

Date:                           8th September 2016

On behalf of:               B.P. Marsh & Partners Plc

Embargoed until:  0700hrs

**B.P. Marsh & Partners Plc**

**(“B.P. Marsh”, the “Company” or the “Group”)**

**Trading Update**

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B.P. Marsh, the niche venture capital provider to early stage financial services businesses, is pleased to provide the market with an update on trading for the six months ended 31 July 2016.

Highlights

* New investment – Asia Reinsurance Brokers
* Disposals – Broucour and Randall & Quilter
* Increased shareholding in LEBC Holdings
* Realisation of final 1.6% stake in Hyperion Insurance Group
* Dividend of 3.76p per share announced for year ending 31 January 2017 (£1.1m in aggregate)
* Strong opportunity pipeline
* £6.6m net cash available

**New Investment**

**Investment in Asia Reinsurance Brokers**

On 21 April 2016 the Group acquired a 20% shareholding in Asia Reinsurance Brokers Pte Limited ("ARB"), the Singapore-headquartered independent specialist reinsurance and insurance risk solutions provider, for a total consideration of SGD $2,398,424.

The Group may increase its shareholding in ARB to 25% for an additional cash consideration of up to SGD $500,000. The consideration paid by the Group will be dependent on the performance of ARB in its financial year ending 31 December 2017.

ARB was established in 2008, following a management buy-out of the business from AJ Gallagher, led by the CEO, Richard Austen. ARB specialises in the provision of long-term reinsurance and insurance solutions to a wide range of insurance and reinsurance companies throughout Asia and has offices across the region, including in Malaysia, the Philippines and Indonesia.

The Group considered this an exciting opportunity to invest in a well-established and profitable business with an experienced and respected management team and strong growth potential. The investment will be used to build on ARB’s position in the Asian market and to assist them in their growth ambitions.

**Disposals**

**The Broucour Group**

On 22 April 2016 the Group sold its 49% stake in The Broucour Group Limited ("Broucour") to the Founder and Managing Director Mr. Rupert Cattell for consideration of up to £341,000, which equates to the Company's most recent published valuation. The outstanding loan (£330,000) will likewise be repaid in full.

**Randall & Quilter**

On 4 May 2016 the Group sold its 1.32% stake in Randall & Quilter Investment Holdings Limited ("R&Q") to Brian Marsh Enterprises Limited for consideration of £1,020,000, resulting in a realised gain for the Company of £247,000, a 25% increase to the year-end valuation of £773,000. The Board took the view that the realised funds would be better utilised in an opportunity to which the Group could add value. Brian Marsh Enterprises Limited is owned by Brian Marsh, Chairman and majority shareholder of the Company.

**Hyperion Insurance Group Limited (“Hyperion”)**

On 4 July 2016 the Group received £7.31m from the realisation of its final 1.6% stake in Hyperion.

**Follow-on Investments**

**LEBC Holdings Limited (“LEBC”)**

The Group purchased a further 8.02% stake in LEBC Holdings Limited (“LEBC”) for aggregate consideration of £1,911,120 in June 2016, increasing its shareholding to 42.68%.

B.P. Marsh first invested in LEBC, the independent financial advisory company, in April 2007, taking a 22.5% stake, increased by way of a follow-on investment to a 34.9% stake in January 2014. During the nine years of B.P. Marsh’s investment, LEBC has grown from revenue of £8.06m (for the year ending 31 May 2007) to revenue of £15m (for the year ending 30 September 2015) and extended its network of branches across the UK from 11 to 15.

LEBC is currently developing a “bionic” advice proposition combining technology with human involvement, which aims to enable advisers to work more efficiently in giving advice using intelligent systems for fact-finding and report writing.

**Portfolio news**

**Nexus Underwriting Management Limited (“Nexus”)**

Nexus is one of the largest independent specialty MGAs in the London Market with a forecast Premium Income in excess of £110m for 2016, an increase from £56m in 2014 when the Company first invested.

Nexus Acquires Hong Kong-based marine MGA Beacon

On 5 July 2016 Nexus acquired 100% of the shareholding in the Hong Kong domiciled marine Managing General Agent, Beacon Underwriters Limited (Beacon), which marks its first overseas acquisition and the third acquisition within the last 12 months. The acquisition of Beacon augments Nexus’ footprint in Asia, subsequent to the opening of Nexus Underwriting Asia (HK) in 2015.

Beacon was established in 2009 as a Lloyd’s coverholder to write marine business for the Asian and Middle Eastern markets. Beacon’s Managing Director, Dr Ravi Schroff, has over 30 years of experience as an insurance underwriter.

## Nexus EBA opens branch in Ireland

Nexus EBA, part of Nexus, announced on 13 July 2016 that it established a branch in Ireland, headed up by Stephen Comerford, Senior Business Development Manager and Deputy Underwriter for Surety Insurance.

**Besso Insurance Group Limited (“Besso”)**

Besso, one of the top 20 independent Lloyd’s brokers, has continued to perform well in the current market place and has had strong results in the first half of the current financial year, continuing this encouraging trend over its previous financial year.

**Summa Insurance Brokerage, S.L. ("Summa")**

Summa has continued to successfully refinance a number of its banking arrangements with Spanish banking institutions, placing Summa in a strong position to continue its growth, both organically and through M&A opportunities.

Meanwhile, forecasts for the Spanish economy show that growth in 2016 is likely to be above 2.6%, making it presently one of the fastest growing economies in the Euro Zone.

The Board continues to believe that Summa is well positioned in Spain’s stabilising market and looks forward to working with the management team to develop the business. Additionally, the Group continues to work with Summa to develop their interaction with the Lloyd's and London Insurance Market.

**Trireme Insurance Group Limited (“Trireme”)**

U.S. Risk Insurance Group, Inc. (“U.S. Risk”), the Dallas-based leading international specialty lines underwriting manager and wholesale broker and the Group’s partner in the Trireme investment announced on 13 July 2016 that it had entered into a definitive agreement for a significant transaction and partnership with Kohlberg & Company, L.L.C (“Kohlberg”), a leading private equity firm specialising in middle market investing.

Through its $1.6 billion private equity fund, Kohlberg Investors VII, L.P., Kohlberg has made a significant equity investment in U.S. Risk and will reserve substantial additional equity capital to support growth initiatives. This will position U.S. Risk for accelerated growth and an enhanced value proposition for current and future customers and partners.

U.S. Risk holds 70% of the Trireme Group, alongside the Group’s 30%. Trireme is the holding company for Lloyd’s broker investments Oxford Insurance Brokers Limited and James Hampden International Insurance Brokers Limited, as well as the overseas Managing General Agencies Abraxas and Antarah, based in Zurich and Dubai respectively.

Commenting on the transaction, Randall Goss, Executive Chairman of U.S. Risk stated: “*We are delighted to partner with Kohlberg & Company and look forward to working with them in further developing and implementing the strategic growth plan that has brought U.S. Risk to where it is today. In addition to extensive capital resources Kohlberg adds tremendous merger and acquisition capabilities*.”

**Bastion Reinsurance Brokerage (PTY) Limited (“Bastion Re”)**

**Property and Liability Underwriting Managers (PTY) Limited (“PLUM”)**

**Bulwark Investment Holdings (PTY) Limited (“Bulwark”)**

The Group’s South African investments, Bastion Re, PLUM, and Bulwark, continue to gain significant traction within their market and are performing in line with the Group’s expectations.

The Group originally invested in PLUM in July 2015 for an initial consideration of £0.3m. It was agreed that the total consideration paid would increase by a further £0.3m subject to PLUM achieving EBITDA of ZAR 8,300,000 (c. £0.43m) over the first year of the Group's investment.

These targets were indeed met by PLUM and a further consideration of £0.3m will be paid in line with the investment agreement.

**Dividend**

The Board has recommended a dividend of 3.76 pence per share (£1.1m) for the financial year ended 31January 2017 payable in July 2017, in recognition of the steady growth and consolidation of the investment portfolio.

This represents an aggregate increase of £100,000 from the dividend of 3.42p per share (£1m) paid in respect of the financial year ended 31 January 2016.

The Board aims to find a balance between utilising cash to invest in the existing portfolio and new opportunities with providing investors with a healthy but sustainable yield. It is the Board’s aspiration to maintain a dividend of at least 3.76p per share for the years ending 31 January 2018 and 31 January 2019, subject to ongoing review and approval by the Board and the Shareholders.

**Share Buybacks**

The Group undertook a low volume share buy-back on 27 June 2016, when it purchased 5,726 ordinary shares of 10 pence each in the Company ("Ordinary Shares") at a price of 153.78 pence per Ordinary Share. These shares will be held in Treasury.

The Board believes that these low volume buy-backs are a useful stabilising mechanism during periods of market volatility and was particularly useful following the EU Referendum decision.

**New Business Opportunities and Outlook**

The Group is in discussions on a number of enquiries that fall within its heartland of insurance intermediaries, both in the UK and overseas. Overseas investments would fall within the Group’s strategy to focus on geographic areas where the Group sees sufficient opportunity for business development in partnership with a London-based investor, coupled with a suitably developed regulatory and compliance environment.

The Group has noted the market reaction to the result of the UK Referendum on membership of the European Union.

It remains the Group’s intention to continue to invest into the international financial services market, specifically in insurance but more generally across the sector, a policy which historically has had little or no direct impact from the UK’s membership of the European Union.

The UK's expected withdrawal from the European Union is not anticipated to change the direction of B.P. Marsh’s business. The Group is a debt free business with strong current and future cash balances with which to pursue its tried and trusted investment approach.

**Cash Balance**

The net cash available for investment after provision for tax and commitments currently stands at £6.85m.

**Interim Results**

The Group expects to report the results for the six months to 31 July 2016 on 18 October 2016.