



Strong First Half At Admiral Group

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Admiral Group, the financial services intermediary, announces today a 30.5% increase in adjusted core profit for the six months ended 30 June 2004 to 45.3 million. Aggregate group turnover, comprising total premiums written, gross other income and allocated investment income, rose 30.2% to 269.3 million (2003 H1: 206.8 million).

This performance was underpinned by the rapid growth of elephant.co.uk, strong growth in premiums at Diamond, and growth of the Admiral brand. The result is based upon an excellent underwriting performance and ongoing success in selling ancillary products.

The highlights of the result include:

- Adjusted core profit up 30.5% at 45.3 million
- Aggregate group turnover up 30.2% at 269.3 million
- Total premiums written up 30.3% at 233.3 million
- Gross income from ancillary sales up 34.7% at 28.7 million
- 70% of policies internet originated (2003 H1: 52%)
- Two-thirds of profit from intermediary sales
- 942,000 customers at 30 June 2004 (808,000 at 31 Dec 2003)

Commenting on the interim results, Henry Engelhardt, Chief Executive of Admiral, said: The growth in revenues and profit in the first half of 2004 underlines the strength of our business model and the continued effectiveness of our distribution strategy. We are delighted we have significantly increased our customer base, revenue and profit in the first six months, while at the same time generating very positive cash flow.

Core profit, stated before tax, amortisation, interest and dividends, amounted to 51.3 million (2003 H1: 33.9 million). Adjusting the result to remove the contribution from profit commission earned in 2003 but recognised in the six months to 30 June 2004, core profit increased 30.5% to 45.3 million (2003 H1: 34.7 million).

During the six months to 30 June 2004, the Group intermediated total premiums for itself and its underwriting partners worth 233.3 million (2003 H1: 179.0 million), driven mainly by substantial growth in sales originated from the internet. Admirals retained earned premiums, net of co-insurance and reinsurance, increased to 50.0 million (2003 H1: 35.4 million).*

Compared to the first half of 2003, Admiral has seen a significant increase in the proportion of revenue derived from intermediary business. Gross income from the sale of ancillary products on behalf of third parties rose to 28.7 million (2003 H1: 21.3 million).

The first half of 2004 saw a continued excellent underwriting performance on the underwriting result. Excluding claims handling expenses, the reported loss ratio and the combined ratio for the first half of 2004 were 63.9% and 77.5%, respectively.

Admiral is a strongly cash generative business which currently has limited need for capital to support its organic growth. The Groups balance sheet is conservatively managed and cash reserves have been built up over time. Accordingly, the Board of directors declared the payment of net exceptional interim dividends during the period totalling 52 million.

In April, Admiral announced its intention to seek a listing for the Groups ordinary shares on the London Stock Exchange in the Autumn of 2004, subject to market conditions. This remains the Groups intention.

* Admiral currently retains 25% of the underwriting risk on its motor insurance portfolio, with the remainder being borne by its co-insurance and reinsurance partners.