

# KBW VIRTUAL INVESTOR PRESENTATION

December 2020



PRIVATE & CONFIDENTIAL

STRATEGY | INNOVATION | EXPERTISE



A history of success  
A future of opportunity

A leading non-life global specialty insurance company

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1. Who We Are
2. What We Do
3. How Have We Done
4. What Have We Accomplished In 2020



# OUR LEADERSHIP TEAM



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**Ken Randall**  
*Executive Chairman*



**William Spiegel**  
*Deputy Executive Chairman*



**Alan Quilter**  
*Group CEO*



**Tom Solomon**  
*Group CFO*



**Paul Corver**  
*Head of Legacy M&A*



**Mike Walker**  
*Head of Legacy Operations*



**Colin Johnson**  
*CEO of European Program Management*



**Todd Campbell**  
*CEO of US Admitted Program Management*



**Pat Rastiello**  
*CEO of US E&S Program Management*

Finance

Actuarial

Risk

Legal

IT

HR

Internal Audit

Company Secretarial

Compliance

# WHO WE ARE

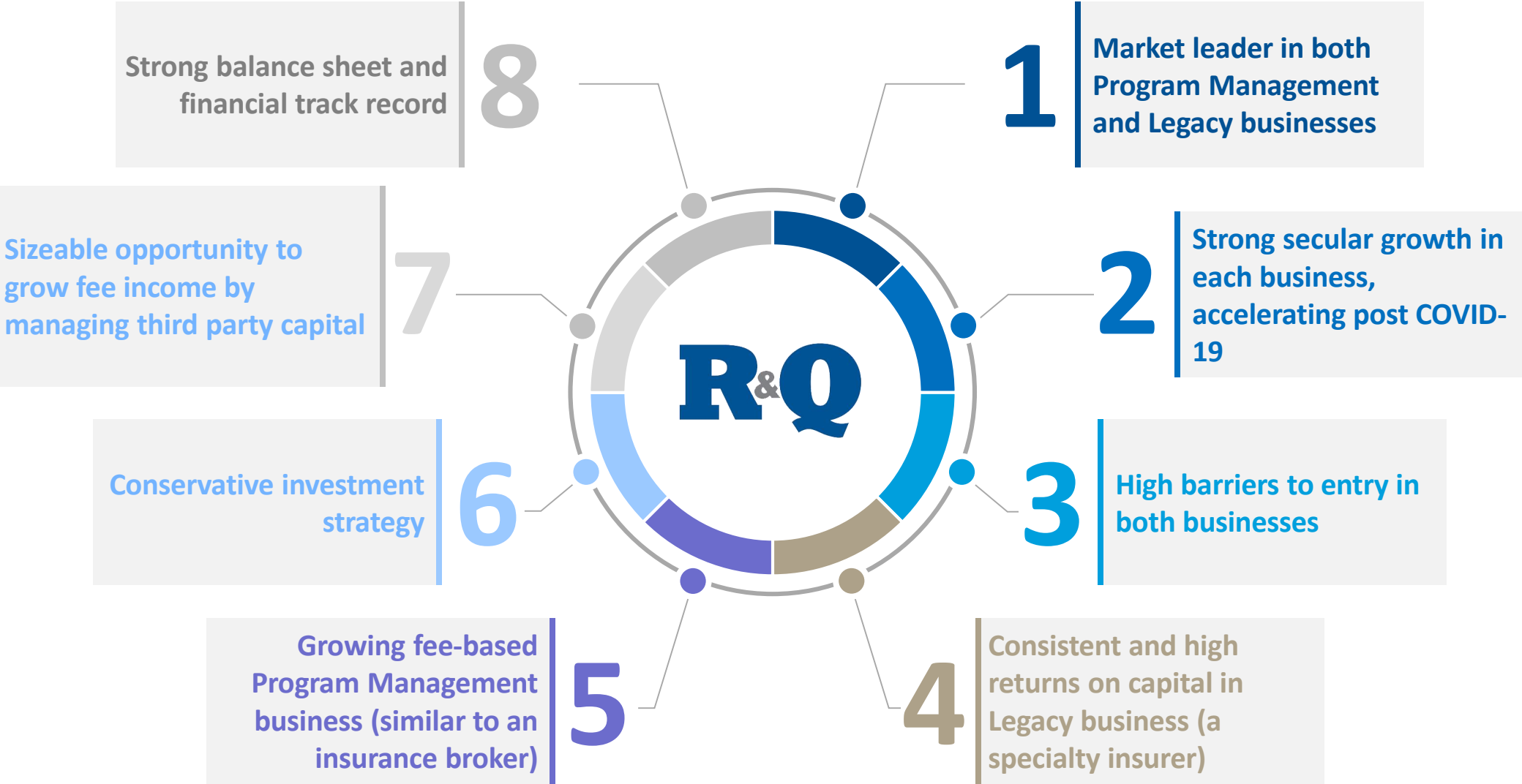


# WE ARE A UNIQUE SPECIALTY INSURANCE COMPANY



Program Management and Legacy Insurance businesses are both well positioned to capitalise on favorable market dynamics

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# WE ARE A DIVERSE WORKFORCE WITH ~300 EMPLOYEES



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# WHAT WE DO

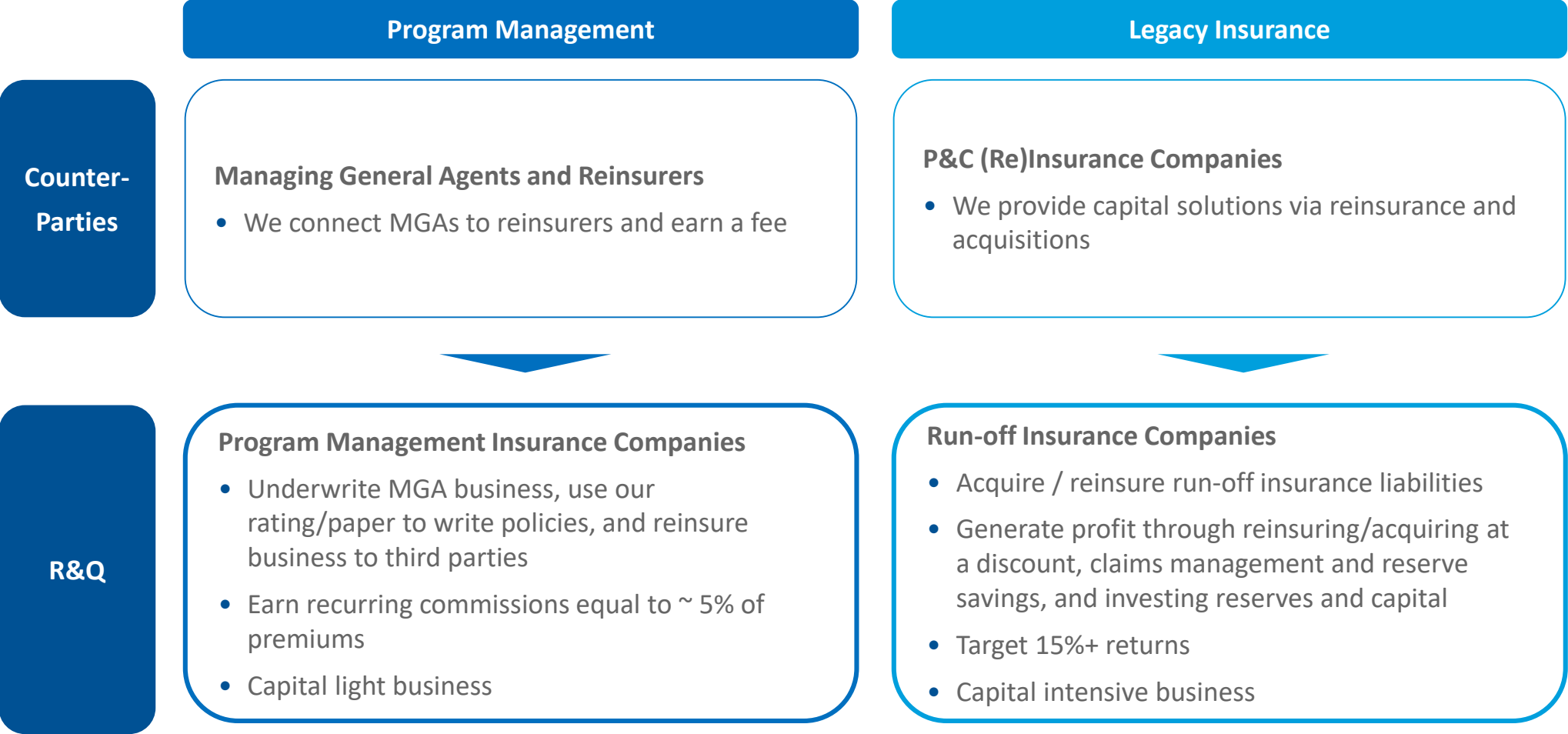


# OUR SPECIALTY BUSINESSES ARE KEY COMPONENTS OF THE INSURANCE MARKET



Program Management is a fee-based capital light business; Legacy is a balance sheet intensive specialty insurance business

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# WE ARE IN TWO VERY LARGE AND GROWING MARKETS



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	Market Size	Industry Growth Outlook	R&Q Positioning
Program Management	~\$100b of MGA premium across the US, UK and Europe	↑ Growing demand for independent Program Management from MGAs	✓ Major player in Europe, UK and US
Legacy Insurance	~\$800b of run-off liabilities globally	↑ Important component of capital management for (re)insurance companies	✓ Global solutions provider (acquisitions or reinsurance)

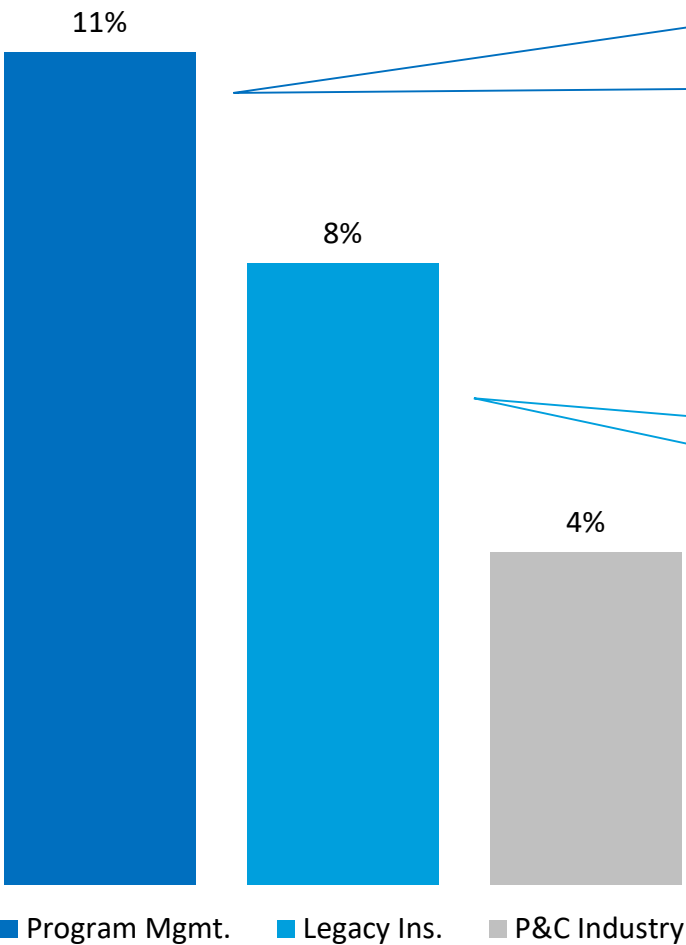
Note: US MGA premiums from AON, UK premiums from Clyde & Co, European premiums estimated based on market research. Legacy global market runoff liabilities (2018-2019) PwC.

# OUR MARKETS ARE GROWING FASTER THAN THE OVERALL P&C MARKET



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## Industry Growth over Underwriting Cycle



### Program Management

- ✓ Rise of MGAs seeking reinsurance capacity and reinsurers seeking strong underwriting
- ✓ Increasing number of MGAs, including InsurTech
- ✓ Growing demand for consistent and reliable coverage from program partners
- ✓ No conflict between program partners and underlying MGA clients

### Legacy Insurance

- ✓ Higher regulatory capital charges (Solvency II, Lloyds, etc.) diluting solvency ratios
- ✓ Low interest rates pressuring ROEs
- ✓ De-risking of under-reserved / volatile casualty lines
- ✓ Need for capital to finance M&A transactions

Note: Program US MGA premiums (2010-2018) from TMPAA; Legacy global market runoff liabilities (2018-2019) PwC; P&C net premiums (2010-2019) from SNL.

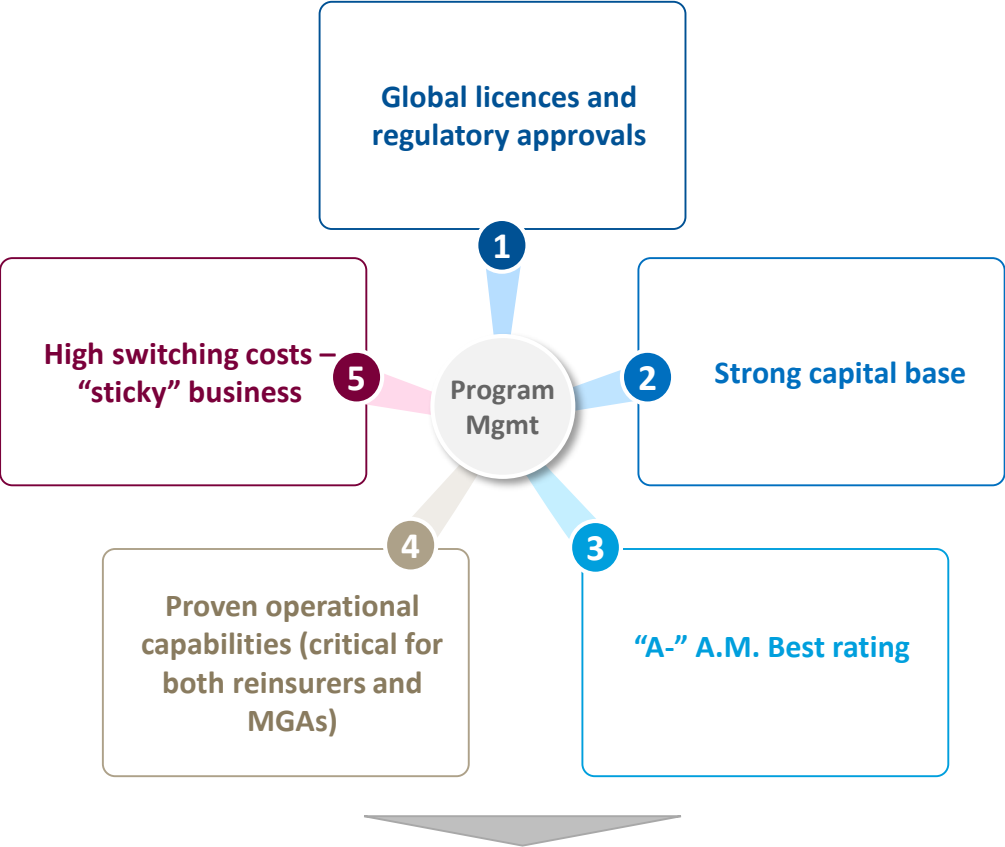
# THERE ARE HIGH BARRIERS TO ENTERING OUR BUSINESSES



We are well established in high growth markets which require meaningful infrastructure to compete

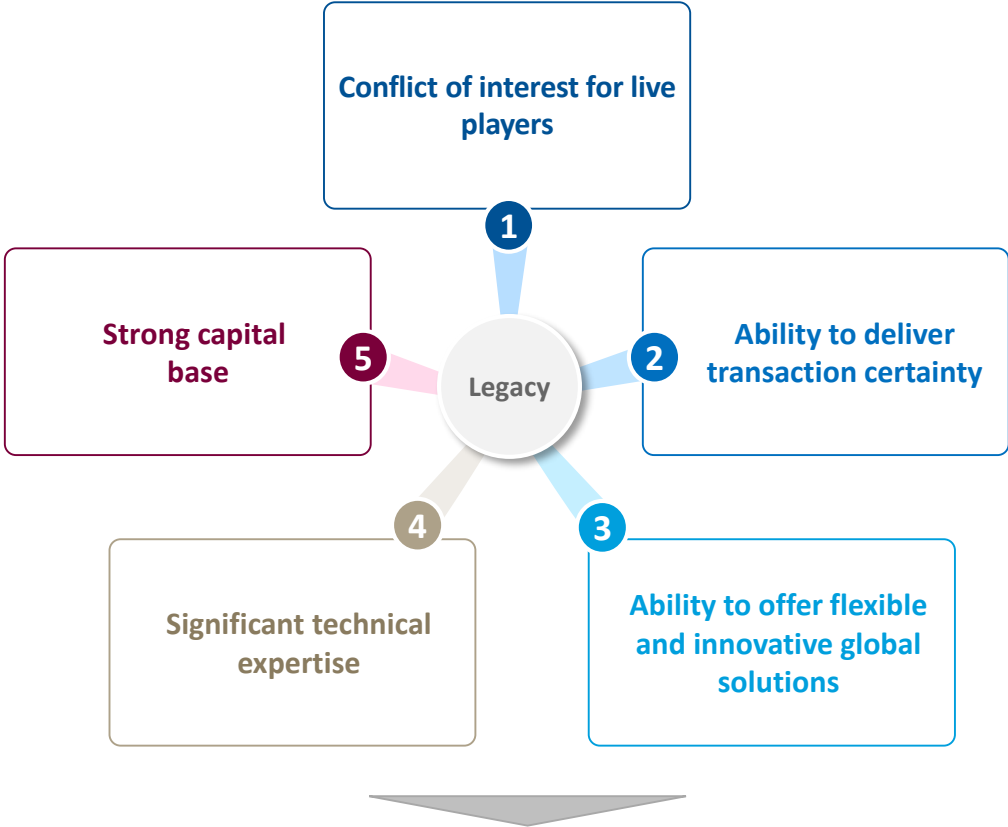
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## Program Management



**Our Positioning – Only Program Manager providing A-rated capacity in each of US, UK and Europe**

## Legacy Insurance



**Our Positioning – Broad platform including rated and fully licensed insurers in US, UK, Europe as well as Lloyds and Bermuda capabilities**

## Industry Post COVID Growth Outlook

### Program Management

- ↑ Premium and commission revenue renewing at higher prices due to “hardening” insurance market
- ↑ Growing pipeline due to reduced capital support for existing MGAs from their current capital providers
- ↑ Increasing demand by MGA’s for US E&S capacity

### Legacy Insurance

- ↑ COVID-19 negatively impacting reserves of certain products
- ↑ Monetary policy is expected to keep interest rates low, pressuring investment returns
- ↑ Direct writers seek to free up capital backing run-off businesses in order to take advantage of the hard market
- ↑ Cash strapped self-insurers need access to liquidity

# HOW HAVE WE DONE



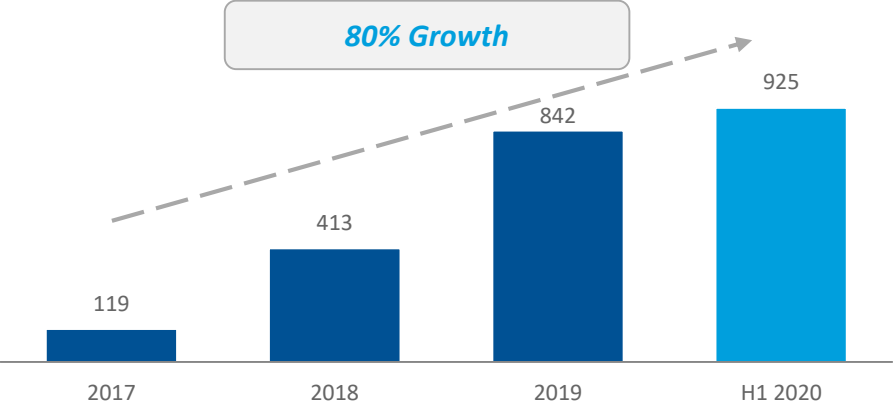
# PROGRAM MANAGEMENT HAS SHOWN SUSTAINED YEAR OVER YEAR GROWTH



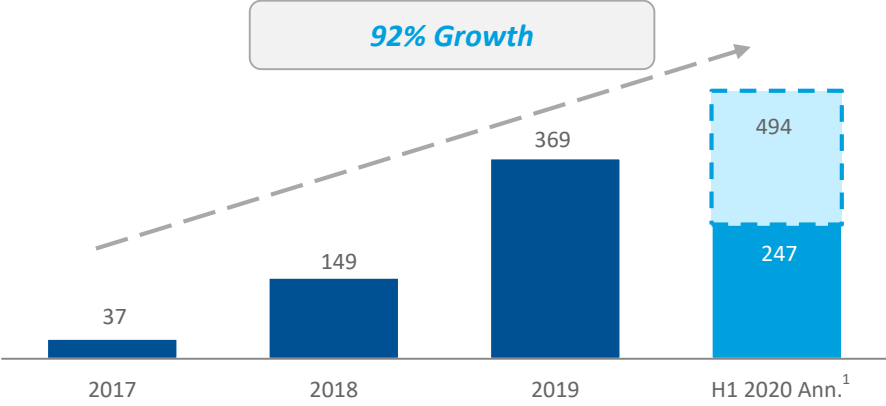
Premium and Commission Revenue are growing; high percentage of future Commission Revenue should convert to profit

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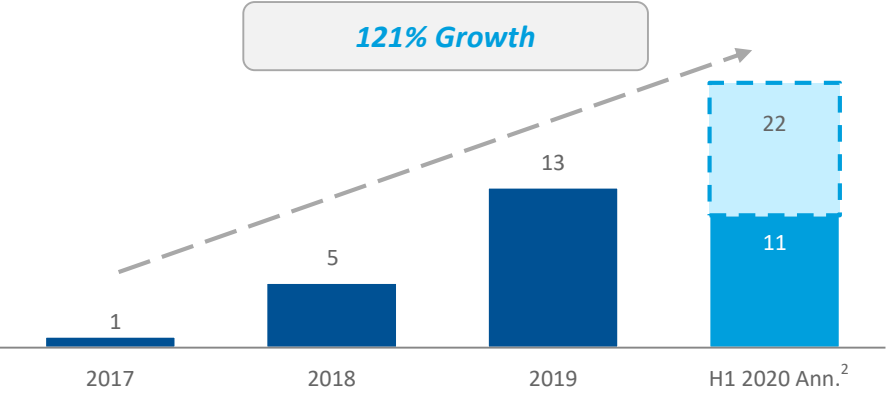
## Contracted Premium (\$m)



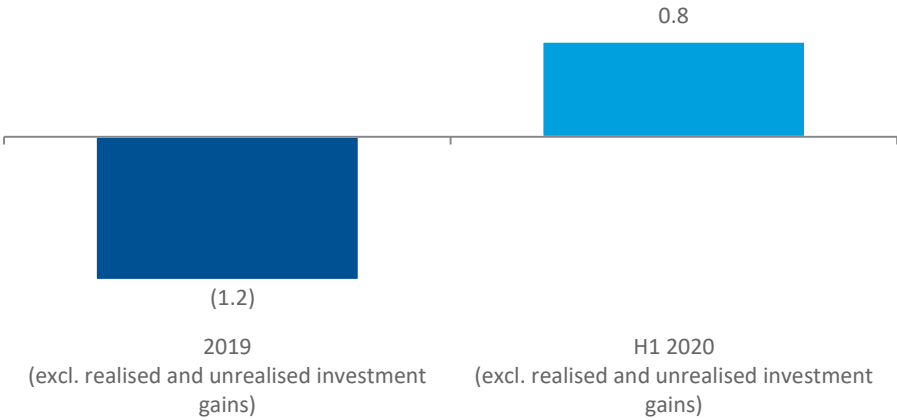
## Gross Written Premium (\$m)



## Annual Recurring Written Commissions (\$m)



## Economic EBITDA (\$m)



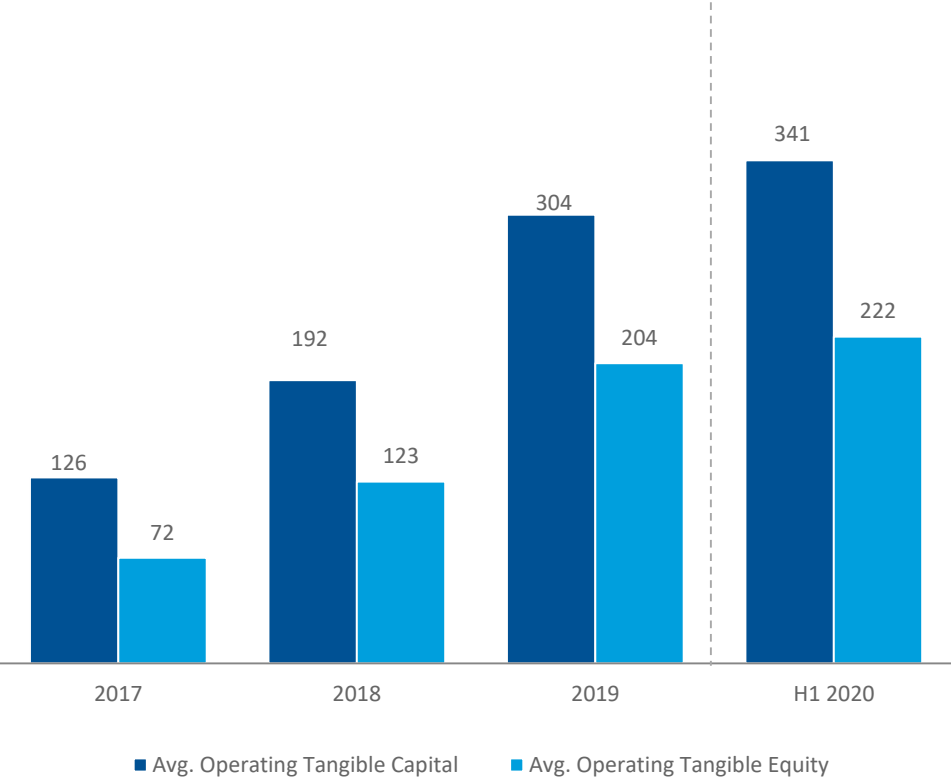
1. H1 2020 Gross Written Premium of \$247m; H1 2020 annualised Gross Written Premium of \$494m  
2. H1 2020 Annual Recurring Written Commissions of \$11m; H1 2020 annualised Annual Recurring Written Commissions of \$22m  
Note: 2019 Economic EBITDA has been restated to exclude realised and unrealised investment gains. See End Notes in Financial Information section of the presentation

# LEGACY INSURANCE 5-YEAR OPERATING RoTC/ RoTE IS 16.3% / 21.4%

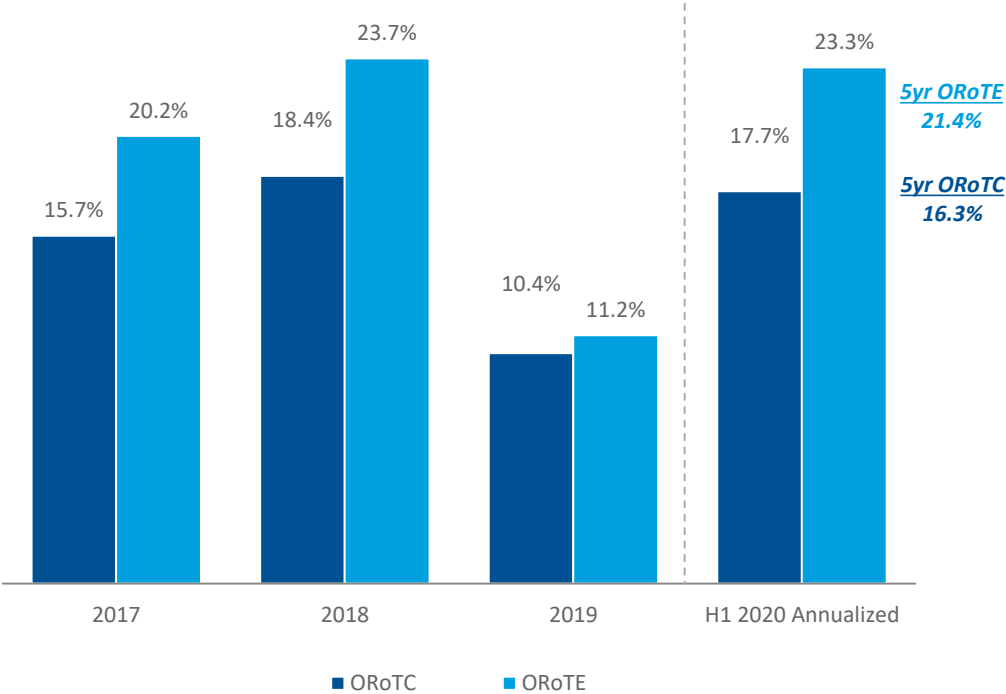


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Average Operating Tangible Capital and Equity (£m)



Operating Return on Tangible Capital and Equity (%)



Note: Historical Operating Return on Tangible Capital / Equity exclude realised and unrealised investment gains and FX.

# WHAT HAVE WE ACCOMPLISHED IN 2020

OUR STRONG H1 FINANCIAL AND BUSINESS RESULTS REFLECT OUR MOMENTUM



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Group

£10.4m

Pre-Tax Operating Profit  
(30% increase vs H1 2019)

£771.8m

Cash and Investments  
(5% increase vs YE 2019)

£394.7m

Total Equity  
(37% increase vs YE 2019)

£151.5p

NAV per Share  
(3% increase vs YE 2019)

Program Management

36

Active Programs  
(38% increase vs H1 2019)

\$924.9m

Contracted Premium  
(95% increase vs H1 2019)

\$10.7m

Economic Commission Income  
(88% increase vs H1 2019)

Legacy Insurance

9

Transactions Completed  
(13% increase vs H1 2019)

£267.3m

Net Reserves Acquired  
(81% increase vs H1 2019)

17.7%

Operating Return on Tangible Capital  
(4pp increase vs H1 2019)

# WE HAVE CONTINUED TO STRENGTHEN OUR PLATFORM IN 2020



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## Strengthened Capital Base

- Raised \$100m of equity and over \$100m of debt, increasing group solvency
- Capital used for new branches, E&S platform and Legacy transactions

## Bolstered Management Team

- Strengthened management team
  - Deputy Executive Chairman
  - Group CFO
  - CEO of US E&S Lines
  - Group CHRO

## Expanded Footprint & Capabilities

- Launched US E&S program company
- Invested in growing MGA, securing program fees and adding EBITDA
- Opened UK branch as a Brexit solution and an Italian branch
- Licensed to write third party reinsurance in Bermuda

## Resilience Through COVID

- Minimal disruptions in operations
- Delays in completing and implementing some transactions

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