



## **Admiral Reports Record Profits & Strong Growth**

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Admiral Group plc (“Admiral” or “the Group”) today announces a strong annual result with a profit before tax of £202.5 million for the year to December 2008, an increase of 11% over the previous year. Turnover, comprising total premiums and other revenue, rose 13% to £910 million.

### **2008 Preliminary Results Highlights**

- Profit before tax up 11% at £202.5 million (2007: £182.1 million)
- Final dividend of 26.5p per share, making total dividend of 52.5p for 2008 (2007: 43.8p)
- Turnover\* up 13% at £910 million (2007: £808 million)
- Net revenue up 16% at £423 million (2007: £364 million)
- Number of customers up 17% to 1.75 million from 1.49 million at 31 December 2007. In UK car insurance, customer numbers increased 15% to 1.59 million (from 1.38 million)
- UK car insurance profits up 27% to £179.9 million from £142.2 million
- Confused.com profits at £25.6 million (2007: £36.7 million)
- Successful launch of ConTe.it in Italy in May 2008
- Turnover from outside the UK £29.7 million (up 80%) and 73,700 customers
- Employee Share Scheme – over £4.5 million of shares will be distributed to over 3,000 staff based on the H2 2008 result

\* Turnover is defined as total premiums written (including co-insurers' share) and other revenue

### **Comment from Henry Engelhardt, Group Chief Executive**

“This is a good news story. For the fifth year out of five since becoming a listed company Admiral delivered record profits and the 2008 dividend will be the biggest in our history. In addition, Admiral is still hiring new staff in all its operations.

“Key to our success was the great result turned in by the UK business. We

increased the number of customers by 15% by giving a combination of competitive prices and great service. Our combined ratio in the UK fell from 83% to 81% while premium income grew by 12% to £690 million.

“As the UK business goes from strength to strength we are planting the seeds of our long term future by taking what we know and do well, internet and phone delivery of car insurance, to other countries.

“On May 30 we launched ConTe in Italy. In the next 12 months we have two launches planned, a direct operation in the USA, based in Richmond, Virginia, and a price comparison business in Spain, which will be called Rastreator, based in Madrid.

“We recognise that setting up businesses outside the UK is not just add water and stir and that it will take time and some money before they make major contributions to the Group but if I could fast forward 10 years I’d expect to see these businesses as the drivers of our profit growth.

“Life is certainly not without its challenges. Although Confused.com had a fine year, with profits of £26 million, there is fierce competition in this sector and margins are being squeezed. In addition, there is plenty of work to do in our direct operations in Spain and Germany, where loss ratios are still too high.

“In sum, it was a great year, which means that every member of staff in every country will get the maximum payout of shares in our Employee Share Scheme, which totals more than £4.5 million’s worth of shares. They earned it.”

### **Comment from Alastair Lyons, Group Chairman**

“With higher profits, a capital-efficient cash-generative business model, and a most conservatively managed balance sheet, we are very pleased to be able to propose a 20% increase in total dividends for the year to 52.5p per share. This represents a yield of 6.1% based on the closing share price on 27 February 2009 and follows our principle of returning all available surpluses to shareholders.

“Our sustained growth in the UK, now accounting for some 6% of the UK private motor market covering 1.6 million vehicles, provides the basis for our continuing investment in the longer-term development of our business through our overseas start-ups. I am delighted that last year ConTe.it followed our earlier launches in Spain and Germany and I look forward to our starting to do business in the US. ”

## **2008 Preliminary Results Review**

Admiral's profit before tax for the year to December 2008 amounted to £202.5 million, an increase of 11% over the £182.1 million achieved the previous year. Turnover rose 13% in the period to reach £910 million (2007: £808 million).

During 2008, the Group wrote total motor premiums for itself and its underwriting partners of £716 million (2007: £631 million). Over the year as a whole, year-end vehicle count rose 17% to 1.75 million.

Admiral's highly effective direct distribution model is reflected in a UK expense ratio of 19.0% (2007: 16.7%). The combined operating ratio for 2008 was 81.0% (2007: 83.4%). The directors of Admiral continue to believe that the Group's superior loss and expense ratios will enable it to significantly outperform the UK private motor insurance market.

Confused.com, Admiral's insurance and financial services comparison website contributed an operating profit of £25.6 million (2007: £36.7 million).

Admiral is a strongly cash generative business. The Group's balance sheet is conservatively managed and it expects cash reserves to build over time. Accordingly, the Board has recommended the payment of a special dividend of 14.1p per share, in addition to its normal final dividend of 12.4p per share, in line with its established policy of distributing at least 45% of post-tax profits. A final dividend distribution of £70 million would bring the total dividend distribution in respect of 2008 to £139 million.

*Admiral Group will hold a conference call for newswires and other real-time media at 07:30 GMT on Tuesday 3 March 2009. To participate journalists are invited to dial +44 20 7138 0845. Access to the facility will be available by using the participant code 9604024.*