Cash conversion to continue to be in line with historical rates
- ▶ Effective tax rate lowered to ~16% as a result of Elian acquisition

## Dividend policy

- ▶ Dividend payout in the range of 40% to 50% of adjusted net income including for CY 2016E the expected positive contribution of Elian post closing
- ▶ Dividends to be paid in semi-annual installments with interim dividend to be paid in Q4 2016

## Capital structure

- ▶ Intertrust will continue to focus on deleveraging
- ▶ Leverage of 2.0 – 2.5x net debt/EBITDA by CY 2018E absent further M&A

1. Compared to Bloomberg consensus on 3-Jun-16

2. Previous guidance of EBITA margin improvement post CY 2015 of 200 – 250 bps by CY 2018E



# Questions?

Contact: Anne Louise Metz, Head of Investor Relations  
Email: [annelouise.metz@intertrustgroup.com](mailto:annelouise.metz@intertrustgroup.com)  
Telephone: +31 20 577 1157

