



Admiral Reports Record Interim Profits & Strong Turnover Growth

5 September 2006 6:00 AM BST

Admiral Group plc ("Admiral" or "the Group") today announces a strong interim result with a profit before tax of £68.7 million for the six months to 30 June 2006, an increase of 24% over the same period in 2005. Group turnover, comprising total premiums written, gross other income and investment income, rose 12% to £359.2 million.

2006 Interim Results Highlights

- Profit before tax up 24% at £68.7 million (H1 2005: £55.6 million)
- Total interim dividend of 12.1p comprising normal dividend of 8.4p; special dividend of 3.7p per share
- Group turnover up 12% at £359.2 million (H1 2005: £319.3 million)
- Net income from products and services not underwritten by the Group up 30% at £46 million (H1 2005: £35 million)
- Active customers up 10% to 1,161,000 from H1 2005
- Confused.com made a profit of £8.7 million (H1 2005: £2.3 million)
- Employee Share Scheme – over 440,00 free shares based on the H1 2006 results will be shared amongst over 2,000 staff.

Comment from Henry Engelhardt, Group Chief Executive

"We're very pleased with our results for the first half of 2006. Once again we set a record for half-year profitability at £68.7 million. As was the case last year, we did this in an environment of declining market profitability. Despite difficult industry conditions our business continues to grow and grow profitably.

"I'm very pleased to say that due to this fine performance every member of staff who has been with us in the first six months will get shares in the Group worth over £1,400 at no cost."

Comment from Alastair Lyons, Group Chairman

"Our business has continued strongly profitable and cash generative over the last six months, with profit before tax up 24%. We are, therefore, very pleased to be able to declare dividends that are 25% higher than at the same point last year.

"As we have previously indicated, we have reviewed our future cash needs against funds accumulated in the business as at the half year. Accordingly we propose a further special dividend of 3.7p per share in addition to an 8.4p per share normal dividend based on 45% of after-tax profits.

"Our policy remains only to retain within the business what funds we need to provide a prudent contingency and support our plans for growth.

"Since going public in September 2004 Admiral has declared dividends on four occasions amounting in total to £119m or 46.0p per share. £67m of normal dividends have been supplemented by £52m of special dividends, these specials accounting for 44% of the total amount declared."

2006 Interim Results Review

Admiral's profit before tax for the six months to June 2006 amounted to £68.7 million, an increase of 24% over the £55.6 million achieved in H1 2005. Group turnover rose 12% in the period to reach £359.2 million (H1 2005: £319.3 million).

During 2006, the Group wrote total motor premiums for itself and its underwriting partners of £294 million (H1 2005: £268 million), with the increase driven by continued growth in sales originated from the internet. Over the last twelve months the number of active customers has increased by 10%.

Although a number of insurers have announced price increases in 2006, independent price tracking surveys suggest that new business rates, for the market as a whole, have remained flat over the first half of 2006. Admirals own new business rates are marginally (circa 1%) higher than a year ago.

Confused.com, Admiral's intelligent automated car insurance shopper, that was launched in 2002, generated more than 3.8 million quotes in H1 2006, an increase of 124% over the 1.7 million in H1 2005. Confused.com contributed a gross profit of £8.7 million (H1 2005: £2.3 million).

Admiral is a strongly cash generative business which currently has limited need for capital to support its organic growth. Accordingly, the Board has recommended the payment of a normal interim dividend of 8.4p per share, in line with its established policy of distributing at least 45% of post-tax profits, and a special dividend of 3.7p per share, to give an aggregate interim dividend distribution of £31 million.

At the end of 2005, MultiCar was launched and is continuing to prove a success with our Admiral brand customers. This enables motorists with two or more cars in their household to cover them on the same policy and as a result receive a discount on their premium. It also allows them to be administered through one call and aligns the renewal dates.

In August of this year the Group launched another new product, FlexiBell, within the Bell Brand. FlexiBell lets motorists produce a tailor made policy

that doesn't need to contain features included in a standard insurance policy, if they do not want them. Customers can save money by only choosing the features and extras they want to ensure they've got all of the cover they need at the right price.

As reported with the announcement of the 2005 results, the Group plans to launch a direct motor insurance operation in Spain and work has been continuing to this end during 2006. Good progress has been made in all the critical areas and the operation now has all key senior managers in place at a permanent location in Seville. Work is also well progressed on IT systems, and the business plans to launch late this year or early in 2007.

A long-term quota share reinsurance contract has been signed with Munich Re (Germany) under which 65% of the Spanish motor insurance business will be ceded. The contract is effective from when the business commences trading.

Admiral is currently exploring the potential for further international activities beyond the Spanish operation.

Kevin Chidwick, Admiral's Finance Director Designate has now been appointed Finance Director following the retirement of the Group's Finance and IT Director, Andrew Probert.

Two new non-executive directors, Margaret Johnson and Lucy Kellaway, have also been appointed to the Group Board.

Margaret Johnson has been Group Managing Director of the international advertising agency Leagas Delaney since 2002, and with that company for the past 11 years. Leagas Delaney numbers amongst its clients Goodyear, Patek Philippe, and the Nationwide Building Society. Margaret also joins the Group's Audit and Remuneration Committees.

Lucy Kellaway is the Financial Times' management columnist, and has been with the paper for the last twenty years, during which time she has held the roles of energy correspondent, Brussels correspondent, and a Lex writer. Lucy also joins our Nominations Committee.