



# AXIS Acquisition of Novae

Accelerating the Execution of a Winning Specialty Insurance Strategy

July 5, 2017



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# AXIS Acquisition of Novae: Another Milestone on Course to Leadership in Specialty Risks

1 Strongly Aligns with AXIS Insurance Strategy with Low Execution Risk

2 Increased Scale and Leadership in International Specialty Insurance

3 Highly Complementary Portfolio Enables Enhanced Growth

4 Significantly Strengthens Distribution Platform

5 Financially Compelling Transaction for AXIS Shareholders



# Transaction Structure Overview

<p><b>Transaction</b></p>	<ul style="list-style-type: none"> <li>■ Acquisition of 100% of Novae Group Plc (“Novae” or the “Company”) by AXIS Capital Holdings Limited (“AXIS”) or one of its subsidiaries for cash             <ul style="list-style-type: none"> <li>– Novae is a LSE-listed company based in the UK</li> </ul> </li> <li>■ Implemented through a court-sanctioned scheme of arrangement, in accordance with the Companies Act 2006</li> </ul>
<p><b>Deal Value</b></p>	<ul style="list-style-type: none"> <li>■ 700 pence per share (\$604 million transaction equity value)<sup>(1)</sup> <ul style="list-style-type: none"> <li>– Represents 20% premium to closing share price of 581.0p on July 4th, 2017</li> <li>– Represents 1.5x net tangible book value (as of 12/31/16)</li> </ul> </li> </ul>
<p><b>Consideration Mix / Financing</b></p>	<ul style="list-style-type: none"> <li>■ 100% cash consideration</li> <li>■ To be financed with internal cash resources. May consider partial debt financing if market conditions are favorable</li> </ul>
<p><b>Senior Management</b></p>	<ul style="list-style-type: none"> <li>■ Key Novae leaders / management to assume senior management roles at AXIS             <ul style="list-style-type: none"> <li>– Matthew Fosh (CEO of Novae) to be appointed as AXIS’ Executive Chair, Europe</li> <li>– Robert Forster (CUO of Novae) will be appointed to the leadership team of AXIS Insurance’s International Division</li> </ul> </li> </ul>
<p><b>Approvals and Timing</b></p>	<ul style="list-style-type: none"> <li>■ Customary regulatory approvals and other closing conditions</li> <li>■ Novae shareholder approval</li> <li>■ Expected closing in 4Q 2017</li> </ul>

(1) Based on 66.8m diluted shares outstanding. Assumes USD/GBP exchange rate of 1.292 as of 7/4/17.



# AXIS: A Leading Hybrid Global (Re)insurer

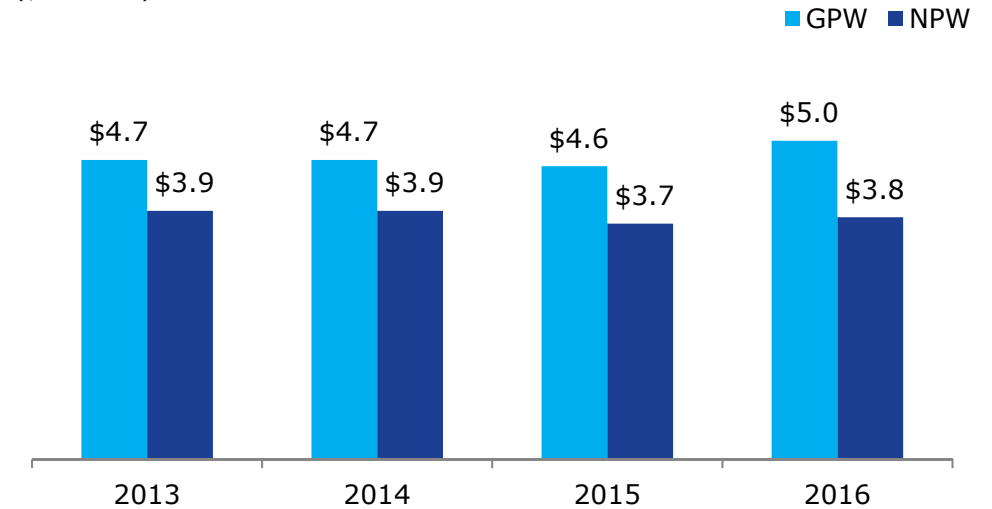
## AXIS Group Financial Snapshot

(\$ in billions)

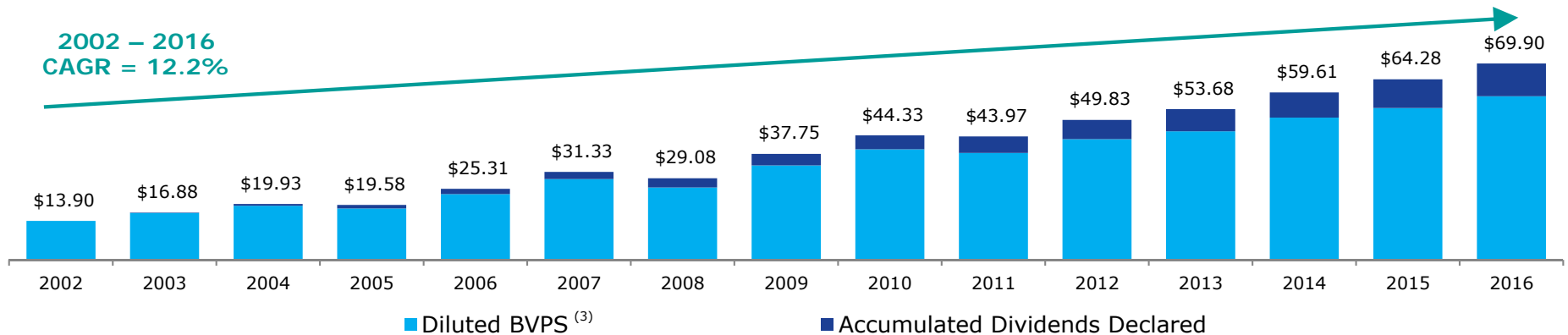
- \$54.9** '02-'16 GPW
- \$5.1** '02-'16 Underwriting Income
- 90%** '02-'16 Aggregate CR
- 29** Offices across 4 continents
- 1,300+** Employees
- A+ / A+** Financial Strength Ratings<sup>(1)</sup>
- \$14.7** Total Cash and Investments
- AA-** Rating of fixed maturity assets
- \$6.9** Total Capital<sup>(2)</sup>
- \$7.9** Managed Capital<sup>(2)</sup>

## Premiums Written 2013-2016

(\$ in billions)



## Delivering Excellent Shareholder Value Creation



Note: All data as of 12/31/16.

(1) S&P/AM Best.

(2) Pro forma for Series C preferred shares redeemed in April 2017.

(3) Diluted book value per share calculated using treasury stock method. 12/31/02 diluted BVPS is pro forma for AXIS Capital IPO.

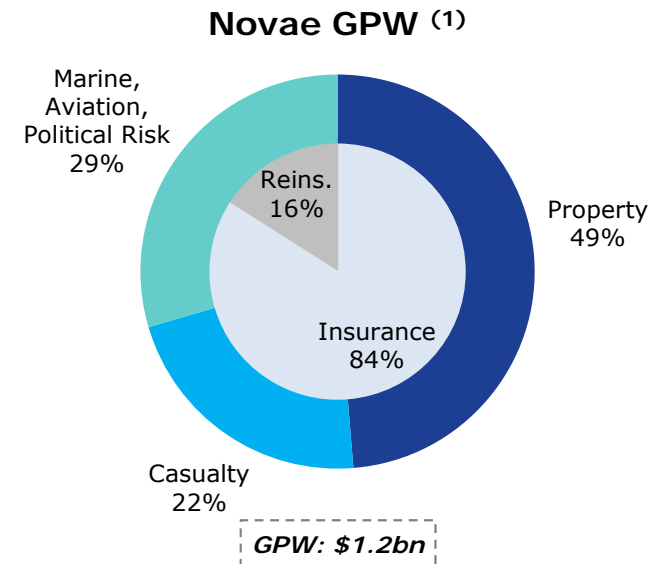


# Novae: A Specialist Lloyd's Franchise

## Overview

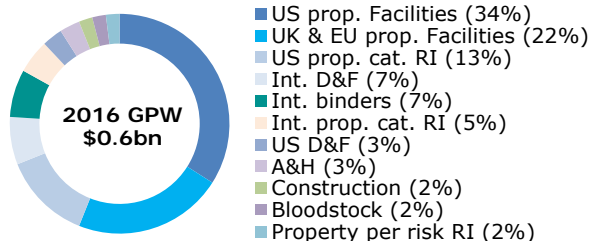
Novae is a leading specialty P&C (re)insurer headquartered in London, operating through Syndicate 2007 at Lloyd's

- Established in 1986 and listed on the LSE (market cap of £374m)
- \$1.2 billion of gross premium volume<sup>(1)</sup>
- Underwrites ~30 specialty insurance lines
- Lead market in numerous specialty classes
- 9<sup>th</sup> largest syndicate at Lloyd's<sup>(1)</sup> with over 30 years of operating experience
- Growing third party capital business
- 13.2% average ROE<sup>(2)</sup> over last 5 years
- ~350 employees, primarily in London
- High quality investment portfolio (AA- average credit quality of fixed maturity assets)



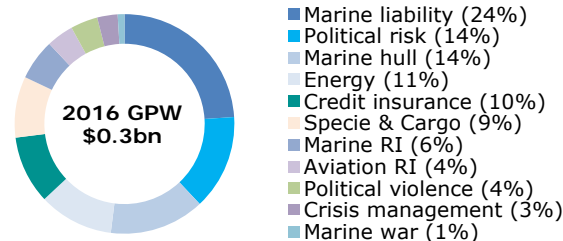
## Business Mix (1)

### Property



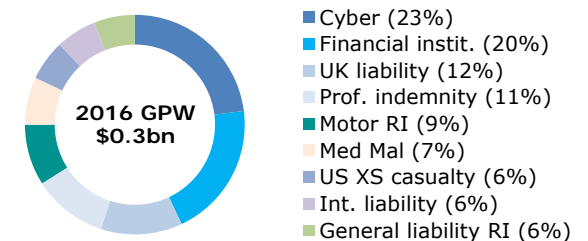
49% of GPW

### Marine, Aviation & Political Risk



29% of GPW

### Casualty



22% of GPW

Source: Company filings; FactSet.

Note: Assumes USD/GBP exchange rate of 1.36.

(1) As at 31 December, 2016. Note that, in 2017, Novae re-organized its business segments into Property and MAPS, following the exit from financial institutions, professional indemnity, motor RI and general liability RI, with med mal and UK liability lines re-allocated to Property and cyber and US XS casualty to MAPS.

Ranking based on 2016 aligned GPW, syndicates consolidated by managing agent group.

(2) 2016 ROE excludes the impact of Ogden rate change. Figure would be 11.4% including this impact.



# Novae Today: Focus on Attractive Classes

## Overview

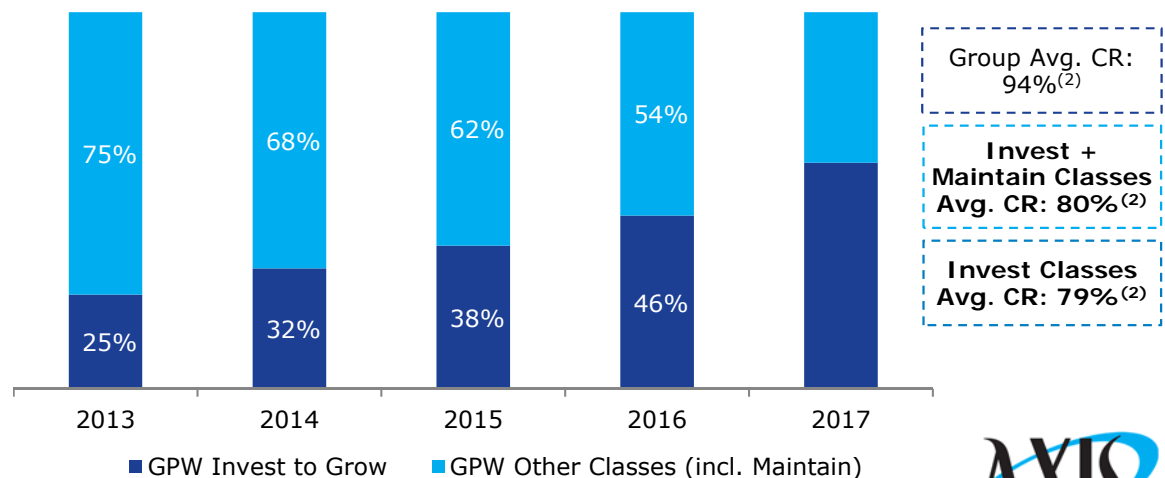
- Novae targets areas where it has a competitive advantage as a 'lead' market
- Shift in business mix has resulted in a portfolio focused on growing "Invest" classes that generate sustainable profits
  - \$421m GPW growth between 2013 and 2016, of which \$362m in Invest classes
  - Invest and Maintain classes together represent 100% of Novae's targeted new business from 2018 and have delivered a combined ratio of 80% since 2013
  - Cut back or exited units where it does not have a leading position or where rates are under persistent pressure
- Investments to create a more focused and profitable specialty business can be maximized under AXIS ownership
- Novae is the ideal partner for AXIS Insurance to accelerate its strategic ambition to grow its international specialty lines

## Focus on Attractive Classes of Business

- Novae's Maintain classes
- US property cat. RI
  - Marine hull
  - Energy
  - International binders
  - UK liability
  - Specie & cargo
  - International property cat. RI
  - Marine RI
  - Other<sup>(1)</sup>

- Novae's Invest classes
- US property facilities
  - UK & EU property facilities
  - Marine liability
  - Cyber
  - Political risk
  - Credit insurance

## Growth and Calendar Year Profitability in Ongoing Business



Source: Novae data and Novae investor presentation

Note: Assumes USD/GBP exchange rate of 1.36.

(1) "Other" includes Bloodstock, Construction, US D&F, Accident & Health, Property Programs, Med Mal, Marine War, Political Violence, Crisis Mgmt, Aviation RI, US XS Casualty, MAP Programs.

(2) Represents CR from 2013-2016.



# 1 Acquisition of Novae Strongly Aligns with AXIS Insurance Strategy with Low Execution Risk

## Expertise & Insight in Specialty Risks

- Accelerates global growth plans for international insurance
- Acquisition of a high quality franchise, establishing AXIS a top 10 Lloyd's player
- Novae brings significant expertise in attractive "Invest" and "Maintain" classes
- Adds significant capability as a specialist lead underwriter
- Opportunity to expand and deepen talent pool
- Leading specialist underwriter of binder business providing efficient platform to access small accounts

## Portfolio Optimization

- Further shifts AXIS' business towards attractive primary specialty lines
- Highly complementary portfolios which are diversified and stronger together
- Our intention is to build upon Novae's strategy to grow "Invest" classes
- Provides access to rich data to optimize both portfolios, with additional data to improve underwriting, pricing & claims insights
- Shared vision and compatible disciplined underwriting cultures

## Strategic Relationships with Business Partners

- Significantly increases scale and relevance with Lloyd's brokers
- Market-leading binder business with the potential to extend into other lines / risks
- Ability to further leverage Novae and AXIS' third party capital relationships
- Expanded underwriting platform to increase ceded premium to strategic capital partners and opportunities for incremental fee income
- Unique franchise in attractive local UK specialty business

## Efficient Operating Platforms

- Meaningful top line and cost synergies achievable with limited execution risk
- Claims operation supports ability to take lead market positions
- Novae can leverage recent AXIS investments made in London / Lloyd's operational efficiency
- Greater scale of combined AXIS / Novae binder business supports further operational efficiencies
- AXIS company platform creates flexibility for Novae's clients and distribution partners



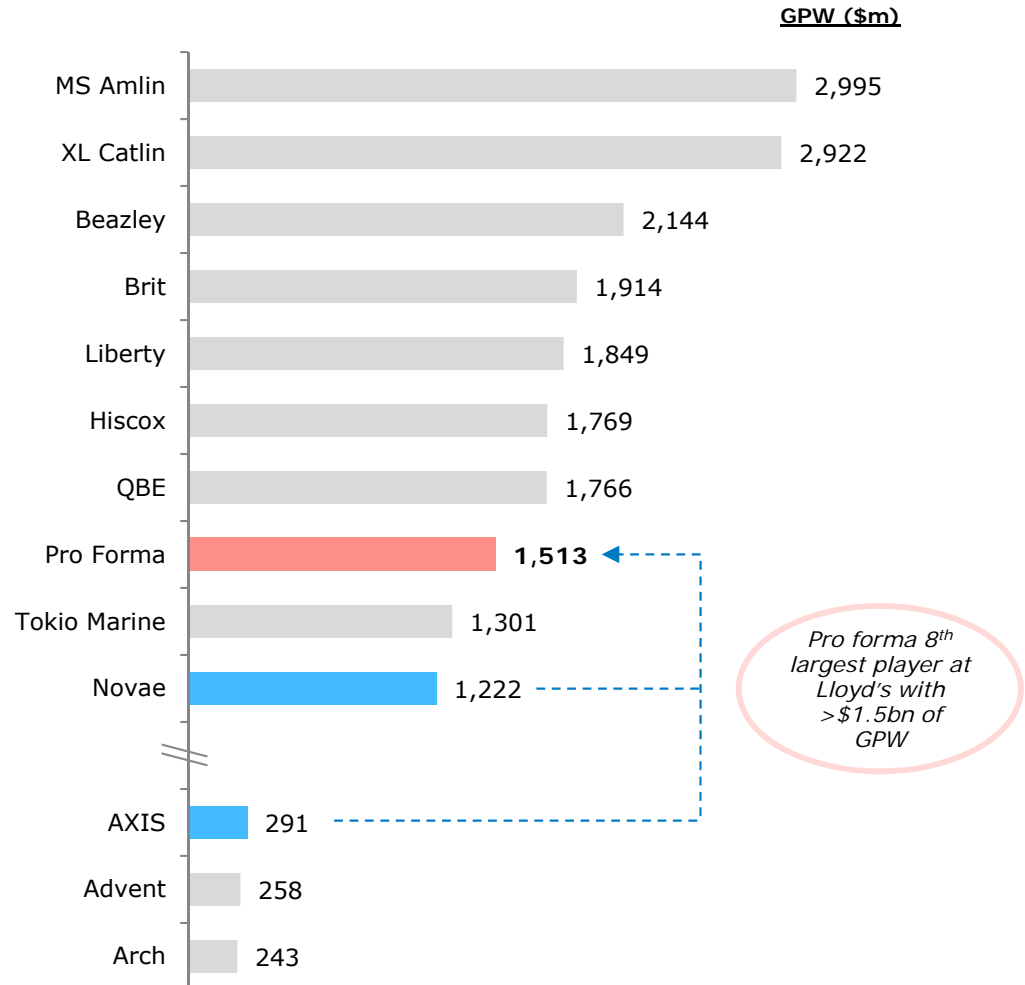


# 2 Increased Scale and Leadership in International Specialty Insurance

## Overview

- On a combined basis AXIS becomes a ~\$2 billion player (of which \$1.5bn is Lloyd's) in the London specialty market<sup>(2)</sup> and a \$3.5 billion global insurance player within a \$6 billion global specialty (re)insurer
- Opportunity to accelerate the breadth and depth of talent, lines of business, and leadership positions in the London market for specialty risks
- Continues to position AXIS as a leading global specialty (re)insurance player
  - Top 10 (re)insurer at Lloyd's
    - Leading underwriter of binder business
  - Leading global professional lines franchise
  - Strengthens position in cyber
  - Top 10 provider of U.S. E&S<sup>(3)</sup>

## Top 10 (re)insurer at Lloyd's<sup>(1)</sup>



Source: Company filings.

Note: Assumes USD/GBP exchange rate of 1.36.

(1) Based on 2016 aligned GPW, syndicates consolidated by managing agent group.

(2) Composed of \$291 million written at Lloyd's by AXIS, \$1,222 million written at Lloyd's by Novae and \$487 million written on AXIS company paper.

(3) Per A.M. Best rankings.



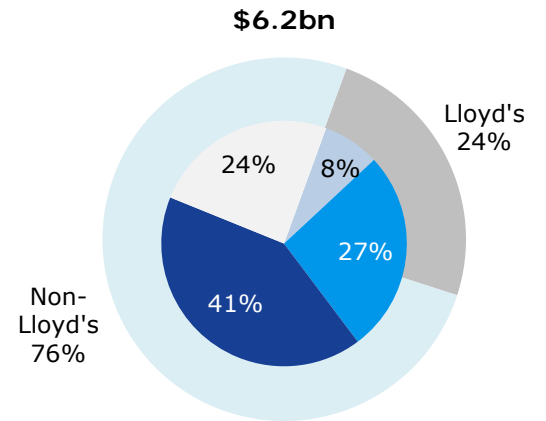
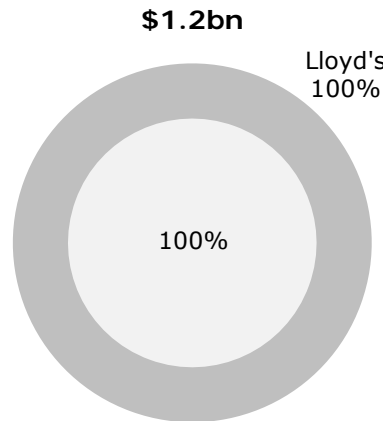
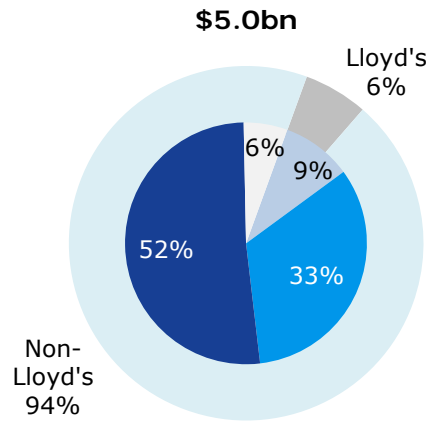
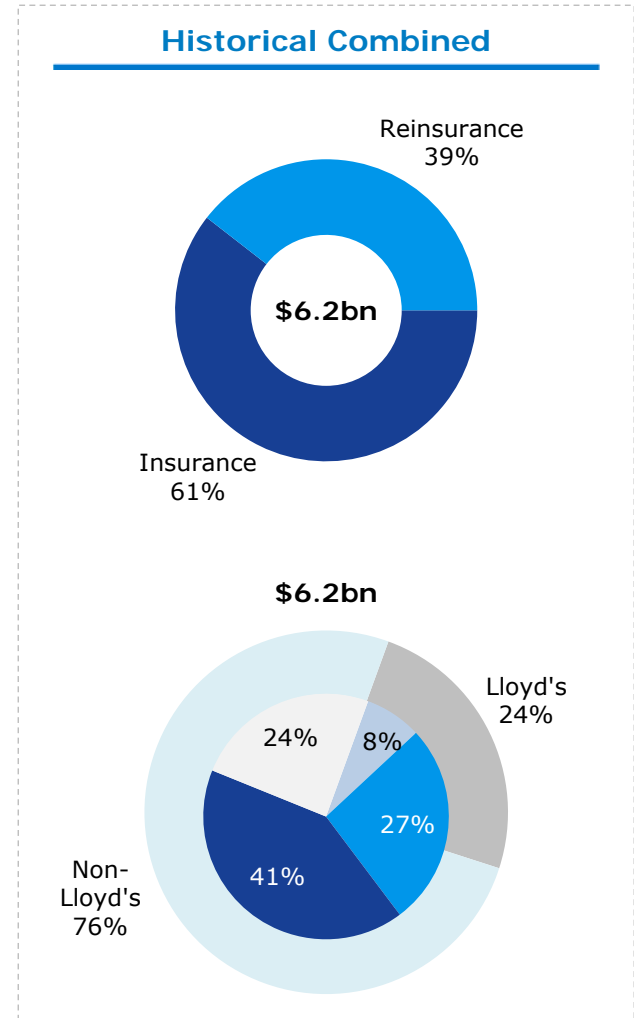
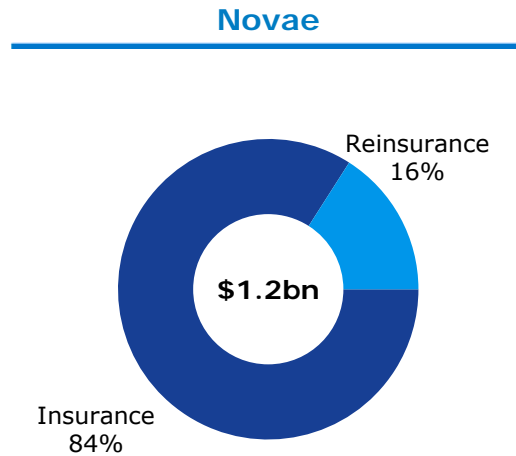
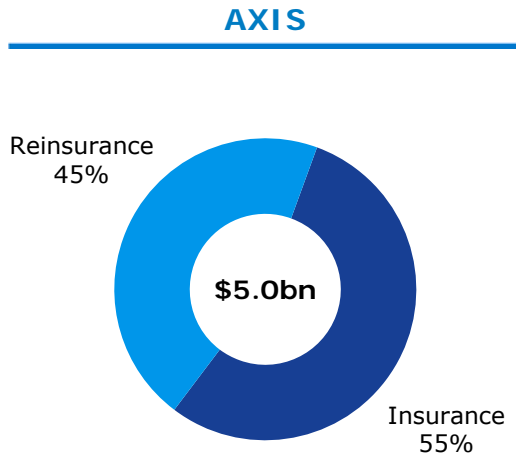
## 2 Increased Scale and Leadership in International Specialty Insurance

Combination increases contribution from international specialty insurance and Lloyd's

**Shift of Business Mix Further to Specialty Insurance (2016 GPW)**

**Increased Scale at Lloyd's<sup>(1)</sup> (2016 GPW)**

- Bermuda
- Ireland
- U.S.
- Other



Source: Company filings.

Note: Assumes USD/GBP exchange rate of 1.36.

(1) Geographic segments are based on GPW by location of subsidiaries.

### 3 Highly Complementary Portfolios

Fit Of Novae Classes With Existing AXIS Portfolio

- AXIS has similarly focused on its own "Invest" classes; these classes in the combined portfolio represent a very attractive growth and profitability profile
- Combination provides broadened and deeper underwriting expertise in specialty insurance and adds new classes and "lead" capabilities
- Complementarity within lines of business (e.g., Novae's attractive SME and specialty homeowners-focused UK and European property book is additive to AXIS' existing Property footprint)

Novae's "Invest" classes

	New Classes	Complementary Classes
<b>Property</b>	<ul style="list-style-type: none"> <li>■ UK &amp; EU Property facilities</li> <li>■ US Property facilities</li> <li>■ Bloodstock</li> <li>■ Construction</li> </ul>	<ul style="list-style-type: none"> <li>■ International binders</li> <li>■ Energy</li> </ul>
<b>Marine</b>	<ul style="list-style-type: none"> <li>■ Marine Hull</li> </ul>	<ul style="list-style-type: none"> <li>■ Marine Liability</li> <li>■ Marine War</li> <li>■ Specie &amp; Cargo</li> </ul>
<b>Terrorism</b>	<ul style="list-style-type: none"> <li>■ Crisis Management</li> </ul>	<ul style="list-style-type: none"> <li>■ Political Violence</li> </ul>
<b>Professional Lines</b>	<ul style="list-style-type: none"> <li>■ Medical Malpractice</li> </ul>	<ul style="list-style-type: none"> <li>■ Cyber</li> </ul>
<b>Liability</b>	<ul style="list-style-type: none"> <li>■ UK Liability</li> </ul>	
<b>Credit &amp; Political Risk</b>	<ul style="list-style-type: none"> <li>■ Political Risk</li> </ul>	<ul style="list-style-type: none"> <li>■ Credit Insurance</li> </ul>
<b>Accident &amp; Health</b>		<ul style="list-style-type: none"> <li>■ A&amp;H</li> </ul>

Source: Company filings.



### 3 Enhanced Growth

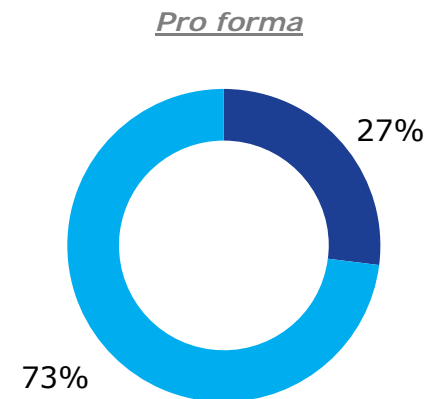
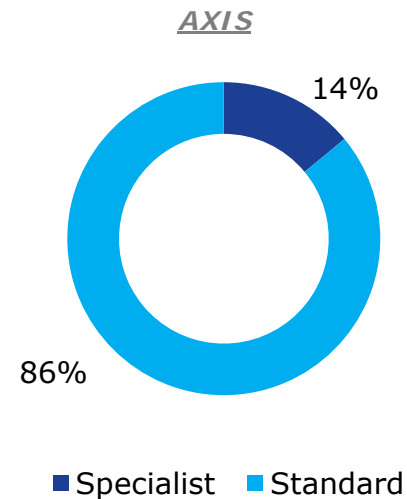
- Opportunity to sell more products through Novae's distribution relationships using AXIS' company platform in addition to Lloyd's
- Benefits from offering Novae's products over broader AXIS platform (e.g., Singapore for Asian risks, Miami for Latin American risks, Brussels for Continental European risks)
- Ability to increase writings and retentions of attractive business due to significantly larger capital base (e.g., cyber, marine hull and liability, specie and cargo)
- Increased relevance with strategic brokers
- Increased reinsurance purchasing power and optimization
- Accelerates AXIS Reinsurance plans to access specialty reinsurance business at Lloyd's
- Expand stable fee income and market presence / capacity through increased options for third party capital



# 4 Significantly Strengthened Distribution Platform

- Increased relevance and scale with Lloyd’s brokers
  
- Attractive coverholders who provide stable book of attractive business
  - Novae is a leading underwriter of binder business at Lloyd’s market with leading capabilities in managing this business
  
  - Over 50% of Novae business produced through coverholders, bringing pro forma for AXIS Insurance to over 25%
  
  - Novae binder relationships represent significant channel serving attractive SME and specialty personal lines business

## AXIS Insurance ‘Specialist’ Distribution



Source: Company filings.

Note: Specialist distribution refers to MGA, Program, binding authority, Lloyd’s coverholder, etc. Standard distribution refers to traditional brokers / wholesalers  
 Estimates based on 2016 performance and exclude Novae treaty reinsurance

# 5 Financially Compelling Transaction for AXIS Shareholders

## Value Enhancement Drivers

### Revenue Synergies

- Increased scale and product offering with growth from international insurance and smaller account business
- Benefits available from operating Novae within AXIS' efficient corporate structure
- Revenue growth opportunities through optimization of pro forma product portfolio through combined distribution channels
- Enhanced top-line growth opportunities from the combination of AXIS' platform and Novae's portfolio is expected to outweigh any overlap




### Cost Synergies

- ~\$50 million of identified run-rate pre-tax cost synergies
  - Expected to be fully realized in year 2
  - Synergies primarily derived from support functions and corporate expenses
- Ability to realize synergies is supported by recent investments by AXIS to drive efficiencies across international insurance operations
- Expected pre-tax restructuring costs of ~\$40 million

### Limited Execution Risk

- Complementary business profile
- Likeminded corporate cultures with strong focus on underwriting
- Strong balance sheet with prudent approach to reserving
- Easily digestible transaction size
- Scope of integration limited to one office

## Summary Financial Impact

 <p><b>Operating Earnings per Share</b></p>	<ul style="list-style-type: none"> <li>■ Accretive in first year before full realization of synergies</li> <li>■ High single digit accretion expected by year 2</li> </ul>
 <p><b>Operating Return on Average Equity</b></p>	<ul style="list-style-type: none"> <li>■ Immediately accretive to Operating ROE</li> </ul>
 <p><b>Book Value per Share</b></p>	<ul style="list-style-type: none"> <li>■ Neutral to BVPS at close</li> <li>■ Minimal impact to TBVPS</li> <li>■ Accelerated growth in BVPS and TBVPS post-close</li> </ul>



# Powerful Strategic and Financial Rationale for Acquisition of Novae with Limited Risk

## Acquisition Accelerates a Number of AXIS' Strategic Objectives

- Increased scale and market relevance in international specialty insurance
- Expansion in London/Lloyd's market well understood by AXIS
- Enhanced platform across products and distribution
- Opportunity to leverage Novae's expertise and access to specialty (re)insurance
- Consistent with AXIS progress in developing a more diversified and stable portfolio to deliver consistent, quality earnings

## Financially Compelling Transaction

- Accretive to operating EPS and operating ROE in first year, with high single digit EPS accretion by year 2
- ~\$50 million of run-rate pre-tax cost savings
- Enhanced financial profile

