



EURAZEO

CONVICTION SERIES: INSURANCE UPDATE

Specialty insurance: driving value
across the value chain

2023

POWER BETTER GROWTH

To meet today's major challenges, businesses must embrace change, grow, innovate, expand world-wide, look beyond their core business, and anticipate the forces shaping the future of their ecosystem. To support them, they need a robust, bold, visionary, exemplary and engaged partner. Eurazeo is that partner.

In Financial Services, one of our four key sectors, Eurazeo's "investment flywheel" forms the foundation of strong investment convictions, asset sourcing and growth acceleration.

AMBITIOUS ESG STRATEGY

To Power Better Growth

A+ UN PRI score

2 flagship commitments: Climate & Inclusion



Our investment flywheel is powered by our expertise across the full lifecycle - from start-ups to SMEs, unicorns, mid-caps and international groups - our active collaboration across sector specialist teams, our exceptional network of senior advisors from across the industry and real-life feedback and insights from portfolio companies.

Eurazeo is a leading global investment group, with a diversified portfolio of €35 billion in assets under management, including €24.7 billion managed on behalf of third parties, invested in around 600 companies.

We support companies of all sizes, helping them develop through the commitment and skills of our 400+ professionals, our in-depth sector expertise, the privileged access we provide to global markets, and our identity as a responsible and sustainable investor.

With over €3.1 billion¹ invested in Financial Services ("FS") in 378 companies¹ across all stages of their lifecycle, our transverse FS team, composed of 21 global senior investment professionals in Venture, Growth and Buyout, is well positioned to identify, finance, accelerate and support companies that invent and reinvent themselves, innovative entrepreneurs and emerging talent.

This update follows-up on our Insurance Conviction Paper and discusses recent market updates and focuses on our conviction on specialty insurance, a niche subsector which we believe is resilient and well placed to benefit from strong macro and structural trends. We present three of our investments in specialty insurance, including our latest investment in BMS Group², a leading global specialty (re)insurance broker.

With respect to deal sourcing, robust information barriers between potentially conflicting strategies are effective. The sharing of deal flow information across strategies occurs in dedicated forums for the purpose of sharing valuable deal market intelligence/trends and optimizing deal redirecting capabilities, in the best interests of all Eurazeo clients | 1. Includes all investments made by Eurazeo funds across all strategies as of 31st December 2022 | 2. Eurazeo, through its Mid-large buyout team, announced its intention to acquire up to 34% of BMS Group's share capital in December 2022.

INVESTING IN INSURANCE: POWERFUL POCKETS OF VALUE



Maxime de Bentzmann

*Managing Director – Mid-large buyout
Co-head Mid-large buyout*



Pierre Meignen

Managing Director – Small-mid buyout



Guillaume d'Audiffret

Managing Director – Growth

The insurance industry continues to offer attractive pockets of growth where we believe we can create significant value through our conviction-led investment and ongoing support.

Elevated catastrophe losses related to natural disasters & climate change, the war in Ukraine, cyber attacks and COVID, alongside rising inflation, have led to sustained insurance market hardening. Reinsurance, in particular, has witnessed a significant capacity squeeze in the past year. Current market dynamics are shifting the risk allocation and priorities for players across the industry.

The specialty insurance market, focused on complex risks, is one pocket which we identify as highly resilient and primed for further growth. We expect this market to benefit from not only rising premium rates but also from growing demand for cover against more challenging risks.

Specialty insurance demands expert underwriting, which is increasingly enabled by tech and data, and faces limited disintermediation risk as clients often need tailored, high-touch service.

INVESTING THROUGHOUT THE SPECIALTY INSURANCE VALUE CHAIN

Our investments, spanning the specialty value chain, are well placed to benefit from the macro and structural trends supporting the specialty insurance segment.

bms. LATEST EURAZEO INVESTMENT
(ANNOUNCED DEC-2022)

- A leading global specialty (re)insurance broker and our most recent investment in this space¹

DESCARTES

- A specialty MGA and insurer leveraging advanced AI and satellite technology to augment performance and cover new risks



- A specialty commercial P&C carrier providing a range of insurance products to cover complex risks

CONVICTION-LED INVESTING DRIVING VALUE CREATION AND STRONG RETURNS

Our investment approach is conviction-driven, supported by the significant expertise and networks we have built across the sector.

To find out more about how Eurazeo sees tech and data reshaping insurance and our views on the recent trend for distributors to move 'full-stack' by taking balance sheet risk - access our 2022 conviction paper: **Where and how we identify pockets of value across the insurance sector**, below.



Certain statements herein reflect the opinions of Eurazeo as of the date this presentation was prepared and are based on a variety of assumptions and estimates that are subject to various risks. 1 Eurazeo, through its Mid-large buyout team, announced its intention to acquire up to 34% of BMS Group's share capital in December 2022.

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SHARPENED FOCUS ON CAPITAL PROTECTION AND PROFITABILITY

Recent catastrophes and rising inflation have accelerated the uplift in reinsurance rates, with prices now catching up with the primary market, shifting the allocation of risk and creating new priorities for insurers and insureds in 2023

POSITIVE PRICING IN COMMERCIAL P&C BUT COST PRESSURES MOUNTING

Commercial Property & Casualty (P&C) maintained positive pricing momentum (rate hardening) in 2022, the fifth year of increasing rates. While increases have moderated, record high inflation and elevated catastrophe losses, compounded by Hurricane Ian, supported an overall rate hardening.

While P&C insurers face rising claims inflation and higher reinsurance costs, especially in property lines, the cumulative impact of long-term rates increases, strong demand for cover and positive impact of rising interest rates on investment income offer good protection.

+10%

YoY **↑** IN COMMERCIAL INSURANCE RATES

During first three quarters of 2022¹

GREATER RISK RETENTION AS REINSURERS REDUCE CAPACITY AND INCREASE PRICES

Dedicated reinsurance capital fell by c.16% in 2022, the biggest capital squeeze since 2008. Reinsurers and third party investors have reduced capacity following five years of sub-par capital returns, recent elevated losses, higher financing costs and reallocation to credit strategies. Capital protection is the new priority.

Reinsurers have increased rates and tightened terms, forcing insurers to retain more risk, as seen in the January 2023 renewals season. Higher reinsurance costs, especially in property lines, may fuel further P&C insurance price uplifts and transform the allocation of risk between reinsurers, insurers and insureds.

+37%

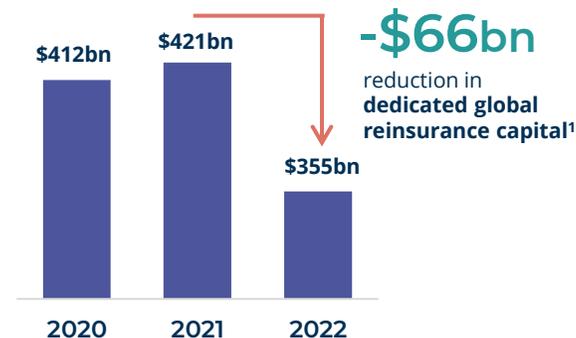
YoY **↑** IN GLOBAL PROPERTY-CAT REINSURANCE RENEWAL RATES

at 1/1 2023 (vs. 9% increase at 1/1 2022)¹

RESTRICTED CAPACITY THREATENING THE SURVIVAL OF WEAKER MGAs

In the current harder reinsurance market and in line with previous hard markets, reinsurers are expected to direct capacity to high quality MGAs with a track record of profitable underwriting or with a differentiated, tech-enabled strategy. Without this, certain MGAs may struggle to survive.

The cost of securing capacity for MGAs with little or no evidence of superior underwriting is likely to increase, thus reducing the profitability of these models.



¹ Source: Howden/NOVA, The Great Realignment 2023

SPECIALTY MARKET: RESILIENT AND READY FOR GROWTH

Regardless of market cycles, specialty insurance represents a highly resilient segment with players across the value chain poised for significant growth.

Félicité du Pasquier
Principal – Mid-large buyout



SPECIALTY INSURANCE

Specialty insurance covers large and/or complex risks which fall outside standard policies, such as:



Specialty insurance can either be placed in **local markets** leveraging the strong underwriting capability of specialised players or in **dedicated specialty markets**.

The specialty market is small in size, representing only c.3% of total insurance capacity.

The London market, comprising Lloyds and the London Company Market 'LCM', is the largest specialty market, accounting for c.45% of global specialty GWP¹.

WHY WE LIKE SPECIALTY INSURANCE

1 **NICHE SEGMENT,
RESILIENT TO ECONOMIC CYCLES**

2 **COMPLEXITY INCREASINGLY
DRIVING GROWTH**

3 **INVALUABLE INTERMEDIARIES
IN POSITION OF STRENGTH**

SPECIALTY INSURANCE VALUE CHAIN

Key players across the chain



[Read more about the dynamics across the insurance value chain in our 2022 conviction paper here](#)



SPECIALTY MARKET: RESILIENT AND READY FOR GROWTH

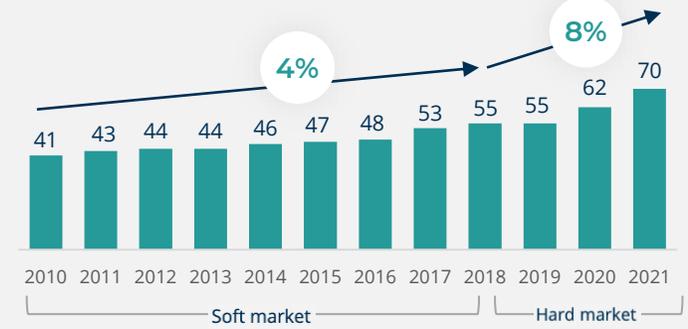
1 NICHE SEGMENT, RESILIENT TO ECONOMIC CYCLES

Specialty insurance premium has grown every year since 2005 during both up and down markets. Low dependence on broader economic cycles reflects the compulsory, mission-critical nature of such insurance for corporates and SMEs.

Specialty remains a relatively niche market, representing only c.3% of total insurance capacity, with many emerging opportunities to drive further growth.

STRONG PREMIUM GROWTH IN SPECIALTY MARKETS THROUGHOUT ECONOMIC CYCLES

London Market GWP (£bn) evolution and CAGR¹



2 COMPLEXITY INCREASINGLY DRIVING GROWTH

Specialty market growth is expected to accelerate as continued globalisation and consolidation make underlying assets larger and more difficult to insure locally.

New risks continue to emerge e.g. cyber and complex risks are more prevalent e.g. business interruption and political risk. Combined with greater demand for cover (higher penetration), the sector is poised for significant growth.

SPECIALTY MARKET GROWTH FORECAST TO EXCEED WIDER COMMERCIAL P&C MARKET



3 INVALUABLE INTERMEDIARIES IN POSITION OF STRENGTH

Risk complexity and the need for customisation and high-touch broker service create low risk of disintermediation and strong broker negotiating power.

Brokers have increased their revenues at a healthy rate throughout market cycles, with only two years of negative growth in the last 60 years (in 2005 following a change in US legislation and in 2009 during the Global Financial Crisis).

OVER THE LAST TEN YEARS, INSURANCE BROKERS HAVE OUTPERFORMED THE S&P 500



Past performance is not necessarily indicative of future results. There can be no assurance that historical trends will continue. Actual results may differ materially from any projections or forward-looking statements herein; 1 London Market data | 2 Eurazeo research | 3 CapIQ as of 10th May 2023, insurance brokers set includes Marsh & McLennan, Aon, AJ Gallagher, WTW, Brown & Brown and Ryan Specialty

EURAZEO

EURAZEO'S CONVICTIONS IN ACTION

Investing in specialty
insurance across the
value chain



SPECIALTY MARKET EXPERTISE: SUPPORTING PLAYERS ACROSS THE CHAIN

Our long-term conviction that **specialty insurance offers an attractive combination of defensive qualities and exciting growth potential**, leveraging the global increase in insurance penetration and risk complexity, means we have developed significant market expertise and curated a portfolio of companies across the specialty insurance value chain.

Maxime de Bentzmann

*Managing Director – Mid-large buyout
Co-head Mid-large buyout*



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INVESTMENTS ACROSS THE SPECIALTY VALUE CHAIN

DISTRIBUTORS

Intermediaries who provide insurance policies, namely retail, wholesale and vertically integrated brokers

bms.
Independent specialty
(re)insurance broker

MGAs

Agents with underwriting authority who can perform functions of carriers e.g. underwriting, pricing and claim settlement

DESCARTES
Specialty MGA and insurer
leveraging technology to
cover new climate risks

CARRIERS

Provide insurance coverage. They issue and underwrite the policy and pay for covered claims

albingia
Specialty commercial
P&C carrier

SPECIALTY BROKERAGE

BMS GROUP: LEADING INDEPENDENT (RE)INSURANCE BROKER FOR GLOBAL SPECIALTY RISKS¹

PORTFOLIO
bms.

LATEST
EURAZEO INVESTMENT
ANNOUNCED DEC-2022



STRONG MARKET TAILWINDS SET TO DRIVE FURTHER GROWTH

With a differentiated profile as an independent player focused on specialty risks across all business lines, BMS is well placed to drive further growth.

By concentrating on specialty risks across its wholesale, retail and reinsurance activities, BMS benefits from strong market growth tailwinds. Premium growth is expected to be particularly strong in the London market – BMS's largest placement centre.

BMS has great potential to unlock further synergies across business units and to generate further growth through continued hiring of underwriting talent and M&A.



ENTREPRENEURIAL CULTURE BRINGING IN THE BRIGHTEST TALENT

The entrepreneurial spirit and more personalised approach taken by independent player BMS enables the Group to attract strong underwriting talent from larger brokers.

An appealing culture, with greater autonomy and less bureaucracy than the largest firms, underpins BMS's successful hiring strategy.

This hiring strategy has led to c.75% headcount increase between 2019 and 2022 and contributed to the impressive organic growth of recent years. This is expected to continue given BMS's attractive positioning and culture.



ONE OF THE LAST INDEPENDENTS FREE OF CONFLICTS OF INTEREST

Independent players are taking market share from larger consolidators by offering choice, unbiased advice and high-touch service.

As a specialty broker in the London Market, BMS has developed its retail network to avoid potential conflicts of interest with other broker clients who may otherwise be competitors. BMS has specifically avoided developing a retail offering in the US.

Continuous waves of consolidation have created a limited and shrinking group of independent brokers who are now capturing market share.

BMS GROUP OVERVIEW

A leading independent specialty broker with three main pillars of activity:

- Specialty (re)insurance (41% of revenues)
- US reinsurance (35% of revenues)
- International specialty retail (23% of revenues)

HIGH GROWTH

- Impressive track record of growth with inflation-resilient revenue model via premium-based commissions

>25%
REVENUE
CAGR '18-'22

DIVERSIFIED, LONG-STANDING CLIENT BASE

- Long-term relationships with clients across the value chain e.g. insureds, retail brokers, MGAs and insurers

~100%
REVENUE
RETENTION

GLOBAL PRESENCE

- Headquartered in London with large international footprint across operations, clients and placement markets

33
GLOBAL
OFFICES

¹ Eurazeo, through its Mid-large buyout team, announced its intention to acquire up to 34% of BMS Group's share capital in December 2022.

DRIVING VALUE IN SPECIALTY INSURANCE

BMS ENCAPSULATES MANY OF THE ELEMENTS WHICH MAKE SPECIALTY INSURANCE SUCH AN ATTRACTIVE SEGMENT.

Buoyed by long-term secular trends including more novel, large and complex risks, we see a growing need for specialty insurance. Based on its idiosyncratic qualities, BMS has the potential to dominate this market in London.

By carving a clear position as an independent (re)insurance broker across specialty markets and maintaining a reputation for tailored, expert service, and a meritocratic culture, BMS is set to continue attracting the best and brightest talent and gaining market share. In addition to organic growth, we see attractive opportunities for bolt-on and transformative M&A.

Fabian Piira
Principal –
Mid-large buyout



We want to make sure that when you think of BMS, you are thinking of an **independent global powerhouse for Specialty (Re)Insurance**



Nick Cook, CEO
bms.

Q: BMS plans to triple revenue in the next four to five years; how will you achieve this?

A: This target is eminently achievable based on our track record. We plan to maintain our strong momentum, reinforcing our three core pillars of Specialty, Reinsurance and International (our network of retail and reinsurance brokers placing specialty risks from outside the US) with the recruitment of 149 new hires in 2023 and through targeted M&A.

Q: What will the near-term priorities be in terms of expansion and M&A?

A: We have a clear focus on

sustained organic growth through winning market share, fully exploiting cross-selling opportunities and leveraging synergies between our three business units.

We also plan to build or acquire complementary international retail business outside the US, ensuring we avoid any conflicts of interest with our client base. Eurazeo's connections throughout Continental Europe and Asia will be invaluable in our international deal-making. While we will remain highly selective, Eurazeo's support also means that we can now, if appropriate, undertake transformative M&A.

Q: Hiring talent has been a key growth driver to date. How will you remain attractive to new hires?

A: Maintaining our employee-

and customer-first culture, where brokers and all employees feel more engaged and have greater autonomy than is the case at typical large brokers, is crucial to remain attractive.

Eurazeo's investment has also "refuelled" our equity base, enabling us to create 200 more employee-shareholders and to offer the type of incentives needed to attract talent. This is crucial at the current time in the cycle.

We truly believe we can dominate the specialty space whilst retaining our entrepreneurial outlook. With Eurazeo's support, we want to make sure that when you think of BMS, you are thinking of an independent global powerhouse for Specialty Insurance and Reinsurance.

Certain statements about Eurazeo made by a portfolio company executive herein are intended to illustrate Eurazeo's business relationship with such person, including with respect to Eurazeo's capabilities or expertise with respect to investment advisory services. Reference to operational improvements and pipeline opportunities are provided for illustrative purposes only.

SPECIALTY MGA: DESCARTES UNDERWRITING: NEW GENERATION OF PARAMETRIC PRODUCTS

DESCARTES OVERVIEW

Global insurtech MGA leveraging AI to provide bespoke parametric insurance solutions for climate and emerging risks to corporate and public sector clients.



COVERING NEW RISKS WITH NEW TECHNOLOGIES

- Leveraging new tech e.g. image recognition and machine learning to close the protection gap and improve coverage of customers' climate risks.



CAPTURING PARAMETRIC POTENTIAL

- **Parametric insurance**, which pays out a pre agreed indemnity when a predefined event occurs or exceeds predefined parameters, does not rely on historic claims and offers a more streamlined mechanism than traditional insurance.

[Read more about the dynamics across the insurance value chain in our 2022 conviction paper here](#)



INTEGRATING 'SMARTLY': LAUNCH OF RISK CARRIER FUNCTION

Our latest Insurance conviction paper set out risks and pre-requisites for distributors looking to move to a 'full-stack' model and underwrite risks using their own balance sheet. **Descartes Insurance is an example of 'smart' full-stack integration**, retaining a level of risks to maintain 'skin in the game' while reinsuring the remainder to a panel of A-rated reinsurers.

Guillaume d'Audiffret
Managing Director - Growth



DESCARTES Insurance

- Fully-fledged risk carrier, Descartes Insurance, launched in 2022
- Provides flexibility to meet specific needs of French clients not covered by the commercial market
- Next step in mission to provide the best corporate coverage against all risks associated with shifting climate and risk landscape

Descartes' success is built on harnessing the power of new data sources and algorithms. This enables us to compete in a climate risk market where other underwriters rely on decades of experience. Our increasingly global presence also means we can allocate capital to geographies with the most attractive pricing and mitigate volatility through diversification. By launching a risk carrier, we can now offer customised coverage to clients considered too small by incumbents or for whom capacity has all but disappeared.



Tanguy Touffut
CEO, Descartes Underwriting

SPECIALTY CARRIER

ALBINGIA: LONG-TERM LEADER IN COMMERCIAL P&C

Albingia is today the only independent specialty insurer in France.

Their laser focus on underwriting discipline and strong broker relationships are key success factors enabling the Company to deliver outstanding combined ratios through the years.

Lucas Oppenheim

Principal –
Mid-large buyout



ALBINGIA OVERVIEW

The only independent insurer in the French P&C insurance commercial lines providing a range of insurance products to cover complex risks.

STRONG TRACK RECORD

- Healthy Combined Ratio of 83% & Solvency Ratio of 300%

83%
COMBINED
RATIO

NON-STANDARD, COMPLEX RISKS

- Serving niche needs of corporates of all shapes and sizes
- Adapting to emerging demand; 'Accidents at work and occupational diseases' cover new for 2023

-  Machines & equipment
-  Construction
-  Property
-  Civil liability
-  Accidents at work

POWERFUL BROKER NETWORK

- Decentralised broker network to understand local economics and risks

6,000
BROKERS



WELL POSITIONED THROUGHOUT CYCLES

The Group leverages its long history of underwriting non-standard risks and an expert regional broker network to provide tailored solutions for corporate clients.

Albingia approached 2023 policy renewals confidently. Drawing on their in-depth knowledge of clients' risks allowed Albingia to make case-by-case decisions without applying blanket rate uplifts, providing brokers with transparency and support.

The Company generally has not experienced difficulties in renewing their reinsurance treaties. Although rates have increased, Albingia has benefited from long-standing relationships with reinsurers who recognise the diverse nature of the portfolio and the consistency and technicality of underwriting.

ACCELERATING SOURCING AND VALUE CREATION THROUGH COLLABORATION

The investment flywheel operates across the entire Eurazeo Group, accelerating and enhancing our sourcing, due diligence and value creation activities.

FLYWHEEL SUPPORTS

>60%

of sourcing & DD activity¹

FLYWHEEL SUPPORTS

>80%

of portfolio value creation¹

1 COLLABORATION AT THE CORE

Eurazeo's expertise across the full lifecycle in Venture, Growth and Buyout and the collaboration across teams form the foundations of strong investment convictions, asset sourcing and transformation.

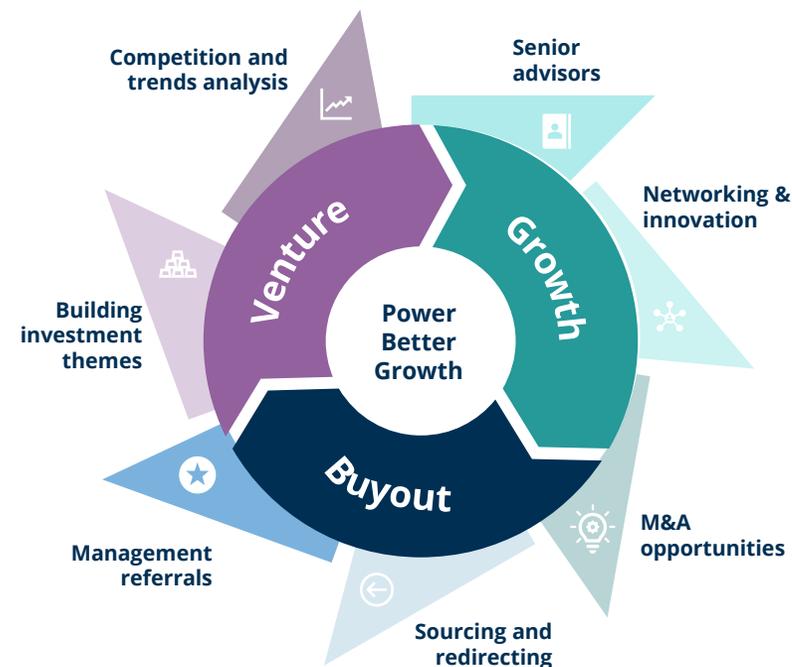
2 STRENGTH AND BREADTH OF TEAM AND SENIOR ADVISORS

Strong bench of senior advisors from across the industry, with varied backgrounds and skill sets, provide valuable insights into the market which complement our sourcing, due diligence and value creation strategies.

3 LEVERAGING THE WIDER PORTFOLIO

Portfolio companies and CEOs, as critical elements of the flywheel, help challenge and build convictions through real-life feedback and provide access to their expert network.

EURAZEO INVESTMENT FLYWHEEL



¹ Based on Mid-large buyout opportunities across all sectors presented to Investment Committee from January 2020 to the end of April 2022.

EURAZEO FINANCIAL SERVICES FLYWHEEL

EXPERTISE ACROSS THE COMPANY LIFECYCLE



5 GLOBAL INVESTMENT OFFICES



Maxime de Bentzmann
Managing Director
Co-head Mid-large buyout



Eric Sondag
Managing Director
Co-head Mid-large buyout



Pierre Meignen
Managing Director



Benjamin Hara
Managing Director



Guillaume d'Audiffret
Managing Director



Nathalie Kornhoff-Brüls
Managing Director



Zoe Fabian
Managing Director



Tara Reeves
Managing Director



Nicolas Debock
Managing Director



Albert Shyy
Managing Director



Chloe Giard
Investment Director



Clement Morin
Director



Justin Schlegel
Principal



Fabian Piira
Principal



Alexis Bisson
Principal



Félicité du Pasquier
Principal



Lucas Oppenheim
Principal



Anne-Charlotte Philbert
Vice President



Romain Mombert
Vice President



Maud Guillot
Vice President



Thomas Turelier
Vice President

■ Mid-large buyout ■ Small-mid buyout ■ Growth ■ Venture