Intertrust

Press release

Intertrust N.V. Q2 and H1 2017 results

Amsterdam – 24 August 2017 – Intertrust N.V. ("Intertrust" or the "Company") [ticker symbol INTER], a leading global provider of high-value trust, corporate and fund services, today announces its results for the second quarter and half year ended 30 June 2017.

Intertrust financial and operating performance for Q2 and H1 2017

- Management reiterates full year 2017 guidance for underlying revenue of at least 3.5% year-on-year and for Adjusted EBITA margin between 37.5-38.5%.
- Revenue increased 33.0% year-on-year to EUR 118.1 million in Q2, but declined 0.1% on an underlying basis. Revenue for H1 was EUR 239.7 million, implying underlying growth of 2.0%.
- Adjusted EBITA was EUR 41.7 million in Q2, up 18.6% but down 9.0% underlying year-on-year. Adjusted EBITA margin declined 342bps to 35.3% in Q2, primarily due to EUR 2.1 million of non-recurring expenses (or approx. 180bps).
- Elian synergy realisation continues on track; the IT integration is now expected to be completed in 2019.
- Adjusted net income in H1 2017 grew 24.1% to EUR 64.5 million. Adjusted EPS in H1 2017 was EUR 0.71, up 15.9% year-on-year.
- An interim dividend of EUR 0.28 per share has been declared and will be paid on 29 November 2017.
- Management and Supervisory Board changes are announced in separate press releases also published today.

Intertrust Group Q2 2017 figures

	As reported			Adjusted[1]			
	Q2 2017	Q2 2016	% Change	Q2 2017	Q2 2016	% Change	% Underlying change[2]
Revenue (€m)	118.1	88.8	33.0%	118.1	88.8	33.0%	-0.1%
EBITA (€m)	37.8	28.6	32.1%	41.7	35.1	18.6%	-9.0%
EBITA Margin	*32.0%*	*32.2%*	*-20bps*	*35.3%*	*39.6%*	-428bps	*-342bps*
Net Income (€m)	19.0	7.1	165.6%	31.4	26.4	19.0%	
Earnings per share (€)	0.21	0.08	149.9%	0.35	0.31	12.0%	
Cash from operating activities (€m)	18.9	27.7	-31.8%				

1 See Reconciliation of performance measures to reported results and Note 17 for further information on Adjusted figures
2 Underlying: Q2 and H1 2017 at constant currency and Q2 and H1 2016 including Elian and Azcona figures (Management Estimate)

David de Buck, CEO of Intertrust, commented:

As previousy announced, our Q2 was disappointing. Underlying revenue came in at the same level as last year, impacted by lower revenues in the Netherlands, where high staff turnover led to lower productivity. We are implementing various actions to reduce the staff turnover. The performance in Luxembourg remained strong, driven by increased revenues in the Private Equity & Real Estate Funds business, that is benefitting from our increased 'funds profile' following the Elian acquisition last year. The other reporting business segments performed in line with our expectations. Our Adjusted EBITA was impacted by one-off expenses related to a legal claim, and by higher IT expenses due to additional investment in various projects, including the outsourcing of our data centres. The lower performance in the Netherlands also impacted overall EBITA *margins for Q2 and H1. The integration of Elian remains on track and we are seeing integration synergies in line with our business case, although the full systems integration will take until mid-2019 to complete.*

Intertrust Group H1 2017 figures

	As reported			Adjusted[1]			
	H1 2017	H1 2016	% Change	H1 2017	H1 2016	% Change	% Underlying change[2]
Revenue (€m)	239.7	176.7	35.7%	239.7	176.7	35.7%	2.0%
EBITA (€m)	82.5	62.9	31.1%	87.8	71.1	23.5%	-4.1%
EBITA Margin	*34.4%*	*35.6%*	*-120bps*	*36.6%*	*40.2%*	-360bps	*-232bps*
Net Income (€m)	39.8	23.0	72.6%	64.5	51.9	24.1%	
Earnings per share (€)	0.44	0.27	62.3%	0.71	0.61	15.9%	
Cash from operating activities (€m)	84.8	82.3	3.1%				

1 See Reconciliation of performance measures to reported results and Note 17 for further information on Adjusted figures
2 Underlying: Q2 and H1 2017 at constant currency and Q2 and H1 2016 including Elian and Azcona figures (Management Estimate)

Intertrust Group KPIs

	Q2 2017	Q2 2016	% Change	% Change (CC)	% Underlying change[1]	H1 2017	H1 2016	% Change	% Change (CC)	% Underlying change[1]
Revenue (€m)	118.1	88.8	33.0%	35.0%	-0.1%	239.7	176.7	35.7%	37.9%	2.0%
Adjusted EBITA (€m)[2]	41.7	35.1	18.6%	20.3%	-9.0%	87.8	71.1	23.5%	25.3%	-4.1%
Average number of FTEs						2,418	1,716	40.9%		
Number of entities (000's, end of period)						50.5	38.6	30.9%		
ARPE (annualised)						9.5	9.2	3.6%		
Revenue/FTE (annualised)						198.2	205.9	-3.7%		
Adj. EBITA/FTE (annualised)						72.6	82.9	-12.4%		

1 Underlying: Q2 and H1 2017 at constant currency and Q2 and H1 2016 including Elian and Azcona figures (Management Estimate)
2 See Reconciliation of performance measures to reported results and Note 17 for further information on Adjusted figures

Additional highlights Q2/H1 2017

- Revenue in the Netherlands was EUR 27.6 million or an underlying decline of 8.0% for Q2 and EUR 56.6 million for H1 or an underlying decline of 3.5% year-on-year. This decline is primarily attributable to lower productivity due to staff turnover in the Netherlands as well as some softening of the market.
- Luxembourg revenue grew by 11.2% underlying to EUR 23.5 million in Q2 and by 14.7% underlying year-on-year to EUR 47.6 million for H1 2017. Management believes the strong growth in Luxembourg is a result of market growth as well as increasing market share.
- The realisation of Elian-related synergies continues on track. Performance in Jersey has been in line with expectations, with Q2 revenue of EUR 15.1 million or 3.7% underlying growth year-on-year and EBITA contribution of EUR 7.9 million..
- Gross inflow of entities during Q2 was 1,570, while gross outflow was 2,096. Normalising for outflow of 676 entities related to definition harmonisation[1] adjustments, net inflow would have been 150 entities. End-of-life continues to account for more than half of all outflow and competitive losses in Q2 again represented less than 10% of gross outflow globally.
- Average Revenue per entity ("ARPE") in H1 increased 3.6% year-on-year to EUR 9.5 thousand, primarily driven by additional reporting requirements and a mix effect.

1 Harmonisation adjustments related mainly to the definition of (former Elian) entities, where entities with a low ARPE (GBP 400-600) and a low risk profile were excluded.

- Approximately half of the adjusted EBITA margin decline of 232bps in H1 was due to non-recurring items of EUR 2.9 million (121bps) and the remainder due to increased HQ & IT costs and the Netherlands underperformance. Non-recurring items consisted primarily of a legal claim and related legal fees.
- In H1, interest costs were EUR 13.7 million included in the total Financial results of EUR 12.8 million. Tax expenses were EUR 9.1 million, implying an effective tax rate of 18.7% for H1 2017 (15.9% on adjusted basis[2]).
- Cash from operating activities was EUR 84.8 million for H1 2017, impacted by trade working capital changes and timing differences. The cash conversion ratio[3] for H1 2017 was 96.6%.
- Capex[4] for H1 2017 amounted to EUR 2.4 million (1.0% of revenue) versus EUR 3.9 million (2.2% of revenue) in H1 2016.
- Between 22 March 2017 and 11 May 2017 a total of 1,856,354 shares were repurchased, at an average price of EUR 18.26 per share, to cover a deferred obligation to transfer shares towards certain employees including the selling shareholders within the former management team of Elian.
- Net debt increased to EUR 741.0 million at the end of Q2 2017 (from EUR 706.3 million at end of Q1 2017). The leverage ratio increased from 3.50x (end Q1 2017) to 3.81x (end Q2 2017) as cash was used to buy back shares (EUR 32.3 million) and pay out the final dividend of EUR 0.25 for FY 2016 (EUR 20.0 million).

Outlook

During our preliminary Q2 results on 25 July 2017, revised guidance was announced for full year 2017 revenue and EBITA margins. Other guidance pertaining to full year 2017, as given at the time of the Q1 2017 results, are reiterated.

- Underlying[5] revenue growth guidance for full year 2017 of at least 3.5% year-on-year.
- Adjusted EBITA margin guidance for the full year 2017 of 37.5-38.5%.
- Dividend policy continues to be distribution of 40-50% of adjusted net income.
- Guidance on synergies (GBP 10.4 million by the end of CY 2018E, of which 75% by end CY 2017E), capex (less than 2% of revenue), tax rate (18% effective tax rate, 16% on adjusted basis[2]), and cash conversion (in line with historical rates) remains unchanged.

Intertrust is suspending its M&A activities while we prioritise the integration of Elian in the near-term. The company is reviewing capital allocation and will communicate the outcome in due course.

The Capital Markets Day originally planned for 21 September 2017 has been postponed.

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2 Tax expenses adjusted for specific tax expense items.

3 Cash conversion ratio is defined as operating free cash flow divided by Adjusted EBITDA and is expressed as a percentage.

4 Investments in property, plant, equipment and software not related to acquisitions.

5 Underlying: 2017 at constant currency and 2016 including Elian and Azcona figures (Management Estimate)

Performance in key jurisdictions

The Netherlands

The Netherlands	Q2 2017	Q2 2016	% Change	% Underlying change[1]	H1 2017	H1 2016	% Change	% Underlying change[1]
Revenue (€m)	27.6	29.7	-7.3%	-8.0%	56.6	58.3	-2.9%	-3.5%
Adjusted EBITA (€m)	16.8	19.3	-12.8%	-13.0%	35.2	37.4	-5.7%	-5.6%
Adjusted EBITA margin	*60.9%*	*64.8%*	*-385bps*		*62.2%*	*64.1%*	*-185bps*	
Average number of FTEs					*437*	*431*	1.2%	
Number of entities (000's, end of period)					4.1	4.3	-4.9%	
ARPE (€k, annualised)					27.6	27.0	2.2%	
Revenue/FTE (€k, annualised)					259.5	270.3	-4.0%	
Adj. EBITA/FTE (€k, annualised)					161.5	173.2	-6.8%	

1 Underlying: Q2 and H1 2017 at constant currency and Q2 and H1 2016 including Elian figures (Management Estimate)

The Netherlands continues to be an attractive market because of its strong business climate and extensive network of tax treaties. However, the total number of entities in the Netherlands market has decreased as a result of a slightly lower level of new incorporations combined with a higher level of liquidations. Moderate market growth over the short/medium-term is expected, driven by demand for increasingly complex compliance and regulatory services.

Intertrust Netherlands' Q2 revenue declined 7.3% year-on-year or 8.0% on an underlying basis. The decrease in underlying revenue of EUR 2.4 million was driven by elevated entity outflow (EUR 0.9 million impact), lower productivity as a result of higher staff turnover (EUR 0.9 million impact) and the timing effect of hours written on fixed fee clients (EUR 0.8 million impact), partially compensated by a higher hourly price effect. The outflow of entities was elevated but reasons for outflow were similar to previous periods, being mainly end-of-life, compliance and insourcing.

Staff turnover consisted of 36 leavers in Q2 versus 22 in Q2 2016. The main reasons cited for increased staff turnover were career development, compensation and career change. Concrete actions were taken to reduce staff turnover, including an independent benchmarking survey which resulted in modest increases to the salary framework, ongoing improvements to the physical work environment and increased focus on career development trajectories. A number of cultural initiatives were undertaken at a local level including measures to strengthen the employer brand, such as the renewal of the careers website and CSR activities focusing on increasing employee engagement. As these measures will not have an immediate effect, staff turnover levels are expected to remain elevated in Q3 and then normalise thereafter. In order to secure client service levels in the meantime, temporary staff has been hired. Efforts to recruit permanent staff have been stepped-up.

Adjusted EBITA in Q2 declined 12.8% year-on-year and 13.0% on an underlying basis, mainly driven by the revenue decline. Higher costs are expected as a result of increased recruitment costs and temporary staff, implying increased costs for the second half until staff turnover has normalised.

Operational performance in the Netherlands is expected to improve in the latter part of the year. Full year 2017 revenue is expected to be in line with 2016 revenue.

Recent management changes in the Netherlands included the promotion of internal managers to senior commercial roles following the retirement of one senior manager.

Luxembourg

Luxembourg	Q2 2017	Q2 2016	% Change	% Underlying change[1]	H1 2017	H1 2016	% Change	% Underlying change[1]
Revenue (€m)	23.5	19.7	19.4%	11.2%	47.6	38.5	23.5%	14.7%
Adjusted EBITA (€m)	11.9	10.2	17.3%	14.4%	25.4	19.8	28.0%	26.8%
Adjusted EBITA margin	*50.7%*	*51.6%*	*-93bps*		*53.3%*	*51.5%*	*186bps*	
Average number of FTEs					*442*	*363*	21.6%	
Number of entities (000's, end of period)					3.0	2.6	13.1%	
ARPE (€k, annualised)					32.2	29.5	9.2%	
Revenue/FTE (€k, annualised)					215.7	212.3	1.6%	
Adj. EBITA/FTE (€k, annualised)					115.0	109.3	5.3%	

1 Underlying: Q2 and H1 2017 at constant currency and Q2 and H1 2016 including Elian figures (Management Estimate)

In Luxembourg in Q2, revenue increased 19.4% year-on-year or 11.2% on an underlying basis, driven by an increase of billable staff as well as an increase in the hourly rate and hours spent on client entities due to increasing activities. Strong growth in the funds service line on the back of continued Private Equity & Real Estate activities reaffirmed Luxembourg's attractiveness as a leading fund jurisdiction. ARPE growth of 9.2% year-on-year in H1 was driven by increased regulation and compliance, increased transaction level and complexity per client entity, and increased reporting (FATCA/CRS/UBO register).

Underlying adjusted EBITA growth of 14.4% in Q2 and 26.8% year-on-year in H1 2017, mainly driven by revenue growth while maintaining cost control. H1 2017 adjusted EBITA margin increased 186bps year-on-year to 53.3%.

The number of entities increased year-on-year due to the Elian acquisition. Compared with Q1 2017, the number of entities remained flat during Q2 if corrected for a definition harmonisation which impacted 132 entities.

Luxembourg's successful recruitment strategy continued to result in strong inflow of skilled professional staff, while at the same time staff outflow remained well under control, further strengthening Intertrust Luxembourg's position as an employer of choice in the market.

Cayman Islands

Cayman Islands	Q2 2017	Q2 2016	% Change	% Change (Constant Currency)	% Underlying change[1]	H1 2017	H1 2016	% Change	% Change (Constant Currency)	% Underlying change[1]
Revenue (€m)	16.6	12.4	34.5%	31.1%	-2.2%	34.1	25.7	32.8%	28.9%	-2.2%
Adjusted EBITA (€m)	9.4	6.8	39.4%	35.9%	7.6%	19.3	14.8	30.5%	26.6%	4.2%
Adjusted EBITA margin	*56.6%*	*54.6%*	*199bps*			*56.4%*	*57.5%*	*-102bps*		
Average number of FTEs						*184*	*134*	37.4%		
Number of entities (000's, end of period)						19.5	15.9	22.9%		
ARPE (€k, annualised)						3.5	3.2	8.1%	4.9%	
Revenue/FTE (€k, annualised)						370.2	382.9	-3.3%	-6.2%	
Adj. EBITA/FTE (€k, annualised)						208.9	220.0	-5.0%	-7.8%	

1 Underlying: Q2 and H1 2017 at constant currency and Q2 and H1 2016 including Elian figures (Management Estimate)

In Cayman Islands, Q2 and H1 revenue increased over 30% year-on-year, but declined 2.2% on an underlying basis. Entity count at the end of H1 increased 22.9% year-on-year, but declined on an underlying basis due to the competitive market environment. Increased client demand for FATCA/CRS reporting as well as specialised services including risk management, compliance and fund administration & accounting, partly compensated the decline in registered office engagements. H1 ARPE grew 4.9% at constant currency, influenced largely by the growth in value add services and the loss of lower value registered office-only client entities.

Entity outflows to competitors have decreased and are back at normal levels.

Management expects revenue growth in the second half of 2017 to benefit from comparison to the lower revenue base in H2 2016.

Jersey

Jersey	Q2 2017	Q2 2016	% Change	% Underlying change[1]	H1 2017	H1 2016	% Change	% Underlying change[1]
Revenue (€m)	15.1	n.a.[2]	n.a.	3.7%	29.7	n.a.	n.a.	3.7%
Adjusted EBITA (€m)	7.9	n.a.	n.a.	n.a.	14.9	n.a.	n.a.	n.a.
Adjusted EBITA margin	*52.3%*	n.a.	n.a.		*50.3%*	n.a.	n.a.	
Average number of FTEs					*344*	n.a.	n.a.	
Number of entities (000's, end of period)					4.4	n.a.	n.a.	
ARPE (€k, annualised)					13.5	n.a.	n.a.	
Revenue/FTE (€k, annualised)					172.6	n.a.	n.a.	
Adj. EBITA/FTE (€k, annualised)					86.8	n.a.	n.a.	

1 Underlying: Q2 and H1 2017 at constant currency and Q2 and H1 2016 including Elian figures (Management Estimate)

2 n.a.: no reported results available as Intertrust had no operations in Jersey in Q2/H1 2016

Jersey continued to perform in line with expectations. In Q2, Jersey revenue grew 3.7% year-on-year on an underlying basis, driven by strong performances in the funds service line, but also complemented by additional revenue generated in all service lines by assisting clients to comply with legal and regulatory changes.

We see sequential adjusted EBITA margin improvement in Jersey, from 48.2% in Q1 to 52.3% in Q2, supported by revenue growth and lower costs.

Compared with Q1, the number of entities in Jersey remained essentially flat when adjusted for an outflow of 147 entities due to the definition harmonisation.

Management reiterates its expectation that accelerated growth in the second half will result in high-single digit growth for full year 2017.

Rest of the World (ROW)

Rest of the World	Q2 2017	Q2 2016	% Change	% Change (Constant Currency)	% Underlying change[1]	H1 2017	H1 2016	% Change	% Change (Constant Currency)	% Underlying change[1]
Revenue (€m)	35.3	27.0	30.7%	33.8%	-1.0%	71.6	54.1	32.3%	35.7%	0.4%
Adjusted EBITA (€m)	11.4	9.3	23.7%	26.4%	-8.0%	24.9	18.9	31.7%	35.3%	-2.1%
Adjusted EBITA margin	*32.4%*	*34.3%*	*-184bps*			*34.8%*	*35.0%*	*-16bps*		
Average number of FTEs						*834*	*649*	28.5%		
Number of entities (000's, end of period)						19.5	15.7	24.0%		
ARPE (€k, annualised)						7.3	6.9	6.7%	9.4%	
Revenue/FTE (€k, annualised)						171.8	166.9	3.0%	5.6%	
Adj. EBITA/FTE (€k, annualised)						59.8	58.3	2.5%	5.3%	

1 Underlying: Q2 and H1 2017 at constant currency and Q2 and H1 2016 including Elian and Azcona figures (Management Estimate)

In Rest of the World (ROW), Q2 revenue grew 30.7% year-on-year but declined 1.0% on an underlying basis, driven by the lower performance of mainly Switzerland and Belgium, which could not be offset by growth in Ireland, Singapore and Spain. Growth in ROW continues to be driven by a modest recovery in FDI flows, increase in M&A appetite, ongoing Private Equity/Real Estate fundraising and preference of clients to comply with additional reporting requirements.

Our UK, Irish and Spanish offices increasingly benefit from a growth in capital market transactions due to regained investor confidence. The Azcona integration is on track and performing in line with our business case.

Adjusted EBITA and margins declined in Q2 and H1, impacted predominantly by the legal claim and related fees recognised in this segment. Without the non-recurring expenses, H1 adjusted EBITA margin would have been 37.6%, an increase of 263bps year-on-year.

ARPE increased to EUR 7.3 thousand in H1 2017, a 9.4% increase year-on-year at constant currency. The addition of the Elian entities and more complex services contributed to the ARPE increase.

In the second half of 2017, ROW is expected to show improved revenue growth compared to H1 2017.

Group HQ & IT costs

Group HQ and IT	Q2 2017[1]	Q2 2016	H1 2017[1]	H1 2016
Group HQ and IT costs (€m)	-15.8	-10.3	-31.9	-19.8

1 Q2/H1 2017 figures include Elian

In the first half of 2017, Group HQ and IT costs increased by EUR 12.1 million. This increase includes EUR 5.9 million (net of synergies) related to the inclusion of Elian and EUR 0.6 million from non-recurring items[6]. Overall the Group HQ and IT costs in Q2 were at a similar level as Q1.

More specifically in HQ and in addition to the amounts mentioned above, we see an increase in H1 related to higher Long-Term Incentive Plan (LTIP) and bonus related spend (EUR 1.6 million), higher marketing expenses, professional fees and other expenses (EUR 0.7 million), and higher staff costs (EUR 0.8 million[7]) related to the strengthening of Group Functions, amongst others Business Operations and Group Finance.

IT costs in H1 increased due to higher IT depreciation following the completion of IT investments in 2016 (EUR 0.6 million), higher operating expenses related to the migration of data centres (EUR 0.6 million), increased outsourcing costs (EUR 1.0 million) and higher staff costs (EUR 0.3 million[7]). Migration of our data centres to outsourced solutions will continue until early 2019, and is expected to increase the scalability and resilience of our IT infrastructure. At the same time, IT capital expenditures have reduced structurally due to the migration to Infrastructure as a Service (IaaS) and Software as a Service (SaaS).

During H1 2017 we have executed an IT assessment, which is important input to our short-term IT priorities and IT roadmap. We are currently finalising the IT roadmap and the accompanying financial plan.

For the second half of 2017, we expect Group HQ and IT costs to remain constant and in line with the first half.

6 EUR 0.6 million of non-recurring items related to Group HQ & IT costs form part of the total non-recurring items of EUR 2.9 million.

7 Net of a shift in operations resources from IT to HQ in 2017.

Reconciliation of performance measures to reported results

(EUR 000)	Q2		H1	
	2017 Unaudited	2016 Unaudited	2017 Unaudited	2016 Unaudited
Profit/(loss) from operating activities	**27,312**	**21,094**	**61,914**	**47,847**
Amortisation of acquisition-related intangible assets	10,493	7,519	20,621	15,101
Specific items – Transaction & Monitoring costs	(10)	4,561	83	4,561
Specific items – Integration costs	2,783	228	3,135	757
Specific items – Share-based payment upon IPO	629	1,408	1,109	2,447
Specific items – Share-based payment upon integration	428	–	832	–
Specific items – Other operating (income)/expenses	44	(116)	147	(113)
One-off expenses	–	451	–	507
Adjusted EBITA[1]	**41,679**	**35,143**	**87,841**	**71,106**

1 Adjusted EBITA is defined as EBITA before specific items. Specific items of income or expense are income and expense items that, based on their significance in size or nature, should be separately presented to provide further understanding on financial performance. Specific items are not of an operational nature and do not represent core operating results. The one-off expenses are related to redundancies, legal costs and settlement fees. The Company uses this measure to analyse the operational performance of the company and its reportable segments.

(EUR 000)	H1 2017			
	Adjusted	Specific items	Excluded items	Reported
EBITA	87,841	(5,306)	–	82,535
Amortisation of acquisition-related intangible assets	–	–	(20,621)	(20,621)
Profit/(loss) from operating activities	87,841	(5,306)	(20,621)	61,914
Net finance costs – excluding net foreign exchange loss	(14,052)	–	–	(14,052)
Foreign exchange gains	–	–	1,234	1,234
Share of profit of equity-accounted investees (net of tax)	(195)	–	–	(195)
Profit/(loss) before income tax	73,594	(5,306)	(19,387)	48,901
Income tax	(9,138)	–	–	(9,138)
Net income[1]	64,456	(5,306)	(19,387)	39,763

(EUR 000)	H1 2016			
	Adjusted	Specific items	Excluded items	Reported
EBITA	71,106	(8,158)	–	62,948
Amortisation	–	–	(15,101)	(15,101)
Profit/(loss) from operating activities	71,106	(8,158)	(15,101)	47,847
Net finance costs – excluding net foreign exchange loss	(9,300)	–	–	(9,300)
Foreign exchange losses	–	–	(5,615)	(5,615)
Share of profit of equity-accounted investees (net of tax)	(11)	–	–	(11)
Profit/(loss) before income tax	61,795	(8,158)	(20,716)	32,921
Income tax	(9,881)	–	–	(9,881)
Net income[1]	51,914	(8,158)	(20,716)	23,040

1 Adjusted net income is defined as Adjusted EBITA less net finance cost and less income tax. The Company uses this measure a.o. in its dividend policy

Additional information

Intertrust N.V Financial Calendar

Date	Event
17 October 2017	Extraordinary General Meeting
1 November 2017	Interim ex-dividend date
2 November 2017	Interim dividend record date
9 November 2017	Publication of Q3 2017 trading update
29 November 2017	Interim dividend payment date
8 February 2018	Publication of Q4 and Full Year 2017 unaudited results
17 May 2018	Annual General Meeting

Press and analyst calls

Today, Intertrust CEO David de Buck and CFO Maarten de Vries will hold an:

- Analyst / investor call at 09:30 CET. A webcast of the call will be available on the Company's website. The webcast can be accessed here
- The supporting presentation can be downloaded from our website

For further information

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About Intertrust

Intertrust is a leading global provider of high-value trust, corporate and fund services, with approximately 2,500 employees located throughout a network of 41 offices in 30 jurisdictions across Europe, the Americas, Asia and the Middle-East. The Company delivers high-quality, tailored services to its clients with a view to building long-term relationships. Intertrust's business services offering is comprised of corporate services, fund services, capital market services, and private wealth services. Intertrust has leading market positions in selected key geographic markets of its industry, including the Netherlands, Luxembourg, Jersey and the Cayman Islands. Intertrust works with global law firms and accountancy firms, multi-national corporations, financial institutions, fund managers, high net worth individuals and family offices.

Intertrust Group Interim Financial Report 30 June 2017

(Unaudited)

Condensed consolidated interim financial statements for the six month period ended 30 June 2017

Semi-annual financial report

Introduction

Intertrust N.V. (the "Company") and its subsidiaries (together referred to as the "Group") is the leading global provider of high-value trust, corporate and fund services. The Company has more than 2,400 FTEs working in its offices across all continents.

Market and Intertrust outlook 2017

Revised guidance was announced on 25 July for full year 2017 revenue and EBITA margins. Other guidance pertaining to full year 2017 as given at the time of the Q1 2017 results are reiterated. The full year 2017 outlook includes:

- Underlying revenue growth of at least 3.5% year-on-year.
- Adjusted EBITDA margin of 37.5%-38.5%.
- Unchanged outlook on:
  - Dividend policy at 40-50% of adjusted net income,
  - Realisation of 75% of announced synergies by year end 2017,
  - Capex less than 2% of revenue,
  - Effective tax rate of 18%, 16% on adjusted basis, and
  - Cash conversion in line with historical rates.

Financial review for the six-month period ended 30 June 2017

In the first half of 2017, the Group generated revenue of EUR 239.7 million, which is EUR 63.0 million higher compared with EUR 176.7 million in the same period of 2016. EBITA margin was 34.4% for first half year of 2017, impacted mainly by non-recurring items of EUR 2.9 million, primarily related to a legal claim and related legal fees.

Revenue

Revenue increased by EUR 63.0 million, or 35.7%, year-on-year to EUR 239.7 million for the six months ended 30 June 2017. The increase in revenue was driven by Elian acquistion in 2016 and growth in Luxemburg mainly due to time-based fees following the increase in billable FTEs and higher fixed fees. This good performance was offset by a lower than expected revenue performance in the Netherlands, resulting from lower productivity due to higher staff turnover and less favourable market conditions.

Other than this lower performance the revenue on normalised level was lower on year-on-year comparison due to a negative impact of exchange rate variances mostly arising from GBP exchange rate fluctuation.

Staff expenses

Salaries and wages increased by EUR 23.3 million year-on-year, or 38.5% to EUR 83.6 million for H1 2017. Other than the salaries, staff expenses in the first half of 2017 comprised EUR 1.9 million of equity-settled share-based payments upon the 2015 IPO and integration, presented in Specific items in Intertrust's adjusted results, and also EUR 1.7 million other equity-settled share-based payments. On a constant currency basis, staff expenses increased by EUR 31.9 million or 41.4%. This increase was primarily driven by the inclusion of Elian in half year 2017 causing increase in both billable and non-billable FTE numbers.

Rental and other operating expenses

Rental expenses increased by EUR 3.0 million year-on-year, or 33.0%, to EUR 12.0 million for H1 2017. On a constant currency basis, Rental expenses increased by 34.3%. This increase was mainly driven by the consolidation of the Elian entities on a half year basis.

Depreciation and amortisation

Depreciation and Amortisation charges increased by EUR 6.9 million year-on-year, or 36.3%, to EUR 26.1 million for the six months ended 30 June 2017. The EUR 26.1 million for half year 2017 includes amortisation of brand and amortisation of intangibles of EUR 20.6 million and depreciation and software amortisation of EUR 5.4 million. The increase of EUR 1.2 million in Depreciation was mainly due to higher capital expenditure relating to the integration of Elian entities, as well as the capitalisation and completion of IT investments in 2016.

Operating result

As a result of the aforementioned factors and mostly due to the Elian acquistion, the Profit from operating activities increased by EUR 14.1 million year-on-year, or 29.4%, to EUR 61.9 million for half year 2017.

Financial result

The financial result decreased by EUR 2.1 million year-on-year or 14.1%, to EUR 12.8 million for half year 2017.

This decrease is mainly due to favourable exchange gains, offset by higher bank interests due to new loan facilities.

The financial result in the first half of 2017 of EUR 12.8 million includes EUR 11.4 million (2016: EUR 7.0 million) bank interest, EUR 2.3 million (2016: EUR 1.9 million) amortisation of financing fees, net foreign exchange gains of EUR 1.2 million (2016 net foreign exchange losses of EUR 5.6 million), as well as other costs of EUR 0.4 million (2016: EUR 0.4 million).

Income taxes

Income tax expense decreased by EUR 0.7 million year-on-year to an Income tax charge of EUR 9.1 million for half year 2017.

The decrease was primarily the result of profit before tax spread over additional and growing low-tax jurisdictions (currently including Jersey and increased activity in both Guernsey and Cayman) as positive result of the Elian acquisition next to a decrease in the income tax rate in Luxembourg (from 29.22% to 27.08%).

In the six months ended 30 June 2017 the income tax rate as a percentage of Profit before taxes was 18.7% (2016: 30.0%) and was impacted mainly by an increase of tax deductible interest expenses (increased leverage due to Elian acquisition), a decrease in the non-deductible shared-based payments expenses and a decrease in non-deductible interests within the Fiscal Unity in Luxembourg.

Cash flow

In the first half of 2017, operating cash flow increased by EUR 2.5 million (3.1%) compared to the same period of 2016. As a result of the Azcona acquisition, investing cash flow expenses increased from EUR 3.9 million in half year 2016 to EUR 9.7 million in half year 2017. Cash flow from financing activities of EUR 80.2 million comprises mainly of purchase of treasury shares amounting to EUR 34.0 million, repayment of Revolving Credit Facility (RCF) loan of EUR 18.0 million and final dividend of 2016 paid in June 2017 amounting to EUR 20.0 million.

Related party transactions

For related party transactions, please refer to note 15 of our interim financial report.

Principal risks and uncertainties of the first half of 2017

In the Annual Report 2016, we described the key business risks and uncertainties which we are aware of, and which could have a material adverse effect on our financial position and results.
We have assessed the risks for the first half year of 2017 and believe that the risk categories and risk factors identified are in line with those presented in the Annual Report 2016. Those are deemed incorporated and repeated in this report by reference.

Other risks not known to us, or currently regarded not to be material, could later turn out to have a negative material impact on our business, objectives, revenues, income, assets, liquidity or capital resources.

Responsibility statement

With reference to the statement within the meaning of article 5:25d (2c) of the Financial Supervision Act, the Management Board hereby declares that, to the best of their knowledge:

- the interim financial statements prepared in accordance with IAS 34, "Interim Financial Reporting", give a true and fair view of the assets, liabilities, financial position, profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the interim Management Board report gives a fair review of the information required pursuant to section 5:25d(8)/(9) of the Financial Supervision Act.

Amsterdam, 23 August 2017

The Management Board
David de Buck, Chief Executive Officer
Maarten de Vries, Chief Financial Officer

Condensed consolidated interim statement of profit or loss

(EUR 000)	Note	Q2		H1	
		2017 Unaudited	2016 Unaudited	2017 Unaudited	2016 Unaudited
Revenue	5	118,092	88,810	239,716	176,674
Staff expenses	6	(54,564)	(40,169)	(109,014)	(78,965)
Rental expenses		(5,960)	(4,546)	(12,029)	(9,045)
Other operating expenses		(17,013)	(13,550)	(30,698)	(21,815)
Other operating income		-	119	-	119
Depreciation and amortisation of software		(2,750)	(2,051)	(5,440)	(4,020)
Amortisation of acquisition-related intangible assets		(10,493)	(7,519)	(20,621)	(15,101)
Profit/(loss) from operating activities		27,312	21,094	61,914	47,847
Financial income		2	19	5	25
Financial expense		(5,086)	(9,831)	(12,823)	(14,940)
Financial result		**(5,084)**	**(9,812)**	**(12,818)**	**(14,915)**
Share of profit of equity-accounted investees (net of tax)		(192)	(2)	(195)	(11)
Profit/(loss) before income tax		22,036	11,280	48,901	32,921
Income tax		(3,069)	(4,140)	(9,138)	(9,881)
Profit/(loss) after tax		18,967	7,140	39,763	23,040
Profit/(loss) for the year after tax attributable to:					
Owners of the Company		18,970	7,120	39,714	23,039
Non-controlling interests		(3)	20	49	1
Profit/(loss)		18,967	7,140	39,763	23,040
Basic earnings per share (EUR)	7	0.21	0.08	0.44	0.27
Diluted earnings per share (EUR)	7	0.20	0.08	0.42	0.27

Quarterly figures are not audited, nor reviewed.

The Notes on pages 18 to 25 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of comprehensive income

(EUR 000)	Note	Q2		H1	
		2017 Unaudited	2016 Unaudited	2017 Unaudited	2016 Unaudited
Profit/(loss) after tax		18,967	7,140	39,763	23,040
Actuarial gains and losses on defined benefit plans		153	(1,311)	153	(1,311)
Income tax on actuarial gains and losses on defined benefit plans		-	-	-	-
Items that will never be reclassified to profit or loss		**153**	**(1,311)**	**153**	**(1,311)**
Foreign currency translation differences - foreign operations		(28,248)	3,157	(31,976)	(9,653)
Net movement on cash flow hedges		525	(16,077)	1,211	(18,428)
Income tax on net movement on cash flow hedges		(131)	4,019	(303)	4,607
Items that are or may be reclassified to profit or loss		**(27,854)**	**(8,901)**	**(31,068)**	**(23,474)**
Other comprehensive income/(loss) for the year, net of tax		(27,701)	(10,212)	(30,915)	(24,785)
Total comprehensive income/(loss) for the year		(8,734)	(3,072)	8,848	(1,745)
Total comprehensive income/(loss) for the year attributable to:					
Owners of the Company		(8,731)	(3,092)	8,799	(1,746)
Non-controlling interests		(3)	20	49	1
Total comprehensive income/(loss) for the year		(8,734)	(3,072)	8,848	(1,745)

Quarterly figures are not audited, nor reviewed.

The Notes on pages 18 to 25 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of financial position

(EUR 000)	Note	30.06.2017	31.12.2016
Assets			
Property, plant and equipment		18,843	20,167
Software		13,088	15,120
Goodwill and acquisition-related intangible assets	8,9	1,515,015	1,565,367
Investments in equity-accounted investees		382	707
Other non current financial assets		3,713	3,820
Deferred tax assets		582	2,480
Non-current assets		1,551,623	1,607,661
Trade receivables		75,387	99,160
Other receivables		14,818	15,021
Work in progress		35,796	31,984
Current tax assets		445	945
Other current financial assets		1,104	1,627
Prepayments		9,762	8,167
Cash and cash equivalents		51,245	69,858
Current assets		188,557	226,762
Total assets		1,740,180	1,834,423
Equity			
Share capital		55,200	55,200
Share premium		630,441	630,441
Reserves		(23,198)	42,345
Retained earnings		49,546	29,887
Equity attributable to owners of the Company		711,989	757,873
Non-controlling interests		175	1,930
Total equity	10	712,164	759,803
Liabilities			
Loans and borrowings		773,393	781,221
Other non current financial liabilities		2,597	1,763
Employee benefits liabilities		2,679	3,082
Deferred income		6,839	8,677
Provisions		358	1,147
Deferred tax liabilities		83,405	85,659
Non-current liabilities		869,271	881,549
Loans and borrowings		3,612	18,072
Trade payables		4,160	10,636
Other payables		51,675	66,974
Other current financial liabilities		3,475	-
Deferred income		66,996	71,467
Provisions		530	2,219
Current tax liabilities		28,297	23,703
Current liabilities		158,745	193,071
Total liabilities		1,028,016	1,074,620
Total equity & liabilities		1,740,180	1,834,423

The Notes on pages 18 to 25 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of changes in equity

(EUR 000)		For the period ended 30 June 2017										
		Attributable to owners of the Company										
	Note	Share capital	Share premium	Retained earnings	Translation reserve	Hedging reserve	Treasury share reserve	Other reserve	Total	Non-controlling interests	Total equity
Balance at 01 January 2017		55,200	630,441	29,887	7,627	(1,324)	(76)	36,118	757,873	1,930	759,803
Profit/(loss)		-	-	39,714	-	-	-	-	39,714	49	39,763
Other comprehensive income/(loss) for the year, net of tax		-	-	153	(31,976)	908	-	-	(30,915)	-	(30,915)
Total comprehensive income/(loss) for the year		-	-	39,867	(31,976)	908	-	-	8,799	49 -	8,848
Contributions and distributions											
Equity-settled share-based payment		-	-	3,577	-	-	-	-	3,577	-	3,577
Business combination		-	-	-	-	-	-	(56)	(56)	-	(56)
Purchase of treasury shares		-	-	-	-	-	(33,968)	-	(33,968)	-	(33,968)
Dividends paid		-	-	(22,535)	-	-	-	(451)	(22,986)		(22,986)
Total contributions and distributions		-	-	(18,958)	-	-	(33,968)	(507)	(53,433)	-	(53,433)
Changes in ownership interests											
Dividends paid to non-controlling interests		-	-	-	-	-	-	-	-	(54)	(54)
Acquisition non-controlling interest		-	-	(1,250)	-	-	-	-	(1,250)	(1,750)	(3,000)
Total changes in ownership interest		-	-	(1,250)	-	-	-	-	(1,250)	(1,804)	(3,054)
Total transactions with owners of the Company		-	-	(20,208)	-	-	(33,968)	(507)	(54,683)	(1,804)	(56,487)
Balance at 30 June 2017	10	55,200	630,441	49,546	(24,349)	(416)	(34,044)	35,611	711,989	175	712,164

(EUR 000)		For the period ended 30 June 2016									
		Attributable to owners of the Company									
	Note	Share capital	Share premium	Retained earnings	Translation reserve	Hedging reserve	Treasury share reserve	Other reserve	Total	Non-controlling interests	Total equity
Balance at 01 January 2016		51,133	513,423	(2,457)	107	(16)	-	-	562,190	124	562,314
Profit/(loss)		-	-	23,039	-	-	-	-	23,039	1	23,040
Other comprehensive income/(loss) for the year, net of tax		-	-	(1,311)	(9,653)	(13,821)	-	-	(24,785)	-	(24,785)
Total comprehensive income/(loss) for the year		-	-	21,729	(9,653)	(13,821)	-	-	(1,746)	1	(1,745)
Contributions and distributions											
Issue of ordinary shares		4,067	117,018	-	-	-	-	-	121,085	-	121,085
Equity-settled share based payment		-	-	2,696	-	-	-	-	2,696	-	2,696
Total contributions and distributions		4,067	117,018	2,696	-	-	-	-	123,781	-	123,781
Total transactions with owners of the Company		4,067	117,018	2,696	-	-	-	-	123,781	-	123,781
Balance at 30 June 2016	10	55,200	630,441	21,967	(9,546)	(13,837)	-	-	684,225	125	684,350

The Notes on pages 18 to 25 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of cash flows

(EUR 000)	Note	Q2		H1	
		2017 Unaudited	2016 Unaudited	2017 Unaudited	2016 Unaudited
Cash flows from operating activities					
Profit/(loss) for the period		18,967	7,140	39,763	23,040
Adjustments for:					
Income tax expense		3,069	4,140	9,138	9,881
Share of loss/(profit) of equity-accounted investees		192	1	195	10
Financial result		5,084	9,812	12,818	14,915
Depreciation and amortisation of software		2,750	2,051	5,440	4,020
Amortisation of acquisition-related intangible assets		10,493	7,519	20,621	15,101
(Gain)/loss on sale of non-current assets		(2)	2	8	7
Other non cash items		2,256	1,691	3,385	2,836
		42,809	32,355	91,368	69,810
Changes in:					
(Increase)/decrease in trade working capital	(*)	(13,219)	(7,089)	7,981	17,620
(Increase)/decrease in other working capital	(**)	(6,124)	4,626	(7,763)	(2,584)
Increase/(decrease) in provisions		(1,089)	(466)	(2,398)	(555)
Changes in foreign currency		984	(704)	1,402	(316)
		23,361	28,722	90,590	83,975
Income tax paid		(4,450)	(1,000)	(5,782)	(1,691)
Net cash from/(used in) operating activities		18,911	27,722	84,808	82,284
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		-	12	9	17
Purchase of property, plant & equipment		(1,021)	(968)	(1,958)	(1,921)
Purchase of intangible assets		(331)	(355)	(1,211)	(1,772)
Acquisitions, net of cash acquired		(1,952)	-	(7,508)	-
(Increase)/decrease in other financial assets		240	299	866	(206)
Dividends received		53	-	53	-
Interest received		2	19	5	25
Net cash from/(used in) investing activities		(3,009)	(993)	(9,744)	(3,857)
Cash flows from financing activities					
Proceeds from issue of share capital		-	120,780	-	120,780
Proceeds from bank borrowings		3,532	-	3,532	-
Acquisition of treasury shares		(32,278)	-	(33,968)	-
Payment of financing costs		(25)	(44)	(50)	(44)
Repayment of loans and borrowings banks		-	-	(18,000)	-
Interest and other finance expenses paid		(5,808)	(3,706)	(11,696)	(7,533)
Dividends paid		(19,962)	-	(19,962)	-
Dividends paid to non-controlling interest		-	-	(54)	-
Net cash from/(used in) financing activities		(54,541)	117,030	(80,198)	113,203
Net increase/(decrease) in cash		(38,639)	143,759	(5,134)	191,630
Cash attributable to the Company at the begining of the period		84,684	112,573	51,733	66,472
Effect of exchange rate fluctuations on cash attributable to the Company		(1,439)	(4,341)	(1,993)	(6,111)
Cash attributable to the Company at the end of the period		44,606	251,991	44,606	251,991
Cash held on behalf of clients at the end of the period		6,639	9,413	6,639	9,413
Cash and cash equivalents at the end of the period		51,245	261,404	51,245	261,404

(*) Trade Working capital is defined by the net (increase)/decrease in Trade receivables, Work in progress, Trade payables and Deferred income

(**) Other Working capital is defined by the net (increase)/decrease in Other receivables, Prepayments and Other payables (excl. liabilities for cash held on behalf of clients)

Quarterly figures are not audited, nor reviewed.

The Notes on pages 18 to 25 are an integral part of these condensed consolidated interim financial statements.

Notes to the condensed consolidated interim financial statements

1. Reporting entity

Intertrust N.V. (the "Company") is a company domiciled in The Netherlands and was incorporated on 8 September 2014. The address of the Company's registered office is Prins Bernhardplein 200, Amsterdam, The Netherlands.

The condensed consolidated interim financial statements are unaudited.

The condensed consolidated interim financial statements of the Company for the period from 1 January 2017 to 30 June 2017 comprise the Company and its subsidiaries (together referred as the "Group" and individually as "Group entities") and the Group's interest in associates.

The Group provides corporate and funds services, private client services and capital markets services. At 30 June 2017, the Group has operations in 30 countries (30 June 2016: 23) and employs 2,452 FTEs (full-time equivalent employees) (30 June 2016: 1,705 FTEs).

2. Basis of preparation

These condensed consolidated interim financial statements for the six months ended 30 June 2017 have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all the information required for a complete set of IFRS financial statements. Accordingly, the condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2016, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2016 (part of the "Annual Report 2016"). The presentation currency of the group is the euro (€).

These condensed consolidated interim financial statements were authorised for issue by the Management Board on 23 August 2017.

3. Significant accounting policies and standards

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2016.

To the extent relevant, all IFRS standards and interpretations including amendments that were in issue and effective from 1 January 2017, have been adopted by the group from 1 January 2017.

These standards and interpretations had no material impact for the group.

New standards and interpretations issued but not yet adopted

All IFRS standards and interpretations that were in issue but not yet effective for reporting periods beginning on 1 January 2016 have not yet been adopted and disclosed in the Group's consolidated financial statements as at and for the year ended 31 December 2016. No significant changes to the disclosures are recognised at this stage.

4. Use of estimates and judgements

The preparation of these interim financial statements requires management to make certain assumptions, estimates and judgements that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities as of the date of the interim financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and the future periods if the revision affects both current and future periods. For areas involving a higher degree of judgement or areas where assumptions and estimates are significant to the (interim) financial statements, reference is made to Note 2.4 of the Group's consolidated financial statements as at and for the year ended 31 December 2016.

5. Operating segments

5.1. Basis for segmentation

The Management Board is the Chief Operating Decision Maker of the Group (CODM). The responsibility of the Management Board is to assess performance and to make resource allocation decisions across the Group.

The analysis of the business is organised and managed on a geographical perspective. From 1 January 2017, due to integration of Elian, the Group no longer breaks out Elian results but defines the operating segments as Netherlands, Luxembourg, Cayman, Jersey and Rest of the World, whereby Guernsey is included in Rest of the World. All operating segments are regarded as reportable segments due to their size/importance for the overall understanding of the geographical business.

They are reported in a manner consistent with the internal reporting provided to and used by the Management Board.

The Management Board evaluates the performance of its segments based on Revenue and Adjusted EBITA ("segment Revenue" and "segment Adjusted EBITA"). Management considers that such information is the most relevant in evaluating the results of the respective segments. For the reconciliation, please see Reconciliation of performance measures to reported results.

The individual Adjusted EBITA by operating segment excludes the allocation of Group IT and HQ costs, that is then deducted from the total.

Profit/(loss) before income tax is not used to measure the performance of the individual segment as items like amortisation of intangibles (except for software) and net finance costs are not allocated to individual segments. So the reconciliation to Profit/(loss) before income tax according to IFRS is done on Group level.

Consistent with the aforementioned reasoning, segment assets/liabilities are not reviewed regularly on a segment basis by management and are therefore not included in the IFRS segment reporting.

5.2. Information about reportable segments

(EUR 000)	Q2 2017 Unaudited Revenue	Q2 2017 Unaudited % Revenue	Q2 2016 Unaudited Revenue	Q2 2016 Unaudited % Revenue	H1 2017 Unaudited Revenue	H1 2017 Unaudited % Revenue	H1 2016 Unaudited Revenue	H1 2016 Unaudited % Revenue
Netherlands	27,579	23%	29,747	33%	56,644	24%	58,308	33%
Luxembourg	23,521	20%	19,698	22%	47,616	20%	38,540	22%
Cayman Islands	16,621	14%	12,358	14%	34,143	14%	25,704	15%
Jersey	15,071	13%	-	0%	29,687	12%	-	0%
Rest of the World	35,300	30%	27,006	30%	71,626	30%	54,122	31%
Segment Revenue	118,092	100%	88,809	100%	239,716	100%	176,674	100%

(EUR 000)	Q2 2017 Unaudited Adjusted EBITA	Q2 2017 Unaudited % Adjusted EBITA	Q2 2016 Unaudited Adjusted EBITA	Q2 2016 Unaudited % Adjusted EBITA	H1 2017 Unaudited Adjusted EBITA	H1 2017 Unaudited % Adjusted EBITA	H1 2016 Unaudited Adjusted EBITA	H1 2016 Unaudited % Adjusted EBITA
Netherlands	16,797	40%	19,263	55%	35,238	40%	37,352	53%
Luxembourg	11,920	29%	10,165	29%	25,395	29%	19,837	28%
Cayman Islands	9,412	23%	6,752	19%	19,266	22%	14,767	21%
Jersey	7,881	19%	-	0%	14,926	17%	-	0%
Rest of the World	11,442	27%	9,252	26%	24,923	28%	18,920	27%
Group IT and HQ costs (*)	(15,773)	-38%	(10,289)	-29%	(31,907)	-36%	(19,770)	-28%
Segment Adjusted EBITA	41,679	100%	35,143	100%	87,841	100%	71,106	100%

(*) Group IT and HQ costs are not allocated by operating segment

For the six months ended 30 June 2016, the presentation of the figures has been aligned accordingly to the operating segments defined post Elian acquisition.

5.3. Seasonality

The business of the Group does not present pronounced cyclical patterns or seasonal evolutions in the condensed consolidated interim statement of comprehensive income.

6. Staff expenses

(EUR 000)	Q2 2017 Unaudited	Q2 2016 Unaudited	H1 2017 Unaudited	H1 2016 Unaudited
Salaries and wages	(40,804)	(30,165)	(83,603)	(60,345)
Social security contributions	(4,011)	(3,164)	(7,994)	(6,224)
Pensions and benefits	(2,230)	(1,868)	(4,334)	(3,726)
Share-based payment upon IPO	(629)	(1,408)	(1,109)	(2,447)
Share-based payment upon integration	(428)	-	(832)	-
Share-based payment long term incentive plan	(1,144)	(373)	(1,697)	(373)
Other personnel expenses	(5,318)	(3,189)	(9,445)	(5,850)
Staff expenses	(54,564)	(40,168)	(109,014)	(78,965)

The number of FTEs (full time equivalent employees) at period ended 30 June 2017 amounted to 2,452 (period ended 30 June 2016: 1,705). Average number of employees amounted to 2,418 in the first half of 2017 (2016 same period: 1,716).

Share-based payment arrangements

For the six months ended 30 June 2017, are included specific items for share based payment upon IPO of EUR 1,109 thousand (for the six months ended 30 June 2016: EUR 2,447 thousand) and upon integration of EUR 832 thousand (for the six months ended 30 June 2016: nil), related to the awards made under the equity-settled share-based payment arrangements implemented following the listing of the Company's shares on Euronext Amsterdam in 2015, following Elian acquisition in 2016 and Azcona acquisition in 2017.

In April 2017, the group granted 433,852 million stock options under the share-based payment long term incentive plan ("LTIP") of which 38,352 stock options were granted to the management board. The purpose of the share-based compensation is to attract and retain management and employees and align the interests of management and eligible employees with those of shareholders, by providing additional incentives to improve the group's performance on a long-term basis.

For further information on our share-based compensation, reference is made to note 8 in our Annual Report 2016.

7. Earnings per share

(EUR 000)	Q2		H1	
Earnings per share	2017 Unaudited	2016 Unaudited	2017 Unaudited	2016 Unaudited
Basic earnings per share (euro)	0.21	0.08	0.44	0.27
Diluted earnings per share (euro)	0.20	0.08	0.42	0.27

7.1. Basic earnings per share

The calculation of basic earnings per share has been based on the following profit attributable to ordinary shareholders of EUR 39,714 thousand for the six months ended 30 June 2017 (for the six months ended 30 June 2016: EUR 23,040 thousand) and weighted-average number of ordinary shares of 91,280,560 for the six months ended 30 June 2017 (for the six months ended 30 June 2016: 85,854,703).

7.2. Diluted earnings per share

The calculation of diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 3,115,119 for the six months ended 30 June 2017 (for the six months ended 30 June 2016: 295,214).

7.3. Adjusted net income per share

The Group calculates the Adjusted net income for the six months ended 30 June 2017 to be EUR 64,5 million (for the six months ended 30 June 2016: EUR 51.9 million). Adjusted net income is defined as Adjusted EBITA, less net interest costs of EUR 14.1 million (for the six months ended 30 June 2016: EUR 9.3 million) and less tax costs of EUR 9,1 million (for the six months ended 30 June 2016: EUR 9.9 million).

Based on this Adjusted net income and taking the weighted-average number of basic shares for the six months ended 30 June 2017 of 91,280,560 (for the six months ended 30 June 2016: 85,854,703), the adjusted net income per share is EUR 0.71 (for the six months ended 30 June 2016: EUR 0.60).

8. Acquisition-related intangible assets

During the six months ended 30 June 2017, additional acquisition-related intangible assets were generated in the acquisition of Azcona and SFM Spain (Note 9).
The amortisation of acquisition-related intangible assets for the six months ended 30 June 2017 is EUR 20,621 thousand (for the six months ended 30 June 2016: EUR 15,101 thousand).

The goodwill per CGU is tested annually for impairment. As at 30 June 2017, there were no impairment indicators and no impairment testing was performed for the period. The intangible assets other than goodwill were not tested for impairment because there were no impairment indicators at 30 June 2017.

9. Business combinations

2017

Acquisition of remaining SFM Spain stake and affiliated local service provider

On 1 February 2017, the Group has acquired the remaining 25% stake in Intertrust Management Spain, S.L. ("SFM Spain") together with the affiliated professional services activities of Azcona y Asociados de Consultoría Tributaria, Jurídica y Contable, S.L. ("Azcona").

The Group acquired a 75% stake in SFM Spain as part of the acquisition of Elian on 23 September 2016. The remaining 25% of SFM Spain was held by Azcona, a local Spanish competitor that specialises in the provision of corporate secretarial, accounting and tax compliance services.

The transaction strengthens the Group's position in Spain, making it a leading independent provider of capital markets, funds and corporate services. All Azcona staff members have transferred to the Intertrust team, thereby more than doubling the headcount of the Madrid office to a total of 63 employees. The increased scale of the combined office strengthens the Group's client service capabilities and broadens its career opportunities for employees.

Significant asset recognised other than the acquisition of the remainder of the shares was attributable mainly to revenues from new customers and the workforce. The transaction does not have a material impact on the Company's financial position or results.

2016

Acquisition of Elian Group

On 23 September 2016, the acquisition of Elian Group ("Elian") from Elian's management and funds managed by Electra Partners LLP has been completed. Elian is a Jersey-based regional trust & corporate services provider, specialist in Capital Markets and Private Equity & Real Estate fund administration, with a leadership position in Jersey and a strong presence in the UK and 13 other jurisdictions. Elian further reinforces Intertrust's position as the global leader in the trust and corporate services sector by strengthening its Capital Markets and Private Equity & Real Estate Fund Administration Services, expanding its geographical presence to jurisdictions such as Jersey, and adding scale in other key locations like Ireland, the United Kingdom, and Cayman Islands. The combination also enhances the career opportunities available to the combined company's employees. Intertrust's listed company underscores its transparency, adds to its attractiveness as an employer and makes it the "go-to" company for financial institutions, fund, corporations and high net worth individuals. From acquisition to 31 December 2016, Elian contributed revenue of EUR 28,496 thousand and Adjusted EBITA of EUR 9,726 thousand. Based on management estimates, Elian's revenue for 2016 was GBP 92.2 million and adjusted EBITA was GBP 30.4 million. For more detailed disclosures we refer to note 6 in our Annual Report 2016.

10. Capital and reserves

10.1. Share capital

The subscribed capital as at 30 June 2017 amounts to EUR 55,200 thousand and is divided into 91,999,392 thousand shares fully paid-up with a nominal value per share of EUR 0.60.

On 13 June 2016, Intertrust N.V. issued 6,777,778 ordinary shares for the purchase of Elian Group.

10.2. Share premium

At 30 June 2017, the share premium amounts to EUR 630,441 thousand.

In June 2016, the addition to the share premium from the proceeds of the issue of ordinary shares was EUR 122,000 thousand less the costs directly attributable to the equity transaction for EUR 1,220 thousand net of the related tax impact of EUR 305 thousand.

10.3. Retained earnings

The retained earnings include accumulated profits and losses, plus remeasurements of defined benefit liability (asset) and equity-settled share-based payment.

The final dividend for the year 2016 of EUR 0.25 per share was paid on 12 June 2017.

An interim distribution of EUR 0.28 per share over financial year 2017 will be payable on the group's ordinary shares. The payment will be subject to 15% Dutch withholding tax. The interim dividend has not been recognised as liability.

Treasury share reserve

The treasury share reserve comprises the costs of the Company's shares held by the Group. At 30 June 2017, the Group held 1,856,354 of the Company's shares (31 December 2016: 3,705). The shares acquired during the six months ended 30 June 2017 are in relation to the share buy-back program for the Elian deferred consideration shares.

11. Financial instruments

Credit risk

Our internal credit risk assessment did not change compared to the disclosure Note 28 in our Annual Report 2016. With respect to the net trade receivables, there are no indications as of the reporting date that the debtors will not meet their payment obligations.

Liquidity risk

There has been no change in our liquidity risk assessment compared to our disclosure Note 28 in our Annual Report 2016.

Currency risk

The Group's exposure to the risk of changes in exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's presentation currency). This did not change compared to previous year. The exposures are mainly with respect to the US dollars (USD) and Pound sterling (GBP). The loans and borrowings of the Group are denominated in Euros, Pound sterling and US Dollars.

Interest rate risk

The risk relates to the Group's long term debt obligations with floating interest rates. To manage this risk the company continues to hold interest rate swaps.

Capital management

The capital structure or the Group did not change significantly. Leverage ratio at the end of the reporting period is 3.81 as cash was used to buy back shares and pay out the final net dividend for FY2016. This is still within the agreed level of our current facilities.

Fair value and fair value estimation

The fair values of our financial assets and liabilities as at 30 June 2017 are estimated to approximate their carrying value. There has been no change in the fair value estimation technique and hierarchy of the input used to measure the financial assets/liabilities carried at fair value through profit or loss compared with the method and hierarchy disclosed in our Annual Report 2016.

12. Cash flow hedges

The balance at 30 June 2017 includes interest rate swap to cover part of the fluctuations on the floating interest on the USD and EUR debt.

During the six months ended 30 June 2017, the Group entered into two additional interest rate swaps to cover part of the fluctuations on the floating interest on the EUR and GBP debt.

13. Contingencies

There was a remaining potential tax liability towards the Swiss tax authorities disclosed in our Annual Report 2016. This related to a late payment interest charge imposed by the Swiss tax authorities in the amount of CHF 9.1 million in connection with the late payment of Swiss dividend withholding tax on a cash dividend paid in 2010 to its former shareholders. The Group has timely filed a formal tax appeal against the imposition with the Swiss tax authorities, outlining various arguments as to why we believe the contingency is not due. On 1 February 2017 favourable related legislation has been enacted. As per 4 April 2017 the Swiss Tax Authorities have as expected issued a formal favorable decision on the tax complaint filed per 12 September 2014, whereby the entire amount of late payment interests has been rescinded in line with newly enacted legislation, hence this particular contingency no longer exists.

The Belgian tax authorities have delivered a notice to the third party liquidator of one of our former subsidiaries for tax and penalties in the amount of approximately EUR 16.4 million (excluding interest) in connection with Belgian dividend withholding tax over the payment of liquidation proceeds of this subsidiary in 2012. The exemption for dividend withholding tax has been challenged by the tax authorities on technical grounds. A formal tax complaint in view of full rescindment had been filed in due course as there are good grounds to challenge the tax assessment. Following formal decision received in February 2017, a partial rescindment for an amount of approx. EUR 6.5 million has been obtained. As per 21 May 2017 a formal court petition has been filed within legal deadline as we continue to believe there to be good grounds to counter the position taken by the tax authorities. The further treatment and outcome of the petition is bound to be pending for quite some time as pleading date has been set by the Court for 7 March 2019 at the earliest. We furthermore believe that it is still more likely than not that a full release can be obtained. An amount of approx. EUR 9.8 million (excluding interest) remains under further dispute.

There is a legal claim which negatively impacted our half year 2017 figures including those related legal fees. The amount we recognised as a loss in our profit and loss account is included in the non-recurring items' list. We believe that there is a reasonable chance that we can recover all or part of this amount in due course.

There are a few additional possible claims against the Group. One of them is against one of our subsidiaries that provided directorship services to a client entity, which is involved in legal proceedings relating to taxation.

We concluded that in aggregate amount, including the above mentioned claims against the Group, these litigations cannot be reliably measured or we consider that the possibility of outflow is not probable. Where necessary legal and/or external advice has been obtained and, in light of such advice, the risk of litigation is provided adequately.

14. Commitments

In the first half of 2017, there were no material changes to the group's commitments from those disclosed in note 30 of our Annual Report 2016 except for IT related commitments whereas the group engaged with Microsoft for new services. The contract increases the commitments of the group by EUR 4,044 thousand spread for the coming 3 years period.

15. Related parties

During the six months ended 30 June 2017, the transactions with related parties were conducted on an arm's length basis.

The transactions with key management personnel do not deviate significantly from the transactions as reflected in the financial statements as at and for the year ended 31 December 2016.

The Groups has provided services to some entities related to Blackstone in the normal course of business on an arm's length basis.

16. Subsequent events

There are no significant events that have occurred since balance sheet date that would change the financial position and which would require adjustment or disclosure in these condensed consolidated interim financial statements.

17. Non-IFRS Financial measures

Definitions

For the definitions of non-financial measures we refer to the Glossary in the Annual Report 2016. Other than those defined there, we give more clarification as listed below on:

- Adjusted EBITDA is defined as EBITDA excluding specific items.
- Adjusted net income is defined as adjusted EBITA less net interest costs, less tax costs and share of profit of equity-accounted investees (net of tax).
- Specific items of income or expenses are income and expenses items that, based on their significance in size or nature, should be separately presented to provide further understanding about the financial performance. Specific items include:
  - Transaction and monitoring costs
  - Integration and transformation costs
  - Restructuring cost
  - Share-based payment upon IPO
  - Share-based payment upon integration
  - Income/expenses related to disposal of assets

  Specific items are not of an operational nature and do not represent the core operating results.

Review report

To: the shareholders, the Managing Board and the Supervisory Board of Intertrust N.V.

Introduction

We have reviewed the accompanying condensed consolidated interim financial information as at 30 June 2017 of Intertrust N.V., Amsterdam, which comprises the statement of financial position as at 30 June 2017, the statements of profit or loss, comprehensive income, changes in equity, and cash flows for the period of six months ended 30 June 2017 and the notes. The Management Board of the Company is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope

We conducted our review in accordance with Dutch law including standard 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 30 June 2017 and for the six months then ended is not prepared, in all material respects, in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

Three months interim financial information not audited or reviewed

The Company did not prepare condensed consolidated interim financial information for the three months period ended 30 June 2016 and for the three months period ended 30 June 2017 and therefore such quarterly information are not audited or reviewed. Consequently, the three months figures included in the statements of profit or loss, comprehensive income, changes in equity and cash flows and in the related notes of the condensed consolidated interim financial information as at 30 June 2017 have not been audited or reviewed.

Amstelveen, 23 August 2017

KPMG Accountants N.V.

W.G. Bakker RA