



Evolve  
Capital Partners

## Alfa Financial Software

May 2017

### Summary of Initial Public Offering



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**SPECIALIZED INVESTMENT BANKERS AT  
THE INTERSECTION OF FINANCE & TECHNOLOGY**

# Alfa IPO – Executive Summary

## Initial Public Offering Overview



LSE: ALFA



### Description

Alfa Financial Software (formerly CHP Consulting) is the developer of Alfa Systems, a software platform for enterprises in the finance industry. Alfa System's comprehensive functionality enables customers to automate critical business functions and enhance business agility. The platform can be used across the entire asset finance life cycle, from proposal to end of lease, across many asset types and financing structures.



### Use of Proceeds

Alfa intends to use the proceeds of the IPO to assist in recruiting, retaining and incentivizing key management and employees. Further, the IPO will help to increase the Group's brand recognition, while giving clarity on the Group's ongoing independence to its clients, prospects, suppliers and employees.

1. Source(s): Company website, Alfa S-1 Filings
2. All figures have been converted from pounds to dollars using 1.28055 as the conversion rate as of May 26, 2017

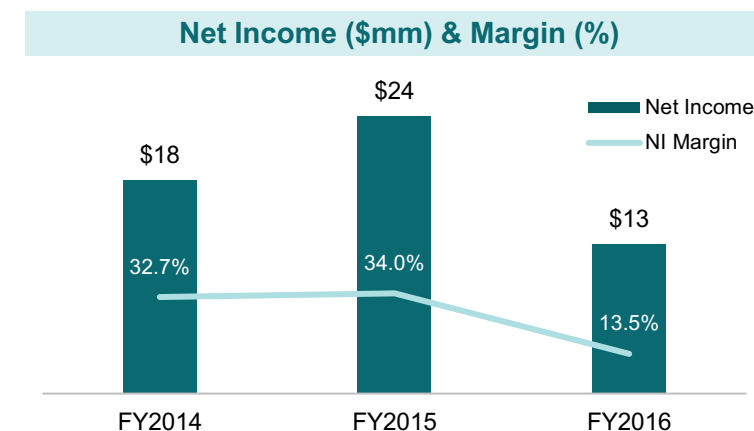
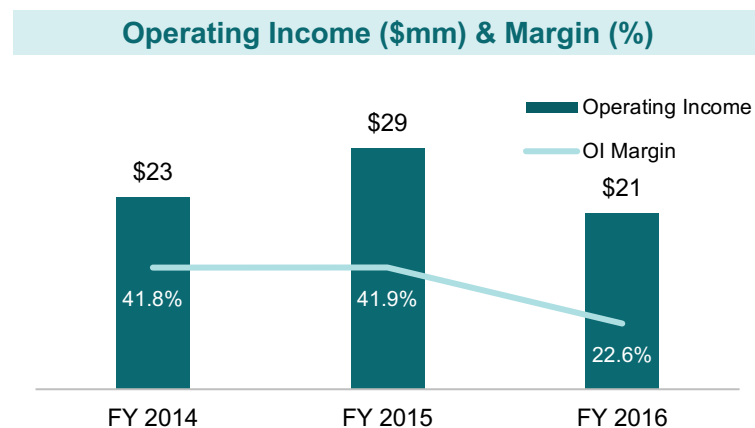
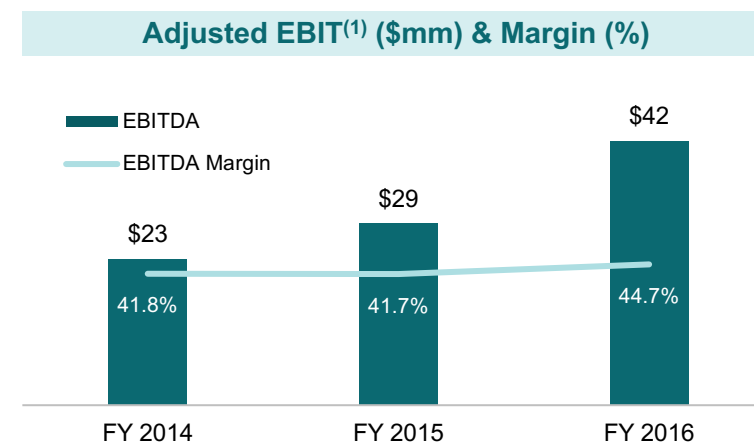
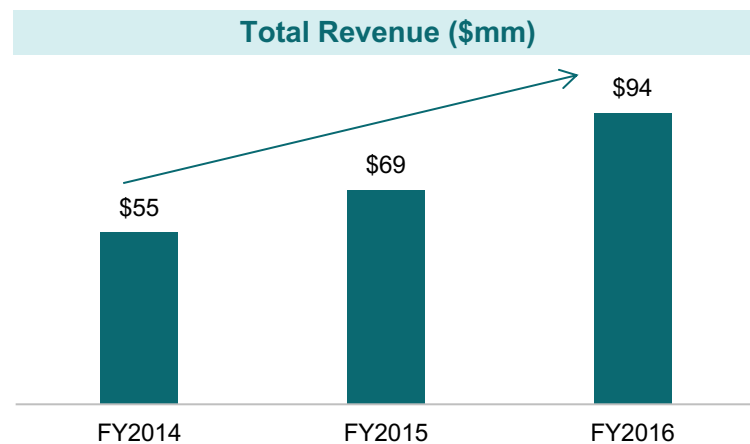


A small icon of a globe showing the Americas.	Headquarters	London, UK
A small icon of a magnifying glass over a person silhouette.	Founded	1990
A small icon of three stylized human figures standing together.	Employees	300
A small icon of a calendar with a date marked.	Listing Date	05/26/2017
A small icon of a multi-story office building.	Lead Underwriters	BARCLAYS  Numis
A small icon of a dollar sign.	Issue Price	\$4.16
A small icon of a credit or debit card.	Shares Offered	78 million (overallotment of 7.5 million shares)
A small icon of a stack of banknotes.	Gross Proceeds	\$325 million

# Alfa IPO – Executive Summary

## Key Metrics – IPO

Shares Offered at the time of IPO	78 million
Issue Price	\$4.16
Total Shares Outstanding after IPO	300 million
Market Value at Issue Price	\$1.25 billion
Enterprise Value at Issue Price <sup>#</sup>	\$1.19 billion
EV / EBITDA	24.4x
Listing Date	5/26/2017
Market Closing Price	\$5.44



Source(s): Capital IQ, Pitchbook, Alfa S1 filing

(1) Adjusted EBIT represents profit for the period before taxation, interest income, share based compensation and other exceptional, unusual or generally non-recurring items

(2) All figures have been converted from pounds to dollars using 1.28055 as the conversion rate as of May 26, 2017

# Enterprise Value = Market Capitalization – Cash, since there is no debt on balance sheet





# Alfa IPO – Executive Summary

## Company Overview

*Alfa offers a comprehensive suite of solutions in one product that is modern, scalable and can be deployed either on-premise or in-cloud.*

- Alfa Systems provides a mission-critical software purposely built for global asset finance enterprises, specifically in the automotive and equipment finance industries.
- The software can be used across the entire finance life cycle, from proposal to end of lease. The platform also records all contract and end-customer data while its comprehensive functionality enables clients to automate critical business functions and enhance business agility.
- Alfa Systems allows clients to achieve operational efficiencies by optimizing their business processes while reducing infrastructure costs.
- Alfa is headquartered in London, United Kingdom, and has clients across 18 countries, with other physical offices located in Detroit, Los Angeles, Dallas, and Auckland.

### Key Statistics

 <b>Users</b>	28 clients
 <b>Total Revenue</b>	Alfa has witnessed a CAGR of 30% in total revenue between 2014 and 2016
 <b>Clients</b>	Retail Car Market, Mobile Handsets, Aircraft, Satellites, etc.
 <b>Countries</b>	Clients in 18 countries







Source(s): Company Website, Alfa S1



# Alfa IPO – Executive Summary

## Product Overview

### Key Characteristics of Alfa Systems

-  ■ **End-to-end asset finance life cycle support** - Full administration throughout the life cycle of a financing agreement, from proposal capture to disposal.
-  ■ **Integration** – Comprehensive catalogue of web services that enables simple integration with other systems, allowing Alfa Systems to act as the central repository for all financial and end-customer information.
-  ■ **Flexibility** – Supports business across borders including multi-regulatory financial environments, multiple currencies and accounting standards.
-  ■ **Workflow automation** – Powerful CRM workflow and case handling for business processes.
-  ■ **Business rules engine** - Automates clients' business decisions using personalized business rules. Clients can maintain 100% process control without incurring oversight and software implementations costs.
-  ■ **Business intelligence** - Turns a client's business data into usable information. Aggregates and organizes data to match a clients requirements.

Source(s): Company Website, Alfa S1

### Product Overview

<b>Point of Sale</b>	<ul style="list-style-type: none"><li>• Web-based quotation with integrated pricing and real time credit decisions</li><li>• Responsive UI for mobile, desktop and tablet</li><li>• Systemized vendor relationships</li><li>• Financial product structures for each market</li></ul>
<b>Originations</b>	<ul style="list-style-type: none"><li>• Automated credit management</li><li>• Document generation, storage, tracking and audit with transparent integration</li><li>• Customizable workflows and business processing</li></ul>
<b>Contract Management</b>	<ul style="list-style-type: none"><li>• Sophisticated pricing and accounting engine for leases and loans</li><li>• Reporting and business intelligence</li><li>• Customer, asset and contract management</li><li>• Bad debt management</li></ul>
<b>Wholesale</b>	<ul style="list-style-type: none"><li>• Dealer portal with customizable user interfaces</li><li>• Comprehensive audit trail and integrated stock auditing</li><li>• Entire unit lifecycle management</li></ul>

# Alfa IPO – Executive Summary

## Company Overview

*Alfa believes in maintaining close relationships with its customers and uses a feedback mechanism to ensure that they provide tailored products and services.*

### Alfa's Key Strengths

#### Common data platform and unified single underlying code

Most asset finance enterprises currently use systems that are outdated, lack flexibility and are built on aging programming languages that require resource-intensive custom coding to make minor changes. Alfa has a purposely-built solution that runs on a single code on a common data platform that can be deployed on-premise or in-cloud and is delivered through a web-based interface.

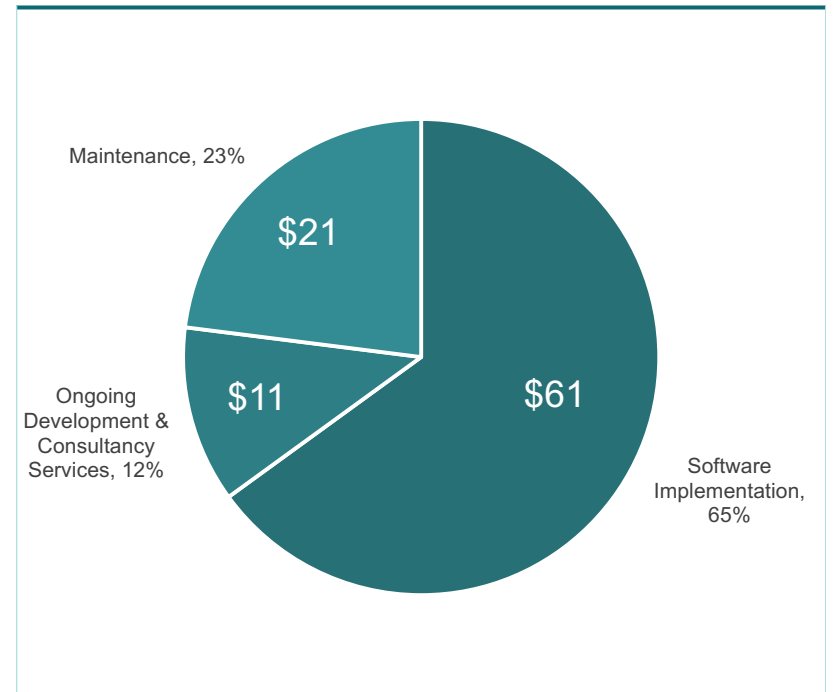
#### Long-term client relationships

Alfa has built deep relationships over the years, some of which are over two decades old. These long standing relationships demonstrate recurring revenue streams and also provide references to new potential clients.

#### Global clients

Alfa's clients include leading global asset finance companies, such as Bank of America, Barclays, Close Brothers, Nordea, Mercedes-Benz, Toyota, Siemens, Motability and Uber's leasing subsidiary Xchange Leasing.

### Revenue Breakdown by Type\*



Source(s): Company Website

\* For fiscal year 2016 as of December 31, 2016.

# Alfa IPO – Executive Summary

## Market Opportunity

### Alfa's Competitive Advantage

- Most providers' business agility and ability to respond quickly and cost-effectively to changing regulatory or competitive landscapes are constrained by inflexible systems and workflows.
- Alfa's platform is highly configurable and modern with a great depth of specialist asset finance functionality, which is seen by many of Alfa's existing and prospective clients as an important source of competitive advantage.

### Key Trends Supporting Growth in Asset Finance Market

- Between 2011 and 2015, PwC estimates that the United States and European asset finance markets grew by 10% and 6% per annum, respectively.
- Growth in the asset finance market is driven by a number of key trends, including the economic environment, auto and equipment investment trends, regulation, asset finance penetration and credit conditions such as interest rates.

### Growth in Asset Finance Software Expenditure

- Global market for specialist asset finance software is forecasted to grow at 7% per annum from 2015 to 2020.
- Specialist software providers are expected to gain market share by replacing ERP vendors, and in-house and manual solutions.
- A PwC survey of firms using specialist asset finance software shows that over half of the firms who responded are expecting their overall spend on specialist asset finance software to accelerate over the next five years.

Source(s): Alfa S1

### Growth Strategy

<b>Specialist Focus</b>	<ul style="list-style-type: none"><li>• Maintain specialist focus on Asset Finance Software</li><li>• Continual development of Alfa Systems platform from client feedback to meet exact requirements</li><li>• Entry into wholesale finance software</li><li>• Trend towards asset user-ship over asset ownership</li></ul>
<b>Win New Clients &amp; Increase Sales to Existing Clients</b>	<ul style="list-style-type: none"><li>• Focus on larger institutions</li><li>• Expand beyond European and North American markets</li><li>• Up-sell new modular functionality</li><li>• Promote adoption of Alfa Systems with existing clients in new geographies and different asset classes</li></ul>
<b>Pursue Strategic Accelerants</b>	<ul style="list-style-type: none"><li>• Develop business-in-a-box and expand cloud deployment</li><li>• Incorporate latest technologies to enhance functionality and differentiation</li><li>• Partner with high-quality system integration providers, locally and globally</li></ul>

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