



Admiral Reports Record Interim Profits & Strong Turnover Growth

04 Sep 2007

Admiral Group plc (“Admiral” or “the Group”) today announces a strong interim result with a profit before tax of £86.3 million for the six months to 30 June 2007, an increase of 26% over the same period in 2006. Group turnover, comprising total premiums written, gross other income and investment income, rose 16% to £417.8 million.

2007 Interim Results Highlights

- Profit before tax up 26% at £86.3 million (H1 2006: £68.7 million)
- Total interim dividend of 20.6p, up 70% (H1 2006: 12.1p)
- Group turnover up 16% at £417.8 million (H1 2006: £359.2 million)
- Vehicle count up 16% to 1.4 million (H1 2006: 1.2 million)
- Profit from ancillary products and services up 15% to £37.7m (H1 2006: £32.9 million)
- Confused.com made a profit of £19.7 million (H2 2006: £14.3 million)
- Employee Share Scheme – approximately £3m worth of free shares will be shared amongst 2,000 staff based on the H1 2007 result

Comment from Henry Engelhardt, Group Chief Executive

“We are very pleased to again announce record results for the first half of 2007. Profits have increased by 26% to £86.3 million and customer numbers have increased by 16% to 1.4 million.

“The UK car insurance market continues to prove challenging, and we are delighted to have once again increased both underwriting and ancillary profits whilst substantially growing the number of vehicles insured.

“As a result of continuing growth in the market for car insurance price comparison, Confused.com enjoyed growth in volumes and revenue in the first half 2007 with profits of £19.7m, compared to £14.3m in H2 2006. However, previously we have said that there will be more competition in this sector. Some of this competition went live during the first part of 2007 and more competitors are on their way. We will work hard to defend our leadership position in this

growing market.

“Balumba.es, our Spanish car insurer, has made a strong start and we are encouraged by the level of traffic it has attracted to its internet site in the first few months of trading. As we reported last time, our new German car insurer, AdmiralDirekt.de, will be launching in late 2007 or early 2008. We are also pleased to announce our plans for the Group’s next European venture to launch in Italy in 2008.”

Comment from Alastair Lyons, Group Chairman

“The Group has continued to grow profits and generate cash, and we are very pleased to be able to declare an interim dividend that is 70% higher than the same payment last year.

“In accordance with our policy of distributing surplus cash to shareholders we propose a further special dividend of 10.3p per share in addition to a 10.3p per share normal dividend based on 45% of after-tax profits. Our policy remains only to retain within the business what funds we need to provide a prudent contingency and support our plans for growth.

“We’re especially delighted that the Group’s fine performance in H1 2007 will mean every member of staff who has been with us in the first six months of the year will get free shares in the Group - worth around £3m in total.

“Since going public in September 2004 Admiral has declared dividends on six occasions amounting in total to £236m or 91p per share.”

Comment from David Stevens, Chief Operating Officer

“Admiral Group raised rates on average by 5% in the year ending 30 June 2007. Based on our own conversion data this would appear to be in line with the market for this period. Since the end of June we have implemented further, moderate rate increases.

“Whether the rate of premium increases continues at this level, which is roughly equivalent to claims inflation, or whether it accelerates into 2008 will depend heavily on the underlying profitability of the market. The headline combined ratio for private motor in 2006 was 104%, which implies an adequate return on capital once investment income and ancillary revenues are taken into account. However, this result was flattered by a significant reserve release of 8.4%, which puts the run rate for the year 2006 in excess of 110%, which does not provide an adequate return on capital.

“I believe that the current level of reserve releases for the market is not sustainable in the long-term and that as these releases are expended it will put more pressure on individual insurers to accelerate increases.

“Admiral has continued to grow within this difficult environment and maintain a sizeable combined ratio advantage over the market average. It would be our intention to use this economic advantage to continue to offer consumers excellent prices which allows us to grow while continuing to provide attractive returns to our shareholders.”