

# ANNUAL REPORT 2017

We enable people and organisations to work,  
live and thrive in new places around the world.  
**We make it easy**



# TODAY'S AGENDA



<b>Full Year Highlights</b>	<b>03</b>
<b>Q4 Highlights</b>	<b>06</b>
<b>Market Trends (Europe, Asia, Australia, Americas)</b>	<b>08</b>
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## Disclaimer

The outlook for 2018 reflects management's expectations of future events and must be viewed in the context of the business environments and currency markets, which may cause actual results to deviate materially from those projected by Santa Fe Group A/S.

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**Martin Thaysen**  
Group CEO



**Christian Møller Laursen**  
Group CFO

# HIGHLIGHTS

A man with a beard, wearing a blue long-sleeved shirt, black leggings, and black sneakers, is sitting on a wide set of concrete stairs. He is looking down at a smartphone in his hands, and white earbuds are visible in his ears. The background is a bright, sunny outdoor setting with the stairs receding into the distance.

Today 15:22

Dear Aldo,

Congratulations on your new assignment in **South Africa**. We are here to assist you throughout your relocation journey, in accordance with your **employer's policy**. We'll be in touch shortly to talk you through the process.

**Wai Leong**  
Global Mobility Consultant



# 2017 PERFORMANCE IN LINE WITH LATEST OUTLOOK

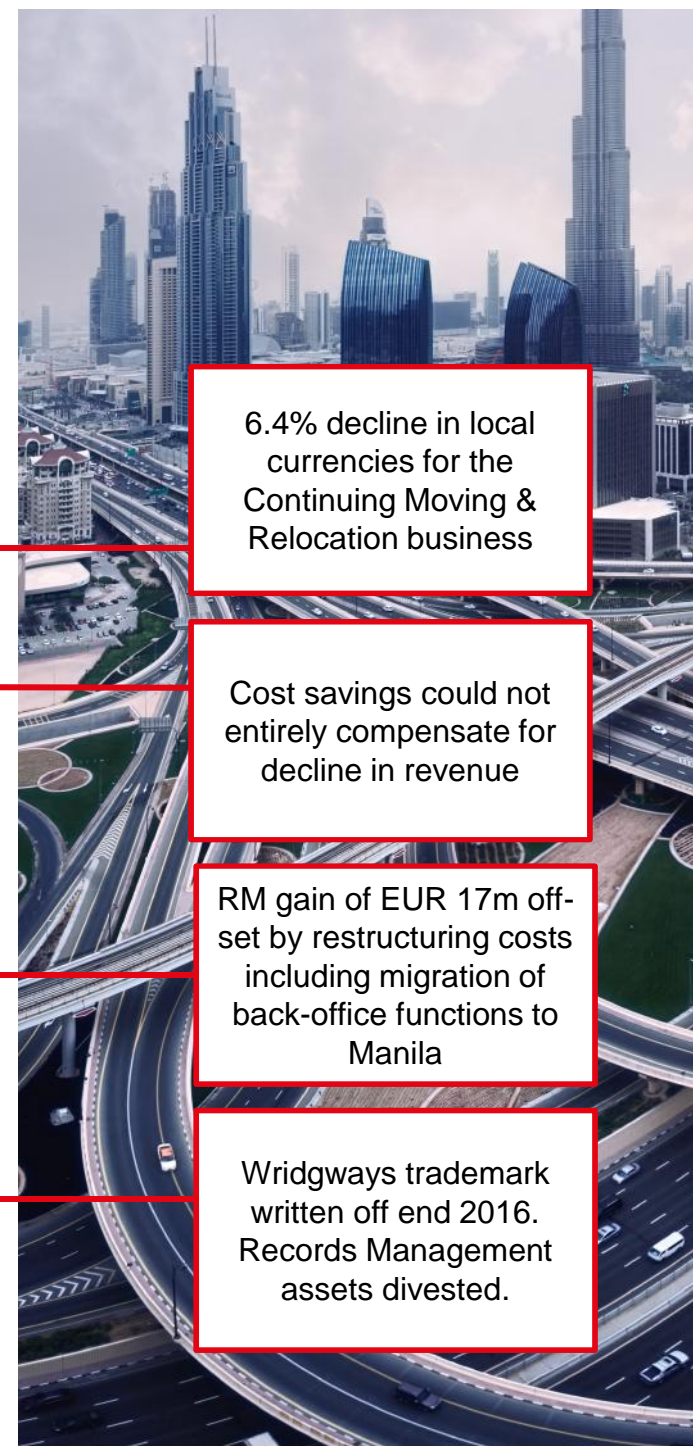
EURm	2017	2016
Revenue	299.8	338.6
<b>EBITDA before special items</b>	6.3	10.6
Special items	12.3	7.6
<b>Reported EBITDA</b>	18.6	18.2
Depreciation, amortisation & impair.	-5.1	-21.9
<b>Operating profit (EBIT)</b>	13.5	-3.7
Share of profit in associates	0.2	0.2
Financials, net	-1.2	-2.4
Income tax	-8.2	-4.6
<b>Net profit/loss</b>	4.3	-10.5

6.4% decline in local currencies for the Continuing Moving & Relocation business

Cost savings could not entirely compensate for decline in revenue

RM gain of EUR 17m offset by restructuring costs including migration of back-office functions to Manila

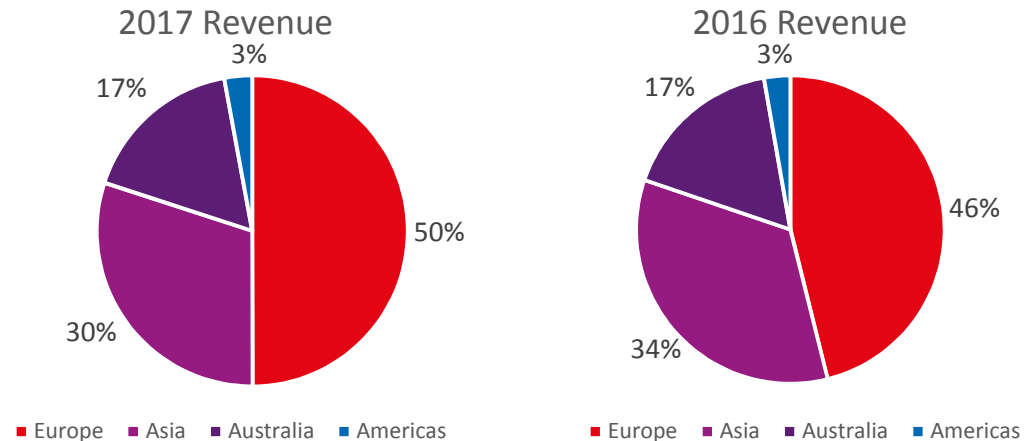
Wridgways trademark written off end 2016. Records Management assets divested.



# FULL YEAR PERFORMANCE BY REGION AND BUSINESS LINE

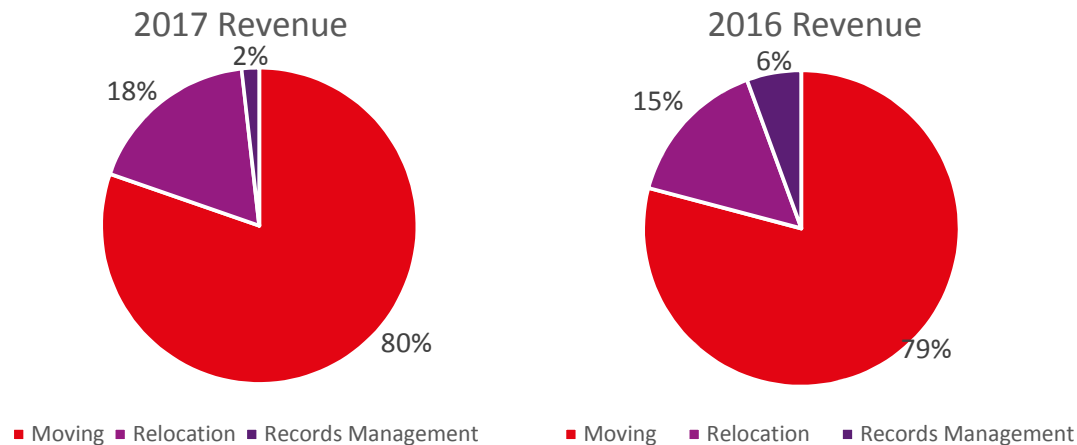


By Segment ( Region)



- Revitalised European team driving growth with corporate clients on the continent.
- Asia market challenging, and further affected by the divested Records Management activities
- Australia was weak also in 2017

By Business Line

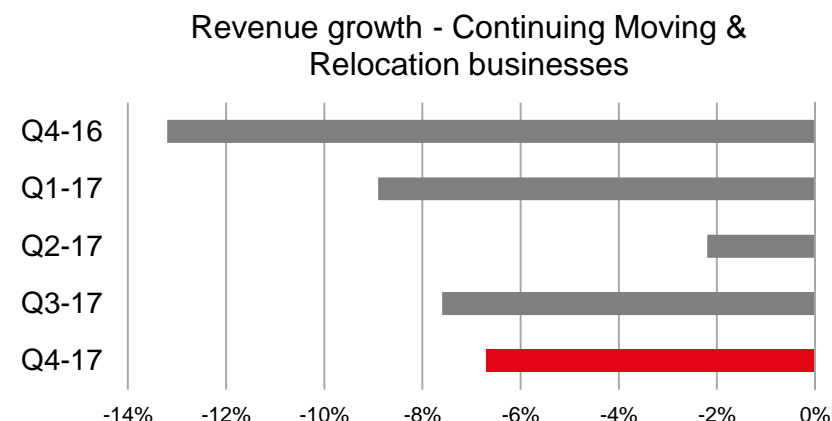


- Relocation Services growing in importance – in line with strategy.
- Relocation services constituted 18% of total revenue in 2017 (15% in 2016)

# Q4 HIGHLIGHTS



- Continued challenging market conditions in Q4.
- Financial results in the December summer peak season in Australia was below expectations.
- Continued strong growth in Relocation Services.
- Strategic initiatives progressed according to plan.
- New plan to enter US Homesale market.
- Records Management China sale signed 15 Nov and China business sale completed end of 2017.



*Growth rates stated in local currencies*



**-10.2%**

**Moving Services**



**+10.3%**

**Relocation Services**



**-79.2%**

**Records Management**

# Q4 PERFORMANCE

EURm	<b>Q4 2017</b>	<b>Q4 2016</b>
Revenue	<b>68.3</b>	80.0
<b>EBITDA before special items</b>	<b>1.0</b>	2.5
Special items	<b>10.9</b>	10.1
<b>Reported EBITDA</b>	<b>11.9</b>	12.6
Depreciation, amortisation & impair.	<b>-1.5</b>	-16.5
<b>Operating profit (EBIT)</b>	<b>10.4</b>	-3.9
Share of profit in associates	<b>0.1</b>	0.0
Financials, net	<b>-0.9</b>	-0.8
Income tax	<b>-4.8</b>	-1.6
<b>Net profit/loss</b>	<b>4.8</b>	-6.3

6.7% decline in local currencies for the Continuing Moving & Relocation business

Weak peak in Australia and very soft Asia performance. Cost savings could not compensate for decline in revenue

RM divestment in China. Beijing warehouse sale to complete in Q1 2018

Impacted by tax on RM divestment



# MARKET TRENDS

Today 15:22

Dear Buana,

Our immigration specialists are here to assist with your **visa, work permit** and **residence permit** in preparation for your move to Dubai.

**Aasir Mwangi**  
Immigration Consultant

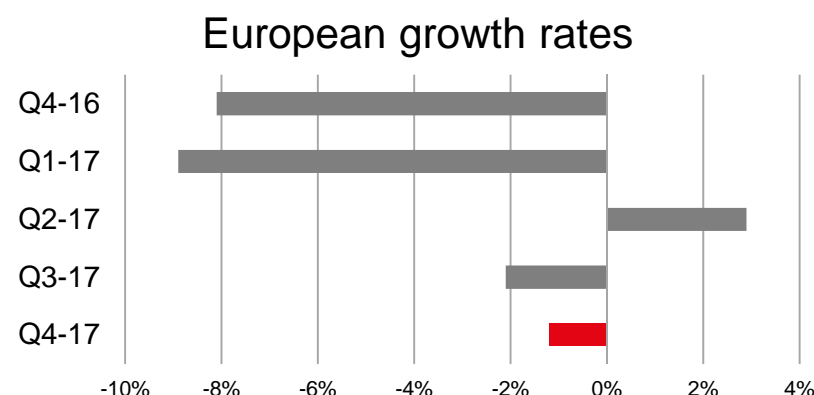


# Q4 PERFORMANCE EUROPE

*Growth rates stated in local currencies*



- 1.2% revenue decline overall
  - 5.3% decrease in Moving Services
  - 15.9% increase in Relocation Services
  - Continued weakness in UK market countered by growth on the continent
- EBITDA of EUR 1.0m (0.2m)
  - Higher share of relocation services and impact on fixed cost of various restructuring initiatives supported the margin improvement.



# Q4 PERFORMANCE

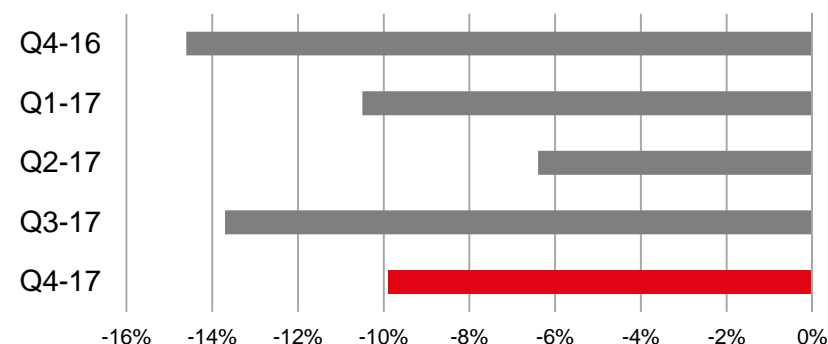
## ASIA

*Growth rates stated in local currencies*



- 9.9% revenue decline for continuing Moving & Relocation business
  - Drop of 12.8% in Moving Services
  - Relocation Services up by 3.8%
  - Lower activity levels from existing clients and reduced support from US agents being the main factors
  - RM business declined to EUR 0.9m (EUR 4.7m) due to divested activities
- EBITDA EUR 2.0m (4.3m)
  - Lower revenue from Moving Services and divested RM business, countered by cost reductions.

Asian growth rates - Continuing Moving & Relocation businesses



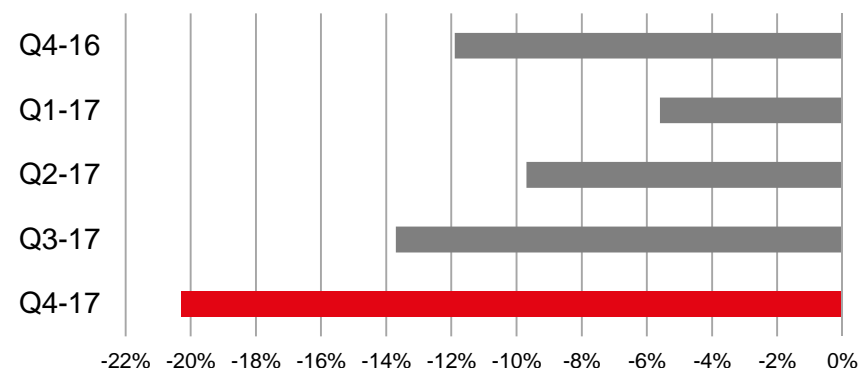
# Q4 PERFORMANCE AUSTRALIA

*Growth rates stated in local currencies*



- 20.3% revenue decline
  - Decline in both Corporate, Consumer and Agents' business
  - New website launched 7 October
  - WridgWays brand re-launched for consumers end of October
  - No impact in Q4, but re-assuring increase in consumer leads
- EBITDA of EUR -0.9m (-0.6m)
  - Focus on top-line stabilization and growth to get back to profitability.
  - Savings from restructuring substantially mitigated the revenue decline

Australian growth rates





# Q4 PERFORMANCE AMERICAS

*Growth rates stated in local currencies*

- 31.6% revenue increase:
  - Higher activity levels from existing customers
  - Entered into an agreement with Fidelity Residential Solutions in February 2018, which will enable the Group to offer home-sale services to clients in the US.
- EBITDA of EUR 0.3m (-0.2m)



# FINANCIAL

A young child with dark hair, wearing a red and blue striped shirt under a red jacket, is smiling and reaching out to shake hands with another child. The second child, seen from the back, is wearing a green and white long-sleeved shirt. They are interacting with a large, handmade cardboard television set. The TV has a wooden antenna on top, two circular dials on the right side, and a series of horizontal lines below them. The background shows a cozy living room with a window, curtains, and a white shelving unit.

Today 15:22

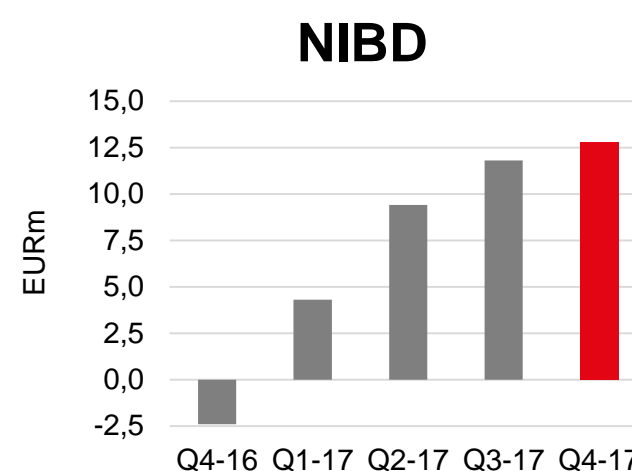
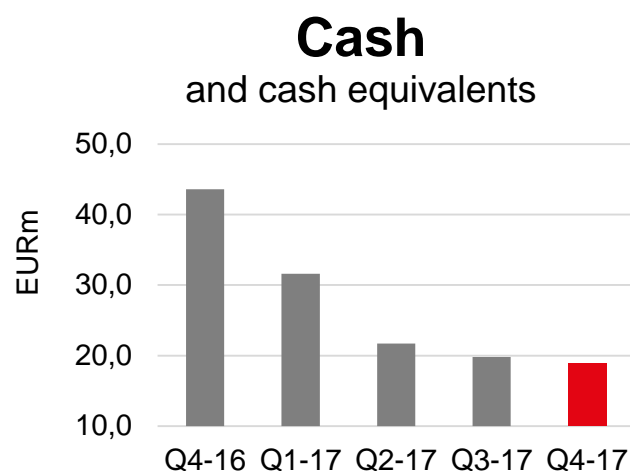
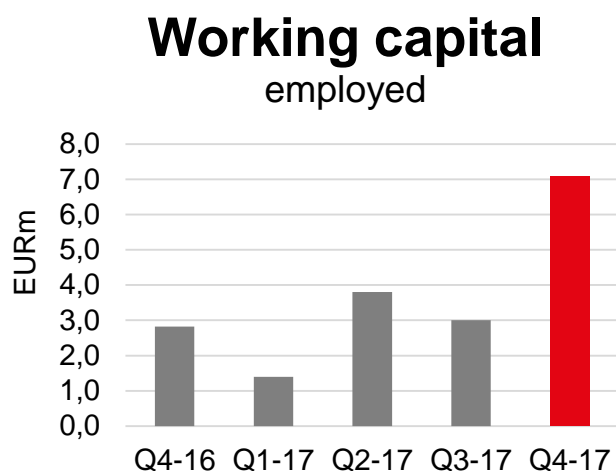
Dear Takashi,

We'd like to remind you that your **virtual survey** will take place tomorrow at **13:00**.

**Katharina Müller**  
Global Mobility Specialist

# WORKING CAPITAL ENDED THE YEAR HIGHER THAN ANTICIPATED

- Working capital employed EUR 7.1m vs EUR 2.8m by end of 2016, as Q3 billing backlog became receivables and as collections in Q4 were affected by migration of back-office functions to Manila.
- NIBD weakened by CORE technology investments, the buy-out of the minority partner in China and working capital funding caused by a backlog in collections.





# KEY FINANCIAL FIGURES

EURm	2017	2016
Total Assets	211.8	234.7
Working Capital Employed	7.1	2.8
Cash & cash equivalents	18.9	43.6
Net Interest Bearing Debt, end of period	12.8	-2.4
SFG's share of equity	83.5	86.8
Invested Capital	90.6	79.3
Return on average invested capital (%)	15.9	-4.1
Cash Flow from operating activities	-13.3	4.6
Cash Flow from investing activities	4.6	8.6

Increase in Invested Capital due to Records Management assets divested, cash received in Jan 18

Lower than expected earnings, a deterioration of working capital and taxes paid on the RM divestment gain

Proceeds of EUR 9.9m from closing of the Records Management divestments offset by investment in Core Technology

# NEW FINANCING AGREEMENT



- 6-year EUR 30m loan facility + 6-month EUR 10m facility
- Proventus Capital Partners (Proventus)
- Refinancing of existing HSBC/Danske Bank facilities (EUR 24m)
- Options to prepay up to EUR 11m
- Prepayment otherwise possible after 3y9m, subject to prescribed fees
- Board observer seat
- Customary terms and conditions
- Drawdown subject to customary conditions being met

# STRATEGY



Today 15:22

Dear Chloe,

We're pleased to inform you that your dog Hercules has arrived safely in **Australia** and is now undergoing the relevant **health checks** at the airport.

**Zikri Tengku**  
Global Mobility Specialist



# SETTING UP SANTA FE FOR GROWTH



2015-16

## Lay the Foundation

- Fix the Core moving business
- Build growth-enabling capabilities; recruit top talent
- Implement new technologies
- Optimize financial and operational processes
- Bring strategy to life for employees

2017-2018

## Next Level Growth

- Drive Growth
- Grow Immigration and Assignment Management share
- Accelerate Technology and Digitalisation
- Drive Customer Experience
- Develop next-level leadership and talents

2019-20

## Industry Leader

- Add new markets and segments
- Take market shares
- Constant above-market growth
- Large-scale operations
- Outperform competition

# SUCCESSFUL DIVESTMENT OF RECORDS MANAGEMENT IN CHINA



- Records Management in China and the Beijing warehouse sold to Iron Mountain at a cash consideration of EUR 23.0m
- Business transfer closed by 31 December, and property sale expected to complete in Q1 2018
- The divestment is expected to generate a net proceed after tax of EUR 15m and a net gain before tax of EUR 19m
- The Group completed the divestment of the remaining Records Management activities in Portugal in February 2018



# LONG TERM FINANCIAL TARGETS

TARGETS MAINTAINED, BUT 12-18 MONTHS BEHIND SCHEDULE

ALL OBJECTIVES TO BE DELIVERED BY 2022



Targets	Comments	2017 FY
<b>6-8% revenue growth</b> (annual average organic growth in local currencies)	<ul style="list-style-type: none"><li>Market set-back, loss of a very large client and challenges in Australia means growth in revenue is only gearing up during 2018.</li><li>Growth objective is still expected delivered from 2019-2022</li></ul>	-6.4%
Relocation Services to account for <b>25-30% of revenue</b> by 2020	<ul style="list-style-type: none"><li>Target is unchanged to be delivered by 2020</li></ul>	18%
<b>~7% EBITDA BSI margin</b> by 2020	<ul style="list-style-type: none"><li>Target of 7% margin is unchanged, but now only expected by 2022</li></ul>	2.1%
<b>15% Return on Invested Capital</b> by 2020	<ul style="list-style-type: none"><li>Target is unchanged to be delivered by 2020</li><li>Note target stated under current IFRS rules</li></ul>	15.9%



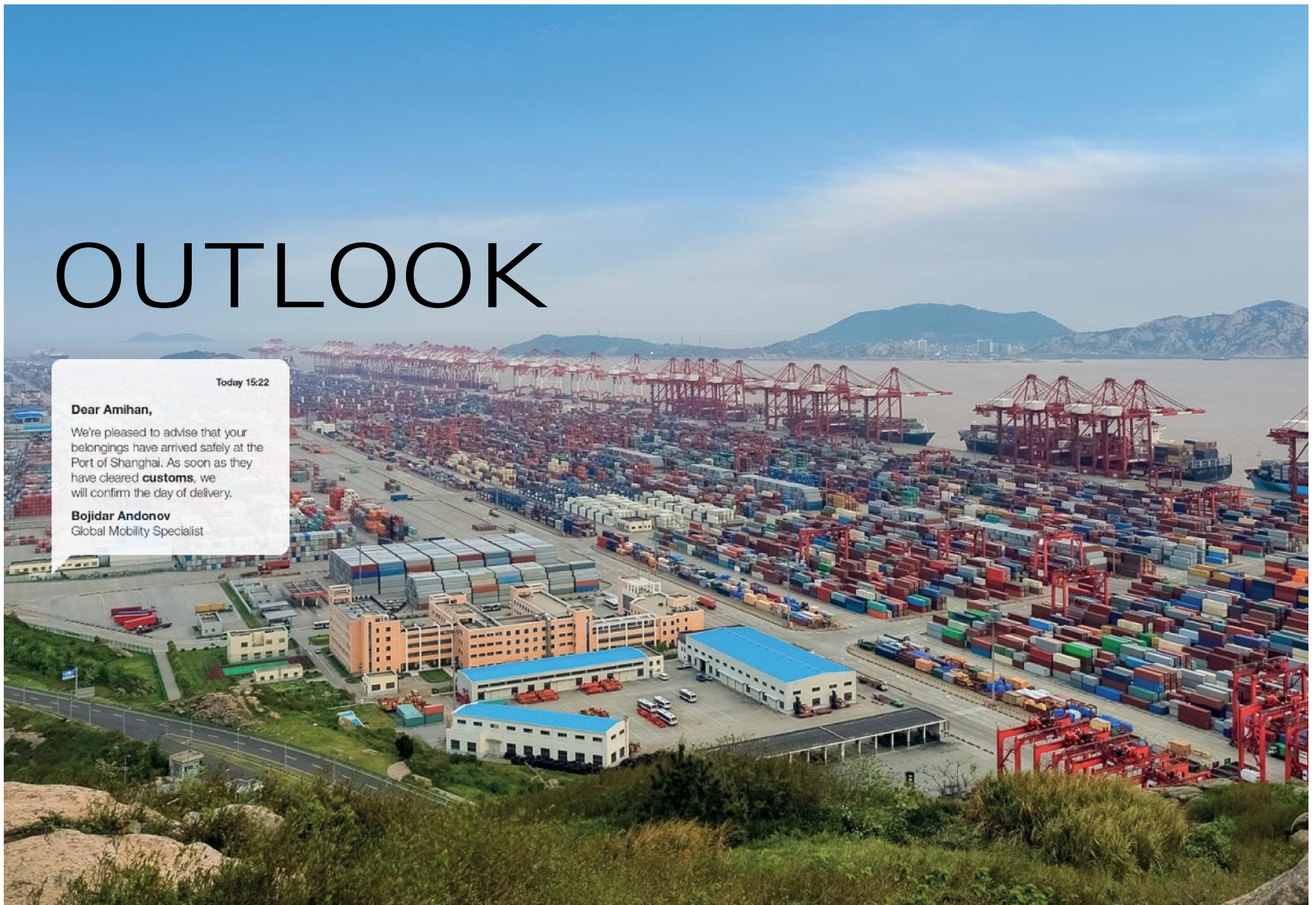
# OUTLOOK

Today 15:22

Dear Amihan,

We're pleased to advise that your belongings have arrived safely at the Port of Shanghai. As soon as they have cleared **customs**, we will confirm the day of delivery.

**Bojidar Andonov**  
Global Mobility Specialist



# FULL-YEAR OUTLOOK 2018



2018 Outlook	Comments	FY 2017 EURm
<b>Revenue:</b> Around EUR 295m	<ul style="list-style-type: none"> <li>• Divestment of Records Management</li> <li>• New clients and services to compensate for very large client lost (as announced end of 2016)</li> </ul>	299.8
<b>EBITDA before special items:</b> Around EUR 6.3m	<ul style="list-style-type: none"> <li>• Divestment of Records Management</li> <li>• Improved margins for retained activities due to impact of the restructuring which has taken place in Europe and Australia.</li> </ul>	6.3
<b>Special items:</b> Net gain of around EUR 5m	<ul style="list-style-type: none"> <li>• EUR 7m gain on closing property sale in China.</li> <li>• Additional restructuring cost, but at a lower level than in 2016 and 2017</li> </ul>	12.3
<b>Financial Expenses:</b> Higher than in 2017	<ul style="list-style-type: none"> <li>• The new financing facility will be more expensive than the current facility</li> </ul>	1.8

Outlook for the year is highly dependent on the peak season for relocation activities in Q3 and generally sensitive to currency fluctuations, etc.



# QUESTIONS

A woman with dark hair tied back, wearing a black and white striped shirt, stands on a balcony. She is holding a red mug with both hands and looking out over a cityscape. The background shows various buildings, including one with a prominent grey mansard roof and several chimneys. The sky is overcast with soft, diffused light.

Today 15:22

**Dear Alyona,**

Welcome to your new home.  
We're pleased to confirm that our  
crew have successfully delivered  
and unpacked all of your belongings.  
We hope that you and your family  
enjoy the new adventure.

**Nicole Walker**  
Global Mobility Consultant



# ADDITIONAL INFORMATION

Today 15:22

Dear Arjun,

Now that your relocation is complete, we'd be grateful if you could take a moment to reflect on your relocation journey with us. Please **Click here** to complete a short evaluation of our services.

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Global Mobility Consultant

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WE ARE SANTA FE



# **We enable people and organisations to work, live and thrive in new places around the world.**

**Our mission is to deliver exceptional relocation experiences for our customers.**

**Human and Digital. Consistent and Compliant. Global and Local.**

**The experience is enriched by the integrity, drive, quality and passion of our people.**

We are a global mobility company. We cover the entire relocation journey, from moving, destination services, immigration, through to full assignment management solutions.

**We make it easy.**