

LANCASHIRE HOLDINGS LIMITED

6 November 2024

Hamilton, Bermuda

Lancashire Holdings Limited (‘Lancashire’ or ‘the Group’) today announces its trading statement for the nine months ended 30 September 2024.

Trading statement highlights

- Gross premiums written increased by 9.0% year-on-year to 1.7 billion, insurance revenue increased by 16.8% year-on-year to 1.3 billion.
- Net losses relating to recent weather events expected to be between 110 million to 140 million.
- Total investment return of 5.0%, including unrealised gains and losses.
- Special dividend of 75 cents per common share, or 180 million, following a strong operating performance year-to-date.
- Guidance: ROE for the year affirmed, combined ratio expected at higher end of range.

Alex Maloney, Group Chief Executive Officer, commented:

“I am pleased to report that Lancashire is in excellent shape as we approach the final months of 2024.

Over the past few years, we have successfully made our business more resilient to withstand volatility and deliver more sustainable returns for investors. We expect to deliver in line with our ROE guidance for the year.

In terms of gross premiums written in the first nine months of 2024, Lancashire continued to grow ahead of rate increasing premiums by 9% to 1.7 billion.

The devastation caused by the recent weather events in the U.S. and other catastrophes has been tragic and our thoughts are with all those affected. Instances like these show the value of (re)insurance products in supporting communities to help them rebuild after major catastrophe events.

In the year-to-date, the industry has seen an elevated catastrophe and risk loss environment, but we still expect our undiscounted combined ratio to be at the higher end of our range for the full year. This is testament to our diversification strategy, and the quality of the business we have written. Our estimated ultimate net losses incurred in relation to recent weather events including hurricanes Milton, which occurred in the fourth quarter, Helene, Debby and storm Boris, and the Calgary hailstorms, are expected to be in the range of 110 million to 140 million.

Our strong underwriting results during the period have continued to be supported by our growing investment portfolio, which has now reached 3.2 billion, and has delivered a healthy return of 5% for the year to date.

Following our strong operating performance, I am pleased to announce the approval of a special dividend of 75 cents per share, which will result in an aggregate payment of approximately 180 million. We continue to hold an extremely robust capital position to underwrite the growth opportunities we expect to see in 2025.

Lancashireâ€™s long-term strategy has always been to actively manage the market cycle and deliver strong profitability by taking advantage of opportunities in positive underwriting conditions. We will continue to do that during the remainder of 2024 and into 2025. We have talented and fully-committed teams across our Group and our strong balance sheet and capital base give us added confidence in our ability to drive the business forward.

I would like to thank all my colleagues at Lancashire for their hard work so far this year and all our stakeholders for their continued support.â€

Business update

Gross premiums written and insurance revenue

	Nine months ended																						
	30 September 2024										30 September 2023										Change	Change	RPI
	m										m										m	%	%
Reinsurance	941.2										837.7										103.5	12.4%	101%
Insurance	758.8										722.2										36.6	5.1%	102%
Gross premiums written	1,700.0										1,559.9										140.1	9.0%	102%
Reinsurance	629.3										521.7										107.6	20.6%	
Insurance	668.7										589.5										79.2	13.4%	
Insurance revenue	1,298.0										1,111.2										186.8	16.8%	

Gross premiums written

Gross premiums written increased by 140.1 million, or 9.0%, in the first nine months of 2024 compared to the same period in 2023. The most significant driver of growth in the reinsurance segment was new business in the property reinsurance and specialty reinsurance classes. The property insurance portfolio was the main driver of growth within the insurance segment with new business coming through from the Lancashire U.S. and Lancashire Australia distribution channels.

Insurance revenue

Insurance revenue increased by 186.8 million, or 16.8%, in the first nine months of 2024 compared to the same period in 2023. Growth was more significant for insurance revenue than for gross premiums written due to the recognition of earnings coming through from prior years.

Loss environment

During an active third quarter for catastrophe loss events, the Group had exposure to losses in respect of hurricanes Helene and Debby, the Calgary hailstorm, and storm Boris. These events were then followed by hurricane Milton in October. The estimated ultimate net losses incurred in respect of all these weather events (undiscounted, including reinstatement premiums) is expected to be within the range of 110 million to 140 million. Loss information after these types of events can take some time to emerge. As additional information becomes available, the Group's actual ultimate net losses may vary, perhaps materially, from current estimates.

During the first nine months of 2024, the Group also experienced net losses (undiscounted, including reinstatement premiums) from large risk events totaling 72.8 million. None of these were individually material for the Group, with the MV Dali Baltimore bridge collision loss being the most significant.

Investments

As at	30 September 2024	30 September 2023
Duration	1.9 years	1.6 years
Credit quality	AA-	AA-
Book yield	4.8%	3.9%
Market yield	4.7%	5.8%
Managed investments (m)	3,207.2	2,661.4

The Group's investment portfolio, including unrealised gains and losses, returned 5.0% for the first nine months of 2024. The positive returns were driven by investment income as our portfolio benefited from higher yields in conjunction with higher prices from falling treasury rates and modest tightening of investment grade credit spreads. Additionally, our bank loans and private investment funds had strong returns.

Dividends

Lancashire's Board of Directors has declared a special dividend of 75 cents per common share (approximately 58 pence per common share at the current exchange rate), which will result in an aggregate payment of approximately 180 million. The dividend will be paid in Pounds Sterling on 13 December 2024 (the "Dividend Payment Date") to shareholders of record on 15 November 2024 (the "Record Date") using the £ / spot market exchange rate at 12 noon London time on the Record Date. Shareholders interested in participating in the dividend reinvestment plan ("DRIP"), or other services including international payment, are encouraged to contact the Group's registrars, Link Asset Services, for more details.

Analyst and Investor Conference Call

There will be an analyst and investor conference call on the trading statement at 1:00pm UK time / 9:00am Bermuda time / 8:00am EST on Wednesday 6 November 2024. The conference call will be hosted by Lancashire management and a presentation will be made available on the Group's website prior to the call.

Participant Access

Please note that conference call participants are required to register in advance to access either the audio conference call or webcast, the full registration and access details are set out below.

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Audio access: <https://pinconnect.conferenceconsole.com/PINConf?597807ca-0904-47f0-bcaa-97da20a88925>

Please register to obtain your personal audio conference pin and call details.

Webcast access: <https://onlinexperiences.com/scripts/Server.nxp?LASCmd=AI:4:F:QS!10100&ShowUUID=6D975C29-0458-41DA-94CA-72041590C2B1>

Please use this link to register and access the call via webcast.

A webcast replay facility will be available for 12 months and accessible at: <https://www.lancashiregroup.com/en/investors/results-reports-and-presentations.html>

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About Lancashire

Lancashire, through its operating subsidiaries, is a provider of global specialty insurance and reinsurance products.

Lancashire common shares trade in the equity shares (commercial companies) category of the Main Market of the London Stock Exchange under the ticker symbol LRE. Lancashire has its head office and registered office at Power House, 7 Par-la-Ville Road, Hamilton HM 11, Bermuda.

The Bermuda Monetary Authority is the Group Supervisor of the Lancashire Group.

For more information, please visit Lancashire's website at www.lancashiregroup.com.

NOTE REGARDING RPI METHODOLOGY:

THE RENEWAL PRICE INDEX (RPI) IS AN INTERNAL METHODOLOGY THAT MANAGEMENT USES TO TRACK TRENDS IN PREMIUM RATES OF A PORTFOLIO OF INSURANCE AND REINSURANCE CONTRACTS. THE RPI WRITTEN IN THE RESPECTIVE SEGMENTS IS CALCULATED ON A PER CONTRACT BASIS AND REFLECTS MANAGEMENT'S ASSESSMENT OF RELATIVE CHANGES IN PRICE, TERMS, CONDITIONS AND LIMITS AND IS WEIGHTED BY PREMIUM VOLUME. THE RPI DOES NOT INCLUDE NEW BUSINESS, TO OFFER A CONSISTENT BASIS FOR ANALYSIS. THE CALCULATION INVOLVES A DEGREE OF JUDGEMENT IN RELATION TO COMPARABILITY OF CONTRACTS AND THE ASSESSMENT NOTED ABOVE. TO ENHANCE THE RPI METHODOLOGY, MANAGEMENT MAY REVISE THE METHODOLOGY AND ASSUMPTIONS UNDERLYING THE RPI, SO THE TRENDS IN PREMIUM RATES REFLECTED IN THE RPI MAY NOT BE COMPARABLE OVER TIME. CONSIDERATION IS ONLY GIVEN TO RENEWALS OF A COMPARABLE NATURE SO IT DOES NOT REFLECT EVERY CONTRACT IN THE PORTFOLIO OF CONTRACTS. THE FUTURE PROFITABILITY OF THE PORTFOLIO OF CONTRACTS WITHIN THE RPI IS DEPENDENT UPON MANY FACTORS BESIDES THE TRENDS IN PREMIUM RATES.

NOTE REGARDING ALTERNATIVE PERFORMANCE MEASURES:

THE GROUP USES ALTERNATIVE PERFORMANCE MEASURES TO HELP EXPLAIN BUSINESS PERFORMANCE AND FINANCIAL POSITION. THESE MEASURES HAVE BEEN CALCULATED CONSISTENTLY WITH THOSE AS DISCLOSED IN THE GROUP'S ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2023 AND THE GROUP'S UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDING 30 JUNE 2024.

NOTE REGARDING FORWARD-LOOKING STATEMENTS:

CERTAIN STATEMENTS AND INDICATIVE PROJECTIONS (WHICH MAY INCLUDE MODELLED LOSS SCENARIOS) MADE IN THIS RELEASE OR OTHERWISE THAT ARE NOT BASED ON CURRENT OR HISTORICAL FACTS ARE FORWARD-LOOKING IN NATURE INCLUDING, WITHOUT LIMITATION, STATEMENTS CONTAINING THE WORDS "BELIEVES", "AIMS", "ANTICIPATES", "PLANS", "PROJECTS", "FORECASTS", "GUIDANCE", "INTENDS", "EXPECTS", "ESTIMATES", "PREDICTS", "MAY", "CAN", "LIKELY", "WILL", "SEEKS", "SHOULD", OR, IN EACH CASE, THEIR NEGATIVE OR COMPARABLE TERMINOLOGY. SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER IMPORTANT FACTORS THAT COULD CAUSE THE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS OF THE GROUP TO BE MATERIALLY DIFFERENT FROM FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. FOR A DESCRIPTION OF SOME OF THESE FACTORS, SEE THE GROUP'S ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2023 AND THE GROUP'S UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL

STATEMENTS FOR THE SIX MONTHS ENDING 30 JUNE 2024. IN ADDITION TO THOSE FACTORS CONTAINED IN THE GROUP'S 2023 ANNUAL REPORT AND ACCOUNTS AND THE GROUP'S UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDING 30 JUNE 2024, ANY FORWARD-LOOKING STATEMENTS CONTAINED IN THIS RELEASE MAY BE AFFECTED BY: THE ACTUAL DEVELOPMENT OF LOSSES AND EXPENSES IMPACTING ESTIMATES FOR CLAIMS WHICH ARISE AS A RESULT OF HURRICANE MILTON (WHICH OCCURRED IN OCTOBER 2024), HURRICANES DEBBY AND HELENE, THE CALGARY HAILSTORMS AND EUROPEAN STORM BORIS (WHICH OCCURRED IN THE SECOND QUARTER OF 2024), THE IMPACT OF THE COLLAPSE OF THE FRANCIS SCOTT KEY BRIDGE IN BALTIMORE WHICH OCCURRED IN THE FIRST QUARTER OF 2024; AND THE FURTHER ESCALATION OF HOSTILITIES IN THE MIDDLE EAST AND ITS IMPACT ON THE STABILITY OF THE REGION, GLOBAL SUPPLY ROUTES AND INSURANCE AND FINANCIAL MARKETS. ALL FORWARD-LOOKING STATEMENTS IN THIS RELEASE OR OTHERWISE SPEAK ONLY AS AT THE DATE OF PUBLICATION. LANCASHIRE EXPRESSLY DISCLAIMS ANY OBLIGATION OR UNDERTAKING (SAVE AS REQUIRED TO COMPLY WITH ANY LEGAL OR REGULATORY OBLIGATIONS INCLUDING THE RULES OF THE LONDON STOCK EXCHANGE) TO DISSEMINATE ANY UPDATES OR REVISIONS TO ANY FORWARD-LOOKING STATEMENT TO REFLECT ANY CHANGES IN THE GROUP'S EXPECTATIONS OR CIRCUMSTANCES ON WHICH ANY SUCH STATEMENT IS BASED. ALL SUBSEQUENT WRITTEN AND ORAL FORWARD-LOOKING STATEMENTS ATTRIBUTABLE TO THE GROUP OR INDIVIDUALS ACTING ON BEHALF OF THE GROUP ARE EXPRESSLY QUALIFIED IN THEIR ENTIRETY BY THIS NOTE. PROSPECTIVE INVESTORS SHOULD SPECIFICALLY CONSIDER THE FACTORS IDENTIFIED IN THIS RELEASE AND THE REPORT AND ACCOUNTS NOTED ABOVE WHICH COULD CAUSE ACTUAL RESULTS TO DIFFER BEFORE MAKING AN INVESTMENT DECISION.

This release contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR"), and is disclosed in accordance with the Company's obligations under Article 17 of MAR. Upon the publication of this release via the Regulatory Information Service, this inside information will be considered to be in the public domain.