
NOVAE GROUP PLC

INVESTOR AND ANALYST PRESENTATION

PRELIMINARY RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

THURSDAY, 9 MARCH 2017

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Contents

- 1. Highlights Matthew Fosh
- 2. Financial review Reeken Patel
- 3. Underwriting Rob Forster
- 4. Outlook Matthew Fosh



MATTHEW FOSH
Chief Executive Officer



REEKEN PATEL
Chief Financial Officer



ROB FORSTER
Chief Underwriting Officer

HIGHLIGHTS



MATTHEW FOSH

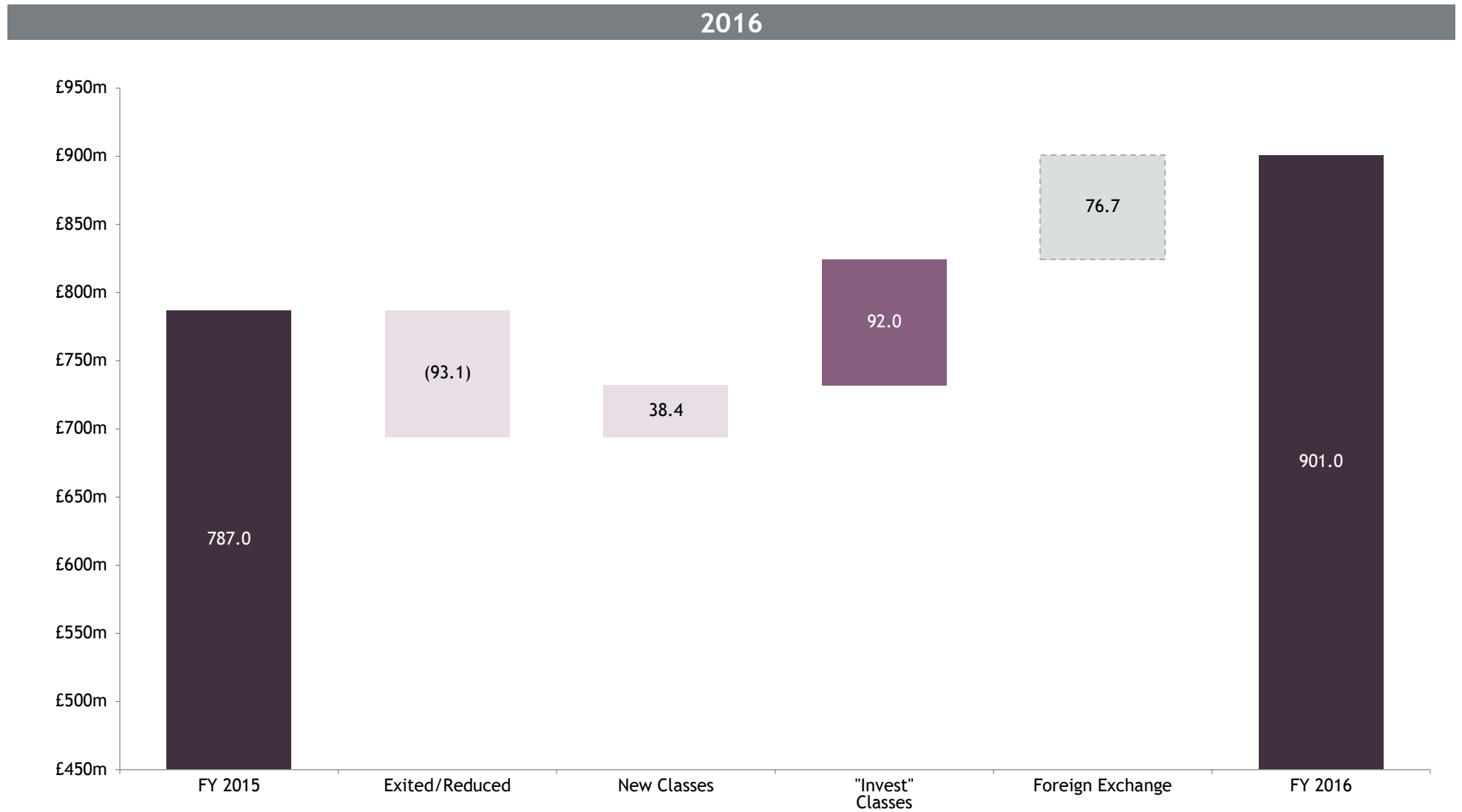
Chief Executive Officer

2016 Summary

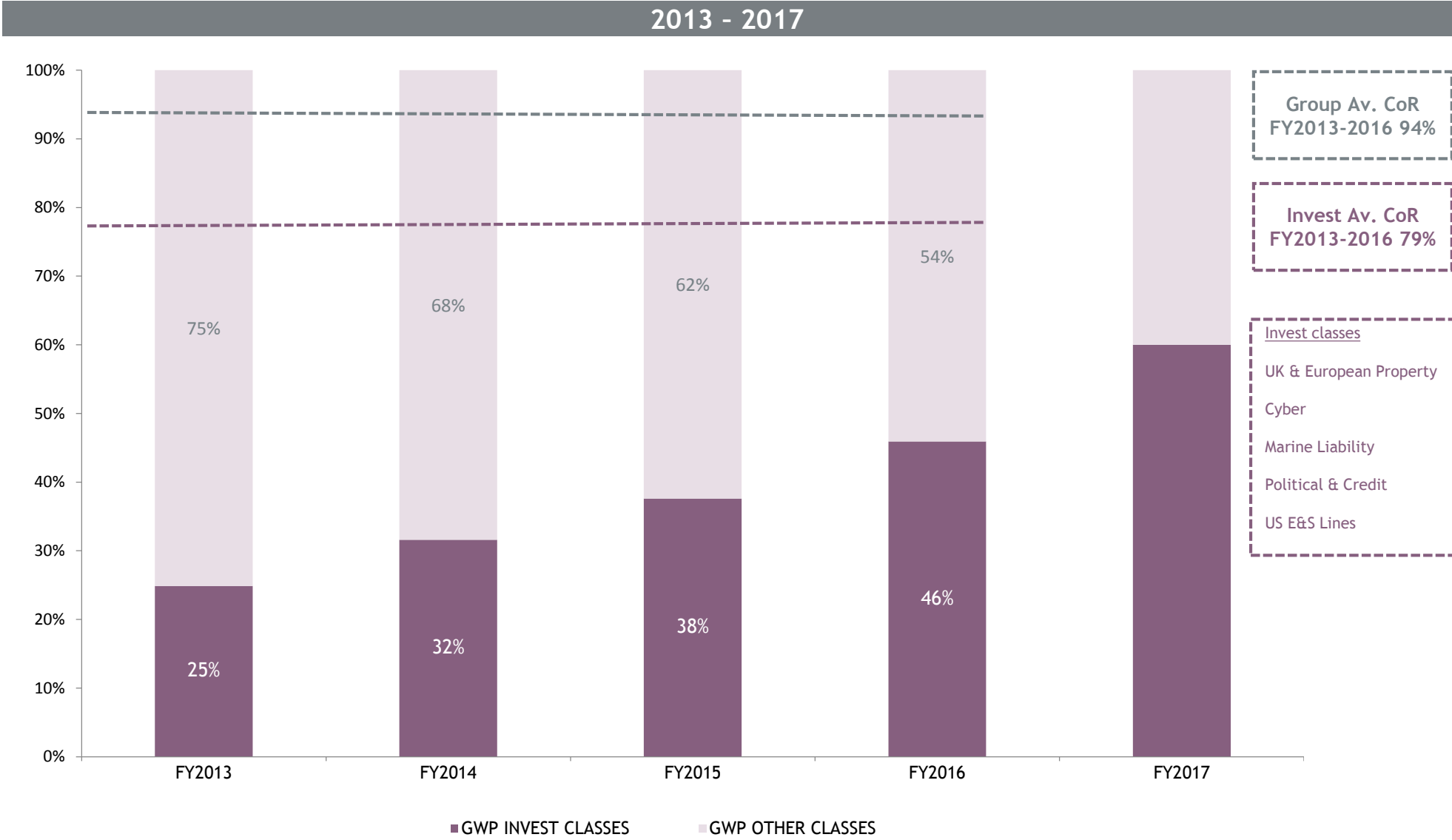
Highlights

- > Gross written premium of £901.0 million
- > Net investment income of £32.7 million
- > Combined ratio of 98.3%; 103.6% including Ogden
- > Profit before tax of £59.1 million; £23.7 million including Ogden
- > Return on equity of 15.5%; 6.6% including Ogden
- > Final dividend of 7.5p per share, in line with half year

2016 Contributors to premium growth



Growth & profitability in invest classes



FINANCIAL REVIEW



REEKEN PATEL

Chief Financial Officer

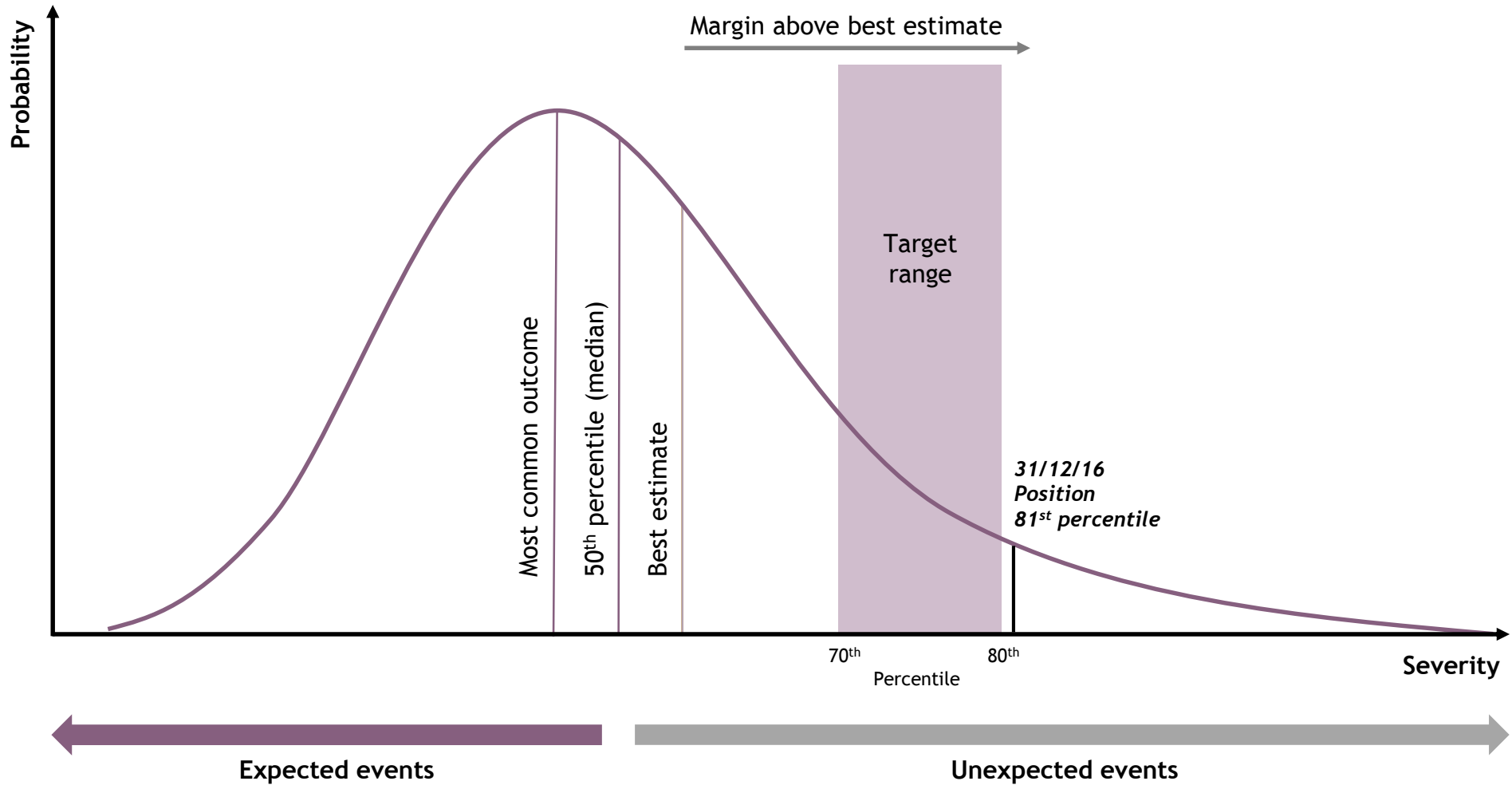
Financial Highlights

| £m | 2016 | 2015 Restated |
|--|---------------|---------------|
| Gross written premium | 901.0 | 787.0 |
| Net earned premium | 644.8 | 582.6 |
| Net investment income | 32.7 | 6.8 |
| Profit before tax | 23.7 | 52.4 |
| Claims ratio | 57.0% | 48.3% |
| Expense ratio | 46.6% | 43.0% |
| Combined ratio | 103.6% | 91.3% |
| Profit before tax and impact of the change in the Ogden discount rate | 59.1 | 52.4 |
| Combined ratio before the impact of the change in the Ogden discount rate | 98.3% | 91.3% |
| Net assets | 321.5 | 336.8 |
| Net tangible assets | 318.8 | 333.7 |
| Return on equity | 6.6% | 14.7% |
| Return on equity before the impact of the change in the Ogden discount rate | 15.5% | 14.7% |
| Basic earnings per share | 34.3p | 76.7p |
| Net asset value per share | 512.2p | 534.8p |
| Net tangible asset value per share | 507.9p | 529.8p |

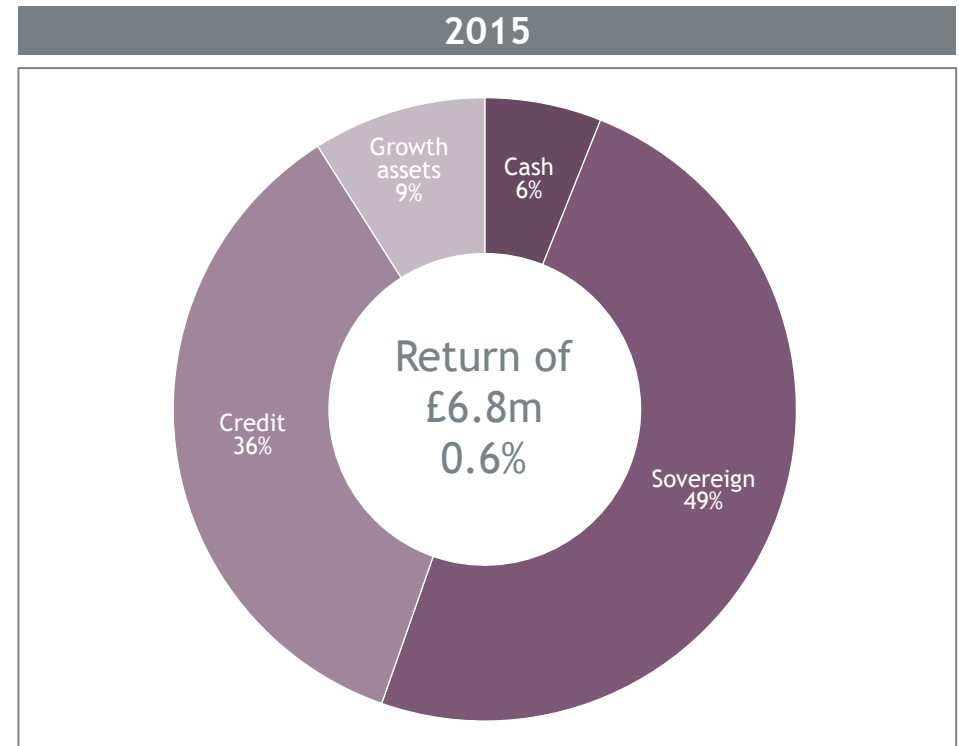
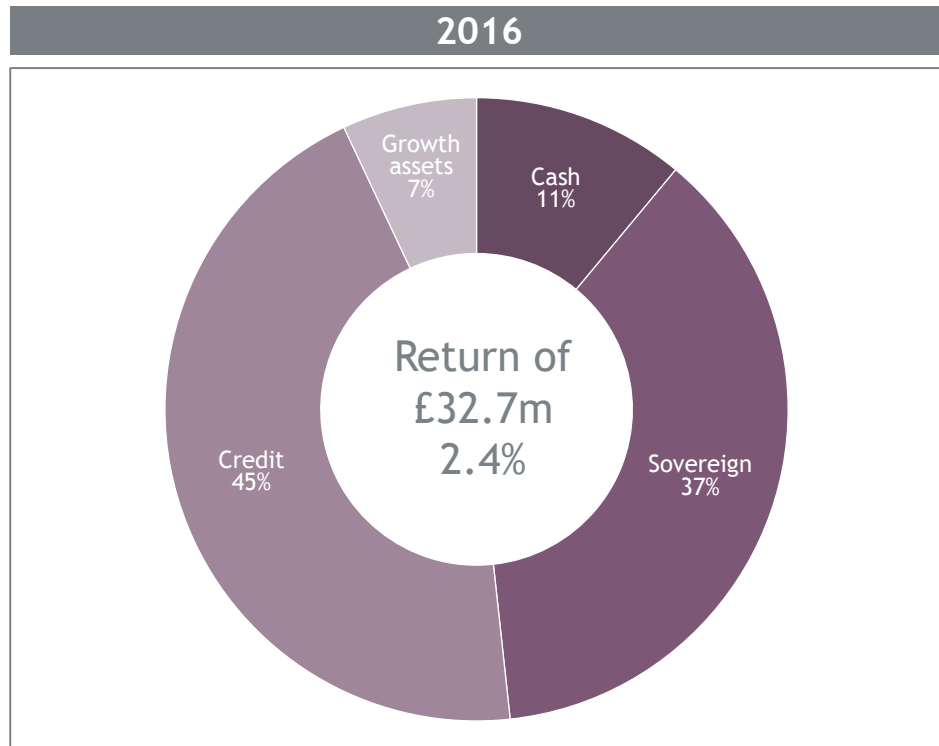
Combined Ratio

| | 2016 | 2015 Restated |
|----------------------------------|---------------|---------------|
| Attritional claims | 46.6% | 49.8% |
| Catastrophe and large losses | 10.4% | 6.7% |
| Reserve releases | (5.3)% | (8.2)% |
| Loss ratio pre Ogden | 51.7% | 48.3% |
| Expense ratio | 46.6% | 43.0% |
| Combined ratio pre Ogden | 98.3% | 91.3% |
| Impact of the Ogden rate change | 5.3% | - |
| Combined ratio post Ogden | 103.6% | 91.3% |

Reserve Strength above Best Estimate Reserves



Asset Allocation



- > First full calendar year using enhanced investment strategy
- > Risk appetite drives investment decisions
- > Match economic liabilities by FX and duration
- > 2016 result driven by fall in UK yields and strong equity performance

Summary Balance Sheet

| £m | 2016 | 2015 Restated |
|------------------------------------|----------------|----------------|
| Investment assets and cash | 1,448.2 | 1,259.0 |
| Reinsurance contracts | 398.4 | 313.0 |
| Insurance and other receivables | 520.6 | 463.1 |
| Deferred tax | 6.2 | 9.5 |
| Retirement benefit assets | - | 0.2 |
| Other assets | 13.4 | 12.4 |
| Total assets | 2,386.8 | 2,057.2 |
| Insurance contract liabilities | 1,813.4 | 1,558.0 |
| Insurance and other payables | 170.5 | 85.7 |
| Retirement benefit obligations | - | - |
| Financial liabilities | 81.4 | 76.7 |
| Total liabilities | 2,065.3 | 1,720.4 |
| Shareholders' equity | 321.5 | 336.8 |
| Total shareholders' equity | 2,386.8 | 2,057.2 |
| Net asset value per share | 512.2p | 534.8p |
| Net tangible asset value per share | 507.9p | 529.8p |

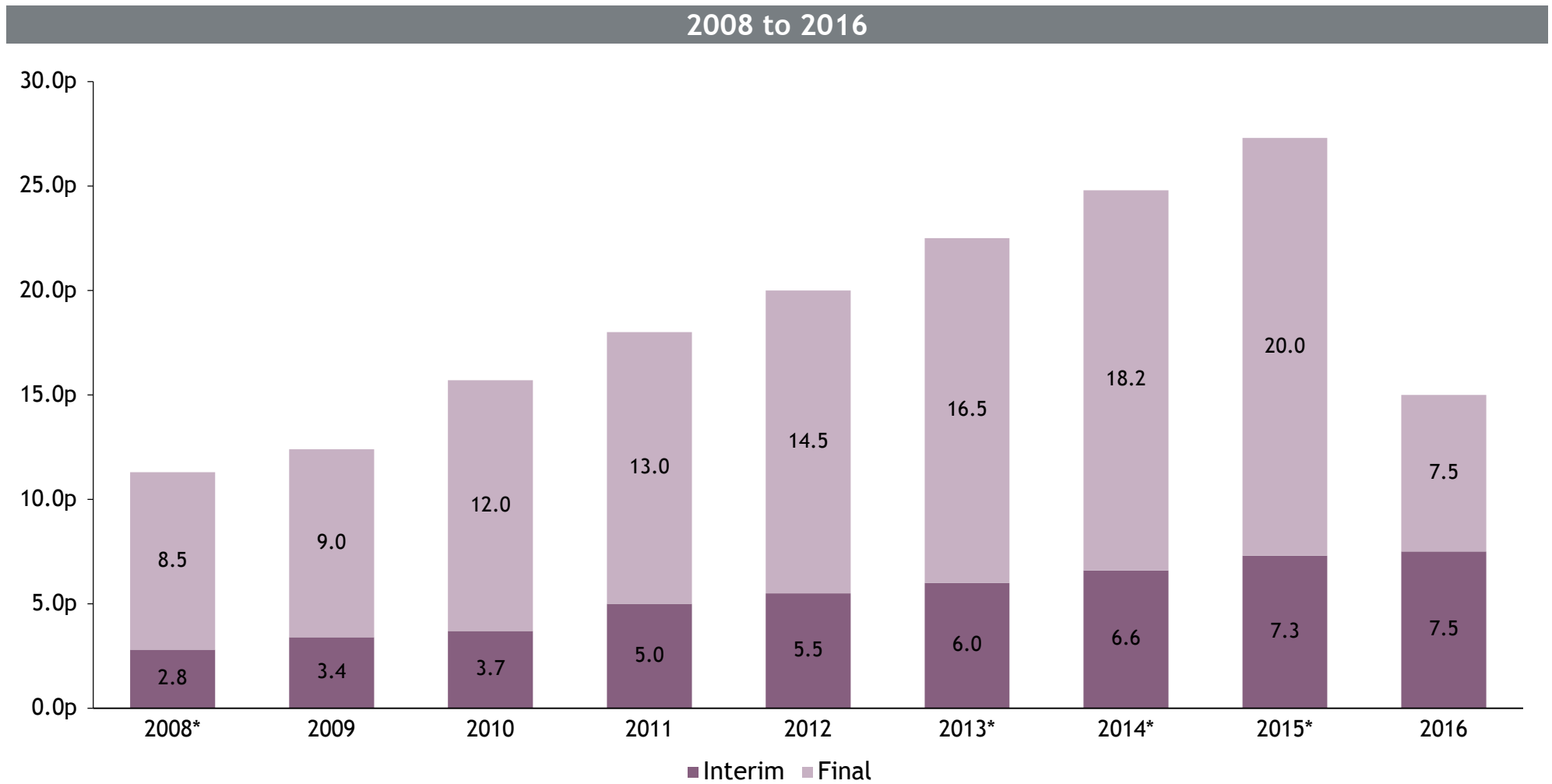
Regulatory Capital

| £m | 2016 | 2015 Restated |
|---|--------------|---------------|
| Cash and investments at Lloyd's | 228.3 | 217.4 |
| Free cash and investments at Group | 114.3 | 77.0 |
| Pipeline profits ¹ | 116.8 | 144.8 |
| Uncollateralised letter of credit | 120.0 | 85.7 |
| Quota share reinsurer letters of credit | 74.8 | 21.3 |
| Revolving credit facility (undrawn) | 50.0 | 30.0 |
| Lloyd's Capital Requirement | 498.7 | 429.7 |
| Headroom² | 205.5 | 146.5 |
| Headroom % | 41.2% | 34.1% |

1 Pipeline profits represent the Group's share of undistributed profits available for Lloyd's capital provision at the most recent coming into line. Consequently these are based on the 30 June balance sheet. As such they do not reflect the impact of the change in Ogden discount rate which we expect to reduce pipeline profits by c.£55m

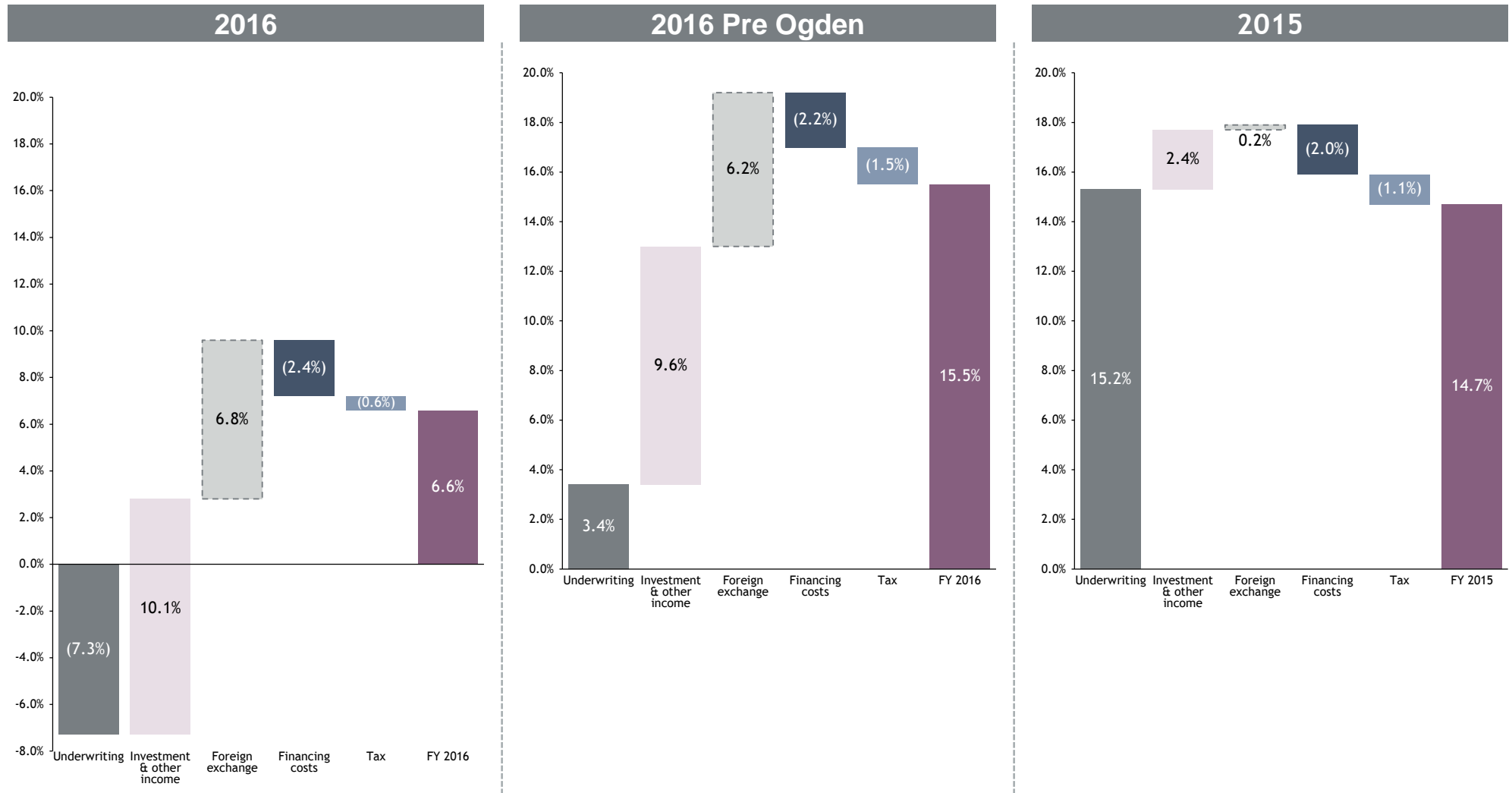
2 Headroom stated is exclusive of any distributions subsequent to the balance sheet date

Dividends paid



* Special dividend paid in respect of financial year

Components of Return on Equity



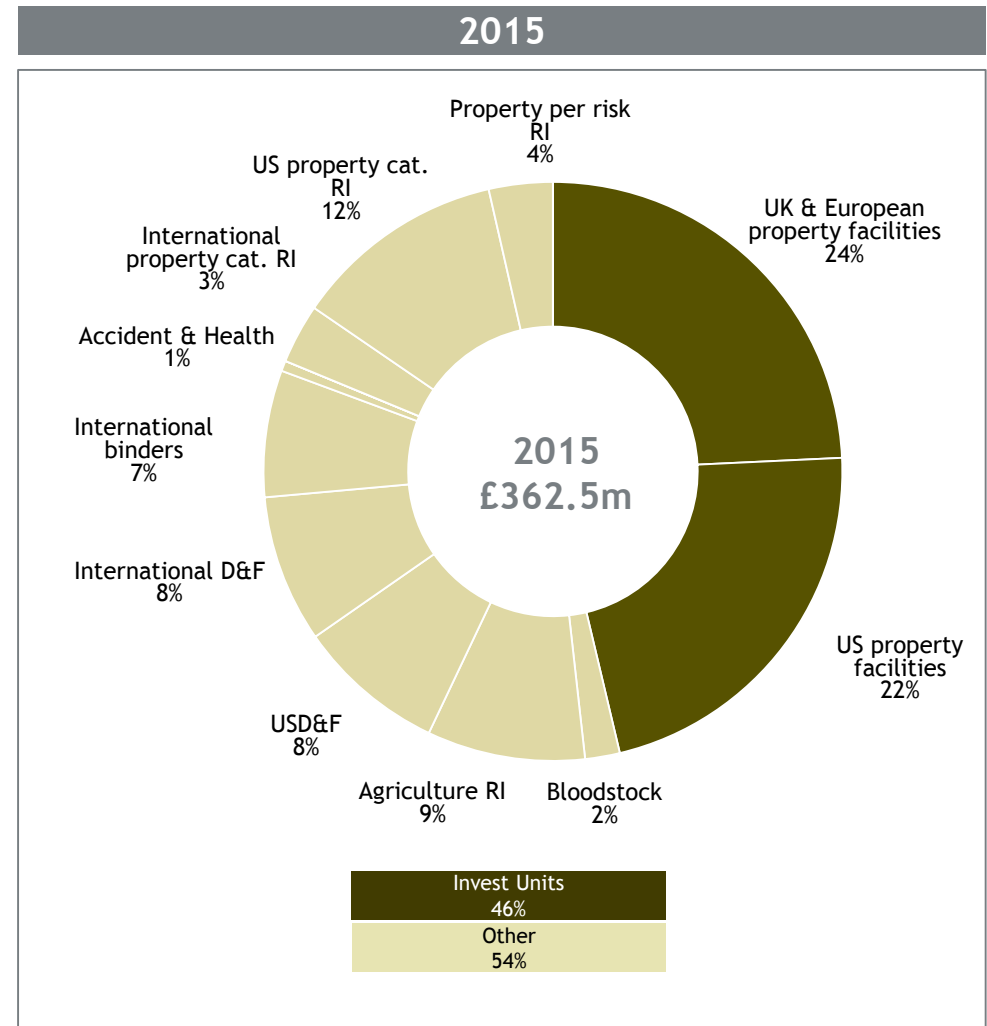
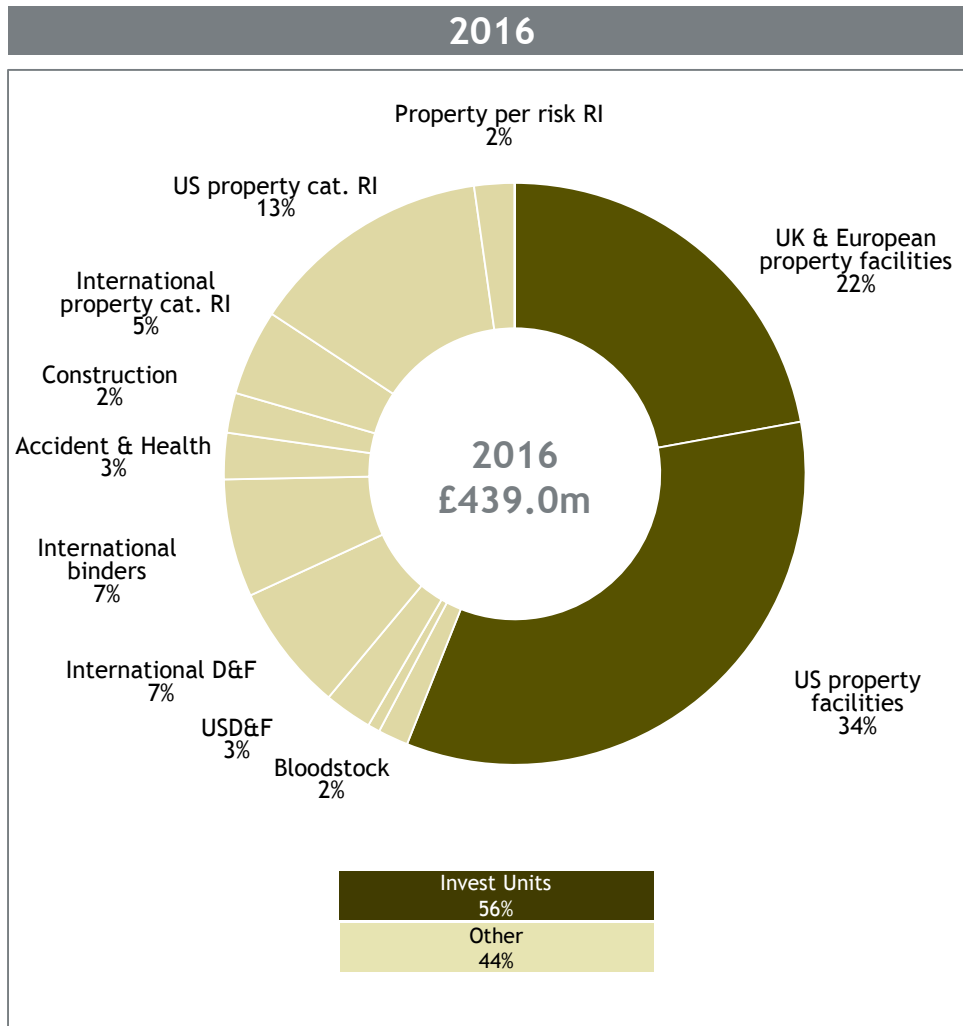
UNDERWRITING



ROB FORSTER

Chief Underwriting Officer

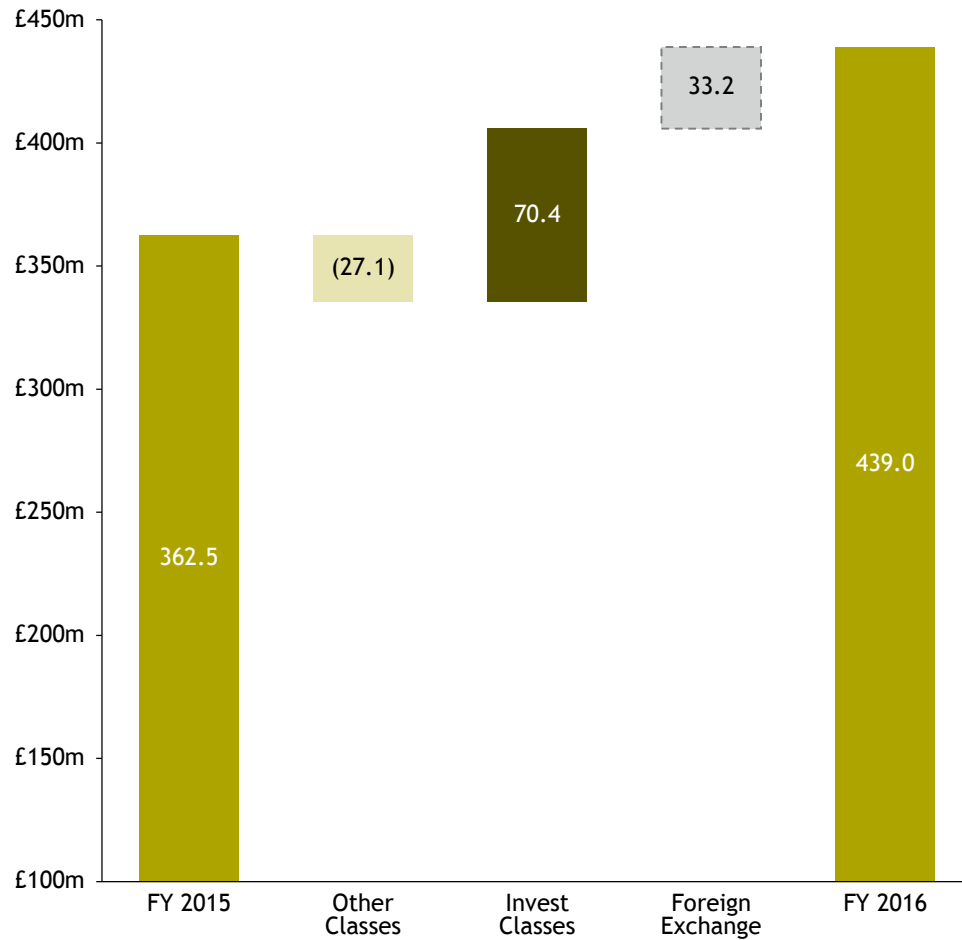
Property: Division Portfolio



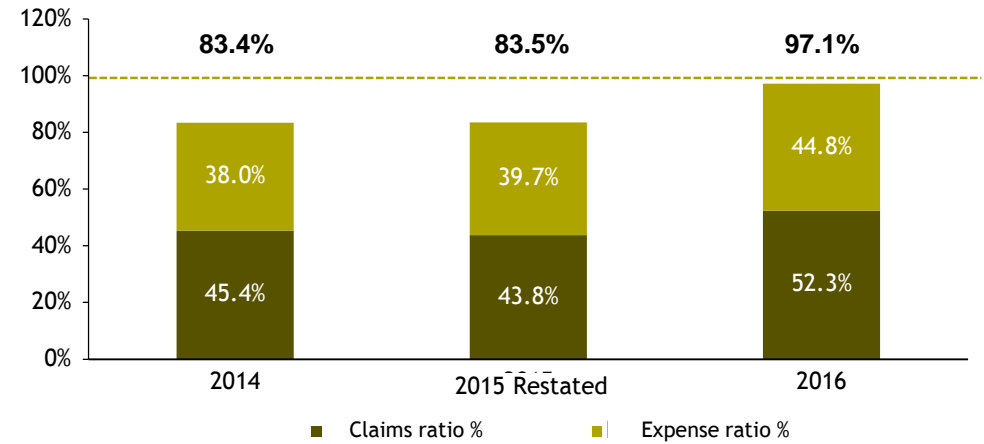
Note: Based on gross written premiums. Product line % excludes discontinued lines unless otherwise noted

Property: Divisional Review

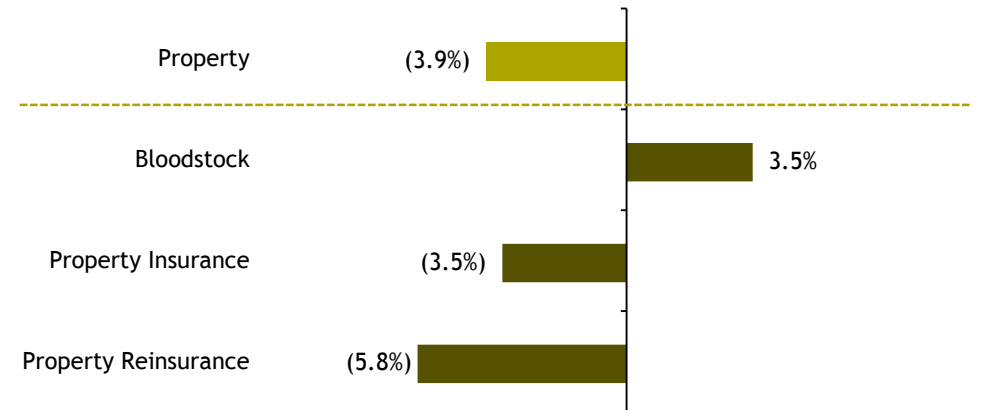
2016 Premium Bridge



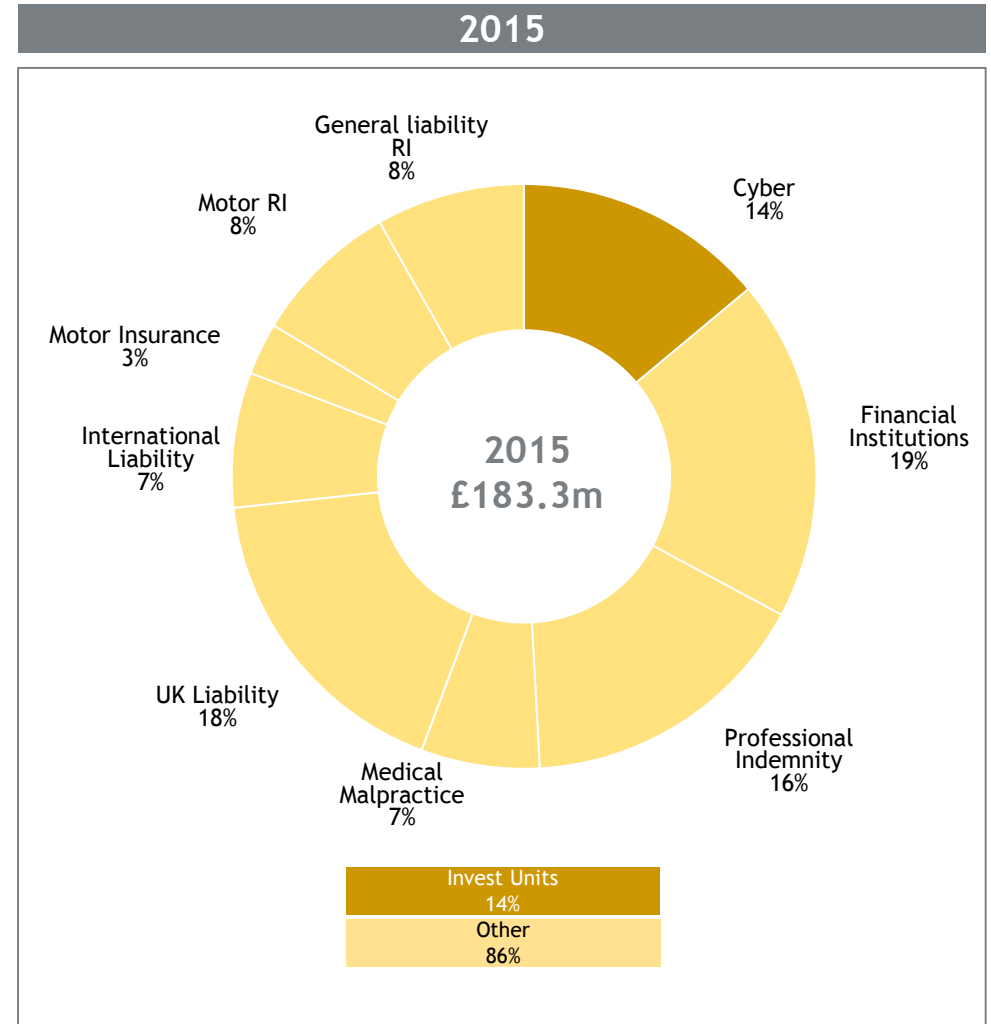
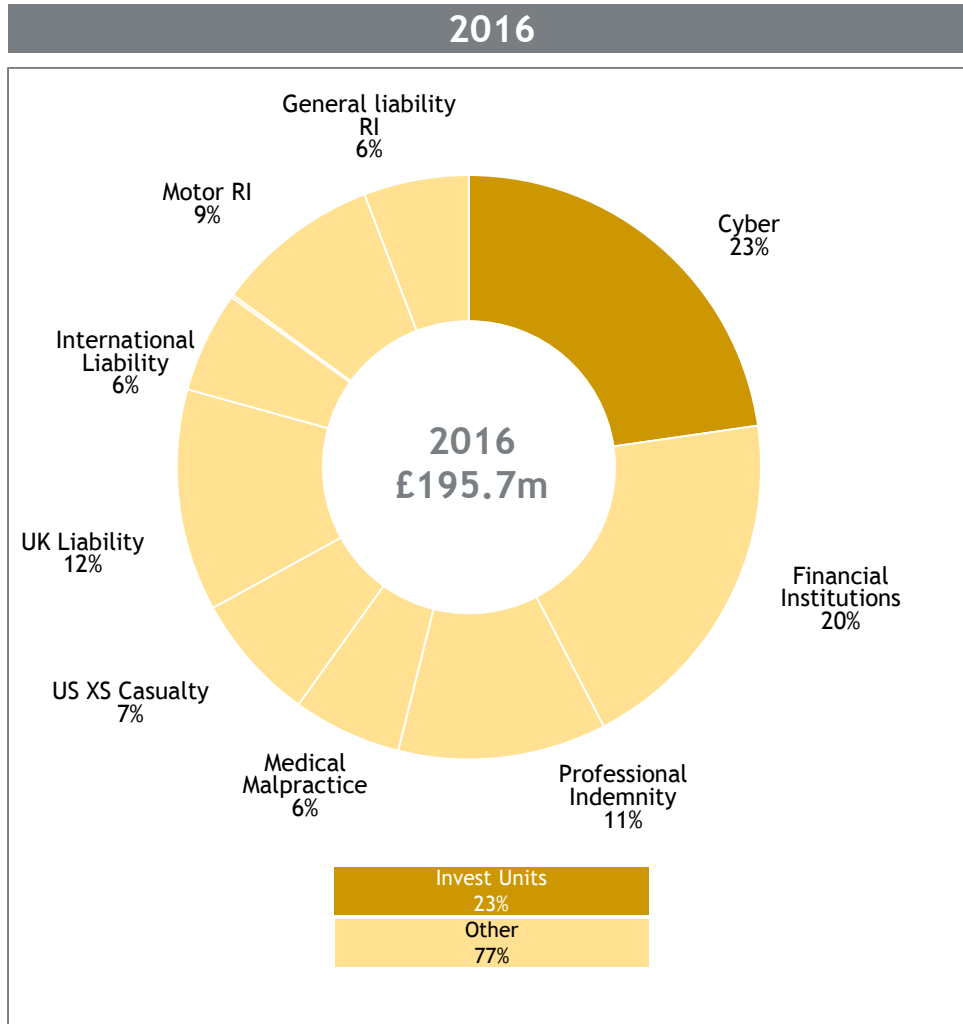
Divisional Underwriting Performance



2016 Renewal Rate Change



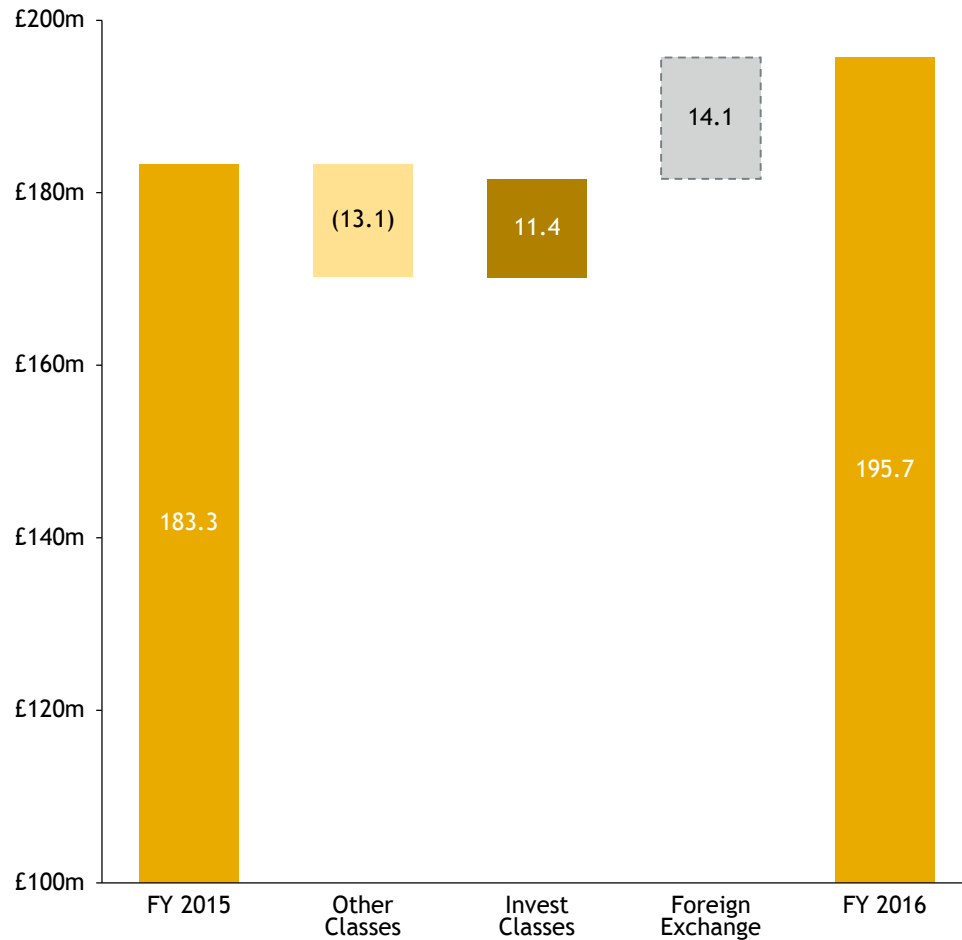
Casualty: Division Portfolio



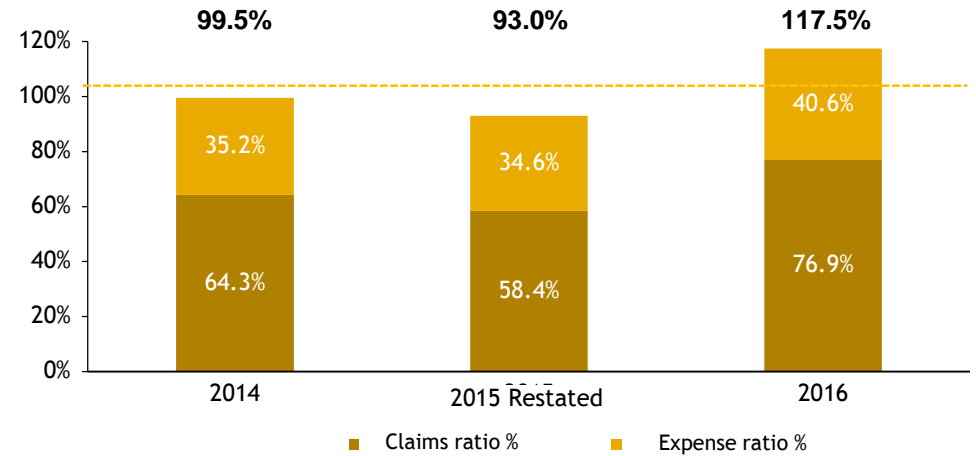
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Casualty: Divisional Review

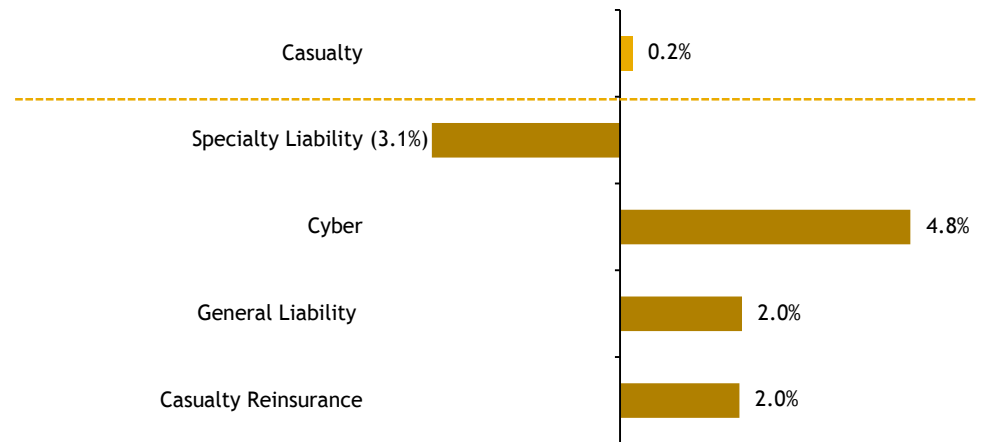
2016 Premium Bridge



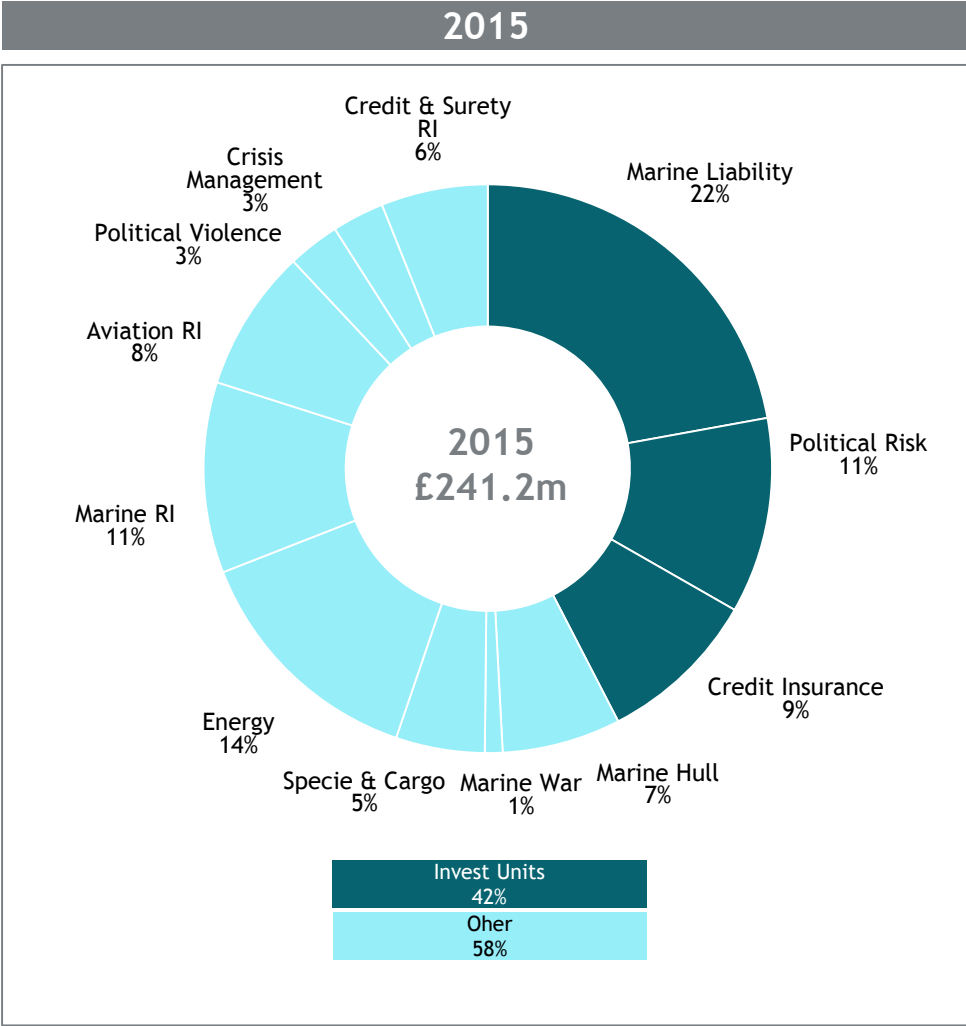
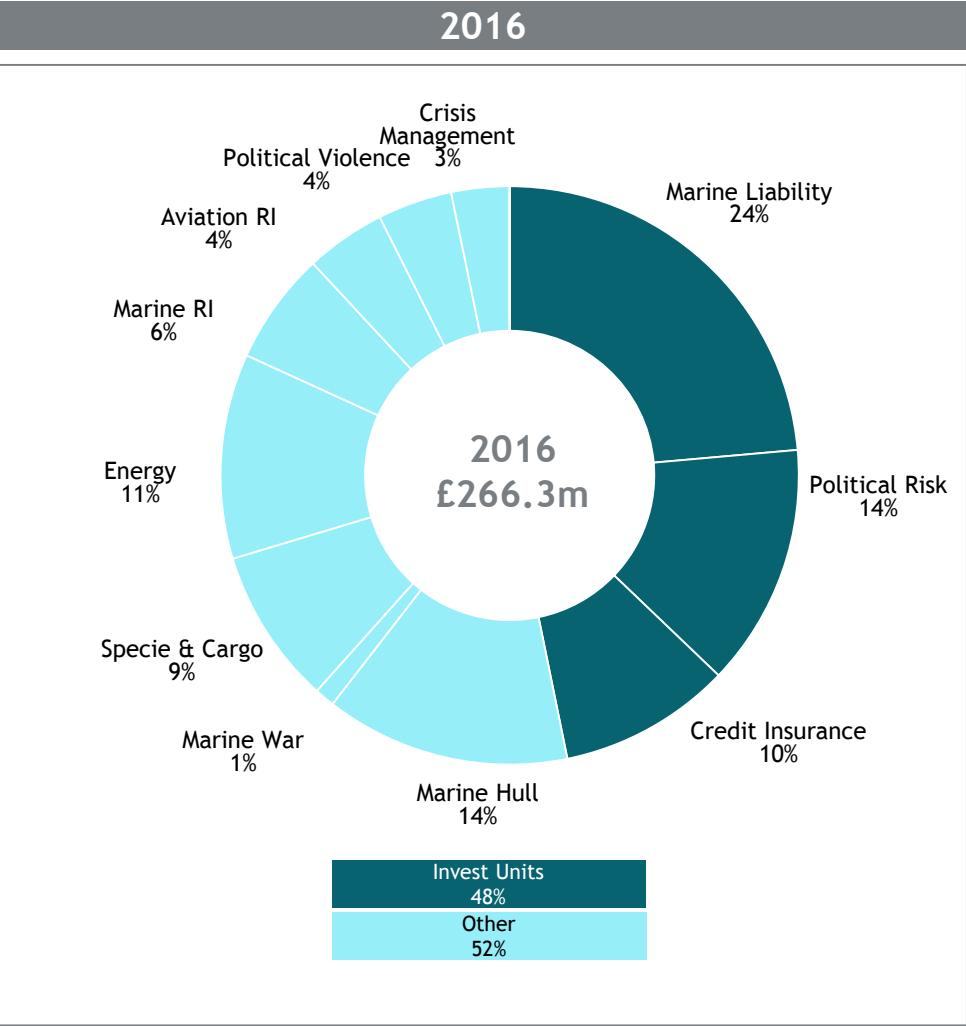
Divisional Underwriting Performance



2016 Renewal Rate Change



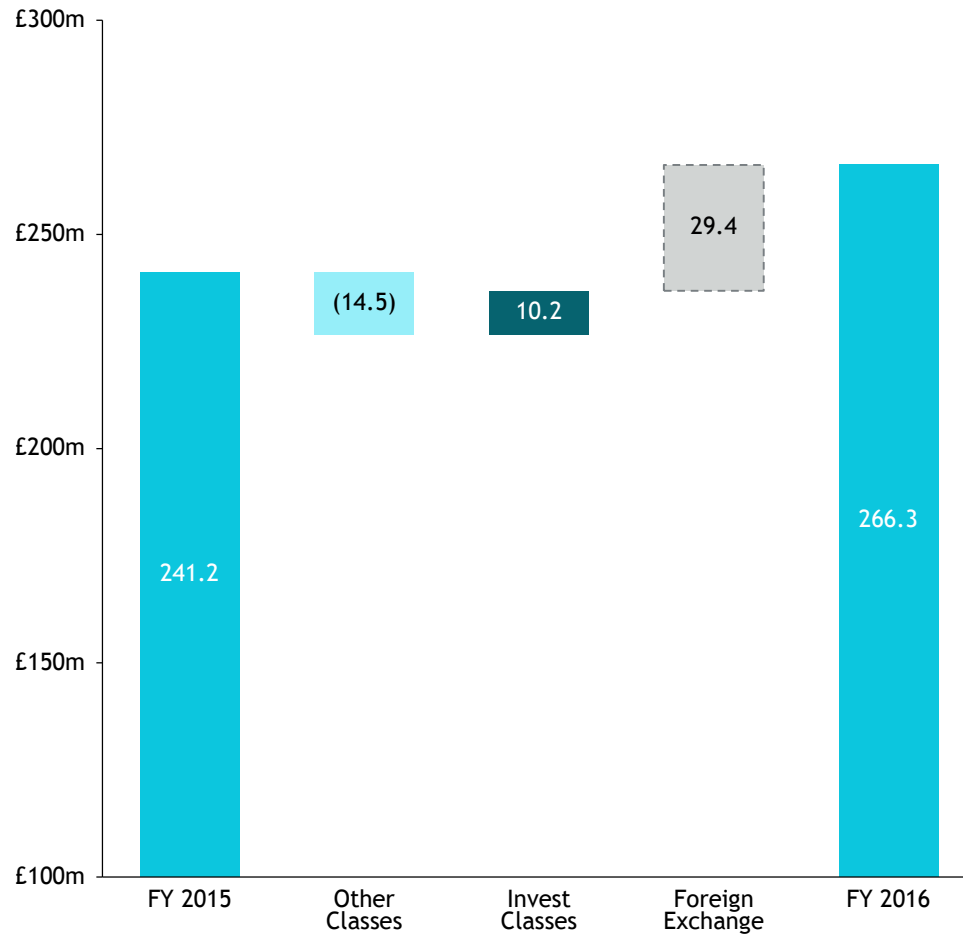
MAP: Division Portfolio



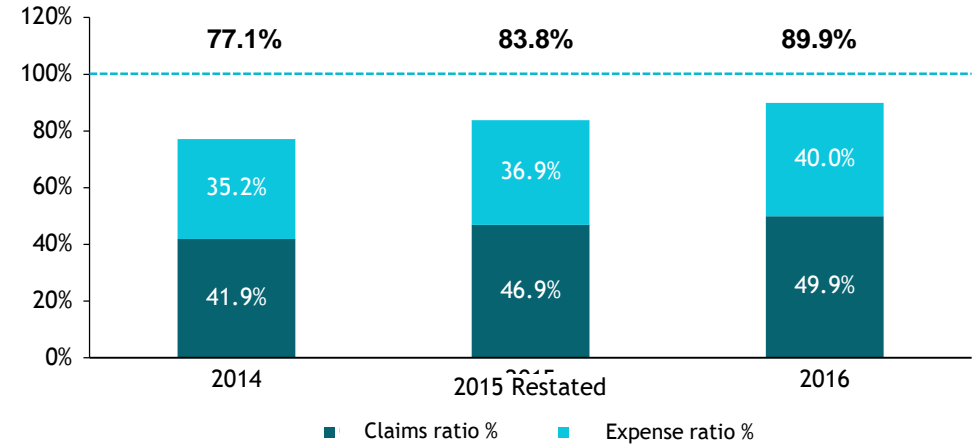
Note: Based on gross written premiums. Product line % excludes discontinued lines unless otherwise noted

MAP: Divisional Review

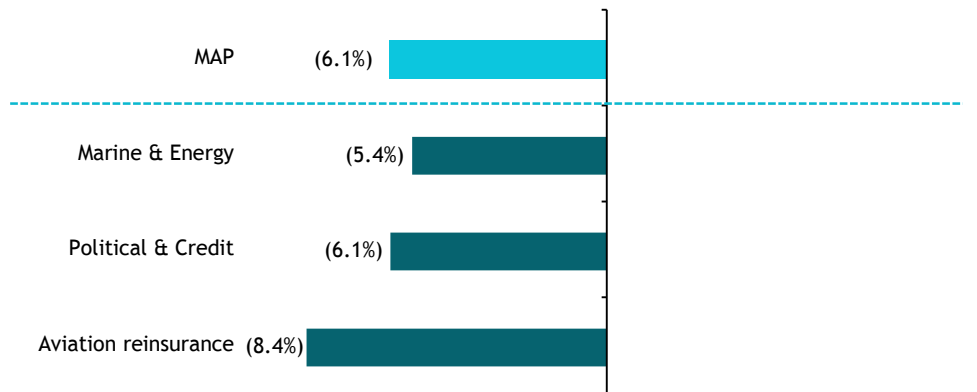
2016 Premium Bridge



Divisional Underwriting Performance



2016 Renewal Rate Change



OUTLOOK



MATTHEW FOSH

Chief Executive Officer



Novæ
LOOKING FORWARD

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