



Foresight

FOR A SMARTER FUTURE

**Results presentation to
31 March 2021**

27 July 2021

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Presenting today



Bernard Fairman

Executive Chairman & Co-Founder

- Co-founded Foresight Group in 1984
- 40 years of private equity experience
- Responsible for strategic direction and management
- Prior to founding Foresight, he was an Investment Manager at 3i Ventures



Gary Fraser

Chief Financial Officer & Chief Operating Officer

- Joined Foresight Group in 2004
- Responsible for all financial and operating matters including new product development
- Previously at F&C Asset Management and Ernst & Young

Supported by Executive Committee comprising CIO and Heads of Infrastructure and Private Equity
Each Executive Committee member has >20 years industry experience

234 people including 115 investment and technical professionals, led by 18 partners⁽¹⁾

London Stock Exchange listed investment management business with majority independent board

(1) As of 31 March 2021

Key Period Highlights

Strong AUM and revenue growth despite backdrop of COVID-19

- Successful London listing in February 2021 already leading to increased visibility and opportunities
 - Increased AUM to £7.2 billion (2020: £4.5 billion) with strong organic net flows of £0.8 billion (gross organic flows of £1.2 billion)
 - Acquisition of Pensions Infrastructure Platform (PiP) added £1.7 billion AUM and broadens core infrastructure offering
 - Increased revenue to £69.1 million (2020: £57.3 million) and with recurring revenues running at 90.3%
 - Core EBITDA increased by 89% to £23.9 million for the year ended 31 March 2021 (2020: £12.6 million). Core EBITDA margin improved to 34.6% (2020: 22.1%)
 - Expanded and developed investment strategies with first investments into forestry (c.£100m), fibre-broadband (c.£100 million) and CNG refuelling stations (c.£80 million)
-
- Strong start to fundraising in FY2022 with net inflows of over £0.5 billion in Q1 plus valuation uplift of £0.1 billion (to 30 June 2021) resulting in AUM of £7.8 billion as at 30 June 2021 (an annualised run-rate of 33.3%)
 - Final dividend of 1.7 pence per share declared with increased payout ratio reflecting strength of business

Source: Company information, financial year end 31 March



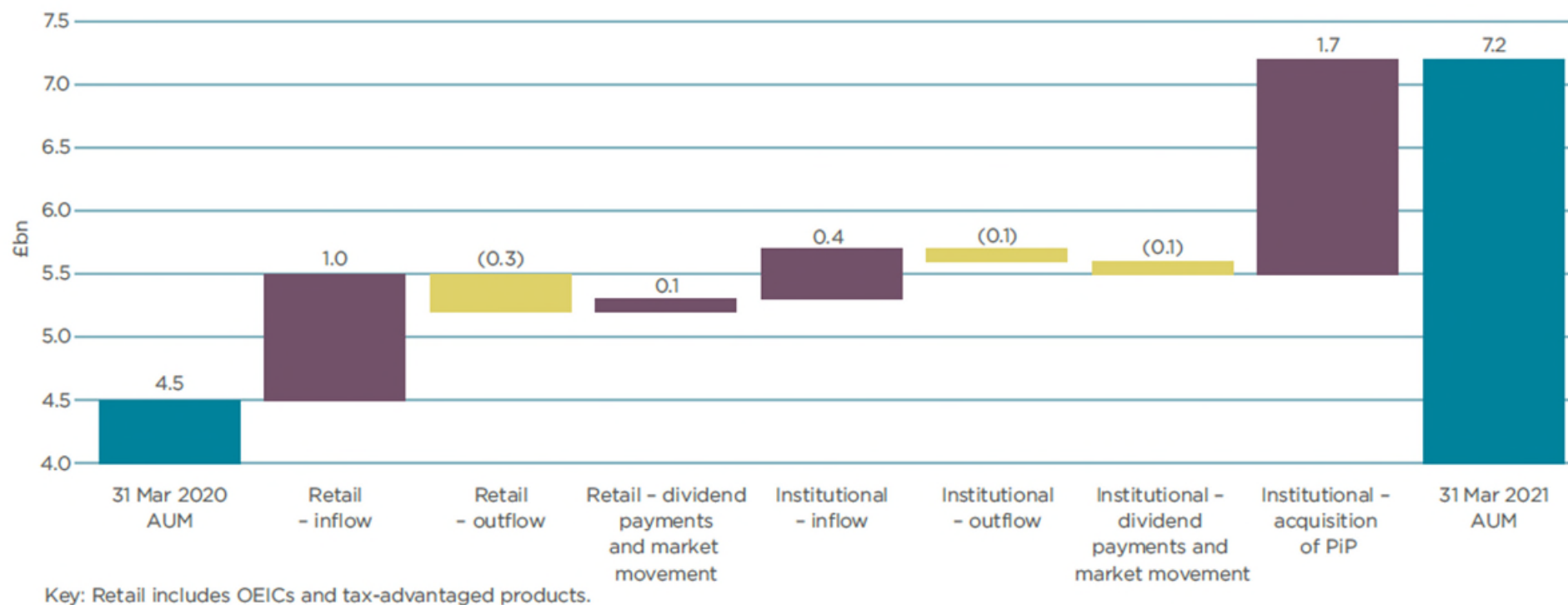
Financials

Key Financial Metrics

Improvement in all Key Performance Indicators

	31 March 2021	31 March 2020	YoY Change
Year-end AUM (£m)	7,193	4,519	+59.2%
Year-end FUM (£m)	5,132	3,638	+41.1%
Total Revenue (£m)	69.1	57.3	+20.6%
Recurring Revenue (% of Total)	90.3%	85.4%	+5.7%
Core EBITDA (£m)	23.9	12.6	+89.0%
Core EBITDA margin (%)	34.6%	22.1%	+56.6%
Earnings per Share from continuing operations (£)	0.15	0.02	+£0.13
Dividend per Share	1.7 pence	--	--

AUM Bridge



- Retail inflows were strong during the period with outflows (predominantly from open-ended funds) slightly higher than expected due to some investors seeking liquidity during COVID-19 related market stress in H1
- Acquisition of PiP helped drive AUM growth during the period
- No significant institutional outflows during FY21 and strong start to FY22 with two significant fund closes post period-end

Rapidly growing revenues with over 90% now recurring

Historical revenue breakdown



Source: Company information, financial year end 31 March. Figures may not sum due to rounding

(1) Excludes debt under management

(2) Includes £0.1million of 'Other' fees not shown in breakdown below due to scale.

Demonstrable operating leverage



Source: Company information, financial year end 31 March. Figures may not sum due to rounding

Repositioned platform poised for stable EBITDA generation at attractive margins

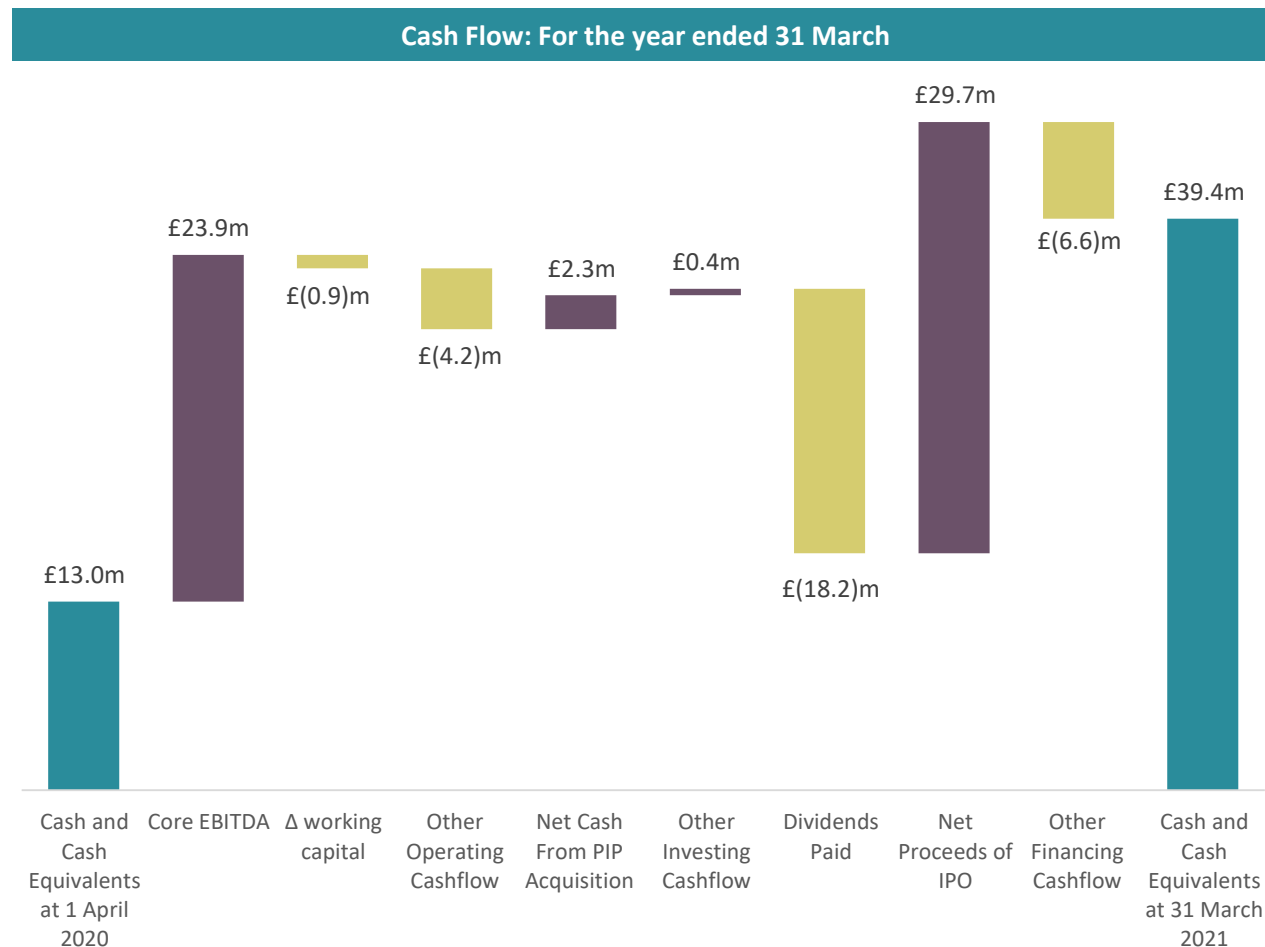
EBITDA development



Source: Company information, financial year end 31 March

Strong financial position

As at 31st March (£m)	2021	2020	2019
Assets			
Property, plant and equipment	3.0	3.9	3.9
Right of use assets	9.1	10.3	10.6
Intangible assets	3.0	0.3	0.5
Investments	2.4	1.5	1.2
Deferred tax asset	1.0	-	-
Trade and other receivables	20.7	15.8	13.8
Cash and cash equivalents	39.4	13.0	10.1
Net assets of disposal group	0.1	0.9	-8.1
Total assets	78.7	45.7	32.0
Liabilities			
Trade and other payables	-20.9	-16.4	-12.2
Loans and borrowings	-4.4	-0.1	-0.1
Lease liabilities	-12	-13.4	-13.5
Deferred tax liability	-1.6	-	-
Total Liabilities	-38.9	-29.9	-25.8
Net assets	39.8	15.8	6.2



- Robust unlevered balance sheet allowing for growth opportunities
- Strong operational cash flow supports the Company's dividend policy

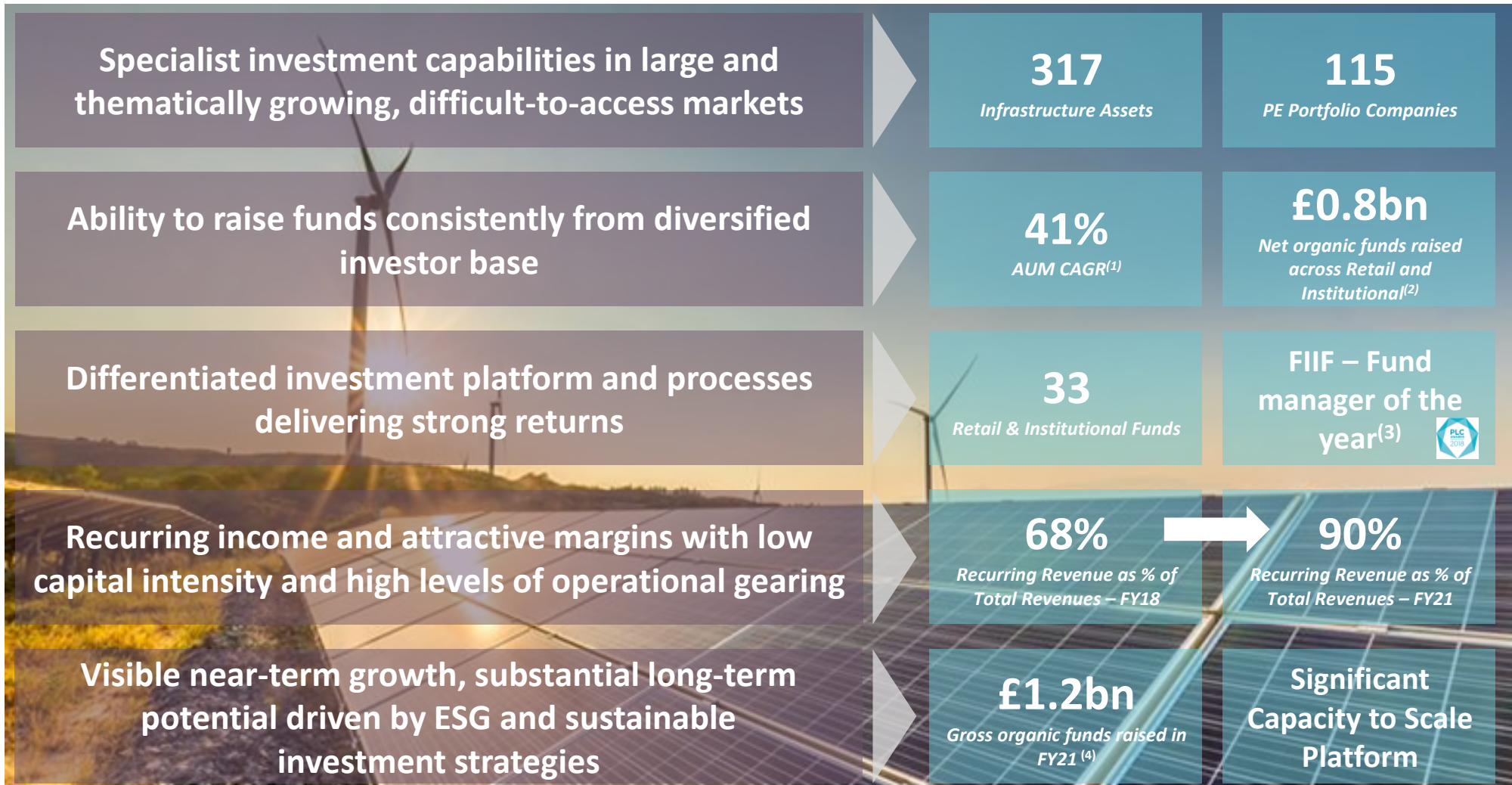
Source: Company information, financial year end 31 March
Note: Numbers may not sum due to rounding



Business Review

Key investment highlights

Investing for a smarter future



(1) 3 year Compound Annual Growth Rate (CAGR) to 31 March 2021

(2) Organic funds In FY21. This excludes acquisition of PiP

(3) PLC Awards 2018: Foresight UK Infrastructure Income Fund was awarded as the best performing fund manager based on published data over the period of the 1 January 2018 to 31 December 2018

(4) Excluding PiP

Infrastructure opportunity driven by the fundamental transition towards de-carbonisation

Provides diversification across asset classes and geographies

	Renewable Energy Generation	Renewable Energy Enabling	Energy Management	Social Infrastructure	Forestry	Core Infrastructure (PiP)
Subsectors	 Solar  Bioenergy  Wind  Hydro	 Flexible generation  Storage	 Corporate energy efficiency solutions	 Waste & water waste  PFI / Social housing  District heating  Fibre	 Forestry	 Ferries  Highways
Target geographies	UK, Europe	UK, USA, Europe, Australia	UK	UK, Europe	UK, Europe	UK, Europe
Key market drivers	- Increasing renewables penetration in global power generation markets - Renewables forecast to account for c.90% of EU power generation by 2040	Increasing renewables penetration in global power generation markets requires additional infrastructure	Energy price pressure and drive for CSR and ESG encouraging consumers and corporates to look for methods to manage energy efficiency and reduce costs	- Shift towards need to recycle waste - Increased government spending in public sector infrastructure projects	The resilience of forestry as an asset class is evident over historic long-term time horizons	Weakening ability of governments to maintain their role as the primary provider of infrastructure
Access to capital	- Existing Funds - New Funds	Existing Funds	Existing Funds	- Existing Funds - Extensions of SMAs	- Existing funds - Potential dedicated fund launch	- Existing funds - Extension of SMAs
Asset characteristics	Long-life, risk-mitigated energy infrastructure assets which are cash-yielding with a high percentage of contracted revenues					

Source: Company information

Infrastructure overview: Specialist investment capabilities

Specialist renewables investment manager, diversified across complementary platforms

Investment management

Extensive origination platform

- Review several projects per annum, sourced from extensive network
- Allocation of investment managers to specific subsectors and geographies



Disciplined investment approach

- Targeting £5m – £200m investments
- Energy infrastructure with a focus historically on renewable generation



Asset management

Ongoing technical asset management

- In house technical team involved throughout asset lifecycle
- Operational cost management
- Asset life enhancement through lease and planning extensions



Recent Infrastructure investments

Full fibre network investment

£80m commitment to invest in a portfolio of 5 Bio-CNG refuelling stations followed by rollout nationally

16 forestry acquisitions

District heating network project

Recent Infrastructure acquisitions & milestones

Acquisition of Pensions Infrastructure Platform £1.7bn AUM

Foresight Capital Management launch of 3rd OEIC- Foresight Sustainable Real Estate Securities Fund

£6.5bn

AuM as of 31 Mar-21⁽¹⁾

£50.9m

Revenue FY21

317

Energy assets with 2.9GW generating capacity
as of 31 Mar-21

105

Investment, portfolio & technical professionals
as of 31 March '21

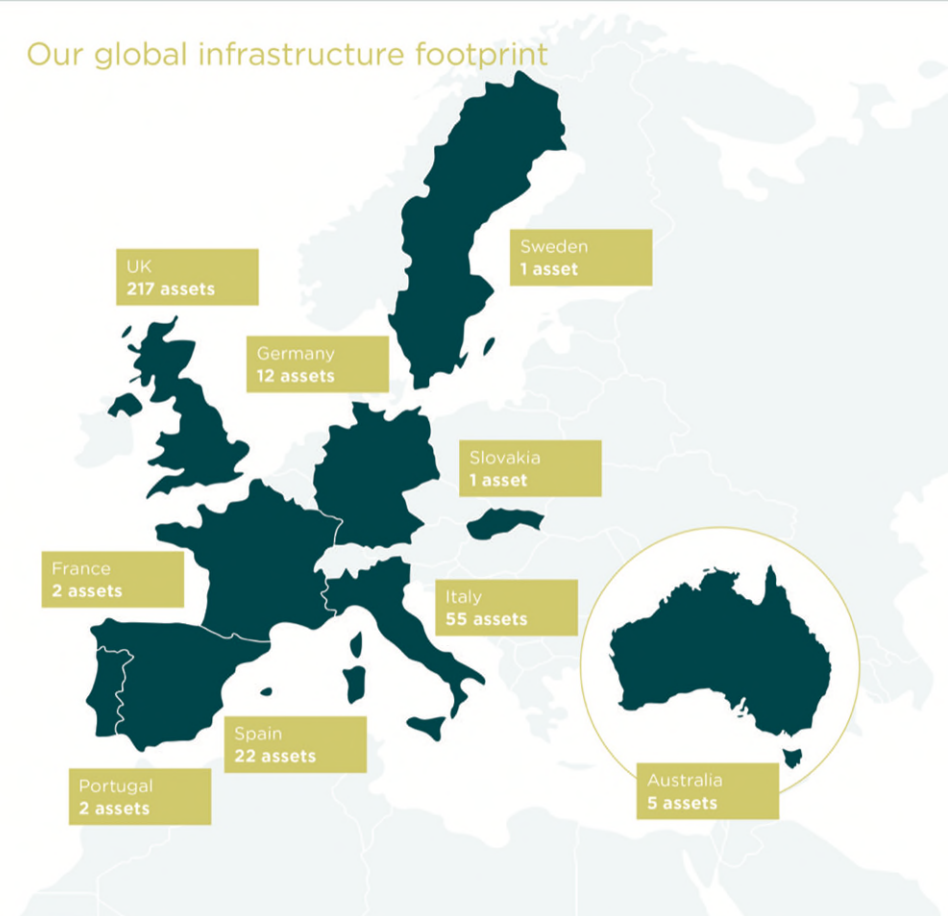
Source: Company information, Financial Year-end 31 March

(1) Reported AuM is based on aggregated internal quarterly valuations (unaudited) in accordance with IPEV guidelines

Infrastructure year in review

- Grew infrastructure AUM to £6.5 billion (including FCM business) and 317 assets
- Completed 46 transactions during FY21 with an aggregate value of £595 million
- Progress made in integrating Pensions Infrastructure Platform (PiP) team and assets onto Foresight platform
- Continued to scale core renewable energy business to 2.9GW while making maiden investments into forestry, fibre-broadband networks and CNG refuelling stations
- Launched third FCM open-ended fund focused on sustainable real estate
- Improving ESG reporting through adopting frameworks such as the EU Green Taxonomy and TCFD
- Infrastructure scored A+ in latest PRI assessment

Our global infrastructure footprint

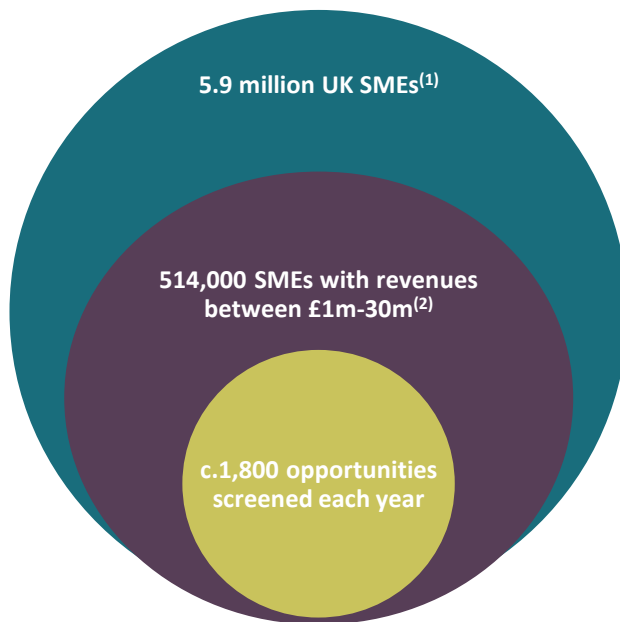


Private Equity: specialist investment capabilities

Targeting regional small cap segment of the UK private equity market

Addressable market

~83% UK SMEs based outside of London – regional focus is key to targeting largest portion of this market



Recent Private Equity investments

 McINTYRE ELECTRICAL LTD www.mcintyre-electrical.co.uk	Provider of fire and electrical safety and maintenance services, primarily to social housing associations
 HSL HOSPITAL SERVICES LIMITED	- Distributes, installs and maintains high quality healthcare equipment - Exceptional performance during Covid
 REOFEYN	Spun out of Oxford University in 2018 with the goal to make mass photometry available to the scientific and pharma industries

Recent Private Equity fundraises

£100m East of England Fund - Evergreen - Cornerstoned by the Cambridgeshire County Council Pension Fund, it funds businesses in the region targeting long-term value growth
£65 million Foresight Regional Investment III LP First close of Foresight Regional Investment III LP at £65 million post period end, cornerstoned by Greater Manchester Pension Fund

£0.7bn

AuM as of 31 Mar-2021⁽³⁾

£18.2m

Revenue FY21

£2m

Average investment size
as of 31 March 2021

31

Investment professionals
as of 31 March 2021

115

Portfolio companies

Source: Company information, financial year end 31 March

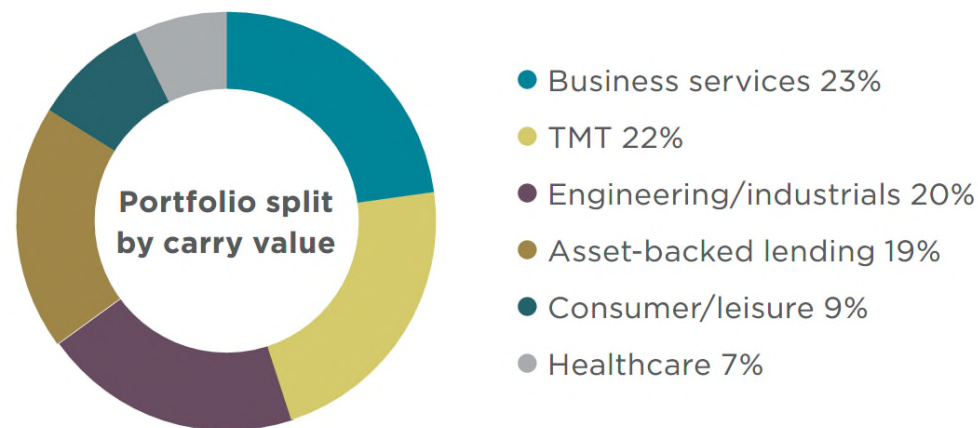
(1) UK Government <http://researchbriefings.files.parliament.uk/documents/SN06152/SN06152.pdf>

(2) Orbis / Bureau Van Dijk

(3) Reported AUM is based on aggregated internal quarterly valuations in accordance with IPEV guidelines

Private Equity year in review

- Deployment remained strong during period with £72 million invested across 49 transactions despite the more challenging economic backdrop that COVID-19 presented
- A number of successful exits made during the period with notable examples being Hedges Direct and FFX Group which returned 5.6x and 4.3x initial investments respectively
- Companies continued to trade across the portfolio as our private equity team aided management teams through an unprecedented market environment
- Successful fundraises across many of our private equity funds during the period
- Continued engagement with management on ESG issues as we continue to improve our ESG monitoring and reporting across the portfolio





Strategy and Outlook

Medium term strategy

		FY21	Outlook
Fundraising	- Favourable macro conditions driving investment in renewable energy infrastructure - Retail is capable of raising half of the 20-25% target in FY22 - A further quarter comes from top ups to established funds - Leaving just one quarter of the target to come from new funds - Acquisitions incremental to 20-25% target	+22% organic growth YoY⁽¹⁾	20-25% Targeted yearly growth in AUM over the medium term, in line with the last five years performance
Revenue	- Successful transition of the revenue model to generate steady state recurring revenues of c. 90% of total revenues - Strong deployment pipeline in FY22 to drive revenue growth	>90% recurring, no underlying fee pressure (+5 pts YoY)	Minimal fee margin compression expected Focus on optimal asset mix to maximize revenue potential
Operating costs & margins	- With key components of growth already in place, Foresight is ready to scale rapidly - Significant potential for longer-term margin improvement as AuM grows and the business continues to scale - Targeting a Core EBITDA margins of c.43% in the medium term	c.35% margin (+12.5 pts YoY)	c.43% Core EBITDA margin
Dividend policy	In light of the Company's strong financial position and growth prospects, Foresight has increased its pay-out ratio to 60%	1.7p final DPS (increased to 60% pay-out ratio)	60% Dividend pay-out

Source: Company information
 (1) Excludes the acquisition of PiP

Trading update and current outlook

- Strong start to fundraising in FY22 with 30 June 2021 AUM of £7.8 billion (unaudited) with FY22 flows currently ahead of 20-25% annual AUM growth target
 - Investor sentiment remains robust and momentum continues with net inflows of over £0.5 billion in Q1 FY22
 - Two significant institutional fund closes announced post period end; Foresight Energy Infrastructure Partners (further interim close at €716 million with new commitments of €285 million) and Foresight Regional Investment III LP (£65 million at first close).
 - Pipeline of investment opportunities remains strong across both infrastructure and private equity
 - Product distribution footprint will continue to grow in FY22 with distribution agreements enabling retail fundraising in new geographies
 - Continued focus on ESG and carbon reporting as we seek to build on our well-established sustainability credentials
-
- High degree of management confidence reflected in increased dividend payout ratio of 60%



Q&A



Foresight

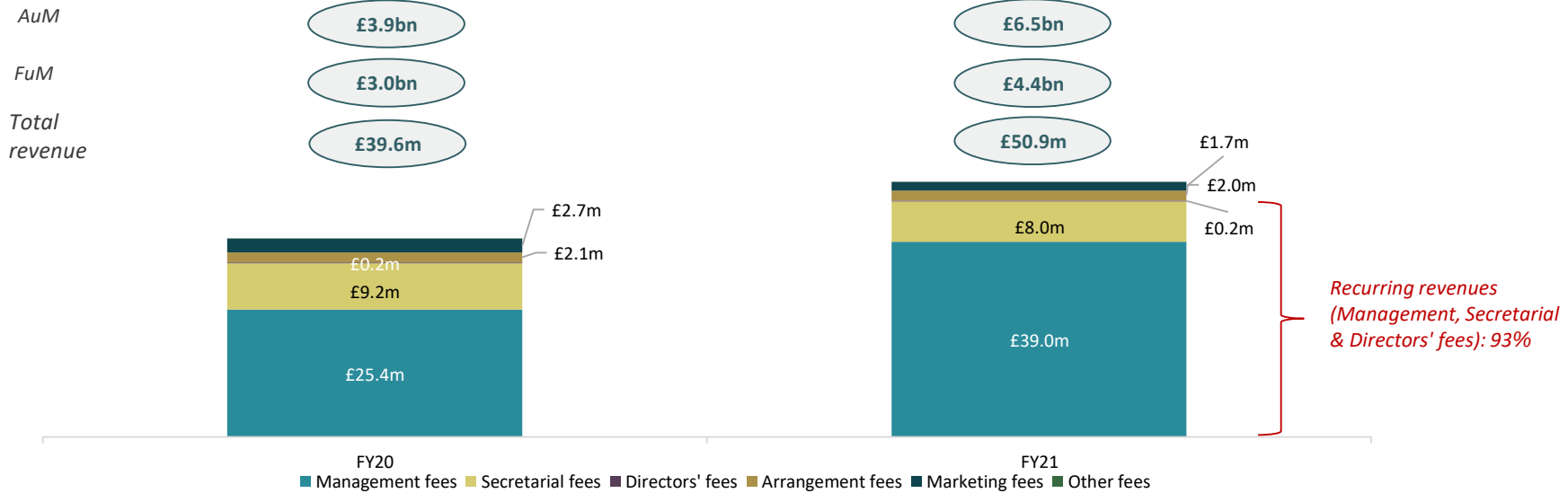
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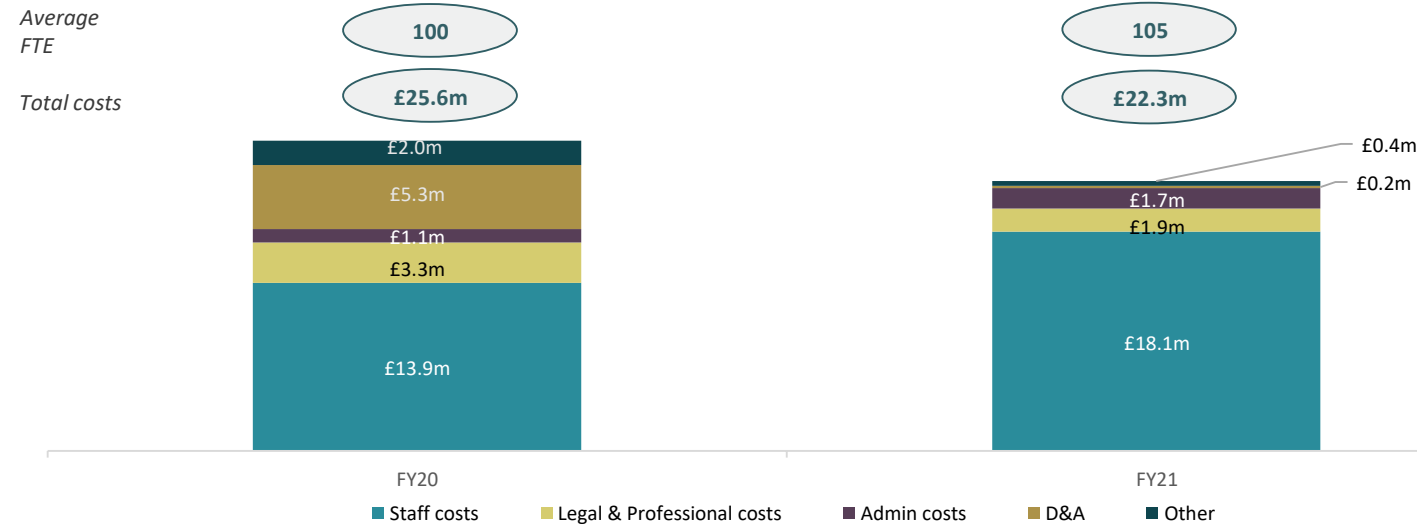
31 March 2021 results presentation
Addendum

Overview of infrastructure financials

Revenue



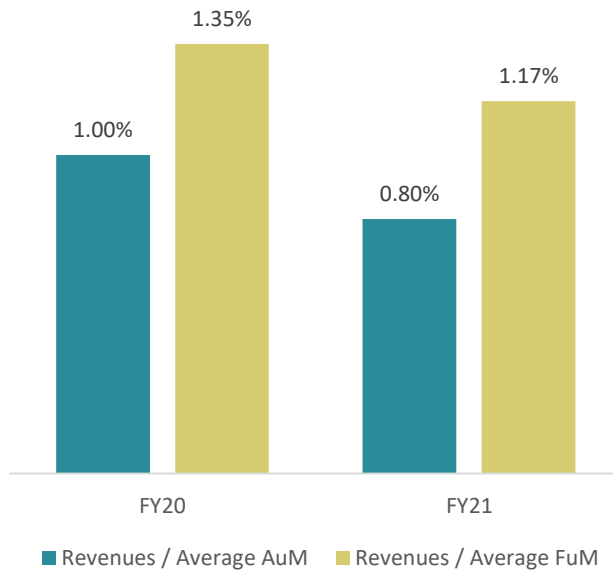
Administrative expenses



Source: Company information, Financial Year-end 31 March, segmental split for costs & AUM unaudited
FY20 figures supersede any figures previously published

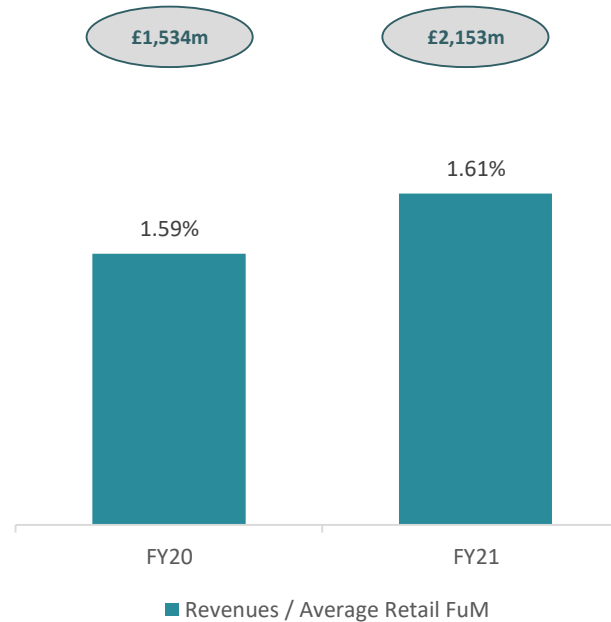
Infrastructure – Margins evolution

Infrastructure revenue margins⁽¹⁾



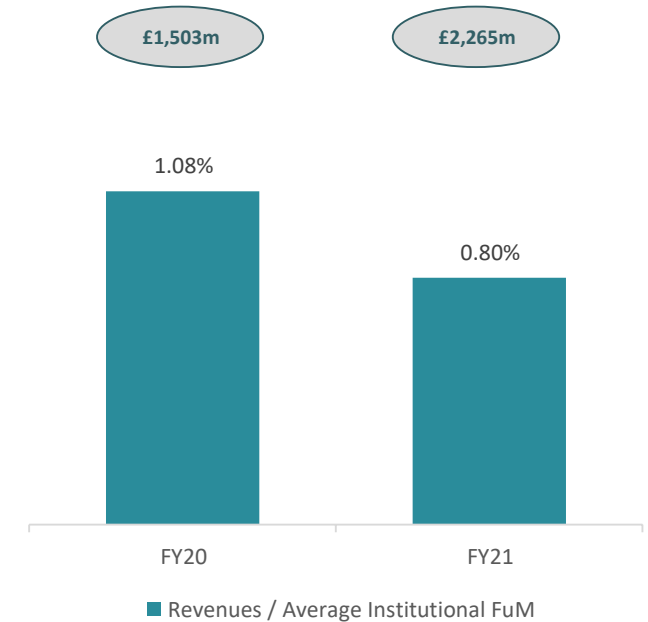
Infrastructure revenue margins – Retail FuM⁽¹⁾

Year-end retail FuM



Infrastructure revenue margins – Institutional FuM⁽¹⁾

Year-end institutional FuM



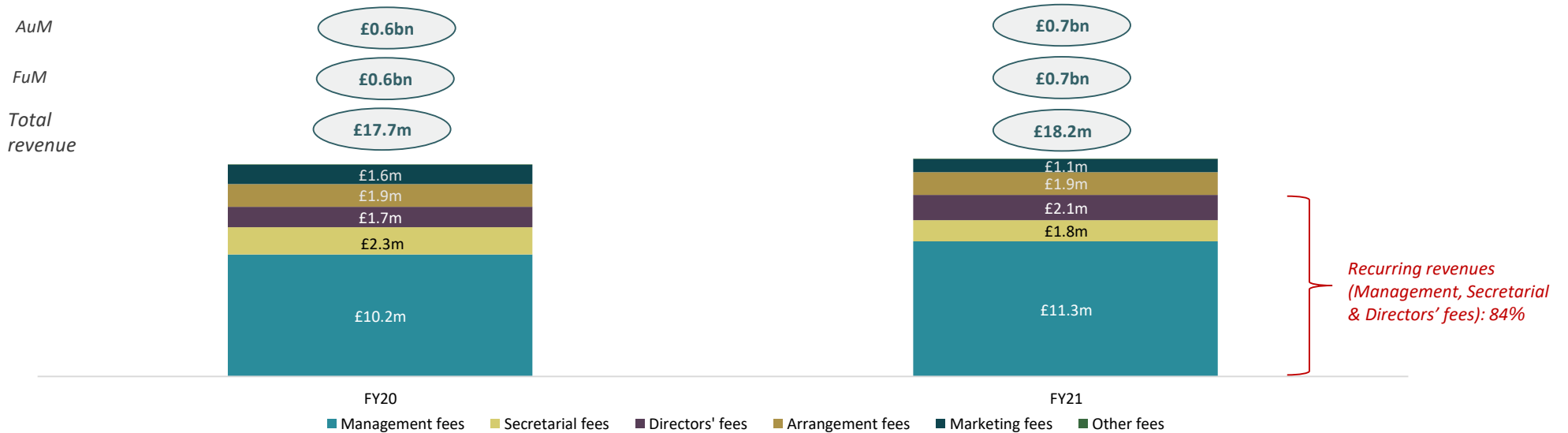
Source: Company information, Financial Year-end 31 March, segmental split for costs & AUM unaudited

FY20 figures supersede any figures previously published

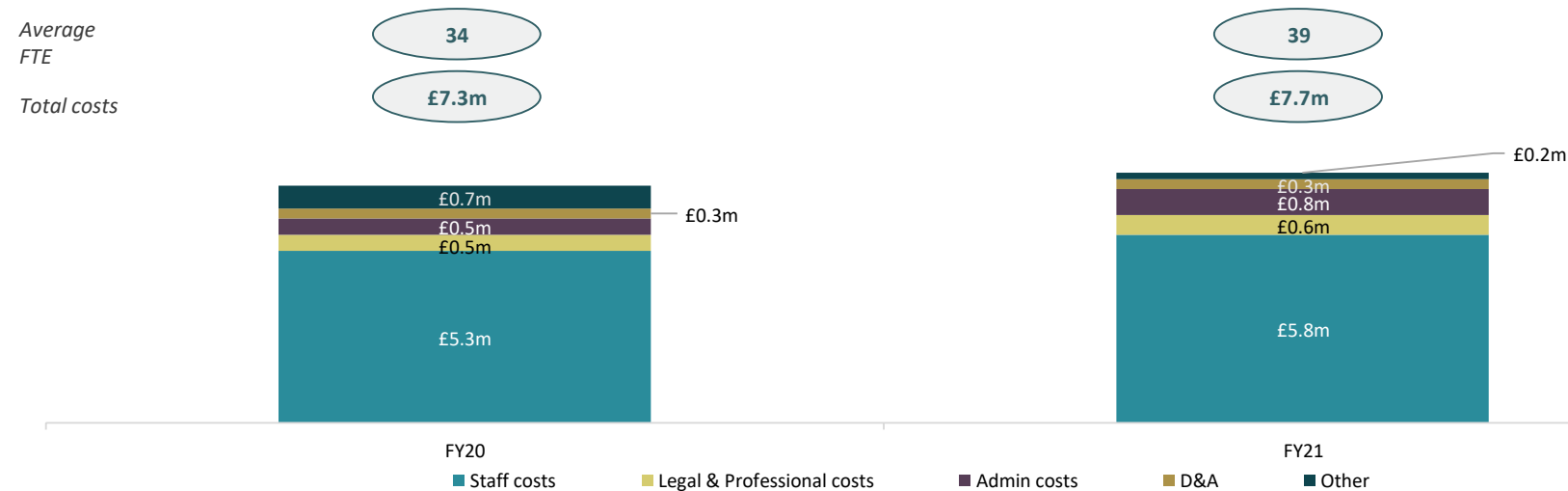
(1) Calculated as management and secretarial fees as a % of average AuM / FuM

Overview of private equity financials

Revenue



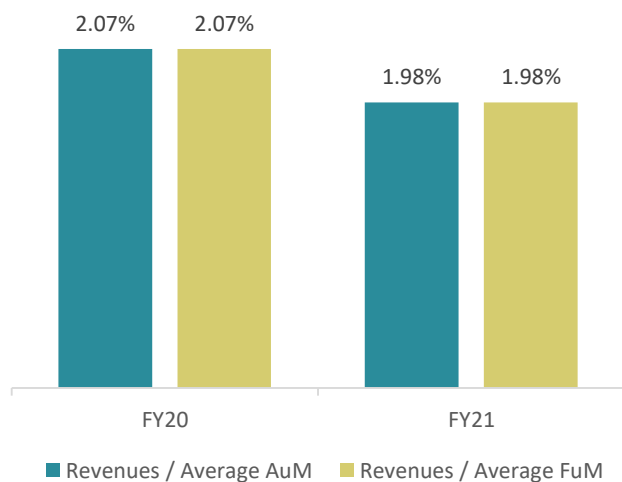
Administrative expenses



Source: Company information, Financial Year-end 31 March, segmental split for costs & AUM unaudited
FY20 figures supersede any figures previously published

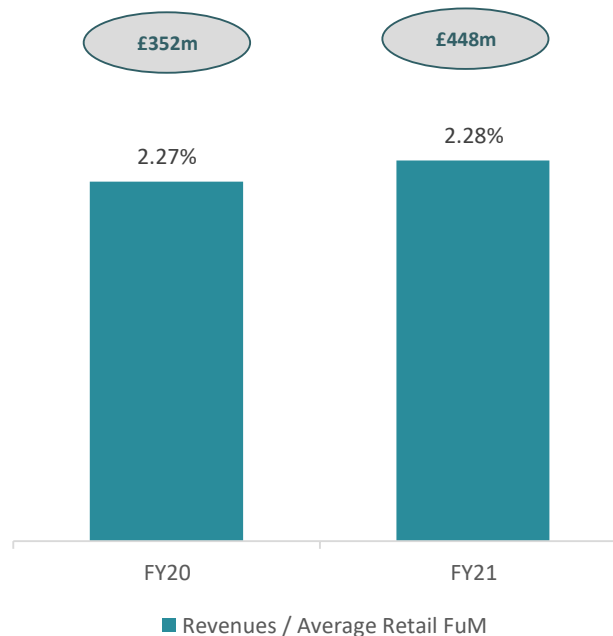
Private equity – Margins evolution

PE revenue margins⁽¹⁾



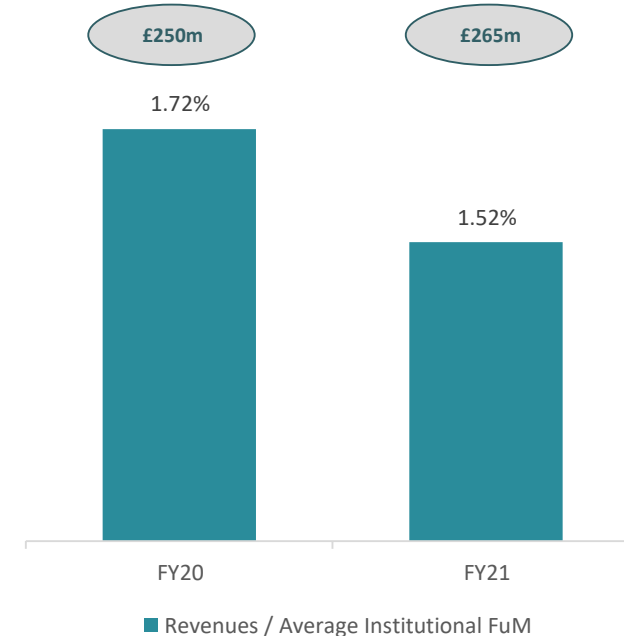
PE revenue margins – Retail FuM⁽¹⁾

Year-end retail FuM



PE revenue margins – Institutional FuM⁽¹⁾

Year-end institutional FuM

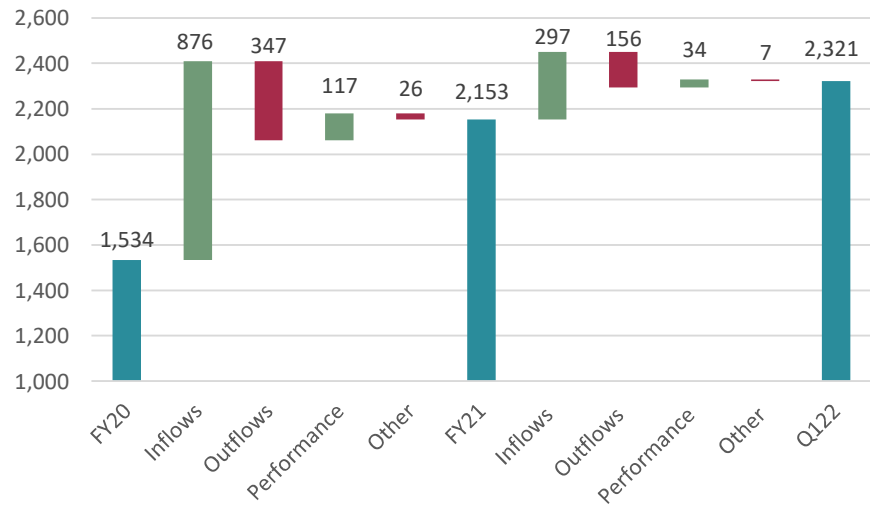


Source: Company information, Financial Year-end 31 March, segmental split for costs & AUM unaudited
FY20 figures supersede any figures previously published

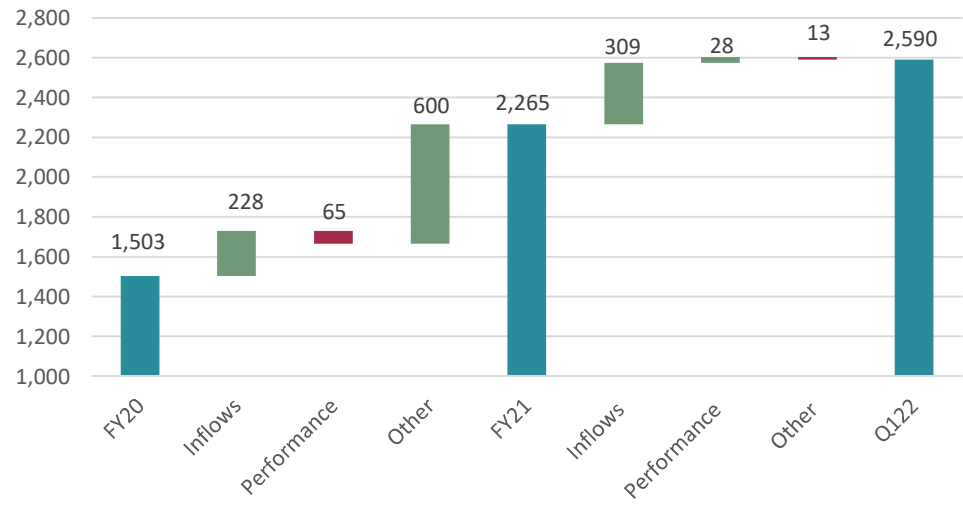
(1) Calculated as management and secretarial fees as a % of average AuM / FuM

FUM movement FY21 and Q122 £'m

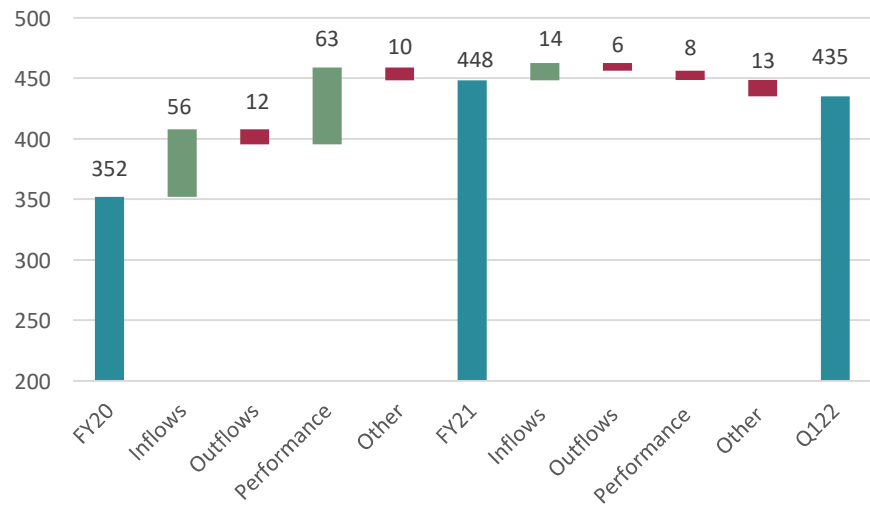
Infrastructure retail



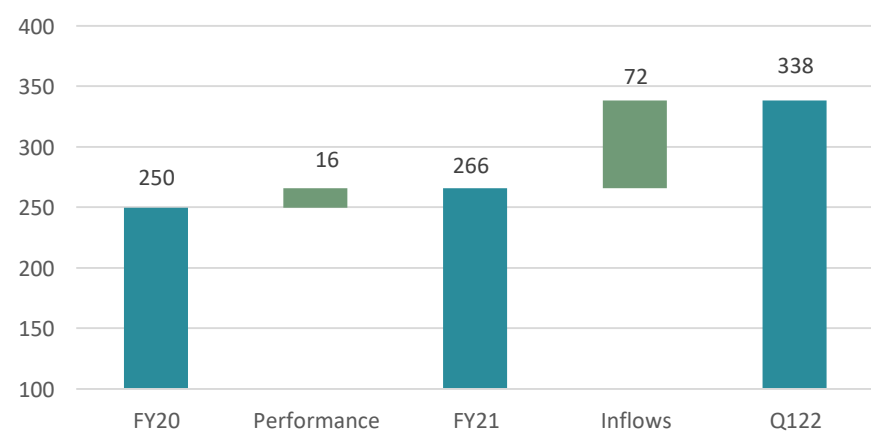
Infrastructure institutional



Private equity retail



Private equity institutional



Adjusted profit

£'000	FY21			FY20		
	Per Annual Report	Adjusted Items	Adjusted Profit	Per Annual Report	Adjusted Items	Adjusted Profit
Revenue	69,098	0	69,098	57,253	(65)	57,188
Cost of sales	(4,639)	0	(4,639)	(4,389)	0	(4,389)
Gross profit	64,459	0	64,459	52,864	0	52,864
Administrative expenses	(48,709)	5,931	(42,778)	(51,254)	2,994	(48,260)
Other operating income	394	(394)	0	795	(795)	0
Operating profit	16,144	5,537	21,681	2,405	2,199	4,604
Finance income	3	0	3	1	0	1
Finance expense	(710)	0	(710)	(695)	0	(695)
Fair value gains/(losses) on investments	192	0	192	(147)	0	(147)
Share of post-tax profits of equity accounted joint venture	26	0	26	235	0	235
Profit on ordinary activities before taxation	15,655	5,537	21,192	1,799	2,199	3,998
Tax on profit on ordinary activities	(481)	0	(481)	(53)	0	(53)
Profit from continuing operations	15,174	5,537	20,711	1,746	2,199	3,945
Profit on discontinued operations, net of tax	0	0	0	54,275	0	54,275
Profit	15,174	5,537	20,711	56,021	2,199	58,220
Other comprehensive income	0	0	0	0	0	0
Items that will or may be reclassified to profit or loss:	0	0	0	0	0	0
Translation differences on foreign subsidiaries	(293)	0	(293)	221	0	221
Total comprehensive income	14,881	5,537	20,418	56,242	2,199	58,441
EPS £	0.15	0.05	0.20	0.59	0.02	0.61