

Mainstream Group Holdings Limited (ASX:MAI)

**Annual General Meeting
28th October 2020**

Agenda

- › Chair's Address
- › CEO and CFO's Address
 - Overview of FY20
 - 1Q FY21 Update and Outlook
- › Formal Business

Chair's Address



Byram Johnston

Non-Executive Chairman

Board of Directors



BYRAM JOHNSTON OAM

BEC, FICA

Non-Executive Chairman

Substantial shareholder (13.4%),
appointed 2006



MARTIN SMITH

BBus, MCom, CPA

**CEO and
Executive Director**

Substantial shareholder
(15.0%), appointed 2006



JOHN PLUMMER

BCom, MBA

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

Substantial shareholder
(9.5%), appointed 2015

**Remuneration and
Human Resources
Committee**



JOANNA FISHER

BA, B.Com, GAICD

**Non-Executive
Director and
Chair, Acquisitions
Committee**

Independent,
appointed 2018

**Acquisitions
Committee**



DEBBIE LAST

B.Com, CA

**Non-Executive
Director and
Chair, Audit and Risk
Committee**

Independent,
appointed 2019

**Audit and Risk
Committee**

**CEO & CFO's
Address**



Martin Smith
Chief Executive Officer



Stacey Kelly
Chief Financial Officer

Global Operating Model



Martin Smith
Group CEO

Asia Pacific



Nick Happell
CEO, Asia-Pacific

Europe & Cayman



Barbara Purcell
CEO, Ireland



Natalya Pace
Country Manager,
Malta



Ian Dungate
Country Manager,
Isle of Man

Americas



Jay Maher
CEO,
Americas



Angela Nightingale
CEO, Cayman Islands

Group Services



Alicia Gill
Head of Marketing
& Company
Secretary



Jenny Elhassan
Head of Project
Management
Office



Rachel Parris
Head of HR



**Silva Seferian
Jacotine**
General Counsel
& Head of Risk



Stacey Kelly
Chief Financial
Officer



Tony Hawker
Head of
Technology



Andrew Harrison
CEO, Australia



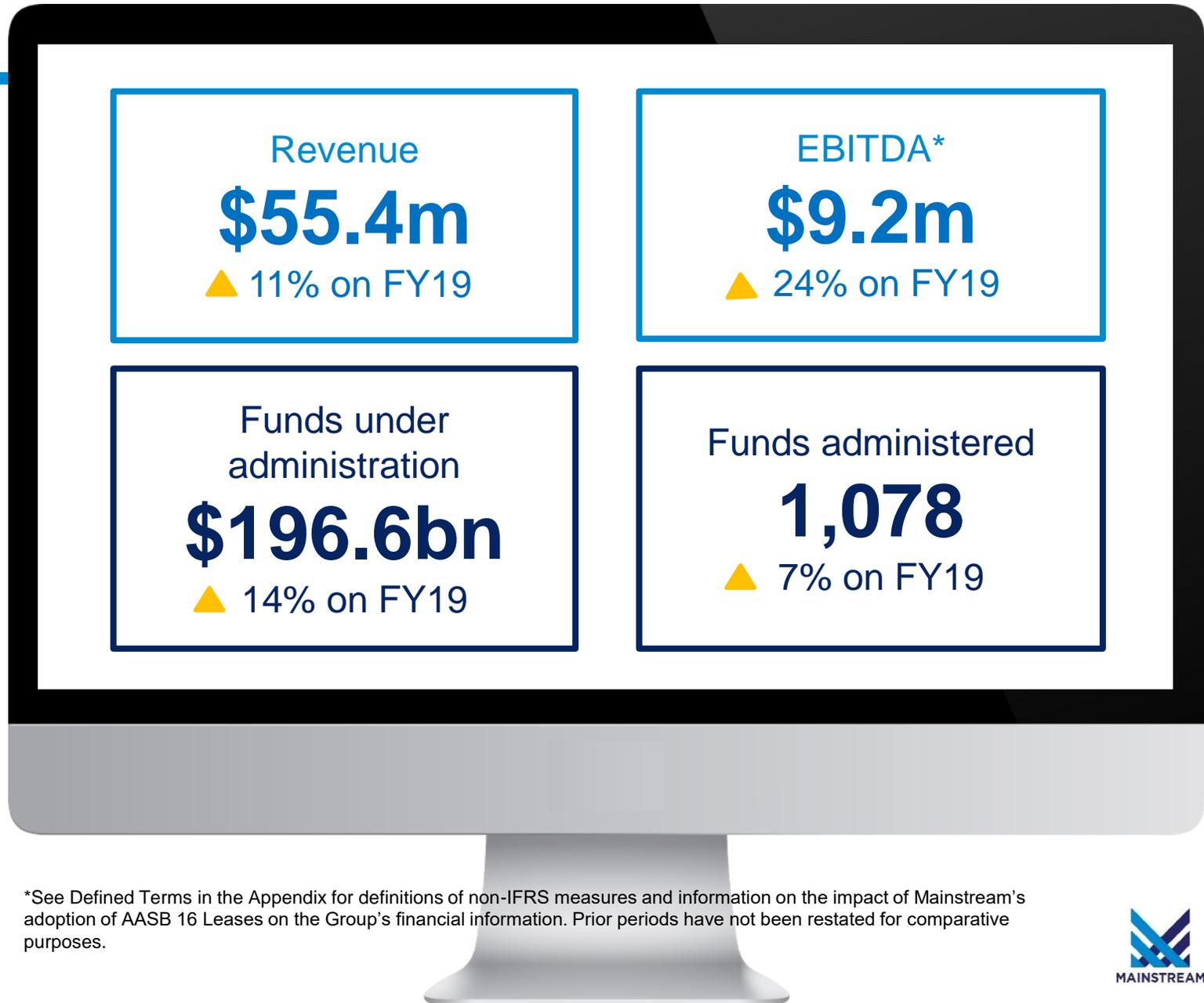
Amber Lo
Country Manager,
Hong Kong



John Davis
Country Manager,
Singapore

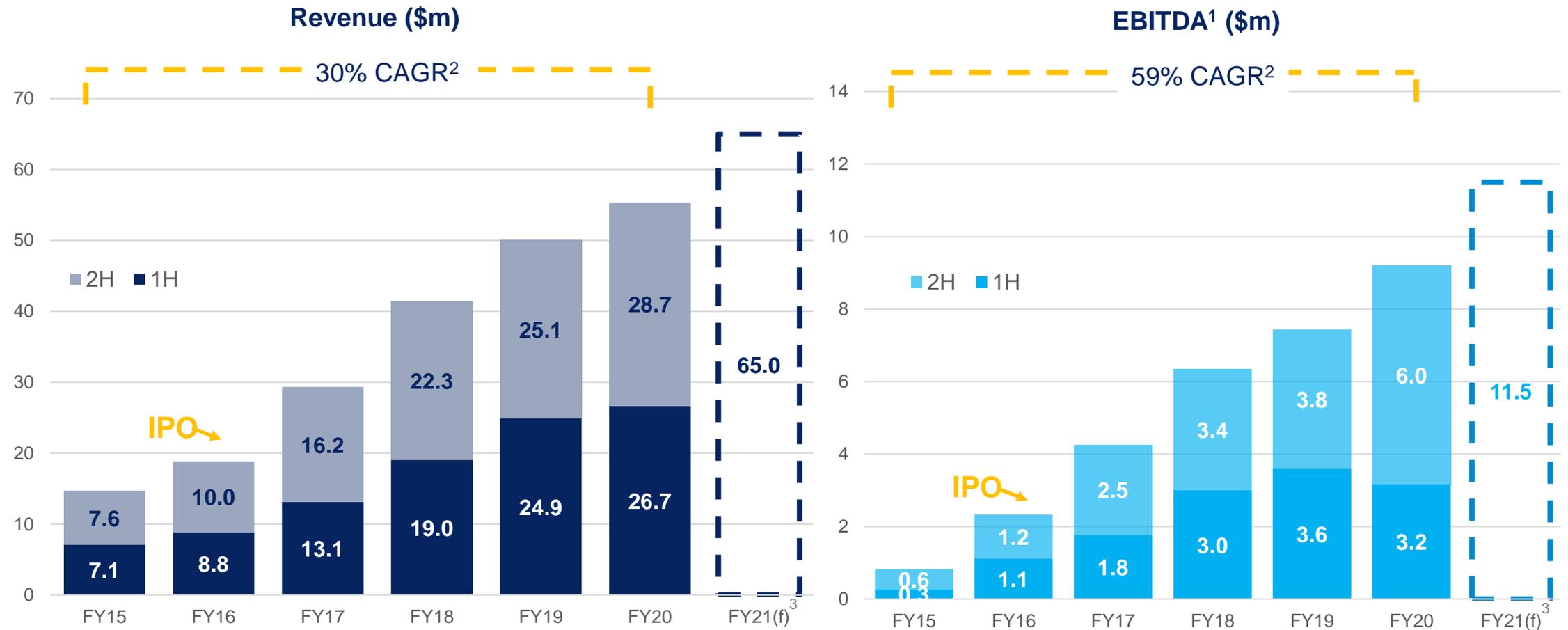
FY20 highlights

- › Resilient revenue and funds under administration continued to grow in challenging conditions
- › 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



*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.

Supported by a strong financial track record



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.

³ Full year earnings guidance for the year ended 30 June 2021 is sensitive to fund closures, market movements, exchange rates, interest rates and duration/severity of COVID-19.

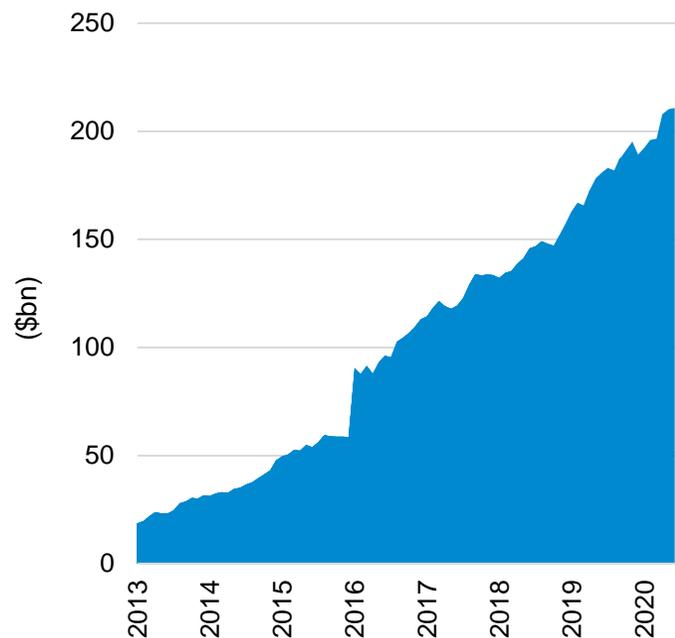
Organic growth

Financial results backed by strong organic growth

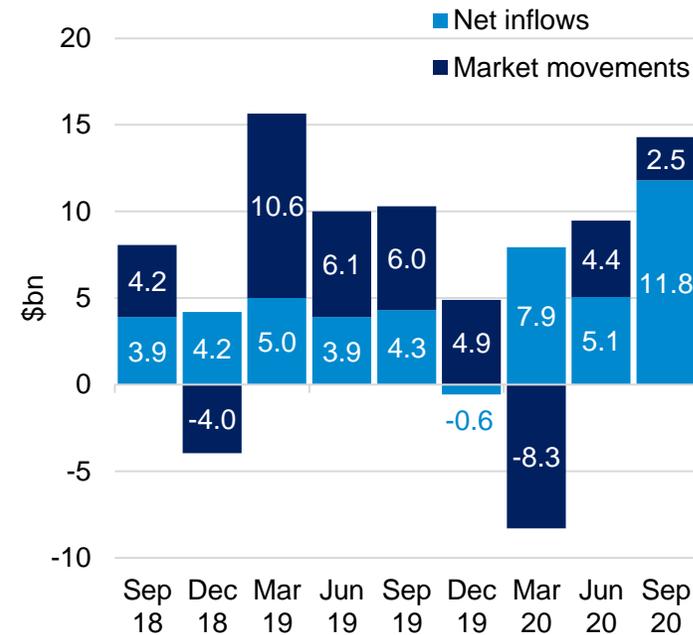
As at 30 September 2020:

- › FuA grew to \$210.9 billion (+7% QoQ, 15% YoY) despite COVID market conditions
- › \$27.8 billion YoY FuA growth comprised of 87% net inflows[^] and 13% market movements
- › 1,149 funds administered (+7%QoQ, +13% YoY), driven by private equity and custody fund wins
- › 358 clients (+2%QoQ, -1% 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. QoQ, or Quarter-over-Quarter, refers to net change since 30 June 2020. YoY, or Year-over-Year, refers to net change since 30 September 2019.

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

FY21 Q1 update

- › June quarter momentum has continued into September as clients adapt to current environment
 - › 71 net additional / new funds live during quarter
 - › Solid new business pipeline in core markets
 - › Revenue and EBITDA tracking to market guidance

Opportunities

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

Financial highlights

Strong organic growth profile

- › \$5.4m revenue increase driven by organic growth from both existing clients and new client wins
- › Began FY20 with contracted annual revenue of \$47m
- › Higher cash balances and increased transaction fees largely offset lower basis point fees (linked to FuA) and custody income (linked to official cash rates)
- › Investment in a number of initiatives increased our operating costs, including:
 - › \$0.8m building out US operations to support private equity offering
 - › \$0.5m investment in succession planning and client relationship development in Asia-Pacific
- › Year of consolidation and driving organic growth pipeline

YEAR ENDED 30 JUNE	2020	2019	Change (%)
Revenue	\$55.4m	\$50.0m	▲ 11%
Operating EBITDA*	\$16.1m	\$11.7m	▲ 38%
Operating EBITDA margin (%)	29.0%	23.0%	
EBITDA*	\$9.2m	\$7.4m	▲ 24%
EBITDA margin (%)	16.6%	14.9%	
NPAT	\$0.5m	(\$1.1m)	nm
Dividend per share (DPS)	1.00cps	1.25cps	▼ 20%

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Balance sheet

Highlights

- › Strong cash generation in underlying business of \$6.1 million during FY20
- › Debt facility reduced to \$5 million:
 - › \$1 million repayment made during FY20
 - › Further \$1 million voluntary prepayment made during Sep 2020
 - › Comfortably serviced within existing covenants
- › Global cash position of \$15.6 million as at 30 Sep 2020
 - › Approx \$8.1 million held to meet Group regulatory capital requirements

\$m	FY20	FY19
Cash at bank	14.7	11.7
Current assets	25.7	22.2
Non-current assets	34.2	28.5
Total assets	59.9	50.7
Current liabilities	11.2	7.7
Gross debt	6.0	7.0
Non-current liabilities	11.7	7.9
Total liabilities	22.9	15.6
Net assets	37.0	35.1
Equity	37.0	35.1

FY20 refers to as at 30 June 2020.
FY19 refers to as at 30 June 2019.

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.
2. **Operating EBITDA** is used to highlight the operating performance of the Group excluding group costs.

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.

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