

H1 2023 Results Presentation

# Amicorp FS (UK) Plc



**PRESENTED BY:**

Kin Lai, CEO

Stephen Wong, CFO

Kiran Kumar, COO

27 Sep 2023



Kin Lai, CEO



Stephen Wong, CFO



Kiran Kumar, COO

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**Overview**

Kin Lai, CEO

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**Financial review**

Stephen Wong, CFO

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**Strategy & Market opportunity**

Kin Lai, CEO / Kiran Kumar, COO

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**Outlook**

Kin Lai

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**Q&A**

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FUND SERVICES PROVIDER WORKING WITH **INSTITUTIONAL INVESTORS, PRIVATE EQUITY, VENTURE CAPITAL, HEDGE FUNDS AND FAMILY OFFICES** TO PROVIDE A SUITE OF SPECIALIST SERVICES ACROSS GLOBAL MARKETS

- ▶ **3 divisions:** Fund Administration, Assurance & Governance, BPO
- ▶ **460+ clients** (predominantly PE and Hedge Funds)
- ▶ **AuA: US\$7bn+**
- ▶ **14 jurisdictions, 7 licenses**
- ▶ **Strong presence globally** with particular focus on Emerging Markets





**Stable long-term growth** that mirrors that of the asset management industry



**EBITDA consistently over 35%** and AUA in excess of US\$7bn



**Significant in-house expertise** built up over 15 years to provide clients with a tailored, full-service offering



**Sticky clients with average lifespan of 5-10 years plus** strong diversification – no client accounts for >5% of revenue



**Excellent track record** with strong cashflow visibility and recurring revenue model

## FINANCIAL REVIEW

- ① 9% net annualised organic growth of new wins
- ① Total revenues increased by 3.1% to US\$7.1m
  - ① +65% revenue growth in Assurance & Governance Services
  - ① Increase in external clients in Business Process Outsourcing
  - ① Delayed fund launches
- ① Consistent gross margin of 68% and adjusted EBITDA of 35%
- ① Secured CVM license in Brazil
- ① Increase in sales team to boost organic growth
- ① New licenses in progress including Luxembourg and DIFC, Dubai

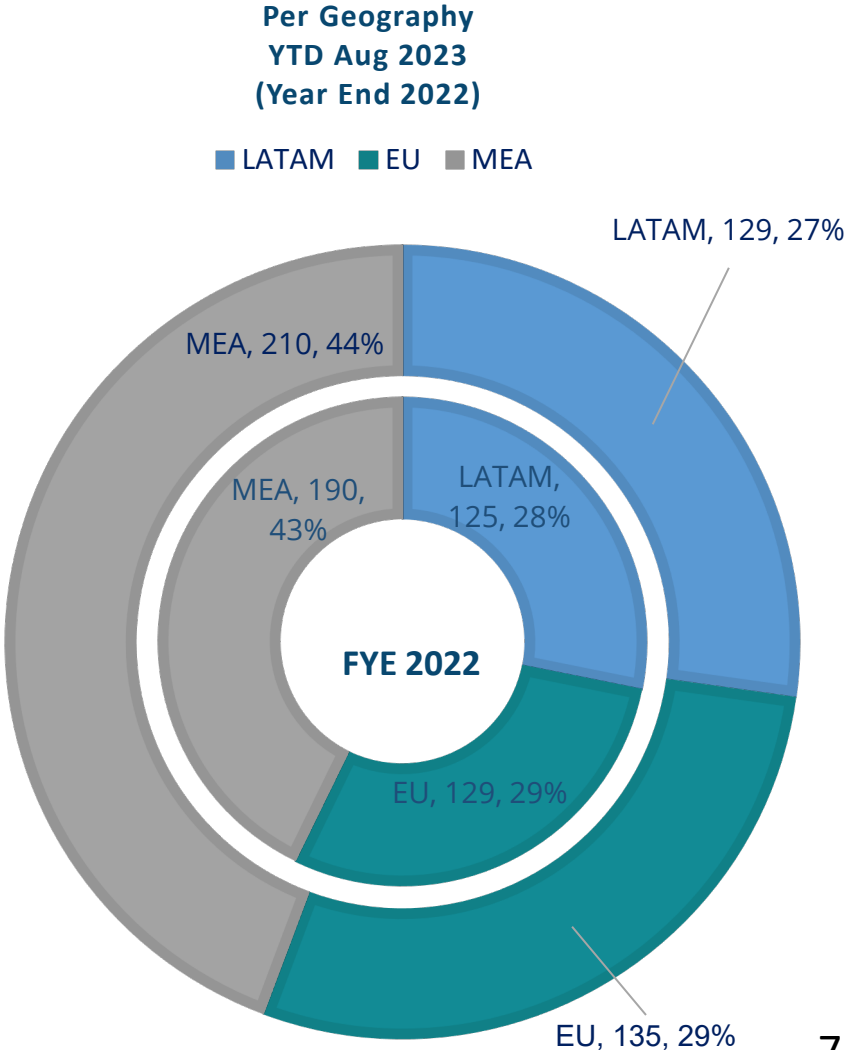
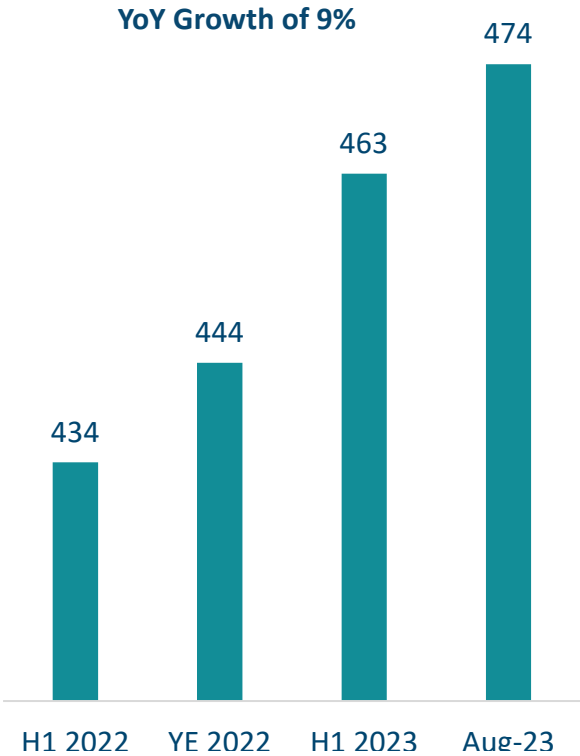
# UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT



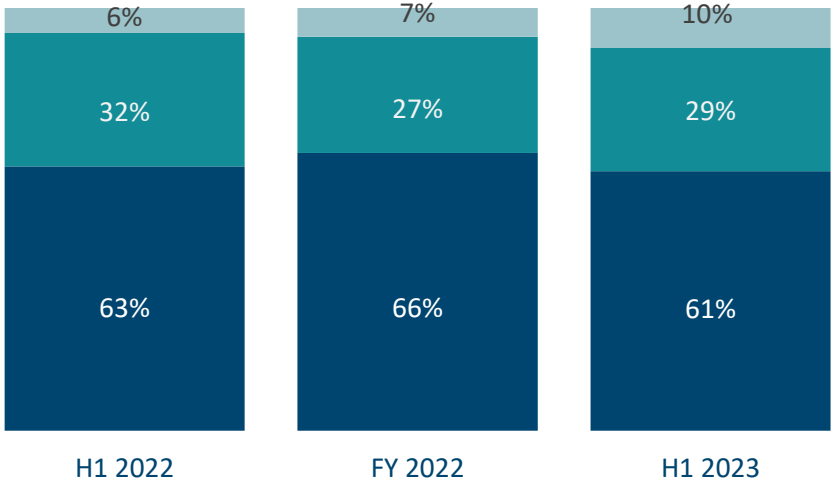
USD'000	H1-2023	H1-2022	Dec 2022
<b>Revenue</b>			
Fund administration	4,347	4,297	7,823
Business process outsourcing	2,065	2,166	3,272
Assurance services	675	409	814
<b>Total revenue</b>	<b>7,087</b>	<b>6,872</b>	<b>11,909</b>
Production payroll and remuneration	(3,461)	(2,607)	(5,397)
Other opex	(1,156)	(955)	(2,350)
<b>Adjusted EBITDA</b>	<b>2,470</b>	<b>3,310</b>	<b>4,162</b>
	<b>35%</b>	<b>48%</b>	<b>35%</b>
IPO expense	(1,201)	(502)	(906)
Post-listing expenses	(49)	-	-
<b>EBITDA</b>	<b>1,220</b>	<b>2,808</b>	<b>3,256</b>
Other gain/loss, finance cost, depreciation	(192)	(39)	(129)
<b>Profit before income tax</b>	<b>1,028</b>	<b>2,769</b>	<b>3,127</b>
Income tax expense	(298)	(579)	(829)
<b>Profit for the period/year</b>	<b>730</b>	<b>2,190</b>	<b>2,298</b>

# ORGANIC GROWTH OF FUNDS UNDER ADMINISTRATION

- 39 new wins in H1 2023 (H1 2022: 46)
- Increasing number of new business enquiries since flotation - Additional 17 new funds in July & Aug 2023
- Growth in 2023 contributed from new funds in MEA and EU
- Annualised new sales realised per sales-person continues to be between 8-10. With the current increased 18-member sales team, AMIF is well positioned for the upcoming expected growth



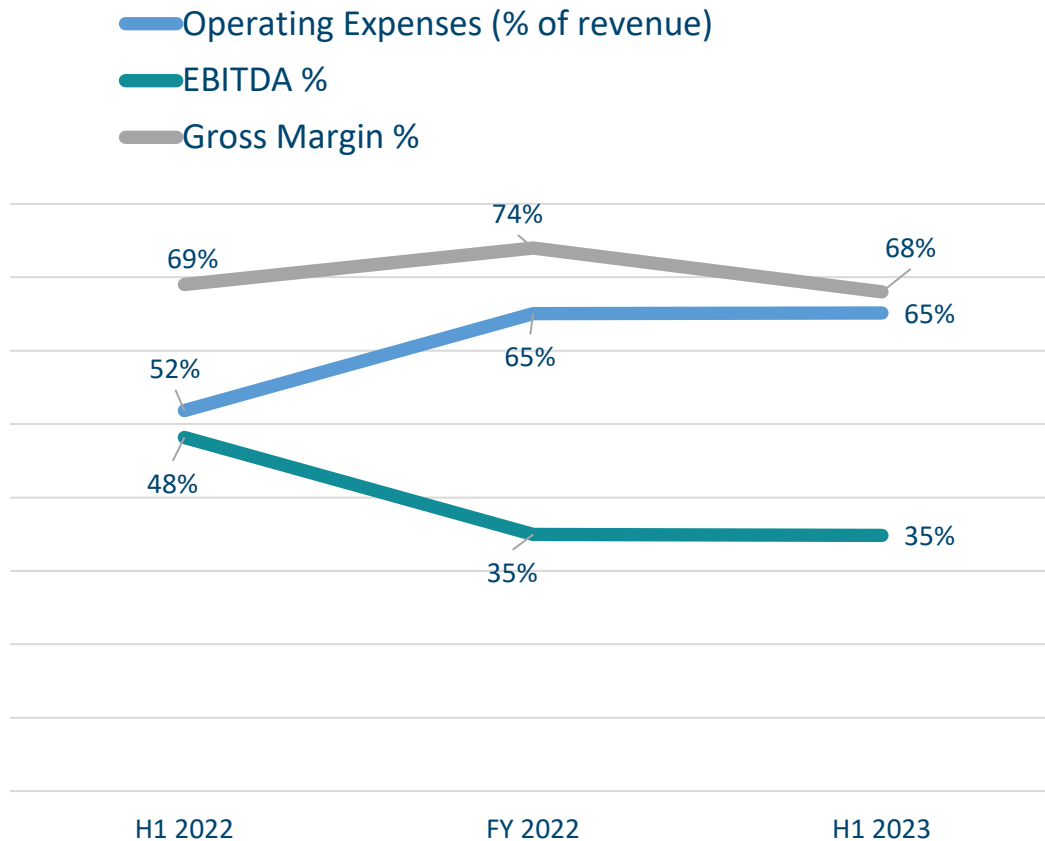
- Growth in fund administration revenue remains flat in spite of growth in new funds, due to delayed fund launches
- 65% increase in Assurance and Governance services, contributed by similar % increase in mandates from 240+ H1 2022 to 390+ in H1 2023
- The growth in BPO services to external clients compensated for the fall in revenue from intra group BPO services. Expansion of portfolio administration services to third parties is expected to grow in the coming months



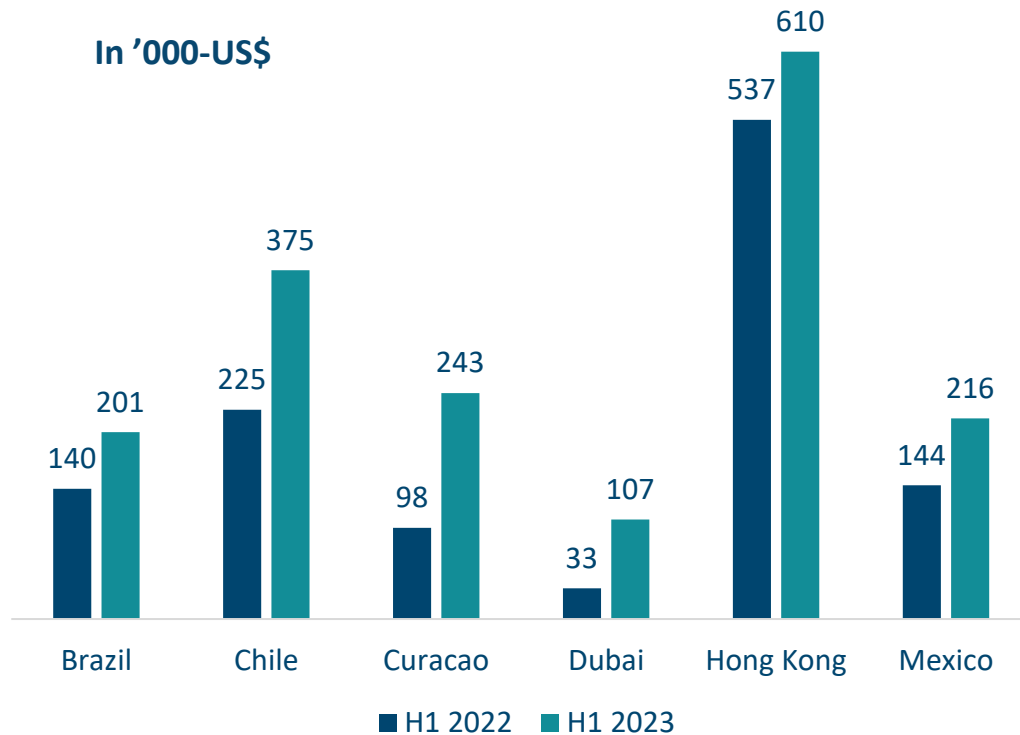
■ Assurance and Governance services  
■ Business Process Outsourcing  
■ Fund Administration



## GROSS MARGIN, EXPENSES AND EBITDA TREND



- ① Gross Margin continues to be stable at 68%, led by BPO at 91%, Assurance Services at 65% followed by Fund Administration averaging at 57%
- ① Adjusted EBITDA (before pre & post IPO expenses) of 35% reassures us of the stability in operating profit
- ① Increase in payroll expenses (especially in sales & operations) and higher professional expenses post IPO contributed to the increase in operating expense in H1 2023 to US\$4.6m (H1 2022: US\$3.5m)
- ① H1 2023 IPO expenses of US\$1.2m (H1 2022: US\$0.5m) is a result of the successful IPO this year



**Brazil:** Staffing in line with the new CVM license

**Chile:** Inflationary adjustment due to complex microeconomic scenarios

**Curacao:** Hiring of two new sales teams to leverage from the growing fund admin market

**Dubai:** New sales teams to maximise the regions organic growth initiatives and capture a much wider spectrum across the Middle East region.

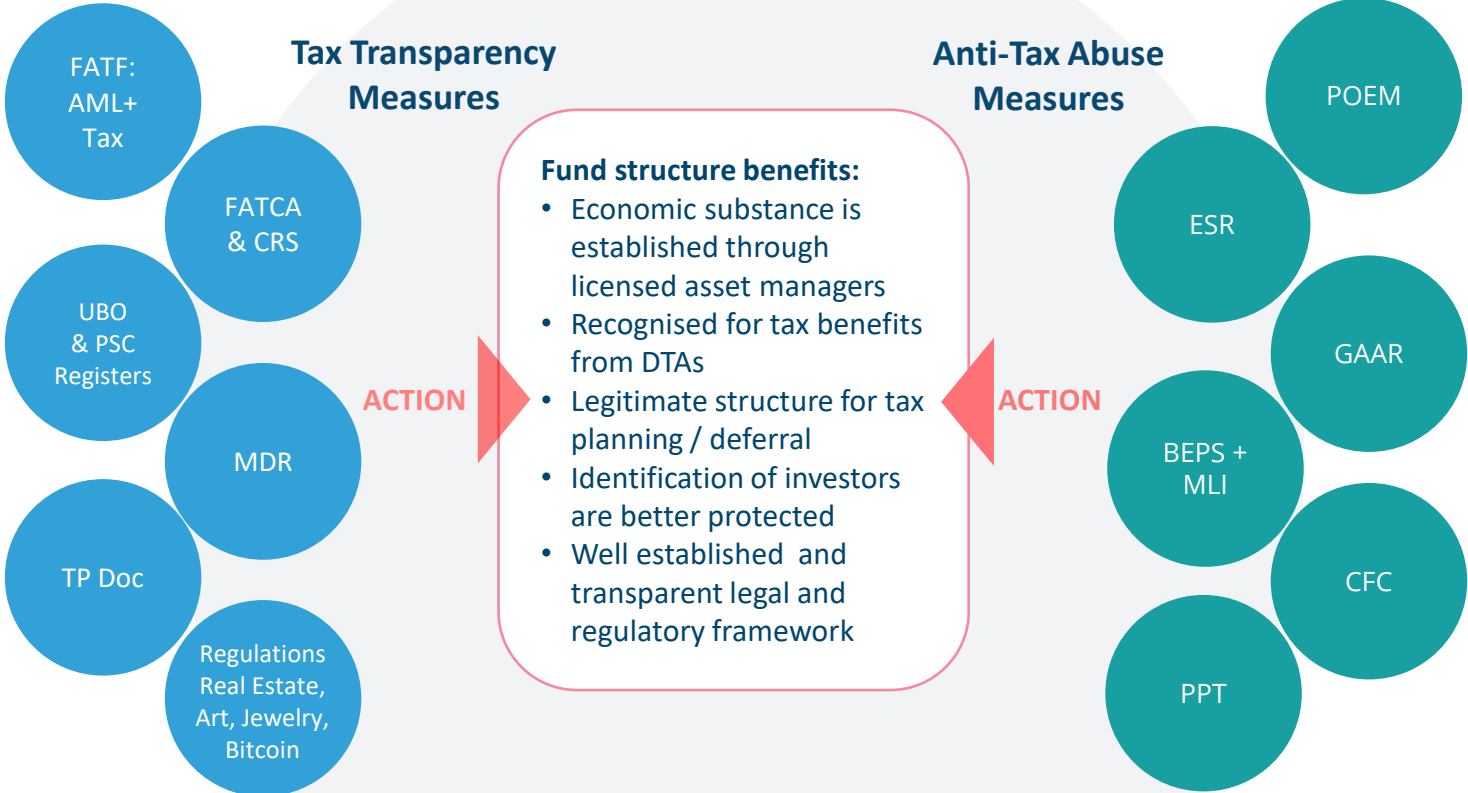
**Hong Kong:** The increase in payroll and remuneration costs in Hong Kong was attributable to inflationary adjustments.

**Mexico:** Represents expansion of sales force and production team to take advantage of nearshoring opportunities because of its geographic proximities to the US.

Committed use of Proceeds	Current Update
IT expenses relating to automation process, licensing fee, consultancy fees	Investment in IT integration to automate fund and investor onboarding and related compliance
Additional Licences including depository lite license in Luxembourg	Application for Fund Admin Licences in DIFC-Dubai, Luxembourg and in process for Depository Licence in Luxembourg
Setting up licensed fund administration operation in Ireland	Business plan under review including discussions with Central Bank
Expansion of sales team in Dubai, Luxembourg, Madrid, Singapore, London, São Paulo and Miami	Increased sales team from 12 in FY 2022 to 18 in H1 2023 to boost organic growth
Expansion of assurance and governance services	Setup in process for the support infrastructure (systems and resources) to embrace further growth

New and growing trend for family offices, financial institutions and corporations setting up fund structures for cross-border investment, asset planning, investment holding etc., because of global tax transparency and anti-tax abuse measures – present opportunities for AMIF.

MEETING  
A CHANGING  
SET OF NEEDS



“Regulators continue to create new fund vehicles to offer more flexibility to fund management companies and investors, and to compete for market share ... New vehicles and strategies are increasingly being made available to sophisticated and retail investors, enabling them to diversify portfolios into wider asset classes.”

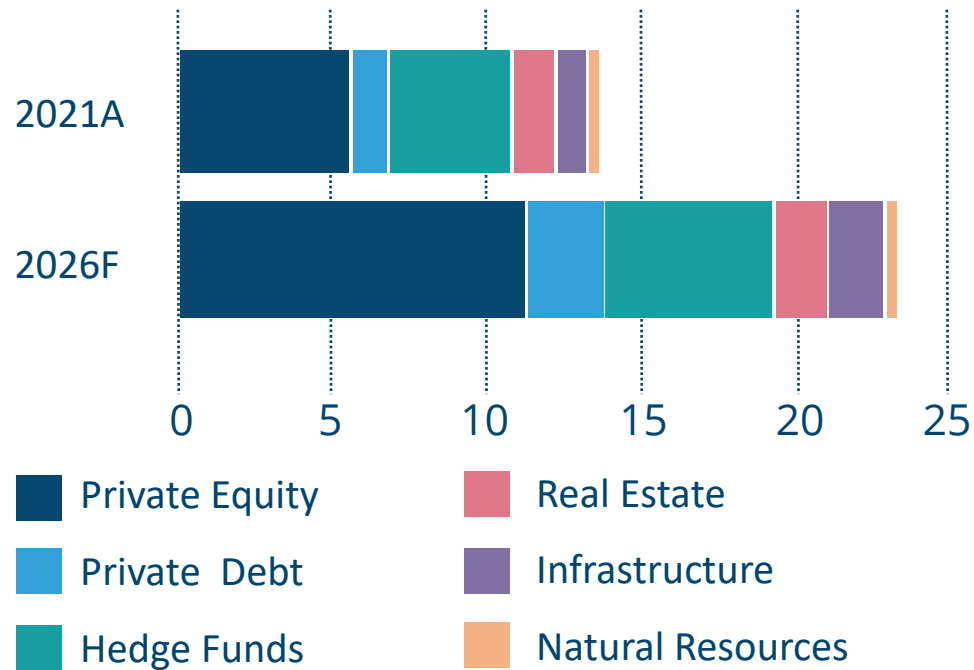
**KPMG ‘Navigating uncertainty: Evolving Asset Management Regulation Report’ 2022**

“The Asia Pacific asset and wealth management industry is at the forefront of global AUM growth ... These growth opportunities come at a time as some key financial powerhouses ... ramp up efforts to offer new regional and local fund structures to the market and address the sophisticated needs of the global investors and international asset managers.”

**PwC ‘Asia Fund Structures – The Rise and Rise’ 2022**



Alternative Assets under Management and Forecast, 2021 – 2026 (US\$tn)



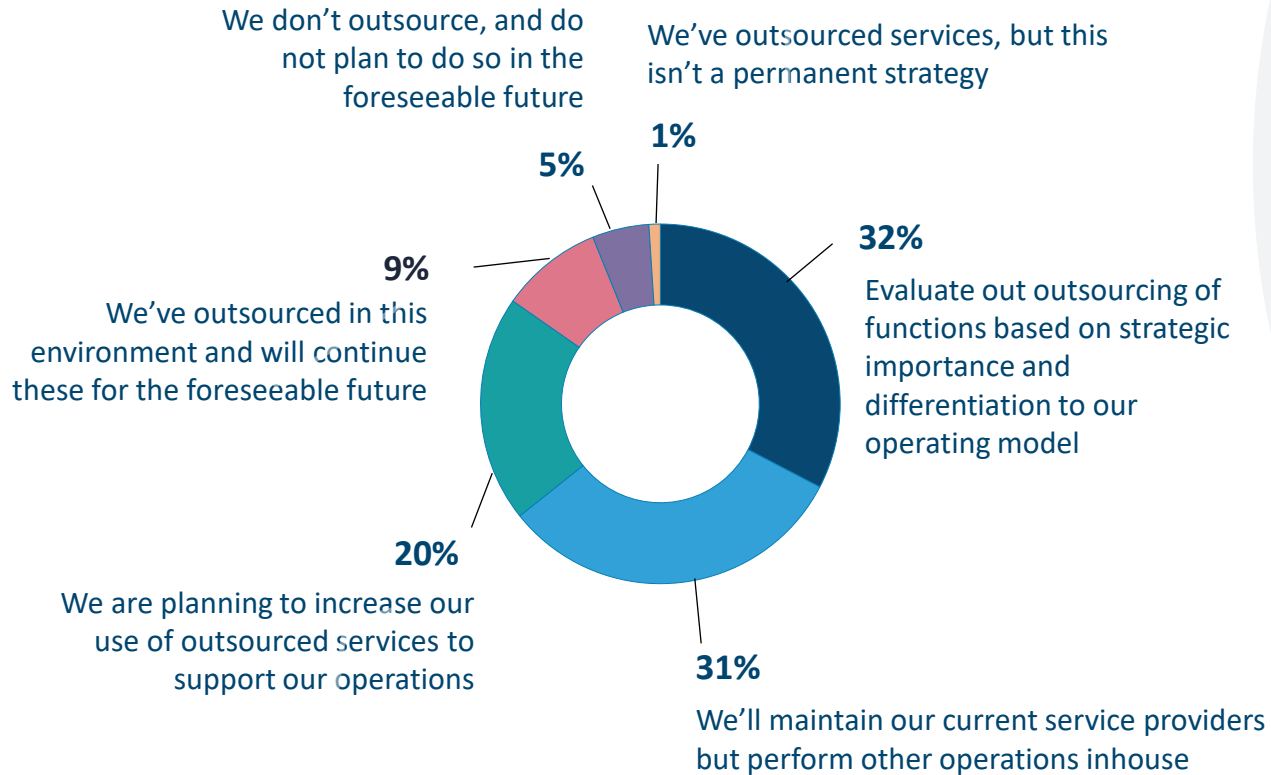
**Growth in alternative assets to accelerate over next five years and AUM to hit US\$23.21tn in 2026**

*“AUM in private capital grew from US\$4.08tn at the end of 2015 to US\$8.90tn at the end of 2021 ... representing a CAGR of 13.9% ... Preqin is forecasting a CAGR of 14.8% between 2021 and 2026, taking private capital AUM to US\$17.77tn. We expect hedge fund AUM to grow more slowly, but a forecast CAGR of 4.2% would see AUM hit US\$5.44tn in 2026, giving an AUM total for the major alternative asset classes of US\$23.21tn.”*

*Source: Preqin Forecasts*

*Source: Preqin Forecasts*

Regarding your firm’s use of outsourced services, which statement best reflects your firm’s operating strategy?



## A marketplace ‘flush with opportunity’ & increasing demand for service providers

“The market for alternative-asset service providers is flush with opportunity. With total assets under management (AUM) expected to grow ... funds will increasingly lean on placement agents, auditors, administrators, and legal teams to manage essential functions. ... Even if 2022 doesn't match 2021's record fundraising, the general upward trend points to a need to manage inflows and efficiently service a new generation of clients.”

Source: 2022 Preqin Service Providers Report

AMIF has had its own successful outsourcing office in Bangalore since 2009, which has contributed to > 35% EBITDA margin of the Group and witnessed the number of funds growing from 284 to 444 from FY20-FY22.

In addition to the Bangalore office, AMIF has also set up an outsourcing office in Mauritius to deal with future business growth.



- Increasing complexity of global regulatory environment, small and mid-sized asset managers may not have the expertise/resources to cope
- Information required for compliance is compiled by fund administrators, who are better positioned to provide the services

AMIF intends to develop its infrastructure with as much automation as possible to achieve economies of scale that are expected to:

- Enable it to process higher volumes of information
- Boost the number of senior in-house compliance experts
- Provide AML officers with more time to assume further responsibilities

**Growth in alternative assets to accelerate over next five years and AUM to hit US\$23.21tn in 2026**

*“Managers need to prepare for the increased number of global regulatory changes and proposals that, if adopted, would require increased reporting responsibilities.... Although larger firms have the resources to effectively meet these increased challenges, the cost of compliance may disproportionately impact smaller and mid-sized firms.”*

Source: Preqin Forecasts

## WHY AMIF IS WELL PLACED TO WIN

- 1 Automated operation process for scaling up AMIF's business – improving profit margin
- 2 Diversifying services offering inc. Director Services, MLRO, Data Protection and ESG
- 3 Implement 'buy and build' strategy in a highly fragmented market, especially Emerging Markets
- 4 Presence in key territories with additional sales forces to boost organic growth
- 5 AMIF has licenses in key jurisdictions – more in pipeline for barriers of entries



- ① Significant organic revenue growth and diversification leading to strong H1 results
- ① Successful IPO in June 2023 raising US\$16.2m of which US\$6.5 for the Group
- ① New sales teams recruited with expected boost to organic growth
- ① Continued accelerated growth from Assurance and Governance services, with expansion of services into ESG and ERM
- ① Expansion of BPO services into portfolio administration to be one stop solution provider for all reporting needs to Investment managers globally
- ① Robust start to Q3 2023 with 17 new funds added and uptick in new enquiries
- ① Confidence in meeting management expectations for FY 2023

## Q&A

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H1 2023

# INTERIM RESULTS

