

Rothesay and Thales execute £2.7bn insurance deal for Thales UK pension scheme

- Full scheme transaction that insures all members of the £2.7bn Thales UK Pension Scheme
- Transaction secures the benefits of over 16,000 members – 10,512 pensioners and dependants as well as 5,915 deferred members
- Rothesay has completed £12.7bn of new business in 2023 to date

Rothesay, a leading UK pensions insurance specialist, today announces that it has completed a £2.7bn transaction to insure all liabilities of the Thales UK Pension Scheme (the “Scheme”). The transaction was executed after reaching an agreement with Thales, a global high technology leader, which sponsors the Scheme through its UK subsidiary Thales UK Limited (the “Company”).

The transaction is facilitated by an upfront cash commitment from Thales; thus transferring the obligation and risk associated with these pension liabilities from Thales to Rothesay.

The insurance transaction secures the benefits for all members of the Scheme which includes defined benefit liabilities for 10,512 pensioners and dependants and a further 5,915 deferred members.

As part of the insurance premium Rothesay accepted a number of illiquid assets, held in the Scheme’s investment portfolio.

The Company was advised by the lead transaction adviser, PwC, and A&O. Rothesay received legal advice from Travers Smith. Gowling WLG, Mercer and Momentum advised the Scheme Trustee.

Rothesay new business premiums reach £12.7bn in 2023

This transaction is the twelfth pension scheme Rothesay has been able to assist in 2023, resulting in new business for the year of £12.7bn.

In the five de-risking transactions completed in Q4, Rothesay has taken on or underwritten 1,730 corporate bond and gilt holdings, 231 swaps (both cleared and bilateral) as well as illiquid assets including private equity, 32 properties, commercial real estate loans, and 17 fund positions.

Sammy Cooper-Smith, Head of Business Development at Rothesay, said: “We are delighted to welcome more than 16,000 members of the scheme to Rothesay. Our extensive execution capabilities, particularly in relation to large and complex transactions, meant we were able to work with the Trustee and Sponsor to successfully navigate a number of unique aspects of this transaction quickly, including deferred premiums, purchasing and underwriting of illiquid assets and completing residual risk due diligence. As we near the end of one of our busiest ever years, 2024 is already looking incredibly exciting for our market with an unprecedented pipeline as an even greater number of schemes seek insurance solutions.”

Paul Durrant, Director of Compensation and Benefits at Thales UK, said: “This has been an important transaction to the sponsor where we have had to work through a number of new challenges and are therefore pleased that we have been able to secure the pension benefits of over 16,000 current and past employees.

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The advisory teams as well as Rothesay have skilfully navigated the complexities involved in this transaction, quickly finding optimal solutions where needed and completing it in a short space of time. This is a hugely successful outcome for us and helps us to meet our corporate objectives.”

Peter Rowley, Chair of Trustees, said: “We are delighted to have secured long-term security for all our pension scheme members in a single buy-in transaction. We are grateful to our Sponsor for making this buy-in achievable and to our advisers and Rothesay for their collaborative efforts to execute what was a complex transaction.”

Swapnil Katkar, Head of Pension Deals at PwC, said: “We are pleased to have supported Thales as lead adviser on this transaction. This included advising on key commercial aspects to optimise the cash injection required from Thales, and on the structuring of suitable solutions for over £750m of illiquid assets held within the Scheme. The transaction is the culmination of significant work by all parties and, in an increasingly buoyant and competitive market, we are thrilled to reach a successful outcome for the Scheme, its members and Thales.”

Ben Stone, Risk Transfer Partner at Mercer, said: “It has been a privilege for the Mercer team to support the Trustees through this transaction. In a very busy insurer market the effort put in by all parties over recent weeks to make this transaction happen has been phenomenal. This demonstrates again that large, complex transactions can complete successfully with clear objectives for all parties to work towards.”

Paul Feathers, Head of Pension Risk Transfer at Gowling WLG said, “We are delighted to have supported the Trustee in concluding this important transaction with Rothesay for the benefit of the Scheme’s members.”

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Notes to Editors

About Rothesay

Rothesay is a leading UK pensions insurance specialist, purpose-built to protect pension schemes and their members’ pensions. With over £48 billion of assets under management, we secure the pensions of more than 840,000 people and pay out, on average, approximately £200 million in pension payments each month.

Rothesay is dedicated to providing excellence in customer service alongside prudent underwriting, a conservative investment strategy and the careful management of risk. We are trusted by the pension schemes of some of the UK’s best known companies to provide pension

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solutions, including Asda, British Airways, Cadbury, the Civil Aviation Authority, the Co-operative Bank, National Grid, Morrisons, the Post Office and Telent.

Rothesay has two substantial institutional shareholders, GIC and Massachusetts Mutual Life Insurance Company (“MassMutual”), who provide the company with long-term support for its growth and development.

Rothesay refers to Rothesay Limited and its subsidiaries and is the trading name for Rothesay Life Plc, an insurance company authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Firm Reference Number: 466067. Rothesay Life Plc is registered in England and Wales with company registration number: 06127279 and registered address: Rothesay Life Plc, The Post Building, 100 Museum Street, London WC1A 1PB. Further information is available at www.rothesay.com

About Thales

Thales is a global technology leader with more than 77,000 employees on five continents. The Group is investing in digital and “deep tech” innovations – Big Data, artificial intelligence, connectivity, cybersecurity and quantum technology – to build a future we can all trust.

In the markets of defence and security, aerospace and space, digital identity and security, and transport, Thales provides solutions, services and products to help its customers – companies, organisations and governments – to carry out their critical missions.

Thales is listed on Euronext Paris (Compartment A) with French state and Dassault Aviation as two major shareholders in addition to the other shareholders and free float. Based on 2022 financial results, Thales generated €17.6bn in annual revenues and invested €4bn in research and development.