AozoraStep

3rd April 2024

Exit Just Group: Tight credit spreads and other opportunities

Company:	Just Group (JUST LN)	**Market Cap:**	£1.1bn
Industry:	Insurance	**Solvency II:**	197%
Country:	UK	**Revenue:**	£1.55bn
Date:	8th March 2024	**Net Income:**	£130mio
Dividend:	3.4%	**Return on Equity:**	13%
Entry:	£880mio	**Exit:**	£1bn

Why exit Just Group?

- To reallocate capital towards other opportunities
- Tight credit spreads could make the market less attractive
- Potential regulations that could take away Just's main market, the smaller pension schemes

Reallocation of capital

While a call with PIC revealed that the insurance pension buy-outs are struggling with low credit spreads and potential regulation that takes away some of Just's smaller defined benefit pension buyouts, the real reason for exiting Just Group and making only a very small return of between 1% and 14% was the reallocation of capital. As Nexxen was reporting results, I expected an immediate 30% upside, which, unfortunately, did not occur. Hence, exiting Just Group was a mistake and I continue to view it as an attractive business, despite a valuation of close to my £1.2bn target and the other reasons mentioned above.

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