HOWDEN

Howden's financial model

February 2024

Our recent finance performance

In FY23...

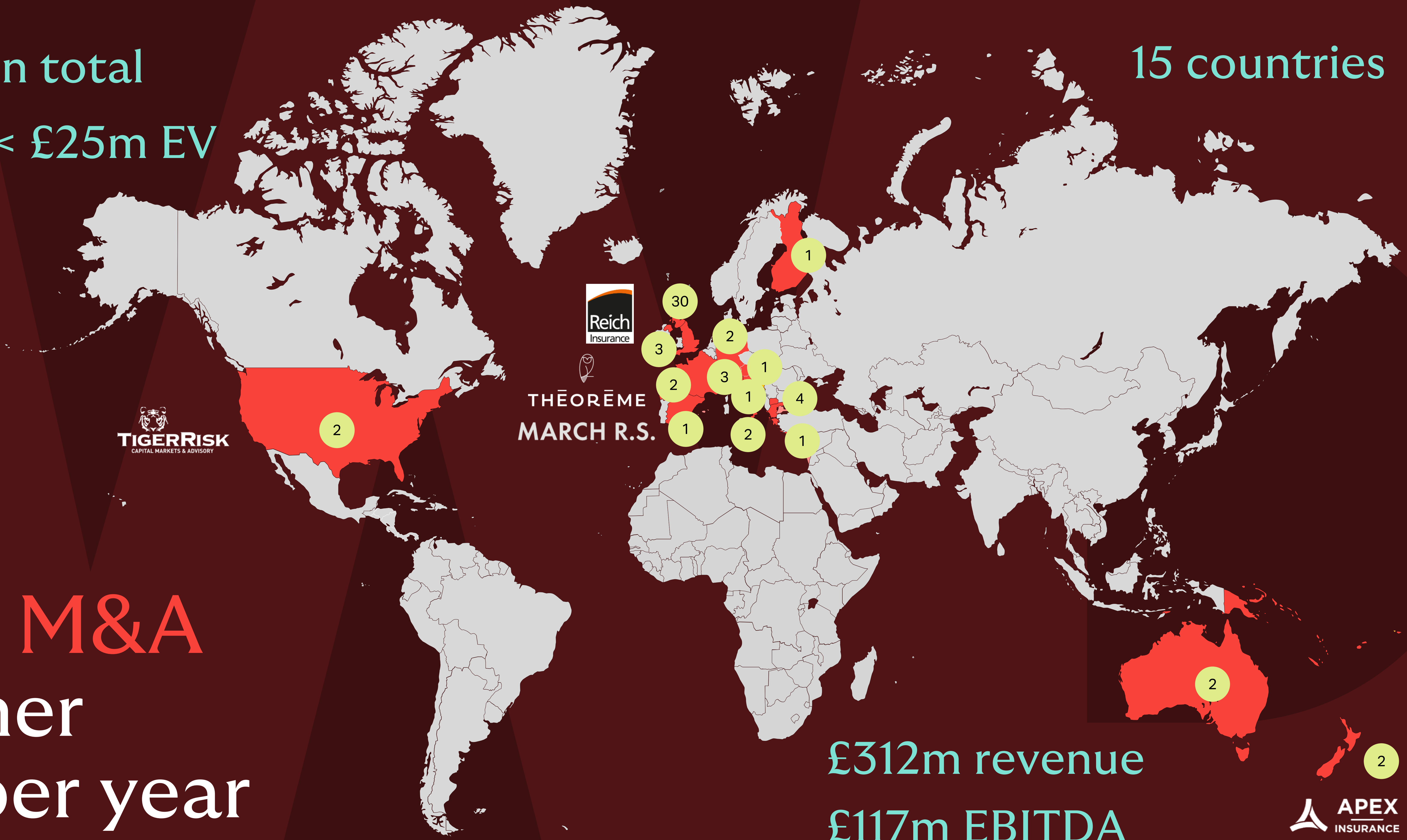
£2,443m	Revenue
£780m	EBITDA
13%	Organic Growth
32%	Margin
£131m	M&A EBITDA acquired
£92m	CAPEX spend
£136m	Investment in NIs

57 deals in total

52 deals < £25m EV

15 countries

FY23 M&A
another bumper year



£312m revenue

£117m EBITDA

APEX INSURANCE

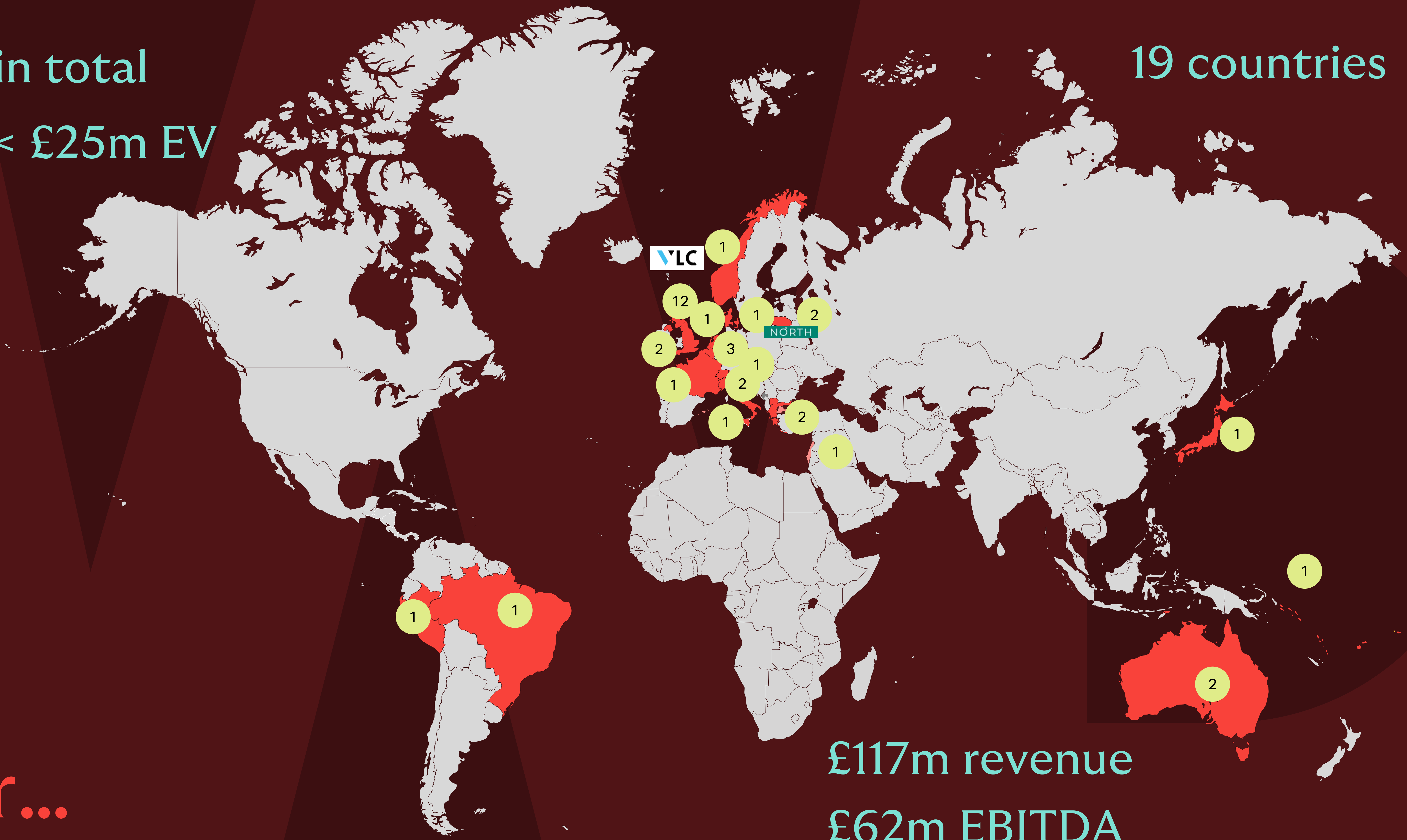
Number of deals in the country/region

Note: Excludes Group minority investments

36 deals in total

32 deals < £25m EV

19 countries



FY24 M&A so far...

£117m revenue

£62m EBITDA

Number of deals in the country/region

Note: Excludes Group minority investments; Includes deals signed pending completion, including VLC

FY24 Outlook – based on the MTFP

2023		2024
£2,443m	Revenue	£2,833m
£780m	EBITDA	£883m
13%	Organic Growth	17%
32%	**Margin**	30%
£117m	M&A EBITDA acquired	TBD
£92m	CAPEX spend	£118m
£136m	Investment in NI	£215m

How do we fund ourselves?

How are we funded today

Debut bond issuance and loan refinancing successfully completed in Feb 2024

Pro Forma at Feb 24	£m
Cash	1,056
Senior Debt	4,884
Junior Debt	410
Other debt / debt like	304
PIK	1,048
Equity	8,748
FY23PF EBITDA	856

Benefits:

- $7.3bn (£6.0bn) raised with c. $1bn (£0.7m) of additional cash and facilities(1)
- Diversified capital structure
- Leverage and rating maintained at more conservative levels versus private equity backed peers
- Supportive base of c.200 lenders: bonds >3.5x oversubscribed
- Maturity dates extended to Apr 2030 the earliest
- Debt raised as "Cov-Lite" = No performance covenant(2)
- Fixed rate = better cash management
- Refinanced expensive historic debt = $40m annual interest saving

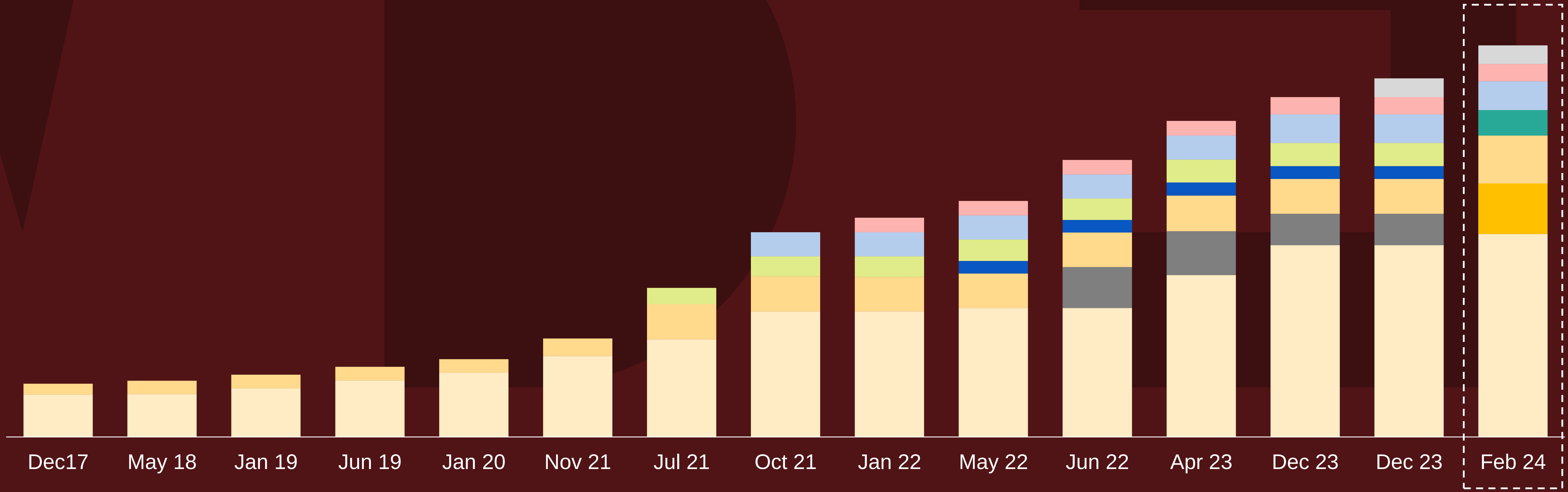
Net Multiple

4.5x	5.0x	5.3x	16.8x
Senior Debt	Junior Debt	Other debt / debt like	FY23PF EBITDA

(1) Covering two years of interest payments using cash on BS only and four years with the addition of the RCF
(2) Except if RCF is drawn by more than 40%

Over the past five years we have diversified the loan markets we use

Our debt structure provides us with flexibility, access to markets and best pricing



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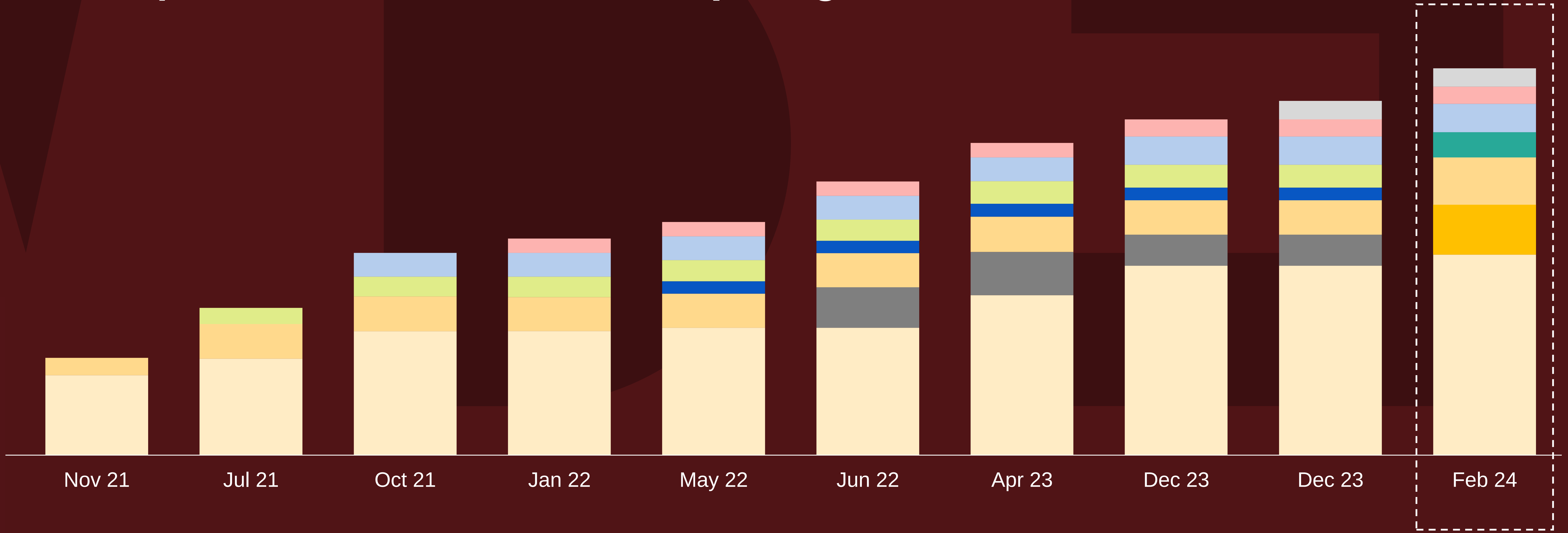


What does the recent bond issuance mean for you

The bonds create some new obligations for Howden, the most significant being quarterly reporting

What are high yield bonds?

- Widely used by large corporates and especially insurance brokers
- Fixed rate debt instruments
- Issued to a broad investor base through public markets with standardised terms
- Rated by credit agencies
- Publicly traded on secondary markets

What does this mean for Howden?

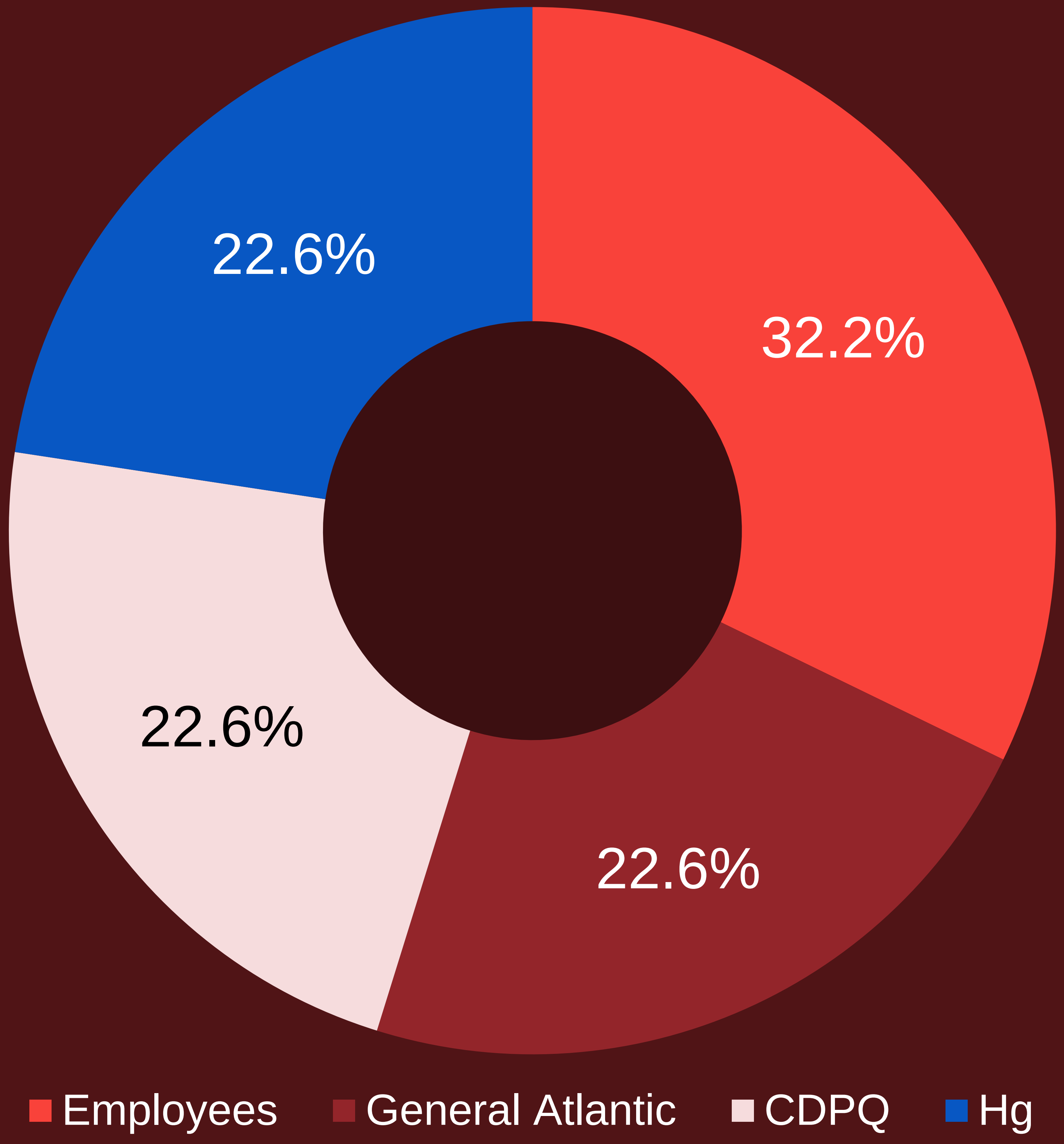
- More onerous quarterly reporting
- Non-negotiable deadlines: not reporting on time = bond default
- Controls over financial figures and disclosures need to be effective
- Reduction in the volume of assets/subsidiaries to pledge against our borrowings
- Gives access to a different pool of lenders – diversify our capital base
- More flexibility in how we use funds

Our ownership structure

Employees continue to be the most meaningful owners of our business alongside our equity investors

Long term equity providers, committed to our growth plans:

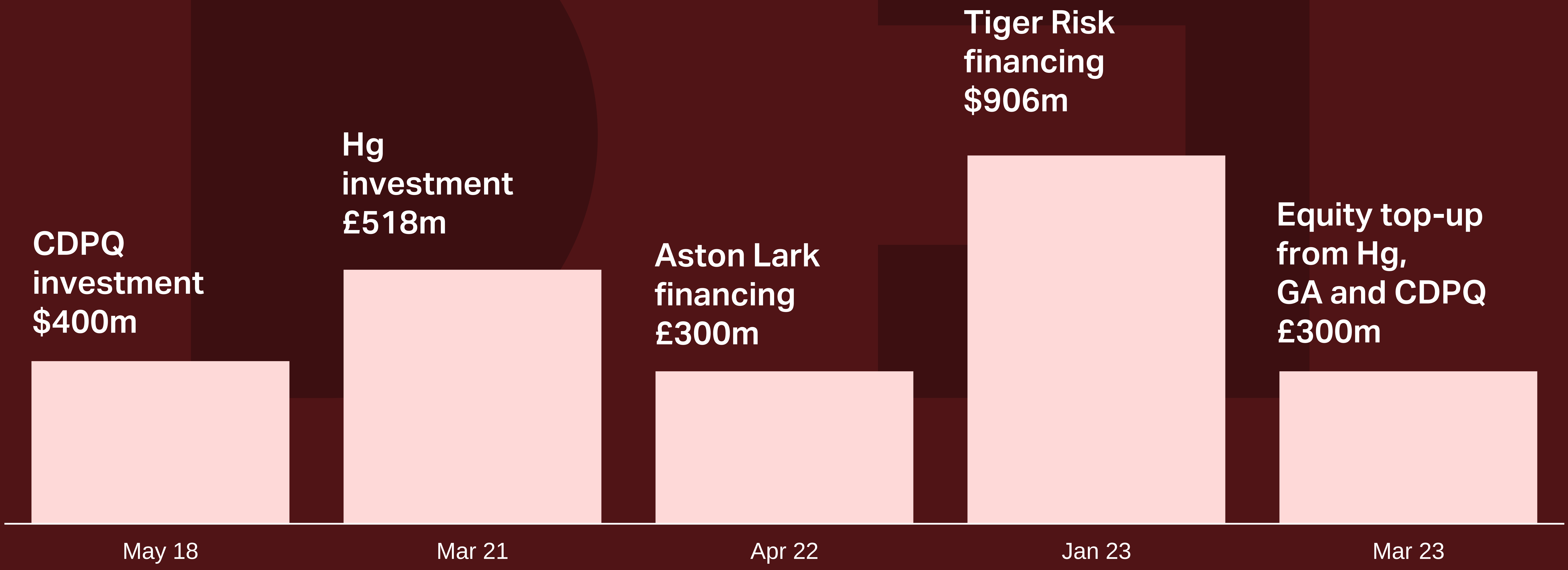
- General Atlantic: 10 years (2013)
- CDPQ: 6 years (2018)
- Hg: 3 years (2021)



Equity

We have been well supported by our equity partners and raised over £2bn of equity

Raised equity to keep the leverage multiple down



We continue to pursue a cash hungry growth plan

We expect to spend in excess of £1bn to support growth in FY24

More M&A + More New Initiatives + More Capex

To continue to pursue our strategy we need to

- Maximise the efficiency and return of the cash we have; and
- Continue to be able to raise funding from the debt and equity market

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- Liquidity is harder to find now than it has been in the recent past
- We need to keep working hard to keep our success story going

The market environment remains tough

We can't relax or take our foot off the pedal - it's not easy out there

Financial Times
Ukraine war and the West's relations with China reshape global trade

New York Times
Credit Markets Are Creaking, Creating Economic Uncertainty

Financial Times
Central banks must keep interest rates high until inflation is tamed, says OECD

Reuters
European shares fall as interest rate uncertainty dampens sentiment

Reuters
Wall St sinks as weak earnings fan fears of economic slowdown

World Economic Forum
We're on the brink of a 'polycrisis'

How do we stay attractive to investors?

We need to focus on actions we can control

01 Maintain **strong organic growth** – be the best for our clients, win in the market

02 Demonstrate **resilience**

03 **Maintain margin – control costs**

04 **Focussed capex spend – ensure we are getting a return**

05 **Track our investments (M&A and NIs)** – show we are spending money wisely

06 Increased **scale and diversity** – supported by M&A and NIs

07 **Act like a large company:**

- On time and accurate budgets and reforecasts
- Effective internal controls – no errors
- Reporting like a large company – full P&L, Balance Sheet and Cashflows matter

08 **Deliver the MTFP**


Thank you

HOWDEN