THE Ardonagh GROUP

# QUARTER 2 2020 RESULTS

28 September 2020

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Please note that the information included in this Presentation in relation to Bennetts Motorcycling Services (“Bennetts”) is based on the Ardonagh Offering Memorandum of 22 June 2020 due to the Competition and Markets Authority’s (“CMA”) Initial Enforcement Order (“IEO”) addressed to Ardonagh as part of the CMA’s ongoing merger inquiry into Ardonagh’s acquisition of Bennetts. On 16 September 2020, the CMA decided that the merger will be referred for a phase 2 investigation unless the parties offer acceptable undertakings to address its competition concerns (please refer to the CMA’s case page for further details).

# Business Overview: Q2 2020

# Ardonagh at a glance - A highly diversified, leading insurance distribution platform, connecting clients and premium to global capital

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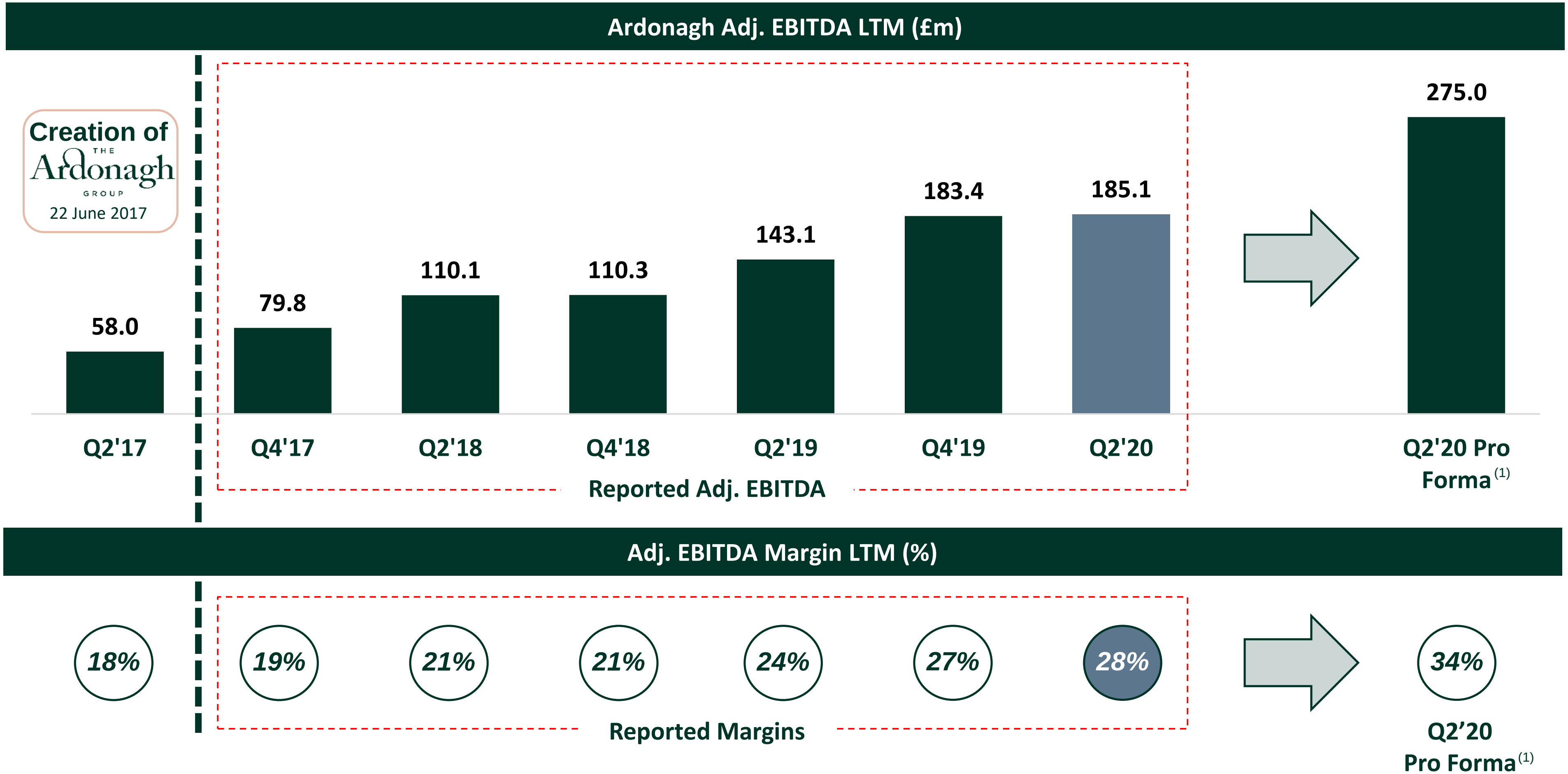
*"Exceptionally stable performance despite a period of high market volatility"*

| | | |
|---|---|---|
| **Gross Written Premium**<br>>£6bn [1] | **Total Pro Forma Income**<br>£798m [2] | **Total Pro Forma Adj. EBITDA**<br>£275m [2] |
| **Q2'20 Adj. EBITDA Margin**<br>34% [3] | **Q2'20 EBITDA Growth**<br>+39% [4] | **Operating Cash Conversion**<br>93% [5] |
| **Policies Under Management**<br>>4m | **Offices Across U.K. and Ireland**<br>>100 | **Employees**<br>>7,000 |

1) Pro forma for all material completed acquisitions, plus Jul'20 Transaction Acquisitions (Bravo, Arachas and Bennetts), and includes £2bn premium from independent network members of Bravo
2) LTM Q2'20, pro forma for all material completed acquisitions, plus Jul'20 Transaction Acquisitions, cost savings from completed actions and actions expected to be completed during next 12 months, and the annualisation of EBITDA contribution of executed contracts for carrier management and a new product facility. (EUR/ GBP FX 1.11)
3) Q2'20 Reported Adj. EBITDA margin (+140bps up vs. comparable quarter prior year) and LTM Q2'20 Pro Forma Adj. EBITDA Margin including cost savings
4) Q2'20 Reported EBITDA vs. comparable quarter prior year, +32% year to date
5) Operating Cash Conversion LTM Q2'20: Adj. EBITDA less working capital movement and maintenance capital expenditure, over Adj. EBITDA, excluding Jul'20 Transaction acquisitions

Note: Bennetts numbers are estimated based on Ardonagh OM of 22 June 2020 due to CMA's IEO

# Sustained profit growth and margin expansion since Ardonagh was established, with limited profit impact from COVID-19




1) Pro forma for all material completed acquisitions incl. Rural £0.6m (completed on 28 Feb'20), and Jul'20 Transaction Acquisitions (Bravo and Arachas completed on 14 Jul'20, Bennetts completed on 7 Aug'20). Arachas transacted at EUR/ GBP FX 1.11. Includes annualisation of cost savings from completed actions and actions expected to be completed during next 12 months

Note: Bennetts numbers are estimated based on Ardonagh OM of 22 June 2020 due to CMA's IEO

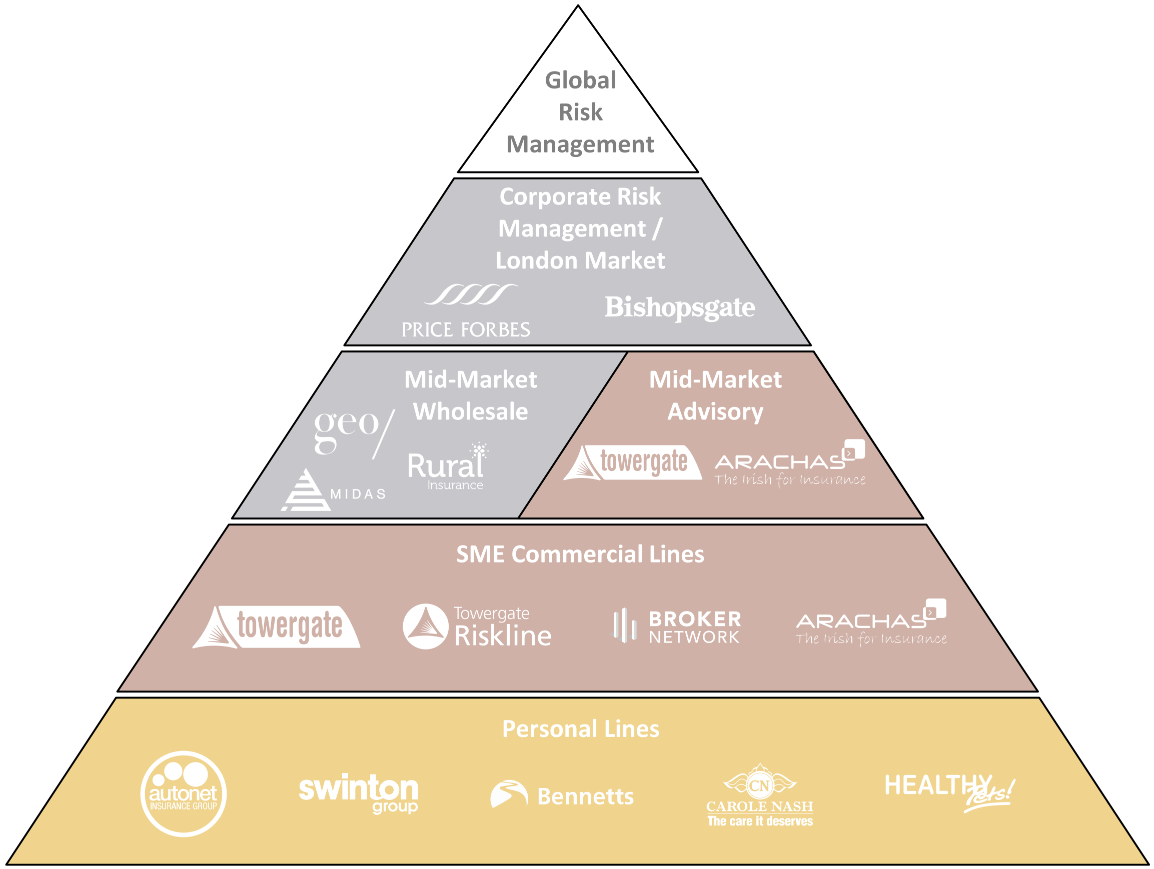
# We have driven a carefully crafted acquisition strategy designed to maximise diversity across products, customers and industries

**Market Characteristics**

High £ / Policy
Low Volume

CAPITAL

Low £/ Policy
High Volume




**Customer Characteristics**

Global
Corporations

CUSTOMER

e.g. Private
Motor, Home

# We refinanced the business in July 2020 to enable the acquisition of Bravo and Arachas, and to provide capacity for future M&A

1. **On 14 July 2020, during the COVID-19 pandemic, Ardonagh completed a £2.5bn financing, repaying all existing debt and enabling concurrent acquisition of two key strategic assets – Bravo and Arachas**
    - *£1,575m Unitranche facility and £300m capex, acquisition and re-organisation facility ("CAR")*
    - *Senior PIK toggle notes of USD 500m*
    - *ssRCF facility of £192m*
2. **Acquisitions of Bravo and Arachas are highly strategic and complementary, adding £45.6m Adj. EBITDA at c. 95% cash conversion and an additional £8.8m cost synergies**[1]
    - *Bravo, UK's largest network of independent insurance brokers with a strong M&A track record, is highly complementary to Ardonagh's business and will provide additional scale as well as seasoned M&A capabilities*
    - *Arachas, the largest SME-focused commercial insurance brokerage in Ireland, will provide exposure to new, highly complementary markets and products*
3. **Post 30 June we have acquired an additional five small "add-on" businesses, adding a further c. £5.5m Pro Forma Adj. EBITDA**
    - ***Lloyd Latchford**, a highly complementary specialist retail broker with a particular focus on the motor sector*
    - ***Thames underwriting**, a specialist MGA which has relationships with over 600 brokers across the UK*
    - *Bravo completed acquisitions of regional brokers: **Sennet** Insurance and **Guy Penn***

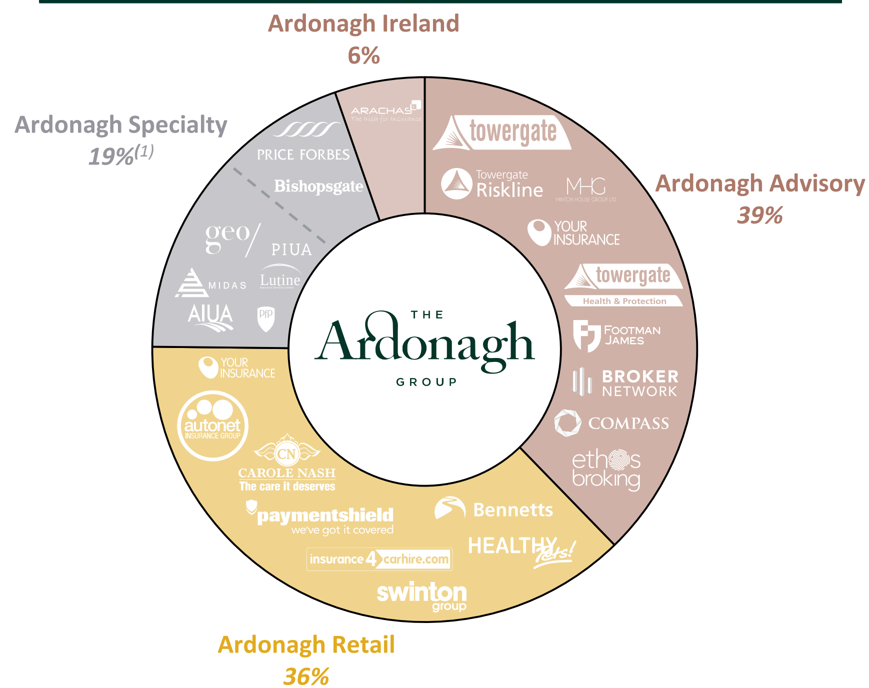
1) Includes estimated Bennetts numbers, based on Ardonagh OM of 22 June 2020 due to CMA's IEO

# We have built highly scaleable, integrated industry-leading platforms, with best-in-class capabilities, IT and operating systems

## Before Transaction (LTM Q2'20)


**Total Income Pro Forma for Completed Acquisitions: £657 million**

## After Transaction (LTM Q2'20)




**Total Pro Forma Income: £798 million[2]**

### Specialty

Global distribution leveraging heritage Price Forbes brand and expertise at Lloyd's, combined with leading specialist MGAs

### Retail

Multi-brand personal lines digital platform, driving growth through leveraging advanced consumer data and pricing analytics

### Advisory

Established SME broking and advisory platform, driving growth through trusted relationships to meet client needs

### Ardonagh Ireland

SME-focused commercial platform in Ireland, with specialised offerings and a retail branch-driven strategy

1) Includes central corporate income of £4.3m
2) Arachas transacted at EUR/ GBP FX 1.11

Note: Bennetts numbers are estimated based on Ardonagh OM of 22 June 2020 due to CMA's IEO

# Continued strong business performance against backdrop of market volatility

1. **Very limited EBITDA impact from COVID-19, as a result of our diversification, scale and investment in infrastructure over recent years**
   - *+4.0% increase in Adj. EBITDA in the quarter, excluding Q2'19 non-cash benefit from premium finance transition in Swinton*
   - *+39% increase in Reported EBITDA in the quarter vs. prior year, +32% growth year to date*
   - *Reported EBITDA equal to 82% Adj. EBITDA for the quarter, with one-off costs less than half vs. prior year*
2. **Underlying organic income growth across all platforms during the quarter, excluding estimated COVID-19 predominantly temporary income impact**
   - *Organic income decline for the quarter of 4.0% vs. prior year, compared to UK GDP decline of 20%*
   - *Excluding the estimated predominantly temporary income impact of COVID-19, underlying organic income growth of +2.6% for the quarter vs. prior year, with growth across all platforms*
   - *Business activity has increased post lock-down, with July/ August organic income ahead of prior year*
3. **Continued strong cash flow performance, combined with a four-fold increase in Available Liquidity post refinancing**
   - *Operating cash conversion maintained at 93% for Q2 LTM, with +37% improvement in free cashflow for the quarter vs. prior year*
   - *£568.5m Available Liquidity pro forma for Jul'20 Transaction, including £191.5m ssRCF and £300.0m CAR facility*

Note: Reported result includes acquisitions from the completion date

# Financial Update: Q2 2020

# Growth in Adj. EBITDA of +1.7% year-to-date during a period of material macro-economic contraction, with +32.3% growth in EBITDA for the same period

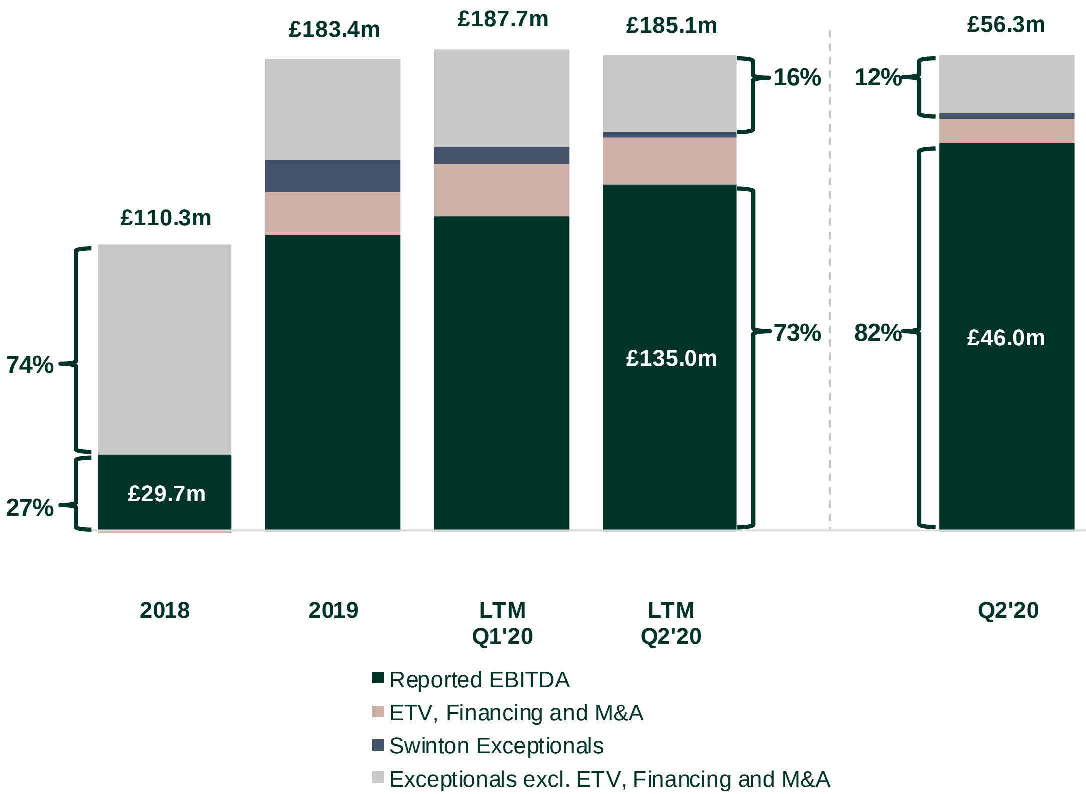
| £m | Pre Jul'20 Transaction: Reported Result Q2 [1] 2020 | 2019 | Variance £m | Variance % | Reported Result YTD Q2 [1] 2020 | 2019 | Variance £m | Variance % | Post Jul'20 Transaction: Pro Forma[2] LTM Q2'20 | PF Adj. EBITDA[3] LTM Q2'20 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Income** | **164.8** | **179.9** | **(15.1)** | **(8.4%)** | **324.8** | **337.4** | **(12.6)** | **(3.7%)** | **798.2** | |
| Staff Expenses | (72.1) | (77.2) | 5.2 | 6.7% | (149.3) | (153.0) | 3.7 | 2.4% | | |
| Operating Expenses | (36.4) | (43.6) | 7.3 | 16.7% | (75.6) | (86.1) | 10.5 | 12.2% | | |
| **Adj. EBITDA** | **56.3** | **59.0** | **(2.6)** | **(4.5%)** | **99.9** | **98.3** | **1.6** | **1.7%** | **231.3** | **275.0** |
| *Margin %* | *34.2%* | *32.8%* | *140 bps* | | *30.8%* | *29.1%* | *160 bps* | | *29.0%* | *34.4%* |
| Non-recurring Costs | (10.3) | (26.0) | 15.6 | 60.1% | (19.0) | (37.1) | 18.1 | 48.8% | | |
| **EBITDA** | **46.0** | **33.0** | **13.0** | **39.3%** | **80.9** | **61.1** | **19.8** | **32.3%** | | |
| *Margin %* | *27.9%* | *18.4%* | *960 bps* | | *24.9%* | *18.1%* | *680 bps* | | | |
| *Adj. EBITDA KPIs:* | | | | | | | | | | |
| *Staff Expenses as % of Income* | *43.7%* | *42.9%* | *(80 bps)* | | *46.0%* | *45.3%* | *(60 bps)* | | | |
| *Op. Expenses as % of Income* | *22.1%* | *24.3%* | *+220 bps* | | *23.3%* | *25.5%* | *+220 bps* | | | |

1) Reported result includes acquisitions from the completion date
2) Pro forma for all material completed acquisitions incl. Rural £0.6m (completed on 28 Feb'20), and Jul'20 Transaction acquisitions (Bravo and Arachas completed on 14 Jul'20, Bennetts completed on 7 Aug'20). Arachas transacted at EUR/ GBP FX 1.11
3) Includes annualisation of cost savings from completed actions and actions expected to be completed during next 12 months

Note: Bennetts numbers are estimated based on Ardonagh OM of 22 June 2020 due to CMA's IEO

# Further improvement in quality of earnings - Reported EBITDA now 82% of Adj. EBITDA for the quarter

## LTM Reported Adj. EBITDA[1]



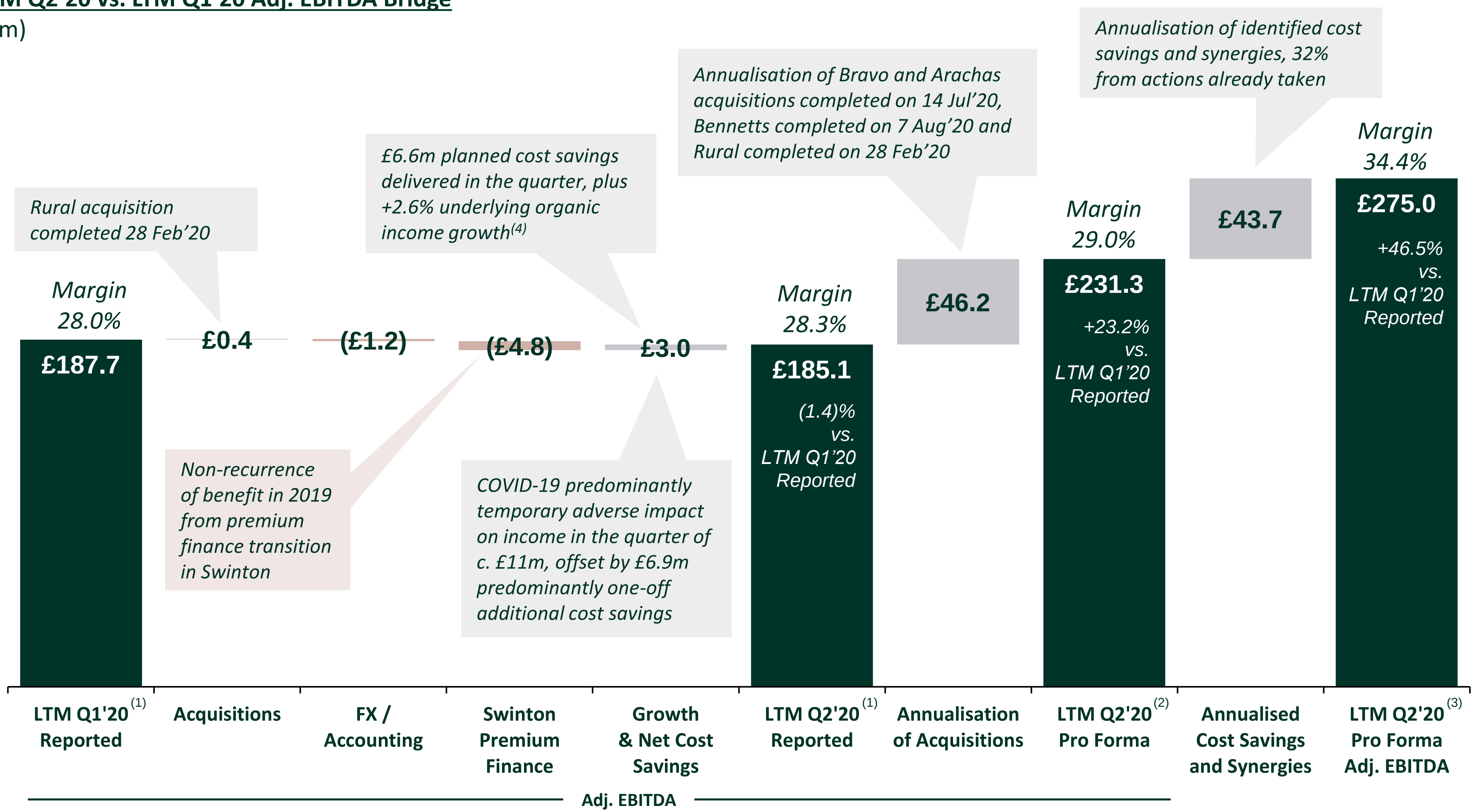

## Commentary

- Improvement in Reported EBITDA driven by income growth and successful delivery of cost saving programmes, combined with reduction in non-recurring costs to deliver savings, as programmes are completed
- Reduction in Swinton non-recurring costs as integration and branch closure programme are completed
- For Q2’20 in isolation, Reported EBITDA was £46.0m (82% of Adj. EBITDA of £56.3m), up +39.3% vs. £33.0m in Q2’19
- Exceptionals (excl. ETV, Financing & M&A) represent only 16% of LTM Q2’20 Adj. EBITDA, reducing each quarter as programmes are completed
- During Q2’20 we also incurred some of the Financing & M&A costs related to the Jul’20 Transaction (Group refinancing and acquisition of Bravo, Arachas and Bennetts) ahead of the transaction closing on 14 July

1) Reported result includes acquisitions and disposals from the completion date

# Strong underlying growth and continued delivery of cost savings more than offsetting predominantly temporary impact of COVID-19

**LTM Q2’20 vs. LTM Q1’20 Adj. EBITDA Bridge**
(£m)




1) Reported result includes acquisitions from the completion date
2) Pro forma for all material completed acquisitions incl. Rural £0.6m (completed on 28 Feb’20), and Jul'20 Transaction acquisitions (Bravo and Arachas completed on 14 Jul’20, Bennetts completed on 7 Aug’20). Arachas transacted at EUR/ GBP FX 1.11
3) Includes annualisation of cost savings from completed actions and actions expected to be completed during next 12 months
4) Excluding the impact of acquisitions, one-off impacts and c. £11m estimated adverse income impact of COVID-19 in the quarter

Note: Bennetts numbers are estimated based on Ardonagh OM of 22 June 2020 due to CMA’s IEO

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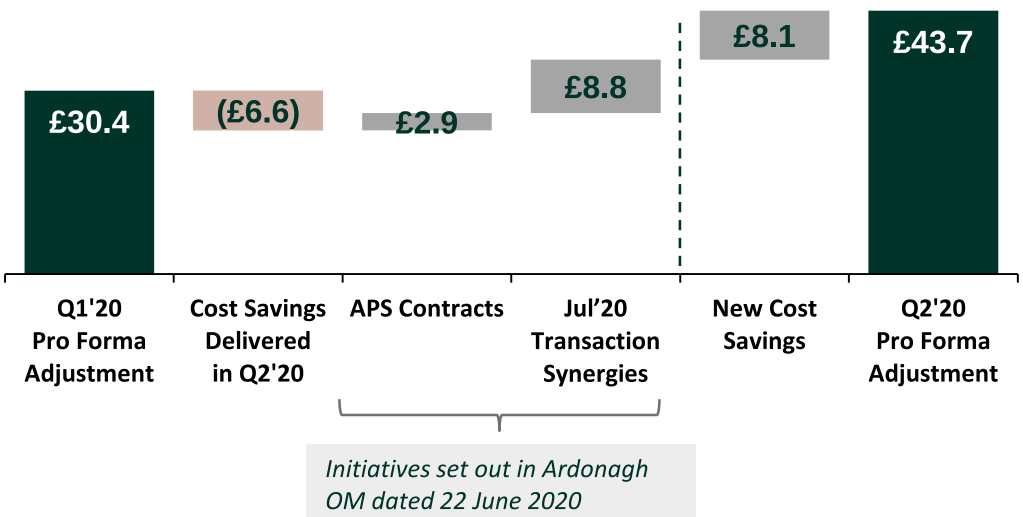
# £6.6m planned cost savings delivered during the quarter and further cost savings and synergies clearly identified and committed

**Pro Forma Adjustment for Future Benefits from Cost Savings and Synergies:**
(£m)

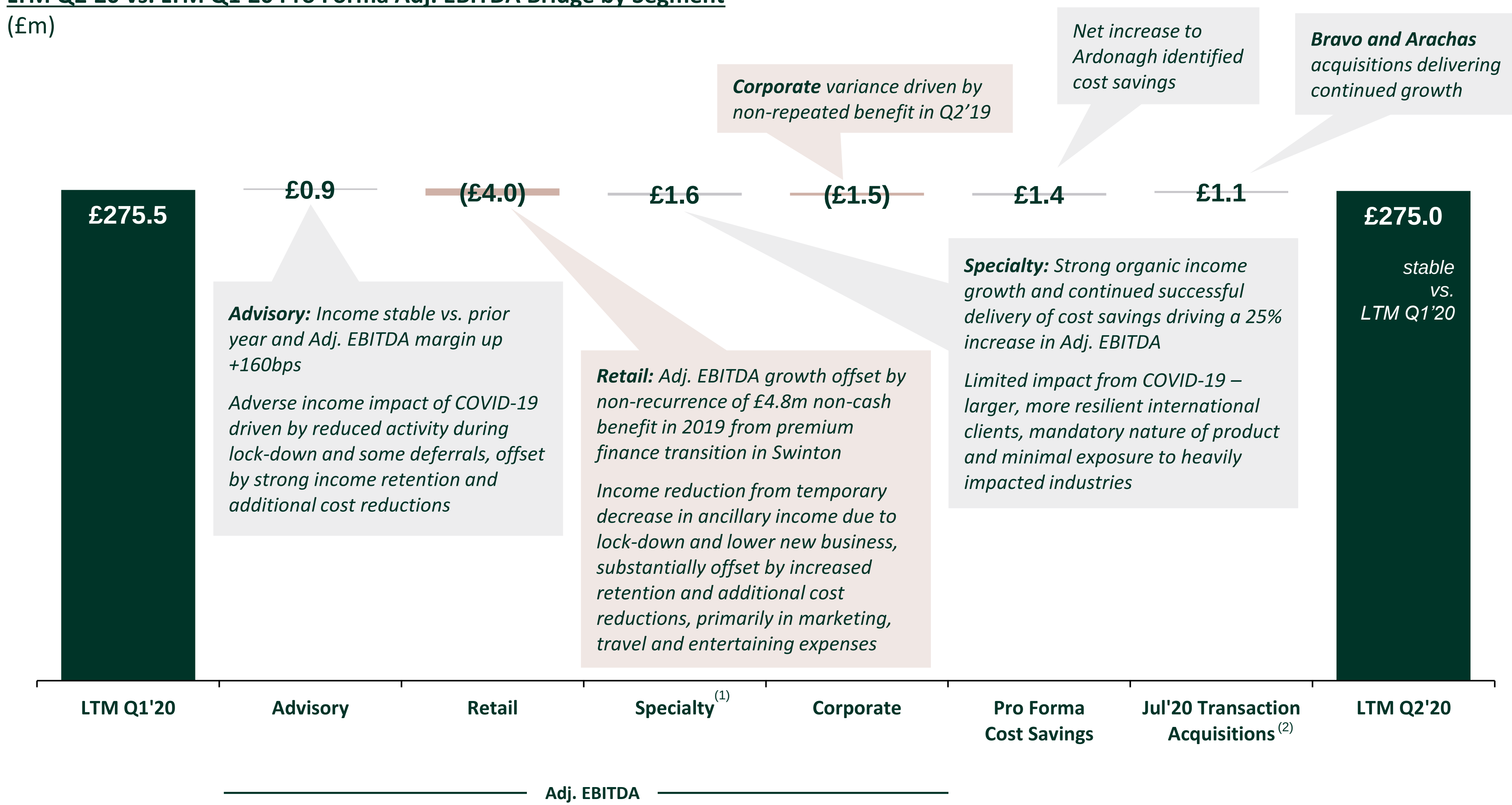



- Pro forma adjustment for annualisation of cost savings of £30.4m as at Mar'20, reduced by £6.6m delivered savings:
  - Primarily benefits from headcount savings and cost base optimisations implemented during 2019
- £2.9m from annualisation of signed APS agreements
- £8.8m cost savings and cost synergies identified from the acquisitions of Bravo, Arachas and Bennetts
- £8.1m additional cost savings and cost synergies identified and committed to date:
  - Retail: £2.0m back office efficiency savings; £0.8m S&P integration savings and £0.3 from premises rationalisation
  - Advisory: £2.5m savings from tactical operating efficiencies; £2.0m from integration of transferred retail assets; £0.5m from management de-layering savings; £0.1m from premises rationalisation
- 32% of all identified savings have already been actioned as at 30 June 2020
- All actions expected to be completed by 30 June 2021 and all savings expected to be fully delivered by 30 June 2022
- Ongoing savings set out here exclude the £6.9m one-off and temporary cost savings delivered during the quarter in response to COVID-19 – primarily marketing, travel and entertaining expense savings

Note: Bennetts numbers are estimated based on Ardonagh OM of 22 June 2020 due to CMA's IEO

# Total Pro Forma Adj. EBITDA stable at £275m, demonstrating resilience of Ardonagh business model

**LTM Q2’20 vs. LTM Q1’20 Pro Forma Adj. EBITDA Bridge by Segment**
(£m)

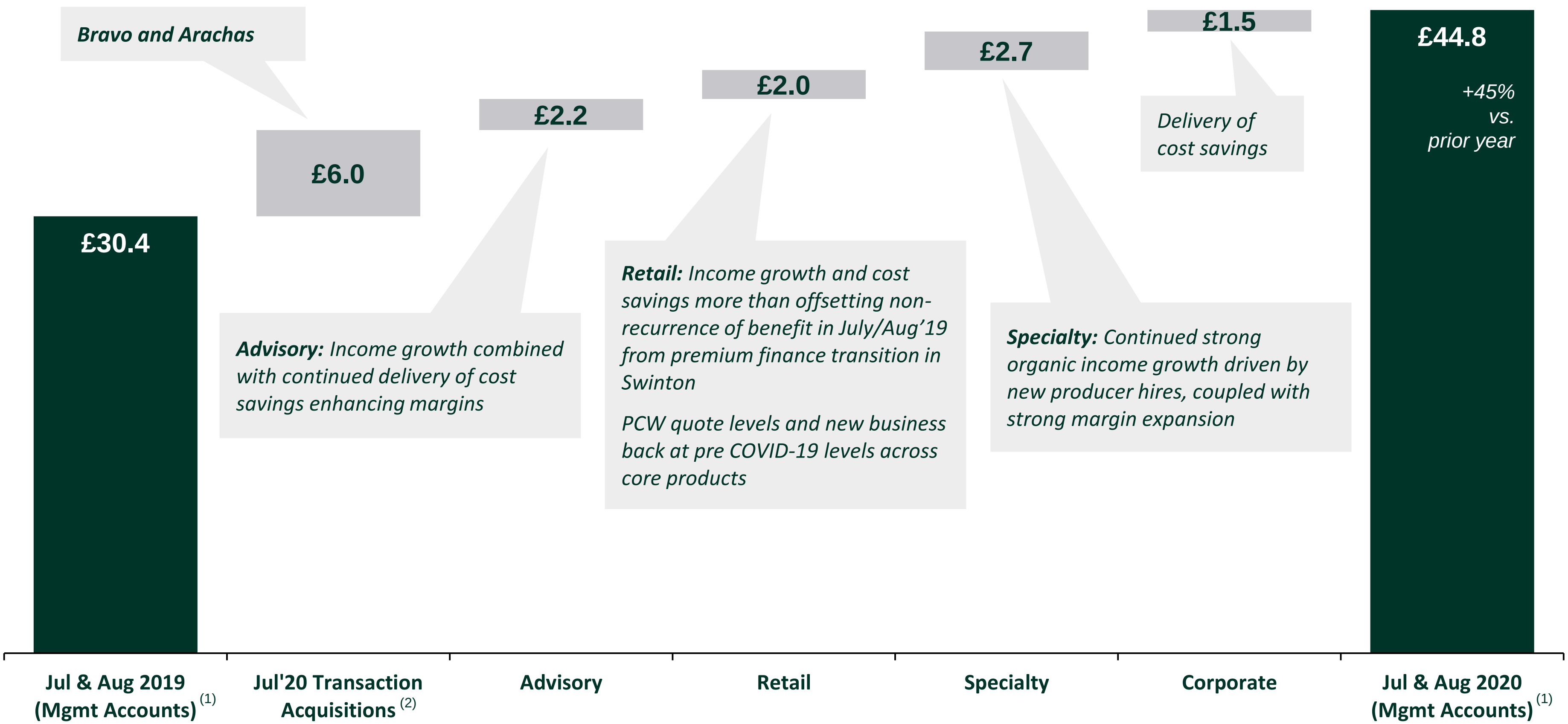



1) Excludes Rural acquisition completed 28 Feb’20 as pro forma already included in £275.5m (growth of +£2.1m including Rural)
2) EUR/ GBP FX assumed to be 1.11, includes Pro Forma Cost Savings

Note: Bennetts numbers are estimated based on Ardonagh OM of 22 June 2020 due to CMA’s IEO

# July and August are robustly ahead of prior year further demonstrating business resilience underpinned by nature of product and business diversity

**July/Aug 2020 vs. July/Aug 2019 Adj. EBITDA Bridge**
(£m)




1) Includes acquisitions from the completion date, excluding Bennetts
2) Estimated Adj. EBITDA from Bravo and Arachas (14 Jul'20 to 31 Aug'20). Arachas translated at EUR/ GBP of 1.11. Subject to completion of acquisition accounting and harmonisation of accounting standards

# Operating cash conversion of 82% stable vs. prior year despite COVID-19 impact, net cash inflow +£31.9m and closing Available Cash of £87.0m

| £m | Quarter 2 2020 | Quarter 2 2019 | Quarter 2 Var | Quarter 2 YTD 2020 | Quarter 2 YTD 2019 | Quarter 2 YTD Var | LTM Q2'20 |
|---|---|---|---|---|---|---|---|
| Adjusted EBITDA | 56.3 | 59.0 | (2.6) | 99.9 | 98.3 | 1.6 | 185.1 |
| Working Capital Movement | (9.3) | (10.8) | 1.6 | (25.3) | (32.3) | 6.9 | (9.3) |
| Maintenance Capex | (1.1) | (0.5) | (0.6) | (1.9) | (1.1) | (0.8) | (3.2) |
| **Operating Cash Flow** | **46.0** | **47.6** | **(1.7)** | **72.6** | **64.9** | **7.7** | **172.6** |
| *Operating Cash Conversion* | *82%* | *81%* | *1%* | *73%* | *66%* | *7%* | *93%* |
| Transformational Hires | (0.6) | (0.3) | (0.3) | (1.3) | (1.4) | 0.0 | (5.4) |
| Project Capex | (3.4) | (2.5) | (1.0) | (6.3) | (5.2) | (1.2) | (17.0) |
| Business Transformation | (3.8) | (8.9) | 5.1 | (10.5) | (23.6) | 13.0 | (28.3) |
| **Investment Spend** | **(7.9)** | **(11.6)** | **3.8** | **(18.2)** | **(30.1)** | **11.9** | **(50.7)** |
| Legacy Costs and Other Costs | (1.8) | (8.7) | 6.9 | (5.4) | (15.5) | 10.1 | (7.8) |
| Lease Payments | (2.9) | (3.6) | 0.7 | (5.7) | (8.1) | 2.4 | (11.6) |
| Interest Paid | (1.1) | 0.7 | (1.8) | (48.0) | (43.1) | (4.9) | (95.5) |
| **Free Cash Flow pre Disposals** | **32.4** | **24.5** | **7.9** | **(4.7)** | **(31.9)** | **27.2** | **7.0** |
| Disposals | - | (0.9) | 0.9 | - | 25.8 | (25.8) | 0.6 |
| **Free Cash Flow pre ETV, Equity, M&A[1]** | **32.4** | **23.5** | **8.8** | **(4.7)** | **(6.2)** | **1.4** | **7.6** |
| M&A, Equity, Debt Purchase | (6.4) | (9.7) | 3.3 | (35.1) | (13.1) | (22.0) | (63.8) |
| Financing and Associated Costs | 11.2 | (4.2) | 15.4 | 80.7 | (7.4) | 88.0 | 80.5 |
| Regulatory (incl. ETV redress) | (5.3) | (1.8) | (3.5) | (15.6) | (2.4) | (13.2) | (33.9) |
| **Net Cash Flow[2]** | **31.9** | **7.8** | **24.0** | **25.3** | **(29.0)** | **54.3** | **(9.6)** |
| Opening Available Cash | 55.1 | 88.7 | (33.6) | 61.7 | 125.6 | (63.9) | 96.6 |
| **Closing Available Cash** | **87.0** | **96.6** | **(9.6)** | **87.0** | **96.6** | **(9.6)** | **87.0** |

- Operating cash conversion of 82% in Q2’20 stable vs. Q1’19 despite the impacts of COVID-19 and maintaining cash conversion of 93% LTM
- £3.8m of discretionary Business Transformation investment and £3.4m discretionary Project Capex in Q2’20, in aggregate, significantly reduced vs. prior year and invested in cost savings programmes, primarily IT consolidation and redundancy costs
- 33% reduction in investment spend vs. prior year
- £1.8m legacy & other costs, primarily COVID-19 response and IBA legacy, 79% reduction vs. prior year
- £8.8m improvement in free cash flow and £7.6m inflow on a LTM basis[1]
- £6.4m discretionary M&A primarily relating to deferred payments and a number of small book-buys
- £11.2m net inflow from financing primarily as the result of the unwind of currency hedges
- ETV redress of £4.0m paid in Q2’20[3], with a further £34.5m provisioned as at 30 June (£10.2m paid since 30 Jun’20)
- Net cash inflow of £31.9m results in a closing Available Cash of £87.0m

1) Free Cash Flow defined as cash flow after proceeds from disposals, investments and interest, but before ETV costs, M&A and other financing cash flows
2) Movement in Available Cash as set out on page 8 of The Ardonagh Group Q2’20 Interim Report
3) £13.1m paid in H1’20, £29m paid to end Q2’20, £10.2m paid between 30 Jun’20 and 28 Sep’20

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# Senior net leverage slightly reduced to 5.6x with Available Liquidity of £568m

| Pro Forma for Jul'20 Transaction[(1)] £m | Mar'20 OM | Jun'20 |
|---|---|---|
| Reported Available Cash[(2)] | 55.1 | 87.0 |
| Cash Pro Forma for Jul'20 Transaction[(3)] | - | (10.0) |
| **Available Cash** | **55.1** | **77.0** |
| SSRCF @ £191.5m | - | - |
| Unitranche Term Facilities[(4)] | 1,575.0 | 1,575.0 |
| CAR (£300m) | - | - |
| Lease Liabilities | 55.5 | 51.1 |
| **Total Senior Net Debt** | **1,575.4** | **1,549.1** |
| Senior PIK Toggle Notes[(5)] | 400.0 | 404.5 |
| **Total Net Debt** | **1,975.4** | **1,953.6** |
| LTM Pro Forma Adjusted EBITDA | 275.5 | 275.0 |
| Cash Interest[(6)] | 97.8 | 98.9 |
| Total Senior Net Leverage | 5.72x | 5.63x |
| Total Net Leverage | 7.17x | 7.11x |
| Cash Interest Cover | 2.82x | 2.78x |
| *Undrawn SSRCF* | *191.5* | *191.5* |
| *Undrawn CAR Facility* | *300.0* | *300.0* |
| *Available Liquidity including undrawn CAR facility*[(7)] | *546.6* | *568.5* |

1) Pro forma for the effect of the Jul'20 Transaction
2) Available Cash as set out on page 8 of The Ardonagh Group Q2'20 Interim Report
3) Adjustment for Jul'20 Transaction; proceeds from new debt, repay of old debt, acquisitions and estimated unpaid fees as at 30 Jun'20

Note: Bennetts numbers are estimated based on Ardonagh OM of 22 June 2020 due to CMA's IEO

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4) €180m EUR Facility translated at final drawdown FX rate of EUR/ GBP 1.11
5) Jul'20 Senior PIK Toggle notes translated at hedged USD / GBP FX of 1.2361
6) Excludes expected PIK interest and RCF/ CAR commitment fees
7) Available Liquidity defined as Available Cash plus Available RCF plus Available CAR

Note: £50m LoC for ETV liabilities reduced to £28m on 8 Sep'20 as ETV liabilities paid

# Appendix

# Q2 2020 Performance by Platform

| £m | Reported Result Q2 [1] 2020 | Reported Result Q2 [1] 2019 | Reported Result Q2 [1] Variance | Reported Result YTD Q2 [1] 2020 | Reported Result YTD Q2 [1] 2019 | Reported Result YTD Q2 [1] Variance | LTM Pro Forma [2] | Org. Gth [3] Q2'20 v Q2'19 (%) | U/L Gth [4] Q2'20 v Q2'19 (%) |
|---|---|---|---|---|---|---|---|---|---|
| **Income** | | | | | | | | | |
| Advisory | 60.6 | 60.9 | (0.4%) | 116.3 | 113.4 | 2.6% | 227.8 | (5.3%) | 1.5% |
| Retail | 65.3 | 78.4 | (16.7%) | 129.8 | 147.9 | (12.2%) | 274.2 | (7.1%) | 1.9% |
| Specialty | 38.4 | 37.8 | 1.6% | 77.4 | 71.7 | 7.9% | 151.3 | 4.6% | 6.2% |
| Corporate | 0.4 | 2.8 | | 1.4 | 4.5 | | 4.3 | | |
| **Total** | **164.8** | **179.9** | **(8.4%)** | **324.8** | **337.4** | **(3.7%)** | **657.5** | **(4.0%)** | **2.6%** |
| Jul'20 Transaction Acquisitions | | | | | | | 140.7 | | |
| **Total incl. Jul'20 Transaction Acquisitions** | | | | | | | **798.2** | | |
| **Adj. EBITDA** | | | | | | | | | |
| Advisory | 24.6 | 23.8 | 0.9 | 42.4 | 41.0 | 1.4 | 71.5 | | |
| Retail | 24.9 | 28.9 | (4.0) | 45.0 | 47.3 | (2.3) | 95.0 | | |
| Specialty | 10.3 | 8.2 | 2.1 | 19.6 | 14.9 | 4.7 | 35.8 | | |
| Corporate | (3.5) | (2.0) | (1.5) | (7.1) | (4.9) | (2.1) | (16.6) | | |
| **Total** | **56.3** | **59.0** | **(2.6)** | **99.9** | **98.3** | **1.6** | **185.7** [5] | | |
| Jul'20 Transaction Acquisitions | | | | | | | 45.6 | | |
| **Total incl. Jul'20 Transaction Acquisitions** | | | | | | | **231.3** | | |
| **EBITDA** | | | | | | | | | |
| Advisory | 22.9 | 16.8 | 6.2 | 39.3 | 30.9 | 8.4 | | | |
| Retail | 23.4 | 23.0 | 0.5 | 42.3 | 34.3 | 8.1 | | | |
| Specialty | 8.6 | 2.1 | 6.5 | 14.7 | 10.3 | 4.4 | | | |
| Corporate | (8.9) | (8.8) | (0.1) | (15.4) | (14.3) | (1.1) | | | |
| **Total** | **46.0** | **33.0** | **13.0** | **80.9** | **61.1** | **19.8** | | | |

1) Reported result includes acquisitions from the completion date
2) Pro forma for all material completed acquisitions incl. Rural completed on 28 Feb'20 (£0.6m included in Specialty), and Jul'20 Transaction acquisitions (Bravo and Arachas completed on 14 Jul'20, Bennetts completed on 7 Aug'20)
3) Organic income growth Q2'20 vs. Q2'19, not adjusted for impact of COVID-19

THE Ardonagh GROUP

4) Underlying organic income growth Q2'20 vs. Q2'19 adjusting for estimated COVID-19 adverse income impact of c. £11m in the quarter. Income impact was predominantly temporary and offset by £6.9m predominantly one-off additional cost savings
5) £0.6m variance between Reported Adj. EBITDA of £185.1m and Pro Forma for Completed Transactions Adj. EBITDA of £185.7 LTM Q2'20 is pro forma for Rural acquisition

Note: Bennetts numbers are estimated based on Ardonagh OM of 22 June 2020 due to CMA's IEO

# Continued strong growth in Bravo and Arachas driven by continued efficient M&A execution

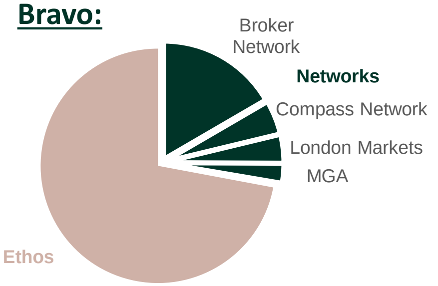
## Financial Highlights

| £m | Reported Result Q2[(1)] 2020 | 2019 | Variance | LTM Q2'20 Pro Forma[(2)] |
|---|---|---|---|---|
| **Income** | 30.6 | 25.0 | +22.4% | 140.7 |
| **Adj. EBITDA** | 11.3 | 9.1 | +2.2 | 45.6 |
| ***Adj. EBITDA Margin*** | *36.9%* | *36.2%* | *+70 bps* | *32.4%* |

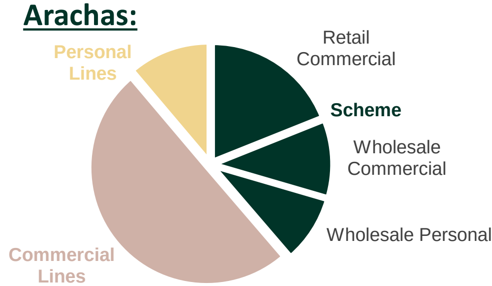
## Business Description - Income Mix

- **Bravo** is the UK’s largest network of independent insurance brokers and a leading consolidator in the UK insurance market
- **Arachas** is the leading independent commercial insurance distribution platform in the Republic of Ireland

**Bravo:**




**Arachas:**




## Quarter 2 Key Highlights

- Adj. EBITDA growth of +25% and income growth of +22% driven primarily by robust and efficient M&A execution and integration
- Adj. EBITDA margin of 36.9% accretive vs. Ardonagh reported margin of 34.2% for Q2’20

**Bravo**

- Growth primarily driven by 12 “add-on” acquisitions completed during the last 12 months (to end Jun’20)
  - 3 of these acquisitions were completed during the quarter adding £0.8m of annualised Adj. EBITDA
- 2 further acquisitions completed during Q3’20 to date, adding a further £1.0m of annualised Adj. EBITDA
- Effective and well trodden integration path and cost controls are the main drivers of margin

**Arachas**

- Growth primarily driven by 2 acquisitions completed in the last 12 months (to end Jun’20)
- Continued strong underlying growth of core commercial brokerage and schemes business which demonstrated strong resilience during COVID-19 lock-down

1) Reported result includes acquisitions from the completion date, excludes Bennetts and is set out according to the accounting standards of the business pre acquisition
2) Pro forma for all material completed transactions including Jul'20 Transaction acquisitions (Bravo and Arachas completed on 14 Jul’20, Bennetts completed on 7 Aug’20) and including pro forma for completed transactions by both Bravo and Arachas. Arachas transacted at EUR/ GBP FX 1.11

Note: Bennetts numbers are estimated based on Ardonagh OM of 22 June 2020 due to CMA’s IEO

# Reconciliation of YTD IFRS Loss to Alternative Performance Measures

| Quarter 2 YTD (£m) | Reported[1] 2020 | Reported[1] 2019 |
|---|---|---|
| **Reconciliation of the IFRS Loss for the period to EBITDA and Adjusted EBITDA** | | |
| **Loss for the period** | **(94.1)** | **(41.8)** |
| *Eliminate: Items excluded from EBITDA* | | |
| Finance costs | 133.3 | 57.2 |
| Tax credit | (1.0) | (6.7) |
| Depreciation, amortisation and impairment of non-financial assets | 44.1 | 46.7 |
| Fair value (gain)/loss on derivatives | (0.3) | 0.6 |
| Loss from disposal of non-financial assets | (0.4) | 3.8 |
| Foreign exchange movements | (0.8) | 1.4 |
| **EBITDA** | **80.9** | **61.1** |
| *Eliminate: Items excluded from Adjusted EBITDA* | | |
| Transformational hires | 1.8 | 2.2 |
| Business transformation costs | 9.1 | 23.5 |
| Legacy costs | 0.8 | 9.2 |
| Other costs | 3.3 | - |
| Regulatory costs | 0.4 | 0.3 |
| Acquisition and financing costs | 3.7 | 1.1 |
| Adjustment to gain on disposal of associate | - | 3.3 |
| Gain on disposal of subsidiary or business | (0.2) | (2.5) |
| **Adjusted EBITDA** | **99.9** | **98.3** |

The Group presents results to investors using alternative performance measures ('APMs').

The Group presents **EBITDA** and **Adjusted EBITDA** as important APMs for both reported 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 six months ending 30 June 2020 for The Ardonagh Group Limited[2] and the key APMs for the Group. The full IFRS results for the Group, for the six months ended 30 June 2020 can be found 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) Reported result includes acquisitions from the completion date
2) PIK Toggle notes are listed at Ardonagh MidCo 2 Plc, a subsidiary of The Ardonagh Group Limited; Unitranche facilities, ssRCF and CAR facility are at Ardonagh MidCo 3 Plc, a direct subsidiary of Ardonagh MidCo 2 Plc. A reconciliation between Ardonagh MidCo 3 Plc and The Ardonagh Group Limited is set out on page 62 of The Ardonagh Group Q2'20 Interim Report

# 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. Non-IFRS measures are defined by us as set out below.

***"Acquisition and Financing Costs"*** *defined as c*osts associated with acquiring businesses, with disposing of parts of the business, with raising additional financing (legal and accounting advisors, rating agencies, etc.), and with a change in the value of contingent consideration (after the measurement period has ended).

"***Adjusted EBITDA***" or "***Adj. EBITDA***" defined as EBITDA after adding back Management Reconciling Items.

***"Adj. EBITDA Margin"*** *defined as* Adjusted EBITDA divided by Income.

***"Available CAR"*** *defined* as total undrawn CAR facility (£300m facility available for expenditure on capex, acquisition and re-organisation).

***"Available Cash"*** *defined* as total unrestricted own funds plus ETV restricted funds.

***"Available Liquidity"*** *defined* as Available Cash plus Available RCF (Revolving Credit Facility) plus Available CAR facility (£300.0m facility available for expenditure on capex, acquisition and re-organisation).

***"Available RCF"*** *defined* as available and undrawn RCF.

***"Business Transformation Costs"*** *defined* as costs (other than restructuring costs) incurred in transforming the legacy Towergate business, in realising synergy benefits from acquired businesses by reorganising management and business structures and by implementing new systems and processes, in reorganising group structures, in transforming business processes, in terminating contractual arrangements, and in driving a cost base that is the right size for the Group.

"***EBITDA***" *defined as e*arnings after adding back finance costs (including from 1 January 2019 effective interest on lease liabilities), tax, depreciation (including with effect from 1 January 2019, depreciation of lease right-of-use assets), amortisation, impairment of non-financial assets, profit/loss on disposal of non-financial assets (except for right-of-use assets in the year of transition to IFRS 16) and foreign exchange movements.

***"EBITDA Margin"*** *defined as* EBITDA divided by Income.

***"Free Cash Flow"*** *defined* as cash flow after proceeds from disposals, investments and interest, but before ETV costs, M&A and other financing cash flows.

"***IFRS***" *defined as* International Financial Reporting Standards

"***Income***" *defined as* Commission and fees, other income, investment income and finance income.

***"Legacy Costs"*** *defined as* non-repeatable costs arising from pre-2016 retention plan payments to key staff so as to provide long-term stability to the business, from insurer loss ratio performance for legacy (to 2018 underwriting years inclusive) underwriting disciplines and decision making, from settlement of historic enhanced transfer value liabilities, and from write down of legacy IBA balances and other receivable balances whilst enhanced processes are being embedded.

# Non-IFRS Financial Measures (cont'd)

***"LTM"*** defined as the arithmetical sum of the last twelve months results, it should be noted that the 2017 results have not been restated for IFRS accounting standard changes.

***"Management Reconciling Items" or "MRI"*** *defined as:*

- Discontinued operations
- Restructuring costs
- Transformational hires
- Business transformation costs (other than restructuring costs)
- Regulatory costs
- Acquisition and financing costs
- Profit/loss on disposal of a business and investments (unless a discontinued operation)
- Legacy costs
- Other costs

***"Operating Cash Conversion"*** *defined as* Adjusted EBITDA less working capital movement and maintenance capital expenditure, over Adjusted EBITDA.

***"Organic Growth"*** *defined* as Growth adjusted to remove the impact of acquisitions, disposals, FX, hedges, back-books, accounting changes and certain one-off and distorting items.

***"Other Costs"*** *defined as:*

- Costs incurred in 2020 that are directly attributable to the coronavirus pandemic in that they would not otherwise have been incurred;
- The expense arising from equity-settled and cash-settled share-based payment schemes; and
- Non-repeatable costs arising from external reviews and process improvements in financial, cash and liquidity reporting, and from commercial disputes.

"***Pro Forma Adjusted EBITDA***" or "***Pro Forma Adj. EBITDA"*** defined as the Adjusted EBITDA of the business as adjusted for certain cost saving initiatives and cost synergies.

***"Pro Forma for Completed Transactions"*** *defined as* IFRS numbers which have been adjusted to: (a) include the results of new acquisitions from the first day of the immediately preceding comparative year, (b) remove the results and gain or loss on disposal of discontinued operations, and of other business disposals from the current and prior year, where they have occurred prior to the end of the reporting period, and (c) reflect financing transactions as if they had occurred on the first day of the prior year.

***"Regulatory Costs"*** *defined as* costs associated with one-off regulatory reviews and with changes in the regulatory and compliance environments.

# Non-IFRS Financial Measures (cont'd)

***"Transformational Hires" defined as:***

- Sign-on bonuses and other non-discretionary bonuses incurred in 2020 and related to new hires in Ardonagh Portfolio Solutions;
- Sign-on bonuses and other non-discretionary bonuses related to new hires in Group functions; and
- Net losses associated with new joiners hired to drive transformational business growth in the Insurance Broking, Specialty & International or MGA operating segments to whom a capacity restriction (no insurer to underwrite policies) or restrictive covenant applies. The net losses are calculated as the recruitment costs, sign-on bonuses, costs of retention and salary ('salary-related costs') incurred during the period of the capacity restriction or covenant, or during the one year period after the capacity restriction or covenant has ended, less the income generated by those new joiners during that period. (If the net losses become negative, so that income generated exceeds salary-related costs, this is no longer an MRI.).

***"Jul'20 Transaction" defined as:***

- Refinancing of Ardonagh Group completed 14 Jul'20, plus
- Bravo and Arachas acquisitions completed on 14 Jul'20, plus
- Bennetts acquisition completed on 7 Aug'20
- As set out in Ardonagh OM dated 22 June 2020

Note: Bennetts numbers are estimated based on Ardonagh OM of 22 June 2020 due to CMA's IEO