

2017 Half Year Results

- *Financial results show combined strength of newly formed Group*
- *Significant uplift in profitability and sales underpinned by strong Organic¹ growth*
 - *Accelerated execution of transformation plan*

The Ardonagh Group (“Ardonagh” or the “Group”), the UK’s leading diversified independent insurance intermediary, today announces its first set of financial results for the six months ended 30 June 2017.

The Group, created in June 2017, brings together Autonet, Chase Templeton, Direct Group, Price Forbes and Towergate and is comprised of a network of more than 100 office locations globally and a workforce of over 5,500 people.

John Tiner, Chairman of The Ardonagh Group, commented: *“This is a strong set of results, particularly in the context of the substantial activity undertaken by the team to launch the Group earlier this year, including the successful completion of a refinancing to optimise our capital structure.*

“We have delivered a solid operating performance with good underlying organic growth and significant improvement in Adjusted EBITDA², while accelerating our investment plan and aligning resources with our new segmental operating model incorporating Distribution, Wholesale and MGA & Services⁴.”

GROUP FINANCIAL HIGHLIGHTS

Group Financial Highlights <i>£millions (£m)</i>	Six Months Ending 30 June			
			Variance	
	2017	2016	£m	%
Income	252.4	243.4	9.0	3.7%
Operating Costs	(194.9)	(195.9)	1.1	0.5%
Adjusted EBITDA²	57.6	47.5	10.1	21.3%
<i>Margin %</i>	<i>22.8%</i>	<i>19.5%</i>	<i>330 bps</i>	
Pro forma adjustments	16.7	22.0	(5.3)	(24.1%)
Pro Forma Adjusted EBITDA³	74.2	69.4	4.8	6.9%
<i>Margin %</i>	<i>29.4%</i>	<i>28.5%</i>	<i>88 bps</i>	

GROUP OPERATIONAL HIGHLIGHTS

- Successful c.£800 million bond issuance to global, blue chip investors completed in June 2017
- Additional equity investment of over £20 million from minority investors endorses Group strategy
- Strong operational performance, with income growth of +3.7% and Adjusted EBITDA² up +21.3%
- Transformation plan ahead of schedule with £40 million annualised savings delivered and £19 million completed in the period
- Pro forma net secured leverage decreased from 5.67x to 5.48x as a result of improvement in LTM Pro Forma Adjusted EBITDA³ and higher pro forma operating cash of £57 million versus £42 million
- Leaders appointed for new segmental operating structure

- Continued investment in top quality income generators to drive pipeline of further organic growth
- Robust pipeline of M&A opportunities with six highly accretive acquisitions completed in Distribution since December 2016 and acquisition of Healthy Pets completed in September 2017

SEGMENTAL FINANCIAL HIGHLIGHTS

Income	Six Months Ending 30 June			
			Variance	
<i>£millions (£m)</i>	2017	2016	£m	%
Distribution	160.8	156.4	4.3	2.8%
Wholesale	44.0	39.2	4.8	12.3%
MGA and Services	46.9	47.6	(0.7)	(1.5%)
Corporate	0.7	0.1	0.6	380.7%
Total	252.4	243.4	9.0	3.7%

Pro Forma Adjusted EBITDA ³	Six Months Ending 30 June			
			Variance	
<i>£millions (£m)</i>	2017	2016	£m	%
Distribution	52.6	46.6	6.0	12.9%
Wholesale	11.5	12.9	(1.4)	(10.8%)
MGA and Services	12.6	12.5	0.2	1.4%
Corporate	(2.5)	(2.6)	0.0	1.1%
Total	74.2	69.4	4.8	6.9%

SEGMENTAL OPERATIONAL HIGHLIGHTS

Distribution

- Good Organic¹ growth of +2.1% resulting from improved retention and positive new business developments
- Significant improvements in EBITDA margin driven by business transformation and continued cost focus
- Accelerated investment in our Broker System Consolidation project expected to deliver benefits ahead of plan

Wholesale

- Strong Organic¹ growth of +12.3% driven by favourable foreign exchange movements and impact of new producers
- Positive steps taken to increase presence in London Wholesale Market with priority on revenue driving initiatives
- Strong pipeline of future hires supports the Group's ambition to deliver consistent growth above market

MGA & Services

- Margin improvement through targeted cost control, focus shifting to growth and remedial action of certain portfolios
- Strong pipeline of new business in Services and accelerated delivery of intra-group synergy opportunities
- Significant progress on key income initiatives including International MGA and London Markets
- Investment continues in system upgrades, sales and technical capabilities in Household and Agricultural lines

David Ross, Chief Executive of The Ardonagh Group, commented:

“It gives me great pleasure today to be sharing this first set of financial results for The Ardonagh Group.

The past six months have seen the successful refinancing of our capital structure, the acquisition of Chase Templeton and Direct Group and the launch of our new brand, resulting in the creation of the UK’s leading independent insurance services provider.

The progress we report today is testament to both the strength of the individual brands in the Group and its combined power in a market which continues to present us with significant opportunities.

We have grouped our businesses into operating segments: Distribution, Wholesale, MGA & Services⁴. In August, we announced that Gordon Newman will lead our Wholesale segment, comprising our Bishopsgate and Price Forbes businesses; two distinct and leading specialty brands which continue to attract the very best talent in the market. Janice Deakin will lead our Distribution segment, with oversight of our broking brands including Towergate and Autonet. Paul Dilley will lead our MGA segment and Adrian Brown will lead on Services.

Our clear strategy, validated by global investor support during our refinancing in June, focuses on top-line growth, both organic and through carefully targeted M&A activity. Harnessing the Group’s combined buying power continues to present opportunities in both income and EBITDA and we expect significant benefits from cross-selling and up-selling across the Group companies.

The numbers we are reporting today reflect a solid business with strong underlying growth, performing ahead of expectations and against a backdrop of significant change. We head into the second half of 2017 with strong trading momentum and ample liquidity to support continued targeted investments in income and cost initiatives.

I would like to take this opportunity to thank our people for their continued and unwavering commitment to a Group they feel truly proud of; a genuinely best in class company.”

-ENDS-

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Notes to Editors

¹ We define "**Organic**" as excluding the impact of acquired or exited businesses and other non-recurring items and is set out at actual FX.

² We define "**Adjusted EBITDA**" as the profit or (loss) on ordinary activities before finance costs, income tax, depreciation and amortisation charges, share of loss from an associate and impairment of goodwill, adjusted for loss or (profit) on the disposal of businesses, related party bad debt provision, reduction in value on contingent consideration, group reorganisation costs, regulatory costs, asset write-downs in connection with business restructuring, business investment costs, consultancy on regulatory matters, levy costs and finance legacy review costs, as applicable. Adjusted EBITDA is stated before exceptional costs and one-off items as determined by management. This includes Towergate, Price Forbes, Autonet, Direct Group and Chase Templeton financial results as if owned for the full period shown in the current and prior financial year.

³ We define "**Pro Forma Adjusted EBITDA**" as the Adjusted EBITDA of each of Towergate, Price Forbes, Autonet, Direct Group and Chase Templeton, each as adjusted for overhead costs currently incurred by The Ardonagh Group, Atlanta Holdco and PF Holdco, certain cost saving initiatives and cost synergies, a USD/GBP FX adjustment related to Price Forbes and certain other transactions adjustments including certain UK GAAP to IFRS adjustments.

⁴ For the purposes of financial reporting, MGA and Services will be combined into one segment.

About 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 over 5,500 people.

The Ardonagh Group was created in June 2017, bringing together Autonet, Chase Templeton, Direct Group, Price Forbes and Towergate, with the additional acquisition of Healthy Pets in August 2017.

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 visit www.ardonagh.com

THE Ardonagh GROUP

DISTRIBUTION



WHOLESALE



MGA & SERVICES



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