

SEPTEMBER 2020

# Investor presentation

*First half 2020 results*

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**Burford**

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## Record realisations drove 1H 2020 performance

- Burford balance sheet only total income up 155% excluding the 1H 2019 impact of gains in YPF-related assets
- Accelerated realisations, including \$488 million Group-wide from capital provision-direct, up 144% from 1H 2019
- Significant liquidity at Burford balance sheet only:
  - \$262 million at 30 June 2020
  - \$316 million at 15 September 2020

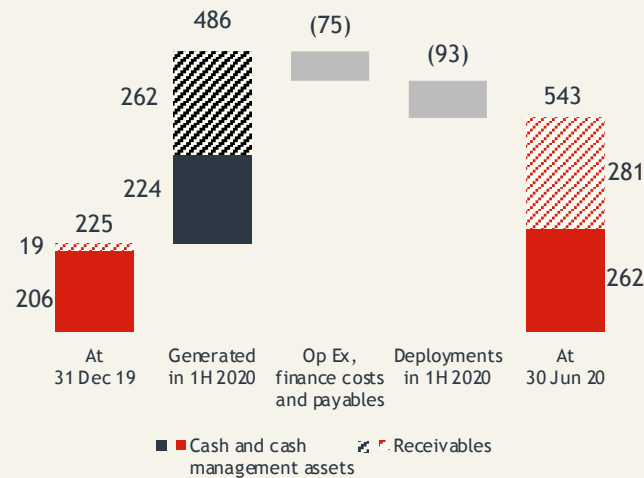
### Burford only results without third-party interests in consolidated entities, as adjusted<sup>1</sup>

US \$'000 (except per share)	1H 2020	1H 2019	% change
Total income	252,850	287,043	-12%
Operating profit	217,648	253,067	-14%
Profit before tax	197,882	233,334	-15%
<b>PROFIT AFTER TAX</b>	<b>161,460</b>	<b>227,097</b>	<b>-29%</b>
Diluted profit per ordinary share	\$0.69	\$1.01	

<sup>1</sup> Adjusted for amortisation and certain expenses.

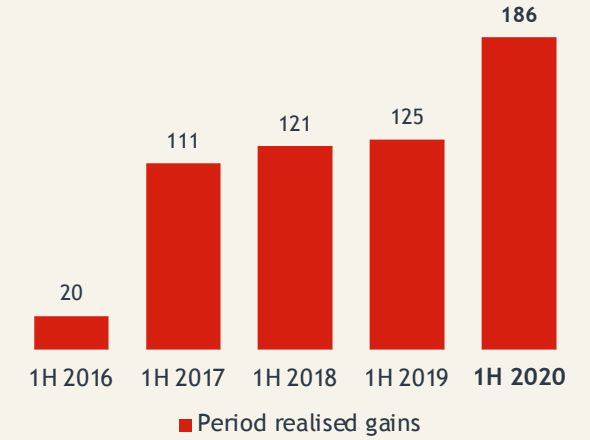
### Robust cash generation

Burford balance sheet only  
(\$ in millions)



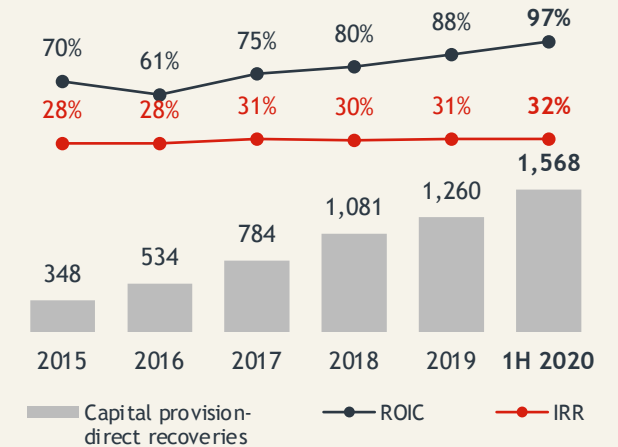
### Substantial realised gains

Burford balance sheet only  
(\$ in millions)



### Attractive and increased returns

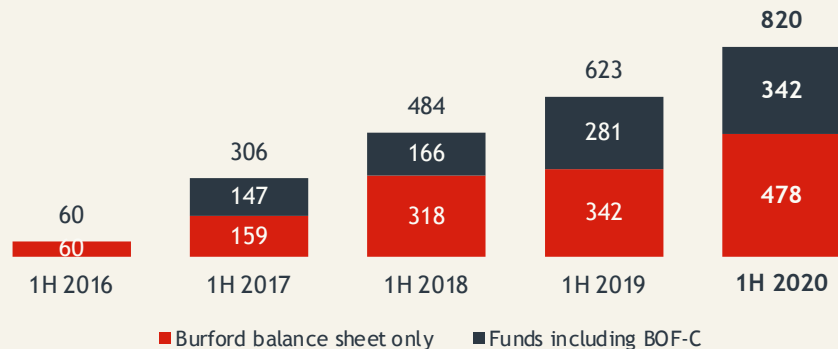
Capital provision-direct cumulative recoveries since inception  
Burford balance sheet only  
(\$ in millions)



*Recent large vintages have begun to deliver greater realisations, driving record first-half realised gains*

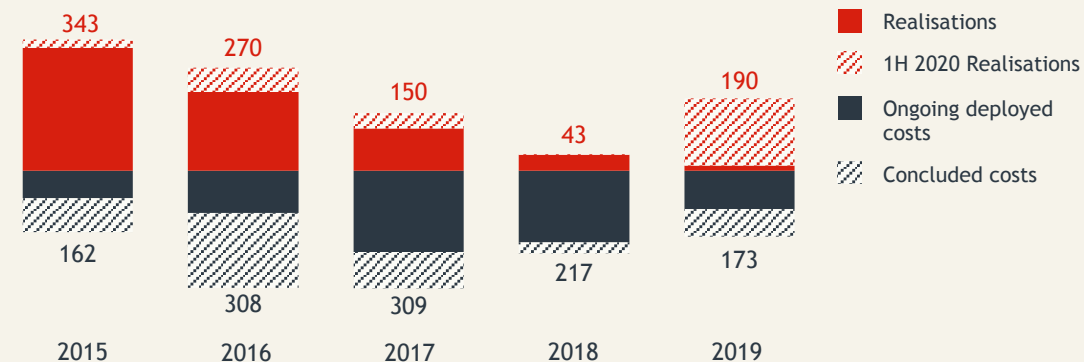
**Significant acceleration of realisations**

Group-wide realisations  
(\$ in millions)



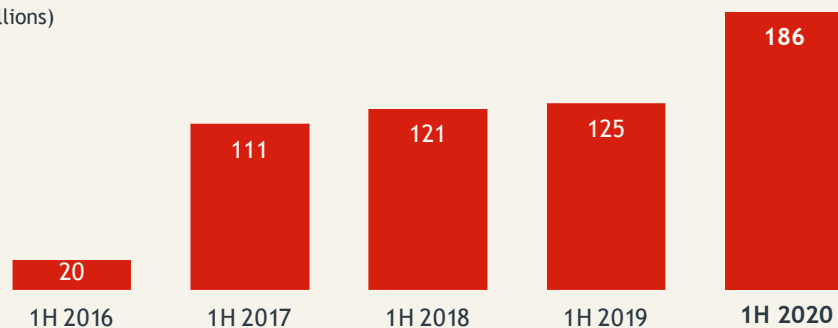
**Capital provision-direct realisations by vintage**

Burford balance sheet only  
(\$ in millions)



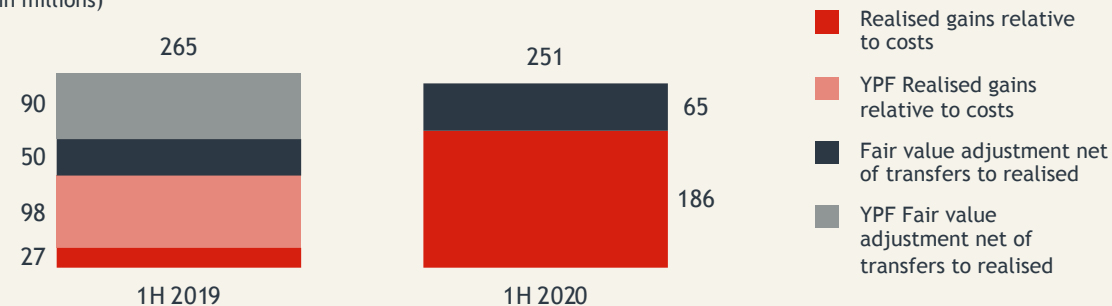
**Realised gains**

Burford balance sheet only  
(\$ in millions)



**Composition of income on capital provision assets**

Group-wide  
(\$ in millions)



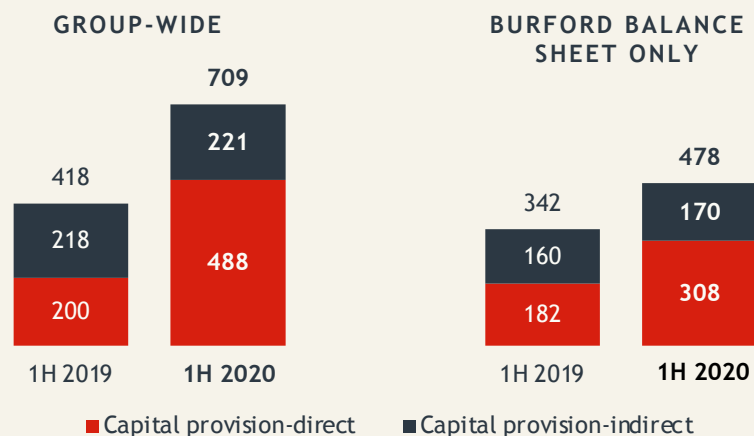
- Of 1H 2020 total capital provision income, capital provision-direct assets comprised:
  - 73% from realised gains (1H 2019: 44%)
  - None from YPF-related assets (1H 2019: 70%)

## Realisations accelerated in 1H 2020, especially in the capital provision-direct portfolio

- While some courts and some cases have seen delays because of Covid-19, others continue to function and produce decisions

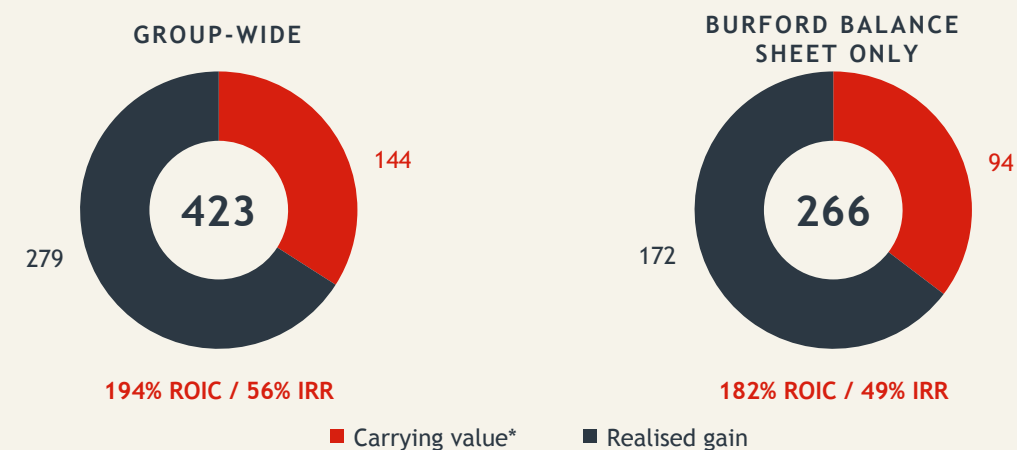
### Capital provision realisations

(\$ in millions)



### Realisations from group of 10 related assets in 1H 2020

(\$ in millions)



### Capital provision-indirect

- Realisations from 4 assets during 1H 2020 despite pandemic:
  - 70% of portfolio at 31 December 2019 turned into cash
  - Demonstrates medium-term liquidity available from this strategy

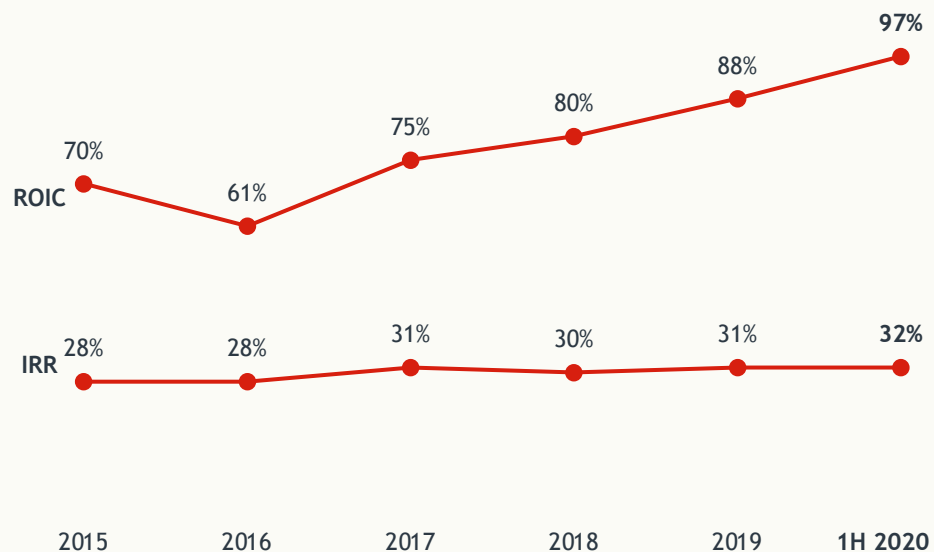
### Capital provision-direct

- Realisations from 31 assets Group-wide during 1H 2020
- Key driver of realisations in H1 2020 was a large set of 10 related assets (18 underlying cases) on which, in 1H 2020, we won final judgments that have been steadily turning into cash in 2H 2020
- Capital provision-direct realisations provided \$308 million of Burford balance sheet only cash and receivables in 1H 2020

*1H 2020 realisations increased cumulative returns, with little impact on concluded asset tenors*

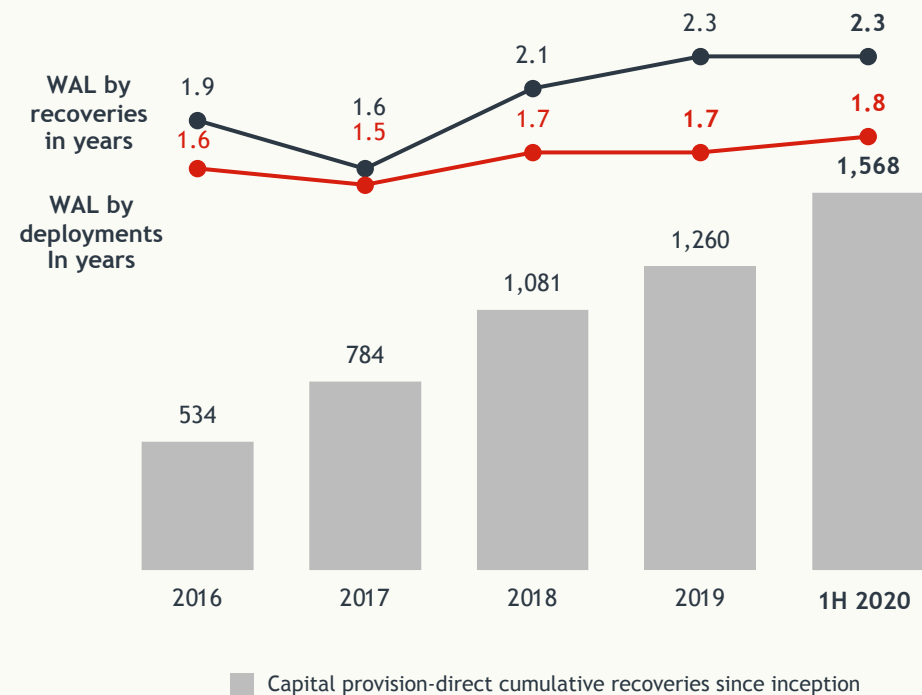
**Capital provision-direct**

Burford balance sheet only  
Portfolio returns—concluded (fully and partially) portfolio



**Capital provision-direct**

Burford balance sheet only  
Weighted average life of concluded (fully and partially) portfolio  
(\$ in millions)



*Realisations in 1H 2020 reaffirmed Burford's ability to deliver outsized results*

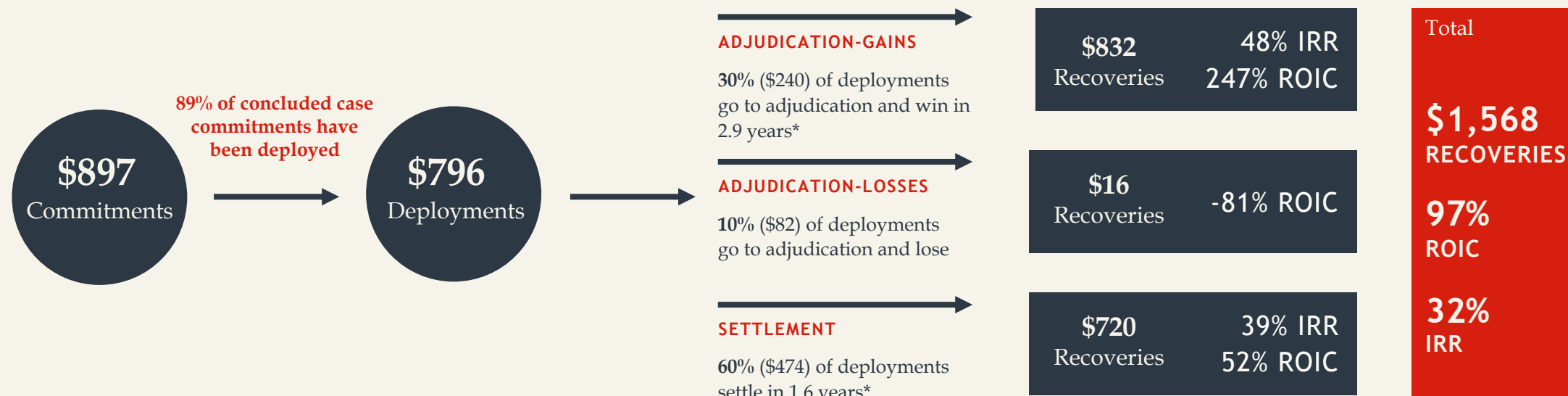
- Cumulative recoveries from adjudication-gains now at \$832 million, up 49% from 31 December 2019
- Burford has produced positive outcomes across 90% of its deployments by cost

**Capital provision-direct assets**

Burford balance sheet only

Fully and partially concluded assets from inception through 1H 2020

(\$ in millions)



\* Average life weighted by recoveries

ATTRACTIVE RETURNS

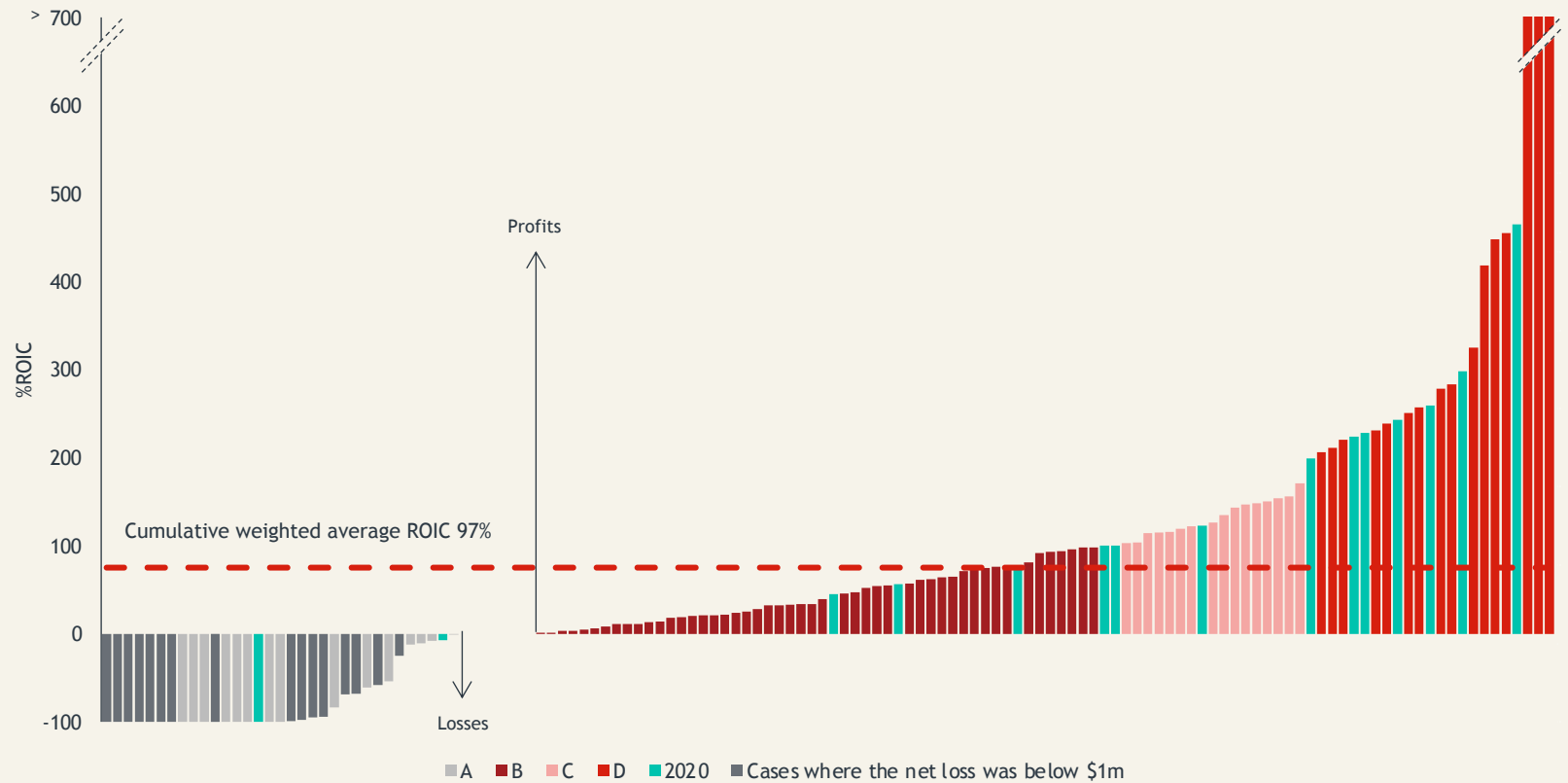
*Asymmetric returns on adjudications drive attractive total returns*

- Realisations during 1H 2020 included a number with outsized returns
  - Six matters produced ROICs of greater than 200% (and one more was at 199%)
  - Since inception, 22 matters have generated ROICs greater than 200%
- 1H 2020 performance reaffirms Burford’s business model of repeated production of outsized successes combined with more modest but profitable settlements

**Concluded (fully and partially) capital provision-direct assets**

Burford balance sheet only—arrayed by ROIC (%)  
(\$ in millions)

A		B		C		D		Total	
0% or less ROIC		0 to 99% ROIC		100 to 199% ROIC		Greater than 200% ROIC			
Deployed:	Profit:	Deployed:	Profit:	Deployed:	Profit:	Deployed:	Profit:	Deployed:	Profit:
<b>\$108</b>	<b>(\$74)</b>	<b>\$473</b>	<b>\$140</b>	<b>\$113</b>	<b>\$141</b>	<b>\$102</b>	<b>\$565</b>	<b>\$796</b>	<b>\$772</b>
14% of total	(9%) of total	59% of total	18% of total	14% of total	18% of total	13% of total	73% of total		



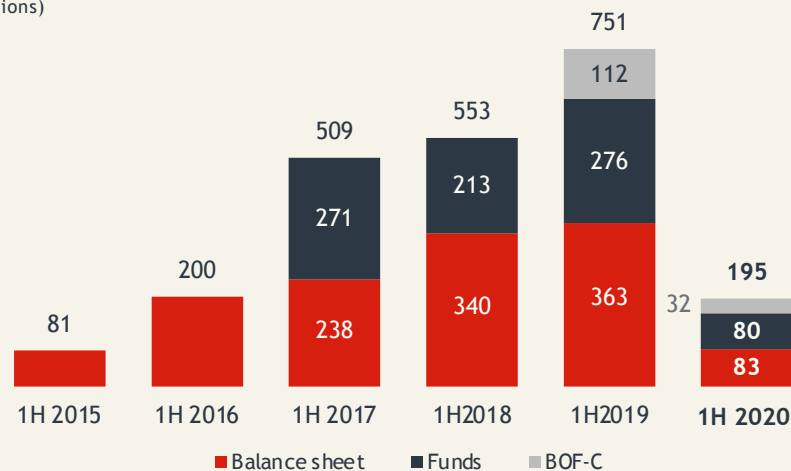


## Commitments and deployments down in 1H 2020 because of pandemic; pipeline rebuilding in 2H 2020

- Disruption to clients' operations and Burford's disciplined approach in an uncertain environment slowed new commitments dramatically
- Deployments also slowed, but not as much because of deployments on prior commitments
- Environment has somewhat stabilised in 2H 2020 and pipeline is re-building
  - Capital provision-indirect likely to remain quiet given M&A environment

### Group-wide new commitments

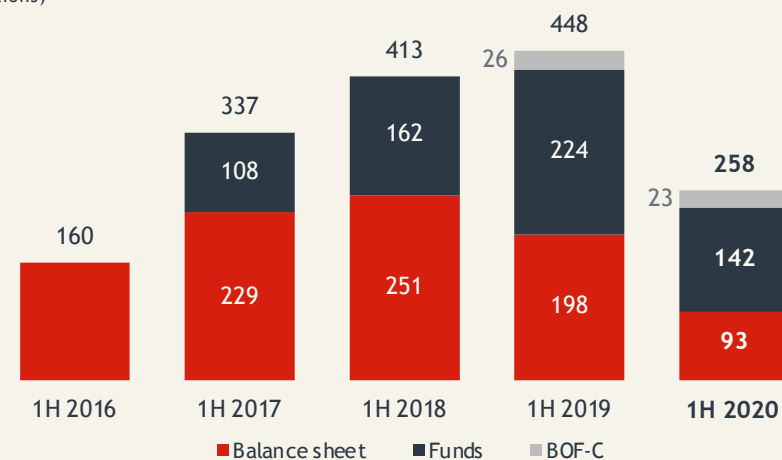
(\$ in millions)



1H 2020 (\$ in millions)	Balance sheet	BOF-C	Other funds	Group-wide total
Capital provision-direct	57	32	27	116
Capital provision-indirect	26	-	10	36
Post-settlement	-	-	43	43
<b>TOTAL</b>	<b>83</b>	<b>32</b>	<b>80</b>	<b>195</b>

### Group-wide new deployments

(\$ in millions)



1H 2020 (\$ in millions)	Balance sheet	BOF-C	Other funds	Group-wide total
Capital provision-direct	67	23	31	121
Capital provision-indirect	26	-	10	36
Post-settlement	-	-	101	101
<b>TOTAL</b>	<b>93</b>	<b>23</b>	<b>142</b>	<b>258</b>

## Portfolio case progress fuelled substantial income and a moderate increase in unrealised gains in 1H 2020

### VALUATION POLICY RELIES ON OBJECTIVE EVENTS

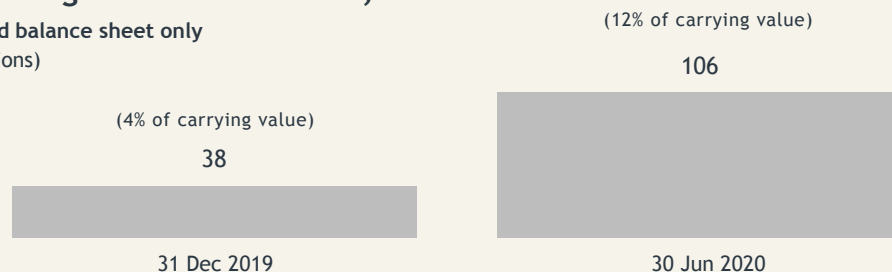
- Third-party events, such as a secondary sale or market-observed price
  - No change to YPF-related valuation during 1H 2020
- Case milestones:
  - pre-trial rulings
  - trial court judgments
  - judgment on first appeal
  - exhaustion of appeals
  - arbitration tribunal awards

### UNREALISED GAINS DURING 1H 2020

- No unrealised gains were taken on the YPF-related assets during 1H 2020
- Capital provision-direct unrealised gains net were \$68 million during 1H 2020 reflecting positive case progress
- Increase in unrealised gains to be expected as portfolio matures, since most fair value gains occur late in the life of a case

#### Unrealised gain on capital provision-direct assets, excluding YPF-related assets,

Burford balance sheet only  
(\$ millions)



### FAVOURABLE CASE PROGRESS DROVE SUBSTANTIAL 1H 2020 INCOME

- On 28 April 2020, Burford reported significant portfolio progress in the year so far
- During 1H 2020, from the 7 matters referenced on 28 April, Burford's balance sheet:
  - On final matters:
    - o Already realised \$272 million vs \$300 million of ultimate cash receipts
    - o Already recognised \$176 million vs \$200 of ultimate potential income
  - On earlier stage matters, already recognised \$42 million of unrealised gains

#### Realised gains and fair value adjustments during period ended 30 June 2020

Capital provision-direct matters referenced in 28 April 2020 trading update  
(\$ in million)

	Estimates as included in the April 28, 2020 trading update*		During 1H 2020			
	Potential ultimate cash receipts	Potential ultimate income	Realisations	Realised gain	Unrealised gain	Income
<b>Group-wide total</b>	800	500	436	283	67	350
<b>Balance sheet only</b>						
<b>Final matters</b>	300	200	272	173	3	176
<b>Earlier stage matters</b>	150	100	-	-	42	42
<b>TOTAL BALANCE SHEET ONLY</b>	<b>450</b>	<b>300</b>	<b>272</b>	<b>173</b>	<b>45</b>	<b>218</b>

\* All numbers are approximate

## 1H 2020 delivered strong cash receipts despite the market environment

- Burford generated \$224 million of cash receipts on its balance sheet
  - Underpinned by proceeds from capital provision-indirect portfolio – a source of medium-term liquidity
  - Second-highest cash receipts ever for a first half period despite COVID-19 pandemic
  - Cash receipts covered operating expenses and finance costs by more than three times
  - Cash available for deployment exceeded actual deployments by 60%
- \$281 million of due from settlement receivables at 30 June 2020 expected to provide additional cash in 2H 2020

### 1H 2020 cash receipts on Burford’s balance sheet only

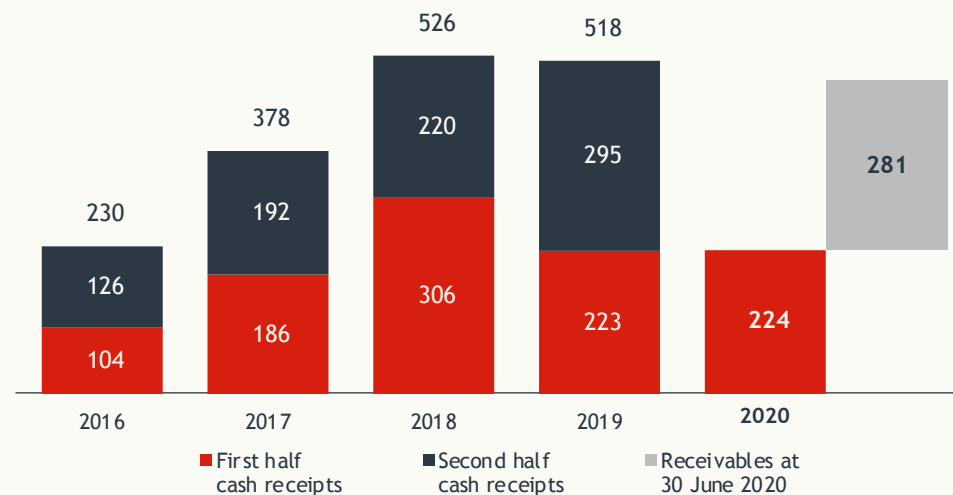
(\$ in millions)

Cash proceeds from capital provision-direct	46
Cash proceeds from capital provision-indirect	170
Cash asset management income	8

**CASH RECEIPTS GENERATED FROM OPERATIONS 224**

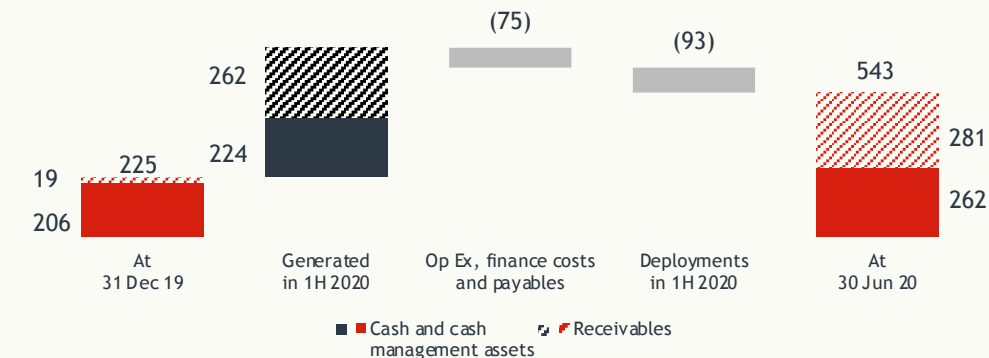
### Annual cash receipts - Burford balance sheet only

(\$ in millions)



### Cash generated during 1H 2020—Burford balance sheet only

(\$ in millions)



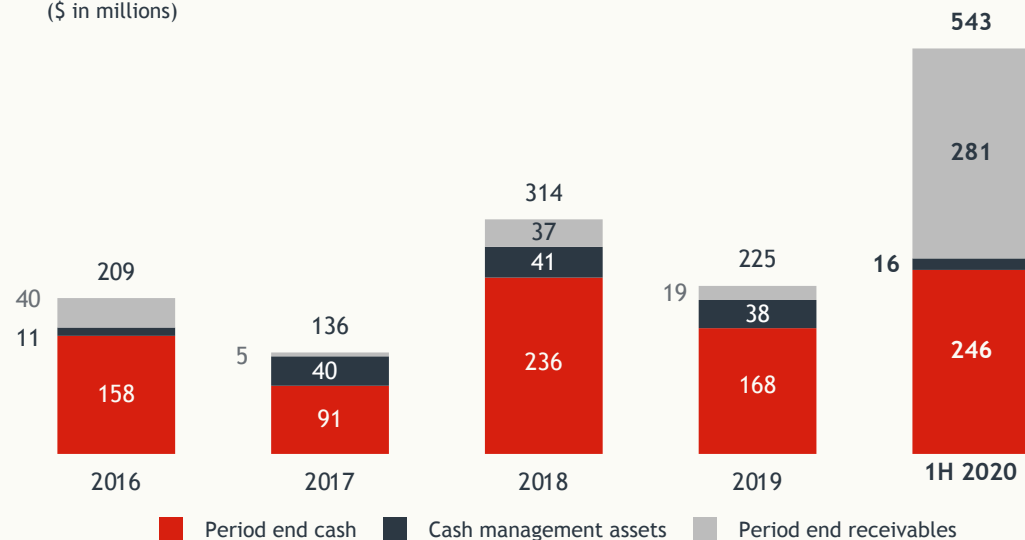
## Burford's substantial sources of liquidity are complemented by a conservative debt structure

### IMMEDIATE LIQUIDITY

- At 30 June 2020:
  - As it has historically, Burford maintained large immediately available liquidity balances
  - Burford had an even higher amount of receivables which, based on historical experience, are likely to resolve into cash relatively soon
    - \$86 million of these receivables had been collected as cash as of 15 September 2020
- At 15 September 2020:
  - Burford's balance sheet had \$316 million of liquidity

#### Liquidity—Burford balance sheet only

(\$ in millions)



\* Weighted by recoveries

### CONSERVATIVE DEBT STRUCTURE

- Burford has maintained its debt ratings at Ba3 (Positive) by Moody's and BB- (Stable) by S&P
- Burford's debt maturities are considerably longer than its expected asset lives

#### Maturity of balance sheet debt outstanding

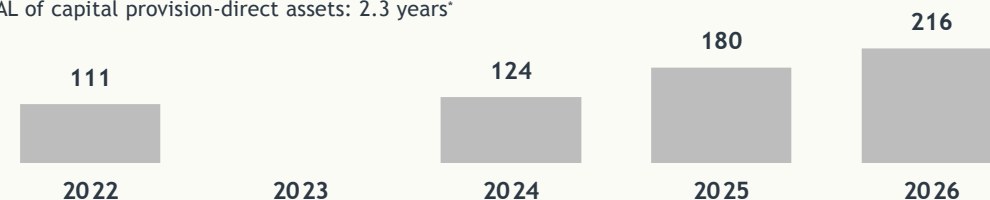
Burford balance sheet only

(Converted to USD at 30 June 2020 exchange rates)

(\$ in millions)

WAL of debt: 4.9 years

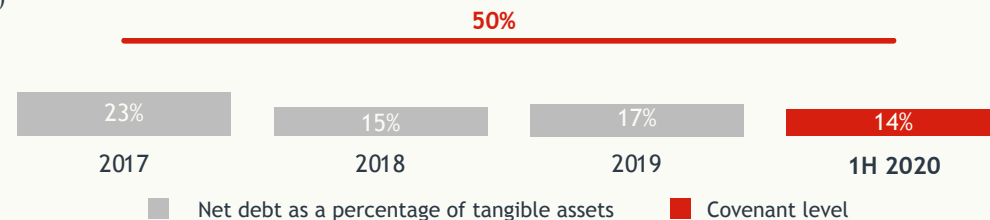
WAL of capital provision-direct assets: 2.3 years\*



- Burford's leverage ratio is modest and well below covenant requirements

#### Consolidated net debt/tangible assets

(%)



*Burford has outperformed in a difficult environment***Key per share statistics**

	US\$	£*
Profit after tax (diluted) for 1H 2020	\$0.69	£0.53
Net asset value at 30 June 2020	\$7.86	£6.09
Share price at 29 September 2020	\$7.40	£5.74
Price / 1H 2020 annualised profit after tax (diluted)		5.4x
Price / 1H 2020 net asset value		.94x

- Recent vintage realisations are occurring
- Case successes are driving significant realised gains
- Returns rose again and remain consistently attractive
- Unrealised gains increased with case progress, though still modest
- Cash generation continues to be robust
- Liquidity is ample and will grow as receivables continue to be paid
- Balance sheet is strong
- Environment dampened new business
  - Disciplined approach to exposures and operating expenses
  - New business expected to rebound

\* At exchange rate of \$1.29 per £1.00 on 29 September 2020

Supplementary data.

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## RECONCILIATION OF BURFORD-ONLY RESULTS TO CONSOLIDATED FINANCIAL STATEMENTS

**Statement of comprehensive income for the half year ended 30 June 2020**

AS OF 30 JUNE 2020	Consolidated IFRS \$'000	Elimination of third-party interests* \$'000	Burford balance sheet only \$'000	Other adjustments** \$'000	Burford balance sheet only (adjusted) \$'000
Capital provision income	260,524	(9,397)	251,127	-	251,127
Asset management income	4,351	3,278	7,629	-	7,629
Insurance income	623	-	623	-	623
Services income	180	-	180	-	180
Cash management income & bank interest	(1,964)	(70)	(2,034)	-	(2,034)
Foreign exchange gains/(losses)	(4,648)	(27)	(4,675)	-	(4,675)
Third-party share of gains relating to interests in consolidated entities	(4,274)	4,274	-	-	-
<b>TOTAL INCOME</b>	<b>254,792</b>	<b>(1,942)</b>	<b>252,850</b>	<b>-</b>	<b>252,850</b>
Operating expenses	(41,664)	1,200	(40,464)	5,262	(35,202)
Amortisation of intangible asset	(4,747)	-	(4,747)	4,747	-
<b>OPERATING PROFIT</b>	<b>208,381</b>	<b>(742)</b>	<b>207,639</b>	<b>10,009</b>	<b>217,648</b>
Finance costs	(19,766)	-	(19,766)	-	(19,766)
<b>PROFIT BEFORE TAX</b>	<b>188,615</b>	<b>(742)</b>	<b>187,873</b>	<b>10,009</b>	<b>197,882</b>
Taxation	(37,164)	742	(36,422)	-	(36,422)
<b>PROFIT AFTER TAX</b>	<b>151,451</b>	<b>-</b>	<b>151,451</b>	<b>10,009</b>	<b>161,460</b>
Other comprehensive income	33,436	-	33,436	-	33,436
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>184,887</b>	<b>-</b>	<b>184,887</b>	<b>10,009</b>	<b>194,896</b>

\* The eliminated amounts arise from the services provided by the Group to the consolidated entities as investment manager and the Group's investment as a limited partner in consolidated entities. Accordingly, these adjustments and eliminations do not have an effect on the net income or total net assets of Burford.

\*\* Other adjustments exclude the impact of amortisation of intangible asset and of operating expenses incurred related to (i) one-time expenses related to equity and listing matters and (ii) case-related legal fees not included in asset cost under IFRS, and are shown to assist in understanding the underlying performance of the Company.

## RECONCILIATION OF BURFORD-ONLY RESULTS TO CONSOLIDATED FINANCIAL STATEMENTS

***Financial position for the half year ended 30 June 2020***

AS OF 30 JUNE 2020	Consolidated IFRS \$'000	Elimination of third-party interests* \$'000	Burford balance sheet only \$'000
<b>Assets</b>			
Cash and cash equivalents	260,313	(13,816)	246,497
Cash management assets	15,957	-	15,957
Other assets	11,852	5,191	17,043
Due from settlement of capital provision assets	286,509	(5,833)	280,676
Capital provision assets	1,909,118	(204,275)	1,704,843
Equity securities	18	-	18
Tangible fixed assets	17,877	-	17,877
Intangible asset	3,956	-	3,956
Goodwill	133,936	-	133,936
Deferred tax asset	6,564	-	6,564
<b>TOTAL ASSETS</b>	<b>2,646,100</b>	<b>(218,733)</b>	<b>2,427,367</b>

AS OF 30 JUNE 2020	Consolidated IFRS \$'000	Elimination of third-party interests* \$'000	Burford balance sheet only \$'000
<b>Liabilities</b>			
Loan interest payable	9,061	-	9,061
Other liabilities	41,526	(1,017)	40,509
Loan capital	625,625	-	625,625
Capital provision asset subparticipations	14,077	(5,847)	8,230
Third-party interests in consolidated entities	211,869	(211,869)	-
Deferred tax liabilities	23,142	-	23,142
<b>TOTAL LIABILITIES</b>	<b>925,300</b>	<b>(218,733)</b>	<b>706,567</b>
<b>TOTAL NET ASSETS</b>	<b>1,720,800</b>	<b>-</b>	<b>1,720,800</b>

\* The eliminated amounts arise from the services provided by the Group to the consolidated entities as investment manager and the Group's investment as a limited partner in consolidated entities. Accordingly, these adjustments and eliminations do not have an effect on the net income or total net assets of Burford.



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