

# Tricor Group's CEO Lennard Yong on Riding the Firm's USD2.8 Billion Wave into the Future

In November last year, corporate and business services company Tricor Group, was acquired by funds affiliated with Baring Private Equity Asia, one of Asia's largest private alternative investment firms. The seller was Permira, the global private equity firm that itself took control of Tricor in 2017. The latest deal values Tricor at a whopping USD2.76 billion, testament to the dramatic growth achieved in the past several years. Lennard Yong is CEO of Tricor Group, having assumed that role in January 2018. In this role, he is responsible for the group's strategy and commercial operations of Tricor that today spans 21 markets with more than 2,600 employees, mainly in Asia Pacific, as well as in London and with offices across many offshore centres. He also oversaw the BPEA acquisition from start to finish. Hubbis 'met' with him in December to learn more of Tricor's current activities and plans in Asia, to hear how Permira in the past five years had been an outstanding partner in helping Tricor's significant achievements, to hear how he and his teams are now working with BPEA on the next phases of growth, and to hear how he manages to keep up some of his hobbies and family life despite the pressures of the pandemic and the sale to BPEA.

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**LENNARD YONG**  
Tricor Group

**Founded in 2000**, Tricor is Asia's leading business expansion specialist, with global knowledge and local expertise in business, corporate, investor, human resources & payroll, corporate trust & debt services, and governance advisory. Tricor is a trusted partner to some 50,000 clients globally (including more than 40% of the Fortune Global 500 companies), helping companies and entrepreneurs to establish and expand their businesses into new jurisdictions. Every day, more than 2,800 staff in 21 markets and jurisdictions form the foundation of this leading Asian enterprise.

### **Dramatic growth and great potential**

Lennard tells us: "The deal is an exciting one for us at Tricor Group, with the new shareholders set to help continue our transformational growth story. The management partnership with Permira has been invaluable in our journey since 2016. We grew revenues 2X and EBITDA at 2.5X during this period and I am extremely grateful for the commitment, trust and support of the Tricor leaders, staff, clients, and partners. We are already enjoying

working with BPEA and I am confident that our new partnership will enable Tricor to drive further significant growth and reach even greater heights."

### **Two decades of growth**

Lennard reminds us that the origins of Tricor back in 2000 were originally under the Bank of East Asia which took control of the corporate services businesses of Deloitte, then EY and PwC.

"Fast forward from the year 2000 to 2017 and Tricor Group has a major footprint, across most, but not quite all, of Asia," he says. "At that time, we were mainly corporate company secretarial and services, we did some inbound FDI work into Japan, Korea, China, and the firm had a business services or accounting services and payroll, and a small share registry services operation in Hong Kong and Malaysia. From 2017 until the November deal, we grew the earnings by about 2.5 times and revenues by about 200%, with the expansion supported for the last roughly five years by Permira, who provided us a significant degree of empowerment, support in areas of technology and a shared service centre, and also, I think, the right type of environment and encouragement to go beyond what we might have thought possible."

### **Four key segments and growth drivers**

Mining into the critical areas of development since January 2018 when he joined, Lennard reports that the strategic decisions were all based around the key priorities for value creation. "We saw that our background was a huge client base involved in four core segments," he reports."

Number one was China outbound, which he reports means Chinese corporations looking at Belt and Road investments into Hong Kong and Singapore and far beyond. "This is actually a relatively new piece of business that probably grew in the last seven years since the Belt and Road emerged in 2013, and is all about the global expansion of China Inc," he reports.

The second involves mostly US and European multinationals coming to Asia. For example, he explains that when Tesla wanted to enter the Japanese market, then Tricor basically helped set them up, create their accounting, payroll, incorporation, and so forth. etc.

The third core area is more than 20,000 Asia corporations who are either multinational or going that way, across Hong Kong, Malaysia, Singapore, and other countries, including names such as AirAsia, DBS Bank, CapitaLand, Maxims, New World Development and many others. The fourth core segment is listed company registry work in Hong Kong and Malaysia, and to some extent in Singapore, with a client list of over 2000 publicly traded companies.

### **Centred on Asia**

"When Permira came along some years ago, we could have gone global, but we decided to become the number one in Asia only, which proved the right decision," he reports. "We also saw early on that we were at the early stages of technology, disruption, we wanted to be ahead of the curve, so we made some fairly massive investments in digital, robotics, and also establishing a shared service centre, allowing us to grow fast but control costs, so our EBITDA margins grew sharply. We spent

on M&A to expand the footprint, for example into markets such as Indonesia, New Zealand and Korea.”

He explains that during his tenure they also brought together a very good management team. “As different specialists and expertise arrived, we basically managed to evolve the organisation without causing major hiccups,” he reports. “It was kind of like changing the engine while you’re still driving the car. That says so much about our key people, and we are after all very much in a people business.”

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### Private equity and Tricor – an ideal fit

Lennard also comments on why private equity has been so immersed in their segment. “Our business sector is particularly interesting to a lot of sponsors from the world of private equity because it’s really a unique segment of the market,” he explains. “We have user-friendly regulations, very high free cash flow convertibility from EBITDA, and very high recurring incomes. There is a lot of predictability in revenues as we have an extensive client base, and there are retainers as well as recurring income, so this provides an ideal platform for private funding and leveraged buyouts.”

### Looking ahead

The time is now right, Lennard also explains, for a review of the

strategies for the years ahead. “We now think it is important to pause, reflect, and really to better understand the preferences, and the direction for the business and where the new controlling shareholder wants to head, so we can adjust course accordingly,” he reports. “For example, digital and technology have not yet really dramatically changed this sector yet, but they will and there’s a lot of value creation yet to arrive with the advent of technology as it starts to really take off in our businesses.”

He adds that unlike many of the competitors, who might be in some segments but not others, Tricor is generally very much agnostic in terms of the types of products that they are willing to service, so long as they are administrative, and the revenues are recurring in nature.

### Solid and reliable as well as rapid growth

He points to a client attrition rate of a mere 2.4% annualised in dollar value during the past roughly five years but offset quite dramatically by enhanced and new revenues from existing and new clients.

“We provide corporate services, and the clients grow and expand,” he reports. “So, when a client such as Tesla, for example, starts up in Asia, within a few years they expand themselves and sometimes take some of the services back from us





and in-house. That is a natural cycle. But on the other hand, our clients are incredibly sticky, for example in our family office business, many of our clients have been with us for a decade or two. We actually did some research with PwC and found that in Hong Kong and in Singapore, after seven years, more than 90% of the revenues still remain with us from that cohort of clients.”

He explains that Tricor also tracks and then expands within key business themes, for example in wealth management and other circles focusing on building on

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services in governance, risk and compliance, corporate trust, and also in areas such as private family trusts, employee benefits trusts and others. “We are selective in terms of ensuring the business segments have growth and potential. For example, a lot of our clients get referred to us following significant wealth generation events that they’ve experienced through an IPO or M&A, and that has helped employee benefits trusts and private family trusts become one of the best performers for us in 2021, and we are growing in that space.”

### **Well diversified**

As to markets, jurisdictions and offices, he adds that Tricor is a very well diversified company nowadays, able to absorb geopolitical change, some of which are good for the business. “We used to bring a lot of manufacturers into Greater China, and in the last three or four years,

for example, we’ve actually helped more than 25 solar manufacturers, who may have previously considered China as a place for FDI and manufacturing, but that have instead opted for Vietnam, where our office has been growing at over 20% a year. Hong Kong has had some negatives, but much of the business is driven by China outbound, the IPO market is China outbound, the wealth management spaces is China outbound, and actually we have grown our IPO administration work in the double digits out of Hong Kong, which remains a robust growth centre for us.”

### **The ‘power of we’**

He closes the discussion by remarking that he attributes a lot of the success of Tricor to the ‘power of we’, which centres around the sponsorship of Permira during the past five years, and the concomitant drive and efforts amongst Tricor management. “There is sometimes a negative sentiment around private equity, but I can genuinely say it has been a remarkably positive experience for all of us,” he reports. “We have worked incredibly hard, it has been tough at times, but we are all beneficiaries of the wealth creation and of the value creation that we’ve achieved together. I can go further, and say that without private equity working with us, our progress might have been much slower or less successful, but we have fast-tracked change and evolution and, well, the results are clear for all.” ■

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## Getting Personal with Lennard Yong

Lennard Yong joined Tricor Group, Asia's leading business expansion specialist, in January 2018 as the Group CEO and Managing Director. In this role, he is responsible for the Group's strategy and commercial operations of Tricor that spans across 21 markets with more than 2,600 employees mainly in Asia Pacific, London and the offshore centres, and has overseen the USD2.76 billion purchase by Permira and BPEA from start to finish, and remains committed to the next phase of the group's expansion.

Prior to Tricor, his international experience spanned across financial services in Insurance, Asset Management and Banking having worked and lived in Australia, Asia and Europe for global financial services companies – ING Group, MetLife and FTLife. He has held CEO roles in these financial services companies and in his corporate experience managed: turnaround situations, setting up a joint-venture, mergers and acquisition, and the divestment of a USD2 billion company in 2012.

Lennard is an active contributor to the Hong Kong financial services industry. He was an advisor between 2014 – 2018 to the HK government's Insurance Advisory Committee, the former Chairman of the HK Federation of Insurers – Life Insurance Council and a current member of the Board of Governors of the American Chamber of Commerce (HK).

His professional accreditations include memberships at the Institute of Chartered Accountants (Australia) and Fellow CPA (Australia). He attended a Harvard Business School corporate program in 2015, IMD (Lausanne) corporate programme in 2007. He has a Master of Commerce and a Bachelor of Business degree from two universities in Australia.

He has for several years called Hong Kong his permanent home, although he is no doubt a global citizen having lived in Australia and Europe with experience working for public companies and private equity firms from China, UK, US and Australia. He first moved to Hong Kong in December 2004 to kick off the international stage of his career as regional finance manager for ING Asia-Pacific at that time.

In the years that followed through to the global financial crisis, Yong recalls that he witnessed the rapid growth of ING to its peak of EUR1.3 trillion in assets, by when he was working for the group CFO in Amsterdam as Chief of Staff, giving him a remarkable bird's eye view of the world. "I had a great view of the peak and then the crisis that followed, all of which is well documented," he recalls. "He then returned to Hong Kong as the CFO for ING Hong Kong, becoming CEO in 2011 before overseeing the sale of ING Hong Kong to Pacific Century Group in 2012/early 2013, a deal he recalls that generated about a roughly USD1 billion profit for the shareholders.

Yong is married with two children, a daughter who graduated with a Bachelor of Law from Bristol University in the UK - she's currently working as a paralegal – and a son who is now in his first year at the University of New South Wales, Australia studying engineering.

Spare time is spent with his wife enjoying mid-level activity such as hiking and walks, and the occasional mountain biking when he has time. "I actually bought myself a road bike for Christmas," he reports, "which is proving good exercise during this time when we cannot travel so much. It also helps with keeping fit and allows me to indulge my newer hobby of cooking, experimenting with chocolate and chocolate fudge over Christmas, for example.

When travel resumes, he wants to visit Kuala Lumpur, where his elderly father lives, and where his wife's mother resides. "We haven't seen them for about two years," he says, "and that is far too long. After that and other family visits, we can think about other destinations, but family comes first."