# Greenhill

## Beyond Year 20:
## *Onward and Upward*

Scott L. Bok – Chief Executive Officer

**Credit Suisse 17th Annual Financial Services Forum**
**February 9, 2016**

# Forward-Looking Statements

- Statements contained in this Presentation that are not based on current or historical fact are forward-looking in nature. Such forward-looking statements are based on current plans, estimates and expectations and are made pursuant to the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on known and unknown risks, assumptions, uncertainties and other factors. For a further discussion of such factors, you should read the Company's Forms 10-K, Forms 10-Q, subsequent Forms 8-K and other periodic reports filed with the Securities and Exchange Commission. The Company's actual results, performance, or achievements may differ materially from any future results, performance, or achievements expressed or implied by such forward-looking statements. The Company undertakes no obligation to publicly update or revise any forward-looking statements

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- **What Makes Greenhill Unique?**
- Overview of 2015 Results / 2016 Outlook
- Outlook for Key Financial Metrics

# There Are Many Different Business Models for the Advisory Business

- Large, *full service global* investment banks
- *Regional* full service banks
- Full service *sector* specialists
- *Advisory* focused *sector* specialists
- Small *regional* advisory *boutiques* (“kiosks”)
- Advisory / private equity *hybrids*
- *Independent advisory firms similar to Greenhill*

# We Believe Our Unique Business Model is Best

- Pure advisory
  - Minimizes capital needs and regulation, maximizes profit margin
  - Clients prefer (no conflicts)
  - Peers have yet to prove success in other areas
- Fully integrated global team
  - A third of our projects are cross-border
- Focus primarily on developed markets
  - Most fees are generated there
- Emphasis on larger transactions
  - Similar amount of work as smaller deals, but larger fees

***We Are Highly Differentiated From the Big Banks, But Also From Our Independent Peers***

# We Have Been a Leader in Strategic Development

- *First* pure advisor among large new generation of firms
- *First* to IPO
- *First* with global ambitions
- *First* to London
- *First* to Germany
- *First* to Japan
- *First* to Australia
- *First* to exit private equity business
- *First* in restructuring advisory
- *First* in capital advisory (fund placement)

***We Are Always Looking For New Ways to Expand Our Business***

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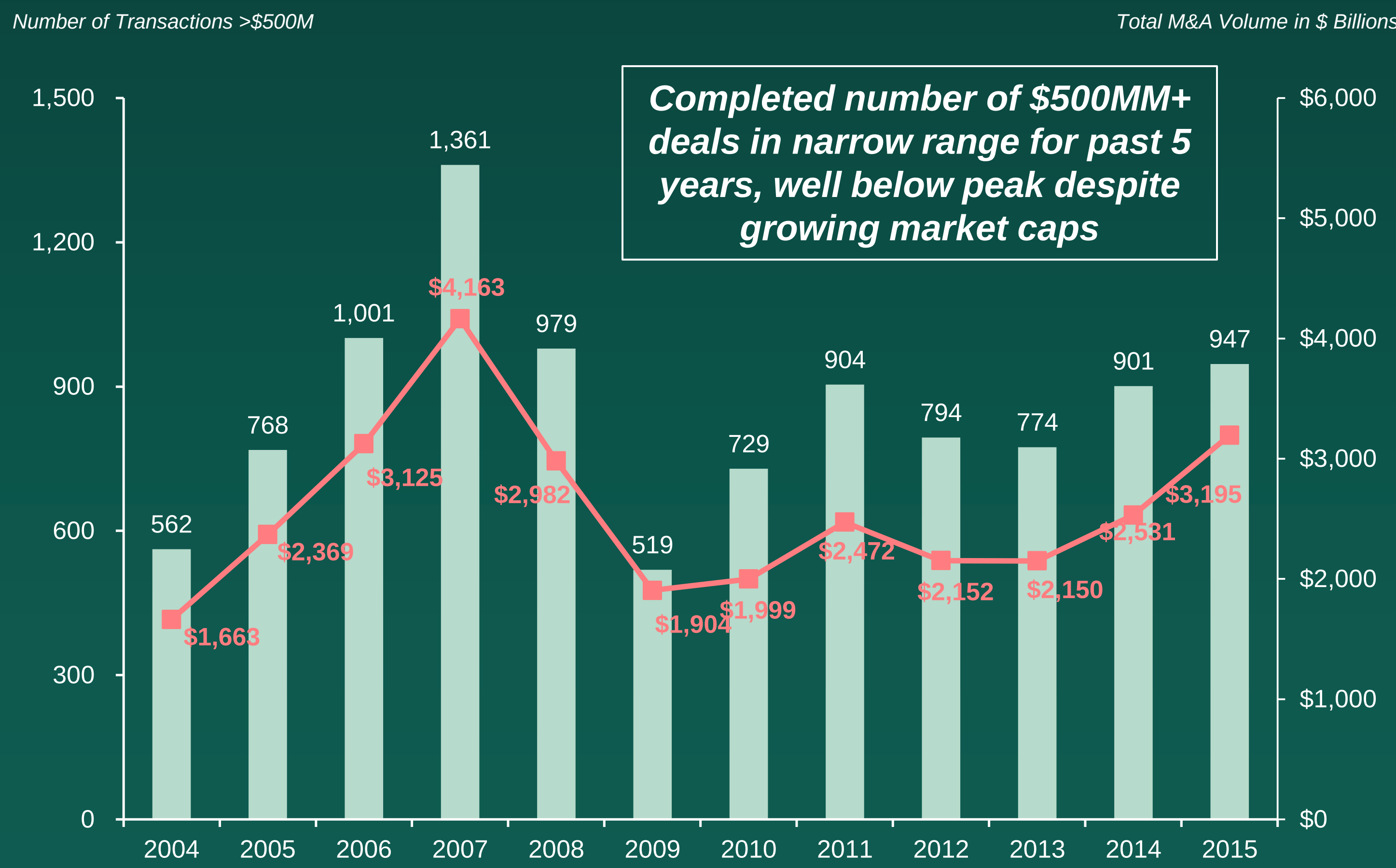
# Global Deal Volume Rose Sharply in 2015, But Deal Count Was Fairly Flat

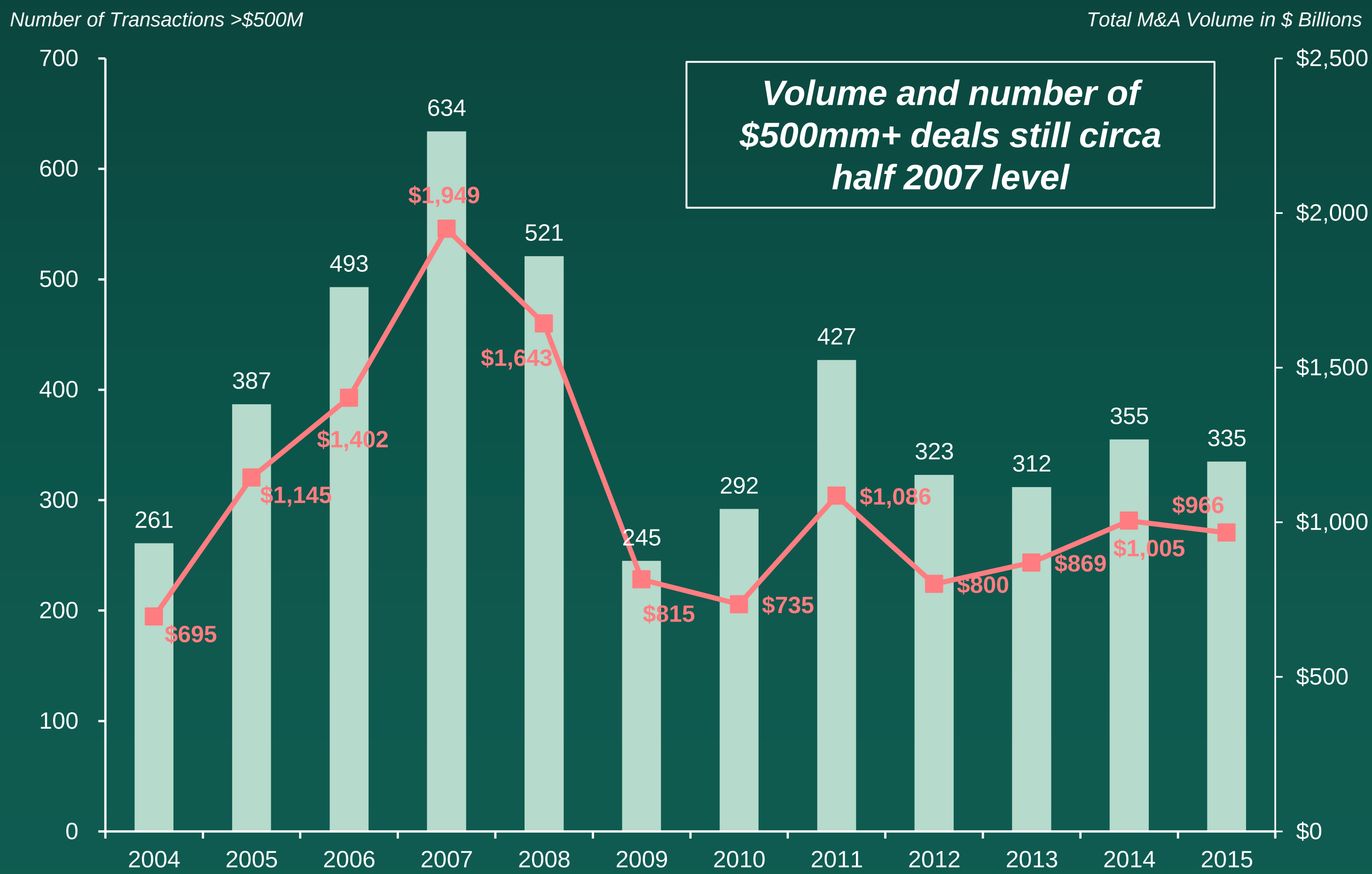
## Completed M&A Data




Source: Thomson One

# European M&A Activity Has Remained Weak

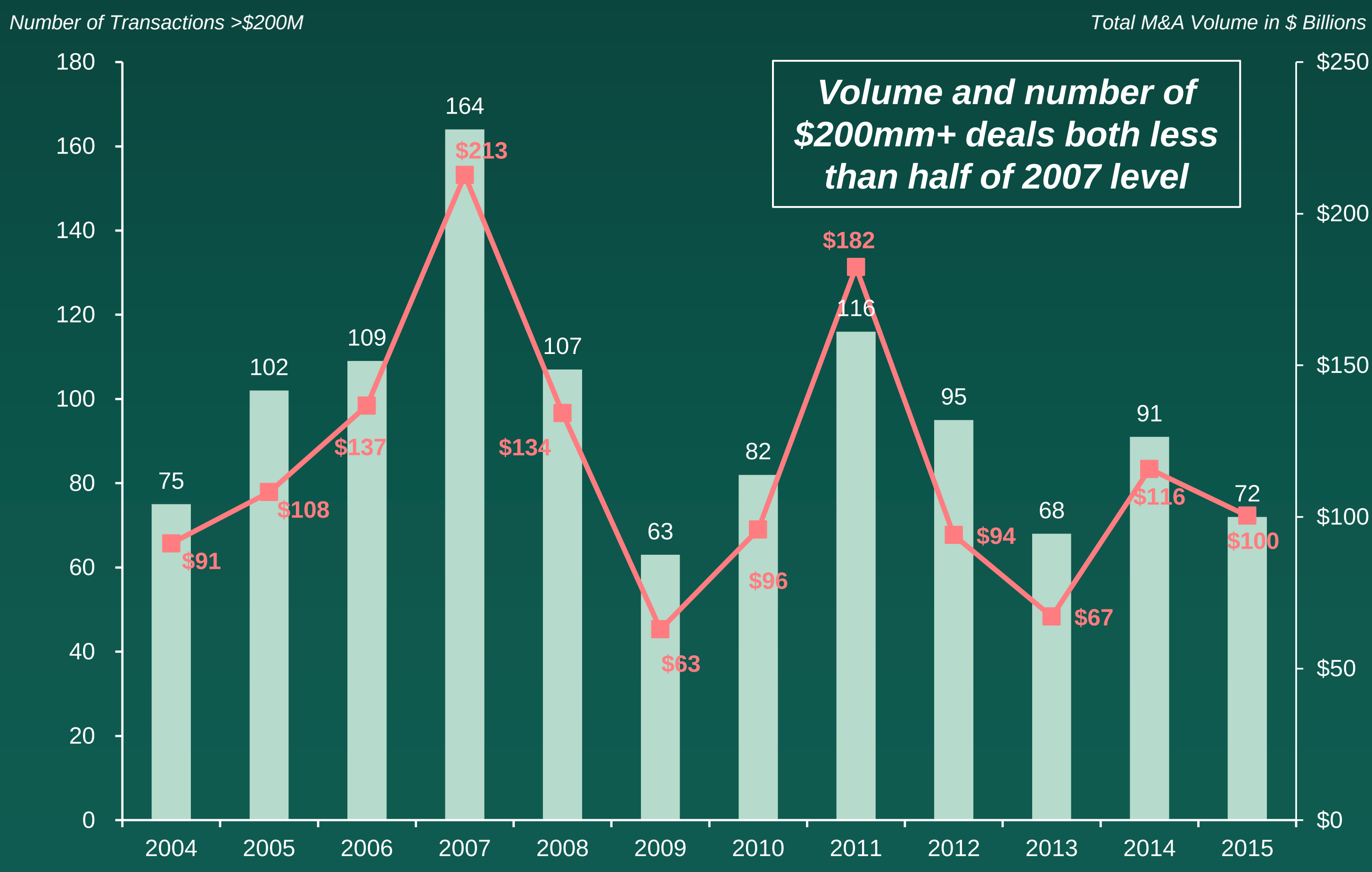
## Completed M&A Data




Source: Thomson One

# Australian M&A Activity Also Weak (Commodities and China Weakness to Blame)

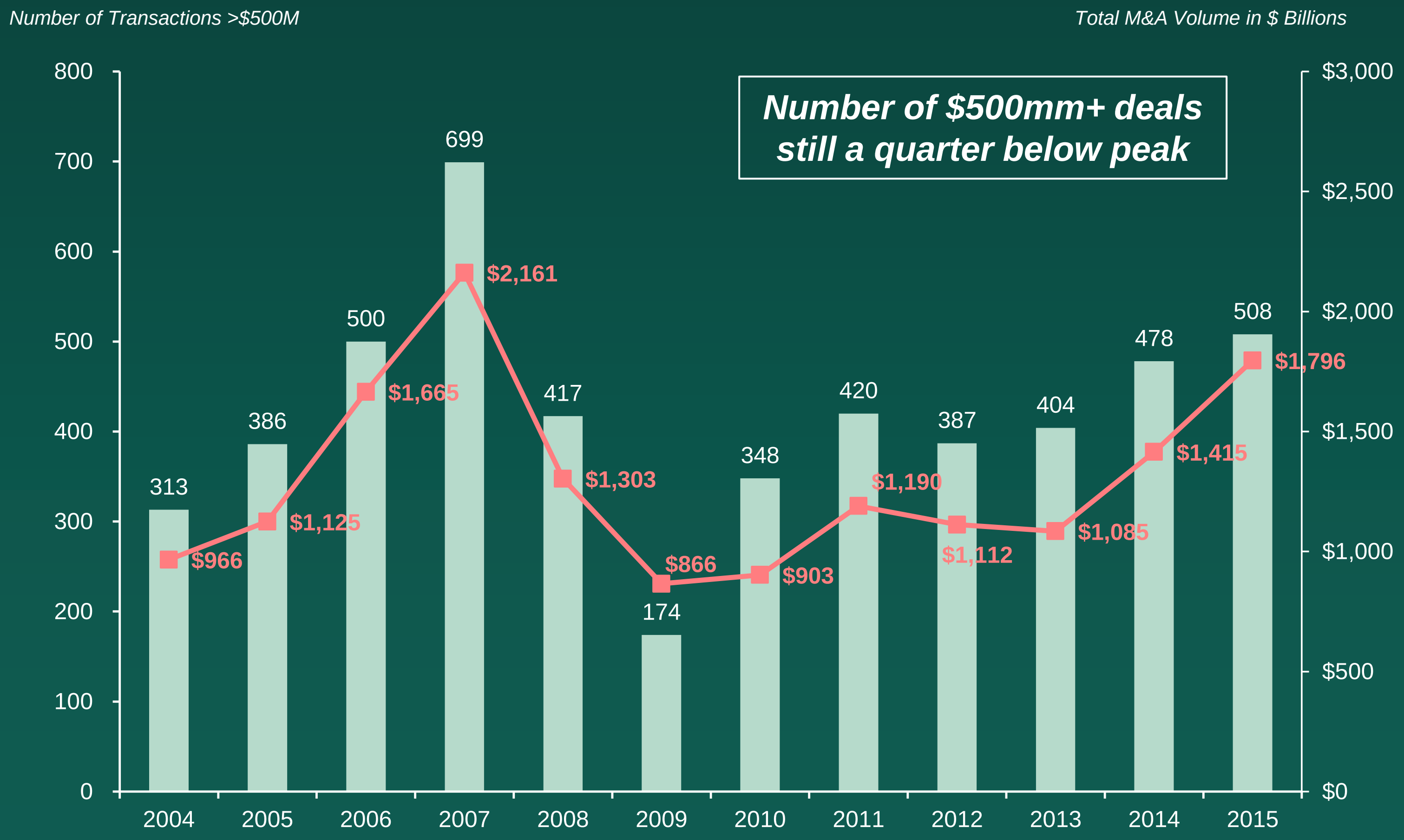
## Completed M&A Data




Source: Thomson One

# And Even the US Market Has Not Fully Recovered

## Completed M&A Data




Source: Thomson One

# Our 2015 Results Reflect Market Conditions and Some Unusual Company-Specific Factors

- Solid list of major deal announcements (mostly US / UK)
  - But few of our biggest got to completion by year end
- Very little revenue from clients ex US (where half our MD team is based)
- As a result, total revenue down ~5% despite benefit from small acquisition
- Pre-tax margin 17%
  - Impacted by some non-recurring costs, lower revenue

# But the Strength of Our Franchise is Clear

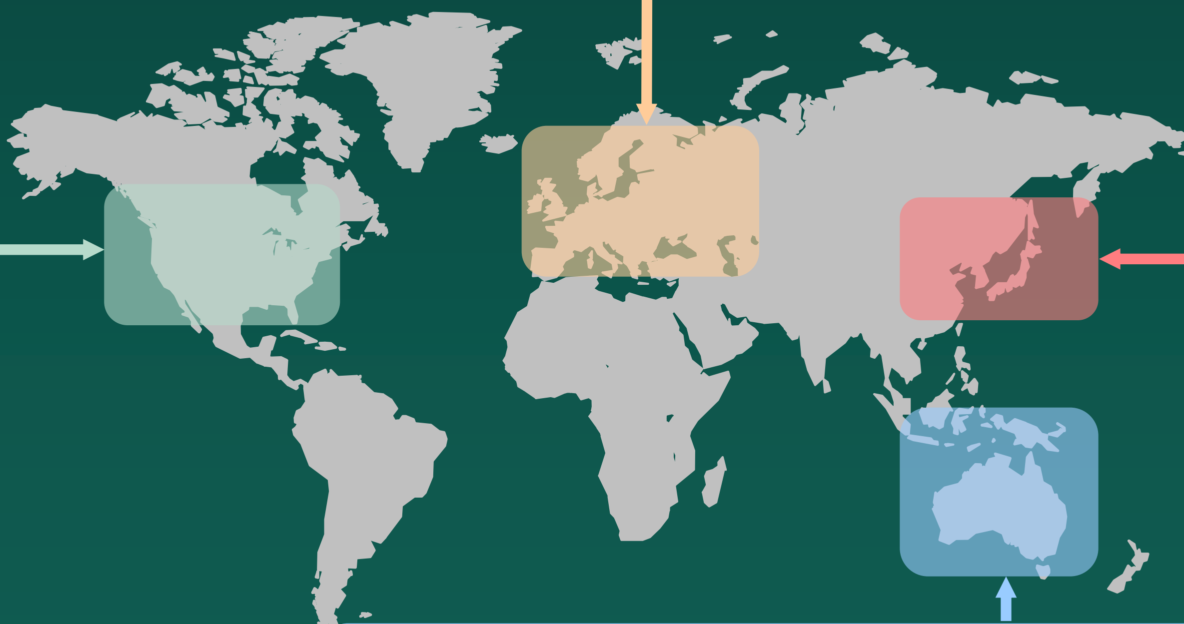
- 26%[(1)] increase in 2015 announced deals
- 81%[(2)] increase in 2015 deal volume
- Significant increase in fees[(3)] from top ten announced M&A deals
- Substantial dividend maintained, along with strong balance sheet
- Successful acquisition of Cogent (secondary fund placement)
- 5 M&A MDs recruited, plus 5 promoted

(1) Per Greenhill website list
(2) Per Thomson One database
(3) Total contractual fees, regardless of when payable
Source: Thomson One

# Acquisition of New Clients* Demonstrates Franchise Strength

TEVA
Intertek
WEGU
REACTION ENGINES
TATE & LYLE

LANE
frontier Communications
QLT Inc.
emdeon
Omnicell



HITACHI
SATO

DEXUS PROPERTY GROUP
PRIMARY HEALTH CARE LIMITED
airnorth

* Selected first-time transaction clients in 2015

# And Repeat Transaction Clients Demonstrate Quality of Our Advice

AA

ALCOA

Australian Government

gsk GlaxoSmithKline

LONMIN

MWV

SCHOLASTIC

SUPERVALU

TD

TEGNA

Note: Selected historic clients for which we announced an additional transaction in 2015

# Outlook for 2016 Improved in All Respects

- Big backlog of 2015 announced deal inventory
  - Much improved H1 revenue opportunity
- Good recent M&A momentum in our business
  - 20 Q4 announcements versus Q1-3 average of 13
  - Plus better new assignment momentum
- M&A cycle still feels in our favor (especially for sub $5bn deals and ex US)
- Restructuring should also be much more active (energy)
- Capital advisory should improve from a solid 2015

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# General Thoughts on Modeling Our Business

- Focus on years, not quarters
  - Closing timing is random
  - It's a lumpy business (but large fee lumps are good)
- Focus on # of deals, not just deal volume
  - Deal size, region and role are also key to revenue
- Focus on GAAP costs, not pro forma
  - Ultimately, actual cash flow / dividends are key to true value ("Corporate Finance 101")

# History of Compensation Ratio

| Compensation Ratio ($MM) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 (1) |
| GHL | 46% | 46% | 57% | 53% | 53% | 54% (2) | 54% | 56% |
| LAZ | 72% | 76% | 63% | 64% (2) | 71% | 64% | 57% | 56% |
| EVR | 75% | 66% | 66% | 68% | 67% | 63% | 60% | 64% |
| MC | n.a. | n.a. | n.a. | 75% | 71% | 64% | 73% | 56% |
| HLI | n.a. | n.a. | n.a. | n.a. | n.a. | 69% | 70% | n.a. |

***≤50% in Strong Revenue Periods, Up To Mid 50%s in Weak Revenue Periods***

(1) MC figures reflect Q3 YTD; comparable HLI data not available for CY2015 due to fiscal year end difference
(2) Excludes expense from acceleration of stock grants upon deaths of executives
Source: Public filings

# Compensation Ratio Outlook

- Target compensation ratio at *current team size*
  - If revenue is circa recent levels: mid 50%s
  - If revenue is ~$400mm: 50%
  - If revenue at 2006-2007 peak productivity: <50%
- Obviously a significant expansion would increase compensation / revenue needs

# History of Non-Compensation Ratio

**Non-Compensation Ratio ($MM)**

| | **2008** | **2009** | **2010** | **2011** | **2012** | **2013** | **2014** | **2015** |
|---|---|---|---|---|---|---|---|---|
| Expense | $42 | $46 | $60 | $63 | $63 | $60 | $60 | $71 |
| % of Revenue | 19% | 16% | 21% | 21% | 22% | 21% | 22% | 27% |

***Absolute Expense Levels About Flat Except in Major Expansions (Several Offices in 2008-10 and Cogent in 2015)***

Source: Public filings

# Non-Compensation Cost Outlook

- 2016 absolute $ costs should be flat / slightly lower
- 2016 will still include some non-recurring Cogent-related costs, so 2017 should again be similar (barring major expansion)

# History of Pre-Tax Profitability

| Pre-Tax Margin (Including All GAAP Compensation Costs) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 (1) |
| GHL | 35% | 38% | 21% | 23% | 25% | 25% | 25% | 17% |
| LAZ | 2% | (12%) | 8% | 13% | 6% | 11% | 23% | 23% |
| EVR | (5%) | 7% | 9% | 7% | 11% | 18% | 19% | 11% |
| MC | n.a. | 12% | 16% | (2%) | 10% | 18% | 9% | 26% |
| HLI | n.a. | n.a. | n.a. | n.a. | n.a. | 18% | 19% | n.a. |

***25%+ GAAP Pre-Tax Margins in 5 of Last 8 Years (Far Better Than Peers)***

(1) MC 2015 figures reflect Q3 YTD; LAZ adjusted for tax receivable agreement in 2015; comparable HLI data not available for CY2015 due to fiscal year end difference

Source: Public filings

# History of Tax Rate

| Effective Tax Rate | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **2008** | **2009** | **2010** | **2011** | **2012** | **2013** | **2014** | **2015** |
| GHL | 38% | 38% | 36% | 35% | 40% | 34% | 36% | 41% |

***Tax Rate Driven by Revenue Location, so More Non-US Revenue Will Bring Rate Down***

Source: Public filings

# History of Dividends

| | Aggregate Dividends Paid ($MM) | | | | | | | | Current Dividend Yield [1] |
|---|---|---|---|---|---|---|---|---|---|
| | **2008** | **2009** | **2010** | **2011** | **2012** | **2013** | **2014** | **Q3 YTD 2015** | |
| GHL | $50.0 | $53.6 | $56.9 | $55.8 | $57.1 | $56.2 | $56.3 | $44.3 | 7.7% |
| LAZ | 30.3 | 38.4 | 61.2 | 82.7 | 160.3 [2] | 138.8 [2] | 165.8 | 279.1 | 4.2% |
| EVR | 6.2 | 8.6 | 13.7 | 22.2 | 29.3 | 36.1 | 44.8 | 38.8 | 2.8% |
| MC | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | 76.2 [3] | 64.4 | 4.8% |
| HLI | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. [4] |

***Returned $500mm+ in Dividends (15%+ of Total Revenue) Since IPO***

Note: Includes dividends and dividend equivalents
(1) Calculated based on current quarterly dividend and 2/8/2016 closing share price
(2) Includes special dividend of $0.20 per share (~$25mm) and an accelerated dividend of $0.20 per share (~$25mm) in 2012; includes special dividend of $0.25 per share (~$32mm) in 2013
(3) Reflects all dividends paid in 2014 (since IPO in April 2014), including special dividend of $1.00 per share (~$54mm)
(4) Quarterly dividend of $0.15 per share began in Q3 FY2016
Source: Public filings

# Dividend Outlook

- Non-cash element of cost structure means dividend supportable at fairly low revenue levels
  - Can withstand100%+ payout ratio at times
- Maintained dividend throughout financial crisis and slow recovery
- Maintained dividend in 2015 despite deal closing delays and some unusual costs
- 2016 backlog and outlook suggest cash flow well in excess of dividend needs
- Management goal is to return to dividend *growth*
  - Had regular increases pre-financial crisis

# History of Share Count

| | % Change in Share Count Since Q2 2004 |
|---|---|
| ***Advisory Focused Firms*** | |
| **Greenhill** | ***2%*** |
| Lazard [(1)] | *33%* |
| Evercore [(1)] | *78%* |
| | |
| ***Diversified Large Banks*** | |
| BofAML | *170%* |
| Barclays | *164%* |
| Citigroup | *471%* |
| Credit Suisse | *43%* |
| Deutsche Bank | *157%* |
| Goldman Sachs | *(12%)* |
| JPMorgan | *81%* |
| Morgan Stanley | *75%* |
| UBS | *246%* |
| **Large Bank Average** | ***155%*** |

Note: Share count growth based on latest reported average fully diluted shares outstanding as of 2/8/16 (Q2 2004 to Q3 2015 or Q4 2015)

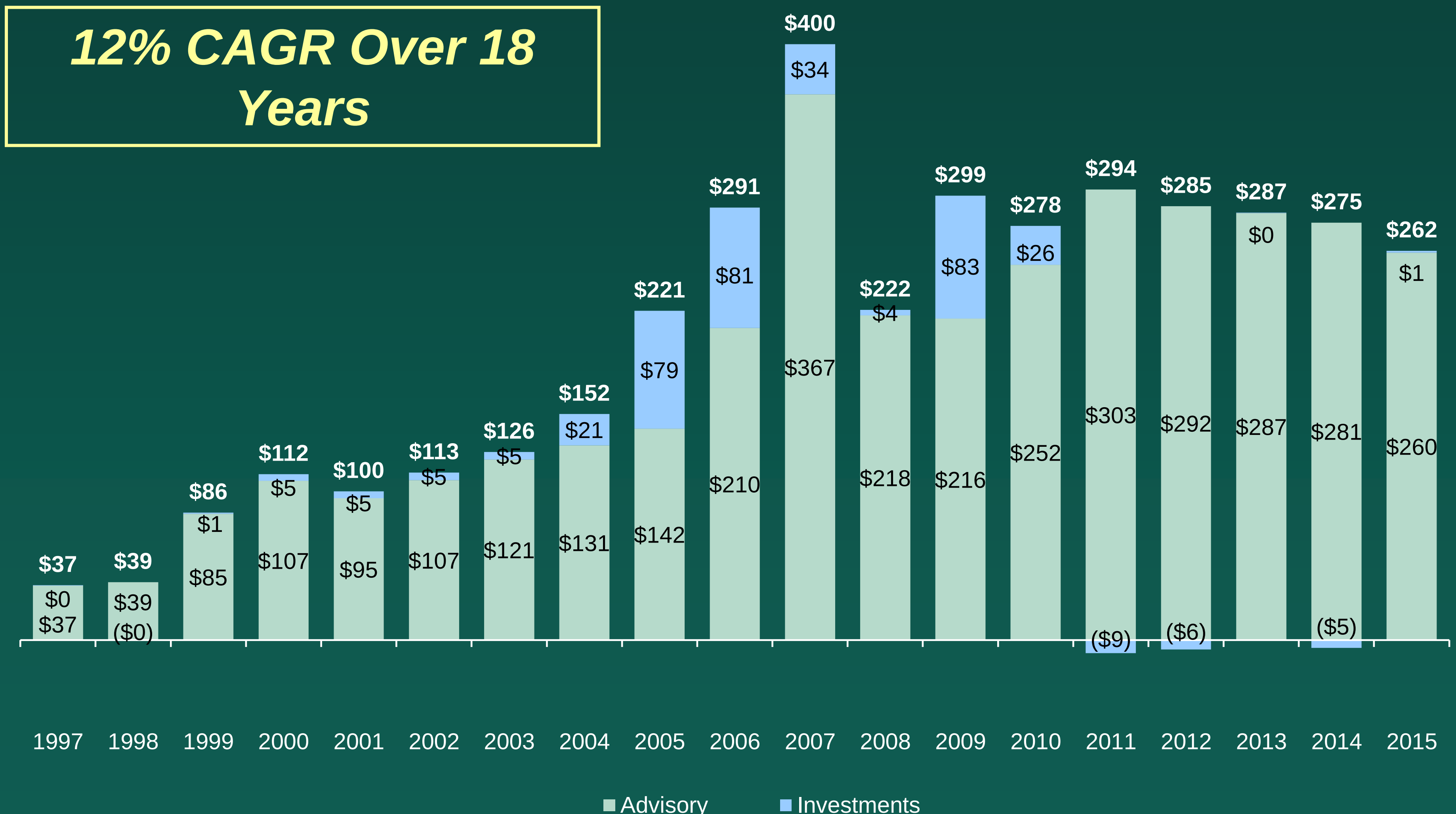
(1) Share count growth based on shares outstanding since IPO

Source: Company Filings and Releases

# Share Count Outlook

- Long-term history of flat share count
  - Temporarily reversed by 2010 Australian acquisition
  - Again reversed to small extent by 2015 Cogent acquisition
- Flat share count accomplished without leverage
  - Conservative policy of no net debt (cash balance > revolver) remains in place
- $75mm share repurchase authorization for 2016

# Greenhill Revenue History




Source: Public filings and corporate records

# Revenue Outlook (Near Term)

- Started year with bigger backlog
- M&A revenue in UK / Europe looks much better
- Restructuring advisory finally rebounding
- Capital advisory continues to looks strong
- Good first half visibility

# Revenue Outlook (Long Term)

- Longer term will be driven by MD productivity and expansion
- Firm ~3x bigger than at IPO
- But MD growth is both opportunistic and cyclical
  - Timing / terms are key drivers of long term profitability
- Current recruiting environment looks favorable
  - European banks a good source

# Why Invest in Greenhill Now?

1. Market overreacted to a weak Q3 that should have been foreseeable (not many deal closings)
2. Market overreacted to annual results impacted by regulatory delays in closing deals
3. 2016 revenue pipeline much better
4. Strong recent momentum (20 Q4 deals is best ever)
5. M&A cycle should still be a positive (restructuring better too)
6. Long history of high profitability
7. Higher revenue would drive improved cost ratios / profit margin
8. Huge 7.7% dividend yield supported by balance sheet / backlog
9. New buyback program follows history of no dilution
10. Our culture positions us well to attract / develop / retain top talent to fuel long term growth