



STRATEGY | INNOVATION | EXPERTISE

Randall & Quilter Investment Holdings Ltd.

Trading Update

13 November 2014

"The Board of R&Q (the "Group") announces that it now expects the Group's pre-tax result for the full year to 31 Dec 2014 to be materially below market expectations. This is principally as a result of: (i) the receipt of preliminary indications recently received from external consulting actuaries suggesting a need to increase net provisions for asbestos related claims in R&Q Re US; (ii) recent disappointing trading performance in our USA insurance services division; and (iii) lower than anticipated investment income owing to poor financial market conditions in recent months. These developments will only have a limited cash impact on the Group and will not affect its ability to pay dividends in line with current market expectations.

The deterioration in net provisions for asbestos related claims in R&Q Re US was a risk described in the interim results, although the extent of the deterioration, as estimated as part of the ongoing reserving exercise, is now above the Board's expectations at that time. The reduction in investment income expectations is a consequence of the widening in credit spreads, especially in structured and high yield credit. The disappointing trading experienced in the US service operations has been caused by the recent failure to secure certain large anticipated service contract wins.

The Board is able to announce that we have signed two EU based portfolio transfer agreements and an agreement to acquire two Bermuda based captives in recent weeks. All of these transactions remain subject to regulatory approval, which is expected, though not guaranteed, by year end, meaning that we should still achieve our target of completed legacy related transactions for the year.

The UK based insurance services operations have traded slightly ahead of expectations whilst the underwriting management operations are broadly tracking to plan.

Trading prospects for 2015 remain encouraging, with a continued strong pipeline of legacy acquisition opportunities, some of which are already reasonably progressed, and recent new business wins in underwriting management and UK insurance services set to improve results in these divisions in line with previous expectations.

The Board also anticipates an overall positive contribution from a small number of business and asset disposals in the UK and the USA, which are already being actively progressed to bring greater focus to the Group and address some of the challenges detailed above."

Ends

Enquiries to:

Randall & Quilter Investment Holdings Ltd.
Tom Booth

www.rqih.com
Tel: +1 441 247 8330

Numis Securities Limited
Stuart Skinner/Robert Bruce (Nominated Adviser)
Charles Farquhar (Broker)

Tel: 020 7260 1000
Tel: 020 7260 1000

Shore Capital Stockbrokers Limited
Dru Danford / Stephane Auton

Tel: 020 7408 4090

FTI Consulting
Edward Berry/Tom Blackwell

Tel: 020 3727 1046

Notes to Editors:

About R&Q

Randall & Quilter pursues a buy and build strategy and has created a comprehensive range of investment activities and services in the global non-life insurance market.

R&Q is focused on the following three core areas:

- Insurance Investments
- Insurance Services
- Underwriting Management

The Group:

- provides a range of services to both the live and legacy (re)insurance markets to support growing businesses and address complex and challenging run-off issues;
- has a team of over 350 insurance professionals based in the UK, US, Bermuda, and Europe with wide service capability in both the 'live' and 'run-off' markets;
- owns and manages a portfolio of insurance companies, both active and in run-off, in the UK, US and Europe with net assets of £110.7m as at 30 June 2014;
- owns a Bermuda Class 3A insurance company which currently supports the Group's syndicate participations;
- launched Syndicate 1991 which commenced underwriting from January 1, 2013 with a capacity of £150m for 2014, manages one RITC ('run-off') syndicate, 3330, and owns and operates 3 MGA business units;
- acquires and manages a portfolio of insurance receivables, with a carrying cost of £10.6m as at 30 June 2014.

The Group was founded by Ken Randall and Alan Quilter in 1991.

Website: www.rqih.com