

11 June 2021

Market Announcements Office
ASX Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

PSC INSURANCE GROUP LTD (PSI) – SHAREHOLDER UPDATE – PSI INVESTMENT IN B.P. MARSH & PARTNERS PLC (BPM)

PSI continues to hold approximately a 20% interest in the UK listed entity B.P. Marsh & Partners PLC (BPM). BPM acquires minority interests in broking and other insurance intermediary businesses with successful investments in the USA, UK and Australia.

BPM has now released its full year results for the year ended 31 January 2021. The results announcement is found via the link below.

Key points in the results are:

- Aggregate underlying EBITDA for the businesses partly owned by BPM is over £35 million (approximately A\$63.6 million).
- Gross written premium (GWP) handled by those businesses in the period is over £1.1 billion (approximately A\$2.0 billion) and budgeted GWP for the year ending January 2022 is £1.4 billion (approximately A\$2.5 billion).

Highlights from the announcement:

- Total Shareholder return of 10.1% for the year including the dividend paid in July 2020
- Net Asset Value ("NAV") increased by £13.0m to £149.9m (31 January 2020: £136.9m), a 9.5% increase net of dividend paid in July 2020
- Net Asset Value per share increased by 36.3p to 416.4p (31 January 2020: 380.1p)
- Consolidated profit after tax of £13.7m (31 January 2020: £12.5m)
- One new investment; Sage Program Underwriters Inc. in Bend, Oregon, United States
- Proposed dividend of 2.44p per share payable in July 2021 (2020: 2.22p)

Selected slides from the results announcement analyst presentation are in Attachment 1. The full slide pack is found via the following link:

<https://www.bpmarsh.co.uk/presentations/>

Please use this link for the full results announcement.

<https://www.bpmarsh.co.uk/latest-results-summary/>

Please direct any queries to Tony Robinson, Managing Director, on 0407 355 616.

Authorised for release by Tony Robinson, Managing Director:



Stephen Abbott
Company Secretary

Attachment 1

Selected slides from Analyst
presentation



B . P . M A R S H
E P A R T N E R S P L C

Annual Results

For the year ending 31 January 2021

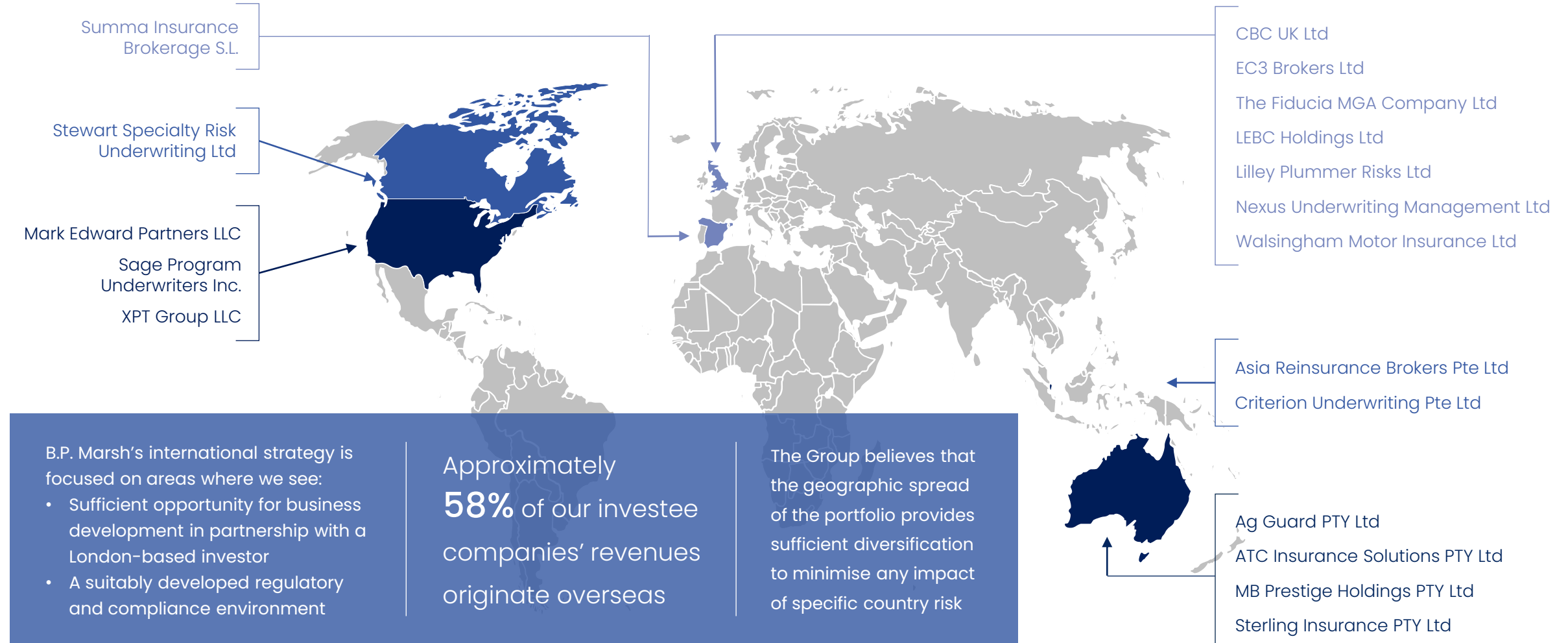
Dan Topping, Chief Investment Officer
Jonathan Newman, Group Finance Director



- B.P. Marsh's insurance intermediary investments have continued to see pricing increases across sectors in which they operate
- Covid-19 has acted as an accelerant for prevailing market trends which had not gained full traction before 2020
- This included premium pricing increases and insurers reducing their risk appetite for new business and seeking to mitigate existing exposures
- These trends will continue into 2021 and we do not see any change on the horizon as the year progresses

- B.P. Marsh does not have any exposure to balance sheet risk via its investment portfolio and is therefore unaffected directly by insurance losses. However, given our Managing General Agency (MGA) investments are partners with their carriers, they are extremely conscious of the importance of protecting and growing their partners' balance sheets
- The consolidation activity that has taken place over the last number of years continues to impact the Insurance Market
- This provides opportunities to the Group, both in terms of new investments and activity within our underlying portfolio
- The Group's appetite for investment remains the same, from financing start-ups to investing in established businesses up to a maximum of £5m as an initial investment amount

International Portfolio



B.P. Marsh's international strategy is focused on areas where we see:

- Sufficient opportunity for business development in partnership with a London-based investor
- A suitably developed regulatory and compliance environment

Approximately
58% of our investee companies' revenues originate overseas

The Group believes that the geographic spread of the portfolio provides sufficient diversification to minimise any impact of specific country risk

Insurance Intermediary Overview



B.P. Marsh's insurance intermediary portfolio companies are budgeting to produce in aggregate **£1.4bn** (c. \$1.9bn) of Gross Written Premium (GWP) in 2021, an increase from £1.1bn (c. \$1.5bn) in 2020, of which:

MGAs
£765m
55%

Total
£1.4bn

Brokers
£635m
45%

The Group's Managing General Agencies (MGAs) are budgeting to place **over £765m** of GWP, producing **over £77m** of commission income in 2021, across over 30 product areas, on behalf of more than 50 insurers

The Group's Broking investments are budgeting to place **over £635m** of GWP, producing **over £40m** of commission income in 2021, accessing specialty markets around the world

Overview – Broking Investments

- Since inception, much of B.P. Marsh's growth has been underpinned by a successful track record of investing in Brokers, both in the Lloyd's and London market, as well as internationally
- Our Broking investments are, in the aggregate, budgeting to place **over £635m** of GWP in 2021
- This will produce **over £40m** of commission income and EBITDA of over **£8m** in 2021, accessing specialty markets around the world
- The majority of our broking investments are relatively recent, having occurred over the past five years; we are now seeing strong returns from a number of these investments and expect them to develop further as part of our long-term investment strategy

Brokers	Date of Investment	Jurisdiction	Equity % at 31 January 2021	Valuation at 31 January 2021	Cost of Investment	% of NAV
CBC	Feb-17	UK	49.16%	£8,616,000	£663,500	5.7%
Summa	Jan-05	Spain	77.25%	£7,435,000	£6,096,143	5.0%
EC3	Dec-17	UK	35.00%	£6,500,000	£6,500,000	4.3%
Lilley Plummer Risks	Oct-19	UK	30.00%	£2,304,000	£1,008,242	1.5%
Asia Reinsurance Brokers	Apr-16	Singapore	25.00%	£545,000	£1,551,084	0.4%
Mark Edward Partners	Oct-17	USA	30.00%	£0	£4,572,822	0.0%
Total	-	-	-	£25,400,000	£20,391,791	16.9%

Overview – Managing General Agencies (MGAs)

- B.P. Marsh's MGAs are budgeting to produce GWP **of over £765m** in 2021, in the aggregate
- This will produce **over £77m** of commission income and EBITDA of **over £27m** in 2021
- These MGAs focus on profitable underwriting, in a market where access to insurer capital is restricted
- All our investments maintain the continued support of the insurer partners for 2021 into 2022

MGAs	Date of Investment	Jurisdiction	Equity % at 31 January 2021	Valuation at 31 January 2021	Cost of Investment	% of NAV
Nexus	Aug-14	UK	17.51%	£40,906,000	£11,126,554	27.3%
XPT	Jun-17	USA	29.80%	£12,812,000	£7,330,052	8.5%
ATC	Jul-18	Australia	20.00%	£6,846,000	£2,865,523	4.6%
SSRU	Jan-17	Canada	30.00%	£5,671,000	£19	3.8%
MB	Dec-13	Australia	40.00%	£3,237,000	£479,707	2.2%
Fiducia	Nov-16	UK	35.18%	£3,313,000	£227,909	2.2%
Sterling	Jun-13	Australia	19.70%	£2,749,000	£1,945,411	1.8%
Walsingham	Dec-13	UK	40.50%	£2,247,000	£600,002	1.5%
Ag Guard	Jul-19	Australia	41.00%	£1,490,000	£1,465,071	1.0%
Sage	Jun-20	USA	30.00%	£1,207,000	£202,758	0.8%
Total	-	-	-	£80,478,000	£26,243,006	53.7%



B . P . M A R S H
& P A R T N E R S P L C

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