



21 August 2019

## The Ardonagh Group Half Year 2019 Results

### Adjusted EBITDA up 50.2% to £98.3m as transformation plan completes

The Ardonagh Group ('Ardonagh' or 'Group') today announces its results for the six months ended 30 June 2019.

Income grew by 24.1% to £337.4m in the first half of the year, largely driven by the acquisition of Swinton which is performing ahead of plan.

This growth and the delivery of transformation and cost control programmes contributed to a 50.2% rise in H1 Adjusted EBITDA to £98.3 million and Adjusted EBITDA margin improvement to 29%.

Chairman John Tiner said: "With more than four million policies under management, and placing £3 billion gross written premium, The Ardonagh Group enjoys extraordinary reach encompassing personal lines through to international wholesale."

"These strong results reflect the Group's ability to execute substantial integration projects while remaining agile and able to seize accretive growth opportunities."

### GROUP FINANCIAL HIGHLIGHTS

£m	Six months ending 30 June <sup>(1)(2)</sup>			
	2019	2018	Variance	
			£m	%
Income	337.4	271.8	65.6	24.1%
Operating Costs	(239.1)	(206.4)	(32.8)	(15.9%)
<b>Adj. EBITDA<sup>3</sup></b>	<b>98.3</b>	<b>65.4</b>	<b>32.9</b>	<b>50.2%</b>
<i>Margin %</i>	<i>29.1%</i>	<i>24.1%</i>	<i>510 bps</i>	

In Insurance Broking, income growth of 7.4% was underpinned by 3% organic growth due to an improvement in client retention rates and the growth of emerging risk insurance such as cyber and terrorism. The successful execution of the transformation programmes has improved client service. All advisory sites are now on the Acturis platform and 78% of those have now completed their full annual renewal cycle using Acturis.

Organic growth in Q2 2019 was highest in Specialty, where transformational hires in Price Forbes and Bishopsgate have driven 9.5% organic growth. Ardonagh has line of sight on an additional £15-£20 million of incremental annual income per year as these key hires reach full income maturity.

New business policies written in Retail grew by 8.7% in Q2, predominantly through digital channels. This segment now has 1.7 million policies under management.

#### THE ARDONAGH GROUP

1 Minster Court, Mincing Lane, London EC3R 7AA, United Kingdom  
www.ardonagh.com

The Ardonagh Group is a trading name of The Ardonagh Group Limited. Registered in Jersey No.117710.  
3rd Floor, 44 Esplanade, St Helier, Jersey, JE49WG

A strategy to focus on niche specialist business in Ardonagh's MGA has delivered 2.2% organic growth in Q2 2019. The improved underwriting performance from this approach contributed to a 8.5% loss ratio improvement.

Across the Group, operating cash conversion was 77% in Q2 2019, significantly improved versus prior year and resulting in positive Free Cash Flow<sup>4</sup> of £24 million.

Ardonagh CEO David Ross said: "The insurance broking transformation project coming to an end is a moment we have long looked forward to. The Group is now ideally placed at a time where our industry is consolidating around distribution and specialisms. Comprised of a unique portfolio of leading platforms, Ardonagh has emerged as a true leader in the market with unparalleled breadth and scale.

"People across The Ardonagh Group deserve enormous recognition for what we have collectively achieved. We were delighted to be chosen by 3,000 leading industry professionals as The Best of the Best Broker in the British Insurance Awards, a fitting acknowledgement of what we are creating."

-ENDS-

*1) Reported result includes acquisitions and disposals from the completion date 2) 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. See investor presentation for a more detailed explanation on the impact of IFRS 16 implementation. 3) "Adjusted EBITDA" or "Adj. EBITDA" is 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. 4) 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.*

## Notes to Editors

### THE ARDONAGH GROUP

The Ardonagh Group is the UK's largest independent insurance broker with global reach. We are a network of over 100 office locations and a workforce of nearly 7,000 people. Formed in 2017 and following a series of acquisitions in 2018, Ardonagh today brings together best-in-class brands including Autonet, Bishopsgate, Carole Nash, Geo Underwriting, Price Forbes, Swinton, Towergate and URIS. Our understanding of the communities we serve, together with our scale and breadth, allows us to work with our insurer partners to deliver solutions that meet our customer needs.

For more information, please email: [Communications@ardonagh.com](mailto:Communications@ardonagh.com)

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