

# Mainstream Group Holdings (ASX: MAI)

Wilson's Rapid  
Insights conference

9 November 2017



**MAINSTREAM**

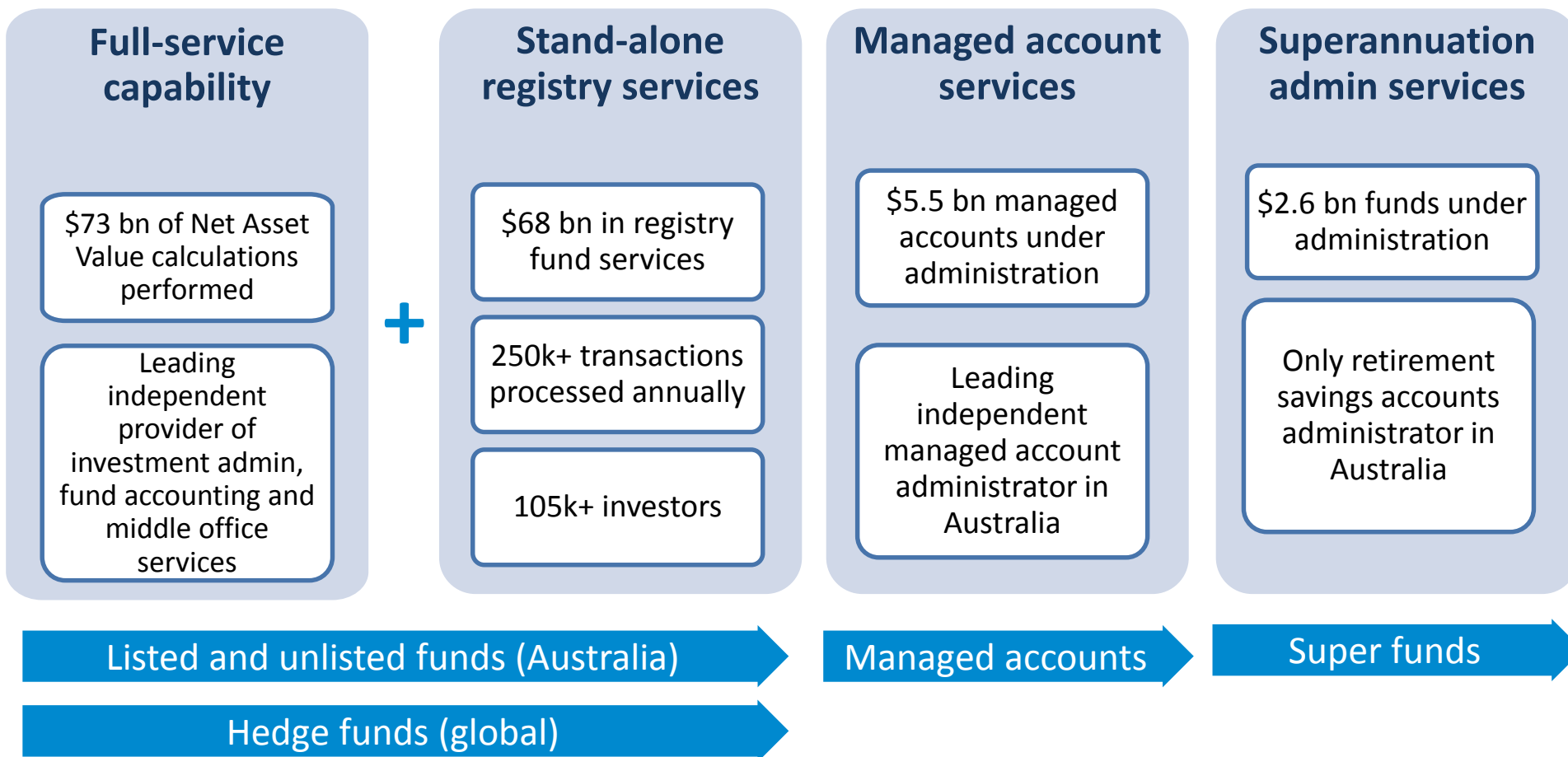
# Overview of Mainstream

- › Mainstream Group Holdings is a global service provider to the financial services industry
  - › Provides fund administration services in markets with \$31 trillion investment assets
  - › Over 94% recurring revenue grows in line with underlying funds via long-term service contracts
- › Established in 2006, now employs 217 staff in 8 countries
- › Serving 719 funds with assets in excess of \$123 billion
- › Operating in strong market with robust outlook
  - › \$2.18 trillion Australian market growing 10% p.a.

## Shareholder value creation



# Proven market leader in independent fund administration



## FY17 highlights

Revenue

**\$29.3m**

▲ 56% on FY16

EBITDA

**\$4.3m**

▲ 83% on FY16

NPAT

**\$1.4m**

▲ 38% on FY16

Funds under  
administration

**\$123 bn**

▲ 29% on FY17 Q1

Funds  
administered

**719**

▲ 60% on FY17 Q1

Final fully franked

dividend

**0.75 cents**

per share

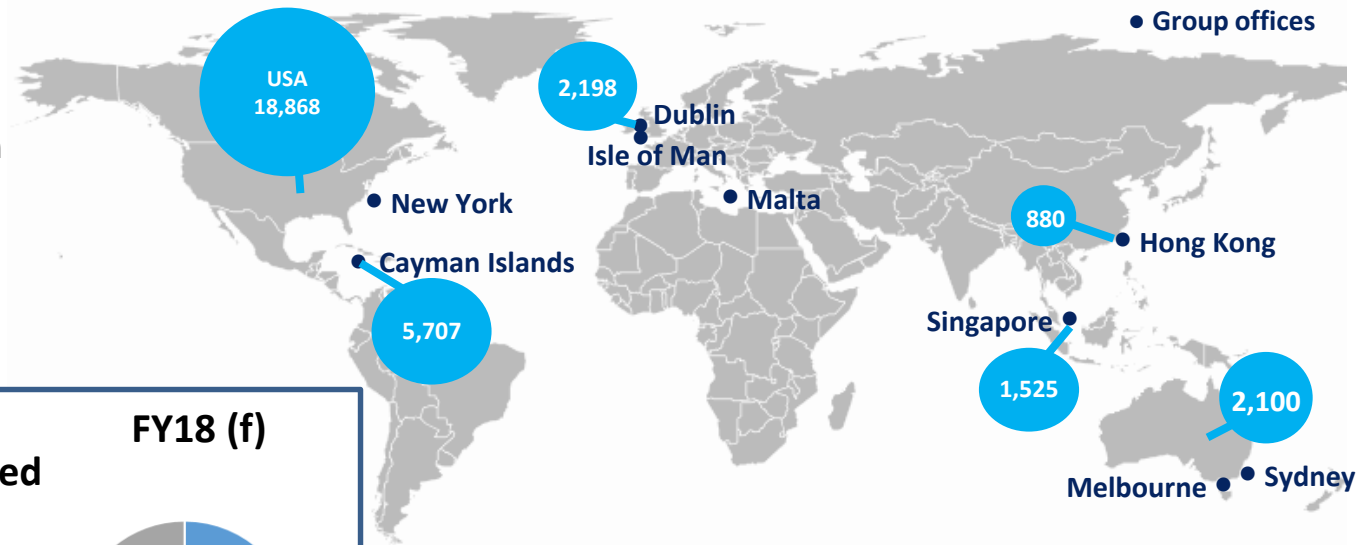
(full year: 1.25 cps)

- › Continued strong inflows into client funds
- › Established global operating model across 8 countries in Asia-Pacific, Europe and Americas
- › Expanded leadership team with global expertise

# Globally sourced revenue and service offering

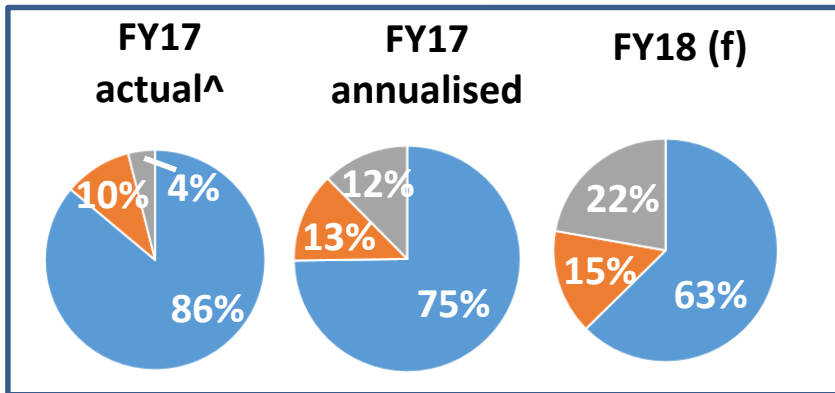
Providing fund administration services in markets with \$31 trillion investment assets

Investment fund assets (excluding fund-of-funds), \$US billion<sup>1</sup>



## Group revenue by region

- APAC
- North America
- Europe

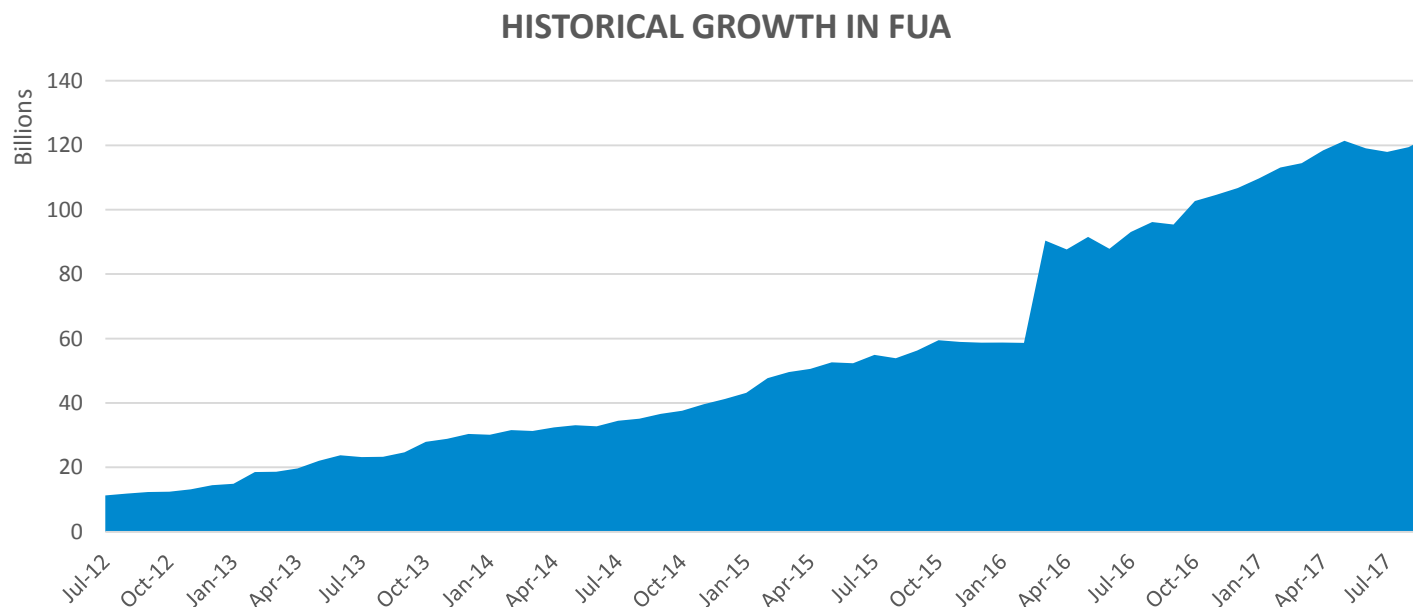


1. Australian Trade and Investment Commission "Australia's Managed Funds 2017 Update" (April 2017), page 2, and Cayman Islands Monetary Authority "2015 Investments Statistical Digest", page 2. Note: Circles are not to scale. Refers to home domiciled funds except Hong Kong and the Cayman Islands which include home and foreign-domiciled funds. Fund of funds are not included except for Luxembourg and the Cayman Islands. Australia only includes consolidated assets of domestic collective investment institutions.

# Funds under administration (FUA) continues to grow

## September 2017 quarter:

- › Record levels of FUA at A\$123 billion\*
- › Surpassed 100,000 investors under administration for first time
- › 719 funds administered globally, up from 449 funds as at Sept 2016 (↑60% YoY)
- › Strong FUA pipeline from new fund launches and acquisitions completing this quarter

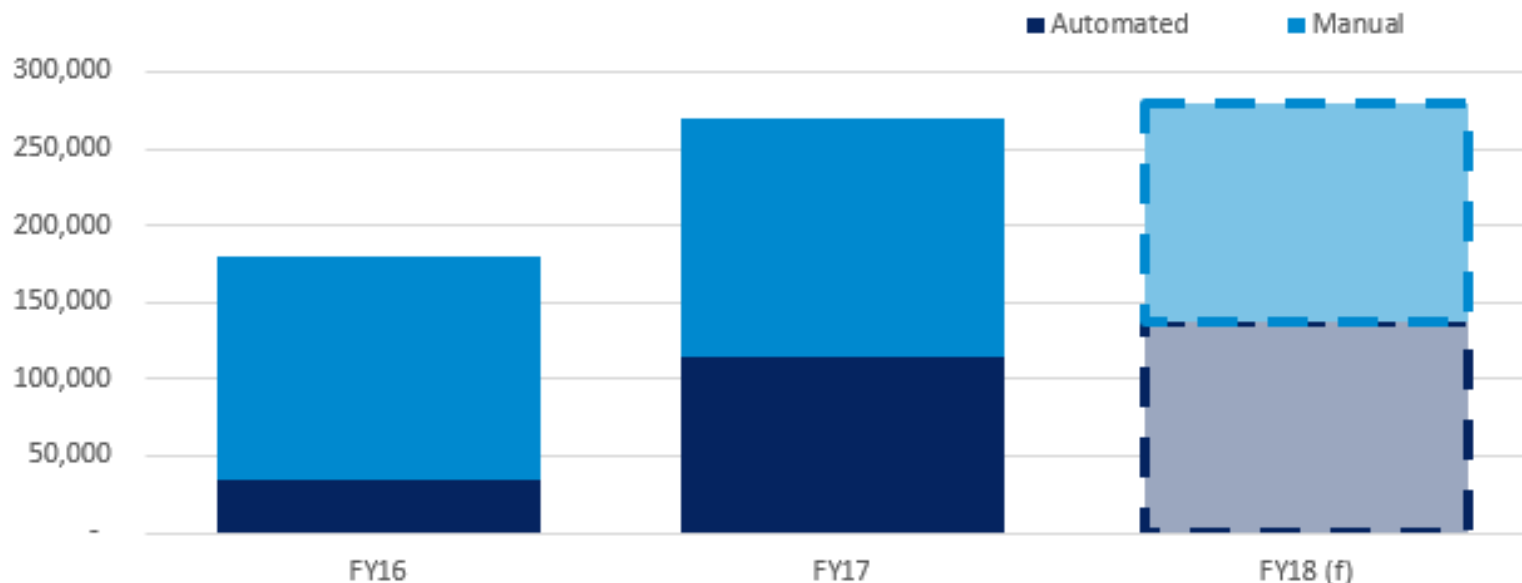


\* Excludes Corporate Services

## Investment in automation to build efficiency and scale

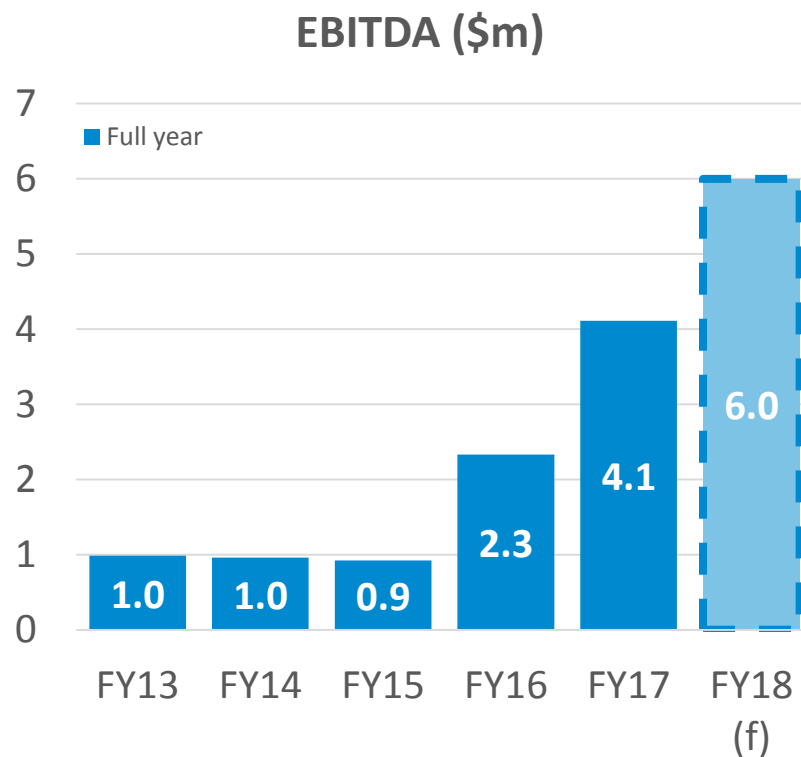
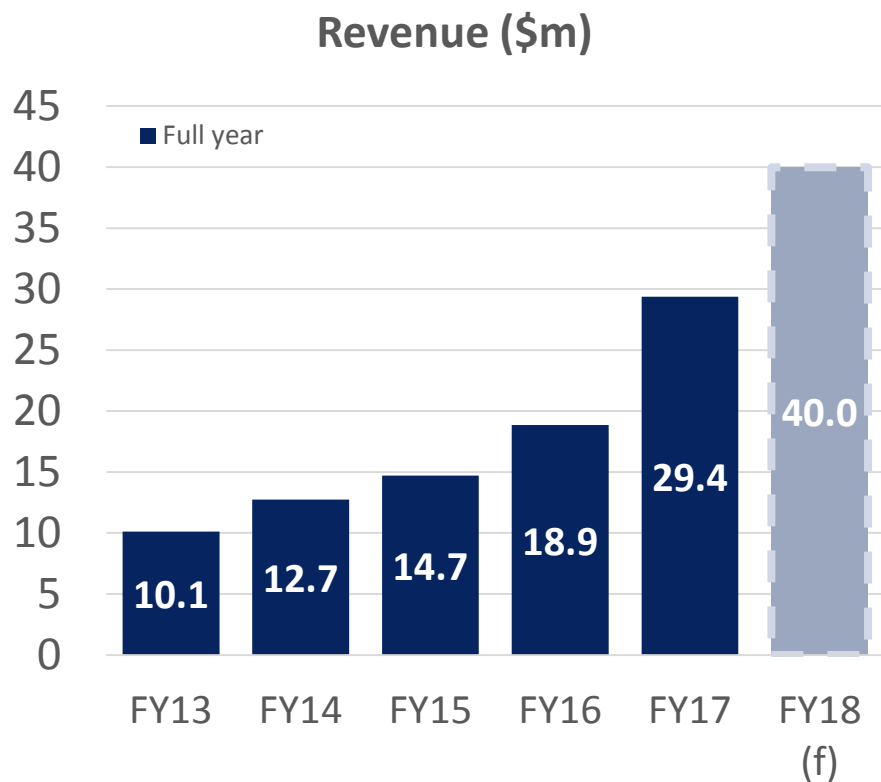
- › Unit registry services account for over \$68 bn funds under administration
- › YoY increase in registry transaction volumes (↑49%) and automation (↑24%) for year ended 30 June 2017
- › Further opportunity to enhance client service experience and efficiency

### Unit registry transactions processed



# 5 year revenue and EBITDA growth and forecast

On track to deliver FY18 revenue and EBITDA guidance





# FY17 full year results

## Highlights

- › Annualised revenue doubled since listing in Oct 2015
- › \$10.4m revenue increase YoY: \$6.3m from organic growth, \$4.1m from acquisitions
- › 2.2% margin improvement

\$ 000	FY17	FY16	Change
<b>Profit after income tax expense</b>	1,425	1,029	↑38%
<b>Add:</b>			
Income tax expense	387	337	
Amortisation and depreciation expense	998	463	
Interest expense	696	92	
Share-based payments expense	751	412	
<b>EBITDA*</b>	<b>4,257</b>	<b>2,330</b>	↑83%
<b>EBITDA margin (%)</b>	14.5%	12.3%	↑2.2%
<b>EPS - basic</b>	\$0.016	\$0.013	↑21%

\* Includes non-recurring acquisition costs of approx. \$250k.

# Balance sheet

## Highlights

- › YoY cash balance increase of \$5m
- › Debt facility used to fund strategic acquisitions

\$m	FY18 Q1	FY17	FY16
<b>Current assets</b>	13.1	12.7	5.0
<b>Non-current assets</b>	25.4	20.4	9.0
<b>Total assets</b>	<b>38.5</b>	<b>33.1</b>	<b>14.0</b>
<b>Current liabilities</b>	5.1	5.0	3.2
<b>Non-current liabilities</b>	10.8	9.4	0.0
<b>Total liabilities</b>	<b>15.9</b>	<b>14.4</b>	<b>3.2</b>
<b>Net assets</b>	22.6	18.7	10.8
<b>Equity</b>	<b>22.6</b>	<b>18.7</b>	<b>10.8</b>

## Outlook

- › Now in 8 countries with \$123 billion in funds under administration
- › Focused on long term growth and support of our clients' administration needs across markets
- › Significant new business opportunities under rebranded global operating model and senior leadership team
- › FUA and revenue predicted to continue to grow at current levels
- › Well positioned in key fund jurisdictions to replicate Australian success story

## Path to building \$60m revenue enterprise

1. Invest in business development (Hong Kong, New York and London)
2. Cross-sell services of Cayman platform, super umbrella platform and managed accounts platform
3. Dedicate resources to target ~\$30bn prospect fund managers
4. Leverage cross-border referrals
5. Tap into ~200 existing clients in markets we now operate in
6. Build European UCITS / Non UCITS platform
7. Continue to grow managed accounts platform
8. Extend Australian Trustee and Banking partnerships to global offering

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