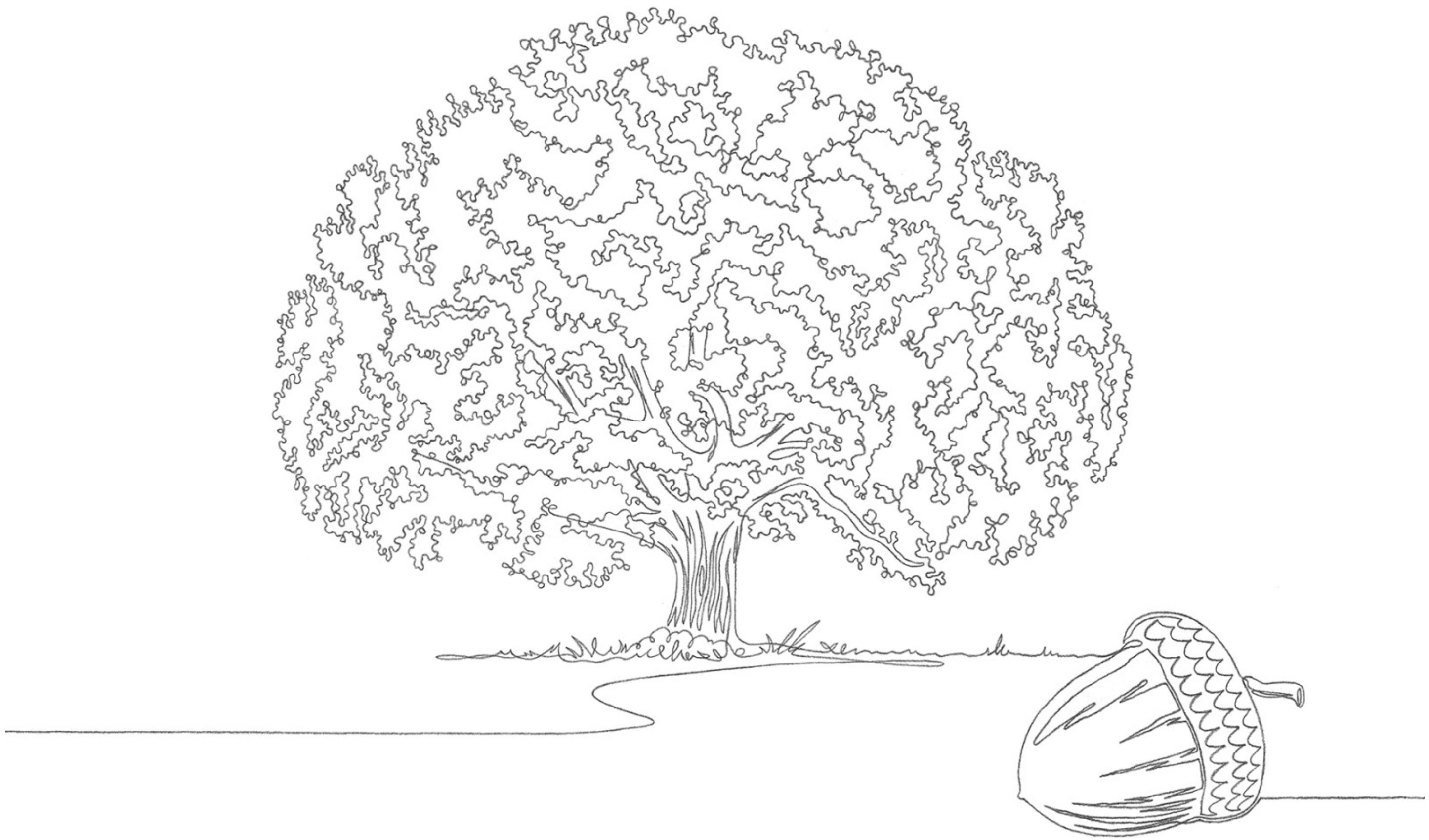
Results for the year ended 31 December 2018

Thursday, 7th February 2019



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Contents

Overview of 2018

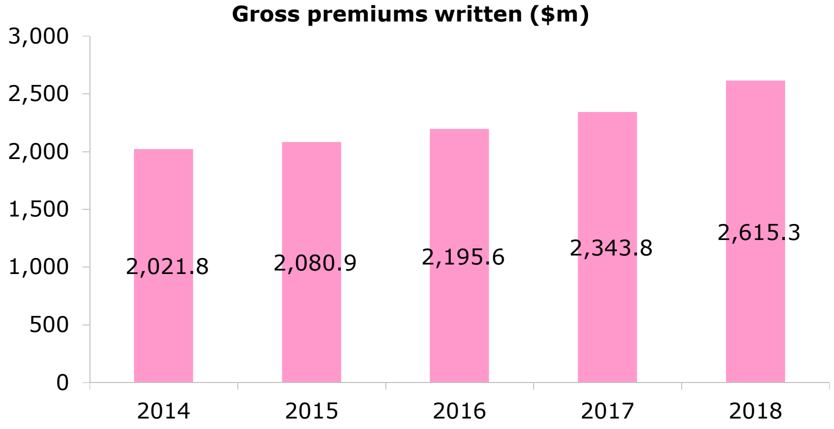
Strong top line with growth across all divisions

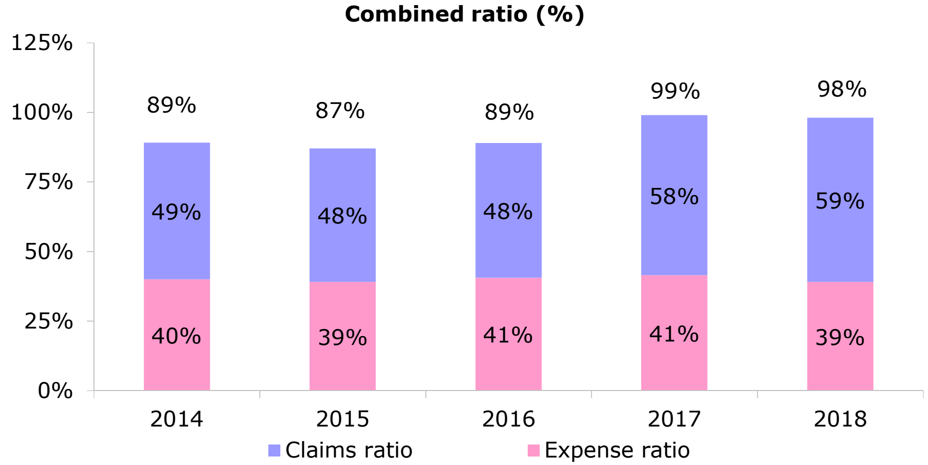
- Profit before income tax of $76.4m (2017: $168.0m)
- Return on equity of 5% (2017: 9%)
- Gross premiums written increased by 12% to $2,615.3m (2017: $2,343.8m)
- Combined ratio of 98% (2017: 99%)
- Rate increase of 3% on renewal portfolio (2017: reduction of 1%)
- Prior year reserve releases of $115.0m (2017: $203.9m)
- Net investment income of $41.1m (2017: $138.3m)
- Second interim dividend of 7.8p (2017: 7.4p) taking full year ordinary dividend to 11.7p (2017: 11.1p)

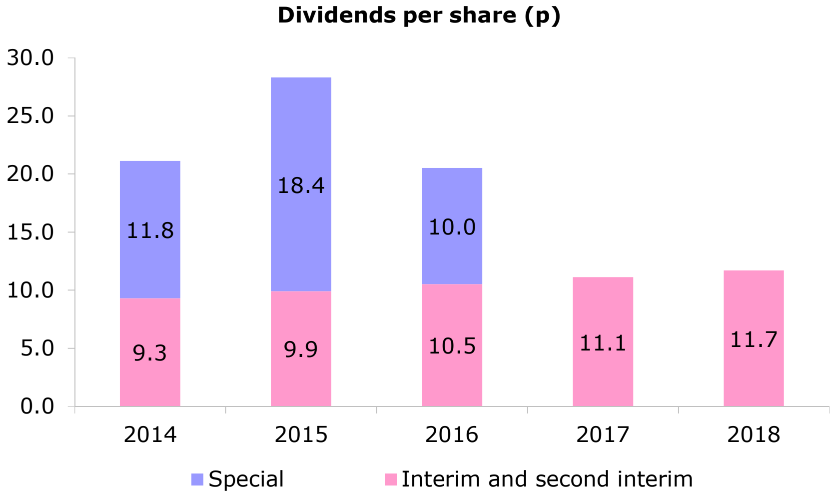
Business update

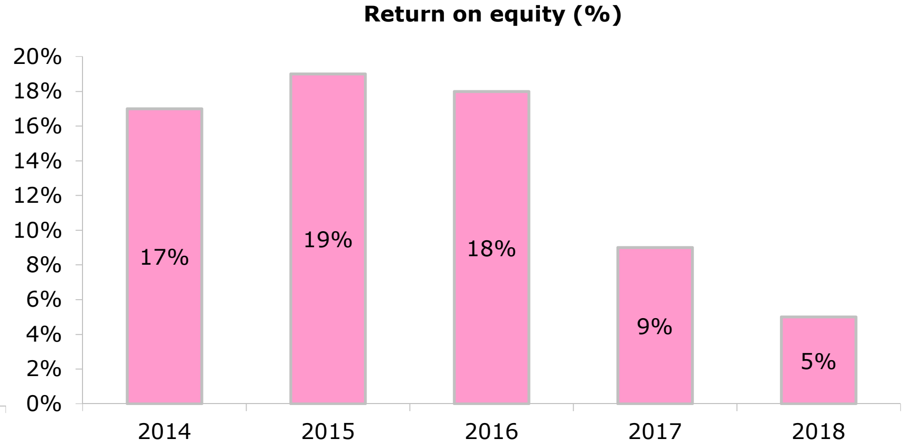
- Passed the milestone of $1bn of premiums written in the US
- Growth opportunities outside the US
    - 34 underwriters hired outside the US
    - Key products on both Irish company and Lloyd’s Brussels paper in Europe
    - Growth in Canada
- Management changes:
    - Neil Maidment was succeeded by Adrian Cox as CUO
    - Clive Washbourn was succeeded by Tim Turner as the head of marine
- Introduction of new strategic initiatives focused on:
    - Leveraging technology for efficiency
    - Improving customer experience
- Beazley smart tracker (syndicate 5623) proof of concept is successful

Premium growth and expense control









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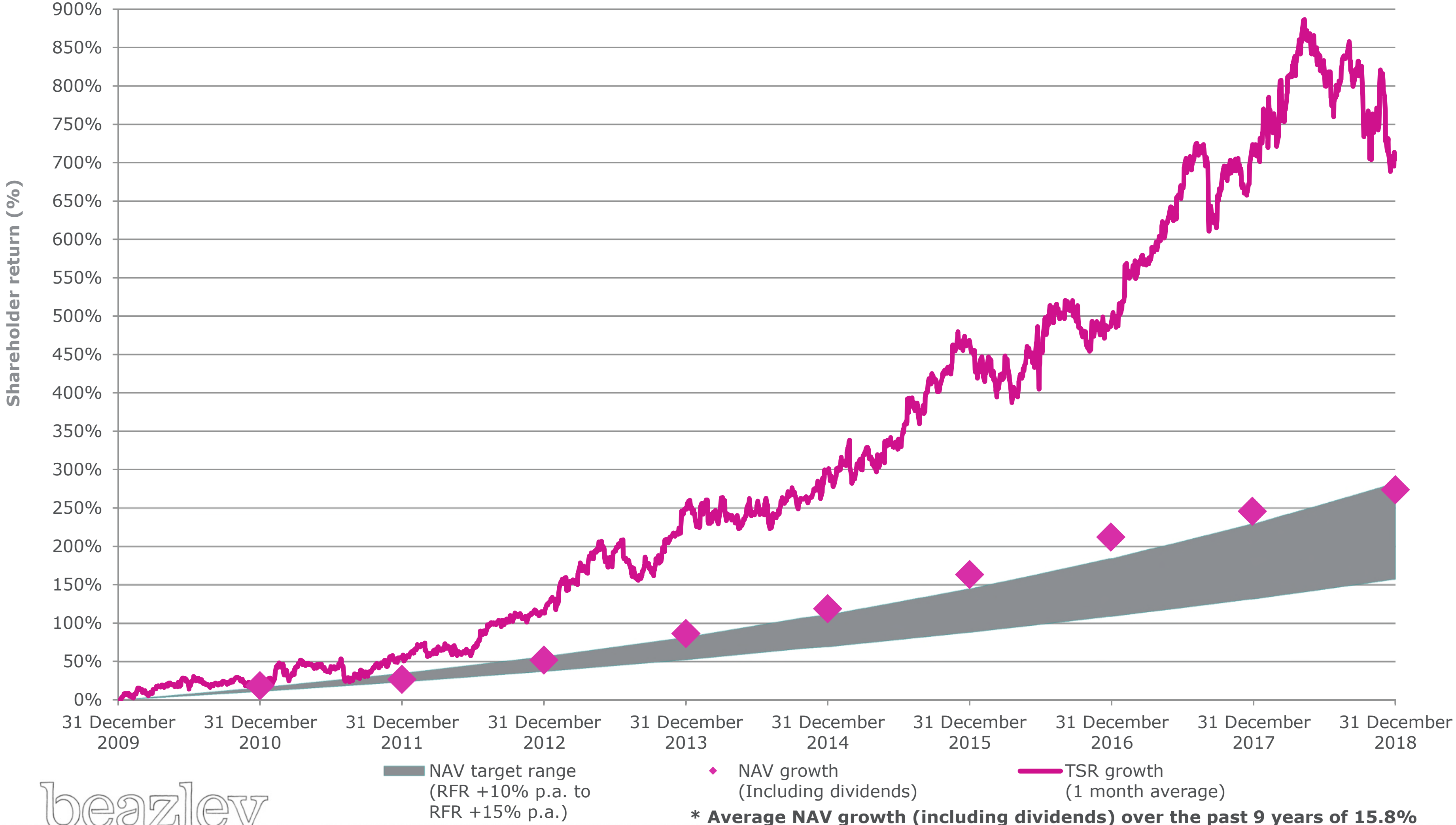
Excellent total shareholder return - TSR 26.1% per annum since 31.12.09



*** Average NAV growth (including dividends) over the past 9 years of 15.8%**

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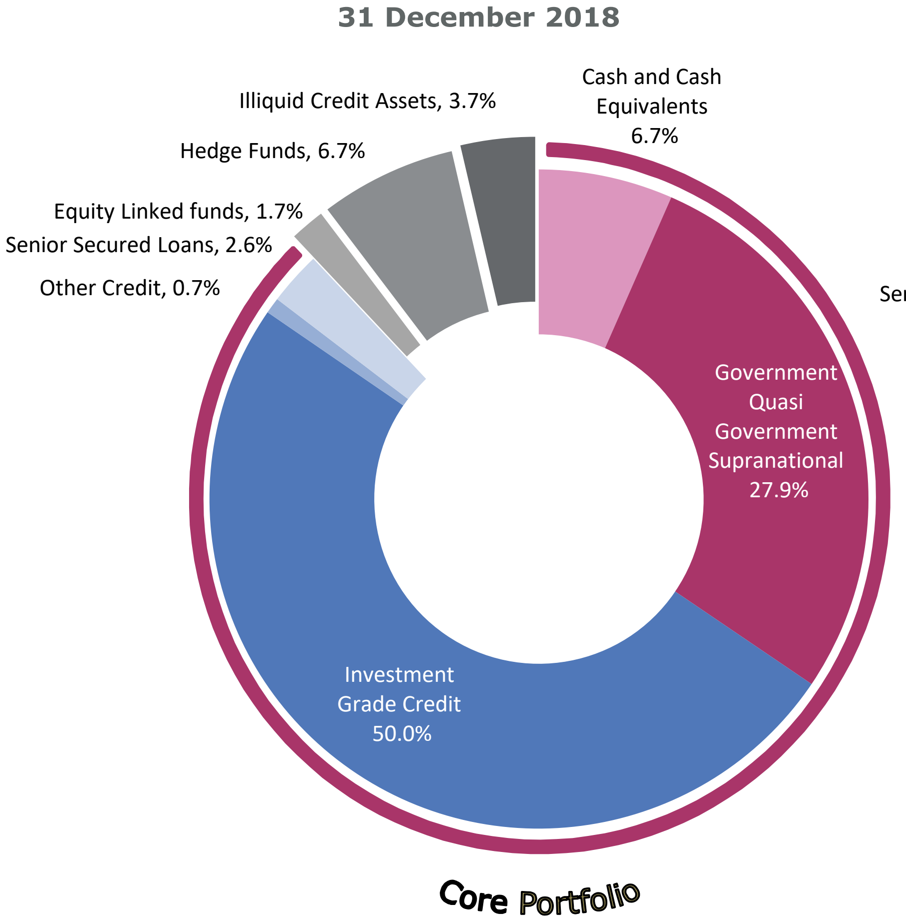
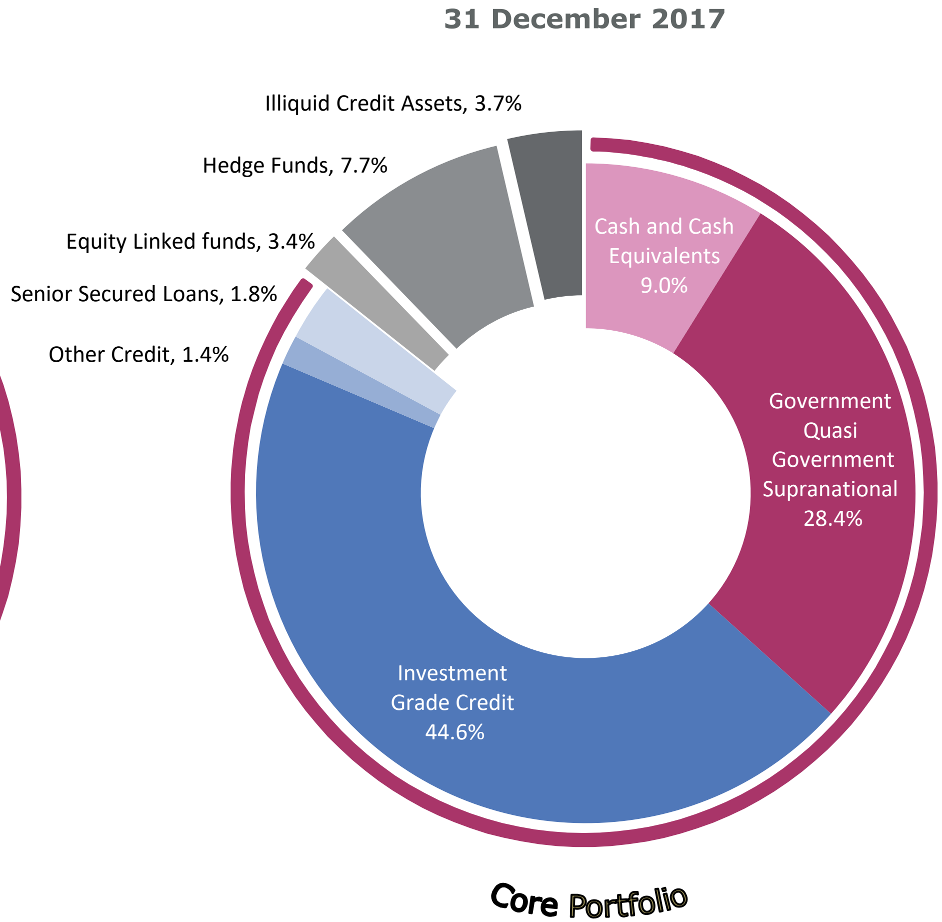
Financials

Growth and profit in challenging conditions

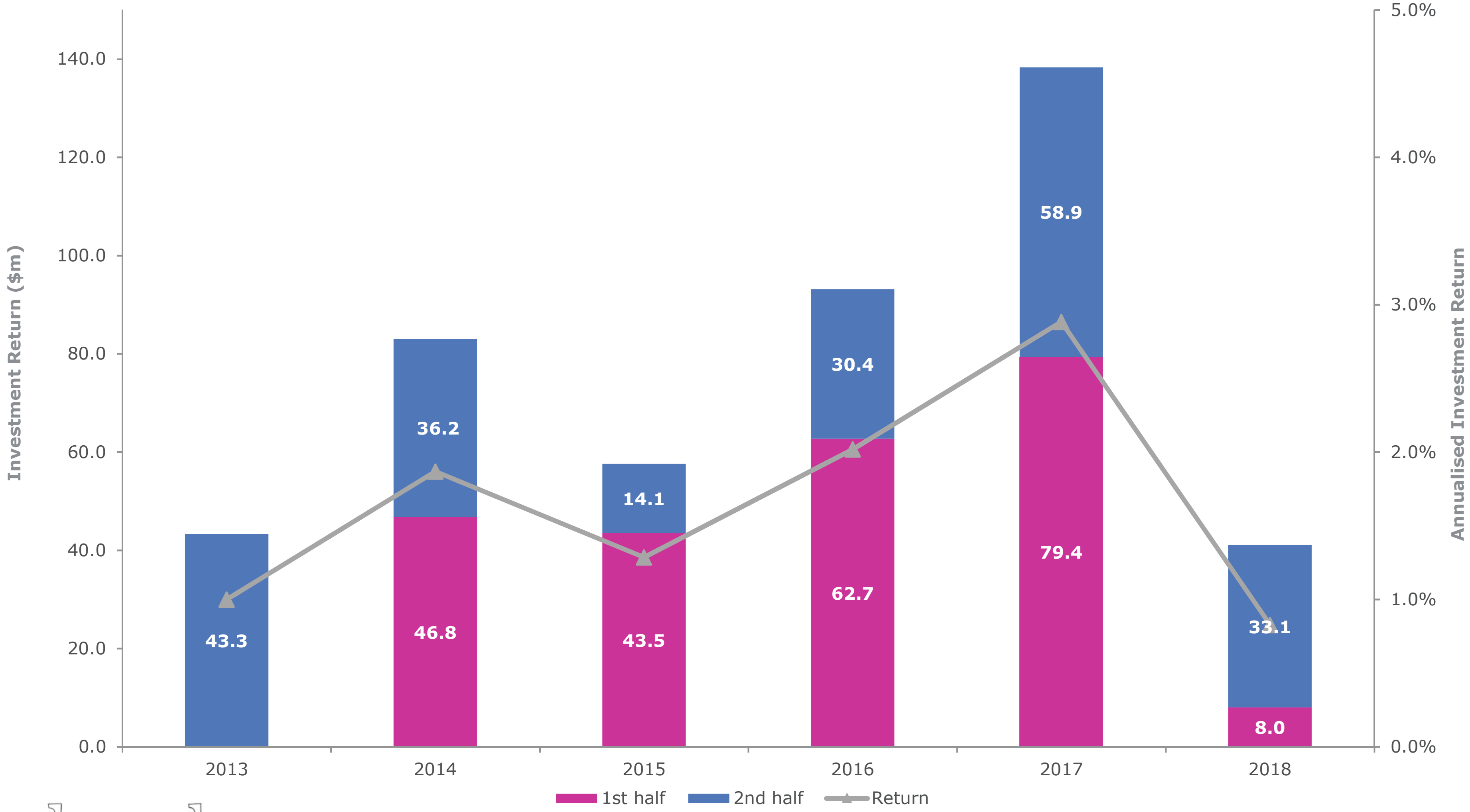
	Year ended 31 December 2018	Year ended 31 December 2017	% Increase/ (decrease)
Gross premiums written ($m)	**2,615.3**	**2,343.8**	**12%**
Net premiums written ($m)	**2,248.5**	**1,978.8**	**14%**
Net earned premiums ($m)	**2,084.6**	**1,869.4**	**12%**
Profit before income tax ($m)	**76.4**	**168.0**	**(55%)**
Earnings per share (pence)	**9.7**	**19.5**	
Dividend per share (pence)	**11.7**	**11.1**	
Net assets per share (pence)	**219.6**	**215.3**	
Net tangible assets per share (pence)	**200.7**	**196.2**	

Portfolio resilient in difficult investment conditions

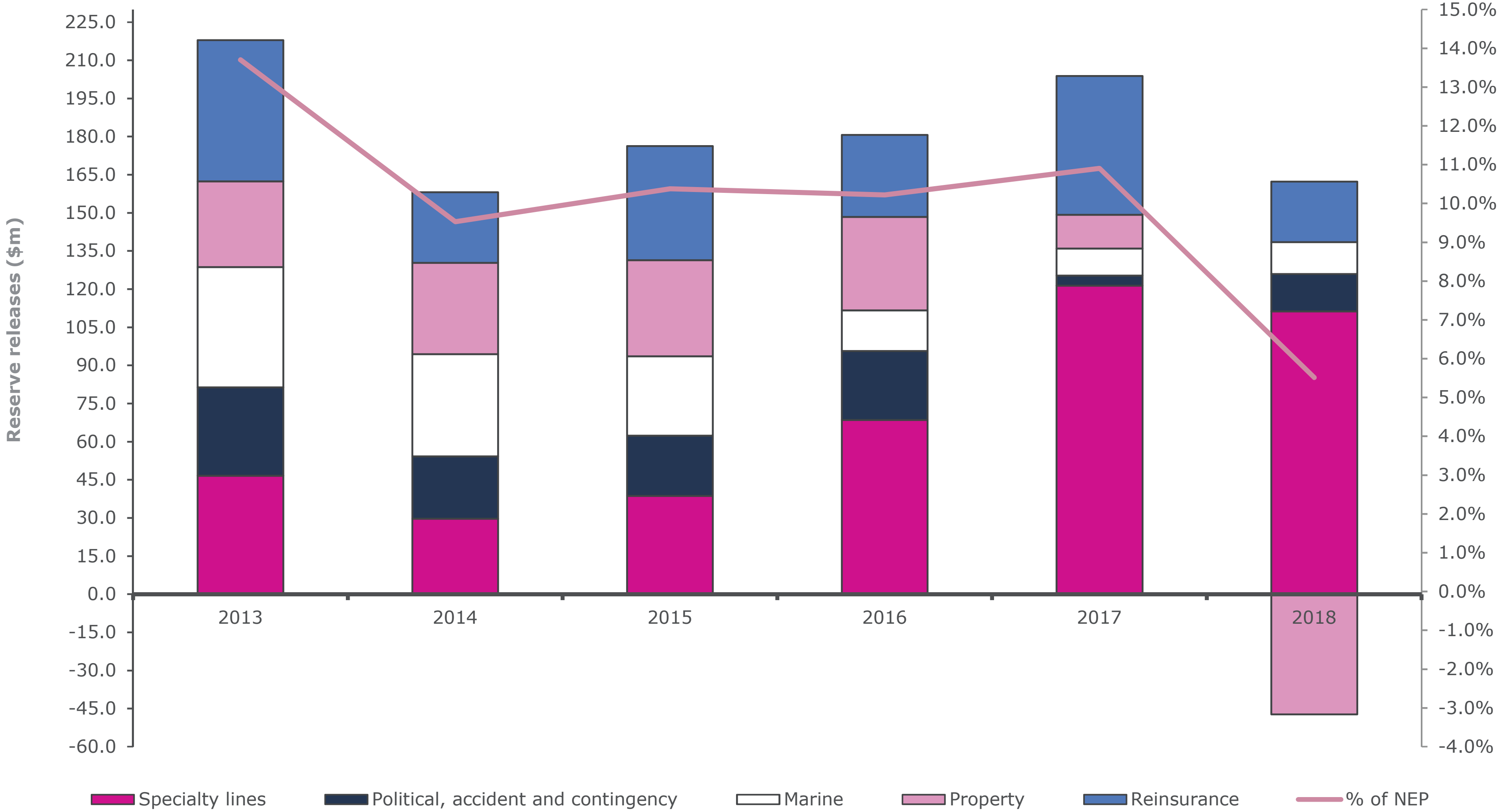




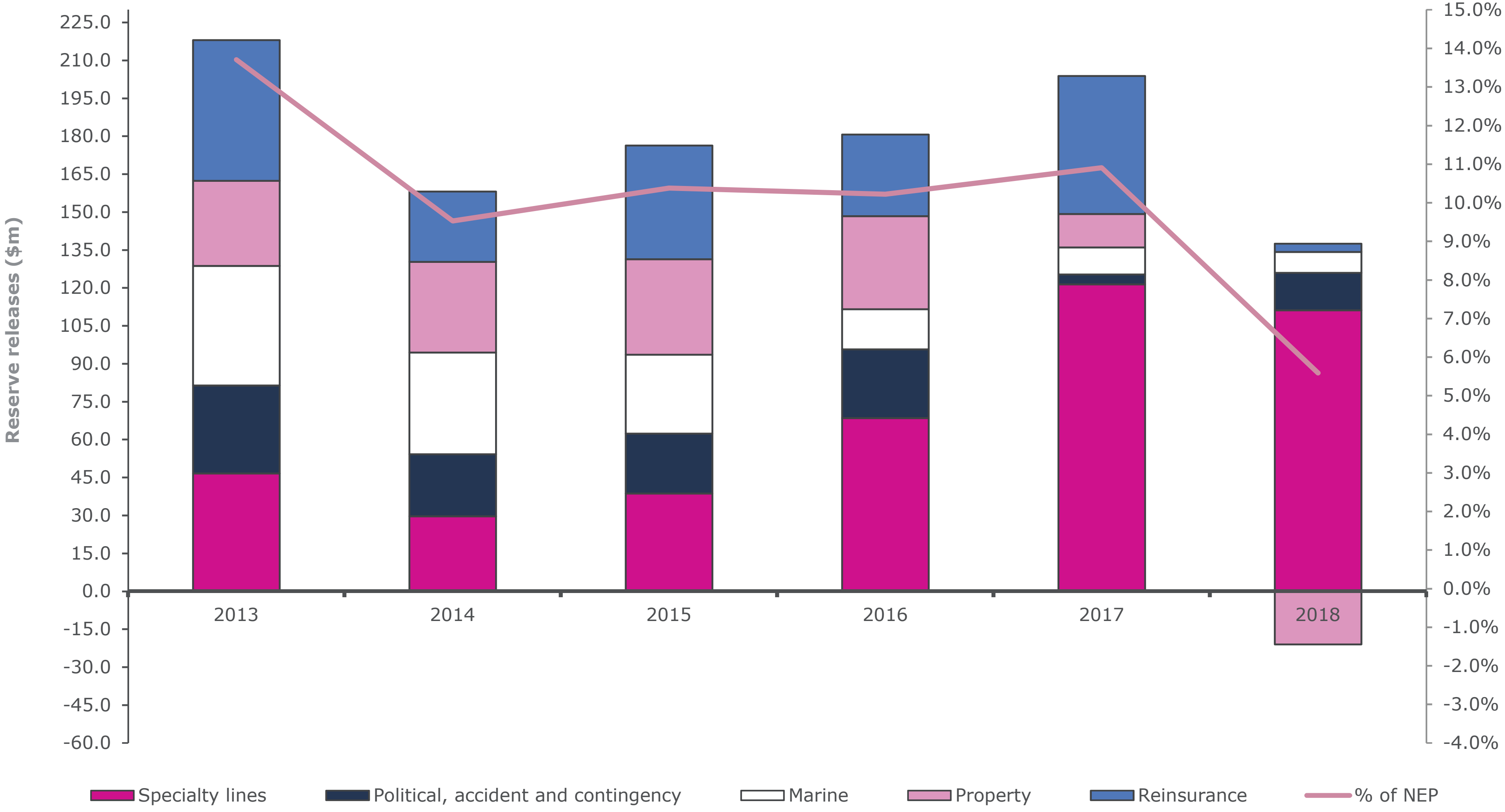
Portfolio delivered 0.8% return



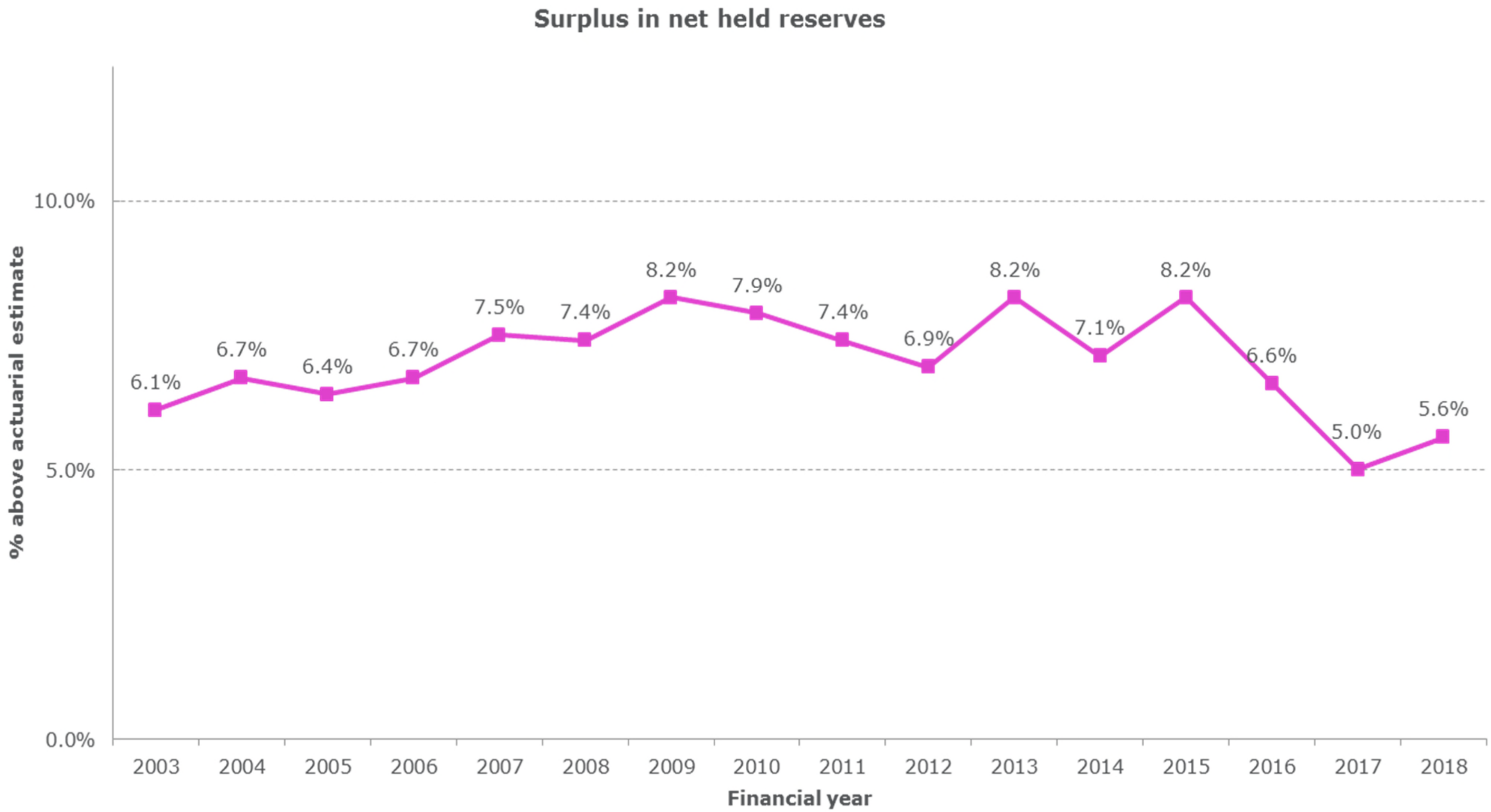
Below average releases in catastrophe classes – strengthening in property



Reserve releases excluding the 2017 catastrophes



Whole account reserve strength in the range and increasing



Updated capital position remains strong

- Group capital requirement

	Year ended 31 December 2018 $m	Year ended 31 December 2017 $m
Lloyd's economic capital requirement (ECR)	**1,594.5**	**1,517.2**
Capital for US insurance company	**173.4**	**96.5**
	1,767.9	**1,613.7**

- Our funding is made up of our own equity (on a Solvency II basis) plus $344.3m of debt and an undrawn banking facility of $225.0m
- At 31 December 2018 surplus capital pre dividend of 26% of ECR, including Solvency II adjustments
- Our medium term guidance remains for high single digit growth in underwriting capital and premiums
- Expect new debt issuance in 2019 following the call of $18.0m subordinated debt in 2018 and the redemption of the £75.0m retail bond in September 2019

Underwriting review

Underwriting review – 2018 achievements

- Combined ratio of 98%

- Growth in gross premiums written of 12% to $2,615.3m

  - All divisions grew, with 3 divisions achieving double digit growth
  - 20% growth in locally underwritten US premium - surpassing $1bn in premium for the year
  - Property grew exposure by 4%

- Positive rating environment with increase of 3% across the portfolio as a whole

- We continue to reserve consistently, maintaining our surplus over actuarial estimate between 5-10%

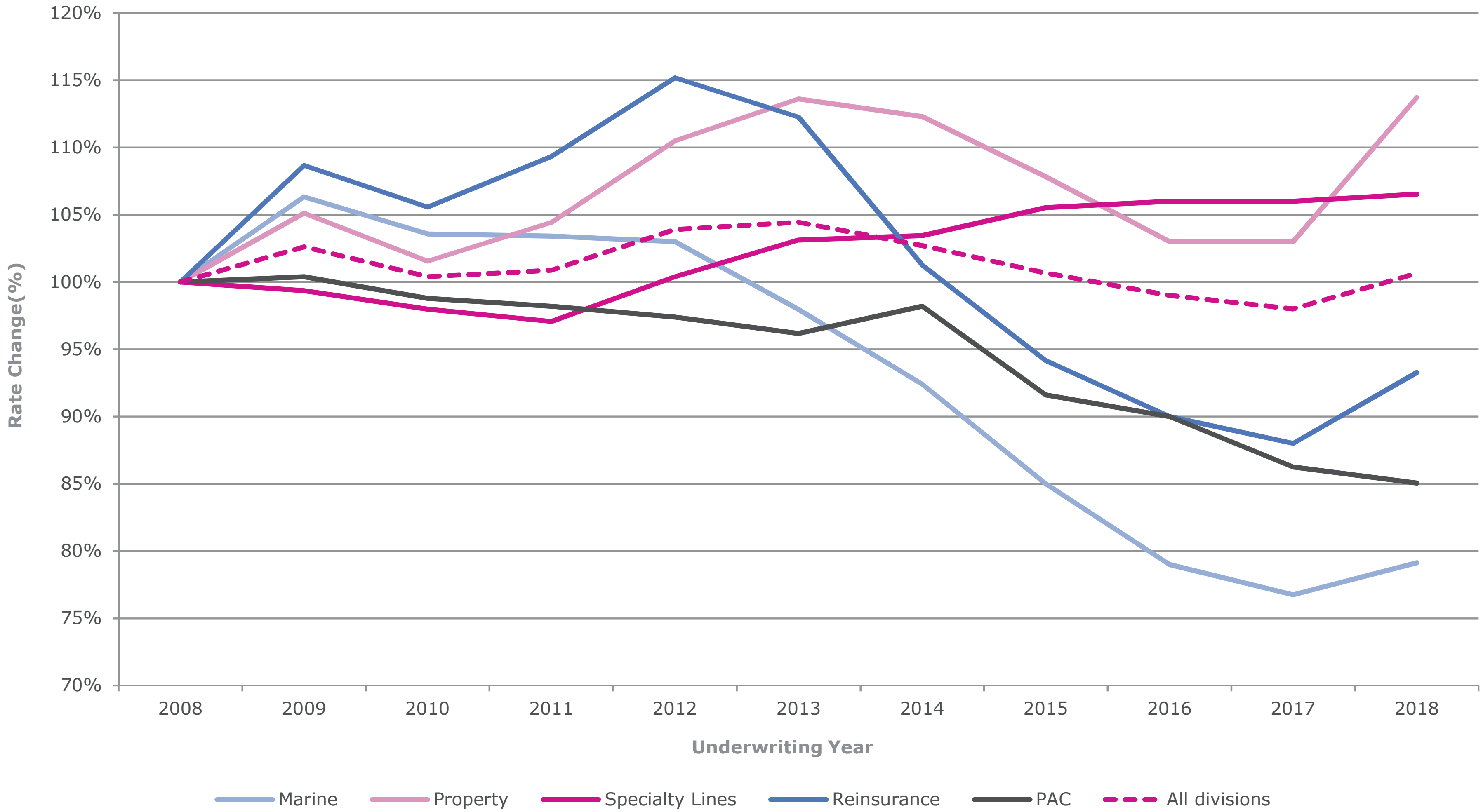
- Good usage of Placing Platform Limited platform

- PAC achieved 90% combined ratio

Underwriting review

	Year ended 31 December 2018	Year ended 31 December 2017	% Increase
Gross premiums written ($m)	**2,615.3**	**2,343.8**	12%
Net premiums written ($m)	**2,248.5**	**1,978.8**	14%
Net earned premiums ($m)	**2,084.6**	**1,869.4**	12%
Expense ratio	**39%**	**41%**	
Claims ratio	**59%**	**58%**	
Combined ratio	**98%**	**99%**	
Rate change on renewals	**3%**	**(1%)**	

Cumulative rate changes since 2008



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2019 underwriting outlook

- We see good opportunities for high single digit growth in 2019
    - ➢ Locally underwritten US premium across SL, property and marine
    - ➢ Growth opportunities outside the US across core product suite
    - ➢ Growth at Lloyd’s
- Specialty lines separated into two new divisions (cyber & executive risk and specialty lines)
- Expect 2019 to repeat 2018 with low reserve releases from catastrophe lines
- Continue to build our tracker syndicate 5623

Specialty lines/cyber & executive risk (CyEx)

- New SL will be 55-60% of the old SL division’s premiums
- Good growth prospects in both SL and CyEx in 2019
- CyEx has most of the short tail cyber business and so a lower combined ratio
- First figures at half year 2019

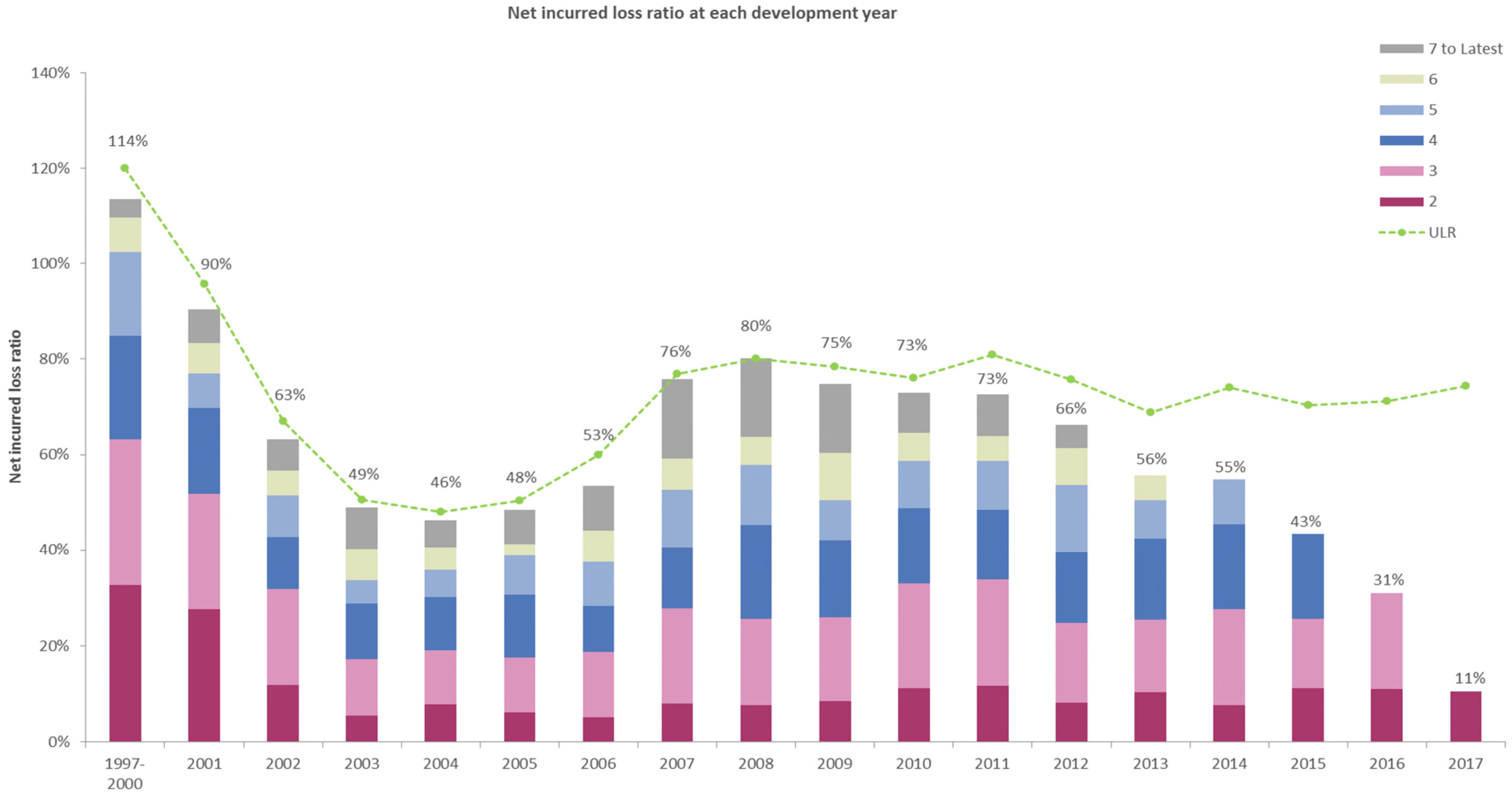
Outlook for 2019

- Rate increases and higher investment yields are encouraging
- All Beazley's pre-Brexit preparation is on track
- Pleased to welcome new executive committee members
  - Sally Lake (finance director)
  - Lou Ann Layton (head of broker relations)
  - Jerry Sullivan (head of US management committee)
- Continue to invest in and leverage digital technology
- Continue our organic growth and hiring of top talent

Any questions?

Appendix

Specialty lines incurred claims remain in line with expectations



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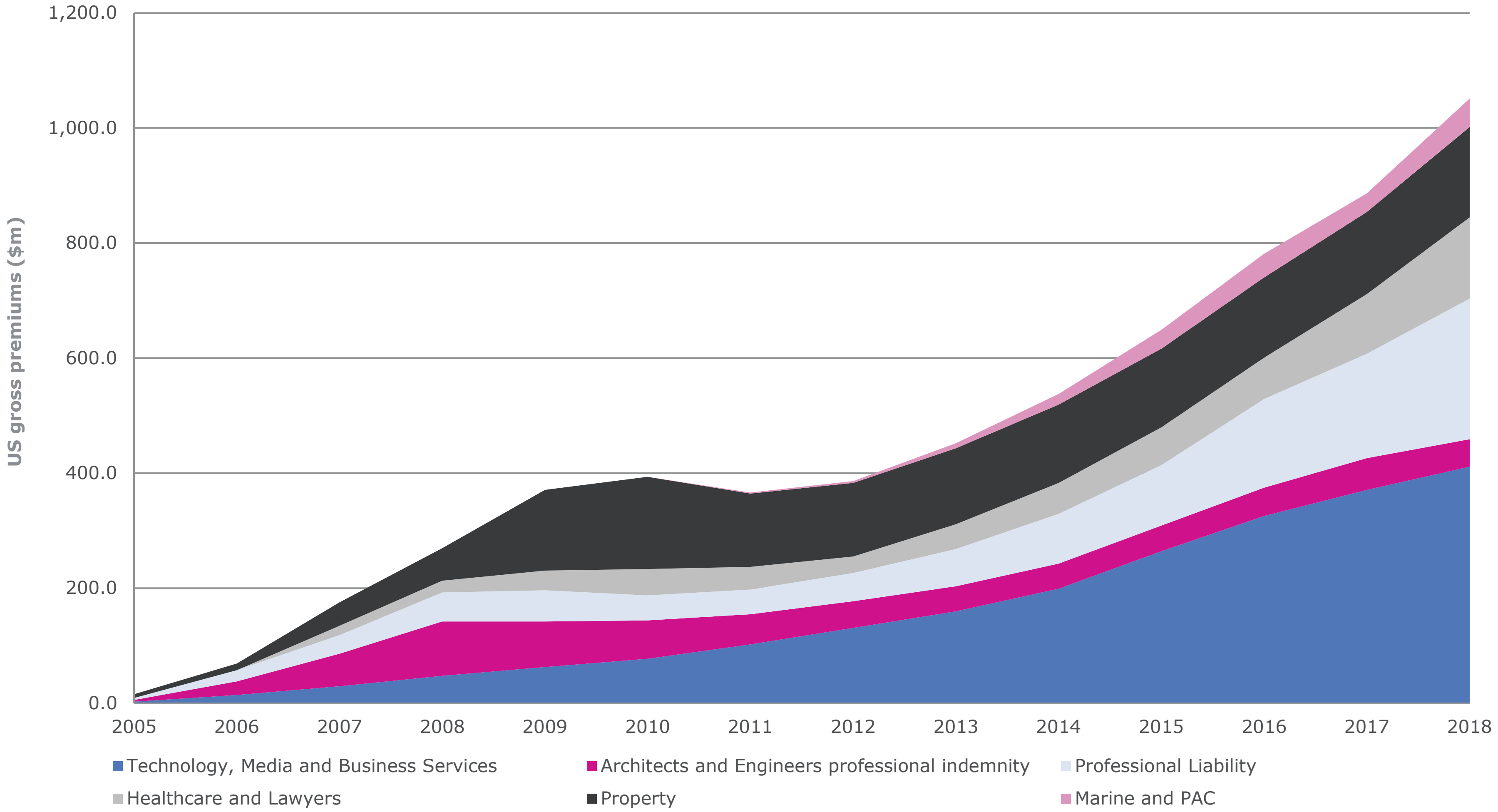
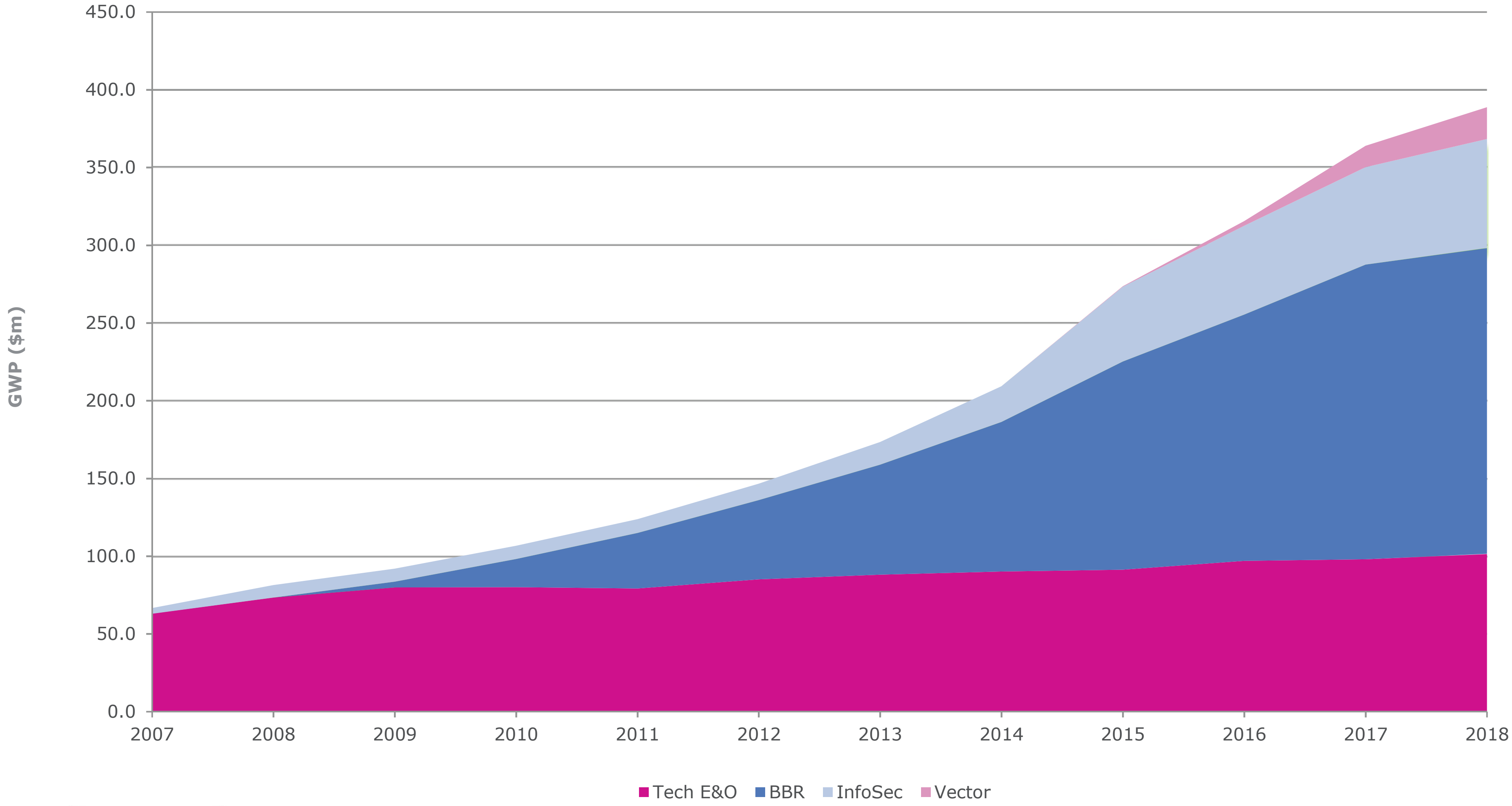
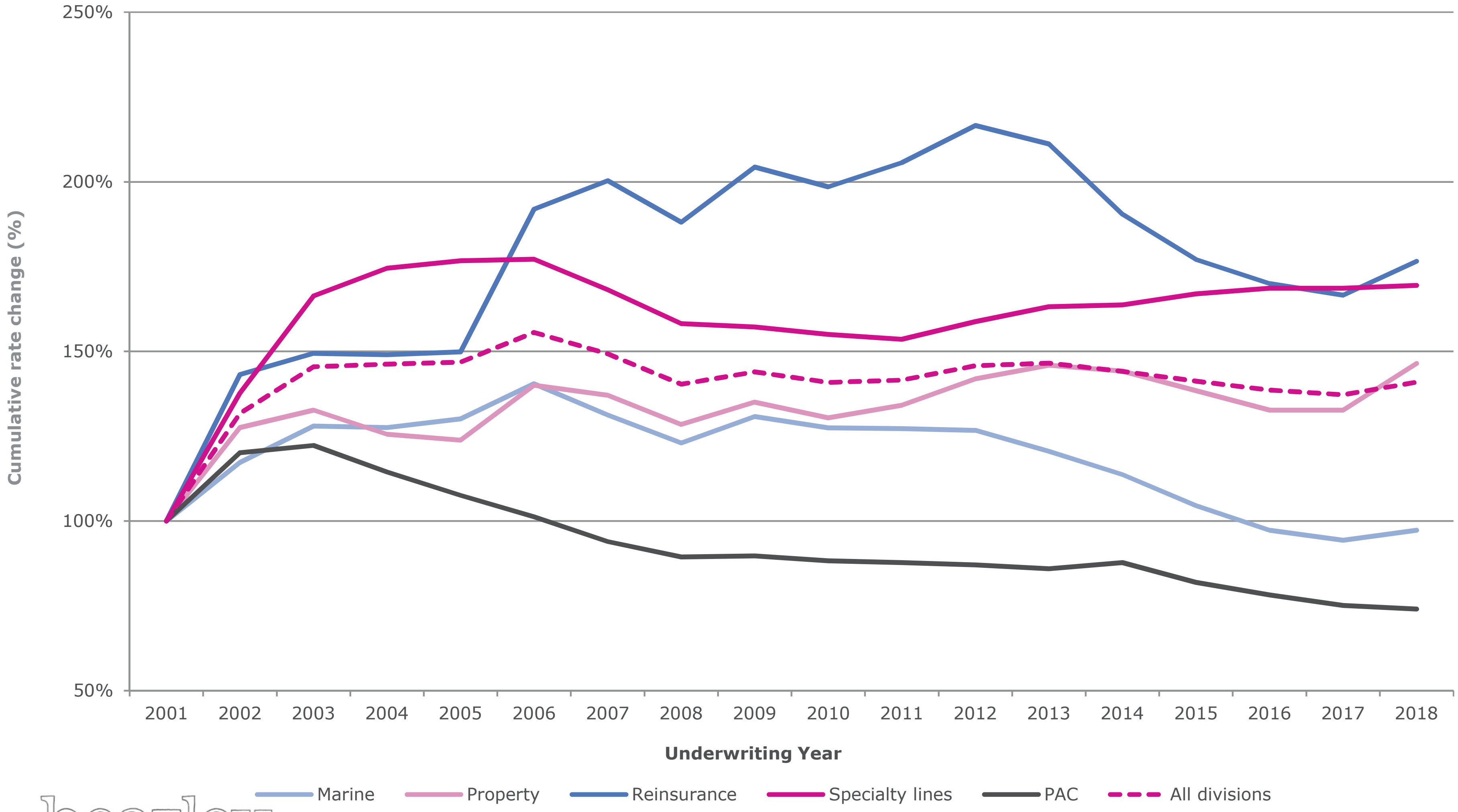
US managed gross premium growth



TMB gross premium written growth



Cumulative rate changes since 2001



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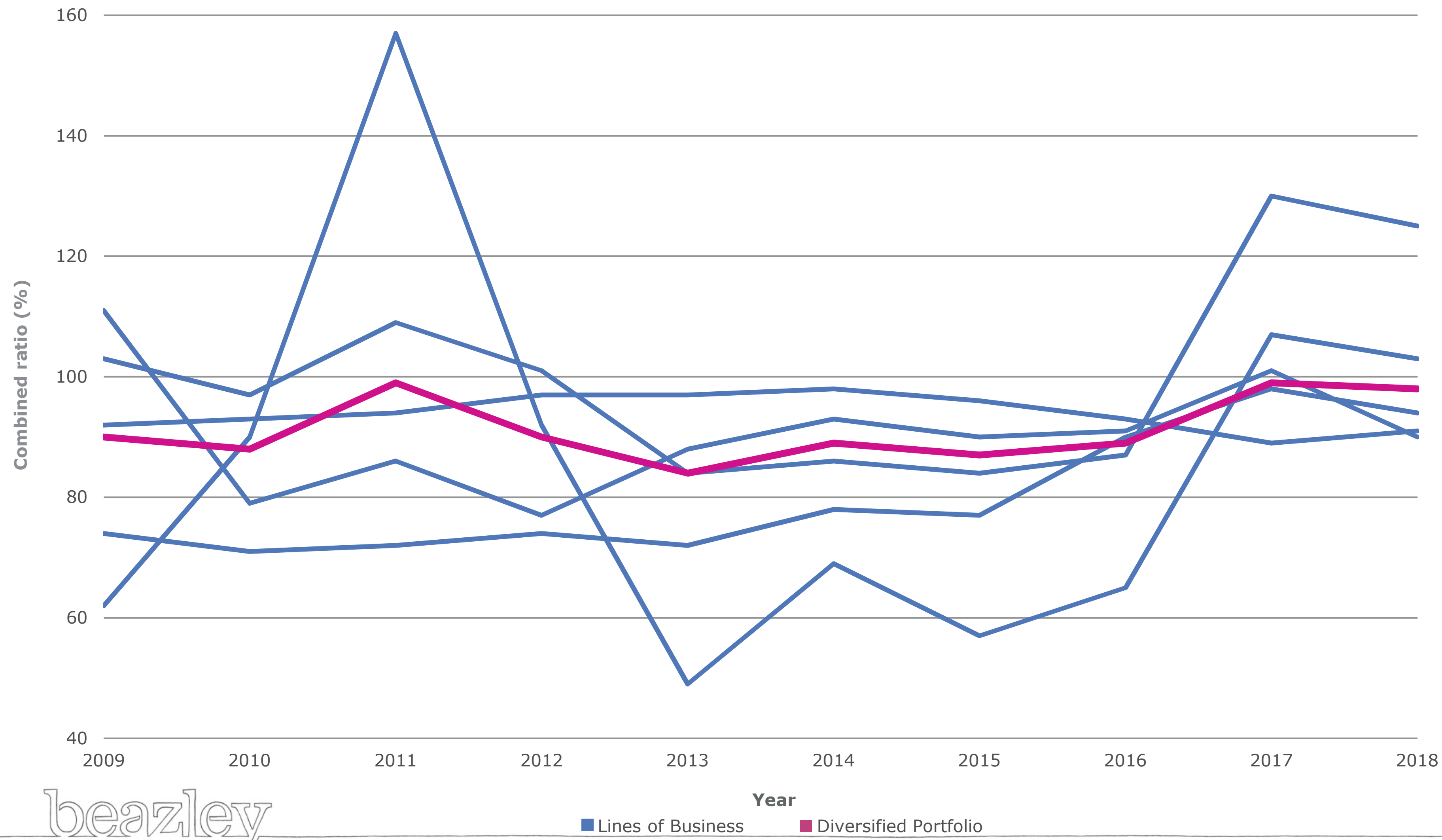
Portfolio management achieves consistent combined ratio through market cycles



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Performance by division

Year ended 31 December 2018	Marine	PAC	Property	Reinsurance	Specialty lines
Gross premiums written ($m)	284.8	238.7	415.4	207.4	1,469.0
Net premiums written ($m)	255.0	212.7	360.2	137.3	1,283.3
Net earned premiums ($m)	249.5	194.3	344.1	139.5	1,157.2
Result from operating activities ($m)	20.5	24.2	(80.4)	(1.8)	136.3
Claims ratio	54%	46%	84%	70%	53%
Rate change on renewals	3%	(1%)	10%	6%	1%
Percentage of business led	64%	56%	69%	44%	95%