



Howden Group Holdings announces 2021 full year results

~ Howden Group delivers record organic growth of 19% and a transformational year for acquisitions ~

20 January 2022 - Howden Group Holdings (“Howden Group” or the “Group”), a leading international insurance group, today announces its financial results for the year ended 30 September 2021.

KEY HIGHLIGHTS

- **Excellent financial performance:** anchored by record organic growth of 19% (FY20: 6%), a 48% increase in revenue to £1,148m (FY20: £777m), and a 50% increase in EBITDA to £335m (FY20: £223m)
- **Transformational year for strategic acquisitions:** A-Plan (UK), completing Align Financial Holdings (US) and signing Aston Lark (post period end), strengthening the Group’s international footprint and transforming the UK broker platform; pro forma for Aston Lark, revenue is £1.4bn and EBITDA is £440m
- **Attracted and empowered leading entrepreneurial talent:** beyond M&A, nearly 1,500 people have joined Howden Group globally, taking total number of employees to 10,500¹, building on the unique culture and opportunities for people, partners and clients. The number of employee shareholders has risen to 2,000
- **Enhanced long-term capital model and position:** welcomed Hg Capital through an initial £500m investment alongside long-term investors General Atlantic and CDPO, with all committing to a further £300m to support the acquisition of Aston Lark. The group also successfully accessed debt markets competitively whilst remaining conservatively leveraged at 4.1X EBITDA. Over £3bn of equity and debt was raised during 2021
- **Delivering client solutions in response to climate change:** launched a new Climate Risk and Resilience division, worked alongside the Danish Red Cross to bring to market the world’s first volcano cat bond and spearheaded new ESG products
- **Continued investment in data and analytics:** further accelerated the digitisation of processes and distribution through the launch of NOVA and success of Rethink - for the benefit of clients, insurers and brokers

David Howden, CEO, Howden Group commented:

“This financial year has been characterised by signing some of the largest and most transformational acquisitions in our history: Align Financial Holdings in the US cemented DUAL’s position as the only MGA group operating across 19 countries with a diverse product spread and over \$2bn GWP.

“28 years after we were founded in the UK, our patient, long-term approach to wait for the right partners to build out the business in our home market has paid off. Joining with A-Plan and Aston Lark will take us to a leading position in the UK broker market.

“From early days we were committed to Continental Europe, opening our first office in Spain just 5 years after we launched the Group. Today, we have offices in 16 countries and act for 32% of the CAC, 37% of the DAX and 63% of the Eurostoxx, and this year we have deepened our foundations with start-up operations, strategic acquisitions and by attracting significant talent right across the region. We are well positioned to replicate our leading position in the UK across Continental Europe, making us the strongest European broker.

“Last year we also announced the strategic expansion of our reinsurance business into treaty as we look to build the credible challenger in reinsurance broking as we have done in insurance broking.

¹ Pro forma for acquisitions completed after year end



“Furthermore, our ambitions have always been to build a truly international business and we already operate from 45 countries. This international reach, along with our entrepreneurial model, has enabled us to attract over the last 24 months more than 500 senior individuals, from Sydney to Seville, who want to come and be empowered to build their careers and a business together.

“It is this ability to attract, develop and empower talent that is the real driving force of our results this year, and the bed rock of our long-term organic performance demonstrated by record organic growth of 19%. It shows that our people are delivering expertise, innovation and service in existing and new markets, which is why clients are choosing us.

“Clients are also choosing us because of our commitment to invest in innovation, data and technology. This means better results for clients, insurers and broker partners as the cost of the transaction is reduced and the use of the Group’s data enables better access to capacity.

“Our people continue to develop standout risk solutions to meet the growing needs of our diversifying and global client base and I am particularly proud of how we are helping clients respond to climate change risks. We have done this through world-first products, a dedicated Climate Risk and Resilience division and a new capital markets advisory service.

“Alongside our now 2,000+ employee shareholders, Hg Capital joined General Atlantic and CDPQ as a third minority investor and all three have made long term capital commitments. We have also used our ability to access debt markets at highly competitive prices, whilst maintaining a conservative senior leverage level. In total we have raised £3bn of equity and debt funding this year to invest in our growth ambitions. Together, we are building a business for the future to become the credible alternative of scale for clients and a magnet for industry talent in all of our markets.

“At Howden Group, we are industrialists with a highly rated, sustainable business supported by a unique capital model and culture ideally placed to service our clients, people, partners and markets for the long-term. As such, we look forward to 2022 and beyond with great excitement.”

FINANCIAL HIGHLIGHTS

- Revenue of £1,148m, an increase of 48%
- Adjusted consolidated EBITDA of £335m
- Organic growth of 19%
- EBITDA margin of 29%
- Pro forma for Aston Lark revenue is £1.4bn and EBITDA £440m, an increase of close to 100% on last year
- Balanced geographical business model demonstrated by revenue split: 31% UK, 25% Europe, 19% North America, 4% Latin America, 14% Asia Pacific, and 7% TMEA (Turkey, the Middle East and Africa).



GROUP HIGHLIGHTS

The Group operates across 45 territories around the world and both Howden and DUAL have expanded their respective footprints this year through acquisitions, start-up operations and talent as we continue to execute on our vision to adopt leading positions in our chosen markets to better service our clients.

Howden

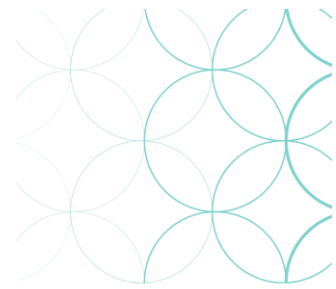
- Successful integration of leading high street broker A-Plan and acquisition of Aston Lark, enables Howden to offer the broadest product offering in the UK, whilst cementing its position as the international challenger broker
- Deepened expertise and presence in new and existing markets, including Spain, Italy and Mexico and a start-up platform in Switzerland. Investments in Estonia, Belgium, Norway, the UK, Hong Kong and Bermuda were made post-period end
- Other international activity included the launch of a retail broking operation in Australia, New Zealand (post period end), Italy and the opening of an office in Reykjavik, Iceland.
- Howden had 1,300 people join this year, including senior hires in Europe and Asia Pacific and across product areas including Sustainability, Construction and Sports and Entertainment
- Howden Reinsurance's focus on building its treaty business and offering a broader product offering is underpinned by new talent choosing to join the company
- Launch of NOVA, a first of its kind insurance business intelligence platform, enabling users to better understand the insurance market and its drivers and capitalise early on market opportunities

DUAL

- Largest acquisition to date in Align Financial Holdings cementing DUAL's position as a leading international MGA group with over \$2bn GWP, 1,000 employees, more than 80 capacity providers, and over 8,000 broker partners
- Significant investment in Latin America in Mexican MGA Dock Re and the launch of its own office in São Paulo, Brazil takes the number of territories where DUAL has a presence to 19
- Tamesis, DUAL's reinsurance division, received investment from the Group and a third party investor of \$84m. It is the first time the Group has underwritten capital commitment in support of DUAL
- The Group's data and analytics capability continues to support DUAL and the success of ReThink underlines the client benefits from early investment in this space. The ground-breaking algorithmic follow only MGA has already written over \$100m in its first year and in 2022 is targeting \$200m

CAPITAL MANAGEMENT

- Hg Capital joined General Atlantic and CDPQ as a third minority investor initially investing £500m, with all three investors committing to a further £300m to support the acquisition of Aston Lark
- £3bn of equity and debt funding raised during the period. Received strong support from debt markets across four financings and term improvements, with all significantly oversubscribed:
 - Raised £1.5bn of incremental senior debt at market leading pricing in Euros and USD and successfully accessed the second lien (£325m) and PIK markets (£390m) for the first time
 - Maintained a conservative senior leverage level of 4.1x



- Repriced existing facilities downwards and extended the maturities of the term debt to November 2027
- The Group's rating was re-affirmed as B2 Stable (Moody) and B Stable (S&P)

SUSTAINABILITY

As part of the Group's three pillared sustainability strategy, Howden has continued to lead the industry in its response to client solutions and the world's challenges including:

- Launching a dedicated Climate Risk and Resilience division to meet growing climate change challenges
- Seed-funding Parhelion, the world's first fully sustainable insurer
- Launching world-first products: a volcano catastrophe bond for the Danish Red Cross, and a carbon offset invalidation insurance product
- Becoming a member of HRH The Prince of Wales' Sustainable Markets Initiative Insurance Taskforce and a signatory to the related Terra Carta

OUTLOOK

- The Company's unique capital structure, sustainable business model, entrepreneurial talent, unrivalled underwriting and distribution expertise and footprint provides it with a position of great strength
- As the Group enters 2022 confident in its ability to serve clients against the backdrop of a hard market, the undeniable effects of climate change and the rise of cyber risks are but a few of the challenges the industry faces and must move quicker to address

ENDS

About Howden Group Holdings

Howden Group Holdings is a leading international insurance group with employee ownership at its heart. Founded in 1994, it comprises Howden Broking and underwriting business DUAL.

Howden Group Holdings' businesses operate in 45 countries across Europe, Africa, Asia, the Middle East, Latin America, the USA, Australia and New Zealand, employing over 10,500 people and handles over \$17bn of premium on behalf of clients.

For more information, please visit www.howdengroupholdings.com