

ADMIRAL GROUP plc

2006 Full Year Results

March 2007





Admiral Is STILL Different

	2004	2005	2006
■ Highly Profitable	✓	✓	✓
■ Fast Growing	✓	✓	✓
■ Low Risk Profits	✓	✓	✓
■ Strongly Cash Generative	✓	✓	✓



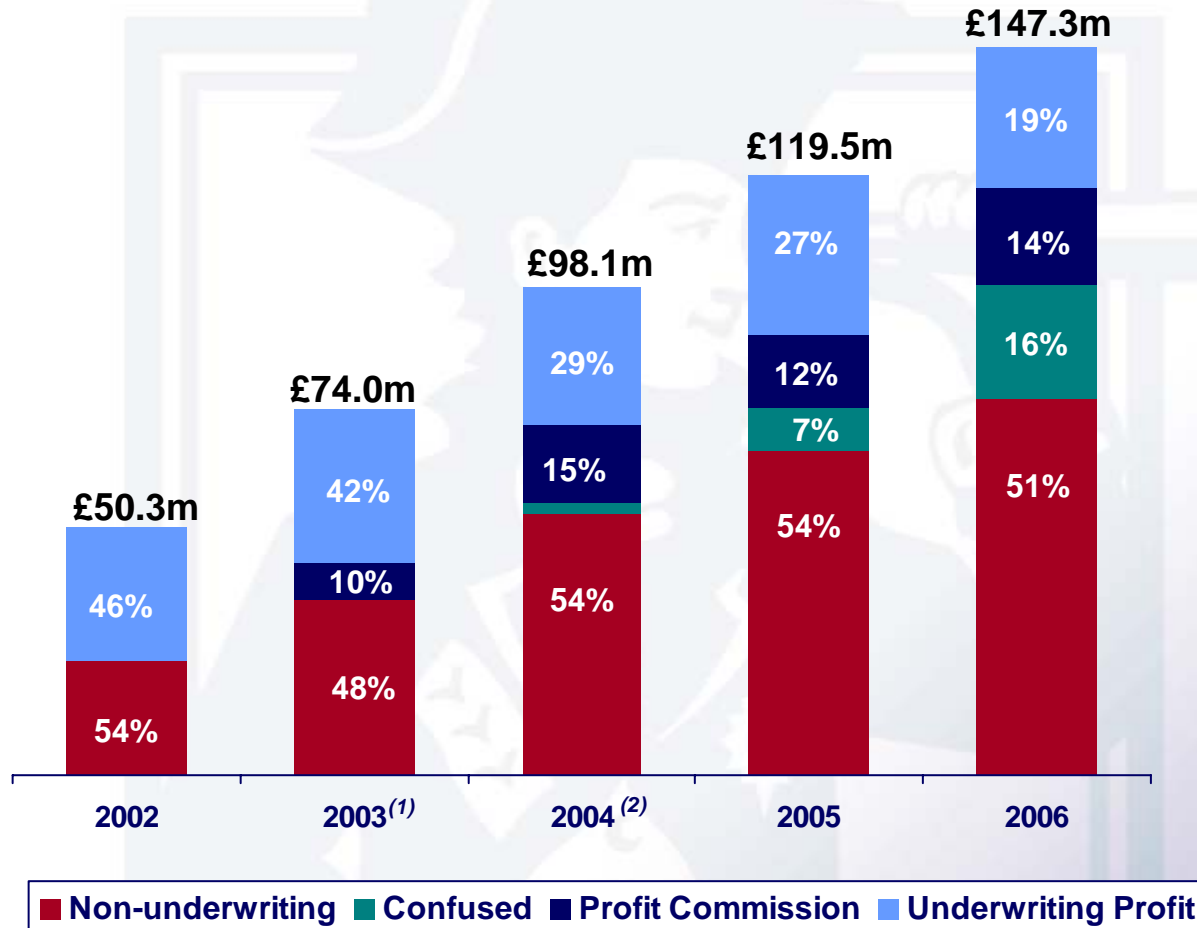
Highlights

- Profit up 23% at £147.3 million (2005: £119.5 million)
- Group turnover up 11% at £708.2 million (2005: £638.4 million)
- Year-end vehicle count up 13% to 1,285,000
- Earnings per share 39.8p (2005: 32.7p)
- H2 2006 dividend per share of 24.0p - full 2006 dividend 36.1p
- Launched in Spain 31 October 2006
- Long-term Munich Re agreement



Highly Profitable

Profit before tax (£m)



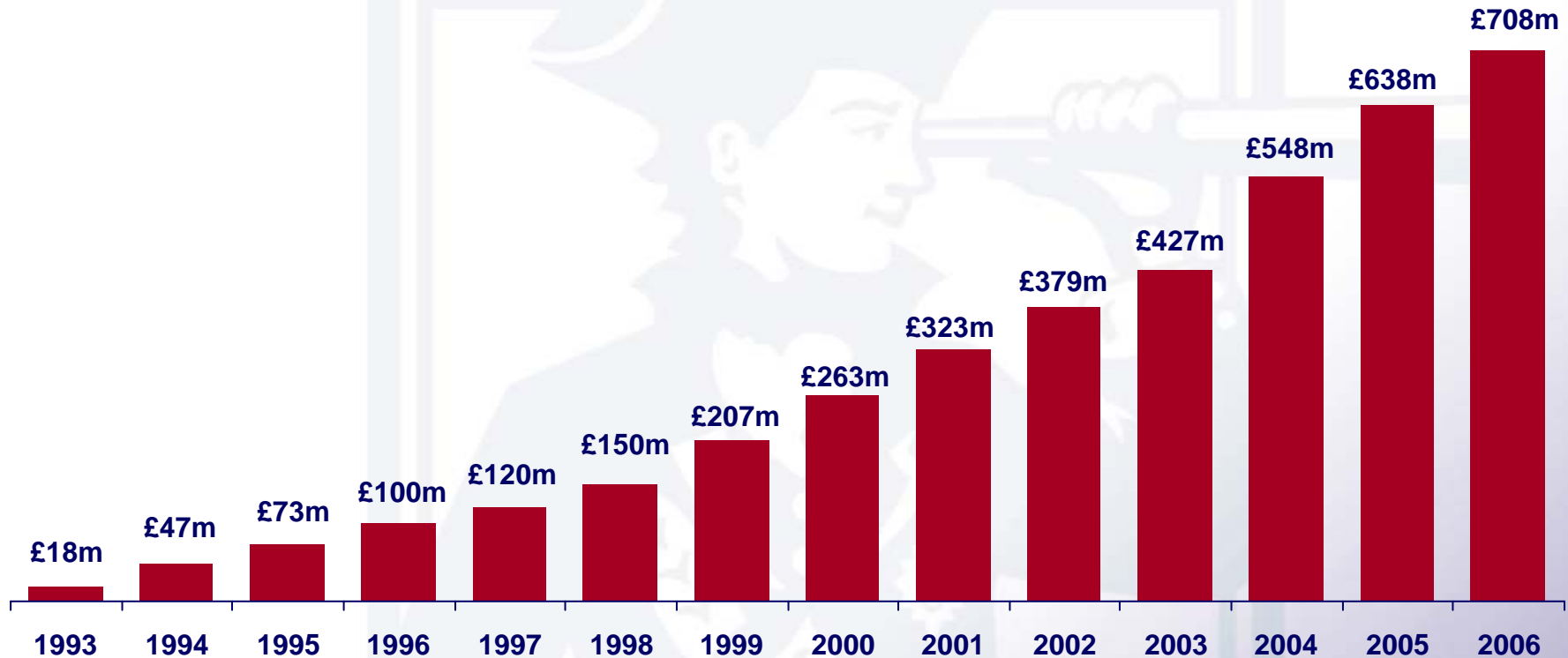
(1) £6m Munich Re profit commission re-allocated from 2004 to 2003 result.

(2) Figures up to 2004 also adjusted for goodwill amortisation, ESOT transactions and bonuses in lieu of dividends.



Fast Growing

Historical Revenue Growth (£m)⁽¹⁾

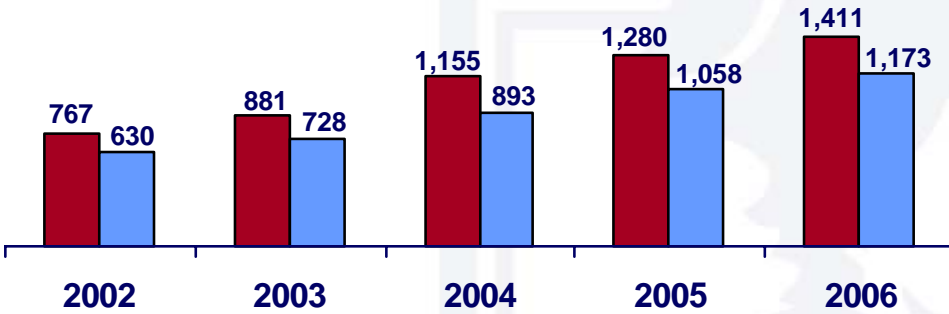


(1) Revenue comprises total premiums written + other revenue + net investment income



Low Risk Profits - Growing Ancillary Income – UK Motor

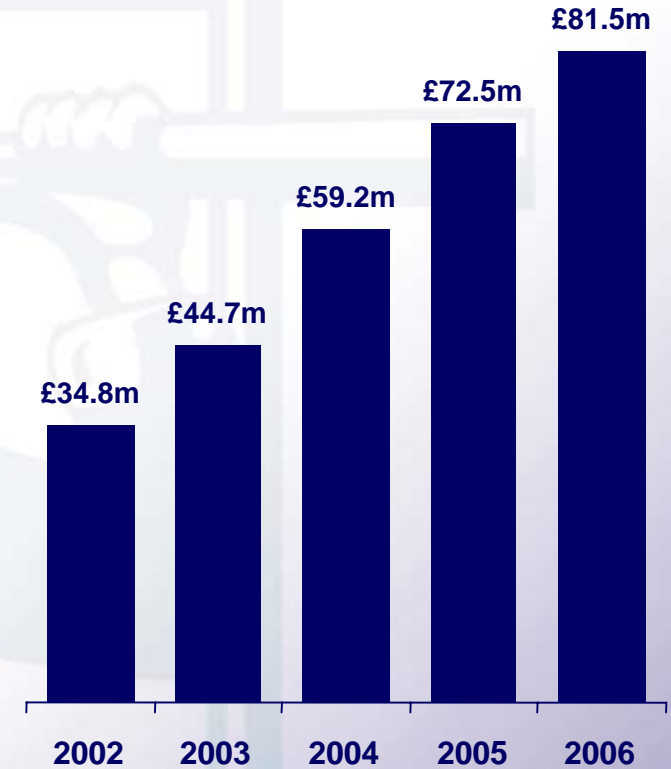
■ Policies sold & renewed ⁽²⁾ (000s)
■ Average active vehicles (000s)



■ Contribution per policy sold
■ Contribution per average active vehicle



Ancillary Contribution (£m)⁽¹⁾

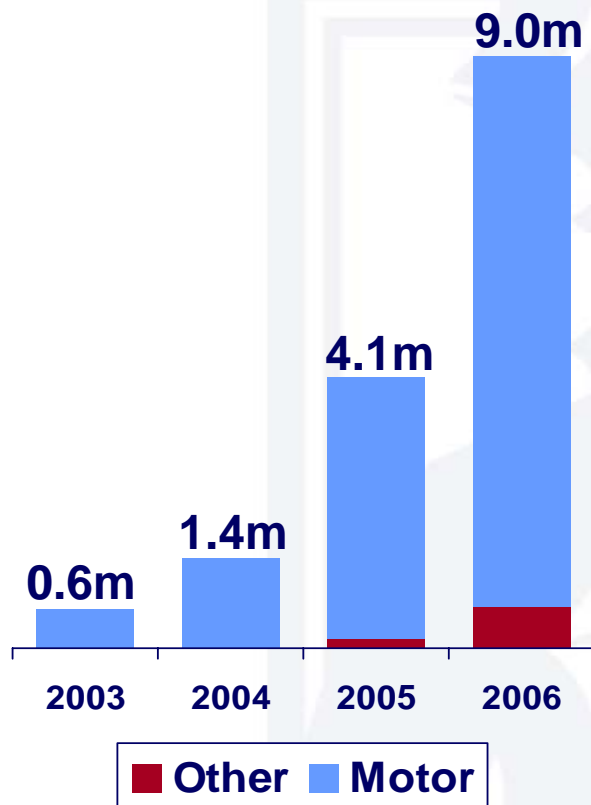


(1) Before allocation of overhead expenses

(2) Includes new business and renewals, before cancellations



Quotes



Profit⁽¹⁾



(1) Confused profit includes revenue from Group brands.



Confused.com

Car Insurance

Get quotes



Home Insurance

Get quotes



Insurance

- [➔ Car Insurance](#)
- [➔ Home Insurance](#)
- [➔ Life Insurance](#)
- [➔ Travel Insurance](#)
- [➔ Motorbike Insurance](#)
- [➔ Van Insurance](#)
- [➔ Other Insurance](#)

Finance

- [➔ Credit Cards](#)
- [➔ Loans](#)
- [➔ Other Financial](#)

Motoring

- [➔ Breakdown](#)
- [➔ Other Motoring](#)

Utilities

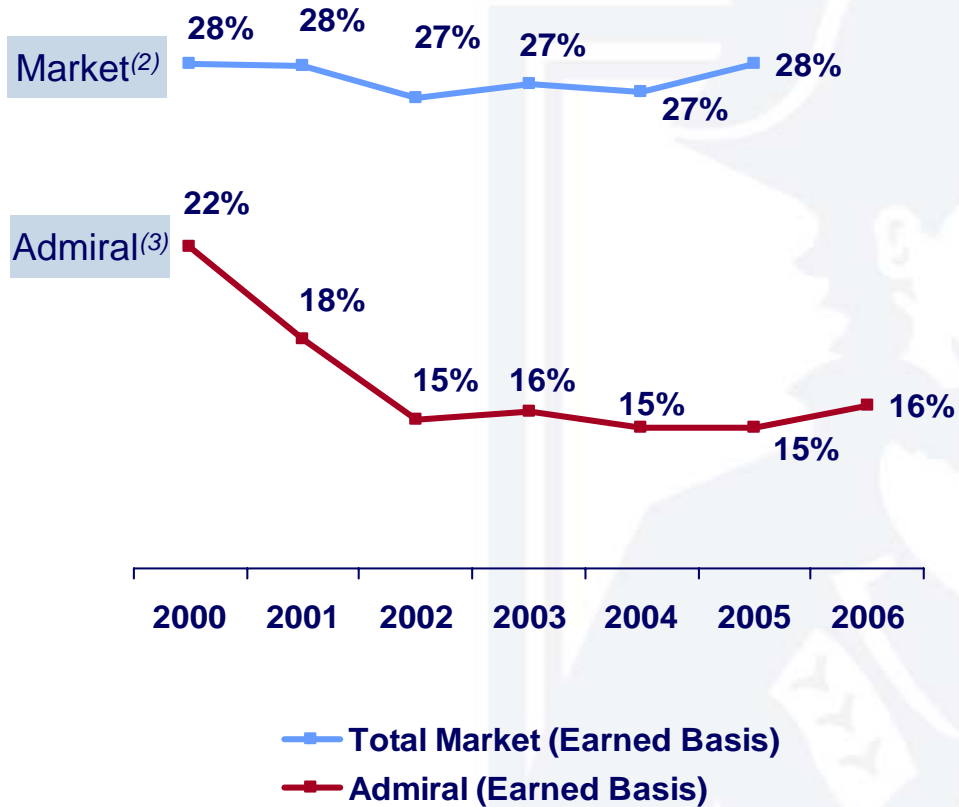
- [➔ Gas & Electricity](#)
- [➔ Other Utility](#)

- We sold over **1.6 million** UK car insurance policies in 2006!
- On average we could save you up to **£150** on your car insurance.
- Over **2 million people in the UK** have bought their car insurance through Confused.com!



Highly Profitable

Expense Ratio Advantage⁽¹⁾



(1) Including claims handling expenses

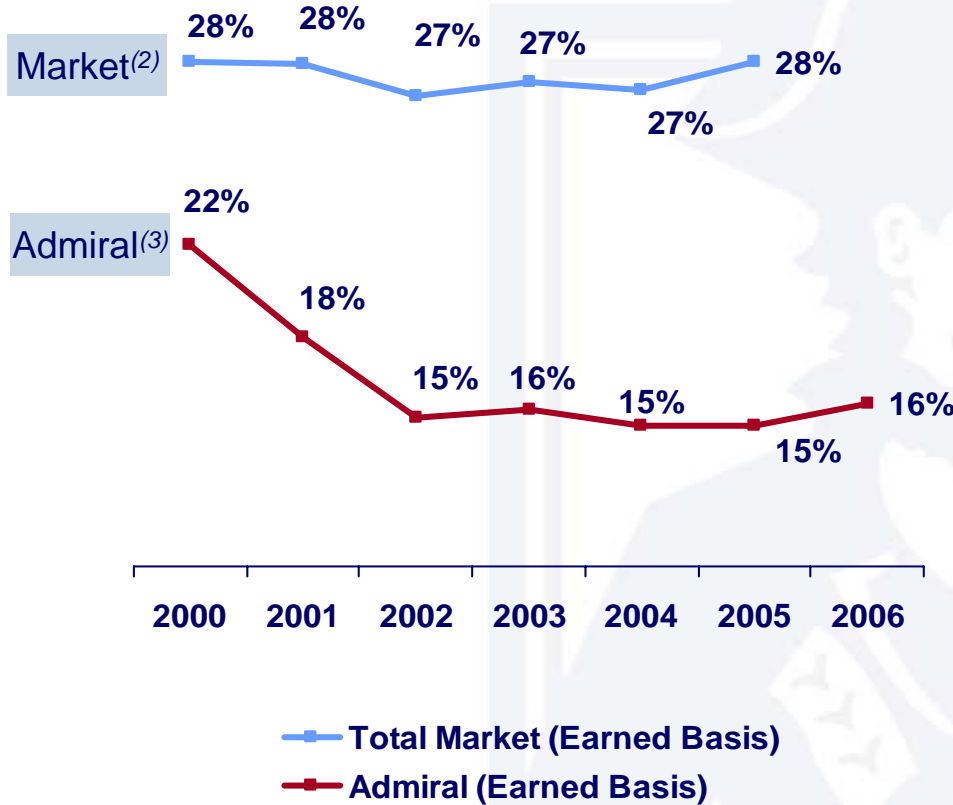
(2) EMB 2000-2004; Deloitte 2005

(3) Adjusted to exclude non-recurring expenses such as Lloyd's costs and 2.5% non-recurring expense commission; based on net earned premiums before stop loss costs of £911,000 in 2001 and £607,000 in 2002

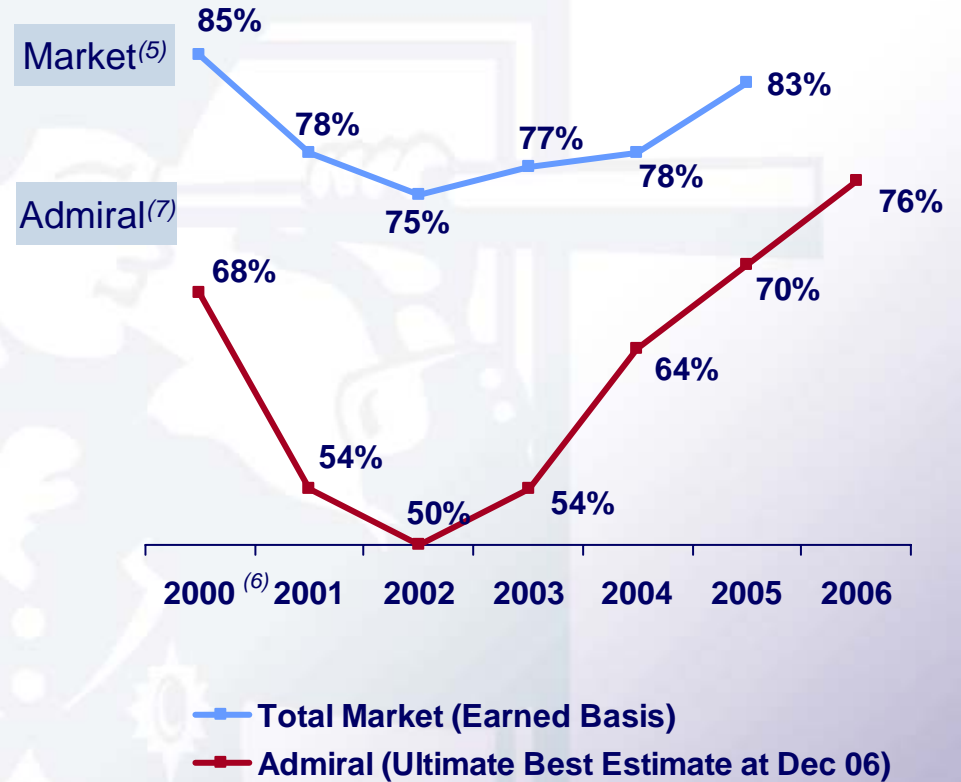


Highly Profitable

Expense Ratio Advantage⁽¹⁾



Loss Ratio Advantage⁽⁴⁾



(1) Including claims handling expenses

(2) EMB 2000-2004; Deloitte 2005

(3) Adjusted to exclude non-recurring expenses such as Lloyd's costs and 2.5% non-recurring expense commission; based on net earned premiums before stop loss costs of £911,000 in 2001 and £607,000 in 2002

(4) Excluding claims handling expenses

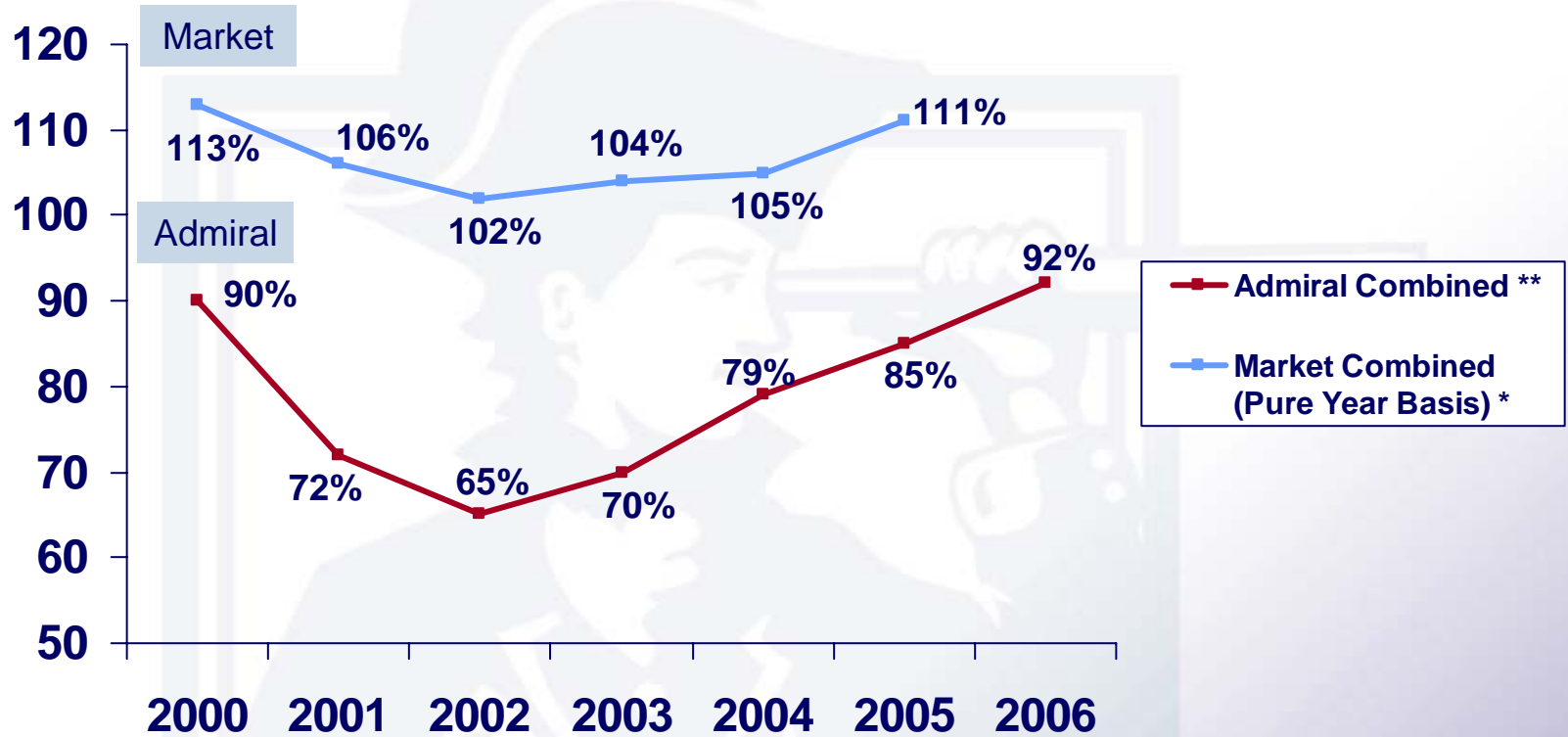
(5) EMB 2000-2004; Deloitte 2005

(6) 2000 Admiral earned loss ratio includes claims incurred and premiums earned in 2000 on business written in 1999 underwriting year

(7) Best estimate of ultimate outcome based on actuarial analysis



Combined Ratio Advantage over Market



* EMB analysis 2000 – 2004; Deloitte 2005 – Private motor market loss ratio plus overall motor market expense ratio, excludes back year reserve movement

** Actuarial best estimate of ultimate outcome



Key Performance Indicators

Premiums

KPI	2002	2003	2004	2005	2006
Quote volumes	4.4m	4.7m	6.2m	9.8m	15.4m
Active vehicles	705,127	806,897	1,040,724	1,141,039	1,284,705
Growth		14%	29%	10%	13%
UK written premium	333.0m	371.6m	470.4m	533.6m	566.6m
Growth		12%	27%	13%	6%



Key Performance Indicators

Premiums

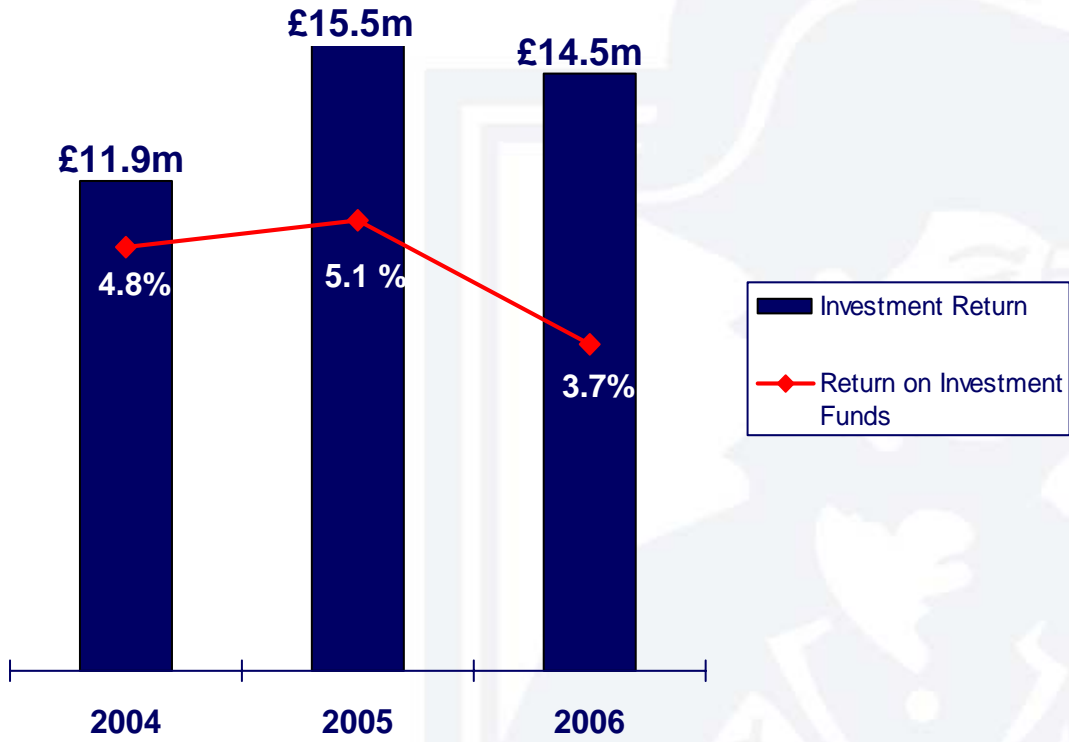
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Expenses

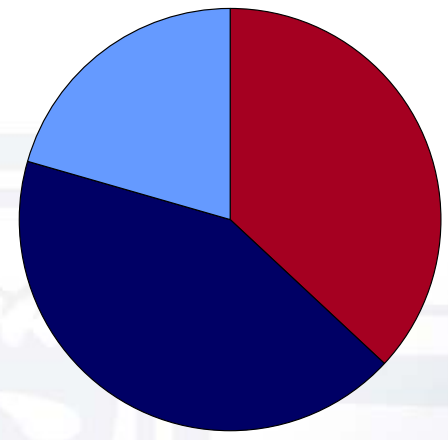
Acquisition expense ratio	6.7%	5.4%	5.4%	4.9%	5.1%
Non-acquisition expense ratio	6.5%	8.2%	7.0%	7.4%	7.8%
MIB & other levies ratio	2.2%	2.0%	2.6%	2.8%	2.9%
Total operating expense ratio	15.4%	15.6%	15.0%	15.1%	15.8%
Expense ratio without levies	13.2%	13.6%	12.4%	12.3%	12.9%



Investment Return

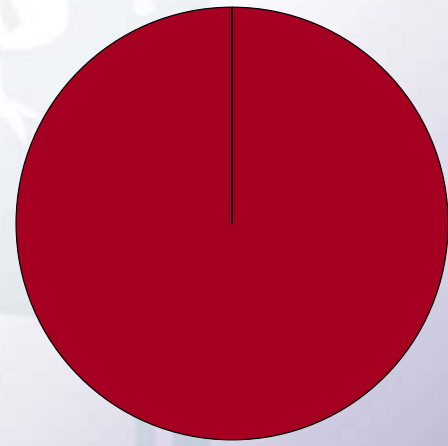


2005



■ Cash ■ Other fixed income ■ Government

2006



■ Cash

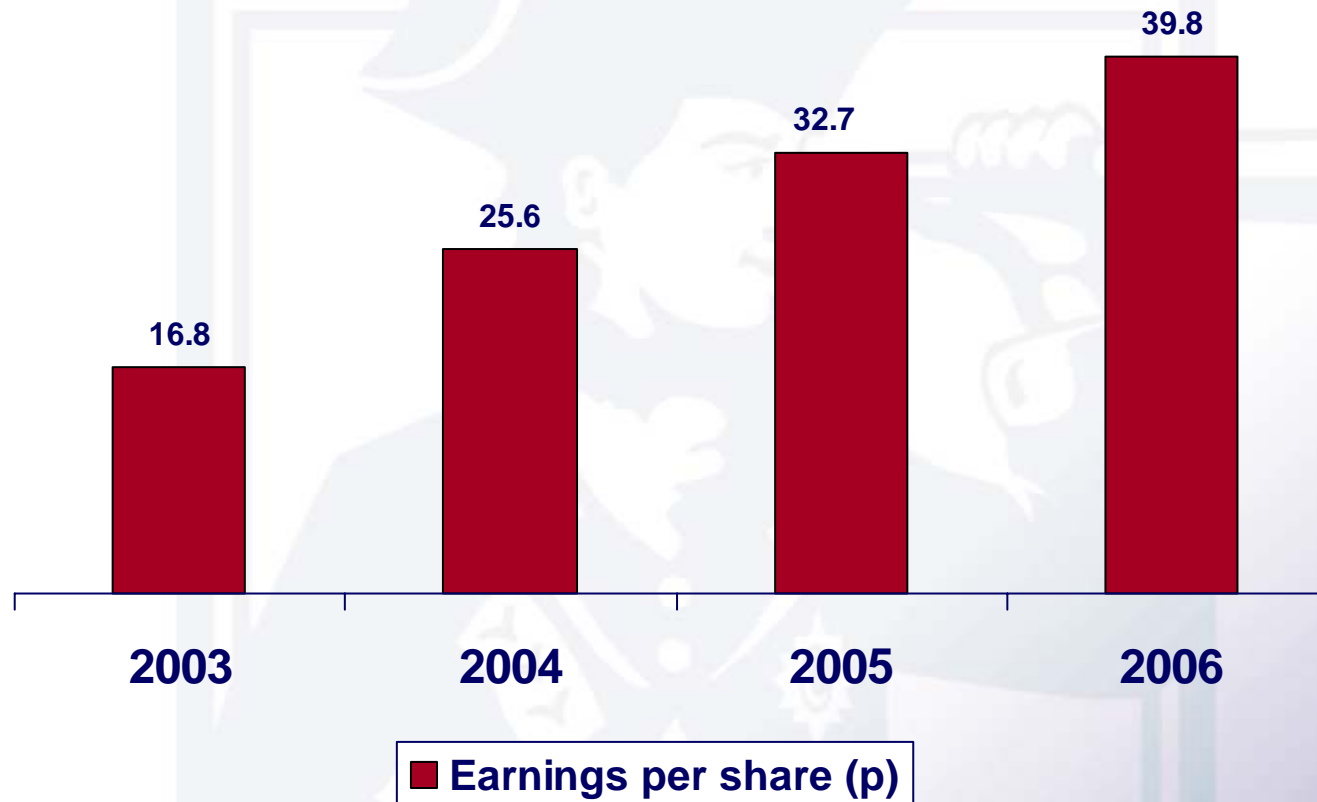
Review of Investment Strategy 2006

Seeking low risk/predictable returns

Purely cash investments

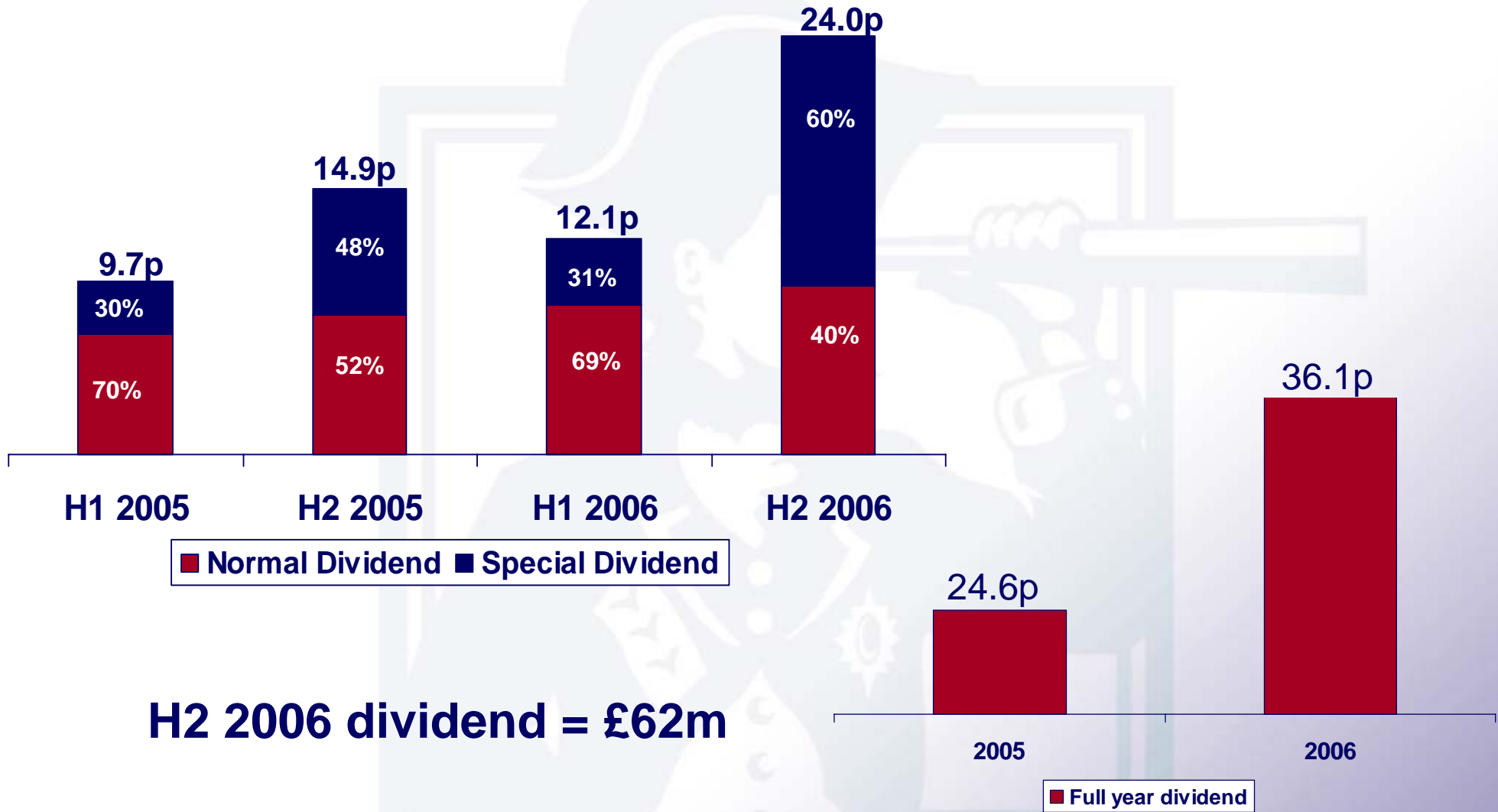


Earnings per share (eps)





Dividends





Strongly Cash Generative - Dividend

	£m
Total equity	219
Goodwill	(62)
Solvency capital	(55)
Lloyd's money retained	(10)
	<u>92</u>
Buffer	(25)
International Expansion	(5)
	<u>62</u>
Dividend	62

Final dividend 24.0p per share:

Ex-dividend – 18 April 2007 Record date – 20 April 2007 Payment date – 24 May 2007



Timing of the turn



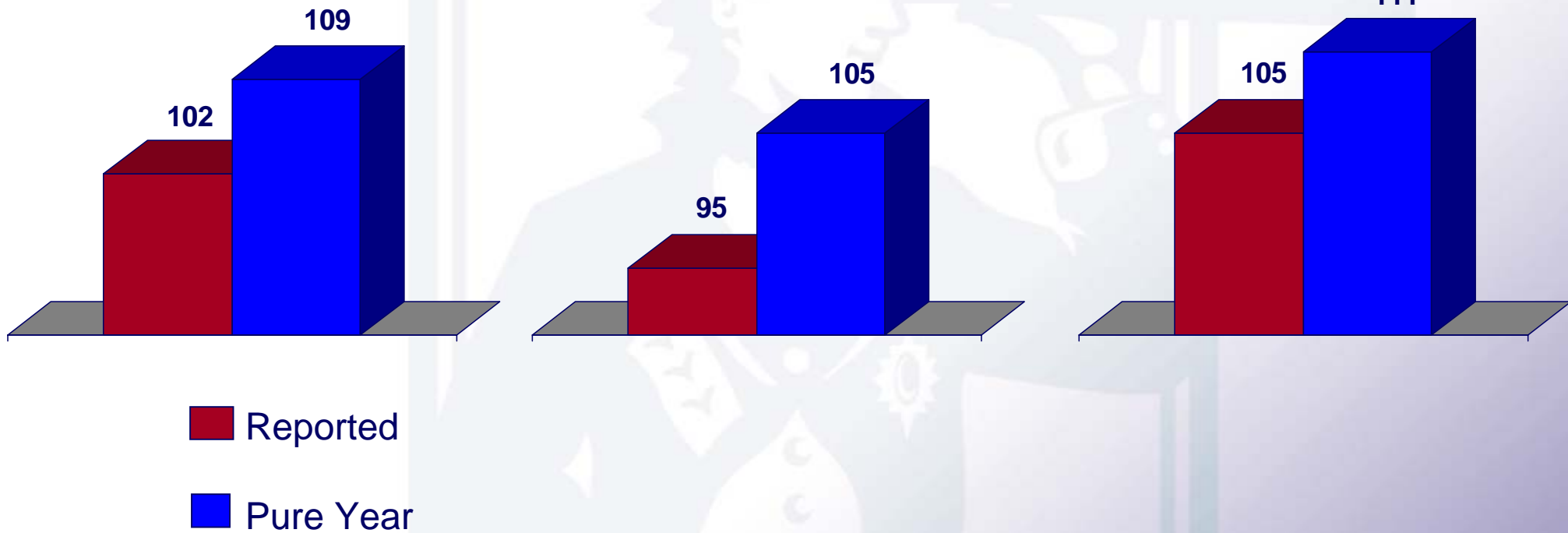
Private Motor Market Profitability - 2005

(Combined Ratio %, 2005)

Motor Insurance

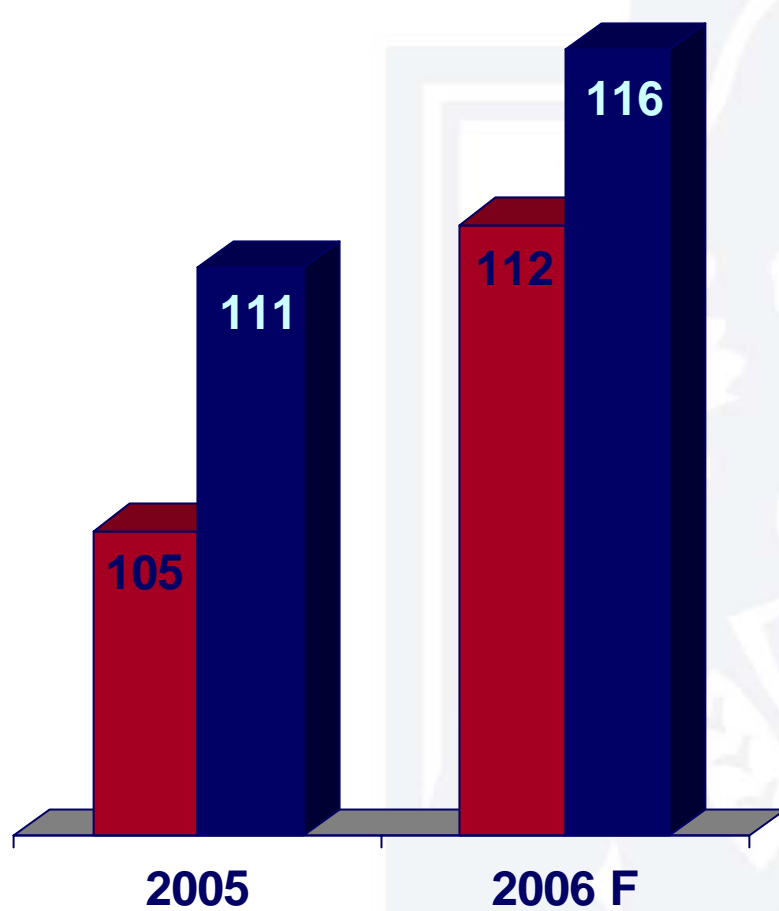
Commercial Motor

Private Motor





Private Motor Profitability - 2006



Assumptions*

2006 v. 2005

Average Premiums	+1.1%
Claims Inflation	+4.5%
Claims Frequency	+1.6%

	2005	2006
Reserve Release	5.7%	4.0%
(% E.P.)		
Expense Ratio	27.7%	27.7%
(% E.P.)		

* Deloitte, November 2006 amended to apply to private motor only



Price Increases In Q4 2006

% Change	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>Q1–Q3 2006</u>	<u>Q4 2006</u>
AA Shoparound	-2.0	-0.2	+0.8	-1.2	+2.0
Deloitte	-4.8	+1.8	-0.8	-3.0	+2.2
Average	-3.4	+0.8	0.0	-2.1	+2.1

RBS – Q4 % Chg

Direct Line	+5.7
Tesco	+5.6
Churchill	+2.9



Bad News

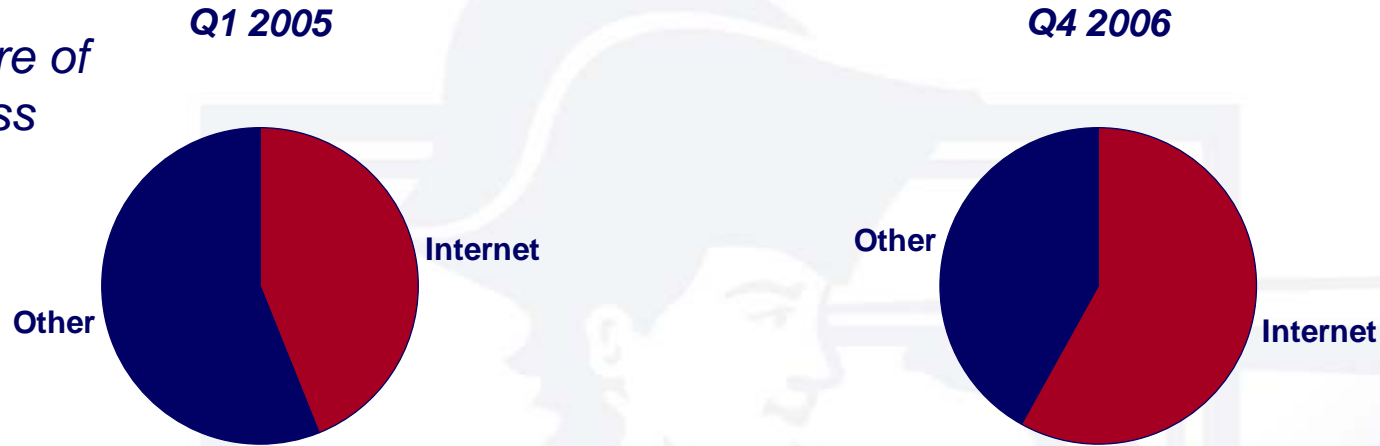
- Increased Price Transparency
- Aggressive Broker Insurers





Aggregators Increase Transparency

Internet Share of New Business (est.)



Aggregator Share Of Internet Sales (est.)



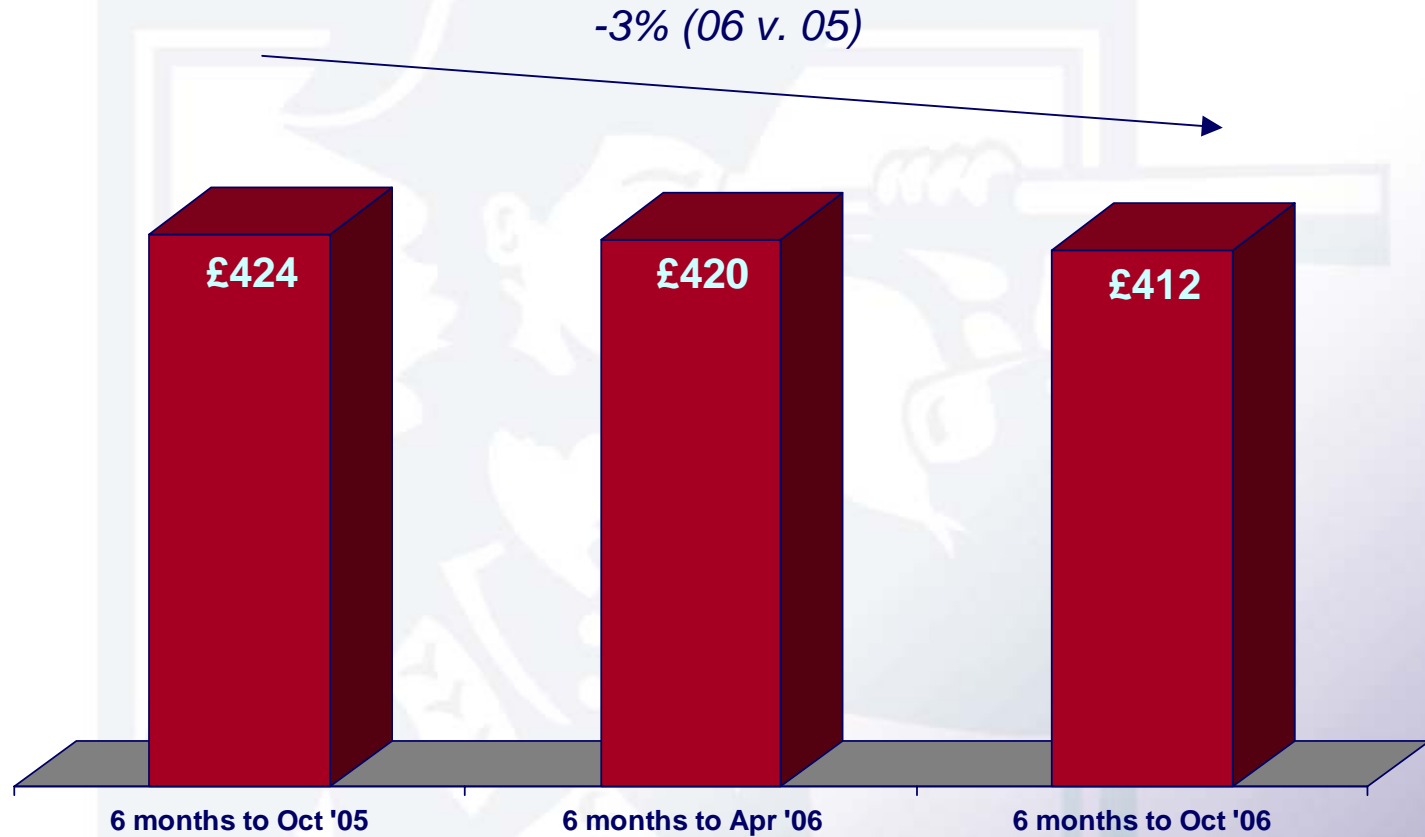


Increased Transparency Pushing Down Prices?

Average New Business Premium – Internet

Deloitte
Implied Rate
Change
Mid '05 to Mid '06

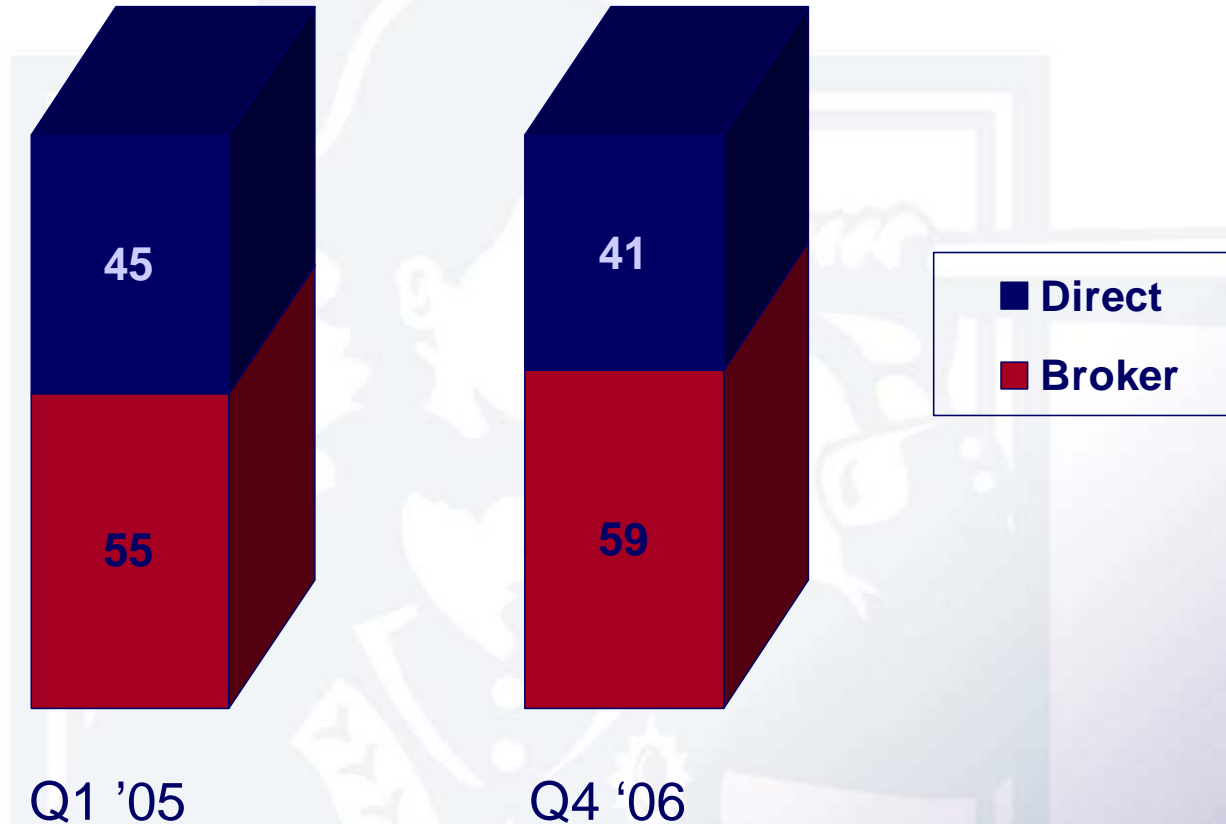
-0.2%





Brokers Are Important Users of Aggregators

Share of Confused Sales (%)





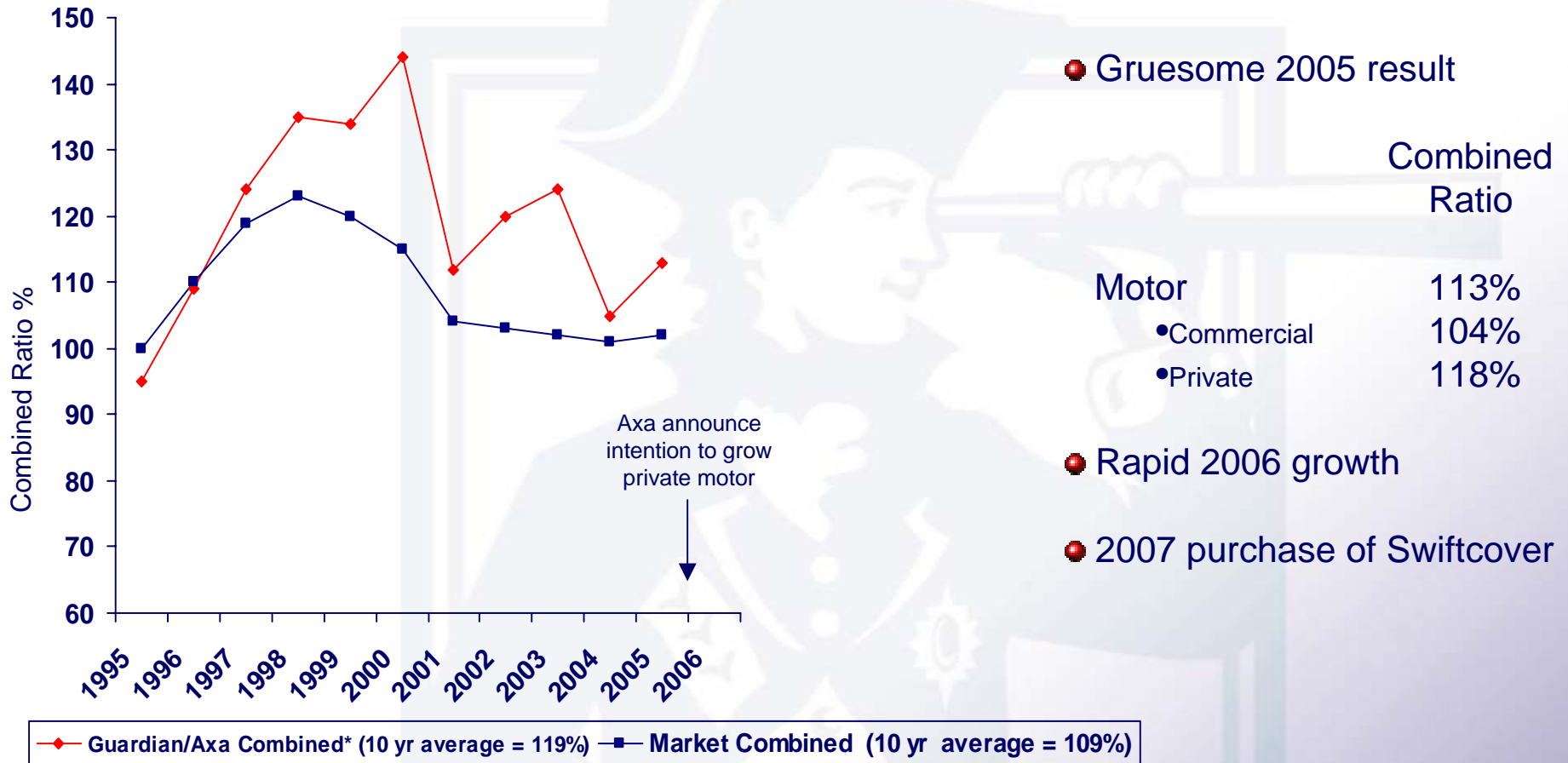
Broker Insurers Pricing Aggressively

	<i>Competitiveness Rank</i>	<i>Brand (Underwriter)</i>	<i>Premium Change 2006</i>		<i>Premium Change Q4 2006</i>
Leading	1	Key Choice	-4.5%	}	-3.8%
Brokers	3	AA	-3.0%		
Leading	4	Direct Line (RBS)	+3.4%	}	+3.9%
Directs	5	Tesco (RBS)	+2.2%		
	6	Churchill (RBS)	+1.8%		
	8	Esure (HBOS)	-1.4%		
	9	Asda (NU)	+13.7%		+3.6%

* From January 2007



Axa - Continued Exuberance



* 95-97, Guardian Private Motor, 98 onwards Axa/Guardian Motor

Sources: Smith New Court; EMB analysis



2007 – Plausible Scenarios

A

Aggregators and aggressive broker insurers cause RBS and NU to lose share rapidly.

RBS/NU hold off further rate increases or even reverse.

Market rates flat in 2007.

Market combineds push 120%+ and turn delayed to 2008.

B

RBS/NU accept lower share and continue/maintain price increases.

Broker insurers follow RBS/NU with a lag. Prices “leapfrog” in virtuous circle.

Market rates rise 8-12% in 2007.

Clear market turn occurs in 2007.



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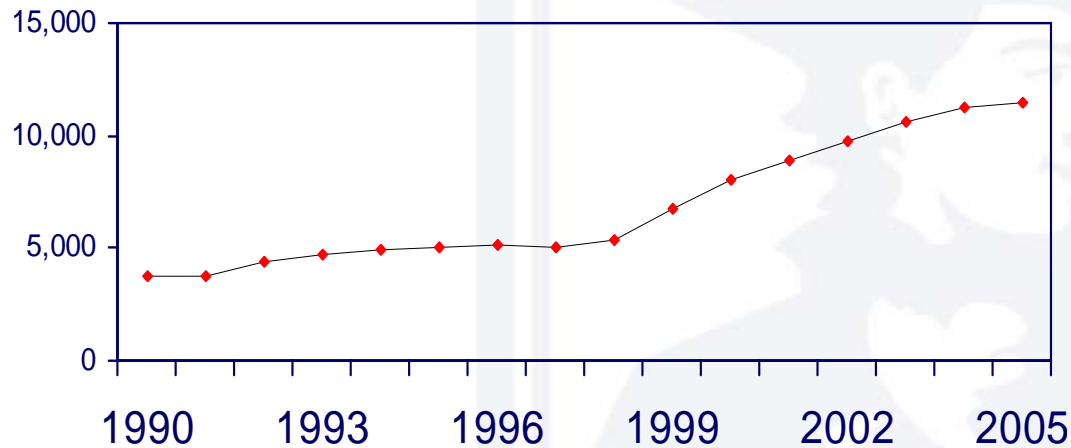
parte de Admiral Group



Overview of the Spanish market

Moving towards the poor side of the cycle

Market gross written premium evolution



- 2005 GWP growth 3.8%
- Nil growth in average premium
- Small growth in the number of vehicles
- 2006 GWP growth around 4%
- Decrease 3% in new business premium
- Effort to increase comprehensive covers

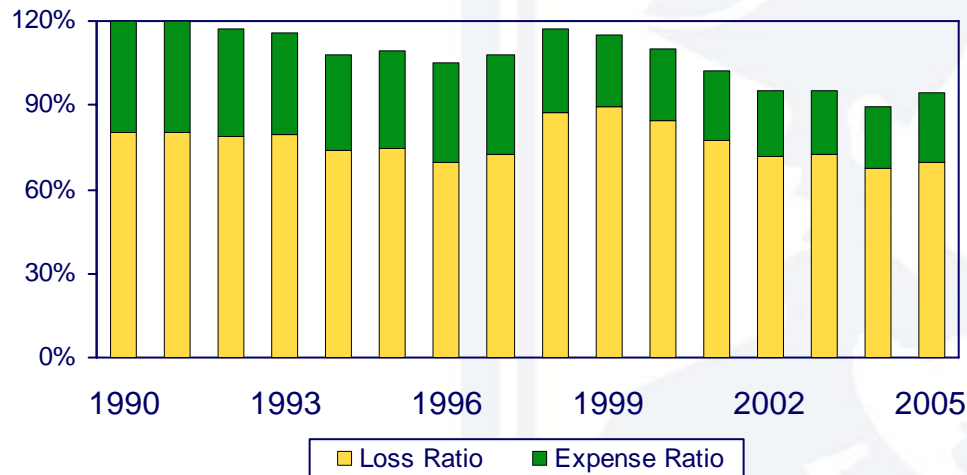
Source: Towers Perrins, ICEA



Overview of the market

Moving towards the poor side of the cycle

Combined ratio evolution



- 2005 loss ratio 69.7% (74.2% including claims handling costs) v 69.2% in 2004
- Accidental claims inflation of 3%
- Bodily injury claims: frequency decrease
- 2006 loss ratio 72.2% (78.2% in 2007)
- Claims inflation 8%
- BI claims frequency will decrease further mainly due to the new point system

¡PÍDE PRESUPUESTO!
Y COMPRUEBA QUE YA EXISTE
UNA OPCIÓN MÁS BARATA.



Llega **balumba.es** el seguro de coche más barato

Con el respaldo de **Admiral Group**, y sus más de **1.200.000** clientes en Europa

BALUMBA está respaldada por *Admiral Group*, especialista en seguros de automoción, que cotiza en la Bolsa de Londres, con una capitalización de 3.570 mill. de euros y cuenta con 2.000 empleados. Más de **1.200.000** clientes confían en nosotros en Europa. En 2006 *Admiral Group* llega a España y establece su sede central en Sevilla.

Además, con nosotros se benefician todo tipo de conductores a partir de 18 años. ¡Compruébalo ya!

902 50 42 42



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parte de Admiral Group

Press



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Entra en **balumba.es**
y tu seguro de coche
será más barato

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Full Bus Back





Admiral goes international

The obvious targets:

	GWP	No of vehicles	
France	£12bn	31m	
Germany	£15bn	45m	✓
Italy	£14bn	34m	
Spain	£8bn	20m	✓
USA	£110bn	236m	
UK	£13bn	32m	✓



International expansion continues

Map of Germany!





Summary

Wow! 2006 - Great Year!



- Profits
- Policyholders
- Dividends
- Combined ratio
- Confused.com
- Munich Re deal
- Spanish launch
- Sunday Times 100 Best Companies to Work For
- Record children's party attendance

Great momentum going forward for 2007

Supplementary Information





Financials





Admiral Key Performance Indicators

	KPI	2002	2003	2004	2005	2006
Premiums	Quote volumes	4.4m	4.7m	6.2m	9.8m	15.4m
	Conversion rates	7.9%	8.1%	8.9%	5.8%	4.0%
	Active vehicles at end of period	705,127	806,897	1,040,724	1,141,039	1,284,705
	% of premiums retained by Admiral	20%	25%	25%	30%	25%
Claims	Reported earned loss ratio	65%	52%	67%	70%	72%
	Current best estimate earned loss ratio ⁽¹⁾	50%	54%	64%	70%	76%
Expenses	Acquisition expense ratio ⁽²⁾	6.7%	5.4%	5.4%	4.9%	5.1%
	Non-acquisition expense ratio ⁽²⁾	6.5%	8.2%	7.0%	7.4%	7.8%
	MIB & other levies ratio ⁽²⁾	2.2%	2.0%	2.6%	2.8%	2.9%
	Total operating expense ratio ⁽²⁾	15.4%	15.6%	15.0%	15.1%	15.8%
Other Income	Ancillary per average active vehicle	£58.1	£61.4	£66.3	£68.5	£69.3
	Ancillary margin ⁽⁴⁾	78.6%	80.2%	81.9%	81.5%	82.2%
	Instalment income as % of NWP	2.8%	1.4%	2.2%	2.4%	4.1%
	Profit commission ⁽⁵⁾	£0.3m	£7.4m	£15.7m	£14.7m	£19.9m

(1) Management best estimate based on actuarial analysis

(2) Earned expense ratio adjusted for Lloyd's costs and non-recurring expense commission, including claims handling costs

(3) Ancillary contribution = total ancillary income less premium payable to product providers

(4) Margin = ancillary contribution less EUI Ltd expenses attributable to ancillaries expressed as a % of ancillary contribution

(5) Adjusted for 2003 PC £6m



Summary Income Statement

	2005	2006
	£m	£m
Group Turnover	638.4	708.2
Total premiums written	533.6	566.6
Gross premiums written	187.0	196.4
Net premiums written	158.9	138.6
Net earned premium	139.5	145.0
Investment income	11.3	9.9
Net insurance claims	(100.5)	(107.1)
Insurance related expenses	(17.9)	(19.3)
Underwriting profit	32.4	28.4
Total Profit commission	14.7	19.9
Gross ancillary revenue	72.5	81.5
Ancillary costs	(13.4)	(14.5)
Instalment income	3.8	5.7
Gladiator contribution	1.9	2.0
Confused.com contribution	6.9	23.1
Other charges	(0.8)	(1.4)
Share scheme charges	(0.4)	(0.9)
Operating profit	117.5	143.8
Interest income	4.2	4.5
Interest payable	(2.2)	(1.0)
Profit before tax	119.5	147.3

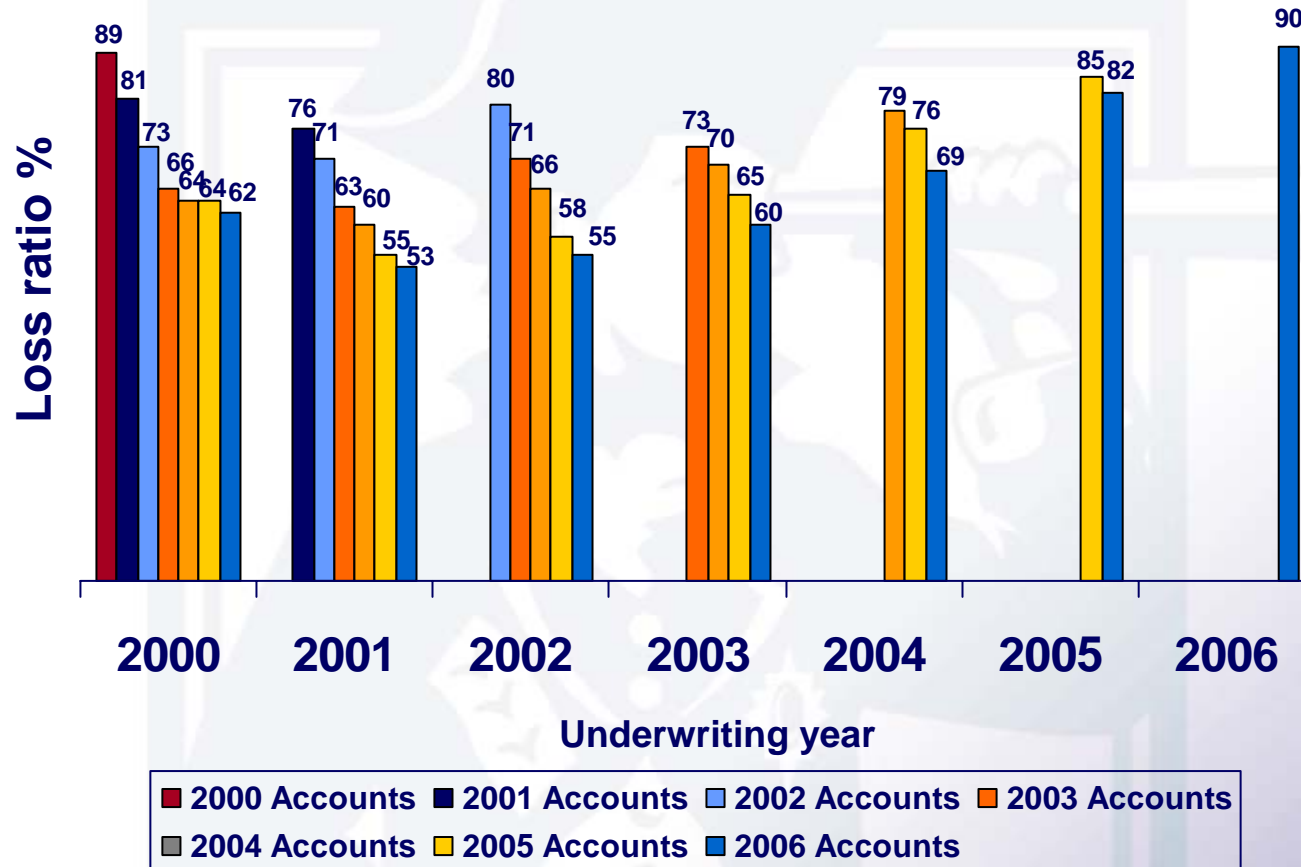


Summary Balance Sheet

	2005 £m	2006 £m
ASSETS		
Property, plant and equipment	4.6	7.5
Intangible assets	66.5	66.8
Financial assets	378.7	395.9
Reinsurance contracts	54.2	74.7
Trade and other receivables	9.4	16.9
Cash and cash equivalents	150.2	191.2
Total assets	663.6	753.0
EQUITY		
Share capital	0.3	0.3
Retained earnings	168.0	205.7
Other reserves	13.1	13.1
Total equity	181.4	219.1
LIABILITIES		
Insurance contracts	254.1	294.4
Financial liabilities	22.0	-
Trade and other payables	182.9	215.2
Deferred income tax	3.6	1.0
Corporation tax liabilities	19.6	23.4
Total liabilities	482.2	534.0
Total liabilities and equity	663.6	753.0



Loss Ratio Development by Underwriting Year





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