Annual Results Presentation 2017

22nd March 2018

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Sabre INSURANCE GROUP

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Nothing in this presentation should be construed as a profit forecast.

Today's agenda

1. **2017 Highlights**
   Geoff Carter
2. **Financial Results**
   Adam Westwood
3. **The Sabre Story**
   Geoff Carter
4. **Summary & Outlook**
   Geoff Carter

\- **Q&A**

2017 Highlights

Geoff Carter

Financial highlights

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Leading underwriting performance...

- *Loss ratio of 46.5%*
- *Expense ratio of 22.0%*
- *Combined operating ratio of 68.5%*

...delivering strong profitability and returns...

- *6% increase in underwriting profit*
- *Adjusted profit after tax of £53.3m (EPS of 14.50p)*
- *Return on opening SCR of 92.1%*

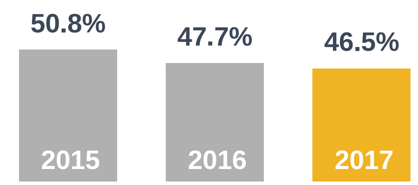
...and attractive capital generation...

- *Solvency coverage ratio of 160%, at the top end of our 140-160% target range*

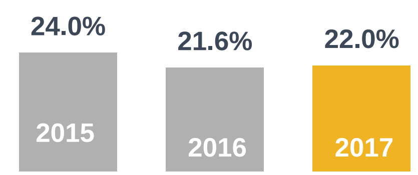
...whilst maintaining controlled growth

- *7% increase in GWP*

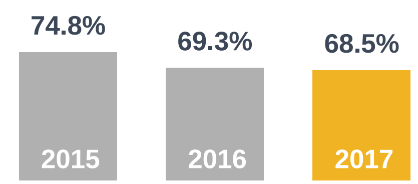
LOSS RATIO %



EXPENSE RATIO %



COMBINED OPERATING RATIO %



Operational highlights

IPO

- Completed successful IPO whilst maintaining service levels to customers and brokers
- High quality PLC board now in place, completed with appointment of Andy Pomfret as SID

Operational improvements

- Direct websites re-designed to improve customer journey and sales conversion
- Progressed the transition to a new hybrid cloud IT infrastructure (due to complete mid 2018)

Employee satisfaction

- Maintained high levels of staff retention
- Staff employed at IPO now shareholders in the business

Financial Results

Adam Westwood

Results summary

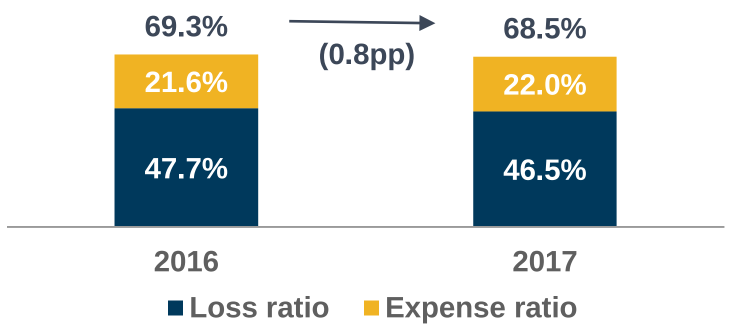
2017 Summary financial performance

	2017	2016	Change
Gross written premium	£210.7m	£196.6m	7%
Net earned premium	£186.9m	£182.1m	3%
Combined operating ratio	68.5%	69.3%	(0.8pp)
Underwriting profit	£59.0m	£55.9m	6%
Investment return	(£0.7m)	£3.5m	n.m.
Adjusted profit after tax	£53.3m	£53.9m	(1%)
EPS	14.50	16.99	(15%)
Solvency coverage ratio	160%	128%	32pp
Return on opening SCR	92.1%	93.2%	(1.1pp)
Return on tangible equity	81.8%	96.3%	(14.5pp)

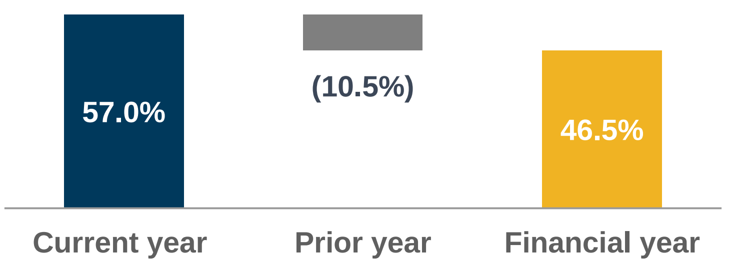
- Controlled growth in premiums
- Strong combined operating ratio of 68.5%, below the long term average
- Increased premium and COR improvement led to a 6% increase in underwriting profit
- Market-value movements led to an investment loss of £0.7m in 2017 (2016: £3.5m profit)
- Investment loss offset increase in underwriting profit resulting in a modest fall in adjusted profit after tax of 1%

Leading underwriting performance

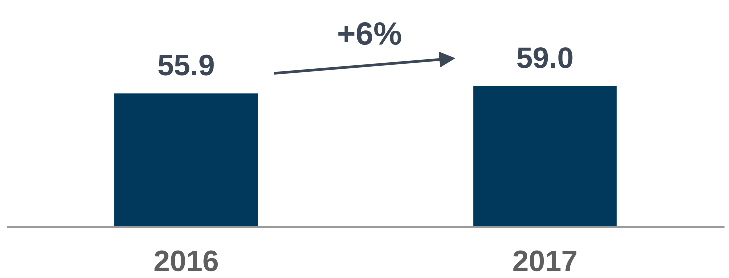
Combined operating ratio evolution



Loss ratio breakdown



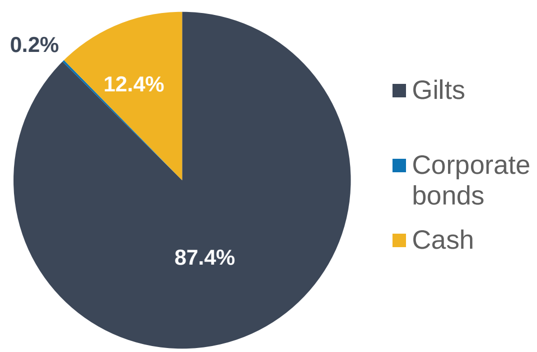
Underwriting profit (£m)



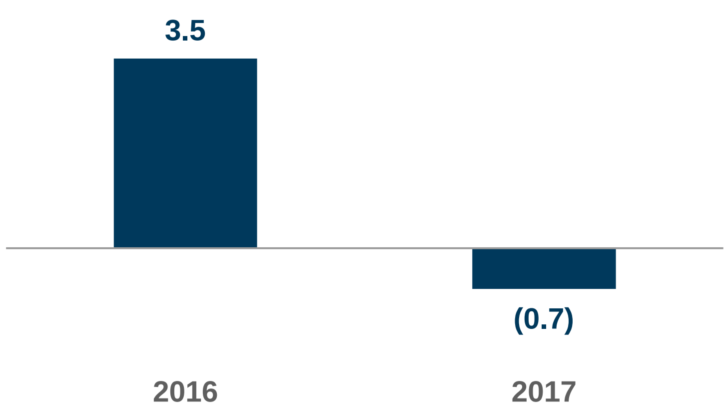
- Focus on underwriting profitability continues to yield results, with a 0.8pp reduction in the combined operating ratio to 68.5%
- Loss ratio fell 1.2pp from 47.7% to 46.5%
  - Benefitted from ‘business as usual’ and ‘exceptional’ prior-year reserve movements
  - Favourable impact from fall in frequency of small bodily injury claims
- Expense ratio of 22.0% in-line with the long-run average
  - Even split of fixed and variable cost
  - Automation improving efficiency in the medium-term
  - Costs associated with being a publicly listed company expected to add 1pp to expense ratio going forward
- We will continue to prioritise underwriting profit over volume

Conservative approach to risk

Investment portfolio breakdown



Investment return evolution



- Investments continue to be held in UK government bonds, in line with our conservative approach to risk
- Investment portfolio managed in house and focused on capital preservation to support our profitable underwriting activities
- Market-value movements led to an investment loss of £0.7m in 2017, down from a £3.5m profit in 2016
- Investment losses represent acceleration of gravitation to par of investments held until they mature
- Low risk investment portfolio complemented by a consistent and conservative reserving policy and prudent use of reinsurance

Attractive capital generation

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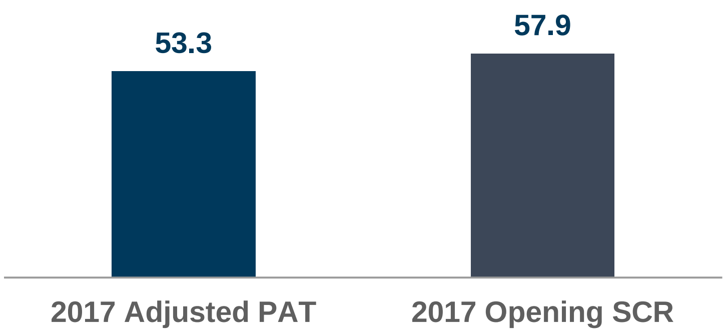
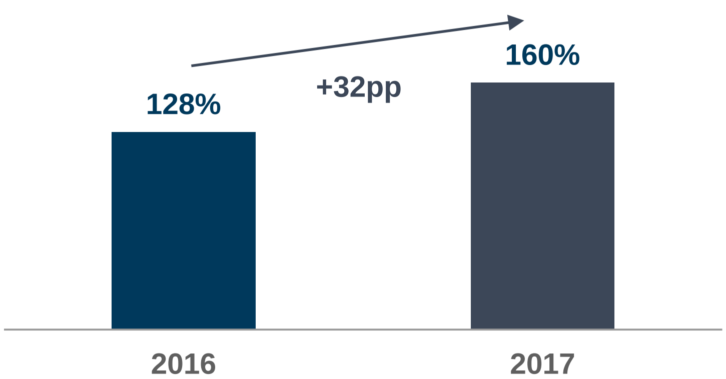
Return on opening SCR

92% return on opening SCR



Solvency coverage ratio



- We continue to benefit from strong profitability and an efficient capital model
- 2017's adjusted profit after tax was equivalent to 92% of the opening solvency capital requirement
- Strong capital generation led to a year end solvency coverage ratio of 160%, at the top end of our 140-160% target range
- Stated dividend policy from IPO: c. 70% of profit after tax as an ordinary dividend, with additional distributions of surplus capital above the Group's target 140-160% solvency coverage ratio range
- In 2018 the Group intends to pay an interim ordinary dividend of c. 70% of its profit after tax for the first 6 months of the year and a final ordinary dividend of c. 70% of its profit after tax for the remaining 6 months

Delivering against our IPO targets

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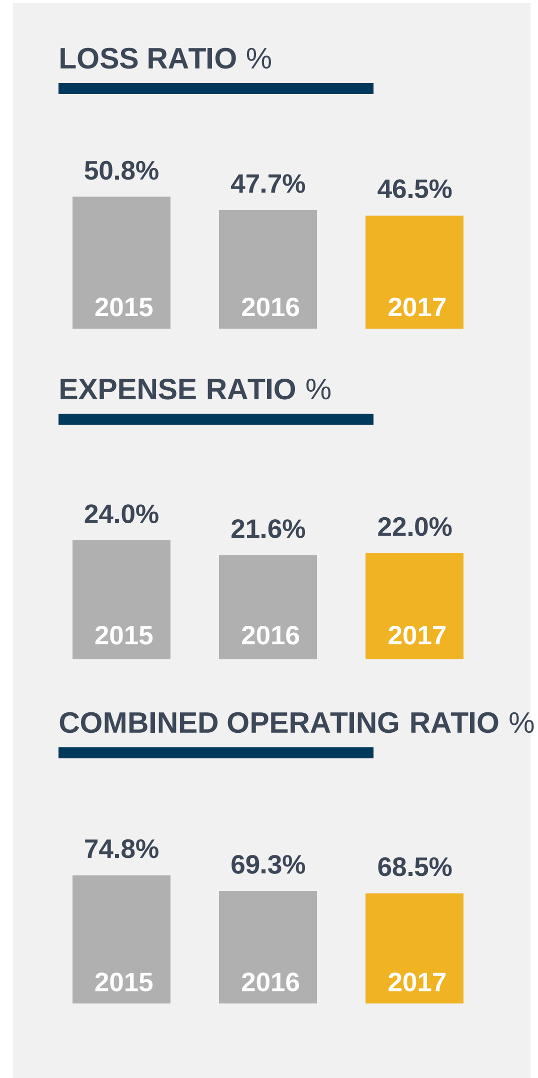
✓ **Leading underwriting performance...**

✓ **...delivering strong profitability and returns...**

✓ **...and attractive capital generation...**

✓ **...whilst maintaining controlled growth**



The Sabre Story

Geoff Carter

The Sabre story

- Broad underwriting footprint with unique business model biased toward the specialist, higher premium segments
- Disciplined actuarially driven pricing strategy
- Proprietary and agile pricing model
- Extensive dataset, compiled consistently over 15+ years
- Robust and effective claims management and counter-fraud capabilities
- Diversified multi-channel distribution strategy
- Efficient operating model utilising appropriate outsourcing
- Conservative approach to risk management including a low risk investment portfolio and prudent use of reinsurance

Market leading underwriting performance

72.3%

10 YEAR AVERAGE COMBINED OPERATING RATIO

Strong returns and cash generation

92.7%

AVERAGE RETURN ON OPENING SCR

Controlled and attractive growth across the cycle

10.1%

10 YEAR GWP CAGR

Strategy and key business principles

- Maintaining a broad underwriting footprint and unique business model biased toward the specialist, higher premium segments
- Continuing to apply a disciplined and actuarially driven approach to pricing
- Expanding our extensive and proprietary dataset combined with investment in data enrichment
- Utilising our robust and effective claims management function to ensure an assertive, firm but fair approach to claims
- Effectively leveraging our diversified, multi-channel distribution network
- Using our streamlined operating model to efficiently control expenses
- Ensuring a prudent case and portfolio reserving approach
- Maintaining a conservative approach to risk management through use of reinsurance, a simple and low risk investment strategy and prudent solvency capital ratio

Market leading underwriting performance

<80%

COMBINED OPERATING RATIO TARGET

Strong returns and cash generation

70%

BASE DIVIDEND PAYOUT

140-160%

TARGET SOLVENCY COVERAGE RATIO

Controlled and attractive growth across the cycle

High single digit premium growth across the cycle

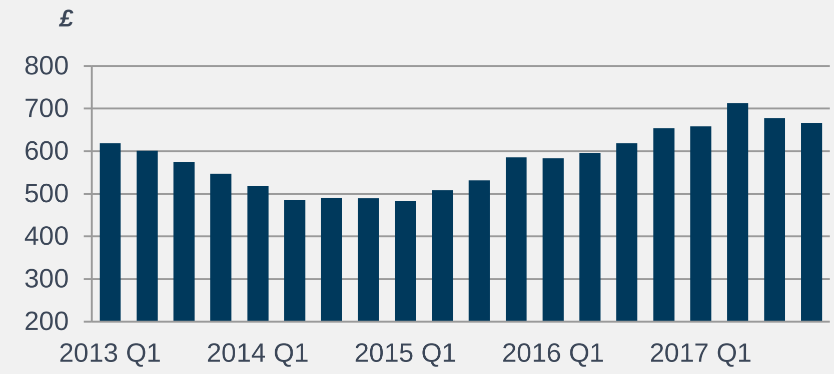
Summary & Outlook

Geoff Carter

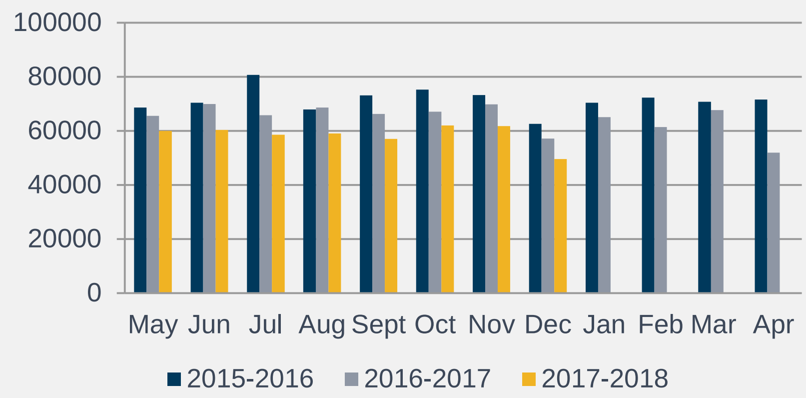
Market update

- Significant increase in average premiums in early 2017, reflecting impact of the Ogden rate change
- Increasingly competitive pricing environment in the last few weeks of 2017, going into the first two months of this year
  - Ogden rate uncertainty
  - Declining frequency of personal injury claims

Average comprehensive shoparound premium[(1)]



MoJ portal – no. of claims notifications[(2)]



1. *Sourced from the AA British Insurance Premium Index – "Average Motor Comprehensive Shoparound Premium".*
2. *Sourced from MoJ claims portal Q4 2017 – "Number of Claim Notification Forms Created and Sent to a Compensator".*

2018: Continued focus on core principles

Market leading underwriting performance

Strong returns and cash generation

Controlled and attractive growth across the cycle

- **Deliver a strong underwriting performance with a combined operating ratio, in line with, or better than, our historical average**
- **Continue to generate capital through writing profitable business**
- **Confident of delivering an attractive dividend in 2018 per our stated policy**

Q & A

Appendices

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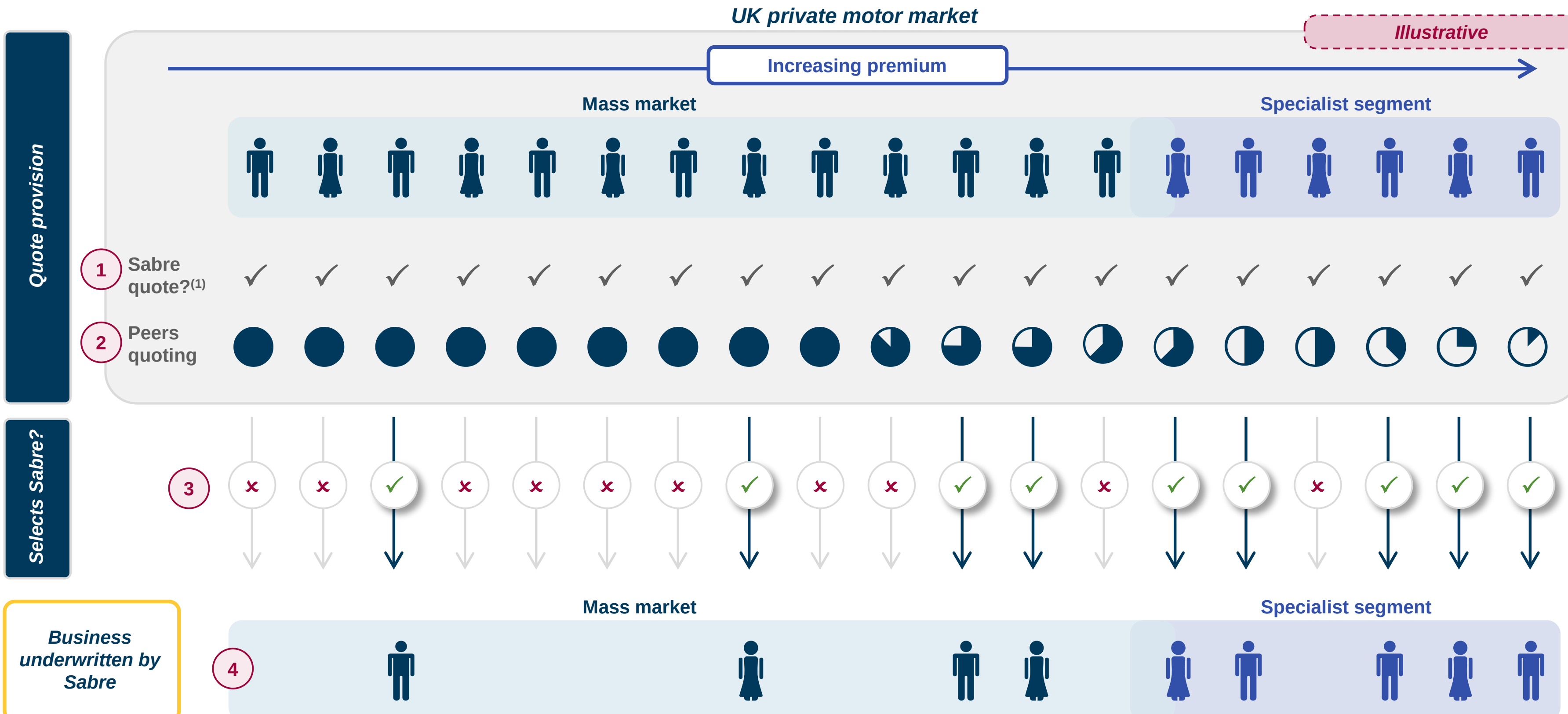
Broad underwriting footprint

Quotes provided across the risk spectrum, but a bias towards higher premium segments

1. As a result of its experience and expertise, Sabre is comfortable providing quotes in response to nearly all the requests it receives across the risk spectrum
2. Typically fewer peers provide quotes in higher premium segments of the market (specialist segments)
3. A greater proportion of higher premium consumers select Sabre
4. The result is that Sabre's book, whilst diversified, has a bias towards higher premium drivers



Whilst Sabre's book has a bias towards specialist higher premium drivers, over time the Group has won a greater proportion of business in the mass market through the identification of additional risk characteristics and bifurcation of risk segments)

Note: chart is for illustrative purposes only. 1. Illustration only. Whilst Sabre provides quotes for nearly all the requests it receives, there is a small proportion of individuals that Sabre does not provide quotes for e.g. convicted fraudsters.

Reconciliation to KPIs

Loss, expense and combined operating ratio

	2017	2016
Net insurance claims	£92.9m	£92.7m
Claims handling expenses	(£6.0m)	(£5.9m)
	£86.9m	**£86.8m**
Net earned premium	£186.9m	£182.1m
Loss ratio	**46.5%**	**47.7%**
Total expenses	£35.0m	£33.5m
Claims handling expenses	£6.0m	£5.9m
	£41.0m	**£39.4m**
Net earned premium	£186.9m	£182.1m
Expense ratio	22.0%	**21.6%**
Combined operating ratio	**68.5%**	**69.3%**

Adjusted profit after tax

	2017	2016
Profit for the year	£45.3m	£52.3m
Amortisation	£0.9m	£1.6m
Exceptional items (post-tax)	£7.1m	-
Adjusted profit after tax	**£53.3m**	**£53.9m**

Balance sheet

Balance sheet

	2017	2016
Goodwill & intangible assets	£156.8m	£157.7m
Reinsurance assets	£110.5m	£51.5m
Insurance and other receivables	£38.8m	£37.0m
Financial investments	£244.0m	£234.3m
Cash and cash equivalents	£34.4m	£10.5m
Other asset	£21.4m	£20.2m
Total assets	**£606.0m**	**£511.2m**
Total equity	**£232.0m**	**£212.8m**
Insurance liabilities	£242.4m	£182.9m
Unearned premium reserve	£105.1m	£97.5m
Trade and other payables including insurance payables	£15.9m	£9.1m
Other liabilities	£10.6m	£8.9m
Total liabilities	**£374.0m**	**£298.4m**

Claims Development

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Net Insurance Liabilities

Accident year	2010 £'k	2011 £'k	2012 £'k	2013 £'k	2014 £'k	2015 £'k	2016 £'k	2017	Total £'k
Estimate of ultimate claims costs:									
At end of accident year	61,912	94,171	89,901	77,316	74,609	97,288	104,808	106,478	
One year later	69,055	90,742	81,403	64,071	65,639	85,814	93,664		
Two years later	72,475	87,494	75,938	59,301	60,953	81,164			
Three years later	69,649	81,950	73,606	57,739	59,741				
Four years later	68,001	78,509	74,304	56,947					
Five years later	67,100	77,534	72,731						
Six years later	66,926	77,496							
Seven years later	66,791								
Current estimate of cumulative claims	66,791	77,496	72,731	56,947	59,741	81,164	93,664	106,478	
Cumulative payments to date	(65,570)	(76,806)	(70,279)	(52,248)	(51,961)	(60,451)	(61,981)	(40,907)	
Liability recognised in balance sheet	**1,221**	**690**	**2,452**	**4,699**	**7,780**	**20,713**	**31,683**	**65,571**	**134,809**
2009 and prior									**1,475**
Claims handling provision									**3,106**
Total									**139,390**