



Admiral Launches Initial Public Offering

08 Sep 2004

Admiral Group Limited (“Admiral” or “the Company”) announces today the launch of a global offer of existing ordinary shares (“the Global Offer”) through an institutional offering as part of its plans to float on the London Stock Exchange. The indicative price range of the Global Offer is 245 pence to 300 pence per existing ordinary share, which implies an equity value for the Company of between £634 million and £776 million.

Merrill Lynch International (“Merrill Lynch”) is acting as global co-ordinator, sole bookrunner and sponsor. Citigroup Global Markets UK Equity Limited is joint lead manager. Co-lead managers for the Global Offer are Fox-Pitt, Kelton N.V. and Lazard & Co., Limited. Lexicon Partners Limited is joint financial adviser to Admiral with Merrill Lynch.

Highlights

- Existing ordinary shares with a value of £229 million (based upon the mid-point of the indicative price range and prior to any over allotment option granted by existing shareholders) are to be sold pursuant to the Global Offer, representing approximately 32% of the Company’s issued share capital.
- The existing ordinary shares are being sold by Barclays Private Equity (15%), the management and employees of Admiral (12%) and XL Capital (5%).
- On completion of the Global Offer, most of the existing shareholders will continue to retain ordinary shares and will be subject to post-transaction lock-ups.
- Owing to the cash generative nature of Admiral’s business it has no need for primary capital and will not be selling new ordinary shares.
- The Board of Directors of Admiral (“the Board” or “the Directors”) intends to

adopt a progressive dividend policy to reflect the Group's long-term earnings and cash flow potential and intends to initially target a dividend pay-out ratio of not less than 40% of the Group's profit for the financial year after tax(1). The Board would also intend to return excess cash to shareholders over time.

- Admiral is commencing an institutional roadshow across the UK, Europe and the US today. Following a bookbuilding exercise, it expects to price the ordinary shares on 23 September 2004.
- Unconditional dealing in the ordinary shares of Admiral is expected to begin on the London Stock Exchange on 28 September 2004.

Henry Engelhardt, Chief Executive of Admiral, said:

“Through our focus on fast-growing internet distribution, Admiral is well positioned to achieve its strategy of increasing its share of the private motor insurance market whilst maintaining cash generation and profitability under the intermediary model it has built. We look forward to new investors joining us to take the Company forward to the next stage in its development.”

Alastair Lyons, Chairman of Admiral, said:

“Flotation is a key stage in the Group's development, enabling us to provide a public market for Admiral shares, increasing the profile of the group and enabling employees to see the direct benefit of their hard work.”

Owen Clarke, a Managing Director of Barclays Private Equity, said:

“As a private equity investor we typically seek to realise the value created by our portfolio companies within around five years of investment. Having backed the management buyout in 1999, our decision to retain a significant shareholding in Admiral is testament to the confidence we have in the Group's growth outlook.”