



Admiral Group growth continues in first half 2005

13 Jul 2005

Admiral Group plc ("Admiral", or "the Company") today provides an update on current trading. The Company will announce its 2005 first half-year results on 6 September 2005.

Highlights

- **Turnover**

Admiral's turnover grew to £319.4m in H1 2005 compared to £269.3m H1 2004, an increase of 19%. Compared to H2 2004 turnover is up 15%.

- **Policy count rose 16% to 1,057,452**

The number of policies on risk as at the end of June 2005 was 1,057,452, an increase of 16% from the 910,545 customers on risk at the end of June 2004 and a 5% increase over the 1,007,571 customers on risk at the end of December 2004.

- **Non-underwriting income increased***

The income generated by sales of non-underwriting products and services in H1 2005 increased by 25% to £36.0m compared to £28.7m in H1 2004. Compared to H2 2004 non-underwriting income is up by 18% from £30.5m.

Market Developments

During the first half of 2005 Admiral implemented a series of rate increases for both new business and renewals. At the end of June 2005 premium rates are circa 2.9% above rates at the end of June 2004. This reflects our previously announced plan for 2005 of decelerating policy growth and widening margins relative to industry averages, as industry profitability deteriorates.

In the first half of the year Admiral found market rates were generally unchanged. This implies a deteriorating result for the market as a whole, as

there is a claims inflation factor of circa 5%, largely due to an even larger inflation factor for bodily injury claims. If the market does not react to this deterioration, general trading conditions may be more difficult in the second half.

Admiral believes that market combined ratios will rise further this year, which will mean some of its competitors will be operating at a loss.

As expected, the market has continued to see a substantial increase in overall marketing spend, with press and TV spend rising 54% year on year**. Over the same period Admiral has increased its marketing spend by 15%, on an equivalent basis. It is a measure of our marketing efficiency that despite these levels of competitor marketing activity, and despite increasing our rates relative to the market, we have been able to grow our policy base over the period.

The internet continues to grow strongly as a source of new business and the Company's share of car insurance bought over the internet has remained relatively unchanged at circa 20%***.

Henry Engelhardt, Chief Executive Officer of Admiral, said: "Admiral continues to perform well and we are pleased with the results for the first half of 2005 and encouraged with the progress of all our brands. We plan to maintain our strategy during the second half of 2005, of continuing rate increases, maintaining marketing efficiency and providing our customers with great service. As previously stated, we do not anticipate asking Munich Re to go beyond 11% year-on-year policy growth. "