



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

**Results to year end 31 December 2009**

**24 March 2010**



John Rowe

Chief Executive

George Fitzsimons

Finance Director

Damian Ely

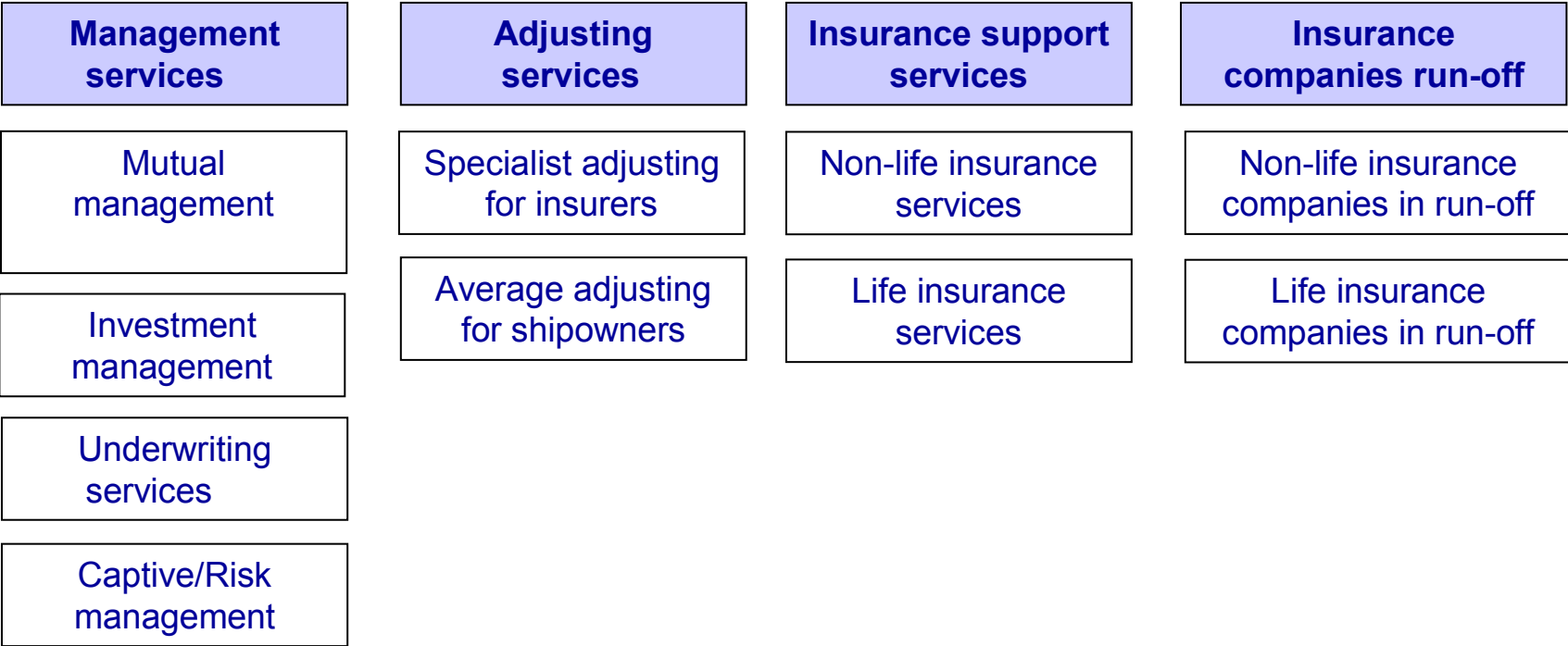
Chief Operating Officer

# Financial highlights

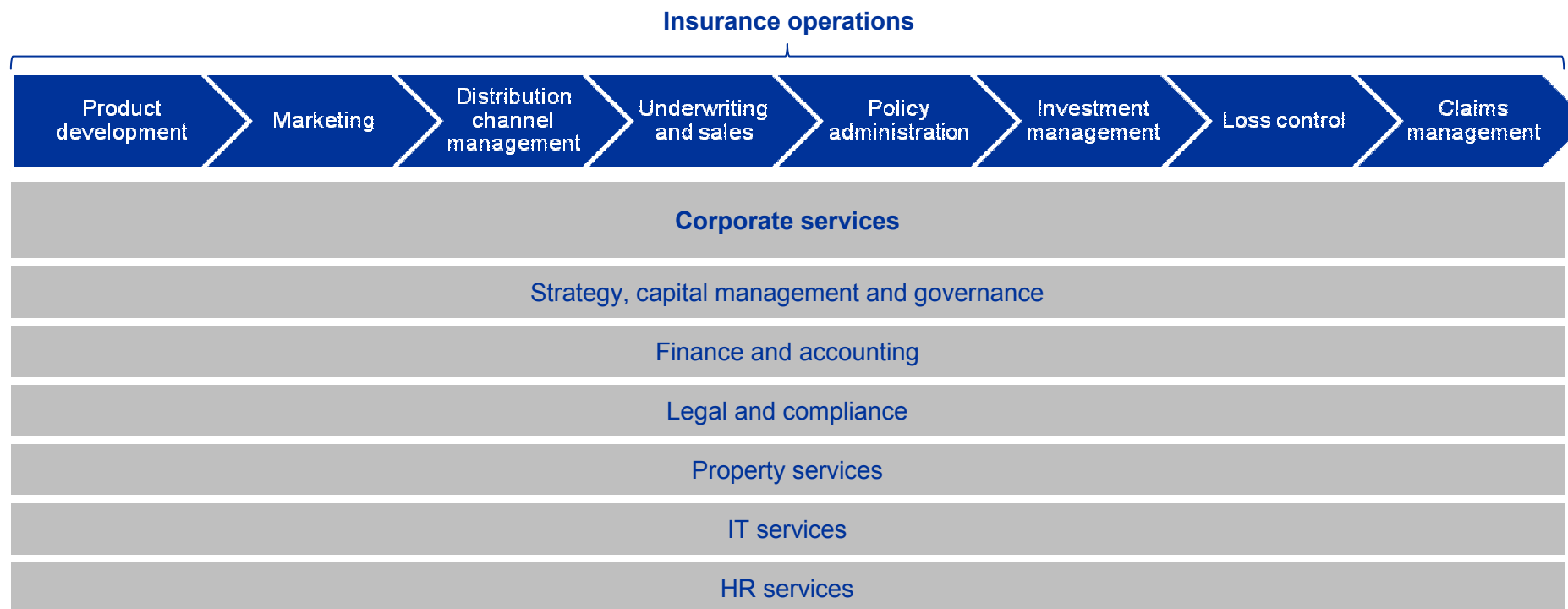
	2009	2008
Revenue up 19%	£96.6m	£80.8m
Statutory PBT up 58%	£15.7m	£9.9m
Adjusted PBT up 40% (note 1)	£18.7m	£13.4m
Statutory EPS down 4%	19.04p	19.92p
Adjusted EPS up 1% (note 1)	29.02p	28.67p
Dividend up 5%	14.55p	13.86p

*Note 1: Adjusted PBT and EPS are adjusted for goodwill, acquired customer relationship intangible amortisation, exceptional relocation and reorganisation costs and exceptional tax*

# Group divisional structure



# 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	✓	✓	✓	✓	✓	✓

# Our markets

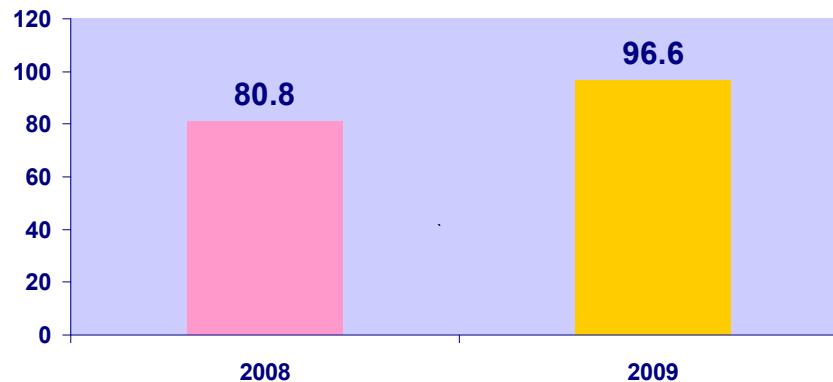
	<b>Risk carriers</b>	<b>Managing agencies and Brokers</b>	<b>Insureds</b>
<b>London</b>	Mutual mgt (P&I, Stop Loss and public sector) Accounting, financial and regulatory reporting Audits/ inspections Claims management/ analysis Commutations Loss adjusting	Accounting, financial and regulatory reporting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

# **Financial Review**

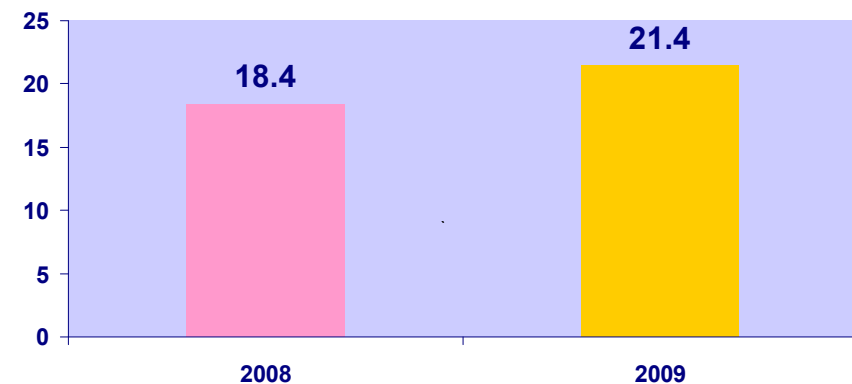
# Overall trading

2009 real revenue growth plus acquisitions and FX effect, margin boosted by strong Adjusting services and Insurance companies run-off division and affected by weaker Management services division

Revenue £m



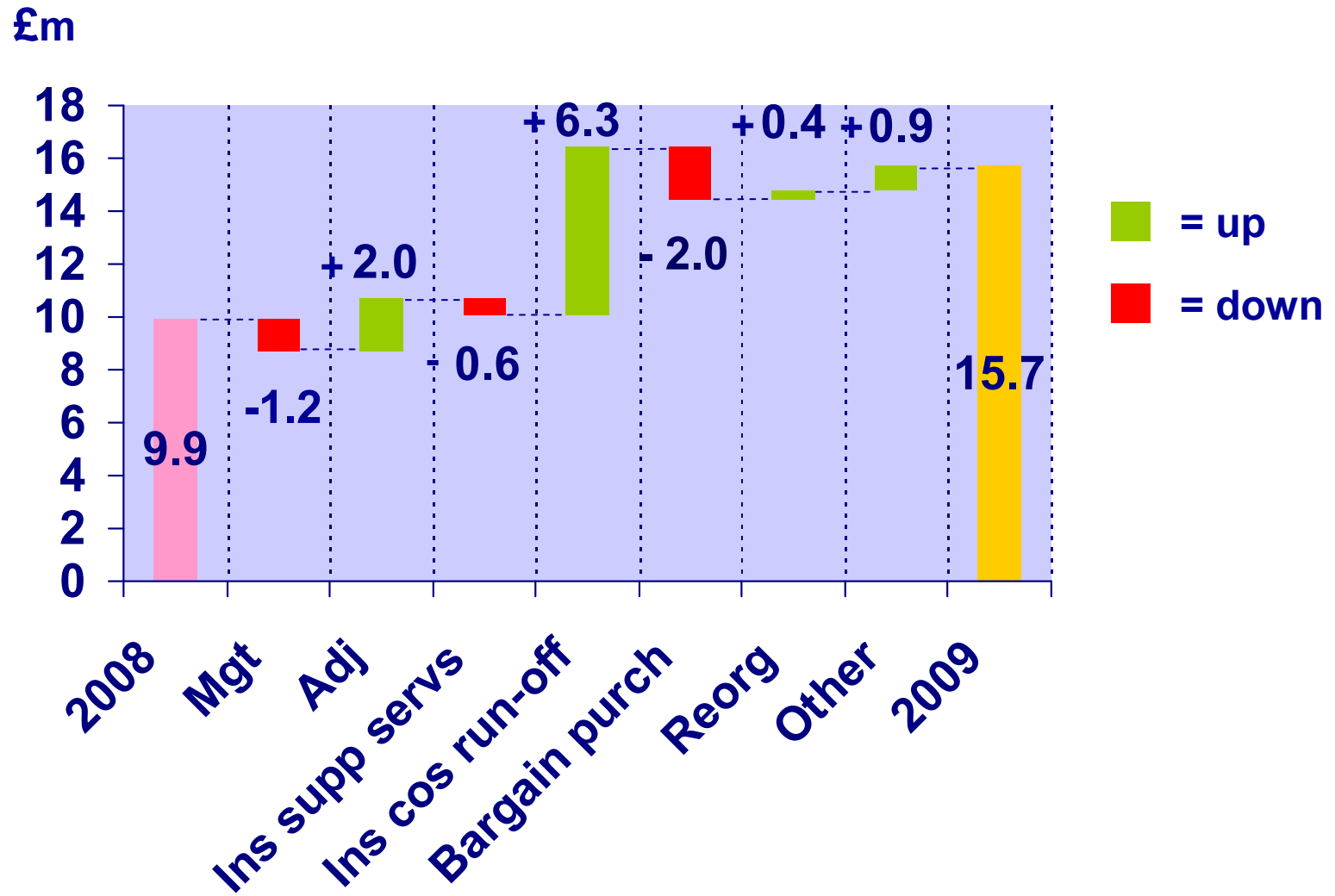
Margin %



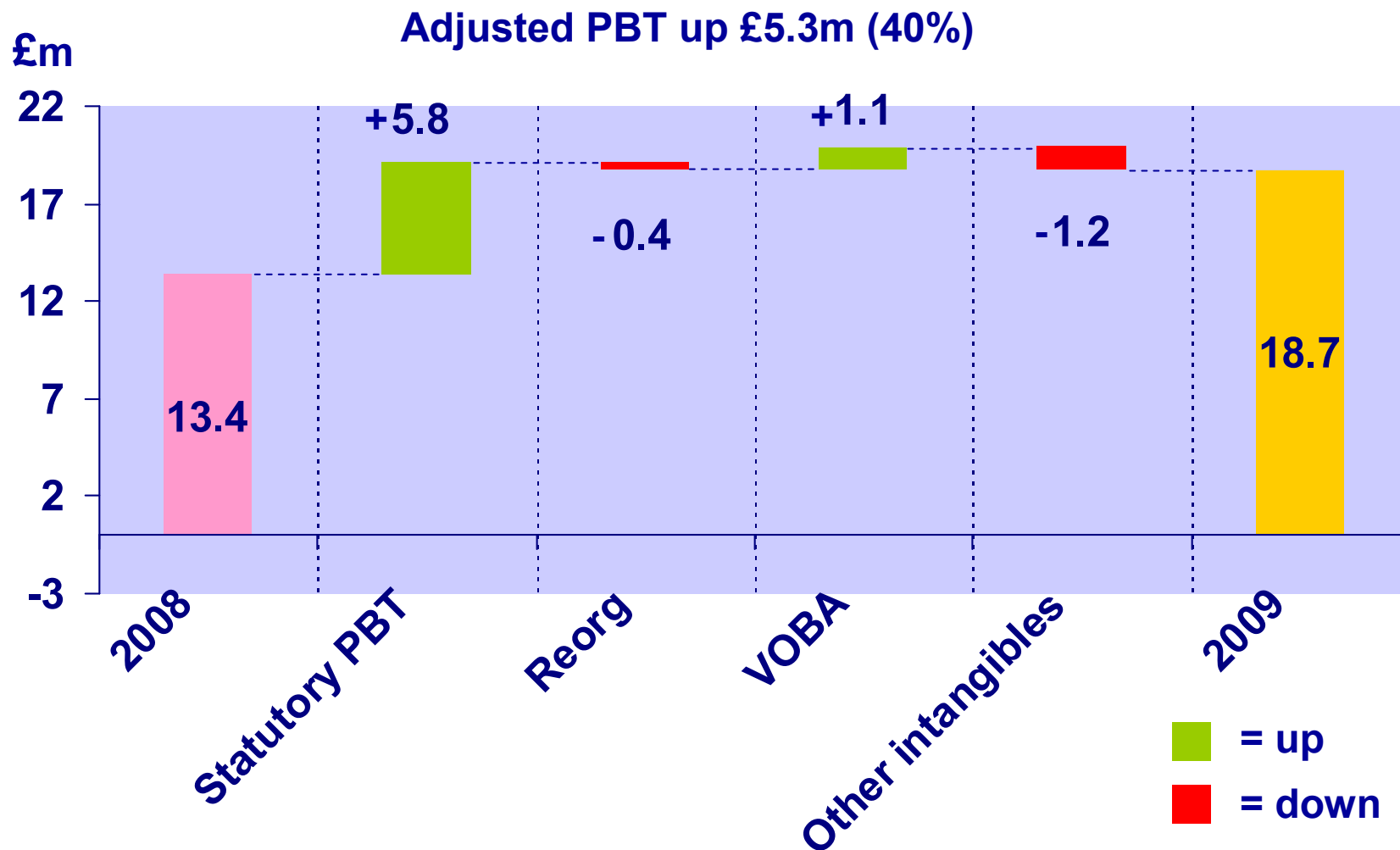
- Revenue growth 19.5%
  - 3.5% like-for-like real growth
  - 9.9% acquisitions (Axiom and ASG)
  - 6.1% favourable FX rates
  - Note effect of H2 2008 discontinued business on yoy comparisons - esp discretionary mutuals exit (£1.7m) and US Aviation restructuring - and weak Signal trading
- Profit growth in Adjusting services and Insurance companies run-off divisions (note large MI)

# Statutory PBT 2009 vs 2008

Statutory PBT up £5.8m (58%)



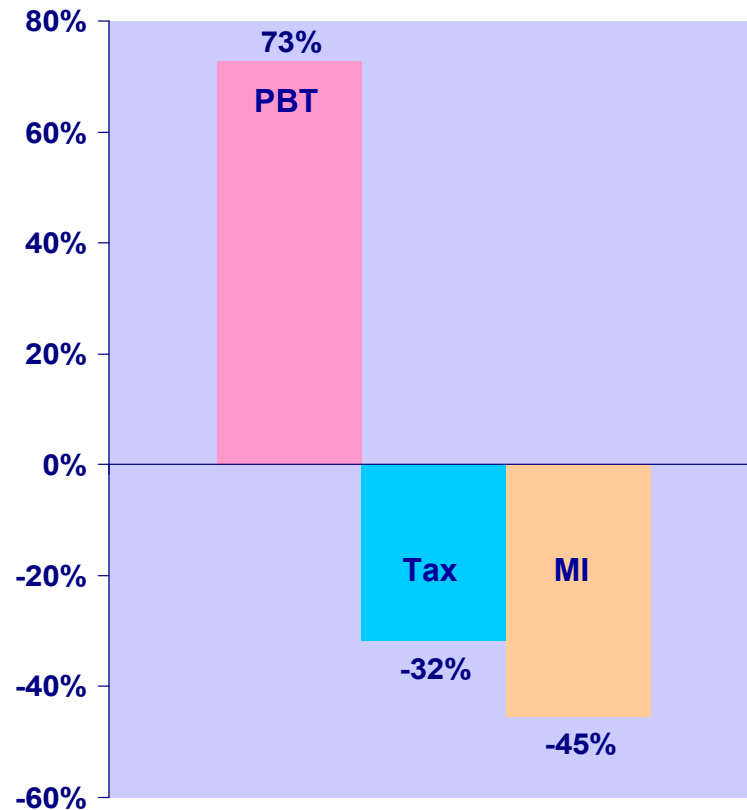
# Adjusted PBT 2009 vs 2008



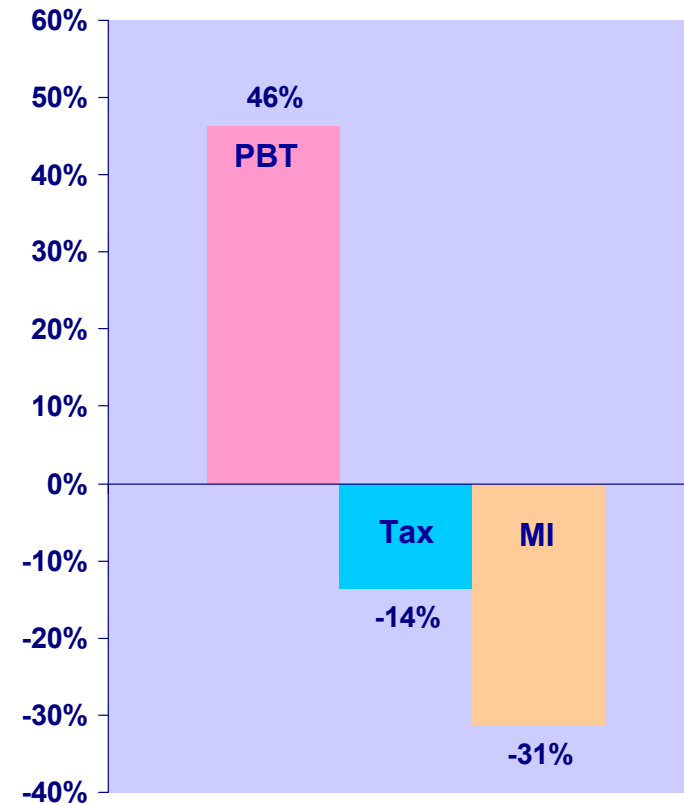
*Note: Adjusted PBT and EPS are adjusted for goodwill, acquired customer relationship intangible amortisation, exceptional relocation and reorganisation costs and exceptional tax.*

# EPS 2009 vs 2008

## Statutory eps down 4%

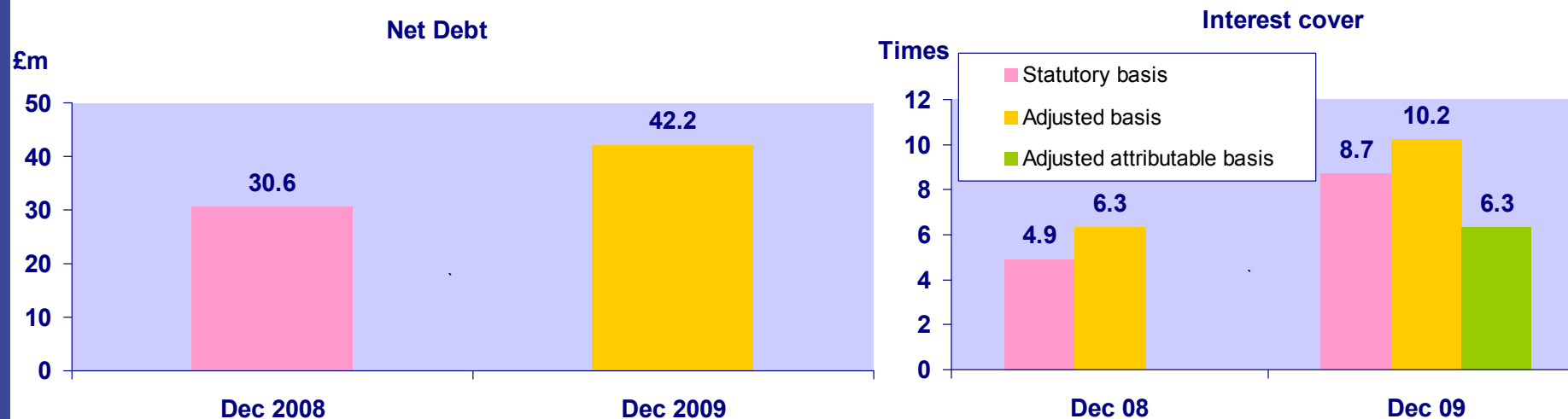


## Adjusted eps up 1%



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

# Debt and operating cash flow



£m	2009	2008
Profit from operations (note 1)	9.5	10.6
Gains on bargain purchase	-	(2.0)
Receivables/ payables	(5.5)	(0.9)
Other	(0.4)	(2.3)
<b>Net cash flow from operations (note 2)</b>	<b>3.6</b>	<b>5.4</b>

Note 1: Excl. insurance companies

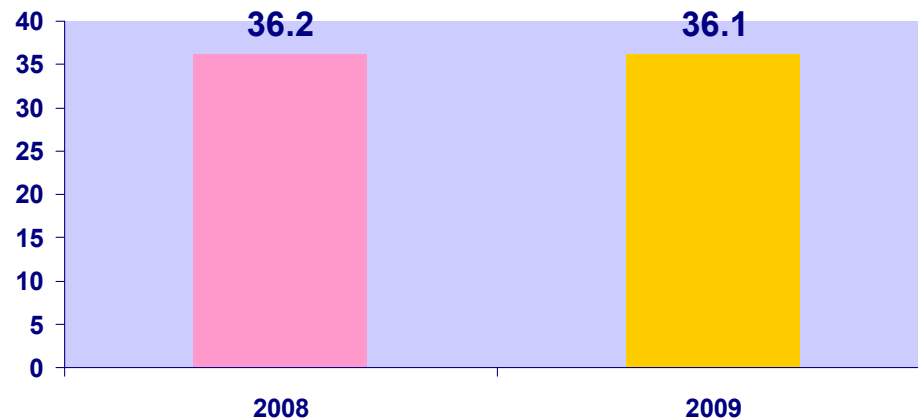
Note 2: Excl. client funds

# **Divisional Review**

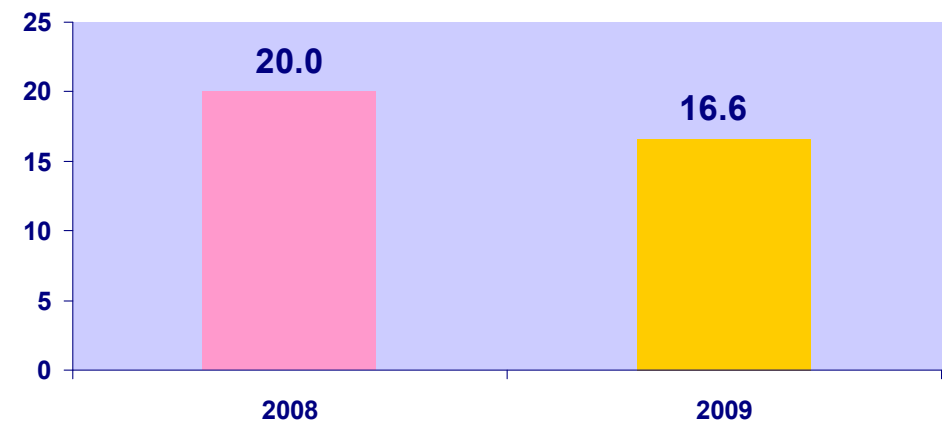
# Management services division

2009 affected mainly by Signal result

Revenue £m



Margin %

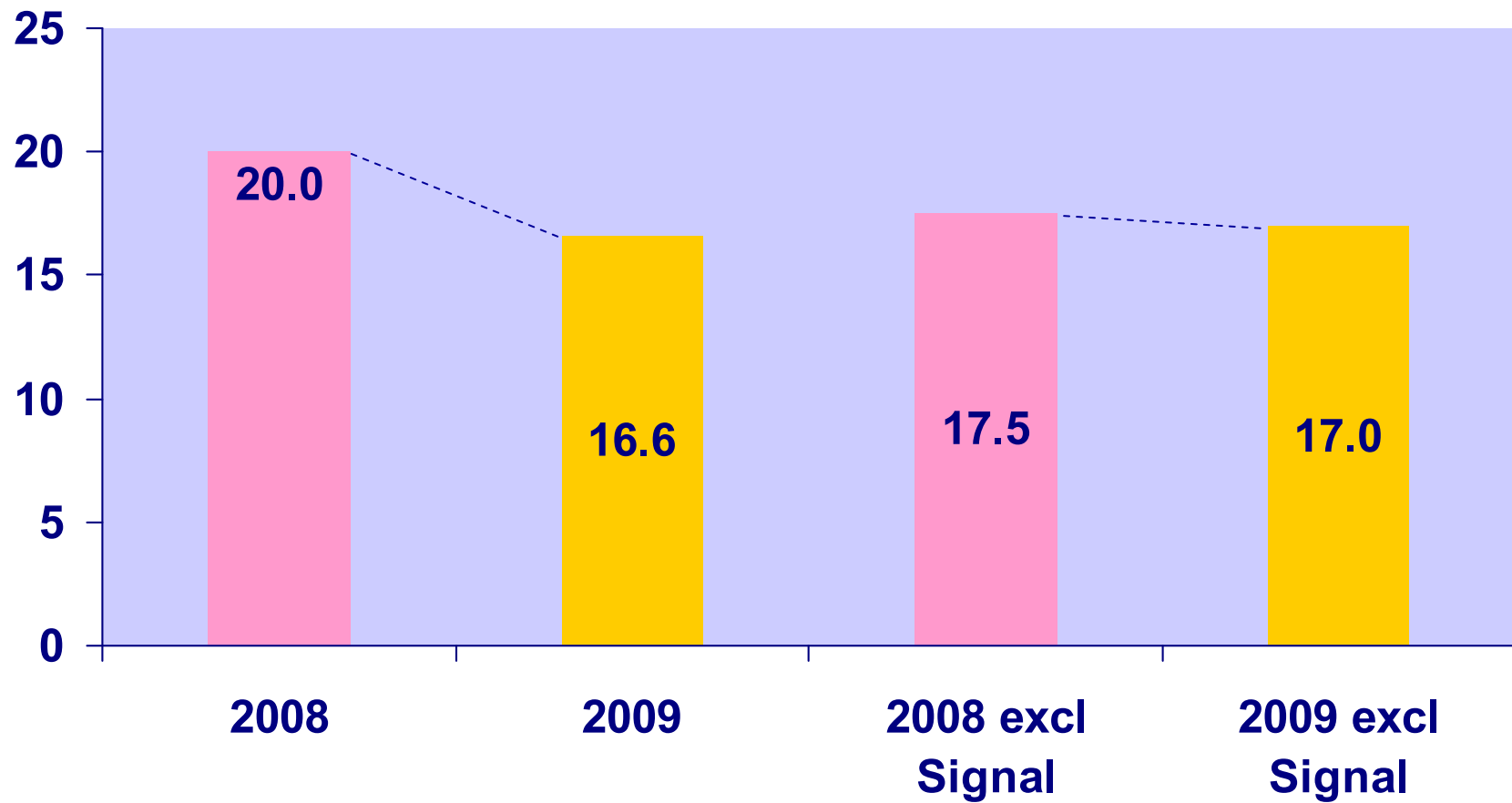


- Revenue flat (despite favourable FX), including effect of H2 2008 discretionary mutuals exit
- 2009 profit down to £6.0m from £7.2m
- Standard
  - Financial strength, attracting members
  - 110m gt vs 83m gt prior year
- Signal
  - Drop in Signal fee income but solid market share
- UK Public Sector
  - Small scale but opportunities
- Captive/Risk Management
  - Affected by US economy, develop outside US
- Investment Management
  - 10% growth in FUM, senior appointment

# Management services division

Margin 2009 affected mainly by Signal (US economy)

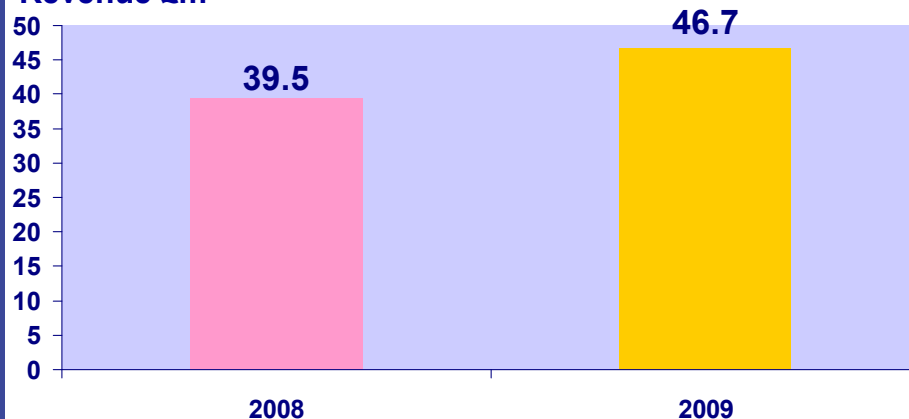
Margin %



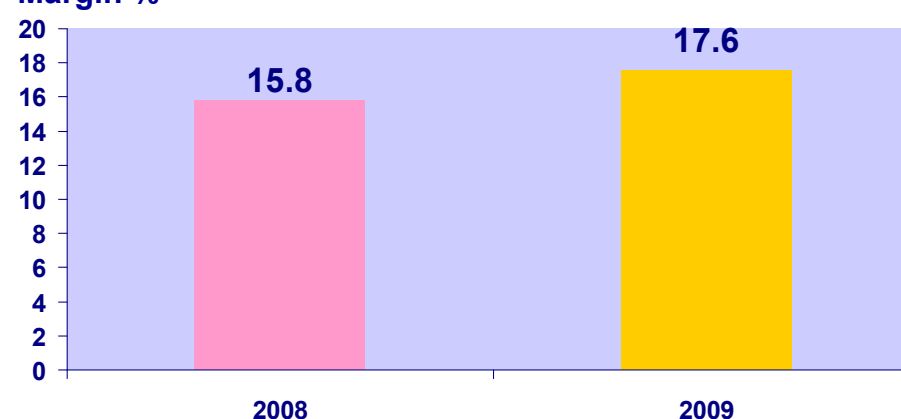
# Adjusting services division

## High workload and operational gearing

Revenue £m



Margin %

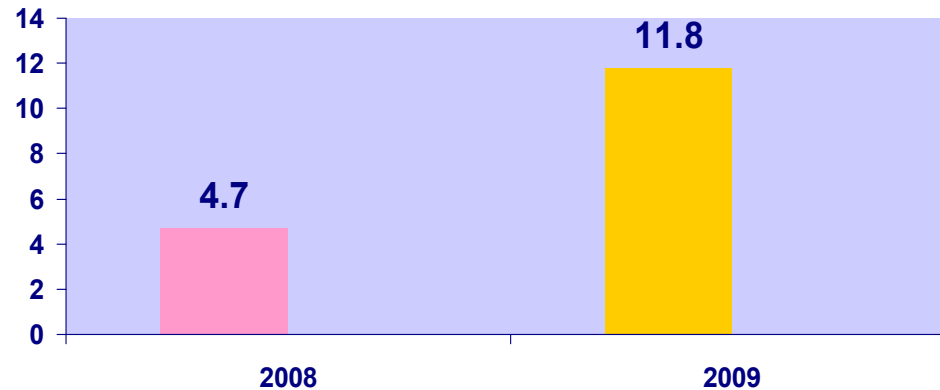


- 2009 revenue up 18%, profit up 31% to £8.2m from £6.3m
- Energy (44%)
  - Strong growth in revenue and profit
  - Asia Pacific growth
  - New York business established
- Non Marine (14%) - Very strong revenue and profit growth
  - Strong financial institutions demand, favourable economic background
- Aviation (19%)
  - Activity low overall (global travel impact), though China strong
  - Asset management acquisition
  - US improvement after 2008 reorganisation
  - Dubai proving success
- Marine (23%)
  - Revenue and profit growth without major losses
  - Asia growing importance

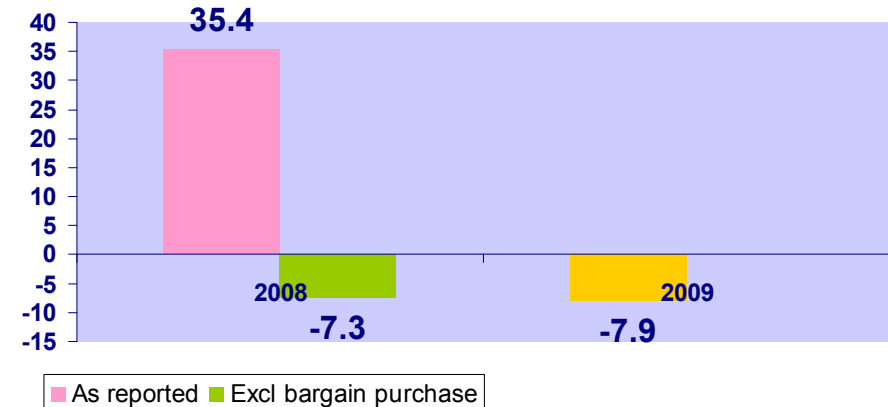
# Insurance support services division

Larger scale with Axiom, where costs reduced, but still building the business

Revenue £m



Margin %



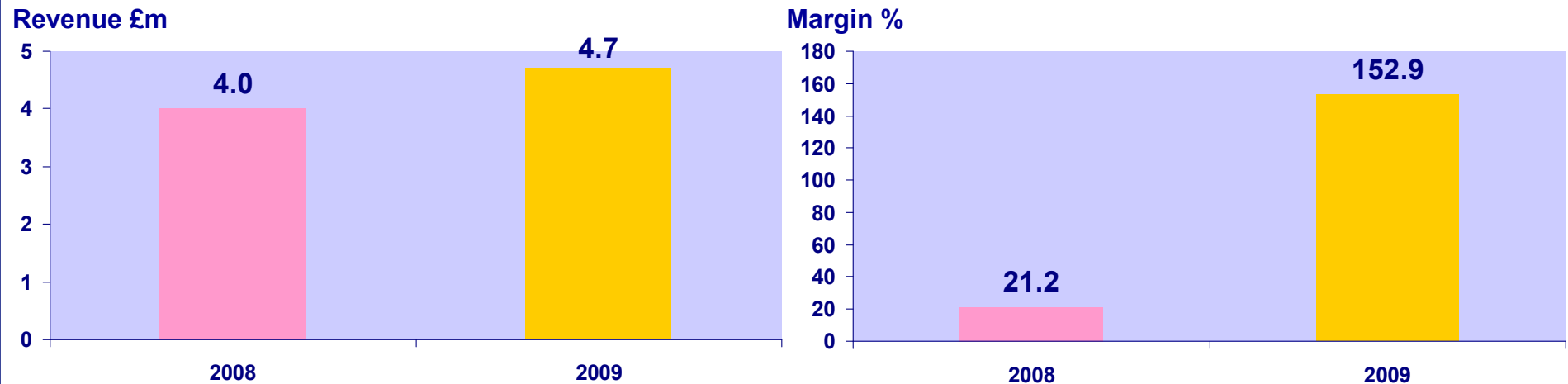
- Revenue growth all relates to Axiom (acquired May 2009)
- Note £2m bargain purchases reported in 2008 (nil in 2009)
- Non-Life
  - Strengthened position in London outsourced insurance services
  - Reorganised combined with LCL London resources
  - Significant operating cost reductions
  - Rebranded Charles Taylor Insurance Services
  - New CEO Stephen Card has extensive market experience and connections
- Life
  - No new business 2009 but interesting opportunities still being tracked

# Insurance support services division

- Predominantly UK operation (London insurance market) but clients international
- Financial accounting
- Regulatory reporting
- Consultancy
- Broker support or replacement
- Claims management and commutations (negotiated reinsurance settlements)
- Run-off services
  - for insurers closed to new business
  - life (Isle of Man)
  - non-life

# Insurance companies run-off division

## Major impact from Cardrow reserve releases



- No new acquisitions since 2008
- Non-life (UK/ Ireland)
  - H2 2008 acquisitions Beech Hill and Cardrow (especially) performed better than expected, with historic reserves appearing very prudent
  - Note 82.5% minority interest in Cardrow
  - Bestpark small profit, narrow margin of solvency maintained
- Life (Isle of Man)
  - Investment market recovery
  - Result better than prior year
  - Solvency margin increased

- Management services division
  - Standard tonnage growth positive for 2011 fee negotiation.
  - Signal management fee agreement – increased certainty of revenues, 2010 result should improve.
  - UK public sector mutuals – promising opportunities to redevelop for 2011 start.
- Adjusting services division
  - Overall started 2010 well.
  - Still opportunities to grow both organically and by acquisition.
- Insurance support services division
  - CTIS – well positioned to capitalise on London insurance market growth and outsourcing.
- Insurance companies run-off division
  - Solvency II (October 2012) remains opportunity.

# **Business Appendices**

# 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

# The board

## Executive

**John Rowe**

**Group Chief Executive**

**Damian Ely**

**Group Chief Operating Officer**

**George Fitzsimons**

**Group Finance Director**

**Alistair Groom**

**Executive Director**

**Joe Roach**

**Executive Director**

## Non-Executive

**Rupert Robson**

**Non-Executive Chairman**

**Julian Cazalet**

**Senior independent non-executive director**

**Michael Knight**

**Julian Avery**

**Judith Hanratty CVO OBE**

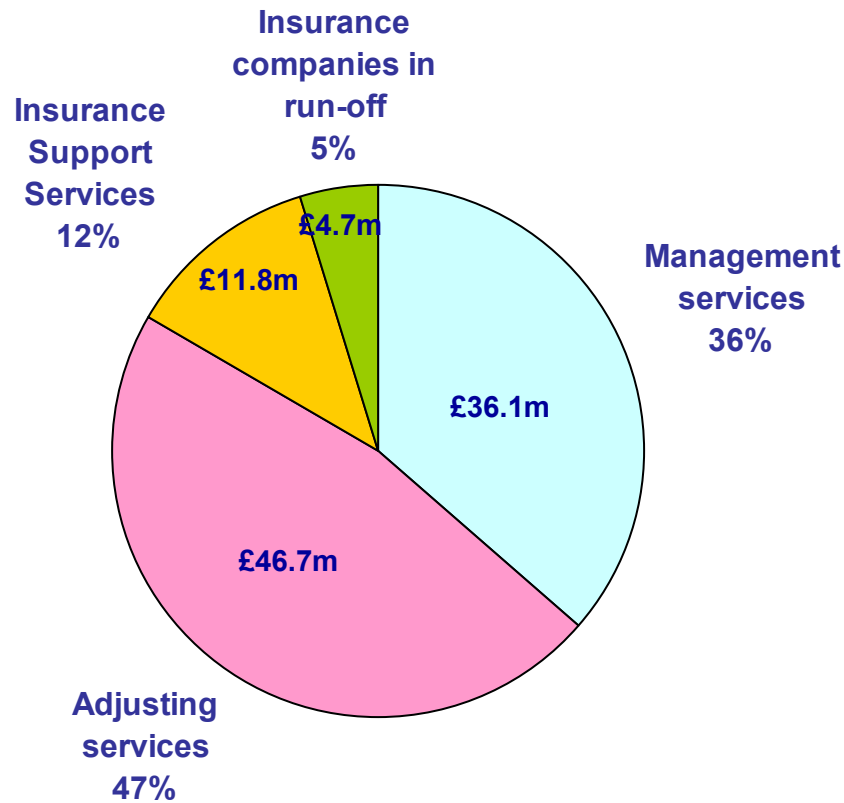
# Global offices



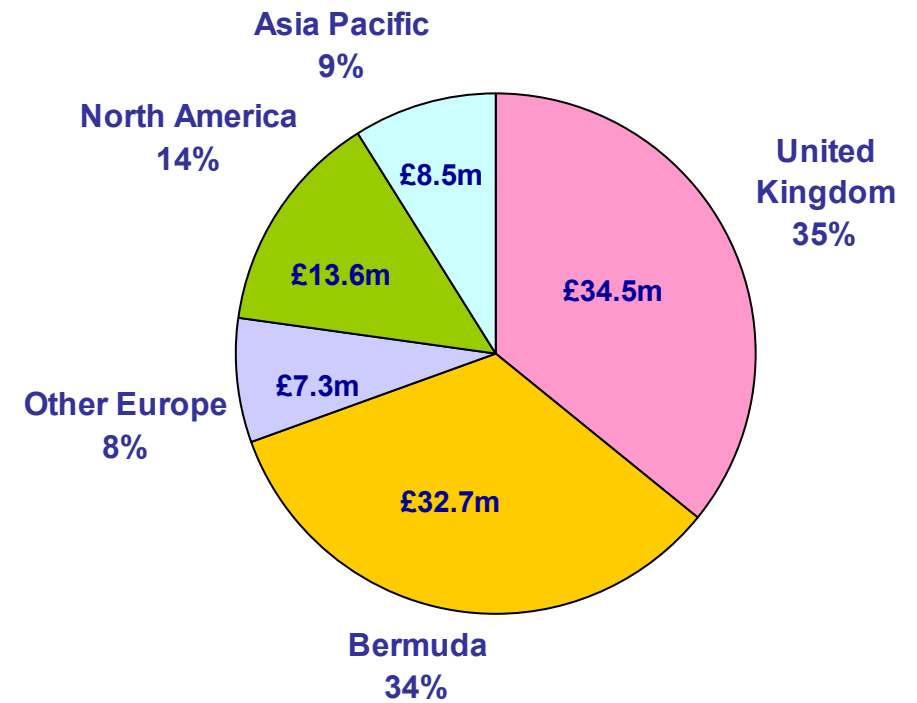
Major offices shown in red

# Segmental analysis

2009 division segment revenue  
- full year



2009 geographical segment revenue  
- full year



Note : revenue by business segment is before £2.7m intercompany eliminations

# Acquisition history

Date	Name	Division	Consideration (cash element)	Consideration (share element)
2009	<ul style="list-style-type: none"> <li>• Axiom</li> <li>• ASG</li> </ul>	Ins Supp Serv Adjusting	£6.2m £1.7m, earnout £0.8m	- -
2008	<ul style="list-style-type: none"> <li>• Cardrow Insurance</li> <li>• Beech Hill Insurance</li> </ul>	Run-off Run-off	£1 plus share of final net assets £1 plus earnout up to £10m	- -
2007	<ul style="list-style-type: none"> <li>• Allegro</li> </ul>	Management	£2.3m cash Earnout £0.5m cash	-
2006	<ul style="list-style-type: none"> <li>• MGI Loss Adjusters</li> <li>• Premium Life</li> <li>• Vertex Administration</li> </ul>	Adjusting Run-off Run-off	Earnout up to £0.6m cash £0.2m cash Earnout up to £0.3m cash	£1.5m shares - -
2005	<ul style="list-style-type: none"> <li>• LCL Group and LCL Acquisitions</li> </ul>	Run-off	£21.5m cash	£6.9m shares plus earnout shares and loan notes up to £15m
2004	<ul style="list-style-type: none"> <li>• Bateman Chapman Limited</li> </ul>	Adjusting	£18.9m cash	-
2001	<ul style="list-style-type: none"> <li>• ULM</li> <li>• Resolve International</li> </ul>	Adjusting	£5.6m cash £3.0m cash	- £2.0m shares
2000	<ul style="list-style-type: none"> <li>• LAD (Aviation) Limited</li> </ul>	Adjusting	£2.6m cash	£0.5m shares
1999	<ul style="list-style-type: none"> <li>• Rush Johnson Associates</li> <li>• Hutchins Moore</li> </ul>	Adjusting Adjusting	£4.1m cash	£1.8m shares £0.4m shares
1998	<ul style="list-style-type: none"> <li>• INDECS Limited</li> </ul>	Adjusting	£2.1m cash and loan notes	£0.9m shares
1997	<ul style="list-style-type: none"> <li>• Richards Hogg Group Limited</li> </ul>	Adjusting	£2.8m cash and loan notes	£6.3m shares

# **Results Appendices**

£m	2009	2008
<b>Revenue</b>	<b>96.6</b>	<b>80.8</b>
Expenses (note 1)	(75.9)	(68.0)
Gain on bargain purchases	-	2.0
<b>Profit from operations (note 1)</b>	<b>20.7</b>	<b>14.8</b>
Associates and JVs	0.0	0.1
Net finance costs	(2.0)	(1.5)
<b>Profit before tax (note 1)</b>	<b>18.7</b>	<b>13.4</b>
Tax (note 2)	(2.8)	(1.3)
<b>Profit after tax (note 1)</b>	<b>15.9</b>	<b>12.1</b>

*Note 1: adjusted for goodwill, acquired customer relationship intangible amortisation, VOBA reversal/ impairment and non-recurring relocation and reorganisation costs of £3.0m (2008: £3.5m)*

*Note 2: adjusted to exclude exceptional prior years' tax of £1.0m*

# Divisional results

Strong Adjusting services and Insurance run-off results partly offset by Management services

£m	Revenue		Result	
	2009	2008	2009	2008
Management services	36.1	36.2	6.0	7.2
Adjusting services	46.7	39.5	8.2	6.3
Insurance Support Services	11.8	4.7	(0.9)	1.7*
Insurance Run-off	4.7	4.0	7.1**	0.8
Intercompany eliminations/unallocated	(2.7)	(3.6)	0.3	(1.2)
<b>Total</b>	<b>96.6</b>	<b>80.8</b>	<b>20.7</b>	<b>14.8</b>

\* Includes gain on bargain purchases £2.0m

\*\* Note large MI

# Tax

£m	2009	2008
UK charge @ 28%	2.4	(0.1)
Overseas charge	1.7	1.0
Deferred tax (credit)	(1.1)	0.3
Prior years' tax settlement	1.0	-
Prior years' adjustments	(0.2)	0.1
<b>Total</b>	<b>3.8</b>	<b>1.3</b>
<b>Effective tax rate on current period profit</b>	<b>24.4%</b>	<b>13.1%</b>
<b>Underlying current year trading tax rate (note 1)</b>	<b>14.6%</b>	<b>14.7%</b>

*Note 1: based on adjusted profit and after reallocating prior year adjustments*

# Cash flow from operations

£m	2009	2008
Profit from operations (note 1)	9.5	10.6
Depreciation	1.6	1.3
Gain on bargain purchase	-	(2.0)
Intangible amortisation	2.6	1.4
Receivables increase	(0.7)	(4.6)
Payables (decrease)/ increase	(4.7)	3.7
Other non-cash	(1.3)	(0.6)
Tax	(1.3)	(1.8)
Interest	(2.1)	(2.6)
<b>Net cash flow from operations (note 2)</b>	<b>3.6</b>	<b>5.4</b>

*Note 1: Excl. insurance companies*

*Note 2: Excl. client funds*

# Cash flow

£m	2009	2008
<b>Operating cash flow (note 1)</b>	<b>3.6</b>	<b>5.4</b>
Interest received	0.1	0.6
Dividends	(5.6)	(5.5)
Acquisitions & disposals	(8.4)	(0.8)
Financing	15.8	(1.2)
Capex	(1.3)	(2.1)
FX	(1.4)	3.8
Other	(0.4)	(0.5)
<b>Net increase/(decrease) in cash</b>	<b>2.4</b>	<b>(0.3)</b>
<b>Cash and equivalents b/f (note 1)</b>	<b>8.3</b>	<b>8.6</b>
<b>Cash and equivalents c/f (note 1)</b>	<b>10.7</b>	<b>8.3</b>

*Note 1: Excluding movement in client funds*

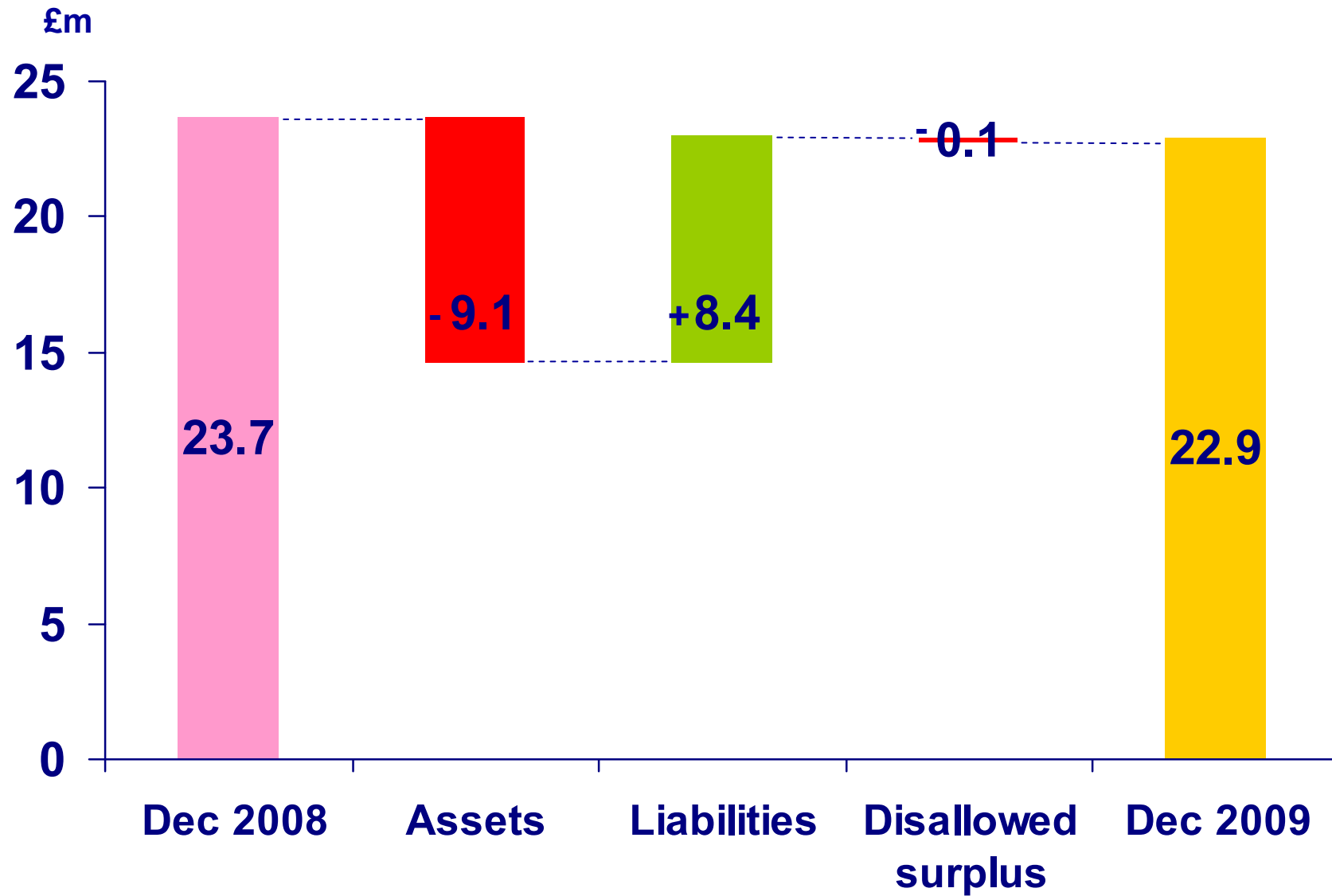
# Net debt

£m	2009	2008	Movement
Cash and cash equivalents	49.4	53.3	(3.9)
Less: Client funds	(38.7)	(45.0)	6.3
	<b>10.7</b>	<b>8.3</b>	<b>2.4</b>
Overdrafts/ current loans	(22.1)	(23.0)	0.9
Non-current loans	(29.4)	(14.3)	(15.1)
Other	(1.4)	(1.6)	0.2
<b>Net debt</b>	<b>(42.2)</b>	<b>(30.6)</b>	<b>(11.6)</b>

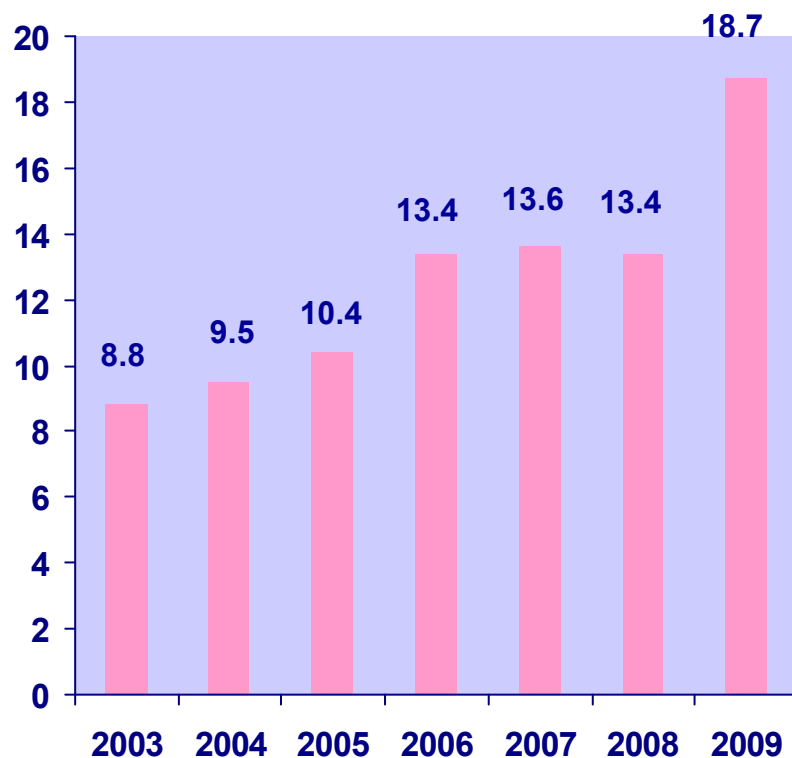
# Balance sheet

£m	2009	2008
Goodwill	43.6	33.2
Intangibles	15.6	12.0
Deferred tax	6.1	6.7
Other fixed assets	7.9	7.6
<b>Non-current assets</b>	<b>73.2</b>	<b>59.5</b>
Insurance assets	297.1	345.4
Other current assets	105.2	105.9
<b>Total assets</b>	<b>475.5</b>	<b>510.8</b>
Insurance liabilities	(244.6)	(300.4)
Other current liabilities	(82.0)	(89.3)
<b>Total assets less current liabilities</b>	<b>148.9</b>	<b>121.1</b>
Non-current loans	(29.4)	(14.3)
Pension liabilities	(22.9)	(23.7)
Other non-current liabilities	(23.4)	(14.6)
<b>Net assets</b>	<b>73.2</b>	<b>68.5</b>

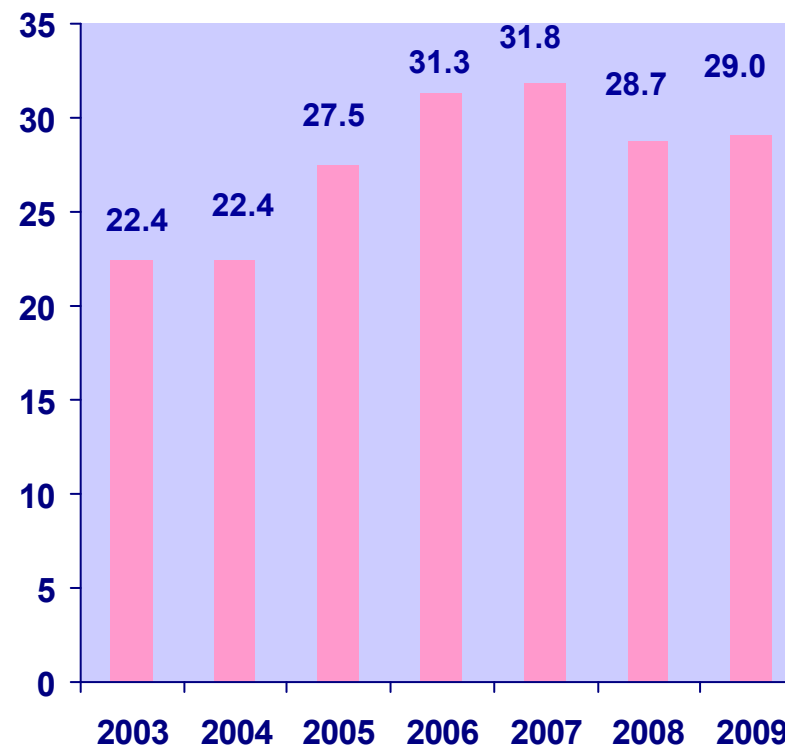
# Pension liability



# Track record – PBT and EPS



■ Full year PBT (£m)

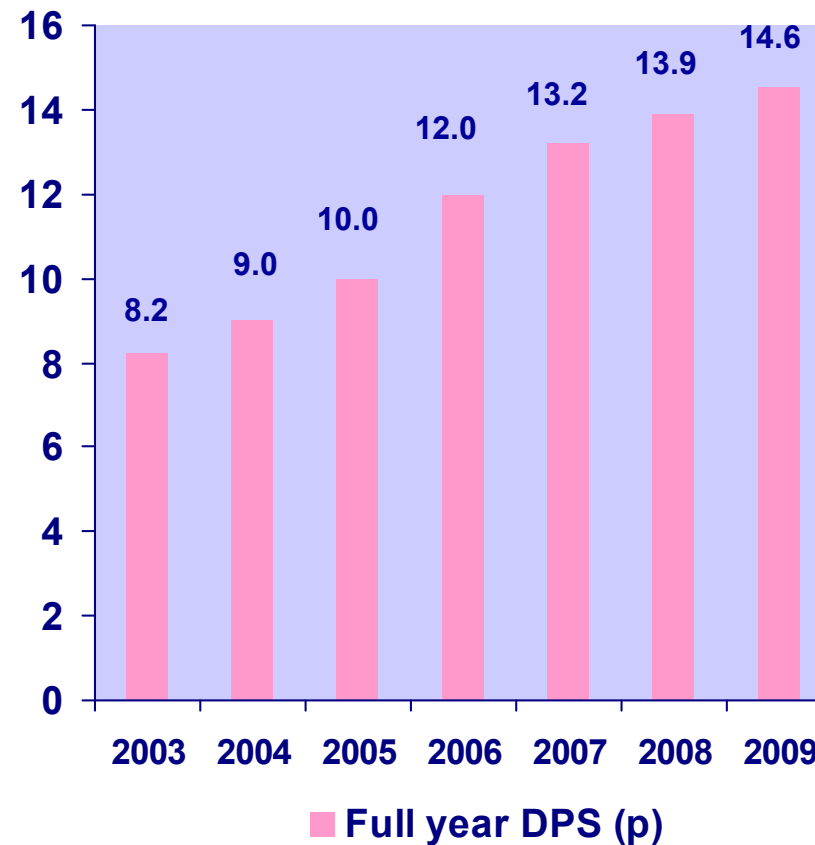


■ Full year eps (p)

*Note: 2003-2004 restated due to UITF38 and IFRS; PBT and EPS adjusted to exclude goodwill, acquired customer relationship intangible amortisation, VOBA reversal/ impairment and non-recurring relocation and reorganisation costs and exceptional tax*

# Track record – dividend

## Uninterrupted growth since flotation (1996)



# 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.