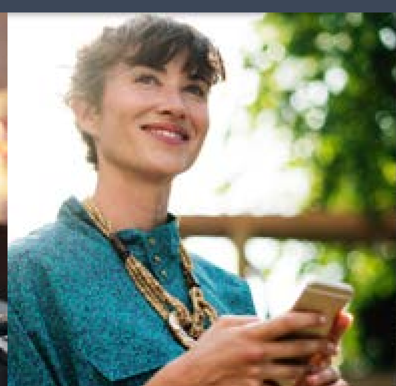
Half-Year Results Presentation

July 2018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Today's agenda

1. **Half-Year 2018 Highlights**
   Geoff Carter
2. **Sabre strategy – recap**
   Geoff Carter
3. **Financial Results**
   Adam Westwood
4. **Summary and Outlook**
   Geoff Carter

\- **Q&A**

Half-Year 2018

Highlights

Geoff Carter

Financial highlights

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✓ **Continued leading underwriting performance...**

- *Combined operating ratio of 68.6% (HY 2017: 71.7%)*
- *Adjusted profit after tax of £26.1m (HY 2017: £23.5m)*

✓ **…premiums in line with 2017…**

- *Successful pricing action earlier in year has brought premium back in-line with 2017 (2018: £108.8m | 2017: £109.1m)*

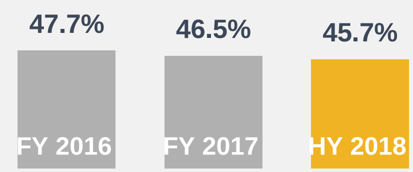
✓ **...paying dividends in-line with guidance at IPO...**

- *Dividend declared of 7.2 pence per share, equal to approximately 70% of half-year profit after tax*

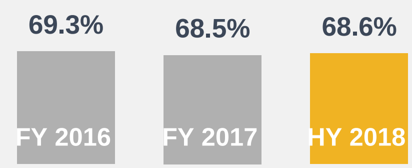
✓ **...whilst continuing to generate considerable excess capital**

- *Solvency coverage ratio of 209% prior to the payment of interim dividend, 179% after payment*

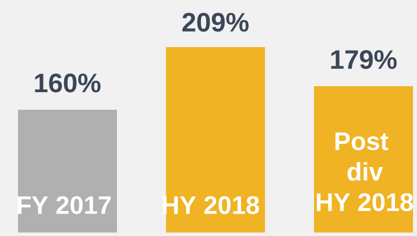
LOSS RATIO %



COMBINED RATIO %



SOLVENCY COVERAGE RATIO



Operational highlights

Underwriting

- Continued application of the Group's strict pricing philosophy
- On-going research into new rating factors
- £1m excess of loss reinsurance programme fully placed with price increase in line with our expectations

Operational improvements

- Completed the transition to a new hybrid cloud IT infrastructure
- Continued investment in software robotics as a source of increased efficiency
- New Company Secretary appointed

Employee satisfaction

- Employee satisfaction survey issued for the first time in 2018
- Save As You Earn plan now implemented and proving popular
- Very low levels of employee turnover maintained

Sabre's Strategy Recap

Geoff Carter

Strategy and key business principles

- Maintaining a broad underwriting footprint with unique business model biased toward the niche, 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

Mid-70%'s
TARGET COR

80%
COR CEILING

Strong returns and cash generation

70% PAT (2018)
BASE DIVIDEND PAYOUT

140-160%
TARGET SOLVENCY RATIO

Controlled and attractive growth across the cycle

High single digit premium growth across the cycle

Financial Results

Adam Westwood

Results summary

HY 2018 Summary financial performance

	HY 2018	HY 2017	Change
Gross written premium	£108.8m	£109.1m	(0.3%)
Net earned premium	£93.2m	£91.3m	2.1%
Combined ratio	68.6%	71.7%	-3.1pp
Underwriting profit	£32.2m	£28.4m	13.4%
Investment return	(£0.1m)	(£0.2m)	£0.1m
Adjusted profit after tax	£26.1m	£23.5m	11.1%
Diluted EPS	10.3p	7.2p	43.1%
Solvency coverage ratio	209%	132%	+77pp
→ Post dividend	179%	115%	+64pp
Interim dividend	7.2p	N/A	N/A
Return on opening SCR	42.7%	40.6%	+2.1pp

- Premium at a similar level to the prior comparative period
- Combined ratio of 68.6%, below the long term average
- Increased net earned premium and improved combined operating ratio generated growth in adjusted profit after tax
- Market-value movements led to an investment loss of £0.1m
- Pay out 70% of profit after tax as an ordinary interim dividend
- Interim dividend per share of 7.2p

Leading underwriting performance

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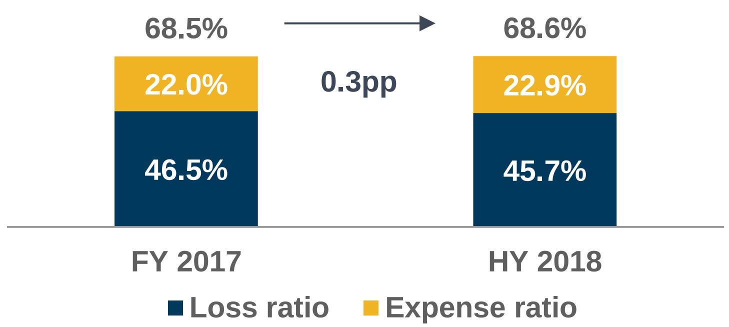
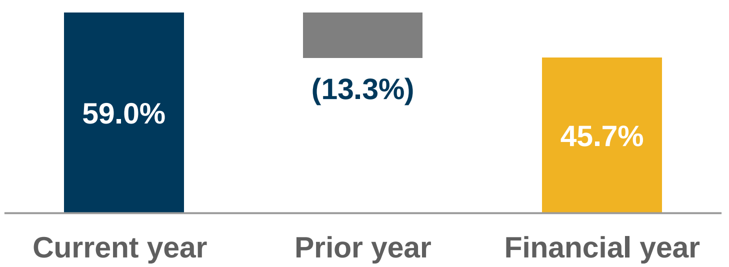
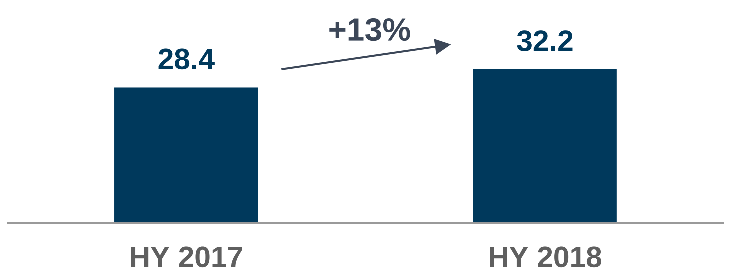
Combined ratio evolution



Loss ratio breakdown



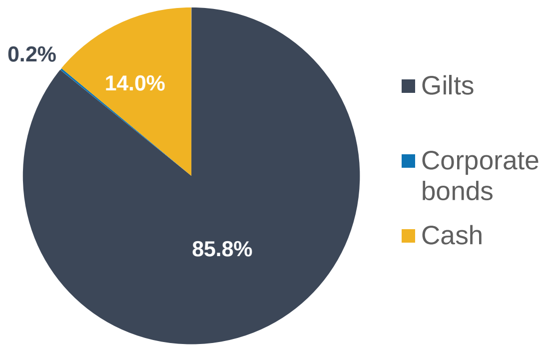
Underwriting profit (£m)



- Focus on underwriting profitability continues to yield results, with a combined ratio in-line with the prior full-year
- Loss ratio fell 0.8pp from 46.5% for the year to 31 December 2017 to 45.7% for the period to 30 June 2018
  - Continue to benefit from 'business as usual' and 'exceptional' prior-year reserve movements
  - Favourable impact from fall in frequency of small bodily injury claims prior to price adjustment early in the year
- Expense ratio of 22.9% up 0.9pp on last full-year largely due to increased post-IPO administrative expenditure
  - Automation continues to improve efficiency in the medium-term
  - Costs associated with being a publicly listed company were 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

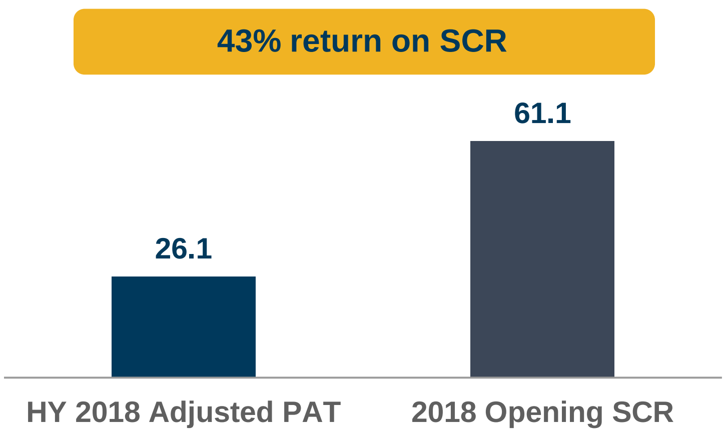


Investment return evolution (£'m)

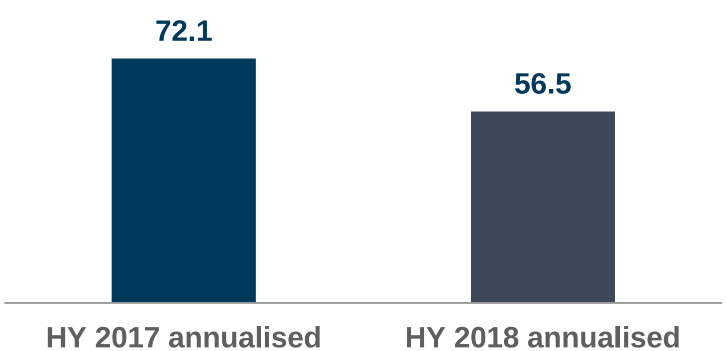
- Investments continue to be held in UK Government bonds, in line with our conservative approach to risk
- Investment portfolio managed in-house and focused on capital preservation to support our profitable underwriting activities
- Market-value movements led to an investment loss of £0.1m in HY 2018 compared to £0.2m in HY 2017
- Investment losses represent a net "Mark to Market" loss, but investments are held to maturity
- Low risk investment portfolio complemented by a consistent and conservative reserving policy and prudent use of reinsurance

Strong capital generation

Return on opening SCR (%)

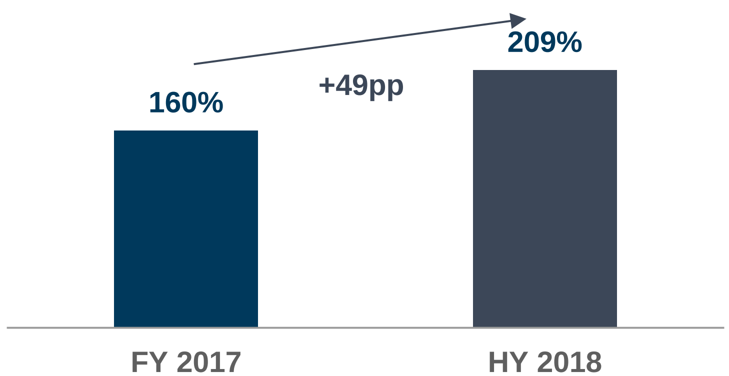


Annualised return on tangible equity (%)



- We continue to benefit from strong profitability and an efficient capital model
- HY 2018's Adjusted profit after tax was equivalent to 43% of the opening solvency capital requirement (HY 2017: 41%)
- Strong capital generation led to a period end solvency ratio of 209%, above our 140-160% target range
- In line with our policy outlined at IPO, we have declared a dividend of £18.0m equal to approximately 70% of the Group's half-year profit after tax

Solvency coverage ratio



Summary and Outlook

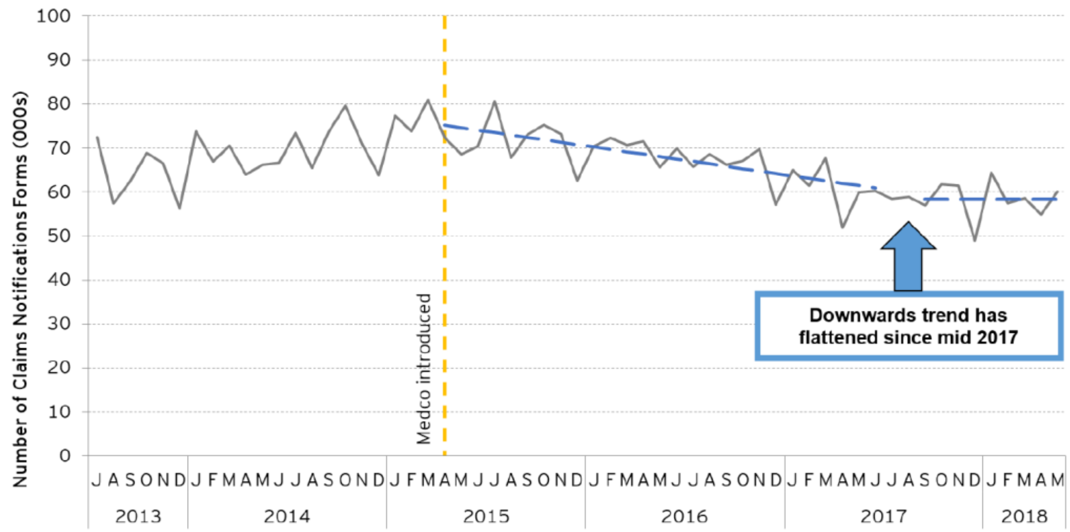
Geoff Carter

WE HAVE…..

- ….Reflected *observed* change in volume of whiplash claims
- ….Fully covered our reinsurance cost increase
- ….Continued to price to target mid-70%'s combined operating ratio, inside our 80% ceiling

Observed trend in MOJ portal claims

MOJ Portal RTA claims down 20% since Medco – but trend has levelled off



Credit: Ernst & Young LLP, UK Motor Insurance Results Seminar 26 June 2018

Summary and Outlook

We have not…..

- ….Reflected *any* potential change in Ogden rate
- ….Reflected *any* potential savings from whiplash reforms, small claims limits or medical evidence changes

Summary and Outlook

KEY MESSAGES

- Continued focus on core principles
- Underwriting result for the period in-line with our expectation
- Having reset our baseline claims assumptions, we will cover claims inflation through price increases in H2
- Continue to target a mid-70%’s COR on business written
- Should continue to trade well in prevailing market conditions
- Continue to project 2018 GWP premium in-line with 2017 and a COR ahead of the mid-70%’s target, but slightly higher than 2017
- Continued capital generation provides the option for the Board to pay a special dividend at year end

Q&A

Appendices

Reconciliation to KPIs

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Return on tangible equity

	HY 2018	HY 2017
Opening tangible equity	£75.2m	£55.1m
Annualised closing tangible equity	£109.5m	£75.2m
Average tangible equity	£92.3m	£65.2m
Adjusted profit after tax	£26.1m	£23.5m
Annualised return on tangible equity	**56.48%**	**72.13%**

Adjusted profit after tax

	HY 2018	HY 2017
Profit for the period	£25.8m	£23.1m
Amortisation	£0.3m	£0.4m
Exceptional items (post-tax)	-	-
Adjusted profit after tax	**£26.1m**	**£23.5m**

Balance sheet

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Balance sheet

	30 Jun 2018	31 Dec 2017
Goodwill & intangible assets	£156.5m	£156.8m
Reinsurance assets	£84.2m	£110.5m
Insurance and other receivables	£48.1m	£38.8m
Financial investments	£261.9m	£244.0m
Cash and cash equivalents	£42.6m	£34.4m
Other assets	£23.4m	£21.4m
Total assets	**£616.7m**	**£606.0m**
Total equity	**£258.2m**	**£232.0m**
Insurance liabilities	£224.0m	£242.4m
Unearned premium reserve	£111.1m	£105.1m
Trade and other payables including insurance payables	£12.3m	£15.9m
Other liabilities	£11.1m	£10.6m
Total liabilities	**£358.5m**	**£374.0m**