



24 March 2021

## BURFORD CAPITAL REPORTS RECORD 2020 REALIZED GAINS AND STRONG CASH GENERATION

Burford Capital Limited, the leading global finance and asset management firm focused on law, today announces its final audited financial results for the twelve months ended December 31, 2020 ("FY 2020"). Burford's complete annual report and IFRS accounts are available at [http://www.rns-pdf.londonstockexchange.com/rns/3533T\\_1-2021-3-24.pdf](http://www.rns-pdf.londonstockexchange.com/rns/3533T_1-2021-3-24.pdf) or from the Burford website: [www.burfordcapital.com/shareholders](http://www.burfordcapital.com/shareholders).

### Highlights<sup>1</sup>

- Best year in Burford's history for portfolio performance: Significant acceleration of asset recoveries, with Group-wide capital provision-direct asset realizations up 72% to \$608 million (2019: \$354 million)
  - Highest-ever Burford-only capital provision net realized gains, up 42% to \$182 million
  - Large realized gains in Burford's managed funds, with Group-wide capital provision-direct income reaching a record \$508 million – managed fund realized gains provide the base for significant future performance fees
- Robust cash generation: \$1 billion in cash receipts Group-wide and \$519 million Burford-only
  - Record balance sheet liquidity at year-end, with \$336 million of cash and cash management assets, up 63% (2019: \$206 million)
  - \$254 million of receivables from June 30, 2020 were collected as cash in 2H 2020
- Portfolio continued to grow, to \$4.5 billion (2019: \$4.2 billion) for 5-year CAGR of 52%, despite pandemic impact on originations, significant 2020 realizations and downsizing of capital provision-indirect portfolio
  - Balance sheet net assets up 11% to \$1.7 billion
- Attractive returns from realized assets in Burford-only capital provision-direct portfolio
  - Cumulative ROIC of 92% (2019: 88%) and IRR of 30% (2019: 31%) recognized on an aggregate \$1.6 billion of asset recoveries since Burford's inception in 2009
- Dividend restored to its pre-pandemic level of 12.5c per share; full dividend to be paid in June 2021 despite not paying an interim dividend in December 2020, subject to shareholder approval
- Consolidated total income of \$357 million (2019: \$366 million)
  - Burford-only total income of \$353 million (2019: \$357 million), only 1% lower despite the pandemic



- Excluding income from YPF-related assets, Burford-only total income up 110% and operating profit up 226%
- Operating profit of \$249 million (2019: \$265 million), reflecting modestly higher general operating expenses consistent with ongoing growth strategy, current expenses of managing funds where performance fees should be earned in the future, and NYSE-listing and other equity-related costs
- Profit after tax of \$172 million (2019: \$212 million) impacted by a book tax charge of \$37 million though cash taxes were only \$11 million
- CEO/CIO employment agreements extended to December 31, 2024 with no increase in compensation; CEO/CIO commitment to buy more than \$2 million in aggregate of additional stock with their 2020 bonus, bringing their personal investment in Burford to more than \$14 million over the last two years

<sup>1</sup> *Burford-only figures for total income and certain other metrics in this release are non-IFRS measures that exclude third-party interests in consolidated entities, and are shown to assist understanding of the underlying performance of the Company. These adjustments and eliminations do not have an effect on operating profit, profit before tax or profit after tax. Certain definitions are provided below.*

**Sir Peter Middleton, Chairman of Burford, commented:**

“2020 was historic for both the scale of the global economic downturn as well as Burford’s record \$337 million of realizations on its balance sheet from its core litigation finance portfolio. Additionally, the board continued to implement its plan to evolve Burford’s corporate governance, appointing three highly skilled independent non-executive directors, including our first female board member. In October, we successfully added a New York Stock Exchange listing to the pre-existing London Stock Exchange quotation of our shares and bonds. On my retirement at our 2021 AGM, Steve Wilson will become Chairman, in line with the Company’s plan.”

**Christopher Bogart, Chief Executive Officer of Burford, added:**

“For the first time, Burford crossed the half-billion-dollar mark for Group-wide income, generating record amounts of realized gains. We brought in more cash from case successes than ever before, amounting to \$1 billion Group-wide, and we ended the year with more cash on hand and liquidity than we have ever had. Cumulatively, our return on invested capital since inception of 92% is at its highest ever year-end level on \$1.6 billion of recoveries. Our portfolio of ongoing matters is larger than at any point in our history and we have succeeded in growing it at a five-year compound annual rate exceeding 50%. We look to the remainder of 2021 with excitement.”



## Financial Summary

A financial summary of Burford's non-IFRS results is set out below. As usual, this financial summary is presented without third-party interests in Burford's consolidated entities in order to assist understanding of the underlying performance of the Company. These adjustments and eliminations do not have an effect on operating profit, profit before tax or profit after tax.

	<b>2020</b>	<b>2019</b>	<b>% change</b>
	\$'000	\$'000	
Capital provision income	314,030	316,780	
Asset management income	24,484	26,130	
Services and other income	14,543	13,800	
<b>Total income</b>	<b>353,057</b>	<b>356,710</b>	<b>-1%</b>
Operating expenses and amortization of intangible asset	(104,124)	(91,564)	
<b>Operating profit</b>	<b>248,933</b>	<b>265,146</b>	<b>-6%</b>
Finance costs	(40,298)	(39,622)	
<b>Profit before tax</b>	<b>208,635</b>	<b>225,524</b>	<b>-7%</b>
Taxation	(36,937)	(13,417)	
<b>Profit after tax</b>	<b>171,698</b>	<b>212,107</b>	<b>-19%</b>

## Investor and Analyst Conference Call

Burford will host a conference call for investors and analysts at 10.00am EDT / 2.00pm GMT / 3.00pm CET on Wednesday March 24, 2021.

Burford encourages investors and analysts to pre-register for dedicated audio webcast access via: <https://www.investis-live.com/burfordcapital/6005ae659a138810004477f3/mfnd>.

The dial-in number for the conference call is +1 646 664 1960 (US local) / +44 (0)20 3936 2999 (UK local) / +44 (0)20 3936 2999 (all other locations) and the access code is 998125.

An accompanying presentation will be available on the Burford Capital website: <http://www.burfordcapital.com/shareholders>.



A replay facility will be available until Wednesday April 7, 2021 by dialling +1 845 709 8569 (US local) / +44 (0)20 3936 3001 (UK local) / +44 (0)20 3936 3001 (all other locations) and using the replay access code 473530.

### **Definitions and use of alternative performance measures**

We report our financial results under International Financial Reporting Standards (“IFRS”). IFRS requires us to present financials that consolidate some of the limited partner interests in funds we manage as well as assets held by our balance sheet where we have a partner or minority investor. We therefore refer to various presentations of our financial results, and funding configuration, as:

- *Consolidated* refers to assets, liabilities and activities that include those third-party interests, partially owned subsidiaries and special purpose vehicles that we are required to consolidate under IFRS accounting. This presentation conforms to the presentation of Burford on a consolidated basis in our financials. The major entities where there is also a third-party partner in or owner of those entities include the Strategic Value Fund, BOF-C (our arrangement with a Sovereign Wealth Fund) and several entities in which Burford holds investments where there is also a third-party partner in or owner of those entities. Note that in our financial statements, our consolidated presentation is referred to as Group.
- *Burford standalone, Burford-only, Burford balance sheet only, “balance sheet”* or similar terms refers to assets, liabilities and activities that pertain only to Burford itself, excluding any third-party interests and the portions of jointly owned entities owned by others.
- *Group-wide* refers to Burford and its managed funds taken together, including those portions of the funds owned by third parties and including funds that are not consolidated into Burford’s annual consolidated financials. In addition to the consolidated funds, Group-wide includes the Partners funds (our first three core litigation finance funds), Burford Opportunity Fund and Burford Alternative Income Fund and its predecessor.

We refer to our capital provision assets in two categories:

- *Direct*, which includes all our legal finance assets (including those generated by asset recovery and legal risk management activities) that we have made directly (i.e., not through participation in a fund) from our balance sheet. We also include direct (not through a fund) complex strategies assets in this category.
- *Indirect*, which includes our balance sheet’s participations in one of our funds. Currently, this category is comprised entirely of our position in the Burford Strategic Value Fund.

We also use certain Alternative Performance Measures (“APMs”), which are not presented in accordance with IFRS, to measure the performance of certain of our assets including:

- *Return on invested capital (ROIC)* is a measure of financial performance calculated by comparing the absolute amount of realizations from a concluded asset relative to the amount of expenditure incurred in funding that asset, expressed as a percentage figure. In this release, when we refer to our concluded case ROIC, we are referring to the ROIC on concluded and partially concluded capital provision direct assets on Burford’s balance sheet since the inception



of the company until the current date.

- *Compound annual growth rate (CAGR)* is the annual rate of return that would be required for a sum to grow from its beginning balance to its end balance, assuming reinvestment at the end of each year.

Our business activities include:

- *Legal finance*, which includes our traditional core litigation finance activities in which we are providing clients with financing against the future value of legal claims. It also encompasses our asset recovery and legal risk management activities, which often are provided to the same clients.
- *Complex strategies* encompasses our activities providing capital as a principal in legal-related assets, often securities, loans and other financial assets where a significant portion of the expected return arises from the outcome of legal or regulatory activity. Most of our complex strategies activities over the past several years have been conducted through our Strategic Value Fund.
- *Post-settlement finance* includes our financing of legal-related assets in situations where litigation has been resolved, such as financing of settlements and law firm receivables.
- *Asset management* includes our activities administering the funds we manage for third-party investors.

Other terms we use include:

- *Cash receipts* provide a measure of the cash that Burford's capital provision assets generate during a given year as well as cash from certain other fees and income. In particular, cash receipts represent the cash generated from capital provision assets, including cash proceeds from realized assets and related hedging assets, plus cash income from asset management fees, services and other income, before any deployments into funding existing or new assets.
- *Commitment* is the amount of financing we agree to provide for a legal finance asset. Commitments can be definitive (requiring us to provide funding on a schedule, or more often, when certain expenses are incurred) or discretionary (only requiring us to provide funding after reviewing and approving a future matter). Unless otherwise indicated, commitments include deployed cost and undrawn commitments.
- *Deployment* refers to the funding provided for an asset, which adds to Burford's invested cost in that asset. We use the term interchangeably with addition.
- *Deployed cost* is the amount of funding we have provided for an asset as of the applicable point in time.
- *Liquidity* refers to the amount of cash and cash management assets on our balance sheet.
- *Portfolio* refers to the total amount of our capital provision and post-settlement assets, valued at deployed cost plus any fair value adjustments and any undrawn commitments.
- *Realization*: A legal finance asset is realized when the asset is concluded (when litigation risk has been resolved). A realization will result in Burford receiving cash or, occasionally, some other asset or recognizing a due from settlement receivable, reflecting what Burford is owed on the asset. We use the term interchangeably with recovery.
- *Realized gain/loss* refers to the total amount of gain or loss generated by a legal finance asset when it is realized, calculated simply as realized proceeds less deployed funds, without regard for any previously recognized fair value adjustment.



- *YPF-related assets* refers to our Petersen and Eton Park legal finance assets, which are two claims relating to Argentina's nationalization of YPF, the Argentine energy company.

For additional information, including reconciliations of our non-IFRS financial measures to the corresponding IFRS figures, see our Annual Report on Form 20-F for the year ended December 31, 2020 filed with the US Securities and Exchange Commission on March 24, 2021.

**For further information, please contact:**

**Burford Capital Limited**

Jim Kilman, Chief Financial Officer

+1 (917) 985 9840

Robert Bailhache, Head of Investor Relations, EMEA and Asia - [email](#)

+44 (0)20 3530 2023

Jim Ballan, Head of Investor Relations, Americas - [email](#)

+1 (646) 793 9176

**Numis Securities Limited** - NOMAD and Joint Broker

+44 (0)20 7260 1000

Kevin Cruickshank (NOMAD)

Charlie Farquhar / Jonathan Abbott (Joint Broker)

**Jefferies International Limited** - Joint Broker

+44 (0)20 7029 8000

Graham Davidson

Tony White

**About Burford Capital**

Burford Capital is the leading global finance and asset management firm focused on law. Its businesses include litigation finance and risk management, asset recovery and a wide range of legal finance and advisory activities. Burford is publicly traded on the New York Stock Exchange (NYSE: BUR) and the London Stock Exchange (LSE: BUR), and it works with companies and law firms around the world from its principal offices in New York, London, Chicago, Washington, Singapore and Sydney.

For more information, please visit [www.burfordcapital.com](http://www.burfordcapital.com).

**This communication shall not constitute an offer to sell or the solicitation of an offer to buy any ordinary shares or other securities of Burford.**

**This release does not constitute an offer of any Burford fund.** Burford Capital Investment Management LLC ("BCIM"), which acts as the fund manager of all Burford funds, is registered as an investment adviser with the U.S. Securities and Exchange Commission. The information provided herein is for informational purposes only. Past performance is not indicative of future results. The information contained herein is not, and should not be construed as, an offer to sell or the solicitation of an offer to buy any securities (including, without limitation, interests or shares in the funds). Any such offer or solicitation may be made only by means of a final confidential Private Placement Memorandum and other offering documents.

**Forward-looking statements**



This announcement contains “forward-looking statements” within the meaning of Section 21E of the US Securities Exchange Act of 1934 regarding assumptions, expectations, projections, intentions and beliefs about future events. These statements are intended as “forward-looking statements”. In some cases, predictive, future-tense or forward-looking words such as “aim”, “anticipate”, “believe”, “continue”, “could”, “estimate”, “expect”, “forecast”, “guidance”, “intend”, “may”, “plan”, “potential”, “predict”, “projected”, “should” or “will” or the negative of such terms or other comparable terminology are intended to identify forward-looking statements, but are not the exclusive means of identifying such statements. In addition, we and our representatives may from time to time make other oral or written statements which are forward-looking statements, including in our periodic reports that we file with the US Securities and Exchange Commission, other information sent to our security holders, and other written materials. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and are based on numerous assumptions and that our actual results of operations, including our financial condition and liquidity and the development of the industry in which we operate, may differ materially from (and be more negative than) those made in, or suggested by, the forward-looking statements contained in this report. Significant factors that may cause actual results to differ from those we expect include those discussed under “Risk Factors” in our Annual Report on Form 20-F filed with the US Securities and Exchange Commission on March 24, 2021. In addition, even if our results of operations, including our financial condition and liquidity and the development of the industry in which we operate, are consistent with the forward-looking statements contained in this release, those results or developments may not be indicative of results or developments in subsequent periods.

Except as required by law, we undertake no obligation to update or revise the forward-looking statements contained in this release, whether as a result of new information, future events, a change in our views or expectations or otherwise.