

Mainstream Group Holdings Limited

ABN 48 112 252 114

Level 1

51-57 Pitt Street

Sydney NSW 2000

Mailing Address:

GPO Box 4968

Sydney NSW 2001

E: info@mainstreamgroup.com

W: www.mainstreamgroup.com

T: +61 2 9247 3326



Tuesday, 22 September 2020

Puja Patel
Adviser, Listings Compliance (Sydney)
ASX Limited

By email

Dear Ms Patel,

Finance News Network Investor - Event Presentation

Mainstream Group Holdings Limited (ASX: MAI) is pleased to release the following presentation to be given by CEO Martin Smith at today's Finance News Network online investor event. The presentation provides an overview of the Company's strategy and activities.

Yours sincerely,

Alicia Gill
Company Secretary
Mainstream Group Holdings Limited

ASX: MAI

PRESENTATION TO
FINANCE NEWS
NETWORK

MAINSTREAM GROUP
HOLDINGS LIMITED

RELEASED
22 SEPTEMBER 2020

Foundations of our success

About

- › ASX: MAI, founded 2006, IPO 2015, market cap of \$90 million¹
- › Global fund services for 350 clients and 1,078 funds with \$196 billion in funds under administration
- › 272 employees in eight countries
- › Product, client and geographic diversity relative to peers

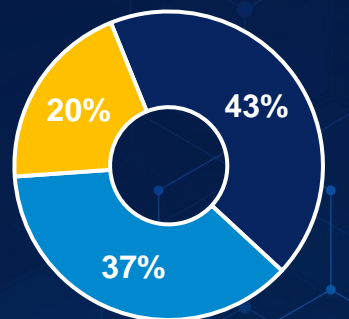
Services

- › Long term contracts to deliver fund services, custody, middle office and corporate services
- › 64% of clients use 2+ services
- › Focus on fund managers with listed, unlisted and alternative funds

Strategy

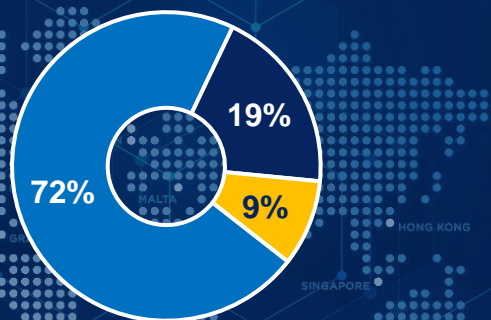
- › Specialise in fund services
- › Organic growth in core markets
- › Deliver back and middle office solutions to clients
- › Serve clients across multiple jurisdictions
- › Build partnerships and alliances with providers across the value chain

Share register profile¹



□ Directors/employees
□ Institutional
□ Retail

Revenue by region²



□ Asia-Pacific □ Americas □ Europe

1. As at 3 September 2020.

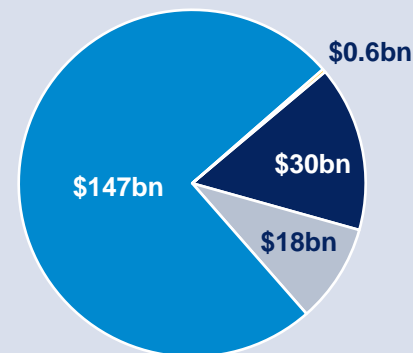
2. For the year ended 30 June 2020.

Diversified and high quality client base

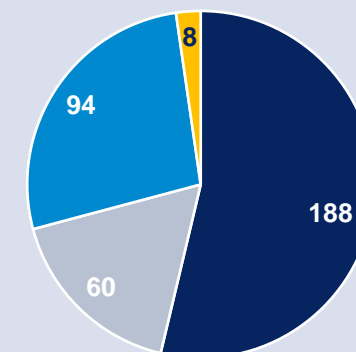
Key Points

- › Mainstream has outsourcing arrangements with leading global fund managers
- › Clients are diversified across traditional and alternative asset classes
- › Majority of revenue is sourced from long term contracts for essential services
- › 13 of top 20 clients have contracted Mainstream as their administrator for 5+ years
 - › Notable new clients in FY21: Pental and Redpoint
- › We grow as our clients grow

Clients by funds under administration¹

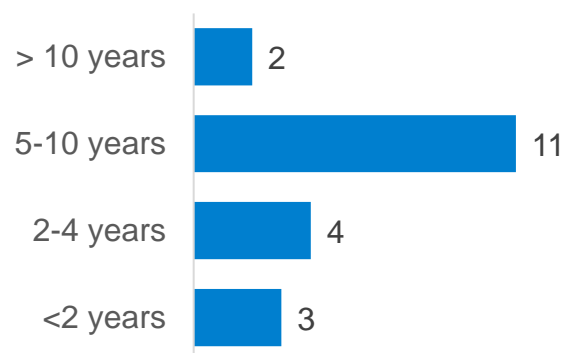


Clients by type¹



■ Alternative fund managers ■ Private equity fund managers ■ Traditional fund managers ■ Superannuation funds

Top 20 clients by relationship length¹



Selection of our high quality clients²

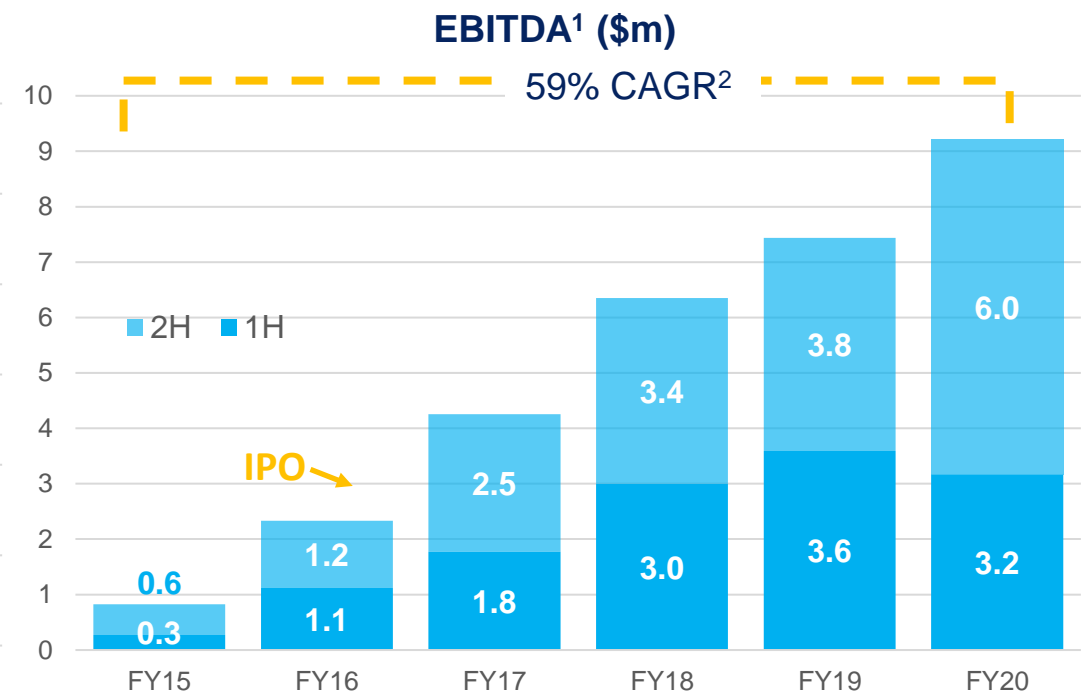
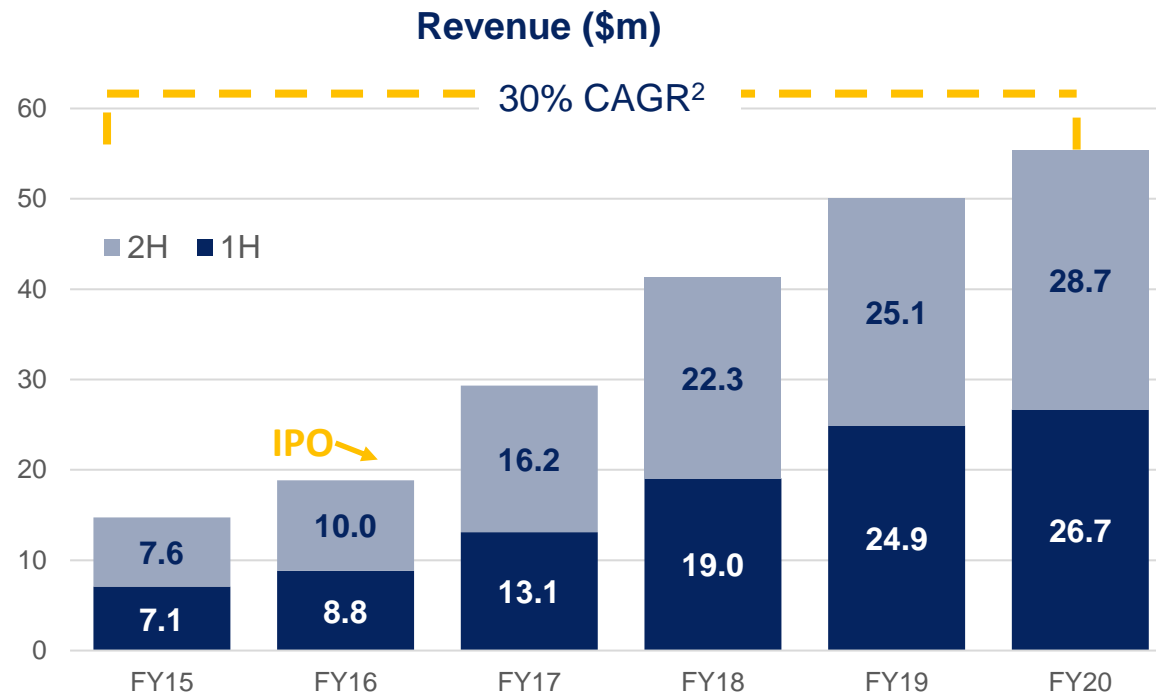


1. As at 30 June 2020.

2. Pental is currently in the process of transitioning unit registry services to Mainstream.

Strong financial track record

- Recognised in the 2020 *Australian Financial Review* 'Fast 100' list as one of Australia's fastest growing companies



¹ See Defined Terms in the Appendix for definitions of non-IFRS measures and information on the impact of Mainstream's adoption of AASB 16 Leases on the Group's financial information.

² Compound annual growth rate (CAGR): FY15 v FY20

FY20 highlights

- › Resilient revenue and funds under administration continued to grow in challenging conditions
 - › 100% organic growth
- › Signing of Pental secures 3rd 'crown jewel' client, backed by significant new client wins in US and Hong Kong
- › Continued new business opportunities created by structural shifts, industry consolidation and regulatory changes
- › Good progress in building our higher margin businesses (custody, private equity)
 - › US business now profitable

Revenue
\$55.4m
▲ 11% on FY19

EBITDA*
\$9.2m
▲ 24% on FY19

Funds under administration
\$196.6bn
▲ 14% on FY19

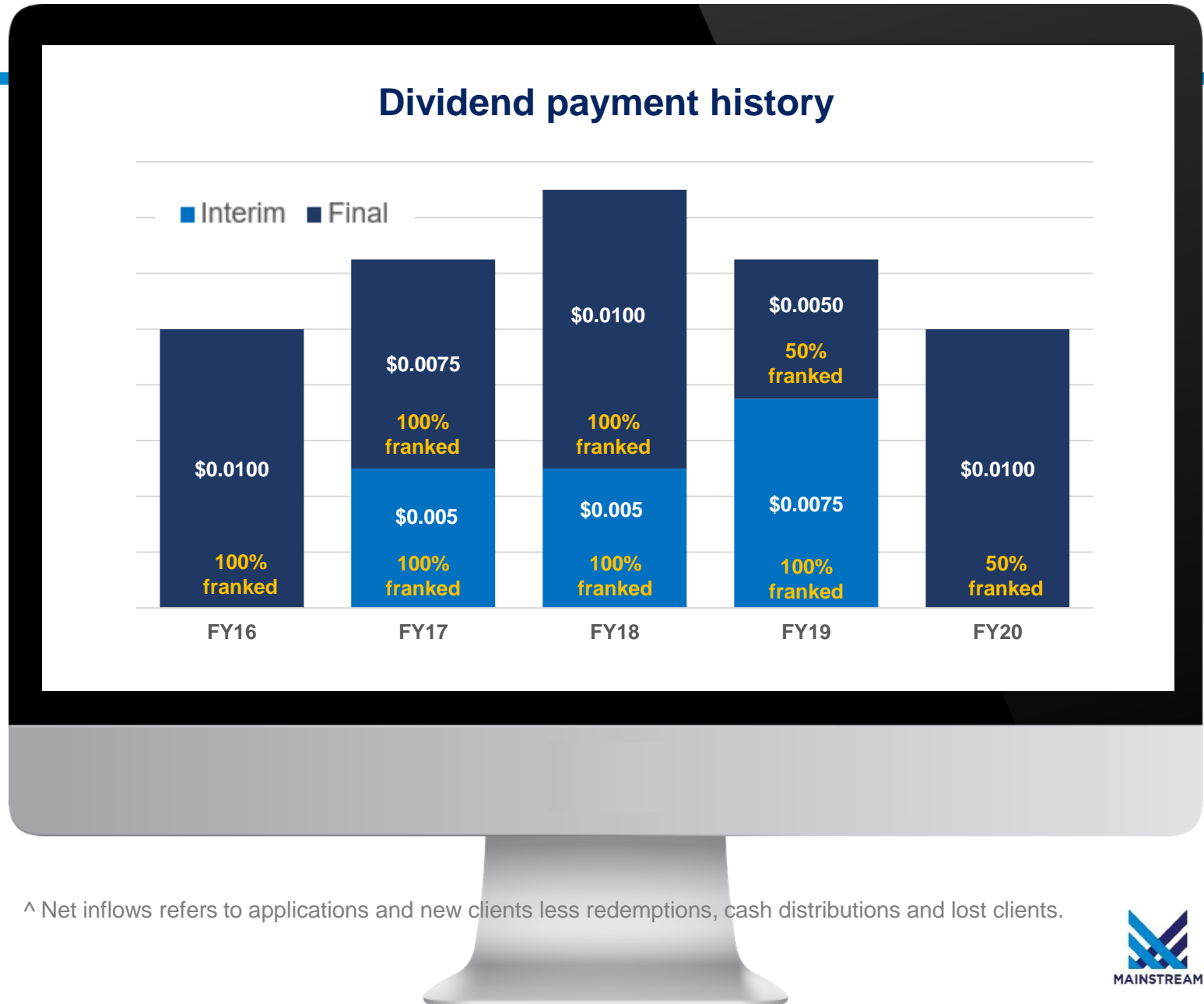
Funds administered
1,078
▲ 7% on FY19

*See Defined Terms in the Appendix for definitions of non-IFRS measures and information on the impact of Mainstream's adoption of AASB 16 Leases on the Group's financial information. Prior periods have not been restated for comparative purposes.

Dividends

Organic growth company that aims to pay dividends to shareholders

- › Strong cash generation in FY20 to reduce debt by \$1 million plus pay a dividend to shareholders
- › FY20 final dividend: record date was 3 Sep 2020 for payment on 14 Oct 2020
- › Move to partial franking reflects growing contribution from international operations



^ Net inflows refers to applications and new clients less redemptions, cash distributions and lost clients.

Organic growth

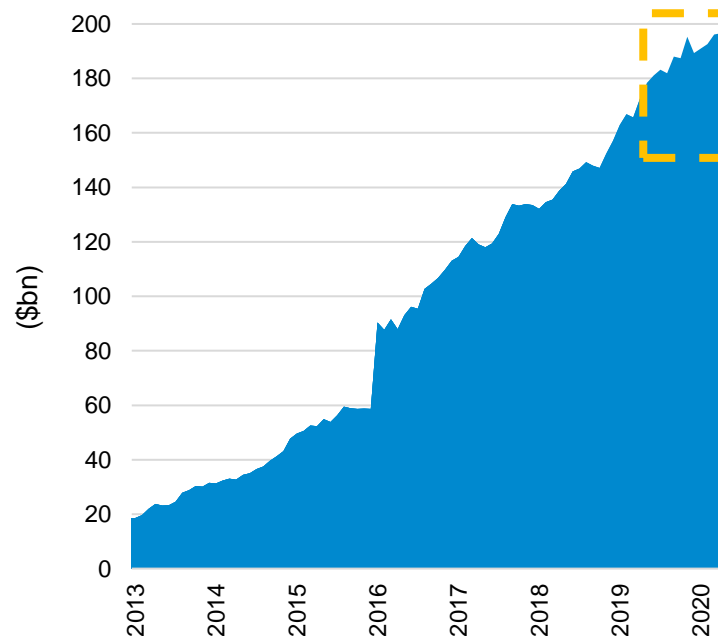
Financial results backed by strong organic growth

- › Preliminary FuA as at 31 August 2020: \$201 billion
- › Official FuA results for quarter ended 30 September 2020 to be released third week of October 2020

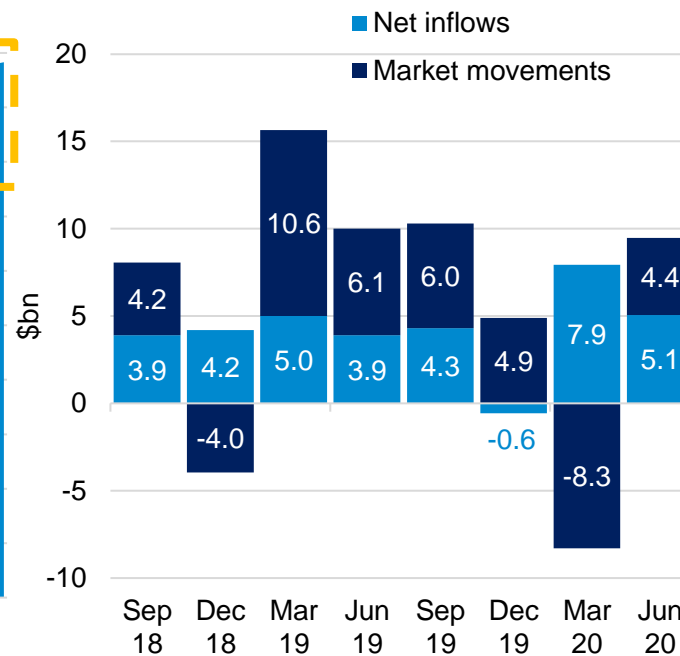
As at 30 June 2020:

- › FuA grew to \$196.6 billion (+14% YoY) in volatile market conditions from COVID-19
- › \$23.8 billion FuA growth included net inflows[^] of \$16.8 billion
- › 1,078 funds administered (+7% YoY), driven by private equity and custody fund wins
- › 350 clients (-2% YoY), with small fund closures offset by new clients
- › Servicing diverse geographies and asset classes provides resilience through market cycles

Funds under Administration (FuA)



FuA quarterly net change



[^] Net inflows refers to applications and new clients less redemptions, cash distributions and lost clients.

Business outlook

Key messages

1. Solid growth track record
2. Securing strategic client contracts
3. High recurring revenue
4. Margin improvement
5. Pay dividends / reduce debt

[^] After application of AASB 16 Leases. Assumes AUD/USD 0.72. See Defined Terms in the Appendix for definitions of non-IFRS measures.

FY21 earnings guidance

- › Approx. \$65m revenue and \$11.5m EBITDA[^]
 - › Outlook sensitive to client closures, market movements, exchange rates, interest rates and duration/severity of COVID-19
 - › Approx. 50% of EBITDA earned in USD

Opportunities

- › Ongoing industry consolidation
- › Further growth/expansion in US
- › Further growth in custody services
- › Selling US private equity services in Asia-Pacific
- › Quoted Funds

**Further
questions?**

Contact information

Alicia Gill

Company Secretary

Mainstream Group Holdings Limited

+61 2 8259 8859

agill@mainstreamgroup.com

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.

AASB 16: From 1 July 2019, Mainstream has adopted the modified retrospective method of AASB 16 Leases. Comparative figures have not been restated and the cumulative effect of initially applying the standard is recognised as an adjustment of the opening balance of retained earnings at the date of initial application. Refer to Note 2 of the Financial Statements for further information on these adjustments.

Forward looking statements: This Presentation contains certain "forward looking statements". Forward looking statements can generally be identified by the use of forward looking words such as, "expect", "anticipate", "likely", "intend", "should", "could", "may", "predict", "plan", "propose", "will", "believe", "forecast", "estimate", "target" "outlook", "guidance" and other similar expressions within the meaning of securities laws of applicable jurisdictions and include, but are not limited to, indications of, or guidance or outlook on, future earnings or financial position or performance of Mainstream. The forward looking statements contained in this Presentation are not guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of Mainstream, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct.

There can be no assurance that actual outcomes will not differ materially from these forward-looking statements. A number of important factors could cause actual results or performance to differ materially from the forward looking statements, including the risk factors set out in this Presentation. Investors should consider the forward looking statements contained in this Presentation in light of those disclosures. The forward looking statements are based on information available to Mainstream as at the date of this Presentation.

Except as required by law or regulation (including the ASX Listing Rules), Mainstream accepts no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements.

Disclaimer

The information contained in this presentation has been prepared by Mainstream Group Holdings Limited ACN 112 252 114 (**MAI**).

This presentation is not an offer or invitation for subscription or purchase of or a recommendation of securities. It does not take into account the investment objectives, financial situation and particular needs of the investor. Before making an investment in MAI, the investor or prospective investor should consider whether such an investment is appropriate to their particular investment needs, objectives and financial circumstances and consult an investment adviser if necessary.

Information, including forecast financial information, in this presentation should not be considered as a recommendation in relation to holding purchasing or selling, securities or other instruments in MAI. Due care and attention has been used in the preparation of forecast information. However, actual results may vary from forecasts and any variation may be materially positive or negative. Forecasts by their very nature, are subject to uncertainty and contingencies many of which are outside the control of MAI. Past performance is not a reliable indication of future performance.

The distribution of this presentation in other jurisdictions including (without limitation) the United States, Canada and Japan (or to any resident thereof) may be restricted by law and therefore persons into whose possession this presentation comes should inform themselves of and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. The Shares have not been, and will not be, registered under the US Securities Act or under any of the relevant securities laws of any state of the United States or of Canada or Japan. Accordingly, unless an exemption under such act or laws is applicable, the Shares may not be offered, sold or delivered directly or indirectly in or into the United States, Canada or Japan.