



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

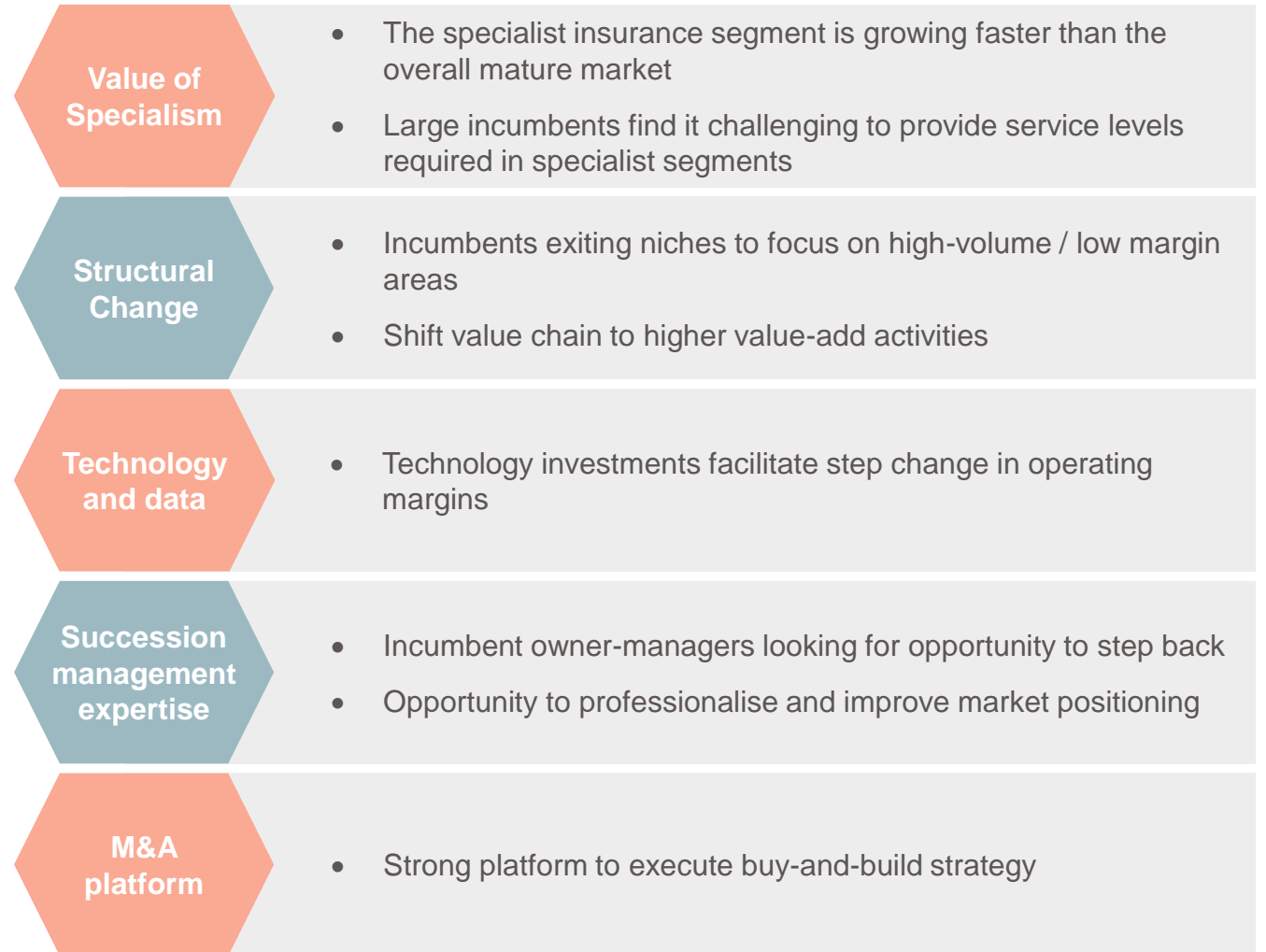


Sourcing: Buy-and-build strategy supported by off-market acquisitions

• Buy-and-build:

- Original investment, **Miles Smith** acquired via a limited auction process.
 - Pollen Street chosen despite not 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 Creation: Profit growth and strategic repositioning driven by application of Pollen Street's value creation framework



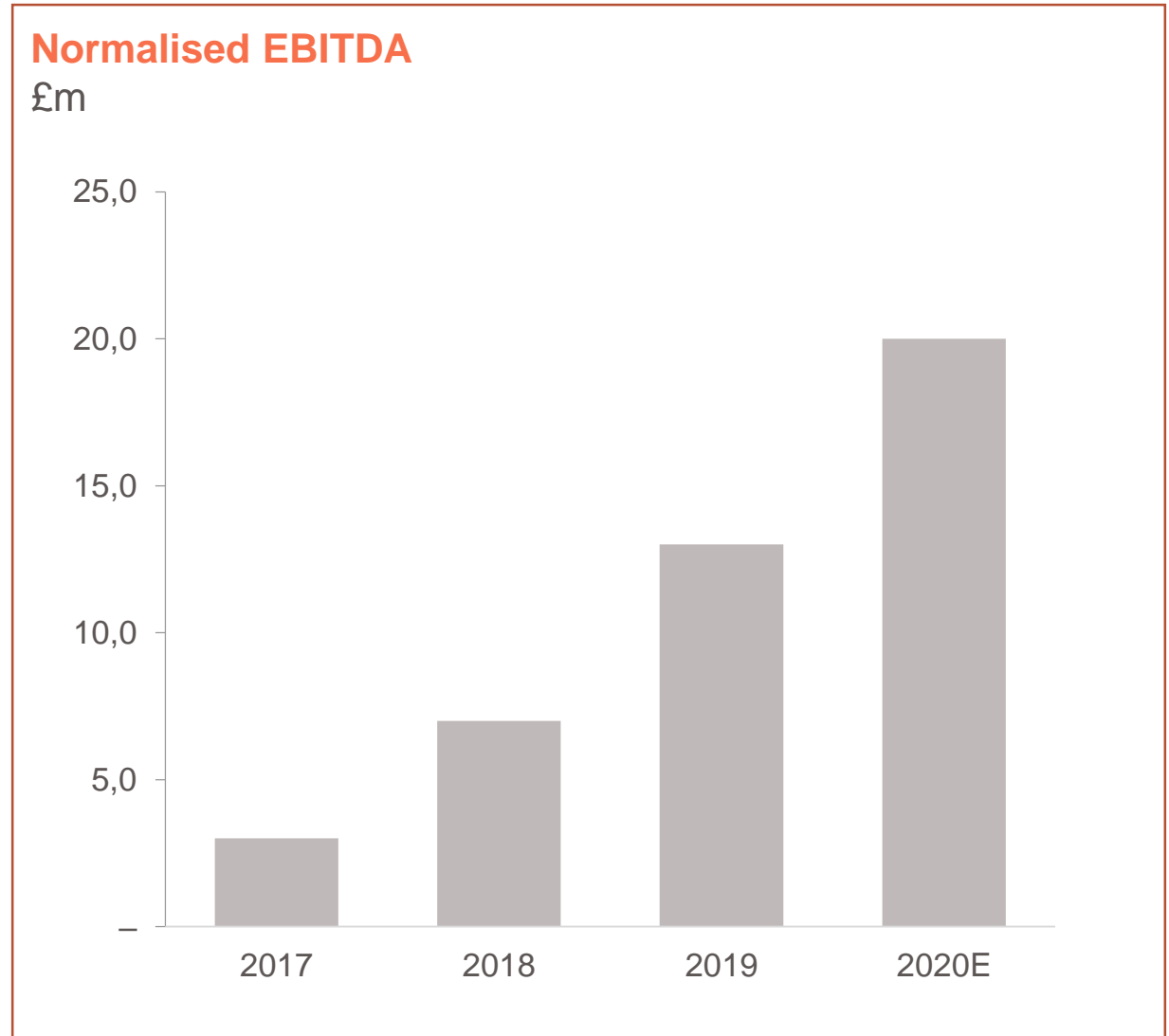
Digitalisation	✓	<ul style="list-style-type: none">• 4x increase in technology spend and introduction of cloud-based platform• Step-change in efficiency through improvement in processes and retention
New Product Development	✓	<ul style="list-style-type: none">• Launching a new product every 60 days during 2020
International Expansion	✓	<ul style="list-style-type: none">• Entry into Irish market through acquisition of The Underwriting Exchange• Synergistic pipeline of opportunities in continental Europe
Bolt-on Acquisitions	✓	<ul style="list-style-type: none">• Three acquisitions completed during 2019, adding 60%+ scale to group• 50+ additional M&A opportunities in pipeline
Hub-led Initiatives	✓	<ul style="list-style-type: none">• 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

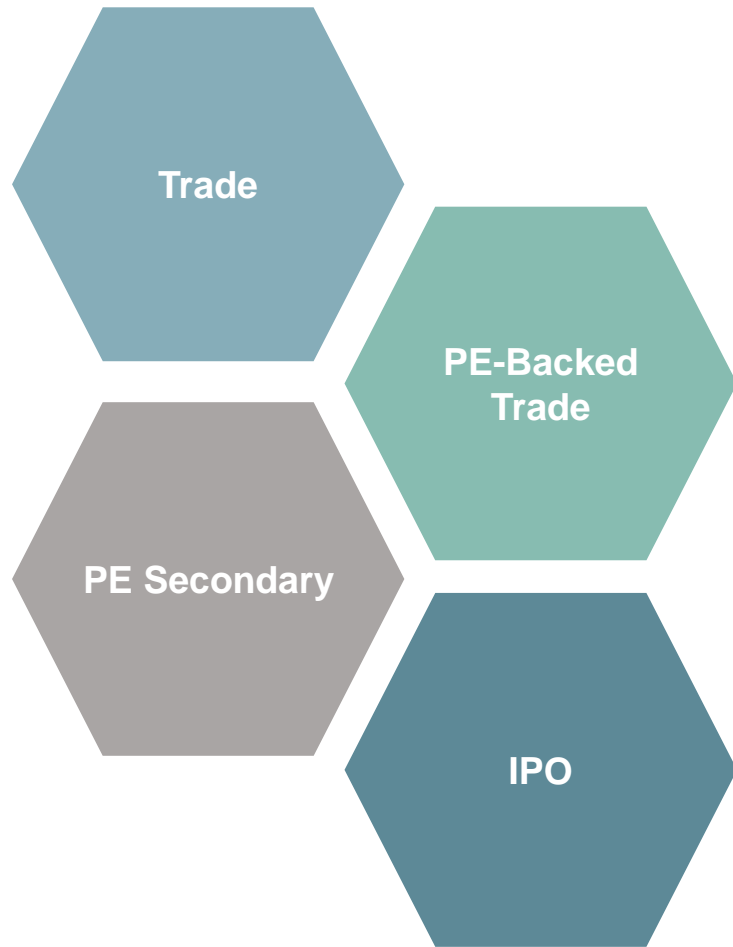
- **Multiple component driving profit growth**
 - Organic revenue growth of 5-10% p.a., exceeds market growth rates
 - Cost savings via reduced headcount resulting in higher operating margins
 - Three bolt-on acquisitions contributing incremental EBITDA

- **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**



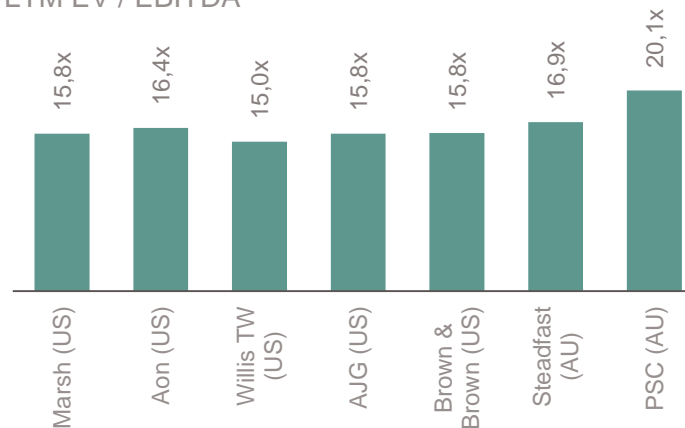
Exit: Wide range of exit options driven by scale and strong fundamentals



- **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**

Valuation Comparables

LISTED
LTM EV / EBITDA



TRANSACTIONS
EV / PF LTM EBITDA

