



*A leading provider of management and consultancy services to insurers and insureds*

**Results for the six months to 30 June 2010**

**17 August 2010**



John Rowe	Chief Executive
George Fitzsimons	Finance Director
Damian Ely	Chief Operating Officer

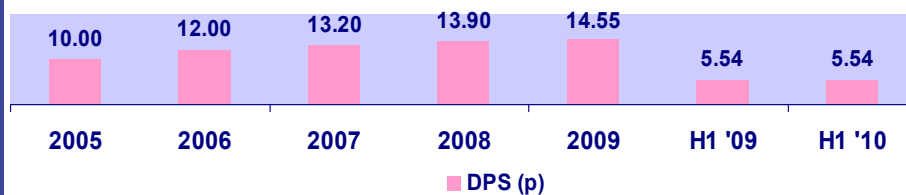
## Financial highlights

	H1 2010	H1 2009
Revenue up 6%	£48.4m	£45.9m
Statutory PBT up 3%	£5.7m	£5.6m
Adjusted PBT down 1% (note 1)	£6.8m	£6.9m
Statutory EPS down 33%	7.38p	11.01p
Adjusted EPS down 29% (note 1)	10.02p	14.19p
Dividend maintained	5.54p	5.54p

Note 1: Adjusted PBT and EPS are adjusted for acquired customer relationship intangible amortisation and exceptional relocation and reorganisation costs.

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## Dividends

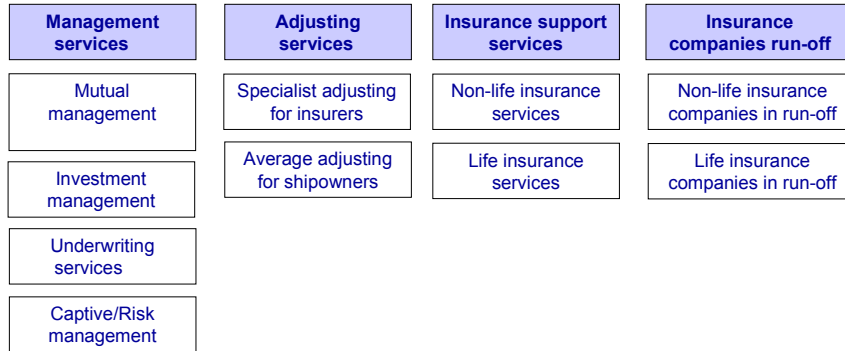


- Historical dividend progression
- H1 2010 cover 1.8\*
  - vs 2.6 H1 2009
  - vs 2.0 FY 2009
- No strict cover target
- Cash flow/ 2011 prospects are the main important factors

\* Adjusted eps/ dps

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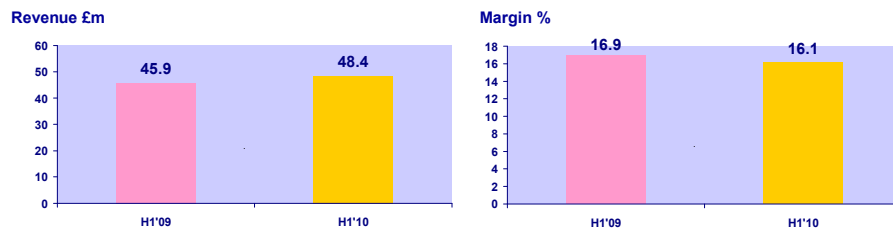
## Group divisional structure



## Financial Review

# Overall trading

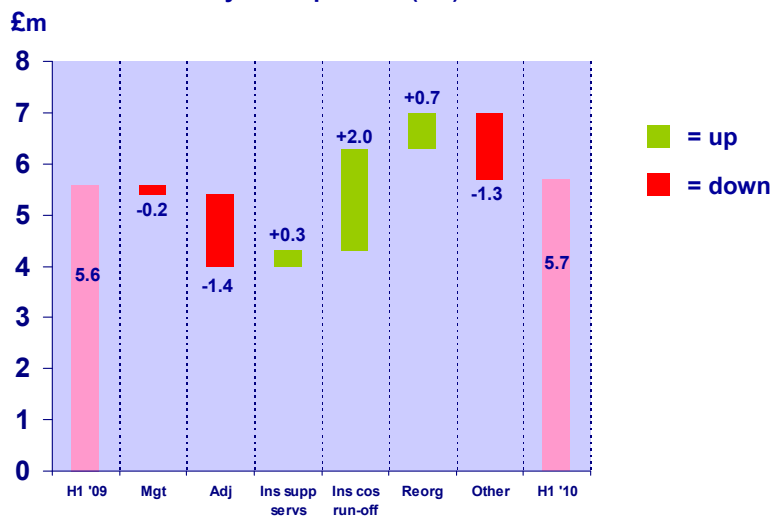
Revenues flat in Management and Adjusting, Margin impacted by Adjusting



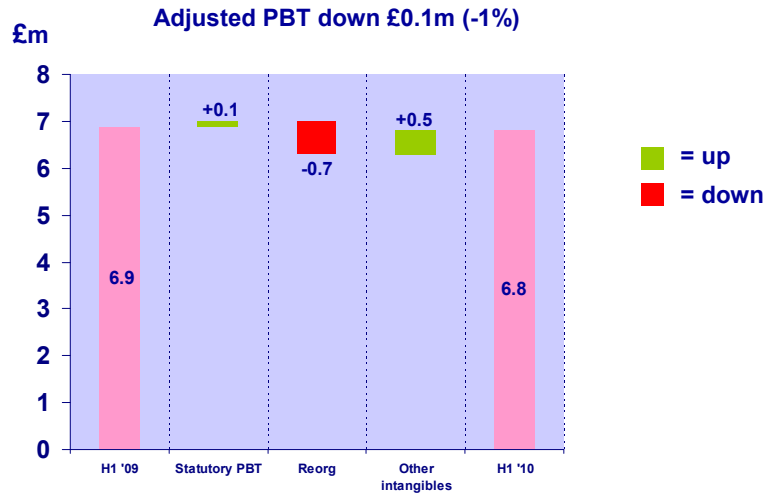
- Revenue growth 5.5%
  - -3.4% like-for-like real growth
  - 7.8% acquisitions (Axiom and ASG)
  - 1.1% favourable FX rates

# Statutory PBT H1 2010 vs H1 2009

Statutory PBT up £0.1m (3%)



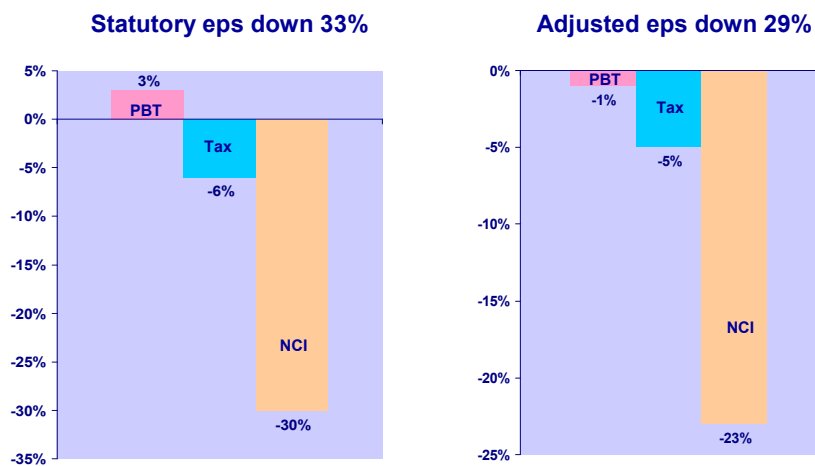
## Adjusted PBT H1 2010 vs H1 2009



Note: Adjusted PBT and EPS are adjusted for acquired customer relationship intangible amortisation and exceptional relocation and reorganisation costs.

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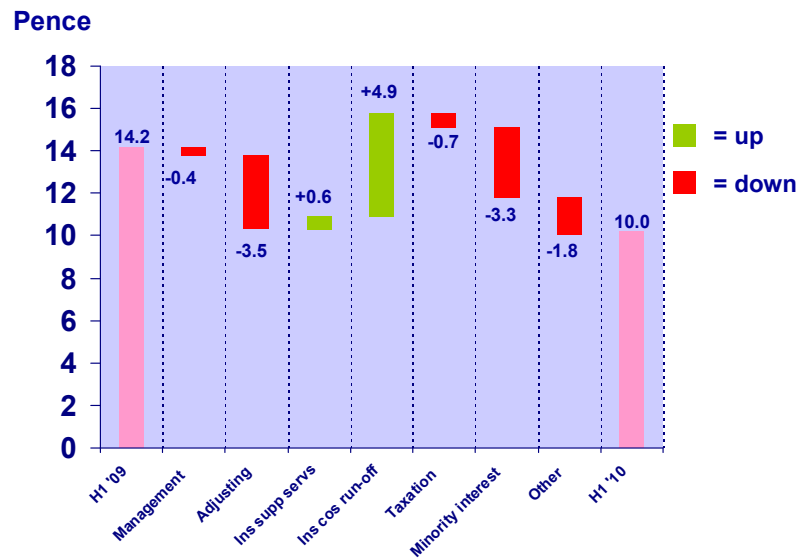
## EPS H1 2010 vs H1 2009



Note: Adjusted PBT and EPS are adjusted for acquired customer relationship intangible amortisation and exceptional relocation and reorganisation costs.

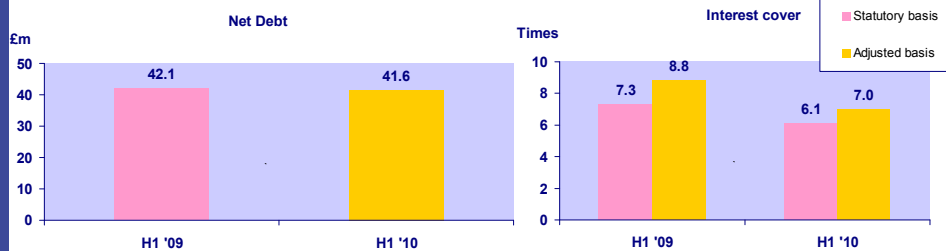
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## Adjusted EPS movement H1 09 - H1 10



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## Debt and operating cash flow

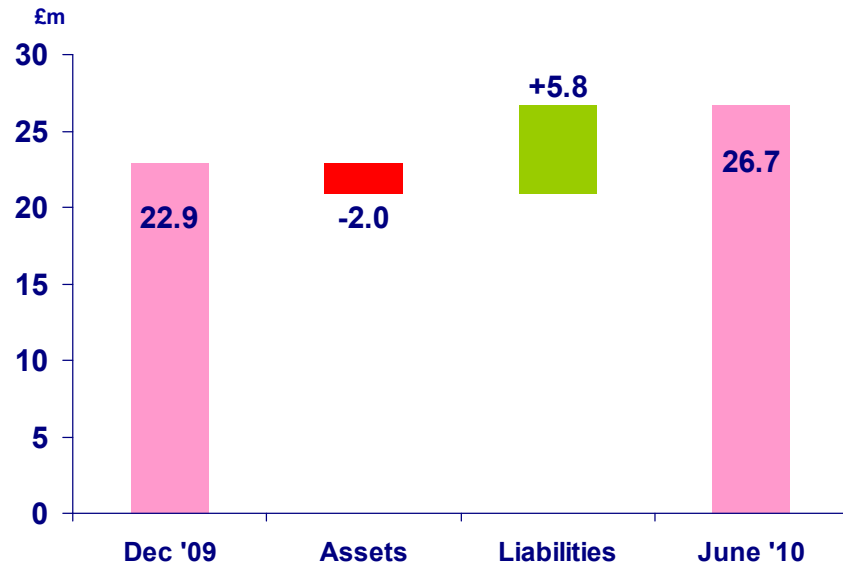


£m	H1 '10	H1 '09
Profit from operations (note 1)	3.9	5.3
Receivables/ payables	1.6	(3.6)
Other	(1.0)	(0.6)
<b>Net cash flow from operations (note 2)</b>	<b>4.5</b>	<b>1.1</b>

Note 1: Excl. insurance companies  
Note 2: Excl. client funds

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## Pension liability



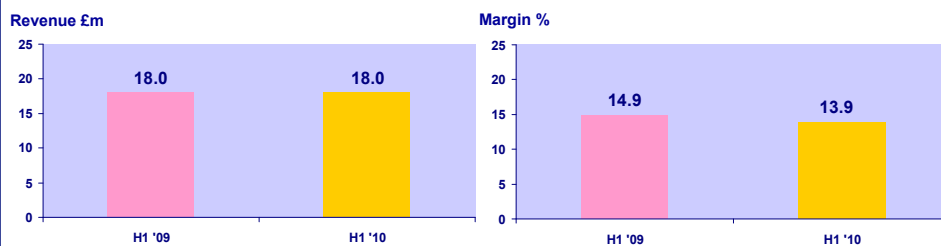
## Divisional Review

## Head office

### Additional Group expense areas year on year

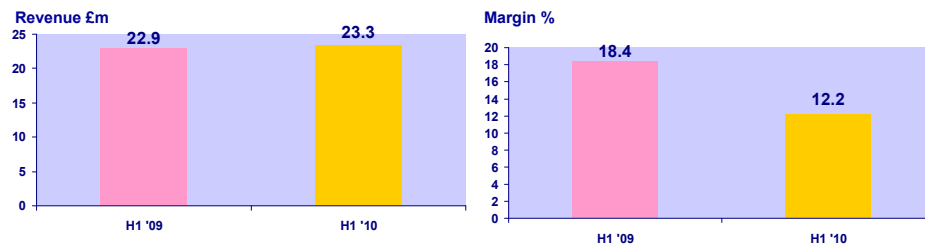
- Compliance and Risk Management
- Internal Audit
- IT: Group move to Outlook
- Professional fees (Pensions, Taxes, HR)

## Management services division



- Revenue flat
- H1'10 profit 6.5% lower
- Standard
  - Significant increase in resources required (impact 2010)
  - Growth and regulatory environment
- Signal
  - Improving result
  - Management fee 1 October 2010
- Captive Management
  - New clients
- UK public Sector
  - Impact of Mutual closures
  - Sector still promising
- Risk Consulting
  - Lower fees US/UK

## Adjusting services division



- 2009 revenue up 2%,
- profit down 33% to £2.8m from £4.2m
- Impact of increase in group overheads

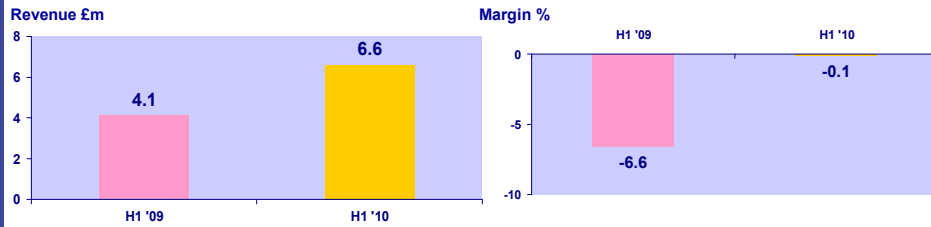
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## Adjusting services division

- Energy (45%)
  - Revenues and market share maintained but profit lower
  - Houston/UK – high value work impact
  - Calgary/Singapore/Australia good result
  - Vancouver/New York investment
- Aviation (18%)
  - Revenues flat but market share maintained
  - UK Hull quieter
  - Asset management under performed to date
  - Australia improving
  - Miami/Dubai remain busy
- Marine (22%)
  - Good performance continues
  - UK good spread of cases
  - Greater China increasing importance
  - Piraeus investment required
- Non Marine (15%)
  - Strong result continues
  - Financial institution/product recall growth
  - Miami busy
  - Dubai/Doha development

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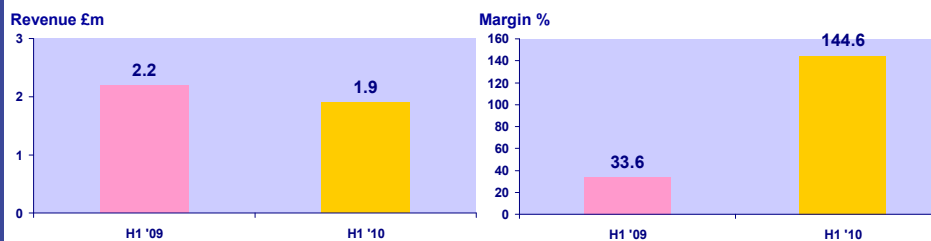
## Insurance support services division



- Revenue growth all relates to Axiom (acquired May 2009)
- Non-Life
  - CTIS refocused on core activities
  - Claims management, financial reporting, run-off
  - Increased opportunities in Lloyds market
  - Turnkey still being explored
- Life
  - Lower revenues reflecting no new business

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## Insurance companies run-off division



- Non-life (UK/ Ireland)
  - Different profit mix vs H1 2009 (Cardrow and Beech Hill)
  - Cardrow significant increase in profits
  - Note 82.5%+ minority interest in Cardrow
  - Beech Hill immaterial in H1 2010
  - Bestpark small loss, narrow margin of solvency maintained
- Life (Isle of Man)
  - Result better than last year
  - Solvency margin increased
  - Small Guernsey life insurer acquired

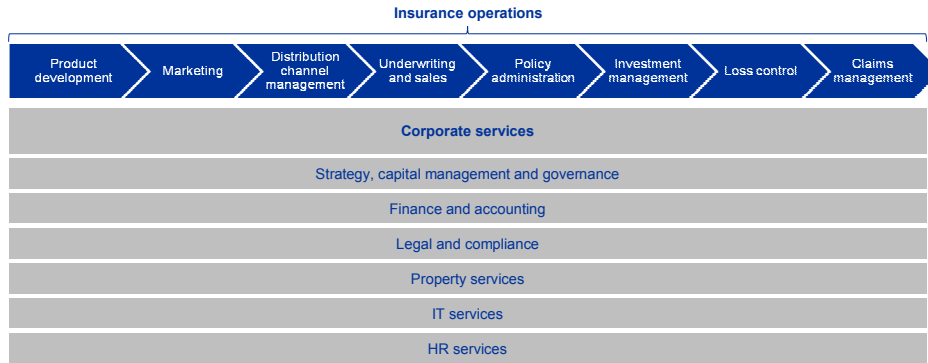
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## Outlook

- Management services division
  - Background positive for 2011 fee negotiation. (October 2010)
  - Signal expect better performance in H2 2010
  - CTUA – improving outlook
- Adjusting services division
  - Remains market leader in key sectors
  - Expansion into onshore energy
- Insurance support services division
  - CTIS – quality of new business opportunities improving
- Insurance companies run-off division
  - Solvency II (October 2012) remains opportunity.

## Business Appendices

# The fully integrated insurance model



- Core insurance operations supported by corporate services

# CTC in the insurance value chain (1)

CTC is an outsource supplier of some core insurance services...

	Product development	Marketing	Distribution channel management	Underwriting and sales	Policy administration	Investment management	Loss control	Claims management
Mutual management	✓	✓	✓	✓	✓	✓	✓	✓
Underwriting services	✓	✓	✓	✓	✓			✓
Investment management						✓		
Adjusting								✓
Insurance support services					✓			✓
Insurance companies run-off					✓	✓	✓	✓

## CTC in the insurance value chain (2)

... as well as providing corporate services and support functions

	Strategy, capital management and governance	Legal and compliance	Finance and accounting	Property services	IT services	HR services
Mutual management	✓	✓	✓	✓	✓	✓
Underwriting services						
Investment management						
Adjusting						
Insurance support services		✓	✓			
Insurance companies run-off	✓	✓	✓	✓	✓	✓

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## Our markets

	Risk carriers	Managing agencies and Brokers	Insureds
London	Mutual mgt (P&I, Stop Loss and public sector) Accounting, financial and regulatory reporting Audits/ inspections Claims management/ analysis Commutations Loss adjusting	Accounting, financial and regulatory reporting Audits/ inspections Claims management/ analysis Commutations Coverholder management Start-up support Claims processing, broking and credit control	Average adjusting Risk management
Bermuda	Mutual mgt (P&I, Signal and SCALA) Captive management	N/A	Captive management
ROW	Mutual mgt (P&I) Loss adjusting	N/A	Average adjusting Risk management Captive management (IoM)

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## History

<b>c 1840</b>	Charles Taylor & Co founded
<b>1885</b>	Sets up first mutual, the Standard P&I Club
<b>1900s</b>	Focus on management of mutual insurance companies for shipowners
<b>1969</b>	P&I moves to Bermuda
<b>1970s</b>	Starts developing other mutuals in the marine, workers' compensation and non marine fields
<b>1996</b>	Floated on the London Stock Exchange
<b>1997</b>	Entered Adjusting services sector
<b>2005</b>	Entered Run-off sector
<b>2009</b>	Established Insurance support services division

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## The board

Executive	
<b>John Rowe</b>	<b>Group Chief Executive</b>
<b>Damian Ely</b>	<b>Group Chief Operating Officer</b>
<b>George Fitzsimons</b>	<b>Group Finance Director</b>
<b>Alistair Groom</b>	<b>Executive Director</b>
<b>Joe Roach</b>	<b>Executive Director</b>

Non-Executive	
<b>Rupert Robson</b>	<b>Non-Executive Chairman</b>
<b>Julian Cazalet</b>	<b>Senior independent non-executive director</b>
<b>David Watson</b>	
<b>Julian Avery</b>	
<b>Judith Hanratty CVO OBE</b>	

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## Global offices

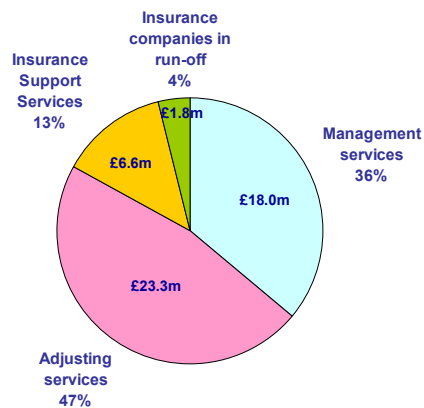


30 June 2010 ⇒ 48 offices worldwide with 914 members of staff

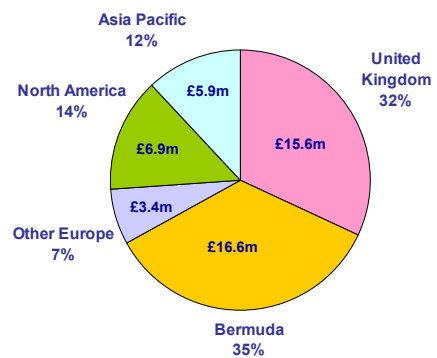
Major offices shown in red

## Segmental analysis

H1 2010 division segment revenue



H1 2010 geographical segment revenue



Note : revenue by business segment is before £1.3m intercompany eliminations

## Acquisition history

Date	Name	Division	Consideration (cash element)	Consideration (share element)
2009	• Axiom • ASG	Ins Supp Serv Adjusting	£6.2m £1.7m, earnout £0.8m	- -
2008	• Cardrow Insurance • Beech Hill Insurance	Run-off Run-off	£1 plus share of final net assets £1 plus earnout up to £10m	- -
2007	• Allegro	Management	£2.3m cash Earnout £0.5m cash	-
2006	• MGI Loss Adjusters • Premium Life • Vertex Administration	Adjusting Run-off Run-off	Earnout up to £0.6m cash £0.2m cash Earnout up to £0.3m cash	£1.5m shares - -
2005	• LCL Group and LCL Acquisitions	Run-off	£21.5m cash	£6.9m shares plus earnout shares and loan notes up to £15m
2004	• Bateman Chapman Limited	Adjusting	£18.9m cash	-
2001	• ULM • Resolve International	Adjusting	£5.6m cash £3.0m cash	- £2.0m shares
2000	• LAD (Aviation) Limited	Adjusting	£2.6m cash	£0.5m shares
1999	• Rush Johnson Associates • Hutchins Moore	Adjusting Adjusting	£4.1m cash	£1.8m shares £0.4m shares
1998	• INDECS Limited	Adjusting	£2.1m cash and loan notes	£0.9m shares
1997	• Richards Hogg Group Limited	Adjusting	£2.8m cash and loan notes	£6.3m shares

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## Results Appendices

## Income statement

£m	H1 2010	H1 2009
<b>Revenue</b>	<b>48.4</b>	<b>45.9</b>
Expenses (note 1)	(40.6)	(38.2)
<b>Profit from operations (note 1)</b>	<b>7.8</b>	<b>7.7</b>
Associates and JVs	0.0	(0.1)
Net finance costs	(1.0)	(0.7)
<b>Profit before tax (note 1)</b>	<b>6.8</b>	<b>6.9</b>
Tax	(1.2)	(0.9)
<b>Profit after tax (note 1)</b>	<b>5.6</b>	<b>6.0</b>

Note 1: adjusted for acquired customer relationship intangible amortisation of £1.0m (H1 '09: £0.6m) and exceptional relocation and reorganisation costs of £nil (H1 '09: £0.7m)

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## Divisional results

£m	Revenue		Result	
	H1 '10	H1 '09	H1 '10	H1 '09
Management services	18.0	18.0	2.5	2.7
Adjusting services	23.3	22.9	2.8	4.2
Insurance Support Services	6.6	4.1	(0.0)	(0.3)
Insurance Run-off	1.8	2.2	2.7	0.7
Intercompany eliminations/unallocated	(1.3)	(1.3)	(0.2)	0.4
<b>Total</b>	<b>48.4</b>	<b>45.9</b>	<b>7.8</b>	<b>7.7</b>

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## Tax

£m	H1 2010	H1 2009
UK charge @ 28%	0.6	0.1
Overseas charge	0.6	0.8
<b>Total</b>	<b>1.2</b>	<b>0.9</b>
<b>Effective tax rate on current period profit</b>		
- Statutory	20.2%	15.8%
- Adjusted	17.1%	12.9%
<b>Underlying current year trading tax rate (note 1)</b>	<b>14.3%</b>	<b>13.1%</b>

Note 1: Excluding Insurance Companies Run-off

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## Cash flow from operations

£m	H1 2010	H1 2009
Profit from operations (note 1)	3.9	5.3
Depreciation	0.9	0.7
Intangible amortisation	1.3	0.8
Receivables (increase)/decrease	(1.4)	0.2
Payables increase/ (decrease)	3.1	(3.8)
Other non-cash	(1.5)	(0.5)
Tax	(0.8)	(0.7)
Interest	(1.0)	(0.9)
<b>Net cash flow from operations (note 2)</b>	<b>4.5</b>	<b>1.1</b>

Note 1: Excl. insurance companies

Note 2: Excl. client funds

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## Cash flow

£m	H1 2010	H1 2009
Operating cash flow (note 1)	4.5	1.1
Dividends	(3.6)	(3.4)
Acquisitions & disposals	(0.2)	(7.7)
Financing	(4.3)	9.7
Capex	(0.7)	(0.5)
FX	1.5	(0.9)
Other	(0.2)	(0.2)
Net decrease in cash	(3.0)	(1.9)
Cash and equivalents b/f (note 1)	10.7	8.3
Cash and equivalents c/f (note 1)	7.7	6.4

Note 1: Excluding movement in client funds

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## Net debt

£m	H1 2010	H1 2009	Movement
Cash and cash equivalents	40.0	38.6	1.4
Less: Client funds	(32.3)	(32.2)	(0.1)
	7.7	6.4	1.3
Overdrafts/ current loans	(18.9)	(17.1)	(1.8)
Non-current loans	(28.6)	(30.0)	1.4
Other	(1.8)	(1.4)	(0.4)
Net debt	(41.6)	(42.1)	0.5

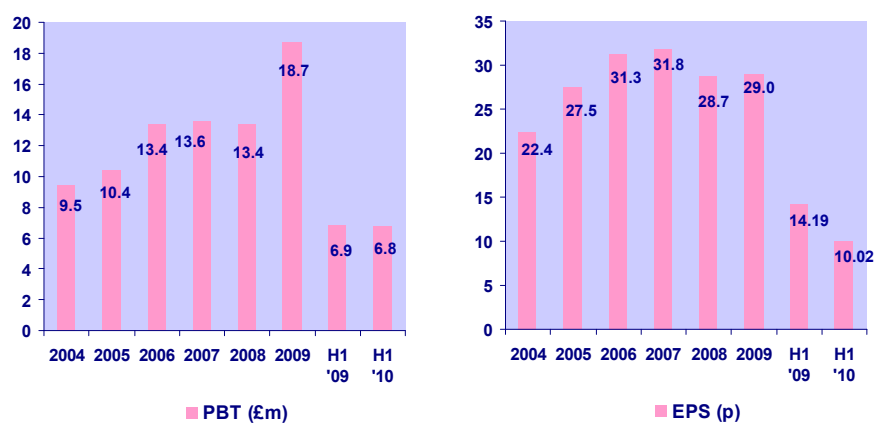
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## Balance sheet

£m	H1 2010	H1 2009
Goodwill	44.0	38.4
Intangibles	14.0	16.8
Deferred tax	7.0	6.4
Other fixed assets	7.6	7.8
<b>Non-current assets</b>	<b>72.6</b>	<b>69.4</b>
Insurance assets	285.5	309.0
Other current assets	96.6	93.7
<b>Total assets</b>	<b>454.7</b>	<b>472.1</b>
Insurance liabilities	(230.4)	(264.0)
Other current liabilities	(75.0)	(72.1)
<b>Total assets less current liabilities</b>	<b>149.3</b>	<b>136.0</b>
Non-current loans	(28.6)	(30.0)
Pension liabilities	(26.7)	(21.1)
Other non-current liabilities	(22.3)	(16.3)
<b>Net assets</b>	<b>71.7</b>	<b>68.6</b>

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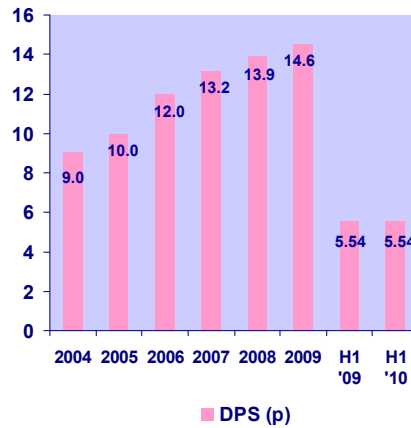
## Track record – PBT and EPS



Note: 2004 restated due to UITF38 and IFRS; PBT and EPS adjusted to exclude goodwill, acquired customer relationship intangible amortisation, VOBA reversal/ impairment and exceptional relocation and reorganisation costs and exceptional tax

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## Track record – dividend



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## Disclaimer

This presentation contains certain forward-looking statements. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will or may occur in the future. Actual results may differ from those expressed in such statements, depending on a variety of factors, including demand and pricing; operational problems; general economic conditions; political stability and economic growth in relevant areas of the world; changes in laws and governmental regulations; exchange rate fluctuations and other changes in business conditions; the actions of competitors and other factors.

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