



Continued significant improvements in back year claims drive positive Admiral Group results for H1 2020

12 August 2020 6:00 AM BST

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Admiral Group plc results for the six months ended 30 June 2020

2020 Interim Results Highlights

	30 June 2020	30 June 2019	% change
Group's share of profit before tax ^{*1}	£286.7 million	£220.2 million	+30%
Group statutory profit before tax	£286.1 million	£218.2 million	+31%
Earnings per share	82.9 pence	63.0 pence	+32%
Interim dividend	70.5 pence	63.0 pence	+12%
Payment of deferred special dividend	20.7 pence	-	-
Return on equity ^{*1}	50%	47%	+7%
Group turnover ^{*1*2}	£1.69 billion	£1.76 billion	-4%
Group net revenue	£0.69 billion	£0.65 billion	+6%
Group customers ^{*1}	7.17 million	6.74 million	+6%
UK Insurance customers ^{*1}	5.58 million	5.32 million	+5%
International Insurance customers ^{*1}	1.49 million	1.36 million	+10%
Group's share of Comparison profit ^{*1}	£13.1 million	£7.4 million	+78%
Statutory Comparison profit	£12.5 million	£5.4 million	+131%
Solvency ratio (post dividend)	186%	190%	

^{*1} Alternative Performance Measures - refer to the end of the report for definition and explanation

^{*2} Group Turnover in H1 2020 presented net of the 'Stay at Home' premium refund issued to UK motor insurance customers of £97 million. Refer to the Alternative Performance Measures section at the end of this report for further explanation.

Over 10,000 staff each receive free shares worth up to £1,800 under the employee share scheme based on the interim 2020 results.

Comment from David Stevens, Group Chief Executive Officer

"A year ago I described our results as 'frankly a bit dull'. With the benefit of hindsight there's a lot to be said for 'dull' if the alternative is a global pandemic.

"Our response to that pandemic highlighted two of Admiral's key strengths – competent execution in the short term and sustainable values for the long term. We adapted quickly to the new circumstances, pirouetting from one working model to another and compressing years of learning and development into a matter of weeks through a phenomenal collective effort across the company at all levels. Alongside this adaptability, we also stayed true to our long-term commitment to balanced outcomes for all our stakeholders, notably through our £25 a vehicle 'Stay at Home' rebate.

"This year's interims benefit again from our consistently competent underwriting and conservative reserving on past years, feeding into another strong set of results in the core business and beyond. Thank you to all our staff, shareholders and customers who have made this possible."

Dividend

The Board has declared an interim dividend of 70.5 pence, made up of a normal dividend of 55.0 pence per share and a special dividend of 15.5 pence per share, 12% higher than the 2019 interim dividend of 63.0 pence per share. The payment represents 85% of first half earnings.

In addition, the deferred special dividend from the full year 2019 results of 20.7 pence per share will be paid alongside the 2020 interim dividend. Payment will be on 2 October 2020. The ex-dividend date is 3 September 2020 and the record date is 4 September 2020.

Management presentation

Analysts and investors will be able to access the Admiral Group management presentation which commences at 9.00 BST on Wednesday 12 August 2020 by registering at the following link on webcast at <https://pres.admiralgroup.co.uk/admiral038> or via conference call at https://pres.admiralgroup.co.uk/admiral038/vip_connect. A copy of the presentation slides will be available at www.admiralgroup.co.uk

H1 2020 Group overview

£m	30 June 2018	30 June 2019	30 June 2020	31 Dec 2019
Turnover (£bn) ^{*1*2}	1.66	1.76	1.69	3.46
Underwriting profit including investment income ^{*2}	93.4	96.0	152.7	238.0
Profit commission	29.6	36.1	44.6	114.9
Net other revenue and expenses ^{*2}	93.3	92.3	95.0	182.3
Operating profit	216.3	224.4	292.3	535.2
Group statutory profit before tax	210.7	218.2	286.1	522.6
Group's share of profit before tax	211.7	220.2	286.7	526.1
Analysis of profit:				
UK Insurance	247.0	254.7	313.8	597.4
International Insurance	(0.6)	(2.7)	6.5	(0.9)
Comparison	3.5	7.4	13.1	18.0
Admiral Loans	(6.4)	(4.3)	(9.4)	(8.4)
Other	(31.8)	(34.9)	(37.3)	(80.0)
Group's share of profit before tax^{*2}	211.7	220.2	286.7	526.1
Key metrics				
Group loss ratio ^{*2*3}	65.2%	69.1%	54.7%	64.9%
Group expense ratio ^{*2*3}	22.2%	23.2%	28.3%	23.7%
Group combined ratio ^{*2}	87.4%	92.3%	83.0%	88.6%
Customer numbers (million) ^{*2}	6.23	6.74	7.17	6.98
Earnings per share	61.6 p	63.0 p	82.9 p	148.3 p
Dividend per share ^{*4}	60.0 p	63.0 p	70.5 p	140.0 p
Return on Equity ^{*2}	54%	47%	50%	52%
Solvency ratio ^{*2}	196%	190%	186%	190%

^{*1} Group Turnover in H1 2020 presented net of the 'Stay at Home' premium refund issued to UK motor insurance customers of £97 million. Refer to note 13(g) to the financial statements for reconciliation to the net insurance premium impact of £21million.

^{*2} Alternative Performance Measures – refer to the end of the report for definition and explanation.

^{*3} See notes 13b and 13c for a reconciliation of reported loss and expense ratios to the financial statements.

^{*4} The deferred special dividend from 2019 will be paid with the interim 2020 dividend, resulting in a total dividend of 91.2 pence per share, to be paid in October 2020. The 20.7 pence per share is allocated to the 2019 full year dividend in the table.

Covid-19 impact

The unprecedented Covid-19 ('Covid') pandemic has impacted the interim results across all our businesses. Lockdown restrictions in the Group's markets resulted in significantly lower motor insurance claims frequency as customers stayed at home and fewer miles were driven. The UK has lagged other markets due to a later lockdown implementation and lifting of restrictions. In contrast, the US saw a shorter restriction period, particularly in Texas where Admiral writes a large portion of its US business, and hence the claims frequency impact was lower. Quote volumes saw a slowdown in early lockdown, though have recovered strongly in most markets as lockdown restrictions eased.

As a result of Covid and the related economic uncertainty, Admiral also paused sales of Travel insurance and lending products in March, cautiously re-entering both markets in the second half of 2020. Admiral Loans is prepared for the strong likelihood of increased arrears experience resulting from an increase in unemployment levels, although no significant increase in the level of defaults has been experienced to date.

Admiral maintained a commitment to supporting customers, staff, emergency workers and local communities during the coronavirus crisis, taking several steps and adapting to each market context. These include:

- **Customer initiatives** included supporting customers through relaxed payment terms, reduced/waived administration fees, premium rate reductions, and providing additional support for emergency workers. In the UK, Admiral announced a £110 million Stay at Home premium refund for all existing motor insurance customers, which amounted to £25 per vehicle on cover.
- **Staff initiatives:** The safety of staff has remained of utmost importance, with many employees already working from home before the official

government lockdown was in place. Various initiatives were implemented to optimize staff working from home and provide sufficient support. Staff engagement levels are monitored regularly and remain high.

All employees were paid their full salaries, and aside from a very small number of staff in France, no staff were furloughed and no support has been sought or received from government schemes.

- **Community initiatives:** Admiral has supported the community across our global operations through donations and volunteer activities, with Admiral setting up a £6m fund to support charities and communities.

Group Highlights

Key highlights for the Group results in H1 2020 include:

- Group turnover reduced by 4% to £1.69 billion (H1 2019: £1.76 billion) largely as a result of the impact of Covid and the Stay at Home premium refund; excluding the premium refund, turnover increased by 2%. Customer numbers were 6% higher at 7.17 million (30 June 2019: 6.74 million)
- Group share of pre-tax profits of £286.7 million (H1 2019: £220.2 million) and statutory profit before tax of £286.1 million (H1 2019: £218.2 million), growing by 30% and 31% respectively, primarily as a result of strong prior year reserve releases in the UK and internationally and also some non-recurrence of negative items in 2019 including the £33 million Ogden discount rate impact
- UK Insurance recorded a 7% reduction in turnover to £1.25 billion (H1 2019: £1.34 billion) due to the impact of the Stay at Home premium refund, with customer numbers growing to 5.58 million (30 June 2019: 5.32 million)
- Significant profit growth of £59.1 million in UK Insurance, primarily attributable to favourable development in prior year loss ratios for UK Motor, and higher investment income. Profit growth excluding the impact of the Ogden discount rate impact in H1 2019 (£33.3 million) was £25.8 million
- UK Household profit improved in H1 2020 to £5.5 million (H1 2019: £4.2 million) despite bad weather which impacted the current period by around £5.3 million
- International Insurance businesses made a combined profit of £6.5 million (£2.7 million loss in H1 2019), with continued profit in the European operations and lower losses in the US
- The combined International insurance turnover grew by 3% to £329.5 million (H1 2019: £319.5 million) and customer numbers by 10% to 1.49 million (30 June 2019: 1.36 million), both figures negatively impacted by the reduced demand in the early Covid lockdown period
- The Comparison result increased to £13.1 million from £7.4 million in H1 2019, mainly driven by a very strong first half from confused.com in the UK

Earnings per share

Earnings per share is 32% higher than in H1 2019 at 82.9 pence (H1 2019: 63.0 pence), broadly consistent with the growth in pre-tax profit.

Dividends and solvency

The Group's dividend policy is to pay 65% of post-tax profits as a normal dividend and to pay a further special dividend comprising earnings not required to be held in the Group for solvency or buffers.

The Board has declared a total interim dividend of 91.2 pence per share (approximately £263 million). This comprises an interim dividend in respect of 2020 first half profit of 70.5 pence per share in addition to the 20.7 pence per share special dividend that was deferred in April 2020. The Board is confirming payment of this previously deferred amount based on the Group's strong financial position and the reduced level of uncertainty in the economic environment compared to earlier in the year.

The 70.5 pence per share interim 2020 dividend is split as follows:

- 55.0 pence per share normal dividend, based on the dividend policy of distributing 65% of the Group's share of post-tax profits; plus
- A special dividend of 15.5 pence per share

The total 2020 interim dividend (excluding the deferred 2019 special dividend) is 12% ahead of the 2019 interim dividend (63.0 pence per share), with a pay-out ratio of 85% of earnings per share.

The payment date is 2 October 2020, ex-dividend date 3 September 2020 and record date 4 September 2020.

The Group maintained a strong solvency ratio at 186% (post-dividend), which has reduced from 190% at 31 December 2019. Both Own Funds and the Solvency Capital Requirement (SCR) increased in the period. The increase in Own Funds is the result of the strong generation of economic profit, in particular due to favourable movements of projected loss ratios on prior underwriting years, partially offset by the impact of net adverse movements in credit spreads on the Group's bond portfolios in the period.

The Group's results are presented in the following sections:

- UK Insurance – including UK Motor (Car and Van), Household and Travel
- International Car Insurance – including L'olivier (France), Admiral Seguros (Spain), ConTe (Italy), and Elephant (US)
- Comparison – including Confused.com (UK), LeLynx (France), Rastreator (Spain), compare.com (US), and Preminen (new markets)

UK Insurance

£m	30 June 2018	30 June 2019	30 June 2020	31 Dec 2019
Turnover* ¹	1,319.1	1,338.8	1,248.4	2,635.0
Total premiums written* ¹	1,167.1	1,186.0	1,101.6	2,321.7
Net insurance premium revenue	254.6	264.7	251.7	533.2
Underwriting profit including investment income*¹	101.6	106.7	158.1	257.4
Profit commission and other income	145.4	148.0	155.7	340.0
UK Insurance profit before tax	247.0	254.7	313.8	597.4

*¹ Alternative Performance Measures – refer to the end of this report for definition and explanation

Split of UK Insurance profit before tax

£m	30 June 2018	30 June 2019	30 June 2020	31 Dec 2019
Motor	249.5	251.7	310.4	591.5
Household	(1.9)	4.2	5.5	7.5
Travel	(0.6)	(1.2)	(2.1)	(1.6)
UK Insurance profit	247.0	254.7	313.8	597.4

Key performance indicators

£m	30 June 2018	30 June 2019	30 June 2020	31 Dec 2019
Vehicles insured at period end	4.26m	4.33m	4.42m	4.37m
Households insured at period end	0.78m	0.92m	1.07m	1.01m
Travel Insurance customers	0.03m	0.07m	0.09m	0.09m
Total UK Insurance customers	5.07m	5.32m	5.58m	5.47m

Highlights for the UK insurance business for H1 2020 include:

In motor insurance:

- Reduced premiums, reflecting the Stay at Home premium rebate for customers, premium rate reductions to reflect reduced claims frequency as a result of Covid, and reduced demand in early lockdown
- An increase in profit to £310.4 million (H1 2019: £251.7 million). After excluding an adverse impact of £33 million arising from the Ogden discount rate change in the prior period, the increase is primarily a result of strong prior year reserve releases and higher investment income as a result of releases of accruals held for reinsurers' share of investment income. Current year underwriting profitability is also higher as a result of the lower claims frequency in the period

In household insurance:

- Continued growth, with customers 16% higher than one year ago at 1.07 million (30 June 2019: 0.92 million)
- Profit of £5.5 million (H1 2019: £4.2 million), with positive development on prior year claims offset by bad weather in H1 2020 with an approximate impact of £5 million, net of Flood Re recoveries

UK Motor Insurance

£m	30 June 2018	30 June 2019	30 June 2020	31 Dec 2019
Turnover* ¹	1,247.2	1,255.2	1,158.3	2,455.3
Total premiums written* ¹	1,102.3	1,110.1	1,019.8	2,158.5
Net insurance premium revenue	221.1	225.4	208.5	452.6
Investment income	15.8	15.9	30.6	30.4
Net insurance claims	(104.1)	(106.2)	(48.9)	(164.7)
Net insurance expenses	(33.9)	(36.1)	(38.6)	(74.7)
Underwriting profit*^{1,2}	98.9	99.0	151.6	243.6
Profit commission	30.8	35.0	41.1	112.2
Underwriting profit and profit commission	129.7	134.0	192.7	355.8
Net other revenue* ³	119.8	117.7	117.7	235.7
UK Motor Insurance profit before tax	249.5	251.7	310.4	591.5

*1 Alternative Performance Measures – refer to the end of this report for definition and explanation.

*2 Underwriting profit excludes contribution from underwritten ancillaries (included in net other revenue)

*3 Net other revenue includes instalment income and contribution from underwritten ancillaries and is analysed later in the report.

Key performance indicators

	30 June 2018	30 June 2019	30 June 2020	31 Dec 2019
Reported Motor loss ratio* ^{1,2}	60.3%	67.8%	49.4%	60.7%
Reported Motor expense ratio* ^{1,3}	17.9%	18.7%	21.3%	19.1%
Reported Motor combined ratio	78.2%	86.5%	70.7%	79.8%
Written basis Motor expense ratio	17.1%	17.5%	18.8%	18.5%
Reported loss ratio before releases	85.9%	90.0%	80.2%	87.6%
Claims reserve releases – original net share* ^{1,4}	£56.5m	£50.0m	£64.2m	£121.7m
Claims reserve releases – commuted reinsurance* ^{1,5}	£35.2m	£52.8m	£60.0m	£121.7m
Total claims reserve releases	£91.7m	£102.8m	£124.2m	£243.4m
Vehicles insured at period end	4.26m	4.33m	4.42m	4.37m
Other Revenue per vehicle	£67	£66	£64	£66

*1 Alternative Performance Measures – refer to the end of this report for definition and explanation

*2 Motor loss ratio adjusted to exclude impact of reserve releases on commuted reinsurance contracts.

Reconciliation in note 13b.

*3 Motor expense ratio is calculated by including claims handling expenses that are reported within claims costs in the income statement.

Reconciliation in note 13c.

*4 Original net share shows reserve releases on the proportion of the account that Admiral wrote on a net basis at the start of the underwriting year in question.

*5 Commuted reinsurance shows releases on the proportion of the account that was originally ceded under quota share reinsurance contracts but has since been commuted and hence reported through underwriting profit and not profit commission.

UK Motor profit in the first six months of 2020 was £58.7 million ahead of the same period in 2019 (H1 2020: £310.4 million; H1 2019: £251.7 million). Profit in first half of 2019 was adversely impacted by £33.3 million as a result of the change in Ogden discount rate to -0.25%. Excluding this impact, the increase in profit is £25.4 million.

The main driver of lower premium and claims trends for the market and Admiral in the first half of 2020 was the significant reduction in claims frequency as a result of the Covid crisis, followed by a recent recovery (strong in premiums, partial in claims frequency) as lockdown restrictions eased. Premiums in the period were also lower as a result of the Stay at Home premium rebate to customers, rate decreases and reduced demand in early lockdown. The 'Stay at Home' premium rebate of £110 million, when adjusted for Insurance Premium Tax (IPT), impacted written premium at the whole account level by £97 million, which is reflected within turnover and total premiums in H1 2020.

Highlights for the period were as follows:

- Net insurance premium revenue was 7.5% lower than H1 2019 at £208.5 million (H1 2019: £225.4 million), with the 'Stay at Home' premium rebate to customers having a significant impact
- Investment income was £30.6 million, significantly increased from £15.9 million in H1 2019, primarily as a result of releases of accruals held in relation to reinsurance contracts. Excluding these releases, investment income was £17.7 million
- The reported combined ratio improved to 70.7% (H1 2019: 86.5%), with the loss ratio improving to 49.4% (H1 2019: 67.8%) as follows:

Reported Motor loss ratio			
	Reported Loss ratio before releases	Impact of claims reserve releases - net original share	Reported Loss Ratio
H1 2019	90.0%	-22.2%	67.8%
Impact of Ogden change (0% to -0.25%)	-1.9%	-4.9%	-6.8%
H1 2019 (excluding Ogden impact)	88.1%	-27.1%	61.0%
Change in current period loss ratio	-7.9%	—	-7.9%
Change in claims reserve release – original net share	—	-3.7%	-3.7%
H1 2020	80.2%	-30.8%	49.4%

- In H1 2019, the Ogden discount rate changed to minus 0.25% (best estimate assumption of 0% at 31 December 2018) reducing the UK Motor profit by £33.3 million, and increasing the reported combined ratio by close to 7 percentage points
- Excluding the impact of the Ogden rate change on the prior period, the 2020 H1 loss ratio was just under 8 percentage points lower than H1 2019. Claims experience in the period was heavily impacted by the Covid-19 lockdown, with customers driving less and claims frequency significantly reduced
- Reserve releases on original net share of reserves of £64.2 million (H1 2019: £50.0 million) equated to 31% of premium (H1 2019: 22%). Excluding the impact of the Ogden change in the prior period, releases were 3.7 percentage points higher than H1 2019 (27%). Whilst the releases were broadly consistent in absolute terms (after excluding the impact of the Ogden change in the prior period), the lower premium earned in H1 2020 resulted in the slightly higher percentage.
- The margin held in the financial statements above the projected best estimate reserves remains appropriately prudent, and is consistent with that held at the end of 2019, in relative terms.

The written basis expense ratio, also impacted by lower premium in the period, is 18.8% for H1 2020 (H1 2019: 17.5%), with the earned expense ratio also higher at 21.3% (H1 2019: 18.7%). In addition to the lower premium, net insurance expenses were £2.5m higher than H1 2019 (£38.6 million; H1 2019: £36.1 million) with investment in both the digital customer journey in the period and Covid-related remote working capability.

• Both claims reserve releases from commuted reinsurance and profit commission were higher in H1 2020 than H1 2019, as follows:

£m	Reserve releases –	Profit commission	Total
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	commuted reinsurance		
H1 2019	52.8	35.0	87.8
Impact of Ogden change (0% to -0.25%)	9.1	8.8	17.9
H1 2019 (excluding Ogden impact)	61.9	43.8	105.7
Change in reserve releases on commuted reinsurance	-1.9	—	-1.9
Change in profit commission	—	-2.7	-2.7
H1 2020	60.0	41.1	101.1

- Releases on reserves originally reinsured but since commuted were higher at £60.0 million (v £52.8 million in H1 2019). Excluding the impact of the prior period Ogden change, the current year releases are £1.9 million lower at £60.0m (H1 2019: £61.9 million).
- Profit commission (excluding the prior period Ogden impact) was broadly consistent at £41.1 million (H1 2019: £43.8 million). This aligns with the similar level of reserve releases period on period.
- Both releases from commuted reinsurance and profit commission are discussed in more detail in the co- and reinsurance section below

Market prices decreased over the first half of 2020, primarily to reflect the significant reduction in claims frequency during the Covid lockdown period. Part of Admiral's response to the drop in claims frequency was to pay a Stay at Home refund to reflect lower vehicle usage as well as through reducing rates over the period. The Stay at Home premium refund is fully reflected in the gross written premium for the period. The number of vehicles insured increased by 2% to 4.42 million (30 June 2019: 4.33 million). Customer retention was strong during the period.

Co- and reinsurance, commutations and profit commission

Admiral makes significant use of proportional risk sharing agreements, where insurers outside the Group underwrites a majority of the risk generated, either through co-insurance or quota share reinsurance contracts. The Group's net retained share of that business is 22%. These arrangements include profit commission terms which allow Admiral to retain a significant portion of the profit generated. The proportional co- and reinsurance arrangements in place for the motor business are the same as those reported in the 2019 Annual Report and will continue in 2020. Admiral expects to conclude extensions to its UK quota share contracts for the years beyond 2020 in the second half of 2020.

Admiral tends to commute its UK Car Insurance quota share reinsurance contracts for an underwriting year 24 months from inception, assuming there is sufficient confidence in the profitability of the business covered by the reinsurance contract.

As at 30 June 2020, all UK car quota share reinsurance contracts for underwriting years up to 2016 have been commuted, along with the majority of contracts for the 2017 and 2018 underwriting year, meaning Admiral assumes a higher net risk for these years than had the reinsurance been left in place.

Other Revenue and Instalment Income

UK Motor Insurance Other Revenue – analysis of contribution:

£m	30 June 2018	30 June 2019	30 June 2020	31 Dec 2019
Contribution from additional products & fees	105.6	102.4	95.6	202.1
Contribution from additional products underwritten by Admiral ^{*1}	5.9	7.9	8.6	13.9
Instalment income	37.5	42.0	47.6	83.9
Other revenue	149.0	152.3	151.8	299.9
Internal costs ^{*2}	(29.2)	(34.6)	(34.1)	(64.2)
Net other revenue	119.8	117.7	117.7	235.7
Other revenue per vehicle^{*3}	£67	£66	£64	£66
Other revenue per vehicle net of internal costs	£57	£56	£54	£56

^{*1} Included in underwriting profit in income statement but re-allocated to Other Revenue for purpose of KPIs.

^{*2} Internal costs reflect an allocation of insurance expenses incurred in generating other revenue.

^{*3} Other revenue (before internal costs) divided by average active vehicles, rolling 12-month basis.

Admiral generates Other Revenue from a portfolio of insurance products that complement the core car insurance product, and also fees generated over the life of the policy.

The most material contributors to net Other Revenue continue to be:

- Profit earned from motor policy upgrade products underwritten by Admiral, including breakdown, car hire and personal injury covers

- Revenue from other insurance products, not underwritten by Admiral
- Fees such as administration and cancellation fees
- Interest charged to customers paying for cover in instalments

Overall contribution (Other Revenue net of costs plus instalment income) was in line with H1 2019 at £117.7 million (H1 2019: £117.7 million). This included a reduction in admin fees and optional ancillary income, partly reflecting more transactions completing digitally and also reflecting the impact of Covid resulting in lower sales and reduced fees. This was partially offset by increased instalment income primarily arising from more customers choosing to pay by monthly instalment. In addition, there was a positive impact from other revenue generated on the Van insurance book.

Other revenue was equivalent to £64 per vehicle (gross of costs; H1 2019: £66) and Net Other revenue (after deducting costs) per vehicle was £54 (H1 2019: £56).

UK Household Insurance

£m	30 June 2018	30 June 2019	30 June 2020	31 Dec 2019
Turnover* ¹	68.3	80.0	87.0	171.3
Total premiums written* ¹	61.3	72.2	78.7	154.9
Net insurance premium revenue	14.7	18.1	20.9	37.2
Underwriting result*^{1,2}	(2.9)	0.6	(0.7)	0.7
Profit commission and other income	1.0	3.6	6.2	6.8
UK Household insurance profit/(loss)	(1.9)	4.2	5.5	7.5

*1 Alternative Performance Measures – refer to the end of this report for definition and explanation

*2 Underwriting loss excluding contribution from underwritten ancillaries

Key performance indicators

	30 June 2018	30 June 2019	30 June 2020	31 Dec 2019
Reported household loss ratio* ¹	87.6%	66.8%	69.0%	69.1%
Reported household expense ratio* ¹	32.1%	30.1%	34.2%	28.9%
Reported household combined ratio* ¹	119.7%	96.9%	103.2%	98.0%
Impact of extreme weather and subsidence* ¹	25.3%	—	11.1%	—
Households insured at period end (m)	0.78	0.92	1.07	1.01

*1 Alternative Performance Measures – refer to the end of this report for definition and explanation

Admiral's Household business continued to grow strongly, increasing the number of homes insured by 16% to 1,066,400 (H1 2019: 920,900), with turnover increasing to £87.0 million (H1 2019: £80.0 million). New business market volumes slowed as lockdown was implemented but recovered as restrictions eased. Retention remained strong. Overall, customers have shifted towards using digital channels more for both shopping and reporting claims.

The household business reported a profit of £5.5 million (H1 2019: £4.2 million profit) with the result being impacted by weather events in early 2020 costing approximately £5 million, net of recoveries from Flood Re (H1 2019: nil). Excluding the weather impact, the first half of 2020 saw favourable development of prior periods, most notably in relation to escape of water and fire perils.

The market saw a reduction in claims frequency in early lockdown which has subsequently recovered to more normal levels. As more people were staying at home during the Covid lockdown, the claims mix for Admiral shifted towards increased claims for damage and reduced escape of water claims.

Admiral's expense ratio increased to 34.2% (H1 2019: 30.1%) as a result of lower than expected premium due to sales disruption during the lockdown period, as well as increased acquisition cost as a result of more online comparison sales and increased investment in digital and claims capabilities.

International Insurance

£m	30 June 2018	30 June 2019	30 June 2020	31 Dec 2019
Turnover* ¹	260.1	319.5	329.5	623.6
Total premiums written* ¹	234.0	288.0	297.6	562.6
Net insurance premium revenue	66.2	80.6	95.5	168.6
Investment income	0.6	0.9	(0.1)	1.5
Net insurance claims	(49.7)	(66.0)	(63.3)	(137.2)
Net insurance expenses	(25.3)	(26.7)	(37.7)	(53.0)
Underwriting result*¹	(8.2)	(11.2)	(5.6)	(20.1)
Net other income	7.6	8.5	12.1	19.2

**International Car Insurance
result**

(0.6)

(2.7)

**6.5
(0.9)**

Key performance indicators

	30 June 2018	30 June 2019	30 June 2020	31 Dec 2019
Loss ratio* ²	78%	76%	63%	77%
Expense ratio* ²	39%	38%	45%	37%
Combined ratio* ³	117%	114%	108%	114%
Combined ratio, net of Other revenue* ⁴	106%	103%	95%	104%
Claims reserve releases (£m)	6.1	9.0	11.7	14.4
Vehicles insured at period end	1.12m	1.36m	1.49m	1.42m

*1 Alternative Performance Measures – refer to the end of this report for definition and explanation

*2 Loss ratios and expense ratios adjusted to remove the impact of reinsurer caps

*3 Combined ratio is calculated on Admiral's net share of premiums and excludes Other Revenue. It excludes the impact of reinsurer caps. Including the impact of reinsurer caps the reported combined ratio would be H1 2020: 106%; FY 2019: 113%; H1 2019: 115%; H1 2018: 113%.

*4 Combined ratio, net of Other Revenue is calculated on Admiral's net share of premiums and includes Other Revenue. Including the impact of reinsurer caps the reported combined ratio, net of Other Revenue would be H1 2020: 93%; FY 2019: 102%; H1 2019: 104%; H1 2018: 102%.

Geographical analysis*¹

30 June 2020	Spain	Italy	France	US	Total
Vehicles insured at period end	0.30m	0.71m	0.26m	0.22m	1.49m
Turnover (£m)	40.8	106.2	64.1	118.4	329.5
30 June 2019	Spain	Italy	France	US	Total
Vehicles insured at period end	0.28m	0.66m	0.20m	0.22m	1.36m
Turnover (£m)	40.2	105.2	51.4	122.7	319.5
31 Dec 2019	Spain	Italy	France	US	Total
Vehicles insured at period end	0.29m	0.69m	0.23m	0.21m	1.42m
Turnover (£m)	78.2	204.2	108.1	233.1	623.6

*1 Alternative Performance Measures – refer to the end of this report for definition and explanation

International Insurance financial performance

Admiral's international insurance businesses continued to grow despite a slowdown resulting from reduced demand during Covid lockdown restrictions, with customer numbers 10% higher than a year earlier and turnover growth of 3% to £329.5 million (H1 2019: £319.5 million).

The combined ratio, net of other revenue improved to 95% (H1 2019: 103%). This was driven both by positive prior year development as well as lower claims costs seen as a result of Covid.

The expense ratio deteriorated to 44.8% (H1 2019: 38.4%) as a result of both lower than expected premium in the period as a result of Covid and also an increase in the net retained share of business in the US where the Group now retains a 50% share of the current underwriting year. This results in a temporary increase in expense ratio as the recognition of the increase in earned premium arising from this change, lags the increase in expenses.

The European insurance operations in Spain, Italy and France insured 1.27m vehicles at 30 June 2020 – 12% higher than a year earlier (30 June 2019: 1.13m). Turnover was up 7% at £211.1 million (H1 2019: £196.8 million). The businesses recorded a profit of £9.8 million (H1 2019: profit of £3.5 million) with each reporting a positive result. All businesses continued to focus on improving their loss ratio and also experienced positive development of prior year loss ratios. The combined ratio net of other revenue (excluding the impact of reinsurer caps) improved materially to 82% from 93% due to the improved claims experience and growth in other revenue.

Admiral Seguros (Spain) grew by 10% to just over 300,000 customers over the past year (30 June 2019: 275,000). The business continued to focus on sustainable growth and increased retention in a competitive market. In addition, the business continued to grow distribution via the broker channel and implemented improvements to the online customer experience.

The Group's largest international operation, ConTe in Italy, continued to perform well and increased vehicles insured by 9% to 712,000 (30 June 2019: 656,000). Retention remained strong during the period and the business continued a focus on improving the loss ratio and risk selection.

L'olivier assurances (France) continued to grow strongly, particularly via the direct channel, increasing its customer base by 28% to 261,000 at 30 June 2020. Growth was also facilitated through marketing and product improvements, and the business also experienced strong retention.

In the US, Admiral underwrites motor insurance in seven states (Virginia, Maryland, Illinois, Texas, Indiana, Tennessee and Ohio) through its Elephant Auto business. The number of vehicles insured slightly decreased to 218,000 at 30 June 2020 (H1 2019: 222,000) and turnover was also down by 2% to £118.4 million (H1 2019: £122.7 million). The business continued to focus on improving the loss ratio with a cautious approach to growth and

improving risk selection capabilities. In addition, the business shifted towards providing policies with a six, rather than twelve month term, based on customer demand and more in line with standard market practice. This resulted in a lower written premium compared to the prior period.

Elephant reported a lower loss of £3.3 million (from £6.2 million in H1 2019) due to loss ratio improvements in H1 as a result of the focus to improve loss ratio over the past few periods as well as the impact of Covid, although this was partially offset by increased forbearance in respect of customer payment difficulties and other operational expenses.

Elephant continues to focus on cost control and improving customer service through the digital channel, which has contributed to continued improvement in the expense ratio. Overall, the combined ratio net of other revenue improved to 111% (116% in H1 2019).

Comparison

£m	30 June 2018	30 June 2019	30 June 2020	31 Dec 2019
Revenue				
Car insurance comparison	57.0	59.0	61.8	119.4
Other	19.6	24.4	28.9	52.2
Total Revenue	76.6	83.4	90.7	171.6
Expenses	(74.0)	(78.0)	(78.2)	(156.9)
Profit before tax	2.6	5.4	12.5	14.7
Confused.com profit	5.8	8.7	13.5	20.4
International comparison result	(3.2)	(3.3)	(1.0)	(5.7)
Statutory profit before tax	2.6	5.4	12.5	14.7
Confused.com profit	5.8	8.7	13.5	20.4
International comparison result	(2.3)	(1.3)	(0.4)	(2.4)
Group's share of profit before tax ^{*1}	3.5	7.4	13.1	18.0

^{*1} Alternative Performance Measure – refer to the end of this report for definition and explanation

Whilst the UK comparison market remained competitive in the first half of 2020, Confused.com performed very strongly. Turnover increased by 18% to £63.7 million (H1 2019: £54.2 million) as a result of strong growth in market share for both motor and household insurance. Confused.com continued to improve the customer and product proposition, and improved marketing efficiencies over the period. Profit increased to £13.5 million (H1 2019: £8.7 million). Confused saw a fall in demand for its services in the initial period of lockdown restrictions, though volumes recovered significantly in the latter part of the first half.

Admiral operates several comparison businesses outside the UK including Rastreator (Spain), LeLynx (France), compare.com (US) and the Preminen operations in emerging markets. The Group owns 75% of Rastreator, 59.25% of compare.com and 50% of Preminen.

Combined revenue for the continental European operations in the first half of 2020 decreased by 7% to £23.2 million (H1 2019: £25.0 million), as a result of lower quote volumes during the lockdown period. The Group's share of the combined result for Rastreator and LeLynx was a profit of £0.7 million (H1 2019: £2.1 million). Performance for both businesses was adversely impacted by Covid, with marketing and other variable costs being reduced in line with the fall in revenue, but fixed costs remaining stable. Similar to Confused.com, Rastreator and LeLynx saw a significant impact on volumes in early lockdown with improvements later in the first half.

During the first half of 2020 in the US, Admiral's share of compare.com's loss reduced to £0.5 million before tax (H1 2019: £2.8 million). Compare's revenue was largely in line with 2019 but the reduced size of the business, following actions taken in 2019, contributed to the reduced expenses and improved result.

Preminen continues to explore the potential of comparison in new markets overseas, in partnership with Mapfre. Current operations include Rastreator.mx in Mexico and, GoSahi.com in India with a decision taken during the first half of 2020 to cease operations through Tamoniki.com in Turkey.

Other Group Items

£m	30 June 2018	30 June 2019	30 June 2020	31 Dec 2019
Share scheme charges	(21.6)	(26.2)	(22.8)	(52.7)
Admiral Loans loss before tax	(6.4)	(4.3)	(9.4)	(8.4)
Other interest and investment income	1.1	2.7	3.0	6.0
Business development costs	(2.0)	(0.4)	(0.5)	(2.1)
Other central overheads	(3.7)	(5.5)	(11.2)	(20.0)
Finance charges	(5.6)	(5.5)	(5.8)	(11.2)

Group's share of other group

items	(38.2)	(39.2)	(46.7)	(88.4)
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Share scheme charges relate to the Group's two employee share schemes (refer to note 9 in the financial statements). The decrease in the charge is driven by a reduced number of awards following changes made in 2019, along with a reduced "DFSS bonus" charge due to the lower dividend paid in H1 2020.

Business development costs include costs associated with potential new ventures. The costs associated with Preminen were included within the Comparison segment above for the first time in 2019. Business development costs have remained consistent with H1 2019.

Other central costs consist of Group-related expenses and include the cost of a number of significant Group projects, such as the development of the internal model and preparation for the significant new insurance accounting standard, IFRS17. The increase in the period is primarily due to the Covid relief fund of £6.0 million provided in the UK to help support individuals and organisations in need as a result of the pandemic.

Finance charges of £5.8 million (H1 2019: £5.5 million) primarily relate to interest on the £200 million subordinated notes issued in July 2014 (refer to note 6 to the financial statements), along with notional finance charges recognized on leases in accordance with IFRS 16.

Admiral Loans

£m	30 June 2018	30 June 2019	30 June 2020	31 Dec 2019
Total interest income	5.1	13.3	19.8	30.8
Interest expense	(1.2)	(4.1)	(5.1)	(9.1)
Net interest income	3.9	9.2	14.7	21.7
Other fee income	—	0.9	0.9	1.9
Total income	3.9	10.1	15.6	23.6
Movement on provision for expected credit losses	(4.1)	(6.0)	(16.2)	(13.8)
Operating expenses	(6.2)	(8.4)	(8.8)	(18.2)
Loss before tax	(6.4)	(4.3)	(9.4)	(8.4)

*1 Includes £1.5 million intra-group interest expense (H1 2019: £1.2 million)

Admiral Loans distributes unsecured personal loans and car finance products through the comparison channel and also direct to consumers via the Admiral website.

In mid-March 2020, following the rising number of cases of Covid and lockdown in a number of other European countries, the Group made the decision to pause the writing of new loans. Management focused on intense monitoring of the loan portfolio performance and ensuring collection processes were robust and prepared for the strong likelihood of increased arrears experience resulting from increased unemployment. Admiral also extended payment holidays and reduced payment arrangements to some customers according to their needs and in line with regulatory guidance.

Gross loan balances totalled £495.5m at the end of June 2020, with a £40.2 million provision, thereby meaning a net loans balance of £455.3 million at the end of the first half of 2020 (net loans balance at 30 June 2019: £420.8 million, 31 December 2019: £455.1 million).

At the balance sheet date, Admiral Loans had not yet seen any significant increase in the level of defaults nor been required to make any significant specific provisions in relation to the impact of the pandemic. It has updated its IFRS9 models with a more cautious set of economic assumptions and refined management overlays to reflect expectations in respect of the behaviour of customers on payment holidays. Admiral Loans uses a probability-weighted combination of scenarios primarily driven by unemployment assumptions.

The IFRS9 probability-weighted model outputs supplemented by the payment holiday assumption overlays required a net additional impairment provision of £16.2 million (H1 2019: £6.0 million). For further information, refer to note 7 in the financial statements.

Management continues to monitor the market and UK economy closely and has re-entered the market in the second half in a very cautious manner.

Admiral Loans is currently funded through a combination of internal funding and further required external funding. The external portion funds approximately 60% of the current loans balance through the securitisation of certain loans via transfer of the rights to the cash-flows to a special purpose entity ("SPE") which remains under the control of the Group. The securitisation and subsequent issue of notes does not result in a significant transfer of risk from the Group.

Result

Admiral Loans recorded a pre-tax loss of £9.4 million in the first half of 2020 (increased from £4.3 million in H1 2019). The higher loss predominantly reflects the increased provision recognised in the period as noted above.

Group capital structure and financial position

Admiral's capital-efficient and profitable model led to a return on equity of 50% (H1 2019: 47%). A continuing key feature of the business model is the extensive use of co- and reinsurance across the Group which reduces the level of capital the Group is required to maintain.

The Group continues to manage its capital to ensure that all entities within the Group are able to continue as going concerns and that regulated entities comfortably meet regulatory capital requirements. Surplus capital within subsidiaries is paid up to the Group holding company in the form of dividends.

The Group continues to develop its partial internal model to form the basis of calculation of its capital requirement in the future, and expects to submit the formal application in 2021. In the period before submission, the Group will continue to use the current standard formula plus capital add-on basis to calculate its regulatory capital requirement.

The estimated Solvency II position for the Group at the date of this report was as follows:

Group capital position (estimated)

	30 June 2020	31 Dec 2019
	£bn	£bn
Eligible Own Funds (pre dividend)	1.47	1.42
Dividend	(0.20)	(0.22)
Eligible Own Funds (post dividend)	1.27	1.20
Solvency II capital requirement* ¹	0.68	0.63
Surplus over regulatory capital requirement	0.59	0.57
Solvency ratio (post dividend)	186%	190%

Although slightly reduced from the 2019 year- end position, the Group maintained a strong post-dividend solvency ratio at 186% (FY 2019: 190%). Whilst the surplus over the regulatory capital requirement has increased since 31 December 2019, increases in both Own Funds and SCR of a similar order result in a modest reduction in the ratio. The increase in Own Funds reflects economic profit generated in the period partially offset by adverse movements in credit spreads.

The solvency capital requirement includes an updated capital add-on which remains subject to regulatory approval. The solvency ratio based on the previously approved capital add-on that is calculated at the balance sheet date rather than the date of this report, and will be submitted to the regulator within the Q2 Quantitative Reporting Template (QRT) is as follows:

Regulatory solvency ratio (estimated)	30 June 2020	31 Dec 2019
Solvency ratio as reported above	186%	190%
Change in valuation date	(7%)	(10%)
Other (including impact of updated, unapproved capital add-on)	(10%)	(10%)
Solvency ratio (QRT basis)	169%	170%

The Group's capital includes £200 million ten year dated subordinated bonds. The rate of interest is fixed at 5.5% and the bonds mature in July 2024.

Estimated sensitivities to the current Group solvency ratio are presented in the table below. These sensitivities cover the two most material risk types, insurance risk and market risk, and within these risks cover the most significant elements of the risk profile. Aside from the catastrophe events, estimated sensitivities have not been calibrated to individual return periods.

Solvency ratio sensitivities

	30 June 2020	31 Dec 2019
UK Motor – incurred loss ratio +5%	-23%	-23%
UK Motor – 1 in 200 catastrophe event	-1%	-1%
UK Household – 1 in 200 catastrophe event	-2%	-2%
Interest rate – yield curve down 50 bps	-3%	-5%
Credit spreads widen 100 bps	-9%	-8%
Currency – 25% movement in euro and US dollar	-3%	-3%
ASHE – long term inflation assumption up 0.5%	-3%	-3%
Loans – 100% weighting to severe scenario	-1%	-3%

The reduced sensitivity to interest rates reflects changes in asset allocations to better match durations of PPO claims.

For further detail on Loans sensitivities refer to note 7a to the financial statements.

Investments and cash

Admiral's investment strategy was unchanged in H1 2020. The main focus of the Group's strategy is capital preservation, with additional priorities including low volatility of returns, high levels of liquidity and matching of asset durations with PPO and non-PPO liability durations. All objectives continue to be met. The Group's Investment Committee performs regular reviews of the strategy to ensure it remains appropriate.

Cash and investments analysis

£m	30 June 2018	30 June 2019	30 June 2020	31 Dec 2019
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Fixed income and debt securities	1,542.5	1,827.6	2,024.1	1,957.8
Money market funds and other fair value instruments	1,203.8	1,029.3	1,243.4	1,160.2
Cash deposits	130.0	88.7	85.0	116.5
Cash	309.5	461.4	396.3	281.7
Total	3,185.8	3,407.0	3,748.8	3,516.2

Investment return

£m	30 June 2018	30 June 2019	30 June 2020	31 Dec 2019
Investment return	18.6	23.3	21.3	48.6
Movement on accruals held for reinsurers	—	(4.5)	12.9	(12.9)
Unrealised (gains)/losses	(1.4)	(0.4)	0.2	(0.1)
Movement in provision for expected credit losses	—	(0.1)	(2.4)	(0.3)
Net Investment income	17.2	18.3	32.0	35.3

Net investment income for the first half of 2020 was £32.0 million (H1 2019: £18.3 million).

The investment return on the Group's investment portfolio excluding unrealised gains and losses, the release of the investment income accruals held in relation to reinsurance contracts and the movement in provision for expected credit losses, was £21.3 million (H1 2019: £23.3 million), with the annualised rate of return being 1.2% (H1 2019: 1.4%). The lower return in the period was reflective of the lower yield environment.

Net investment income in the period is positively impacted by the release of the £12.9 million investment income accrual (H1 2019: £4.5m accrual) held in relation to UK motor quota share reinsurance arrangements. These reinsurance contracts typically operate on a 'funds withheld' basis, meaning that Admiral retains the reinsurers' share of premiums, and pays the reinsurers' share of claims and expenses out of the withheld amounts. Investment income on the withheld fund is accrued and typically released once the projected best estimate loss ratio for the relevant underwriting year results in a profitable outcome.

In H1 2020, accruals held in relation to the 2019 underwriting year were released following an improvement in the projected best estimate loss ratio for the underwriting year.

The Group continues to generate significant amounts of cash and its capital-efficient business model enables the distribution of the majority of post-tax profits as dividends. Total cash and investments at the end of H1 2020 was £3,748.8 million (FY 2019: £3,516.2 million). The increase in the period includes a draw down on the Group's revolving credit facility of £86.5 million.

Taxation

The tax charge for the period, reported on a statutory basis is £43.1 million (H1 2019: £37.0 million), which equates to 15.1% (H1 2019: 16.9%) of profit before tax. The reduction in effective tax rate (as defined in the glossary) is driven primarily by an increase in non-taxable income and a lower impact of unrecognised deferred tax due to lower losses in the Group's US businesses.

Principal Risks and Uncertainties

Admiral has performed a robust assessment of its principal risks and uncertainties, including those which would threaten its business model, future performance, liquidity and solvency. The result of this assessment has concluded that Admiral's principal risks and uncertainties are consistent with those reported in the Group's 2019 Annual Report (pages 67-73).

Covid-19

The impact of Covid on Admiral's principal risks and uncertainties, as well as the steps taken to appropriately manage these risks is overseen by the Group Risk Committee. The most significant impacts are set out below.

Operational, Regulatory and Strategic Risks

Admiral is exposed to an increased level of operational risk through the implementation of business continuity plans, in addition to regulatory and strategic risks.

- All but a very small number of essential staff worked from home from the point at which lockdown restrictions were imposed in the Group's various locations. As restrictions have eased, the Group is adopting a very cautious approach to reopening offices. Potential impacts to staff physical and mental health have been carefully managed through the pandemic.
- The rollout of hardware and software to support remote working has impacted systems and processes, with appropriate adjustments made in order to mitigate changes or increases in specific risks

- Regulatory risk has increased during the pandemic, with a significant amount of new regulatory guidance issued across the Group's businesses. Admiral has, and continues to closely monitor this guidance, and has prioritised initiatives for customers (particularly for vulnerable customers) as set out earlier in this report.
- Strategic risks, including the impact on significant Group projects and product developments and enhancements, have been closely monitored, with appropriate focus and resource dedicated to ensuring that significant projects continue to progress.

Market and Credit Risks

The Group's investment portfolio has been impacted by the market volatility and wider economic uncertainty associated with Covid. Robust stress tests have been regularly completed, with the Group continuing to show strong solvency and liquidity positions. This is supported by close monitoring of market movements, with regular reviews by the Group's Investment Committee, and daily monitoring of underlying exposures by the Group's Asset Managers.

Admiral is also exposed to an increased level of risk of default by personal lending customers as a result of the economic environment and anticipated increases in unemployment. Further information is included in the section headed 'Admiral Loans' earlier in this report and in note 7 to the financial statements.

Insurance Risk

The Group has experienced competing effects as a result of Covid, specifically in relation to premium volumes and claims. Early in the period of lockdown restrictions, new business volumes, along with other revenue, initially reduced, though as restrictions have begun to ease, volumes have increased. The impact of these initially reduced volumes has been offset by a reduction in insurance claims frequency during the lockdown period. This reduction in claims frequency and volume has been particularly evident in the UK, leading to the Stay at Home premium rebate as referred to earlier in this report.

Admiral is taking appropriate mitigating steps with respect to these risks, including continuing to ensure that there is sufficient capacity in the relevant operational areas in order to sell, renew and service policies, and settle claims, increasing the number of options for customers to access and service policies on-line, and through relevant pricing actions.

UK Exit from the European Union ('Brexit')

To date Admiral has adopted a prudent approach to Brexit to help mitigate the potential risks associated with a 'no-deal' scenario, including the restructuring of the European insurance and price comparison businesses, as well as establishing procedures to monitor and manage potential supply chain changes and communications to customers.

The UK exited the EU on 31 January 2020, with the transition period due to end on 31 December 2020. At the date of this report, there remains uncertainty in the trading arrangements between the UK and the EU that will be implemented after the end of the transition period. This along with any associated economic volatility may give rise to impacts across a number of the Group's principal risks and uncertainties. The Group closely monitors and manages these risks through its Brexit Steering Committee, reporting into the Group Risk Committee at appropriate intervals.

Audit Tender

The Group's 2019 Annual Report referenced that the Group's Audit Committee had made a decision to conduct an external audit tender process during 2020. Whilst the timelines for the initiation of this process were extended beyond the end of Q2 2020 in order to ensure that a robust and effective process could be run in the current remote working environment, the process has now commenced and is still expected to be completed before the end of 2020. The appointment, or re-appointment of the successful firm will be made with effect from the 2021 financial year, coinciding with the rotation of the current audit partner. The Group's major shareholders were consulted ahead of the initiation of the process.

Disclaimer on forward-looking statements

Certain statements made in this announcement are forward-looking statements. Such statements are based on current expectations and assumptions and are subject to a number of known and unknown risks and uncertainties that may cause actual events or results to differ materially from any expected future events or results expressed or implied in these forward-looking statements.

Persons receiving this announcement should not place undue reliance on forward-looking statements. Unless otherwise required by applicable law, regulation or accounting standard, the Group does not undertake to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.

Condensed consolidated income statement (unaudited)

	Note	6 months ended		Year ended
		30 June 2020 £m	30 June 2019 £m	31 December 2019 £m
Insurance premium revenue		1,063.4	1,080.4	2,198.4
Insurance premium ceded to reinsurers		(712.6)	(731.2)	(1,489.0)
Net insurance premium revenue	5	350.8	349.2	709.4
Other revenue	8	243.9	233.1	469.9

Profit commission	5	44.6	36.1	114.9
Interest income	7	19.8	13.3	30.8
Interest expense	7	(3.8)	(2.9)	(6.3)
Net interest income from loans		16.0	10.4	24.5
Investment return	6	34.4	18.4	35.6
Net revenue		689.7	647.2	1,354.3
Insurance claims and claims handling expenses		(611.6)	(788.3)	(1,568.1)
Insurance claims and claims handling expenses recoverable from reinsurers		470.3	588.3	1,208.8
Net insurance claims		(141.3)	(200.0)	(359.3)
Operating expenses and share scheme charges	9	(460.7)	(431.9)	(886.9)
Operating expenses and share scheme charges recoverable from co- and reinsurers	9	223.2	215.2	441.2
Net operating expenses and share scheme charges		(237.5)	(216.7)	(445.7)
Changes in the expected credit loss provision	6	(18.6)	(6.1)	(14.1)
Total expenses		(397.4)	(422.8)	(819.1)
Operating profit		292.3	224.4	535.2
Finance costs	6	(7.3)	(7.5)	(14.6)
Finance costs recoverable from co- and reinsurers	6	1.1	1.3	2.0
Net finance costs		(6.2)	(6.2)	(12.6)
Profit before tax		286.1	218.2	522.6
Taxation expense	10	(43.1)	(37.0)	(94.2)
Profit after tax		243.0	181.2	428.4
Profit after tax attributable to:				
Equity holders of the parent		243.7	183.2	432.4
Non-controlling interests (NCI)		(0.7)	(2.0)	(4.0)
		243.0	181.2	428.4
Earnings per share				
Basic	12	82.9p	63.0p	148.3p
Diluted	12	82.8p	62.9p	148.0p
Dividends declared and paid (total)	12	162.3	188.0	367.8
Dividends declared and paid (per share)	12	56.3p	66.0p	129.0p

Condensed consolidated statement of comprehensive income (unaudited)

	6 months ended		Year ended
	30 June 2020 £m	30 June 2019 £m	31 December 2019 £m
Profit for the period	243.0	181.2	428.4
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Movements in fair value reserve	17.7	29.6	34.6
Deferred tax charge in relation to movement in fair value reserve	(1.5)	(1.4)	(1.5)
Exchange differences on translation of foreign operations	11.7	(0.7)	(8.9)
Movement in hedging reserve	(3.6)	(1.3)	(0.9)
Other comprehensive income for the period, net of income tax	24.3	26.2	23.3

Total comprehensive income for the period	267.3	207.4	451.7
Total comprehensive income for the period attributable to:			
Equity holders of the parent	267.5	209.5	456.1
Non-controlling interests	(0.2)	(2.1)	(4.4)
	267.3	207.4	451.7

Condensed consolidated statement of financial position (unaudited)

	Note	As at		
		30 June 2020 £m	30 June 2019 £m	31 December 2019 £m
ASSETS				
Property and equipment	11	150.7	163.0	154.4
Intangible assets	11	162.2	158.9	160.3
Deferred income tax	10	2.1	5.3	—
Reinsurance assets	5	1,891.6	1,885.9	2,071.7
Insurance and other receivables	6	1,227.7	1,192.4	1,227.7
Loans and advances to customers	7	455.3	420.8	455.1
Financial investments	6	3,352.5	2,945.6	3,234.5
Cash and cash equivalents	6	396.3	461.4	281.7
Total assets		7,638.4	7,233.3	7,585.4
EQUITY				
Share capital	12	0.3	0.3	0.3
Share premium account		13.1	13.1	13.1
Other reserves		78.9	57.7	55.1
Retained earnings		947.4	740.0	840.9
Total equity attributable to equity holders of the parent		1,039.7	811.1	909.4
Non-controlling interests		11.2	11.5	9.2
Total equity		1,050.9	822.6	918.6
LIABILITIES				
Insurance contracts	5	4,022.6	3,929.1	3,975.0
Subordinated and other financial liabilities	6	644.2	484.5	530.1
Trade and other payables	6, 11	1,777.8	1,811.1	1,975.9
Lease liabilities	6	132.6	143.0	137.1
Deferred income tax	10	—	—	0.4
Current tax liabilities	10	10.3	43.0	48.3
Total liabilities		6,587.5	6,410.7	6,666.8
Total equity and total liabilities		7,638.4	7,233.3	7,585.4

Condensed consolidated cash flow statement (unaudited)

	Note	6 months ended		Year ended
		30 June 2020 £m	30 June 2019 £m	31 December 2019 £m
Profit after tax		243.0	181.2	428.4
Adjustments for non-cash items				
- Depreciation of property, plant and equipment and right-of-use assets	11	12.8	12.3	23.8
- Amortisation and impairment of intangible assets	11	8.9	8.2	18.7
- Movement in provision for loans and advances to customers	7	16.2	6.0	13.8

- Share scheme charges	9	22.9	26.5	53.4
- Accrued interest income from loans and advances to customers		(0.2)	(1.7)	(0.6)
- Accrued interest expense from loans and advances to customers		1.3	—	—
- Investment return	6	(34.4)	(18.3)	(35.3)
- Finance costs, including unwinding of discounts on lease liabilities	6	6.2	9.1	12.6
- Taxation expense	10	43.1	37.0	94.2
Change in gross insurance contract liabilities	5	47.6	192.7	238.6
Change in reinsurance assets	5	180.1	(2.4)	(188.2)
Change in insurance and other receivables	6, 11	(1.7)	(112.1)	(147.0)
Change in loans and advances to customers	7	(16.4)	(126.6)	(168.7)
Change in trade and other payables, including tax and social security	11	(198.1)	9.6	174.4
Cash flows from operating activities, before movements in investments		331.3	221.5	518.1
Purchases of financial instruments		(1,170.7)	(905.9)	(2,048.2)
Proceeds on disposal/ maturity of financial instruments		1,106.1	985.2	1,847.9
Interest and investment income received	6	6.6	8.6	11.6
Cash flows from operating activities, net of movements in investments		273.3	309.4	329.4
Taxation payments		(87.0)	(47.4)	(92.8)
Net cash flow from operating activities		186.3	262.0	236.6
Cash flows from investing activities:				
Purchases of property, equipment and software		(15.3)	(13.5)	(33.6)
Net cash used in investing activities		(15.3)	(13.5)	(33.6)
Cash flows from financing activities:				
Non-controlling interest capital contribution		2.2	1.6	1.6
Proceeds on issue of loan backed securities		24.1	85.1	136.2
(Repayment)/proceeds from other financial liabilities		86.5	(46.5)	(50.3)
Finance costs paid, including interest expense paid on funding for loans	6	(6.7)	(10.4)	(14.0)
Repayment of lease liabilities		(4.3)	(5.5)	(10.6)
Equity dividends paid	12	(162.3)	(188.0)	(367.8)
Net cash used in financing activities		(60.5)	(163.7)	(304.9)
Net increase / (decrease) in cash and cash equivalents		110.5	84.8	(101.9)
Cash and cash equivalents at 1 January		281.7	376.8	376.8
Effects of changes in foreign exchange rates		4.1	(0.2)	6.8
Cash and cash equivalents at end of period	6	396.3	461.4	281.7

Condensed consolidated statement of changes in equity (unaudited)

	Attributable to the owners of the Company						Total £m	Non-controlling interests £m	Total equity £m
	Share premium Capital account £m	Fair value reserve £m	Hedging reserve £m	Foreign exchange reserve £m	Retained profit and loss £m	Total £m			
At 1 January 2019	0.3	13.1	13.5	(0.3)	18.2	713.5	758.3	12.8	771.1
Profit/(loss) for the period	—	—	—	—	—	183.2	183.2	(2.0)	181.2

Other comprehensive income									
Movements in fair value reserve	—	—	29.6	—	—	—	29.6	—	29.6
Deferred tax charge in relation to movement in fair value reserve	—	—	(1.4)	—	—	—	(1.4)	—	(1.4)
Movement in hedging reserves	—	—	—	(1.3)	—	—	(1.3)	—	(1.3)
Currency translation differences	—	—	—	—	(0.6)	—	(0.6)	(0.1)	(0.7)
Total comprehensive income for the period	—	—	28.2	(1.3)	(0.6)	183.2	209.5	(2.1)	207.4
Transactions with equity holders									
Dividends	—	—	—	—	—	(188.0)	(188.0)	—	(188.0)
Share scheme credit	—	—	—	—	—	28.0	28.0	—	28.0
Deferred tax credit on share scheme credit	—	—	—	—	—	2.5	2.5	—	2.5
Contributions by NCIs	—	—	—	—	—	—	—	2.2	2.2
Changes in ownership interests without a change in control	—	—	—	—	—	0.8	0.8	(1.4)	(0.6)
Total transactions with equity holders	—	—	—	—	—	(156.7)	(156.7)	0.8	(155.9)
As at 30 June 2019	0.3	13.1	41.7	(1.6)	17.6	740.0	811.1	11.5	822.6
At 1 January 2019	0.3	13.1	13.5	(0.3)	18.2	713.5	758.3	12.8	771.1
Profit/(loss) for the period	—	—	—	—	—	432.4	432.4	(4.0)	428.4
Other comprehensive income									
Movements in fair value reserve	—	—	34.6	—	—	—	34.6	—	34.6
Deferred tax charge in relation to movement in fair value reserve	—	—	(1.5)	—	—	—	(1.5)	—	(1.5)
Movement in hedging reserve	—	—	—	(0.9)	—	—	(0.9)	—	(0.9)
Currency translation differences	—	—	—	—	(8.5)	—	(8.5)	(0.4)	(8.9)
Total comprehensive income for the	—	—	33.1	(0.9)	(8.5)	432.4	456.1	(4.4)	451.7

period									
Transactions with equity holders									
Dividends	—	—	—	—	—	(367.8)	(367.8)	—	(367.8)
Share scheme credit	—	—	—	—	—	58.8	58.8	—	58.8
Deferred tax credit on share scheme credit	—	—	—	—	—	3.2	3.2	—	3.2
Contributions by NCIs	—	—	—	—	—	—	—	2.2	2.2
Changes in ownership interests without a change in control	—	—	—	—	—	0.8	0.8	(1.4)	(0.6)
Total transaction with equity holders	—	—	—	—	—	(305.0)	(305.0)	0.8	(304.2)
As at 31 December 2019	0.3	13.1	46.6	(1.2)	9.7	840.9	909.4	9.2	918.6

Condensed consolidated statement of changes in equity (unaudited) (continued)

	Attributable to the owners of the Company						Total	Non-controlling interests	Total equity
	Share Capital	Share premium	Fair value reserve	Foreign Hedging reserve	Foreign exchange reserve	Retained profit and loss			
	£m	£m	£m	£m	£m	£m	£m	£m	
At 1 January 2020	0.3	13.1	46.6	(1.2)	9.7	840.9	909.4	9.2	918.6
Profit/(loss) for the period	—	—	—	—	—	243.7	243.7	(0.7)	243.0
Other comprehensive income									
Movements in fair value reserve	—	—	17.7	—	—	—	17.7	—	17.7
Deferred tax charge in relation to movement in fair value reserve	—	—	(1.5)	—	—	—	(1.5)	—	(1.5)
Movement in hedging reserve	—	—	—	(3.6)	—	—	(3.6)	—	(3.6)
Currency translation differences	—	—	—	—	11.2	—	11.2	0.5	11.7
Total comprehensive income for the period	—	—	16.2	(3.6)	11.2	243.7	267.5	(0.2)	267.3
Transactions with equity holders									
Dividends	—	—	—	—	—	(162.3)	(162.3)	—	(162.3)
Share scheme credit	—	—	—	—	—	24.9	24.9	—	24.9

Deferred tax credit on share scheme credit	—	—	—	—	—	0.2	0.2	—	0.2
Contributions by NCIs	—	—	—	—	—	—	—	2.2	2.2
Total transactions with equity holders	—	—	—	—	—	(137.2)	(137.2)	2.2	(135.0)
As at 30 June 2020	0.3	13.1	62.8	(4.8)	20.9	947.4	1,039.7	11.2	1,050.9

Notes to the financial statements (unaudited)

1. General information

Admiral Group plc (the "Company") is a company incorporated in the United Kingdom and registered and domiciled in England and Wales. Its registered office is at Tŷ Admiral, David Street, Cardiff, CF10 2EH and its shares are listed on the London Stock Exchange.

The condensed interim financial statements comprise the results and balances of the Company and its subsidiaries (the Group) for the six-month period ended 30 June 2020 and the comparative periods for the six-months ended 30 June 2019 and the year ended 31 December 2019. This condensed set of financial statements has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2019 ("last annual financial statements"). They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

As required by the FCA's Disclosure and Transparency Rules, the condensed set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the Company's published consolidated financial statements for the year ended 31 December 2019, except where new accounting standards apply as noted below.

The financial statements of the Company's subsidiaries are consolidated in the Group financial statements. In accordance with IAS 24, transactions or balances between Group companies that have been eliminated on consolidation are not reported as related party transactions.

The comparative figures for the financial year ended 31 December 2019 are not the Company's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditors and delivered to the registrar of companies. The report of the auditors was:

i. unqualified;

ii. did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report; and

iii. did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The accounts have been prepared on a going concern basis. In considering the appropriateness of this assumption, the Board have reviewed the Group's projections for the next twelve months and beyond. Further information is given in note 2 below.

2. Basis of preparation

The condensed set of interim financial statements have been prepared applying the accounting policies and presentation that were applied in the preparation of the Company's published consolidated financial statements for the year ended 31 December 2019.

A number of other IFRS and interpretations have been endorsed by the EU in the period to 30 June 2020 and although they have been adopted by the Group, none of them has had a material impact on the Group's financial statements.

The Group's assessment of the impact of standards that have yet to be adopted remains consistent with that reported on page 148 of the Group's 2019 Annual Report.

The Directors have made an assessment of going concern, taking into account both current performance and the Group's outlook. This considered in detail the impact of the Covid-19 pandemic, and a review of projections for the next 12 months and beyond, incorporating the impact of the Covid-19 pandemic on the Group's profit forecasts, regulatory capital surpluses and sources of liquidity.

In particular, as part of this assessment the Board considered:

- The impact of the pandemic on the Group's profit projections. As part of this analysis, the Board considered the impacts arising from:
 - o A significantly reduced UK motor claims frequency during the lockdown period as customers stayed at home and were driving less
 - o The 'Stay at Home' premium rebate to UK motor insurance customers announced in April 2020 to reflect the lower claims frequency during the lockdown period

- o Changes in premium volumes both through the lockdown period and expected in the future, along with anticipated changes to average premiums across the Group's insurance businesses
- o Potential impacts on the cost of settling claims across all insurance businesses
- o Projected trends in other revenue generated by the Group's insurance business from fees and the sale of ancillary products
- o The impact of elevated credit losses in the Group's Loans business arising from higher unemployment
- o Impacts on the projected growth on the Group's Loan book following a temporary closure to new business
- o A potential increase in ongoing costs arising from the implementation and maintenance of business continuity plans

·The Group's solvency position, which has been closely monitored through the period of market volatility experienced to date. Although impacted by market movements, and in particular widening credit spreads, the Group maintains a strong solvency position above target levels

·The adequacy of the Group's liquidity position after considering all of the factors noted above

·The results of business plan scenarios and stress tests on the projected profitability, solvency and liquidity positions including the impact of severe downside scenarios that assume further periods of lockdown and the impact of severe economic, credit and trading stresses.

·The operational resilience of the Group's critical functions, including the ability of the Group to provide continuity of service to its customers through a prolonged period of stress

·The stability and security aspects of the Group's IT systems.

·Impacts on the Group's strategic priorities including re-prioritisation of significant Group projects.

·The regulatory environment, in particular focusing on regulatory guidance issued by the FCA and the PRA in the UK and ongoing communications between management and the regulator.

·A review of the Company's principal risks and uncertainties and how the assessment of risk may have changed in light of the pandemic.

·A review of an ad-hoc Covid-specific 'Own Risk and Solvency Assessment' (ORSA).

Following consideration of the above, the Directors have reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report, and that it is therefore appropriate to adopt the going concern basis in preparing the interim financial statements.

The accounting policies set out in the notes to the financial statements have, unless otherwise stated, been applied consistently to all periods presented in these Group financial statements.

The financial statements are prepared on the historical cost basis, except for the revaluation of financial assets classified as fair value through profit or loss or fair value through other comprehensive income. The financial statements are presented in pounds sterling, rounded to the nearest £0.1 million.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance. The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is reviewed if this revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. To the extent that a change in an accounting estimate gives rise to changes in assets and liabilities, it is recognised by adjusting the carrying amount of the related asset or liability in the period of the change.

3. Critical accounting judgements and estimates

The Group's 2019 Annual Report provides full details of significant judgements and estimates used in the application of the Group's accounting policies.

There have been no additional critical judgements or estimates applied in the period.

Note 5 provides further information as to the changes in the estimates with respect to the calculation of insurance reserves.

Note 7 provides further information as to changes in the estimates with respect to the calculation of the expected credit loss provision for the Admiral Loans business, following the impact of Covid on management's key judgements and the sources of estimation uncertainty.

4. Operating segments

The Group has four reportable segments; UK Insurance, International Insurance, Comparison and Other, as set out on page 153 of the Group's 2019 Annual Report.

Segment income, results and other information

An analysis of the Group's revenue and results for the period ended 30 June 2020, by reportable segment, is shown below. The accounting policies of

the reportable segments are consistent with those presented in the notes to the 2019 Group financial statements.

Half-year ended 30 June 2020						
	UK International		Comparison	Other Eliminations ^{*2}	Total	
	Insurance	Insurance				
Turnover ^{*1}	1,248.4	329.5	90.7	21.0	(10.0)	1,679.6
Net insurance premium revenue	251.7	99.1	—	—	—	350.8
Other revenue and profit commission	191.8	14.8	90.7	15.9	(8.7)	304.5
Investment return ^{*5}	30.6	(0.1)	—	—	(1.5)	29.0
Net revenue	474.1	113.8	90.7	15.9	(10.2)	684.3
Net insurance claims	(76.2)	(65.1)	—	—	—	(141.3)
Expenses ^{*3*5}	(83.9)	(42.2)	(78.2)	(25.3)	10.0	(219.6)
Segment profit/(loss) before tax	314.0	6.5	12.5	(9.4)	(0.2)	323.4
Other central revenue and expenses, including share scheme charges						(34.5)
Investment and interest income						3.0
Finance costs ^{*3*5}						(5.8)
Consolidated profit before tax^{*4}						286.1
Taxation expense						(43.1)
Consolidated profit after tax						243.0

*1 Turnover is an Alternative Performance Measure presented before intra-group eliminations and consists of total premiums written (including co-insurers' share) and Other revenue. Refer to the glossary and note 13 for further information.

*2 Eliminations are in respect of the intra-group trading between the Group's comparison and UK and International insurance entities and intra-group interest.

*3 £0.4 million of IFRS 16 interest expense (being the Group's net share of IFRS 16 interest expense) included within Finance Costs in the Income Statement has been reallocated to individual segments within expenses, in line with management segmental reporting.

*4 Profit before tax above of £286.1 million is presented on a statutory basis, being 100% of the result for each entity. That increases to Group's share of profit before tax of £286.7 million. See note 13f for a reconciliation of the UK Insurance, International Insurance and Comparison turnover and profit before tax to the Strategic Report.

*5 Investment return is reported net of impairment on financial assets, in line with management reporting.

Revenue and results for the corresponding reportable segments for the period ended 30 June 2019 are shown below.

Half-year ended 30 June 2019						
	International		Comparison	Other Eliminations ^{*2}	Total	
	UK Insurance	Car Insurance				
Turnover ^{*1}	1,338.8	319.5	83.4	14.5	(9.7)	1,746.5
Net insurance premium revenue	264.7	84.5	—	—	—	349.2
Other revenue and profit commission	184.1	10.1	83.4	10.5	(8.5)	279.6
Investment return ^{*5}	15.9	0.9	—	—	(1.2)	15.6
Net revenue	464.7	95.5	83.4	10.5	(9.7)	644.4
Net insurance claims	(130.1)	(69.9)	—	—	—	(200.0)
Expenses ^{*3*5}	(79.7)	(28.3)	(78.0)	(14.3)	9.7	(190.6)
Segment profit/(loss) before tax	254.9	(2.7)	5.4	(3.8)	—	253.8
Other central revenue and expenses, including share scheme charges						(32.8)
Investment and interest income						2.7
Finance costs ^{*5}						(5.5)
Consolidated profit before tax^{*4}						218.2

Taxation expense	(37.0)
Consolidated profit after tax	181.2

*1 Turnover is an Alternative Performance Measure presented before intra-group eliminations and consists of total premiums written (including co-insurers' share) and Other revenue. Refer to the glossary and note 13 for further information.

*2 Eliminations are in respect of the intra-group trading between the Group's comparison and UK and International insurance entities and intra-group interest.

*3 £0.7 million of IFRS 16 interest expense (being the Group's net share of IFRS 16 interest expense) included within Finance Costs in the Income Statement has been reallocated to individual segments within expenses, in line with management segmental reporting.

*4 Profit before tax above of £218.2 million is presented on a statutory basis, being 100% of the result for each entity. This increases to Group's share of profit before tax of £220.2 million. See note 13f for a reconciliation of the UK Insurance, International Insurance and Comparison turnover and profit before tax to the Strategic Report.

*5 Investment return is reported net of impairment on financial assets, in line with management reporting.

Revenue and results for the corresponding reportable segments for the year ended 31 December 2019 are shown below.

	Year ended 31 December 2019					
	International		Comparison	Other	Eliminations* ²	Total
	UK Insurance	Car Insurance				
	£m	£m	£m	£m	£m	£m
Turnover* ¹	2,635.0	623.6	171.6	33.3	(19.4)	3,444.1
Net insurance premium revenue	533.2	176.2	—	—	—	709.4
Other revenue and profit commission	407.6	22.5	171.6	24.2	(16.6)	609.3
Investment return* ⁵	30.4	1.5	—	—	(2.8)	29.1
Net revenue	971.2	200.2	171.6	24.2	(19.4)	1,347.8
Net insurance claims	(215.8)	(143.5)	—	—	—	(359.3)
Expenses* ^{3*5}	(157.5)	(57.6)	(156.9)	(31.5)	19.4	(384.1)
Segment profit/(loss) before tax	597.9	(0.9)	14.7	(7.3)	—	604.4
Other central revenue and expenses, including share scheme charges						(76.6)
Investment and interest income						6.2
Finance costs* ⁵						(11.4)
Consolidated profit before tax						522.6
Taxation expense						(94.2)
Consolidated profit after tax						428.4

*1 Turnover is an Alternative Performance Measure presented before intra-group eliminations and consists of total premiums written (including co-insurers' share) and Other revenue. Refer to the glossary and note 13 for further information.

*2 Eliminations are in respect of the intra-group trading between the Group's comparison and UK and International insurance entities and intra-group interest.

*3 £1.2 million of IFRS 16 interest expense (being the Group's net share of IFRS 16 interest expense) included within the Finance Costs in the Income Statement has been reallocated to individual segments within expenses, in line with management segmental reporting.

*4 Profit before tax above of £522.6 million is presented on a statutory basis, being 100% of the result for each entity. That increases to Group's share of profit before tax of £526.1 million. See note 13f for a reconciliation of the UK Insurance, International Insurance and Comparison turnover and profit before tax to the Strategic Report.

*5 Investment return is reported net of impairment on financial assets, in line with management reporting.

Segment revenues

The UK and International Insurance reportable segments derive all insurance premium income from external policyholders. Revenue within these segments is not derived from an individual policyholder that represents 10% or more of the Group's total revenue.

The total of Comparison revenues from transactions with other reportable segments is £10.0 million (H1 2019: £9.7 million, FY 2019: £19.4 million) which has been eliminated on consolidation, along with £1.5 million of intra-group interest charges (H1 2019: £1.2 million, FY 2019: £2.8 million) related to the UK Insurance and Other segment. There are no other transactions between reportable segments.

Revenues from external customers for products and services is consistent with the split of reportable segment revenues as shown above.

Information about geographical locations

All material revenues from external customers, and net assets attributed to a foreign country relating to car insurance are shown within the International Insurance reportable segment shown above. The revenue and results of the international Comparison businesses; Rastreator, LeLynx, compare.com and Preminen entities are not yet material enough to be presented as a separate segment.

5. Premium, Claims and Profit Commissions

5a. Net insurance premium revenue

	30 June 2020 £m	30 June 2019 £m	31 December 2019 £m
Total insurance premiums written before co-insurance*1	1,399.3	1,474.0	2,884.4
Group gross premiums written after co-insurance	1,119.8	1,161.1	2,273.7
Outwards reinsurance premiums	(741.3)	(784.5)	(1,541.4)
Net insurance premiums written	378.5	376.6	732.3
Change in gross unearned premium provision	(56.4)	(80.7)	(75.3)
Change in reinsurers' share of unearned premium provision	28.7	53.3	52.4
Net insurance premium revenue	350.8	349.2	709.4

*1 Alternative Performance Measures – refer to the end of the report for definition and explanation, and to note 13a for reconciliation to Group gross premiums written

The Group's share of its insurance business was underwritten by Admiral Insurance (Gibraltar) Limited, Admiral Insurance Company Limited, Admiral Europe Compania Seguros, and Elephant Insurance Company LLC. All contracts are short-term in duration, lasting for 12 months or less.

5b. Profit commission

	30 June 2020 £m	30 June 2019 £m	31 December 2019 £m
Underwriting year (UK car only)			
2015 & prior	26.4	13.9	48.3
2016	7.7	9.7	27.5
2017	6.2	11.4	36.4
2018	0.8	—	—
2019	—	—	—
2020	—	—	—
Total UK motor profit commission*1	41.1	35.0	112.2
Total UK household profit commission*1	3.5	1.1	2.7
Total profit commission	44.6	36.1	114.9

*1 Of the total UK motor profit commission recognised of £41.1 million (H1 2019: £35.0 million, FY 2019 £112.2 million), £39.6 million (H1 2019: £31.7 million, FY 2019 £95.4 million) relates to co-insurance arrangements and £1.5 million (H1 2019: £3.3 million, FY 2019 £16.8 million) to reinsurance arrangements. The UK Household and International profit commission relates solely to reinsurance arrangements.

No profit commission has yet been recognised on the 2019 – 2020 underwriting years as the combined ratios calculated from the financial statement loss ratios on these years sit above the threshold for profit commission recognition.

5c. Reinsurance assets and insurance contract liabilities

(i) Analysis of recognised amounts:

	30 June 2020 £m	30 June 2019 £m	31 December 2019 £m
Gross			
Claims outstanding*1	2,872.7	2,851.5	2,899.4
Unearned premium provision	1,149.9	1,077.6	1,075.6
Total gross insurance liabilities	4,022.6	3,929.1	3,975.0
Recoverable from reinsurers			
Claims outstanding	1,137.0	1,168.9	1,354.2
Unearned premium provision	754.6	717.0	717.5
Total reinsurers share of insurance liabilities	1,891.6	1,885.9	2,071.7
Net			
Claims outstanding*2	1,735.7	1,682.6	1,545.2
Unearned premium provision	395.3	360.6	358.1
Total insurance liabilities - net	2,131.0	2,043.2	1,903.3

*1 Gross claims outstanding at 30 June 2020 is presented before the deduction of salvage and subrogation recoveries totaling £68.6 million (30 June 2019: £63.3 million, 31 December 2019: £71.7 million).

*2 Admiral typically commutes quota share reinsurance contracts in its UK Car Insurance business 24-36 months following the start of the underwriting year. After commutation, claims outstanding from these contracts are included in Admiral's net claims outstanding balance. Refer to note (ii) below.

(ii) **Analysis of gross and net claims reserve releases:**

The following table analyses the impact of movements in prior year claims provisions on a gross and net basis. This data is presented on an underwriting year basis.

Gross	30 June 2020 £m	30 June 2019 £m	31 December 2019 £m
Underwriting year (UK Motor Insurance):			
2015 & prior	47.4	32.6	91.2
2016	15.8	19.0	50.6
2017	22.4	63.6	110.6
2018	22.2	24.2	83.2
2019	71.3	—	—
Total gross release (UK Motor Insurance)	179.1	139.4	335.6
Total gross release (UK Household Insurance)	9.4	9.0	8.3
Total gross release (International Car Insurance)	34.1	23.6	39.1
Total Gross Release	222.6	172.0	383.0

Net	30 June 2020 £m	30 June 2019 £m	31 December 2019 £m
Underwriting year (UK Motor Insurance):			
2015 & prior	47.4	32.6	91.2
2016	15.8	19.0	50.6
2017	21.8	43.6	75.8
2018	17.0	7.6	25.8
2019	22.2	—	—
Total net release (UK Motor Insurance)	124.2	102.8	243.4
Total net release (UK Household Insurance)	2.8	2.7	2.5
Total net release (International Car Insurance)	11.7	9.0	14.4
Total net release	138.7	114.5	260.3
Analysis of net releases on UK Motor Insurance			
- Net releases on Admiral net share (motor)	64.2	50.0	121.7
- Releases on commuted quota share reinsurance contracts	60.0	52.8	121.7
Total net releases as above	124.2	102.8	243.4

Releases on the share of reserves originally reinsured but since commuted are analysed by underwriting year as follows:

Net	30 June 2020 £m	30 June 2019 £m	31 December 2019 £m
Underwriting year:			
2015 & prior	27.7	18.0	50.7
2016	9.2	11.1	29.5
2017	13.0	23.7	41.5
2018	10.1	—	—
Total releases on commuted quota share reinsurance contracts	60.0	52.8	121.7

The table below shows the development of UK Car Insurance loss ratios for the past six financial periods, presented on an underwriting year basis.

	31 December					30 June
UK Car Insurance loss ratio development	2015	2016	2017	2018	2019	2020

Underwriting year (UK Car only)

2015	87%	87%	83%	77%	72%	70%
2016	—	88%	84%	77%	73%	71%
2017	—	—	87%	83%	75%	74%
2018	—	—	—	92%	81%	80%
2019	—	—	—	—	92%	82%
2020	—	—	—	—	—	70%

(iii) **Reconciliation of movement in claims provision**

	30 June 2020		
	Gross £m	Reinsurance £m	Net £m
Claims provision at start of period	2,899.4	(1,354.2)	1,545.2
Claims incurred (excluding releases)	801.8	(533.1)	268.7
Reserve releases	(222.6)	83.9	(138.7)
Movement in claims provision due to commutation	—	352.7	352.7
Claims paid and other movements	(605.9)	313.7	(292.2)
Claims provision at end of period	2,872.7	(1,137.0)	1,735.7

	30 June 2019		
	Gross £m	Reinsurance £m	Net £m
Claims provision at start of period	2,740.5	(1,220.1)	1,520.4
Claims incurred (excluding releases)	928.3	(623.9)	304.4
Reserve releases	(172.0)	57.5	(114.5)
Movement in claims provision due to commutation	—	257.1	257.1
Claims paid and other movements	(645.3)	360.5	(284.8)
Claims provision at end of period	2,851.5	(1,168.9)	1,682.6

	31 December 2019		
	Gross £m	Reinsurance £m	Net £m
Claims provision at start of period	2,740.5	(1,220.1)	1,520.4
Claims incurred (excluding releases)	1,886.6	(1,287.6)	599.0
Reserve releases	(383.0)	122.7	(260.3)
Movement in claims provision due to commutation	—	257.1	257.1
Claims paid and other movements	(1,344.7)	773.7	(571.0)
Claims provision at end of period	2,899.4	(1,354.2)	1,545.2

(iv) **Reconciliation of movement in net unearned premium provision**

	30 June 2020		
	Gross £m	Reinsurance £m	Net £m
Unearned premium provision at start of period	1,075.6	(717.5)	358.1
Written in the period	1,119.8	(741.3)	378.5
Earned in the period	(1,063.4)	712.6	(350.8)
Exchange differences on translation of foreign operations	17.9	(8.4)	9.5
Unearned premium provision at end of period	1,149.9	(754.6)	395.3

	30 June 2019		
	Gross £m	Reinsurance £m	Net £m
Unearned premium provision at start of period	995.9	(663.4)	332.5
Written in the period	1,161.1	(784.5)	376.6
Earned in the period	(1,079.4)	730.9	(348.5)
Unearned premium provision at end of period	1,077.6	(717.0)	360.6

	31 December 2019		
	Gross £m	Reinsurance £m	Net £m
Unearned premium provision at start of period	995.9	(663.4)	332.5
Written in the period	2,273.7	(1,541.4)	732.3
Earned in the period	(2,194.0)	1,487.3	(706.7)
Unearned premium provision at end of period	1,075.6	(717.5)	358.1

(v) **Sensitivity of recognised amounts to changes in assumptions:**

The following table sets out the impact on equity and post-tax profit or loss at 30 June 2020 that would result from a 1%, 3% and 5% deterioration and improvement in the UK Car insurance loss ratios used for each underwriting year for which material amounts remain outstanding.

	Underwriting year			
	2016	2017	2018	2019
Booked loss ratio - 30 June 2020	71%	74%	80%	82%
Impact of 1% deterioration in booked loss ratio (£m)	(14.2)	(15.2)	(10.5)	(3.2)
Impact of 3% deterioration in booked loss ratio (£m)	(42.6)	(45.7)	(30.9)	(9.7)
Impact of 5% deterioration in booked loss ratio (£m)	(70.4)	(75.8)	(51.1)	(16.2)
Impact of 1% improvement in booked loss ratio (£m)	14.2	15.5	12.0	3.2
Impact of 3% improvement in booked loss ratio (£m)	42.6	46.9	39.1	12.0
Impact of 5% improvement in booked loss ratio (£m)	71.0	78.3	70.7	21.2

6. **Investments income and costs**

6a. **Investment return**

	30 June 2020 £m	30 June 2019 £m	31 December 2019 £m
Investment return			
On assets classified as FVTPL	3.3	4.3	11.4
On debt securities classified as FVOCI* ^{1,3}	17.0	17.1	34.8
On assets classified as amortised cost* ¹	0.7	0.9	1.6
Net unrealised losses			
Unrealised gains/(losses) on forward contracts	0.2	(0.4)	(0.1)
Change in accrual for reinsurers share of investment return* ⁴	12.9	(4.5)	(12.9)
Interest receivable on cash and cash equivalents* ¹	0.3	1.0	0.8
Total investment and interest income*²	34.4	18.4	35.6

*1 – Interest received during the period was £6.6 million (30 June 2019: £8.6 million, 31 December 2019: £11.6 million)

*2 – Total investment return excludes £1.5 million of intra-group interest (30 June 2019: £1.2 million, 31 December 2019: £2.8 million)

*3 - Realised gains/losses on sales of debt securities classified as FVOCI are immaterial

*4 – Refer to “Cash and investments analysis” for further detail

6b. **Finance costs**

	30 June 2020 £m	30 June 2019 £m	31 December 2019 £m
Interest payable on subordinated loan notes* ¹	5.5	5.5	11.4

Interest payable on credit facilities*2	0.3	—	—
Interest payable on Lease Liabilities	1.5	2.0	3.2
Interest recoverable from co and re-insurers	(1.1)	(1.3)	(2.0)
Total finance costs	6.2	6.2	12.6

*1 - Interest paid during the year to date was £6.7 million (30 June 2019: £7.3 million, 31 December 2019: £14.0 million)

*2 – See note 7c for details of credit facilities

Finance costs include interest payable on the £200.0 million (30 June 2019: £200.0 million, 31 December 2019: £200.0 million) subordinated notes and other financial liabilities.

Interest payable on lease liabilities represents the unwinding of the discount on lease liabilities under IFRS 16 and does not result in a cash payment.

6c. Changes in Expected Credit Loss ('ECL') provision

	Note	30 June 2020 £m	30 June 2019 £m	31 December 2019 £m
Changes on Financial investments ECL provision	6d	2.4	0.1	0.3
Changes on Loans and advances to customers ECL provision	7a	16.2	6.0	13.8
Total changes in ECL provision		18.6	6.1	14.1

6d. Financial assets and liabilities

The Group's financial instruments can be analysed as follows:

	30 June 2020 £m	30 June 2019 £m	31 December 2019 £m
Financial investments measured at FVTPL			
Money market and other similar funds	1,243.4	1,029.3	1,160.2
Financial investments classified as FVOCI			
Debt securities	1,833.6	1,645.1	1,776.3
Government gilts	180.0	174.8	174.0
	2,013.6	1,819.9	1,950.3
Equity investments (designated FVOCI)	10.5	7.7	7.5
	2,024.1	1,827.6	1,957.8
Financial assets measured at amortised cost			
Deposits with credit institutions	85.0	88.7	116.5
Total financial investments	3,352.5	2,945.6	3,234.5
Other financial assets measured at amortised cost			
Insurances receivables	971.6	930.9	948.9
Trade and other receivables	256.1	261.5	278.8
Insurance and other receivables	1,227.7	1,192.4	1,227.7
Loans and advances to customers (note 7)	455.3	420.8	455.1
Cash and cash equivalents	396.3	461.4	281.7
Total financial assets	5,431.8	5,020.2	5,199.0
Financial liabilities			
Subordinated notes	204.2	204.1	204.2
Loan backed securities	328.6	253.4	304.5
Other borrowings	106.5	25.0	20.0
Derivative financial instruments	4.9	2.0	1.4
Subordinated and other financial liabilities	644.2	484.5	530.1

Trade and other payables*1	1,777.8	1,811.1	1,975.9
Lease liabilities	132.6	143.0	137.1
Total financial liabilities	2,554.6	2,438.6	2,643.1

*1 Trade and other payables total balance of £1,777.8 million (30 June 2019: £1,811.1 million, 31 December 2019: £1,975.9 million) above includes £1,286.1 million (30 June 2019: £1,371.2 million, 31 December 2019: £1,472.1 million) in relation to tax and social security, deferred income and reinsurer balances that are outside the scope of IFRS 9.

All investments held at fair value at the end of the period are invested in money market and bond funds.

The measurement of investments at the end of the period, for the majority investments held at fair value, is based on active quoted market values (level one). Equity investments held at fair value are measured at level three of the fair value hierarchy. No further information is provided due to the immateriality of the balance at 30 June 2020.

Deposits are held with well rated institutions; as such the approximate fair value is the book value of the investment as impairment of the capital is not expected.

The amortised cost carrying amount of receivables is a reasonable approximation of fair value.

During the period, an impairment charge of £2.4 million has been recognized in relation to the Group's assets held at FVOCI (H1 2019: £0.1 million, FY 2019: £0.3 million). The credit rating of the Group's financial assets with an external rating is shown below.

	FVTPL £m	FVOCI £m	Amortised Cost £m	Total £m
AAA- AA	403.9	1,008.3	58.9	1,471.1
A	577.8	635.7	373.4	1,586.9
BBB	46.5	323.3	48.9	418.7
Sub BBB	29.1	—	—	29.1
Not rated*1	186.1	56.8	—	242.9
Total financial investments	1,243.4	2,024.1	481.2	3,748.7

*1 The majority (£174.1 million) of the unrated exposure stems from money market funds, which are rated AAA, but the underlying securities are not. These specific exposures are re-purchase agreements. The remaining unrated exposure is a mixture of private debt (£55.5 million) and other holdings (£13.3 million).

The fair value of subordinated notes (level one valuation) at 30 June 2020 is £224.4 million (H1 2019: £219.8 million, FY 2019: £225.1 million).

6e. Cash and cash equivalents

	30 June 2020 £m	30 June 2019 £m	31 December 2019 £m
Cash at bank and in hand*	396.3	461.4	281.7
Total cash and cash equivalents	396.3	461.4	281.7

* £4.4m (H1 2019 and FY 2019: £4.4m) of cash is ring-fenced via a bank guarantee. See note 11d for further details.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, and other short-term deposits with original maturities of three months or less.

6f. Insurance and other receivables

	30 June 2020 £m	30 June 2019 £m	31 December 2019 £m
Insurance receivables	971.6	930.9	948.9
Trade and other receivables	237.4	245.3	262.8
Prepayments and accrued income	18.7	16.2	16.0
Total insurance and other receivables*1	1,227.7	1,192.4	1,227.7

*1 – Total insurance and other receivables at 30 June 2020 include £68.6 million in respect of salvage and subrogation recoveries (H1 2019: £63.3 million, FY 2019: £71.7 million).

7. Loans and Advances to Customers

7a. Loans and advances to customers

	30 June 2020 £m	30 June 2019 £m	31 December 2019 £m
Loans and advances to customers – gross carrying amount	495.5	437.0	479.1
Loans and advances to customers – provision	(40.2)	(16.2)	(24.0)
Total loans and advances to customers	455.3	420.8	455.1

Loans and advances to customers are comprised of the following:

	30 June 2020 £m	30 June 2019 £m	31 December 2019 £m
Unsecured personal loans	463.7	402.0	445.8
Finance leases	31.8	35.0	33.3
Total loans and advances to customers, gross	495.5	437.0	479.1

The table below shows the gross carrying value of loans in stages 1 – 3.

	Gross carrying amount £m	Expected credit loss allowance £m	Other loss allowance*1 £m	30 June 2020 Carrying amount £m	30 June 2019 Carrying amount £m	31 December 2019 Carrying amount £m
Stage 1	451.5	(13.7)	(0.5)	437.3	414.5	450.0
Stage 2	22.5	(7.2)	—	15.3	5.6	3.1
Stage 3	21.5	(18.8)	—	2.7	0.7	2.0
Total	495.5	(39.7)	(0.5)	455.3	420.8	455.1

*1 Other loss allowance covers losses due to a reduction in current or future vehicle value or costs associated with recovery and sale of vehicles.

As a result of Covid, a number of adjustments have been made to the key judgements and sources of estimation uncertainty for the calculation of the ECL provision, as explained below.

The response to customers who are strained due to Covid related circumstances has been to grant payment holidays. These customers will be unable to go further into arrears as no payments are being called whilst they are on the payment holiday. For the time being these customers are being held within the up-to-date provision, but the provision in the downturn and severe downturn scenarios has been materially increased to reflect their sensitivity to changing economic conditions. Customers who have become unemployed or are considered exceptionally stressed due to Covid have been placed into stage 2, to reflect a recognized significant increase in credit risk.

The IFRS 9 provision must reflect an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes. In line with the accounting policy at the year end, the means by which the Group has determined this is to run scenario analyses. The key economic driver of the losses from the scenarios is the likelihood of a customer entering hardship through unemployment.

Management judgement is used to define the weighting and severity of the different scenarios based on available data without undue cost or effort. The weightings and scenarios used have changed since the year end, with revised assumptions as set out below.

	Movement		Unemployment rate
	31 Dec 2019	30 Jun 2020	
Base	50%	-	50%
Upturn	25%	-15%	10%
Downturn	20%	+5%	25%
Severe	5%	+10%	15%

The average probability of defaults (PDs) underlying the base scenario have been increased to reflect an economic environment with a 10% unemployment rate. This is a more cautious assumption than the Bank of England's latest forecast for the end of 2020 of 7.5%, which is considered appropriate given the high level of uncertainty in economic forecasts at the current time.

The downturn scenario reflects a 12.3% peak unemployment rate. The customers most impacted by a change in the unemployment rate within the provision are those that are currently up to date.

The severe scenario reflects a 10% increase in the monthly inflow to unemployment, resulting in a peak unemployment rate of 15%.

The PD by stage has moved since the year end as shown below. The gross balance of loans in stage 2 is now 249% higher than it was at year-end, with 87% relating to up to date customers, resulting in a reduction in overall probability of default in the stage. Stage 3 is consistent with year-end.

PD 31 Dec 2019 30 June 2020

Stage 1	1.8%	3.6%
Stage 2	58.7%	35.7%
Stage 3	100%	100%

Sensitivities to key areas of estimation uncertainty

	31 Dec 2019	Sensitivity (£m)	30 Jun 2020	Sensitivity (£m)
Base	50%	-	50%	-
Upturn	25%	-1.2	10%	-4.0
Downturn	20%	2.5	25%	1.8
Severe	5%	30.0	15%	6.4

At H1 2020, the implied weighted unemployment rate is 11.2%. A downturn only scenario, of a 12.3% unemployment rate, would increase the provision by £1.8m, whilst the upturn scenario would create a reduction of £4m and the severe downturn would increase the ECL allowance by £6.4m.

The sensitivity to the severe scenario has reduced since FY 2019, reflecting the assumption of a narrower distribution of economic outcomes following recalibration of the forward-looking element of the provision. At FY 2019, the severe scenario reflected extreme possibilities, with a lower likelihood of occurrence and therefore lower weighting applied.

At H1 2020, the near-term impacts of Covid have been considered alongside the resulting impacts on unemployment. The forward-looking element of the provision is now more closely linked to unemployment assumptions with the scenarios deviating less from the base assumption of a 10% unemployment rate. This 10% unemployment assumption is significantly higher than that implicit in the base case at FY 2019 (c. 4%). The more equal weighting across the upturn and severe scenarios within the calculation of the provision reflects the narrower range of outcomes captured.

Credit grade information

Credit grade is the internal credit banding given to a customer at origination and is based on external credit rating information. The credit grading as at 30 June 2020 is as follows:

				30 June 2020	31 December 2019
	Stage 1 12- month ECL £m	Stage 2 Lifetime ECL £m	Stage 3 Lifetime ECL £m	Total £m	Total £m
Credit Grade					
Higher	323.6	11.6	—	335.2	337.1
Medium	109.3	9.0	—	118.3	114.7
Lower	18.6	1.9	—	20.5	10.9
Credit Impaired	—	—	21.5	21.5	16.4
Gross carrying amount	451.5	22.5	21.5	495.5	479.1

7b. Interest income

	30 June 2020	30 June 2019	31 December 2019
	£m	£m	£m
Loans and advances to customers	19.8	13.3	30.8

Interest receivable on loans and advances to customers is recognised in the Income Statement using the effective interest method, which calculates the amortised cost of the financial asset and allocates the interest income over the expected product life.

7c. Interest expense

	30 June 2020	30 June 2019	31 December 2019
	£m	£m	£m
Interest payable on Loan backed securities	3.2	2.6	5.6
Interest payable on other credit facilities	0.6	0.3	0.7
Total interest expense*1	3.8	2.9	6.3

*1 Interest paid in total during the year to date was £2.5 million (30 June 2019: £3.1 million, 31 December 2019: £6.3 million)

Interest expense represents the interest payable on funding for the Admiral loans business, in the form of credit facilities of £220.0 million (H1 2019 £200.0 million, FY 2019 £220.0 million), of which £106.5 million (H1 2019: £25.0 million; FY 2019: £20.0 million) was drawn down at 30 June 2020 and

loan backed securities issued by an SPE with funding up to £400.0 million (H1 2019: £400.0 million, FY 2019 £400.0 million), of which £328.7 million (H1 2019: £253.4; FY 2019: £304.5 million) was drawn down at 30 June 2020.

8. Other Revenue

8a. Disaggregation of revenue

In the following tables, other revenue is disaggregated by major products/service lines and timing of revenue recognition. The total revenue disclosed in the table of £288.5 million (H1 2019: £269.2 million, FY 2019: £584.8 million) represents total other revenue and profit commission and is disaggregated into the segments included in note 4.

	Half-year ended 30 June 2020				
	UK	International	Comparison	Other	Total
	Insurance	Car Insurance			
Major products/service line					
Comparison* ¹	—	—	80.7	—	80.7
Instalment income	48.4	2.0	—	—	50.4
Fee and commission revenue	78.6	12.8	—	0.9	92.3
Revenue from law firms	17.2	—	—	—	17.2
Other	3.0	—	—	0.3	3.3
Total other revenue	147.2	14.8	80.7	1.2	243.9
Profit commission	44.6	—	—	—	44.6
Total other revenue and profit commission	191.8	14.8	80.7	1.2	288.5
Timing of revenue recognition					
Point in time	120.7	12.8	80.7	1.2	215.4
Over time	17.7	—	—	—	17.7
Revenue outside the scope of IFRS 15	53.4	2.0	—	—	55.4
	191.8	14.8	80.7	1.2	288.5

	Half-year ended 30 June 2019				
	UK	International	Comparison	Other	Total
	Insurance	Car Insurance			
Major products/ service line					
Comparison* ¹	—	—	73.7	—	73.7
Instalment income	42.7	1.5	—	—	44.2
Fee and commission revenue	83.8	8.7	—	0.9	93.4
Revenue from law firms	15.6	—	—	—	15.6
Other	5.9	—	—	0.3	6.2
Total other revenue	148.0	10.2	73.7	1.2	233.1
Profit commission	36.1	—	—	—	36.1
Total other revenue and profit commission	184.1	10.2	73.7	1.2	269.2
Timing of revenue recognition					
Point in time	120.0	8.7	73.7	1.2	203.6
Over time	17.0	—	—	—	17.0
Revenue outside the scope of IFRS 15	47.1	1.5	—	—	48.6
	184.1	10.2	73.7	1.2	269.2

	International		Comparison £m	Other £m	Total £m
	UK Insurance £m	Car Insurance £m			
Major products/ service line					
Comparison* ¹	—	—	152.2	—	152.2
Instalment income	85.3	2.9	—	—	88.2
Fee and commission revenue	162.0	18.7	—	1.9	182.6
Revenue from law firms	32.9	—	—	—	32.9
Other	13.4	—	—	0.6	14.0
Total other revenue	293.6	21.6	152.2	2.5	469.9
Profit commission	114.0	0.9	—	—	114.9
Total other revenue and profit commission	407.6	22.5	152.2	2.5	584.8
Timing of revenue recognition					
Point in time	267.8	18.7	152.2	2.5	441.2
Over time	35.9	—	—	—	35.9
Revenue outside the scope of IFRS 15	103.9	3.8	—	—	107.7
	407.6	22.5	152.2	2.5	584.8

*1 – Comparison revenue excludes £10.0 million (30 June 2019: £9.7 million, 31 December 2019: £19.4 million) of income from other Group companies.

Instalment income is recognised applying the effective interest rate over the term of the policy, and is outside the scope of IFRS 15. Profit commission from reinsurers is recognised under IFRS 4, and is discussed further in note 5 to the financial statements.

9. Expenses

9a. Operating expenses and share scheme charges

	30 June 2020		
	Gross £m	Recoverable from co- and reinsurers £m	Net £m
Acquisition of insurance contracts* ¹	70.2	(52.6)	17.6
Administration and other marketing costs (insurance contracts)	217.9	(158.2)	59.7
Insurance contract expenses	288.1	(210.8)	77.3
Administration and other marketing costs (other)	137.3	—	137.3
Share scheme charges	35.3	(12.4)	22.9
Net expenses and share scheme charges	460.7	(223.2)	237.5

	30 June 2019		
	Gross £m	Recoverable from co- and reinsurers £m	Net £m
Acquisition of insurance contracts* ¹	67.6	(51.6)	16.0
Administration and other marketing costs (insurance contracts)	193.9	(149.6)	44.3
Insurance contract expenses	261.5	(201.2)	60.3
Administration and other marketing costs (other)	129.9	—	129.9
Share scheme charges	40.5	(14.0)	26.5
Net expenses and share scheme charges	431.9	(215.2)	216.7

	Gross £m	Recoverable from co- and reinsurers £m	Net £m
Acquisition of insurance contracts*1	138.0	(104.9)	33.1
Administration and other marketing costs (insurance contracts)	398.8	(307.2)	91.6
Insurance contract expenses	536.8	(412.1)	124.7
Administration and other marketing costs (other)	267.6	—	267.6
Share scheme charges	82.5	(29.1)	53.4
Net expenses and share scheme charges	886.9	(441.2)	445.7

*1 – Acquisition of insurance contracts expense excludes £10.0 million (H1 2019: £9.7 million, FY 2019: £19.4 million) of comparison fees from other Group companies.

The £59.7 million (H1 2019: £44.3 million, FY 2019: £91.6 million) administration and marketing costs allocated to insurance contracts is principally made up of salary costs.

Analysis of other administration and other marketing costs:

	30 June 2020 £m	30 June 2019 £m	31 December 2019 £m
Expenses relating to additional products and fees	38.4	37.4	70.1
Comparison operating expenses	78.2	78.0	156.8
Loans expenses	8.7	8.4	18.1
Other expenses	12.0	6.1	22.6
Total	137.3	129.9	267.6

Refer to note 13 for a reconciliation between insurance contract expenses and the reported expense ratio.

9b. Staff share schemes

Analysis of share scheme costs (per income statement):

	30 June 2020					
	SIP charge		DFSS charge		Total charge	
	Gross £m	Net £m	Gross £m	Net £m	Gross £m	Net £m
IFRS 2 charge for equity settled share schemes	8.8	6.0	16.1	10.6	24.9	16.6
IFRS 2 charge for cash settled share schemes	—	—	1.3	0.8	1.3	0.8
Total IFRS 2 charge	8.8	6.0	17.4	11.4	26.2	17.4
Social security costs on IFRS 2 charge	0.8	0.5	2.8	1.8	3.6	2.3
Discretionary bonus on shares allocated but unvested	—	—	5.5	3.2	5.5	3.2
Total share scheme charges	9.6	6.5	25.7	16.4	35.3	22.9

	30 June 2019					
	SIP charge)		DFSS charge		Total charge	
	Gross £m	Net £m	Gross £m	Net £m	Gross £m	Net £m
IFRS 2 charge for equity settled share schemes	8.5	5.9	19.4	13.0	27.9	18.9
IFRS 2 charge for cash settled share schemes	—	—	0.8	0.4	0.8	0.4
Total IFRS 2 charge	8.5	5.9	20.2	13.4	28.7	19.3
Social security costs	0.9	0.6	4.3	2.7	5.2	3.3
Discretionary bonus on shares allocated but unvested	—	—	6.6	3.9	6.6	3.9
Total share scheme charges	9.4	6.5	31.1	20.0	40.5	26.5

31 December 2019		
SIP charge	DFSS charge	Total charge

	Gross £m	Net £m	Gross £m	Net £m	Gross £m	Net £m
IFRS 2 charge for equity settled share schemes	17.3	11.9	41.5	26.5	58.8	38.4
IFRS 2 charge for cash settled share schemes	—	—	1.9	1.0	1.9	1.0
Total IFRS 2 charge	17.3	11.9	43.4	27.5	60.7	39.4
Social security costs on IFRS 2 charge	1.6	1.2	7.1	4.8	8.7	6.0
Discretionary bonus on shares allocated but unvested	—	—	13.1	8.0	13.1	8.0
Total share scheme charges	18.9	13.1	63.6	40.3	82.5	53.4

For equity settled schemes, the charge, which reflects the fair value of the employee services received in exchange for the grant of the free shares, is recognised as an expense, with a corresponding increase in equity, as shown in the Consolidated Statement of Changes in Equity of £24.9 million (H1 2019: £28.0 million, FY 2019: £58.8 million).

For the cash settled schemes, the expense recognised for the fair value of services received results in a corresponding increase in liabilities.

Net share scheme charges are presented after allocations to co-insurers (in the UK and Italy) and reinsurers (in the International Insurance businesses). The proportion of net to gross share scheme charges would be expected to be consistent in each period, at approximately 65%.

10. Taxation

10a. Taxation

	30 June 2020 £m	30 June 2019 £m	31 December 2019 £m
Current tax			
Corporation tax on profits for the year	46.9	41.0	91.3
Under provision relating to prior periods	—	—	0.5
Current tax charge	46.9	41.0	91.8
Deferred tax			
Current period deferred taxation movement	(3.8)	(4.0)	2.8
Under provision relating to prior periods	—	—	(0.4)
Total tax charge per Consolidated Income Statement	43.1	37.0	94.2

Factors affecting the total tax charge are:

	30 June 2020 £m	30 June 2019 £m	31 December 2019 £m
Profit before tax	286.1	218.2	522.6
Corporation tax thereon at effective UK corporation tax rate of 19.0% (2018: 19.0%)	54.4	41.5	99.3
Expenses and provisions not deductible for tax purposes	—	—	1.8
Non-taxable income	(5.8)	(2.2)	(4.9)
Impact of change in UK tax rate on deferred tax balances	(0.6)	(1.0)	0.3
Adjustments relating to prior periods	—	—	0.1
Impact of different overseas tax rates	(5.8)	(3.7)	(8.8)
Unrecognised deferred tax	0.9	2.4	6.4
Total tax charge for the period as above	43.1	37.0	94.2

The outstanding corporation tax payable as at 30 June 2020 was £10.3 million (H1 2019: £43.0 million; FY 2019: £48.3 million).

10b. Deferred income tax asset/ (liability)

	Tax treatment of share schemes £m	Capital allowances £m	Carried forward losses £m	Fair value reserve differences £m	Other £m	Total £m
Balance brought forward at 1 January 2019	7.2	(3.6)	—	(3.9)	0.5	0.2

Tax treatment of share scheme charges through income or expense	4.0	—	—	—	—	4.0
Tax treatment of share scheme charges through reserves	2.5	—	—	—	—	2.5
Capital allowances	—	(0.1)	—	—	—	(0.1)
Movement in fair value reserve	—	—	—	(1.4)	—	(1.4)
Other difference	—	—	—	—	0.1	0.1
Balance carried forward at 30 June 2019	13.7	(3.7)	—	(5.3)	0.6	5.3
Balance carried forward at 1 January 2019	7.2	(3.6)	—	(3.9)	0.5	0.2
Tax treatment of share scheme charges through income or expense	(4.6)	—	—	—	—	(4.6)
Tax treatment of share scheme charges through reserves	3.3	—	—	—	—	3.3
Capital allowances	—	1.5	—	—	—	1.5
Carried forward losses	—	—	—	—	—	—
Movement in fair value reserve	—	—	—	(1.5)	—	(1.5)
Other differences	—	—	—	—	0.7	0.7
Balance carried forward at 31 December 2019	5.9	(2.1)	—	(5.4)	1.2	(0.4)
Tax treatment of share scheme charges through income or expense	3.6	—	—	—	—	3.6
Tax treatment of share scheme charges through reserves	0.2	—	—	—	—	0.2
Capital allowances	—	0.2	—	—	—	0.2
Movement in fair value reserve	—	—	—	(1.5)	—	(1.5)
Other differences	—	—	—	—	—	—
Balance carried forward 30 June 2020	9.7	(1.9)	—	(6.9)	1.2	2.1

The average effective rate of tax for 2020 is 19.0% (2019: 19.0%).

The deferred tax asset at 30 June 2020 has been calculated based on the rate at which each timing difference is most likely to reverse.

At 30 June 2020 the Group had unused tax losses amounting to £233.6 million (H1 2019: £229.0 million, FY 2019: £231.3 million), relating to the Group's US businesses Elephant Auto and compare.com, for which no deferred tax asset has been recognized.

11. Other Assets and Other Liabilities

11a. Property and equipment

	Improvements to short leasehold buildings	Computer equipment £m	Office equipment £m	Furniture and fittings £m	ROU Asset – Leasehold buildings £m	Total £m
Cost						
At 1 January 2019	29.8	62.1	21.4	9.8	—	123.1
Initial application of IFRS 16	—	—	—	—	136.7	136.7
Additions	3.1	6.4	0.3	0.3	—	10.1
Disposals	—	—	—	—	—	—
Foreign exchange movement	0.1	0.1	—	—	0.4	0.6
At 30 June 2019	33.0	68.6	21.7	10.1	137.1	270.5
Depreciation						
At 1 January 2019	16.8	52.3	17.0	8.9	—	95.0

Initial application of IFRS 16	—	—	—	—	—	—
Charge for the year	1.6	3.1	0.7	0.2	6.7	12.3
Disposals	—	—	—	—	—	—
Foreign exchange movement	—	0.1	0.1	—	—	0.2
At 30 June 2019	18.4	55.5	17.8	9.1	6.7	107.5
Net book amount						
At 1 January 2019	13.0	9.8	4.4	0.9	—	28.1
Net book amount						
At 30 June 2019	14.6	13.1	3.9	1.0	130.4	163.0
Cost						
At 1 January 2019	29.8	62.1	21.4	9.8	—	123.1
Initial application of IFRS 16	—	—	—	—	136.7	136.7
Additions	4.2	9.7	1.8	0.9	—	16.6
Disposals	—	(0.2)	(0.6)	(0.2)	—	(1.0)
Transfers	(0.4)	0.1	—	0.3	—	—
Foreign exchange movement	(0.2)	(0.3)	(0.2)	(0.2)	(2.3)	(3.2)
At 31 December 2019	33.4	71.4	22.4	10.6	134.4	272.2
Depreciation						
At 1 January 2019	16.8	52.3	17.0	8.9	—	95.0
Initial application of IFRS 16	—	—	—	—	—	—
Charge for the year	3.2	6.7	1.5	0.5	11.9	23.8
Disposals	—	(0.1)	—	(0.2)	—	(0.3)
Foreign exchange movement	(0.2)	(0.2)	(0.1)	(0.1)	(0.1)	(0.7)
At 31 December 2019	19.8	58.7	18.4	9.1	11.8	117.8
Net book amount						
At 31 December 2019	13.6	12.7	4.0	1.5	122.6	154.4
Cost						
At 1 January 2020	33.4	71.4	22.4	10.6	134.4	272.2
Additions	1.5	5.4	0.2	0.7	0.3	8.1
Disposals	—	—	(0.4)	(0.1)	(0.8)	(1.3)
Foreign exchange movement	0.3	0.5	0.4	0.2	1.5	2.9
At 30 June 2020	35.2	77.3	22.6	11.4	135.4	281.9
Depreciation						
At 1 January 2020	19.8	58.7	18.4	9.1	11.8	117.8
Charge for the year	1.7	3.4	1.1	0.6	6.0	12.8
Disposals	—	—	(0.2)	(0.1)	(0.1)	(0.4)
Foreign exchange movement	0.2	0.3	0.1	0.1	0.3	1.0
At 30 June 2020	21.7	62.4	19.4	9.7	18.0	131.2
Net book amount						
At 30 June 2020	13.5	14.9	3.2	1.7	117.4	150.7

11b. Intangible assets

	Goodwill £m	Deferred acquisition costs £m* ²	Software* ¹ £m	Total £m
At 1 January 2019	62.3	23.4	76.3	162.0
Additions	—	27.2	3.4	30.6
Amortisation charge	—	(25.5)	(8.2)	(33.7)
Disposals	—	—	—	—
Transfers	—	—	—	—
Foreign exchange movement	—	—	—	—
At 30 June 2019	62.3	25.1	71.5	158.9
At 1 January 2019	62.3	23.4	76.3	162.0
Additions	—	54.8	17.0	71.8
Amortisation charge	—	(52.8)	(17.4)	(70.2)
Disposals	—	—	(0.3)	(0.3)
Impairment	—	—	(1.2)	(1.2)
Transfers	—	—	—	—
Foreign exchange movement	—	(0.6)	(1.2)	(1.8)
At 31 December 2019	62.3	24.8	73.2	160.3
Additions	—	28.5	7.5	36.0
Amortisation charge	—	(27.7)	(8.9)	(36.6)
Disposals	—	—	—	—
Transfers	—	—	—	—
Foreign exchange movement	—	0.9	1.6	2.5
At 30 June 2020	62.3	26.5	73.4	162.2

*1 – Software additions relating to internal development are immaterial in both 2020 and 2019

*2 - The gross deferred acquisition costs balance at the end of H1 2020 is £73.1 million (H1 2019: £75.9 million, FY 2019 £74.6 million), with gross additions in the period of £77.9 million (H1 2019: £81.5 million, FY 2019: £163.1 million); gross amortisation of £81.8 million (H1 2019: £77.3 million, FY 2019: £158.5 million) and foreign exchange movements of £2.4 million (H1 2019: £0.1 million, FY 2019: -£1.6 million)

Goodwill relates to the acquisition of Group subsidiary EUI Limited (formerly Admiral Insurance Services Limited) in November 1999. The amortisation of this asset ceased on transition to IFRS on 1 January 2004. All annual impairment reviews since the transition date have indicated that the estimated recoverable value of the asset is greater than the carrying amount and therefore no impairment losses have been recognised. Refer to the accounting policy for goodwill in the 2019 financial statements for further information.

11c. Trade and other payables

	30 June 2020 £m	30 June 2019 £m	31 December 2019 £m
Trade payables	30.9	44.0	37.5
Amounts owed to co-insurers	198.3	149.4	220.8
Amounts owed to reinsurers	1,067.6	1,093.9	1,221.3
Other taxation and social security liabilities	79.6	82.8	79.6
Other payables	201.7	180.9	188.1
Accruals and deferred income	199.7	260.1	228.6
Total trade and other payables	1,777.8	1,811.1	1,975.9

Of amounts owed to reinsurers, £949.2 million (H1 2019: £963.7 million, FY 2019: £1,129.6 million) is held under funds withheld arrangements.

11d. Contingent liabilities

The Group's legal entities operate in numerous tax jurisdictions and on a regular basis are subject to review and enquiry by the relevant tax authority.

During 2019, Rastreator Comparador Correduria Seguros ("Rastreator Comparador"), the Group's Spanish Comparison business, underwent a tax audit in respect of the 2013 and 2014 financial years. As a result of the audit, the Spanish Tax Authority denied the VAT exemption relating to

insurance intermediary services which Rastreator Comparador has applied. Rastreator Comparador is appealing this decision via the Spanish Courts and is confident in defending its position which is, in its view, in line with the EU Directive and is also consistent with the way similar supplies are treated throughout Europe.

The potential liability for the financial years currently subject to audit is approximately €5 million, and, as identified in note 6, a bank guarantee has been provided to the Spanish Tax Authority for this amount. If the exemption is also disallowed in respect of later years, the liability could increase to €19 million.

The Group is also in early stage discussions on various corporate tax matters with tax authorities in the UK, Italy and Spain. To date, these discussions have focused on the transfer pricing arrangements in place between the Group's intermediaries and insurers, including between entities in the UK and Gibraltar, and Spain and Italy.

No provision has been made in these Financial Statements in relation to the matters noted above.

12. Dividends, Earnings and Share Capital

12a. Dividends

Dividends were proposed, approved and paid as follows.

	30 June 2020 £m	30 June 2019 £m	31 December 2019 £m
Proposed March 2019 (66.0 pence per share, approved April 2019, paid June 2019)	—	188.0	188.0
Declared August 2019 (63.0 pence per share, paid October 2019)	—	—	179.8
Proposed, March 2020 (77.0 pence per share, 56.3p approved April 2020 and paid June 2020)* ¹	162.3	—	—
Total	162.3	188.0	367.8

*1 –56.3 pence of proposed 2019 final dividend of 77.0 pence was approved in April 2020 and paid in June 2020, with the remaining special dividend of 20.7 pence per share being deferred.

The dividends proposed in March (approved in April) represent the final dividends paid in respect of the 2018 and 2019 financial years. The dividends declared in August are interim distributions in respect of 2019 and 2020.

An interim dividend of 91.2 pence per share (approximately £263 million) has been declared in respect of the 2020 financial year. This includes the 20.7 pence deferred 2019 special dividend.

12b. Earnings per share

	30 June 2020 £m	30 June 2019 £m	31 December 2019 £m
Profit for the financial year after taxation attributable to equity shareholders	243.7	183.2	432.4
Weighted average number of shares – basic	293,877,486	290,734,955	291,513,714
Unadjusted earnings per share – basic	82.9p	63.0p	148.3p
Weighted average number of shares – diluted	294,464,776	291,401,887	292,094,797
Unadjusted earnings per share - diluted	82.8p	62.9p	148.0p

The difference between the basic and diluted number of shares at the end the period (being 587,290; H1 2019: 666,932, FY 2019: 581,083) relates to awards committed, but not yet issued under the Group's share schemes.

12c. Share capital

	30 June 2020 £m	30 June 2019 £m	31 December 2019 £m
Authorised			
500,000,000 ordinary shares of 0.1 pence	0.5	0.5	0.5
Issued, called up and fully paid			
293,686,329 ordinary shares of 0.1p	—	—	0.3
290,949,880 ordinary shares of 0.1p	—	0.3	—
294,037,749 ordinary shares of 0.1p	0.3	—	—
	0.3	0.3	0.3

During the first half of 2020, 351,420 (30 June 2019: 447,143; 31 December 2019: 3,183,592) new ordinary shares of 0.1p were issued to the trusts administering the Group's share schemes.

351,420 (30 June 2019: 447,143; 31 December 2019: 883,592) of these were issued to the Admiral Group Share Incentive Plan Trust for the purposes of this share scheme.

No shares (30 June 2019: nil; 31 December 2019: 2,300,000) were issued to the Admiral Group Employee Benefit Trust for the purposes of the Discretionary Free Share Scheme.

12d. Objectives, policies and procedures for managing capital

The Group manages its capital to ensure that all entities within the Group are able to continue as going concerns and also to ensure that regulated entities comfortably meet regulatory requirements. Excess capital above these levels within subsidiaries is paid up to the Group holding company in the form of dividends on a regular basis.

The Group's dividend policy is to pay 65% of post-tax profits as a normal dividend and to pay a further special dividend comprising earnings not required to be held in the Group for solvency or buffers.

Refer to the financial review for further information about the Group's capital structure and financial position.

12e. Related party transactions

Details relating to the remuneration and shareholdings of key management personnel are set out in the Directors' Remuneration Report within the Group's 2019 Annual Report. Key management personnel are able to obtain discounted motor insurance at the same rates as all other Group staff.

The Board considers that Executive and Non-Executive Directors of Admiral Group plc are key management personnel. Aggregate compensation for the Executive and Non-Executive Directors is disclosed in the Directors' Remuneration Report in the 2019 Annual Report.

13. Reconciliations

The following tables reconcile significant KPIs and Alternative Performance Measures included in the financial review above to items included in the financial statements.

13a. Reconciliation of turnover to reported total premiums written and other revenue as per the financial statements

	30 June 2020 £m	30 June 2019 £m	31 December 2019 £m
Gross premiums written after co-insurance per note 5a of financial statements	1,119.8	1,161.1	2,273.7
Premiums underwritten through co-insurance arrangements	279.5	312.9	610.7
Total premiums written before co-insurance arrangements	1,399.3	1,474.0	2,884.4
Other Revenue	243.9	233.1	469.9
Admiral Loans interest income and other fee income	19.8	13.3	30.8
	1,663.0	1,720.4	3,385.1
Other*1	16.6	26.1	59.0
Turnover as per note 4 of financial statements	1,679.6	1,746.5	3,444.1
Intra-group income elimination*2	10.0	9.7	19.4
Total turnover*3	1,689.6	1,756.2	3,463.5

*1 – Other reconciling items represent co-insurer and reinsurer shares of Other Revenue in the Group's Insurance businesses outside of UK Car Insurance.

*2 – Intra-group income elimination related to comparison income earned in the Group from other Group companies.

*3 – See note 13g for the impact of the "Stay at home" premium refund issued to UK motor insurance customers on Turnover in H1 2020.

13b. Reconciliation of claims incurred to reported loss ratio, excluding releases on commuted reinsurance

	UK Motor £m	UK Home £m	UK Other*1 £m	UK Total £m	Int. Car £m	Int. Other £m	Int. Total £m	Group £m
Net insurance claims	48.9	15.0	12.3	76.2	63.3	1.8	65.1	141.3
Deduct claims handling costs	(5.9)	(0.6)	—	(6.5)	(4.8)	—	(4.8)	(11.3)

Prior year release/strengthening – net original share	64.2	2.8	—	67.0	11.7	—	11.7	78.7
Prior year release/strengthening – commuted share	60.0	—	—	60.0	—	—	—	60.0
Impact of reinsurer caps	—	—	—	—	1.8	—	1.8	1.8
Impact of weather events	—	(2.3)	—	(2.3)	—	—	—	(2.3)
Attritional current period claims	167.2	14.9	12.3	194.4	72.0	1.8	73.8	268.2
Net insurance premium revenue	208.5	20.9	22.3	251.7	95.5	3.6	99.1	350.8
Loss ratio – current period attritional	80.2%	71.3%	—	—	75.4%	—	—	76.4%
Loss ratio – current period weather events	—	11.1%	—	—	—	—	—	0.7%
Loss ratio – prior year release/strengthening (net original share)	(30.8%)	(13.4%)	—	—	(12.2%)	—	—	(22.4%)
Loss ratio – reported	49.4%	69.0%	—	—	63.2%	—	—	54.7%

*1 'Other' includes travel insurance (UK) and underwritten ancillaries.

	UK Motor £m	UK Home £m	UK Other £m	UK Total £m	Int. Car £m	Int. Other £m	Int. Total £m	Group £m
June 2019								
Net insurance claims	106.2	12.6	11.3	130.1	66.0	3.9	69.9	200.0
Deduct claims handling costs	(6.1)	(0.5)	—	(6.6)	(3.6)	—	(3.6)	(10.2)
Prior year release/strengthening – net original share	50.0	2.7	—	52.7	9.0	—	9.0	61.7
Prior year release/strengthening – commuted share	52.8	—	—	52.8	—	—	—	52.8
Impact of reinsurer caps	—	—	—	—	(1.5)	—	(1.5)	(1.5)
Impact of weather events	—	—	—	—	—	—	—	—
Attritional current period claims	202.9	14.8	11.3	229.0	69.9	3.9	73.8	302.8
Net insurance premium revenue	225.4	18.1	21.2	264.7	80.6	3.9	84.5	349.2
Loss ratio – current period attritional	90.0%	81.7%	—	—	86.7%	—	—	86.8%
Loss ratio – prior year release/strengthening (net original share)	(22.2%)	(14.9%)	—	—	(11.2%)	—	—	(17.7%)
Loss ratio – reported	67.8%	66.8%	—	—	75.5%	—	—	69.1%

	UK Motor £m	UK Home £m	UK Other £m	UK Total £m	Int. Car £m	Int. Other £m	Int. Total £m	Group £m
December 2019								
Net insurance claims	164.7	26.8	24.3	215.8	137.2	6.3	143.5	359.3

Deduct claims handling costs	(11.8)	(1.1)	—	(12.9)	(7.6)	—	(7.6)	(20.5)
Prior year release/strengthening – net original share	121.7	2.5	—	124.2	14.4	—	14.4	138.6
Prior year release/strengthening – commuted share	121.7	—	—	121.7	—	—	—	121.7
Impact of reinsurer caps	—	—	—	—	(0.1)	—	(0.1)	(0.1)
Impact of weather events	—	—	—	—	—	—	—	—
Impact of subsidence	—	—	—	—	—	—	—	—
Attritional current period claims	396.3	28.2	24.3	448.8	143.9	6.3	150.2	599.0
Net insurance premium revenue	452.6	37.2	43.4	533.2	168.6	7.6	176.2	709.4
Loss ratio – current period attritional	87.6%	75.8%	—	84.2%	85.3%	—	—	84.4%
Loss ratio – current period weather events	—	—	—	—	—	—	—	—
Loss ratio – current period subsidence events	—	—	—	—	—	—	—	—
Loss ratio – prior year release/strengthening (net original share)	(26.9%)	(6.7%)	—	(23.3%)	(8.5%)	—	—	(19.5%)
Loss ratio – reported	60.7%	69.1%	—	60.9%	76.8%	—	—	64.9%

13c. Reconciliation of expenses related to insurance contracts to reported expense ratio

	UK Motor £m	UK Home £m	UK Other £m	UK Total £m	Int. Car £m	Int. Other £m	Int. Total £m	Group £m
June 2020								
Net insurance expenses	32.6	5.8	2.1	40.5	35.0	1.8	36.8	77.3
Claims handling costs	5.9	0.6	—	6.5	4.8	—	4.8	11.3
Intra-group expenses elimination* ¹	5.8	0.8	0.7	7.3	2.7	—	2.7	10.0
Impact of reinsurer caps	—	—	—	—	0.3	—	0.3	0.3
Net IFRS 16 finance costs	0.2	—	—	0.2	—	—	—	0.2
Other adjustment* ²	—	—	—	—	—	—	—	—
Adjusted net insurance expenses	44.5	7.2	2.8	54.5	42.8	1.8	44.6	99.1
Net insurance premium revenue	208.5	20.9	22.3	251.7	95.5	3.6	99.1	350.8
Expense ratio – reported	21.3%	34.2%	—	—	44.8%	—	—	28.3%

	UK Motor £m	UK Home £m	UK Other £m	UK Total £m	Int. Car £m	Int. Other £m	Int. Total £m	Group £m
June 2019								
Net insurance expenses	30.1	4.5	2.6	37.2	23.0	0.1	23.1	60.3
Claims handling costs	6.1	0.5	—	6.6	3.6	—	3.6	10.2
Intra-group expenses elimination* ¹	5.7	0.4	—	6.1	3.6	—	3.6	9.7
Impact of reinsurer caps	—	—	—	—	0.6	—	0.6	0.6

Net IFRS 16 finance costs	0.3	—	—	0.3	0.1	—	0.1	0.4
Other adjustment* ²	—	—	—	—	—	(0.1)	(0.1)	(0.1)
Adjusted net insurance expenses	42.2	5.4	2.6	50.2	30.9	—	30.9	81.1
Net insurance premium revenue	225.4	18.1	21.2	264.7	80.6	3.9	84.5	349.2
Expense ratio – reported	18.7%	30.1%	—	—	38.4%	—	—	23.2%

December 2019	UK Motor £m	UK Home £m	UK Other £m	UK Total £m	Int. Car £m	Int. Other £m	Int. Total £m	Group £m
Net insurance expenses	63.4	9.3	4.9	77.6	45.8	1.3	47.1	124.7
Claims handling costs	11.8	1.1	—	12.9	7.6	—	7.6	20.5
Intra-group expenses elimination* ¹	10.8	0.4	1.1	12.3	7.1	—	7.1	19.4
Impact of reinsurer caps	—	—	—	—	2.9	—	2.9	2.9
Other adjustment* ²	0.5	—	—	0.5	0.1	—	0.1	0.6
Adjusted net insurance expenses	86.5	10.8	6.0	103.3	63.5	1.3	64.8	168.1
Net insurance premium revenue	452.6	37.2	43.4	533.2	168.6	7.6	176.2	709.4
Expense ratio – reported	19.1%	28.9%	—	19.4%	37.6%	—	—	23.7%

*1 The intra-group expenses elimination amount relates to aggregator fees charges by the Group's comparison entities to other Group companies.

*2 Other adjustments relate to additional products underwritten in the Group's International Car Insurance businesses. The contribution from these products is reported as ancillary income and as such the amounts are excluded for the purpose of calculation of expense ratios.

13d. Reconciliation of reported profit before tax to adjusted profit before tax

	30 June 2020 £m	30 June 2019 £m	31 December 2019 £m
Reported profit before tax per the condensed consolidated income statement	286.1	218.2	522.6
Non-controlling interest share of profit before tax	0.6	2.0	3.5
Group's share of profit before tax	286.7	220.2	526.1

13e. Reconciliation of share scheme charges in Strategic report to Consolidated income statement and Consolidated statement of changes in equity

	30 June 2020 £m	30 June 2019 £m	31 December 2019 £m
Net share scheme charges included in Group's share of profit before tax	22.8	26.2	52.7
Non-controlling interest share of net share scheme charges	0.1	0.3	0.7
Net share scheme charges included in Group profit before tax	22.9	26.5	53.4

13f. Reconciliation of note 4 to Strategic Report

i) UK Insurance

30 June 2020	Motor £m	Household £m	Travel £m	Total £m
Turnover	1,158.3	87.0	3.1	1,248.4
UK Insurance profit before tax – Strategic report	310.4	5.5	(2.1)	313.8
Non-controlling interest share of PBT	0.2	—	—	0.2
Statutory profit/(loss) before tax	310.6	5.5	(2.1)	314.0

	Motor £m	Household £m	Travel £m	Total £m
30 June 2019				
Turnover	1,255.2	80.0	3.6	1,338.8
UK Insurance profit before tax – Strategic report	251.7	4.2	(1.2)	254.7
Non-controlling interest share of PBT	0.2	—	—	0.2
Statutory profit/(loss) before tax	251.9	4.2	(1.2)	254.9

	Motor £m	Household £m	Travel £m	Total £m
31 December 2019				
Turnover	2,455.3	171.3	8.4	2,635.0
UK Insurance profit before tax – Strategic report	591.5	7.5	(1.6)	597.4
Non-controlling interest share of PBT	0.5	—	—	0.5
Statutory profit/(loss) before tax	592.0	7.5	(1.6)	597.9

ii) **International Insurance**

	Spain £m	Italy £m	France £m	US £m	Total £m
30 June 2020					
Turnover	40.8	106.2	64.1	118.4	329.5
Profit/(loss) before tax – Strategic Report and Statutory	9.8			(3.3)	6.5

	Spain £m	Italy £m	France £m	US £m	Total £m
30 June 2019					
Turnover	40.2	105.2	51.4	122.7	319.5
Profit/(loss) before tax – Strategic Report and Statutory	3.5			(6.2)	(2.7)

	Spain £m	Italy £m	France £m	US £m	Total £m
31 December 2019					
Turnover	78.2	204.2	108.1	233.1	623.6
Profit/(loss) before tax – Strategic Report and Statutory	8.7			(9.6)	(0.9)

iii) **Comparison**

	Confused £m	European £m	Compare £m	Other £m	Total £m
30 June 2020					
Turnover	63.7	23.2	3.1	0.7	90.7
Group's share of profit before tax – Strategic Report	13.5	0.7	(0.5)	(0.6)	13.1
Non-controlling interest share of profit/(loss) before tax	—	0.3	(0.3)	(0.6)	(0.6)
Statutory profit/(loss) before tax	13.5	1.0	(0.8)	(1.2)	12.5

	Confused £m	European £m	Compare £m	Other £m	Total £m
30 June 2019					
Turnover	54.2	25.0	3.6	0.6	83.4
Group's share of profit before tax – Strategic Report	8.7	2.1	(2.8)	(0.6)	7.4
Non-controlling interest share of profit/(loss) before tax	—	0.5	(1.9)	(0.6)	(2.0)
Statutory profit/(loss) before tax	8.7	2.6	(4.7)	(1.2)	5.4

31 December 2019	Confused £m	European £m	Compare £m	Other £m	Total £m
Turnover	112.7	50.1	7.3	1.5	171.6
Group's share of profit before tax – Strategic Report	20.4	3.5	(4.3)	(1.6)	18.0
Non-controlling interest share of profit/(loss) before tax	—	1.0	(2.9)	(1.4)	(3.3)
Statutory profit/(loss) before tax	20.4	4.5	(7.2)	(3.0)	14.7

13g. Reconciliation of Impact of “Stay at Home” premium refund issued to UK motor insurance customers on Turnover, Total written premiums, Gross written premiums and net insurance premium revenue

	30 June 2020 £m
Total “stay at home” premium refund issued to UK motor insurance customers	110.0
Insurance premium tax	(12.7)
Impact of premium refund on turnover and total written premium	97.3
Co-insurer share of premium refund	(27.3)
Impact of premium refund on gross written premium	70.0
Reinsurer share of premium refund	(48.9)
Impact of premium refund on net insurance premium revenue	21.1

14. Statutory Information

The financial information set out above does not constitute the company's statutory accounts. Statutory accounts for 2019 have been delivered to the registrar of companies, and those for 2020 will be delivered in due course. The auditors have reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

Glossary

Alternative Performance Measures

Throughout this report, the Group uses a number of Alternative Performance Measures (APMs); measures that are not required or commonly reported under International Financial Reporting Standards, the Generally Accepted Accounting Principles (GAAP) under which the Group prepares its financial statements.

These APMs are used by the Group, alongside GAAP measures, for both internal performance analysis and to help shareholders and other users of the Annual Report and financial statements to better understand the Group's performance in the period in comparison to previous periods and the Group's competitors.

The table below defines and explains the primary APMs used in this report. Financial APMs are usually derived from financial statement items and are calculated using consistent accounting policies to those applied in the financial statements, unless otherwise stated. Non financial KPIs incorporate information that cannot be derived from the financial statements but provide further insight into the performance and financial position of the Group.

APMs may not necessarily be defined in a consistent manner to similar APMs used by the Group's competitors. They should be considered as a supplement rather than a substitute for GAAP measures.

Turnover	Turnover is defined as total premiums written (as below), other revenue and income from Admiral Loans. It is reconciled to financial statement line items in note 13a to the financial statements.
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This measure has been presented by the Group in every Annual Report since it became a listed Group in 2004. It reflects the total value of the revenue generated by the Group and analysis of this measure over time provides a clear indication of the size and growth of the Group.

The measure was developed as a result of the Group's business model. The core UK Car insurance business has historically shared a significant proportion of the risks with Munich Re, a third party reinsurance Group, through a co-insurance arrangement, with the arrangement subsequently being replicated in some of the Group's international insurance operations. Premiums and claims accruing to the external co-insurer are not reflected in the Group's income statement and therefore presentation of this metric enables users of the Annual Report to see the scale of the Group's insurance operations in a way not possible from taking the income statement in isolation.

In 2020 a “Stay at Home” premium rebate of £25 per vehicle was issued to UK motor insurance customers. The total refunded was £110 million. Of this total, £97 million has been reflected within the 2020 total premiums written, and therefore, turnover metric, with the remaining amount reflecting insurance premium tax.

Total Premiums Written	Total premiums written are the total forecast premiums, net of forecast cancellations written in the underwriting year within the Group, including co-insurance. It is reconciled to financial statement line items in note 13a to the financial statements.
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This measure has been presented by the Group in every Annual Report since it became a listed Group in 2004. It reflects the total premiums written by the Group’s insurance intermediaries and analysis of this measure over time provides a clear indication of the growth in premiums, irrespective of how co-insurance agreements have changed over time.

The reasons for presenting this measure are consistent with that for the Turnover APM noted above.

As noted in the Turnover metric above, in 2020 a reduction of £97 million has been reflected within 2020 total premiums written, to reflect the “Stay at Home” premium rebate.

Group’s share of Profit before Tax	Group’s share of profit before tax represents profit before tax, excluding the impact of Non-controlling Interests. It is reconciled to statutory profit before tax in note 13d to the financial statements.
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This measure is useful in presenting the limit of the Group’s exposure to the expenditure incurred in starting up new businesses and demonstrates the ‘test-and-learn’ strategy employed by the Group to expansion into new territories.

Underwriting result (profit or loss)	For each insurance business an underwriting result is presented showing the segment result prior to the inclusion of profit commission, other income contribution and instalment income. It demonstrates the insurance result, i.e. premium revenue and investment income on insurance assets less claims incurred and insurance expenses.
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Loss Ratio	Reported loss ratios are expressed as a percentage of claims incurred divided by net earned premiums.
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There are a number of instances within the Annual Report where adjustments are made to this calculation in order to more clearly present the underlying performance of the Group and operating segments within the Group. The calculations of these are presented within note 13b to the accounts and explanation is as follows.

UK reported motor loss ratio: Within the UK insurance segment the Group separately presents motor ratios, i.e. excluding the underwriting of other products that supplement the car insurance policy. The motor ratio is adjusted to i) exclude the impact of reserve releases on commuted reinsurance contracts and ii) exclude claims handling costs that are reported within claims costs in the income statement.

International insurance loss ratio: As for the UK Motor loss ratio, the international insurance loss ratios presented exclude the underwriting of other products that supplement the car insurance policy. The motor ratio is adjusted to exclude the claims element of the impact of reinsurer caps as

inclusion of the impact of the capping of reinsurer claims costs would distort the underlying performance of the business.

Group loss ratios: Group loss ratios are reported on a consistent basis as the UK and international ratios noted above. Adjustments are made to i) exclude the impact of reserve releases on commuted reinsurance contracts, ii) exclude claims handling costs that are reported within claims costs in the income statement and iii) exclude the claims element of the impact of international reinsurer caps.

Expense Ratio Reported expense ratios are expressed as a percentage of net operating expenses divided by net earned premiums.

There are a number of instances within the Annual Report where adjustments are made to this calculation in order to more clearly present the underlying performance of the Group and operating segments within the Group. The calculations of these are presented within note 13c to the accounts and explanation is as follows.

UK reported motor expense ratio: Within the UK insurance segment the Group separately presents motor ratios, i.e. excluding the underwriting of other products that supplement the car insurance policy. The motor ratio is adjusted to i) include claims handling costs that are reported within claims costs in the income statement and ii) include intra-group aggregator fees charged by the UK comparison business to the UK insurance business.

International insurance expense ratio: As for the UK Motor loss ratio, the international insurance expense ratios presented exclude the underwriting of other products that supplement the car insurance policy. The motor ratio is adjusted to i) exclude the expense element of the impact of reinsurer caps as inclusion of the impact of the capping of reinsurer expenses would distort the underlying performance of the business and ii) include intra-group aggregator fees charged by the overseas comparison businesses to the international insurance businesses.

Group expense ratios: Group expense ratios are reported on a consistent basis as the UK and international ratios noted above. Adjustments are made to i) include claims handling costs that are reported within claims costs in the income statement, ii) include intra-group aggregator fees charged by the Group's comparison businesses to the Group's insurance businesses and iii) exclude the expense element of the impact of international reinsurer caps.

Combined Ratio Reported combined ratios are the sum of the loss and expense ratios as defined above. Explanation of these figures is noted above and reconciliation of the calculations are provided in notes 13b and 13c.

Return on Equity Return on equity is calculated as profit after tax for the period attributable to equity holders of the Group divided by the average total equity attributable to equity holders of the Group in the year. This average is determined by dividing the opening and closing positions for the year by two.

The relevant figures for this calculation can be found within the consolidated statement of changes in equity.

Group Customers Group customer numbers reflect the total number of cars, households and vans on cover at the end of the year, across the Group.

This measure has been presented by the Group in every Annual Report since it became a listed Group in 2004. It reflects the size of the Group's customer base and analysis of this measure over time provides a clear indication of the growth. It is also a useful indicator of the growing significance to the Group of the different lines of business and geographic regions.

Effective Tax Rate	Effective tax rate is defined as the approximate tax rate derived from dividing the Group's profit before tax by the tax charge going through the income statement. It is a measure historically presented by the Group and enables users to see how the tax cost incurred by the Group compares over time and to current corporation tax rates.
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Additional Terminology

There are many other terms used in this report that are specific to the Group or the markets in which it operates. These are defined as follows:

Accident year	The year in which an accident occurs, also referred to as the earned basis.
Actuarial best estimate	The probability-weighted average of all future claims and cost scenarios calculated using historical data, actuarial methods and judgement.
ASHE	'Annual Survey of Hours and Earnings' – a statistical index that is typically used for calculation of inflation of annual payment amounts under Periodic Payment Order (PPO) claims settlements.
Claims reserves	A monetary amount set aside for the future payment of incurred claims that have not yet been settled, thus representing a balance sheet liability.
Co-insurance	An arrangement in which two or more insurance companies agree to underwrite insurance business on a specified portfolio in specified proportions. Each co-insurer is directly liable to the policyholder for their proportional share.
Commutation	An agreement between a ceding insurer and the reinsurer that provides for the valuation, payment, and complete discharge of all obligations between the parties under a particular reinsurance contract. The Group typically commutes UK Car insurance quota share contracts after 24 months from the start of an underwriting year where it makes economic sense to do so. Although an individual underwriting year may be profitable, the margin held in the financial statement claims reserves may mean that an accounting loss on commutation must be recognised at the point of commutation of the reinsurance contracts. This loss on commutation unwinds in future periods as the financial statement loss ratios develop to ultimate.
Insurance market cycle	The tendency for the insurance market to swing between highs and lows of profitability over time, with the potential to influence premium rates (also known as the "underwriting cycle").
Net claims	The cost of claims incurred in the period, less any claims costs recovered under reinsurance contracts. It includes both claims payments and movements in claims reserves.
Net insurance premium revenue	Also referred to as net earned premium. The element of premium, less reinsurance premium, earned in the period.
Ogden discount rate	The discount rate used in calculation of personal injury claims settlements. The rate is set by the Lord Chancellor.
Periodic Payment Order (PPO)	A compensation award as part of a claims settlement that involves making a series of annual payments to a claimant over their remaining life to cover the costs of the care they will require.
Premium	A series of payments are made by the policyholder, typically monthly or annually, for part of or all of the duration of the contract. Written premium refers to the total amount the policyholder has contracted for, whereas earned premium refers to the recognition of this premium over the life of the contract.
Profit commission	A clause found in some reinsurance and coinsurance agreements that provides for profit sharing.
Reinsurance	Contractual arrangements whereby the Group transfers part or all of the insurance risk accepted to another insurer. This can be on a quota share basis (a percentage share of premiums, claims and expenses) or an excess of loss basis (full reinsurance for claims over an agreed value).
Securitisation	A process by which a group of assets, usually loans, is aggregated into a pool, which is used to back the issuance of new securities. A company transfer assets to a special purpose entity (SPE) which then issues securities backed by the assets.
Special Purpose Entity (SPE)	An entity that is created to accomplish a narrow and well-defined objective. There are specific restrictions or limited around ongoing activities. The Group uses an SPE set up under a securitisation programme.
Ultimate loss ratio	A projected actuarial best estimate loss ratio for a particular accident year or underwriting year.
Underwriting year	The year in which the policy was inceptioned.
Underwriting year basis	Also referred to as the written basis. Claims incurred are allocated to the calendar year in which the policy was underwritten. Underwriting year basis results are calculated on the whole account (including co-insurance and reinsurance shares) and include all premiums, claims, expenses

incurred and other revenue (for example instalment income and commission income relating to the sale of products that are ancillary to the main insurance policy) relating to policies incepting in the relevant underwriting year.

Written/Earned basis A policy can be written in one calendar year but earned over a subsequent calendar year.

Responsibility statement of the directors in respect of the half-yearly financial report

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU;
- the interim management report includes a fair review of the information required by:
 - a. DTR 4.2.7R of the *Disclosure and Transparency Rules*, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
 - b. DTR 4.2.8R of the *Disclosure and Transparency Rules*, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

By order of the Board,

Geraint Jones

Chief Financial Officer

11 August 2020

INDEPENDENT REVIEW REPORT TO ADMIRAL GROUP PLC

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2020 which comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of financial position, the condensed consolidated cash flow statement, the condensed consolidated statement of changes in equity and related notes 1 to 14. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2020 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Use of our report

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. Our work has been

undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Deloitte LLP
Statutory Auditor
London, United Kingdom
11 August 2020