



Whether online or offline, Admiral's culture is a core pillar of our success

Admiral Group plc 2021 Half Year Results

11th August 2021

Overview & Strategic Outlook

Milena Mondini, Group CEO

Group Financials

Geraint Jones, Group CFO

UK Insurance

Cristina Nestares, UK Insurance CEO

International Insurance & Loans

Costantino Moretti, Head of International Insurance
Milena Mondini, Group CEO

Looking After the Future

Milena Mondini, Group CEO

Q&A

All



Highlights from this year's 'Smart Working' selfie staff competition

Overview & Strategy

Milena Mondini, Group CEO

Group highlights: Strong results and continued business evolution

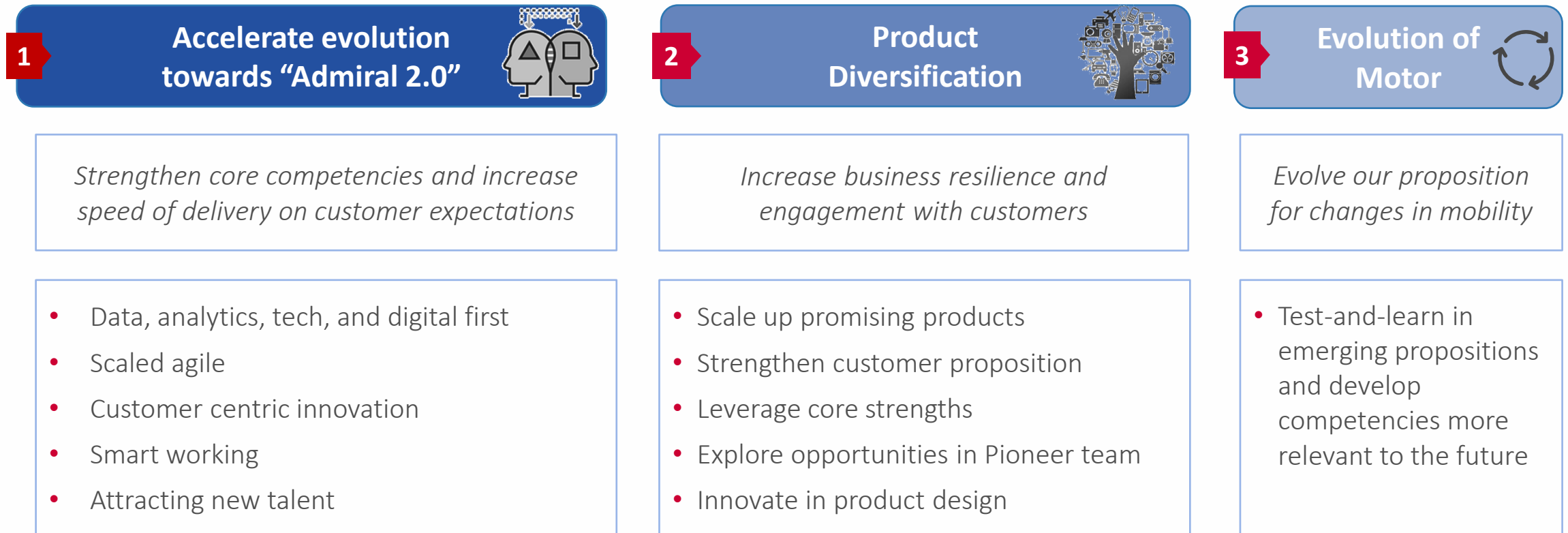
- Strong profit driven by very positive prior year development combined with lower claims frequency
- Continued growth across different businesses and geographies in very competitive markets
- Executed well and effectively adapted to change in a time of uncertainty
- Further progress against our strategy with improvements in data, tech and digital and further steps towards a more diversified business

We continue to make progress on our strategy

To provide more products to happier customers:

WHY?

KEY PILLARS



Solid execution and customer focus are fundamental in a time of uncertainty...

Examples of good execution in our core business and implementation of strategic priorities in the last year

Core Business Improvements

- **Underwriting agility** – Decreased and then increased prices ahead of the market to reflect Covid claims trends
- **Claims efficiency** – Tripled total loss claims settled online - almost halving the time to settle
- **Cost effectiveness** – Decreased variable UK 'cost to serve customers¹' by >30% in 2 years

1

Admiral 2.0



- **Loans:** Adopted open banking & new decision engine to enhance risk selection
- Implemented **scaled agile** in Italy and UK and rolling out in other countries
- **Customer:** Enhanced customer interaction through chatbot, natural language processing and other tech trials

2

Product Diversification



- **Household** – increased **multi sales** as a share of new business by >45%
- **Pioneer:** Launched **Toolbox**, micro SME tool insurance product, in less than 5 months

3

Evolution of Motor



- Launched **Kooalys**, small fleet insurance in France

... And effective execution, agility and adaptability remain key to navigate changes ahead

Changes ahead



Covid



FCA remedies



New ways of working

Success enablers



Strong underwriting skills



Speed to respond to market conditions



Operational resilience and focus on customer outcomes



Engaged and loyal workforce



Operational agility

Underpinning this execution is our people and culture



“People who like what they do, do it better”

Now focusing on...

- Talent in data, technology and advanced analytics
- Full scaled agile roll-out
- SMART and hybrid working
- Innovation enablers



Admiral's senior management has been providing regular business updates via our staff intranet since the start of the pandemic

Group Financials

Geraint Jones, Group CFO

Very strong H1; continued growth & large increase in profit and dividend

£482m

Profit before tax¹

H1 2020: £274m

+ 76%



132.9p

Earnings per share¹

H1 2020: 79.7p

+ 67%



8.02m

Customers

H1 2020: 7.17m

+ 12%



£1.75bn

Turnover^{1,2,3}

H1 2020: £1.60bn

+ 9%



209%

Solvency ratio⁴

H1 2020: 186%

+ 12%



68%

Return on equity¹

H1 2020: 50%

+ 36%



115.0p

Interim div. per share⁵

H1 2020: 70.5p

+ 63%



46.0p

Penguin Portals div. per share⁶


H1 2020: -


-

Good growth across the Group in the first half

UK Motor Insurance¹





£1,266m Turnover²
H1 2020: £1,158m
+ 9% 

4.93m Customers
H1 2020: 4.42m
+ 12% 

UK Household Insurance





£105m Turnover
H1 2020: £87m
+ 20% 

1.23m Customers
H1 2020: 1.07m
+ 15% 

International Insurance




£347m Turnover
H1 2020: £330m
+ 5% 

1.71m Customers
H1 2020: 1.49
+ 14% 

Admiral Loans



£426m Balances³
H1 2020: £455m
- 7% 

Substantial increase in Group profit results from higher releases and lower current period loss ratio in UK Motor

Group profit before tax¹

	H1 2021	H1 2020	Change
UK Insurance	£543.5m	£314.0m	+£229.5m
International Insurance	(£0.9m)	£6.5m	-£7.4m
Loans	(£1.9m)	(£9.4m)	+£7.5m
Other Group Items	(£58.5m)	(£36.7m)	-£21.8m
Total	£482.2m	£274.4m	+£207.8m

- UK Insurance profit up by £230m, 73% higher than H1 20
- UK Motor profit increased to £530m (H1 20: £311m) – higher reserve releases and much higher profit commission the key drivers (see next page)
- UK Household profit rose to £14m (v £6m) – higher premium and improved loss and expense ratios
- International Insurance result close to breakeven (v £6.5m profit); higher current period loss ratio v Covid impacted prior period
- Admiral Loans result improved to loss of £2m (v £9m loss); lower IFRS9 charge for credit losses in current period
- Other group items increased to £59m (v £37m); share scheme charges still the main component

Higher releases & profit commission and lower current loss ratio drive higher UK profit (1)

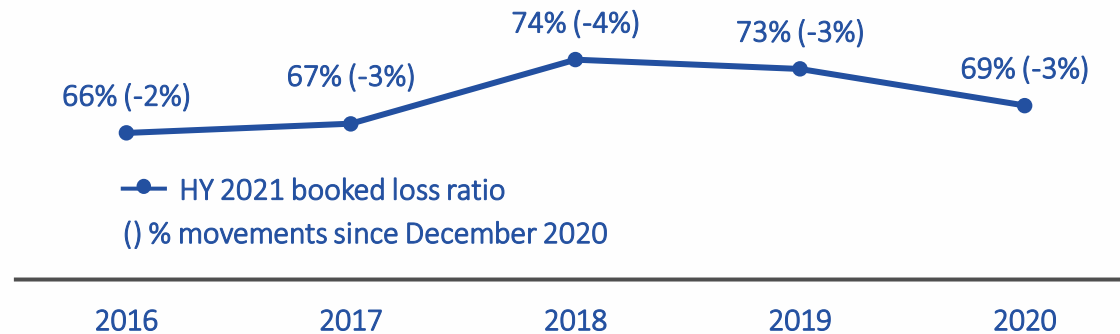
UK Motor	H1 2021 (£m)	H1 2020 (£m)	Change (£m)
Net premium revenue	242.4	208.5	+33.9
Investment return	20.7	30.6	-9.9
Current year claims	(182.8)	(173.1)	-9.7
Releases – original net share	81.1	64.2	+16.9
Releases – on commuted RI share	118.3	60.0	+58.3
Insurance expenses	(39.9)	(38.6)	-1.3
Underwriting result	239.8	151.6	+88.2
Profit commission	177.7	41.1	+136.6
Other revenue	112.9	117.9	-5.0
UK Motor profit	530.4	310.6	+219.8
Current year loss ratio	73%	80%	-7%
Expense ratio	19%	21%	-2%
Current year combined ratio	92%	101%	-9%

Drivers of profit change

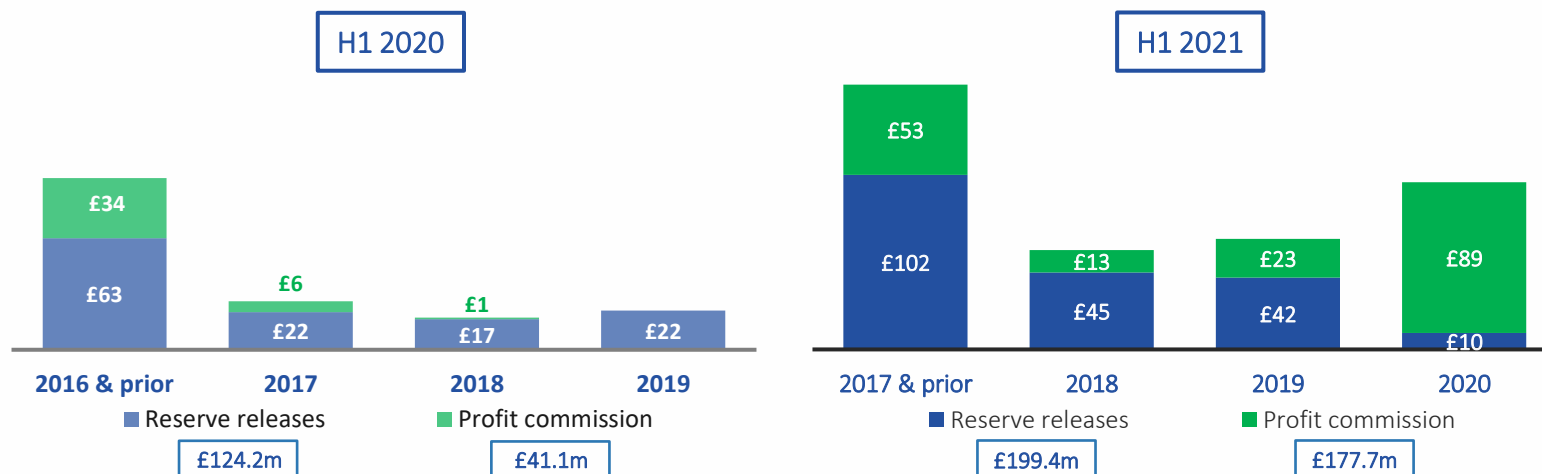
- 1 Higher premium:
+ non repeat of H1 20 rebate
+ growth
– lower average premium
- 2 Higher reserve releases, notably on commuted share of business
- 3 Materially higher profit commission
- 4 Notably lower current period loss ratio

Higher releases & profit commission and lower current loss ratio drive higher UK profit (2)

Admiral booked loss ratio¹



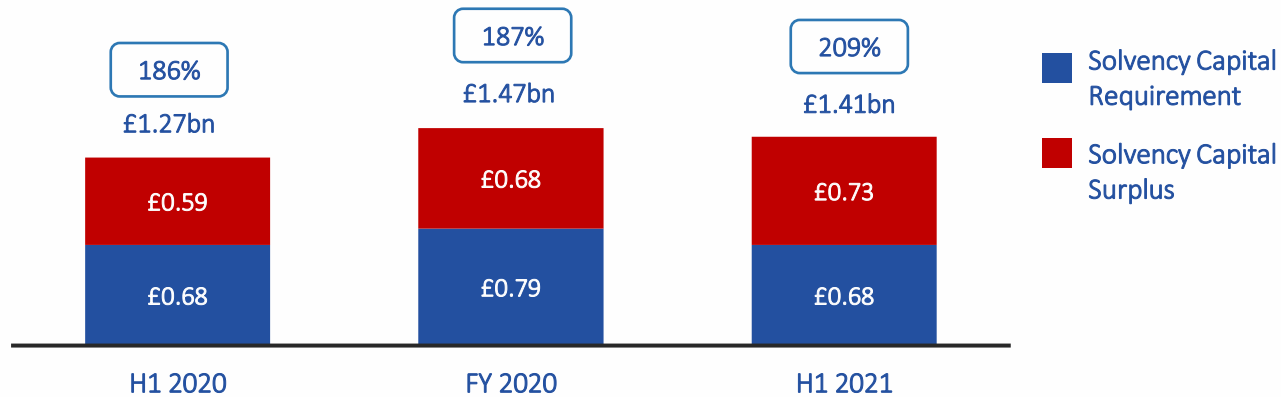
Reserve Releases and Profit Commission¹



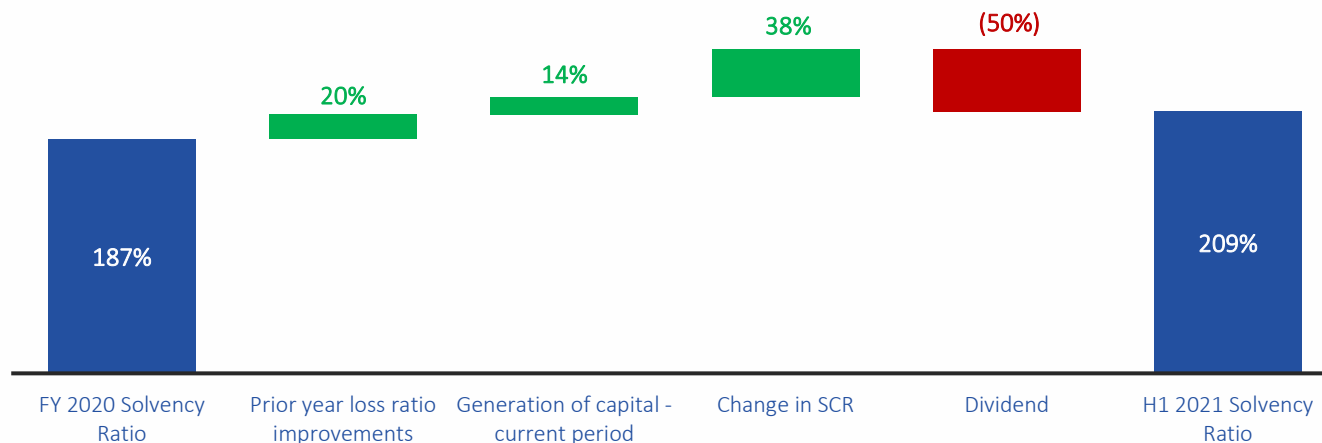
- Higher releases in H1 21 across multiple underwriting years
- Larger moves in booked ratios than normal – consistent 3%/4% releases on five years in H1 21 – including years which have been commuted
- Materially higher profit commission in H1 21
- Booked LRs are notably lower on several recent years at 30 June 21; higher profitability leads to higher profit commission
- 2020 year in particular very profitable
- Relative margin in booked reserves remains flat

Very healthy half year solvency position

Capital position (£bn)^{1,2}



Solvency ratio movements²
(FY 2020 to HY 2021)

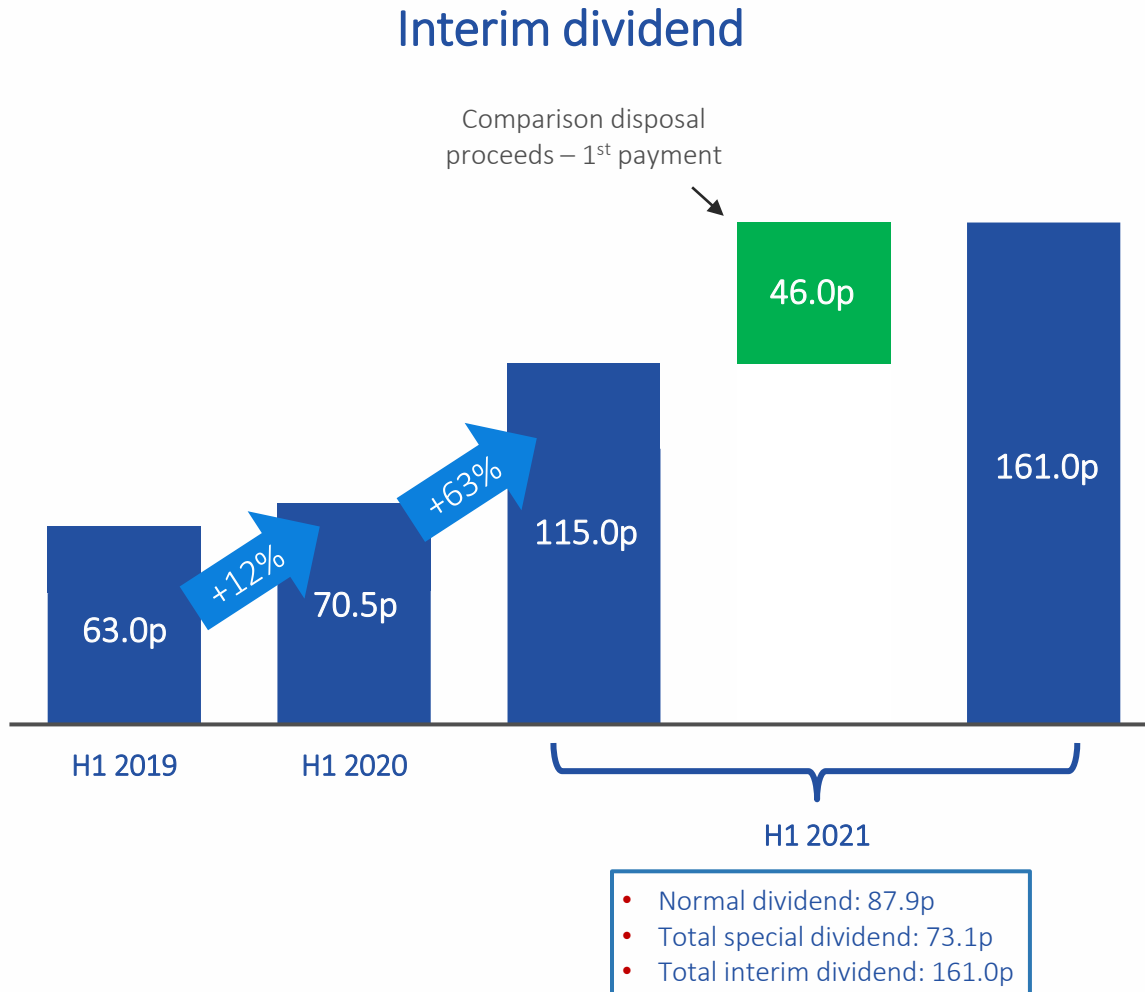


- Very strong solvency position maintained
- £55m increase in post-dividend surplus, 22 points solvency ratio increase
- Capital requirement reduced compared to 2020 year-end, partly unwinding some of the increase in requirement in H2 2020

Internal capital model

- As previously reported, Board is reconsidering model methodology, scope, platform
- Application for model approval unlikely in the near term
- Capital requirement will continue to be based on standard formula plus capital add-on

Significantly higher profit leads to big increase in interim dividend; plans for Comparison disposal proceeds confirmed



- ‘Regular’ interim 2021 dividend of 115p per share; 87.9p normal and 27.1p special elements
- 63% growth v interim 2020 (change in line with EPS increase)
- Payout ratio of H1 2021 earnings 87% v 85% in H1 2020
- No change to dividend policy or guidance

Comparison disposal proceeds

- Net proceeds from disposal ~£460m; profit on disposal ~£400m
- £400m to be returned to shareholders in special dividends in three tranches – with interim 2021, final 2021 and interim 2022 dividends (1st payment = 46.0p)
- Phasing of special dividend to smooth return and associated staff bonuses over H2 2021 and 2022

Summary

- Positive growth across the Group during H1
- Very large profit increase driven by positive back and current year loss ratios in UK Motor
- Very healthy solvency position despite a very large increase in interim dividend



In response to the crisis our colleagues faced in India, staff from Admiral UK and Canada walked over 4,800 miles and raised £13,000 in support

UK Insurance

Cristina Nestares, UK Insurance CEO



5th Best Big Company to Work For in 2021 (UK)



2nd Best Workplace For Women in 2021 (UK)



Awarded Best Big Company for Wellbeing in 2021 (UK)

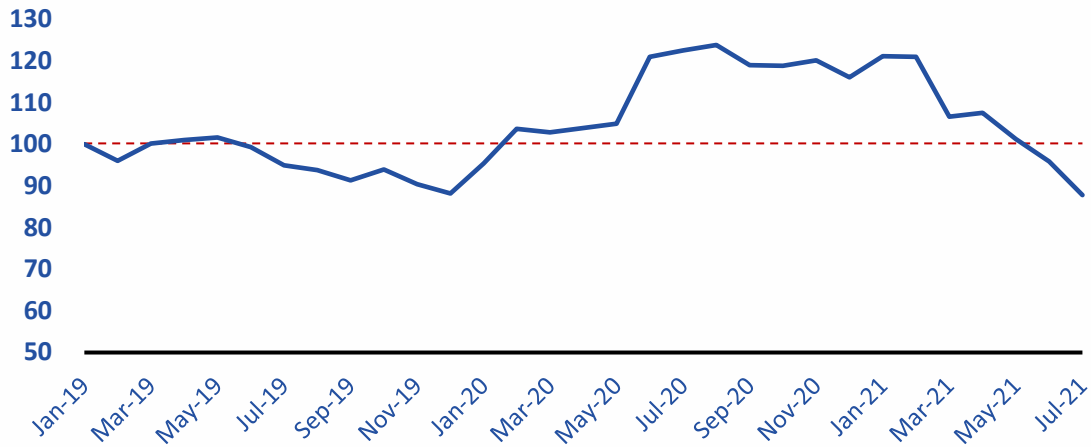


- Significant growth in Motor book, particularly in H2 2020
- Claims frequency increasing, underlying claims inflation continues
- Admiral continues to outperform the market in claims outcomes
- Good Household growth and record profit
- Market outlook: Market prices expected to increase in H2 as frequency rises; further NB increases in 2022 due to FCA reforms

Significant growth in Motor book, particularly in H2 2020

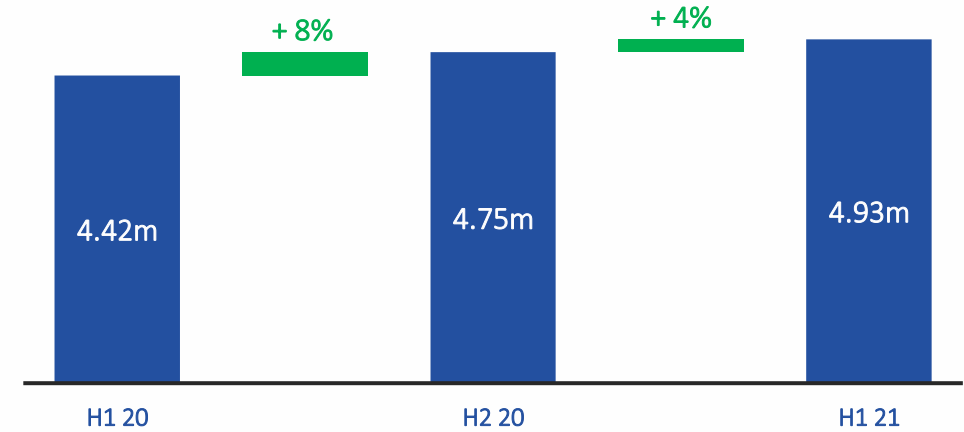


Admiral 'Times Top'^{1,2}
(Indexed to 100 Jan-19)



- ABI Motor premiums³ down 8% YoY⁴ and down 7% QoQ⁵ in Q1, down 7% YoY and down 1% QoQ in Q2
- Raised prices in H1 ahead of the market - Times Top impacted as a result
- Reduced NB prices by double-digits over lockdown periods, increased prices by mid-single digits since Mar-21

Motor customer growth
(H1 20 to H1 21)

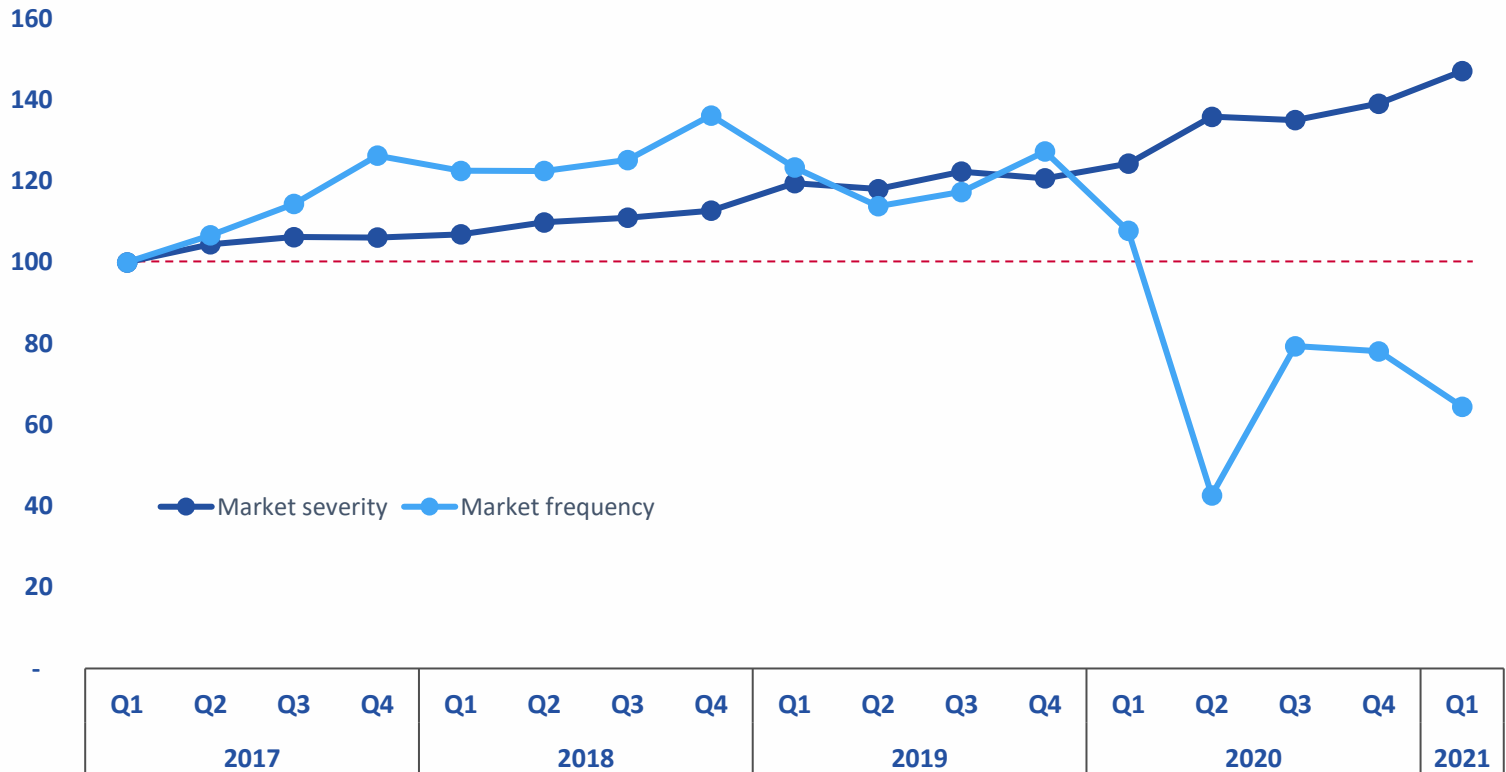


- H1 20 to H1 21 growth around 12%
- Increase in renewals a driver of higher total customer increase in H1 21
- Expect more limited customer growth in H2

Claims frequency increasing; underlying claims inflation continues



ABI – quarterly claims trends^{1,2}

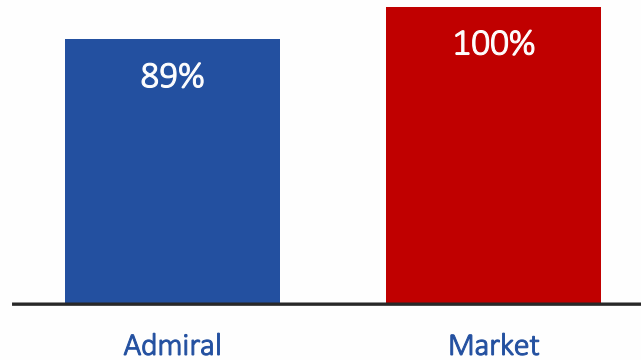


- Claims frequency increasing with increased road usage
 - Change in driving hours leading to less peak-hour accidents
- Higher claims inflation
 - Shorter term Covid impact e.g. cleaning fees at garages, support for care workers
 - Underlying market inflation persists, driven by higher parts costs due to advances in vehicle technology and higher used car prices
- Admiral - positive development in Large Bodily Injury (BI) claims from prior years due to:
 - More positive outcomes on a few large claims
 - Faster speed of settlement (more capacity due to less claims in Covid)

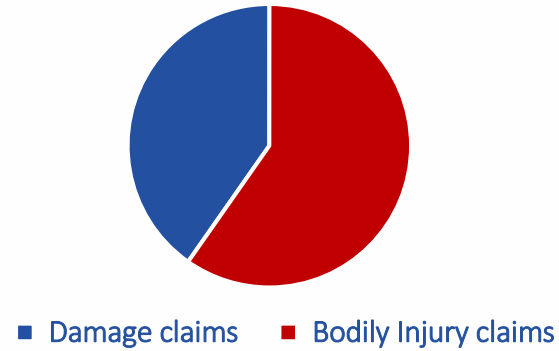
Admiral continues to outperform the market in claims outcomes



2021 total claims cost¹
(indexed to market)



Admiral costs by claim type² (2020)



Examples of our strengths and outcomes

Experienced team



5 most experienced
bodily injury
managers = combined
130 yrs experience

Excellent claims
handling



c.50% improvement
in fraud savings in
response to legal
changes³

Happy customers

93%

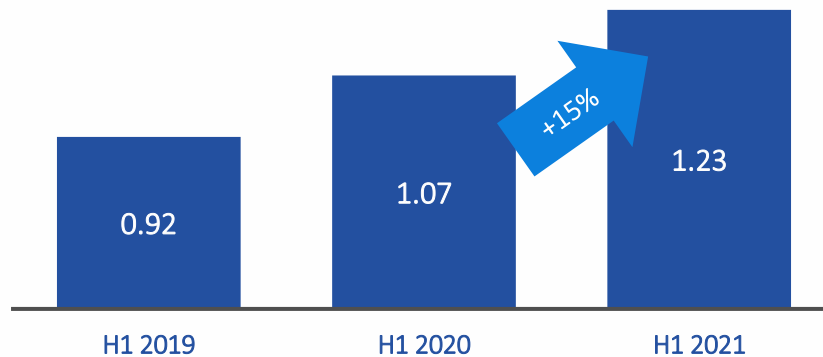
Customers likely to
renew after a claim⁴

- Continued strong performance in total claims costs
- Several underlying contributors to claims advantage
 - Experienced claims team
 - Faster speed of settlement
 - Effective response to legal change e.g. fraud savings
 - Growth in digital enabling even quicker reporting and better outcomes for customers
- Admiral bodily injury costs remain a larger part of claims costs relative to market

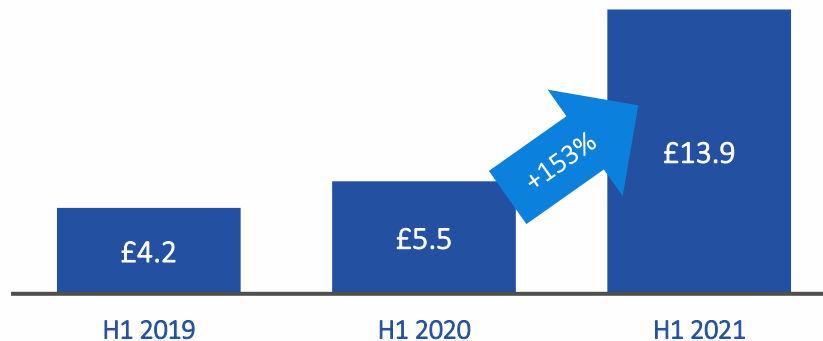
Good Household growth and record profit



Active customer base (m)



Household profit (£m)



- Significant volume growth supported by
 - Continued price competitiveness
 - Strong and improving retention
 - Increased share of multicover
- Large increase in profits in the last 12 months due to
 - Relatively benign weather
 - Loss ratio improvements and favourable claims mix as people stay at home (less theft and large escape of water claims)

Market outlook: Market prices expected to increase in H2 as frequency rises; further NB increases in 2022 due to FCA reforms

Pricing outlook – H2 2021

UK Motor

- Expect market prices to increase in H2 as frequency continues increasing
 - Price increases may lag increases in frequency
- Limited additional impact from whiplash
 - Already priced in to some extent
 - Uncertainty on actual impact on claims costs for at least 18 months

UK Household

- Market has become more competitive in recent months - expected to continue in H2 ahead of FCA pricing reform

FCA review impact

UK Motor

- Market estimates vary - New Business prices expected to increase by double digits in 2022
- Retention likely impacted by auto-renewal changes and rating changes
- Uncertainty on price comparison in response to the reform

UK Household

- Expect greater impact on market prices due to higher tenure books

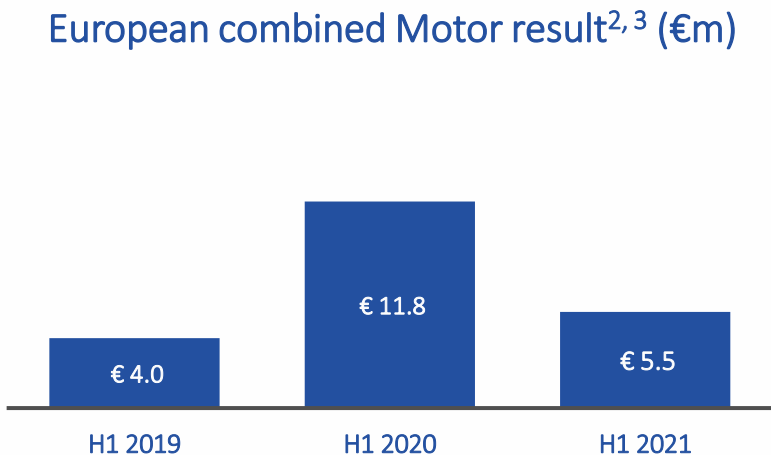
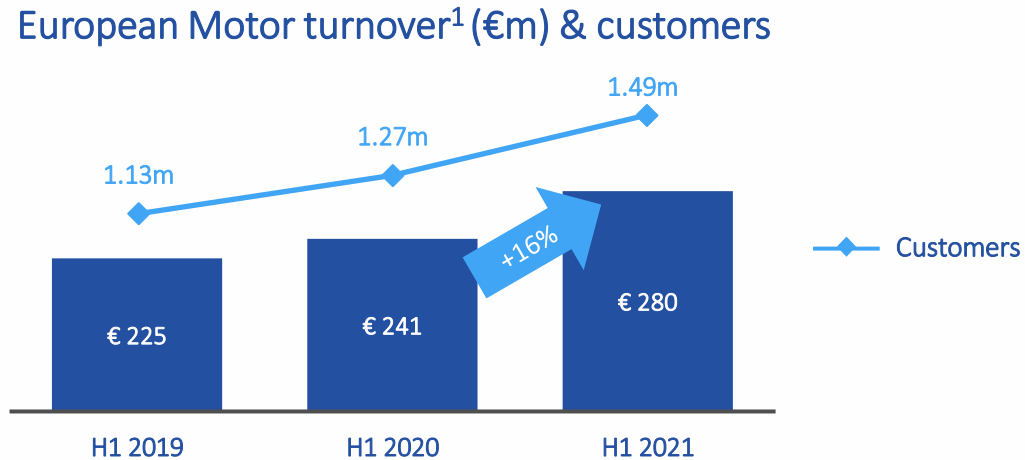


Our International Operations are true 'Great Places to Work'

International Insurance & Loans

Costantino Moretti, Head of International Insurance and Milena Mondini, Group CEO

EU: Double digit turnover growth achieved in the context of a challenging market

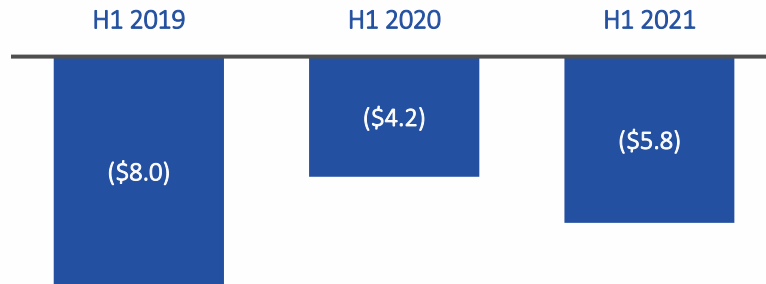


- Strong growth in our European operations, particularly in France
- Competitive market conditions with premium pressure in Italy and Spain, yet achieved significant customer growth
- Results impacted by
 - Reduced positive Covid claims trends – returning towards more 'normal' levels
 - Increased claims inflation
- Continued improvements in digital, operational efficiencies and expansion of distribution channels

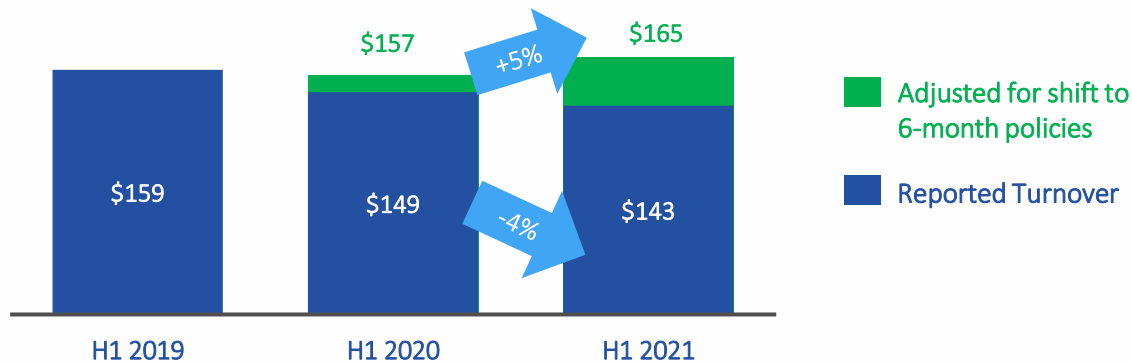
US: Continued focus on improving fundamentals



Elephant profit/loss (\$m)¹



Elephant turnover (\$m)

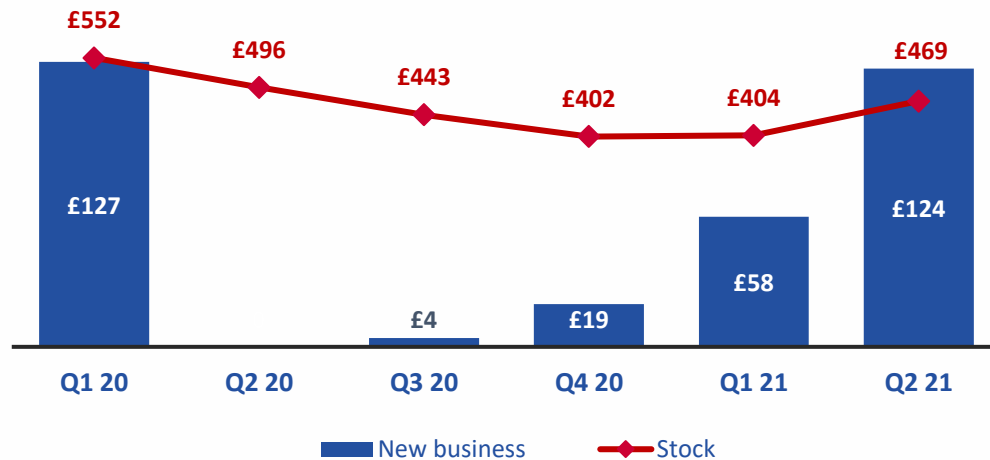


- Improvements in our fundamentals have been partially offset by
 - Reduced frequency benefit v H1 20 as restrictions continued to ease
 - Severe weather in Texas
- Digital continues to drive operational cost reduction
- Cautious growth due to
 - Prioritising strengthening technical fundamentals
 - Increasing market acquisition costs
- Growing share of 6-month policies; positive effect on retention and policy life-time value
- Testing new partnership and broker distribution opportunities

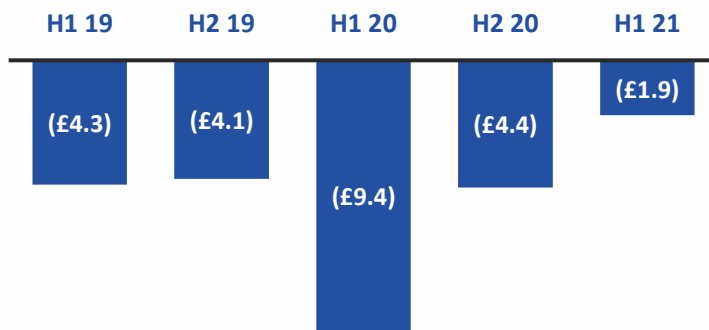
Loans: Prudent return to growth, with positive underlying performance



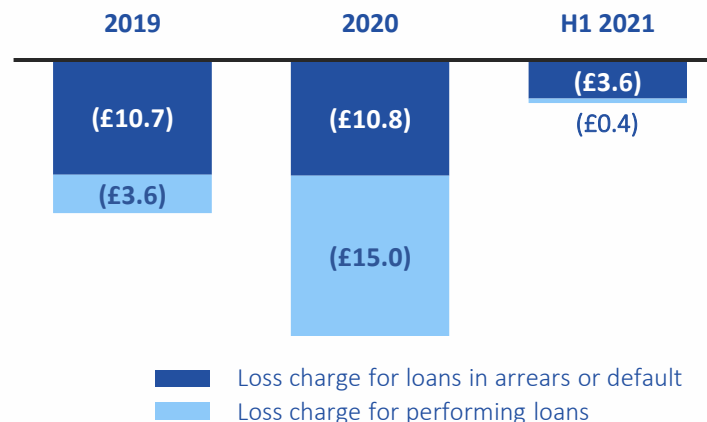
New business and stock (£m)



Loans profit/ loss (£m)



Loans loss charge (£m)



- Prudent return to growth, whilst strengthening underlying fundamentals
- Positive loans loss performance; no significant change in defaults over the period
- Conservative provisioning approach continues
 - Improved future UK economic outlook and unemployment rate assumptions
 - Portfolio coverage¹: 9.3% (FY20 10.4%)
 - Performing loans coverage²: 5.0% (FY20 5.8%)
- Gross loan balances on track for guidance of £500m - £550m in 2021
- Expect improved loans loss for FY21 in the range of £3-6m (assuming no macroeconomic shocks)



Help more
 people to look
 after their future
 Always striving
 for better
 together

Admiral is a purpose-driven organisation that cares about doing what is right for all our stakeholders

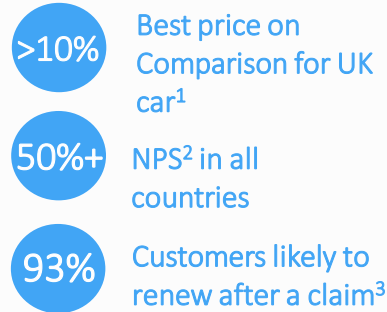
Looking After the Future

Milena Mondini, Group CEO

Admiral is focused on long-term sustainability - this is embedded in our DNA

Our Customers

- Competitive prices, large footprint
- Inclusive products
- Great customer experience
- Innovative product solutions



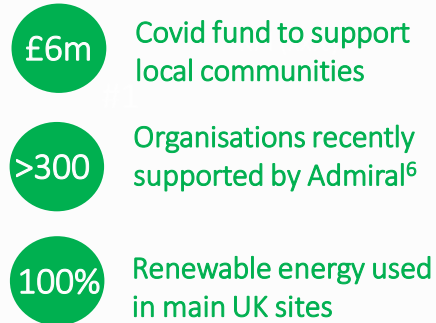
Our People

- Genuine, caring and empowering culture
- Great and inclusive workplace
- Share scheme for all



Our Society

- Support to local communities and good causes
- Signed up to the UK Fintech pledge and support Fintech Wales
- Commitment to Net Zero by 2040



Our Business

- Close alignment of stakeholder interests
- Long-standing reinsurance partnerships
- Robust financial position



Some of our partners and commitments



Looking ahead: Continuous strong commitment to help combat climate change

Operations

- Net Zero across scope 1 and 2 emissions by 2030**
- Further improvements in energy efficiency
 - Upgrading and replacing machinery
 - Removal of all single use plastics in our operations



Ambition

- Net Zero across all emissions by 2040**
- Reducing emissions within our operations and value chain
 - Removing remaining emissions via carbon removal
- 50% reduction by 2030**



Investments

- Net Zero across our portfolio^{1,2} by 2040**
- **25%** reduction by **2025**
 - **50%** reduction by **2030**

Products & services

- Help our customers make greener and smarter choices**
- **Market leading underwriter of EV**
 - **Stronger proposition and product features** to reduce or offset emissions

Group highlights: Strong results and continued business evolution

- Strong profit driven by very positive prior year development combined with lower claims frequency
- Continued growth across different businesses and geographies in very competitive markets
- Executed well and effectively adapted to change in a time of uncertainty
- Further progress against our strategy with improvements in data, tech and digital and further steps towards a more diversified business
- Continuing strong commitment towards a more sustainable future for our business and society



2021 marked the end of an era as Admiral Group said goodbye to all our friends and colleagues in Penguin Portals

Appendix

Group Key Performance Indicators

KPI	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	H1 16	H1 17	H1 18	H1 19	H1 20	H1 21
Group Financial																	
Turnover £m	2,190	2,215	2,030	1,971	2,119	2,576	2,958	3,283	3,463	3,550		1,261	1,446	1,662	1,756	1,690	1,814
Turnover (continuing ops) £m									3,299	3,366					1,676	1,602	1,747
Customers m	3.4	3.6	3.7	4.1	4.4	5.2	5.7	6.5	7.0	7.7		4.8	5.5	6.2	6.7	7.2	8.0
Group pre-tax profit £m	299.1	344.6	370.7	356.5	376.8	284.3	405.4	479.3	526.1	638.4		193.3	194.5	211.7	220.2	286.7	898.1
Group pre-tax profit £m	299.1	344.6	370.2	350.7	368.7	278.4	403.5	476.2	522.6	637.6		189.5	193.4	210.7	218.2	286.1	897.9
Group pre-tax profit (continuing ops) £m									505.1	608.2					210.5	274.4	482.2
Earnings per share	81.9p	95.1p	104.6p	103.0p	107.3p	78.7p	117.2p	137.1p	148.3p	179.5p		55.9p	57.3p	61.6p	63.0p	82.9p	272.0p
Earnings per share (continuing ops)									143.7p	170.7p					60.9p	79.7p	132.9p
Dividend per share	75.6p	90.6p	99.5p	98.4p	114.4p	114.4p	114.0p	126.0p	140.0p	156.5p		62.9p	56.0p	60.0p	63.0p	70.5p	115.0p
UK Insurance																	
Customers (000s)	2,966	3,019	3,065	3,316	3,612	4,116	4,616	5,238	5,473	5,977		3,900	4,342	5,075	5,319	5,579	6,222
Total premiums £m	1,729	1,749	1,562	1,482	1,590	1,863	2,098	2,270	2,322	2,373		934	1,023	1,167	1,186	1,102	1,231
Reported combined ratio	91.9%	90.0%	81.0%	80.0%	79.0%	88.4%	79.7%	83.6%	80.3%	70.7%		72.1%	82.4%	80.1%	85.6%	73.2%	59.4%
UK insurance pre-tax profit £m	313.6	372.8	393.7	397.9	444.2	337.8	465.5	555.6	597.4	698.1		224.0	226.2	247.0	254.7	313.8	543.3
UK insurance pre-tax profit £m	313.6	372.8	393.9	398.0	443.0	338.5	466.5	556.7	597.9	698.3		222.8	226.3	247.6	255.0	314.0	543.5
Other revenue per vehicle £	84	79	67	67	63	62	64	67	66	61		64	61	67	66	64	58
International Insurance																	
Customers (000s)	306	436	515	593	673	864	1,035	1,221	1,421	1,603		758	961	1,125	1,356	1,492	1,706
Total premiums £m	112.5	148.5	168.3	185.4	213.3	331.3	401.4	484.3	562.6	584.0		142.9	197.2	234.0	288.0	297.6	314.3
Reported ¹ combined ratio	164%	177%	140%	127%	126%	125%	121%	116%	114%	108%		131%	123%	117%	114%	108%	114%
International insurance result £m	(9.5)	(24.5)	(22.1)	(19.9)	(22.2)	(19.4)	(14.3)	(1.1)	(0.9)	8.8		(12.9)	(10.1)	(0.6)	(2.7)	6.5	(0.9)

Summary Income Statement¹

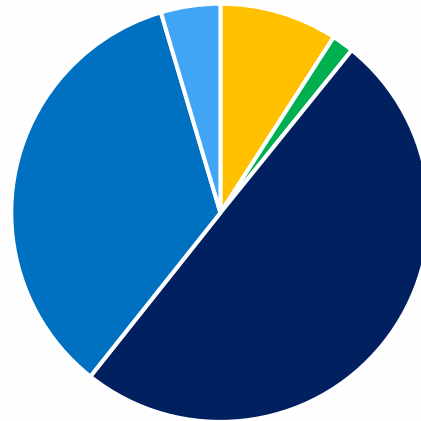
	UK Insurance			International Insurance			Loans			Other			Admiral Group		
	H1 19	H1 20	H1 21	H1 19	H1 20	H1 21	H1 19	H1 20	H1 21	H1 19	H1 20	H1 21	H1 19	H1 20	H1 21
Turnover	1,338.8	1,248.4	1,372.0	319.5	329.5	347.2	14.5	21.0	16.2	3.6	3.1	11.1	1,676.4	1,602.0	1,746.5
Total premiums written	1,186.0	1,101.6	1,230.9	288.0	297.6	314.3	0.0	0.0	7.9	0.0	0.0	7.9	1,474.0	1,399.2	1,561.0
Gross premiums written	878.1	827.0	929.1	277.0	287.5	309.8	0.0	0.0	0.0	0.0	0.0	0.0	1,155.1	1,114.5	1,238.9
Net premiums written	279.7	260.3	303.8	91.9	114.1	118.9	0.0	0.0	0.0	0.0	0.0	0.0	371.6	374.4	422.7
Net earned premium	264.7	251.7	295.6	80.6	95.5	111.7	0.0	0.0	0.0	0.0	0.0	0.0	345.3	347.2	407.3
Investment income	15.9	30.6	20.7	0.9	(0.1)	0.6	0.0	0.0	0.0	1.7	2.6	1.5	18.5	33.1	22.8
Net insurance claims	(130.2)	(76.2)	(8.1)	(66.0)	(63.3)	(82.1)	0.0	0.0	0.0	0.0	0.0	0.0	(196.2)	(139.5)	(90.2)
Insurance related expenses	(43.7)	(48.0)	(48.6)	(26.7)	(37.7)	(44.7)	0.0	0.0	0.0	0.0	0.0	0.0	(70.4)	(85.7)	(93.3)
Underwriting result	106.7	158.1	259.6	(11.2)	(5.6)	(14.5)	0.0	0.0	0.0	1.7	2.6	1.5	97.2	155.1	246.6
Profit commission	36.1	44.6	187.1	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	36.1	44.6	187.3
Gross ancillary revenue ²	105.3	98.8	81.5	8.7	12.8	14.1	0.0	0.0	0.0	0.0	0.0	0.0	114.0	111.6	95.6
Ancillary costs	(35.9)	(35.9)	(36.2)	(1.6)	(2.7)	(2.5)	0.0	0.0	0.0	0.0	0.0	0.0	(37.5)	(38.6)	(38.7)
Instalment income	42.8	48.4	51.5	1.4	2.0	1.8	0.0	0.0	0.0	0.0	0.0	0.0	44.2	50.4	53.3
Gladiator/Pioneer contribution							0.0	0.0	0.0	0.6	0.0	(2.2)	0.6	0.0	(2.2)
Comparison revenue							0.0	0.0	0.0	3.6	3.1	3.0	3.6	3.1	3.0
Comparison expenses							0.0	0.0	0.0	(8.2)	(3.9)	(4.4)	(8.2)	(3.9)	(4.4)
Loans contribution							(4.3)	(9.4)	(1.9)	0.0	0.0	0.0	(4.3)	(9.4)	(1.9)
Interest income							0.0	0.0	0.0	1.0	0.4	0.0	1.0	0.4	0.0
Other (mainly share scheme)							0.0	0.0	0.0	(30.7)	(33.0)	(50.7)	(30.7)	(33.0)	(50.7)
Interest payable							0.0	0.0	0.0	(5.5)	(5.9)	(5.7)	(5.5)	(5.9)	(5.7)
Profit/(loss) before tax	255.0	314.0	543.5	(2.7)	6.5	(0.9)	(4.3)	(9.4)	(1.9)	(37.5)	(36.7)	(58.5)	210.5	274.4	482.2

Balance Sheet

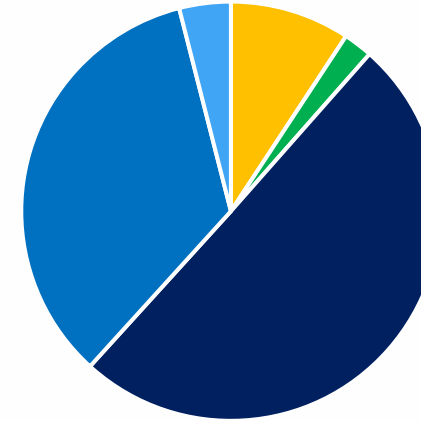
	Jun-20 £m	Dec-20 £m	Jun-21 £m
ASSETS			
Property, plant and equipment	150.7	140.4	131.6
Intangible assets	162.2	166.7	177.4
Corporation tax asset	-	22.9	-
Reinsurance assets	1,891.6	2,083.2	1,911.9
Financial investments	3,352.5	3,506.0	3,879.3
Deferred income tax	2.1	-	7.3
Insurance and other receivables	1,227.7	1,182.0	1,223.9
Loans and advances to customers	455.3	359.8	425.7
Cash and cash equivalents	396.3	298.2	395.9
Assets associated with disposal group held for sale	-	83.0	-
Total assets	7,638.4	7,842.2	8,153.0
EQUITY			
Share capital	0.3	0.3	0.3
Share premium	13.1	13.1	13.1
Retained earnings	947.4	1,004.4	1,595.3
Other reserves	78.9	94.9	59.8
Total equity (shareholders)	1,039.7	1,112.7	1,668.5
Non-controlling interests	11.2	10.7	3.5
Total equity	1,050.9	1,123.4	1,672.0
LIABILITIES			
Insurance contracts	4,022.6	4,081.3	4,019.2
Financial liabilities	644.2	488.6	548.8
Trade and other payables	1,777.8	1,991.2	1,783.8
Deferred income tax	-	0.9	-
Lease liabilities	132.6	122.8	114.9
Corporation tax liabilities	10.3	-	14.3
Liabilities associated with disposal group held for sale	-	34.0	-
Total liabilities	6,587.5	6,718.8	6,481.0
Total liabilities and equity	7,638.4	7,842.2	8,153.0

Investment update

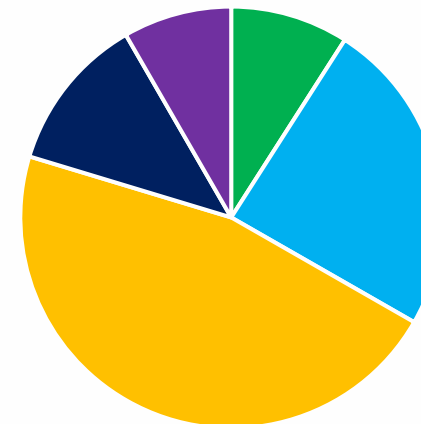
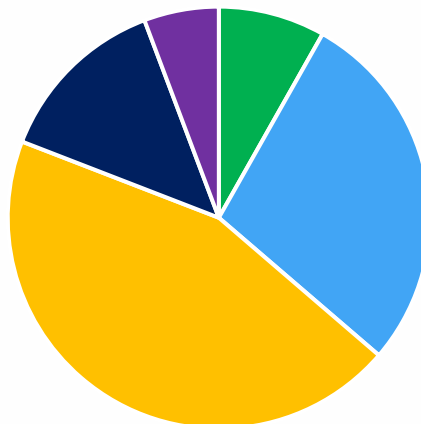
Dec '20: £3,858m



Jun '21: £4,275m



- Cash
- Deposit
- Fixed Income Investments
- Money Market Funds
- GILTS



- AAA
- AA
- A
- BBB
- Other¹

Analysis of Other Group items¹

	H1 2021	H1 2020
Share scheme charges	(30.6)	(21.3)
Other interest & investment income	1.5	3.0
Compare.com loss before tax	(1.4)	(0.8)
Business development	(3.8)	(0.5)
Other central overheads	(18.5)	(11.2)
Finance charges	(5.7)	(5.9)
Total	(58.5)	(36.7)

- Share scheme charges increased by £9.3 million reflecting improved vesting outcomes resulting from the increased level of profit and a higher share price and dividend compared to H1 20
- Compare.com reflects a higher loss of £1.4 million, as a result of increased investment in marketing and acquisition in a challenging market environment in the US
- Business development costs include costs associated with potential new ventures, in particular Admiral Pioneer which incurred a loss of just over £2 million in 2021
- Other central overheads increased primarily due to higher costs of regulatory projects and matters that are unlikely to be recurring
- Finance charges of £5.7 million primarily relate to interest on the £200 million subordinated notes issued in July 2014

UK Motor profit recognition: H1 2021

	Prior	2014	2015	2016	2017	2018	2019	2020	2021	Total
Total earned premium, net of XoL cost (£m)		1,424	1,488	1,755	1,941	2,071	2,030	1,916	270	
Total net premium, original share (£m)		356	372	439	428	459	450	426	60	
Combined Ratio, booked basis		86%	84%	82%	83%	92%	93%	92%	141% ¹	
Underwriting profit, net original share (£m)		50	61	80	75	37	33	34	-25	
Profit commission - Coinsurance		32	58	91	55	16	17	34	0	
Profit commission/ releases on commuted QS RI (£m)		30	57	90	135	62	53	66	0	
Net other revenue, excl. Instalments (£m)		159	147	155	148	162	152	130	62	
Instalment income (£m)		25	29	38	72	85	92	91	12	
Investment income, financial year (£m)		12	26	39	33	32	30	51	21	
Cumulative profit by UWY recognised to date (£m)		307	378	495	518	394	378	407	70	
Profit recognised in current period (£m)	26	10	22	43	55	58	64	182	70	530
Loss Ratio, ultimate ¹		71%	67%	63%	64%	70%	68%	63%		
Cumulative profit by UWY, ultimate (£m)		306	382	518	576	468	460	510		
Pre-tax profit loss ratio sensitivities (to Booked)²										
1 point improvement (£m)					18	18	18	17		
1 point deterioration (£m)					-18	-18	-18	-17		
3 point improvement (£m)					54	55	53	51		
3 point deterioration (£m)					-54	-53	-50	-50		
5 point improvement (£m)					90	92	90	85		
5 point deterioration (£m)					-90	-84	-79	-81		

UK Car Insurance: Ultimate loss ratio, expense ratio and combined ratio

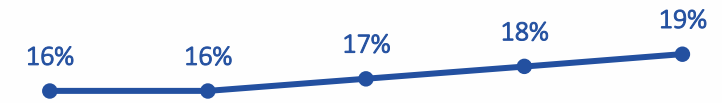
Admiral projected ultimate loss ratio¹



() % movements since December 2020

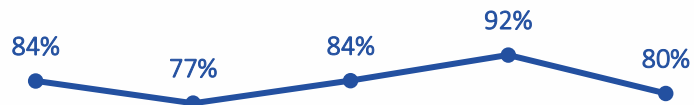
2016 2017 2018 2019 2020

Admiral expense ratio²



2016 2017 2018 2019 2020

Admiral projected ultimate combined ratio

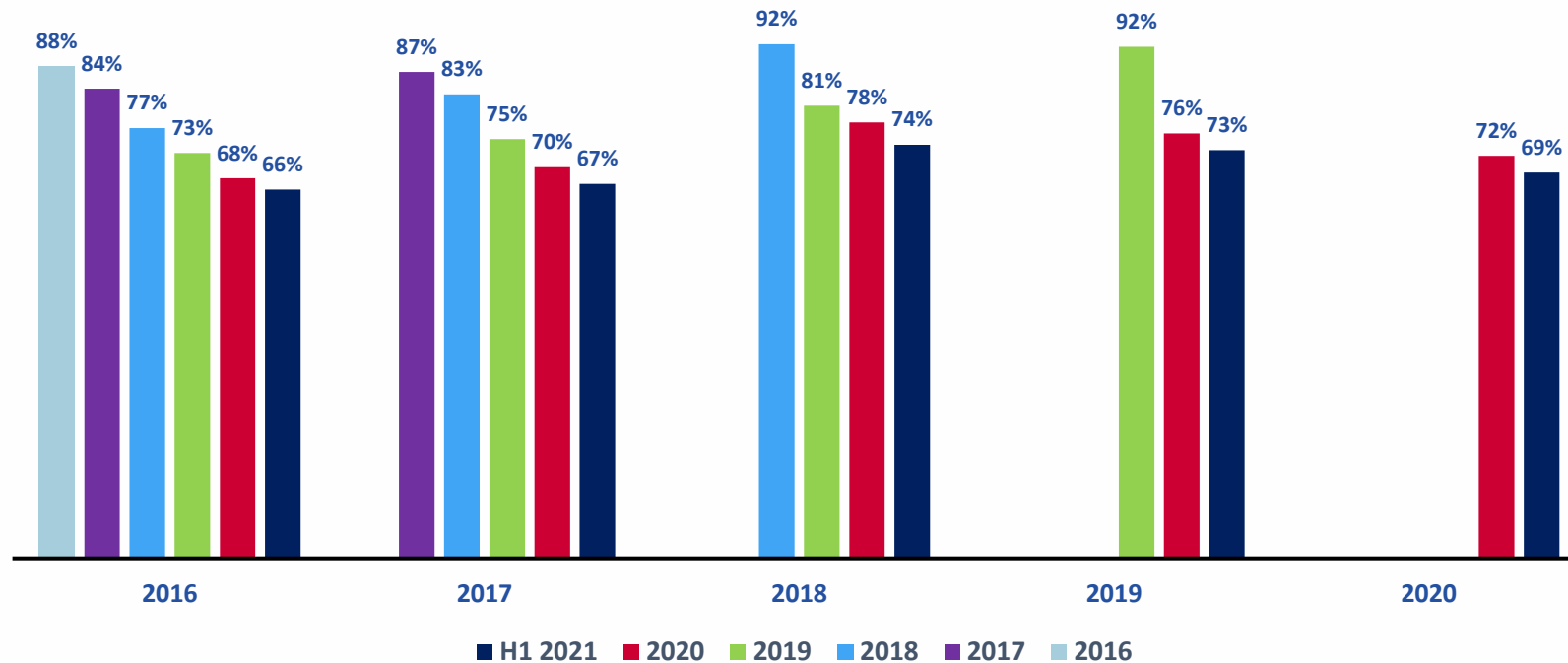


2016 2017 2018 2019 2020

- Recent accident year projections tend to be prudent, particularly when adversely influenced by large bodily injury

UK Car Insurance: Booked loss ratio development by underwriting year

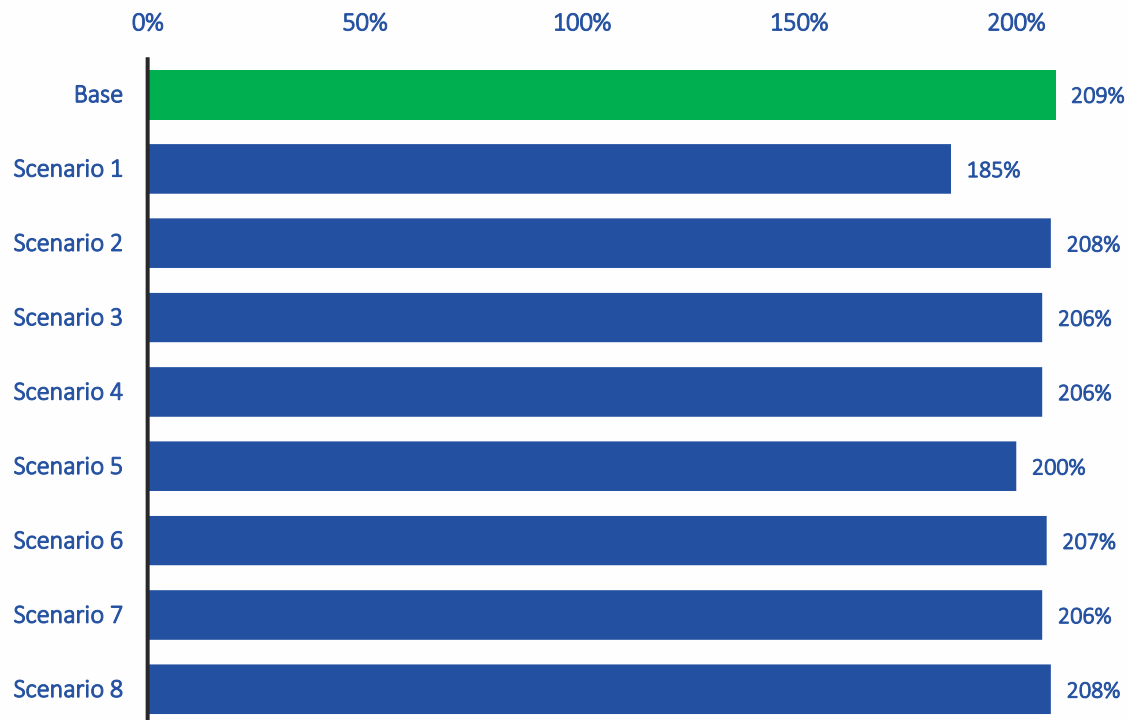
UK car insurance booked loss ratio (%)
Development by financial year (colour-coded)
Split by underwriting year (x axis)



Ultimate loss ratio by underwriting year	
2020	63%
2019	68%
2018	70%
2017	64%
2016	63%

Solvency Ratio sensitivities

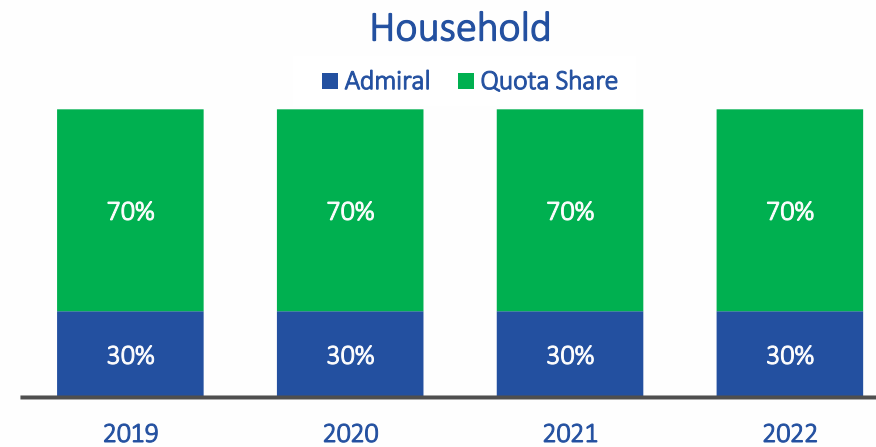
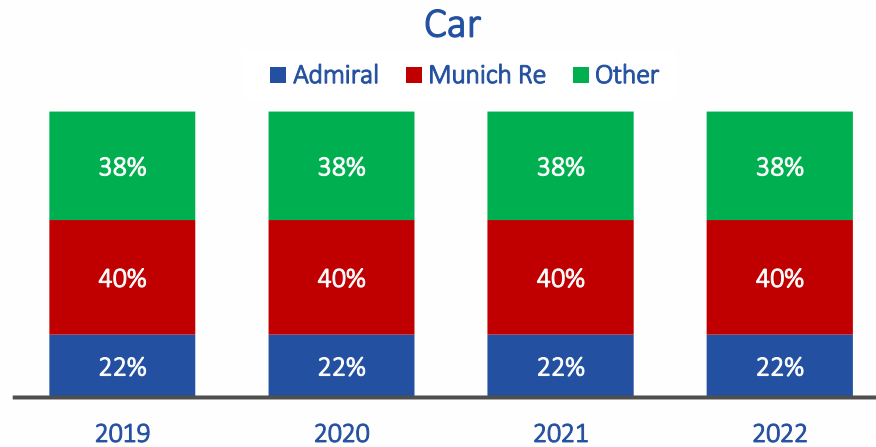
The sensitivities below have been selected to show a range of impacts on the reported base case solvency ratio. They cover the two main material risk types - insurance risk and market risk. Within each risk type the sensitivities performed cover the underlying drivers of the risk profile. The sensitivities have not been calibrated to individual return periods.



Scenarios

1. UK Motor – incurred loss ratio +5%
2. UK Motor – 1 in 200 catastrophe event
3. UK Household – 1 in 200 catastrophe event
4. Interest rate – yield curve down 50 bps
5. Credit spreads widen 100 bps
6. Currency – 25% movement in euro and US dollar
7. ASHE – long term inflation assumption up 0.5%
8. Loans – severe peak unemployment scenario

UK co- and re- insurance arrangements



- 2021 arrangements in line with 2020, similar contract terms and conditions
- 38% 'Other' quota share in place until at least 2023
- Munich Re continues to underwrite 40% of the UK business in 2021 – 30% coinsurance and 10% quota share

Updated long-term agreements with Munich Re from 2022

- Current 10% quota share in place to at least 2023
- Remaining 30% updated as:
 - 10% Quota share until 2026
 - 20% Coinsurance until 2029
- Improvement in net cost to Admiral from 2022 underwriting year

- Long-term quota share contracts - Admiral retains 30%

Admiral UK Car co-and re-insurance^{1, 2}

Type	Munich Re Proportional co-insurance – 30%	Proportional reinsurance (quota share) – 48% (10% Munich Re, 38% other reinsurers)
Cost to Admiral	Variable, depending on combined ratio	Fixed – c2% of premium
Risk protection	Co-insurance	Starts at 100% combined ratio + Investment Income
Profit commission	Key items in profit commission calculation include premium, claims, expenses, share scheme costs, investment income Profit share % variable based on combined ratio and calculated in tranches with a maximum profit share of ca 65%	Fixed fee to reinsurer, then 100% profit rebate to Admiral thereafter Below ~98% combined ratio = 100%
Funds withheld	No	Vast majority
Investment income	Munich Re	Admiral (provided combined ratio <100%)
Instalment income	Admiral	Admiral
Commutation	Not applicable	Admiral has option to commute contracts and typically does this 2 years after the start of the underwriting year

Dividend policy overview and dates

Dividend policy and guidance

- Admiral will pay 65% of post-tax profits as a normal dividend each half-year
- Admiral expects to continue to distribute all earnings not required to be retained for solvency and buffers
- Therefore expect normal plus special dividend to be in the order of 90-95% of earnings for foreseeable future

Dividend dates

Ex-dividend date: 02 September 2021

Record date: 03 September 2021

Payment date: 01 October 2021

Key definitions

Term	Definition
Accident year	The year in which an accident occurs, also referred to as the earned basis.
Co-insurance	An arrangement in which two or more insurance companies agree to underwrite insurance business on a specified portfolio in specified proportions. Each co-insurer is directly liable to the policyholder for their proportional share.
Combined ratio	The sum of the loss ratio and expense ratio.
Commutation	An agreement between a ceding insurer and the reinsurer that provides for the valuation, payment, and complete discharge of all obligations between the parties under a particular reinsurance contract.
Expense ratio	Reported expense ratios are expressed as a percentage of net operating expenses divided by net earned premiums.
Ogden discount rate	The discount rate used in calculation of personal injury claims settlements. The rate is set by the Lord Chancellor, the most recent rate of minus 0.25% in England and Wales and minus 0.75% in Scotland implemented on 05 August 2019.
Loss ratio	Reported loss ratios are expressed as a percentage of claims incurred divided by net earned premiums.
Periodic Payment Order (PPO)	A compensation award as part of a claims settlement that involves making a series of annual payments to a claimant over their remaining life to cover the costs of the care they will require.
Total / Gross / Net Premium	Total = total premiums written including coinsurance Gross = total premiums written including reinsurance but excluding coinsurance Net = total premiums written excluding reinsurance and coinsurance
Reinsurance	Contractual arrangements whereby the Group transfers part or all of the insurance risk accepted to another insurer. This can be on a quota share basis (a percentage share of premiums, claims and expenses) or an excess of loss basis (full reinsurance for claims over an agreed value).
Ultimate loss ratio	The projected ratio for a particular accident year or underwriting year, often used in the calculation of underwriting profit and profit commission.
Underwriting year	The year in which the latest policy term was inceptioned.
Underwriting year basis	Also referred to as the written basis. Claims incurred are allocated to the calendar year in which the policy was underwritten. Underwriting year basis results are calculated on the whole account (including co-insurance and reinsurance shares) and include all premiums, claims, expenses incurred and other revenue (for example instalment income and commission income relating to the sale of products that are ancillary to the main insurance policy) relating to policies inceptioned in the relevant underwriting year.
Written/Earned basis	A policy can be written in one calendar year but earned over a subsequent calendar year.

Admiral brands



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