



# H1 FY19 Results

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# Financial highlights

+8.4% y-o-y

**£398m**

Group sales

+5.3% y-o-y

**£405m**

Group revenue

+5.8% y-o-y

**£56.3m**

Underlying  
EBITDA

+2.8 ppt

**79%**

UK revenue  
renewal rate<sup>1</sup>

-0.3

**3.7x**

Net leverage<sup>2</sup>

Another quarter of continuing strong growth

<sup>1</sup> % of current year revenue from renewals / total prior year revenue

<sup>2</sup> Net leverage movement vs Q1. Reflects inclusion for both periods of certain cash deposits in the Group's Australian service company which have been reclassified as unrestricted.

# Results summary

	HY FY19	HY FY18	yoy
	£m	£m	(%)
<b>Sales</b>	<b>397.6</b>	<b>366.9</b>	<b>8.4%</b>
UK	327.7	293.0	11.8%
International	69.9	73.9	-5.4% <sup>1</sup>
<b>1 Underlying Revenue<sup>2</sup></b>	<b>404.9</b>	<b>384.6</b>	<b>5.3%</b>
UK	330.1	308.3	7.1%
International	74.8	76.3	-1.9%
<b>Underlying Operating Profit</b>	<b>49.9</b>	<b>47.8</b>	<b>4.4%</b>
% Revenue	12.3%	12.4%	
<b>2 Underlying EBITDA</b>	<b>56.3</b>	<b>53.2</b>	<b>5.8%</b>
% Revenue	13.9%	13.8%	
<b>3 Underlying Cash flow Available for Debt Service<sup>3</sup></b>	<b>34.7</b>	<b>28.6</b>	<b>21.3%</b>
% Conversion from Underlying EBITDA	61.7%	53.8%	

## 1 Strong y-o-y revenue growth

- UK: continuing strong renewal rates and new business performance
- Customer First transition on track with encouraging early experience of renewals to new products
- International: Good progress in building subscription base offset by impact of German cash business run-off (underlying continuing revenue +7.9%)

## 2 Underlying EBITDA up 5.8% y-o-y to £56.3m:

- Strong underlying revenue growth
- Stable claims and acquisition costs ratios
- Continuing stable margin performance

## 3 CFADS and cash conversion:

- Positive insurance capital impact on regulated business cashflows

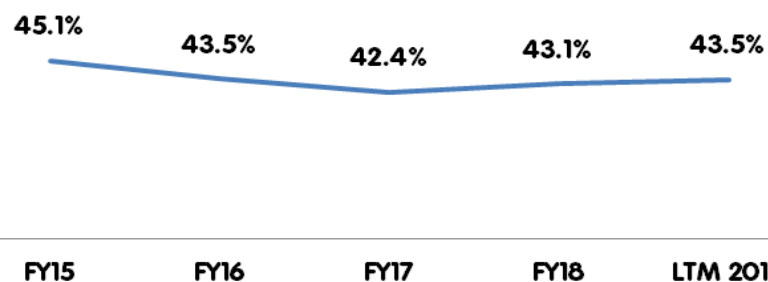
<sup>1</sup> Constant currency basis

<sup>2</sup> Sales and Revenue before significant items and fair value adjustments associated with the acquisition method of accounting for business combinations

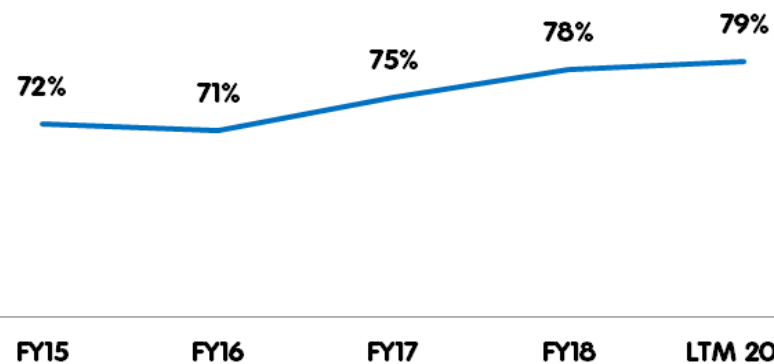
<sup>3</sup> Based upon latest estimate of Capital Resources and Solvency Capital Requirement (SCR)

# Strong and consistent financial performance

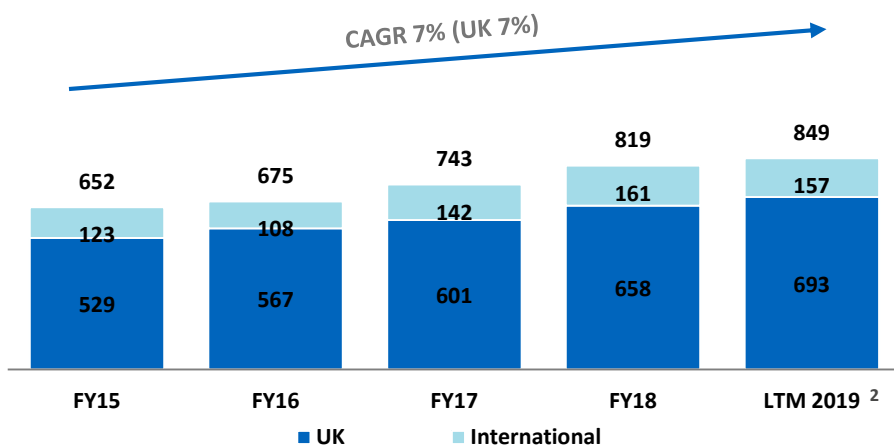
Gross Loss Ratio



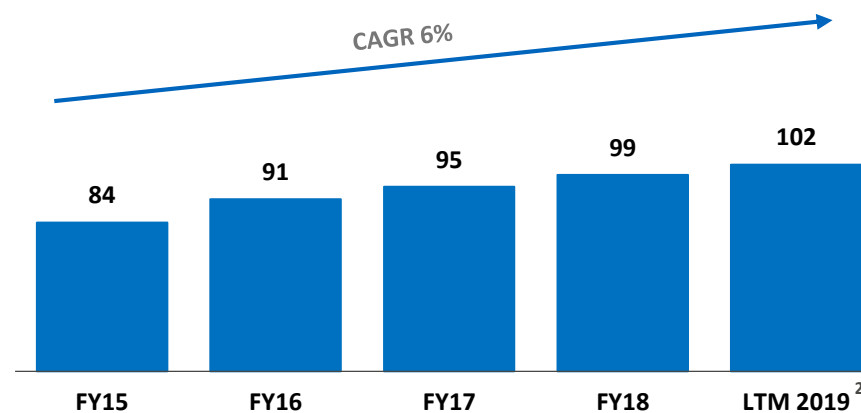
UK Revenue Renewal Rate<sup>1</sup>



Total Sales (£m)



Underlying EBITDA (£m)



<sup>1</sup> % of current year revenue from renewals / total prior year revenue

<sup>2</sup> LTM: Last twelve months ended Q2 FY19

# Cash flow available for debt service (CFADS)

	HY FY19	HY FY18
	£m	£m
Non-Regulated Business EBITDA	35.7	26.2
<b>1</b> Changes in net working capital	(16.8)	(11.8)
<b>2</b> Capex	(9.0)	(6.4)
<b>Free cash flow from the Non-Regulated Business</b>	<b>9.9</b>	<b>8.0</b>
Profit After Tax of Regulated Business <sup>1</sup>	16.3	22.1
Movement in capital requirement and resources	4.5	(6.1)
<b>3</b> <b>Distributable earnings from Regulated Business</b>	<b>20.7</b>	<b>16.0</b>
Other	4.1	4.6
<b>Underlying cash flow available for debt service</b>	<b>34.7</b>	<b>28.6</b>

- 1** Working capital impact of shorter period of cover products in line with our strategy of improving customer service and driving growth
- 2** Temporarily elevated capital expenditure from investment in growth initiatives such as digital
- 3** Regulated business distributable earnings reflects positive impact on net capital requirement from transition to insurance and strong year-on-year growth in flexible monthly product

<sup>1</sup> Regulated Business EBITDA HY FY19: £20.6m (HY FY18: £27.0m)

# Unrestricted cash and Net Debt

	Q2 FY19 30 <sup>th</sup> September 2018	Q1 FY19 30 <sup>th</sup> June 2018
<b>CFADS</b>	27.6	7.1
① Exceptional items	(3.3)	(6.5)
② Debt Interest	(2.4)	(12.9)
Corp Tax and Other	(5.4)	(0.4)
Unrestricted Cash Flow	<u>16.4</u>	<u>(12.7)</u>
	30 <sup>th</sup> September 2018	30 <sup>th</sup> June 2018
③ Unrestricted Cash b/f	79.7	92.5
<b>Unrestricted Cash c/f<sup>1</sup></b>	<b>96.2</b>	<b>79.7</b>
Gross Debt	475.1	475.1
<b>Net Debt<sup>1</sup></b>	<b>378.9</b>	<b>395.4</b>
<b>Leverage (Net Debt / LTM EBITDA)<sup>1</sup></b>	<b>3.7x</b>	<b>4.0x</b>

- ① Residual flow through of FY18 provision for product enhancements and transition to maintenance and insurance
- ② Majority of the debt interest is paid half yearly in May and November
- ③ Reclassification of Australian service company cash as unrestricted at both period ends

<sup>1</sup> Based upon latest estimate of Capital Resources and Solvency Capital Requirement (SCR)

# Capitalisation table

	LTM Q2 FY19				FY18			
	£m	Multiple of EBITDA	Maturity	Price	£m	Multiple of EBITDA	Maturity	Price
Sr. Secured FRN	150.1	1.5x	Nov-20	LIBOR + 4.500%	150.1	1.5x	Nov-20	LIBOR + 4.500%
Sr. Secured Notes	200.0	2.0x	Nov-20	6.375%	200.0	2.0x	Nov-20	6.375%
<b>Total Senior Secured Debt</b>	<b>350.1</b>	<b>3.4x</b>			<b>350.1</b>	<b>3.4x</b>		
Senior Notes	125.0	1.2x	Nov-21	7.875%	125.0	1.2x	Nov-21	7.875%
<b>Total Gross Debt</b>	<b>475.1</b>	<b>4.7x</b>			<b>475.1</b>	<b>4.7x</b>		
<b>1</b> Unrestricted cash reserves	(96.2)				(92.5)			
<b>Total Net Debt</b>	<b>378.9</b>	<b>3.7x</b>			<b>382.6</b>	<b>3.8x</b>		
<b>2</b> Super Senior RCF	100.0		Nov-20		100.0		Nov-20	

**1** FY18 was previously based upon then estimate of Capital Resources and Solvency Capital Requirement (SCR); now updated for actuals. FY18 and FY19 Unrestricted cash reserves reflect reclassification of certain cash deposits held in the Group's Australian service company following a review of that entity's cash requirements.

**2** Revolving credit facility remains undrawn. There is an on-demand £23.0m letter of credit under the Facility in favour of the PoS Trust

# Summary and Outlook

- Business has continued to trade in line with expectations
- Customer First transition on track
- Extending key OEM relationships to explore substantial organic growth opportunity for subscription model in US
- Confident in full year outlook



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