



Tuesday 9 May 2017

TOWERGATE INSURANCE Q1 2017 RESULTS

“Positive momentum continues into 2017”

Towergate Insurance (the “Group”), one of the leading independent insurance intermediaries in the UK, today releases its Q1 results statement covering the three months from 1 January to 31 March 2017.

Commenting on the results, Towergate Chief Executive David Ross said: *“I am pleased to report that the strong performance we delivered in the second half of 2016 has continued in the first quarter of this year. Revenues have continued to improve to a point where we are reporting organic income growth once again. We have also delivered the third consecutive quarter of year-on-year growth in Adjusted EBITDA, a reflection of just how far this business has come in a relatively short span of time.*

“Of particular note is the profit improvement in Insurance Broking where we have reported an 85% increase in Adjusted EBITDA. Similarly, Paymentshield has benefited from strong growth in new business and Panel sales, delivering a strong improvement in profitability, while there are positive signs of stabilisation and improved retention in Underwriting.*

“Looking ahead to the rest of 2017, I am confident that Towergate can continue to build on the foundations of organic growth that are now in place across the business. The team’s unrelenting focus on cost efficiency will continue, while at the same time investing in our staff and high calibre new hires, along with the best infrastructure to support them, including our new flagship Bishopsgate headquarters in the City of London.”

Group Financial Highlights

Group Financial Highlights <i>£millions (£m)</i>	Quarter 1			
	2017	2016	Change	
			£m	%
Income	77.9	77.0	0.9	1%
Staff Related Expenses	(39.9)	(46.2)	6.3	14%
Operating Expenses	(18.6)	(17.2)	(1.4)	(8%)
Adjusted EBITDA*	19.4	13.6	5.8	42%
Exceptional Items	(13.5)	(4.9)	(8.6)	(177%)
Run-rate Savings	(7.8)	(6.0)	(1.8)	(30%)
EBITDA	(1.8)	2.8	(4.7)	(165%)

Key Highlights

- 1% organic growth achieved with income coming at £77.9 million, reflecting resilient underlying performance across the Group
- Continued strong Adjusted EBITDA* performance, up £5.8m or 42% from Q1 2016. This is the third consecutive quarter of organic year-on-year growth and evidences the strong trading momentum carried into 2017
- Significant progress made in cost saving initiatives, with an additional £13 million of annualised savings achieved in the quarter
- Continued success in strategic growth initiatives in Q1, including continued improved relationships with carriers and suppliers. High calibre new hires are gaining traction and retention rates continue to improve
- Insurance Broking reported a substantial increase in Adjusted EBITDA* of 85% to £10.5 million, the result of both income growth (up 3%) and costs savings
- Positive signs of stabilisation in Underwriting with H2 improvements in retention rates and new business levels being maintained. The division reported Adjusted EBITDA* growth of 6%, supported by the early execution cost saving initiatives, leading to an 11% reduction in expenses year-on-year
- Paymentsshield reported a 16% increase in Adjusted EBITDA*, with its performance boosted by improved carrier agreements and new initiatives gaining traction. New business is growing significantly year-on-year, while Panel sales also rose by 26% in Q1 with March 2017 a record high new business sales month

Segmental Performance

£millions	Quarter 1							
	Income				Adjusted EBITDA*			
	2017	2016	Change		2017	2016	Change	
			£m	%			£m	%
Insurance Broking	52.0	50.7	1.3	3%	10.5	5.7	4.8	85%
Underwriting	15.0	16.4	(1.3)	(8%)	2.7	2.6	0.1	6%
Paymentsshield	10.7	9.9	0.7	7%	6.8	5.9	0.9	16%
Central	0.2	0.0	0.2	n/m	(0.6)	(0.5)	(0.1)	(27%)
Total	77.9	77.0	0.9	1%	19.4	13.6	5.8	42%

*Adjusted EBITDA represents management's view of underlying profitability, calculated as EBITDA adjusted for exceptional items plus run-rate savings from middle & back office cost saving initiatives expected to be completed within the next 12 months

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For further information, please contact:

Kelly-Ann Knight, Corporate Communications Director

kelly-ann.knight@towergate.co.uk or 07717 866190

Justin Griffiths or Victoria Heslop

Powerscourt (PR adviser to Towergate)

towergate@powerscourt-group.com or 020 7250 1446

Notes to Editors

About Towergate

Towergate is one of the leading insurance intermediaries in the UK. It is an important distribution channel for a significant range of insurance products and a key strategic partner for the UK's largest insurers.

Towergate's scale, customer insight and distribution relationships make it a unique business and a leader in the markets in which it operates. Its combination of distribution and underwriting gives it unparalleled consumer data and market insight.

www.towergate.com

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