THE Ardonagh GROUP

Q3 2018 Results

28 November 2018

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Executive Summary – Q3 2018

1. **Strong top and bottom line growth driven by acquisitions, organic growth and delivery of cost reduction plans**
   - Income growth +11.2% YTD vs. prior year(1) driven by acquisitions completed in 2017, underlying Organic Income growth(2) of +2.4% and continued investment in new hires
   - Adj. EBITDA Margin expansion of +380bps YTD vs. prior year(1) driven primarily by income growth and delivery of cost reduction plans
2. **Strong operating cash conversion in the quarter, in line with expectations and guidance**
   - Operating cash conversion of 164% in Q3 and 71% YTD, a significant improvement vs. H1 2018 (37.0%) and prior year (55% YTD)
3. **Agreed to acquire Swinton, subject to FCA approval**
   - Swinton is a leading UK personal lines broker, with over 1m customers and a widely recognised brand
   - USD 235m (GBP 181m equivalent) new Senior Secured Notes issued, primarily to fund Swinton acquisition
   - We also agreed to acquire three smaller assets from HPS and MDP in exchange for additional equity in Ardonagh
   - Pro forma for acquisitions and disposals, Net Secured Leverage(3) of 5.2x and FCCR(3) of 2.1x
4. **Agreed two further disposals of non-core assets at attractive valuations**
   - Disposal of Direct Group's claims handling business including c. 360 employees, to Davies Group, one of the UK's leading providers of end-to-end claims solutions, for up to £36m
   - Disposal of Geo's Commercial MGA business including c. 250 employees and 9 associated offices, to Arch Insurance Europe, for up to £31m

1) Q3'17 YTD numbers are pro forma for the pre-June'17 acquisitions of Autonet, Chase Templeton, Direct Group and Price Forbes only, and the Claims and Commercial MGA Disposals
2) Organic growth at constant forex, excluding Claims and Commercial MGA Disposals
3) Pro forma for acquisition of Swinton, MHG, HIG, PfP; the Claims and Commercial MGA Disposals; and new USD 235m Senior Secured Notes issued 19 November 2018

Ardonagh Group Financial Overview – Q3 2018

Pro forma for recent disposals, the Ardonagh Group delivered another quarter of strong top and bottom-line growth, driven by accretive M&A completed in 2017, underlying organic growth +2.4% and delivery of cost saving initiatives

			Variance		YTD		Variance	
£m	**Q3 2018[1]**	**Q3 2017[2]**	**£m**	**%**	**2018[1]**	**2017[2]**	**£m**	**%**
Income	**123.5**	**110.6**	**12.9**	**11.7%**	**379.8**	**341.4**	**38.4**	**11.2%**
Staff Expenses	(66.4)	(62.2)	(4.2)	(6.7%)	(189.3)	(180.9)	(8.4)	(4.6%)
Operating Expenses	(31.0)	(29.7)	(1.3)	(4.5%)	(96.3)	(88.8)	(7.5)	(8.4%)
Adj. EBITDA	**26.1**	**18.6**	**7.4**	**39.8%**	**94.2**	**71.7**	**22.5**	**31.4%**
Margin %	*21.1%*	*16.9%*	*420 bps*		*24.8%*	*21.0%*	*380 bps*	
Staff Costs as % of Income	*53.8%*	*56.3%*	*250 bps*		*49.8%*	*53.0%*	*320 bps*	
Op. Expenses as % of Income	*25.1%*	*26.8%*	*170 bps*		*25.3%*	*26.0%*	*70 bps*	

1) Pro forma for all M&A completed as at 30 September 2018, plus the Claims and Commercial MGA Disposals (signed in Q4 2018)
2) Pro forma for the pre-June'17 acquisitions of Autonet, Chase Templeton, Direct Group and Price Forbes only, plus the Claims and Commercial MGA Disposals; 2017 results have not been restated for accounting standard changes

Ardonagh Group Segment Highlights – Autonet & Carole Nash

**Continued strong organic growth and successful integration of Carole Nash acquisition.
Swinton acquisition highly strategic to support the next phase of development**

Financial Highlights[4]

	Q3'18 YTD	Q3'17 YTD	*Change*
Policies under Management	**559k**	**290k**	***+92.8%***
Income (£m)	**64.3**	**34.6**	***+85.6%***
Adj. EBITDA (£m)	**22.0**	**9.6**	***+128.0%***
Adj. EBITDA Margin	***34.2%***	***27.8%***	***+635bps***
Retention [2]	***71.6%***	***68.0%***	***+360bps***
New Business (£m)	***13.9***	***6.5***	***+113.8%***

Online specialist, underpinned by market leading technology and pricing capabilities, customer analysis and technical expertise

Q3'18 YTD Key Highlights

- Continued to deliver strong income growth due to accretive M&A combined with strong new business growth across all product areas and improvement in retention, despite the competitive market. Organic Income growth of +4.3% YTD (vs. 4.1% Q2 YTD)[1]
- Margin expansion of +635bps driven by income growth and continued robust cost control, combined with delivery of integration benefits from acquisitions
- Acquisitions continue to deliver ahead of plans and drive good levels of new business
- Agreed to acquire Swinton on 27 Sept'18 for £165m[3], subject to FCA approval
- Highly strategic acquisition with significant synergy potential:
  - Significantly increase margins towards Autonet levels, through leveraging combined scale and best practice
  - Drive top-line growth, deploying Autonet pricing capabilities to accelerate and optimize new business

1) Organic growth excludes impact of M&A (Carole Nash and book-buy)
2) Retained policies vs. renewals available
3) Subject to customary completion mechanisms
4) Financial highlights exclude Swinton acquisition

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Ardonagh Group Segment Highlights – Schemes & Programmes

Solid income growth and good margin expansion, primarily driven by Healthy Pets acquisition, service expansion and operational efficiency initiatives coupled with the continued digitisation of the customer journey

Financial Highlights – go-forward basis

	Q3'18 YTD	Q3'17 YTD	*Change*
Policies under Management	**1,769k**	**1,873k**	***(5.5%)***
Income (£m)	**55.1**	**53.8**	***+2.5%***
Adj. EBITDA (£m)	**11.8**	**10.1**	***+16.0%***
Adj. EBITDA Margin	***21.3%***	***18.8%***	***+248bps***
Retention [(2)]	***81.2%***	***78.1%***	***+311bps***
New Business (£m)	***15.8***	***15.0***	***+5.4%***

Provider of bespoke specialist insurance products with an integrated online and offline service proposition

Q3'18 YTD Key Highlights

- Income growth +2.5% (excl. Claims), primarily driven by Healthy Pets acquisition and continued growth in Travel and Touring Caravan. Partial offset from selected business exits and contraction in SME book, resulting in a decline in policies under management (5.5)% for retained business excluding Claims
- Strong growth in Adj. EBITDA driven by top-line growth and cost reduction initiatives delivering ahead of plan
- Online customer journey in Touring Caravan has delivered significant growth in new business volumes as part of the digital strategy
- Successfully sold the Direct Group Claims business to Davies Group on 16 October 2018 for a consideration of up to £36m

1) Organic growth excludes impact of M&A (Healthy Pets) and the impact from normalisation adjustments which include changes to accounting treatment and profit commissions
2) Retained policy value vs. renewals available

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Ardonagh Group Segment Highlights – Paymentshield

**Growth in policies under management resulting from stable retention, record Panel sales and Lettings sales growth.
Key milestones in our proposition to IFA/Adviser market delivered in Q3, strengthening our market leader status**

Financial Highlights[4]

	Q3'18 YTD	Q3'17 YTD	*Change*
Policies under Management	**442k**	**421k**	***+4.9%***
Income (£m)[3]	**41.3**	**44.3**	***(6.6%)***
Adj. EBITDA (£m)[3]	**21.4**	**22.9**	***(6.2%)***
Retention[1]	***91.6%***	***91.9%***	***(26bps)***
New Business % Total[2]	***16.1%***	***14.5%***	***+162bps***
New Business (£m)	***4.1***	***4.0***	***+2.1%***

The UK's leading provider of Property Insurance solutions sold via Mortgage Broker channel

Q3'18 YTD Key Highlights

- Accelerating growth in total policies under management +4.9% Q3 YTD (vs. +1.2% Q2 YTD), driven by maintaining high retention rates and strong growth in new business
- New Lettings offering contributing new business of over 1.5k polices per month
- Adj. EBITDA broadly stable year-on-year, excluding one-off adverse impact of IFRS accounting change
- Strengthened market leading status in core B&C market with increased share and key developments to the IFA/Adviser proposition, although short-term impact to income per policy
- Launched replacement adviser platform (Adviser Hub), with significant enhancements to IFA/Adviser market proposition. Replacement advisor platform well received by existing and prospective distribution partners
- Launched Defacto compare tool, enabling advisers to compare PSL products with other polices in the market

1) Retained policies vs. renewals available
2) New policies as a percentage of total policies written YTD
3) Impact of IFRS 15 accounting change for Q3'18 YTD was adverse £0.8m on income and EBITDA
4) Includes Footman James business £9.7m income and £2.7m Adj. EBITDA Q3'18 YTD

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Ardonagh Group Segment Highlights – Insurance Broking

Adj. EBITDA margin increase of +478bps to 21.1% YTD, underpinned by accretive bolt-on acquisitions and benefit of Broker Systems Consolidation Project, 90% of planned users now on Acturis

Financial Highlights

	Q3'18 YTD	Q3'17 YTD	*Change*
GWP (£m)[3]	**598.5**	**601.9**	***(0.6%)***
Income (£m)	**123.9**	**121.4**	***+2.1%***
Adj. EBITDA (£m)	**26.2**	**19.8**	***+32.0%***
Adj. EBITDA Margin	***21.1%***	***16.3%***	***+478bps***
Retention[2]	***87.7%***	***84.7%***	***+306bps***
New Business (£m)	***13.7***	***13.0***	***+5.2%***

Leading UK network of advisors providing risk management solutions to UK SME and corporate clients

Q3'18 YTD Key Highlights

- Income growth underpinned by improved retention, increased new business levels and additional fee for service revenues (Organic Income growth[1] +1.4% YTD)
- Adj. EBITDA +32.0% driven by income growth, delivery of cost saving plans and favourable timing of investments that will normalise in Q4 2018
- Completed further roll-out of Acturis with 90% of planned users now on new system with benefits expected to be fully delivered over next 12-18 months
- Significant improvement in retention, with scope for further progress towards industry benchmarks
- Towergate advisory became a member of the Worldwide Broker Network, one of the largest independent networks and 4th largest network of insurance brokers & employee benefits consultants
- Recruitment of Specialty & Risk team to broaden the advisory corporate proposition
- Finalists of the Commercial Lines Broker of the Year category at the British Insurance Awards 2018

1) Organic growth excludes impact of M&A (Mastercover and book-buys) and impact from normalisation adjustments which include changes to accounting treatment and trade deal income
2) Retained policies vs. renewals available
3) GWP decline driven by exit of ARs in Chase Templeton, although negligible impact on income given payaway offset

Ardonagh Group Segment Highlights – MGA (Retained Business)

Good income growth and strong margin improvement in specialty MGA business pro forma for disposal of Commercial MGA

Financial Highlights – go-forward basis

	Q3'18 YTD	Q3'17 YTD	*Change*
GWP (£m)	**146.6**	**159.9**	***(8.3%)***
Income (£m)	**22.4**	**22.2**	***+1.1%***
Adj. EBITDA (£m)	**3.0**	**(0.6)**	***+572.1%***
Adj. EBITDA Margin	***13.6%***	***(2.9%)***	***+1,647bps***
Loss Ratio [(1)]	***53.2%***	***56.0%***	***(273bps)***

Niche and specialty MGA businesses with market leading offerings and a depth of knowledge and capabilities in the segments they operate

Q3'18 YTD Key Highlights

- Agreed the disposal of the Commercial MGA business to Arch Insurance for a consideration of up to £31m. From 1 Jan 2019 the renewal books for Arista, Fusion, Towergate Personal Accident and Travel, and Towergate Commercial MGA brands will transfer to Arch along with c. 250 employees and 9 associated offices
- Geo Underwriting's niche and specialty businesses in Personal Lines, Private Clients, Specialty and Agriculture brands AIUA and BIBU remain as part of Ardonagh Group
- Retained business stable and well positioned for profitable growth. Further cost reductions expected following reorganisation post disposal of Commercial MGA
- Income growth of +1.1% YTD vs. prior year on retained business, primarily driven by Geo Specialty new product development and continued investment in IT capability
- Actively improving loss ratios – overall improvement of 273bps vs. prior year on retained business

1) 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

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Ardonagh Group Segment Highlights – Specialty & International

Continued growth momentum from investment in new producers.
Adverse margin impact from forex and new hires yet to reach revenue maturity

Financial Highlights

	Q3'18 YTD	Q3'17 YTD	Change
GWP[2] (£m)	**747.9**	**737.1**	***+1.5%***
Income[3] (£m)	**71.5**	**64.3**	***+11.2%***
Adj. EBITDA[3] (£m)	**12.4**	**13.8**	***(10.3%)***
Adj. EBITDA Margin	***17.3%***	***21.5%***	***(416bps)***
At Constant Forex:			
Income (£m)	**74.1**	**64.3**	***+15.2%***
Adj. EBITDA (£m)	**15.0**	**13.8**	***+8.5%***
Adj. EBITDA Margin	***20.2%***	***21.5%***	***(126bps)***
Headcount	**481**	**436**	***+10.3%***

Independent London wholesale specialist, with multi-disciplinary expertise and true global reach. Trading under multiple brands for alternative customer propositions

Q3'18 YTD Key Highlights

- Strong income growth +15.2% at constant forex, primarily driven by US Binder acquisition accelerating towards maturity and organic successes in Latin America for Aviation, Marine & Energy (Organic Income growth[1] +11.9%, excluding M&A and FX movement)
- Margin deterioration driven by adverse forex movement from Q1 impacting income and investment in new hires which take time to reach revenue maturity
- Price Forbes and Bishopsgate working together on combined initiatives across multiple classes as well as implementing a regional production strategy with particular success in Latin America
- Industry leading business production and management talent joined the segment bringing new skill sets and country expertise to drive future growth

1) Organic growth at constant forex, excludes impact of M&A (US Binders)
2) GWP for Q3'17 and Q3'18 includes US Binder acquisition
3) At actual GBP:USD forex: average 1.350 for Q3'18 YTD and 1.284 for Q3'17 YTD (c. 70% income)

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Ardonagh Group Cash Flow – Q3 2018

164% operating cash conversion in Q3, primarily driven by expected seasonality and timing of certain payments. Reduction in investments to complete legacy issues and build a scalable efficient platform, as 2017/18 initiatives reach conclusion

£m	Q3 2018	Q3 2017[1]	Q3 Variance	YTD 2018	YTD 2017[1]	YTD Variance
Adjusted EBITDA	**24.0**	**21.6**	**2.5**	**89.5**[3]	**78.2**	**11.3**
Working Capital Movement	16.1	(9.0)	25.1	(24.3)	(32.1)	7.8
Maintenance Capex	(0.6)	(1.7)	1.1	(1.5)	(3.2)	1.7
Operating Cash Flow	**39.6**	**11.0**	**28.6**	**63.8**	**42.9**	**20.9**
Operating Cash Conversion %	*164.5%*	*50.8%*	*113.7%*	*71.3%*	*54.9%*	*16.4%*
Investments in Both Income and Cost Initiatives:						
M&A Investments	(7.6)	(16.8)	9.1	(13.6)	(22.4)	8.8
Transformational Hires	(3.4)	(4.3)	0.9	(14.1)	(10.7)	(3.4)
Project Capex	(3.1)	(5.0)	1.9	(12.2)	(23.2)	11.0
Business Transformation	(6.2)	(3.7)	(2.4)	(18.0)	(14.5)	(3.5)
Total Investments	**(20.3)**	**(29.7)**	**9.5**	**(57.9)**	**(70.7)**	**12.9**
Disposals	-	-	-	42.4	-	42.4
Other Exceptionals	(5.9)	(5.8)	(0.2)	(15.0)	(29.6)	14.6
Tax / Forex	(1.3)	(0.7)	(0.6)	(7.6)	(2.9)	(4.7)
Cash Flow before Financing	**12.0**	**(25.3)**	**37.3**	**25.7**	**(60.3)**	**86.0**
Interest on Notes and RCF	(40.4)	(0.3)	(40.1)	(77.8)		
ETV Costs	(2.1)	-	(2.1)	(3.5)		
Financing & Associated Costs[4]	(2.6)	(0.4)	(2.2)	58.9		
Net Cash Flow[2]	**(33.1)**	**(25.9)**	**(7.2)**	**3.3**		

- 164% operating cash conversion driven by seasonality and timing of certain irregular receipts (including profit share in Paymentshield), overall YTD conversion (71%) broadly in line with expectations
- £3.4m investment in income initiatives focused on Specialty & International and MGA strategic hires
- £9.3m Q3'18 investment in cost saving initiatives primarily driven by Towergate Transformation nearing completion (£3.1m), cost synergy delivery (£1.4m) and investments to upgrade IT (£1.8m)
- Other exceptionals include legacy remediation, legacy LTIPs and regulatory costs
- Interest on Notes is paid in Q1 and Q3

1) 2017 numbers are pro forma for the pre-June'17 acquisitions of Autonet, Chase Templeton, Direct Group and Price Forbes only
2) YTD net increase in cash and cash equivalents of £16.3m (as set out in page 33 of the Q3 2018 Report to Investors), includes £14.6m positive movement in fiduciary funds and £1.9m of own funds excluded as assets held for sale
3) £90.6m per Group P&L includes £1.1m pro forma for small book buys completed 22 June to 30 September, as if they had occurred on 1 January 2017
4) Financing & Associated Costs includes £98.3m Senior Secured Notes Issues, £(30.0)m RCF repayment

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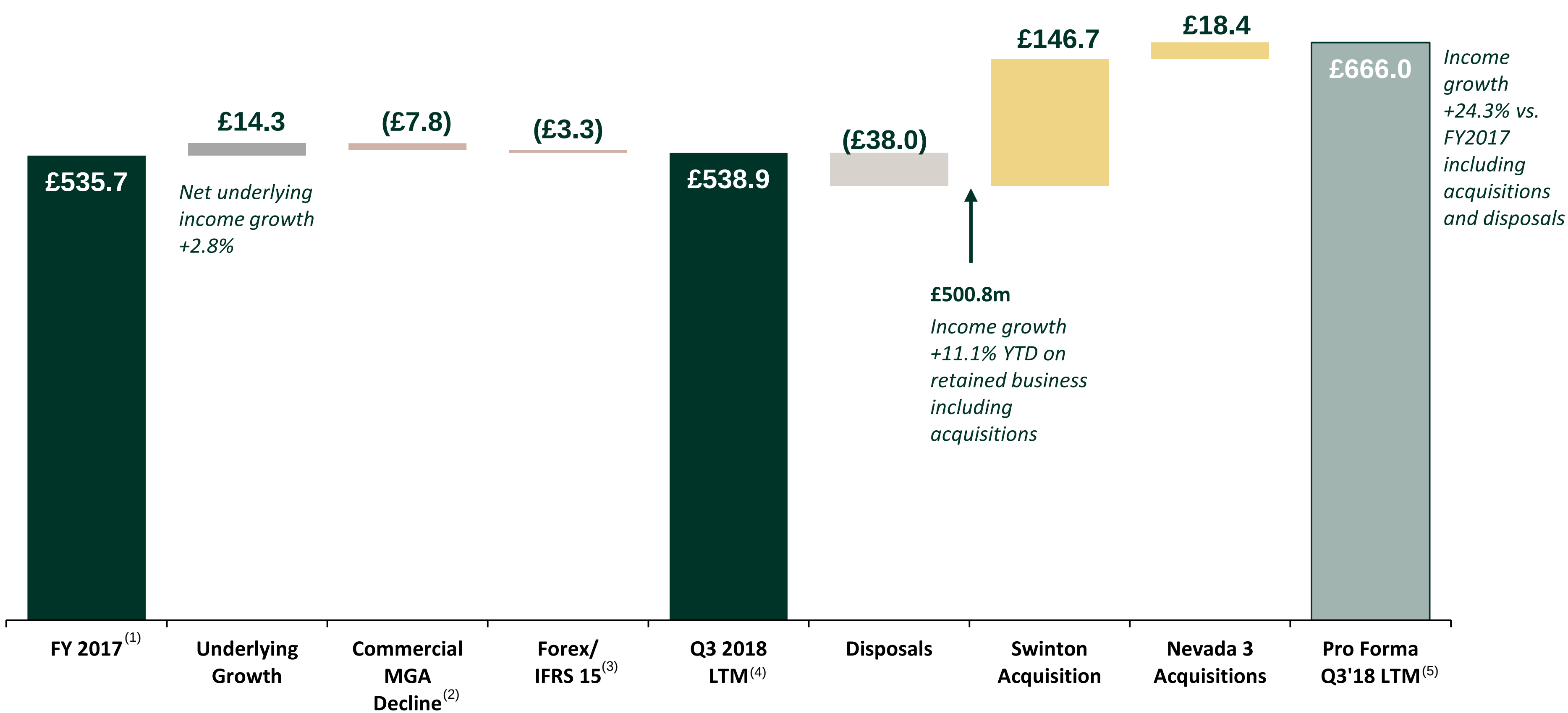
Q3 2018 LTM vs. FY 2017 Income Bridge

Pro forma for acquisitions and disposals, LTM income now £666.0m vs. £535.7m for 2017, growth of +24.3% in the last 9 months

(£ in millions)



1) As set out in Ardonagh Group Investor Presentation 19 April 2018 for the FY2017 financial results
2) Q3’18 YTD vs. Q3’17 YTD Commercial MGA decline
3) USD:GBP adverse forex movement and impact from IFRS 15 accounting standard change on 2018 result, excluding any impact from restating 2017 reported results under IFRS 15
4) Pro forma for all M&A completed as at 30 September 2018
5) Pro forma for M&A completed as at 30 September 2018; plus Q4 2018 Claims and Commercial MGA Disposals and the Q4 2018 Swinton and Nevada 3 (MHG, HIG and PfP) acquisitions

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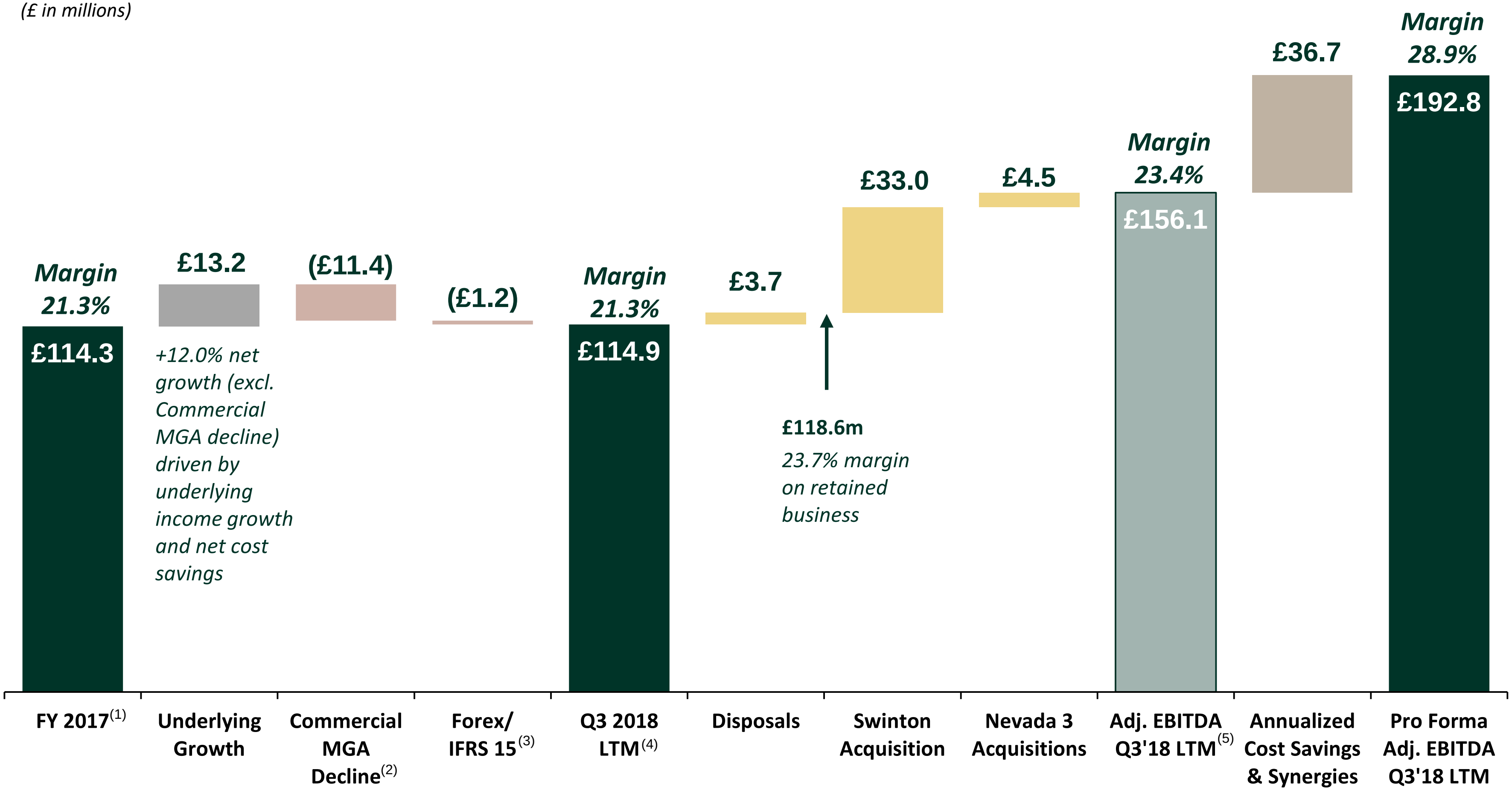
Q3 2018 LTM vs. FY 2017 Adj. EBITDA Bridge

Pro forma for acquisitions and disposals, LTM Q3'18 Pro Forma Adj. EBITDA of £192.8m including £36.7m of annualized cost savings and synergies, vs. £186.3m as at LTM Q2'18 per the OM dated 2 November 2018

(£ in millions)



1) As set out in Ardonagh Group Investor Presentation 19 April 2018 for the FY2017 financial results
2) Q3'18 YTD vs. Q3'17 YTD Commercial MGA decline
3) USD:GBP adverse forex movement and impact from IFRS 15 accounting standard change on 2018 result, excluding any impact from restating 2017 reported results under IFRS 15
4) Pro forma for all M&A completed as at 30 September 2018
5) Pro forma for M&A completed as at 30 September 2018; plus Q4 2018 Claims and Commercial MGA Disposals and the Q4 2018 Swinton and Nevada 3 (MHG, HIG and PfP) acquisitions

Annualized Cost Savings & Synergies – Q3 2018 LTM

Annualized cost savings and synergies reflect the annualized cost reduction benefit expected from actions already taken or expected to be taken within the next 12 months

(£ in millions)

		£36.7m	
	Functional back-office savings (across all segments)	15.1	• Finance Transformation Programme ("FTP"), one of the original Towergate Transformation Plan initiatives, is still "in-flight" and has continued during Q3 2018 with further off-shoring of roles, reducing onshore headcount, and deployed tools to automate insurer reconciliations and settlements • Functional back-office efficiency improvements, property consolidation, reduced IT licenses and service costs and further discretionary spend reduction plans
Segment Specific	**Schemes & Programmes**	5.4	• Re-organisation and restructuring post disposal of Claims and integration of remaining Direct Group business and Towergate Retail under a single management team
Segment Specific	**Specialty & International**	5.1	• Operational efficiency, primarily in support functions
Segment Specific	**Insurance Broking**	4.0	• Broker System Consolidation (90% sites now on new Acturis system) and other operational efficiency programmes
Segment Specific	**MGA (Retained)**	2.8	• Reduction in overhead costs post Commercial MGA Disposal
Segment Specific	**Autonet & Carole Nash**	2.1	• Remaining Carole Nash synergies, with delivery proceeding ahead of plan
Segment Specific	**Paymentshield**	1.4	• Operational efficiency and reduction in IT procurement spend
	Swinton & Nevada 3	0.9	• Cost synergies with new acquisitions[1]

1) Net of accounting harmonization and third party premium financing impact

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Ardonagh Group Capitalisation and Net Leverage – Q3 2018

Successful $235m public bond raise completed in Nov'18, primarily to fund the Swinton acquisition.
Net Secured Leverage 5.2x pro forma for acquisitions and disposals

£m	Dec-16	Dec-17	Jun-18	Oct-18 OM disclosure Jun-18	Pro forma[3] at Sep-18
Operating Cash[1]	42.1	58.1	94.5	94.5	61.4
Adjustment[6]	-	(8.0)	-	84.7	85.0
Adjusted Operating Cash	**42.1**	**50.2**	**94.5**	**179.2**	**146.4**
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	408.1	588.8	589.2
Net Secured Debt	**766.0**	**842.9**	**866.9**	**963.0**	**996.1**
Other Debt	11.5	9.0	9.0	9.0	9.0
Total Net Debt	**777.5**	**852.0**	**875.9**	**972.0**	**1,005.1**
LTM Pro Forma Adjusted EBITDA	134.3	161.5	156.9	186.3	192.8
Interest on Senior Secured Notes and SSRCF[4]	68.3	73.1	80.1	93.3	93.3
Net Secured Leverage	**5.7x**	**5.2x**	**5.5x**	**5.2x**	**5.2x**
Total Net Leverage	5.8x	5.3x	5.6x	5.2x	5.2x
Fixed Charge Coverage	2.0x	2.2x	2.0x	2.0x	2.1x
Undrawn SSRCF	*90.0*	*75.0*	*120.0*	*120.0* [5]	*120.0* [5]

1) Excludes all TC2.4 cash but includes £10.5m cash segregated for payment of ETV liabilities
2) USD 520m Senior Secured Notes at hedged USD / GBP FX rate of 1.2742
3) Pro forma for new Senior Secured mirror Notes USD 235m at hedged USD/GBP forex rate of 1.2979
4) Pro forma interest excludes RCF commitment fees

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5) As at 30 September 2018, the Group has increased RCF capacity to £120m. However, permissible drawings limited to £90m while LoC for ETV in place and additionally limited by credit facility basket
6) Includes £28.0m for Claims disposal, £31.0m for Commercial MGA disposal and £26.0m cash to balance sheet from Swinton / Nevada 3 transactions (£25.7m as set out in the OM of Nov 2, 2018)

Strategic Goals and Near Term Focus

1. Maintain low to mid single digit underlying organic growth
2. Finalise cost savings initiatives driving convergence of Adjusted and Pro Forma Adjusted EBITDA
3. Drive integration of Swinton into Autonet
4. Reshape MGA segment focusing on highly specialized niches
5. Achieve operating cash conversion of 80% - 90%
6. Achieve positive free cash flow generation before ETV and M&A / minority buyouts

Appendix

Ardonagh Group Financial Overview – Q3 2018

The Ardonagh Group, pre-disposals:

£m	Q3 2018[(1)]	Q3 2017[(2)]	Variance £m	Variance %	YTD 2018[(1)]	YTD 2017[(2)]	YTD Variance £m	YTD Variance %
Income	**132.1**	**121.0**	**11.1**	**9.1%**	**407.1**	**373.0**	**34.0**	**9.1%**
Staff Expenses	(73.1)	(67.9)	(5.2)	(7.7%)	(210.2)	(199.2)	(10.9)	(5.5%)
Operating Expenses	(34.9)	(31.5)	(3.4)	(10.8%)	(106.3)	(95.6)	(10.7)	(11.2%)
Adj. EBITDA	**24.0**	**21.6**	**2.5**	**11.3%**	**90.6**	**78.2**	**12.4**	**15.9%**
Margin %	*18.2%*	*17.8%*	*40 bps*		*22.3%*	*21.0%*	*130 bps*	
Staff Costs as % of Income	*55.4%*	*56.1%*	*80 bps*		*51.6%*	*53.4%*	*180 bps*	
Op. Expenses as % of Income	*26.4%*	*26.0%*	*(40 bps)*		*26.1%*	*25.6%*	*(50 bps)*	

The Ardonagh Group, on a go-forward basis:

£m	Q3 2018[(1)]	Q3 2017[(2)]	Variance £m	Variance %	YTD 2018[(1)]	YTD 2017[(2)]	YTD Variance £m	YTD Variance %
Income	**123.5**	**110.6**	**12.9**	**11.7%**	**379.8**	**341.4**	**38.4**	**11.2%**
Staff Expenses	(66.4)	(62.2)	(4.2)	(6.7%)	(189.3)	(180.9)	(8.4)	(4.6%)
Operating Expenses	(31.0)	(29.7)	(1.3)	(4.5%)	(96.3)	(88.8)	(7.5)	(8.4%)
Adj. EBITDA	**26.1**	**18.6**	**7.4**	**39.8%**	**94.2**	**71.7**	**22.5**	**31.4%**
Margin %	*21.1%*	*16.9%*	*420 bps*		*24.8%*	*21.0%*	*380 bps*	
Staff Costs as % of Income	*53.8%*	*56.3%*	*250 bps*		*49.8%*	*53.0%*	*320 bps*	
Op. Expenses as % of Income	*25.1%*	*26.8%*	*170 bps*		*25.3%*	*26.0%*	*70 bps*	

1) Pro forma for all M&A completed as at 30 September 2018
2) Pro forma for the pre-June'17 acquisitions of Autonet, Chase Templeton, Direct Group and Price Forbes only, and excludes M&A completed by The Ardonagh Group post June'17

Ardonagh Group – Q3 2018 Segmental Summary

Income £m	Q3 2018(1)	Q3 2017(2)	Variance £m	Variance %	YTD 2018(1)	YTD 2017(2)	Variance £m	Variance %	LTM Sep 2018(1)	Organic Growth(4) YTD 2018
Autonet & Carole Nash	21.2	11.5	9.7	85.1%	64.3	34.6	29.6	85.6%	80.5	4.3%
Schemes & Programmes(5)	19.8	18.1	1.7	9.6%	55.1	53.8	1.4	2.5%	73.7	(4.8%)
Paymentshield(3)	13.7	15.7	(1.9)	(12.4%)	41.3	44.3	(2.9)	(6.6%)	56.7	0.1%
Insurance Broking	38.7	38.2	0.5	1.4%	123.9	121.4	2.5	2.1%	162.7	1.4%
MGA(5)	6.7	6.8	(0.1)	(2.2%)	22.4	22.2	0.2	1.1%	30.1	(4.6%)
Specialty & International	23.5	20.2	3.2	15.8%	71.5	64.3	7.2	11.2%	95.6	11.9%
Corporate	(0.1)	0.1	(0.2)		1.2	0.8	0.3	40.8%	1.4	
Income (excl. disposals)	**123.5**	**110.6**	12.9	11.7%	**379.8**	**341.4**	38.4	11.2%	**500.8**	**2.4%**
Disposals(6)	8.6	10.4	(1.8)	(17.7%)	27.3	31.6	(4.4)	(13.8%)	38.0	
Total Income	**132.1**	**121.0**	11.1	9.1%	**407.1**	**373.0**	34.0	9.1%	**538.9**	**1.0%**

Adj. EBITDA £m	Q3 2018(1)	Q3 2017(2)	Variance £m	Variance %	YTD 2018(1)	YTD 2017(2)	Variance £m	Variance %	LTM Sep 2018(1)
Autonet & Carole Nash	7.2	3.2	4.0	125.9%	22.0	9.6	12.3	128.0%	25.6
Schemes & Programmes(5)	5.1	3.5	1.6	44.5%	11.8	10.1	1.6	16.0%	16.1
Paymentshield(3)	7.0	7.9	(0.9)	(12.0%)	21.4	22.9	(1.4)	(6.2%)	29.7
Insurance Broking	5.0	4.8	0.2	3.9%	26.2	19.8	6.3	32.0%	30.5
MGA(5)	0.4	(2.2)	2.6	117.3%	3.0	(0.6)	3.7	572.0%	3.9
Specialty & International	2.9	2.9	(0.0)	(0.1%)	12.4	13.8	(1.4)	(10.3%)	16.9
Corporate	(1.4)	(1.4)	0.1	3.9%	(2.5)	(3.9)	1.4	35.9%	(4.0)
Adj. EBITDA (excl. disposals)	**26.1**	**18.6**	7.4	39.8%	**94.2**	**71.7**	22.5	31.4%	**118.6**
Disposals(6)	(2.0)	3.0	(5.0)	(167.9%)	(3.7)	6.5	(10.1)	(156.3%)	(3.7)
Total Adj. EBITDA	**24.0**	**21.6**	2.5	11.3%	**90.6**	**78.2**	12.4	15.9%	**114.9**

1) Pro forma for M&A only, completed as at 30 September 2018
2) Pro forma for the pre-June'17 acquisitions of Autonet, Chase Templeton, Direct Group and Price Forbes only, and excludes M&A completed by The Ardonagh Group post June'17
3) Includes IFRS 15 impact of £0.1m reduction to Paymentshield income in Q3'18 and £0.8m YTD
4) Organic growth at constant forex
5) MGA and Schemes and Programmes segments presented excluding Commercial MGA and Claims respectively
6) Disposals include the results relating to the Commercial MGA and Claims businesses

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Reconciliation of Income and Adjusted EBITDA to the Accounts

Income £m	Q3 2018	Q3 2017	Change %	Q3 2018 YTD	Q3 2017 YTD	Change %
Reported Income per Accounts	**131.7**	**121.0**	**8.9%**	**403.5**	**290.2**	**39.0%**
Pro forma for M&A pre-22 Jun'17[2]	-	-		-	82.8	
Income pro forma for M&A pre-22 Jun'17	**131.7**	**121.0**	**8.9%**	**403.5**	**373.0**	**8.2%**
Pro forma for M&A 22 Jun'17 to 30 Sep'18[3]	-	10.0		2.1	32.9	
Income pro forma for M&A excluding small book buys	**131.7**	**131.0**	**0.5%**	**405.6**	**406.0**	**(0.1%)**
Pro forma for completed small book buys[4]	-	0.3		0.3	0.9	
Income pro forma for all M&A to 30 Sep'18	**131.7**[1]	**131.3**	**0.3%**	**406.0**[1]	**406.9**	**(0.2%)**

Adj. EBITDA £m	Q3 2018	Q3 2017	Change %	Q3 2018 YTD	Q3 2017 YTD	Change %
Adj. EBITDA pro forma for M&A pre-22 Jun'17	**24.0**	**21.6**	**11.3%**	**90.5**	**78.2**	**15.7%**
Pro forma for M&A 22 Jun'17 to 30 Sep'18[3]	-	4.0		-	11.5	
Adj. EBITDA pro forma for M&A excluding small book buys	**24.0**	**25.6**	**(6.1%)**	**90.5**	**89.6**	**0.9%**
Pro forma for completed small book buys[4]	-	0.1		0.1	0.3	
Adj. EBITDA pro forma for all M&A to 30 Sep'18	**24.0**	**25.7**	**(6.5%)**	**90.6**	**90.0**	**0.7%**

As set out in the Q3'18 Report to Investors

As set out in this presentation

1) Income set out in this presentation includes normalisation adjustment of £0.3m and £1.1m in Q3 2018 and Q3 2018 YTD respectively, which includes hedging losses, loss corridor and remediation adjustments

2) Pro forma for Autonet, Chase Templeton, Direct Group and Price Forbes acquisitions as if they had occurred on 1 January 2017

3) Pro forma for material acquisitions completed 22 June to 30 September, as if they had occurred on 1 January 2017. These include Carole Nash, MasterCover, Healthy Pets and US Binders

4) Pro forma for small book buys completed 22 June to 30 September, as if they had occurred on 1 January 2017

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Reconciliation of IFRS Loss to Alternative Performance Measures

Reconciliation of IFRS loss for The Ardonagh Group Limited for the period to Alternative Performance Measures	Q3 2018[(1)]	Q3 2017[(2)]	Q3 2018 YTD[(1)]	Q3 2017 YTD[(1)]
Reconciliation of the IFRS loss for the period to EBITDA and Adjusted EBITDA				
Adjusted EBITDA[(1)]	**24.0**	**25.6**	**90.5**	**89.6**
Transformational hires	(4.9)	(4.4)	(14.2)	(10.0)
Business transformation	(2.3)	(8.9)	(16.4)	(20.2)
Legacy costs	(7.0)	(2.9)	(16.0)	(9.9)
Regulatory costs	2.3	-	2.0	(1.7)
Acquisition and financing costs	(1.0)	(1.2)	(1.3)	(20.2)
Share of operating profit from associate	-	0.3	-	0.3
Fair value gains on forward exchange contracts	-	3.1	-	7.0
Reduction in value of contingent consideration	(0.0)	(0.0)	(0.0)	(0.0)
Loss from disposal of assets	(1.2)	-	(1.2)	-
EBITDA	**9.7**	**11.6**	**43.3**	**35.0**
Finance costs	(21.7)	(24.4)	(67.5)	(69.9)
Tax credit	14.5	3.4	19.9	5.9
Depreciation and amortisation charges	(18.3)	(20.0)	(54.9)	(55.1)
Impairment of goodwill	-	(4.5)	-	(4.5)
Other[(2)]	0.1	(2.9)	0.3	(8.7)
Pro forma Loss for the period	**(15.6)**	**(36.8)**	**(59.0)**	**(97.2)**
Adjustments for acquisitions and disposals	(0.5)	2.0	10.1	17.3
Reported Loss for the period[(3)]	**(16.1)**	**(34.8)**	**(48.9)**	**(80.0)**

The Group presents results to investors using alternative performance measures ('APMs'). These seek to present the results as though the material acquisitions including Nevada, Direct Group, Chase Templeton, Carole Nash, MasterCover, Healthy Pets and a book-buy had occurred on 1 January 2017.

The Group presents EBITDA and Adjusted EBITDA as important APMs for both IFRS 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 Report to Investors for The Ardonagh Group Limited 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.

1) See reconciliation on previous page. Includes Autonet, Chase Templeton, Direct Group, Price Forbes, Carole Nash, MasterCover, Healthy Pets and US Binders
2) Other includes foreign exchange movements, dividends received and income tax (charge)/credit
3) Above reconciles the investor presentation to the Ardonagh Group Limited Annual Report, the accounts of Ardonagh Midco 3 plc show a loss of £45.4m, the difference of £3.5m being due to costs that are incurred in Ardonagh Group Limited, primarily associated with acquisition & financing and board costs

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.

We define "***Adjusted EBITDA***" or "***Adj. 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.

We define "***Pro Forma Adjusted EBITDA***" or "***Pro Forma Adj. 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.

We define **"Operating Cash Conversion**" as operating and investing cash flow (as further 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.

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

We define ***"LTM"*** 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. The impact of IFRS15, not included within the results of this presentation, for Q4 2017 is estimated to be adverse £3.4m.