

29 October 2018

September 2018 Quarterly Review

Highlights

- Tim Cramphorn joins board of wholly-owned subsidiary Ensurance UK as Non-Executive Director, bringing over 45 years' commercial experience and insurance expertise to UK operations
- Ensurance UK launches new products, enhancing existing portfolio with additional specialist engineering and construction cover
- Shareholders approve sale of Australian Brokerage Business, freeing management to focus on strategic repositioning of Ensurance as a Managed General Agent and other growth initiatives
- Cost savings from restructuring activities expected to positively impact next quarters' financial results

Ensurance Limited (ASX: ENA) ('Ensurance' or 'the Company') has today released its Appendix 4C and provides an update of its activity for the quarter ended 30 September 2018.

Operational Overview

Ensurance UK Board welcomes experienced industry expert

The Company's wholly-owned subsidiary, Ensurance UK Limited (Ensurance UK), appointed Mr Timothy Cramphorn to the Board as a Non-Executive Director, effective 1 November 2018. Tim was the former CEO and Managing Director of international engineering insurance company, HSB Engineering Insurance, owned by the EUR 28.2 billion Munich Re Group (ETR:MUV2). Bringing over 45 years of industry experience and a background in construction and engineering, Tim's deep expertise, extensive network of contacts and valuable insights add highly complementary skills to the UK's leadership team.

Ensurance UK launches new specialist insurance products

During the quarter, Ensurance UK launched a number of new products, further rounding out its specialist construction and engineering insurance offering:

- **Azur:** Ensurance UK entered into a white label agreement with Azur Group to provide an insurance solution for private clients undertaking home improvement and building projects in the UK. Azur is a Managing Digital Agency (MDA), in partnership with AIG, one of the world's largest and best-respected insurance companies.
- **Latent Defects Insurance:** Ensurance UK entered into a delegated underwriting agreement with Canopus to provide Latent Defects Insurance for the commercial sector of the UK's construction market. Canopus is a global specialty insurer and reinsurer and one of the top 10 insurers in the Lloyd's market. Available for a period of 10 years from issue of a Certificate of Practical Completion, the policy covers actual or impending damage caused by an inherent defect in insured property and mechanical and electrical plant that existed prior to practical completion of the building.

- **Engineering and Inspection Insurance:** Ensurance UK launched Engineering and Inspection Insurance cover through a strategic partnership with British Engineering Services. Providing a tailored solution in respect of Sudden and Unforeseen Damage for the construction and engineering sectors, the product provides access to over 450 engineer surveyors and is supported by an interactive customer-facing e-reporting system, to deliver compliance with relevant health and safety legislation and statutory examinations.

The additional products increase the range of options available for those looking for cover in the construction and engineering industry, as Ensurance focusses on becoming the 'one stop shop' for construction risk protection.

Australian operations welcome designated business development manager

Ensurance Australia is pleased to have appointed a designated business development manager who will join the business in November, based in Sydney. The experienced hire brings a strong background in underwriting and business development and will help to establish the Company's local market presence.

Shareholders approve Australian brokerage business sale

The sale of the Australian Brokerage Business first announced on 25 July 2018 was approved by shareholders at the Company's General Meeting on 12 September 2018. All agreements for the sale of the Company's holding in Savill Hicks Corp Pty Ltd (SHC) have been finalised and settlement is expected in November 2018.

The disposal will result in efficiency savings that are expected to flow through to the next quarter's results. The sale significantly frees up management, allowing the Company to focus on its strategic plans to reposition as a Managed General Agent in the UK and Australia.

New Office Premises

Following the sale of the Australian Brokerage Business, Ensurance's corporate head office will move premises, delivering further savings in corporate overheads.

Ensurance UK and Australia Website Re-launch

The Company is in the final stages of redesign for the Company's website, with a relaunch expected in the coming weeks. The redesign aligns Ensurance's online presence to better reflect the repositioned business and provide clarity for both customers and investors.

Financial Overview

For the quarter ended 30 September 2018, revenue from customers was \$1.1 million, up 4.8% on the prior quarter (\$1.05m). Cash inflows included \$1.1m in customer receipts, a \$0.3m R&D Tax Incentive rebate and a \$0.5m residual from the June 2018 rights issue. As at 30 September 2018, the Company had \$2.8m in cash, with a further \$0.2m of debt retired during the period. Efficiency gains from the sale of the Australian Brokerage Business and the restructuring of the Company's UK operations are expected to flow through to the next quarter's results.

Outlook

The Company's restructuring activity, the soon to be finalised sale of the Australian Brokerage Business and other efficiency measures will deliver cost savings, which will begin to flow through from the next quarter onwards.

The Board and leadership team continue to investigate opportunities to expand the Company's footprint and buildout its specialist insurance offering. This includes the potential for earnings accretive, bolt-on acquisitions to add scale with existing or complementary businesses or books of business. The management team is also investigating the potential to independently enter into other lines of business in high growth sectors, in particular under-served markets requiring a specialist insurance solution.

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