HALF YEAR RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2015

QUINDELL | Mark Williams, Chief Financial Officer

Key Summary

- New CEO appointed, completing the new Board
- No new issues have emerged since the 2014 Report and Accounts were finalised
- Disposal of the PSD concluded
- Group now has a strong balance sheet with approximately £524m in cash as at 25 September 2015, plus £55m in escrow accounts
- Capital distribution targeted for December 2015 subject to court approval
- Focused technology-led business operating in exciting and high growth sectors

Overview

What happened during the six months?

- A new Board has been put in place
- Professional reviews of our businesses
- PSD sold to Slater & Gordon for estimated total consideration of £683m (incl. est. £40m deferred consideration)
- Investments in NARS and 360Global sold

Overview

What businesses do we currently retain?

- Insurance technology solutions
  - Connected car offering: Himex and QSI
  - Insurance Brokerage: Ingenie
  - Insurance Software Solutions: QETS
- Healthcare services
- Other technology and property services

What will happen in the future?

- Progress plan to return capital to shareholders
- Maximise returns from escrows and NIHL from the PSD sale
- Manage and grow for value all of our remaining businesses
- Provide investment where necessary so that they can meet their potential

Financial Results – Profit and Loss

	6 months 2015 £m	Restated 6 months 2014 £m
Continuing operations		
Revenue	35	43
Adjusted EBITDA	(16)	(6)
Adjusted loss before tax	(17)	(8)
Loss before taxation	(35)	(36)
Exceptional costs	(8)	(38)
Discontinued operations		
Trading loss for the period	(38)	(51)
Profit on Disposal of PSD	486	-
Total Group profit/(loss) for the year	415	(81)

Revenue:

Insurance technology was flat with full period inclusion of Ingenie being offset by reductions in Himex, QSi and QETS. Healthcare is down in a tight market and Property down due to market changes.

Adjusted EBITDA:

Insurance technology down due to top line impact falling to bottom line plus start up costs for Ingenie in Canada. Property impacted by decline in margins and market changes prior to down scaling of workforce.

Exceptional costs :professional services and consultants fees £6m, goodwill impairment £5m, legal provision write back £(3)m

Discontinued operations trading loss for the year: all PSD on new accounting policy

Financial Results – Balance Sheet

	30 June 2015 £m	31 December 2014 £m
Non-current assets	170	189
Current assets	639	85
Current liabilities	(96)	(114)
Non-current liabilities	(14)	(17)
Assets of disposal group classified as held for sale		304
Liabilities of disposal group classified as held for sale		(183)
Net assets	699	264

Non-current assets: mainly goodwill and intangibles of continuing businesses

Current assets includes cash £548m

Net assets: increase due to net profit on disposal of PSD

Financial Results – Cash Flow

	6 months 2015 £m	Restated 2014 £m
Net cash used by operating activities	(56)	(78)
Cash flows from investing activities	583	(42)
Cash flows from financing activities	(29)	5
Cash and cash equivalents at end of the period	548	64

- Cash flows from operating activities reflect some £33m invested into the PSD
- Cash flows from investing activities reflects £586m from business sales
- Cash flows from financing activities reflected the repayment of loans on sales of PSD
- Cash and cash equivalents at the end of 2014 of £50m, included cash in the PSD, which is shown in assets held for sale on the balance sheet

Profit on the sale of PSD

	Group £m
Total consideration inclusive of the cash consideration at completion plus the incremental advance payment	646
Total assets disposed of including intercompany loans and bank debt settled	142
Expenses and other costs of sale	18
Estimated profit on sale Excluding any further adjustment from completion or warranty process	486

- Deal agreed and announced on 30 March 2015 with completion achieved on 29 May 2015
- £5m held in escrow for completion process, six months to release
- £50m held in escrow for warranties, which are capped at £100m, 18 months to release
- Deferred consideration estimated at £39.6m, first receipts due in second half of 2016 and continue up to end of 2018. To be prudent we have not recorded this contingent amount in our books at the half year
- These figures differ from the estimates given in the 2014 strategic report as those did not reflect actual movements in net assets and intercompany balances settled out of the total consideration received

Capital return process

- Interim results to 30 June 2015 to be subject to an audit review
- Apply to the court for approval to reduce capital and make the payment to shareholders. Court date set at 2 December
- EGM for shareholder approval to be during November
- In this way it is a capital receipt in the hands of shareholders not income, we have already had confirmation from HMRC that the gain is not taxable in the company
- The Directors and the court will need to be assured that any payment adequately allows for all potential liabilities of the company
- The court process will include a reconstruction of our capital and reserves so that excess share capital, premium, merger and other reserves are converted to distributable reserves to allow us to pay dividends in the future

CEO activities and plans

- **Quick start up**
  - Appointment in September
  - Major business units and sites visited- met with many people already
  - Already talked quite extensively with shareholders and other stakeholders

- **Approach**
  - Work out opportunities, challenges and action plans with speed and care
  - It’s the shareholders’ cash so focus on protecting and creating value at all times

- **Main directions**
  - Ensure and establish good governance and operational integrity
  - Work to deal with the company’s losses and to reduce those as quickly as possible
  - Create the best and most pragmatic strategic platform for growth based on clear and compelling value propositions

What we do

- Quindell is a technology focused organisation with businesses primarily serving the insurance sector. We either deliver technology solutions or utilise technology in providing services our customers need. We own and invest in companies that are, and are capable of, growing both in their scale and profitability.

- In the UK and North America we offer insurance technology solutions. Himex and QSi provide a user based insurance service, via telematics, to the major US and Canadian carriers, allowing them to improve their rating capabilities while enhancing their market competitiveness and their customers' insurance experience. These markets are early stage and allow for rapid profitable growth. In the UK, our Road Angel product assists in safer driving by alerting drivers to the presence of speed and safety cameras. Ingenie in the UK, and increasingly in North America, is a cost effective way for new drivers to get insured by monitoring and recording their driving activities such that safe driving is rewarded by lower premiums from our partner providers. Via QETS, we offer insurance companies a full software solution, from policy take on to claims notification, via telematics, to claims management.

- In Canada, we have one of the largest physiotherapy and rehabilitation services, called PT Healthcare. Combining our insurance industry knowledge with the efficient use of technology, this service will be leveraged further. Quintica is a technology services provider to telecoms companies operating in emerging markets. In the UK, Quindell Property Services provides and installs solar panels and cavity wall insulation to both the domestic and business customer. Business Advisory Services is an energy switching broker which helps its UK business customers obtain the most cost effective electricity supply. Maine Finance identifies appropriate life assurance solutions for UK customers, often through QuoteSupermarket.

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