



# AMLIN PLC

2005 Preliminary Results

10 March 2006

*Roger Taylor – Chairman*

*Charles Philipps – Chief Executive*

*Richard Hextall – Finance Director*

*Tony Holt – Underwriting Director*



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.

# Overview

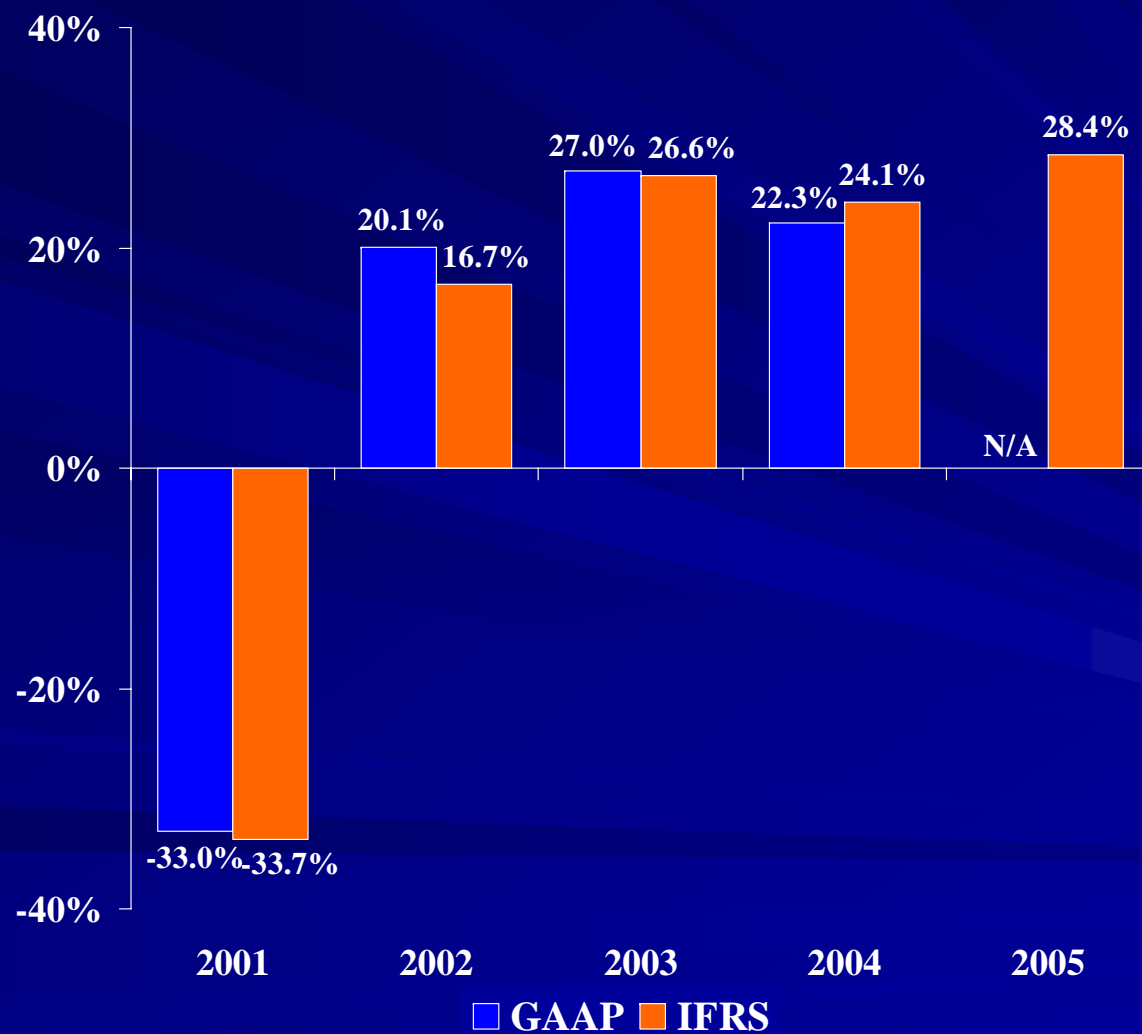


- Another set of excellent results
  - Record PBT: £182.7m; ROE: 28.4%; RoNTA: 32.9%
  - Net windstorm losses <sup>(1)</sup>: £130.1 million
- 2005 interim and final dividends up 27.5% to 10.2p
- Balance sheet strengthened with rights issue and longer term debt
- Promising start for Amlin Bermuda
- Outlook positive with growth planned for 2006

*(1) Net losses related to Hurricanes Katrina, Rita and Wilma*



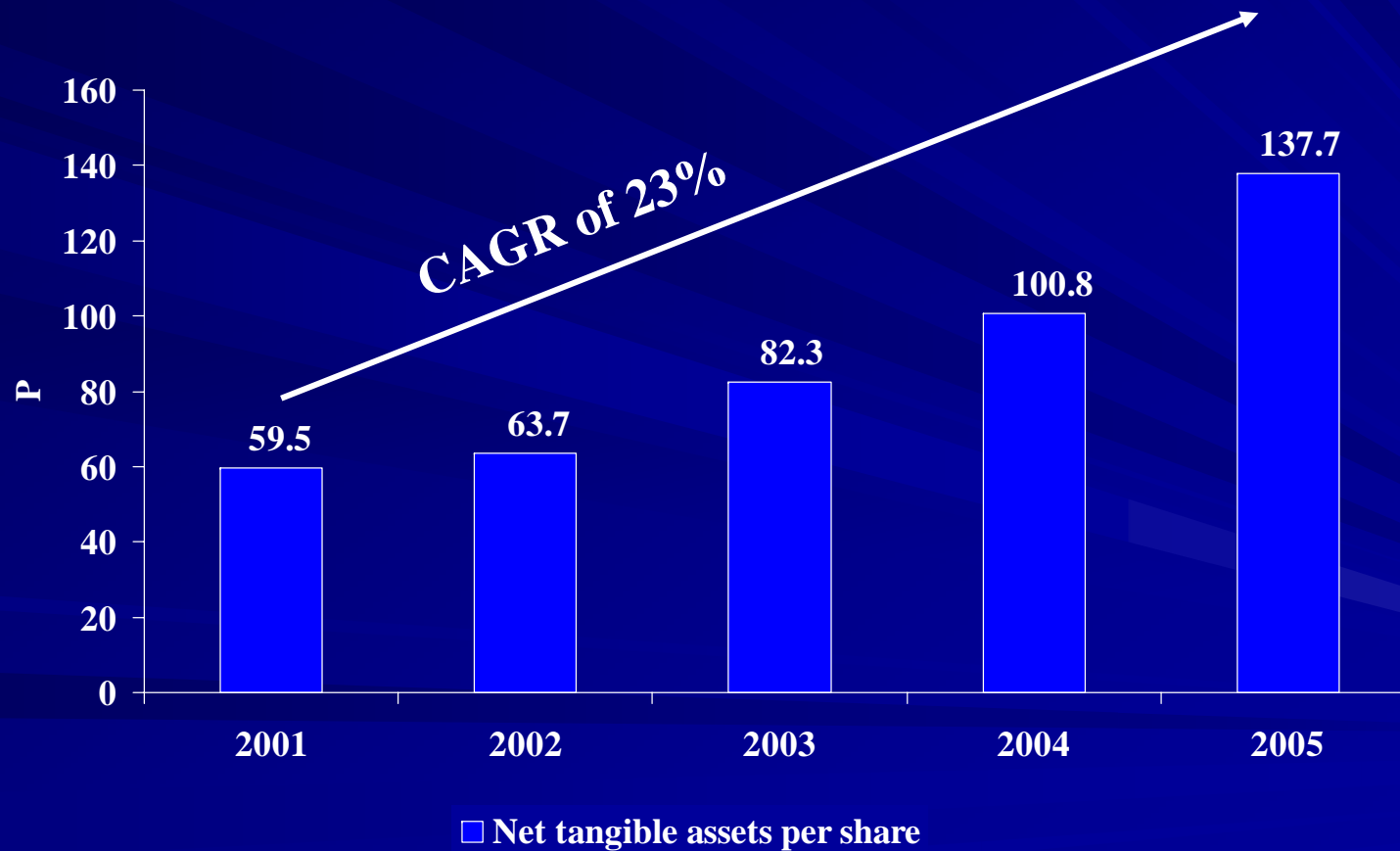
## Strong ROE performance



# Excellent growth in NTA per share



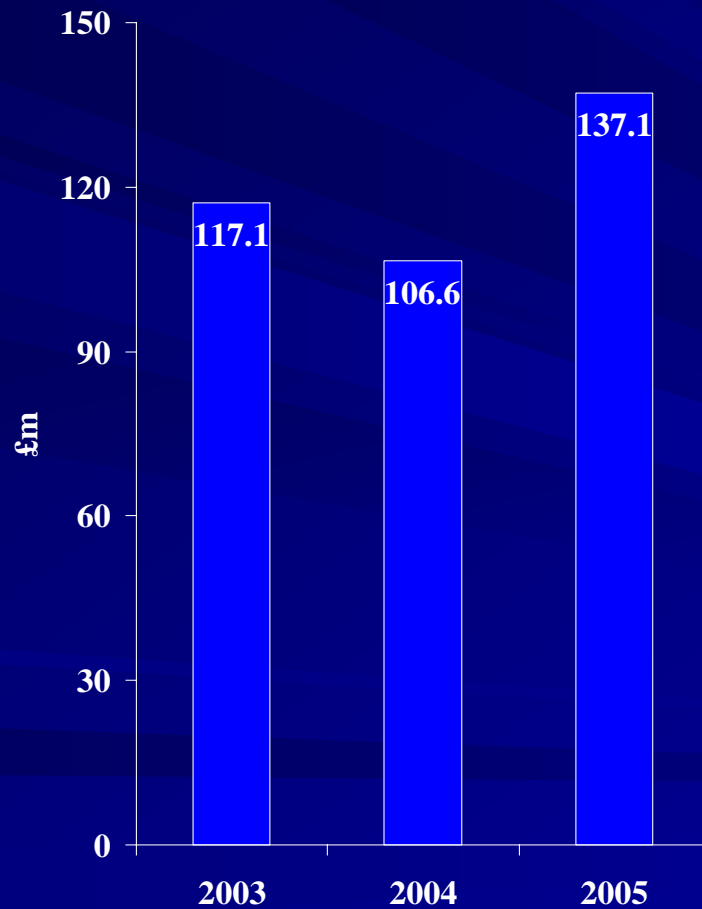
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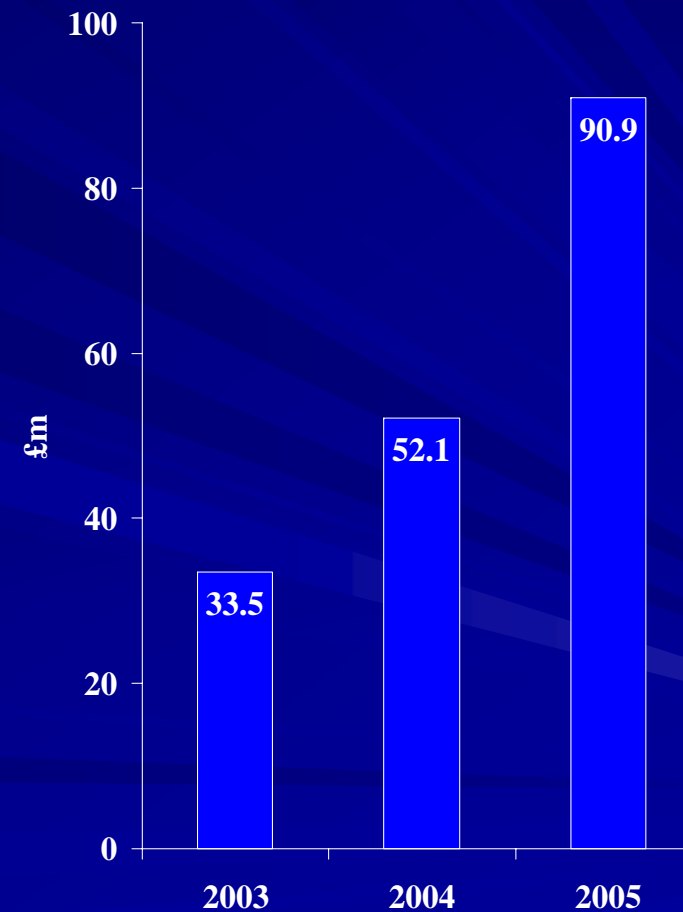
*(1) 2001 to 2003 have been restated only for material changes under IFRS*

# All areas performed well

Underwriting contribution (£m)



Investment contribution (£m)



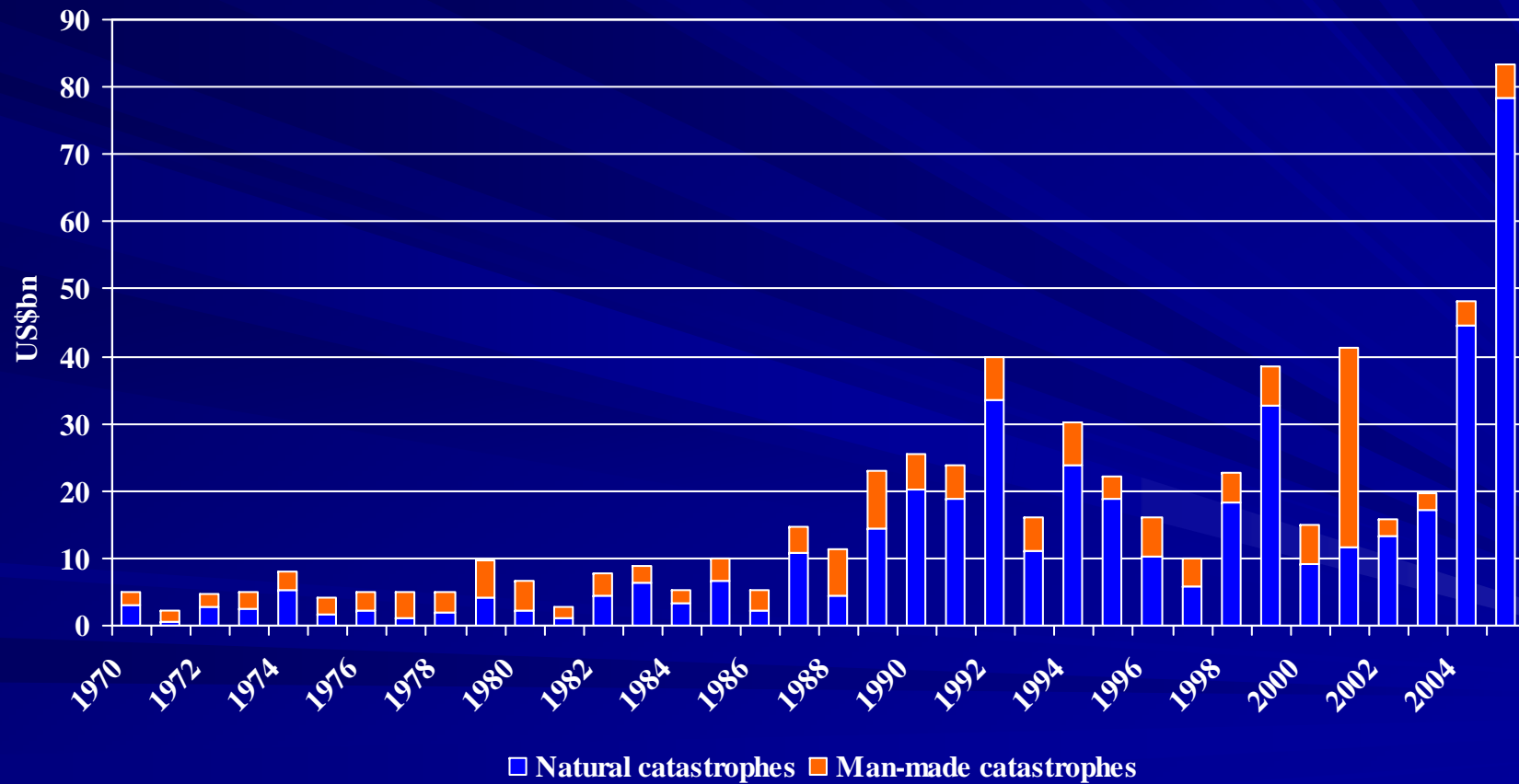
(1) 2003 has been restated only for material changes under IFRS

# Record year for insured catastrophes



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Insured losses 1970-2005, US\$bn (2005 prices)



Source: Swiss Re, Sigma No 2/2006

# IFRS



- Non-monetary item adjustment
- Exclusion of dividends
- Syndicate capacity treated as an indefinite life asset
- Small Angerstein scheme net deficit on balance sheet
- Investments – marked to market at bid price and trading asset
- Share based payments through income statement

# Results summary



	2005	2004	
	£m	£m	Change
Net insurance premium revenue	900.9	737.7	22%
Investment return	90.9	52.1	75%
Net income	993.2	797.2	25%
Net insurance claims	(554.5)	(394.5)	41%
Expenses	(245.6)	(269.0)	(9%)
Results of operating activities	193.1	133.7	44%
Finance costs	(10.4)	(4.8)	117%
Profit before tax	182.7	128.9	42%
Tax	(45.3)	(37.9)	(20%)
Profit after tax	137.4	91.0	52%
Return on equity	28.4%	24.1%	18%
Earnings per share	33.6p	23.4p	44%
Dividends per share	9.0p	4.7p	92%
Net tangible assets per share	137.7p	100.8p	37%

# Differential analysis



	2005 £m	2004 £m	Change £m
Underwriting contribution (after underwriting expenses)	137.1	106.6	30.5
Investment contribution	90.9	52.1	38.8
	<hr/> 228.0	<hr/> 158.7	<hr/> 69.3
Net other charges	(45.3)	(29.8)	(15.5)
Profit before tax	<hr/> 182.7	<hr/> 128.9	<hr/> 53.8

# Underwriting results: Syndicate 2001



	2005	2004	2003	2002
	£m	£m	£m	£m
Gross premium	990.0	942.2	1097.5	988.3
Net earned premium	827.5	782.0	890.6	699.4
Claims ratio	57%	50%	50%	63%
Expense ratio	25%	32%	36%	33%
<b>Combined ratio</b>	<b>82%</b>	<b>82%</b>	<b>86%</b>	<b>96%</b>
Impact of windstorms on combined ratio	16%	10%	n/a	n/a

*(1) 2002 & 2003 have been restated only for material changes under IFRS*

# Divisional analysis: Syndicate 2001

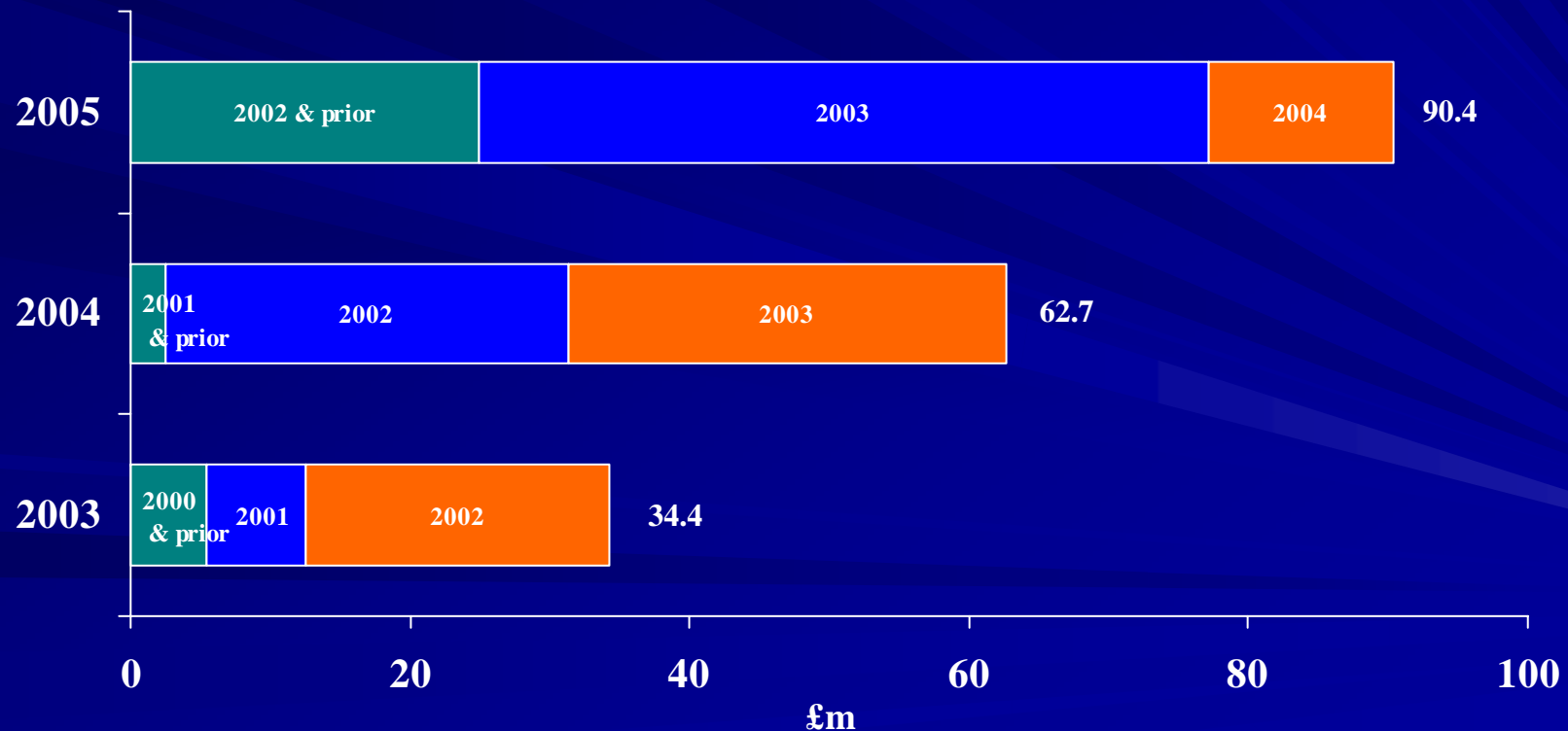


	Total £m	Non marine £m	Aviation £m	UK £m	Marine £m
Gross premium	990.0	557.0	83.1	177.1	172.7
Earned premium	827.5	447.4	69.9	169.1	141.0
Claims ratio	57%	67%	49%	50%	34%
<b>Combined ratio</b>	<b>82%</b>	<b>93%</b>	<b>70%</b>	<b>72%</b>	<b>63%</b>
Impact of windstorms on combined ratio	16%	23%	n/a	n/a	16%
<i>2004 Combined ratio</i>	<i>82%</i>	<i>80%</i>	<i>84%</i>	<i>83%</i>	<i>87%</i>

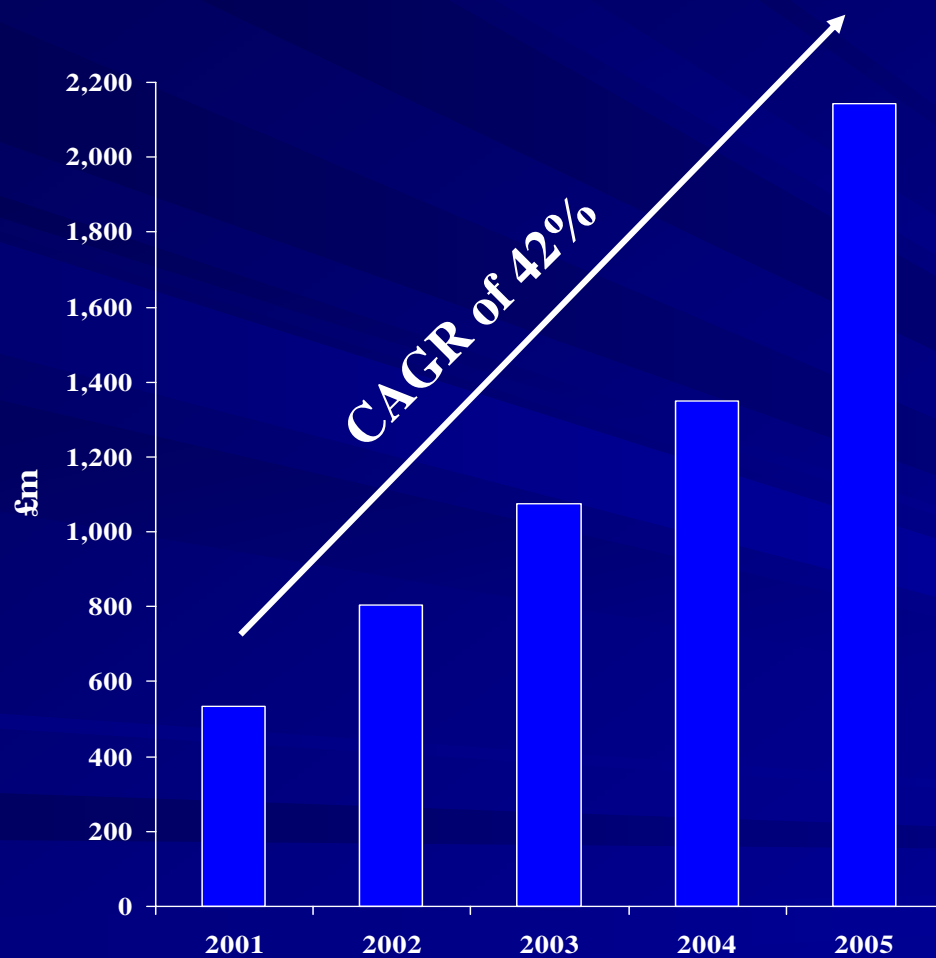
# Reserving

- Consistently reserve above 'best estimate'
- Further reserve releases subject to normal claims development

Syndicate 2001 reserve releases (£m)



# Cash and investments



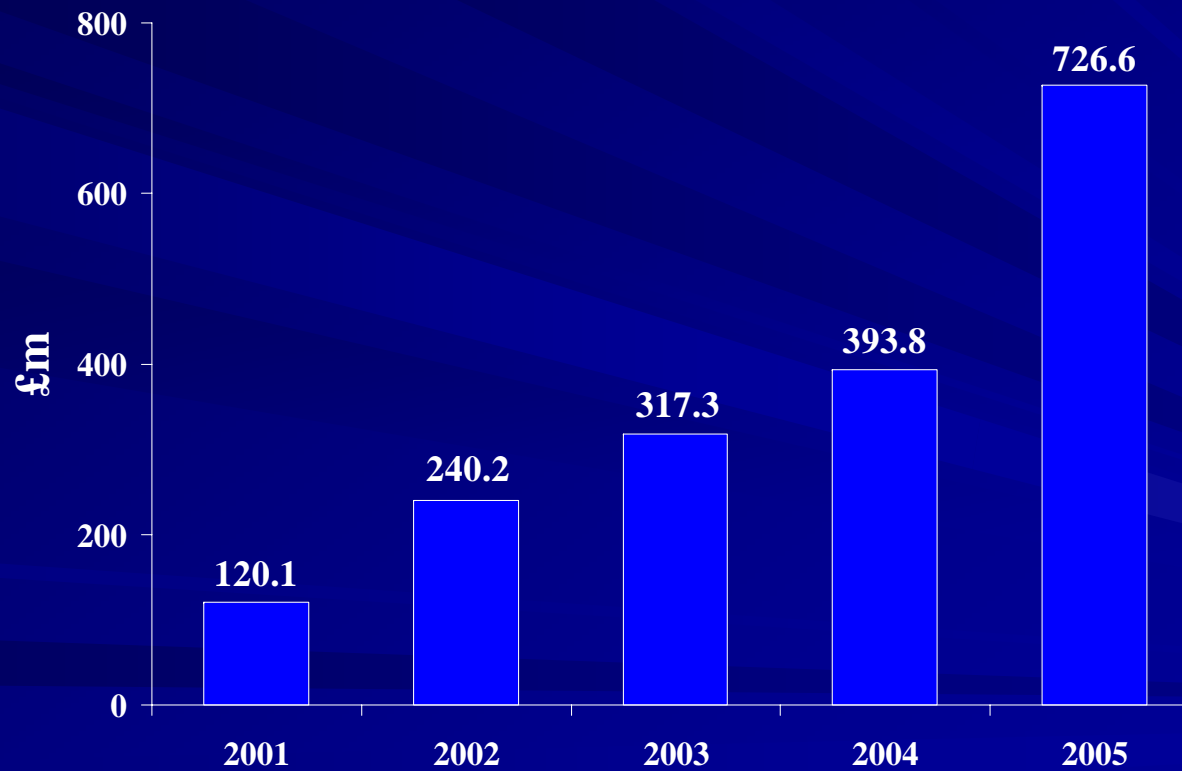
	Returns	
	2005	2004
	%	%
<b>Equity</b>	<b>26.6</b>	<b>14.4</b>
<b>Bonds</b>	<b>3.3</b>	<b>3.4</b>
<b>Cash</b>	<b>4.5</b>	<b>4.3</b>

(1) 2001 to 2003 have been restated only for material changes under IFRS

# Balance sheet



Net tangible assets (£m)



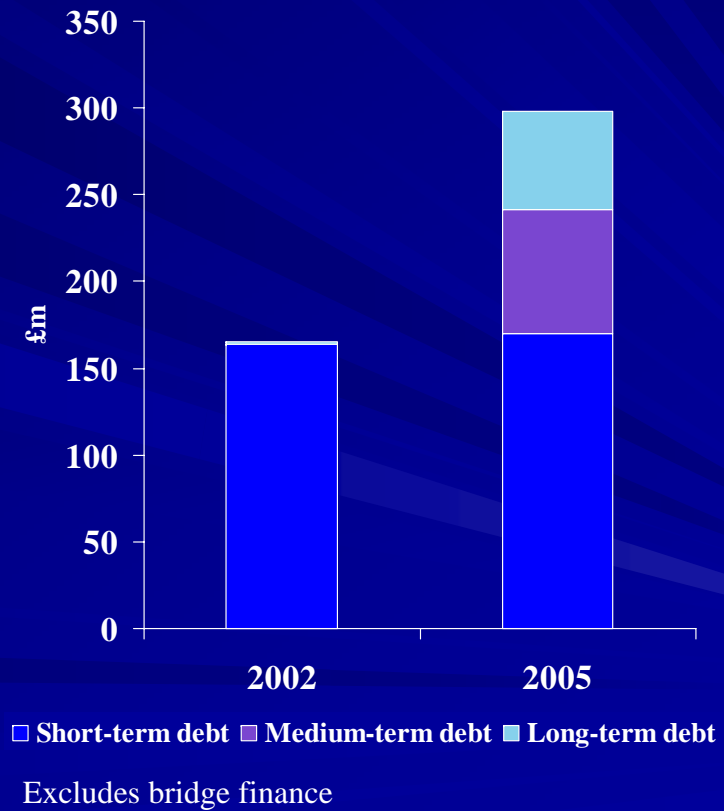
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# Leverage and debt mix

Adjusted gearing after excluding bridge finance compared to ROE & ROC



Mix of debt (£m)



(1) 2002 & 2003 have been restated only for material changes under IFRS



## Rates strengthening in key classes

Class	Rating indices					
	2000	2001	2002	2003	2004	2005
Airline hull and liabilities	100	296	278	234	215	191
Marine hull	100	115	148	171	183	188
Employers' liability	100	115	144	158	160	145
Energy	100	140	172	189	165	171
Professional indemnity	100	110	149	178	180	164
US large property insurance	100	125	180	166	143	139
Non US catastrophe reinsurance	100	120	157	162	146	131
US catastrophe reinsurance	100	115	146	150	143	146
US casualty	100	125	170	211	230	237
War	100	250	288	244	220	206
Fleet motor	100	121	136	142	140	136

➤ Average 2005 renewal retention ratio of 80%

➤ To date 4% rate increase in 2006– 30% of plan written



## Current trading conditions

- Non-marine
  - US CAT responding to US hurricanes
  - International CAT up but rises restricted owing to European push for market share
  - Large ticket property beginning to respond positively
  - Small ticket binder account rate rises
  - Casualty account stable
  
- Marine
  - Offshore energy rates materially stronger
  - Possible impact of increased marine XL rates on other marine classes
  - Yacht & Bloodstock rates flat
  - War still subject to downward pressure



## Current trading conditions

- Aviation
  - Continued pressure on airline rates in Q4 due to absence of major loss
  - Continued rate improvements in product and airport liabilities
  
- UK commercial
  - Continued pressure on motor and liability rates
  - Competitors thought to be trading with CLR over 100%



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## Continued upward pressure on rates

- Reduction of exposures in CAT zones by competitors who are under pressure from rating agencies
- Need to generate acceptable return on equity given rating agency requirement for additional capital to maintain existing rating
- Modelling agencies expected to increase damageability factors
- Pricing of retrocessional reinsurance
- Pricing of marine XL reinsurance
- Increased demand for insurance and reinsurance



# Impact of Hurricane Katrina

\$m	Katrina claim	Gulf RDS claim <sup>(1)</sup>	Difference
Catastrophe reinsurance	175	281	-106
Property reinsurance	85	38	47
Property insurance	217	65	152
Energy	32	92	-60
Marine reinsurance	7	13	-6
Other	11	16	-5
<b>Gross claims</b>	<b>527</b>	<b>505</b>	<b>22</b>
Reinsurance recoveries	-429	-392	-37
Net reinstatement premiums	6	-9	15
<b>Total</b>	<b>104</b>	<b>104</b>	<b>0</b>

*(1) Gulf RDS refers to a realistic disaster scenario using a modelled US\$60 billion Gulf of Mexico hurricane event*

# Exposure management

- Cost of XL on XL reinsurance protection uneconomical
- Aim to limit loss from super CATs to less than £320 million (pre-tax and “inside” profit)
- Reduction in peak aggregate exposures
- Increased premium for risk
- Saving in reinsurance spend
- Enhancements to granularity of aggregate monitoring



## Current trading summary

- 2004 and 2005 underwriting years, despite unprecedented windstorm losses, will still produce acceptable underwriting profits
- Stronger rating environment but less reinsurance protection
- Increased premium for less exposure on many risks
- Importance of flexibility and management of peak exposures
- Good opportunity to grow and establish Amlin Bermuda



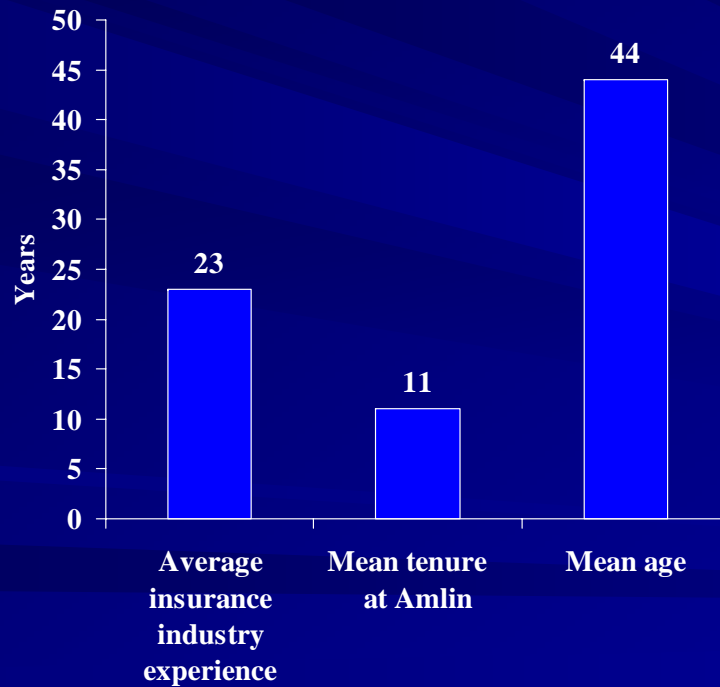
## Strengths behind our success

- Diversity
- Focus on gross underwriting profit
- Risk and exposure management
- Efficient capital management
- People and experience
- Culture of continually seeking improvement

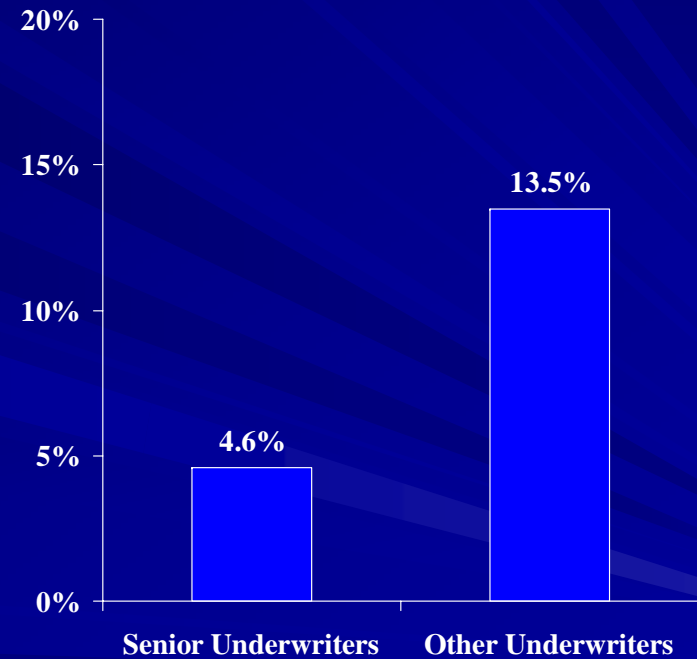


# Continuity of excellent experience

### Senior Underwriters



### Underwriter Turnover



# Continually seeking improvement

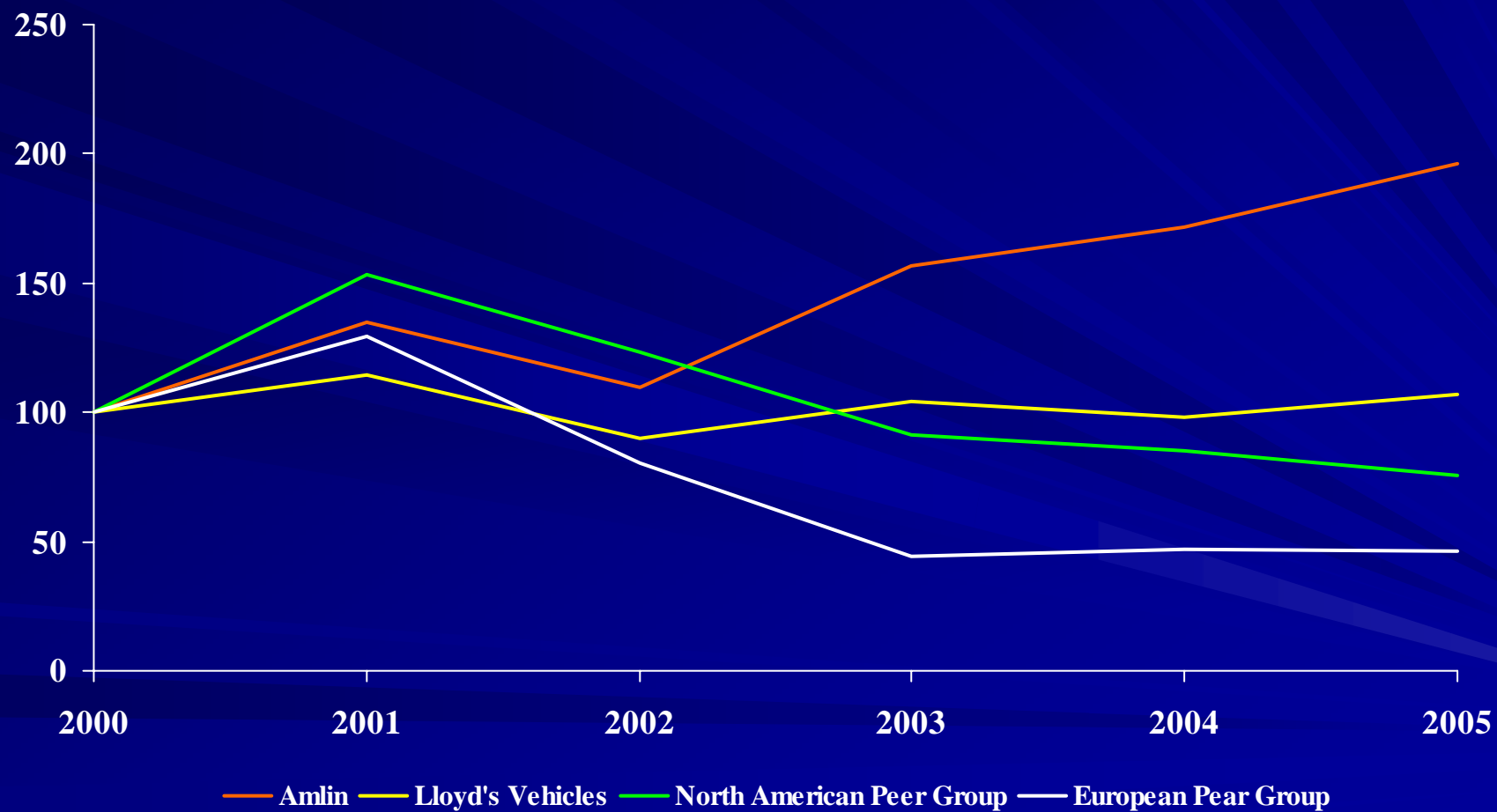


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- Vision: “Global reference point for quality in our markets”
- Improvements to risk aggregation modelling and systems
- “Workflow” to increase productivity and client service
- “Peer to peer” connectivity
- Benefits realisation of investments in technology
- Ranked No.1 for claims service in London market survey



# Total shareholder return



# Summary



- Another excellent set of results
  - ROE of 28.4% after £130.1 million of hurricane losses
- Positive outlook for 2006
  - Record unearned premium reserve of £524 million
  - Upward pressure on rates with 1 Jan renewal rates up 4%
  - Growth of business with Amlin Bermuda
- Good start for Amlin Bermuda
  - A rating from S&P
  - \$73 million of business written by end February
- Stronger balance sheet to support growth
- Continually seeking to improve performance and maximise potential



# Questions & Answers



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