EDISON

Helios Underwriting

Huge capacity increase follows capital restructure

FY24 capacity update

Insurance

Helios Underwriting reported FY24 expected underwriting capacity of £501.8m on 15 December 2023, a huge 69% increase over the past year. Capacity growth of £28m reported at H123 is followed by a further expected £177m of tenancy capacity, some only becoming active during H124. The large addition was made possible by a significant capital restructure where Helios raised US$75m in seven-year unsecured debt at a coupon of 9.5%. The syndicate underwriting operating result outlook has meaningfully improved on the back of this increased exposure, driving a strong upgrade in our FY25 earnings forecast, although FY24 was downgraded to allow for a sharp uptick in financing costs. After allowing for the additive impact of the company's ongoing share buybacks, our FY24 EPS forecast has been cut by 5%, while our FY25 forecast has been lifted by 10% to 37.6p. This upgrade, combined with a sharp reversal in gilt yields, has resulted in an 11% increase in our valuation to 280p/share.

Year end	Revenue (£m)	PBT* (£m)	EPS* (p)	DPS (p)	P/E (x)	Yield (%)
12/22	148.6	(5.2)	(4.9)	3.0	N/A	2.3
12/23e	213.0	14.9	14.7	6.0	10.1	4.1
12/24e	332.1	25.8	26.2	12.8	5.6	8.6
12/25e	441.9	37.0	37.6	18.4	3.9	12.4

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

Capacity and net asset value uplift

Helios expects gross capacity of £501.8m for 2024 deployment, of which c £52m relates to new syndicate support during H124. Retained capacity is expected at £387m (62% up for the year). Although quota share (QS) reinsurance arrangements are largely unchanged, the company is implementing a new 'Rental Capacity' initiative with Argenta Private Capital, which will result in c £55m of tenancy capacity being 'rented out', reducing capital needs and resulting in fee income (higher percentage than by using QS). On 11 December 2023, Helios announced a strong 17% increase in NAV/share as at 30 September 2023 to 176p, supported by an 18p capacity revaluation following strong Lloyd's of London (Lloyd's) auction activity. We have lifted our FY23 NAV forecast to 187p/share.

Buybacks and more liberal dividend policy

In October 2023, Helios announced an increase in its annual base dividend from 3p to 6p to be paid in 2024. In addition, it bought 2.3m of its own shares at an average price of 143p/share during 2023, which is set to reduce average shares in issue by c 2.3% in FY24. This has a positive impact on EPS, NAV/share and valuation.

Valuation: 11% increase to 280p/share

The huge increase in Helios's capacity, combined with the additive impact of share buybacks, has resulted in a 10% uplift in our FY25 EPS forecast. This, combined with a reduction in discount rate, has lifted our valuation of the company by 11% to 280p/share, which is at a 50% premium to our forecast FY23 NAV of 187p/share and supported by our forecast return on NAV (RONAV) of 13.6% in FY24 and 16.7% in FY25. Our valuation is 89% ahead of the current share price.

16 January 2024

Price	**148p**
Market cap	**£111m**
Net cash (£m) at 30 June 2022	13.2
Shares in issue	75.0m
Free float	46.4%
Code	HUW
Primary exchange	AIM
Secondary exchange	N/A

Share price performance

%	1m	3m	12m
Abs	(3.9)	6.9	(9.2)
Rel (local)	(4.1)	5.4	(6.2)
52-week high/low		175p	115p

Business description

Helios Underwriting was established in 2007 (as Hampden Underwriting) primarily to provide investors with a limited liability direct investment into the Lloyd's insurance market. It is an AIM-quoted holding company, providing underwriting exposure across a diversified portfolio of selected Lloyd's syndicates.

Next events

FY23 earnings release	May 2024

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Edison profile page

Helios Underwriting is a research client of Edison Investment Research Limited

Capacity and NAV uplifts support forecast upgrades

Helios Underwriting reported FY24 expected underwriting capacity of £501.8m on 15 December 2023, a huge 61% increase on the 30 June 2023 capacity update and 69% on the update at the start of the year (see Exhibit 1 below). Of this gross capacity, £387m is expected to be retained, which represents a 62% increase over the year and 58% on the level disclosed as at H123 of £244.5m. This is a marked increase in capacity compared to its 8 November 2023 capacity update and was achieved in conjunction with a significant capital restructure and the introduction of 'rental capacity'. Capacity of £114.9m is expected to be ceded to third parties for FY24.

While the ceded amount has historically almost fully represented QS reinsurance, Helios is expected to 'rent' up to £55m of its £501.8m FY24 capacity to other third parties under a new 'rental capacity' initiative with Argenta Private Capital Limited (Argenta). The 'rental capacity' initiative is aimed at third parties active at Lloyd's via the member agent pooling arrangement (MAPA). £22m will be 'rented out' using Helios's existing limited liability vehicles (LLVs) with a further 10 new LLVs created and already capitalised by Helios, offering up to a further £33m of capacity to the open market in H124. The 'rented' capacity will be in the form of tenancy capacity in the hands of the third parties, allowing for ownership over a 12-month period, which is likely to be extended on an annual basis. The third parties will pay a fee of 1.25% of the amount of capacity 'rented', which is almost twice as much as the fee paid by QS reinsurers, enhancing returns for Helios. If successful, the annual amount of rented out capacity is expected to grow, in conjunction with both Argenta and other members' agents currently being pursued.

Over FY23 to 8 November 2023 (as per the company announcement on the date), Helios added capacity from the following sources, affecting its capacity value (WAV), which makes up the bulk of FY23 balance sheet intangible assets (see Exhibit 1 below):

- £8.2m from LLV acquisitions, adding £3.5m to WAV;
- £14.7m of capacity from pre-emptions, adding £7m; and
- £6.5m from participation in the Lloyd's auctions, adding £0.4m.

In addition, due to strong pricing in the Lloyd's auctions, resulting in a c 6.5bp higher weighted average price for the Helios syndicate portfolio, the company's WAV was revalued upwards to the tune of £11.5m. This resulted in a 37% uplift in WAV for the year and an increase in NAV/share from 151p as at 31 December 2023 to 176p as at 30 September 2023. We have lifted our forecast for FY23 NAV from 170.5p/share to 187.1p/share on the back of this.

Exhibit 1: Capacity build-up in FY24

£m	Total	Tenancy	Freehold	Third party	Retained	Capacity value
Start 2023	**296.6**	**149.3**	**147.3**	**58.3**	**238.3**	**60.0**
LLV acquisitions	8.2	0.8	7.4		8.2	3.5
Wildfire Defense Syndicate	6.0	6.0			6.0	0.0
QS capacity ceded				6.0	(6.0)	0.0
2023 year of account	**310.8**	**156.1**	**154.7**	**66.3**	**244.5**	**63.5**
Pre-emptions^	14.7		14.7		14.7	7.0
Net auction	6.5		6.5		6.5	0.4
Increase in portfolio value						11.5
Tenancy capacity added*	169.8*	169.8			169.8	0.0
Rental capacity ceded**	0.0			48.6	(48.6)	0.0
2024 year of account	**501.8***	**325.9**	**175.9**	**114.9**	**386.9**	**82.4**

Source: Helios, Edison Investment Research. Note: *We assume that £52m of tenancy capacity will only become active in H124 and will not fully contribute to FY24 underwriting results and capital requirements. The amount includes pre-emptions as well, which have not yet been split out in Helios disclosure. **We have calculated the £48.6m of rental capacity ceded (assuming no QS changes), resulting in a value below the targeted £55m. The shortfall could be due to QS or other changes not yet disclosed. We have further assumed no impact on capacity value.

The 15 December 2023 announcement highlighted a further increase in capacity of £169.8m (all in the form of tenancy capacity), which was added as part of the company's capital restructure. The level of capacity that can be carried by Helios's balance sheet is dependent on the company's ability to supply the Funds at Lloyd's (FAL) to back the business to be written on said capacity. The £169.8m capacity addition was made possible by a significant capital restructure where Helios raised US$75m in seven-year unsecured debt at a coupon of 9.5%. The company obtained an A- / stable rating from Kroll Bond Rating Agency LLC (KBRA) for up to US$100m, which leaves a further US$25m undrawn. In conjunction with issuing the new debt, Helios repaid its Barclays facility of £15m, resulting in a c £40m increase in gearing as at 31 December 2023.

Helios management has indicated that the full increase in gearing would be reflected in its cash balance (free working capital) at 31 December 2023, with no additional transfer to FAL, despite the large increase in capacity. This is due to the deferral of required funding as well as a high level of syndicate solvency credits that will only unwind during the course of the year. Our FAL forecast for FY23 therefore remains largely unchanged at £64m and increases strongly to £90.5m in FY24. We expect to see a commensurate reduction in free working capital from £52m to £36.6m over the course of FY24.

As a result of the increased gearing being housed in cash for FY24, we expect a large increase in group investment income. This will, however, be more than offset by the finance charges on the unsecured debt, with a net finance cost impact of -5.5% on the c £60m of debt.

Share buybacks and updated dividend policy

In a 10 October 2023 press release, Helios announced an increase in its annual base dividend from 3p to 6p to be paid in 2024. This doubling of the base dividend could be further supplemented by special dividends. Our model allows for such special dividends to be paid from 2025 onwards.

In addition, Helios bought 2.3m of its own shares at an average price of 143p/share during 2023, which is set to reduce average shares in issue by c 2.3% in FY24. This has a positive impact on EPS, NAV/share and valuation. The buyback programme was renewed in December 2023, with the company starting 2024 active in the market.

During the course of 2023, a forced partial sell-off by Odey Asset Management (a reduction in stake from 7.7m at 31 December 2022 to 6.6m shares currently) was concluded. This overhang allowed Helios to take advantage of share price weakness through its buyback programme. We note that share price weakness has continued despite the Odey overhang having been removed and this appears to be related to a drawdown in the stake of key investor Hudson Structured Capital Management (HSCM) (reduction in stake from 12.5m at 31 December 2022 to 11.6m shares). This sell-off is more likely related to the failure of Southern Fidelity Insurance Company (a Florida-based insurer in which HSCM Bermuda Fund had a 75% stake) than to concerns related to its much smaller investment in Helios.

While we warn that a continuing overhang from HSCM could put further pressure on the Helios share price, we see this as an opportunity for Helios and shareholders to add to or build positions at attractive levels.

Financials

Exhibit 2: Helios's segmental forecasts and key metrics

£m	FY21	FY22	FY23e	FY24e	FY25e
Capacity (for deployment in the next year)	232.8	296.6	449.8#	557.8	624.7
Capacity added through acquisitions	34.9	5.7	7.4	9.0	11.2
Capacity added through pre-emptions	6.1	36.0	14.7	27.0	33.5
Tenancy capacity added	58.0	38.9	124.6#	72.0	22.3
Retained capacity	171.2	238.3	328.3#	379.2	406.0
Key parent company assets					
FAL (required capital)	43.6	73.8	64.2##	90.5	118.2
WAV (intangible assets)	59.8	60.0	82.4	95.4	111.6
Free working capital	16.2	10.5	52.3	36.6	20.4
Key syndicate assets					
Insurance assets	110.3	152.2	294.3	444.0	574.0
Equity (members' balances at Lloyd's)	(3.5)	(5.1)	6.7	12.3	19.9
Group NAV (syndicate plus parent equity)	46.6	55.7	56.0	65.0	75.9
Syndicate level results*					
GWP	134.6	250.9	327.6	477.0	605.9
Net earned premiums	92.7	156.6	216.6	335.4	448.9
Claims	(54.1)	(96.8)	(119.1)	(185.8)	(249.8)
Expenses	(32.9)	(54.2)	(75.8)	(115.8)	(151.6)
Underwriting result	5.7	5.6	21.7	33.8	47.5
Investment income on financial assets	0.0	(3.5)	8.9	13.4	17.9
Quota share reinsurance	(2.3)	(2.0)	(8.3)	(9.7)	(14.9)
Underwriting Operating result	3.4	0.1	22.4	37.5	50.5
Parent level results					
Reinsurance income**	0.2	0.6	1.2	2.5	3.4
Investment income on FAL	1.2	0.6	1.8	5.1	5.7
Stop loss costs	(1.9)	(1.3)	(4.2)	(7.4)	(10.3)
Operating costs***	(3.6)	(5.2)	(5.9)	(10.6)	(10.8)
Pre-acquisition impact	(0.1)	(0.0)	(0.5)	(1.3)	(1.6)
Combined pre-tax profit	(0.6)	(5.2)	14.9	25.8	37.0
Tax	0.2	1.9	(3.7)	(6.5)	(9.2)
Profit after tax	(0.4)	(3.3)	11.2	19.4	27.7
WAV revaluation after tax	5.4	2.0	13.9	7.1	8.8
Total comprehensive income	4.9	(1.3)	25.0	26.4	36.5
NAV/share (p)	157.0	151.8	187.1	217.4	254.0
WAV/share (p)	88.2	78.7	111.4	129.3	151.2
EPS (p)	(0.8)	(4.9)	14.7	26.2	37.6
DPS (p)	3.0	3.0	6.0	12.8	18.4
Capacity growth	110.9%	27.4%	51.7%	24.0%	12.0%
EPS growth	(147.3%)	546.7%	(403.0%)	77.7%	43.3%
RONAV/share	(0.5%)	(3.1%)	9.4%	13.6%	16.7%
RONAV/share plus WAV revaluations	5.5%	(1.2%)	25.0%	19.2%	22.6%
Group insurance ratios******					
Claims ratio	64.5%	63.7%	58.4%	58.5%	59.1%
Expense ratio	43.3%	40.9%	42.1%	42.2%	40.2%
Combined ratio	107.8%	104.6%	100.5%	100.7%	99.3%
Underwriting portfolio insurance ratios*********					
Claims ratio	58.4%	61.8%	55.0%	55.4%	55.6%
Expense ratio	35.5%	34.6%	35.0%	34.5%	33.8%
Combined ratio	93.9%	96.4%	90.0%	89.9%	89.4%
RoC (closed YOA)	3.3%	3.6%	6.3%	14.3%	16.0%
Year 3 (accounting year)	6.1%	3.9%	5.8%	9.2%	7.5%
Year 2 (previous year)	1.3%	4.4%	4.6%	9.1%	8.8%
Year 1 (underwriting year)	(4.2%)	(4.6%)	(4.0%)	(4.0%)	(0.3%)

Source: Helios Underwriting accounts, Edison Investment Research. Notes: *Syndicate results before pre-acquisition/other parent items and after QS. **QS and 'rental capacity' fees and profit commission. ***Including finance costs. ****Using consolidated premiums (after pre-acquisition impact) and including parent items. *****Using syndicate excluding pre-acquisitions and parent impacts. Syndicate revenue higher than consolidated revenue, but so are claims and expenses (pre acquisition impact). #Assumes £52m of tenancy capacity only active in H124 (reduced contribution to FY24 UW results and capital requirements). ##Allows for FAL deferral and elevated syndicate solvency credits.

The key changes to our FY23 forecasts for Helios are related to the capital restructure and the capacity revaluation (discussed above). As discussed, we expect the FAL impact for FY23 to be limited due to the deferral of required funding as well as a high level of syndicate solvency credits. In Exhibit 2 above we have increased our forecast capacity for FY23, but delayed £52m of this increase to FY24 to allow for some tenancy capacity only becoming active in H124 and not fully contributing to FY24 underwriting results and capital requirements. Our free working capital forecast has been increased meaningfully to £52.3m, allowing for the net proceeds of the new unsecured debt funding. Our NAV forecast has been increased on the back of the disclosed capacity value revaluation, resulting in an FY23 NAV/share forecast of 187.1p versus 170.5p in our previous research. As a result, our forecast for FY23 total comprehensive income has increased from £15.1m to £25.0m, despite an unchanged EPS forecast.

Our FY24 forecasts have been affected in a number of key areas, resulting in a reduction of EPS from 27.7p/share to 26.2p/share:

- Retained capacity has been lifted from £288.9m to £379.2m, allowing for the disclosed uplift on the back of the capital restructuring.
- The increase in capacity had a limited impact on our Syndicate underwriting operating result (up from £35.9m to £37.5m) due to assumed losses in the first year of account (YOA).
- FAL has been increased from £75.9m to £90.5m to allow for our increased capacity forecast (with the FY23 delayed impact realised in FY24).
- Working capital is forecast to decline from £52.3m in FY23 to £36.6m, but still ending well ahead of our previous forecast of £11.6m due to the capital restructuring.
- WAV has been increased from £78.0m to £95.4m to allow for the FY24 revaluation, rolled forward at a similar growth rate to before.
- The increased WAV has resulted in an increase in our NAV forecast from 199.4p/share to 217.4p/share (with a commensurate reduction in forecast RONAV from 15.9% to 13.6% due to a higher FY23 base and lower EPS forecast).
- Our group reinsurance income forecast has increased from £1.9m to £2.5m, taking account of the growing fees on the new 'rental capacity' initiative.
- Group investment income has been lifted sharply from £3.5m to £5.1m, allowing for the higher working capital following the capital restructure (debt issuance).
- This positive impact has been more than offset by an increase in forecast operating costs from £6.1m to £10.6m, with a net negative impact equating to -5.5% of the debt facility.
- Our stop loss reinsurance cost forecast has increased from £6.0m to £7.4m to allow for the increased capacity and premiums written.
- Our combined pre-tax profit forecast is down from £28.3m to £25.8m due to the positive Syndicate underwriting operating result and reinsurance income impact being more than offset by the net negative finance cost and stop loss reinsurance cost. We expect this impact to be a one-off due to the delay in underwriting profit uplift following a capacity increase (we expect strong profits to emerge in the second YOA).
- Our EPS forecast is down 5.4% from 27.7p/share to 26.2p/share, with additive benefits of the share buy-back moderating the capital restructuring impact above.

Our FY25 forecasts represent a clearer picture of the impact of the capital restructure, the 'rental capacity' initiative and the share buyback. The impact is strongly positive:

- Our retained capacity forecast is up from £319.7m to £406.0m, driving our forecast Syndicate underwriting operating result up from £42.1m to £50.5m (despite an increase in combined ratio from 86.8% to 89.4% due to the increased first YOA impact).

- FAL has been increased from £87.3m to £118.2m to allow for our increased capacity forecast, resulting in a decline in working capital from £36.6m in FY24 to £20.4m (still ahead of our previous forecast of £11.3m).
- WAV has been increased from £87.3m to £111.6m, with a commensurate increase in our NAV forecast from 228p/share to 254p/share (supported by strong earnings and the share buyback). RONAV of 16.7% is unchanged from our previous forecast.
- Group reinsurance income and investment income are forecast higher than previously, with these increases more than offset by the increase in forecast operating costs (including financing costs) as well as stop loss reinsurance costs. The strong growth in the latter will likely result in Helios reassessing its stop loss protection in search of a more appropriate and efficient arrangement.
- However, in FY25 the increase in the Syndicate underwriting operating result healthily exceeds this net impact, resulting in our combined pre-tax profit forecast being up from £34.9m to £37.0m.
- With the help of the additive benefits of the share buyback, we have increased our EPS forecast by 10% from 34.1p/share to 37.6p/share.

Our forecasts are conservative in their allowance for capacity growth through non-traditional avenues, the roll-out of the new ‘rental capacity’ initiative and the potential benefits from the portfolio evaluation and monitoring (PEM) initiative and allowance for growth in new and growing risk classes not typically available through traditional syndicates. It is also conservative insofar as the high forecast growth in stop loss costs, with alternative structures potentially being pursued to deliver cost efficiencies on this line item.

The risks to our forecasts are largely linked to Helios’s ability to maintain a healthy combined ratio beyond our FY25 forecast. The current strong underwriting environment is likely to face pressure over the medium term as the very healthy margins attract new competitors and pricing pressure. This is an industry-wide risk, which we have dealt with via conservative forecasts (as discussed above) and by applying an over-the-cycle RONAV in determining our valuation.

We forecast a RONAV of 13.6% for FY24 and 16.7% for FY25, with RONAV including revaluation (largely driven by the impact of pre-emptions on the capacity value) averaging just over 20%. For the purposes of our valuation, we have employed a return of 14.6%, which we use in our RONAV versus P/NAV valuation.

Valuation: An over-the-cycle return approach

Our base case valuation of 280p/share uses a 14.6% over-the-cycle RONAV, which has been reduced from the 16.3% used in our previous research, Interim results deliver a long-awaited upswing, as a result of the higher-than-expected FY23 NAV base used in determining the valuation. As discussed above, due to the published capacity fund revaluations and uplift in 30 September 2023 NAV, we have lifted our year-end NAV forecast from 170.5p/share to 187p/share, also positively affected by the 2.3% reduction in shares in issue used for the calculation.

We have reduced our cost of equity from 11.1% to 10.3% based on a risk-free rate of 3.8% (down from 4.6%), a risk premium of 6.5% and a beta of 1x.

Exhibit 3: Current valuation

	FY22	FY23e	FY24e	FY25e
Over the cycle valuation (p)	**280**			
EPS (p)	(4.9)	14.7	26.2	37.6
DPS (p)	3.0	6.0	12.8	18.4
NAV/share (p)	151.8	187.1	217.4	254.0
Valuation-implied P/E (x)	N/A	19.0	10.7	7.5
Valuation-implied dividend yield (%)	1.1	2.1	4.6	6.5
NAV multiple (x)	1.82	1.48	1.28	1.10

Source: Helios, Edison Investment Research

Our fair value for Helios is at a 1.48x multiple of its FY23 forecast NAV of 187p/share and at an 89% premium to the current share price. While the valuation is reasonably supported by expected FY23 EPS (P/E of 19x) and modestly so by dividends (2.1% dividend yield), it quickly moves into very attractive territory on a forward basis with the P/E multiple falling to 7.5x in FY25 and the dividend yield rising to 6.5%.

Exhibit 4: Financial summary

	2022	2023e	2024e	2025e
Accounts: IFRS, year-end 31 December, £'000s				
PROFIT & LOSS				
Revenue*	148,345	212,958	332,089	441,885
Net insurance claims and loss adjustment expenses	(149,667)	(193,975)	(298,865)	(397,328)
Gross Profit	(1,322)	18,984	33,223	44,557
EBITDA	(5,169)	14,872	25,816	36,996
Operating profit (before amort. and excepts.)	(5,169)	14,872	25,816	36,996
Intangible Amortisation	0	0	0	0
Exceptionals	0	0	0	0
Other	(3,847)	(4,111)	(7,407)	(7,561)
Operating Profit	(5,169)	14,872	25,816	36,996
Net Interest	0	0	0	0
Profit Before Tax (norm)	(5,169)	14,872	25,816	36,996
Profit Before Tax (FRS 3)	(5,169)	14,872	25,816	36,996
Tax	1,852	(3,718)	(6,454)	(9,249)
Profit After Tax (norm)	(3,317)	11,154	19,362	27,747
Profit After Tax (FRS 3)	(3,317)	11,154	19,362	27,747
Average Number of Shares Outstanding (m)	72.0	75.1	73.9	73.8
EPS - normalised (p)	(4.9)	14.7	26.2	37.6
EPS - normalised fully diluted (p)	(4.9)	14.5	25.7	36.7
EPS - (IFRS) (p)	(4.9)	14.5	25.7	36.7
Dividend per share (p)	3.0	6.0	12.8	18.4
Gross Margin (%)	(0.9%)	8.9%	10.0%	10.1%
EBITDA Margin (%)	(3.5%)	7.0%	7.8%	8.4%
Operating Margin (before GW and except.) (%)	(3.5%)	7.0%	7.8%	8.4%
BALANCE SHEET				
Fixed Assets	567,249	767,015	1,115,996	1,445,049
Intangible Assets	61,434	83,852	96,900	113,079
Tangible Assets	279,803	324,684	484,597	639,777
Investments	226,012	358,479	534,498	692,193
Current Assets	25,300	77,910	71,300	59,714
Stocks	0	0	0	0
Debtors	0	0	0	0
Cash	25,300	77,910	71,300	59,714
Other	0	0	0	0
Current Liabilities	22,488	8,237	9,060	9,967
Creditors	7,488	8,237	9,060	9,967
Short term borrowings	15,000	0	0	0
Long Term Liabilities	452,883	696,793	1,016,330	1,305,834
Long term borrowings	0	60,000	60,000	60,000
Other long-term liabilities	452,883	636,793	956,330	1,245,834
Net Assets	117,178	139,896	161,905	188,963
CASH FLOW				
Operating Cash Flow	(24,798)	13,088	11,661	16,289
Net Interest	(2,870)	(6,119)	(12,202)	(16,870)
Tax	(166)	(3,718)	(6,454)	(9,249)
Capex	(696)	(392)	0	0
Acquisitions/disposals	3,459	7,038	4,823	7,721
Financing	27,781	45,000	0	0
Dividends	(2,034)	(2,287)	(4,439)	(9,476)
Net Cash Flow	676	52,610	(6,611)	(11,586)
Opening net debt/(cash)	24,624	10,300	17,910	11,300
HP finance leases initiated	0	0	0	0
Change in borrowings	(15,000)	(45,000)	0	0
Closing net debt/(cash)	10,300	17,910	11,300	(286)

Source: Helios Underwriting accounts, Edison Investment Research. Note: *Shown after pre-acquisition impact and parent reinsurance result, investment income, costs and other items (see Exhibit 2 for a segmental view of Syndicate result and Parent result).

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