

Intertrust acquires Viteos for USD 330 million

Amsterdam, the Netherlands – 18 June 2019 – Intertrust N.V. ("Intertrust"), a leading global provider of expert administrative services to corporate, fund, capital markets and private wealth clients, today announces the acquisition of Viteos¹, a provider of leading-edge technology solutions for U.S. funds, from PPC Enterprises LLC, FiveW Capital LLC (an affiliate of 22C Capital) and Viteos management.

Viteos is a tech-enabled alternative funds industry leader providing end-to-end middle and back office administration for top tier hedge funds, private equity, real estate, private debt and other alternative asset managers. Viteos has approximately 715 employees and operates a global delivery model with its headquarters and sales team in the U.S. supported by Centres of Excellence in India. Viteos delivered revenues of USD 52 million², 94% in the U.S., having grown at an organic CAGR of 22% over the last two years, and an EBITDA margin of 36.6%.

Transaction highlights

- Competitive game-changer for Intertrust, accelerating our strategy to become a global leader in tech-enabled corporate and fund solutions through:
 - Gaining a material presence in the U.S., increasing exposure to funds and accelerating our growth potential
 - Leveraging Viteos' digitalisation and automation technology
 - Building on Viteos' offshore Centres of Excellence
- Enterprise value of USD 330 million (EUR 294 million³), resulting in a post-synergy multiple of 8.0x FYE March 2019 EBITDA
- Significant net run-rate annual cost synergies of approximately USD 22 million⁴ expected primarily from offshoring
- ROIC expected to exceed Intertrust's WACC by 2021 and reach double-digits by 2022
- Mid-single digit EPS accretion expected by 2020 with double-digit accretion expected by 2021
- Sound financing structure: approximately 4.1x leverage ratio⁵ at closing, with strong cash generation expected to drive leverage ratio below 3.0x by 2021
- Medium-term guidance increased to reflect enhanced revenue growth and cost synergies
- Viteos' co-founders, Shankar Iyer and Chitra Baskar (formerly CEO and COO, respectively), will join our Executive Committee and, along with other key employees, have reinvested approximately 35% of their after-tax proceeds in Intertrust shares.

Strategic rationale

The acquisition of Viteos is an acceleration of our strategy to become a global leader in tech-enabled corporate and fund solutions, adding a high growth provider of leading-edge technology solutions with a top 10 position in U.S. fund administration and over 80 top tier clients.

¹ Viteos MidCo Holdings LLC

² For FYE March 2019

³ Based on closing EURUSD FX rate of 1.12 as of 14-Jun-19

⁴ Represents impact on EBITDA

⁵ Based on Senior Facilities Agreement definition which includes cost synergies

The combined group will build on the existing technology partnership between the two companies and the professional relationships between the management teams to drive further growth and lead the digitalisation and innovation of the industry. Viteos' world-class client base and technology solutions, developed by a team of 130 technology experts, significantly expand the market potential for Intertrust into higher growth adjacencies with attractive cross-selling and upselling opportunities.

The acquisition of Viteos meets the strategic and M&A objectives set out in our Capital Markets Day and, in particular, delivers:

- **Meaningful presence in the U.S. and increased exposure to funds** – the combined group will hold a top 10 position in U.S. fund administration providing mission-critical services to asset managers.
- **Accelerated growth potential** – Viteos brings new clients, services and technology solutions which expand Intertrust's market potential into higher growth adjacencies with an annual market value of >EUR 3.5 billion, resulting in a total market potential in excess of EUR 10.0 billion growing at 4-6% per annum (up from EUR 6.5 billion growing at 3-5%).
- **Strengthened technology foundation** – Viteos is at the forefront of digitising and automating fund administration with leading-edge technologies including blockchain, workflow automation, RPA⁶, and digitalisation/OCR⁷. Leveraging these tools, the combined group will have the potential to drive incremental revenue growth through service innovation and reduce costs through service automation.
- **Significant step towards operational excellence** – building on Viteos' offshore Centres of Excellence in India will allow us to fast-track our standardisation, centralisation and shared services initiatives, improving the efficiency and quality of our services.

Commenting on today's announcement, Stephanie Miller, CEO of Intertrust, said:

"Today I am thrilled to announce the acquisition of Viteos. This is a significant leap forward for Intertrust which will accelerate our strategy in every way.

"The combination of these world-class businesses enhances our global position in fund services, expands our presence in the U.S. and unlocks many opportunities to cross-sell our products and services. It will provide tremendous benefits to our existing clients through advanced technology, a digitised delivery model and a solution-oriented service suite. With the addition of over 700 employees including 130 technology experts, I am particularly excited for the future innovations that our combined organisation will bring to the industry.

"These benefits are reflected in the strong value creation from the transaction in the form of double-digit ROIC, double-digit EPS accretion as well as increased growth and margin guidance.

"Furthermore, we welcome a Viteos team who is dynamic, engaged and will further our goal of becoming the employer of choice in our industry. Earlier this year Intertrust started a powerful collaboration with Viteos. Today we move forward together as one company to lead the digitalisation and innovation of our industry."

Shankar Iyer, CEO of Viteos, said:

"This is a very exciting opportunity for Viteos to become an integral part of a successful, global business. We have longstanding relationships with the Intertrust team who are familiar with our industry-leading technology solutions. By bringing together our complementary strengths and capabilities, we will significantly enhance the future prospects for the

⁶ RPA = Robotic Process Automation

⁷ OCR = Optical Character Recognition

combined group. We look forward to working with Stephanie and her team and are deeply committed to delivering on our shared strategic objectives.”

Financial benefits

The acquisition of Viteos has compelling financial benefits. The transaction is expected to deliver mid single-digit EPS accretion in the first full year of ownership (2020) and double-digit EPS accretion by 2021 including phased synergies. The ROIC of the transaction is expected to exceed Intertrust's WACC by 2021 and reach double-digits by 2022 including phased synergies.

USD 22 million of net run-rate annual cost synergies have been identified on a detailed bottom-up basis by Intertrust, Viteos and an expert offshoring consultancy. The synergies will primarily come from offshoring selected support functions for client-facing teams, back office and IT support, with India Centres of Excellence balancing existing jurisdictions and enabling 24-hour support for our clients. We expect to deliver approximately 90% of the synergies by 2021 with approximately 20% coming through by 2020. The aggregate one-off costs over the period to deliver the synergies are estimated at approximately USD 30 million.

Terms and financing

The enterprise value for the acquisition is USD 330 million (EUR 294 million), resulting in a pre-synergy multiple of 17.3x FYE March 2019 EBITDA. Including net run-rate annual cost synergies of USD 22 million, the equivalent post-synergy multiple is 8.0x FYE March 2019 EBITDA.

The acquisition was funded through debt (new USD 150 million term loan plus RCF) and cash on balance sheet with USD 11 million re-invested by Viteos' management and key employees in Intertrust shares. Leverage ratio⁸ at closing amounts to approximately 4.1x and is expected to decrease to below 3.0x by 2021.

Following receipt of regulatory approvals, simultaneous signing and closing of the transaction occurred on 17 June 2019.

Guidance

In connection with the acquisition of Viteos, Intertrust is increasing its medium-term guidance as follows:

- 4-6% underlying revenue growth year-on-year⁹ (increased from 3-5%);
- Adjusted EBITA margin of at least 40% for 2021 (increased from at least 38%), from at least 36% in 2019 (unchanged);
- Capex around 2% of revenue in the medium-term (unchanged) and up to 3% in early years to deliver the Centres of Excellence;
- Effective tax rate of around 21% (19% previously);
- Dividend policy and target leverage ratio remain unchanged.

Analyst call / webcast

Today, Intertrust's CEO Stephanie Miller and CFO Hans Turkesteen will host an analyst and investor webcast and conference call at 10:00am CET. The presentation and playback of the webcast and call will be made available on Intertrust's [corporate website](#). The webcast can be accessed [here](#).

⁸ Based on Senior Facilities Agreement definition which includes synergies

⁹ Underlying: Current and prior period at constant currency and, if applicable, including pro forma figures for acquisitions, based on closing EURUSD FX rate of 1.12 as of 14-June-19

Advisors

The following parties have advised Intertrust on the transaction: Deutsche Bank acted as financial adviser and Simpson Thacher & Bartlett LLP acted as legal counsel. Deutsche Bank provided committed debt financing in support of the transaction.

Additional information

Investor relations	Media relations
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About Intertrust

Intertrust is a global leader in providing expert administrative services to clients operating and investing in the international business environment. The Company has more than 2,500 employees across 41 offices and 29 jurisdictions in Europe, the Americas, Asia Pacific and the Middle-East. Intertrust has leading market positions in selected key financial markets, including the Netherlands, Luxembourg, Jersey and the Americas. Intertrust delivers high-quality, tailored corporate, fund, capital market and private wealth services to its clients, with a view to building long-term relationships. The Company works with global law firms and accountancy firms, multinational corporations, financial institutions, fund managers, high net worth individuals and family offices.

About Viteos

Viteos is a high growth, tech-enabled leader providing end-to-end middle and back office administration for hedge funds, private equity, real estate, private debt and other alternative asset managers. Viteos holds a top 10 position in U.S. Fund Administration and is a global leader in shadow administration. Viteos services >80 top tier customers with approximately USD 350 billion of Assets under Administration. Viteos was founded in 2003 in the U.S. by Shankar Iyer and Chitra Baskar.

About PPC Enterprises

Public Pension Capital is a New York City-based private equity firm, founded by former senior partners of Kohlberg Kravis Roberts & Co. PPC invests in a select group of industries, including Business and Industrial Services, Financial Services, Healthcare and Specialty Chemicals. <https://ppcenterprises.com>.

About 22C Capital

22C Capital is a principal investment firm committed to delivering capital and critical resources to companies operating at the intersection of technology enablement and data analytics adoption. The firm has a dedicated focus on the business services, healthcare and financial services sectors. 22C partners with world-class management teams to build companies that are leaders in their respective markets. The firm's operational and technology resources, including its affiliated data science organization, deliver practical, real-world support to help convert businesses' challenges into opportunities and unlock their full potential. For more information, go to www.22ccapital.com.

Forward-looking statements and presentation of financial and other information

This press release contains forward-looking statements. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond Intertrust's ability to control or estimate precisely, such as future market and economic conditions, the behaviour of other market participants, the ability to successfully integrate the business of Viteos and achieve anticipated synergies, interest-rate and exchange-rate fluctuations, changes in tax rates and changes in laws and regulations. You are cautioned not to place undue reliance on these forward-looking statements, which speak only of the date of this press release. Intertrust does not undertake any obligation to update these forward-looking statements.

This press release contains information that qualifies, or may qualify, as inside information relating to Intertrust within the meaning of Article 7(1) of the EU Market Abuse Regulation.