

Investor Presentation

First Half 2020



PRIVATE & CONFIDENTIAL

STRATEGY | INNOVATION | EXPERTISE



A history of success
A future of opportunity

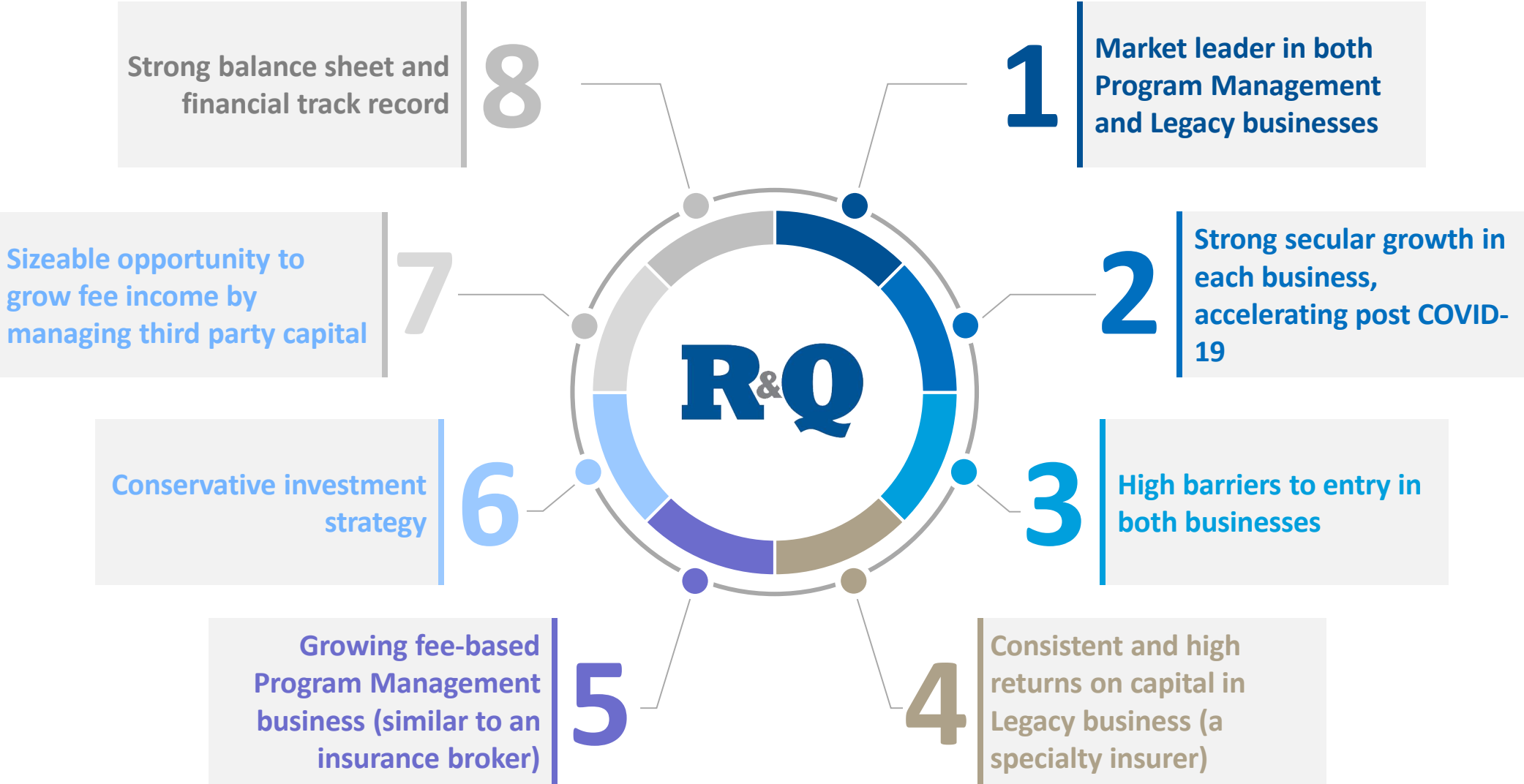
A leading non-life global specialty insurance company

WE ARE A UNIQUE GLOBAL SPECIALTY INSURANCE COMPANY



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

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H1 2020 RESULTS

IN 2020 WE STRENGTHENED OUR PLATFORM AND GREW OUR BUSINESS



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Platform		Business	
Strengthened Capital Base	<ul style="list-style-type: none"> Raised \$100m of equity, increasing group solvency Capital used for new branches, E&S platform and Legacy transactions 	Group	<ul style="list-style-type: none"> Pre-Tax Operating Profit up 30% Profit Before Tax of £0.6m Interim distribution of 3.8p per share in cash; distributions paid every period since our listing
Bolstered Management Team	<ul style="list-style-type: none"> Strengthened management team <ul style="list-style-type: none"> Deputy Executive Chairman Group CFO CEO of US E&S Lines 	Program Management	<ul style="list-style-type: none"> Contracted Premium and GWP grew to a record of \$924.9m and \$494.4m (annualised) Economic Commission Revenue of \$10.7m and Economic EBITDA of \$0.8m, both highest ever Added 4 new programs with ~\$200m of Contracted Premium post H1 Capturing benefit of rate hardening
Expanded Footprint & Capabilities	<ul style="list-style-type: none"> 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 	Legacy	<ul style="list-style-type: none"> Record number of deals (9) and acquired Net Reserves (£267.3m) Operating Return on Tangible Capital/Equity of 17.7%/23.3% (5-year Returns of 16.3%/21.4%) Completed deals with blue-chip counterparties: RenRe, Allianz, Houston International Seeing increased demand for legacy solutions
Resilience Through COVID	<ul style="list-style-type: none"> Minimal disruptions in operations Delays in completing and implementing some transactions 	Investments	<ul style="list-style-type: none"> Continued focus on high quality, short duration, liquid fixed income portfolio

GROUP PRE-TAX OPERATING PROFIT GREW 30% IN H1 2020



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H1 2020 exhibited strength in both businesses but Legacy transaction mix, investment portfolio volatility and our capital raise impacted our IFRS results

(£m)	H1 2020	H1 2019	Change
Income Statement			
Pre-Tax Operating Profit	10.4	8.0	30%
Profit Before Tax	0.6	33.1	(98)%
Investment Portfolio Book Yield	1.8%	2.2%	(0.4)%
Total Investment Return	0.3%	2.3%	(2.0)%
Earnings Per Share	0.4p	19.2p	(18.8)p
Distributions per Share	3.8p ⁽¹⁾	3.8p	0.0p

(£m)	30 Jun 2020	31 Dec 2019	Change
Balance Sheet			
Cash and Investments ⁽²⁾	771.8	737.0	5%
Total Equity	394.7	288.3	37%
NAV per Share	151.5p	147.2p	3%

Management Discussion & Analysis

- Pre-Tax Operating Profit increased 30% over H1 2019
 - Adjusts for legacy transaction mix and net realised and unrealised investment gains
 - Legacy acquisitions produce larger upfront earnings with slower emergence of profit thereafter than reinsurance
- Profit Before Tax of £0.6m fell vs. H1 2019, due to mix of legacy transaction and the volatility in net realised and unrealised gains / (losses) in the investment portfolio
 - Net intangibles created a loss of £(1.3)m in H1 2020 compared with a gain of £20.4m in H1 2019 due to Global Re acquisition
 - Net realised and unrealised losses of £(7.1)m in H1 2020 compared with gains of £8.8m in H1 2019
- Earnings per Share and Net Asset Value per Share impacted by \$100m equity raise in late H1 2020

Note: See End Notes in Financial Information section of the presentation for definitions

(1) To be paid in November 2020

(2) Excludes funds withheld and off-balance sheet trusts

PROGRAM MANAGEMENT EXHIBITED STRONG PROFITABLE GROWTH IN H1 2020



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Our program business continues to grow in all key metrics

(\$m)	H1 2020	H1 2019	Change
Number of Programs (period end)	36	26	38%
Contracted Premium (period end)	924.9	475.2	95%
Gross Written Premium	247.2	173.4	43%
Economic Commission Income	10.7	5.7	88%
Economic Commissions Margin	4.4%	3.3%	1.1%
Economic EBITDA	0.8	(0.3)	NM
Economic EBITDA Margin	7.5%	NM	NM

Post H1 2020 Updates

Added four new programs w/\$195m of Contracted Premium; total of \$1.1b

35% strategic stake in Tradesman is a valuable asset; EBITDA of \$8.1m in 2019 (the basis of the transaction) and further strong growth in H1 2020

Management Discussion & Analysis

- 36 programs at 30 June 2020, an increase of 10 over 30 June 2019
- Contracted Premium, an indicator of future Gross Premium Written, grew by 95% to \$924.9m
- Gross Written Premium grew by 43% to \$247.2m or \$494.4m annualized
- Economic Commission Revenue grew by 88% to \$10.7m
- Economic Commission margin increased from 3.3% to 4.4%, principally from higher fees in our European business
- Economic EBITDA grew by \$1.1m from a loss of (\$0.3m) as business benefits from scale

LEGACY PRODUCED 17.7%/23.3% OPERATING RoTC/RoTE IN H1 2020



Historically more deals close in H2 than H1; dislocation from Covid-19 has increased the demand for legacy solutions

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(£m)	H1 2020	H1 2019	Change
Deals Completed	9	8	13%
Cash and Investments Acquired	320.3	174.9	83%
Net Reserves Acquired	267.3	147.5	81%
Operating EBIT	30.2	20.6	47%
Average Operating Tangible Capital	341.2	293.3	16%
Pre-Tax Operating Profit	25.9	16.1	61%
Average Operating Tangible Equity	221.5	196.2	13%
Operating Return on Tangible Capital	17.7%	14.1%	4%
Operating Return on Tangible Equity	23.3%	16.4%	7%

Management Discussion & Analysis

- Completed nine deals; pricing transactions at $\geq 15\%$ IRR
- Added £267.3m of Net Reserves; an increase of £119.8m relative to H1 2019
- Deals completed in seven jurisdictions; one novation, four LPTs (reinsurance) and four company acquisitions
- Operating EBIT and Pre-Tax Operating Profit grew by 47% and 61%
- Annualized Operating Return on Tangible Capital and Equity of 17.7% and 23.3%
- 5-year Operating Return on Tangible Capital and Equity of 16.3% and 21.4%

Post H1 2020 Events

Signed four transactions with £8.1m of net reserves

NET INVESTMENT RETURN OF 0.3%, BOOK YIELD OF 1.8% IN H1 2020

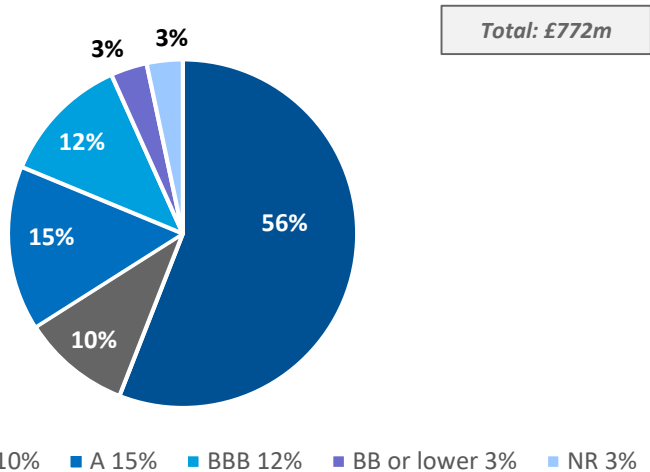


We maintain a conservative, liquid investment portfolio

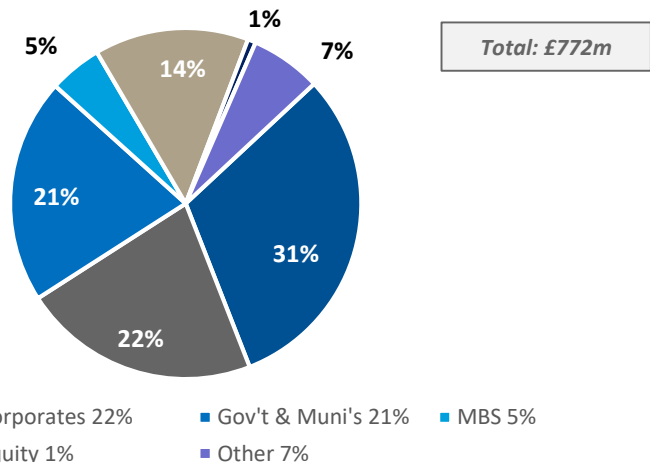
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Credit Rating and Asset Class (30 Jun 2020)

Credit Rating



Asset Class



■ Cash 31% ■ Corporates 22% ■ Gov't & Muni's 21% ■ MBS 5%
■ ABS 14% ■ Equity 1% ■ Other 7%

(1) Excludes funds withheld and off-balance sheet trusts

H1 2020 Results

- Cash and investments of £772m (YE 2019: £737m)⁽¹⁾
- Annualized book yield of 1.8% in H1 2020 (H1 2019: 2.2%)
- Total investment return including realised and unrealised gains/(losses) of 0.3% in H1 2020 (H1 2019: 2.3%)
- Average duration of 1.7 years
- 83% US dollars; 94% BBB or above
- 3% 'Non-Rated' is primarily select money market and corporate bond funds
- 31% Cash; 43% corporate and government bonds; 19% structured securities
- 7% 'Other' is primarily corporate bond funds

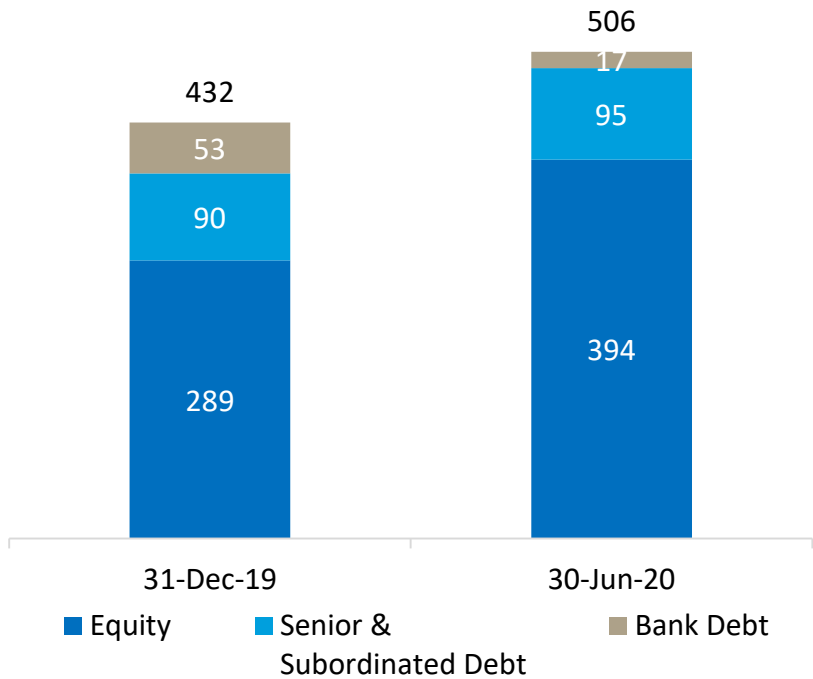
WE STRENGTHENED OUR BALANCE SHEET IN H1 2020



Financial leverage has decreased and solvency capital is well above targets

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Capitalization (£m)



Capital and Liquidity

- Total IFRS capital of £506m at 30 June 2020
- Excess capital over 150% BMA Enhanced Capital of £81m at 30 June 2020
- £266m of cash and cash equivalents at 30 June 2020
- Total holding company liquidity of £100m at 30 June 2020, including undrawn bank revolver capacity
- Cash and capital used for new branches, E&S platform and Legacy transactions after 30 June 2020

	31 Dec 2019	30 Jun 2020
Adjusted debt to capital	30%	20%
Group Solvency Ratio	177%	191%

Note: Adjusted debt to capital includes equity credit for subordinated debt. BMA Enhanced Capital Ratio at H1 2020 is an internal estimate.

WE MADE SIGNIFICANT PROGRESS ACROSS DEFINED STRATEGIC GOALS



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	Objective	H1 2020	Commentary
Program Management	Gross Written Premium (GWP) of \$1.5 – 2b by 2022/2023	\$924.9m Contracted \$494.4 GWP (annualised)	~\$1.1b of Contracted Premium post 30 June 2020
	Economic EBITDA of \$50m by 2022/2023	\$0.8m through H1 2020	Growth prospects are high; beginning to see benefits of scale
Legacy	IRR of $\geq 15\%$	16.3% 5yr ORoTC 21.4% 5yr ORoTE	Returns well above the cost of capital
	Grow fee-based income	0%	Alternative capital being explored
Investments	> 60% in investment grade fixed income	97% investment grade/ money market/bond funds	Redeploying cash in high grade investments including asset-backed securities
	No negative duration imbalance	Asset duration of ~2 Reserve duration of ~6	Limiting interest rate risk
Capital and Liquidity	Adjusted debt to capital < 30%	20%	Headroom to debt/cap target provides non-dilutive financing flexibility for growth opportunities
	Group Solvency Ratio > 150%	191%	Strong solvency capital position supported by retained earnings and equity capital raises
Group	Consistently reward shareholders with distributions	Interim distribution of 3.8p per share	Distribution paid every period since our public listing

Note: See End Notes in Financial Information section of the presentation for definitions

WE ARE POSITIONED FOR SIGNIFICANT GROWTH IN THE CURRENT “HARD” MARKET **R&Q**

Insurance capital dislocation from Covid-19 will accelerate opportunities

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	Market Size	Industry Post COVID Growth Outlook	R&Q Positioning
Program Management	\$100b of MGA/broker premium across the US, UK and Europe	<ul style="list-style-type: none"> ↑ 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 non-admitted capacity (\$55b Excess & Surplus Lines market) 	<ul style="list-style-type: none"> ✓ Significant embedded growth between written and contracted premium from 40 existing MGA partners ✓ Large current pipeline of new MGA’s ✓ Strategic minority investments in MGA’s (35% of Tradesman Program Managers) ✓ Entering US E&S market in Q4 2020
Legacy	\$800b of run-off liabilities globally	<ul style="list-style-type: none"> ↑ COVID-19 negatively impacting reserves of certain product lines ↑ Monetary policy is expected to keep interest rates low, pressuring ROEs ↑ 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 	<ul style="list-style-type: none"> ✓ Robust pipeline of transactions across U.S. Lloyd’s and Europe, including acquisitions and reinsurance ✓ Pipeline opportunity to convert \$1b R&Q managed Excess Casualty Reinsurance Association (“ECRA”) into legacy acquisitions ✓ Exploring sidecar/partnerships to leverage interest from 3rd party capital

BUSINESS SEGMENT FINANCIAL HIGHLIGHTS

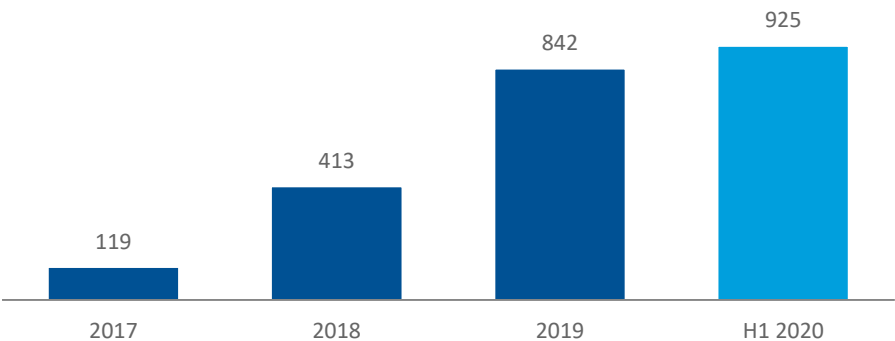
PROGRAM MANAGEMENT HAS SHOWN SUSTAINED YEAR OVER YEAR GROWTH



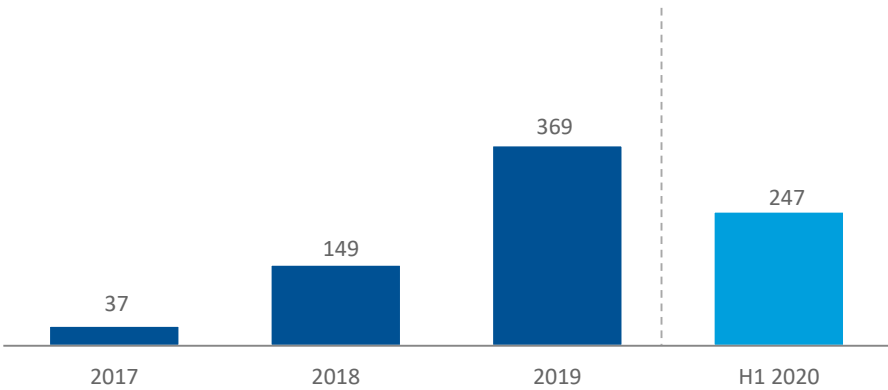
Premium and Commission Revenue are growing; high percentage of future Commission Revenue should convert to profit

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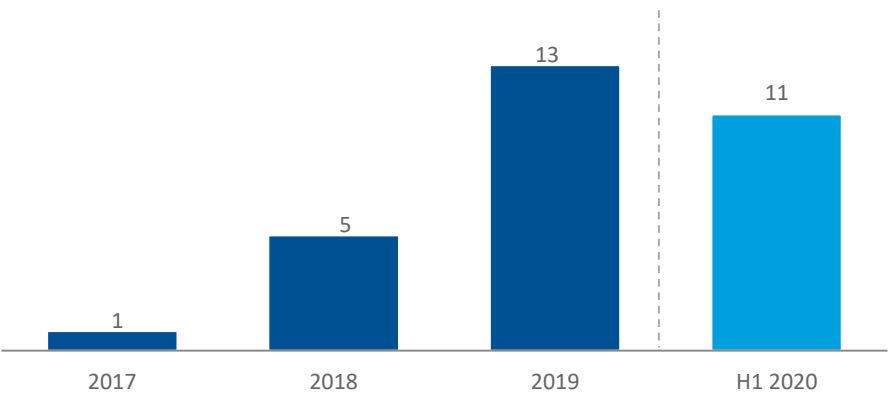
Contracted Premium At Period End (\$m)



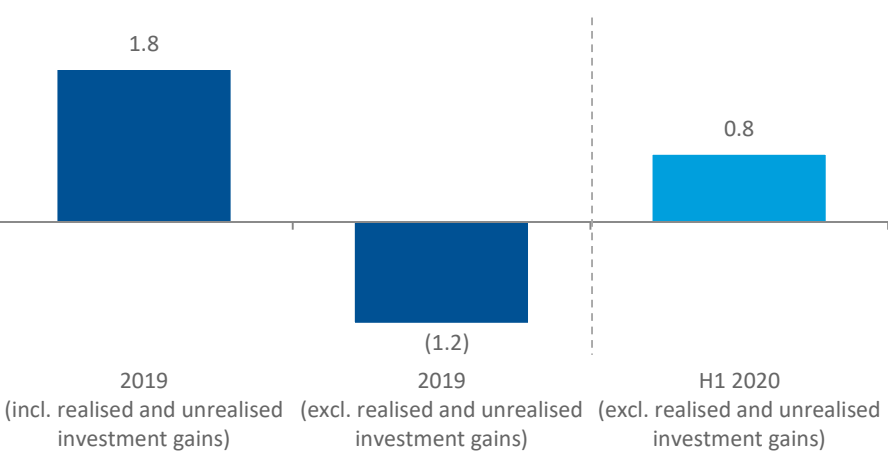
Gross Written Premium (\$m)



Annual Recurring Written Commissions (\$m)



Economic EBITDA (\$m)



Note: 2019 Economic EBITDA has been restated to exclude realised and unrealised investment gains. See End Notes in Financial Information section of the presentation for definitions

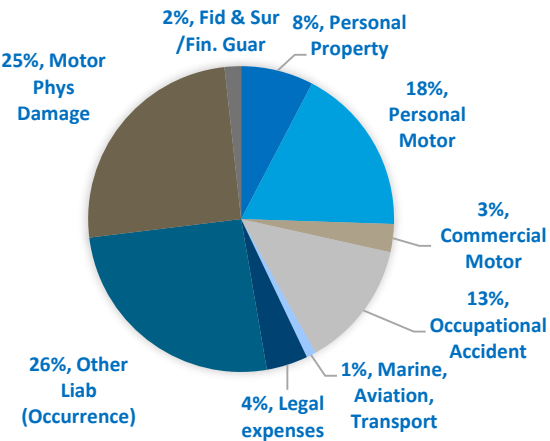
PROGRAM MANAGEMENT IS DIVERSIFIED BY EXPOSURE, REGION AND MGA



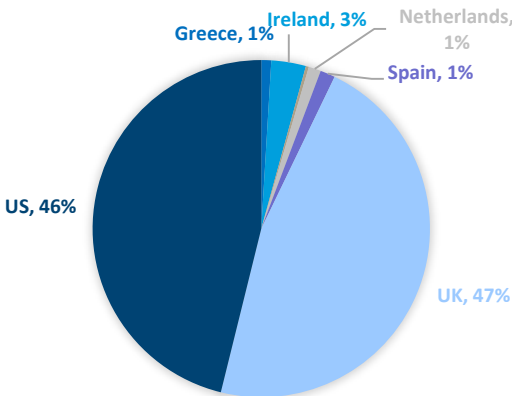
Reinsurance counterparties are highly rated or provide full collateral protection

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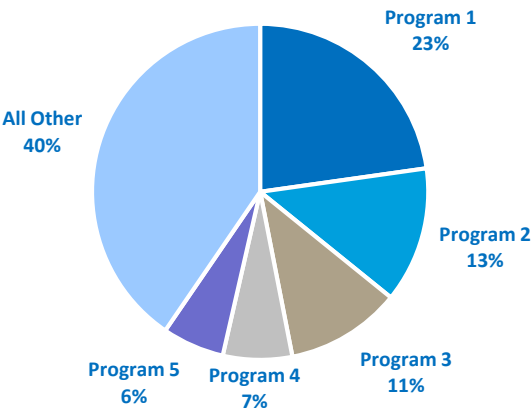
H1 2020 GPW by Product



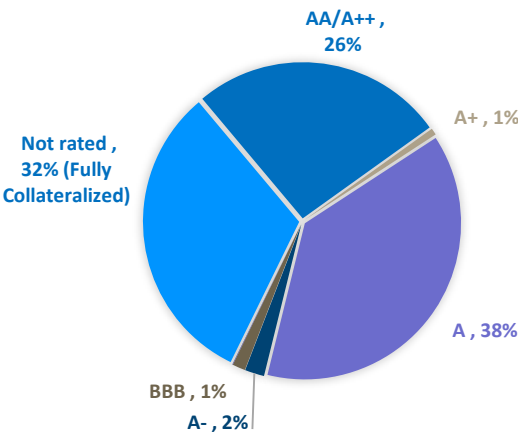
H1 2020 GPW by Region



H1 2020 GPW by Program



30 Jun 2020 Reinsurance Recoverable by Credit Rating



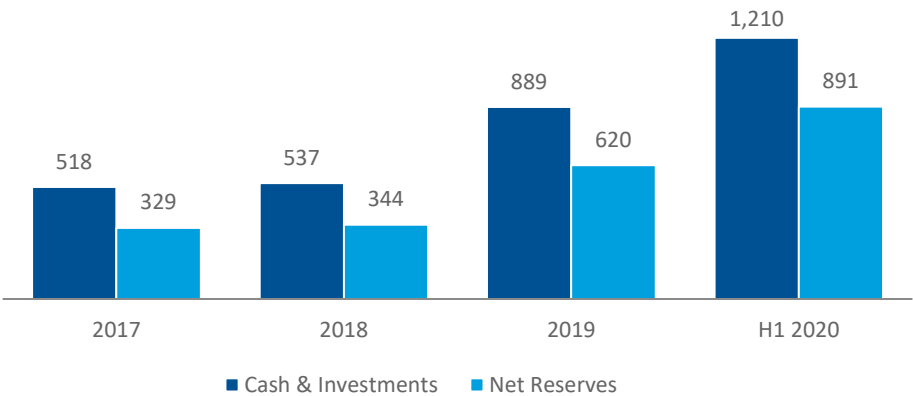
LEGACY 5-YEAR OPERATING RoTC/ RoTE IS 16.3% / 21.4%



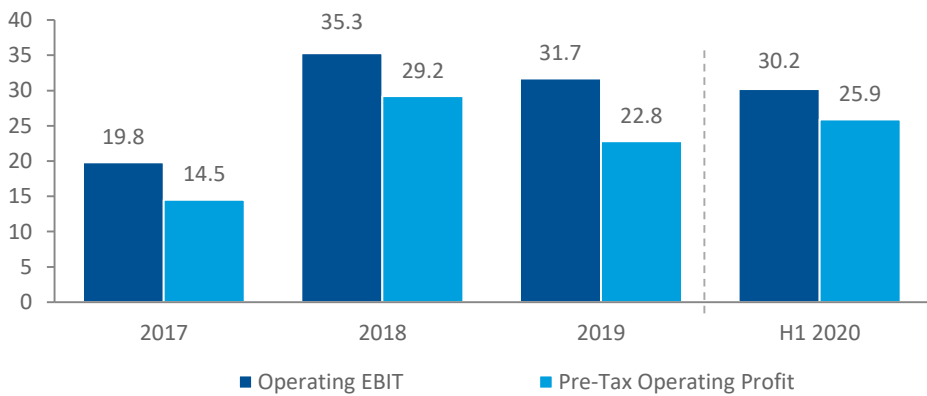
In H1 2020, we generated an annualized Operating Return on Tangible Capital and Equity of 17.7% and 23.3%, respectively

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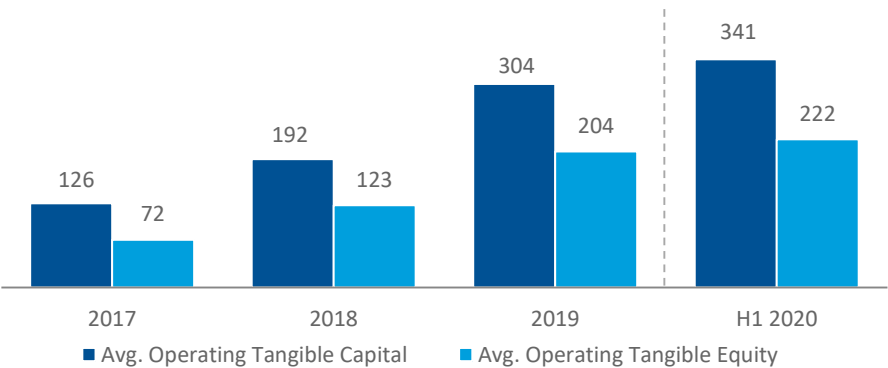
Cum. Cash & Investments and Net Reserves Acquired (£m)



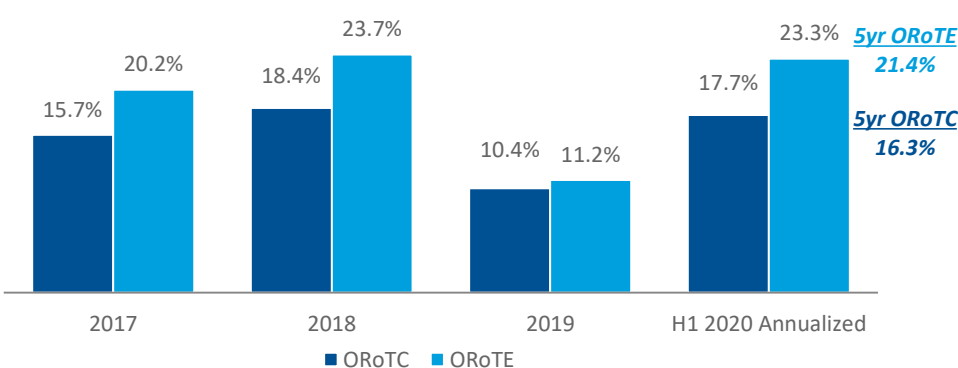
Operating EBIT and Pre-Tax Operating Profit (£m)



Average Operating Tangible Capital and Equity (£m)



Operating Return on Tangible Capital and Equity (%)



Note: Historical Operating EBIT, Pre-Tax Operating Profit, Average Operating Tangible Capital / Equity and Operating Return on Tangible Capital / Equity exclude realised and unrealised investment gains and FX. See End Notes in Financial Information section of the presentation for definitions

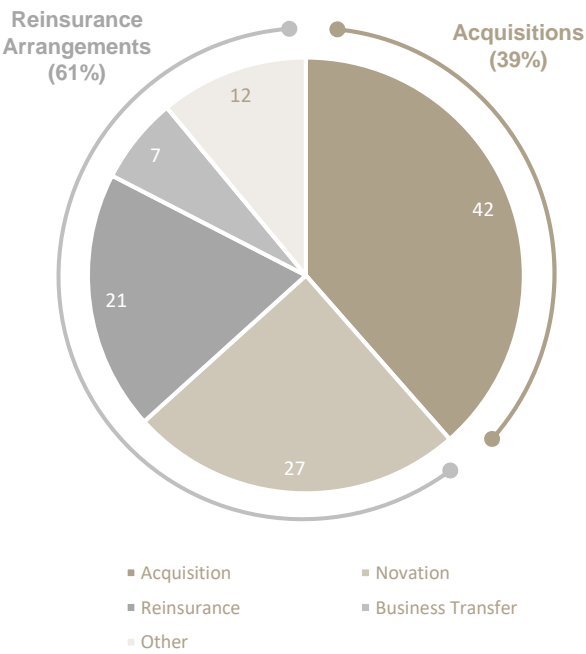
OUR LEGACY PLATFORM ALLOWS FOR A WIDE RANGE OF LEGACY SOLUTIONS



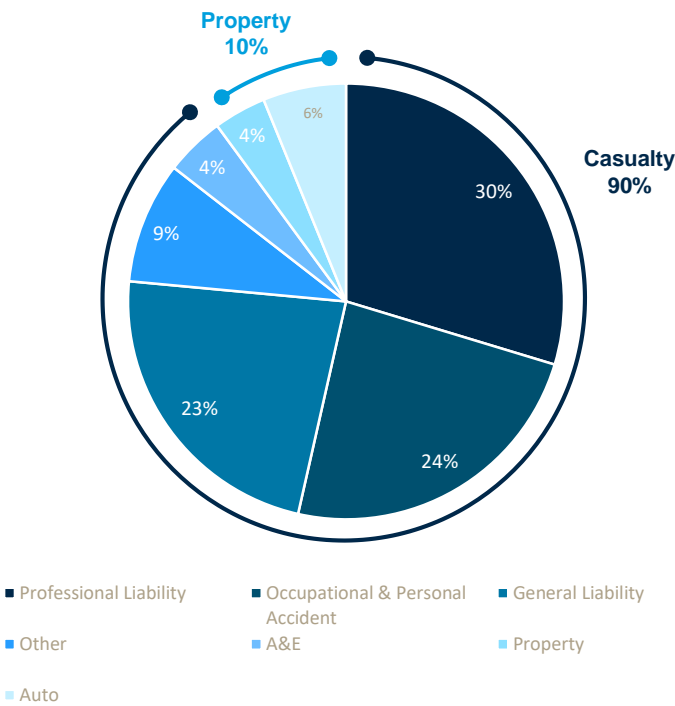
Since 2009 R&Q has completed over 100 transactions in 35 regulatory jurisdictions representing ~£800m of net reserves

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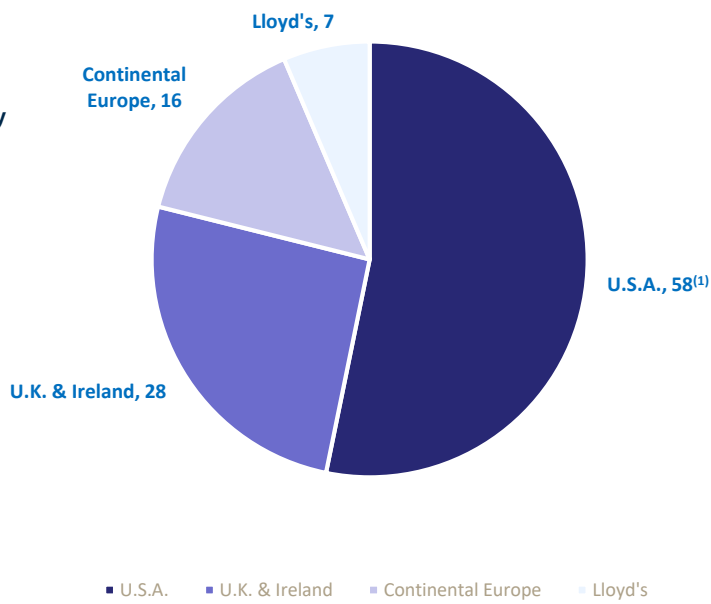
of Deals by Type (2009-30 Jun 2020)



Net Reserves by Product (30 Jun 2020)



of Deals by Region (2009-30 June 2020)



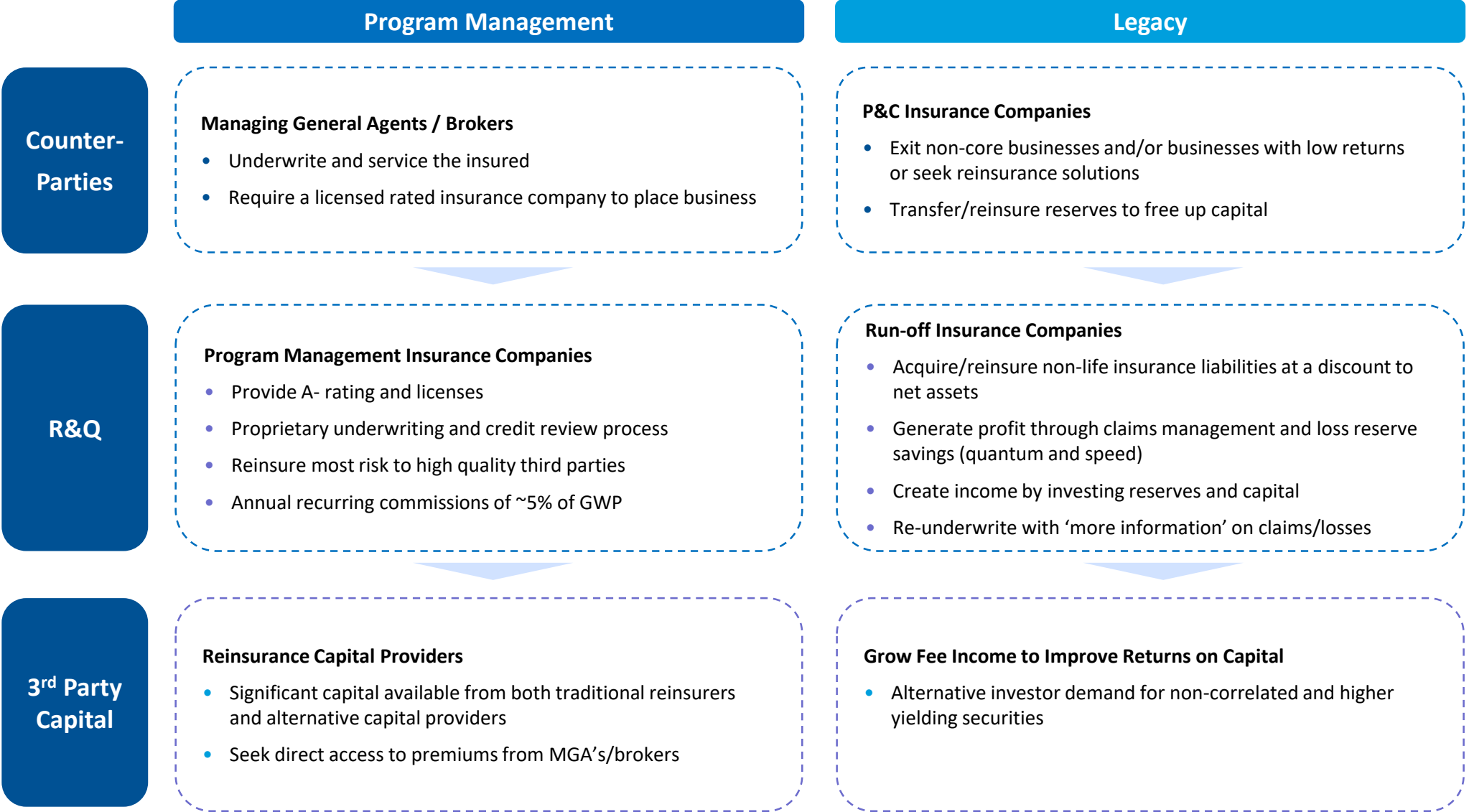
(1) Includes offshore transactions in Bermuda, Cayman and Barbados

MARKET POSITIONING

OUR SPECIALTY BUSINESSES ARE KEY COMPONENTS OF THE INSURANCE MARKETS



Program Management is a fee-based broker/intermediary business while Legacy is a balance sheet specialty insurance business STRATEGY | INNOVATION | EXPERTISE

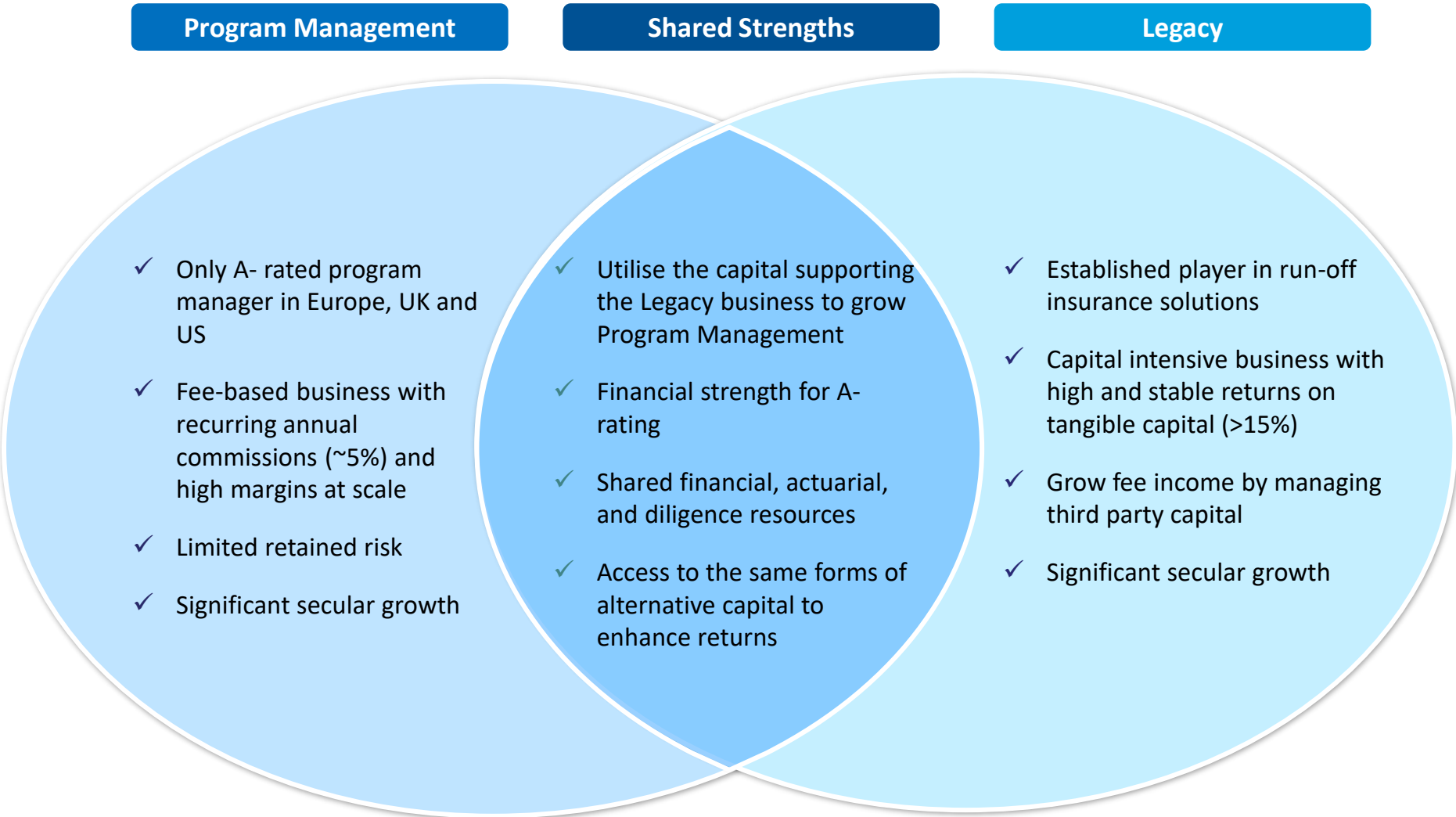


OUR TWO SPECIALTY INSURANCE BUSINESSES COMPLEMENT EACH OTHER



Our Legacy business infrastructure has supported the growth of our growing fee-based Program Management business

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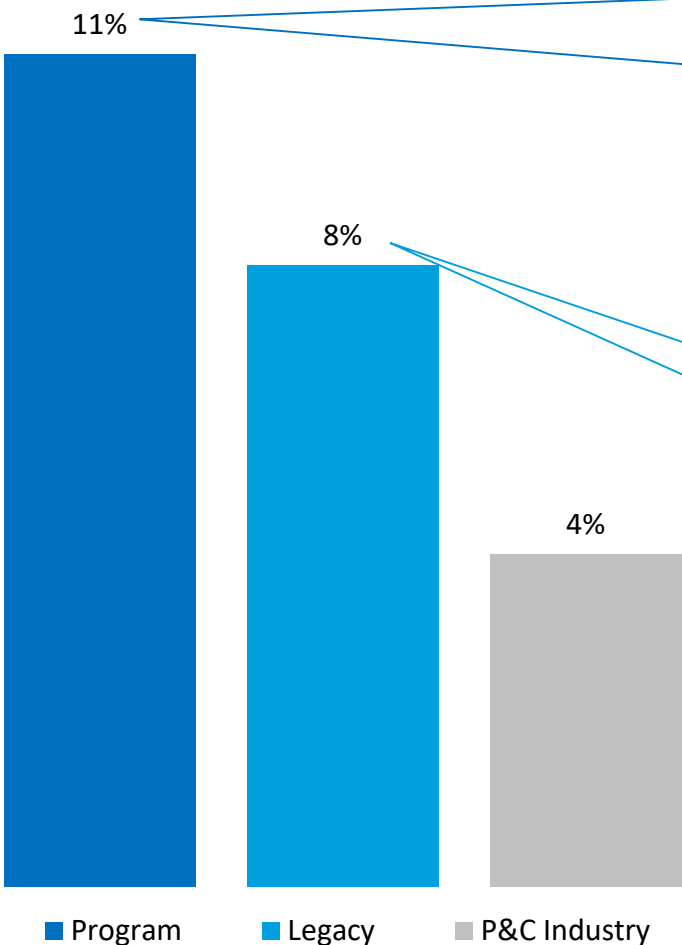
WE HAVE BENEFITTED FROM SECULAR GROWTH IN OUR MARKET SEGMENTS



Demand for Program Management and Legacy services has grown faster than the overall P&C industry

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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 MGA specialization, including InsurTech
- ✓ Growing demand for consistent and reliable coverage from fronting partner
- ✓ No conflict between fronting partner and underlying MGA clients

Legacy

- ✓ Higher regulatory capital charges (Solvency II, Lloyd's, 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

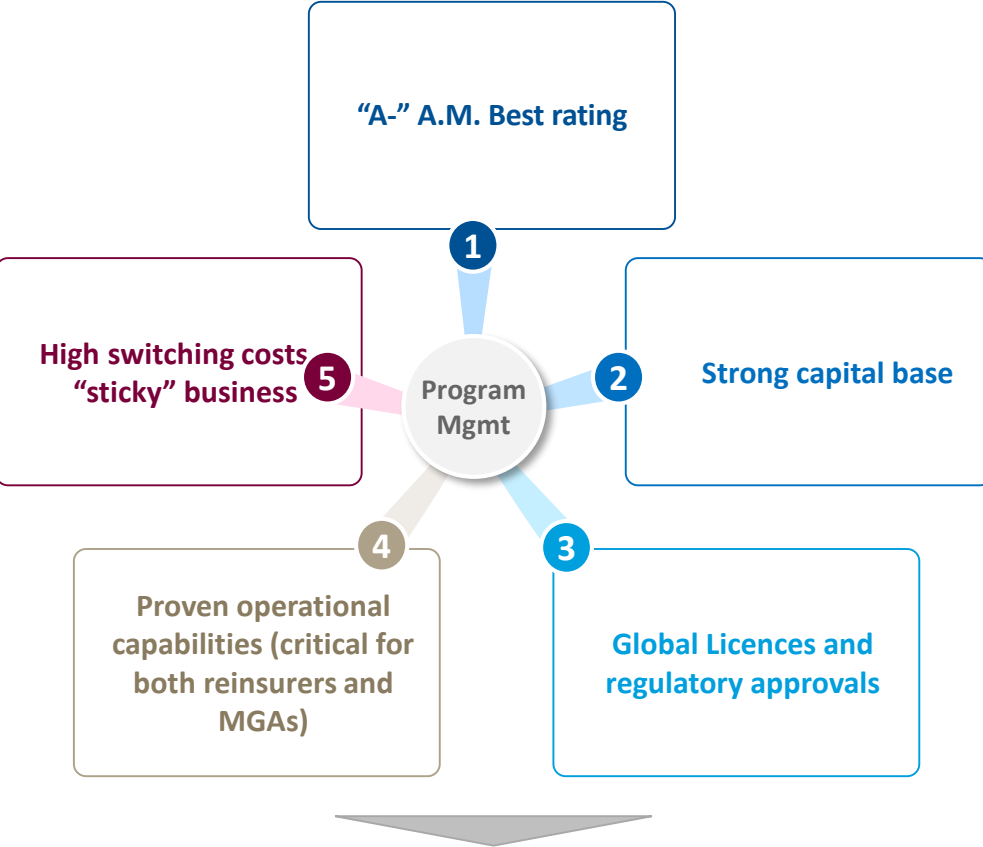
THERE ARE HIGH BARRIERS TO ENTERING OUR BUSINESSES



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

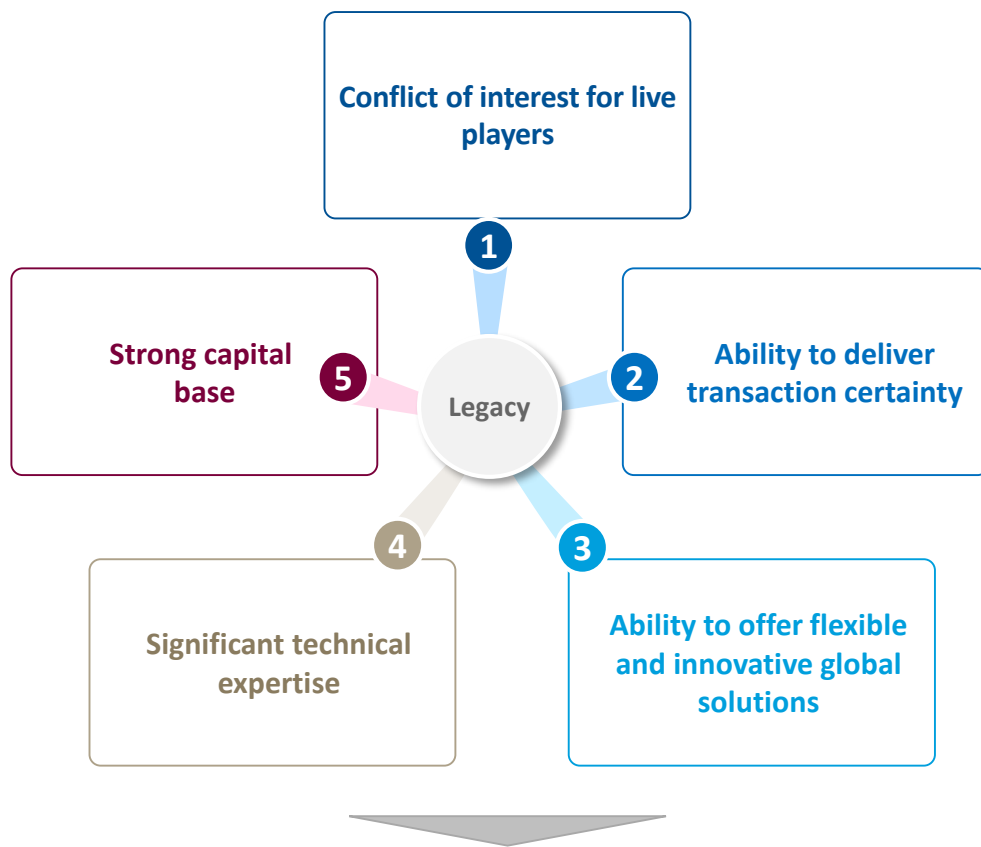
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Program Management



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

Legacy



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

OUR BUSINESS IS A COMBINATION OF AN INSURANCE BROKER AND A SPECIALTY INSURER



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Program Management is a recurring fee business while Legacy is currently a balance sheet business

- The **Program Management** business is most similar to global **Insurance Brokerage** businesses
 - Annual recurring fee-based business
 - Strong pre-tax margins
 - Scalable with limited incremental capital required for growth
- Key performance indicators for **Insurance Brokers** are growth in Revenue and EBITDA as well as EBITDA margin
 - Over the past 5-years, publicly traded insurance brokers have traded at 3.7x Revenue and 16.6x EBITDA⁽¹⁾
- The **Legacy** business is most similar to global **Specialty Insurance** companies
 - High and stable returns on capital and equity
 - Strong, non-cyclical growth
- Key performance indicator for **Specialty Insurance** companies is Return on Net Asset Value
 - Over the past 5-years, Specialty Insurance companies have traded at 2.32x Tangible Net Asset Value⁽²⁾

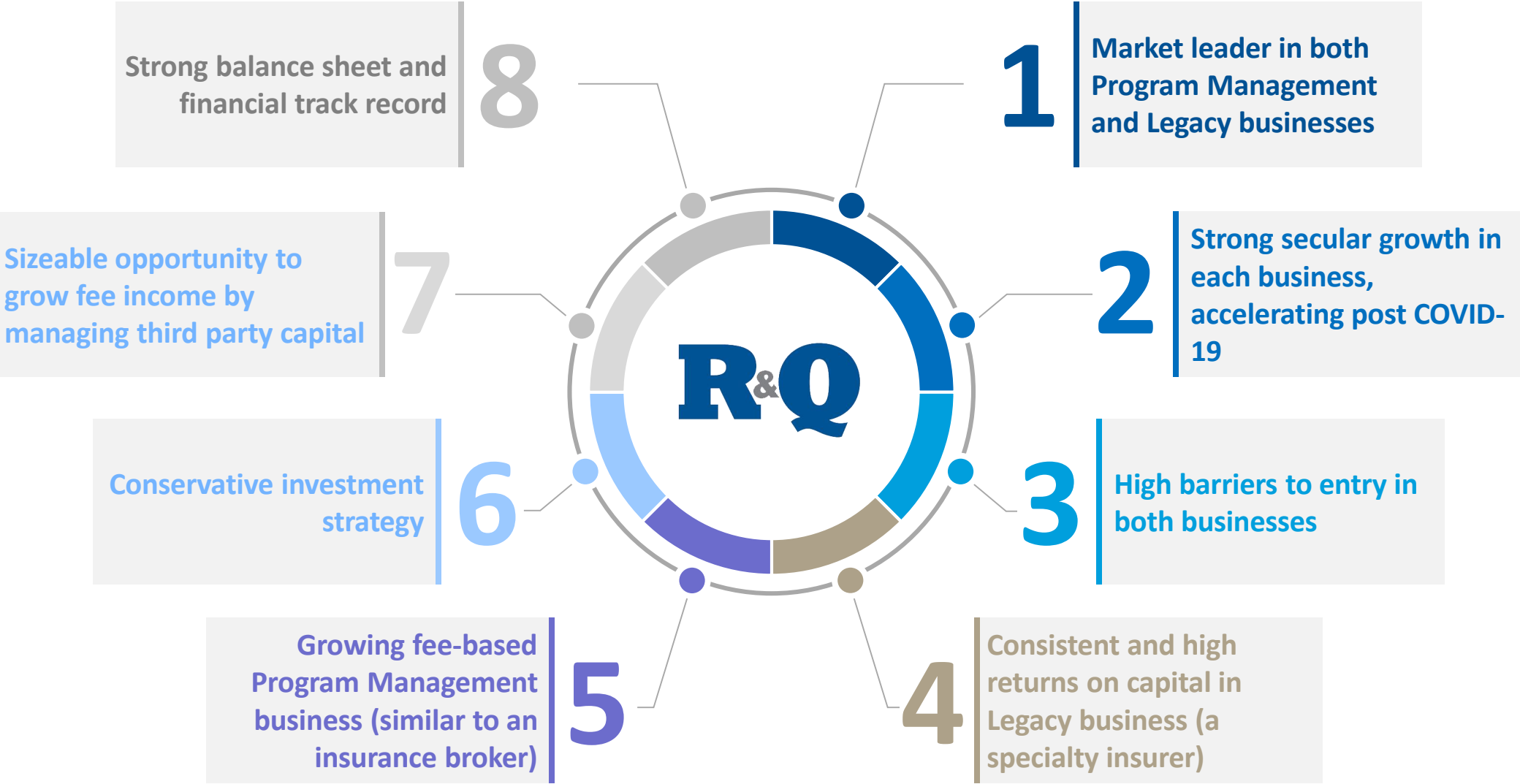
R&Q's unique business segments support a sum of the parts valuation

WE ARE A UNIQUE GLOBAL SPECIALTY INSURANCE COMPANY



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

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FINANCIAL INFORMATION

RECONCILIATION OF MANAGEMENT BASIS TO IFRS REPORTED



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£m	H1 2020	H1 2019
Program		
Economic EBITDA (US\$)	0.8	(0.3)
Impact of earned commissions	(2.6)	(1.5)
Unrealised investment gains (losses)	0.3	2.2
Realised investment gains (losses)	(0.3)	0.3
Interest expense	(0.1)	(0.3)
US\$ to £ impact	<u>0.3</u>	<u>(0.1)</u>
IFRS Profit before tax £m	(1.6)	0.3
Legacy		
Operating EBIT	30.1	20.6
Net intangibles	(1.3)	20.4
Unrealised investment gains (losses)	(6.5)	4.5
Realised investment gains (losses)	(0.3)	2.0
Interest expense	<u>(4.3)</u>	<u>(4.6)</u>
IFRS Profit before tax	17.7	42.9
Corporate / Other		
Corporate	(13.8)	(6.3)
Non-core operations	(1.4)	(4.1)
Unrealised investment gains (losses)	(0.3)	0.1
Realised investment gains (losses)	<u>(0.0)</u>	<u>0.2</u>
IFRS Profit before tax	(15.5)	(10.1)
Group		
Pre-Tax Operating Profit	10.4	8.0
Net intangibles	(1.3)	20.4
Unrealised investment gains (losses)	(6.5)	6.3
Realised investment gains (losses)	(0.6)	2.5
Non-core operations	<u>(1.4)</u>	<u>(4.1)</u>
IFRS Profit before tax	0.6	33.1

- Pre-Tax Operating Profit for Group is a measure of how our core businesses performed adjusted for intangibles created in Legacy acquisitions, net realised and unrealised investment gains and Non-Core Operations
- Cash and Investments exclude funds withheld and off-balance sheet trusts, for which we do not earn investment income
- Non-Core Operations include businesses that have been discontinued or not otherwise included in our Program Management and Legacy segments
- Contracted Premium for Program Management is the gross premium that our existing distribution partners believe their programs will generate over a period of time. We expect a significant portion of Contracted Premium to become Gross Premium Written
- Economic Commission Revenue for Program Management represents the commission revenue from insurance policies already bound (written), regardless of the length of the underlying policy period (earned). We believe Economic Commission Revenue is a more appropriate measure of the revenue of the business during periods of high growth, due to a larger than normal gap between Gross Written and Gross Earned (IFRS) Premium
- Economic Commission Margin for Program Management is a measure of average recurring commissions earned on Gross Written Premium
- Economic EBITDA for Program Management is equal to IFRS EBITDA plus unearned commission revenue and excludes net realised and unrealised investment gains
- Economic EBITDA Margin for Program Management is our profit margin on Economic Commissions
- Operating EBIT and Pre-Tax Operating Profit for Legacy are adjusted for intangibles created in acquisitions and net realised and unrealised investment gains
- Average Operating Tangible Capital for Legacy is based on the Group's economic capital models excluding intangible assets created in acquisitions and net unrealised investment gains and the impact of FX
- Average Operating Tangible Equity for Legacy includes allocated debt
- Operating Return on Tangible Capital and Equity for Legacy have been annualised for interim reporting periods

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