Intertrust

Press release

Intertrust reports Q1 2018 results

Amsterdam, the Netherlands – 26 April 2018 – Intertrust N.V. ("Intertrust" or "Company") [Euronext: INTER], a leading global provider of high-value trust, corporate and fund services, today publishes its first quarter 2018 results.

Q1 2018 Highlights

- Revenue was EUR 120.1 million, resulting in underlying growth of 2.6% year-on-year.
- Adjusted EBITA amounted to EUR 45.3 million, up 2.4% on an underlying basis.
- Adjusted EBITA margin at 37.7% from 38.0% in Q1 2017.
- Strong cash generation resulted in cash from operating activities of EUR 67.7 million.
- Adjusted EPS increased 4.2% to EUR 0.37 (Q1 2017: EUR 0.36).
- EUR 50 million share repurchase programme ongoing. Up to 31 March 2018, around 71% of programme completed (2,252,071 shares repurchased for total aggregate consideration of EUR 35.4 million).
- Segment reporting is changed as of 1 January 2018 to align with the current management structure: Americas replaces Cayman as a key jurisdiction and now includes Cayman Islands, Bahamas, Brazil, BVI, Curacao and USA. The quarterly comparables for 2017 are provided on page 5.

Intertrust Group Q1 2018 figures

	As reported			Adjusted[1]			
	Q1 2018	Q1 2017	% Change	Q1 2018	Q1 2017	% Change	% Underlying change[2]
Revenue (€m)	120.1	121.6	-1.3%	120.1	121.6	-1.3%	2.6%
EBITA (€m)	44.1	44.7	-1.4%	45.3	46.2	-1.9%	2.4%
EBITA Margin	*36.7%*	*36.8%*	*-5bps*	*37.7%*	*38.0%*	*-25bps*	*-9bps*
Net Income (€m)	22.0	20.8	5.6%	33.8	33.0	2.3%	
Earnings per share (€)[3]	0.24	0.23	7.5%	0.37	0.36	4.2%	
Cash from operating activities (€m)	67.7	65.9	2.8%				

1 See Reconciliation of performance measures to reported results (see page 5) for further information on Adjusted figures
2 Underlying: Current and prior period at constant currency and, if applicable, including proforma figures for acquisition(s)
3 Average number of shares for Q1 2018: 90,378,583 shares; average for Q1 2017: 91,990,328 shares.

Stephanie Miller, CEO of Intertrust, commented:

"We have started the year with positive revenue growth and I am pleased with the EBITA margin in the quarter. Our strategic focus on Fund Services in Luxembourg continues to drive premium revenue growth and Jersey is performing in line with our expectations across most of our service lines. Revenue in the Netherlands remains flat in a challenging market and in Rest of the World we reported healthy revenue growth, mostly as a result of good performance in Spain and Ireland. Revenue in Americas declined this quarter partly due to high transactional activity in the fourth quarter of 2017. As of Q1 2018 we have created a new reporting segment, the Americas, consisting for the largest part of Cayman, to align reporting with our strategic focus on this region, for which we have recently appointed James Ferguson as Head of Americas.

"I have been with Intertrust for just about 100 days now, during which I met some of our larger clients and investors, regulators, and over 2,300 employees. Following visits to our offices across Americas, Europe and Asia I can only conclude

that we have a great team of people, and an excellent service offering combined with a superb client list. Our company is fundamentally strong. Outsourcing, globalisation and regulation continue to drive our business, with technology becoming an increasingly important differentiator in service delivery. While continuing to execute on our strategy, we will focus on our IT integration, investing in people, driving innovation, and on our 'clients come first' principle by expanding our service offering, further enhancing client service and improving operational efficiencies. To further support these priorities, we are pleased that Theo Splinter will be joining as our COO in June.

"I have now completed our strategy review sessions focused on the service line priorities and the IT roadmap. Over the coming months we will further outline our growth strategy for the coming years. For 2018, we confirm our guidance."

Intertrust Group KPIs

	Q1 2018	Q1 2017	% Change	% Underlying change[1]
Revenue (€m)	120.1	121.6	-1.3%	2.6%
Adjusted EBITA (€m)[2]	45.3	46.2	-1.9%	2.4%
Average number of FTEs	2,469	2,392	3.2%	
Number of entities (000's, end of period)	49.3	51.0	-3.3%	
ARPE (€k, annualised)	9.7	9.5	2.1%	6.1%
Revenue/FTE (€k, annualised)	194.5	203.4	-4.4%	-0.6%

1 *Underlying: Current and prior period at constant currency and, if applicable, including proforma figures for acquisition(s)*

2 *See Reconciliation of performance measures to reported results (see page 5) for further information on Adjusted figures*

Financial review

Revenue

In Q1 2018, revenue amounted to EUR 120.1 million, up 2.6% underlying compared to EUR 121.6 million in Q1 2017. Year-on-year revenue growth was mainly driven by underlying growth in Luxembourg (+9.1%) and Rest of the World (+4.1%).

Entity / ARPE development

Gross inflow of entities in Q1 2018 was 1,680 and gross outflow was 2,749. The outflow of entities was mainly in Cayman due to competitive losses and was in line with our expectations. Net outflow globally amounted to 1,069 entities during the quarter. End-of-life continues to account for more than half of all outflow. Global initiatives are in place to increase inflow. In Q1 2018, ARPE was EUR 9.7 thousand on an annualised basis compared to EUR 9.5 thousand in Q1 2017, resulting in a year-on-year increase of 2.1% (or 6.1% underlying).

Adjusted EBITA and adjusted EBITA margin

Adjusted EBITA in Q1 2018 amounted to EUR 45.3 million, increasing 2.4% on an underlying basis, compared to EUR 46.2 million in Q1 2017. Adjusted EBITA margin decreased -9bps year-on-year on an underlying basis to 37.7% in Q1 2018 (Q1 2017: 38.0%), mainly due to higher HQ costs.

Capital employed

(EUR million)	31.03.2018	31.12.2017	31.03.2017
Acquisition-related intangible assets	1,459.4	1,474.2	1,560.3
Other intangible assets	14.1	14.8	14.0
Property, plant and equipment	15.6	16.5	19.6
Total working capital	(28.2)	(0.9)	(31.3)
Other assets	4.1	4.4	5.6
Total Capital employed (Operational)	1,465.0	1,509.0	1,568.2
Total equity	702.6	705.1	774.0
Net debt	679.7	720.7	706.2
Provisions, deferred taxes and other liabilities	82.7	83.2	88.0
Total Capital employed (Finance)	1,465.0	1,509.0	1,568.2

Cash flow, net debt and effective tax rate

Q1 2018 showed strong cash generation driven by seasonally low working capital in the first quarter. Cash from operating activities in Q1 2018 was EUR 67.7 million, versus EUR 65.9 million in the same period last year. Net debt decreased to EUR 679.7 million at the end of Q1 2018 (from EUR 720.7 million at the end of Q4 2017). The leverage ratio decreased to 3.48x (end Q1 2018), from 3.66x (end Q4 2017), well within the bank covenant of 4.50x.
The effective tax rate for Q1 2018 was 17.0%.

Performance in jurisdictions

Revenue breakdown reflects Intertrust's new reporting structure, whereby Cayman Islands is included within the new Americas *segment, together with Bahamas, Brazil, BVI, Curacao and USA, previously part of Rest of the World. Figures presented in EUR million tables are calculated before roundings.*

Revenue per jurisdiction (EUR million)	Q1 2018	Q1 2017	% Change	% Underlying change[1]
The Netherlands	28.9	29.1	-0.6%	-0.6%
Luxembourg	26.3	24.1	9.1%	9.1%
Americas	19.0	22.8	-16.4%	-3.5%
Jersey	14.8	14.6	1.1%	3.8%
Rest of the World	31.1	31.1	0.0%	4.1%
Group total	120.1	121.6	-1.3%	2.6%

1 Underlying: Current and prior period at constant currency and, if applicable, including proforma figures for acquisition(s)

The Netherlands (24% of Q1 2018 Group revenue)

The Netherlands generated revenue in Q1 2018 of EUR 28.9 million, -0.6% underlying compared to EUR 29.1 million in Q1 2017. Market conditions in the Netherlands continue to be challenging due to uncertainty about the Dutch fiscal climate.

Luxembourg (22% of Q1 2018 Group revenue)

In Luxembourg Q1 2018 revenue was EUR 26.3 million, compared to EUR 24.1 million in the same quarter last year. This year-on-year increase of 9.1% underlying was mainly driven by strong growth in the Funds market supported by an increase of billable staff.

Americas (16% of Q1 2018 Group revenue)

As of Q1 2018, Cayman Islands is included within the new Americas jurisdiction, together with Bahamas, Brazil, BVI, Curacao and USA, previously part of Rest of the World. Effective 5 March 2018, James Ferguson joined Intertrust as Head of the Americas and ExCo member, overseeing Intertrust's offices in this segment. The Americas generated revenue of EUR 19.0 million in Q1 2018, -3.5% underlying compared to EUR 22.8 million in Q1 2017. The decline was impacted predominantly by Cayman relating to high transactional activity in the fourth quarter of 2017. The quarterly comparables for 2017 revenues based on the new segment Americas is provided on page 5 of this press release.

Jersey (12% of Q1 2018 Group revenue)

Revenue in Jersey in Q1 2018 increased 3.8% on an underlying basis to EUR 14.8 million, compared to EUR 14.6 million in Q1 2017. The revenue increase in Jersey was driven by good demand across most service lines, especially Funds.

Rest of the World (26% of Q1 2018 Group revenue)

In ROW revenue for the quarter was EUR 31.1 million (Q1 2017: 31.1 million), an underlying increase of 4.1%. This growth reflects increased revenue from Corporate Services and Fund Services in Spain as well as higher revenue in Fund Services in Ireland related to AIFM related activities. As of Q1 2018, Bahamas, Brazil, BVI, Curacao and USA, previously part of Rest of the World, now form part of the new Americas segment.

Group HQ & IT costs

Group HQ and IT costs	Q1 2018	Q1 2017
Group HQ costs (€m)	(8.2)	(6.6)
IT costs (€m)	(8.3)	(8.7)
Total Group HQ and IT costs (€m)	(16.5)	(15.3)
As % of Revenue	*13.8%*	*12.6%*

As a result of the new segmentation, the North America HQ costs have been moved to the Americas segment (EUR 0.8 million in Q1 2017).

In Q1 2018, Group HQ and IT costs increased by EUR 1.2 million compared to the same period of last year. The increase in HQ costs is due to an increased headcount in Group, as well as the planned increase of the Long-Term Incentive Plan (LTIP). The reduction in IT costs compared to the same period of last year is a result of the timing of specific projects only. For the full year we expect an increase in our IT expenses compared to last year. The implementation of our IT roadmap is developing according to plan.

Full year 2018 outlook

Intertrust management confirms its outlook for the full year 2018, with a small amendment to capex as per below:

- Underlying revenue growth guidance for 2018: at least 3% year-on-year.
- Adjusted EBITA margin guidance for 2018: at least 37%.
- Capex from less than 1.5% of revenue to around 2% of revenue, primarily due to strategic investment in our client portal.
- Dividend policy continues to be 40-50% of adjusted net income.
- Effective tax rate of approximately 18%.

Capital Markets Day is scheduled for 20 September 2018.

Explanatory tables

Figures presented in EUR million tables are calculated before roundings.

Tax reconciliation

(EUR million)	31.03.2018		31.03.2017		*Change*	
Profit before income tax		26.4		26.9		(0.4)
Income tax using the Company's domestic tax rate	*25.0%*	(6.6)	*25.0%*	(6.7)		0.1
Effect of tax rates in foreign jurisdictions		2.9		1.8		1.2
Effect of non taxable and other items		(0.8)		(0.6)		(0.2)
Others		0.0		(0.5)		0.6
Income tax	*17.0%*	(4.5)	*22.6%*	(6.1)	*-564bps*	1.6

Segmentation change reconciliation

As of Q1 2018, Cayman Islands is included within the new **Americas** jurisdiction, together with Bahamas, BVI, Curacao, USA and Brazil, previously part of Rest of the World. The reconciliation table below shows the restated 2017 segmentation.

(EUR million)	2017 presented in 2018						2017 as reported						Difference *(2017 new vs. reported)*
Revenue	Q1	Q2	HY	Q3	Q4	FY	Q1	Q2	HY	Q3	Q4	FY	FY
Netherlands	29.1	27.6	56.6	29.3	31.3	117.2	29.1	27.6	56.6	29.3	31.3	117.2	-
Luxembourg	24.1	23.5	47.6	24.1	25.4	97.1	24.1	23.5	47.6	24.1	25.4	97.1	-
Americas	22.8	21.5	44.3	20.9	24.1	89.2	-	-	-	-	-	-	89.2
Cayman Islands	-	-	-	-	-	-	17.5	16.6	34.1	16.0	18.7	68.9	(68.9)
Jersey	14.6	15.1	29.7	14.4	14.4	58.5	14.6	15.1	29.7	14.4	14.4	58.5	-
Rest of the World	31.1	30.4	61.5	29.4	32.3	123.2	36.3	35.3	71.6	34.3	37.7	143.6	(20.4)
Total Group revenue	121.6	118.1	239.7	118.1	127.4	485.2	121.6	118.1	239.7	118.1	127.4	485.2	-

Reconciliation of performance measures to reported results

(EUR 000)	Q1	
	2018	2017
Profit/(loss) from operating activities	**33,947**	**34,602**
Amortisation of acquisition-related intangible assets	10,147	10,128
Specific items - Transaction costs[1]	-	93
Specific items - Integration and transformation costs	859	352
Specific items - Share-based payment upon IPO	161	480
Specific items - Share-based payment upon integration	98	404
Specific items - Other operating (income)/expenses	53	103
Adjusted EBITA	45,265	46,162

1 Transaction costs related to Azcona acquisition in 2017

Adjusted EBITA is defined as EBITA before specific items. Specific items of income or expense are income and expense items that, based on their significance in size or nature, should be separately presented to provide further understanding on financial performance. Specific items are not of an operational nature and do not represent core operating results. The one-off expenses are related to redundancies, legal costs and settlement fees. The Company uses this measure to analyse the operational performance of the company and its reportable segments.

(EUR 000)	Q1	
	2018	2017
Adjusted EBITA	**45,265**	**46,162**
Net finance costs - excluding net foreign exchange loss[1]	(6,974)	(7,050)
Share of profit and result of transactions with equity-accounted investees and subsidiaries (net of tax)	9	(3)
Income tax (adjusted)	(4,484)	(6,069)
Adjusted Net income	33,816	33,040

1 Foreign exchange gain/(loss) for Q1 2018 was (EUR 534k) (Q1 2017: (EUR 684k))

Adjusted Net Income equals adjusted EBITA minus Net finance costs, minus share of Profit & Loss from equity-accounted investees and minus Income tax. The Finance costs exclude the foreign exchange gains and losses. Income tax is adjusted for any tax related to the pre-IPO period.

Additional information

Financial calendar 2018

Date	Event
17 May	Annual General Meeting
21 May	Share quotation ex-final dividend 2017
22 May	Record date final dividend 2017 entitlement
12 June	Payment date final dividend 2017
2 August	Q2/H1 2018 results
20 September	Capital Markets Day
1 November	Q3 2018 trading update

Analyst call / webcast

Today, Intertrust's CEO Stephanie Miller and interim CFO Hans Turkesteen will hold an analyst / investor call at 13:00 CET. A webcast of the call will be available on the Company's website. The webcast can be accessed here. The supporting presentation can be downloaded from our website.

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About Intertrust

Intertrust is a leading global provider of high-value trust, corporate and fund services, with more than 2,500 employees located throughout a network of 39 offices in 28 jurisdictions across Europe, the Americas, Asia and the Middle-East. The Company delivers high-quality, tailored services to its clients with a view to building long-term relationships. Intertrust's business services offering is comprised of corporate services, fund services, capital market services, and private wealth services. Intertrust has leading market positions in selected key geographic markets of its industry, including the Netherlands, Luxembourg, Jersey and the Americas. Intertrust works with global law firms and accountancy firms, multi-national corporations, financial institutions, fund managers, high net worth individuals and family offices.

Forward-looking statements and presentation of financial and other information

This press release may contain forward looking statements with respect to Intertrust's future financial performance and position. Such statements are based on Intertrust's current expectations, estimates and projections and on information currently available to it. Intertrust cautions investors that such statements contain elements of risk and uncertainties that are difficult to predict and that could cause Intertrust's actual financial performance and position to differ materially from these statements. Intertrust has no obligation to update or revise any statements made in this press release, except as required by law.
All figures included in this press release are unaudited. *This press release contains information that qualifies, or may qualify, as inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation.*

Appendix

Intertrust N.V. - consolidated financial information for the first quarter ended 31 March 2018
2017 Audited financial statements were included in the Annual Report 2017, available on the Company website.

Consolidated statement of profit or loss

(EUR 000)	Q1 2018	Q1 2017
Revenue	120,063	121,624
Staff expenses	(53,924)	(54,450)
Rental expenses	(5,983)	(6,069)
Other operating expenses	(13,320)	(13,685)
Other operating income	40	-
Depreciation and amortisation of other intangible assets	(2,782)	(2,690)
Amortisation of acquisition-related intangible assets	(10,147)	(10,128)
Profit/(loss) from operating activities	33,947	34,602
Financial income	28	3
Financial expense	(7,536)	(7,737)
Financial result	(7,508)	(7,734)
Share of profit and result of transactions with equity-accounted investees and subsidiaries (net of tax)	9	(3)
Profit/(loss) before income tax	26,448	26,865
Income tax	(4,484)	(6,069)
Profit/(loss) after tax	21,964	20,796
Profit/(loss) for the year after tax attributable to:		
Owners of the Company	21,954	20,744
Non-controlling interests	10	52
Profit/(loss)	21,964	20,796
Basic earnings per share (EUR)	0.24	0.23
Diluted earnings per share (EUR)	0.24	0.22

Consolidated statement of comprehensive income

(EUR 000)	Q1 2018	Q1 2017
Profit/(loss) after tax	21,964	20,796
Foreign currency translation differences - foreign operations	(3,372)	(3,728)
Net movement on cash flow hedges in other comprehensive income	482	686
Income tax on net movement on cash flow hedges in other comprehensive income	(120)	(172)
Items that are or may be reclassified to profit or loss	(3,010)	(3,214)
Other comprehensive income/(loss) for the year, net of tax	(3,010)	(3,214)
Total comprehensive income/(loss) for the year	18,954	17,582
Total comprehensive income/(loss) for the year attributable to:		
Owners of the Company	18,944	17,530
Non-controlling interests	10	52
Total comprehensive income/(loss) for the year	18,954	17,582

Consolidated statement of financial position

(EUR 000)	31.03.2018	31.12.2017
Assets		
Property, plant and equipment	15,620	16,470
Other intangible assets	14,068	14,849
Acquisition-related intangible assets	1,459,396	1,474,188
Investments in equity-accounted investees	218	196
Other non current financial assets	2,805	3,368
Deferred tax assets	1,304	1,357
Non-current assets	1,493,411	1,510,428
Trade receivables	100,551	103,103
Other receivables	16,090	18,937
Work in progress	38,936	33,078
Current tax assets	476	614
Other current financial assets	1,048	857
Prepayments	11,062	9,058
Cash and cash equivalents	111,878	66,620
Current assets	280,041	232,267
Total assets	1,773,452	1,742,695
Equity		
Share capital	55,200	55,200
Share premium	630,441	630,441
Reserves	(80,640)	(56,308)
Retained earnings	97,344	75,585
Equity attributable to owners of the Company	702,345	704,918
Non-controlling interests	235	225
Total equity	702,580	705,143
Liabilities		
Loans and borrowings	770,601	770,367
Other non current financial liabilities	2,271	2,216
Employee benefits liabilities	1,982	1,963
Deferred income	5,165	5,750
Provisions	571	579
Deferred tax liabilities	79,083	80,405
Non-current liabilities	859,673	861,280
Loans and borrowings	314	375
Trade payables	5,875	6,625
Other payables	66,098	66,773
Other current financial liabilities	5,000	5,000
Deferred income	95,749	62,602
Provisions	284	497
Current tax liabilities	37,879	34,400
Current liabilities	211,199	176,272
Total liabilities	1,070,872	1,037,552
Total equity and liabilities	1,773,452	1,742,695