



Amlin plc

2009 Interim results – analyst presentation

24 August 2009



AMLIN

This presentation contains or may contain forward-looking statements. It is important to note that the Company's actual results could differ materially from the results anticipated or projected in any such forward-looking statements, based on a number of important factors. The Company does not assume any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise. Past performance cannot be relied on as a guide to future performance.





Amlin Interim Results 2009



Overview

- Record interim profit after tax up 54.5% to £167.0 million
- Annualised first half return on equity of 27.4%, well ahead of cross cycle target ROE of 15%
- Interim dividend per share increased by 8.3% to 6.5p
- Acquisition of Fortis Corporate Insurance complete, now renamed Amlin Corporate Insurance (“ACI”): integration progressing well
- Strong capital position:
 - Net tangible assets per share up 2.5% to 241.9p, despite adverse impact of foreign exchange
 - Capital headroom more than £400 million after ACI acquisition
- Positive rating trends in the majority of classes in Amlin’s portfolio



Results summary

	H1 2009 £m	H1 2008 £m	Change %
Gross written premium	950.1	715.5	32.8%
Net written premium	810.1	633.0	28.0%
Net earned premium	510.3	445.7	14.5%
Underwriting contribution	135.3	148.7	(9.0%)
Investment contribution	53.1	22.5	136.0%
Profit before tax	177.1	137.3	29.0%
Tax	(10.1)	(29.2)	(65.4%)
Profit after tax	167.0	108.1	54.5%
Return on equity	13.7%	10.3%	
Earnings per share (basic)	35.2p	22.8p	54.4%
Net tangible assets per share	241.9p	218.1p	10.9%

Group underwriting results

	H1 2009 £m	H1 2008 £m	H1 2007 £m	H1 2006 £m	H1 2005 £m
Gross written premium	950.1	715.5	805.2	846.2 ¹	675.8 ¹
Net written premium	810.1	633.0	732.9	766.4 ¹	556.5 ¹
Net earned premium	510.3	445.7	514.5	481.8 ¹	395.5 ¹
Claims ratio	39%	40%	43%	49%	44%
Expense ratio	34%	27%	28%	30%	25%
Combined ratio	73%	67%	71%	79%	69%

(1) Excluding premiums associated with the reinsurance to close of our increased share of capacity.

Net foreign exchange gains and losses in the income statement

	H1 2009 £m	H1 2008 £m
Underwriting non-monetary	(30.7)	0.9
Amlin Bermuda sterling assets	24.1	-
Other	1.3	6.1
Total FX (loss)/gain in expenses	(5.3)	7.0
Non-monetary impact on unearned premium reserve	(36.8)	(2.2)
Non-monetary impact on deferred acquisition costs	9.7	0.6
Total FX (loss)/gain in income statement	(32.4)	5.4
Total non-monetary in above	(57.8)	(0.7)

Divisional analysis

	Group ¹ £m	Amlin London £m	Amlin UK £m	Amlin Bermuda £m	AFU £m
Gross written premium	950.1	643.5	91.7	305.3	20.9
Net earned premium	510.3	268.3	65.5	181.9	7.7
Release from reserves	71.9	34.7	22.7	14.5	-
Claims ratio (excluding non-monetary)	37%	32%	54%	33%	57%
Combined ratio (excluding non-monetary)	65%	69%	80%	53%	83%
<i>H1 2008 combined ratio (excluding non-monetary)</i>	67%	73%	73%	50%	n/a

(1) Group totals include consolidation adjustments.

(2) Above ratios exclude the effect of the non-monetary adjustment.



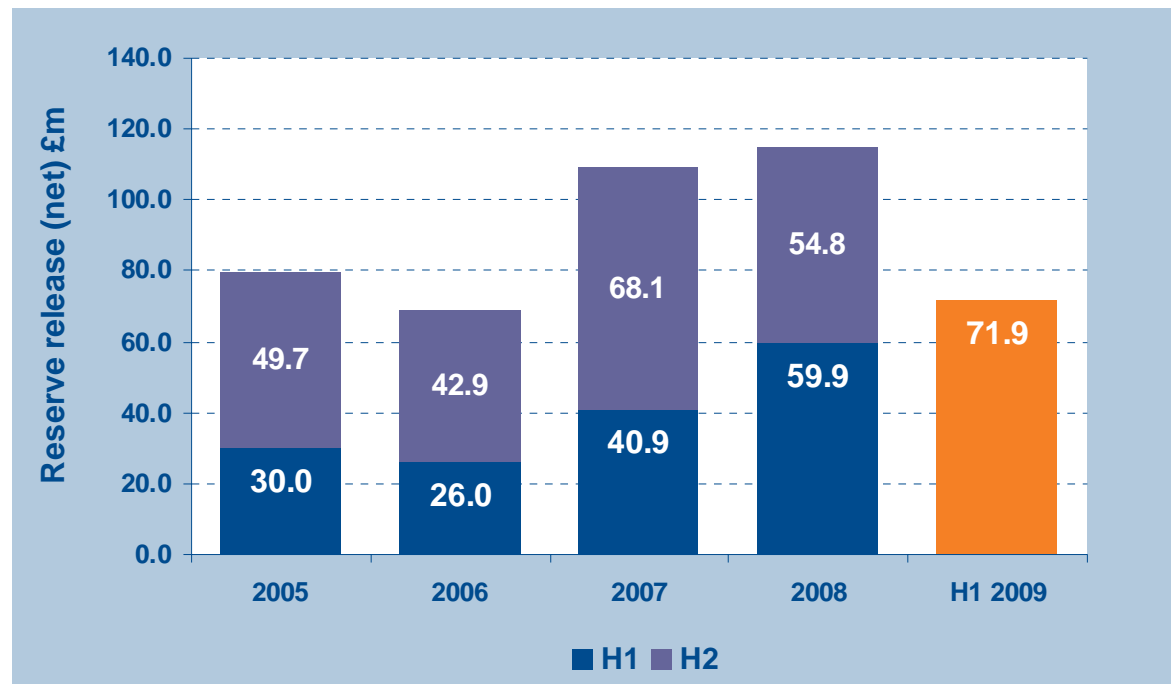
Claims ratios (excluding non-monetary)

	H1 2009	H1 2008
Group	37%	39%
Amlin London	32%	39%
Reinsurance	17%	34%
Property & Casualty	60%	n/a ¹
Marine	35%	42%
Aviation	21%	72%
Amlin UK	54%	45%
Amlin Bermuda	33%	38%
AFU	57%	n/a

¹ For 2008 and prior, Reinsurance and Property and Casualty were reported together as the Non-marine division. In the table above for 2008, Non-marine has been reported under Reinsurance.

Reserving

- On an underwriting year basis for the 2008 and prior years, net reserves at 30 June 2009 remain at least £150 million above actuarial best estimate, unchanged from 30 June 2008 (2007 and prior underwriting years)
- Further reserve releases subject to normal claims development



Investment performance

	H1 2009				H1 2008		
	Average asset allocation	Allocation	Return	Benchmark return	Average asset allocation	Allocation	Return
	£m	%	%	%	£m	%	%
Cash & cash equivalents	627.2	21	0.3	0.2	783.1	30	2.2
Debt securities	2,005.7	69	2.9	0.1	1,463.6	57	0.9
Equities	198.4	7	2.4	4.4	259.1	10	(7.0)
Property	82.2	3	(16.7)	n/a	79.8	3	0.1
Total	2,913.5	100	1.6	0.4	2,585.6	100	0.7

(1): Investment return percentages exclude the impact of currency instruments

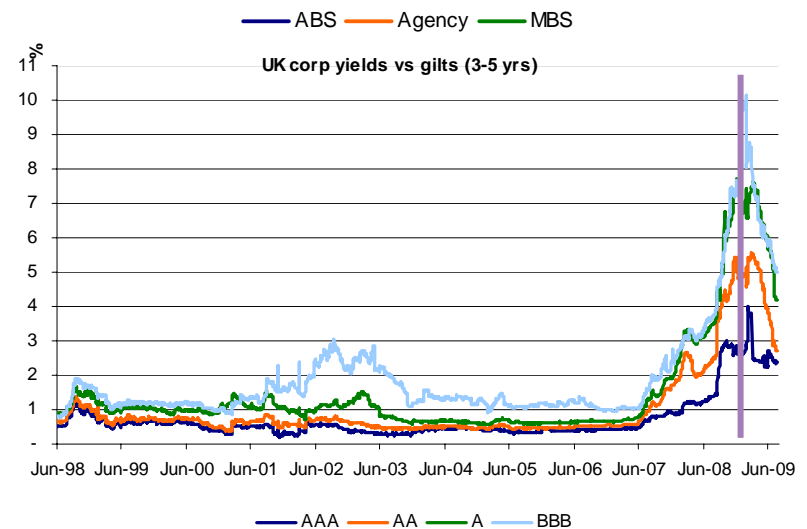
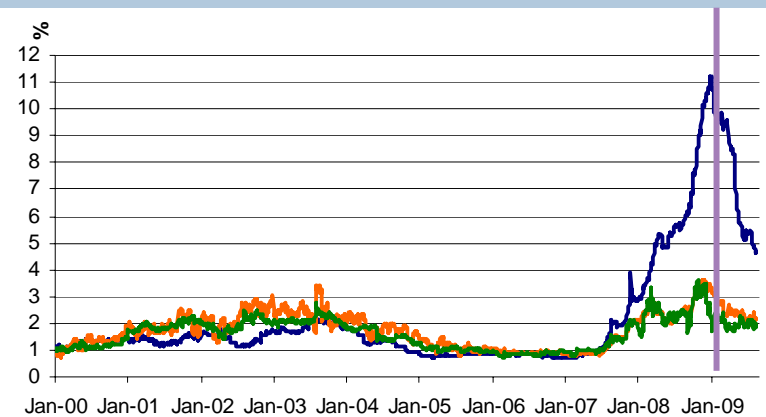
Bond portfolio breakdown

	At 30 Jun 2009		At 30 Jun 2008	
	£m	%	£m	%
Government securities	544.9	29.1	689.4	46.3
Government agencies / guaranteed	181.6	9.7	19.3	1.3
Supranational	67.0	3.6	33.9	2.3
Asset backed securities	82.3	4.4	123.5	8.3
Mortgage backed securities	135.8	7.2	131.2	8.8
Corporate bonds	278.6	14.8	257.5	17.3
Pooled vehicles				
- cash	238.6	12.7	127.4	8.6
- bonds	304.4	16.3	96.8	6.4
Insurance linked securities	41.0	2.2	10.4	0.7
Total	1,874.2	100.0	1,489.4	100.0

(1) £28.9 million of government agencies/guaranteed assets are mortgage backed and £104.9 million are government guaranteed corporate bonds

Investment performance

- Economic leading indicators improved
- Risk assets performed well
- YTD performance 1.6%
 - Q1 non-government bond purchase added 0.8% to H1'09 return
- Q2 Performance attribution
 - Equities – market rally
 - USD bonds – spread compression
 - GBP bonds – spread compression
- Reduced equity exposure since May



Source: Bloomberg

Strength of capital

	Post ACI Acquisition ¹ £m	At 30 June 2009 £m	At 31 Dec 2008 £m
Net tangible assets	1,117.9	1,192.7	1,105.9
Subordinated debt	314.1	288.2	295.9
Undrawn facilities ²	250.0	250.0	250.0
Available capital	1,682.0	1,730.9	1,651.8
Minimum required capital ³	1,252.9	1,021.4	1,059.1
Headroom	429.1	709.5	592.7

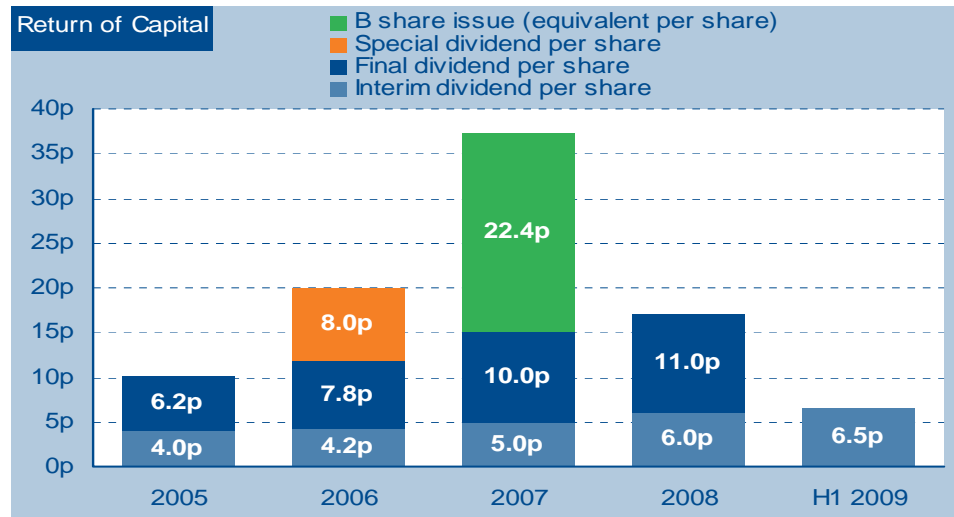
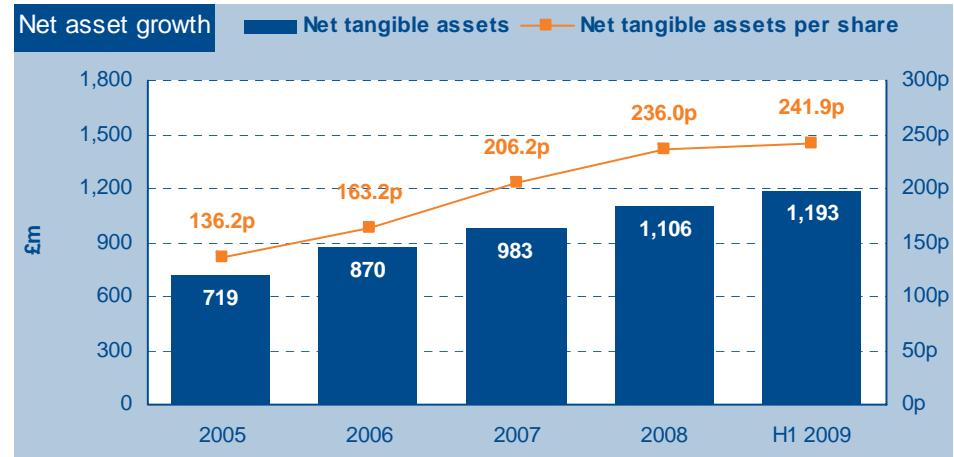
(1) Based on ACI proforma at 30 June 2009, with no account taken for prospective fair value adjustments.

(2) Bank facilities are subject to a number of restrictive covenants.

(3) Minimum required capital represents management's view of required capital.

Capital growth & return

- Continued growth in liquid assets and net tangible assets despite negative impact of foreign exchange
- Dividend (paid and proposed) increased by 8.3% to 6.5p per share



CAT net risk appetite relative to NTA

	NTA at prior year end £m	Largest modelled event risk appetite £m	Largest net event risk appetite as a % of NTA
2005	383	170	44%
2006	719	325	45%
2007	870	364	42%
2008	983	341	35%
2009	1,106	384	35%

- At 1 July 2009 the actual largest modelled loss is approximately £355.3 million for a European windstorm causing major damage in the UK, Low countries, France and Germany
- All single zone events which we model are expected to incur losses materially less than these, in most cases less than £250 million.

Rating indices in key classes

Class	2001	2002	2003	2004	2005	2006	2007	2008	2009	
US catastrophe reinsurance	115	146	150	143	144	185	188	167	186	↑
International catastrophe reinsurance	120	157	161	145	131	138	131	119	124	↑
Property reinsurance	122	189	191	170	146	170	144	126	135	↑
Property insurance	125	171	163	143	136	165	143	133	141	↑
US casualty	123	172	217	234	239	237	223	203	197	
Marine hull	115	148	171	183	189	191	192	192	208	↑
Offshore energy	140	172	189	170	175	262	243	209	265	↑
War	250	288	244	220	206	191	175	160	157	
Airline hull and liabilities	301	283	235	216	201	158	122	127	135	↑
Fleet motor	121	136	143	141	137	135	134	137	142	↑
UK employers' liability	115	144	158	159	144	135	123	115	113	
UK professional indemnity	110	149	178	181	165	154	140	129	127	

• Average H1 rate increase of 4.9% across all lines in Amlin portfolio

* Base 2000: 100



Current trading - Reinsurance

Amlin London and Amlin Bermuda

- Catastrophe exposed lines continue to experience greatest rate increases: US catastrophe reinsurance pricing up 11% to near previous peak levels
- International catastrophe reinsurance pricing showing a more modest upward trend
- As expected, retrocessional capacity scarcer and more expensive: Special Purpose Syndicate 6106 providing alternative risk transfer mechanism
- Growth in both London and Bermuda with no increase in retained risk
- Relatively low frequency of catastrophe losses in H1 2009, reflected in low combined ratios in London and Bermuda

Current trading – Amlin London (Insurance)

Property & Casualty

- Large catastrophe exposed commercial property rates starting to firm: average rate increase of 7% on US property
- Disappointing modest downward trend in US casualty
- Very limited exposure to financial crisis

Marine

- Marine and loss affected energy rates continue to rise
- Rate increases for hurricane-exposed energy have been substantial but in response buyers have cut back on cover purchased
- Marine volumes again adversely affected by impact of economic conditions on world trade

Aviation

- Unusual loss activity during 2009 expected to provide impetus for rate increases
- Amlin exposure to recent losses minimal due to avoidance of inadequately priced business
- Anticipate opportunities to increase aviation market share as prices improve



Current trading – Amlin UK

- Fleet motor rates continue to improve – average increase 4%
 - number of quotations and conversions both increasing
 - better than expected renewal retention on Houston Casualty fleet motor renewal book (acquired August 2008)
- Employers' liability rates stabilised, rate of decline slower in other classes
- Further investment in developing commercial property capabilities:
 - leading property underwriting team recruited
 - Amlin property capability now one of the strongest in the UK market with more than 30 underwriting staff



Acquisition of Fortis Corporate Insurance (now Amlin Corporate Insurance)



Acquisition strategy

Amlin has previously articulated a strategy to seek quality acquisitions which can deliver specific benefits:

- Expansion of non-catastrophe and **lower volatility** lines of business. This improves the balance of Amlin's underwriting portfolio and has potential **revenue synergies** with the catastrophe book
- Further **diversification** of the portfolio in terms of geography, customer base, business lines and distribution
- **Strong franchise** with critical mass in Continental Europe / USA
- A **profit-focused** underwriting approach with good **cultural fit**



Acquisition fit

The acquisition of ACI provides an excellent fit with our declared strategy:

- Expansion of the non-catastrophe portfolio
- Gives Amlin a strong platform in Continental Europe: ACI has leading position in the Netherlands and Belgium
- Provides access to a new customer base with diversified distribution
- Creates opportunities for organic growth as well as a platform for further acquisitions if opportunities arise
- Business mix is predominantly in lines where Amlin has established underwriting expertise and resource
- Strong local management team with established track record and profit focused approach



ACI - integration update

- Acquisition completed on 22 July 2009, FCI renamed Amlin Corporate Insurance at this date
- Senior underwriters from Amlin and ACI working together from day one to address known issues within the marine portfolio
- Integration framework and governance structure established: IT teams working together to address systems requirements
- Very positive response from ACI personnel: majority of Belgian staff voluntarily transferring from Fortis Insurance Belgium to ACI
- All Amlin's and ACI's Insurer Financial Strength ratings affirmed by rating agencies: ACI's rating outlook upgraded from negative to stable by Standard & Poor's



Fair value exercise

- The circular to shareholders on 15 June 2009 indicated ACI's provisional goodwill at £103.7 million. This figure was based on 31 December 2008 figures and took no account of prospective fair value adjustments
- Following completion, the provisional intangible assets figure, based on net assets at 30 June 2009 and prior to fair value adjustments, was reduced to €85 million, reflecting a satisfactory first half trading performance
- ACI's investment performance in July was excellent: this will reduce the balance further
- The review of insurance liabilities and associated reinsurance assets is ongoing, but work to date suggests a good margin above best estimate is held
- Broker relationships intangible estimated at €20 million
- Acquisition accounting requires discounting of liabilities: using risk free discount rate, Amlin's first estimate of discount is €30 million
- **Post review goodwill associated with acquisition could reduce to €35 million**

ACI – potential synergies

- XL revenue
- Reinsurance purchase
- Investments
- Marine underwriting
- Capital efficiency

Business development

- Investment in strengthening management and underwriting teams:
 - Andrew Grant, Group Chief Operations Officer
 - Andrew Wright, London Head of Marine underwriting
 - Iain Henstridge, London Head of Hull underwriting
 - Key Group appointments in Risk, Finance and Actuarial teams
 - Further strengthening of Underwriting, Claims and Finance teams in Bermuda
- Positive outcome from external review of IT resource and strategy
- Solvency II programme making good progress
- AFU integration progressing well: now positioned to expand

Strategy snapshot

- Continuing expansion of Amlin Bermuda
- Development of in-house investment management expertise
- Withdrawal from Credit Insurance in 2008
- Creation of Special Purpose Syndicate 6106
- Strengthening of position in UK commercial insurance market
- Investment in additional management and underwriting resource to support expansion
- Acquisition of AFU and ACI

Outlook

- Amlin well placed for further profitable growth:
 - Net tangible assets of £1.1 billion post acquisition of ACI
 - Net unearned premium reserve of £880.3 million
 - Scope to increase premium income by at least £500 million on existing capital base
 - Benefiting from investment in underwriting teams and management resource
- Core insurance businesses positioned to expand when market conditions improve
- Continue to expect ACI to make a positive contribution to earnings in 2009 and to meet Amlin's long term return targets
- Expect upward pressure on pricing to extend across more non catastrophe exposed classes through 2010

Summary

- Excellent first half performance
- Continued growth in dividend
- Capital position strong with room to support growth
- Solid early progress with integrating ACI
- Good prospects for strong ROE in 2009 and 2010