

# Greenhill

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# 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

# Agenda

- **Update on Investment Opportunity**
- Review of Business and Strategy
- History of Key Metrics

# Why Invest in Greenhill Now?

1. Sector and Greenhill valuation multiples well below typical historic levels
2. Delivering on what we said we would do (on revenue, compensation, costs, taxes)
3. Demonstrating solid 2016 advisory revenue growth amid reduced revenue at broad competitor group
  - Trend toward independent M&A advisors like Greenhill remains intact
4. Demonstrating continued high profitability (2015 only outlier in 12 year record of clear sector leadership)
5. Large dividend (7.7%\*) and long history of paying it
6. Significant upside potential when deal activity rebounds (especially ex-U.S.)
7. Recruiting and promoting talent to expand the franchise for long term sustained growth

# Update on M&A Market

**YTD Much Weaker (*Recovery from Financial Crisis Still to Come*)**

- U.S. Run Rate vs. Last Year
  - Announced volume down 29% (25% vs. 2007)
  - Number of \$500mm+ transactions down 12% (29% vs. 2007)
- European Run Rate vs. Last Year
  - Announced volume down 25% (57% vs. 2007)
  - Number of \$500mm+ transactions down 26% (61% vs. 2007)

***2016 a Record Year for Deal Terminations,  
Impacting 2015 Announced Deal Data***

# Update on Restructuring Activity

## Opportunity Increasing

- Activity increasing after several years of few defaults
- Energy the key area so far
  - Likely to spread to other sectors over time
- Revenue at Greenhill higher, and should build further over time
  - Generally include recurring retainer-based revenues
  - Long transaction timetables for completion fees

# Update on Cogent Acquisition

## Delivering What We Hoped For

- Leader in secondary market sales of LP fund interests
  - Global network of institutional investor clients (LPs)
  - Market deal volume continues to grow
- Excellent cultural fit
  - Further synergy to be developed
- Has met our high expectations 5 consecutive quarters
  - On track to achieve earnout
- Earnout would be payable April 2017
  - \$19mm and 334k shares
  - Requires continued strong performance for 3 more quarters
  - Second chance to earn in years 3-4 if missed initially

# Update on Capital Advisory

## Significant, Multi-Faceted Business

- Cogent acquisition supplemented primary capital raising team focused on Real Estate
  - Also a market leader
- Primary capital advisory business has also performed well despite volatile markets
  - 2016 revenue likely to show modest decline
- Key growth initiative relates to GP restructurings
  - Complex transactions that combine primary and secondary capital advisory expertise, leveraging both GP and LP relationships



# Greenhill Revenue From Diverse Sources

- M&A, restructuring, financing and capital advisory
- Broad diversity by region and industry sector
- Retainer, announcement, completion and placement fees
- Dozens of important revenue clients per year
- New names added regularly (top 10 by revenue always changing)
- Very rare for any client to contribute 10% of annual revenue

***Standard Data Bases Not a Reliable Indicator of  
Greenhill Revenue Performance***

# Many Repeat Transaction Clients in 2015 and YTD 2016



# Many New Transaction Clients in 2015 and YTD 2016



INTERNATIONAL MEDICAL GROUP



# Update on Revenue Results and Expectations

## Delivering as Indicated, Despite Reduced Global Deal Activity

- Largest announced transactions successfully completed
- Much improved H1 revenue
- H2 likely stronger than H1 (consistent with recent comments)
  - Q4 likely stronger than Q3
- Early signs are revenue should start stronger in 2017 than 2016
  - Precise revenue outcome for Q4 vs. Q1 depends on timing of completions, as always

***To Drive Longer Term Growth, Added 4 MD Recruits YTD in 2016, and Aim for Larger Number in 2017***

# Update on Costs / Balance Sheet Performance

## Also Delivering as Indicated

- Compensation ratio for year slightly lower (yet more \$ for team)
- Non-compensation expense for year likely lower in absolute \$
- Expect to return to sector leadership position in pre-tax margin
- Tax rate lower (back to normal)
- Cash flow in excess of dividend needs
- Moderate share buyback activity

***Expect to End Year With Strong Balance Sheet Despite Debt Repayment, Dividends and Buyback Activity***

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# Greenhill's Business

- Greenhill & Co., Inc. is a leading global independent investment bank with over \$1 trillion in announced M&A over its 20 year history
- Solely focused on client advisory
  - No sales & trading, research, underwriting or investing
- Wide variety of advice in all industry sectors
  - M&A
  - Restructuring & financing advisory
  - Capital advisory
- Truly global
  - 15 offices / 5 continents
  - Circa half of revenue outside U.S.

# Our Unique Business Model Best for Clients, Employees and Shareholders

- 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
- Simple, transparent structure and disclosure
  - C corporation
  - Focus on GAAP results
- Strong, cohesive culture built over 20 years



# Fundamentally Different from Our Competitors

## Bulge Bracket

### Greenhill vs. Bulge Bracket

- Simple, Transparent Business Model
- Focused on High-Value-add Advisory Business – No Conflicts and Not Selling Multiple Products
- Minimal Capital Required
- No Balance Sheet Risk
- Not Impacted by New Regulatory Requirements Post Financial Crisis
- Management and Team Continuity

## Independents

### Greenhill vs. Other Independents

- Focused Entirely On Advisory – Not Capital Markets or Asset Management
- Broader Industry and Geographic Coverage Than Most Peers
- Consistent Use of GAAP Financials, With No Compensation Costs Excluded

# Firm History

## Timeline of Major Events

- 1996 – Founded as a M&A firm in New York
- 1998 – Establishes London office to serve European clients and facilitate cross-border work
- 2000 – Extends European presence with opening of Frankfurt office
- 2001 – Establishes Financial Restructuring practice
- 2004 – Completes initial public offering
- 2005 – Establishes office in Dallas
- 2006 – Establishes office in Toronto
- 2008 – Establishes offices in San Francisco and Chicago  
Enters Capital Advisory business  
Establishes Tokyo office
- 2009 – Establishes office in Houston
- 2010 – Launches Real Estate Capital Advisory practice  
Expands to Australia with acquisition of Caliburn
- 2011 – Establishes office in Hong Kong
- 2012 – Extends European presence with opening of Stockholm office
- 2013 – Expands to Brazil with opening of São Paulo office
- 2015 – Expands Capital Advisory capabilities through acquisition of Cogent Partners
- 2016 – 20<sup>th</sup> anniversary of the Firm

# Greenhill's Business Today

## Multiple Engines to Drive Earnings

### M&A Advisory

- Advise Clients on Significant Transactions
- Broad Industry Expertise
- All Developed Markets Globally, Plus Latin America

### Financing & Restructuring Advisory

- Advise in Distressed Situations, Including Bankruptcies
- Advise on Debt Financing, IPOs and Equity Raises, Spin-Offs, etc.

### Primary & Secondary Capital Advisory

- Leading Advisor on the Sale of Secondary Interests (LP Interests) in Private Equity and Real Estate Funds
- Raise Pools of Capital Primarily for Real Estate Funds (GPs)

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# Update on Compensation Ratio

## High Productivity Results in Sector-Leading Ratio

	Compensation Ratio (\$MM)								<u>2016 YTD</u>
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	
GHL	46%	46%	57%	53% <sup>(1)</sup>	53%	54%	54%	56%	56%
LAZ	72%	76% <sup>(1)</sup>	63%	64%	71%	64%	57%	56%	59%
EVR	75%	66%	66%	68%	67%	63%	60%	64%	66%
MC	n.a.	n.a.	n.a.	75%	71%	64%	73%	56%	59%
HLI	n.a.	n.a.	n.a.	n.a.	n.a.	69%	70%	67%	67%

***2016 Ratio Likely Slightly Lower Than 2015, While Providing Larger \$ Compensation Pool for Team***

(1) Excludes expense from acceleration of stock grants upon deaths of executives  
Source: Public filings

# Update on Non-Compensation Ratio

## Roughly Flat Except Post Major Expansions in 2010 and 2015

	Non-Compensation Ratio (\$MM)								
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u> <u>YTD</u>
Expense	\$42	\$46	\$60	\$63	\$63	\$60	\$60	\$71	\$32
% of Revenue	19%	16%	21%	21%	22%	21%	22%	27%	21%

***2016 \$ Level Likely Lower Than 2015***

# Update on Pre-Tax Margin

## Clear Leader Among Peers

	Pre-Tax Margin (Including All GAAP Compensation Costs)								
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u> <sup>(1)</sup>	<u>2016</u> <u>YTD</u>
GHL	35%	38%	21%	23%	25%	25%	25%	17%	23%
LAZ	2%	(12%)	8%	13%	6%	11%	23%	23%	20%
EVR	(5%)	7%	9%	7%	11%	18%	19%	11%	13%
MC	n.a.	12%	16%	(2%)	10%	18%	9%	26%	24%
HLI	n.a.	n.a.	n.a.	n.a.	n.a.	18%	19%	18%	20%

***25%+ GAAP Pre-Tax Margins in 5 of Last 8 Years,  
Targeted Again in 2016***

(1) LAZ adjusted for tax receivable agreement in 2015  
Source: Public filings

# Update on Tax Rate

## 2016 Rate Likely Materially Below Unusually High 2015 Rate

	Effective Tax Rate								
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u> <u>YTD</u>
GHL	38%	38%	36%	35%	40%	34%	36%	41%	34%



# Update on Return of Capital

## Robust Dividend / Flat Share Count for 12+ Years

- Large dividend maintained throughout financial crisis and aftermath
- \$250mm+ in dividends paid since sustainability first questioned
  - Without taking on leverage
  - Without share dilution
- Share count up only 3% since 2004 IPO
  - Despite significant issuance for acquisitions and compensation

***Current Dividend Yield of 7.7%***

# Significant Shareholder Dilution at Nearly All Peers

	% Change in Share Count Since Q2 2004
<i><b>Advisory Focused Firms</b></i>	
<b>Greenhill</b>	<b>3%</b>
Lazard <sup>(1)</sup>	33%
Evercore <sup>(1)</sup>	72%
<i><b>Diversified Large Banks</b></i>	
BofAML	168%
Barclays	164%
Citigroup	482%
Credit Suisse	65%
Deutsche Bank	157%
Goldman Sachs	(14%)
JPMorgan	79%
Morgan Stanley	71%
UBS	247%
<b>Large Bank Average</b>	<b>158%</b>

Note: Share count growth based on latest reported average fully diluted shares outstanding in Q2 2004 to Q2 2016

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

Source: Company Filings and Releases