



**THOMAS
MILLER**

Our corporate plan to 2026

Be part of our

future

Dear all,

Having successfully navigated the significant challenges our businesses have faced in recent years and based on the experience we have gained in this time, we have updated our 2018 – 2022 corporate plan, extending it out to 2026.

Thomas Miller is built on strong foundations and the new plan gives us a clear direction to guide our growth. We have the advantage of a well-established set of values, a very strong culture based around service and a desire to achieve responsible and sustainable growth.

We can all play a part in developing Thomas Miller in the years ahead. As individuals, and as part of our teams and businesses, we can shape where we are going and how we get there.

We have work to do to deepen our understanding of each other and to build a mutually supportive way forward but I am confident that we will do this.

I urge you actively to be part of our future



Charles Fenton, Chairman
Thomas Miller Holdings

A future we can all

shape





Our

ambition

We believe in growth, but it should be responsible, sustainable and incremental. Our ambition is to achieve this across the whole group.

- We have learned a lot since 2018 when our 2018-2022 corporate plan was first put in place, and we have applied our learnings in extending the plan to the end of 2026.
- We remain well funded and cash positive, putting us in a strong position to support investment and responsible growth.
- Our net assets have grown from £36.7m at year end 2017 to £43.9m at the end of 2021. Figures are excluding pension surplus.
- We will continue to maintain momentum across the whole group: Mutual Management, Specialty and Professional Services – with an expanded focus on our core Mutual Management activities.
- We see our growth as incremental, measured in terms of shareholder objectives, and aimed primarily at increasing profits and the dividend stream over time.
- Our target is an additional 5% per annum rate of profit growth, over and above inflation.
- Our appetite for investing in growth, whether by M&A activity or from organic routes, will continue to be driven by our stakeholders' risk appetites, and be well within the limits of what we can afford.
- For all of us, this means more stability, more opportunities and more rewards.

Building the future relies on

strength

We will continue to align on strong foundations, moving forward in a responsible and sustainable way.

5%

real profit growth per annum

↑ 4.5%

Net assets up 4.5% since year end 2017, £36.7m to £43.9m year end 2021.
*figures are excluding pension surplus.

Sharing our

■ ■
vision

We will build on our progress over the last five years and our strong market position in mutual insurance.

Focus on existing businesses

We will focus on Operational Excellence in respect of all the services we provide to our managed businesses recognising that first and foremost, and particularly in respect of the Mutuals, Thomas Miller is a service company. We will work to ensure our IT service is both appropriate to our own needs and to those of our clients and customers and we will focus on the opportunities for our businesses to adopt technologies to adapt their business models to make the most of the opportunities presented by the 'digital age'. Excellent Service will remain core to everything we do, not just the front line service provided to our clients.

Growth in breadth of mutual management

Insofar as the Mutuals we manage are concerned, we will aim actively to assist their boards in pursuing their strategies for growth. In the case of some of those Mutuals this will mean helping to expand the breadth of the individual Mutual's products or services and we will be alert to using Thomas Miller Specialty to assist the Mutuals' own strategies where relevant.

Recognising that a major area of advantage for our managed Mutuals is their shared involvement with Thomas Miller, we will seek to develop this by identifying opportunities for those Clubs to work more closely together within the context of their joint management, where the case can be made.

Sharing our

focus

Growth in Thomas Miller Speciality and Thomas Miller Professional Services

Outside of Mutual Management, we will concentrate our growth in Thomas Miller Specialty and Thomas Miller Professional Services (Captive Management being included within Specialty), and these two divisions will be charged with achieving realistic growth targets.

We recognise that internal investment in existing businesses is likely to produce a more certain return than the acquisition of external businesses, as well as requiring less initial cash outlay.

We will identify the quantum of such internal investment in advance and measure its success, recognising new profits only after start-up costs have been recovered.

Thomas Miller Speciality

Our initial focus will be to ensure that TMS's systems and processes are fit for purpose to support an expansion programme.

Once satisfied, we will not ignore the prospect of acquiring other businesses, but recognising the current high prices for such businesses, and the inherent risks of such acquisitions, we will concentrate our efforts on the recruitment of high calibre underwriters of new lines of business.

We will be open to investment in external businesses, but will typically have a reactive rather than proactive posture.

Thomas Miller Professional Services

In respect of our Professional Services business we will concentrate on recruiting additional high calibre fee-earning executives, while continuing to invest in new facilities such as the Birkenhead Laboratory and modest 'in fill' acquisitions of existing businesses. In identifying technical expertise to join the division's businesses we will target individuals or businesses that strengthen or broaden the technical expertise and brands we currently own aiming where possible to enable us to improve our service proposition to our managed businesses.

In addition, while accepting that such opportunities may be relatively rare, we will consider positively the acquisition of up to one more substantial business in any one year.

Capital structure

We will remain a conservative private employee-owned company and have no plans to raise additional equity capital (other than potentially from our clients, with a view to enhance and align further our relationship with them).

If we had no growth agenda, we would have little need for external finance. In pursuing growth in profitability of 5% over and above inflation, we will need to raise some additional capital. However, as a conservative business, our appetite for debt finance to support growth will be limited to an un-demanding maximum of twice our annual Operating Profit. If possible, we will source that debt from our Mutual Clubs.

Alignment with our stakeholders

We will align the remuneration structure of our senior cadre of executives to encourage this group to focus on maintaining successful relationships with the Mutuals.

Our senior management incentive schemes will in part be based on share awards to the participants reflecting the underlying success of the company in achieving above normal levels of profitability or growth.

As a business, we will embrace appropriate Environmental, Social and Governance (ESG) principles, consistent with the businesses we manage.

We aim to extinguish the deficit in our last remaining Defined Benefit Pension Scheme early in 2023.

We will maintain our Progressive Dividend policy, expecting over time to align growth in dividends with growth in profits.

We will maintain sufficient liquidity to balance our twice yearly Internal Markets.

We will look to maintain our purpose-led Thomas Miller culture in line with our values of Service Excellence, Supportive, Inventive and Integrity.

We are a service-led organisation –
this unites our different businesses
and aligns all our employees.

96%

Average customer retention rate for our mutuals

Sharing our

future



Our

culture

Continuing to build a stronger future for all of us relies on continuing to strengthen understanding and connections across all our businesses.

- Strengthening our shared culture can help us achieve our growth targets.
- By increasing understanding, engagement and support across all our businesses, we can identify more opportunities and turn them into realities.
- Our service-led approach is the core of our common culture – we believe it can help us grow even more if we promote excellent service within and across the group, as well as to our clients.
- We will focus on Operational Excellence in respect of all the services we provide to our managed businesses.
- We will continue to embrace digital transformation, empowering everyone across the group with the technological tools and processes that enable us to meet employee, client and partner needs today and tomorrow. We will focus on the opportunities for our businesses to adopt technologies that enable their business models to harness the opportunities of today's digital age.

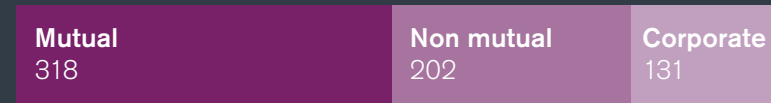
Deepening our mutual understanding and

support

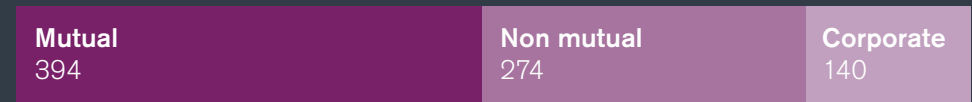
We are proud to have a mutual core from which to grow and will look to strengthen the bonds between our mutual clubs.

Number of employees 2018–2021

July 2018
651 employees



July 2021
808 employees +(24%)



Sharing our

knowledge

What next?

For more detail on the
corporate plan visit

[Our corporate plan](#)