Helios Underwriting

May 2021

Who you are meeting today

Nigel Hanbury
Chief Executive Officer

Nigel was appointed CEO in October 2012. He joined Lloyd's in 1979 as an external member and became a Lloyd's broker in 1982. He later moved to the Members' Agency side, latterly becoming Chief Executive and then Chairman of Hampden Agencies Limited. He serves on the board of the Association of Lloyd's Members and was elected to the Council of Lloyd's for the "Working Names" constituency, serving on that body between 1999 and 2001 and then 2005 to 2008, as well as participating on the Market Board and other Lloyd's committees. In December 2009 he ceased being Chairman of Hampden and in 2011 acquired a majority stake in HIPCC, a Guernsey cell Company, formerly wholly owned by Hampden plc.

Arthur Manners
Finance Director

Arthur has over 20 years' experience in the insurance industry. He has been a consultant to Helios since June 2015 and joined the Board in April 2016. His role as Finance Director at Helios is part time. He previously worked for Beazley Group plc from 1993 to 2009 as Finance Director and latterly as Company Secretary. He remains Chairman of the Trustees of the Beazley Furlonge Pension Scheme.

Who is Helios?

The leading Lloyd’s consolidator with exposure to excellent syndicates

- Helios Underwriting has built a diversified portfolio of insurance risk with top performing syndicates, making it accessible via an investment in publicly quoted shares

- The portfolio has outperformed the Lloyd’s market every year since 2013 without any exception

- The existing Helios portfolio benefits from a flexible reinsurance program, that reduces the exposure of the portfolio, including Covid losses, and assists in the financing of the required underwriting capital

- Helios’s business model is centred on the acquisition of Lloyd’s Syndicate’s capacity through the purchase of smaller corporate members, known as Limited Liability Vehicles (LLV’s), together with organic growth from existing participants.

- Helios completed two successful capital raises in 2020 and 2021 to take advantage of the current favourable rate environment and has since increased it’s 2021 YoA underwriting capacity by 60% to £110m.

Helios' Existing Investment Portfolio

Supported Lloyd's syndicates

- Top eight holdings by Managing Agent comprise 82.6% of the 2021 portfolio

Syndicate Number	Managing Agent	2021 Capacity (£000's)	Total (%)
510/557	Tokio Marine Kiln	19,958	18.10%
623/6107/5623	Beazley	18,959	17.19%
5886/7218	Blenheim	11,048	10.02%
33/6104	Hiscox Syndicates Ltd	10,129	9.19%
2791/6103	Managing Agency Partners	8,135	7.38%
2010	Cathedral	8,095	7.34%
4242	Beat	8,014	7.27%
609	Atrium	6,779	6.15%
Sub-Total		91,118	82.64%
Other		19,144	17.36%
Total		110,262	100.00%

Outperformance									
%	2012	2013	2014	2015	2016	2017	2018	2019E	Average
HELIOS	13.11	14.10	15.60	13.10	5.90	-4.70	-0.30	-2.20	6.8
LLOYD'S	11.90	9.10	10.70	6.20	-3.10	-8.00	-5.90	-5.30	2.0
Outperformance	1.21	5.00	4.90	6.90	9.00	3.30	5.60	3.10	4.9

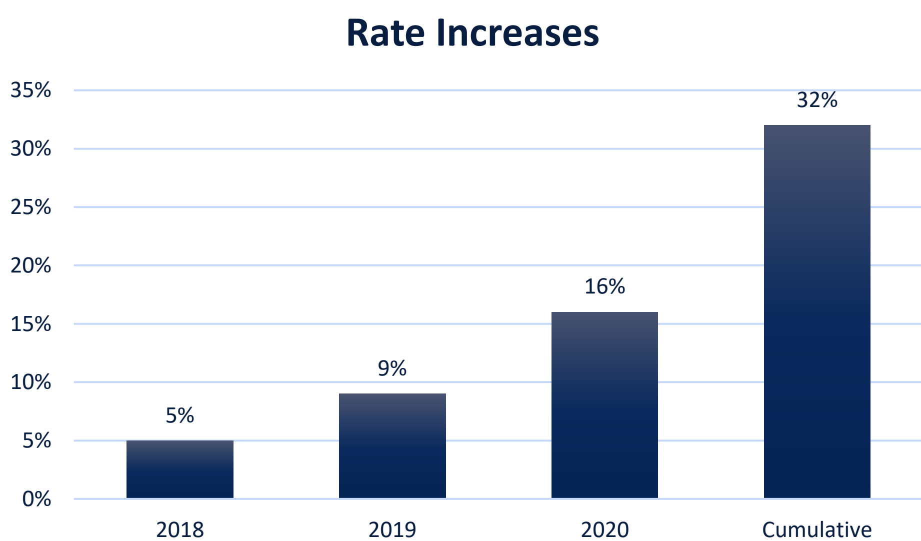
- "Other" includes: Meacock 727, Nuclear 1176 and QBE 386

Access to desirable syndicates/business freehold syndicates is a finite commodity: the Helios portfolio is a unique way to achieve exposure

A Favourable Market Environment

A tipping point in the cycle

Rate Increases – Syndicates at Lloyds



Commentary

- Overall market premium rate expectations for Lloyd's in 2021 are for increases of around 10%-12%
- Positive rate momentum had accelerated in Lloyd's in 2020 with actual rate approximately 8% ahead of expected rate change of around 4%.
- As at the 31st Dec 2020, the market has achieved its 12th consecutive quarter of positive rate movement and rate increases had exceeded the plan for each quarter
- The lines of business that are experiencing hardening included property, casualty, US financial institutions, D&O, US employment practices liability and aviation. These are all core lines for the Helios Portfolio

Lloyd's market rates are going up and profit expectations on previous years are low.
Helios intends to take advantage of this situation

Helios Business Model

Investment Case – The stars are aligned

- Shareholder returns are generated primarily from the underwriting returns on the capacity portfolio, as well as reinsurance commissions. Current hard market conditions would suggest increasing the risk retained would benefit shareholders
- The company is using stop loss, quota share and other gearing tools that are unavailable to smaller investors, to improve the risk/reward ratio. These tools are most effective at the edges of the market cycle.
- By consolidating the LLVs that it acquires, Helios can keep ever rising operating costs lower due to economies of scale
- Significantly lower than average capital requirements from our spread portfolio of quality syndicates maximise capital efficiency
- Favourable tax environmental for LLV owners to sell, Business Asset Disposal Relief (Entrepreneurs Relief) and CGT @ 20%
- Subject to market conditions, Helios has reaffirmed its dividend policy and intends to pay a sustainable annual ordinary dividend of 3p per share supplemented by special dividends from time-to-time
- Driven by direct syndicate investment, the portfolio is comprised of pure insurance risk – therefore providing good, asset backed, dividend paying diversification to a conventional investment portfolio
- Helios shares are eligible to business property relief for IHT purposes

Company Structure and Recent Capital Increases

- Helios is a UK quoted company offering investors growth and returns from exposure to a diversified insurance portfolio underwritten at Lloyd's of London
- November 2020, the Company raised £18.6m at a price of £1.20 per share and in April 2021 a further £57.4m was raised at £1.60p per share
- The Company welcomed ILS Capital, Hudson Structured Capital and Polar Capital as shareholders, with the executive directors also contributing to the capital increase
- The shares have been re-rated and liquidity has improved
- Current NAV of 150p per share *(source Shore Capital)*

Shareholder	Current Shareholding	% of Issued Share Capital
ILS Capital & associated funds	13,000,000	19.3%
Hudson Structured Capital Management Funds	12,500,000	18.6%
Polar Capital Insurance Fund	9,588,235	14.2%
Nigel Hanbury	9,227,294	13.7%
Will Roseff	5,187,695	7.7%
Ardnave Capital Limited	2,843,138	4.2%

Note that Nigel Hanbury is a Director of Helios

Growth Plan

Multiple levers of growth that the Company can optimise

Acquisition of LLV's

The number of potential acquisitions available is expected to increase as potential vendors consider their risks and rewards in participating at Lloyd's

Helios has an excellent track record of completing acquisitions to build the capacity portfolio

Increasing retained capacity and flexible use of quota share reinsurance

Helios has increased its retained capacity for 2021 underwriting year to GBP59m, an addition of 183% over the previous year

Helios currently cedes 47% of its portfolio to reinsurers for the 2021 year of account, equating to approximately £51.5m of capacity

Pre-emptions

Supported syndicates are expected to offer pre-emption capacity that is able to be taken up by Helios for nil cost, aside from the respective required increase of Funds at Lloyd's

For example, for the 2021 year, the increase in capacity from pre-emptions was £10.69 million

Relationship Capacity

In addition, the Company can participate on quality syndicates where the management team have established relationships outside the auction process

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