

25 January 2019

December 2018 Quarterly Review

Highlights

- Sale of Australian Brokerage business completes, delivering \$4.1 million consideration, including \$2 million of cash on settlement
- Strategic hires support new product development and revenue growth across Australian and UK operations
- New Cyber Insurance product launched in partnership with specialist Lloyds Syndicate, expanding the Company's portfolio with new products for emerging and underserved markets
- Investment into buildout of MGA business delivers growth in UK, delivering a 402% increase in gross written premiums for the 6 months ended 31 December 2018, on prior comparative period
- Cost saving initiatives deliver a 45% reduction in corporate overheads for the 6 months ended 31 December 2018, on prior comparative period
- As at 31 December 2018, the Company had a total of \$2.5m in cash and cash equivalents

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 31 December 2018.

Operational Overview

Disposal of Australian Brokerage Business complete

In November, the Company completed the sale of Savill Hicks Corp Pty Ltd, receiving total consideration of \$4.1 million upon settlement on 12 November 2018. The disposal allows capital to be redeployed, including for the appointment of specialised underwriting resources, expansion of the Company's product offering and investment in sales and marketing to grow its international presence.

Specialist Hires Support New Product Development and Growth

The Company made a number of strategic hires during the quarter to support new product development and long-term growth for both its Australian and UK operations:

- Mr. Russell Webster joined Ensurance Australia as business development manager for NSW and will drive the Company's expansion in the NSW Construction market – the largest in Australia. Russell brings over 12 years' experience in both underwriting and development roles in London and Sydney and extensive connections within the NSW broker market. His appointment is expected to drive significant growth in Australia.
- Joining the Australian team on 2 January 2019, Mr. Peter Reeks has been appointed senior underwriter for Marine Risks. Peter will leverage over 35 years of experience in the Australian and New Zealand marine insurance markets to help to establish Ensurance's Commercial Marine Risk offering over the next six months and grow this new product line for the Company.

- Ensurance UK also strengthened its underwriting team this quarter, appointing Julian Hickey as lead casualty and construction underwriter. Julian brings 40 years' experience in Casualty with experience with both insurers and Managed General Agents in the UK.

Ensurance UK launches new specialist insurance products

During the quarter, Ensurance UK launched a cyber insurance product, expanding the Company's portfolio of specialised insurance products into a new line of business that addresses an emerging risk in an underserved market.

Underwritten by a specialist Lloyds Syndicate, the cover is designed to minimise business disruption caused by a cyber-attack or data breach, enabling policyholders to get back on their feet as quickly as possible following an incident.

Available to any policyholder responsible for handling customer data, the product provides access to a comprehensive data breach response service, as well as coverage for first and third-party liability, cyber extortion, data protection loss and business interruption.

The product is the first of a number of new lines of business the Company is looking to enter, with a specialised insurance offering that serves emerging and underserved markets.

Launch of new website

The Company relaunched its corporate website to better reflect the repositioned business and provide clarity for both customers and investors. It is also consistent with a broader commitment by the Board and leadership team towards expanding the Company's footprint and building out its specialist insurance offering.

Relocation to new office premises

Ensurance completed its corporate office relocation in December 2018 to Level 5, 68 Alfred Street, Milsons Point, NSW, 2061, with the move delivering further savings in corporate overheads from next quarter.

Discontinuation of Householder insurance facility

Ensurance Underwriting Australia has taken the decision to discontinue its Householder insurance facility from 1 July 2019. The facility deals specifically with home, content and accidental damage and is provided solely to the now disposed SHC brokerage business. Under the sale agreement, Ensurance will continue to underwrite the Householder product under revised commercial arrangements, until at least 30 June 2019, while SHC source an alternative capacity provider. Ensurance Underwriting Australia will manage the run-off of these policies for the 12 months after 30 June 2019.

Ensurance finalises restructure of IT arm

The Company's wholly-owned subsidiary, Ensurance IT Pty Ltd, completed its restructuring activities at the end of October 2018. Headcount has been reduced by 50%, delivering cost efficiencies.

Recognition for expertise and excellence at Insurance Day London

The Company was awarded Highly Commended Underwriting Team of the Year and MGA Initiative of the Year at the Insurance Day London Market Awards held in November 2018.

The award recognises the expertise, entrepreneurial flair and excellence for which Ensurance UK is renowned in the London market. More than 50 finalists and 15 winners were recognised at the awards, with judges noting the decision-making process was extremely difficult due to the number of highly qualified participants.

Financial Overview

For the quarter ended 31 December 2018, customer cash receipts from continuing operations were \$0.43m, up 30% on prior quarter (\$0.33m). Total cash receipts from customers were \$0.66m, down from \$1.1m in the prior quarter, and include \$0.23m of cash receipts from discontinued operations. Discontinued operations relate to the Australian Brokerage business which was disposed on 31 October 2018. This quarter included a \$33k trading loss from the sold brokerage business. The Company received \$2.0m in cash proceeds from completion of the sale of SHC.

Our UK company has entered its 1st renewal cycle and experienced a strong level of renewals in the second half of CY 2018. Gross written premium for the 6 months period ended 31 December 2018 was up 402% on the prior comparative period. This strong result is expected to be reflected in the next quarter's cash flow.

Efficiency gains from recent initiatives delivered significant reductions to corporate overheads of 45% for the 6 months ended 31 December 2018, on prior comparative period.

As at 31 December 2018, the Company had a total of \$2.5m in cash and cash equivalents at the end of the quarter.

Outlook

The Company's restructuring activity, including completion of the sale of the Australian Brokerage business, has placed the Company in a strong position for the year ahead. The Company continues to focus on adding new product lines, making strategic hires to support revenue growth, building relationships with new capacity providers and expanding its broker network to support long term growth and value creation.

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