

26 July 2018

## Strategic Restructuring Significantly Advanced

### Highlights

- Board and management team refreshed, with new leadership driving the strategic repositioning of ENA's businesses as a globally focussed Managing General Agent with international Capacity providers.
- Completion of a fully underwritten \$6.9m entitlement issue brings significant funds during the quarter
- Agreement signed in July to dispose of 100% of the Company's Australian retail broking business, with completion of the sale expected within 3 months
- Investment to build out ENA's specialised insurance offering, appoint underwriting resources and drive sales and marketing activity is expected to support strong global growth

**Ensurance Limited (ASX: ENA)** ('Ensurance' or 'the Company') has today released its Appendix 4C and is pleased to provide an update of its activity for the quarter ended 30 June 2018.

### Corporate Overview

#### Refreshed Board strengthened by recent appointments

During the quarter, the Board was pleased to welcome Mr Tony Leibowitz as Executive Chair and Mr Tony Wehby as Non-Executive Director, strengthening the Board with these recent appointments. The refreshed board comprises Mr Leibowitz, Mr Wehby and Non-Executive Director, Mr Adam Davey. Mr Stefan Hicks resigned from his role as Non-Executive Director effective 3 May 2018.

#### *Mr Tony Leibowitz to drive transformational change and long term shareholder value*

Mr Tony Leibowitz was appointed Executive Chairman on a full-time basis, to establish a new strategic direction that will drive global growth and transform the Ensurance business. Tony has over 30 years of corporate finance, investment banking and commercial experience and has a proven track record assisting companies to grow and maintain sustained shareholder value. His previous roles have included as Chairman and early investor at ASX-listed companies Chandler Macleod Ltd and Pilbara Minerals Ltd, where he successfully delivered substantial increases in value and returns for shareholders.

In addition, Mr Leibowitz, increased his shareholding in the Company to 13.89% during the period. This investment of both his energies and funds demonstrates his commitment and alignment to deliver long-term success and build long-term shareholder value.

#### *Appointment of Mr Tony Wehby brings extensive commercial expertise and experience*

Mr Tony Wehby was appointed to the Board as Independent Non-Executive Director, effective 3 May 2018. Tony has over 40 years' experience in professional advisory activities, corporate finance and investment management and has held multiple Director and Chair-level roles at ASX-listed and private companies, including at Kingston Resources, where he is the current Chair.

Previously a Corporate Finance partner for 19 years at PricewaterhouseCoopers, Tony brings broad commercial experience and deep expertise in valuations, financial evaluation, commercial advice and negotiations to the Board.

The Board refresh follows the Company's appointment of a new management team, who will work in close collaboration with the Board to collectively transform the business and successfully position it for long term growth.

### **Operational Overview**

Entitlement issue raises \$6.9 million, delivering significant funds in Q4 FY18

During the quarter, the Company completed the first phase of its restructuring plans, raising \$6.9 million before costs via an entitlement issue to existing shareholders, under the Prospectus lodged with ASIC and released to the ASX on 28 May 2018. Funds have been used to strengthen the Company's balance sheet, including the retirement of a \$2.24m director's loan.

The raise follows the successful share placement earlier in the quarter, bringing in \$0.8m in funds before costs via 20,000,000 ordinary shares issued to sophisticated investors at \$0.04 per share.

#### Investment in underwriting resources to support long-term growth and meet customer demand

During the period, Ensurance UK added an additional construction policy underwriter to the team, bolstering its resources to support strong customer demand and growth for the Company.

Ensurance is currently searching for senior level resources for its Australian underwriting operations in NSW, to support the Company's buildout of its Australian business to support ongoing growth.

The Company's IT development business is being scaled back, allowing the reallocation of resources to support the buildout of Ensurance's Australian operations.

#### Agreement signed to fully-divest Australian retail brokerage business

In July, the Company signed an agreement to sell its shares in Savill Hicks Corp Pty Ltd, divesting its Australian retail broking business, including all assets and management. This milestone significantly advances the Company's plans to strategically position itself as a global Managing General Agent with international Capacity providers. Once complete, the sale will permit management to focus solely on activities which support the Company's new growth strategies as announced on 8 May 2018.

### **Financial Overview**

For the quarter ended 30 June 2018, revenue from customers was \$1.05 million, up 6% on the prior quarter (\$991k), driven by an improvement on 3<sup>rd</sup> quarter performance in the Underwriting business in Australia. Cash inflows included \$7.2m (before costs) for the completion of the Company's Entitlement Issue and Share Placement during the period and \$1.0m in customer receipts. As at 30 June 2018, the Company had \$3.4m in cash, retiring \$2.24m of debt during the period, strengthening the balance sheet and leaving the Company well-funded to position itself for strong, international growth.

### **Outlook**

The Board and leadership team continues to investigate opportunities for earnings accretive, bolt-on acquisitions to add scale to the Company's existing operations with complementary businesses or books of business.

With significant funds raised during the quarter, management continues to focus on repositioning its business both in the UK and in Australia, and expanding its resources to support growth in its underwriting business. The addition of a construction-focussed underwriter during the period strengthens the Company's UK position to support a ramp up in sales and revenue growth.

## **ENDS**

For further information please contact:

Tony Leibowitz  
Executive Chairman  
tleibowitz@ensurance.com.au  
PH: 02 9389 6779

Sam Hallab  
Company Secretary  
shallab@ensurance.com.au  
PH: 02 9806 2000

Media enquiries:

Imogen Conyers  
Media and Capital Partners  
Imogen.conyers@mcpartners.com.au  
PH: 0405 191 257

## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

**Name of entity**

ENSURANCE LIMITED (ASX:ENA)

**ABN**

80 148 142 634

**Quarter ended ("current quarter")**

30 June 2018

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>			
1.1 Receipts from customers		1,002	3,992
1.2 Payments for			
(a) research and development		-	(81)
(b) product manufacturing and operating costs		-	-
(c) advertising and marketing		(124)	(521)
(d) leased assets		-	-
(e) staff costs		(1,920)	(6,929)
(f) administration and corporate costs		(626)	(2,991)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		6	23
1.5 Interest and other costs of finance paid		(130)	(411)
1.6 Income taxes paid		-	-
1.7 Government grants and tax incentives		-	344
1.8 Other (provide details if material)		1	5
<b>1.9 Net cash from / (used in) operating activities</b>		<b>(1,791)</b>	<b>(6,569)</b>
<b>2. Cash flows from investing activities</b>			
2.1 Payments to acquire:			
(a) property, plant and equipment		-	(190)
(b) businesses (see item 10)		-	-
(c) investments		-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
	(d) intellectual property	-	(61)
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material) – Non-refundable deposit from potential business sale	200	200
2.6	<b>Net cash from / (used in) investing activities</b>	<b>200</b>	<b>(51)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	7,222	12,201
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(682)	(1,103)
3.5	Proceeds from borrowings	500	4,716
3.6	Repayment of borrowings	(2,410)	(6,002)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (Interest paid on convertible notes)	(59)	(239)
3.10	<b>Net cash from / (used in) financing activities</b>	<b>4,571</b>	<b>9,573</b>

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	396	423
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,791)	(6,569)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	200	(51)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4,571	9,573
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>3,376</b>	<b>3,376</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	3,376	396
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>3,376</b>	<b>396</b>

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	135
6.2	Aggregate amount of cash flow from loans from/(to) these parties included in item 3.5	(1,750)
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	
6.1 - Payments made in respect of directors fees plus salaries and wages of executive directors and their related parties.		
6.2 - Repayment of short-term loan.		

<b>7.</b>	<b>Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A'000</b>
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

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<b>8.</b>	<b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other (please specify): Overdraft	-	-
8.4	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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<b>9.</b>	<b>Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1	Research and development	-
9.2	Product manufacturing and operating costs	-
9.3	Advertising and marketing	(215)
9.4	Leased assets	-
9.5	Staff costs	(1,686)
9.6	Administration and corporate costs	(581)
9.7	Other (provide details if material)	
	(a) Borrowing costs & repayment of borrowings	(63)
	(b) Emergency Services Levy	(119)
	(c) Purchase of Property, Plant & Equipment	-
<b>9.8</b>	<b>Total estimated cash outflows</b>	<b>(2,664)</b>

10.	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1	Name of entity		
10.2	Place of incorporation or registration		
10.3	Consideration for acquisition or disposal		
10.4	Total net assets		
10.5	Nature of business		

### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:



Print name: Sam Hallab

Date: 26 July 2018

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.