

Towergate Insurance

Q1 2017 Results

9 May 2017



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Q1 2017 Achievements



- ❑ Continued positive momentum in Q1 2017, following a very strong performance in second half of 2016
 - 1% organic income growth
 - Adjusted EBITDA* of £19m and a third consecutive quarter of year-on-year positive growth

- ❑ Further significant progress in cost saving initiatives
 - Delivered an additional £13m annualised cost savings in Q1 2017

- ❑ Continued success in strategic income growth initiatives
 - Improved relationships with carriers and suppliers
 - New hires gaining traction

- ❑ Continued improvement in employee retention and relocation to new London headquarters

Q1 2017 Divisional Results



Insurance Broking

- ❑ Significant profit improvement from both income growth (+2.5%) and cost savings, driving 85.0% increase in Adjusted EBITDA*
- ❑ Improvement in net commission margins driving top line income growth
- ❑ Further cost savings achieved and signing of new supplier deals to deliver margin improvement

Underwriting

- ❑ Adjusted EBITDA* growth of 5.6% supported by early execution of expense initiatives in Q1; expenses down 11% year-on-year
- ❑ Income down 8.0% as remedial actions taken to address underlying profitability
- ❑ Positive signs of stabilisation with improved retention and new business levels maintained

Paymentshield

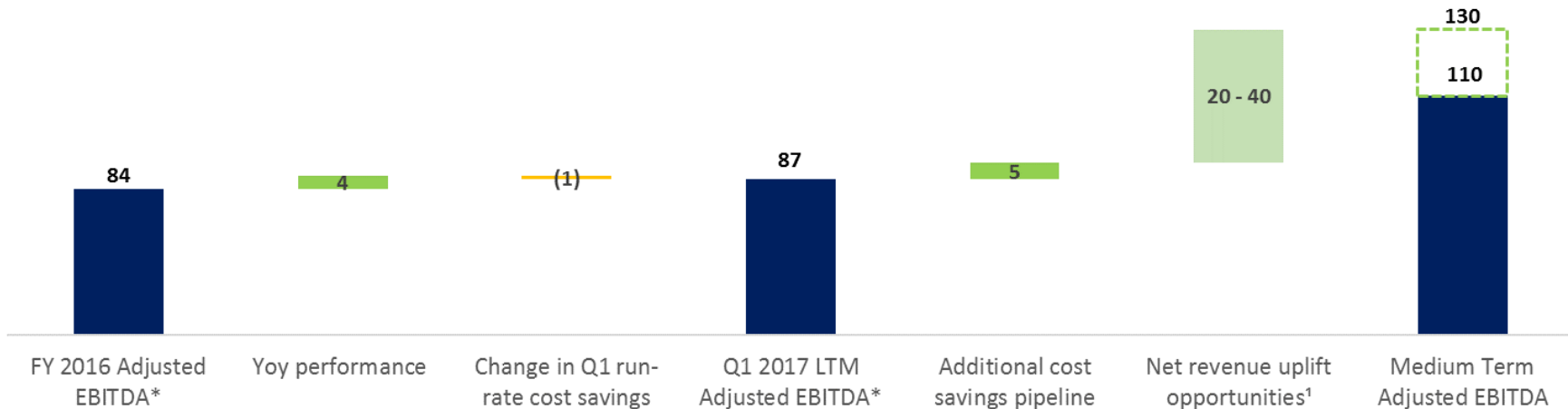
- ❑ Adjusted EBITDA* up 15.9% year on year, increasing income due to improved sales
- ❑ New business continues to grow significantly year-on-year
- ❑ Panel sales at highest levels since launch in 2012

Strong Delivery vs. Our Medium-Term Targets



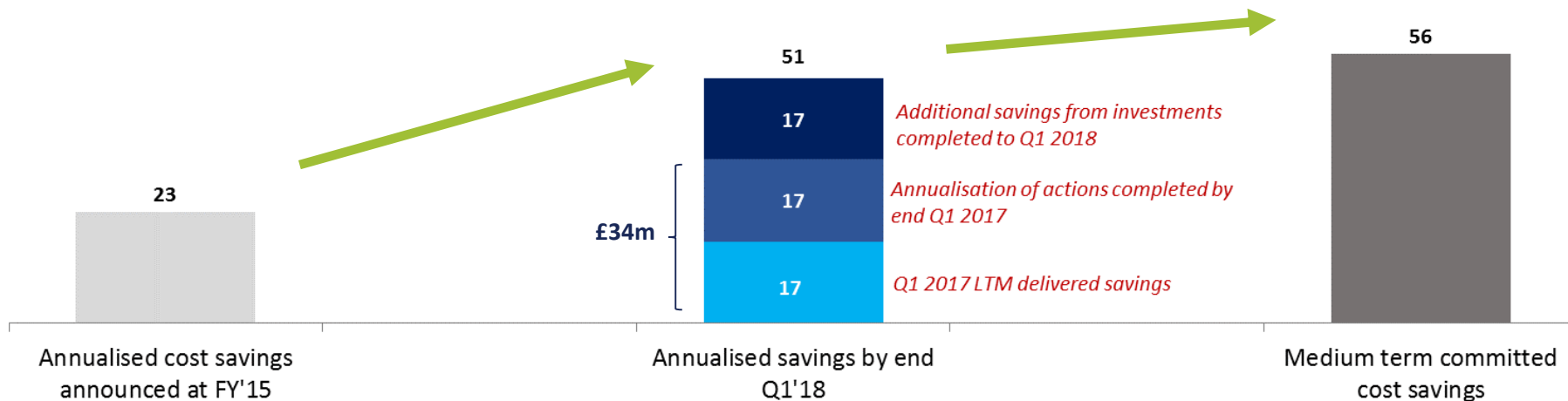
Medium-term EBITDA opportunity trending in line with or above expectations.....

£millions ("£m")



.....Underpinned by strong delivery on cost saving initiatives

£millions ("£m")





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Q1 2017 Group Financial Performance



<i>Emillions ("Em")</i>	Quarter 1			
	2017	2016	Change	
			£m	%
Income	77.9	77.0	0.9	1.1%
Staff Related Expenses	(39.9)	(46.2)	6.3	13.6%
Operating Expenses	(18.6)	(17.2)	(1.4)	(8.0%)
Total Expenses	(58.5)	(63.4)	4.9	7.8%
Adjusted EBITDA*	19.4	13.6	5.8	42.4%
<i>Adjusted EBITDA* Margin</i>	<i>24.9%</i>	<i>17.7%</i>	<i>7.2%</i>	
<i>Staff Costs / Income</i>	<i>51.2%</i>	<i>59.9%</i>	<i>(8.7%)</i>	
<i>Operating Costs / Income</i>	<i>23.9%</i>	<i>22.4%</i>	<i>1.5%</i>	

- ❑ Adjusted EBITDA* increased by +£5.8m / +42% vs. comparable period prior year
- ❑ Strong momentum in first quarter, the second consecutive quarter of year-on-year organic income growth
- ❑ Continued savings in staff related expenses

Q1 2017 Segmental Performance

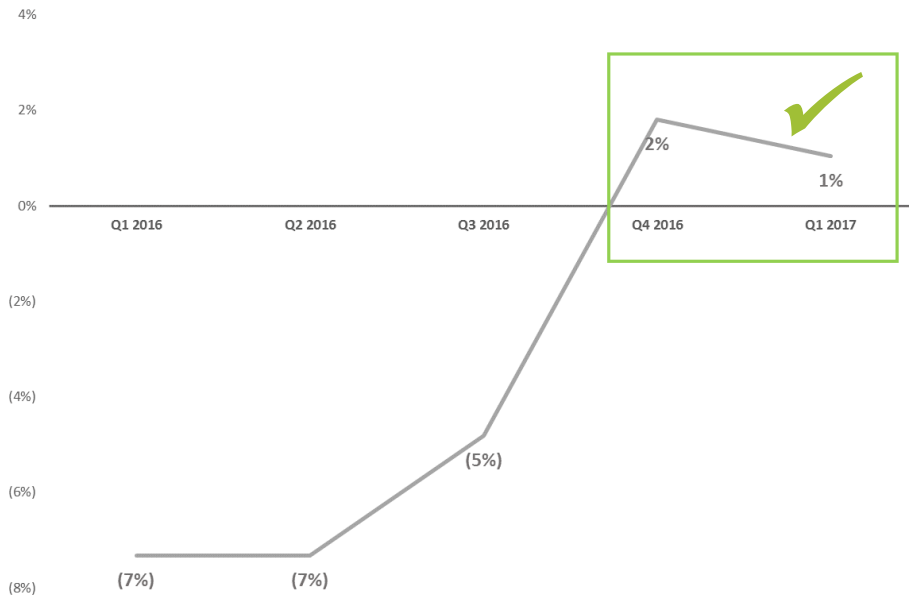


<i>£millions ("£m")</i>	Quarter 1			
	2017	2016	Change	
			£m	%
Insurance Broking	52.0	50.7	1.3	2.5%
Underwriting	15.0	16.4	(1.3)	(8.0%)
Paymentshield	10.7	9.9	0.7	7.1%
Income	77.9	77.0	0.9	1.1%
Insurance Broking	10.5	5.7	4.8	85.0%
Underwriting	2.7	2.6	0.1	5.6%
Paymentshield	6.8	5.9	0.9	15.9%
Central	(0.6)	(0.5)	(0.1)	(26.9%)
Adjusted EBITDA*	19.4	13.6	5.8	42.4%

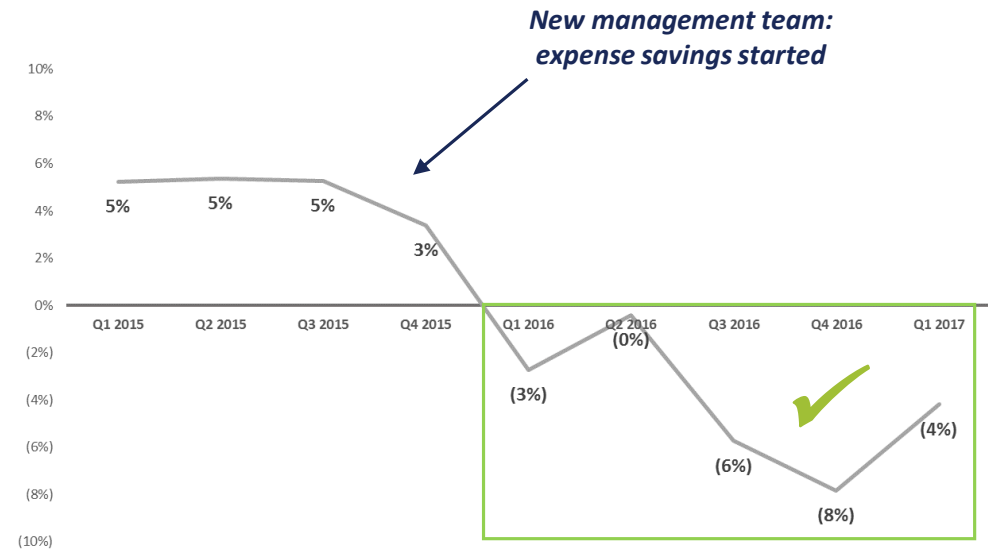
Very Positive Income and Expense Trends



Income Variance to Prior Year



Expenses¹ Variance to Prior Year



- ❑ Another good quarter of income growth, positive vs. prior year
- ❑ Benefit of strong cost control is demonstrated in last five quarters, driven by staff related costs

Strategic Cost Initiatives Overview



(£millions "£m")

£34m of annualised benefits delivered by Q1 2017

Initiative	2016 Delivered Benefits	Q1 2017 Delivered Benefits	Cumulative Delivered Benefits	Annual Benefits by Q1 2018	Total Annual Benefits
IT Transformation	£3m	£3m	£6m	£7m	£7m
Finance Transformation	£4m	-	£4m	£13m	£14m
SBU Turnaround	£3m	£4m	£7m	£7m	£7m
Property Cost Reduction	£4m		£4m	£5m	£5m
Operational Efficiency	£7m	£6m	£13m	£18m	£18m
Broker Systems Consolidation	-	-	-	<£1m	£5m
Total	£21m	£13m	£34m	£51m	£56m

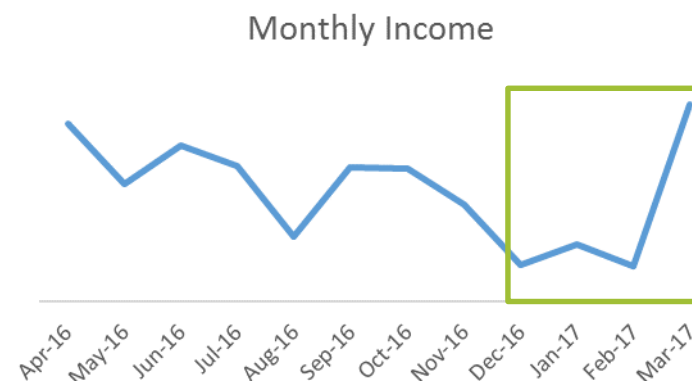
Q1 2017 Operating Cash Performance



Seasonal profile of income drives working capital outflow in Q1

<i>£millions ("£m")</i>	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017
Adjusted EBITDA	7.7	18.6	12.5	10.5	11.7
Working Capital Change	(9.5)	1.3	(20.0)	13.3	(13.7)
Capex (BAU)	(1.0)	(0.5)	(0.6)	(1.1)	(0.1)
Operating Cash Flow	(2.8)	19.4	(8.2)	22.7	(2.1)
Cash conversion	(36%)	104%	(66%)	217%	(18%)

- ❑ Working capital outflow of £(13.7)m for Q1 2017, primarily driven by:
 - Timing due to March being the largest EBITDA month in the quarter, with corresponding cash collections following 30-60 days later, and
 - Annual bonus payments settled in March



Note: Excludes Capex related to cost reduction initiatives and other non-recurring payments

Q1 2017 Capitalisation and Leverage



Pro-forma leverage c. 5.4x post 2017 additional shareholders investment

£millions ("£m")	Full Year	Quarter 1		Pro Forma
	2016	2016	2017	Q1 2017
LTM Adjusted EBITDA*	84.2	71.7	87.0	87.0
Cash	18.5	46.5	28.7	53.7
Restricted cash	8.7	8.7	8.4	8.4
Pro Forma Cash**	27.2	55.2	37.1	62.1
£425m senior secured notes*	425.0	425.0	425.0	425.0
£75m super senior secured notes*	75.0	75.0	75.0	75.0
Project Lunar	30.0	-	30.0	30.0
Deferred consideration & MI	0.0	6.1	-	-
Gross debt	530.0	506.1	530.0	530.0
Net Debt	502.8	450.9	492.9	467.9
Interest	43.9	43.8	44.5	44.5
Leverage***	6.0	6.3	5.7	5.4
Interest Cover	1.9	1.6	2.0	2.0

- ❑ Pro forma Q1 2017 includes completed funding initiatives to accelerate ongoing investments in income and cost reduction:
 - £17m convertible loan facility in April 2017
 - £8m convertible loan facility agreed
- ❑ Note Gross Debt excludes £17m and £8m convertible loan facilities (conversion at option of Company)

* Rates on borrowings: £425m senior secured notes @ 8.75% fixed rate and £75m super senior secured notes @ LIBOR (floor 1.0%) + 7.50%

**Pro forma cash includes £3.7m of receipts relating to March 17 that are not reflected in TIG Topco due to timing, and excludes restricted regulatory cash of £19.3m

***Leverage calculated as net debt over Adjusted EBITDA*

LTM Adjusted EBITDA* differs to segmental breakdown due to timing of run rate saving recognition

Adjusted EBITDA* is defined on page 22 and a reconciliation to TIG Topco on page 21

Agenda



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Q&A



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Closing Comments



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Q1 2017 Cash Performance



<i>Emillions ("Em")</i>	Full Year	Quarter 1		Pro Forma
	2016	2016	2017	Q1 2017
Adjusted EBITDA	49.2	7.7	11.7	11.7
Working Capital Change	(14.9)	(9.5)	(13.7)	(13.7)
Capex (BAU)	(3.2)	(1.0)	(0.1)	(0.1)
Operating Cash Flow	31.1	(2.8)	(2.1)	(2.1)
Cash Conversion (%)	63%	(36%)	(18%)	(18%)
Capex (Strategic Projects)	(19.6)	(0.3)	(11.9)	(11.9)
Exceptionals	(27.2)	(2.5)	(5.0)	(5.0)
2015 Financial Restructuring	(18.6)	0.0	0.0	0.0
Regulatory	(13.7)	(2.7)	(7.0)	(7.0)
Interest	(43.6)	(1.6)	(1.6)	(1.6)
Other Financing ¹	53.1	(0.6)	37.5	62.5
Net Cash Flow	(38.5)	(10.5)	9.9	34.9
Opening Cash	65.7	65.7	27.2	27.2
Closing Cash	27.2	55.2	37.1	62.1
<i>Cash Balance</i> ²	<i>18.5</i>	<i>46.5</i>	<i>28.7</i>	<i>53.7</i>
<i>Restricted Cash</i>	<i>8.7</i>	<i>8.7</i>	<i>8.4</i>	<i>8.4</i>

Note 1: Other Financing Q1 2017 includes £40m rights issue

Note 2: Cash Balance includes £3.7m of receipts relating to March 17 that are not reflected in TIG Topco due to timing

Adjusted EBITDA* is defined on page 22 and a reconciliation to TIG Topco on page 21

Segmental Summary by Quarter



Emillions (£m)	2015					2016					2017	Q1 Change	
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	£m	%
Insurance Broking	52.4	61.0	54.4	48.0	215.8	50.7	57.2	52.3	47.5	207.7	52.0	1.3	3%
Underwriting	18.9	21.4	17.5	17.0	74.8	16.4	19.0	15.7	17.2	68.2	15.0	(1.3)	(8%)
Paymentshield	11.1	12.3	12.8	12.6	48.9	9.9	11.5	12.8	14.2	48.4	10.7	0.7	7%
Central	0.0	0.1	0.2	(0.2)	0.1	0.0	0.1	0.1	0.0	0.2	0.2	0.2	1,087%
Income	82.5	94.8	84.9	77.5	339.6	77.0	87.9	80.8	78.9	324.6	77.9	0.9	1%
Insurance Broking	(33.0)	(32.3)	(33.5)	(33.9)	(132.7)	(32.3)	(29.1)	(29.2)	(25.7)	(116.3)	(29.1)	3.2	10%
Underwriting	(11.3)	(11.1)	(11.0)	(11.2)	(44.6)	(10.6)	(10.3)	(9.5)	(6.8)	(37.1)	(8.9)	1.7	16%
Paymentshield	(2.6)	(2.8)	(2.8)	(2.9)	(11.1)	(2.8)	(2.9)	(2.9)	(2.4)	(10.9)	(2.4)	0.4	14%
Central	(0.3)	(0.4)	(0.6)	(1.0)	(2.4)	(0.5)	(0.6)	(0.5)	(0.5)	(2.0)	0.5	1.0	202%
Staff Costs	(47.3)	(46.6)	(47.9)	(49.0)	(190.7)	(46.2)	(42.8)	(42.0)	(35.3)	(166.3)	(39.9)	6.3	14%
Insurance Broking	(12.7)	(12.1)	(13.7)	(16.2)	(54.7)	(12.7)	(12.8)	(13.8)	(14.0)	(53.4)	(12.4)	0.4	3%
Underwriting	(3.6)	(3.6)	(3.7)	(1.7)	(12.7)	(3.2)	(4.0)	(4.1)	(3.2)	(14.6)	(3.5)	(0.2)	(7%)
Paymentshield	(1.2)	(1.1)	(1.1)	(1.9)	(5.3)	(1.3)	(1.4)	(1.2)	(1.6)	(5.4)	(1.4)	(0.2)	(13%)
Central	(0.5)	(0.2)	(0.1)	(0.2)	(1.0)	0.0	(0.2)	(0.2)	(0.3)	(0.7)	(1.3)	(1.3)	n/m
Operating Costs	(18.0)	(17.0)	(18.6)	(20.1)	(73.6)	(17.2)	(18.4)	(19.3)	(19.1)	(74.0)	(18.6)	(1.4)	(8%)
Insurance Broking	(45.7)	(44.4)	(47.2)	(50.1)	(187.3)	(45.0)	(41.9)	(43.0)	(39.7)	(169.7)	(41.5)	3.6	8%
Underwriting	(15.0)	(14.7)	(14.7)	(12.9)	(57.3)	(13.8)	(14.3)	(13.6)	(10.0)	(51.7)	(12.3)	1.4	11%
Paymentshield	(3.8)	(3.9)	(3.9)	(4.8)	(16.4)	(4.1)	(4.2)	(4.1)	(3.9)	(16.3)	(3.9)	0.2	6%
Central	(0.8)	(0.6)	(0.7)	(1.3)	(3.4)	(0.5)	(0.8)	(0.6)	(0.8)	(2.7)	(0.8)	(0.3)	(64%)
Total Costs	(65.3)	(63.5)	(66.5)	(69.1)	(264.4)	(63.4)	(61.2)	(61.4)	(54.4)	(240.4)	(58.5)	4.9	8%
Insurance Broking	6.7	16.6	7.2	(2.0)	28.5	5.7	15.3	9.2	7.9	38.1	10.5	4.8	85%
Underwriting	4.0	6.7	2.8	4.1	17.6	2.6	4.7	2.1	7.1	16.6	2.7	0.1	6%
Paymentshield	7.3	8.4	8.9	7.8	32.4	5.9	7.3	8.7	10.2	32.1	6.8	0.9	16%
Central	(0.8)	(0.4)	(0.5)	(1.5)	(3.2)	(0.5)	(0.7)	(0.6)	(0.8)	(2.5)	(0.6)	(0.1)	(27%)
Adjusted EBITDA*	17.2	31.3	18.3	8.4	75.2	13.6	26.6	19.4	24.5	84.2	19.4	5.8	42%
Insurance Broking	13%	27%	13%	(4%)	13%	11%	27%	18%	17%	18%	20%		
Underwriting	21%	31%	16%	24%	23%	16%	25%	13%	42%	24%	18%		
Paymentshield	66%	68%	70%	62%	66%	59%	63%	68%	72%	66%	64%		
Central	n/m	n/m	n/m	n/m	n/m	n/m	n/m	n/m	n/m	n/m	n/m		
Adjusted EBITDA* Margin	21%	33%	22%	11%	22%	18%	30%	24%	31%	26%	25%		

TIG Topco Reconciliation



£million ("£m")	Q1 2017				Q1 2016			
	TIG Topco Ltd	Run-rate savings*	Excluded from presentation	Per presentation	TIG Topco Ltd	Run-rate savings*	Excluded from presentation	Per presentation
Adjusted EBITDA*	11.7	7.7		19.4	7.7	6.0		13.6
Run rate cost savings	-	(7.7)		(7.7)	-	(6.0)		(6.0)
Exceptional items - IFRS	(3.8)			(3.8)	(4.5)			(4.5)
Exceptional items - Management	(9.9)		0.3	(9.7)	(0.4)			(0.4)
Asset writedowns	0.3		(0.3)	-	-			-
Reported EBITDA	(1.8)	-	-	(1.8)	2.8	-	-	2.8

Presentation of Financial and Other Information



These financial results include certain financial measures and ratios, including EBITDA, Adjusted EBITDA*, Adjusted EBITDA* margin and certain other ratios that are not presented in accordance with IFRS. Broker Network is a discontinued operation held for sale and is excluded from the results.

EBITDA

In these financial results, references to EBITDA are to profit / (loss) on ordinary activities before interest payable and similar charges, tax, depreciation and amortisation of intangibles. Accordingly, EBITDA can be extracted from the consolidated financial statements of Finco, Topco and TIL by taking profit / (loss) on ordinary activities and adding back interest payable and similar charges, tax, depreciation and amortisation of intangibles.

Adjusted EBITDA*

References to Adjusted EBITDA* represent EBITDA as adjusted for gains and losses on the disposal of businesses, group reorganisation costs, regulatory costs, acquisition and financing costs, reduction in value of contingent consideration costs, asset write-downs in connection with business restructuring, business investment costs, consultancy on regulatory matters and acquisition costs, plus the full year impact from cost saving initiatives expected to be completed by the end of the following financial year.

EBITDA-based measures

EBITDA-based measures are not presented as measures of the results of operations. EBITDA-based measures have important limitations as an analytical tool, and should not be considered in isolation or as substitutes for analysis of the Group's results of operations. Management believes that the presentation of EBITDA-based measures is helpful to investors as a measure of the operating performance and ability to service debt. EBITDA-based measures may not be comparable to similarly titled measures used by other companies.

EBITDA, Adjusted EBITDA* and Adjusted EBITDA* margin and certain other ratios 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 following metrics are referred to throughout this document, definitions of the each term is provided below.

Group

- Adjusted EBITDA - EBITDA as adjusted for group exceptional costs (financial restructuring costs, group reorganisation costs and regulatory costs)
- Adjusted EBITDA* - EBITDA as adjusted for group exceptional costs (financial restructuring costs, group reorganisation costs and regulatory costs) plus run-rate savings
- Run-rate savings - cost saving initiatives expected to be delivered by the end of the following financial year

Cash Flow

- FCA Solvency Deposits – Ring-fenced funds not available for operational use; providing sufficient appropriate resources for regulated entities in compliance with Threshold Condition 2.4 of the FCA handbook that can only be used to facilitate the winding up of the company in the event of insolvency
- Restricted cash – Ring-fenced funds not available for operational use; including rent deposits held on behalf of tenants in respect of sub-letting and cash proceeds from sale of Towergate Financial Group reserved for settling redress payments arising from the activity of those entities