Mainstream Group Holdings Limited (ASX: MAI)

Annual General Meeting

30th September 2019

MAINSTREAM

2019 AGM Presentation

Martin Smith

Chief Executive Officer

MAINSTREAM

FY19 highlights

Revenue
$50.0m
▲ 21% on FY18

EBITDA^
$7.4m
▲ 17% on FY18

Funds under administration
$173bn
▲ 24% on FY18

Funds administered
1,012
▲ 24% on FY18

Final dividend
0.50cps
50% franked

EXECUTIVE SUMMARY

- Organic growth remains the driver behind revenue and earnings growth
- Proven resilience in uncertain market conditions
- Diversified by markets and asset classes
- Investing in new growth opportunities and digital capability
- Focused on financial results and growth and global service delivery for our clients

^ See Appendix for definitions of non-IFRS measures.

Board of Directors

BYRAM JOHNSTON OAM
BEc, FICA
Non-Executive Chairman
Substantial shareholder (15%), appointed 2006

MARTIN SMITH
BBus, MCom, CPA

CEO and Executive Director

Substantial shareholder (16%), appointed 2006

JOHN PLUMMER
BCom, MBA

Non-Executive Director and Chair, Remuneration and Human Resources Committee

Substantial shareholder (9%), appointed 2015

JOANNA FISHER
BA, B.Com, GAICD

Non-Executive Director and Chair, Acquisitions Committee

Independent, appointed 2018

DEBBIE LAST
B.Com, CA

Non-Executive Director and Chair, Audit and Risk Committee

Independent, appointed 2019

Remuneration and Human Resources Committee

Acquisitions Committee

Audit and Risk Committee

Global Operating Model

MARTIN SMITH
CEO

Asia Pacific

Nick Happell
CEO, Asia-Pacific
Mainstream Fund Services

Andrew Harrison
CEO, Australia
Mainstream
Fund Services

Amber Lo
Country Manager,
Hong Kong

John Davis
Country Manager,
Singapore

Europe & Cayman

John McCann
CEO, Europe and Cayman

Natalya Pace
Country Manager,
Malta

Ian Dungate
Country Manager,
Isle of Man

Angela Nightingale
Country Manager,
Cayman Islands

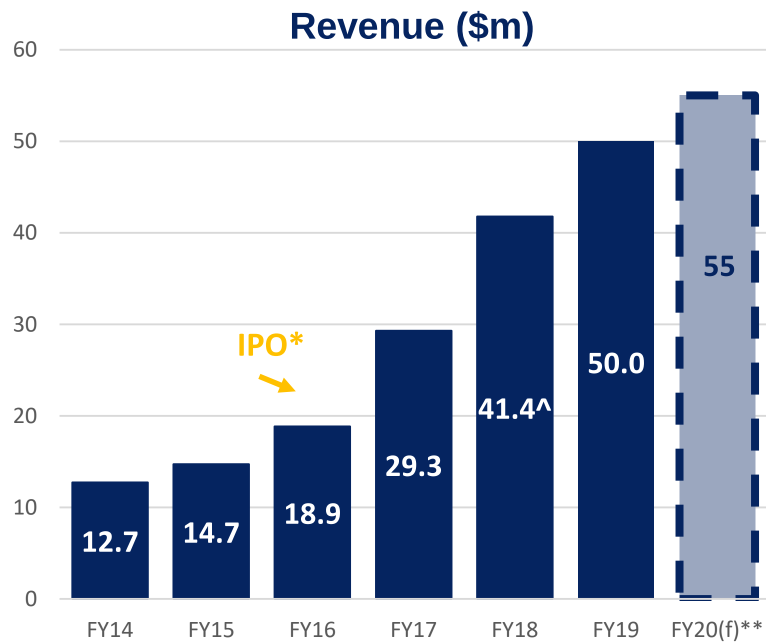
Americas

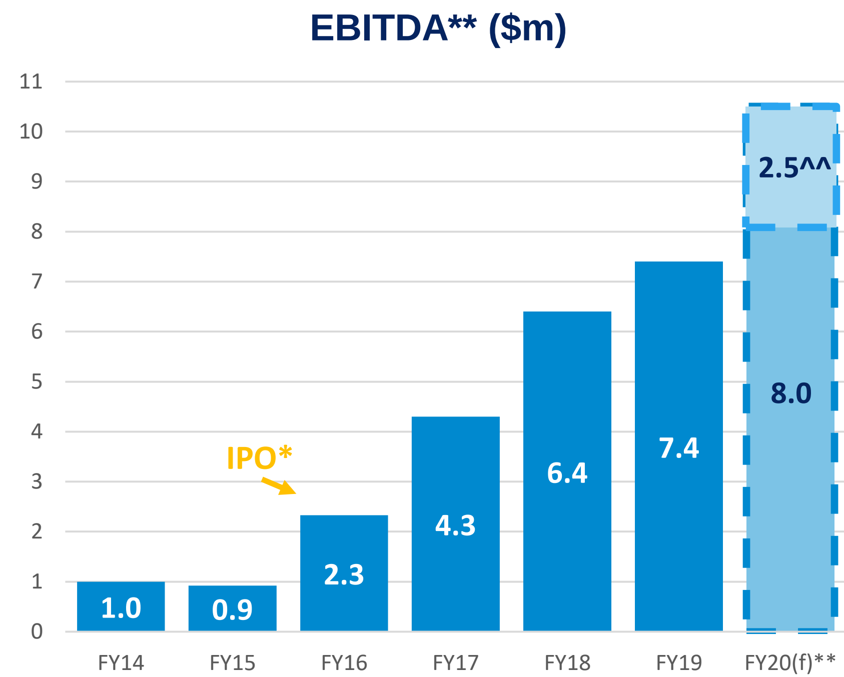
Denise DePaola
CEO, Americas

Jay Maher
CEO, Private
Equity

MAINSTREAM

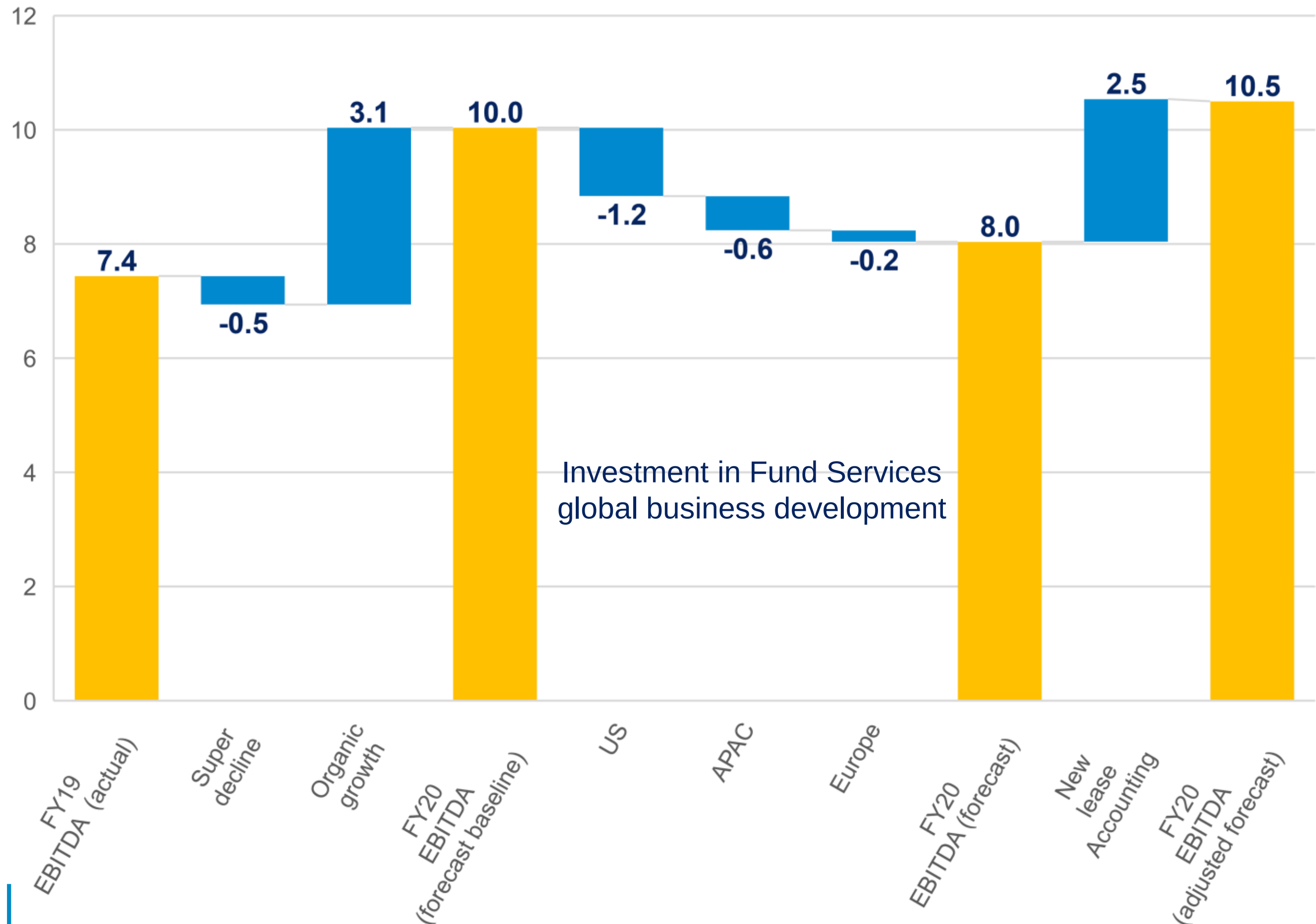
Strong financial track record





* Initial Public Offering: 1 October 2015.
^ Restated down by $0.4 million from prior year due to overstatement of revenue and expense between two subsidiaries.
** See Appendix for definitions of non-IFRS measures and forward looking statements.
^^ Adjustment to reflect potential impact of AASB16 Leases on FY20 EBITDA guidance.

FY20 EBITDA guidance breakdown^



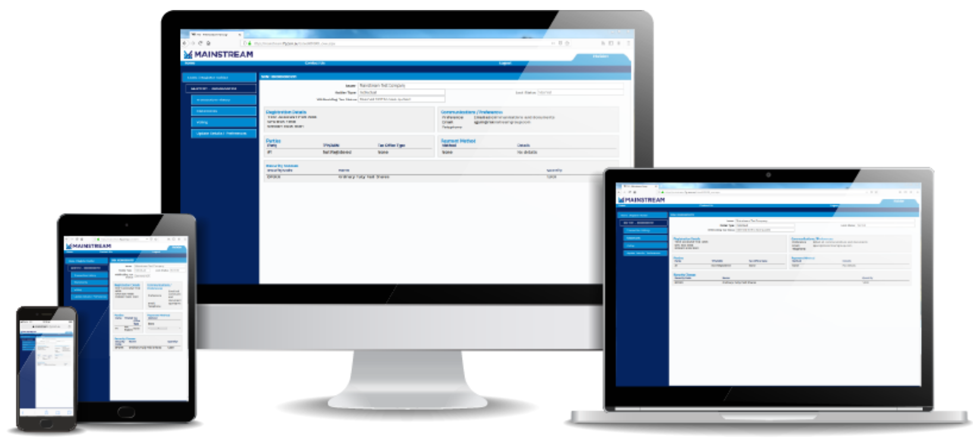
^ Indicative forecast only. See Appendix for explanation of forward looking statements and definitions of non-IFRS measures.

Outlook

- Proven ability to deliver organic growth
- Planned $2m investment in global business development and branding to further expand Fund Services
- FY20 EBITDA guidance updated to reflect potential $2.5m impact of AASB 16 Leases
- Outlook sensitive to key client losses / gains, material market movements and interest rates

Investing for growth

MARKET OPPORTUNITY	MARKET DRIVERS	MAINSTREAM STRATEGY
Mainstream Digital	Client and investor demand for digital services	Nine months into two year $2 million development of proprietary client and investor web services to strengthen key client relationships
Global expansion	US $4.7 trillion market opportunity in high margin private equity, venture capital and real estate fund administration	Planned $2 million investment in global business development and branding during FY20 to further expand Fund Services Operating model delivers geographic, product and client diversity relative to peers.



Business outlook

Well positioned for continued growth

- Good momentum and clear growth agenda
- Business model based on high levels of recurring revenue:
  - Full service administrator with deep client relationships
  - Majority of fund clients use 2+ Mainstream services with further cross-selling opportunities available
  - All material contracts have long term agreements in place as at 30 June 2019
  - Diversified client base across markets and financial products
- Attractive industry fundamentals
  - Well positioned to benefit from continued trend towards fund administration outsourcing and complex compliance with regulation
- Strong sales pipeline from deep client relationships and growing brand awareness

Financial Update

Stacey Kelly
Chief Financial Officer

MAINSTREAM

Financial highlights

YEAR ENDED 30 JUNE	2019	2018	Change (%)
Revenue	$50.0m	$41.4m^	21%
Operating EBITDA*	$11.7m	$10.5m	11%
Operating EBITDA margin (%)	23.0%	25.5%	10%
EBITDA*	$7.4m	$6.4m	17%
EBITDA margin (%)	14.9%	15.4%	3%
NPAT	($1.1m)	$1.7m	nm
Dividend per share (DPS)	1.25cps	1.50cps	17%

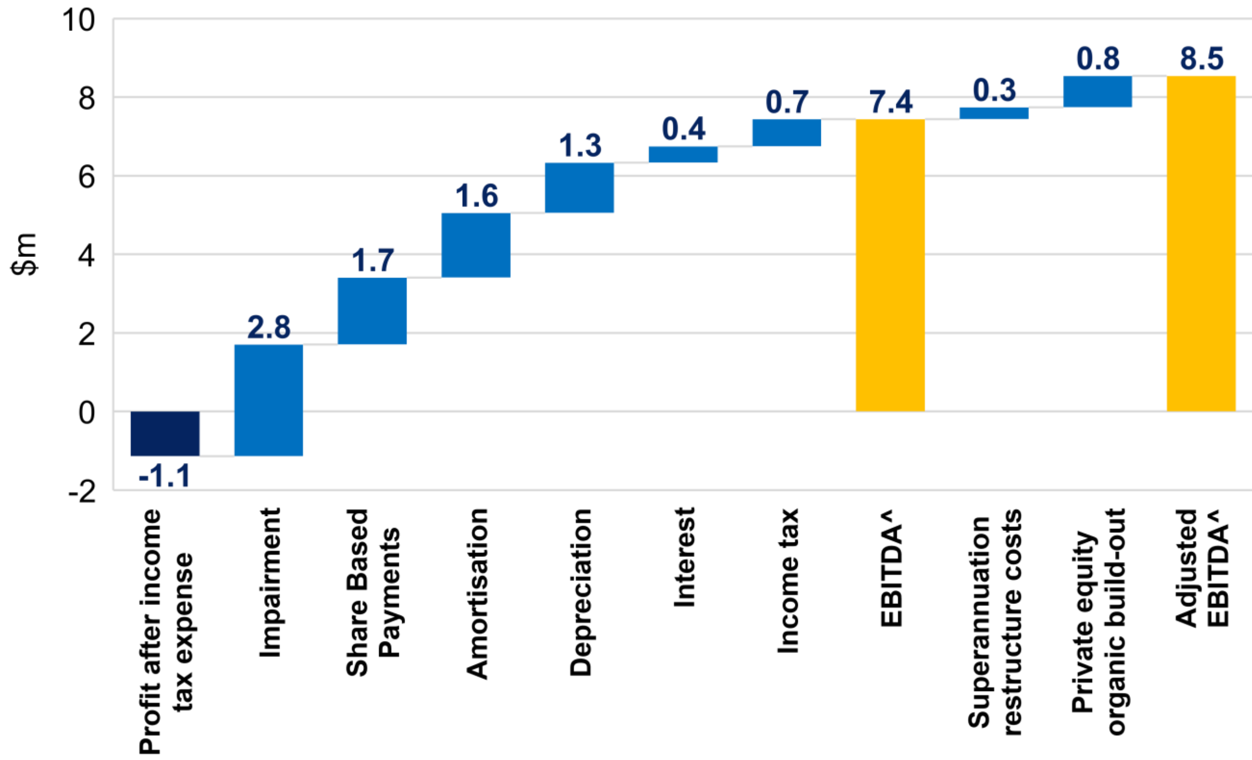
^ Restated down by $0.4 million from prior year due to overstatement of revenue and expense between two subsidiaries.

* See Appendix for definitions of non-IFRS measures.

STRONG ORGANIC GROWTH PROFILE

- $8.7m revenue increase driven by organic growth from both existing clients and new client wins
- Investment in a number of initiatives increased our operating costs, including:
  - $0.8m building out US operations to diversify our service offering into private equity
  - $0.5m investment in key employees to strengthen our succession planning and client relationships in Asia-Pacific

NPAT to EBITDA breakdown



^ See Appendix for definitions of non-IFRS measures.

NPAT TO EBITDA PROFILE

- Strong underlying EBITDA result impacted by:
  - Non-cash impairment of goodwill to address challenges in superannuation business
  - Higher Share Based Payments awarded in HY19 including vesting of FY18 performance bonuses and FY19 sign-on bonus
- Adjusted EBITDA shows:
  - Investment made in building out the Group's private equity business during the year, and
  - Restructure costs incurred in Superannuation Services

Balance sheet

$m	FY19	FY18
Current assets	22.1	13.0
Non-current assets	27.6	30.9
Total assets	**49.7**	**43.9**
Current liabilities	7.7	9.4
Non-current liabilities	6.9	9.1
Total liabilities	**14.6**	**18.5**
Net assets	35.1	25.4
Equity	**35.1**	**25.4**

HIGHLIGHTS

- Balance sheet strengthened by Capital Raise
  - Now holding $10m additional regulatory capital to support Custody business
  - ANZ 3 year debt facility reduced from $9m to $7m
- Strong cash generation in underlying business
- Intangible assets comprise client contracts and goodwill from business acquisitions
- Regulatory capital required in five markets we operate in and this requirement will increase as we grow

Appendix: Defined terms

IMPORTANT NOTICE: Mainstream uses a number of non-IFRS financial measures in this presentation to evaluate the performance and profitability of the overall business. Although Mainstream believes these measures provide useful information about the Group's financial performance, they should be considered as supplemental to the information presented in accordance with Australian Accounting Standards and not as a replacement for them. The principle non-IFRS financial measures that are referred to in this presentation are:

1. **EBITDA** is calculated as earnings before interest financing expense, tax, depreciation, amortisation and share based payments and is used to highlight Operating Margin before Corporate Costs.
2. **Operating EBITDA** is used to highlight the operating performance of the Group.
3. **Adjusted EBITDA** reflects EBITDA adjusted to exclude start-up costs and restructure costs absorbed in the Profit and Loss by the Group.

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