

# Greenhill

*An Investment Bank Focused Exclusively on Advising Clients*

**Q3 2019 Results**

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**November 5, 2019**

# 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.

# Why Invest in Greenhill?

- Well known and respected brand for advice
- Global capabilities
- Strong culture of teamwork and excellence
- Loyal and growing client base
- Minimal regulatory risks
- Minimal capital needs
- History of high profit margins and strong cash flow generation
- Focused on growth of talent, revenue, profit and cash flow
- Employees aligned with shareholders (own 46% of equity value) \*

# Greenhill Business Model

- Pure advisory: fully aligned with clients
- Focused on wide range of complex matters
- Global approach via one unified team
- Excellent advice and transaction execution
- Collegial, team-oriented culture
- Goal of maximizing long term value creation for shareholders and team

# Scope of the Firm Today

- 24 years old (15 as a public company)
- 16 offices on 5 continents
  - Adding Paris office soon
- 3 related advisory businesses
  - M&A, restructuring / financing, capital advisory
- Expertise in all industry sectors, but room to grow in each
- 79 Managing Directors <sup>\*</sup>
  - Median age 47
  - ~40% here 10+ years
  - ~2/3 recruited, ~1/3 internally developed

<sup>\*</sup> Client-facing, includes announced recruits

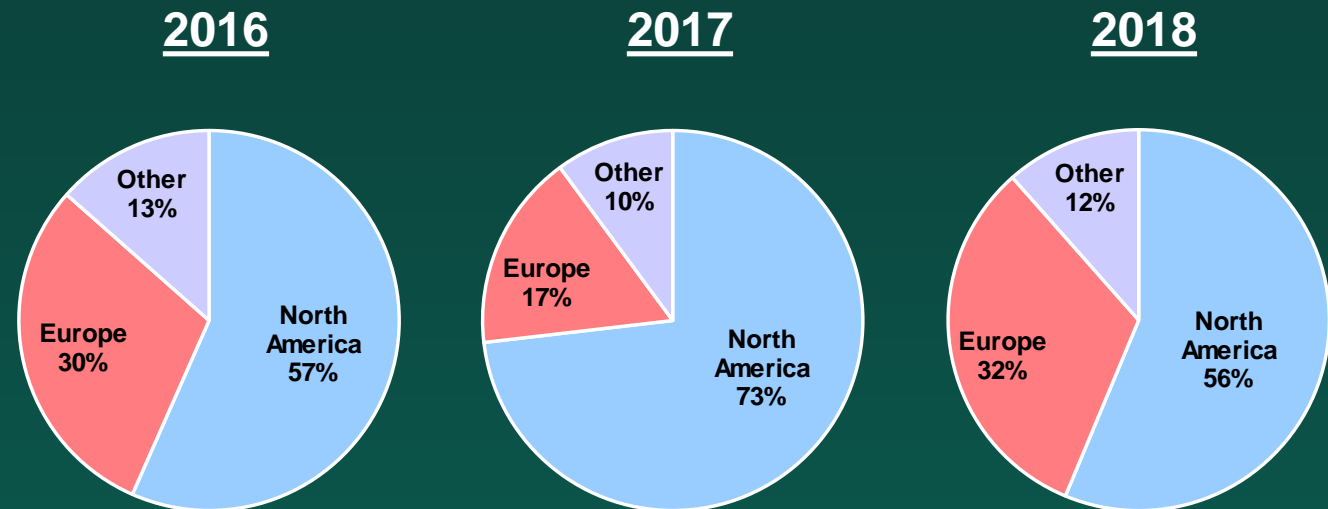
# Q3 / YTD Financial Results Summary

- \$87.0mm revenue for the quarter, \$194.3mm YTD
  - Down 26% YTD, principally due to weak EU M&A
  - *Still expecting solid full year revenue performance*
- Slightly lower compensation and non-compensation (excluding earn out adjustments) costs
  - Cost ratios higher than normal due to reduced revenue level
  - Ratios should return to historic range as revenue rebounds
- Tax rate 23% for the quarter, 25% YTD
- EPS 63 cents for the quarter, (54) cents YTD
  - Loss a function of revenue level
  - YTD also reflects a \$4.8mm non-recurring charge related to recent refinancing

# Slow start to 2019, but 2018 Results Highlighted Strength of Franchise

- Record # total fee paying clients and \$1mm+ clients
- Record # corporate advisory transactions
- Record # capital advisory transactions, transaction volume and secondary revenue
- Record Canadian revenue
- Best Australian revenue in 4 years
- Best ever European revenue in local currency terms
  - 2<sup>nd</sup> in \$ terms
- Best ever total advisory revenue in local currency terms
  - 2<sup>nd</sup> in \$ terms

# Strong History of Regional Revenue Diversity – 2019 Will See EU Lower and US / ROW Higher



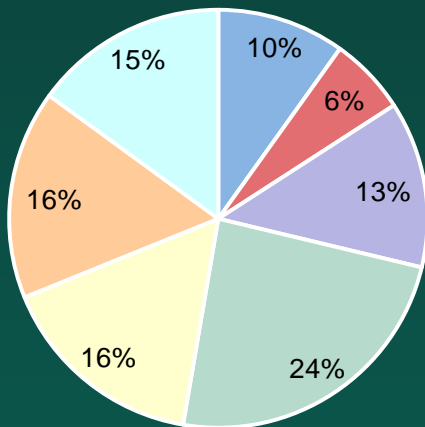
Fee Paying Clients	212	197	272
\$1mm+ Clients	71	58	82
Deal Announcements per Website	60	41	71

Note: Geographic breakout represents revenue by client location

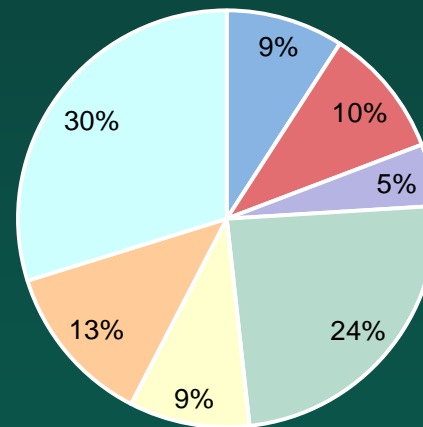


# Strong History of Sector Revenue Diversity – 2019 Strength in Consumer, Financials, Capital Advisory

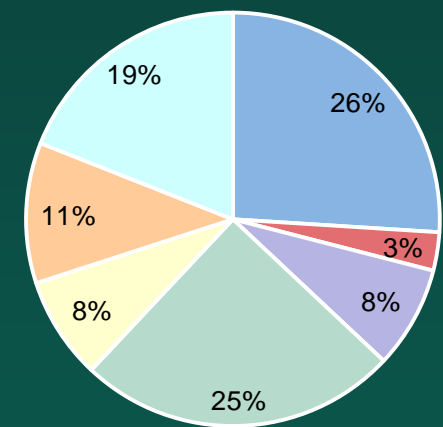
2016



2017

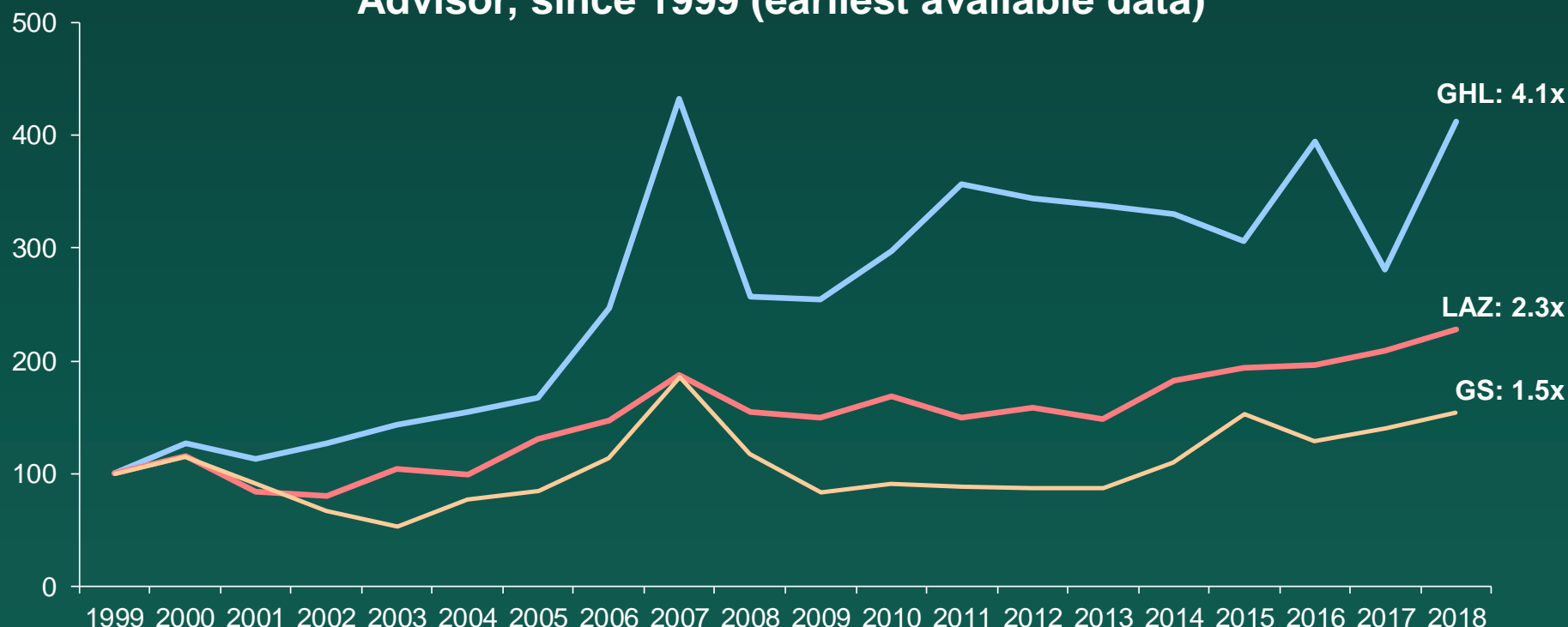


2018



# 2018 Performance Consistent with History of Long Term Market Share Gains

Advisory Revenue vs Largest M&A Advisor and Largest Independent Advisor, since 1999 (earliest available data)



# Repeat Transaction Clients, 2016 - Now





















Note: Selected transaction clients for which we have advised on multiple announced transactions

# New Transaction Clients, 2016 - Now



Note: Selected first-time transaction clients

# 2019 Selected M&A Highlights

Country	Client	Size	Description
		\$25.0bn	Merger with Global Payments
		\$4.8bn	Acquisition of Acreage Holdings Inc.
		\$1.9bn	Merger with New Media Investment Group
		\$1.8bn	Sale to Siris Capital Group
		\$1.6bn	Sale to Saputo
		\$1.3bn	Acquisition of a combined 13 television stations and 2 radio stations from Nexstar Media Group and Dispatch
		\$0.9bn	Sale of its 70% interest in its operations in Brazil
		\$0.5bn	Sale to Wesfarmers
		\$0.4bn	Acquisition of Marshall Retail Group

# Strong Position in Capital Advisory

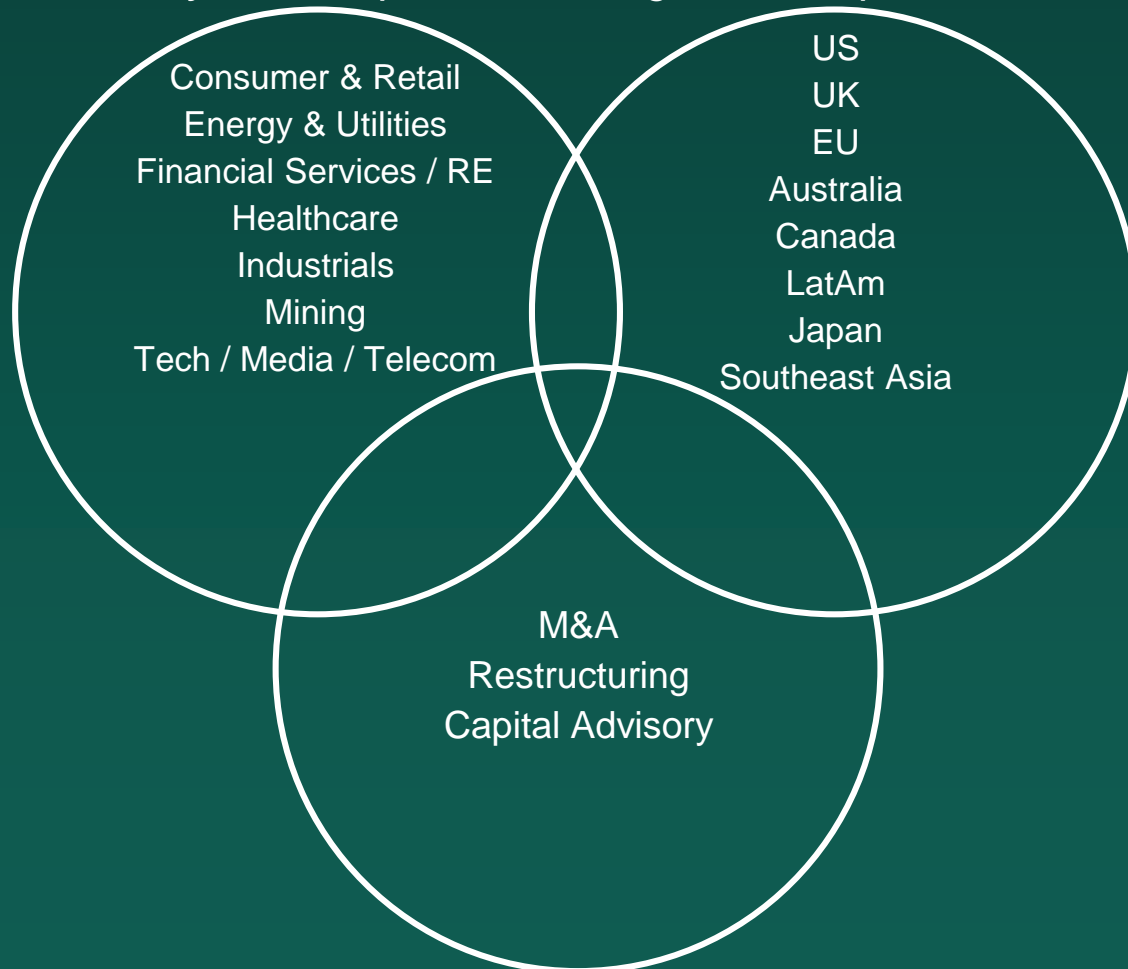
- Highly successful 2015 Cogent acquisition
- Global team and network of GP and LP relationships
- Market leader in secondary market deals globally
- Record year in 2018, and 2019 will also be strong
- Market activity remains robust, and we are exploring opportunities for growth

# Expanded Restructuring Team

- Entered business 18 years ago
- Strong but historically undersized team
- Significantly expanded team starting 18 months ago
- Recent uptick in new assignment activity, suggesting significant revenue improvement in 2020 and beyond

# We Have Significant Untapped Potential to Drive Further Growth from 2018

*Of 18 overlapping businesses, a few contributed disproportionately to 2018 results, and nearly all have potential for significant improvement*





# Data Also Suggests Further Growth Potential from 2018

- ~20% of MDs recently arrived, haven't contributed materially
- Global M&A relative to market cap far below market peak
- EU deals need to increase very substantially to get to pre-crisis levels vs U.S.
- Restructuring activity has been light, but team has grown and market opportunity is increasing
- Strong \$ has been negatively impacting our \$ revenue from international offices

# Continued Success in 2019 Recruiting to Drive Further Growth Potential

- 8 Managing Director recruits YTD, and pipeline remains robust
- New Singapore and Paris offices
- Enhancing sector coverage in building products, industrials and insurance
- Expanding focus on shareholder advisory services

# Expense Outlook Going Forward

Compensation Ratio:

Objective is broadly consistent with 2018, subject to revenue outcomes and rate of expansion

Non-compensation Operating Costs\*:

Objective is broadly consistent with 2018 (ex any non-recurring adjustments)

Interest Expense:

Favorably impacted by improved terms of refinancing and recent decreases in interest rates

Taxes:

Expected rate in mid 20%s

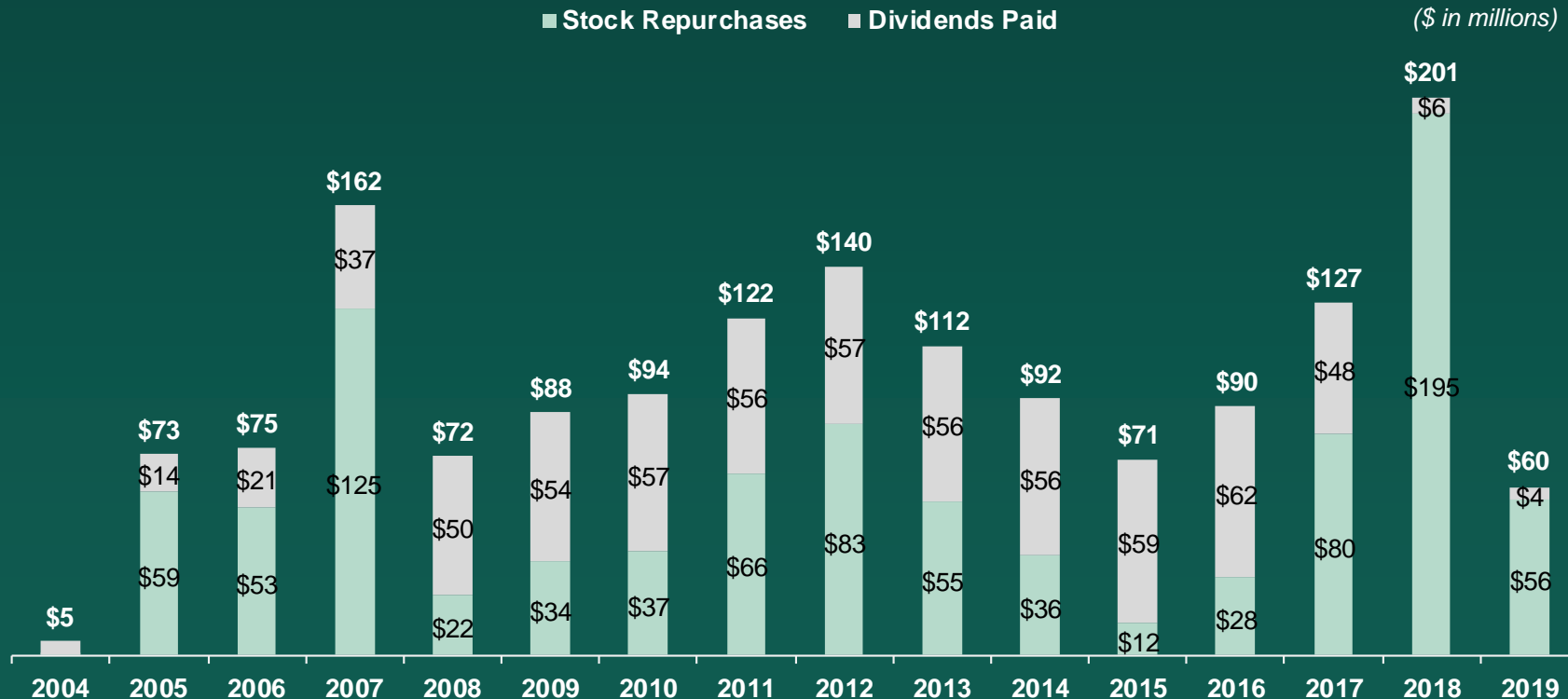
\* Now includes client reimbursements and excludes interest expense

# Balance Sheet Provides Liquidity and Flexibility

- Cash of \$118mm at quarter end
- Debt of \$366mm (net debt of \$248mm)
- Modest principal repayment obligations
  - Prepaid year end repayment
- Objective to reduce leverage via both debt repayment and growth in EBITDA

# Strong History of Generating/Returning Capital

- \$1.6 billion\* in dividends / share repurchases since 2004 IPO



\* As of October 31, 2019. Includes purchases of share equivalents via tax withholding on vesting RSUs.

# Update on Recapitalization Plan (Announced Sept. 2017)

- Dividend reduced to fund large share repurchase
- Borrowed \$350mm on attractive terms
  - *Increased to \$375mm in recent refinancing*
- \$20mm combined equity investment by Chairman and CEO
  - Plus \$12.5mm in open market repurchases
- Additional equity incentive grants to key people
  - 5 year cliff vest
- Announced \$285mm share repurchase plan
  - Capacity expanded in refinancing: \$44mm\* now remaining
  - Repurchase capacity should grow in 2020 and beyond
  - Separate from the plan, ongoing repurchases via withholding on RSU vestings continue

# Why Did We Do Our Recapitalization?

- Management viewed stock as significantly undervalued
- Equity investor sentiment too negative
- Could borrow at very attractive cost
- Created catalyst to pivot to next chapter in Firm history
  - Increased employee ownership
  - High grade and expand team
  - Tighter cost controls
- Created leveraged upside potential for employees and shareholders

# Strategic Plan Going Forward

- Maintain historic business model, including strong culture
- Increase scale and productivity of team
  - Continued heavy MD recruiting
  - Equally heavy focus on internal development
  - Aim for 10% annual net MD growth while maintaining high performance standards
- Substantially increase scale and diversity of revenue
  - Broader industry sector coverage
  - Expanded restructuring team to complement M&A/capital advisory
  - Building scale in each geography
- Balanced approach to deleveraging, further share repurchases and dividends

***Goal is maximizing the leveraged upside potential created by the recap, for the benefit of our shareholders and team***