THE Ardonagh GROUP

QUARTER 2 2019 RESULTS

21 August 2019

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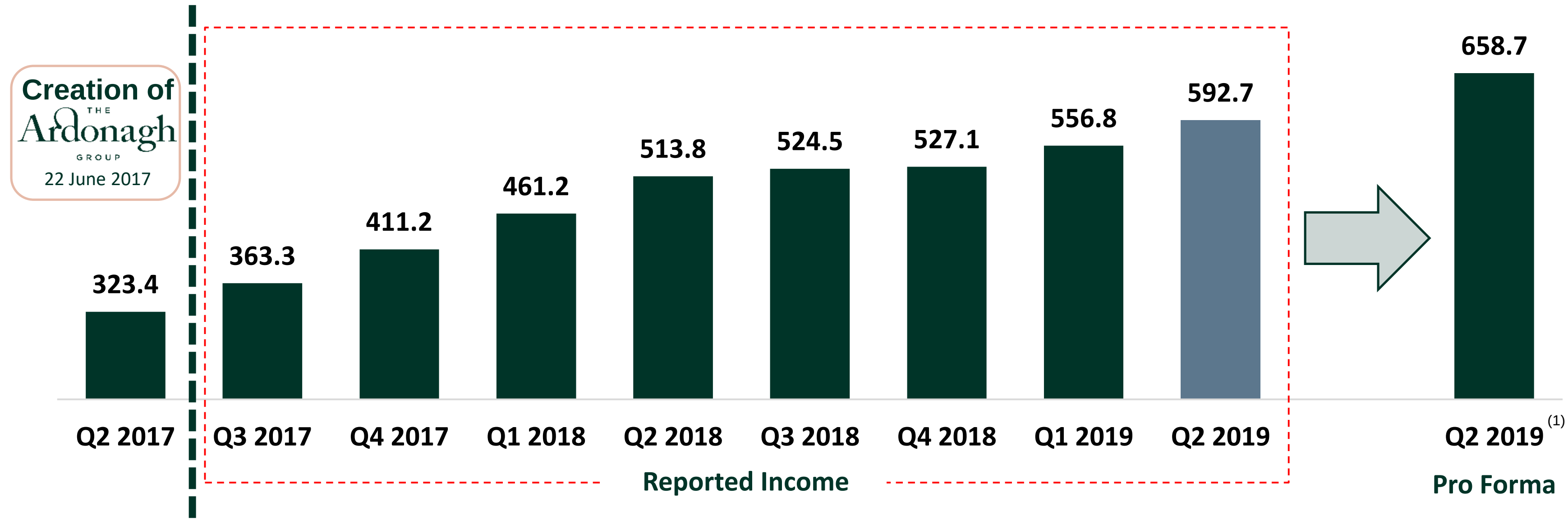
Executive Summary – Q2 2019

1. **Continued strong business performance**
   - Reported income growth of +25.0% including Swinton acquisition, with organic income growth of +2.0%, driven primarily by Insurance Broking and new hires in Specialty delivering growth
   - Reported Adj. EBITDA Margin up +500bps(1) with continued delivery of cost savings
   - Operating cash conversion 77%, significantly improved vs. prior year, and Free Cash Flow(2) positive +£24m, in line with expectations
2. **Successful execution of Transformation programme**
   - £20m invested in H1'19 (excluding Swinton), with remaining c. £15m planned transformation investment(3) for H2'19 as contract notice periods expire, PAS systems are decommissioned and shut down and programmes finalised
   - An incremental £5.1m cost savings delivered during the quarter, primarily from central overhead and agency staff cost reductions
   - Market leading scaleable platforms firmly in place to support accelerated growth
3. **Swinton continues to perform above plan, branch closure programme and integration nearly complete**
   - FY19 Adj. EBITDA expected to be stable vs. £32.4m for FY18
   - £9m invested in Swinton during H1'19, with remaining c. £11m planned investment for H2'19 as integration is completed and sites decommissioned
   - All retail branches closed by end July 2019
4. **New hires delivering growth and business now well positioned to drive further organic growth**
   - New hires in Specialty have secured several major wins during H1'19, with line of sight on £15-20m incremental, high margin income per year

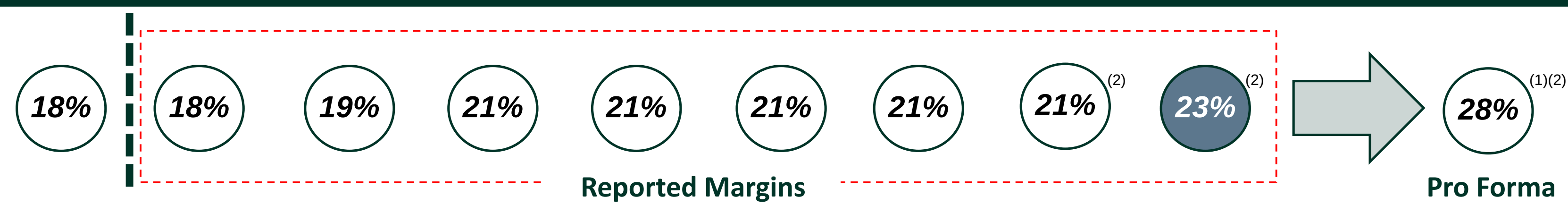
1) Excluding benefit from IFRS 16 implementation in 2019. 2018 results have not been restated to reflect this revised accounting standard in line with IFRS guidance. See Appendix page 29 of this document for full impact of IFRS 16 implementation
2) Free Cash Flow defined as cash flow after proceeds from disposals, investments and interest, but before ETV costs, M&A and other financing cash flows
3) Transformation investment includes both Business Transformation exceptional costs (c. £20m expected for FY19) and Project Capex (c. £15m expected for FY19)

Continued Development of Growth and Margins

Ardonagh Total Income LTM (£ millions)



Adj. EBITDA Margin LTM (%)



1) Pro forma for all material acquisitions and disposals including; acquisition of Swinton (31 Dec'18), acquisition of Nevada 3 Businesses MHG, HIG & PfP (31 Jan'19), disposal of Claims business (16 Oct'18), and disposal of Commercial MGA (1 Jan'19), and includes annualisation of cost savings from completed actions and actions expected to be completed during next 12 months

2) Excluding benefit from IFRS 16 implementation in 2019. 2018 results have not been restated to reflect this revised accounting standard in line with IFRS guidance

Key Segment Highlights – Q2 2019

Strong performance across all segments delivering +2.0% organic income growth and +500bps margin improvement(1) as cost savings continue to be realised

ARDONAGH BROKING

Income £463m(2)

Insurance Broking:

- Strong income growth of +10.5%, underpinned by +3.1% organic income growth, combined with +650bps margin increase as benefits from Broker System Consolidation project are delivered
- Won the 'Commercial Lines Broker of the Year – SME/Mid-Corporate' award at the British Insurance Awards in July 2019

Retail:

- Integration of Swinton near complete with all retail branches now closed. Continuing improvement in all underlying business metrics
- Growth in new business policies written during the quarter of +8.7% overall including Swinton vs. comparable period prior year, with growth across all three brands (Autonet +6.4%, Carole Nash +10.6%, Swinton +9.0%)

Paymentshield:

- Overall income growth +2.2% vs. prior year, including closed back-book (maintaining high retention) and continued policy growth from improving platform to market, and launch of new products

ARDONAGH SPECIALTY

Income £100m(2)

Specialty & International

- Growth and margins back in line with expectations due to strong performance by transformational hires and focus on converting income growth into sustainable margin growth. Income growth of +16.4% for the quarter (+9.5% on a constant currency basis)

ARDONAGH MGA

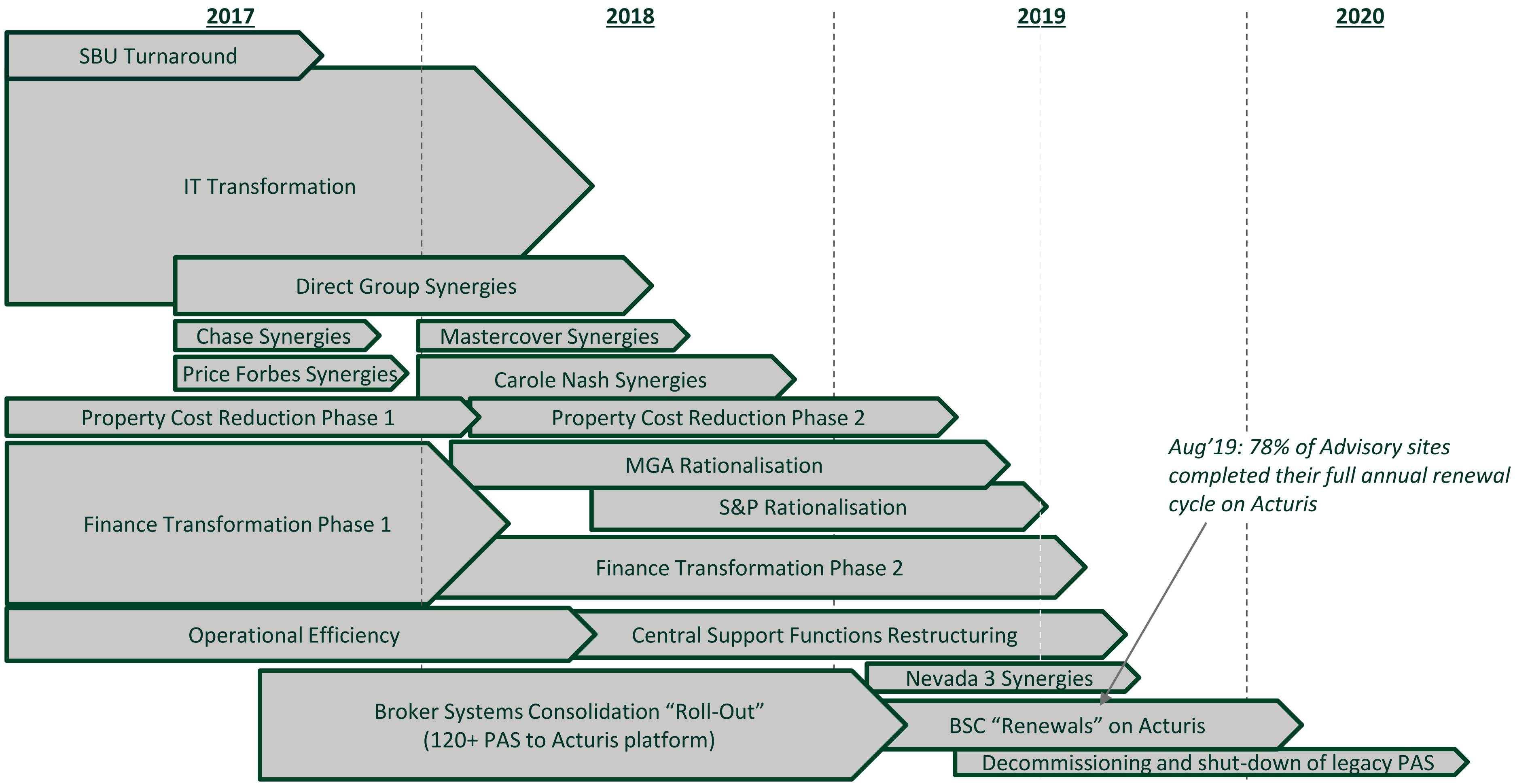
Income £88m(2)

Schemes & Programmes: Strong delivery of cost saving programme and exit of unprofitable business delivering +430bps margin growth

MGA: Organic income growth +2.2%, Adj. EBITDA margin up +840bps and continued improvement in underwriting performance

1) Excluding impact of IFRS 16
2) Total income Pro Forma for Completed Transactions LTM Q2'19

Successful Execution of Transformation Programme



Transformation Investment £m:	H2’17	H1’18	H2’18	H1’19	Q3’19	Q4’19
	£24m	£21m	£21m	£20m	c. £10m	c. £5m

Cash lags termination of initiatives due to notice periods and payment terms

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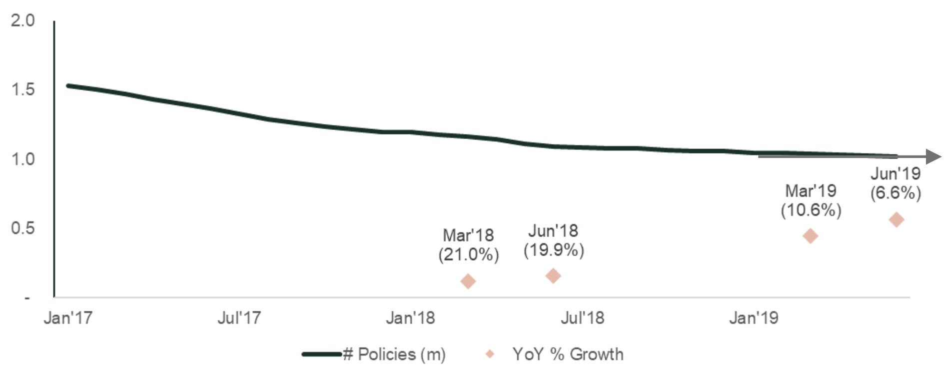
Swinton Continues to Perform Above Plan

Swinton performance remains above plan and underlying metrics continue to improve
Branch closure programme and integration completed during July 2019

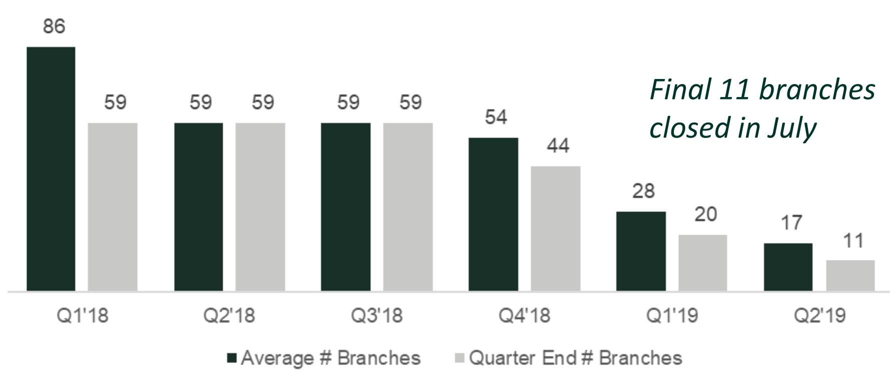
Live policy volumes – Reducing rate of decline



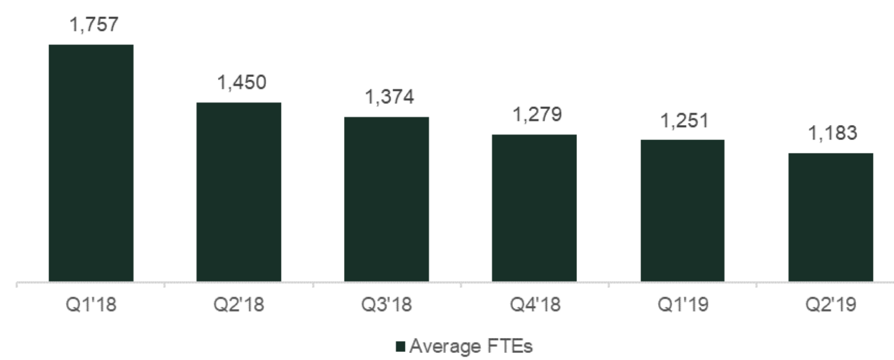
KPIs – Continued improvement vs. prior year

	Q2'19	Q2'18	*Change*	Autonet Q2'19
Admin Cost per Policy Written (£)	90	99	*(9.7%)*	82
IT Cost per Policy Written (£)	11	13	*(12.7%)*	6
Retention %	70.8%	69.3%	*+140bps*	66.5%
Adjusted EBITDA Margin %[(1)]	30.6%	28.8%	*+180bps*	33.8%

Branch Numbers – Significant reduction vs. prior periods



FTEs – Significant reduction vs. prior periods



1) Adj. EBITDA margin excluding benefit from IFRS 16 implementation in 2019, set out on page 29

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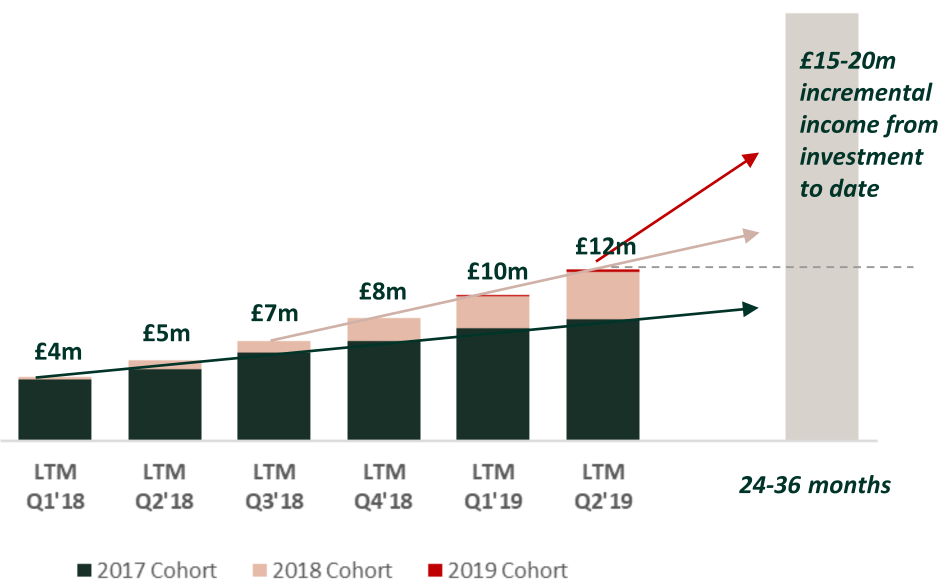
Transformational Hires in Specialty Delivering Growth

New hires in Specialty are driving substantial growth as 2017, 2018, 2019 cohorts rapidly approach income maturity. Line of sight on £15-20m incremental income pa with high EBITDA fall through

Incremental Income from Transformational Hires



Key Highlights

- Ardonagh Specialty contains two market leading Lloyd's brokers, with a globally recognised heritage brand in Price Forbes and a fast-growing challenger brand in Bishopsgate
- We have a strong track record for attracting high profile income producers including most recently leaders in Professional Liability and Security Risks specialisms
- We have invested each year since 2017 to secure transformational income producers and none of these cohorts are yet at full income maturity
- Hires typically need 18-24 months, post any non-compete restrictions, to reach income maturity. Given the relatively early stage of some of the existing cohorts, we expect substantial incremental income in the coming quarters
- New hires in Specialty have secured several major contract wins during H1'19 and we now have line of sight on £15-20m pa of incremental income vs. LTM Q2'19 from current cohorts over the next 24-36 months
- Discretionary investment made in JLT hires during 2019

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Market Backdrop and Business Focus

Our businesses are well positioned in the market to deliver sustained mid-single digit organic income growth and top-tier margins

Insurance Broking

- Focus on continuing improvement in retention rates with sustained focus on customer service levels, group scale and capabilities, and "trusted risk advisor" relationships to sell full insurance programme
- Emerging risks such as cyber, terrorism and climate change driving market growth

3-4% Organic

Retail

- Stable policy volumes with rates increasing with inflation and rising claim costs (Ogden, regulatory)
- Growth in online market at the expense of traditional brokers results in growing addressable market for Ardonagh
- Highly effective consumer analytics enable targeted new business growth

3-4% Organic

Paymentshield

- Stable mortgage market, but embedded position with largest intermediaries and consolidation of intermediaries results in growing addressable market for Ardonagh
- Strong growth in new products targeted at Tenants and Landlords

1-2% Organic

Specialty

- Geopolitical tensions and heightened sense of risk will continue to drive demand and new products eg cyber or terrorism
- Focus on above 90% customer retention combined with continuing hiring activities in specialist portfolios

10-15% Organic

Schemes & Programmes

- Stable policy volumes with rates increasing with inflation
- Growth driven by new products targeted at niche consumer communities, leveraging strong strategic partnership relationships with insurers and re-platforming of existing products

2-3% Organic

MGA

- Challenging market with capacity pressures in all but the most specialist products
- Focus on niche and specialist products

2-3% Organic

Ardonagh medium-term target organic growth

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Financial Overview

Ardonagh Group Financial Overview – Q2 2019

Reported income growth +25.0% and pro forma income stable including Swinton (vs. decline of 3.5% in Q1)
Strong growth in Adj. EBITDA margin, up +500bps in the quarter, as cost savings continue to be delivered

	Reported Result Q2[1]				Pro Forma Result Q2[2]				Pro Forma[2]	PF Adj EBITDA[3]
			Variance				Variance			
£m	2019	2018	£m	%	2019	2018	£m	%	Q2 2019 LTM	Q2 2019 LTM
Income	**179.9**	**143.9**	**35.9**	**25.0%**	**179.9**	**179.0**	**0.9**	**0.5%**	**658.7**	
Staff Expenses	(76.4)	(68.0)	(8.4)	(12.4%)	(76.4)	(76.2)	(0.2)	(0.3%)	(313.7)	
Operating Expenses	(46.4)	(37.5)	(8.9)	(23.9%)	(46.4)	(49.8)	3.4	6.9%	(190.1)	
Adj. EBITDA (excl. IFRS 16)	**57.1**	**38.5**	**18.6**	**48.2%**	**57.1**	**53.0**	**4.1**	**7.7%**	**155.0**	**181.1**
Margin %	*31.7%*	*26.8%*	*500 bps*		*31.7%*	*29.6%*	*210 bps*		*23.5%*	*27.5%*
IFRS16 Adjustment	1.9	-	1.9		1.9	-	1.9		6.3	6.3[5]
Adj. EBITDA as reported[4]	**59.0**	**38.5**	**20.4**	**53.0%**	**59.0**	**53.0**	**6.0**	**11.3%**	**161.3**	**187.4**
Margin %	*32.8%*	*26.8%*	*600 bps*		*32.8%*	*29.6%*	*320 bps*		*24.5%*	*28.4%*
Staff Costs as % of Income	*42.5%*	*47.2%*	*470 bps*		*42.5%*	*42.6%*	*10 bps*		*47.6%*	
Op. Expenses as % of Income	*25.8%*	*26.0%*	*20 bps*		*25.8%*	*27.8%*	*200 bps*		*28.9%*	

1) Reported result includes acquisitions and disposals from the completion date
2) Pro forma for all material acquisitions and disposals including; acquisition of Swinton (31 Dec'18), acquisition of Nevada 3 Businesses MHG, HIG & PfP (31 Jan'19), disposal of Claims business (16 Oct'18), and disposal of Commercial MGA (1 Jan'19)
3) Including £26.1m pro forma for annualised cost savings
4) 2019 results are set out post IFRS 16 implementation and 2018 results have not been restated to reflect this revised accounting standard in line with IFRS guidance
5) £6.3m IFRS 16 adjustment relates only to H1'19

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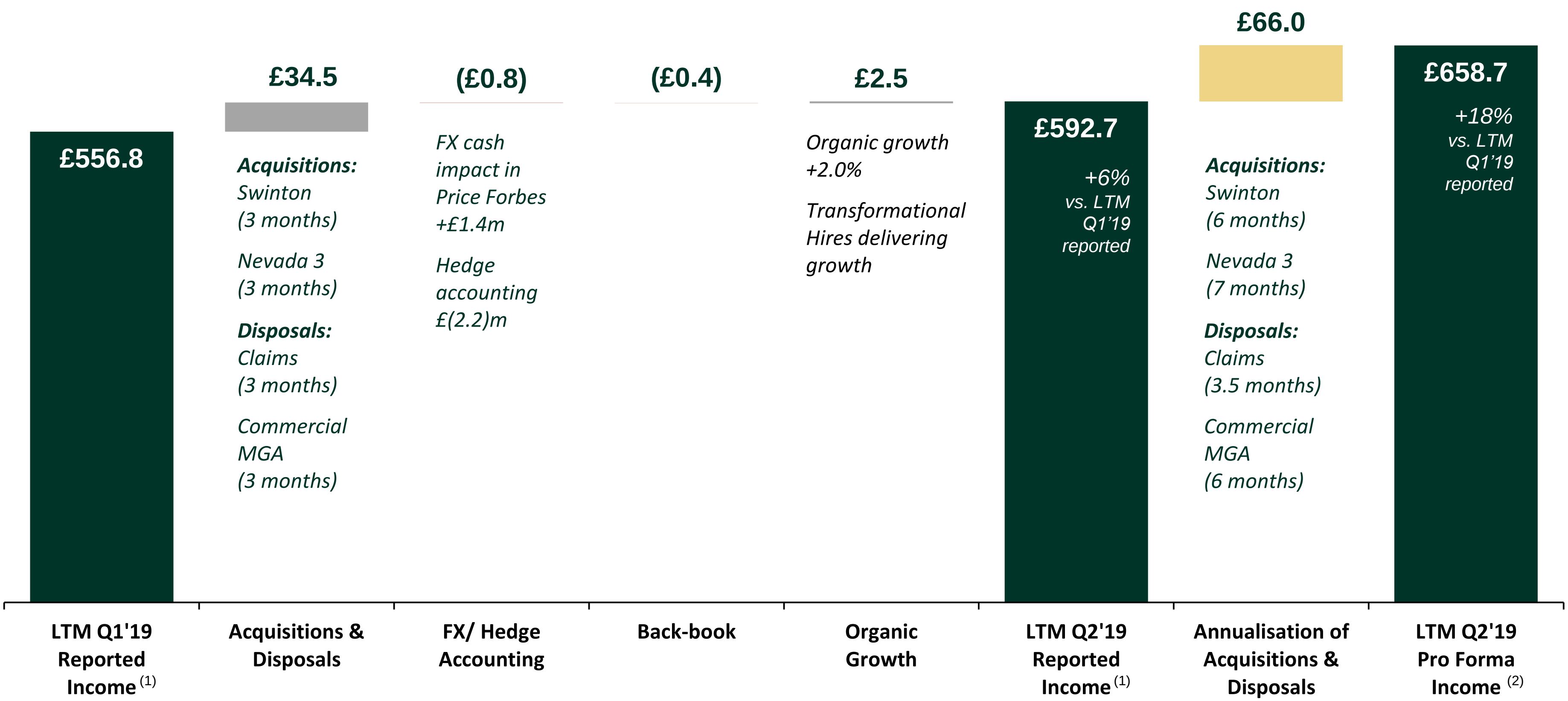
Q2 2019 LTM vs. Q1 2019 Income Bridge

Reported income up +6% vs. LTM Q1 including Swinton. Organic growth of +2.0%, underpinned by transformational hires delivering growth, partially offset by back-book income drag (EBITDA neutral)

(£ millions)



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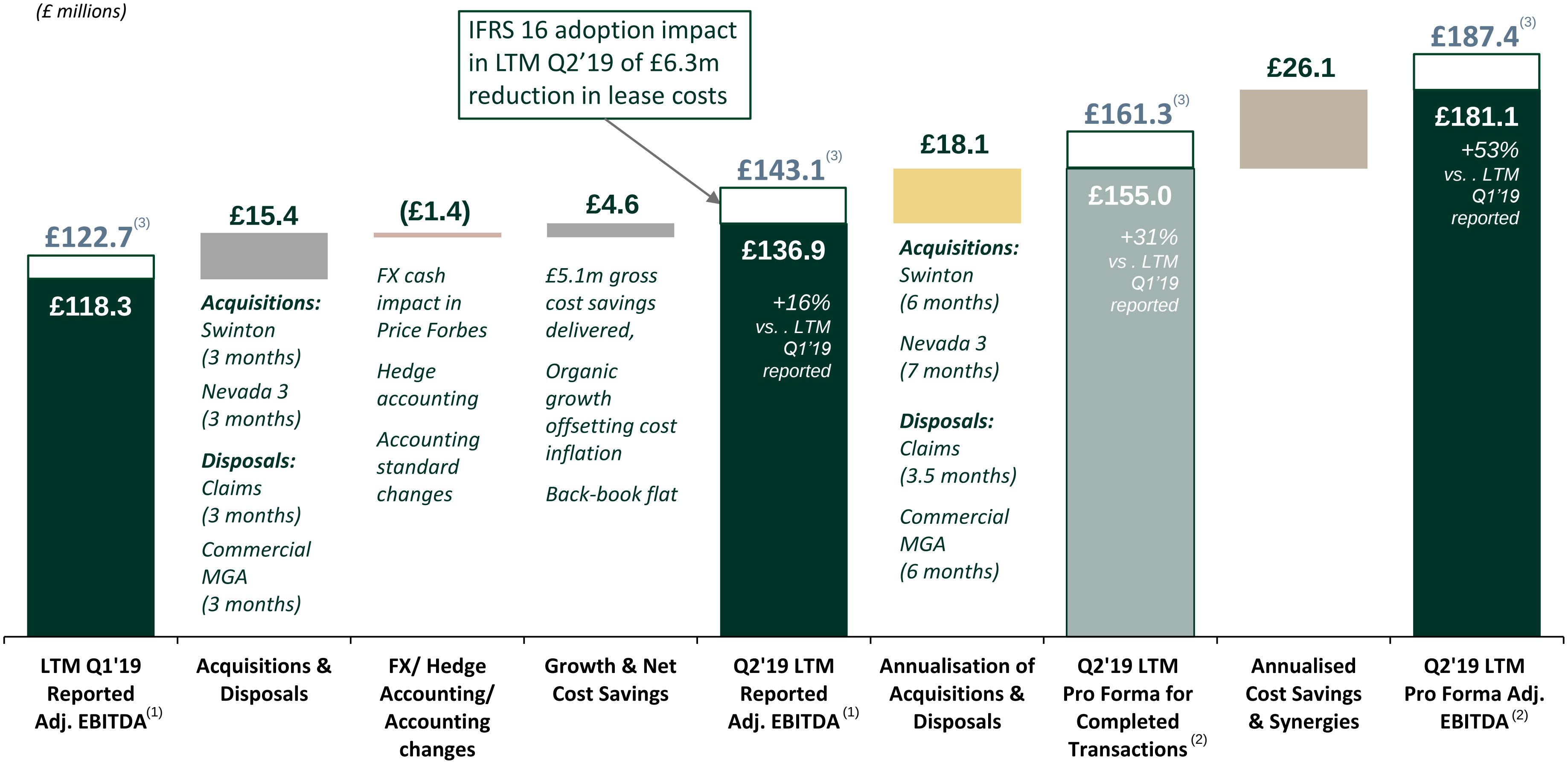
Q2 2019 LTM vs. Q1 2019 Adj. EBITDA Bridge

Rapid growth in Adj. EBITDA as both acquisitions and cost savings convert into reported earnings



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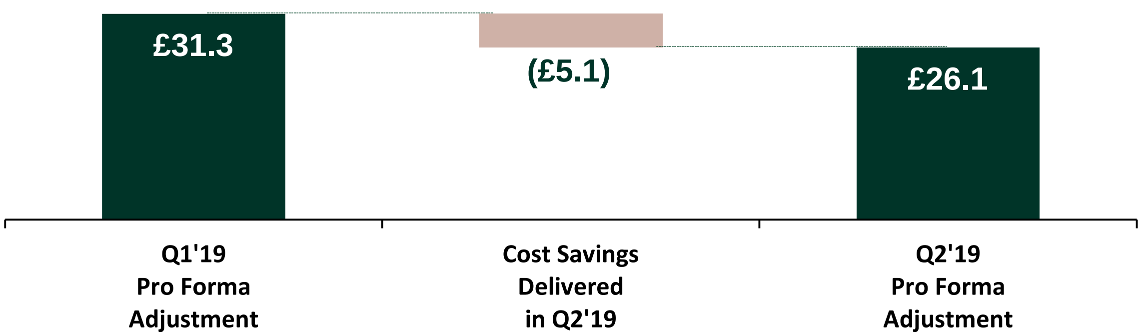
2) Pro forma for all material acquisitions and disposals including; acquisition of Swinton (31 Dec'18), acquisition of Nevada 3 Businesses MHG, HIG & PfP (31 Jan'19), disposal of Claims business (16 Oct'18), and disposal of Commercial MGA (1 Jan'19)
3) Post IFRS 16 implementation in 2019. 2018 results have not been restated to reflect this revised accounting standard in line with IFRS guidance. £6.3m IFRS 16 adjustment relates only to H1'19

Annualised Cost Savings & Synergies – Q2 2019

£5m cost savings delivered in Q2 2019 and £26m near-term cost savings yet to come through

(£ millions)

Pro Forma Adjustment for Future Benefits from Cost Savings and Synergies:



	Delivered Savings in Q2 2019	Annualised Savings for Actions Complete at Jun'19	Annualised Savings for Actions Complete at Jun'20	Q2'19 Pro Forma Adjustment
TWG Transformation	2.3	5.3	2.6	7.9
Original Synergies	1.0	1.0	1.5	2.5
New Synergies	1.0	1.0	1.7	2.7
Other Cost Reduction Plans	0.8	8.1	4.9	13.1
Total	**5.1**	**15.4**	**10.8**	**26.1**

- £5.1m cost savings delivered during Q2 2019, primarily from Towergate transformation and restructuring
  - 52% reduction in agency staff vs. prior year
  - 67% Advisory sites completed a full annual renewal cycle on Acturis by end Jun’19 (78% by end Aug’19)
  - Automated accounting now used for 82% income in Broking
- Other cost reduction plans include MGA restructuring post Commercial MGA disposal, London footprint consolidation and other process efficiencies
- Savings are embedded in segmental budgets for 2019 and linked to senior management bonuses
- £15m of identified cost savings are the result of the annualisation of benefits from completed actions as at 30 Jun’19
- £11m identified cost savings are the result of annualisation of benefits from actions expected to be completed during the next 12 months to 30 Jun’20
- **Total of £26m clearly identified near-term annualised cost savings and cost synergies**

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Ardonagh Group Cash Flow – Q2 2019

Free Cash Flow positive (pre ETV, Equity, M&A) and significantly ahead of prior year

£m	Q2 2019	Q2 2018	Q2 Var	YTD Q2 2019	YTD Q2 2018	YTD Q2 Var
Adjusted EBITDA[(1)]	57.1	38.5	18.5	92.0	65.4	26.6
Working Capital Movement	(12.5)	(21.9)	9.4	(34.1)	(40.3)	6.2
Maintenance Capex	(0.5)	(0.6)	0.1	(1.1)	(0.9)	(0.2)
Operating Cash Flow	**44.1**	**16.1**	**28.0**	**56.8**	**24.2**	**32.6**
Operating Cash Conversion	*77.2%*	*41.7%*	*35.5%*	*61.7%*	*37.0%*	*24.7%*
Transformational Hires	(0.3)	(5.5)	5.2	(1.4)	(10.7)	9.3
Project Capex	(2.5)	(3.5)	1.1	(5.2)	(9.1)	3.9
Business Transformation	(8.9)	(6.6)	(2.2)	(23.6)	(11.9)	(11.7)
Investment Spend	**(11.6)**	**(15.6)**	**4.0**	**(30.1)**	**(31.6)**	**1.5**
Legacy Costs and Other Non-Recurring	(8.7)	(10.8)	2.1	(15.5)	(15.3)	(0.2)
Interest on Notes and RCF	0.7	0.8	(0.1)	(43.1)	(39.1)	(4.0)
Disposals	(0.9)	-	(0.9)	25.8[(4)]	42.4	(16.6)
Free Cash Flow pre ETV, Equity, M&A[(2)]	**23.5**	**(9.6)**	**33.1**	**(6.2)**	**(19.4)**	**13.3**
M&A, Equity, Debt Purchase	(9.7)	(1.4)	(8.3)	(13.1)	(6.0)	(7.1)
Financing and Associated Costs	(4.2)	54.5	(58.7)	(7.4)	63.3	(70.6)
Regulatory (incl. ETV redress)	(1.8)	(0.8)	(1.0)	(2.4)	(1.4)	(0.9)
Net Cash Flow[(3)]	**7.8**	**42.8**	**(35.0)**	**(29.0)**	**36.4**	**(65.5)**

- Operating cash conversion significantly improved vs. prior year
- £23.6m of discretionary Business Transformation investment and £5.2m Project Capex for H1’19 made up of:
  - £20m invested in Ardonagh cost savings programmes during H1’19, including business change resource, property footprint changes and redundancy costs
  - £9m invested in Swinton during H1’19 to close 33 retail branches and accelerate integration, final 11 closed in July
- Significant reduction in spend on transformational hires vs. prior year as we focus on optimising existing cohorts
- £15.5m legacy costs including legacy LTIP payments, loss corridors, legacy insurer administration “clean up” and litigation costs
- M&A/Financing includes carry forward of Swinton/ Nevada 3 transaction/financing costs into H1’19 of £12m in line with previous guidance, plus discretionary £6m equity buy-back and net £2m other small transaction costs
- Q2’19 net cash inflow of £7.8m; which with opening Available Cash of £88.7m, results in a closing Available Cash of £96.6m, and with £90m Available RCF, a total Available Liquidity of £186.6m

1) Adj. EBITDA excluding benefit from IFRS 16 implementation in 2019, set out on page 29
2) 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
3) Movement in Available Cash as set out on page 7 of Ardonagh Report to Investors for the Six Months Ended 30 June 2019
4) £31.5m proceeds from Commercial MGA disposal, of which £30.0m represented the initial consideration for the sale, net of disposal costs for both Commercial MGA disposal and Claims disposal earlier in the year

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Ardonagh Group Capitalisation and Net Leverage – Q2 2019

Net Secured Leverage in line with Q1 and Available Liquidity of £187m

£m	Dec-16	Dec-17	Pro forma at Dec-18	Mar-19	Jun-19
Available Cash[1]	42.1	58.1	125.6	88.7	96.6
Adjustment	-	(8.0)	20.0	-	-
Adjusted Operating Cash	**42.1**	**50.2**	**145.6**	**88.7**	**96.6**
SSRCF (£120m)	-	30.0	-	-	-
GBP Senior Secured Notes	400.0	455.0	553.3	553.3	553.3
USD Senior Secured Notes[2]	408.1	408.1	589.2	589.2	589.2
Net Secured Debt	**766.0**	**842.9**	**996.9**	**1,053.7**	**1,045.9**
Other Debt	11.5	9.0	4.6	4.7	4.5
Total Net Debt	**777.5**	**852.0**	**1,001.5**	**1,058.4**	**1,050.4**
LTM Pro Forma Adjusted EBITDA[3]	134.3	161.5	186.5	182.1	181.1
Interest on Senior Secured Notes and SSRCF[4]	68.3	73.1	93.3	93.3	93.3
Net Secured Leverage	**5.7x**	**5.2x**	**5.3x**	**5.8x**	**5.8x**
Total Net Leverage	5.8x	5.3x	5.4x	5.8x	5.8x
Interest Cover	2.0x	2.2x	2.0x	2.0x	1.9x
Undrawn SSRCF[5]	*90.0*	*75.0*	*120.0*	*120.0*	*120.0*
Available Liquidity[6]	*132.1*	*133.1*	*215.6*	*178.7*	*186.6*

1) Available Cash as set out on page 7 of Ardonagh Report to Investors for the Six Months Ended 30 June 2019; Excludes all TC2.4 restricted cash
2) USD 520m SSN at hedged USD/ GBP FX rate of 1.2742; USD 235m SSN at hedged FX of 1.2979; Note that Q1 2019 Interim Report translates USD debt at balance sheet FX of 1.3026
3) Adj. EBITDA excluding benefit from IFRS 16 implementation in 2019, set out on page 29
4) Pro forma interest excludes RCF commitment fees
5) RCF capacity agreed at £120m as at March 2019, although permissible drawings limited to £90m while LoC for ETV liabilities in place, therefore Available RCF of £90m
6) Available Liquidity defined as Available Cash plus Available RCF

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Consolidated Position as the Largest Independent Insurance Broker in the UK

More than £3bn gross written premium	*More than 4m policies under management*	*Deep local community penetration with 130 UK offices, combined with global reach*	*6,200 employees*	*Portfolio of more than 20 leading insurance brands*

- Leading player in each of our chosen specialist markets, delivering scale, depth and breadth advantages to our customers
- Well invested, scaleable platforms and infrastructure to support both organic and inorganic future growth, with highly cash generative business model and low ongoing capex requirement
- Structurally well positioned in the market to drive sustainable mid-single digit organic growth
- Diversification of channels, customer types, products and brands provides substantial downside protection
- Insurance capacity managed group-wide to ensure product mix benefits to appropriate placement outlets. MGA provides a more bespoke product for niche areas with no underwriting risk
- Highly experienced senior management, well equipped to lead the development of the business in its next phase of growth
- Ardonagh was voted "Best of the Best Broker" by 3,000 leading insurance professionals at the British Insurance Awards in July 2019, in August Ardonagh became Insurance Times' 5th largest UK broker vs. 8th last year, and in addition Ardonagh is now 18th in the 2018 Top Global Insurance Brokers ranking(1)

1) Best's Review published July 2019

Appendix

Segmental Performance for Q2 2019

Income £m	Reported Result Q2[1] 2019	Reported Result Q2[1] 2018	Reported Result Q2[1] Variance (%)	Pro Forma Result Q2[2] 2019	Pro Forma Result Q2[2] 2018	Pro Forma Result Q2[2] Variance (%)	Pro Forma[2] Q2 2019 LTM	Org. Gth Q219 v Q218 (%)	Org. Gth Q219 v Q218 (£m)
Insurance Broking	56.7	51.3	10.5%	56.7	56.7	0.0%	204.6	3.1%	1.6
Retail	58.3	22.8	156.0%	58.3	60.5	(3.6%)	217.8	(3.9%)	(0.8)
Paymentshield	10.9	10.7	2.2%	10.9	10.7	2.2%	40.9	2.4%	0.2
Broking	**125.9**	**84.8**	**48.5%**	**125.9**	**127.9**	**(1.5%)**	**463.3**	**1.2%**	**0.9**
Specialty	**26.5**	**22.7**	**16.4%**	**26.5**	**22.7**	**16.4%**	**99.8**	**9.5%**	**2.3**
Schemes & Programmes	13.3	18.1	(26.6%)	13.3	14.5	(8.1%)	50.6	(7.0%)	(1.0)
MGA	11.4	15.4	(26.0%)	11.4	11.0	3.7%	37.7	2.2%	0.2
MGA	**24.7**	**33.5**	**(26.3%)**	**24.7**	**25.4**	**(3.0%)**	**88.3**	**(3.3%)**	**(0.8)**
Corporate	2.8	3.0		2.8	3.0		7.3		0.1
Income	**179.9**	**143.9**	**25.0%**	**179.9**	**179.0**	**0.5%**	**658.7**	**2.0%**	**2.5**

Adjusted EBITDA £m[3]	Reported Result Q2[1] 2019	Reported Result Q2[1] 2018	Reported Result Q2[1] Variance (£m)	Pro Forma Result Q2[2] 2019	Pro Forma Result Q2[2] 2018	Pro Forma Result Q2[2] Variance (£m)	Pro Forma[2] Q2 2019 LTM
Insurance Broking	21.1	15.8	5.3	21.1	18.6	2.6	53.6
Retail	19.2	8.8	10.4	19.2	19.6	(0.5)	56.9
Paymentshield	7.2	7.0	0.2	7.2	7.0	0.2	26.0
Broking	**47.5**	**31.5**	**15.9**	**47.5**	**45.2**	**2.3**	**136.5**
Specialty	**5.1**	**4.0**	**1.2**	**5.1**	**4.0**	**1.2**	**19.3**
Schemes & Programmes	3.5	4.0	(0.5)	3.5	3.5	0.0	9.8
MGA	2.6	2.2	0.4	2.6	3.6	(1.0)	6.4
MGA	**6.1**	**6.2**	**(0.1)**	**6.1**	**7.0**	**(0.9)**	**16.2**
Corporate	(1.6)	(3.2)	1.6	(1.6)	(3.2)	1.6	(17.0)
Adj. EBITDA	**57.1**	**38.5**	**18.6**	**57.1**	**53.0**	**4.1**	**155.0**

Note: Adj. EBITDA excludes benefit from IFRS 16 implementation in 2019

1) Reported result includes acquisitions and disposals from the completion date
2) Pro forma for all material acquisitions and disposals including; acquisition of Swinton (31 Dec'18), acquisition of Nevada 3 Businesses MHG, HIG & PfP (31 Jan'19), disposal of Claims business (16 Oct'18), and disposal of Commercial MGA (1 Jan'19)
3) Adj. EBITDA excluding benefit from IFRS 16 implementation in 2019, set out on page 29

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Ardonagh Group Financial Overview – Q2YTD 2019

Income £m	Reported Result YTD Q2[1] 2019	Reported Result YTD Q2[1] 2018	Reported Result YTD Q2[1] Variance (%)	Pro Forma Result YTD Q2[2] 2019	Pro Forma Result YTD Q2[2] 2018	Pro Forma Result YTD Q2[2] Variance (%)
Insurance Broking	106.3	98.9	7.4%	107.2	107.1	0.2%
Retail	110.4	40.9	169.8%	110.4	119.7	(7.7%)
Paymentshield	20.2	21.1	(4.2%)	20.2	21.1	(4.2%)
Broking	**236.9**	**160.9**	**47.2%**	**237.9**	**247.8**	**(4.0%)**
Specialty	**51.4**	**46.7**	**10.0%**	**51.4**	**46.7**	**10.0%**
Schemes & Programmes	24.3	33.5	(27.4%)	24.3	26.3	(7.4%)
MGA	20.3	27.5	(26.2%)	20.3	19.3	5.3%
MGA	**44.6**	**61.0**	**(26.8%)**	**44.7**	**45.6**	**(2.0%)**
Corporate	4.5	3.1		4.5	3.1	
Income	**337.4**	**271.8**	**24.1%**	**338.4**	**343.2**	**(1.4%)**

Adjusted EBITDA £m[3]	Reported Result YTD Q2[1] 2019	Reported Result YTD Q2[1] 2018	Reported Result YTD Q2[1] Variance (£m)	Pro Forma Result YTD Q2[2] 2019	Pro Forma Result YTD Q2[2] 2018	Pro Forma Result YTD Q2[2] Variance (£m)
Insurance Broking	35.7	28.4	7.4	35.9	31.7	4.2
Retail	30.3	13.7	16.6	30.3	30.9	(0.6)
Paymentshield	13.1	13.3	(0.2)	13.1	13.3	(0.2)
Broking	**79.1**	**55.4**	**23.8**	**79.2**	**75.9**	**3.4**
Specialty	**9.5**	**10.0**	**(0.4)**	**9.5**	**10.0**	**(0.4)**
Schemes & Programmes	4.5	5.8	(1.3)	4.5	4.5	0.0
MGA	4.0	1.8	2.2	4.0	4.5	(0.6)
MGA	**8.5**	**7.6**	**0.9**	**8.4**	**9.0**	**(0.6)**
Corporate	(5.1)	(7.5)	2.3	(5.1)	(7.5)	2.3
Adj. EBITDA	**92.0**	**65.4**	**26.6**	**92.1**	**87.4**	**4.7**

Note: Adj. EBITDA excludes benefit from IFRS 16 implementation in 2019

1) Reported result includes acquisitions and disposals from the completion date
2) Pro forma for all material acquisitions and disposals including; acquisition of Swinton (31 Dec'18), acquisition of Nevada 3 Businesses MHG, HIG & PfP (31 Jan'19), disposal of Claims business (16 Oct'18), and disposal of Commercial MGA (1 Jan'19)
3) Adj. EBITDA excluding benefit from IFRS 16 implementation in 2019, set out on page 29

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Ardonagh Group Segment Highlights – Insurance Broking

Strong income growth of +10.5%, underpinned by +3.1% organic income growth, combined with +650bps margin increase as benefits from Broker System Consolidation project are delivered

Financial Highlights

	Reported Result Q2[1]			Pro Forma[2]
	2019	2018	*Change*	Q2 2019 LTM
Income (£m)	56.7	51.3	+10.5%	204.6
Adj. EBITDA (£m)[3]	21.1	15.8	+5.3	53.6
Adj. EBITDA Margin	*37.3%*	*30.8%*	*+650bps*	*26.2%*

Gross Written Premium (£m)

272.5

+13.3% (Q2'18: 240.5)

Retention[4]

89.0%

+140bps (Q2'18: 87.6%)

New Business (£m)[5]

4.6

-6.2% (Q2'18: 4.9)

Q2 2019 Key Highlights

- Strong overall income growth driven by recent acquisitions and underpinned by +3.1% organic income growth[6] as the result of continuing improvement in retention rates (+140bps vs. prior year), with growth in both Advisory and Health
- Organic growth partially offset by SME closed back-book as part of the strategic move away from online third party sales to focus on the telephone advice offering which delivers higher margins and also offset by one-off non-cash income write off related to balance sheet clean up for legacy 2015 business
- Adj. EBITDA margin increase of +650bps driven by income growth combined with delivery of cost saving plans
- Advisory and Health achieved Silver and Bronze awards respectively in the inaugural independent Investors in Customers (IIC) survey
- Towergate Insurance Brokers won the 'Commercial Lines Broker of the Year – SME/Mid-Corporate' award at the British Insurance Awards in July 2019

1) Reported result includes acquisitions and disposals from the completion date
2) Pro forma for the small acquisitions of HIG and MHG, completed 31 Jan'19
3) Adj. EBITDA excluding benefit from IFRS 16 implementation in 2019, set out on page 29
4) Retained income vs. prior year and excludes acquisitions and Riskline business
5) Gross new business before introducer/payaway costs
6) Organic income growth excludes acquisitions (HIG & MHG), a one-off non-cash income write off related to legacy 2015 business and the CTM closed back-book

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Ardonagh Group Segment Highlights – Retail

Integration of Swinton near complete with all retail branches now closed. Growth in new business policies written during the quarter across all three brands including Swinton vs. comparable period prior year

Financial Highlights

	Reported Result Q2[1]			Pro Forma[2]
	2019	2018	*Change*	Q2 2019 LTM
Income (£m)	58.3	22.8	+156.0%	217.8
Adj. EBITDA (£m)[3]	19.2	8.8	+10.4	56.9
Adj. EBITDA Margin	*32.9%*	*38.6%*	*(570bps)*	*26.1%*

Policies under Management[4]
1,660k
-0.6% (Mar'19: 1,669k)

Total Policies Written incl. Swinton[4]
487k
-3.9% (Q2'18: 507k)

Retention[4][5]
69.2%
-80bps (Q2'18: 70.0%)

New Business Policies Written[4]
184k
+8.7% (Q2'18: 169k)

Q2 2019 Key Highlights

- Strong reported income growth driven by acquisition of Swinton, completed 31 Dec'18
- Organic income decline of (3.9)%[6] vs. prior year as the business continues to invest in accelerating new business policy growth across all three brands
- Stable total policies under management vs. Q1'19 including Swinton, with new business policies written during the quarter significantly up vs. prior year for each of the three brands (Autonet +6.4%, Carole Nash +10.6%, Swinton +9.0%)
- Margin deterioration partially driven by mix impact of Swinton at lower margin, combined with investment in new business policy growth
- Swinton delivered strong progress with cost reduction plans and integration near complete. 9 branches closed during the quarter with remaining 11 retail branches closed during July

1) Reported result includes acquisitions and disposals from the completion date
2) Pro forma for the acquisitions of Swinton and a small book-buy in Q1 2018
3) Adj. EBITDA excluding benefit from IFRS 16 implementation in 2019, set out on page 29
4) Includes Swinton in prior period comparable
5) Retained policies vs. renewals available
6) Organic income growth excludes acquisition of Swinton and the Ageas closed back-book

Ardonagh Group Segment Highlights – Paymentshield

Overall income growth +2.2% vs. prior year, including closed back-book and continued policy growth from improving platform to market, and launch of new products

Financial Highlights

	Reported Result Q2			Pro Forma
	2019	2018	*Change*	Q2 2019 LTM
Income (£m)	10.9	10.7	+2.2%	40.9
Adj. EBITDA (£m)[(1)]	7.2	7.0	+0.2	26.0
Adj. EBITDA Margin	*66.0%*	*65.4%*	*+60bps*	*63.5%*

Policies under Management

455k
+4.7% (Jun'18: 428k)

Retention[(2)]

93.2%
+30bps (Q2'18: 92.9%)

New Business Policies Written

25.6k
+7.6% (Q2'18: 23.8k)

Q2 2019 Key Highlights

- Overall income growth of +2.2% vs. prior year, with +2.4% organic growth[(3)] (after excluding impact of closed back-book and profit share year-on-year variances), driven by continued strong retention rates and strong new business growth
- Retention up +30bps vs. prior year through consistently delivering high levels of customer and broker satisfaction
- Continued strong new business growth with new policies written in the quarter +7.6% and total policies under management up by +4.7% vs. prior year
- Lettings market continues to drive incremental volume
- Migration of MPPI capacity yielding greater than expected benefit, in terms of both volume and quality of earnings
- Margin increase driven by income growth and efficiency savings

1) Adj. EBITDA excluding benefit from IFRS 16 implementation in 2019, set out on page 29
2) Retained policies vs. renewals available
3) Organic income growth excludes impact of closed back-book and profit share

Ardonagh Group Segment Highlights – Specialty & International

Growth and margins back in line with expectations due to strong performance by transformational hires and focus on converting income growth into sustainable margin growth

Financial Highlights

	Reported Result Q2			Pro Forma
	2019	2018	*Change*	Q2 2019 LTM
Income (£m)	26.5	22.7	+16.4%	99.8
Adj. EBITDA (£m)[1]	5.1	4.0	+1.2	19.3
Adj. EBITDA Margin	*19.3%*	*17.4%*	*+190bps*	*19.3%*
At Constant Forex & Excluding Hedge Accounting: [(2)]				
Income (£m)	25.1	22.7	+9.5%	98.7
Adj. EBITDA (£m)[1]	4.8	4.0	+0.9	19.8
Adj. EBITDA Margin	*19.2%*	*17.4%*	*+180bps*	*20.0%*

GWP[(3)] (£m)

299.0

+15.2% (Q2'18: 259.5)

FTE

483

+1.7% (Q2'18: 475)

Q2 2019 Key Highlights

- Q2 2019 Income growth of +16.4%, organic income growth[(4)] +9.5% (at constant FX rate), driven primarily by transformational hires
- Q2 margin improvement of +190bps driven by existing portfolios within Aviation, Casualty and Financial lines and transformational hires
- Recently recruited leaders in Professional Liability and Security Risks specialisms, highlight our continued strategic vision to invest in top market talent, key clients and growth in niche and specialist areas
- Collaboration of Price Forbes and Bishopsgate on regional and international hubs with particular success in Latin America, Bermuda and emerging opportunities within Asia and UK
- Focused investment in modernisation of the Specialty operating model, reducing costs, standardisation of processes and digitisation of front end portfolio offerings

1) Adj. EBITDA excluding benefit from IFRS 16 implementation in 2019, set out on page 29
2) At actual GBP:USD FX: average 1.2789 for Q2 2019 and 1.3428 for Q2 2018 (76% income in Q2'19), and removing the impact of hedging £1.1m
3) Gross Written Premium – constant GBP:USD 1.52
4) Organic income growth is stated at constant GBP:USD FX: 1.3428

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Ardonagh Group Segment Highlights – Schemes & Programmes

Disposal of non-core Claims business Oct'18, impacting reported result for Q2 2019. Strong delivery of cost saving programme and exit of unprofitable business delivering +430bps margin growth

Financial Highlights

	Reported Result Q2[1]			Pro Forma[2]
	2019	2018	*Change*	Q2 2019 LTM
Income (£m)	13.3	18.1	(26.6%)	50.6
Adj. EBITDA (£m)[3]	3.5	4.0	(0.5)	9.8
Adj. EBITDA Margin	*26.4%*	*22.1%*	*+430bps*	*19.4%*

Policies under Management[4]

1,252k

-4.9% (Jun'18: 1,193)

Retention[4][5]

71.5%

-760bps (Q2'18: 76.4%)

New Business (£m)[4]

2.7

+0.4% (Q2'18: 2.7)

Q2 2019 Key Highlights

- Reported quarterly income and EBITDA impacted by disposal of Claims business (16 Oct'18), excluding the disposal, income declined (8.2)% and Adj. EBITDA increased +1.4% vs. prior year
- The strategic move to focus on higher margin, niche markets continues to enrich Adj. EBITDA margin, albeit at the expense of growth
- Organic income growth[6] in the retained business for the quarter was (7.0)% as strong growth in Healthy Pets was more than offset by the impact of rate increases on the Caravan book, which is expected to alleviate over the remainder of the year, and exit of unprofitable business
- Strong Adj. EBITDA margin improvement of +430bps, primarily driven by delivery of cost savings including improved operational efficiency, re-platforming of PAS systems and central support integration, and exit of unprofitable business

1) Reported result includes acquisitions and disposals from the completion date
2) Pro forma for the disposal of the Claims business, completed 16 Oct'18
3) Adj. EBITDA excluding benefit from IFRS 16 implementation in 2019, set out on page 29
4) Excludes policies where URIS only provides administrative services
5) Retained commission vs. renewal commision available
6) Organic income growth excludes the impact of the Claims disposal and profit share payments

Ardonagh Group Segment Highlights – MGA

Organic income growth +2.2%, margins up +840bps and improved underwriting performance, with the business now fully focused on profitable niche and specialty lines

Financial Highlights

	Reported Result Q2[1]			Pro Forma[2]
	2019	2018	*Change*	Q2 2019 LTM
Income (£m)	11.4	15.4	(26.0%)	37.7
Adj. EBITDA (£m)[3]	2.6	2.2	+0.4	6.4
Adj. EBITDA Margin	*22.7%*	*14.4%*	*+840bps*	*17.0%*

Gross Written Premium (£m)[4]

71.7m

+7.0% (Q2'18: 67.0m)

Loss Ratio[5]

57.8%

850bps (Q2'18: 66.3%)

Headcount[4]

372

-2.7% (Q2'18: 382)

Q2 2019 Key Highlights

- Reported income and Adj. EBITDA impacted by disposal of loss-making Commercial MGA business (1 Jan'19)
- Q2 2019 organic income growth of +2.2% vs. prior year, primarily driven by continued strong performance in niche specialist business resulting from previous investments
- Underwriting performance continues to improve, evidenced through the delivery of 840 bps loss ratio improvement vs. prior year
- Headcount reduced by c. 42 FTEs (excluding the acquisition of PfP) with continued focus on operational efficiencies

1) Reported result includes acquisitions and disposals from the completion date
2) Pro forma for the disposal of the Commercial MGA, completed 1 Jan'19 and the small acquisition of PfP completed on 31 Jan'19
3) Adj. EBITDA excluding benefit from IFRS 16 implementation in 2019, set out on page 29
4) Excludes Commercial MGA and includes internal transfers in both periods
5) Ultimate Loss Ratios, including paid, reserved and IBNR (incurred but not reported) claims and calculated on a calendar year basis with the same methodology applied across each year; excludes investment hire lines as insufficient claims experience to date – number as at Q1 2019 and excludes Commercial MGA and internal transfers in both periods
6) Organic income growth excludes acquisitions and disposals, accounting standard changes, profit share and other non-recurring items

Revised Presentation of Historical Segmental Performance

We set out here the historical pro forma segmental performance on a "like-for-like" basis including all acquisitions completed to date. We have also clarified the corporate costs not allocated to segments

	Reported Result[1]								Pro Forma Result[2]							
Income £m	Q1'18	Q2'18	Q3'18	Q4'18	2018	Q1'19	Q2'19	YTD Q2'19	Q1'18	Q2'18	Q3'18	Q4'18	2018	Q1'19	Q2'19	YTD Q2'19
Insurance Broking	47.6	51.3	45.7	45.8	190.4	49.6	56.7	106.3	50.4	56.7	48.7	48.7	204.5	50.5	56.7	107.2
Retail	18.1	22.8	21.2	16.5	78.6	52.1	58.3	110.4	59.2	60.5	58.9	48.4	227.0	52.1	58.3	110.4
Paymentshield	10.4	10.7	10.5	10.2	41.8	9.3	10.9	20.2	10.4	10.7	10.5	10.2	41.8	9.3	10.9	20.2
Broking	**76.2**	**84.8**	**77.4**	**72.4**	**310.8**	**111.0**	**125.9**	**236.9**	**119.9**	**127.9**	**118.1**	**107.3**	**473.2**	**112.0**	**125.9**	**237.9**
Specialty	**24.0**	**22.7**	**22.5**	**26.0**	**95.2**	**24.9**	**26.5**	**51.4**	**24.0**	**22.7**	**22.5**	**26.0**	**95.2**	**24.9**	**26.5**	**51.4**
Schemes & Programmes	15.4	18.1	17.8	12.2	63.5	11.0	13.3	24.3	11.8	14.5	14.1	12.2	52.6	11.0	13.3	24.3
MGA	12.1	15.4	12.9	11.4	51.8	8.9	11.4	20.3	8.4	11.0	9.5	7.9	36.7	9.0	11.4	20.3
MGA	**27.5**	**33.5**	**30.6**	**23.6**	**115.3**	**20.0**	**24.7**	**44.6**	**20.1**	**25.4**	**23.6**	**20.0**	**89.3**	**20.0**	**24.7**	**44.7**
Corporate	0.2	3.0	1.1	1.7	5.9	1.6	2.8	4.5	0.2	3.0	1.1	1.7	5.9	1.6	2.8	4.5
Income	**127.8**	**143.9**	**131.7**	**123.6**	**527.1**	**157.6**	**179.9**	**337.4**	**164.2**	**179.0**	**165.4**	**155.0**	**663.6**	**158.5**	**179.9**	**338.4**

	Reported Result[1,3]								Pro Forma Result[2,3]							
Adjusted EBITDA £m	Q1'18	Q2'18	Q3'18	Q4'18	2018	Q1'19	Q2'19	YTD Q2'19	Q1'18	Q2'18	Q3'18	Q4'18	2018	Q1'19	Q2'19	YTD Q2'19
Insurance Broking	12.6	15.8	9.5	7.5	45.3	14.6	21.1	35.7	13.1	18.6	10.1	7.6	49.4	14.7	21.1	35.9
Retail	4.9	8.8	7.1	3.3	24.1	11.1	19.2	30.3	11.3	19.6	16.7	9.9	57.5	11.1	19.2	30.3
Paymentshield	6.3	7.0	6.7	6.2	26.2	5.9	7.2	13.1	6.3	7.0	6.7	6.2	26.2	5.9	7.2	13.1
Broking	**23.8**	**31.5**	**23.2**	**17.0**	**95.6**	**31.6**	**47.5**	**79.1**	**30.7**	**45.2**	**33.5**	**23.8**	**133.1**	**31.8**	**47.5**	**79.2**
Specialty	**6.0**	**4.0**	**3.1**	**6.6**	**19.7**	**4.4**	**5.1**	**9.5**	**6.0**	**4.0**	**3.1**	**6.6**	**19.7**	**4.4**	**5.1**	**9.5**
Schemes & Programmes	1.8	4.0	3.9	2.3	12.0	1.0	3.5	4.5	1.0	3.5	3.1	2.2	9.8	1.0	3.5	4.5
MGA	(0.4)	2.2	0.2	0.3	2.3	1.5	2.6	4.0	1.0	3.6	1.7	0.7	7.0	1.4	2.6	4.0
MGA	**1.4**	**6.2**	**4.1**	**2.6**	**14.3**	**2.4**	**6.1**	**8.5**	**2.0**	**7.0**	**4.8**	**2.9**	**16.8**	**2.3**	**6.1**	**8.4**
Corporate	(4.3)	(3.2)	(6.3)	(5.5)	(19.3)	(3.5)	(1.6)	(5.1)	(4.3)	(3.2)	(6.3)	(5.5)	(19.3)	(3.5)	(1.6)	(5.1)
Adj. EBITDA	**26.9**	**38.5**	**24.0**	**20.8**	**110.3**	**34.9**	**57.1**	**92.0**	**34.4**	**53.0**	**35.1**	**27.8**	**150.3**	**35.0**	**57.1**	**92.1**

Note: Adj. EBITDA excludes benefit from IFRS 16 implementation in 2019

1) Reported result includes acquisitions and disposals from the completion date
2) Pro forma for all material acquisitions and disposals including; acquisition of Swinton (31 Dec'18), acquisition of Nevada 3 Businesses MHG, HIG & PfP (31 Jan'19), disposal of Claims business (16 Oct'18), and disposal of Commercial MGA (1 Jan'19)
3) Adj. EBITDA excluding benefit from IFRS 16 implementation in 2019, set out on page 29

THE Ardonagh GROUP

Revised Presentation of Segmental LTM Q1'19

Income £m[1]	LTM Q1'19 Previously Reported	IFRS 16[2]	Business Transfers	Central Allocations	LTM Q1'19 Revised
Insurance Broking	177.6	-	27.0	-	204.6
Retail	220.0	-	-	-	220.0
Paymentshield	52.3	-	(11.6)	-	40.7
Broking	**449.9**	**-**	**15.4**	**-**	**465.3**
Specialty	**96.1**	**-**	**-**	**-**	**96.1**
Schemes & Programmes	67.2	-	(15.4)	-	51.8
MGA	37.3	-	-	-	37.3
MGA	**104.5**	**-**	**(15.4)**	**-**	**89.1**
Corporate	7.4	-	-	-	7.4
Income	**657.9**	**-**	**-**	**-**	**657.9**

Adjusted EBITDA £m[1]	LTM Q1'19 Previously Reported	IFRS 16[2]	Business Transfers	Central Allocations	LTM Q1'19 Revised
Insurance Broking	37.8	(1.9)	9.2	6.0	51.1
Retail	58.4	(0.7)	-	(0.3)	57.4
Paymentshield	27.0	(0.1)	(2.6)	1.5	25.7
Broking	**123.1**	**(2.7)**	**6.6**	**7.2**	**134.2**
Specialty	**17.6**	**(0.5)**	**-**	**1.0**	**18.1**
Schemes & Programmes	16.1	(0.3)	(6.6)	0.5	9.8
MGA	3.6	(0.4)	-	4.1	7.4
MGA	**19.7**	**(0.6)**	**(6.6)**	**4.6**	**17.1**
Corporate	(5.2)	(0.5)	-	(12.9)	(18.6)
Adj. EBITDA	**155.3**	**(4.4)**	**-**	**-**	**150.9**

- Previously reported segmental information was set out post IFRS 16 accounting change, replicating the approach in the segmental note to the Interim Statements for the 3 months to 31 Mar'19
- In this presentation we have consistently set out the information pre IFRS 16 accounting impact for comparability to prior year
- We have set out the IFRS 16 impact and reconciliation on page 29
- We have also clarified the corporate costs and not allocated these costs to the segments, as had been done previously
- In addition, two small businesses were transferred between segments so that they could be integrated more fully with similar businesses – Footman James moved from Paymentshield to Insurance Broking, and Riskline moved from Schemes & Programmes to Insurance Broking. Historical information was revised on this basis to ensure "like-for-like" comparability

1) Pro forma for all material acquisitions and disposals including; acquisition of Swinton (31 Dec'18), acquisition of Nevada 3 Businesses MHG, HIG & PfP (31 Jan'19), disposal of Claims business (16 Oct'18), and disposal of Commercial MGA (1 Jan'19)
2) The revised presentation of Adj. EBITDA excludes the benefit from IFRS 16 implementation in 2019, set out on page 29

THE Ardonagh GROUP

Segmental Impact of IFRS 16 Implementation

Adjusted EBITDA £m[1]	Excluding IFRS 16			IFRS 16 Impact			Including IFRS 16		
	Q1'19	Q2'19	YTD Q2'19	Q1'19	Q2'19	YTD Q2'19	Q1'19	Q2'19	YTD Q2'19
Insurance Broking	10.2	21.1	31.3	1.9	0.6	2.6	12.1	21.8	33.9
Retail	11.1	19.2	30.3	0.7	0.7	1.5	11.9	19.9	31.8
Paymentshield	5.7	7.2	12.9	0.1	0.1	0.2	5.8	7.3	13.1
Broking	**27.0**	**47.5**	**74.5**	**2.7**	**1.5**	**4.2**	**29.7**	**49.0**	**78.7**
Specialty & International	4.0	5.1	9.1	0.5	0.6	1.1	4.5	5.7	10.2
Specialty	**4.0**	**5.1**	**9.1**	**0.5**	**0.6**	**1.1**	**4.5**	**5.7**	**10.2**
Schemes & Programmes	4.1	3.5	7.6	0.3	0.2	0.5	4.4	3.7	8.1
MGA	1.1	2.6	3.6	0.4	(0.0)	0.3	1.4	2.6	4.0
MGA	**5.2**	**6.1**	**11.3**	**0.6**	**0.2**	**0.8**	**5.8**	**6.3**	**12.1**
Corporate	(1.2)	(1.6)	(2.8)	0.5	(0.4)	0.2	(0.7)	(2.0)	(2.7)
Adj. EBITDA	**34.9**	**57.1**	**92.0**	**4.4**	**1.9**	**6.3**	**39.3**	**59.0**	**98.3**

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

Reconciliation of YTD IFRS Loss to Alternative Performance Measures

Reconciliation of IFRS loss for The Ardonagh Group Limited for the period to Alternative Performance Measures (£m)	Reported YTD Q2[1] 2019[3]	Reported YTD Q2[1] 2018	Pro Forma for Completed Transactions YTD Q2[2] 2019[3]	Pro Forma for Completed Transactions YTD Q2[2] 2018
Reconciliation of the IFRS Loss for the period to EBITDA and Adjusted EBITDA				
Loss for the period	**(44.5)**	**(32.8)**	**(43.4)**	**(52.6)**
Eliminate: Items excluded from EBITDA				
Finance costs	57.2	41.7	57.2	56.5
Tax credit	(4.0)	(5.4)	(4.0)	(5.5)
Depreciation and amortisation charges	45.8	36.7	46.1	41.0
Derecognition of assets following sale of business	0.8	-	0.8	-
Foreign exchange movements	2.0	(0.2)	2.0	(0.2)
EBITDA	**57.3**	**40.0**	**58.6**	**39.2**
Eliminate: Items excluded from Adjusted EBITDA				
Transformational hires	2.2	9.3	2.2	9.3
Business transformation	23.5	12.8	23.5	28.1
Legacy and other costs	9.2	9.0	9.2	9.0
Regulatory costs	0.3	0.3	0.3	0.3
Acquisition and financing costs	1.1	0.2	0.6	0.2
Adjustment to gain on disposal of associate	3.3	(7.5)	-	-
Gain on disposal of business	(2.5)	-	-	-
Increase in the value of contingent consideration	-	0.0	-	0.0
Loss from disposal of assets	3.8	1.2	3.8	1.2
Adjusted EBITDA	**98.3**	**65.4**	**98.3**	**87.4**

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

Pro Forma for Completed Transactions information seeks to present the results as though the acquisitions of Swinton, Nevada 2 and a small book purchase as well as the disposals of the Claims and Commercial MGA businesses had occurred on 1 January 2018.

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 year and the key APMs. The full IFRS results can be found in the Ardonagh Group Report to Investors for the six months ended 31 June 2019 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.

The Group adopted IFRS 16 by applying the modified retrospective approach, which requires the cumulative effect of initial application of IFRS 16 to be recognised as an adjustment to the opening balance of retained earnings on the 1 January 2019 date of initial application, without restating prior years. As such, the 2018 profit and loss has not been restated.

Note: Adj. EBITDA includes benefit from IFRS 16 implementation in 2019

1) Reported result includes acquisitions and disposals from the completion date
2) Pro forma for all material acquisitions and disposals including; acquisition of Swinton (31 Dec'18), acquisition of Nevada 3 Businesses MHG, HIG & PfP (31 Jan'19), disposal of Claims business (16 Oct'18), and disposal of Commercial MGA (1 Jan'19)
3) 2019 results are set out post IFRS 16 implementation

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.

"***Adjusted EBITDA***" or "***Adj. EBITDA***" defined as the earnings after adding back finance costs, tax, depreciation, amortisation, impairment of goodwill, foreign exchange movements, dividends received, discontinued operations, restructuring costs, Transformational Hires, Business Transformation Costs, Legacy Costs and Other Costs, regulatory costs, acquisition and financing costs, profit/loss on disposal of businesses, investments or assets, share of operating profit/loss from associate, reduction/increase in the value of contingent consideration, as applicable. Adjusted EBITDA is stated before exceptional costs and one-off items as determined by management.

"***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* meaning adjusted to: (a) include the results of new acquisitions from the first day of the 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.

"Adj. EBITDA Margin" *defined as* Adjusted EBITDA divided by total income.

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

"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.

"Transformational Hires" defined as net losses associated with new joiners hired to drive transformational business growth in the Insurance Broking, Specialty & International or MGA 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 fees, costs of retention and salary ('salary related costs') incurred during the period of the capacity restriction or covenant, or during one year 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 a Management Reconciling Item).

"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.

"Legacy and Other Costs" defined as pre-2016 or non-repeatable costs arising from retention payments to key staff so as to provide long-term stability to the business, from insurer loss ratio performance for legacy underwriting disciplines and decision making, from external reviews and process improvements in cash and liquidity reporting, from write down of legacy IBA balances, from remediation work in the Finance function, and from commercial disputes.

"Operating Cash Conversion" 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.

Non-IFRS Financial Measures (cont'd)

"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.

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

"Available Liquidity" *defined* as Available Cash plus Available RCF.

"Available RCF" *defined* as available and undrawn RCF (Revolving Credit Facility).