

CHESNARA

FULL YEAR RESULTS 2024

Continued strategic delivery driving growth in cash generation, future value and dividends

27 MARCH 2025

AGENDA



01.

**Overview of
strategic delivery**

02.

**Financial
outcomes**

03.

**Areas of focus,
outlook and summary**



Steve Murray

Group Chief Executive Officer



Tom Howard

Group Chief Financial Officer

OVERVIEW OF STRATEGIC DELIVERY

Steve Murray
Group Chief
Executive Officer

CHESNARA HAS CONTINUED TO EXECUTE ITS STRATEGY



We have a track record of running insurance books of business efficiently, for the benefit of customers, investors and our other stakeholders

1

MAXIMISE THE
VALUE FROM
EXISTING BUSINESS

2

ACQUIRE LIFE
AND PENSION
BUSINESSES

3

ENHANCE VALUE
THROUGH
PROFITABLE NEW
BUSINESS

BECOMING A SUSTAINABLE CHESNARA

CONTINUED STRATEGIC DELIVERY DRIVING GROWTH IN CASH GENERATION, FUTURE VALUE AND DIVIDENDS



Increased Cash
Generation¹ of

£60m

↑ +14%

Continued
robust Solvency

203%

↓ -2%

EcV per share
increased to

352p

↑ +1%

New Business
Contribution of

£9m

↓ -8%

DPS
increased to

24.7p

↑ +3%

CONTINUING TO DELIVER FOR OUR SHAREHOLDERS

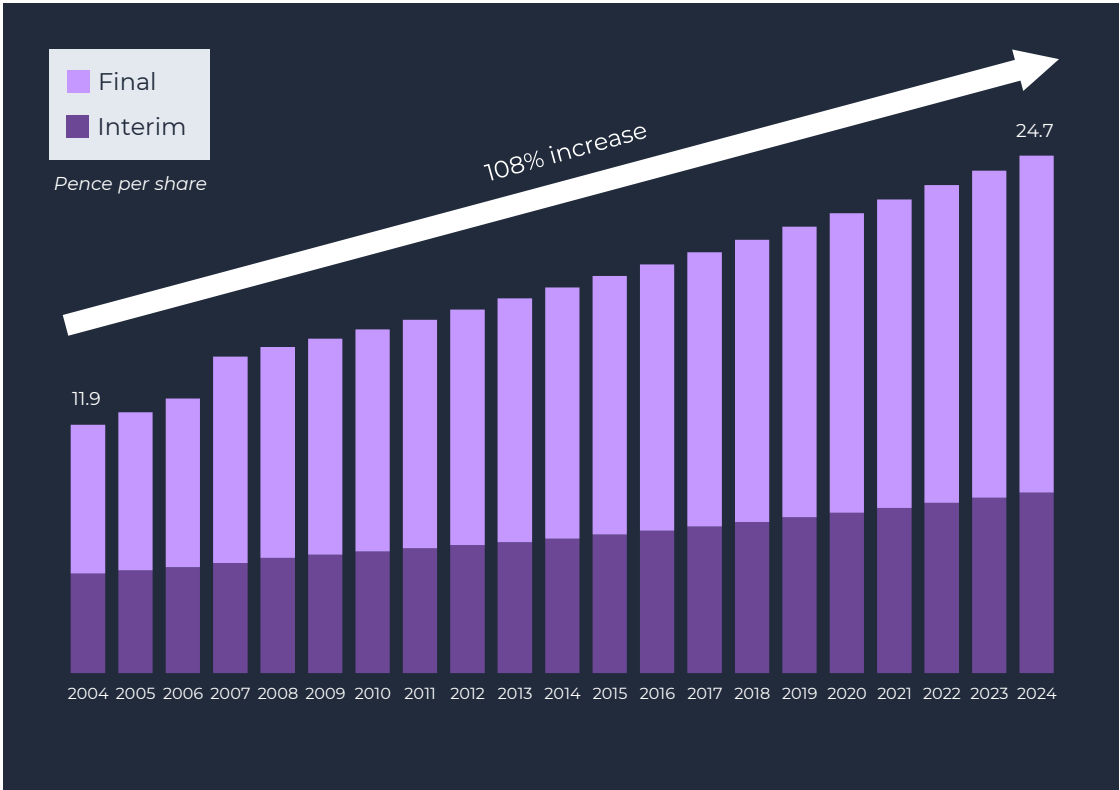


We have the best² dividend growth track record in UK and European insurance

Total dividend per share has **more than doubled** since 2004 with **£502m** paid out in cumulative dividends

Dividend yield in 2024 of 9%³

3% dividend increase in 2024



SIGNIFICANT OPERATIONAL DELIVERY ACHIEVED



ACQUISITIONS

- Completion of a second portfolio acquisition from Canada Life UK
- Migration of previous book now complete

SYNERGIES

- Process to merge Dutch business units underway and actions taken to generate pre-merger cost savings
- Potential for future value enhancement

MANAGEMENT ACTIONS

- Renewal of the Group FX hedge
- Execution of further mass lapse reinsurance in the UK
- Active pipeline of further available actions

SUSTAINABILITY

- On track to deliver our 2030 and 2050 financed emissions reduction targets
- Improved our Sustainalytics rating

M&A MOMENTUM CONTINUES WITH CANADA LIFE DEAL



Canada Life onshore bond and pension portfolio

Consideration	£2m
Day 1 EcV uplift	£11m
Cash Generation (over 5 years)	£8m
Policies	17k
AuA	£1.5bn

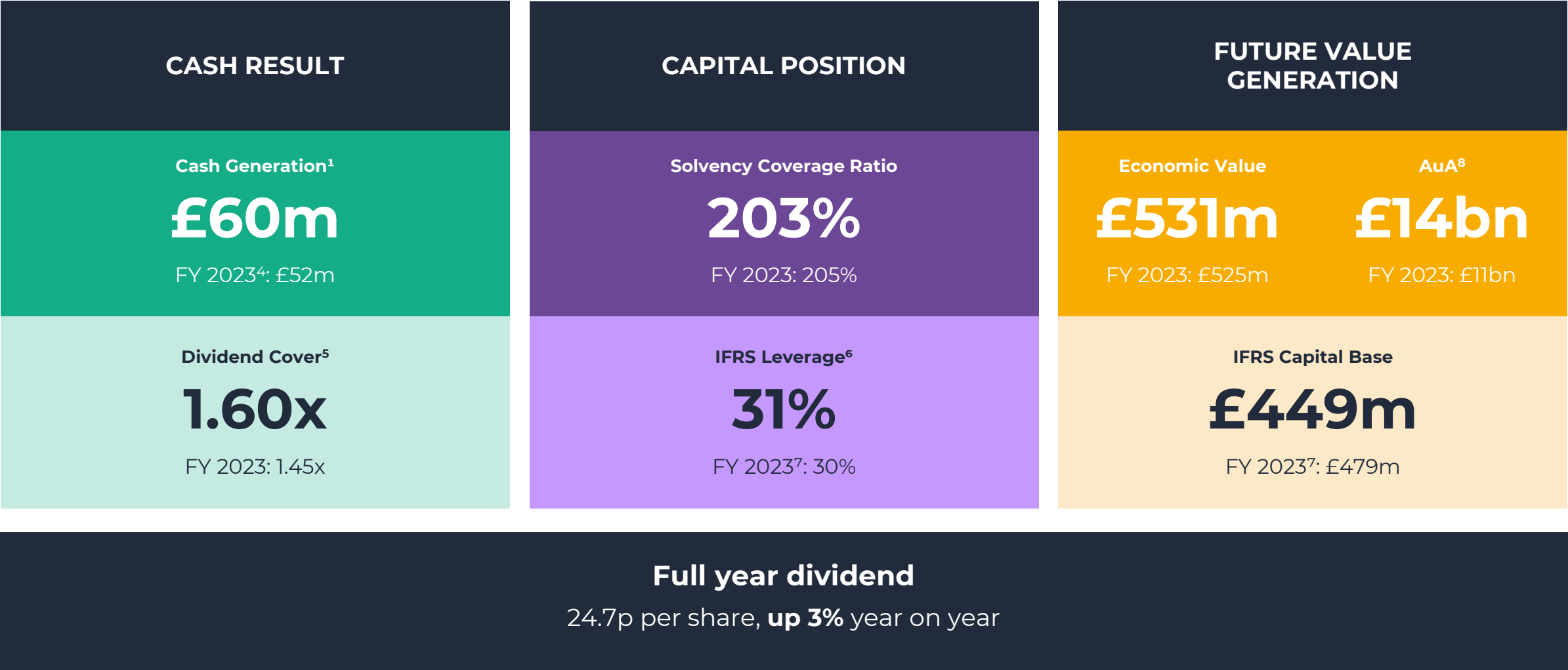
Strategic benefits

- ✓ **Successful partnership** leads to second transaction
- ✓ Further demonstration of **portfolio acquisition capabilities** to other potential counterparties
- ✓ **Financially attractive** transaction, with minimal use of existing financial firepower
- ✓ **Further scale** on new platform with policies to be managed by SS&C

FINANCIAL OUTCOMES

Tom Howard
Group Chief
Financial Officer

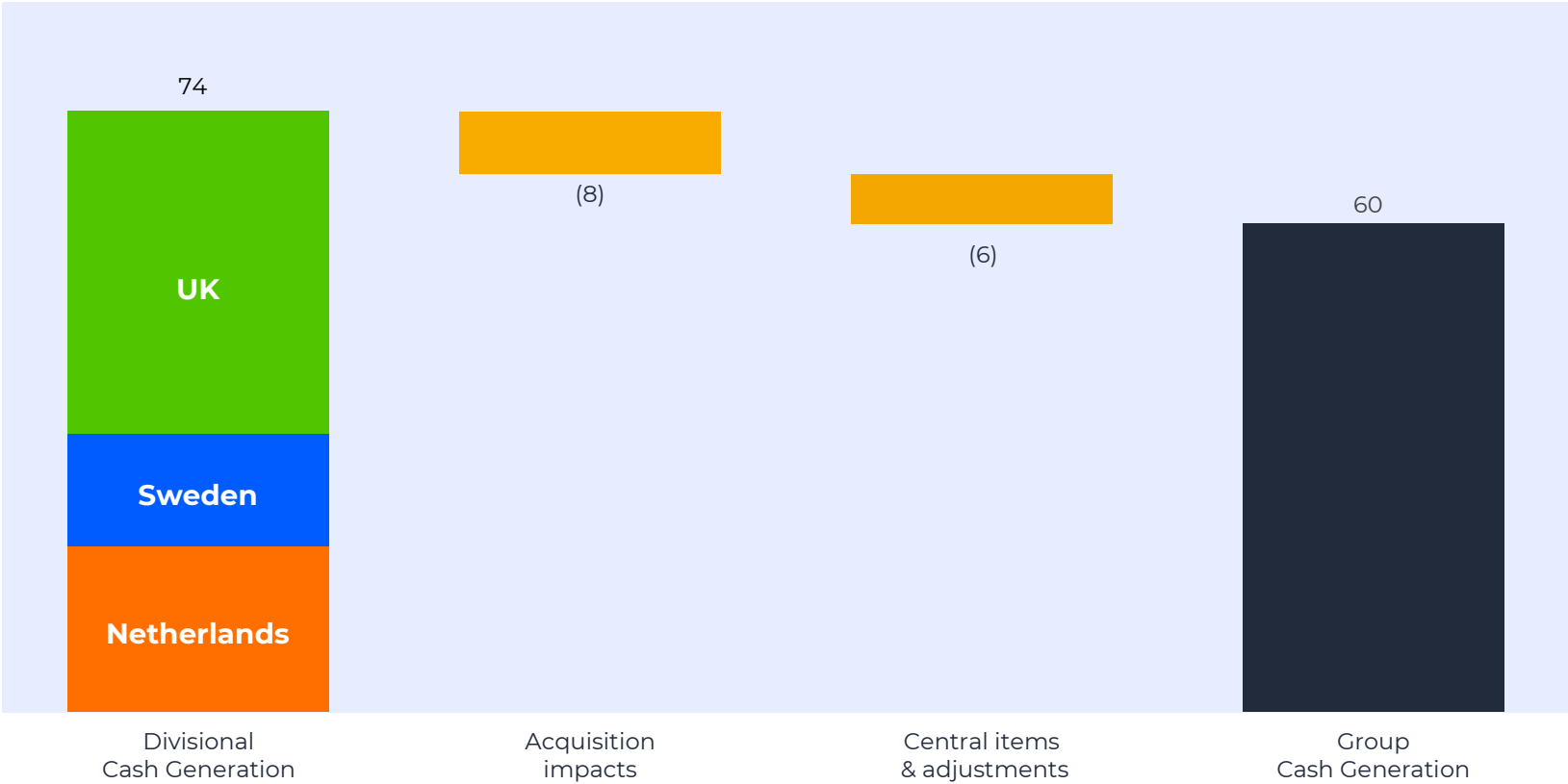
GROWING CASH, VALUE AND DIVIDEND



STRONG CASH GENERATION AND DIVIDEND COVERAGE



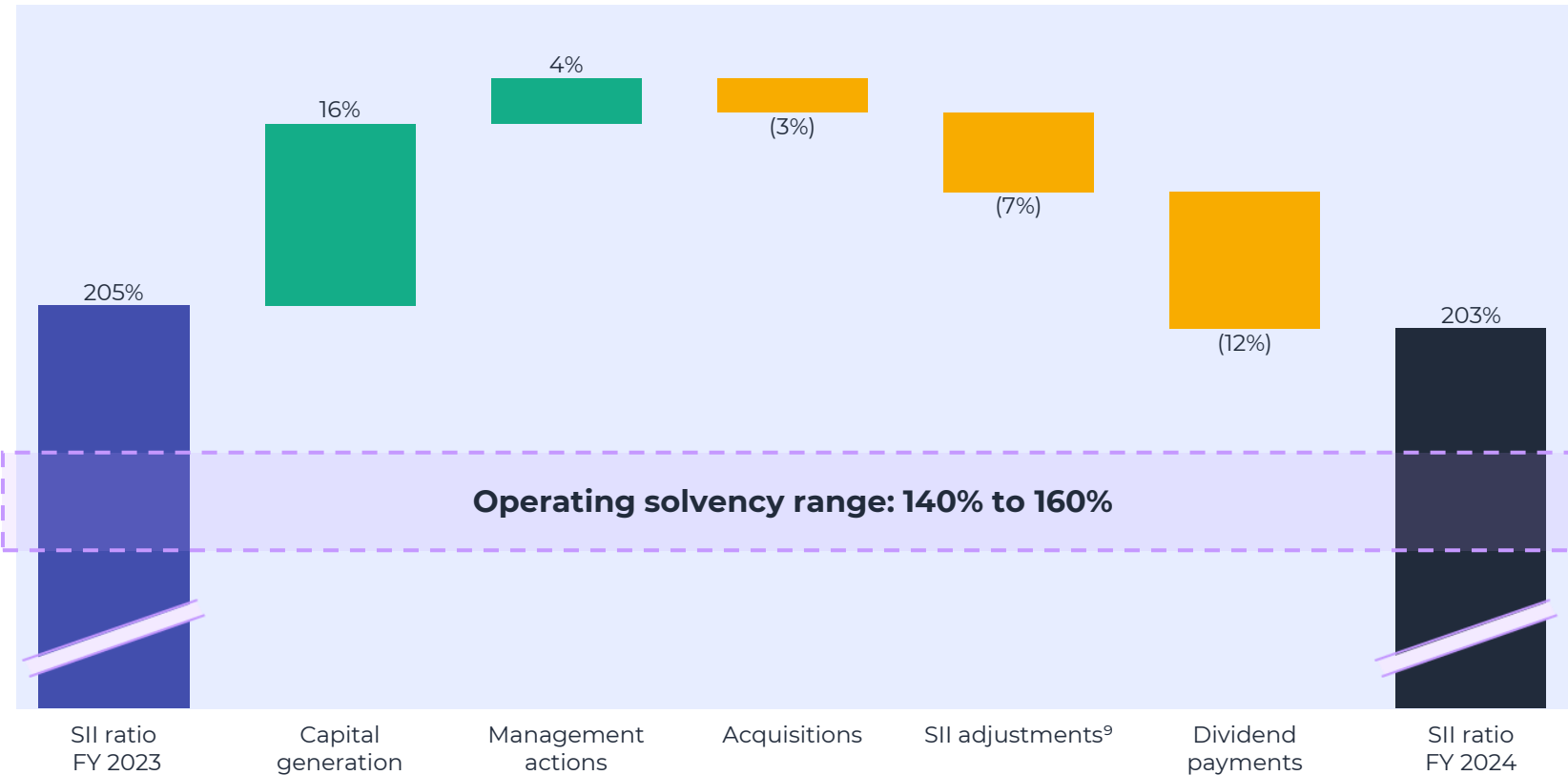
Cash
Generation of
£60m
provides full year
Dividend Cover of
1.60x



STRONG AND RESILIENT BALANCE SHEET TO SUPPORT M&A



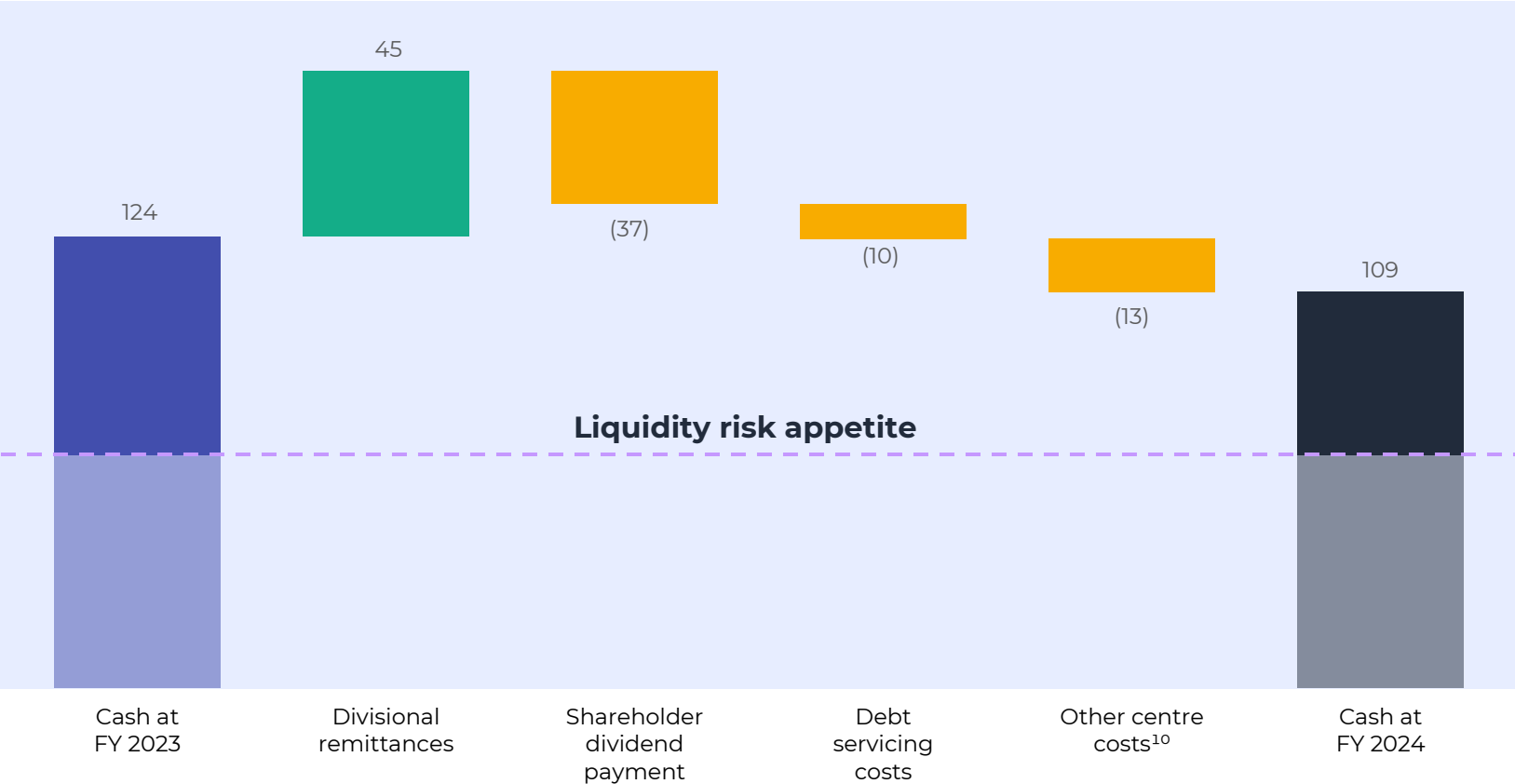
Solvency Coverage Ratio of 203% is **significantly above** the upper end of our operating range



STRONG CENTRAL LIQUIDITY SUPPORTS DIVIDEND AND M&A



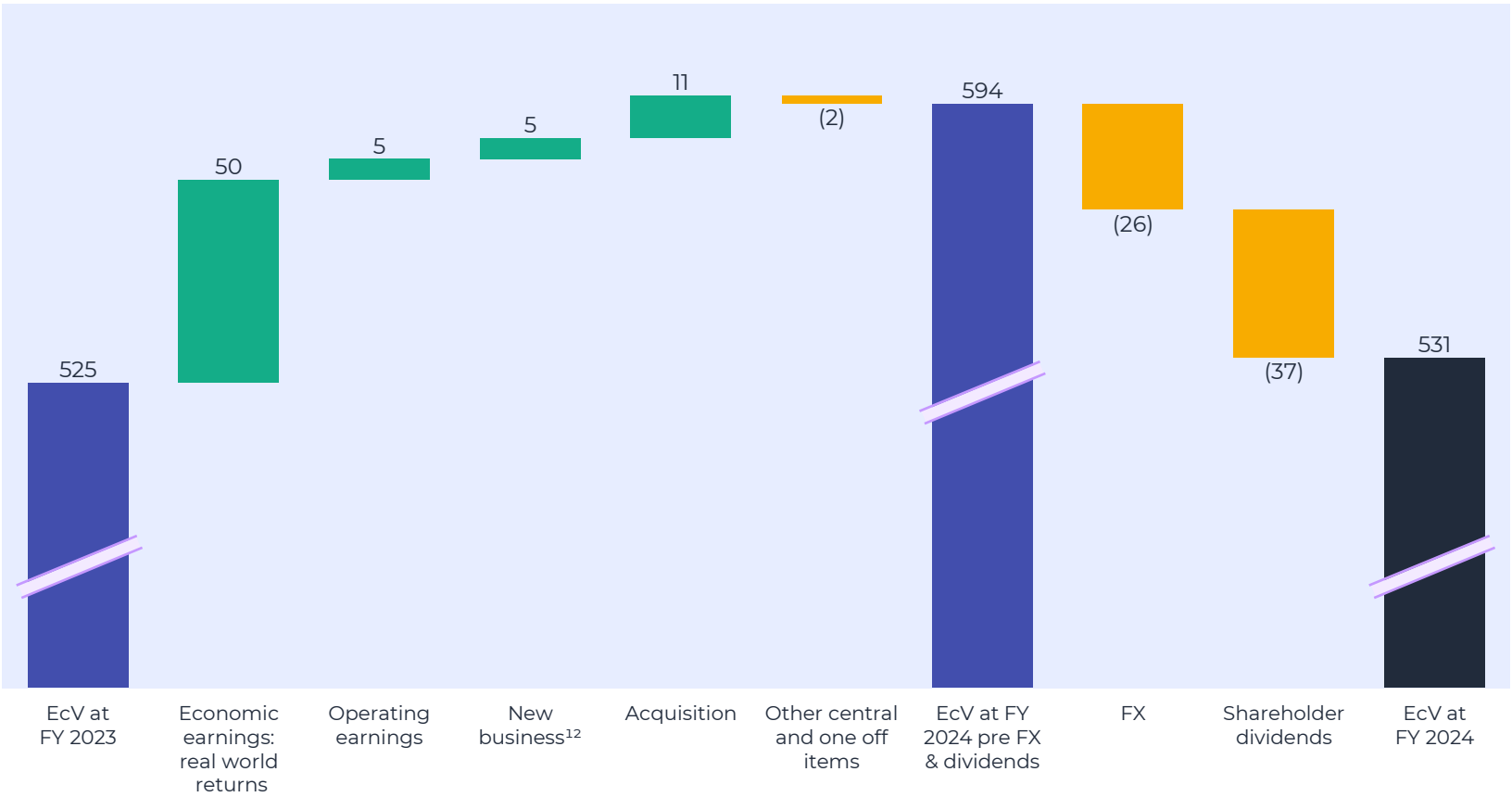
We expect cash remittances net of dividend and costs of **£21m** in H1 2025



GROWTH IN ECV INCREASES STORE OF FUTURE VALUE



EcV Earnings¹¹ of
£69m
driven by multiple
sources of growth



GROWTH IN CSM AND AUA INCREASE STORE OF FUTURE PROFITS



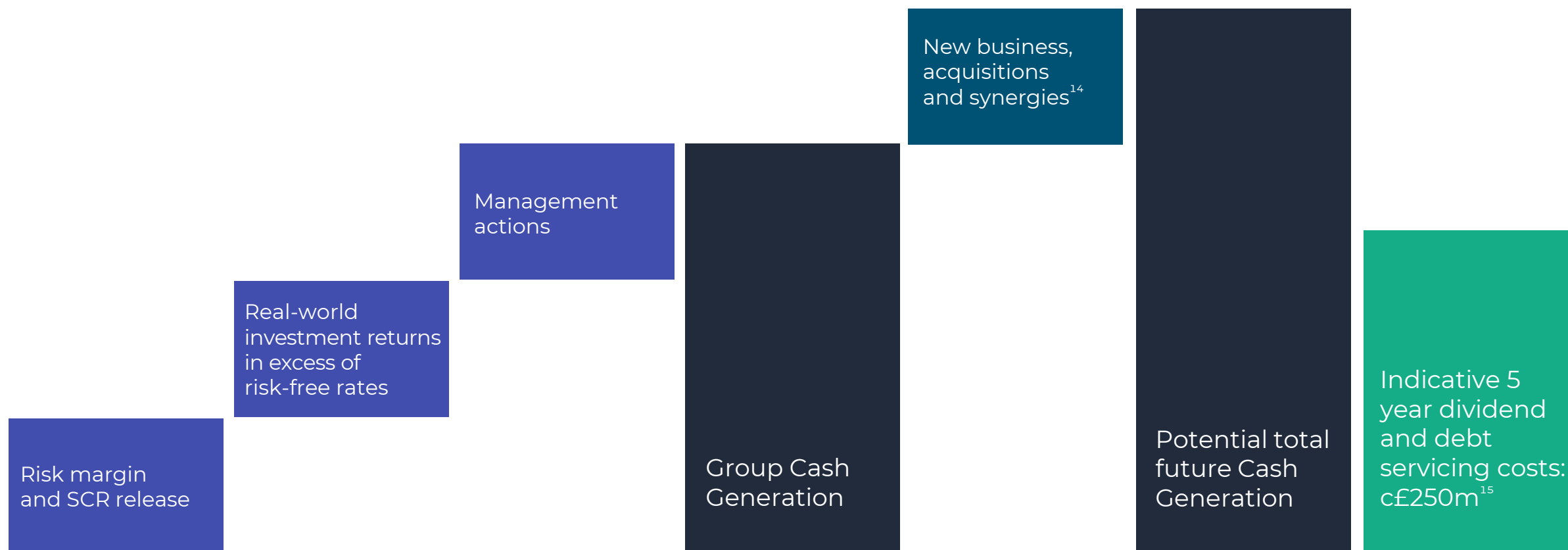
IFRS Profit
Before Tax of
£21m
CSM growth¹³ of
£26m



STRONG VISIBILITY ON SOURCES OF FUTURE CASH GENERATION



Reliable sources of organic future Cash Generation, expected to cover long-term debt cost and dividends; with further upside from future M&A



AREAS OF FOCUS, OUTLOOK & SUMMARY

Steve Murray
Group Chief
Executive Officer

CHESNARA HAS A STRONG BASE ON WHICH TO GROW

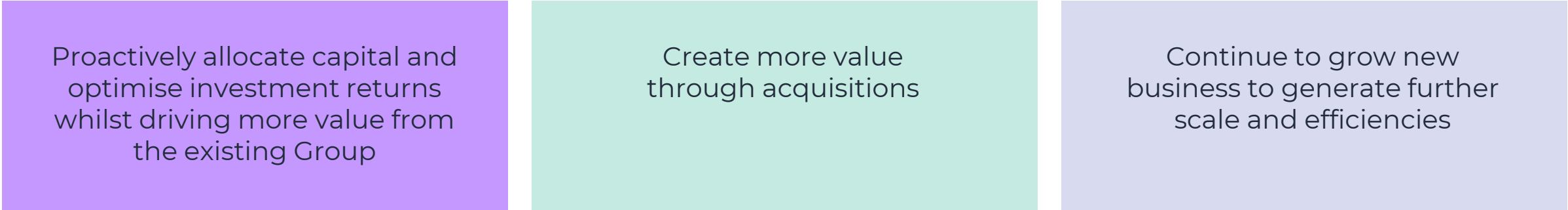


We have a track record of running insurance books of business efficiently, for the benefit of customers, investors and our other stakeholders

STRATEGIC OBJECTIVES



NEXT STEPS



A POSITIVE END TO THE YEAR FOR M&A WITH A STRONG PIPELINE FOR 2025



KEY DRIVERS FOR M&A ACTIVITY:



CURRENT COMPETITIVE ENVIRONMENT:

Chesnara is well positioned for transactions, given both increased regulatory scrutiny of ownership models and shifts in focus for larger insurance groups

CHESNARA’S COMPETITIVE STRENGTHS:



2025 HAS STARTED WITH A BUSY AGENDA AND A POSITIVE OUTLOOK FOR M&A

FINANCING CAPACITY OFFERS ABILITY TO FUND A RANGE OF DEAL SIZES



FINANCIAL CONSIDERATIONS

Solvency

Operating range of 140% to 160%

Leverage

Maintain our investment grade rating

Liquidity

Retain liquid resources to cover the dividend, coupon and working capital for approximately one year

Acquisition capacity

Capacity to finance smaller transactions without external fundraising

ACTIONS TAKEN OVER 2024

Renewed

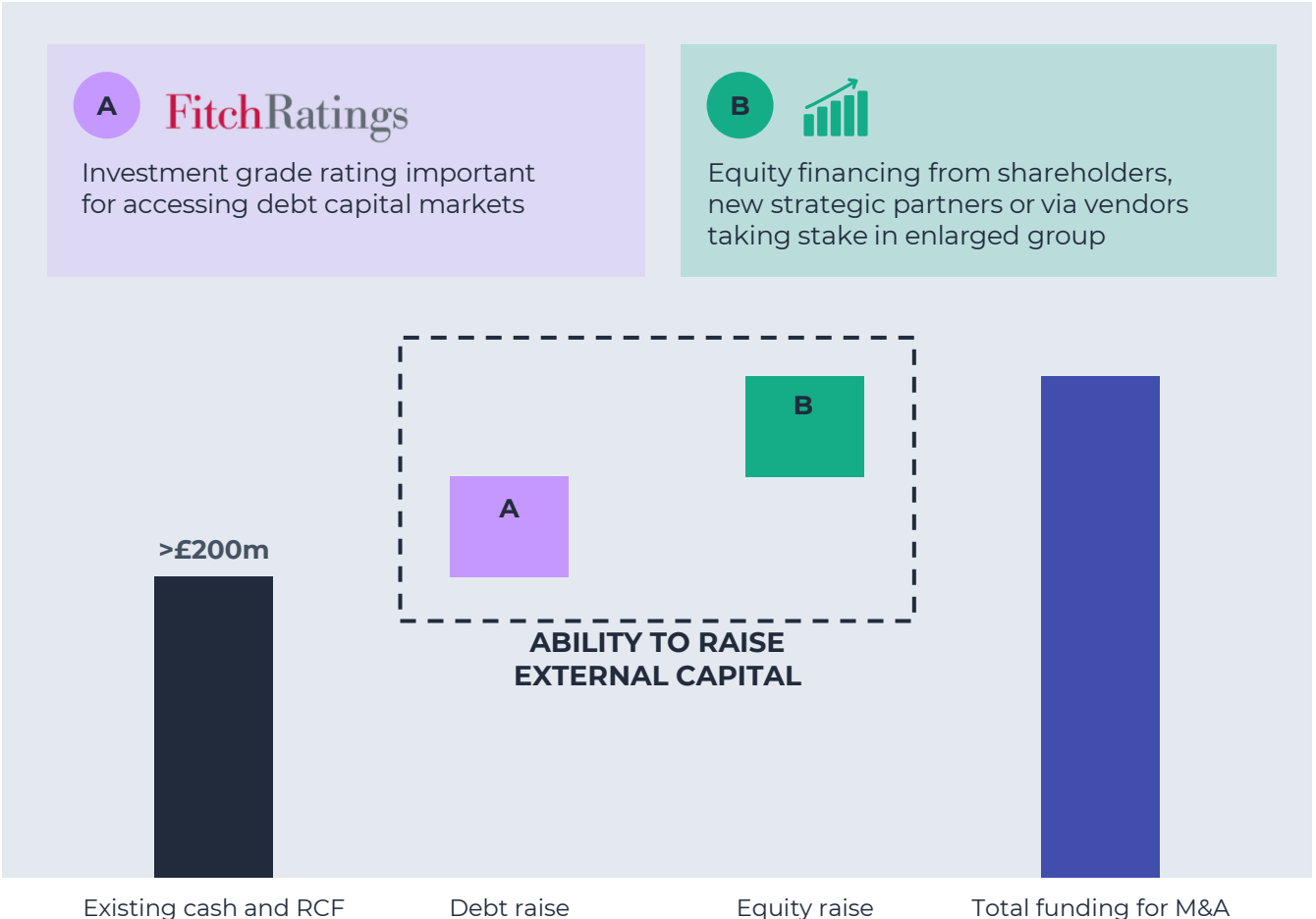
the RCF of £100m + £50m accordion for another three years

Obtained

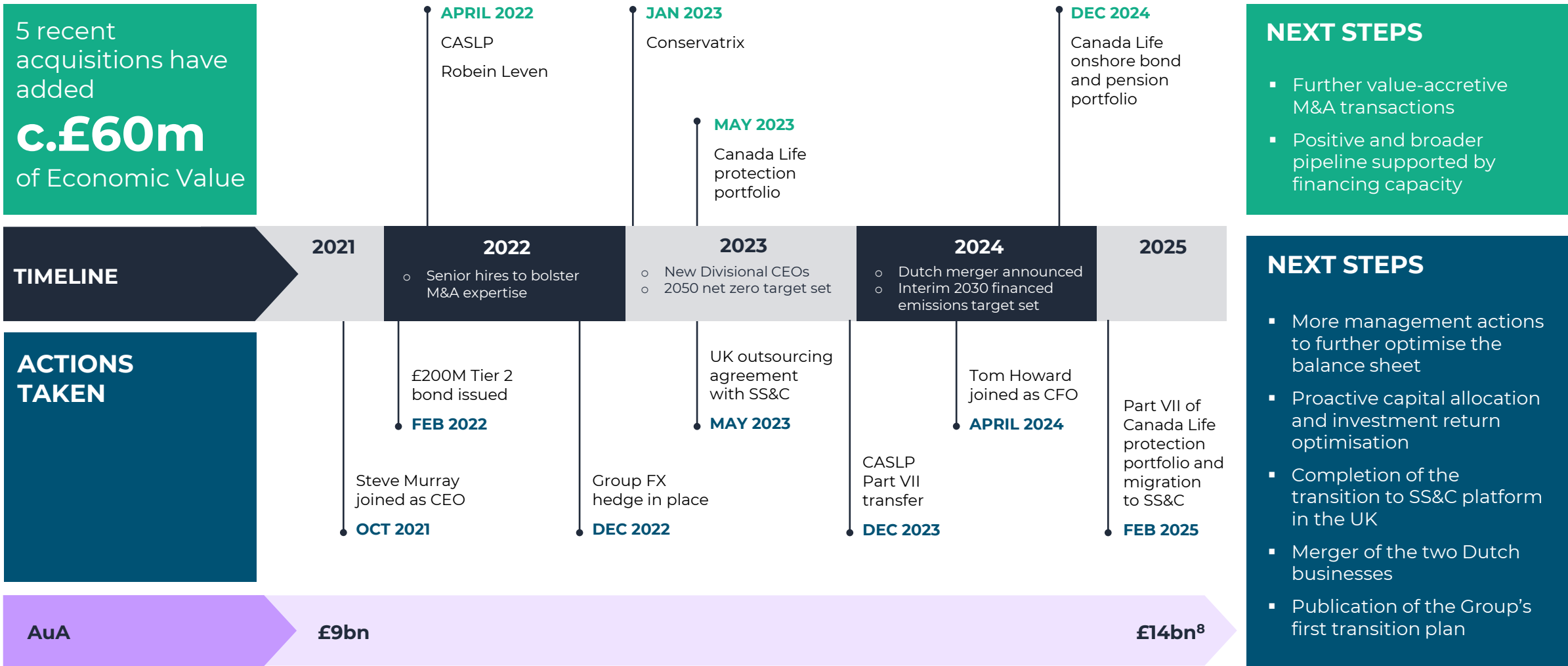
shareholder approval to raise up to c£130m of RTI

Paid up

£45m of divisional dividends



CHESNARA HAS BEEN ACTIVELY ACQUIRING IN RECENT YEARS AND HAS LAID THE FOUNDATIONS FOR FURTHER GROWTH



CONTINUED STRATEGIC DELIVERY DRIVING GROWTH IN CASH GENERATION, FUTURE VALUE AND DIVIDENDS



Strong financial results, with growing cash, value and dividend



M&A delivered in the year



Internal restructuring and capital management activities underway to realise further synergies



Positive start to 2025 for M&A activity

The background consists of a solid light purple color. Overlaid on this are two large, dark purple circles that are partially cut off by the edges of the frame. In the center, there is a smaller, solid light purple circle. The word "QUESTIONS" is written in white, uppercase, sans-serif font across the center of the image, positioned over the central light purple circle.

QUESTIONS



APPENDICES

CHESNARA BACKGROUND



WHO WE ARE

Chesnara plc was formed in 2004 and is listed on the London Stock Exchange.

The Group is a European life and pensions consolidator, having successfully completed fourteen acquisitions to date.

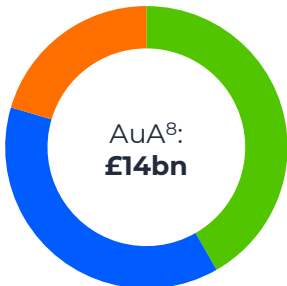
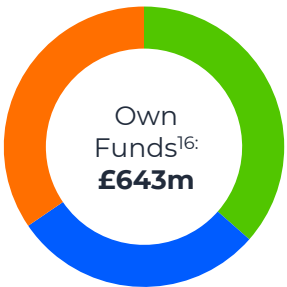
We are focused on three key markets: UK, Sweden and the Netherlands.

Our new business franchises complement the Group's long-term Cash Generation.

Chesnara has committed to becoming a sustainable Group and being net zero by 2050.

KEY FINANCIAL METRICS

31 December 2024
Group Solvency II Ratio: 203%



OUR STRATEGIC PILLARS

1 MAXIMISE THE VALUE FROM EXISTING BUSINESS
Efficient management of existing customers and financial resources to optimise long-term cash flow
Key strategy across all three geographies – UK, Netherlands and Sweden

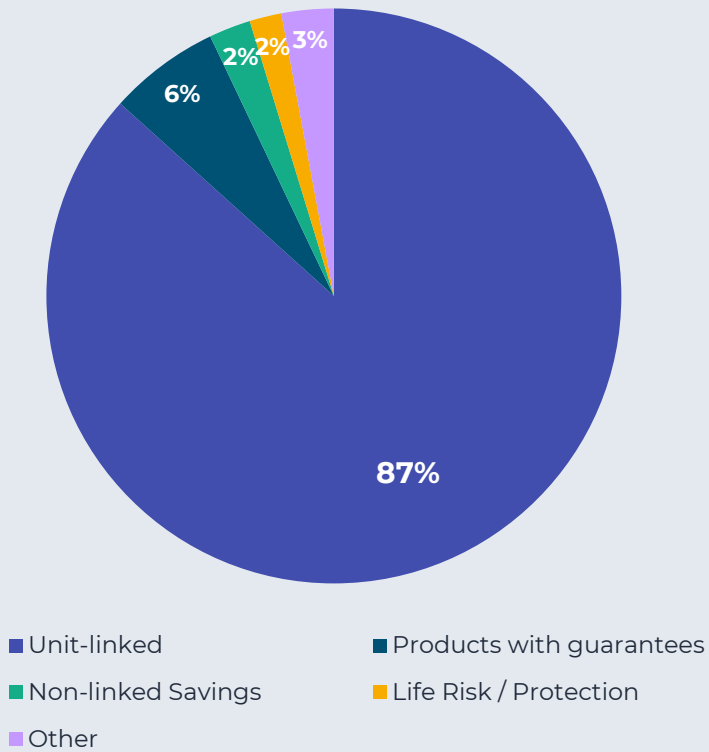
2 ACQUIRE LIFE AND PENSION BUSINESSES
Disciplined M&A Framework identifies opportunities that enhance value over the long term

3 ENHANCE VALUE THROUGH PROFITABLE NEW BUSINESS
New business franchises in Sweden and the Netherlands (including a small number of open product lines in the UK)
Focused on delivering long-term cash flow accretion for the Group

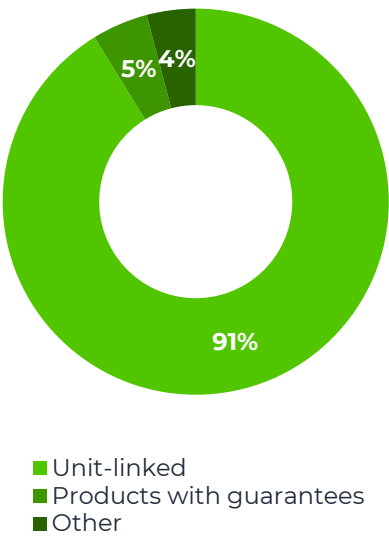
PRODUCTS



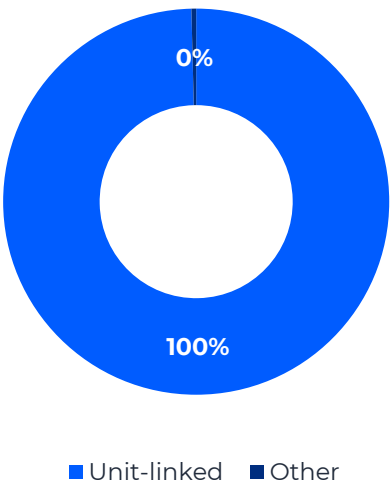
SII BEL¹⁷ by product



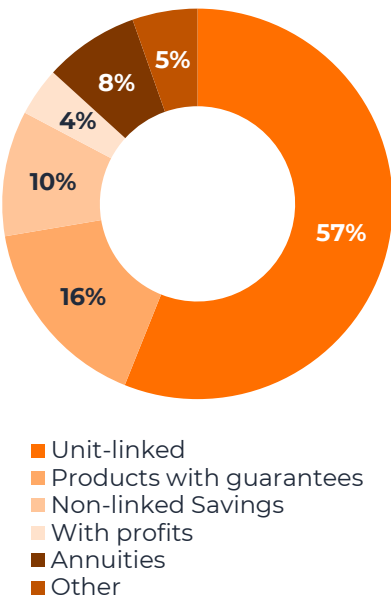
UK



Sweden



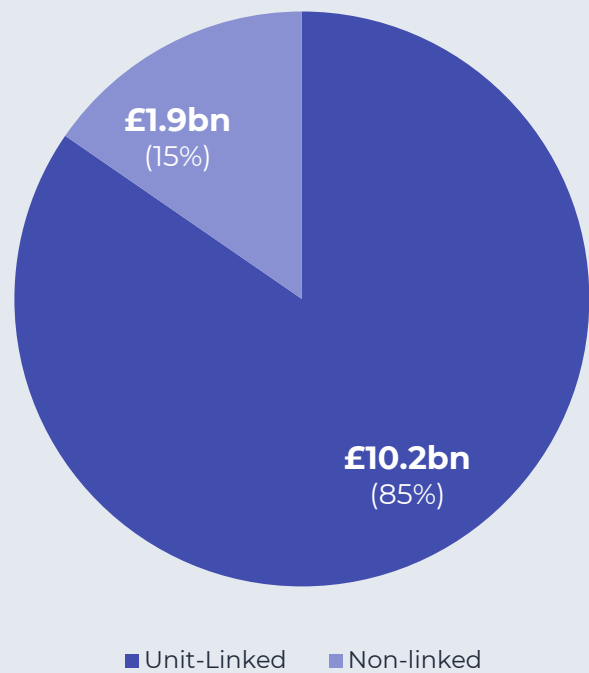
Netherlands



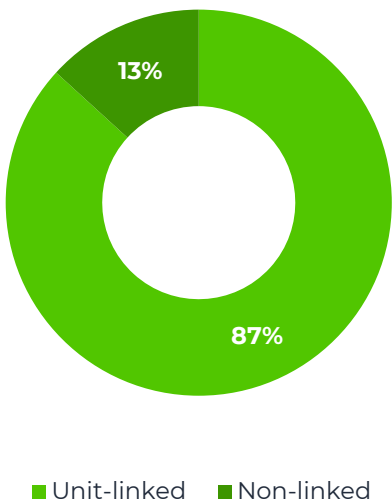
ASSETS UNDER ADMINISTRATION



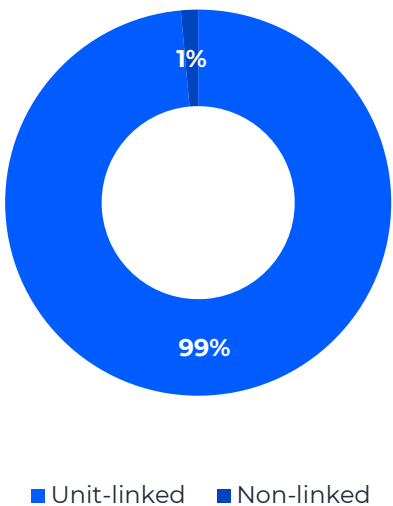
Group AuA¹⁸ by product type



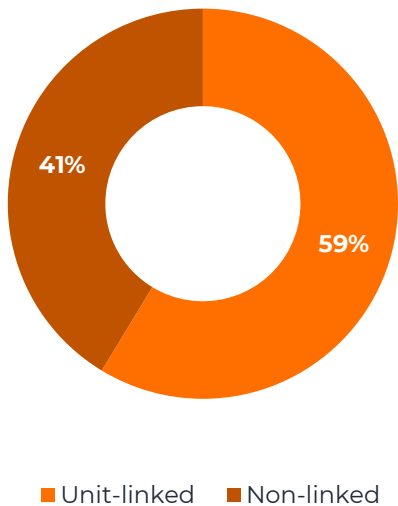
UK
AuA: £4.2bn¹⁸



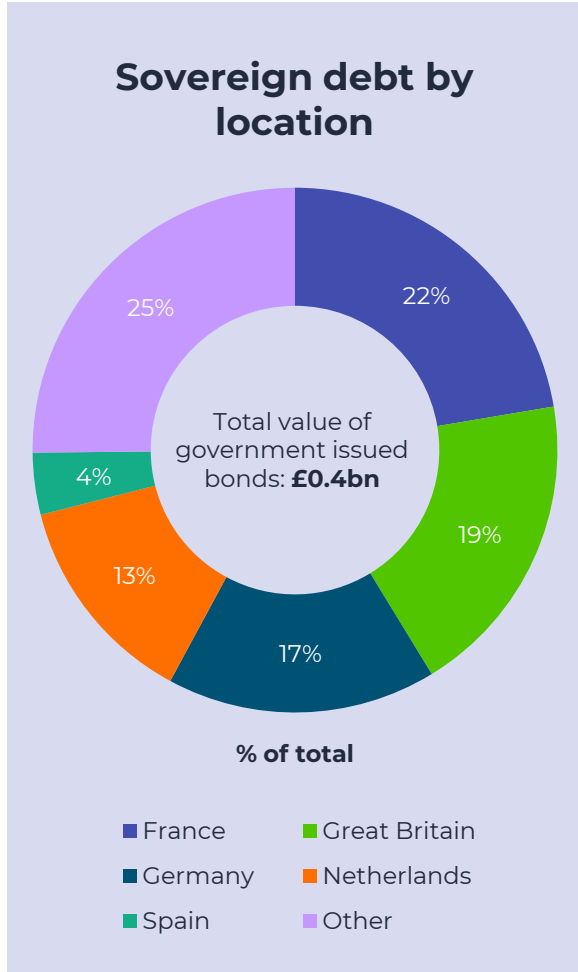
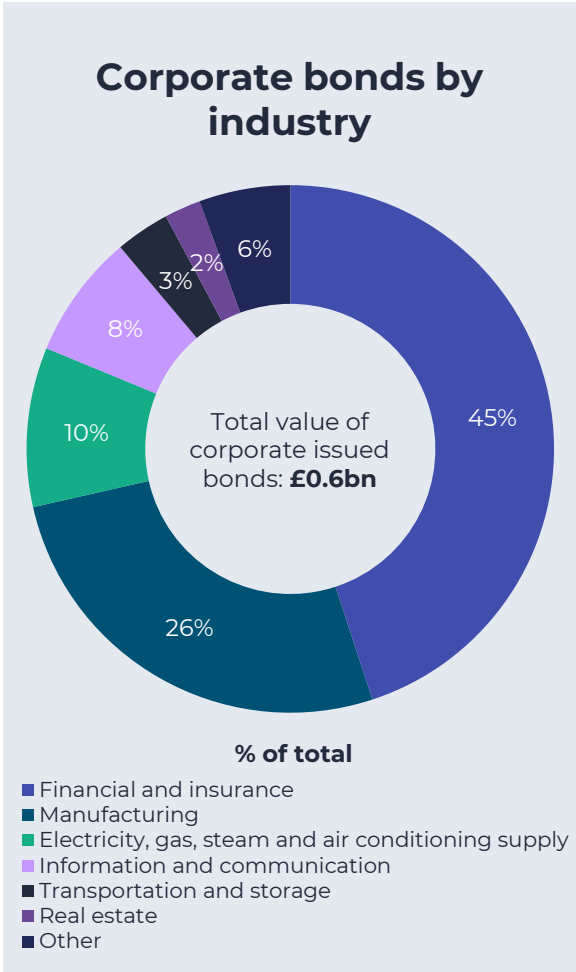
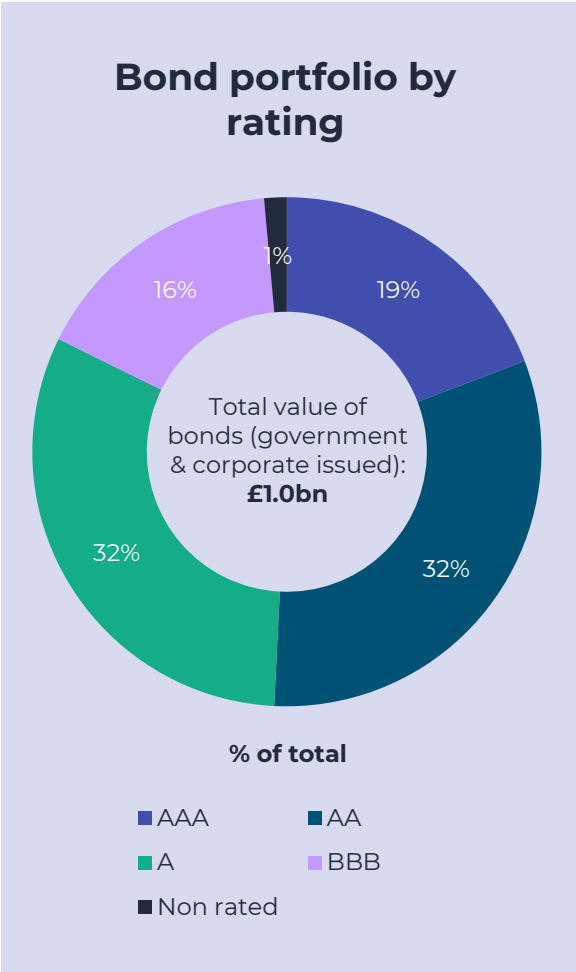
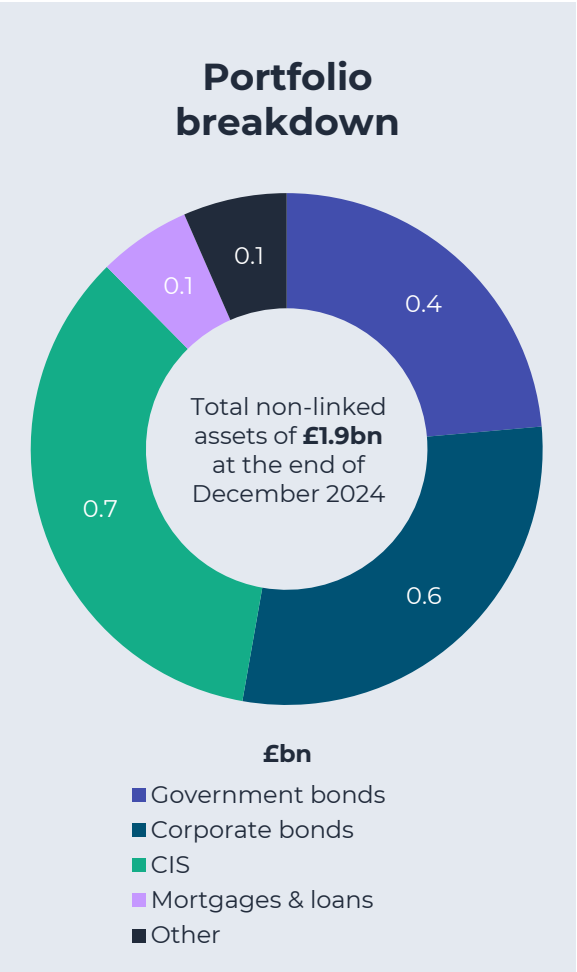
Sweden
AuA: £5.1bn



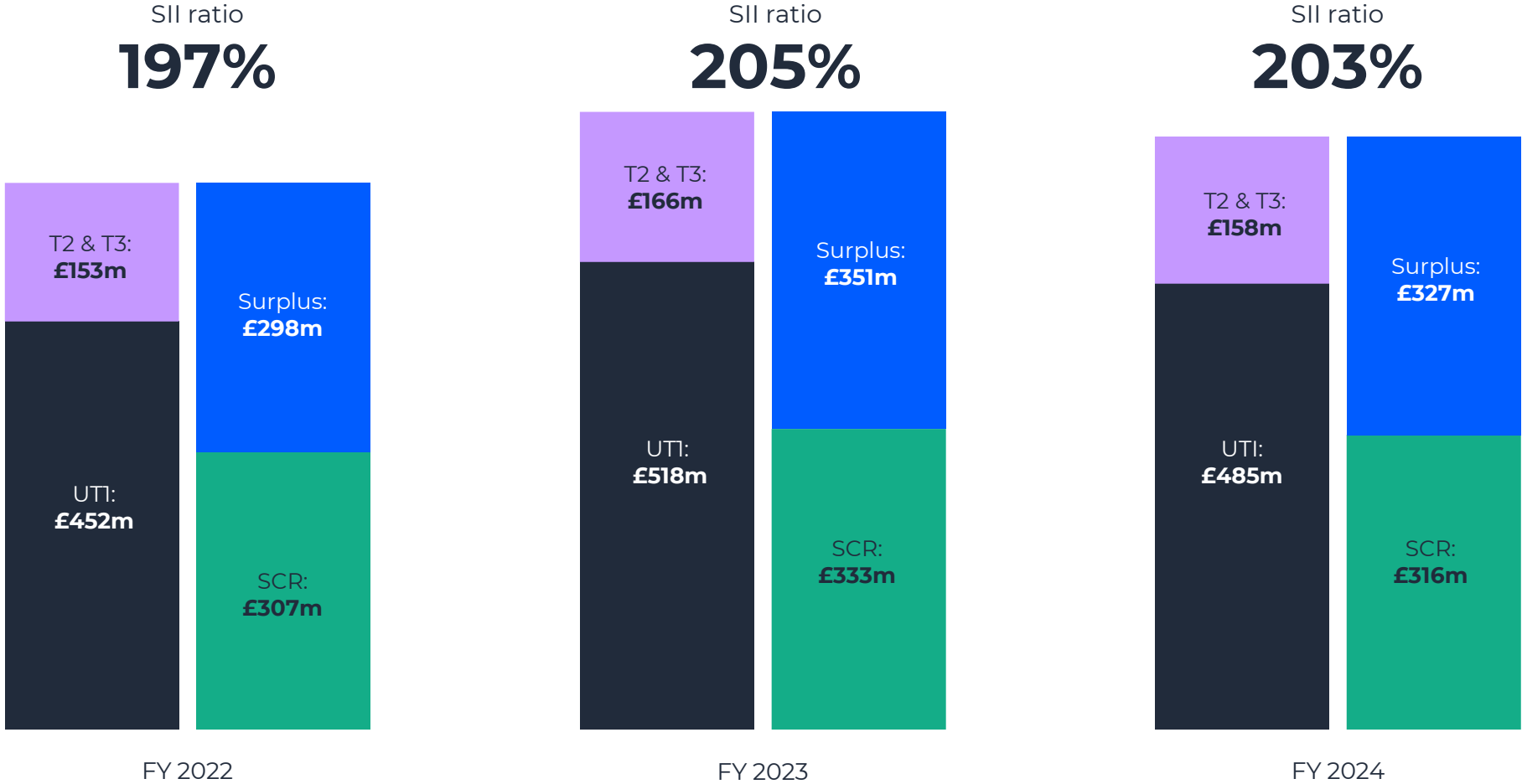
Netherlands
AuA: £2.8bn



NON-LINKED ASSETS



SOLVENCY II



SOLVENCY II SENSITIVITIES



		Solvency	Solvency surplus immediate impact									
		% impact	(80)	(60)	(40)	(20)	-	20	40	60	80	
1	20% sterling appreciation	+34pp										
	20% sterling depreciation	-12pp										
2	25% equity fall	+6pp										
	25% equity rise	-5pp										
	10% equity fall	+3pp										
	10% equity rise	-2pp										
3	1% interest rate rise	+6pp										
	1% interest rate fall	-8pp										
4	50 bps credit spread rise	-4pp										
5	25 bps swap rate fall	-5pp										
6	10% mass lapse	0pp										
7	1% inflation rise	-10pp										
8	5% mortality increase	-4pp										

SENSITIVITIES



EXPLANATORY NOTES ON THE SENSITIVITIES ON THE PREVIOUS SLIDE ARE PROVIDED BELOW:

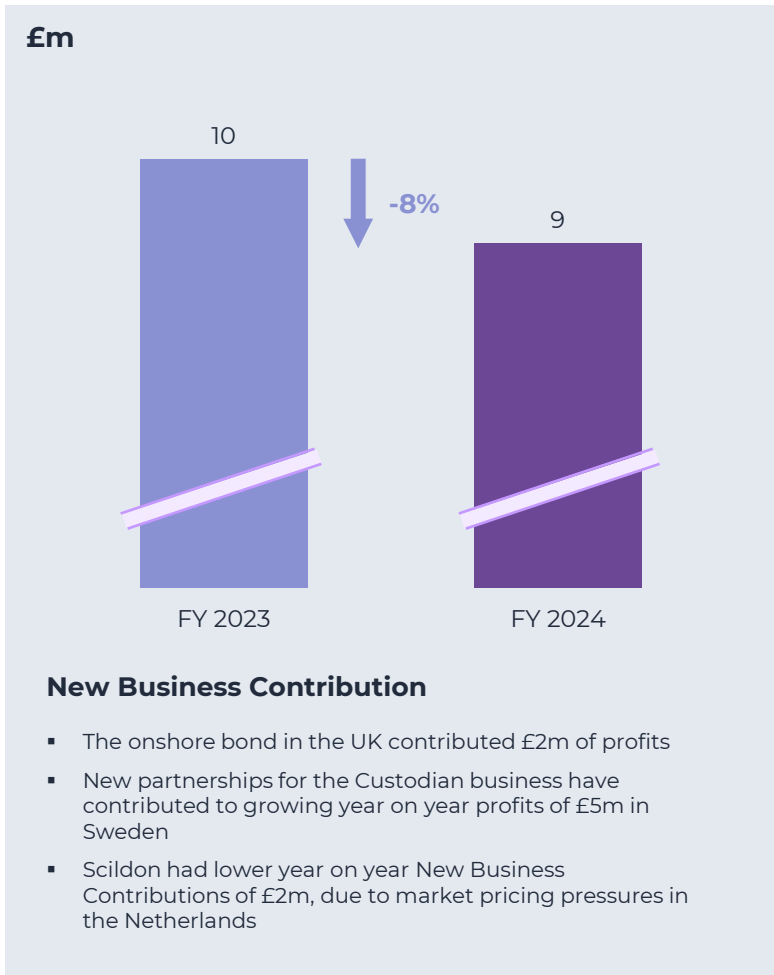
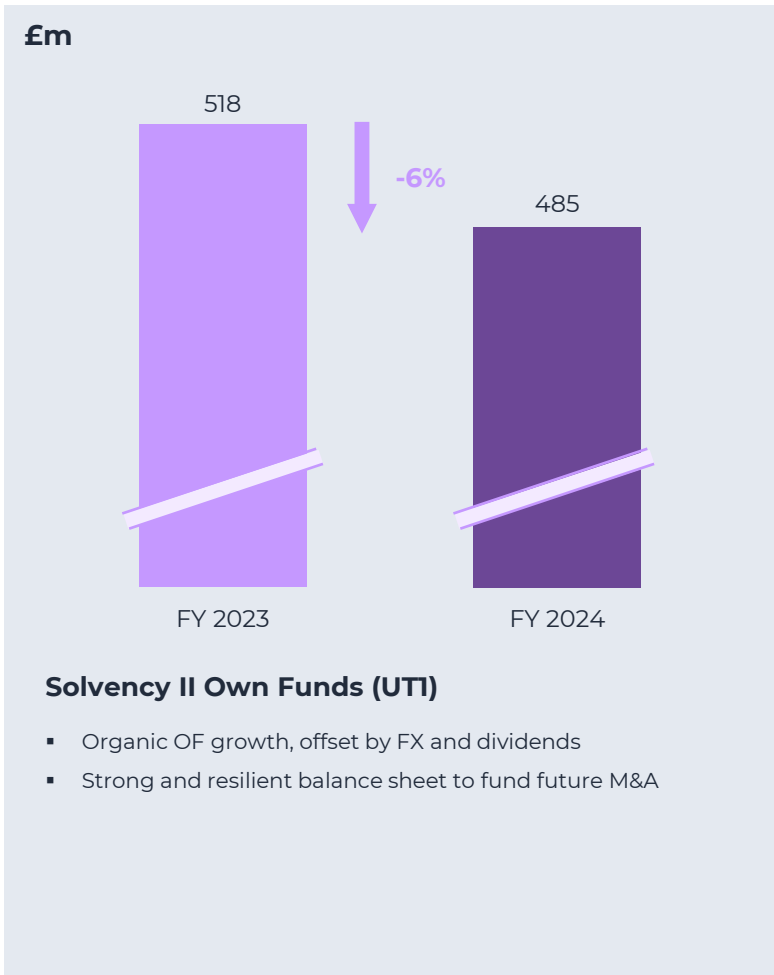
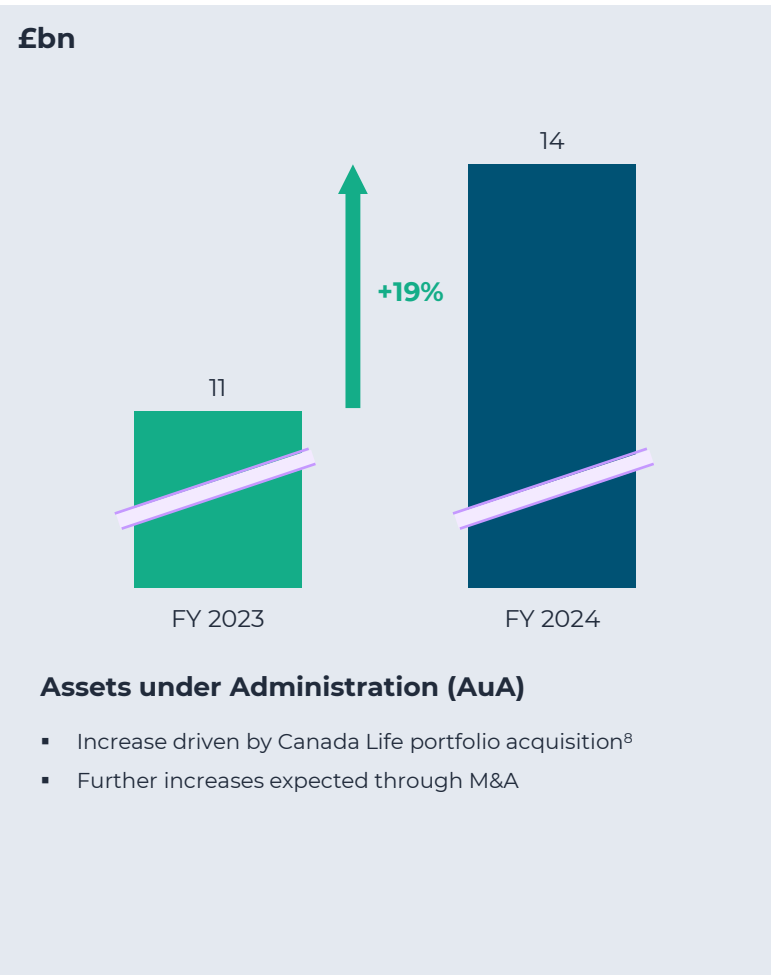
1	Foreign Exchange: Appreciation of sterling relative to our overseas currencies reduces the value of overseas surplus with partial mitigation from the Group currency hedge.
2	Equity Valuations: Lower equity valuations reduce the Group's AuA. In turn, this decreases the value of Own Funds and the associated SCR as the value of the funds exposed to market risk reduce. The reduction in SCR is limited by the impact of the Solvency II Symmetric Adjustment.
3	Interest rates: An interest rate fall has a more adverse effect on surplus than an interest rate rise. Group solvency is less exposed to rising interest rates as a rise in rates causes capital requirements to fall, increasing solvency.
4	Credit Spreads: Higher spreads reduce surplus as the rise in spreads decreases the value of Own Funds.
5	Swap Rates: A reduction in the swap discount rate profile reduces the Group's surplus by increasing the time-value of the projected future liabilities associated with the in-force book. This sensitivity assumes that this change applies with no change in the value of the assets backing the liabilities.
6	Mass Lapse: A 10% mass-lapse event drives an immediate reduction in the Group's projection of future surpluses, largely offset by the reduction in the associated SCR.
7	Inflation: A permanent increase in inflation for all future years increases the Group's future expense profile, reducing Own Funds and surplus.
8	Mortality Rates: A 5% increase in mortality rates across the Group will reduce the future surplus projections from the in-force book, leading to lower Own Funds and a reduction in Group's surplus.

BASIS OF PREPARATION ON REPORTING: Although it is not a precise exercise, the general aim is that the sensitivities modelled are deemed to be broadly similar (with the exception that the 10% equity movements are naturally more likely to arise) in terms of likelihood. Whilst sensitivities provide a useful guide, in practice, how our results react to changing conditions is complex and the exact level of impact can vary due to the interactions of events and starting position.

OTHER KPI MOVEMENTS



Increase in AUA driven by M&A; continued new business to deliver profitable value growth

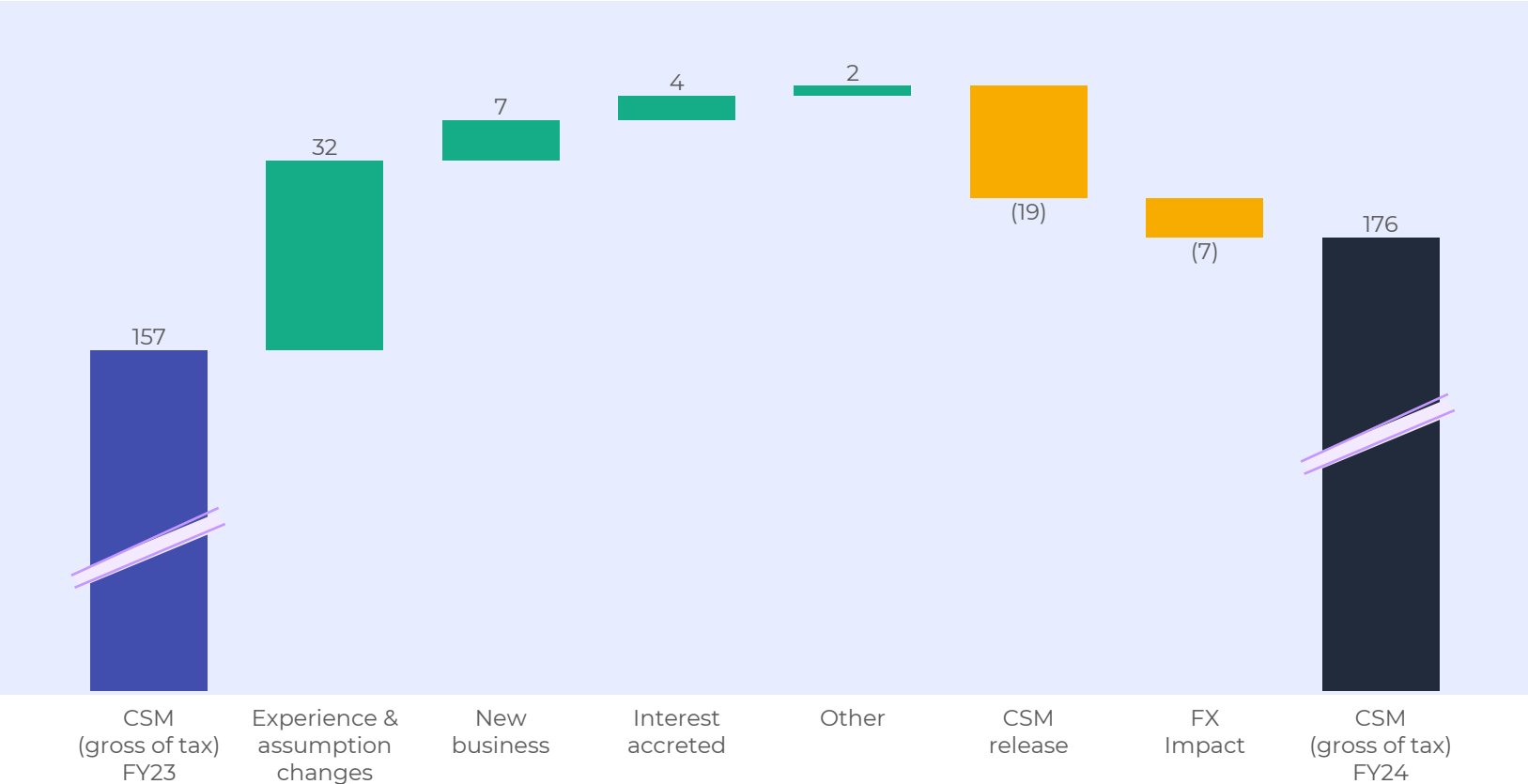


CSM MOVEMENT



Pre foreign
exchange impacts
and tax, CSM
increased by

£26m



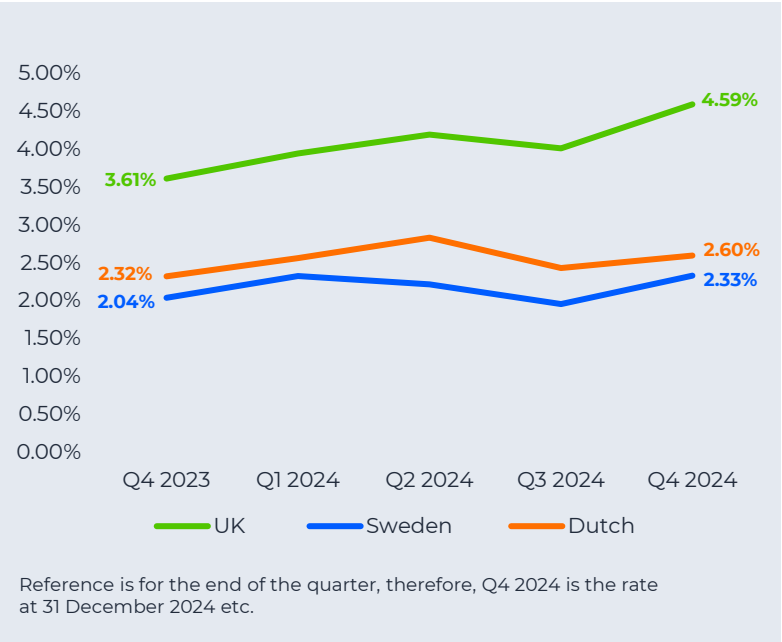
MACRO ENVIRONMENT



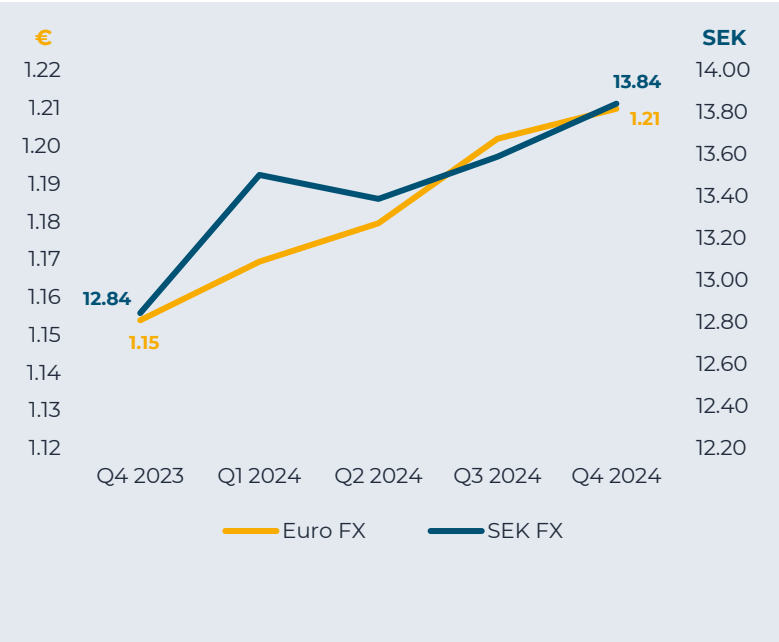
EQUITY MARKETS



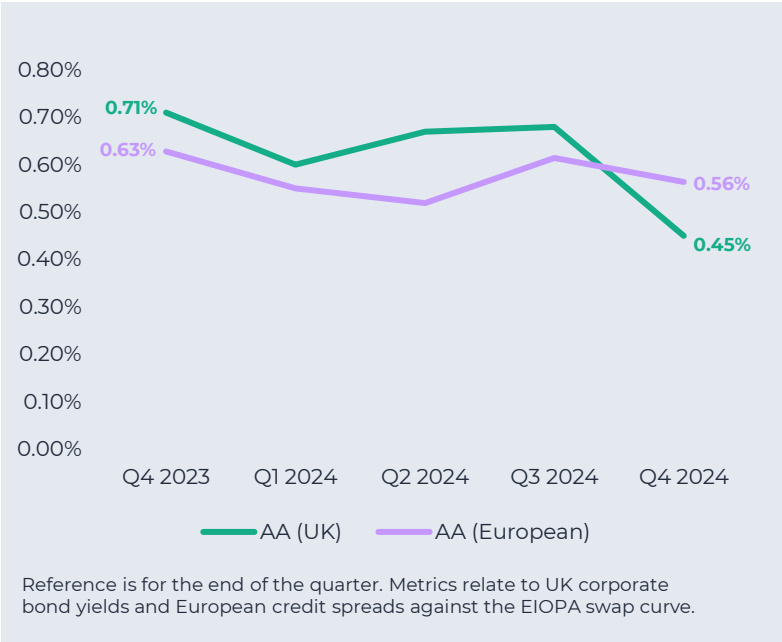
INTEREST RATES (10 YEARS)



FX RATES



CREDIT SPREADS



SUSTAINABILITY



We are committed to becoming a sustainable Group and net zero by 2050

OUR SUSTAINABILITY COMMITMENTS:

1

Support a sustainable future

2

Make a positive impact

3

Help create a fairer world

OUR GOALS:

NET ZERO EMISSIONS BY 2050

INVESTMENTS IN NATURE AND SOCIAL IMPACT SOLUTIONS

A BUSINESS WHERE EVERYONE FEELS WELCOME

OUR 2024 DELIVERY:

- ✓ Published our interim financed emissions reduction targets
- ✓ Continued to develop our initial transition plan
- ✓ Embedded sustainability into the assessment of potential acquisitions
- ✓ Delivered sustainability-focused training for all employees across the Group

OUR 2025 PLANS:

- Publish our first transition plan
- Progress our supplier and asset manager engagement
- Further embed sustainability into decision making
- Continue to deliver impactful social value activities across the Group
- Increase our investments in positive solutions
- Progress our implementation of relevant reporting frameworks

FOOTNOTES



SUMMARY OF FOOTNOTES USED THROUGHOUT THE PRESENTATION

(1)	Refers to Commercial Cash Generation which is defined as Base Cash Generation excluding the impact of technical adjustments and modelling changes
(2)	Verified by RBC research
(3)	Calculated using the share price as at 31 December 2024, with a full year dividend of 24.7 pence per share for 2024
(4)	FY 2023 Commercial Cash Generation has been restated to include the day one impact of acquisitions completed in 2023
(5)	Defined as Commercial Cash Generation divided by the total of the interim and final approved shareholder dividends for the financial year
(6)	Leverage ratio is defined as 'debt' divided by 'net equity + debt + net of tax CSM', as measured under IFRS
(7)	FY 2023 IFRS results have been restated following a change in the accounting methodology applied to the portfolio transfer into the UK from Canada Life Ltd. See the accounts for more detail
(8)	Assets under Administration (AuA) includes a pro forma amount for the book-value of the AuA of the Canada Life portfolio acquisition as at 31 December 2024
(9)	SII adjustments includes change in the fair value of the T2 asset and the Symmetric Adjustment, included associated movements in T2/T3 restrictions
(10)	Other centre costs includes Group Centre costs, project spend and investment return
(11)	EcV Earnings are quoted pre-FX impacts and dividend payments, including day one acquisition impacts
(12)	EcV VNB of £5m is calculated on a different basis to New Business Contribution, which totals £9m for the year and includes real-world returns
(13)	CSM is quoted gross of tax and pre-foreign exchange impacts
(14)	Boxes are broadly drawn to scale with the exception of acquisitions given their uncertainty
(15)	Dividend cost is based on historical growth levels which are then rolled forward – the Board will review our approach to dividend each year deciding on what an appropriate level is
(16)	Geographical split for UK includes other Group activities 2024, see accounts for a definition
(17)	Based on Group Solvency II Best estimate of Liabilities (BEL) as at 31 December 2024
(18)	Excluding the pro forma £1.5bn AuA from the Canada Life portfolio acquisition. UK AuA excludes £0.1bn of assets held in Chesnara



Chesnara

THANK YOU