The Ardonagh Group

Q1 2018 Results

22 May 2018

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Executive Summary – Q1 2018

1. **Continued strong underlying performance in Q1 2018, offset by MGA decline and adverse FX movement**
   - Income growth for the quarter of +6.8% vs. comparable period prior year(1) (+2.7% Organic growth excluding MGA and FX)
   - Adj. EBITDA up +12.7% for the quarter vs. prior year (growth of +24% excluding MGA and FX)
   - LTM pro forma Income of £537m and Pro Forma Adj. EBITDA of £159m, broadly flat vs. 2017 full year result
   - Strong performance across all business units except MGA, where income was adversely impacted by accelerated implementation of remedial actions aimed at refocusing the business on specialty niches and reducing exposure to underperforming standard books

2. **Investment to complete "Fix" programs in Towergate and drive future growth through new producer hires**
   - Towergate Transformation Plan 85% complete, £5m spend in the quarter, cost savings delivering in line with plan
   - M&A synergies ahead of plan and additional synergies identified through business reorganisation
   - £5m investment in new producer hires in Wholesale, MGA and Advisory

3. **Actively managing our asset portfolio and capital structure to increase fire power for additional investments and acquisitions**
   - £42m funds received from sale of remaining 20% stake in Broker Network and earn-out as per terms of the June'16 sale of 80% stake in Broker Network
   - RCF commitment increased to £120m(2) with our core relationship banks
   - Continuing to explore potential debt financing activity subject to market conditions
   - Robust pipeline of highly accretive "add-on" acquisitions, asset purchases and strategic hires
   - Strong hiring momentum continues across all divisions

1) Q1'17 numbers are pro forma for the pre-June'17 acquisitions of Autonet, Chase Templeton, Direct Group and Price Forbes, and exclude M&A completed by The Ardonagh Group post June'17
2) As at 31 March 2018, the Group has received commitments from lenders to increase its RCF to £120m from £105m. This additional facility is not yet in place for drawdown by the Group

Ardonagh Group Key Highlights by Segment – Q1 2018

Autonet/ Carole Nash	Paymentshield	Insurance Broking
£20.3m Income(1)/ +0.9% Organic growth	£13.1m Income/ +11.9% Organic growth	£40.8m Income(1)/ +0.5% Organic growth
£5.9m Adj. EBITDA(1)	£6.4m Adj. EBITDA	£8.6m Adj. EBITDA(1)
• Income growth of +72% in the quarter vs. Q1'17, driven primarily by successful Carole Nash acquisition and highly accretive book-buy in Q1'18 • Organic income growth +0.9% combined with strong underlying Adj. EBITDA margin growth of +220bps vs. Q1'17 • Business focused on acquisition integration, synergy realisation and efficiency improvements, whilst investing for future growth – in flight projects all on track and Carole Nash synergies progressing ahead of plan	• Income growth of +1.5%(2) in the quarter and very strong Organic growth of +11.9% post normalising for closed books, whilst maintaining overall market leading profit margins • Customer growth remains strong as the business continues to build momentum in the Panel and Lettings markets, with +19% growth in policies vs. comparable period prior year • Continued excellent performance in core B&C market and market leading retention of 84%	• Income growth of +2.6% in the quarter for our largest business unit driven by continued Organic growth across all regions and a number of small successful "add-on" acquisitions including Mastercover and two book-buys • Newly negotiated strategic insurer arrangements have secured additional trade deal income and investment continues in both retention and new hires to drive future top line growth (+41 offers/hires made in the quarter) • Strong cost control and delivery of operational efficiencies have resulted in considerable margin growth +690bps • Over +120 front-end systems replaced by single Acturis system expected by Q3 2018, 12 months ahead of plan
Schemes & Programs	**MGA**	**Wholesale**
£20.6m Income(1)/ +1.0% Organic growth	£12.0m Income/ (6.2)% Organic growth	£24.7m Income(1)/ +5.8% Organic growth(3)
£3.8m Adj. EBITDA(1)	£(1.4)m Adj. EBITDA	£5.8m Adj. EBITDA(1)
• Income growth of +7.4% in the quarter driven by continued Organic growth particularly in Direct Group and the successful acquisition and integration of Healthy Pets • Business now focused on the development of a broader Retail Property platform to complement existing Let Property offering and in accelerating new online business • Strong margin growth +680bps driven by continued delivery of cost saving initiatives (including SBU closure) and business simplification plans in Retail, and synergy delivery ahead of plan in Direct Group	• Income in our smallest business unit adversely impacted by accelerated implementation of remedial actions aimed at refocusing the business on higher growth specialty niches and reducing exposure to underperforming standard books, including exiting Standard Household and significantly reducing exposure to high hazard accounts within the Commercial Combined portfolio • Good organic growth in Agriculture (27% of total MGA income) and Geo Specialty actively writing business and accelerating to run rate profitability • Continued focus on delivering cost saving initiatives identified to mitigate income decline	• Strong Organic income growth of +5.8% in the quarter, driven by good performances in key business areas including US Financial products and Programmes, and 2016/17 investments made in new hires, particularly in Energy team • Additional new talent joined our Energy team in Q1'18 and encouraging growth seen in our Bermuda office. During the year we are further strengthening our teams in Binders, Trade Credit, Energy and Reinsurance • Margin deterioration primarily driven by £2.0m adverse FX impact to income and margin dilution impact of new hires • Established central services to provide back office support to enhance service delivery and identified additional cost synergy opportunities

1) Q1'18 income and Adj. EBITDA pro forma for M&A completed as at 31 March 2018
2) Excludes IFRS 15 impact of £0.4m reduction to Paymentshield income in Q1'18
3) Organic growth at constant FX

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Ardonagh Group Financial Overview – Q1 2018

Income growth of +6.8% and Adj. EBITDA growth of +12.7% in the quarter, driven by accretive M&A, organic growth and delivery of "run rate" savings, partially offset by MGA decline and £2.0m adverse FX movement in the quarter

£m	Q1 2018 [1]	Q1 2017 [2]	Variance £m	Variance %	LTM Q1 2018 [1]	LTM Q4 2017 [1]	Variance £m	Variance %
Income	**131.7**	**123.4**	**8.3**	**6.8%**	**536.5**	**535.7**	**0.8**	**0.2%**
Staff Expenses	(69.0)	(66.2)	(2.9)	(4.3%)	(280.4)	(279.9)	(0.5)	(0.2%)
Operating Expenses	(34.6)	(32.3)	(2.3)	(7.2%)	(141.3)	(141.6)	0.2	0.2%
Adjusted EBITDA	**28.0**	**24.9**	**3.2**	**12.7%**	**114.8**	**114.3**	**0.6**	**0.5%**
Margin %	*21.3%*	*20.2%*	*110 bps*		*21.4%*	*21.3%*	*10 bps*	
Pro Forma Cost Adjustments	9.6	7.7	1.8	23.9%	43.7	47.2	(3.5)	(7.4%)
Pro Forma Adjusted EBITDA	**37.6**	**32.6**	**5.0**	**15.4%**	**158.6**	**161.5**	**(2.9)**	**(1.8%)**
Margin %	*28.5%*	*26.4%*	*210 bps*		*29.6%*	*30.1%*	*(60 bps)*	
Staff Costs as % of Income	*52.4%*	*53.6%*	*120 bps*		*52.3%*	*52.2%*	-	
Operating Expenses as % of Income	*26.3%*	*26.2%*	*(10 bps)*		*26.3%*	*26.4%*	*10 bps*	
Organic Income Growth (at constant FX)				*1.7%*				*3.0%*
Organic Income Growth (at constant FX excl MGA)				*2.7%*				*4.1%*
Organic Income Growth (at actual FX)				*0.1%*				*3.5%*
Secured Net Debt					856.3	842.9		
Secured Net Leverage					5.4x	5.2x		

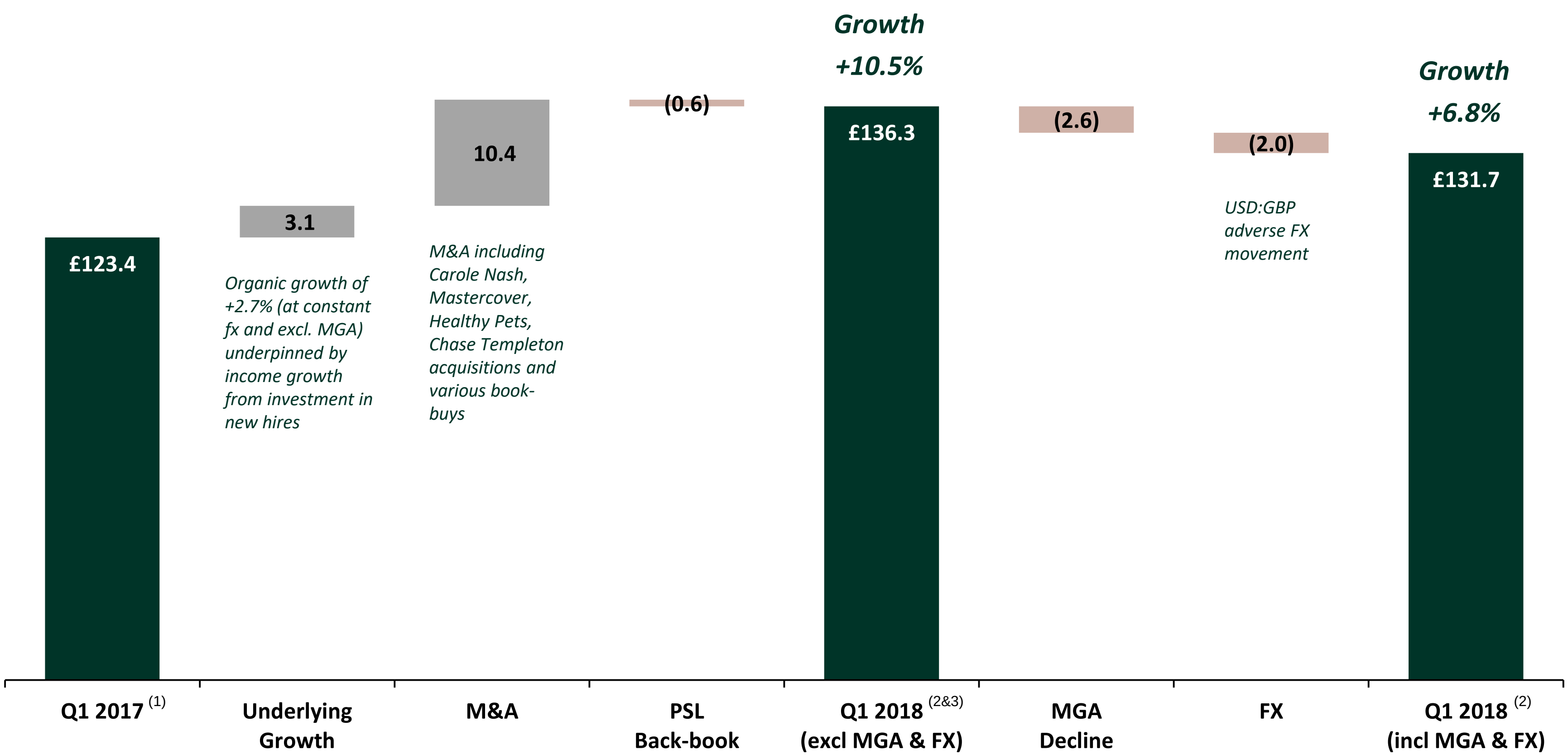
Excluding impact of adverse FX movement and MGA decline, Q1'18 LTM £4.6m higher

1) Pro forma for M&A completed as at 31 March 2018
2) Q1'17 numbers are pro forma for the pre-June'17 acquisitions of Autonet, Chase Templeton, Direct Group and Price Forbes, and exclude M&A completed by The Ardonagh Group post June'17

Q1 2018 vs. Q1 2017 Income Bridge

(£ in millions)

Income growth of +10.5% excluding impact of adverse FX movement in Price Forbes and MGA decline as the result of accelerated implementation of remedial actions aimed at refocusing the business



1) Q1'17 numbers are pro forma for the pre-June'17 acquisitions of Autonet, Chase Templeton, Direct Group and Price Forbes, and exclude M&A completed by The Ardonagh Group post June'17
2) Q1'18 pro forma for M&A completed as at 31 March 2018
3) Excluding MGA decline vs Q1 2017

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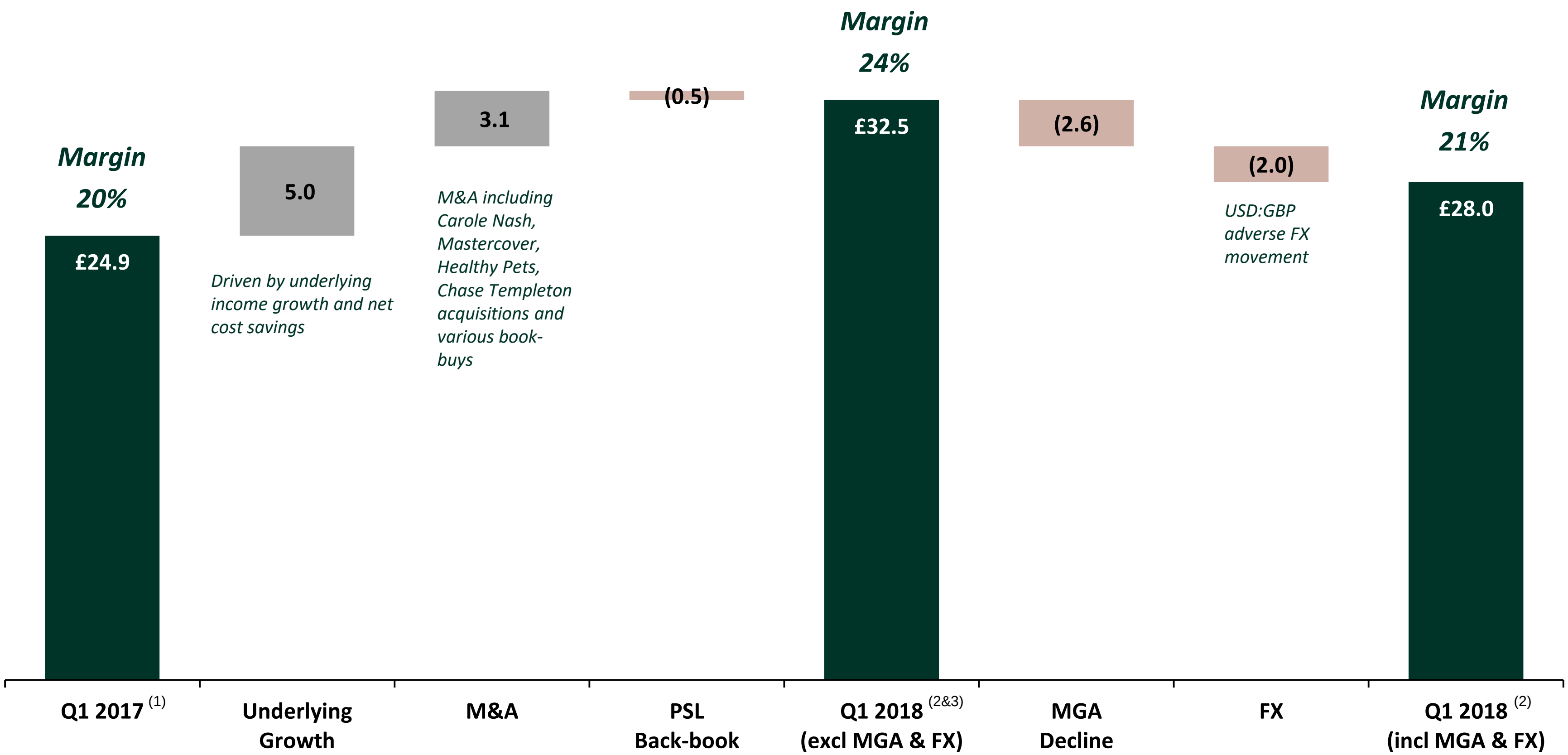
Q1 2018 vs. Q1 2017 Adjusted EBITDA Bridge

(£ in millions)

Delivery of "run rate" savings offset by MGA decline and £2.0m adverse FX movement in the quarter



1) Q1'17 numbers are pro forma for the pre-June'17 acquisitions of Autonet, Chase Templeton, Direct Group and Price Forbes, and exclude M&A completed by The Ardonagh Group post June'17
2) Q1'18 pro forma for M&A completed as at 31 March 2018
3) Excluding MGA decline vs Q1 2017

Ardonagh Group Cash Flow - 2017

Operating cash conversion in the quarter improved vs. prior year and is consistent with income and cost seasonality. £42m proceeds from Broker Network earn-out and stake sale supported continued business investment

£m	Q1 2018[1]	Q1 2017[2]	Variance
Adjusted EBITDA incl. M&A	**28.0**	**24.9**	**3.2**
Pro Forma for M&A	(1.2)	-	(1.2)
Adjusted EBITDA	**26.8**	**24.9**	**2.0**
Working Capital Movement	(18.5)	(18.8)	0.3
Maintenance Capex	(0.3)	(0.1)	(0.2)
Operating Cash Flow	**8.1**	**6.0**	**2.1**
Operating Cash Conversion %	*30.3%*	*24.1%*	*620bps*
Investments in Both Income and Cost Initiatives:			
M&A (Investments) / Disposals	37.8	(2.2)	40.0
Investments in Income Growth	(5.2)	(2.0)	(3.2)
Project Capex	(5.6)	(9.8)	4.3
Cost Saving Exceptionals	(5.2)	(3.6)	(1.6)
Total Investments	**21.8**	**(17.7)**	**39.5**
Other Non-recurring:			
Legacy LTIPs / Shareholder Loans	(0.5)	-	(0.5)
Other Exceptionals	(3.6)	(6.4)	2.8
Regulatory (incl. UCIS Redress)	(0.6)	(7.0)	6.4
FX Hedge Gains / (Losses)	2.8	(3.4)	6.3
Tax	(3.3)	(1.2)	(2.0)
Cash Flow before Financing	**24.8**	**(29.8)**	**54.6**
Refinancing and Transaction Costs	(4.7)		
Interest (incl. RCF Commitment Fee)[3]	(41.4)		
RCF Drawdown	15.0		
Net Cash Flow[4]	**(6.4)**		

- £(18.5)m working capital outflow for Q1 2018 reflects typical income and cash flow seasonality, with annual bonuses paid in March
- Operating cash conversion improved vs. prior year and medium-term 80%-90% target unchanged
- M&A investment in the quarter of £4.6m primarily relates to three small book buys
- £5.2m investment in income initiatives represents continued investment in Wholesale, MGA strategic hires and AE/DE tactical hires in Advisory
- £10.8m Cost saving Capex and Exceptionals includes: Towergate Transformation Plan which is now 85% complete (£4.6m investment); M&A cost synergy delivery (£1.9m investment); additional non-BAU investments to upgrade IT (£1.6m), restructuring and other cost saving initiatives (£2.8m)
- £42.4m received in Jan’18 from Broker Network earn-out and sale of remaining 20% stake, to fund investment in the business
- Net FX hedge gain of £2.8m after proceeds of £3.7m from selling certain forward contracts with long maturity
- Tax primarily related to certain one-off legacy charges
- RCF drawdown consistent with low seasonal cash inflows in Q1 and continued investment activity (£20.6m in Q1’18)

1) Q1’18 pro forma for M&A completed as at 31 March 2018
2) Q1’17 numbers are pro forma for the pre-June’17 acquisitions of Autonet, Chase Templeton, Direct Group and Price Forbes, and exclude M&A completed by The Ardonagh Group post June’17
3) Interest for SSNs for initial 7 month period from 22 Jun’17 to 15 Jan’18
4) Difference between net cash flow and net movement in cash of £20.1m relates to the £13.7m movement in fiduciary funds, represent client money used to pay premiums to underwriters, to settle claims to policyholders and to defray commission and other income. They are not available for general corporate purposes. All other balances are own funds for the Group

Ardonagh Group Capitalisation and Net Leverage – Q1 2018

Ample liquidity available with £51.8m operating cash and £75.0m undrawn revolver.
Net secured leverage 5.4x as of March'18

Capitalisation (£m)	Dec-16	Jun-17	Dec-17	Mar-18
Operating Cash[1]	42.1	78.1	58.1	51.8
Adjustment	-	(21.1)[5]	(8.0)[6]	-
Adjusted Operating Cash	**42.1**	**56.9**	**50.2**	**51.8**
SSRCF (£120m)	-	-	30.0	45.0
GBP Senior Secured Notes	400.0	400.0	455.0	455.0
USD Senior Secured Notes[2]	408.1	408.1	408.1	408.1
Net Secured Debt	**766.0**	**751.2**	**842.9**	**856.3**
Other Debt	11.5	12.2	9.0	9.0
Total Net Debt	**777.5**	**763.3**	**852.0**	**865.3**
LTM Pro Forma Adjusted EBITDA	134.3	137.0	161.5	158.6
Interest on Senior Secured Notes & RCF[3]	68.3	67.2	73.1	73.7
x Net Secured Leverage	**5.7x**[4]	**5.5x**	**5.2x**	**5.4x**
x Total Net Leverage	5.8x[4]	5.6x	5.3x	5.5x
x Fixed Charge Coverage	2.0x	2.0x	2.2x	2.2x
Undrawn SSRCF	*90.0*	*90.0*	*75.0*	*75.0*[7]

1) Excludes all TC2.4 cash
2) USD Senior Secured Notes at hedged USD / GBP FX rate of 1.2742
3) Interest excludes RCF commitment fees of c.£1m
4) OM set out total net leverage of 5.75x and net secured leverage of 5.67x, which have been restated to account for USD SSN at hedged fx rate of 1.2742
5) The cash adjustment for June 2017 includes transaction costs payable after 30 June 2017, consideration for post-balance sheet acquisitions (including Healthy Pets) and additional equity proceeds from rights issue
6) Operating cash at December 2017 adjusted for consideration in relation to post balance sheet acquisitions
7) As at 31 March 2018, the Group has received commitments from lenders to increase its RCF to £120m from £105m. This additional facility is not yet in place for drawdown by the Group

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Appendix

Ardonagh Group – Segmental Summary

Income (£m)	Q1 2018[1]	Q1 2017[2]	Variance £m	Variance %	LTM Q1 2018[1]	LTM Q4 2017[1]	Variance £m	Variance %	Organic Growth Q1 2018
Autonet	20.3	11.8	8.5	72.3%	79.2	76.1	3.1	4.0%	0.9%
Paymentshield	13.1	13.3	(0.2)[3]	(1.2%)	59.5	59.7	(0.2)[3]	(0.3%)	11.9%
Insurance Broking	40.8	39.7	1.0	2.6%	162.5	162.2	0.3	0.2%	0.5%
Schemes & Programs	20.6	19.2	1.4	7.4%	86.2	85.4	0.8	0.9%	1.0%
MGA	12.0	14.7	(2.6)	(18.0%)	58.2	60.9	(2.6)	(4.3%)	(6.2%)
Wholesale	24.7	24.5	0.2	1.0%	89.8	90.3	(0.6)	(0.6%)	5.8%[4]
Income	**131.7**	**123.4**	**8.3**	**6.8%**	**536.5**	**535.7**	**0.8**	**0.1%**	**1.7%**
Income (excl MGA)	**119.7**	**108.7**	**11.0**	**10.1%**	**478.3**	**474.9**	**3.4**	**0.7%**	**2.7%**

Adj. EBITDA (£m)	Q1 2018[1]	Q1 2017[2]	Variance £m	Variance %	LTM Q1 2018[1]	LTM Q4 2017[1]	Variance £m	Variance %
Autonet	5.9	3.4	2.5	75.8%	23.4	22.6	0.8	3.5%
Paymentshield	6.4	6.4	(0.0)[3]	(0.2%)	31.1	31.1	(0.0)[3]	(0.0%)
Insurance Broking	8.6	5.7	2.9	51.7%	27.5	24.8	2.7	11.0%
Schemes & Programs	3.8	2.2	1.6	70.6%	18.6	17.3	1.3	7.5%
MGA	(1.4)	1.1	(2.6)	n/m	2.1	4.7	(2.6)	(55.2%)
Wholesale	5.8	7.9	(2.1)	(26.7%)	16.8	19.3	(2.5)	(12.8%)
Adj. EBITDA	**28.0**	**24.9**	**3.2**	**12.7%**	**114.8**	**114.3**	**0.6**	**0.5%**
Adj. EBITDA (excl MGA)	**29.5**	**23.7**	**5.7**	**24.1%**	**112.7**	**109.6**	**3.1**	**2.9%**

1) Pro forma for M&A completed as at 31 March 2018
2) Q1'17 numbers are pro forma for the pre-June'17 acquisitions of Autonet, Chase Templeton, Direct Group and Price Forbes, and exclude M&A completed by The Ardonagh Group post June'17
3) Excludes IFRS 15 impact of £0.4m reduction to Paymentshield income in Q1'18
4) Organic growth at constant FX

Ardonagh Group Pro Forma Adjustments – Q1 2018

		Delivered Savings in EBITDA	Annualised Savings for Actions Complete Mar-18	Annualised Savings for Actions Complete Mar-19	Q1 2018 Pro Forma Adjustment	Spend to Mar'18	Total Investment	Description / Progress
Completed	IT Transformation	*£7m*	*£9m*	*£9m*	*£2m*	*£19m*	*£19m*	Majority actions complete, with smaller contract renegotiations to complete e.g. license reductions
	SBU Turnaround	*£7m*	*£7m*	*£7m*	--	*£4m*	*£4m*	Completed
	Property Cost Reduction Phase 1	*£5m*	*£5m*	*£5m*	--	*£1m*	*£1m*	Completed
	Operational Efficiency	*£14m*	*£16m*	*£17m*	*£2m*	*£2m*	*£2m*	Large changes complete, smaller procurement savings coming through in BAU
	Finance Transformation Phase 1	*£6m*	*£7m*	*£7m*	*£1m*	*£12m*	*£12m*	Completion of system upgrades including new single general ledger, automation of manual processes and initial offshoring
	Subtotal	***£39m***	***£44m***	***£45m***	***£5m***	***£38m***	***£38m***	
In-Flight	Finance Transformation Phase 2	--	--	*£5m*	*£5m*	*£2m*	*£12m*	Complete offshoring and process efficiency. Some delivery challenges have extended programme
	Property Cost Reduction Phase 2	--	--	*£1m*	*£1m*	--	*£2m*	Further site consolidations identified for 2018 and 2019
	Broker Systems Consolidation	--	*£3m*	*£5m*	*£5m*	*£7m*	*£12m*	65% of targeted systems moved to single platform, currently 12 months ahead of original plan
	Group Synergies and Other	*£3m*	*£9m*	*£11m*	*£9m*	*£3m*	*£6m*	Claims all moved to Direct Group. Price Forbes synergies delivered and others on track to be delivered in 2018
	Subtotal	***£3m***	***£12m***	***£22m***	***£20m***	***£12m***	***£32m***	
New	Cost Synergies with New M&A	--	*£2m*	*£4m*	*£4m*	*£1m*	*£4m*	Identifying cost savings once integrated with Ardonagh, primarily Carole Nash
	OE Program	--	--	*£5m*	*£5m*	--	*£14m*	Implementing robotics to improve operational efficiencies
	Cost Reduction Plans	*£1m*	*£5m*	*£11m*	*£11m*	--	*£4m*	Further cost savings identified across every segment
	Subtotal	***£1m***	***£7m***	***£21m***	***£19m***	***£1m***	***£22m***	
	Total	***£43m***	***£62m***	***£88m***	***£44m***	***£51m***	***£92m***	

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Reconciliation of Income and Adjusted EBITDA to the Accounts

Income	Q1'18	Q1'17	Change %
Reported Income per Accounts	**127.8**	**77.9**	**64%**
Pro forma for M&A pre-22 Jun'17 (proportion not in above numbers e.g. Autonet)	-	45.5	
Income pro forma for M&A pre-22 June'17	**127.8**	**123.4**	**4%**
Pro forma for M&A 22 Jun'17 to 31 Mar'18 (proportion not in above numbers e.g. Carole Nash)	2.1	10.2	
Income pro forma for M&A to 31 Mar'18	**130.0**	**133.5**	**(3%)**
Pro forma for M&A signed 31 Dec'17 to 31 Mar'18 (proportion not in above quarterly report numbers e.g. book buys)	0.3	0.3	
Income pro forma for M&A to 31 Mar'18	**130.3**(1)	**133.9**	**(3%)**

Adj. EBITDA	Q1'18	Q1'17	Change %
Reported Adj. EBITDA per Accounts	**26.9**	**11.7**	**130%**
Pro forma for M&A pre-22 Jun'17 (proportion not in above numbers e.g. Autonet)	-	13.2	
Adj. EBITDA pro forma for M&A pre-22 June'17	**26.9**	**24.9**	**8%**
Pro forma for M&A 22 Jun'17 to 31 Mar'18 (proportion not in above numbers e.g. Carole Nash)	1.0	2.5	
Adj. EBITDA pro forma for M&A to 31 Mar'18	**27.9**	**27.4**	**2%**
Pro forma for M&A signed 31 Dec'17 to 31 Mar'18 (proportion not in above quarterly report numbers e.g. book buys)	0.1	0.1	
Adj. EBITDA pro forma for M&A to 31 Mar'18	**28.0**	**27.5**	**2%**

As set out in the Q1'18 Interim Accounts

As set out in this presentation

1) Income set out in this presentation includes normalisation adjustment of £1.4m in Q1 2018 which includes hedging losses, loss corridor and remediation adjustments

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Reconciliation of IFRS Loss to Alternative Performance Measures

Reconciliation of IFRS loss for The Ardonagh Group Limited for the period to Alternative Performance Measures	Q1 2018	Q1 2017	Growth %
Reconciliation of Pro Forma Adjusted EBITDA to a second pro forma Adjusted EBITDA that reflects the impact of annualising synergies and post period acquisitions			
Pro Forma Adjusted EBITDA[(1)]	**37.6**	**32.6**	**+15%**
Towergate Transformation Plan	4.0	7.7	
Group Synergies	1.5	-	
New Cost Savings	4.1	-	
Pro forma adjustments	**9.6**	**7.7**	
Adjusted EBITDA per investor presentation[(1)]	**28.0**	**24.9**	**+13%**
M&A pro forma[(1)]	(0.1)	2.5	
Adjusted EBITDA per quarterly report	**27.9**	**27.4**	**+2%**
Reconciliation of the IFRS loss for the period to EBITDA, Adjusted EBITDA and pro forma Adjusted EBITDA			
Pro forma Adjusted EBITDA	**27.9**	**27.4**	
Adjustments for acquisitions and disposals[(2)]	(1.0)	(15.7)	
Adjusted EBITDA	**26.9**	**11.7**	
Regulatory costs	(0.1)	(0.8)	
Business transformation	(4.7)	(6.4)	
Business generation	(4.1)	(1.4)	
Legacy costs	(2.5)	(4.8)	
Acquisition and financing costs	(0.1)	(0.1)	
Non trading income[(3)]	7.7	2.6	
Fair value gain on foreign exchange forward contracts	-	-	
EBITDA	**23.1**	**0.8**	
Impairment of goodwill	(0.0)	-	
Finance costs	(20.7)	(12.1)	
Depreciation and amortisation charges	(17.7)	(11.8)	
Other[(4)]	1.1	1.9	
Loss for the period[(5)]	**(14.2)**	**(21.3)**	

The Group presents results to investors using alternative performance measures ('APMs'). These seek to present the results as though the material acquisitions including Nevada, Direct Group and Chase Templeton, had occurred on 1 January 2016.

The Group presents EBITDA and Adjusted EBITDA as important APMs for both IFRS and pro forma results. The objective of presenting APMs is to facilitate readers' understanding of progress irrespective of the capital structure and before deduction of significant business investment and transformation costs, which have been a key element of the Group's fix, build and grow strategy in recent years.

This slide presents the reconciliations between the IFRS comprehensive gain/(loss) for the year and the key APMs. The full IFRS results can be found in the Report to Investors for The Ardonagh Group Limited on the website www.ardonagh.com.

EBITDA and Adjusted EBITDA measures may not be comparable to similarly titled measures used by other companies. EBITDA, Adjusted EBITDA and EBITDA margins are not measurements of financial performance under IFRS and should not be considered as alternatives to other indicators of the Group's operating performance, cash flows or any other measure of performance derived in accordance with IFRS.

1) 2018 pro forma for M&A signed and/ or completed by 31 March 2018; 2017 excludes M&A completed by The Ardonagh Group post June'17
2) Includes Autonet, Chase Templeton, Direct Group and Price Forbes
3) Non trading income includes share of operating loss from associate, (reduction)/increase in the value of contingent consideration, (loss)/profit on disposal of business and investments, loss from disposal of assets and profit from discontinued operations
4) Other includes foreign exchange movements, dividends received and income tax (charge)/credit
5) Above reconciles the investor presentation to the Ardonagh Group Limited Annual Report, the accounts of Ardonagh Midco 3 plc show a loss of £15.0m, the difference of £0.8m being due to costs that are incurred in Ardonagh Group Limited, primarily associated with acquisition & financing and board costs

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Non-IFRS Financial Measures

This investor presentation contains non-IFRS measures and ratios, including Adjusted EBITDA and Pro Forma Adjusted EBITDA, that are not required by, or presented in accordance with, IFRS. Our non-IFRS measures are defined by us as set out below.

We define "***Adjusted EBITDA***" or "***Adj. EBITDA***" as the profit or (loss) on ordinary activities before finance costs, income tax, depreciation and amortisation charges, share of loss from an associate and impairment of goodwill, adjusted for loss or (profit) on the disposal of businesses, related party bad debt provision, reduction in value on contingent consideration, group reorganisation costs, regulatory costs, asset write-downs in connection with business restructuring, business investment costs, consultancy on regulatory matters, levy costs and finance legacy review costs, as applicable. Adjusted EBITDA is stated before exceptional costs and one-off items as determined by management. This includes Towergate, Price Forbes, Autonet, Direct Group and Chase Templeton financial results as if owned for the full period shown in the current and prior financial year.

We define "***Pro Forma Adjusted EBITDA***" or "***Pro Forma Adj. EBITDA***" as the Adjusted EBITDA of each of Towergate, Price Forbes, Autonet, Direct Group and Chase Templeton, each as adjusted for overhead costs currently incurred by The Ardonagh Group, Atlanta Holdco and PF Holdco, certain cost saving initiatives and cost synergies, a USD/GBP FX adjustment related to Price Forbes and certain other transactions adjustments including certain UK GAAP to IFRS adjustments.

We define "Operating Cash Conversion" as operating and investing cash flow (as further defined as Adjusted EBITDA less working capital movement and maintenance capital expenditure), over Adjusted EBITDA. This excludes one-off costs, other capital expenditure and exceptional costs related to cost saving and income growth initiatives.

We define ***"Organic"*** as excluding the impact of acquired or exited businesses and other non-recurring items and is set out at actual FX.