

**B. P. MARSH
& PARTNERS PLC**

Interim Results

For the period ended 31 July 2016

Camilla Kenyon, *Director & Head of Investor Relations*

Dan Topping, *Chief Investment Officer*

Jonathan Newman, *Group Finance Director*

18 October 2016



Specialist

PE/VC investor in Financial Services intermediaries

25+

Years strong

invested in 42 companies
and realised 30 since 1990



Robust balance sheet

£7.9m cash as at 31 July 2016



Up to £3.5m per investment

For minority equity positions (20-40%)



Long-term view

Partnership approach to investment and mutually agreed
exit route, maximising value

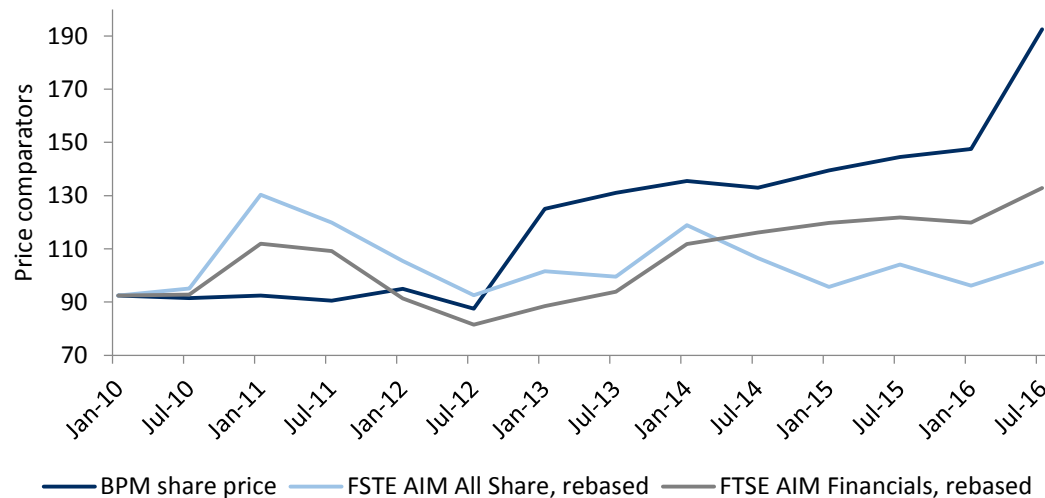


Industry knowledge

Significant, specialist experience and deep sector
knowledge acquired across several decades

2016 Summary – Period End 31 July 2016

- As at 31 July 2016 – twelve investments in portfolio with a NAV of **£73.8m** (31 July 2015 **£65.5m**), with an average holding period of five years
- NAV per share up to **253p** (31 January 2016 **243p**)
- Total Shareholder Return of **5.8%** for the period to 31 July 2016
- Total Shareholder Return of **13.7%** for year to 31 January 2016
- Equity Portfolio increase of **25.4%** since 31 July 2015
- **£7.9m** cash and treasury funds at 31 July 2016
- Dividend of **3.42p** per share declared for the year ended 31 January 2016, paid in July 2016
- Dividend of **3.76p** recommended for the current financial year

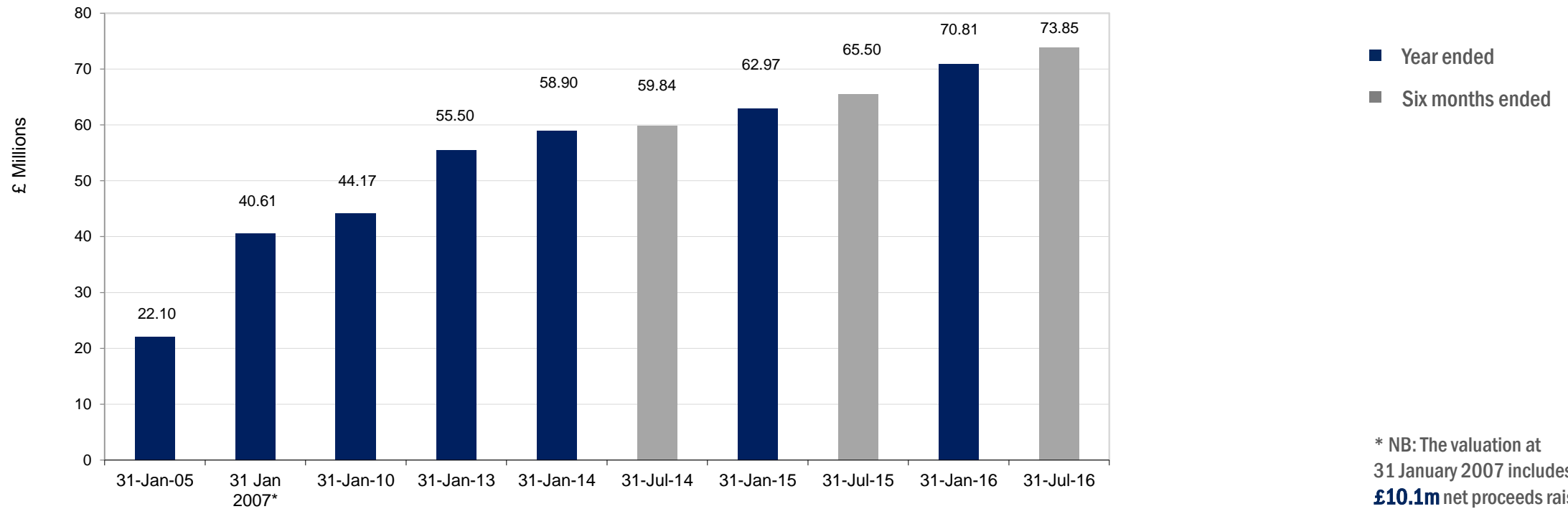


Share Price Performance 31 July 2010 to 31 July 2016

% Change 31 July 2010 to 31 July 2016

B.P. Marsh & Partners PLC	+59.46%
FTSE AIM All Share	+3.92%
FTSE AIM Financials	+26.23%

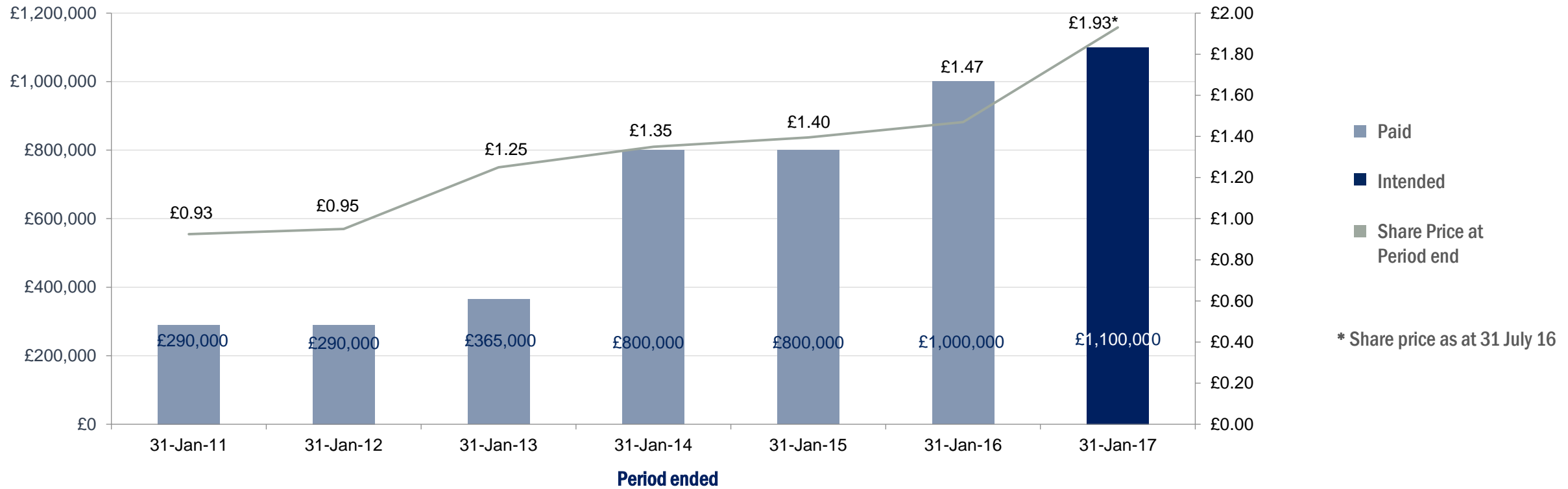
Performance: Net Asset Value (NAV)



* NB: The valuation at 31 January 2007 includes **£10.1m** net proceeds raised on AIM

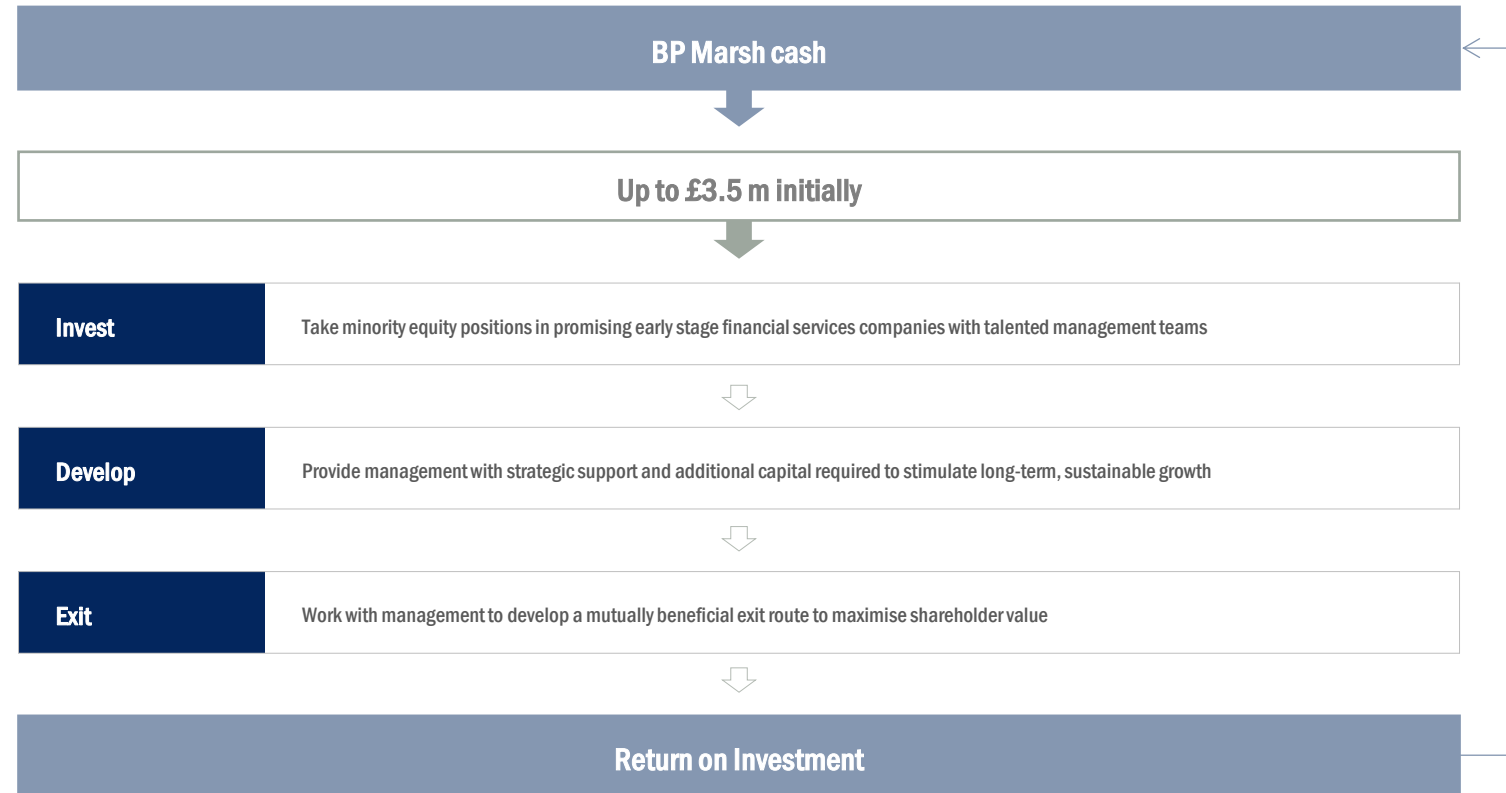
Dividends

- Dividends declared, paid and intended, are shown below



- Final dividend for year ended 31 January 2016 of **3.42p** paid July 2016
- Dividend of **3.76p** recommended for year to 31 January 2017
- Board's aspiration to maintain this for the coming 2 years
- Aggregate dividend **£3.54m** paid over six years
- Given the Group does not impose exit mechanisms on investee companies, there is no guarantee that the Group will continue to pay annual dividends

Our goal is to be the early stage capital provider of choice to the financial services sector. We apply our sector expertise to source attractive long-term investment opportunities both in the UK and internationally. We have a strong track record of helping our partner businesses develop before seeking an exit at a time that delivers maximum value for shareholders.



Investments

Investment	Sector	Cost of equity investment (£'000)	Fair market value 31 July 2016 (£'000)	Equity	Year of initial investment	Movement in 6 months to 31 July 2016 (£'000)	% Movement in 6 months to 31 July 2016
Besso	Insurance Broking	4,409	21,698	42.02%*	1995	1,978	10%
Summa	Insurance Broking	6,096	3,735	77.25%	2005	(596)	(13.8)%
Trireme	Insurance Broking	1,849	2,529	29.94%	2010	413	19.5%
ARB	Insurance Broking	1,268	1,345	20%	2016	77	6.0%
Bastion	Insurance Broking	100	100	35%	2014	-	-
Nexus	MGA	4,575	6,952	11.94%	2014	953	15.9%
Sterling	MGA	1,945	2,332	19.70%	2013	415	21.6%
MB	MGA	480	1,746	40%	2013	306	21.3%
PLUM	MGA	606	950	20%	2015	343	56.5%
Walsingham	MGA	600	200	40.50%	2013	-	-
Bulwark	MGA	-	-	35%	2015	-	-
LEBC	IFA	4,977	11,522	42.63%	2007	114	1.0%
Total		26,905	53,109			4,003	

* Besso shareholding is currently 37.94%. The additional shares were held on behalf of Management at a cost of £1.58m

Specific Activity within the Portfolio During the Period (I)



- Acquisition of a further **8.03%** stake in LEBC completed in June 2016
- The additional stake, for consideration of **£1.9m**, increased the Group's shareholding in LEBC to **42.63%**
- During the nine years of investment, LEBC has grown from revenue of **£8.06m** (for the year ending 31 May 2007) to revenue of **£15m** (for the year ending 30 September 2015) and extended its network of branches across the UK from 11 to 15
- LEBC is currently developing a "bionic" advice proposition combining technology with human involvement, which aims to enable advisers to work more efficiently in giving advice using intelligent systems for fact-finding and report writing



- In June 2016, Nexus acquired 100% of the Hong Kong domiciled marine Managing General Agent, Beacon Underwriters Limited (Beacon)
- The acquisition of Beacon augments Nexus' footprint in Asia, subsequent to the opening of Nexus Underwriting Asia (HK) in 2015
- Beacon is Nexus' first overseas acquisition and the third acquisition within the last 12 months
- In July 2016, Nexus established a branch in Ireland, headed up by Stephen Comerford, Senior Business Development Manager and Deputy Underwriter for Surety Insurance
- Forecasting Premium Income in excess of **£110m** for 2016, an increase from **£56m** in 2014 when the Group invested

Specific Activity within the Portfolio During the Period (II)

B. P. MARSH
& PARTNERS PLC



- Besso, one of the top 20 independent Lloyd's brokers, has continued to perform well in the current market place and has recently announced its results for the 2015 financial year
- Revenues increased by **16%** to **£37.6m** with EBITDA increasing by **15%** to **£4.17m** in the 12 months to 31 December 2015
- Besso undertook a debt refinancing exercise with Clydesdale Bank, to support its continued growth strategy. A proportion of the funding from Clydesdale has been used to repay longstanding shareholder Loan Notes
- Besso's encouraging performance in 2015 has continued into the current financial year, with performance in the first six months being strong
- The Group confirmed on 26 July 2016 that the Board of Besso and its Shareholders had engaged Canaccord Genuity to carry out a strategic review of Besso



- The Group's investments in South Africa, Bastion Re, PLUM, and Bulwark, continue to gain traction within their market and are performing in line with the Group's expectations
- Invested in PLUM in July 2015 for an initial consideration of **£0.3m**. It was agreed that the total consideration paid would increase subject to PLUM achieving agreed EBITDA target of **£0.43m** over the first year of the Group's investment
- These targets were indeed met by PLUM and a further consideration of **£0.3m** has been paid in line with the investment agreement
- Recently acquired an additional **22.5%** in PLUM from an exiting shareholder, for cash consideration of **£0.61m**
- This increases the Group's total shareholding in PLUM to **42.5%** for a total cash acquisition price of **£1.3m**

Specific Activity New Investment

NEW INVESTMENT

- Acquisition of **20%** of Asia Reinsurance Brokers (Pte) Limited in April 2016
- Singapore headquartered independent specialist reinsurance and insurance risk solutions provider
- Specialises in the provision of long-term reinsurance and insurance solutions to a wide range of insurance and reinsurance companies throughout Asia
- Initial consideration of **SGD \$2.4m**
- Shareholding may increase to **25%** for an additional cash consideration of up to **SGD \$0.5m**, dependent on ARB's performance in its financial year ending 31 December 2017
- Established in 2008, following a management buy-out of the business from AJ Gallagher, led by the CEO, Richard Austen
- Considered an exciting opportunity to invest in a well-established and profitable business with an experienced and respected management team and strong growth potential

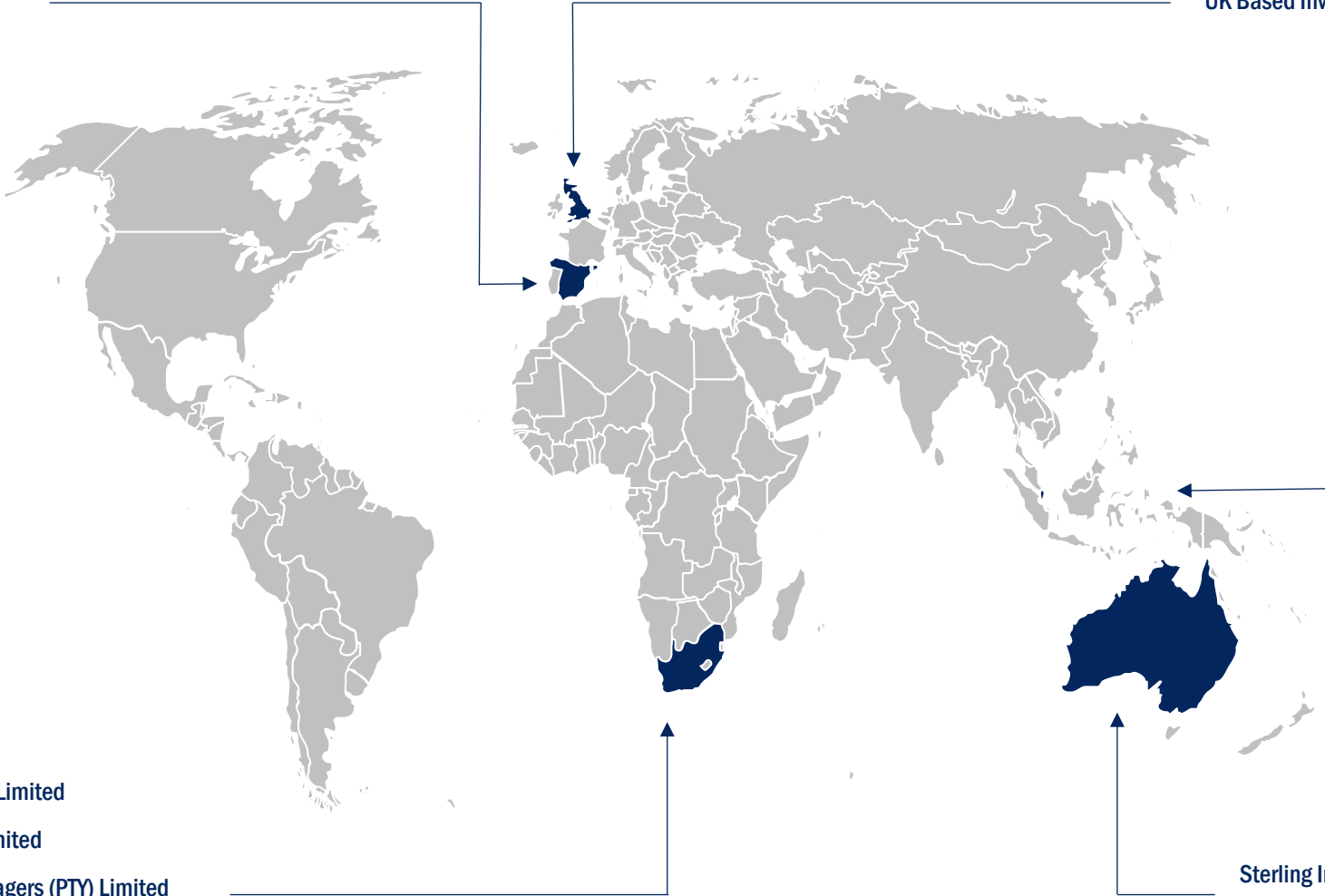


Dan Topping, appointed as Non-Executive Director, comments:
“We viewed this investment as an excellent opportunity to take a shareholding in a profitable independent reinsurance broker, with an enviable client list of regional and international insurers. We anticipate supporting the first rate management team in their endeavours to further develop and grow their company.”

International Strategy

Summa Insurance Brokerage S.L.

UK Based Investments



Approximately **64%** of our investee companies' revenue originates overseas

B.P. Marsh's international strategy is focused on those areas where we see sufficient opportunity for business development in partnership with a London-based investor coupled with a suitably developed regulatory and compliance environment.

Bastion Reinsurance Brokerage (PTY) Limited
Bulwark Investment Holdings (PTY) Limited
Property & Liability Underwriting Managers (PTY) Limited

Sterling Insurance (PTY) Limited
MB Prestige Holdings (PTY) Limited

- Investment opportunities in financial services intermediaries up to £3.5m (equity & debt), minority positions (20-40%)
- Specialists in early-stage finance to ambitious, proven individuals and teams:
 - Specialist looking to start a business
 - Management team looking to engineer a buy-out
 - Business that requires development capital
- Market positioning enables first-mover advantage
- Flexible investment approach
- Add value by provision of contacts, experience in business development, acquisitions and strategic advice
- Cross-pollination opportunities for portfolio

RECENT AND CURRENT PROJECTS:

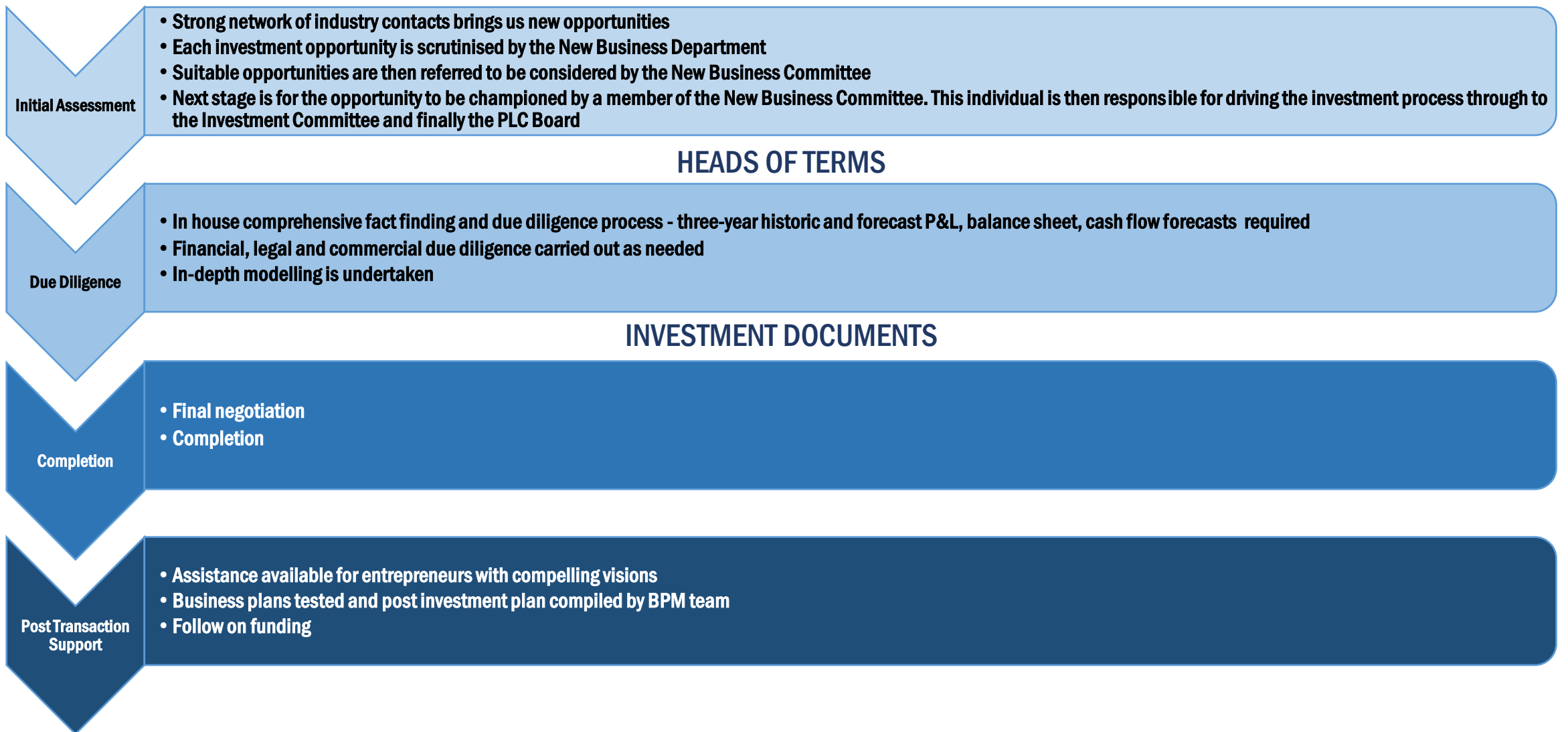
- MGAs – operating in niche specialisms, both start-ups and growth businesses
- Broking – established businesses looking to scale up
- Software as a Service (SaaS) opportunities – including in robo-advisory and data analysis
- Alternative finance – Peer to Peer and business lending platforms
- Bolt-ons a current feature for the portfolio
- Overseas enquiries

- **45** new investment enquiries received in the period to 31 July 2016 (**71** in year to 31 January 2016, **30** in period to 31 July 2015)
- **45%** of investments continued to NDA stage and **28%** to detailed investigations (33% out of 30 enquiries in previous year continued to detailed investigation stage)
- Out of **45** new enquiries received:
 - **24%** Brokers
 - **27%** MGAs
 - **9%** insurance other (eg support services)
 - **9%** Insuretech/disruptors
 - **7%** Wealth management
 - **9%** Finance platforms
 - **9%** Fintech
 - **7%** Other financial services (recruitment, consultancy, etc)
 - Strong current pipeline and continued increase in suitable opportunities
 - Pipeline includes bolt-on opportunities for existing portfolio

In period 31 July 2015:

- **23%** Insurance
- **3%** IFA/ Wealth management
- **43%** Other

Investment Process



Value creation driven by partnering with ambitious entrepreneurs seeking a partnership to provide growth capital and access to a team with a deep knowledge base in mergers, acquisitions, business sales, business growth and transformation, as well as the financial and legal aspects inherent in growing a business:

- Board level representation and support for management
- Guidance on strategy and development
- Provision of follow-on funding
- Referral of potential M&A opportunities
- Access to market intelligence and contacts
- Identification of exit path

Long-term investors

Do not insist on set exit dates, preferring to work alongside management to identify optimum exit route

30 realisations of 42 investments since 1990

Recent exits Broucour (April 2016) and R&Q (May 2016)

Investments Financial Highlights – Period Ended 31 July 2016

**B. P. MARSH
& PARTNERS PLC**

- NAV of **£73.8m**, up **4.3%** for the Period and **12.7%** for the year
(31 January 2016: **£70.8m**, 31 July 2015: **£65.5m**) *
- NAV per share of **253p**
(31 July 2015: **225p**, 31 January 2016: **243p**)
- Consolidated profit after tax **£4.0m**, up **19.5%** for the Period
(31 July 2015: **£3.4m**)

*Net of provision for deferred tax

Investments Financial Highlights – Period Ended 31 July 2016

**B. P. MARSH
& PARTNERS PLC**

- Average compound NAV growth of **11.3% p.a.** since 1990 (excl. **£10.1m** raised on flotation)*
- Final Dividend of **3.42p** per share declared (**£1m**) and paid on 29 July 2016
- Total Shareholder return of **5.8%** for the Period
- Dividend of **3.76p** per share recommended for current year to 31 January 2017
- Share price of **198.5p** trading at a **21.5%** discount to NAV (at close 17 October 2016)
- Uncommitted cash and treasury funds balance of **£7.9m** at 31 July 2016

*This excludes any value for the Group itself

Cash Position

Cash at 1 Feb 2016	£5.3m (£1.8m Cash, £3.5m Treasury Funds)
Equity Investments	£(3.5)m
Proceeds from disposal of Investments	£8.7m
Loans granted	£(0.2)m
Loans repaid	£0.4m
Dividend paid	£(1.0)m
Cash at 31 July 2016	£9.7m (£4.6m Cash, £5.1m Treasury Funds)

Summary

- Group believes the six-month performance is solid
- NAV increase of **4.3%** since 31 January 2016, and **12.7%** since 31 July 2015
- Final Dividend of **3.42p** per share declared and paid in July 2016
- Total Shareholder return for the Period of **5.8%**
- Dividend of **3.76p** announced for current financial year
- **£7.9m** of cash and treasury funds currently available for investment
- Share price discount to Net Asset Value of **21.5%** (at close 17 October 2016)
- Board continues to work on narrowing the discount, having reduced it from **48%** in 2012
- Continue to seek new investment opportunities in high growth businesses, whilst focusing on maximisation of value in the existing portfolio

- 1. Management Team**
- 2. Board Members**
- 3. Portfolio**
- 4. Minority Investor Protections**
- 5. Financials**
- 6. Major Shareholders**
- 7. Contacts**

Management Team



Brian Marsh OBE

Executive Chairman

50 years' experience in insurance broking and underwriting. 1979-1990 was chairman and major shareholder of the Nelson Hurst & Marsh Group, the international insurance intermediary. More than 30 years' experience building, buying and selling financial services businesses particularly in the insurance sector.



Alice Foulk BA (Hons)

Managing Director

Alice Foulk joined B.P. Marsh in September 2011 having started her career at a leading Life Assurance company. In 2014 she took over as Executive Assistant to the Chairman, running the Chairman's Office. Alice was appointed as the Managing Director in January 2016 and is a member of the Investment Committee and Valuation Committee.



Dan Topping ACIS MCSI

Chief Investment Officer

Dan joined B.P. Marsh in February 2007, following two years at an independent London accountancy practice, and was appointed a director in 2011. In January 2016 Dan was appointed Chief Investment Officer of B.P. Marsh.

Dan Topping is the Senior Executive with overall responsibility for the portfolio and investment strategy for B. P. Marsh, and holds eight non-executive directorships across the portfolio.

Dan graduated from the University of Durham in 2005 and is member of the Securities and Investment Institute and the Institute of Chartered Secretaries and Administrators.

Management Team



Camilla Kenyon

Director, Head of IR

Camilla Kenyon was appointed as Head of Investor Relations at B.P. Marsh in February 2009, having four years' prior experience with the Company. She was appointed a Director in 2011. Camilla has two non-executive appointments and is Chair of the New Business Committee evaluating new opportunities. She is a Member of the Investor Relations Society.



Jonathan Newman ACMA CGMA MCSI

Group Finance Director

Jon is a Chartered Management Accountant with over 19 years' experience in the financial services industry. He joined the Company in November 1999 and became Group Finance Director in December 2003. Jonathan advises investee companies and has a non-executive appointment on one investee company.

Campbell Scoones

Non-Executive Deputy Chairman

Campbell Scoones has over 45 years' experience in the Lloyd's and overseas insurance broking and underwriting markets. Having started his career in 1966 Campbell has worked for a number of Lloyd's insurance broking and underwriting firms during this time, including, inter alia, Nelson Hurst & Marsh, Citicorp Investment Limited, Marsh & McLennan Companies and Admiral/Encon Underwriting.

Stephen Clarke FCA

Non-Executive Director

A Chartered Accountant, Stephen gained many years' experience with Charterhouse Development Capital in the structuring of venture capital projects in all fields including financial services, and in guiding and monitoring their progress. He joined the Group in 1993 and has over 50 years' experience of the financial services sector. Stephen continues to give specialist advice to B.P. Marsh on the structuring of entry and exit deals.

Pankaj Lakhani FCCA

Non-Executive Director

A Certified Accountant, Pankaj Lakhani has over 40 years' of accounting experience within the Insurance Market and joined the Company as Non Executive Director on 21 May 2015, and is Chairman of the Company's Remuneration Committee and Audit Committee.

Portfolio as at 31 July 2016

Bastion Reinsurance Brokerage (PTY) Limited – 35%	<ul style="list-style-type: none">• The Group invested in December 2014• Bastion specialises in the provision of reinsurance solutions over a number of complex issues, engaged by various insurance companies and managing general agents
Besso Insurance Group Limited – 42%	<ul style="list-style-type: none">• February 1995 the Group assisted a specialist team departing from Jardine Lloyd Thompson Group in establishing Besso, which specialises in insurance broking for the North American wholesale market• Growth from revenue of £2.2m in 1995 to a 2016 forecast revenue of £37m• Besso has developed into an international insurance and reinsurance broker, with over 200 employees• Invested a further £1.58m in October 2015 to acquire an additional 7.03% (“Option Shares”) bringing the Group’s shareholding to 44.97%. In April 2016 Besso issued new shares to its Management Team, diluting the Group’s shareholding to 42.02%. The Option Shares were acquired by Besso in September 2016. This has diluted the Group’s core shareholding back to 37.94%
Bulwark Investment Holdings (PTY) Limited – 35%	<ul style="list-style-type: none">• April 2015, alongside its existing South African Partners, established a new venture, Bulwark Investment Holdings (PTY) Limited• Bulwark is a South African based holding company which establishes Managing General Agent in South Africa• To date Bulwark has established two new Managing General Agents, Preferred Liability Underwriting Managers (PTY) Limited and Mid-Market Risk Acceptances (PTY) Limited
LEBC Holdings Limited – 42.6%	<ul style="list-style-type: none">• April 2007 invested in LEBC• LEBC is a national Independent Financial Advisory company providing services to individuals, corporates and partnerships principally in employee benefits, investment and life product areas and has 15 offices throughout the UK

Portfolio as at 31 July 2016 Continued

MB Prestige Holdings

Limited – 40%

- December 2013 invested in MB
- MB is a MGA, headquartered in Sydney, Australia, recognised as a market leader in respect of prestige motor vehicle insurance in all mainland states of Australia

Nexus Underwriting Management

Limited – 11.9%

- Invested in August 2014
- Nexus is an independent specialty Managing General Agency, founded in 2008. Through its two operating subsidiaries, Nexus Underwriting Limited and Nexus CIFS Limited, Nexus specialises in Directors & Officers, Professional Indemnity, Financial Institutions, Accident & Health and Trade Credit Insurance

Property & Liability Underwriting

Managers (PTY) Limited – 20%

- In June 2015 the Group completed an investment in Property And Liability Underwriting Managers (PTY) Limited (“PLUM”), a Managing General Agent based in Johannesburg, South Africa
- PLUM specialises in large corporate property insurance risks in South Africa and is supported by both domestic South African insurance capacity and A-rated international reinsurance capacity

Sterling Insurance (PTY) Limited – 19.7%

- Invested in June 2013, through the investment vehicle Neutral Bay Investments Limited
- Sterling is a Sydney-based specialist underwriting agency offering a range of insurance solutions within the Liability sector specialising in niche markets including hard-to-place and complex risks

Portfolio as at 31 July 2016 Continued

**Summa Insurance Brokerage, S.L. -
77.3%**

- January 2005 the Group provided finance to a Spanish management team with the objective of acquiring and consolidating regional insurance brokers in Spain
- Summa has acquired brokers all over Spain, now has over 20 offices and continues to seek out new opportunities for expansion
- Through acquisition Summa is able to achieve synergistic savings, economies of scale and greater collective bargaining thereby increasing overall value. Summa continues to seek new opportunities in Spain

**Trireme Insurance Group Limited -
29.9%**

- Invested in July 2010
- Trireme is the parent company of Oxford Insurance Brokers Ltd, a London-based Lloyd's insurance and reinsurance broker and James Hampden International Insurance Brokers Ltd, a specialist international reinsurance and insurance broking company

**Walsingham Motor Insurance Limited -
40.5%**

- Invested in December 2013
- Walsingham is a niche UK Motor MGA, established in August 2012 and commenced trading in July 2013
- Invested a further £300,000 for an additional 10.5% stake in February 2015, taking current shareholding to 40.5%

- The Group believes that day-to-day operational control of the business is the domain of the executive management team. However, the Group's position is well protected and portfolio investments are actively monitored
- The Group outlines from investment the number of matters which would require consent from the Group, above certain agreed thresholds, before an investee company may proceed, these may include:
 - Alterations to share capital
 - Acquisitions
 - Capital expenditure or asset disposals of any nature outside pre-agreed limits
 - Capital protection
 - Appointments of directors and senior executives
 - Remuneration of directors and senior executives
 - Any material additional borrowing
 - Changes in the nature of the company's business
 - Application for a flotation
 - Dividend payments or other distributions including bonuses
- The Group has an extensive track record of working within companies as partners and places significant emphasis around investing time up-front in building relationships

Consolidated Statement of Financial Position (IFRS) at 31 July 2016

**B. P. MARSH
& PARTNERS PLC**

	Unaudited 6 months to 31 July 2016 £'000	Unaudited 6 months to 31 July 2015 £'000	Audited Year to 31 January 2016 £'000
Tangible assets	12	15	15
Investments at fair value – Equity Portfolio	53,109	44,585	54,051
Debtors / Loans receivable	17,966	19,719	17,714
Cash	4,537	2,421	1,814
Treasury Funds	5,114	3,545	3,482
Creditors < 1 year	(626)	(314)	(639)
Creditors > 1 year (Loans and, tax & other payables)	(1,136)	(60)	-
Net Assets (excl. Deferred tax)	78,976	69,911	76,437
Deferred Taxation provision	(5,131)	(4,384)	(5,625)
NET ASSETS 4.3% increase in 6 months to 31 July 2016 after dividend (5.8% before dividend)	73,845	65,527	70,812

Consolidated Statement of Comprehensive Income (IFRS) at 31 July 2016

	Unaudited 6 months to 31 July 2016 £'000	Unaudited 6 months to 31 July 2015 £'000	Audited Year to 31 January 2016 £'000
Gains on investments (realised and unrealised)	4,251	3,778	10,275
Impairment of investments and loans	-	-	-
Operating income	1,365	1,360	2,799
Total income	5,616	5,138	13,074
Operating expenses and FX movement	(1,018)	(1,166)	(2,366)
Net financial (expenses) / income	244	169	(13)
Share based payment provision	(1)	(1)	(2)
Profit before tax	4,841	4,140	10,693
Taxation	(827)	(782)	(1,993)
Post tax profit for period	4,014	3,358	8,700
Earnings per share	13.8p	11.5p	29.8p

Consolidated Statement of Cash Flows (IFRS) at 31 July 2016

**B. P. MARSH
& PARTNERS PLC**

	Unaudited 6 months to 31 July 2016 £'000	Unaudited 6 months to 31 July 2015 £'000	Audited Year to 31 January 2016 £'000
Net cash used by/from operating activities	(278)	186	349
Taxation	-	201	201
Purchase of property, plant and equipment	(1)	(1)	(4)
Equity investments made	(3,479)	(2,160)	(5,209)
Net proceeds on sale of equity investments	8,672	-	80
Net sale / (purchase) of treasury investments	(1,391)	2,939	2,818
Net loans repaid by / (granted to) investee companies	207	535	2,905
Net financial income / (expenses)	3	4	6
Dividends paid	(1,000)	(802)	(802)
Payments made to repurchase company shares	(9)	-	(57)
Increase in cash in the period	2,724	902	287
FX movement	(1)	(12)	(4)
Cash at beginning of period	1,814	1,531	1,531
Cash and cash equivalents at period end	4,537	2,421	1,814

Key Shareholders at 31 July 2016

DIRECTORS

- Brian Marsh OBE - 57.4%
- B.P. Marsh Management Limited – 4.86%*
- Daniel Topping – 0.12%
- Campbell Scoones } Less than 0.1% each
- Pankaj Lakhani }

* The Executive Directors hold the following beneficial joint interests in Ordinary Shares, held together with BP Marsh Management Limited (“BPMM” a company wholly owned by Brian Marsh) upon and subject to the terms of joint ownership agreements respectively entered into between the individual director, the Company and BPMM

Directors	Ordinary Shares held under JSOP	Ordinary Shares held under Share Incentive Plan
Alice Foulk	127,901	8,120
Dan Topping	355,283	8,120
Jon Newman	355,283	8,120
Millie Kenyon	241,592	8,120

MAJOR SHAREHOLDERS (>3%)

- IS Partners AG / Helium Special Situations Fund – 6.31%
- James Sharp & Co – 4.88%

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