

ADMIRAL GROUP plc

2007 Full Year Results

March 2008



Diamond





Summary

Wow! 2007 - Great Year!



- Profits
- Policyholders
- Dividends
- Combined ratio
- Confused.com
- German launch
- FTSE 100
- Financial Times Best Companies to Work For
- Sunday Times 100 Best Companies to Work For

Great momentum going forward for 2008



Admiral goes international

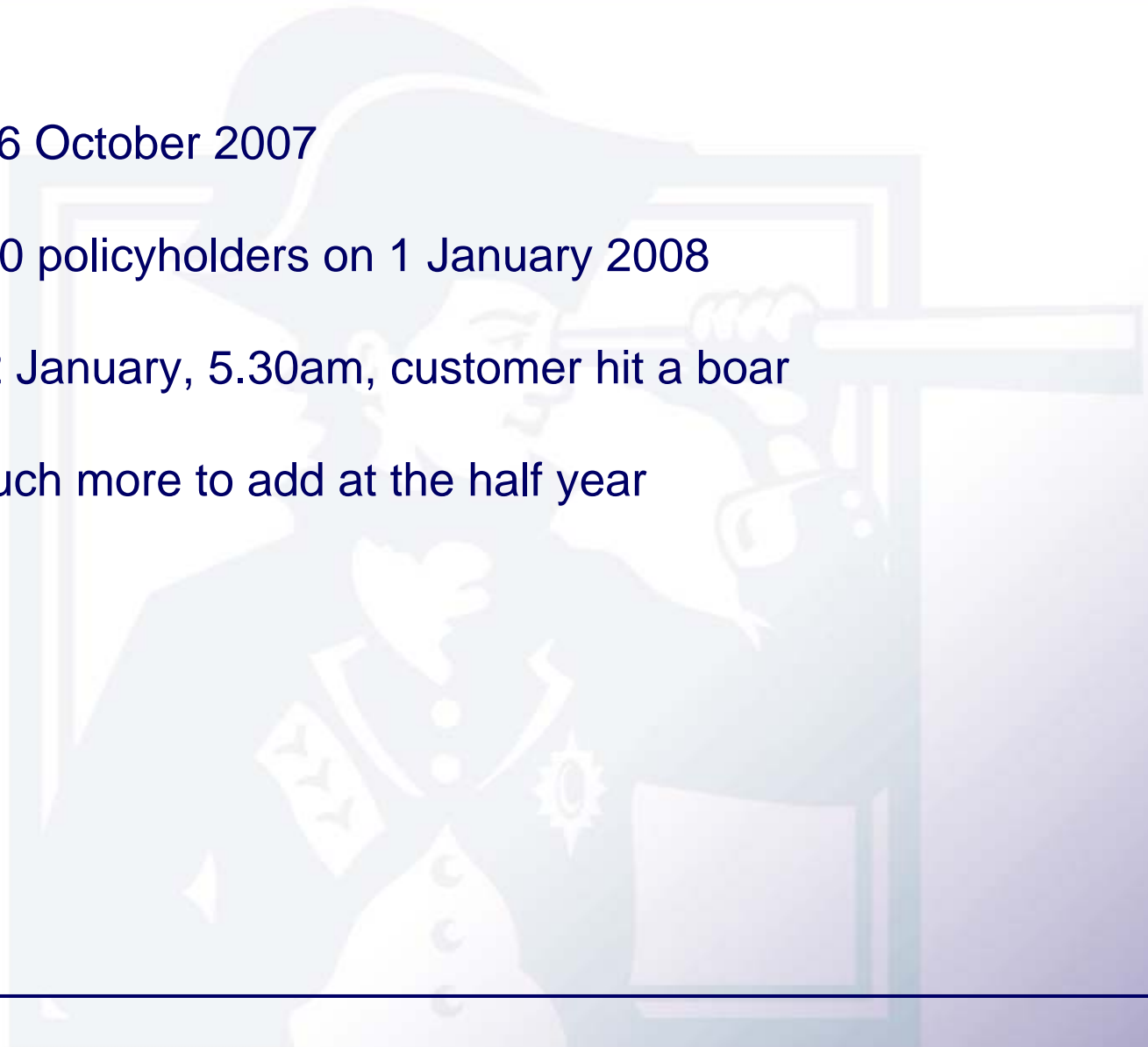
The obvious targets:

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



Germany

- Launched 16 October 2007
- Almost 9,000 policyholders on 1 January 2008
- First claim 2 January, 5.30am, customer hit a boar
- Won't be much more to add at the half year





Italy

- Launch later in 2008
- Talking with Munich Re
- No concentration of 1 January renewals





balumba.es

parte de Admiral Group



Spanish Market

Market GWP Evolution



Direct Players in 2007

Direct Players	GWP (m€)	Growth	Market Share
Línea Directa	644	3,1%	5,13%
Direct Seguros	210	7,8%	1,67%
Génesis	201	4,8%	1,60%
Fénix Directo	56	12,8%	0,45%
Balumba	21	2000%	0,17%
Clickseguros	2	new	0,01%
TOTAL	1.133	6,9%	9,0%

Mutua Madrileña	1.216,4	5,2%	9,69%
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Balumba's results

- £0.7m Loss
- 47,000 Customers (2006: 2,200)
- £16.6m Spanish turnover
- 141% Loss ratio
- 91% Expense ratio
- 232% Combined ratio
- £45 Ancillary contribution per policy

Quotes index per month - Seasonality



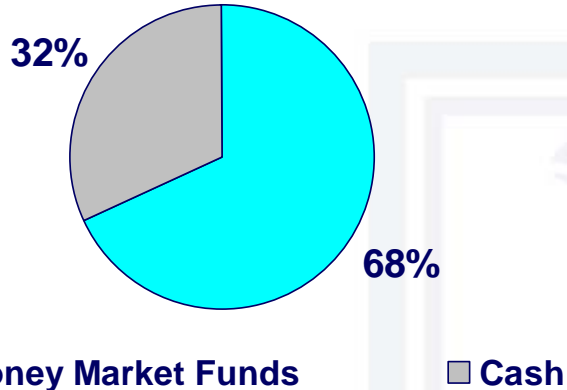


Financials

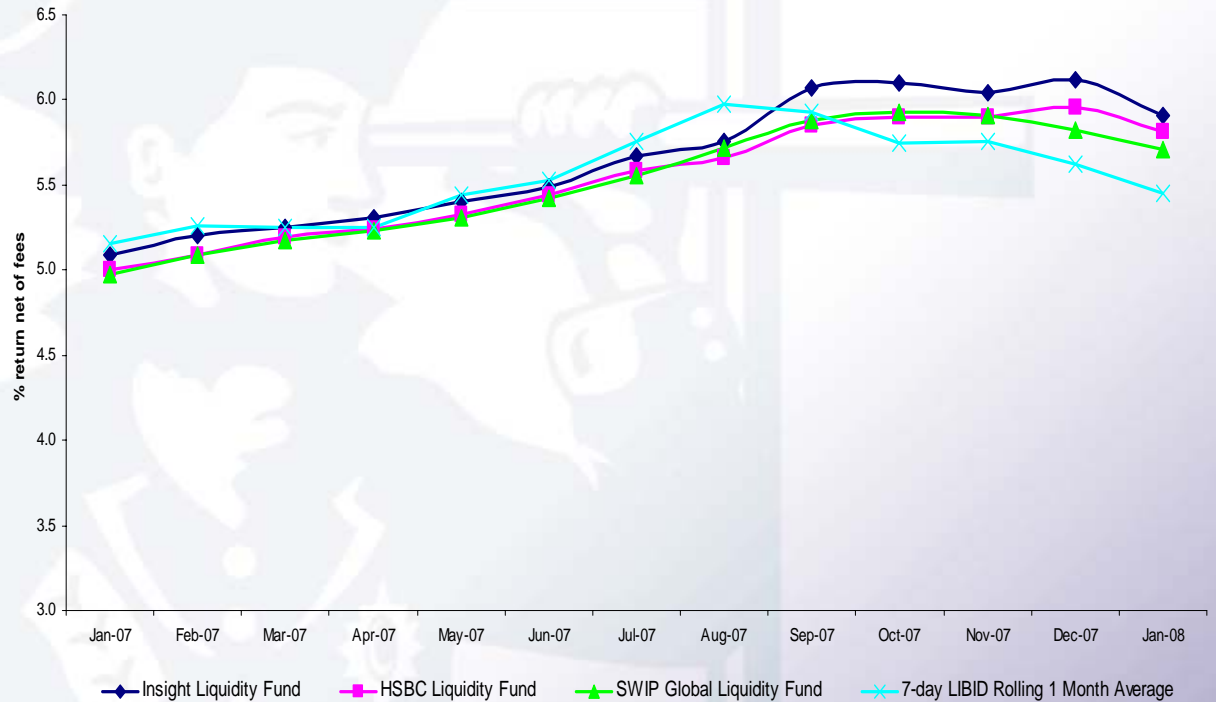




Investments



Monthly investment return



Money Market Funds

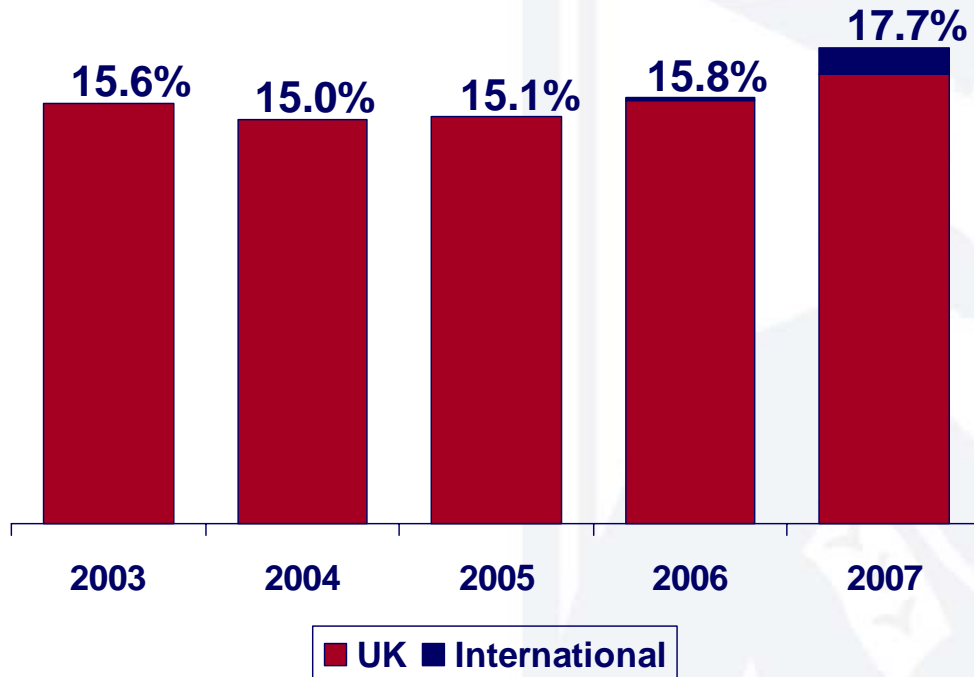
- SWIP (Lloyds) Global Liquidity
- Insight (HBOS) Liquidity Fund
- HSBC Sterling Liquidity Fund

- AAA Rated
- 7-day LIBID benchmark
- Maximum 60 day maturity

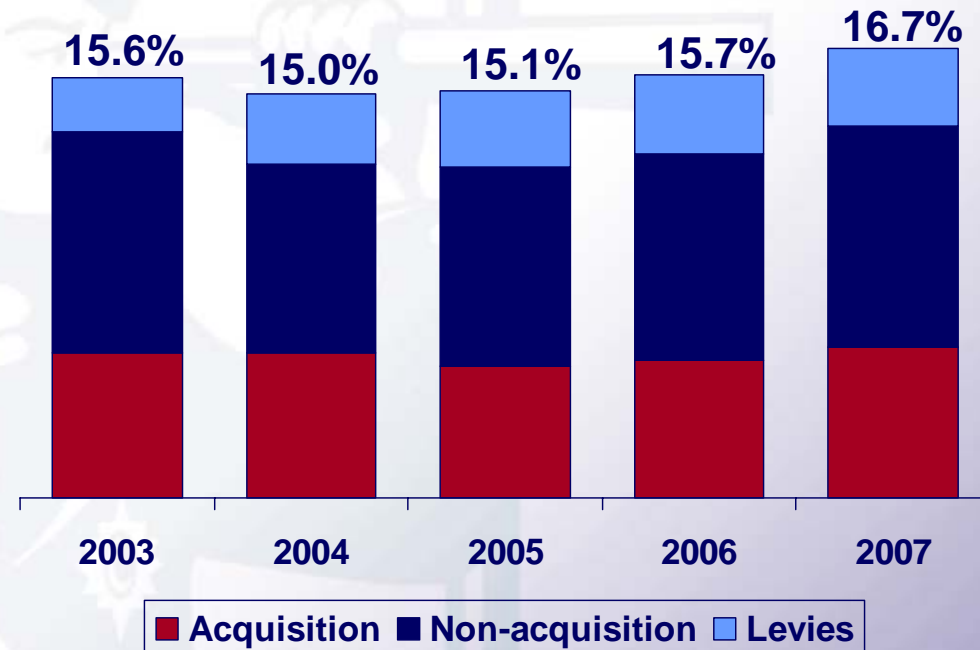


Expense Ratio

Split of Group expense ratio



Split of UK expense ratio





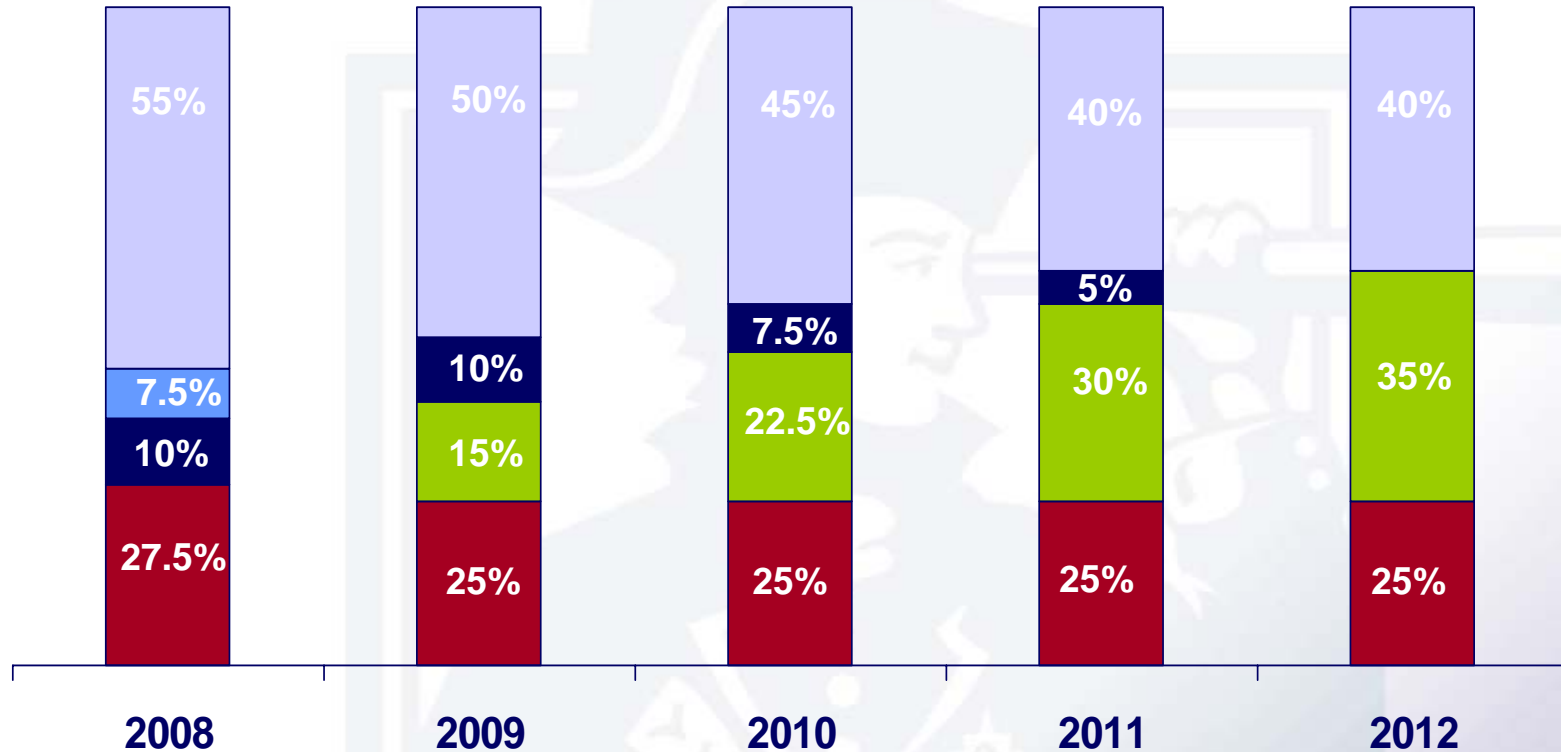
UK expense ratio 2008

- Increasing premium retention increases the expense ratio
- A mathematical impact due to:
 - Timing difference between premium and expense recognition
 - Recognise 50% of premium but 75% of expenses in 2008
- Impact should be around +0.8%
- Same effect would be true in a year of high premium growth



Underwriting Flexibility

Admiral option on UK premium retention



■ Admiral minimum ■ Admiral optional ■ Swiss Re ■ Partner Re ■ Munich Re

■ Spain and Germany premium - split 35% Admiral; 65% Munich Re

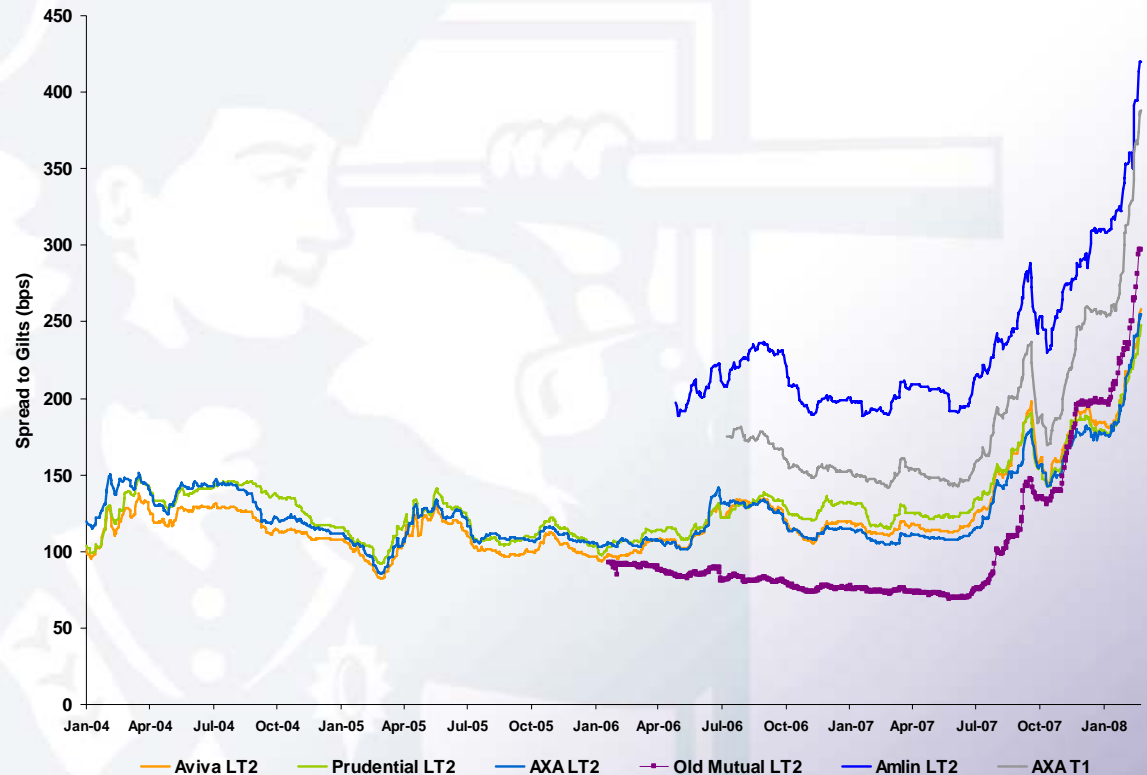


Solvency Capital

Insurers' balance sheets

	Equity	Debt
Aviva	58%	42%
Allianz	79%	21%
Axa	62%	38%
Generali	50%	50%
Mapfre	70%	30%
RSA	67%	33%
Average	64%	36%
Admiral current	100%	0%

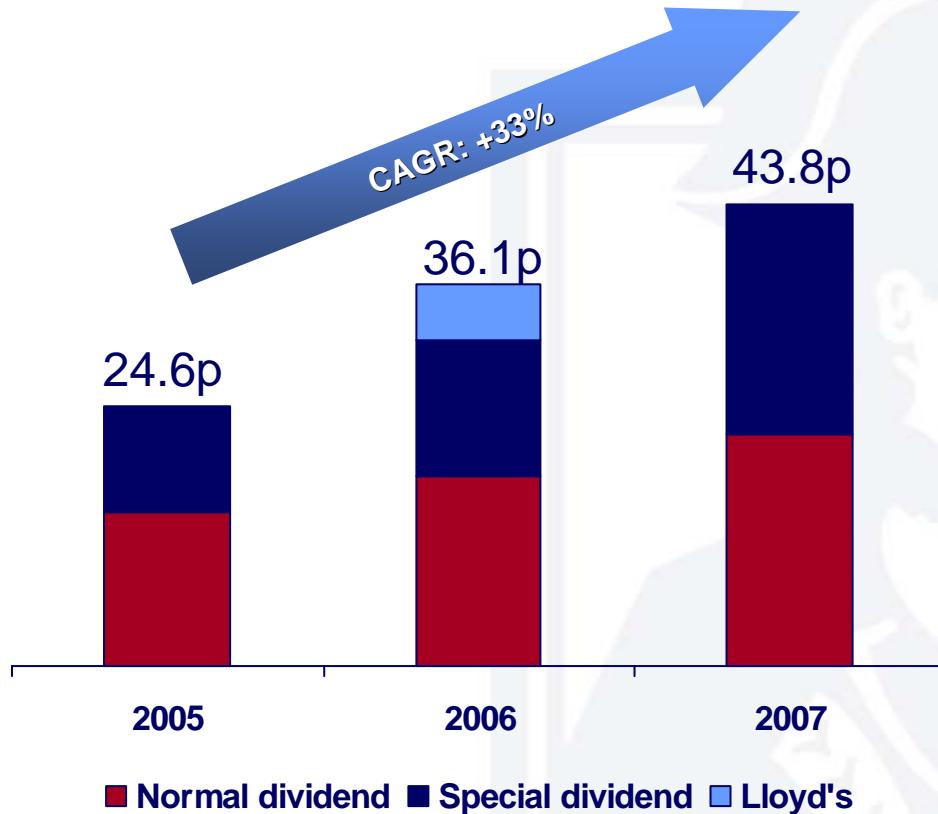
Historical debt spreads⁽¹⁾



⁽¹⁾ Source: Deutsche Bank



Dividends



	£m
Total equity	238
Goodwill	(62)
Solvency capital	(84)
	<hr/>
	91
Buffer	(25)
International Expansion	(5)
	<hr/>
Dividend	61

H2 2007 – 23.2p per share

Ex-dividend - 9 April 2008 Record date - 11 April 2008 Payment date - 7 May 2008

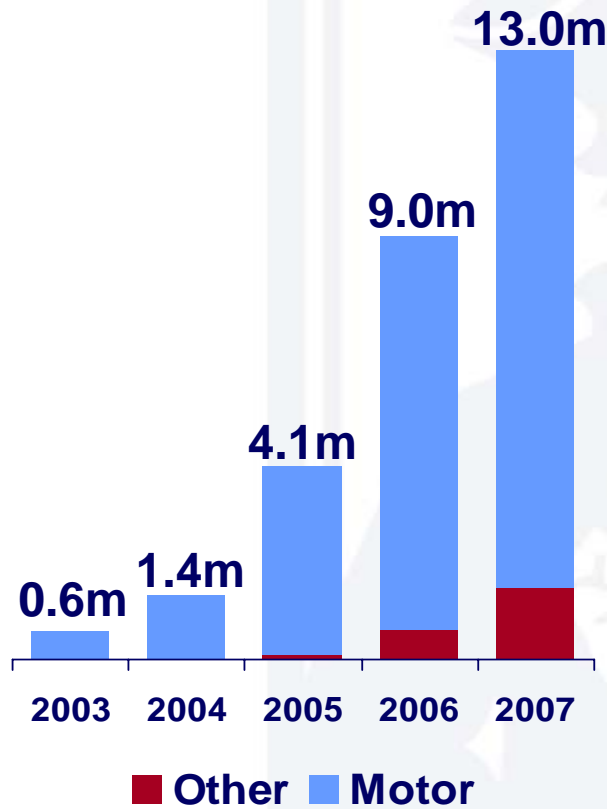


Confused.com

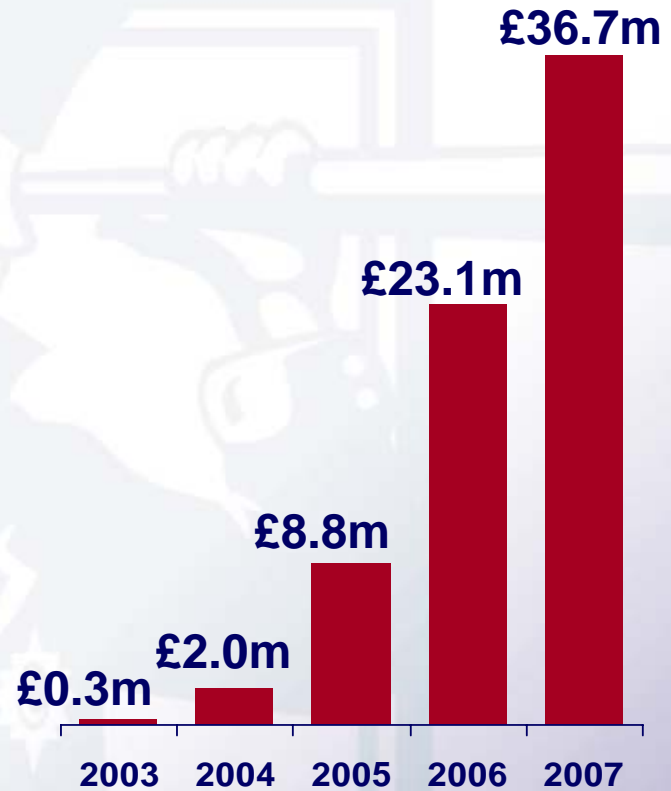




Quotes



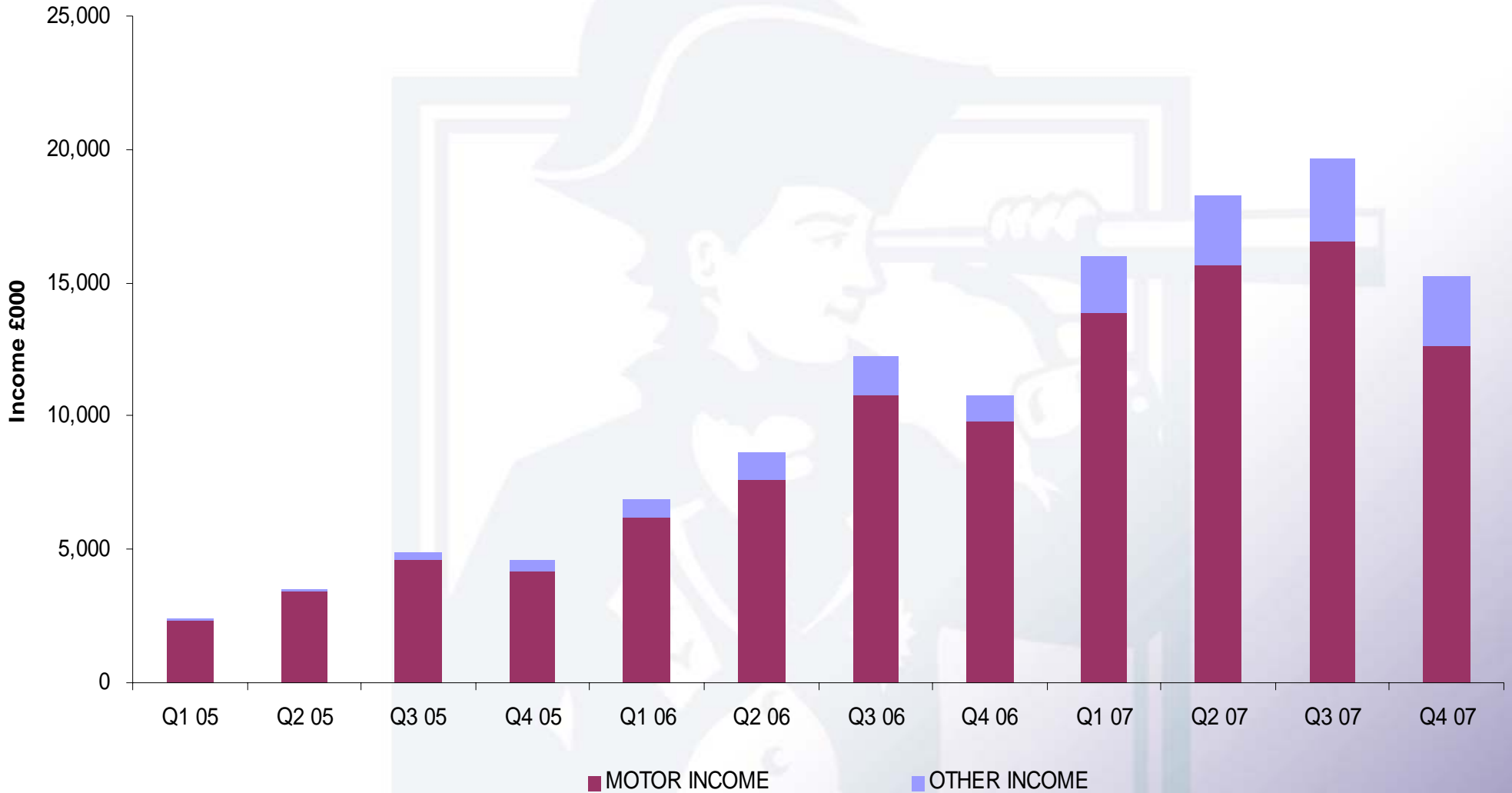
Profit⁽¹⁾



(1) Confused profit includes revenue from Group brands.

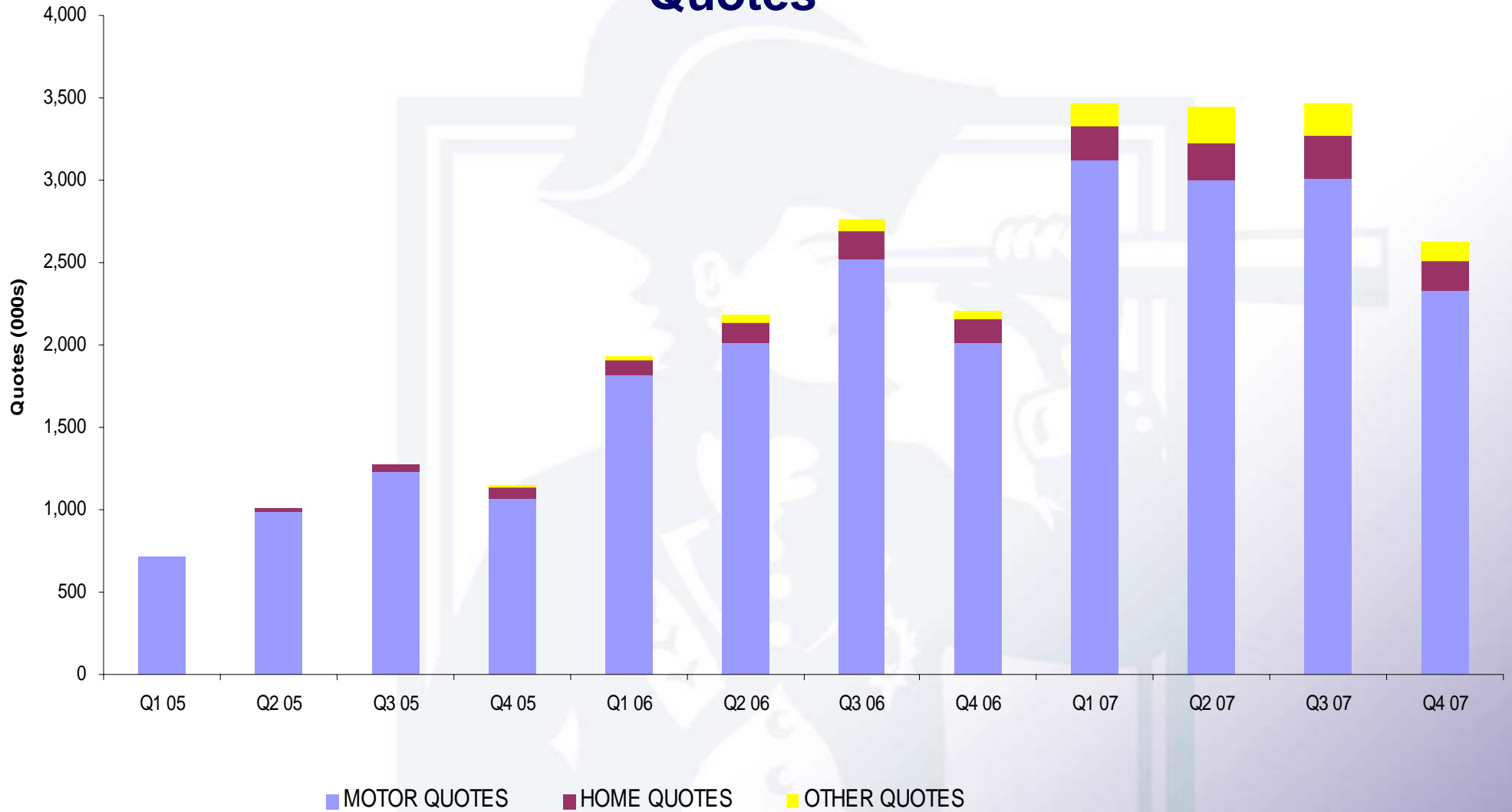


Income



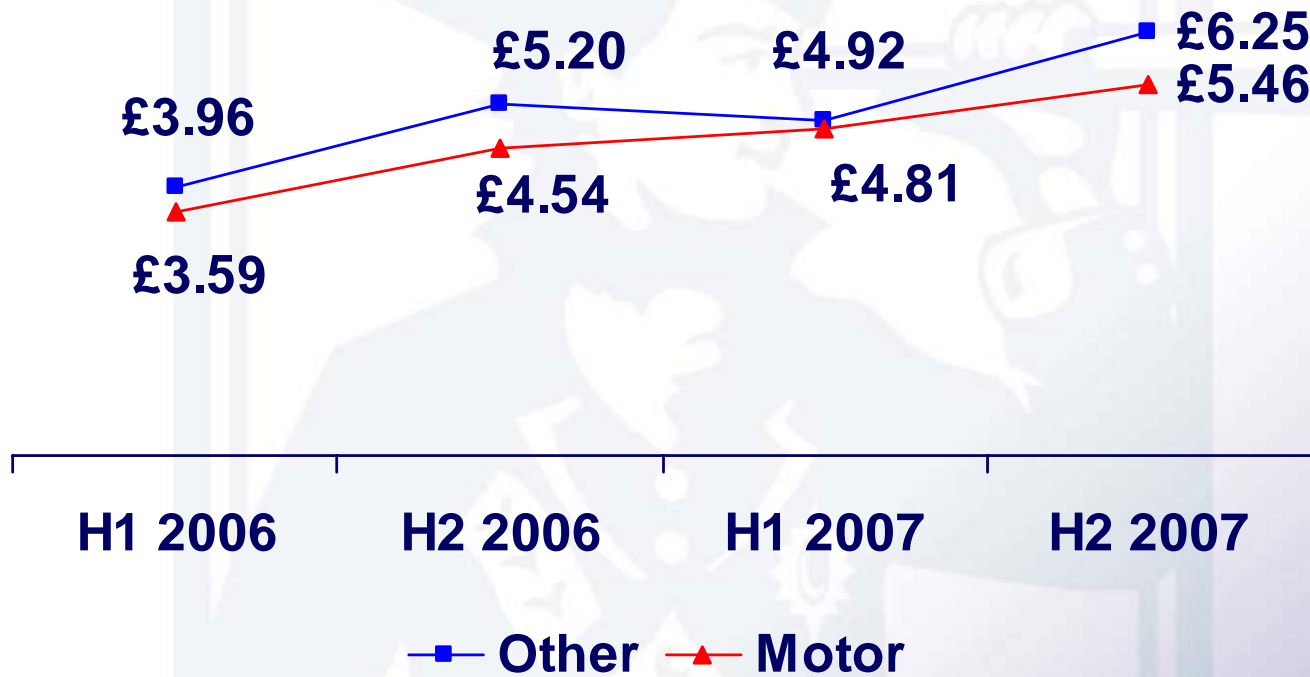


Quotes



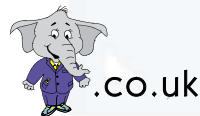


Revenue per quote



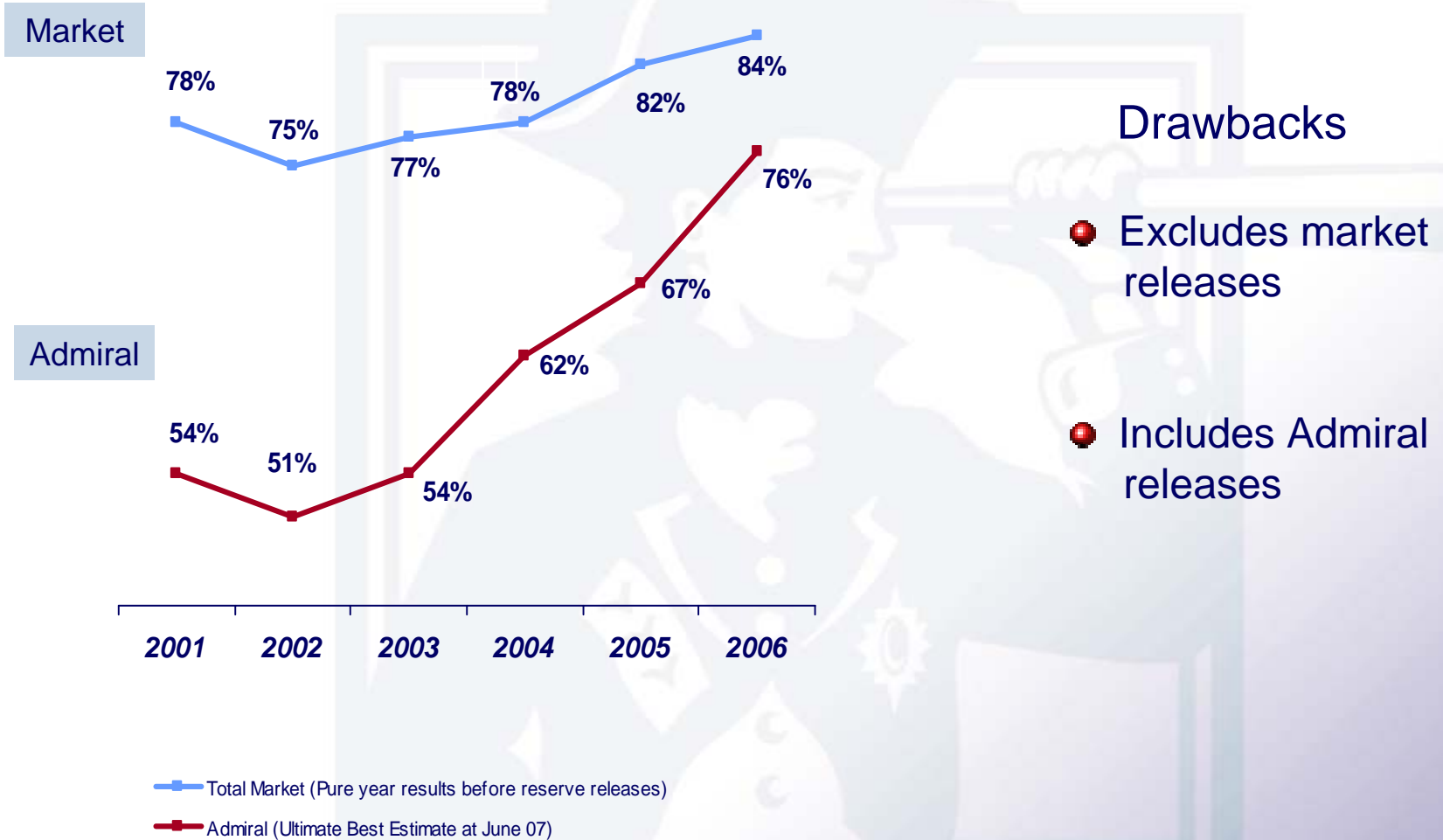


The Market





Loss Ratio – AGL Presentation September '07

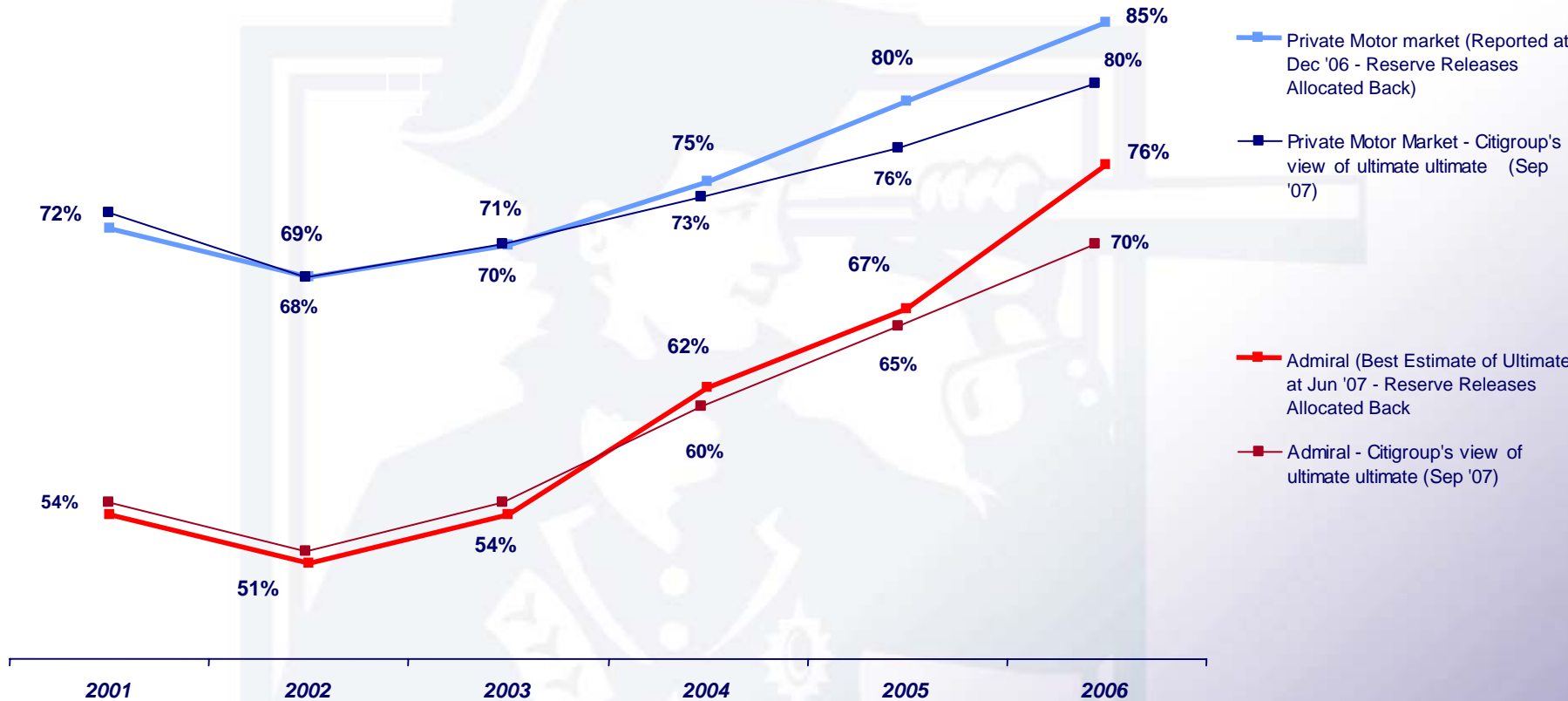




Loss Ratio – Sustained Outperformance v. Market

Market

Admiral

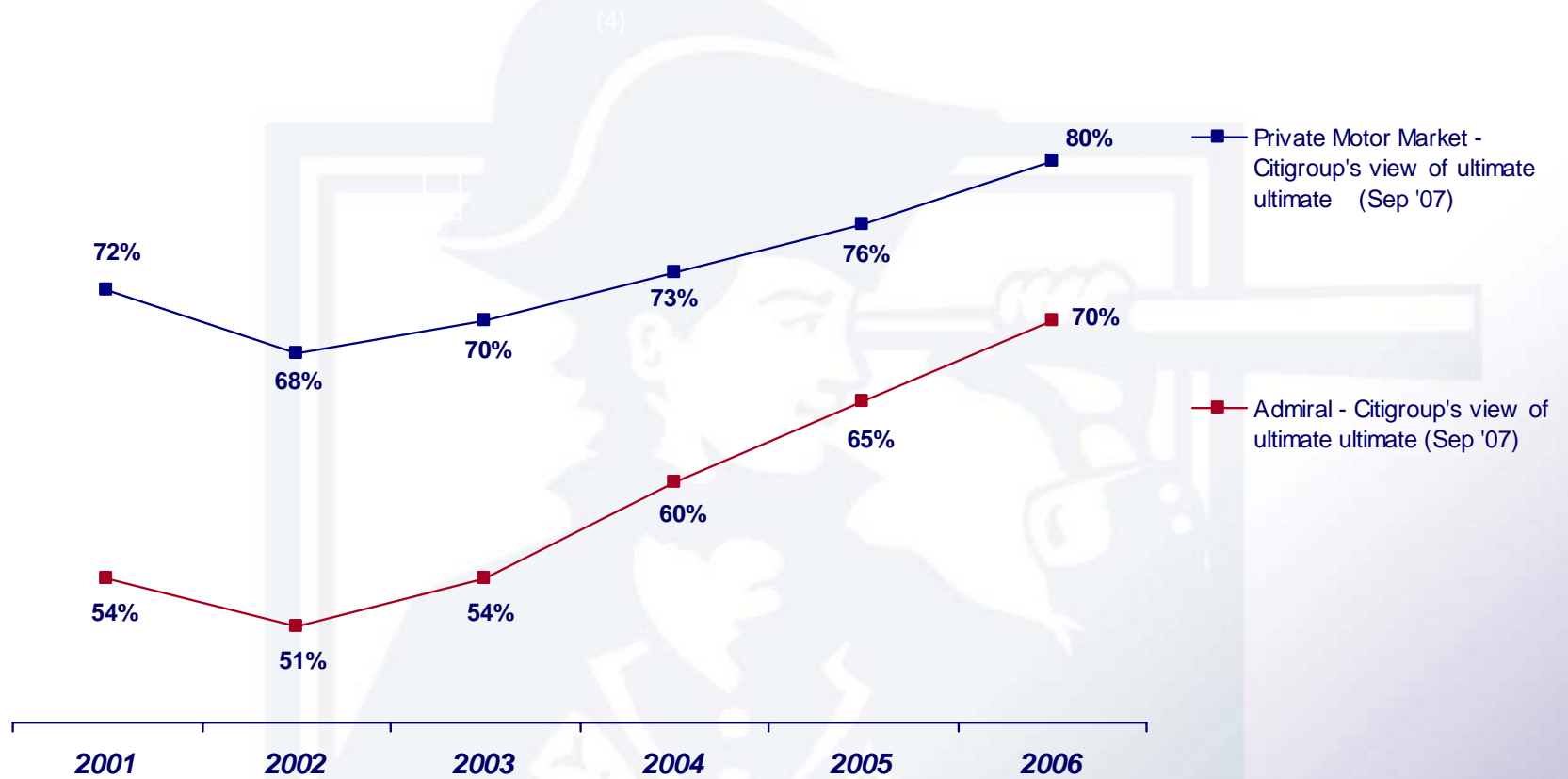




Loss Ratio – Sustained Outperformance v. Market

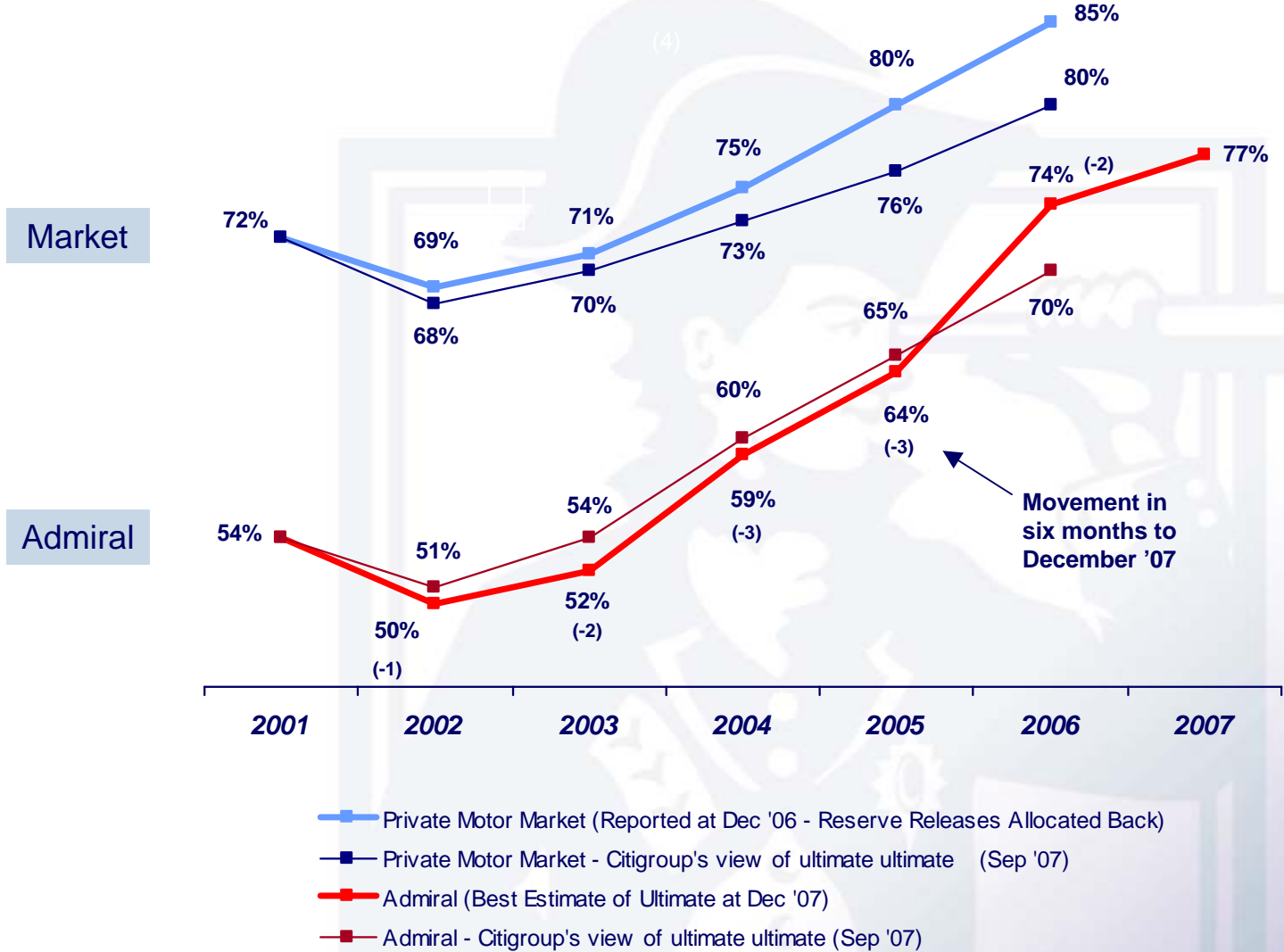
Market

Admiral





Loss Ratio Updated – Continued Positive Development

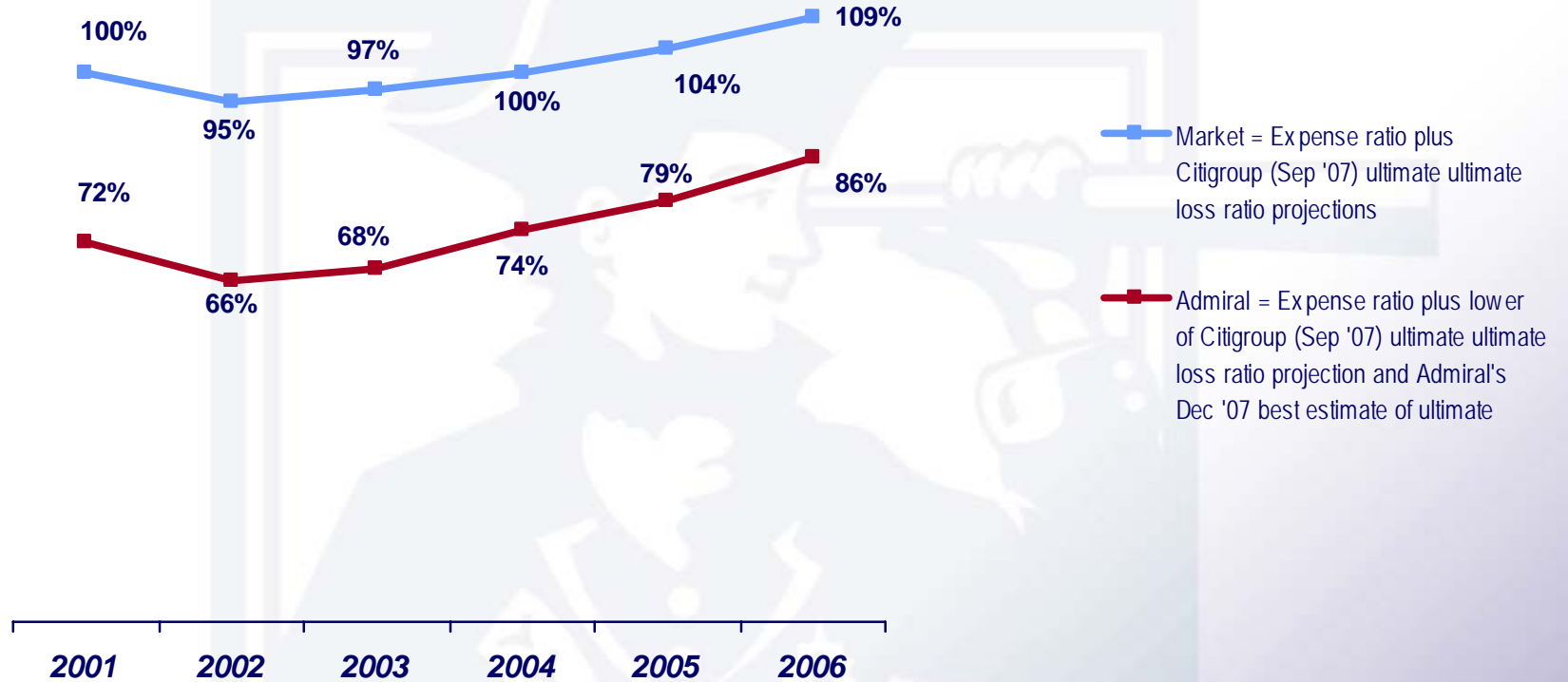




Combined Ratio

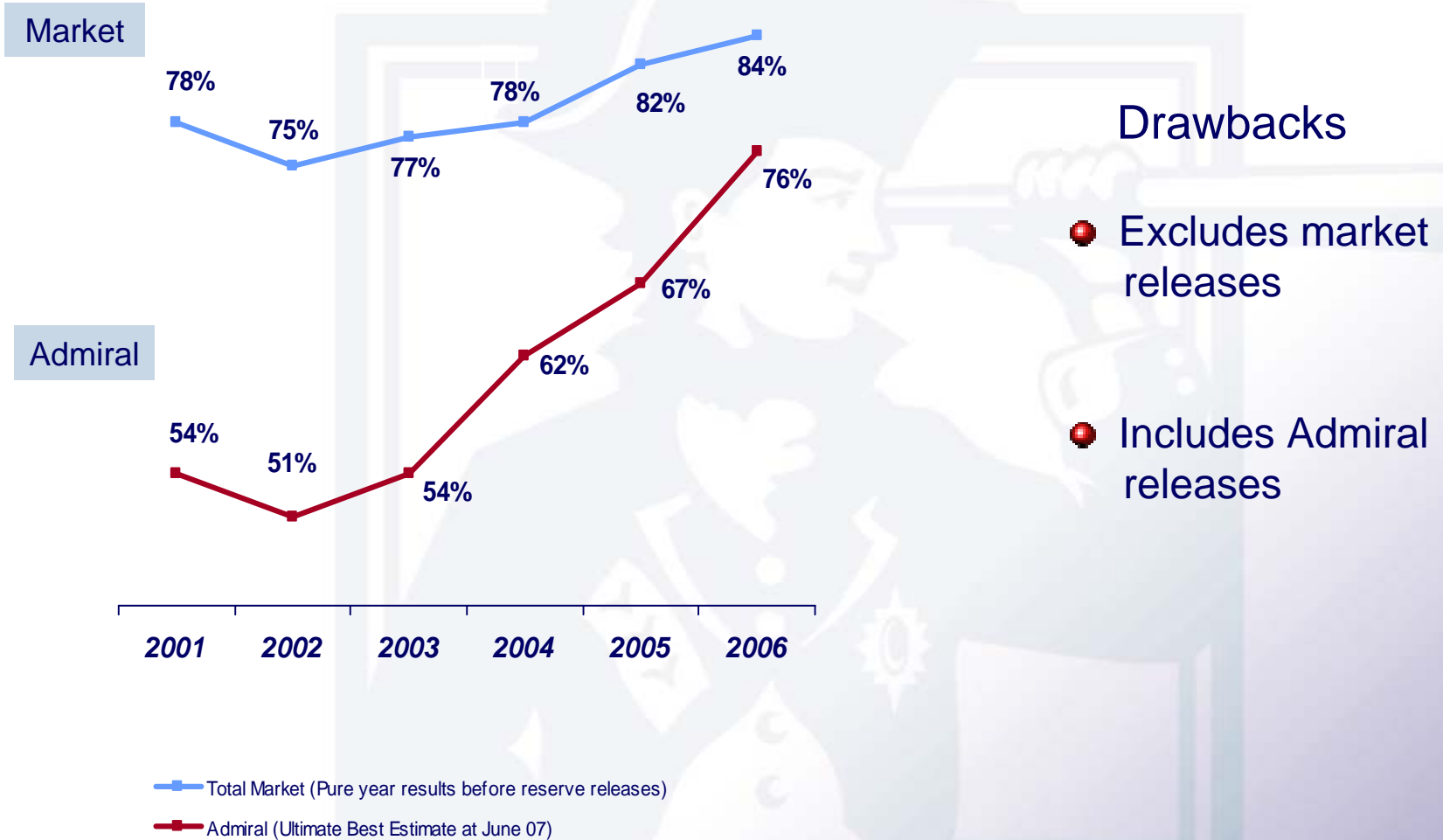
Market

Admiral





Loss Ratio – AGL Presentation September '07

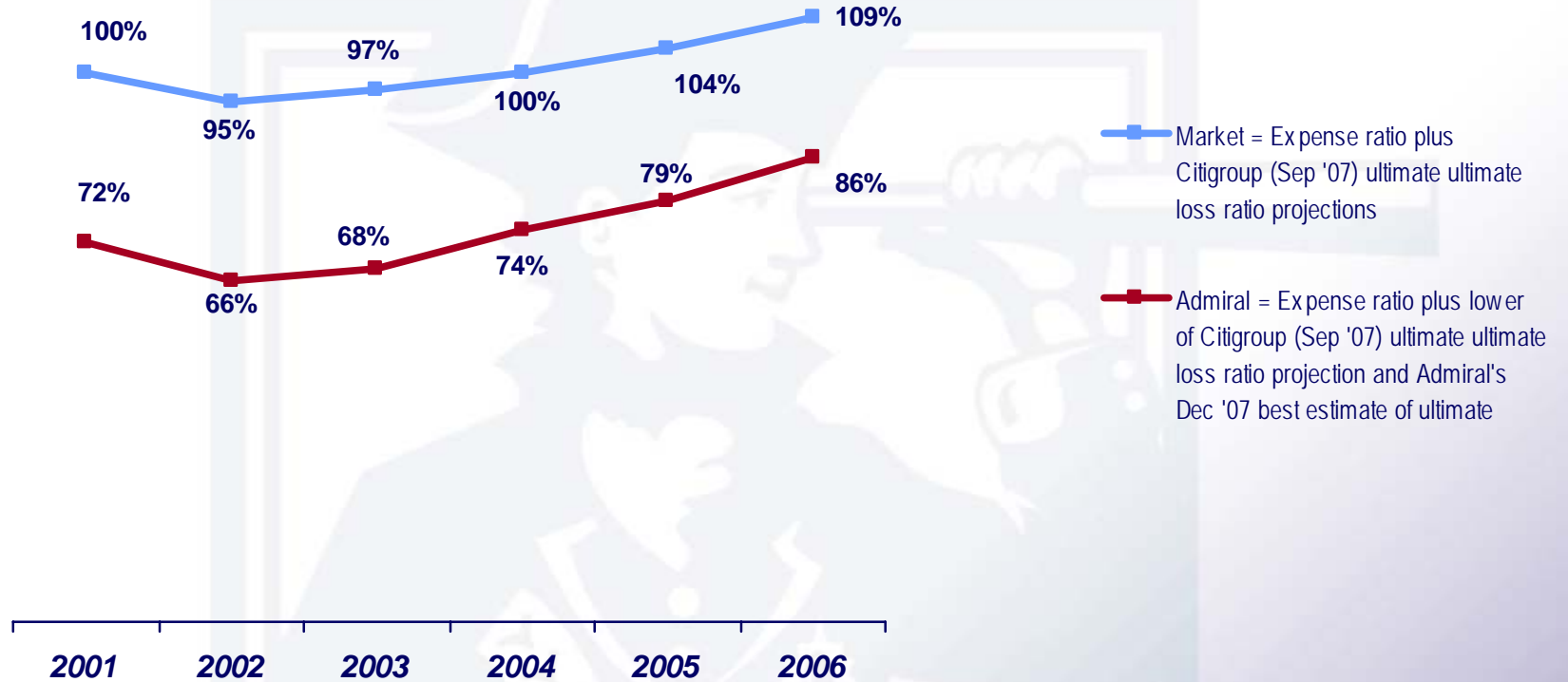




Combined Ratio

Market

Admiral

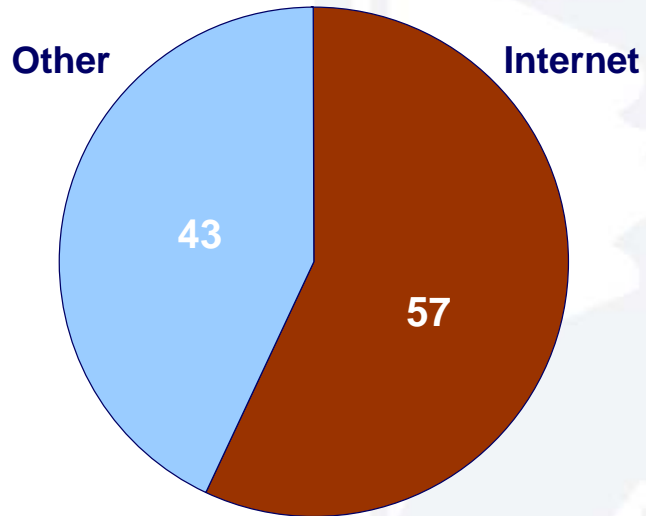




Distribution Trends – Shift To Internet

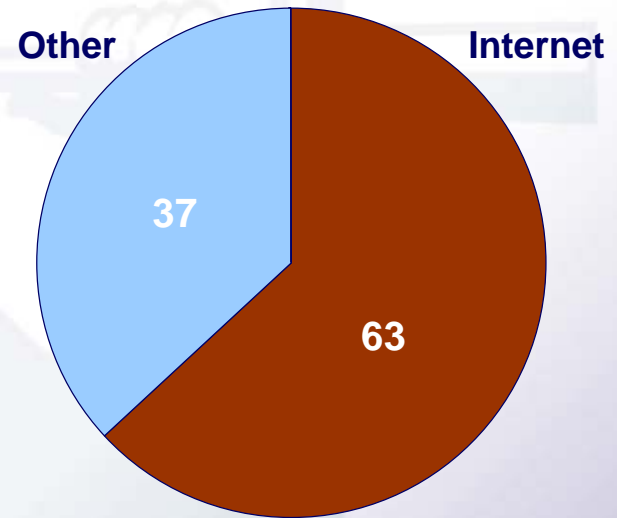
Aug/Sept '06

(% NB Sales, Market)



Aug/Sept '07

(% NB Sales, Market)

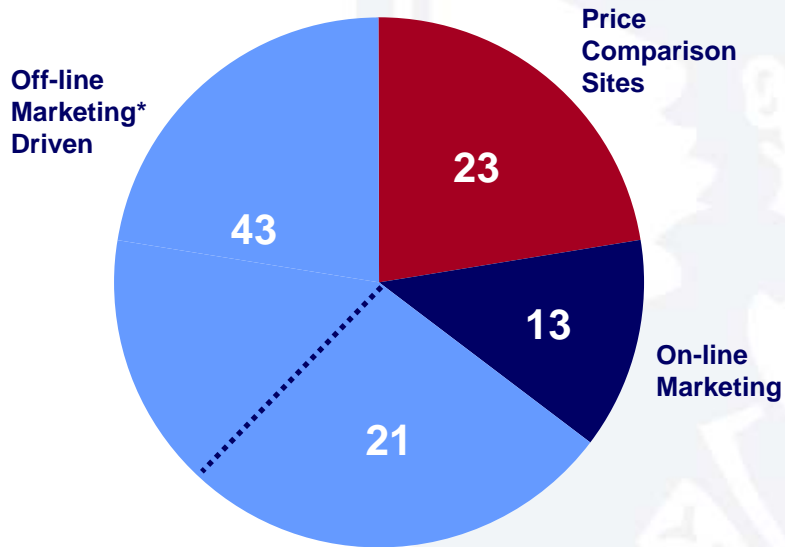




Distribution Trends – Shift to Price Comparison

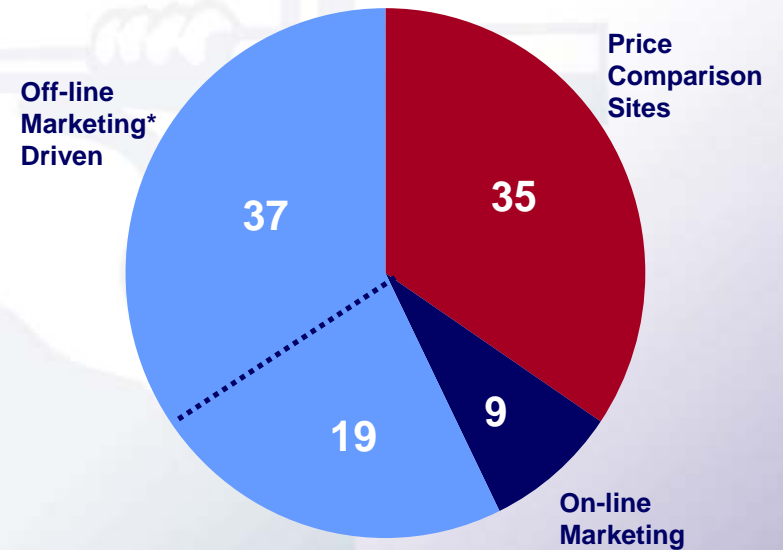
Aug/Sept '06

(%NB Sales)



Aug/Sept '07

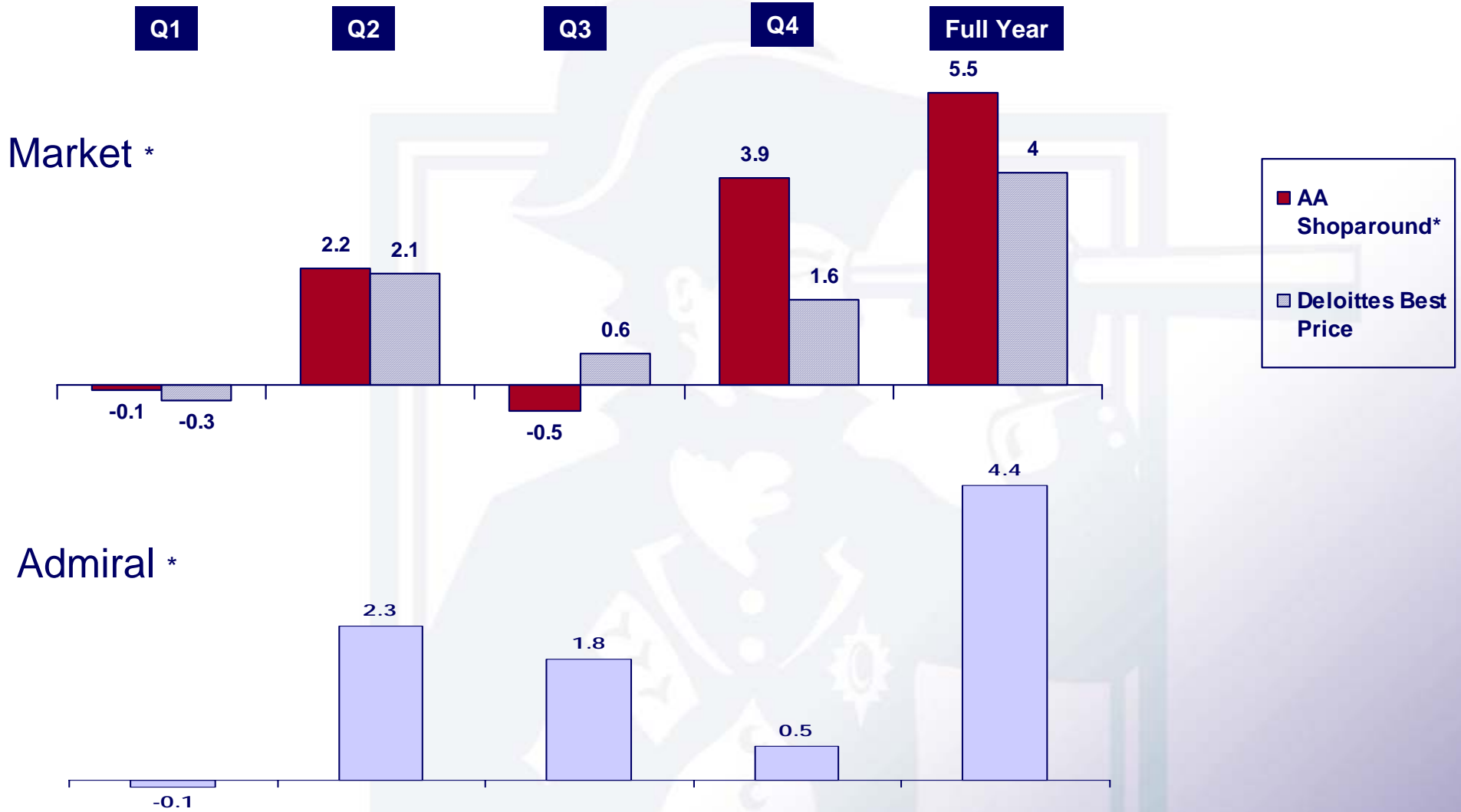
(%NB Sales)



* Included on-line categories largely driven by off-line, notably brand search terms.



Pricing Activity 2007

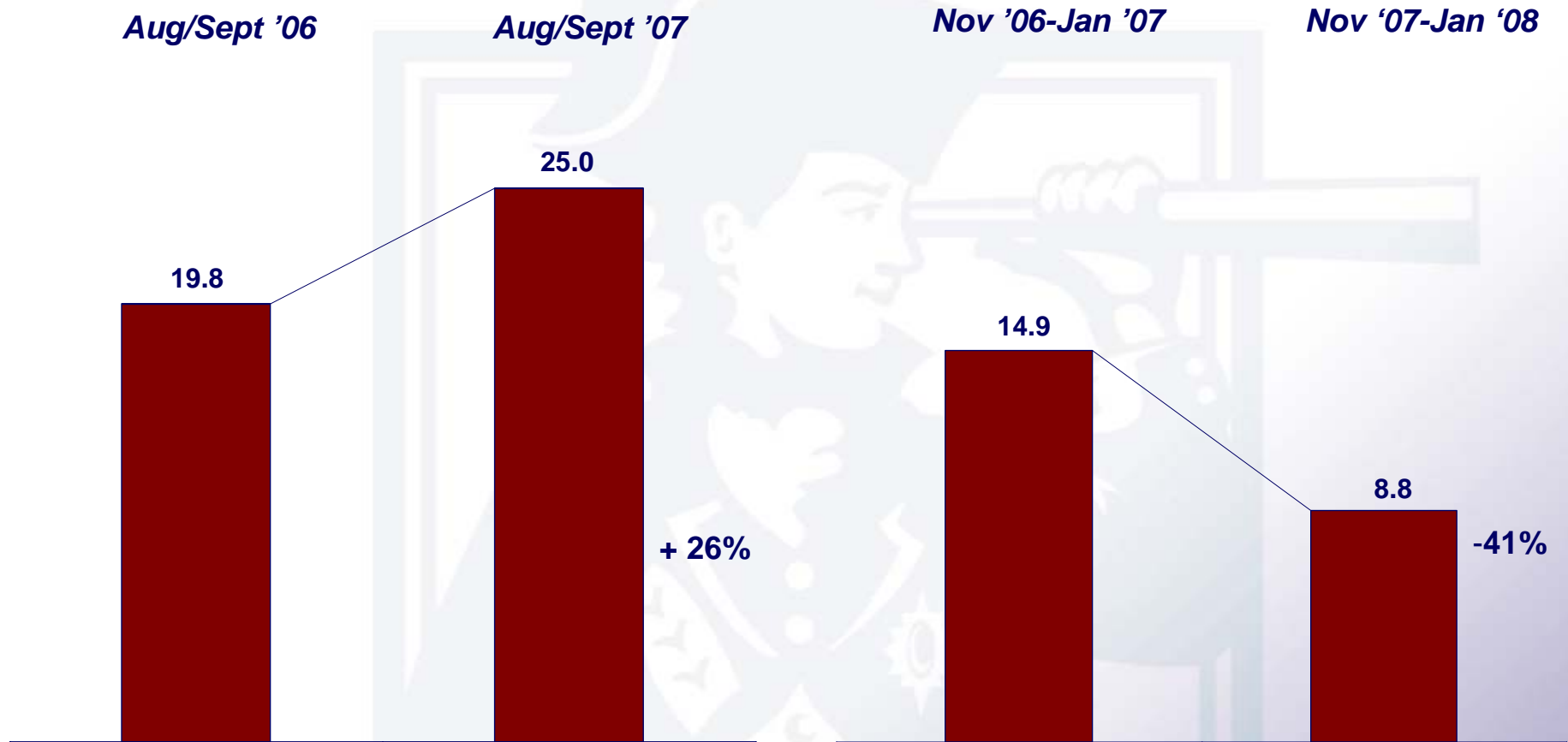


* AA Shoparound, new business comprehensive cover only. Deloitte's new business all cover. Admiral, new business, all cover.



Lower Marketing Efficiency, Not Lower Spends

TV and Press Spend (£m) – “Traditional” Advertisers*



* Car insurance advertisers, excluding price comparison sites. Source Nielsen.



Prospects for 2008 – Market As A Whole

Price Comparison Sites Re-Writing The Rules

- market concentration
- customer “loyalty”
- marketing efficiency
- role of brand

Key Drivers of 2008 Pricing

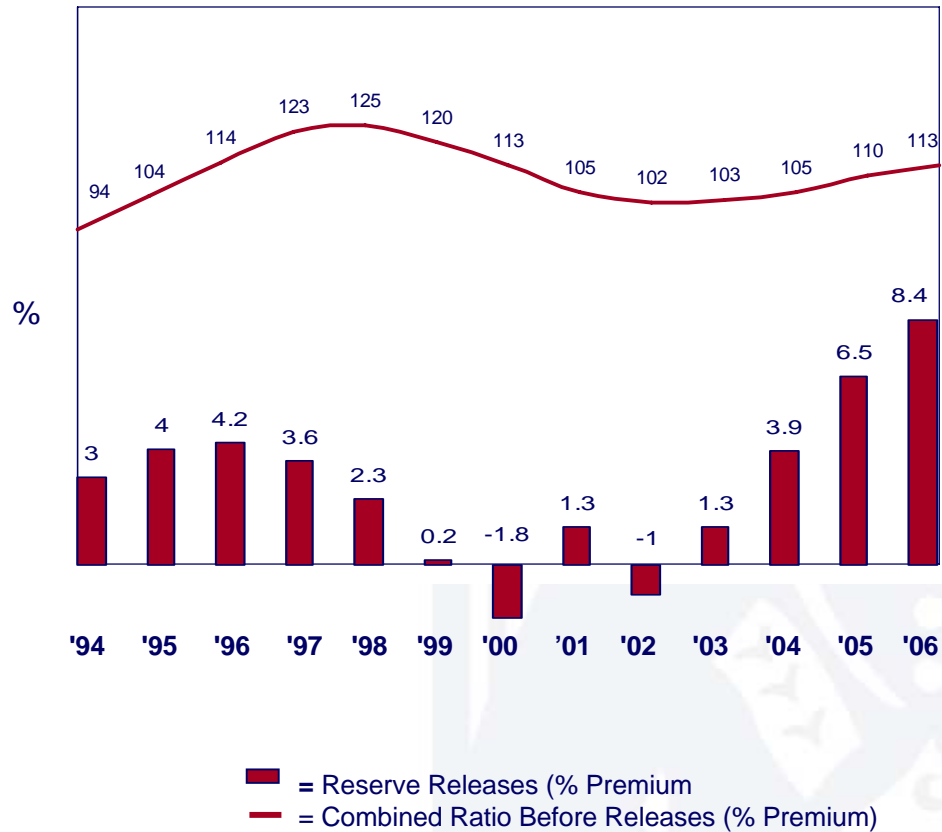
- Current profitability
 - Frequency
 - Reserve releases
- Appetite
 - Sharebuilders’ ambitions
 - Laggards’ stamina



Market Profitability

Fourth UK Bodily Awards Study

BI Claims (comp)



1996-2001 **2001-2006**

<i>Frequency</i>	+3.0%	+2.6%
<i>Average Cost</i>	+9.9%	+2.6%
<i>Total Cost</i>	+13.1%	+5.2%



Prospects for 2008 – Price Comparison Sites

Attractive Market Growth

- Growing market
- Improved product
 - Price Comparison site specialists
 - RBS ?
- Reduced traditional marketing activity

Massive New Entrant Activity

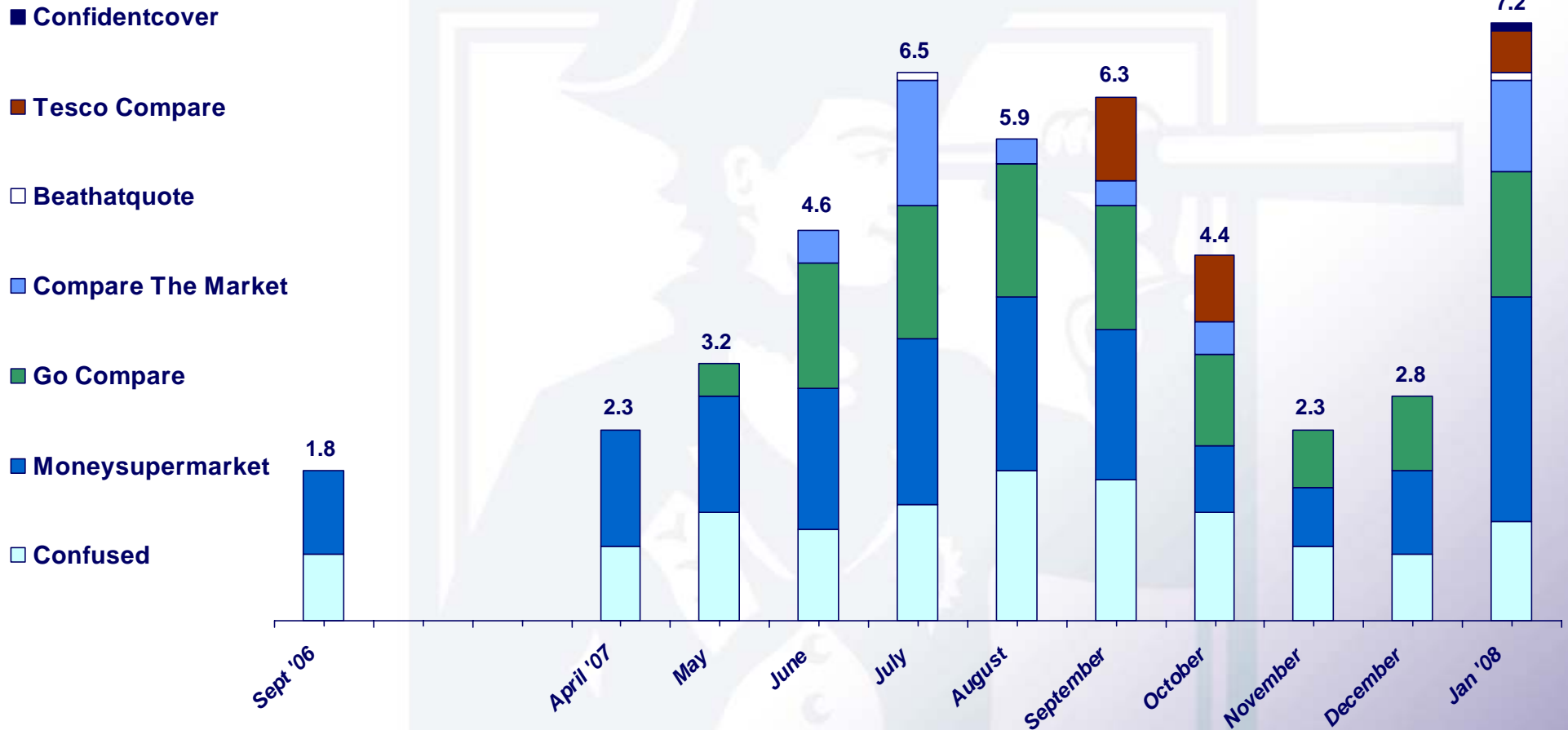
- Nine TV advertisers in January
- Further new players

.....but dawning realisation that it's not a pot of gold.



Massive New Entrant Activity

(TV and Press Spend, Price Comparison Sites, £m)



*Source: Nielsen. * Beathatquote in July is Admiral estimate



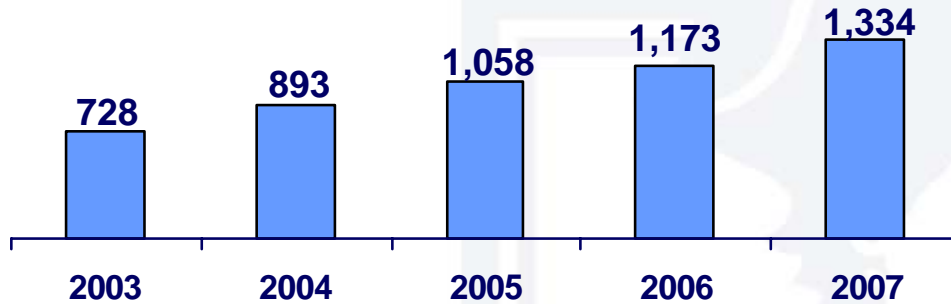
Highlights





Low Risk Profits - Growing Ancillary Income – UK Motor

■ Average active vehicles (000s)



■ Contribution per average active vehicle



Ancillary Contribution (£m)⁽¹⁾

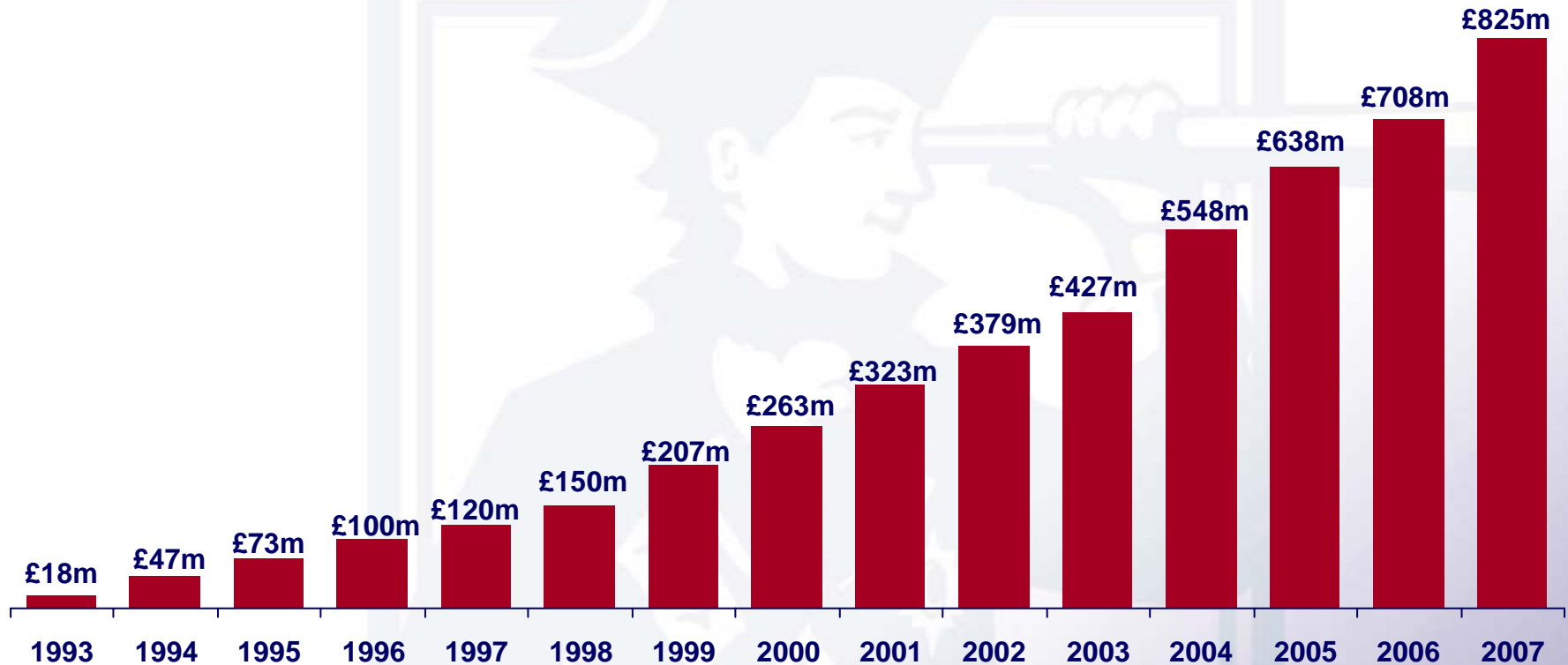


(1) Before allocation of overhead expenses



Fast Growing

Historical Revenue Growth (£m)⁽¹⁾

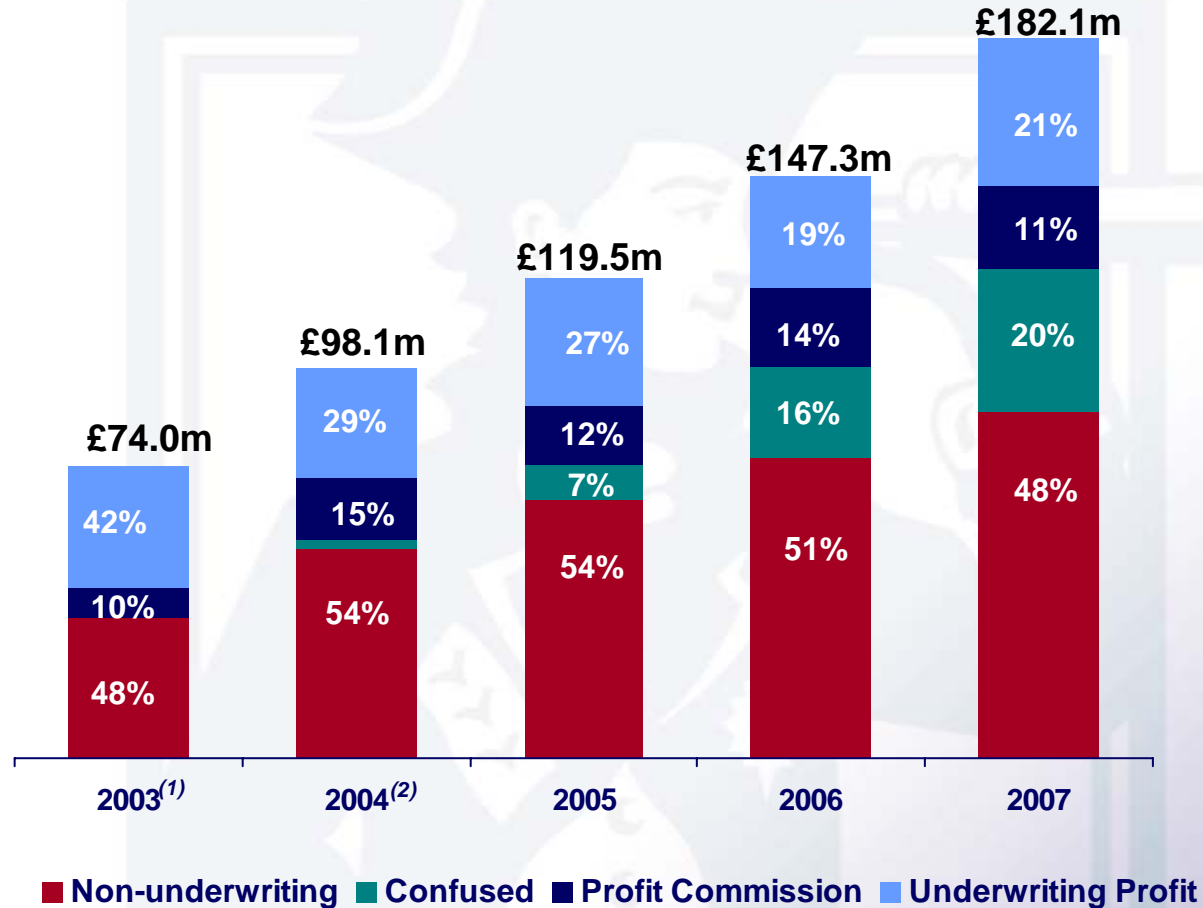


(1) Revenue comprises total premiums written + other revenue + net investment income



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.



Highlights

- Profit up 24% at £182.1 million (2006: £147.3 million)
- Earnings per share 48.6p (2006: 39.8p)
- Turnover up 16% at £824.9 million (2006: £708.2 million)
- Year-end vehicle count up 16% to 1.5m
- H2 2007 dividend per share of 23.2p - full 2007 dividend 43.8p
- Launched in Germany 16 October 2007



Admiral Is STILL Different

2004

2005

2006

2007

■ Highly Profitable



■ Fast Growing



■ Strongly Cash Generative

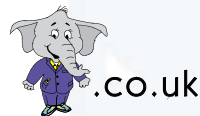


■ Low Risk Profits





Financials





Admiral Key Performance Indicators

	KPI	2003	2004	2005	2006	2007
Premiums	Quote volumes	4.7m	6.2m	9.8m	15.4m	25.1m
	Conversion rates	8.1%	8.9%	5.8%	4.0%	2.7%
	Active vehicles at end of period	777,611	1,007,571	1,104,480	1,240,169	1,381,686
	% of premiums retained by Admiral	25%	25%	30%	25%	22.5%
Claims	Reported earned loss ratio	52%	67%	70%	72%	67%
	Current best estimate earned loss ratio ⁽¹⁾	52%	59%	64%	74%	77%
Expenses	Acquisition expense ratio ⁽²⁾	5.4%	5.4%	4.9%	5.1%	5.6%
	Non-acquisition expense ratio ⁽²⁾	8.2%	7.0%	7.4%	7.7%	8.2%
	MIB & other levies ratio ⁽²⁾	2.0%	2.6%	2.8%	2.9%	2.9%
	Total operating expense ratio ⁽²⁾	15.6%	15.0%	15.1%	15.7%	16.7%
Other Income	Ancillary per average active vehicle	£61.4	£66.3	£68.5	£69.3	£69.0
	Ancillary margin ⁽⁴⁾	80.2%	81.9%	81.5%	82.2%	82.4%
	Instalment income as % of NWP	1.4%	2.2%	2.4%	4.1%	4.3%
	Profit commission ⁽⁵⁾	£7.4m	£15.7m	£14.7m	£19.9m	£20.4m

(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

	2006	2007
	£m	£m
Group Turnover	708.2	824.9
Total premiums written	566.6	631.3
Gross premiums written	196.4	260.9
Net premiums written	138.6	141.9
Net earned premium	145.0	142.2
Investment income	9.9	16.8
Net insurance claims	(107.1)	(99.8)
Insurance related expenses	(19.3)	(21.7)
Underwriting profit	28.4	37.5
Total Profit commission	19.9	20.4
Gross ancillary revenue	81.5	94.2
Ancillary costs	(14.5)	(16.6)
Instalment income	5.7	5.9
Gladiator contribution	2.0	2.0
Confused.com contribution	23.1	36.7
Other charges	(1.4)	(1.3)
Share scheme charges	(0.9)	(2.9)
Operating profit	143.8	174.7
Interest income	4.5	7.7
Interest payable	(1.0)	(0.3)
Profit before tax	147.3	182.1

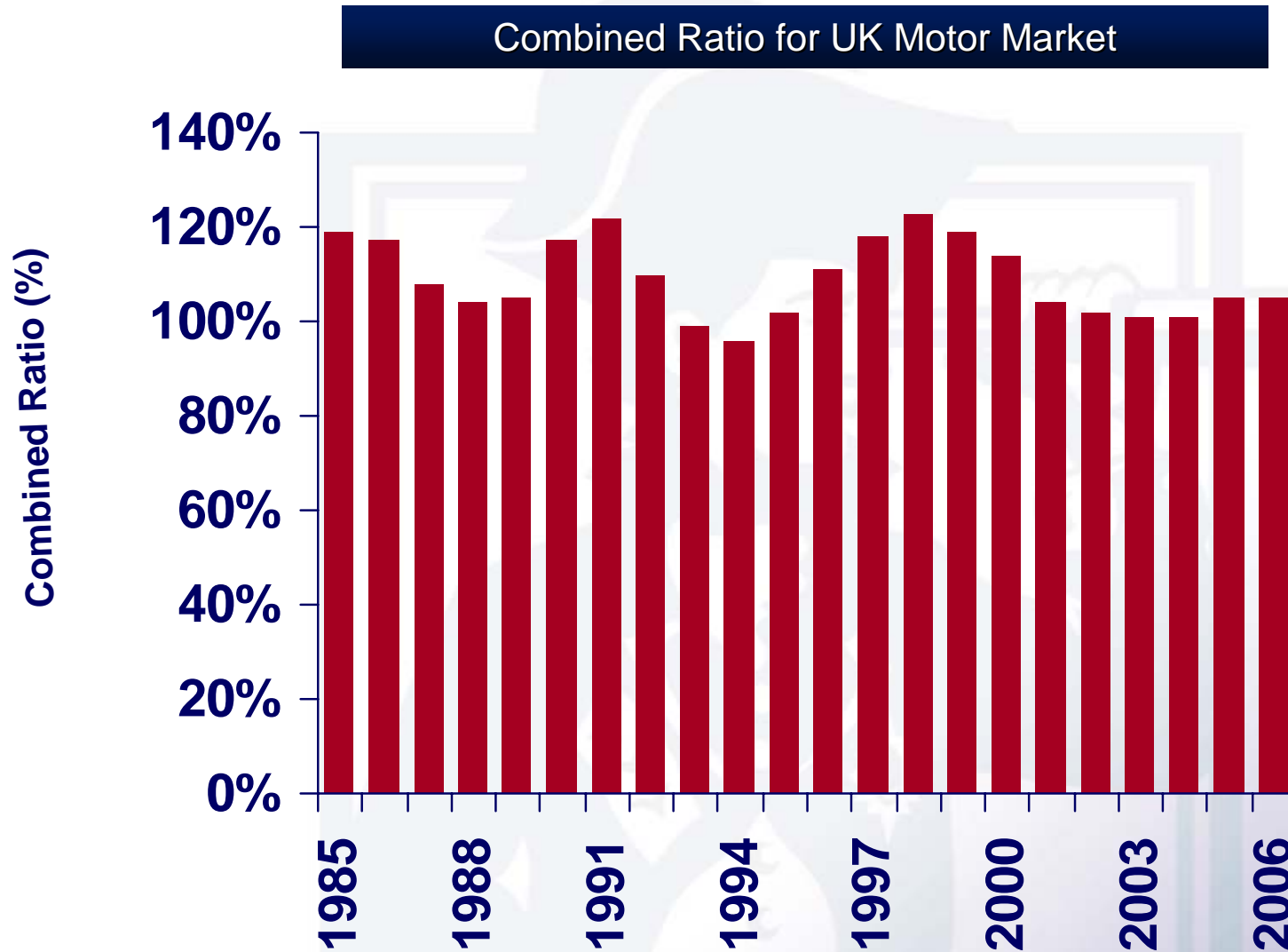


Summary Balance Sheet

	2006 £m	2007 £m
ASSETS		
Property, plant and equipment	7.5	7.7
Intangible assets	66.8	69.1
Financial assets	395.9	481.0
Reinsurance contracts	74.7	131.7
Trade and other receivables	16.9	22.6
Cash and cash equivalents	191.2	155.8
Total assets	753.0	870.3
EQUITY		
Share capital	0.3	263.0
Retained earnings	205.7	223.8
Other reserves	13.1	13.5
Total equity	219.1	237.6
LIABILITIES		
Insurance contracts	294.4	363.0
Trade and other payables	215.2	239.6
Deferred income tax	1.0	-
Corporation tax liabilities	23.4	30.0
Total liabilities	534.0	632.7
Total liabilities and equity	753.0	870.3



Outlook for the Market: The Pricing Cycle



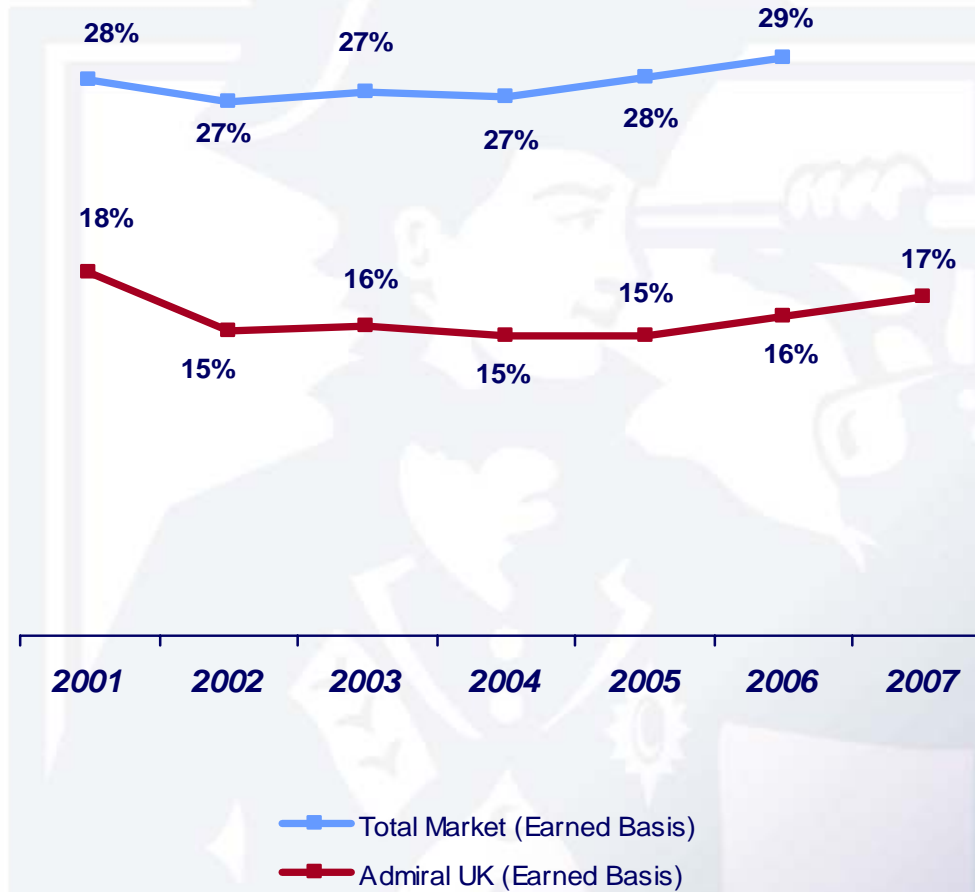
Source: 1985 to 1991 Merrill Lynch Research analysis of DTI returns; 1991 to 2006 Deloitte analysis of FSA returns



Expense Ratio

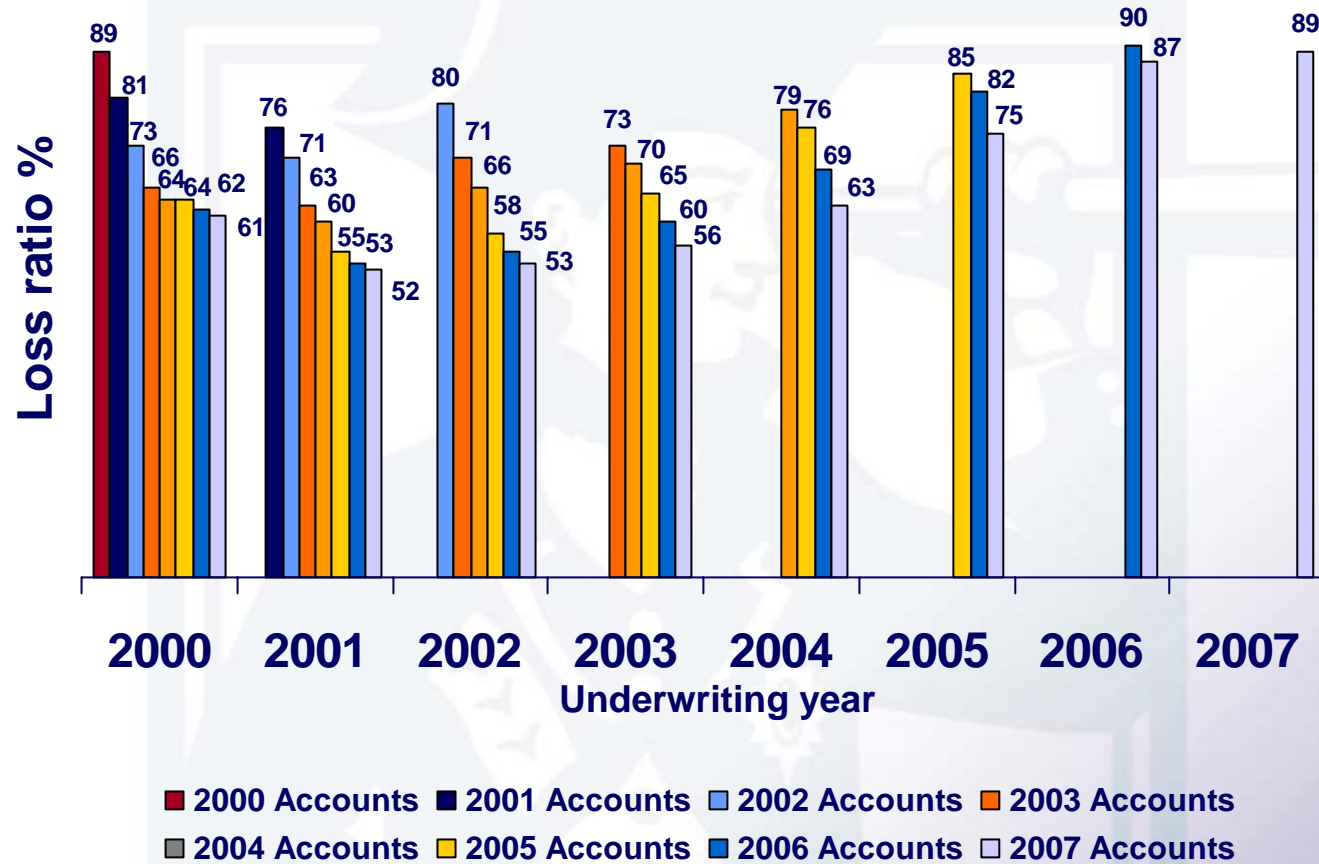
Market

Admiral





Loss Ratio Development by Underwriting Year





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