

ACHP Shareholder Meeting

26 June 2018



Introduction

- ❑ In June 2017 the Company sold all its operating subsidiaries, the principal company being Pro Insurance Solutions Limited.
 - Outstanding reps and warranties remain from this transaction and others before
- ❑ Following the sale, the Company's only trading activity has been its holding of one-third of the voting shares and 31% of the economic rights in Asta Capital Ltd (“Asta”), the parent of Asta Managing Agency Limited, the leading third-party managing agent at Lloyd's.
- ❑ The Company continues to review the performance of its investment in Asta and is assessing options to dispose of this investment at the right time and at an appropriate price.
- ❑ The directors are focused on minimising the ordinary expenses of the Company in line with its limited activities.
 - Administrative costs have reduced from £875k for the 6 months to 30 June 2017, when the sale of the subsidiaries was completed, to £292k (£49k per month) for the 6 months to 31 December 2017. Delisting is expected to reduce this monthly cost to £30k.

What is the global picture for ACHP

□ ACHP

- Current stock price is significantly below the NAV of ACHP
- Board working on monetizing the Asta investment
- Current value of Asta in ACHP books is viewed by the Board as being on the conservative side

□ Asta

- A strong performer, with stable Ebitda and a unique key player in Lloyd's
- Great management team dedicated and aspiring to further growth
- Two very solid and influential partners hold the remainder of the equity – exit opportunity will eventually be required by them in mid term horizon
- Strong Ebitda and stable cash flows
- Potential leverage to be re-built in Asta balance sheet

ACHP finances



Statement of Comprehensive Income for 2017

	12 months to 31 Dec 2017	12 months to 31 Dec 2016
	£000's	£000's
Income from investment in associated undertaking	822	208
Administrative expenses	(1,167)	(1,476)
Results of operating activities	(345)	(1,268)
(Loss) on disposal/impairment of subsidiary undertakings	(525)	(2,072)
Finance costs	(299)	(511)
(Loss) on ordinary activities before taxation	(1,169)	(3,851)
Taxation	-	543
(Loss) for the year	(1,169)	(3,308)

- Dividends received from Asta: £714k ordinary, £108k preference.
- Loss on sale of investment in operating companies recognized in 2017 of £525k on completion of sale on 30 June 2017.
- Finance costs relate to loan from Natixis which was repaid in July 2017 and to balance outstanding on facility with parent company,

Balance Sheet as at 31 December 2017

	31 Dec 2017 £000's	31 Dec 2016 £000's
Fixed assets		
Investment in subsidiaries	-	8,300
Interest in associates	17,964	19,621
	17,964	27,921
Current assets		
Debtors - amounts falling due within one year	467	75
Cash and cash equivalents	396	83
	863	158
Current liabilities		
Other creditors - amounts falling due within one year	(148)	(3,886)
	(148)	(3,886)
Net current assets	715	(3,728)
Total assets less current liabilities	18,679	24,193
Creditors falling due after one year	(1,645)	(6,511)
Net assets	17,034	17,682
Capital and reserves		
Share capital	2,362	2,280
Revaluation reserve	14,376	14,376
Other reserves	256	3,072
Retained earnings	40	(2,046)
Total shareholders' funds	17,034	17,682

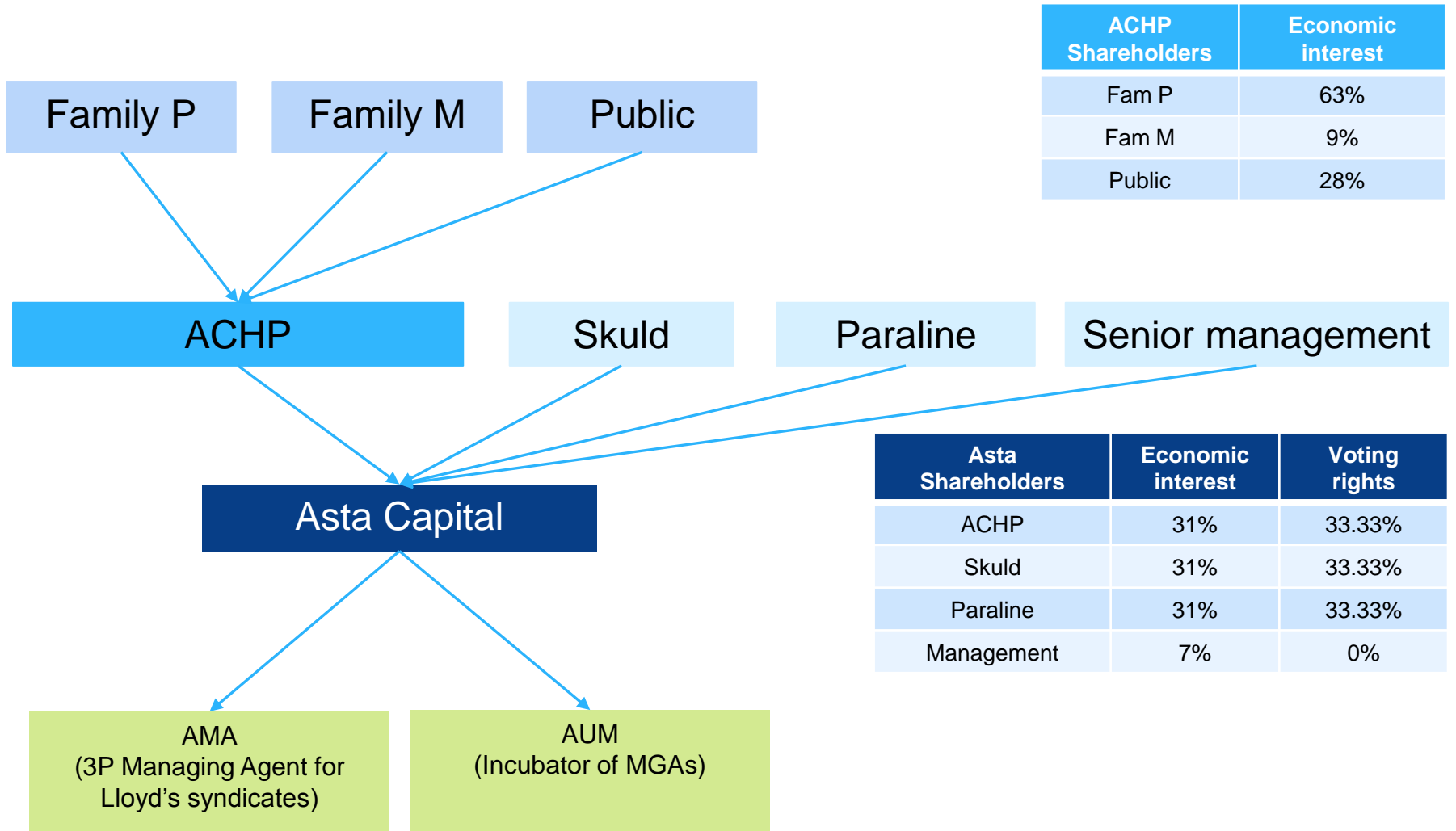
Balance Sheet as at 31 December 2017

- ❑ Valuation of investment in Asta based on a third party valuation as at the end of 2016 based on the application of a multiple to sustainable earnings
- ❑ During 2017 valuation decreased by £1.7 million due to redemption of preference shares
- ❑ £337k included within debtors due within one year was recovered in June 2018
- ❑ Borrowings from banks and parent company reduced from £9.0m to £1.6m from proceeds from the sale of “service” subsidiaries (Pro) and the redemption of Asta preference shares
- ❑ Net assets at the end of 2017 were £17.0 million.

ACHP status and future



Equity Structure



ACHP Shareholders	Economic interest
Fam P	63%
Fam M	9%
Public	28%

Asta Shareholders	Economic interest	Voting rights
ACHP	31%	33.33%
Skuld	31%	33.33%
Paraline	31%	33.33%
Management	7%	0%

Asta – A trophy asset

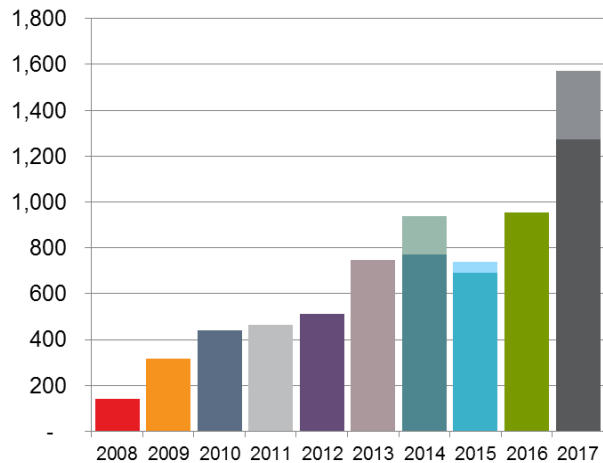
The leading third party managing agent with a strong portfolio



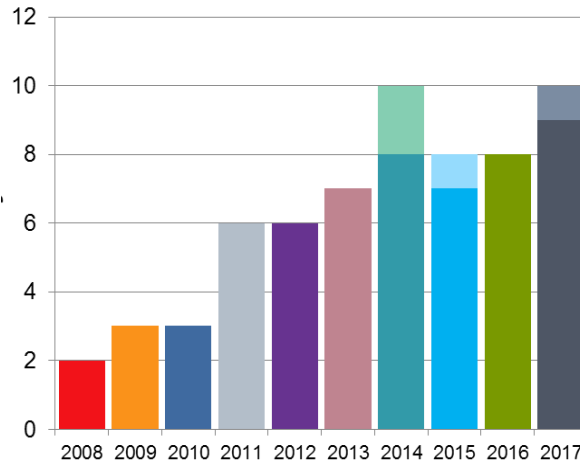
Business Capacity

Asta manages a growing number of businesses with high capacities

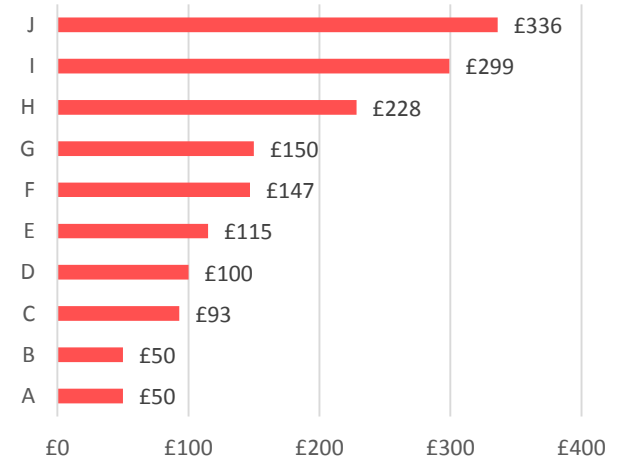
Average Capacity being Managed (£m)



Number of Syndicates being managed



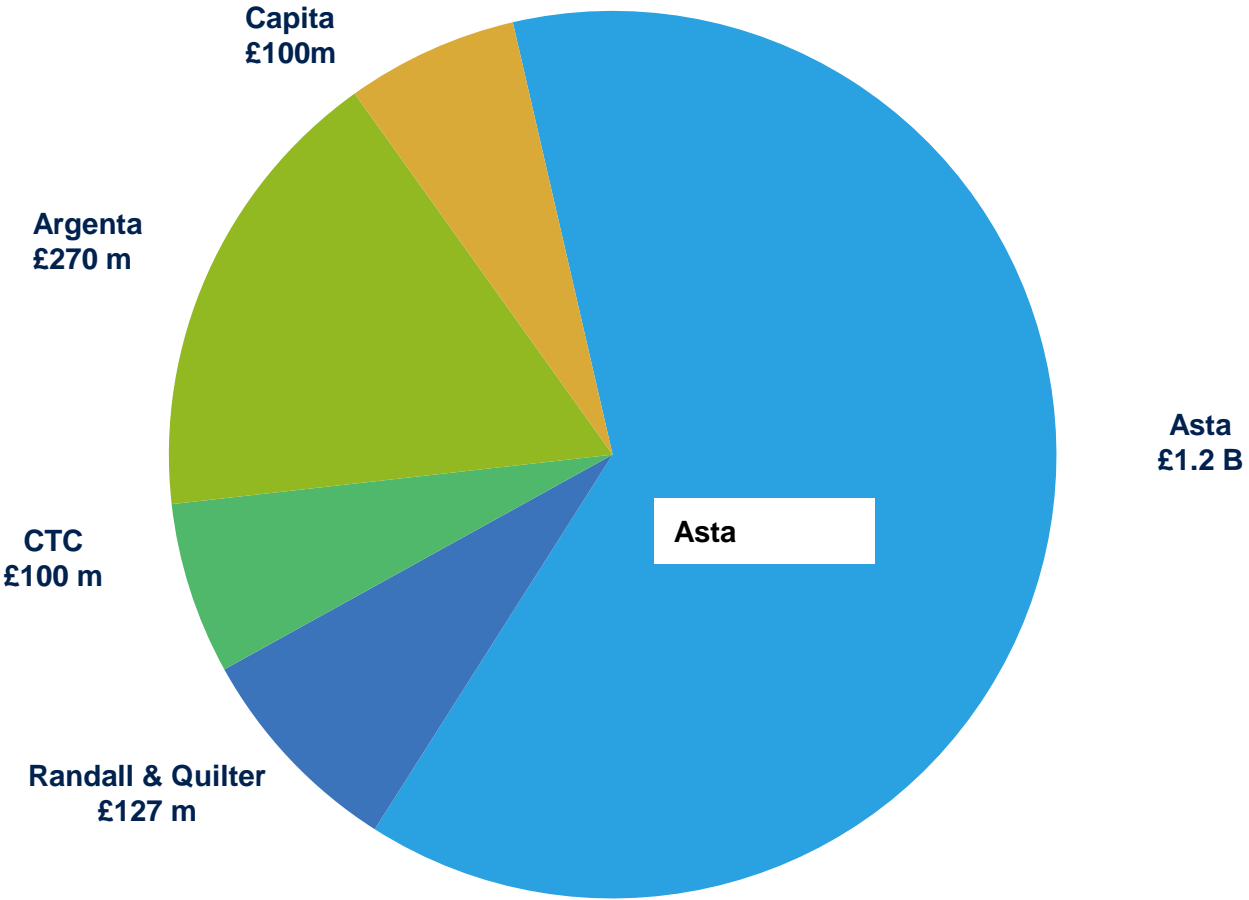
Syndicates Capacity in 2017 (£m)



Source: Asta.

Business Environment

Estimated Market Share of Third Party Managers by Unwriting Capacity of managed Syndicates in 2017



Key Numbers

□ ACHP

- Market cap (31 May 2018): £13m
- NAV: £17m
- Value Asta stock in the BS: £17.9m
- Implied value of 100% Asta: £61m

□ Asta

- | | 2017 | 2016 |
|---|--------|--------|
| ▪ Turnover: | £38.3m | £37.0m |
| ▪ Profit on ordinary activities before tax: | £5.3m | £6.6m |
| ▪ Ebitda: | £7.9m | £9.2m |

Exit options

☐ Multiple route lead to Exit

- Do nothing – benefit from the existing distribution capacity and wait for a 100pct liquidity event along with other shareholders
- Seek a buyer to acquire 100pct of ACHP (giving access to Asta + shoot-out)
- Seek a buyer for the 30% stock in Asta
- Trigger the shoot out – be bought or increase shareholding – and flip the shareholding into the market via auction

☐ Corporate advisor to be appointed

Delisting



Reasons for delisting

- ❑ Insufficient market cap: company market cap is currently £10 million which in the directors' view is too small to merit a continued public listing.
- ❑ *De minimis* liquidity provided to shareholders: Stock turnover in 2017 = £46.6k / Stock turnover from Jan to May 2018 – approx. £170,000
- ❑ Insufficient float: The float, that is, the shares not held by either the main shareholder, Financière Pinault S.C.A. (“FinP”) (63%) or Karrick Ltd (9.4%), is estimated to be 17.6%. This includes shares held by directors and former group employees
- ❑ Excessive costs: the direct and indirect costs of the listing of the Company is estimated to have been £119,000 in 2017, mainly related to the higher audit fees, the actual cost of maintaining the listing at the LSE and complying with regulations thereto.

Expected future of the Company

- ❑ The directors are exploring steps to realize the Company's investment in Asta over a reasonably short period of time
- ❑ Those steps may include a sale of the Company's investment in Asta, a share sale of ACHP as a whole, or a variety of other options (see above)
- ❑ The directors' goal is to enter into a transaction
 - before the end of January 2019 subject to any regulatory approvals that may be required
 - In case a shoot out would be triggered and the Asta stock to be flipped in the market, such end date expected to be mid year 2019
- ❑ (Except if sold as a whole), after divesting Asta, the Company would likely be placed (once any reps and warranties are ended or re-insured) into a members' voluntary liquidation after such a transaction. The directors believe that a Delisting would be necessary as a result of any likely transaction.

Conclusion

- ❑ ACHP owns a minority holding of a very desirable asset : Asta
- ❑ Directors are focused on extracting the maximum value for this asset and distribute it to shareholders ASAP
- ❑ Directors believe it would be foolish to sell at an undervalue for the sake of immediate liquidity and are therefore exploring all alternatives, including temporarily increasing the ownership in Asta to sell a majority bloc
- ❑ Meanwhile Directors remain committed to reducing the burn rate of ACHP to the minimum realistic number