

Tennessee Topco Limited

Financial Results

We are pleased to report that in the six months to December 2022, we have continued to grow revenue organically and have completed three acquisitions. The organic growth has been driven by combination of new business, a positive trend in service adoption by our clients as a result of our cross selling initiatives, and pricing reviews. The growth has come despite a number of external factors, such as the weather conditions in the UK and North America and the high inflationary environment, which have adversely impacted our performance, in particular in our claims businesses.

M&A update

In the 6 months to December 2022, we have continued to diversify our operations and have completed three acquisitions across the UK, Ireland and US:

- Asta Capital (“Asta”), the market-leading third-party managing agent at Lloyd’s. The deal adds significant strength and reach to Davies’ global insurance services practice by broadening its ability to offer end-to-end insurance management solutions to entrepreneurial underwriters and MGAs, intermediaries, (re)insurers and captives, Lloyd’s syndicates, and InsurTechs;
- ProAdjust Limited (“ProAdjust”), the specialist provider of loss adjusting and claims management services to the insurance market in Ireland. With headquarters in Dublin, Ireland and field specialists across the country, ProAdjust specialises in personal and commercial property claims and can deploy, at scale, loss adjusting solutions during claims surges and catastrophic events;
- Johns Eastern Company, Inc (“Johns Eastern”), the leading Third Party Administration (TPA) and independent adjusting firm, spanning Workers Compensation, Auto, Trucking, General Liability, Property and Motor Truck Cargo claims. With Headquarters in Sarasota, Florida, US, Johns Eastern combines technology enabled end-to-end claims management services with field adjusting expertise, managing the claims process through to settlement for large insurers, self-insured corporates, public entities, and the Lloyd’s of London market.

Strategy

Our strategy remains driving further global expansion, increase investment in technology and digital transformation, and continuing to partner with complementary businesses via M&A. The focus will be on building upon existing service lines that include Claims Solutions, Legal Solutions, Insurance Services and Consulting & Technology, that currently are delivered by our 6,000+ strong team of professionals across the UK and Ireland, the US, Canada, Spain, Switzerland & India.

Market Outlook

Davies’ core services are predominately delivered for clients in regulated markets, with 80%+ of revenues generated from the insurance industry specifically. Due to the nature of regulatory change along with the wider inflationary macro-economic environment, the demand for the services we offer is anticipated to continue to grow. Our belief is that as the insurance industry in particular looks to solutions to drive technology transformation, address weakening operating ratios and comply with increased regulation that this will drive further opportunity for Davies’ unique mix of products and services.

ESG

In the six months to December 2022, Davies submitted a letter to the Science Based Targets initiative (SBTi) committing to setting a science-based target to become a net zero company before 2050. Further, we committed to setting science-based emissions reduction targets (near-term targets) that will see us halve our emissions by 2030, in line with the SBTi criteria and recommendations, submitting them to the SBTi for validation and publishing our approved targets, all within a maximum of 24 months. In committing to set a net-zero target we have become part of the Business Ambition for 1.5°C campaign and have also joined the Race to Zero campaign.

We maintain a carbon reduction plan that, in addition to setting out our tCO2e for the latest annual period, details our live and future initiatives focused on continuously improving our overall environmental performance and specifically how we are reducing our carbon emissions. This plan is updated regularly and published externally annually.

In preparation of our SBTi submission we invested in a central procurement function which has taken responsibility for third party ESG and is currently preparing to launch a procurement system in 2023, which will include the automation and management of third party ESG and associated KPIs.

Across Davies we value the different perspectives, ideas and experiences of colleagues and drive social development through building an inclusive working environment with increased representation. With a DEI strategy and 12-month action plan, commitments are clear and have been defined by colleagues. This approach includes 4 colleague led action groups where members focus on celebrating and building awareness, support each other and imputing to people policy.