



Chesnara

# CHESNARA

## HALF YEAR RESULTS 2025

*Strong financial performance and major strategic progress*

28 AUGUST 2025

# AGENDA



**01.**

**Overview of  
strategic delivery**

**02.**

**Financial  
highlights**

**03.**

**Outlook and  
summary**



**Steve Murray**

Group Chief Executive Officer



**Tom Howard**

Group Chief Financial Officer

# OVERVIEW OF STRATEGIC DELIVERY

**Steve Murray**  
Group Chief  
Executive Officer

# CHESNARA: STRATEGY IN MOTION



Through disciplined strategic delivery, we manage insurance books with efficiency and purpose, driving outcomes that benefit customers, investors, and wider stakeholders

## 1 MAXIMISE THE VALUE FROM EXISTING BUSINESS ✓

- ✓ Completed the legal merger of our Dutch businesses
- ✓ Migration to SS&C of acquired Canada Life protection book
- ✓ Execution of management actions

## 2 ACQUIRE LIFE AND PENSION BUSINESSES ✓

- ✓ Announcement of HSBC Life (UK) acquisition and a £140m rights issue as part of the deal financing
- ✓ RTI Bond issue of £150m to fund future M&A
- ✓ Admitted to the FTSE 250 Index in August

## 3 ENHANCE VALUE THROUGH PROFITABLE NEW BUSINESS ✓

- ✓ Expansion of custodian distribution network in Sweden
- ✓ HSBC Life (UK)'s complementary product suite offers potential to generate further value

## BECOMING A SUSTAINABLE CHESNARA ✓

# CONTINUED FINANCIAL DELIVERY



Cash  
Generation<sup>(1)</sup>

**£37m**

↑ +26%

Continued robust  
Solvency

**207%**

↑ +4ppts

New Business  
Contribution

**£5m**

↑ +3%

Interim DPS  
Increased

**7.70p<sup>(2)</sup>**

↑ +3%

# HSBC LIFE (UK): ACCELERATING OUR STRATEGY



## INCREASED CASH GENERATION

- Expected incremental lifetime cash generation of **>£800m<sup>(3)</sup>**, >3x consideration of £260m<sup>(3)</sup>

## SIGNIFICANT VALUE CREATION FOR INVESTORS

- Acquired at an attractive multiple of **83% of Eligible Own Funds<sup>(3)</sup>**
- Anticipated step-up in dividend trajectory with multiple levers for further value creation

## TRANSFORMATIONAL TRANSACTION FOR CHESNARA

- Largest transaction since listing in 2004, creating a Group with **c.£18bn AuA** and **c.1.4m policies**
- Increased free float and **admission to the FTSE 250** on 18 August increasing liquidity in the shares

## MAINTAIN BALANCE SHEET STRENGTH AND RESILIENCE

- Solvency Coverage ratio to remain **above normal operating range** of 140% - 160%
- Leverage ratio in line with investment grade rating

## REINFORCES OUR POSITION AS ONE OF THE LEADING LIFE AND PENSIONS CONSOLIDATORS

- 15th acquisition to date with firepower to continue to execute on attractive pipeline

# CONTINUING TO DELIVER FOR OUR INVESTORS



**Announced today:**  
**3% increase** in  
the interim 2025  
dividend

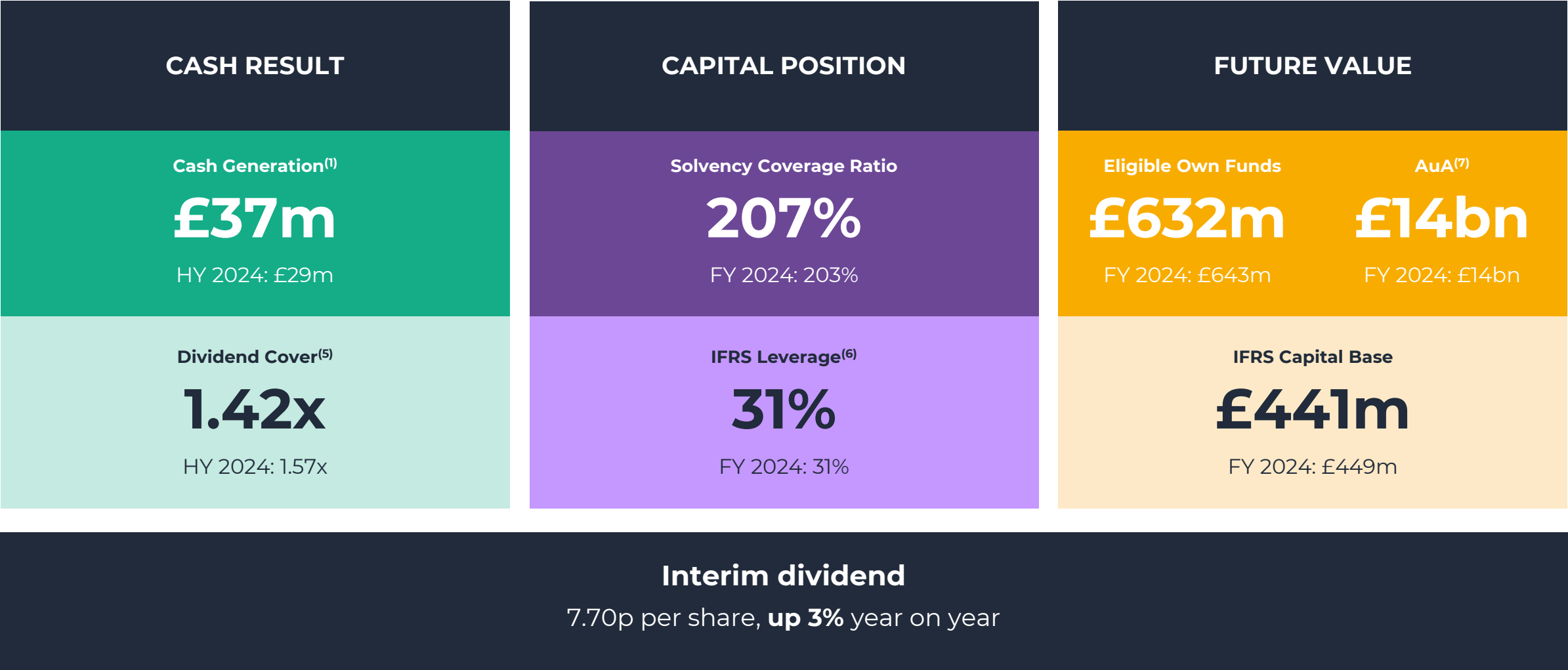
**Unrivalled track  
record** of dividend  
growth<sup>(4)</sup> in UK and  
European insurance

Final FY 2025 and  
Interim FY 2026  
expected to  
**increase by 6%**

# FINANCIAL HIGHLIGHTS

**Tom Howard**  
Group Chief  
Financial Officer

# CONTINUED FINANCIAL DELIVERY



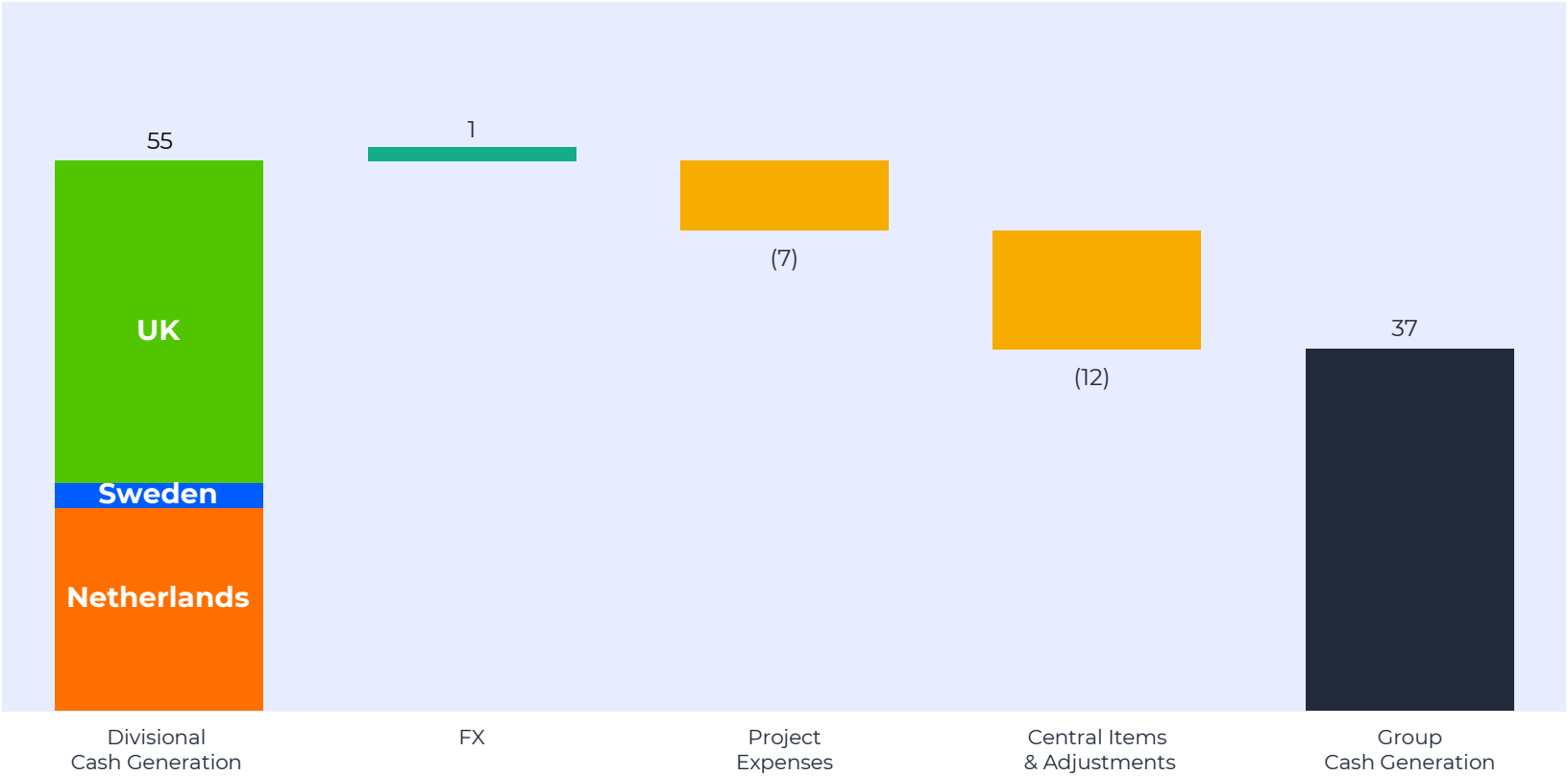
# HIGHER CASH GENERATION: A FOUNDATION FOR GROWTH



↑ 26%

vs HY 2024, driven by:

- Organic capital generation
- Management actions
- Offset in part by central one-off activity



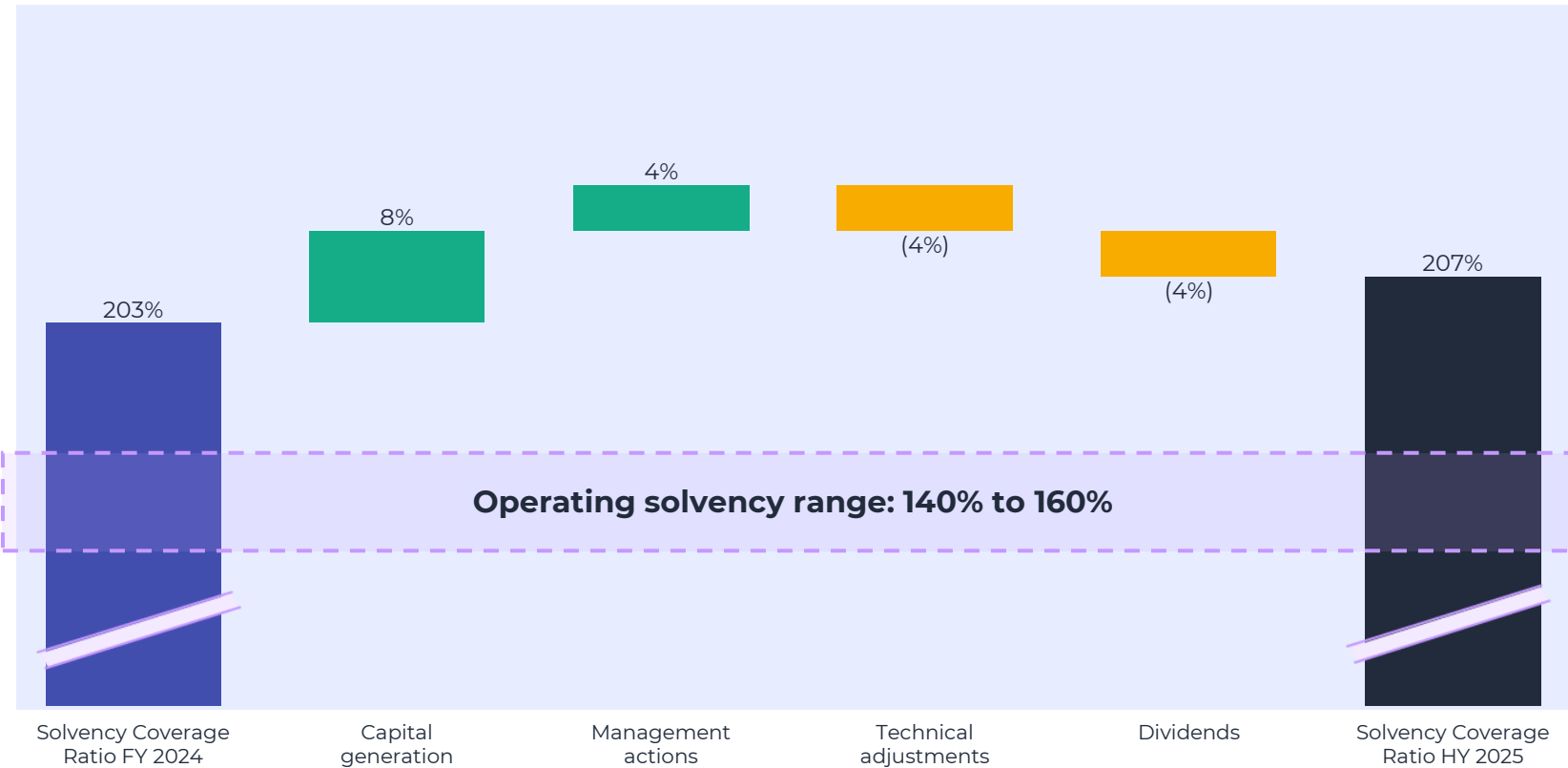
# ROBUST BALANCE SHEET: CAPITAL ALLOCATION FRAMEWORK SUPPORTS GROWTH MOMENTUM



↑ 4ppts

vs FY 2024, driven by:

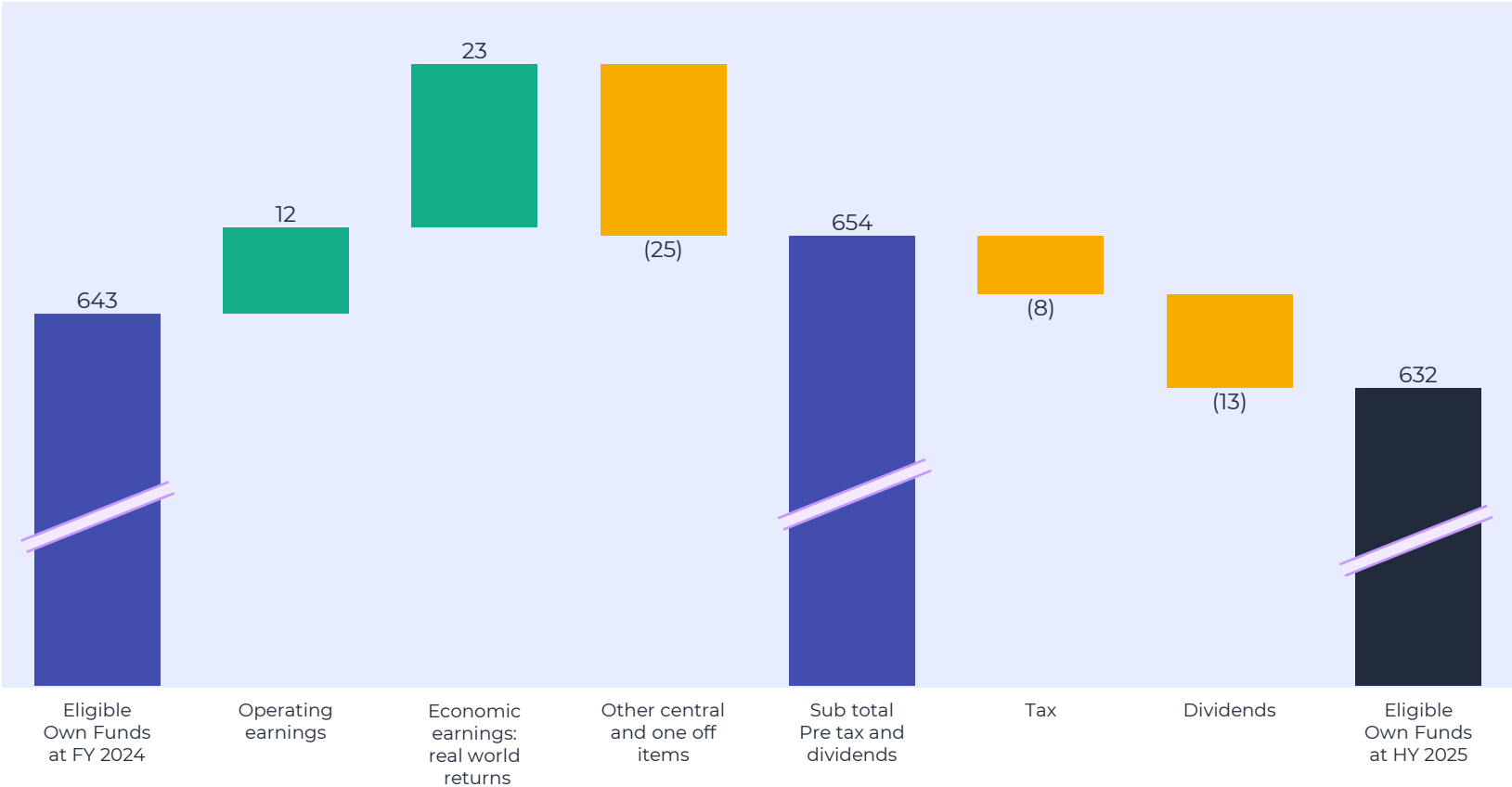
- Organic capital generation
- Management actions



# RESILIENT BALANCE SHEET: ORGANIC OWN FUNDS GROWTH



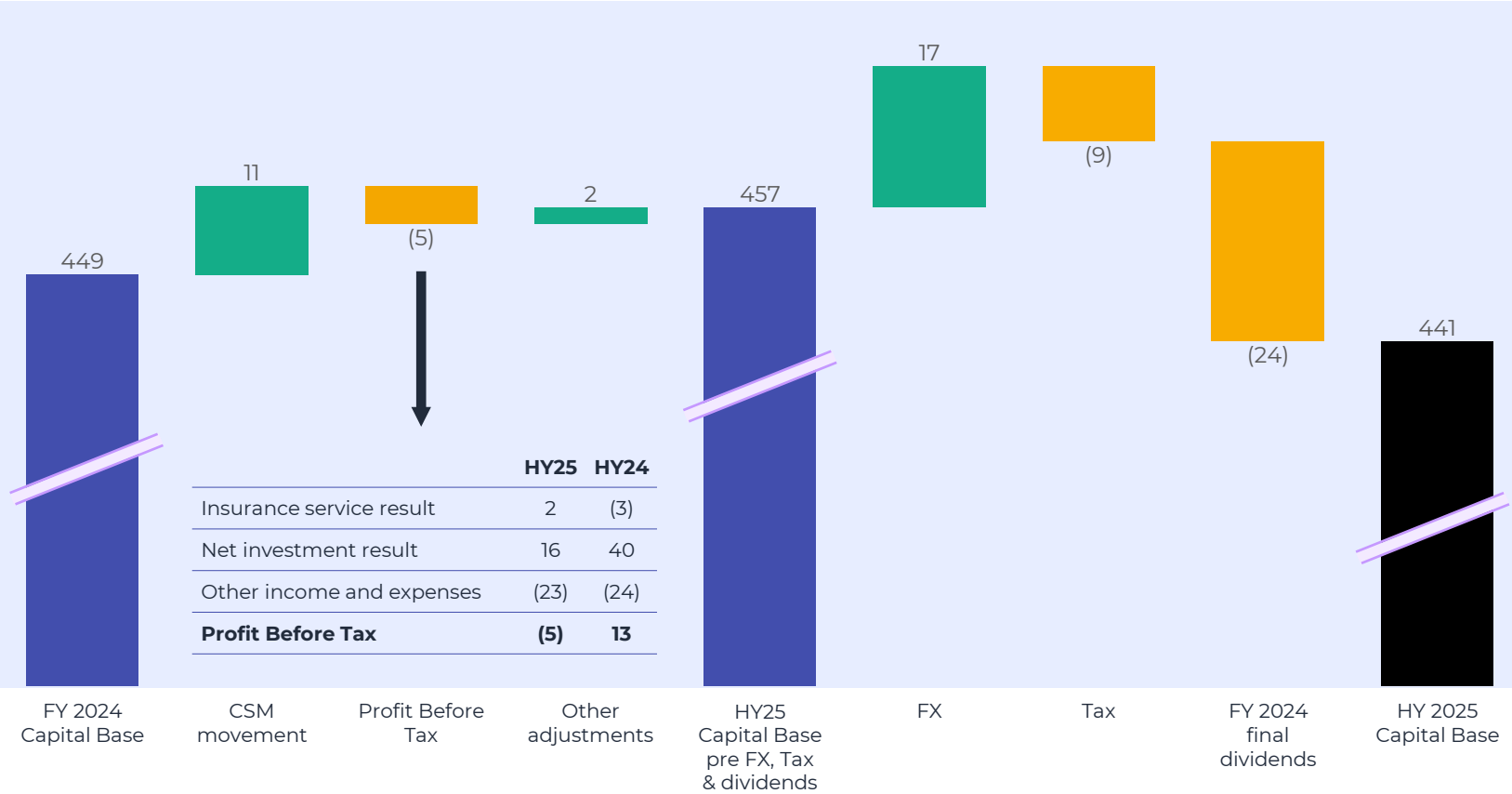
Organic **growth**,  
driven by positive  
divisional operating  
experience and  
economics



# IFRS: CONTINUED GROWTH IN CSM



- **CSM growth**: bigger store of future value from insurance
- **Solid investment result**, down v HY24 driven by markets and FX hedge
- Operating expenses have remained **consistent**
- Pre-dividend Capital Base **growth**



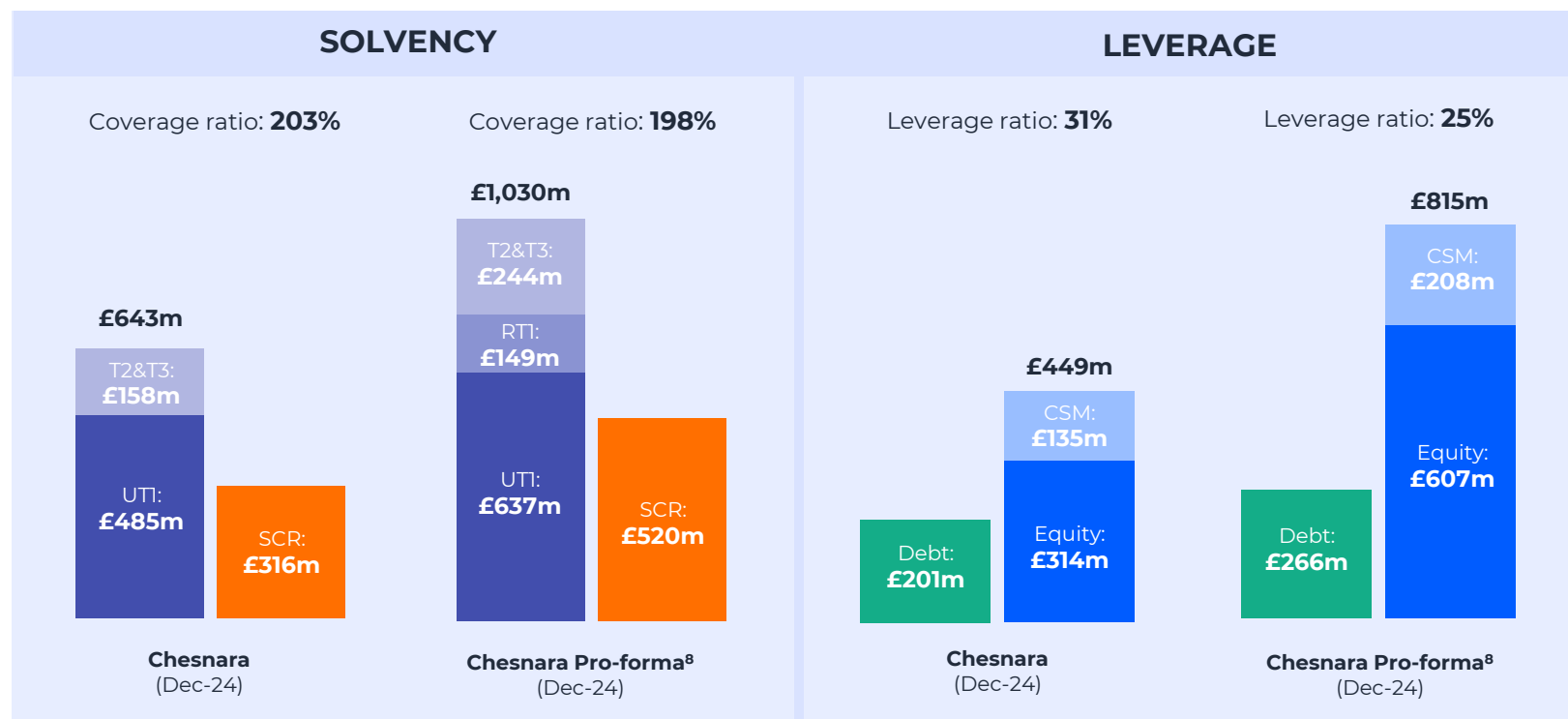
# POST H1 BALANCE SHEET: THREE MAJOR UPDATES



On 3 July, we announced the proposed acquisition of HSBC Life (UK) and a £140m rights issue as part of the financing package. On 30 July, we announced the issuance of a £150m RTI bond.

We expect the impact of these changes to:

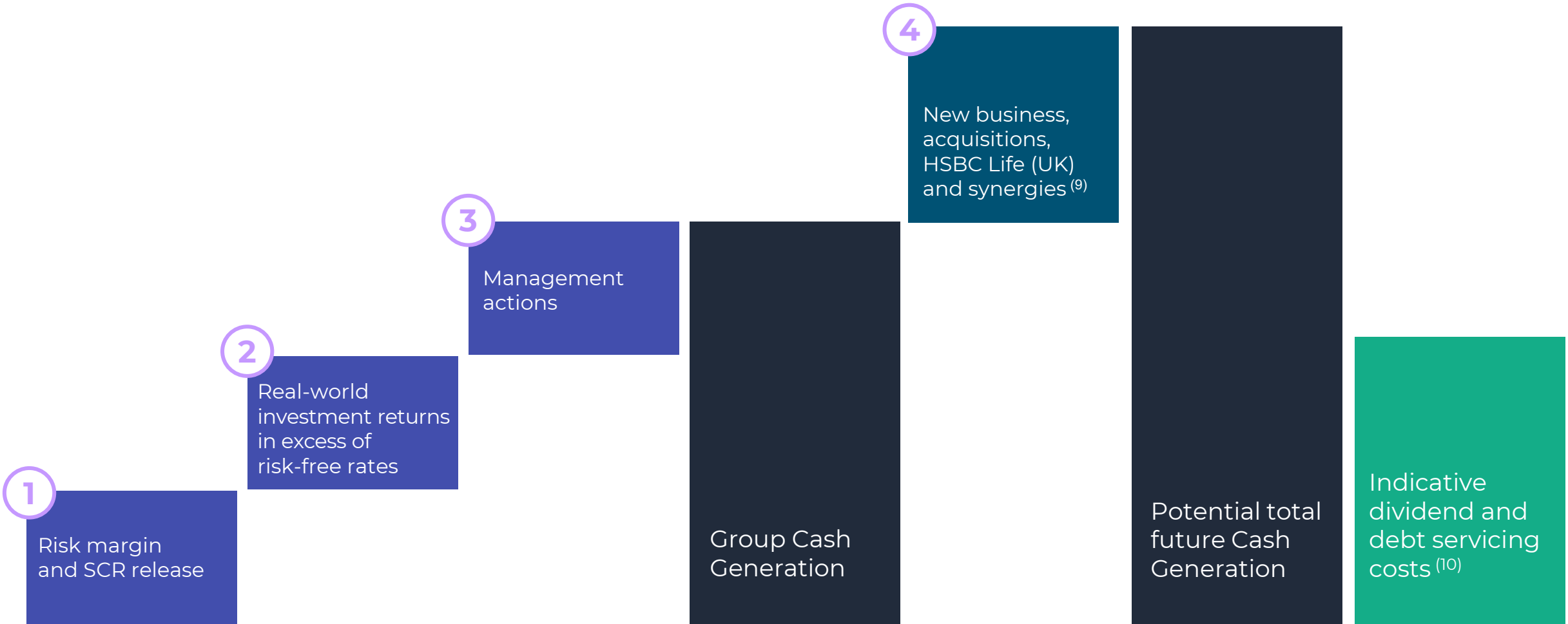
- **Significantly increase** Own Funds;
- **Maintain** a strong Solvency Coverage Ratio; and
- **Reduce** Leverage by 6ppts.



# FUTURE CASH GENERATION: VISIBILITY EXTENDED BY HSBC LIFE



Reliable sources of organic future Cash Generation, expected to cover long-term debt cost and dividends; further upside from future M&A



# CONFIDENT OUTLOOK



Continued delivery of our strategy leading to another period of strong financial performance



M&A strategy, along with our successful equity and debt issuances will transform the financial flexibility of the Group



Robust balance sheet with significant levels of capital resources and liquidity to deploy against an active M&A pipeline

# OUTLOOK & SUMMARY

**Steve Murray**  
Group Chief  
Executive Officer

# FOCUSED ACTIONS FOR SUSTAINED STRATEGIC PROGRESS



Following strong progress already in 2025, we remain active across all three strategic objectives

## STRATEGIC OBJECTIVES



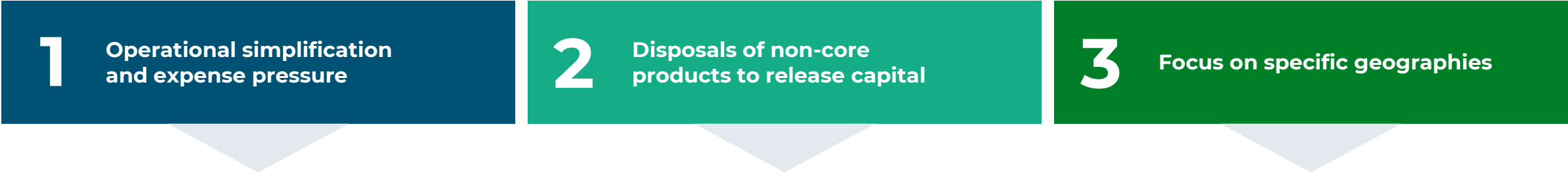
## NEXT STEPS

- |  |   |  |
|--|---|--|
| <ul style="list-style-type: none"><li>→ Completion of the operational merger of our two Dutch businesses</li><li>→ Completion of the transition to SS&amp;C platform in the UK</li></ul> | <ul style="list-style-type: none"><li>→ Completion of the HSBC Life (UK) acquisition</li><li>→ Further value-accretive M&amp;A transactions</li></ul> | <ul style="list-style-type: none"><li>→ Continue to expand through new partnerships in Sweden</li><li>→ Continue to grow new business to generate further scale and efficiencies</li></ul> |
|--|---|--|
- Publication of the Group's first Climate Transition Plan next month, outlining the steps we are taking to become Net Zero by 2050

# STRONGLY POSITIONED FOR FURTHER M&A



## KEY VENDOR DRIVERS FOR DISPOSALS:



## CURRENT COMPETITIVE ENVIRONMENT:

Chesnara is well positioned for transactions, given both increased regulatory scrutiny of ownership models and shifts in focus for larger insurance groups

## CHESNARA’S COMPETITIVE STRENGTHS:



# M&A READY: CASH, CREDIT & CAPITAL IN HAND



Our financial considerations for M&A remain consistent	This was demonstrated through the HSBC Life (UK) deal
<b>Solvency</b> Operating range of 140% to 160%	✓
<b>Leverage</b> Maintain our investment grade rating	✓
<b>Liquidity</b> Retain robust liquidity at group level	✓
<b>Acquisition capacity</b> Capacity to finance further transactions without external fundraising	✓

## RECENT CAPITAL ISSUANCE

### Tier 2 notes

February 2022

£200m

### Equity Rights Issue

July 2025

£140m

### RTI Bond Issuance

July 2025

£150m

# CONTINUING TO DELIVER: UNLOCKING SUSTAINABLE CASH AND DIVIDEND GROWTH



Strong financial results, with growing cash and dividend



Transformational M&A deal announced



Internal restructuring and capital management activities underway to realise further synergies



Increased finance capacity for future M&A activity

The background consists of a solid light purple color. Overlaid on this are two large, dark purple circles that are partially cut off by the edges of the frame. In the center, there is a smaller, solid light purple circle. The word "QUESTIONS" is written in white, uppercase, sans-serif font across the center of the image, positioned over the central light purple circle.

QUESTIONS



# APPENDICES

# CHESNARA BACKGROUND



## WHO WE ARE

Chesnara plc was formed in 2004 and is listed on the London Stock Exchange.

The Group is a European life and pensions consolidator, having successfully completed fourteen acquisitions to date.

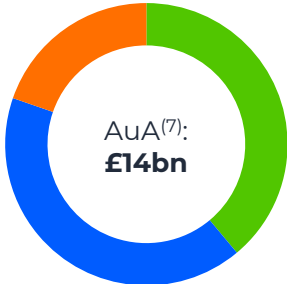
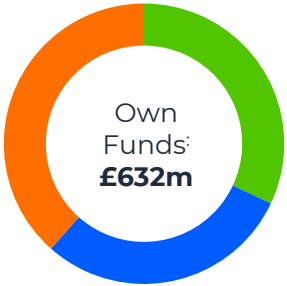
We are currently focused on three key markets: UK, Sweden and the Netherlands.

Our new business franchises complement the Group's long-term Cash Generation.

Chesnara has committed to becoming a sustainable Group and being net zero by 2050.

## KEY FINANCIAL METRICS

**30 June 2025**  
Group Solvency II Ratio: 207%



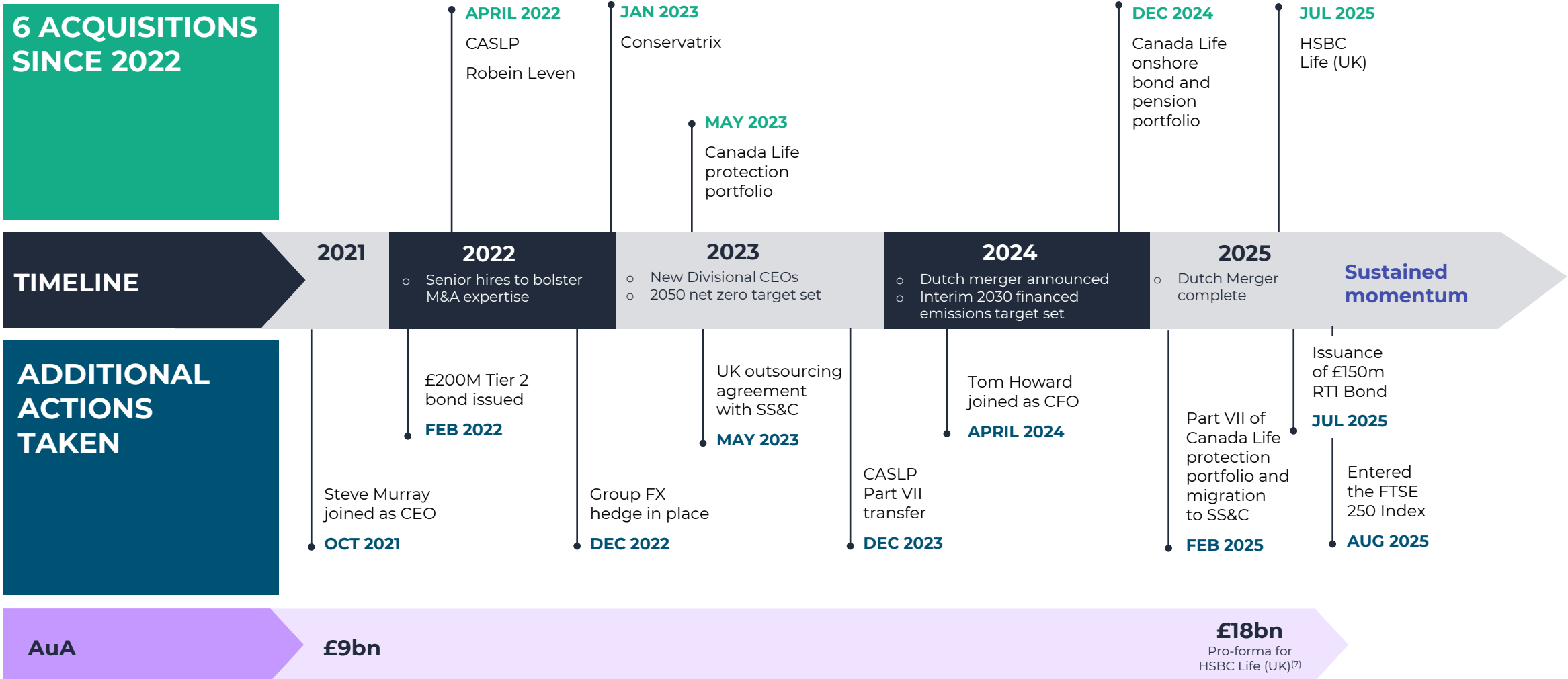
## OUR STRATEGIC PILLARS

**1 MAXIMISE THE VALUE FROM EXISTING BUSINESS**  
Efficient management of existing customers and financial resources to optimise long-term cash flow  
Key strategy across all three geographies – UK, Netherlands and Sweden

**2 ACQUIRE LIFE AND PENSION BUSINESSES**  
Disciplined M&A Framework identifies opportunities that enhance value over the long term

**3 ENHANCE VALUE THROUGH PROFITABLE NEW BUSINESS**  
New business franchises in Sweden and the Netherlands (including a small number of open product lines in the UK)  
Focused on delivering long-term cash flow accretion for the Group

# CHESNARA RECENT HISTORY

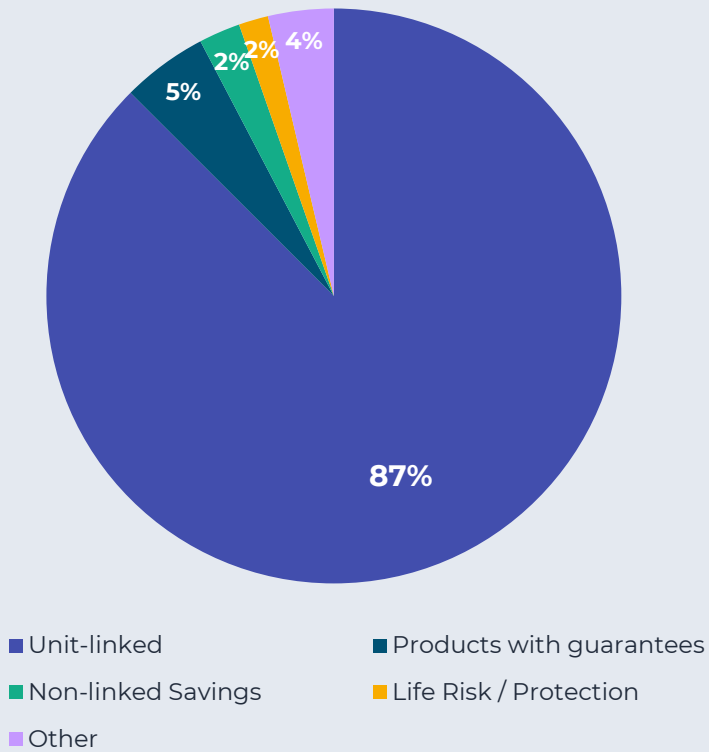


# PRODUCTS

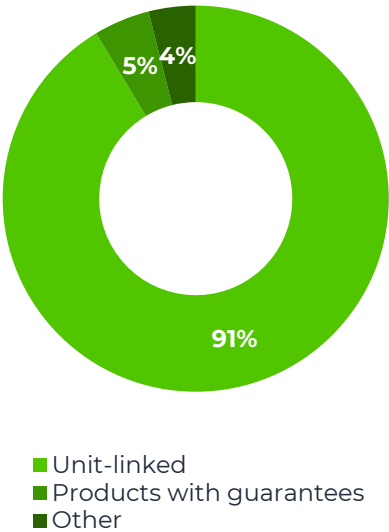


We have a capital-lite portfolio with limited guarantee exposure

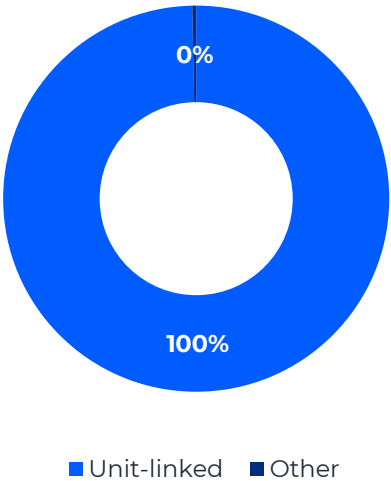
SII BEL<sup>(11)</sup> by product



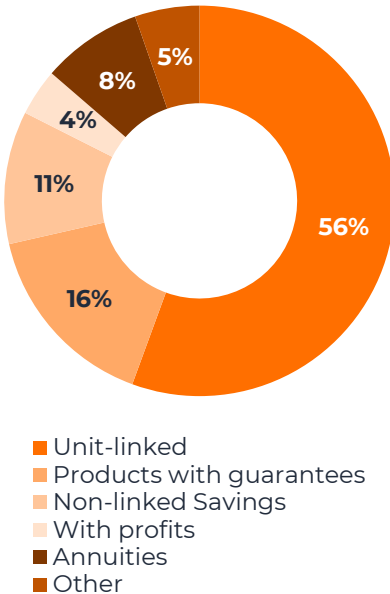
UK



Sweden



Netherlands

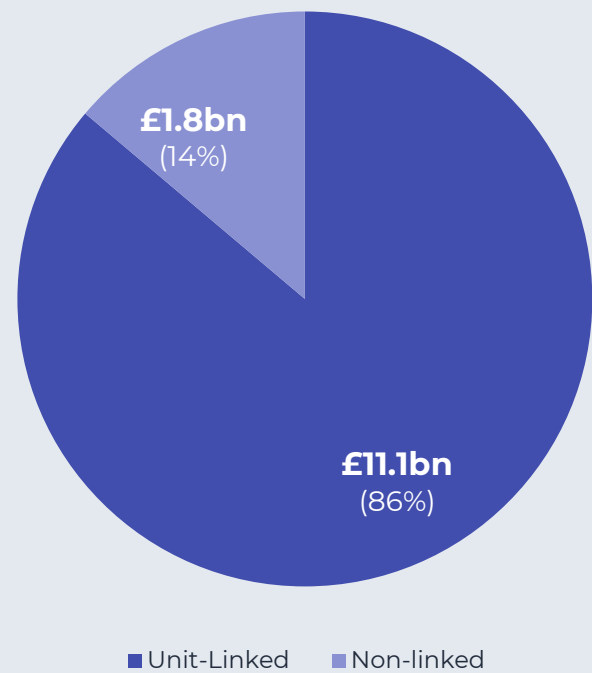


# ASSETS UNDER ADMINISTRATION

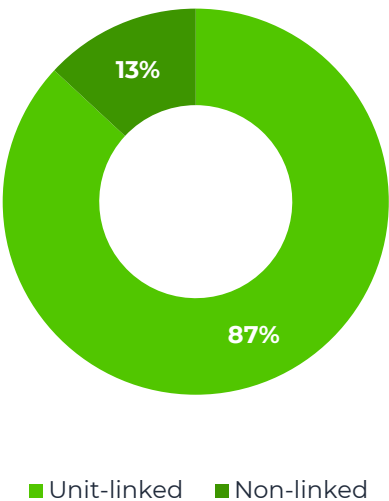


Predominantly capital-lite: 86% unit-linked investment business

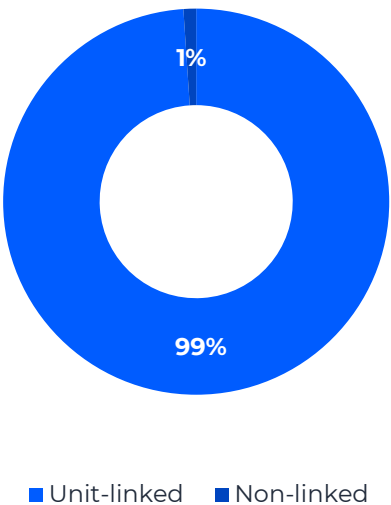
Group AuA<sup>(12)</sup> by product type



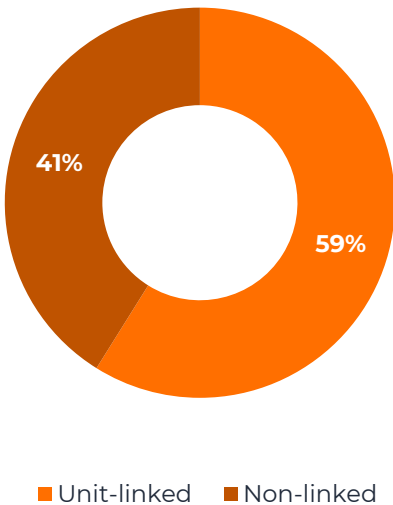
UK  
AuA: £4.1bn



Sweden  
AuA: £5.9bn



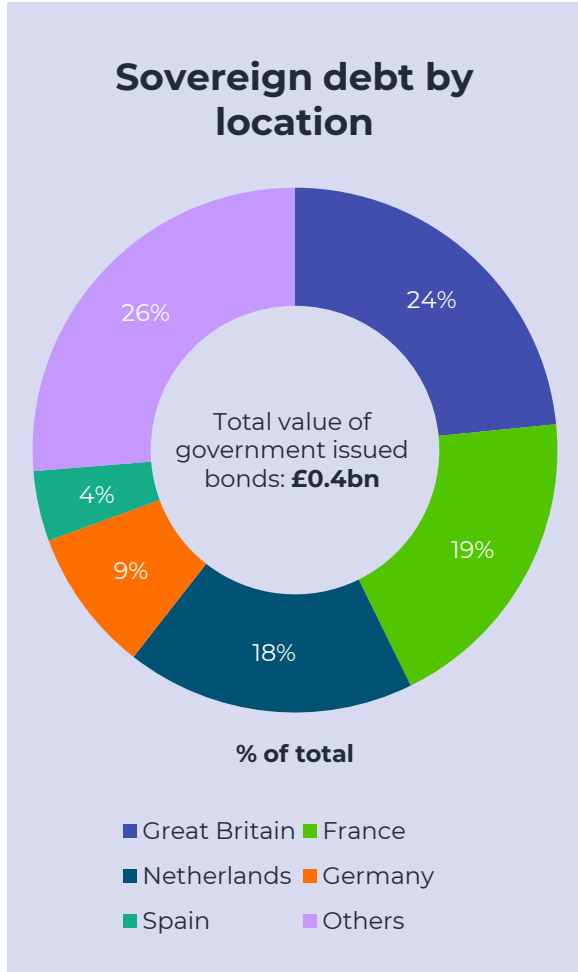
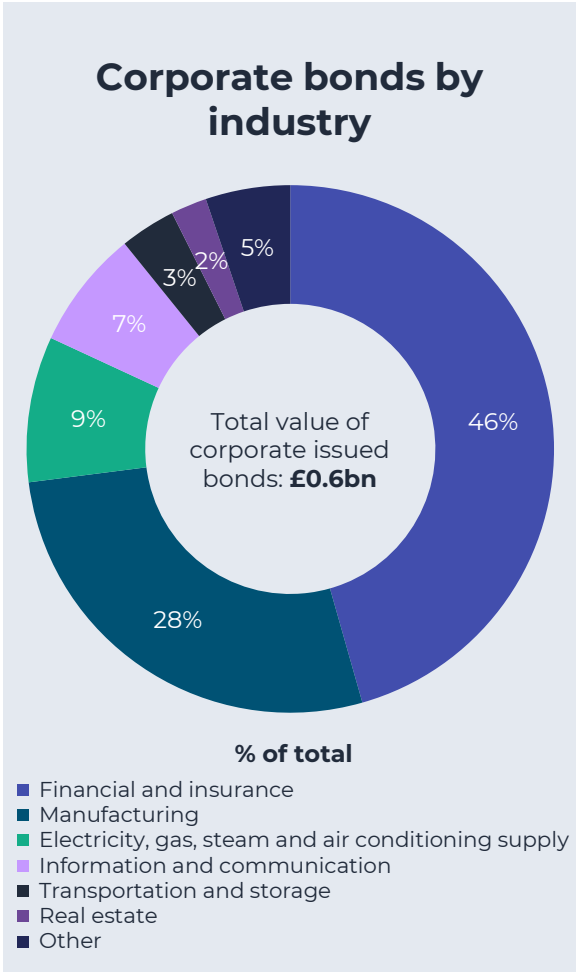
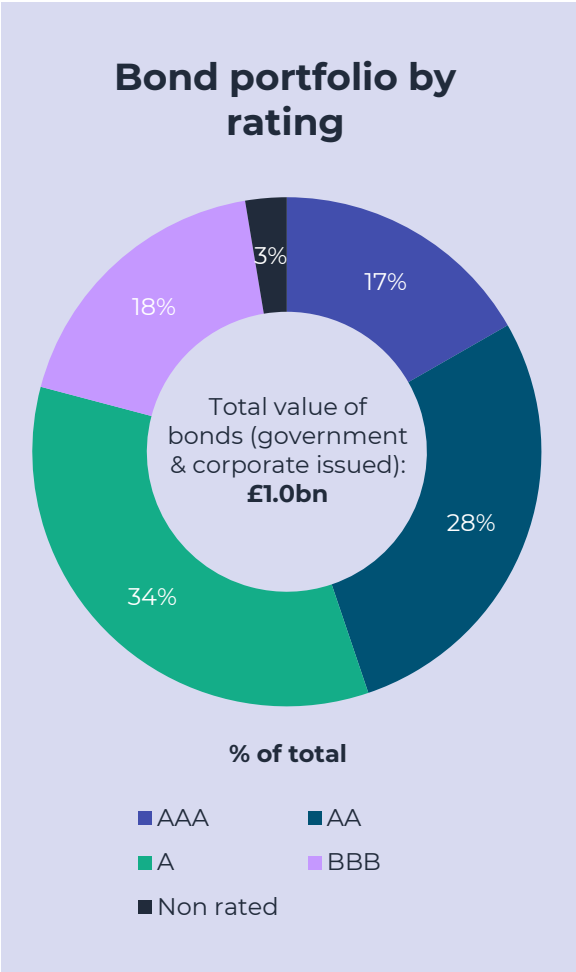
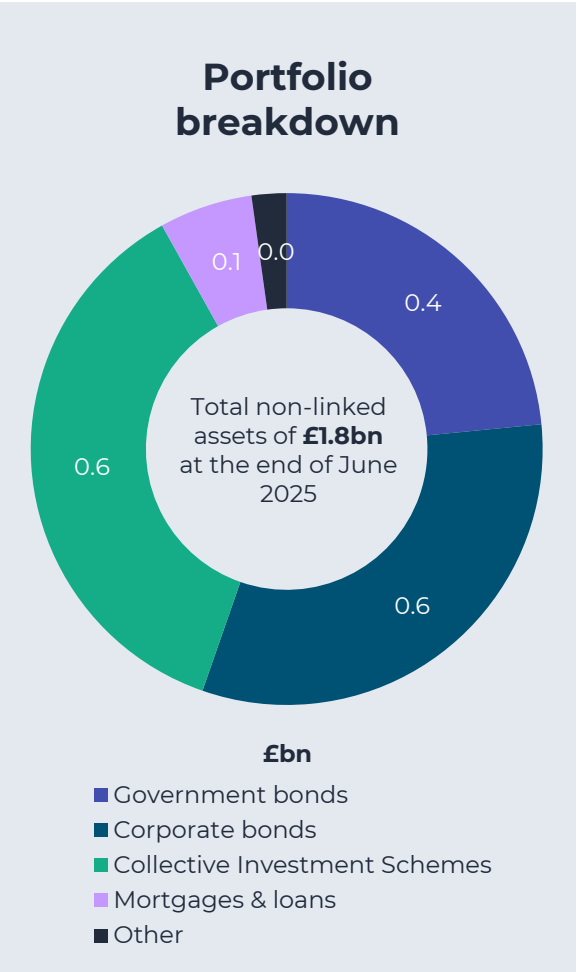
Netherlands  
AuA: £2.8bn



# NON-LINKED ASSETS



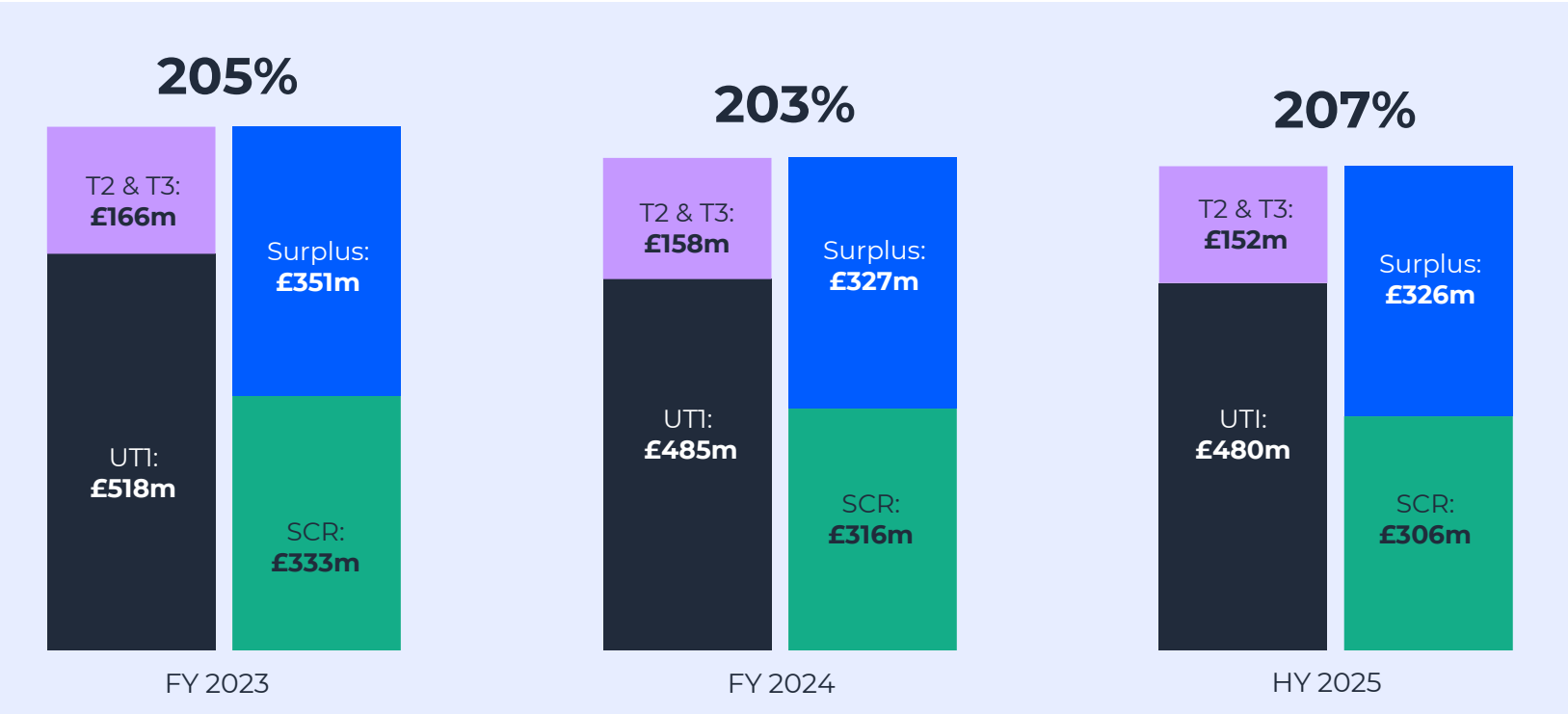
High quality shareholder asset portfolio; 97% bonds externally-rated at investment grade



# SOLVENCY II



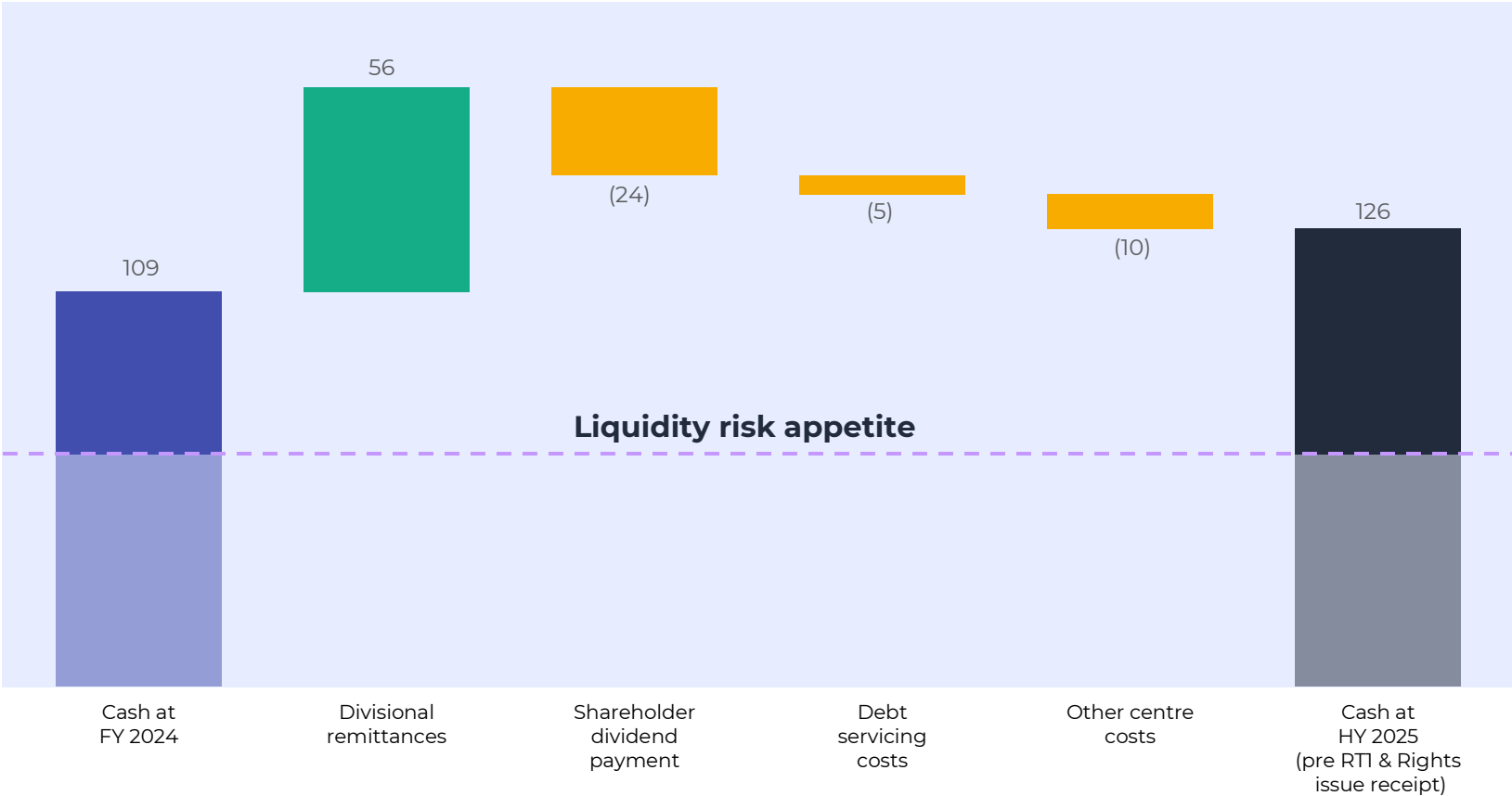
Solvency Coverage Ratio **increased by 4ppts** to 207% at the end of June 2025



# CENTRAL LIQUIDITY



Divisional cash remittances of  
**£56m**  
in H1 2025

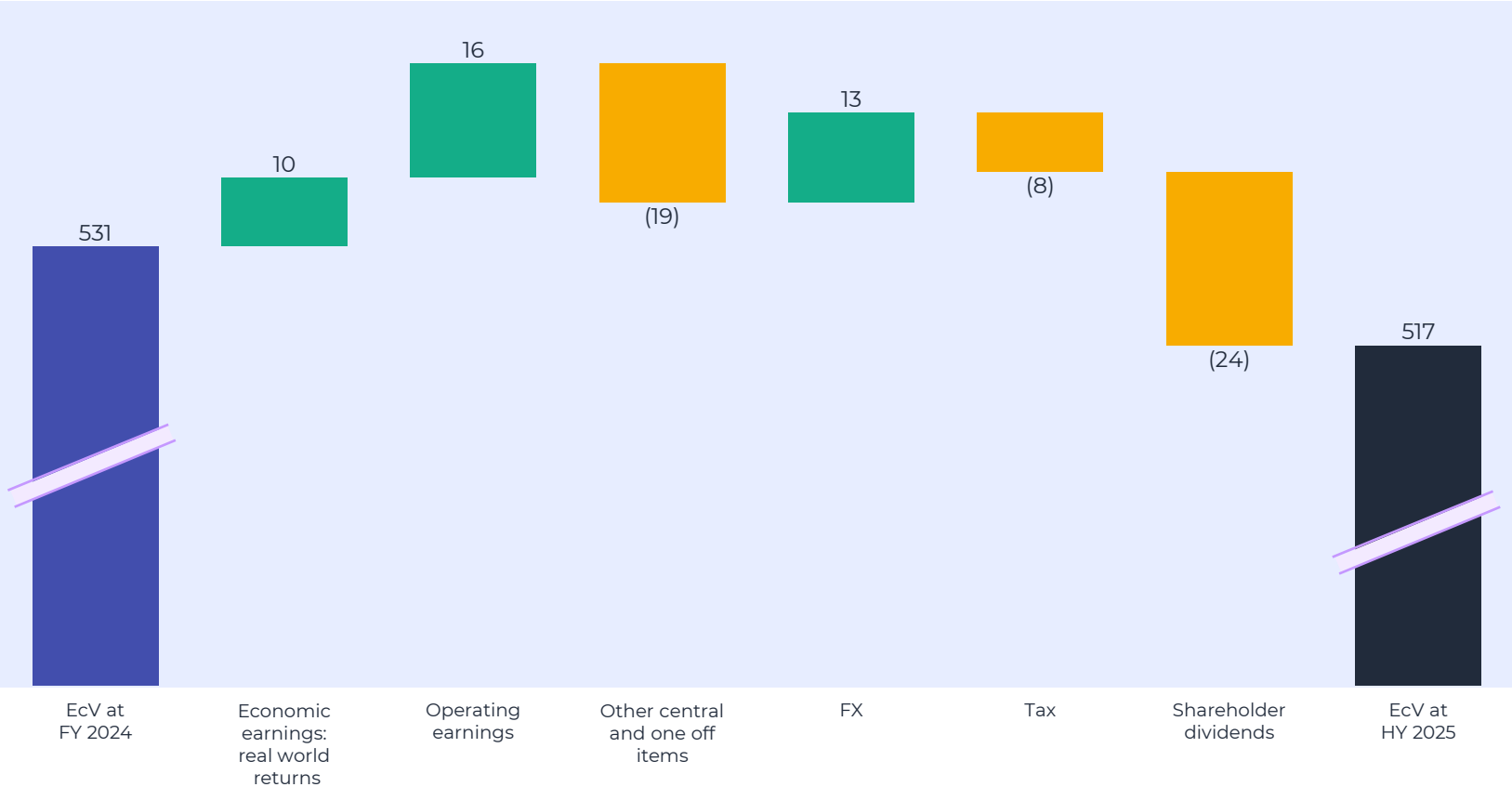


# ECONOMIC VALUE MOVEMENT



Organic **growth**  
pre-dividend, driven  
by:

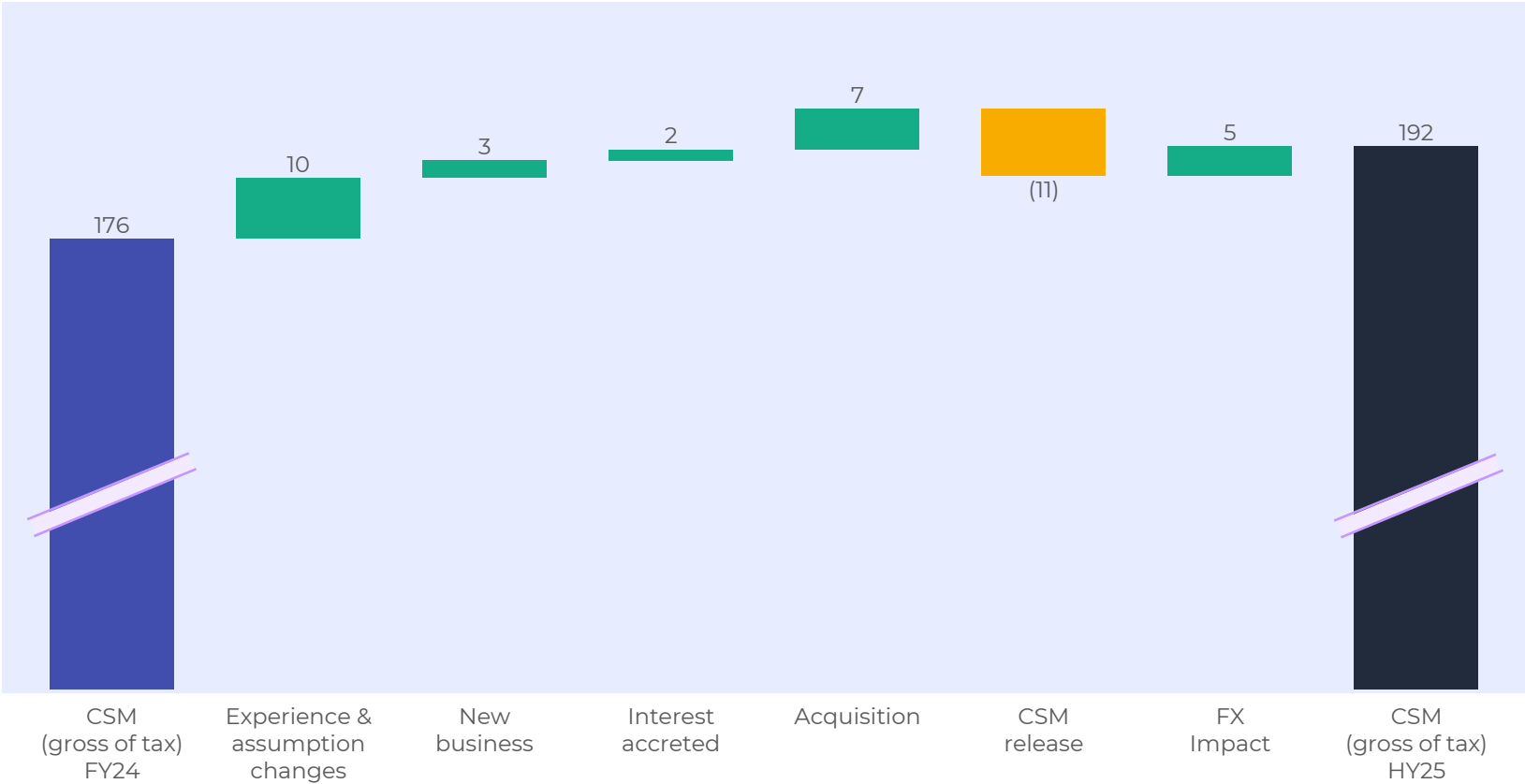
- Positive economics  
and Business Unit  
operating experience



# CSM MOVEMENT



Pre-tax, CSM  
increased by  
**£16m**



# SOLVENCY II SENSITIVITIES



		Solvency	Solvency surplus immediate impact	Explanatory notes
		% impact <sup>13</sup>	£m impact <sup>13</sup>	
1	20% sterling appreciation	+34pp	-10	<b>Foreign Exchange:</b> Appreciation of sterling relative to our overseas currencies reduces the value of overseas surplus with partial mitigation from the Group currency hedge.
	20% sterling depreciation	-12pp	+30	
2	25% equity fall	+6pp	-40	<b>Equity Valuations:</b> Lower equity valuations reduce the Group's AuA. In turn, this decreases the value of Own Funds and the associated SCR as the value of the funds exposed to market risk reduce. The SCR reduction includes the impact of the Solvency II Symmetric Adjustment, and results in an increase in the Solvency Coverage Ratio.
	25% equity rise	-5pp	+40	
	10% equity fall	+3pp	-20	
	10% equity rise	-2pp	+20	
3	1% interest rate rise	+6pp	+10	<b>Interest rates:</b> An interest rate fall has a more adverse effect on surplus than an interest rate rise. Group solvency is less exposed to rising interest rates as a rise in rates causes capital requirements to fall, increasing solvency.
	1% interest rate fall	-8pp	-20	
4	50 bps credit spread rise	-4pp	-10	<b>Credit Spreads:</b> Higher spreads reduce surplus as the rise in spreads decreases the value of Own Funds.
5	25 bps swap rate fall	-5pp	-10	<b>Swap Rates:</b> A reduction in the swap discount rate profile reduces the Group's surplus by increasing the time-value of the projected future liabilities associated with the in-force book.
6	10% mass lapse	0pp	-20	<b>Mass Lapse:</b> A 10% mass-lapse event drives an immediate reduction in the Group's projection of future surpluses, largely offset by the reduction in the associated SCR.
7	1% inflation rise	-10pp	-30	<b>Inflation:</b> A permanent increase in inflation for all future years increases the Group's future expense profile, reducing Own Funds and surplus
8	5% mortality increase	-4pp	-10	<b>Mortality Rates:</b> A 5% increase in mortality rates across the Group will reduce the future surplus projections from the in-force book, leading to lower Own Funds and a reduction in Group's surplus.

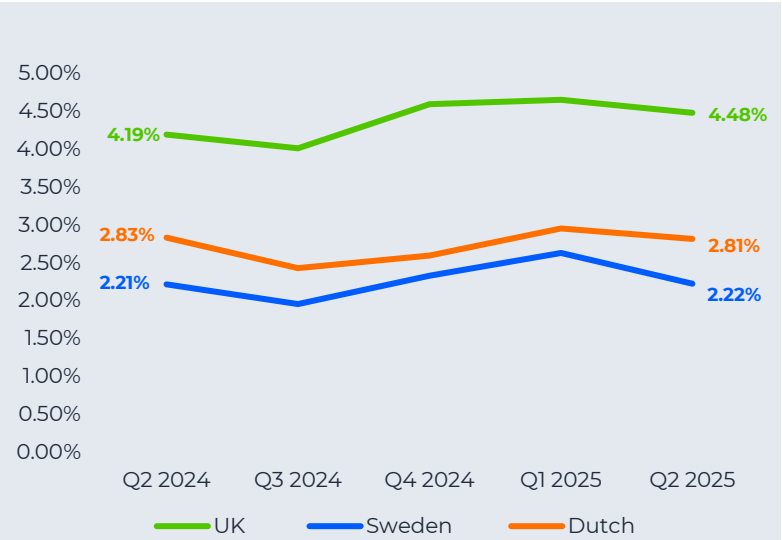
# MACRO ENVIRONMENT



## EQUITY MARKETS

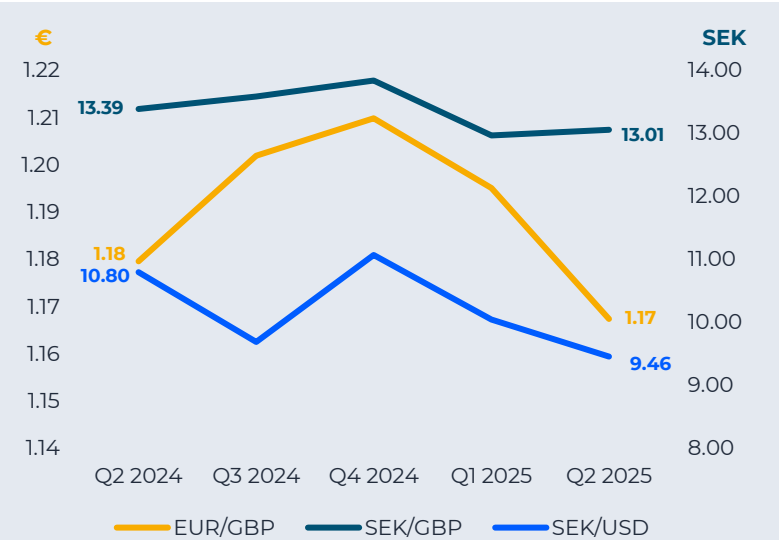


## INTEREST RATES (10 YEARS)



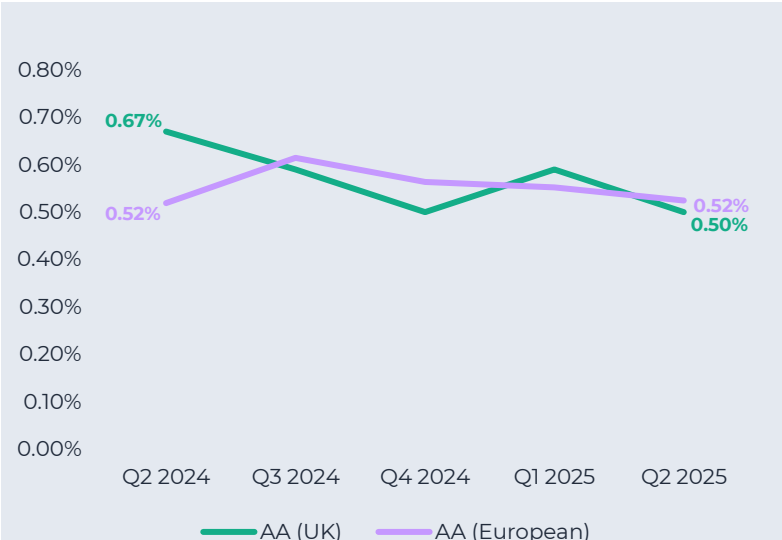
Reference is for the end of the quarter, therefore, Q2 2025 is the rate at 30 June 2025 etc.

## FX RATES



Reference is for the end of the quarter, therefore, Q2 2025 is the rate at 30 June 2025 etc.

## CREDIT SPREADS



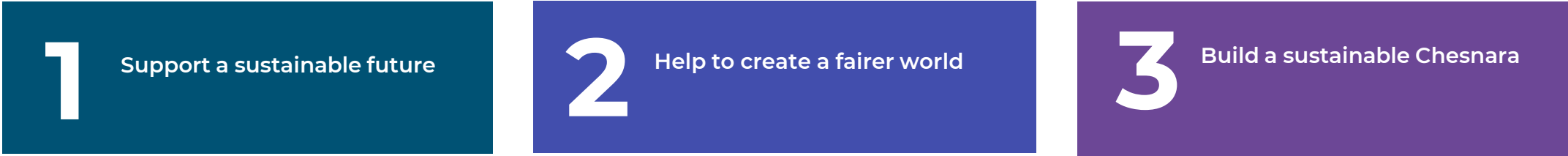
Reference is for the end of the quarter. Metrics relate to UK corporate bond yields and European credit spreads against the EIOPA swap curve.

# SUSTAINABILITY COMMITMENTS AND 2025 DELIVERY



We are committed to becoming a sustainable Group and will publish our first Climate Transition Plan in September.

## OUR SUSTAINABILITY COMMITMENTS



## OUR GOALS



## OUR 2025 DELIVERY

- ✓ Our first Climate Transition Plan will be published in September
  - ✓ Continued to direct capital to positive solutions
  - ✓ Expanded our social impact by partnering with The Money Charity
- ✓ Sustainability is part of our assessment of potential acquisitions, including HSBC Life (UK)
  - ✓ Increased disclosure of our policies and practices
  - ✓ Steps taken to embed sustainability into our governance processes



## SUMMARY OF FOOTNOTES USED THROUGHOUT THE PRESENTATION

(1)	Cash Generation refers to the defined APM Commercial Cash Generation, please refer to the 2025 Interim Report & Accounts for more information regarding the definition
(2)	Dividend pence per share has been rebased to reflect the Rights Issue bonus factor of 1.1514x applied to historic dividend per share metrics
(3)	Please refer to the RNS from 3 <sup>rd</sup> July 2025 for all numbers quoted regarding the proposed acquisition of HSBC Life (UK)
(4)	Verified by RBC research
(5)	Defined as Commercial Cash Generation divided by 50% of the projected full year dividend cost
(6)	Leverage ratio is defined as 'debt' divided by 'net equity + debt + net of tax CSM', as measured under IFRS
(7)	Assets under Administration (AuA) includes a pro forma amount for the book-value of the AuA of the Canada Life portfolio acquisition as at 30 June 2025
(8)	Pro-forma impacts include the proposed acquisition of HSBC Life (UK), the expected impact of the rights issue and the expected impact of the RTI bond issuance as at the FY 2024 position
(9)	Boxes are broadly drawn to scale with the exception of acquisitions given their uncertainty
(10)	Dividend and debt costs is based on an estimation of projected costs the Board will review our approach to dividend each year deciding on what an appropriate level is
(11)	Based on Group Solvency II Best estimate of Liabilities (BEL) as at 30 June 2025
(12)	Excluding the pro forma £1.5bn AuA from the Canada Life portfolio acquisition. UK AuA excludes £0.1bn of assets held in Chesnara
(13)	SII sensitivities have been calculated based on the opening 2025 balance sheet



Chesnara

**THANK YOU**