

The Ardonagh Group Launches Notes Offering

22 June 2020

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This press release does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the notes, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

The Ardonagh Group (“the Group”) today announces the launch of an offering of its \$500 million senior PIK toggle notes due 2026 (the “Notes”). The proceeds of the Notes, together with drawings under a new senior secured term loan facility of £1,575 million (equivalent), will be used (i) to redeem the Group’s £553,300,000 8.375% senior secured notes due 2023, USD \$520,000,000 8.625% senior secured notes due 2023 and USD \$235,000,000 8.625% senior secured notes due 2023 (the “Existing Notes Redemption”); (ii) to repay drawn amounts under the existing revolving credit facility agreement; (iii) to fund the acquisitions of Nevada 4 Midco 1 Limited (holding company of Bravo Investments Holdings Limited) and Nevada 5 Topco Limited (holding company of Arachas Topco Limited) from funds managed by HPS Investment Partners (“HPS”), LLC and Madison Dearborn Partners (“MDP”), LLC, and to fund the acquisition of Bennetts Motorcycling Services Ltd; (iv) to pay the fees and expenses incurred in connection with the foregoing transactions, including fees and expenses incurred in connection with the Offering, repayment of existing debt of the targets, costs related to the acquisitions and redemption costs including accrued interest incurred in connection with the Existing Notes Redemption; and (v) for general corporate purposes.

The Group also announces today certain information provided in Appendix A hereto.

Regulatory Notice

The Notes and the guarantees thereof will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”), or the securities laws of any other jurisdiction. Accordingly, the Notes will only be offered in the United States to qualified institutional buyers in reliance on Rule 144A under the Securities Act and

outside the United States in offshore transactions in reliance on Regulation S under the Securities Act. Unless so registered, the Notes may not be offered or sold in the United States except pursuant to an exemption from the registration requirements of the Securities Act and applicable state securities laws.

The securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "EEA") or the United Kingdom (the "UK"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"), (ii) a customer within the meaning of Directive 2016/97/EU (as amended or superseded, the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "Prospectus Regulation"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the securities or otherwise making them available to retail investors in the EEA or the UK has been prepared and therefore offering or selling the securities or otherwise making them available to any retail investor in the EEA or the UK may be unlawful under the PRIIPs Regulation.

In Member States of the EEA or the UK, this announcement and any offer of the securities referred to herein in any Member State of the EEA or the UK will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of the securities referred to herein. Accordingly, any person making or intending to make an offer in a Member State of Notes which are the subject of the offering contemplated may only do so in circumstances in which no obligation arises for the Group or any of the initial purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Regulation, in each case, in relation to such offer. Neither the Group nor the initial purchasers have authorized, nor do they authorize, the making of any offer of Notes in circumstances in which an obligation arises for the Group or the initial purchasers to publish a prospectus for such offer.

This communication is being distributed only to, and is directed at persons who (i) have professional experience in matters relating to investments and who qualify as investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000, as amended ("FSMA")) in connection with

the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “relevant persons”).

This announcement may include projections and other “forward-looking” statements within the meaning of applicable securities laws. Any such projections or statements reflect the current views of the Group about future events and financial performance. The use of any of the words “expect,” “anticipate,” “continue,” “will,” “project,” “should,” “believe,” “plans,” “intends” and similar expressions are intended to identify forward-looking information or statements. Although the Group believes that the expectations and assumptions on which such forward-looking statements and information are reasonable, undue reliance should not be placed on the forward-looking statements and information because the Group can give no assurance that such statements and information will prove to be correct. Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties.

The forward-looking statements and information contained in this announcement are made as of the date hereof and the Group undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

Appendix A

Information Release

David Ross, Chief Executive of Ardonagh, commented:

“Today’s announcements represent an important step in the continued development of Ardonagh’s multi-product and multi-channel platform through sustained focus on organic growth and selective acquisition strategy, as we continue in our ambition to excel as the largest independent insurance broker in the United Kingdom and amongst the largest globally.

Bravo and Arachas are two strong, resilient businesses which are highly complementary to the Ardonagh platform and will allow us to further increase our diversification across products, channels, carriers, income producers. Our highly diversified business has enabled us to remain resilient as we navigate the recent challenges presented by the Covid-19 pandemic.”

1. Acquisitions

The Group today announces entry into share purchase agreements to acquire the entire share capital of Nevada 4 Midco 1 Limited (holding company of Bravo Investments Holdings Limited) and Nevada 5 Topco Limited (holding company of

Arachas Topco Limited) from funds managed by HPS Investment Partners, LLC and Madison Dearborn Partners, LLC and the funding of such acquisitions with the proceeds of a proposed debt financing. The acquisitions are subject to customary closing conditions.

Including the acquisitions of Arachas, Bravo and Bennetts¹, on a pro forma basis, the Group would have generated Total Pro Forma Income of £814.2 million and Total Pro Forma Adjusted EBITDA of £275.5 million, in each case for the twelve months ended 31 March 2020.

The Arachas Acquisition

Arachas is the largest SME-focused commercial insurance broker in Ireland, with specialized offerings and a nationwide reach that has allowed the business to quickly gain a leading position in its core markets. With 139,000 policies under management as of 31 December 2019, Arachas is the Republic of Ireland's largest commercial insurance broker. Arachas specializes in corporate, SME and affinity scheme insurance products as well as providing a high net worth-focused private client service. Arachas delivers exclusive insurance solutions through a multi-channel distribution strategy which comprises a retail footprint of six offices and wholesale footprint of approximately 400 third-party brokers across the Republic of Ireland. Within the Group, Arachas will provide an incremental set of product capabilities and carrier relationships for the broader platform to leverage while further enhancing the Group's leading position, particularly among small and medium enterprise ("SME") customers.

The Bravo Acquisition

Bravo consists of two highly complementary segments which operate under three brands: Broker Network, Compass and Ethos Broking.

- Broker Network and Compass are two well-established network service providers to regional insurance brokers. They have approximately 750 members across the United Kingdom, equivalent to around 60% of all UK network membership.
- Ethos Broking is a highly active acquisition platform focused on the UK regional insurance. Between November 2016 and April 2020, it has acquired over 30 independent brokers, through a "Hub and Spoke" acquisition strategy.

For the twelve months ended 31 March 2020, Bravo placed approximately £2.6 billion of GWP, both directly through Ethos and indirectly through its networks.

2. Other Relevant Transactions

The Group will enter into a credit facility agreement on or prior to the issue date of the Notes in respect of a senior secured term loan facility of £1,575 million (equivalent) (the “Term Facility”), a senior secured committed capital expenditures multi-currency term loan facility in a principal amount of £300 million (equivalent) (the “Committed Capital Expenditures Facility”) and a £171.5 million (equivalent) super senior revolving credit facility (the “Revolving Credit Facility”). The Group intends to use proceeds from the Committed Capital Expenditures Facility for potential acquisitions and other investments in the future.

The Term Facility and the Committed Capital Expenditures Facility have been provided by direct lending funds managed by Ares Management Corporation, Caisse de dépôt et placement du Québec (“CDPQ”), HPS, KKR, Oaktree Capital Management, L.P, Owl Rock Capital and certain other institutional lenders. The Revolving Credit Facility will be provided by a club of large, international banks, the majority of which are current lenders to the Group.

Certain equity schemes, including incentive share schemes, are being reorganized into a new class of common equity shares at a valuation of £2.10 per share, which equates to a total equity valuation for Topco of approximately £1.6 billion based on 744 million currently issued shares. HPS and MDP will continue to retain their majority shareholding in the Group.

Ardonagh is being advised by Fenchurch Advisory Partners.

THE ARDONAGH GROUP LIMITED

Registered in Jersey No. 117710

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