

ADMIRAL GROUP plc

2004 Full Year Results

March 2005





Admiral Is Different

2004

■ Highly Profitable



■ Fast Growing



■ Strongly Cash Generative



■ Low Risk Profits





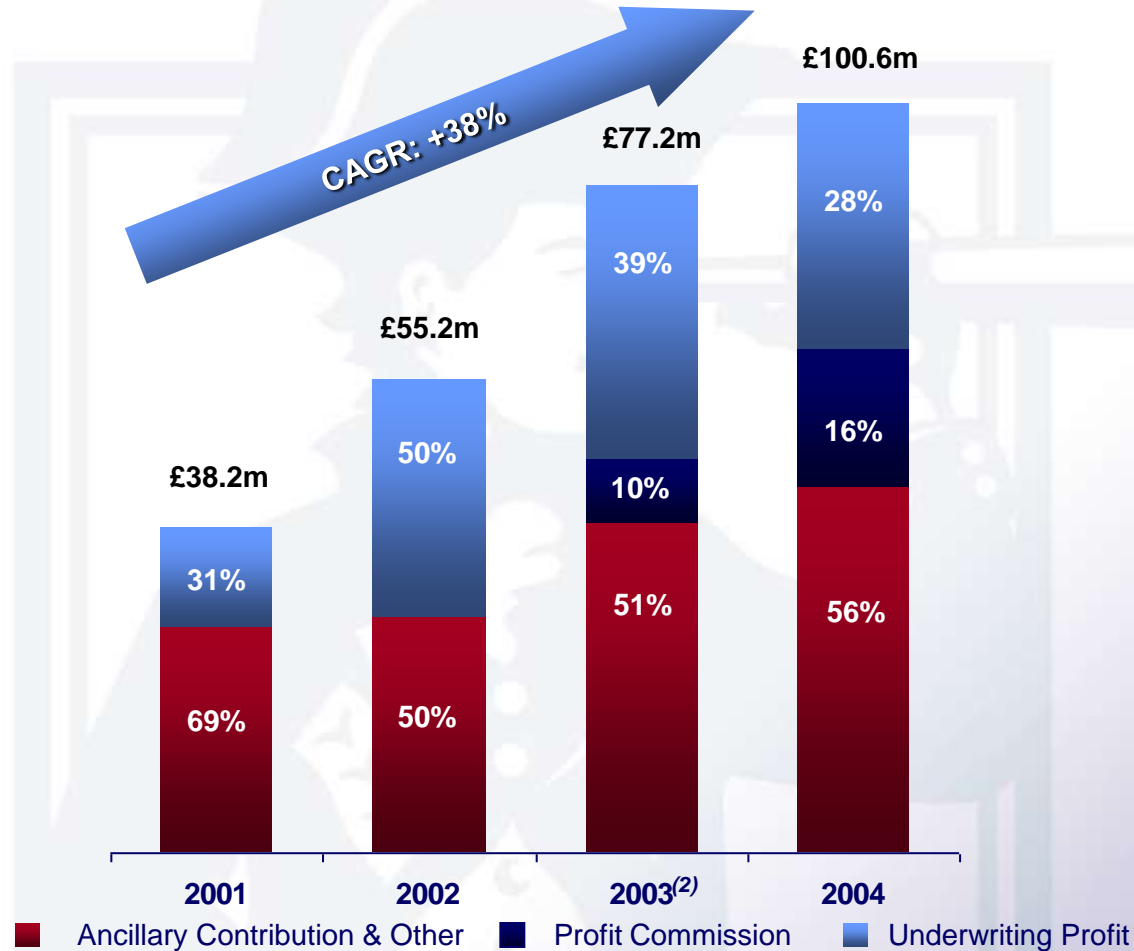
Financial Highlights

- Adjusted core profit up 30% at £100.6 million (2003: £77.2 million)
- Aggregate group turnover up 28% at £548.0 million (2003: £427.3 million)
- Total final dividend of £24m
- Final dividend per share of 9.3 pence



Highly Profitable

Adjusted Core Profit (£m)⁽¹⁾



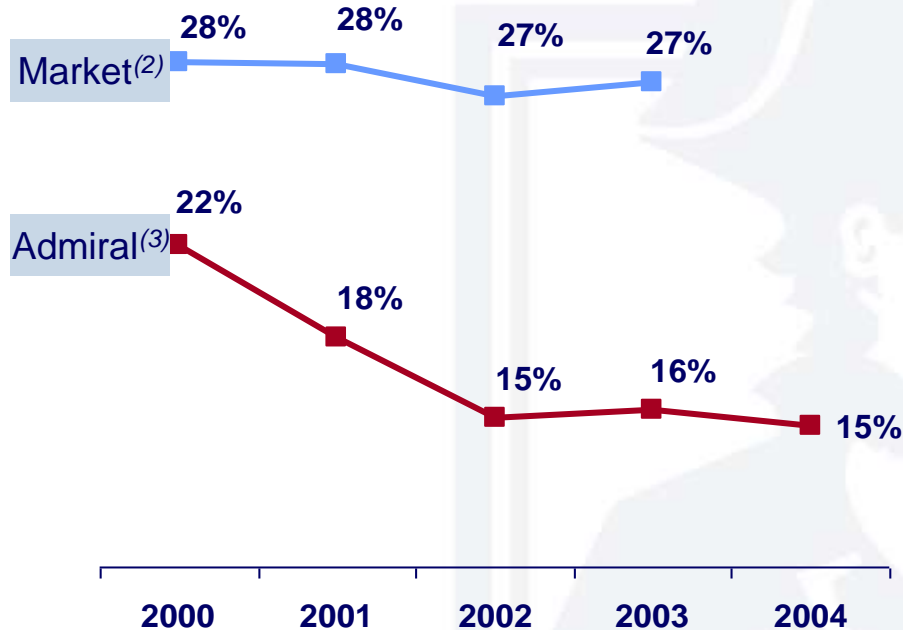
(1) Core profit is profit before tax, goodwill amortisation, share scheme charges, bonuses paid in lieu of dividends and interest payable

(2) 2003 split is shown after adding back £6m of Munich Re profit commission accounted for in 2004 but relating to premiums earned in 2003



Highly Profitable

Expense Ratios⁽¹⁾



—■— Total Market (Earned Basis)

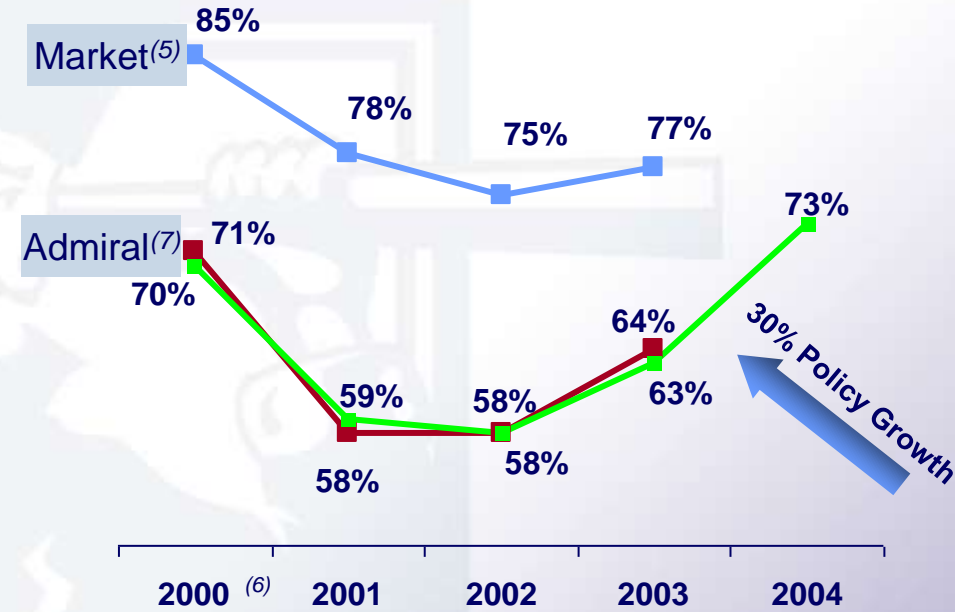
—■— Admiral (Earned Basis)

(1) Including claims handling expenses

(2) EMB analysis of FSA returns for total UK motor market

(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

Loss Ratios⁽⁴⁾



—■— Total Market (Earned Basis)

—■— Admiral (Ultimate Earned Basis) June 04

—■— Admiral (Ultimate Best Estimate) Dec 04

(4) Excluding claims handling expenses

(5) EMB analysis of FSA returns for UK private motor market

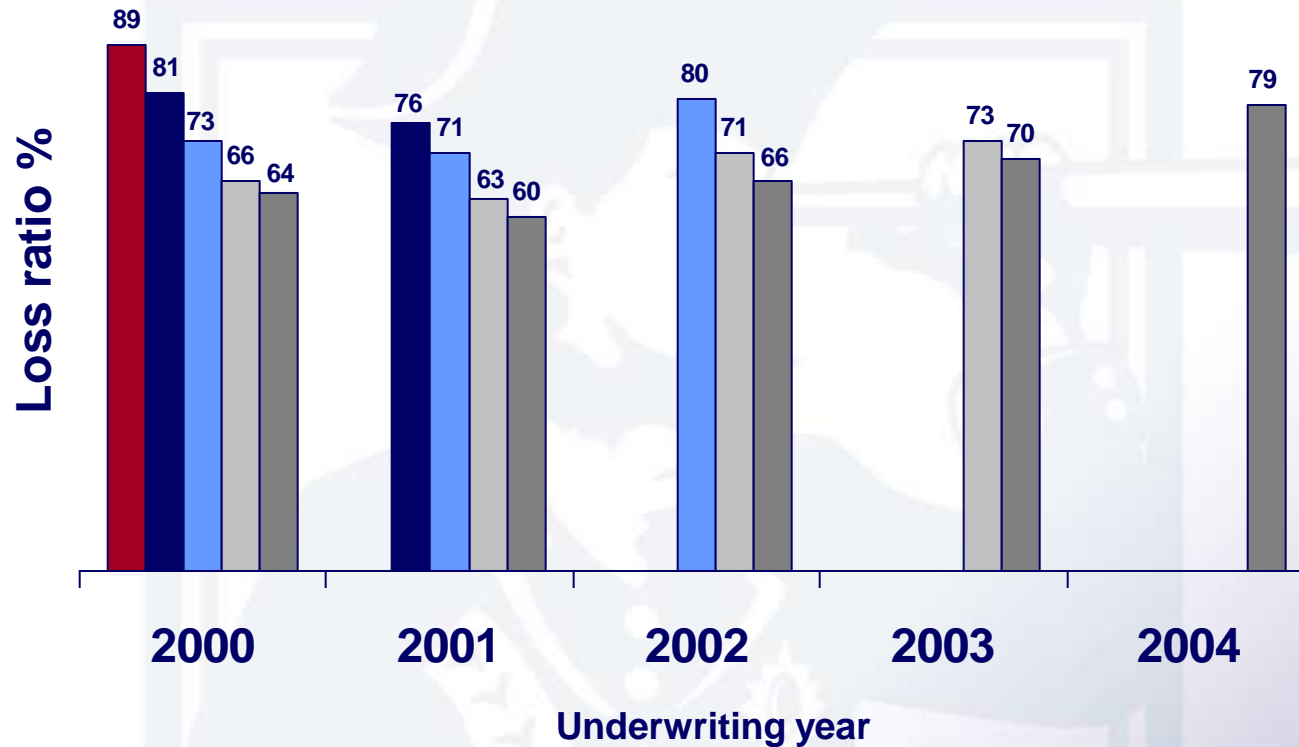
(6) 2000 earned loss ratio includes claims incurred and premiums earned in 2000 on business written in 1999 underwriting year

(7) Actuarial best estimate of ultimate outcome based on actuarial analysis



Highly Profitable

Loss Ratio Development by Underwriting Year

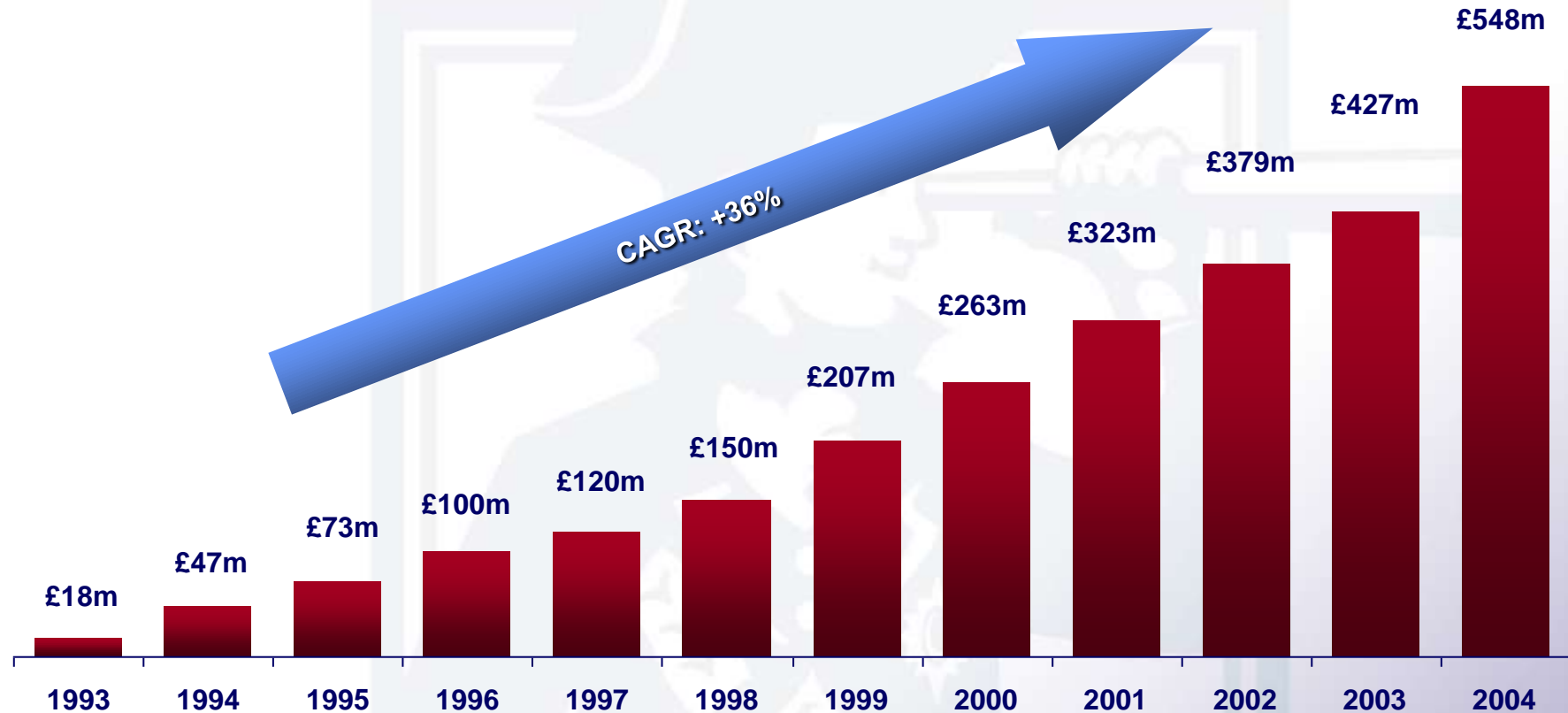


■ 2000 Accounts ■ 2001 Accounts ■ 2002 Accounts ■ 2003 Accounts ■ 2004 Accounts



Fast Growing

Historical Revenue Growth (£m)⁽¹⁾



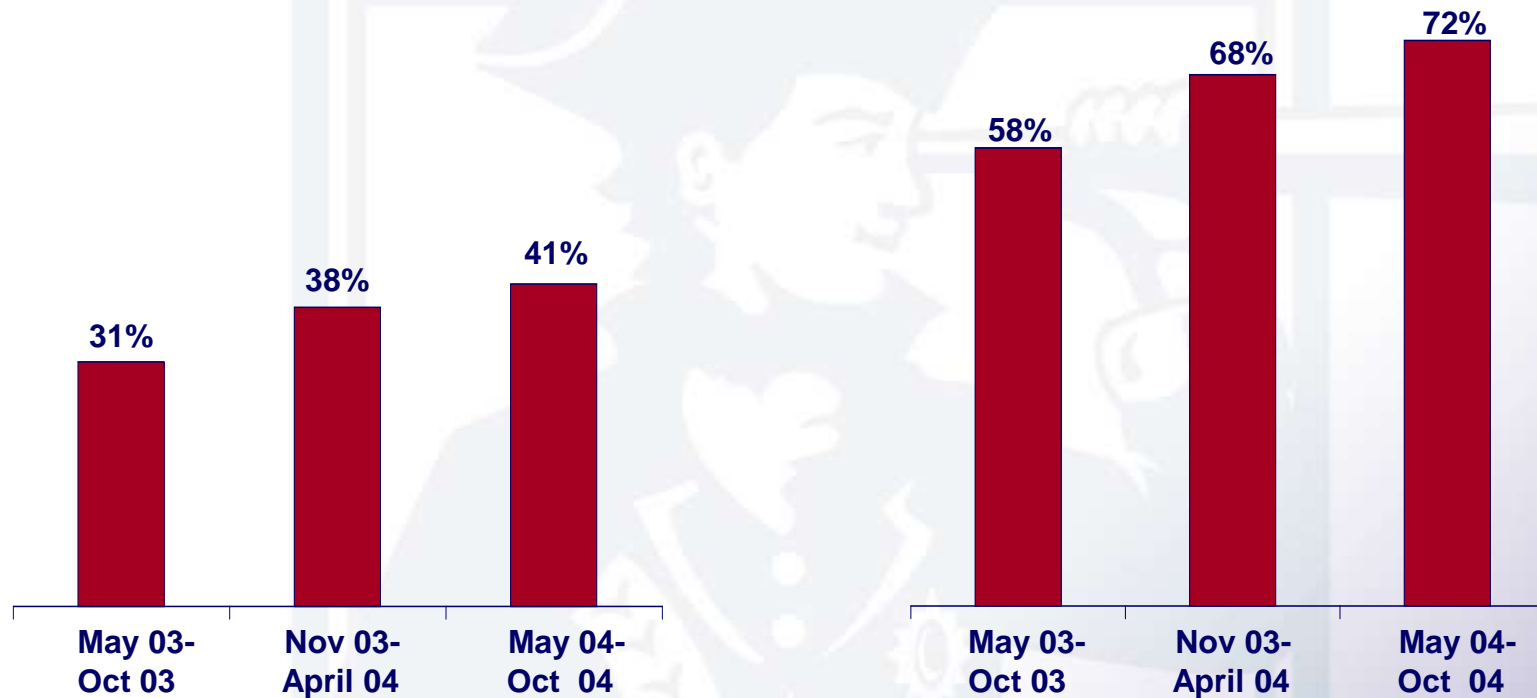
(1) Revenues comprise total premiums written + gross other income + allocated investment income



Fast Growing

Industry Internet Market Share of New Business⁽¹⁾

% of Admiral Group sales started on the Internet



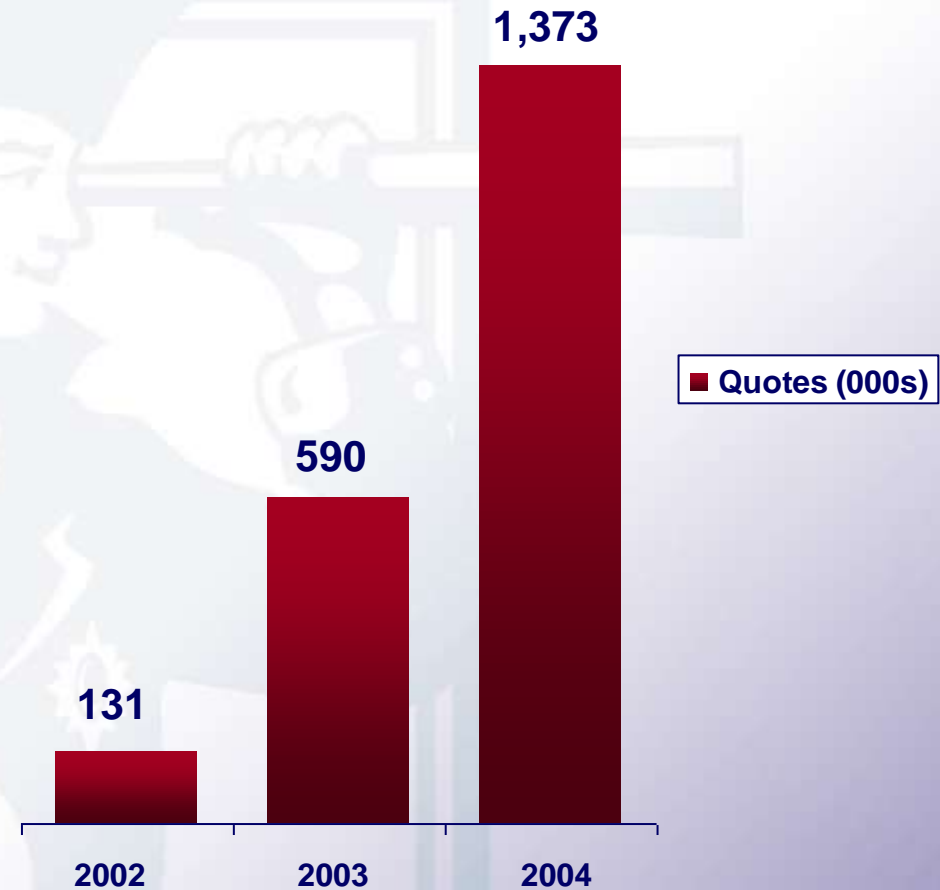
(1) Source: eBenchmarker's estimates of UK online motor market in 2004. eBenchmarkers estimate that survey covers between 80% and 85% of the internet market
Based on policies sold



Fast Growing

Confused.com

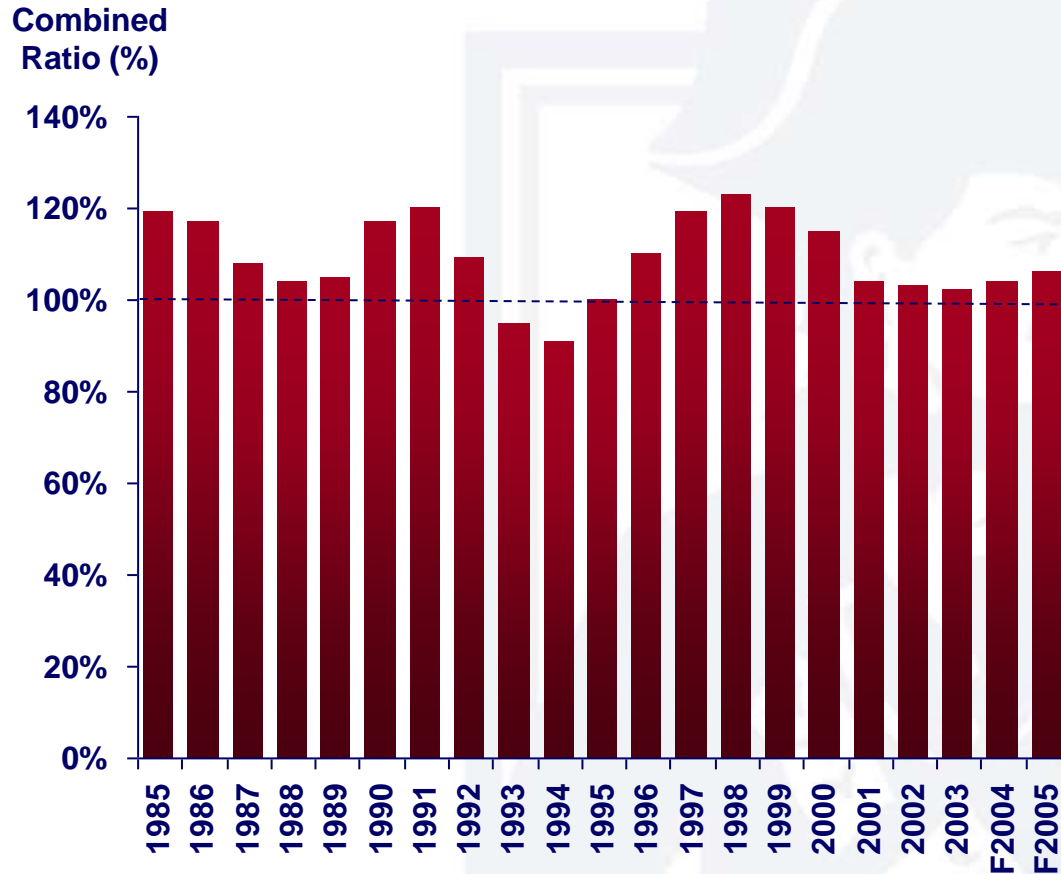
- Launched pilot for car insurance price comparison in 2002
- Largely charges fee per sale from 23 partners
- Launching household pilot soon





Market Update

Combined Ratio for UK Motor Market



Reasons for Reduced Cyclicity

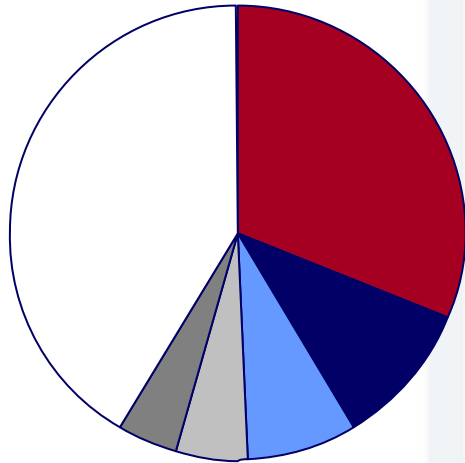
- Management believes the cycle will be less volatile in future due to:
 - Market consolidation
 - Track record of profitable underwriting by market leader

Source: 1985 to 1997 Merrill Lynch Research analysis of DTI returns; 1998 to 2003 EMB analysis of Thesys data on FSA returns
 Source: 2004 & 2005 Deloitte



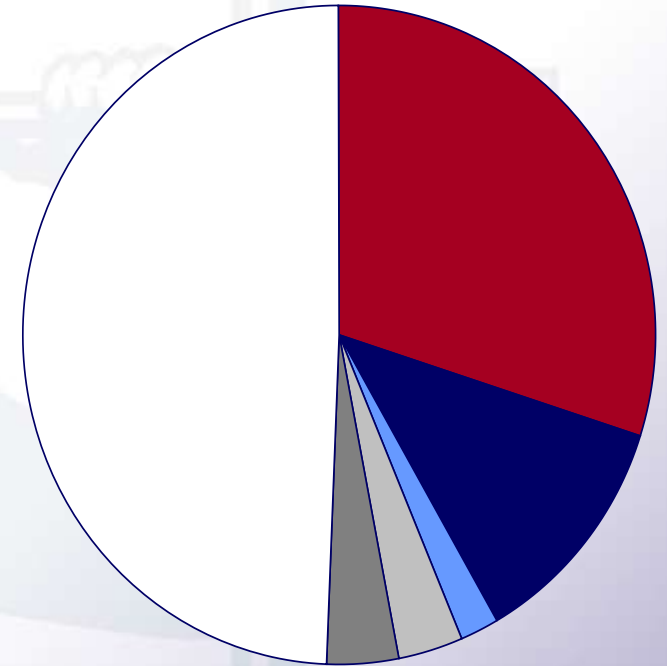
Market Update

Where customers go
206k lapsed customers



31.1%	RBS	29.9%
10.2%	NU	11.7%
8.0%	HBOS	2.1%
5.1%	RSA	3.3%
4.1%	AA	3.5%
41.5%	Other	49.5%

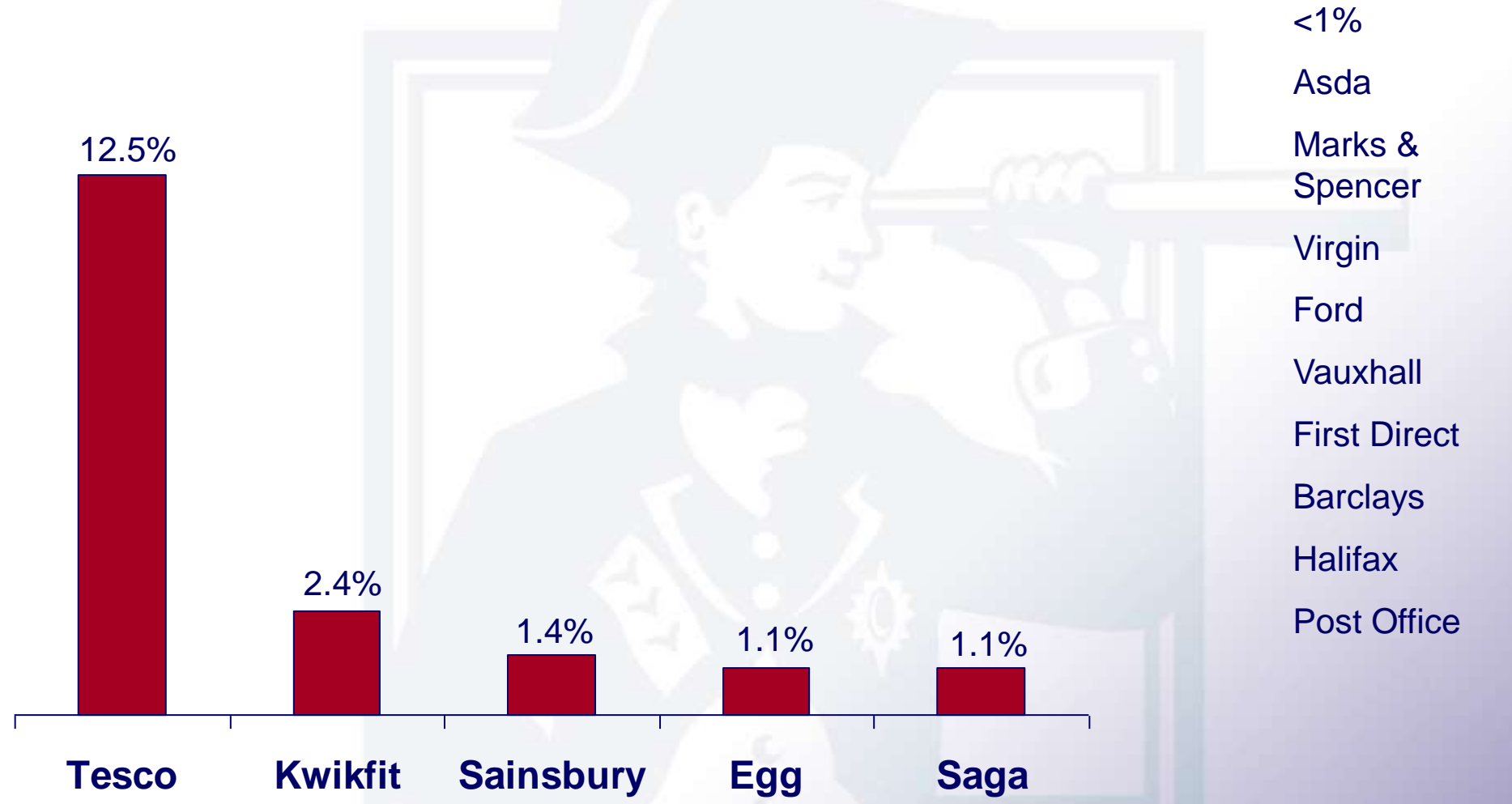
Where customers come from
557k new customers





Market Update

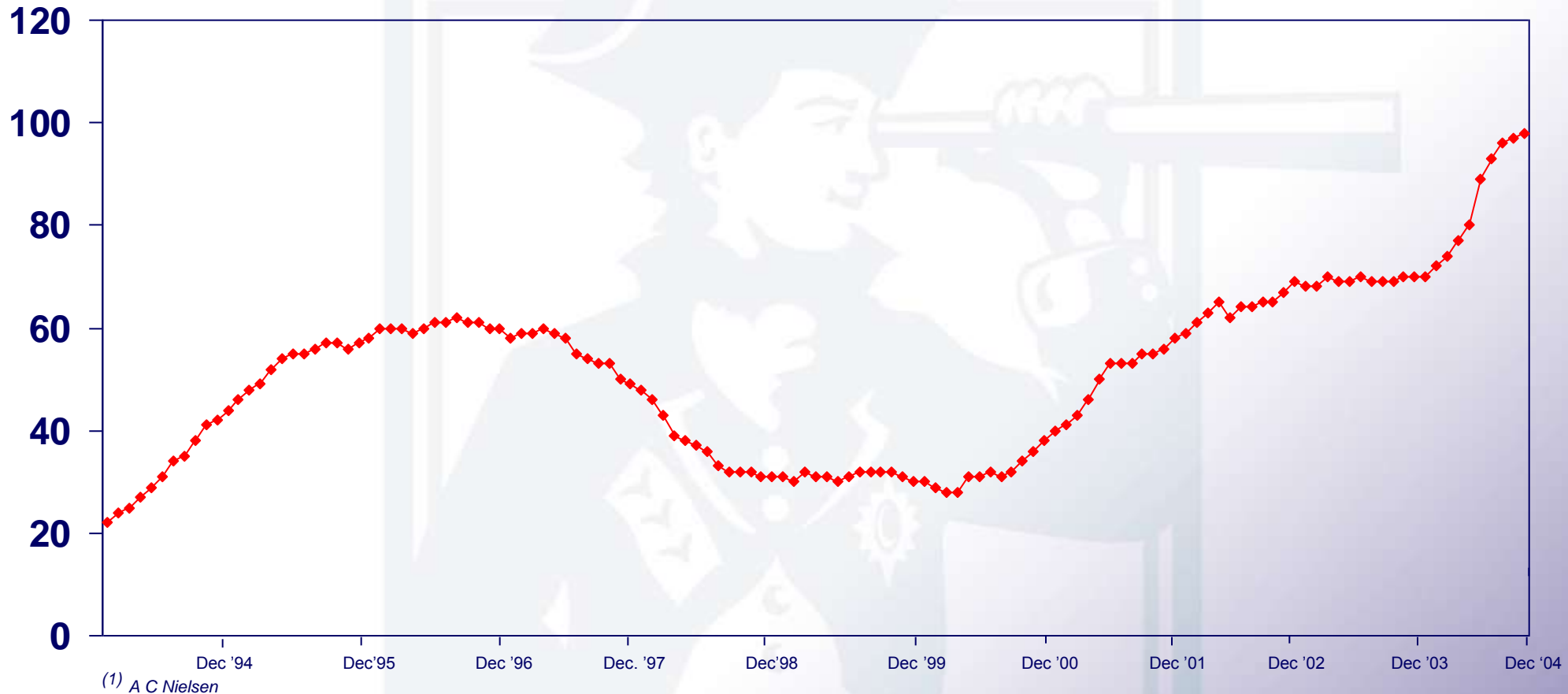
% of Admiral customers moving (2004)





Market

Rolling 12-month cumulative TV and press spend (£m) ⁽¹⁾

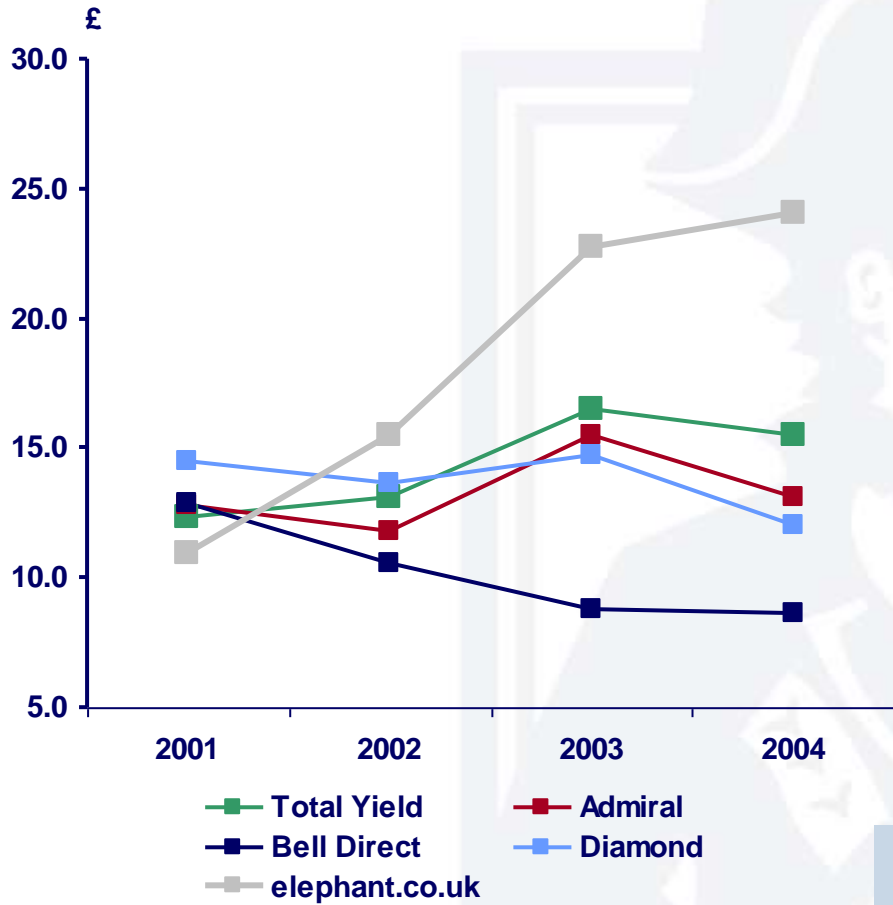


(1) A C Nielsen

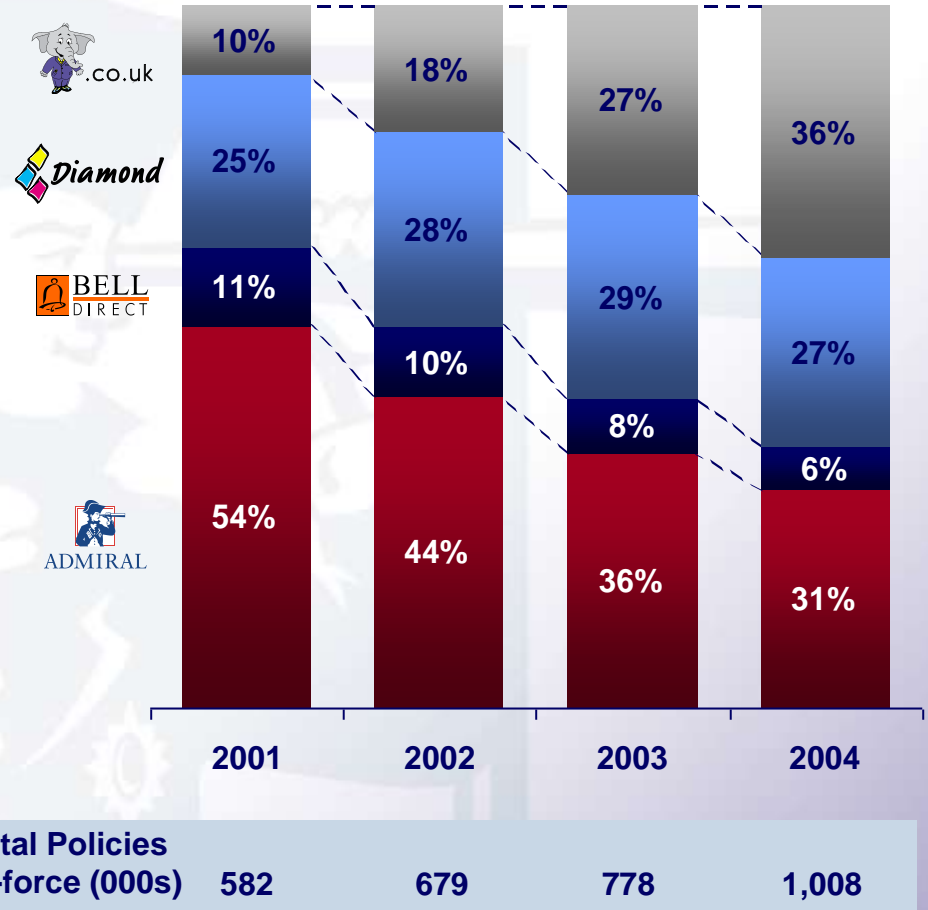
Multi-Brand Strategy

Constant Reallocation of Marketing Funds To Most Efficient

Marketing Efficiency: Yield⁽¹⁾



Split of Policies In-Force

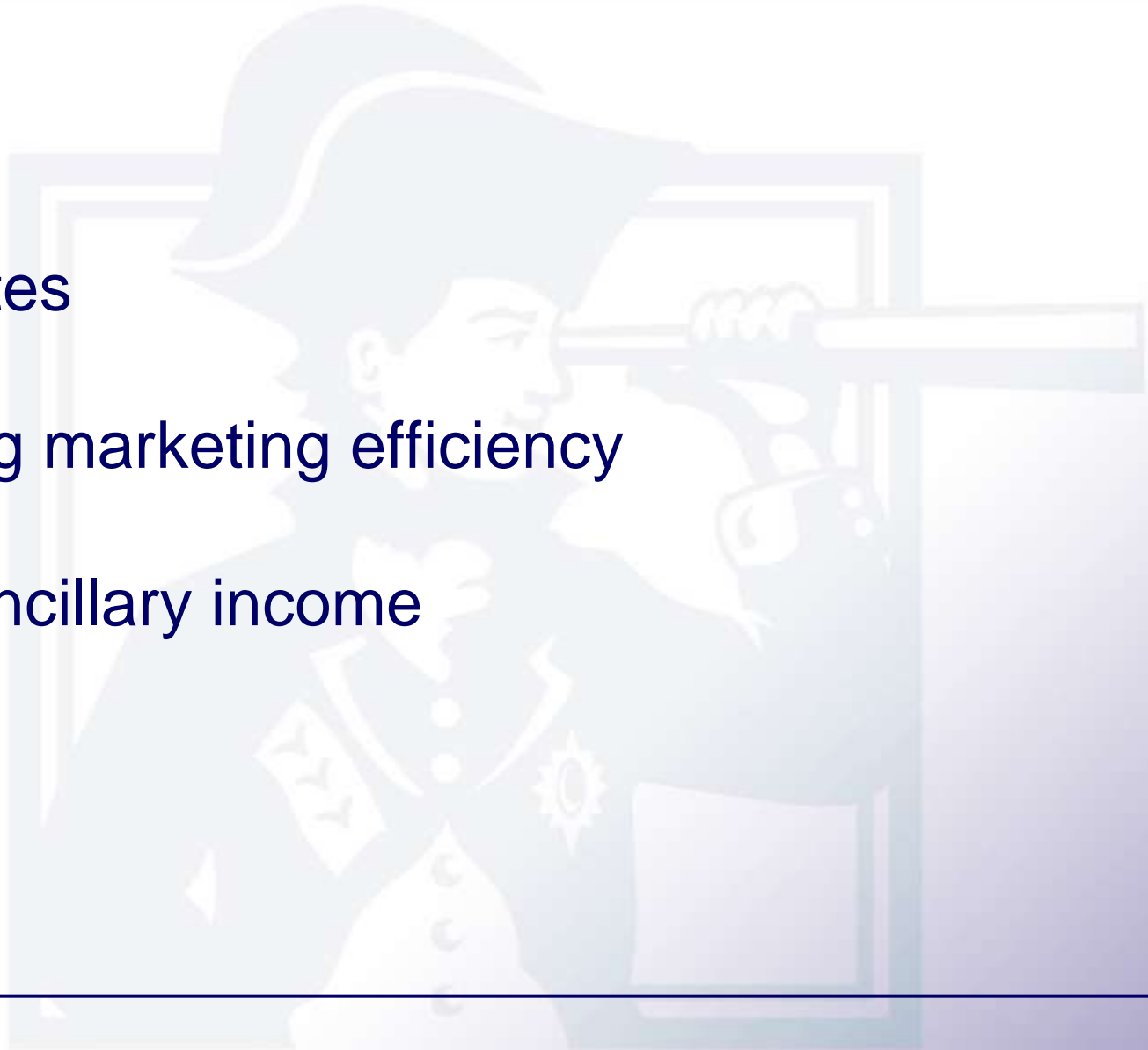


(1) Yield is calculated as new business premium per £ of media spend



Current Trading

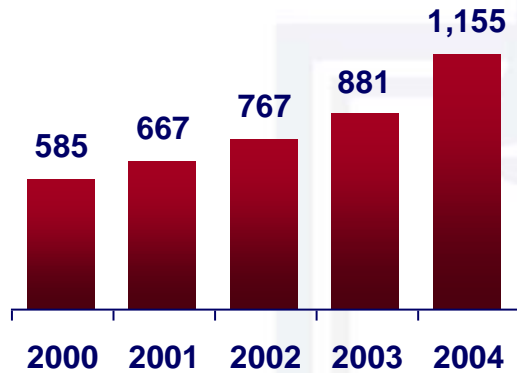
- Raising rates
- Maintaining marketing efficiency
- Growing ancillary income



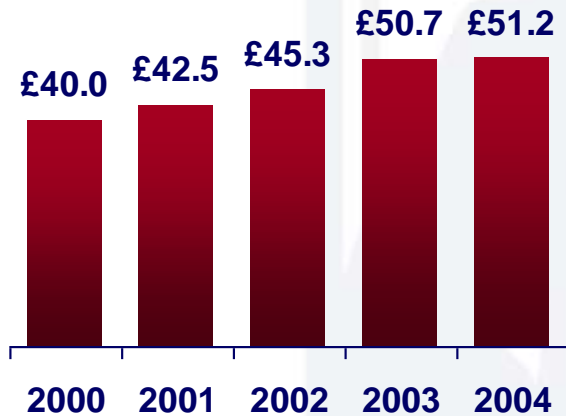


Growing Ancillary Income

Motor Policies Sold and Renewed



Ancillary Contribution per Policy Sold⁽¹⁾⁽²⁾



Ancillary Contribution (£m)⁽¹⁾



(1) Before allocation of overhead expenses

(2) Includes new business and renewals, before cancellations



Highly Cash Generative - Dividend

Regular Dividend

- Regular dividend increased from 40% to 45% of post tax profits (adjusted for exceptional tax credit).
- Normal dividend amounts to 3.1p per share.
- Dividend paid twice a year.

Special Dividend

- Special dividend of £16m following exceptional tax credit received in 2004.
- Special dividend amounts to 6.2p per share.
- Dividend Committee to review potential for special dividend each half year.

Calculation of regular dividend

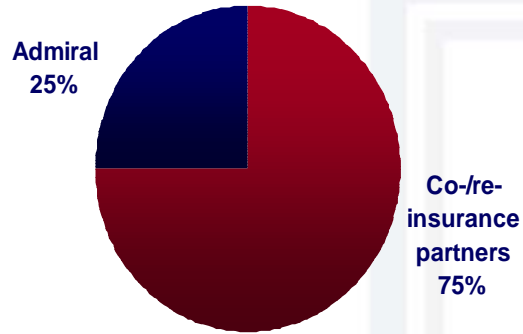
100 million x 0.7 (after Corporation Tax) x 0.45 (% of profit for dividend) x 0.25 (% for one quarter of the year)
= £8 million

Ex dividend	27 April 2005
Record date	29 April 2005
Payment date	25 May 2005

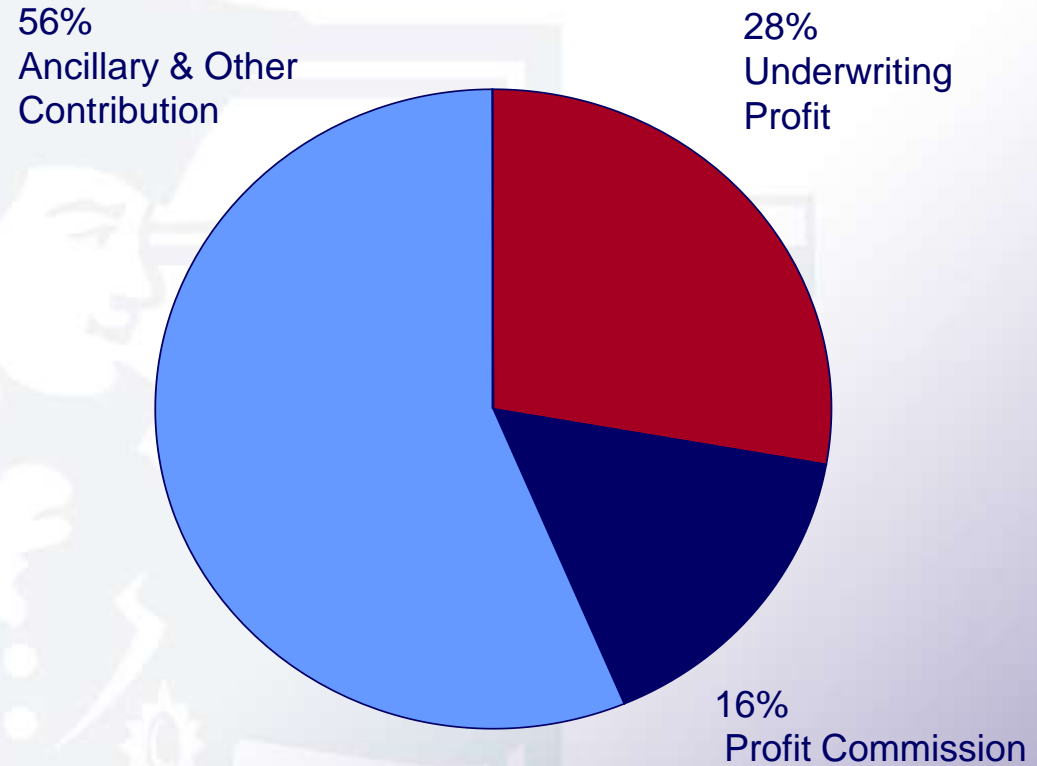


Capital Efficiency

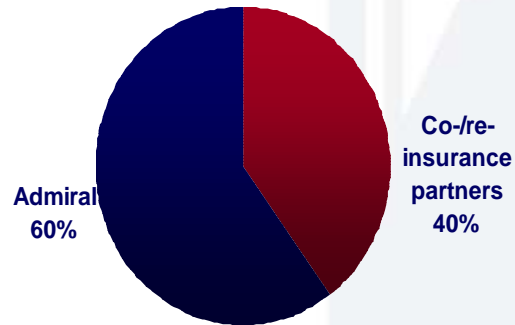
% of Required Capital Retained by Admiral (2004)



% of 2004 Profit Exposed to Cycle



% of Profit Retained by Admiral (2004)⁽¹⁾



⁽¹⁾ Admiral Group's core profit as % of total profits made, including grossed up underwriting results

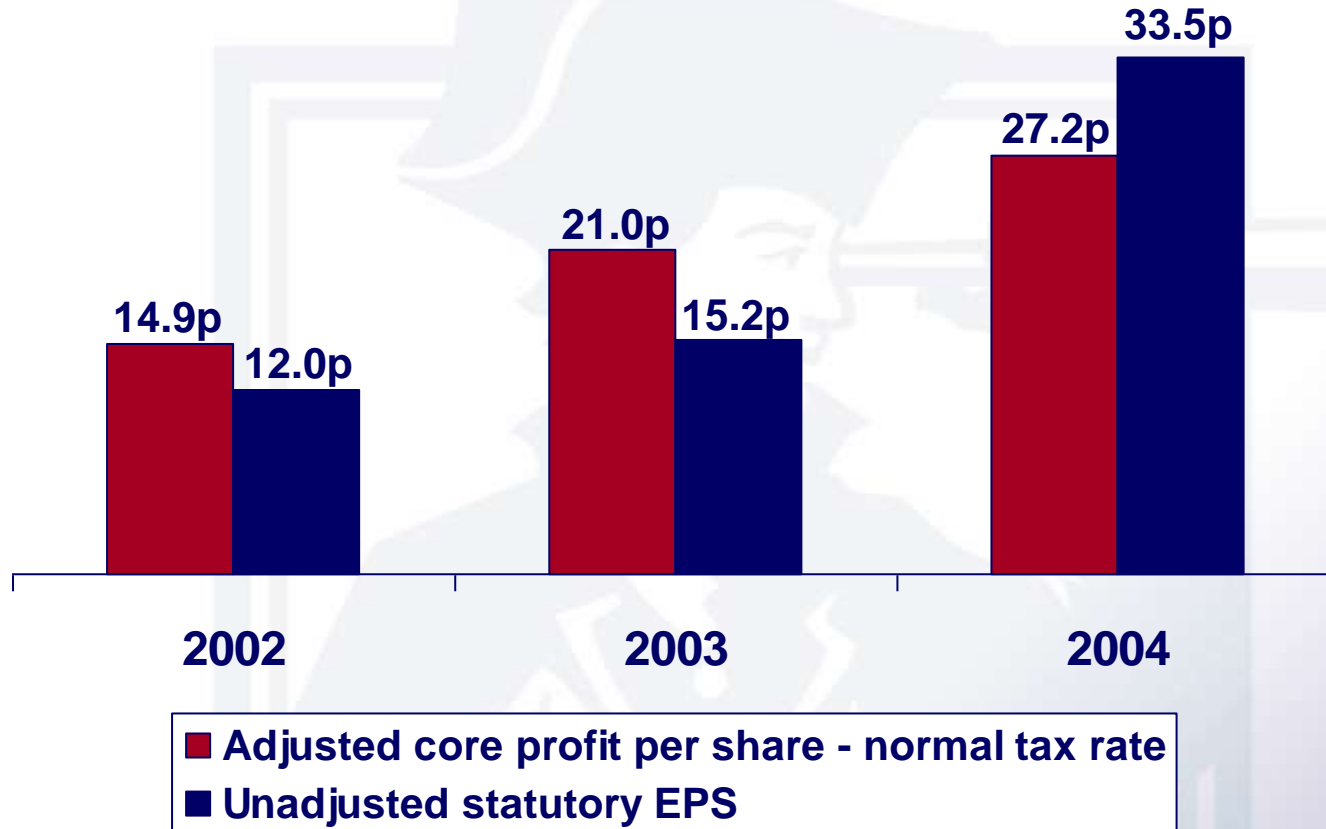


Highly Cash Generative - Cash/investment balances

	2004	2003
	£000	£000
Non-regulated cash	50,096	30,035
Regulated cash	38,515	40,040
Total cash	88,611	70,075
Deposits with credit institutions	30,590	24,464
Government and sovereign bond holdings	42,980	63,525
Corporate bonds and similar instruments	160,438	80,936
	234,008	168,925
Grand total cash + investments	<u>322,619</u>	<u>239,000</u>



Earnings per share (eps)





Financials





Summary Profit and Loss Account

Profit & Loss Account (£m)	2001	2002	2003	2004
Revenue ⁽¹⁾	323.0	378.5	427.3	548.0
Total premiums written	284.4	333.0	371.6	470.4
Gross premiums written	199.0	69.1	129.9	165.3
Net written premiums	96.9	65.4	91.3	116.7
Net earned premiums	84.1	81.3	79.3	107.5
Technical investment return	4.1	6.1	5.6	8.5
Net claims incurred	(63.9)	(52.6)	(43.6)	(74.3)
Net operating expenses	(12.9)	(7.7)	(10.3)	(13.8)
Profit commission	–	–	1.2	3.1
Balance on technical account	11.3	27.2	32.2	31.0
Co-Insurance profit commission	–	–	0.3	18.6
Revenue from ancillary sales	28.4	34.8	44.7	59.2
Costs associated with ancillary sales	(5.6)	(7.4)	(8.8)	(10.7)
Gladiator contribution	0.9	1.1	1.6	1.8
Instalment income	3.5	1.8	1.3	2.6
Other income net of other charges	(1.4)	(3.5)	(1.3)	0.8
Interest receivable	1.1	1.2	1.2	3.3
Core profit	38.2	55.2	71.2	106.6
Amortisation of goodwill	(4.4)	(4.3)	(3.9)	(3.9)
Employee share trust (charge)/credit	(1.5)	(3.1)	(6.9)	4.1
Bonuses paid in lieu of dividends	–	–	–	(3.3)
Interest payable	(4.9)	(4.9)	(3.1)	(2.5)
Profit before tax	27.4	43.0	57.2	101.0
Tax on ordinary activities	(9.1)	(12.0)	(18.0)	(31.4)
Exceptional tax credit on ESOT	–	–	–	17.0
Profit after tax	18.3	30.9	39.2	86.6
Adjusted core profit before tax ⁽²⁾	£38.2m	£55.2m	£77.2m	£100.6m

(1) Revenue is defined as gross premiums written + gross other income + allocated investment income

(2) Core profit adjusted to reflect £6m of Munich Re profit commission accounted for in 2004 but relating to premiums earned in 2003



Summary Balance Sheet

Balance sheet (£m)	2001	2002	2003	2004
Assets				
Intangible fixed assets	71.9	66.3	62.4	58.4
Investments	93.9	110.9	168.9	234.1
Reinsurers' share of technical provisions	106.4	53.4	56.7	66.1
Debtors	82.3	73.7	81.3	112.5
Cash at bank and in hand	33.2	63.0	70.1	88.5
Prepayments and accrued income	10.5	3.4	3.8	4.4
Tangible fixed assets	7.3	6.7	5.8	4.7
Total Assets	405.5	377.4	449.0	568.7
Liabilities				
Capital and reserves	22.3	69.0	108.2	116.7
Technical provisions	208.5	155.1	174.8	216.1
Creditors: amounts due within one year	106.3	96.8	116.5	
Creditors: amounts due after one year	66.7	48.2	31.4	23.8
Dividends payable	-	-	-	
Provisions for liabilities and charges	1.7	8.3	18.1 ⁽¹⁾	4.8
Total Liabilities	405.5	377.4	449.0	568.7

(1) Comprises provision for employers' NI on ESOT and deferred tax liabilities (net of deferred tax asset relating to ESOT).



Admiral Key Performance Indicators

	KPI	2001	2002	2003	2004
Premiums	Quote volumes	4.1m	4.4m	4.7m	6.2m
	Conversion rates	7.9%	7.9%	8.1%	8.9%
	Active policy units at end of period	581,957	678,759	777,611	1,007,571
	% of premiums retained by AGL	35%	20%	25%	25%
Claims	Reported earned loss ratio	76%	65%	52%	67%
	Current best estimate earned loss ratio ⁽¹⁾	59%	58%	63%	73%
	Current reported written loss ratio	60%	66%	70%	79%
Expenses	Acquisition expense ratio ⁽²⁾	6.4%	6.7%	5.4%	5.4%
	Non-acquisition expense ratio ⁽²⁾	9.2%	6.5%	8.2%	7.0%
	MIB & other levies ratio ⁽²⁾	2.4%	2.2%	2.0%	2.6%
	Total operating expense ratio ⁽²⁾	18.0%	15.4%	15.6%	15.0%
Other Income	Ancillary contribution per policy sold (£) ⁽³⁾	£42.5	£45.3	£50.7	£51.2
	Ancillary margin ⁽⁴⁾	80.2%	78.6%	80.2%	81.9%
	Instalment income as % of NWP	3.6%	2.8%	1.4%	2.2%
	Profit commission ⁽⁵⁾	-	-	£7.4m	£15.7m

(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 AISL expenses attributable to ancillaries expressed as a % of ancillary contribution

(5) Adjusted for 2003 PC £6m



Summary

Wow! 2004 - Great Year!



Great momentum going forward for 2005

Supplementary Information





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Admiral Group plc - Investor Relations Calendar

AGM	Wednesday 18 May 2005, 11am Celtic Manor Resort, Newport, South Wales
Dividend	Ex dividend 27 April 2005 Record date 29 April 2005 Payment date 25 May 2005
Interim Trading Statement	13 July 2005
Interim Results Announced	6 September 2005



Reduced Risk

Current Share of Gross Written Premiums

	2005
Admiral Group	25%
Munich Re	65%
Gen Re	5%
Axis Re Europe	5%

Munich Re Coinsurance Agreement

- Munich Re committed until 2008/9
- Admiral receives a proportion of Munich Re's "profit" depending on ultimate adjusted combined ratio of business coinsured over the length of the contract
- Munich Re's "profit" = (102% - adjusted combined ratio) x Munich Re share of premiums

<u>Adjusted combined ratio</u>	<u>Share of Munich Re profit</u>
Under 94%	29.5%
94% - 100%	27.5%
100% - 102%	22.5%

- Growth over 11% requires Munich Re's permission