

CONFIDENTIAL

# Intertrust

Discussion Materials AGM: Capital Allocation

May 2019



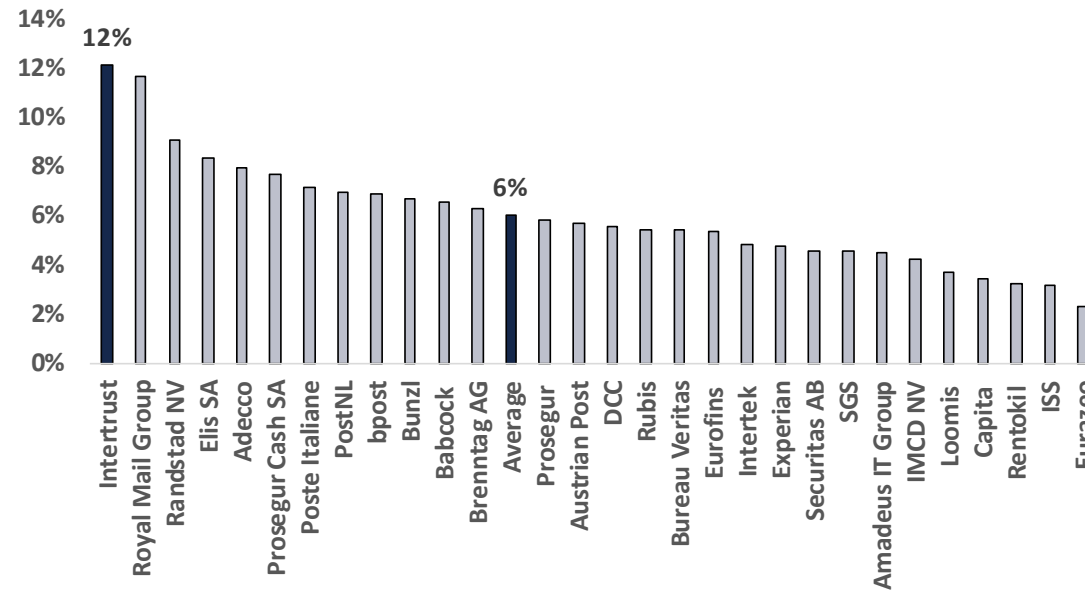
**LUCERNE**  
Capital Management

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# Intertrust

Among the cheapest stocks in Europe...

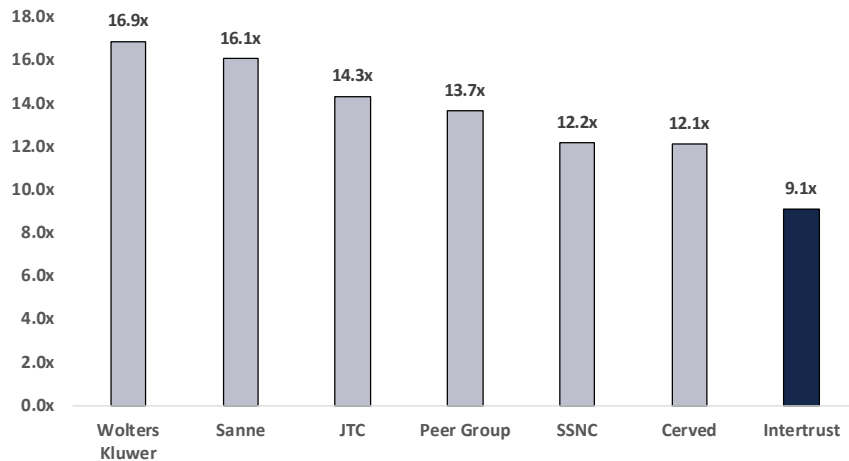
Intertrust FCFe Yld vs European Business Services Sector



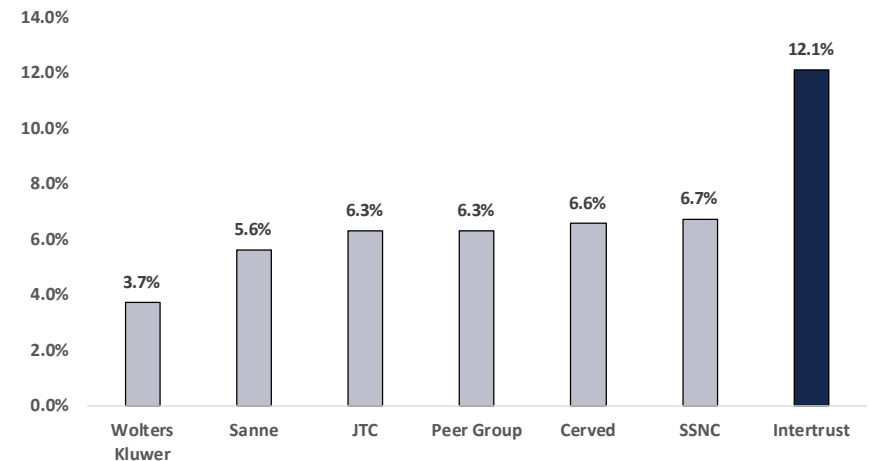
# Intertrust

...and significantly undervalued vs peer group

### Intertrust EV / EBITDA – Capex vs Peer Group



### Intertrust FCFe Yld vs Peer Group



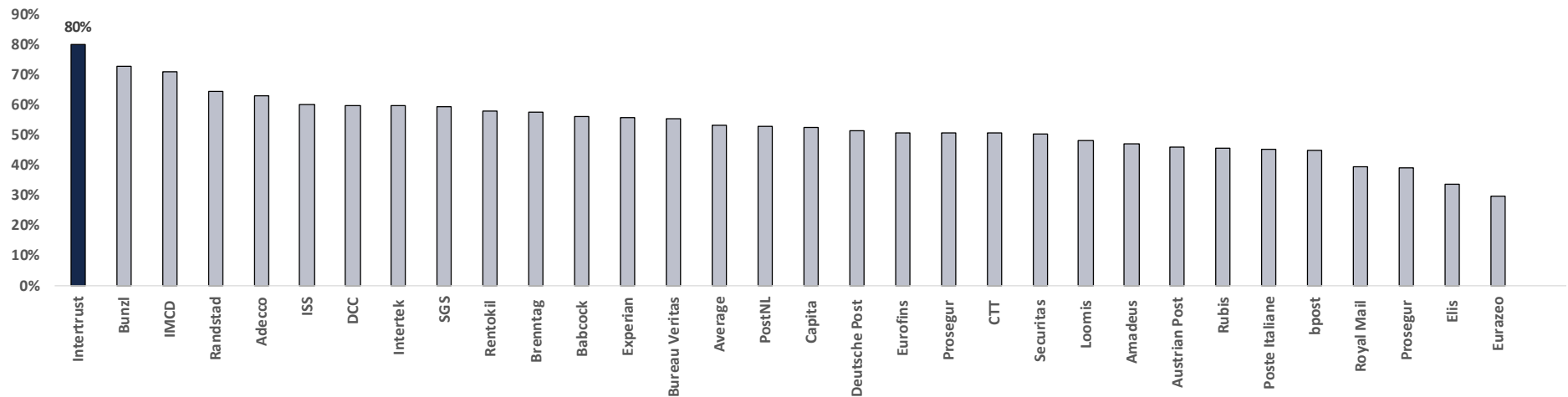
**Buybacks offer extremely compelling risk-adjusted returns given Intertrust's steep valuation discount**

Peer Group: Sanne / JTC: TCS Peers. Wolters, SSNC, Cerved reflecting similar growth, returns (ROIC), business model (recurring revenues)  
Source: Broker research / Lucerne

# Intertrust

## Cashflow machine

Intertrust: Best-in-Class Cash Conversion <sup>(1)</sup>



**Intertrust is one of the most cash generative businesses listed in Europe generating cumulative FCF > 60% <sup>(2)</sup> of its market cap over the next 5 years; how will excess cash be allocated?**

(1) Cash Conversion Defined as  $(EBITDA - Capex) * (1-T) / EBITDA$ . Includes Growth Capex

(2) Source: Lucerne estimates based on Intertrust's medium-term financial outlook

Source: Intertrust: Lucerne Peers: Broker Research

# Intertrust

## *Predictable capital allocation framework to support re-rating*

### Lucerne Capital Allocation Framework

Lucerne strongly objects to Intertrust's antiquated capital allocation framework inherited from previous management and we believe that Intertrust should commit towards a predictable capital allocation framework:

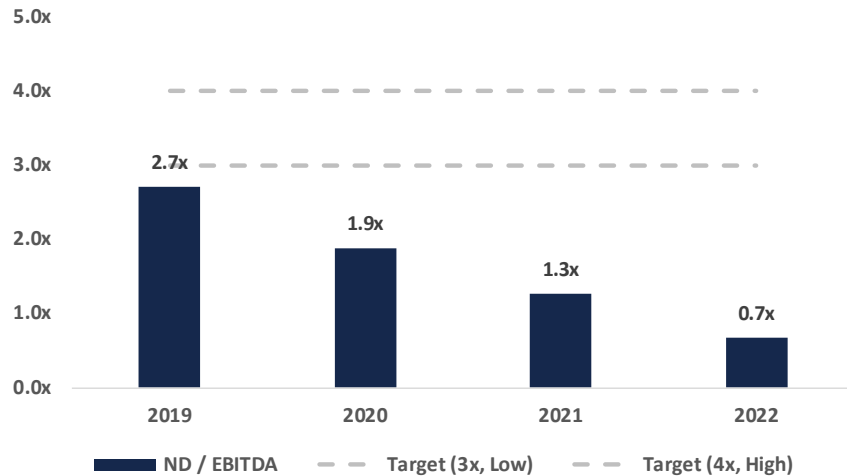
- **Intertrust to operate between 3x – 4x Net Debt / Adj EBITDA. In the absence of M&A, Intertrust is targeting to operate towards the low-end of this range:**
  - ✓ **Recurring dividends** Intertrust to return 20% of Adj Net Income through recurring dividends
  - ✓ **Buybacks** Intertrust will return remaining excess cash based on its Net Debt / Adj EBITDA target range, additional FCF and re-leveraging EBITDA growth through share buybacks
- **Stand-Alone Scenario** Based on Intertrust's updated capital allocation framework and in the absence of M&A, Intertrust is expected to return more than 100% of Adj NI to shareholders through recurring dividends and buybacks
- **External Growth** At 3x leverage, Intertrust has > EUR 250M war chest to execute on its bolt-on M&A strategy by re-leveraging within its target range. Updated capital allocation framework offers rapid de-leveraging post M&A

**Slightly reduced recurring dividend payout allows for highly accretive share buybacks and growth enhancing acquisitions benefiting all stakeholders**

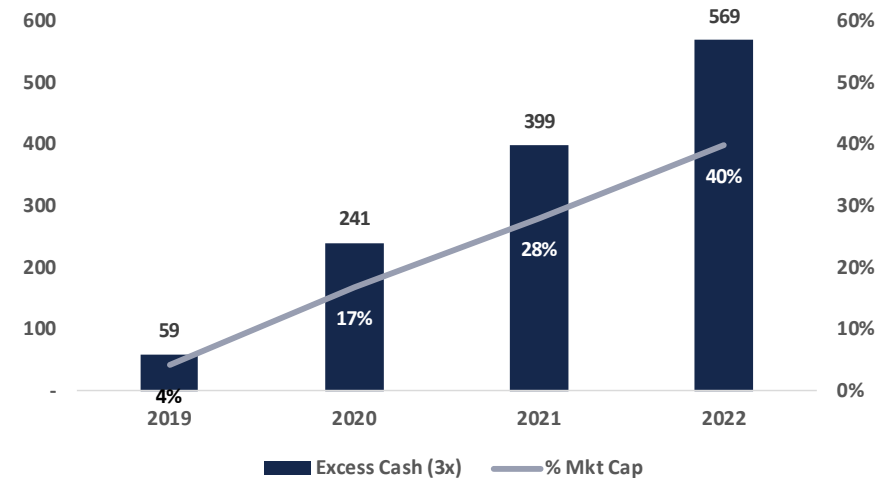
# Intertrust

Rapidly growing excess cash position offers scope for buybacks (ex M&A)

Deleveraging Profile Supports Incremental Shareholder Returns <sup>(1)</sup>



Excess Cash Offers Scope for Significant Buybacks



**Consistent with this updated capital allocation framework, Intertrust to boost its shareholder remuneration from a 40% pay-out to > 60% for 2019 by committing towards a new EUR 75M buyback program**

(1) Deleveraging profile under Lucerne's capital allocation framework excluding buybacks  
Source: Lucerne estimates

# Intertrust

## *Updated capital allocation framework: considerations*

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**We highlight various considerations why committing to a predictable capital allocation framework is accretive to all stakeholders:**

- **Predictable Business Model** – Intertrust’s highly resilient and cash generative business model offer scope for a consistent and predictable shareholder return framework
- **Updated Capital Framework Accretive To All Stakeholders** – Intertrust is still operating under outdated pay-out commitments by previous management. We see several benefits to all stakeholders of Lucerne’s updated capital allocation framework:
  - ✓ **The Company** - Allowing Intertrust management to accelerate execution on its existing growth strategy
  - ✓ **Intertrust Employees** - Significant employee ownership and well performing LTIP program to attract and retain talent
  - ✓ **Intertrust Shareholders** - Clear guidelines and transparency with respect to shareholder remuneration and M&A
- **Dynamic Capital Allocation Framework** – Some of the most successful serial acquirers (e.g. DSV / Ferguson) consistently use excess cash for both M&A and buybacks. Lucerne’s updated capital allocation framework provides for more rapid deleveraging following M&A given a lower ex-ante dividend pay-out
- **Potential Take-Over Target** – Intertrust continues to trade at a significant discount to private market value which could act as a catalyst for Intertrust being acquired by a financial sponsor at a significant discount to intrinsic value
- **Actions Speak Louder Than Words** – Despite Intertrust’s efforts to educate public markets about its equity story (e.g. CMD), Intertrust’s valuation remains extremely depressed today. We believe that Intertrust’s current capital allocation framework is detrimental to Intertrust’s public market valuation as illustrated by its extremely discounted valuation
- **Debt Markets Supportive** – Intertrust recently raised long-term debt financing at 3.4% highlighting Intertrust’s attractive FCF and deleveraging profile

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NOTE THAT "GROSS ANNUALIZED RETURN" OF THE FUNDS REPRESENTS THE CUMULATIVE INVESTMENT-RELATED CASH FLOWS FOR ALL OF THE INVESTORS IN THE FUNDS ON THE BASIS OF THE ACTUAL TIMING OF INVESTMENT INFLOWS AND OUTFLOWS AGGREGATED ON A GROSS BASIS, AND THE RETURN IS ANNUALIZED AND COMPOUNDED BEFORE MANAGEMENT FEES, INCENTIVE ALLOCATION OR OTHER PERFORMANCE BASED COMPENSATION AND EXPENSES (INCLUDING INTEREST INCURRED BY THE FUNDS THEMSELVES) AND MEASURES THE RETURNS ON THE FUNDS' INVESTMENTS AS A WHOLE WITHOUT REGARD TO WHETHER ALL OF THE RETURNS WOULD, IF DISTRIBUTED, BE PAYABLE TO THE FUNDS' INVESTORS. "NET ANNUALIZED RETURN" OF THE FUNDS MEANS THE GROSS ANNUALIZED RETURN APPLICABLE TO ALL INVESTORS, INCLUDING RELATED PARTIES WHICH MAY NOT PAY FEES, NET OF MANAGEMENT FEES, ORGANIZATIONAL EXPENSES, TRANSACTION COSTS AND EXPENSES (INCLUDING INTEREST INCURRED BY THE FUNDS THEMSELVES) AND INCENTIVE ALLOCATION OR OTHER PERFORMANCE BASED COMPENSATION AND/OR ALLOCATIONS ALL OFFSET TO THE EXTENT OF INTEREST INCOME, AND MEASURES RETURNS BASED ON AMOUNTS THAT, IF DISTRIBUTED, WOULD BE PAID TO INVESTORS OF THE FUNDS.

**IN CONSIDERING THE PAST PERFORMANCE AND HYPOTHETICAL TARGETED PERFORMANCE (INCLUDING TARGET PORTFOLIO CONSTRUCTION) INFORMATION CONTAINED HEREIN, PROSPECTIVE INVESTORS SHOULD BEAR IN MIND THAT SUCH PAST PERFORMANCE AND HYPOTHETICAL TARGETED PERFORMANCE (INCLUDING TARGET PORTFOLIO CONSTRUCTION INFORMATION) IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS. THE RETURN TARGETS CONTAINED HEREIN ARE HYPOTHETICAL AND ARE NEITHER GUARANTEES NOR PREDICTIONS OR PROJECTIONS OF FUTURE PERFORMANCE. THERE CAN BE NO ASSURANCE THAT HYPOTHETICAL TARGETED RETURNS WILL BE MET, THAT THE FUNDS WILL ACHIEVE COMPARABLE RESULTS OR BE ABLE TO IMPLEMENT ITS INVESTMENT STRATEGY AND INVESTMENT APPROACH OR THAT THE FUNDS WILL MAKE ANY PROFIT OR WILL BE ABLE TO AVOID INCURRING LOSSES. ACTUAL GROSS AND NET RETURNS FOR THE FUNDS, AND INDIVIDUAL INVESTORS PARTICIPATING DIRECTLY OR INDIRECTLY IN THE FUNDS, MAY VARY SIGNIFICANTLY FROM THE TARGETED RETURNS SET FORTH HEREIN. NOTE THAT THE INVESTMENT DECISIONS MADE BY LUCERNE RELATING TO PAST INVESTMENTS MAY HAVE INVOLVED THE DECISIONS, INPUT OR GUIDANCE OF INVESTMENT PROFESSIONALS WHO HAVE SINCE DEPARTED FROM THE FIRM. TARGETED RETURNS DESCRIBED HEREIN HAVE BEEN PREPARED BY LUCERNE ON THE BASIS OF ESTIMATES AND ASSUMPTIONS ABOUT PERFORMANCE BELIEVED TO BE REASONABLE; HOWEVER ACTUAL RESULTS AND EVENTS MAY DIFFER MATERIALLY FROM THE ASSUMPTIONS UNDERLYING SUCH TARGETED RETURNS. THESE TARGETED RETURNS (AND PORTFOLIO COMPOSITION) ARE INHERENTLY SUBJECT TO SIGNIFICANT ECONOMIC, MARKET AND OTHER UNCERTAINTIES THAT MAY ADVERSELY AFFECT THE PERFORMANCE OF THE FUNDS OR SUCH INVESTMENTS. ACCORDINGLY, SUCH TARGETED RESULTS (AND PORTFOLIO COMPOSITION) ARE NOT TO BE RELIED UPON AS FACTS AND THERE CAN BE NO ASSURANCE THAT SUCH RESULTS WILL BE ACHIEVED.**

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