



**B . P . M A R S H**  
& P A R T N E R S P L C

# Shares Investor Evening Webinar

8<sup>th</sup> September 2021

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**Dan Topping**, Chief Investment Officer  
**Jon Newman**, Group Finance Director

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# Introduction to B.P. Marsh

## Who we are

B.P. Marsh is a specialist private equity investor in early stage financial services businesses, which are based in the UK and internationally.

## Team

We are a complementary team of highly experienced leaders in the financial services industry, with deep sector knowledge acquired over several decades.

## Longevity

B.P. Marsh has been investing since 1990 and has since invested in 53 companies.

We have 17 geographically diverse investments in our current portfolio.

## Investment Strategy

We take a long term view, with an average holding period of

**5.7 years**

Making an initial investment of up to

**£5m**

for minority equity positions (20-40% shareholdings)



# B.P. Marsh & Partners PLC Board

**Brian Marsh**  
Executive Chairman  
55+ years of experience



- Founded B.P. Marsh in 1989
- Previously Chairman and major shareholder of the Nelson Hurst & Marsh Group
- Bought and sold many financial services businesses throughout distinguished career

**Alice Foulk**  
Managing Director  
10+ years of experience



- Joined B.P. Marsh in 2011, appointed Managing Director in 2016
- Central to the management of B.P. Marsh, ensuring objectives and goals are achieved

**Dan Topping**  
Chief Investment Officer  
15+ years of experience



- Joined B.P. Marsh in 2007 and appointed Chief Investment Officer in 2016
- Responsibility for the investment strategy at B.P. Marsh; sourcing structuring, developing, supporting and monitoring the Portfolio

**Jon Newman**  
Group Finance Director  
20+ years of experience



- Joined B.P. Marsh in 1999 and appointed Group Finance Director in 2003
- Oversees all financial activities at B.P. Marsh, alongside assisting with the financial strategy across the Portfolio of Investments

**Pankaj Lakhani**  
Non-Executive Director  
40+ years of experience



- Worked for several Lloyd's insurance broking and underwriting firms
- Finance Director at Victor O. Schinnerer & Co Ltd (trading as Admiral/Encon Underwriting Agencies)
- Joined B.P. Marsh as an NED in 2015

**Nick Carter**  
Non-Executive Director  
50+ years of experience



- Held variety of senior management positions at Nelson Hurst & Marsh Limited, Citicorp Insurance Brokers
- Consultant at both Alexander Forbes Pty. Ltd and Prime Professions Ltd
- Joined B.P. Marsh as an NED in 2019

Highly experienced and respected senior team, with deep industry knowledge across the financial services industry

c.30 years' average experience

# B.P. Marsh & Company Limited Board



**Brian Marsh**  
Executive Chairman  
55+ years of experience

- Founded B.P. Marsh in 1989
- Previously Chairman and major shareholder of the Nelson Hurst & Marsh Group
- Bought and sold many financial services businesses throughout distinguished career



**Alice Foulk**  
Managing Director  
10+ years of experience

- Joined B.P. Marsh in 2011, appointed Managing Director in 2016
- Central to the management of B.P. Marsh, ensuring objectives and goals are achieved

c.15 years  
average tenure



**Dan Topping**  
Chief Investment Officer  
15+ years of experience

- Joined B.P. Marsh in 2007 and appointed Chief Investment Officer in 2016
- Responsibility for the investment strategy at B.P. Marsh; sourcing structuring, developing, supporting and monitoring the Portfolio



**Abi Barber**  
Investment Director  
8+ years of experience

- Joined B.P. Marsh in 2013 and became Investment Director in 2019, with a seat on the B.P. Marsh & Company Board
- Focus on investments in Australia, as well as Lilley Plummer Risks, Fiducia and XPT, working for the CIO



**Oliver Bogue**  
Investment Director  
10+ years of experience

- Joined B.P. Marsh in 2011, as assistant to the Group Company Secretary
- Appointed Investment Director in 2016, working for the CIO, joining the B.P. Marsh & Company Board



**Jon Newman**  
Group Finance Director  
20+ years of experience

- Joined B.P. Marsh in 1999 and appointed Group Finance Director in 2003
- Oversees all financial activities at B.P. Marsh, alongside assisting with the financial strategy across the Portfolio of Investments



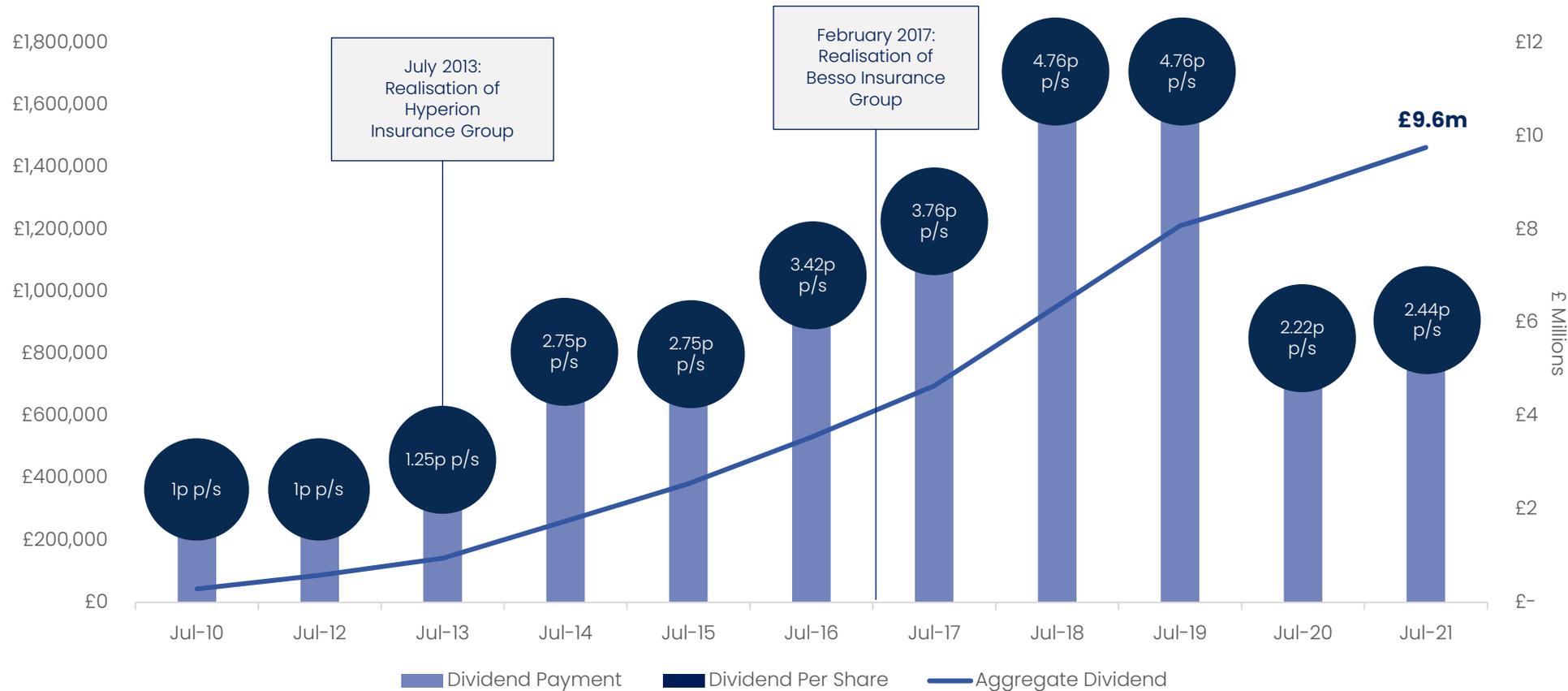
**Francesca Lowley**  
Group Management Accountant  
8+ years of experience

- Joined B.P. Marsh in 2013 and became Group Management Accountant in 2019, joining the B.P. Marsh & Company Board
- Produces Group Management Accounts alongside assisting in the routine running of the Finance department

c.18 years  
average experience

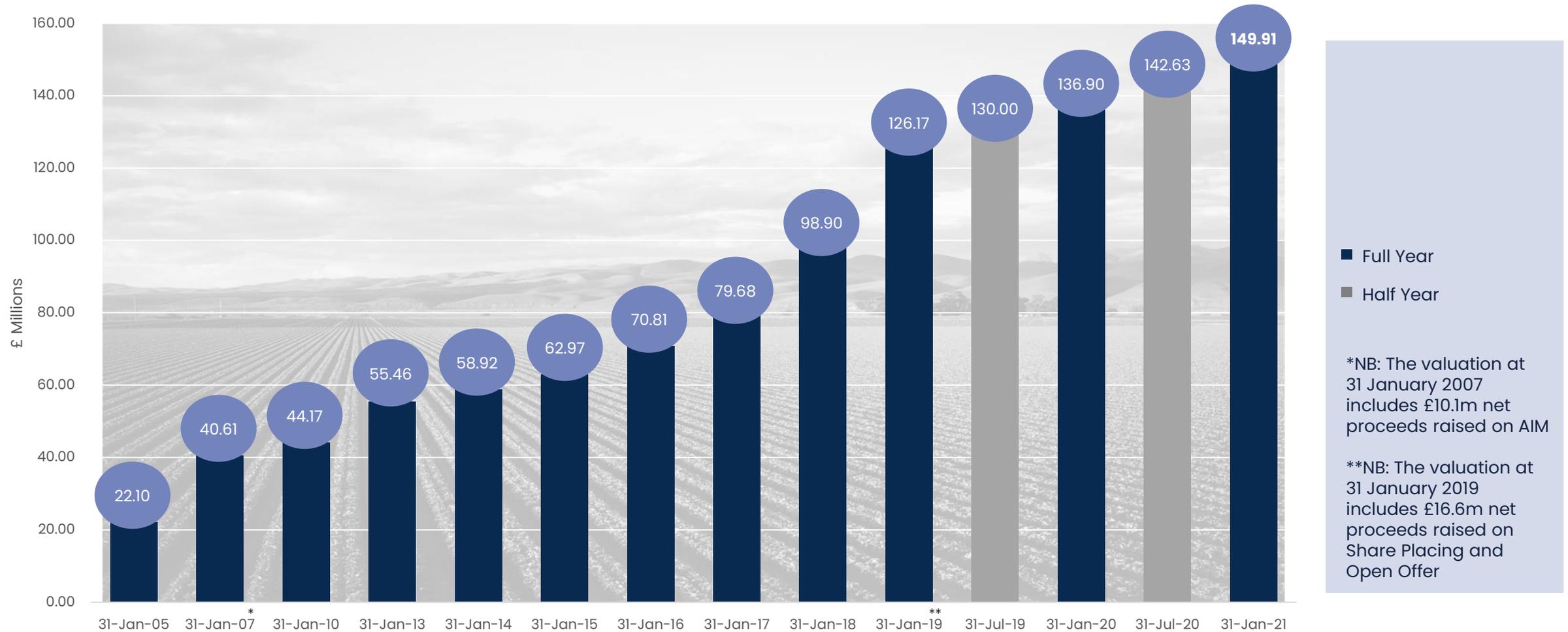
# Dividends

The Group's historic distribution payments are shown below. Aggregate dividend per share of **30.1p** paid since flotation, being **21.5%** of the flotation price



- Aggregate dividend of **£0.9m**, paid in July 2021, representing **100%** of the realised underlying profit for the year to 31 January 2021
- The Board aims to strike a balance between rewarding shareholders with distributions from realisations and reinvesting cash to deliver long-term capital growth
- The Board is committed to paying further dividends following significant cash realisations of investments at a time when these create optimal value for shareholders

# Performance: Net Asset Value (NAV)



## Investment criteria

- B.P. Marsh invests up to £5m in equity and debt funding for a minority position (typically 20-40%) in early-stage investments in Financial Services intermediaries, with a particular focus on Insurance intermediaries
- Taking a flexible approach to investment translates into B.P. Marsh operating in a niche segment where funding is otherwise difficult to obtain
- We seek out ambitious entrepreneurial management teams who are specialists in their field
- We back teams with strong, demonstrable business plans, solid value propositions and potential for considerable growth
- We consider investment opportunities based in the UK and internationally

## Exit strategy

- B.P. Marsh takes a long-term, flexible view when it comes to exiting
- We don't set any exit criteria at the time of investment
- Our aim is to exit via a mutually-agreed route, in the best interest of all stakeholders, so as to maximise returns
- We advocate patient development to achieve full earning potential
- Our average hold period is 5.7 years, but our long-term approach means we own some firms for much longer, like Hyperion and Besso, which we held for over 20 years

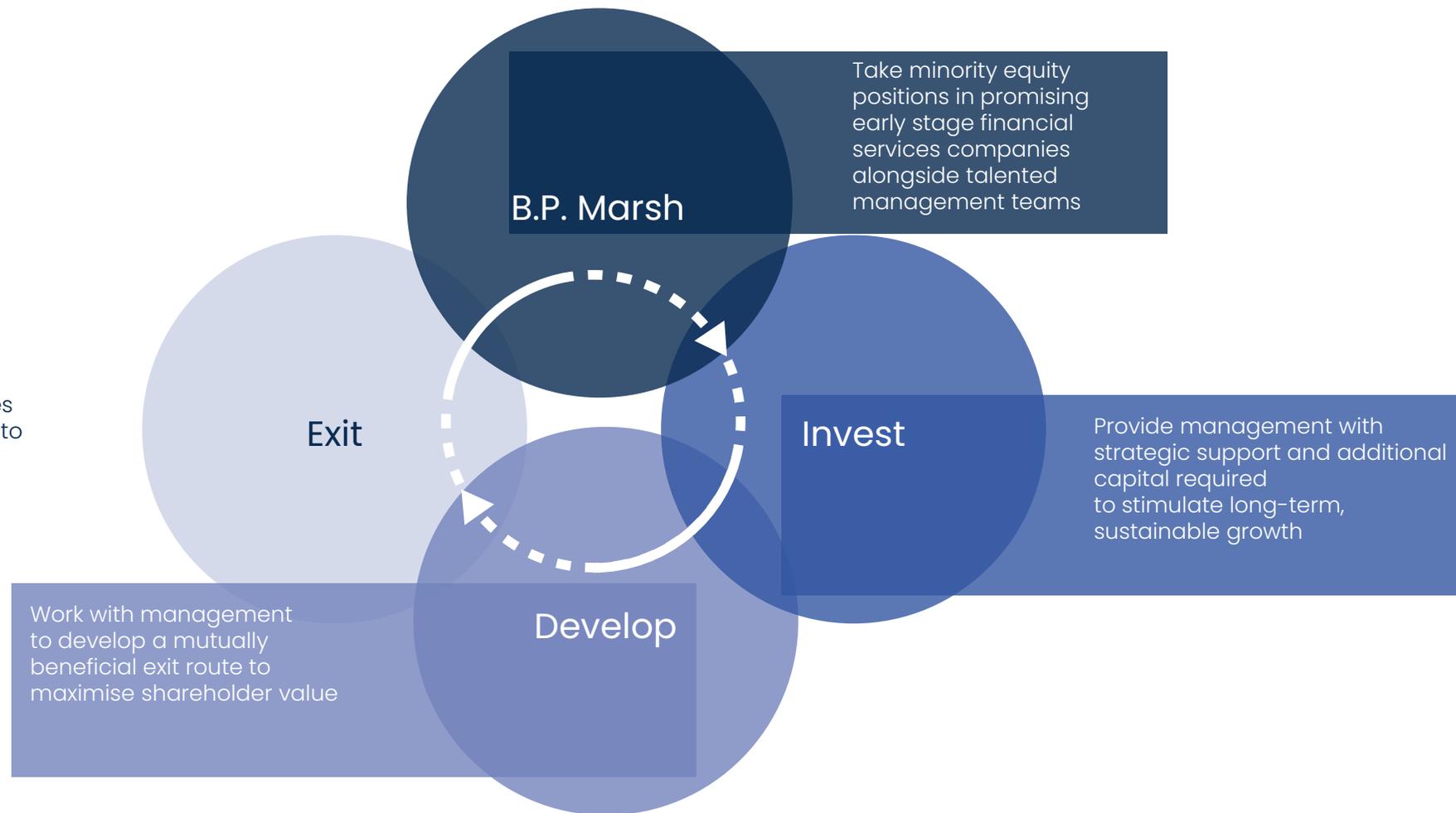
## Robust dealflow

- Strong current pipeline of new investment opportunities in insurance, wealth management and wider financial services
- Solid network of industry contacts, and continually developing new industry relationships to produce flow of new business opportunities
- Continued demand from the private equity market for financial services and intermediary deals, providing both investment and exit opportunities

# Value Creation and Growth Strategy

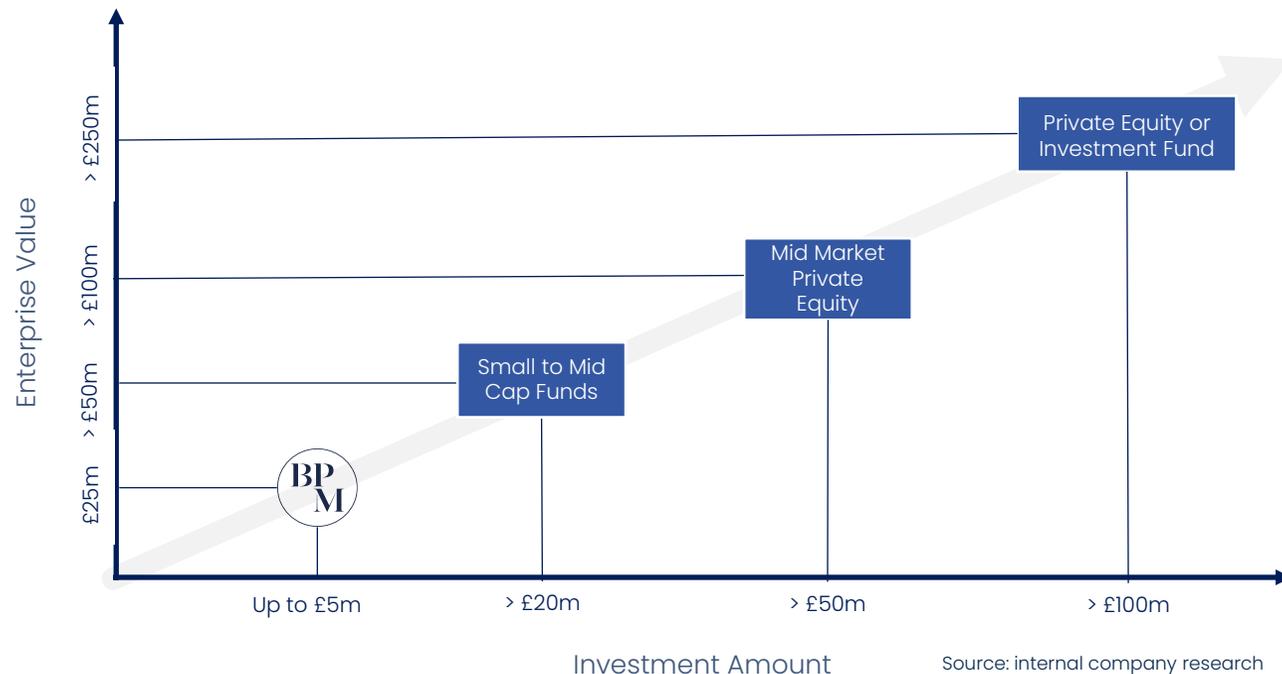
## Value creation drivers:

- We aspire to be the early stage capital provider of choice to the financial services sector
- Through applying our sector expertise we are able to source long-term investment opportunities both in the UK and internationally which have historically provided good returns for investors
- For over 30 years we have built a strong track record helping our partner businesses develop before exiting at a time that aims to deliver maximum value for shareholders



# Bridging the Gap

- The Group is a specialist in providing early-stage finance, investing in businesses with an **Enterprise Value of between zero and c. £25m**
- The Group's primary competitors typically would require an **Enterprise Value of at least £50m** before an opportunity becomes of interest
- The Group is able to tailor its investment model to suit each opportunity, offering funding to businesses **who fall outside the criteria of traditional Private Equity houses**
- Opportunities come from specialists in their own field looking to go it alone, management teams looking to engineer a buy-out or existing businesses looking for growth capital
- Investing in businesses at this value stage can be **high risk**, however, the **valuation multiples used are often lower**, meaning the Group often can secure an advantageous price, whilst also providing the investment capital required
- With the support of the Group, these businesses can develop over time **achieving considerable growth in value**
- These investments then likely attract the interest of **mid-market private equity houses**, with the intention they will be sold through competitive run processes
- The Group see this investment approach as **'Bridging the Gap'**



# Overview – Managing General Agencies (MGAs)

- B.P. Marsh’s MGAs are budgeting to produce GWP **of over £765m** in 2021, in the aggregate
- This will produce **over £77m** of commission income and EBITDA of **over £27m** in 2021
- These MGAs focus on profitable underwriting, in a market where access to insurer capital is restricted
- All our investments maintain the continued support of the insurer partners for 2021 into 2022

MGAs	Date of Investment	Jurisdiction	Equity % at 31 January 2021	Valuation at 31 January 2021	Cost of Investment	% of NAV
Nexus	Aug-14	UK	17.51%	£40,906,000	£11,126,554	27.3%
XPT	Jun-17	USA	29.80%	£12,812,000	£7,330,052	8.5%
ATC	Jul-18	Australia	20.00%	£6,846,000	£2,865,523	4.6%
SSRU	Jan-17	Canada	30.00%	£5,671,000	£19	3.8%
MB	Dec-13	Australia	40.00%	£3,237,000	£479,707	2.2%
Fiducia	Nov-16	UK	35.18%	£3,313,000	£227,909	2.2%
Sterling	Jun-13	Australia	19.70%	£2,749,000	£1,945,411	1.8%
Walsingham	Dec-13	UK	40.50%	£2,247,000	£600,002	1.5%
Ag Guard	Jul-19	Australia	41.00%	£1,490,000	£1,465,071	1.0%
Sage	Jun-20	USA	30.00%	£1,207,000	£202,758	0.8%
<b>Total</b>	-	-	-	<b>£80,478,000</b>	<b>£26,243,006</b>	<b>53.7%</b>

# Overview – Broking & IFA Investments

- Since inception, much of B.P. Marsh's growth has been underpinned by a successful track record of investing in Brokers, both in the Lloyd's and London market, as well as internationally
- Our Broking investments are, in the aggregate, budgeting to place **over £635m** of GWP in 2021
- This will produce **over £40m** of commission income and EBITDA of over **£8m** in 2021, accessing specialty markets around the world
- The majority of our broking investments are relatively recent, having occurred over the past five years; we are now seeing strong returns from a number of these investments and expect them to develop further as part of our long-term investment strategy
- B.P. Marsh currently has one non-insurance investment, the Independent Financial Advisory **LEBC**, with Assets Under Advice of over **£4bn**

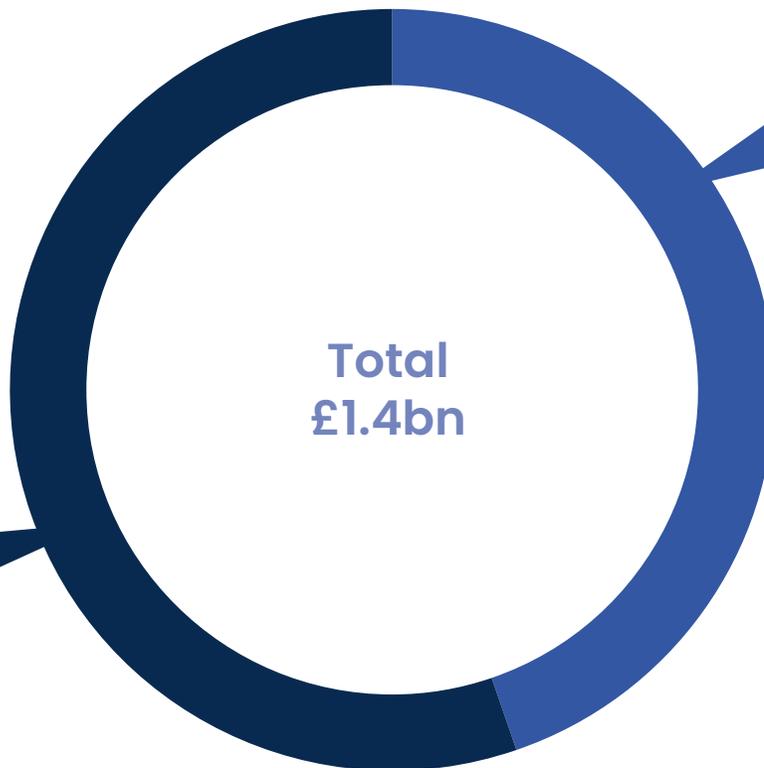
Brokers	Date of Investment	Jurisdiction	Equity % at 31 January 2021	Valuation at 31 January 2021	Cost of Investment	% of NAV
CBC	Feb-17	UK	49.16%	£8,616,000	£663,500	5.7%
Summa	Jan-05	Spain	77.25%	£7,435,000	£6,096,143	5.0%
EC3	Dec-17	UK	35.00%	£6,500,000	£6,500,000	4.3%
Lilley Plummer Risks	Oct-19	UK	30.00%	£2,304,000	£1,008,242	1.5%
Asia Reinsurance Brokers	Apr-16	Singapore	25.00%	£545,000	£1,551,084	0.4%
Mark Edward Partners	Oct-17	USA	30.00%	£0	£4,572,822	0.0%
<b>Total</b>	-	-	-	<b>£25,400,000</b>	<b>£20,391,791</b>	<b>16.9%</b>
IFA	Date of Investment	Jurisdiction	Equity % at 31 January 2021	Valuation at 31 January 2021	Cost of Investment	% of NAV
LEBC Holdings Limited	April-07	UK	59.3%	£25,000,000	£12,374,000	16.7%

# Insurance Intermediary Overview

B.P. Marsh’s insurance intermediary portfolio companies are budgeting to produce in aggregate **£1.4bn** (c. \$1.9bn) of Gross Written Premium (GWP) in 2021, an increase from £1.1bn (c. \$1.5bn) in 2020, of which:

The Group’s Managing General Agencies (MGAs) are budgeting to place **over £765m** of GWP, producing **over £77m** of commission income in 2021, across over 30 product areas, on behalf of more than 50 insurers

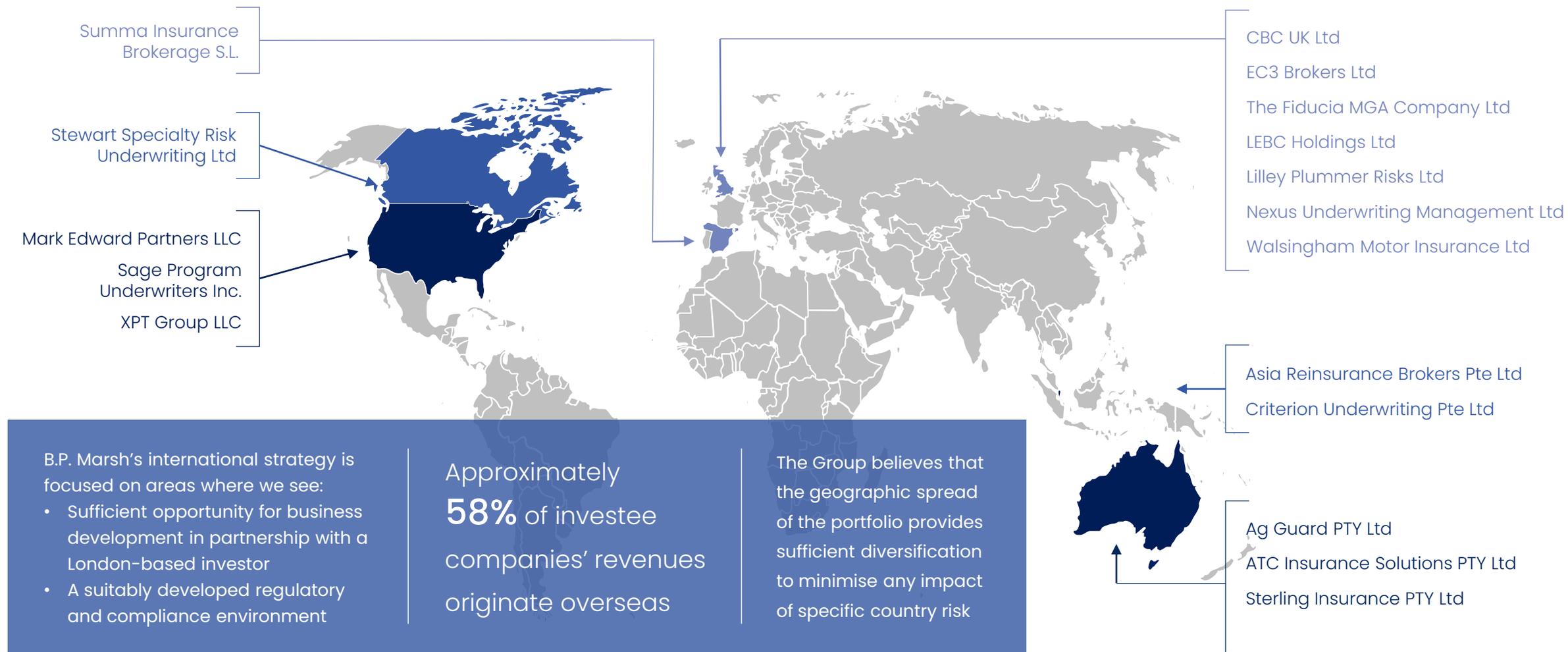
MGAs  
£765m  
55%



Brokers  
£635m  
45%

The Group’s Broking investments are budgeting to place **over £635m** of GWP, producing **over £40m** of commission income in 2021, accessing specialty markets around the world

# International Portfolio



B.P. Marsh's international strategy is focused on areas where we see:

- Sufficient opportunity for business development in partnership with a London-based investor
- A suitably developed regulatory and compliance environment

Approximately **58%** of investee companies' revenues originate overseas

The Group believes that the geographic spread of the portfolio provides sufficient diversification to minimise any impact of specific country risk



# Nexus Underwriting Management Limited (Nexus)

## CASE STUDY / CURRENT INVESTMENT

B.P. Marsh's valuation has increased from **£1.6m** in 2014 (for a 5% shareholding) to **£40.9m** at as 31 January 2021 (for a shareholding of 17.5%)

During this period, B.P. Marsh invested a further **£9.5m**

To date the IRR to B.P. Marsh is **33%**, incl. loans

Since its initial investment, B.P. Marsh has provided Nexus with a **£4m** revolving credit facility as part of Nexus' wider debt fundraising exercise in order to undertake M&A activity

Alongside this Nexus secured a **£30m** loan facility from funds managed by HPS Investment Partners LLC

On investment: 5% Shareholding valued at **£1.6m**

1.5% Shareholding valued at **£6.0m**

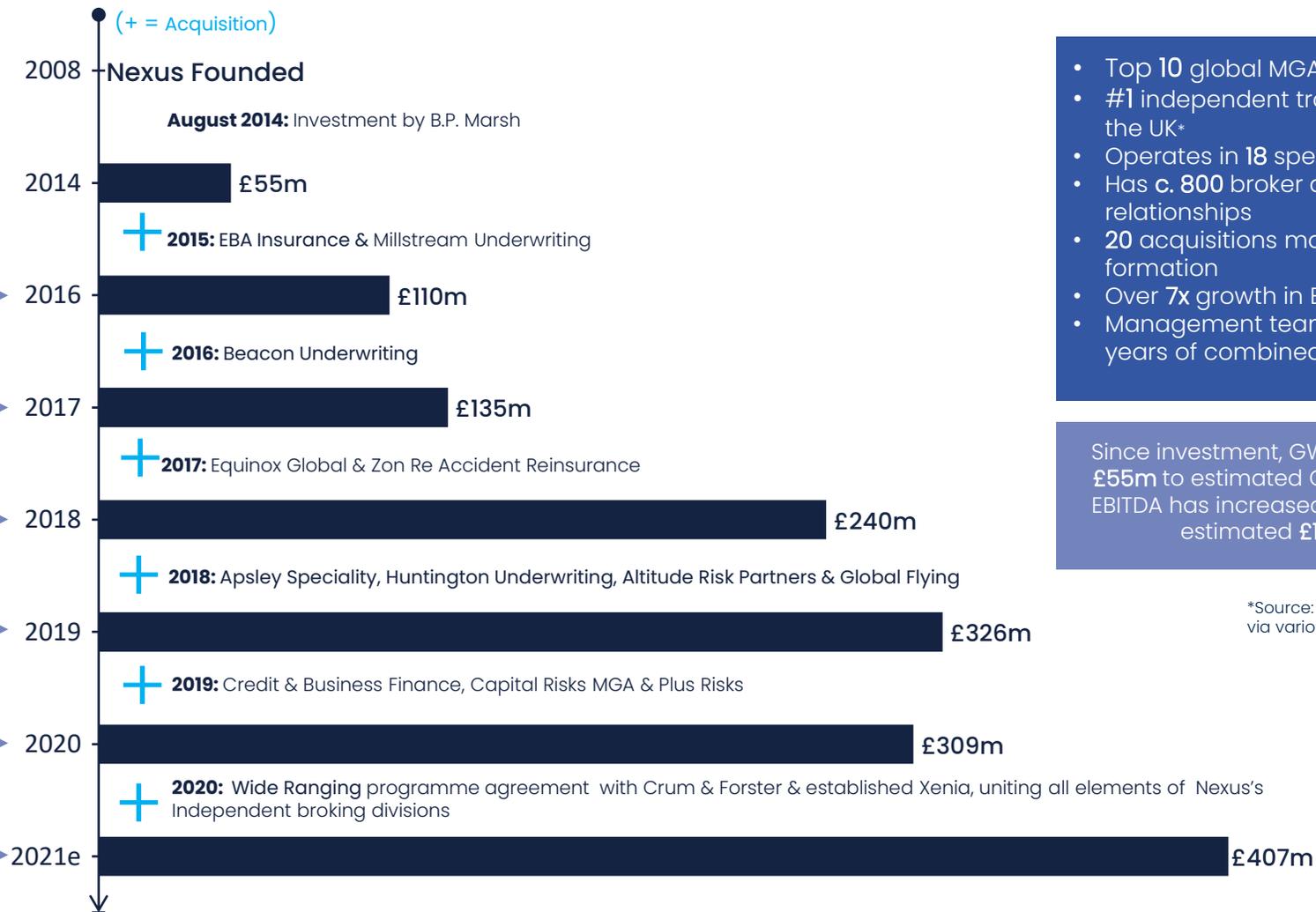
18.6% Shareholding valued at **£13.9m**

17.6% Shareholding valued at **£20.5m**

18.1% Shareholding valued at **£30.1m**

18.1% Shareholding valued at **£40m**

17.5% Shareholding valued at **£40.9m**



- Top 10 global MGA\*
- #1 independent trade credit broker in the UK\*
- Operates in 18 speciality classes
- Has c. 800 broker and c. 40 carrier relationships
- 20 acquisitions made since formation
- Over 7x growth in EBITDA since 2014
- Management team with over 200+ years of combined experience

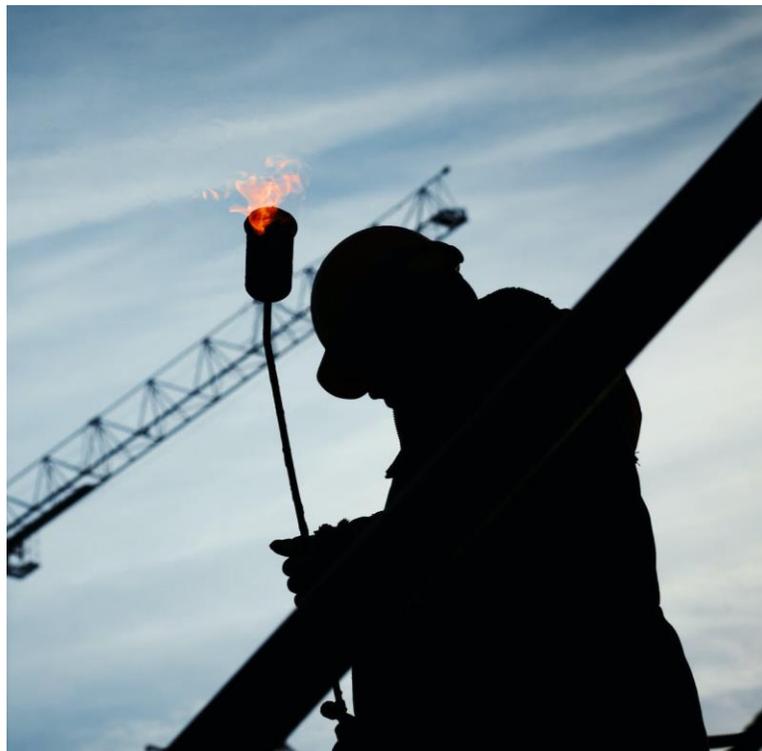
Since investment, GWP has grown from **£55m** to estimated GWP of **£407m** and EBITDA has increased from **£2.6m** to an estimated **£19m** in 2021

\*Source: Nexus internal information via various insurance publications



# Stewart Specialty Risk Underwriting (SSRU)

## CASE STUDY / CURRENT INVESTMENT

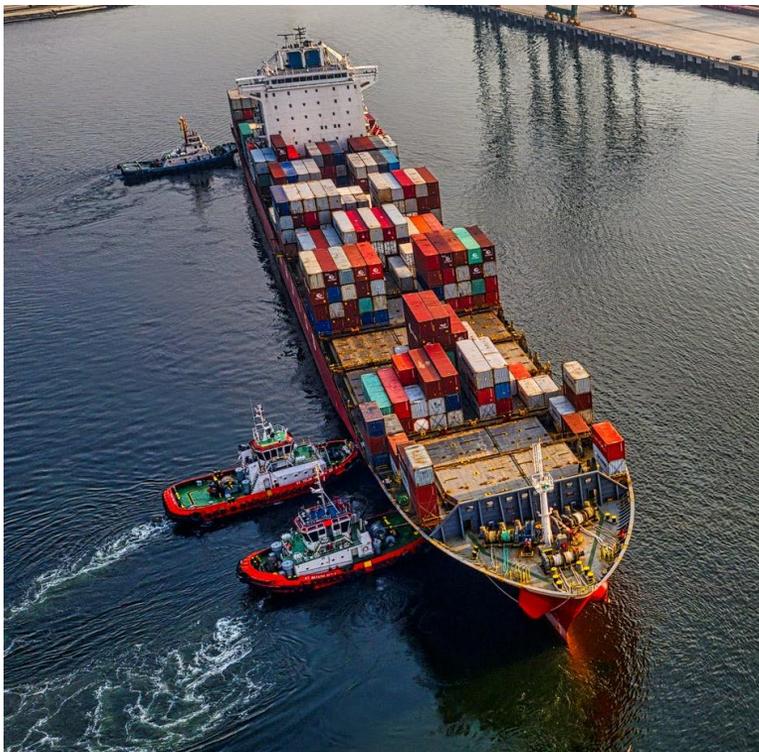


- SSRU was a start-up managing general agent (MGA) investment, specialising in the energy and construction space in Canada, which launched in January 2017
- B.P. Marsh provided a loan facility of **£275,000 (c. CA\$450,000)** and took an equity shareholding of **30%** at a nominal value of **£19 (CA\$30)**
- Since launch, SSRU's GWP has grown to **£19m (c. CA\$33m)** in 2020 and is looking to produce **£31.6m (c. CA\$55m)** in GWP in 2021
- The progress has been achieved via organic growth across its existing commercial casualty book and establishing a property division
- This has allowed SSRU to achieve the initial goals set out in its business plan, to become a 'one stop shop' for insurance services to the Canadian P&C market specialising in the Natural Resources, Manufacturing and Construction sectors
- EBITDA has grown to **£2.2m (c. CA\$3.7m)** for **2020**, and is currently budgeting to see substantial growth in 2021
- B.P. Marsh's current shareholding in SSRU is valued at **£5.6m** as at 31 January 2021
- As at 31<sup>st</sup> January 2021 the IRR to B.P. Marsh is **142%**, incl. loans



# Lilley Plummer Risks Limited (LPR)

## CASE STUDY / CURRENT INVESTMENT



- B.P. Marsh invested in the newly-formed Lloyd's broker LPR in **October 2019**, taking a **30%** shareholding for a cash consideration of **£1m**
- Whilst LPR was established to be a marine Lloyd's broker, the business has quickly expanded its product offering into a number of niche and diverse areas across several geographic locations
- As part of these expansion plans, LPR has made many new hires, adding significant experience and capabilities to its management team
- Since investment, LPR has performed well, achieving revenues of **c. £1.5m** in its first 15-month period of operations. This positive performance has continued into LPR's current financial year
- In **September 2020**, LPR established a broker in Cyprus called **LPR Insurance Brokers**, which received Lloyd's of London approval on **30 April 2021**
- B.P. Marsh's current shareholding in LPR is valued at **£2.3m** as at 31 January 2021
- As at 31<sup>st</sup> January 2021 the IRR to B.P. Marsh is **103%**, incl. loans



**LILLEY PLUMMER RISKS**  
LIMITED

# XPT Group LLC (XPT)



## CASE STUDY / CURRENT INVESTMENT



- B.P. Marsh was a founding investor in XPT in June 2017, providing **\$6m** for an initial shareholding of **35%**.
- Since this investment, XPT has made **eight acquisitions**, including **three** recently, being:-
  - International Property & Casualty Brokers of Nevada – an excess and surplus lines General Agency
  - Houston Surplus Lines – an excess and surplus lines General Agency
  - LP Risks – an MGA and surplus lines broker
- XPT has also launched an MGA platform called **Platinum Speciality Underwriting**, which focuses on developing MGAs in a number of niche product areas, such as Trucking liability and Bars & Taverns programmes
- Since the Group's investment in XPT, GWP has grown and in 2021 will control premium in excess of **£250m (\$350m)**
- Moving into 2021 and beyond, XPT is well-positioned in the market to continue its expansion plans, both via organic growth and further acquisitions
- B.P. Marsh's current shareholding in XPT is valued at **£12.8m** as at 31 January 2021
- As at 31<sup>st</sup> January 2021 the IRR to B.P. Marsh is **35%**, incl. loans

xpt

# MB Prestige Holdings PTY Limited (MB)

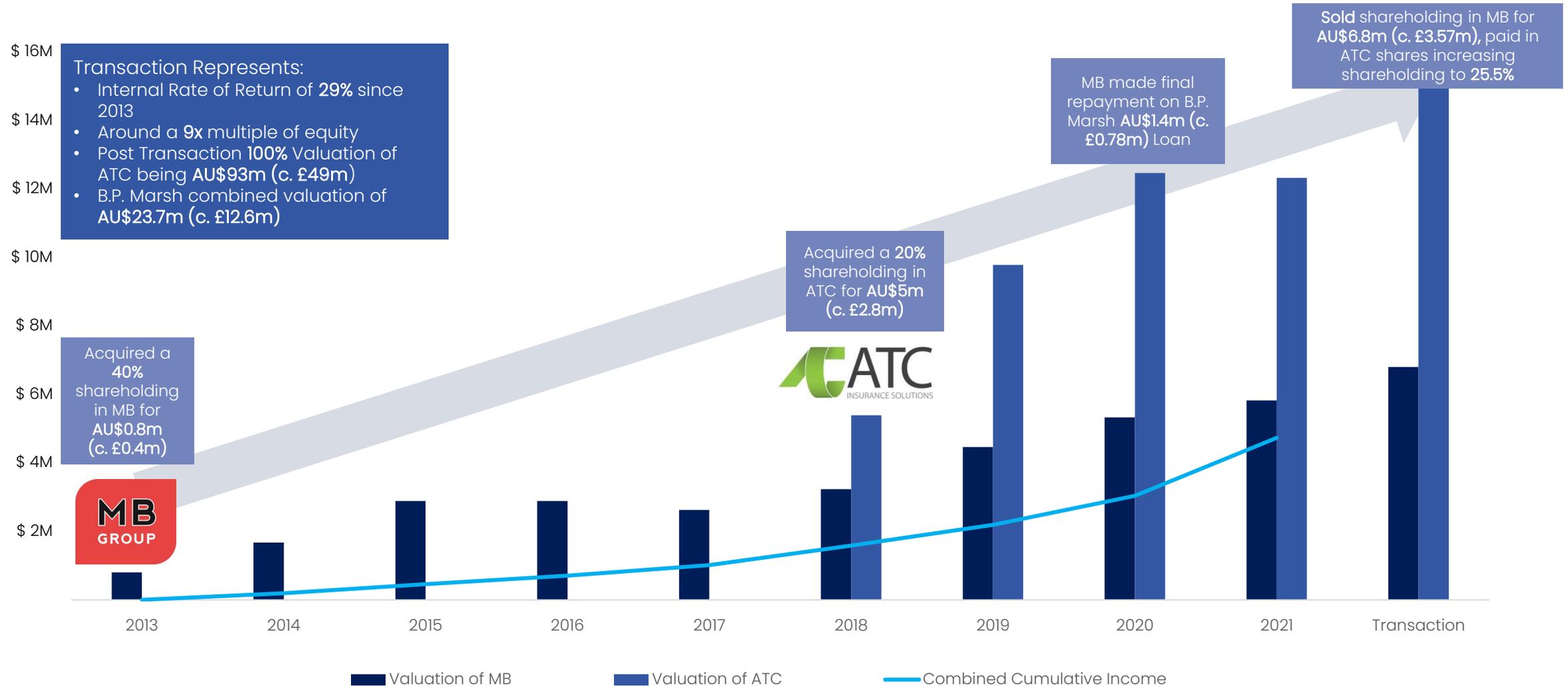
## CASE STUDY / REALISATION



- In August 2021, MB was acquired by ATC Insurance Solutions PTY Limited (“ATC”), the Melbourne headquartered MGA and Lloyd’s Coverholder, in which B.P. Marsh is also a shareholder
- B.P. Marsh partnered with MB’s Management team, back in 2013, to finance the management buy-out of another institutional shareholder, Australian Private Equity Firm, Ironbridge
- B.P. Marsh provided an equity investment of **AU\$0.8m (c. £0.4m)** for a **40%** equity position, alongside loan funding of **AU\$1.4m (c. £0.78m)**
- ATC paid **AU\$17m (c. £9m)** for **100%** of MB, with the consideration due to B.P. Marsh being **AU\$6.8m (c. £3.57m)**
- This price represented an uplift of **AU\$1.1m (c. £0.5m)** over B.P. Marsh’s most recent valuation of MB
- Post transaction valuation for both businesses of **AU\$93m (c. £49m)**, implying an increase of **AU\$5.8m (c. £3m)** over B.P. Marsh’s aggregated valuation of ATC and MB
- The consideration was paid in newly issued shares in ATC, which increases B.P. Marsh’s shareholding by **5.5% to 25.5%**
- The investment in MB produced a **29%** Internal Rate of Return since 2013 (inclusive of all income and fees)
- Transaction represents a c. **9x** multiple of equity invested
- Daniel McNamara, the Managing Director of MB, also received his consideration in ATC shares and will join the management team at ATC
- Combination of MB and ATC is transformational for both businesses, creating one of the largest independent underwriting agencies in Australia, handling gross written premium of circa **AU\$125m (c. £66m)**, and unadjusted EBITDA of over **AU\$6m (c. £3m)**

# MB Prestige Holdings PTY Limited (MB) – continued

## CASE STUDY / REALISATION



# Besso Insurance Group Limited (Besso)



## CASE STUDY / REALISATION



- B.P. Marsh was Instrumental in co-founding and funding the modern guise of Besso in **1995**, assisting a specialist team who wished to depart from insurance broker Jardine Lloyd Thompson, now part of the Marsh McLennan Group
- B.P. Marsh provided an initial equity investment of **£460,000**, with a further net equity investment of **£2.8m** provided during its investment span, which lasted two decades
- BGC Partners acquired **100%** of B.P. Marsh's equity in Besso for **£22m** in February **2017**,
- This denoted an enterprise valuation (EV) of approximately **£70.5m**
- The EV represented an increase of **c. 58%** on B.P. Marsh's valuation when the offer was made, being **£13.9m**
- The investment in Besso produced a **21.90%** Internal Rate of Return since 1995, (inclusive of all income and fees)
- During B.P. Marsh's investment, Besso's revenue grew from **£2.3m** in **1995** to **£44.6m** at the time of exit



# Howden Group Holdings Limited (Howden)

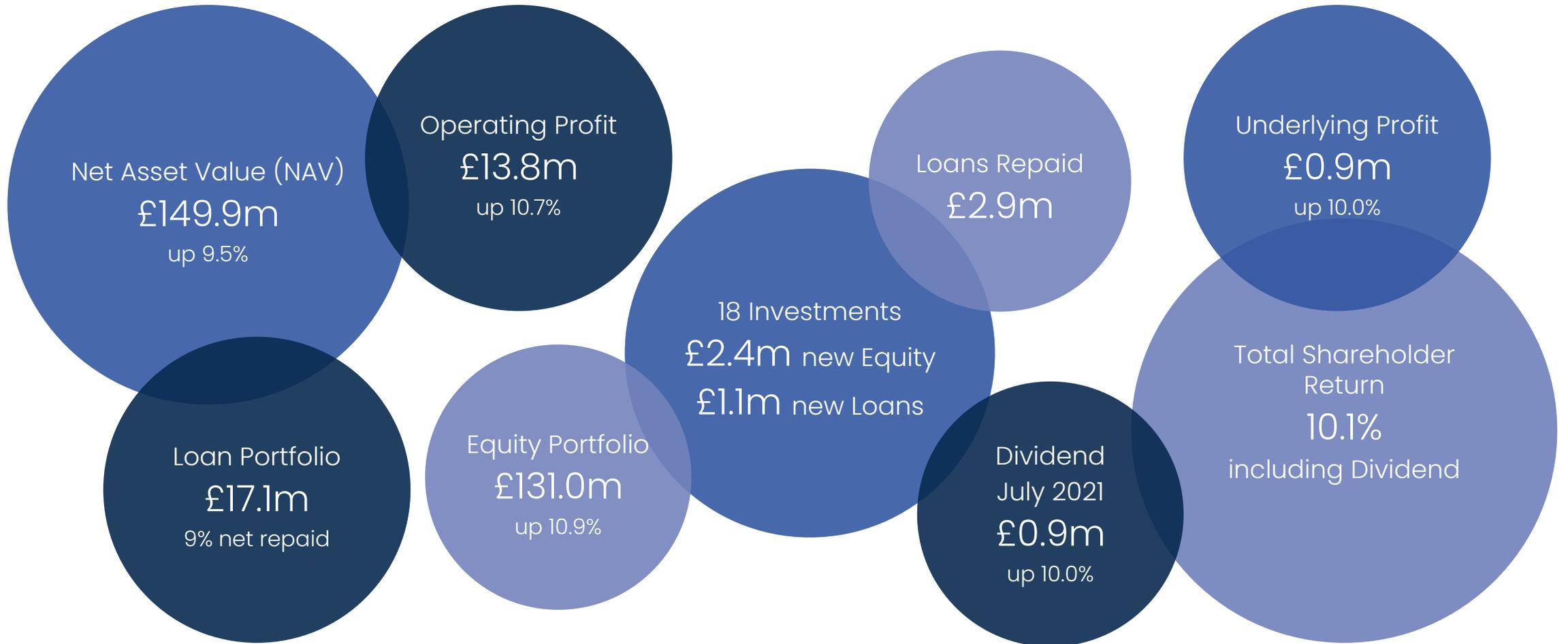
## CASE STUDY / REALISATION



Howden Group  
Holdings

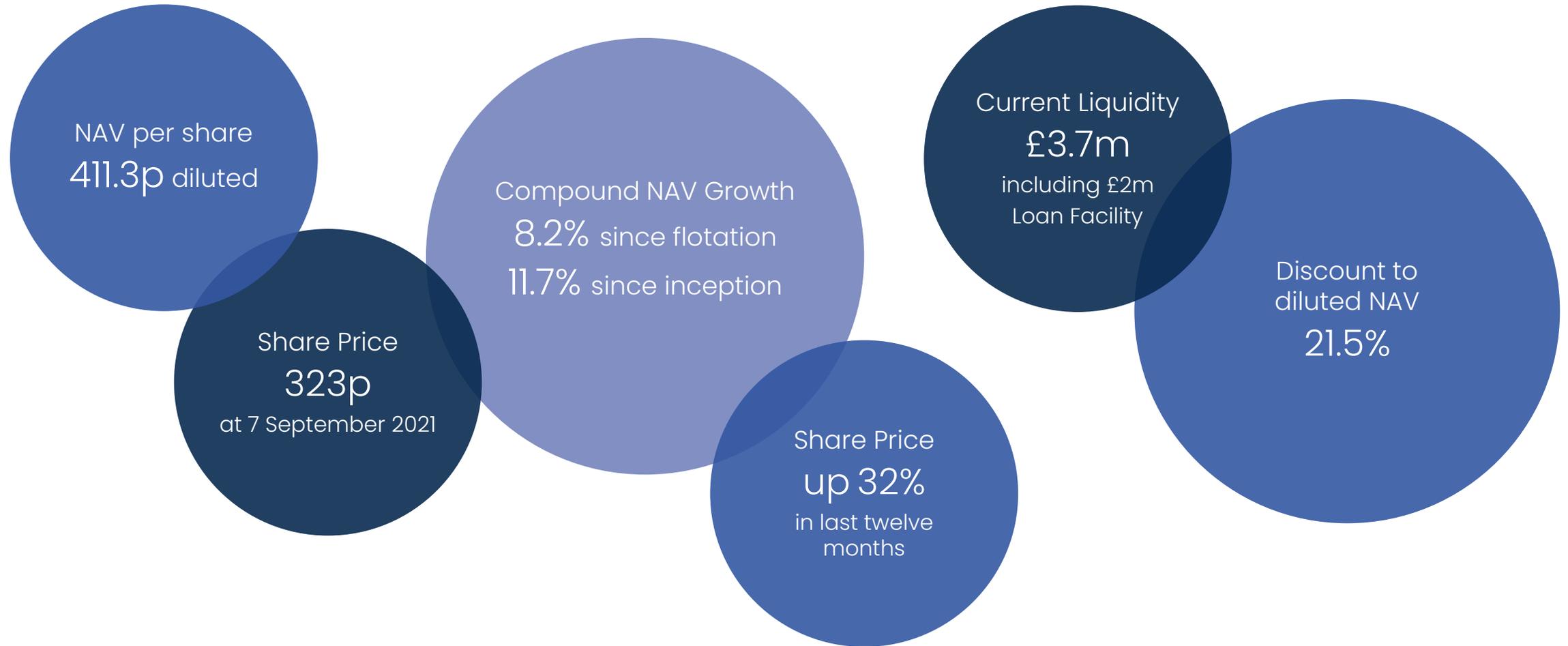
- B.P. Marsh was instrumental in co-founding and funding Howden in **1994**, with an initial equity investment of **£25,000** and a further equity investment of **£4.3m** over the period of investment
- In July 2013, B.P. Marsh agreed to sell its holding in Howden to General Atlantic for a cash consideration of **£36.5m**
- The investment in Howden produced a **25.56% IRR** since **1994**, (inclusive of all income and fees)
- B.P. Marsh oversaw Howden's growth through a longstanding partnership and provision of working capital finance
- B.P. Marsh spearheaded the process which led to the private equity firm 3i Group PLC joining as a fellow investor in **2008**
- Since inception Howden had grown from **5** staff to over **3,000**, producing revenue of **£299m** at exit.
- Howden now produces revenue of approaching **£1bn**, managing premiums of more than **£10bn**

# Key Financial Highlights – Year to 31st January 2021



## Key Financial Highlights – continued

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Historic Growth in  
Net Asset Value

Experienced  
Management Team

Discount to  
Net Asset Value

Dividend Policy

Access to Specialist  
Investment Portfolio

Long-term  
Growth Potential