

17 September 2024

B.P. Marsh & Partners Plc
("B.P. Marsh", the "Company" or the "Group")

Trading Update

B.P. Marsh & Partners Plc (AIM: BPM), the specialist venture capital investor in early stage financial services businesses, is pleased to provide the market with an update on trading for the Group's six month period ended 31 July 2024 (the "Period").

Highlights

- Continued strong performance of underlying portfolio
- £44.0m disposal on a net equity investment of £3,500 - CBC UK Limited
- New Investment - Devonshire UW Limited, a specialist underwriting agency
- The Group currently has a robust pipeline of potential new investments, with several opportunities in the final stages of negotiation
- Group funds at £80.2m as at 31 July 2024 compared to £4.3m at 31 July 2023 and no debt.
- Following several successful realisations, the Group has agreed a three year dividend policy, which is a considerable increase on the Group's previous dividend policies

The Group remains positive regarding its ongoing performance and will be releasing its Half-Year Results for the six months to 31 July 2024 on 23 October 2024.

Disposal

Paladin Holdings Limited ("Paladin"), parent company of CBC UK Limited ("CBC")

The Group finalised the sale of Paladin, the parent company of CBC, to Specialist Risk Group Limited on 22 March 2024, securing an upfront payment of £42.1 million. An additional £1.94m was received on 6 September 2024 following adjustments to the Completion Accounts, bringing the upfront payment to a total of £44.0m.

As previously reported, there may be further deferred payments contingent on CBC's future performance, with updates on this to be provided as they occur.

Dividend and Share Buy-Backs

Dividend

- Aggregate dividend paid and proposed (since flotation) of £24.8m (70.61p per share).
- This includes £2m aggregate dividend paid in the year to 31 January 2024, £4m dividend proposed to be paid for the year to 31 January 2025 (10.72p per share) and the proposed further dividend of £4m per annum for the year to 31 January 2026.

Share Buy-Backs

- On 11 June 2024, the Company renewed its share buy-back policy, with an agreed budget of £1m.
- During the Period 13 Share buy-backs were conducted with the aggregate total of shares purchased of 63,132 shares for a quantum of £326,379, or an average of 517p per share.
- Current NAV threshold to conduct share buy-backs is 10%. This was adjusted from 15% on 2 August 2024.

New Investments

As previously reported, during the Group's financial period to 31 July 2024, a new investment was completed in Devonshire

UW Limited ("Devonshire"), a London-based Underwriting Agency, specialising in transactional risks encompassing Warranty & Indemnity, Specific Tax, and Legal Contingency Insurance.

The Group is confident that Devonshire will deliver on their set goals, producing long term growth.

Investee Company Highlights

XPT Group LLC ("XPT") - USA

XPT, the specialty lines insurance distribution company, is performing strongly and is on track to achieve Gross Written Premium of approximately US 900m and US 20m of EBITDA in its financial year to 31 December 2024 (31 December 2023: US 675m) reflecting significant year-on-year growth.

XPT has made 16 business acquisitions since the Group invested in 2017. XPT now has offices in 20 locations across 13 States, acting for insureds across all of the USA.

Overall, XPT continues to grow via its acquisition strategy, producer hires and underlying organic growth.

Pantheon Specialty Limited ("Pantheon") - UK

Since investment, Pantheon has performed strongly, and in their current financial year to 31 December 2024, Pantheon is forecast to produce EBITDA in excess of £16m.

In May 2024, the Group acquired a further 7% shareholding in Pantheon from Pantheon's founders, for consideration of £7.3m.

The Group expects Pantheon to continue its growth over the remainder of the Group's financial year and beyond.

Lilley Plummer Risks Limited ("LPR") - UK

The performance of LPR continues to be impressive due to the growth of its underlying marine portfolio and diversification into different classes of business.

LPR have made a number of strategic hires to support growth in new business lines and continue to explore the market for appropriate team hires and acquisitions to accelerate growth. This is part of LPR's on-going strategy to build the business into a multi-line specialist insurance broker.

In LPR's current financial year to 31 December 2024, the business is forecast to produce EBITDA of no less than £5m.

Stewart Specialty Risk Underwriting Ltd ("SSRU") - Canada

SSRU continues to deliver specialist insurance products to a wide array of clients in the Construction, Manufacturing, Onshore Energy, Public Entity and Transportation sectors.

Recently, SSRU entered into two new carrier partnerships. These strategic alliances not only expand SSRU's capacity but also reinforce its commitment to offering innovative solutions to their broker partners and insureds. Securing this new capacity has allowed SSRU to maintain its impressive growth trajectory since its inception in 2017, with Gross Written Premium rising to approximately CA 100 million.

SSRU remains in the market for new partners continuing to bring new capacity to the Canadian marketplace.

ATC Insurance Solutions PTY Limited ("ATC") - Australia

ATC continues to perform well across its diverse product offerings, including accident & health, motor, and sports insurance, among others.

For the financial year ending 30 June 2024, ATC achieved substantial year-on-year growth in Gross Written Premium, Revenue, and EBITDA.

Specifically, ATC generated EBITDA approaching AU 15 million, marking an increase of over 40% compared to the previous financial year.

Looking ahead, ATC has set an ambitious budget for the financial year ending 30 June 2025, building on this performance. The Group remains confident in ATC's ongoing growth potential.

The Fiducia MGA Company Limited ("Fiducia") - UK

Fiducia, the Group's UK Marine Cargo Underwriting Agency, continues its growth trajectory and expects GWP in excess of £28m for its financial year to 31 December 2024, representing considerable year on year growth, with GWP growing in excess of 25%.

New Business Update

The Group continues to focus on deploying start-up/early-stage capital in its specialist area. The Group is able to utilise its significant experience and expertise to support long term growth; an approach which has delivered meaningful shareholder returns since flotation in 2006.

The Group, while upholding its current investment approach, received 29 new business enquiries in the period to 31 July 2024.

The Group is currently evaluating 19 potential opportunities, all within our core area of insurance. Several of these opportunities are advanced, and the Group anticipates completing these before the financial year end on 31 January 2025.

Directorate Change

Further to the announcements on the 5 September and 16 September, Francesca Chappell (née Lowley) has assumed the role as Chief Finance Officer following Jonathan Newman's departure and was appointed to the Board of B.P. Marsh & Partners plc on 16 September 2024.

The Directors of B.P. Marsh wish to thank Jonathan Newman for the significant contribution he has made since he joined the Company in 1999.

Market Outlook

The ongoing consolidation trends in the Insurance Market show no indication of abating in the second half of 2024. This activity remains a catalyst for substantial prospects for the Group, both in terms of new investments and activity within our core portfolio.

Both the Group and its portfolio companies continue to be approached by entrepreneurial individuals and teams who do not wish to be part of this consolidation process.

Liquidity and Loan Portfolio

Cash and treasury funds at 31 July 2024 were £80.2m (31 January 2024: £40.5m).

During the six-month period to 31 July 2024 the Group completed the sale of Paladin and received £42.1m in equity proceeds and £5.9m in loan repayments.

The Group invested £9.5m in follow-on funding into the portfolio including £7.3m in Pantheon and £0.8m in XPT.

The Group also provided loans to the investment portfolio of £1.4m, including £1.0m to Devonshire and £0.4m to Ai Marine to support further organic growth in line with their business plans.

Other significant cash movements in the Period include receipt of £5.1m in repayments from the investment loan portfolio, including £3.3m from LEBC who repaid their loans in full and £1.5m from Pantheon. The loan portfolio balance as at 31 July 2024 was £19.2m (31 January 2024: £28.9m).

In addition, the Group received £1.2m from B.P. Marsh Employees' Share Trust in respect of the Group's Joint Share Ownership Plan, distributed £4.0m in dividends and undertook £0.3m of share buy-backs during the Period.

The current cash and treasury balance is £82.9m and the Group is debt free. Treasury funds are all in one month or less deposit accounts.

Half-Year Results

The Group expects to report the Half-Year results for the six months to 31 July 2024 on 23 October 2024. The Group will be presenting to its Shareholders via the Investor Meet Company Platform as part of its Results

Announcement.

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Notes to Editors:

B.P. Marsh's current portfolio contains fifteen companies. More detailed descriptions of the portfolio can be found at www.bpmarsh.co.uk.

Since formation over 30 years ago, the Company has assembled a management team with considerable experience both in the financial services sector and in managing private equity investments. Many of the directors have worked with each other in previous roles, and all have worked with each other for over ten years.

- Ends -

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