

# ANNUAL REPORT 2018

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>
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**Martin Thaysen**  
Group CEO



**Christian Møller Laursen**  
Group CFO

## 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.

# HIGHLIGHTS



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

# BATTLING THE DOWNTURN



- 2018 proved to be a very tough year with a far more substantial market downturn than expected.
- Substantial cost reductions and new client intakes were not sufficient to off-set the decline.
- We concluded our exit from the Australian Market through a management buy-out.
- The divestment of our Immigration business, to strengthen our capital structure, was ultimately not successful.
- We established a new funding agreement with Proventus as our finance partner.
- Operating result from the continuing Moving and Relocation Business was a loss of EUR 1m.
- Balance sheet clean-up through impairment of goodwill, combined with Australia loss and balance sheet clean-up impacted the result with EUR 55m non recurring costs.
- We are undertaking a substantial restructuring project, with phase 1 already completed during Q1, delivering sizeable cost savings.



# 2018 PERFORMANCE

## AFFECTED BY AUSTRALIA AND IMPAIRMENTS

EURm	2018	2017
Revenue	214.2	248.6
<b>EBITDA before special items</b>	<b>-1.0</b>	10.4
Special items	-2.6	13.1
<b>Reported EBITDA</b>	<b>-3.6</b>	23.5
Depreciation, amortisation & impair.	-46.7	-3.7
<b>Operating profit (EBIT)</b>	<b>-50.3</b>	-19.8
Share of profit in associates	0.0	0.2
Financials, net	-3.1	-1.1
Income tax	-2.6	-7.3
Discontinued Operations (Aus)	-13.9	-7.3
<b>Net profit/loss</b>	<b>-69.9</b>	4.3

10.2% decline in revenue in local currencies for the Continuing Moving & Relocation business

Continued decline in revenue, countered in part by significant cost savings

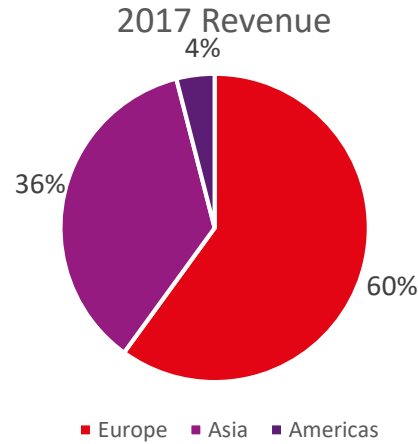
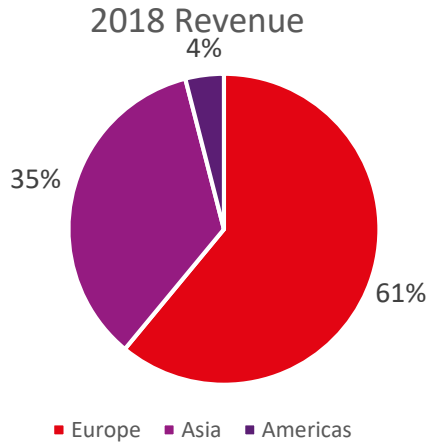
2017 included non-recurring gain on selling Records Management in various countries in Asia

Full impairment provision related to immaterial assets arising from Interdean acquisition

# FULL YEAR PERFORMANCE BY REGION AND BUSINESS LINE

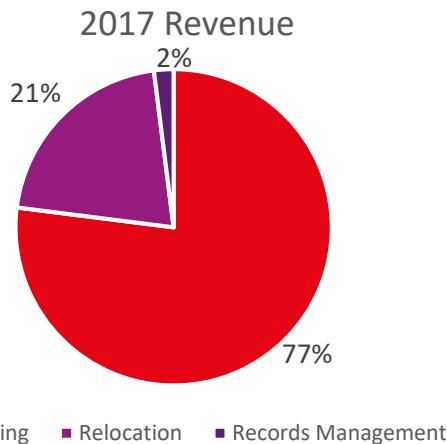
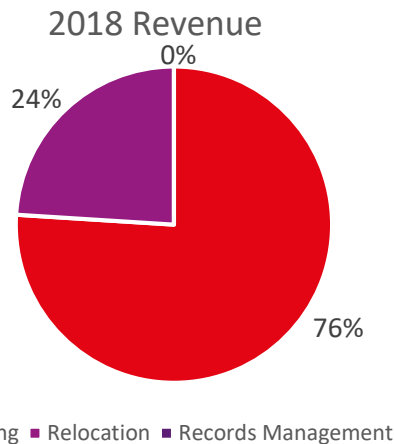


By Segment ( Region)



- Europe remains our most important Sales region.
- Asia-based corporates increasingly active in the market for mobility solutions.
- Strengthened proposition in Americas had no significant impact within year 2018

By Business Line



- Relocation Services growing in importance – in line with strategy.
- Relocation services constituted 24% of total revenue in 2018 (21% in 2017)

# Q4 PERFORMANCE



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.

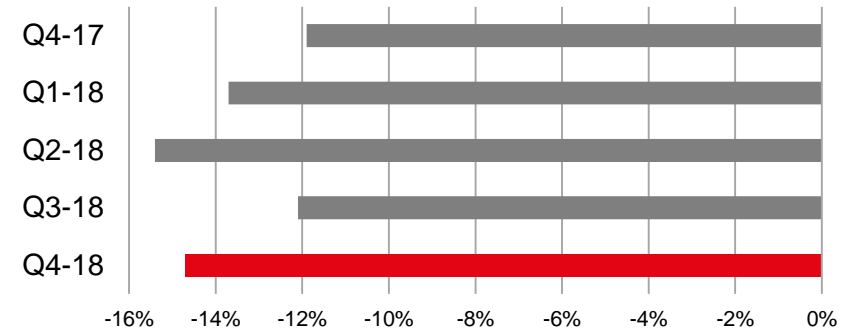
**Aasir Mwangi**  
Immigration Consultant

# Q4 HIGHLIGHTS



- Continued challenging market conditions in Q4, mainly with respect to Moving Services.
- Relocation Services decline is due to a technical reclassification of pass thru cost.
- Became close 2<sup>nd</sup> in important tenders.
- US homesale partnership with Fidelity now in operation with first transactions.
- Australia business sold in Management Buy-Out on 21 Dec.

Revenue growth - Continuing Moving & Relocation businesses



Growth rates stated in local currencies



**-14.8%**

**Moving Services**



**-8.3%**

**Relocation Services**



**-96.6%**

**Records Management**

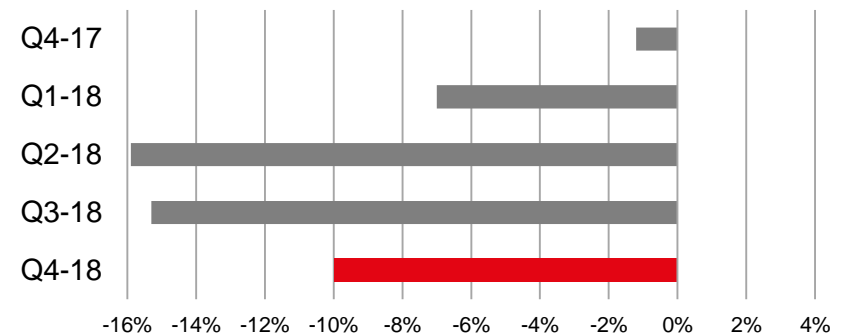


# Q4 PERFORMANCE EUROPE

*Growth rates stated in local currencies*

- 10.0% revenue decline overall
  - 12.6% decline in Moving Services
  - 3.4% decline in Relocation Services
  - UK main contributor to the decline (67%), but other main European markets also showing signs of weakness in Q4.
- EBITDA of EUR -0.9m (1.0m)
  - Impact from lower revenue in mainly UK combined with margin pressure in Benelux.

European growth rates

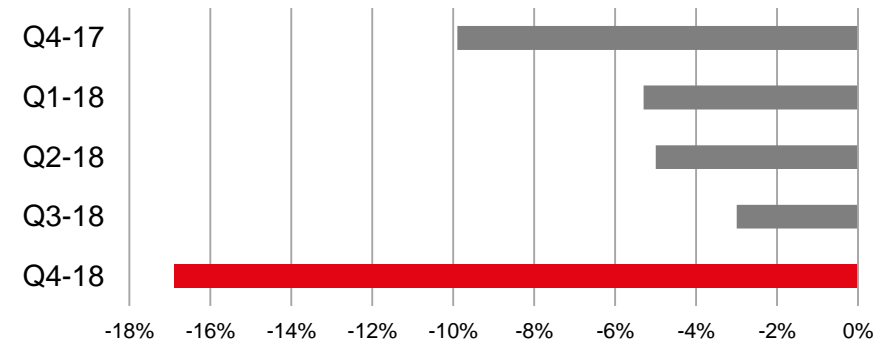


# Q4 PERFORMANCE ASIA

*Growth rates stated in local currencies*

- 16.9% revenue decline for continuing Moving & Relocation business
  - Drop of 17.2% in Moving Services
  - Decline driven by lower activity levels from corporate clients, which was quite wide-spread across the region.
  - Relocation Services up by 5.4% when adjusted for pass thru cost correction
  - New contracts drove the relocation growth
- EBITDA EUR -0.2m (2.0m)
  - Lower revenue from Moving Services and divested RM business

Asian growth rates - Continuing Moving & Relocation businesses

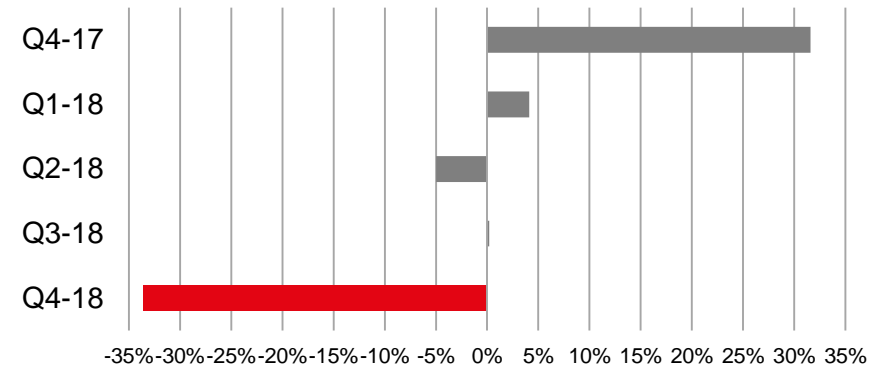


# Q4 PERFORMANCE AMERICAS

Growth rates stated in local currencies

- 33.6% revenue decline
  - Loss of clients, with new business secured locally not being sufficient to substitute.
- EBITDA of EUR -0.2m (0.3m)
  - Impact of reduced revenue, combined with cost of additional sales resources to drive growth in this key market.

Americas growth rates



# FINANCIAL

A young child in a red and blue striped shirt is smiling and reaching out to another child in a green and white shirt who is sitting in front of a cardboard television set. The cardboard TV has a wooden antenna on top and several knobs and buttons on the right side. The scene is set in a bright, modern living room with a white sofa and a green chair.

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

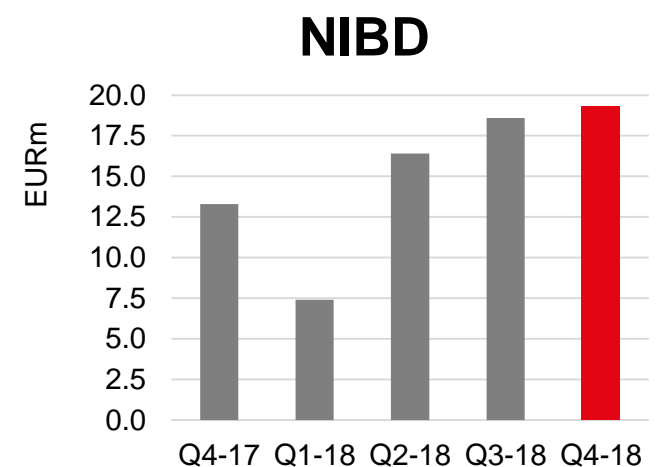
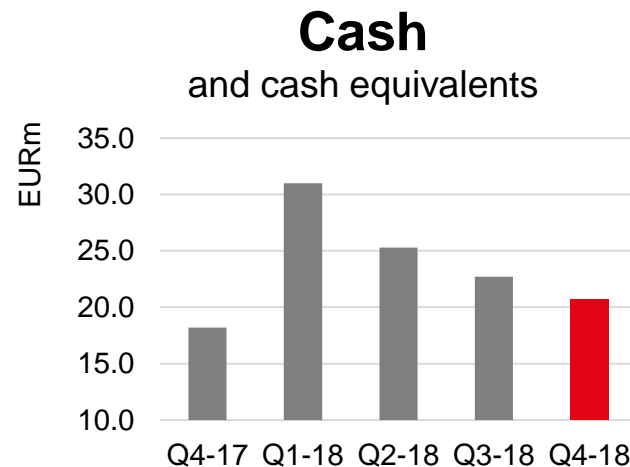
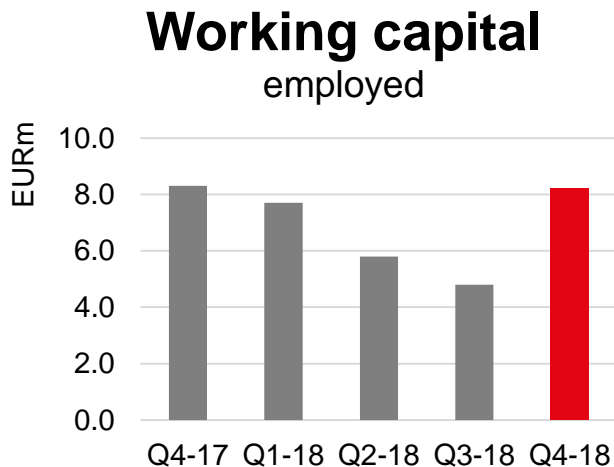


# NIBD INCREASED SLIGHTLY DURING Q4

(ALL AMOUNTS FOR CONTINUING BUSINESS)



- Working capital employed reached EUR 8.3m, unchanged compared to end of 2017. The targeted reduction in overdue receivables has only partially been achieved and remains a focus area.
- NIBD increased slightly during Q4.



# KEY FINANCIAL FIGURES

EURm	2018	2017
Total Assets	128.0	211.8
Working Capital Employed	8.3	7.1
Cash & cash equivalents	20.7	18.9
Net Interest Bearing Debt, end of period	19.3	12.8
SFG's share of equity	20.2	83.5
Invested Capital	34.5	90.6
Return on average invested capital (%)	-80.4	23.3
Cash Flow from operating activities	-14.9	-8.3
Cash Flow from investing activities	14.0	4.6

Impairment of goodwill and other intangible assets of EUR 41.6m

Lower than expected earnings, higher interest cost and significant taxation of Records Management disposal gain

Proceeds of EUR 16.2m from the Records Management divestments, offset by investment in Core Technology

# AMENDED FINANCING AGREEMENT



- Final maturity date 1 April 2020 for total amount EUR 38m
- Financial maintenance covenants added – normal covenants
- Undertaking restructuring projects to substantially reduce cost levels
- Agreement to explore avenues to further strengthen the capital structure during 2019





# RESTRUCTURING OF THE BUSINESS

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



# RESPONDING TO THE MARKET CONTRACTION



## Adapting Cost Structures:

- Expectation of a continuously declining corporate moving market - ~10% decline
- Consolidation of warehouse operations in Europe, 4 locations closed down
- Phase 1 of further restructuring involving 50 positions implemented during Q1, generating annualised savings of EUR 3m
- Phase 2 efficiencies being designed for implementation during Q2 and Q3

## Driving Margins and Revenue:

- Growth focus on Immigration, Relocation Management and Consumer Business
- Shipment Protection and Storage optimisation to further strengthen margins
- Continued investment in our Relocation Management Business in USA

# OUTLOOK

An aerial photograph of a massive port terminal, likely the Port of Shanghai. The foreground shows a large area filled with stacks of colorful shipping containers in various colors like blue, red, yellow, and green. In the middle ground, there are several large, multi-story industrial buildings with blue roofs. The background features a wide body of water with several large cargo ships docked at the pier. Numerous red gantry cranes are visible along the waterfront, extending into the distance. The sky is a clear, pale blue, and distant mountains are visible on the horizon.

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

# OUTLOOK FOR 2019



- Declining global market for corporate relocations
- Expecting the Corporate moving market to decline 10-15%
- Growth in target segments – Immigration, Relocation Management and Consumers
- Adoption of IFRS16 as of 1 January 2019 will have an estimated positive impact of EUR 9m on reported EBITDA, as operating leases for our warehouses and offices are being capitalised in the financial reporting.
- We are embarking on a major restructuring programme, which will have a significant impact on revenue and EBITDA for the year.
- An Outlook for the year will be communicated once this restructuring programme is well into implementation, and we have a clearer expectation for the year.



# QUESTIONS

A woman with dark hair tied back, wearing a black and white striped shirt, is seen in profile from the chest up. She is standing on a balcony, looking out over a cityscape at sunset. She is holding a red mug with both hands. The background shows a dense urban environment with various buildings, including one with a prominent mansard roof. The sky is filled with soft, golden light from the setting sun.

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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**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.**