



Pollen Street Capital Building Market Leaders in European Financial and Business Services

IPEM – January 2020

Specialist Risk Group is a leading broker of European SME commercial insurance



- Specialist Risk Group is a diversified European commercial lines insurance broker – focusing specialist segments.
- Market leader in UK and Ireland in placing insurance for SMEs in difficult trades such as demolition, waste and recycling and late night trades.
- c.£350m of Gross Written Premium arranged per annum







SRG
INSURANCE
SOLUTIONS

Specialty Clients

An SR Group Company

SRG
UNDERWRITING
SOLUTIONS

Specialty
Underwriting

An SR Group Company

SRG PLATFORM

Risk and claims management, HR, IT, finance, portfolio management, near shore services, operations, compliance and data analytics











Sourcing: Buy-and-build strategy supported by off-market acquisitions



• Buy-and-build:

- Original investment, Miles Smith acquired via a limited auction process.
 - Pollen Street chosen despite <u>not</u> being highest bidder (due to sector track record & expertise)
- Three bolt-on acquisitions completed to date - all sourced off-market via
 Pollen Street network
- Attractive blended acquisition multiple of <8x EBITDA
- Vendors seeking expertise and relevant market experience rather than purely maximising price

Pollen Street Investment Themes:

Value of Specialism	•	The specialist insurance segment is growing faster than the overall mature market Large incumbents find it challenging to provide service levels required in specialist segments
Structural Change		Incumbents exiting niches to focus on high-volume / low margin areas Shift value chain to higher value-add activities
Technology and data	•	Technology investments facilitate step change in operating margins
Succession management expertise		Incumbent owner-managers looking for opportunity to step back Opportunity to professionalise and improve market positioning
M&A platform		Strong platform to execute buy-and-build strategy

Value Creation: Profit growth and strategic repositioning driven by application of Pollen Street's value creation framework



Digitalisation



- 4x increase in technology spend and introduction of cloud-based platform
- Step-change in efficiency through improvement in processes and retention

New Product Development



Launching a new product every 60 days during 2020

International Expansion



- Entry into Irish market through acquisition of The Underwriting Exchange
- Synergistic pipeline of opportunities in continental Europe

Bolt-on Acquisitions



- Three acquisitions completed during 2019, adding 60%+ scale to group
- 50+ additional M&A opportunities in pipeline

Hub-led Initiatives



- Appointed broker to majority of Pollen Street's portfolio companies
- Implementation of technology best practice from other portfolio businesses



Performance: Strong profit growth driven by organic growth, cost savings and M&A

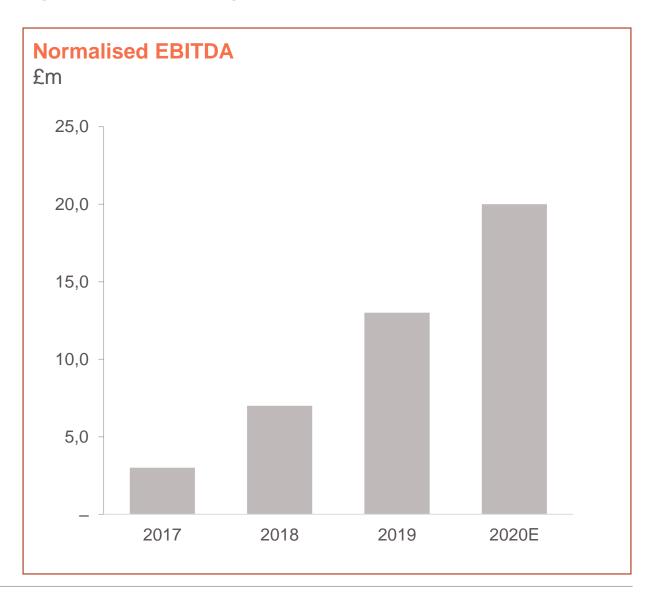
Multiple component driving profit growth

- Organic revenue growth of 5-10% p.a., exceeds market growth rates
- Cost savings via reduced headcount resulting in higher operating margins
- Three bolt-on acquisitions contributing incremental EBITDA

Strong platform for future growth

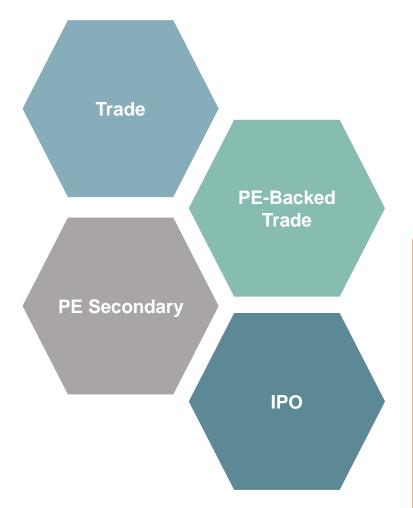
- New products to drive future organic growth
- Investment in technology to facilitate second phase of cost savings
- Pipeline of 50+ M&A opportunities, including two in exclusivity

→ On track to become a top-20 broking group in the short-to-medium term



Exit: Wide range of exit options driven by scale and strong fundamentals





- Ongoing attractive segment dynamics
 - Acyclical industry
 - High profit margins and strong cash generation
 - Predicable cashflows support high leverage ratios
 - Multiple strategies for future profit growth
- Optimal scale for many purchasers
- Strong demand for similar businesses from trade buyers and financial sponsors

