



Howden Group Holdings announces 2020 full year results

~ Strong financial and strategic progress in extraordinary market conditions, as a Group building for the long term, offering choice and difference for talent and clients ~

27 January 2021 - Howden Group Holdings (“Howden Group”) today announces its financial results for the year ended 30 September 2020.

David Howden, CEO, Howden Group commented:

“Despite the extraordinary challenge of 2020, our relentless focus on attracting and developing entrepreneurial talent, putting our people first, and empowering them with trust and technology to deliver the very best for our clients proved that we are building a sustainable business that is able to deliver results in even the most difficult times.

“Combined, our broking and underwriting businesses delivered organic growth of 6% in the financial year to 30 September 2020 and I am delighted that, including A-Plan Group and acquisitions completed after the financial year end, we will be a business of 8,500 employees delivering approaching £1bn in revenue pro-forma. Critically, more than 1,300 employees will be shareholders in the business we are building.

“Amongst many developments, the year saw us bring our broking businesses together under the Howden brand, the announcements of our largest acquisition to date, A-Plan Group; the investment of Hg Capital into Howden Group; and the Group’s intention to be a capacity provider to DUAL for the first time; as well as the recruitment of an exciting breadth and depth of talent across all operations.

“Most encouragingly, our investment in talent and technology and the relevance of the local expertise, international scale and deep speciality of our broking and underwriting businesses to our clients are bearing out in our ongoing performance; in the first quarter of our new financial year we have delivered 11% organic growth.

“With industry consolidation and the hardening of markets adding to the challenges facing many of our clients, as discussed in detail in Howden and HX’s joint 1/1 renewals report, these developments mean that we look ahead with renewed focus on the prospect of harnessing our expertise and talent with our investments in data, digital and analytics to drive innovation to support them from over 250 offices in more than 40 countries.

“I believe that the opportunities that lie ahead for Howden Group are extraordinary. The strength of our proposition through Howden, as the challenger broker, DUAL, as the MGA redefining underwriting, and HX as one of the most exciting data, digital and analytics businesses in our sector positions us as the business of choice for our clients, prospects, partners and employees.”

FINANCIAL HIGHLIGHTS

On a bank reported basis, including 12 months pro forma effect of acquisitions:

- Revenue of £777m, an increase of 7%
- Adjusted consolidated EBITDA of £223m, an increase of 6%
- Total organic growth of 6%
- EBITDA margin of 29%
- Cash, cash-like and other facilities of over £300m to support sustainable growth and selective acquisitions



- Balanced geographical business model demonstrated by revenue split: 17% UK, 27% Europe, 24% North America, 5% Latin America, 19% Asia Pacific, and 8% TMEA (Turkey, the Middle East and Africa)

GROUP HIGHLIGHTS

In 2020, Howden Group continued to execute its strategy to build a sustainable insurance distribution group through strategic acquisitions, hiring entrepreneurial talent, and investing in innovation:

- Howden Group closed its financial year with strong performances across all business units, with revenue of £777m and organic growth of 6%. Today, pro forma for the A-Plan Group acquisition, Howden Group has over 8,500 employees in more than 40 territories and handles \$9bn of premium on behalf of clients.
- Howden Group made a significant number of key hires from inside and outside the insurance industry across Howden, DUAL, HX and in Group support services.

Howden

- Howden brought its retail and employee benefits business and specialty and reinsurance broking business together under a combined management team and the Howden brand to cement its position as the international challenger broker. Howden continued its rapid expansion in new and existing markets through investments in Abu Dhabi, Switzerland, Greece, Belgium and Spain during the year, and in the UK, Iceland and Australia after year-end.
 - These included the announcement of its largest ever acquisition, A-Plan Group in the UK, bringing additional scale and diversification to the Group. In 2021 it remains the only global broker built on a foundation of employee ownership and, with its partner network of leading independent brokers, serves clients in more than 90 countries, giving them access to 18,000 experts, as the clearly differentiated alternative.

DUAL

- DUAL, the largest international MGA, wrote \$1.2bn GWP across 16 countries providing its more than 60 carriers with access to specialty markets through more than 6,500 broker partners.
 - DUAL expanded through recruitment of new product experts, the acquisition of IUA in New Zealand, and primarily through continued strong organic growth. The Group also committed to putting its own capital behind DUAL, with the announcement in January 2021 of the first of those commitments into DUAL's specialist reinsurance MGA, Tamesis.

HX

- It continued to invest in talent and technology in HX, formed to drive the digital transformation across Howden Group. HX continues to work towards the Group's ambition of reducing the frictional costs of transaction, building out a single view of data and delivering a market-leading analytics capability.
 - In excess of \$100m of premium was transacted through HX's digital platforms, the Know How insurer partner team delivered its first Market Report, and Howden Analytics put down its mark as a leading industry commentator and innovation driver.
 - After year-end, the launch of Howden Capital Markets brought a new advisory business to the Group that gives an important new element to the Group's ability to connect capital with distribution and clients.



OUTLOOK

The ability of the Group to continue to be a part of the solution to the pandemic and its effects for its clients and more widely for the major economic and social challenges of societies is a key strategy and product and distribution innovation form a main part of the Group's response.

In addition to the senior experts that joined the business in 2020, the appointment in the first quarter of the new financial year of Ana Matarranz (MD Employee Health and Benefits for Howden Iberia), Andre Louw (Chairman, Howden Broking Australia), James O'Connor (CEO DUAL North America), Alan Telford (DUAL Chief Underwriting Officer) and Paul Kneafsey (Howden Group Director of Capital) serve as examples that, across geographies and the businesses, the Group continues to be a magnet for talent.

Hg Capital's investment will provide the Group with additional capital to invest in existing and new talent, technology, strategic acquisitions to build its presence in key markets where it wants to take a leading position, particularly against the backdrop of a consolidating broker market, and to provide further capacity to DUAL.

Giving back to local communities and the wider world and focusing on accountability for the impact of the Group's operations remain strategic imperatives and activities to support these that were undertaken during the year include:

- Making the Group's charitable Foundation a shareholder in the company to enable it to grow as the business grows;
- Signing a flagship partnership with the Prince's Trust in the UK and Australia to support education and employment opportunities for young people;
- The Group becoming a signatory to the UN Global Standards;
- The launch of a partnership with The Nature Conservancy to begin the Group's journey to becoming carbon negative;
- The creation of a number of new products representing the creation of new markets in carbon credit insurance and natural catastrophe insurance to fund charities.

ENDS

About Howden Group Holdings

Howden Group Holdings is a leading international insurance group with employee ownership at its heart. Founded in 1994, it comprises Howden Broking, underwriting business DUAL, and data analytics and digital delivery business HX.

Howden Group Holdings' businesses operate in 40 countries across Europe, Africa, Asia, the Middle East, Latin America, the USA, Australia and New Zealand and employs over 8,500 people.

For more information, please visit www.howdengroupholdings.com